

### **Development Agreements with NWQ, LLC and Kennecott Utah Copper, LLC**

- Salt Lake City has been carefully planning for development in the Northwest Quadrant for years.
  - o The City adopted the Northwest Quadrant Master plan on August 16, 2016 and adopted amendments to the M1 zone in 2017 and 2018.
  - o The City held multiple public meetings and public hearings prior to enacting/adopting each of these planning documents.
  - o The City's planning process takes into consideration more than just the property owners in the Northwest Quadrant. It also considers communities adjacent to the area that could be adversely affected by any development. The City is committed to protecting all its citizens with a transparent planning process.
- The State legislature repeatedly asked the City to be a good business partner to property owners in the Northwest Quadrant to facilitate an inland port. The development agreements are a result of that partnership.
- The two major property owners north of I-80 collectively own approximately 4,316 undeveloped acres.
  - o Kennecott Utah Copper, LLC owns 2,800 acres and NWQ, LLC owns 1,516 acres.
- Kennecott and NWQ are ready to develop their properties. They met with representatives from the City many times during 2016 and 2017 to address the challenges of developing their properties, which include the complete lack of infrastructure for sewer, water, stormwater and roads.
  - o Installing this backbone infrastructure is an enormous capital investment that most developers are not required to make when they develop properties in the City.
  - o These properties are unique—there is no existing infrastructure nearby to connect to—it all must be installed before a specific project can be built.
- The property owners are committed to the collective goal of developing an inland port in the Northwest Quadrant but must have predictability before making the uniquely large capital investment that other property owners in the City are not required to make before starting a project.
  - o The City is open to discussions with any property owner in the Northwest Quadrant to execute similar agreements. The City is not playing favorites with these two property owners.
- These agreements are not overly generous to the property owners or unprecedented. They are the result of careful planning and the City's recognition of Kennecott's/NWQ's unique development challenges.
  - o The 40-year term of the development agreements is not excessive considering the size of the area and the absorption rates for developing parcels of that size.
- The purpose of any development agreement is to vest a property owner in the existing zoning to give that developer certainty as they invest in the project.
  - o These development agreements vest the properties in the City's existing M1 zoning.
    - This does not give away or compromise the City's land use authority.
    - Any development application for a specific use will still be reviewed by the City, using fair, predictable standards that have been adopted by the City's elected officials who are accountable to the voters.

- Many of the uses in the M1 zone related to rail/industry are conditional uses, which may require planning commission approval and a public hearing. This is a public and transparent process.
  - This is in contrast to the inland port bill, which allows the port authority board, which is unelected and unaccountable to the voters, to substitute its opinion for the City's fair, predictable land use process.
  - The property owners specifically asked for amendments to the M1 zone to make inland port-related rail uses conditional uses in the M1 zone.
- The RDA also participated in the development agreements by creating a process for tax increment reimbursement for certain improvements (infrastructure, site improvements, rail improvements, economic incentives for job creation and green investment).
  - The property owners must apply for specific reimbursement amounts for each project and provide financial information and commitments prior to the RDA Board's approval.
  - This is a public process and approval is made by the City Council acting as the RDA Board of Directors.
  - The City retained 25% of the tax increment, which can be used to pay for maintenance and services resulting from the new growth. Of the 75% of increment that the RDA will receive, 10% of that will go to housing (as required by State law), 10% will remain with the RDA for administrative costs, and 10% will be committed to projects within the Northwest Quadrant project area.
    - These are standard terms for tax increment reimbursement and are not overly favorable to the property owners.
    - The 10% administrative fee is for the RDA's administrative costs (staff time, administrative costs associated with the project area) and is not for the port authority board.
      - Under SB234, the port authority board can use tax increment anywhere in the jurisdictional land, which is larger than the RDA project areas and includes property outside of the City. The RDA's administrative fee is tailored to the actual costs of administering the project area.
    - The 10% housing reallocation contemplated in the development agreements is not an automatic hand-over to the property owners. It simply provides the RDA with the right to reallocate the tax increment in the event that state law changes and the RDA is no longer required to retain 10% of increment for housing.