



BOARD STAFF REPORT

THE REDEVELOPMENT AGENCY of SALT LAKE CITY

TO: RDA Board Members

FROM: Allison Rowland
Budget & Policy Analyst

DATE: April 5, 2018

RE: STADLER RAIL COMMUNITY REINVESTMENT AREA PLAN AND INTERLOCAL AGREEMENT FOR THE DISTRIBUTION OF TAX INCREMENT

ISSUE AT-A-GLANCE

Stadler Rail plans to expand its current Salt Lake City operations into a new facility in the Northwest Quadrant (NWQ), where it would produce and test rail cars at the company's only facility in the United States. This expansion would bring total Stadler employment from 150 to 300 later this year; over the next 10 years this would increase to a total of 976 jobs, with an average annual salary of \$55,370 (109% of the Salt Lake County average). Investment at the site would reach \$174 million in land and buildings over the next 12 years, in addition to personal property spending of over \$14 million (all estimates are expressed in 2018 dollars).

The company has requested RDA tax increment reimbursement for infrastructure improvements at the site, which is just west of 5600 West, on the south side of Interstate 80. RDA staff recommended that reimbursement be provided through the RDA's Single Property Business Retention Tool, and the Board initiated the Stadler Rail Community Reinvestment Area (CRA) on November 14, 2017. This agreement would direct between 70% and 90% of the City's property tax increment (reimbursed annually) to the project, over 20 years for an estimated total incentive of \$7.5 million to \$9.6 million (see Figure 1, on Page 3).

This is the first of two planned briefings on this project. Here, RDA staff asks the Board to consider two potential actions to finalize this CRA:

1. Adopt the CRA plan (the Plan itself, the Financial Benefit Analysis, and the Budget), and
2. Approve the terms of an Interlocal Agreement between the RDA and Salt Lake City.

The arrangement is complicated because of uncertainty created by Senate Bill 234, *Utah Inland Port Authority*, and potential changes to the legislation that may be enacted later this year during a special



session. The most crucial question is whether the City and the RDA will have access to any of the tax increment generated by this project, since the Inland Port is entitled to up to 100% of these proceeds under the current legislation, which defers only to project areas officially created before March 1, 2018.

Another type of uncertainty is whether other taxing entities have offered, or plan to offer, additional project incentives or financing tools to pay for improvements. The company has reported a gap between its resources and the project costs, caused in part by the sharp increase in steel prices under new import tariffs, as well as some unique challenges of the site, and the kind of construction required to support this particular business.

Two Salt Lake County actions might affect the Stadler project's total costs and, therefore, the project gap:

- Redirecting \$2.5 million in Alternative Transportation funds to support this project.
- Taking on a larger role in road construction in the NWQ more broadly because Senate Bill 110, *Bond Authorization Amendments*, provides the County access to \$5 million in state highway bond proceeds. The County may pledge a share of its tax increment to the Stadler project to pay the debt on these bond proceeds, although this strategy has not been officially approved by the County legislative body. *Additionally, questions have been raised about the ability of the County's increment to service this debt in the terms offered by the State without additional upfront funding.* If this option materializes, it would further reduce the costs of the new infrastructure needed for the project.

The presence of any additional incentives would not affect the City's participation in the project, but to maintain transparency, the public benefit analysis would need to be amended to reflect these. Alternatively, Stadler may choose to finance the gaps through its own sources. **RDA staff is working with Stadler to learn more about the size of the gap and to identify potential additional incentives from other taxing entities.**

The Board may wish to discuss what, if any, adjustment could or should be made to the City's participation in the agreement, based on this additional information.

In spite of the uncertainties, RDA staff recommends the Board take prompt action to establish the CRA and approve the Interlocal Agreement. The RDA staff plans a second Board discussion in May or June, which will include a proposal for a tax increment reimbursement agreement worked out with Stadler. The company has begun construction on the site, but purchase of the property has been conditioned by its owners on the RDA's approval of the CRA by July 3. In addition, Stadler plans to begin to ship car bodies to its new facility in August.

Goal of the briefing: Review and consider adopting: 1) the Stadler Rail Community Reinvestment Area Plan; and 2) the corresponding Interlocal Agreement, including the City's project participation rate.

POLICY QUESTIONS

1. **Does the Board wish to adopt the CRA and the Interlocal Agreement?** Potential options for the Board include the following:
 - a. Adopt nothing in light of the confusion created by the Port Authority bill.
 - b. Adopt the CRA Plan *only*, and not the Interlocal Agreement. This would ensure that Stadler can purchase the additional property contemplated for the project by July 3, and continue their operations without interruption.
 - c. Adopt both the CRA Plan *and* the Interlocal Agreement. The Board could ask the Attorney's Office to add language to all agreements that anticipates the possibility of the Inland Port

taking the City’s increment and relieves the City of any obligation to Stadler. This could be revised if substantial changes to the Inland Port legislation result from the special session.

2. **Which participation rate does the Board prefer?** The Board can choose the level of City “public participation” for the project, ranging from a baseline 70% of tax increment, to a maximum of 90%. The RDA staff recommends a 90% participation rate to reflect the “extraordinary project cost burden” and the existence of public benefits beyond the minimum required for the 80% level. This would result in \$9,610,721 of anticipated project incentive over the 20-year course of the agreement (see Figure 1).

Figure 1. Alternative public participation rates with 20-year incentive amounts

	90%	80%	70%
Total tax increment to Salt Lake City	\$12,563,035	\$12,563,035	\$12,563,035
- Percentage retained by City	1,256,304	2,512,607	3,768,911
Distribution to RDA	11,306,731	10,050,428	8,794,125
Less RDA expenses:			
o Housing (10%)	1,130,673	1,005,043	879,413
o Administration (5%)	565,337	502,521	439,706
Incentive amount over 20 years	\$9,610,721	\$8,542,864	\$7,475,006



DEPARTMENT *of* ECONOMIC DEVELOPMENT

REDEVELOPMENT AGENCY STAFF MEMO

DATE: April 10, 2018
PREPARED BY: Jill Wilkerson-Smith
RE: Stadler Rail Community Reinvestment Area Plan, and Interlocal Agreement for the Distribution of Tax Increment

REQUESTED ACTION: Consideration and adoption of the following for the proposed Stadler Rail CRA:

1. Community Reinvestment Area Plan
 - a. RDA Resolution
 - b. City Ordinance
2. Interlocal Agreement Authorizing the Use of Tax Increment
 - a. RDA Resolution
 - b. City Resolution

POLICY ITEM: Tax Increment Reimbursement Policy: Single Property Business Retention Tool

BUDGET IMPACTS: Up to \$9,610,722 in future tax increment

EXECUTIVE SUMMARY: Stadler US, Inc. (“Stadler Rail”), an existing Salt Lake City company, is requesting the RDA provide a tax increment reimbursement for infrastructure improvements associated with its project located at approximately 5600 West and Interstate-80. The tax increment reimbursement would be provided in accordance with the RDA’s Single Property Business Retention Tool defined within the RDA’s Tax Increment Reimbursement Policy. In order to provide the tax increment reimbursement, the CRA Plan and Interlocal Agreement must be approved by the RDA Board and City Council.

FINANCE COMMITTEE RECOMMENDATION: Per the Tax Increment Reimbursement Policy (“Policy”), the RDA Finance Committee convened to review the financial benefit analysis of the project. The Committee recommends approval of the tax increment reimbursement at a 90% RDA participation rate, based on meeting threshold requirements and achieving additional incentives as set forth in the Policy.



SLCRDA

WWW.SLCRDA.COM



BUSINESS
DEVELOPMENT

WWW.SLCGOV.COM



WWW.SALTLAKEARTS.ORG

PROJECT SUMMARY:

Stadler Rail has been in the business of making rail cars for the last 75 years. The company is based in Switzerland and currently has 20 locations with 7,000 employees. The only Stadler location in the United States is in Salt Lake City at 500 West 900 North which employs 150 workers. Stadler Rail plans to expand into a new facility located at 5600 West and Interstate 80 in Salt Lake City's Northwest Quadrant ("Project").

The Project will yield an additional 150 employees (300 total) after the first phase is built and operational this year. Three additional phases will be constructed during the next 10 years, producing up to 976 total jobs. The average salary is estimated to be \$55,370, 109% of the Salt Lake County average.

CRA ADOPTION PROCESS OVERVIEW:

The RDA Board of Directors and City Council are tasked with two action items in order to establish the Stadler Rail Community Reinvestment Area ("CRA"). The first action item is to adopt the CRA plan, which is comprised of three sections: 1) the Plan; 2) the Financial Benefit Analysis; and 3) the Budget. Staff will provide a brief overview of each plan element.

If the RDA Board and City council adopt the Plan, the second action item is to adopt the terms of an Interlocal Agreement between the RDA and Salt Lake City that authorizes the RDA receive tax increment for the Project from the City.

Action Item 1: Adoption of the CRA Plan

Attached to this memo is the draft CRA Plan. Per Section 17C-5-105 of the Community Reinvestment Agency Act ("Act") the CRA Plan must contain the following information:

1. **The Plan:** The Plan document is written in the format required by the Act. The Plan references the Northwest Quadrant Master Plan as the guiding document for the CRA.
2. **The Financial Benefit Analysis:** The RDA must include a financial benefit analysis ("Analysis") of the CRA. The RDA's Tax Increment Reimbursement Policy ("Policy") further requires that the Analysis must demonstrate a public benefit is anticipated from the project, show any significant public costs the project may impose on the City's General Fund, show financial need beyond what the project can attract from private funding sources, and, if applicable, ensure that the tax increment reimbursement will not be used to pay for overvalued land costs. Staff's financial consultant will provide an overview of the Analysis and highlight benefits the CRA will provide to the City.
3. **Budget:** The Act requires the CRA Plan include a Budget detailing certain line items, including the deduction of any RDA obligations that will impact its participation with other taxing entities. It should be noted that the Budget takes into account an estimate of tax increment participation from all taxing entities which is \$40,687,703, but the Project will only utilize the City's portion.

POLICY REQUIREMENTS:

Section 3.4 of the Policy sets forth the threshold requirements the project must achieve to qualify for the tax increment reimbursement. The Policy also provides for additional RDA participation for projects that exceed the RDA's threshold requirements. The RDA Finance Committee believes the Project meets the threshold requirements, as well as additional criteria that would make the Project eligible for a 90% participation rate from the City. Below is matrix of the threshold, 80% participation, and 90% participation criteria with the Committee's rankings.

PROJECT PARTICIPATION CRITERIA (POLICY SECTION 3.4):	FINANCE COMMITTEE RANKING
MINIMUM REQUIREMENTS (70%):	
1. \$12MM MINIMUM CAPEX INVESTMENT	X
2. JOB RETENTION/CREATION (ONE OR MORE OF THE FOLLOWING)	
a) creation or retention of at least one full-time job per \$50,000 of eligible tax increment	X
b) creation or retention of jobs at 110% average SL County wage	
3. DEMONSTRATION OF NEED FOR THE TAX INCREMENT REIMBURSEMENT	X
4. SLC-BASED COMPANY	X
5. SUSTAINABLE CONSTRUCTION PRACTICES WITH SUSTAINABLE BUILDING PROGRAM	X
STANDARD MAXIMUM RATE (80%) WITH TWO OF THE FOLLOWING CRITERIA:	
Sustainability	
Public Amenities	
Adaptive Reuse	
Historic Preservation	
Significant Job Creation	X
Significant Wage Creation	X
Significant Economic Impact	X
Architecture/Urban Design	
Unique Construction and/or Tenant Improvements	
SPECIAL CONSIDERATION FOR ADDITIONAL PARTICIPATION (90%)	
Extraordinary project cost burden	X
Additional Public Benefits (see 80% list)	X

Other Policy Requirements: In order for the Project to be eligible, it must meet the following additional requirements. Each requirement response has a corresponding page reference in the Analysis for inspection.

- **Provide a Public Benefit:** The Analysis states that the Project will include infrastructure improvements that will benefit surrounding development in the futures, such as public roads and sewer improvements (*Analysis, Page 3*).
- **Show Impact on the City's General Fund:** The Analysis states that the impact on future revenues captured by the City will exceed impact on the City's General Fund (*Analysis Page 13*).
- **Show Public Financial Need Beyond Private Sources:** Private investment in the Project is significant, estimated at approximately \$174 million (*Analysis Page 4*). The Project will utilize tax increment reimbursement dollars to offset \$19 million in infrastructure costs (*Analysis Page 3*).
- **No Overpayment for Property (if applicable):** The tax increment reimbursement will only be used for infrastructure costs to be further defined in the Reimbursement Agreement.

Action Item 2: Approval of Terms of an Interlocal Agreement between the RDA and Salt Lake City

Per the Policy, the City can forgo between 70% and 90% of the City's share of tax increment generated by the Project prior to the RDA receiving the remaining tax increment distribution. Based on the Committee's recommendation, the attached RDA and City resolutions authorize the RDA to enter into an interlocal agreement with Salt Lake City to distribute 90% of the City's portion of tax increment to the RDA for the Project.

Below is the calculation of the maximum tax increment distribution to Salt Lake City, the RDA, and the Project, based on the 90% participation rate for 20 years:

Tax Increment Distribution for Stadler Rail CRA	
Total Tax Increment to Salt Lake City:	12,563,035
Less 10% Retained by Salt Lake City:	1,256,304
Distribution to RDA:	11,306,731
Less RDA Expenses:	
Housing (10%)	1,130,673
Admin (5%)	565,337
Distribution to Project:	9,610,721

If the Board and City Council wish to create the CRA and adopt the Interlocal Agreement, the appropriate resolutions and City ordinance are attached for consideration for each governing body.

PREVIOUS BOARD ACTION: On November 14, 2017, the RDA Board adopted a resolution authorizing the RDA to prepare a draft CRA Plan for the proposed Stadler Rail CRA

ATTACHMENTS:

1. Stadler Rail CRA Plan
2. RDA Resolutions:
 - a. Stadler Rail CRA Adoption
 - b. Approval of the Terms of an Interlocal Agreement between the RDA and Salt Lake City
3. City Council Ordinance and Resolution:
 - a. Ordinance Adopting the Stadler Rail CRA
 - b. Resolution Approving the Terms of an Interlocal Agreement between the RDA and Salt Lake City
4. Stadler Rail CRA Plan Presentation



SLCRDA

STADLER RAIL COMMUNITY REINVESTMENT AREA DRAFT PLAN

INTRODUCTION

Through this Stadler Rail Community Reinvestment Area Plan (“CRA Plan”), the Redevelopment Agency of Salt Lake City (“RDA”) contemplates the creation of a Community Reinvestment Area (“CRA”) to facilitate the use of tax increment financing (“TIF”) as a funding mechanism to further the economic development goals of Salt Lake City. In addition, this CRA Plan will help facilitate the implementation of the community vision and land use plans established by the Northwest Quadrant Master Plan (Adopted August 2016).

CRA Plan Requirements

This CRA Plan complies with the community reinvestment project area plan requirements of Utah Code 17 C Community Reinvestment Agency Act. The RDA does not anticipate using eminent domain within the Project Area, and therefore is not conducting a blight study or a blight determination. Thus, the Project Area is authorized through interlocal agreements with individual taxing entities rather than by a taxing entity committee.

Prior to adoption of a board resolution, the RDA Board of Directors (“Board”) has determined this CRA Plan does the following:

- Contains a map and boundary description of the Project Area
- Contains the RDA’s purposes and intent with respect to the Project Area
- Serves a public purpose
- Produces a public benefit per Utah Code 17C-5-105(2)
- Is economically sound and feasible
- Conforms to the community’s general plan
- Promotes the public peace, health, safety, and welfare of the community

Plan and Policy Coordination

Salt Lake City completed its Northwest Quadrant Master Plan in August 2016, which serves as the appropriate master plan to inform this CRA Plan.



SLCRDA

SECTION 1: COMMUNITY REINVESTMENT ANALYSIS

Section 1 conforms to the requirements of Utah Code 17C-5-105(1), and includes the following information:

- a) Project Area Boundary Description
- b) Existing Land Uses and Neighborhood Context
- c) Standards to Guide Project Area Development
- d) Furthering Purposes of Utah Title 17C
- e) Consistency with Community General Plan
- f) Elimination or Reduction of Blight, if applicable
- g) Specific Project Area Development
- h) Process for Selecting Participants
- i) Reasons for Selecting the Project Area
- j) Existing Physical, Social, and Economic Conditions
- k) Financial Assistance to be Offered to Participants
- l) Results of Public Benefits Analysis
- m) Historic Preservation Requirements
- n) Interlocal Agreement
- o) Other Information

1 (a): Project Area Boundary Description

The Stadler Rail CRA (“Project Area”) boundaries are shown in the map presented in Figure 1, and is contained in the following boundary description:

A parcel of land located in Lots 1, 2 and 3 of Section 2, Township 1 South, Range 2 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

BEGINNING at a point on the west line of 5600 West Street, said point being North 89°49'53" West 191.96 feet along the south line of the South Half of the Northeast Quarter of Section 2, Township 1 South, Range 2 West, Salt Lake Base and Meridian and North 00°02'27" West 1,418.02 feet from the East Quarter Corner of said Section 2, and thence North 89°50'27" West 2,328.76 feet; thence North 00°01'23" West 981.50 feet; thence North 82°53'00" West 747.21 feet; thence South 89°57'48" West 706.21 feet to the west line of Lot 3 of said Section 2; thence along said line North 00°00'19" East 103.50 feet; to the south line of the Salt Lake Garfield and Western Railway right-of-way; thence along said line the following seven courses: 1) North 89°57'48" East 1,320.19 feet to the west line of the East Half of said Section 2, 2) North 89°57'19" East 1,377.43 feet to a point on the arc of a 1,115.92 foot non-tangent curve to the right, 3) Easterly 38.28 feet along the arc of said curve through a central angle of 01°57'56" and a long chord of South 74°32'35" East 38.28 feet, 4) South 71°53'17" East 98.68 feet, 5) South 71°03'37" East 150.67 feet, 6) South 71°23'40" East 100.52 feet to a point on the arc of a 2,894.79 foot non-tangent curve to the left and 7) Easterly 670.18 feet along the arc of said curve through a central angle of 13°15'53" and a long chord of South 78°41'34" East 668.69



SLCRDA

feet to the west line of the 5600 West Street right-of-way; thence along said line the following three courses: 1) South 00°14'08" East 499.01 feet, 2) South 09°33'56" East 203.34 feet and 3) South 04°41'58" East 233.81 feet to the POINT OF BEGINNING. Said parcel contains 2,733,413 square feet or 62.75 acres, more or less.



Figure 1. Project Area Boundary

1 (b): Existing Land Uses and Neighborhood Context

This section includes a general statement of the existing land uses, layout of principal streets, population densities, and building intensities of the Project Area and how each will be affected the Project Area development.

LAND USES

Existing: The project area consists of 62.75 acres of parcels that are currently vacant land. The property is zoned M-1 which allows for light manufacturing uses that protects adjacent sensitive lands and waterways.



SLCRDA

Anticipated Changes: Through redevelopment and revitalization of the Project Area, it is anticipated that underutilized and vacant land will be transformed into a state-of-the-art manufacturing facility. The facility will retain existing up to 150 jobs in Salt Lake City, and create up to an additional 824 jobs during the life of the Project Area. The Project Area will also include investment in public infrastructure to service the facility and surrounding new development.

LAYOUT OF PRINCIPAL STREETS

Existing: The Project Area currently contains no streets. The Project Area is located immediately southwest of the 5600 West Street and Interstate 80 intersection.

Anticipated Changes: The Project Area will include a street (150 South) that will provide access from 5600 West Street.

POPULATION DENSITIES

Existing: The Project Area currently consists of vacant land with no population.

Anticipated Changes: Workforce population will increase in the Project Area due to redevelopment activity guided by the Standards to Guide Project Area Development (Section 1(c)). It is anticipated the population will be a maximum of 15.9 people per acre.

BUILDING INTENSITIES

Existing: The Project Area currently consists of vacant land with no buildings.

Anticipated Changes: Over the first 10 years of the project area life, the Project Area is anticipated to contain a new manufacturing plant and office building supported by new infrastructure. The Project Area will also likely include new warehouse space, assembly halls, and fabrication facilities to support company operations which will total 950,000 square feet.

1 (c): Standards to Guide Project Area Development

This project area plan references Salt Lake City's Northwest Quadrant Master Plan as its standard to guide the project area development.

1 (d): Furthering Purposes of Utah Title 17C

By implementing this CRA Plan, the RDA shall leverage private investment with TIF to provide a redevelopment opportunity that will stimulate economic activity in the project area.



SLCRDA

1 (e): Consistency with the Community General Plan

As standards to guide development, the RDA proposes to use the following goals as informed through the Northwest Quadrant Master Plan:

Expand the region’s economic base by supporting business recruitment, development, and job retention by building the Project which will retain existing jobs in the City as well as create new jobs.

Preserve Areas for future office, industrial, manufacturing, research or distribution uses by constructing a manufacturing facility while encouraging and promoting sustainable practices by incorporating environmental features in the Project including use of recyclable building materials, installing solar panels, accommodations for bicycle commuters, water retention system, and systems that require minimal energy usage.

Protect water quality by building a water retention system to minimize impact on Salt Lake City’s storm water system.

Create reliable, cost-effective, environmentally sustainable systems of utilities, public facilities and services by installing a lift station to control the Project’s sewer system.

Concentrate development near major transportation corridors by locating facility near a major interstate and freeway off-ramp.

Promote the infill and redevelopment of underutilized areas by building the Project on vacant, underutilized land.

1 (f): ELIMINATION OR REDUCTION OF BLIGHT

The RDA is not conducting a blight study to make a determination of blight. However, Project Area development activities are anticipated to redevelop vacant property.

1 (g): SPECIFIC PROJECT AREA DEVELOPMENT

The anticipated project will consist of a manufacturing facility that will be approximately 950,000 square feet. The project will employ between 300 and 974 jobs over a four-phased build-out to take approximately 10 years.



1 (h): PROCESS OF SELECTING PARTICIPANTS

The RDA may enter into participation agreements (also known as tax increment reimbursement agreements) for the purpose of providing incentives in the form of TIF for Project Area development. The participant will go through an evaluation process in accordance with the RDA’s tax increment reimbursement program and policies. The participant must provide sufficient evidence that tax increment funding is necessary for the proposed project to succeed. In addition, the proposed project must align with CRA objectives and involve significant private investment in order to assure adequate yield of tax increment.

1 (i): REASON FOR SELECTING THE PROJECT AREA

The selection of the Stadler Rail Project Area is the result of reviewing a request from Stadler Rail to create the CRA per the RDA’s Tax Increment Reimbursement Policy (Policy). The RDA Board of Directors initiated the CRA on November 14, 2017. The RDA has undertaken an independent financial benefit analysis that indicates the project will result in significant economic investment in the proposed CRA. The evaluation criteria for the project area (referred to as “Local Business”) set forth in the RDA’s Policy is as follows:

- a. The Local Business must commit to invest a minimum \$12 million in private capital expenditures into the project.
- b. The Local Business must demonstrate the project will result in job retention and/or job creation. One of the following job creation/retention standards must be achieved:
 - i. The minimum creation of one (1) full-time equivalent permanent job (created or retained) per \$50,000 of eligible tax increment.
 - ii. The creation or retention of jobs at an aggregate of 110% of the average Salt Lake County wage.
- c. The Local Business must demonstrate that the tax increment reimbursement is necessary for the project to succeed.
- d. The Local Business must demonstrate that it is an existing Salt Lake City-based business and the tax increment reimbursement will result in the business remaining or expanding in the City.
- e. The project must employ sustainable construction practices consistent with a reputable sustainable building program approved by the Executive Director.

The RDA has concluded that the CRA creation meets the RDA’s Policy by creating substantial economic benefits for the taxing entities.

1 (j): EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS

The property within the CRA boundary is current vacant. The physical condition of the property is undeveloped land adjacent to Interstate 80 and 5600 West. Some industrial uses are located immediately east of the proposed CRA. The Salt Lake International Airport is located just 4.5 miles from the proposed CRA, which could provide additional economic benefits to the project.



The proposed CRA is also located in the Northwest Quadrant, and would benefit by close proximity of the proposed Inland Port.

1 (k): FINANCIAL ASSISTANCE OFFERED TO PARTICIPANTS

To promote investment in the CRA, the RDA intends to use the following RDA program:

TAX INCREMENT REIMBURSEMENT PROGRAM

The RDA Tax Increment Reimbursement Program may provide project developers a tax increment reimbursement for the development of improvements that meet the goals and objectives of this CRA Plan and provide significant public benefit. Tax increment reimbursements shall be based upon the difference between the initial taxable value of a property prior to improvements and the increased taxable value resulting from said improvements. The developer will receive a percentage of the tax increment generated from its project for a specified time frame, and Salt Lake City and the RDA will receive the residual tax increment generated by the project. The RDA's portion will be used to pay its 10% required allocation toward housing per Section 17C-5-307(2) of the Utah Code, plus other statutory and administrative costs.

1 (l): PUBLIC BENEFITS ANALYSIS SUMMARY

According to the Utah Code 17C Community Reinvestment Agency Act, the RDA shall conduct a Public Benefits Analysis ("Analysis") to determine whether this CRA Plan will provide a public benefit. The RDA contracted with Zion's Public Finance, Inc. (ZPFI) to carry out this effort. The resulting Analysis, as completed by ZPFI, is attached as Exhibit A.

1 (m): HISTORIC PRESERVATION

Since the property is vacant, historic preservation efforts are not applicable.

1 (n): INTERLOCAL AGREEMENT

Per the requirements listed in Utah Code 17C, the Stadler Rail Project Area is subject to an interlocal agreement with taxing entities, rather than a taxing entity committee, because the RDA does not plan to use eminent domain to acquire property within the project area.

1 (o)(i): OTHER INFORMATION

No other information is necessary or advisable.



SECTION 2: PROJECT AREA BUDGET

Section 2 of this CRA Plan conforms to the requirements of 17C-5-303, and includes the following information:

- 1) Receipt of Tax Increment
 - a. Base taxable value;
 - b. Project amount of tax increment to be generated within the CRA;
 - c. Funds collection period;
 - d. Projected amount of tax increment to be paid to other taxing entities in accordance with Section 17C-1-410 (if applicable);
 - e. If the area from which tax increment is collected is less than the entire CRA:
 - i. A boundary description of the portion or portions of the CRA from which the agency receives tax increment; and
 - ii. For each portion described in Subsection 1(e)(i), the period of time during which tax increment is collected;
 - f. Percentage of tax increment the agency is authorized to receive from the CRA; and
 - g. Maximum cumulative dollar amount of tax increment the agency is authorized to receive from the CRA.
- 2) Receipt of Sales and Use Tax Revenue (if applicable)
- 3) Project Area Funds to Implement this CRA Plan
- 4) RDA's Combined Incremental Value
- 5) Amount for Administration
- 6) Property Owned and Expected to Sell

The Project Area Budget is attached as Exhibit B.



EXHIBIT A: FINANCIAL BENEFIT ANALYSIS



SLCRDA



Salt Lake City

**DRAFT Cost-Benefit and Financial Need Analysis
Stadler Development**

March 5, 2018

COST-BENEFIT AND FINANCIAL NEED ANALYSIS STADLER DEVELOPMENT

Zions Public Finance, Inc., has conducted an objective, third-party study of the public benefits associated with the proposed Stadler Development, in accordance with the requirements of Utah Code §10-8-2(3)(e) and Utah Code §17C-5-105(2)(a)(b) that satisfies the public benefit analysis requirement of creating a Project Area by a Redevelopment Agency. In addition, the Agency's application process requires an evaluation of financial need and this report addresses financial need from the standpoint of extraordinary infrastructure or other development costs that impact the relative competitiveness of the Salt Lake City site.

Stadler is known throughout the world for its custom rail car design and production. The company's history goes back to 1942 when Ernst Stadler founded the company in Zurich, Switzerland. The company prides itself on its cutting-edge technology and trains that are uniquely designed for each customer in order to meet their specific needs. Today the company has grown to over 7,000 employees worldwide. The background of Stadler provides Salt Lake City with a stable investor with a worldwide reputation for quality.

Legal Requirements

If a Community Reinvestment Project Area (CRA) is created for the Stadler site, then it will not need to meet the requirements of Utah Code §10-8-2(3)(e) as shown below. In fact, currently proposed legislation is clarifying the long-held interpretation that this public benefits analysis is not a requirement within project areas. However, these requirements are similar in nature to those required in reinvestment areas, under Utah Code §17C-5-105(2)(a)(b). While this report follows the organizational format of Utah Code §17C-5-105(2)(a)(b), it also includes the basic requirements of §10-8-2(3)(e) as shown below:

- (i) what identified benefit the municipality will receive in return for any money or resources appropriated;
- (ii) the municipality's purpose for the appropriation, including an analysis of the way the appropriation will be used to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality; and
- (iii) whether the appropriation is necessary and appropriate to accomplish the reasonable goals and objectives of the municipality in the area of economic development, job creation, affordable housing, blight elimination, job preservation, the preservation of historic structures and property, and any other public purpose.

As required by law for the public benefits analysis under Utah Code 17C-5-105 (2)(a) and (b):

- (a) An agency shall conduct an analysis in accordance with Subsection (2)(b) to determine whether the proposed community reinvestment project area plan will provide a public benefit.
- (b) The analysis described in Subsection (2)(a) shall consider:
 - (i) the benefit of any financial assistance or other public subsidy proposed to be provided by the agency, including:

- (A) an evaluation of the reasonableness of the costs of the proposed project area development;
 - (B) efforts that have been, or will be made, to maximize private investment;
 - (C) the rationale for use of project area funds, including an analysis of whether the proposed project area development might reasonably be expected to occur in the foreseeable future solely through private investment; and
 - (D) an estimate of the total amount of project area funds that the agency intends to spend on project area development and the length of time over which the project area funds will be spent; and
- (ii) the anticipated public benefit derived from the proposed project area development, including:
 - (A) the beneficial influences on the community's tax base;
 - (B) the associated business and economic activity the proposed project area development will likely stimulate; and
 - (C) whether adoption of the proposed community reinvestment project area plan is necessary and appropriate to undertake the proposed project area development.

The Benefit of Any Financial Assistance or Other Public Subsidy Proposed to be Provided by the Agency

An Evaluation of the Reasonableness of the Costs of the Proposed Project Area Development

Projected costs include public roads dedicated to Salt Lake City that will open up 184 additional acres for future industrially-zoned development. This will be a great benefit to the City and is grounds for consideration of public assistance. Other significant infrastructure costs include a sewer lift station, test track and industrial rail service and extraordinary site preparation costs due to the steep grading of the property and the existing canal through the property.

TABLE 1: PROJECTED INFRASTRUCTURE COSTS ASSOCIATED WITH STADLER DEVELOPMENT

	Construction Cost	Completion Date	Notes
Public Roads dedicated to SLC	\$7M	Phase 1	7.48 Acres (5,000 l.f. of new road approx.)
Sewer lift station	\$500k	Phase 1	
Test Track and Industrial rail service	\$6.5M	Phase 1	
Site Preparations*	\$5M	Phase 1	

*Site preparation costs include relocation of 1,000' existing canal and significant grading costs

Stadler is currently working with all major utility companies to upgrade the capacity of service in the NWQ in coordination for efficiency and cost-savings.

Dominion Gas – Stadler will provide a 1,000’ long x 30’ wide easement along the eastern edge of its property for Dominion Energy to install a new 8” HPE gas line. This high capacity line will be installed to service the projected needs for the NWQ. Stadler will also accommodate Dominion by allowing Dominion to stage construction equipment and laydown area (1,000’x60’) for multiple months in order to bore the new pipeline under I-80 freeway in the most cost effective manner possible. This construction is planned for Summer 2018.

State Prison Sewer Line – Stadler is working with the State Prison team to align the necessary forced sewer main through the subdivision project being led by Stadler. Stadler will install casings and other required materials in the new subdivision roads where applicable in order to ensure the installation of the new Sewer Line is efficient and coordinated once timing permits. Stadler will also coordinate with the State for the installation of new casings under the Stadler Test Track and adjacent SLG&W tracks. This will allow the State to stage the future boring under I-80 closer to the Interstate and save hundreds of linear feet (400’ approximate) in expensive boring costs.

Rocky Mountain Power – Stadler is coordinating with the local RMP design team to fulfill Stadler’s Substation needs while also providing a new 138KVA power line to support the upcoming NWQ development. Stadler is working directly with RMP to make sure it can run on either frequencies available to help reduce RMP’s decision matrix and simplify their analysis for the overall area to provide the most efficient power supply.

Efforts That Have Been, or Will Be Made, to Maximize Private Investment

Private investment in this project will be significant. In current dollars (\$2018), the total investment in land and buildings is estimated at \$174 million. Spread over 62.74 acres, this represents an investment of nearly \$2.8 million per acre.

TABLE 2: DEVELOPMENT PROJECTIONS – REAL PROPERTY (LAND AND BUILDINGS)

	Phase 1	Phase 2	Phase 3	Phase 4
Manufacturing/warehouse bldg sf	225,000	225,000	250,000	250,000
Office sf	12,000	12,000		
Lot #	1	1	2	3
Acres	37.71		12.99	12.04
Building Construction Price	\$44,000,000	\$50,000,000	\$30,000,000	\$50,000,000
Timeline	2018-2019	2020-2022	2023-2025	2025-2030

In addition, there will be significant investment in personal property.

TABLE 3: DEVELOPMENT PROJECTIONS – PERSONAL PROPERTY

Summary Table	Cost per Unit	Units	Total Investment (\$2018)	Replacement (Useful Life) in Years
Forklifts	\$100,000	3	\$300,000	15
Overhead Cranes	\$166,667	36	\$6,000,000	20
Backup Generator	\$250,000	4	\$1,000,000	15
Yard Rail Locomotive	\$2,000,000	1	\$2,000,000	20
Personal Computers	\$3,000	1,000	\$3,000,000	2
Solar Panels	\$500,000	4	\$2,000,000	30

Personal property values fluctuate from year to year due to depreciation values and equipment replacement schedules. On average, personal property market values average just over \$85,000 per acre each year over the first 20 years of the project.

Public participation in the project is expected to range between \$8.8 million and \$11.3 million depending on the percentage of increment that flows to the Agency. In comparison, Stadler will invest \$174 million in land and buildings, plus an additional \$14.3 million in personal property investment.

The Rationale for Use of Project Area Funds, Including an Analysis of Whether the Proposed Project Area Development Might Reasonably be Expected to Occur in the Foreseeable Future Solely through Private Investment

There are several reasons why the use of project area funds can be considered necessary and appropriate:

- Extraordinary infrastructure costs and benefits to City
- Attraction of a stable and growing company with a significant number of jobs and good wages
- Relatively high property tax rates in Salt Lake City compared to other sites

Extraordinary Infrastructure Costs and Benefits to City

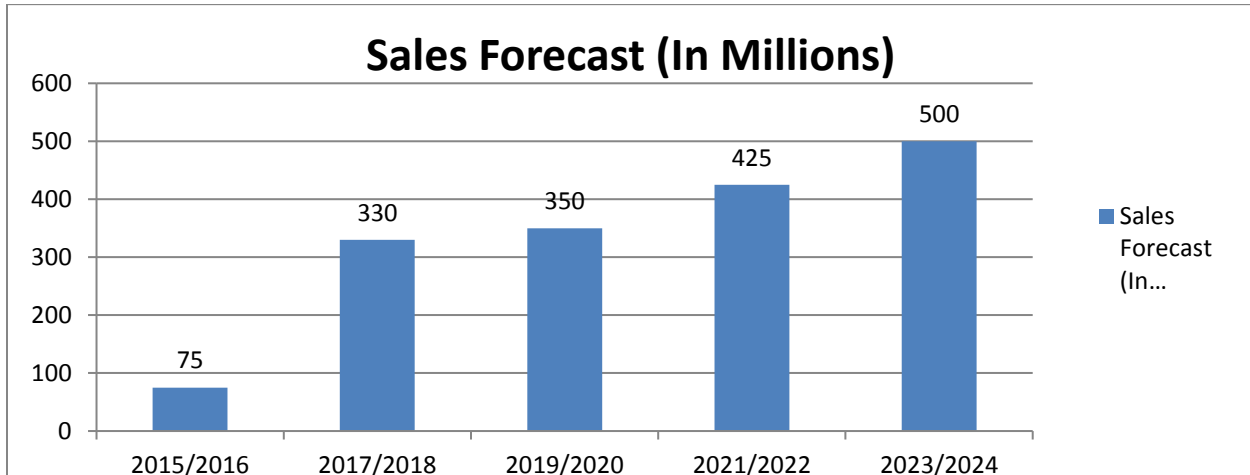
As shown above, there are extraordinary costs that accompany the Stadler development. These costs, including public roads, sewer lift station, test track and industrial rail service and site preparation, are upfront costs (Phase 1) and are necessary before Stadler will see any return on its investment.

Further, the land dedication from PRI for the public roads and the design/construction by Stadler will create new access to 184 acres of industrial-zoned land that was previously inaccessible. This will provide a benefit to the City and will accelerate future development in that area.

Stable and Growing Company

Stadler has existed since 1942, founded in Zurich, Switzerland. Sales forecasts provided by Stadler, for the Salt Lake City site, are strong, as shown in the figure below.

FIGURE 1: STADLER SALES FORECAST FOR SALT LAKE CITY SITE



Upon completion of Phase 4, Stadler expects to have created 976 full-time employees by 2027. The average wage, without benefits, for these jobs is \$55,370. Wages will range from a low of \$14 per hour, to \$146,163 in annual wages (not including benefits). In comparison, the average wage in Salt Lake County is \$50,596,¹ suggesting that the average wage at Stadler will be 109 percent of the County average. During the first phase of development, 300 jobs will be located at the facility, with 150 of the jobs being retained from Stadler's current operations and 150 new jobs created.

Comparison of Property Tax Rates

Property tax rates in Salt Lake City are higher than in other cities in the County. This, therefore, adds to the cost of doing business in Salt Lake City.

TABLE 4: COMPARATIVE PROPERTY TAX RATES

Comparative City Tax Rates	City Tax Rate
Salt Lake City	0.004286
Bluffdale	0.001751
Draper	0.001460
Holladay	0.001380
Murray	0.001759
Sandy	0.001229
South Jordan	0.001900
South Salt Lake City	0.002032
West Jordan City	0.001975
West Valley City	0.004151

¹ Bureau of Labor Statistics

An Estimate of the Total Amount of Project Area Funds That the Agency Intends to Spend on Project Area Development and the Length of Time Over Which the Project Area Funds Will Be Spent

Final incentives have not yet been determined between the Agency and Stadler. The total amount of increment to the Agency, at varying percentages, is shown in the table below, assuming that only Salt Lake City participates in contributing tax increment to the Agency. Other taxing entities may choose to contribute in other ways, such as with public infrastructure.

TABLE 5: PROJECTED TAX REVENUES TO AGENCY – VARYING PERCENTAGES

	70% Increment	80% Increment	90% Increment
20-Year Anticipated Tax Revenues to Agency	\$8,794,125	\$10,050,428	\$11,306,732

Anticipated Public Benefit from the Proposed Project Area Development

Beneficial Influences on the Community's Tax Base

Fiscal impacts to the City have been evaluated through a review of projected revenues and expenses to the General Fund from the proposed development.

Property Tax Revenues

Property tax revenues are based both on taxable value and current tax rates for all taxing entities. The proposed development is located in Tax District 13E, which has the following current tax rates:

TABLE 6: TAX DISTRICT 13E TAX RATES

Tax District 13E	Tax Rate
Salt Lake County	0.002238
Multi-County Assessing & Collecting Levy	0.000010
County Assessment & Collecting Levy	0.000244
Salt Lake City School District	0.005748
Salt Lake City	0.004286
Salt Lake City Library	0.000834
Metropolitan Water District - Salt Lake	0.000325
Magna Mosquito Abatement District	0.000050
Central Utah Water Conservancy District	0.000400
TOTAL	0.014135

Market values of the proposed real and personal property investment were obtained through consultation with Stadler. The study further assumes a construction cost inflation factor of two percent per year over the absorption time period. Detailed absorption projections, by year, are included in Appendix A.

Property tax revenues are estimated to reach nearly \$12.6 million over the 20-year period of this analysis.

TABLE 7: SALT LAKE CITY PROJECTED PROPERTY TAX REVENUES, 20 YEARS

Salt Lake City	20-Year Projected Revenues
Real Property Tax Revenues	\$12,063,090
Personal Property Tax Revenues	\$499,945
TOTAL	\$12,563,035

Base year tax revenues for the two parcels² in the Stadler development are minimal. The base year taxable value is \$3,710 and property tax revenues to Salt Lake City are estimated at \$15.90 per year, for a total of \$318 over the 20-year time period of this study. Projected 20-year revenues to all taxing entities in Tax District 13E are also minimal.

TABLE 8: ALL TAXING ENTITIES PROJECTED PROPERTY TAX REVENUES, 20 YEARS, BASELINE CONDITIONS

Taxing Entities	20-Year Projected Revenues
Salt Lake County	\$166
Multi-County Assessing & Collecting Levy	\$1
County Assessment & Collecting Levy	\$18
Salt Lake City School District	\$427
Salt Lake City	\$318
Salt Lake City Library	\$62
Metropolitan Water District - Salt Lake	\$24
Magna Mosquito Abatement District	\$4
Central Utah Water Conservancy District	\$30
TOTAL	\$1,049

TABLE 9: ALL TAXING ENTITIES PROJECTED PROPERTY TAX REVENUES, 20 YEARS, WITH STADLER DEVELOPMENT

Taxing Entities	20-Year Projected Revenues
Salt Lake City	\$12,563,035
Salt Lake County	\$6,559,980
Salt Lake City School District	\$16,848,420
Salt Lake City Library	\$2,444,604
Metropolitan Water District - Salt Lake	\$952,633
Magna Mosquito Abatement District	\$146,559
Central Utah Water Conservancy District	\$1,172,472
TOTAL	\$40,687,703

The projected property tax revenues from the Stadler Development are significantly more than what the taxing entities could expect if the parcels were to develop in a similar fashion to nearby industrial development. As shown previously, the average real property taxable value per acre of the Stadler Development is nearly \$2.8 million. In comparison, the real property value per acre of comparison parcels averages only \$973,048 per acre.

TABLE 10: COMPARISON SITES, TAXABLE VALUE PER ACRE

FID	Taxable Value	Acres	Taxable Value per Acre
Stadler Property	\$174,000,000	62.74	\$2,773,350

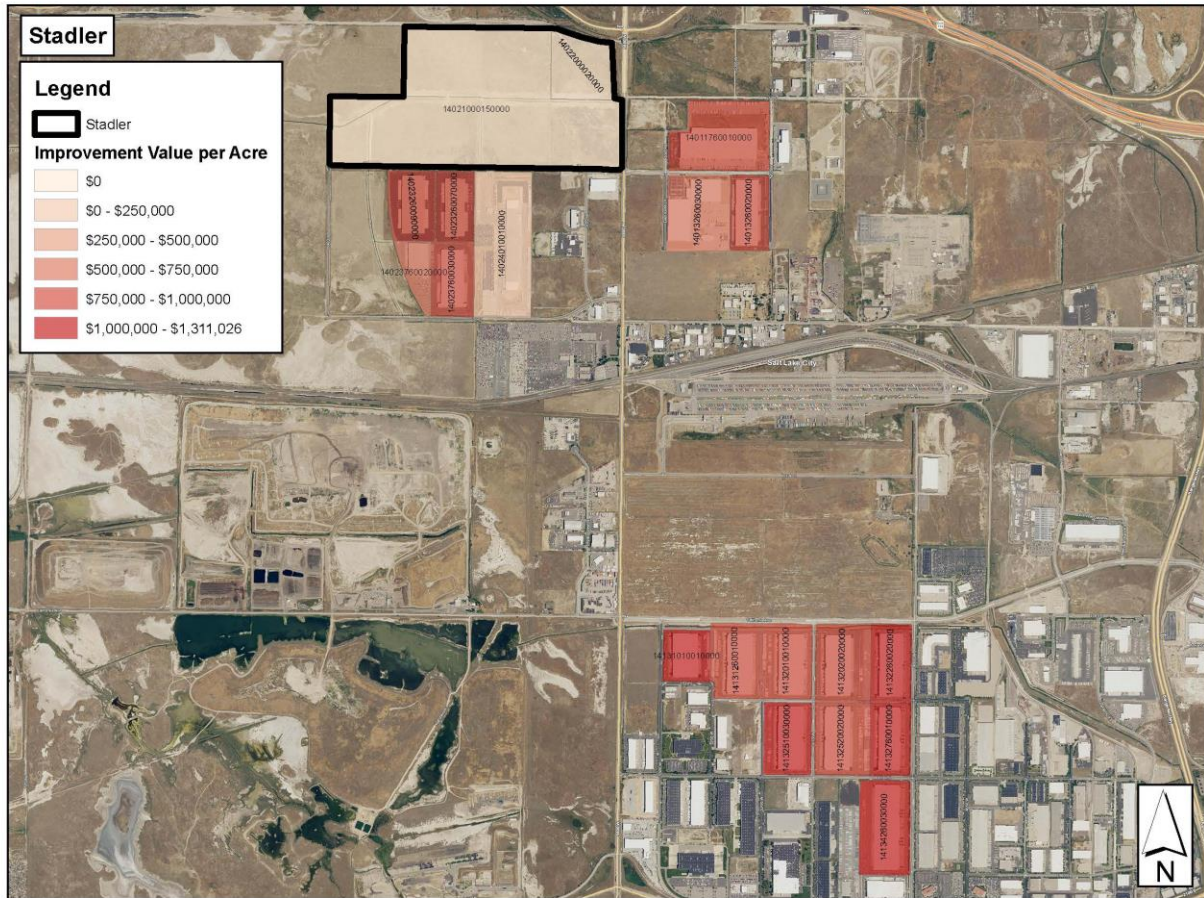
² Includes parcels 14021000150000 and 14022000020000.

FID	Taxable Value	Acres	Taxable Value per Acre
230101	\$35,335,700	24.09	\$1,467,086
230104	\$29,276,100	22.99	\$1,273,512
230102	\$31,489,700	25.87	\$1,217,077
230122	\$43,365,500	35.75	\$1,213,123
230086	\$21,914,600	18.50	\$1,184,686
230099	\$30,691,400	28.28	\$1,085,401
230100	\$32,988,000	31.33	\$1,052,975
230088	\$27,982,500	28.46	\$983,215
229973	\$23,697,100	23.98	\$988,310
230103	\$30,126,300	30.10	\$1,000,981
229967	\$20,124,600	20.71	\$971,653
229968	\$22,849,900	24.59	\$929,404
229916	\$44,312,200	49.00	\$904,313
229972	\$10,020,800	12.98	\$772,273
229974	\$22,555,400	61.94	\$364,126

Source: Salt Lake County Assessor's Office

DRAFT

FIGURE 2: COMPARISON SITES, TAXABLE VALUE PER ACRE



Sales Tax Revenues

Stadler will not generate any direct point-of-sale tax revenues because there may not be direct sales in the immediate area. However, Stadler will likely purchase many of its operating supplies in the local area, thereby paying local sales tax revenues. Stadler has not been able to provide an estimate of the magnitude of these purchases.

In addition, there will be one-time purchases of construction supplies. Assuming that roughly 40 percent of the construction investment is for supplies results in purchases of approximately \$77 million. The following table shows the potential one-time sales tax revenue impacts to Salt Lake City and Salt Lake County, assuming that different percentages of total supplies are bought within Salt Lake City boundaries.³

TABLE 11: CONSTRUCTION IMPACTS – ONE-TIME POINT-OF-SALE REVENUES

Percent Purchased in Local Area	Salt Lake City	Salt Lake County
<i>Point of Sale Distribution</i>	0.005	0.00125
10%	\$38,603	\$9,651
25%	\$96,507	\$24,127
50%	\$193,014	\$48,253

³ Salt Lake County could receive additional purchases more than Salt Lake City as it covers a larger geographic area and thereby has a broader range of suppliers available for construction.

Percent Purchased in Local Area	Salt Lake City	Salt Lake County
75%	\$289,521	\$72,380

Municipal Energy Tax Revenues

Salt Lake City has enacted the municipal energy (“franchise”) tax to the full six percent allowed by law. This means that the City can charge a tax on all taxable portion of electric and natural gas sales. Estimates of energy usage and annual costs have been provided by Dominion Energy and Rocky Mountain Power.

TABLE 12: ESTIMATED NATURAL GAS USAGE AND ANNUAL PAYMENTS

Year	DTH	Commodity @ \$3.00	Municipal Energy Tax Revenue - 6%
2019	49,320	\$147,960.00	\$ 8,877.60
2020	49,320	\$147,960.00	\$ 8,877.60
2021	49,320	\$147,960.00	\$ 8,877.60
2022	98,640	\$295,920.00	\$17,755.20
2023	98,640	\$295,920.00	\$17,755.20
2024	98,640	\$295,920.00	\$17,755.20
2025	135,360	\$406,080.00	\$24,364.80
2026	135,360	\$406,080.00	\$24,364.80
2027	135,360	\$406,080.00	\$24,364.80
2028	135,360	\$406,080.00	\$24,364.80
2029	135,360	\$406,080.00	\$24,364.80
2030	172,080	\$516,240.00	\$30,974.40
2031	172,080	\$516,240.00	\$30,974.40
2032	172,080	\$516,240.00	\$30,974.40
2033	172,080	\$516,240.00	\$30,974.40
2034	172,080	\$516,240.00	\$30,974.40
2035	172,080	\$516,240.00	\$30,974.40
2036	172,080	\$516,240.00	\$30,974.40
2037	172,080	\$516,240.00	\$30,974.40
2038	172,080	\$516,240.00	\$30,974.40

Source: Dominion Energy

Total municipal energy tax revenues to Salt Lake City from natural gas purchases are anticipated to reach over \$480,000 over the 20-year time period of this study. Estimates of energy usage and costs have been provided by Rocky Mountain Power, but are based on limited information that could be provided to RMP by Stadler. They are, therefore, considered to be a conservative estimate of future energy costs.

TABLE 13: ESTIMATED ENERGY ANNUAL PAYMENTS

Year	Energy Costs
Year 1	\$1,498,005.23
Year 2	\$1,685,146.45

Year	Energy Costs
Year 3	\$1,674,408.97
Year 4	\$1,674,408.97
Year 5	\$1,674,408.97
Year 6	\$1,674,408.97
Year 7	\$1,674,408.97
Year 8	\$1,674,408.97
Year 9	\$1,674,408.97
Year 10	\$1,674,408.97
Year 11	\$1,674,408.97
Year 12	\$1,674,408.97
Year 13	\$1,674,408.97
Year 14	\$1,674,408.97
Year 15	\$1,674,408.97
Year 16	\$1,674,408.97
Year 17	\$1,674,408.97
Year 18	\$1,674,408.97
Year 19	\$1,674,408.97
Year 20	\$1,674,408.97

Source: Rocky Mountain Power; Stadler

Class B/C Road Fund Revenues

Utah Department of Transportation (UDOT) distributes road funds to cities based on both a population distribution and a weighted road miles distribution. There will be no added population from the Stadler development and only limited road miles – approximately 5,000 linear feet of roadway. Because the road will be paved, it will be weighted by a factor of five, with the average distribution per weighted road mile of \$582.10.⁴ Therefore, anticipated road fund revenues are nearly \$67,000, over the 20-year timeframe of this study.

Summary of Major General Fund Revenue Sources

Total general fund revenues are anticipated to reach more than \$15.1 million over the 20-year period.

TABLE 14: SUMMARY OF MAJOR GENERAL FUND REVENUES TO SALT LAKE CITY – 20-YEAR TIMEFRAME

Salt Lake City	Amount
Real Property Tax Revenues	\$12,063,090
Personal Property Tax Revenues	\$499,945
Sales Tax Revenues	\$0
Municipal Energy - Natural Gas	\$480,492
Municipal Energy – Electric	\$1,999,351
Class B/C Road Funds	\$66,967
TOTAL	\$15,109,846

⁴ UDOT

In addition, property tax revenues to other taxing entities are expected to reach over \$28 million over the 20-year period.

TABLE 15: SUMMARY OF MAJOR REVENUES TO OTHER TAXING ENTITIES – 20-YEAR TIMEFRAME

Taxing Entity	20-Year Revenues
Salt Lake County	\$6,559,980
Salt Lake City School District	\$16,848,420
Salt Lake City Library	\$2,444,604
Metropolitan Water District - Salt Lake	\$952,633
Magna Mosquito Abatement District	\$146,559
Central Utah Water Conservancy District	\$1,172,472
TOTAL	\$28,124,668

General Fund Expenses

Salt Lake City's General Fund Budget for 2018 shows total budgeted expenses of \$272,848,337. With a total of 71,110.4 acres in the City, this represents average expenditures of \$3,837 per acre. Clearly, there is a wide range of expenses in a City, from residential to downtown commercial to industrial areas. And, research shows that nonresidential development is, on average, substantially less costly to service than residential development.⁵

Revenue calculations for Stadler indicate that revenues will average \$12,042 per acre, suggesting a more than 3:1 ratio of revenues per acre when compared to average expenses per acre. Further, the cost of services per acre is likely significantly less for industrial development. Research conducted by ZPFI for various cities for business license fees shows that calls for service (police, fire and EMS) are generally low for industrial-type properties when compared to residential and other business categories.

Net Revenues

Net revenues per acre are estimated to be at least \$8,205 per acre.⁶ With a total of 62.74 acres, this results in net revenues to Salt Lake City of roughly \$514,782 annually.

The Associated Business and Economic Activity the Proposed Project Area Development Will Likely Stimulate

Full-Time Job Creation

Based on information provided by Stadler, the proposed development will require 976 full-time employees by 2027. The average wage, without benefits, for these jobs is \$55,370. Wages will range from a low of \$14 per hour, to \$146,163 in annual wages (not including benefits). In comparison, the average wage in Salt Lake County is \$50,596,⁷ suggesting that the average wage at Stadler will be 109 percent of the County average. Phase 1 will include 300 jobs, of which 150 will be retained from previous operations. The other 150 will be new jobs created by the development.

⁵ American Farmland Trust, Cost of Community Services Studies

⁶ Calculated by subtracting \$3,837 in expenses per acre from anticipated revenues of \$12,042 per acre.

⁷ Bureau of Labor Statistics

Construction Job Creation

In addition to full-time jobs created in the study area, there will be a significant number of construction jobs created as the four phases of buildings are constructed. The average construction wage is roughly \$50,000 per year.⁸ With benefits and other costs, this analysis uses an average construction job cost of \$60,000.

Labor costs represent approximately 40 percent of construction expenses, with the remaining 60 percent mainly allocated for construction supplies, and with some room for overhead and profit. This analysis assumes that 40 percent of the projected construction investment per year will be spent on construction labor and that the number of construction jobs created per year will vary depending on the level of development taking place in that year. Given the absorption projections shown earlier in this report, it is assumed that a total of 1,286 full-time one-year equivalent construction jobs will be created.

Whether Adoption of the Proposed Community Reinvestment Project Area Plan is Necessary and Appropriate to Undertake the Proposed Project Area Development.

The creation of the proposed Community Reinvestment Project Area Plan is necessary and appropriate for the following reasons:

- The Stadler development will provide a ratio of at least 3:1 of revenues to expenses for Salt Lake City's General Fund;
- The development will provide significantly higher-than-average property values;
- The industrial development that will take place in the area will include 976 jobs (150 of which are jobs retained from current operations) with average wages above the area median wage;
- There are significant infrastructure costs associated with the development at the Salt Lake City site; and
- Upfront costs open up additional acres for development and accelerate development in the surrounding area.

⁸ Utah Department of Workforce Services

APPENDIX A – Stadler Development Fiscal Impacts

DRAFT

PROJECTED REVENUES	TOTAL	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Salt Lake City																					
Real Property Tax Revenues	\$12,063,090	\$188,584	\$188,584	\$188,584	\$416,001	\$416,001	\$416,001	\$560,803	\$560,803	\$560,803	\$560,803	\$560,803	\$827,258	\$827,258	\$827,258	\$827,258	\$827,258	\$827,258	\$827,258	\$827,258	\$827,258
Personal Property Tax Revenues	\$499,945	\$12,249	\$19,698	\$31,068	\$29,131	\$27,270	\$29,916	\$27,778	\$38,968	\$35,732	\$32,323	\$29,037	\$26,453	\$24,053	\$21,568	\$19,275	\$20,307	\$18,728	\$19,623	\$18,870	\$17,900
Sales Tax Revenues	\$0																				
Municipal Energy - Natural Gas	\$480,492	\$8,878	\$8,878	\$8,878	\$17,755	\$17,755	\$17,755	\$24,365	\$24,365	\$24,365	\$24,365	\$24,365	\$30,974	\$30,974	\$30,974	\$30,974	\$30,974	\$30,974	\$30,974	\$30,974	\$30,974
Municipal Energy - Electric	\$1,999,351	\$89,880	\$101,109	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465	\$100,465
Class B/C Road Funds	\$66,967	\$2,756	\$2,811	\$2,868	\$2,925	\$2,983	\$3,043	\$3,104	\$3,166	\$3,229	\$3,294	\$3,360	\$3,427	\$3,495	\$3,565	\$3,637	\$3,709	\$3,784	\$3,859	\$3,936	\$4,015
TOTAL	\$15,109,846	\$302,347	\$321,080	\$331,861	\$566,276	\$564,474	\$567,180	\$716,514	\$727,766	\$724,593	\$721,249	\$718,029	\$988,577	\$986,245	\$983,830	\$981,609	\$982,713	\$981,208	\$982,179	\$981,503	\$980,612
Salt Lake County																					
Real Property Tax Revenues (not incl. A&C)	\$6,298,926	\$98,472	\$98,472	\$98,472	\$217,221	\$217,221	\$217,221	\$292,832	\$292,832	\$292,832	\$292,832	\$292,832	\$431,965	\$431,965	\$431,965	\$431,965	\$431,965	\$431,965	\$431,965	\$431,965	\$431,965
Personal Property Tax Revenues	\$261,054	\$6,396	\$10,286	\$16,222	\$15,211	\$14,240	\$15,621	\$14,505	\$20,348	\$18,658	\$16,878	\$15,162	\$13,813	\$12,559	\$11,262	\$10,065	\$10,603	\$9,779	\$10,246	\$9,853	\$9,347
Sales Tax Revenues	\$0																				
TOTAL	\$6,559,980	\$104,868	\$108,758	\$114,694	\$232,432	\$231,461	\$232,842	\$307,337	\$313,180	\$311,490	\$309,710	\$307,994	\$445,778	\$444,525	\$443,227	\$442,030	\$442,569	\$441,744	\$442,212	\$441,818	\$441,312
Other Taxing Entities																					
Salt Lake City School District	\$16,848,420	\$269,340	\$279,329	\$294,577	\$596,970	\$594,475	\$598,024	\$789,353	\$804,359	\$800,019	\$795,447	\$791,040	\$1,144,920	\$1,141,702	\$1,138,369	\$1,135,295	\$1,136,678	\$1,134,561	\$1,135,761	\$1,134,751	\$1,133,450
Salt Lake City Library	\$2,444,604	\$39,080	\$40,529	\$42,741	\$86,617	\$86,255	\$86,770	\$114,530	\$116,708	\$116,078	\$115,415	\$114,775	\$166,121	\$165,654	\$165,171	\$164,724	\$164,925	\$164,618	\$164,792	\$164,645	\$164,457
Metropolitan Water District - Salt Lake	\$952,633	\$15,229	\$15,794	\$16,656	\$33,754	\$33,612	\$33,813	\$44,631	\$45,480	\$45,234	\$44,976	\$44,727	\$64,735	\$64,553	\$64,365	\$64,191	\$64,269	\$64,150	\$64,217	\$64,160	\$64,087
Magna Mosquito Abatement District	\$146,559	\$2,343	\$2,430	\$2,562	\$5,193	\$5,171	\$5,202	\$6,866	\$6,997	\$6,959	\$6,919	\$6,881	\$9,959	\$9,931	\$9,902	\$9,876	\$9,888	\$9,869	\$9,880	\$9,871	\$9,860
Central Utah Water Conservancy District	\$1,172,472	\$18,743	\$19,438	\$20,499	\$41,543	\$41,369	\$41,616	\$54,931	\$55,975	\$55,673	\$55,355	\$55,048	\$79,674	\$79,450	\$79,218	\$79,005	\$79,101	\$78,953	\$79,037	\$78,967	\$78,876
TOTAL	\$21,564,688	\$344,734	\$357,520	\$377,036	\$764,077	\$760,883	\$765,425	\$1,010,311	\$1,029,518	\$1,023,963	\$1,018,112	\$1,012,471	\$1,465,411	\$1,461,291	\$1,457,026	\$1,453,090	\$1,454,861	\$1,452,151	\$1,453,687	\$1,452,394	\$1,450,730

EXHIBIT B: PROJECT AREA BUDGET



SLCRDA

STADLER RAIL COMMUNITY REINVESTMENT AREA BUDGET

Community Reinvestment Project Area Budget Requirements: 17C-5-303

	<u>Estimated Amount</u>
(1) if the agency received tax increment:	
(a) the base taxable value:	\$ 3,710
(b) the projected tax increment expected to be generated within the project area:	\$ 40,687,703
(c) each project area funds collection period:	2019-2038
(d) if applicable, the projected amount of tax increment to be paid to other taxing entities in accordance with Section 17C-1-410:	\$ 12,206,311
(e) if the area from which tax increment is collected is less than the entire community reinvestment project area:	N/A
(i) a boundary description of the portion or portions of the community reinvestment project area from which the agency receives tax increment; and	
(ii) for each portion described in Subsection (1)(e)(i), the period of time during which tax increment is collected:	
(f) the percentage of tax increment the agency is authorized to receive from the community reinvestment project area; and	70%
(g) the maximum cumulative dollar amount of tax increment the agency is authorized to receive from the community reinvestment project area;	\$ 28,481,392
(2) if the agency receives sales and use tax revenue:	N/A
(a) the percentage and total amount of sales and use tax revenue to be paid to the agency; and	
(b) each project area funds collection period;	
(3) the amount of project area funds the agency will use to implement the community reinvestment project area plan, including the estimated amount of project area funds that will be used for land acquisition, public improvements, infrastructure improvements, or any loans, grants, or other incentives to private or public entities;	
Redevelopment Activities (85%)	\$ 24,209,183
Housing Funds (10%)	\$ 2,848,139
Other Statutory and Administrative Expenses (5%)	\$ 1,424,070
(4) the agency's combined incremental value;	\$ 3,630,841,450
(5) the amount of project area funds that will be used to cover the cost of administering the community reinvestment project area plan; and	\$ 1,424,070
(6) for property that the agency owns and expects to sell, the expected total cost of the property to the agency and the expected sales price.	N/A

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. _____

Stadler Rail Community Reinvestment Area Plan

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING THE STADLER RAIL COMMUNITY REINVESTMENT AREA PLAN

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Title 17C Community Reinvestment Agency Act (the “Act”).

WHEREAS, on November 14, 2017, the RDA Board of Directors (“RDA Board”) adopted Resolution No. ____, designating a survey area (“Survey Area”) to study whether project area development is feasible within the Survey Area.

WHEREAS, the RDA has determined that project area development is feasible within the Survey Area (“Project Area”), a boundary description of which is attached hereto as **Exhibit A**.

WHEREAS, the RDA has prepared the Stadler Rail Community Reinvestment Area Plan (“CRA Plan”) that is attached hereto as **Exhibit B**.

WHEREAS, the RDA’s purpose and intent with respect to the Project Area is to utilize tax increment funds derived from the Project Area to facilitate community reinvestment activities as further described in the CRA Plan.

WHEREAS, the RDA Board of Directors desires to approve and adopt the CRA Plan.

NOW, THEREFORE, BE IT RESOLVED, THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY MAKES THE FOLLOWING FINDINGS AND DETERMINATIONS REGARDING THE CRA PLAN IN ACCORDANCE WITH 17C-5-108 OF THE ACT:

The creation of the Project Area:

1. Serves a public purpose;
2. Produces a public benefit as demonstrated by the analysis described in Subsection 17C-5-105(2);
3. Is economically sound and feasible;
4. Conforms to Salt Lake City’s applicable general plan for the area; and
5. Promotes the public peace, health, safety, and welfare of Salt Lake City.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this
____ day of _____, 2018

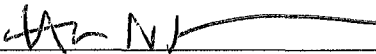
Derek Kitchen, Chairperson

Transmitted to the Executive Director on _____.

The Executive Director:

_____ does not request reconsideration
_____ requests reconsideration at the next regular Agency meeting.

Jacqueline M. Biskupski, Executive Director

Approved as to form: 

Salt Lake City Attorney's Office
Katherine N. Lewis
Date: 3/22/18

Attest:

City Recorder

HB_ATTU-#68701-v1-RDA_Resolution_(Stadler_Rail_CRA_Plan).docx

EXHIBIT A

[Attach Boundary Description of Project Area]

EXHIBIT B

[Stadler Rail Project Area Plan]

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. _____

Interlocal Agreement Authorizing Use of a Portion of Tax Increment to Support the Implementation of the Stadler Rail Community Reinvestment Area Plan

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING AN INTERLOCAL AGREEMENT AUTHORIZING USE OF A PORTION OF TAX INCREMENT TO SUPPORT THE IMPLEMENTATION OF THE STADLER RAIL COMMUNITY REINVESTMENT AREA PLAN

WHEREAS, pursuant to Chapter 5, Community Reinvestment, of Title 17C of the Utah Code (the "Act"), the RDA may approve a Community Reinvestment Project Area Plan ("CRA Plan") for the purpose of supporting community revitalization within a designated project area.

WHEREAS, the Board of Directors of the Redevelopment Agency of Salt Lake City (the "RDA") has approved the Stadler Rail Community Reinvestment Area ("Project Area") to facilitate the capture of tax increment within the boundaries of the Project Area which is further depicted in **Exhibit A**.

WHEREAS, tax increment will be utilized to carry out community reinvestment activity that will catalyze private development within the Project Area.

WHEREAS, tax increment funds and private development will generate economic growth and create employment opportunities.

WHEREAS, Salt Lake City Corporation (the "City") is considering approving the use of its tax increment from the Project Area to support the community revitalization activities in accordance with the Act.

WHEREAS, the RDA desires to execute an interlocal agreement with the City in which the City will consent to the RDA being paid its share of the tax increment from the Project Area.

THEREFORE, BE IT RESOLVED by the Board of Directors of the Redevelopment Agency of Salt Lake City:

1. It does hereby approve the execution and delivery of the following:

AN INTERLOCAL COOPERATION AGREEMENT BETWEEN SALT LAKE CITY CORPORATION AND THE REDEVELOPMENT AGENCY OF SALT LAKE CITY [STADLER RAIL PROJECT AREA TAX INCREMENT], EFFECTIVE ON THE DATE IT IS SIGNED BY ALL PARTIES.

2. Jacqueline M. Biskupski, Executive Director of the Redevelopment Agency of Salt Lake City or her designee is hereby authorized to approve, execute, and deliver said agreement on behalf of the Redevelopment Agency of Salt Lake City, in substantially the same form as now before the Redevelopment Agency of Salt Lake City Board of Directors and

attached hereto as **Exhibit B**, subject to such minor changes that do not materially affect the rights and obligations of the Redevelopment Agency thereunder and as shall be approved by the Executive Director, her execution thereof to constitute conclusive evidence of such approval.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this ____ day of _____, 2018


Derek Kitchen, Chairperson

Transmitted to the Executive Director on _____.

The Executive Director:

_____ does not request reconsideration
_____ requests reconsideration at the next regular Agency meeting.

Jacqueline M. Biskupski, Executive Director

Approved as to form: 

Salt Lake City Attorney's Office
Katherine N. Lewis
Date: 3/22/18

Attest:

City Recorder

EXHIBIT A

[Attach Depiction of Project Area]

EXHIBIT B

[Attach Form Interlocal Agreement]

INTERLOCAL COOPERATION AGREEMENT

[Stadler Rail Project Area Tax Increment]

THIS INTERLOCAL COOPERATION AGREEMENT (“**Agreement**”) is executed as of _____, 2018 (“**Effective Date**”), by and between the Redevelopment Agency of Salt Lake City, a public entity (“**Agency**”), and Salt Lake City Corporation, a Utah municipal corporation (the “**City**”) (collectively, the “**Parties**”).

RECITALS

A. The Agency and City commenced the process under Utah Code 17C to create the Stadler Rail Project Area (the “**Project Area**”), which includes a community reinvestment project area plan for the Project Area, a copy of which is attached hereto as **Exhibit A** (the “**Project Area Plan**,” which includes the legal description and a map of the Project Area).

B. Under the Project Area Plan, the Agency desires to support the development of the Project Area as set forth in the Project Area Plan.

C. The City has determined that it is in its best interests to provide certain financial assistance through the use of Tax Increment (as defined below) to Agency for development as set forth in the Project Area Plan.

D. The Agency anticipates using tax increment (as defined in Utah Code § 17C-1-102(60) (“**Tax Increment**”) created by development activities in the Project Area to assist in development as set forth in the Project Area Plan.

E. Utah Code § 17C-5-204 authorizes the City to consent to the payment to the Agency of a portion of its share of Tax Increment generated from the Project Area for the purposes set forth in the Project Area Plan.

NOW, THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. **City’s Consent.** Pursuant to Utah Code § 17C-5-204, the City hereby agrees and consents that the Agency shall be entitled to retain ninety percent (90%) of the City’s portion of the Tax Increment from the Project Area for twenty (20) years from the Effective Date of this Agreement. The calculation of annual Tax Increment shall be made using (a) Salt Lake County’s then current tax levy rate for the City, and (b) the 2017 base year taxable value of \$ _____, which taxable value is subject to adjustment as required by law.

2. **Budget.** Pursuant to Utah Code § 17C-5-204(6)(c), a copy of the Project Area budget is attached hereto as **Exhibit B**.

3. **Interlocal Cooperation Act.** In satisfaction of the requirements of Utah Code § 11-13, *et seq.* (the “**Interlocal Cooperation Act**”) in connection with this Agreement, the Parties agree as follows:

a. This Agreement shall be authorized and adopted by resolution of the legislative body of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Interlocal Cooperation Act.

b. This Agreement shall be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party pursuant to and in accordance with the Section 11-13-202.5(3) of the Interlocal Cooperation Act.

c. Except as otherwise specifically provided herein, each Party shall be responsible for its own costs of any action taken pursuant to this Agreement, and for any financing of such costs.

d. A duly executed original counterpart of this Agreement shall be filed immediately with the keeper of records of each Party pursuant to Section 11-13-209 of the Interlocal Cooperation Act.

e. No separate legal entity is created by the terms of this Agreement. The Executive Director of the Agency is hereby designated the administrator for all purposes of the Interlocal Cooperation Act, pursuant to Section 11-13-207 of the Interlocal Cooperation Act.

f. Following the execution of this Agreement by each of the Parties, each Party shall cause a notice regarding this Agreement to be published in accordance with Section 11-13-219 of the Interlocal Cooperation Act.

g. No real or personal property shall be acquired jointly by the Parties as a result of this Agreement. To the extent a Party acquires, holds, or disposes of any real or personal property for use in the joint or cooperative undertaking contemplated by this Agreement, such Party shall do so in the same manner that it deals with other property of such Party.

h. No separate legal entity is created by the terms of this Agreement.

4. **Modification and Amendment.** Any modification of or amendment to any provision of this Agreement shall be effective only if the modification or amendment is in writing and signed by each of the Parties. Any oral representation or modification concerning this Agreement shall be of no force or effect.

5. **Further Assurance.** Each of the Parties hereto agrees to cooperate in good faith with the other, to execute and deliver such further documents, to adopt any resolutions, to take any other official action, and to perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

6. **Governing Law.** This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah.

7. **Authorization.** Each of the Parties hereto represents and warrants to the other that the warranting Party has taken all steps, including the publication of public notice where necessary, in order to authorize the execution, delivery, and performance of this Agreement by each such Party.

Executed to be effective as of the Effective Date.

REDEVELOPMENT AGENCY OF SALT LAKE
CITY

Jacqueline M. Biskupski, Executive Director

Approved as to form:

Salt Lake City Attorney's Office

Katherine N. Lewis

SALT LAKE CITY CORPORATION

Mayor Jacqueline M. Biskupski

ATTEST AND COUNTERSIGN:

City Recorder

Approved as to form:

Salt Lake City Attorney's Office

E. Russell Vetter

EXHIBIT A

[Attach Project Area Plan]

EXHIBIT B

[Attach Project Area Budget]

SALT LAKE CITY ORDINANCE

No. _____ of 2018

(Adoption of Stadler Rail Community Reinvestment Area Project Area Plan)

An ordinance adopting the Community Reinvestment Area Project Area Plan for the Stadler Rail Community Reinvestment Project Area, as approved by the Board of Directors of the Redevelopment Agency of Salt Lake City, and designating the Plan as the official Community Reinvestment Project Area Plan for the Stadler Rail Community Reinvestment Project Area.

WHEREAS, the Redevelopment Agency of Salt Lake City (the “Agency”) prepared a Draft Community Reinvestment Project Area Plan (the “Draft Plan”) for the Stadler Rail Community Reinvestment Project Area, the legal description of which is attached hereto as **Exhibit A**.

WHEREAS, on April 10, 2018, the Board of Directors of the Agency held a public hearing on the Draft Plan and pursuant to Utah Code § 17C-5-108 and adopted a resolution on approving the Draft Plan as the Official Community Reinvestment Project Area Plan for the Stadler Rail Project Area (“Official Plan”) (see Agency Resolution No. ____).

WHEREAS, Utah Code § 17C-5-109 requires that, before a community reinvestment project area plan approved by the Agency may take effect, it must be adopted by ordinance of the legislative body of the community that created the Agency.

WHEREAS, the Act also requires certain notice to be given by the community legislative body upon its adoption of a community reinvestment project area plan under Utah Code § 17C-5-110.

NOW, THEREFORE, BE IT ORDAINED BY THE SALT LAKE CITY COUNCIL AS FOLLOWS:

SECTION 1. The Salt Lake City Council hereby adopts the Stadler Rail Community Reinvestment Project Area Plan, as approved by the Agency as the Official Plan for the Stadler Rail Community Reinvestment Project Area.

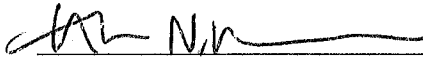
SECTION 2. The City staff is hereby authorized and directed to publish or cause to be published the notice required by Utah Code § 17C-5-110, whereupon the Official Plan shall become effective.

SECTION 4. This ordinance shall take effect immediately upon the date of its first publication.

Passed by the City Council of Salt Lake City, Utah this _____ day of _____, 2018.

Erin Mendenhall, Chairwoman

Approved as to Form:
Salt Lake City Attorney's Office



Katherine N. Lewis
Date: 3/22/18

ATTEST:

CITY RECORDER

Transmitted to Mayor on _____.

Mayor's Action: _____ Approved. _____ Vetoed.

MAYOR

CITY RECORDER

(SEAL)

Bill No. _____ of 2018.

Published: _____.

HB_ATTYY-#68704-v1-City_Ordinance_(Stadler_Rail_CRA_Plan).doc

EXHIBIT A TO ORDINANCE NO. _____

[Attach Legal Description for Stadler Rail Project Area]

RESOLUTION _____ OF 2018

Authorizing approval of an Interlocal Cooperation Agreement between Salt Lake City Corporation and the Redevelopment Agency of Salt Lake City Authorizing Use of a Portion of Tax Increment to Support the Implementation of the Stadler Rail Community Reinvestment Area Plan

WHEREAS, the Board of Directors of the Redevelopment Agency of Salt Lake City (the “RDA”) has approved the Stadler Rail Community Reinvestment Area (“Project Area”) to facilitate the capture of tax increment within the boundaries of the Project Area which is further depicted in **Exhibit A**.

WHEREAS, tax increment will be utilized to carry out community reinvestment activity that will catalyze private development within the Project Area.

WHEREAS, tax increment funds and private development will generate economic growth and create employment opportunities.

WHEREAS, Salt Lake City Corporation (the “City”) desires to approve the use of its tax increment from the Project Area to support the community revitalization activities in accordance with the Act.

WHEREAS, the City desires to execute an interlocal agreement with the RDA in which the City will consent to the RDA being paid its share of the tax increment from the Project Area.

THEREFORE, BE IT RESOLVED, by the City Council of Salt Lake City, Utah as follows:

1. It does hereby approve the execution and delivery of the following:

AN INTERLOCAL COOPERATION AGREEMENT BETWEEN SALT LAKE CITY CORPORATION AND THE REDEVELOPMENT AGENCY OF SALT LAKE CITY [STADLER RAIL PROJECT AREA TAX INCREMENT], EFFECTIVE ON THE DATE IT IS SIGNED BY ALL PARTIES.

2. Jacqueline M. Biskupski, Mayor of Salt Lake City, Utah or her designee is hereby authorized to approve, execute, and deliver said agreement on behalf of Salt Lake City Corporation, in substantially the same form as now before the City Council and attached hereto as **Exhibit B**, subject to such minor changes that do not materially affect the rights and obligations of the City thereunder and as shall be approved by the Mayor, her execution thereof to constitute conclusive evidence of such approval.

PASSED by the City Council of Salt Lake City this _____ day of _____, 2018.


SALT LAKE CITY COUNCIL

Erin Mendenhall, Chairwoman

ATTEST:

CITY RECORDER

APPROVED AS TO FORM:
Salt Lake City Attorney's Office



Katherine N. Lewis
Date: 3/22/18

HB_ATTY-#68708-v1-City_Resolution_(Stadler_Rail_CRA_Interlocal).docx

EXHIBIT A

[Attach Depiction of Project Area]

EXHIBIT B

[Attach Form Interlocal Agreement]

s

INTERLOCAL COOPERATION AGREEMENT

[Stadler Rail Project Area Tax Increment]

THIS INTERLOCAL COOPERATION AGREEMENT (“**Agreement**”) is executed as of _____, 2018 (“**Effective Date**”), by and between the Redevelopment Agency of Salt Lake City, a public entity (“**Agency**”), and Salt Lake City Corporation, a Utah municipal corporation (the “**City**”) (collectively, the “**Parties**”).

RECITALS

A. The Agency and City commenced the process under Utah Code 17C to create the Stadler Rail Project Area (the “**Project Area**”), which includes a community reinvestment project area plan for the Project Area, a copy of which is attached hereto as **Exhibit A** (the “**Project Area Plan**,” which includes the legal description and a map of the Project Area).

B. Under the Project Area Plan, the Agency desires to support the development of the Project Area as set forth in the Project Area Plan.

C. The City has determined that it is in its best interests to provide certain financial assistance through the use of Tax Increment (as defined below) to Agency for development as set forth in the Project Area Plan.

D. The Agency anticipates using tax increment (as defined in Utah Code § 17C-1-102(60) (“**Tax Increment**”) created by development activities in the Project Area to assist in development as set forth in the Project Area Plan.

E. Utah Code § 17C-5-204 authorizes the City to consent to the payment to the Agency of a portion of its share of Tax Increment generated from the Project Area for the purposes set forth in the Project Area Plan.

NOW, THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. **City’s Consent.** Pursuant to Utah Code § 17C-5-204, the City hereby agrees and consents that the Agency shall be entitled to retain ninety percent (90%) of the City’s portion of the Tax Increment from the Project Area for twenty (20) years from the Effective Date of this Agreement. The calculation of annual Tax Increment shall be made using (a) Salt Lake County’s then current tax levy rate for the City, and (b) the 2017 base year taxable value of \$ _____, which taxable value is subject to adjustment as required by law.

2. **Budget.** Pursuant to Utah Code § 17C-5-204(6)(c), a copy of the Project Area budget is attached hereto as **Exhibit B**.

3. **Interlocal Cooperation Act.** In satisfaction of the requirements of Utah Code § 11-13, *et seq.* (the “**Interlocal Cooperation Act**”) in connection with this Agreement, the Parties agree as follows:

a. This Agreement shall be authorized and adopted by resolution of the legislative body of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Interlocal Cooperation Act.

b. This Agreement shall be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party pursuant to and in accordance with the Section 11-13-202.5(3) of the Interlocal Cooperation Act.

c. Except as otherwise specifically provided herein, each Party shall be responsible for its own costs of any action taken pursuant to this Agreement, and for any financing of such costs.

d. A duly executed original counterpart of this Agreement shall be filed immediately with the keeper of records of each Party pursuant to Section 11-13-209 of the Interlocal Cooperation Act.

e. No separate legal entity is created by the terms of this Agreement. The Executive Director of the Agency is hereby designated the administrator for all purposes of the Interlocal Cooperation Act, pursuant to Section 11-13-207 of the Interlocal Cooperation Act.

f. Following the execution of this Agreement by each of the Parties, each Party shall cause a notice regarding this Agreement to be published in accordance with Section 11-13-219 of the Interlocal Cooperation Act.

g. No real or personal property shall be acquired jointly by the Parties as a result of this Agreement. To the extent a Party acquires, holds, or disposes of any real or personal property for use in the joint or cooperative undertaking contemplated by this Agreement, such Party shall do so in the same manner that it deals with other property of such Party.

h. No separate legal entity is created by the terms of this Agreement.

4. **Modification and Amendment.** Any modification of or amendment to any provision of this Agreement shall be effective only if the modification or amendment is in writing and signed by each of the Parties. Any oral representation or modification concerning this Agreement shall be of no force or effect.

5. **Further Assurance.** Each of the Parties hereto agrees to cooperate in good faith with the other, to execute and deliver such further documents, to adopt any resolutions, to take any other official action, and to perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

6. **Governing Law.** This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah.

7. **Authorization.** Each of the Parties hereto represents and warrants to the other that the warranting Party has taken all steps, including the publication of public notice where necessary, in order to authorize the execution, delivery, and performance of this Agreement by each such Party.

Executed to be effective as of the Effective Date.

REDEVELOPMENT AGENCY OF SALT LAKE
CITY

Jacqueline M. Biskupski, Executive Director

Approved as to form:

Salt Lake City Attorney's Office

Katherine N. Lewis

SALT LAKE CITY CORPORATION

Mayor Jacqueline M. Biskupski

ATTEST AND COUNTERSIGN:

City Recorder

Approved as to form:

Salt Lake City Attorney's Office

E. Russell Vetter

EXHIBIT A

[Attach Project Area Plan]

EXHIBIT B

[Attach Project Area Budget]

STADLER RAIL PROJECT

COMMUNITY RENEWAL AREA/ SINGLE PROPERTY BUSINESS RETENTION TOOL

April 10, 2018

PRESENTATION TO RDA BOARD OF DIRECTORS



SLCRDA

RDA TAX INCREMENT REIMBURSEMENT POLICY

- Single Property Business Retention Tool Program
 - Involves creating a new CRA
 - Projects required to meet economic goals of business retention/expansion
 - 70%-80%-90% Participation Rates based on meeting threshold and additional Policy requirements



CRA ADOPTION PROCESS: OVERVIEW

CRA ADOPTION PROCESS: TWO STEPS

1. Adopt CRA Plan (including Plan, Financial Benefit Analysis, and Budget)
2. Approve Interlocal Agreement between RDA and SLC



STADLER RAIL: Background

- Train/railcar manufacturer based in Switzerland
- Business operating for 75 years
- 11 production locations throughout Europe
- 7,000 employees
- 150 employees in Salt Lake City
(900 North 500 West)



STADLER RAIL: New Project

- Located at 5600 West and I-80
- 950,000 sf facility
- 300 employees in Phase I: 976 by Phase 4
- Site improvements currently underway



FINANCIAL BENEFIT ANALYSIS

By Susan Becker, ZPFI





PROPOSED DEVELOPMENT

	Phase 1	Phase 2	Phase 3	Phase 4
Manufacturing/warehouse bldg sf	225,000	225,000	250,000	250,000
Office sf	12,000	12,000		
Lot #	1	1	2	3
Acres	37.71		12.99	12.04
Building Construction Price	\$44,000,000	\$50,000,000	\$30,000,000	\$50,000,000
Timeline	2018-2019	2020-2022	2023-2025	2025-2030

Additional personal property investment of approximately \$14.3 million



20-YEAR PROPERTY TAX REVENUES AT CURRENT VALUATION

Taxing Entities	20-Year Projected Revenues for Project Area
Salt Lake County	\$166
Multi-County Assessing & Collecting Levy	\$1
County Assessment & Collecting Levy	\$18
Salt Lake City School District	\$427
Salt Lake City	\$318
Salt Lake City Library	\$62
Metropolitan Water District - Salt Lake	\$24
Magna Mosquito Abatement District	\$4
Central Utah Water Conservancy District	\$30
TOTAL	\$1,049

Base Year Taxable Value: \$3,710

Current Annual Revenues: \$52.44 for project area



20-YEAR PROPERTY TAX REVENUES WITH PROPOSED DEVELOPMENT

Taxing Entities	20-Year Projected Property Tax Revenues
Salt Lake City	\$12,563,035
Salt Lake County	\$6,559,980
Salt Lake City School District	\$16,848,420
Salt Lake City Library	\$2,444,604
Metropolitan Water District - Salt Lake	\$952,633
Magna Mosquito Abatement District	\$146,559
Central Utah Water Conservancy District	\$1,172,472
TOTAL	\$40,687,703



COMPARATIVE DEVELOPMENT

FID	Taxable Value per Acre
Stadler Property	\$2,773,350
230101	\$1,467,086
230104	\$1,273,512
230102	\$1,217,077
230122	\$1,213,123
230086	\$1,184,686
230099	\$1,085,401
230100	\$1,052,975
230103	\$1,000,981
229973	\$988,310
230088	\$983,215
229967	\$971,653
229968	\$929,404
229916	\$904,313
229972	\$772,273
229974	\$364,126



SALT LAKE CITY FISCAL IMPACTS – 20 YEAR REVENUES

PROJECTED REVENUES – 20 YEARS

Salt Lake City

Real Property Tax Revenues	\$12,063,090
Personal Property Tax Revenues	\$499,945
Municipal Energy - Natural Gas	\$480,492
Municipal Energy - Electric	\$1,999,351
Class B/C Road Funds	\$66,967
TOTAL	\$15,109,846



EXPENSE CALCULATIONS

- Calculated based on average cost per acre of municipal services in Salt Lake City
- No extraordinary cost of municipal services are anticipated with this development
- Light industrial/business parks generally have lower costs of services in comparison to retail and residential development



SALT LAKE CITY MUNICIPAL COST OF SERVICES – AVERAGE YEAR

Stadler Revenues per Acre	\$12,042
City Average Expenses per Acre	\$ 3,837
Stadler Net Revenues per Acre	\$ 8,205
Annual Net Revenues to Salt Lake City from Stadler (entire Project Area)	\$514,782



976 FTE's by 2027 (150 retained jobs)

Average Stadler wage: \$55,370 (plus benefits)

Average Salt Lake County wage: \$50,596



INFRASTRUCTURE BENEFITS

- 5,000 lf of new roads that will open access to 184 acres of future industrial development
- Easement and staging area to Dominion Gas for pipeline for NWQ
- Coordination with State on sewer line through Stadler property that will reduce 400' of casing and boring costs
- Coordination with RMP on substation and power line to support NWQ



OTHER BENEFITS

- Construction employment
- Purchase of construction supplies in local area (sales tax revenues)



INFRASTRUCTURE COSTS OF DEVELOPMENT

- Stadler's total infrastructure costs: \$19 million
- Less: County's 1st class highway funds contributed: \$2.6 million
- Infrastructure cost balance: \$16.4 million
 - \$12 million of this number is for extraordinary costs – lift station, grading, etc.

CRA Plan

- Guiding Document: Northwest Quadrant Master Plan
- Written in accordance with 17C-5-105, Utah Code

CRA Budget

- Reflects total budget with all participating taxing entities
- Salt Lake City is only participating taxing entity



FINANCE COMMITTEE RANKINGS: 70%-80%-90%

PROJECT PARTICIPATION CRITERIA (POLICY SECTION 3.4):	FINANCE COMMITTEE RANKING
MINIMUM REQUIREMENTS (70%):	
1. \$12MM MINIMUM CAPEX INVESTMENT	X
2. JOB RETENTION/CREATION (ONE OR MORE OF THE FOLLOWING)	
a) creation or retention of at least one full-time job per \$50,000 of eligible tax increment	X
b) creation or retention of jobs at 110% average SL County wage	
3. DEMONSTRATION OF NEED FOR THE TAX INCREMENT REIMBURSEMENT	X
4. SLC-BASED COMPANY	X
5. SUSTAINABLE CONSTRUCTION PRACTICES WITH SUSTAINABLE BUILDING PROGRAM	X
STANDARD MAXIMUM RATE (80%) WITH TWO OF THE FOLLOWING CRITERIA:	
Sustainability	
Public Amenities	
Adaptive Reuse	
Historic Preservation	
Significant Job Creation	X
Significant Wage Creation	X
Significant Economic Impact	X
Architecture/Urban Design	
Unique Construction and/or Tenant Improvements	
SPECIAL CONSIDERATION FOR ADDITIONAL PARTICIPATION (90%)	
Extraordinary project cost burden	X
Additional Public Benefits (see 80% list)	X



OTHER POLICY REQUIREMENTS

- Provide a Public Benefit
- Show Impact on City's General Fund
- Show Public Financial Need
- No Overpayment for Property



TAX INCREMENT DISTRIBUTION MAXIMUM

Tax Increment Distribution for Stadler Rail CRA	
Total Tax Increment to Salt Lake City:	12,563,035
Less 10% Retained by Salt Lake City:	1,256,304
Distribution to RDA:	11,306,731
Less RDA Expenses:	
Housing (10%)	1,130,673
Admin (5%)	565,337
Distribution to Project:	9,610,721



RDA Board:

- Adopt Resolution Creating Stadler Rail CRA
- Adopt Resolution for Interlocal Agreement with Salt Lake City

City Council:

- Adopt Ordinance Creating Stadler Rail CRA
- Adopt Resolution for Interlocal Agreement with RDA

