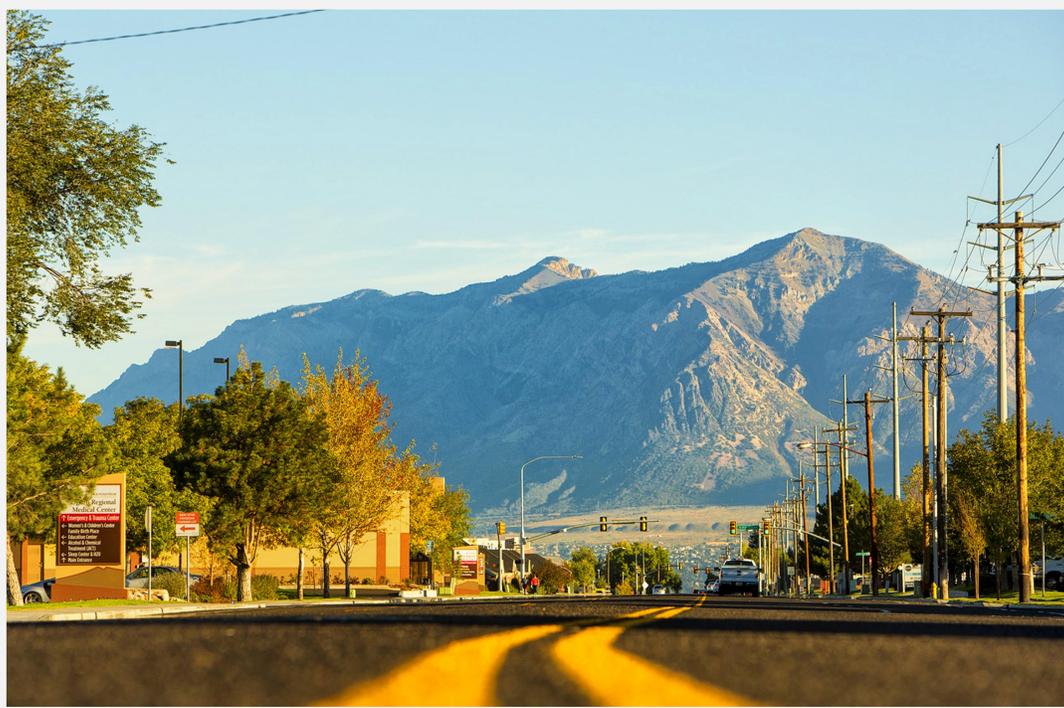


Washington Terrace Community Development and Renewal Agency

2016 Annual Report



5249 South 400 East

Washington Terrace, UT 84405

801.395.8681

www.washingtonterracecity.com



Annual Report
Washington Terrace Redevelopment Agency
Fiscal Year Ending June 30, 2016

Governing Board

Mark C. Allen	Chair/Board Member	Mayor
Blair Brown	Board Member	Council Member
Robert Jensen	Board Member	Council Member
Mary Johnston	Board Member	Council Member
Scott Monsen	Board Member	Council Member
Val Shupe	Board Member	Council Member

Executive Staff

Thomas Hanson	Executive Director	City Manager
Amy Rodriguez	Secretary	City Recorder

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AGENCY ESTABLISHMENT

On March 25, 1987, the City Council of the City of Washington Terrace established, by Ordinance 2-87, the Redevelopment Agency of Washington Terrace designating the legislative body as the Redevelopment Agency of the City pursuant to the Utah Neighborhood Development Act, Section 11-19-3 of the Utah Code Annotated, 1953, as amended.

AGENCY PURPOSE

The City Council determined it necessary to create the Agency to preserve and further promote the continued peace, health, safety, welfare, and good of the City. The Agency has thereby been entrusted to use its authority to further and accomplish the redevelopment needs identified in the redevelopment plans while promoting the best interest of the City that include expanding and developing a strong tax base within the project areas.

PROJECT AREAS

Project Area #1 Central Business District (CBD)

On August 5, 1987, the City of Washington Terrace adopted, by Ordinance 7-87, the Central Business District (CBD) Redevelopment Plan and the first official redevelopment plan of the City. The Plan dated June 29, 1987, acts as the official redevelopment plan for the project area



Image (above) CBD Project Area - Intersection at 4600 and 4700 South

The purpose of the plan is intended to accomplish the following areas as primary redevelopment objectives within the project area:

- Removal of structurally substandard buildings to permit the return of the project area land to economic use and new construction.
- Removal of impediments to land disposition and development through assembly of land into reasonably size and shape parcels served by improved public

utilities and new community facilities.

- Rehabilitation of buildings to assure sound long term economic activity in the core area of Washington Terrace City.
- The elimination of environmental deficiencies, including, among others, small and irregular lot subdivision, overcrowding of the land and inadequate off-street parking.
- Achievement of an environment reflecting a high level of concern for architectural and urban design principles developed through encouragement, guidance, appropriate controls and professional assistance to owner participants and redevelopers.
- Implement the tax increment financing provisions of the Utah Neighborhood Development Act.
- The strengthening of the tax base and economic health of the entire community and of the State of Utah.
- Provisions for improvements to public streets, curbs and sidewalks, other public rights-of-way, street lights, landscape area, public parking and other public improvements.

Project Area #2 Southeast

On November 18, 1987, the City of Washington Terrace adopted, by Ordinance 6-87, the Southeast Redevelopment Plan and the second official redevelopment plan of the City. The Plan, dated September 21, 1987, acts as the official redevelopment plan for the project area and was set to expire in 2015.

The purpose of the plan and the associated extension is intended to accomplish the following areas as primary redevelopment objectives within the project area:

- Removal of structurally substandard buildings to permit the return of the project area land to economic use and new construction.
- Removal of impediments to land disposition and development through assembly of land into reasonably size and shape parcels served by improved public utilities and new community facilities.
- Rehabilitation of buildings to assure sound long term economic activity in the core area of Washington Terrace City.



Figure 1 Image (above) Adams Avenue

- The elimination of environmental deficiencies, including, among others, small and irregular lot subdivision, overcrowding of the land and inadequate off-street parking.
- Achievement of an environment reflecting a high level of concern for architectural and urban design principles developed through encouragement, guidance, appropriate controls and professional assistance to owner participants and redevelopers.
- Implement the tax increment financing provisions of the Utah Neighborhood Development Act.
- The strengthening of the tax base and economic health of the entire community and of the State of Utah.
- Provisions for improvements to public streets, curbs and sidewalks, other public rights-of-way, street lights, landscape area, public parking and other public improvements.
- Provisions for underground utility improvements including water, sewer, and storm water improvements to develop greater efficiencies in the utility system.
- Research, develop and promote undeveloped and or underutilized properties within the RDA to businesses and or organization's that may find the area suitable for business expansion and construction.

On October 5, 2015, the Taxing Entity Committee of the Washington Terrace Community Development and Renewal Agency found it necessary to extend the collection of tax increment from the Southeast Urban Renewal Area for a period of ten years or not to exceed \$5.78 million in tax increment.



Image (above) – northern Southeast Project Area

The Southeast Urban Renewal Area Project Area Plan Extension desires to use additional increment funding to prepare infrastructure that will allow for an encourage development in the portions of the project area were redevelopment has not occurred and the use of increment for developer incentives to accelerate the development of the southern project area.

ASSESSMENT OF GROWTH OF INCREMENTAL VALUES

Central Business District (CBD)

For calendar tax year 2015 total taxable value of \$5,148,777 *increased* by 2.2% or \$113,097 compared to \$5,035,680 reported in 2014, while marginal value increased from \$2,546,007 to \$2,659,104.

Taxable real property land values remained flat at \$1,416,131 compared to 2014. The greatest change in taxable value was reported in real property buildings *increasing* by 5.3% or \$176,520 or moving from \$3,328,759 in 2014 to \$3,505,279 in 2015. Taxable personal property *decreased* by 44.7% or \$75,212 moving from \$168,162 in 2014 to \$92,950.

Forecasts for 2016 estimated growth at 1% or an increase of \$51,488 in taxable and marginal value.

In 2012, the *CBD* project area experienced an additional 5% haircut adjustment reducing the incremental value from 75% to 70% of marginal value. The next haircut adjustment will occur in 2017, reducing incremental value from 70% to 60% of marginal value.

Despite the marginal value increasing by 0.5% or from \$2,073,141 in 2011 to \$2,083,328 in 2012, total increment available and paid decreased by 3.25% or \$766 due to the haircut adjustment reducing the incremental value.

Total taxable and therefore marginal value increased by 7% or \$319,594 in 2013. This is the strongest growth period CBD has experienced since 2008. In 2008, the CBD taxable values increased by 10% or \$406,953 from the prior year. Said growth is attributed to new growth *and* an increase in values.

Since 2011, the CBD has grown by 12.8% or \$585,963--marginal value growing from \$2,073,141 in 2011 to \$2,659,104 in 2015. Since its 1987 base year, taxable value has increased by 102% or a marginal value of \$2, 659,104.

Southeast

For calendar year 2015, total Taxable Value of \$67,169,931 *decreased* by 0.9% or \$585,537 compared to \$67,755,468 in 2014, while marginal value decreased from \$66,494,265 to \$65,908,728.

Taxable real property land values *decreased* 3.2% from \$15,757,499 in 2014 to \$15,251,204 in 2015 or \$506,295. Taxable real property buildings *increased* 1.4% from \$47,282,379 in 2014 to \$47,948,006 in 2015 or \$665,627. The greatest change in values was reported in taxable personal property *decreasing* by 21.6% from \$3,767,114 in 2014 to \$2,952,111 or \$815,003.

Forecasts for 2016 estimate value growth of 1% or \$2,084,453. These growth estimates are being attributed to new commercial development and renovations.

The Southeast project area, in 2011 and 2012, experienced difficult market conditions for maintaining or growing the tax base. In 2011, taxable value *decreased* by 1.1% or \$737,108 compared to 2010. In 2012, conditions declined again by 3% or \$2,039,327. While values have not recovered from their 2010, \$68,462,736 peak, indicators appear to be favorable for new growth and increasing values.

Taxable value realized in 2013 slightly exceeded earlier forecasts. Actual taxable value increased by 1.3% or \$885,249 in 2013 compared to the previously forecasted 1.0%. In 2014, taxable value reported its greatest growth since 2010 increasing by 1.8% or \$1,183,918

DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH

The *CBD* project area, between 2011 and 2015, has averaged \$25,139 in increment available and paid to the agency. Estimated increment available for 2016 is \$27,341.

Beginning in 2012, the percent of tax increment haircut adjusted changed was reduced from 75% to 70% of the marginal value. Increment available and paid to the agency in 2012 was \$22,771 compared to \$23,537 in 2011.

The next haircut adjustment change will occur in 2017, decreasing from 70% to 60% then remain at 60% until the project area expires in 2021.

The *Southeast* project area, between 2011 and 2015, has averaged \$596,154 in increment available and paid to the agency. During this same period the haircut adjustment has remained at 60%, down 10% from the 2010 haircut of 70%.

Beginning in 2016, the haircut will decrease to 50% for a term of 10 years as part of the Southeast extension agreement. Estimated increment available for 2016 is \$503,795, down from \$575,648 reported in 2015.

The use of the tax increment will be used to further the redevelopment objectives identified in the plans.

Washington Terrace Community Development and Renewal Agency	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual
CENTRAL BUSINESS DISTRICT (CBD) #1					
Total Taxable Value:	\$ 4,562,814	\$ 4,573,001	\$ 4,892,595	\$ 5,035,680	\$ 5,148,777
Base Year Taxable Value (1987):	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673
Marginal Value	\$ 2,073,141	\$ 2,083,328	\$ 2,402,922	\$ 2,546,007	\$ 2,659,104
% of Adjusted Tax Increment (haircut)	75%	70%	70%	70%	70%
Incremental Value	\$ 1,554,856	\$ 1,458,330	\$ 1,682,045	\$ 1,782,205	\$ 1,861,373
Total Increment Available and Paid	\$ 23,537	\$ 22,771	\$ 25,879	\$ 26,440	\$ 27,070
Project Area Expiration (Calendar Year)	2021	2021	2021	2021	2021
SOUTHEAST #2					
Total Taxable Value:	\$ 67,725,628	\$ 65,686,301	\$ 66,571,550	\$ 67,755,468	\$ 67,169,931
Base Year Taxable Value (1987):	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203
Marginal Value	\$ 66,464,425	\$ 64,425,098	\$ 65,310,347	\$ 66,494,265	\$ 65,908,728
% of Adjusted Tax Increment (haircut)	60%	60%	60%	60%	60%
Incremental Value	\$ 39,878,655	\$ 38,655,059	\$ 39,186,208	\$ 39,896,559	\$ 39,545,237
Total Increment Available and Paid	\$ 604,774	\$ 604,598	\$ 603,666	\$ 592,086	\$ 575,648
Project Area Expiration (Calendar Year)	2015	2015	2015	2015	2015

**Washington Terrace Community
Development and Renewal Agency**

	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
CENTRAL BUSINESS DISTRICT (CBD) #1						
Total Taxable Value:	\$ 5,200,265	\$ 4,998,656	\$ 4,998,656	\$ 4,998,656	\$ 4,998,656	\$ 4,998,656
Base Year Taxable Value (1987):	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673	\$ 2,489,673
Marginal Value	\$ 2,710,592	\$ 2,508,983	\$ 2,508,983	\$ 2,508,983	\$ 2,508,983	\$ 2,508,983
% of Adjusted Tax Increment (haircut)	70%	60%	60%	60%	60%	60%
Incremental Value	\$ 1,897,414	\$ 1,756,288	\$ 1,756,288	\$ 1,756,288	\$ 1,756,288	\$ 1,756,288
Total Increment Available and Paid	\$ 27,341	\$ 23,435	\$ 23,435	\$ 23,435	\$ 23,435	\$ 23,435
Project Area Expiration (Calendar Year)	2021	2021	2021	2021	2021	2021
SOUTHEAST #2	SOUTHEAST #2 EXTENSION					
Total Taxable Value:	\$ 69,254,384	71,332,015	73,471,976	75,676,135	77,946,419	80,284,812
Base Year Taxable Value (1987):	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203	\$ 1,261,203
Marginal Value	\$ 67,993,181	\$ 70,070,812	\$ 72,210,773	\$ 74,414,932	\$ 76,685,216	\$ 79,023,609
% of Adjusted Tax Increment (haircut)	50%	50%	50%	50%	50%	50%
Incremental Value	\$ 33,996,591	\$ 35,035,406	\$ 36,105,387	\$ 37,207,466	\$ 38,342,608	\$ 39,511,805
Total Increment Available and Paid	503,795	519,190	535,046	551,377	568,199	585,525
Project Area Expiration (Calendar Year)	2025	2025	2025	2025	2025	2025

DESCRIPTION OF ACTIVITY

Central Business District (CBD)

The *CBD* project area has benefited from redevelopment activities that include infrastructure improvements that service the project area and private development incentives/loans. Projects completed include 2001-2004 OTIS Project that included road and utility reconstruction and 300 West reconstruction projects.



Image (above) Southeast Project Area - Adams Ave. between Washington Blvd. and 5600 South

These projects are been instrumental in responding to the traffic and development needs that service and support the project area.

Future redevelopment projects and investments are currently being considered and evaluated to determine the best use of current and future increment collected, while furthering the objectives identified in the plans that include growth in property tax values and protection of the local tax base.

Southeast

The *Southeast* project area has benefited from redevelopment activities that include infrastructure improvements and private development incentives/loans and agreements. Projects completed include: the Adams Avenue corridor expansion and extension, land acquisition, street construction, and installation of utilities and other improvements; South Pointe Center project development including street construction and installation of utilities and other improvements. In 2003, the Agency issued \$2,490,000 of tax increment revenue & refunding bonds to provide the financing necessary to carry out the above projects. Said bonds fully matured in Fiscal Year 2015.

These projects are been instrumental in responding to the infrastructure and development needs that service and support the project area. Future activities within the project area will be used to further the objectives identified in the plans that include growth in property tax values and protection of the local tax base.



Image (above) Southeast Project Area - South Pointe Center

REVISED MULTI-YEAR TAX INCREMENT BUDGET

Redevelopment Agency Fund 70: Resources

Major Object	2016 Actual	2017 Budget	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Interfund Transfers & Charges	-	110,623	113,070	116,388	119,805	123,325
Intergovernmental	2,132,139	672,986	432,593	445,131	458,045	471,347
Total Resources	\$ 2,136,598	\$ 1,038,423	\$ 545,663	\$ 561,519	\$ 577,850	\$ 594,672
<i>\$ change from prior period</i>	<i>\$ (424,218)</i>	<i>\$ (1,098,175)</i>	<i>\$ (492,760)</i>	<i>\$ 15,856</i>	<i>\$ 16,331</i>	<i>\$ 16,822</i>
<i>% change from prior period</i>	<i>-17%</i>	<i>-51%</i>	<i>-47%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>

Redevelopment Agency Fund 70: Requirements

Major Object	2016 Actual	2017 Budget	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Personnel	18,421	16,500	16,500	16,500	16,500	16,500
Materials, Supplies, and Services	2,725	2,800	2,800	2,800	2,800	2,800
Capital outlay	1,821,037	1,598,275	520,037	535,258	550,936	567,085
Interfund Transfers & Charges	53,663	119,702	6,327	6,961	7,614	8,287
Total Requirements	\$ 1,895,845	\$ 1,737,277	\$ 545,664	\$ 561,519	\$ 577,850	\$ 594,672
<i>\$ change from prior period</i>	<i>\$ (563,741)</i>	<i>\$ (158,569)</i>	<i>\$ (1,191,613)</i>	<i>\$ 15,855</i>	<i>\$ 16,331</i>	<i>\$ 16,822</i>
<i>% change from prior period</i>	<i>-23%</i>	<i>-8%</i>	<i>-69%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>