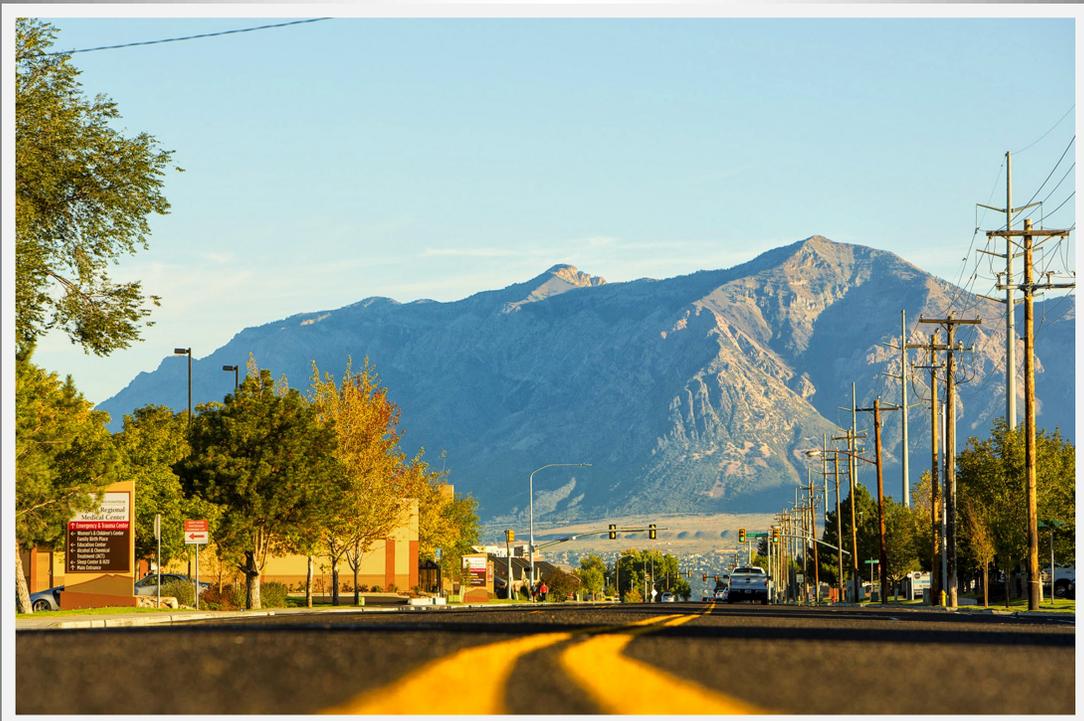


Washington Terrace Community Development and Renewal Agency

2019 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, 2019

Governing Board

Mark C. Allen	Chair/Board Member	Mayor
Scott Barker	Board Member	Council Member
Blair Brown	Board Member	Council Member
Scott Monsen	Board Member	Council Member
Larry Weir	Board Member	Council Member
Jeff West	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. The Plan, dated September 21, 1987, acts as the official redevelopment plan for the project area. The Project Area Plan set to expire in 2015 was approved for an extension of an additional timeframe of 10 years.

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.

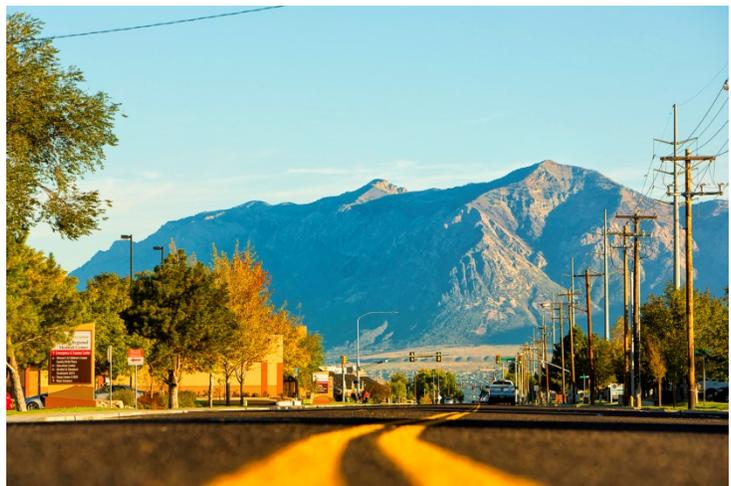


Image (above) Adams Avenue

- 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 2018, total taxable value of \$6,107,345 *increased* by 7% or \$403,340 compared to \$5,704,005 reported in 2017. Marginal value (taxable less base value) increased from \$3,214,332 to \$3,617,672 or \$403,340.

Taxable real property land values of \$1,915,475 experienced the greatest increase of 16.7% or \$273,645 compared to \$1,641,830 in 2017. Real property, buildings, taxable values *increased* by 2.9% or \$111,721 moving from \$3,829,595 in 2017 to \$3,941,316 in 2018. Taxable personal property *increased* by 4.8% or \$4,160 moving from \$87,405 in 2017 to \$91,565 in 2018. Centrally assessed values increased by 9.5% moving from \$145,175 in 2017 to \$158,989 in 2018.

In 2018, total taxable and therefore marginal value, increased by 12.5% or \$403,340. This is the strongest growth period CBD has experienced since 2013. In 2013, the CBD taxable values increased by 7% or \$319,594 from the prior year. Said growth is attributed to new growth *and* an increase in values.

The forecast for 2018 estimated total taxable value of \$5,818,085 and marginal growth at 2% or \$114,080 from 2017 actual valuation. Actual valuation for 2018 exceeded the forecast by 5% or \$289,260.

In 2012, the *CBD* project area experienced an additional 5% haircut adjustment reducing the incremental value from 75% to 70% of marginal value. In 2017, a haircut adjustment occurred reducing the incremental value from 70% to 60% of marginal value. In 2017, taxable value increased by 5.2% while increment available and paid decreased by 6.4%, decreasing from \$29,173 in 2016 to \$27,318 in 2017.

Increases in taxable value are projected to average 2% annually through the remaining life of the project area.

Southeast

For calendar year 2018, total taxable value has peaked at \$83,381,607 while marginal value of \$82,120,404 *increased* by 13.7% or \$9,902,436 when compared to taxable value of \$73,479,171 and marginal value of \$72,217,968.

The greatest change in values was reported in real property for buildings *increasing* by 15.3% or \$8,168,633 reaching \$61,671,994. Personal property values *increased* by 8% or \$198,202. Centrally assessed property *increased* by 12.6% or \$73,598.

Growth reported in 2018 is being attributed to new commercial development, renovations, and market adjustments.

Actual values reported in 2018 exceeded the original forecast by 3% or \$2,147,156. Forecasted valuations reflect the figures presented in the project area extension plan.

DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH

In 2018, the **CBD** project area collected \$30,746 in tax increment from participating taxing entities, exceeding the forecast of \$28,288. Between 2014 and 2018, increment available and paid to the agency has averaged \$28,149. Original estimated increment to be available for 2019 is \$29,277.

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 occurred in 2017, decreasing from 70% to 60% then remains at 60% until the project area expires in 2021. In 2017, while values *increased* by 5.2%, increment paid and available *decreased* by 5.4%.

In 2018, the **Southeast** project area collected \$548,933 in tax increment from participating taxing entities, exceeding the forecast of \$535,046. Between 2014 and 2018, increment available and paid to the agency has averaged \$543,851. Estimated increment to be available for 2019 is \$551,377.

The haircut adjustment decreased from 60% in 2015 to 50% in 2016. Beginning in 2016, the haircut decreased to 50% for a term of 10 years as part of the Southeast extension agreement.

Estimated increment available for 2019 is \$551,377, slightly up from \$548,933 reported in 2018.

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 | **2019**

Washington Terrace Community Development and Renewal Agency	2014 Actual	2015 Actual	2016 Forecast	2016 Actual	2017 Forecast	2017 Actual	2018 Forecast	2018 Actual
CENTRAL BUSINESS DISTRICT (CBD) #1								
Total Taxable Value:	\$ 5,035,680	\$ 5,148,777	\$ 5,200,265	\$ 5,424,590	\$ 5,478,836	\$ 5,704,005	\$ 5,818,085	\$ 6,107,345
Base Year Taxable Value (1987):	2,489,673	2,489,673	2,489,673	2,489,673	2,489,673	2,489,673	2,489,673	2,489,673
Marginal Value	2,546,007	2,659,104	2,710,592	2,934,917	2,989,163	3,214,332	3,328,412	3,617,672
% of Adjusted Tax Increment (haircut)	70%	70%	70%	70%	60%	60%	60%	60%
Incremental Value	\$ 1,782,205	\$ 1,861,373	\$ 1,897,414	\$ 2,054,442	\$ 1,793,498	\$ 1,928,599	\$ 1,997,047	\$ 2,170,603
Total Increment Available and Paid	\$ 26,440	\$ 27,070	\$ 27,341	\$ 29,173	\$ 25,468	\$ 27,318	\$ 28,288	\$ 30,746
<i>Increment from Wash. Terrace City</i>	5,162	5,299	5,468	5,822	5,094	5,554	5,658	5,393
<i>Increment from Other Taxing Entities</i>	21,278	21,771	21,873	23,351	20,374	21,765	22,630	23,585
Project Area Expiration (Calendar Year)	2021	2021	2021	2021	2021	2021	2021	2021
SOUTHEAST #2			SOUTHEAST #2 EXTENSION					
Total Taxable Value:	\$ 67,755,468	\$ 67,169,931	\$ 69,254,384	\$ 70,272,674	\$ 71,332,015	\$ 73,479,171	\$ 73,471,976	\$ 83,381,607
Base Year Taxable Value (1987):	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203
Marginal Value	66,494,265	65,908,728	67,993,181	69,011,471	70,070,812	72,217,968	72,210,773	82,120,404
% of Adjusted Tax Increment (haircut)	60%	60%	50%	50%	50%	50%	50%	50%
Incremental Value	\$ 39,896,559	\$ 39,545,237	\$ 33,996,591	\$ 34,505,736	\$ 35,035,406	\$ 36,108,984	\$ 36,105,387	\$ 41,060,202
Total Increment Available and Paid	\$ 592,086	\$ 575,648	\$ 503,795	\$ 490,591	\$ 519,190	\$ 511,997	\$ 535,046	\$ 548,933
<i>Increment from Wash. Terrace City</i>	116,710	111,433	100,759	97,815	103,515	103,967	107,009	105,104
<i>Increment from Other Taxing Entities</i>	475,376	464,215	403,036	392,777	415,675	408,030	428,037	443,829
Project Area Expiration (Calendar Year)	2015	2015	2025	2025	2025	2025	2025	2025

Washington Terrace Community Development and Renewal Agency | **2019**

Washington Terrace Community Development and Renewal Agency	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
CENTRAL BUSINESS DISTRICT (CBD) #1							
Total Taxable Value:	\$ 5,934,447	\$ 6,053,136	\$ 6,174,198				
Base Year Taxable Value (1987):	2,489,673	2,489,673	2,489,673				
Marginal Value	3,444,774	3,563,463	3,684,525				
% of Adjusted Tax Increment (haircut)	60%	60%	60%				
Incremental Value	\$ 2,066,864	\$ 2,138,078	\$ 2,210,715				
Total Increment Available and Paid	\$ 29,277	\$ 30,286	\$ 31,315				
<i>Increment from Wash. Terrace City</i>	5,855	6,057	6,263				
<i>Increment from Other Taxing Entities</i>	23,422	24,229	25,052				
Project Area Expiration (Calendar Year)	2021	2021	2021				
SOUTHEAST #2							
Total Taxable Value:	\$ 75,676,135	\$ 77,946,419	\$ 80,284,812	\$ 82,693,356	\$ 85,174,157	\$ 87,729,382	\$ 90,361,263
Base Year Taxable Value (1987):	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203	1,261,203
Marginal Value	74,414,932	76,685,216	79,023,609	81,432,153	83,912,954	86,468,179	89,100,060
% of Adjusted Tax Increment (haircut)	50%	50%	50%	50%	50%	50%	50%
Incremental Value	\$ 37,207,466	\$ 38,342,608	\$ 39,511,805	\$ 40,716,077	\$ 41,956,477	\$ 43,234,090	\$ 44,550,030
Total Increment Available and Paid	\$ 551,377	\$ 568,199	\$ 585,525	\$ 603,372	\$ 621,753	\$ 640,686	\$ 660,187
<i>Increment from Wash. Terrace City</i>	110,275	113,640	117,105	120,674	124,351	128,137	132,037
<i>Increment from Other Taxing Entities</i>	441,102	454,559	468,420	482,698	497,402	512,549	528,150
Project Area Expiration (Calendar Year)	2025	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.

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.

Such incentives have been approved for the future Golden West Credit Union campus expansion on the south end of the RDA and the construction of the Northern Wasatch Realtors Association headquarters. Both project incentives will be funded upon the successful completion of each respective project. Infrastructure 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 have 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 (left) Southeast Project Area - Adams Ave. between Washington Blvd. and 5600 South

In addition to infrastructure improvements and specific incentives for planned building projects, the RDA is actively pursuing the development of multi-story office buildings and land agreements with property owners within the RDA.

The RDA board and Washington Terrace City staff worked cooperatively and successfully with Ogden Regional Medical Center to help facilitate the demolition and future reconstruction of the medical building located at 425E 5350S. The medical building will have a larger footprint and will expand from a three-story building to a four-story structure resulting in and higher taxable value.

In order to make the medical building project more viable and improve accessibility to the building, the RDA approved the reconstruction of 5350 South roadway. The project will accommodate a higher traffic rating and curb appeal thus improving the viability of the medical building project. With the state-wide emphasis on clean air, mass transit and the implementation of alternative transportation, the reconstruction project will help support a mass transit component thus supporting the hospitals need for diverse accessibility to its facilities.



Image (above) Southeast Project Area - South Pointe Center

Follow-up on the Ogden Regional Medical Center project. The new medical center construction project is underway and according to ORMC, will see completion by June of 2020. The taxable value of this project is anticipated to reflect the construction cost of \$7,271,601. However, this valuation may be altered in the future as a result of market research. It is interesting to note that the valuation of the medical building was removed in from the tax rolls in 2014 because of the medical building disrepair and general abandonment. At the time of the devaluation, the specific land value of the medical center was rolled into the land value of the ORMC overall property valuation. Therefore, one should anticipate seeing an increase of over seven million dollars to the RDA taxable value in 2021.

As a result of the Goldenwest Credit Union land purchase on Adams Avenue, the owners of the remaining land elected to develop the new 5600 South street which will open up the developable property along the 5600 South corridor. This corridor will access both commercial and residential properties allowing for the more rapid development of the available land thus improving the future taxable value in the area. No incentives were used for the construction of the 5600 South Street. However, the RDA and surrounding area will benefit as a result of its construction and subsequent positive impact in the RDA area.

At this time Goldenwest Credit Union management and Washington Terrace City are currently in discussions to incentivize a new credit union administration building with a projected value of over \$17,000,000.00. This project is in the early stages of development and negotiation, none the less it is noteworthy that this project will be a significant boost to the RDA and future boost to taxing entities. The RDA is working diligently to encourage fiscally viable investors to consider Washington Terrace City as an attractive location for future office building construction.

MULTI-YEAR TAX INCREMENT BUDGET

Redevelopment Agency Fund 70: Requirements

Major Object	2014	2018	2019	2020	2021	2022	2023	2024
	Actual	Actual	Budget	Plan	Plan	Plan	Plan	Plan
Personnel	15,860	15,808	15,838	16,800	16,800	16,800	16,800	16,800
Materials, Supplies, and Service	817	2,725	2,829	2,800	2,800	2,800	2,800	2,800
Capital outlay	242,383	28,085	185,128	3,312,953	568,411	585,737	559,264	559,264
Interfund Transfers & Charges	5,652	6,327	6,661	22,971	6,661	6,661	6,661	6,661
Total Requirements	\$ 264,712	\$ 52,945	\$ 210,456	\$ 3,355,524	\$ 594,672	\$ 611,998	\$ 585,525	\$ 585,525
<i>\$ change from prior period</i>	<i>\$ (1,637,650)</i>	<i>\$ (211,767)</i>	<i>\$ 157,511</i>	<i>\$ 3,145,068</i>	<i>\$ (2,760,852)</i>	<i>\$ 17,326</i>	<i>\$ (26,473)</i>	<i>\$ -</i>
<i>% change from prior period</i>	<i>-86%</i>	<i>-80%</i>	<i>297%</i>	<i>1494%</i>	<i>-82%</i>	<i>3%</i>	<i>-4%</i>	<i>0%</i>

Redevelopment Agency Fund 70: Resources

Major Object	2017	2018	2019	2020	2021	2022	2023	2024
	Actual	Actual	Budget	Plan	Plan	Plan	Plan	Plan
Intergovernmental	738,391	566,240	581,184	902,373	594,672	611,998	585,525	585,525
Other Revenue	10,620	26,963	49,626	-	-	-	-	-
Total Resources	\$ 749,011	\$ 593,203	\$ 630,810	\$ 902,373	\$ 594,672	\$ 611,998	\$ 585,525	\$ 585,525
<i>\$ change from prior period</i>	<i>\$ (1,387,588)</i>	<i>\$ (155,808)</i>	<i>\$ 37,607</i>	<i>\$ 271,563</i>	<i>\$ (307,701)</i>	<i>\$ 17,326</i>	<i>\$ (26,473)</i>	<i>\$ -</i>
<i>% change from prior period</i>	<i>-65%</i>	<i>-21%</i>	<i>6%</i>	<i>43%</i>	<i>-34%</i>	<i>3%</i>	<i>-4%</i>	<i>0%</i>

Ending Fund Balance	\$ 1,492,539	\$ 2,032,797	\$ 2,453,151	\$ -				
SE Ending Fund Balance	1,286,469	1,800,632	2,193,474	-	-	-	-	-
CBD Ending Fund Balance	206,070	232,165	259,677	-	-	-	-	-

Budget amounts reflect July 1 – June 30 Fiscal Year activity.