

AMENDED PROJECT AREA BUDGET

REDEVELOPMENT AGENCY OF THE CITY OF ST. GEORGE
TECH RIDGE COMMUNITY DEVELOPMENT PROJECT AREA (CDA)
2023

CITY OF ST. GEORGE, UTAH



NOTICING VERSION DATED:

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Section 1: Introduction

The Redevelopment Agency of the City of St. George (the “Agency”), following thorough consideration of the needs and desires of the City of St George (the “City”) and its residents, as well as understanding the City’s capacity for new development, has carefully crafted the Amended Project Area Plan (the “Amended Plan” or “Plan”) for the TECH RIDGE COMMUNITY DEVELOPMENT PROJECT AREA (the “Amended Project Area” or “Project Area”) formerly known as the ST. GEORGE AIRPORT COMMUNITY DEVELOPMENT PROJECT AREA. The Amended Plan is the result of a comprehensive evaluation of changes to the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area since its creation. The Amended Plan is envisioned to define changes to the method and means of development for the Amended Project Area from its current state to a higher and better use. The City has determined it is in the best interest of its citizens to assist in the development of the Amended Project Area. This **Amended Project Area Budget** document (the “Budget”) is predicated upon certain elements, objectives and conditions outlined in the Amended Plan and intended to be used as a financing tool to assist the Agency in meeting Amended Plan objectives discussed herein and more specifically referenced and identified in the Amended Plan.

These changes in the Amended Project Area are being undertaken as a community development project pursuant to certain provisions of Chapters 1 and 4 of the Utah Community Reinvestment Agency Act (the “Act”, Utah Code Annotated (“UCA”) Title 17C). The requirements of the Act, including notice and hearing obligations, have always been observed throughout the amendment process of the Amended Project Area.

Section 2: Description of Amended Community Development Project Area

The Amended Plan focuses on the area west of Bluff Street and east of Indian Hills Drive. The entire ridgeline south of 265 South Street generally outlines the project area. The current land use in the Project Area is Commercial and educational facilities.

The image to the right displays a small version of the Amended Project Area. **Exhibit A** shows a full-size version of the Amended Project Area boundaries.



Section 3: General Overview of Amended Project Area Budget

The purpose of this Amended Project Area Budget is to provide the financial framework necessary to implement the Amended Project Area Plan vision and objectives. The Amended Project Area Plan has identified that tax increment financing remains essential to meet the objectives identified and outlined in the Amended Plan. The following information will detail the sources and uses of Tax Increment and other necessary details needed for public officials, interested parties, and the public in general to understand the mechanics of this Amended Project Area Budget.

Base Year Value

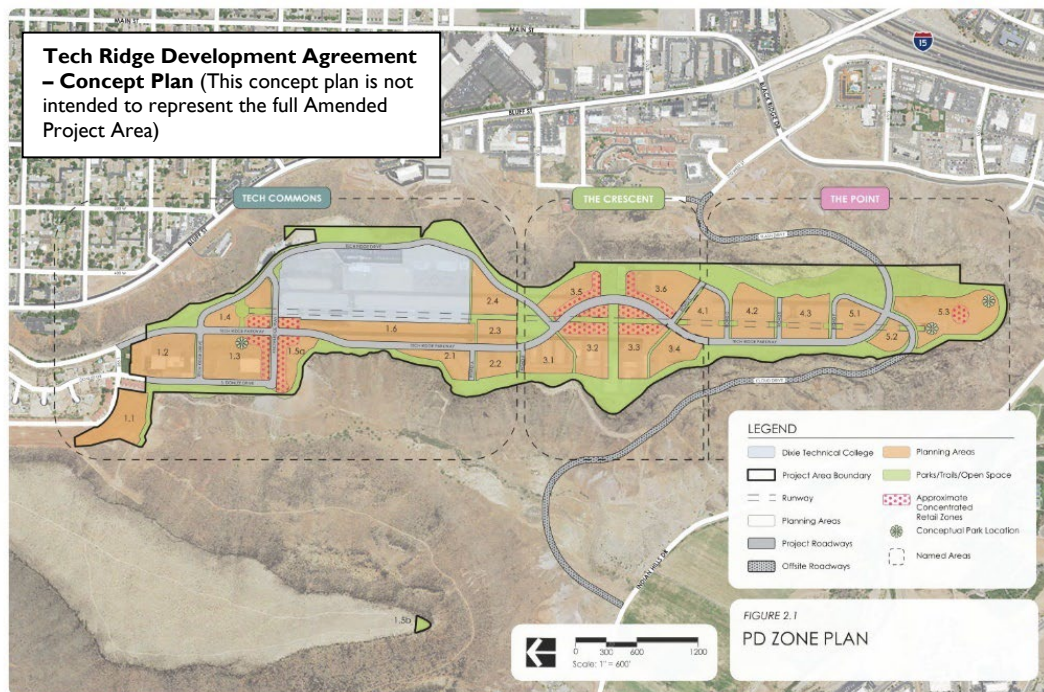
The Agency has determined that the base year property tax value for the Amended Project Area will change because the Amended Project Area encompasses a smaller area and therefore the acreage will decrease. However, the base year will remain the original 2008 approved base year value of **\$1,941,120**. Using the 2022 tax rates established within the Project Area the property taxes levied equate to **\$13,339 annually**. Accordingly,

this amount will continue to flow through to each taxing entity proportional to the amount of their respective tax rates being levied. Moreover, at build-out, the combined value of the Amended Project Area is expected to be over **\$1.172 billion**.

It is important to note that because the Amended Project Area will be split into three tranches, the Base Year Value is divided by three and then increased incrementally as each of the three tranches are triggered. This is shown in the attached **Amended Multi-Year Budget in Exhibit B**.

Trigger Year & Tranches

There are three named areas of future development within the Amended Project Area. These areas have differing development completion schedules. For this reason, a “tranching” (or phasing) approach of up to three separate tranches would be most beneficial to use for the taxing entities and the Developer. The image below shows how the development will be divided into three named areas and five districts.



The Trigger year and start of the first tranche is anticipated to be between January 1, 2024, and December 31, 2026. This tranche is expected to reflect all areas of the project currently developed or currently in the process of being developed throughout districts 1, 2, 3, 4, and 5. Tranche 1 is also expected to include the Black Ridge Cove development. The second tranche is anticipated to be triggered between January 1, 2027, and December 31, 2029. This tranche is expected to be a third of the development spread out through districts 1, 2, 3, 4, and 5 that has been developed or is anticipated to be developed during that time period. The third tranche is anticipated to be triggered between January 1, 2030, and December 31, 2032. This tranche will be the remaining parcels not accounted for in tranche 1 or tranche 2. It is intended that each tranche, once triggered, will have a collection period of 26 years. Regardless of each tranche’s trigger date, the Amended Project Area may only collect increment for up to a total period of 32 years. This 32-year period will begin no later than January 1, 2024, and will continue until December 31, 2055.

This Amended Project Area Budget, including the discussion and narrative of the trigger years, tranche mechanism, and other information is an overview of the anticipated participation by all taxing entities. Definitive and specific approval of the tranches, time periods, percentage of tax increment and participation particulars will be outlined under each of the Amended Interlocal Agreements that will be entered into by and between the Redevelopment Agency of the City of St. George and the participating taxing entities.

Projected Tax Increment Revenue – Total Generation

As described and specifically referenced in the Amended Project Area Plan, the development within the Amended Project Area has commenced and will further commence upon favorable market conditions which will include both horizontal and vertical infrastructure and development. The Agency anticipates that new development activity will ramp up within the Amended Project Area in 2023 and 2024. The contemplated development will generate significant additional property tax revenue as well as incremental sales and use tax above what is currently generated within the Amended Project Area.

Property Tax Increment will begin to be generated in the tax year (ending Dec 1st) following the trigger of the selected tranche, and Real Property Tax Increment will generally be paid to the Agency in December or January. Personal Property taxes will generally be paid to the Agency in June or July. It is projected that property Tax Increment generation within the Project Area could begin as early as 2024 or as late as 2026. It is currently estimated that during the 32-year maximum life of the Amended Project Area Budget (*three 26-year tranches*), property tax increment could be generated within the Amended Project Area in the approximate amount of **\$107,580,276** or at a net present value (NPV)¹ **\$43,223,822**. This net present value estimate is based on the following assumptions: (i) absorption of the development as provided by Tech Ridge, LLC (Developer), (ii) using the 2022 tax rates as the tax rates throughout the collection period, and (iii) using a discount rate of 6.00%, which is consistent with current market rates for financing public infrastructure. It is anticipated that there will be a maximum cap amount of Tax Increment available for the Amended Project Area. The maximum cap amount is **\$50M** in net present value terms.

Section 4: Property Tax Increment

Base Year Property Tax Revenue

The taxing entities are currently receiving tax revenue from the property within the Project Area (“Base Taxes”). The 2008 assessed value of the Project Area is anticipated to be used for purposes of the Budget and Interlocal Agreements as the Base Taxable Value as defined in the Plan and Act. The 2008 assessed value and original adopted Base Year Value was **\$1,941,120**. Based upon the tax rates in the area, the collective taxing entities are receiving **\$13,339** in property tax annually from this Project Area. This equates to approximately **\$426,848** over the life of the Project Area.

Property Tax Increment Shared with RDA

All taxing entities that receive property tax generated within the Amended Project Area, as detailed above, will share at least a portion of that increment generation with the Agency. As with the original plan, it is anticipated that all taxing entities will contribute an estimated 75% of their respective Tax Increment for each 26-year period on each of up to the three tranches of the project. This will be further evidenced by interlocal agreements (amended from time to time) between the Agency and each of the taxing entities. **Table 4.1** shows the estimated amount of Tax Increment shared with the Agency assuming the participation levels discussed above and consistent with the assumptions referenced above.

TABLE 4.1: SOURCES OF TAX INCREMENT FUNDS (OVER THE LIFE OF THE PROJECT)

Entity	Percentage	Length Per Tranche	Total	NPV at 6%
Washington County	75%	26 Years	\$10,650,538	\$3,952,108
Washington County School District	75%	26 Years	73,039,042	30,406,563
St. George City	75%	26 Years	15,362,477	5,700,573
Washington County Water Conservancy District	75%	26 Years	8,080,390	2,998,400
Southwest Mosquito Abatement and Control District	75%	26 Years	447,829	166,178
Total Sources of Tax Increment Funds			\$107,580,276	\$43,223,822

¹ Net Present Value of future cash flows assumes a 6% discount rate. The same 6% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of Tax Increment to the respective taxing entities.

Pass Through Property Tax Increment to Taxing Entities

All taxing entities that receive property tax generated within the Amended Project Area, as detailed above, will also retain a portion of increment generation. It is anticipated that all taxing entities will retain an estimated 25% of their respective Tax Increment from each 26-year tranche of the project. Additionally, when a tranche ends, all Tax Increment generated in that specific tranche will then go to each taxing entity rather than the Agency for that tranche. **Table 4.2** shows the amount of Tax Increment that will pass through to taxing entities.

TABLE 4.2: PASS THROUGH TAX INCREMENT FUNDS TO TAXING ENTITIES (OVER THE LIFE OF THE PROJECT)

Entity	Percentage	Length Per Tranche	Total	NPV at 6%
Washington County	25%	26 Years	\$5,154,249	1,595,686
Washington County School District	25%	26 Years	74,260,418	21,298,472
St. George City	25%	26 Years	7,434,556	2,301,638
Washington County Water Conservancy District	25%	26 Years	3,910,445	1,210,621
Southwest Mosquito Abatement and Control District	25%	26 Years	216,723	67,095
Total Sources of Tax Increment Funds			\$90,976,392	\$26,473,511

Uses of Tax Increment

As depicted in **Table 4.3** below, the Agency may use 2.5% of the Tax Increment to administer the CDA. The remaining Tax Increment collected by the Agency (97.5%) is intended to be used for redevelopment activities incurred by the City or others within the Amended Project Area. Redevelopment Activities include offsetting certain on-site public infrastructure costs, land assemblage, economic development incentives, job creation incentives, Agency requested improvements and upgrades, desirable Amended Project Area improvements, and other redevelopment activities as approved by the Agency. Although affordable housing is not required in this Amended Project Area, the Agency may set aside a portion of Tax Increment for affordable housing within the Amended Project Area or other areas within the Agency’s boundaries as it sees fit. The maximum cap amount under this Amended Project Area Plan is **\$50M** and to the extent the actual Tax Increment generated is less than the \$50M cap amount or the \$43.3M estimated, other resources and funding will be utilized, or certain lower priority amenities and improvements will be left unfunded.

TABLE 4.3: USES OF TAX INCREMENT

Entity	Delegated Amount/Cost	Percentage of Total
Project Area Administration	1,250,000	2.5%
Business Incentives	2,255,000	4.5%
Roadway Improvements	34,484,282	69.0%
Parks & Trail Improvements	7,235,965	14.5%
Sub-Total	45,225,247	
Other critical infrastructure, support, and construction inflation	4,774,753	9.6%
Total Sources of Tax Increment Funds	\$50,000,000*	100.00%

A multi-year projection of Tax Increment is included in **EXHIBIT B**.

Total Annual Property Tax Revenue for Taxing Entities at Conclusion of Project

As described below in **Table 4.4**, the collective taxing entities should be receiving approximately **\$13,339** in property taxes annually from this Amended Project Area. At the end of the project, an additional **\$8,059,355** in property taxes annually is anticipated.

TABLE 4.4: TOTAL BASE YEAR AND END OF PROJECT LIFE ANNUAL PROPERTY TAXES

Entity	Annual Base Year Property Taxes	Annual Property Tax Increment at Conclusion of Project	Total Annual Property Taxes
Washington County	\$1,062	\$641,512	\$642,573
Washington County School District	9,896	5,978,841	5,978,841
St. George City	1,532	925,325	926,856
Washington County Water Conservancy District	806	486,704	487,510
Southwest Mosquito Abatement and Control District	45	26,974	27,019
Total Revenue	\$13,339	\$8,059,355	\$8,059,355

Section 5: Cost/Benefit Analysis

Based on the land use assumptions, current economic and market demand factors, tax increment participation levels, public infrastructure, land assemblage, and incentive needs, the following tables (**Tables 5.1-5.6**) outline the benefits (revenues) and costs (expenditures) anticipated in the Amended Project Area. This does not factor in the benefit of other multipliers such as job creation, disposable income for retail consumption, etc. As shown below, the proposed community development will create a substantial net benefit to the City and the other taxing entities that levy a tax within the Amended Project Area.

Additional Revenues

The development within the Amended Project Area will also generate sales taxes for the City and County. **Table 5.1** shows the total revenues estimated to be generated by the Amended Project Area for these two taxing entities. This total includes the anticipated property Tax Increment and sales and use tax.

TABLE 5.1: TOTAL CITY AND COUNTY TAX REVENUES (2024-2063)

Entity	Total Tax Revenues
Washington County	\$94,626,788
St. George City	55,000,696
Total Sources of Tax Increment Funds	\$149,627,484

TABLE 5.2: PARTICIPATED TAX INCREMENT FUNDS (2024-2055)

Entity	Percentage	Length Per Tranche	Total	NPV at 6%
Washington County	75%	20 Years	\$10,650,538	\$3,952,108
Washington County School District	75%	20 Years	73,039,042	30,406,563
St. George City	75%	20 Years	15,362,477	5,700,573
Washington County Water Conservancy District	75%	20 Years	8,080,390	2,998,400
Southwest Mosquito Abatement and Control District	75%	20 Years	447,829	166,176
Total Sources of Tax Increment Funds			\$107,580,276	\$43,223,822

TABLE 5.3: BENEFIT ANALYSIS FOR TAXING ENTITIES (2024-2063)

Entity	Property Taxes	City Revenues	County Revenues	School District Revenues	Total Incremental Revenues
Washington County	\$20,936,880	-	\$94,626,787	-	\$115,563,667
Washington County School District	195,130,186	-	-	-	195,130,186
St. George City	30,199,631	\$55,000,696	-	-	85,200,327
Washington County Water Conservancy District	15,884,470	-	-	-	15,884,470
Southwest Mosquito Abatement and Control District	880,344	-	-	-	880,344
Total Revenue	\$263,031,511	\$55,000,696	\$94,626,787	-	\$412,658,994

TABLE 5.4: COST ANALYSIS FOR TAXING ENTITIES (2024-2063)

Entity	CDA Budget	City Expenditures	County Expenditures	School District Expenditures	Water District Expenditures	Mosquito District Expenditures	Total Incremental Expenditures
Washington County	\$10,650,538	-	\$74,058,337	-	-	-	\$84,708,875
Washington County School District	73,039,042	-	-	15,690,888	-	-	88,729,930
St. George City	15,362,477	39,686,118	-	-	-	-	55,048,595
Washington County Water Conservancy District	8,080,390	-	-	-	1,588,447	-	9,668,837
Southwest Mosquito Abatement and Control District	447,829	-	-	-	-	88,034	535,863

Total Expenditures	\$107,580,276	\$39,686,118	\$74,058,337	\$15,690,888	\$1,588,447	\$58,535	\$238,692,100
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TABLE 5.5: COST/BENEFIT ANALYSIS FOR CITY (2024-2063)

City Revenues	Total Incremental Revenues
Property Tax (Increment)	\$30,199,631
Sales Tax	19,244,631
Transient Room Tax	11,321,575
Road Funds (Class B/C)	260,813
Energy Sales & Use tax (Natural Gas)	4,997,348
Energy Sales & Use tax (Electric)	19,176,330
TOTAL REVENUES	\$85,200,327
City Expenditures	Total Expenses
CDA Budget	\$15,362,477
General Government Services	6,064,660
Public Safety Services	11,888,176
Economic Vitality and Housing	1,396,220
Public Works Services	2,929,009
Community Development	775,071
Golf	2,588,815
Leisure Services	5,382,088
Debt Services & Transfers	8,662,080
TOTAL EXPENDITURES	\$55,048,595
Total Revenues minus Expenditures	\$30,151,732

The City's net benefit from the Project Area is estimated to be **\$30.151 million**. The total net benefit to the taxing entities is **\$173.97 million** or the total benefit **\$412.66 million** minus the CDA budget and additional costs to the taxing entities of **\$238.69 million**.

TABLE 5.5: NET BENEFIT

Entity	Additional Revenues	Minus	Additional Costs	Equals	Total Net Benefit
St. George City	\$85,200,327	-	\$55,048,595	=	\$30,151,732
Washington County	115,563,667	-	84,708,875	=	30,854,792
Washington County SD	195,130,186	-	88,729,930	=	106,400,256
WCWCD	15,884,470	-	9,668,837	=	6,215,633
Mosquito Abatement Dist.	880,344	-	535,863	=	344,481
Total	\$412,658,994	-	\$238,692,100	=	\$173,966,894

Section 6: Amended Project Area Priorities

The Amended Project Area is located at a prime location for economic development centered within the City, and in an area that is anticipating commercial, office, and residential development demand. There are, however, hurdles that are preventing further development of the Amended Project Area. Because the Amended Project Area land is primarily owned by the City, most of it is tax exempt, and taxing entities currently receive minimal property tax from the land. Development of the Project Area will cause 355 acres to become taxable on the County assessment rolls. But for the creation of the Amended Project Area and the public financial participation, most of the planned development will likely not get constructed and other developments will be delayed several years. It will be nearly impossible to create continuity between many parcels in the project area and realize the City's vision without the creation of the Amended Project Area and public financial participation.

Development plans have been instituted, and it is known that parking, roads, access points, energy, water, storm water, and sewer are costs that are cohesive with the General Plan of the City. Incremental property taxes will be used to defray a portion of these costs. **Table 6.1** below depicts estimates of the participated Tax Increment funds through the life of the project for a total of **\$107,580,276** and an NPV total of **\$43,223,822**. This net present value estimate is based on the following assumptions: (i) absorption of the development as provided by Tech Ridge, LLC (Developer), (ii) using the 2022 tax rates as the tax rates throughout the collection period, and (iii) using a discount rate of 6.00%, which is consistent with current market rates for financing public infrastructure. It is anticipated that there will be a maximum cap amount of Tax Increment available for the Amended Project Area. The maximum cap amount is **\$50M** in net present value terms.

TABLE 6.1: ESTIMATED TAX INCREMENT FUNDS PARTICIPATED IN AMENDED PROJECT AREA PLAN

Entity	Percentage	Length Per Tranche	Total	NPV at 6%
Washington County	75%	26 Years	\$10,650,538	\$3,952,108
Washington County School District	75%	26 Years	73,039,042	30,406,563
St. George City	75%	26 Years	15,362,477	5,700,573
The Washington County Water Conservancy District	75%	26 Years	8,080,390	2,998,400
Southwest Mosquito Abatement and Control District	75%	26 Years	447,829	166,178
Total Sources of Tax Increment Funds			\$107,580,276	\$43,223,822

Table 6.2 below displays how the estimated incremental property taxes may be distributed to priorities of the Project Area. The following priorities and public infrastructure are eligible to receive, be reimbursed with, or utilize Tax Increment funds from the Amended Project Area. The Agency may execute other eligible priorities, including economic development incentives, as it sees fit. Any reimbursements given to developers will be governed by a separate Development Participation Agreement. It is important to note that this list of example priorities and infrastructure projects are not exhaustive, or exclusive, or listed in order of priority.

TABLE 6.2: EXAMPLE PRIORITIES AND INFRASTRUCTURE PROJECTS (IN CURRENT OR PRESENT VALUE DOLLAR TERMS)

Uses of Tax Increment	Delegated Amount/Cost	Percentage of Total
Project Area Administration (2.5%)	\$1,250,000	2.5%
Business Incentives (5%)	2,500,000	5.0%
East Access Road	6,900,000	13.8%
Tech Ridge Parkway Reconstruction	870,870	1.7%
Tech Ridge Parkway Phase 3	6,479,307	13.0%
Tech Ridge Drive Reconstruction	1,350,040	2.7%
Donlee Dr./Knowledge Way/390 S	3,094,300	6.2%

TABLE 6.2: EXAMPLE PRIORITIES AND INFRASTRUCTURE PROJECTS (IN CURRENT OR PRESENT VALUE DOLLAR TERMS)

Uses of Tax Increment (Continued)	Delegated Amount/Cost	Percentage of Total
Secondary Access Roads(1) (1/3 or A and B)	\$1,257,882	2.5%
West Rim Trail North (Phase 1)	615,450	1.2%
West Rim Trail Mid (Phase 2)	1,282,765	2.6%
West Concrete Stairs	719,400	1.4%
West Rim Trail South (Phase 3)	1,211,100	2.4%
South Rim Trail	620,400	1.2%
East Rim Trail North (Phase 1)	679,800	1.4%
East Rim Trail Mid (Phase 2)	1,155,000	2.3%
East Rim Trail South (Phase 3)	952,050	1.9%
West Access Road	6,167,070	12.3%
Tech Ridge Phase 1 Roadway Improvements	3,972,360	7.9%
Tech Ridge Phase 2b Roadway Improvements	3,926,386	7.9%
Tech Ridge Utilities	421,000	0.8%
Tech Ridge Detention Pond	45,067	0.1%
District Roadways	1,767,823	3.5%
Affordable Housing Incentive	2,500,000	5.0%
Other eligible expenditures (construction inflation & infrastructure)	261,930.00	0.5%
Total Uses of Tax Increment	50,000,000	100%

*The Delegated Amount/Costs referenced in Table 6.2 are estimates and are subject to change.

Exhibit A: Amended Project Area Map

Map of Proposed Project Area Boundaries

