

PROPOSED UNIVERSITY PLACE CDA



CITY OF OREM

Tax Increment Project Areas



- Under Utah Code 17C “Limited Purpose Local Government Entities – Community Development and Renewal Agencies Act,” Utah’s local governments have the authority to conduct economic development activities within their communities through their Redevelopment Agencies.
- Under the act, agencies are allowed to create three types of project areas:
 - Community Development Areas (CDAs)
 - Economic Development Areas (EDAs)
 - Urban Renewal Areas (URAs)

CDA – Available Tool



- CDA – Tool available to spur economic growth
- Needed to compete with other jurisdictions (inside and outside Utah)
- Need to use this tool to keep playing field level unless the rules change by the legislature

Examples of Competition



- Other peer cities have used RDAs and tax-increment incentives to attract Orem businesses:
 - DoTerra – 527 Jobs (Pleasant Grove)
 - Adobe – 650 Jobs (Lehi) (Grown to 950 Jobs)
 - AtTask – 145 Jobs (Lehi)
 - Xactware – 507 Jobs (Lehi)
 - Others

Tax Increment – Low Risk Exposure



- **Keep current dollars:**
 - No tax increase to citizens
- **Limit exposure:**
 - Post performance incentives
 - No City/RDA debt issuance
- **Keep 25% of revenue from new development (3.2 million).**
- **After 20-year project area term, the city will retain all city-dedicated property tax increment.**

Proposed University Place CDA Area



- Existing taxable value: \$130 million
- Potential taxable value with CDA: \$430 Million
- Orem would also benefit from increased sales tax (\$11.3 million), gas and electric franchise fees (\$8.2 million), hotel transient room taxes (\$6.76 million), etc.

Tax Increment Example



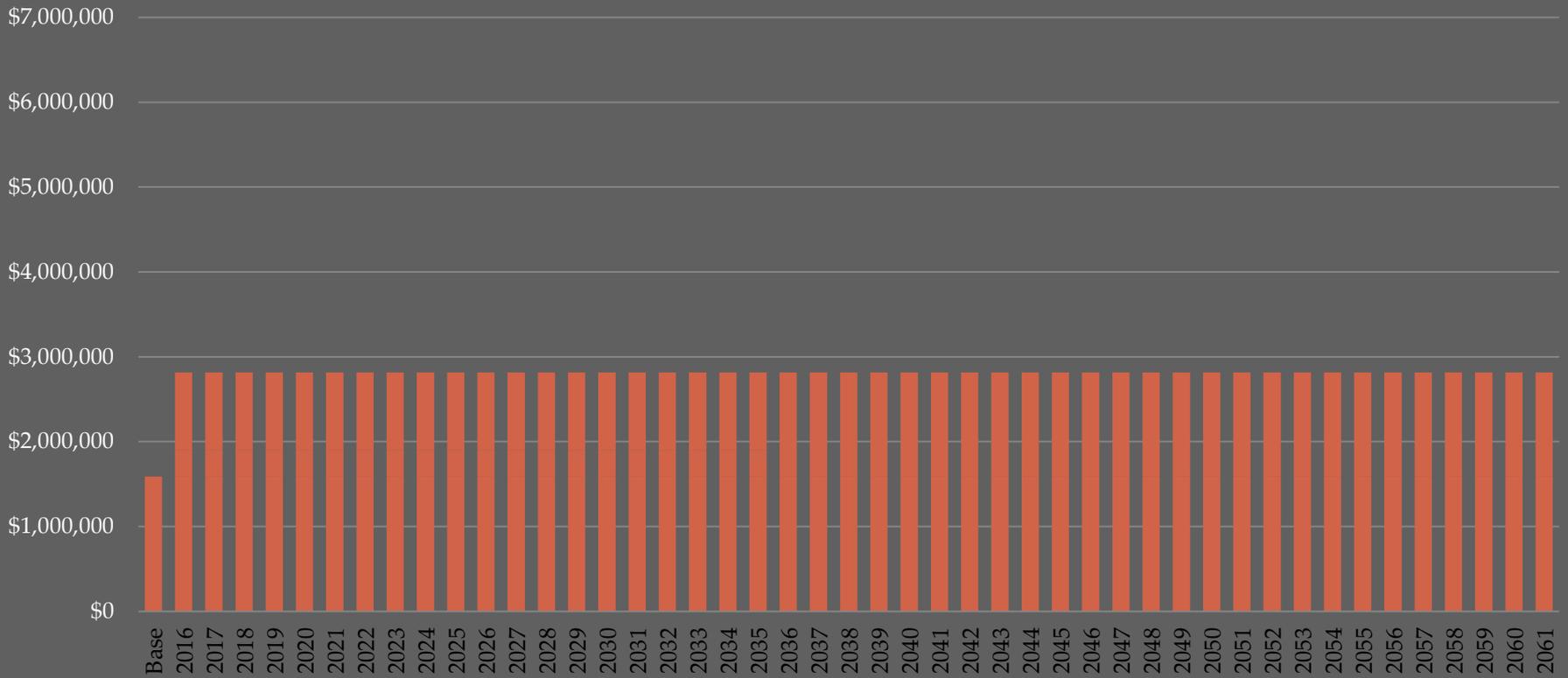
Property Tax Increment Example 25/75 Split for 20 Years At Full Planned Investment



Example without Tax Increment



Property Tax Example w/ no CDA At \$100 Million Investment



Net Increase to All Taxing Entities



Entity	Incremental Revenues (thousands)					Total Incremental Revenues
	Property Tax	Sales Tax	CARE Tax	Franchise Taxes	Transient Room Taxes	
Utah County ¹	\$ 8,620	\$3,979,	-	\$-	\$2,875	\$ 15,475
Alpine School District	59,559	-	-	-	-	\$ 59,559
Orem City	12,810	11,369	1,894	8,237	676	\$ 34,989
Orem Metropolitan Water District	267	-	-	-	-	\$ 267
Central Utah Water Conservancy District	3,053	-	-	-	-	\$ 3
State of Utah	-	13,359	-	-	-	\$ 13,359
Totals:	\$ 84,310	\$28,708	\$1,894	\$8,237	\$3,552	\$124,809

Entity	Incremental Expenditures (thousands)						Total Incremental Expenditures	Net Incremental Benefit
	CDA Budget	General Government	Public Safety	Highways & Public Improvements	Parks, Recreation & Arts	Economic, Physical, & Redevelopment		
Utah County	\$ 6,465	\$1,205	-	-	-	-	\$ 7,670	\$ 7,804
Alpine School District	44,669	1,706	-	-	-	-	\$ 46,376	\$ 13,183
Orem City	9,607	2,730	5,043	1,771	2,121	471	\$ 21,746	\$ 13,243
Orem Metropolitan Water District	200	35	-	-	-	-	\$ 235	\$ 31
Central Utah Water Conservancy District	2,290	44	-	-	-	-	\$ 2,334	\$ 719
State of Utah	-	-	-	-	-	-	-	\$ 13,359
Totals:	\$63,233	\$5,722	\$5,043	\$1,771	\$2,121	\$471	\$ 78,362	\$ 48,341

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Infrastructure Upgrade



- Infrastructure requires updating now
 - Road and Utility Infrastructure - \$5.4m
 - Main Street Construction - \$3.9m
- CDA is a means to pay for infrastructure/transportation from redevelopment dollars.
- Mitigates traffic issues along University Parkway at State Street and 800 East.

Expense of Redevelopment

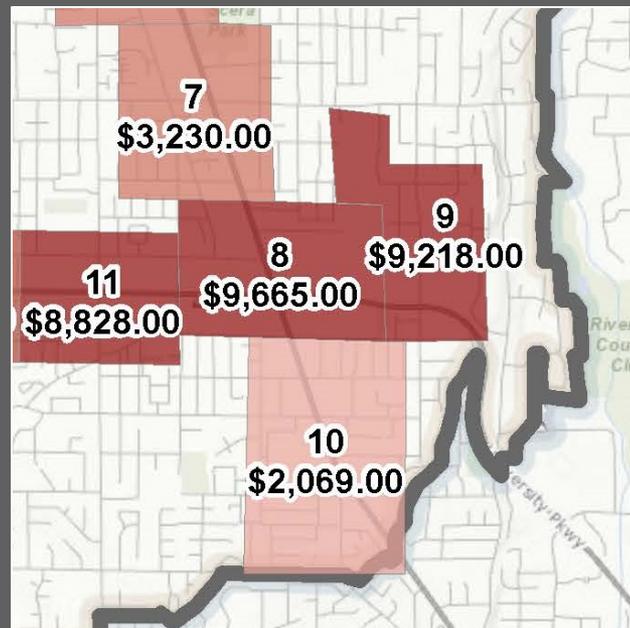


- Limited amount of “greenfield” in Orem
 - 299 undeveloped acres (2.5%)
 - 288 farmland/orchards (2.5%)
 - 11,712 total acres in Orem
- Neighboring/competing cities have raw land for development.
- Redevelopment is Orem’s best option.
- CDA facilitates redevelopment.

University Place - Important



- University Place is Major Tax Contributor to the City



*Figure shows the City's portion of property and sales tax revenue per acre

Existing Class A Office Space



Class A Office Space Summary

	Total SF	Average Absorption 2001-2012
Orem	706,166	41,597
Provo	1,754,810	86,119
Utah North	2,144,200	58,028
Utah South	80,328	800

Current Proposed Project Area Plan Budget Summary with ASD Participating 75%

- Existing plan contemplates creation of new space per the below [SF or Stalls / Taxable Value]:
 - Office: 712k SF / \$147M
 - Parking: 5,969 stalls / \$72M
 - Retail: 234k SF / \$69M
 - Residential: 1,264k / \$98M
 - Hotel: 72k SF / \$13M
 - Civic: 332k SF / \$0M

- New office results in a projected potential 2,500 – 4,600 new jobs

Key



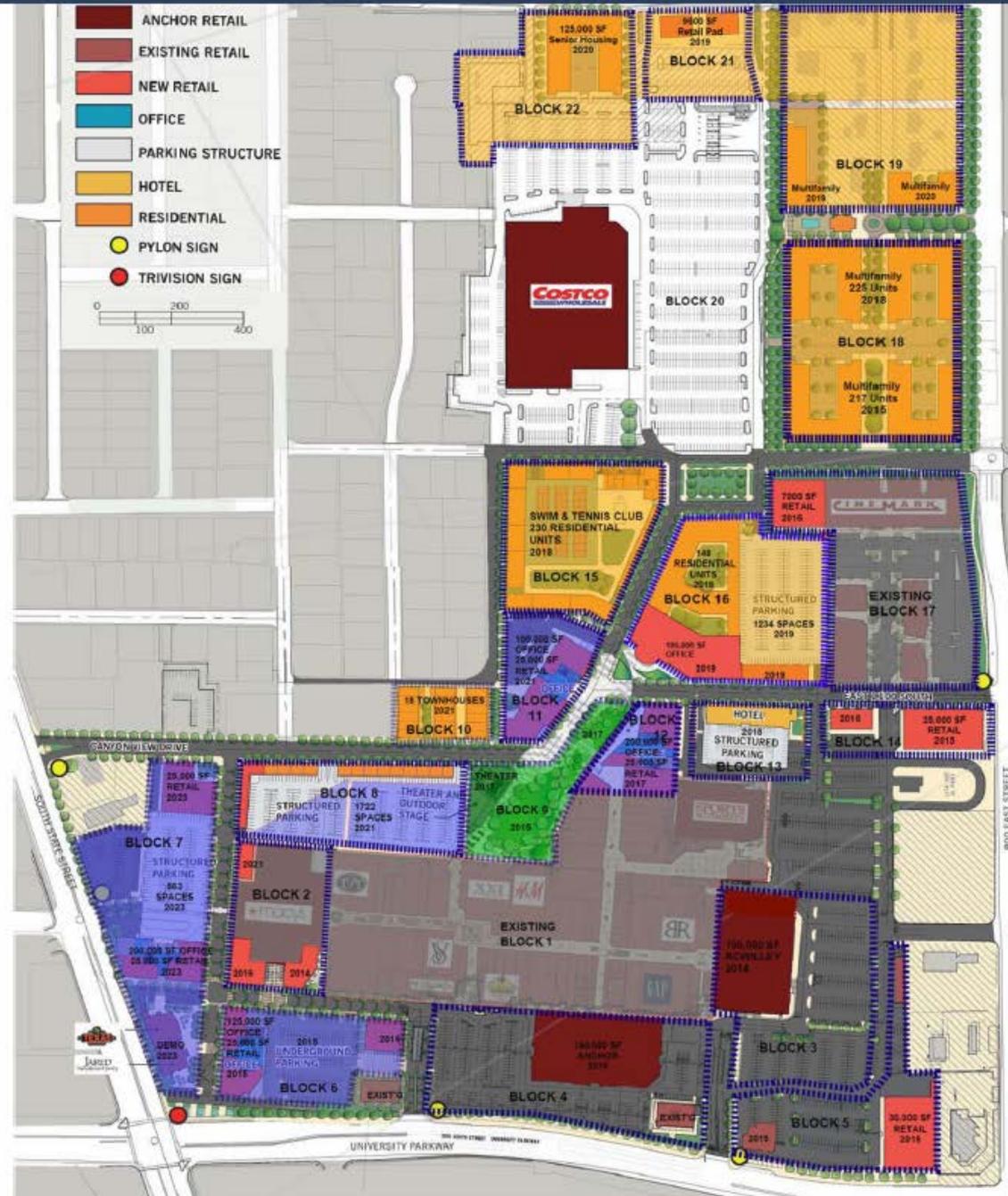
Existing Project Area Plan New Development



Project Area Plan Block made Unfeasible



Project Area Plan Block requiring modification



RDA Add Value



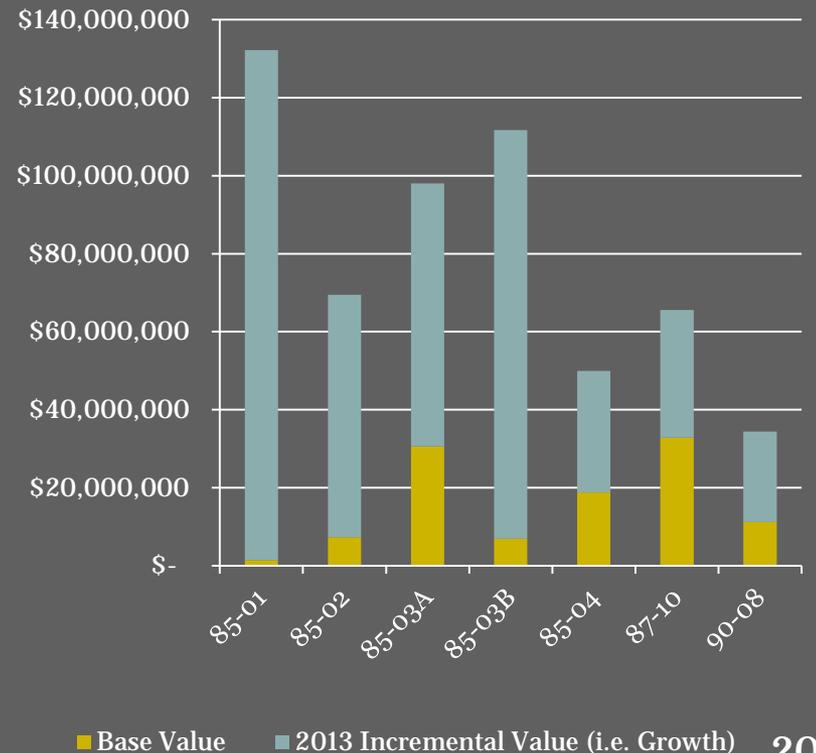
- RDA project areas in Orem have been very successful . . .

GROWTH IN ASSESSED VALUE (Since Inception)	GROWTH RATE	AVERAGE ANNUAL GROWTH RATE
Orem Business Park 85-1	8039.3%	17.7%
Timpanogos Research and Tech Park 85-02	832.3%	8.3%
1300 South (East) 85-03A	218.8%	4.4%
1300 South (West) 85-03B	1537.7%	10.9%
State Street (South) 85-04	167.8%	3.7%
State Street (North) 87-10	113.5%	3.2%
5th N to 12th N 90-08	209.3%	5.0%

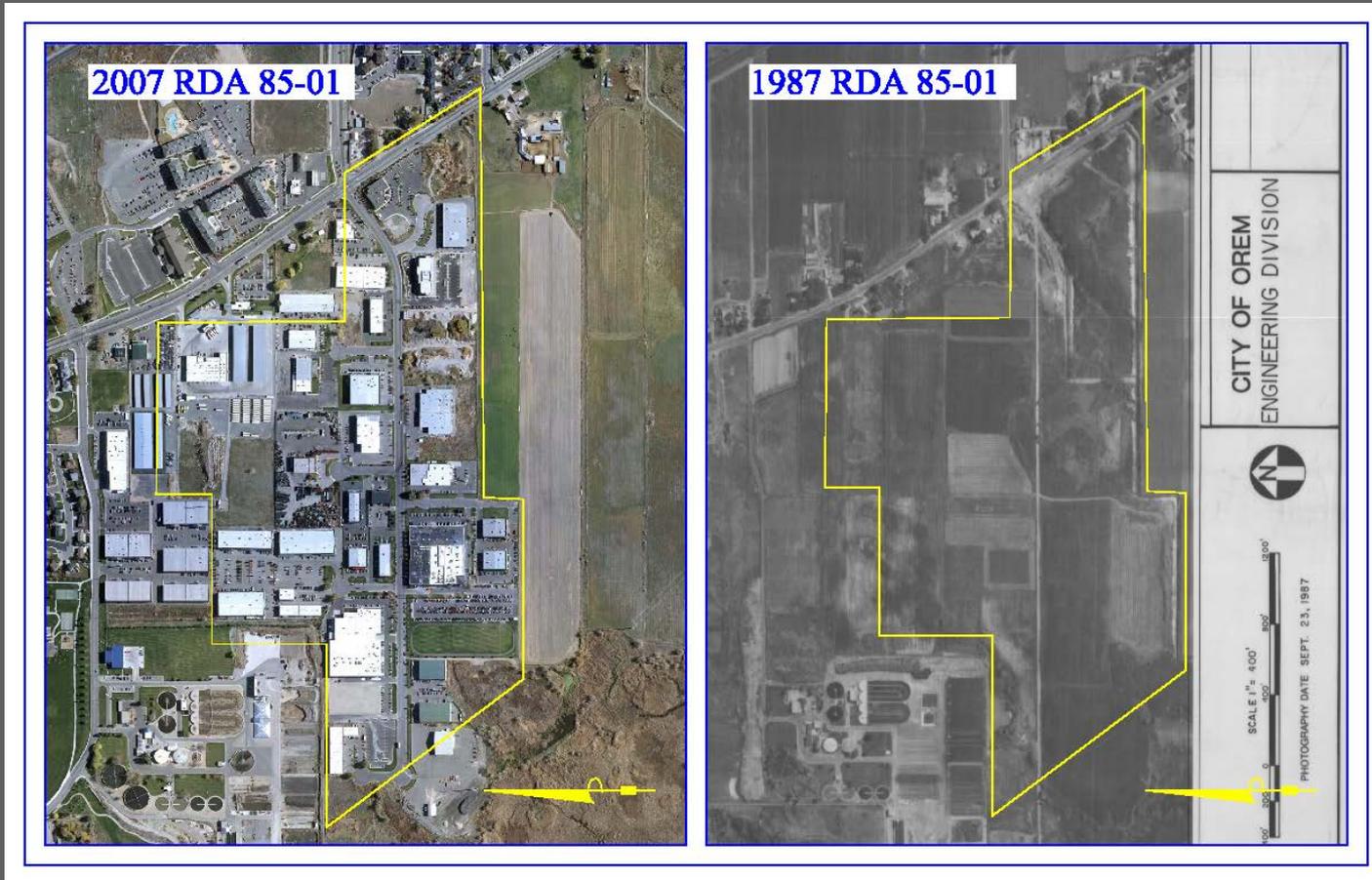
Tax Increment Project Areas

- All of Orem's existing RDAs have increased in taxable value, as the graph illustrates.
- The RDAs are projected to create over \$66 million in total property tax increment.
- Tax increment has built roads and other utility infrastructure, financed park and recreation improvements, promoted job growth, and spurred retail development.

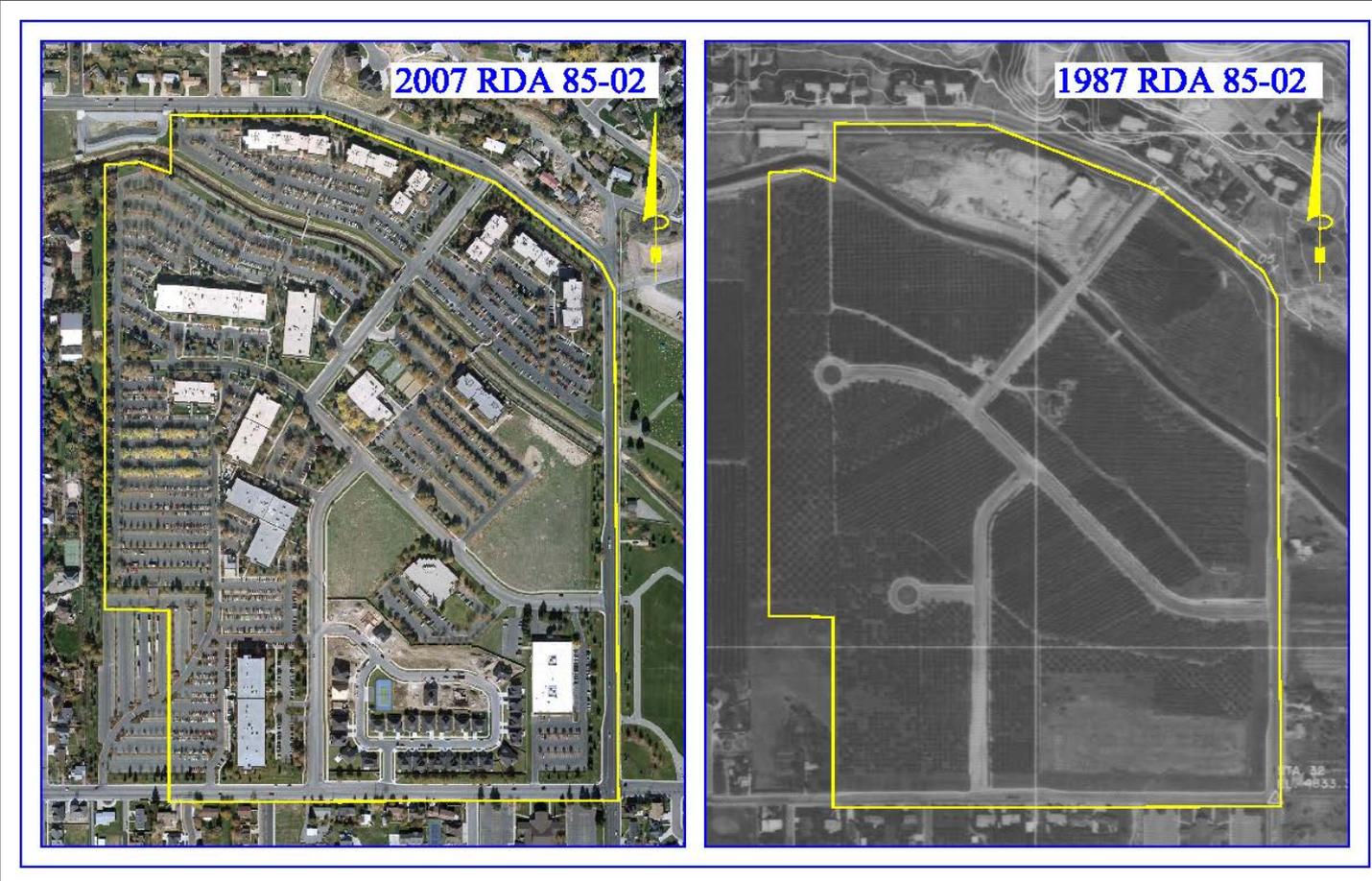
Orem Project Areas - Taxable Value



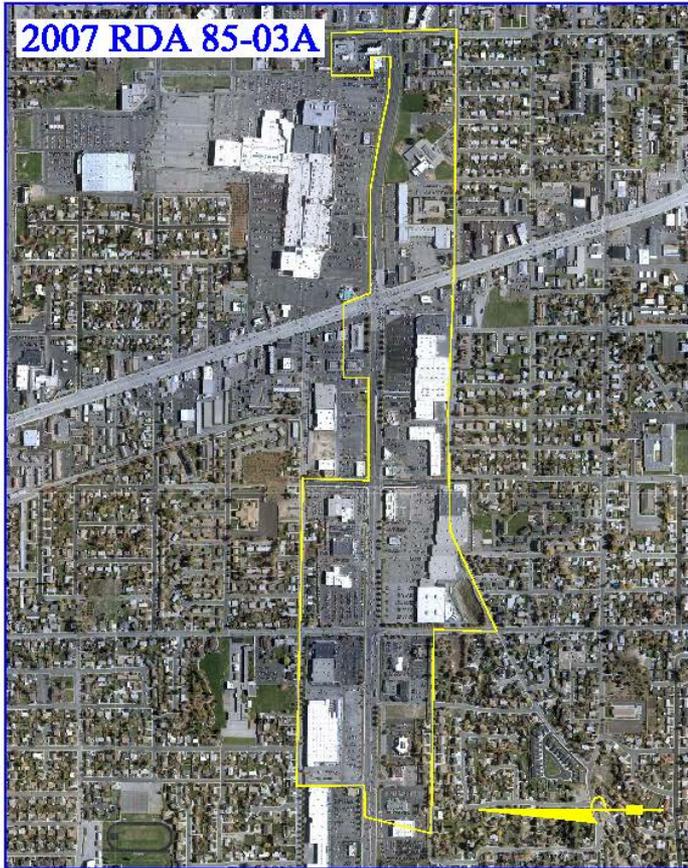
Growth in Orem Project Areas



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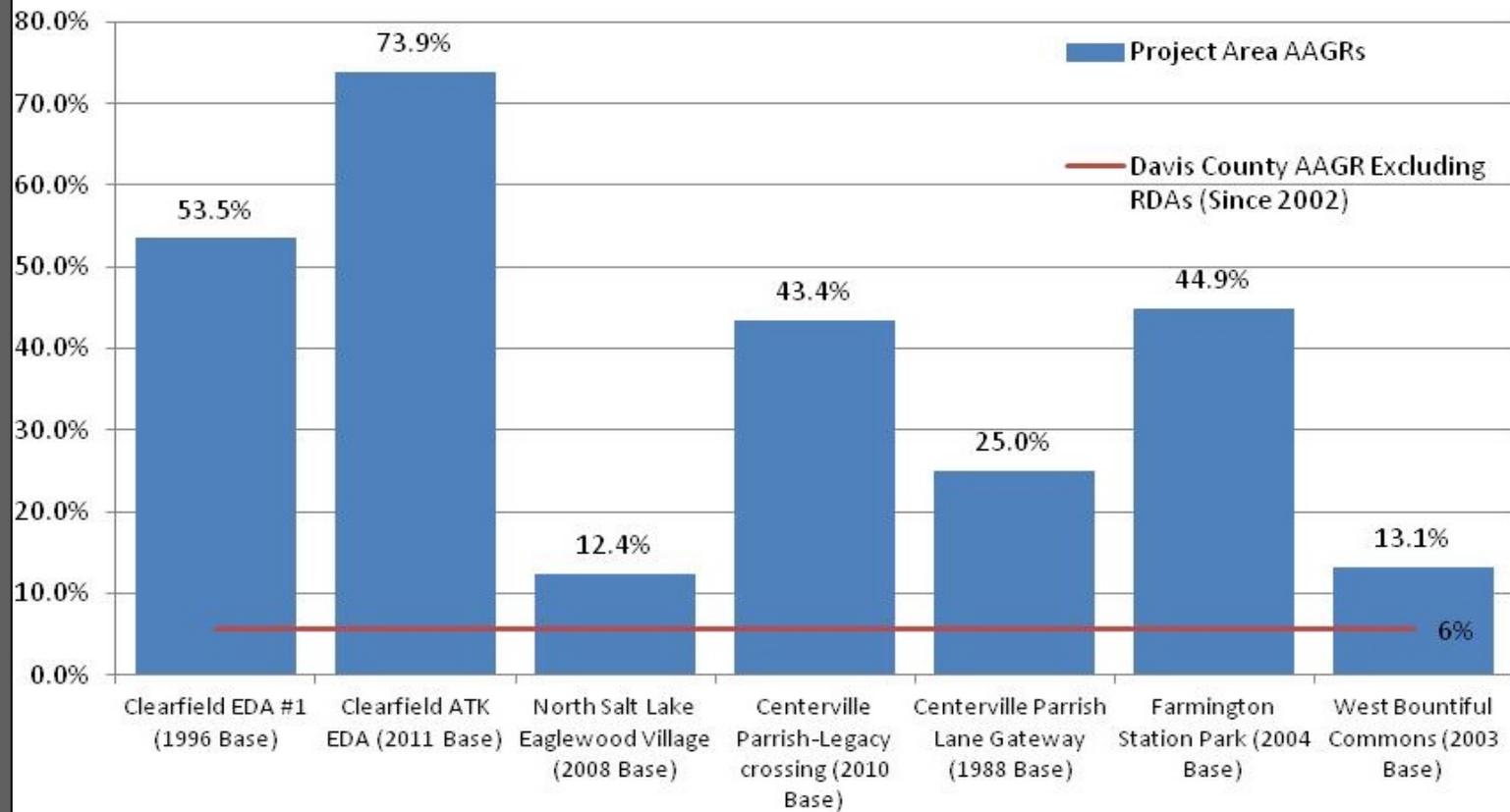
Growth in Orem Project Areas



RDAs Add Value (Davis County Example)



Comparison of Average Annual Growth Rates (AAGRs)

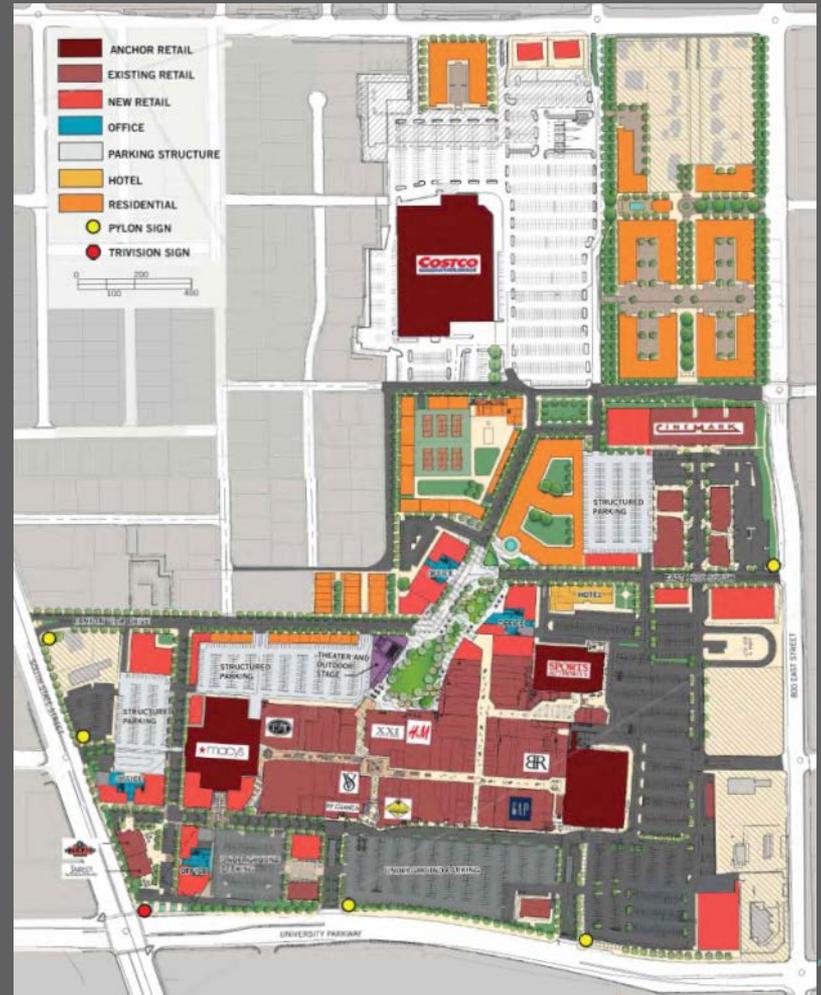
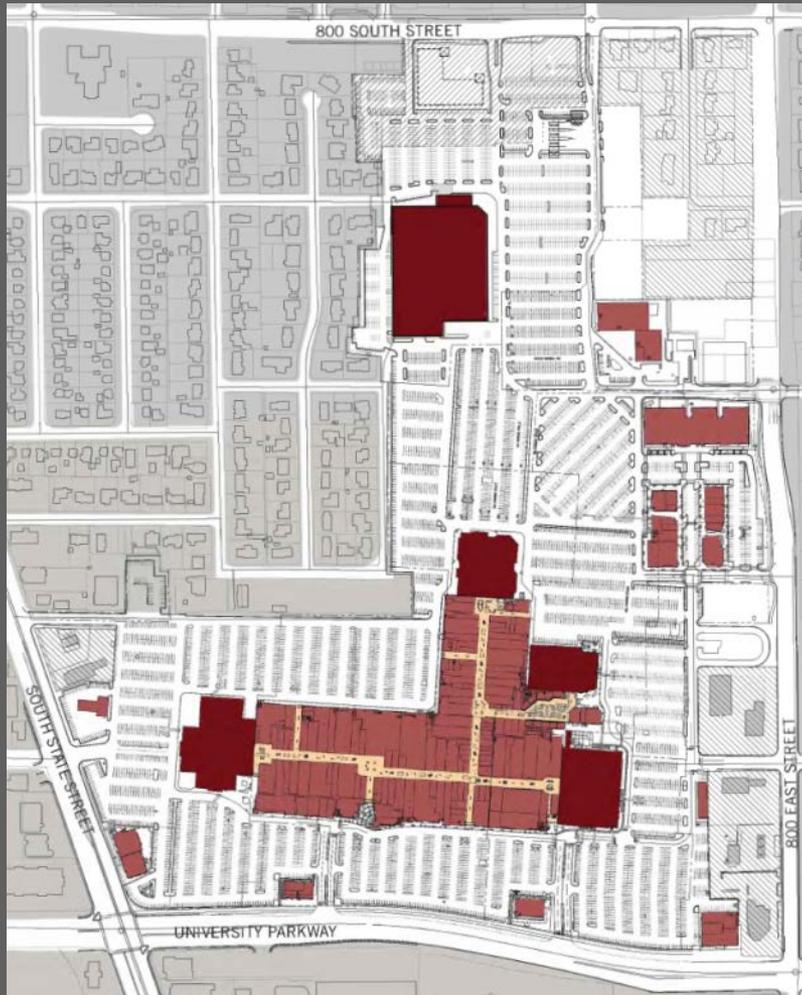


CDA – Better Development



- CDA allows for:
 - Faster development
 - More high quality development with his assessed valuations
 - Builds momentum for attracting new tenants
- This CDA will act as a catalyst for further development surrounding the CDA

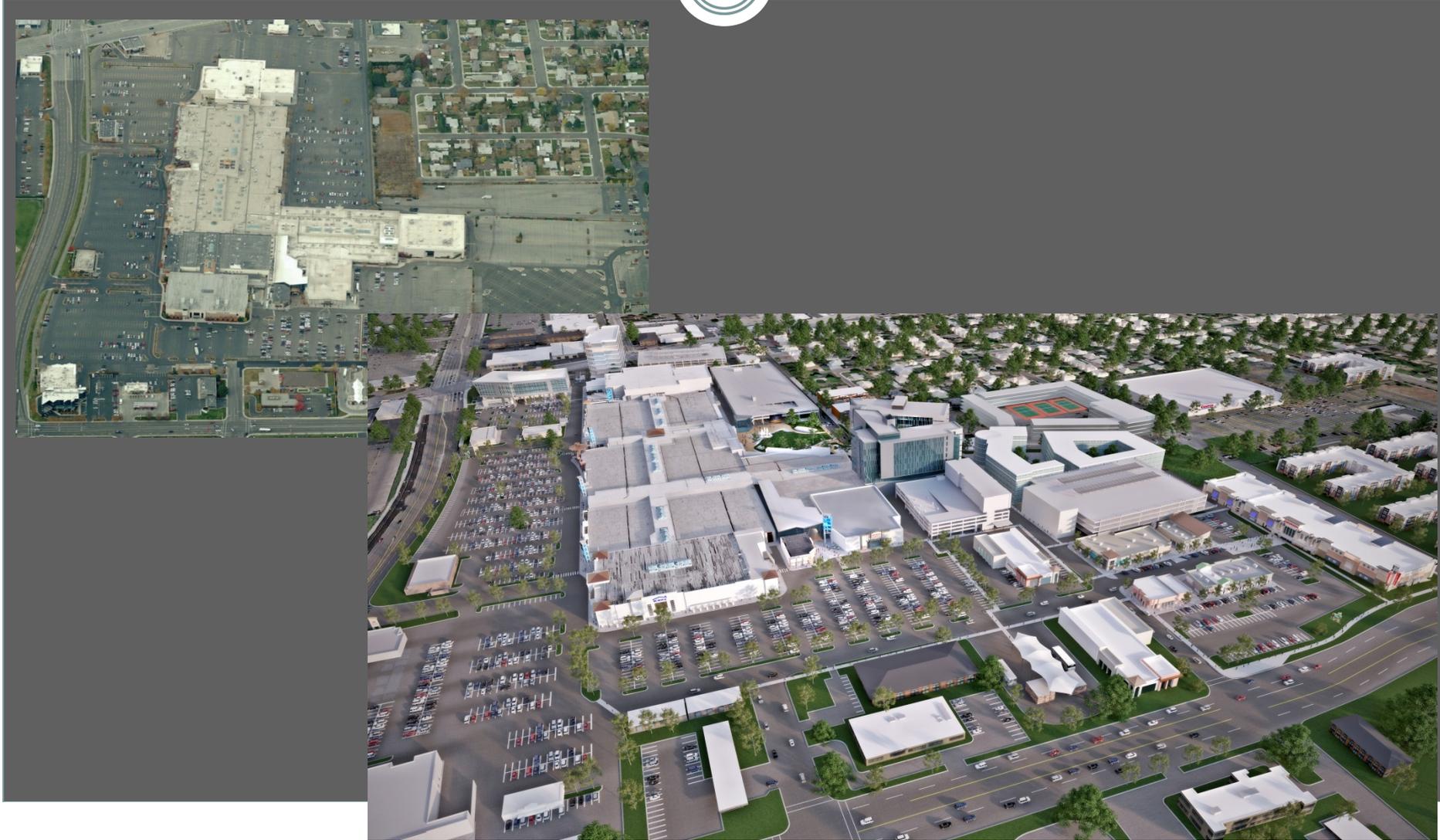
Aerial View of Proposed Development Changes



Before and After – Westward Facing



Before and After – Eastward Facing



Planned Office Building Renderings



Planned Park and Office Building Renderings

