

# 2016

## ANNUAL REPORT

### REDEVELOPMENT AGENCY OF AMERICAN FORK CITY, UT



## NOVEMBER 1<sup>ST</sup> REPORT

Dated as of October 31, 2016

Prepared by Lewis, Young, Robertson & Burningham, Inc.

In compliance with Utah Code Section 17C-1-603 and 17C-1-402(9)(b)

  
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# EXECUTIVE SUMMARY

## INTRODUCTION

Lewis Young Robertson & Burningham, Inc (“LYRB”) has been retained by the Redevelopment Agency of American Fork City (the “Agency”) to assist with the management of the Agency’s four project areas (West Side RDA, East Main RDA, North Valley RDA, and Egg Farm EDA). In addition, LYRB is working with the Agency in the early creation stages of two additional project areas, the Main Street CRA and the Patriot Station CRA.

LYRB has compiled various creation and related documents associated with the project areas, created annual and multi-year budgets, and created a proprietary Excel-based software package to manage the Agency’s Project Areas in the future.

The purpose of this report, in part, is to fulfill the requirements of Utah Code section 17C-1-402(9)(b) and section 17C-1-603 – Agency Report. This report facilitates the RDA’s compliance with the new code adopted in 2011, providing the data necessary to fulfill these new reporting requirements. This section of Utah Code mandates that the Agency provide an annual report to the County Auditor, the State Tax Commission, the State Board of Education, as well as each of the taxing entities that levy a tax on property from which the Agency collects tax increment. The taxing entities involved in the various project areas of the American Fork Redevelopment Agency, to which this report is being provided, are summarized in the table below.

Table 1.1

RDA TAXING ENTITIES		
Audra Sorensen		American Fork City
Trevor Coombs		American Fork City
Adam Olsen		American Fork City
Nestor Gallo		American Fork City
Burt Harvey		Utah County
Rob Smith		Alpine School District
John Jacobs	North Utah Valley Water Conservancy District	
Gene Shawcroft	Central Utah Water Conservancy District	
JoAnne Dubois	Central Utah Water Conservancy District	
Natalie Grange	Utah State Board of Education	
Lorraine Austin	Utah State Board of Education	
Barry Conover	Utah State Tax Commission	

This report fulfills the reporting requirements described in UC 17C-1-402(9)(b), allowing the report to be used in place of an annual taxing entity committee meeting. This annual report is for informational purposes and is intended to provide an overview of each Project Area that lies within the boundaries of the American Fork Redevelopment Agency, including descriptions of each Project Area, significant activities, project timelines, actual and estimated tax increment collections, and any other information pertinent to the taxing entities.

Provided in this report is an overview of the West Side RDA Project Area, the East Main RDA Project Area, the North Valley RDA Project Area, and the Egg Farm EDA Project Area, including summaries of



the current and projected budgets, sources and uses of tax increment funds, Project Area growth statistics, and identification of certain concerns/needs.

As project area budgets, plans, and development agreements are in the process of being prepared and finalized, it is expected that summaries and projections of the Agency's two new project areas, the Main Street CRA Project Area and the Patriot Station CRA Project Area, will be included in the 2017 annual RDA report.

## OVERVIEW OF THE REDEVELOPMENT AGENCY

The Redevelopment Agency of American Fork City was created by the American Fork City Council in June 1983 in accordance with the provision of the Utah Neighborhood Development Act, UCA 17A-2-1201, 17A-2-1202, and 17A-2-1203 and continues to operate under Title 17C of Utah Code (UCA 17C). The purpose of the Agency is to encourage the revitalization of certain areas of the City with quality developments that are conducive to meeting the long range goals of the City.

Originally, under UCA 17C, each project area created by a Redevelopment Agency was classified simply as a Redevelopment Area (RDA), with all project areas being blight based. In 1998, UCA 17C was expanded to allow for the creation of various types of project areas, including Urban Renewal Area (URA) and Economic Development Area (EDA). In 2006, the code was modified again to provide for an additional project area type, Community Development Area (CDA).

In 2016, changes were made to UCA 17C putting an end to the four aforementioned classifications. Going forward all project areas will again be lumped into one category and will be designated as Community Reinvestment Areas (CRA).

As three of the four active project areas in the American Fork City Redevelopment Agency (West Side, East Main, North Valley) were created prior 1998, each of these three Project Areas has been classified simply as a Redevelopment Area, or RDA. The fourth Project Area, Egg Farm, which was created in 2001, has been classified as an EDA.

## AUTHORITIES AND POWERS OF THE AGENCY

The authority of the Agency is directed by UCA Title 17C.

### 17C-1-202

- I. A community development and renewal agency may:
  - ☞ Sue and be sued;
  - ☞ Enter into contracts generally;
  - ☞ Buy, obtain an option upon, or otherwise acquire an interest in real or personal property;
  - ☞ Sell, convey, grant, dispose of by gift, or otherwise dispose of any interest in real or personal property;
  - ☞ Enter into a lease agreement on real or personal property, either as lessee or lessor;
  - ☞ Provide for urban renewal, economic development, and community development as provided in this title;
  - ☞ Receive tax increment as provided in this title;
  - ☞ If disposing of or leasing land, retain controls or establish restrictions and covenants running with the land consistent with the project area plan;
  - ☞ Accept financial or other assistance from any public or private source for the agency's activities, powers, and duties, and expend any funds so received for any of the purposes of this title;
  - ☞ Borrow money or accept financial or other assistance from the federal government, a public entity, or any other source for any of the purposes of this title and comply with any conditions of the loan or assistance;
  - ☞ Issue bonds to finance the undertaking of any urban renewal, economic development, or community development or for any of the agency's other purposes, including:
    - Reimbursing an advance made by the agency or by a public entity or the federal government to the agency;
    - Refunding bonds to pay or retire bonds previously issued by the agency; and
    - Refunding bonds to pay or retire bonds previously issued by the community that created the agency for expenses associated with an urban renewal, economic development, or community development project; and
  - ☞ Transact other business and exercise all other powers provided for in this title.

**GOVERNING BOARD OF TRUSTEES AND STAFF MEMBERS**

Table I.2

GOVERNING BOARD OF TRUSTEES		
James Hadfield	Chairman	American Fork City Mayor
Brad Frost	Vice Chairman	American Fork City Council Member
Carlton Bowen	Board Member	American Fork City Council Member
Robert Shelton	Board Member	American Fork City Council Member
Jeffrey Shorter	Board Member	American Fork City Council Member
Kevin Barnes	Board Member	American Fork City Council Member

Table I.3

STAFF MEMBERS	
Judy Thimakis	Interim City Administrator
Audra Sorensen	Economic Development Director
Trevor Coombs	Finance Director

**SUMMARY OF REQUESTED FUNDS**

The Agency **requests all funds it is legally entitled to receive**, and estimates those funds according to the chart below. Per UC 17C-1-603(3), these projected figures are provided for informational purposes only, and do not alter the amount of tax increment that this Agency is entitled to collect. The Agency requests all tax increment legally available from each of the Agency’s project areas described below; however these estimates should in no way be interpreted or applied as a limitation upon the amount the Agency is entitled to receive under applicable statute(s), project area budget(s), and/or interlocal cooperation agreements.

Table I.4

ESTIMATE OF TAX INCREMENT TO BE PAID TO THE AGENCY		
	Tax Year 2016 (Ending Dec 31, 2016)	Tax Year 2017 (Beginning Jan 1, 2017)
Property Tax Increment		
West Side RDA	Expired	Expired
East Main RDA	75,212	75,212
North Valley RDA	578,507	578,507
Egg Farm CDA	752,745	775,515
Total Revenue	\$ 1,406,464	\$ 1,429,234



## GENERAL OVERVIEW OF ALL PROJECT AREAS

Table 1.5

COMBINED BUDGET - ALL PROJECT AREAS		
	<b>ACTUAL</b>	<b>PROJECTIONS</b>
REVENUES	TY 2015/FY 2016 TOTALS	REMAINING LIFE (INCLUDES FY 2016 TOTALS)
Property Tax Increment		
West Side RDA	139,196	139,196
East Main RDA	95,877	246,300
North Valley RDA	501,054	2,236,575
Egg Farm CDA	730,765	8,241,844
<b>Total Revenue</b>	\$ 1,466,892	\$ 10,863,915
EXPENDITURES	FY 2016 TOTALS	REMAINING LIFE (INCLUDES 2016 TOTALS)
RDA Administration		
West Side RDA	6,960	6,960
East Main RDA	4,794	12,315
North Valley RDA	25,053	111,829
Egg Farm CDA	36,538	566,916
Developer Incentive Payments		
North Valley RDA	35,000	125,000
Egg Farm CDA	365,383	2,572,682
Debt Service Payments		
West Side RDA	34,648	34,648
East Main RDA	43,311	133,449
North Valley RDA	48,098	181,547
Public Infrastructure/Other Development Activities		
West Side RDA	97,588	97,588
East Main RDA	47,772	100,536
North Valley RDA	392,903	1,818,199
Egg Farm CDA	182,691	2,834,581
Affordable Housing Fund		
Egg Farm CDA	146,153	2,267,665
<b>Total Expenditures</b>	\$ 1,466,892	\$ 10,863,915

# SECTION 1: OVERVIEW OF THE WEST SIDE RDA PROJECT AREA

Table 2.1

OVERVIEW				
<u>Type</u> RDA	<u>Acreage</u> 17	<u>Purpose</u> Commercial and Industrial Development	<u>Taxing District</u> 60	<u>Tax Rate</u> 0.011838
<u>Creation Year</u> FY 1990	<u>Base Year</u> FY 1990	<u>Term</u> 25 Years	<u>Trigger Year</u> FY 1992	<u>Expiration Year</u> FY 2016
<u>Base Value</u> \$469,256	<u>TY 2015 Value</u> \$15,490,664	<u>Increase</u> 3201%	<u>FY 2016 Increment</u> \$139,196	<u>Remaining Life</u> 0 Years



The West Side RDA Project Area was created in December 1990 and is governed by the “Redevelopment Plan for the West Side Project Area” dated December 11, 1990. This document defines the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating tax entity. As the West Side RDA Project Area was created prior to 1993, a taxing entity committee was not established for this Project Area.

The purpose of the West Side RDA Project Area is the incentivizing of commercial and industrial development along the west side of State Street in American Fork.

This includes the reduction or elimination of high groundwater and other physical constraints, as well as the construction of public improvements such as streets, utility systems, drainage works, and landscaping. These improvements are intended to be done in such a way as to serve the needs of the future occupants of the Project Area, as well as facilitate the future elimination of such deterrents described above. It is also intended that the creation of the Project Area will eliminate the potential for fragmented development and instead foster the timely and coordinated development of the area.

The Project Area lies entirely within American Fork City and includes approximately 17 acres of property located in the Northeast quadrant of the West American Fork I-15 Interchange. The Project Area includes several parcels located along the west side of State Street from roughly Nicholes Lane to Pacific Drive. A map of the Project Area is included as Exhibit A.



## SOURCES OF FUNDS

Table 2.2

2016 SOURCES OF FUNDS	
2016 Property Tax Increment Collected and Paid to Agency <sup>1</sup>	106,694
Previous Years Tax Increment Paid in 2016	32,502
<b>Total Sources of Funds</b>	<b>\$ 139,196</b>

In FY 2015, tax increment paid to the Agency was lower than normal due to the default of the major property owner, K&G Hayashi Inc., on the 2014 property taxes. A portion of these property taxes were brought current in 2015 and the associated tax increment has been remitted to the Agency in FY 2016.

Table 2.3

TAX INCREMENT LEVELS	
Years	%
1992 - 1996	100%
1997 - 2001	80%
2002 - 2006	75%
2007 - 2011	70%
2012 - 2016	60%

## USES OF FUNDS

Table 2.4

2016 USES OF FUNDS	
RDA Administration	6,960
Other Development Activities	97,588
Debt Service Payments	34,648
<b>Total Uses of Funds</b>	<b>\$ 139,196</b>

Of the total tax increment collected each year, 5% will be allocated to Agency Administration. The remaining balance will be used first to make the annual Debt Service Payments on the associated RDA bonds and any excess will be allocated to Other Development Activities.

The bulk of funds allocated to redevelopment activities is being used for the roadway paving overlay of the portion of I30 North and Pacific that lies within the boundaries of the Project Area. This project is currently in process and is expected to cost \$150,000. A portion of this cost will be covered by the \$97,588 that was allocated for other development activities in FY 2016.

<sup>1</sup> Utah County remits tax increment to the Agency only to the point that it has been collected from property owners. Thus, although the Agency may be entitled to \$106,694 in annual tax increment for FY 2016, the County remits to the Agency the portion that has been collected, as well as any additional tax increment that has been collected from property owners for prior year delinquencies. For FY 2016, this is represented by the \$32,502 figure outlined above.

## DEBT SERVICE OBLIGATIONS

Bonds were issued in April 2005, and later refunded in January 2015, with the proceeds being utilized to fund the following cultural/recreational improvements within American Fork City:

- ▣ Construction of a skate park
- ▣ Enlargement of the existing fitness center
- ▣ Enhancement of the boat harbor
- ▣ Renovation of the Community Arts Classroom
- ▣ Improvement of the City's Amphitheater

The use of tax increment funds from RDA project areas to fund various cultural or recreational facilities such as those described above, whether or not the facility is located within a project area, was made available during a short-lived legislation action leading to UCA 17B-4-1003. This section of Utah Code allowed for the issuance of RDA bonds for the purposes of constructing and improving cultural or recreational facilities and for the utilization of tax increment funds generated in the West Side RDA Project Area, the East Main RDA Project Area, and the North Valley RDA Project Area to service these bonds. It is intended that the debt service payments on the bonds be paid solely with tax increment funds available from these three project areas.

Table 2.5

PORTION OF DEBT SERVICE OBLIGATION BY PROJECT AREA	
West Side RDA Project Area	8%
East Main RDA Project Area	10%
North Valley EDA Project Area	82%

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### RELATIVE GROWTH IN ASSESSED VALUE

Table 2.6

GROWTH IN ASSESSED VALUES				
ASSESSED VALUES IN PROJECT AREA	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in Project Area (2015 vs. 2014)	\$15,490,664	\$13,692,612	13%	13%
Lifetime Growth in Project Area (2015 vs. 1990)	\$15,490,664	\$469,256	3201%	15%
ASSESSED VALUES IN AMERICAN FORK CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2015 vs. 2014)	\$1,704,893,548	\$1,563,159,186	9%	9%
Lifetime Growth in City (2015 vs. 1997) <sup>2</sup>	\$1,704,893,548	\$481,013,414	254%	7%

<sup>2</sup> The year 1997 is being used for this comparison because this is the earliest year for which assessed values are available for the City as a whole.

**BENEFITS DERIVED BY TAXING ENTITIES**

Table 2.7

BENEFITS TO TAXING ENTITIES	
Increased Property Tax Revenues	
Increased Sales Tax Revenues	
Job creation spurred by industrial development	
Higher growth in tax based compared to non-incentivized areas	
- The lifetime AAGR for the Project Area is double that of non-incentivized areas	

The taxing entities are currently benefiting from increased assessed values in the Project Area as a portion of tax increment is being returned to the taxing entities. As shown below, the annual tax increment (above the base amount) currently being returned to taxing entities is 1,280% above what would have been realized if assessed values in the Project Area had remained at base year levels. This pass through increment will continue to increase as assessed values rise. Since FY 2003, the total tax increment (above the base amount) received by the taxing entities is 762% above what would have been realized based on base year levels.

Table 2.8

GROWTH IN TAX INCREMENT				
TAX INCREMENT FROM PROJECT AREA	ORIGINAL BUDGET REVENUES**	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	N/A	\$177,823	\$5,555	3201%
Life Time Revenue (FY 2003 - 2016)*	N/A	\$1,687,219	\$75,199	2244%
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES**	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	N/A	\$71,129	\$5,555	1280%
Life Time Revenue (FY 2003 - 2016)*	N/A	\$572,777	\$75,199	762%

\* Lifetime revenues have been calculated using figures from FY 2003 - FY 2016 because tax increment revenue numbers are not available for all years preceding FY 2003.

\*\* The Original Budget is not available for this Project Area.

## NOTABLE DEVELOPMENT AND FUTURE PROJECTS

The West Side RDA Project Area was created with the intent of incentivizing commercial and industrial development in American Fork City. Various infrastructure improvements have been completed in the Project Area to date, including extension and improvement of roadways, culinary water supply, sewer system, landscaping, utilities, and facilities for the disposal of excess groundwater.

Development in the Project Area has consisted of the construction of several commercial and industrial establishments, including several fast food restaurants and retail stores.

Table 2.9

NOTABLE BUSINESSES	
Applebees	Fire House Subs
America First Credit Union	Five Guys Burgers & Fries
Black Bear Diner	Sherwin Williams
Cal Ranch	Sonic Drive-In
Chi-Ku Restaurant	The Habit Burger Grill
Chik-Fil-A	The Quilted Bear
Chipotle	U-Swirl Frozen Yogurt
Costa Vida	Vision Works
Fetal Fotos	Zurchers

The City recently granted approval for two new structures within the Project Area that will accommodate both retail and restaurant establishments. This development will take place just west of Chik-Fil-A.

The Agency has also commenced with the roadway paving overlay of the portion of I30 North and Pacific that lies within the boundaries of the Project Area.

## PROJECT AREA BUDGET UPDATE

The multi-year budget attached to this document and summarized below displays revenue in the fiscal year received rather than the calendar year collected.

Table 2.10

PROJECT AREA BUDGET		FY 2016	
REVENUES	TOTALS	NPV @ 5%	
Annual Property Tax Increment	106,694	101,613	
Previous Years Property Tax Increment	32,502	30,955	
Total Revenue	\$139,196	\$132,568	
EXPENDITURES	TOTALS	NPV @ 5%	
RDA Administration	6,960	6,628	
Other Development Activities	97,588	92,942	
Debt Service Payments	34,648	32,998	
Total Expenditures	\$139,196	\$132,568	

## OTHER ISSUES

LYRB has identified two items of concern with regard to the West Side RDA Project Area:

1. While the receipt of a portion of the tax increment due to the Agency in the past has been delayed due to delinquent tax payments associated with property owners, the Agency has been receiving this increment as it has been collected by the County. In what has been reviewed of the City's and County's records, it appears that the County is tracking and remitting tax increment as these late tax payments are collected. For example, in 2016 the Agency received \$32,503 in tax increment that was collected in 2015 for delinquencies that occurred in prior years (2010-2014).

LYRB is working with the County to continue to monitor this issue for each Project Area to ensure that delinquent collections are properly tracked and that the appropriate portions continue to be remitted to the Agency over the life of the Project Areas.

However, contrary to what has been reported in the past, all tax increment collections will end at the expiration of the Project Area in FY 2016. Delinquent tax increment collected beyond this date will be forfeited by the Agency. It is understood that \$31,272 remains outstanding as of FY 2016 and the Agency is not entitled to receive this amount once it has been collected.

2. LYRB is also looking into the Agency's potential qualification for and usage of "additional tax increment" funds for the payment of the debt service on the Series 2005 Bonds. As the proceeds of these bonds were used to fund various cultural and recreational facilities, the Agency may be qualified to receive tax increment above the regular scheduled levels for the purpose of repaying these bonds. LYRB is currently researching the other requirements outlined in UCA 17C-1-403(3)(b)(ii) with regard to the Agency's eligibility for this additional tax increment and will work to ensure that, going forward, it receives all tax increment funds for which it is eligible.

As the West Side RDA Project Area has now expired, no further amounts can be collected with regard to this specific Project Area. However, the situation described above will also apply to the East Main RDA Project Area and North Valley RDA Project Area, both of which have several years of tax increment eligibility remaining prior to their expiration in 2018 and 2019, respectively.

LYRB has not identified any other major areas of concern with the West Side RDA Project Area and believes that, according to the records reviewed, all parties are meeting their respective obligations related to this Project Area.

## PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS

The following sheet represents the FY 2016 actual budget.



## West Side RDA Project Area

Ongoing/Actual Budget  
Multi-Year Project Area Budget  
November 1, 2016

	<===== HISTORIC	
Tax Year	2015	TOTALS
Payment Year	2016	

### REVENUE:

<b>TAXABLE VALUATION:</b>		
Real Property	\$ 15,482,700	
Personal Property	-	
Centrally Assessed	7,964	
<b>Total Assessed Value</b>	<b>\$ 15,490,664</b>	
Base Year Value	(469,256)	
<b>Total Incremental Assessed Value</b>	<b>\$ 15,021,408</b>	

<b>Tax Rate:</b>		
Utah County	0.0870%	
Alpine School District	0.8177%	
American Fork City	0.2362%	
North Utah Water Conservancy District	0.0024%	
Central Utah Water Conservancy District	0.0405%	
Less State Assessing & Collecting	0.0000%	
Less Local Assessing & Collecting	0.0000%	
<b>Total Tax Rate</b>	<b>1.1838%</b>	

<b>TAX INCREMENT REVENUES</b>		
Total Tax Increment	177,823	177,823
<b>Total Tax Increment</b>	<b>\$ 177,823</b>	<b>\$ 177,823</b>

Percent of Property Tax Increment for Project 60%

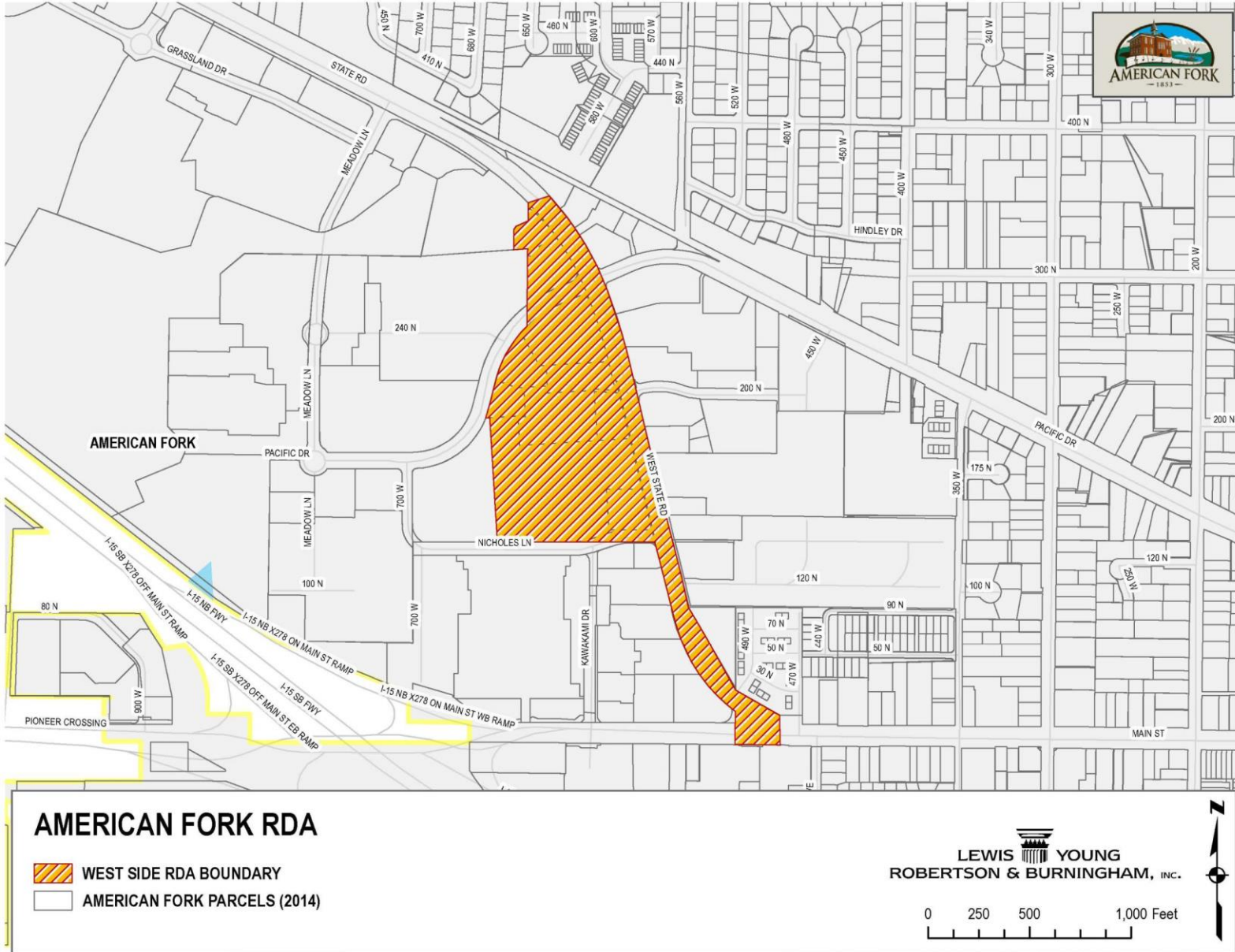
<b>TOTAL TAX INCREMENT REVENUE</b>		
Total Calculated Tax Increment Due to Project Area	\$ 106,694	\$ 106,694
Total Tax Increment Actually Collected and Paid	106,694	106,694
Prior Year Tax Increment Revenue to RDA	32,503	32,503
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 139,197</b>	<b>\$ 139,197</b>

### EXPENDITURES:

Project Area Budget and Use of Funds		
<b>Redevelopment Agency Uses</b>		
RDA Administration @ 5%	\$ 6,960	\$ 6,960
Other Development Activities	97,589	97,589
<b>Other Agency Obligations and Indebtedness</b>		
Annual Debt Service on Series 2005 Bonds		
Principal	33,440	33,440
Interest	1,208	1,208
Total Debt Obligations	\$ 34,648	\$ 34,648
<b>Total Expenditures</b>	<b>\$ 139,197</b>	<b>\$ 139,197</b>



# EXHIBIT A



## SECTION 2: OVERVIEW OF THE EAST MAIN RDA PROJECT AREA

Table 3.1

OVERVIEW				
<u>Type</u> RDA	<u>Acreage</u> 29.5	<u>Purpose</u> Commercial and Industrial Development	<u>Taxing District</u> 60	<u>Tax Rate</u> 0.011838
<u>Creation Year</u> FY 1992	<u>Base Year</u> FY 1992	<u>Term</u> 25 Years	<u>Trigger Year</u> FY 1994	<u>Expiration Year</u> FY 2018
<u>Base Value</u> \$5,621,532	<u>TY 2015 Value</u> \$16,210,562	<u>Increase</u> 188%	<u>FY 2016 Increment</u> \$95,877	<u>Remaining Life</u> 2 Years



The East Main RDA Project Area was created in December 1992 and is governed by the “Redevelopment Plan for the East Main Street Redevelopment Area” dated December 8, 1992. This document defines the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating tax entity. As the East Main RDA Project Area was created prior to 1993, a taxing entity committee was not established for this Project Area.

The purpose of the East Main RDA Project Area is the incentivizing of commercial and industrial development of several blocks along Main Street in American Fork where conditions of blight were determined to be present. This includes the elimination of flood hazard potential and other physical constraints, as well as other factors that act as a deterrent to proper development. Also intended is the construction of various infrastructure improvements, including streets, utilities, drainage systems, and landscaping. These improvements are intended to be done in such a way as to serve the needs of the future occupants of the Project Area, as well as the general public. It is also intended that the creation of the Project Area will eliminate the potential for fragmented development and instead foster the timely and coordinated efforts for the commercial and industrial development of the area.

The Project Area lies entirely within American Fork City and includes approximately 29.5 acres of property located along Main Street, consisting of portions of blocks 12, 13, 16, and 17 of Plat A of the American Fork City Survey of Blocks and adjacent public streets, which lie next to the traditional central business area of the City. The Project Area contains a mixture of land use types, including industrial, retail service and commercial, and a small area of residential. However, a significant area of the Project Area was vacant at inception. A map of the Project Area is included as Exhibit B.



## SOURCES OF FUNDS

Table 3.2

2016 SOURCES OF FUNDS	
2016 Property Tax Increment Collected and Paid to Agency <sup>3</sup>	75,028
Previous Years Tax Increment Paid in 2016	20,849
Total Sources of Funds	\$ 95,877

Table 3.3

TAX INCREMENT LEVELS	
Years	%
1994 - 1998	100%
1999 - 2003	80%
2004 - 2008	75%
2009 - 2013	70%
2014 - 2018	60%

## USES OF FUNDS

Table 3.4

2016 USES OF FUNDS	
RDA Administration	4,794
Other Development Activities	47,772
Debt Service Payments	43,311
Total Uses of Funds	\$ 95,877

It is currently planned that funds available for other development activities will be used to for (1) the relocation of the Main Street/State Street intersection at 200 East and (2) a contribution to UDOT for the construction of a signal light at 200 East Main. These improvements are currently in the process and are near completion.

The cost of these two projects is estimated to be \$147,000.

<sup>3</sup> Utah County remits tax increment to the Agency only to the point that it has been collected from property owners. Thus, although the Agency may be entitled to \$75,212 in annual tax increment for FY 2016, the County remits to the Agency the portion that has been collected, as well as any additional tax increment that has been collected from property owners for prior year delinquencies. For FY 2016, this is represented by the \$47,772 figure outlined above.

## DEBT SERVICE OBLIGATIONS

As discussed in the Section I of this report, bonds were issued in April 2005, and later refunded in January 2015, with the proceeds being utilized to fund cultural and recreational improvements in American Fork City. A portion of the annual tax increment from each project area will be used to make the annual debt service payments. The portion of annual debt service payments to be paid from tax increment generated in the East Main RDA Project Area is 10%.

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### RELATIVE GROWTH IN ASSESSED VALUE

Table 3.5

GROWTH IN ASSESSED VALUES				
ASSESSED VALUES IN PROJECT AREA	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in Project Area (2015 vs. 2014)	\$16,210,562	\$16,236,484	0%	0%
Lifetime Growth in Project Area (2015 vs. 1992)	\$16,210,562	\$5,621,532	188%	5%

ASSESSED VALUES IN AMERICAN FORK CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2015 vs. 2014)	\$1,704,893,548	\$1,563,159,186	9%	9%
Lifetime Growth in City (2015 vs. 1997) <sup>4</sup>	\$1,704,893,548	\$481,013,414	254%	7%

### BENEFITS DERIVED BY TAXING ENTITIES

Table 3.6

#### BENEFITS TO TAXING ENTITIES

Increased Property Tax Revenues

Increased Sales Tax Revenues

Job creation spurred by commercial and industrial development

The taxing entities are currently benefiting from increased assessed values in the Project Area as a portion of tax increment is being returned to the taxing entities. As shown below, the annual tax increment (above the base amount) currently being returned to taxing entities is 75% above what would have been realized if assessed values in the Project Area had remained at base year levels. This pass through increment will continue to increase as assessed values rise. Since FY 2003, the total tax increment (above the base amount) received by the taxing entities is also 52% above what would have been realized based on base year levels.

<sup>4</sup> The year 1997 is being used for this comparison because this is the earliest year for which assessed values are available for the City as a whole.

Table 3.7

GROWTH IN TAX INCREMENT					
TAX INCREMENT FROM PROJECT AREA	ORIGINAL BUDGET REVENUES**		ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	N/A		\$125,353	\$66,548	188%
Life Time Revenue (FY 2003 - 2016)*	N/A		\$1,530,064	\$900,862	170%

PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES**		ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	N/A		\$50,141	\$66,548	75%
Life Time Revenue (FY 2003 - 2016)*	N/A		\$467,649	\$900,862	52%

\* Lifetime revenues have been calculated using figures from FY 2003 - FY 2016 because tax increment revenue numbers are not available for all years preceding FY 2003.

\*\* The Original Budget is not available for this Project Area.

## NOTABLE DEVELOPMENT AND FUTURE PROJECTS

The East Main RDA Project Area was created with the intent of incentivizing commercial and industrial development in American Fork City. Various infrastructure improvements have been completed in the Project Area to date, including improvement of roadways and intersections, culinary water supply, sewer system, landscaping, utilities, and facilities for the disposal of excess groundwater.

Development in the Project Area has consisted of the construction of several commercial and industrial establishments, including several fast food restaurants and retail stores.

Table 3.8

NOTABLE BUSINESSES	
5 Buck Pizza	Pizza Hut
7-Eleven	Rocky Mountain Power
AF Collision	Shoff Family Dental
Burger King	Starbucks
CVS Pharmacy	Superior Concrete
Fantastic Sams	The UPS Store
Foundations Insurance	Utah Run
Fresh Market	Whistle Wok
O'Reilly Auto Parts	

Recent improvements also include the rebuilding of 100 North throughout the Project Area. Current projects include, as mentioned above, include the relocation of the Main Street/State Street intersection at 200 East, as well as the construction of a signal light at 200 East Main.

## FORECASTED PROJECT AREA BUDGET UPDATE

The multi-year budget attached to this document and summarized below displays revenue in the fiscal year received rather than the calendar year collected.

Table 3.9

PROJECT AREA BUDGET		FY 2016 - 2018	
REVENUES	TOTALS	NPV @ 5%	
Annual Property Tax Increment	225,452	204,645	
Previous Years Property Tax Increment	20,849	19,856	
Total Revenue	\$246,301	\$224,501	
EXPENDITURES	TOTALS	NPV @ 5%	
RDA Administration	12,315	11,225	
Other Development Activities	100,536	92,116	
Debt Service Payments	43,311	121,160	
Total Expenditures	\$156,162	\$224,501	

## OTHER ISSUES

LYRB has identified two items of concern with regard to the East Main Project Area:

1. Similar to the situation in the West Side RDA Project Area, the receipt of a portion of the tax increment due to the Agency in the past has been delayed due to the delinquent tax payments associated with property owners. The Agency has and will receive this increment as it is collected by the County. In what has been reviewed of the City's and County's records, it appears that the County is tracking and remitting tax increment as these late tax payments are collected.

LYRB is working with the County to continue to monitor this issue to ensure that delinquent collections are properly tracked and that the appropriate portions continue to be remitted to the Agency over the life of the Project Area. At this point, it is believed that a minimal amount of tax increment, around \$5,500, remains outstanding from prior years and will be remitted to the Agency as it is collected.

All tax increment collections and payments to the Agency will end at the expiration of the Project Area in FY 2018. Delinquent tax increment collected beyond this date will be forfeited by the Agency.





2. As mentioned in the "Other Issues" of Section I of this report, LYRB is researching the Agency's potential qualification for and usage of "additional tax increment" funds for the payment of the debt service on the Series 2005 Bonds. As the proceeds of these bonds were used to fund various cultural and recreational facilities, the Agency may be qualified to receive tax increment above the regular scheduled levels for the purpose of repaying these bonds. LYRB is currently looking at

the other requirements outlined in UCA 17C-1-403(3)(b)(ii) with regard to the Agency's eligibility for this additional tax increment and will work to ensure that, going forward, it receives all tax increment funds for which it is eligible.

LYRB has not identified any other major areas of concern with the East Main RDA Project Area and believes that, according to the records reviewed, all parties are meeting their respective obligations related to this Project Area.

## PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS

The following four sheets represent:

-  FY 2016 Actual Budget
-  FY 2017 Projected Budget
-  FY 2018 Projected Budget
-  FY 2016-2018 Projected Multi-Year Budget



## East Main RDA Project Area

2016 Actual Annual Budget  
November 1, 2016

Tax Year	2015
Payment Year	2016

### REVENUE:

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 14,229,500
Personal Property	1,802,715
Centrally Assessed	178,347
<b>Total Assessed Value</b>	<b>\$ 16,210,562</b>
Base Year Value	(5,621,532)
<b>Total Incremental Assessed Value</b>	<b>\$ 10,589,030</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	125,353
<b>Total Tax Increment</b>	<b>\$ 125,353</b>

Percent of Property Tax Increment for Project 60%

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 75,212
Total Tax Increment Actually Collected and Paid	75,028
Prior Year Tax Increment Revenue to RDA	20,849
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 95,877</b>

### EXPENDITURES:

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 4,794
Other Development Activities	47,772
<b>Other Agency Obligations and Indebtedness</b>	
Annual Debt Service on Series 2005 Bonds	
Principal	41,800
Interest	1,511
Total Debt Obligations	\$ 43,311
<b>Total Expenditures</b>	<b>\$ 95,877</b>





## East Main RDA Project Area

2017 Projected Annual Budget  
November 1, 2016

Tax Year	2016
Payment Year	2017

### REVENUE:

TAXABLE VALUATION:	
Real Property	\$ 14,229,500
Personal Property	1,802,715
Centrally Assessed	178,347
<b>Total Assessed Value</b>	<b>\$ 16,210,562</b>
Base Year Value	(5,621,532)
<b>Total Incremental Assessed Value</b>	<b>\$ 10,589,030</b>

Tax Rate:	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

TAX INCREMENT REVENUES	
Total Tax Increment	125,353
<b>Total Tax Increment</b>	<b>\$ 125,353</b>

Percent of Property Tax Increment for Project 60%

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 75,212
Total Tax Increment Actually Collected and Paid	75,212
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 75,212</b>

### EXPENDITURES:

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 3,761
Other Development Activities	24,058
<b>Other Agency Obligations and Indebtedness</b>	
Annual Debt Service on Series 2005 Bonds	
Principal	46,200
Interest	1,193
Total Debt Obligations	\$ 47,393
<b>Total Expenditures</b>	<b>\$ 75,212</b>



## East Main RDA Project Area

2018 Projected Annual Budget  
November 1, 2016

Tax Year	2017
Payment Year	2018

### REVENUE:

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 14,229,500
Personal Property	1,802,715
Centrally Assessed	178,347
<b>Total Assessed Value</b>	<b>\$ 16,210,562</b>
Base Year Value	(5,621,532)
<b>Total Incremental Assessed Value</b>	<b>\$ 10,589,030</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	125,353
<b>Total Tax Increment</b>	<b>\$ 125,353</b>

Percent of Property Tax Increment for Project **60%**

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 75,212
Total Tax Increment Actually Collected and Paid	75,212
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 75,212</b>

### EXPENDITURES:

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 3,761
Other Development Activities	28,706
<b>Other Agency Obligations and Indebtedness</b>	
Annual Debt Service on Series 2005 Bonds	
Principal	42,130
Interest	615
Total Debt Obligations	\$ 42,745
<b>Total Expenditures</b>	<b>\$ 75,212</b>



## East Main RDA Project Area

Ongoing Budget

Multi-Year Project Area Budget Projections

November 1, 2016

	<===== HISTORIC PROJECTED =====>			
Tax Year	2015	2016	2017	TOTALS
Payment Year	2016	2017	2018	

### REVENUE:

<b>TAXABLE VALUATION:</b>				
Real Property	\$ 14,229,500	\$ 14,229,500	\$ 14,229,500	
Personal Property	1,802,715	1,802,715	1,802,715	
Centrally Assessed	178,347	178,347	178,347	
<b>Total Assessed Value</b>	<b>\$ 16,210,562</b>	<b>\$ 16,210,562</b>	<b>\$ 16,210,562</b>	
Base Year Value	(5,621,532)	(5,621,532)	(5,621,532)	
<b>Total Incremental Assessed Value</b>	<b>\$ 10,589,030</b>	<b>\$ 10,589,030</b>	<b>\$ 10,589,030</b>	

<b>Tax Rate:</b>				
Utah County	0.0870%	0.0870%	0.0870%	
Alpine School District	0.8177%	0.8177%	0.8177%	
American Fork City	0.2362%	0.2362%	0.2362%	
North Utah Water Conservancy District	0.0024%	0.0024%	0.0024%	
Central Utah Water Conservancy District	0.0405%	0.0405%	0.0405%	
Less State Assessing & Collecting	0.0000%	0.0000%	0.0000%	
Less Local Assessing & Collecting	0.0000%	0.0000%	0.0000%	
<b>Total Tax Rate</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	

<b>TAX INCREMENT REVENUES</b>				
Total Tax Increment	125,353	125,353	125,353	<b>376,059</b>
<b>Total Tax Increment</b>	<b>\$ 125,353</b>	<b>\$ 125,353</b>	<b>\$ 125,353</b>	<b>\$ 376,059</b>

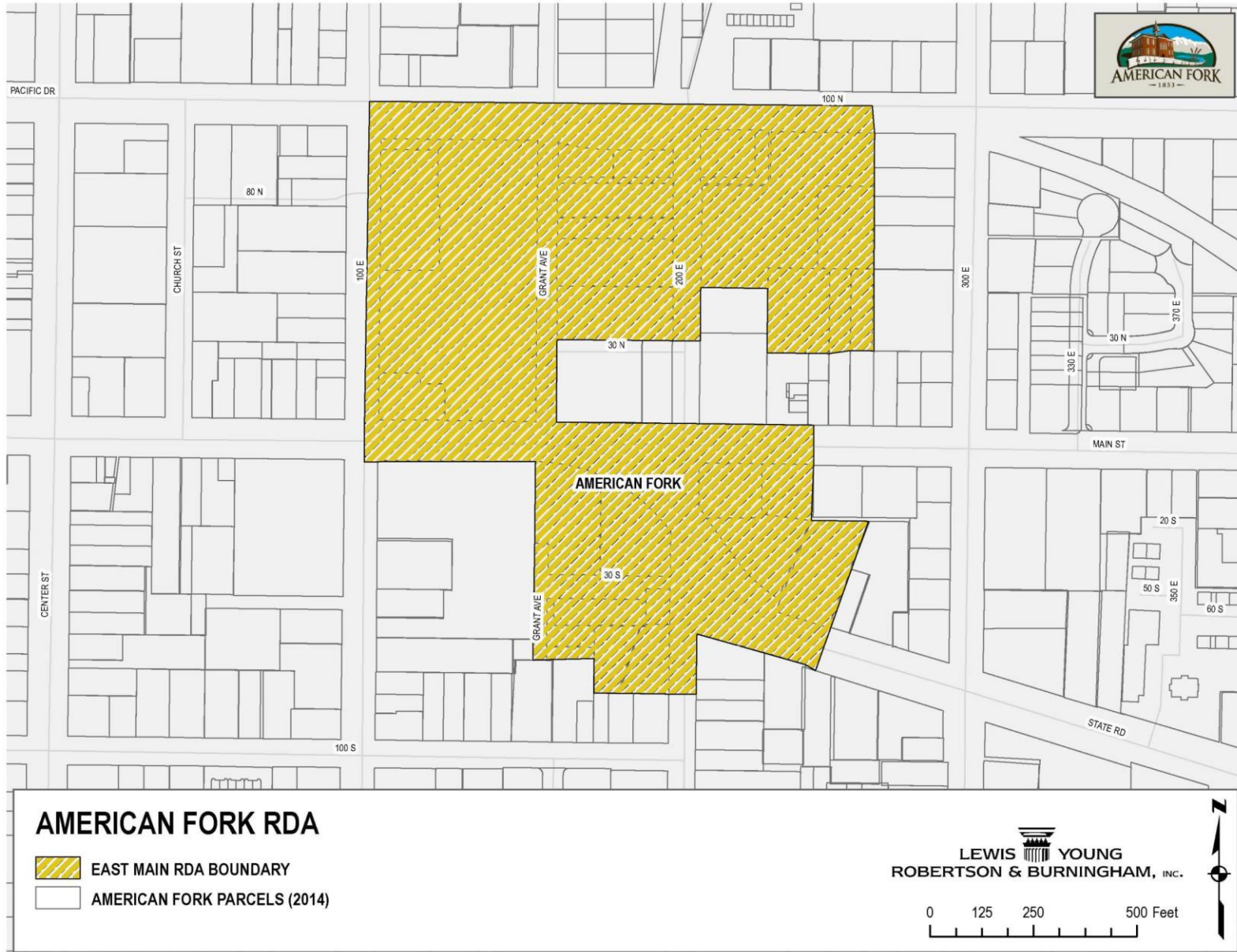
Percent of Property Tax Increment for Project	60%	60%	60%
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<b>TOTAL TAX INCREMENT REVENUE</b>				
Total Calculated Tax Increment Due to Project Area	\$ 75,212	\$ 75,212	\$ 75,212	<b>\$ 225,635</b>
Total Tax Increment Actually Collected and Paid	75,028	75,212	75,212	<b>225,452</b>
Prior Year Tax Increment Revenue to RDA	20,849	-	-	<b>20,849</b>
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 95,877</b>	<b>\$ 75,212</b>	<b>\$ 75,212</b>	<b>\$ 246,300</b>

### EXPENDITURES:

Project Area Budget and Use of Funds				
<b>Redevelopment Agency Uses</b>				
RDA Administration @ 5%	\$ 4,794	\$ 3,761	\$ 3,761	\$ 12,315
Other Development Activities	47,772	24,058	28,706	<b>100,536</b>
<b>Other Agency Obligations and Indebtedness</b>				
Annual Debt Service on Series 2005 Bonds				
Principal	41,800	46,200	42,130	<b>130,130</b>
Interest	1,511	1,193	615	<b>3,319</b>
Total Debt Obligations	\$ 43,311	\$ 47,393	\$ 42,745	<b>\$ 133,449</b>
<b>Total Expenditures</b>	<b>\$ 95,877</b>	<b>\$ 75,212</b>	<b>\$ 75,212</b>	<b>\$ 246,300</b>

### EXHIBIT B



## SECTION 3: OVERVIEW OF THE NORTH VALLEY RDA PROJECT AREA

Table 4.1

OVERVIEW				
<u>Type</u> RDA	<u>Acreage</u> 125	<u>Purpose</u> Commercial and Industrial Development	<u>Taxing District</u> 60	<u>Tax Rate</u> 0.011838
<u>Creation Year</u> FY 1987	<u>Base Year</u> FY 1986	<u>Term</u> 25 Years	<u>Trigger Year</u> FY 1995	<u>Expiration Year</u> FY 2019
<u>Base Value</u> \$6,282,698	<u>TY 2015 Value</u> \$87,730,419	<u>Increase</u> 1296%	<u>FY 2016 Increment</u> \$501,054	<u>Remaining Life</u> 3 Years

The North Valley RDA Project Area was created in September 1987 and is governed by the “Redevelopment Plan for the North Valley Redevelopment Area” dated September 22, 1987. This document defines the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating tax entity. As the North Valley RDA Project Area was created prior to 1993, a taxing entity committee was not established for this Project Area.



The purpose of the North Valley RDA Project Area is the incentivizing of commercial and industrial development along I-15 in American Fork. This includes the elimination of those factors that contribute to a condition of blight, reduction of the flooding and high ground water condition, and construction of various infrastructure improvements, including streets, utilities, drainage systems, and landscaping. As in the other Project Areas, these improvements are intended to be done in such a way as to serve the needs of the future occupants of the Project Area, as well as the general public. It is also intended that the creation of the Project Area will eliminate the potential for fragmented development and instead foster the timely and coordinated efforts for the commercial and industrial development of the area.



The Project Area lies entirely within American Fork City and includes approximately 125 acres of property located along the east side of I-15 from approximately 620 South to 1100 South. The Project Area is zoned for both commercial and industrial use. A map of the Project Area is included as Exhibit C.

## SOURCES OF FUNDS

Table 4.2

2016 SOURCES OF FUNDS	
2016 Property Tax Increment Collected and Paid to Agency	487,443
Previous Years Tax Increment Paid in 2016 <sup>5</sup>	13,611
Total Sources of Funds	\$ 501,054

Table 4.3

TAX INCREMENT LEVELS	
Years	%
1995 - 1999	100%
2000 - 2004	80%
2005 - 2009	75%
2010 - 2014	70%
2015 - 2019	60%

## USES OF FUNDS

Table 4.4

2016 USES OF FUNDS	
RDA Administration	25,053
Property Tax Incentive to Company	35,000
Other Development Activities	392,904
Debt Service Payments	48,098
Total Uses of Funds	\$ 502,054

Previously, the Agency had planned to use funds available for other development activities for the following projects: (1) roadway construction along Quality Drive consisting of grading, sewer, water, storm drain, curb, gutter, and asphalt, (2) pavement overlay, (3) completion of 620 South, and (4) pavement reconstruction along 600 East. The cost associated with these improvements was estimated to be around \$800,000. However, these improvements were recently completed by the City using monies available in the general fund. Going forward, the Agency will look for opportunities to use the funds it has accumulated for other development activities that will spur continued economic development.

<sup>5</sup> Utah County remits tax increment to the Agency only to the point that it has been collected from property owners. Thus, although the Agency may be entitled to \$578,057 in annual tax increment for FY 2016, the County remits to the Agency the portion that has been collected, as well as any additional tax increment that has been collected from property owners for prior year delinquencies. For FY 2016, this is represented by the \$13,611 figure outlined above.

Per the “Tax Incentive and Participation Agreement” dated August 2015, property tax incentive payments will be remitted to Young Living Essential Oils, LC (“the Company”) beginning in FY 2016. These incentive payments are conditioned upon the Company’s obligation to make various improvements within the Project Area as outlined later in this report.

## DEBT SERVICE PAYMENTS

As discussed in the Section I of this report, bonds were issued in April 2005 with the proceeds being utilized to fund cultural and recreational improvements in American Fork City. A portion of the annual tax increment from each project area will be used to make the annual debt service payments. The portion of annual debt service payments to be paid from tax increment generated in the North Valley RDA Project Area is 82%.

## DEVELOPER OBLIGATIONS AND INCENTIVES

The Company, Young Living Essential Oils, LC, entered into an agreement with the Agency in August 2015, committing to make certain improvements and investments in the Project Area in exchange for receiving specified capped amounts of tax increment. Beginning in FY 2016 and ending with the expiration of the Project Area in FY 2019, the Agency has agreed to remit annual payments to the Company in an amount equal to 65% of the taxes levied on the Site. These tax incentive payments are not to exceed an annual amount of \$35,000 or a total aggregated amount of \$125,000.

Tax incentive payments to the Company will be based upon area in the Project Area that has been improved by the Company, referred to above as the “Site”. The Site is currently comprised of parcel #57:023:0004, containing 4.5 acres. The tax incentive payment will be calculated based on the assessed values of both the real and personal property associated with this parcel. In FY 2016 personal property values for the Company were not included in the tax increment calculations and payments made by the County. The Agency will need to provide the County with notification of the Company’s entrance into the Project Area and that personal property values for this entity will need to be included going forward. LYRB will work with the Agency to make sure this is taken care of and personal property values are included going forward.

The Agency acknowledges that while 65% of the taxes levied on the Site will be remitted to the Company, the Agency will only receive 60% of the incremental taxes paid and collected within the Project Area, as outlined in Table 4.3. If a shortage exists between the tax increment collected by the Agency and the tax incentive payment due to the Company, the Agency will commit other Agency revenues in order to adequately meet this commitment. As outlined in Table 4.5, a shortfall exists for FY 2016 and the Agency will use \$3,093 other RDA funds to bring the annual total payment to the Company up to \$35,000.

Table 4.5

SOURCES OF DEVELOPMENT INCENTIVE						
FISCAL YEAR	ASSESSED REAL PROPERTY TAXES	ASSESSED PERSONAL PROPERTY TAXES		65% PROPERTY TAX REMITTANCE	AMOUNT FROM OTHER RDA FUNDS	TOTAL DUE TO COMPANY
2016	\$ 49,088	\$ -		\$ 31,907	\$ 3,093	\$ 35,000

Table 4.6

CAPPED DEVELOPMENT INCENTIVE	
Total Due to Company (Capped Amount)	\$ 125,000
2016 Distribution to Company	35,000
Distributions Remaining	\$ 90,000

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### RELATIVE GROWTH IN ASSESSED VALUE

Table 4.7

GROWTH IN ASSESSED VALUES				
ASSESSED VALUES IN PROJECT AREA	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in Project Area (2015 vs. 2014)	\$87,730,419	\$81,973,704	7%	7%
Lifetime Growth in Project Area (2015 vs. 1986)	\$87,730,419	\$6,282,698	1296%	10%
ASSESSED VALUES IN AMERICAN FORK CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2015 vs. 2014)	\$1,704,893,548	\$1,563,159,186	9%	9%
Lifetime Growth in City (2015 vs. 1997) <sup>6</sup>	\$1,704,893,548	\$481,013,414	254%	7%

### BENEFITS TO TAXING ENTITIES

Table 4.8

BENEFITS TO TAXING ENTITIES
Increased Property Tax Revenues
Increased Sales Tax Revenues
Job creation spurred by commercial and industrial development

The taxing entities are currently benefiting from increased assessed values in the Project Area as a portion of tax increment is being returned to the taxing entities. As shown below, the annual tax increment (above the base amount) currently being returned to taxing entities is 519% above what would have been realized if assessed values in the Project Area had remained at base year levels. This pass through increment will continue to increase as assessed values rise. Since FY 2003, the total tax increment (above the base amount) received by the taxing entities is 361% above what would have been realized based on base year levels.

<sup>6</sup> The year 1997 is being used for this comparison because this is the earliest year for which assessed values are available for the City as a whole.



Table 4.9

GROWTH IN TAX INCREMENT				
TAX INCREMENT FROM PROJECT AREA	ORIGINAL BUDGET REVENUES**	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	N/A	\$964,178	\$74,375	1296%
Life Time Revenue (FY 2003 - 2016)*	N/A	\$12,573,796	\$1,006,815	1249%
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES**	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	N/A	\$385,671	\$74,375	519%
Life Time Revenue (FY 2003 - 2016)*	N/A	\$3,639,255	\$1,006,815	361%

\* Lifetime revenues have been calculated using figures from FY 2003 - FY 2016 because tax increment revenue numbers are not available for all years preceding FY 2003.

\*\* The Original Budget is not available for this Project Area.

## NOTABLE DEVELOPMENT AND FUTURE PROJECTS

The North Valley RDA Project Area was created with the intent of incentivizing commercial and industrial development in American Fork City. Development projects have included various infrastructure improvements and the construction of several commercial and industrial establishments, including several fast food restaurants and retail stores.

Table 4.10

NOTABLE BUSINESSES		
Aristotle Academy	Idea Sphere	Taco Bell
BidSync	Jamberry	TAGS Thrift
Brain Garden	Mylar Disability	ThermoWorks
DOMO	Odyssey Charter School	Torion
Echostar Hughes	Orange Soda	Total Computer Solutions
Elearning Brothers	Peppermint Place	Tri-Phase Electric
Exxon Food Market	Rise Broadband	TwinLabs
Fluke Calibration	Standard Plumbing Supply	VISA
Holiday Inn Express & Suites	Sushi House	

As described earlier in this report, the Agency recently entered into an agreement with Young Living Essential Oils, LC, requiring the Company to provide specified improvements in the Project Area in exchange for the Agency providing certain amounts of tax increment. These developments will primarily involve the building formerly occupied by Cal-Ranch and will include, but are not limited to:

- ☐ Retrofitting of an existing 49,000 square foot building and renovating this building into a Call Center for the Company; and
- ☐ \$2,800,000 of capital investment in the building and related improvements

It is anticipated that the capital investment and improvements will create the equivalent to 300 full-time positions within the Project Area.

In addition, recent improvements in the Project Area include those funded by the City through use of the general fund; specifically, (1) roadway construction along Quality Drive consisting of grading, sewer, water, storm drain, curb, gutter, and asphalt, (2) pavement overlay, (3) completion of 620 South, and (4) pavement reconstruction along 600 East.

The Agency plans to continue to look for opportunities to utilize funds that have been set aside for other redevelopment activities to incentivize further economic development in the Project Area.

Growth within the Project Area has also had a positive impact on development in the surrounding areas. Recent developments in the areas adjacent to the Project Area include Thermoworks (industrial), Harrington Hollow Subdivision (residential), and Sporkland (commercial office space). In addition, currently under construction just north of the Project Area is the Easton Park apartment and townhome development which includes 335 units and a 7 acre City park.

## FORECASTED PROJECT AREA BUDGET

The multi-year budget attached to this document and summarized below displays revenue in the fiscal year received rather than the calendar year collected.

Table 4.11

PROJECT AREA BUDGET		FY 2016 - 2019	
REVENUES	TOTALS	NPV @ 5%	
Annual Property Tax Increment	2,222,964	1,964,629	
Previous Years Property Tax Increment	13,611	12,963	
Total Revenue	\$2,236,575	\$1,977,592	
EXPENDITURES	TOTALS	NPV @ 5%	
RDA Administration	111,829	98,880	
Property Tax Incentive to Company	125,000	111,768	
Other Development Activities	1,818,199	1,605,746	
Debt Service Payments	181,547	161,198	
Total Expenditures	\$2,236,575	\$1,977,592	

## OTHER ISSUES

LYRB has identified three items of concern with regard to the North Valley RDA Project Area:

1. Here again the receipt of a portion of the tax increment due to the Agency in the past has been delayed due to the delinquent tax payments associated with property owners. The Agency has and will receive this increment as it is collected by the County. In what has been reviewed of the City's and County's records, it appears that the County is tracking and remitting tax increment as these late tax payments are collected. For example, in 2016 the Agency received \$13,611 in tax increment that was collected in 2015 for delinquencies that occurred in prior years (2010-2014).

LYRB is working with the County to continue to monitor this issue to ensure that delinquent collections are properly tracked and that the appropriate portions continue to be remitted to the Agency over the life of the Project Area. At this point, it is understood that at least \$91,064 remains outstanding from prior years and will be remitted to the Agency as it is collected.





All tax increment collections and payments to the Agency will end at the expiration of the Project Area in FY 2019. Delinquent tax increment collected beyond this date will be forfeited by the Agency.

2. As mentioned in the "Other Issues" of Section I of this report, LYRB is researching the Agency's potential qualification for and usage of "additional tax increment" funds for the payment of the debt service on the Series 2005 Bonds. As the proceeds of these bonds were used to fund various cultural and recreational facilities, the Agency may be qualified to receive tax increment above the regular scheduled levels for the purpose of repaying these bonds. LYRB is currently looking at the other requirements outlined in UCA 17C-1-403(3)(b)(ii) with regard to the Agency's eligibility for this additional tax increment and will work to ensure that, going forward, it receives all tax increment funds for which it is eligible.
3. LYRB discovered that personal property values for Young Living Essential Oils are currently not being included in the calculation of tax increment due to the Agency as performed by the County. The Agency will need to confirm with the Utah County Auditor's Office that this personal property account has been added to the Project Area and provide that account information. At that point, those personal property values can begin to be included in the calculation of tax increment. LYRB will work with the Agency to ensure that the personal property account information for Young Living Essential Oils is provided to the County and that those values are included in the Project Area going forward.

LYRB has not identified any other areas of concern with the North Valley RDA Project Area and believes that, according to the records reviewed, all parties are meeting their respective obligations related to this Project Area.

## PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS

The following four sheets represent:

-  FY 2016 Actual Budget
-  FY 2017 Projected Budget
-  FY 2018 Projected Budget
-  FY 2016-2019 Projected Multi-Year Budget



## North Valley RDA Project Area

2017 Actual Annual Budget  
November 1, 2016

Tax Year	2016
Payment Year	2017

### REVENUE:

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 77,257,800
Personal Property	10,389,028
Centrally Assessed	83,591
<b>Total Assessed Value</b>	<b>\$ 87,730,419</b>
Base Year Value	(6,282,698)
<b>Total Incremental Assessed Value</b>	<b>\$ 81,447,721</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	964,178
<b>Total Tax Increment</b>	<b>\$ 964,178</b>

Percent of Property Tax Increment for Project 60%

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 578,507
Total Tax Increment Actually Collected and Paid	578,507
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 578,507</b>

### EXPENDITURES:

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 28,925
Property Tax Incentive to Company	35,000
Other Development Activities	471,271
<b>Other Agency Obligations and Indebtedness</b>	
Annual Debt Service on Series 2005 Bonds	
Principal	41,800
Interest	1,511
Total Debt Obligations	\$ 43,311
<b>Total Expenditures</b>	<b>\$ 578,507</b>



## North Valley RDA Project Area

2017 Projected Annual Budget  
November 1, 2016

Tax Year	2016
Payment Year	2017

### REVENUE:

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 77,257,800
Personal Property	10,389,028
Centrally Assessed	83,591
<b>Total Assessed Value</b>	<b>\$ 87,730,419</b>
Base Year Value	(6,282,698)
<b>Total Incremental Assessed Value</b>	<b>\$ 81,447,721</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	964,178
<b>Total Tax Increment</b>	<b>\$ 964,178</b>

Percent of Property Tax Increment for Project 60%

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 578,507
Total Tax Increment Actually Collected and Paid	578,507
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 578,507</b>

### EXPENDITURES:

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 28,925
Property Tax Incentive to Company	35,000
Other Development Activities	471,271
<b>Other Agency Obligations and Indebtedness</b>	
Annual Debt Service on Series 2005 Bonds	
Principal	41,800
Interest	1,511
Total Debt Obligations	\$ 43,311
<b>Total Expenditures</b>	<b>\$ 578,507</b>



## North Valley RDA Project Area

2018 Projected Annual Budget  
November 1, 2016

Tax Year	2017
Payment Year	2018

### REVENUE:

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 77,257,800
Personal Property	10,389,028
Centrally Assessed	83,591
<b>Total Assessed Value</b>	<b>\$ 87,730,419</b>
Base Year Value	(6,282,698)
<b>Total Incremental Assessed Value</b>	<b>\$ 81,447,721</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	964,178
<b>Total Tax Increment</b>	<b>\$ 964,178</b>

Percent of Property Tax Increment for Project 60%

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 578,507
Total Tax Increment Actually Collected and Paid	578,507
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 578,507</b>

### EXPENDITURES:

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 28,925
Property Tax Incentive to Company	35,000
Other Development Activities	467,189
<b>Other Agency Obligations and Indebtedness</b>	
Annual Debt Service on Series 2005 Bonds	
Principal	46,200
Interest	1,193
Total Debt Obligations	\$ 47,393
<b>Total Expenditures</b>	<b>\$ 578,507</b>



## North Valley RDA Project Area

Ongoing Budget

Multi-Year Project Area Budget Projections

November 1, 2016

	<===== HISTORIC PROJECTED =====>				
Tax Year	2015	2016	2017	2018	TOTALS
Payment Year	2016	2017	2018	2019	

<b>REVENUE:</b>					
<b>TAXABLE VALUATION:</b>					
Real Property	\$ 77,257,800	\$ 77,257,800	\$ 77,257,800	\$ 77,257,800	
Personal Property	10,389,028	10,389,028	10,389,028	10,389,028	
Centrally Assessed	83,591	83,591	83,591	83,591	
<b>Total Assessed Value</b>	<b>\$ 87,730,419</b>	<b>\$ 87,730,419</b>	<b>\$ 87,730,419</b>	<b>\$ 87,730,419</b>	
Base Year Value	(6,282,698)	(6,282,698)	(6,282,698)	(6,282,698)	
<b>Total Incremental Assessed Value</b>	<b>\$ 81,447,721</b>	<b>\$ 81,447,721</b>	<b>\$ 81,447,721</b>	<b>\$ 81,447,721</b>	

<b>Tax Rate:</b>					
Utah County	0.0870%	0.0870%	0.0870%	0.0870%	
Alpine School District	0.8177%	0.8177%	0.8177%	0.8177%	
American Fork City	0.2362%	0.2362%	0.2362%	0.2362%	
North Utah Water Conservancy District	0.0024%	0.0024%	0.0024%	0.0024%	
Central Utah Water Conservancy District	0.0405%	0.0405%	0.0405%	0.0405%	
Less State Assessing & Collecting	0.0000%	0.0000%	0.0000%	0.0000%	
Less Local Assessing & Collecting	0.0000%	0.0000%	0.0000%	0.0000%	
<b>Total Tax Rate</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	

<b>TAX INCREMENT REVENUES</b>					
Total Tax Increment	964,178	964,178	964,178	964,178	3,856,712
<b>Total Tax Increment</b>	<b>\$ 964,178</b>	<b>\$ 964,178</b>	<b>\$ 964,178</b>	<b>\$ 964,178</b>	<b>\$ 3,856,712</b>

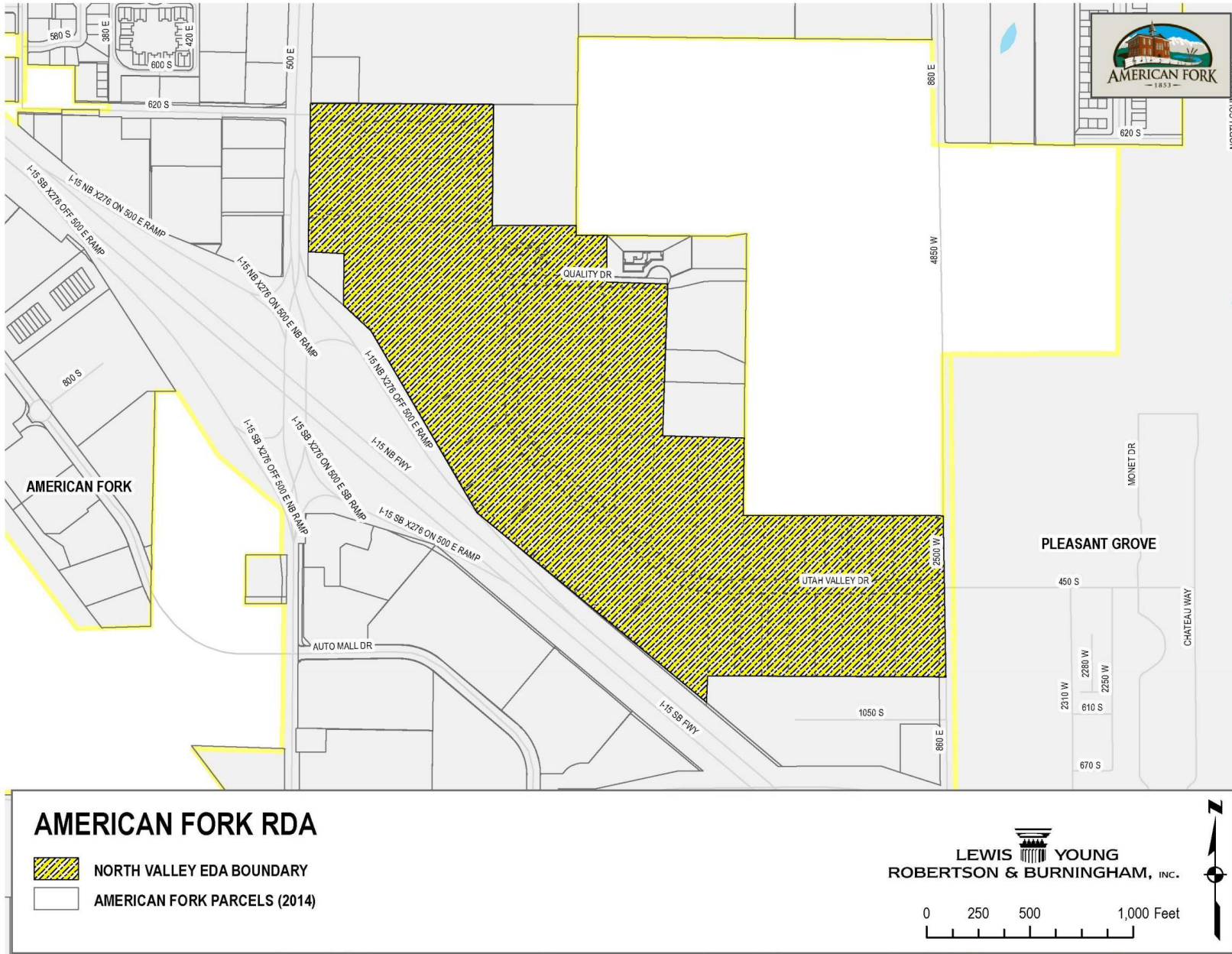
Percent of Property Tax Increment for Project 60%      60%      60%      60%

<b>TOTAL TAX INCREMENT REVENUE</b>					
Total Calculated Tax Increment Due to Project Area	\$ 578,507	\$ 578,507	\$ 578,507	\$ 578,507	\$ 2,314,027
Total Tax Increment Actually Collected and Paid	487,443	578,507	578,507	578,507	2,222,964
Prior Year Tax Increment Revenue to RDA	13,611	-	-	-	13,611
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 501,054</b>	<b>\$ 578,507</b>	<b>\$ 578,507</b>	<b>\$ 578,507</b>	<b>\$ 2,236,575</b>

<b>EXPENDITURES:</b>					
Project Area Budget and Use of Funds					
<b>Redevelopment Agency Uses</b>					
RDA Administration @ 5%	\$ 25,053	\$ 28,925	\$ 28,925	\$ 28,925	\$ 111,829
Property Tax Incentive to Company	35,000	35,000	35,000	20,000	125,000
Other Development Activities	392,904	471,271	467,189	486,837	1,818,199
<b>Other Agency Obligations and Indebtedness</b>					
Annual Debt Service on Series 2005 Bonds					
Principal	46,300	41,800	46,200	42,130	176,430
Interest	1,798	1,511	1,193	615	5,117
Total Debt Obligations	\$ 48,098	\$ 43,311	\$ 47,393	\$ 42,745	\$ 181,547
<b>Total Expenditures</b>	<b>\$ 501,054</b>	<b>\$ 578,507</b>	<b>\$ 578,507</b>	<b>\$ 578,507</b>	<b>\$ 2,236,575</b>



# EXHIBIT C



## SECTION 4: OVERVIEW OF THE EGG FARM EDA PROJECT AREA

Table 5.1

OVERVIEW				
<u>Type</u> EDA	<u>Acreage</u> 97	<u>Purpose</u> Commercial Development	<u>Taxing District</u> 60	<u>Tax Rate</u> 0.011838
<u>Creation Year</u> FY 2001	<u>Base Year</u> FY 1999	<u>Term</u> 24 Years	<u>Trigger Year</u> FY 2005	<u>Expiration Year *</u> FY 2028
<u>Base Value</u> \$705,802	<u>TY 2015 Value</u> \$82,998,720	<u>Increase</u> 11659%	<u>FY 2016 Increment</u> \$730,765	<u>Remaining Life</u> Up to 12 Years

\* The expiration year of 2028 may be adjusted depending upon whether or not maximum tax increment levels are reached prior to 2028, as outlined in the Amended Project Area Budget.



The Egg Farm EDA Project Area was created in October 17, 2000 and is governed by the “Egg Farm Economic Development Plan” dated September 8, 2000 as well as the “Official Amended Project Area Budget” dated October 24, 2013. These documents define the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating tax entity.

The purpose of the Egg Farm EDA Project Area is the incentivizing of commercial development in American Fork City, including the attraction of major employers and developers willing to invest private capital into new businesses which will provide additional jobs and broaden the tax base of the community. This commercial development in the Project Area is to be facilitated through the actions outlined on the following page.



- ☞ Remove impediments to land disposition and development through assembly of land into reasonably sized and shaped parcels necessary for economic development served by improved public utilities, infrastructure improvements, and new public or private facilities.
- ☞ Eliminate environmental deficiencies, irregular lot subdivision, improper drainage, overcrowding or underutilization of real property.
- ☞ Achieve an environment reflecting a high level of concern for architectural, landscape and urban design principals, developed through encouragement, guidance, appropriate controls, and financial and professional assistance to owner participants and developers.
- ☞ Promote and market the Project Area for economic development complimentary to existing businesses and industries, or would enhance the economic base of the City through diversification.
- ☞ Provide utilities, streets, curbs, sidewalks, parking areas, landscape areas, and other infrastructure improvements as appropriate and as necessary.
- ☞ Provide improved public streets and road access to and within the Project Area to facilitate better traffic and pedestrian circulation, reduce traffic hazards, and to promote air quality.
- ☞ Ensure compatible relationships among land uses and quality standards for development, such that the area functions as a unified and viable center of economic activity for the City.
- ☞ The Project Area lies entirely within American Fork City and includes approximately 97 acres of property located along the west side of I-15 from 1100 South to approximately 1500 South, and is bound on the west by the Southern Pacific Railroad tracks. The Project Area is zoned for both commercial and industrial use. A map of the Project Area is included as Exhibit D.

## SOURCES OF FUNDS

Table 5.2

2016 SOURCES OF FUNDS	
2016 Property Tax Increment Collected and Paid to Agency	730,630
Previous Years Tax Increment Paid in 2016 <sup>7</sup>	135
Total Sources of Funds	\$ 730,765

Table 5.3

TAX INCREMENT LEVELS	
Years	%
2005 - 2028	75%

The Project Area was originally intended to draw property tax increment beginning with the taxes collected in 2004 and remitted to the Agency in 2005 and continue for 24 years with the final tax increment being collected in 2027 and remitted to the Agency in 2028. However, the Project Area Budget was amended in 2013 and currently includes a provision outlining that the Project Area will receive tax

<sup>7</sup> Utah County remits tax increment to the Agency only to the point that it has been collected from property owners. Thus, although the Agency may be entitled to \$730,638 in annual tax increment for FY 2016, the County remits to the Agency the portion that has been collected, as well as any additional tax increment that has been collected from property owners for prior year delinquencies. For FY 2016, this is represented by the \$135 figure outlined above.

increment for 24 years or until the total tax increment received by the Agency after tax year 2012 reaches a cap of \$9,262,291, whichever occurs first.

Since tax year 2012, a total of \$456,059 in tax increment has been remitted to the Agency, leaving \$8,806,232 to be paid to the Agency before the cap is reached. It is currently projected that the cap will be reached with increment paid to the Agency in fiscal year 2025 (for taxes collected in tax year 2024) and that the Project Area will expire at that time.

## USES OF FUNDS

Table 5.4

2016 USES OF FUNDS	
RDA Administration	36,538
Affordable Housing (20%)	146,153
Public Infrastructure (25%)	182,691
Developer Infrastructure Reimbursement - Principal	306,854
Developer Infrastructure Reimbursement - Interest @ 2.5%	58,529
Total Uses of Funds	\$ 730,765

Table 5.5

ALLOCATION OF TAX INCREMENT FUNDS	
RDA Administration	5%
Affordable Housing Fund	20%
Public Infrastructure	25%
Developer Infrastructure Reimbursement	50%
Total	100%

Reimbursements for Developer Infrastructure Improvements consist of a principal payment, along with interest calculated at a rate of 2.5%.

It is planned that the amounts available for Public Infrastructure Costs will be used for property purchase, roadway construction, and improvements to culinary water, pressurized irrigation, and storm drain systems which are estimated to cost \$500,000. A detail of these planned improvements is given later in this report.

## DEVELOPMENT OBLIGATIONS AND INCENTIVES

As outlined in the Agreement for Private Development of Land (ADL), the Agency agreed to reimburse the land owner for the costs of certain infrastructure improvements and developments that would create jobs in the Project Area. Tax increment is to be used for this reimbursement in an amount of \$3,245,944 plus interest at a rate of 2.5%. Table 5.5 above shows the uses of tax increment funds by the Agency, 50 percent of which is dedicated to reimbursing the Developer for infrastructure improvements until all obligations are satisfied.

The Amended Project Area Budget adopted in 2013 also shows that the Agency may be able to accelerate payments to the Developer with the last payment estimated to take place in 2022. The acceleration of repayment to the Developer will provide a benefit to the Agency as it will retain the full 75% of tax increment generated, allowing the Agency to fund additional infrastructure improvements. This will serve to further enhance the Project Area until it expires in either tax year 2027 or when the total amount of tax increment received by the Agency after tax year 2012 reaches \$9,262,291.

To this point, a total of \$1,211,576 in principal has been repaid to the Developer. These payments are outlined in the table below, along with projected payments for FY 2016 through FY 2022.

Table 5.6

DEVELOPER PRINCIPAL PAYMENT SCHEDULE		
2005		(5,012)
2006		4,126
2007		4,962
2008		8,080
2009		59,705
2010		96,638
2011		99,437
2012		102,295
2013		105,228
2014		182,803
2015		246,526
2016		306,854
Total Principal Payments to Developer 2005 Through 2016	\$	1,211,644
2017		325,515
2018		345,038
2019		365,391
2020		386,604
2021		408,710
2022		203,042
Total Principal Payments to Developer 2017 Through 2022	\$	2,034,300
Grand Total to be Paid to Developer (Capped Amount)	\$	3,245,944

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### COMPARISON OF FORECASTED AND ACTUAL TAX INCREMENT

Table 5.8

REALIZATION OF TAX INCREMENT			
TAX INCREMENT GENERATED IN PROJECT AREA	ORIGINAL/ AMENDED BUDGET	ACTUAL BUDGET & CURRENT PROJECTION	% OF ORIGINAL PROJECTION
Comparison to ORIGINAL BUDGET			
Property Tax Increment - FY 2016	\$359,227	\$730,630	203%
Property Tax Increment - FY 2005-2016	\$4,231,185	\$4,545,324	107%
Projected Property Tax Increment - FY 2005-2026	\$7,987,696	\$12,056,403	151%
TAX INCREMENT GENERATED IN PROJECT AREA	ORIGINAL/ AMENDED BUDGET	ACTUAL BUDGET & CURRENT PROJECTION	% OF ORIGINAL PROJECTION
Comparison to AMENDED BUDGET			
Property Tax Increment - FY 2016	\$643,684	\$730,630	114%
Projected Property Tax Increment - FY 2005-2026	\$11,726,367	\$12,056,403	103%

The projections in the amended multi-year budget adopted by the Agency in 2013 differ dramatically from those contained in the original budget due to adjustments that have been made based on actual development and assessed values through 2013.

### RELATIVE GROWTH IN ASSESSED VALUE

Table 5.8

GROWTH IN ASSESSED VALUES				
ASSESSED VALUES IN PROJECT AREA	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in Project Area (2015 vs. 2014)	\$82,998,720	\$63,730,588	30%	30%
Lifetime Growth in Project Area (2015 vs. 1999)	\$82,998,720	\$705,802	11659%	35%
ASSESSED VALUES IN AMERICAN FORK CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2015 vs. 2014)	\$1,704,893,548	\$1,563,159,186	9%	9%
Lifetime Growth in City (2015 vs. 1999)	\$1,704,893,548	\$618,527,099	176%	7%

**BENEFITS TO TAXING ENTITIES**

Table 5.9

BENEFITS TO TAXING ENTITIES
Increased Property Tax Revenues
Increased Sales Tax Revenues
Creation of high quality jobs spurred by commercial development
Higher growth in tax based compared to non-incentivized areas
- The lifetime AAGR for the Project Area is five times that of non-incentivized areas

The most significant benefit to the taxing entities will be realized when the life of the Project Area expires. Although the Project Area was originally intended to expire in tax year 2027, the amended budget allows for the early termination of the Project Area which is currently projected to be tax year 2024. This projected early termination will provide the taxing entities with three extra years of tax increment based on the full assessed value of the Project Area.

The table below shows the approximate benefit to the taxing entities of receiving 100% of tax increment after the Agency cap is reached in tax year 2024. Outlined therein is the original 25% of tax increment, as well as the additional 75% of tax increment that will be received by the taxing entities over these two years.

It is important to point out that this projected expiration year may be adjusted depending on when total tax increment amounts paid to the Agency after tax year 2012 reach \$9,262,291.

Table 5.10

2025 – 2027 PROJECTED TAX INCREMENT REVENUES BASED ON EXPIRATION OF PROJECT AREA IN TY 2024		
ENTITY	ORIGINAL 25% TAX INCREMENT	ADDITIONAL 75% TAX INCREMENT
Utah County	74,527	223,580
Alpine School District	700,466	2,101,398
American Fork City	202,336	607,008
North Utah County Water Conservancy District	2,056	6,168
Central Utah Water Conservancy District	34,694	104,081
<b>Total</b>	<b>\$1,014,078</b>	<b>\$3,042,235</b>

Currently, the taxing entities are benefiting from increased assessed values in the Project Area as a portion of tax increment is being returned to the taxing entities. As shown below, the annual tax increment (above the base amount) currently being returned to taxing entities is 2,915% above what would have been realized if assessed values in the Project Area had remained at base year levels. This pass through increment will continue to increase as assessed values rise. Since FY 2005, the total tax increment (above the base amount) received by the taxing entities is 1,729% above what would have been realized based on base year levels.

Table 5.11

GROWTH IN TAX INCREMENT					
TAX INCREMENT FROM PROJECT AREA	ORIGINAL BUDGET REVENUES		ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	\$478,970		\$974,184	\$8,355	11660%
Life Time Revenue (FY 2005 - 2016)	\$5,641,581		\$6,790,187	\$98,153	6918%
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES		ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2016	\$119,743		\$243,546	\$8,355	2915%
Life Time Revenue (FY 2005 - 2016)	\$1,410,396		\$1,697,547	\$98,153	1729%

## NOTABLE DEVELOPMENT AND FUTURE PROJECTS

The Egg Farm EDA Project Area was created with the intent of incentivizing commercial development in American Fork City. The financing of infrastructure improvements has spurred the development of the North Pointe Business Park, which has housed some of the first high-tech businesses in northern Utah County. This development has served as a magnet for other high-tech companies in the valley. Notable businesses located in the Project Area are outlined in the table below.

Table 5.12

NOTABLE BUSINESSES	
AMP Security	Marketecture
CED	Morinda
Certiport	Novarad
Coldwell Banker Commercial	Power Innovations
Franson Civil Engineering	Rain International
Henry Schein Practice Solutions	

Roderick Enterprises, the developer behind the North Pointe Business Park, received approval for a new 200,000 square foot office warehouse structure. Another large office warehouse structure, estimated to be 100,000 square feet, is also under construction.

In addition, Morinda recently remodeled its building to accommodate its use as company headquarters and has expanded its parking lot in connection with this remodel.

New construction has included the completion of the office building located at 1220 South 630 East in 2013, providing a significant boost in values in the Project Area. The assessed value of this property when it came on the tax rolls in tax year 2014 was \$8,480,700. This increased to \$16,764,500 in tax year 2015 and is expected to reach \$17,061,600 in tax year 2016. A second new office building, located at 584 East 100 South, came on the tax rolls in 2015 and is currently valued at \$12,249,100.



The Project Area has realized a 30% increase in total assessed value from TY 2015 to TY 2016, stemming from the completion of these two office buildings. Associated tax increment generated in the Project Area increased by 29% during this time frame.

Other planned improvements in the Project Area, and their associated costs, to the extent that sufficient tax increment funds are available, are outlined in the table below:

Table 5.13

CAPITAL IMPROVEMENTS WITHIN PROJECT AREA		
PRIORITY	PROJECT	COST*
1	Property Purchase	393,000
2	Reconstruction of 860 East	500,000
3	Widening of 630 East	250,000
4	Widening of 1300 East	360,000
5	Widening of 1500 South **	2,986,066
6	Widening of Sam White Lane	1,643,987
7	Culinary Water: 16" New Water Line	192,664
8	Pressurized Irrigation: 12" Pipe	142,768
9	Storm Drain Pipe	589,671
Total		\$ 7,058,156

\* The cost only includes the cost of infrastructure in the Project Area, not necessarily for the entire project.

\*\* Alpine School District will benefit directly from improvements planned for 1500 South as school buses use this road extensively.

The map of the Project Area shown in Exhibit D outlines the location of these proposed improvements.

The Agency/City plans to fund these improvements using both tax increment revenues and impact fee revenues. Tax increment will be used first, followed by impact fees, which may not be available until 2023 according to the schedule of improvements shown in the current impact fee study. The City may be able to receive some revenues from Mountainland Association of Governments (“MAG”) for the widening of 1500 South, but this is yet to be discussed with MAG. If tax increment revenues are not sufficient to fund these projects, the City will be forced to wait until impact fees are available, revenues are received from MAG, or a developer agrees to construct the improvements.

The areas surrounding the boundaries of the Project Area have also experienced growth in connection with development within the Project Area.

## FORECASTED PROJECT AREA BUDGET UPDATE

The multi-year budget attached to this document and summarized below displays revenue in the fiscal year received rather than the calendar year collected.

Table 5.14

PROJECT AREA BUDGET		FY 2016 - 2025	
REVENUES	TOTALS	NPV @ 5%	
Annual Property Tax Increment	8,241,709	6,309,710	
Previous Years Property Tax Increment	135	129	
<b>Total Revenue</b>	<b>\$8,241,844</b>	<b>\$6,309,839</b>	
EXPENDITURES	TOTALS	NPV @ 5%	
RDA Administration	566,916	417,008	
Affordable Housing Fund (20%)	2,267,665	1,668,034	
Public Infrastructure (25%)	2,834,581	2,085,041	
Developer Infrastructure Reimbursement - Principal	2,341,154	1,938,357	
Developer Infrastructure Reimbursement - Interest @ 2.5%	231,528	201,399	
<b>Total Expenditures</b>	<b>\$8,241,844</b>	<b>\$6,309,839</b>	

## OTHER ISSUES

LYRB would like to point at that, as is the case in the Agency's other Project Areas, the receipt of a portion of the tax increment due to the Agency has been delayed due to the delinquent tax payments associated with property owners. The Agency has and will receive this increment as it is collected by the County and it appears that the County is tracking and remitting tax increment as these late tax payments are collected.





LYRB is working with the County to continue to monitor this issue to ensure that delinquent collections are properly tracked and that the appropriate portions continue to be remitted to the Agency over the life of the Project Area. Currently, it is understood that a minimal amount of tax increment, around \$3,000, remains outstanding from prior years and will be remitted to the Agency as it is collected.

All tax increment collections and payments to the Agency will end at the expiration of the Project Area in FY 2028. Delinquent tax increment collected beyond this date will be forfeited by the Agency.

LYRB has not identified any other major areas of concern with the Egg Farm EDA Project Area and believes that, according to the records reviewed, all parties are meeting their respective obligations related to this Project Area.

## PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS

The following four sheets represent:

-  FY 2016 Actual Budget
-  FY 2017 Projected Budget
-  FY 2018 Projected Budget
-  FY 2016-2028 Projected Multi-Year Budget

## Egg Farm EDA Project Area

2016 Actual Annual Budget

November 1, 2016

Tax Year	2015
Payment Year	2016

**REVENUE:**

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 80,485,000
Personal Property	2,204,672
Centrally Assessed	309,048
<b>Total Assessed Value</b>	\$ 82,998,720
Base Year Value	(705,802)
<b>Total Incremental Assessed Value</b>	\$ 82,292,918

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	1.1838%

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	974,184
<b>Total Tax Increment</b>	\$ 974,184

Percent of Property Tax Increment for Project	75%
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<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 730,638
Total Tax Increment Actually Collected and Paid	730,630
Prior Year Tax Increment Revenue to RDA	135
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	\$ 730,765

**EXPENDITURES:**

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 36,538
Affordable Housing Fund @ 20%	146,153
Public Infrastructure Costs/Agency @ 25%	182,691
<b>Other Agency Obligations and Indebtedness</b>	
Developer Infrastructure Reimbursement	
Principal	306,854
Interest @ 2.5%	58,529
Total Debt Obligations	\$ 365,383
	-
<b>Total Expenditures</b>	\$ 730,765



## Egg Farm EDA Project Area

2017 Projected Annual Budget

November 1, 2016

Tax Year	2016
Payment Year	2017

**REVENUE:**

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 82,899,550
Personal Property	2,270,812
Centrally Assessed	318,319
<b>Total Assessed Value</b>	<b>\$ 85,488,682</b>
Base Year Value	(705,802)
<b>Total Incremental Assessed Value</b>	<b>\$ 84,782,880</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	1,003,660
<b>Total Tax Increment</b>	<b>\$ 1,003,660</b>

Percent of Property Tax Increment for Project 75%

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 752,745
Total Tax Increment Actually Collected and Paid	752,745
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 752,745</b>

**EXPENDITURES:**

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 37,637
Affordable Housing Fund @ 20%	150,549
Public Infrastructure Costs/Agency @ 25%	188,186
<b>Other Agency Obligations and Indebtedness</b>	
Developer Infrastructure Reimbursement	
Principal	325,515
Interest @ 2.5%	50,858
Total Debt Obligations	\$ 376,373
<b>Total Expenditures</b>	<b>\$ 752,745</b>

## Egg Farm EDA Project Area

2018 Projected Annual Budget  
November 1, 2016

Tax Year	2017
Payment Year	2018

**REVENUE:**

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 85,386,537
Personal Property	2,338,937
Centrally Assessed	327,869
<b>Total Assessed Value</b>	<b>\$ 88,053,342</b>
Base Year Value	(705,802)
<b>Total Incremental Assessed Value</b>	<b>\$ 87,347,540</b>

<b>Tax Rate:</b>	
Utah County	0.0870%
Alpine School District	0.8177%
American Fork City	0.2362%
North Utah Water Conservancy District	0.0024%
Central Utah Water Conservancy District	0.0405%
Less State Assessing & Collecting	0.0000%
Less Local Assessing & Collecting	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>	
Total Tax Increment	1,034,020
<b>Total Tax Increment</b>	<b>\$ 1,034,020</b>

Percent of Property Tax Increment for Project 75%

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 775,515
Total Tax Increment Actually Collected and Paid	775,515
Prior Year Tax Increment Revenue to RDA	-
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 775,515</b>

**EXPENDITURES:**

Project Area Budget and Use of Funds	
<b>Redevelopment Agency Uses</b>	
RDA Administration @ 5%	\$ 38,776
Affordable Housing Fund @ 20%	155,103
Public Infrastructure Costs/Agency @ 25%	193,879
<b>Other Agency Obligations and Indebtedness</b>	
Developer Infrastructure Reimbursement	
Principal	345,038
Interest @ 2.5%	42,720
Total Debt Obligations	\$ 387,758
	-
<b>Total Expenditures</b>	<b>\$ 775,515</b>



### Egg Farm EDA Project Area

Ongoing Budget  
Multi-Year Project Area Budget Projections  
November 1, 2016

End of Agency Payments  
to Developer

↓

End of Project Area

↓

Tax Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	TOTALS
Payment Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	

<==== HISTORIC PROJECTED =====>														
<b>TAXABLE VALUATION:</b>														
Real Property	\$ 80,485,000	\$ 82,899,550	\$ 85,386,537	\$ 87,948,133	\$ 90,586,577	\$ 93,304,174	\$ 96,103,299	\$ 98,986,398	\$ 101,955,990	\$ 105,014,670	\$ 108,165,110	\$ 111,410,063	\$ 114,752,365	
Personal Property	2,204,672	2,270,812	2,338,937	2,409,105	2,481,378	2,555,819	2,632,494	2,711,468	2,792,813	2,876,597	2,962,895	3,051,782	3,143,335	
Centrally Assessed	309,048	318,319	327,869	337,705	347,836	358,271	369,019	380,090	391,493	403,238	415,335	427,795	440,629	
<b>Total Assessed Value</b>	<b>\$ 82,998,720</b>	<b>\$ 85,488,682</b>	<b>\$ 88,053,342</b>	<b>\$ 90,694,942</b>	<b>\$ 93,415,791</b>	<b>\$ 96,218,264</b>	<b>\$ 99,104,812</b>	<b>\$ 102,077,957</b>	<b>\$ 105,140,295</b>	<b>\$ 108,294,504</b>	<b>\$ 111,543,339</b>	<b>\$ 114,889,639</b>	<b>\$ 118,336,329</b>	
Base Year Value	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	(705,802)	
<b>Total Incremental Assessed Value</b>	<b>\$ 82,292,918</b>	<b>\$ 84,782,880</b>	<b>\$ 87,347,540</b>	<b>\$ 89,989,140</b>	<b>\$ 92,709,989</b>	<b>\$ 95,512,462</b>	<b>\$ 98,399,010</b>	<b>\$ 101,372,155</b>	<b>\$ 104,434,493</b>	<b>\$ 107,588,702</b>	<b>\$ 110,837,537</b>	<b>\$ 114,183,837</b>	<b>\$ 117,630,527</b>	

<b>Tax Rate:</b>														
Utah County	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%	0.0870%
Alpine School District	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%	0.8177%
American Fork City	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%	0.2362%
North Utah Water Conservancy District	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%
Central Utah Water Conservancy District	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%	0.0405%
Less State Assessing & Collecting	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Less Local Assessing & Collecting	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
<b>Total Tax Rate</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>	<b>1.1838%</b>

<b>TAX INCREMENT REVENUES</b>														
Total Tax Increment	974,184	1,003,660	1,034,020	1,065,291	1,097,501	1,130,677	1,164,847	1,200,044	1,236,296	1,273,635	1,312,095	1,351,708	1,392,510	15,236,467
<b>Total Tax Increment</b>	<b>\$ 974,184</b>	<b>\$ 1,003,660</b>	<b>\$ 1,034,020</b>	<b>\$ 1,065,291</b>	<b>\$ 1,097,501</b>	<b>\$ 1,130,677</b>	<b>\$ 1,164,847</b>	<b>\$ 1,200,044</b>	<b>\$ 1,236,296</b>	<b>\$ 1,273,635</b>	<b>\$ 1,312,095</b>	<b>\$ 1,351,708</b>	<b>\$ 1,392,510</b>	<b>\$ 15,236,467</b>

Percent of Property Tax Increment for Project	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	0%	0%	0%	
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<b>TOTAL TAX INCREMENT REVENUE</b>														
Total Calculated Tax Increment Due to Project Area	\$ 730,638	\$ 752,745	\$ 775,515	\$ 798,969	\$ 823,126	\$ 848,007	\$ 873,636	\$ 900,033	\$ 927,222	\$ 955,226	\$ -	\$ -	\$ -	\$ 8,385,115
Total Tax Increment Actually Collected and Paid	730,630	752,745	775,515	798,969	823,126	848,007	873,636	900,033	927,222	811,828	-	-	-	8,241,709
Prior Year Tax Increment Revenue to RDA	135	-	-	-	-	-	-	-	-	-	-	-	-	135
<b>TOTAL TAX INCREMENT REVENUE TO RDA</b>	<b>\$ 730,765</b>	<b>\$ 752,745</b>	<b>\$ 775,515</b>	<b>\$ 798,969</b>	<b>\$ 823,126</b>	<b>\$ 848,007</b>	<b>\$ 873,636</b>	<b>\$ 900,033</b>	<b>\$ 927,222</b>	<b>\$ 811,828</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,241,844</b>

<b>EXPENDITURES:</b>														
Project Area Budget and Use of Funds														
<b>Redevelopment Agency Uses</b>														
RDA Administration @ 5%	\$ 36,538	\$ 37,637	\$ 38,776	\$ 39,948	\$ 41,156	\$ 42,400	\$ 43,722	\$ 45,118	\$ 46,597	\$ 48,159	\$ -	\$ -	\$ -	\$ 566,916
Affordable Housing Fund @ 20%	146,153	150,549	155,103	159,794	164,625	169,601	174,722	179,983	185,445	191,107	-	-	-	2,267,665
Public Infrastructure Costs/Agency @ 25%	182,691	188,186	193,879	199,742	205,781	212,002	218,415	224,928	231,541	238,254	-	-	-	2,834,581
<b>Other Agency Obligations and Indebtedness</b>														
Developer Infrastructure Reimbursement														
Principal	306,854	325,515	345,038	365,391	386,604	408,710	203,042	-	-	-	-	-	-	2,341,154
Interest @ 2.5%	58,529	50,858	42,720	34,094	24,959	15,294	5,076	-	-	-	-	-	-	231,528
Total Debt Obligations	\$ 365,383	\$ 376,373	\$ 387,758	\$ 399,485	\$ 411,563	\$ 424,004	\$ 208,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,572,682
<b>Total Expenditures</b>	<b>\$ 730,765</b>	<b>\$ 752,745</b>	<b>\$ 775,515</b>	<b>\$ 798,969</b>	<b>\$ 823,126</b>	<b>\$ 848,007</b>	<b>\$ 873,636</b>	<b>\$ 900,033</b>	<b>\$ 927,222</b>	<b>\$ 811,828</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,241,845</b>

EXHIBIT D

