

# Agency Annual Report for Frontage Road Neighborhood Development Plan Springville Redevelopment Agency - November 1, 2020

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## Project Area Summary

The Springville Redevelopment Agency's "Frontage Road Neighborhood Development Plan" was adopted in late 1999. This is the only active project area within the Agency's boundaries that is collecting and distributing tax increment. The project area consists of approximately 96.65 acres. To date, all blighted structures within the project area have been demolished, approximately 1.6 miles of fully improved streets and sidewalks and utilities have been installed. Developers have constructed eight commercial buildings totaling approximately 207,450 sq. ft. within the project area, and there are three commercial buildings under construction, with several other buildings in the planning stage.

The streets, sidewalks, and utilities were installed as part of a special improvement district or subdivision process. All public improvements have been paid for in full, except that the RDA is still paying off a sewer lift station that will be paid off with future tax increment.

A map of the project area is attached.

## Change in the Marginal Value

Of the total 96.65 acres in the project area, approximately 18.66 acres (19.31% of the total area) have been developed. The businesses located in the project area include Infomercial, Inc., Tracker Boat, Tracker Off-Road, a used car dealership, and equipment company, and several businesses in office warehouses. Taxable values within the project area have increased from \$389,535 in its base year to a 2020 valuation of approximately \$22,157,300, an approximate 5,688% increase.

1. Base Taxable Value - \$389,535.
2. Prior Year's Assessed Value - \$20,432,435.
3. Estimated Current Assessed Value - \$22,157,300.
4. A Narrative Description of the Relative Growth in Assessed Value. Shortly after the project area was approved, blight was removed and approximately 76 acres of the property within the project area were subdivided and improved. These actions quickly increased the property value.

In 2012, a property owner subdivided and developed the remaining approximately 20 acres of property within the project area and constructed a commercial building on one of the lots, which helped to increase the property values by approximately \$6 million.

From 2012 to the present, a boat dealership, a vehicle dealership, and five warehouse/office buildings were constructed within the project area. These

developments have helped to increase the assessed value by approximately \$16 million.

Currently, several other buildings are in the construction or planning stages, which should greatly increase the assessed value of the project area over the next few years.

**Amount of Project Area Funds Received by Agency**

1. Project Area Funds.

- a. Previous Year Available, Requested, and Received Tax Increment. In the previous year, the Agency requested all available tax increment from the project area and received \$243,238.12.
- b. Forecasted When Project Area Was Created. When the project area was created, it was estimated that the Agency would have collected \$672,058.99 in tax increment in the project area’s seventh year of collecting tax increment.

2. Historic Receipts and Comparison.

<u>Actual Received</u>	<u>Forecasted Project Area Funds At Time Project Area Was Created</u>
a. 2013 - \$109,096.27	\$0
b. 2014 - \$108,326.14	\$166,018.80
c. 2015 - \$122,441.85	\$232,999.58
d. 2016 - \$116,465.33	\$269,511.30
e. 2017 - \$181,020.27	\$514,978.90
f. 2018 - \$159,899.77	\$616,277.62
g. 2019 - \$243,238.12	\$672,058.99

3. List of Each Taxing Entity that Levies or Imposes a Tax.

- a. Utah County
- b. Central Utah Water Conservancy District
- c. Nebo School District
- d. Springville City
- e. Springville Drainage District

## Description of Current and Anticipated Project Area Development

### 1. Narrative of Project Area Development.

The entire project area was originally owned by Spring Pointe Development LLC. While Spring Pointe owned the project area, the project area blight was removed and streets, sidewalks, and utilities were installed. Spring Pointe Development LLC had several approved development projects but backed out before pulling permits for the projects. The ownership of the property has since changed hands.

In 2010, Sam Dexy Properties LLC became the owner of the northern approximate 20.5 acres of the project area. The owners of Sam Dexy Properties LLC subdivided the 20.5 acres and built a 32,500 square foot building for Infomercial, Inc. on a 9.12-acre lot. The owner has talked about asking the Agency to enter into a participation agreement for future development but has not yet done so. Sam Dexy has sold all but two properties within the subdivision and plans to build a recreational building on its property that has not yet been developed.

In 2013, The Olds 2002 Family Trust became the owner of the remaining approximate 76.15 acres of the project area.

In 2015, The Olds 2002 Family Trust ("Olds") sold 1.47 acres to HWP Properties, LLC. HWP Properties, LLC has constructed a 5,376 square foot Tracker Boat dealership on the property. The Agency and HWP Properties, LLC entered into a participation agreement whereby the Agency agreed to pay to HWP Properties, LLC 100% of the tax increment generated by HWP Properties, LLC's increased property values and collected by the Agency for five years. After the first five years, HWP Properties, LLC will receive tax increment received by the Agency at a ten percent (10%) reduction over the previous year for an additional five-year period. The tax year 2016 was the first year that tax increment was paid to HWP Properties, LLC.

In 2016, HWP Properties, LLC built an approximate 14,250 sq. ft. Mitsubishi dealership on 2.45 acres within the project area. The Agency did not provide any tax increment incentives to HWP Properties, LLC for the Mitsubishi dealership.

In 2017, the Agency approved an agreement that would (1) require the agency to use future tax increment to install a needed lift station for parcels located to the west in the project area and, (2) after the lift station is installed, pay Olds 70% of the tax increment generated by property currently owned by Olds.

Since entering into the participation agreement with the Olds, the lift station has been installed and five office warehouse buildings have been constructed with two more commercial buildings starting construction. For reimbursement for constructing and installing the lift station, the Agency has paid approximately \$354,629.38 to Olds. The Agency is still contracted to pay another approximately \$300,000 to Olds for the remaining costs of the lift station.

2. Details of Project Area Development.

- a. Developed Acreage. The public improvement infrastructure has been installed for the 96.65 acres in the project area. Approximately 207,450 sq. ft. of commercial buildings have been built on approximately 18.66 acres.
- b. Total Undeveloped Acreage. The total undeveloped acres amount to approximately 78 acres. There are three lots, totaling approximately 14.7 acres, on which construction is starting and several other lots that development is in the planning stages.

**Project Area Budget**

1. Project Area Funds Collection Period.

<b>Base Year</b> 1999	<b>Trigger Year</b> 2013	<b>Term</b> 15 years	<b>Remaining Term</b> 4 years
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- 2. Number of Years Remaining in Project Area for Fund Collection. The project area plan allows for collection for up to 25 years. The project area was approved in 1999, making 2024 the project end year.
- 3. Total Amount of Project Area Funds the Agency Is Authorized to Receive. The Agency is authorized to receive 100% of the tax increment for a period of 15 years.
- 4. Remaining Amount of Project Area Funds the Agency Is Authorized to Receive. The Agency is authorized to receive 100% of the tax increment until 2024, the project's end year.

**Estimated amount of Project Area Funds that the Agency Is Authorized to Receive for 2020**

The Agency estimates that the tax increment to be paid to the Agency for 2020 is approximately \$265,000.

**Estimated amount of Project Area Funds that the Agency Is Authorized to Receive for 2021**

The Agency estimates that the tax increment to be paid to the Agency for 2021 will be approximately \$290,000.

# Project Area Map

