

PROJECT AREA PLAN

NEPHI SOUTH MAIN STREET COMMUNITY REINVESTMENT AREA (CRA)

NEPHI CITY COMMUNITY REINVESTMENT AGENCY,
NEPHI CITY, UTAH



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Definitions

As used in this Community Reinvestment Project Area Plan, the term:

"Act" shall mean and include the Limited Purpose Local Government Entities – Community Reinvestment Agency Act in Title 17C, Chapters 1 through 5, Utah Code Annotated 1953, as amended, or such other amendments as shall from time to time be enacted or any successor or replacement law or act.

"Agency" shall mean the Nephi City Community Reinvestment Agency, which is a separate body corporate and politic created by the City pursuant to the Act.

"Base taxable value" shall mean the agreed value specified in a resolution or interlocal agreement under Subsection 17C-1-102(8) from which tax increment will be collected.

"Base year" shall mean the agreed upon year for which the base taxable value is established and shall be incorporated into the interlocal agreements with participating taxing entities.

"Base taxable year" shall mean the Base Year during which the Project Area Budget is approved pursuant to Subsection 17C-1-102(9)(d).

"City" or "Community" shall mean the City of Nephi.

"Legislative body" shall mean the City Council of Nephi which is the legislative body of the City.

"Plan Hearing" shall mean the public hearing on the draft Project Area Plan required under Subsection 17C-1-102 (41) and 17C-5-104(3)(e).

"Project Area" shall mean the geographic area described in the Project Area Plan or draft Project Area Plan where the community development set forth in this Project Area Plan or draft Project Area Plan takes place or is proposed to take place (**Exhibit A & Exhibit B**).

"Net Present Value (NPV)" shall mean the discounted value of a cash flow. The NPV illustrates the total value of a stream of revenue over a number of years in today's dollars.

"Project Area Budget" shall mean (as further described under 17-C-5-303 of the Act) the multi-year projection of annual or cumulative revenues, other expenses and other fiscal matters pertaining to the Project Area that includes:

- ☐ the base taxable value of property in the Project Area;
- ☐ the projected tax increment expected to be generated within the Project Area;
- ☐ the amount of tax increment expected to be shared with other taxing entities;

- ☞ the amount of tax increment expected to be used to implement the Project Area plan;
- ☞ if the area from which tax increment is to be collected is less than the entire Project Area:
 - the tax identification number of the parcels from which tax increment will be collected; or
 - a legal description of the portion of the Project Area from which tax increment will be collected; and
- ☞ for property that the Agency owns and expects to sell, the expected total cost of the property to the Agency and the expected selling price.

“Project Area Plan” or **“Plan”** shall mean the written plan (outlined by 17C-5-302 of the Act) that, after its effective date, guides and controls the community reinvestment activities within the Project Area. Project Area Plan refers to this document and all of the attachments to this document, which attachments are incorporated by this reference. It is anticipated that the NEPHI SOUTH MAIN STREET CRA PROJECT AREA PLAN will be subject to an interlocal agreement process with the taxing entities within the Project Area.

“Taxes” includes all levies on an ad valorem basis upon land, local and centrally assessed real property, personal property, or any other property, tangible or intangible.

“Taxing Entity” shall mean any public entity that levies a tax on any property within the Project Area.

“Tax Increment” shall mean the difference between the amount of property tax revenues generated each tax year by all taxing entities from the Project Area using the current assessed value of the property and the amount of property tax revenues that would be generated from the same area using the base taxable value of the property.

“Tax Increment Period” shall mean the period of time in which the taxing entities from the Project Area consent that a portion of their tax increment from the Project Area be used to fund the objectives outlined in the Project Area Plan.

“Tax Year” shall mean the 12-month period between sequential tax roll equalizations (November 1st - October 31st) of the following year, e.g., the November 1, 2016 - October 31, 2017 tax year.

Introduction

The Nephi City Community Reinvestment Agency (“Agency”), thorough consideration of the needs and desires of Nephi City (the “City”) and its residents, as well as the City’s capacity for new development, has carefully crafted this Project Area Plan (the “Plan”) for the Nephi South Main Street Community Reinvestment Project Area (the “Project Area”). This Plan is the end result of a comprehensive evaluation of the types of appropriate land-uses and economic development for the land encompassed by the Project Area which lies within the north section of the City, generally to east of Interstate 15, to the west of Main Street, and to the north of 1300 South. The Plan is intended to define the method and means for the Project Area from its current state to a higher and better use.

The City has determined it is in the best interest of its citizens to assist in the development of the Project Area. It is the purpose of this Plan to clearly set forth the aims and objectives of development, scope, financing mechanism, and value to the residents of the City and other taxing entities within the Project Area.

The Project Area is being undertaken as a community reinvestment project area pursuant to certain provisions of Chapters 1 and 5 of the Utah Limited Purpose Local Governmental Entities -- Community Reinvestment Agency Act (the “Act”, Utah Code Annotated (“UCA”) Title 17C). The requirements of the Act, including notice and hearing obligations, have been observed at all times throughout the establishment of the Project Area. The realization of the Plan is subject to interlocal agreements between the taxing entities individually and the Agency.

Resolution Authorizing the Preparation of a Draft Community Reinvestment Project Area Plan

Pursuant to the provisions of §17C-5-103 of the Act, the governing body of the Agency adopted a resolution authorizing the preparation of a draft Community Reinvestment Project Area Plan on **November 8, 2016**.

Utah Code
§17C-5-104

Recitals of Prerequisites for Adopting a Community Reinvestment Project Area Plan

In order to adopt a community reinvestment project area plan, the Agency shall;

- ☐ Pursuant to the provisions of §17C-5-104(1)(a) and (b) of the Act, the City has a planning commission and general plan as required by law; and
- ☐ Pursuant to the provisions of §17C-5-104 of the Act, the Agency has conducted or will conduct one or more public hearings for the purpose of informing the public about the Project Area, and allowing public input into the Agency’s deliberations and considerations regarding the Project Area; and
- Pursuant to the provisions of §17C-5-104 of the Act, the Agency has allowed opportunity for input on the draft Project Area Plan and has made a draft Project Area Plan available to the public at the Agency’s offices

during normal business hours, provided notice of the plan hearing, sent copies of the draft Project Area Plan to all required entities prior to the hearing, and provided opportunities for affected entities to provide feedback.

UTAH CODE
§17C-5-105(1)

Description of the Boundaries of the Proposed Project Area

A legal description of the Project Area along with a detailed map of the Project Area is attached respectively as **Exhibit A** and **Exhibit B** and incorporated herein. The Project Area is made up of approximately 1.5 acres of land located in the northern portion of parcel XA00-2504-122. The Project Area is in the north section of the City, generally to east of Interstate 15, to the west of Main Street, and to the north of 1300 South.

As delineated in the office of the Juab County Recorder, the Project Area encompasses approximately 1.5 acres of the following parcel:

TABLE 1: PROJECT AREA PARCELS

Parcel	Acres
XA00-2504-122	15.33
Total	15.33

UTAH CODE
§17C-5-105(1)

General Statement of Land Uses, Layout of Principal Streets, Population Densities, Building Densities and How They Will be Affected by the Project Area

General Land Uses

The Property in the Project Area is currently zoned for highway commercial use. This property has unrealized economic potential, that can be met through development or refurbishment. Current land uses adjacent to the Project Area include vacant, underutilized land to the north, east and west with commercial to the south.

This Project Area Plan is consistent with the General Plan of the City and promotes economic activity by virtue of the land uses contemplated. Any zoning change, amendment or conditional use permit necessary to the successful development contemplated by this Project Area Plan shall be undertaken in accordance with the requirements of the City's Code and all other applicable laws including all goals and objectives in the City's General Plan.

Layout of Principal Streets

The Project Area map, provided in **Exhibit B**, shows the principal streets in the area. As shown, the Project Area is composed of land that is approximately east of **Main Street** and west of **Interstate 15**. These two roadways referenced in **Exhibit B** and

herein are the principal streets within the Project Area. These two streets are critical in terms of access to the proposed development and provides great visibility from Interstate 15.

Population Densities

As the property in the Project Area is currently vacant, the current population density is zero. The impact of the Project Area on the population density is expected to remain at or near zero in the foreseeable future as development currently contemplated is strictly commercial. However, transient population will increase as the hotel development will provide opportunity for travelers along Interstate 15 to easily access lodging and accommodate an increase of out of area visitors to enjoy lodging accommodations with ample meeting space.

Building Densities

Building densities will increase as development occurs. The intent of this plan is to promote greater economic utilization of the land area, which would include the development of a hotel with conference center and meeting space accommodations. This development will greatly enhance the economic tax base of the area and is consistent with the desire and objective of the City's General Plan.

Impact of Community Development on Land Use, Layout of Principal Streets, and Population Densities

Community reinvestment activities within the Project Area will mostly consist of development and economic enhancement of underutilized areas. The current land use is expected to be commercial. In order to promote the development of the Project Area, the Agency, along with property owners, developers, and/or businesses will need to construct infrastructure improvements and create better utilization of land.

Land Use – It is anticipated that future development within the Project Area will create space for commercial businesses, primarily the focus on Hotel development with conference and meeting space.

Layout of Principal Streets – Although it is not anticipated that the community reinvestment of the Project Area will alter the layout of principal streets, it may create additional demand on Main Street. Roadway and other utility infrastructure enhancements may be necessary to assist the Agency in facilitating the project.

Population Densities – The Project Area should not alter the current full-time residential population densities, as the development is anticipated to be commercial only.

UTAH CODE
§17C-5-105(c)

Standards Guiding the Community Reinvestment

In order to provide maximum flexibility in the development and economic promotion of the Project Area, and to encourage and obtain the highest quality in development and design, specific development controls for the uses identified above are not set forth herein. Each development proposal in the Project Area will be subject to appropriate

elements of the City's proposed General Plan; the Zoning Ordinance of the City, including adopted Design Guidelines pertaining to the area; institutional controls, deed restrictions if the property is acquired and resold by the Agency, other applicable building codes and ordinances of the City; and, as required by ordinance or agreement, review and recommendation of the Planning Commission and approval by the Agency.

Each development proposal by an owner, tenant, participant or a developer shall be accompanied by site plans, development data and other appropriate material that clearly describes the extent of proposed development, including land coverage, setbacks, height and massing of buildings, off-street parking and loading, use of public transportation, and any other data determined to be necessary or requested by the Agency or the City.

UTAH CODE
§17C-5-105(D)

How the Purposes of this Title Will Be Attained By Community Development

It is the intent of the Agency, with the assistance and participation of private developers and property owners, to facilitate new development and improve existing private and public structures and spaces. Most notably, the creation of a hotel and meeting space within the City.

UTAH CODE
§17C-5-105(E)

Conformance of the Proposed Development to the Community's General Plan

The proposed Community Reinvestment Project Area Plan and the development contemplated are consistent with the City's proposed General Plan and land use regulations.

UTAH CODE
§17C-5-105(G)

Describe any Specific Project or Projects that are the object of the Proposed Community Reinvestment

Currently, the Project Area includes the development of the approximately 1.5-acre site that will provide products and services to the public. Including:

1. A building of approximately 42,000 square feet;
2. Approximately 24 new jobs (hospitality and retail); and
3. Infrastructure – water, sewer, storm sewer, gas, electricity, telecommunications & parking.

UTAH CODE
§17C-5-105(H)

Method of Selection of Private Developers to undertake the Community Reinvestment and Identification of Developers Currently Involved in the Process

The City and Agency will select or approve such development as solicited or presented to the Agency and City that meets the development objectives set forth in this plan. The City and Agency retain the right to approve or reject any such development plan(s) that in their judgment do not meet the development intent for the Project Area. The City and Agency may choose to solicit development through an RFP or RFQ process, through targeted solicitation to specific industries, from inquiries to the City, EDC Utah, and/or from other such references.

The City and Agency will ensure that all development conforms to this plan and is approved by the City. All potential developers may need to provide a detailed development plan including sufficient financial information to provide the City and Agency with confidence in the sustainability of the development and the developer. Such a review may include a series of studies and reviews including reviews of the Developers financial statements, third-party verification of benefit of the development to the City, appraisal reports, etc.

Any participation between the Agency and developers and property owners shall be by an approved agreement.

UTAH CODE
§17C-5-105(I)

Reason for Selection of the Project Area

The Project Area was selected by the Agency because of the immediate opportunity for development that will significantly strengthen the City's economic base. The Project Area includes land around the Interstate 15 corridor that is currently undeveloped and underutilized.

UTAH CODE
§17C-5-105(J)

Description of Physical, Social and Economic Conditions Existing in the Project Area

Physical Conditions

The Project Area consists of approximately 1.5 acres of relatively flat land that enjoys great visibility for Interstate 15 and direct access off of Main Street.

Social Conditions

The Project Area experiences a lack of connectivity and vitality. There are currently no residential units, parks, libraries, or other social gathering places in the Project Area.

Economic Conditions

The Project Area lies among the City’s commercial core, however the land in the Project Area is currently underutilized. The current taxable value of the property in the Project Area is approximately **\$55,440**, generating approximately **\$741** on an annual basis in property tax. After development of the area, the taxable value of the planned development is expected to be at least approximately **\$4,500,000** and will generate approximately **\$60,100** in property taxes in the first year and will likely grow from there.

TABLE 2: ECONOMIC BENEFIT OF DEVELOPMENT

Development Scenario	Taxable Value	Annual Property Taxes
Current (Undeveloped)	\$55,440	\$741
Developed (as Proposed)	\$4,500,000	\$60,100

UTAH CODE
§17C-5-105(k)

Description of any Tax Incentives Offered Private Entities for Facilities Located in the Project Area

Tax increment arising from the development within the Project Area shall be used for debt service payments related to the development, public infrastructure improvements, Agency requested improvements and upgrades, both off-site and on-site improvements, land and job-oriented incentives, desirable Project Area improvements, and other items as approved by the Agency. Subject to provisions of the Act, the Agency may agree to pay for eligible costs and other items from taxes during the tax increment period which the Agency deems to be appropriate under the circumstances.

The Agency may also see fit to support projects that would benefit the Project Area and the City as a whole.

In general, tax incentives may be offered to achieve the community reinvestment goals and objectives of this plan, specifically to:

- ☐ Foster and accelerate economic development;
- ☐ Stimulate job development;
- ☐ Make needed infrastructure improvements to roads, street lighting, water, storm water, sewer, and parks and open space;
- ☐ Assist with property acquisition and/or land assembly; and
- ☐ Provide attractive development for high-quality commercial tenants.

The Project Area Budget will include specific participation percentages and timeframes for each taxing entity. Furthermore, a resolution and interlocal agreement will formally establish the participation percentage and tax increment period for each taxing entity.

UTAH CODE
§17C-5-105(2)

Anticipated Public Benefit to be Derived from the Community Development

The Beneficial Influences upon the Tax Base of the Community

UTAH CODE
§17C-5-105(2)(ii)(A)

The beneficial influences upon the tax base of the City and the other taxing entities will include increased tax revenues and job growth. The increased revenues will come from the property values associated with new construction in the area, as well as increased land values that may occur, over time, in the area generally. Property values include land, buildings and personal property (machines, equipment, etc.) The development will also produce increased sales tax and transient room tax.

Job growth in the Project Area will result in increased wages, increasing local purchases and benefiting existing businesses in the area. Job growth will also result in increased income taxes paid. Additionally, business growth will generate corporate income taxes.

There will also be a beneficial impact on the community through increased construction activity within the Project Area. Positive impacts will be felt through construction wages paid, as well as any construction supplies purchased locally.

UTAH CODE
§17C-5-105(2)(ii)(B)

The Associated Business and Economic Activity Likely to be Stimulated

Other business and economic activity likely to be stimulated includes increased spending by new and existing residents within the City and employees in the Project Area and in surrounding areas. This includes both direct and indirect purchases that are stimulated by the spending of the additional employees in the area.

Businesses will likely make purchases that may eventually result in increased employment opportunities in areas such as the following: office equipment, furniture and furnishings, office supplies, computer equipment, communication, security, transportation and delivery services, maintenance, repair and janitorial services, packaging supplies, and office and printing services.

Employees may make some purchases in the local area, such as convenience shopping for personal services (haircuts, banking, dry cleaning, etc.). The employees will not make all of their convenience or personal services purchases near their workplace and each employee's purchasing patterns will be different. However, it is reasonable to assume that a percentage of these annual purchases will occur within close proximity of the workplace (assuming the services are available).

UTAH CODE
§17C-5-105(2)(C)

Efforts to Maximize Private Investment

The agency has formed a partnership with the developers to realize the vision of this project area. It is anticipated that the development will require over **\$7,000,000** of private capital. Creating a CRA will act as a catalyst to jumpstart the development of the area and guide the development to be higher density and best uses.

UTAH CODE
§17C-5-105(2)(C)

But For Analysis

The cost of developing and managing an adequate hospitality product is prohibitive in the City when it's considered against the average daily rate of hotels in the region. "But

for” the creation of the CRA and its associated public participation, this type of land use would likely not develop and the land would continue to be underutilized.

UTAH CODE
§17C-5-105(2)

Cost/Benefit Analysis

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

TABLE 2: TOTAL REVENUES

Entity	Property Tax	Sales Tax	Franchise Tax	Total Incremental Revenues
Juab County	\$211,936	\$1,253,424	-	\$1,465,360
Juab County School District	735,601	-	-	735,601
Nephi City	122,436	196,901	255,664	575,001
East Juab County Water Conservancy District	20,227	-	-	20,227
Juab County Fire Protection Special Service District	69,452	-	-	69,452
Central Utah Water Conservancy District	35,800	-	-	35,800
Total Revenue	\$1,195,452	\$1,450,325	\$255,664	\$2,901,441

TABLE 3: TOTAL EXPENDITURES

Entity	CRA Budget ¹	General Government	Public Works	Public Safety	Total Incremental Expenditures
Juab County	\$1,307,042	\$19,371	-	-	\$1,326,413
Juab County School District	532,797	14,199	-	-	546,996
Nephi City	285,522	24,807	65,725	92,166	468,220
East Juab County Water Conservancy District	18,193	404	-	-	18,597
Juab County Fire Protection Special Service District	62,468	2,328	-	-	64,796
Central Utah Water Conservancy District	32,200	7,678	-	-	39,878
Total Expenditures	\$2,238,222	\$68,788	\$65,725	\$92,166	\$2,464,900

The total net benefit to the taxing entities of participating in the Project Area is \$436,541, with the City’s net benefit being \$106,781.

¹ Includes Sales Tax and Transient Room Tax Participation

EXHIBIT A: Legal Description of Nephi CRA

A Part of the Northwest Quarter of Section 16, Township 13 South, Range 1 East, Salt Lake Base and Meridian, U.S. Survey, Nephi City, Juab County, Utah

Beginning at a point on the Easterly line of SR-28, being 1206.93 feet South $0^{\circ}10'10''$ East along the Section line and 44.60 feet North $89^{\circ}49'50''$ East from the Northwest Corner of said Section 16, and running thence North $15^{\circ}18'48''$ East 229.63 feet along said Easterly line of SR-28; thence South $89^{\circ}57'23''$ East 262.90 feet; thence South $15^{\circ}17'40''$ West 299.00 feet; thence North $74^{\circ}39'20''$ West 253.72 feet to the point of beginning.

Contains: 67,050 sq.ft. or 1.539 acres

EXHIBIT B: Project Area Map

MAP OF PROPOSED PROJECT AREA BOUNDARIES

