

**REDEVELOPMENT AGENCY OF SALT LAKE CITY
SUPPLEMENTAL BUDGET INFORMATION & NARRATIVE
FISCAL YEAR 2010/2011**

The following document is supplemental to the annual implementation budget that was adopted by the Board of Directors on June 8, 2010. This document discusses the goals and objectives of each of the project areas, the sources of revenues generated, and the allocation of funds to accomplish certain goals and objectives by project area or fund type. It also discusses the priority of funding of projects within the districts depending upon the amount of actual tax increment received.

The report is organized by fund and is in the same order as the Annual Implementation Budget. The supplemental information is organized as follows:

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REDEVELOPMENT AGENCY OF SALT LAKE CITY
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OVERVIEW

The Redevelopment Agency of Salt Lake City was created in 1969 and currently has six project areas within which the Agency concentrates its efforts. In addition, the Agency works with housing providers and advocates to improve the housing stock on a city-wide basis. The Agency is governed by Utah statute, which has been amended numerous times. The current statute is the Community Development and Renewal Agencies Act (Utah Code Annotated, Section 17C).

The mission of the Redevelopment Agency of Salt Lake City is to “improve blighted areas of Salt Lake City, encourage economic development of Salt Lake City, encourage the development of housing for low- and moderate-income households within Salt Lake City and encourage compliance with and implementation of the Salt Lake City master plan.” The Agency will participate with Salt Lake City, Salt Lake County, the State of Utah and other public entities, as appropriate, to implement its mission.

The tools available to achieve the Agency’s mission include:

1. Property acquisition, demolition, re-planning, sale, and/or redevelopment;
2. Planning, financing and development of public improvements;
3. Providing management support and financing for projects that will improve blighted areas;
4. Gap financing in the form of loans, grants, and equity participation to encourage private investment;
5. Relocation assistance and business retention assistance to businesses.

To accomplish this mission, the Agency has developed a number of programs within each of the project areas to promote redevelopment. These programs typically provide loans and reimbursements to encourage renovation and certain types of developments.

The Agency’s six project areas were created under the redevelopment statute at various times over the past thirty years. Statutorily, the Agency is required to budget and account for each project area separately. In addition, the Agency has established other funds including Project Area and City-Wide Housing funds as permitted under the statute. The Agency’s accounts are audited annually and transmitted to the State Tax Commission and taxing entities as required by the statute.

BUDGET PROCESS

The budget process is a multi-month endeavor that requires reports and requests being sent to and received from the Salt Lake County Auditor’s office; receiving and reviewing funding applications from public and private groups; and a determination by the Board of Directors of the funding allocations for projects and programs for the upcoming fiscal year. The budget documents include ongoing obligations such as debt service payments, reimbursement

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agreements, administrative costs, temporary property expenses; revenues; and special allocations for new projects and programs.

On or before November 1 of each year, the Agency is required to submit a request to the Salt Lake County Auditor requesting funds for the following tax year. This request is submitted prior to the time the Agency has information concerning the current year tax increment proceeds. The statute also states that the Agency can receive no more than it requests. Thus, to ensure that the Agency’s request adequately covers any unanticipated growth in tax increment revenues, the Agency often requests more tax increment proceeds than may be generated in each of the districts. To ensure that funding is available for projects, the Board budgets both “certain” tax increment, which is typically an amount slightly more than the tax increment received from the most recent final tax increment settlement, and “uncertain” or contingent allocations, to account for any unexpected increases in tax increment that might make more funds available. The projects funded with uncertain allocations are not started until such time as the tax increment settlement information is received from Salt Lake County, usually in late march, during the final quarter of the fiscal year. A budget amendment is then prepared and presented for adoption that balances actual tax increment receipts and funding allocations.

ADMINISTRATIVE BUDGET

The Agency’s Administrative Budget document includes the staffing document and the allocation of funds to pay for personnel services and general operating costs. The staffing document shown below describes the number and pay grades of the approved staffing for the Agency for the current and most recent fiscal years.

STAFFING DOCUMENT				
	No. of Positions			
	Pay Class	2009-2010	Pay Class	2010-2011
Executive Director	003	1	003	1
Deputy Director	612	2	004/614	1.25
Deputy Director			RPT	.25
Senior Project Manager	609	0	609	0
Project Manager	607	2	607	2
Project Coordinator	605	3	605	3
Property Administrator	607	1	607	1
RDA Office Manager	309	1	309	1
Project Area Specialist	603	0	603	1
Official Technician 1			Seasonal/700	0.75
Administrative Secretary	306	1	306	1
Total		12		12.25

This budget contemplates changes in responsibilities and reclassification of staff members from part time to full time. The Agency will hire a second Deputy Director in anticipation of the retirement of the current Deputy Director. The current Deputy Director will be a full time for approximately one-fourth of the year and a Regular Part Time (RPT) employee for approximately one-fourth of the year. Having two Deputies during this

transition period will allow a smooth transfer of duties and responsibilities.

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The Administrative Budget covers four general categories of costs:

1. Personal Services includes salaries and benefits for the Agency staff. No change from the prior year was proposed or approved this year.
2. Materials and Supplies include costs for books, periodicals, postage, and stationery. No change from the prior year budget was approved.
3. Operating and Maintenance Costs include auditing and legal fees, telephone and computer network support, and education and training for staff. The budget has been increased by \$7,675 or 5.5%, primarily to cover additional cell phone service and increased network support charges from Salt Lake City.

2010/2011 Administrative Budget	
Personal Services	1,028,275
Materials and Supplies	18,300
Operating and Maintenance	146,500
Charges and Services	147,800
Administrative Service Fees	270,000
Capital Expenditures	8,000
Total	\$1,618,875

4. Charges and Services Costs include rental for Agency office space, travel, employee recognition awards, cost of meals for RAC and Board meetings, and insurance/bonding costs. The budget is increased by \$11,609 or 8.5% to cover high building rent, increased cost of meals, additional travel to provide better training opportunities for staff, and a higher risk

management premium

5. Administrative Services Fees are paid to Salt Lake City Corporation for services provided for assistance in preparing financial reports, human resource management, and time spent by members of the City Council and Mayor’s Office working on Agency projects. No change from the prior year’s budget has been included in the budget.
6. The Capital Expenditures portion of the Administrative Budget includes purchase of equipment and furnishings. The budget has been decreased by \$11,500 or -58.97% from the prior year budget.

The 2010/2011 Administrative Budget is 0.49% higher than the prior year. Funding of the costs is distributed across all funds as shown in the budget spreadsheet that precedes this discussion.

FUND BUDGETS

The following is a brief discussion of each of the funds and projects that will be allocated monies from each fund’s revenue source. The funds are described in order of the columns on the budget spreadsheets.

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SARR (STATUTORY ALLOCATION REDUCTION REVENUE)

2010/2011 Budget	
Administration	\$100,000
State Taxpayer Overpayment	\$61,200
Trustee’s Fees	\$20,000
Facility	
Arena/Salt Palace	\$1,348,938
Arena Debt Service	\$7,385,000
Franklin Covey Field	\$1,756,445
500 West Park Blocks	\$1,027,589
Guardsman Way Ice Sheet	\$1,561,230
School District Payments	
#1 - Arena	\$390,000
#2 - Salt Palace	\$1,091,742
#3 - Franklin Covey	\$439,111
#4 - 500 West	\$411,036
#5 - Ice Sheet	\$624,492
TOTAL	\$16,216,783

The Community Development and Renewal Agencies Act permits the Agency to use up to 100% of the tax increment generated in project areas to pay for construction of sports facilities and convention centers where construction began prior to June 30, 2002; and recreational and cultural facilities on which construction began prior to December 31, 2005. (Refer to Utah Code Annotated, Section 17C-1-403 for statutory requirements.) The debt service for these facilities can be paid throughout the 25-year life of the project area and for seven years after regular tax increment is no longer paid to the Agency. Only expenses related to administration, costs of these facilities, and payments to taxing entities are eligible uses of the funds.

The Agency currently pays debt service and makes payments to the Salt Lake City School District from the Central Business District SARR

funds.

The Agency sold bonds for the construction of the Energy Solutions Arena and the Salt Palace project, both in the CBD project area. These are obligations of the Agency and will be paid in full after final annual payments are made from the 2014 tax year (2014/2015 Fiscal Year) tax increment allocations.

The Agency has entered into Interlocal Agreements with Salt Lake City Corporation for the payment of the portion of the City’s sales tax bond debt service related to Franklin Covey Field, the 500 West Park Blocks, and the Guardsman Way Ice Sheet. The interlocal agreements state that “to the extent tax increment is available,” the Agency will make the debt service payments. If tax increment is not adequate to cover the balance of the Agency’s share of debt service, Salt Lake City Corporation is obligated to make the payments even if the Agency’s assistance is reduced or eliminated in that year. The Agency has also executed agreements with the Salt Lake City School District to pay either negotiated amounts or a percentage of the actual debt service payments. These payments continue through the term of the bond obligations or the end of the permitted statutory life of the Central Business District Project Area.

CENTRAL BUSINESS DISTRICT PROJECT AREA

OVERVIEW

The Central Business District Project Area (CBD) was created on May 1, 1982 and will expire in tax year 2040. The unusual length of the CBD Project Area life exists as a result of the approval of a project area extension granted by the Agency's Taxing Entity Committee. The CBD Project Area is approximately bounded by North Temple and 500 South Street, 400 West and 200 East. Since State redevelopment law limits the area for tax increment collection to 100 acres within a single project area, the Agency carefully selected 100 tax increment generating acres from the designated 262-acre project area. The remaining 162 acres are still eligible for RDA funding.

The CBD project area was adopted without a project area budget because this statutory requirement did not exist at the time of the project area's creation. The adopted redevelopment plans describe development objectives that include promotion of residential, office, and commercial projects, assisting in the planning and construction of public infrastructure and transportation, and promotion of cultural activities. This project area has no statutory obligation to contribute to the Project Area or City-Wide Housing funds. As a practice, however, the Board of Directors usually allocates approximately 10% of tax increment revenues after ongoing obligations to support housing development.

GOALS AND OBJECTIVES

In December 2009, the Board of Directors of the Agency adopted the following goals and objectives for the Central Business District Project Area:

- Concentrate and develop those public facilities and associated cultural, recreational, and entertainment activities and opportunities that make Salt Lake City one of the greatest cities.
 - Assume a leadership role and initiate a plan to move forward with the “Arts District” in the Downtown.
- Establish downtown as a well-planned, desirable and diverse activity center to service the needs of a sizeable 24-hour population.
 - Support the efforts of Salt Lake City and economic development organizations to recruit a major corporate headquarters to locate in the downtown as a means of establishing a “daytime population.”
 - Seek additional housing opportunities to support a “nighttime population.”
 - Promote and enhance downtown's pedestrian friendly qualities
- Preserve and reuse our existing physical environment while providing for the orderly transition of certain land uses and creating a new expectation of uncompromising quality for future Downtown developments.
 - Move forward with the development of the Regis Hotel site.
 - Provide building renovation loans to get existing buildings into a structurally sound and marketable condition.
 - Continue to plan for the upkeep and renovation of the Gallivan Utah Center.

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Board members requested that funding applications for the 2010/2011 Budget year be directed toward accomplishment of the adopted goals and objectives. Therefore, after all ongoing budget requirements are met, the remaining funds are used for projects that meet the specific goals and objectives as previously stated.

REVENUE AND ALLOCATION

REVENUE

Tax Increment. The 2009 tax year is the second year the Agency will operate under the CBD Extension Resolution adopted by the Taxing Entity Committee on October 1, 2004. This resolution extends the CBD Project Area through 2040. The Agency has requested that the County Auditor distribute 100% of the tax increment to the Agency. The SARR Debt Service has the senior call on available tax increment. The remainder of funds will be split with 60% being paid to the taxing entities and 40% being retained by the Agency for redevelopment activities. +

CBD Tax Increment Growth: 1997 – 2009		
Tax Year	Tax Increment	% Change
1997	11,954,713	
1998	11,230,283	-6.06%
1999	12,715,469	13.22%
2000	12,543,596	-1.35%
2001	13,317,097	6.17%
2002	13,692,033	2.82%
2003	11,363,379	-17.01%
2004	9,659,285	-15.00%
2005	9,590,595	-0.71%
2006	9,615,389	0.26%
2007	9,438,307	-1.84%
2008	883,002	-90.64%
2009	709,429	-19.66%
2010**	9,844,417	
** Estimated		

CBD Project Area tax increment revenue is generated and collected from the increase in property tax values above the base value established at its inception within the 100-acre collection area of the total 262-acre project area. Tax increment revenues since 1997 are shown in the table on the left.

State redevelopment law requires that the Agency request tax increment on the November 1st prior to the beginning of the tax year the increment will be generated. This results in the Agency requesting more than anticipated in order to assure that the Agency receives all tax increment proceeds to reinvest in the project area. For this reason, the Agency’s budget is prepared to include both “Certain” and “Uncertain” funding allocations.

On November 1, 2009, the Agency requested \$9,844,417 for the 2010 tax year. In March 2009 the report of the Salt Lake County Auditor verified the 2009 regular tax increment proceeds in the amount of \$709,429. Starting with Tax Year 2008, the taxing entities receive 60% of available tax increment after debt service for the remaining life of the CBD Extension. During the first seven years of the CBD Extension, the vast majority of tax increment proceeds are earmarked for the debt service payments under SARR.

The certain and uncertain tax increment for CBD match the CBD amount requested in the Nov. 1 report. The Agency determined the CBD Project Area certain funding for the 2010/2011 budget at \$2,861,124 with the uncertain balance at \$6,983,293.

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Central Business District 2010/2011 Fiscal Year Revenue	
Source	Amount
Tax Increment - Certain	\$2,861,124
Tax Increment - Uncertain	\$6,983,293
Interest Income	\$70,000
Temporary Property Income	\$0
Reallocation	\$0
TOTAL	\$9,914,417

Projects funded with “uncertain” funding allocations are not started until the Agency receives the March report from the Salt Lake County Auditor’s Office certifying actual tax increment received. A budget amendment is then prepared and presented for adoption that balances actual tax increment receipts and funding allocations.

Other Funding Sources. In addition to tax increment revenues, the Agency also has the following revenue sources within the Central Business District:

1. Interest Income. The Agency’s funds are invested in the State Treasurer’s Pool. Interest income is budgeted as a part of the “certain” funding allocation.
2. Temporary Property Income. From time to time, the Agency receives lease revenues from various downtown rentals. Temporary Property Income is budgeted as a part of the “certain” funding allocation. This year, because we plan to vacate several of our previously rented properties, we have not anticipated substantial lease revenues. What does come in will be deposited in the Program Income Fund.
3. Reallocation. When projects are completed under budget or excess interest income is generated, these funds are reallocated as a part of the “certain” funding allocation for the current year.

ALLOCATIONS

Allocations of revenues to support redevelopment activities fall into two categories: Ongoing Obligations and Annual Allocations for Projects/Programs. Following is a description of these allocations for the CBD Project Area.

Ongoing Obligations.

1. Tax Refund Liability. Each year, the State Tax Commission and the Salt Lake County Board of Equalization make adjustments to property tax assessments that result in a reduction of the property tax revenues. These adjustments are not always made during the tax year, which results in a need for the State and County to recapture of tax increment proceeds paid to the Agency. The Agency budgets funds each year to cover this possibility.
2. Administrative Costs. Administrative costs for the Agency are distributed among all funds. In general, the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area’s goals and objectives.

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<u>Central Business District 2010/2011 Fiscal Year</u>	
<u>Ongoing Allocations</u>	
Use	Amount
<i>Ongoing Obligations</i>	
Tax Refund Liability	\$45,000
Administration (includes office rent)	\$404,450
Temporary Property Expenses	\$15,000
60% TEC Payment	\$1,716,674
222 South Main Reimbursement	\$750,000
Total	\$2,931,124

3. Temporary Property Expenses. The Agency owns property in the CBD that requires maintenance and repair, payment of property taxes, insurance and utilities. Most of these expenses are reimbursed by lease revenues. If the property is not leased, the Agency bears the cost of these expenses. The Agency is exempt from property taxes if the property is not leased.

4. 60% Taxing Entity Payment. Under the Taxing Entity Resolution 04-01 adopted on October 1, 2004, the Agency is obligated to pay 60% of all tax increment generated in the CBD Project Area to the taxing entities based upon their percentage share of the tax rate. The \$1,716,674 allocation represents 60% of the certain tax increment. The uncertain portion of the budget (noted below) includes an additional \$4,189,976 that represents 60% of the uncertain tax increment.

Annual Allocations. The remainder of “certain” tax increment and reallocated funds are allocated to new projects and to sustaining Agency programs. For FY 2010-2011, no new funds are available in certain funds for new projects. The Agency is hopeful that a portion of the \$6,983,293 “uncertain” tax increment may be available. Projects funded with uncertain tax increment cannot be started until after Salt Lake County receives the tax revenue and calculates the Agency’s share. The following is a list the Agency’s 2010-2011 projects, including those that fall into the uncertain project category.

1. Gallivan Center Renovation and Repair Project. This is an Agency request to fund necessary repairs and construct a new building and ice skating rink on the northern portion of the Gallivan Utah Center. The Board allocated \$250,000 in first priority “uncertain” funding.
2. Downtown Arts District Planning & Implementation. Agency staff submitted a \$2 million request to proceed with a Downtown Arts District planning process. The Board approved \$1,744,988 in third priority “uncertain” funding.
3. CBD Streetcar Feasibility /Design/Construction. Funds would be used to assist Salt Lake City in determining the feasibility of the proposed downtown streetcar. The Board approved \$100,000 of

<u>2010/2011 Fiscal Year Annual Allocations</u>	
Use	Amount
<i>Annual Obligations: Certain</i>	0
	0
<i>Annual Obligations: Uncertain</i>	
Gallivan Center Renovation and Repair Project	250,000
Downtown Arts District Planning & Implementation	1,744,988
CBD Streetcar Feasibility /Design/Construction	100,000
Uncertain TEC Payment (60%)	4,189,976
City-Wide Housing Fund	349,165
Project Area Housing Fund	349,165
TOTAL UNCERTAIN AMOUNT	\$6,983,294

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second priority “uncertain” funding for this project.

4. City-Wide and Project Area Housing Funds. Every year, the Agency requests funding for the Project Area and City-Wide Housing Funds. The City-Wide funds are used by Salt Lake City Housing and Neighborhood Development’s Housing Trust Fund to assist in the development of affordable housing projects as required by the Community Development and Renewal Agencies Act. Project Area Housing Fund will be used to increase and/or improve the housing stock in Agency project areas. The Board approved an allocation of 5% or \$349,165 for each fund from the “uncertain” allocation.

SUGAR HOUSE PROJECT AREA

OVERVIEW

The Sugar House Project Area was created on September 19, 1986 and will expire in tax year 2014. The Project Area covers the majority of the Sugar House Business District from 1300 East to 900 East and from Ramona Avenue south to Ashton Avenue. The Project Area includes approximately 95 acres designated as the Tax Increment Collection Area.

SUGAR HOUSE PROJECT AREA BUDGET

Similar to the Central Business District and West Temple Gateway Project Areas, no Project Area Budget was established during project area creation. The project area instead relies on tax increment financing permitted by Section 11-19-29, Utah Code Annotated 1953. This project area has no statutory obligation to contribute to the Project Area or City-Wide Housing funds. As a practice, however, the Board of Directors has allocated approximately 10% of tax increment revenues after ongoing obligations to support housing developments.

GOALS AND OBJECTIVES

In December 2009, the Board of Directors of the Agency adopted the following goals and objectives for the Sugar House Project Area:

- Provide guidance to development proposals to ensure harmony with the urban design objectives.
- Establish ways to participate in proposed projects through incentives, offering Agency programs, or by coordinating cost saving opportunities among current owners.
- Incorporate pedestrian orientation and pedestrian amenities into development alternatives; use convenient and attractive pedestrian linkages between anchor attractions.
- Provide for the strengthening of the tax base and economic health of the entire community and the State of Utah.
- Create Historic Facade Preservation Grant Program where a match of up to \$10,000 is given to those owners of renovated contributing structures as indicated on the Sugar House Historic Survey. Awarded upon approval of Federal Historic Tax Credits.
- Provide improved public streets and road access to the area to facilitate better traffic circulation and reduce traffic hazards.
 - Assist with the alignment of Wilmington Avenue with Sugarmont.
 - Incorporate adequate off-street parking into development with identified access, proper buffering and landscaping.
 - Participate in opportunities to offer incentives for below/above grade parking structures.
 - Re-establish the visible image of the Sugar House Business District as a “unique place” offering pleasant and convenient commercial, retail, office, entertainment, and residential facilities.

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- Finalize terms for development of Wilmington Avenue property by preparing a Request for Proposal and marketing the property for development.
 - Pursue development opportunities along both sides of Wilmington Avenue to maximize density and determine highest and best use of the area in light of recent conversations with property owners in the area.
 - Review existing Sugar House Loan Programs to include language in the lending criteria that will restrict Agency funding to those contributing structures, as determined in the Sugar House Historic Survey, unless the property owners are renovating or restoring the existing historic structures.

Board members requested funding applications for the 2010/2011 Budget year be directed toward accomplishment of the adopted goals and objectives.

SUGAR HOUSE REVENUES AND ALLOCATIONS.

Revenue

Tax Increment. Sugar House tax increment revenue is generated from the increase in property tax values within the collection area of the Project Area.

Since 1998, the Sugar House Project Area has generated tax increment revenues as indicated in the adjacent table.

On November 1, 2009, the Agency requested \$3,000,000 for the 2010 tax year. In March 2009 the report of the Salt Lake County Auditor verified the 2009 tax increment proceeds to be \$1,403,420. Given this information, \$1,200,000 has been budgeted as “certain” and \$1,800,000 as “uncertain” funding allocations for fiscal year 10/11.

Tax Year	Tax Increment	% Change
1998	734,349	
1999	998,186	35.93%
2000	1,153,655	15.58%
2001	1,425,000	23.52%
2002	1,660,000	16.49%
2003	1,900,059	14.46%
2004	1,763,451	-7.19%
2005	1,642,540	-6.86%
2006	1,525,647	-7.12%
2007	1,498,580	-1.77%
2008	1,525,522	1.80%
2009	1,403,420	-8.00%
2010**	3,000,000	
** Estimated		

Other Funding Sources. In addition to tax increment revenues, the Agency also has the following revenue sources within the Sugar House Project Area:

1. Interest Income. The Agency’s funds are invested in the State Treasurer’s Pool. Interest income is budgeted as a part of the “certain” funding allocation.

Sugar House 2010/2011 Fiscal Year Revenue	
Source	Amount
Tax Increment - Certain	\$1,200,000
Tax Increment - Uncertain	1,800,000
Interest Income	\$40,000
Temporary Property Income	\$0
Reallocation	\$0
TOTAL	\$3,040,000

2. Temporary Property Income. From time to time, the Agency acquires properties that are subsequently rented or leased. Temporary Property Income is budgeted as a part of the “certain” funding allocation. Currently, the Agency has no leased properties in the Sugar House Project Area.

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3. Reallocation. When projects are completed under budget or excess interest income is generated, these funds are reallocated as a part of the “certain” funding allocation.
4. Property Sales. When the Agency sells property in Sugar House, the proceeds from that sale may be reallocated into the project area “certain” funding allocation for the current fiscal year.

ALLOCATIONS

Allocations of revenues fall into two categories: Ongoing Obligations and Annual Allocations for Projects/Programs. Following is a description of these allocations for the Sugar House Project Area.

Ongoing Obligations. The Agency budgets annually for administrative and contractual costs.

Use	Amount
<i>Ongoing Obligations</i>	
Administration	\$246,750
Tax Refund Liability	\$13,000
Temporary Property Expenses	\$40,000
Sugar House Commons	\$290,000
TOTAL	\$589,750

1. Administrative Costs. Administrative costs for the Agency are distributed among all funds. In general, the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area’s goals and objectives.

2. Tax Refund Liability. Each year, the State Tax Commission and the Salt Lake County Board of Equalization make adjustments to property tax assessments that result in a reduction of the property tax revenues. These adjustments are not always made during the tax year in which they were paid, resulting in a need for the State and County recapture tax increment proceeds paid to the Agency. The Agency budgets funds each year to cover this possibility.
3. Temporary Property Expenses. From time to time, the Agency’s purchases property resulting in the need to pay property taxes, insurance, utilities, and repairs.
4. Contractual Obligations. The Agency has executed a Participation and Reimbursement Agreements with the developer for The Commons at Sugar House, L.C. The reimbursement is based upon a percentage of the actual tax increment assessed and paid by the development.

Annual Allocations. The remainder of “certain” and “uncertain” tax increment is allocated to new projects and sustaining Agency programs.

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Use	Amount
<i>Annual Allocation</i>	
Public Imp. & Dev. Incentives	50,000
Street Car Design & Implem.	300,000
Loan Programs	30,250
Streetcar Corridor Plan	150,000
City-wide Housing	60,000
Project Area Housing	60,000
<i>Uncertain Allocations</i>	
Public Imp. & Dev. Incentives	700,000
Street Car Design & Implem.	200,000
Loan Programs	720,000
City-wide Housing	90,000
Project Area Housing	90,000
Total	\$2,450,250

Funding Allocation Requirements or Conditions.

1. Public Improvement & Development Incentives. The Board approved \$50,000 in certain funding and \$700,000 in second priority uncertain funding. No specific project had been identified at the time the budget was adopted.

2. Street Car Design & Implementation. The Board approved \$350,000 in certain funding for the design and construction of a street car line that runs from the 2100 South TRAX station to the Granite Furniture block.

An additional \$200,000 was allocation in first priority uncertain funding.

3. Loan Programs. The Board allocated \$30,250 of certain and \$720,000 of third priority uncertain funding to replenish the Agency’s Loan Program account.
4. Streetcar Corridor Plan. The Board allocated \$150,000 of certain funding for a Streetcar Corridor Plan. This plan will determine where a second phase of additional streetcar lines would be most beneficial, and address some land use issues adjacent to the corridor.
5. City-Wide and Project Area Housing Allocations. Each year, the Board typically allocates 10% of certain and uncertain tax increment to support housing projects within Agency project areas and city-wide. Upon receipt of the March report from the Salt Lake County Auditor’s office, staff will work with Housing Trust Fund manager to prepare and execute an agreement that includes the actual dollar amount of the contribution and any statutory requirements for use of the funds for the City-Wide allocation. Project Area Housing funds will be used to acquire property or provide development incentives to developers and will be approved by the Board on a case-by-case basis.

WEST TEMPLE GATEWAY PROJECT AREA

Overview

The West Temple Gateway Project Area was created on August 1, 1987 and will expire in tax year 2018. The Project Area, in general, covers the area of 600 South to the I-15 off-ramp (approximately 1000 South) and 300 West to Main Street. The Project Area includes 92 acres of property located within the Central Community Planning District.

The adopted Project Area Plan includes the development objectives that are to be accomplished over the life of the project area. The primary focus of these objectives includes constructing public infrastructure to support both the residential and commercial nature of the district; facilitating the development of residential and commercial properties in the district; and improving the transportation system within the Project Area.

GOALS AND OBJECTIVES

In December 2009 the Board of Directors of the Agency adopted the following goals and objectives for the West Temple Gateway Project Area:

- Promote the development of mixed-use projects near the light rail station to create a livable and walkable urban environment.
 - Strategically acquire properties for redevelopment pursuant to Agency acquisition policies established by the Board of Directors.
- Support new and existing commercial businesses and improve commercial development opportunities.
 - Market the Loan Program.
- Identify properties for new residential construction or rehabilitation and work with local community development corporations to develop new projects.
 - Work with West Temple Gateway residents and business owners to address health, safety, and appearance issues within the project area.
- Improve vehicle and pedestrian circulation throughout the Central Community through coordination of transportation and land use planning.
 - Plan for future infrastructure projects and use infrastructure to encourage new developments.
 - Support establishment of guidelines, and regulations for urban design to improve the quality of living in the Central Community.
- Encourage zoning changes that promote high density residential and mixed-use developments.
 - Support new and existing commercial businesses and improve commercial development opportunities in the Central Community.
- Promote Salt Lake City as a viable business community through improved business/city administration communication and relationships, business recruitment and incentives for new and existing business.

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- Ensure commercial land uses are compatible with neighboring properties.
- Ensure that all Agency-owned property is compatible with neighboring properties.

Board members requested that funding applications for the 2010/2011 Budget year be directed toward accomplishment of the adopted goals and objectives.

WEST TEMPLE GATEWAY REVENUES AND ALLOCATIONS.

Revenue

Tax Increment. West Temple Gateway tax increment revenue is generated from the increase in property tax values within the collection area of the Project Area. Tax increment revenues since 1997 were as shown in the adjacent table.

On November 1, 2009, the Agency requested \$1,500,000 for the 2010 tax year. In March 2009 the report of the Salt Lake County Auditor verified the 2009 tax increment proceeds to be \$579,010. Given this updated information, \$585,000 has been budgeted as “certain” and \$915,000 in “uncertain” funding allocations for the 10/11 fiscal year.

Tax Year	Tax Increment	% Change
1997	400,000	
1998	304,174	-23.96%
1999	365,405	20.13%
2000	395,108	8.13%
2001	414,742	4.97%
2002	498,834	20.28%
2003	447,682	-10.25%
2004	464,143	3.68%
2005	475,224	2.39%
2006	584,163	22.92%
2007	599,673	2.66%
2008	584,599	-2.51%
2009	579,010	-0.96%
2010**	1,500,000	
** Estimated		

Other Funding Sources. In addition to tax increment revenues, the Agency also has the following revenue sources within the West Temple Gateway Project Area:

Source	Amount
Tax Increment - Certain	\$585,000
Tax Increment - Uncertain	\$915,000
Interest Income	\$10,000
Temporary Property Income	\$0
Reallocation	\$0
	\$1,510,000

1. Interest Income. The Agency’s funds are invested in the State Treasurer’s Pool. Interest income is budgeted as a part of the “certain” funding allocation.
2. Temporary Property Income. From time to time the Agency acquires properties that are subsequently rented or leased. Temporary Property Income is budgeted as a part of the “certain” funding allocation. Currently, the Agency has no leased property in West Temple Gateway.
3. Reallocation. When projects are completed under budget or excess interest income is generated, these funds are reallocated as a part of the “certain” funding allocation in the current year.

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ALLOCATIONS.

Allocations of revenues fall into two categories: Ongoing Obligations and Annual Allocations for Projects/Programs. Following is a description of these allocations for the West Temple Gateway Project Area.

Use	Amount
<i>Ongoing Obligations</i>	
Administration	125,000
Tax Refund Liability	200
Temporary Property Expenses	53,500
<i>Certain Allocation</i>	0
People’s Portable Garden	16,000
Public Improvements	201,800
Loan Programs	25,000
Streetcar Planning, Design and Construction	50,000
Land Acquisition & Development	50,000
Public Art	5,000
Branding & Education	10,000
City-wide Housing	29,250
Project Area Housing	29,250
<i>Uncertain Allocations</i>	0
Public Improvements	323,500
Loan Programs	100,000
Streetcar Planning, Design and Construction	50,000
Land Acquisition & Development	350,000
City-wide Housing	45,750
Project Area Housing	45,750
Total	\$1,510,000

Ongoing Obligations. The Agency budgets annually for administrative and contractual costs.

1. **Administrative Costs.** Administrative costs for the Agency are distributed among all funds. In general the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area’s goals and objectives.

2. **Tax Refund Liability.** Each year, the State Tax Commission and the Salt Lake County Board of Equalization make adjustments to property tax assessments that result in a reduction of the property tax revenues. These adjustments are not always made during the tax year, resulting in a need for the State and County to recapture of tax increment proceeds paid to the Agency. The Agency budgets funds each year to cover this possibility.

3. **Temporary Property Expenses.** From time to time, the Agency purchases property, resulting in the need to pay property taxes,

insurance, utilities, and repairs.

Annual Allocations. The remainder of “certain” and “uncertain” tax increment is allocated to new projects and sustaining Agency programs.

1. **People’s Portable Garden.** Wasatch Community Garden has been allocated \$16,000 to continue the management and maintenance from July 2010 to June 2011 of the People’s Portable Garden location on the RDA-owned property located at 873-877 South 200 West.
2. **Public Improvements.** The Board allocated \$201,800 of certain and \$\$323,500 of uncertain funding for public improvements. Funding will be used to identify, design, and install needed public improvements that may include street reconstruction, curb and gutter, utility upgrades, street lighting installations, and fixed rail transportation construction.

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3. **Loan Programs.** In an effort to stimulate private investment and encourage rehabilitation of commercial buildings in the WTG Project Area, the Board allocated \$25,000 of certain funds and \$100,000 of uncertain funds to replenish the Agency’s Loan Program account.

4. **Streetcar Planning, Design and Construction.** The Board approved \$50,000 in certain funding and \$50,000 in uncertain funds for the cost of consultants, planning, design and construction for the creation of a streetcar that will serve the residents and businesses of the West Temple Gateway, Granary District, and Depot District Project Areas.

5. **Land Acquisition & Development.** The Board allocated \$50,000 in certain tax increment and \$350,000 in uncertain funding to support this activity. Agency staff will submit projects as they are identified throughout the year for Board consideration and action. No specific project had been identified at the time the budget was adopted.

6. **Public Art.** The Board approved the request of \$5,000 for public art projects that will be administered by the Salt Lake City Arts Council. Public art projects that compliment a walkable environment and that contribute to good street appeal will be encouraged.

7. **City-Wide and Project Area Housing Allocations.** Each year, the Board typically allocates 5% of certain and uncertain tax increment to support housing projects within Agency project areas and city-wide. Upon receipt of the March report from the Salt Lake County Auditor’s office, staff will work with Housing Trust Fund managers to prepare and execute an agreement that includes the actual dollar amount of the contribution and any statutory requirements for use of the funds for the City-Wide allocation. Project Area Housing funds will be used to acquire property or provide development incentives to developers and expenditures will be approved by the Board on a case by case basis.

WEST CAPITOL HILL PROJECT AREA

OVERVIEW

The West Capitol Hill Project Area was created on July 1, 1996 and will expire the earliest of: 1) tax year 2018; or 2) when the Agency has received \$5,270,000 of West Capitol Hill Project Area Tax Increment. The Project Area includes the area from 200 West to 400 West and 300 North to 800 North. The Project Area includes approximately 100 acres all of which have been designated as the tax increment collection area.

WEST CAPITOL HILL PROJECT AREA BUDGET

The multi-year budget for West Capitol Hill Project area was adopted on July 1, 1996 as required under the Utah Code Annotated. The adopted Project Area Budget anticipated the following distribution of tax increment proceeds toward projects:

1. Residential Programs: 25%

Under the State statute, Housing Funds may be spent to assist in the construction of housing or infrastructure including the costs of land acquisition and public infrastructure.

2. Commercial Programs: 50%

Redevelopment activities anticipated to be accomplished are in concert with the Capitol Hill Master Plan. These activities include land acquisition and commercial development.

3. Infrastructure Improvements: 25%

Public infrastructure is a vital part of encouraging redevelopment activity. Developers interpret such public investment as a message that the City is committed to reinvesting in these blighted project areas.

GOALS AND OBJECTIVES

In November 2008, the Board of Directors of the Agency adopted the following goals and objectives for the West Capitol Hill Project Area:

- Improve streetscape environment with landscaping, curb/gutter and sidewalks, street center island medians, and pedestrian-scale lighting and designed gateway images.
 - Install landscaping and infrastructure improvements along 300 West in West Capitol Hill Project Area.
 - Improve lighting throughout project area to improve safety for pedestrians.
- Preserve the mixed-use character that has historically developed within areas of the neighborhood while encouraging a mix of neighborhood commercial and medium density residential.

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- Removal of or renovation of boarded and abandoned structures along 300 West.
- Finalize negotiations and development agreements for Marmalade project.
- Support and enhance existing residential development and provide more housing opportunities.
 - Acquire and sell land for housing development.
- Maintain existing and encourage new neighborhood commercial uses in the area.
 - Market Loan Programs.

Board members requested funding applications for the 2010/2011 budget year be directed toward accomplishment of the adopted goals and objectives.

WEST CAPITOL HILL REVENUES AND ALLOCATIONS

Revenue

Tax Increment. West Capitol Hill tax increment revenue is generated from the increase in property tax values within the collection area of the Project Area. Since the creation of the

Tax Year	Tax Increment	% Change
1997	117,294	
1998	166,113	41.62%
1999	181,765	9.42%
2000	192,738	6.04%
2001	206,626	7.21%
2002	202,119	-2.18%
2003	215,668	6.70%
2004	231,799	7.48%
2005	271,036	16.93%
2006	348,765	28.68%
2007	450,000	29.03%
2008	534,193	18.71%
2009	542,377	1.53%
2010**	750,000	
** Estimated		

Project Area, tax increment revenues have been as shown in the table below.

On November 1, 2009, the Agency requested \$750,000 for the 2010 tax year. In March 2010, the report of the Salt Lake County Auditor verified the 2009 tax increment proceeds to be \$542,377. Given this information, \$635,000 has been budgeted as “certain” and \$115,000 as “uncertain” funding allocations for the 10/11 fiscal year.

Other Funding Sources. In addition to tax increment revenues, the Agency also has the following revenue sources within the West Capitol Hill Project Area:

1. Interest Income. The Agency’s funds are invested in the State Treasurer’s Pool. Interest income is budgeted as a part of the “certain” funding allocation.

2. Temporary Property Income. From time to time, the Agency acquires properties that are subsequently rented or leased. Temporary Property income is budgeted as part of the “certain” funding allocation.

Source	Amount
Tax Increment - Certain	\$635,000
Tax Increment - Uncertain	115,000
Interest Income	\$20,000
Temporary Property Income	\$0
Reallocation	\$0
TOTAL	\$770,000

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3. Reallocation. When projects are completed under budget or excess interest income is generated, these funds are reallocated as a part of the “certain” funding allocation for the current year.

Allocations

Allocations of revenues fall into two categories: Ongoing Obligations and Annual Allocations for Projects/Programs. Following is a description of these allocations for the West Capitol Hill Project Area.

Ongoing Obligations. The Agency budgets annually for administrative and contractual costs.

1. Administrative Costs. Administrative costs for the Agency are distributed among all funds. In general, the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area’s goals and objectives.
2. Tax Refund Liability. Each year, the State Tax Commission and the Salt Lake County Board of Equalization make adjustments to property tax assessments that result in a reduction of the property tax revenues. These adjustments are not always made during the tax year, resulting in a need for the State and County to recapture of tax increment

Use	Amount
<i>Ongoing Obligations</i>	
Administration	\$78,480
Tax Refund Liability	\$500
Temporary Property Expenses	\$53,000
Contractual Obligations	0
TOTAL	\$131,980

proceeds paid to the Agency. The Agency budgets funds each year to cover this possibility.

3. Temporary Property Expenses. From time to time, the Agency purchases property that result in the need to pay property taxes, insurance, utilities, and repairs to Agency-owned property.

4. Contractual Obligations. The Agency currently has no Participation and Reimbursement Agreements for developers in the West Capitol Hill Project Area.

Annual Allocations. The remainder of “certain” and “uncertain” tax increment is allocated to new projects and sustaining Agency programs.

Funding Allocations Requirements or Conditions.

1. Ardmore Place Reconstruction. The Board allocated \$241,000 of certain funding for the reconstruction of Ardmore Place from 200 to 300 West and includes roadway pavement, curb and gutter, sidewalks, street lighting, waterlines, and storm drainage facilities.
2. 300 West Property Interim Improvements. The Board allocated \$100,000 of certain funding to provide funds for the landscaping and other temporary improvements on the Agency’s vacant property on 300 West between 500 and 600 North.

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3. Land Acquisition and Development. The Board allocated \$68,520 in certain and \$103,500 in uncertain funding for land acquisition and development opportunities.

Use	Amount
<i>Annual Allocation</i>	
Ardmore Place Reconstruction	241,000
300 W Property Interim Improvements	100,000
Land Acq. & Develop.	68,520
Marketing and Sales	50,000
City-wide Housing	31,750
Project Area Housing	31,750
<i>Uncertain Allocations</i>	
Land Acq. & Develop.	103,500
City-Wide Housing	5,750
Project Area Housing	5,750
Total	\$638,020

4. Marketing and Sales. In anticipation of remarketing of the 300 West property, the Board approved \$50,000 to cover associated expenses.

5. City-Wide and Project Area Housing Allocations. Each year, the Board typically allocates 10% of certain and uncertain tax increment to support housing projects within Agency project areas and city-wide (5% each). Upon receipt of the March report from the Salt Lake County Auditor’s office, staff will work with Housing Trust Fund managers to prepare and

execute an agreement that includes the actual dollar amount of the contribution and any statutory requirements for use of the funds for the City-Wide allocation. Project Area Housing funds will be used to acquire property or provide development incentives to developers and will be approved by the Board on a case-by-case basis.

DEPOT DISTRICT PROJECT AREA

OVERVIEW

The Depot District Project Area was created on October 15, 1998 and will expire in tax year 2022. The Project Area covers the area of North Temple to 400 South Streets and 400 West to the I-15 corridor. The Project Area includes 170 acres of which 100 acres have been designated as the tax increment collection area as required by the Agency's enabling legislation.

The adopted Project Area Budget anticipated the following distribution of tax increment proceeds toward projects:

1. Section 17C-1-411 & 412 Housing Funds: 20%

Under the State statute, Housing Funds may be spent to assist in the construction of housing or infrastructure including the costs of land acquisition and public infrastructure.

2. Redevelopment Activities: 65% to 75%

Redevelopment Activities anticipated to be accomplished are in concert with the Gateway Master and Specific Plans. They include land acquisition, facilitating housing and commercial development, and participation in the construction of public infrastructure.

3. Administrative Expenses: 5% to 15%

Administrative Expenses include the personal services, operating and maintenance expenses, charges and services, and capital expenditures for equipment necessary for the operation of the Agency.

GOALS AND OBJECTIVES

In November 2008, the Board of Directors of the Agency adopted the following goals and objectives for the Depot District Project Area:

- Provide for the continuation of existing uses within the Gateway District.
 - Provide at least two loans to renovate properties within the Depot District.
- Provide opportunities for housing within the Gateway District to reinforce the downtown area as a place to live, work, and play.
- Provide parking and service facilities that do not detract from the neighborhood character of the area.
- Create strong neighborhood environments that will reinforce the sense of community.
 - Work with at least one private developer to begin construction of additional new housing units.
 - Pursue opportunities for high density housing.

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- Pursue land acquisition opportunities to construct parking, housing, and commercial assemblages within Depot District
- Develop a marketing and land use strategy for the Intermodal Hub area (300 South from the Rio Grande Depot to the Intermodal Hub)
- Provide storm water control to protect improvements and neighboring property, to convey surface and ground water off the site for appropriate discharge in a way that minimizes flooding and complies with water quality objectives.
- Parks and Open Spaces: Integrate Gateway’s open space into the larger open space network.
- Create a pedestrian-friendly streetscape that will establish a sense of neighborhood.
 - Work with Salt Lake City Divisions to design and construct the City Creek Daylight Project.
 - Revisit the landscaping improvements on 500 West between 200 and 400 South.
- Public Transit: Reinforce downtown as the regional transportation hub with light rail, commuter rail, inter-city and local bus service.
- Provide access with an emphasis on a friendly and safe environment for bicycles and pedestrians.
 - Provide more walkable and cycling-oriented amenities in RDA developments
- Provide a broad mixture of small and medium commercial tenants representing a variety of uses.
- Promote commercial development on a neighborhood scale with an emphasis on specialty stores and neighborhood services.
- Organize the Gateway District in a pattern of streets, blocks, and pedestrian ways that extend the original grid pattern.
 - Work with existing property owners to promote redevelopment activities on assembled parcels.
 - Market 300 South 500 West properties.
 - Pursue opportunities for a Public Market in Depot District.

Board members requested funding applications for the 2010/2011 Budget year be directed toward accomplishment of the adopted goals and objectives.

DEPOT DISTRICT REVENUES AND ALLOCATIONS

Revenue

Tax Increment. Depot District tax increment revenue is generated from the increase in property tax values within the collection area of the Project Area.

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Tax Year	Tax Increment	% Change
1999	83,166	
2000	314,660	278.35%
2001	388,019	23.31%
2002	2,099,189	441.00%
2003	2,302,280	9.67%
2004	2,224,781	-3.37%
2005	2,680,529	20.49%
2006	3,342,808	24.71%
2007	3,552,441	6.27%
2008	3,995,191	12.46%
2009	4,199,404	5.11%
2010**	6,000,000	
** Estimated		

Since the creation of the Project Area, tax increment revenues have been as follows:

On November 1, 2009, the Agency requested \$6,000,000 for the 2010 tax year. In March 2009 the report of the Salt Lake County Auditor verified the 2009 tax increment proceeds to be \$4,199,404. Given this information, \$4,150,000 has been budgeted as “certain” and \$1,850,000 as “uncertain” funding allocations.

Other Funding Sources. In addition to tax increment revenues, the Agency also has the following revenue sources within the Depot District.

1. Interest Income. The Agency’s funds are invested in the State Treasurer’s Pool. Interest income is budgeted as a part of the “certain” funding allocation.

Source	Amount
Tax Increment - Certain	\$4,150,000
Tax Increment - Uncertain	\$1,850,000
Interest Income	\$30,000
Temporary Property Income	\$0
Reallocation	\$0
TOTAL	\$6,030,000

2. Temporary Property Income. From time to time, the Agency acquires properties that are subsequently rented or leased. Temporary Property Income is budgeted as a part of the “certain” funding allocation.

3. Reallocation. When projects are completed under budget or excess interest income is generated, these funds are reallocated as a part of the “certain” funding allocation for the current year.

Allocations. Allocations of revenues fall into two categories: Ongoing Obligations and Annual Allocations for Projects/Programs. Following is a description of these allocations for the Depot District Project Area.

Ongoing Obligations. The Agency budgets annually for administrative and contractual costs.

1. Administrative Costs. Administrative costs for the Agency are distributed among all funds. In general, the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area’s goals and objectives.

Use	Amount
<i>Ongoing Obligations</i>	
Administration	\$375,000
Tax Refund Liability	\$15,000
Temporary Property Expenses	\$220,000
Gateway Associates	\$1,762,500
Homestead Suites	\$172,886
Grant Tower Debt Service	\$279,254
TOTAL	\$2,824,640

2. Tax Refund Liability. Each year, the State Tax Commission and the Salt Lake County Board of Equalization make adjustments to property tax assessments that result in a

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reduction of the property tax revenues. These adjustments are not always made during the tax year, resulting in a need for the State and County to recapture of tax increment proceeds paid to the Agency. The Agency budgets funds each year to cover this possibility.

3. Temporary Property Expenses. From time to time, the Agency’s purchases property which results in the need to pay property taxes, insurance, utilities, and repairs to Agency-owned property.
4. Contractual Obligations. The Agency has executed Participation and Reimbursement Agreements for two developers in the Depot District: Gateway Associates and Homestead Suites. These reimbursements are based upon a percentage of the actual tax increment assessed and paid by the developments.
5. Grant Tower Reconfiguration. Beginning in October 2007 through the remaining project area life, the Agency will pay a portion of the debt for a Sales Tax Bond issued by Salt Lake City Corporation to finance infrastructure improvements associated with the Grant Tower rail reconfiguration. The principal amount of the Agency’s obligation is \$3,145,000 and the amount shown in the table is the Agency’s 2010/2011 obligation.

Annual Allocations. The remainder of “certain” and “uncertain” tax increment is allocated to new projects and sustaining Agency programs. Below are listed the annual funding allocations for the 10/11 fiscal year.

1. Sidewalk; 200-300 South. The Board approved \$73,000 in certain funding for the installation of a temporary sidewalk on the east side of 600 West from 200 South to the south end of the light rail platform (approximately 350 South).

Use	Amount
<i>Annual Allocation</i>	
Sidewalk; 200-300 South	73,000
Street Lighting	8,000
Rio Grande Hotel Capital Improvement Fund	25,000
Site Preparation & Demolition	730,000
Streetcar Planning, Design, and Development	104,360
City-Wide Housing	207,500
Project Area Housing	207,500
<i>Uncertain Allocations</i>	
Streetcar Planning, Design, and Development	1,000,000
Land Acq. & Development	665,000
City-Wide Housing	92,500
Project Area Housing	92,500
Total	\$3,205,360

2. Street Lighting. The Board allocated \$8,000 of certain funds for the installation of five cobra-style street lights along 300 South between 500 and 600 West.

3. Rio Grande Hotel Capital Improvement Fund. The Board approved \$25,000 in certain funds to create a repair and replacement reserve for potential capital improvements to the Rio Grande Hotel. This reserve is required by the lease agreement and expenditures would be approved by the Agency.

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4. Site Preparation & Demolition. The Board approved \$730,000 of certain funding to prepare Agency-owned property for market by demolishing most of the buildings on the Serta and Intermountain Furniture sites. This action is in response to recommendations made by the Agency's development consultant.

5. Streetcar Planning and Design. To begin the process of making a streetcar a reality in Salt Lake City, the Board budgeted \$104,360 in certain funds and \$1,000,000 in first priority uncertain funds for planning, design, and construction efforts.

6. Land Acquisition & Development. The Board allocated \$665,000 in second priority uncertain funding for land acquisition.

7. City-Wide and Project Area Housing Allocations. Each year, the Board typically allocates 10% of certain and uncertain tax increment to support housing projects within Agency project areas and city-wide. Upon receipt of the March report from the Salt Lake County Auditor's office, staff will work with Housing Trust Fund managers to prepare and execute an agreement that includes the actual dollar amount of the contribution and any statutory requirements for use of the funds for the City-Wide allocation. Project Area Housing funds will be used to acquire property or provide development incentives to developers and will be approved by the Board on a case-by-case basis.

GRANARY DISTRICT PROJECT AREA

OVERVIEW

The Granary District Project Area was created on April 15, 1999 and will expire in tax year 2023. The Project Area covers a portion of the area from 600 South to the 900 South I-15 off-ramp (approximately 1000 South) and 300 West to the I-15 corridor. The Project Area includes 95.8 acres of the South Gateway Planning District.

The adopted Project Area Budget anticipated the following distribution of tax increment proceeds toward projects:

1. Section 17C-1-411 & 412 Housing Funds: 20%

Under the State statute, Housing Funds may be spent to assist in the construction of housing or infrastructure including the costs of land acquisition and public infrastructure.

2. Redevelopment Activities: 65% to 75%

Redevelopment Activities anticipated to be accomplished are in concert with the Gateway Master and Specific Plans. They include land acquisition, facilitating housing and commercial development, and participation in the construction of public infrastructure.

3. Administrative Expenses: 5% to 15%

Administrative Expenses include the personal services, operating and maintenance expenses, charges and services, and capital expenditures for equipment necessary for the operation of the Agency.

GOALS AND OBJECTIVES

In December 2009, the Board of Directors of the Agency adopted the following goals and objectives for the Granary District Project Area:

- Provide for the continuation of existing uses within the Gateway District.
- Market loan programs throughout the Granary District Project Area.
- Provide for the development of a diverse mixture of uses that complement downtown, encourage a variety of housing opportunities, and facilitate the enhancement and revitalization of the Gateway District.
- Develop the Fleet Block and surrounding areas.
- Work with Granary District residents and business owners to address health, safety, and appearance issues within the project area.
- Reinforce downtown as the regional transportation hub with light rail, commuter rail, and inter-city and local bus service.

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- Extension of light rail and/or streetcar from the intermodal hub to the main north/south light rail line.

Board members requested that funding applications for the 2010/2011 Budget year be directed toward accomplishment of the adopted goals and objectives.

Granary District Revenues and Allocations.

Revenue

Tax Year	Tax Increment	% Change
2000	70,816	
2001	16,964	-76.05%
2002	53,810	217.20%
2003	84,074	56.24%
2004	67,326	-19.92%
2005	82,434	22.44%
2006	114,329	38.69%
2007	150,000	31.20%
2008	240,024	60.01%
2009	208,121	-13.29%
2010**	600,000	
** Estimated		

Tax Increment. Granary District tax increment revenue is generated from the increase in property tax values within the collection area of the Project Area. The adjacent table lists that amount of tax increment generated annually since the creation of the project area.

Granary District 2010/2011 Fiscal Year Revenue

On November 1, 2009, the Agency requested \$600,000 for the 2010 tax year. In March 2009 the report of the Salt Lake

Source	Amount
Tax Increment - Certain	\$210,000
Tax Increment - Uncertain	390,000
Interest Income	5,500
Temporary Property Income	0
Reallocation	0
TOTAL	\$605,500

County Auditor verified the 2009 tax increment proceeds to be \$208,121. Given this information, \$210,000 will be budgeted as “certain” and \$390,000 will be budgeted as “uncertain.”

Other Funding Sources. In addition to tax increment revenues, the Agency also has the following revenue sources within the Granary District:

1. Interest Income. The Agency’s funds are invested in the State Treasurer’s Pool. Interest income is budgeted as a part of the “certain” funding allocation.
2. Reallocation. When projects are completed under budget or excess interest income is generated, these funds are reallocation as a part of the “certain” funding allocation for the current year.
3. Temporary Property Income. From time to time, the Agency acquires properties that are subsequently rented or leased. Temporary Property Income is budgeted as a part of the “certain” funding allocation.

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Allocations. Allocations of revenue fall into two categories: Ongoing Obligations and Annual Allocations for Projects/Programs. Following is a description of these allocations for the Granary District Project Area.

Ongoing Obligations. The Agency budgets annually for administrative and contractual costs.

1. **Administrative Costs.** Administrative costs for the Agency are distributed among all funds. In general, the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area's goals and objectives.
2. **Temporary Property Expenses.** From time to time, the Agency purchases property, which results in the need to pay property taxes, insurance, utilities, and maintenance expenses.
3. **Tax Refund Liability.** Each year, the State Tax Commission and the Salt Lake County Board of Equalization make adjustments to property tax assessments that result in a reduction of the property tax revenues. These adjustments are not always made during the tax year, which results in a need for the State and County to recapture tax increment proceeds from subsequent years from the Agency. The Agency budgets funds each year to cover this possibility.

Annual Allocations. The remainder of "certain" and "uncertain" tax increment is allocated to new projects and sustaining Agency programs as described below:

1. **Public Improvements.** The Board allocated \$109,600 of certain and \$100,000 of first priority uncertain funds to be used identify, design, and construct needed public improvements in the District. These improvements might include street reconstruction, curb and gutter installation, utility upgrades, street light installation and fixed rail transportation construction.
2. **Land Acquisition & Development.** The Board allocated \$101,000 in third priority uncertain funding for land acquisition. While the Agency has not identified specific parcels for acquisition with the allocated funds, Staff will pursue strategic acquisitions that can be developed in concert with the Fleet Block and/or planned transit lines.
3. **Streetcar Planning, Design, and Development.** The Board allocated \$150,000 in second priority uncertain tax increment for the planning, design, and construction of a downtown streetcar line. The reallocated funds were provided by CED for use in the streetcar project. The RDA and City have begun planning for the new streetcar line that will serve, among other areas, the Granary District, Depot District, and West Temple Gateway Project Areas. The planning for the streetcar is in its early stages, with all issues pertaining to its location, construction, and operation still being explored. Granary District Project Area (the "Granary District") funds would only pay a portion of the overall costs.

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4. Project Area Branding and Education. The Board allocated \$5,000 of certain tax increment to begin efforts to educate the residents and property owners of the benefits of living and own property in a redevelopment project area. Through consistent signage and printed materials, the Agency intends to increase public awareness of Agency programs.

Use	Amount
<i>Ongoing Obligations</i>	
Administration	25,000
Temporary Property Expense	4,800
Tax Refund Liability	100
<i>Annual Allocation</i>	0
Public Improvements	109,600
Branding & Education	5,000
Loan Programs	50,000
City-Wide Housing	10,500
Project Area Housing	10,500
<i>Uncertain Allocations</i>	0
Public Improvements	100,000
Land Acquisition & Development	101,000
Streetcar Planning, Design, and Development	150,000
City-Wide Housing	19,500
Project Area Housing	19,500
Total	\$605,500

5. Loan Programs. The Board allocated \$50,000 of certain funds for low interest rate loans for property owners to renovate and preserve existing buildings, as well as take advantage of the Agency’s new construction program.

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PROGRAM INCOME FUND

The Program Income Funds are typically allocated as seed money for new project areas, to provide monies for the Revolving Loan Fund, or to pay for studies or projects that may span project area geographic boundaries or provide general information for Agency operations. Unlike Project Area Funds that receive tax increment revenue once per year, the Program Income Fund has a steady stream of income throughout the year from lease payments and loan repayments. Therefore, the allocation of funds between “certain” and “uncertain” is unnecessary.

PROGRAM INCOME REVENUE SOURCES

Source	Amount
Parking Structure Income	\$999,636
Loan Repayments	\$535,521
Interest Income	\$178,500
Temporary Property Income	\$11,540
Reallocation	\$235,000
TOTAL	\$1,960,197

1. **Parking Structure Income.** The Agency currently owns three parking structures containing approximately 1,750 parking stalls within the Central Business District Project Area. The parking structures are wholly leased to adjacent office buildings. Two of the parking structure leases that were both executed in 1993 are for 50-year terms, including lease rate increases every three years. The third structure is leased to the State of Utah under terms negotiated as part of the construction of the

Heber Wells and DWS building.

2. **Loan Repayments.** The loan repayments from project area tax increment loans are brought into the Program Income Fund. These funds can be budgeted for projects within any project area.
3. **Interest Income.** The Agency’s funds are invested in the State Treasurer’s Pool.
4. **Temporary Property Income.** From time to time, the Agency acquires properties that are subsequently rented or leased.
5. **Reallocation.** When projects are completed under budget or excess interest income is generated, these funds are reallocated as a part of the next year’s funding allocation for the current fiscal year

PROGRAM INCOME ALLOCATIONS

1. **Administrative Costs.** Administrative costs for the Agency are distributed among all funds. In general, the costs are allocated based on the amount of revenue available from each fund and the share of administrative resources expected to be spent on that project area’s goals and objectives.

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Use	Amount
Administration	\$140,925
Temporary Property Expenses	\$1,021,700
Block 57 - Maintenance	\$350,000
Block 57 - Programming	\$275,000
Block 57 - Lease Payment	\$22,000
Project Area Creation	150,572
TOTAL	\$1,960,197

2. Temporary Property Expenses. From time to time, the Agency purchases property, which results in the need to pay property taxes, insurance, utilities, and repairs to Agency-owned property.

3. Block 57 Expenses (Maintenance, Programming and Lease Payment). As owner of the Gallivan Center and member of the Gallivan Utah Center Owner’s Association, the

Agency must pay expenses relating to the programming and maintenance of the Gallivan Center. Salt Lake City Corporation also leases the 200 South Parking Ramp, Transformer Room and Trash Room to the Agency, the cost of which is subsequently passed onto The Boyer Company and Gallivan Utah Center.

4. Project Area Creation. The Board of Directors approved the creation of new project areas within the Salt Lake City limits at the October, 2008 Board retreat. The Project Area Creation funds will cover costs associated with this effort that include legal services, blight survey and plan development.

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HOUSING FUND ALLOCATIONS

Each year, the Agency prepares a report that indicates the amount of funds allocated to housing projects or housing related infrastructure within each of the tax increment funds. Below is a table that shows allocations for housing-related programs and projects as a percent of after-debt tax increment.

Housing Programs and Projects as a Percent of After Debt Tax Increment Revenue
 2010/2011 Annual Implementation Budget

	CBD TAX INCREMENT	SUGAR HOUSE	WEST TEMPLE GATEWAY	WEST CAPITOL HILL	DEPOT DISTRICT	GRANARY DISTRICT	TOTAL
Sources (excluding CBD Housing Reallocated) Debt and Administrative Cost	9,844,417	3,000,000	1,500,000	750,000	6,000,000	600,000	21,694,417
	<u>449,450</u>	<u>259,750</u>	<u>125,200</u>	<u>78,980</u>	<u>2,325,386</u>	<u>25,100</u>	<u>3,288,966</u>
Net Spendable Revenue	9,394,967	2,740,250	1,374,800	671,020	3,674,614	574,900	18,405,451
Transfers to Housing	698,330	300,000	150,000	75,000	600,000	60,000	1,883,330
Budget for Housing		0	0	0	881,250	0	881,250
Budget for Housing-Related Infrastructure	50,000	275,000	50,000	0	831,434	75,000	1,281,434
Housing as % of Net Spendable Revenue for Project Area	7.43%	10.95%	10.91%	11.18%	16.33%	10.44%	22.12%
Total Housing Costs for all Project Areas							

Housing Funds	PROJECT AREA HOUSING FUND	CITY WIDE HOUSING FUND
Sources	941,665	941,665
Debt and Administrative Cost	<u>170,125</u>	<u>66,150</u>
Net Spendable Revenue	771,540	875,515
Budget for Housing	791,540	400,000
Budget for Housing-Related Infrastructure	0	402,665
Housing Percent of Net Spendable Revenue:	100.00%	100.00%
Budget in excess of Transfers In:	20,000	432,620

Note: Housing related infrastructure includes Public Improvements such as 50% of the Streetcar allocations, 50% of the Gateway Associates reimbursement for parking and public improvements related to Gateway and Grant Tower Reconfiguration in Depot, as well as allocations directly relocated to residential improvements in special districts.

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Only West Capitol Hill, Depot, and Granary Districts have a statutory requirement to allocate a portion of the tax increment for housing and housing-related programs and projects. As stated previously, it has nevertheless the practice of the Board of Directors to allocate 10% of tax increment after debt service from all project areas to support housing. As budget amendments are adopted throughout the year, these percentages will change.

PROJECT AREA HOUSING FUND

The Utah Community Development and Renewal Agencies Act permits Agency to lend, grant, or contribute funds to facilitate the construction or renovation of housing within established project areas. It has been the practice of the Board of Directors to allocate 5% of the funds that are available for annual allocation from each project area to support project area housing projects. These funds are typically placed in a general Project Area Housing allocation and then committed to projects throughout the year as applications are made. In addition, \$80,000 of current year interest income proceeds has been allocated to support housing projects within existing project areas.

For fiscal year 2010/2011, given the tax increment received, the Agency has allocated \$188,875 in certain increment and to support Land Acquisition and Development of additional SRO housing. Administrative costs for the area have been budgeted at \$55,125 and Temporary Property Expenses are anticipated at \$115,000.

CITY-WIDE HOUSING FUND

The Utah Community Development and Renewal Agencies Act permits redevelopment agencies to lend, grant, or contribute funds to facilitate the construction or renovation of affordable housing within the Salt Lake City municipal limits. Affordable housing is defined as projects that benefit households whose income is at or less than 80% of median income. It has been the practice of the Board of Directors to allocate 5% of the funds that are available for annual allocation from each project area to support income-targeted housing projects.

In addition to tax increment proceeds, \$30,000 of current year interest income proceeds has been allocated to support city-wide housing projects. It has also been the practice of the Board of Directors to provide funds to support Salt Lake City's Housing Trust Fund, which is administered by the Housing and Neighborhood Development Division. For fiscal year 2010/2011, given the estimated tax increment, the Agency has allocated the Housing Trust Fund \$100,000, \$505,470 to support City-Wide Housing development, and \$100,000 toward Quiet Zone improvements.

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RETAIL REBATE FUND

In 1993, Salt Lake City Corporation entered into a tri-party agreement with the Agency and Hermes Associates to pay for public infrastructure improvements related to the Fred Meyer development located on 500 East between 400 and 500 South by reimbursing a portion of the sales tax revenue generated by the project. The tri-party agreement was amended in 2005 following the sale of the project and converting it to a Smith's Marketplace. The Agency is obligated to pay to Hermes Associates 99% of the sales tax revenues paid to the Agency by Salt Lake City. The remaining 1% of the revenue is retained by the Agency to cover administrative costs. The sales tax reimbursement is based upon a percentage of sales revenue above a minimum. Calculations for the reimbursement are made by Salt Lake City's Finance Department.

A similar agreement was executed in 1995 with Sutherland Lumber Company when they relocated from 400 South/Redwood Road to the current location on North Temple/Redwood Road. No budget is being proposed for this reimbursement given that Sutherland Lumber has not met the minimum sales requirements for several years.

BUDGET AMENDMENTS

From time to time throughout the fiscal year, it may be necessary to amend the budget. These budget amendments may be a result of changes in project costs, new projects being identified, or a change in the funding available to support projects and programs. At such time as an amendment is necessary, the Agency will prepare new spreadsheets that reflect the changes, hold a public hearing, and adopt an amended budget.