

Ogden City

Ogden City Council Work Session Notice
September 25, 2012 – immediately following the City Council meeting that begins at 6:00 p.m.
City Council Work Room – Third Floor
Municipal Building, 2549 Washington Boulevard

CITY COUNCIL WORK SESSION

Notice is hereby given that the Ogden City Council will meet for a Work Session on Tuesday, September 25, 2012, immediately following the City Council meeting that begins at 6:00 p.m., in the City Council Work Room located on the third floor of the Municipal Building in Ogden City, Weber County, Utah. The purpose of the work session is to discuss the proposed project at 17th Street and Washington Boulevard and Council business.

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In compliance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for these meetings should contact the Management Services Department at 629-8701 (TDD# 629-8949) or by email: <a href="mailto:ADACompliance@ci.ogden.ut.us">ADACompliance@ci.ogden.ut.us</a> at least 48 hours in advance of the meeting.

#### **CERTIFICATE OF POSTING**

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted in three public places within the Ogden City Limits on this <u>21st</u> day of <u>September</u>, <u>2012</u>. These public places being: 1) City Recorder's Office on the 2nd floor of the Municipal Building; 2) 2nd floor foyer of the Municipal Building; and 3) the Weber County Library. A copy was also provided to the <u>Standard-Examiner</u> and posted on the Ogden City Website on September 21, 2012.

TRACY HANSEN, MMC OGDEN CITY RECORDER

Ogden City Council Agenda Information Line - 629-8159

#### 17<sup>TH</sup> AND WASHINGTON DEVELOPMENT

- Participation and Reimbursement Agreement – Wright Development Group, LLC

#### **PURPOSE OF**

**WORK SESSION:** To Discuss a Proposed Participation and Reimbursement

Agreement with Wright Development Group, LLC for Development of a 7-Eleven Convenience Store at 17<sup>th</sup> and

Washington

# Executive Summary

The Administration is proposing the City enter into a Participation and Reimbursement Agreement with Wright Development Group, LLC. Under the terms of the Agreement the City would appropriate \$100,000 over a five year period to facilitate development of a 7-Eleven at 17<sup>th</sup> and Washington.

#### Background

#### August 24, 2012

The Council office received a Transmittal proposing the appropriation of funds under Section 10-8-2 of the Utah State Code.

#### August 28, 2012

Council staff met with representatives of the Community and Economic Development and Finance Departments to discuss the proposed project and to determine an appropriate course of action for moving the project forward.

The CED staff indicated that they had originally planned to request that the RDA create a Community Development Area (CDA) to facilitate the 7-11 Development. However, because the City's pledge for the project was only \$100,000, the City Attorney's Office recommended using the process outlined in Section 10-8-2 of the Utah State Code to appropriate funds towards the project.

After considerable discussion, Council and Administrative staff determined a few changes would need to be made to the Transmittal and documents in order to proceed.

#### **September 11, 2012**

The Council office received a revised Transmittal and the proposed Participation and Reimbursement Agreement. Council staff reviewed the Agreement and made additional comments and suggestions.

#### **September 19, 2012**

The Council office received a second revised Transmittal and revised Participation and Reimbursement Agreement.

#### Utah Code Ann. § 10-8-2

Section 10-8-2 of the Utah State Code outlines the requirements for appropriating funds for a "corporate purpose." Essentially, this statute allows the City Council to appropriate funds for any project or organization as long as the Council determines the funding will promote the "safety, health, prosperity, moral well-being, peace, order, comfort, or convenience" of Ogden citizens. The process requires the following:

- A determination of the value received—intangible benefits can be considered
- A study showing the benefits and purpose of the appropriation and how the City's goals and objectives will be met by the appropriation
- A public hearing on the study

CS Note: Additional language in the statute implies that this process must be followed only if the funds are not appropriated during the regular budget process. The City's Attorney's office is reviewing this matter to determine an appropriate course of action. Applicable sections of the statute are attached.

#### **Proposal**

The Administration is requesting the Council approve a Participation and Reimbursement Agreement with Wright Development Group, LLC (the Developer). The Developer wants to develop a 7-Eleven convenience store on property located on the west side of Washington between Perry

Street and 17<sup>th</sup> Street. This property is the site of the former Pepsi Bottling warehouse. Under the terms of the Agreement the City will provide financial assistance to cover demolition of the existing buildings.

The key terms of the proposed Agreement are as follows:

#### Developer:

 Wright Development Group, LLC, Spencer Wright as Representative

#### Property:

- .85 Acres (38,000 sq. ft.) on the Southwest Corner of 17<sup>th</sup> and Washington
- Parcel # 03-17-0060, 03-017-0058 (partial)

#### Reimbursement Terms:

- \$100,000 Total
- \$20,000 a year beginning in FY2014
- Payment due January 31 of each year beginning in 2014
- Reimbursement period for tax year 2014-2019

#### Conditions of First Payment:

- Substantially completion of Construction by August 1, 2013 (Agreement automatically terminates if deadline not met)
- Issuance of Certificate of Occupancy
- Issuance of Certificate of Completion
- Evidence that project is free of liens
- Evidence that no material change in financial position has occurred
- Not in default under terms of Agreement

#### Conditions of Each Annual Payment

- Proof of payment of property taxes
- First Payment due January 31, 2015

#### Other Key terms:

• City may prepay all or any portion of the Reimbursement amount

 Developer may not sell property or transfer Agreement during the term of the Agreement

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#### Study and Analysis Justifying Appropriation

The Community and Economic Development have prepared a document titled "A Study and Analysis Demonstrating the Purpose for the Appropriation to be made to the Wright Development Group." This document was prepared to satisfy the requirements of Utah Code Ann. § 10-8-2. It sets for the City's purpose for funding the \$100,000 reimbursement, outlines the benefits to the City, and shows how the project will further the City's goals and objectives.

#### Benefits to the City:

- Removal of blight
- Increased sales tax
- Increased property values and property tax
- Creation of 30 to 50 temporary construction jobs
- Creation of 8-12 permanent jobs
- Will serve as a catalyst for additional development

The document also outlines the budget for the project which shows that actual revenues to the City over the five year reimbursement period will be approximately \$96,000.

#### Timing of Appropriation

The first Reimbursement payment will not be paid to the Developer until January 2014. Therefore, funding for the project may be postponed until the FY2014 Budget process.

#### Council Actions

#### Adoption of Section 10-8-2 Study

The Council may need to hold a public hearing on the Study to allow public comment on the Study and the proposed action to appropriate \$100,000 towards the project. The City Attorney's Office is reviewing this matter and will report to the Council at the work session.

<u>Adoption of Resolution Approving the Terms of the Participation and Reimbursement Agreement</u>

The Council will consider whether to approve the terms of the Participation and Reimbursement Agreement. The timing of this action will be determined by whether action on the Study is required.

#### Questions

- 1. Please review the proposed project.
- 2. Please review the terms of the Participation and Reimbursement Agreement.
- 3. Please describe the benefits of this project to the City.
- 4. Please describe the justification for the City's contribution to this project.

Council Staff Contact: Janene Eller-Smith, (801)629-8165

#### **OGDEN CITY TRANSMITTAL**

**DATE:** September 18, 2012

**TO:** Ogden City Council

**FROM:** Tom Christopulos, CED Deputy Director

**THROUGH:** Mark Johnson, Chief Administrative Officer

**RE:** Resolution approving the "17<sup>th</sup> Washington Study" and approving the terms

and conditions of the Participation and Reimbursement Agreement with Wright Development, LLC for the development of a commercial retail facility located at the southwest corner of 17<sup>th</sup> Washington Blvd, Ogden,

Utah.

**STAFF CONTACT:** Tom Christopulos, CED Director and Brandon Cooper, CED

Deputy Manager

**REQUESTED TIMELINE:** October 16, 2012

**REQUESTED ACTION:** Approval of Study and Agreement by Resolution

**DOCUMENTS:** Participation and Reimbursement Agreement with Attachments; Study and

Budget; Resolution approving terms and conditions of Agreement

**DISCUSSION:** The staff of the Economic Development Dept. has been successful in negotiating the re-development of approximately .85 acres at the southwest corner of 17<sup>th</sup> and Washington Blvd. This location has historically been the old Pepsi Bottling warehouse and more recently an indoor skate park. Currently the buildings are empty and have fallen into disrepair. The proposed project calls for all the existing buildings along Washington to be demolished and new retail buildings built in their place. The first of the new tenants would include a 7-Eleven convenience store. Additional tenants and buildings will be built at an unknown future date. The attached Participation and Reimbursement Agreement summarizes the transaction as follows:

<u>Developer – Wright Development Group, LLC</u> Developer intends to initially purchase approximately .85 acres located on the corner of 17<sup>th</sup> and Washington. However, all of the existing buildings along Washington from Perry St. to 17th will be demolished to make way for the 7-Eleven. Additional buildings on the south side and west side of the proposed 7-Eleven will be built as tenants are identified and secured in the future.

Parcel: APN #03-017-0060 / 03-017-0058 (partial)

**Lot location:** SWC 17th Washington Blvd, Ogden, Utah 84401

**Lot Size:** Approximately 38,000 square feet

**Proposed Project:** Retail Use – 7-Eleven as initial tenant

**Proposed Incentives:** \$100,000 incentive (general fund) to be paid over 5 years (2014-2019)

**BENEFIT:** The intended outcome of the proposed development and associated incentives will primarily be the removal of blight at the edge of our Central Business District. Old, vacant, and dilapidated buildings will be replaced with new retail business that will produce sales tax, increase property values, and act as a catalyst for new development from 18<sup>th</sup> to 12<sup>th</sup> along the Washington corridor. The proposed project expects to create approximately 30-50 temporary construction jobs and 8-12 permanent jobs.

**RISK:** Developer Default prior to construction completion

**FINANCIAL SUMMARY:** Estimated revenue to City via property tax and sales tax over the Reimbursement Term (5 years) is approximately \$96,000. Actual incentives given to Developer over same period is \$100,000.

For further information please contact Brandon Cooper at (801) 629-8947.

| RESOLUTION NO. |
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A RESOLUTION OF THE OGDEN CITY COUNCIL ("COUNCIL") APPROVING THE 17<sup>th</sup> WASHINGTON STUDY AND THE TERMS AND CONDITIONS OF A PARTICIPATION AND REIMBURSEMENT AGREEMENT ("AGREEMENT") FOR THE DEVELOPMENT OF CERTAIN REAL PROPERTY LOCATED AT THE SOUTHWEST CORNER OF 17<sup>TH</sup> WASHINGTON BLVD, OGDEN, UTAH, ALTOGETHER CONSISTING OF APPROXIMATELY .85 ACRES AND KNOWN AS LOTS 03-017-0060 AND 03-017-0058 ON ASSESSOR'S BLOCK (the "LAND").

**WHEREAS**, the City desires to enter into a Participation and Reimbursement Agreement with Wright Development Group, LLC, a Utah Limited Liability Company ("**Developer**") to set the terms and conditions of the development of a commercial retail project consistent with approved zoning and ordinances (the "**Project**"); and

**WHEREAS**, the Developer desires to purchase the Land from a private seller and construct upon the Land retail use buildings together with surface parking and certain other related improvements (collectively the "**Developer Improvements**"); and

**WHEREAS,** Pursuant to Utah State Code Title 10, Chapter 8, Section 2 (the "Code"), the City will offer certain incentives to Developer (the "Appropriation") as more fully described in the Agreement attached hereto as **Attachment A**.

**WHEREAS,** Pursuant to Code, the City has prepared a draft study analyzing the purpose of the Appropriation and the proposed benefits to the public ("17<sup>th</sup> Washington Study") and has held a public hearing allowing public input regarding the Study; and

**WHEREAS**, the City believes the development of the Project on the Land will improve remove blight, improve quality of life, enhance economic development, strengthen the property and sales tax base, benefit the community and create jobs; and

**WHEREAS**, the City believes Developer possesses the qualities and experience that will enable it to be successful in developing the Project according to the desires of the City; and

#### **NOW, THEREFORE,** the Ogden City Council hereby resolves:

- 1) The 17<sup>th</sup> Washington Study, attached hereto as **Attachment A**, with its information, analysis, purpose, and determination of value, is hereby accepted and approved.
- 2) Based on the tangible and intangible value received by the City as described in Attachment A, the terms of the Agreement, attached hereto as **Attachment B**, are hereby approved subject to all future necessary and required approvals by all other regulatory

bodies, including, but not limited to Ogden City Planning, Engineering and Building Departments, and Ogden City Planning Commission.

2) The Mayor is hereby authorized to execute, deliver and carry out the terms and conditions of the Agreement with Developer as described in said **Attachment B**. Any material change, as defined by Council staff and legal counsel, in the terms of the Agreement from **Attachment B** must be approved in advance by the City Council.

| APPROVED AND ADOPTED this | day of, 2012. |
|---------------------------|---------------|
|                           |               |
|                           |               |
|                           | CHAIR         |
| ATTEST:                   |               |
|                           |               |
| CITY RECORDER             |               |
| APPROVED AS TO FORM:      |               |
| LEGAL DATE                | F.            |

#### PARTICIPATION AND REIMBURSEMENT AGREEMENT

| THIS PARTICIPATION AND REI                | MBURSEMENT AGREEMENT ("Agreement") is          |
|-------------------------------------------|------------------------------------------------|
| made and entered into as of the day of    | of, 2012, between Ogden City                   |
| Corporation, a Utah municipal corporation | ("City"), and Wright Development Group, LLC, a |
| Utah limited liability company ("Develope | r").                                           |

#### RECITALS

- A. The City is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Utah State law.
- B. The Developer is Wright Development Group, LLC, a Utah limited liability company. Developer hereby initially appoints Spencer Wright as the representative of Developer ("**Developer's Representative**") to represent, speak for and bind Developer in all matters pertaining to this Agreement.
- C. On or about January 2012, the City and Developer entered into negotiations pertaining to the purchase and development of approximately .85 acres of real property located at approximately 17<sup>th</sup> Washington Blvd, Ogden, Utah, which is more particularly identified and defined in **Exhibit A Land and Legal Description** ("**Land**").
- D. Developer desires to construct upon the Land multiple retail use buildings together with surface parking and certain other related improvements (collectively, and as more particularly defined below, the "**Project**").
- E. The City desires to provide for the redevelopment of the Land in accordance with this Agreement, to assist in the removal of blighted and underutilized buildings, to assist in the establishment of new retail business within the City, and maximize any long term financial benefit in connection with such redevelopment.
- F. Pursuant to Utah State Code Title 10, Chapter 8, Section 2 (the "Law"), the City has approved reimbursing Developer for certain costs incurred in connection with the development of the Project from tax revenue created with respect to the Project.
- NOW, THEREFORE, in consideration of the terms and conditions hereby agreed to, and other good and valuable consideration, the Parties hereby agree as follows:
- 1. <u>Defined Terms</u>. As used herein, the following terms shall have the meanings respectively indicated:
  - "Annual Payment" shall have the meaning set forth in Section 2.1.
  - "City" means Ogden City Corporation.

"Continuing Conditions to Payment" shall have the meaning set forth in Section 2.3.

"<u>Developer Improvements</u>" means the improvements to be constructed on the Property as described on **Exhibit B** attached hereto.

"Initial Conditions to Payment" shall have the meaning set forth in Section 2.2.

"Material Change Order" shall have the meaning set forth in Section 3.2.

"Other City Agreement" means any agreement, excluding this Agreement, between City and Developer or any affiliate of Developer.

"Owners" means the owners of the Property from time to time.

"<u>Parties</u>" means City and Developer, collectively, and "<u>Party</u>" means either of the Parties, individually.

"Plans and Specifications" means the plans and specifications attached hereto as part of **Exhibit B**.

<u>"Project"</u> shall mean those Developer Improvements and other related improvements as described on **Exhibit B** attached hereto.

"<u>Property Taxes</u>" shall mean the real and personal property taxes actually paid by the Owners to Weber County with respect to the Property and the Improvements.

"<u>Punch List Items</u>" means, with respect to the Developer Improvements, uncompleted items and defective work which are minor and which do not materially impair Developer's ability to use the Developer Improvements as a whole for their intended purpose.

"Reimbursement Amount" means the amount equal to and not exceeding ONE HUNDRED THOUSAND DOLLARS (\$100,000).

"Reimbursement Term" means the five tax years 2014 through 2019.

"<u>Substantial Completion</u>" means the Developer Improvements have been completed in accordance with the Plans and Specifications and the terms of this Agreement and the requirements of all governmental authorities, except for the Punch List Items.

"<u>Substantially Completed</u>" means, with respect to the Developer Improvements, that Substantial Completion has occurred.

<u>"Tenants"</u> means those persons or entities under contractual lease obligations with the Developer within the Project from time to time.

#### 2. Reimbursement.

#### 2.1 Reimbursement.

- (a) In order to reimburse Developer for a portion of the Developer Improvements upon the Land, the City agrees to pay to Developer the Reimbursement Amount during the Reimbursement Term, subject to the terms and conditions set forth in this Agreement.
- (b) The City agrees to make a payment to Developer each year during the Reimbursement Term (an "Annual Payment") in an amount equal to TWENTY THOUSAND DOLLARS (\$20,000) until the expiration of the Reimbursement Term.
- 2.2 <u>Conditions to First Annual Payment</u>. City shall have no obligation to make the first Annual Payment unless each of the following conditions has been satisfied (collectively referred to as the "**Initial Conditions to Payment**")
  - (a) Developer shall have Substantially Completed the Developer Improvements no later than August 1, 2013 in accordance with the requirements set forth in Section 3.
  - (b) The City shall have issued a certificate of occupancy for the Developer Improvements.
  - After completion of construction and development of the Developer Improvements and presentation by Developer of satisfactory evidence that the Developer Improvements have been completed in accordance with this Agreement, City staff within the Community and Economic Development Department shall furnish Developer with a certificate of completion as to the Developer Improvements upon written request therefor by Developer (the "Certificate of Completion"). The issuance of the Certificate of Completion shall not be unreasonably withheld, conditioned, or delayed. Such Certificate of Completion shall constitute a determination of satisfactory completion of the Developer Improvements required by this Agreement to obtain the first Annual Payment, and the Certificate of Completion shall so state. If City refuses or fails to furnish a Certificate of Completion after written request from Developer and after Developer has obtained a certificate or certificates of occupancy from the Ogden City Building Official, City shall, within twenty (20) days of Developer's written request therefor, provide Developer with a written statement setting forth in reasonable detail the reasons City refused or failed to furnish a Certificate of Completion and a summary of the actions or corrections which, if taken or made, would cause City to issue the Certificate of Completion. A Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any other person, including, without limitation, the

State of Utah, Weber County, any lessee, any subsequent purchaser or the holder of any mortgage, or any insurer of a mortgage securing money loaned to finance such phase. The Certificate of Completion shall be in recordable form and may, at the option of Developer, be recorded in the Recorder's Office of Weber County and the Recorder's Office of Ogden City.

- (d) Developer shall have provided to City evidence reasonably acceptable to City that no mechanic's and materialmen's liens, or other financial encumbrances have been or will be recorded against the Property.
- (e) Developer shall have provided evidence reasonably acceptable to City that no material or adverse changes have occurred in the finances, business, operations, affairs, or prospects/tenants of Developer, or the condition of the Property.
- (f) Developer shall not be in material default under any provision of this Agreement or agreements entered into pursuant to this Agreement.
- 2.3 <u>Conditions to Each Annual Payment</u>. City shall have no obligation to make an Annual Payment unless each of the following conditions has been satisfied (collectively referred to as the "**Continuing Conditions to Payment**"):
  - (a) Developer shall have delivered to City a copy of the applicable property tax notices for the Property and proof of full and complete payment of the stated amount thereof no later than on December 31 of the prior tax year (i.e., for an Annual Payment due January 31, 2015, Developer must provide to City a copy of such tax notices for the 2014 tax year by December 31, 2014).
  - (b) Developer shall not have made a Material Change Order without the approval of City.
  - (c) Developer shall not be in default under this Agreement beyond any applicable cure periods.
- 2.4 <u>Annual Payment and Procedures</u>. Provided that all of the Continuing Conditions to Payment have been fully and timely satisfied by Developer, City shall make each Annual Payment by January 31 following the applicable tax year. The first Annual Payment due hereunder is scheduled for January 31, 2014. City shall have no obligation to make an Annual Payment for more than the amount set forth in subsection 2.1(b) above.
- 2.5 <u>Limited Obligation</u>. City and Developer agree that City's obligation to reimburse Developer, as set forth herein, is a special limited obligation based solely on the ability of the Project to enhance the safety, prosperity, comfort, and convenience of the residents of the community. Revenues used to make the Annual Payments during the Reimbursement Term are derived, in part, from the Property Taxes paid by the Developer and any sales tax generated to the City by the Owners or Tenants.

- 2.6 <u>Prepayment</u>. City may elect at any time to prepay all or any portion of the Reimbursement Amount without the consent of Developer.
- 2.7 <u>Expiration of Reimbursement Term</u>. Developer shall only be entitled to Annual Payments until the expiration of the Reimbursement Term.

#### 3. <u>Development Requirements</u>.

- 3.1 <u>Developer Improvements</u>. Developer shall construct the Developer Improvements in accordance with the Plans and Specifications in a good and workmanlike manner.
- 3.2 <u>Changes.</u> Any change order (a) that decreases the total costs of the Developer Improvements by \$50,000, or more, on an individual basis or by \$300,000, or more, cumulatively, or (b) that materially changes the design and components of the Developer Improvements as shown on the Plans and Specifications (a "Material Change Order") requires the written approval of the City. Developer shall give City a copy of each proposed Material Change Order. City shall have ten business days to either approve or disapprove any such proposed Material Change Order. Failure by City to either approve or disapprove any submission by such time shall be deemed disapproval; provided, however, that in the event City fails to approve or disapprove by such time, and Developer so notifies City, then, if City does not approve or disapprove within five business days after such second notice, such failure to disapprove shall be deemed approval. In the event of a disapproval by City, such disapproval shall specify in reasonable detail the basis for the disapproval. At the request of City from time to time, Developer shall cause its general contractor to provide copies of all change orders that have been executed as of the date of such request.
- 3.3 <u>Developer's Responsibilities</u>. Developer shall be solely responsible for errors and omissions in any construction and design documents pertaining to the Developer Improvements prepared by Developer or Developer's consultants or agents, change orders thereto, and shop drawings and other submittals interpreting them and for their accuracy, suitability, technical adequacy and compliance with applicable laws, codes, ordinances and regulations. Any review of the City, as part of this Agreement, of all or any portion of the design or any other plans, specifications or documents are solely for the purpose of determining the general conformance of the Developer Improvements with the original design concept, and shall not constitute an opinion or approval by the City that the Developer Improvements are structurally or otherwise sufficient or in compliance with applicable laws. Such review and approval by itself shall be conducted through established submittal, plan review, and permitting processes. Developer shall be solely responsible for structural and other defects in the Developer Improvements and compliance with all building codes and other laws and requirements of governmental authorities having jurisdiction.
- 3.4 <u>City and Other Governmental Agency Permits and Agreements</u>. Before commencement of any construction, development, or work upon the Property, Developer shall have, at its own expense, secured or caused to be secured any and all permits which may lawfully

be required by the City or any other governmental agency having jurisdiction over such construction, development, or work. City makes no representation or warranty with respect to the compliance of the Property with applicable zoning and use regulations or the ability of Developer to obtain any necessary governmental approvals and permits, and Developer acknowledges that this Agreement does not constitute the agreement of City to assist Developer in obtaining any of the foregoing.

- 3.5 <u>Cost of Construction of Developer Improvements</u>. Except as otherwise provided in Section 2, the cost of developing, redeveloping, and constructing the Developer Improvements and all other costs related thereto shall be borne solely by Developer.
- 3.6 <u>Insurance</u>. Developer shall provide City with evidence of insurance covering public liability, fire, and such other insurance in such amounts and with such coverages as deemed necessary and appropriate by City. In addition, if the Property is within a designated flood plain or flood risk area pursuant to the Flood Disaster Protection Act of 1973, as amended or supplemented, Developer shall obtain flood insurance in such total amount as shall comply with the requirements of the National Flood Insurance Program as set forth in such Flood Disaster Protection Act of 1973.
- 3.7 <u>Rights of Access</u>. For the purpose of assuring compliance with this Agreement, representatives of City shall have the right of access to the Property without charges or fees for the purpose of monitoring compliance by Developer with its obligations under this Agreement, including, but not limited to, the inspection of the work performed in constructing the Developer Improvements.
- 3.8 <u>Local, State, and Federal Laws</u>. Developer shall complete construction of the Developer Improvements in conformity with all applicable federal, state, and local laws, ordinances, governmental orders, licenses, and permits.
- 3.9 <u>No Discrimination</u>. Developer shall not discriminate against any employee or applicant for employment or any tenant or applicant for an apartment on any unlawful basis. City shall be deemed to be a beneficiary of this Section 3.9 both for and in its own right, and also for the purpose of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit this Section has been provided. City is entitled to, in the event of any breach of this Section, maintain any actions at law, in equity, or in any other proper proceedings.

#### 4. Default.

4.1 <u>Default Generally</u>. Neither Party shall be in default under this Agreement unless such Party fails to perform an obligation required under this Agreement within thirty (30) days after written notice is given to the defaulting Party by the other Party, reasonably setting forth the respects in which the defaulting Party has failed to perform such obligation. If the nature of the defaulting Party's obligation is such that more than thirty (30) days are reasonably required for performance or cure, the defaulting Party shall not be in default if such Party commences performance within such thirty (30) day period and after such commencement

diligently prosecutes the same to completion. The Initial Conditions to Payment and the Continuing Conditions to Payment are conditions, and Developer shall not be entitled to notice of default with respect to performance thereof.

- 4.2 <u>Default by Developer</u>. In the event Developer shall fail to perform any of its duties or obligations hereunder at the time for performance and cure periods set forth herein, City shall have all remedies at law or in equity and as provided in this Agreement, which shall include the right to restrain by injunction any violation or threatened violation and by decree to compel specific performance of any terms, covenants or conditions of this Agreement, it being agreed that the remedy at law for any breach of any term, covenant, or condition, of this Agreement is not adequate.
- 4.3 <u>Default under Other City Agreement</u>. In the event Developer, or any affiliate of Developer, is in default under any Other City Agreement, City may suspend or terminate its obligations to make further payments to Developer. In addition, in the event that Developer, or any affiliate of Developer, owes any amount of money to City under any Other City Agreement, City may set off that amount against City's obligations to make payments under this Agreement. City's right to suspend, terminate, or set off payments under this Agreement is subject to the rights, if any, granted to a lender to the Project pursuant to a security agreement approved by City. In addition, City may withhold any non-monetary benefit to be provided to Developer under this Agreement until all defaults under any Other City Agreement are cured.
- 4.4 <u>Right to Cure</u>. Should Developer fail to timely perform any of the obligations set forth herein within any applicable time for performance and any cure period set forth herein, City shall, in addition to any other remedy provided at law or in this Agreement, have the right (but not the obligation) to perform such obligation on behalf of Developer and deduct the cost of performing such obligation from the Reimbursement Amount.
- 4.5 <u>Default by City</u>. City shall be deemed to be in default hereunder in the event City shall, for any reason other than Developer's default, fail to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits (including applicable cure periods) and the manner required in this Agreement. In the event City shall be deemed to be in default hereunder, Developer may, at its sole and exclusive remedy, obtain specific performance of, or a writ of mandamus to compel performance of, such duties.
- 4.6 <u>Alternative Dispute Resolution</u>. For all disputes that are not resolved by agreement of the Parties, the Parties shall use such alternative dispute resolution procedures that they are able to agree upon; provided, if the Parties are unable or unwilling to agree upon alternative dispute resolution procedures, such disputes shall be resolved by litigation.

#### 5. Miscellaneous.

5.1 <u>Termination</u>. Subject to the provisions of Section 5.5 and Section 5.6 below, this Agreement shall terminate upon the date that is the earliest of:

(a) the date on which City makes the last Annual Payment,

or

(b) the last day of the Reimbursement Term.

In addition, in the event that Developer shall not have Substantially Completed the Developer Improvements by August 1, 2013 in accordance with the requirements set forth in Section 3, this Agreement shall terminate effective as of that date, and neither Party shall have further obligations to the other Party.

- 5.2 <u>Indemnities.</u> Developer agrees to hold harmless, defend, and indemnify City, their past, present, and future directors, officers, employees, representatives, and agents ("Covered Parties") harmless from, all liability, loss, damage, costs, or expenses (including attorneys' fees and court costs) arising from or as a result of the death of a person or any accident, injury, loss, or damage caused to any Person or the property of any Person which shall occur during the term of this Agreement on the portions of the Property owned or controlled by Developer, its successors, or assigns, to the extent directly or indirectly caused by the acts, errors, or omissions of Developer or its agents, employees, servants, or contractors. Developer agrees to hold harmless, defend, and indemnify the Covered Parties from, all liability, loss, damage, costs, or expenses (including attorneys' fees and court costs) arising from or as a result of any claim that this Agreement constitutes a partnership or joint venture between the Parties. Developer shall defend the Covered Parties in any action or claim for which the Covered Parties are indemnified hereunder, with counsel selected by the applicable Covered Parties.
- 5.3 Attorneys' Fees. If either Party to this Agreement commences a dispute resolution proceeding, whether litigation, arbitration, or otherwise, respecting any question between the Parties to this Agreement arising out of or relating to this Agreement or the breach thereof, the prevailing Party in such dispute resolution proceeding shall be entitled to the recovery of a reasonable attorneys' fee and all other reasonably incurred costs and expenses of the successful prosecution or defense of such proceeding. The term "dispute resolution proceeding" as used above shall be deemed to include appeals from a lower court judgment or arbitration award and it shall include proceedings in the Federal Bankruptcy Court, whether or not they are adversary proceedings or contested matters. For purposes of proceedings in the Federal Bankruptcy Court, the term "prevailing Party" as used above shall be deemed to mean the prevailing Party in an adversary proceeding or contested matter, or any other actions taken by the non-bankrupt Party which are reasonably necessary to protect its rights.
- 5.4 <u>Notices</u>. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing and shall be deemed to be delivered, whether actually received or not, three (3) days after deposit in a regularly maintained receptacle for the United States mail, registered or certified (or another commercially acceptable means requiring a return receipt), postage prepaid, addressed as follows:

If to Developer: Wright Development Group, LLC

ATTN: Spencer Wright 1572 Woodland Park Drive

Layton, Utah 84041

If to City: Ogden City Corp

Community and Economic Development

2549 Washington Blvd Suite 420

Ogden, Utah 84401 Attn: Director

With a copy to: Ogden City Corp

Office of City Attorney

2549 Washington Blvd Suite 810

Ogden, Utah 84401 Attn: City Attorney

Such communications may also be given by facsimile transmission, provided any such communication is concurrently given by one of the above methods. Notices shall be deemed effective upon the receipt, or upon attempted delivery thereof if the delivery is refused by the intended recipient or if delivery is impossible because the intended recipient has failed to provide a reasonable means of accomplishing delivery.

- 5.5 Transfer Prior to Completion. Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of the redevelopment of the Property and not for speculation. Developer further acknowledges the importance of the redevelopment of the Property to the community and the substantial aids that have been made available by City for the purpose of making such redevelopment possible. For the foregoing reasons, Developer agrees that, except as otherwise provided in Section 5.7 below, prior to the satisfaction of the Initial Conditions of Payment, Developer shall not (i) sell or transfer, directly or indirectly, the whole or any part of the Property or the Developer Improvements thereon; (ii) assign this Agreement or Developer's rights or obligations hereunder, or (iii) permit or suffer any change in the members of Developer, if applicable, or in the ownership of Developer or with respect to the parties that own an interest in Developer. In the event Developer violates any provision in this Section, among all other remedies available at law or in equity or under this Agreement, City may elect to terminate this Agreement, such termination to be effective on the date Developer makes an unauthorized transfer or assignment as contemplated above, and City shall be automatically released from the obligation to reimburse Developer for any unpaid portion of the Reimbursement Amount.
- 5.6 <u>Transfer After Completion</u>. After the satisfaction of the Initial Conditions of Payment, Developer may sell, transfer, or lease, directly or indirectly, the whole or any part of

the Property or the Developer Improvements thereon. After the satisfaction of the Initial Conditions of Payment, Developer may, with the consent of City, (i) assign this Agreement or (ii) permit or suffer a change in the members of Developer, if applicable, or in the ownership of Developer or with respect to the parties that own an interest in Developer, provided that such assignment or change shall only be permitted in connection with the sale of the Developer Improvements, and in no event shall Developer so assign its right to receive the Reimbursement Amount to more than one other party, and in no event shall City be ever required to make an Annual Payment to more than one party. City shall not withhold its consent provided that (a) Developer shall not be in default hereunder (beyond any cure period) and (b) City shall have approved the form of the assignment, which approval shall not be unreasonably withheld so long as such assignment is in compliance with the requirements hereunder. In the event Developer violates any provision in this Section, among all other remedies available at law or in equity or under this Agreement, City may elect to terminate this Agreement, such termination to be effective on the date Developer makes an unauthorized transfer or assignment as contemplated above, and City shall be automatically released from the obligation to reimburse Developer for any unpaid portion of the Reimbursement Amount.

- 5.7 <u>Security Assignment</u>. Developer may assign all of its rights and obligations hereunder to a single lender, with the consent of City. In no event shall Developer so assign its right to receive the Reimbursement Amount to more than one other party, and in no event shall City be ever required to make an Annual Payment to more than one party. City shall not withhold its consent provided that (a) Developer shall not be in default hereunder (beyond any cure period) and (b) City shall have approved the form of the assignment, which approval shall not be unreasonably withheld so long as such assignment is in compliance with the requirements hereunder.
- 5.8 No Other Rights. No future Owner or Tenant of all or any part of the Property shall be entitled to claim any right or benefit by, through or under this Agreement, including, but not limited to, the right to receive all or any portion of the Reimbursement Amount, and no future Owner or tenant shall be deemed to be a third party beneficiary of this Agreement, unless and until Developer has specifically assigned, and City has approved the assignment of, such right. Developer hereby agrees to defend, indemnify and hold City harmless from any claim made by a party that asserts that it has received an assignment of the rights or the obligations or both under this Agreement that has not been approved by City.
- 5.9 <u>Governing Law</u>. This Agreement is intended to be performed in the State of Utah, and the laws of Utah shall govern the validity, construction, enforcement and interpretation of this Agreement.
- 5.10 <u>Amendments</u>. This Agreement may be amended or supplemented only by an instrument in writing executed by both City and Developer.
- 5.11 <u>Invalid Provisions</u>. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable

provision had never composed a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

- 5.12 <u>Further Acts</u>. In addition to the acts and laws recited herein and contemplated to be performed, executed, and delivered by City and Developer, City and Developer agree to perform, execute, and deliver or cause to be performed, executed, and delivered any and all such further acts, laws and assurances as may be necessary to consummate the transactions contemplated hereby.
- 5.13 <u>Survival</u>. Except as otherwise provided for herein, all agreements, covenants, representations, and warranties contained herein shall survive the expiration or termination of this Agreement and the performance by Developer of its obligations hereunder.
- 5.14 Warranty Against Payment of Consideration for Agreement. Developer represents and warrants that neither it nor any of its members, managers, employees or officers has: (1) provided an illegal gift or payoff to an City officer or employee or former City officer or employee, or his or her relative or business entity; (2) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (3) knowingly breached any of the ethical standards set forth in City conflict of interest ordinance; (4) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in the City's conflict of interest ordinance.
- 5.15 <u>Non-liability of City Officials and Employees</u>. No member, official, or employee of City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by City, or for any amount which may become due to Developer or its successor, or on any obligation under the terms of this Agreement.
- 5.16 <u>Captions</u>. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions of this Agreement.
- 5.17 <u>Governmental Immunity</u>. Nothing in this Agreement shall be deemed to constitute or imply a waiver, modification or alteration of the caps or limitations on liability or privileges, immunities or other protection available to a City under the Utah Governmental Immunity Act or such other statutes or laws affording governmental agencies caps or limitations on liability or privileges, immunities or other protections.
- 5.18 No Relationship of Principal and Agent. Nothing contained in this Agreement, nor any acts of the Parties or the City, the City planning director, the Planning Commission (or its designee), the Community and Economic Development Department (or its designee) shall be deemed or construed to create the relationship of principal and agent, or of limited or general partnership, or of joint venture or of any other similar association between City and Developer.

- 5.19 <u>No Presumption</u>. This Agreement shall be interpreted and construed only by the contents hereof and there shall be no presumption or standard of construction in favor of or against either Party.
- 5.20 <u>Exhibits</u>. All references to "Exhibits" contained herein are references to exhibits attached hereto, all of which are deemed incorporated herein and made a part hereof for all purposes.
- 5.21 <u>Contingent Payment Obligation</u>. Notwithstanding anything to the contrary in this Agreement, payment of the Reimbursement Amount and the Annual Payment is subject to and contingent upon the future annual budget appropriation by the Ogden City Council.

SIGNATURES ON FOLLOWING PAGE

| IN WITNESS WHEREOF, the year first above written. | he Parties have executed this Agreement as of the day and |
|---------------------------------------------------|-----------------------------------------------------------|
|                                                   | CITY:                                                     |
|                                                   | OGDEN CITY CORP                                           |
|                                                   | By:<br>Michael P. Caldwell<br>Mayor, Ogden City           |
| Approved as to legal form:                        |                                                           |
| Office of City Attorney                           |                                                           |
| By:                                               | _                                                         |
|                                                   | DEVELOPER:                                                |
|                                                   | WRIGHT DEVELOPMENT GROUP, LLC                             |
|                                                   | By:                                                       |

Spencer Wright Vice President

#### **Legal Description of Property**

#### BLOCK 7 FIVE ACRE PLAT A

PART OF LOTS 19,21 & 22 IN OGDEN CITY SC ALE 1" - 60'

TAXING UNIT: 25

SEE PAGE 19 OGDEN CITY 17TH STREET N.E. COR LOT 22 40° 331 GLBERTO AVILA 0301 030170058 100 MICHAEL HAYMES A CATHERINE R HAYMES 030170052 030170060 19 LIBERTY REAL ESTATE LLC (IRA) 030170041 адиту спомты споце 030170049 030170044 145.3 ABRAHAM A TOUMA MARTN NUNEZ 030170048 145.3' ADAN FRIAS 030170045 145.3° CESAR LOPEZ & WT MARIA S 030170043 145.3 030170050 030170042 8 & N PROPERTIES LLC 145.3 030170040 립节 BOULEVARD 148.5° B & N PROPERTIES LLC 8 030170039 1745 132 30, 30, PARRY STREET 30, 30 N.E. COR LOT 21 FLJ RENTAL PROPERTIES LLC SPENCER T ERICKSON 030170035 DARIN WATTS
& WF LAURINE L | 030170031 030170036 JUSTO N SORRELL 030170028 117 GERARADO JACUEZ 030170029 117 VICCI MENDEZ 030170027 LEAR DAY HOLDINGS 030170030 WASHINGTON 030170037 117 030170026 030170032 EARLY HOLDING LLC 030170005 17484 SQ. FT. JAME CERVANTES 030170018 HOFFMAN CLEANERS LLC 030170061 132' 5000 50. FT. 030170010 030170017 IAIN HUETON 030170013 2967 81 030170019 FFMAN CLEANERS LLC 030170062 4860 SQ. FT. 4.75 130170003 364 340 49.5

BOOK 2 PAGE

N.495' FR. S.E. COR. LOT 19

32

SEE PAGE 18

STREET

18TH

030170023

AVENUE

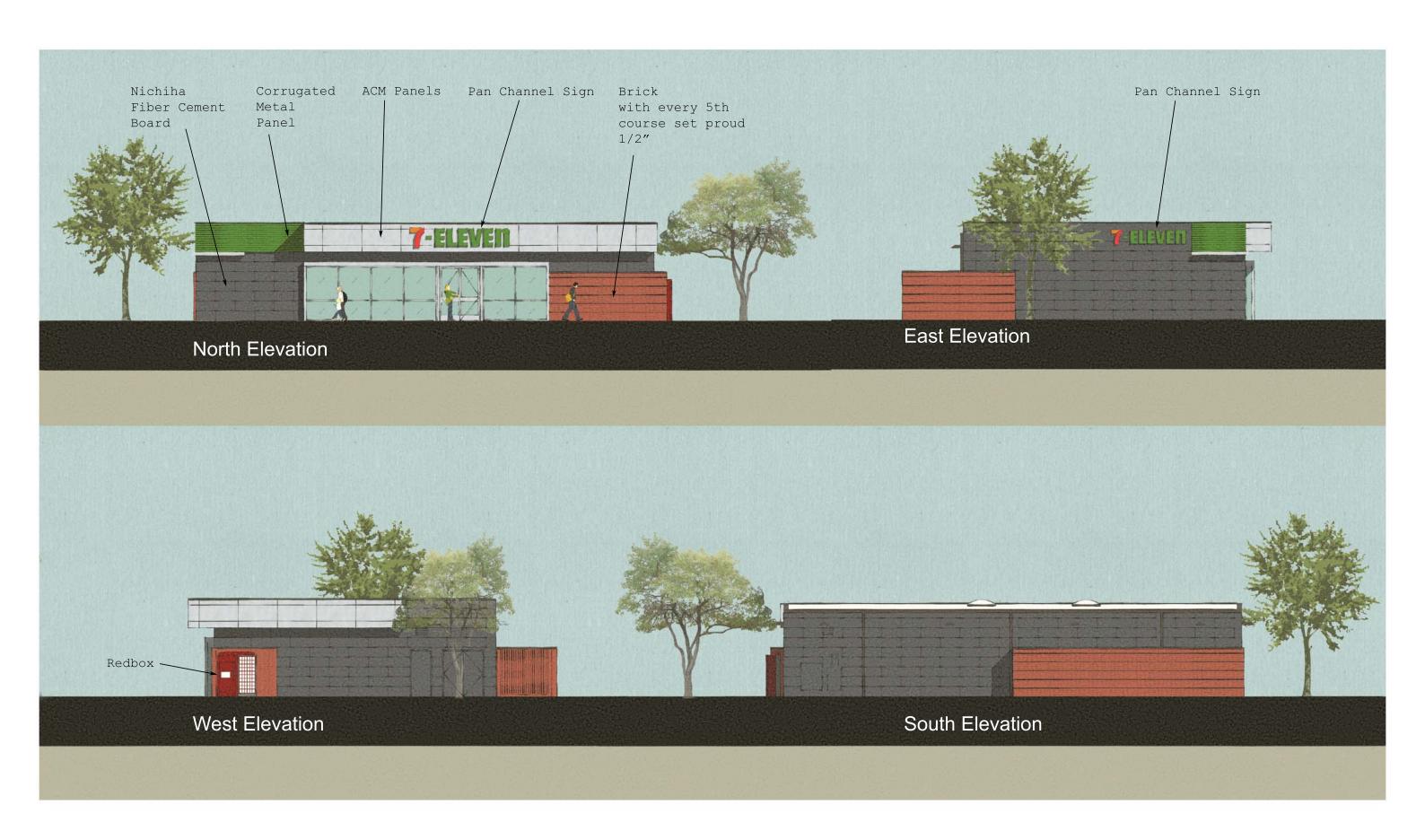
GRANT

SEE PAGE 30

#### **Developer Improvements**

- 1. Demolition of all existing buildings along Washington Blvd between Parry Street and 17<sup>th</sup> Street.
- 2. Construction of Single Story, 3,000-4,000 square foot convienience store 7 ELEVEN TENANT
  - a. Associated parking lot, curb/gutter, landscaping, utilities

Improvements shall be constructed in accordance with the schematic design specifications shown on the following sheets attached hereto. All Developer Improvements are subject to the review and approval of the Ogden City Planning and Engineering Departments, the Ogden City Building Official, and the Ogden City Planning Commission.



**7-Eleven Schematic Elevations** 

# 17th Washington Study

A Study and Analysis
Demonstrating the Purpose for the
Appropriation to be made to
Wright Development Group

## Introduction

The Community and Economic Development Staff of Ogden City have prepared this study for the area located within the approximate outer boundaries of 17<sup>th</sup> Street, Washington Boulevard, and Parry Street in Ogden, Utah.

A map of the proposed area is included as Exhibit A.

The initial project proposed to take place in the area - a new 7 Eleven store and gas station - will allow the City to begin the process of revitalizing an underutilized area of the City. The area offers the opportunity to accommodate significant new development that will attract private capital investment, remove blight, contribute to the tax base, generate spending by locals and visitors in the local economy, create jobs, and otherwise contribute to the economic vitality and prosperity of the community. The overarching goal of contributing to the public good is met in these and other benefits that will arise from the area.

## Section 1 - Benefit to Ogden City

The City will realize significant benefits from the development of the project proposed by this plan. The City's long-term objective in developing the area is to create a retail/commercial area. Obtaining this objective will strengthen the City's economic and tax base and provide additional economic activity to the area.

#### A. Tax Base

#### **Property Taxes**

The 2012 taxable value of all the parcels in the area is \$253,877 (see Exhibit B for taxable value by parcel). The private investment into the area is expected to increase the annual taxable value to approximately \$1 to 1.1 million. As a result, the cumulative taxable value of the area at the end of the ten-year period from 2014-2023, considering the addition of the value of the specific project described herein, is anticipated to be approximately \$10.9 million. This increase in taxable value is estimated to generate approximately \$36,463 in new property tax revenue, received by the City, over the ten-year period from 2014-2023.

#### Sales Taxes

Currently, no sales tax revenue is generated in the area. The cumulative taxable value of the sales generated at the end of the ten-year period from 2014-2023, considering the sales generated by the specific project described herein, is anticipated to be approximately \$7.8 million. This increase in taxable value is estimated to generate approximately \$181,793, received by the City, in new sales tax revenue over the ten-year period from 2014-2023.

#### Other Revenues

In addition to property and sales tax revenues, the project will generate other revenues including Class B/C road funds, business license fees, charges for services, municipal energy ("franchise") fees, and one-time fees such as building permits and impact fees.

#### **B.** Associated Economic Activity

#### **Business and Employee Expenditures**

It is anticipated that the tenants of the project will directly or indirectly purchase local goods and services related to their operations from local or regional suppliers. These purchases will likely increase employment opportunities in the related businesses of restaurants, phone services, electronics repair, computer sales and repair, retail, professional services, and financial services. The impacts of these types of purchases include:

- An increase in direct purchases in the City
- Economic diversification within the City and Weber County
- Encouragement of economic development and the creation of additional jobs in the community
- Complementing existing businesses and industries located within the City by providing new employees who may live and shop and pay taxes in the City and the region

• Benefit from the expenditure of income by employees filling the new positions

#### Construction Expenditures

Economic activity associated with the development in the proposed area will include construction activity. Construction costs are expected to reach approximately \$900,000. A portion of the labor costs associated with the construction activity will be re-spent in the community to the extent that that convenience goods and services, such as fast food for lunch, personal services, etc. are available.

#### Neighborhood Benefits

The neighborhood that surrounds the area is currently inhibited by the blighted buildings currently in place. By reducing the blight in the area and replacing it with new retail/commercial buildings, the neighborhood will benefit in several ways. The residents of the neighborhood in the area will benefit from a new store and gas station, from potential of future private investment in the area, and, perhaps most significant, from the increased safety and renewed vitality that will result from blight reduction.

## Section 2 - Purpose of the Appropriation

#### A. Purpose of the Appropriation

The purpose of this appropriation is to provide \$100,000 over a five-year period (\$20,000 per year) to cover the gap in pre-construction costs (demolition of the current structures) for the development of the area. The appropriation will be made to Wright Development Group, the private developer that will complete the project. One of the key benefits of this appropriation will be the elimination of the blighted buildings currently standing along Washington Blvd.

The City expects that the \$100,000 will be generated in just over the five-year period from 2014-2018 by increased incremental revenues from sales and property tax. See Exhibit C for an in-depth breakdown of the projected incremental tax revenue and the projected annual appropriation allocation.

#### **B.** Analysis of Public Benefits

The area offers the opportunity to accommodate significant new development that will attract private capital investment, contribute to the tax base, generate spending by locals and visitors in the local economy, create jobs, and otherwise contribute to the economic vitality and prosperity of the community. The overarching goal of contributing to the public good is met in these and other benefits that will arise from the appropriation.

Specifically, this project offers the opportunity to redevelop a key section of the City that has been either vacant or underutilized for years. The proposed project acts as a gateway on the main right of way entrance into the Central Business District. The project expected to take place in the area will represent a significant enhancement in terms of blight reduction from the old and outdated buildings that are currently located in the project area.

Further, the buildings in the area provide little property tax revenue and no sales tax revenue. The proposed appropriation will increase the property tax revenue annually received by the City by over 250 percent and provide over \$13,000 annually in sales tax revenue. However, if the City is unable to provide this incentive to reimburse the developer for the cost of demolition, the area is expected to remain in its current condition for the foreseeable future.

# Section 3 – Accomplishment of Goals and Objectives

#### A. Necessity of Appropriation

The City views the establishment and subsequent development of the area as an opportunity to "jumpstart" new interest and private development in the area, particularly by reducing the current blight. Except for the use of public investment in the form of the proposed appropriation, it is reasonably expected that the desired expansion and growth of the area would not occur, or would occur in an undesirable manner. Identifying and working together with property owners/developers from the onset of the project will ensure that the proposed public investment will have an immediate leveraged impact on the area and will bring about the greatest value.

#### B. Whether the Appropriation is Appropriate

The proposed appropriation will be disbursed over five years. The total appropriation will amount to \$100,000. The estimated total amount of private investment over this period equals approximately \$900,000. The estimated leveraged ratio of proposed community development investment is approximately 9:1. The return on investment (ROI) is estimated at approximately 18 percent. Further, the allocation of the funds will be tied to specific performance measures defined in the development agreement with the developer. Considering the significant blight reduction that will occur in the area, the positive estimated ROI, and the performance standards set out in the development agreement, the City believes that this appropriation is appropriate.

-

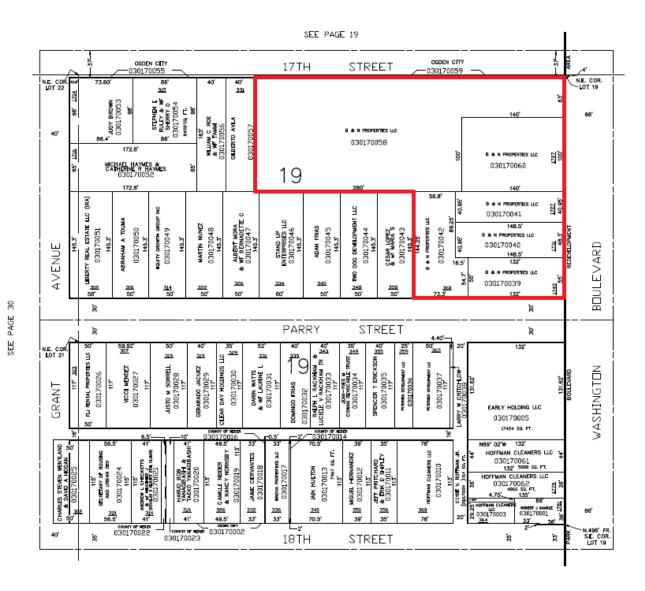
<sup>&</sup>lt;sup>1</sup> The ROI assumes an annual inflation rate of 2 percent, and annual growth in taxable sales, after a 3-year stabilization period, of 5 percent.

## Exhibit A – Subject Property

#### BLOCK 7 FIVE ACRE PLAT A

PART OF LOTS 19,21 & 22
IN OGDEN CITY
SCALE 1" = 60'

TAXING UNIT: 25



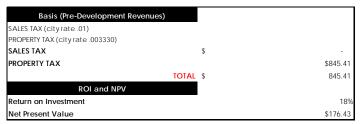
SEE PAGE 18

SEE BOOK 2 PAGE 46

# Exhibit B – Taxable Value by Parcel

| Parcel Number | Owner                          | 2012 Taxable Value |  |  |  |  |
|---------------|--------------------------------|--------------------|--|--|--|--|
| 03-017-0058   | B&N Properties, LLC            | \$16,443           |  |  |  |  |
| 03-017-0060   | <b>B&amp;N</b> Properties, LLC | \$56,000           |  |  |  |  |
| 03-017-0041   | B&N Properties, LLC            | \$24,500           |  |  |  |  |
| 03-017-0040   | <b>B&amp;N</b> Properties, LLC | \$28,000           |  |  |  |  |
| 03-017-0039   | B&N Properties, LLC            | \$92,184           |  |  |  |  |
| 03-017-0042   | B&N Properties, LLC            | \$36,750           |  |  |  |  |
| Total         |                                | \$253,877          |  |  |  |  |

## Exhibit C - Projected Tax Increment and Allocation



#### 17th Street Projected Tax Increment & Allocation

|                                                                   |                             |             |             |             |             |             |             |             |           |             |              | TOTAL        |
|-------------------------------------------------------------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|--------------|--------------|
|                                                                   |                             | <u>YR 1</u> | <u>YR 2</u> | <u>YR 3</u> | <u>YR 4</u> | <u>YR 5</u> | <u>YR 6</u> | <u>YR 7</u> | YR 8      | <u>YR 9</u> | <u>YR 10</u> |              |
|                                                                   |                             | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021      | 2022        | 2023         |              |
| Post-Development Revenues                                         |                             |             |             |             |             |             |             |             |           |             |              |              |
| SALES TAX (city rate .01)                                         | Wright Development Group \$ | 13,000 \$   | 14,575 \$   | 16,150 \$   | 16,958 \$   | 17,805 \$   | 18,696 \$   | 19,630 \$   | 20,612 \$ | 21,643 \$   | 22,725       | \$ 181,794   |
| PROPERTY TAX (city rate .003330)                                  | \$                          | 3,330 \$    | 3,397 \$    | 3,465 \$    | 3,534 \$    | 3,604 \$    | 3,677 \$    | 3,750 \$    | 3,825 \$  | 3,902 \$    | 3,980        | \$ 36,464    |
|                                                                   | SUBTOTAL \$                 | 16,330 \$   | 17,972 \$   | 19,615 \$   | 20,492 \$   | 21,409 \$   | 22,373 \$   | 23,380 \$   | 24,437 \$ | 25,545 \$   | 26,705       | \$ 218,258   |
| Post-Development Project Area Incentive***                        |                             |             |             |             |             |             |             |             |           |             |              |              |
| Appropriation Allocation                                          | Wright Development Group \$ | (20,000) \$ | (20,000) \$ | (20,000) \$ | (20,000) \$ | (20,000) \$ | - \$        | - \$        | - \$      | - \$        | -            | \$ (100,000) |
|                                                                   | TOTAL \$                    | (20,000) \$ | (20,000) \$ | (20,000) \$ | (20,000) \$ | (20,000) \$ | - \$        | - \$        | - \$      | - \$        |              | \$ (100,000) |
| ***NOTE: city portion - incentive requires City Council approv al |                             |             |             |             |             |             |             |             |           |             |              |              |

#### **Assumptions:**

- Sales Tax: 2014, 2015, and 2016 numbers provided by 7-Eleven based on internal company projections. 2017 and beyond assume 5 percent annual increase in sales.
- **Property Tax:** Assumes current property values plus projected constructions costs and improvements provided by developer. A 2 percent increase is included in each year after the base year (2014).