



# STAFF REPORT

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**Meeting Type:** Urban Renewal Agency Board  
**Meeting Date:** November 6, 2023  
**From:** Tyler Deems, City Manager  
**Subject:** Urban Renewal Financial Update

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## **DECISION TO BE MADE:**

None. This item is to update the Board on financial matters related to the Urban Renewal Agency.

## **PURPOSE / OBJECTIVE:**

Receive information from the City Manager regarding the financial status of the Agency, and better understand the borrowing capacity for future Urban Renewal projects.

## **BACKGROUND / CONTEXT:**

The Sandy Urban Renewal Agency was established in 1998 with an initial maximum indebtedness (essentially a spending limit) of \$5 million. That number was increase in 2008 to \$18 million, and again increased in 2015 to \$67 million. As of June 30, 2023, the remaining indebtedness was approximately \$38.5 million. There is \$7 million allocated for spending in the current budget, leaving approximately \$31.5 million for future spending. It is anticipated that the Urban Renewal Agency will sunset around 2048, at which point no further spending could occur for the existing Agency.

The purpose of this staff report is to provide the Board with a brief update as to the current financial standing of the Agency, the current borrowing power for the Agency, and available funds for near-term projects.

## **KEY CONSIDERATIONS / ANALYSIS:**

The Biennium 2023-2025 budget anticipated a beginning balance of \$7.3 million. The actual beginning balance is anticipated to be closer to \$7.6 million, resulting a positive variance of \$300,000. Most notably, the budget authorized \$6.1 million in capital outlay for the Community Campus (demolition of buildings and construction of park), as well as \$100,000 for minor upgrades to City Hall. The budget also included a contingency of \$2.5 million.

The most recent analysis of borrowing capacity for the Agency is roughly \$9 million. This would be a 15-year loan with an interest rate of 5%. More favorable interest rates in prior years allowed for a higher bond amount, but that is no longer the case. It would take approximately 6 months to complete the bond issuance process, and with current staffing constraints, the earliest we could see funding from a bond issuance is Summer 2024.

The Board could decide to use some of the contingency funds, although staff would recommend keeping \$1 million set aside for unanticipated projects or grants. This would allow for approximately \$10.5 million to be spent in the near-term.

In addition to the current borrowing capacity, the existing debt (2017 Bond) could be refunded in late 2027, and an additional \$5 million issued at that time. Alternatively, the Agency could wait until 2031 (when the existing debt is retired) to issue any additional debt above and beyond the \$9 million that is currently available.

It is important to note that the Agency has entered the “revenue sharing” phase. Revenue sharing occurs once the Agency annually collects 10% or more of the initial maximum indebtedness – in our case, \$1.8 million. Once this happens, the Agency collects the \$1.8 million, plus 25% of the tax revenue in excess of \$1.8 million. The remaining 75% is distributed among the other taxing agencies. This, coupled with the lack of development within the District, results in fairly stagnant growth in property tax collections. As such, the borrowing power of the Agency is unlikely to significantly change until either the existing debt is retired (2031), or significant growth occurs within the District.

Staff intends to schedule a meeting with the Urban Renewal Board in the near future to focus on project prioritization for the Agency to focus future spending more narrowly.

**BUDGET IMPACT:**

None.

**RECOMMENDATION:**

None.

**SUGGESTED MOTION LANGUAGE:**

None.

**LIST OF ATTACHMENTS / EXHIBITS:**

- Urban Renewal Map
- [Link to Urban Renewal Biennium 2023-2025 Budget](#)
- Presentation Slides