



Adoption of 362nd & Bell Street Project AFRD

Sandy City
Council

March 18, 2024



Background

Benefits

- Relief of Traffic Bottleneck
- Access to Schools
- Resiliency – Evacuation and Emergency Access
- Economic Development

Project Cost \$12.94M



Advance Financing Reimbursement Districts

- Common; City has created a dozen
- Investment made by City or developer decreases cost of development of adjacent properties
- AFRD allows Developer (in this case the City) to recoup investment; allows reallocation of funds to other City utility needs
- Properties are impacted only if development occurs

AFRD Elements

- 1) Methodology: street frontage or area**
- 2) Interest rate and term limit**
- 3) Value of the district**

Council considered these elements at the February 5, 2024 and March 4, 2024 council meetings.

AFRD Methodology

- Both Street Frontage and Area basis considered
- Street frontage was found to favor properties based by shape, and not development potential
- Area approach was considered most equitable, as it used developable land only
- **Area methodology preferred by Council**

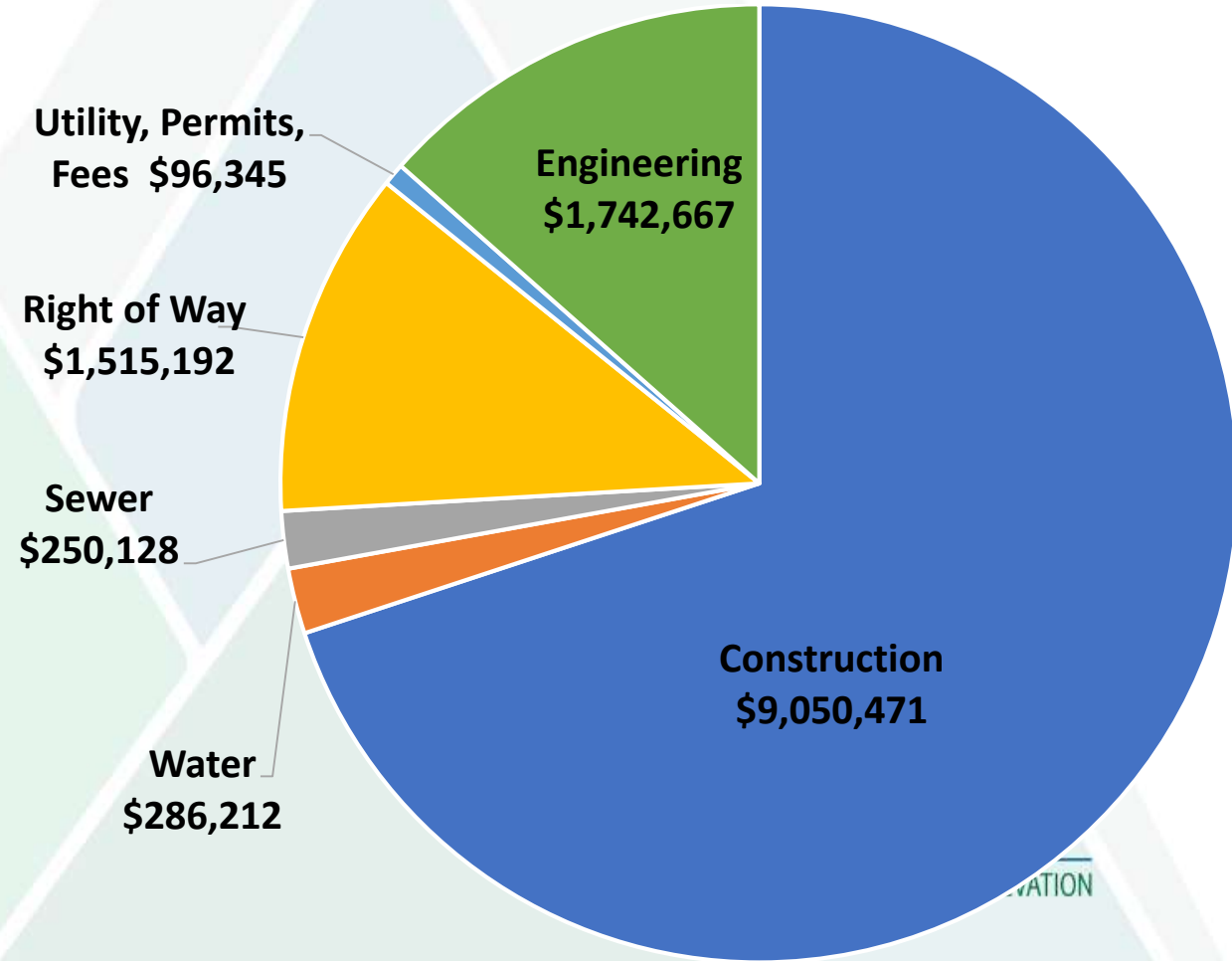
Interest Rate and Term

- Municipal code prescribes 9% simple interest rate
- The funding spent for this project would earn 5% compound interest
- Standard length of reimbursement districts is 20 years
- Council considered different examples of AFRD in Sandy and surrounding area
- **Council preferred 5% simple interest and 20 year term**

Cost of the Project

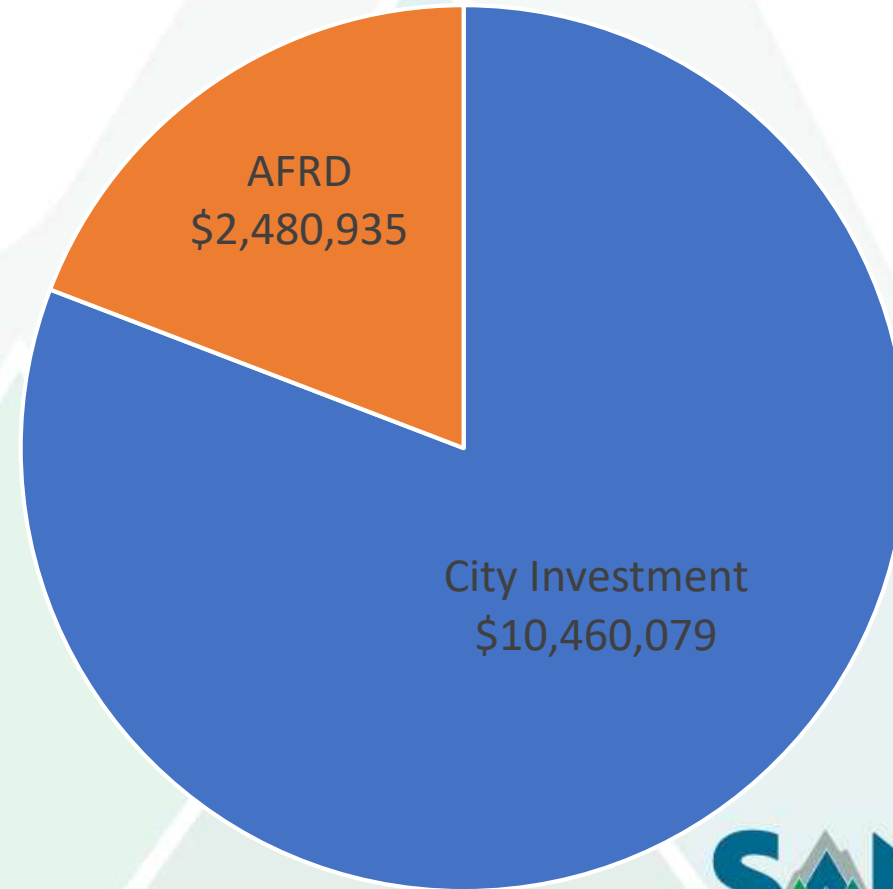
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|------------------------|----------------------|
| Construction | \$ 9,050,471 |
| Water | \$ 286,212 |
| Sewer | \$ 250,128 |
| Right of Way | \$ 1,515,192 |
| Utility, Permits, Fees | \$ 96,345 |
| Engineering | \$ 1,742,667 |
| Project TOTAL | \$ 12,941,014 |

Street fund total paid was
\$12,404,675.

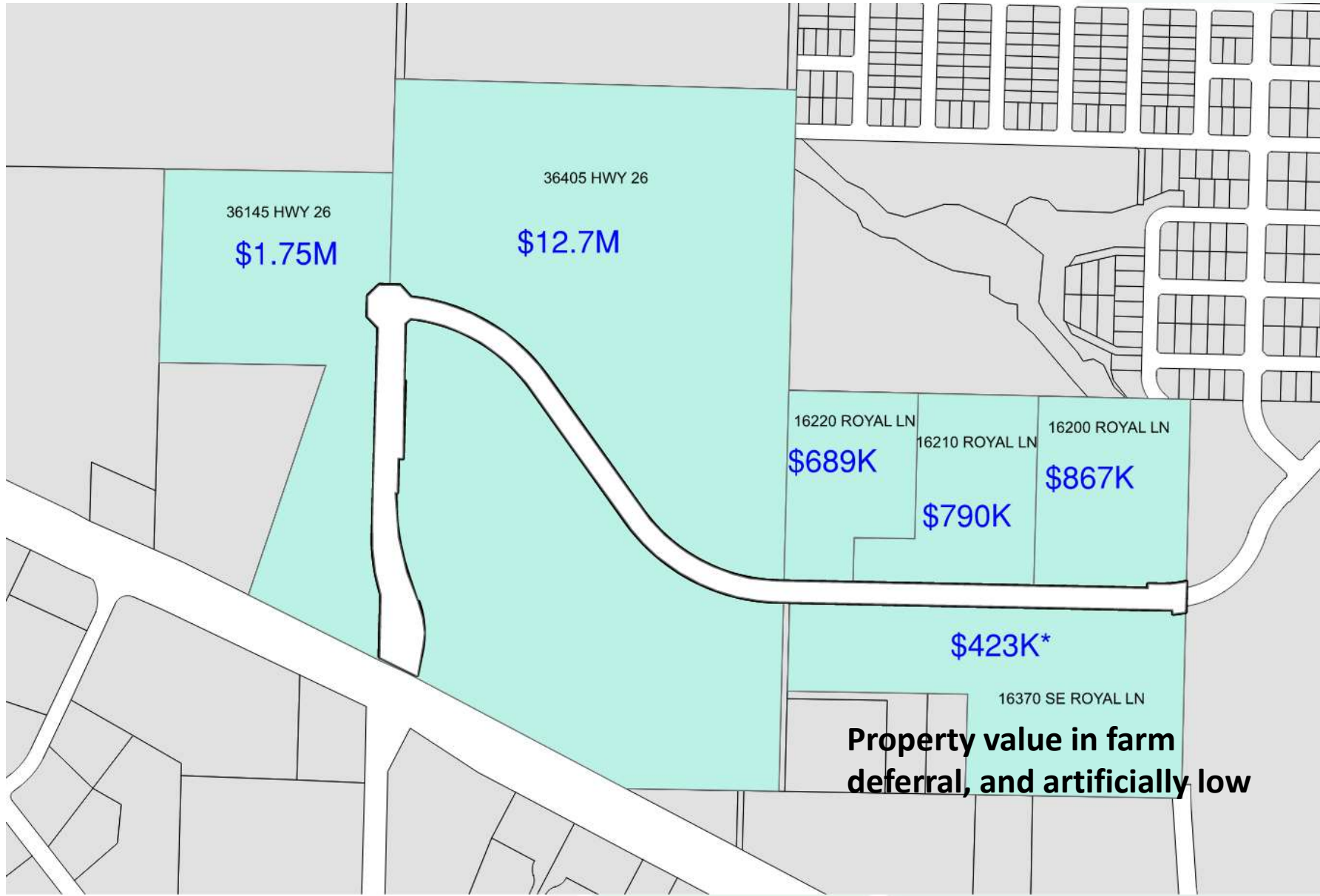


AFRD - 20% of Street Fund contribution

- Recoups funds from Street Fund operating budget
- Eliminates Water and Sewer Contribution
- Keeps economic development incentives
- Total AFRD **\$2.48M** preferred by Council



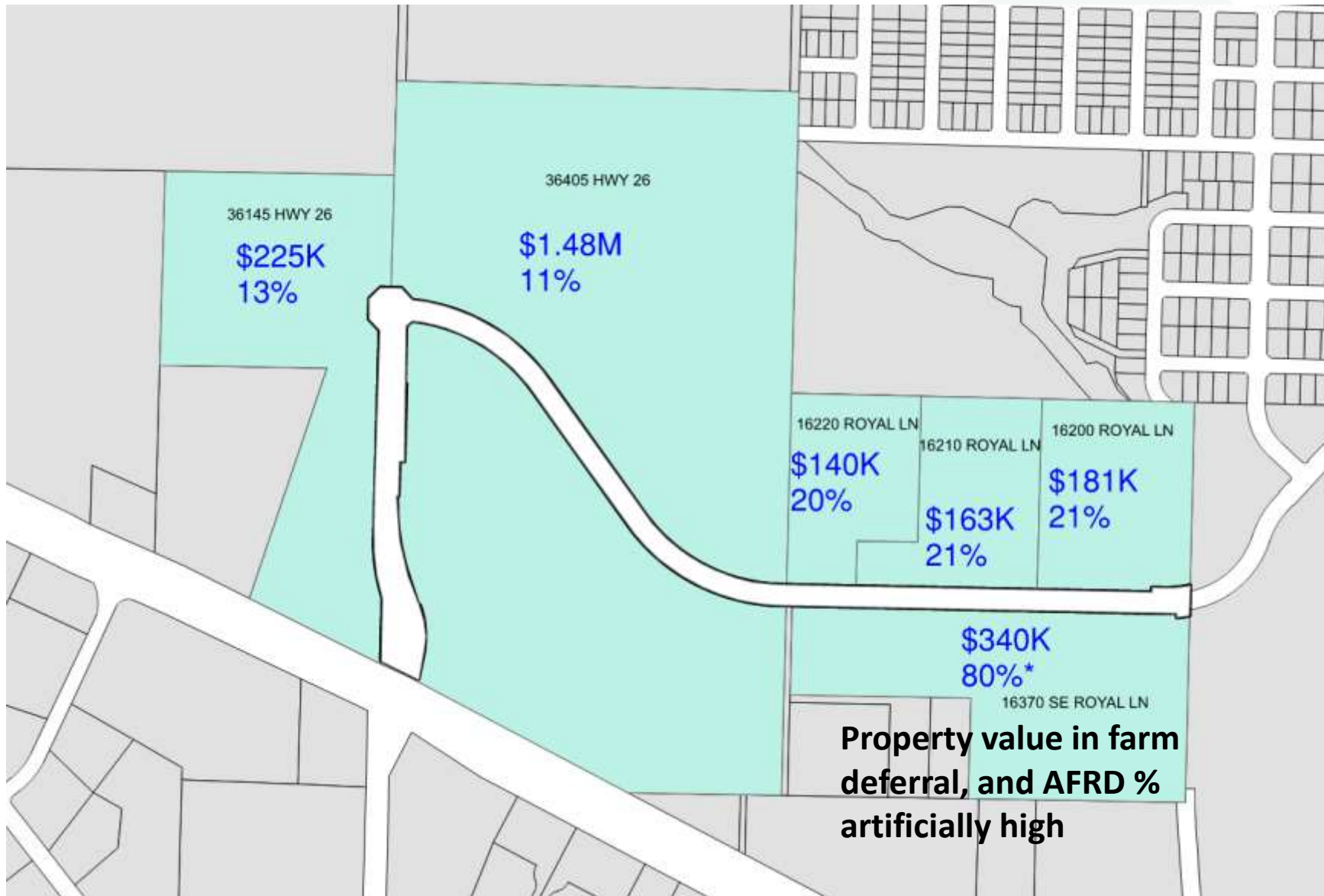
What Are These Properties Worth?



Values presented based on the County tax assessor's market value data, likely low estimates not reflected increased value from road

Property value in farm deferral, and artificially low

AFRD Impact to Properties



Summary

Council directed staff to create AFRD with following:

- Area Method
- Interest rate 5% simple interest
- District term of 20 Years
- Value of \$2.48M
 - 20% of Street Funded portion of project or 19% of total project cost
- Balanced and moderate AFRD, recouping street fund operations funds