Tax Increment Financing Strategic Reset

Economic Development Presentation to Council – May 25, 2021

SALT LAKE COUNTY
REGIONAL DEVELOPMENT

Agenda

- Issues
- Goals
- Deliverables
- Presentation by Consultants of Findings & Recommendations
- Next Steps

Issues

- $127m in TIF for 2021, $21m+ from County
- Ineffective relationship with municipal redevelopment agencies
- Quality of current TIF proposals
- Lack of focus on “but for” requirement
- Need to reduce the temperature and improve the process

Goals

- Make good investments attainable
- Be a better partner to cities, school districts, and other taxing entities
- Improve clarity in how/when the County participates in TIF
- Enhance clarity in proposal requirements
- Leverage an unbiased third-party with national expertise to help the County achieve its potential

Deliverables

- Reviewed state and local regulations on TIF
- Reviewed 10 active and proposed TIF projects
- Conducted 8 interviews with:
  - Redevelopment agencies
  - Elected officials
  - Real estate developers
- Leverage experience with national best practices to provide recommendations to improve future TIF evaluation
- Present to Council

Presentation by SB Friedman

Next Steps

- 12+ month process
- Already in progress
- Before today: Outreach to municipal agencies and improving proposals
- Immediate: Set new, clearer application requirements
- 3 months: Outreach and adjustment
- 6 months: Tools in place and engagement increased
- 1 year: Successfully complete Strategic Reset

Next Steps - Immediate

- Post report on Economic Development website
- Continue working with current proposals to improve as much as possible
- Update TIF project proposal page:
  - Clarify "but for" requirements
  - Provide detail on what types or projects require what types of due diligence
  - Begin working on templates to assist municipal agencies
- Conduct outreach to municipal agencies to share report, explain process
- Enforcing stricter requirements for proposals

Next Steps – 3 months

3 MONTHS

Improve "But For" Analysis

Clarify the Process

1. Outline due diligence requirements, define the essential pieces of each, and identify who is responsible for completing
   - Pro forma analysis for Site PAs
   - Market analysis for all PAs
   - Distress analysis for District PAs
   - Create templates (where applicable)
2. Estimate typical due diligence costs and process for PAs to repay any third-party costs of establishment
3. Establish a consistent timeline with committed benchmarks
4. Clarify eligible project types and expenditures

- Use strong proposals as success stories
- Begin providing templates
- Provide costs
- Work toward a 3-month max timeline, get involved earlier
- More connection to school districts
- Continue improving website and pushing information to municipal agencies
- Hire Senior Manager for TIF

Next Steps – 6 months



- Scorecard and/or more streamlined process
  - Emphasize quantitative analysis
  - Avoid scorecard as qualitative checklist
- Build common understanding with each RDA and TIF consultants (2 site visits per year)
- Identify and begin training/outreach opportunities (ULCT, EDCU, others)
- Early involvement and stakeholder engagement

Next Steps – 1 year+



- Ongoing training and technical assistance
- Full library of templates and guides
- Involved in PAs from idea stage
- Coordinating with Cities, School District, others
- Work on any resource gaps
- Clarify process
- Stronger relationship with RDAs
- Great deals