UNDERSTANDING THE ONGOING PID/TIF REQUEST

WHAT'S BEING REQUESTED BY BLACK DESERT RESORT (BDR)?

Black Desert Resort has approached the City with two different plans to build a resort – "Plan A" and "Plan B". Plan A calls for an underground parking garage that would allow for more retail and restaurant spaces above ground. These businesses would create additional tax revenues to the City, however, due to the cost of the parking garage the plan could not be successful without some public financing assistance. Plan B has more surface level parking and fewer retail and restaurant space, which results in fewer tax revenues to the City, but it does not require public financing assistance.

Black Desert Resort is requesting the use of two different tools to help finance Plan A: a Public Infrastructure District (PID) and a Community Reinvestment Area (CRA).

Public Infrastructure District (PID)

A PID is a separate legal entity from the City once created. The entity will have the authority to tax its area, however, the rate is determined at the time of creation and the boundaries that are taxable are set at creation. *Only property owners within Black Desert Resort's boundaries will pay the increased tax.* It's easiest to think of this like an HOA fee. Though a property might pay an additional fee for common area maintenance, it's limited to that subdivision. Similarly, the residents of BDR will be subject to this additional tax, but it's limited to that area.

Community Reinvestment Area (CRA)

The CRA is similarly created with City approval. Property taxes currently being paid on those parcels are locked in – the developer will continue to pay that level of taxation regardless of the progress of the project. As the project is developed, the value of the property will increase. As the value increases, so do the property taxes for that property, just like any other property in the County. If the CRA is approved, however, a portion of the *new* property taxes that would normally be paid to the taxing entities (City, County, and School District) would be diverted to pay off bonds used to finance the construction of the project. The City would continue

receiving the amount of taxes paid prior to the start of the project *plus* a percentage of the *new* taxes.

WHAT IS THE SIZE OF THE REQUEST FROM BDR?

BDR has requested the City divert 75% of *new* property taxes to the bonds for a 10-year period. This is estimated to be $5 million in total over those 10 years. The remaining 25% would flow to the City.

They've also requested the City authorize the creation of a PID that will enact a 6 mill (.6% or .006) property tax rate *on the residents of BDR only*. This new tax will show up on BDR residents' property tax bill along with other currently-imposed taxes from other taxing entities (City, County, School District, etc.).

IF I'M NOT A BDR RESIDENT, WILL MY TAXES INCREASE?

No.

THE BDR PROJECT IS LARGE, WON'T CITY EXPENSES INCREASE TO COVER ITS GROWTH?

Yes. The City will experience cost increases to support the infrastructure and service needs created by the project. It's estimated that these costs will average $426 thousand annually by 2034. This includes services for general government, law enforcement, streets, sanitation, parks, and recreation.

WON'T THOSE COST INCREASES INDIRECTLY RAISE MY TAXES?

The revenues projected to pass through to the City, including with a PID and CRA in place, are greater than cost projections in every year. By 2049, it's estimated the City will have a cumulative net benefit of $36.5 million. Unless actual results differ significantly from projections, no tax increases are anticipated because of a CRA.

WHAT CONCERNS ARE THERE?

Although the projections are positive, there are several concerns raised by Councilmembers and residents of the City:

- What does the increased scale of Plan A mean for traffic and congestion in Ivins?

- Will Plan A exacerbate the ongoing affordable housing issue? Further pricing out the people who would be employed by the Project and City to service it?
- Does the project actually require the additional financing to be successful with Plan A?

These are just some of the concerns raised about the effects of Plan A compared to Plan B.

WHAT'S NEXT IN THE PROCESS?

The Ivins City Council has not yet approved either the PID or CRA request and they still have the option to further negotiate with BDR on the appropriate level of funding if they choose. If approved by Council, the County and School District will also need to give approval to the request to achieve the level of financing needed. The Mayor and BDR have both had conversations with the County and they have characterized their support as being generally positive. The School District has not met with either at the time of publishing this FAQ.

We hope this helps provide more information regarding this project and its request to the City.

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