



## STAFF REPORT

**DATE:** January 11, 2024  
**TO:** The Honorable Mayor and City Council  
**FROM:** Kyle Maurer, Director of Finance and Administrative Services  
**SUBJECT:** Discussion of the Fiscal Year 2025 and 2026 Debt Service and Community Development and Renewal Agency of Herriman City (CDRA) Budgets

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**RECOMMENDATION:**

N/A – This is for discussion only

**ISSUE BEFORE COUNCIL:**

N/A – This is for discussion only

**BACKGROUND/SUMMARY:**

City staff will be discussing potential fiscal year 2025 and 2026 budgets for the Debt Service and CDRA funds.

**DISCUSSION:**

*Debt Service Fund* – The debt service fund is responsible for payment of the following long-term obligations of the City:

- 2015A and 2015B Sales Tax Revenue Bonds – Used to construct City Hall, Herriman Boulevard from 6000 W to 6400 W, and park projects.
- 2021 Sales Tax Revenue Bonds – Used for the reconstruction and widening of Herriman Main Street (debt service is paid for by a grant from the state of Utah).
- Capital Leases (3) – Used to fund vehicle purchases within the City.

The primary sources of funding are the following:

- General Fund – Transfers from the General Fund are made for portions not covered by other revenue sources outlined below.
- Road Impact Fee Fund – Portions of the 2015 Bonds were used for impact fee eligible road projects.

- State Grant – The City received a state legislative grant, beginning in fiscal year 2022, of \$800,000 per year for 15 years. This grant is the primary funding source for the 2021 Sales Tax Revenue Bonds.
- Development Services Fund – A transfer is made for Development Services’ portion of office space in City Hall.
- Interest – The City earns interest income on idle debt service funds (primarily the state grant).

A summary of forecasted revenues and expenditures through fiscal year 2037 is as follows:

City of Herriman Debt Service Fund Fiscal Years 2024-2037 Budget and Forecast						
	2024 (Budget)	2025 (Forecast)	2026 (Forecast)	2027 (Forecast)	2028-2032 (Forecast)	2033-2037 (Forecast)
Transfer - General Fund	\$ 1,512,290	\$ 1,560,558	\$ 1,560,555	\$ 1,563,628	\$ 7,218,228	\$ 5,584,718
Transfer -Road Impact	621,227	682,355	679,655	684,680	3,408,475	1,629,415
Transfer - Development Services	65,500	62,000	61,900	62,000	309,700	247,800
Grant	800,000	800,000	800,000	800,000	4,000,000	3,200,000
Interest	-	10,000	10,000	10,000	50,000	40,000
<b>TOTAL</b>	<b>\$ 2,999,017</b>	<b>\$ 3,114,913</b>	<b>\$ 3,112,110</b>	<b>\$ 3,120,308</b>	<b>\$ 14,986,403</b>	<b>\$ 10,701,933</b>
Bond Payments-2015	2,107,438	2,106,925	2,104,413	2,111,638	10,542,838	7,337,931
Bond Payments-2021	799,542	799,288	798,997	799,971	3,996,164	3,995,852
Capital Leases	139,300	198,700	198,700	198,700	397,400	-
Trustee Fees	10,000	10,000	10,000	10,000	50,000	50,000
<b>TOTAL</b>	<b>\$ 3,056,280</b>	<b>\$ 3,114,913</b>	<b>\$ 3,112,110</b>	<b>\$ 3,120,308</b>	<b>\$ 14,986,401</b>	<b>\$ 11,383,783</b>
<b>Revenues Over/(Under) Expenditures</b>	<b>(57,263)</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>(681,850)</b>
Fund Balance	703,419	703,420	703,420	703,420	703,422	21,572

Herriman Towne Center CDA Fund – This fund is used for the Herriman Towne Center project area. The fund has the following major expenditures:

- Debt service on the 2016 Special Assessment Area (SAA) Bonds and 2016 Tax Incentive Bonds – These bonds were used to construct infrastructure within the Herriman Towne Center CDA project area.
- HTC Communities Participation Agreement – Reimburse HTC Communities LLC for infrastructure installed within the Herriman Towne Center CDA project area. This also includes debt service payments made by HTC Communities on the SAA bonds.

The project area is anticipating tax increment collections from the Herriman City Fire Service Area (HCFSa) to begin in fiscal year 2025. Tax increment from the Unified Fire Service Area (UFSA) ended in fiscal year 2020 when the City indicated its intent to leave UFSA.

A summary of forecasted revenues and expenditures through 2036 (the end of the project area) is as follows:

Community Development and Renewal Agency of Herriman City Herriman Towne Center CDA Fund Fiscal Years 2024-2037 Budget and Forecast					
	FY2024 (Forecast)	FY2025 (Forecast)	FY2026 (Forecast)	FY2027-2031 (Forecast)	FY2032-2036 (Forecast)
<b>Tax Revenues to Agency</b>					
Salt Lake County	\$ 764,704	\$ 787,645	\$ 855,315	\$ 4,661,304	\$ 2,853,093
Jordan School District	1,756,909	1,809,616	1,965,113	10,709,606	10,980,039
Herriman City	109,724	113,016	122,721	668,781	409,347
Herriman City Fire Service Area	-	575,635	625,153	3,407,256	2,085,514
JVWCD	133,791	137,805	149,650	815,588	499,205
South Valley Sewer	90,013	92,713	100,677	548,661	335,823
CUWCD	145,566	149,934	162,818	887,350	543,129
<b>Total Tax Increment</b>	<b>\$ 3,000,707</b>	<b>\$ 3,666,364</b>	<b>\$ 3,981,447</b>	<b>\$ 21,698,546</b>	<b>\$ 17,706,150</b>
<b>Interest Income</b>	<b>62,933</b>	<b>25,965</b>	<b>29,813</b>	<b>236,298</b>	<b>756,429</b>
<b>Expenditures</b>					
Administration (4%)	120,028	146,655	159,258	867,941	708,246
Debt Service (SAA and TIF Bonds)	1,753,705	1,754,579	1,755,144	7,872,582	853,873
HTC Participation Agreement	4,886,669	1,406,314	1,646,400	6,423,242	-
HTC Bond Payment Reimbursement	-	-	-	-	5,925,467
<b>Total Expenditures</b>	<b>\$ 6,760,403</b>	<b>\$ 3,307,548</b>	<b>\$ 3,560,802</b>	<b>\$ 15,163,765</b>	<b>\$ 7,487,586</b>
Remaining Tax Increment	(3,696,763)	384,781	450,458	6,771,079	10,974,994
<b>Running Fund Balance</b>	<b>\$ 2,642,016</b>	<b>\$ 3,026,797</b>	<b>\$ 3,477,255</b>	<b>\$ 10,248,334</b>	<b>\$ 21,223,327</b>

*Anthem Town Center CDA Fund* – This fund is used for the Anthem Town Center CRA project area (development around WinCo Foods). The fund has the following major expenditures:

- Mitigation agreements with Salt Lake County and Jordan School District – Under each entity’s interlocal agreement, 100 percent of tax increment collected is remitted to the Agency, and a portion is then remitted back to the taxing entity by the Agency.
- Affordable housing set aside – Under state statute, 10 percent of tax increment collected must be set aside for affordable housing.
- Anthem Center LLC tax increment participation – 73.33% of remaining tax increment is to be remitted to the developer (Anthem Center LLC) as reimbursement for infrastructure investments. This participation is limited to the cost of infrastructure installed.
- Anthem Center LLC Sales Tax Participation Agreement - \$400,000 of sales tax generated by Winco Foods, LLC is remitted to Anthem Center LLC as stipulated in the agreement.

The project area is anticipating tax increment collections from HCFSA to begin in fiscal year 2025.

A summary of forecasted revenues and expenditures through 2041 (the end of the project area) is as follows :

Communtiy Development and Renewal Agency of Herriman City						
Anthem Town Center CRA Fund						
Fiscal Years 2024-2041 Budget and Forecast						
	FY2024 (Forecast)	FY2025 (Forecast)	FY2026 (Forecast)	FY2027-2031 (Forecast)	FY2032-2036 (Forecast)	FY2037-2041 (Forecast)
<b>Tax Revenues to Agency</b>						
Salt Lake County	\$ 275,653	\$ 283,923	\$ 292,441	\$ 1,599,185	\$ 1,853,893	\$ -
Jordan School District	773,444	796,648	820,547	4,487,087	5,201,764	-
Herriman City	29,055	29,927	30,825	168,563	195,411	226,534
Herriman City Fire Service Area	-	121,145	124,780	682,346	791,027	-
JVWCD	33,094	34,087	35,110	191,993	222,573	-
South Valley Sewer	22,321	22,991	23,681	129,492	150,119	174,028
CUWCD	36,027	37,108	38,221	209,006	242,296	-
<b>Total Tax Increment</b>	<b>\$ 1,169,594</b>	<b>\$ 1,325,828</b>	<b>\$ 1,365,604</b>	<b>\$ 7,467,673</b>	<b>\$ 8,657,082</b>	<b>\$ 400,562</b>
<b>Expenditures</b>						
Administration (2.9%)	33,918	38,449	39,603	216,563	251,054	11,617
Mitigation Payments (SL Cty/JSD)	349,956	360,455	371,268	2,030,250	2,353,613	-
Affordable Housing	81,964	96,537	99,434	543,742	630,347	40,056
Anthem Center LLC Tax Increment Participation	454,271	550,452	656,232	3,588,536	4,160,100	264,358
Anthem Center LLC Sales Tax Participation	170,000	180,000	13,250	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,090,109</b>	<b>\$ 1,225,893</b>	<b>\$ 1,179,787</b>	<b>\$ 6,379,091</b>	<b>\$ 7,395,114</b>	<b>\$ 316,031</b>
Remaining Tax Increment	79,485	99,935	185,817	1,088,582	1,261,968	84,531
<b>Running Fund Balance</b>	<b>\$ (151,083)</b>	<b>\$ (51,148)</b>	<b>\$ 134,669</b>	<b>\$ 1,223,250</b>	<b>\$ 2,485,218</b>	<b>\$ 2,569,749</b>

*Business Center CDA Fund* – This fund is used for the Herriman Business Center CDA project area (development around the REAL stadium). The fund has the following major expenditures :

- Tax increment participation agreements with the Sorenson Legacy Foundation and Sorenson Impact Foundation – 100% of remaining tax increment collected (excluding Salt Lake County) is paid to the Foundations to reimburse infrastructure installed in the project area. Reimbursement is limited to the amount paid for infrastructure.

As with the other CDRA funds, the HCFSA is expected to begin tax participation in fiscal year 2025.

A summary of forecasted revenues and expenditures through 2041 (the end of the project area) is as follows :

Community Development and Renewal Agency of Herriman City Herriman Business Center CDA Fund Fiscal Years 2024-2041 Budget and Forecast						
	FY2024 (Forecast)	FY2025 (Forecast)	FY2026 (Forecast)	FY2027-2031 (Forecast)	FY2032-2036 (Forecast)	FY2037-2041 (Forecast)
<b>Tax Revenues to Agency</b>						
Salt Lake County	\$285,602	\$294,171	\$302,995	\$1,656,902	\$1,920,804	\$2,538,190
Jordan School District	876,092	902,375	929,447	5,082,594	5,892,121	3,976,664
Herriman City	43,741	45,053	46,404	253,756	294,175	341,028
Herriman City Fire Service Area	-	229,898	236,795	1,294,893	1,501,137	1,740,230
JVWCD	50,053	51,554	53,101	290,378	336,625	390,242
South Valley Sewer	33,651	34,661	35,700	195,223	226,317	262,362
CUWCD	54,449	56,083	57,765	315,883	366,197	424,521
<b>Total Tax Increment</b>	<b>\$ 1,343,588</b>	<b>\$ 1,613,795</b>	<b>\$ 1,662,207</b>	<b>\$ 9,089,629</b>	<b>\$10,537,376</b>	<b>\$ 9,673,237</b>
<b>Expenditures</b>						
Administration (Variable)	80,615	96,828	83,110	333,647	316,121	290,198
Sorenson Legacy Foundation Tax Participation Agreement	1,057,986	1,319,624	1,359,212	7,432,727	8,616,572	7,135,047
<b>Total Expenditures</b>	<b>\$ 1,138,601</b>	<b>\$ 1,416,452</b>	<b>\$ 1,442,322</b>	<b>\$ 7,766,374</b>	<b>\$ 8,932,693</b>	<b>\$ 7,425,245</b>
Remaining Increment	204,987	197,343	219,885	1,323,255	1,604,683	2,247,992
<b>Running Fund Balance</b>	<b>\$ 792,810</b>	<b>\$ 990,153</b>	<b>\$ 1,210,038</b>	<b>\$ 2,533,293</b>	<b>\$ 4,137,976</b>	<b>\$ 6,385,968</b>

Herriman Innovation District CRA Fund – This fund is used for the Herriman Innovation District project area (Bullfrog Spas). The fund has the following major expenditures :

- Mitigation payments to Salt Lake County and the Jordan School District - Under each entity’s interlocal agreement, 100 percent of tax increment collected is remitted to the Agency, and a portion is then remitted back to the taxing entity by the Agency.
- Affordable housing set aside – Under state statute, 10 percent of tax increment collected must be set aside for affordable housing.
- Herriman Industrial # 1 participation agreement – 87.1% of remaining tax increment is paid to the developer to reimburse for Midas Creek storm drain improvements, a Rocky Mountain Power main line extension, Dominion Energy main line extension, and 11800 South improvements. Reimbursement is limited to \$1,280,441. Note the participant has not requested reimbursement despite staff contact.
- South Valley Sewer agreement – The Agency will set aside up to \$3,000,000 to construct and/or reimburse the cost of a sanitary sewer line that will serve the project area.

A summary of forecasted revenues and expenditures through 2038 (the end of the project area) is as follows :

City of Herriman Herriman Innovation District CRA Fund Fiscal Years 2024-2037 Budget and Forecast						
	FY2024 (Forecast)	FY2025 (Forecast)	FY2026 (Forecast)	FY2027-2031 (Forecast)	FY2032-2036 (Forecast)	FY2037-2038 (Forecast)
<b>Tax Revenues to Agency</b>						
Salt Lake County	\$ 52,220	\$ 52,222	\$ 52,222	\$ 261,110	\$ 261,110	\$ 104,444
Jordan School District	184,373	184,373	184,373	921,865	921,865	368,746
Herriman City	7,076	7,076	7,076	35,380	35,380	14,152
JVWCD	7,814	7,814	7,814	39,070	39,070	15,628
South Valley Sewer	5,385	5,385	5,385	26,925	26,925	10,770
CUWCD	8,547	8,547	8,547	42,735	42,735	17,094
<b>Total Tax Increment</b>	<b>\$ 265,415</b>	<b>\$ 265,417</b>	<b>\$ 265,417</b>	<b>\$ 1,327,085</b>	<b>\$ 1,327,085</b>	<b>\$ 530,834</b>
<b>Expenditures</b>						
Administration (2.9%)	4,611	4,611	4,611	23,055	23,055	9,222
Mitigation Payments (JSD/SL Cty)	106,416	106,417	106,417	532,085	532,085	212,834
Affordable Housing Contribution	15,900	15,900	15,900	79,500	79,500	31,800
Herriman Industrial # 1 Participation Agreement	138,488	138,489	138,489	650,888	-	-
South Valley Sewer Agreement	-	-	-	41,557	692,445	276,978
<b>Total Expenditures</b>	<b>\$ 265,415</b>	<b>\$ 265,417</b>	<b>\$ 265,417</b>	<b>\$ 1,327,085</b>	<b>\$ 1,327,085</b>	<b>\$ 530,834</b>
Remaining Increment	-	-	-	-	-	-
<b>Running Fund Balance</b>	<b>\$ 10,706</b>	<b>\$ 10,706</b>	<b>\$ 10,706</b>	<b>\$ 10,706</b>	<b>\$ 10,706</b>	<b>\$ 10,706</b>

*Herriman North CRA Fund* – This fund is used to account for the sales tax participation agreements initiated within the Herriman North CRA project area. As part of a settlement agreement initiated in February 2019, property owners as defined in the agreement are entitled to receive sales tax increment generated from specific parcels within the project area, up to \$200,000. City staff propose a budget of \$25,000 to cover this obligation.

**ALTERNATIVES:**

N/A – This is for discussion only.

**FISCAL IMPACT:**

Fiscal impacts are included in this report.

**ATTACHMENTS:**