

July 9, 2014 Draft

Enterprise Solar Community Development Project Area Plan

Adopted _____, 2014



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1. Introduction, Adoption of Project Area Plan

The Iron County Community Development and Renewal Agency (also referenced herein as “the Agency”) requested that the Cedar City – Iron County Office of Economic Development and hired consultants and staff prepare a Community Development Project Area Plan pursuant to the provisions of Chapters 1 and 4 of the Utah Community Development and Renewal Agencies Act, Title 17C of the Utah Code Annotated 1953, as amended (the “Act”). The requirements of the Act, including notice and hearing obligations, have been scrupulously observed at all times throughout the establishment of the Project, the Project Area and this Plan. This Community Development Project Area Plan (the “Project Area Plan” or the “Plan”) is for a project (the “Project”) located entirely within the boundaries of Iron County. The specific boundaries and proposed development that will occur within these boundaries are all set forth in this Project Area Plan. This Plan shall be titled “Enterprise Solar Community Development Project Area Plan” adopted on _____, 2014.

A map of the Community Development Area (“CDA”) project area is included as Exhibit A.

The Iron County Community Development and Renewal Agency has determined that the project area meets the criteria for creation of a CDA. The area offers the opportunity to encourage development of a solar project that will attract private capital investment, contribute to the tax base, create jobs, and otherwise contribute to the economic vitality and prosperity of Iron County.

Creation of the CDA will allow Enterprise Solar, LLC, a subsidiary of First Wind, the opportunity to build its solar portfolio and will expand Utah’s renewable energy programs. The energy from this Project will be sold to Rocky Mountain Power via long-term power purchase agreements at no additional cost to ratepayers.

This document is prepared in good faith as a current reasonable estimate of the economic impact of this Project. Fundamental economic and other circumstances may influence the actual impact. With these assumptions, the information contained within this report represents the reasonable expectations of the Project.

The ordering of sections of this Project Area Plan document is consistent with the presentation of requirements and other criteria for CDA development as set forth in Utah Code § 17C-4-103.

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2. Community Development Project Area Boundaries

The project area is located within Iron County, Utah and is approximately 1,296 acres (the “Project Area”). A map of the Project Area is attached as Exhibit A and incorporated herein (the “Project Area Map”).

The area contained within the CDA is as follows: All of parcels: E-1463-0000-0000, E-1463-0001-0000, E-1433-0000-0000, E-1433-0001-0000 and E-1461-0003-0000.

Parcel Number	Current Owner Name	Acreage	2014 Market Value	2014 Taxable Value
E-1463-0000-0000	Twin Oaks, Inc.	316.95	\$31,920	\$2,895
E-1463-0001-0000	Twin Oaks, Inc.	480	\$47,500	\$7,090
E-1433-0000-0000	Twin Oaks, Inc.	90	\$10,450	\$540
E-1433-0001-0000	Twin Oaks, Inc.	90	\$10,450	\$540
E-1461-0003-0000	S. & W. Hall Co., Inc.	320	\$32,301	\$5,120
		1,296.95	\$132,621	\$42,248

Parcel 1: **Legal** S1/2 SEC 23,T36S,R16W, SLM. EXCPT THEREFR FOLLOW: BEG AT SW COR OF SEC 23,T36S,R16W, SLM; NE'LY ALG EXIST FENCELN AROUND ARC OF CURV TO LEFT WH CONTINUES TO W1/4 COR OF SD SEC 23 AS LOC ON LAND; S TOPOB; NOTE: CTR PT OF SD ARC IS 100 FT E FO NW COR OF SW1/4SW1/4 OF SD SEC 23.

Parcel 2: **Legal** E1/2, SW1/4, SEC 24,T36S,R16W, SLM.

Parcel 3: **Legal** PARCEL 1: W1/2NW1/4 OF SEC 24,T36S,R16W, SLM; PARCEL 2: SW1/4SW1/4SW1/4 OF SEC 13,T36S,R16W, SLM.

Parcel 4: **Legal** E1/2NW1/4 OF SEC 24,T36S,R16W, SLM; ALSO SE1/4SW1/4SW1/4 OF SEC 13,T36S,R16W, SLM.

Parcel 5: **Legal** N1/2 SEC 23,T36S,R16W, SLM; EXCL 2 AC FOR RDS; EXCEPT THEREFR: BEG 665.04 FT W OF SE COR LOT 16; W 100 FT; N 245 FT; E 100 FT; S 245 FT TO POB.

3. Summary of Existing Land Use, Principal Streets, Population Densities and Building Intensities

Existing Land Use Map

A map of existing zoning in the Project Area is included as Exhibit B and is incorporated herein (the “Zoning Map”). A map indicating the layout of principal streets serving the area is included as Exhibit “C”.

The land included in the Project Area is zoned Agricultural 20 (“A-20”). The principal access to the Project Area is Highway 56 with access off of Bench Rd. The Project Area is 32.6 miles from Interstate 15. Highway 56 is a four lane highway running east and west through Iron County.

General Description of surrounding property



The area in question is zoned entirely as A-20; the surrounding property is used for agriculture with a focus on producing wheat, oats, alfalfa, corn, and potatoes. Solar projects are often co-located in agriculture zones, as the systems are not detrimental to adjacent farming operations and do not impose any public health, safety or general welfare issues.

Population Density in the Project Area – The Project Area does not contain any residential housing units.

Building Density in the Project Area – There are no structures located within the Project Area.

Impact of Community Development on Land Use, Population, and Building Density – No change in zoning is required and the proposed Project is consistent with area usage. A-20 zoning allows for solar projects through the approval of a conditional use permit. Solar photovoltaic (PV) power generation consists of multiple photovoltaic modules or solar panels to convert sunlight into usable electricity. This Project will not have a significant impact on the surrounding properties, roads or other infrastructure.

4. Standards That Will Guide Community Development

Development in the Project Area will be subject to appropriate elements of the Iron County Building Permit Checklist, the Iron County Conditional Use Permit, and all applicable Iron County Ordinances. Development/expansion proposals shall be accompanied by site plans, development data, and other appropriate material clearly describing the extent of development/expansion proposed, and any other data that is required by Iron County's Building and Zoning Department.

The Iron County Planning Commission may grant a conditional use permit if it finds:

1. The proposed use will not be unduly detrimental or injurious to property or improvements in the vicinity and will not be detrimental to public health, safety, or general welfare.
2. The proposed use will be located and conducted in compliance with the goals and policies of the Iron County General Plan and the purposes of this title and the land management code.
3. That the property on which the development is proposed is of adequate size and dimensions to permit the conduct of the use in such a manner that will not be materially detrimental to adjoining and surrounding properties.
4. The proposed use does not propose any construction on any critical lands.

5. Description of How Purposes of the Act Will be Attained

Title 17C of the Utah Code contains the following definition of Community Development:

“Community development” means development activities within a community, including the encouragement, promotion, or provision of development. (U.C.A § 17C-1-102(16)).

The creation of the Enterprise Solar Community Development Project Area furthers the attainment of the purposes of Title 17C by addressing the following objectives:

Provision of development that enhances economic and quality of life basis. The Project and Project Area will provide numerous economic and community benefits including the generation of 125 construction jobs and 2 full-time equivalents (“FTE”).

Stimulation of associated business and economic activity by the development. This Project will meaningfully enhance Iron County's property tax base. The direct and indirect impact provided by construction jobs to the existing economy in Iron County will be significant. As of May 2014, Iron County has an unemployment rate of 4.1 percent, or .5 percent higher than the State of Utah generally. Iron County also has one of the highest poverty rates in the state with a rate of 19.4 percent compared to the State of Utah's 12.1 percent. Local businesses that will benefit include hotels, restaurants and suppliers and vendors servicing the proposed new facility.

The Project will achieve the following:

1. Enhance employment and income opportunities for community residents by offering employment opportunities within the County
2. Increase the diversity of the tax base and increase the resources available for performing governmental services

3. Encourage and support the use of Iron County's natural resources
4. Support and encourage appropriate public and private development efforts in the community

6. Conformance of the CDA to the Community's General Plan

The Enterprise Solar CDA is consistent with the Iron County General Plan, adopted October 10, 1995.

The Iron County Vision is to maintain a quality of lifestyle for all present and future residents of Iron County, grounded upon economic vitality, while managing natural resources and preserving scenic beauty, traditional values and stability. Enterprise Solar, LLC will invest in this Project creating economic development opportunities while utilizing the county's renewable resources.

The following are General County Goals found in the General Plan that relate to the development of the Enterprise Solar CDA:

1. To retain control of issues which affect the county's customs, culture and economic stability
2. To maintain economic integrity and vitality
3. To manage natural resources in order to insure the viability of the resources
4. To keep a clean environment

Business and Economic Activity Diversification. Iron County seeks to encourage a balanced mix of economic activity, including but not limited to: agriculture; agri-business, mining; timber and wood products; manufacturing; commercial; retail; cultural; entertainment; service industry; and government services uses which result in a diversified, stable, and environmentally sound local economic base. This Project will support those goals.

Zoning Ordinances. The Project Area is currently zoned A-20. The agriculture district is provided and designed to protect and preserve lands suited for farming, ranching, the production of food and fiber, open recreational parks, services or related purposes and services providing rural lodges and rural estate living, and to encourage open areas for protection from encroachment of incompatible uses. Other purposes of this district include protection of the economic base of the county and the protection of environmentally sensitive lands, such as areas subject to flooding, wetlands, unstable soils, and areas with steep slopes. The permitted and conditional uses are intended to be compatible with agricultural uses while encouraging economic growth and reasonable options for the use of private property. The district discourages intense uses due to lack of necessary services and the potential cost to Iron County residents of providing the services necessary to support higher density or more intense development and activities. Solar projects are allowed within an area zoned A-20 with a conditional use permit.

Building Code. The Project enhancements will be constructed in accordance with all applicable Iron County building codes.

7. Specific Project Outline and Its Potential for Job Creation

The formation of the CDA Project Area will provide Iron County with job creation opportunities by creating approximately 125 short term construction jobs and 2 FTE. The proposed solar project will occur due to the provision of incentives to the Participant as specified in the Project Area Plan and participation agreements with the Participant(s). Ground breaking for the Enterprise Solar project is expected to take place in the 2nd quarter of 2015 with a projected Commercial Operations Date (COD) in the 3rd quarter of 2016.

8. Selection of Participant

The Agency does not own or control any property within the Project Area. The Agency desires the owners of real property in the Enterprise Solar Community Development Project Area to partner with Enterprise Solar, LLC to develop property. The Agency believes that Enterprise Solar is a good choice to develop this Project based on the resources and investment capital available to its parent company, First Wind, and the experience of First Wind with other alternative energy projects in Utah and across the country.

First Wind is an independent North American renewable energy company focused on the development, financing, construction, ownership and operation of utility-scale power projects in the United States. Based in Boston, First Wind has developed and operates 980 megawatts (MW) of generating capacity at 16 wind energy projects in Maine, New York, Vermont, Utah, Washington and Hawaii. First Wind is an expert in the field of renewable energy and has a proven track record in the State of Utah including two large scale projects consisting of a 204 MW wind farm and a 102 MW wind farm.

The Agency anticipates that property owners within the Project Area will take advantage of the opportunity to develop property as outlined in this Plan.

9. Reasons for Selection of Project Area

The Project Area was selected by the Agency due to the immediate opportunity to strengthen the County's economic base through construction of a solar power generation facility. Additionally, the Project Area was selected based on the following factors:

1. The lack of economically profitable uses for the land where the solar facility will be constructed
2. The recognition that the Project Area needs assistance to attract the investment of private capital
3. The ability to enable the Project Area to be competitive in the site selection process
4. The opportunity to initiate a public/private partnership to improve this area of the county

10. Description of Physical, Social/Economic Conditions Existing in the Project Area

The Project Area is currently non-irrigated rangeland that is used for cattle grazing and that is unsuitable for more productive agricultural use due to a lack of available irrigation water. Discussion

of social and economic conditions within the Project Area is superfluous as there are no residents or structures within the Project Area.

More generally, Iron County has one of the highest rates of poverty and lowest median household incomes in the state. CDAs encourage development in areas that are underutilized, blighted or under economic stress and the Project will have a positive impact on the physical environment, as well as the socioeconomic characteristics of the surrounding. The Enterprise Solar CDA will increase capital investment in the area, encourage other development, and offer quality employment for County residents.

11. Tax Incentives Offered to Private Entities for Development within the Project Area

The Agency intends to use a portion of the tax increment generated by development within the Project Area to reimburse the Participant for a portion of the resulting property tax paid. The primary purpose of incentives offered by the Agency to the Participant is to make the Project Area more attractive as a site for a solar power generation project and to defray costs of any improvements that may need to be made to the site. The Agency will negotiate and enter into one or more voluntary interlocal agreements with taxing entities, including Iron County, the Iron County School District and the Iron County Unincorporated Area Services District #2, that levy property tax on the Project Area to secure receipt of a portion of the property tax increment generated in the Project Area that would otherwise be paid to the taxing entities. The Agency intends to secure 70 percent of the tax increment for use by the Agency for a term of 15 years.

The Agency predicts that tax increment will be generated from the Project as follows (may be higher or lower, depending on actual assessed values as the projections, involve certain development assumptions, forecasting techniques, and other factors.):

- Projected 15-year total tax increment is \$14,488,488
- Projected 15-year incentive at 70% is \$10,141,942
- Projected 15-year increase in revenue to the taxing entities is \$4,346,546
- Projected total increase in revenue to the taxing entities over the 20-year life of the project is \$5,458,958.40, divided among the taxing entities as follows:
 - Iron County - \$942,219
 - Iron County School District - \$3,245,376
 - Iron County Unincorporated Service District #2 - \$1,271,362

The total assessed value of the property within the Project Area is currently \$132,621.00 and will increase with enhancements to the Project Area. The base year for tax increment calculations and the schedule of increment payments to the Agency will be set in the interlocal agreements negotiated with the various taxing entities.

The Agency intends to negotiate voluntary agreements with the taxing entities to provide property tax increment of 70 percent for 15 years to be paid to the Agency for community development purposes within the Project Area. The source of funds for payments to the Participant will be tax increment revenues generated through investment in real and personal property in the Project Area.

All incentives and payments to the Participant will be performance-based and will be offered only according to the terms of a Participation Agreement that adequately protects the Agency and the taxing entities by ensuring performance by the Participant. Subject to the provisions of the Act, the Agency may agree to pay for eligible development costs and other items from such tax revenues for the period of time the Agency and the taxing entities may deem appropriate under the circumstances.

12. Analysis of Anticipated Public Benefits from the Community Development

The Project will benefit the tax base of the community and will encourage other economic development in the community.

Beneficial Influences upon the Tax Base of the Community

The beneficial influence on the tax base will happen through an increase of the property tax base of the Project Area. As development occurs within the Project Area, the value of real and personal property within the Project Area will increase and property tax revenue will correspondingly increase.

The capital investment for this Project is estimated at approximately \$150,000,000.

In order to calculate the net new taxes generated by development within the CDA, or tax increment, the existing tax base within the Project Area has to be taken into account. According to the Iron County Assessor's Office, the current total assessed value of real property within the Project Area as of 2014 is \$132,621.00

Associated Business and Economic Activity Likely to be Stimulated

The development, construction, and operation of the proposed solar power generation facility will provide jobs in the area and directly and indirectly promote economic activity. As noted in this Plan, the construction of the Project will involve approximately 125 construction jobs and approximately 2 FTE. The additional jobs will bring revenue to the area and will benefit local business including hotels, restaurants, suppliers and vendors servicing the proposed Project. Additionally, the successful development and operation of the Project may encourage other such projects, providing further benefit to the community and the area.

Exhibits

Exhibit A

Project Area Map

Exhibit B

Zoning Map

Exhibit C

Principal Streets

Exhibit A



Exhibit C

