

Draft Community Development Project Area Plan

Iron County, Utah

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Prepared for the Iron County Community Development and Renewal Agency

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Section 1: Introduction

The Iron County Community Development and Renewal Agency requested that the Cedar City – Iron County Office of Economic Development prepare a Draft Community Development Project Area Plan in conformance with the requirements of Utah Code Annotated 17C-14-101 et seq. This Draft Community Development Plan (the “Plan”) is for a project area 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 Plan document.

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

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

Creation of the CDA will allow Scatec Solar North America, Inc. (“Scatec”) the opportunity to utilize state and federal tax credits and will encourage financial investment by the private sector in the community. This Plan is the first step in establishing this opportunity for public sector participation in the future growth of the community in this area.

The ordering of sections of this Plan document are consistent with the presentation of requirements and other criteria for CDA development as set forth Utah Code Annotated, Section 17A, Part 4.

Section 2: Proposed Community Development Area Boundaries (Utah Red Hills Renewable Park)

The proposed project area is located at 2200 North, 2200 West, and is approximately 862 acres (the “Project Area”). A map of the Project Area is attached as Exhibit A and incorporated herein (the “Project Area Map”).

The parcels proposed to be contained with the CDA are as follows:

<u>Parcel Number</u>	<u>Owner Name</u>	<u>Acreage</u>
C-0722-0000-0000	*Dennis and Marilee Stowell	465.63
C-0731-0000-0000	Parowan Valley Holdings L L C	79.00
C-0732-0000-0000	Parowan Valley Holdings L L C	79.94
C-0820-0000-0000	Parowan Valley Holdings L L C	156.88
C-0828-0002-0000	Parowan Valley Holdings L L C	<u>80.00</u>
		861.48

*Trustees of the Dennis and Marilee A. Stowell, Living Trust

Section 3: Summary of Existing Land Use, Principal Streets, Population Densities, 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”). The Zoning Map indicates the layout of principal streets serving the area. The current land use map for Project Area is attached.

The principal streets are 2200 North and 2200 West, with access off of Interstate 15 at exit 78. The land owners and developer proposes to improve county road 2200 North. Currently, the road is an unimproved dirt road and the developer will provide upgrades to county identified specifications to minimize dust during construction and to improve the road for general community use.

The Parowan Valley Holdings property is farmland, most of which is currently irrigated. Transmission lines cross the far west end of the property and on the southwest end of the property there is an area with dilapidated farm buildings. The Dennis and Marilee Stowell Living Trust property is pasture land, which has been encroached upon by sagebrush. It is crossed by transmission lines on its northwestern corner and contains a small irrigation pond.

General Description of surrounding property -

North – Contains Parowan sewer treatment lagoons and the Little Salt Lake playa.

East – Contains several 20-acre farmland lots, nearest home is approximately 500 feet away.

South – Primarily irrigated farmland with an additional 181 acre parcel owned by the Utah Dept. of Natural Resources which is used as a prairie dog reserve.

West – Rocky Mountain Power substation and transmission lines.

Population Density - There is currently no population within the actual CDA and the area population can be characterized as low-density.

Building Density - There are no structures currently being utilized within the CDA boundaries and can be characterized as low-density.

Impact of Community Development on Land Use, Population and Building Density - The proposed use will be to construct and operate a solar power plant rated at up to 100 MW (dc). The power plant will consist of low-profile photovoltaic panels mounted to track the sun. The intent is to interconnect the power plant to Rocky Mountain Power’s electrical grid at a substation within an adjacent property. Solar power plants 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. This project will increase economic and community activity within the CDA. Construction of the projects will have a major economic impact on the area and create 20 – 25 new full time county jobs. CDA projects built near underutilized areas improve the infrastructure, increase capital investment in surrounding areas as well as increase the awareness of community programs and the overall business environment.

No land use change is required. The Iron County Planning Commission may grant a conditional use permit per Iron County Code 17.28.050(A). The Project Area will not create a significant increase in population density or building density.

Section 4: Additional CDA Plan Requirements – Community Development Standards

Standards Guiding Development - Development in the Project Area will be subject to appropriate elements of Iron County’s General Plan and the Zoning Ordinance of the County. Development proposals shall be accompanied by site plans, development data and other appropriate material that clearly describe the extent of development proposed, and any other data determined necessary or requested.

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

- 1) The proposed use at the proposed location 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 use, building or other structure 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) Does not propose any construction on any critical lands.

- **The provision of development that enhances economic and quality of life basis** -The proposed community development project (the “Project”) is a 100 MW (dc) solar power plant which include approximately 400,000 PV modules rated at 270 watts. This equals almost 850,000 square feet of PV panels and will employ over 400 power electric tracking motors to track the sun throughout the day. The entire system is designed for a life span of 30 -50 years. Solar energy systems will help create a green market in Iron County and will provide numerous economic and community benefits including the creation of a potential educational center for alternative energy, reducing green house emissions for the community and Utah businesses, and the generation of a significant number of construction and long-term jobs.

- **Provision of public infrastructure** – Currently there is an unimproved county road, 2200 North along the properties that will be used for construction access and permanent site access. The developer is proposing to pay for asphalt paving for approximately two miles.

- **Associated business and economic activity stimulated by the development** – The implementation of the CDA and the associated solar power plant will create opportunity for future development, including additional phases to the proposed power plant. It is anticipated that a significant amount of construction jobs will be created over the three year construction period

Section 5: Achievement of Title

The Project area will attain the purpose of Title 17C known as the "Limited Purpose Local Government Entities - Community Development and Renewal Agencies Act," in that it allows the agency to attract industry and create opportunity for sustainable long term growth.

Section 6: Conformance of the CDA to the Community’s General Plan

Zoning Ordinances - The Project Area is currently zoned “agricultural 20” which is provided and designed to protect and preserve lands suited for farming and the production of food and fiber and open areas protected from the encroachment of incompatible uses. Other purposes of this district include the 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. This district discourages intense uses due to a lack of required services and the potential cost to Iron County residents of providing the services necessary to support more intense development and activities.

A conditional use permit is required by the Iron County Planning and Zoning Commission and no zone change is necessary. New technologies may extend the life of the project and new panels may possibly be installed. Nonetheless, the land will be preserved for future agricultural use.

Building Code - The Project will be constructed in accordance with the building codes of Iron County, Utah. The Project will consist of approximately 400,000 PV modules rated at 270 watts and will be placed 4 to 6 feet above the ground surface. The solar modules release no effluents, toxins, air emissions and generates no solid waste. Only a small amount of water is used for cleaning dirt and dust from panels. Additionally, the panels have a no-glare surface and the system produces no noise.

The only additional structures to be located on the site besides the solar panels include two one-story construction trailers that will be utilized by full time staff. The trailers will be set back beyond the 30 foot building setback requirements.

Section 7: Specific Project Outline and Its Potential for Job Creation

The formation of the CDA will provide Iron County with job creation opportunity by creating short term construction jobs and long term employment. The proposed solar power plant will provide positions in the following categories: building and electrical, equipment operators, maintenance workers and supervisors. Construction jobs have been estimated at 30 to 60 workers on site per day. The construction effort will take more than six years to complete and will utilize a significant number of workers from the local community. The skill sets required for these jobs can already be obtained locally or can be obtained through on the job training. It is estimated that Iron County will benefit from the following types and number of jobs:

Position Title	Number of Workers
On-Site Supervisor (Electrical Engineer)	1
Foreman	1
High Voltage Electricians	2
Master/Experienced Electricians	2
Journeyman Electrician/Millwright	4
Experienced Laborers/Apprentice Electrician	6
General Laborers	6
Total	22

The permanent full time positions will add approximately 22 positions for at least 20 years. Scatec will enter into a 20-year contract to sell power to a utility with the intention to extend the contract for an additional 20 years. Traditionally solar power plants have a 30 to 50 year life expectancy.

Section 8: Selection of Developer

The owners of the property within the CDA boundaries have selected one of the most experienced solar experts in the world to develop the Project. Scatec, headquartered in Oslo, Norway is a leading supplier of photovoltaic (PV) solar energy solutions, focusing on making solar power attractive and affordable to customers and investors worldwide.

Scatec deploys the best available technologies to develop, build and operate commercial roof top and ground mounted PV systems. Scatec Solar is the first turn key PV supplier with triple ISO certification for quality, environment and health. They have operations in Europe, USA, India, China, and South Africa.



Iron County was approached by land owners and Scatec to development Project Area to facilitate tax increment incentives and to generate additional state and federal tax credit opportunities. Iron County selected to create a Project Area due to the uniqueness of the project and the opportunity for job creation.

Section 9: Reasons for Selection of Project Area

This Project Area was selected for its power generating potential and its close proximity to required resources. The most important quality of any solar power plant is potential solar resource and determining the viability of the site for commercial development. The Utah Renewable Energy Zone (UREZ) Task Force has stated that Utah has a wealth of renewable energy resource potential for electricity generation and found the Escalante Valley District (Iron County) to have a capacity to generate 2,133 Megawatts of solar power, by far the best solar resources in the state.

Southern Utah is also a semi-arid to arid environment with excellent sunlight that best suits solar energy projects. This specific site also offers level terrain and is easily accessible. The Project Area is close to Interstate 15 allowing for quick and easy access for construction materials and staff. The CDA boundary is also vacant property and will not disrupt any current operations.

Additionally, the Project Area is adjacent to the Parowan Substation which allows for a quick and easy interconnection. Finally, the creation of a solar power plant is one of the few realistic uses for the specific parcels of property at issue.

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

As referenced above, the Project Area is currently vacant, with flat land representing a unique opportunity for development. The properties surrounding the CDA boundaries are also zoned agricultural 20 and are used for grazing or farm land. There are minimal structures on surrounding property with the exception of the Parowan Substation that is directly north of the first proposed phase of the solar power plant. There are a total of 12 property owners that have property adjacent to the CDA area.

A community's socioeconomic status is based on family income, education level, occupation and financial resources. Comparing Utah County's, Iron County has one of the highest rates of poverty and lowest medium household income statistics in the state. CDA's encourage development in areas that are underutilized, blighted or under economic stress and will have a positive impact on the physical environment, as well as the socioeconomic characteristics. The Utah Red Hills Renewable Park will increase capital investment in the area, encourage other development and offer quality long term employment for county residents.

Section 11: Description of Tax Incentives Offered

The Iron County Community Development and Renewal Agency proposes to offer property owners and developers reimbursement of property taxes at 50% for 10 years. The source of funds for reimbursement will be tax increment revenues generated through investment and new development in the project area. The projections for net new tax revenue generation within the CDA, and the associated tax increment projections, involve certain development assumptions, forecasting techniques, and other factors. A detailed tax increment projection is attached hereto as Exhibit C.

Paid property taxes for the year 200- associated with the Parowan Valley Holdings L L C and the Dennis and Marilee A. Stowell, Living Trust parcels are \$435.41, \$425.62, \$117.39, \$864.10 and \$1,461.85 for a combined \$3,304.37. The development will add approximately \$250,000,000 of improvements to the land per phase.

2010 Base Year Tax Valuation – 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 and based on a complete listing of all parcels of land contained in the proposed CDA boundary, the base year tax valuation is \$349,535.00.

Parcel Number	Acreage	2010 Market Value	2010 Taxable Value	2010 Rate .009452	2009 Taxes Paid
c-0700-0000-0000	465.63	\$ 788,980.00	\$ 149,560.00	\$ 1,413.64	\$ 1,461.85
c-0731-0000-0000	79.00	\$ 177,750.00	\$ 46,215.00	\$ 436.82	\$ 425.62
c-0732-0000-0000	79.94	\$ 180,350.00	\$ 47,265.00	\$ 446.75	\$ 435.41
c-0820-0000-0000	156.88	\$ 590,300.00	\$ 93,775.00	\$ 886.36	\$ 864.10
c-0828-0002-0000	80.00	\$ 142,500.00	\$ 12,720.00	\$ 120.23	\$ 117.39
Total	861.45	\$ 1,879,880.00	\$ 349,535.00	\$ 3,303.80	\$ 3,304.37

Tax Increment Projections and Implications for the CDA, Exhibit C

Based on the assumptions of construction costs and assumptions of assessed value the CDA tax increment is expected to reach a total of \$11,555,092 over the proposed 10-year lifespan. This breaks out in revenues to the individual taxing entities as follows:

Iron County	\$2,033,021
Iron County School District	\$6,916,918
Iron County Unincorporated Area Services	\$2,605,152

Based on the assumptions of construction costs and assumptions of assessed value the CDA tax increment is expected to reach a total of \$14,284,379 over a 15-year lifespan. The 15-year projections in revenue to the individual taxing entities follow:

Iron County	\$2,513,216
Iron County School District	\$8,550,679
Iron County Unincorporated Area Services	\$3,220,484

Tax Increment Provisions - The Community Development Project Area Plan specifically incorporates the provision of tax increment financing permitted by the Act.

Procedures for Collection of the Tax Increment - Before the Agency may collect tax increment from the Project Area, it shall verify, in conjunction with the Iron County Community Development and Renewal Agency and the Cedar City – Iron County Office of Economic Development, that:

- Property taxes have been paid and the Project qualifies for reimbursement.
- New high-paying jobs have been created by the Project.
- New jobs associated with the Project pay least 100% of Iron County’s average wage.
- The Project developer has entered into an incentive agreement with Iron County Community Development and Renewal Agency that specifies these, and possibly other, performance milestones.

Other Incentives

Financial - The public sector may choose to provide additional incentives that could include, but not be limited to, waiver of municipal fees such as building permit fees, plan check fees, water impact fee, sewer impact fee, and road impact fees.

Section 12 Analysis and Description of Public Benefit

The creation of the Project Area offers Iron County the unique opportunity to develop a solar power plant that will attract private capital investment, contribute to the tax base, create jobs, and enhance the overall economic vitality of the community.

The Project Area will create 30 – 60 construction jobs and additional 22 long term jobs.

The Project not only creates jobs and opportunity for long term sustainable growth, but has a positive impact on the environment. Environmental benefits of solar energy include the following:

1. Solar resources are renewable
2. Solar energy resources are abundant in Iron County
3. Solar plants require few permanent structures and land can be converted back to original condition after useful life of project
4. Solar panels are extremely reliable
5. Solar panels make no noise while collecting energy
6. More environmental friendly than fossil fuel by reducing greenhouse emissions

Iron County has one of the highest rates of poverty and lowest medium household income statistics in the state. This CDA will encourage development in surrounding areas that are underutilized and under economic stress. The Utah Red Hills Renewable Park will have a positive economic impact on Iron County by providing high paying jobs, increase investment and increase the overall standard of living.

Section 13: Project Area Budget

The creation of a community Development Area does not require a Taxing Entity Committee and a project area budget is optional. The budget for this project area will consist of revenues generated by new tax increment and expenses paid to project equaling tax increment if all performance milestones have been met.

Exhibits

Exhibit A

CDA Boundary Map

Exhibit B

Iron County Land Use Map

Exhibit C

Tax Increment Projections

Exhibit A

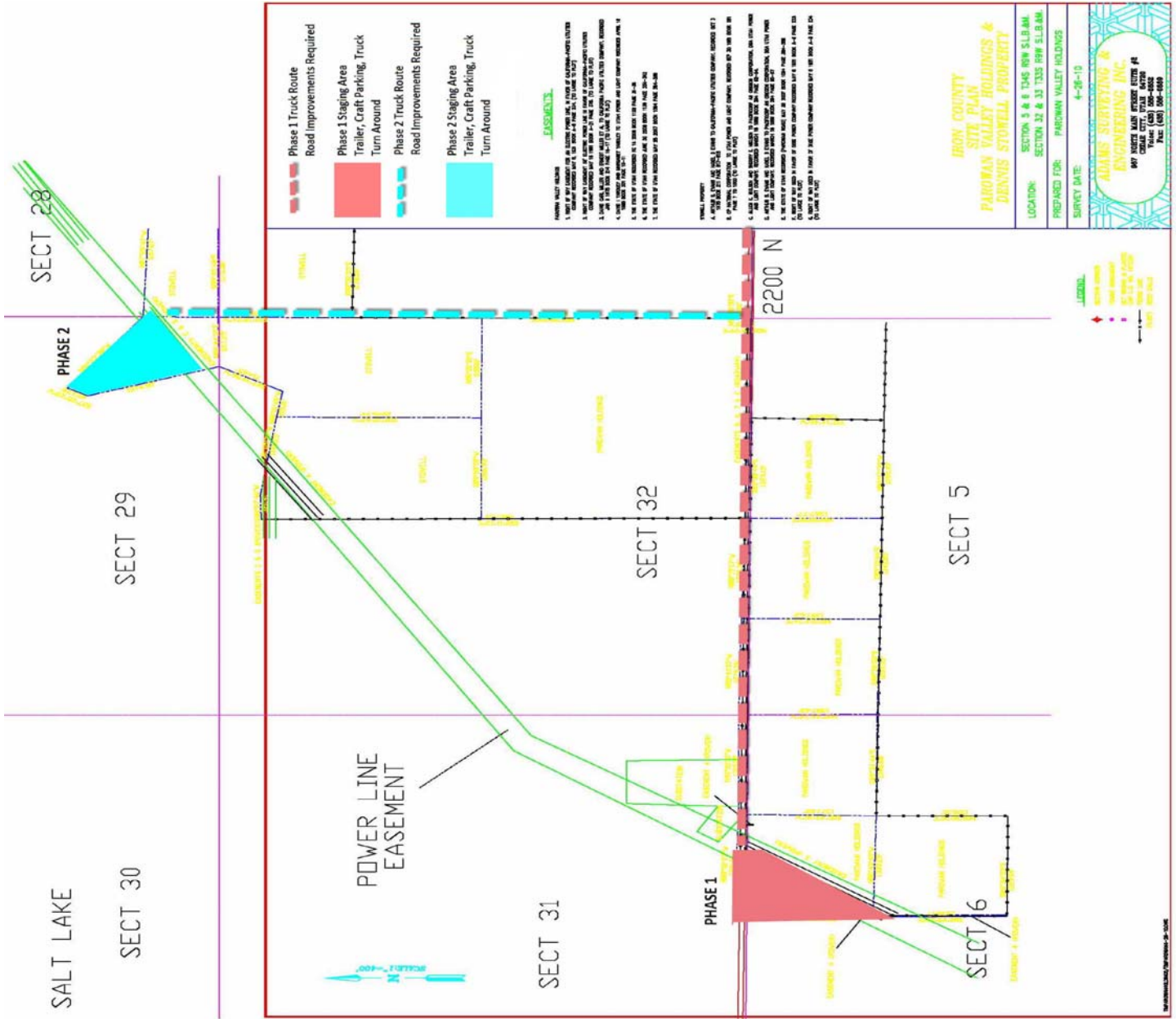


Exhibit B

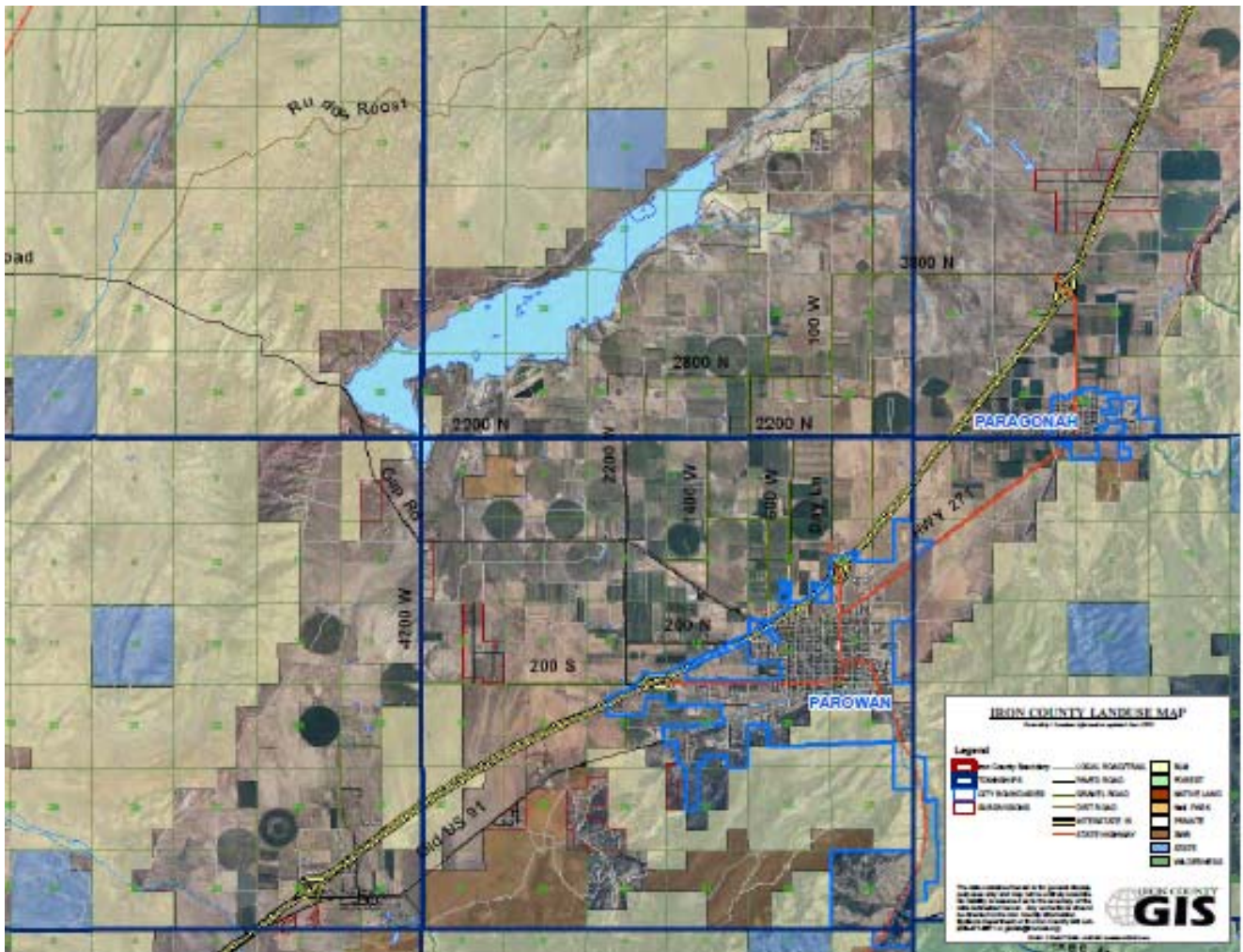


Exhibit C

Iron County Community Development and Renewal Agency Area Plan - Tax Increment Projections													
Project Year	2010	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 Year Projection	
Paid Taxes	\$ 3,303												
Base Taxable Value	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535		
Market Value	\$ 1,879,880	\$ 83,000,000	\$ 166,000,000	\$ 249,000,000	\$ 332,000,000	\$ 415,000,000	\$ 498,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 498,000,000	
Construction Costs		\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ -	\$ -	\$ -	\$ -		
10 Year Accounting Depreciation		\$ 83,000,000	\$ 74,700,000	\$ 66,400,000	\$ 58,100,000	\$ 49,800,000	\$ 41,500,000	\$ 33,200,000	\$ 24,900,000	\$ 16,600,000	\$ 8,300,000		
			\$ 83,000,000	\$ 74,700,000	\$ 66,400,000	\$ 58,100,000	\$ 49,800,000	\$ 41,500,000	\$ 33,200,000	\$ 24,900,000	\$ 16,600,000		
				\$ 83,000,000	\$ 74,700,000	\$ 66,400,000	\$ 58,100,000	\$ 49,800,000	\$ 41,500,000	\$ 33,200,000	\$ 24,900,000		
					\$ 83,000,000	\$ 74,700,000	\$ 66,400,000	\$ 58,100,000	\$ 49,800,000	\$ 41,500,000	\$ 33,200,000		
						\$ 83,000,000	\$ 74,700,000	\$ 66,400,000	\$ 58,100,000	\$ 49,800,000	\$ 41,500,000		
Cost Approach - Assessed Value		\$ 83,000,000	\$ 157,700,000	\$ 224,100,000	\$ 282,200,000	\$ 332,000,000	\$ 373,500,000	\$ 323,700,000	\$ 273,900,000	\$ 224,100,000	\$ 174,300,000		
Increment Generated		\$ 82,650,465	\$ 157,350,465	\$ 223,750,465	\$ 281,850,465	\$ 331,650,465	\$ 373,150,465	\$ 323,350,465	\$ 273,550,465	\$ 223,750,465	\$ 173,950,465		
Dollar Increase Generated		\$ 781,212	\$ 1,487,277	\$ 2,114,889.40	\$ 2,664,050.60	\$ 3,134,760.20	\$ 3,527,018.20	\$ 3,056,308.60	\$ 2,585,599.00	\$ 2,114,889.40	\$ 1,644,179.80		
50% Incentive		\$ 390,606	\$ 743,638	\$ 1,057,445	\$ 1,332,025	\$ 1,567,380	\$ 1,763,509	\$ 1,528,154	\$ 1,292,799	\$ 1,057,445	\$ 822,090	\$ 11,555,092	
NEW TAX REVENUE													
Iron County		\$ 68,724	\$ 130,837	\$ 186,049	\$ 234,359	\$ 275,767	\$ 310,275	\$ 268,866	\$ 227,457	\$ 186,049	\$ 144,640	\$ 2,033,021	
School District		\$ 233,818	\$ 445,144	\$ 632,990	\$ 797,355	\$ 938,239	\$ 1,055,643	\$ 914,758	\$ 773,874	\$ 632,990	\$ 492,106	\$ 6,916,918	
Unincorporated Area Services		\$ 88,064	\$ 167,657	\$ 238,406	\$ 300,312	\$ 353,374	\$ 397,592	\$ 344,530	\$ 291,468	\$ 238,406	\$ 185,344	\$ 2,605,152	
Total		\$ 390,606	\$ 743,638	\$ 1,057,445	\$ 1,332,025	\$ 1,567,380	\$ 1,763,509	\$ 1,528,154	\$ 1,292,799	\$ 1,057,445	\$ 822,090	\$ 11,555,092	
15 Year Projection													
*Assumed Tax Rate		0.009452											
Iron County		0.001663											
Iron County School District		0.005658											
Iron County Unincorporated Area Services		0.002131											
Continued from Year 10							Year 11	Year 12	Year 13	Year 14	Year 15	Total	
							\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	\$ 349,535	
							\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 498,000,000
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
							\$ 8,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	
							\$ 16,600,000	\$ 8,300,000	\$ -	\$ -	\$ -	\$ -	
							\$ 24,900,000	\$ 16,600,000	\$ 8,300,000	\$ -	\$ -	\$ -	
							\$ 33,200,000	\$ 24,900,000	\$ 16,600,000	\$ 8,300,000	\$ -	\$ -	
							\$ 41,500,000	\$ 33,200,000	\$ 24,900,000	\$ 16,600,000	\$ 8,300,000	\$ 8,300,000	
							\$ 124,500,000	\$ 83,000,000	\$ 49,800,000	\$ 24,900,000	\$ 8,300,000	\$ 8,300,000	
							\$ 124,150,465	\$ 82,650,465	\$ 49,450,465	\$ 24,550,465	\$ 7,950,465	\$ 7,950,465	
							\$ 1,173,470.20	\$ 781,212.20	\$ 467,405.80	\$ 232,051.00	\$ 75,147.80	\$ 75,147.80	
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,555,092
							\$ 206,462	\$ 137,448	\$ 82,236	\$ 40,827	\$ 13,222	\$ 13,222	\$ 2,513,216
							\$ 702,443	\$ 467,636	\$ 279,791	\$ 138,907	\$ 44,984	\$ 44,984	\$ 8,550,679
						\$ 264,565	\$ 176,128	\$ 105,379	\$ 52,317	\$ 16,942	\$ 16,942	\$ 3,220,484	
						\$ 1,173,470	\$ 781,212	\$ 467,406	\$ 232,051	\$ 75,148	\$ 75,148	\$ 14,284,379	