

1.

**FYI – Project Timeline:** (subject to change per Chair direction or Council discussion)

Briefing -

Set Public Hearing Date -

Hold hearing to accept public comment -

TENTATIVE Council Action -

Staff Recommendation -



# MOTION SHEET

CITY COUNCIL *of* SALT LAKE CITY

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**TO:** City Council Members

**FROM:** Nick Tarbet  
Policy Analyst

**DATE:** December 10, 2024

**RE:** **MOTION SHEET** – Municipal Services Interlocal Agreement between Salt Lake City  
and the Utah Fairpark Area Investment and Restoration District

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## **MOTION 1**

I move the Council adopt a resolution authorizing the Administration to enter into an interlocal agreement with the Utah Fairpark Area Investment and Restoration District to provide municipal services to the Fairpark District Boundary.

## **MOTION 2**

I move the Council reject the resolution.



SALT LAKE CITY RESOLUTION  
RESOLUTION NO. \_\_\_\_\_ of 2024

(Authorizing the execution of an interlocal agreement with the  
Utah Fairpark Area Investment and Restoration District for municipal services)

WHEREAS, during the 2024 general legislative session, the Utah State Legislature passed House Bill 562, the Utah Fairpark Area Investment and Restoration District (the **Act**) and created the Utah Fairpark Area Investment and Restoration District (**Fairpark District**).

WHEREAS, as set forth in the Act, the purpose of the Fairpark District is to encourage and facilitate development within the fairpark district boundary, which is described and depicted in the Act.

WHEREAS, among other things, the Act establishes that certain taxes, including but not limited to enhanced property tax, that would have otherwise been received by the City for the City to provide municipal services, largely be redirected to the Fairpark District.

WHEREAS, the Act requires the City to provide the same municipal services to the fairpark district boundary as the City provides other areas of the City with similar zoning and development levels.

WHEREAS, the Act provides that the City shall receive 25% of the enhanced property tax from the fairpark district boundary, which alone does not cover the City's costs for services. For example, in 2023, the City's cost for municipal services in the fairpark district boundary was \$1.2 million but the property taxes were approximately \$45,000.

WHEREAS, in order to help address this difference in costs, the Act further provides that the City and Fairpark District enter into an agreement providing for the Fairpark District to reimburse the City for the cost of services the City is obligated to provide the growing development within the fairpark district boundary.

WHEREAS, with the City receiving a percentage of the City's enhanced property taxes, the City will not be fully reimbursed for the cost for municipal services, and as such, the City depends on the reimbursement from the Fairpark District to help offset the cost of providing the necessary municipal services, including but not limited to police, fire, transportation, public lands, and homelessness assistance.

WHEREAS, the City and Fairpark District desire to execute the attached interlocal agreement in which the Fairpark District agrees to provide the City funds for the cost of the municipal services.

NOW THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. It does hereby approve the execution and delivery of an interlocal cooperation agreement between the Utah Fairpark Area Investment and Restoration District and Salt Lake City Corporation regarding the payment for municipal services. Such agreement, upon both the

City and Fairpark District approving the agreement, shall become effective January 1, 2025. The interlocal agreement does not create an interlocal entity.

2. Erin Mendenhall, Mayor of Salt Lake City or her designee is hereby authorized to approve, execute, and deliver said agreement on behalf of Salt Lake City Corporation, in substantially the same form as now before the City Council and attached hereto as **Exhibit A**, subject to such minor changes that do not materially affect the rights and obligations of the City thereunder and as shall be approved by the Mayor, her execution thereof to constitute conclusive evidence of such approval.
3. This resolution shall take effect upon adoption.

Passed by the City Council of Salt Lake City, Utah this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

SALT LAKE CITY COUNCIL

\_\_\_\_\_  
Chairperson

Attest:  
City Recorder

\_\_\_\_\_

Approved as to form:  
Salt Lake City Attorney's Office

\_\_\_\_\_

**EXHIBIT A**

*[Attach Form Interlocal Agreement]*

## MUNICIPAL SERVICES INTERLOCAL AGREEMENT

This Municipal Services Interlocal Agreement (**Agreement**) is entered into between Salt Lake City Corporation, a Utah municipal corporation (**City**), and the Utah Fairpark Area Investment and Restoration District, a political subdivision of the State of Utah (**Fairpark District**), to be effective as of January 1, 2025 (**Effective Date**).

A. In 2024, the Utah State legislature passed House Bill 562, the Utah Fairpark Area Investment and Restoration District (the **Act**) and created the Fairpark District.

B. As set forth in the Act, the purpose of the Fairpark District is to encourage and facilitate development within the fairpark district boundary, described and depicted on Exhibit A (**Fairpark District Boundary**). The Fairpark District Boundary shall also mean any land included in the Fairpark District Boundary as permitted by the Act.

C. Among other things, the Act establishes that certain taxes, including but not limited to enhanced property tax (defined below) that would have otherwise been received by the City for the City to provide municipal services, largely be redirected to the Fairpark District.

D. The Act requires the City to provide the same municipal services to the Fairpark District Boundary as the City provides other areas of the City with similar zoning and development levels.

E. The Act provides that the City shall receive 25% of the enhanced property tax from the Fairpark District Boundary, which alone does not cover the City's costs for services. For example, in 2023, the City's cost for municipal services in the Fairpark District Boundary was \$1.2 million but the property taxes were approximately \$45,000.

F. In order help address this difference in costs, the Act further provides that the City and Fairpark District enter into this Agreement providing for the Fairpark District to reimburse the City for the cost of services the City is obligated to provide to the growing development within the Fairpark District Boundary.

G. With the City receiving a percentage of the City's property taxes, the City will not be fully reimbursed for the cost for municipal services, and as such, the City depends on on this Agreement to help support the cost of necessary municipal services for the Fairpark District Boundary as it develops, including but not limited to police, fire, transportation, public lands, and homelessness assistance.

H. The parties enter into this Agreement setting forth the terms of the Fairpark District's reimbursement to the City for municipal services.

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

(a) **Reimbursement.** Pursuant to the Act, in addition to the base taxable value and 25% of the enhanced property tax, the City shall be reimbursed by the Fairpark District an additional amount to help compensate the City for the cost of municipal services the City provides. The term “base taxable value” means the taxable value of the land within the Fairpark District Boundary as of January 1, 2024, determined by the Fairpark District Board and the Salt Lake County Assessor. The term “enhanced property tax” means the difference between: i) the amount of property tax revenues generated in a tax year by the City from privately owned land, using the current assessed value of the Property; and ii) the amount of property tax revenues that would be generated in the same tax year by the City from that same area using the base taxable value of the property. The additional percentage of enhanced property tax the City shall be paid to reimburse the City for municipal services (**Enhanced Property Tax Payment**), shall be:

- (a) Beginning January 1, 2025, and for a period of 5 years, shall be 10%;
- (b) Beginning January 1, 2030, and for a period of 5 years, shall be 20%;
- (c) Beginning January 1, 2035, and for a period of 5 years, shall be 35%;
- (d) Beginning January 1, 2040, and for a period of 5 years, shall be 50%;
- (e) Beginning January 1, 2045, and for a period of 5 years, shall be 65%;
- (f) Beginning January 1, 2050, and for a period of 5 years, shall be 80%; and
- (g) Beginning January 1, 2055, and for the remainder of the Fairpark District, the City shall receive 100% of the enhanced property tax.

2. **Adjustment.** The City and Fairpark District may exercise the option to reevaluate the City’s cost for municipal services for the Fairpark District Boundary and determine if the Enhanced Property Tax Payment is sufficient to cover the City’s actual costs. If the amount the City receives through the Enhanced Property Tax Payment is not the same as the actual cost for municipal services, the parties shall adjust the percentages in Section 1 accordingly through an amendment to this Agreement. This adjustment cannot be exercised by either party more than once every three years and may not be exercised after January 1, 2055. Until an amendment is finalized, the adjustment shall not impact the Fairpark District’s obligation to make the required Enhanced Property Tax payment to the City.

3. **Term.** The term of this Agreement shall be from January 1, 2025, until the earlier of when: i) the Fairpark District terminates the collection of all taxes (including enhanced property tax), that, if collected by the Fairpark District, preempts the City’s collection of the same tax; or ii) the Fairpark District dissolves.

4. **Enhanced Property Tax Reimbursement and Procedures.** The Fairpark District shall make each annual Enhanced Property Tax Payment by the later of (a) April 30 following the applicable tax year or (b) 60 days following Fairpark District’s receipt of the enhanced property

tax from Salt Lake County if the Fairpark District does not receive the enhanced property tax until after March 1. The Fairpark District assumes all risk that the Fairpark District Boundary may not generate sufficient enhanced property tax to fulfill its objectives.

5. Default. Neither party shall be in default under this Agreement unless such party fails to perform an obligation required under this Agreement within 30 days after written notice is given to the defaulting party by the other party, reasonably setting forth the reasons in which the defaulting party has failed to perform such obligation. If the nature of the defaulting party's obligation is such that more than 30 days are reasonably required for performance or cure, the defaulting party shall not be in default if such party commences performance within such 30-day period and after such commencement diligently prosecutes such cure to completion, provided that the maximum additional time to complete such cure is 90 days (or, 120 days in total). In the event a default under this Agreement remains uncured after the above-described cure period, the non-defaulting party retains all rights under law and equity. In the event the Fairpark District default is caused by its failure to pay the annual Enhanced Property Tax Payment and fails to cure such default as provided in this section, City shall charge Fairpark District a late fee of 10% per annum of the amount of enhanced property tax due and not received by the City until the outstanding amount is paid in full.

6. Miscellaneous

(a) Entire Agreement. This Agreement constitutes the entire understanding between the parties regarding the subject matter of this Agreement. There are no terms, obligations, covenants, statements, representations, warranties or conditions relating to the subject matters other than those specifically contained in this Agreement. This Agreement supersedes all prior oral or written negotiations, agreements and covenants relative to the subject matters of this Agreement.

(b) Notices. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing and shall be deemed to be delivered, whether received or not, three (3) days after deposit by United States mail, registered or certified (or another commercially acceptable means requiring a return receipt), postage prepaid, addressed as follows:

If to Fairpark District: Fairpark District  
Attn:  
[Address]  
[Address]  
Email:

If to City: Salt Lake City Corporation  
Attn:  
Room [number], City & County Building  
451 South State Street  
Salt Lake City, UT 84111  
Email:

With a copy to:

Salt Lake City Attorney's Office  
Attn: City Attorney  
451 South State Street, Suite 505A  
Salt Lake City, UT 84111  
Email:

Such communications may also be given by email, provided any such communication is concurrently given by one of the above methods. Notices shall be deemed effective upon the receipt, or upon attempted delivery if the delivery is refused by the intended recipient or if delivery is impossible because the intended recipient has failed to provide a reasonable means of accomplishing delivery.

(c) Governing Law. This Agreement is intended to be performed in the State of Utah, and the laws of Utah shall govern the validity, construction, enforcement and interpretation of this Agreement.

(d) Amendments. This Agreement may be amended or supplemented only by an instrument in writing executed by both parties and pursuant to the Interlocal Cooperation Act.

(e) Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver of any of the terms of this Agreement shall be binding unless reduced to writing and signed by the party or parties sought to be charged with such waiver.

7. Interlocal Cooperation Act Requirements. In satisfaction of the requirements of the Interlocal Cooperation Act, §§ 11-13-101 *et seq.*, and in connection with this Agreement, the parties agree as follows:

(a) This Agreement shall be approved by each party pursuant to § 11-13-202.5;

(b) This Agreement shall be reviewed as to the proper form and compliance with applicable law by an authorized attorney on behalf of each party pursuant to § 11-13-202.5;

(c) An executed original counterpart shall be filed with the keeper of records for each party pursuant to § 11-13-209;

(d) The Term of this Agreement does not exceed fifty (50) years pursuant to § 11-13-216 of the Interlocal Cooperation Act;

(e) No separate legal entity is created by the terms of this Agreement. No real or personal property shall be acquired jointly by the parties as a result of this Agreement. To the extent that a party acquires, holds, or disposes of any real or personal property for use in the joint

or cooperative undertaking contemplated by this Agreement, such party shall do so in the same manner that it deals with other property of such party; and

(f) Except as otherwise specifically provided herein, each party shall be responsible for its own costs of any action taken pursuant to this Agreement, and for any financing of such costs.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

Salt Lake City Corporation:

\_\_\_\_\_  
Erin Mendenhall, Mayor

Approved as to form:  
Salt Lake City Attorney's Office

\_\_\_\_\_  
Attest and countersign:  
Salt Lake City Recorder

Utah Fairpark Area Investment and Restoration District:

\_\_\_\_\_  
Benn Buys, Executive Director

**EXHIBIT A  
TO  
MUNICIPAL SERVICES INTERLOCAL AGREEMENT**

DRAFT