

Minutes of the Redevelopment Agency meeting held on Tuesday, October 18, 2016 at 4:30 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present:	Diane Turner	Mayor Ted Eyre
	Brett Hales	Janet Towers, Executive Assistant to the Mayor
	Blair Camp	Jan Lopez, Council Administration
	Jim Brass	Tim Tingey, Executive Director
		Jennifer Kennedy, City Recorder
		Frank Nakamura, City Attorney

Chairwoman Diane Turner conducted and opened the meeting.

#### APPROVAL OF MINUTES

Ms. Turner stated that the minutes from the meeting on September 20, 2016 are prepared for approval. Dave Nicponski made a motion to approve the minutes. Seconded by Brett Hales.

A voice vote was made. Motion passed, 5-0.

#### DISCUSSION OF PROPERTY ACQUISITION AND PROCESSES IN THE CENTRAL BUSINESS DISTRICT (CBD)

Tim Tingey stated that the Redevelopment Agency recently acquired property in the downtown area and explained the acquisition process. The parcels include the old Sharky's Bar and the vacant area behind it, and the other parcels contain residential structures that have housed multiple tenants in rental units and has been a concern over the years related to code enforcement issues. These are important properties to acquire for redevelopment of the downtown and will likely be used for building a parking structure in the future.

Mr. Tingey stated that this acquisition process was different than what has been done previously. Originally, under the exclusive developer agreement, the developer was to negotiate for properties to acquire with the potential of an exchange or sell-back to the City or Redevelopment Agency for future public facilities. These properties have been under contract for quite a while, and after completing the recent budget opening process it allowed the RDA to have funding to acquire these parcels. The properties were originally under contract with JR Miller Enterprises, who in turn assigned the contract to the RDA to finalize the purchase. City staff, working closely with the Attorney's office and outside legal counsel, completed due diligence and carefully evaluated the acquisitions to ensure that the pricing and other aspects of the transactions were appropriate. As part of this process the developer had to provide their methodology for determining the price of the property. Staff reviewed their analysis and found that there was rationale for the purchase offer, which was based on the values in the county records and relevant market data. Mr. Tingey stated that the amount paid for the Sharky's Bar property was less than the market rate and he believes the purchase was a good value for the City at \$163,000.

Tim Tingey explained that the other parcels, referred to as the Smith property, were also purchased using the same rationale. There were some challenges related to this acquisition, however, because of the existing rental units that generated income for the property owner. This transaction was a little more complex because the sales price had to account for the monthly income as well as market value so the total purchase price was \$391,000. The Board members viewed a map of the area and location of these parcels. Mr. Tingey explained that environmental reports were completed, called the Phase One Reports, and reliance letters were included which assisted in evaluating these sites. Additionally, there were costs that the developer incurred during the acquisition process including earnest money deposits, Phase One evaluations and legal costs related to the purchase and sales agreement documentation. There were also some general assemblage costs including legal, mapping and tracking costs. The amount paid to the developer to assign the property was reasonable as were the fees for professional

services and expenses. Staff believes that the approach taken by the developer was reasonable and they kept in mind the limited resources available. Mr. Tingey stated that it entailed significant work by the developer to complete these deals with individuals that weren't necessarily wanting to sell their property, and it is important to understand that this is a unique process. Based upon all of these factors staff believes that all costs related to the acquisitions were reasonable.

Mayor Eyre asked about the two parcels that were purchased from Mr. Smith and if there is an easement between these two parcels that goes into the Verizon property. Tim Tingey responded that the gap between the parcels is an old right-of-way that is most likely already owned by the City. The other area between the Smith property and Sharky's Bar is owned by Verizon and U.S. West and will be an issue for discussion in the future. Dave Nicponski asked for the average cost per square foot in the area. Tim Tingey stated that the closer the property is to State Street it ranges from \$21 to \$28 a square foot, and further west of State Street the price decreases. He said that he expects to go through this process again for other properties in the next month or so. He said that he and Frank Nakamura will work to ensure that all due diligence is completed in relation to justification of the negotiated prices and environmental assessments. He said that the City Attorney's office will be doing most of the legal work in order to reduce the acquisition costs.

#### MURRAY CITY CENTER DISTRICT (MCCD) AND CENTRAL BUSINESS DISTRICT UPDATES

Tim Tingey stated that over the next few weeks City staff will be putting in considerable work on a development agreement to bring forward to the Redevelopment Agency for consideration related to the property on the corner of 4800 South and State Street. The first major tenant, which is Utah State University, has signed the deal after completing the public process that was required for approval. Staff will be negotiating the development agreement and the City Attorneys have already begun drafting the necessary documents. One element of the agreement will include sale of the property to the developer, which then makes the property taxable. The agreement will include details related to tax increment financing and the use and design of the building. He explained that all elements of the building will be considered including the design, square footage and layout. Hopefully the development agreement will be prepared and presented to the Redevelopment Agency by the end of the year in order to facilitate moving forward quickly with construction. Additionally, the developer must complete all public processes for this project including review by the Murray City Center District Design Review Committee and approval by the Planning Commission.

#### REVIEW AND DECISION ON THE RDA TAX INCREMENT REVENUE PROJECTIONS AND APPROVAL OF THE NOVEMBER 1<sup>ST</sup> TAX INCREMENT FUNDING REQUEST

Tim Tingey said that a memo and resolution have been prepared which outline the tax increment funding that is projected for the upcoming year in the City's redevelopment areas. This year the State Legislature made some changes in what information is required in the November 1<sup>st</sup> report, including what is projected for next year's revenue in addition to this year. These projection figures are obtained from the county and evaluated by Zions Bank Consultants to determine the final projection amounts. Additionally, projections have been made on the amount of pass-through to the School District as was recently approved in the Smelter Site budget. There is also a pass-through to the county and other taxing entities of 25%, excluding the City and the School District, which was approved as part of the Central Business District amendment in 2011. Staff is recommending approval of the resolution.

Jim Brass made a motion to approve the November 1<sup>st</sup> tax increment funding report and request. Seconded by Blair Camp.

Call vote recorded by Jennifer Kennedy.

A Brett Hales  
A Blair Camp  
A Diane Turner  
A Dave Nicponski  
A Jim Brass

Motion passed, 5-0.

REVIEW AND CONSIDERATION OF A RESOLUTION DESIGNATING THE ORE SAMPLING MILL AREA NEAR 5500 SOUTH 300 WEST TO BE SURVEYED FOR A PROPOSED URBAN RENEWAL PROJECT AREA PLAN, TO DETERMINE WHETHER BLIGHT EXISTS IN THE SURVEY AREA

Tim Tingey stated that there have been conversations about moving forward with an urban renewal process in this area, which includes a blight study. The resolution is to authorize moving forward with a blight study, which will include public hearings and public meetings, as well as contact with the property owners that are included in the area. The proposed Urban Renewal Area has been scaled down from what was discussed previously and will include the Ore Sampling site and some parcels to the south, plus properties to the west of the frontrunner line. This smaller area will limit the number of property owners that have to be contacted for input related to the blight study, and a survey form has been provided which outlines the questions that need to be answered in the course of the study. Mr. Tingey stated that Zions Bank Consultants will be conducting the blight study, and staff is recommending approval of the resolution to move forward with this process. The final proposal must come before the City Council and Taxing Entity Committee for consideration.

Dave Nicponski asked what will be accomplished by the blight study. Tim Tingey stated that if it is determined that there is blight in the area then it will help in proving a legitimate need to establish an Urban Renewal Area when the proposal is presented to the taxing entities. Tax increment financing can be used to help address issues with blight. Blair Camp asked about the parcel of land that is owned by UDOT near the bottom of the off ramp, west of the frontage road. He wondered if this is developable property and if it would be beneficial to include it in the Urban Renewal Area. Tim Tingey responded that there have been recent conversations with UDOT about this property because a developer had expressed interest in a project at that site. UDOT communicated that they may consider some sort of development but want to maintain ownership of the property because a portion of it has to be maintained as a right-of-way, and there would only be space for a small project such as a coffee shop. Blair Camp stated that the parcel needs to be cleaned up. Dave Nicponski agreed and asked how to get UDOT to cooperate. Tim Tingey said that they have previously been willing to do some clean-up such as cutting weeds and said that he will follow up on this issue.

Diane Turner asked if there has been any progress on the purchase of the Ore Sampling Mill. Tim Tingey said that the developer is currently completing the due-diligence on the property and recently sent him a site plan showing the proposed parking plan. The developer is continuing to work towards determining if it is financially feasible to develop the site and having an Urban Renewal Area in place will be helpful in moving a project forward.

Dave Nicponski made a motion to approve the resolution designating the Ore Sampling Mill Area, near 5500 South 300 West, to be surveyed for a proposed Urban Renewal Project Area Plan to determine whether blight exists in the survey area. Seconded by Brett Hales.

Call vote recorded by Jennifer Kennedy.

A Brett Hales  
A Blair Camp

A Diane Turner  
A Dave Nicponski  
A Jim Brass

Motion passed, 5-0.

#### UPDATES ON FIRECLAY AREA

Tim Tingey stated that there are some projects moving forward in the Fireclay area. The developer that is working on the Metro at Fireclay project, located east of the TRAX station, has another adjacent parcel under contract for another project. They have been working with city staff on the project layout and right-of-way issues, including a meeting with their attorney's about the right-of-way that has to be built to facilitate the new development. There have been difficulties in acquiring certain property to complete the required right-of-way which has caused a delay, but the developer hopes that they will be able to start the project in the spring.

Mr. Tingey stated that there are some properties located west of TRAX that contain warehouse facilities and have been problematic from a code enforcement perspective for a number of years. These properties are currently under contract and an application has been submitted to build an assisted living facility, and possibly some senior apartments, at this site. An application for this project was submitted last year as well and the developer was attempting to obtain state funding but was denied and the project didn't move forward. The current application will be going to the Planning Commission for consideration. Tim Tingey stated that City staff members met with shareholders of the Fireclay Villages apartment project that are considering buying out the other partners. This shareholder is willing to look at further investment into this project including acquiring property for parking amenities and possibly purchasing the foam plant property in order to complete Phase 3 of the project. Staff is hopeful that if the shareholder does buy out the other partners that there will be some changes in the apartment management and a willingness to invest in more parking. Dave Nicponski asked if this project is part of the RDA. Tim Tingey responded that it is part of the RDA and that there is a development agreement in place, although currently no funds have been expended for reimbursement of this project. He explained that this shareholder only has interest in the 400 units to the north, so the 286 units on the south will not be part of the proposed improvements.

Mayor Eyre said that he has received a lot of correspondence, specifically from the Police and Fire Departments, which reference the apartments by Main Street. He asked if the 400 units on the north are referred to as North Gate and if the 286 units to the south are referred to as a separate area. Tim Tingey responded that the north section is typically referred to as Lion's Gate and the south is referred to as Brick Gate. He said that the developer still owns both areas at this point but that the other shareholders could buy out north portion, referred to as Lion's Gate. Frank Nakamura stated that all of the units are owned by the Fireclay Investment Group, so there are multiple partners and not separate owners.

There were no additional items for discussion.

Meeting adjourned.

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B. Tim Tingey, Executive Director