

Minutes of the Redevelopment Agency meeting held on Tuesday, July 17, 2012 at 4:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present:	Darren Stam, Chairman	Jan Wells, Chief of Staff
	Dave Nicponski	Frank Nakamura, City Attorney
	Brett Hales	Tim Tingey, Executive Director
	Jared Shaver	Chad Wilkinson, Community & Economic Development
	Jim Brass	Citizens

Chairman Darren Stam opened the meeting.

### APPROVAL OF MINUTES

Jared Shaver made a motion to approve the minutes from June 19, 2012. Seconded by Brett Hales.

A voice vote was made. The motion passed, 5-0.

### REVIEW AND DECISION ON A REVITALIZATION GRANT REQUEST FROM MICHAEL PAUL PHOTOGRAPHY AT 4973 SOUTH STATE STREET

Tim Tingey stated that there were some changes made to the façade of this building without a building permit. He said that a stop work order was issued and the applicant proceeded to go through the Planning Commission process. The Planning Commission approved a Certificate of Appropriateness but required that significant changes needed to be made to be more consistent with the historic architectural style of the building. The applicant had to remove portions of the façade in order to adhere to the certificate conditions. Mr. Tingey said that it was discussed at the Planning Commission meeting that some funding may be available to assist the applicant in making the improvements. He said that it is important to encourage investment in the downtown area and existing buildings. He stated that the applicant requested \$4,520, which is half of the total cost of \$9,040 to address the building modifications and repair of the stucco on the building. The repairs to the façade have been completed. RDA staff has evaluated the funding request and does not feel that the full request amount should be funded due to previous work being completed without the appropriate permits. Staff is recommending funding \$3,441 of the request based on specific repair documentation and receipts submitted by the applicant.

Jared Shaver asked if the applicant is aware that the payment amount has been reduced. Tim Tingey responded that the applicant has been advised of the recommendation and has also received a copy of the staff report.

Michael Olson from Michael Paul Photography said that the awnings were removed in order to complete the work on the building and asked if he needs a permit in order to put them back up. Chad Wilkinson stated that the applicant needs to discuss that issue with the Building Division to ensure that the awnings are reinstalled correctly. Mayor Snarr commended Mr. Olson for the improvements and said that the building looks very nice. Jim Brass asked about the side where the bicycle shop is going to be located and whether that façade had always been brick. It was discussed that it has been finished to look like

brick and that it fits in well with the area. Tim Tingey stated that the brick façade was a project that was partially funded by a revitalization grant that the RDA approved a few months ago.

Jared Shaver made a motion to approve the recommendation made by staff to approve partial funding of the application amount. Seconded by Jim Brass.

Call vote recorded by Tim Tingey.

A Jared Shaver

A Jim Brass

A Brett Hales

A Dave Nicponski

A Darren Stam

Motion passed, 5-0.

#### DISCUSSION OF PROPOSED DEVELOPMENT AGREEMENT WITH NOVASOURCE

Mr. Tingey stated that there have been multiple meetings with the NovaSource group. He said that there was a proposal submitted for a 105 room hotel facility with 13,000 square feet of retail and office space to be constructed on the corner of Vine and State Street. He said that staff has updated the RDA on the status of the proposal and the possibility of entering into a development agreement with NovaSource. The development agreement would include participation from the City for public improvements such as acquisition of right of way and relocation of power lines. He stated that the RDA would also participate in a development agreement to assist with some demolition work, LEED elements of the building, some site improvements and potentially a parking structure. Mr. Tingey stated that staff and the Attorney's office have worked extensively to compile the development agreement and that a draft was submitted to the developer. He said that there has been ongoing negotiations that culminated in a meeting today in an attempt to work through the development agreement elements. He stated that NovaSource is interested in obtaining additional funds to offset the land costs and although the amounts proposed by the City are appreciated they are not sufficient. He said that the developer is going to further evaluate the situation and will advise staff of the status near the end of the week. Mr. Tingey said that he believes this is an important project but there are limits on incentives and public funding to make a project happen.

Dave Nicponski asked how much money is being offered and how much the developer wants. Tim Tingey responded that initially the developer requested over a million dollars. He said that staff determined that \$400,000 of City funds would be available for public improvements, and the RDA could contribute \$435,000 to reimburse costs related to demolition, meeting LEED standards that exceed those required in the ordinance, parking and site improvements. He said that there would be some money available to contribute to a parking structure provided that some of the spaces are specified for public parking. LEED standards and costs were discussed. He stated that the developer recently indicated that they may not be able to build a parking structure due to the associated costs. Mr. Tingey said that he has communicated with the developer that if there is not a parking structure then the RDA funding will be significantly decreased. Frank Nakamura stated that by eliminating the parking structure it would reduce the RDA funding amount to \$185,000. Jim Brass stated that the increment generated by this project would be \$1.1 million over twenty years. He said that increment funds have been offered but the

developer desires up front money. He said that increment funding is a better option because all parties have an interest to keep the project going and viable for the next twenty years. Mr. Brass stated that there are currently other hotel projects proposed by developers that have not asked for any City funding and it would be difficult to substantiate why one developer obtained funding and another did not. Mr. Shaver stated that each proposed hotel location has challenges to work through. He agreed that at this point there is not much incentive for the City to provide upfront money for this particular project. Jim Brass stated that the proposed hotel is a very nice project, but pointed out that the site is only about one acre. He said that there are eighty acres in the downtown redevelopment area and it seems that providing significant funding to a project of this size may be setting a precedent for future development. He stated that he doesn't want to lose this project and hopes that the developer will be able to make the funding work. Mr. Shaver stated that he appreciates City representatives staying focused on what is desired in the area and clearly communicating how much the City is willing contribute.

Mayor Snarr stated that he agrees this is a great project, but he also acknowledges that there must be fairness in what projects the City agrees to participate in. He said he doesn't want to set a precedence that the City hands out money for every project. He said that city funding is monitored closely and he would not want to see an impact on sales tax revenue because it appears that we are giving too much money to encourage development. He said that a similar situation occurred when the Fashion Place Mall was expanding and requested significant City investment, which was denied. Jim Brass stated that there have been other similar situations in prior years. He pointed out that this is an existing redevelopment area and staff was able to obtain an extension on the area from the County. He said that one of the reasons an extension was granted is because the RDA in Murray does not provide large sums to developers. Dave Nicponski said that there will be other developers in the future that will want to do a similar project at this site and will be more willing to work with the City. Darren Stam asked if any other sites have been discussed with NovaSource for this development. Mr. Tingey replied that there has not been any discussion about other locations. He stated that he has communicated to the developer that the RDA will make the final decision related to any development agreements. He said that the amounts identified as City contributions are important to development in the downtown and that a cost benefit study was recently completed in relation to this issue. He stated that the details of that assessment will be discussed in the near future.

#### FUTURE REDEVELOPMENT AREA DISCUSSION

Tim Tingey stated that the RDA had a discussion a few months ago related to identifying potential future redevelopment areas. He said that staff has worked to identify three potential areas that would benefit from redevelopment. He said that some maps have been completed showing potential areas and boundaries and that he will present those at the next meeting. He said that one area is around the Shopko site on State Street, another is the Ore Sampling Mill site near I-15 and 5300 South, and the last one is the Galleria Site. He said that the Ore Sampling Mill site could potentially be expanded to include additional properties and create a very viable redevelopment area, which property owners there have expressed interest in. Mr. Tingey stated that he recommends waiting until a developer expresses interest in a certain property before creating a redevelopment area in order to avoid having a site stay undeveloped for a number of years.

Jared Shaver asked how far west the boundary would be around the Ore Sampling Mill site. Mayor Snarr said that it would extend from the light rail line to the frontage road. He said that the property on

the west side of I-15 is already developed. Jim Brass stated that there are a number of parcels in that general area that may benefit from redevelopment. Dave Nicponski asked if any factory outlet groups have expressed interest in that area. Mr. Tingey responded that staff has contacted some groups but there is currently not an interest in expanding to Murray.

#### FIRECLAY AREA UPDATE

Mr. Tingey said that all of the projects in this area are moving forward. He said that the Fireclay Villages project was scheduled for some building inspections today and that staff plans to visit the site tomorrow to evaluate the landscaping and site improvements. He said that as a result of a letter sent to Miller Development, they have been better about not requesting inspections until the work has been completed. He said that the Birkhill Apartments are progressing quickly and the developer hopes to have occupancy by this fall. He stated that the Medistar critical care facility has had some delays but it will hopefully start to move forward.

Mayor Snarr explained that the Medistar delay is related to communication with the sub-contractor and the work that was expected to be done. He said that there wasn't enough detail in the contract about site improvement work which led to some disagreements. He expects the issues to be resolved and work will move forward.

Meeting adjourned.

---

B. Tim Tingey, Executive Director