

Minutes of the Redevelopment Agency meeting held on Tuesday, October 16, 2012 at 4:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present: Darren Stam, Chairman Mayor Snarr
 Brett Hales Jan Wells, Chief of Staff
 Dave Nicponski Frank Nakamura, City Attorney
 Jared Shaver Tim Tingey, Executive Director
 Jan Lopez, Council Administration
 Jennifer Heaps, ADS Office Administrator
 Citizens

Excused: Jim Brass

Chairman Darren Stam opened the meeting.

APPROVAL OF MINUTES

Jared Shaver made a motion to approve the minutes from August 21, 2012. Seconded by Brett Hales.

A voice vote was made. The motion passed, 4-0.

NEIGHBORWORKS UPDATE

Tim Tingey stated that Sonya Martinez was recently hired as the NeighborWorks Murray Neighborhood Director and is present today to introduce herself. He said that Dave Moffit is present as well and he oversees the rehabilitation work that NeighborWorks is doing in the City. He said that he is pleased with the projects taking place in Murray and that word is getting out about the programs available through NeighborWorks as referrals are increasing. Mr. Tingey said that there is a need to provide these programs for Murray residents as the City has an older housing stock and rehabilitation is necessary.

Sonya Martinez stated that she has been working with NeighborWorks for the past month and is excited about her affiliation with Murray City. She said that she previously worked with Salt Lake Community Action Program and was involved in a number of housing policy issues. She said that she was also involved in developing two community centers in West Valley City, resulting in additional experience related to affordable housing and resource development. She said that she is looking forward to focusing on the revitalization of neighborhoods.

Ms. Martinez said that NeighborWorks has an acquisition and rehabilitation program, rehabilitation loans, closure counseling and an annual Paint Your Heart Out event. She said that tax increment funding is provided by the Redevelopment Agency, and additional funds are provided through the CDBG program. She said that HOME is HUD funding provided through the county, and NWA is NeighborWorks America, which is another source of public federal funding. She said that private funding is also obtained. She stated that one of the future goals of NeighborWorks is to handle first mortgages in order to create a one-stop shop and an affordable option for homebuyers. Ms. Martinez provided a number of before and after photographs of homes that have been rehabilitated in Murray City along with homes that are currently undergoing rehabilitation. She stated that the home on 700 West is going to be demolished and a new home constructed on that lot. Jared Shaver asked how contractors are selected to do rehabilitation work. Sonya Martinez responded that the contractors go through a bidding process. She provided a list of contractors from Murray City that have participated in the bidding process for these projects. Dave Moffit stated that these sub-contractors are generally referred from other contractors that NeighborWorks is already working with. He said that the sub-contractors like to work with NeighborWorks because the money for the project is in place and they are paid within ten to twenty days after the work is completed. Ms. Martinez said that home rehabilitation addresses health and safety issues, roofs, windows and

accessibility concerns. She said that there are three loans in process at this time for rehabilitation and that seven new inquiries were made in September. Mr. Shaver asked if any consideration has been given to smaller loans, such as \$500, to assist with minor home repairs. Ms. Martinez said that she will make this suggestion to the Board for consideration. Darren Stam asked how contractors should contact NeighborWorks if they are interested in bidding some of the work. Sonya Martinez responded that they are welcome to call or stop by the Murray office.

Tim Tingey stated that NeighborWorks matches RDA funding dollar for dollar. He said that they are working hard to leverage more private funding, which will benefit the City. He stated that this program improves the quality of life for people in their homes and improves the housing stock. He said that eventually the program may become self-sustaining and tax increment funding will no longer be necessary. Jared Shaver asked about in-kind donations. Sonya Martinez stated that she plans to build relationships and reach out to Murray businesses and organizations regarding funding. Darren Stam suggested that as developers complete projects in the City they could be encouraged to donate any leftover products to this program. Mr. Stam thanked Ms. Martinez for her update.

UPDATE ON QUALITY OIL SITE ENVIRONMENTAL STATUS

Mr. Tingey stated that IHI Environmental tested the wells at the Quality Oil site recently in accordance with state requirements. Groundwater samples were collected from five different wells and the results indicate that two of the wells have an increase of contamination due to higher water levels over the past year. He said that this increase is not concerning, but does indicate that additional time is needed for the site to clean up. The contaminants detected are petroleum hydrocarbons, which will take a few more years to dissipate in order for the site to meet Utah's Groundwater Quality Standards. Jared Shaver asked if there are any plans for this site in the future. Tim Tingey responded that there are not many options for this site but once the area is cleaned up it may be possible to partner with the hospital to enhance a walkway through the area and along the creek because the parcel is not big enough to develop. Darren Stam stated that last year there was discussion about the number of bugs at this site which help in the clean-up process. He asked if more bugs have been introduced to the site. Mr. Tingey stated that the report does not indicate additional bugs are necessary at this time.

REVIEW AND DECISION ON THE RDA TAX INCREMENT REVENUE PROJECTIONS AND APPROVAL OF THE NOVEMBER 1ST TAX INCREMENT FUNDING REQUEST

Tim Tingey stated that this is a very important part of the process in obtaining tax increment funds each year. He said that according to State Law, the City is required to submit a November 1st report that requests a specific amount of money for the upcoming year. He stated that the RDA requests funding for Vine Street, Cherry Street, Central Business District and Smelter Site areas, and that funding has not been requested for the Fireclay area. He explained that the November 1st Report includes an update of what has happened in each area during the year, what is anticipated to take place in the upcoming year, and value projections. He stated that if the report is submitted, then a meeting with the Taxing Entity Committee is not required during the year. He said that Zions Bank acted as a consultant in compiling the information for the November 1st Report.

Mr. Tingey stated that the report contains an additional estimate amount as a buffer due to the issues a few years ago related to underpayment of increment. He said that the higher amount was used in the Resolution as the requested amount. He stated that the timing to begin the Fireclay increment request has been an interesting issue this year. He stated that a letter was sent to the three developers in the Fireclay area that the RDA has agreements with. He said that he advised each of them that funding will not be requested for the Fireclay area this year, and that the development agreements state that the funds will not be requested until the 2013 tax year. Mr. Tingey explained that if tax increment was requested this year, then the increment amount would be based on the value of the area as of January 1, 2013. Because the projects in this area are not complete, the tax value would be lower

now than in the upcoming tax year. He said that there is a one-year lag on tax increment payment, so the funds requested in November 2013 will not be paid until December 2014 and March 2015. He stated that staff appreciates the efforts of the Attorney's office in compiling the resolution, and staff recommends approval of the resolution and submittal of the November 1st Report.

Jared Shaver asked Tim Tingey if he is confident in the estimated valuation. Mr. Tingey said that he is confident that the projection is reasonable, and that the county has changed their stance on paying the full increment amount even if the area value is underestimated. He stated that the amount of increment received over the last year was the correct amount.

Jared Shaver made a motion to accept the RDA tax increment projections and approval for the November 1st tax funding request. Seconded by Brett Hales.

Call vote recorded by Tim Tingey.

A _____ Jared Shaver

A _____ Brett Hales

A _____ Dave Nicponski

A _____ Darren Stam

Motion passed, 4-0.

FIRECLAY AND DOWNTOWN AREA UPDATES

Mr. Tingey said that the three projects in the Fireclay area are moving forward. He stated that the Birkhill Apartments project will have a total of 311 apartments, which are a combination of one, two and three-bedroom units. He said that the developer is starting to market the 30,000 square feet of office space that is to be built at this site. He said that local newspapers have touted this project as being very positive. The first phase of apartments has 137 units, which will be ready for occupancy after the first of the year. The developer had requested occupancy within the building on certain floors while additional construction took place on the upper floors, but staff is not comfortable with that due to the impact on the residents and life, health and safety issues. Mayor Snarr stated that the parking structure is not finished and that could also create problems with early occupancy.

Tim Tingey said that the Fireclay Villages project had a setback due to an error in labeling electric meters to the units. He explained that the mistake was made by the developer, but it has resulted in a problem with utility billing. He stated that the Power Department has worked hard to help the developer straighten out this problem. He said that a letter is going out today to the fifty-six affected tenants explaining the situation, advising that the problem has been resolved, and notifying them that there will either be a credit or an additional payment due on each account. He said that there are thirty-two units in Building 2 that have occupancy, sixteen units in Building 3, and a number of additional buildings will be ready for occupancy soon. He said that a new project manager has been hired for this site, which he hopes will resolve some of the problems encountered with this project. Darren Stam stated that it appears that every building in this development is currently under construction.

Mr. Tingey stated that in relation to the Hamlet Homes project, there are forty-one condominium units above the main floor commercial space. He said that all of the commercial space is either sold or leased, which is a great accomplishment. He said that all forty-one condo units are occupied, with thirty-four being owner occupied and seven being rentals. He stated that the Medistar project is moving forward, which is approximately a 30,000 square foot critical care center. He said that the rest of the area that was included in the development agreement with Hamlet Homes has been taken over by the bank, but that Mr. Brodsky is working closely with them to find a

buyer that will develop the area in accordance with the agreement. Mr. Tingey stated that staff has talked to potential developers of the site and have encouraged an increase in commercial space. He said that the agreement is for 111 townhome units, of which ten are in place. He said that a boutique recently opened on the lower level of one of these live-work units. There are also two additional buildings proposed to provide a total of 97,000 square feet of commercial space. Jared Shaver said that a discussion took place previously about these development projects attracting more attention to the area and leading to additional development. He asked if staff has noticed whether this is happening. Tim Tingey responded that there has been some additional interest in the area and he thinks that it will increase next spring and summer. He said that financing is still difficult to obtain, but the area is primed for when financing does become available.

Tim Tingey said that in relation to the downtown area, the State & Vine LLC hotel project has gone through the design review process. The project was reviewed by the Murray City Center District Design Review Committee, who gave a positive recommendation to the Planning Commission. The project is on the agenda for the upcoming Planning Commission meeting, but staff was contacted today by the developer with some potential changes that Hilton is requiring. He said that the changes aren't significant to the exterior of the building, but they may want to increase the building size which would impact the parking. He said that the developer may decide to postpone the Planning Commission hearing until these issues are addressed, but he is encouraged that this project seems to be moving forward quickly. Darren Stam said that contractors are already bidding on this project.

Jared Shaver asked that the property on 5300 South be added to a future agenda for discussion. Darren Stam agreed.

Meeting adjourned.

B. Tim Tingey, Executive Director