

Minutes of the Redevelopment Agency meeting held on Tuesday, June 21, 2016 at 5:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present: Diane Turner Jan Wells, Chief Administrative Officer
 Blair Camp Frank Nakamura, City Attorney
 Brett Hales Janet Towers, Executive Assistant to the Mayor
 Jim Brass Tim Tingey, Executive Director
 Dave Nicponski Jan Lopez, Council Administration
 Jennifer Kennedy, City Recorder
 Jennifer Brass
 Citizens

Excused: Mayor Ted Eyre

Chairwoman Diane Turner conducted and opened the meeting.

APPROVAL OF MINUTES

Ms. Turner stated that the minutes from the meeting on May 17, 2016 are prepared for approval. Jim Brass made a motion to approve the minutes. Seconded by Brett Hales.

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

DISCUSSION ON TAXING ENTITY COMMITTEE (TEC) PROCESS FOR AMENDMENTS TO THE CENTRAL BUSINESS DISTRICT PROJECT AREA PLAN AND SMELTER SITE BUDGET

Tim Tingey stated that he and Frank Nakamura have worked on this item extensively over the past few weeks. There are numerous requirements in State Code related to public noticing of the meetings related to these proposed amendments and the attorney's office has drafted eight different notices that had to be distributed to property owners, state and county organizations, and the general public. There is a requirement of a thirty day notice period to all property owners in the urban renewal area, and there are hundreds of property owners. The public hearing will be held on August 2, 2016 in the Redevelopment Agency meeting, and the City Council will also consider the modifications on that date. The Taxing Entity Committee (TEC) will consider the proposal at a meeting that is scheduled on July 5, 2016. Mr. Tingey stated that citizens may be contacting City Council members regarding this issue, particularly Councilman Brass as this area is within his district. Details of the proposed amendments will be posted on the website and Tim Tingey has provided his contact information as well if there are any questions from the public.

PROPERTY EXCHANGE DISCUSSIONS BETWEEN MURRAY CITY AND THE REDEVELOPMENT AGENCY IN THE CENTRAL BUSINESS DISTRICT

Tim Tingey stated that a number of years ago the Redevelopment Agency and City acquired some property on the southwest corner of 4800 South and State Street. The parcels owned by the City, totaling .86 acres, was purchased using sales tax bonds that were backed by the Redevelopment Agency. A small adjacent parcel of .25 acres was purchased by the Redevelopment Agency with the idea that the small parcel would be developed as a private commercial project and the larger parcel would be developed as a public project such as a Performing Arts Center. Now it is proposed that all of the parcels be developed as a private project, and because some of the property was purchased with sales tax revenue bonds, all of the parcels need to be owned by the Redevelopment Agency in order to facilitate private development. The Redevelopment Agency must exchange property with the City on a value-for-value basis in order to take ownership of all of the parcels.

Mr. Tingey stated that various properties have been evaluated and some specific parcels identified that would satisfy the value-for-value exchange. There are three properties that would be nearly equal to the value of the .86

acres owned by the City including the Murray Theater, the open space on Myrtle Avenue and a portion of the Vine Street right-of-way. The recent acquisition prices were reviewed along with the right-of-way appraisal that was completed in 2012. A recent property appraisal of the .86 acres owned by the City provided a value of \$1,086,386 while the combined value of the three parcels owned by the Redevelopment Agency are valued at \$1,095,000. These figures are within range to provide a value-for-value exchange of property, and Mr. Tingey requested direction from the Board as to how to proceed. He stated that an exchange of property could be facilitated through use of an interlocal agreement which staff would coordinate through the Attorney's office.

Dave Nicponski clarified which parcels are owned by the RDA and City. Frank Nakamura stated that a motion from the Board is not necessary, but that staff is requesting direction on how to proceed. He stated that appraisals have been completed to ensure that the values are correct. Once the interlocal agreement is prepared it will be presented to the RDA and Council for consideration at that time. Further discussion took place related to reissuing bonds and surplus property. Diane Turner stated that it makes sense to exchange the properties. The Board gave direction to have staff prepare an interlocal agreement for future consideration.

ORE SAMPLING MILL AREA DISCUSSION

Tim Tingey stated this site has been discussed previously and staff has been working with the consultants at Zions Bank regarding preparation of an area plan. There were prior discussions about creating a Community Development Area (CDA) rather than an Urban Renewal Area (URA) because of the extensive processes involved. Creation of a URA requires a blight study, which is costly and it can be difficult to meet the criteria of blight for the entire area. He said that as staff has worked through the process with the County for the Central Business District area, and learning more about CDA criteria, it is worth reconsidering a URA instead. He said that when completing a blight study, the due diligence is completed at the beginning of the process which makes it easier to get the plan approved through the Taxing Entity process to create an area. A blight study will cost approximately \$20,000 which needs to be considered, and there is also a requirement to contact all of the property owners to advise of the blight study which can raise concerns. Mr. Tingey explained that he would also consider reducing the size of the area being considered from what was being discussed as a potential CDA. Previously the area extended east across the railroad tracks and to the south past Anderson Avenue. He proposes to have the south boundary stop at Anderson Avenue and not extend east of Cottonwood Street. Blight does not necessarily mean all of the buildings are boarded up and can include underutilized parcels. This smaller area contains many of the parcels that would likely meet the criteria for blight.

Mr. Tingey stated that there is a developer that is considering acquiring the Ore Sampling Mill site and currently there is work being done to clean up that site in order to proceed with completing the necessary assessments of the building and parcel. Staff has met with the developer and they have requested an estimate of how much time it would take to create a redevelopment area. A timeline for this process was provided as an attachment to the meeting agenda and Mr. Tingey explained the steps involved to move forward in creating an area. Blight studies require significant public noticing and input opportunities and it would take approximately seven months to move through the entire process. He requested input from the Board about which type of redevelopment area should be pursued.

Diane Turner stated that the blight study should be started as soon as possible if it's going to take such an extended period of time and asked who will be performing the study. Tim Tingey stated that Zions Bank performs blight studies and is familiar with the process. Blair Camp asked if the area boundaries have to follow streets or if they can follow property lines. Tim Tingey responded that the boundaries can go along property lines although it is helpful for purposes of a legal description to follow right-of-way lines. Ms. Turner asked if the City has ever done blight studies before. Frank Nakamura stated that when the redevelopment areas were established a number of years ago that blight studies were completed. He agreed with Tim Tingey related to the difficulty of moving forward with a CDA because the RDA would have to negotiate individually with each taxing entity and there could potentially be numerous conditions to comply with. Although proceeding with a URA is more

burdensome for City administrators it is ultimately beneficial to not be required to enter into numerous contracts with taxing entities. Tim Tingey stated that if the Ore Sampling Mill is redeveloped but none of the adjacent sites are improved then the increment may not increase substantially for the area. However he believes that it would be better to have some tax increment funding available even if it is not a significant amount. Diane Turner stated that the Board supports moving forward with the process to create an Urban Renewal Area.

QUALITY OIL SITE PROPERTY DISCUSSION

Tim Tingey stated that each year staff updates the RDA on the environmental remediation status of this property. He described the site as running adjacent to the creek between IHC property, the liquor store and State Street. Recently Intermountain Healthcare contacted staff to discuss this area and explained that they had just found that a portion of their parking lot and the bridge that spans the creek had been built on the Quality Oil parcel. In discussing possible resolutions to the situation, Mr. Tingey asked IHC if there is willingness to acquire the property from the RDA and they responded that they are willing to discuss this possibility. He asked for direction from the RDA board as to how to proceed with this issue and stated that even if the property was sold to IHC that they would likely not be agreeable to accept the ongoing remediation expenses although it would be an item for negotiation.

Jim Brass stated that if the property is sold then he would like to see the environmental remediation obligation go with the property. Tim Tingey stated that he agrees but in the event that IHC will not accept the remediation obligation that the sale of the property would generate enough income to pay for the ongoing monitoring of the site. He said another option would be that IHC only acquire the portions of the property where they have built their bridge and the parking area. Diane Turner asked what the cost is for environmental remediation. Mr. Tingey responded that the RDA pays several thousand dollars each year to have the site monitored and evaluated, and he anticipates that this will continue for a number of years until the site has naturally attenuated. If the site were to be cleaned up by excavating it would cost hundreds of thousands of dollars and there is a large, high pressure gas line that runs adjacent to the site and would be dangerous to work around which makes the excavation option not feasible. Jim Brass stated that nothing would happen on this property anyway due to the gas line, so there is not a lot of value in the property. Blair Camp stated that if the property was sold and the funds then used to complete the environmental remediation, it would be a better situation than exists right now. Frank Nakamura stated that he thinks we are approaching the end of the remediation because the site is improving. Tim Tingey agreed and stated that the testing has revealed that the level of contaminants are dropping but it takes a number of years for the levels to be acceptable. Blair Camp stated that the property would likely not be of interest to anyone except for IHC. Mr. Brass and Ms. Turner agreed and the Board directed staff to proceed in discussing acquisition possibilities with IHC.

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

Tim Tingey stated that the downtown developer is still working on property acquisition in this area and is making progress. Hopefully in the next few months an agreement will be drafted to move forward with the first project in this area.

FIRECLAY UPDATES

Mr. Tingey stated that there was an agreement with Novasource that the RDA would work to acquire the parcel at 4474 S. Main Street that is owned by Salt Lake County for the purpose of a future private development. The parcel is owned by the Community Services Division of the County and they have plans to relocate the existing use to a new facility. Staff had been in contact with the County representatives who expressed support of allowing the RDA to acquire the property. Recently the County representative contacted Tim Tingey to advise that there are other public entities that have expressed interest in this site, specifically the Unified Police Department. Mayor Eyre, Frank Nakamura and Tim Tingey met with Sheriff Winder to discuss this site and his

interest in possibly considering other sites for a police station. It became clear that he is very interested in this site and does not want to consider other locations. He stated that having another police presence in this TOD area is something that could be advantageous for the community and the proposal includes a new police facility. In further discussions with Salt Lake County staff there was indication that the Unified Police takes precedence over a private developer for this site, which in turn means that the proposed development with Novasource will not be moving forward.

Tim Tingey stated that the Metro at Fireclay project for an apartment complex is now underway. He said that this project includes a parking structure and that the developer has not requested any tax increment financing to move forward with the project. They have expressed interest in expanding the development further south, which would require some commercial components if that moved forward. There are still improvements being completed at the park property and Mr. Tingey expects that the City will accept the park in the upcoming months.

Meeting adjourned.

B. Tim Tingey, Executive Director