

Minutes of the Redevelopment Agency meeting held on Tuesday, May 16, 2017 at 4:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present: Diane Turner Mayor Ted Eyre
Jim Brass Janet Towers, Deputy Mayor
Blair Camp Jan Lopez, Council Administrator
Dave Nicponski Tim Tingey, Executive Director
Frank Nakamura, City Attorney
Jennifer Kennedy, City Recorder

Excused: Brett Hales

Vice Chairman Blair Camp conducted and opened the meeting.

DISCUSSION OF THE PROPOSED ORE SAMPLING MILL COMMUNITY REINVESTMENT AREA

Tim Tingey stated that staff has been working on the Ore Sampling area for a while now and referred to the blight hearing that occurred last month. He said that as part of this process, staff has taken initial steps in meeting with members of the Taxing Entity Committee (TEC), starting with Salt Lake County representatives. He presented the information that will be provided to the TEC member and requested that the board provide input. He explained that one of the key elements in establishing a redevelopment area is the blight study, and the “but for” argument that must be met which includes the reasoning and a basis for establishing an area. The City must show that there are problems in the area that won’t be addressed unless funding is provided to assist in making improvements. The blight study supports the argument that there are serious problems in this area and it will be difficult for redevelopment to occur without funding assistance.

Mr. Tingey stated that the proposed area is a little over twenty-two acres, which is not a huge redevelopment area. Staff is hopeful that creating an area will facilitate redevelopment of the Ore Sampling Mill, including destination elements, office and related components and adaptive reuse of the mill site and surrounding area. The blight study indicated that seventy percent of the parcels are determined to be blighted, and none of the property owners in the area protested those findings. He explained the proposal in more detail, stating that it includes adopting a Community Reinvestment Area pursuant to Utah State Code, with a determination of blight. He explained that according to State Code, if a determination of blight is made then the proposal has to go to the TEC for them to evaluate the blight study and make a determination that the blight exists. If the TEC feels that the study is flawed, they can elect to go through a process to have a secondary organization assess the blight findings, although that is not very likely to occur with this area as the findings are fairly obvious. He stated that there is currently 206,000 square feet of building space in the area, of which a sizeable portion is the Ore Sampling Mill and a hotel.

Mr. Tingey explained that staff is proposing a twenty year plan with a request for a ten percent housing allocation. He stated that there is a twenty percent housing requirement, but when there is a blight study for a community reinvestment area you can request for a lesser amount of ten percent. The rationale behind requesting the lesser percent is that we are repurposing existing buildings, and the area is so small that there will not be a significant amount of tax increment collected. Mr. Tingey said that this may be an issue with some of the TEC members because the county has really focused on the need for the full twenty percent. Additionally, the current base value is \$19 million, and the current tax revenues are \$214,000 a year. If redevelopment occurs, staff projects that the tax revenue would increase from \$214,000 a year to \$527,000 total, which is an increment value of about \$359,000 to be gathered each year from this area if it is approved. He said that the projected value for the area will increase from \$19 million to \$49 million, which would ultimately benefit all of the taxing entities. There is not a proposed pass through to the taxing entities as has occurred previously because of the small area size, which could be an issue with some of the entities. However, if the increment amount is decreased by pass through to the taxing entities, there wouldn’t be very much left to invest into the area. Other elements of the proposal include a

three percent administrative allocation with a one percent allocation to the county. Tim Tingey stated that it was communicated in a recent meeting with the County Economic Development Director that it will be difficult to obtain their support if there isn't a fee included to the County. Another element of the proposal is putting a cap of \$400,000 on the increment, meaning that if the value unexpectedly exceeds that amount then the resulting increment will be passed through to the taxing entities.

Mr. Tingey discussed the budget analysis for the area and explained that currently there is a base value of \$19 million. Current revenues are going to each of the taxing entities, so Salt Lake County receiving \$45,000, the School District receiving \$120,000 and Murray City receives \$36,000 in tax revenue from this area per year. It is projected that over twenty years, if there is additional investment in the area, there will be approximately \$312,000 of increment to reinvest into the area annually.

Tim Tingey stated that eligible projects in the area will include environmental and site remediation, especially for the Ore Sampling Site, and infrastructure enhancements. There has been some discussion about a pedestrian bridge that would connect people from the west side of the rail line to the east side, and also provide better walkability to the Trax and Frontrunner stations. Increment would also be used as matching funds for historic preservation, property acquisition if needed and for right-of-way improvements. Some of the reasoning for establishing this as a redevelopment area, which will be presented to the Taxing Entity Committee (TEC), is that this site has high visibility from a transportation perspective. There are three modes of transportation that run through and adjacent to this area, specifically when driving on I-15 north where the area is visible to the east. Mr. Tingey stated that he recently attended a meeting in the SelectHealth building, where the site is visible from the board room. He was asked if anything is ever going to be done to clean up the area, and he advised that the RDA Board is currently working on the issue. He stated that he anticipates increased direct purchases to the City if the area becomes more viable and it will provide economic diversification. If the Ore Sampling Site is repurposed it may encourage economic development in the area and will provide additional jobs for the community. Area improvements would complement existing businesses and industries, increase the tax base and provide approximately \$10 million spent on construction and wages for the work that will occur. All of these components will be discussed with the TEC. Mr. Tingey invited input from the board related to this proposal. Jim Brass clarified which funding elements are currently part of the area versus what is projected.

Mr. Tingey explained that the anticipated projects are based on some of the land areas that could be redeveloped, and consultants from Zions Bank have assisted in determining projected values for those properties. Mr. Brass stated that in the past there has been a twenty percent housing amount provided to NeighborWorks from other redevelopment areas, and suggested that we could propose to take that amount and provide similar services to the neighborhoods abutting this area. He said that there are a lot of smaller homes that would benefit from something like this. Tim Tingey stated that this is an idea that can be proposed, and that the taxing entities are familiar with our NeighborWorks partnership. He agreed that it would be beneficial to enhance some of the homes that already exist in the area.

Dave Nicponski asked how much it will cost to clean up this area and demolish the building. Tim Tingey stated that they are not proposing to demolish the building, but the environmental remediation and necessary infrastructure enhancements will cost more than the area will generate. Additional funding will have to come from the private sector. The TIF dollars are intended to be used as gap funding, and should assist property owners in obtaining financing for their projects. Dave Nicponski clarified that the property owner will pay for the cleanup. Tim Tingey agreed and said that some clean-up costs will be eligible for reimbursement depending on the agreements that the City Council considers. He said that currently at the Ore Sampling Site the environmental issues are being assessed as well as the structure to determine if this is going to be a viable project. No specific project has been approved at this time.

Jim Brass stated that of the \$214,976 collected on the Ore Sampling site, Murray City's portion is \$36,186. With those funds, the City provides police and fire services, road maintenance and parks, while all of the other taxing entities receive the remaining \$180,000. He said that clearly the City is not being greedy about the amount collected. Tim Tingey added that this data also demonstrates how making an investment in the area could result in increment collection of up to the \$527,000 in the long term.

Mayor Eyre stated that the RDA recently completed a similar process to expand the Central Business District area, and asked if establishing a new area is going to be met with the same degree of difficulty. Tim Tingey responded that this proposed area is a textbook example of why urban renewal law was created. The rationale is already there as the area has documented blight, so from that perspective it should be easier to establish this area. However, in some preliminary conversations with the taxing entities there has been a shift in viewpoints from them, especially the County, on how they view redevelopment areas due to some recent negative experiences. There was resistance from the County about having the TEC review this, however state law specifies that the TEC has to review blight findings. He said that the process may be more difficult than expected but it will likely be approved eventually. Mayor Eyre asked how long it will take for the TEC to make a determination on a proposal like this. Tim Tingey replied that he is hoping to meet with the TEC in July for a determination, followed by consideration by the Redevelopment Agency for approval. He said that staff is scheduled to meet with TEC representatives from the school district at the end of the week and will then present the proposal to the entire school board in June. We have requested to present to the State Board of Education in July, and following these meetings staff will work through the process at the County, which is a three step process and will require help from the Chair and Vice Chair of the RDA.

Frank Nakamura stated that there are representatives of the remaining smaller taxing entities, such as Mosquito Abatement, that will also be included in the process. Mr. Tingey stated that the representative for the smaller taxing entities normally follows the lead of the County, so he is working through the County process prior to meeting with the smaller entities representative.

DOWNTOWN PROPERTY ACQUISITION UPDATE

Tim Tingey displayed a map of the downtown area showing the properties that have been acquired, those that are currently under contract and those that are still being negotiated. He said that the three property owners we're still negotiating with are the Fraternal Order of Eagles, Verizon Wireless/U.S. West cell tower, and the parcels owned by Strasser and Woo. Staff is working with Verizon in assessing relocation possibilities for the cell tower and considering those costs. Relocation is also an issue with the Eagles, and although staff has been working to identify different sites there hasn't been much success. They are willing to look at sites outside of Murray, between 3900 South to 7200 South, and Redwood Road to 1300 East. Staff has spent a significant amount of time working on these acquisition projects.

Meeting adjourned.

B. Tim Tingey, Executive Director