

MURRAY CITY - SCHOOL COORDINATING COUNCIL
MINUTES

The Murray City - School Coordinating Council met on Wednesday, January 20, 2010, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Board Members Present

Murray City

Jeff Dredge - Chair

Darren Stam

Krista Dunn

Jared Shaver (excused)

Jim Brass (excused)

School District

Laura Baker

Lloyd Naylor

Marjorie Tuckett

Mitzie Huff

Darrell Pehrson

Others Present

Mayor Dan Snarr

Michael Wagstaff

Jan Wells

Janet M. Lopez

Pat Wilson

Superintendent Richard Trantor

Tim Leffel

D. Wright

Tim Tingey

Chairman Dredge called the meeting to order at 5:17 p.m. and welcomed those in attendance.

Approval of Minutes

Ms. Baker moved approval of the minutes from the City - School Coordinating Council meeting held on October 14, 2009. Ms. Huff seconded the motion. Motion carried 8-0.

Central Business District Tax Increment Financing Discussion - Tim Tingey

_____ Mr. Tingey stated that he had recently met with Mr. Trantor and some of his staff regarding his proposal relating to the Central Business District, and a request of the Murray School District. Mr. Tingey gave a slide presentation of this issue.

The City Council, Mayor, and RDA have had a lot of interest in the Murray downtown, and a desire to see some change in that area. It is important being adjacent to Intermountain Medical Center, and the City wants to be proactive in addressing

redevelopment and revitalization of the downtown. This is essential for a number of reasons:

- A 2008 Citizen survey was conducted by Dan Jones. Comments were unified that residents want to see some reinvestment there with improvements in the area.
- A number of property owners have asked to have policies regarding this area reevaluated, relating to the Downtown Historic Overlay District. Zoning, density and creating a vibrant downtown demands reevaluating the City policies.
- There have been some developers interested in downtown Murray. Gerding Edlen, out of Portland, is one such group wanting to develop here. They partnered with the City to create a new Master Plan for that area. Additionally, they have partnered with other groups to redevelop portions of the downtown. This development organization has been the developer in dense areas of Portland, San Diego, Los Angeles, and internationally. They understand the importance of downtown areas, and the element of sustainability. There is a corporate headquarters group that has expressed interest in locating near the rail tracks, and one of the sites is in the Murray downtown. They have since decided to hold off, however, there may be an opportunity to compete with other sites in the future for their business. Theater groups, restaurants, office, and hotel groups have expressed interest in the area over the last year. The challenge is that most of these entities do not want to be the first one to develop. They want to see some other activity going on, too.
- Another consideration is blight, and under utilization of property. Several slides of this issue were shown by Mr. Tingey.

The area Mr. Tingey referred to as downtown comprises the vicinity between 4800 South and Vine Street, from State Street to the rail tracks.

When the downtown redevelopment process began, goals, and strategies were established that is driving the development of the Master Plan. The focus is to take this unique area to promote some long-term investment to enhance integrity, be destination oriented, and become a place where people will want to live, work, play, and shop. Attractive architecture is important, capitalizing on transit opportunities, increasing desire for development, and sustainability standards are key to redevelopment. The vision includes a dense, walkable area with residential, and commercial components.

The RDA and Murray City have partnered to eliminate blight and encourage investment. Some developers are willing to invest, however, Mr. Tingey emphasized that these folks do not want to be the pioneers. The City needs to begin to make things happen, for example, there is a need for parking, additionally, economic incentives should be considered to spur development. In competition with other entities, it is more expensive to redevelop, than to go into vacant land to build, and the City feels that economic incentives are necessary to attract businesses.

The Central Business District (CBD) was created as a redevelopment area in 1977, 1982 an RDA plan was established, and in 1999 a portion of the CBD was taken out, and the Smelter Site was created. In 2002, bonds were issued for recreation facilities, and in 2005 the area was modified to put in the Fireclay development area. Two large sections have been removed to create other areas. The current increment revenue is about \$750,000 per year. The obligations are equal to that revenue, including payments to the school district.

The request from the school board, and other taxing entities will be an extension of time on the tax increment collection area of 20 additional years. This request will be formalized through the taxing entity committee (TEC) process, and will allow the City to offer opportunities for incentives of tax increment financing for additional years. It is an important element to implement strategies of the downtown development. Tax increment financing is the tool the City can use for reinvestment in this project. Without these funds the City will not have any incentives for reinvestment in the downtown.

It will also be proposed to modify the existing tax increment collection area to include an additional 18 acres. Mr. Tingey showed this on a slide that was roughly from Poplar Street toward the west.

Mr. Tingey stated that he has met with the county and talked about this, and they indicated that there is a need to have all taxing entities partner in this proposal. Now, the school district is receiving 100% share of the tax increment, which was established by resolution in 2002. The school district received about \$435,000 in 2008, it was \$415,000 in 2009, and the projected for 2010 has dropped dramatically by about 18%. The City needs the support of the school district in this process. The reason for the decrease in revenue to the school district was due to substantial drops in the value. In 2008, the value was at \$95 million, and in 2009 it was \$78 million, an 18% decrease.

Mr. Tingey stressed that his proposal to the school board is something that he feels is feasible. He knows the district needs the income from tax increment share, therefore, the proposal is as follows:

- 2010 to 2014 - The proposal is to cap the amount the school district receives at \$350,000. (This is approximately the revenue amount for the past year.) In addition, the school board receives \$40,000 of base tax value, so the total would amount to about \$390,000 from the area.
- 2015 to 2035 - The City proposes that the amount be reduced down to \$300,000 for the remaining years, plus the \$40,000 base value. This will potentially be offset by funding received from the Fireclay area.

The City would like to partner with the school district for investment in the downtown, and would like to see some district facilities in the downtown area to use some of the investment opportunities.

Ms. Tuckett commented that most of the City developments are RDAs, and she feels the debt goes on the backs of the kids. This is a concern to her. Mayor Snarr responded that the Point at 53rd was intentionally not an RDA, and new car dealerships,

along with the area south of the mall, and the new Select Health buildings are not RDA's. Select Health is \$40 million with taxes that come right to the bottom line. She thanked him for pointing out these developments. Mayor Snarr reiterated that the downtown really needs the incentives, because it will not come alive without that help. In the long run, it will be a huge benefit, rather than allow the area to deteriorate further.

Ms. Dunn communicated that without that development the area will not increase in value, and that is evident by what has happened over the last 40 years. Without some extra effort, the City will not see growth there.

The Mayor stated that Utah Transit Authority (UTA) owns a large portion of the area west of Box Elder. They are not paying taxes and the City would like to see someone come in to bring that area back to life. UTA is a willing seller. Mr. Tingey related that the corporate offices mentioned earlier, which were interested in hundreds of thousands of square feet, wanted that proximity to the hospital, the TRAX stop, and the potential in downtown Murray. They may be reconsidering the project later, and it is a huge major company.

Ms. Baker asked how much more property Intermountain Health Care (IHC) owns, because it is not taxable. Lost Creek Apartments are owned by IHC, and they are taxable. Mayor Snarr mentioned that the property goes back to Cottonwood Street and where it jogs to the overpass, they own where the trailer park was located, and the Costco property.

Mr. Tingey pointed out that the majority of IHC is not part of the Central Business District, it is in the Smelter Site.

Mr. Dredge reminded the Board that not much has been taken from the school district for the Fireclay RDA area.

Ms. Huff asked if it is difficult to acquire property from the home owners in the area. Mr. Tingey responded that some property has been acquired by the RDA for public facilities, such as a parking structure. The properties are not a high dollar value, and the City will rely on private investors coming in to assemble property. Now there is a theater group, which has run the numbers, worked with Gerding Edlen, and want to be located between 4500 South and 5300 South. The tax increment financing is part of the equation, however, they have said that they do not want to be the pioneers of the area, and hope for additional investment.

Mr. Naylor asked if it still applies that the RDA does not have to have low cost housing within the boundary. Mr. Tingey confirmed that to be true, although, it does need to be close by with 20% set aside for assistance. Mr. Naylor asked if a number of apartments have been committed. Mr. Tingey stated that there are no apartments, however, the City would like to see some residential in the area. Mr. Naylor asked about a proposed hotel that was discussed to go in near the former site of the Walker Bank. He asked if that is still part of the plan. Mr. Tingey indicated that a hotel is part of the concept, but nothing is concrete. There is no commitment on residential, and the commercial aspect is being pursued first.

Mr. Trantor expressed some question on the legality of extending the time frame for the RDA. Mr. Tingey stated that the City Attorney has collaborated with the County Attorney related to this matter and they have come to the determination that it can be extended based on further negotiations with the taxing entity committee (TEC). It is legal to do so.

Mayor Snarr commented that the City is sensitive to the school district's needs because it makes the City a great place to live. The City will do whatever it can to help the district's bottom line, however, there are some areas with economic challenges.

Mr. Naylor asked about the reputation of the developers interested in our downtown, because the newspaper has publicized that developers are the biggest offenders of delinquency in tax revenue. Mr. Tingey added some perspective on Gerding Edlen, who does not just develop high rise developments, but also is active in smaller projects. They were second in the RFP process for the LDS church downtown for the City Creek development. They are a quality developer, great at sustainability, and good with integrating historic, and new properties.

Mr. Trantor asked the time frame for hearing from the taxing entities. Mr. Tingey stated that it is important to get the official approval from the school board, before going forward to the TEC committee. In February, the City would like to come to a School Board meeting with this agenda item.

Economic Development Update - Tim Tingey

For the Fireclay RDA there is a proposal for approximately 668 apartments along with 90,000 square feet of commercial space. After numerous meetings, it comes down to a quality project with outstanding design, whether it is apartments or live/work units or commercial. The issues have been negotiated without compromising on the design.

The second issue is regarding a renegotiated development agreement with the biggest concern being the original agreement of three phases with residential units, and commercial in phase three. The slide showed the area where the foam plant is located, and it was under contract to be purchased as a part of the development. The property was never purchased, however, and one issue is a guarantee that commercial will be part of the project. The City is struggling with the matter because the builder will not guarantee that use. The school district, as a taxing entity, needs to maximize the area, and the City wants that also, making sure there is a mix of uses.

Mr. Tingey showed slides of the street scape, land scape and facilities. These are mandated design standards. The design of apartment units, and commercial components were shown, as well. It is a big challenge for the City. Mr. Tingey knows this project has huge implications for the school district, with staffing and facility needs that accompany a development of this size.

Mr. Naylor asked about the cost of the apartment rental. Mr. Tingey stated that it will be a mix, part low income, and some at market prices. A bridge across 4500 South is required, trail facilities, and landscaping, and the builders will need the income from upper end rentals to meet the City standards.

Mr. Trantor mentioned the bridge that will be a street to nowhere, therefore he wondered what the purpose was for that. The development requires second access with more than 100 units. Ms. Dunn commented that it provides a walkway to TRAX, and also access for future builders, along with a north south corridor.

Mr. Dredge pointed out that an apartment complex has not been the City's first choice, and that is why the City has been firm in design standards, because it was important not to have a low end complex. The builder's intent is for this to be a very high end development.

Mr. Tingey commented that the Larry H. Miller group has started its investment of nearly \$25 million in auto sales facilities along State Street. There will be major changes in locations, and the investment will be over several years. The City is excited about that, and you can already see construction at the site of the former LaPoint Ford. A neighborhood meeting would be held the following Tuesday night to discuss the vacation of the right of way that goes into Rose Circle. The City agreed to close the street temporarily to run some traffic counts in the area to judge the impact to the neighborhood.

There are other investments in the community that the City is working toward, Mr. Tingey explained. It is hoped that the mixed use rezone, which the staff has been involved in west of the downtown, will produce some more fruits of redevelopment opportunities. The Galleria site and 500 West are included in that zone. Mr. Tingey receives calls frequently about the Galleria site. The mixed use might provide more opportunity there.

School District Report - Richard Trantor

Mr. Trantor reported in October about a number of issues the school district was involved in, and now there is not much new information to share.

The district is continuing to work on the purchase of houses on Hillside Drive. Construction is still at least five years out, which is the time frame given to the home owners who have sold to the district. In year one, the district was able to purchase 15 of the 23 houses it would like to acquire. They are not pushing residents, however, they have met with all owners. Each one is weighing their own personal situations. It is an ambitious project, which is going very well. He has had a number of calls from developers who are interested in the State Street property.

Enrollment remains very stable. Some of the schools have high transition, which is often due to apartment residents. In talking about future apartment complexes, the district does become concerned because there is a dramatic impact on the schools. Parkside has the most low income apartments, and that school had 48 students leave, and 50 new students in December. It produces a constant turn over, and that effect is huge on a good curriculum program. Mr. Trantor appreciates the sensitivity of the Council on that subject.

The greatest challenge to the school district will be budget cuts from the

legislature. The governor has proposed a fair budget for schools, in light of the economic climate. He has funded everything but 11,000 students, which represents about a 2% cut over last year. The school district budget was cut by \$2 million on the first round, and next time it will be more difficult. Salaries account for about 87%, therefore, bigger and more difficult cuts will result on the next round. It is hoped that rainy day money may be used, and the economy improves before deep cuts are necessary.

Mr. Stam asked about the house being built beside Riverview, and indicated his understanding that four houses will go in there. He asked how it is done. Mr. Trantor explained that a construction company would stage them and do things together, however, this is an educational experience, therefore they complete a home from top to bottom over a two-year period. The land has been purchased so that building can continue for eight to ten years. The biggest problem for the construction program is finding a lot to build on in Murray. By buying those houses and tearing them down, it has provided for the program over the next few years.

Set future meeting dates - Jeff Dredge

Mr. Trantor advised that, typically, meetings have been in the April to May time frame, October and January. After discussion, it was decided that the next two meetings would be held on April 14, 2010, and October 13, 2010.

With no further business, Mr. Dredge adjourned the meeting at 6:10 p.m.

Janet M. Lopez
Council Office Administrator