

A meeting of the Redevelopment Agency of Murray City was held on Tuesday, December 10, 2019 at 5:30 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

RDA Board Members

Jim Brass, Chair
Dale Cox, Vice Chair
Dave Nicponski
Diane Turner
Brett Hales

Others in Attendance

Blair Camp, Executive Director
Melinda Greenwood, Deputy Executive Director
Janet Lopez, City Council Executive Director
Jennifer Kennedy, City Recorder
Doug Hill, Chief Administrative Officer
Jennifer Heaps, Communications and Public Relations Director
G.L. Critchfield, City Attorney
Kim Sorensen, Parks and Recreation Director
Lori Edmunds, Cultural Arts Director
Brenda Moore, Finance Director
Zachery Smallwood, Associate Planner
Danny Astill, Public Works Director
Joey Mittelman, Assistant Fire Chief
Citizens

Mr. Brass called the meeting to order at 5:30 p.m.

1. Approval of the November 19, 2019 RDA meeting minutes

MOTION: Mr. Cox moved to approve the minutes from the November 19, 2019 RDA meeting with corrections. The motion was SECONDED by Mr. Hales. Voice vote taken, all “ayes.”

2. Citizen Comments

No citizen comments were given.

3. Update on the proposed concept plan for Block 1 development as presented by 5th Avenue Associates at the June 18, 2019 RDA (Chick Lignell and Orden Yost, 5th Avenue Associates)

Mr. Brass said he received an indication that 5th Avenue Associates was looking into not having a 15-story tower on the corner of 4800 South and State Street as they indicated they wanted to do during their presentation on June 18, 2019. They have also made other comments regarding their original proposal that Mr. Brass thought the RDA should listen to.

Orden Yost, 5th Avenue Associates, said he and his group have presented to the RDA multiple times trying to figure out a project that would work on Block 1 which is located from 4800 South to 5th Avenue and State Street to Poplar Street. Mr. Yost noted that he had previously said there would be no way for his group to build anything that was smaller than 15-stories high. He said he now believes 5th Avenue Associates would be able to build something that is 10-stories high. They may not be able to put in a hotel, but they believe they could put in a grocery store and some retail. He presented the RDA Board with some pictures of different structures that have been built by parties of 5th Avenue Associates (See Attachment 1). He

noted that all of these projects either have underground parking or include parking structures.

Mr. Yost added that when the city is ready to put out a request for proposal he would like to be involved with that process and would like to put in a proposal.

Mr. Brass said the RDA Board has talked about the necessity of a traffic study to give them an idea of how much traffic those small roads internal to the downtown area can handle. Between the stop signs, becoming an alternate to State Street and with the opening of Murray Crossing on the other side of Vine Street, it is important to understand how much traffic that area can handle.

Mayor Camp said there is currently a traffic study being done for this area.

4. Discussion Presentation and possible decision on a request for reimbursement funding for soil contamination remediation costs for Hamlet Homes and Granton Square located at 84 West 4800 South (Michael Brodsky, Hamlet Homes)

Michael Brodsky, Hamlet Development Corporation, said he would like to request tax increment reimbursement for improvements Hamlet Development Corporation did under the RDA Ordinances for the Granton Square project. He noted that he has consulted an attorney, Craig Smith, to discuss how the reimbursement might work in this situation.

Mr. Brodsky gave an update on the Granton Square project. He said Granton Square is a mixed-use development that contains an office building and when it is complete will have 61 townhomes.

Mr. Brodsky said one of the reasons that this request is so late is that midway through the development of Granton Square, they realized that a portion of the property they were developing was within the RDA. They had to create a separate lot within the property owned by the office building to identify and designate the RDA. That portion of the property represents 5% of the total development but it represents about 25% of the parking lot. As part of the development of Granton Square, they encountered hazardous levels of arsenic and lead throughout the entire property that needed to be cleaned up. They entered into an agreement with the Department of Environmental Protection to do an environmental cleanup of the property. Part of the cleanup was they had to create a repository to contain all of the contaminated material. They did an in-depth analysis of what was on the property and found that it was generally surface layers of elevated levels of lead and arsenic. They scraped them up with the assistance of an environmental consultant and put them in a repository that is underneath the parking lot. The property is now considered clean and safe because the repository has been capped with a layer of clay, road base, and asphalt.

Mr. Brodsky said his understanding of the benefit the RDA provides is that they identify blighted areas and encourage and support the cleanup of those blighted areas. Mr. Brodsky can't think of a better description of a blighted area than the area that Granton Square is built on.

Craig Smith, Counsel for Michael Brodsky, said this is a little bit of a strange situation because part of the property that Granton Square is located on is inside the RDA and part of it is not. He noted that the RDA Board can make a reimbursement subject to their available funds. The decision would be up to the RDA Board. He referred to a fact sheet that he gave the Board (See Attachment #2). He reiterated the area was pretty blighted before Hamlet Development came in and developed the property.

Melinda Greenwood, Deputy Executive Director showed some slides of the Central Business District and the Granton Square development (See Attachment #3). She explained which portion of the Granton Square development was in the RDA. She said the percentage of the Granton Square property that falls within the RDA boundary is about 5% and if you take into account the public road, it's about 7%. Ms. Greenwood added that the Central Business District does not have a fund balance and doesn't have the cash to reimburse this project.

Ms. Greenwood said the Granton Square project is not in a tax increment funding (TIF) collection area will not generate any TIF. Staff is recommending denying this request.

Mr. Cox verified that there is only a small portion of this project that is located in the RDA and the project is not in the tax collectable area, so it will not generate any tax for the RDA and Mr. Brodsky wants to be reimbursed through the RDA.

Ms. Greenwood replied yes, Mr. Brodsky is asking for the TIF reimbursement. She explained how RDA's are set up and how the taxing entities agree, for a period of time, to funnel their portion of property taxes to the city. Then, the city uses that tax money to promote development. In this case, all of the property taxes that would be assessed on this property would go directly back to those taxing entities.

Ms. Greenwood said the only way to fund the reimbursement request would be to promise the future taxes that are generated in that collection area to the developer.

G.L. Critchfield, City Attorney, said the property taxes the city will receive from this project will be about \$23,420 per year. However, the reimbursement request is for \$444,000, which is substantially more than that.

Ms. Greenwood noted that Brenda Moore, Finance Director, did the math and if the city were to reimburse Mr. Brodsky, it would take the city about 19 years to recuperate that money.

MOTION: Mr. Cox moved to deny the request for reimbursement funding for soil contamination remediation costs for Hamlet Homes and Granton Square located at 84 West 4800 South. The motion was SECONDED by Ms. Turner.

RDA roll call vote:

Ms. Turner Aye
Mr. Hales Aye

Mr. Nicponski Aye
Mr. Cox Aye
Mr. Brass Aye

Motion passed 5-0

5. Discussion and decision on approving a Sixth Amendment to the Participation Agreement and Settlement and Release Agreement between the Redevelopment Agency of Murray City and Murray TOD Owner, LLC for the purposes of allowing collateral assignments.

Ms. Greenwood said Murray TOD is looking to sell their property in Fireclay. They have a buyer and the buyer's commercial lender is requiring they have a collateral assignment which is a safety mechanism so if the property were to go into foreclosure, the bank would receive the TIF payments rather than a third party. The Attorney's office has created this sixth amendment which formalizes the collateral assignment.

MOTION: Mr. Nicponski moved to approve a Sixth Amendment to the Participation Agreement and Settlement and Release Agreement between the Redevelopment Agency of Murray City and Murray TOD Owner, LLC for the purposes of allowing collateral assignments. The motion was SECONDED by Mr. Hales.

RDA roll call vote:

Ms. Turner Aye
Mr. Hales Aye
Mr. Nicponski Aye
Mr. Cox Aye
Mr. Brass Aye

Motion passed 5-0

6. Presentation of the 2019 Redevelopment Agency of Murray City Annual Report

Ms. Greenwood said State Law requires the RDA to file a report with the State and all of the taxing entities annually. The report was due November 1, 2019 and this report was filed on October 30, 2019. Ms. Greenwood highlighted some of the information on the report noting that the report gives a brief history on each of the RDA areas (See Attachment #4).

7. Project updates

Mr. Brass asked where the RDA stands at with the Smelter Site because it expires in three years.

Ms. Greenwood replied that is yet to be determined. There is still a lot of homework and investigative reporting that needs to be done to figure out exactly what needs to be paid back.

Ms. Greenwood gave the following project updates:

- Staff will move forward with creating an RFP for the Block 1 area. They are waiting for the traffic study to be completed because they want to include that information in the RFP so the developers who respond to the RFP will have an idea as to what the area can handle traffic-wise. She would like the RFP to be fairly simple so developers don't have to spend a lot of time, resources and money to respond.
- Staff has received the Phase 2 inspections back for the property located at 4869 South.
- The American Tower documents are closer to being signed. There are some questions that need to be answered on the relocation agreement before the RDA can sign it.
- Staff has received keys for the salon portion of the Newsome property. The renter is still occupying the back portion of the property.
- Ms. Greenwood has a meeting with the property owners of the Ore Sampling Site. They think they may have found another partner that can help get that project going.
- Staff has received the subdivision application for 106 West Fireclay Avenue. That is the property where the RDA wants to divide the south-half so the Murray TOD Partners can use it for parking.

Ms. Turner asked if the cellphone tower needed to be moved before construction can start on City Hall.

Ms. Greenwood said it does and the city has to have the property in title before we can close on the bond documents.

Mayor Camp said that during the last RDA meeting he was asked by Ms. Turner about the status of the vacated buildings. He stated, and the minutes correctly say, that they would be taken down as soon as possible. He clarified that he was thinking of the interior buildings and not the State Street frontage buildings. There is currently not a timetable to take down the State Street frontage buildings. He added that Layton Construction will be able to utilize the hair salon building for their construction office. That building will remain intact for them to use.

Ms. Greenwood said there are a handful of demolition contractors on State Contract. Her staff will be putting together an RFP to do some demolitions as well.

The meeting was adjourned at 6:19 p.m.

Jennifer Kennedy, City Recorder

Attachment 1



The Salt Lake Sheraton



Eagle Gate Plaza



American Towers



Canyon Road Towers



Eagle Gate Plaza



American Plaza I and II

Attachment 2

REIMBURSEMENT REQUEST, \$444,000: Granton Square Environmental Remediation

By: Hamlet Development

To: MURRRY CITY REDEVELOPMENT AGENCY: CBD Urban
Renewal Project Area

FACT SHEET:

1. AS AN URBAN RENEWAL PROJECT AREA, THE EXPRESS PURPOSE OF THE CBD PROJECT AREA AND PLAN, AND THE TAX INCREMENT COLLECTED, IS TO ADDRESS BLIGHT.
2. ENVIRONMENTAL HAZARDS ARE DEFINED AS BLIGHT UNDER CONTROLLING LAW, UCA §17c-5-405 (1)(a)(C).
3. CONTROLLING LAW, TITLE 17C, UTAH CODE, SPECIFICALLY AUTHOURZES THE USE OF AGENCY FUNDS FOR ENVIRONMENTAL REMEDIATION, UCA §17c-1-409(1)(A)(iii)
4. TAX INCREMENT FUNDS MAY BE EXPENDED OUTSIDE OF A PROJECT AREA SO LONG AS AGENCY BOARD FINDS BENEFIT TO THE PROJECT AREA. UCA §17C-1-101(47)(i).
5. REMEDIATION OF GRANTON SQUARE BY HAMLET DEVELOPMENT, WHILE PARTIALLY WITHIN CBD PROJECT AREA, BENEFITTED CBD URBAN RENEWAL PROJECT AREA.
6. HAZARDOUS SOILS CAPPED. ABANDONED STRUCTURES ON BLIGHTED SITE REPLACED WITH NEW TOWNHOUSES AND OFFICE BUILDING.
7. CDB PROJECT AREA PLAN ANICIPATES AND AUTHOIZES USE OF TAX INCREMENT FUNDS FOR ENVIRONMENTAL REMEDIATION.
8. THE CBD URBAN RENEWAL PROJECT AREA WILL CONTINUE TO COLLECT TAX INCREMENT UNTIL 2034.
9. TAX INCREMENT GENERATION IN THE CBD URBAN RENEWAL PROJECT AREA IS EXCEEDING PROJECTIONS IN THE PROJECT AREA BUDGET BY MORE THAN 30%.
10. AS PROPERTY VALUES INCREASE, TAX INCREMENT GENERATION WILL CONTINUE TO INCREASE IN CBD URBAN RENEWAL PROJECT AREA. THERE IS NO CAP ON TAX INCREMENT COLLECTION BY AGENCY OVER NEXT 15 YEARS.
11. AGENCY CAN, AND SHOULD, MAKE REIMBURSEMENT SUBJECT TO ACTUAL RECIÉPT OF TAX INCREMENT SUFFICENT TO MAKE REIMBURSEMENT PAYMENT, AFTER SATISFYING ALL CURRENT OBLIGATIONS. THUS, NO FINANCIAL RISK TO AGENCY IF TAX INCREMENT COLLECTION IS INADEQUATE TO REIMBURSE HAMELT DEVELOPMENT.

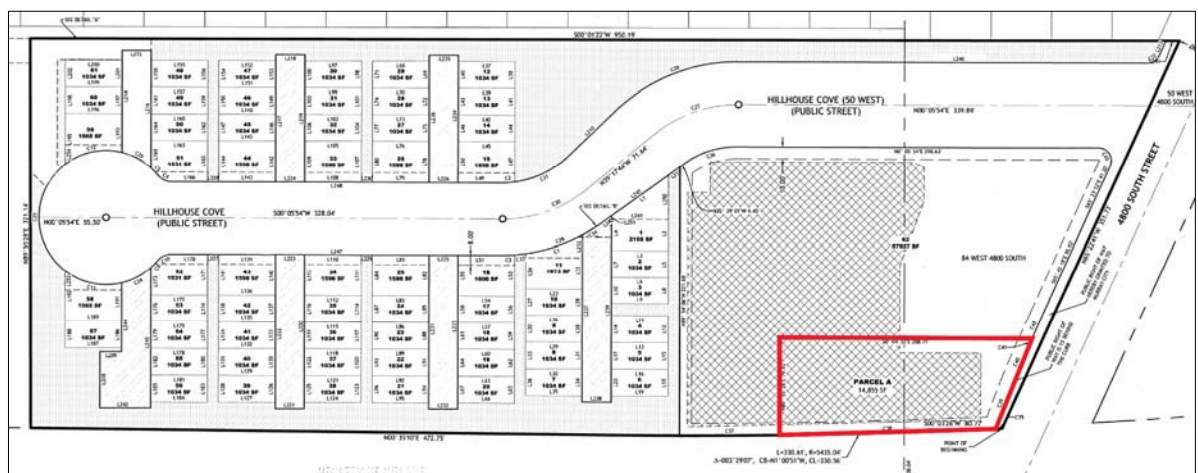
Attachment 3



Central Business District



Subject Property



Central Business District

AREA BALANCE

	Prior Year Actual FY 17-18	Estimated Actual FY 18-19	Amended Budget FY 18-19	Annual Budget FY 19-20
Beginning Area Balance	\$ 1,784,472	\$ (176,114)	\$ (176,114)	\$ (766,796)
Revenues	843,481	890,000	1,079,226	916,957
Expenditures	(2,804,068)	(1,480,682)	(1,435,682)	(1,406,620)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Ending Area Balance	<u>\$ (176,114)</u>	<u>\$ (766,796)</u>	<u>\$ (532,570)</u>	<u>\$ (1,256,460)</u>

Staff Findings

- NO TIF revenues will be generated by the project.
- The request is *after* project approvals.
- Only an estimated 5% of the of the total development site is within the CBD RDA boundary.
- None of the project is within the TIF collection area.
- The CBD RDA doesn't have any funding for such a reimbursement.
- The RDA would be promising the City's portion of property tax collected back to the development. The City will only receive an estimated \$23,420 per year in property taxes once the entire project is built out.
 - ~\$7,000 for the commercial building
 - ~\$16,315 for all 61 residential units (\$267/unit)

Staff Recommendation

Based on the analysis of the request, staff recommends that the Redevelopment Agency of Murray DENY the request for reimbursement for the address 84 West 4800 South.

Attachment 4

2019 Annual Report



Report Filed 10/30/19

- Salt Lake County
- Murray City School District
- Murray City
- South Salt Lake Valley Mosquito Abatement District
- Central Utah Water Conservancy District
- Jordan Valley Water District
- Cottonwood Improvement District

Central Business District

The base year was established in 1979. In 2017, the County Assessor's Office increased the base year value to \$13,652,148.

Table 2.2: Base Year, Prior Year and Current Year Taxable Value

Category	Amount
Base Year Taxable Value	\$13,652,148
Prior Year (2018) Assessed Value	\$115,707,371
Current Year (2019) Estimated Assessed Value	\$115,707,371
2017 Marginal Value	\$89,368,354
Prior Year (2018) Marginal Value	\$102,055,223
Current Year (2019) Estimated Marginal Value	\$102,055,223
% Change in Marginal Value (2017 to 2018)	14.2%

Central Business District

- Taxable base value has grown 1,533% (\$7,083,613 to \$115,707,371 in 2018)
- 2018 assessed value is 12.3% higher than 2017 (from \$103,020,502 to \$115,707,371)
- Murray City was 9.2% increase