

Minutes of the Redevelopment Agency meeting held on Tuesday, January 24, 2017 at 4:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

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

Excused: Brett Hales

Vice Chair Blair Camp conducted and opened the meeting.

#### DOWNTOWN DEVELOPMENT UPDATE AND DEVELOPMENT AGREEMENT DISCUSSION

Tim Tingey stated that at the last meeting he had discussed working towards a draft development agreement with the downtown developer to be discussed with the RDA. There has been a significant amount of time and work put into drafting the agreement and staff has met multiple times with the development group. One element that was concerning for City staff was the deadline to complete a 1031 property exchange that the developer was requesting. The most recent development agreement draft was just received a few days ago, and there are so many issues to work through that it has been determined that the 1031 exchange cannot proceed until terms are agreed upon. This decision has been communicated to the developer, and at this time there is not a final development agreement prepared for the RDA to review as there are still many items to negotiate.

Mr. Tingey explained that some of the issues with the terms contained in the agreement relate to parking. A few years ago the Taxing Entity Committee approved an extension and expansion of the Central Business District with the understanding that the City would facilitate building parking for the uses in the area. This is still one of the goals for the downtown and staff is working diligently towards having a parking structure. The governance of a parking structure is an important element and a determination still needs to be made regarding who would be allowed to use it, such as whether it will be completely for public use or if there will be some reserved parking spaces contained in the structure. Until these elements of governing a parking structure are fully determined it is difficult to come to terms on an agreement. Staff has engaged a consulting group that has experience with parking structures to start reviewing the options, and staff has also contacted some other cities such as Boise, Salt Lake, Park City and Ogden that have existing parking structures that are publicly owned but are used by private groups. Tim Tingey stated that as this issue is clarified and more information is obtained, further discussion will take place with the RDA and City Council about how to govern the arrangement of parking in the area. This element of the proposed development agreement has become a point of contention because the developer is requesting numerous guarantees, which City staff isn't comfortable with as this is proposed to be a public parking structure. Additionally, this is an area that receives tax increment financing, and staff must be sure that the projects receiving reimbursement meet the intent of the area. Another issue of concern relates to the proposed timing and schedules of development contained in the agreement. This is an element that must be carefully considered.

Tim Tingey stated that the next issue that needs to be further defined is the mixed use project. Most elements of the proposed office project have been communicated, but staff needs to understand additional details about the mixed use project such as what commercial uses will be contained there, including square footage and parking needs. Additionally, a break down that clearly shows the project costs, and proposed shared costs, must be contained in the development agreement. Another issue that requires more consideration and discussion is the historic preservation element and processes related to maintaining or demolishing such structures. Mr. Tingey summarized by stating that due to all of the issues with the current draft of the agreement, staff is not comfortable moving forward with making a recommendation to the RDA or City Council. Staff will continue working

towards negotiating the agreement and once terms have been reached then a draft of the agreement will be submitted to the City Council to start reviewing. He anticipates that this process will take a number of weeks before a draft is prepared for review.

Jim Brass asked what the project area budget is for the Central Business District. Tim Tingey replied that the RDA receives approximately \$800,000 - \$900,000 each year, with \$400,000 of that going to the school district. There are also some reserve amounts that have been saved for a number of years. Jim Brass stated that when the Fireclay RDA was established there was an estimated budget of what could be expected for tax increment, which was used to develop the percentage of TIF anticipated for specific development projects. He asked if there is a similar budget for the Central Business District. Tim Tingey confirmed that there is a budget for the area and it is contained in the annual November 1<sup>st</sup> Report. He explained that future reimbursement of TIF funds is based on the projected increase of value in the area, and a specified percentage of the increased TIF amount is what would be available to reimburse for a development. Frank Nakamura stated that the City can determine those percentages as they are not defined, for example there could be a 90/10 or 80/20 split.

Jim Brass asked when the exclusive developer agreement will terminate. Tim Tingey responded that it will expire at the end of May, although there is an opportunity for an extension of twelve months. If the extension clause is agreed upon the agreement will not terminate until May 2018. Frank Nakamura said that there are conditions that must be met for an extension to occur, and it appears that those conditions have been met.

Diane Turner asked if the developer is going to abandon the 1031 exchange. Tim Tingey replied that this is what they have communicated. Frank Nakamura said that other properties in the area may be considered as part of a 1031 exchange, just not this particular site on the corner of 4800 South and State. Blair Camp asked if the ongoing negotiations will put the Utah State proposal at risk. Tim Tingey said that it will definitely put it at risk.

Related to the extension of the exclusive developer agreement, Tim Tingey explained that the developer has expressed interest in a modification to the development agreement and consideration of an extension beyond the twelve month time frame. He said that there are still issues to be addressed, primarily related to the costs that have been incurred up to this point under the agreement. The developer has promised to provide documentation for City staff to start reviewing but nothing has been received yet. If it is determined that there will be an extension of the exclusive developer agreement, it is important to outline details of the RDA and City's ongoing and future relationship with the developer as it pertains to project management and the types of projects for the downtown. Mr. Tingey stated that this issue will be discussed with the City Council at the upcoming retreat to determine what is envisioned for the future of this relationship. The exclusive developer agreements are with both the City Council and Redevelopment Agency, so obtaining direction from the Council is important for staff to move forward.

Diane Turner asked if we are still moving forward with the development of City Hall. Tim Tingey stated that we are, and that he will be discussing issues with the Council to obtain direction on professional services and construction manager contracts related to the City Hall. He said that Frank Nakamura has drafted an agreement for professional services for the new Fire Station, which has already been signed. The contract for a construction manager needs to be detailed and staff will be seeking Council direction on this item.

Frank Nakamura said that at a future meeting or retreat, he would like to discuss all of the property purchases that have occurred and review amounts paid for the property and associated additional expenses. Staff is still moving forward with the assemblage of property for a future City Hall. He said that the Council will have to discuss eminent domain at the next City Council meeting. Blair Camp said that there is a Council retreat scheduled for February 14<sup>th</sup>.

Tim Tingey reviewed a map showing properties that are either City-owned or currently under contract. A lot of progress has been made on property acquisitions and he agrees with Mr. Nakamura that the cost details should be discussed during upcoming meetings. A lot of the downtown property where we are considering a new City Hall, parking structure, and relocation of the Fire Station has been purchased or is under contract. There are still some parcels that are being negotiated, and he will talk about these properties in more detail at future meetings.

Dave Nicponski asked if we are diminishing the funds that have been saved for the City Hall, and said he doesn't want to have a property tax increase to pay for a new City Hall. Mr. Tingey responded that the financing aspects are not finalized and there are still discussions that will take place. He advised that staff is working towards coordinating public input meetings related to the downtown plan and vision, and that these ideas have been preliminarily discussed with limited committees and boards to obtain input. He was invited to present information to the Library board about the status of the downtown area and the concepts related to this site plan with the office building on the corner, mixed use elements, a new City Hall, a parking structure, and the relocation of the Fire Station. Staff also received positive comments from the Business Enhancement Committee when the proposed density and potential location for a City Hall was discussed. They agreed that they liked how City Hall is proposed to be located off of State Street, and support the idea that State Street should contain commercial or mixed use elements with density. Committee member Natalie Gochmour had commented that she liked the proposed City Hall location, and the look and feel of the renderings. Tim Tingey stated that there will be focus groups and public open houses with Council involvement to hopefully encourage the public to provide input on the proposed project.

Frank Nakamura stated that there haven't been any discussions about a general obligation bond and going to the taxpayers for an increase. Justin Zollinger said that the preliminary plan is to issue a sales tax bond, and he is supportive of going to the public with our proposals and making sure that they are supportive of our plans. Mr. Nakamura stated that a parameters resolution for a sales tax bond will be presented to the City Council, and it will identify the City Hall.

Blair Camp asked if the streets, specifically Poplar Street, are going to be deeded to the developer. Tim Tingey stated that an application has been submitted, and will likely be coming forward to the City Council in the upcoming months, related to vacation of a portion of the right-of-way. Mr. Tingey referred to a map that identifies the area requested to be vacated, which is between the Murray Mansion and 4800 South. The portion of Poplar Street to the south is owned by the City, so there will have to be either a surplus process or a possible deed to the adjacent property owners. Dave Nicponski asked where the through street will be located. Tim Tingey said that it will be an extension of the existing Hanauer Street that is north of 4800 South, and it is proposed to veer a bit to the west and then connect to Vine Street. Mr. Tingey displayed a site plan that depicts the proposed street location. Frank Nakamura stated that in regards to vacation of the street there will be difficult issues with utilities, and it is more complex than simply surplus the property. Tim Tingey stated that the development group had a meeting with Questar today to discuss their utilities in the area. Blair Camp asked if some portion of the vacated road would be part of the public walkway. Tim Tingey responded that some of the land is part of the open space elements that will be owned by the City.

Dave Nicponski asked if there is anything that the RDA Board can do to help with the negotiations with the developer. Tim Tingey said that he thinks it will be very helpful to sit down and talk through these issues in detail at the upcoming Council retreat. The RDA and Council are the decision makers on development agreements, and staff wants to ensure that they are comfortable with making recommendations on these projects.

#### UPDATE ON ORE SAMPLING SITE AND BLIGHT STUDY

Tim Tingey stated the he recently received the draft blight study from Zions Public Finance Group. In order to move forward in this process, a notice must be sent to all the property owners within the blight study area

advising of a thirty day comment period followed by a blight hearing. The blight hearing will take place during an RDA meeting. He anticipates sending the notices out in February and then the blight hearing will occur in March. He explained that the reason we have this timeline is that under new State Code requirements cities cannot hold meetings with their Taxing Entity Committee's during the legislative session. However, staff has been working on the other aspects of moving forward with the redevelopment area such as completing the blight study and preparing the notices. Once the legislative session is complete staff members will be able to start working with the Taxing Entity Committee to discuss the proposed Ore Sampling Mill site area.

Diane Turner asked if there is still a buyer interested in the Ore Sampling Mill site. Tim Tingey responded that the buyer still has interest and has hired an environmental group to perform an in-depth analysis of the site. Staff has forwarded all of the documentation that we have on file for environmental studies that were done in the area. Jim Brass asked if this group actually owns it or if they are considering buying it. Tim Tingey said that they are considering purchasing the site and that the buyer is a neighbor or close friend of the current owner. The current owner does not have much interest in developing the site. Additionally, there have been other groups that have expressed interest in developing the site as well.

Meeting adjourned.

  
B. Tim Tingey, Executive Director