**Tooele City Council and**

**Tooele City Redevelopment Agency**

**Work Session Meeting Minutes**

Date: Wednesday, August 5, 2015

Time: 5:00 p.m.

Place: Tooele City Hall, Council Chambers

 90 North Main Street, Tooele Utah

**Council Members Present**:

Brad Pratt, Chairman

Scott Wardle

Debbie Winn

Steve Pruden

Dave McCall

**City Employees Present**:

Mayor Patrick Dunlavy

Glenn Caldwell, Finance Director

Jim Bolser, Public Works and Community Development Director

Paul Hansen, City Engineer

Rachelle Custer, City Planner

Randy Sant, RDA Director

Michelle Pitt, City Recorder

Minutes prepared by Michelle Pitt and Elisa Jenkins

1. **Open Meeting**

Chairman Pratt called the meeting to order at 5:00 p.m.

1. **Roll Call**

Brad Pratt, Present

Scott Wardle, Present

Dave McCall, Present

Steve Pruden, Present

Debbie Winn, Present

1. **Discussion:**
* Broadway Hotel/CDA Project

Presented by Randy Sant

Mr. Sant turned the time over to Soren Simonsen. Mr. Simonsen stated that this is a great neighborhood except for a few blocks on Broadway that are really struggling with commercial and vacant properties. They are looking at the hotel on the corner of Date and Broadway. They have also acquired vacant parcels near the hotel, they have under contract the old Venus Building and they just signed a letter of intent to purchase the 16 unit apartment building to the west of the historic hotel. The apartment building is within 5-10 years of the same age of the hotel although it has gone through some rehabs over the years. They are looking at about 73 units of housing. He showed the project plan to the Council. There will be 21 units in the hotel building. The building will be completely renovated and the exterior would be restored. They are pursuing historical tax credit, both federal and state. They have been through the first phase of the historic preservation already. They are looking creating a historic district on the national register, they don’t have to do that but it would provide a lot of incentives for homeowners to upgrade their own properties. Historic federal designations are quire significant for property owners. The other buildings would be townhouse style units. There would be wheelchair accessible units on the ground floor. The old Venus club would be renovated, primarily as a laundry, and a small coffee shop or vending machines. The CDA that was created in 2007 covers the hotel and some of the vacant property. They are looking at expanding the CDA to include the other areas, including the Venus Club property. The budget includes tax exempt bonds, housing tax credits, historic tax credits, SBA loan, CDBG grant, and general partner equity. He described the uses of funds. The school district has voted unanimously to support this. The County is also supportive in concept. This would generate a greater amount of property tax, once developed. They are asking that the RDA help them secure a CDBG grant of approximately $300,000 of which a major portion would go to utilities and infrastructure and a small portion would go to affordable work force housing, both are in the scope of how CDBG grant funds can be used. They are interested in participation of tax increment from the City, the County and the School District; the County would be the largest portion. They are interested in a resolution that would include the participation of the City and tie in an inter-local agreement with the County and the School District into the tax increment participation. They would also like to see $25,000 to $30,000 in reimbursement from tax increment for preparation of a small area plan. He mentioned that the school district is interested in combining the two small schools in that area. That could be a catalyst for something to happen to one of the sites. This would have long term benefits to the property owners and the City. This is not a City led initiative it would be a public private partnership led by the developer but with the City potentially participating through tax increment. They would focus on affordable work-force housing.

Mr. Simonsen said that Tooele City would not loan any funds to the development, but they are interested in future tax increment to help offset the cost of property taxes. Their primary financing is coming through a combination of bonds, loans, tax credit, grants, and owner equity. The developer will carry all of the liability for all of the debt. None of the tax increment would be generated until the project is constructed and completed so the only risk is if it doesn’t happen the City would continue to get the property tax they are now, when it happens as proposed it would propose an upside in taxes. Some of the benefits would include; affordable workforce housing for the public, stabilize the population in this neighborhood, and improve the neighborhood visually. Long term benefits would include a small area plan that would address a range of community enhancements and needs, would be a catalyst for neighborhood revitalization, and future revenue. He said that one of the risks would be timing on the closing of all the loans. The tax increment goes in last so there is no risk to the City. He said that they have completed four market analyses that say there is substantial demand for this type of housing in Tooele City. He stated that this partnership is important for them to complete this project and move forward. Tooele City’s rent is about 15% lower than the greater Wasatch region, but construction costs are comparable. How do they close the gap between high construction costs and lower than market rents? That is why the tax increment becomes very important. They are hearing from their financing sources that the partnership is very important to them because they want to know that the community is behind the project.

Chairman Pruden asked the RDA board if there were any questions.

Councilman Wardle stated that the last time they secured a CDBG grant for this project they had to turn the money back, which is a credibility issue for the City. He also asked if financing would be secured before they submit the CDBG. Kevin Peterson responded by saying that the economy was bad at the time and they had to stop the project. He said that the economy is back. They have their funding in place. He feels that the team is on board. They have done four feasibility studies. Their next step is to go to Denver to meet with their HUD lender. They would like to have some kind of resolution in their packet saying that the City endorses this with certain conditions when they meet with the HUD lender. He says it is about a six month process to close from mid-September. He is not sure what the timing is of the CDBG grant.

Mr. Sant said that they have to put in the CDBG grant application in December, but they do not get a contract from the state until about April. The contract starts July 1st and they have up to two years to spend the money. If they are not ready with financing they might have to wait a year to apply in 2016.

Mr. Sant asked why the proposal shows both the CDBG and the tax increment. He thought it would be one or the other. Mr. Peterson explained that the lending company looks at debt service over the income. They could probably make it work without the CDBG and with just the tax increment, if they had too. Mr. Sant asked for a copy of the presentation. Mr. Sant stated that getting a block grant helps, but it’s really the tax increment that they need to have. If the rent could be higher they would not need quite as much participation. Mr. Peterson stated that if they don’t have the block grant, it would put the time frame out longer of receiving the tax increment. Mr. Sant said that they would have to look at this.

Chairman Pruden said that based on what was just stated, they need to discuss with the Board what they want to do and draft a response.

Mr. Simonsen said that they were not expecting action tonight they were here to provide information. They would like to have some kind of response by mid-September. Mr. Sant stated that they will talk and have some kind of letter to them with their recommendation and let them look at and see if it works or doesn’t work and give them an opportunity to respond. Mr. Sant stated that they would like to have that ready by the next meeting.

* Economic Update

Presented by Randy Sant

Mr. Sant stated that he is reaching out to Mayor Marshall. They have a County wide economic group that meets every month. He would like to give the RDA Board an update of what they talk about in their meetings. The County economic board consists of three County Commissioners, the two Mayors and it has a City Council representative which is RDA Chairman Pruden. They did not meet this last Monday.

Mr. Sant said that this has been a good month with leads and responses. They have had five different responses from the State EDCU, which is more than they have done within the last year.

* Project Flick is a 750,000 sq. ft. distribution facility they would like to be on 78 acres, it has specific dimensions of what the property has to be and they would employ about 350 employees. They would have an opening at the end of 2016. The City was selected on a short list and submitted property in Overlake. They tried to work with the Millers but they would not work with them. Mr. Sant has met with Drew Hall and it was positive.
* Project Power is a 600,000-750,000 sq. ft. distribution/manufacturing facility and would have about 500 employees. The City has not had a response to their lead. The property in Ninigret and property west of Grantsville was submitted for the proposal.
* Project Needle needs rail access. They need a building of about 20,000 sq. ft. The City submitted a building at Peterson because they have cranes.
* Project Marvel would like an existing building with certain qualifications. They had a site visit. They thought about the Conestoga Wood building, but the company found a building in Utah County that better suited their needs.
* Project Pollock wants 300 acres with a capital investment of $1 million.

He said that it has been a very busy month with lots of leads. Mr. Sant stated that Tooele has a lot of big parcels of land, but not the infrastructure. He suggested needing to talk with land owners to put in the infrastructure so that the land will be marketable.

* Gary Bolinder Vacation

Presented by Jim Bolser

Mr. Bolser stated that in coordination with the construction of 1000 North specifically on the west where it ties into SR112 and Utah Avenue there were two parcels of ground that were dedicated to the City by plat by Mr. Bolinder to facilitate the creation of the road. Both parcels ended up not being a part of the right-of-way as the road curved towards the south rather than tying straight into Utah Avenue. Mr. Bolinder has filed a request to have these parcels vacated and returned to him. Staff has no concern with the vacation of parcel one because 1000 North is built and did not use this property. They have a point of note on parcel two because they don’t yet know how this area of the city this will be developed. That right-of-way may still be desired and may still have some benefit to the City in future roadway development. They are not in favor or opposed to the vacation of parcel two with that note. Councilman Pruden asked if they have told Mr. Bolinder. Mr. Bolser said no they wanted to talk with the Council first. Councilwoman Winn asked if he gave both of the parcels to the City at the same time? Mr. Bolser said yes, it was done with a single plat. Mr. Hansen said that parcel two is a property line that provides a mechanism for the property not to be land locked and has more of a long term value to the City. Councilman Wardle asked if the City vacated both of them, how difficult would it be to get back. Mr. Bolser said it wouldn’t be difficult. Ms. Custer said that Mr. Bolinder could request monetary compensation in the future. Mr. Sant would like the City to keep parcel two until they understand future development in this area. Councilman Wardle agreed that parcel two should not be vacated at this time. Councilman McCall noted that Mr. Bolinder gave the City those parcels, how can they withhold them from him? Councilman Pruden said that parcel two could be beneficial for Mr. Bolinder if it becomes a road. Mr. Hansen said the City is under no obligation to give the property back and noted that the City deferred Mr. Bolinder from doing public improvements. Councilman Pruden proposes that they give Mr. Bolinder parcel one and wait on parcel two. Councilwoman Winn asked why he wants them back. Ms. Custer answered that he doesn’t know right now, he wants to be out of the gravel business in the next 3-5 years. Mr. Bolser will relay that information to Mr. Bolinder.

* Main Street Construction Temporary Sign Discussion

Councilwoman Winn requested this discussion and Chairman Pratt turned the time over to her. Councilwoman Winn stated that when this ordinance was passed, it was done with great intent, but it’s hard to see what will happen in the future. Main Street is torn up more that she expected. The ordinance says that signage can only be placed on the Main Street frontage of the business. There are several businesses that extend back and they have tried to draw the customers in from the back entrance. She would like to allow the businesses to place their signs on the back or side of their business depending on where they are located, not just on Main. She feels that the businesses are suffering. Chairman Pratt did a drive by along Main Street and along Garden Street. There are businesses on Main Street that do not have the opportunity to place a sign along Garden Street because they do not own property on Garden Street. He noticed that there were seven signs being permitted on Garden Street right now. Councilwoman Winn asked if they were directional signs, because directional signs are allowed in the ordinance right now. Chairman Pratt said he counted the number of businesses on Garden Street and there aren’t many more than that can place them on Garden, because they don’t own property there. There are signs there now. The ordinance expires on December 31st and he is confused about what the issues are.

Mayor Dunlavy said there have been four questions that have come up since this ordinance has been put into place. The first one was the pawn shop put up an illegal banner; the City explained to the owner that he could have an A frame sign so that is what they have done. Arby’s contacted the City to ask if people can use the dirt road behind their business, it is owned by Rocky Mountain Power, to access Arby’s and the City said yes. Janna’s Java put a sign on someone else’s property on 50 East. The sign was returned to them because they can’t place the sign on someone else’s property. They did it a second time and the sign was returned to them again. When they did it a third time, the sign was taken. They can put a sign on the back of their property, but not on someone else’s. They have not had many calls to the City Hall regarding this issue.

Councilman Wardle asked if there is a business fronting Garden Street the business can put an A-frame sign up? The business could front Main Street with an access on the back of the business and they can put up a sign on Garden Street. Councilman Wardle asked what if there is no access? Mayor Dunlavy said that they would allow that under this ordinance, but it wouldn’t make sense because there isn’t an access to the business from the back. If they are renting, the property owner has to be the one to apply. The sign can only go on their property. Councilwoman Winn asked why there wasn’t a public hearing on this policy? Mr. Bolser said that it wasn’t necessary because it didn’t change the City Code it was a policy establishment. Councilwoman Winn wants the policy to be easy for the code enforcement officer to enforce what the rules are. She was contacted by a business owner to change the ordinance. Councilman Pruden asked what the business owner wanted to see change. Councilwoman Winn said they would like to put up a banner (instead of an A-Frame sign) which is allowed on the Main Street side, on the back side of their property. Councilman McCall said that their intent when they changed this ordinance was to help business owner. He feels that the business owners downtown are hurting and they are looking for anything that could help them. Would a banner help this business get more business? No one knows, but if it could help why not? Mr. Bolser said that they can put a banner on the back of their business if they follow the code temporary signage permit. Councilman Wardle said that the City is not hammering businesses. Mayor Dunlavy reemphasized they are not hammering business but signs cannot be placed on other people’s property, it needs to be on their own property. Mr. Bolser said under the terms of the temporary sign ordinance anything placed on Main Street is free and clear until December 31st, anything that goes off of Main Street for temporary signage would go off chapter 7.25 and requires as a permit. Councilman Wardle said that banners are okay, as long as they are within the size limitations on their own property, and are directional. Councilwoman Winn said that according to the ordinance you can have one sign per business, with certain size limitations, they could put that on Main Street without coming in for prior approval. Mr. Bolser said that is correct. Councilwoman Winn suggests that they could have the banner sign be allowed also in the back, or side as long as it is on their property. Councilman Wardle asked if they can do that with an executive letter. Mayor Dunlavy doesn’t feel like that is the way to handle it. Mr. Bolser asked the Council to consider that any time you’re dealing with a temporary ordinance, the Supreme Court has established the requirement for a direct nexus, if you are taking away you have to give back to that same nexus (in this case Main Street). Chairman Pratt is feeling very concerned about the businesses on Main Street. He thinks that the situation the way it is, is something the Mayor and the staff can handle and they do not need to make a change. Councilman Pruden said he has owned businesses and has had to advertise for them, he is not as convinced that signs make that much of a difference. It sounds like the businesses have adequate usage the way that it is. They can still put a banner sign up. Mayor Dunlavy said that there is not one business that you can’t get to off of Main Street. People will find a way to get to the business they need to. Councilman Wardle asked if we need to redo this ordinance if it is already allowed. Do they need to open it up again? He would prefer to do it administratively. Councilwoman Winn asked if administration is comfortable with the staff being put in a bad situation. Mayor Dunlavy said they are not overlooking anything. They are allowing businesses to expand what they are doing along Main Street. Businesses get it once things are explained to them. He doesn’t feel like there is an issue. They are trying to educate and facilitate at the same time. Councilman McCall feels that if businesses are doing something wrong and it is explained to them they will be fine. Councilman Wardle noted that at the end of the day it’s not the City’s job to make businesses successful. No one wants this construction project, but we all need the end product.

Mayor Dunlavy said that he had a meeting with UDOT because of his concerns on the progress of the project. He didn’t think that the trees were coming out. Mr. Bolser had shown him the drawings that showed that most of the trees and most of the grass are going back but he had not paid attention. The trees will by much younger than the trees that were in there.

The temporary ordinance will stay as it is.

* Main Street Project Update

Mr. Bolser stated that UDOT is behind schedule. They are in the process of entering into contracts with additional sub-contractors to be able to pick up the pace. Mayor Dunlavy stated that one of the reasons he asked to meet with UDOT is because, even though Jim and Paul meet with them every week, his concern is who is doing the inspections? Is UDOT making sure the contractors are doing the project per the plan? The Mayor is going to meet with the contractor without UDOT to make sure they will end up with a good project when they are done. The City wants them to get done and through the business district. Mr. Bolser said that starting tomorrow night Main Street will be closed entirely from Utah Avenue to 1000 North, during the night only. There will be one similar closure in the future, but only at night. They are also preparing to close the east leg of the 1000 North intersection. Councilman McCall asked why they aren’t working at night? The City passed an ordinance to allow them to work at night. Mr. Bolser said that night work is a great thing for surface work. The deep trench and pipe work brings safety concerns when done at night and that is what is holding them up. They are doing night work when they can but the work slowing the project down is the pipe and trench work which is best done during the day. Mayor Dunlavy noted that they are going to start working more on weekends.

**Councilman Wardle moved to bypass the Council Reports and go to the closed meeting**. Councilman McCall seconded the motion. The vote was as follows: Councilman Pruden, “Aye”, Councilman Wardle, “Aye”, Councilman McCall, “Aye”, Councilwoman Winn, “Aye”, and Chairman Pratt, “Aye. The meeting closed at 6:42 p.m.

Chairman Pratt excused everyone from the meeting except Mr. Bolser.

There were no minutes taken on the remainder of the meeting.

1. Council Reports
2. Close meeting to Discuss:
* Property Acquisition
* Litigation
1. Adjourn

*The content of the minutes is not intended, nor are they submitted, as a verbatim transcription of the meeting. These minutes are a brief overview of what occurred at the meeting.*

Approved this 19th day of August 2015

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Brad Pratt, Chairman Tooele City Council