

MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Natalie Grange, CPA CFA
School Finance Director

DATE: May 12-13, 2016

ACTION: Taxing Entity Committee (TEC) to the Urban Renewal Area
Proposed Modification to the Central Business District (CBD)

Background:

The Redevelopment Agency of Murray City is seeking to expand the tax collection area of the CBD Urban Renewal Area by 9.66 acres. This expansion is needed to help facilitate a large scale redevelopment of the Murray City downtown area. The adjustment of the tax collection area will facilitate investment and growth on public and private properties near State Street.

The modification proposed does not change the base taxable value of this area, does not extend the time frame of the URA, nor changes the terms of the current mitigation payments the Murray City School District receives.

Board Strategic Plan:

This item supports the following imperative(s) and strategies in the Board's Strategic Plan:

- Educational Equity
- System Values

Anticipated Action:

In accordance with Utah Code 17C the RDA of Murray City will be requesting the that the TEC approve an amendment to the adopted area plan to permit the agency to receive tax increment on an additional 9.66 acres for the remainder of the life of the URA. It is anticipated that the Standards and Assessment Committee will make recommendations to the Board to give specific direction to the Board's TEC representative regarding this proposed URA modifications.

Contact: Natalie Grange, School Finance Director, 801-538-7668
Scott Jones, Deputy Superintendent of Operations, 801-538-7514

Murray City RDA proposal #1

Central Business District (CBD) Urban Renewal Area (URA)

Prepared by Von Hortin, School Finance 5/10/2016

The Murray City RDA is seeking to modify the TEC resolution to expand the CBD URA by 9.66 acres. This expansion will include the current City Hall, Post Office, and School District sites, along with 1.73 acres of taxable private properties. This expansion is needed to help facilitate a large scale redevelopment of the Murray City downtown area. The adjustment of the tax collection area will facilitate investment and growth on public and private properties near State Street.

The modification proposed does not change the base taxable value of this area, does not extend the time frame of the URA, nor changes the terms of the current mitigation payments the Murray City School District receives.

The base taxable value is \$1,992,000 and the URA is set to expire in 2034. Presently the School District receives a \$400,000 lump sum payment from the RDA each year.

Expected assessed valuation upon completion of the project is \$45,000,000 due to the change from governmental (nontaxable) use to commercial uses.

The current tax rate for the area is .012378 of which .001736 or 14.03% is the due to the basic rate.

The RDA plans to use increased funding to tear down and remediate the properties on the East side of State Street and move the city offices to the West side of State Street. The public portion of investments would primarily go toward parking structures and remediation of sites to spur the private investments.

Would the project proceed without tax increment financing?

The projects might occur but being able to aggregate and clear properties for the desired developments may not be likely to be achieved. This appears to be a convergence of fortuitous events resulting in conjunction with the previously developed portions of the CBD RDA.

Economic Impact of the extension:

The project area includes areas where governmental uses have been located such as the old Murray School District Office, the City Hall and a US Post Office. If these areas were able to be parceled and developed along with other properties already in city possession or likely to come into city possession the RDA could provide developable areas which previously were too small or difficult to gather together.

Position of the Local Board of Education on the extension:

District representatives have been contacted, we are waiting on a response.

RDA representatives from the city will be in attendance for the Committee meeting on Thursday May 12th.

MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Natalie Grange, CPA CFA
School Finance Director

DATE: May 12-13, 2016

ACTION: Taxing Entity Committee (TEC) to the Urban Renewal Area
Proposed Modification to the Smelter Site

Background:

The Redevelopment Agency of Murray City is seeking to modify the budget of the Smelter Site URA to include a 12 percent education mitigation payment to the Murray City School District for the remainder of the URA term.

The proposed modification of the budget does not change the base taxable value of this area, does not change the project area, nor does it extend the time frame of the URA.

Board Strategic Plan:

This item supports the following imperative(s) and strategies in the Board's Strategic Plan:

- Educational Equity
- System Values

Anticipated Action:

In accordance with Utah Code 17C the RDA of Murray City will be requesting that the TEC approve an amendment to the adopted URA budget to permit the agency to make a 12 percent education mitigation payment to the Murray City School District each year for the remainder of the URA term. It is anticipated that the Standards and Assessment Committee will make recommendations to the Board for specific direction to the Board's TEC representative regarding the proposed URA modifications.

Contact: Natalie Grange, School Finance Director, 801-538-7668
Scott Jones, Deputy Superintendent of Operations, 801-538-7514

Murray City RDA proposal #2

Smelter Site Urban Renewal Area (URA)

Prepared by Von Hortin, School Finance 5/10/2016

The Redevelopment Agency of Murray City is seeking to modify the budget of the Smelter Site URA to include a 12% education mitigation payment to the Murray City School District for the remainder of the URA term. The proposed modification of the budget does not change the base taxable value of this area, does not change the project area, nor does it extend the time frame of the URA.

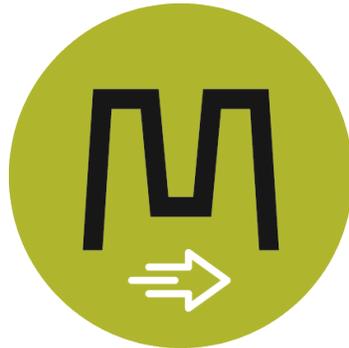
In Murray, all redevelopment areas have an education mitigation amount built into the budget and approved by the Taxing Entity Committee when the areas were created, or at another specified time, with the exception of the Smelter Site redevelopment area. The URA is set to expire in 2023. If approved by the TEC, the 12% education mitigation payment to the Murray City School District would begin in 2016 through the end of the RDA in 2023. This would net the district approximately \$106,000 per year from now through the end of the RDA.

Position of the Local Board of Education on the extension:

District representatives have been contacted, we are waiting on a response.

RDA representatives from the city will be in attendance for the Committee meeting on Thursday May 12th.

Murray City Urban Renewal Area Proposed Modifications



Murray City
Administrative and Development Services Department
Tim Tingey, Director

Expansion of the Central Business District and Redevelopment of the Murray City Center District (MCCD)

Introduction

The Redevelopment Agency of Murray is requesting Tax Entity Committee approval of an expansion of the tax collection area of the Central Business District (CBD) Urban Renewal Area. This expansion is needed to help facilitate a large scale redevelopment of our Murray City downtown area referred to as the Murray City Center District (MCCD).

Over time, the CBD area has had some improvements but there are still areas of disinvestment and challenges with property assemblage and parking which has created challenges to attract investment. There is a need to adjust the CBD tax collection area to facilitate investment and growth on public and private properties near State Street.

MCCD Vision

In 2011, the City began a large scale planning effort to establish a vision for the downtown area. This effort included thirteen public input meetings and months of effort to identify the vision ordinance to implement the effort. The vision includes the following goals and objectives:

- Create a true downtown/civic center;
- Provide attractive and compatible architecture and streetscape;
- Set a standard for sustainability;
- Create a place to live, work and play;
- Create synergy with the hospital and transportation opportunities;
- Capitalize on transit opportunities;
- Focus on the pedestrian experience;
- Enhance green corridors and trail connections;
- Keep people in Murray;
- Promote alternate modes of transportation including rail, bicycle, and walking.

We are also committed to efforts to maximize the healing experience in our community. The downtown redevelopment efforts will focus on the promotion of a “Community of Healing”. The Intermountain Medical Center (IMC) contains five centers of excellence and employs almost 5,000 individuals. With 700,000 patients per year there is a need for facilities, retail opportunities and hotel space to create a conducive environment for patients, families and employees in and around IMC. Redevelopment in the downtown is critical to establish an environment that facilitates the healing process and representatives of Intermountain Medical Center are supportive of efforts to facilitate redevelopment of this area.

In January 2015, the City and RDA issued a Request for Qualifications and Concepts to partner with a developer for projects within the MCCD and CBD redevelopment area including a new City Hall, a performing arts center and redevelopment of public and private property in the area.

The City selected J.R. Miller Enterprises, Inc. and after months of negotiation entered into an Exclusive Developer Agreement to facilitate redevelopment of the area. The agreements were approved on November 17, 2015. Currently they are working with the Redevelopment Agency to establish investments in the area and to facilitate redevelopment. However, to create the type of density needed, there are significant barriers to the project that increase costs primarily related to parking, land assemblage,

demolition and infrastructure. Expanding the project on public property on the proposed 9.66 acres will help to facilitate a large scale dense project with adequate parking and infrastructure on acreage that currently has a very low tax base.

Proposal

The following summarizes the proposal:

- Expand the area by approximately 9.66 acres to include the current City Hall, Post Office and School District sites along with 1.73 acres of taxable private properties;
- The current base taxable value of this area is \$1,992,000. The base value amount will continue to be distributed to taxing entities;
- Future taxable value build out is projected to be approximately \$45,000,000 on the east side of State Street (the area proposed for expansion) if incentive funds are available for site clean-up and parking amenities;
- There will be an immediate pass-through of 25% on the increased taxes on the east property to the County and other taxing entities, excluding Murray City and Murray School District (School District already has an education mitigation amount established previously). The remaining 75% will be collected as tax increment financing to facilitate development of the site.

Budget Analysis

The following information summarizes the budget implications of the proposal:

Incremental Tax Revenues

	If Expansion Does Not Occur and Property Remains with Current Uses	Incremental Revenues to Entities (25%) if Expansion is Approved	Incremental Revenues to Agency if Expansion is Approved
2016 - 2034			
East	\$443,826	\$556,737	\$7,943,182

Annual Tax Revenue Comparison (East Side)

Taxing Entity	Tax Rate	Current 2015 Tax Revenues	Tax Revenues at Buildout *
Salt Lake County	0.002819	\$ 5,615	\$126,954
Murray City School District	0.007086	\$14,115	\$319,118
Murray City	0.002049	\$ 4,082	\$ 92,277
South Salt Lake Valley Mosquito Abatement	0.000019	\$ 38	\$ 856
Central Utah Water Conservancy	0.000405	\$ 807	\$ 18,239
TOTAL	0.012378	\$24,657	\$557,444

*Revenue to taxing entities when the area is closed, includes base value

Annual Tax Revenue Implications

Taxing Entity	Tax Rate	2015 Current Revenues (Base Value \$1,992,000)	Project Year 4 Taxing Entity Projections (25% Pass Through)	Year 8 (25% Pass Through)
Salt Lake County	.002819	\$5,615	\$19,755	\$30,335
Murray School District	.007086	\$14,115	\$0 *	\$0 *
Murray City	.002049	\$4,082	\$0	\$0
Mosquito Abatement	.000019	\$38	\$133	\$204
Central Utah Water	.000405	\$807	\$2,838	\$4,358

*School District gets an annual lump sum payment from the area

Reasoning for Modification of the CBD Redevelopment Area

The following summarizes the need for the Taxing Entity Committee to support this project:

- Implement the strategies identified in the MCCD redevelopment effort including creating parking facilities, enhancing streetscape, capitalizing on transit opportunities, increasing opportunities for growth and setting a standard for sustainability;
- Provide additional resources and incentives for private investment in the area;
- Pursuing public and private partnerships to facilitate growth and redevelopment in this area;
- Murray City and the RDA are committed to high density development in this area which will generate higher property tax revenues;
- Parking is still a major component of redeveloping the area. With the potential relocation of City Hall to the west, there is a need to provide incentives to promote high density redevelopment on the east side of State Street;
- The east side property is not in the tax collection area and in order to pursue high scale dense development in the area, there is a need to expand this area;
- It is critical to establish private investment into higher value parcels adjacent to State Street;
- Job growth will be the focus of the area as redevelopment is pursued. It is anticipated that with these investments there will be hundreds of new jobs created.

Conclusion

Redevelopment of the MCCD area of Murray is one of the most important projects that the City is pursuing at this time. Having available funding to facilitate adequate parking and infrastructure is crucial for this project, particularly on a site that has not had a significant tax base previously. We are hoping to set a meeting in April for the Taxing Entity Committee to vote on this request. Please contact Tim Tingey at ttingey@murray.utah.gov if you have questions about the proposal.

Smelter Site Urban Renewal Area Proposed Budget Modification

Introduction

Murray School District Officials have recently shared concerns with budgetary issues due to the large amount of acreage that is non-taxable in Murray. The Murray School District is a fairly small district that covers a geographic area of about three fourths of the City. Due to the size of the district and the large amount of acreage (approximately 40%) that is non-taxable or in redevelopment areas, the Redevelopment Agency of Murray is proposing a budget modification to the Smelter Site Urban Renewal Area.

Proposal

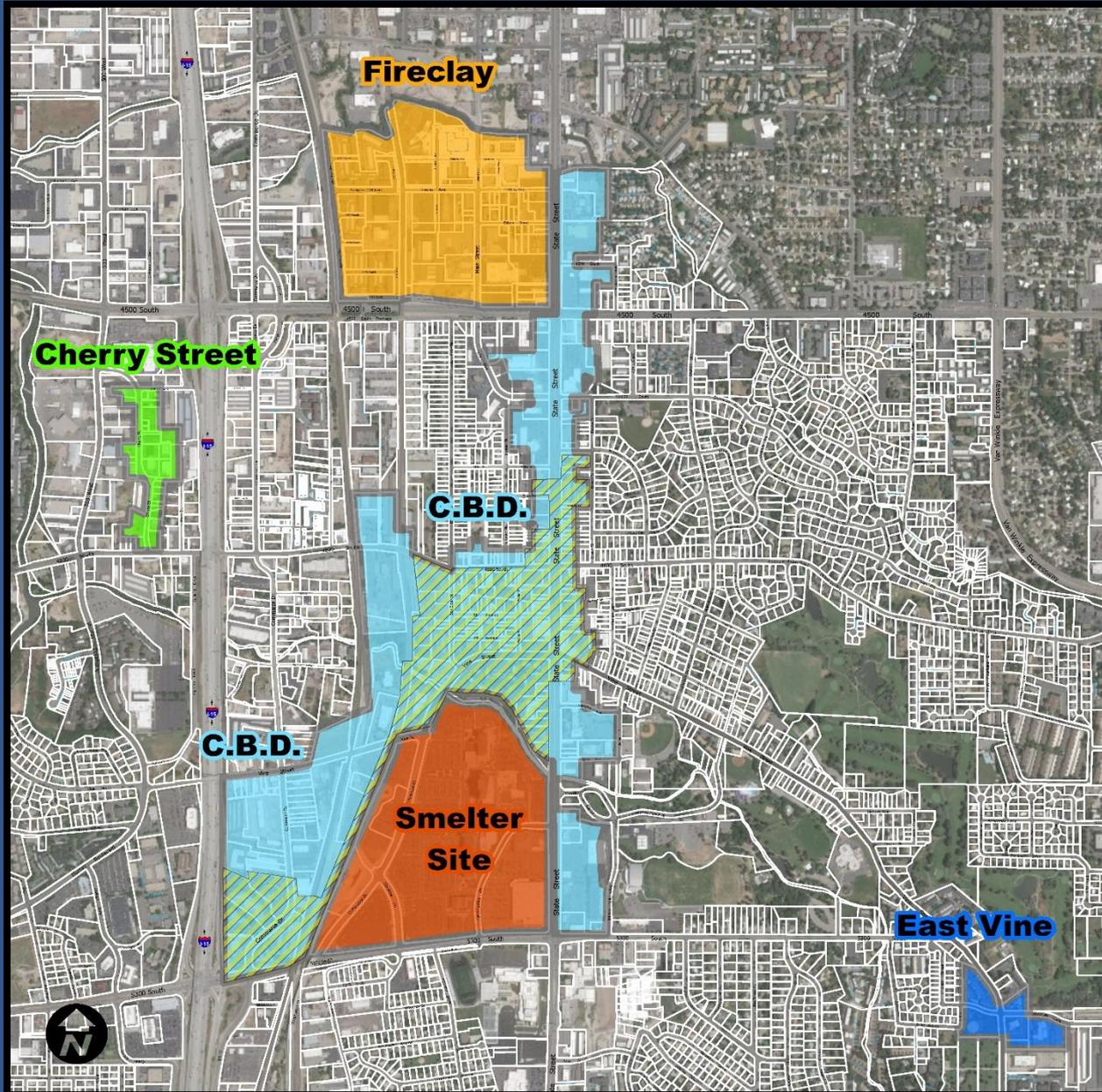
In Murray, all redevelopment areas have an education mitigation amount built into the budget and approved by the Taxing Entity Committee when the areas were created, or at another specified time, with the exception of the Smelter Site redevelopment area. Therefore, the proposal is to pass through 12% of the funds until the area is closed out (after tax year 2023). This would equate to approximately \$100,000 in educational mitigation funds each year.

The Redevelopment Agency of Murray is requesting this modification and would like to have the Taxing Entity Committee vote on this sometime in April. Please contact Tim Tingey at ttingey@murray.utah.gov if you have questions about the proposal.

Murray City Urban Renewal Area Proposed Modifications



Existing Redevelopment Areas in Murray



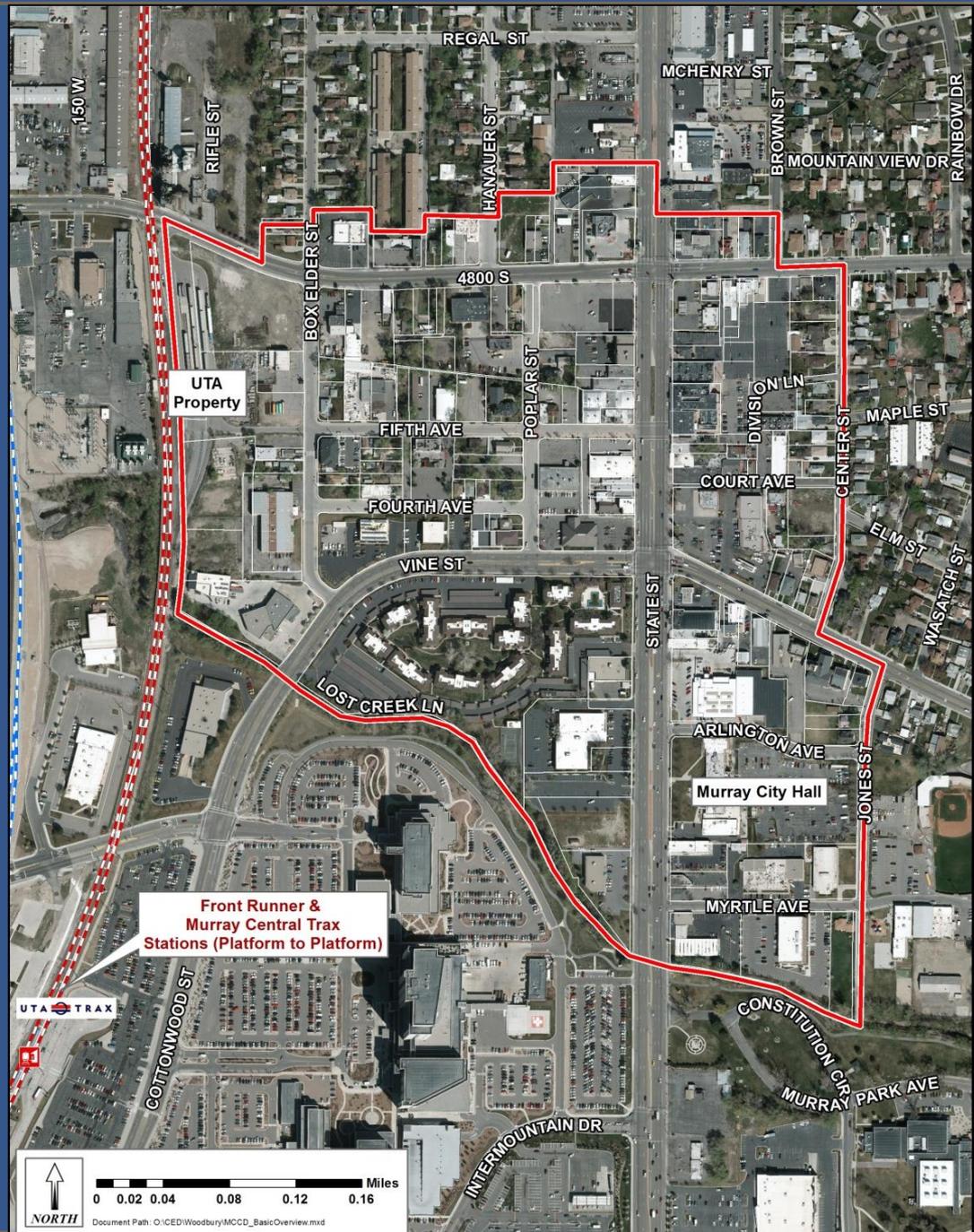
Downtown Murray City Center District (MCCD) Vision



Murray City
Administrative and Development Services Department

Murray City Center District (MCCD)

97.67
Acres





Conceptual artist rendering- potential development along State Street.

The team established key development goals at the

- **Enhance the integrity of Murray City.**

- Maintain the historic fabric.

- ➔ -Create a true "Downtown" or "City Center".

- Create a synergy with the Hospital and Transportation.

- **Create a vibrant neighborhood.**

- ➔ -Create a place to live, work and play.

- Provide a mix of quality housing.

- Provide neighborhood services and entertainment including smaller local food, restaurants and coffee shops and destination oriented entertainment.

- **Provide an attractive architecture and streetscape.**

- Focus on the pedestrian experience.

- Buffer the parking.

- Enhance green corridors and trail connections.

beginning of the planning process:

- **Capitalize on transit opportunities.**

- Promote alternate modes of transportation including rail, bicycle, and walking.

- Provide access and connections including TRAX, FrontRunner, I-15, I-215, State Street, and bicycles.

- **Increase opportunities for growth.**

- Involve over time - apply smart growth strategies.

- Make the City Center self sufficient.

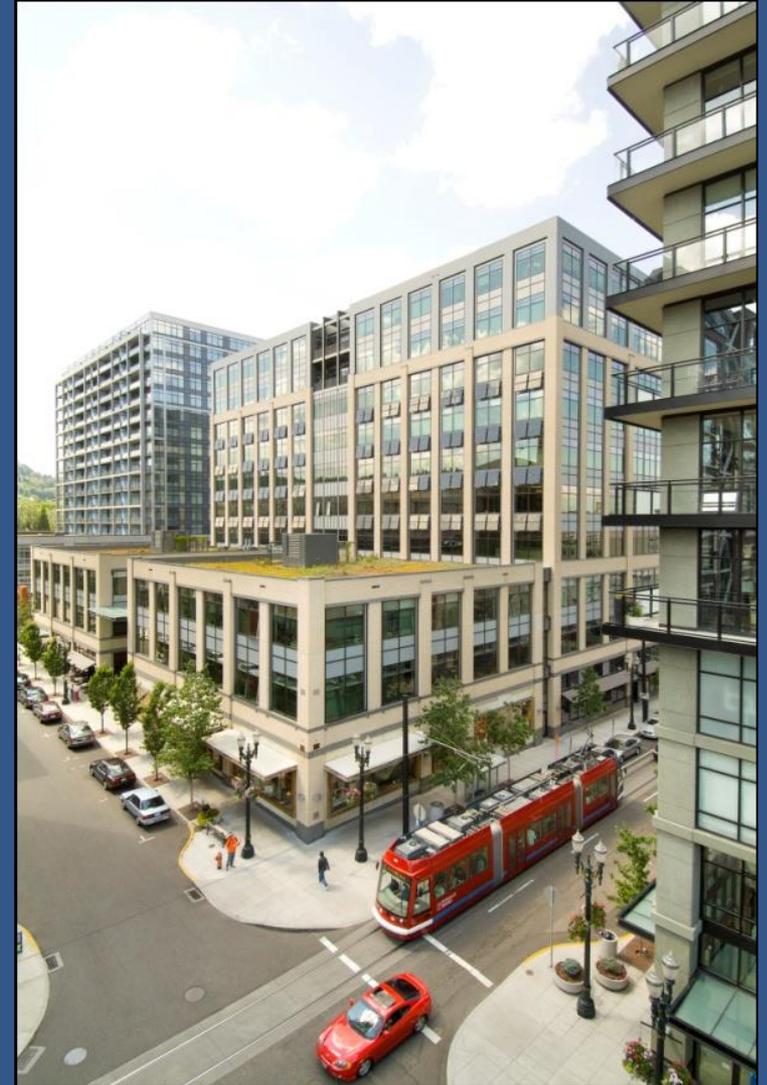
- ➔ -Attract and keep people in Murray.

- Attract a younger demographic.

- **Set a standard for sustainability.**

Vision Elements for Murray City Center District (MCCD)

- Density
- Historic Preservation
- Sustainability / LEED Standards
- Architectural Building Materials
- Transportation
- Streetscape



Historic Park Blocks

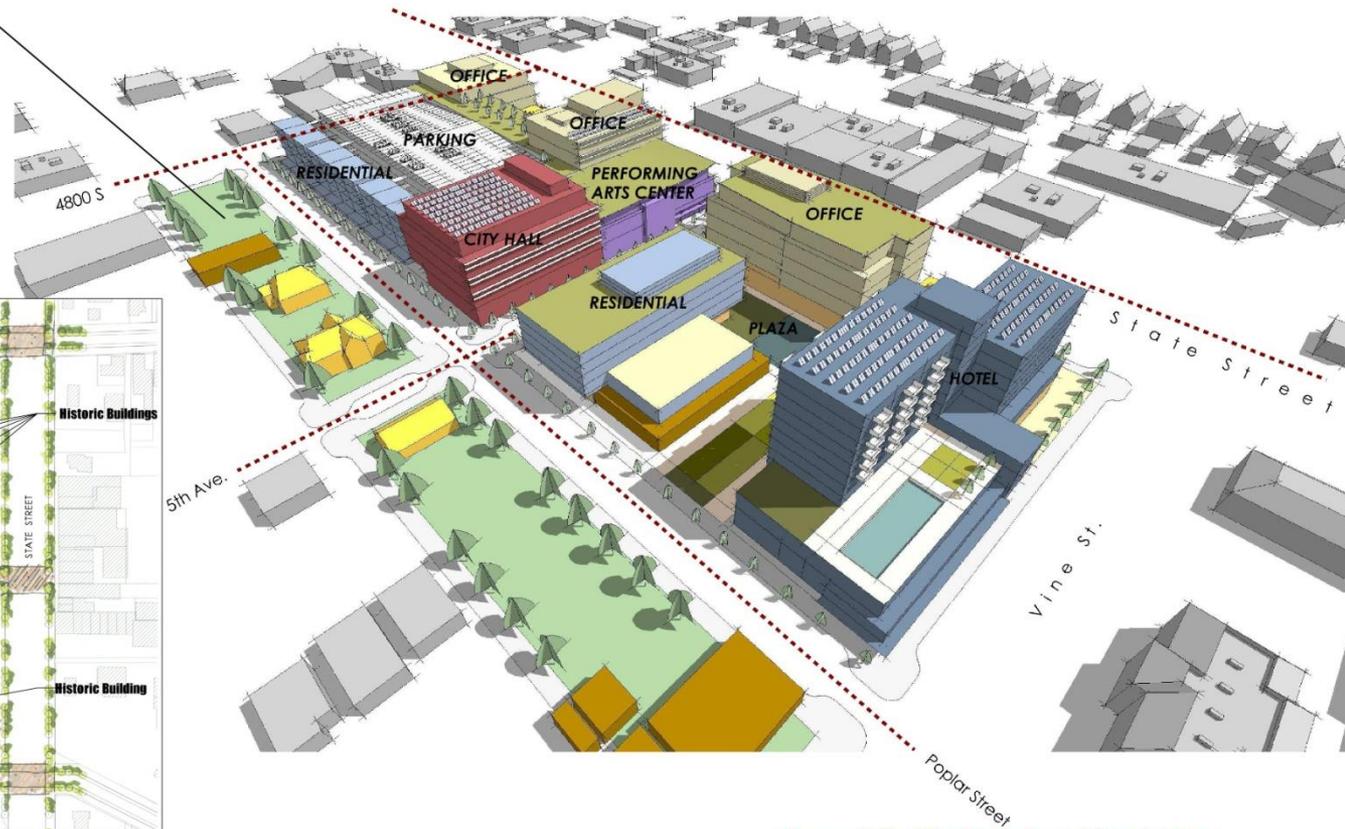
Historic/ Contributing buildings to be saved or relocated

Bank Relocation
Potential location w/ multiple mid-block alleys.

Apartments



Phase 01-Ground Level Plan



Aerial Perspective-Phase 01 -Murray City Center Concept Master Plan



DECEMBER 2008



GBD ARCHITECTS
Gering Eden
DESIGN



MURRAY
ECONOMIC
DEVELOPMENT

Community of Healing



Murray City
Administrative and Development Services Department

Intermountain Medical Center (IMC)

Intermountain Healthcare's flagship facility is located on a 118 acre campus, has over 1.5 million square feet, and offers these unique centers of excellence:

- Cardiovascular Medicine
- Cancer Care
- Women's and Newborn Care
- Outpatient Care
- Level 1 Trauma and Emergency Medicine
- Pulmonary Care

Opened in October of 2007, IMC employs over 4400 Individuals and is licensed for 472 beds.

Approximately 700,000 patients are treated at IMC each year



Other Medical Facilities in Murray City

The Orthopedic Specialty Hospital (TOSH)



University of Utah – Mid Valley Health Center



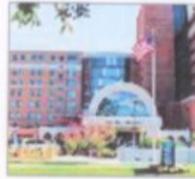
Mayo Clinic – Investment Example

WHAT
WILL BE
BUILT?

INVESTMENT

**Mayo Clinic
Investment -
\$3.5 Billion**

EXAMPLES



Hospital
Expansions



Clinical Facilities



Medical
Innovation

**Public
Investment -
\$585 Million**



Intermodal/
Transportation



Site Preparation



Public
Infrastructure

PROOF OF
GROWTH

**Private
Investment -
\$2.1 Billion**



Research/
Technology



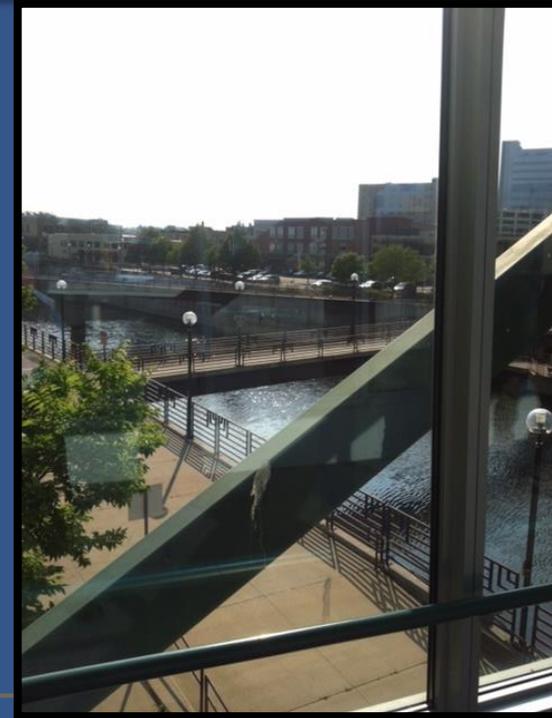
Urban Retail



Hospitality



Mayo Clinic Projects



In January 2015 the City and RDA issued a **Request for Qualifications and Concepts** to partner with a developer for projects within the MCCD and CBD redevelopment area including a new City Hall, a performing arts center and redevelopment of public and private property in the area.

The City selected **J.R. Miller Enterprises, Inc.** and after months of negotiation entered into an **Exclusive Developer Agreement** to facilitate redevelopment of the area. The agreements were approved on November 17, 2015.



Redevelopment Area Proposals



Murray City
Administrative and Development Services Department

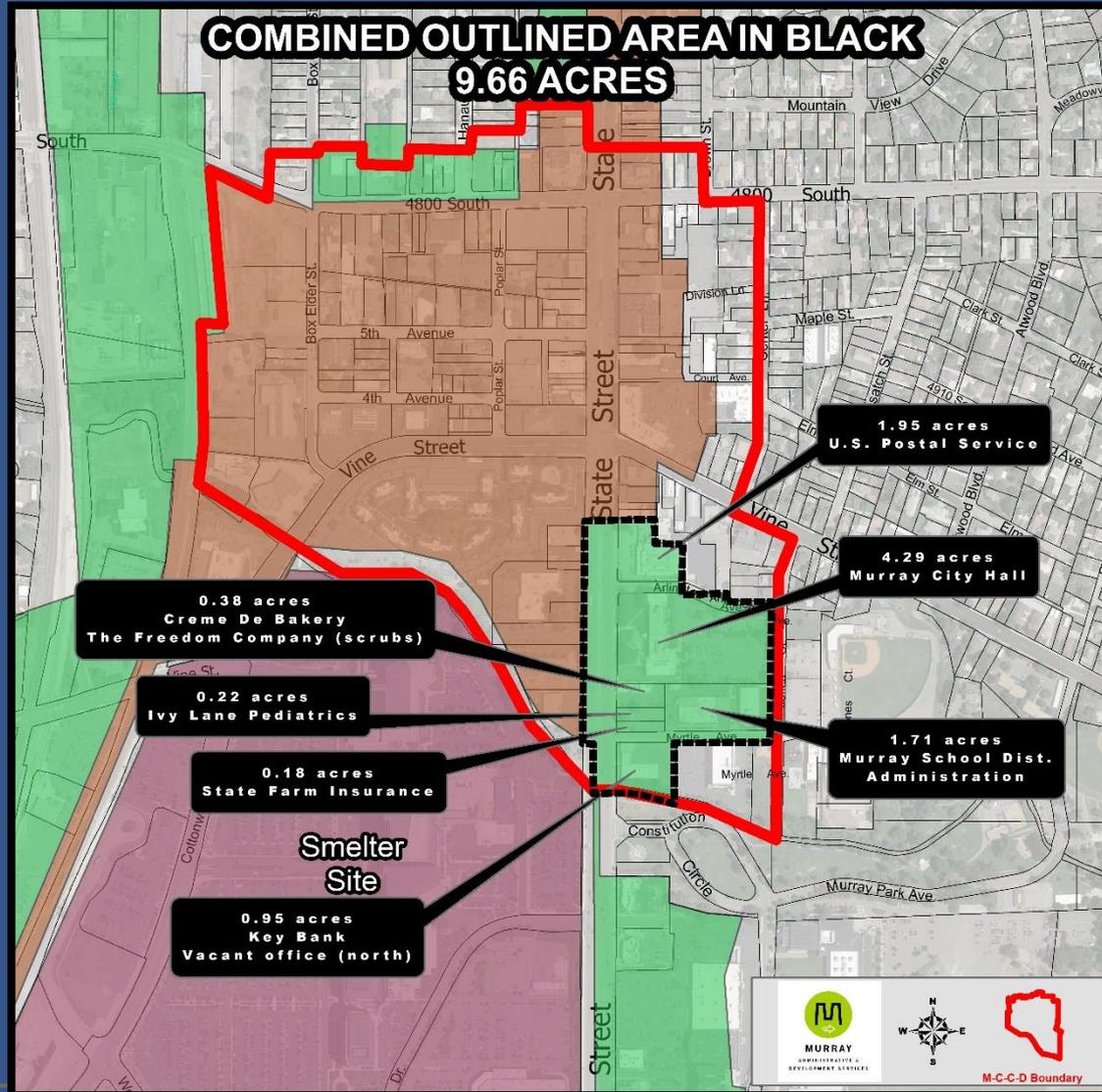
Proposed CBD Modification



- Expand the area and include the current City Hall, Post Office and School District sites along with 1.73 acres of taxable private properties;
- Current base taxable value of this area is \$1,992,000. The base value amount will continue to be distributed to taxing entities;
- Future taxable value buildout is projected to be approximately \$45,000,000 on the east side of State Street **if incentive funds are available for site clean-up and parking amenities;**
- There will be an immediate pass-through of 25% on the increased taxes on the east property to the County and other taxing entities, excluding Murray City and Murray School District (**there is currently a pass through given to Murray School District of \$400,000 per year which will continue**). The remaining 75% will be collected as tax increment financing to facilitate development of the site.

Potential Tax Value Increase

Location	2015 Taxable Base Value	Buildout Taxable Value
East Side	\$1,992,000	\$45,035,000



Reasoning and Need for Expansion

- Developing the current City Hall site as private taxable property will promote future tax growth when the CBD expires;
- Tax exempt properties such as City Hall could be better located in the interior of the blocks to the West that do not have the commercial potential of frontage on State Street;
- Higher density will generate greater property tax revenues per acre but will require public assistance for parking facilities;
- Demolition and building acquisition costs are prohibitive to redevelopment without public assistance and creation of significant density is less likely;
- It is projected that surrounding areas (outside of the project area) will also be redeveloped.



Projects to be Funded on the East Side

- Parking structures (estimated cost for 1,100 stalls is \$16,500,000)
- Demolition (estimated cost \$900,000)
- Murray Theater and other commercial renovation and parking enhancements (estimated cost \$2,000,000)
- Infrastructure enhancements (estimated cost \$2,000,000)
- Trail and walkway connections including potential sky bridge (estimated cost \$6,500,000)



Incremental Tax Revenues 2016-2034

2016 - 2034	If Expansion Does Not Occur and Property Remains with Current Uses	Incremental Revenues to Entities (25%) if Expansion is Approved	Incremental Revenues to Agency if Expansion is Approved
East	\$443,826	\$556,737	\$7,943,182

Annual Tax Revenue Implications (East Side)

Taxing Entity	Tax Rate	2015 Current Revenues (Base Value \$1,992,000)	Project Year 4 Taxing Entity Projections (25% Pass Through)	Year 8 (25% Pass Through)
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Murray School District	.007086	\$14,115	\$0 *	\$0 *
Murray City	.002049	\$4,082	\$0	\$0
Mosquito Abatement	.000019	\$38	\$133	\$204
Central Utah Water	.000405	\$807	\$2,838	\$4,358

* School District gets an annual lump sum payment from the area

Annual Tax Revenue Comparison (East Side)

Taxing Entity	Tax Rate	Current 2015 Tax Revenues	Tax Revenues at Buildout (Yearly Value)*
Salt Lake County	0.002819	\$ 5,615	\$126,954
Murray City School District	0.007086	\$14,115	\$319,118
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South Salt Lake Valley Mosquito Abatement	0.000019	\$ 38	\$ 856
Central Utah Water Conservancy	0.000405	\$ 807	\$ 18,239
TOTAL	0.012378	\$24,657	\$557,444

* Revenue to taxing entities when the area is closed, includes base value

Proposed CBD Modifications Summary

- We are requesting support from the School District for expansion of the area as proposed;
- Current pass through of \$400,000 per year in the CBD. This will continue until the area expires;
- There is a proposed 25% pass through for other taxing entities, excluding Murray City and the School District;
- The funding is critical to facilitate adequate parking for dense development on the site;
- However, to mitigate impacts to School District Budgets, the City has an alternate proposal.

RDA School District Alternate Revenue Proposal

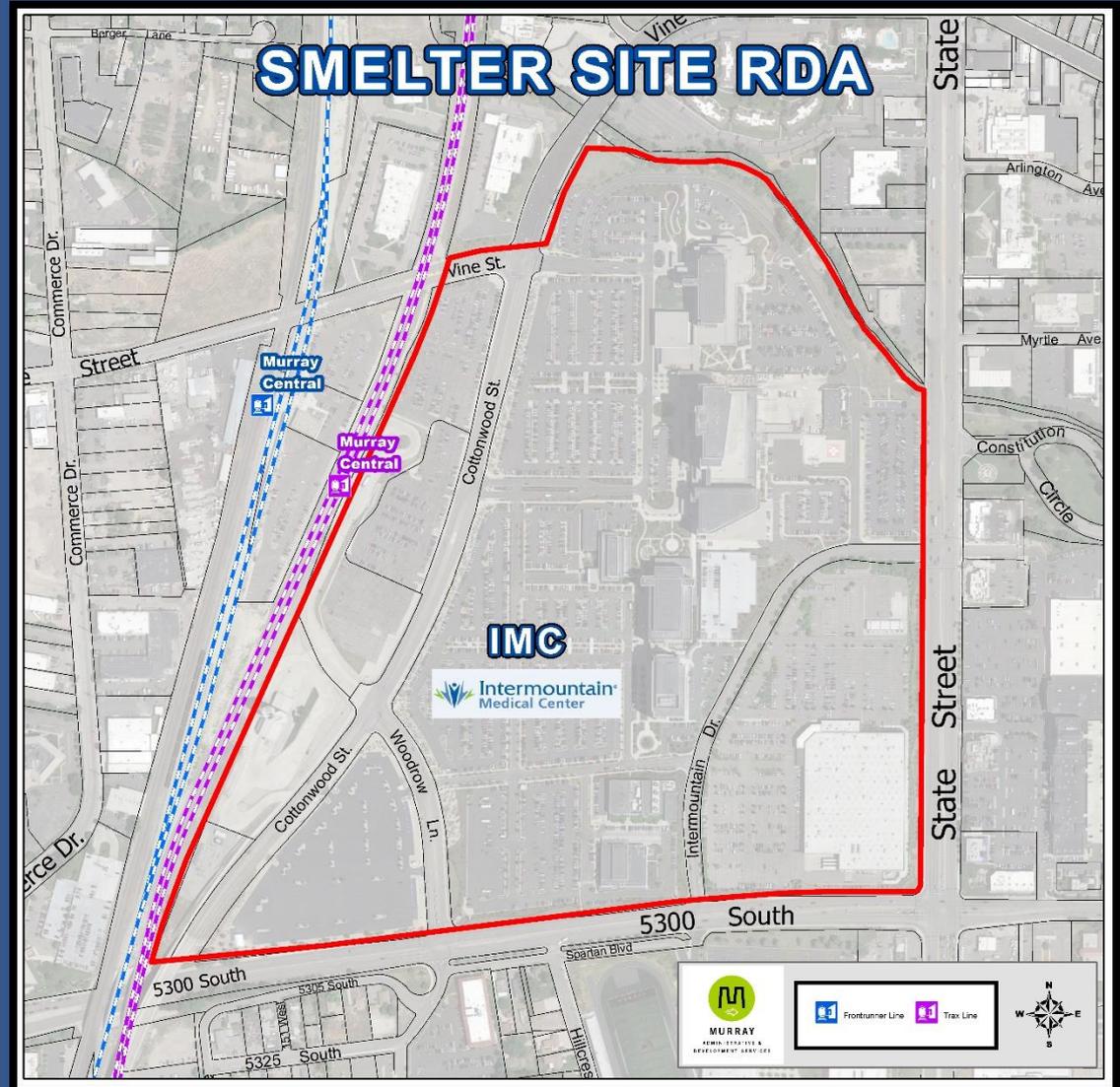
**(Smelter Site Urban Renewal Area
Budget Proposal)**



Murray City
Administrative and Development Services Department

Smelter Site Redevelopment Area Proposed Budget Modification

- Current tax increment value is approximately \$890,000 per year;
- Current funding is being used to pay bonds, 20% housing (NeighborWorks partnership), and reimbursement of infrastructure and environmental clean-up costs;
- Area expires in 2023.



Smelter Site Redevelopment Area Proposed Budget Modification

- Murray School District has expressed budgetary concerns due to the geographic size of the district and past impacts of State mandated equalization issues;
- Approximately 40% of City acreage is in non-taxable or redevelopment areas—impacting School District budgets;
- All Redevelopment areas, except for the Smelter Site, have an education mitigation pass through to the School District;
- Proposed 12% of Smelter Site funds be passed through to Murray School District as education mitigation. This equates to around **\$106,000 per year beginning in fiscal year 2016 until 2023.**

Smelter Site Redevelopment Area Proposed Budget Modification Summary

- This budget modification needs to be approved by the Redevelopment Agency of Murray and the Taxing Entity Committee;
- If approved, the result would be a pass through amount of nearly \$750,000 to the School District for seven years (tax year 2023);
- After tax year 2023, the Smelter Site and Cherry Street redevelopment areas will be closed, resulting in a revenue increase of over \$600,000 per year for the School District (\$559,794 Smelter Site and \$59,980 Cherry Street RDA areas).