

MORGAN CITY

RDA MEETING

04-09-19

(6:00 p.m.)

**NOTICE OF MEETING TO BE HELD IN PUBLIC AND CLOSED SESSION BY THE
MORGAN CITY REDEVELOPMENT AGENCY**

Pursuant to Utah Code, Title 52, Chapter 4, notice is hereby given to members of the Morgan City Redevelopment Agency and to the general public that the Morgan City Redevelopment Agency will hold a meeting in open public session on **Tuesday, April 9, 2019, at 6:00 p.m.** in the Council Room of the City Office located at 90 West Young Street, Morgan, Utah.

AGENDA

1. Meeting called to order.
2. Approval of Morgan City Redevelopment Agency Minutes – February 26, 2019
3. **ITEMS FOR DISCUSSION**
 - A. Doug Wickliffe – RDA Commercial Incentive Application – Commercial Street
4. **OTHER ITEMS FOR DISCUSSION/APPROVAL AS TIME PERMITS**

Agency business follow-up

NOTE: The Board may vote to go into closed session pursuant to Utah Code 52-4-5.

NOTE: The times listed for each item on the agenda may be accelerated if time permits.

5. **A D J O U R N M E N T**

In compliance with the American with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Denise Woods, Agency Secretary, at (801) 829-3461 at least 24 hours before the meeting.

Morgan City invites any person, church or other civic organization to contact the Mayor, to be scheduled for presenting a thought, reading, opening remarks, or invocation in the opening ceremony portion of the public meeting. Written invitations will be made by the Mayor to those who wish to participate.

This meeting may be held electronically to allow a member to participate.

Posted this 3rd day of April, 2019

/s/ Denise Woods, Agency Secretary

**MINUTES OF MORGAN CITY
REDEVELOPMENT AGENCY
MEETING**

February 26, 2019; 8:26 P.M.

**CHAIR AND BOARDMEMBERS
PRESENT:**

Chair Ray W. Little, Tony London, Eric Turner, Jeff Wardell, Mike Kendell, and Jeffery Richins

STAFF PRESENT:

Ty Bailey, City Manager; Gary Crane, City Attorney, Denise Woods

This meeting was held in the Council Conference Room of the Morgan City Offices, 90 West Young Street, Morgan, Utah.

This meeting was called to order by Chair, Ray W. Little.

MINUTES

MOTION: Boardmember Richins moved to approve the minutes of the Morgan City Redevelopment Agency Meeting on February 12, 2019.

SECOND: Boardmember Turner

The vote was unanimous to approve the minutes as written.

ITEMS FOR DISCUSSION/APPROVAL

RESOLUTION R19-06 – MORGAN CITY RDA INCENTIVE 2019

Ty Bailey, Executive Director, explained the Plan left the goals and priorities previously presented in tact but he had drafted a new Incentive Plan. He discussed the updated Plan and the new Application for RDA funds. The application could change but the parameters of the incentives couldn't change. The Board would review each application and list the amount approved.

Boardmember Richins stated the School District was in favor of the renewed RDA.

Boardmember Kendell mentioned the wording in #5 Historic Preservation, which stated up to 30% and none of the other incentives were worded the same way.

Ty said it should be 30% up to \$3,000.

Boardmember Kendell said at the last meeting Gary had said the Board could decide the amount paid but the language in the incentives said the RDA "will" reimburse the applicant the amount listed in the incentives.

Ty explained the Board would evaluate each project and would determine what improvements would be allowed for reimbursement.

Discussion regarding the guidelines for the Board making determination regarding reimbursement amounts for improvements. Suggestion made to change "will" to "may." It was clarified that the incentive was contingent on a capital improvement project being approved by the RDA Board and will only be reimbursed after all of the improvements had been made. The applicant will apply to the Board and it is up to the Board to determine what improvements they were willing to reimburse the applicant for. The eligible amount could be decided by the Board. The amount the Board approved would also be contingent upon the budget available.

MOTION: Boardmember Turner moved to adopt Resolution R19-06 – A resolution repealing Resolution R14-19 which amended the RDA Grant Guidelines and adopting and approving the Morgan City Utah RDA Commercial Incentives Plan dated January 1, 2019 for new applications regarding fund requests from the Morgan City Redevelopment Agency, with one change to the incentive plan number 5 by removing the wording "Pay up to."

SECOND: Boardmember London

Discussion on the Motion: None

ROLL CALL VOTE: Jeffery Richins – aye
Mike Kendell – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to adopt Resolution R19-06 – A resolution repealing Resolution R14-19 which amended the RDA Grant Guidelines and adopting and approving the Morgan City Utah RDA Commercial Incentives Plan dated January 1, 2019 for new applications regarding fund requests from the Morgan City Redevelopment Agency with one change to the printed incentive plan number 5 by removing the wording "Pay up to."

This meeting was adjourned at 8:51 p.m.

Denise Woods, Agency Secretary

These minutes were approved at the April 9, 2019 meeting.

After my first meeting with the committee in December and subsequent meetings with Ty and Mayor Little, I now have a better understanding about what the expectations are for the RDA committee to determine a grant amount. More specifically, the time it will take the city to recoup their investment through the increase in property taxes, the level of experience that I bring to the table, and where the money will be allocated.

Purpose:

*I'm coming before the RDA committee because you have set forth a commitment to revitalize, enhance, and increase tax revenue along Commercial Street. Your goal of increasing property taxes through improving the buildings, directly ties into my goal of improving the buildings. With the combination of my resources and your resources, we will be working together to bring into use over 21,000 square feet of viable commercial space. Opening up this much space will be an enormous boost for Commercial Street and Morgan in general. The opportunity to bring in new businesses and office space will be a boost to all the businesses currently on Commercial Street as well as an increase in property tax revenue. Once the buildings are improved and up and going, property taxes are going to go up.

*Property taxes are currently extremely low. Therefore, there is a large margin for them to be raised.

*** RDA funds are specifically appropriated to enhance the buildings externally and internally. The money, in essence, goes with the building. The city will benefit from the improvements regardless of specific ownership of the buildings or the businesses that occupy them.**

* Project security. I currently have 10 years worth of payments in my business account for 101/103 Commercial St. for viewing, upon request. Buzzy's at 145 Commercial is not encumbered by debt. I own it free and clear.

* The level of my commitment is monetarily substantial for me and my family. Even more important is my obligation to provide for my family. Not coming through on these buildings is not an option.

Justification for funds:

* In speaking with the head of the tax assessor's office, she told me that improving and putting the buildings into use, the taxable value will definitely increase. What the magic formula is for determining what the taxes will be remains illusive to me. However, based on past experiences in real estate, I have compiled what I believe will be as close to that as possible.

* The value of commercial buildings is based on a CAP rate. The CAP rate is simply if you paid cash for that building, what would your return be in a 12 month period after expenses.

Examples using the same building generating different revenues:

(1) If a building generates \$30k profit per year after expenses, the value of that building at a 6% CAP rate is \$500,000.

$$500,000 \times .06 = 30,000$$

(2) If the **same** building produces \$60k net, at a 6% CAP rate, it's worth \$1M.

$$1,000,000 \times .06 = 60,000$$

(3) If it produces \$120k, it's worth \$2M

.... and so on and so forth.

The projections for 101 and 103 Commercial St are as follows:

Rental Income:

Nine offices upstairs, rent out for \$400 per month	\$ 3,600
Main floor has 6 spaces. Three up front and three larger ones in back:	
Front east space, \$550 per month	\$ 550
Front center space \$750 per month (gingerbread house display was)	\$ 750
Front west space, \$700 per month	\$ 700
Large space in back east, \$1550 per month	\$ 1,550
Large center space, \$2000 per month (where the Grinch play was held)	\$ 2,000
Large space west side, \$2000 (Where the Festival trees were on display)	\$ 2,000
Large office area on upper floor in back, \$1200 per month	\$ 1,200
Main level workshop in back, \$500 per month	\$ 500
Basement west side, \$1200 per month	\$ 1,200
Basement middle section, \$500 per month	\$ 500
Basement east side, storage area (1000+/- sq ft.) \$500 per month	\$ 500
Total gross per month:	\$15,050
(This does not include CAM fees to be assessed to lessees averaged at about 10% to cover utilities, trash, maintenance, etc.)	

Expenses:

Mortgage Payment (includes \$282/mo. Taxes)	\$ 2,130
Insurance	\$ 363
minus 15% for vacancies	\$ 2,258
Total monthly expenses:	\$ 4,751

	\$15,050
	<u>-\$ 4,751</u>
Total net per month:	\$10,299
	<u>x 12</u>
Total net per year:	\$123,588

Based on a 6% CAP rate, the value of 101 and 103 Commercial St. is **\$2,059,800** once it's remodeled and rented out.

Farm Bureau Insurance values the building at approximately \$2,283,439.

Currently, the assessed value of the vacant, dilapidated building is \$260,335 with the tax payment being \$3,389.

The tax assessor doesn't necessarily go off what you can sell the property for. (Although they have asked for any appraisals that we may get done on the building.) Based on the other buildings in the area, we believe the new valuation will be close to \$550,000

In our estimation, property taxes will then be at \$7150. **An increase of \$3761 per year.**

Therefore, over a 10 year period, this will generate an additional **\$37,610** (not accounting for inflation and tax increases).

The projection for 145 Commercial St. is as follows:

Income:

Two apartments in back, \$750 each per month	\$ 1,500
Buzzy's side, \$2000 per month	\$ 2,000
Country Cafe side, \$1200 per month	<u>\$ 1,200</u>
Total gross per month:	\$ 4,700

Doesn't include CAM fees that will cover utilities and maintenance, same as the other building.

Expenses:

Insurance	\$ 374
Taxes	\$ 180
minus 15% for vacancies	<u>\$ 705</u>
Total monthly expenses:	\$ 1,259

	\$ 4,700
	<u>-\$ 1,259</u>
Total net per month:	\$ 3,441
	<u>x 12</u>
Total net per year:	\$41,292

Based on a 6% CAP rate, 145 Commercial St. is valued at **\$688,200** once it is all remodeled and rented out.

Farm Bureau Insurance values the building at approximately \$503,000.

This property consists of 4 separate parcels. (ID#'s: 00-0004-5029, 00-0004-5086, 00-0004-5045, 00-0004-5037) The total assessed value of this vacant and dilapidated building is \$176,360 and the total property taxes at \$2121.

We believe the restaurants, plus the two apartments will assess for approximately \$370k with the property tax being approximately \$4810. **Therefore increasing the amount of property tax generated per year \$2689.**

Therefore, over a 10 year period, this will generate an additional **\$26,890** (not accounting for inflation and tax increases).

Total property taxes for both buildings are estimated to be \$11,960, **an increase of approximately \$6,450.**

The increase of property tax over a 10 year period will be a total of approximately \$64,500.

MORGAN CITY UTAH RDA COMMERCIAL INCENTIVE APPLICATION

Name of Applicant: R. Doug Wickliffe _____
Address of Applicant: 826 Vista Dr. _____
South Ogden, UT 84403 _____
Home/Cell Number: 801-603-1381 _____
Email: rdwickli37@gmail.com _____

Address of Property: 101 Commercial Street (Old Grocery Store)

DESCRIPTION OF PROJECT PROPOSAL: Rebuild and restore building for commercial lease space

PROJECT SUMMARY WORKSHEET (Attach Itemized Estimates for Each Incentive)

INCENTIVE	ESTIMATE	QUOTE AMOUNT	%/Cap	ELIGIBLE AMOUNT	APPROVED AMOUNT	NOTES / CONDITIONS
Purchase		\$480,000	10% up to 20K	\$20,000		
Code Improvements	\$47,000		10% up to 10K	\$4,700		
Capital Improvements	\$140,000		8% up to 40K	\$11,200		
Infrastructure		N/A	10% up to 20K	N/A	N/A	
Historic/ Aesthetics	\$2,400		30% up to 3K	\$720		
Totals	\$189,400	\$480,000	Up to 50K	\$36,620		

Signature of Applicant _____

Review Date: _____

Approval Date: _____

PAYMENT SUMMARY (FINAL INVOICES PROVIDED)

INCENTIVE	APPROVED AMOUNT	PAYMENT DATE	PAYMENT – LINE ITEMS	
Purchase				
Code Improvements				
Capital Improvements				
Infrastructure				
Historic/ Aesthetics				
Totals				

101 Commercial Street RDA Incentive Cost Estimates 2019

Incentive #1	101 Commercial St.	Comments
Purchase Price	\$480,000	
Total	\$480,000	

Incentive #2	101 Commercial St.	Comments
Code Improvements		
Electrical	\$20,000	Most of the building needs re-wired to meet code.
ADA Restrooms	\$12,000	6 restrooms @ \$2,000 per each
ADA Entrances	\$1,500	Minor improvements needed
Total	\$47,000	

Incentive #3	101 Commercial St.	Comments
Capital Improvement		
Plumbing	\$7,000	Plumbing improvements including water heaters
Flooring	\$64,000	Building only has subfloor. 18,000 square ft.
HVAC	\$24,000	New furnaces and AC units needed
Interior remodel	\$20,000	Framing, drywall. Replace partition with permanent wall, stairs, office space improvements
Siding/ exterior	\$25,000	Front and entire side of building needs replaced
Total	\$140,000	

Incentive #5	101 Commercial St.	Comments
Historic Preservation		
Signage and Lighting	\$2,400	New signage and exterior lighting to fit the historic district requirements
Total	\$2,400	

MORGAN CITY UTAH RDA COMMERCIAL INCENTIVE APPLICATION

Name of Applicant: R. Doug Wickliffe _____
Address of Applicant: 826 Vista Dr. _____
South Ogden, UT 84403 _____
Home/Cell Number: 801-603-1381 _____
Email: rdwickli37@gmail.com _____

Address of Property: 145 Commercial Street (Buzzy's) _____

DESCRIPTION OF PROJECT PROPOSAL: Rebuild and restore Buzzy's to a functioning restaurant__

PROJECT SUMMARY WORKSHEET (Attach Itemized Estimates for Each Incentive)

INCENTIVE	ESTIMATE	QUOTE AMOUNT	%/Cap	ELIGIBLE AMOUNT	APPROVED AMOUNT	NOTES / CONDITIONS
Purchase		\$215,000	10% up to 20K	\$20,000		
Code Improvements	\$94,000		10% up to 10K	\$9,400		
Capital Improvements	\$158,500		8% up to 40K	\$12,680		
Infrastructure		N/A	10% up to 20K	N/A	N/A	
Historic/ Aesthetics	\$15,600		30% up to 3K	\$3,000		
Totals	268,100	215,000	Up to 50K	\$45,080		

Signature of Applicant _____

Review Date: _____

Approval Date: _____

PAYMENT SUMMARY (FINAL INVOICES PROVIDED)

INCENTIVE	APPROVED AMOUNT	PAYMENT DATE	PAYMENT – LINE ITEMS	
Purchase				
Code Improvements				
Capital Improvements				
Infrastructure				
Historic/ Aesthetics				
Totals				

145 Commercial Street RDA Incentive Cost Estimates 2019

Incentive #1	145 Commercial St.	Comments
Purchase Price	\$215,000	Building has been purchased with no financing.
Total	\$215,000	

Incentive #2	145 Commercial St.	Comments
Code Improvements		
Electrical	\$24,000	Entire building needs re-wired including panel and meter
Plumbing	\$30,000	Entire building needs re-plumbed to bring it to code including a grease interceptor outside
ADA Restrooms	\$25,000	All restrooms need replaced to bring to code
ADA Entrances	\$2,500	Entrances need rebuild to meet access requirements
Fire Suppression	\$12,500	Building is required to have fire suppression system to be used as a restaurant
Total	\$94,000	

Incentive #3	145 Commercial St.	Comments
Capital Improvement		
Roof	\$70,000	Entire rebuild including decking, insulation, and fire rating improvements
Framing/ remodel	\$40,000	Building needs reframed for structural improvements in floor, walls, and ceiling
Flooring	\$24,500	Original flooring cannot be saved, new flooring will be needed throughout
HVAC	\$24,000	New HVAC system is needed for entire building
Total	\$158,500	Does not include 120K for commercial kitchen, and fixtures

Incentive #5	145 Commercial St.	Comments
Historic Preservation		
Façade/ Siding	\$14,000	New siding is needed, will keep to historic requirement.
Signage and Lighting	\$1,600	New signage and exterior lighting to fit the historic district requirements
Total	\$15,600	

