

MORGAN CITY

RDA MEETING

04-23-19

(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 23, 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 – April 9, 2019

3. **ITEMS FOR DISCUSSION**

- A. Hotel Update
4. 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 18th day of April, 2019

/s/ Denise Woods, Agency Secretary

**MINUTES OF MORGAN CITY
REDEVELOPMENT AGENCY
MEETING**

April 9, 2019; 6:02 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

OTHERS PRESENT:

R. Doug and Karen Wickliffe

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 London moved to approve the minutes of the February 26, 2019 meeting of the Morgan City Redevelopment Agency.

SECOND: Boardmember Wardell

The vote was unanimous to approve the minutes as written.

ITEMS FOR DISCUSSION/APPROVAL

DOUG WICKLIFFE – RDA COMMERCIAL INCENTIVE APPLICATION – COMMERCIAL STREET

Mayor referred to the information in the packet submitted by Doug Wickliffe. The Incentive Applications were for two separate buildings on Commercial Street (101 and 145). He reviewed the amounts on the Incentive Applications.

Ty Bailey, Executive Director, stated the incentive amount was almost the same as the estimated payback amount on Doug Wickliffe's analysis regarding the increased property taxes. The project would pay itself back through property taxes over the estimated 10 years. The application had been based on estimated improvements because Mr. Wickliffe had struggled getting good bids. The amounts were broken out by incentives and kitchen costs and fixtures were not calculated in the approved amount. He said the old Buzzy's building had been taken down to the studs and rafters. He mentioned the progress which had been done on the buildings. He stated the current year RDA Budget had \$69,000.00 which had not been obligated and the starting fund balance was \$55,000.00 for a total of \$106,000.00. He stated the property value had increased and the RDA generated more than what was originally budgeted for.

Doug Wickliffe explained some of the difficulties with the electrical wiring. He explained his plans for Buzzy's building.

Boardmember London asked how many buildings would still be unoccupied on Commercial Street after these are done.

Ty said the old bank building was still not occupied, but there were new owners.

Discussion regarding payment of each item. Each item had to be completed and invoices submitted before the owner was reimbursed. Mayor explained that after a building permit for improvements was submitted to the City a copy was sent to the County Assessor's office. The value of the property would be reassessed in December and property taxes would increase because of the new improvements. Property taxes were based on the value of the building.

Gary Crane, Attorney, stated there were three ways to determine value, e.g. income, market, and replacement value.

MOTION: Boardmember Turner moved to approve the RDA Commercial Incentive Application for 101 Commercial Street and 145 Commercial Street submitted by Doug Wickliffe, for the eligible amounts listed on the applications.

SECOND: Boardmember London

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 approve the RDA Commercial Incentive Application for 101 Commercial Street and 145 Commercial Street submitted by Doug Wickliffe, for the eligible amounts listed on the applications.

This meeting was adjourned at 6:30 p.m.

Denise Woods, Agency Secretary

These minutes were approved at the April 23, 2019 meeting.

Incentive to Hotel

\$200,000.00 Reimbursement for Development costs up front

\$643,500 Years 1-5 after occupancy = \$128,700.00 / Yr

\$346,500 Years 6-10 After Occupancy = \$ 69,300.00 /Yr

\$1,190,000 Total from RDA / TRT

\$75.000 Enterprise Zone

\$1,265,000 Total Incentive

RDA Tax Years

2019 tax year is year 1: Payment January 2020

2028 tax year is year 10: Payment January 2029

Hotel Start Construction December 2019

Build through 2020 Complete by December 2020

Tax evaluation will be Dec 31 2020

2021 tax year is the first year taxes are collected: Payment to RDA Dec 2021-Jan. 2022

2030 tax year is the tenth year taxes are collected: Payment to RDA Dec 2030-Jan. 2031

Hotel wants 1st payment to start January 15 2021 which is 1 year before any are collected?

TRT

56 rooms	X 365 days /yr =	20,440 Room Nights / Yr
20440	X 60% Occupancy =	12,264 Occupied Rooms / Yr
12,264	X \$100.00 / Room =	\$1,226,400.00 Total / Yr
\$ 1,226,400.00	X 1% City TRT =	\$12,264.00 TRT To City / Yr
\$ 1,226,400.00	X 4.25% Co TRT =	\$52,122.00 TRT To County / Yr
		\$64,386.00 TRT Total / Yr
\$ 1,226,400.00	X 2%	\$24,528.00
\$ 1,226,400.00	X 3%	\$36,792.00
\$ 1,226,400.00	X 4%	\$49,056.00

Year	Total	1993 Base	2018	2019	increase 2019	2020
Base Year Taxable Value		\$2,086,614	\$2,086,614	\$2,086,614		\$2,086,614
Total Assessed Value		\$2,086,614	\$15,466,315	\$15,466,315		\$18,426,180
Incremental Value		\$0	\$13,379,701	\$13,379,701	\$6,000,000	\$16,339,566
Taxing Entities and Contribution to Agency						
Morgan County	0.002649	100%	60%	60%	25%	100%
Morgan School District	0.008047	100%	60%	60%	25%	100%
Morgan City	0.001724	100%	60%	60%	25%	100%
Weber Basin Water	0.000164	100%	60%	60%	25%	100%
TOTAL	0.012584					
Base Year Tax Revenues						
Morgan County	\$110,549	\$5,527	\$5,527	\$5,527		\$5,527
Morgan School District	\$335,820	\$16,791	\$16,791	\$16,791		\$16,791
Morgan City	\$71,946	\$3,597	\$3,597	\$3,597		\$3,597
Weber Basin Water	\$6,844	\$342	\$342	\$342		\$342
TOTAL	\$525,159	\$26,258	\$26,258	\$26,258		\$26,258
Tax Revenues to Taxing Entities						
Morgan County	\$40,275	\$0	\$14,177	\$14,177	\$11,921	\$0
Morgan School District	\$122,345	\$0	\$43,067	\$43,067	\$36,212	\$0
Morgan City	\$26,211	\$0	\$9,227	\$9,227	\$7,758	\$0
Weber Basin Water	\$2,493	\$0	\$878	\$878	\$738	\$0
TOTAL	\$191,324	\$0	\$67,348	\$67,348	\$56,628	\$0
Tax Revenues to Agency						
Morgan County	\$782,325	\$0	\$21,266	\$21,266	\$3,974	\$43,284
Morgan School District	\$2,376,507	\$0	\$64,600	\$64,600	\$12,071	\$131,484
Morgan City	\$509,146	\$0	\$13,840	\$13,840	\$2,586	\$28,169
Weber Basin Water	\$48,434	\$0	\$1,317	\$1,317	\$246	\$2,680
TOTAL	\$3,716,411	\$0	\$101,022	\$101,022	\$18,876	\$205,617

~~May 19, 2017~~April 9, 2019

Tim Shefchik
VP Development
Brimark Builders, LLC
980 American Drive
Neenah, WI 54946

Re: Morgan City RDA Incentives

Dear Tim:

The City of Morgan RDA, hereafter "RDA", is prepared to offering the following incentives to Cobblestone Development Group, LLC, a Wisconsin Based, Limited Liability Company, or its Assignee; hereafter known as "Developer", as incentives for a proposed Cobblestone Hotel project in Morgan City, Utah located on Commercial Street.

Both Morgan City and ~~Morgan County Community and Economic Development~~Morgan City RDA, including Morgan County and Morgan School District, are interested in moving this project forward. We view this partnership as a long-term investment by the City and the Developer. Under the premise of this partnership and a willingness to see this project move forward, the following incentives are offered to the Developer.

1. Commercial Street is in a designated Enterprise Zone. Created in 1988, the Utah Enterprise Zone Program assists businesses locating to a designated zone, which may then claim state tax credits provided under Utah Code as Amended § 63N.2.2.
2. The Enterprise Zone Tax Credit offers the Developer the opportunity to apply for this Investment Tax Credit.
3. This project meets the following criteria to obtain, "*an annual investment tax credit of 10% of the first \$250,000 in investment, and 5% of the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable property,*" on the proposed hotel project on Commercial Street in Morgan, Utah.
4. It is estimated that the Developer is eligible to apply for state tax credits for its investment in our community. Non-refundable tax credits are available to eligible

businesses in designated enterprise zones from the start of the tax year in which the designation is made. Unused credits may be carried over for three years.

a. Value of State Incentives = \$75,000

The RDA is prepared to offer offering the Developer an incentive package with an amount not to exceed \$1,190,000 USD; and not exceeding a term of ten (10) years. The financial incentives proposed to be offered through participation by the Morgan City RDA shall be exclusively generated for this project from tax increment generated within the RDA area and from no other source unless the RDA expressly indicates another source.

1. The RDA is willing to give the Developer a credit reimbursement of up to \$200,000 ~~in impact fees and other for development costs and~~ required expenses in incurred in the first year.
2. The breakdown of these fees are is as follows and are is based on projections and estimates only.
3. Any other costs over the the amounts indicated below, with a maximum amount of offered amount, \$200,000, will be the responsibility of the Developer.

Fee	Cost	Subtotal
Building Permit Fees	\$ 39,000	\$ 39,000.00
Impact Fees	\$100,500	\$ 139,500.00
Hookup Fees	\$ 32,000	\$ 171,500.00
Electrical Line	\$ 62,000	\$ 233,500.00
Total City Incentives	\$200,000	-\$200,000.00)
Estimated Amount after Impact Incentives Deducted		\$ 33,500.00

The RDA will propose to pay the balance of the incentives to the Developer in the amount of \$990,000 over a term of ten (10) years, starting after the hotel project is completed, and after the first year that the ~~TIF is received~~ project generates and pays property taxes. The payments shall be made solely from Tax Increment generated by the Redevelopment area unless another source is expressly identified by the Redevelopment Agency.

1. Under agreed upon terms and conditions, the The RDA is prepared to willing to offer a grant and/or rebate for the project under for the following term based on the taxes received by the RDA, based on the completion of the project, not to exceed 10 years. It is proposed that the Developer receive a total grant and/or rebate of for \$643,500, in equal payments each year for years 1-5; \$346,500 in equal yearly payments for-years 6-10. This is based on

the Tax Increment generated from property taxes ~~generated and paid~~ each year to the RDA for the Redevelopment Area that come into the overall RDA up to these maximum amounts ~~within~~ over the ten (10) year period commencing after the first year that the hotel opens.

2. This incentive is based upon the Developer's decision to build, and complete and operate a Cobblestone Hotel on Commercial Street in Morgan, Utah; between the Morgan City RDA as well as completing participation agreements with the other local government entities for their participation in the RDA. The above amounts may vary depending on the taxes actually collected and the Tax Increment actually received.
3. The total estimated incentives proposed from the RDA to the Developer will be: between the RDA and the Developer.

- a. RDA Incentive = \$ 990,000
- b. State Incentives = \$ 75,000
- c. ~~Impact Fee Waiver~~ Development Cost Reimbursement = \$ 200,000

i. Total Incentives = \$ 1,265,000

Incentives are offered from the RDA to the Developer upon review and subject to the terms and conditions relating to the incentives given. The incentive will be put before the RDA Board for final approval at a future date. The incentives proposed will also be is is also be subject to the successful execution of a participation agreement between the RDA and the Developer. The RDA will also need to successfully amend the Participation Agreements between the RDA, Morgan County and the Morgan School District. These incentives shall also be predicated upon the RDA and the Developer establishing a reasonable period for entering into a Participation Agreement and performance of the terms of that agreement.

Sincerely,

RAY W. LITTLE
Mayor
Morgan City

