

**MINUTES OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY
SPECIAL MEETING**

TUESDAY, DECEMBER 3, 2019

The Board of Directors of the Redevelopment Agency (RDA) of Salt Lake City, Utah, met in Special Session on Tuesday, December 3, 2019 in Room 326, Committee Room, City County Building, 451 South State.

In Attendance: Directors Amy Fowler, Chris Wharton, Analia Valdemoros, James Rogers, and Andrew Johnston.

Absent: Directors Mendenhall and Luke participated electronically.

Staff in Attendance: Cindy Gust-Jenson, Council Executive Director; Jennifer Bruno, Council Executive Deputy Director; David Litvack, Mayor's Deputy Chief of Staff; Rusty Vetter, Deputy City Attorney; Danny Walz, RDA Chief Operating Officer; Jill Wilkerson-Smith, RDA Deputy Chief Operating Officer; Katherine Lewis, Senior City Attorney; Kort Utley, RDA Senior Project Manager; Tammy Hunsaker, RDA Project Manager; Susan Lundmark, RDA Project Manager; Tracy Tran, RDA Project Manager; Corinne Piazza, RDA Project Manager; Lehua Weaver, Council Associate Deputy Director; Benjamin Luedtke, Council Public Policy Analyst; Allison Rowland, Council Public Policy Analyst; and Cindi Mansell, City Recorder.

Director Fowler presided at and conducted the meeting.

The meeting was called to order at 2:10 p.m.

A. 2:11:27 PM GENERAL COMMENTS TO THE BOARD

Matt Mateus said he was a long-time (20 year) resident of the Central 9th community and Deputy Director of Spy Hop currently under construction. He addressed neighborhood safety and traffic concerns and asked the Board to approve the 900 south streetscape improvements. He discussed the Special Assessment Area (SAA) concept and said it would be burdensome to property and business owners.

Zachary Moses said he recently became aware of the Utah Theater being torn down. He suggested construction of housing above the Theater, similar to what had been done in California. He said he moved his travel company back to Utah and was always looking to advance tourism. He said to tear this down would be a travesty and the building should be on the State or National Historic Register.

Robert Stefanik discussed restoration ideas and said the Utah Theater was the last 70 mm production house in Utah. He said the previous year Sundance was looking for this type of facility and if the theater was restored, there would be Sundance as well as tourism funds coming in. He said this beautiful building could never be replaced and should not be torn down.

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Michael Valentine said the "Save the Utah Theater" group had been working with architects and developers, but the RDA would not let them into the building because the contract had already been signed. He said they had pictures of other restored theaters and some in much worse condition. He provided a [letter from the Utah Division of State History](#) regarding Historic Tax Credits and the Utah Theater. He said they could apply and receive \$10-\$12 million in tax credits and these could be used like an asset to see this theater restored.

Gregory Smith McDonough said he was speaking on behalf of his grandfather and family in film service. He said he liked to visit structures that were historically significant and there should be wisdom instead of expediency when it came to history. He discussed change in generations relative to the need to understand the loss of vaudeville and other arts. He urged the Board not to throw away the history of Salt Lake City as well as information for its future children and grandchildren.

Casey O'Brien McDonough said there were things he might not know about the Utah Theater process, but the public just wanted to be informed. He expressed concern regarding the sale of this property for the 2010 appraisal and said it should be worth more today (\$10-\$12 million). He discussed the artwork value and Tiffany glassworks within the building which could be worth hundreds if not millions; he said when comparing tax records with similar constraints, he found a much higher per square foot property value. He said he had serious issues with the valuation and assumptions being made and felt this corporate giveaway was not private and should involve the public.

Karel McDonough said preserving historic places allowed children and grandchildren to experience the emotion of a previous time.

Mr. Johnson discussed the RDA website and referenced its policies, mission, general redevelopment goals, facilitation of public gathering places, and encouraging historical preservation, etc. He said this was a backdoor deal based on an illegal policy wherein the City agreed to sell the theater without following Utah State law for property disposal which required public notice and appeal opportunity. He asked the Board to listen to constituents and preserve something important.

Pete Ashdown said the entirety of the Biskupski Administration had been locked in negotiations with LaSalle and Hines. He said informing the public was not the same as involving the public and implored the Board not to just give the property to someone who would destroy it or rely on City or Board financing to restore it. He said the decision appeared to come down to whether four years of exclusive negotiations

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should be rewarded by giving a downtown property away worth millions to an entity which was also worth millions. He said there was need to set the price at public rate and demand market amenities.

Jeff Thompson said it was not fair to taxpayers to just give this property away and it should at least be sold at fair market value. He said he was sympathetic to the fate of the theater, and perhaps too much power had been vested in the Mayor and Council with decisions concerning historic buildings.

Kimber Pino said as an interior designer, preserving/taking care of buildings and growth was critical. She said growth should not be at the expense of buildings that show history and the Utah Theater had history, design motif, and details that current interior designers would not know how to replicate.

Myron McDonald said he had been an employee in downtown Salt Lake City for 15 years. He said he had many opportunities to work in other areas for more money, but the character and uniqueness kept him downtown. He said he talked with developers that specialized in historic buildings whom were blown away that this building was being destroyed. He referenced the "petition to save Utah Theater" and its 4,200 and growing number of signatures. He referenced a 1963 quote and said the City would one day be judged not by the monuments built, but by those destroyed.

Matt Osmond said he was a history lover but progress and the building that was proposed to replace the theater, was beautiful. He said the current condition of the Theater was the fault of everyone; there was now opportunity to save it and he could not sit by and be quiet until everything that could be done was done. He said the new development could be built, just not in this location.

Joel LaSalle said his dad was an actor in Hollywood, he was taught theater as a child, and shared the theater passion. He said he was asked by Salt Lake City to get involved in this project. He said he was passionate about this theater but had gotten involved and educated and understood it could not be saved. He said saving the theater needed to happen four decades ago, and this was a meeting to discuss whether to provide the developer money to make the park better than what they could have made it. He said they could provide low-income housing and a landmark to replace this beautiful theater. He said he once wanted to believe the theater could be saved but reality was the City was unable to find anyone to do the rehabilitation even if funding was to be found. He said the developers really were trying to do something for the City.

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Stephanie Smith submitted a written comment card but did not wish to speak. Her comments included the need to save the historic theater. She said her grandfather worked in the film industry and today film was heavily recognized in Utah via the Sundance Film Festival and its brilliant performing arts community. She said saving the Utah Theater would only enliven this substantial income and interest, and there were many ways Salt Lake City could bring in revenue via a restored Utah Theater to inspire generations to come with its beautiful architecture.

B. PUBLIC HEARINGS

None.

C. REDEVELOPMENT AGENCY BUSINESS

#1. 2:43:24 PM Resolution: Utah Theater Redevelopment and Sale Pricing Terms Follow-up. *The Board will receive a follow-up briefing about the potential redevelopment of the Utah Theater and adjacent retail property, located at 144-158 South Main Street, and will consider adopting a resolution approving the sale pricing terms of the property.*
[View Attachments](#)

Katherine Lewis, Benjamin Luedtke, Danny Walz, and Tammy Hunsaker briefed the Board with attachments. Mr. Luedtke said the purpose today was to consider a land write-down in exchange for three required public benefits, totaling \$5.7 to \$6.9 million. He said an appraisal in June identified the property at \$4,070,000 and the developers were contributing \$1.6 to \$2.9 million in public benefits beyond the \$4,000,000 land write-down that was before the Board for discussion and approval.

Inquiry was raised regarding parameters of the Redevelopment Agency versus Administration associated with this proposal. Mr. Walz said under the RDA Land Disposition Policy as well as the context of separation of powers, the Mayor (as Executive Director) had the authority to negotiate for disposition of this property and to stipulate the terms for that disposition. He said the Disposition Policy provided that if the Agency were to consider a request for a write-down of the property that exceeded 10% of the fair market value, that request would need to come before the Board of Directors and would be a legislative function. He said within parameters of that approval, the Board had the ability to add contingencies or parameters associated with that write-down. He said Staff had negotiated the required benefits as well as an associated value. He said those had been agreed to and laid out and the Board had the ability to approve or deny the value of those public benefit items.

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Director Wharton inquired if the Board voted not to approve the write-down, would the sale of the property go through. Mr. Walz said the agreement was structured so that the sale could still proceed, Heinz would have the ability to purchase the property at fair-market value, and then forward a request for land write down in consideration of public elements the City would require for the property. He said those three requirements would be recorded with the property.

Director Wharton inquired if the City sold the property at fair market value, whether the Theater was an asset or a liability (suggest \$5 to \$6 million). Discussion followed comparing the recent purchase of the Overnighter (\$4 million) as well as additional expense for misplaced tenants and maintenance to lock and secure the facility. Ms. Hunsaker said on a typical affordable housing project, the City contributions per affordable housing unit had ranged from \$5,000 to \$90,000 (widely varying based upon the subsidies included in the project). She said the RDA would come in last to provide gap financing. Director Wharton inquired if a similar Overnighter project could be replicated for \$6,000,000. Mr. Walz said the Board was into the Overnighter approximately \$10,000,000, and to do that project downtown would be significantly higher (1.5 times the cost).

Mr. Walz discussed the value of the mid-block walkway concept and said it would open access to large City blocks. He said the Master Plan identified areas where those were desired to provide pedestrian access to the blocks. He said this block was not called out as one of those areas but was something the City prioritized and incorporated into as many developments as possible, and the Agency had historically helped to fund that in effort to activate pedestrian access and walkability. He offered comparison to Regent Street and said the goal was to find a connection all the way through the block to allow access to all property and existing easements.

Further discussion followed regarding the value of a mid-block walkway as well as parkway, options for downtown park for land acquisition, and \$9 million in land value. Mr. Walz said Staff would need almost \$10 million in acquisition funds to construct a two-acre park in the downtown area. Mr. Luedtke said the general cost estimate was \$1.3 million per acre to develop a park on top of the purchase price. Ms. Hunsaker said the mid-block cost value also included above-grade improvements on top of the land value. She said the affordable housing write-down was more for Utah Theater because the project would not attract other traditional affordable housing subsidies that were seen in other projects.

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Chair Fowler announced that Director Luke and Director Mendenhall had joined the meeting electronically.

Director Wharton inquired about seismic cost estimates to make the current Utah Theater safe (pertinent to the public's frustration due to lack of transparency). Mr. Walz discussed the various seismic estimates between \$15-\$20 million (differences due to square footage). He said those ranges were not necessarily stipulated to be the final numbers and both the construction and seismic costs would vary depending on the final project.

Director Rogers said with improvements, what would the property tax estimate include for Salt Lake City. Mr. Walz said if there were an \$80 million assessed value of the Utah Theater property, that could include a tax increment generation of \$600,000 per year. He said if the Theater were restored and put in a non-profit use, there would be zero property tax value. He said those calculations were included in the pro-forma options for financing. He said calculations included a \$40 million bond that would require annual payments up to \$2.5 million to support that bond. Mr. Luedtke clarified that would also consume the entire Central Business District project area tax generated until expiration in 2040.

Mr. Walz said if Heinz were to complete the development, an estimated \$100,000,000 development would generate \$850,000 in annual tax increment.

Director Johnston inquired about the assessed value, with Mr. Walz stating the appraisal was done in June 2019. He said the appraised value was done for the land value of the property and was extremely difficult to provide value for the structure, and it was determined the land value was \$105 per square foot (which equated to \$4,070,000). He said that was the same value attributed to the State Street property for that sale and lends credence to the established value. Director Johnston discussed the unique location and difficulty to make valuations with the building; however, he said the appraisal seemed low and the offset did not seem quite right. Mr. Walz said the project was proposed as part of the land write-down in exchange for the public benefits. Ms. Hunsaker said the RDA would have access to the final design of the project and a committee would be established to review and ultimately approve the design (including the uses).

Director Valdemoros discussed the park being optional versus required. Mr. Walz said it was not included as required because Heinz had indicated they were going to build open space as part of the project as an amenity for both their users and residences. He said the reason it was included in the agreement as optional was that it provided the

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opportunity to have the conversation with Heinz to determine the desire to build that park at a higher-level, and ability to discuss a potential partnership or design.

Ms. Lewis addressed parameters surrounding the RDA Real Property Disposition Policy. She addressed disposition of real property in State Law and said Utah Code 10-8-2 contained the requirement that every municipality identify significant parcels of real property and adopt an ordinance for disposition of those parcels (City Code 2.58 and 2.90 had done so for disposition of City-owned property). She said the RDA was a separate legal entity that was specifically excluded from 10-8-2, yet their policy somewhat mirrored City Code 2.58. She said it identified significant parcels as well as the write-down process currently being undertaken. She provided further distinction between the City and RDA processes.

Director Wharton read a statement thanking everyone for their concern and involvement. He said he felt a personal connection to the Utah Theater and the vote today was not whether to save the theater, as that decision had been made by the Mayor with the advice of her Administration and prior Administration. He asked RDA Staff to review the Real Property Disposition Policy to include input and notification for adjacent property owners and the public thru request-for-proposal or some other type of competitive process. Director Fowler said the Board would be looking to have that policy discussion on a future agenda due to frustration associated with this process.

Director Valdemoros also made a statement about why she would be voting no on this proposal.

Director Rogers moved and Director Luke seconded to **adopt Resolution R-23-2019 authorizing a full purchase price write-down of real property located at 144-158 South Main, subject to the additional contingencies: (1) Confirmation that the developer intends to build green open space in addition to a midblock walkway as part of the proposed project, and prior to closing, the developer will provide to the Board detailed plans for the open space, and proposed costs to (a) construct the open space, (b) ensure the open space was publicly accessible, and (c) maintain the open space. Prior to closing, the Board may consider providing incentives to the developer, or through the City Council, related to the open space; (2) 160 Main, LLC be included in the resolution as the additional developer of the project; and (3) Prior to demolishing the Utah Theater, the RDA ensures historic elements of the theater are sufficiently documented through measured drawings, film, photographs, and/or written data to provide a detailed record to the Board and public of the**

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property's significance, which motion carried, all directors voted aye, except Directors Johnston and Valdemoros, who voted nay.

#2. 3:25:57 PM 900 South Streetscape Improvements and Electrical Undergrounding Follow-up. *The Board will receive a follow-up briefing about potential tools to fund ongoing maintenance expenses for proposed streetscape improvements and electrical undergrounding on 900 South Street, and will consider a motion to release contingencies on the construction funding. [View Attachments](#)*

Benjamin Luedtke, Danny Walz, and Kort Utley briefed the Board with attachments. Mr. Luedtke provided background on the project, which included two components: streetscape improvements and electrical undergrounding (totaling \$7.5 million/Board had fully appropriated funds). He said the question was how to handle the annual maintenance of the improvements, which were estimated at \$44,307 and included landscaping as well as hardscape maintenance, water, and a small contingency. He said previous designs were significantly higher in their amount (over \$200,000), and discussions had included Special Assessment Area (SAA) where property owners (required 61% or more support) would fund a portion of all maintenance costs. He said Staff estimated \$20.69 per linear foot with the average property costing \$2,814 per year to fully cover the annual maintenance. He said it was not clear if an SAA process would be successful. Mr. Luedtke reviewed four options for scope reductions.

Director Fowler said there had already been scope reduction from what the Board originally reviewed, and the current iteration would not include snow or trash removal. She said she felt the Board learned a great deal from this process, including the need to have the maintenance discussion before increasing community expectation.

Director Johnston expressed concern this group did not get a choice and the Board was possibly establishing precedence. He inquired if this same process would be done for other project areas and whether the scope was consistent. He also expressed concern relative to non-profits and the desire to retain those in the downtown area. Mr. Walz said that would be up to Board direction and would depend on whether a project was community or RDA driven. He said Staff understood the need to update the budget policy and not consider similar projects until there had been conversations with the Board on maintenance costs.

Ms. Gust-Jenson said there had been differing views on this concept; and at some point, Staff would need to return with a draft outline of where they thought the Board had landed so that in the future, Staff and the public could know early on. Director Fowler said every project area

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was different and had different needs/abilities. She said an SAA or General Fund could be the answer in other areas; each was unique and having a maintenance menu to review and consider would be helpful.

Inquiry was raised regarding a trigger to bring increased maintenance costs forward as well as thresholds. Mr. Walz said a project area would have to bring that forward. Mr. Luedtke said Staff would also have the responsibility to carry forward and remember.

Director Valdemoros moved and Director Johnston seconded to **adopt a motion to accept the plan for the General Fund to provide basic maintenance to the improvements as currently designed, and release the contingency on construction funding for the Central 9th Streetscape improvements; it was the understanding of the Board that future potential improvements, particularly those involving increased ongoing maintenance costs, will only be considered if adjacent and/or nearby property owners agree to participate in the financing of those improvements and maintenance**, which motion carried, all directors voted aye.

#3. Report and Announcements from the Executive Director. *Report of the Executive Director, including a review of information items, announcements, and scheduling items. The Board of Directors may give feedback or policy input.*

No discussion held.

#4. Report and Announcements from RDA Staff. *The Board may review Board information and announcements. The Board may give feedback on any item related to City business, including but not limited to Scheduling Items.*

#5. Report of the Chair and Vice Chair.

No discussion held.

D. WRITTEN BRIEFINGS

None.

E. CONSENT

None.

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F. (TENTATIVE) CLOSED SESSION. The Board will consider a motion to enter into Closed Session, in keeping with Utah Code §52-4-205 for any allowed purpose.

Item not held.

The meeting adjourned at 3:41 p.m.

Redevelopment Agency Chair

Secretary

This document is not intended to serve as a full transcript as additional discussion may have been held; please refer to the audio or video for entire content pursuant to Utah Code §52-4-203(2) (b).

This document along with the digital recording constitute the official minutes of the Salt Lake City Redevelopment Agency meeting held December 3, 2019.

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