

CITY COUNCIL AGENDA

For Council Meeting:
January 21, 2020

S U B J E C T: Resolution Approving an Interlocal Cooperation Agreement with RDA regarding Tax Increment within the Station Park RDA Project Area

ACTION TO BE CONSIDERED:

Approve the Resolution approving an Interlocal Cooperation Agreement with the Redevelopment Agency allowing the City's portion of tax increment within the Station Park Redevelopment Project Area to continue to flow to the Redevelopment Agency until the originally established sunset date of the project are in year 2032.

GENERAL INFORMATION:

See enclosed staff report prepared by Brigham Mellor, Economic Development Director.

NOTE: Appointments must be scheduled 14 days prior to Council Meetings; discussion items should be submitted 7 days prior to Council meeting.



FARMINGTON CITY

H. JAMES TALBOT
MAYOR

BRETT ANDERSON
SHAWN BEUS
SCOTT ISAACSON
AMY SHUMWAY
REBECCA WAYMENT
CITY COUNCIL

SHANE PACE
CITY MANAGER

City Council Staff Report

To: Honorable Mayor and City Council

From: Brigham Mellor, Economic Development Director

Date: January 21, 2020

SUBJECT: Interlocal cooperation agreement with RDA regarding Tax Increment within the Station Park RDA project area

RECOMMENDATION:

Approve the accompanying resolutions approving the Interlocal cooperative agreement allowing the City's portion of tax increment in the Station Park RDA to continue to flow to the Redevelopment Agency until the originally established sunset date of the project area in year 2032.

BACKGROUND:

The City approved an RDA project area in 2005 that collected tax increment created after 2011 - that tax resource was leveraged to invest in public infrastructure for Station Park – including the UTA train station improvements, efficient underground storm drain detention system, esthetic architectural upgrades and other elements that make Station Park what it is today. Under this agreement the tax increment would continue to fund economic development as a percentage match for additional outside infrastructure funding sources namely grants and appropriations from other government entities. By approving this interlocal agreement we are positioning these funds to attract additional funds we would not have access to otherwise. This also allows the city and residents to maximize the property tax benefit from Station Park being in our community and address future infrastructure demands that will arise as a result.

Respectfully Submitted

Brigham Mellor
Economic Development Director

Concur

Shane Pace
City Manager

Resolution No. _____

**A RESOLUTION OF THE FARMINGTON CITY COUNCIL APPROVING
AN INTERLOCAL COOPERATION AGREEMENT WITH THE
REDEVELOPMENT AGENCY OF FARMINGTON CITY, REGARDING
TAX INCREMENT WITHIN THE STATION PARK REDEVELOPMENT
PROJECT AREA.**

WHEREAS the Redevelopment Agency of Farmington City (the “Agency”) has been created by the Farmington City Council to transact the business and exercise all of the powers provided for by Title 17C of the Utah Code Annotated, known as the “Limited Purpose Local Government Entities — Community Reinvestment Agency Act” (the “RDA Act”);

WHEREAS under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “Interlocal Act”), public agencies, such as the City and the Agency, are authorized to enter agreements for joint and cooperative actions, including the sharing of tax and other revenues;

WHEREAS, the City desires to enter into an Interlocal Cooperation Agreement (the “Agreement”), substantially in the form attached hereto as **Exhibit A**, with the Agency, which Agreement generally provides for the City to extend the Agency’s collection of certain tax increment revenues to be generated within the Station Park Redevelopment Project Area, pursuant to the RDA Act;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF FARMINGTON CITY:

1. The Agreement in substantially the form attached hereto and incorporated herein as **Exhibit A** is approved, and the Mayor is authorized and directed to execute the Agreement for and on behalf of the City. The Mayor may approve any minor modifications, amendments, or revisions to the Agreement as may be in the City’s best interest and in harmony with the intent and purpose of the Agreement as substantially set forth in the attached **Exhibit A**.

2. This resolution takes effect upon adoption.

THIS RESOLUTION IS APPROVED AND ADOPTED on January 21, 2020.

Chair

Attest:

City Recorder

Exhibit A

Form of Interlocal Cooperation Agreement

INTERLOCAL COOPERATION AGREEMENT

THIS INTERLOCAL COOPERATION AGREEMENT is entered into effective as of January 21, 2020, by and between the **REDEVELOPMENT AGENCY OF FARMINGTON CITY**, a political subdivision of the State of Utah (the “**Agency**”), and **FARMINGTON CITY**, a Utah municipal corporation (the “**City**”) on the following terms:

A. **WHEREAS**, the Agency operates under the Limited Purpose Local Government Entities — Community Reinvestment Agency Act, Title 17C of the Utah Code Annotated (the “**Act**”), and is authorized under the Act to perform, among other things, various community development activities; and

B. **WHEREAS**, this Agreement is made under authority of the Act and the Interlocal Cooperation Act, Utah Code Ann. Title 11, Chapter 13 (the “**Cooperation Act**”); and

C. **WHEREAS**, the Agency has created the Station Park Redevelopment Project Area (the “**Project Area**”), through the adoption of the Station Park Redevelopment Project Area Plan (the “**Project Area Plan**”), dated April 1, 2005, located within the City; and

D. **WHEREAS**, the Agency, City and/or Participant(s) (as that term is defined in the Act) will incur significant additional costs and expenses to provide, among other things, infrastructure improvements, potentially including but not limited to structured parking, site work, roads, active transportation system improvements, trails, tenant attraction, sewer, water, and storm drain within the Project Area, or outside the Project Area and providing a benefit to the Project Area, to incentivize development activity and to promote higher and more beneficial uses of land within the Project Area; and

E. **WHEREAS**, the City has determined to extend the payment of tax increment from the Project Area to the Agency, as specified herein, in order to permit the Agency to leverage private development and further development of the Project Area; and

F. **WHEREAS**, the parties desire to set forth in writing their agreements regarding the nature and timing of such assistance;

NOW, THEREFORE, the parties agree as follows:

1. **Additional Tax Revenue.** The City has determined that significant additional property tax revenue (*i.e.*, “**Tax Increment**”, as defined by the Act) will likely be generated by the further development of the Project Area as described in further detail in the Project Area Plan. Each of the parties acknowledge, however, that the development activity required for the generation of the Tax Increment is not likely to occur within the foreseeable future or to the degree possible or desired without Tax Increment participation in order to facilitate, encourage and leverage such development activity.

2. **Base Year and Base Year Value.** The Base Year (as that term is defined in the Act), for purposes of calculation of the Base Taxable Value (as that term is defined in the Act), will remain 2004, meaning the Base Taxable Value will, to the extent and in the manner defined by the Act, be equal to the equalized taxable value shown on the 2004 Salt Lake County assessment rolls for all property located within the Project Area.

3. **Payment of City's Share.** The City pledges to the Agency 100% of the City's portion of Tax Increment generated from the Project Area (the "City's Tax Increment Share") through and including the tax year 2032. The County is instructed to pay 100% of the City's Tax Increment Share through and including the tax year 2032 directly to the Agency annually. The Agency may retain all 100% of the City's Tax Increment Share for use in accordance with the Project Area Plan and the Act, as determined by the Agency. To be clear, the payment of 100% of the City's Tax Increment Share under this Agreement is not limited by any maximum cap identified in the Project Area Plan or Project Area Budget (each as amended from time to time). The payment of Tax Increment under this Agreement will take effect immediately upon payment of the cap under the Project Area Plan and Project Area Budget.

4. **Agreement(s) with Participant(s).** The Agency is authorized to enter into one or more agreements with one or more Participants which may provide for the payment of certain amounts of Tax Increment, including the portion of the City's Tax Increment Share paid to the Agency, (to the extent such Tax Increment is actually paid to and received by the Agency from year to year) to the Participant(s), conditional upon the Participant(s)'s meeting of certain performance measures as outlined in said agreement. Any such agreement must be consistent with the terms and conditions of this Agreement and must require as a condition of payment to the Participant that the Participant, or other owner(s) of the Property, as applicable, must pay any and all taxes and assessments against the Property, and such other performance measures as the Agency may deem appropriate.

5. **No Independent Duty.** The City has no independent duty to pay any amount to the Agency other than to direct and cause the County to pay to the Agency the City's Tax Increment Share on an annual basis.

6. **Further Documents and Acts.** Each of the parties agrees to cooperate in good faith with the other and to execute and deliver any further documents and perform any other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

7. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law will be validly given or made only if in writing and delivered to an officer or duly authorized representative of the other party in person or by Federal Express, private commercial delivery or courier service for next business day delivery, or by United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to the City:
Farmington City
160 S Main
Farmington, Utah 84025

If to Agency:
Farmington City RDA
160 S Main
Farmington, Utah 84025

Any party may from time to time, by written notice to the others as provided above, designate a different address which may be substituted for that specified above. Notice sent by mail will be deemed served or delivered seventy-two (72) hours after mailing. Notice by any other method will be deemed served or delivered upon actual receipt at the address or facsimile number listed above.

8. **Entire Agreement.** This Agreement is the final expression of and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by both parties, executed by an agent duly authorized to do so, or as otherwise expressly permitted herein. This Agreement and its exhibits constitute the entire agreement

between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

9. **No Third-Party Benefit.** There are no intended third-party beneficiaries to this Agreement.
10. **Partial Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby, and each such term and provision of this Agreement will be valid and must be enforced to the fullest extent permitted by law.
11. **Amendments.** No addition to or modification of any provision contained in this Agreement will be effective unless fully set forth in writing executed by each of the parties hereto.
12. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together shall constitute but one and the same instrument.
13. **Waivers.** No waiver of any breach of any covenant or provision herein contained will be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.
14. **Governing Law.** This Agreement is to be governed by the laws of the State of Utah. The sole and exclusive venue for any dispute will be in a court of competent jurisdiction in Davis County, Utah, and the parties agree to submit to the jurisdiction of such court.
15. **No Separate Legal Entity.** No separate legal entity is created by this Agreement.
16. **Assignment.** No party may assign its rights, duties or obligations under this Agreement without the prior written consent first being obtained from all parties. Notwithstanding the foregoing, such consent shall not be unreasonably withheld or delayed so long as the assignee thereof shall be reasonably expected to be able to perform the duties and obligations being assigned.
17. **Termination.** This Agreement will terminate immediately after the final payment of Tax Increment to the Agency for the tax year 2032.
18. **Interlocal Cooperation Act.** In satisfaction of the requirements of the Cooperation Act in connection with this Agreement, the Parties agree as follows:
 - a. This Agreement must be authorized and adopted by resolution of the legislative body of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Cooperation Act;
 - b. This Agreement must be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5(3) of the Cooperation Act;
 - c. A duly executed original counterpart of this Agreement must be filed immediately with the keeper of records of each Party pursuant to Section 11-13-209 of the Cooperation Act;

- d. The City Manager of the City is designated the administrator for all purposes of the Cooperation Act, pursuant to Section 11-13-207 of the Cooperation Act; and
- e. Should a party to this Agreement desire to terminate this Agreement, in part or in whole, each party to the Agreement must adopt, by resolution, an amended Interlocal Cooperation Agreement stating the reasons for such termination. Any such amended Interlocal Cooperation Agreement must be in harmony with any development/participation agreement(s) entered into by the Agency as described in this Agreement.
- f. Immediately after execution of this Agreement by both Parties, the Agency will, on behalf of both parties, cause to be published a notice regarding this Agreement pursuant to Section 11-13-219 of the Cooperation Act.
- g. This Agreement makes no provision for the parties acquiring, holding and disposing of real and personal property used in the joint undertaking as such action is not contemplated as part of this Agreement nor part of the undertaking. Any such provision would be outside the parameters of the current undertaking. However, to the extent that this Agreement may be construed as providing for the acquisition, holding or disposing of real and/or personal property, all such property will be owned by the Agency upon termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Interlocal Cooperation Agreement on the day specified above.

City: FARMINGTON CITY

Attest:

By: _____
Mayor

City Recorder

Approved and reviewed as to proper form and compliance with applicable law:

Attorney for Farmington City

Agency: REDEVELOPMENT AGENCY OF FARMINGTON CITY

Attest:

By: _____
Executive Director

Secretary

Approved and reviewed as to proper form and compliance with applicable law:

Attorney for Agency

Minute motion adjourning to the Redevelopment Agency meeting.
(See RDA Agenda)