



#### CITY COUNCIL

##### MEMBERS:

LEANNE HUFF  
COREY THOMAS  
SHARLA BYNUM  
PORTIA MILA  
SHANE SIWIK  
NATALIE PINKNEY  
RAY DEWOLFE

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## City of South Salt Lake Redevelopment Agency AGENDA

Public notice is hereby given that the City of South Salt Lake Redevelopment Agency will hold a meeting on **Wednesday, March 11, 2020**, in the City Council Chambers, 220 East Morris Avenue, Suite 200, commencing at **6:00 p.m.**, or as soon thereafter as possible.

Conducting: Portia Mila, RDA Chair

### Opening Ceremonies

1. Roll Call

### No Action Comments

1. Bills, Claims, and Communications
2. Report of the Executive Director

### Approval of Minutes

February 12, 2020

### New Business

1. Review and discussion on Tax Increment Participation for the South City Development
2. Discussion regarding the adoption of incentive policy and procurement policy
3. RDA Board Training

### Motion for Closed Meeting

### Adjourn

Posted March 6, 2020

In accordance with State Statute and RDA Board policy, one or more Board Members may be participating via speakerphone.

Those needing auxiliary communicative aids or other services for this meeting should contact Craig Burton at 801-483-6027, giving at least 24 hours' notice

CITY OF SOUTH SALT LAKE REDEVOLEPMENT AGENCY  
MINUTES OF MEETING HELD  
March 11, 2020

Date/Time/Place  
Wednesday, March 11, 2020  
6:21 p.m.  
220 East Morris Avenue #200  
South Salt Lake, Utah 84115

Conducting  
Portia Mila

**DIRECTORS PRESENT:**

Sharla Bynum, Ray deWolfe, LeAnne Huff, Portia Mila, Natalie Pinkney,  
Corey Thomas and Shane Siiwik

**DIRECTORS EXCUSED:**

**STAFF PRESENT:**

Mayor Cherie Wood  
Josh Collins, Deputy City Attorney  
Randy Sant, Economic Development Consultant  
Terry Addison, Fire Chief  
Alex White, Community Development Director  
Craig Burton, City Recorder  
Ariel Andrus, Deputy City Recorder

Others Attending: See Attached

**Opening Ceremonies**

**1. Roll Call.**

**No Action Comments.**

**1. Bills, Claims, and Communications. None.**

**2. Report of the Executive Director. None.**

**Approval of Minutes**

**February 12 2020.** Director Thomas moved to approve these minutes.

MOTION: Corey Thomas  
SECOND: Sharla Bynum

Voice Vote:

Bynum:	Yes
deWolfe:	Yes
Huff:	Yes
Mila:	Yes
Pinkney:	Yes
Siwik:	Abstain
Thomas:	Yes

**New Business**

- 1. Review and discussion on Tax Increment Participation for the South City Development.** Economic Development Consultant, Randy Sant, explained staff is ready to take the budget to the tax entities. They wanted to take it to the Board first to get any comments and concerns they may have, fix it if needed, and bring it back for them to formally adopt by resolution.

This is the South City project being built by Dakota Pacific on the old Granite Mill site. It is under construction and will be built in two phases. Phase I will have a 150,000 square foot office building, an appropriate parking terrace, and 291 apartments. It will be eleven stories with the parking terrace. The apartments will wrap around the parking terrace so you won't see it.

Phase II will include another 150,000 square foot office building and a hotel with it. They have signed the agreement with the hotel and will have an additional 200 apartments. The project, when built, will have about 60,000 square feet of retail. Approximately 16,000 in Phase I in the lower floor and Phase II will have more.

The total estimated value of the project area of \$181 million dollars in assessed value with a total taxable value of \$148,479,817. If the taxing entities agree to participate, a portion of this amount will come to the RDA and they can use it as an incentive for development.

The developer is requesting that the incentive given to them would help build the parking structure. It is estimated to cost \$36 million dollars. They have requested the RDA collect seventy-five percent of the increment and rebate back to them about \$20 million dollars. The RDA would keep a five percent fee to cover our costs. There is a mandatory housing component collected which they could use for any affordable housing project they wish to participate in. The County has a five percent fee that comes out of the County's portion only.

The RDA will receive \$1,414,139 each year in tax increment and would give the developer approximately seventy-five percent of that which would be \$1,046,331 a year. The rest would be split between the RDA's administrative fee, the housing component, and the County's administrative fee. Over twenty years the developer would receive \$20,924,836. So, the developer is asking for about a \$21 million dollar incentive for a \$200 million dollar investment, or about 8.7 percent.

If we are going to give the developer an incentive we will ask for certain things to be done. Since we are participating in the parking structure, we will require that it be a public parking structure and they give us a set amount of stalls that will be available to the public. This will be done by agreement. They have also built a lot of infrastructure that will be a benefit to the City.

The issue is that if any of the taxing entities refuse to give any money the developer has already taken a significant risk building the project because it will be \$20 million dollars that he won't get.

Board Member Pinkney has a concern with tax increment financing. It is money that is being taken away from the general funds of the taxing entities, particularly the school board. She doesn't know if this is a developer that has the money and is asking for this additionally.

Mr. Sant explained the developer did not have all of the money he needed and came in good faith, because he is building the biggest project that's ever been built in South Salt Lake, and is setting a precedent for the downtown area, that perhaps the RDA would consider this. It was made very clear to him that we do not have any approvals and if he starts construction it is at his risk. The big approval has to come from the taxing entities and he understands that.

Ms. Pinkney's biggest concern is that she doesn't want to be like Chicago that has gone a billion dollars away from funding their schools. Her biggest concern is are they giving incentives to big box retails and shopping centers that could finance themselves.

Mr. Sant explained that when someone asks for tax increment incentives they do an analysis just like a bank would, reviewing pro formas and construction numbers, and do a benefit analysis to determine whether or not there should be an incentive given. Staff feels this project deserves an incentive.

Mr. Sant further explained that the twenty-five percent of the tax generated by this project, that was not part of the increment, would go to the taxing entities and would be money they would not receive if the project was not built. Other benefits to the City would be a franchise and sales tax increase which both go to the general fund.

This is the budget staff is putting together. They will come back to the Board and ask for their approval of this budget for this project area and for authorization to go talk to the taxing entities.

Board Member Bynum asked if the seventy-five percent number was negotiable.

Mr. Sant said it was. At the end of the day it will be whatever the taxing entities are willing to give. The budget is being put together at the cap, which is seventy-five percent.

Ms. Pinkney said that this will be money that the School District cannot make back because they do not see the benefits of sales tax.

Mr. Sant said it is part of the developer's job to convince the School District that this is a good project for them to participate in. The School District has been very good about participating in projects because when they look at the long term when the project sunsets, they get the full amount of money plus anything else that might have come in because of this project, that did not get participation. Mr. Sant explained his philosophy is that the first guy that comes in and takes the risk to build everything gets a little bigger piece of the pie, but he doesn't think you need to do it for the second and third guy. So the participation would decrease and participation of the Agency would decrease with the different projects.

Mr. Sant explained that this budget is contingent on whether or not they get the support of the other taxing entities. If they won't participate at this level, or won't participate, the budget will be amended accordingly.

Board Member Siwik expressed concern giving away tax increment, in part, to build 490 studio apartments. The other structures are great. How does Granite School District buy into this?

Mr. Sant said he thinks the benefit that comes to the School District is the ability that we are building a market and a downtown that will benefit them in the long run. He feels they can make a good argument that this is a good project for them.

Board Member Siwik asked if there is any way they can participate in the hotel, retail and office but not in the apartments. He doesn't see where they benefit the community at all.

Mr. Sant said the bottom line is without the apartments they don't build the office buildings and hotel. The apartments are the ones that really give them some money to help with the other. They might have got an office building, but he doesn't think they would have got anything else. He will run some numbers with what board Member Siwik suggested and see if there is another way to work this to come up to the same participation number.

Board Member Bynum asked if they could negotiate a bit more.

Board Member Siwik doesn't see where the apartments benefit the community. The 400 plus studio apartments doesn't do anything to stabilize the community. He loves the rest of it.

Mr. Sant explained that the parking structure is tied into everything. If you don't have that you don't have the other buildings. It services the entire development and makes it work.

Community Development Director, Alex White, added that if you increase the number of bedrooms in the apartments you increase the parking requirement in the structure which directly increases the cost.

Mr. Sant pointed out that the development is bringing some corporate office to the City,

which is desperately needed. The developer is looking at additional phases to build in this area. Mr. Sant feels this is building the vision of what they all thought the downtown could and would become.

Mr. Sant said he would come back with a benefit analysis that will show some of the other benefits besides just property tax.

Board Member Pinkney requested information on how our tax increment financing is different than other cities.

Mr. Sant explained that Utah is different than any other State in that we have to go ask the taxing entities to give us the money. That's the significant difference.

- 2. **Discussion regarding the adoption of incentive policy and procurement policy.** Mr. Sant explained that the Redevelopment Agency is a separate, independent, entity. They have the ability to adopt their own policies and procedures, write their own policies and procedures, or adopt a resolution that adopts all of the city's policies and procedures. The Executive Director's recommendation, which he totally agrees with, is the RDA needs to adopt some policies, in particular, a procurement policy. His recommendation is that would be the first policy they look at. He suggested they look at the city's procurement policy and if they feel like there are areas they need to change they will come back and make recommendations to change that policy and then adopt it formally as the RDA's policy and procedures.

Mr. Santa also feels they should have an incentive policy that outlines if they are going to consider incentives to individuals or developers, stating what their policy is and how they going to follow it so it is transparent. Everyone can see it and it sets the tone for where they are going to start and end.

If the board doesn't oppose this, they will move forward with doing those two policies and bring them back to the Board for formal adoption.

- 3. **RDA Board Training.** This item was tabled and will be brought back at a later meeting.

Director Thomas made a motion to adjourn.

MOTION: Corey Thomas

SECOND: LeAnne Huff

Voice Vote:

Bynum: Yes

deWolfe: Yes

Huff: Yes

Mila: Yes

Pinkney: Yes

Siwik: Yes

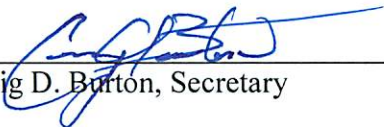
Thomas: Yes

The meeting adjourned at 6:54 p.m.



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Portia Mila, RDA Chair



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Craig D. Burton, Secretary



