

City of La Verkin

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La Verkin City Council Work Meeting Minutes

Wednesday, October 6, 2021, 5:15 p.m.

Council Chambers, 111 S. Main, La Verkin, Utah

Present: Mayor Richard Hirschi, Council Members: Chuck Hardy, Micah Gubler, Kelly Wilson, and Patricia Wise; Staff: Christy Ballard, Derek Imlay, and Kyle Gubler, Public: Ben Willits & Patrick-America First Credit Union, Brennan Brown-D.A. Davidson, Matt Ence-Snow Jensen & Reece, John Valenti.

A. Called to Order –Mayor Hirschi called the meeting to order at 5:21 pm.

1. La Verkin topside presentation

Ben Willets works with America First Credit Union on land planning. The pieces are finally falling into place to start with the entitlement portion of the project.

Brennan Brown works for D. A. Davidson who is a public finance company. They help landowners and cities put together plans and actively finance the infrastructure.

Matt Ence is with the law firm Snow Jensen & Reece. They work closely with D. A. Davidson to both create public infrastructure districts and then represent and assist them with financing and compliance. They have worked with D.A. Davidson on several Public Infrastructure Districts in the area.

If La Verkin City does choose to support this idea, his firm is who they would be working with to prepare the documents. Patrick with America First Credit Union is participating via telephone.

Councilman Hardy arrived at 5:23 pm

Mr. Ence went over some of those PID developments in Hurricane, Ivins, South Salt Lake, Park City, and Toquerville.

Brennan began the presentation by explaining they met previously with staff to explain the concept of a Public Infrastructure District (PID). The purpose of a PID is to finance public infrastructure which includes roads, water delivery systems, sewer infrastructure, and power (if it is a publicly owned entity).

When a landowner wants to develop their land, there is an upfront infrastructure cost associated with that. A PID is a mechanism that allows them to generate the funds upfront by selling a bond to put in the infrastructure. That bond is repaid over time, primarily by a limited property tax.

A geographical boundary is drawn around a PID and every landowner within that geography agrees to pay an additional property tax to a PID for the infrastructure. Every year a small portion of their property tax goes to the PID who then uses that money to make a debt service payment on the bond that was sold upfront to pay for the development's infrastructure.

A PID is a mechanism that allows capital to be raised upfront to put in a significant amount of infrastructure. Technically any landowner could petition for a PID, however, the only way it could get financed is if there is a minimum of one million dollars in infrastructure needed. It also requires 100% participation from the area landowners.

This parcel has a significant upfront cost due to its size, topography, and location. The idea was to potentially use a PID to put in a lot of the infrastructure and allow the development of the property to move forward.

The size of the bond is based on the amount of repayment projected, so the land area needs to be big enough to get the repayment back.

Kyle asked if the geographical boundary could be changed in the future to include additional property.

Matt replied that a PID, just like other local districts has the power to annex additional property. Typically, an initial boundary is established when the PID is created. If additional properties are anticipated to benefit from the infrastructure being financed, they should include those properties in an annexation area. The property owner would need to be the one to petition for that annexation into the PID.

Kelly pointed out this area has two neighboring parcels that could benefit from the infrastructure. One is owned by SITLA and the other is privately owned.

Ben reported he has spoken with SITLA and they have no interest in a PID but the end-user would. Additional properties annexed into the PID would lower the tax rate for everyone in the PID.

Councilwoman Wise asked what avenue the City had if the surrounding property owners decide they do not want to participate in the PID but still use the infrastructure.

Matt said once the infrastructure was completed it would be dedicated to the City. The City would control future access to it so they would use the regular mechanisms used to require those extensions. Whether or not the property owner would be required to pay part of the initial infrastructure costs is something the PID would work through with the City. He has participated in one PID where the City gave the future property owner two options, they could either petition to be included in the PID or they could pay a lump sum that would go toward paying the bond down. The District would assess the fee, not the community. PID's are very flexible which gives the City a lot of power in creating it to fit the vision.

Ben said the initial landowner is interested in making sure the surrounding properties that would benefit from the infrastructure pay their fair share. This would require the PID and the City to be partners, so those property owners are required to either join the PID or have a "Latecomer Agreement" to cover a portion of the cost.

Councilwoman Wise mentioned she felt these are the details that are important because it is how a city could potentially get hurt. Are those parameters set upfront so anyone purchasing surrounding property would know what is expected?

Ben replied the PID and city set the parameters upfront, including the dollar amount for a developer to pay if they choose to not participate in the PID.

The PID could cover the cost of infrastructure, such as a water tank large enough to cover the entire area with the requirement future development would pay for their portion, or the other option is to have the city pay for the upgrade. SITLA is in business to make money from the property they sell. They are not in the business to put a lot of money in upfront costs unless it is going to behoove them.

In this situation, they see America First Credit Union actively moving forward and have voiced an interest in paying the lump sum difference to upsize the water tank and sewer. These are the two main infrastructure items that will be the "heavy hit upfront". The other utilities are already going through the area.

Councilwoman Wise asked if the lump sum would be different for SITLA versus another developer.

Ben responded it would be cheaper for SITLA, simply because it is cheaper to build a water tank one time and build it large enough to cover the entire area than for a developer to have to rebuild it. He would not be surprised to have SITLA participate for this reason.

Brennon explained the statutes are very clear; you cannot double pay for infrastructure. A PID could not raise a bond to pay for infrastructure and then the city collect an impact fee to pay for the same infrastructure.

Mayor Hirschi asked if Ben had been in contact with Ash Creek SSD regarding getting sewer to the property.

Ben answered he has been in contact with Ash Creek SSD. The PID was a new concept to them so there will be more discussion. They just wanted to start with La Verkin City who is the biggest lift regarding infrastructure because the City is who will be taking over the majority of infrastructure, parks, and trails.

Kyle stated the City has control over what infrastructure could be installed with a PID.

Matt said that is one of the things that would be established right up front if the City were to approve a PID. He also stated the sole purpose of a PID is to finance infrastructure. Once the bonds are paid off, the PID goes away. Ultimately the City Council would decide what infrastructure the PID would cover. The maximum dollar amount a PID could cover, per state code, is 15 million dollars. The City Council will set the amount.

Councilwoman Wise asked what infrastructure would be put in along SR9.

Ben responded there will be no fewer than 2 ingress/egresses into the site from SR9 which would be a good candidate for the PID and probably the first initial loop road to help install the water and sewer.

UDOT/SR9 is a big portion of getting into the project. There are a lot of requirements from UDOT for a project like this. They will need to redesign the entrances and widen the road for acceleration and deceleration lanes. One potential catch point may be a signal at the corrals. A traffic study would be necessary to determine what exactly would be needed and where.

These are all good candidates of up-front items that would be part of the PID.

Councilwoman Wise wanted the presenters to be aware that SR9 was recently designated a National Scenic Byway. Part of what brings people to Utah is how beautiful it is. How can they propose to keep this section of SR9 beautiful? She understands this may be premature because they can't speak for a developer but was interested in their thoughts.

Kyle said the National Scenic Byway had no jurisdiction over what goes into our community. The City has complete control over that.

Ben said the Credit Union wants to make sure the PID is done properly before they sell it. Working with the City to develop the land plan is part of his job. Part of the design element could include a 50–75-foot buffer along the highway. He has also seen night sky ordinances put into the restrictions.

Design criteria can be part of the governing documents that are part of the final PID approved by the City. That way the final buyer knows exactly what they are getting upfront. The bank would prefer everything wrapped up as neatly as possible, so when a potential buyer comes in, they don't fall out.

The City does have a lot more say on what the site grows up to become. Some things like density have already gone through the process but the City could still control where those densities go. They could insert a trail system into the PID funding that would connect to the multi-use trail and be an amenity to the development.

He has discussed some potential land trade possibilities with the Washington County Water Conservancy District that could connect trails to the other side of the highway.

These are the types of things that are very favorable with where the Credit Union wants to take this to have a nice, packaged deal for potential buyers. The developer could still request some changes but at least the roadmap is laid out for them in the direction the City feels comfortable with.

Matt explained the things Ben is talking about now, they envision to be part of a development agreement which would be negotiated between the City and the Credit Union and be recorded on the property. It would not be part of the PID. While they work hand in hand, it does not fit into a PID.

The Credit Union wants the property to be a nice and attractive property both for the City and a potential buyer, so he anticipates a lot of discussion with the City on what they want the development agreement to look like. It is an important part of the package. The PID is created to fund all the infrastructure and a development agreement establishes what the community is going to look like, in general terms, and records it onto the property.

Councilwoman Wise asked if there was consideration for more than one buyer.

Ben said he thought the Credit Union intended to potentially sell it off in phases. It is a 490-acre section. If the Councilmembers would like another work meeting, they would be happy to come back.

B. Adjourn:

The meeting adjourned at 6:01 pm.

November 3, 2021

Date Approved

ATTEST: Christy Ballard
Christy Ballard
City Recorder

Richard M. Hirschi
Mayor Richard M. Hirschi

