

1 **NORTH OGDEN CITY COUNCIL WORK SESSION MEETING**

2
3 June 3, 2014

4
5 The North Ogden City Council convened in an open meeting on June 3, 2014 at 6:44 p.m. in the
6 North Ogden City Council Chambers at 505 East 2600 North. Notice of time, place and agenda
7 of the meeting was delivered to each member of the City Council, posted on the bulletin board at
8 the municipal office and posted to the Utah State Website on May 29th. Notice of the annual
9 meeting schedule was published in the Standard-Examiner on January 24, 2014.

10
11
12 PRESENT: Brent Taylor Mayor
13 Kent Bailey Council Member
14 Lynn Satterthwaite Council Member
15 Cheryl Stoker Council Member
16 Phillip Swanson Council Member
17 James Urry Council Member

18
19 STAFF PRESENT: Ronald F. Chandler City Manager
20 Bryan Steele Finance Director
21 Nicole Smedley Chief Deputy City Recorder

22
23 VISITORS: Blake Welling

24
25 Mayor Taylor welcomed those in attendance.

26
27 Council Member Satterthwaite offered the invocation and led the audience in the Pledge of
28 Allegiance.

29
30 **AGENDA**

31
32 **1. PUBLIC COMMENTS**

33
34 There were no public comments.

35
36 **2. OPENING DISCUSSION**

37
38 Mayor Taylor stated he would like to have a discussion about Redevelopment Agencies (RDAs),
39 Commercial Development Areas (CDAs), and Economic Development Areas (EDAs) and how
40 those tools can be used because there is a unique opportunity to update, modernize, and revamp
41 the face of North Ogden. He stated the City has an existing RDA, but he would like to discuss
42 potential opportunities to expand that RDA or build upon the RDA by implementing CDAs or
43 EDAs in the City. He stated there is an opportunity to redevelop the old King's plaza and all
44 property owners have been involved in discussing those redevelopment opportunities to this
45 point.

47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91

3. REDEVELOPMENT AGENCIES (RDA)

City Manager Chandler provided the Council with a handout regarding the history of RDAs in the State of Utah and in the City and he briefly reviewed the handout as follows:

History of RDAs

- Redevelopment Agencies (RDAs) began in Utah in 1965 under Utah’s Community Development Act. One of the stated purposes of the RDAs was to positively affect blighted urban areas. The primary way to finance the RDA objectives was through tax increment.
- The RDA was required to use the tax increment it collects for two purposes: (1) 80% within the project area to encourage private investment and growth in property values; and, (2) 20% to support housing within the community. Under these rules a municipality could use eminent domain to correct blight.
- In 1993 the legislature authorized local communities to use tax increment financing to attract job creating industries to the State of Utah. They did this by creating a two track approach. One track allowed redevelopment of blighted areas as was done in the past. The second track allowed the creation of economic development project areas. This allowed municipalities to use tax increment funds to build infrastructure, make loans and provide incentives to businesses. The EDA was specifically designed to create jobs. Limitations.
 - The tax increment had to bring new businesses to Utah, not just to the area.
 - The development would not occur without the use of tax increment.
 - Could not use eminent domain for economic development.
 - Tax increment could not be used to attract retail development.
- The next major change occurred in 2005. (Two of the major provisions)
 - The legislature reiterated that retail is not a permitted use in an economic development area. (It continued as a permitted use within a redevelopment project area.
 - Eliminated the use of eminent domain for redevelopment areas, not just economic development areas.
- The next major change occurred in 2006. Some of the changes include the following.
 - The RDA can use sales tax to fund RDA projects as long as the sales tax funding is approved by the legislative body which would normally include the sales tax in its budget.
 - Retail is no longer prohibited in economic development areas.
 - RDAs may not use property tax increment to subsidize a retail project within an economic development project area.

- 92 ○ RDAs are specifically exempt from the 2005 law forbidding cities from
93 using sales tax to lure big box stores.
94 ○ Created the Community Development Area (CDA) track for areas that are
95 not in blighted areas (RDA) or do not create jobs (EDA).
96 ❖ Pursue any community development objective that a municipality
97 feels is an appropriate use of public funds.
98 ❖ Sales and property tax increment can be used only if the board of
99 each taxing entity approves the use of its levy for the community
100 development.
101 ❖ There is no requirement that 20% of the funding be used for
102 affordable housing.
103
104 • Summary –
105 ○ “Redevelopment” or “Urban Renewal” is defined as development
106 activities plan, design, develop, demolish, clear, construct, and rehabilitate
107 all or part of an area or any existing structure in a project area. It also
108 includes providing open space, streets and other public grounds and space
109 around buildings. It is meant to correct blight.
110 ○ “Economic development is defined as promoting the creation or retention
111 of public or private jobs. This includes offices, industrial, manufacturing,
112 warehousing, distribution, parking, public or other facilities or other
113 improvements that benefit the stat or a community.
114 ○ “Community development” means development activities within a
115 community including the encouragement, promotion or provision of
116 development.
117

118 There was a brief general discussion regarding the makeup of the City’s existing RDA and the
119 debt and debt service payments associated with that RDA. Mr. Chandler then provided an
120 overview of the process by which a City can create an RDA, CDA, or EDA as follows:
121

122 Creating an RDA/CDA/EDA

- 123 • Created by ordinance and filed with the Lt. Governor’s office.
- 124 • Creates an agency board which consists of the current members of the legislative
125 body of the community creating the board.
- 126 • Creates a taxing entity committee composed of 2 school district representatives, 2
127 county representatives, 2 city representatives, 1 representative selected by the
128 State Board of Education, 1 representative selected from all other taxing entities
129 that levy a tax on the project area.
- 130 • Create an inter-local agreement with the other taxing entities.
- 131 • Under RDA – conduct a blight study.
132

133 Finance Manager Steele then provided the Council with a brief summary of how tax increment
134 financing (TIF) is created as follows:

- 135 • Property tax increment is the increase in property taxes generated in a project area
136 over and above property taxes generated prior to the new development (base
137 taxes). The new tax revenue that is created must be used for improvements that

138 have a public benefit and that support the redevelopment effort, such as site
139 clearance, streets, utilities, parks, the removal of hazardous materials or
140 conditions, site acquisition, recreational facility construction and the removal of
141 blighted buildings.

- 142 • All the additional taxes created by the redevelopment revert to the normal taxing
143 entities once the RDA has expired. Thus, the neighborhood benefits from the
144 creation of revitalized, productive properties and the taxing entities get new,
145 permanent sources of revenue that wouldn't have existed if the RDA had not
146 enabled the project to be undertaken.

147
148 Mr. Chandler explained the City has received requests, specifically from Smith's, to try to
149 expand the existing RDA area to include other portions of the Smith's property. He stated this
150 would not be best for the City to do that because the RDA would then fall under the most current
151 version of the RDA law unless the adjustment is minor. Council member Satterthwaite inquired
152 as to why Smith's requested the expansion. Mr. Chandler explained the expansion would assist
153 them in gaining RDA funding to develop their property. There was a general discussion
154 regarding the changes the RDA will experience throughout the Smith's Marketplace
155 development, after which Mr. Chandler reviewed the many things the RDA has the authority to
156 do under the RDA law:

157
158 Permitted uses of TIF

- 159 • Sue and be sued
- 160 • Enter into contracts
- 161 • Buy, obtain an option upon or otherwise acquire real or personal property.
- 162 • Sell, convey, grant or dispose of by give real or personal property.
- 163 • Enter into lease agreement either as lessee or lessor.
- 164 • Receive tax increment
- 165 • Accept financial or other assistance from any public or private sources.
- 166 • Borrow money
- 167 • Issue bonds to finance urban renewal, economic development and/or community
168 development
- 169 • Refund or retire bonds
- 170 • Transact other business and exercise all powers provided for in this title.
- 171 • A public entity may:
 - 172 ○ Not use eminent domain unless the property is within an urban renewal
173 project area.
 - 174 ○ Pay for environmental remediation activities
 - 175 ○ Pay for housing expenditures, projects, or programs
 - 176 ○ Provide or cause to be furnished
 - 177 ❖ Parks, playgrounds or other recreational facilities
 - 178 ❖ Community, educational, water, sewer or drainage facilities
 - 179 ❖ Any other works which the public entity is otherwise empowered
180 to do including
 - 181 ▶ Providing, furnishing, dedicating, closing, vacating, paving,
182 installing, grading, regarding, planning or re-planning
183 streets, roads, roadways, alleys, and sidewalks

- ▶ Plat property within the project area
 - ▶ Vacate or amend a plat
 - ▶ Zone or rezone property
 - ▶ Make legal exceptions from building regulations and ordinances.
 - ▶ Install public owned infrastructures and improvements outside the project area if the improvements benefit the project area.
- Limitations on agency – The agency may not use tax increment or sales tax proceeds received from a taxing entity without the approval of the consent of the community legislative body.

There was a brief general discussion regarding the allowed uses of TIF with a brief focus on the role a taxing entity committee (TEC) plays in the decision making process regarding TIF use.

Council Member Swanson asked if an internal loan from the City to the RDA constitutes debt in the same manner a bond issuance would constitute debt, to which Mr. Chandler answered yes.

Council Member Satterthwaite inquired as to the TIF the RDA realizes on an annual basis. Mr. Steele stated that the first year of the RDA the TIF was \$162,000 and last year the TIF was \$528,000. Mr. Chandler stated that amount is based on the entire RDA area and not any one given property in the area.

4. NORTH OGDEN RDA – RON CHANDLER/BRYAN STEELE

Mr. Steele then provided the Council with a brief history of the creation of North Ogden’s RDA and used the aid of a map to identify the boundary of the RDA. Council Member Bailey asked if an RDA area must be contiguous, to which Mr. Chandler answered yes.

Council member Satterthwaite inquired as to who polices the use of RDA funds. Mr. Chandler stated he believes RDA regulation falls under the State Auditor’s Office.

Council Member Urry asked if a property owner could request to exit an RDA. Mr. Chandler stated he does not know the answer to that question.

- North Ogden’s RDA was created in 1990. It is also known as “North Ogden City Central Business District Development.” In the Business Plan it states that the reasons for the Selection of the Project Area are:
 - “The proposed project area was selected as that area within the City of North Ogden having an immediate need for treatment to stabilize and strengthen the commercial business and economic base of the community. This area contains that portion of the City that is desirable for the development and redevelopment of the commercial base or core. Specific boundaries were arrived at after a review of the area by members of the Agency, City Planning Commission and consultant. Planned treatment of this area will be to prevent and eliminate blight and to

230 stimulate new developments and upgrade this area of the urban core to the degree
231 necessary for sound long range growth.”

- 232 • The project area contains 93 acres. Based on the survey done of the area at the
233 time of its creations, “Most of the land (approximately 60%) is vacant and
234 dedicated for agricultural use. The second highest land use within the project area
235 is commercial with the balance being residential.

236
237 The following conditions existed at the time which qualified the area for blight:

- 238 • Physical Conditions including: existence of lots of irregular form and shape and
239 inadequate size for proper usefulness and development; age obsolescence,
240 deterioration, dilapidation, mixed character and shifting of uses; drainage or
241 existence of lots subject to flooding and existence of inadequate site
242 improvements.
- 243 • Social Conditions: The project area was primarily vacant and commercial in its
244 land use. Because of this, the future land use will be primarily commercial.
- 245 • Economic Conditions: Economic dislocation has occurred in the project area. The
246 blighted conditions in the area make it difficult for private investment to be
247 attracted to the area unless a program is undertaken to upgrade the entire area.

248
249 Council Member Bailey asked if an RDA area must be contiguous, to which Mr. Chandler
250 answered yes.

251
252 Council member Satterthwaite inquired as to who polices the use of RDA funds. Mr. Chandler
253 stated he believes RDA regulation falls under the State Auditor’s Office.

254
255 Council Member Urry asked if a property owner could request to exit an RDA. Mr. Chandler
256 stated he does not know the answer to that question.

257
258 Council Member Satterthwaite referenced the undeveloped parcel of ground west of Walgreen’s
259 and stated it is not included in the RDA area and it may be wise to develop a new RDA, EDA, or
260 CDA for that property. Mayor Taylor stated that is the purpose of this meeting; he wants to
261 receive Council approve for City Administration to begin working to develop an RDA, EDA, or
262 CDA for that and other undeveloped parcels of property in the City.

263
264 Mr. Steele then reviewed the history of uses of funds in RDA:

- 265 • In the first few years, money was loaned from the General Fund to the RDA for
266 Property Acquisition – i.e. - Alvord property.
- 267 • The majority of the funds were spent on the site improvements dealing with the
268 Acres Marketplace development.
- 269 • In 2004, the swimming pool was built with backing from tax increments received
270 in the RDA Fund.
- 271 • Future IHC detention pond construction

272
273 Tax Increment in North Ogden’s RDA.

- 274 • The RDA started taking tax increments in 1999

- 275
- 276
- 277
- 278
- 279
- 280
- 281
- 282
- 283
- 284
- 285
- 286
- 287
- 288
- 289
- The RDA was only allowed to bond for projects relating to the RDA through 2005 (15 years after the creation of the RDA). Without the construction and bonding for the pool, the RDA would have stopped receiving tax increments once the General Fund and Utility Fund debts were paid off, which was projected to be around 2012. So the construction and bonding of the pool ensured the RDA would receive tax increments through the life of the bond or 2024.
 - However, Per Jon Call, “Though the RDA cannot issue new bonds I believe the City could loan the RDA additional funds to do redevelopment projects which would then be paid back until 2031, however, before we went down this road we would need to get some additional opinions on exactly how to structure it so that we can comply with the law.
 - If the City does not loan the RDA more funds for projects, once the pool bond is paid off in 2024 the tax increments will stop and the taxing entities in the RDA will receive their share of the taxes from the RDA area.

290 There was then a general discussion regarding the use of RDA funds for public purposes and Mr.
291 Chandler stated the City must show that a public facility, such as the pool, would create an
292 economic benefit in the City.

293

294 Council Member Urry asked why property on both sides of Washington Boulevard was not
295 included in the RDA. Mr. Chandler stated the area must have been considered blighted in order
296 to be included in the RDA. He noted it is his understanding that the original proposed RDA area
297 was larger, but was reduced before it was officially created. Mr. Steele stated he believed there
298 was a rule limiting an RDA to 100 acres or less.

299

300 Mr. Steele then reviewed the current fund balance of the RDA:

- 301
- 302
- 303
- 304
- 305
- 306
- The current fund balance of the RDA as of June 30, 2013 was \$319,126
 - The estimated fund balance as of June 30, 2014 is projected to be \$493,111
 - The estimated fund balance as of June 30, 2015 is projected to be \$980,184 but does not include any amount for the IHC detention basin.

307 He also reviewed the projected revenue of the RDA:

- 308
- 309
- 310
- 311
- 312
- 313
- 314
- 315
- 316
- Currently the RDA receives approximately \$525,000 per year.
 - If the tax increment expires in 2024 and assuming no growth in the RDA tax base the RDA will receive \$5,250,000.
 - Extend that through 2031 and the RDA will received an additional \$3,675,000 or \$8,925,000
 - The debt service associated with the pool is \$2,920,000.
 - The RDA has until 2031 to spend any unspent funds
 - The RDA can receive its full tax increment as long it has outstanding debt

317 Council Member Urry asked if a loan from the RDA to the City would be interest bearing. Mr.
318 Chandler stated it would be up to the RDA board to determine the terms of the loan. Mayor
319 Taylor stated it would be most sensible to charge interest for such a loan.

320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364

5. ECONOMIC DEVELOPMENT TOOLS – RON CHANDLER

Mr. Chandler stated the purpose of this meeting was to determine the comfort level of the Council relative to creating an EDA or CDA in the City and he reviewed the tools available to the Council relative to either option as well as the process to develop an EDA or CDA:

Economic Development Areas (EDA)

- Resolution authorizing the preparation of a draft EDA plan.
- Prepare a draft economic development area & conduct any examination, investigation and negotiation regarding the project area. Requirements of the project area plan include.
 - Set the standards that will guide the economic development
 - Show how the purposes will be attained
 - Show that it is consistent with the general plan
 - Describe how it will create jobs
 - Describe any tax incentives offered private entities
 - An estimate of the total amount of tax increment that will be expended.
 - The public benefit
- Hold a public hearing on the draft project area.
- 20% of the tax increment is required to be used for housing. May be reduced if it is more the 20% is more than needed to address the community’s need for income targeted housing.
- Adopt an inter-local agreement with taxing entities. An agency may negotiate with a taxing entity and public entity for the taxing entity’s or public entity’s consent to the agency receiving the entity’s or public entity’s tax increment or sales tax revenues, or both, for the purpose of providing funds to carry out a proposed or adopted economic development project area plan.
- Adopt by ordinance and file with the Lt Governor’s office.

Commercial Development Areas (CDA)

- Resolution authorizing the preparation of a draft CDA plan.
- Prepare a draft commercial development area & conduct any examination, investigation and negotiation regarding the project area. Requirements of the project area plan include.
 - Set the standards that will guide the commercial development
 - Show how the purposes will be attained
 - Show that it is consistent with the general plan
 - Describe any specific project or projects that are the object of the proposed community development.
 - Describe any tax incentives offered private entities
 - An estimate of the total amount of tax increment that will be expended.
 - The public benefit
- Hold a public hearing on the draft project area.

- 365 • Adopt an inter-local agreement with taxing entities. An agency may negotiate
366 with a taxing entity and public entity for the taxing entity's or public entity's
367 consent to the agency receiving the entity's or public entity's tax increment or
368 sales tax revenues, or both, for the purpose of providing funds to carry out a
369 proposed or adopted community development project area plan.
- 370 • Adopt by ordinance

371
372 He stated following is a list of a few items that can be funded with RDA, EDA, or CDA funds.

- 373 • Infrastructure Assistance
- 374 • Street scape improvements
- 375 • Plaza improvements
- 376 • Incubator business
- 377 • Business Loans
- 378 • Business Grants
- 379 • Marketing

380
381 Mr. Chandler stated that in discussing the City's options with Matthew Godfrey, the City's
382 Economic Development Consultant, there has been a focus on providing street scape
383 improvements for the commercial area of the City. Council Member Bailey stated there are
384 challenges in North Ogden City due to the fact that the City basically has two different
385 commercial centers and it would be difficult to provide street scaping along the entire
386 commercial corridor. Mayor Taylor stated both commercial centers could be connected by
387 simple street scape components. Mr. Chandler stated City Administration is looking for
388 direction regarding whether to proceed with creating a CDA or multiple CDAs in the City.
389 Mayor Taylor agreed and stated he would like to research what has been done in other cities
390 relative to the creation of CDAs.

391
392 Council Member Urry stated he would like City Administration to move forward. Mr. Chandler
393 stated the Economic Development Committee will work on the project with a focus on how a
394 potential area will become an economic development generator.

395
396 Council Member Satterthwaite stated he likes the idea of researching what has been done in
397 other cities to learn from their successes or failures. Mayor Taylor agreed and then noted Mr.
398 Godfrey has developed a comprehensive proposal for redeveloping North Ogden Plaza, but the
399 proposal would require a large investment. He stated the Council will ultimately reviewed and
400 approve the components of the proposal, but he would like a consensus that the City needs to
401 address the North Ogden Plaza using tools that will provide funding other than new tax revenues.
402 The Council offered a general consensus to proceed with a major redevelopment proposal using
403 an EDA or CDA as a tool. There was a brief general discussion regarding some ideas for the
404 redevelopment project.

405
406
407 **6. SUMMARY – MAYOR TAYLOR**

408
409 Mayor Taylor stated City Administration will work to schedule future meetings of the Economic
410 Development Committee and it may be necessary to enlist a few new members. He noted the

411 request for proposals (RFP) for a consultant to assist in the update of the City's General Plan will
412 be published shortly and the Planning Commission and City Council will have input regarding
413 the selection of the successful firm. Mayor Taylor then briefly reviewed the list of the members
414 of the Economic Development Committee, after which there was a discussion regarding current
415 Council committee assignments with a focus on the available assignments for Council Member
416 Swanson. There was also a discussion regarding applicants for the vacant Planning Commission
417 seat.

418
419

420 **7. PUBLIC COMMENTS**

421
422 There were no public comments.

423
424

425 **8. CITY COUNCIL, MAYOR, AND STAFF COMMENTS**

426
427 Mayor Taylor stated that one of the local LDS stakes has withdrawn their offer to provide
428 volunteer support for the Cherry Days parade and he enlisted the Council to help find additional
429 volunteers for the event. This led to a general discussion regarding the makeup of the Cherry
430 Days Committee and the need to find a new chair and committee members prior to next year's
431 event. Mayor Taylor also stated he would like to enlist two Council Members to serve on a
432 committee regarding the opportunities associated with the library renovation project.

433
434 Mr. Steele stated it will be necessary to cancel the June 24 meeting because primary elections
435 will be held that day; he requested the Council meet on June 26 instead to deal with budget
436 amendments.

437
438

439 **9. ADJOURNMENT**

440
441 **Council Member Stoker moved to adjourn. Council Member Urry seconded the motion.**

442
443

443 **Voting on the motion:**

444
445 **Council Member Bailey aye**
446 **Council Member Satterthwaite aye**
447 **Council Member Stoker aye**
448 **Council Member Swanson aye**
449 **Council Member Urry aye**

450
451

451 **The motion passed unanimously.**

452
453

453 **The meeting adjourned at 8:53 p.m.**

454
455
456
457

458 Brent Taylor, Mayor
459
460
461 _____
462 S. Annette Spendlove, MMC
463 City Recorder
464
465 _____
466 Date Approved

NOT APPROVED