

## NORTH OGDEN CITY COUNCIL WORK SESSION MEETING

June 3, 2014

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

PRESENT:	Brent Taylor	Mayor
	Kent Bailey	Council Member
	Lynn Satterthwaite	Council Member
	Cheryl Stoker	Council Member
	Phillip Swanson	Council Member
	James Urry	Council Member
STAFF PRESENT:	Ronald F. Chandler	City Manager
	Bryan Steele	Finance Director
	Nicole Smedley	Chief Deputy City Recorder
VISITORS:	Blake Welling	

Mayor Taylor welcomed those in attendance.

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

### **AGENDA**

#### **1. PUBLIC COMMENTS**

There were no public comments.

#### **2. OPENING DISCUSSION**

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

### **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.

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

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

#### Creating an RDA/CDA/EDA

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

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

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

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

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

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

#### Permitted uses of TIF

- Sue and be sued
- Enter into contracts
- Buy, obtain an option upon or otherwise acquire real or personal property.
- Sell, convey, grant or dispose of by give real or personal property.
- Enter into lease agreement either as lessee or lessor.
- Receive tax increment
- Accept financial or other assistance from any public or private sources.
- Borrow money
- Issue bonds to finance urban renewal, economic development and/or community development
- Refund or retire bonds
- Transact other business and exercise all powers provided for in this title.
- A public entity may:
  - Not use eminent domain unless the property is within an urban renewal project area.
  - Pay for environmental remediation activities
  - Pay for housing expenditures, projects, or programs
  - Provide or cause to be furnished
    - ❖ Parks, playgrounds or other recreational facilities
    - ❖ Community, educational, water, sewer or drainage facilities
    - ❖ Any other works which the public entity is otherwise empowered to do including
      - ▶ Providing, furnishing, dedicating, closing, vacating, paving, installing, grading, regarding, planning or re-planning 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

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

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

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

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

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.

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

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

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

Tax Increment in North Ogden’s RDA.

- The RDA started taking tax increments in 1999

- 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.

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

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

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

- 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.

He also reviewed the projected revenue of the RDA:

- 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

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

## **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.

- 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 community development project area plan.
- Adopt by ordinance

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

- Infrastructure Assistance
- Street scape improvements
- Plaza improvements
- Incubator business
- Business Loans
- Business Grants
- Marketing

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

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

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

## **6. SUMMARY – MAYOR TAYLOR**

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

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

## **7. PUBLIC COMMENTS**

There were no public comments.

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

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

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

## **9. ADJOURNMENT**

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

**Voting on the motion:**

<b>Council Member Bailey</b>	<b>aye</b>
<b>Council Member Satterthwaite</b>	<b>aye</b>
<b>Council Member Stoker</b>	<b>aye</b>
<b>Council Member Swanson</b>	<b>aye</b>
<b>Council Member Urry</b>	<b>aye</b>

**The motion passed unanimously.**

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

Brent Taylor, Mayor

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S. Annette Spendlove, MMC  
City Recorder

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Date Approved