

## NOTICE AND AGENDA

Notice is hereby given that the City Council of the City of Santaquin will hold a City Council Meeting on Wednesday, December 18, 2013, in the Council Chambers, 45 West 100 South, at 7:00 p.m.

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. INVOCATION/INSPIRATIONAL THOUGHT
4. CONSENT AGENDA
  - a. Minutes
    1. November 20, 2013 Work Session
    2. November 20, 2013 Regular Council Meeting
    3. December 11, 2013 Work Session
    4. December 11, 2013 Special Council Meeting
  - b. Bills
    1. \$651,319.17
5. FORUM, BID OPENINGS, AWARDS, AND APPOINTMENTS  
**Public Forum is held to a 30-minute maximum with each speaker given no more than 5 minutes each. If more than 6 Speakers, time will be adjusted accordingly to meet the 30 minute requirement**
6. FORMAL PUBLIC HEARING
7. UNFINISHED BUSINESS
8. BUSINESS LICENSES
9. REPORTS OF OFFICERS, STAFF, BOARDS, AND COMMITTEES
  - a. City Manager Reeves
  - b. Director Marker
10. NEW BUSINESS
  - a. Discussion and possible action with regard to the acceptance of the 2012-2013 Fiscal Year Audit Report
  - b. Discussion and possible action with regard to an agreement with the Transportation Consultant
11. INTRODUCTIONS AND ADOPTION OF ORDINANCES AND RESOLUTIONS
  - a. Resolution 12-03-2013 "A Resolution Creating the Santaquin Special Service District for Road Maintenance"
12. PETITIONS AND COMMUNICATIONS
13. REPORTS BY MAYOR AND COUNCIL MEMBERS
  - a. Mayor DeGraffenried
  - b. Council Members
14. EXECUTIVE SESSION (May be called to discuss the character, professional competence, or physical or mental health of an individual)
15. EXECUTIVE SESSION (May be called to discuss the pending or reasonably imminent litigation, and/or purchase, exchange, or lease of real property)
16. CONVENE OF THE COMMUNITY DEVELOPMENT BOARD
17. ADJOURNMENT TO A REGULAR COUNCIL MEETING
18. ADJOURNMENT

If you are planning to attend this Public Meeting and, due to a disability, need assistance in understanding or participating in the meeting, please notify the City ten or more hours in advance and we will, within reason, provide what assistance may be required.

### CERTIFICATE OF MAILING

The undersigned duly appointed City Recorder for the municipality of Santaquin City hereby certifies that a copy of the foregoing Notice and Agenda was e-mailed to the Payson Chronicle, Payson, UT, 84651.

BY: Susan B. Farnsworth  
Susan B. Farnsworth, City Recorder

### POSTED:

CITY CENTER  
POST OFFICE  
ZIONS BANK

® Amendment to the agenda

**MINUTES OF A COUNCIL WORK SESSION  
HELD IN THE COUNCIL CHAMBERS  
DECEMBER 18, 2013**

The meeting was called to order by Mayor James E. DeGraffenried at 6:01 p.m. Council Members attending: Matthew Carr and Kirk Hunsaker.

Others attending: City Manager Ben Reeves, Community Development Director Dennis Marker, Public Safety Director Dennis Howard, David Hathaway, Mandy Jeffs, Nick Miller, Susie Becker, Tom Freeman, Johnathan Ward and other unidentified individuals.

**DISCUSSION ITEMS**

***Economic Development Presentation***

Zion's Bank Public Finance representatives Susie Becker and Johnathan Ward gave a power point presentation on Urban Renewal, Economic Development and Community Development.

The presentation included information on encouraging economic development, what redevelopment (now called urban renewal) means, an explanation of tax increment funding, how funds can be spent, purposes, legal requirements, budgeting, annual reports needed and current trends.

David Hathaway asked when taxes start coming back after tax incentives are given. Ms. Becker said the budget should show probable growth. She said the numbers needed to be reviewed before incentives were offered, and it was best to tie incentives to a percentage of what is brought in.

Dennis Marker said the Council had been having discussions on reclaiming the lagoon properties. He said he had met Tom Freeman, who had been involved with creating the new business park in Syracuse, at a conference. Mr. Marker said he asked Mr. Freeman to come to this meeting to give the Council economic development information from an industrial broker perspective.

Mr. Freeman addressed the Council. He gave a short history of his experiences as an industrial broker, saying he had been in the business for 15 years and was currently involved in three transportation oriented developments.

Council Member Carr asked what Mr. Freeman saw as demand was for these type of developments in the Santaquin area. Mr. Freeman said often smaller developments take place on the outskirts of Utah County, but he expected development within the next ten years. He said Santaquin has an educated work force going for it. He suggested sitting down with GOED, the governor's economic development group, and EDCUtah to make sure Santaquin's name would pop up when businesses are looking for sites. Mr. Marker said the City has worked with these two groups and has some properties on their websites, but the City does not have shovel ready sites. The Lagoon property is owned by the City, so it has no tax value now, which gives the property tax increment opportunities.

**Economic Development Presentation, continued:**

Council Member Linford asked how many acres are needed for a start-up industrial site. Mr. Freeman said on average 150 acres was a good site, which made the Lagoon area an ideal location. He said businesses are looking for ease of access, and a number of users need rail sites. David Hathaway asked how much infrastructure developers would want to see. Mr. Freeman said the new road was the driver for the Syracuse development.

Dennis Marker said the biggest issue was piping natural gas out to the Lagoon area, which is a million dollar investment. Council Member Hunsaker asked about fitting in the road from Summit Ridge. Mr. Marker said the only limitation was that agreements could only be executed within the City boundaries, and portions of the property needed for an economic development package are still in the county.

In answer to a question regarding moving up an economic development timeline, Mr. Freeman said it often came down to marketing for a project, and listed several possible partners.

Mayor DeGraffenried expressed his appreciation to Johnathan Ward for his help with City financial dealings over the years. He said great things in the community will only happen if the new Council has enthusiasm for the City. He said if the Council is divided, things do not happen.

***Protection of Road Reserve Funds (SSD)***


This item was not discussed.

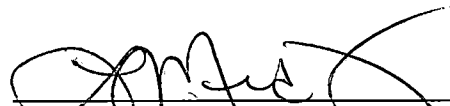
***General Discussion***

No time was available for discussion.

The meeting adjourned at 6:55 p.m.

Approved on January 15, 2014.

  
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Kirk Hunsaker, Mayor

  
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Linda Midgley, Deputy Recorder



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# Urban Renewal, Economic Development and Community Development Project Areas

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December 2013

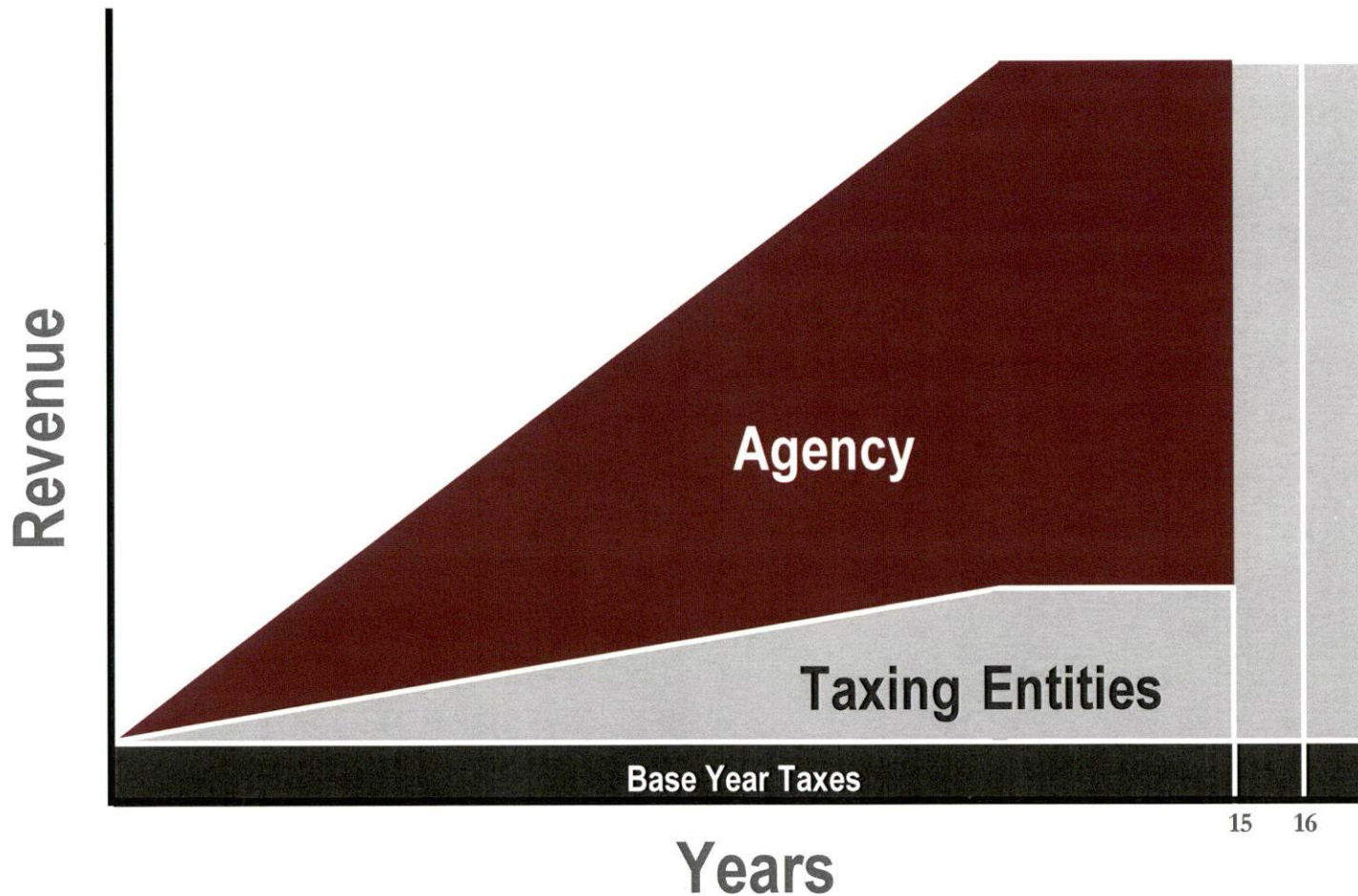
# What is Urban Renewal (“Redevelopment”)?

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- Utah Code 17 C (chapters 1-4) – 3 types of project areas:
  - ◆ Chapter 1 – General Provisions
  - ◆ Chapter 2 – Urban Renewal (URA)
    - Eliminate blight
  - ◆ Chapter 3 – Economic Development (EDA)
    - Job creation
  - ◆ Chapter 4 – Community Development (CDA)
    - Wide variety of community projects
- Common feature: use of tax increment



# How Does Tax Increment Work?



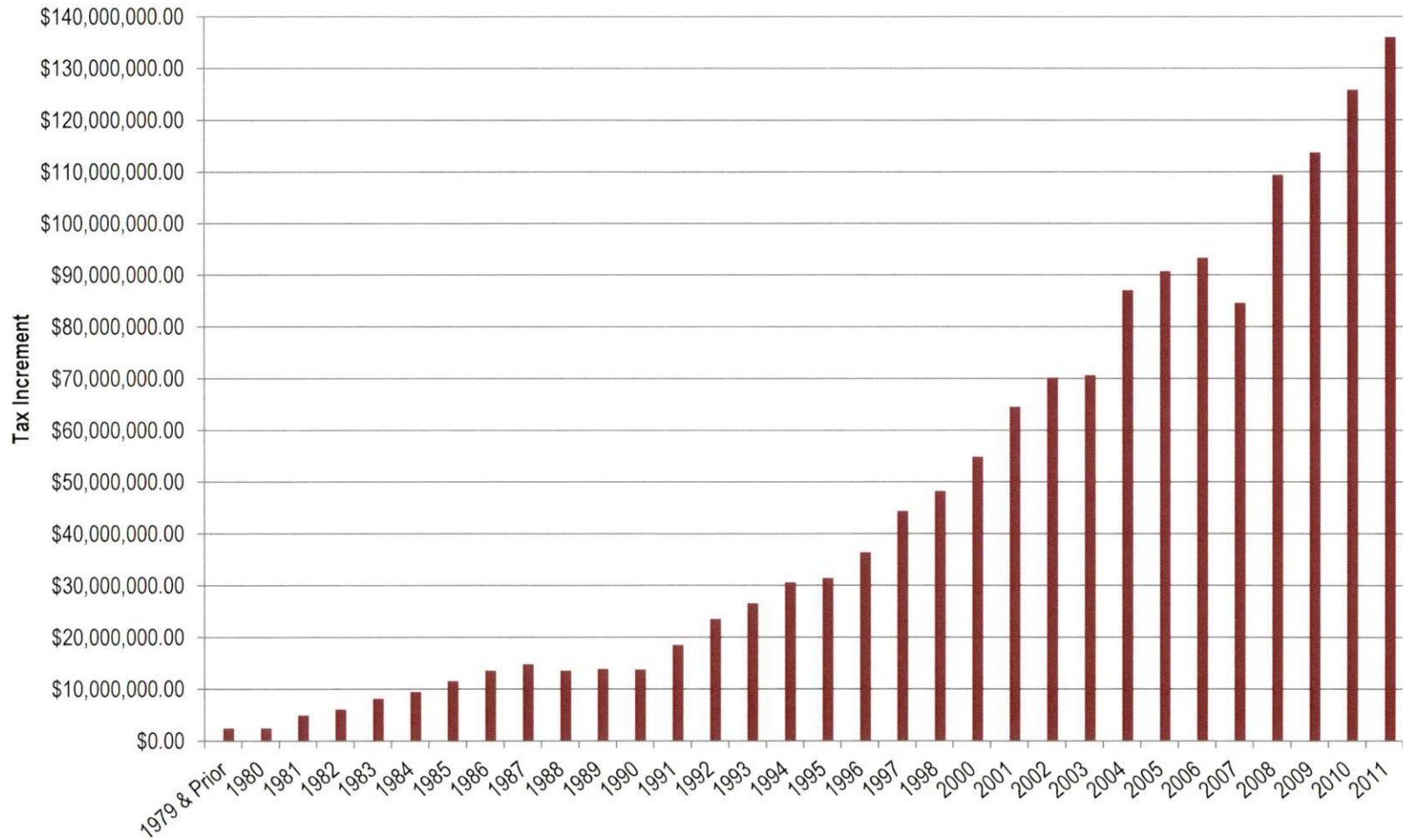
Tax Increment does NOT mean an increase in tax rates

# Comparison of Three Types of Project Areas

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- Urban Renewal (URA)
  - Requires blight finding
  - Limited use of eminent domain
  - Requires Taxing Entity Committee 2/3 vote
- Economic Development (EDA)
  - Job creation
  - No eminent domain
  - Requires Taxing Entity Committee 2/3 vote
- Community Development (CDA)
  - Encourage wide variety of community projects
  - No eminent domain
  - No Taxing Entity Committee approval – interlocal agreements

# Growth in Tax Increment



Source: Utah State Office of Education



# Facts About Tax Increment

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## TERM:

Average: 15 years

Maximum: 69  
years

Minimum: 5 years

## AMOUNT PER PROJECT AREA:

Average: \$28  
Million

Maximum: \$1.16  
Billion

Minimum:  
\$106,416

Source: *Utah State Office of Education*

# How Funds May be Spent . . .

## Increment Uses

- Infrastructure:
  - Utilities, roads, CGS, telecommunications, electrical upgrades, bury power lines, parking structures
- Demolition/Renovation of buildings (downtown, historic), facades
- Tenant improvements
- Land acquisitions
- Environmental cleanup
- Trails, trees, gateways, lighting, signage
- Cash incentives to developers
- Relocation expenses
- Revolving loan funds

# Why Project Areas are Created . . .

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## Project Area Purposes

- Job creation
- Remove blight
- Renovate historic downtowns; create town centers and walkable urban villages
- Renovate older malls and vacant buildings
- Develop business/industrial parks
- Attract manufacturing and high tech companies
- Attract large retail companies
- Conference/convention centers; recreation facilities; art center; hospital campus
- Increase tax base



# Process

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## Summary of Legal Requirements

- City creates Agency, by ordinance, if not already in place
- RDA approves Resolution authorizing study area
- Prepare Project Area Plan and Budget
- Notice and hold Public Hearing
- RDA adopts Plan and Budget by Resolution
- City adopts by Ordinance



# Calendar of Events

## Calendar of Events

### Morgan Young Automotive Community Development Project Area

October 2013							November 2013							December 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

Timeline	Code Section	Project Area Plan	Comments
Completed	17C-4-101	Prepare resolution authorizing the preparation of a draft project area plan	Attorney
Aug 27	17C-4-101	Agency board adopts resolution that authorizes the preparation of a draft plan	City
Ongoing – Nov 9	17C-4-103	Prepare draft CDA budget and draft project area plan	ZBPF
Oct 18 – Nov 8	17C-4-402(2)(b)	Obtain addresses for mailing for plan hearing no earlier than 30 days before the mailing	City
Nov 8	17C-4-102(b)	Make draft project area plan available to the public at the Agency's office	ZBPF
November	17C-4-201	Meet individually with taxing entities to negotiate interlocal agreements: School District – Nov 12 Morgan County – Nov 19 Weber Basin Water -	City and ZBPF
Nov 8	17C-4-102(c); 17C-4-402	Provide notice of the plan hearing: 30 days prior mailing to property owners in area, State Tax Commission, State Board of Education, County Assessor, County Auditor and the governing board of each taxing entity	City
By Nov 26	17C-4-402(1)(a)	Provide notice of the plan hearing: newspaper publication or posting 14 days before hearing	City
Dec 10	17C-4-102(1)(c)	Hold public hearing on draft project area plan	City
Dec 10	17C-4-102(1)(f); 17C-4-204	Agency approves (or revises) draft project area plan (can be same meeting as public hearing or at a subsequent meeting) by resolution. Agency approves budget by resolution.	Attorney to prepare resolution
Dec 10	17C-4-102(1)(g)	Adoption of project area plan by community legislative body by ordinance.	Attorney to prepare ordinance
Dec 12	17C-4-106(1)	Notice of CDA plan adoption-publish notice in newspaper, or if no newspaper, post in at least three public places.	City

## Other Important Points . . .

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### Additional Assistance with . . .

- Calendar of Events
- PowerPoint for Presentation to Taxing Entities
- Meetings with Taxing Entities
- Coordination with Attorney
  - Noticings
  - Resolutions
  - Interlocal Agreements

# Plan and Budget Requirements

## Utah Code 17C-4-103

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*Key: Keep the plans FLEXIBLE*

- General boundaries
- Land uses, principal streets, population densities, etc.
- Standards that will guide the community development
- How purposes of this title will be attained
- Be consistent with the General Plan
  - Need to have a General Plan in place

# CDA Plan and Budget Requirements

## Utah Code 17C-4-103

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- Describe any specific projects
- Describe how private developers will be selected
- Reasons for selection of project area
- Describe physical, social and economic conditions in the area



# CDA Plan and Budget Requirements

## Utah Code 17C-4-103

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- Describe any tax incentives offered
- Public benefit to be derived from the project
  - ◆ Influence on tax base of the community
  - ◆ Associated business and economic activity likely to be stimulated

# Budgets

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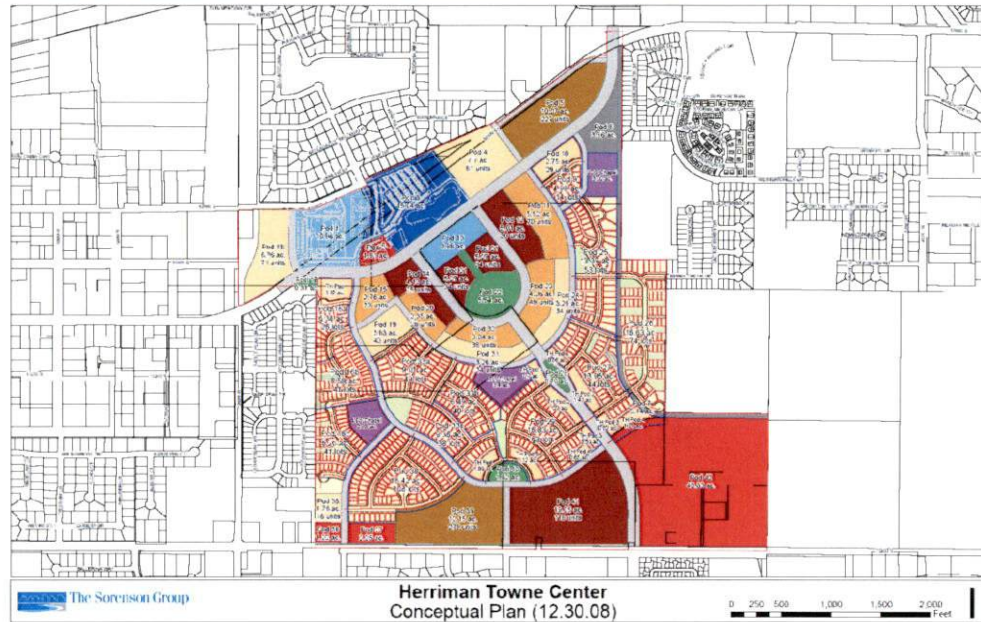
- Number of years for which increment will be collected
- Percent of total increment amount
- Base year taxable value
- Amount of increment to the RDA; amount to taxing entities
- Administrative and housing, if applicable
- Expenditures to implement plan

# Community Development Area (CDA)

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- Purpose is to promote a wide variety of development projects
- No eminent domain
- Does not require taxing entity committee to be formed – no voting
- Interlocal agreements with taxing entities
- Plan requirements: similar to URA and EDA with the exception that there are no blight and no job creation criteria

# CDA: Herriman Towne Center



- \$28 million in infrastructure costs
  - \$21 million “system” improvements
    - System improvements are eligible for impact fees
    - Only \$9 million eligible for impact fees in Towne Center area
- Overlay SAA onto area
- Homebuilder pays impact fee
- Sorenson pays “difference” of SAA payment
- Sorenson repaid with impact fees and with tax increment (TIF)



# A Few Things to Note . . .

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- Municipal buildings may not be paid for with tax increment unless the TEC waives this requirement
- “Municipal building” defined as
  - Fire station
  - Police station
  - City Hall
  - Court or other judicial building
- “Municipal building” does not include
  - A building for which the primary purpose is recreational or cultural

# A Few More Things to Note . . .

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- An Agency may not schedule a TEC meeting on a day when the Legislature is in session
  - By unanimous consent, the TEC may waive this scheduling restriction

# Annual Reports

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- Annual TEC meetings are not required if the Agency submits, prior to November 1 of each year, a detailed report to the designated agencies:
  - County Auditor
  - State Tax Commission
  - State Board of Education
  - All Taxing Entities

# Trends in Redevelopment

- Shorter time periods with higher % of increment
  - “Get in – Get out”
- Post-performance incentives at the local level – benchmarks
- More accountability with annual reporting
  - Does the vision match reality?
- Limit (“cap”) amount of increment and length of time
- Growth of redevelopment projects in rural areas





# Questions?

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Susie Becker  
801.844.8310  
susan.becker@zionsbank.com

Johnathan Ward  
801.844.7379  
Johnathan.ward@zionsbank.com

Additional information is provided in  
the following slides

# Taxing Entity Committee (TEC)

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- Representation
  - 2 – local school district
  - 2 – county
  - 2 – city/town
  - 1 – State Board of Education
  - 1 – all other taxing entities
  
- Quorum = 5 members for a TEC that includes a city/town
- Quorum = 4 members for a TEC that does not include a city/town
- Requires supermajority vote of those present (some exceptions)

# Urban Renewal Areas (URA)

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- Blight Study
- Eminent Domain
- Taxing Entity Committee 2/3 Vote
  - Majority now required for inactive airport and inactive industrial sites

# Recent Blight Studies/URAs

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- Salt Lake County West Millcreek
- Salt Lake City North Temple
- South Salt Lake Central Pointe
- Geneva URA (no blight study – inactive industrial site)



# Blight Means.....

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- Presence of at least 4 of the following:
  - At least one of the following:
    - Substantial physical dilapidation, deterioration or defective construction of buildings or infrastructure OR
    - Significant noncompliance with current building, safety, health or fire codes
  - Unsanitary or unsafe conditions in the proposed project area that threaten the health, safety, or welfare of the community

# Blight Means.....

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- Environmental hazards requiring remediation
- Excessive vacancy, abandoned buildings or vacant lots within area zoned for urban use and served by utilities
- Abandoned or outdated facilities posing a threat to public health, safety or welfare
- Criminal activity higher than comparable nonblighted areas; and
- Defective conditions making title unmarketable

# Blight Study

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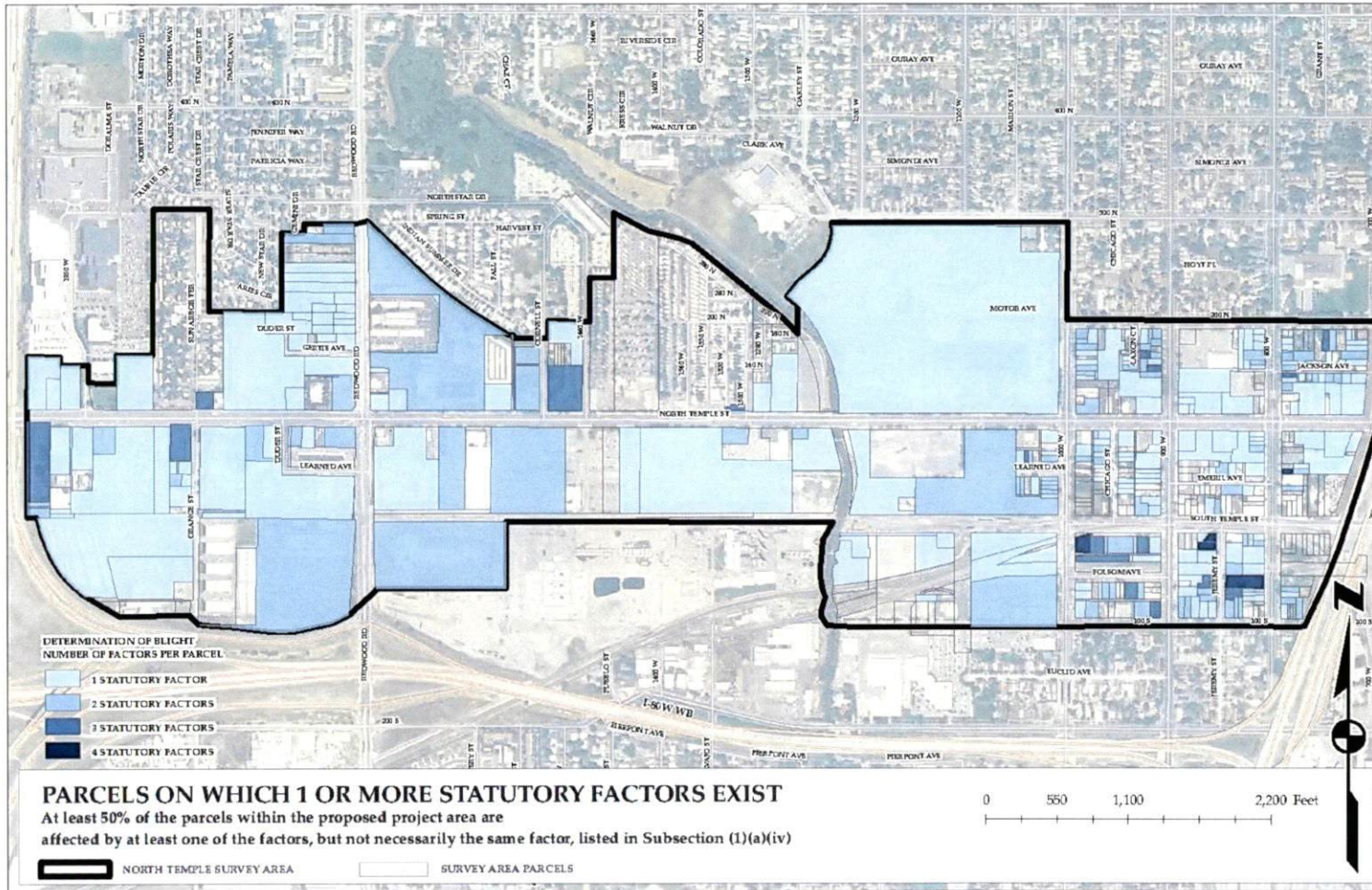
- At least 50% of privately-owned parcels affected by at least one blight factor (not necessarily the same factor);
- Affected parcels comprise at least 66% of the privately-owned acreage

OR

- Inactive industrial or airport sites



# Blight Study





# Eminent Domain

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- Use of eminent domain must be identified in the Plan
- Single Family
  - Owner consents or
  - Petition of owners of >80% of parcels and >70% of value of owner-occupied property
- Commercial
  - Owner consents or
  - Petition of owners of >75% of parcels and 60% of value of property
- 2/3 vote of Agency Board

# Concerns at the Blight Hearing . . . The Myths

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- 1. Eminent Domain** – “The government will take my property and will pay less than fair market value”
- 2. Blight** - “My property is labeled as ‘blighted’ so I won’t ever be able to sell it”
- 3. Tax Increment** - “The phrase ‘Tax Increment’ really means a tax increase and that I’m going to have to pay more taxes on my property”

# URA: Geneva URA

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- Inactive industrial site – automatic blight finding
- At the time, required 2/3 TEC approval (law has since changed to majority approval only for inactive industrial sites)
- 25-year phases
- \$325 million projected in increment
  - Over 7,000 residential units
  - 400 industrial acres
  - 200 office acres
  - 100 retail acres

# Economic Development Area (EDA)

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- Focuses on new job creation
- No blight study required
- Can be on vacant land as well as in developed areas
- No eminent domain
- Requires 2/3 Taxing Entity Committee approval
- Cannot collect increment from retail property
- Must prepare a Project Area Plan and Budget



# Economic Development Area Plan

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- Practically the same as the URA Plan with the following changes:
  - No requirement to reduce or eliminate blight
  - Must show how the economic development will create additional jobs

# Sample Projects and Increment

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1. West Valley City Center URA  
\$22.3 million over 15 yrs for infrastructure, land acquisition and building improvements (includes GSD participation to move elementary school)
2. West Millcreek URA  
\$18.6 million over 20 years for infrastructure
3. Box Elder Plymouth EDA  
\$1.4 million over 15 years

# Sample Projects and Increment

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4. South Station and Commerce Park, South Jordan - CDAs  
\$178 million over 20 years
5. Geneva – URA  
\$325 million over 35 years
6. Brigham City Campus CDA  
\$10 million over 20 years