SPECIAL JOINT FARMINGTON CITY COUNCIL
&
REDEVELOPMENT AGENCY OF FARMINGTON CITY MEETING
December 11, 2006
5:00 p.m.

Present: Mayor Scott C. Harbertson; Council Members Paula Alder, Rick Dutson, Sid Young, Larry Haugen, and David Hale; City Manager Max Forbush; City Attorney Todd Godfrey; Randy Feil, Special Counsel for RDA of Farmington City; Jean Paul Wardy, Elizabeth Angyl, Alan Benjamin from CenterCal; Tom Elliston, Attorney for CenterCal, James Ellison, America West, Rich Haws and Margy Lomax, City Recorder.

The meeting was called to order by Mayor Scott Harbertson. He reviewed a meeting held prior to the special joint meeting where Council Member Dutson, the City Manager and representatives from CenterCal (developer) discussed different issues and aspects concerning the Development Agreement between Farmington City and CenterCal and the Agreement for Development of Land between the Redevelopment Agency of Farmington City and CenterCal.

Randy Feil reported one of the major issues to be decided upon is the construction of the "road to the north". How to get it built; who will front the money; and who will take responsibility for getting it done. The developer is concerned about costs related to environmental issues. The City Manager had proposed a compromise for consideration between the City and developer regarding the construction and the environmental concerns with the "road to the north". The dollar amount would need to be determined as to how much the road to the north would cost. The City would receive 50% of that amount in the form of security such as an irrevocable letter of credit (L.O.C.). The road would be the full width of 52 feet with curb and gutter. As buildings are built in Station Park, they would pay transportation impact fees, and if possible, that money would be pledged for the cost of the road to north. Once the environmental issues are cleared, and the City is assured enough buildings are built and on track that the City can be assured it will receive a sales tax revenue base, then the project would be bid out and designed. Once a fixed bid is set, then the City could draw on the commitment of developer for half the cost of the road. Transportation impact fees would pay part of the costs. Sales tax revenue bonds would then be issued for the difference. At that point funds would begin to be paid back. The City would use sales tax revenues generated from the site to help retire the loans. Transportation impact fees could be used and some sort of assessment from benefitting properties could also be used to retire bonds. Although the City would guarantee it with sales tax revenue bonds, it would get its money back through the project area. This proposal is based on the formula of the City's Capital Facilities Plan. The developer felt the proposal is fair.

The City Manager suggested that engineers from the City and CenterCal get together and work on the numbers for the road. He pointed out they would also need to deal with the inflationary factor.

Another issue discussed in the prior meeting was tax-increment funding for sewer improvements. When the tax increment budget was put together, part of the budget was allocated to the construction of a sewer pump station north and west of Burke Lane for the Central Davis Sewer District. This pump station would help and benefit development to the north. There is an obligation in the budget for this to be built. Central Davis Sewer District should be consulted on the anticipated cost.

The total RDA budget is $18.5 million. The developer would receive a total of $17 million, after meeting all of its performance criteria, with the RDA receiving $1.5 million. The first $500,000 of tax increment received back the first year would go to the Redevelopment Agency of Farmington City -- $300,000 for administrative fees; and $200,000 for cost of engineering, signal, and/or other capital or professional costs regarding the Project. The Agency would also receive $1 million of tax increment over a three-year period for a housing project. The developer was somewhat concerned with the three-year period. This will be analyzed further. The signal on Park Lane will still go ahead as planned.

A lot of discussion had taken place regarding enhancement issues. The original budget was based upon a lot of discussions and evaluations about enhancements to the Station, the bridge, a plaza, lighting, signage, etc. Although those things are not listed as line items on a budget, the background for getting to the numbers included those types of evaluations. There is a list on "Attachment #4" of the ADL which lists those enhancements. At this point it appeared difficult to describe or put a dollar amount on the items that would be constructed. It was agreed upon to put in phrasing in Attachment 1 of the ADL to state that what they are going to be building is a "world-class project that would include elements such as...." Then the developer would list some of the elements -- pedestrian amenities, fountains, enhanced landscaping, plaza areas, covered area, the bridge, the platform, lighting, signage, etc. The intent is to give both sides an expectation of what is being talked about generally, but not so specific that is doesn't provide for flexibility.

Dave Hale questioned the percent of retail and residential that will be included in the project.

Randy Feil responded to his question stating that there is a minimum level of improvement investments of $80 million which is a combination of residential and retail but mostly retail. If the developer acquires more property, it could be over $100 million.

David Hale asked how vested are the plans with respect to how strong this is a retail developer opposed to someone who might sell off for residential? The ADL has built in restrictions against transferring the project area to anybody else without the approval of the Agency prior to finishing the improvements. As soon as they finish the improvements, then they can sell. They have a performance level to meet in order to keep receiving the tax increment.

The City Manager wanted the Council to know that for "the road to the north" the City will likely assume part b(50%) of the responsibility through sales tax revenue bonds. Payback would come through benefitting property assessments and a little bit of impact fees.

Randy Feil stated the intent is to have a first draft of the Agreement for Development of Land and Development Agreement for the City Council review for the December 12th meeting.

Todd Godfrey then addressed issues of the Development Agreement. The real issues the City had in terms of the Development Agreement are what are referred to as the "Project Master Plan". There is a Narrative and a Graphic of the Project Master Plan and discussion was held as to ways to deal with some of the uncertainties. Incorporation of the development standards and how they would play out through the rest of the Transportation Oriented Development Zone had been discussed.

Tom Elliston, Counsel for CenterCal, felt the Development Agreement is to a 96% level for City Council review. He stated they could have a detailed walkthrough of it at the December 12 meeting. The idea is to take the Project Master Plan, which is a conceptual level plan, and then essentially vest the uses of density and configuration that are shown in that plan, and give the developer some measure of flexibility to make revisions to the Project Master Plan with either an administrative level of approval, or if substantial revision, come back to the Planning Commission for review. He stated that CenterCal has a lot of moving parts on this project. It has to design for particular tenants and adjust the plan over time as additional tenants come into play. Although the basic elements of the Plan are intended to remain fairly constant. Roads could be moved, building locations could be moved. Theaters might come or go. So flexibility is trying to be built into this project. Developers of projects with this kind of capital commitment need the kind of assurances with use, density, and configuration to even get going. This project is potentially 1.7 million square feet of design work.

Todd Godfrey reported the Project Master Plan is a separate document and the Development Agreement incorporates the Project Master Plan, but the City Council will be reviewing them at their December 12 meeting as separate elements. He stated that what they have tried to do in the Development Agreement is to allow for this development to be flexible enough for the developer to do their business the way they do it the very best. They are the ones who lease the shops and have the experience in making these types of centers go. He said the City should not tie them down so tightly on a site that if they have a better use for it, they can't locate it there. There is a balance that needs to be achieved in allowing flexibility in the Development Agreement and the PMP. If a major use change is wanted in one of the lettered areas shown on the map, the developer would have to come back to the Planning Commission to get it changed. He believes the way the Development Agreement is structured it will always allow for betterment of the project.

Elizabeth Angyl of CenterCal discussed maps showing Park Lane access; re-striping of bus routes for the BRT; and a shuttle to Lagoon. She said that keeping buses out of the heart of the

project is important. Storm water drainage will be graded primarily to the southwest of the project area.

Max Forbush informed the Council that an agreement needs to be drafted regarding the site of the City's Public Works building. The building will be torn down and rebuilt at a different location. It will not be included as part of the project site. He said the City Council ought to look at the development agreement as "a work in progress" and that a draft will be emailed to them before the December 12 meeting.

David Hale asked how quickly they anticipate getting started on the project. Jean Paul Wardley of CenterCal responded that they hope to be turning dirt next year.

At 6:05 **Larry Haugen** made a motion to adjourn which was seconded by David Hale and the meeting was adjourned.

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Margy L. Lomax, City Recorder
Farmington City

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Max Forbush, Executive Director
Redevelopment Agency of Farmington City