

**TAXING ENTITY COMMITTEE FOR THE
REDEVELOPMENT AGENCY OF FARMINGTON CITY
MAY 29, 2019**

Present:

H. James Talbot, Farmington City Mayor and Chair of Committee
Brett Anderson, Farmington City Councilmember and Vice Chair of Committee
Holly Gadd, Farmington City Recorder and Secretary of Committee
Kyle Fielding, Redevelopment Agency Attorney (via phone)
Bob Stevenson, Davis County Commissioner
Curtis Koch, Davis County Auditor
Leland Myers, Representative for the Smaller Taxing Entities
John Robinson, Davis County School District
Craig Carter, Davis County School District
Brett Baltizaar, State School Board
Staff and Members of the Community

Chair Jim Talbot called the meeting to order and thanked everyone for being there.

REGULAR SESSION:

Brigham Mellor, Economic Development Director said there were some minor changes to the resolution based on the previous conversations with the taxing entities. He outlined those changes, which included the Davis School District who would be able to use the facility. Additionally, some of the wording in the agreement was amended so that the School District would be able to use the facility, but that the School District could not stop the deal from happening, as was included in the wording of the original Redevelopment Agreement (RDA). The Mayor said that he felt it was important to have the School District involved with this project from the beginning as he felt it made the relationship with CenterCal and the 3rd party leasee stronger. The Mayor said he feels the City is now in a good position to negotiate dates the School District could use the arena for things like graduation. He also said bringing all the taxing entities together allows this project to potential move forward, so CenterCal can start moving forward on securing leasing.

It was asked why the prior language gave the school district the power to cancel the entire project. **Jim Talbot, Chair** explained that wording was originally included so the school district felt like a major player, but the language needed to be changed as obstacles have surfaced with the Board.

Brigham Mellor, Economic Development Director also pointed out that the RDA's language now includes a guarantee that construction would take place prior to May 31, 2022. He said another component is that the County will have an opportunity to receive tax increment funds, and exchange the dollar for dollar amount of the tax increment that they would have gotten with their tourism funds while the tax increment dollars can go back to the general fund.

Kyle Fielding, RDA Attorney, said there was a change in resolution to the tax entity committee, and this authorizes the revised resolutions.

Bob Stevenson, Davis County Commissioner said he feels that everyone needs to be united on this project because he believes what will be good with this project will also be good for the County. He said he feels if a motion fails, the project will be brought to a halt, which will not send a good message to the developer. He asked if someone can help him understand if the School District is against this project or if they are just not ready to support it at this time.

Craig Carter, Davis County School District said he feels based on the consensus of the board that it is more of a feeling that they are not ready. He said there was concern that the arena's primary use would not be for the Jazz's G League. He said they got the feeling that regardless of where the school district lands, CenterCal could build the arena anyway. He said the speed of this project is sensitive to the board members of the school district, but he thinks that they would support the project in time.

Bob Stevenson, Davis County Commissioner said he feels it is important that everyone is in this together. He said he would hate to lose out on this project. **Jim Talbot, Chair** explained that this meeting was extended out a week longer in order for the school district to have further discussions regarding the project. He said the RDA was set for 20 years, but in order for the RDA to be extended out another year and a half to accommodate this project, tax notices have to be sent out immediately, which is why a vote on this project right now is so critical, and why it may feel rushed.

Kyle Fielding, Redevelopment Agency Attorney said the timing goal is June 8th because that is the day the certified tax rate becomes fixed. He said in order for the RDA extension to take effect, it must be approved prior to June 8th, otherwise the certified tax rate will get fixed without it. He said it would be another year before funds for this project would be collected. He stated if this is approved prior to June 8th, it allows for continued collection of tax without impact to the taxing entities.

Curtis Koch, Davis County Auditor said that Kyle is right, rates need to be set by June 7th of this year. He said that 9-10% tax increment will be remitted to the RDA, and that the rest would flow to entities in the tax year 2019. He said the rate that is set now will determine the distribution for year 2019 and that this is the last year increment is collected. Tax year 2020 is when the value of Station Park comes back on.

Curtis Koch, Davis County Auditor said that the assessor has turned over the numbers, and that they are trying to make sure everything fits. He said they are working to ensure all parcels have the correct valuations and that the calculations are right in the tax system. All numbers will be finalized prior to June 8th.

It was asked if any property tax has been taken on the amount of the valuation of \$300 million for Station Park.

Curtis Koch, Davis County Auditor said yes, the County has planned for those funds to come back to fund the County's activity this year. The County has planned for those revenues coming in, but that the tourism funds could be used as a stop gap measure.

It was also explained that delaying receiving those funds for another year and a half, if the RDA extension was approved, means that new growth would not occur this year. It would delay when new growth would come on to the base value. When the RDA rolls off, that is when new growth occurs.

It was asked if new growth isn't collected for the next year and a half, could those funds go back and be collected, as well as if a resolution that states new growth would come back on if this project does not work out. **Curtis Koch, Davis County Auditor** said that cannot be done as it would cause a "stacking effect," which is not allowed by the county auditor or the state tax commission. He said if the RDA extension passes, the certified tax rate will be set. New growth would not be recognized in year 2019, but would be recognized when the extension expires.

It was asked if the committee does not approve the extension, would the new growth come on when it expires.

Curtis Koch, Davis County Auditor said 90% of it would come on, and that it is further explained on the detailed sheet. He also said if this is not approved today, this project will fail. The property will then come back onto the tax rule. He said it cannot be approved at a later date and taken off the tax rule. He explained a whole new CRA would need to be created, or that another CRA would need to be expanded.

Jim Talbot, Chair said this RDA is already in place, and that it has gone through the public process and done what it is designed to do. He said if this extension does not pass today, it will expire next year. In order for something to come in under a new RDA or CRA, the process would have to start from scratch again, which includes a full public

process. He said one of the reasons Farmington could potentially move forward on this project is because the RDA is already in place.

It was asked what it would take to extend an existing CRA. **Kyle Fielding, RDA Attorney** said extending a CRA is done by local agreement with each tax county. He said the Redevelopment Agency holds a public hearing, and an amendment to each budget is made. Then, each of the taxing entities need to be dealt with separately. **Brigham Mellor, Economic Development Director** also pointed out that a CRA only collects 70%. He said the next CRA will not trigger until the end of 2024, so it would be impossible to capitalize on those funds before this project is set to take effect. He said a new CRA would have to be created, but also pointed out a CRA's maximum amount for project development expenses is 90% as state statute requires 10% remain for low-income housing.

Curtis Koch, Davis County Auditor explained June 7th is so critical because all tax rates are set in time for valuation notices to be sent on July 22. He said it is critical to know what people are doing in June so that rates are set so that distributions can be made. He said as of right now, 31 projects are active, but that 9 have not yet triggered. If those are not triggered prior to June 7th, they will have to wait until next year. **Brigham Mellor, Economic Development Director** stated that there are no other options on the table to fund this project. He said if the rate is not set by June 7th, the City has lost the opportunity at this project. **Jim Talbot, Chair** emphasized this as well, as of June 7th, if an extension is not made, the opportunity is gone.

Kyle Fielding, RDA Attorney explained tax rates are set on June 7th. He said the City is competing with another site that is looking at a 20-25-year plan to cover the increment financing, whereas the increment value could be done in a year and a half through the RDA.

Curtis Koch, Davis County Auditor brought up the certified tax website, and showed how all the numbers affect each other. He said without the values in, the entire certified tax rate changes because the increment value is not being subtracted if the RDA expires, so all of these numbers must be finalized by June 7th.

The School District asked how this would benefit the district in the long term. It was explained that the new growth is not lost, but that it is deferred out for another year and a half when the RDA extension would expire. It was also stated that the value of the arena would go onto the books once it opens, and that the school district could use the facility in the future. This arena would also enhance the ability to bring businesses to the business park sooner rather than later.

The school district asked how the value of this building would affect property taxes. **Brigham Mellor, Economic Development Director** said conservative estimates show a net gain of \$300,000 from the building alone. He said that amount does not take into account the rising tide of increased valuations of neighboring areas. He said when the U of U Hospital first bought their property, it was purchased at \$11 per square foot 5 years later when the credit union purchased their property, it was purchased at \$26 square foot. He said although the economy is doing well, it has not improved that much. The increase was a result of Station Park's success. **Brigham Mellor, Economic Development Director** feels this arena could be a catalyst for economic success for the areas around Station Park.

Craig Carter, Davis County School District said he made a presentation at the board meeting yesterday. He said the board is a group of people that serve the entire school district, and that they are not just considering ramifications locally, but how the tax increase and bonds will affect everyone. He said they also have to take into consideration information that comes from other sources as well. He asked if there is anyway the project could be tabled. **Jim Talbot, Chair** said no, the deadline is June 7th. **Kyle Fielding, RDA Attorney** also pointed out that Utah statute requires at least a 10-day notice in advance for the meeting, and 10 days would put the meeting after June 7th.

Craig Carter, Davis County School District said that there is no question that the RDA has been a huge success, but wondered why CenterCal is now coming back for more money. **Brigham Mellor, Economic Development Director** stated that this is unfamiliar territory for CenterCal. He said they are trying to get partners that are familiar with this side of business, but that there is still a risk. He said CenterCal is entitled to do apartments, and could easily

partner with UTA for those and a large parking garage. He said that is a guaranteed source of income for them, but that CenterCal is willing to take a risk on this. He said CenterCal feels partnering with the City for \$4 million will hedge the risk they are taking on instead of the guaranteed source of income with apartments. **Jim Talbot, Chair** also pointed out that the arena would be taxed at a different rate than apartments. He said if this is approved, the City would maximize the property at the highest value.

Brett Anderson, Vice Chair asked how many doors CenterCal would be entitled to. **Brigham Mellor, Economic Development Director** said the acreage is about the same as Park Lane apartments across the street, which is approximately 350 doors on 8 ½ acres. He said if CenterCal partners with UTA, which they are entitled to do, the number of doors could easily increase to 700. He said the fact that CenterCal is willing to take on this option when they could easily generate a lot of increased sales of the area with apartments coming in is important to note. **Brett Anderson, Vice Chair** said he feels this is important to note as that amount of doors could easily over-crowd the surrounding school, and that other facilities would have to be built.

Craig Carter, Davis County School District asked why CenterCal is not present in the meeting if this project is so important to them. **Brigham Mellor, Economic Development Director** said it was the City's decision to not have them come. The City felt it was important to maintain a clean relationship with CenterCal, as well as maintain some negotiation cards going forward. The City was concerned that the vetting out process could be misconstrued, and did not want that barrier in their strong relationship with CenterCal.

Heidi Voordeckers, Davis County Chief Deputy mentioned that if the school district wants to be ensured that this will come back on for new growth on their tax rules for the year 2020, the resolution amount could be reduced in a way that the County contribution was not coming from tax increment. She said that would ensure that it is not actually tied to the project, but would ensure the project would collect next year if the amount was reduced to something like \$3 million. **Brigham Mellor, Economic Development Director** said it may work if tourism dollars are used to make the year and a half extension a cleaner close-out. **Curtis Koch, Davis County Auditor** said funds would most likely be used from the general fund, but that this would need to be further discussed to see if it is possible.

There were concerns about how things would show up on the tax rules the extension and funds are approved, but CenterCal pays the \$4 million back if they choose not to build the arena. **Heidi Voordeckers, Davis County Chief Deputy** said it would come back on the treasurer's distribution. She said they would work closely with the treasurer's office and tax commission. She said it would not impact the tax rate.

Jim Talbot, Chair reiterated that projects like this are difficult to come by, but that CenterCal is a willing and able participant, and that they would bring on another entity that is also willing and able. He said the approval of this ensures CenterCal can move forward to consider their next steps.

Craig Carter, Davis County School District expressed concern that the RDA extension could be approved, but that CenterCal could go back on what they would like to build, and build something different. **Jim Talbot, Chair** said that the property is small enough that it will limit what tenants they could have, like big box retailers. **Brigham Mellor, Economic Development Director** said that the RDA committee would also have to approve any changes, and based on previous conversations, he does not see any reason why the RDA committee would be interested in something that would increase traffic on such a consistent basis.

Jim Talbot, Chair said that a vote needs to take place today because the deadline is June 7th. He said approving or denying the extension will either "ignite or put a wet blanket" on the project.

There was a brief break for members of the school district to discuss.

Craig Carter, Davis County School District said they do believe this is an important project, and that they feel it is important that it is a team effort. He said they would like to work together on this to ensure everyone is on board.

Motion:

Bob Stevenson, Davis County Commissioner made a motion that this item be tabled until a meeting on the 10th of June, 2019. **Leland Myers, Representative of Smaller Taxing Entities** seconded the motion. Curtis Koch, Bob Stevenson, Leeland Myers, Craig Carter, and John Robinson voted in favor of the motion. Brett Anderson and Mayor Talbot voted against it. The motion carried on a 5-2 vote.

Amended Motion:

Bob Stevenson, Davis County Commissioner amended the motion to include that a notice goes out via email to all board members of the Taxing Entity Committee this afternoon to ensure the 10 day notice is met. **Brett Baltizaar, Davis County School District** seconded the motion, which was unanimously approved.

It was also noted that further discussions regarding Heidi Vordecker's suggestion be considered at the next meeting.

Adjournment

Bob Stevenson, Davis County Commissioner made a motion to adjourn. **Leland Myers, Representative for Smaller Taxing Entities** seconded the motion, which was unanimously approved.

Holly Gadd, Secretary