

**Tooele City Redevelopment Agency
Business Meeting Minutes**

Date: Wednesday, February 6, 2008
Time: 6:00 p.m.
Place: Tooele City Hall Council Chambers
90 North Main Street, Tooele, Utah

RDA Board Members Present:

John Hansen, Chair
Scott Wardle
Steve Pruden
Mike Johnson
Dave McCall

City Employees Present:

Mayor Patrick Dunlavy
Glen Caldwell, Finance Director
Sharon Dawson, City Recorder
Lisa Carpenter, Deputy Recorder
Rachelle Custer, City Planner
Doug Baylay, Assistant City Attorney
Randy Sant, RDA Consultant

Minutes prepared by Elisa Jenkins

The meeting was called to order by Chairman Hansen at 6:00 p.m.

1. Presentation of Building Renovation Project and Request for Agency Financial Participation

Chairman Hansen mentioned that it is a busy agenda tonight and wants to make sure they cover everything. Mr. Sant said that they allotted 20 minutes for the first agenda item. Chairman Hansen said that the board is excited about the possibility of a new business downtown. He doesn't want anyone to leave tonight with false expectations, but he does want to know what these business owners want from the Board. Chairman Hansen said that these downtown buildings require a lot of effort to be brought up to code. This is a long process and everything probably won't be finished tonight.

Mr. Sant introduced Ms. Teri Ellsworth to present the building renovation project and request for agency financial participation.

Ms. Ellsworth stated that this project consists of two parcels, 29 N. Main and 23 N. Main. The parking behind these parcels has been acquired also. She distributed a

copy of a power point presentation to the RDA Board and Staff (a copy is included with these minutes as Exhibit A). She stated that they have already done a great deal of preparation on this project they have been in contact with an architect and had an engineer look at the building. They have already developed interior plans for the first floor. They also have proposed facades. They have also had a good working relationship with Mr. Cary Campbell. They feel that they have already put a great deal of work into this project. Ms. Ellsworth understands that the City wants something exciting on the old part of Main Street. They are proposing a fine dining restaurant named Sostanza. They have taken into consideration the demographics of the County, the average income and the revenue that has been spent on eating and drinking in the County. They have a desire to provide good quality healthy food. They anticipate different phases for this project. The first phase will be the first floor with a full service restaurant and they want to have seasonal outdoor dining with beverage service. Phase Two will be a full service bakery in the back half of 23 as well as retail interest for the front of 23. Phase Three will be a box lunch and catering business. Phase Four will expand to lunch service. Their goal is to do things unlike anything that has been done in Tooele before. They are excited about having good quality food and good quality service.

Ms. Ellsworth further explained that Phase One will have a positive impact on revitalizing the downtown with the addition of 20 new jobs. With project expansion they will have the addition of 30 new jobs. This will also expand the services available in Tooele. They will capture lost revenue that has been going to Salt Lake restaurants. They will also provide a healthy eating choice to the local populace. They have done a market comparison with Applebee's. They have been very cautious in terms of financial projections and knowing exactly what they need. The gross revenue for eating/drinking in 2006 was \$29,767,381.00. That is a significant dollar amount. They hope to capture some of that. They will be upgrading the parking lot and adding additional lighting. The back alley will be their front door so they want it to look nice. They have received bids for improvements on 29 N. Main. The staircase will have to be shared. The improvement to 23 N. Main will be done after 29 N Main. She has included an estimated Market Value with the improvements to be \$914,734.00 at 29 N Main and \$210,079.00 at 23 N Main. They are excited about the idea of doing something new downtown. This is also a project that shows a building can be renovated affordably. Because you can get market value rent for an A space in the downtown area. They are hoping for participation from the City and the RDA.

Ms. Ellsworth distributed a picture of the proposed façade to the board. (This is included as Exhibit B with these minutes.) They are proposing a façade for the front and the back of 29 N Main.

Ms. Ellsworth said that their primary lender has told them that in order for them to obtain financing, it is critical for the City to cooperate with low interest loans or grant money. The lender would find it much easier to get the funds they need for renovation if he can show on paper that the RDA has participated. As a showcase

they can become a way for other landowners to see that things can be done downtown. This will be the start for that.

Councilman Johnson asked how much money they are asking for.

Ms. Ellsworth said that they were told that the façade grants are \$10,000 each. There is a potential grant from RDA that they could receive. The possibility of any other grant money or any money to help renovate the parking lot would be helpful. Their lender was asking for somewhere in the scope for the total package of \$150,000 - \$200,000.

Councilman Wardle asked if building 23 and 29 were considered one project or would she be coming back and asking for additional grant money for building 23.

Mr. Sant stated that this would be considered as one project.

Councilman Wardle asked when she needs to know from the City how much money they will be getting to start moving the project forward.

Mr. Ellsworth stated as soon as possible. They would like to be open by June 1, 2008. How their financing goes is contingent on the RDA gives them.

Councilman Johnson asked if Ms. Ellsworth could have her lender give Mr. Sant a letter stating that financing for this project has been approved contingent upon Tooele City's participation in this project. Ms. Ellsworth said that she will ask her lender.

Councilman Hansen said that it is important for them to get their plans to the engineering department and the Planning Commission. Until this goes through the process and gets back to the RDA and the City Council it is very difficult to give them an answer.

Councilman Wardle noted that this does not go to the Planning Commissioner because the Conditional Use is already in place. Ms. Custer stated that the outdoor dining would go before the Planning Commission. Councilman Wardle stated that everything else would be taken care of through the RDA.

Councilman Wardle asked Mr. Sant how long he would need to make a recommendation to the Council. Mr. Sant stated that he would just need a few weeks.

Councilman Johnson stated that they do want to bolster the downtown. But, they are also dealing with public funds so they need to cost justify this project. He also would like to know what the income of the employees will be because they will pay sales tax.

Councilman Wardle stated that they just need some more information and a recommendation from Mr. Sant.

Mr. Sant said that they have had the request. He will do a cost benefit analysis. They will also look at the increase in sales and property tax. The entire budget for the year for the downtown is \$200,000. He doesn't see how they could do this project without dipping into the fund balance. Currently in the budget remaining for this fiscal year is \$38,000 in the façade grant, there could be a possibility of two façade grants because there are two buildings. There is \$10,000 left in the revolving loan and then in the Downtown project the remaining balance is \$38,000. If they were to use all of this money they are only about half of what is being requested. If they move forward on this they would have to dip into the fund balance or fund this partially in this fiscal year and partially in the next fiscal year which would be July 1.

Councilman Johnson stated that he gets nervous awarding money as deserving as it might be when there is no written criteria that they should look to make that decision. They want to be fair to everyone. They need written documentation.

Mr. Sant said that because of the extent of this project they would have currently have documents and conditions on the revolving loan. There are documents and conditions that have to be met for the façade grants. He would treat this like any other development and enter into a development agreement. In the development agreement certain things would have to be done. The RDA has to make a decision if they want to spend their money in small amounts here and there or do they want to take what they have and do a demonstration project. They can show they have done four or five major buildings in the downtown area. One of the reasons he is excited about this project is because he would like to see what could be done with the upstairs of the building. The other thing he likes is the parking would be under one ownership. The criteria would be they would look at it on a case by case basis and there would be certain things that would have to be met.

Councilman Wardle stated that this is not just grant money that there are other issues involved with loans and the repayment of loans. It would not be prudent as an RDA Board to just give money away there needs to be accountability. The business owner continues the investment after the initial project is completed.

Ms. Sant said that there are a number of creative things that they can do with this project. They need to look at what the return on investment is with their funds and without their funds. They look at the income statements. He will meet with the property owner and Ms. Ellsworth.

Chairman Hansen stated that the applicant is well on their way with the engineering and getting things to the City. The Board wants to support this applicant. Chairman Hansen suggests getting the façade grant applications in. Mr. Sant stated that he already has the façade grant applications. Chairman Hansen also stated that

there is an Ordinance in dealing with an Historical building that there are things that the engineering department can do to help. He asked Mr. Campbell to look into this.

Mayor Dunlavy stated this money has been available for many years. This project is willing to invest a considerable amount of money in an area that needs a lot of improvements. He would like to support this project as much as they can. There needs to be checks and balances. They are not changing the use of this building. He would like to support this project, account for the money, and bring some life in the downtown area.

Councilman Wardle stated that this project is exciting for downtown.

2. Update and Approval of Property Sales Commercial Park

Presented by Randy Sant

Mr. Sant stated that Mr. Hansen is working on putting a subdivision together for some of the land in the commercial park. They are proposing a subdivision that will have seven lots. Lots 3 and 4 would deal with USU. Lot 3 would be the 30 acres that they would donate and Lot 4 would be the 20 acres that USU would eventually purchase. That would leave Lot 5 and 6 for development. It leaves Lot 7 for a trade with Mr. Sundloff for the property for Syracuse Casting. They also made a commitment some time ago to the housing authority to give them an acre lot, which would happen with lot 1. They are in process of putting together the property sale and transfer agreement that they will enter into with USU. They need a survey and a legal description so they know what they are getting and the surveyor is a few weeks out. He does not anticipate that they will have that agreement ready until March. It is moving forward.

Councilman Pruden asked how many acres that leaves to be sold.

Mr. Sant stated that in that given area about 26 acres. He said that they still have a little over 200 acres over all.

Mr. Sant also stated that they discussed in the last meeting about developing the additional 10 acres on the east or sell it to Mr. Brockbank. They would like to sell it to Mr. Brockbank and they have negotiated an offer of \$30,000 an acre for that 10 acres with a due diligence and a closing in 45 days. He will bring the document back for them to approve. The price is about \$2,000 more than that appraisal.

3. Review and Approval of Payments to Carlisle Syn-tec

Presented by Randy Sant

Councilman McCall stated for the record that he works for Carlisle Syn-tec.

Mr. Sant stated that Carlisle Syn-tec built the first building then came to the City and wanted to build the second building. This incentive is for the second building. They paid \$500,000 for that entire property and as an incentive for them to build the second building the RDA agreed to reimburse them the cost of the property purchase over a five year period of time. The agreement says that the \$479,415 shall be reimbursed over a maximum five period of time beginning July 1, 2007 or the first year the Agency receives the tax increment payment for the project and ending no later than four years after the first payment is made. Each payment shall be no less than \$95,883.00, 1/5 of the purchase price or fifty percent of the tax increment paid by the company, whichever is greater. For the first year of 2007 it wasn't quite 100% assessed so they would be making the \$95,883.00 payment. He is asking the Board to authorize them to make the first payment. The property tax has been paid. The agency has received that tax increment.

Councilman Johnson moved to approve the 1st payment to Carlisle Syn-tec under the Site Agreement of April 16, 2005 with the authorized payment of \$95,883.00. Councilman Pruden seconded the motion. All members present voted "Aye".

4. Review and Approval of Payment to UID

Presented by Randy Sant

Mr. Sant stated that this is an item that was discussed at the last meeting. There were some notes that were outstanding with the UID that he wanted to talk about. The first one was the Jade Note. In 2004 Utah Fabrication came to the RDA Board and needed \$100,000 to purchase property. They have made two \$25,000 payments. The way it was written is that they would pay \$25,000 a year for four years. He would like to make the 2007 payment.

Councilman Wardle moved to pay UID the \$25,000 payment on the Jade Street Promissory Note. Councilman Pruden seconded the motion. All members present voted "Aye".

The second issue is for Carlisle Syn-tec building number one. They had UID put up all the costs to bring all of the improvements. They agreed to do a Promissory Note with UID to pay them for the costs over a period of time. He would like to pay this note off out of the fund balance and be done with it and keep the increment and use it for other things that need to be done out there. If they did that it would give them enough increment that they could do a 7-8 million dollar bond to help with the construction of 1000 North or other things. It reduces the fund balance by that amount. He is negotiating with UID that if they upfront this there is some net present value that would come out of that. They are having a discussion on that. If they didn't do that they have a couple of outstanding payments, it is about \$455,000

that would bring them current on everything. Mr. Sant would like to get out of debt, so they either pay the whole thing off or make a payment.

Councilman Johnson moved to authorize Mr. Sant to pay the Carlisle Note off in full. He authorizes him up to 1.2 million dollars to accomplish that.

Councilman Wardle seconded the motion. All members present voted "Aye"

5. Economic Update

Presented by Randy Sant

Mr. Sant will forgo the Economic Update until the next meeting.

6. Minutes; November 7, 2008; December 19, 2007

Councilman Wardle moved to approve the minutes as presented. Councilman McCall seconded the motion. All members present voted "Aye".

7. Invoices

Presented by Sharon Dawson

- RS Contract Management Services for professional fees sale of lots in Commercial Park phase 3 in the amount of \$13,500.00.

Councilman Pruden moved to pay the invoice as presented by Sharon Dawson.

Councilman Wardle seconded the motion. All members presented voted "Aye".

8. Adjourn

Councilman Pruden moved to adjourn the meeting. Councilman Wardle seconded the motion. All members present voted "Aye". The meeting adjourned at 6:50 p.m.

Approved this 5th day of March

Chairman Hansen