

REDEVELOPMENT AGENCY WORK MINUTES
JANUARY 20, 2016

The Redevelopment Agency held a meeting on Wednesday January 20, 2016, at 5:03 p.m. in the Council Chambers at the City Office at 10 North Main Street, Cedar City, UT.

MEMBERS PRESENT: Chair Ron Adams; Secretary Paul Cozzens; Members: Terri Hartley; Craig Isom; Fred Rowley; Maile Wilson.

STAFF PRESENT: City Attorney Paul Bittmenn; City Engineer Kit Wareham; Finance Director Jason Norris; City Recorder Renon Savage; Police Chief Robert D. Allinson; Fire Chief Mike Phillips; Public Works Director Ryan Marshall; Economic Development Director Danny Stewart.

OTHERS: Tom Jett, Brent Drew.

CONSIDER REFERRING AN EXTENSION OF THE PORT 15 ECONOMIC DEVELOPMENT PROJECT AREA TO THE TAXING ENTITY COMMITTEE:

Paul – you appointed a few guys in the prior meeting. It is the RDA’s project area, when adopted it had a lifespan of 15 years. Port 15 LLC has asked if the RDA would expand the life span for another 5 years. The RDA needs to refer it to the taxing entity committee. The original says the tax increment stops after 15 years. Rowley – the committee decision is binding upon their boards. Paul – yes, binding on their agencies. It sets up a work meeting, action meeting type; you will have one meeting to introduce the topic. Cozzens – wasn’t the logic is we will gain a lot more than we will lose if we make it conducive to growth. Paul – that was the original reason we did Port 15 and provide them a tool to bring in more jobs and growth. Cozzens – the recession delayed that from happening. Paul – when we started Port 15 it was right before the recession. Rowley – the question is do we refer the extension to the committee. Are we the only one that decides that? Paul – that is why the statute sets it up like a work, action meeting. You will hit all the folks on the committee and they can go and talk with their board and see if they are willing. Rowley – are we the referring body, or does all 4 boards have to refer it? Paul – you are it, if the RDA says no then we are done. Cozzens – the RDA has the downtown area and Port 15? Paul – RDA is a corporation set up by Cedar City, any government can set them up. One function is to establish project areas and within the areas you do stuff to better the community. The Downtown RDA was a project area. We have had 4 projects, the downtown, Port 15, GAF and Aviation Way; the different areas have different funding. GAF and Aviation Way no one else pledged their money, only the City. The RDA is the parent company felt a stewardship over the downtown area even though the project is closed. Cozzens – we had a base we started with. Rowley – it only makes good sense to refer it to the committee.

TAX INCREMENT PRESENTATION – PAUL BITTMENN: Paul – we talked about Cedar City creating the RDA in the 80’s it was because the section needed help, there were old properties the City wanted to purchase and build something new. When the RDA is created it had nothing, no assets, no debts, staff, headquarters, it was a

company on paper. In order to get money it had to engage with tax increment finance. Three tax revenues the city gets? Jason - property, telecommunications, sales tax. They city generates tax money and the city budgets the money for its operation. The RDA doesn't have any revenue. When the RDA forms a project area, it sets geographic area there is a base tax, that base tax comes into the County and they kick the property to the taxing entities. The taxing entities still have to provide services. Once a project area is established the project should generate additional property tax. You still have the property taxes up to the base value go to the taxing entities. The increased value is the tax increment and that is what floats to the RDA. As the taxes increase that is what the RDA gets to pay off the debt.

Port 15 came in and was going to increase the value and market it for industrial purposes, the increased value is the tax increment. The disagreement between Port 15 and staff is the value when they started was \$633 for 700 acres because State Trust Lands owned most of the property, all but 40-60 acres that were in the green belt. The base tax generated on all 700 acres was \$630. Apply that percentage split, \$300 to School District \$150 to City County less and the Conservancy District less. The City still has to provide services, so we say the value is \$8 million so the money still flows to the taxing entities to provide services. From the research we have done it is within a few thousand dollars to do all the improvements. Rowley – they are saying they want it calculated on less. Paul – that is why they want an additional 5 years. Mayor – the agreement was negotiated over a long period of time. Rowley – did they say they didn't know or it was snuck in or what. Mayor – they didn't bring the agreement into the discussion. Danny Stewart – they say that would be a condition before the money was divided. The \$8.3 million invested before it was split. Paul – the only revenue the RDA gets is the increase in the property tax after the project. Cozzens – you compare what we were getting, eventually it runs out and we will gain a lot of tax revenue. Danny – they have over 500 acres to divide. Paul – the city would get 25% of the property tax off the 500 acres. They want 5 years and the value at \$630. That will be the discussion for the Taxing Entity. Hartley – if the extension is denied, what happens is the tax paid on market value? Paul – SITLA still holds the property until it's sold. The Charlotte Pipe property sold, and a concrete tilt up is sold, now being used by Charlotte Pipe. Cozens – the tax breaks we gave Charlotte Pipe were post performance and they didn't meet so we didn't have to do many tax breaks. Paul – 40% goes to Port 15 LLC which is Brent Drew and Tom Pugh, a percentage to the School District, to the RDA for tax incentives and a percentage to the Housing Authority. The reason you need to go back to the tax committee is the RDA doesn't have any income to pay anyone anything in Port 15. If you extend it you will probably need a funding source.

ADJOURN: Mayor Wilson moved to adjourn at 5:28 p.m.; second by Councilmember Rowley; vote unanimous.

Renon Savage, CMC
City Recorder