

MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard, Utah
April 11, 2018 – 6:50 PM

Present

Chair Julie Fullmer
Boardmember John Earnest
Boardmember Tyce Flake
Boardmember Chris Judd

Absent

Boardmember Nate Riley

Staff Present: City Manager/Finance Director Jacob McHargue, Public Works Director/Engineer Don Overson, Wastewater Manager Eric Christensen, City Attorney David Church, Sergeant Holden Rockwell with the Utah County Sheriff's Department, Community Development Director Morgan Brim, City Planner Elizabeth Hart, City Recorder Pamela Spencer, Building Official George Reid, Water/Parks Manager Sullivan Love, Planning Commission Chair Cristy Welsh

Others Present: Residents Stan Jenne and Tyler Aston; Steve Thompson and Andy Flamm with Geneva Nitrogen

6:50 PM REDEVELOPMENT AGENCY

Chair Fullmer called the RDA meeting to order at 6:50 PM.

CONSENT ITEMS

- a) Approval of the March 14, 2018 RDA Meeting Minutes

Chair Fullmer called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO APPROVE THE CONSENT ITEM. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

BUSINESS ITEMS

3.1 DISCUSSION AND ACTION - Geneva Nitrogen Application

Geneva Nitrogen is requesting cleanup of soil and groundwater contamination, heavy industrial equipment, asbestos, and railroad tracks. Geneva Nitrogen would prefer upfront assistance to complete this project but would be willing to defer some portion to be received on the back end of the project as property tax increment. The RDA Board will take appropriate action.

Chair Fullmer turned the time over to City Manager/Finance Director Jacob McHargue.

Mr. McHargue explained that Geneva Nitrogen requested to move forward with their application. He said that the new cost would be about \$7 million and Geneva Nitrogen anticipated that the cleanup would be completed around April 2019 with construction starting early summer of 2019.

Mr. McHargue reviewed the analysis of the projected tax increment for the development. He said that they were projecting that the RDA would receive \$713,000 of tax increment a year based off of potential development. There was a discussion about building coverage and square footage.

Mr. McHargue explained that staff's recommendation was to share 60 percent of the tax increment for 15 years. He said that this would give the developer full value for the first 12 years with a 3-year buffer built in. He added that if the RDA could facilitate development on the frontend it could give more tax increment. He reminded the board that the RDA would have to trigger all of the land in the RDA area by 2021.

Mr. McHargue said that, with the staff recommendation, the RDA would be participating in 75 percent of the cost, capped at \$5,287,500.

Steve Thompson with Geneva Nitrogen reviewed their proposal. He said that they were looking for help to remediate the property and switch the land use from industrial to commercial.

Boardmember Judd asked if there would be a tie to a zoning change in the agreement. Mr. Brim recommended that if they approved the application they could include a zoning change in the motion. Mr. Church stated that if they approved the application, they would approve this concept, subject to the RDA negotiating a participation agreement that furthered the move from industrial to commercial and included these basic elements. He said that the agreement would incentivize the landowner to change the zoning. The financial participation would be conditioned on the landowner following through and changing to the desired zoning. Mr. Thompson stated that they were not sure what the zoning request would be. He said that it could be regional commercial or something similar. They would like to see it be open-ended to determine which was best for the property and the city.

Chair Fullmer called for public comments.

Resident Stan Jenne living in The Shores subdivision asked about removing the rail spur. Mr. Thompson explained that the rail spur on their property would go away if they no longer had an industrial use. He said that if the spur was not removed they would request to move the crossing from 1165 North to 1200 North and request an additional crossing at 1400 North to give them full access to the property. He said that it was unknown what Union Pacific would be willing to give them. There was further discussion about the rail line and road access.

Boardmember Judd stated that he would like to require the removal of the spur in the agreement. Mr. Church said that they would itemize what the board wanted in the agreement and since it would be incentive based, if they did not accomplish it then the tax increment would not be there. He added that the cost of cleanup to move it from an industrial state to something else would be increased. The RDA would be incentivizing the extra cleanup.

Tyler Aston living in the Westbrook subdivision asked if there were any developmental constraints because of the spring that ran through their property. Mr. Thompson replied that he did not know at this time. He added that they still needed to find out who owned the water. Boardmember Earnest felt that they needed to get the property usable as soon as possible.

Boardmember Judd asked Mr. Thompson what assurances the board would have that he could accomplish the cleanup and development in a timely fashion. Mr. Thompson replied that it was already built into their business plan and had every intention of completing the project. He added that there was no risk to the city.

Boardmember Judd asked about the timeline. Mr. Thompson stated that he was concerned with the 2021 hard trigger and was asking for more time. He said that if the rail spur were to go away it would remove the 1600 North crossing, which would be helpful to Geneva Nitrogen and the city.

Mr. McHargue stated that staff's recommendation was that the RDA approve staff to move forward with the participation agreement, which was that the RDA share 60 percent of the tax increment for 15 years with a cap of \$5,287,500. Participation from the RDA would be 75% of the project.

Boardmember Judd asked what the downside would be if they were to give them up to 20 years to complete the project. Mr. McHargue felt that the 15 years was a reasonable amount and would put pressure on the developer to complete the project sooner rather than later.

Boardmember Judd asked if there would be any cost savings if the rail spur were removed. Mr. Church replied that if Geneva Nitrogen did not need the spur and removed it, there would be a cost savings of less than \$1 million because of not having to build the new connection. Chair Fullmer asked for clarification on the spur line. Mr. Church reiterated that not having to build the new spur line would be the cost savings. There was further discussion about the spur line.

Boardmember Judd felt that there would be a risk to the RDA as far as budgeting went. He was okay with the 15 years which he felt could eliminate some risk. Mr. Thompson stated that when looking at the Anderson Geneva property and how long it was taking to build out, he felt there were a lot of factors that were out of their control. He also felt that 20 years would be more favorable. Boardmember Judd asked if the developer could apply for a change to the agreement later in the project. Mr. Church asked if they wanted to incentivize the cleanup or the development. He said that the board could state that if the cleanup was done in a certain amount of time the developer could have more time to develop the property. Mr. Thompson agreed with that because by the time the land was cleaned up the money would have already been spent and would give them more time to earn the payback. Mr. Church felt that it was important to enter into the agreement and make sure that the work was progressing to cleanup land to be able to move it from industrial to commercial. He added that whether the market would support the developer's business concept would be at their risk.

Chair Fullmer called for a motion.

Motion: BOARDMEMBER EARNEST MOVED TO APPROVE THE GENEVA NITROGEN APPLICATION SUBJECT TO THE PARTICIPATION AGREEMENT THAT BOTH SIDES AGREE ON. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

ADJOURNMENT

Chair Fullmer called for a motion to adjourn the RDA meeting and go into the closed session.

Motion: BOARDMEMBER JUDD MOVED TO ADJOURN THE RDA MEETING AND TO GO INTO THE CLOSED SESSION AT 7:17 PM. BOARDMEMBER FLAKE SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

MINUTES APPROVED ON: May 9, 2018

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA SPENCER, CITY RECORDER