

CITY OF SOUTH SALT LAKE REDEVOLPMENT AGENCY  
MINUTES OF MEETING HELD  
April 13, 2016

Date/Time/Place Wednesday, April 13, 2016  
8:00 p.m.  
220 East Morris Avenue #200  
South Salt Lake, Utah 84115

Conducting Kevin Rapp, Vice-Chair

DIRECTORS PRESENT:  
Sharla Beverly, Mark Kindred, Portia Mila,  
Kevin Rapp, Shane Siwik, and Debbie Snow

DIRECTORS EXCUSED:  
Ben Pender

STAFF PRESENT:  
Mayor Cherie Wood  
Charee Peck, Chief of Staff  
Kyle Kershaw, Finance Director  
Randy Sant, Economic Development Consultant  
Mike Florence, Community and Economic Development Director  
Frank Lilly, Deputy Community and Economic Development Director  
Sharen Hauri, Urban Livability Director  
Craig Burton, City Recorder  
Paula Melgar, Deputy City Recorder

Others Attending: See attached list.

The meeting was scheduled to start at 8:00 p.m. but started at 8:19 p.m.

**Opening Ceremonies**

1. **Roll Call.** Director Pender was excused.

**No Action Comments**

1. **Bills, Claims, and Communications.** None.
2. **Report of the Executive Director.** None.

**Approval of Minutes**

**January 13, 2016.** Director Beverly moved to approve these minutes.

MOTION: Sharla Beverly

SECOND: Portia Mila

Voice Vote:

Beverly Aye

Kindred Aye

Mila Aye

Pender Absent

Rapp Aye

Siwik Aye

Snow Aye

**New Business**

**1. Budget Discussion on Amendments to the Fiscal Year 2015-2016 Budget.**

Economic Development Consultant, Randy Sant, reviewed a handout with the Board. A copy is attached to these minutes and incorporated by this reference.

Mr. Sant explained they are hoping to close on the Boyer development before the close of the current fiscal year and they will need to make amendments to the budget because they will have revenue coming in and associated expenditures. Staff proposes that the Board holds a public hearing regarding the amendments to the budget at the next meeting on April 27, 2016.

Loan Payment to the City - \$2,000,000. Mr. Sant reminded the Council that the Cowboy Partners payment had already come in and they used all of that money to pay back the \$2 million dollar loan the City lent them to buy the Pearson property. There is a small balance of about \$140,000 left on the loan. They intend to pay that before the end of the fiscal year. He is hopeful money for Lots 1 and 4 come in before the end of the fiscal year. Lot 3 does not currently have a tenant.

Demolition (Inkleys and Pearson - \$500,000. It is anticipated in the next two to three weeks demolition will begin on the Pearson building and then the property will be ready for Winco for development.

Winco Soils - \$750,000. There is a soils issue at the Winco site. Years ago the homes there were demolished right into the basement and never removed so they have to dig down twelve feet and remove the soil, foundations and wood and put engineering fill in that is stable to build on. It will be Winco's responsibility to do that and the City will put \$750,000 in escrow to pay for it. Winco agreed that anything over \$750,000 will be their responsibility.

Removal of Soil on Lot 3 - \$125,000. When the City did the demolition on Lot 3 (U.S. Novelty and Colonial Mortuary) they did not bring in engineering fill because they didn't know what the development was going to be and decided to deal with it when the time comes. The \$125,000 is to remove the fill and put engineering fill in.

Utility Demolition - \$50,000. This is for taking down all power and cable lines.

Environmental Clean Up Lot 4 - \$150,000. There was a gas station on this lot and there's been some contamination on it. They are working through a work plan with the State of Utah to clean up the soil. Staff is trying to put a plan together with Winco, Boyer and the City that they can take to the State and get a no further action. This was a \$600,000 item that they have reduced down to where they think they can get it done for \$150,000 or less. They won't know until the plan has been submitted and the State accepts it. They know they don't have to clean up the entire area. They have a much smaller footprint.

Consulting Fees - \$75,000. There have been extra environmental and attorney costs. This is for consulting fees to pay for the cost associated with the environmental cleanup, putting the work plan together for the State, and a contract for asbestos removal.

Closing Costs - \$200,000. Mr. Sant believes they may be a bit high but they are being conservative.

This will be the amendment the Council will be considering at the public hearing in two weeks.

Mr. Sant said they would like to use some of the fund balance they will have, after these transactions happen, and start doing all the work needed on the D'Ambrosio property. They will have to do the same things on that property they are currently doing on this one. So, rather than come back and borrow money, they would like to take some of the proceeds for the sale, budget them for the next year's budget and take care of this. After paying for this, staff thinks there may be \$600,000 left. Mr. Sant said they would like to give that balance towards another City loan that was used to pay for the D'Ambrosio property. Then, when they close on the D'Ambrosio property, they will pay the rest of that loan. That is what staff's proposal will be.

Board Member Kindred asked what the holdup is on Boyer Closing, and why is staff pushing the fiscal year.

Mr. Sant explained that under the purchasing contract with Boyer, the City has to have the environmental done and the buildings done. Staff is trying to work this out so that when they do the demolition they are ready to close but the big thing holding up the closing right now is the environmental. They have solved all the other issues. To get the environmental is going to require them get costs on what they want to clean up, how they want to clean up, and then present a plan to the Department of Environmental Quality.

Mr. Sant believes that if the plan being put together is approved by the State, Winco will be willing move forward as long as they have assurance that there will not be any further action that has to happen.

Board Member Kindred asked if Winco has signed a lease.

Mr. Saint said he believes their lease is signed with Boyer but the lease has the same contingencies that they have in City's agreement. They should be getting construction drawings from Winco any day.

Board Member Kindred asked what the amount of the loan was that the RDA got to purchase the D' Ambrosio property.

Mr. Sant explain the first loan was \$1 million and then they barrowed another \$2 million for \$3 million total. They have paid back the \$2 million and have \$1 million outstanding they would pay. They would use anywhere from \$500,000 to \$600,000 of this proceed to come back to the City to pay towards that first loan, then they will pay it off when they close on the D' Ambrosio property.

Board Member Rapp asked if they have any estimated timeline on Winco.

Mr. Sant said they are hoping Winco will be ready. It will take about three to four weeks to approve their plan. They are hoping Winco is under construction in the next sixty days.

Board Member Snow asked if all the expenses listed have to be paid before closing. If so, she is wondering what money they will use to make them.

Mr. Sant explained that the demolition is going to take thirty to forty days and usually when it is done you don't get an invoice for a week or two later. The plan is to close with Boyer as soon as possible. He thinks they will close while the demolition is being done. They are hoping they can get that contract awarded, get the demolition done, and then once the demolition is complete they will have closed with Boyer and they will have the money to pay the demolition contract. The one that they have to do is they have to get Pearson's down fairly quickly. When they get the bids they will have it broken down to what Pearson's and Inkley's will cost. Because there are no problems on Lot 3, Staff has talked with Boyer about closing on it within the next thirty days and that will give them some proceeds to cover the demolition costs. They will not have to upfront the soil costs because they will be escrowed when they close on Lot 1. The removal of soil on Lot 3 will not be something they have to do at closing. They have an agreement with Boyer that when they are ready to develop Lot 3 they will send the City a bill. So, the City will have closed with Boyer to cover Lot 3. The utility is already taken out of this year's budget and they have awarded the contract. The environmental cleanup could be the only thing that they might have to cover before they close because it is an obligation of closing.

Finance Director, Kyle Kershaw, advised that the City has enough cash flow that they can pay for the demolition first and then wait for the property to close just as long as the closing occurs on or before June 30, when they have to report and true up the books. They don't need \$800,000 to pay the contractor because they have enough cash flow in all the City accounts that they can sweep some cash over temporarily. Then, when the sale comes in, they will true it up.

Mr. Sant explained they are trying to keep the costs at a minimum so that most of the costs will be paid actually out of the sale. Boyer wants to help them. They are committed, they have their tenant, everything is in place and they are ready to go. The goal is to get the closing done before the end of the fiscal year and Boyer said they are willing to do that as long as they have assurance that there is a demolition contract awarded. The environmental is the one thing that has to be resolved because Winco is not willing to start, and Boyer is not willing to close, until it is resolved. That is the number one focus right now. They had ninety-five title issues and resolved all of them. The title is clean and everything is ready to go except the environmental. It is the last piece of the puzzle they have to have done before they can start construction.

Mr. Kershaw said this is such a dynamic project, and so many dominos have to fall the right way, it is likely even with everyone's best efforts it may not happen the way they are presenting here tonight. In that case staff will make their best estimate of what will happen. The Board may pass an RDA budget in the next two months that envisions this but staff may come back to them in the first two weeks of July to amend the budget to take care of something unknown. It is such a complicated deal and is coming up right against the fiscal year end. Everybody is doing their best to make as precise of an estimate as possible but they may be coming back once or twice more to amend the budget to address what they don't know now. If this were happening in September they could wait and see how it plays out but, because the cutoff is June 30 they have to dance a little bit between the years.

Mr. Sant said Winco is chomping at the bit. They want to get on site and get building so they are doing everything they can. He suggested they hold a public hearing for amendments to the budget in two weeks to take care of the current fiscal year. Then staff will come back in May with a presentation for the 2016-2017 Budget.

Board Member Kindred asked if Mr. Sant foresees any problems coming up with the environmental with what he has heard thus far.

Mr. Sant answered no. He thinks it is a matter of how much it is going to cost to do it. They know where the hot spots are. They know what they want to do. Winco has given their input and they are trying to put a plan together that will be the least costly to them but will get them the no further action letter. If Winco and Boyer can come back with a plan that works within the \$150,000 budget they will run with it.

Director Siwik moved to hold a public hearing for amendments to the 2015-2016 RDA Budget on April 27, 2016.

MOTION: Shane Siwik  
SECOND: Mark Kindred

Voice Vote:

Beverly	Aye
Kindred	Aye
Mila	Aye
Pender	Absent
Rapp	Aye
Siwik	Aye
Snow	Aye

Director Snow moved to adjourn.

MOTION: Debbie Snow  
SECOND: Portia Mila

Voice Vote:

Beverly	Aye
Kindred	Aye
Mila	Aye
Pender	Absent
Rapp	Aye
Siwik	Aye
Snow	Aye

Redevelopment Agency adjourned at 8:46 p.m.

  
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Ben B. Pender, Chair

  
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Craig D. Burton, RDA Secretary

