DISCUSSION ON THE LIFETIME PRODUCTS EXPANSION AT FREEPORT CENTER

JJ Allen, Assistant City Manager, informed the Board that Lifetime Products was a successful, local company experiencing a lot of growth and looking for a place to build a distribution center. He indicated Freeport Center was one of the locations being considered because it was the base of its company headquarters but the land was very expensive. He acknowledged Lifetime Products was studying other locations as well. He introduced Rob Sant, representative from Lewis Young Robertson and Burningham, Inc. (LYRB), who assisted LYRB with redevelopment management. Mr. Allen explained Lifetime Products had contracted with LYRB for help with analyzing financial options for the expansion. He indicated if Lifetime Products decided to expand at Freeport Center there would be a transition where the City would be working with LYRB to create the mechanisms that would facilitate the expansion.
Mr. Allen explained the new building would be approximately 425,000 square feet and the value of the land, building, and equipment would be approximately $30,000,000. He stated Lifetime currently operated from 34 buildings in the Freeport Center and its construction of a distribution center would free up space for the expansion of production operations. He indicated production expansion would bring greater equipment investment and additional job creation. He also described the parcel being considered by Lifetime for expansion and emphasized it had frontage on SR-193 making it easily accessible for trucks. He stated the parcel was currently within the boundaries of the CDRA’s Redevelopment Area (RDA) 6, but under the existing, more flexible parameters of RDA 6, the CDRA would not be able to hit the financial target needed to meet Lifetime’s needs and the other taxing entities would be less likely to agree to any amendments necessary to get the funding where it needed to be.

Mr. Allen explained State Statute no longer allowed new Redevelopment areas (RDAs) but addressed economic development incentive opportunities as Community Reinvestment Areas (CRAs). He continued CRAs required at least ten to twenty percent of the recognized tax increment to be programmed for “income targeted housing.” He stated those funds could be used in a variety of ways locally including infrastructure improvements that benefitted qualifying housing projects/residential areas or sent elsewhere like the Olene Walker Housing Loan Fund. Chair Young commented the housing requirement was much more palatable as a way to improve infrastructure for qualifying areas.

Director Bush asked if the creation of an Economic Development Area (EDA) was available as an alternative. Mr. Allen responded EDAs were no longer allowed by law. He continued all new project areas were required to be CRAs.

Director Bush asked if there was a set definition for “affordable housing” or was it left to the City to determine. Mr. Sant responded the affordable housing criteria was broad and did not have to be for new housing. He continued the investment just needed to document that it benefitted affordable housing in the City. Adam Lenhard, City Manager, asked how “affordability” was defined. Mr. Sant replied it was the HUD standard.

Mr. Sant explained creating a CRA would require more time and more participation and the base year value might be higher. He continued that modifying RDA 6 might be a better option so the project was not affected by the housing requirement. He stated it was still under legal review to see if the modification of RDA 6 was a viable alternative. Mr. Allen explained modifying the existing RDA would require removing the specific parcel identified for the Lifetime expansion and treating it independently, but under the already existing plan with the details being negotiated with the other taxing entities through interlocal agreements.

Director Peterson referred to the staff report and mentioned there appeared to be a reluctance among other taxing entities to the modification of RDA 6. Mr. Allen responded it appeared that one or more of the taxing entities preferred the creation of a CRA over the modification of RDA 6.

Director Shepherd asked about the timeframe needed to create a CRA versus modifying RDA 6. Mr. Allen expressed his opinion either option would likely take about six months to complete.
Mr. Sant added the creation of a CRA had a public hearing requirement that modification of an RDA did not have. He explained either option would require negotiations with each of the taxing entities.

Chair Young asked how much incentive was being sought by Lifetime. Mr. Sant responded 2.5 million dollars, net present value at four percent. He explained the analysis indicated that amount could be realized with a 75 percent increment commitment in about 15 years. Chair Young commented the CRA’s ten percent affordable housing investment would then need to be about $250,000. He suggested that was doable. Mr. Allen asked if there was a requirement to use the housing investment in a certain timeframe. Mr. Sant thought it needed to be used within the life of the project area but said he would double check.

Director Peterson asked why the taxing increment preferred the CRA option. Mr. Allen expressed his opinion that the taxing entities were motivated by the affordable housing investment. Mr. Lenhard added CRAs had a more defined end of life. Mr. Allen informed the Council that the City had only talked to Davis County so far. He added Lifetime had a discussion with Davis School District.

Director Shepherd expressed his support for the project and the importance of keeping Lifetime in Clearfield City. He commented he preferred to extend RDA 6 but believed it would be more of a battle with the other taxing entities. Chair Young liked the project because it enhanced job growth and benefitted the region.

Mr. Sant stated LYRB could do some analysis that showed how to meet the needs of Lifetime under both scenarios so the taxing entities would have all the facts when determining direction. The Board asked LYRB to prepare the analysis.

There being no further business to come before the Board, Director Roper moved to adjourn as the Community Development and Renewal Agency and reconvene as the City Council in a policy session at 6:35 p.m., seconded by Director Peterson. The motion carried upon the following vote: Voting AYE: Directors Bush, Peterson, Phipps, Roper, and Shepherd. Voting NO – None.

APPROVED AND ADOPTED
This 12th day of December, 2017

/s/Bruce Young, Chair

ATTEST:

/s/Nancy R. Dean, Secretary

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield City Council meeting held Tuesday, October 10, 2017.

/s/Nancy R. Dean, City Recorder