

CLEARFIELD CITY COMMUNITY DEVELOPMENT AND RENEWAL AGENCY  
MEETING MINUTES  
6:00 P.M. WORK SESSION  
October 2, 2018

*(This meeting was held during the regularly scheduled City Council Work Session.)*

PRESIDING:	Vern Phipps	Vice Chair
EXCUSED:	Kent Bush	Chair
PRESENT:	Nike Peterson	Director
	Tim Roper	Director
	Mark Shepherd	Director
	Karece Thompson	Director
STAFF PRESENT:	JJ Allen	City Manager
	Summer Palmer	Assistant City Manager
	Stuart Williams	City Attorney
	Greg Krusi	Police Chief
	Scott Hodge	Public Works Director
	Eric Howes	Community Services Director
	Spencer Brimley	Community Development Director
	Stacy Millgate	Customer Service Center Manager
	Rich Knapp	Finance Manager
	Trevor Cahoon	Communications Coordinator
	Nancy Dean	City Recorder
	Wendy Page	Deputy Recorder

VISITORS: Tim Schade – Lifetime Products, Donovan Gilliland – Clearfield Junction, Jason Burningham – Lewis Young Robertson & Burningham, Inc.

Vice Chair Phipps called the meeting to order at 6:00 p.m.

DISCUSSION ON THE PURCHASE AGREEMENT FOR SALE OF PROPERTY TO DG CONSTRUCTION FOR CLEARFIELD JUNCTION LOCATED AT APPROXIMATELY 17 NORTH MAIN, 75 NORTH MAIN, AND 52 SOUTH MAIN

Summer Palmer, Assistant City Manager, explained the City entered into a Development Agreement with DG Construction for the future development of Clearfield Junction. She noted there were some conditions precedent which had to be fulfilled prior to moving forward with the sale of 4 acres of CDRA property at 17 North Main, 75 North Main and 52 South Main to DG Construction for the Clearfield Junction project. She indicated the draft purchase agreement and the Development Agreement were included with the staff report in the agenda packet for review. Ms. Palmer mentioned the site plan would be reviewed by the Planning Commission at its meeting on October 3, 2018, and if it was approved and all conditions met then the Council

could consider the purchase agreement at its next policy session to keep the project moving forward.

Director Shepherd stated he was aware there were amendments planned for the Development Agreement which would be considered by the City Council. Ms. Palmer stressed the execution of the purchase agreement would not happen until the developer met all the conditions required by the Planning Commission for Site Plan approval and any amendments to the Development Agreement were approved.

Director Peterson asked if there were items the Planning Commission would consider that the Council could expect would be represented in a modified Development Agreement. Mr. Brimley responded staff met with the developer earlier in the day and there were items the developer was concerned about that were clarified. He noted some of those items met the City Code; however, others were not consistent and would need to be addressed through an addendum to the Development Agreement. He mentioned the Planning Commission would have the draft addendum and site plan for review at its meeting on October 3, 2018, so it could offer a recommendation to the Council and properly address all the items of concern.

Ms. Palmer asked if there were questions about the purchase agreement. Director Peterson wondered if the CDRA was responsible or who would be handling the recording of the purchase. Ms. Palmer indicated a title company would facilitate the purchase and its recording with the Davis County Recorder's office.

Director Peterson questioned what the procedure would be if there were items included in the addendum to the Development Agreement that the Council and developer were unable to reconcile. Ms. Palmer answered staff would continue to work those details out with the developer prior to the sale of the property. Director Peterson wondered if the Development Agreement would then need to be reviewed again by the Planning Commission. Ms. Palmer clarified it was her understanding the Planning Commission would be able to have a recommendation for the Council after its meeting on October 3, 2018. Mr. Brimley responded the items of concern to the developer would be itemized in the recommendation from the Planning Commission; however, the Council would have the final approval for each item. He anticipated it would not need to be reviewed again by the Planning Commission.

Ms. Palmer asked if there were any further questions. She stated the purchase agreement was planned for consideration by the Council at its meeting on October 9, 2018. She reiterated it would not be executed until all of the items were in order with the Site Plan and Development Agreement.

#### DISCUSSION ON THE LIFETIME PRODUCTS COMMUNITY REINVESTMENT PROJECT AREA PLAN AND BUDGET

Summer Palmer, Assistant City Manager, welcomed Jason Burningham with Lewis Young Robertson & Burningham, Inc. (LYRB) and invited him to share the details for the proposed Lifetime Products Community Reinvestment Project Area Plan and Budget with the CDRA Board. Mr. Burningham recognized Tim Schade the Chief Legal Officer for Lifetime Products,

who was in attendance. He acknowledged LYRB, Lifetime Products, and City staff along, with Mayor Shepherd, had been working together for several months to create a Community Reinvestment Area (CRA). He indicated the process also involved dialogue with the Davis County Commissioners and the Davis County School District. He noted the process had slowed while Lifetime worked towards property acquisition.

Mr. Burningham provided the Board an overview of the project in preparation for the public hearing scheduled for October 9, 2018. He reviewed the role of the CDRA in administrating opportunities of redevelopment areas. He highlighted the items which would be introduced during the public hearing which included an introduction to Community Reinvestment Areas (CRAs), the Lifetime Products Community Reinvestment Project Area, and impacts to the existing Redevelopment Area 6 (RDA 6) which necessitated its amendment to create a new project area.

Mr. Burningham went over State Code for Community Reinvestment Agencies, its history, project area acronyms, and legislative updates made in 2016. He commented new projects implemented since 2016 legislation were now referred to as Community Reinvestment Areas (CRAs). He explained the purpose of CRA creation was to encourage community enhancement and assistance. JJ Allen, City Manager, added the CDRA currently had and provided administration of five RDAs, one Community Development Area (CDA), and one Economic Development Area (EDA). Mr. Burningham stated an agency that established a CRA would receive portions of incremental property taxes to be used in providing assistance for the following purposes: existing businesses, new development, infrastructure improvements, affordable housing, crime reduction, expanded employment opportunities, and other community concerns or priorities.

He noted the CDRA Board had already taken numerous steps towards the creation of a Lifetime Products CRA. Mr. Burningham identified all steps necessary in the process.

- Resolution authorizing the preparation of a Project Area Plan along with a description of the proposed Project Area commonly referred to as a Survey Resolution. The CDRA adopted Resolution 2018R-03 on August 28, 2018.
- Research of potential development and project needs, then drafting a Project Area Plan and budget.
- Noticing of Project Area Plan, holding the public hearing for the Project Area Plan and budget, and adoption of the Plan by both the CDRA and City Council.
- Negotiation and adoption of Interlocal Agreements with taxing entities.

Mr. Burningham stated the public hearing for the drafted Lifetime Products CRA Project Area Plan and budget had been noticed for the meeting on October 9, 2018. He explained there were resolutions to be considered for adoption by the CDRA and ordinances for the City Council's consideration because it was the governing authority on land use. He noted if the resolutions and ordinances were adopted then it would be necessary to proceed with negotiations and adoption of Interlocal Agreements with all the taxing entities.

Mr. Burningham stated Lifetime Products approached the City and CDRA about the possibility of public financial participation to expand its operations on property within the Freeport Center

by using tools and opportunities provided through the CDRA in order to help offset the land costs associated with remaining in the City. He mentioned the Lifetime Products expansion plans would benefit the City and County if their distribution facilities and capital investment remained local. He indicated the proforma was reviewed and it was found there would be a significant increase to the tax base projected conservatively to be \$30 million in new taxable value with a potential of 150 new jobs created. Mr. Burningham identified other competing sites for Lifetime operations were Brigham City, Utah, and Knoxville, Tennessee. He stated both sites offered a better return on investment due to the cost of land at the Freeport Center. He reported the cost of the land was the reason behind Lifetime's request for public financial participation. He stated Lifetime's preferred location was Clearfield; however, without tax increment assistance it would not be affordable to expand in the City. He recognized the Freeport Center owned the land and was willing to entertain dialogue with them about acquisition because of its tenancy and past history of working relationships. Mr. Burningham requested Mr. Schade update the Board about its progress working with the Freeport Center.

Mr. Schade stated Lifetime Products had been working with Freeport Center and had a great relationship which had allowed for the opportunity. He reported Freeport had agreed to the concept in principle and the land was planned for purchase contingent upon the CRA creation and the approval of the Project Area Plan. He mentioned Lifetime had hired an architect to produce a concept plan for a 400,000 square feet (SF) initial building with potential for 250,000 SF additional space in the future. Mr. Shade acknowledged those types of projects typically took longer than expected; however, it was hoped construction could be underway as soon as possible so it could be completed for operational uses by the third quarter of 2020. He indicated the additional space would be helpful for Lifetime's operations and proposed distribution center. Mr. Allen asked if it was still the intention of Lifetime to move the current retail store to the new property. Mr. Shade responded it would be considered; however, the space would be used to best advance its operations and it was still too early to tell if that move would meet those goals.

Mr. Burningham gave an overview of the proposed Lifetime Products CRA Project Area boundary which was approximately 37 acres along the south side of State Road 193 and east of 775 West. He explained this parcel was a subset of RDA 6 which totaled about 100 acres. He mentioned the project was planned for two phases totaling about 650,000 SF of space with the additional phase being developed about two to three years after the first. He noted 650,000 SF was the median estimate used for assumptions, but it could be as little as 500,000 SF or high as 800,000 SF and would be determined as the project progressed.

Mr. Burningham reviewed the development assumptions and tax base for the property. He identified the first tax increment receipt was assumed to be in 2020 and the estimated base year tax value for 2017 was \$5,267,275. He stated the incremental assessed value in 15 years would be \$30,163,695 and the total assessed value projection would be \$35,430,970. Director Phipps questioned if plans could proceed without a firm square foot estimate for the development. Mr. Burningham responded yes. He explained the Project Area Plan and budget were the CDRA's mechanism to collect the tax increment and use it. He suggested a development agreement would be the means for the CDRA or City to work with Lifetime Products to determine the specific terms for the development. Mr. Burningham continued the optimal purpose of the Plan and budget was to provide flexibility for unknown situations and to be used for noticing

requirements. He mentioned the requested tax increment participation from taxing entities was 75 percent for 15 years. He reviewed the taxing entities which would be contacted and some specific comments that would be shared during the public hearing to provide greater understanding for the public of tax increment.

Mr. Burningham reviewed a depiction of the Lifetime Products CRA Tax Increment from year 2019 to 2038 estimating \$350,000 of tax increment revenue beginning in 2019 with the first phase lasting five years and the second phase increasing the tax increment revenue to approximately \$500,000. He noted the illustration showed how the tax increment revenue was distributed between new increment to the CDRA of 75 percent, new increment retained by taxing entities of 25 percent, the new growth portion available to taxing entities after the 15 years, and the base year tax revenue retained each year by taxing entities which was perpetual. He highlighted the dollars projected for the taxing entities for the base year assumptions were an aggregate of \$75,274 annually for 15 years totaling \$1,114,108, with a net percentage value of \$825,805. Mr. Burningham continued with a review of the assumptions for pass-through dollars of 25 percent which the taxing entities would collect if the development were allowed in addition to the base year taxes. He stated the CDRA portion or 75 percent of the annual tax increment would amount to about \$281,818 annually with an aggregate of \$4,227,271 with a net present value of approximately \$3,050,175.

Mr. Burningham identified the CDRA's tax increment funding would not all go towards the Lifetime Products expansion because five (5) percent could be used for project area administration and operations along with ten (10) percent needed to meet the CRA's housing requirement. Mr. Allen mentioned one of the taxing entities during previous discussions had requested the administration percentage be reduced from five (5) percent to three (3) percent. Mr. Burningham recalled it was the Davis County School District. He stated five percent was listed in the budget which allowed additional flexibility; however, when negotiations were held with the taxing entities it would be an optimal starting point which was not an unreasonable amount. He clarified statutorily the CRA's housing requirement dictated 10 percent of the CRA's tax increment dollars were to be used towards low to moderate income affordable housing. Mr. Burningham suggested there was a broad range of avenues for meeting the housing requirement. He mentioned for the purpose of the Plan and budget, the CDRA would determine how to use the 10 percent to efficiently meet the local needs for low to moderate income affordable housing; rather, than pooling with the County which was an option. He identified Lifetime Products requested a target funding amount of \$2.5 million net present value which would help mitigate the cost differential with other sites but there was still a considerable gap. He stated Lifetime was allowing for a greater gap because it was invested in the community and the CRA would help solve some of the loss.

Mr. Burningham reviewed the next steps which included negotiation with taxing entities, consideration by the taxing entities of Interlocal Agreements to participate in the CRA, and publication of a summary of Interlocal Agreements in the Newspaper. There was a discussion about pending steps in the process and the timeframe anticipated. Director Shepherd encouraged negotiations with the School Board and County should proceed promptly prior to any changes in the membership of those boards since there had already been positive dialogue.

Mr. Allen requested more information be shared about the amendment to RDA 6 and its process. Mr. Burningham stated the CDRA would be asked to consider amending the RDA 6 Project Area Plan to remove acreage related to the creation of the Lifetime Products CRA. He noted there was an assessed value reduction for RDA 6 of \$5,032,634 and those increment tax dollars amounted to \$41,161 annually. He explained those previous years' tax increment dollars had gone towards many various qualified projects outside of the project area. He indicated the total RDA 6 tax increment reduction from 2019 to 2030 would be \$452,767; however, it should not be considered a loss but rather as a reinvestment to the project area. Mr. Burningham mentioned the amendment process would be fairly simplistic because it would only require action by the CDRA Board, not the taxing entities. He explained the property would be amended out by resolution following the action on the creation of the Lifetime Products CRA Project Area. Mr. Allen pointed out the almost \$5 million property value would benefit the taxing entities because it would hit the tax rolls, rather than being held by the CDRA for tax increment purposes. Mr. Burningham elaborated the School District and County were more favorable to the option of creating a new CRA because it provided an avenue to build up the yearly base taxes for each entity plus provided a development opportunity rather than prolonging the tax increment for the existing RDA 6 and just expanding it. He noted it would be a huge tax benefit for all of the taxing entities if RDA 6 was amended to remove the 37 acres and included in the yearly tax base of the proposed CRA.

Mr. Burningham reviewed the items related to the Lifetime CRA which were planned for the meeting agendas on October 9, 2019, including the public hearing and resolutions for the Board as well as the ordinances planned for the City Council's consideration because it was the governing body over land use. Mr. Allen questioned if the RDA amendment were approved whether it would be fully effective immediately or not until the CRA was created. Mr. Burningham indicated the amendment was predicated upon the Plan and budget being adopted not upon completing the CRA through Interlocal Agreements. He mentioned if it was desired after a review of the resolutions and ordinances to change the language, it could be adjusted to predicate the action of Amending RDA 6 upon completion of the Interlocal Agreements. Mr. Allen recommended the language be updated so the property was not removed from RDA 6 until the other taxing entities were on board with the creation of a CRA by adopting Interlocal Agreements.

Ms. Palmer asked if there were any additional questions, specifically about the housing requirement. Director Peterson asked what the reporting requirements were for a CRA. Mr. Burningham responded it would be reviewed in the November 1<sup>st</sup> annual report, which was filed and tracked by LYRB. He indicated the housing funds would not have to be used annually, but could be accumulated even beyond the time period of collection because there was not a firm date by which it had to be spent. He noted the State Legislature would have an investment on how the funds would be used but currently did not have any additional restrictions for reporting; however, it could change in the future. Mr. Allen wondered if the housing funds needed to be transferred to the General Fund or if it should remain in the CDRA budget. Mr. Burningham answered it should remain with the CDRA and would be accounted for similar to a debt service or bond fund.

Rich Knapp, Finance Manager, asked if Lifetime Products would get more or less money based on whether or not the assessed incremental value came in at a higher or lower value than projected in the Plan and budget. Mr. Burningham stated he thought that consideration would be part of a negotiated development agreement. He indicated discussions typically with Davis County did not include a cap; consequently, the Plan and budget were left open without caps. He acknowledged it would be the CDRA's job to determine how the funds would be used within the parameters set forth, but the intent was to hit a target number. Mr. Burningham expressed his opinion that establishing a 15 year time period for the tax increment accrual would push the development to happen in a timely manner and the longer the development were to take the less time it would have to earn those tax increment dollars back and that would be a risk for the developer. He acknowledged caps were not included but it was left open-ended so the CDRA could ascertain the best uses for the tax increment collected through the CRA. Mr. Allen noted there was a cap used with the ATK EDA and the Clearfield Station CDA. Mr. Burningham agreed it was a common practice but the proposal was drafted to provide the CDRA flexibility and allowed it to be the steward of the funds, but a cap could be negotiated through a development agreement if that was the desire of the Board.

Director Peterson referred to page 7 of the budget which listed hard costs the City might incur for items such as public works and public safety. She asked how the calculations were figured. Mr. Burningham explained one of the items the tax required was a cost benefit analysis. He pointed out there were various expenses listed under General Government and the majority of line items were costs to the City for services. He indicated the estimates were factored on an assessed value basis and also a number of employees basis. He continued all of the general employment and assessed values were then generalized as a set of fixed costs and variable costs. Mr. Burningham stated it ultimately equated General Government Services to be \$173,591 for the time period, which had been estimated while reviewing those associated fixed and variable costs. He noted the numbers for public safety were predicated on the typical number of calls for service and public works were based on number of employees, road miles, and assessed values which were the mechanisms for determining the costs to the City. Mr. Allen questioned if the methodology used was supported by all consultants throughout the industry. Mr. Burningham confirmed it was the standard approach used statewide and even nationally; however, it was not a definitive science but produced fairly accurate estimates.

**Director Thompson moved to adjourn as the CDRA and reconvene as the City Council in work session at 7:03 p.m., seconded by Director Peterson. The motion carried upon the following vote: Voting AYE – Directors Peterson, Roper, Shepherd and Thompson. Voting NO – None.**

*\*\*The City Council work session minutes are in a separate location.\*\**

**APPROVED AND ADOPTED  
This 23<sup>rd</sup> day of October, 2018**

**/s/Kent Bush, Chair**

**ATTEST:**

**/s/Nancy R. Dean, Secretary**

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield Community Development and Renewal Agency meeting held Tuesday, October 2, 2018.

/s/Nancy R. Dean, City Recorder