

City of Green River

460 East Main Street, Green River, Utah

City Council Minutes
Special Meeting
Tuesday, April 23, 2013

ATTENDING: Mayor Pat Brady, Council Members Kathy Ryan, Kent Johnson, Penney Riches, Philip Engleman and Gary Riches; Employees Conae Black; Citizens Attorney Craig Smith

CONDUCTING: Mayor Pat Brady, the meeting began at 6:35 p.m.

ORDER OF BUSINESS:

1. Discussion and planning for the Community Development and Renewal Agency. Mr. Smith went over the basic concepts of the agency. He explained that if he had a piece of property worth \$100,000 with nothing on it and he decides to build a building on it worth \$900,000 his taxes will go up because instead of paying taxes on \$100,000 he will be paying taxes on \$1 million dollars. It is just a simple increase in the value of the property. So there is additional taxes being paid on the \$900,000 and the agency can direct those additional taxes, with the permission of all of the taxing entities, to the agency to be used for the purpose that it was set up for. This money can be used for any new infrastructure that this business may need. That is some of the concept of how a renewal agency can work. Conae Black said she is looking for the money from this agency to help with all of the impacts that Green River City will have. Craig Smith said that can be done. He said that how this money is used will depend on the agency board. Resolutions will be passed based on those decisions. Conae Black said the City will not be required to provide sewer services because of the distance but the refinery will need water and the city can provide that so she is thinking that perhaps the cost for that can be resolved through the annexation ordinance. Mr. Smith said there are three types of projects that can be created by the agency. They are Urban Renewal, which is for blighted areas, Economic Development, which is the creation of new jobs, and the last one is Community Development, which is kind of like a hybrid that you can do all kinds of things with it. After the agency is created it becomes a separate legal entity.

There is a process for creating each one of these different project areas. There is a public process for creating each one of these project areas which includes giving public notice within the project area and notice to all taxing entities. It is not clear how many taxing entities there would be in each project area but the City, County, School District and any other Special Service Districts and all other entities that collect taxes in Green River would be included.

The Urban Renewal area is designed to attack blighted areas. It has limited power of eminent domain which was designed to condemn a property owner who is holding up the project. He stated that in all the years he has been doing this he has only filed eminent domain once. In order to determine an area blighted it requires a fairly extensive study.

Unless there is a really good reason to have an Urban Renewal area he would advise not to do it because you can do pretty much the same thing with the other two taxing agencies.

The Economic Development project area is designed for nonretail businesses such as the oil refinery that is coming to Green River. It attracts industry and creates jobs. You have to justify the creation of an Economic Development area based on the creation of jobs. There is also the Community Development area and the main difference between the Community Development area and Economic Development area is how you get it approved by the other taxing entities. Urban Renewal area and Economic Development you create a taxing entity committee that acts on behalf of other taxing entities. This taxing entity committee is made up of two representatives of the city appointed by the City Council, two representatives appointed by Emery County, two representatives appointed by Emery County School District, one member of the State School Board and one representative for all Special Service Districts. That committee will review and approve the budget for the project area by a super majority vote meaning six of the eight votes. That came about because there were concerns that decisions were not justifiable. For a Community Development project area instead of a

taxing entity committee there is an interlocal agreement between each taxing entity that participates. For example if someone pays \$1 in property taxes .50 or .60 cents of that dollar would go to the school district .20 or .25 cents would go to the county, .15 or .20 cents would go to the city and the rest would go to the special service districts. With a Community Development area the agency would go to each taxing entity and have a specific agreement to redirect all or part of their share of the taxes to the agency for a period of time. Economic Development areas have restrictions on retail development and Community Development areas do not have any restrictions on retail development. He advised that for the Emery County industrial park to set up either an Economic Development area or a Community Development area. Conae Black asked if both can be set up. Mr. Smith said both can be set up and that the project areas do not have to be the same throughout the whole community. Each project area will have a boundary and you go through a hearing process to determine the boundary area. You create a project area plan which determines what you are going to do along with a budget to determine how much you are going to spend. The nice thing about the agency that you will be establishing is most everybody is behind it meaning the city, county and probably the school district. If this oil refinery creates the 125 jobs that it is talking about your whole state income tax will go to the schools. People will be making good money. The idea is this will create a catalyst for other things to happen. You could use the money for other things such as upgrades or improvements to the water system if another industry is moving in. Mayor Brady asked if the tax increment money had to be spent on the project area. Mr. Smith said on that area or to benefit that area. Conae Black mentioned that we cannot do anything with the county industrial park until we annex that into city limits.

Mr. Smith said he came prepared to talk about annexation also. He stated that if the city could establish a project area at the same time as annexation it would be more cost efficient.

He stated that obviously if Green River City is going to have any control to the industrial park an annexation will need to take place. He said there are two types of annexations, one is petition driven where property owners petition the city for an annexation. The second way is if you are providing city services in an area then the city can start the annexation. The most important thing to have is an annexation agreement. That means there would be understanding in writing between the city and the property owner as to aspects of what will happen there and how that property will be zoned. It is important to get that in writing beforehand. This is a time to spell out things that they will be doing for the city. Conae Black asked if the best way for the city to recover the expense of providing city services to the oil refinery was through the annexation agreement or with the tax increment money. Mr. Smith said you may use a combination of both. He doesn't know because he has not sat in on any conversations with the refinery. He doesn't know what their expectations are or what the city's expectations are. That is something that we need to figure out. The refinery may build up infrastructure and dedicate it to the city and for the next 10 or 20 years they may get that money back as they pay their property taxes through the tax increment process and as you receive that money every year you would write them a check every year. That is very commonly done. The nice thing about that is they are taking their own risk. If they do not pay their taxes or if they go out of business then they don't get paid. He gave an example of Micron building their buildings but not utilizing them for years later. He said you want to require them to have a certain amount of employees and the things that you want to incentivize them. One of the main things that you will want to do is make sure you are not at risk for money if for some reason they do not build what they said they were going to or if the industry is not valued at what they said it would value at. This is all a performance based thing. Conae Black asked if the next step for the city would be to sit down with Mike McCandless and the refinery people and figure out what services they will need from the city and then we can figure out what type of agency to set up. Mr. Smith said it can be political. In some places it is easier to work with a taxing committee other places it is easier to work directly with the taxing entities. Emery County does not have any experience in this.

Typically the hardest entity to work with is the school district. He suggested the city should start talking with the School Board member from Green River about this agency. He said that the refinery is going to have needs and will not be able to pay for all of these things themselves and that is why we have agencies to take care of these needs. Mayor Brady said the State of Utah gave the refinery a 10 million dollar incentive that they will not get until they are up and operating. Mr. Smith asked if that was through EDCU and said they do not give out incentives unless there is some kind of local involvement. Conae Black asked if it would hurt the city if the refinery started building before the annexation was complete. Mr. Smith said no and explained that we will create a base year. That will be the values based on that year and that is what the increments is based on. If he was to create a project area right now the taxing values he would look at would be 2012 even though we are in the 2013 year.

Values are determined as of January 1st of each year but the date they are equalized after the public processes have been held is November 1st. The 2013 taxes will not be equalized

or set until November 1st. Under the redevelopment law we look at the last equalized value. So as long as I get a project area created by October 31st he looks back to the next year before that. There is nothing there in 2012 and there will probably be nothing there in 2013. We can go back and lock in the value as early as November of next year. We just need to find out what deals have been made for any incentives. Mayor Brady and the City Council scheduled a meeting to invite Mike McCandless to.

2. Budget work session. The discussion started with the Solid Waste fund. Kent Johnson said he ran a projection and determined that it would run about \$7,400 short next year so he made some changes and went with a 4% increase across the board which would increase the residential rate .66 cents. That would give the 2014 operating revenue \$176,800 and he budgeted \$175,000 in expenses. There was some discussion on charging for the use of the bulk waste station. Our community members should only be allowed one dump a month, any more than that they should be charged a fee and Howard Burnett is not following those guidelines. Mayor Brady and other City Council members were not aware of those guidelines. Penney Riches said she would like to see small rate increases more often rather than wait until these departments are in trouble and raise them a lot. This way we can also build up a rainy day slush fund and take care of some of these unplanned things that come up or replacement of equipment. Kent Johnson explained that there is not a need to have a slush fund for the Solid Waste fund. He said for the Melon Days funds he increased the revenue from booth fees and is projecting \$4,000 in donations. He decreased the some of the expenses for Melon Days. He put \$10,000 in curb and gutter department. He does not have a project in mind but wanted some in there if there was a problem that arose. Kathy Ryan pointed out some problem areas with curb, gutter and sidewalk. He said that last year's budget for the parks was \$76,000 and he reduced that to \$49,000. He put in \$20,000 in capital improvements for new bleachers that meet approval from the liability insurance. He would like to lock up the lights to the baseball field and charge a fee for the use of the park. Kathy Ryan said the bids were opened on the Farrer Street project and High Desert Excavations bid came in \$20,000 less than Double E Construction. They were the only one who bid on the project. Gary Riches increased some line items within the fire department and decreased others. The total overall budget for the fire department Gary Riches budgeted is \$19,500. The overall budget for Code Enforcement is \$56,800. Penney Riches would like to like to budget \$50,000 this budget year for grounds improvements at the museum. She would like to increase the salaries and wages to \$80,000 and hire a museum director who can apply for grants and decrease one or two employees. She would like to transfer enough General Fund money into the museum fund so they are not operating in the red. She would like to budget \$1,000 for the museum nonprofit and whatever donations that come in but no more than that. the weeds are divided between water, sewer and streets and suggested budgeting enough money for weeds to take care of them. Kathy Ryan would like to budget enough money to repair the grader. She would like to budget \$20,000 to crack seal some roads from the C Road fund and \$3,000 to replace some street signs. Philip Engleman would like to budget a total of \$44,000 in Buildings and Grounds. Conae Black said the new city vehicle could be budgeted in the buildings and grounds department. He budgeted \$400,700 in revenue and \$354,500 in expenses for the water department. For the sewer department \$250,000 in revenues and \$808,400 in expenses was budgeted but another \$710,000 in grants will be coming into this fund for a sewer project.

3. Discussion on the Medina's. Gary Riches said according to the city ordinance 10-12-13 you cannot set up a motorhome to be lived in outside of a recreational vehicle park. He could not find a state law on this so it is delegated down to the municipalities as they see fit. The Medinas are in violation of the city ordinance. They have been told they have to move.

4. Executive session. **MOTION:** Gary Riches moved to go into an executive session. Kent Johnson seconded the motion. **VOTE:** Kathy Ryan, Kent Johnson, Penney Riches, Philip Engleman and Gary Riches voted aye. The motion carried unanimously.

5. Land Acquisition. There was not any discussion or action on this agenda item.

The meeting adjourned at 9:24 p.m.

Pat Brady, Mayor

Conae Black, City Recorder

Approved: _____