

SMITHFIELD CITY REDEVELOPMENT AGENCY

AUGUST 23, 2017

The Smithfield City Redevelopment Agency Board met for their regular monthly board meeting at 96 South Main, Smithfield, Utah on Wednesday, August 23, 2017. Chairman Darrell G. Simmons was in the chair.

The following board members were in attendance: Deon Hunsaker, Barbara Kent, Kris Monson, Jeff Barnes and Curtis Wall.

Executive Director Craig Giles, Police Chief Travis Allen and Secretary Justin Lewis were also in attendance.

The meeting opened at 7:20 P.M.

APPROVAL OF THE RDA MEETING MINUTES FROM MAY 10, 2017

A motion to approve the May 10, 2017 RDA meeting minutes was made by Curtis, seconded by Kris and the vote was unanimous.

Yes Vote: Hunsaker, Kent, Monson, Barnes, Wall

No Vote: None

PUBLIC HEARING ON THE SECOND GRANT REQUEST BY JACI BENNETT FOR INFRASTRUCTURE WORK ON A PROJECT LOCATED AT 72 NORTH MAIN STREET.

The public hearing opened at 7:21 P.M.

Chairman Simmons mentioned the current application is for additional funds that were above the original construction costs. Jaci was in attendance to explain her request.

Jaci Bennett stated she did not want to sound greedy as she was appreciative of the grant request already approved by the RDA board but there are some additional costs she is going to incur that were not in her budget for the project.

A light pole on the property had to be relocated by Rocky Mountain Power three feet at a cost of \$4,198.

City ordinance requires the power service to be underground from the light pole to the new building. This cost was not factored into the original construction bid and will cost \$1,800.

The sewer and water service cannot be stubbed into the main line at the original location the contractor thought was available and will cost an additional \$6,500 above the original cost.

The total grant request is for \$12,498.

Jeff asked for clarification on the light pole issue. Jaci replied there is a light pole on her property that feeds electricity to Callaway's Bistro. The pole was in the way of where Jaci's new building is being built and had to be moved three feet. Rocky Mountain Power had to move the pole and it delayed the project approximately two months.

Jeff asked for clarification on the underground power cost estimate. Jaci replied the contractor expected to run the power service to the building above ground like was done for Callaway's Bistro. City code requires the power service to be run underground for all new buildings.

Chairman Simmons asked if the grant request is not approved is the bank going to loan the additional funds needed to complete the project? Jaci replied the bank will not loan any additional funds on the project.

Chairman Simmons asked if construction of the building will stop if the grant proposal is not approved? Jaci replied the project will continue but items will have to be cutback and removed because of this extra cost. Used items are already being purchased where possible to save funds and be frugal.

Chairman Simmons asked how the contractor could misquote or not include these items from the start? Jaci responded she was not sure but she had been told by the contractor she had been sold an unbuildable lot. The power pole had been on the property for a long time but it was not known it would need to be moved.

Chairman Simmons mentioned these are things the contractor should not miss. Kris agreed and felt mistakes like this should be paid for by the contractor. Jeff remarked if these items were not included in the original bid the contractor is not going to pay for them.

Chairman Simmons mentioned the requirement for underground electrical service is a city ordinance and should not have been missed. Jaci replied the electrical pole on her property actually feeds electricity to Callaway's Bistro.

Chairman Simmons mentioned the RDA board had already approved a significant amount of funding for this project.

Curtis asked if there was more than one bid received on this project? Jaci replied she received three bids before selecting a contractor.

Curtis asked if these three items were included in any of the bids of the three contractors? Jaci remarked she did not think so.

Chairman Simmons mentioned it is the responsibility of the contractor to know city ordinances and look at the property to see if additional items are needed such as relocating the light pole.

The public hearing closed at 7:30 P.M.

DISCUSSION AND POSSIBLE VOTE ON THE GRANT REQUEST BY JACI BENNETT.

Jaci mentioned she is grateful for the funds she has received for the project from the RDA already no matter how the board votes on this request.

Jaci informed the board if the request is not approved she will be forced to reduce costs elsewhere most likely in equipment and furnishings.

Kris expressed frustration the contractor is not doing anything to help this situation.

Jaci mentioned the contractor, Reed Elder, has been great to work with on the project

Curtis asked if an approval of 50% of the grant request would be fair? Working in private industry when mistakes are made the business making the mistake has to absorb the cost.

Kris expressed concern for setting a precedent of approving second requests. Jeff reminded the board a second request had already been approved for Bruce Leishman on his project at 84 South Main.

Deon mentioned he had done some research on property tax. The grant proceeds will never be paid back to the city through property tax.

Deon provided the following information on the valuation of real property in the city as well as the amount received by the city in property tax revenue:

	Real Property Value	Property Tax Received
2012	377 billion	634,000
2013	385 billion	642,000
2014	400 billion	648,000
2015	417 billion	650,000
2016	446 billion	649,000

Craig reminded the board when the recreation center bonds are paid for the amount of property tax received will decrease approximately \$200,000 per year. The \$200,000 is a dedicated property tax that stops when the bonds are paid off.

Deon mentioned he was in support of offering loans and not grants through the RDA.

Jaci asked where the funds for the RDA come from? Chairman Simmons mentioned the city, school district and various other entities. They all sacrifice funding to help encourage growth so long term the quality of life is better and the total amount of tax collected is higher for each of the entities.

Jaci asked if the RDA was ending soon? Chairman Simmons mentioned each RDA has a specific set of rules and does expire at a certain point normally around 20 to 25 years after it is created.

Chairman Simmons mentioned in the past the board had mainly approved loans but recently grant requests had been approved. The interest rate on the loans was around 4% to 6% in the past.

Chairman Simmons asked Jaci if a loan at a rate of 4% would be of any interest to her? Jaci asked if it could be paid off without penalty? Justin stated that was correct and the longest the board could delay the first loan payment would be 90 days after completion of the loan.

Jaci asked if the board would consider an interest rate lower than 4%? Chairman Simmons mentioned the last loan was done at 5.5% when banks were loaning at 7.0% so there are considerations the board can take.

Jaci asked the board to consider making part of the request a grant and the rest a loan.

Chairman Simmons mentioned the board wants Jaci and her business to succeed but some of the responsibility for these costs needs to be on the contractor.

Jeff mentioned the issues at hand are not Jaci's fault. Reed and the other two contractors did not catch these items in their bids. The project is happening and Jeff would support the approval of the grant request as stated.

Curtis mentioned some of the responsibility falls on the contractor. Reed should have attended the board meeting to explain what happened. Kris concurred with Curtis's comments and felt the RDA should not have to pay for the mistakes of the contractor. Kris felt Reed should cover at least 50% of the costs of the items included in the grant.

Curtis asked Jaci if Reed would be willing to pay 50% if the RDA paid the other 50%? Jaci replied she did not know.

Jaci mentioned she felt Reed was being honest with her on the project and these items were missed and nothing had been done maliciously. Kris replied she was not accusing Reed of being malicious or dishonest but he did miss some costs and should be responsible in some way.

Barbara asked how much the original grant request by Jaci was for? Justin replied \$101,500.

Barbara mentioned electrical, water and sewer are not unusual items for any project and the contractor needs to be accountable. Jeff replied the contractor provided a bid and these items were not included and he is not going to pay the cost of these items. Chairman Simmons also mentioned the contractor wants to finish the project and have a good finished product as well.

Chairman Simmons asked if Reed would stop working on the project if the grant request is not approved? Jaci replied she didn't think so but mentioned Reed had used the word unbuildable lot several times. Chairman Simmons replied Reed had done several commercial projects before and these requirements are not new.

Justin mentioned the light pole had been relocated already but the underground electrical work and water and sewer service had yet to be completed.

Chairman Simmons asked Jaci if she would consider a loan instead of a grant? Jaci replied she was concerned she would not be in a position to pay back a loan.

Chairman Simmons suggested Jaci negotiate with Reed on what they think is fair. The board has a responsibility to all parties involved not just those making requests for funding. The RDA is much better off when loans are approved rather than when grants are approved. Loans bring funding back to the RDA where grants do not.

Chairman Simmons mentioned a second grant request had been approved on a different project but the total of both grants was significantly less than the \$101,500 Jaci had already been approved for.

Jeff mentioned over \$100,000 had been approved for several recent projects not just Jaci's.

Curtis suggested Jaci and Reed attend the next board meeting to continue discussing the request and possible options and solutions.

A motion to approve the grant request for infrastructure work assistance in the amount of \$12,498 made by Jaci Bennett for a project located at 72 North Main was made by Jeff. There was not a second so no vote was taken and the motion died.

A motion to table the grant request until the next RDA board meeting on Wednesday, September 6th was made by Kris, seconded by Barbara and passed by a vote of 4-1.

Yes Vote: Hunsaker, Kent, Monson, Wall

No Vote: Barnes

BOARD MEMBER REPORTS

Barbara mentioned a Mexican restaurant was going in one of the three units in the same building as Domino's Pizza. The Domino's Pizza building project had been supported with RDA funds. Chairman Simmons mentioned a specialized soda pop shop was going in the third unit in the building so the building will be full when complete.

Chairman Simmons mentioned Brown Monument is currently looking at a location for their new building and Smithfield is on their radar as a possible place to relocate too.

Chief Allen mentioned if a signal light is not installed at 800 South Main there is going to be a fatality in that area. There have been multiple accidents in the area recently and over the last several years.

A motion to adjourn at 7:59 P.M. was made by Curtis.

**SMITHFIELD CITY CENTRAL BUSINESS
DISTRICT REDEVELOPMENT AGENCY**

Darrell G. Simmons, Chairman

ATTEST:

Justin B. Lewis, Secretary

**SMITHFIELD CITY REDEVELOPMENT AGENCY
96 South Main
Smithfield, Utah 84335**

AGENDA

Public Notice is given that the Smithfield City Redevelopment Agency Board will meet in a regularly scheduled meeting at 96 South Main, Smithfield, Utah on Wednesday, August 23, 2017. The meeting will begin no sooner than 6:30 P.M.

1. Approval of the RDA meeting minutes from May 10, 2017.
2. Public Hearing on the second grant request by Jaci Bennett for infrastructure work on a project located at 72 North Main Street.
3. Discussion and possible vote on the grant request by Jaci Bennett.
4. Board Member reports.

Adjournment

Items on the agenda may be considered earlier than shown on the agenda.

In accordance with the Americans with Disabilities Act, individuals needed special accommodation for this meeting should contact the City Recorder at (435) 792-7990, at least (3) days before the date of this meeting.