



BOARD STAFF REPORT

THE REDEVELOPMENT AGENCY of SALT LAKE CITY

TO: RDA Board Members

FROM: Allison Rowland
Budget & Policy Analyst

DATE: July 5, 2018

RE: CONSIDERATION OF INITIAL STEPS FOR FUNDING AN UNDERGROUND PARKING STRUCTURE ON BLOCK 67

Item Schedule:

Briefing: July 10, 2018

Set Date: n/a

Public Hearing: TBD

Potential Action: TBD

ISSUE AT-A-GLANCE

The Board has been asked to consider initial steps toward funding an underground parking structure as part of a large-scale development on the block bounded by 100 South, 200 South, 200 West and 300 West—known as Block 67—just west of the Salt Palace Convention Center. This mixed-use project would ultimately include residential, commercial (retail, dining and hotels), and office space, as well as a large parking structure with some spaces commercially available to the public. The developer is requesting an initial incentive of \$15 million, which would be provided by Salt Lake County as State-authorized transportation funds for regionally significant transportation facilities, and would be reimbursed by tax increment from the area (likely 75% of total increment).

In addition to this initial incentive, the developer is working with RDA staff towards a larger reimbursement agreement that has yet to be finalized. The proposed agreement could direct up to 75% of the City's property tax increment for the block to the project, after repayment of the \$15 million, over 25 years (reimbursed annually), for an estimated total incentive of \$43.9 million.

Goal of the briefing: Consider the adoption of two proposed resolutions:

- 1) authorizing RDA staff to prepare a draft Community Reinvestment Project Area (CRA) plan for Block 67, which would facilitate the overall reimbursement.
- 2) approving an Interlocal Agreement with Salt Lake County to allow the transfer of a \$15 million incentive to the developer, via the City and the RDA,



for the construction of an underground parking structure, and committing the City to a timeline of actions to facilitate the removal of some of this property from the Downtown project area (CBD) to create a new CRA.

A. Project Scope and Funding Proposal

The project developer, the Ritchie Group, signed a 99-year lease on a substantial portion of Block 67 and has requested creation of a new Community Reinvestment Area (CRA) area for a mixed-use project, which it calls the West Quarter. The total amount of private investment in the developer's "preferred option" would be approximately \$450 million, envisioned in two phases.

1. The developer requests \$15 million in public money for construction of an underground parking lot in Phase 1. In the RDA staff's recent conversations with the developer, it indicated that the parking garage construction is estimated to cost \$23.4 million and would include 354 stalls, 38 of which (11%) would be commercially available to the public. However, the interlocal transmittal states that the public spaces will not be built until Phase 2 of the project (354 stalls in Phase 1, no public stalls). At the completion of Phase 2, there would be 1,861 stalls (under- and above-ground); 800 (43%) would be commercially available to the public.

Project Phases and Components

	Phase 1	Phase 2 (no date identified)	Total
Housing	238 units	400 units	638 units
Hotel	272 rooms	308 rooms	580 rooms
Retail	15,400 sq. ft.	70,300 sq. ft.	85,700 sq. ft.
Office	--	350,000 sq. ft.	350,000 sq. ft.
Mid-block street connecting 300 West to 200 South	Half (sq. ft. TBD)	Half (sq. ft. TBD)	
Parking	354 spaces	1,507 spaces (800 public)	1,861 spaces

2. The financing for the underground parking garage is the initial request of the developer and has been coordinated with Salt Lake County. The developer has indicated to RDA staff that in order to design the project in a way to maximize the quality of urban spaces, it would need an additional subsidy or incentive agreement that would result in a total of \$43.9 million of public monies provided through tax increment reimbursement from all taxing entities at a rate of 75% over a period of 25 years. This would be considered by the Board at a later meeting.
3. Without the public subsidy, the project would be scaled back and an above-ground parking lot would be built in the center of Block 67. According to the developer, they would also eliminate the proposed public mid-block street connecting 300 West and 200 South
4. The proposed tax increment reimbursement would require establishing a new CRA, and before doing so, the RDA would need to remove the southern part of the block from the Central Business District (CBD). The southern half of this block has been part of the CBD since 1982, and currently contributes roughly \$89,799 per year to the RDA for CBD redevelopment activities. Because the RDA has an agreement with taxing entities like the City to pass along 60% of the increment generated, the City receives roughly \$40,528 (other taxing entities also receive funds from this portion of the block – see breakout in Policy Question D below).
 - a. The effect of this decision would be to redirect all the funds currently passed to taxing entities into incentives for this development, including those used by the RDA for projects in the CBD.
 - b. The City has not yet conducted a cost/benefit analysis to determine whether the increased economic activity would be sufficient to replace the \$40,528 generated from this block. ***The Board may wish to ask the Administration to produce such an analysis in***

advance of any City Council decision on amending the current Downtown CBD project area boundaries.

5. Should a new CRA be established on this block, the RDA would withhold 10% of the increment collected as an administrative fee. An additional 10% would be withheld for affordable housing, per RDA policy. It is not clear what percentage, if any, would be available for the City to use for municipal service needs on that block—which may be significant considering the large scale of the project. (Note: Impact fees, by statute, cannot be used to pay for police, fire or other City personnel.)
6. In addition to the initial \$15 million request, the developer has indicated interest in requesting a \$7 million loan (beyond the current project budget) from the RDA Revolving Loan Fund to provide gap financing for Phase I of the project. *The potential \$7 million loan from the RDA Revolving Loan Fund would be used for the following, according to the developer: public art; 300 West power line “drop”; “architectural signage package”; LED “messaging boards.”*
7. Staff has received the developer’s preliminary presentation of plans for the block. Staff has not received any cash flow scenarios from either the developer or Salt Lake County. ***The Board may wish to add a clause in the interlocal agreement requiring that this information be provided in a timely manner (i.e., before additional decisions of the Council/Board are required) so the City can meet the established timeline.*** For example, if critical financial information is not provided by the developer for the standard third-party financial analysis, the RDA Board may not be able to act to create the CRA and fulfill the steps outlined in Section 2 of the interlocal (see item B for more information).
8. RDA staff has provided the breakdown of the contribution of increment towards the \$15 million over 25 years (the share of increment is proportional to the share to the total property tax collected).
 - a. Salt Lake County increment - \$2.4 million (16%)
 - b. Salt Lake City increment - \$4.59 million (30.6%)
 - c. Salt Lake City School District increment - \$6.15 million (41%)

Staff note: Staff is checking with the RDA staff to determine why these shares do not \$15 million. In addition, the entities have not yet agreed to these quantities. If the RDA Board approves the CRA resolution authorizing the drafting of a plan for the block, RDA staff would approach the other taxing entities as part of the project area creation process. If the School District or City is not willing to contribute increment, other taxing entities would need to increase their contribution. County staff has committed the County portion of increment but as of the date of this staff report, it is not clear if the County Council has approved such an agreement. The County Council will consider the same interlocal agreement as the RDA Board on July 10th, but the proposed agreement is silent on the commitment of the County’s increment in the context of the CRA. (See below for additional detail on the proposed interlocal agreement between the RDA and Salt Lake County.)

B. Interlocal agreement with Salt Lake County. As part of the proposed project, the RDA Board is asked to adopt a resolution that approves an interlocal agreement with Salt Lake County, which would provide \$15 million from the Utah State Transportation Fund to the developers, via the City and the RDA, for construction of what new State law refers to as “public transit project and regionally significant transportation facility” (Senate Bill 128, 2018 Legislative Session). County Staff indicates that this project fits the definition in the law.

1. The interlocal agreement commits the City staff to pursue “reasonable efforts” for the following steps by December 31, 2018 (page 2 of the interlocal):
 - a. Adopt a resolution approving the Block 67 survey;
 - b. Remove Block 67 from the CBD Project Area (requires approval of other taxing entities);
 - c. Draft and approve project area plan ;
 - d. Draft and negotiate Interlocal agreements for RDA receipt of City, County and Salt Lake City School District tax increment for a Block 67 CRA;

- e. Negotiate the terms of a tax increment reimbursement agreement that includes the following terms:
 - i. that RDA transfer of Transportation Funds to the developer;
 - ii. that tax increment from the project area first be used to repay the RDA for the transfer of Transportation Funds to the developer.

Staff note: The extent to which the Board's potential authorization of this interlocal commits the City Council or Board to future decisions is not clear to staff. The Administration indicates that this does not box-in the Board or Council to future decisions. However, recently the term "reasonable efforts" has been interpreted by some as an official signal of commitment, and any divergence or questioning of that commitment at later dates is seen as an act of bad faith. The Board may wish to discuss this further with the City Attorney's Office, or include motion language indicating that this interlocal does not commit the City (Board or Council) to future action.

2. The Administration has indicated that the purpose of repayment of tax increment to the County for the \$15 million is to establish a new County program to use these funds on similar projects throughout its jurisdiction. Staff understands from the Administration that the initial \$15 million will be repaid by the County to the State with a state-authorized increase in motor vehicle fees. Therefore, the increment from property taxes would not be necessary, except to replenish these funds for use elsewhere. The Council may wish to have further discussion with the County about guiding principles and criteria for reuse of what is essentially City taxpayer funds.
3. Should the expected tax increment not materialize for any reason (for example, an economic downturn, or significant changes to the project), the RDA and the City would not be responsible for repayment, and the County funds would not be replenished (the Administration indicates that the State would have already been repaid through the increase in motor vehicle fees).
4. The developer estimates that Phase 1 will generate enough increment to repay \$10 million of the \$15 million and has agreed to guarantee the remaining \$5 million if Phase 2 is never constructed.
5. ***The Board may wish to request additional information on the terms of this arrangement between the County and the State, since Salt Lake City residents are also residents of the County and therefore have an interest in how this fund is expected to work.*** Such questions might specifically include:
 - a. If the tax increment does not reach the expected amount, which funds would the County draw from to repay its revolving loan fund (or the State)?
 - b. What is the rate of interest charged over the next 25 years to the City (and other taxing entities) for the \$15 million directed to the parking garage project?
6. ***The Board may wish to provide guidance to the County for future regionally significant economic development projects that involve negotiations with the State to the effect that these negotiations should include RDA and City Economic Development staff to ensure efficient information-sharing so that all parties have appropriate expectations for investment levels and timelines.***

C. Alternatives to Approval of the Resolutions. The Administration indicates that if the new project area is not created and the existing CBD project area is not amended, the RDA would be limited to participating in the Block 67 project via a loan and/or a tax increment reimbursement agreement under the terms of the current CBD project area. According to the developer's project plan, this would imply that the RDA would collect no tax increment for Phase 1 because it is located on the northern portion of Block 67 (which is not in the CBD), and 40% of the tax increment for Phase 2.

D. Timing of Potential Board Actions. The developer has requested that the Board make a decision on the resolution to authorize creation of a draft CRA plan and the interlocal agreement with Salt Lake County at its July meeting in order to meet financing deadlines. Although this project technically does not qualify for the

RDA Tax Increment Reimbursement Program Policy approved last fall, the proposed project is designed to follow a similar pattern in terms of Board consideration and approvals (see flow chart in Attachment 1). It is not clear to staff how the Board's vote at the July meeting affects the financing of the project, other than to gauge general interest in the project, given that the formal approvals for increment investment would be made at a later date.

1. July 10 RDA Board Meeting

- a. The Board will consider adoption of a resolution authorizing RDA staff to prepare a *draft* Community Reinvestment Project Area (CRA) plan for Block 67. This would include a project area plan and budget, as well as a public benefits analysis of the proposed project (including a financial gap analysis) by an independent third party. The resolution for Board consideration would authorize the beginning of work, but would not bind the Board to a tax increment reimbursement structure.
- b. The Board will consider adoption of a resolution approving an Interlocal Agreement with Salt Lake County to allow the transfer of a \$15 million loan from State Transportation Funds to the RDA to support the construction of an underground parking structure for the proposed project. If the Board wishes to make any changes to the proposed Interlocal Agreement with the County, the agreement may have to be returned to the County for review and potential approval. The County Administration plans to request support from the County Council for the Interlocal agreement with the City on July 10. ***See earlier staff note about adding a clause in the Interlocal agreement requiring the developer to provide financial information on a timely basis in order for the City Administration to meet agreed-upon steps.***
- c. If the Board chooses to not adopt these resolutions, the process would terminate, and the Administration could work with the developer to identify other paths (using existing resources/programs) for support of the project. The Administration has previously indicated that when these concepts were initially raised with the developer, existing programs/resources were not sufficient to fill the project gap. Documentation of the project financing gap has not been provided to Council Staff for confirmation. RDA staff indicates that this would typically reviewed in the CRA plan step of the process.

2. August or September RDA Board or Council Meeting

- a. Council Meeting: RDA staff would transmit a resolution amending the boundary of the Downtown CBD Project area for the City Council to consider (as a taxing entity). Similar resolutions would be provided to other taxing entities for their consideration.
- b. Board Meeting
 - i. The Board would consider adoption of a resolution adopting the draft CRA Plan prepared by RDA staff per step 1 above.
 - ii. The Board would consider adoption of a resolution approving an Interlocal Agreement between the RDA and the developers to facilitate the transfer of \$15 million (or potentially more).
 - iii. The Board would consider the RDA staff's evaluation of the project's reimbursement application, based on both a third-party financial analysis and an RDA Finance Committee review.
 - iv. The thirty-day public comment period would begin, and Board would hold a public hearing during the next RDA Board meeting.
 - v. *If the Board chooses not adopt these resolutions, the process would terminate.*

3. Subsequent Council meeting (date TBD)

- a. If the RDA Board adopts the resolutions, the City Council would provide notice of the beginning of a review period for the CRA Plan.
- b. At the end of the review period, the Council would consider approval of the ordinance change and resolutions to approve the Interlocal Agreement(s) to provide City tax increment to the CRA to facilitate this project.

POLICY QUESTIONS

A. CRA Tax Increment (TI) Policy for Redevelopment Projects. The project proposal follows the basic outlines of the RDA's recently adopted single-property TI Policy. However, the policy is not actually applicable to this proposal because it would establish a new project area focused on residential and commercial redevelopment, rather than business retention and expansion.

1. ***Is the Board comfortable with creating this exception to the CRA TI policy?***
2. ***Does the Board wish to establish a general guiding principle relating to retention of a certain quantity of tax increment for City municipal services (similar to the 10% for RDA administrative expenses policy)?***
3. ***Given that this project has the potential to set a precedent for large-scale private projects that request incentives, the Board may wish to establish guiding principles to consider these requests (e.g. large scale, full block developments; significant advancement to a public policy purpose like housing; etc.). To the extent that RDA Staff receives additional single-project CRA requests, their capacity may be diverted from other Board priorities like State Street and 9-Line project area development. Additionally, the Board may wish to discuss with the Administration the differences in how large-scale developments impact general economic activity downtown, since this may influence consideration of which are best suited for public investment, and at what level.***

Comparison of Salt Lake City Public Investment in Recent Large Private Sector Projects

	Gateway Mall (2001)	Vivint Arena (2016)	Proposed West Quarter
TI reimbursement amount	\$16.5 million (\$24 million in 2018 dollars*)	\$22 million	\$15 million (provided upfront) Up to \$43.9 million total
Reimbursement-eligible components	<ul style="list-style-type: none"> - Public elements such as restoration of the historic Union Pacific Depot; construction of the 500 West park blocks and Gateway public plaza; and costs associated with building public right-of-way for the project. - Construction costs for the privately-owned parking structure that services the Northgate Apartments. 	<ul style="list-style-type: none"> - Expenses for remodeling /renovation and enhanced public-realm amenities 	<ul style="list-style-type: none"> - Underground parking structure - Mid-block street - Other public amenities, TBD
*Adjustment for inflation assumes a 2.12% annual inflation rate.			

B. Affordable Housing Priority. As the developer's proposal currently stands, none of the 638 residential units would qualify as affordable. The developer has been informed that affordable housing is a City priority,

but intends for all housing in Phase I to be market rate. The group has stated that it is willing to discuss including affordable housing in Phase II. ***Would the Board like to consider conditioning any funding for the parking garage on the developer's commitment to include a certain number or share of affordable units in the project?***

RDA staff note: Aside from the on-site units, if a new CRA is created for Block 67 the RDA would be required to set aside 10% of the tax increment collected from the new project area for affordable housing in RDA project areas or elsewhere in the city. Based on the developer's estimate, this could amount to \$31,846 per year, or \$796,150 over 25 years to affordable housing city-wide.

- C. Effects on the Japanese-American Community Assets.** The Board may wish to ask about any expected effects (positive or negative) of proposed development on current Japanese-American community assets along 100 South, including the existing Salt Lake Buddhist Temple and the Japanese Church of Christ. In 2005, the City Council adopted Resolution 50, which encouraged the creation of a public space, plaza, or Japanese Cultural Corridor to commemorate historic "Japantown."
- D. Effects of removing Block 67 from the existing CBD.** When the Central Business District (CBD) project area was extended in 2007, the participating taxing entities required that 60% of the increment generated be returned to them each year (discussed earlier in this report). They also required a minimum tax increment target within the Interlocal agreements. Removing Block 67 from the CBD Project Area would reduce the District's tax increment. ***If the Board adopts the resolution directing RDA staff to produce the draft CRA plan, it may wish to request that as part of the financial analysis, an analysis of when the CBD would reach the minimum tax increment target, with and without removing Block 67.***
- E. Project Phasing.** ***The Board may wish to ask whether the project could proceed with a lower level of public financing by splitting the development into more phases*** (see phases chart located earlier in this report).
- F. Parking Demand and Supply.** The most recent parking management study (2016) concluded that existing parking supply is able to meet current demand and still have spare capacity. ***Does the Board wish to provide public financing of a parking garage that may add additional spare capacity? The Board may wish to discuss with the County what other projects or improvements may qualify under the new state statute (e.g., improvements to transit, additional transit stops, etc.).***
- 1. Public Transit Access.** The Board may wish to ask how the existing level of access to bus and TRAX stops was factored into the project proposal. Six TRAX stops are located within a three block radius of Block 67, along with as several bus stops.
 - 2. Participation in Downtown Parking Management System.** The establishment of a Downtown parking management system or authority was recommended in the recent downtown parking management study. The developer has expressed a willingness to discuss integration of the project's parking with such a body. ***The Board may wish to consider conditioning the tax increment reimbursement agreement on the project's integration with a Downtown parking management system or authority.***

OPTIONS FOR BOARD ACTION

Does the Board wish to adopt the resolutions related to preparing the draft CRA plan and approving the Interlocal Agreement with the County? Potential options for the Board include the following:

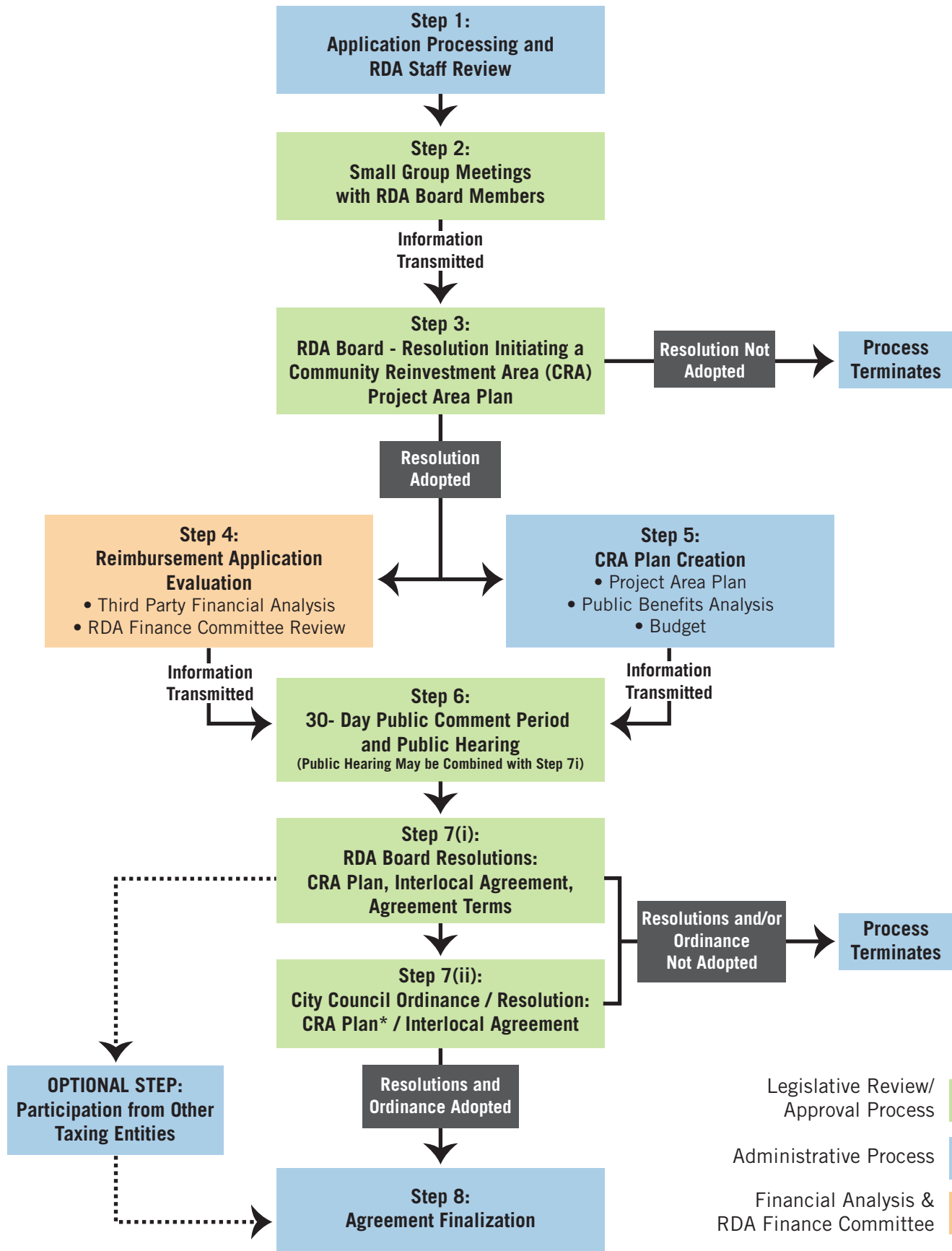
1. Adopt *both* the resolutions, which would authorize preparation of the draft CRA Plan and approve the interlocal agreement with the County. The following are potential additional clarifications or language to consider adding (discussed earlier in the staff report):
 - a. that the interlocal be amended to include language requiring the developer to provide timely information so that the Administration can fulfill the conditions precedent to the transfer of funds from Salt Lake County (Section 2 of the interlocal);
 - b. that the adoption of this interlocal agreement in no way commits the RDA Board or Salt Lake City Council to future approvals or action.
2. Adopt *only* the resolution related to preparing the draft CRA Plan, and *not* the interlocal agreement with the County. This may demonstrate the RDA's willingness to consider this development while awaiting additional information from the County.
3. Adopt nothing until more information is received from the County and/or developer.

ATTACHMENTS

Attachment 1. RDA TI Reimbursement program flow chart

RDA TAX INCREMENT REIMBURSEMENT PROGRAM: SINGLE PROPERTY RETENTION TOOL

APPLICATION EVALUATION AND APPROVAL PROCESS



*As statutorily required, a contest period and notice of the CRA Plan adoption shall occur.

Summary Sheet: Potential Policy Questions and Board Actions

RDA Briefing: Consideration of Initial Steps for Funding an Underground Parking Structure on Block 67

July 10, 2018

POLICY QUESTIONS

1. In advance of any City Council decision on amending the current Downtown CBD project area boundaries, the Board may wish to ask the Administration to produce a cost/benefit analysis to **determine whether increased economic activity expected from the project would be sufficient** to replace the \$40,528 currently generated for the City from this block
2. The Board may wish to add a **clause in the interlocal agreement requiring that cash flow scenarios** from either the developer or Salt Lake County be provided in a timely manner (i.e., before additional decisions of the Council/Board are required) so the City can meet the established timeline.
3. The Board may wish to discuss with the City Attorney's Office (or include motion language indicating) that **the "reasonable efforts" language** in this interlocal does not commit the Board or Council to future action.
4. The Council may wish to have further **discussion with the County about guiding principles and criteria for reuse of the \$15 million** in tax increment (to be repaid to the County for establishing a program to use these funds on similar projects throughout its jurisdiction), since this is essentially City taxpayer funds.
5. The Board may wish to request **additional information on the terms of this arrangement between the County and the State**, since Salt Lake City residents are also residents of the County and therefore have an interest in how this fund is expected to work. Such questions might specifically include:
 - a. If the tax increment does not reach the expected amount, which funds would the County draw from to repay its revolving loan fund (or the State)?
 - b. What is the rate of interest charged over the next 25 years to the City (and other taxing entities) for the \$15 million directed to the parking garage project?
6. The Board may wish to provide **guidance to the County for future regionally significant economic development projects** that involve negotiations with the State to the effect that these negotiations should include RDA and City Economic Development staff to ensure efficient information-sharing so that all parties have appropriate expectations for investment levels and timelines.
7. Is the Board comfortable with creating an **exception to the CRA Tax Increment policy** for the parking structure project?
8. Does the Board wish to establish a general guiding principle relating to **retention of a certain quantity of tax increment for City municipal services** (similar to the 10% for RDA administrative expenses policy)?
9. Given that this project has the potential to set a precedent for large-scale private projects that request incentives, the Board may wish to **establish guiding principles to consider these requests** (e.g. large scale, full block developments; significant advancement to a public policy purpose like housing; etc.).

10. The Board may wish to discuss with the Administration the differences in **how large-scale developments impact general economic activity downtown**, since this may influence consideration of which are best suited for public investment, and at what level.
11. Would the Board like to consider conditioning any funding for the parking garage on the developer's commitment to **include a certain number or share of affordable units in the project**?
12. The Board may wish to ask about any expected effects (positive or negative) of proposed development on current **Japanese-American community assets**.
13. If the Board adopts the resolution directing RDA staff to produce the draft CRA plan, it may wish to request as part of the financial analysis, an **analysis of when the CBD would reach the minimum tax increment target**, with and without removing Block 67.
14. The Board may wish to ask whether the project could proceed with a lower level of public financing by **splitting the development into more phases**.
15. Does the Board wish to provide public financing for a **parking garage that may add additional spare capacity Downtown**?
16. The Board may wish to discuss with the County **what other projects or improvements may qualify** under the new state statute (e.g., improvements to transit, additional transit stops, etc.).
17. The Board may wish to ask how the **existing level of access to bus and TRAX stops** was factored into the project proposal.
18. The Board may wish to consider conditioning the tax increment reimbursement agreement on the project's **integration with a Downtown parking management system** or authority, should one be created in the future.

OPTIONS FOR BOARD ACTION

Does the Board wish to adopt the resolutions related to preparing the draft CRA plan and approving the Interlocal Agreement with the County? Potential options for the Board include the following:

1. Adopt *both* the resolutions, which would authorize preparation of the draft CRA Plan and approve the interlocal agreement with the County. The following are potential additional clarifications or language to consider adding (discussed earlier in the staff report):
 - a. that the interlocal be amended to include language requiring the developer to provide timely information so that the Administration can fulfill the conditions precedent to the transfer of funds from Salt Lake County (Section 2 of the interlocal);
 - b. that the adoption of this interlocal agreement in no way commits the RDA Board or Salt Lake City Council to future approvals or action.
2. Adopt *only* the resolution related to preparing the draft CRA Plan, and *not* the interlocal agreement with the County. This may demonstrate the RDA's willingness to consider this development while awaiting additional information from the County.
3. Adopt nothing until more information is received from the County and/or developer.



DEPARTMENT of ECONOMIC DEVELOPMENT

REDEVELOPMENT AGENCY STAFF MEMO

DATE: July 10, 2018

PREPARED BY: Jill Wilkerson-Smith

RE: Consider adopting a resolution authorizing the preparation of a draft Community Reinvestment Project Area Plan for Block 67

REQUESTED ACTION: Consider adopting a resolution authorizing the preparation of a draft Community Reinvestment Project Area (“CRA”) Plan for Block 67 to initiate the CRA creation process.

POLICY ITEM: Project Area Creation

BUDGET IMPACTS: Future tax increment generated by the CRA

EXECUTIVE SUMMARY: The RDA received a request from owners of certain parcels on Block 67 (just west of the Salt Palace Convention Center) to create a project area for a large-scale mixed-use project. The first step in the process is for the Board to consider adopting a resolution authorizing the preparation of a project area plan. If the Board adopts the resolution, staff will proceed to draft the project area plan and budget, including commissioning a public benefits analysis of the project.

ANALYSIS & ISSUES: Property owners requesting the Block 67 Project Area creation intend to build a mixed-use project to include residential, hotel, ground floor retail, restaurants, and underground parking. The proposed project area boundary would include all 10 acres of Block 67, which could facilitate additional development and benefit other property owners.

If the Board adopts the resolution, staff will prepare a timeline for the process to present at a future Board meeting.

ATTACHMENTS:

1. Resolution authorizing the RDA to prepare a draft Project Area Plan for Block 67, and boundary map



SLCRDA

WWW.SLCRDA.COM



BUSINESS
DEVELOPMENT

WWW.SLCGOV.COM



WWW.SALTLAKEARTS.ORG

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO _____

Survey Area Resolution to Initiate the Creation of the Proposed Block 67 Project Area

**SURVEY AREA RESOLUTION OF THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY OF SALT LAKE CITY FOR THE PROPOSED BLOCK 67
PROJECT AREA**

WHEREAS, the Redevelopment Agency of Salt Lake City (the “**RDA**”) proposes to create a community reinvestment project area within an area described and depicted on Exhibit A attached hereto (the “**Proposed Block 67 Project Area**”), that is generally known as Block 67 in downtown Salt Lake City and is from 100 South to 200 South and from 200 West to 300 West, consisting of approximately 10 acres.

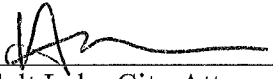
WHEREAS, pursuant to Utah Code 17C-5-103(l), the Board desires to initiate the process of adopting a community reinvestment project plan for the Proposed Block 67 Project Area by adopting this survey area resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE REDEVELOPMENT AGENCY OF SALT LAKE CITY IN ACCORDANCE WITH
UTAH CODE 17C-5-103(1) THAT:**

1. The geographic area and map shown on Exhibit A is the survey area for the Proposed Block 67 Project Area.
2. The Proposed Block 67 Project Area requires study to determine whether project area development is feasible within the survey area.
3. The Board authorizes the RDA to prepare a proposed community reinvestment project area plan for the Proposed Block 67 Project Area.
4. The Board authorizes the RDA to conduct any examination, investigation, or negotiation that the RDA considers appropriate in connection with the Proposed Block 67 Project Area.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this ____ day
of _____, 2018.

Derek Kitchen, Chairman

Approved as to form: 
Salt Lake City Attorney's Office
Katherine N. Lewis
Date: 6/21/18

The Executive Director:

_____ does not request reconsideration
_____ requests reconsideration at the next regular Agency meeting.

Jacqueline M. Biskupski, Executive Director

Attest:

City Recorder

HB_ATTYY-#71236-v1-Survey_Area_Resolution_(Block_67).docx

**EXHIBIT A
TO
PROPOSED BLOCK 67 PROJECT AREA SURVEY RESOLUTION**

[Proposed Project Area Boundary and Parcel Numbers]

Proposed Project Area Boundary to include the following parcel numbers:
15012070040000, 15012070050000, 15012070240000, 15012070060000, 15012070070000,
15012070230000, 15012070260000, 15012070030000, 15012070250000, 15012070020000, and
15012070010000.





DEPARTMENT of ECONOMIC DEVELOPMENT

REDEVELOPMENT AGENCY STAFF MEMO

DATE: June 25, 2018

PREPARED BY: Danny Walz and Kort Utley

RE: Interlocal agreement with Salt Lake County for transfer of \$15MM to Salt Lake City for construction of an underground parking structure associated with the Ritchie Group's proposed "West Quarter" project located on Block 67.

REQUESTED ACTION: Consideration and adoption of a resolution approving an interlocal agreement with Salt Lake County (the "County") allowing the transfer of \$15MM of County funds to Salt Lake City for the purpose of constructing an underground parking structure on Block 67 (the "Property") in the Central Business District Project Area.

POLICY ITEM: N/A

BUDGET IMPACTS: \$15MM

EXECUTIVE SUMMARY: The RDA proposes entering into an interlocal agreement ("Agreement") with Salt Lake County for the purpose of transferring \$15MM of County funds ("Funds") through the RDA to the Ritchie Group ("Developer") for construction of an underground parking structure as part of the redevelopment of Block 67. Per the terms of the proposed Agreement, the RDA would agree to initiate the process of creating a new community reinvestment area ("CRA") on Block 67 as a means of repaying the County for the Funds. While Block 67 is currently in the Central Business District Project Area ("CBD"), a new CRA is necessary to generate sufficient tax increment to incentivize the Developer's proposed project, which would bring more than \$450MM of private investment into the CBD.

ANALYSIS & ISSUES:

Based on recent state legislation (S.B. 128), Salt Lake County has access to State transportation revenue to fund parking facilities that contribute to significant economic development and recreation and tourism within the state. The RDA, Salt Lake County and the Developer have been coordinating on accessing \$15MM of the Funds for the Ritchie Group's proposed "West Quarter" project on Block 67 in the Central Business District Project Area. The Developer would utilize the Funds to help offset the cost of constructing approximately 1,800 underground parking stalls as part of the "West Quarter" project.



SLCRDA

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BUSINESS
DEVELOPMENT

WWW.SLCGOV.COM



WWW.SALTLAKEARTS.ORG

A fundamental part of the proposed Agreement with Salt Lake County, is the creation of a new CRA for Block 67. The tax increment from this new Block 67 CRA would be a repayment mechanism for the \$15MM of County investment into the “West Quarter” project. The proposed Agreement commits the RDA to various steps in the CRA creation process, all of which must be completed before Salt Lake County will transfer the Funds to Salt Lake City for investment into the Project. Per the terms of the Agreement, the RDA will be under no obligation to accept the Funds until the following steps are completed:

- Approval of a survey area resolution to initiate creation of the Block 67 CRA;
- Removal of Block 67 from the current Central Business District Project Area;
- Approval of a project area plan for the Block 67 CRA;
- Executed interlocal agreements with the major taxing entities (Salt Lake City, Salt Lake County and Salt Lake City School District); and
- Executed tax increment reimbursement agreement with the Developer, by which the first \$15MM of tax increment generated from the Project will be pledged to the County as repayment of the \$15MM up-front cash infusion into the Project.

RDA staff anticipates that the Developer will formally request Agency participation into the Project in an amount greater than \$15MM, however, the final terms and RDA participation amount will be subject to RDA Board approval following creation of the Block 67 CRA and negotiation of a tax increment reimbursement agreement with the Developer.

Summary of the proposed project:

The Ritchie Group, and GC Block 67, LLC, dba Block 67, LLC, desire to construct a mixed-use development on a land assemblage located at 115 & 131 South 300 West and 230 West 200 South, Salt Lake City (“Property”), within the CBD. The Developer’s team includes participation from Ryan Ritchie, Paul Ritchie, Kevin Garn and Michael Christensen. The project consists of approximately 2,500,000 square feet and will include two major phases constructed over a six-to-eight year timeframe (“Project”):

A. Phase I:

- 11-story residential tower with 238 Class-A, multi-family units with ~11,600 square feet of leasable space on the ground floor;
- 272 key, dual-branded hotel including ~3,800 of leasable space on the ground floor and a ~4,000 square foot rooftop bar;
- Underground parking garage with approximately 354 stalls.

B. Phase II:

- 192 unit Class-A apartment building with ~31,400 square feet of leasable retail space;
- 38,900 square feet of leasable retail space;
- 208 unit luxury, Class-A multi-family tower;
- 308 key hotel;
- 20-story Class-A office tower with ~350,000 square feet of leasable space;
- 1,507-stall parking garage (underground/above ground) with approximately 800 of those stalls commercially available to the public.

The proposed project also includes a mid-block roadway, meandering from 200 South to 300 West, providing a mid-block connection between the Convention Center and the Vivint Arena.

The Developer's Project would benefit the public in several ways. The Project would bring more than \$450MM of private investment in the Central Business District Project Area and foster a physical connection between the Convention Center and the Vivint Arena. The Project also aligns with Salt Lake City's *Downtown Plan* (2016) that identifies the importance of vibrant growth around the Arena as a "Key Move" for sports expansion and retention. The Downtown Alliance has submitted a letter of support for the Project (see Attachment B).

PREVIOUS BOARD ACTION:

- On November 14, 2017, the RDA Board adopted the Redevelopment Agency of Salt Lake City's Tax Increment Reimbursement Program Policy.
-

ATTACHMENTS:

- A. Resolution authorizing approval of an Interlocal Cooperation Agreement between the Redevelopment Agency of Salt Lake City and Salt Lake County providing for the transfer of County transportation funds for certain transportation projects within Salt Lake County and Salt Lake City.

Exhibit "A" to the Resolution:

Interlocal Cooperation Agreement between Salt Lake County and the Redevelopment Agency of Salt Lake City

- B. Letter from the Downtown Alliance in support of the Project

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. _____

Authorizing approval of an Interlocal Cooperation Agreement between the Redevelopment Agency of Salt Lake City and Salt Lake County providing for the transfer of County transportation funds for certain transportation projects within Salt Lake County and Salt Lake City.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY AUTHORIZING AN INTERLOCAL AGREEMENT PROVIDING FOR THE TRANSFER OF COUNTY TRANSPORTATION FUNDS TO THE REDEVELOPMENT AGENCY FOR CERTAIN TRANSPORTATION PROJECTS WITHIN SALT LAKE COUNTY AND SALT LAKE CITY

WHEREAS, Utah Code Title 11, Chapter 13 allows public entities to enter into cooperative agreements to provide joint undertakings and services.

WHEREAS, the Redevelopment Agency of Salt Lake City desires to execute an interlocal agreement with Salt Lake County ("County") in which the County will transfer certain County transportation funds to the Redevelopment Agency of Salt Lake City under certain conditions.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Redevelopment Agency of Salt Lake City:

1. It does hereby approve the execution and delivery of the following:

INTERLOCAL COOPERATION AGREEMENT BETWEEN SALT LAKE COUNTY AND THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, EFFECTIVE ON THE DATE IT IS RECORDED BY THE SALT LAKE CITY RECORDER'S OFFICE.

2. Jacqueline M. Biskupski, Executive Director of the Redevelopment Agency of Salt Lake City or her designee is hereby authorized to approve, execute, and deliver said agreement on behalf of the Redevelopment Agency of Salt Lake City, in substantially the same form as now before the Redevelopment Agency of Salt Lake City Board of Directors and attached hereto as **Exhibit A**, subject to such minor changes that do not materially affect the rights and obligations of the Redevelopment Agency thereunder and as shall be approved by the Executive Director, her execution thereof to constitute conclusive evidence of such approval.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this _____ day of _____, 2018

Derek Kitchen, Chairman


Transmitted to the Executive Director on _____.

The Executive Director:

_____ does not request reconsideration

_____ requests reconsideration at the next regular Agency meeting.

Jacqueline M. Biskupski, Executive Director

Approved as to form: 

Salt Lake City Attorney's Office
Katherine N. Lewis
Date: 6/29/18

Attest:

City Recorder

HB_ATTYY-#71297-v1-RDA_Resolution_Block_67_\$15M_Interlocal.docx

EXHIBIT A

[Attach Form of Interlocal Agreement]

INTERLOCAL COOPERATION AGREEMENT

between

SALT LAKE COUNTY

and

REDEVELOPMENT AGENCY OF SALT LAKE CITY

THIS INTERLOCAL COOPERATION AGREEMENT (this "Agreement") is dated as of the date it is recorded by the Salt Lake City Recorder's Office ("Effective Date"), by and between **SALT LAKE COUNTY**, a body corporate and politic of the State of Utah (the "County"), and the **REDEVELOPMENT AGENCY OF SALT LAKE CITY**, a Utah community development and renewal agency (the "RDA"). The County and the RDA are sometimes referred to collectively as the "Parties" and either may be referred to individually as a "Party," all as governed by the context in which such words are used.

WITNESSETH:

WHEREAS, the County and the RDA are "public agencies" as defined by the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101 *et seq.* (the "Interlocal Act"), and, as such, are authorized by the Interlocal Act to enter into this Agreement to act jointly and cooperatively in a manner that will enable them to make the most efficient use of their resources and powers; and

WHEREAS, Section 11-13-215 of the Interlocal Act authorizes a county, city, town, or other local political subdivision to share its tax and other revenues with other counties, cities, towns, local political subdivisions, or the state; and

WHEREAS, during the 2018 General Session, the State Legislature amended Section 72-2-121 of the Utah Transportation Code, Utah Code Ann. §§ 72-1-101 *et seq.*, to add to the distribution of revenue requirements in the County of the First Class Highway Projects Fund a distribution for parking facilities in a county of the first class; and

WHEREAS, the County desires to use this revenue to facilitate significant economic development and recreation and tourism development within Salt Lake County by financing all or a portion of the costs of an underground parking facility project in accordance with Section 72-2-121 of the Utah Transportation Code and all other applicable federal, state and local laws, rules and regulations; and

WHEREAS, the County and the RDA desire to enter into this Agreement providing for the transfer of Fifteen Million Dollars (\$15,000,000) ("Transportation Funds") to the RDA, if the RDA meets certain conditions precedent, to be used to facilitate construction of an underground parking structure (the "Parking Structure") located in Salt Lake City, between 200 West and 300 West and 100 South and 200 South, on the downtown block referred to as Block 67.

A G R E E M E N T :

NOW, THEREFORE, in reliance on the stated recitals, which are incorporated herein by reference, and for good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, it is hereby agreed as follows:

1. Transportation Funds – Use. In the event County transfers the Transportation Funds to RDA pursuant to this Agreement, RDA shall use the Transportation Funds solely to facilitate the construction of the Parking Structure.

2. Conditions Precedent to Transfer of Transportation Funds. County shall transfer the Transportation Funds to RDA within ten (10) business days after RDA completes the following (the “Conditions Precedent”). County agrees and acknowledges that any reference in the foregoing Conditions Precedent to RDA Board or Salt Lake City Council (“City Council”) approval shall mean “approval in its sole and exclusive discretion”.

(a) Block 67 Survey Area Resolution. RDA administrative staff will use commercially reasonable efforts to transmit a survey area resolution (“Survey Area Resolution”), as described in Utah Code 17C-5-103, to the RDA Board of Directors (“RDA Board”) to initiate the creation of the Block 67 Community Reinvestment Project Area (“Block 67 Project Area”). RDA administrative staff’s transmittal of the survey area resolution to the RDA Board will occur no later than December 31, 2018.

(b) Removal from CBD Project Area. RDA administrative staff will use commercially reasonable efforts to transmit the requisite information to the RDA Board to request the removal of Block 67 from the RDA’s existing Central Business District project area (“Block 67 Removal Documents”). RDA administrative staff’s transmittal to the RDA Board of the Block 67 Removal Documents will occur no later than December 31, 2018.

(c) Project Area Plan. If the RDA Board approves the Survey Area Resolution and the Block 67 Removal Documents, RDA administrative staff will use commercially reasonable efforts to draft a project area plan (“Block 67 Project Area Plan”). The Block 67 Project Area Plan shall be transmitted to the RDA Board and City Council by December 31, 2018.

(d) Interlocal Agreements with County and School District for Tax Increment. After notice and public hearings as required under Utah Code 17C-5-104, if the RDA Board and City Council approve the Block 67 Project Area Plan, RDA administrative staff will use commercially reasonable efforts to draft and negotiate interlocal agreements for the RDA’s receipt of a portion of the City’s, County’s and Salt Lake City School District’s (“School District”) tax increment from Block 67 (“TI Interlocals”) for the governing bodies of the County, City, RDA, and School District’s and City Council’s review.

(e) Tax Increment Reimbursement Agreement. In the event that the County, City, School District, and RDA execute the TI Interlocals, respectively, RDA staff shall use commercially reasonable efforts to negotiate the terms of a tax increment reimbursement agreement ("Reimbursement Agreement"), which must be reviewed and approved by the RDA Board under Utah Code 17C-1-102, with the developer of the Parking Structure ("Developer") for the receipt of a portion of the RDA's collected tax increment in the Block 67 Project Area. The Reimbursement Agreement shall contain the following terms:

(i) Upon execution of the Reimbursement Agreement and pursuant to the terms of the Reimbursement Agreement, the RDA shall transfer the Transportation Funds to the Developer for the sole purpose of building the Parking Structure pursuant to the following terms: the Parking Structure shall be located on Block 67 in downtown Salt Lake City; shall serve as a podium for a hotel, office building, residential, and various retail and restaurant buildings; be placed underground; and shall have at least thirteen hundred (1300) parking stalls, or such other number of stalls as determined necessary to facilitate significant economic, tourism, and recreation development, a reasonable number of which shall be available and dedicated for public use.

(ii) Tax increment collected from the Block 67 Project Area by the RDA that is attributable to Developer's project, including the Parking Structure, shall first be used to repay the RDA for the transfer of the Transportation Funds, which RDA shall then repay to the County without additional interest.

(iii) Developer shall agree to indemnify, hold harmless, and defend the County and RDA, its officers, agents, and employees from and against any and all actual or threatened claims, losses, damages, injuries, debts, and liabilities of, to, or by third parties, including demands for repayment or penalties, however allegedly caused, resulting directly or indirectly from, or arising out of: (i) the Developer's breach of the Reimbursement Agreement, (ii) any acts or omissions of or by the Developer, its agents, representatives, officers, employees, or subcontractors in connection with the performance of the Reimbursement Agreement, or (iii) Developer's improper use of the Transportation Funds.

3. Cost Breakdown. Upon its transfer of the Transportation Funds to the Developer, the RDA shall provide a cost breakdown report to the County accounting for such transfer.

4. Liability. Both Parties are governmental entities under the Governmental Immunity Act of Utah, Utah Code Ann. §§ 63G-7-101 et seq. (the "Immunity Act"). Neither Party waives any defenses or limits of liability available under the Immunity Act and other applicable law. Both Parties maintain all privileges, immunities, and other rights granted by the Immunity Act and all other applicable law.

5. Interlocal Cooperation Act Requirements. In satisfaction of the requirements of the Interlocal Act, and in connection with this Agreement, the Parties agree as follows:

(a) This Agreement shall be approved by each Party pursuant to Section 11-13-202.5 of the Interlocal Act;

(b) This Agreement shall be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party, pursuant to Section 11-13-202.5 of the Interlocal Act;

(c) A duly executed original counterpart of this Agreement shall be filed with keeper of records of each Party, pursuant to Section 11-13-209 of the Interlocal Act;

(d) Except as otherwise specifically provided herein, each Party shall be responsible for its own costs of any action taken pursuant to this Agreement, and for any financing of such costs; and

(e) No separate legal entity is created by the terms of this Agreement. Pursuant to Section 11-13-207 of the Interlocal Act, to the extent that this Agreement requires administration other than as set forth herein, the Mayor of the County and the Executive Director of the RDA are hereby designated as the joint administrative board for all purposes of the Interlocal Act.

6. Term of Agreement. This Agreement shall take effect immediately upon the completion of the following: (a) the approval of the Agreement by the governing bodies of the County and the RDA, including the adoption of any necessary resolutions or ordinances by the County and the RDA authorizing the execution of this Agreement by the appropriate person or persons for the County and the RDA, respectively, (b) the execution of this Agreement by a duly authorized official of each of the Parties, (c) the submission of this Agreement to an attorney for each Party that is authorized to represent said Party for review as to proper form and compliance with applicable law, pursuant to Section 11-13-202.5 of the Interlocal Act, and the approval of each respective attorney, and (d) the filing of a copy of this Agreement with the keeper of records of each Party.

7. Non-Funding Clause.

(a) The County has requested or intends to request an appropriation of the Transportation Funds to be paid to the RDA for the purposes set forth in this Agreement. If the Transportation Funds are not appropriated and made available beyond December 31 of the county fiscal year in which this Agreement becomes effective, the County's obligation to contribute the Transportation Funds to the RDA under this Agreement beyond that date will be null and void. This Agreement places no obligation on the County to contribute the Transportation Funds to the RDA in succeeding fiscal years. The County's obligation to contribute the Transportation Funds to the RDA under this Agreement will terminate and become null and void on the last day of the county fiscal year for which funds were budgeted and appropriated, except as to those portions of payments agreed upon for which funds are budgeted and appropriated. The Parties agree that such termination of the County's obligation under this Paragraph will not be construed as a breach of this Agreement or as an event of default under this Agreement, and that such termination of the

County's obligation under this Paragraph will be without penalty and that no right of action for damages or other relief will accrue to the benefit of the RDA, its successors, or its assigns as to this Agreement, or any portion thereof, which may terminate and become null and void.

(b) If the Transportation Funds are not appropriated and made available to fund performance by the County under this Agreement, the County shall promptly notify the RDA of such non-funding and the termination of this Agreement. However, in no event, shall the County notify the RDA of such non-funding later than thirty (30) days following the expiration of the county fiscal year for which the Transportation Funds were last appropriated for contribution to the RDA under this Agreement.

8. Assignment and Transfer of Transportation Funds. The RDA shall not assign or transfer its obligations under this Agreement nor its rights to the Transportation Funds under this Agreement without prior written consent from the County. The RDA shall use the Transportation Funds provided pursuant to this Agreement exclusively and solely for the purposes set forth in the Agreement.

9. Notices. Any notice required or permitted to be given hereunder shall be deemed sufficient if given by a communication in writing, and shall be deemed to have been received (a) upon personal delivery or actual receipt thereof, or (b) within three days after such notice is deposited in the United States mail, postage pre-paid, and certified and addressed as follows:

If to Salt Lake County: County Mayor
2001 South State, N2-100
Salt Lake City, Utah 84190

With a copy to: Salt Lake County District Attorney
35 East 500 South
Salt Lake City, Utah 84111

If to the RDA: Salt Lake City Redevelopment Agency
City & County Building
451 South State, Room 418
Salt Lake City, Utah 84111
Attn: Chief Administrative Officer

With a copy to: Salt Lake City Attorney's Office
P.O. Box 145478
451 South State Street, Suite 505A
Salt Lake City, UT 84114-5478

10. Ethical Standards. RDA represents that it has not: (a) provided an illegal gift or payoff to any County officer or employee, or former County officer or employee, or to any relative or business entity of a County officer or employee, or relative or business entity of a former County officer or employee; (b) retained any person to solicit or secure this Agreement upon an agreement

or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees of bona fide commercial agencies established for the purpose of securing business; (c) breached any of the ethical standards set forth in State statutes or Salt Lake County's Ethics Code, Chapter 2.07, Salt Lake County Code of Ordinances, 2001; or (d) knowingly influenced, and hereby promises that it will not knowingly influence, any County officer or employee or former County officer or employee to breach any of the ethical standards set forth in State statutes or Salt Lake County ordinances.

11. Entire Agreement. Subject to the requirements in 6(b) above, this Agreement and the documents referenced herein, if any, constitute the entire Agreement between the Parties with respect to the subject matter hereof, and no statements, promises, or inducements made by either Party, or agents for either Party, that are not contained in this written Agreement shall be binding or valid; and this Agreement may not be enlarged, modified or altered, except in writing, signed by the Parties.

12. Amendment. This Agreement may be amended, changed, modified or altered only by an instrument in writing signed by both parties. If the amendment, change, or modification is material, the instrument shall be: (a) approved by the governing bodies of the County and the RDA, including the adoption of any necessary resolutions or ordinances by the County and the RDA authorizing the execution of any amendment, change, modification or alteration of this Agreement by the appropriate person or persons for the County and the RDA, respectively, (b) executed by a duly authorized official of each of the Parties, (c) submitted to an attorney for each Party that is authorized to represent said Party for review as to proper form and compliance with applicable law, pursuant to Section 11-13-202.5 of the Interlocal Act, and the execution by each respective attorney, and (d) filed with the keeper of the records of each Party.

13. Event of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" as such term is used herein:

(a) Failure of a Party to comply with any of the material terms, conditions, covenants, or provisions of this Agreement that is not fully cured by such Party on or before the expiration of a sixty (60) day period (or, if the other Party approves in writing—which approval shall not be unreasonably withheld, conditioned or delayed—such longer period as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be cured within 60 days) commencing upon the non-defaulting Party's written notice to the defaulting Party of the occurrence thereof.

(b) Remedies in the Event of Default. Upon the occurrence of any Event of Default, the non-defaulting Party may, in its sole discretion, pursue all remedies conferred by law or equity or other provisions of this Agreement.

(c) Governing Law and Venue. The laws of the State of Utah govern all matters arising out of this Agreement. Venue for any and all legal actions arising hereunder will lie in the District Court in and for the County of Salt Lake, State of Utah.

14. No Obligations to Third Parties. The Parties agree that the RDA's obligations under this Agreement are solely to the County and that the County's obligations under this Agreement are solely to the RDA. The Parties do not intend to confer any rights to third parties unless otherwise expressly provided for under this Agreement.

15. Agency. No officer, employee, or agent of the RDA or the County is intended to be an officer, employee, or agent of the other Party. None of the benefits provided by each Party to its employees including, but not limited to, workers' compensation insurance, health insurance and unemployment insurance, are available to the officers, employees, or agents of the other Party. The RDA and the County will each be solely and entirely responsible for its acts and for the acts of its officers, employees, or agents during the performance of this Agreement.

16. No Waiver. The failure of either Party at any time to require performance of any provision or to resort to any remedy provided under this Agreement will in no way affect the right of that Party to require performance or to resort to a remedy at any time thereafter. Additionally, the waiver of any breach of this Agreement by either Party will not constitute a waiver as to any future breach.

17. Severability. If any provision of this Agreement is found to be illegal or unenforceable in a judicial proceeding, such provision will be deemed inoperative and severable, and, provided that the fundamental terms and conditions of this Agreement remain legal and enforceable, the remainder of this Agreement shall remain operative and binding on the Parties.

18. Counterparts. This Agreement may be executed in counterparts and all so executed will constitute one agreement binding on all the Parties, it being understood that all Parties need not sign the same counterpart. Further, executed copies of this Agreement delivered by facsimile or email will be deemed an original signed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed to be effective as of the Effective Date.

[The balance of this page was left blank intentionally – Signature pages follow]

INTERLOCAL AGREEMENT -- SIGNATURE PAGE FOR COUNTY

SALT LAKE COUNTY:

By _____
Mayor Ben McAdams or Designee

Dated: _____, 20____

Approved by:

DEPARTMENT OF REGIONAL TRANSPORTATION,
HOUSING, & ECONOMIC DEVELOPMENT

By _____

Name: _____

Title: _____

Dated: _____, 20____

Approved as to Form and Legality:

SALT LAKE COUNTY DISTRICT ATTORNEY

By _____
Dianne R. Orcutt
Deputy District Attorney

Date _____

[Signatures continue on next page.]

INTERLOCAL AGREEMENT -- SIGNATURE PAGE FOR RDA

**REDEVELOPMENT AGENCY OF SALT
LAKE CITY:**

Jacqueline M. Biskupski, Executive Director
Dated: _____, 2018

Approved as to Proper Form and Compliance with Applicable Law:

Salt Lake City Attorney's Office

Katherine N. Lewis

Dated: _____, 2018



May 9, 2018

Mayor Jackie Biskupski
Salt Lake City

Dear Mayor Biskupski:

We have an incredible opportunity to develop a 6.6-acre transit-oriented, quality project on Block 67 called the West Quarter Development. These opportunities don't come along every day and the project is at a critical juncture that requires your leadership to move forward. We need your help.

This letter is a formal request from the Downtown Alliance to make this development a priority for Salt Lake City's Redevelopment Agency. We encourage you to expedite the creation of a tax increment tool to ensure this project will include assets to benefit the larger community. Financing requires immediate action from the RDA to move forward with the best possible design.

Developed by the Ritchie Group, this project will add value to underutilized land. With your leadership and support, it can also create tangible benefits to neighboring property owners including the Buddhist Temple, Japanese Church of Christ, Vivint Smart Home Arena and Salt Palace Convention Center. This project, coupled with significant new investment in the Arena and at The Gateway, is consistent with the Sports and Entertainment District objectives outlined in the 2017 Downtown Rising Action Plan.

Innovative developments require thoughtful solutions. This project is situated next to the Vivint Smart Home Arena, which brings nearly 2 million visitors a year to downtown. When the arena was built it was surrounded by surface level parking lots. Increased development around the arena has created new parking needs for the Utah Jazz and other events. The Ritchie Group's preferred development plan includes an underground parking garage and agreement with the Arena that will support parking for years to come. This preferred option will only happen with your support.

Salt Lake County and Downtown Alliance will continue to work with your team to ensure we are also meeting the needs of the neighboring Japanese Community. The legacy of Japantown must be honored and enhanced. Tax increment financing will give Salt Lake City the appropriate tools to ensure any development thoughtfully responds to the community's needs. Over 50 years ago, we were not around to influence the decisions that led to the decline of Japantown. But we are here today and we can use this development to create a lasting legacy. We recommend investing in a new Japanese Community Center, street improvements and art installations that authentically represent the history of this important community. A tax increment finance plan will help ensure these community needs are met.

The ongoing transformation of our downtown would not be possible without the creativity and investment of private developers and innovative support from Salt Lake City. This project represents a win-win-win for everyone if it is executed appropriately. We need your leadership to make that happen.

Sincerely,

Jason Mathis
Executive Director
Downtown Alliance