MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 EAST GAMMON ROAD, VINEYARD UTAH
SEPTEMBER 13, 2017 – 8:28 PM

Present	**Absent**
Chair Randy Farnworth	Boardmember Nate Riley
Boardmember Tyce Flake	
Boardmember Julie Fullmer	
Boardmember Dale Goodman	

Staff Present: Planning Commission Chair Chris Judd, City Manager/Finance Director Jacob McHargue, Public Works Director/Engineer Don Overson, Utah County Sheriff's Department Sergeant Holden Rockwell, Community Development Director Morgan Brim, City Recorder Pamela Spencer, Water/Sewer Operator Sullivan Love

Other Present: Jeff Walker and Stewart Park with Anderson Geneva

8:28 PM RDA MEETING

Chair Farnworth opened the RDA meeting at 8:28 PM.

CONSENT AGENDA:

a) Approval of the June 28, 2017 RDA Meeting Minutes

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO APPROVE THE MINUTES AS NOTED. BOARDMEMBER GOODMAN SECONDED THE MOTION. CHAIR FARNWORTH, BOARDMEMBERS FLAKE, FULLMER, AND GOODMAN VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

ITEMS REQUESTED FOR FUTURE AGENDAS

No items were submitted.

BUSINESS ITEMS:

3.1 DISCUSSION AND ACTION – Reimbursement Request for the Geneva West Side Property

Anderson Geneva is requesting reimbursement of the west side property for the Oil Reclamation Area (ORA) Placement Phase, Repository Placement Phase, and the Storm Drain Phase. The board will take appropriate action.

Chair Farnworth turned the time over to Jeff Walker with Anderson Geneva.

Mr. Walker gave a background on the remediation application. He mentioned that they were not asking for reimbursement of operations and maintenance at this time. He said that they would be looking at the three parts of the application but would save money if they did the three parts together. He explained that they needed to install the storm drain before they could do the rest of the project. Part of their executive summary included:

1. Installation of City Storm Drain
   - This is a city project, not an Anderson project
   - Layout as approved by Vineyard City Engineer (includes easement from Anderson)
   - Engineer's cost proposal totals $743,140 – pass-through expenses with Anderson overseeing the installation in conjunction with the city along with bonding
   - Reimbursement agreement has been approved by Vineyard legal counsel

2. Placement of ORA Material
   - This is a city project, not an Anderson project
   - What is ORA material? Oil Recovery Area. (Mr. West explained what the area was.) This product had been approved for use as road base through the valley. It is marketable material. Instead of selling it, Anderson will donate it to the city.
   - 484,000 Cubic Yard (CY) of ORA material available for use
   - UDEQ approval for use of ORA material as fill and road base – Fill for the parking lot to the FrontRunner station and the Main Street road. This would only be moved once.
   - Anderson's donation of ORA material valuation: Approximately $5.80 per CY for total valuation of $2,807,200
   - Layout for use of ORA material approved by Vineyard City Engineer
   - Engineer's cost proposal totals $2,931,874
   - Reimbursement agreement has been approved by Vineyard legal counsel

3. Placement of Impacted Material.
   - What is impacted material? It is impacted material that over 60 years settled to the bottom of the nearly 350 acre treated water reservoir. There are small contaminants in the area that needed to be put into the Containment Area Management Unit (CAMU). There are some areas that they could just leave stuff and fence off the area.
   - Layout for placement of impacted material as approved by UDEQ
   - Engineer's cost proposal totals $3,639,090
   - Reimbursement agreement had been approved by Vineyard legal counsel

Mr. Walker said that they had approval from the RDA Board for about $7.5 million. With the current proposal, there would be a savings of over $320,000. He said that they had worked together with staff and felt that this could be a model for how environmental concerns at significant sites could be solved. He said that they were asking for approval to implement the reimbursement agreements. He believed that they could start immediately and have the storm drain installed, the ORA moved, and get part of the cross over movement started this fall.

Chair Farnworth clarified the reimbursement agreements. He asked Mr. McHargue for comments.

Mr. McHargue explained that staff had spoken many times with the board about the reimbursement agreements. He said that the board had asked staff to look at a land donation. Chair Farnworth stated that the value of the ORA was almost $3 million. Mr. West explained that if the city had to purchase the materials they would also have to pay for moving it. Mr. Overson stated that the UDEQ had approved where the ORA could be used.

Mr. Walker said that when looking at the agreement with the three-component part they were asked what was Anderson Geneva's "skin in the game." He stated that the storm drain was a city project. He added that they could sell off the ORA material. He said that Anderson Geneva had been asked what their participation would be in moving the impacted material, which was a $3.6 million ask. Anderson Geneva was offering $3 million of their materials, which was almost a 50/50 partnership.

Mr. Walker explained that he had met with Mr. McHargue and Mr. Church about what had been the cost of remediation. He noted that Anderson Geneva was a private company and was not required to tell everyone their business. He mentioned that he had looked into how much money Anderson Geneva had spent in hard dollars since they had acquired the property. He felt that the RDA agreement had two competing clauses: one was participation and the other was reimbursement. He added that the agreement stated that they could only be reimbursed for things post planned. The RDA agreement noted that participation would start from the day of acquisition. Mr. Walker stated that their net out-of-pocket expenses had been more than 22 million in hard dollars. Their monthly costs to monitor, report, engineer the sites, and to work with US Steel on their agreement averaged just over $105,000 a month of actual costs for environmental work. They put about $1.2 million into the project annually. Mr. Walker asked that the board not discount the ORA and the actual money spent. He added that Mr. Anderson and Mr. Hutchings had not yet taken any money out the project but hoped to they would be in the black when it was all done. They were running in the red every single month.

Mr. Walker noted that at the end of the day, Anderson Geneva had stepped up and taken on a herculean project. Chair Farnworth said that the developer had made the decision to purchase the property and had to have known the scope of the project.

Mr. Walker stated that Anderson Geneva and the city had worked in partnership. Chair Farnworth noted that the city would not have had the RDA without Anderson Geneva. He explained that Anderson Geneva told the city that they did not need the RDA and then they changed their minds and said that they did need it. Mr. Walker reminded the board of the history of the RDA and the need for it. He added that the majority of the RDA money had been spent on city projects. He stated that they could make the deal happen for the small piece of property that the city was interested in. As for the Public Work's Building, they would need to negotiate with the city. He felt that meant that they would to give the city use and possession of the property and then determine the fair price at a discounted rate to be paid within 10 years at the backend of the reimbursement agreement. Chair Farnworth stated that the board wanted to get this area cleaned up and productive. Mr. Walker responded that on a legal analysis he did not understand why they were making it a requirement to give unrelated property as a fee to the city to get reimbursement on the project. He felt that there needed to be a nexus between the remediation process and the participation program. He said that was where the ORA would fit into the project.

Mr. Overson stated that there had been about $60 million worth of infrastructure put in place which was the only way to make the property saleable for Anderson Geneva. He mentioned that the lift station on that property was granted by Anderson Geneva to the city which served the property that Anderson Geneva sold. He said that they were not asking for a prime piece of property, but one that had already been impacted and granted to the city. He felt that it should have been just as important as a road. Mr. Walker responded that there were city requirements such as interior roads that developers did not normally put in. He said that the whole ask was for remediation and that it was under $4 million. Chair Farnworth emphasized that Mr. Overson's point was that the city put in the infrastructure that increased the value of Anderson Geneva's property. Mr. Walker stated that there was significant money used on environmental cleanup.

There was a discussion about the use of the RDA funds. There was also a discussion about the ORA.

Mr. Overson explained that using the ORA would minimize the amount of material that would need to be stored. Mr. Walker mentioned that Harsco had offered to purchase the ORA they could. He added that it would be of mutual benefit for the city to be able use the ORA. He said that the ask was one-to-one. Boardmember Goodman asked Mr. Walker to explain the one-to-one. Mr. Walker explained that they were asking for $3.6 million and giving the city the ORA, but could sell it for $3 million. Boardmember Goodman asked about the $7 million in the ask. Mr. Walker replied that part of it was the cost to move the ORA. He explained that to move the ORA would cost $2.78 million. Anderson Geneva also wanted credit for the value of the ORA. There was further discussion about the ORA. The RDA would be paying the contractor not Anderson Geneva. Boardmember Goodman asked why the cost to move the ORA was included in the ask. Mr. Walker explained that they would be saving money to have the trucks move the ORA to the Vineyard location where it would be used at the same time they were removing it from the site. It would be a pass-through cost. Mr. McHargue explained that the city would be paying separate invoices to move the ORA. The discussion continued.

Boardmember Goodman commented that the RDA Board had approved $30+ million for environmental cleanup on the Geneva Property as a whole. He felt that this was a big burden on the community to clean up someone else's property. He was told that Anderson Geneva had purchased the property for $2 a square foot and could sell it for upwards of $20 a square foot. He felt that that was a lot of participation from the RDA in helping Anderson Geneva make a whole lot of money. He said that what the RDA was asking for was not big enough and felt that 10 acres would be more appropriate. He said that if they were going to be partners, then the city should also get a benefit. He stated that if they could not work out a deal now the city would not be able to afford the increased cost of the land later. He said that as the RDA committed $30 million to clean up Anderson Geneva's property that there should be some reciprocation. He said that they would be building roads at the citizens' expense so that Anderson Geneva's property was more valuable. He felt that the board was not out of line in what they had asked Anderson Geneva for.

Chair Farnworth clarified that they would basically be paying for the transportation of the ORA. He asked if the RDA's building ask was not out of the question. Mr. Walker replied that he was confident that there would be a structure but that they needed to move forward with this portion of the proposal.

Chair Farnworth said that the RDA needed to move the development forward and not lose any increment. He agreed with Boardmember Goodman that the city would need land and expect compensation from Anderson Geneva. Boardmember Goodman expressed his concern that as the project neared the end, a gift from the Anderson Geneva would be less likely.

Chair Farnworth mentioned that when the rail line was removed it would increase the value of the land and then UDOT would have to come up with extra money. He felt that the city needed to get the land now in order to afford it.

Boardmember Fullmer asked if they were trying to look at a different way to negotiate it and should they come up with something different and bring it back to a future meeting. Mr. Walker replied that the board had the discretion to do what they needed to do.

Boardmember Flake felt that this discussion would have gone better if three years ago Anderson Geneva would have said that they knew that the city had only so much money and would have future needs and that they were willing to discuss a way to help the city grow and progress, which would help Anderson Geneva. He said that they were constantly in a process of negotiation that butted heads because of two different perceptions of reality. He stated that Anderson Geneva had given the board a token of good faith and that there was room to negotiate. He felt that Anderson Geneva needed to sit down with staff and work out what was reasonably needed for the city in the future so that they knew what they could do to help the city.

Boardmember Goodman left the meeting at 9:28 PM.

Boardmember Flake stated that without a scintilla of doubt he knew that his responsibility was clear.

Motion: BOARDMEMBER FLAKE MOVED THAT THE BOARD ACCEPT ANDERSON GENEVA’S OFFER OF NEGOTIATION OF THE 4.56 ACRES IN GOOD FAITH ALONG THE LINES OF WHICH ANDERSON GENEVA PROFITS THROUGH THE RDA AND ACCEPT THE .287 ACRES AND APPROVE ANDERSON GENEVA’S REQUEST WITH THE AGREEMENT THAT THEY START NEGOTIATING WITH THE CITY ABOUT THE FUTURE NEEDS OF THE CITY.

There was a discussion about the motion. Stewart Park with Anderson Geneva clarified that it was to allow the city to use the property upfront while negotiating with the city. This was only for the west side of the property.

Boardmember Fullmer asked what the discount would be. Mr. Walker replied that it would be on the back end and would be a good deal.

Boardmember Fullmer asked if they would see negotiations on the east side of the property and if they had spoken to anyone about land negotiations. Mr. Walker stated that the concept that Anderson Geneva had unlimited amounts of money to give the city, after twelve years of working on the project, would not happen. He added that they had a signed deal from US Steel for $63 million.

Boardmember Fullmer asked if there had been conversations as to how the city would benefit from the project. Mr. McHargue replied that their conversations had been about the west side of the property. He said that he did know if they had anything on the east side.

Mr. Walker commented that there were a lot of areas to be negotiated. Chair Farnworth said that they had now put it in writing that they were looking for a piece of property for a public works building. Boardmember Flake explained that like all negotiations, unless the parties laid out their expectations, you end up with zero sum. He felt that that it was imperative that they move forward with the negotiations now so that it happened in a shorter time period.

BOARDMEMBER FULLMER SECONDED THE MOTION.

Boardmember Fullmer felt that all negations were not simple; they were very connected. Chair Farnworth stated the they had a city manager who would be in the negotiations continually and not miss anything.

Chair Farnworth called for a vote.

CHAIR FARNWORTH AND BOARDMEMBERS FLAKE AND FULLMER VOTE AYE. BOARDMEMBERS GOODMAN AND RILEY WERE ABSENT. MOTION CARRIED WITH TWO ABSENT.

ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE RDA MEETING AT 9:37 PM AND GO INTO A CLOSED SESSION. CHAIR FARNWORTH SECONDED THE MOTION. CHAIR FARNWORTH AND BOARDMEMBERS FLAKE AND FULLMER VOTED AYE. BOARDMEMBERS GOODMAN AND RILEY WERE ABSENT. MOTION CARRIED WITH TWO ABSENT.

RDA meetings are scheduled as needed.

MINUTES APPROVED ON: October 25, 2017

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA SPENCER, CITY RECORDER