

Mendenhall

Salt Lake County, and even the state's Legislature are part of the new status.

Salt Lake Tribune columnist Andy Larsen sat down with Mendenhall for a 30-minute conversation about those plans. What follows is a transcript of that discussion, lightly edited for clarity.

What is the case for the Salt Lake City Mayor to get a raise to \$212,000?

It's a very real case. Internally, we have 17 people who are in director-level positions, senior staff and department directors. The mayor's salary right now ranks at 16th of those 17. They've all received merit increases over the last decade, and because it's the mayor's position, there has been none until this proposal. When you look outside of the city, The Tribune reported mid-year last year that mayor salaries across the state and I think this position was around 30th or so. Our HR team did our own poll of state numbers and it looks like this position was at 29th.

The increase would take the position to ninth in the state and also ninth within our own organization. So not leading either, even though this city certainly leads the state in every regard from a municipal standpoint, size, economy, challenges, the airport. And this position is the CEO of three major companies, Salt Lake City Corporation, Salt Lake City International Airport and Salt Lake City Public Utility. We've got a \$700 million plus budget, about 4,000 employees, and the pay proposal is a modest increase when you look at the compensation that this position receives.

Let's get into the district. I'll start kind of conceptually: SEG executive Mike Maughan said that downtown needs "revitalization" and "reimagining." Do you agree with that idea, that downtown is in a place where it really needs a significant change in order for it to be the downtown we want it to be?

Yes. And I think we can look across the country at other downtown capital cities and see that we're not alone in the need for reimagining and investment to do so. Denver's mayor just proposed \$500 million to get their urban core out of the urban downtown loop spiral that they're in right now. We see that from a structural standpoint with barriers in connectivity and an east-west divide that the Salt Palace creates. We see the bifurcation of really important historic areas like Japanese town with some of these infrastructure issues that we face.

But most of all, we have an opportunity to decide who this downtown wants to be for the next half-century at least. We're going in the direction we have been going, in the direction of positive growth for several years. And you see it with our downtown recovery, the third in the rebound on that University of Tennessee study recently. We led the nation for several months coming out of the pandemic in the strongest downtown recovery. You see it in our downtown residential population doubling right now from 2020 to early next year hitting 100,000.

For us to capitalize on the momentum that we have built, not to mention the potential challenges that could happen from an identity and an economic standpoint if we don't — simply based on the momentum we have, this is a good decision for us.

You know, there was a funny comment on Reddit I saw — someone said it feels like every district in Salt Lake is just two blocks, right? Post District or West Quarter or Granary, whatever. It's just two blocks. This district is also at this point, three blocks — the Delta Center and the two blocks east. Do you think that it needs more of a master planning approach where these districts work together, more than they do?

I said this in the City Council meeting we had with Salt Lake County Mayor Jenny Wilson and Mike and me, that the NHL team is the key here. But what it unlocks is so much more than sport. I haven't been able to come up with some other example of what else could come in here — even the Olympics isn't doing it by itself. I can't think of anything else that could come in here and turn the downtown opportunity in a way that causes the county to say "Maybe we should redesign the Salt Palace." Nothing. Nothing has done that.

And because there are so few catalytic opportunities like that, in the world, we are seeing illuminated these opportunities that were dreams without any real path to fruition before. And that's what's



Salt Lake City Mayor Erin Mendenhall enters the Delta Center before an event to introduce the Utah NHL team on April 24.

RICK EGAN — The Salt Lake Tribune

so tremendously exciting about this. So when you ask about the siloed nature of some of the districts that happen, we could have a separate conversation about how opportunity zones have created some of those pockets and how tax increment financing by nature focuses on a very specific plot of land.

The city's vision about where we want to go, is about really connecting downtown to the green loop. And then the pedestrianization of Main Street and that 100 South segment that we have most of our convention goers who leave the convention hall go down that street to Main Street. These plans have been in the works for a while. And I think that the punch through that then connects a pre-existing corridor along 100 South to the west end of downtown capitalizes on this bigger vision of green space and pedestrian space and year-round connectivity.

So it's such a fortunate place that we're not a stagnant city. We are still the fastest-growing state in the nation, with a strong economy and a doubling downtown population. And we get to, in a way, potentially supercharge the benefit of our growth by this unlocking of our downtown.

A follow-up question: The bill allows for 100 acres. This is 30 acres at this point. Do you see this project expanding beyond those three blocks?

There are a couple of ways we could answer that. I don't believe that the SEG development will expand beyond these blocks. So the 100-acre tool could be seen as like a redevelopment area, project area, the development will put capital into changes on those pieces of land. There could be a capture of future increment revenue from 100 acres to support that.

I wanted to ask about that. I was personally surprised by the April proposal that had tax increment financing on top of the sales tax. Do you have an estimate on how much financing SEG is looking for through that mechanism? Did you anticipate them asking for the TIF as well?

It wasn't a surprise to me because the whole purpose of the 100-acre district definition was about tax increment potential. That's the purpose of defining what the net area can draw from. So that was always about increment potential, be that through an HRZ or a Housing and Transit Reinvestment Zone or a traditional project area.

Do you have an estimate on what that would cost in addition to the sales tax revenue — what's the taxpayer incremental money SEG is hoping to get?

As far as I know, they haven't defined a mechanism and so I don't, depending on whether it's an HRZ or a TIF. I don't know. But no, I haven't seen them define even surely that they are going to go after a need a tax increment tool. It's an option in their belt right now.

Just generally, what do you want to prioritize in these negotiations?

Public benefit.

What does that mean?

Yeah, that's a question. So, the top priorities in my administration have been around housing affordability, families in the downtown core, sustainability, public art and economic access for our residents, to name a few. Those are all absolutely going to be part of our negotiations on public benefits. But I'll

add that preservation and incorporation of the historic components of our downtown are also chief among those.

They want a removal of the height limitation. Do you have strong feelings on that either way?

This is the downtown core. Our city council, I think it was six years ago now when we rezoned for the Hyatt, that was the highest building that we'd ever allowed. We're in the downtown core. I understand that sightlines are always a key factor, especially when you have residents living downtown, so there's a lot to consider. But we're in the middle of the downtown core.

They've asked for 99-year leases on those three blocks, on what they call substantially similar terms to the current Delta Center lease. Is there anything you can do, or want to do, to make it more difficult for them to leave contractually? Like, right now, if they leave the Delta Center, they only have to pay back the TIF money that they got in 2016. Do you want something stronger in the contract that says, "They, the Jazz can't ever leave downtown and the NHL team can't ever leave downtown?"

I think having a surety that the lease, the terms of the lease, are aligned with the existence of activity in that building with professional sports is very important to us. But to think that SEG will be bringing billions of their own investments into the district and to the Delta Center, that's a pretty damn good commitment that they're gonna be there.

The risk would be like, at least from my point of view, is, they're putting billions in there. But they also might put billions in the South Town mall or whatever. Right? They're purchasing that, and then if they decide to turn one of those parking lots into an arena, 20 years down the road, we could be kind of facing this same cycle again, and that would be a bummer.

Yeah. Can we talk about the comment Ryan Smith made at the press conference? That it doesn't work for the Jazz downtown if they have to build a separate NHL facility somewhere else?

Which was interesting, given the negotiations like where it sounded like he was proposing two different arenas — one down south for the NHL team, then keeping the Jazz at the Delta Center. And then he kind of revealed that actually, no, the whole plan all along was to move the Jazz down south. I don't know. It was an interesting press conference.

Yeah. So I think there's two ways we can talk about this and that we can think about this as Salt Lake City. There's this path of opportunity that we talked about, at the beginning of this conversation. What can this mean for the future of downtown? Why is this a good decision for what we want to have happen in our future — from a permanent medals place, to a true 18-hour city, to a place where families can live and not just come to visit. Keeping the cultural and economic and convention industry and the core of our city in downtown, we can go on and on. And I'd love to talk more about this.

There's also the side of this that if we don't work with this opportunity, we stand to lose a huge part of our identity — of who Salt Lake City is. And you come downtown. We lose the economic hub of our downtown economy. Where

Downtown Alliance's data from 2022 says — 76% of our busiest days downtown are tied to Delta Center activity. A boarded and potentially highlighted Delta Center and no reason for investment to look at downtown over other parts south of us.

There is no way that as a Salt Lake, I want to see that happen. And if you think we love public financing and deals like this? Sure. It's as distasteful to me as it is to anybody else. But there's zero question in my mind that this is a good deal for us.

Does the experience with what happened with the Bees and Smith's Ballpark kind of inform that as well?

I know the every experience that I have informs what happens next, so I can't disentangle that. And yet these are very different situations. So intellectually, I've never experienced as an officer we are informed that way.

By the way, what is the current state of that process at Smith's Ballpark?

And then we're bringing on right now a pretty multi-faceted design team. By which I mean, it's not just urban design and architecture and engineering folks, but it's human capital and the social determinants of health. They're people who analyze what kind of built environment and programming fits into the traditional design structures. So we are taking all the feedback from the community process with the ballpark. We're looking at the \$100 million human capital commitment from LHM that they're leading with their \$22 million.

And then we're looking at our 13.5 acres at different density scenarios and development scenarios that can give us the decision, which will come out of City Hall, about which development to do. And then we'll take that design, with all of its inclusion of human capital investment out to the market and let development bid on creating it. It's pretty exciting. We've never done something like this before.

OK, back to the stadium district. Rocky has been extremely vocal that this should go to a public vote — that the tax increase should be voted in a referendum style for people to vote on. And certainly that's happened with past bonds and whatever else. Do you think that should go to a public vote? Why should it not go to a public and just allow the City Council to decide?

Because according to state code, there's a process that municipalities go through to put things on the ballot, which would be in August, when the primary ballots go out. And we're obliged through the legislation on this to pass that tax in early July. So there's no timeline that makes that a reality.

How much do you want Salt Lake County and the legislature to contribute to this plan? County Mayor Jenny Wilson noted that she was looking for more tax commitment, more public financing support from the county side, or the legislative side. Do you want to see that, too? And to what degree do you think they should help on this project?

Yes. This is a statewide initiative that came out of the legislature and which supports the state's economy in a phenomenal way that they will benefit from. And the county will benefit from it, just as they do right

now from running the Salt Palace — which in itself is not an economic revenue generator, but the economic impact it creates absolutely is for all Salt Lake County residents, and the state, and beyond.

So I would like to see the county participate in this capital stack in some way. And I absolutely think that the state should be a participant as well. There's a number of different ways the state can participate.

In your conversations with them, do you think that's likely that either of those groups or both will support this financially?

I am quite optimistic that they will.

What do you want to have buttoned down by the time this vote happens, versus what can you save for after?

For the tax vote or the partnership agreement?

The partnership agreement. I can't tell you just yet because we are in negotiations on the partnership agreement and what goes public benefits will be. So let's do a follow-up on that when I can, but because of where we're at, I can't. **Instead of asking about specific things you want in there, what level of specificity do you want to have, I guess?**

Let me answer it that way. I want a level of specificity that gives our residents clarity on what the city-wide public benefits will be from this investment, for them, in perpetuity of the agreement. Salt Lake is very good at telling us what their needs are and where they want investment to happen. I do want to keep hearing from them.

You mentioned investment in the future. Do you hope that some of the things that the public wants money used on but aren't part of this project can happen via future tax increases or funding mechanisms? How do you see that playing out?

First of all, we've been through a lot in the last five years, and the whole country, and the world has. And still, we've invested manyfold times more capital in the creation of affordable and deeply affordable housing than every prior mayoral administration combined — thousands and thousands of units, and thousands more in the pipeline.

So we are, without a general obligation bond, taking the revenue from the growth we're experiencing and plowing it into community needs. We're about to finish up our 80-megawatt solar farm out west that we broke ground in 2020 or 2021 that's going to bring like 85% of the city's energy needs to solar — I'm talking about city-owned needs, so like libraries, city hall, all of that. We're plowing in on major city needs, including homeless services. Can we do more? Yes. We're always looking at a bigger that we can do more and get a bigger return on our investment.

To successfully do this deal and to have our downtown anchored as the state's economic core for the next 50 to 100 years, makes it so that we know we're going to have the best possible opportunity at having the revenue to make transformational investments on our biggest challenges. Full stop.

If the Jazz leave, the Delta Center is empty, and NHL goes to San Diego or somewhere else? I don't have a lot of hope for improving our air quality, addressing homelessness, or making affordable housing. **Thank you for your time.**

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