

**Pleasant Grove City
City Council Meeting Minutes
Work Session
September 13, 2022
4:30 p.m.**

Mayor: Guy L. Fugal

Council Members: Dianna Andersen
Eric Jensen
Cyd LeMone
Todd Williams

Staff Present: Scott Darrington, City Administrator
Daniel Cardenas, Community Development Director
Deon Giles, Parks Director
Kathy Kresser, City Recorder
Neal Winterton, Public Works Director
Denise Roy, Finance Director
Sheri Britsch, Library and Arts Director
Kara Kresser, Planning Tech
Kyler Brower, Assistant to the City Administrator

Excused: Council Member Brent Bullock
Tina Petersen, City Attorney

The City Council and staff met in the Community Room, 108 South 100 East, Pleasant Grove, Utah.

4:30 P.M. WORK SESSION

Mayor Guy Fugal called the meeting to order at 4:30 p.m. and welcomed those present.

City Administrator, Scott Darrington, introduced Jaxson Taylor (“JT”) who has served as Fox Hollow Golf Course’s Head Pro for the past two years. He reported that Round and Membership Fees have increased over the past few years, however, monthly payments are available. Memberships are capped at 350 with a waiting list. Several changes had been made including revamping the association rules for men and women. This has increased the membership and use of the course and the addition of the pro shop. Mr. Taylor commented that when he was hired his primary focus was to maintain membership levels and generate revenue.

Council Member Williams stated that reports about the course have been good and there is a good feel there. Mr. Taylor stated that they are working to keep the greens in good condition with the water shortages. Council Member Andersen indicated that the course is in great condition.

a. Discussion on Development in The Grove.

St. John Properties ("St. John") Development Manager, Marty Beaumont, reported that St. John has been discussing the development concept plans with Community Development Director, Daniel Cardenas, since 2006. He is familiar with the original development, King's Row, and was part of the team originally reviewing the plans. He stated that St. John is looking forward to working with the City to make Valley Grove a development that works for all and that all will be proud of.

Mr. Beaumont presented the overall design concept for Valley Grove. He then highlighted that they intentionally provided access to the surrounding mountains as part of the design and different building materials. He presented a phasing diagram showing the differences in buildings and uses for each of the six phases. He pointed out that their focus is on Phase 6. He commented that the entire development concept rests on the premise that Valley Grove serves as the entrance to Pleasant Grove. To that end, they are working with the Utah Department of Transportation ("UDOT") on the interchanges and frontage roadways for the 128-acre property. Approximately seven of the acres will be designated for UDOT, which leaves 120 acres for the actual project. Phase 6 consists of 40 acres making it approximately one-third of the entire project. Phase 2 is about the same size as Phase 6 and consists of one-third of the project. The remaining phases comprise the last one-third of the project.

Mr. Beaumont remarked that he and Daniel Thomas have discussed the development with various individuals in the Community Development Department, staff, and elected officials. Based on the information gathered, they wished to address three main concepts tonight including the community gathering and walking area that will highlight the entrance into the City; the importance of the retail area (including an anchor business and multiple restaurants); and present a unique showpiece development using upscale design standards.

Using visual design concept exhibits, Mr. Beaumont described the community gathering area as a promenade or plaza area, with space for people to walk, sit, meet, and easily find entertainment. The area was described as a calm, peaceful park-like space, where people can take advantage of the open views of the mountains. Some of the displays represented what a person will see when walking in the area. He noted that there will be pedestrian walkways, water features (including the creek), large rocks, fire pits, and landscaping. Likewise, additional renderings were shown of multiple building designs that will surround the plaza. Mr. Beaumont explained that buildings with multiple stories will house retail businesses on the ground floor and offices on the upper floors. To understand the actual size of the Valley Grove Promenade, he showed a diagram with the promenade being 1.76 acres.

He next addressed the retail concept and breakdown of tax revenue. Mr. Beaumont reported that the type of building will determine the amount of property and sales tax revenue generated. The retail areas in Phase 6 include four 30,000 square-foot buildings with retail on the ground floors and offices on the upper floors. Additional pads were designated for an anchor store as well as other retail and/or restaurant areas and entertainment concepts. He identified an area designated for a hotel and noted that a second hotel was to be built across the street.

Mr. Beaumont provided information about the ratio between the planned retail space and office space for each phase. Phase 1 was proposed to have 42,000 square feet of retail space at buildout, making the use 81% retail. The remaining office space for that phase has already been completed. Phase 3 was identified as having only office space. Phase 2, at buildout, was anticipated to have 57% retail use. One of the buildings was to be for office use with a 115-room hotel in the design phase. Phase 6, which was comparable in size to Phase 2, was expected to have 2 ¼ times more retail space or 204,500 square feet at buildout than was present with Phase 2 of 85,000 square feet. Additional features for Phase 6 included 250,000 square feet of office space, a 130-room hotel, and 1,320 luxury residences.

Mr. Beaumont reported that all the phases are in the Grove-Interchange Subdistrict, which requires 50% to be commercial retail. Phase 2 was determined to meet those requirements. Phase 6 could meet the requirement depending on what is built. By taking all of the phases into consideration, the current buildout amount was approximately 118,995 square feet or 30% of the entire buildout of the project. He noted that the office space is at about 50% buildout.

With respect to tax revenue, Mr. Beaumont presented an exhibit listing the estimates for sales and property taxes for 2022 and the future buildout for each of the phases. Using Phase 2 as an example, he reported that the estimated sales tax increases would go from \$61,853 to \$246,797 while property taxes would increase from \$98,000 to \$184,000. The total tax revenue increase for Phase 2 alone at buildout was projected at \$270,000, which is a 62% increase.

Mr. Beaumont reported that for all of Valley Grove, the current sales tax estimate was \$1.04 million based on the design layout described. If the design changes, he noted that those numbers would change. He reported they are currently at 26% of the property tax and 9% of the anticipated sales tax. At total buildout, they estimate a total tax revenue for Pleasant Grove of \$1.92 million. Currently, that figure is \$323,800 or 17% of Pleasant Grove's total tax. It was reported that Pleasant Grove's anticipated tax income in 2021-2022 would be \$8.5 million. The tax revenue attributed to St. John Properties at buildout would show that 12% of the City's revenue came from those 120 acres. By evaluating and comparing the Phase 2 numbers with Phase 6, the intent was to show the monetary advantage of residential units since adding the luxury residences to Phase 6 more than doubles the property tax revenue. The figures for Phase 6 were identified on the exhibit.

Mr. Beaumont reported that St. John Properties understands the direction the City wants to go with respect to the multi-residential units but thought that more accurate numbers could be provided. The residential product being offered will be different than what is available in the City and working the luxury residential units into the development was thought to be beneficial to both the City and the developer. Mr. Beaumont stated that they could articulate the pros and cons of the luxury units but wanted feedback from the Council. He recognized that high-density housing is of concern but stated that there are ways to overcome the obstacles. He suggested they work as a team and recognize that this presentation is their first look at the issue.

Council Member Jensen asked about the cost of the luxury units as well as how and why over 1,000 units were proposed in that area. Regional Partner, Daniel Thomas, reported that the cost of the residential units will depend on size. The estimated cost of \$450,000 per unit was based on

similar units. They did not know the unit size details yet but stated that the range will be \$2.50 to \$4.00 per square foot.

Council Member Andersen asked that the company define the term "luxury." Mr. Thomas stated they looked at the luxury units from a security concept. He described the six-story buildings as having two entrances, with one through the garage. All will provide covered access with the intent of parking being no further than 250 feet to the front door. The garage will have security and the first floor will include amenities such as bars, lounges, and theaters. There will also be a pool and spa, and barbecue areas. He noted that there will be no playground equipment as the residences are not intended to attract families. There will be a concierge service since residents are more likely to be individuals rather than families. It was anticipated that the units will be leased.

Council Member Andersen asked what the benefit would be to the City by allowing luxury residential units versus retail use. Mr. Thomas stated that the property taxes generated from luxury residential would result in three times as much revenue as would be obtained from office use. The property taxes generated by an office building would be \$35 to \$40 million as compared to \$200 million for the residential units. He also noted that having luxury residences in the area will increase walkability and result in an increase in sales tax revenue. They also plan to provide a pedestrian access crossing above and beneath the streets. The walkability and the design of road crossings were discussed.

Council Member Williams stated that the public concerns with residential units included increased use of roadways and the density that multi-housing projects will bring. He stated that 80% of the calls for first responders come from the southwest side of State Street. He noted that they recently raised taxes to pay for first responders. He also stated that residents are tired of the increased density associated with multi-housing projects. With regard to road issues, Mr. Thomas stated that they are working closely with UDOT on frontage roads and a new freeway interchange, adequate ingress and egress, and trying to reach a balance. Traffic will not be an issue with proper design.

Council Member LeMone commented that the density is too high due to the traffic issue and the impact on schools. She noted that residents do not want that in the community. She also expected the retail parking to be outside but discovered that it is proposed to be more centrally located. She stressed the need for better parking access in the shopping areas. Mr. Thomas stated that their design was based on input from retail businesspeople who want store-front access.

Mayor Fugal suggested that St. John Properties come back with a concept that reduces the number of housing units. Council Member Andersen acknowledged that the luxury units are different but was concerned about what would be lost as a result. She felt positive about what was presented with regard to the gathering places and wanted to see that continued to the southeast and connect to the entertainment/fitness anchor.

Council Member Jensen raised issues concerning parking, noise, and traffic flow issues that come with multi-family housing. He acknowledged that the luxury residential units provide more income to the City but wondered if it justifies the potential issues. He wanted to see the parking concept developed but felt that what was proposed is a great start. He acknowledged that citizens have indicated to him that residential development should be curtailed. Council Member Williams

commented on parking issues and asked that the developer evaluate the variables that will foster walkability. Mr. Thomas stated that they designed the area intentionally to enhance the views but that agreed to reevaluate that if parking is determined to be more important. The Council also wanted more specifics on the “luxury” units.

Administrator Darrington stated that St. John Properties will review the feedback provided and present another concept for discussion. He noted that the main issue was how many if any, residential units the Council would be comfortable with. Council Member Andersen suggested reducing the number to 400 units. Administrator Darrington suggested that the discussion continue based on the feedback received.


Administrator Darrington reviewed the agenda items.

b. Staff Business

ADJOURNMENT

MOTION: At 5:45 p.m. Council Member Jensen moved to ADJOURN the Work Session. Council Member Williams seconded the motion. Council Members vote: Dianna Andersen, Yes; Eric Jensen, Yes; Cyd LeMone, Yes and Todd Williams, Yes. The motion passed unanimously.

The City Council Meeting Work Session minutes of September 13, 2022, were approved by the City Council on September 27, 2022.


Kathy T. Kresser, MMC
City Recorder
(Exhibits are in the Recorder's office.)

