

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

Mayor: Guy L. Fugal

Council Members: Dianna Andersen
Brent Bullock
Eric Jensen
Cyd LeMone
Todd Williams

Staff Present: Scott Darrington, City Administrator
Daniel Cardenas, Community Development Director
Deon Giles, Parks Director
Tina Petersen, City Attorney
Kathy Kresser, City Recorder
Britt Smith, Police Captain
Denise Roy, Finance Director
Drew Engemann, Fire Chief
Sheri Britsch, Library and Arts Director
DaSheek Akwenye, Recreation Director
Neal Winterton, Public Works Director
Kyler Brower, Assistant to the City Administrator
David Packard, HR Manager

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.

a. Beautification Committee Update.

Beautification Committee Chair LaRain Montgomery, along with Committee Members Kathy Watkins, Brett Robertson, and JD Glenn were present. The committee has 11 members with each representing a neighborhood. Chair Montgomery reported that the Committee participates in a variety of activities including:

- Arbor Day – This year they helped with tree planting at Manila/Discovery Park;
- Selection of “Yards of the Month” and “Yards of the Year” between June and September; and
- Christmas Lights in December.

Mr. Robertson stated that he and Nathan Gerber have presented several successful Zoom gardening classes covering lawn care maintenance, starting a garden, and harvesting. Their next class is scheduled for October. Attendance varied between 20 and 50. They were looking for ideas for additional topics to be covered in the Zoom classes or other educational activities. They were also reviewing the City's current policy/codes on landscaping and lawn care and will seek City input regarding developing material for new residents.

Ms. Watkins stated that during Strawberry Days she tries to have 10 homes for garden tours. During COVID, they arranged a drive-thru tour of the gardens. The events are always well attended.

Chair Montgomery reported that in August they had a Committee Dinner with members and their families, which was a success. In November, they will hold a Recognition Dinner for the Parks Department to show their appreciation for the hard work they do to keep Pleasant Grove beautiful. She noted that Krissa and Kyle Hoops submit items on behalf of the Committee for the monthly newsletters. The Beautification Committee is in flux with some members stepping down for various reasons and neighborhoods needing representation. They were moving forward on those issues. She thanked the Council for their support.

b. Discussion on St. John Properties Development in the Grove Interstate Zone.

St. John Properties ("SJP") Development's Regional Director, Marty Beaumont, stated that it was good to be back for a second work session. They appreciated being able to work with the City on the project. He shared SJP's view of the project phasing. The discussion would primarily focus on Phase 6, as that is where the primary work is being done. Some work would be needed on Phase 4 as well. At the last work session, they heard the City's views on the overall Site Plan, the Plaza/Promenade Concept, and various ideas regarding the layout.

SJP had discussed various ideas since then that included how those concepts, including a residential component, can be worked in and the value each concept brings to the project. SJP recognizes that there are differing opinions about how the Plaza Concept should be developed. It could include a view of the "G" Mountain or be presented in a linear fashion. Each of the concepts will ultimately be addressed but they first need to understand the Council's thoughts and ideas about the luxury residential units. Once the Council's position is known, they will know better how to proceed.

Mr. Beaumont reported that SJP wants to clearly understand the residential aspect and the Council requested clarifying information. The Council liked the idea of having a place to congregate where the community can enjoy an outdoor space with restaurants. SJP then looked at what would be required to include that concept in the project in a way that works for everyone. To that end, they looked at the added value such a concept would bring to a typical development compared to development with high-end housing. What they discovered was what they would be addressing today.

SJP Regional Partner, Daniel Thomas, thanked the Council for the opportunity to discuss the project. He commented that a lot of good feedback was received on the design, which he did not want to ignore. He did, however, want to concentrate on the residential units, which seemed to be the main issue. Before addressing the possible options, he wanted to discuss the option for a market-rate

project without incentives. That was their intent when they purchased the property and remains a viable option. He felt that both SJP and the City wanted to explore opportunities for what could happen outside a market rate project, which would require cooperation on all sides.

To that end, he and Mr. Beaumont looked at the elements being proposed that would be difficult to cover through the market alone. The main elements identified were density and community gathering. He noted that parking drives the density as it limits vertical expansion. In this case, the parking surface density comes from retail and office establishments and the residential parking was designed to be inside the building. That surface requirement would be different if the space were for retail and/or office. The community element, because of the luxury units, would draw different types of tenants to the area as there is no comparable location in Pleasant Grove. That, to them, has value and cost. When they look at the options, they weigh the economics of the cost of density and figure out how those costs are accounted for in the development.

Mr. Thomas presented an exhibit identifying a summary of what were considered non-market costs related to parking. He reported that 1,400 parking stalls are needed within the structure to support the 200,000 square feet of retail space. The cost of each parking stall is \$22,000. This figure came from a Structural Engineer from the firm of Dunn & Associates. The total parking cost was estimated at \$30 million. Their estimate on the cost of the Plaza/Promenade was \$19 million, which included the cost of both the land and the structures. The total non-market rate costs for the project were approximately \$50 million. The inclusion of the residential units was helpful since their high value when aiming for no incentives, would allow the City to keep the revenue.

Mr. Thomas identified the options to be considered. He referenced luxury residential units and stated that the number of residential units start at 1,320 but progressively decreases with each option. He pointed out that residential units for this type of development are built in blocks of 350 to 400 units depending on the site and layout and cannot be considered on a sliding scale. They also tried to show what was needed to offset the \$49 million if the residential unit value was not available. None of the options other than the last one contain a reduction or increase in the 28 acres of retail space. The current zoning requirement is that 50% of the project retail remain intact. SJP's costs and incentive requests were provided in the exhibits.

The Options were as follows:

- Option 1 includes 1,320 units on 16 acres. The City Council's response at the last meeting was that there are too many units.
- Option 2 had the density of units in the buildings reduced to leave the acreage alone, which was possible. That option reduces the non-market cost to approximately \$6.2 million. SJP would fill that gap, which would result in no need for additional incentives. The City would retain 100% of its revenue. The Council was advised that tax information was included in the exhibit.
- Option 3 removes one residential building. The two remaining residential buildings would remain in Phase 6. Replacement of the removed residential building would include some of the product in Phase 3. There would be 840 units. Because there would be less ability for

SJP to cover the full amount, a sliding scale was used based on the number of units, allocating the costs to be covered by SJP and the City for the non-market costs not covered. It was noted that as the number of units decreases, the City incentives would increase and the taxes will decrease.

- Option 4 was similar and left two residential buildings in the project but placed them in different locations. The one residential building that was removed would be replaced with a multi-story office building. Each would be on approximately six acres. With this option, the residential count would be lower, but the City would need to increase the incentives. The acreage also decreases.
- Options 5 and 6 each provide less residential space but with increasing incentives from the City as the gap is not funded by the product.
- Option 7 has zero units but assumes everything else in the project remains the same. A large gap will be unfunded and need to come from the City.
- Option 8 was the market rate option. It contained no residential units and would have zero incentives and no Tax Increment Financing (“TIF”). The building would be based on market demand without the retail density or the plaza. Acreage could instead be sold. It was noted that this type of development is what has been typically built by most developers.

There was discussion regarding the information provided. Mr. Thomas asked for feedback regarding the location of the buildings. He asked Mr. Beaumont to provide additional information on the various options. In response to a question raised by Council Member Jensen, Mr. Thomas stated that the option could differ with regard to how it is developed, but essentially, it would be similar to what is being done currently with a lot of bells and whistles. He commented that it is more of what the customers want to see.

Mr. Beaumont explained that the figures in red on Options 1 through 4 pertain to the incentives. The figures show the value of the residential to get what the City Council would want to be included. The value of the residential units, which were estimated at \$31.5 million, could be used to obtain the structure parking and the plaza.

He then addressed the density concerns of the Council regarding traffic and stated that more density could increase traffic issues. He reported that two residential buildings in Phase 6 (840 units) would produce 3.6% more weekday daily trips than what would be created with a multi-floor office building. The luxury units, however, would generate 11% less morning peak traffic per hour and 8% fewer peak hours than an office building. He noted that traffic congestion occurs during peak times. He also noted that if offices are built they will contribute to higher traffic volumes. They had been working with the Utah Department of Transportation (“UDOT”) on measures to reduce traffic congestion by selling some of the property. He also added that the residential units, in addition to having added value, contribute to the overall look and feel of the project. The higher-end units would attract and draw people to the area as well as have a positive impact on both sales and property taxes. He acknowledged that there are more people in the area but he felt this was the right location for the project. Mr. Thomas invited feedback.

Council Member Andersen asked if the luxury residential units will have security. Mr. Thomas stated that they can provide security. Council Member Williams commented that it appeared that residential units were allowed only if the City incentivizes the project. If the City did not agree, it would get a typical development. Mr. Beaumont stated that this is a different type of project and contains additions that are not typically market-driven. There is a cost aspect to build what the City's vision that is beyond what a typical market project would be. Council Member Williams stated that the City's vision has not changed in five years and it is clear that the Council does not want residential or major office buildings in this area. These types of structures are fine in other areas but they want the Grove area to be special. He was disappointed in the project. Mr. Thomas remarked that the project could be beneficial for both the City and SJP. The project can be completed without a residential component if needed. He explained that he did not purchase the property simply to fulfill the City's vision. He wanted to see if they can cooperate and explore various options. He noted that because Council Member Bullock was not present at the last work session, he would like to hear from him.

Council Member Bullock reported that he met with Mr. Beaumont the previous day and it was his understanding that if "bells and whistles" are done here, the City or the developer will have to pay. He commented that the developer wants to make a profit and the City wants to avoid using taxpayer money. For this project, it was his opinion that SJP should have more skin in the game. Mr. Thomas stated that there are numerous options. One involved locating residential units where St. John Property covered the gap with the City putting up nothing. The consequences of the sliding-scale options allow the City to keep its revenue and generate taxes. Council Member Bullock stated that at the last meeting, his thought was that they did not want residential units because of what has been developed in the past. If there was a way for the project to be built without the City providing incentives, it would be more sellable and will not require any public entities to contribute taxpayer money.

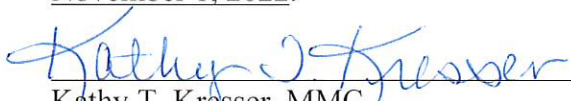
Mayor Fugal stated that they need to study the matter and address what they are willing to provide in terms of incentives. The discussion continued between the City Council and staff. The SJP representatives were thanked for presenting the various options.

c. Staff Business.

ADJOURNMENT

MOTION: At 5:35 p.m. Council Member Andersen moved to ADJOURN the Work Session. Council Member Bullock seconded the motion. The motion carried unanimously with Council Members Andersen, Bullock, Jensen, LeMone, and Williams voting "Aye".

The City Council Work Session minutes of October 4, 2022, were approved by the City Council on November 1, 2022.


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

