

**Pleasant Grove City
City Council Work Session Minutes
May 10, 2016
6:00 p.m.**

PRESENT:

Mayor: Michael W. Daniels

Council Members: Dianna Andersen
Eric Jensen
Cyd LeMone
Ben Stanley
Lynn Walker

Staff Present: Scott Darrington, City Administrator
David Larson, Assistant to the City Administrator
Deon Giles, Parks and Recreation Director
Mike Roberts, Police Captain
Kathy Kresser, City Recorder
Ken Young, Community Development Director
Marty Beaumont, Public Works Director
Tina Petersen, City Attorney
Dave Thomas, Fire Chief

PSB Committee: Larry Nelson
Molly Andrew
Jacob Sutch
Tracy Scott
Andrea Snow
Christy Belt
Jason Hunter
Jan VanOrman
Kira Harris

Others: Daniel Thomas, St. John's Properties
Cameron Simonsen, Coldwell Banker Commercial Advisors
Stewart Thayne
Brandon Fugal, Coldwell Banker Commercial Advisors
Adam Loser, D.R. Horton

The City Council and Staff met in the City Council Chambers at 86 East 100 South, Pleasant Grove, Utah.

1) **Call to Order.**

Mayor Daniels called the meeting to order and noted that all Council Members were present.

2) **Pledge of Allegiance.**

The Pledge of Allegiance was led by Council Member LeMone.

3) **Opening Remarks.**

The opening remarks were given by Council Member Stanley.

4) **Approval of Meeting's Agenda.**

There were no changes to the agenda.

5) **Public Safety Building Committee Presentation to the City Council.**

Mayor Daniels stated that he has enjoyed working with the Public Safety Building Committee, which is a diverse group comprised of people selected by the Council. The group represents a mix of people who were in favor of, opposed, or neutral on the previous bond proposals. Mayor Daniels commented that the group has done an excellent job of representing diverse public opinions and acknowledged the members of the Public Safety Building Committee who were present. He spoke about overcoming differences and moving forward and turned the time over to Larry Nelson for the presentation.

Mayor Daniels noted that the Committee will be presenting three options however, the remodel of the police station will not be considered for design at this time.

Larry Nelson introduced himself and stated that he has been a Pleasant Grove resident since 2000. He is a professor at Brigham Young University and has a background in Human Development. Mr. Nelson stated that he came to the Committee having supported the previous bonds. He expressed a feeling of nervousness in presenting the item because of how important it is to the community. He wanted to represent everyone's opinion well.

Mr. Nelson explained that in November 2015, the Public Safety Building Committee recommended that the Council hire Think Architecture to assess whether or not there was a major price difference between seven different options on how to meet the City's public safety building needs. Ultimately, the options came down to two sites; the Pipe Plant Property and/or the Downtown Block. The three approaches that have been discussed are to either build new or rebuild or remodel existing buildings. In reviewing these options, the Public Safety Building Committee found that certain options were prohibitively more expensive than others, which helped them narrow their focus. The ideas were narrowed down as follows:

- House the Fire Department at the Pipe Plant Property, and Police, Courts and Dispatch Downtown .

- House the Fire and Police Departments Downtown in two separate buildings.
- House the Fire Department at the Pipe Plant Property and remodel the existing Police Station.

Mr. Nelson explained that the numbers Think Architecture provided were not based on the exact buildings that would be built in Pleasant Grove, nor did they reflect a new analysis of the City's programming needs. Rather, their analysis was conducted using the firm's database of prices for similar structures and then applied to previously conducted programming assessments. Think Architecture's report gave the Public Safety Building Committee average numbers that in theory allowed them to compare apples to apples. Although there wasn't a complete consensus from the Committee as to whether or not the projected cost was reflected accurately, the process did allow the Public Safety Building Committee to narrow the options.

Mr. Nelson explained that while the central focus of the Committee's analysis has dealt with cost, it has not been the only focus. Non-cost factors or intangible considerations were also considered, and can be categorized as follows:

- Space considerations (room to spread out hoses, expansion, access to main roads).
- Historical considerations (status of the old Recreation Center).
- Vision for downtown (land use and preservation of green space).
- City pride (how to best represent the City Center).
- Community safety considerations (centrality, response times, proximity of departments in the event of an incident or natural disaster).
- Impact on residents (noise).
- Departmental considerations (convenience for departments interacting with each other).
- Impact on the well-being of the City (moving the project forward in a timely manner).
- Attention to flow and function (can the best flow and function be achieved in remodeling or rebuilding).
- Need for compromise.

Mr. Nelson stated that a full report of the Public Safety Building Committee's findings on intangible factors is available for review online. The above examples do not represent a unanimous opinion as to which factors should take precedence over others. Mr. Nelson hoped that the list indicates that the Public Safety Building Committee is seriously trying to take all concerns from the community into consideration.

Mr. Nelson explained that the Public Safety Building Committee needs a deeper level of cost analysis in order to recommend final options that the committee can unanimously endorse. Further analysis will be based on the report from Think Architecture, further deliberations as a Committee, the potential costs to the City, and considerable compromise on the part of Committee members.

Mr. Nelson stated that the Public Safety Building Committee is requesting the Council's authorization in using the necessary resources to conduct a cost analysis that will produce minimal construction documents for each option. Mr. Nelson explained that the purpose of the Public Safety Building Committee was to provide recommendations to the Council that includes detailed analysis, programming, and cost estimates for each practical option. The Committee feels that their work will be unfinished if they are not able to make this investigation.

Council Member Andersen asked if there is a price per square foot for detailed architectural drawings. Mr. Thomas responded that the cost is around 6% of the total facility construction costs. Public Works Director, Marty Beaumont, added that these drawings would cost around \$600,000. Council Member Andersen stated that the concept drawings are priced per hour, whereas detailed drawings are significantly more expensive. She was hesitant to pay for the drawings because ultimately they will be thrown away. Mayor Daniels remarked that the ultimate result will come from the public after substantiated numbers are presented. Council Member Andersen asked if it would be less costly to study the programming before proceeding with architectural drawings. Mayor Daniels stated that thus far the biggest concern has been selecting unbiased individuals to work on the programming and a thorough process for vetting all options. Mr. Nelson commented that when looking at this issue holistically, the City has already spent thousands of dollars debating the issue.

Council Member LeMone asked what the next step is in the process. Mayor Daniels replied that the Council will deliberate and evaluate work done by the Public Safety Building Committee, and then decide whether to move forward on expenditures.

The project timeline was briefly discussed. Council Member Stanley remarked that the citizens want to see the issue resolved without unnecessary delay. Mayor Daniels stated that there are still months of hard work ahead with various engineering professionals, which does not account for programming. Council Member Stanley asked how soon the Council can deliberate on the expenditures and options. Furthermore, he noted that during the last Public Safety Building Committee Meeting, there was discussion on an offer from VCBO. He wanted to know at what point the City would have the details of the offer. Mayor Daniels replied that they still do not know the extent of the offer from VCBO. Additionally, donors deserve the benefit of knowing pricing before funding the building. Mayor Daniels noted that both conversations will take place in next two to three weeks.

Council Member LeMone asked if the Public Safety Building Committee is confident that these are the final options moving forward. Mr. Nelson answered in the affirmative. Mayor Daniels responded to a question from Council Member Andersen by explaining that the charter of the Committee is to produce more than one fully vetted option. The final decision will rest with the Council. Mr. Nelson stated that the committee decisions reflect a goal to unanimously endorse the options presented.

Council Member Jensen asked how seriously green space has been considered. Mr. Nelson explained that green space has been one of the Committee's guiding principles. Council Member Jensen spoke about the Public Safety Building Committee being involved on either a micro or macro level and stated that there are certain areas where the Committee needs to rely on the professional opinions of those in the field.

There was discussion on whether to place the item on next week's agenda. Council Member LeMone stated that it would be difficult to have a discussion with only rough numbers. City Attorney, Tina Petersen, recommended that the Finance Director be present for the discussions. City Administrator, Scott Darrington, added that the City has \$400,000 in impact fees. Staff and the Council discussed ways to collect more information without spending hundreds of thousands more dollars.

Director Beaumont explained that each option will have its own site design and layout. Generally, engineering works on a 30/60/90% level scale. It is not necessary to obtain a 100% scale in order to figure out what needs to be done on a project. Director Beaumont opined that they would be able to come up with a comfortable estimate at a 30% design level, which would be more cost effective. Furthermore, some elements of the building will be duplicated. After further deliberation, the Council decided to address the request of the Public Safety Building Committee and discuss the item the following week.

6) Daniel Thomas, St. John's Properties, Presentation on Grove Development.

Daniel Thomas, from St. John's Properties, relayed an experience he had in Washington D.C. that prompted him to make a personal commitment to always make the right decision when it is clearly presented. He stated that he was in the process of figuring out what this project will be when it comes to fruition. He stated that Pleasant Grove has needs and as a City they could benefit from a stronger economic base.

Mr. Thomas reported that St. John's Properties has invested \$30 million in cash in the project to date. Once the project is complete, they will have invested over \$85 billion into Pleasant Grove. As such, only Pleasant Grove will receive tax income from this project, which will generate \$10 million over the next five years. Over the life of the project, up to \$153 million in sales tax revenue could be generated, in addition to over 5,000 jobs.

Cameron Simonsen, from Coldwell Banker Commercial Advisors, stated that he has worked in this business for 11 years. He reported that they need the City's support in order to be successful and presented photos of the conceptual design of the project. He explained that in the end, the market will determine what is built based on demand. He addressed the market shifting in terms of quality food and convenience services. More drive thru windows are being constructed; however, they are currently prohibited in the zone where the subject property is located. Mr. Simonsen asked the Council to keep an open mind on whether they should be allowed.

Mayor Daniels commented that as a City they want to be clear on what uses they can and cannot permit in the zone. Mr. Thomas explained that he asked Mr. Simonsen to review the permitted

use table in the zone and whether there are issues that would prohibit them from building a vibrant retail center. He reminded staff and the Council that the zone encompasses 100 acres and not just the subject property. He remarked that he has a list of about 75 uses he feels would be desirable in the zone. Mayor Daniels agreed that the City needs to be able to back the developers with ordinances and zoning that will assist them in attracting the right retailers. Mr. Simonsen stated that from a retail perspective, there is a lot of competition in Pleasant Grove. He stressed that this is a phenomenal retail development property.

Stewart Thayne reported that he has worked on eight to 10 million square feet of retail in Utah, and they have put together a dream sheet of what retailers they would like to attract to this project. Mr. Thayne addressed other developments in neighboring areas and cities throughout Utah. With each retail development, they try to create uses that get people off the freeway. By generating high traffic counts they are able to attract retailers. Mr. Thayne stated that Utah County is an interesting market compared to other counties along the Wasatch Front. Many tenants do a lot of their own market research on how successful a particular site will be. St. John's Properties believes there is a great deal of potential in this site because it is on the freeway and there is a lot of traffic. Mr. Thayne stated that it is important for the City to know what attracts retailers and recommended they be part of the negotiation process.

There was brief discussion about the Sports Authority bankruptcy and how online sales have changed the market. Council Member Andersen indicated that the City wants to be supportive of the project's possibilities and asked what they can do as a Council. Mr. Thayne was not sure as they are still not sure what retailers will be attracted to this location. He explained that one negative is that retail in Utah County is centrally located. Council Member Andersen commented that she is worried about prison property. Brandon Fugal, from Coldwell Banker Commercial Advisors, was of the opinion that Lehi will be more affected by the prison than Pleasant Grove. Furthermore, it could be another five to 10 years before any progress is made with that property.

Mayor Daniels asked if the project will be presented at the International Council of Shopping Centers (ICSC) in Las Vegas. Mr. Stewart responded that it would. Mayor Daniels asked about the interactions taking place with the project and EDCUtah. Mr. Fugal explained that most meetings take place between Mr. Thayne and Mr. Simonsen. They have done so much retail business in Utah that they can usually get an audience with prospective tenants. Mr. Fugal explained that before EDCUtah or GOED know about a deal, Mr. Thayne and Mr. Simonsen have already conducted the majority of due diligence and set the stage for the project.

Mr. Thomas commented that it is evident in the City's Code that they do not want the subject property to become a stopover on I-15. The location, however, is far from residential neighborhoods and the attraction is traffic coming off of I-15.

Mr. Thayne stated that every project has different kinds of uses and various tenants show up because of neighboring businesses. He explained that with the 65 acres of space there is about 700,000 feet of retail that can be accomplished. He addressed other developments across the State that have been successful because of the type of retailers that were attracted to those areas. Pleasant Grove has one of the last remaining sites on I-15.

Mr. Thomas segued into a conversation about another opportunity. He explained that the original land purchase of 10 acres is approved for four single-story office buildings. When this was first presented to the Council, Mr. Thomas took to heart that their proposal was not the what the City envisioned. Therefore, he needed to assess whether St. John Properties would be able to deliver a product that would be more in line with the City's vision. In making this assessment, he spent time with architects and engineers who have experience with these types of projects and came up with a schematic design. One of the positive discoveries that came as a result of this process was that they found opportunities to do something different that would better align with Pleasant Grove's vision; however, the pricing fell through. Therefore, Mr. Thomas wanted to know if the City would be interested in finding a way to bridge the gap to deliver an alternative proposal. Renderings of the new proposed buildings were then presented.

Mr. Fugal explained that the majority of buildings under construction have roughly 30,000 square-foot floor plans and over 80% of the transactions in the office market in Utah along the Wasatch Front have been full floor tenants or larger, which is unique. Most requirements have been driven by headquarter transactions. Mr. Fugal provided an overview of the office market over the last few years and stated that while the velocity has recently slowed down, this is just a pause in the market and not a crash. He explained that the reason Pleasant Grove hasn't seen the same velocity as Lehi is that they haven't found a developer that has been willing to go vertical and move swiftly. Another challenge has been with TSSD. Mr. Fugal stated that he has not been able to credibly resolve concerns with them.

Mayor Daniels asked if there is a timing element that could change the market based on the economics involved. Mr. Fugal explained that this was not necessarily the case. Several notable developments around Utah such as Traverse Mountain, Thanksgiving Point, and Station Park all have an economic development component that involves their respective cities in partner owned tax increments, which are being used to mitigate cost. Pleasant Grove will be at a strategic disadvantage if they do not put a similar partnership in place. However, they do still have a viable project, traction with tenants, a dynamic retail and office team, and representation at ICSC. Mr. Fugal noted that right now there are seven buildings under construction in Lehi alone, totaling 800,000 square feet, as well as an equal number in Salt Lake County.

Mayor Daniels asked how much of a demand this product will create in Pleasant Grove and neighboring areas. Mr. Fugal responded that the project will cause a ripple effect. There is a lot of opportunity in Pleasant Grove but there needs to be enough critical mass with retail and the initial office phase to capitalize on opportunities that arise in the future.

Mr. Thomas explained that St. John's Properties plans for the long term investment model. Therefore, the timing of the market is less important. He commented that everything is driven by rent. He explained that economic development is not all monetary and is also regulatory.

Mr. Thomas presented the required elements for making Valley Grove a success.

1. They need the right mix of permitted uses.

2. There are currently challenges with storm water management in the area and lack of infrastructure that need to be resolved.
3. There is a strip of land between their property and the road that is full of trash and weeds, and they need to figure out how it will be maintained.

Mr. Thomas stated that these are easy conversations to have and the end game is to generate significant revenue for Pleasant Grove. St. John's Properties is investing 99.99% into the project, making the amount from which they are asking the City for insignificant.

Mr. Thomas explained that that signage is crucial when making a development visibly competitive on I-15. Furthermore, reimbursement of development permits and impact fees will also help support the City. Other helpful vehicles for success include tax increment financing for roads and traffic signals, and parking structures. Parking structures demand higher rent and increase density, thereby increasing revenue. Mr. Thomas explained that there is a heavy cost for the developers to procure water as part of the dedication. Currently, this project is upwards of \$500,000 in water. Last, Mr. Thomas stated that he would like to see some or all of the City's administrative offices in Valley Grove because he believes that would elevate and enhance the image of the City. He explained that biggest challenge with any project is getting it started. Mayor Daniels remarked that the sooner St. John's Properties can sit down with staff to discuss these items, the better.

7) **Discussion with D.R. Horton Regarding a Proposed Planned Clustered Development on 43 Acres at Approximately 3000 North 900 West in the R-R, Rural Residential Zone.**

Adam Loser, from D.R. Horton, explained that D.R. Horton is the biggest homebuilder in the country. Their next closest competitor does half the volume they do, which means that they have a great deal of sustainability. They develop 500 homes a year from Weber County to Mapleton, where they are currently under contract for 100 acres. Mr. Loser presented an aerial map of the subject property, which encompasses 43 acres and is located south of Manila Creek Park. The current zoning in the area is Rural Residential, but they are hoping to rezone the property to R1-20. If they made this change, however, large animal rights will be taken away. Mr. Loser presented a conceptual site plan and explained that they would need to relocate an existing water line easement into the street. Furthermore, they would need to take into consideration a slope easement that comes off of the south bank. Mr. Loser suggested putting in an active adult community on the site, and listed Sterling Point by Sky Estates as an example.

Mr. Loser identified 10 acres of land that could be deeded back to the City to provide more park space. This area would also provide a buffer between developments and provide plenty of space for a stadium. He noted that the density of the proposed development would be approximately 140 to 150 units on 6,000 square foot lots, with a clubhouse and common area situated in the middle of the development. The streets would be public, full-sized streets. He then presented photos of homes that D.R. Horton has constructed in other developments, as well as renderings of the proposed clubhouse.

Council Member LeMone commented that this is not what she envisioned for the area. Even though she wants more soccer and sports fields, lot size is important. Furthermore, Pleasant Grove has other dedicated space they will use for sports field, which is more central to the community. She reiterated that while D.R. Horton produces a great product, this is not the right location.

It was noted that the attached and detached units are selling for the same in other developments. Mr. Loser stated that they are currently entertaining a contract with the Alpine School District and they want to get feedback from the Council before moving forward. He asked if they would be interested in pursuing the park option with higher density versus a more traditional subdivision. Council Member Stanley commented that he would be comfortable with either type of development. The other Council Members were in favor of a more traditional subdivision.

8) Review and Discussion on Agenda Items for the May 17, 2016 City Council Meeting.

Mayor Daniels reviewed the items on next week's Council Meeting agenda. Administrator Darrington reported that next week they will discuss the hiring of a Project Manager for the mixed-use trail. This person is very experienced in this type of work and will oversee a team of 10 seasonal employees. Staff noted that there will not be a meeting on May 24th, but there will be a meeting on May 31st.

9) Neighborhood, Staff, Council and Mayor Business.

Various updates were given respective to individual departments. Community Development Director, Ken Young, reported that in addition to the St. John's development, there is also currently a manufacturing operation on 700 South that wants to relocate. He briefly reviewed their project phases, and noted that it is about the same size as the St. John's development. Attorney Petersen reported that she will be attending the Utah Municipal Attorneys Association Conference for rest of the week. NAB Chair, Libby Flegal, was impressed with the St. John's development, and appreciated their vision. Parks and Recreation Director, Deon Giles, reported that last week the Trail Committee came up with a name for trails: Valley Vista Trails. They would like permission to move forward with branding. The Council expressed their support. Director Beaumont reported that the Center Street project will be completed in the next three weeks.

Several Council Members remarked that they recently attended Center Stage's production of *Peter Pan*, and acknowledged how much they enjoyed the show. The meeting schedule for the upcoming month was reviewed at Council Member Stanley's request. Last, Administrator Darrington informed the Council that he and Mr. Thomas are registered for ICSC.

10) Adjourn.

ACTION: Council Member Jensen moved to adjourn. Council Member Walker seconded the motion.

The meeting adjourned at 8:54 pm.

This certifies that the City Council

The minutes of May 10, 2016 were approved by the City Council on May 31, 2016.

Kathy T. Kresser, City Recorder

(Exhibits are in the City Council Minutes binders in the Recorder's office.)