



**THE CITY OF WEST JORDAN
COMMITTEE OF THE WHOLE
April 10, 2024**

8000 S Redwood Road, 3rd Floor
West Jordan, UT 84088

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WORK SESSION 6:15 pm (or as soon thereafter as possible)

1. CALL TO ORDER

2. DISCUSSION TOPICS

- a. Discussion regarding efforts and process to have a State Liquor Store in West Jordan.

3. ADJOURN

UPCOMING CITY COUNCIL MEETINGS

- Wednesday, April 24, 2024 – Regular City Council Meeting – 6:00p
- Wednesday, May 8, 2024 – Regular City Council Meeting – 6:00p
- Wednesday, May 15, 2024 – Committee of the Whole Meeting – 6:00p
- Wednesday, May 22, 2024 – Regular City Council Meeting – 6:00p

Interested parties may contact the Council PRIOR to the meeting in one of the following ways:
(your comment will not be part of the meeting but will be provided to all members of the Council)

- *Call the 24-hour Public Comment Line PRIOR to the meeting and leave a message: **(801) 569-5052**. Please include your name and phone number.*
- *Send an email to councilcomments@westjordan.utah.gov. Please include your name and phone number.*

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ELECTRONIC PARTICIPATION

One or more council members may participate electronically in this meeting using online video conferencing technology per Utah Code (§52-4-207) and West Jordan City Code 1-13-1-E. Participation will be broadcast and amplified so all present in the meeting will be able to hear and see the communication.

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CERTIFICATE OF POSTING

I certify that the foregoing agenda was posted at the principal office of the public body, on the Utah Public Notice website <https://www.utah.gov/pmnp/>, on West Jordan City’s website <https://westjordan.primegov.com/public/portal>, and notification was sent to the Salt Lake Tribune, Deseret News, and West Jordan Journal.

Please note: *agenda items are subject to change and may be reordered or tabled in order to accommodate the needs of the City Council, staff, and the public.*

Posted and dated April 5, 2024 Cindy M. Quick, MMC, Council Office Clerk



REQUEST FOR COUNCIL ACTION

Action: Request feedback from Council

Meeting Date Requested : 04/10/2024

Presenter: Tauni Barker

Deadline of item : .

Applicant:

Department Sponsor: Administration

Agenda Type: DISCUSSION TOPICS

Presentation Time: 20 minutes

(Council may elect to provide more or less time)

1. AGENDA SUBJECT

Discussion regarding efforts and process to have a State Liquor Store in West Jordan.

2. EXECUTIVE SUMMARY

The establishment of a state liquor store in West Jordan has been identified as a strategic priority. While initially perceived as an economic development endeavor, the process for establishing such a store in Utah follows a political and policy-driven approach, diverging from traditional business recruitment strategies.

Despite opportunity provided by the Department of Alcoholic Beverage Services (DABS) development master plan, challenges such as prioritization, legislative interest in capital investments, and competition underscore the need for increased investment in lobbying efforts.

The council is being asked to consider the prevailing political landscape concerning state-run liquor stores and express a commitment to allocate additional funding in the lobbying budget for a minimum of three years.

3. TIME SENSITIVITY / URGENCY

Feedback regarding this discussion is relevant to budget requests for the coming year, which will be presented to Council in May.

4. FISCAL NOTE

Estimates provided by lobbyists working within the DABS system range from \$35-50K annually.

5. STAFF ANALYSIS

As the council deliberates on this issue, it is crucial to acknowledge the prevailing economic uncertainty, which has led to a hesitancy towards capital investment beyond essential infrastructure and development projects amid stagnant economic growth at the legislative level. Substantial efforts will be necessary to prioritize site selection and secure funding for a new DABS location within West Jordan, a task likely to span multiple years.

While DABS retail locations in certain downtown and eastside areas yield revenues ranging from \$500K to \$1M, it's noteworthy that west side locations typically exhibit lower performance. Consequently, the city should anticipate a period of several years before realizing a return on investment from the establishment of a new liquor store.

Generally, a DABS retail location should be viewed as a resident amenity, as opposed to a potential revenue source.

6. MOTION RECOMMENDED

Not applicable

7. MAYOR RECOMMENDATION

Mayor Burton supports investing in lobbying efforts to establish a DABS-run liquor store within the City of West Jordan. Given the city's diverse population and evolving community dynamics, such an amenity is highly sought-after by residents and individuals considering relocation.



Introduction

The potential establishment of a state liquor store in West Jordan has sparked interest among residents and policymakers alike. Though initially deemed an economic development request, the placement of a liquor store in Utah follows a political and policy-based process, as opposed to a traditional economic development and recruitment approach.

This white paper aims to provide a comprehensive analysis of the historical context, current outlook, potential placement, economic impact, potential financial investment, and interest surrounding the establishment of a state liquor store in the City of West Jordan.

West Jordan History with DABS

The Utah Division of Alcoholic Beverage Services (DABS) expressed intentions to build and operate a liquor store on 5600 West in West Jordan. However, the city protested vehemently against this proposition, even passing a resolution rejecting the establishment of such a store within its limits. Despite this, a store was eventually opened a few blocks away on 5600 West in West Valley in June 2017. Prior to this, DABS had not opened a store in seven years. Since 2017, DABS has gradually opened seven more stores, averaging about one per year. Funding for new stores has not been requested since the 2020 Utah Legislative Session.



Traditionally, West Jordan residents were served by the Sandy location, located at 125 West 9000 South. Today, West Jordan residents fall into the service area for the West Valley location on 5600 West (the largest retail DABS location), along with newer stores located in Taylorsville and near the Herriman/South Jordan border.



Current Outlook

Utah law stipulates a maximum of one liquor store for every 48,000 persons. However, there is no minimum requirement for the number of stores and the State of Utah traditionally operates in a deficit. Currently, the State could open 18 more stores.

Table 1: Utah Population Growth and Allowable Liquor Stores

	2021	2031	2041
Total State Population	3,271,616	3,946,122	4,520,678
Population per Store	48,000	48,000	48,000
Total Allowable Stores	68	82	94
Current Stores	49	49	49
Additional Allowable Stores	19	33	45

Source: Gardner Policy Institute, US Census

DABS completes master plans to drive development every five to 10 years. The last plan completed by DABS in 2021 evaluated the need for additional liquor stores, with a focus on prioritizing locations. The study divided the state into 48 market areas, with portions of West Jordan included within four retail districts: Sandy, Taylorsville, West Valley, and Herriman.

Factors Considered in Prioritization

When determining store locations, various factors are taken into account, including population metrics (current and projected), population density, bottles sold per labor hour, and transactions per capita. Market areas within Salt Lake County, including those overlapping with West Jordan, tend to rank high in population density but lower in terms of expected population growth, bottles per labor hour, and transactions per capita.

Table 2: Priority for New Store Locations – Market Areas

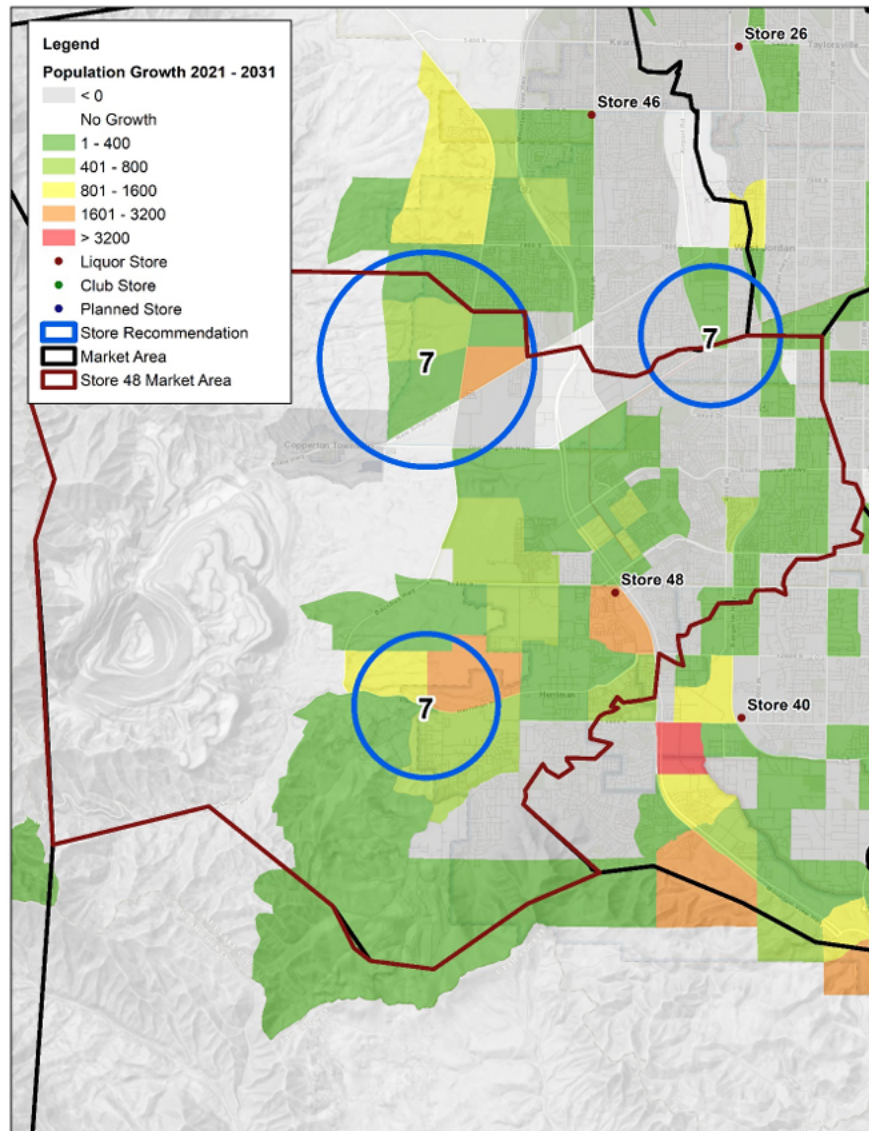
Priority	Store	Market Area
1	21	Harrisville
2	39	St. George
3	24	Ogden
4	23	Roy
5	45	Springville
6	29	Holladay
7	48	Herriman
8	10	Tooele
9	41	Salt Lake City
10	17	Orem
11	15	Cottonwood Heights
12	37	Park City



Department of Alcoholic Beverage Services
Utah State Liquor Store
West Jordan Analysis
April 2024

Potential Placement of a New Store in West Jordan:

The study identifies areas within market area 48, which includes northwest West Jordan, as seventh on a statewide priority list. DABS has evaluated the area and identified possible locations near 4000 West 9000 South and stretches along U-111. The preferred location, however, is identified as U-111 and 13400 South, primarily due to the planned Olympia Hills development. Significant lobbying efforts are already underway to encourage development of a store in west Herriman or northwest South Jordan near the development.





Funding and Legislative Prioritization:

New DABS stores are funded by the Utah Legislature. However, the request for capital funding for expansion in 2022 was not prioritized or funded in the annual budget. No request was made in 2023 or 2024. DABS has instead focused its efforts on rebranding and improving existing service. For instance, DABS has grappled with a turnover rate exceeding 100%, mainly due to wage levels unable to compete with other sectors.

Due to a decline in revenue and prevailing economic uncertainties, the legislature has exhibited reluctance towards committing to capital expenditures in the past two years. This trend is anticipated to persist, potentially posing even greater challenges in the coming four years. Instead, legislators have shifted their focus towards loosening restrictions on the number of licenses the state issues and implementing online ordering through DABS, rather than expanding the number of physical stores. The primary objective is to establish an online ordering and distribution system by 2024-25. Additionally, there are plans to increase the availability of licenses, aiming to add a minimum of 100 more bar licenses and 200 full-service restaurant licenses over the next seven years. This will be achieved by adjusting the population quota that governs the allocation of liquor licenses for bars and full-service restaurants in Utah.

One possibility that has been discussed at length by the legislature is to expand the footprint of existing stores to accommodate growth. Stores covering West Jordan are ranked based on eligibility for expansion, with Sandy, then Herriman, being prioritized over Taylorsville and West Valley.



Economic Impact

State liquor stores typically yield higher sales per square foot compared to other retail stores. Despite a statewide average of \$1,170 per square foot in sales, stores situated in market areas 26, 46, and 48 consistently rank within the lower tier of DABS store performance, falling well below this benchmark.

In Utah, communities receive one-half of one percent (0.50%) of total sales generated, based on local option point-of-sale distribution to cities. Additional revenue generated by a new store in the West Jordan area is estimated to be around \$50,000 annually, equivalent to revenue generated by a McDonald's location. As a result, it would rank relatively low among businesses generating sales tax revenue in the city and should not be considered a significant economic driver or potential revenue source.



Public Interest

The desire for a state liquor store was explicitly mentioned in the 2022 Utah State West Jordan Wellbeing Study, indicating public interest and potential demand for such an amenity. However, west side stores including three of four market area covering West Jordan do not perform as well as other DABS outlets due to lower foot traffic and bottle per transaction numbers. This is attributed to less interest and desire among the area's population.

Conclusion

The potential establishment of a state liquor store in West Jordan is feasible, yet it necessitates substantial financial resources to navigate through various challenges. These include renegotiating the prioritization of stores, addressing the desire to fund capital projects and potential funding limitations at the legislative level, the pace of development on the west side of West Jordan, and competition over site selection.

Advocating for a DABS Utah State Liquor Store should be approached as a long-term endeavor, requiring a minimum financial commitment of three years. The development timeline for a DABS location once funded is typically between two to three years.