

**MINUTES OF A WORK SESSION OF THE  
VINEYARD REDEVELOPMENT AGENCY BOARD  
240 East Gammon Road, Vineyard, Utah  
May 4, 2016 – 5:03 PM**

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**Present**

**Absent**

Chair Randy Farnworth  
Boardmember Dale Goodman  
Boardmember Tyce Flake  
Boardmember Julie Fullmer – (5:13 PM – electronically)  
Boardmember Nate Riley

Staff: Attorney David Church, Town Clerk/Recorder Pam Spencer, Finance Director Jacob McHargue.

Others in attendance: Cody Deeter with Lewis Young Robertson and Burningham, Gerald Anderson, Stewart Park, and Jeff Walker with Anderson Development, Brian Baker with Zions Bank.

The Vineyard Town Redevelopment Agency (RDA) held a work session on Wednesday May 4, 2016 starting at 5:03 PM in the Vineyard Town hall.

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**Work Session** - The meeting was called to order at 5:03 PM. Boardmember Flake gave the invocation.

**WORK SESSION / DISCUSSION ITEM – Remediation Funding Request**

Anderson Geneva LLC is requesting funds from the RDA for the environmental remediation of the property located on the northwest corner of Geneva Road and The Vineyard Connector.

Chair Farnworth turned the time over to Gerald Anderson with Anderson Development.

Mr. Anderson mentioned that he had a signed Letter of Intent (LOI) between Anderson Development (Anderson) and Walmart and allowed the board to review it. He mentioned that Mr. Hutchings handed out a budget on the cleanup of the Geneva site at the last RDA meeting. He said that they wanted to discuss three things: Cost of remediation, a Walmart contract, and cleanup necessary for the Walmart site.

Mr. Anderson pointed out where the Geneva site was located in the town. He gave a background of the cleanup from 2005 to date. He went over the soil standards from the DEQ. He explained that they had spent \$25.5 million on site management, \$13.5 million of Anderson's money, and about \$30 million of US Steel's money for cleanup.

Mr. Anderson stated that they needed to clean up the Town Center area, which contained impacted material and could not be built on. He said in order to do that they would need to move the material to the Oil Remediation Area (ORA). He stated that Mr. Overson had agreed to work

with them and use as much of the ORA material under the roads as they could. He explained that the repository was at the far north end of the Town Center area and shown as a 30 acre park.

Boardmember Fullmer joined the meeting at 5:13PM (electronically)

Mr. Anderson explained what a CAMU was and where it would be located. He said that the CAMU would be about 40 feet high and impact about 50 acres. Jeff Walker with Anderson Development stated that it would be the worst of the materials. Mr. Anderson said that the inside of the CAMU would be about 14 acres, the outside would be approximately 25 to 30 acre, and could not be used for anything other than a park or a cemetery. Mr. Walker explained that the base would be about 14 acres and taper out until it was at a one (1) to two (2) percent grade. Mr. Anderson mentioned that there were about seven (7) million yards of material that needed to be removed, three (3) to four (4) million yards would go into the CAMU and the rest needed to be removed from the site. He added that they had removed about four (4) million so far.

Mr. Anderson mentioned that the groundwater had been contaminated with benzene during the Geneva Steel operation. He explained that there were three (3) ways to remove the benzene: one way was to open the soil and allow it to evaporate, which DEQ would not allow them to do. The second way was to install a ventilation system and blow air through the soil, fumes would come out and they would be captured and cleaned. The third way was to inject bugs into the soil to remove the toxins. He explained that they could build on the contaminated groundwater but it would create a lean on the soil and would need to be cleaned up in the future. Mr. Walker explained that there could be a byproduct from the plume that would need to go into the CAMU. Boardmember Riley asked if the water they were discussing was on the Walmart site. Mr. Anderson replied that it was.

Mr. Anderson mentioned that there would be a substantial amount of soil that would need to be regraded. He explained that they would try to flatten the land from Mill Road to the railroad tracks. He said that there would be about a 10 foot rise left, and open up 200 acres of industrial park area.

Mr. Anderson explained that Walmart wanted to be located on the northwest corner of Geneva Road and the Vineyard Connector. He explained that they had been working with them since June of last year to get the LOI signed. He said it would be a 189,000 square foot Super Walmart, and include a fulfillment center.

Mr. Anderson recapped the cleanup discussion: the overlay of the TOSSA (Temporary On Site Storage Area, which was a designated area approved for temporary storage of environmentally impacted material), other impacted materials, hazardous materials and groundwater. He stated that on the Walmart site there was concrete that also needed to be removed, down to about a six (6) to eight (8) foot level. He said that this would give them the ability to put footings with utilities under them.

Mr. Anderson stated that URS, an environmental engineering company they had been working with, had produced a rendering of what the slag mountain on 1600 North and Mill Road looked like last year. He said that they also produced a rendering of what it should look like when the remediation work was completed.

Mr. Anderson explained the project costs and the funds requested from the RDA.

<u>Project</u>	<u>Cost</u>	<u>RDA Request</u>
• CAMU	\$ 82,200,000	\$19,200,000
• Ground water	\$ 20,000,000	\$ 5,000,000
• Land buy down	\$ 5,227,200	\$ 1,742,400
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Total	\$107,427,200	\$ 25,942,400

He mentioned that they would like to purchase the right-of-way between 800 North and Geneva Nitrogen and that part of the Walmart site would be on that ground. Town Attorney David Church explained that would be ground that the town would get when they acquired the right-of-way. He stated that they would need to make sure if it was fee title or right-of-way. He said that the other issue was timing with the rail spur removal. Stewart Park with Anderson Development mentioned that they had spoken with UDOT and they were figuring out the width of the future expansion of Geneva Road and would want part of that property. Mr. Church stated that the property would be encumbered with underground fiber optic easements. Mr. Anderson said that the ground would be for a setback with landscaped parking. He said that the goal was to buy down the \$16,000,000 bond. Mr. Church said that this may not work because of the price being charged by the landowners was above the appraisal amount. He stated the land was all in Orem. Mr. Anderson thought that Orem might want a revenue share. He suggested that they make an application to annex it or agree to a revenue share. Mr. Church said that Orem would not get a deal with a revenue share, because the Walmart would not be in Orem, so they could not influence the building. Mr. Anderson said that he was sure that Orem would ask for a revenue share. Mr. Church stated that they would not be asking Orem for any permits. Mr. Anderson explained that the setback would have to correspond with an Orem setback and there might be some entitlement issues. Mr. Church stated that when they widen Geneva Road and Walmart asked for connection from UDOT then there might some issues. Mr. Anderson mentioned that UDOT had broken the right-of-way into three (3) different sections with different engineering firms looking at separate sections.

Mr. Anderson stated that the \$25,000,000 was an estimate. He added that they had been able to come in under budget on other projects. He explained if they were able to move forward with the cleanup, it would take about a year to get the approval before they could start it, and two (2) to three (3) years to complete it. He said the LOI stated that Walmart would buy the ground if certain things happen: The spur removed, environmental cleaned up, deed restrictions on the remainder of the property to avoid competition, etc. He said this did not include the Town Center property.

Mr. Anderson explained that the \$26,000,000 did not include concrete removal or roads on the site.

Mr. Anderson introduced Brian Baker with Zions Bank. Mr. Baker discussed job creation and the transfer of jobs from one store to another.

Job Creation

130 Acres	Retail	2,300	Estimated jobs created (\$13 - \$15 per hour)
216 Acres	Industrial	5,000	Estimated jobs created (\$13 - \$15 per hour)

Property/Sale Tax Increase

130 Acres	Retail Value	\$217,451,520
	Property Tax (annual)	\$ 2,730,756
	Sales Tax (annual)	\$ 3,397,680
216 Acres	Industrial Value	\$522,740,304
	Property tax (annual)	\$ 6,564,573

Mr. Church asked if these would be new retail jobs. He stated that they could not count them as retail gain because they take jobs from other places. He explained that they would transfer jobs from an existing store. Mr. Baker felt that it was appropriately labeled because it was new jobs to Vineyard, not the state. He mentioned that in the Taxing Entity Committee (TEC) did not want the RDA to incentive any new retail. Mr. Anderson said that the TEC was concerned about closing a store to open a new store and they were not closing another Walmart. Mr. Church felt that it would close some type of store.

Cody Deeter with Lewis Young Robertson and Burningham asked if this did not represent only the Walmart site, but the entire 216 acre site. Mr. Anderson replied that it was the full site. Mr. Anderson stated that they were asking for \$26,000,000 to clean up the 130 retail acres plus the 216 industrial acres. He said that it would not be a total cleanup. He mentioned that there would be concrete cleaned up of about \$40,000,000.

Mr. Deeter explained that Walmart would not generate the entire amount of sales, it would be the entire acreage. He said that once it was completely built out it would get them to the amount listed.

Mr. Anderson explained that they were to the point where they needed to make a decision about the 700 acres which was going to cost them about \$102,000,000 above what had already been spent. He asked if the RDA would be willing to move forward with a statement that said they were willing to do something subject them finding the money. He stated that one strategy was to use the housing money. He said that they were not looking for a firm commitment but a resolution, memorandum, etc. Mr. Church felt that they had already done that, but needed to refine it. He explained that the process was defined in the law and required them to propose a plan and budget and have the TEC approve it. He stated that they were obligated to follow that plan and budget. He said it presumed that the money would be used for cleanup first, then infrastructure and lastly for incentives. He felt the incentivizing UVU and the Megaplex was questionable, but any money spent on cleanup was not wasted. He explained that the plan was that cleanup was the number one priority and would be depended upon the following criteria:

1. Proposed use.
2. The contribution of the project area owner or developer.
3. The type and cost of remediation.
4. The ability of the site to be developed without assistance.
5. The land area which benefited from the project.

6. Remediation impact on other property.
7. The creation of new jobs.

Mr. Church said that they needed to look at and determine if this was the site that needed to be cleaned up now. He stated that it was time the CAMU was started and the RDA had an obligation to participate in it. He suggested that they needed to focus on what would be the next logical cleanup area. He added that the purpose was not to build a Walmart, but to clean up the land. His advice to the RDA Board was to focus on what was the next logical place to cleanup and how they wanted to structure their financial obligation. He said that they needed specific area contracts that stated they would contribute this much money, what the landowners would contribute, and what US Steel would contribute so they could go ahead with the project. Mr. Anderson mentioned that US Steel would be paying 70 percent of the environmental cleanup.

Boardmember Riley asked if that was for the contaminated land. Mr. Anderson replied that it was hazardous and impacted material. Mr. Church explained that the RDA and the landowner had the responsibility for the non-regulated contaminations (such as the concrete), that makes the land undesirable.

Mr. Walker mentioned that there would be some division of the cleanup and that they had spent months negotiating with US Steel. He felt that US Steel did not have the money readily available to use. Mr. Church felt that the Board and Council were committed to the cleanup.

Mr. Park explained that the CAMU addressed the heavy environmental issues so, the project was environmentally driven. He mentioned that they had sold most of the land that had been remediated.

Chair Farnworth explained that the RDA had a list and number 1 on the list was the cleanup, but they also had other projects that needed to be done (such as the water tank, roads, etc.) He said that they were not doing the town any good if they did not clean it up and make it viable. Mr. Church reminded the board that they had funded the infrastructure so that Anderson could sell the remediated property to generate tax increment for the cleanup phase. Mr. Anderson mentioned that it was about 90 percent cleaned up.

Mr. Church felt that they were at the stage where a cleanup project should be decided on, decide on the funding, and then move forward. He said that they had committed everything available to the rail spur removal. He stated now that the housing money had been freed up they could possibly move forward with using it. He felt that they might have to amend the approved plan through the TEC. Chair Farnworth was concerned with opening up the TEC. Mr. Church said if they could not agree then they would not do it. Mr. Anderson felt that the TEC would not need to approve it. Mr. Church said that there were specific percentages that would be used for housing.

Mr. Anderson said that they were not asking the RDA to fund the cleanup today, just a commitment. Chair Farnworth explained that they could only spend the money once, only had so much to work with, and that they needed get increment on the property, so that there would be enough money to spend. He said that they needed to go over the numbers and had to get the list prioritized.

Mr. Anderson stated that they were willing to use their cash today and be reimbursed tomorrow. He added that they were willing to take the risk. He said that the hardest part in the RDA was the first 10 to 15 years and the easy part was the last two (2) to three (3) years.

Mr. Anderson explained that they were the ones that got the water tanks, and funding for other projects. Mr. Church stated that they were committed to building a new water tank because the current tanks were temporary.

Mr. Walker said that what they were looking for was a what, not a how. Chair Farnworth stated that they understood that they had to remediate the property, but where were they getting the money from. Mr. Church felt that Anderson or someone needed to say what area needed to be cleaned up now, here was their plan to do it, and how much was it going to cost. Mr. Park replied that it was everything east of the tracks and once you started the CAMU you had to finish it. Mr. Anderson stated that the intent of the presentation was to show how the money would be used.

Mr. Church asked if Anderson Development was saying that they themselves or the landowners were planning to clean up this area and that the RDA would be willing to contribute so much money along with Anderson and US Steel's money. Mr. Anderson said that Anderson might use their money but wanted to be reimbursed. Mr. Church explained that the plan stated "the RDA would be over and above the landowner and US Steel's obligation to clean it up. He mentioned that Anderson would recover the money when they sold the property. Mr. Deeter thought that Anderson was willing to lend the RDA the money. Mr. Walker said that they would be fronting the money to be reimbursed when the RDA could afford it. Mr. Anderson added that none of the money would go back to US Steel. He said that they had another five (5) to 10 years on the site and had already spend \$13,000,000 of their own money. He mentioned that they met with US Steel in January and that negotiations had broken down. He explained that US Steel still needed to clean up over 20 sites, but had not cleaned up nor closed any of those sites. He said that they were doing just enough to keep the local environmental groups happy. Mr. Anderson stated that they had not sign up to clean the property later. He said that they wanted to have it cleaned up and hit closure. He added that there were areas on the site that would never be cleaned up and would need to be monitored for several years. Mr. Park mentioned that one area would be the CAMU.

Mr. Church said that they needed specific proposals and something that the RDA could sign stating that they would repay Anderson so much money. He said if they needed to know if they could bond against the housing money He stated that it needed to be clear that now was the time that the RDA would help with the cleanup. He said the risk was that 25 to 30 years from now, everyone would be gone, and the site was still dirty.

Mr. Park mentioned that the longer they wait they risk the cost of the CAMU going up. He said the second thing was the sooner they were able get the cleanup going the sooner they could increase the value of the property and bring on more incremental funding to increase the size of the RDA. Mr. Church felt that the risk was that US Steel would disappear and it becomes a super fund site. Mr. Anderson felt the risk was that they would put up a fence and US Steel would go out of business.

Chair Farnworth asked if the \$63,000,000 from US Steel were to go away, did the cleanup still happen. He asked if they would bring enough increment by cleaning up the ground to make it

work. Mr. Church replied that they needed to find a way to get a commitment from US Steel. He said if US Steel did not come in that then the clean could not be done.

Mr. Walker said that once the CAMU was started it had to be completed in a certain amount of time, be capped, and monitored.

Mr. Church suggested that it would be helpful that everyone commit to a project that had to be cleaned up. Boardmember Flake asked if by the board committing, would Anderson have the leverage to negotiate. Chair Farnworth said that they needed to commit to an area to be cleaned up first. Mr. Anderson stated that no money would be used until they had a commitment from US Steel. He said that he needed to know where all of the money was coming from. He added that US Steel wanted to be in charge of the project and he was not comfortable with that. Mr. Walker mentioned that Anderson felt that the \$63,000,000 from US Steel was not enough.

Chair Farnworth asked if they had a reputable cost from CH2M Hill and why Anderson came in with a \$10,000,000 difference. He said that he spoke with Casey Shaw who felt that CH2M Hill was a reputable company. Mr. Anderson replied that the difference was that there was 7,000,000 yards of materials and that they needed 4,000,000 to build the CAMU. He mentioned that a yard of material cost about \$5 a yard to move. He said that they would save almost \$15,000,000 by not moving it and was why they had a difference in the costs. Chair Farnworth said that they did not have all of the information and wanted to know why. Mr. Anderson explained who they were working with strategies in preparation for building the CAMU. He said that US Steel wanted them to build the CAMU in a different area than Anderson wanted.

Mr. Deeter asked if there would be additional monies above the \$82,000,000. Mr. Anderson replied that they thought the total cost of cleanup would be around \$102,000,000, but felt they could come in under that number. He said that they needed to have an order of priority for the cleanup areas. He said that it would cost around \$6,000,000 to clean up the Town Center area and then town would take over the lease on the water purifier. He added that cleanup would be around \$6,000,000 for the retention pond. He said that this was for everything east of the railroad tracks. Boardmember Goodman asked if this was \$6,000,000 total. Mr. Anderson replied that Anderson would be responsible for \$4,000,000 on one area and \$2,000,000 for the other area.

Mr. Church asked if the CAMU was going to be a design build. Mr. Anderson replied that it was what US Steel wanted. Mr. Church said if they had a design build contract then it would be easy to say that the RDA would be willing to participate. He stated that they needed something concrete to approve. Mr. Deeter recommended that the RDA staff put together a comprehensive list of what needed to be done, and present a priority proposal to the board.

Mr. Church explained that the way he read the plan was that the RDA was committed to spend 100 percent on the cleanup and then the infrastructure. He said that there was not enough money to do a total cleanup. He asked what difference it made on what needed to be cleaned up first because in the end there would still be things unfinished. Mr. Anderson replied that was why they had asked for an impact fee schedule boost up and proposed applying for a TIGER grant, etc., to help pay for the cleanup. He said that towns that had grown at the rate that Vineyard was growing usually failed because they could not continue to keep the infrastructure ahead of the growth. He felt that they had been fortunate to have an RDA to help supplement it. Mr. Church did not agree with Mr. Anderson. He felt that the impact fees were too high.

Chair Farnworth summarized the meeting, said they would come up with a list and meet with Anderson to come up with an agreeable amount. Mr. Anderson stated that they were willing to give any information the board needed.

## **ADJOURNMENT**

Chair Farnworth called for an adjournment.

**Motion:** BOARDMEMBER GOODMAN MOVED TO ADJOURN THE MEETING AT 6:30 PM. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

RDA meetings are held as needed.

MINUTES APPROVED ON: May 25, 2016

CERTIFIED CORRECT BY: /s/ Pamela Spencer  
P. SPENCER, TOWN CLERK/RECORDER