MINUTES OF THE JOINT MEETING OF THE CITY OF HOLLADAY CITY COUNCIL AND REDEVELOPMENT AGENCY BOARD

Thursday, August 22, 2019
Council Chambers
4580 South 2300 East
Holladay, UT 84117

BRIEFING SESSION - 5:30 p.m.

ATTENDANCE:

Mayor Rob Dahle
W. Brett Graham
Steven Gunn
Mark Stewart
Sabrina Petersen
Paul Fotheringham

City Staff:
Gina Chamness, City Manager
Todd Godfrey, City Attorney
Stephanie Carlson, City Recorder

Mayor Dahle called the Briefing Session to order at 5:30 p.m. The agenda items were reviewed and discussed. Mayor Dahle will recuse himself from Item #4 and turn it over to Mayor Pro-tem Fotheringham.

Chief Hoyal introduced Jason Adamson, who is the new Lt. He came from Riverton and has17 years in law enforcement. Shane Laycock was introduced as the new detective for property crimes and has been with UPD for 8 years. Tom Lovelie is the new SRO at Olympus High but was unavailable this evening.

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I. ***Welcome*** – Mayor Dahle.
Mayor Dahle called the meeting to order at 6:04 p.m.

II. ***Pledge of Allegiance.***
The Pledge was led by Mayor Dahle.

III. ***Public Comments.***
There were no public comments.

IV. ***Consideration of Ordinance 2019-14 Amending the Zoning Map for Property Located at 1990 East 5290 South from P (Public) to NC (Neighborhood Commercial).***
Mayor Dahle again notified the Council of a potential conflict of interest. The listing broker on the site is Internet Properties with whom he has a commercial real estate license. Mayor Dahle recused himself from the discussion and turned the meeting over to Mayor Pro Tem Fotheringham.

Mayor Pro Tem Fotheringham commented that there has been an outstanding issue with regard to a seven-foot easement the City has been looking to acquire for left-hand turn lanes. He did not want that issue to cloud the rezone or the potential transaction between the buyer and seller.

Mr. Godfrey reported that currently the City is involved in a project to improve left-hand turn movements on Highland Drive. The necessary property acquisition is a frontage of the property being considered tonight for a rezone. The project and the discussion about the property acquisition began one year ago before the application was submitted. The difficulty is to separate the issues; however, the reality is that a zone change can potentially impact the value. He found it unfortunate that they had not been able to have better communication with the property owner.

Mayor Pro Tem Fotheringham suggested editing the motion to include reasonable time restrictions on when the project would be completed or the zone would revert. The intent would be to keep the City from interfering with the transaction.

Mr. Godfrey clarified that if the development agreement is not entered into within one year, the zoning would revert to the P Zone. Specific conditions also need to be set forth in the development agreement relative to access to the property and a traffic study. Mr. Godfrey explained that if the City is unable to acquire the property in relatively short order, it will be necessary for staff to ask the Council to exercise the power of eminent domain to acquire the frontage, which is a necessary part of the project.

Council Member Stewart moved to adopt Ordinance 2019-14. Council Member Gunn seconded the motion.

Council Member Stewart is in favor of the rezone and feels the proposed use to be compatible with the property. On several mornings he drove by the area and did not see that traffic was an issue. In his opinion, the proposed use will have approximately the same impact as a residential unit would. What is proposed is a small office building and the owner will occupy the majority of the building with no employees or clients. In the event the building is rented out, he did not expect it to generate a large amount of traffic.

Council Member Graham reported that he drove by the site on three separate occasions in an effort to get a better understanding of the area. He came to the conclusion that it is an appropriate use.

Mayor Pro Tem Fotheringham agreed with the previous comments and pointed out that the property has ingress and egress from Highland Drive as well as 5290 South.

The Council roll call vote was as follows: Council Members Stewart, Gunn, Petersen, Graham and Fotheringham-in favor. Ordinance 2019-14 was adopted by a unanimous vote.

Mayor Dahle rejoined the Council on the dais and resumed the Chair.

V. ***Joint City Council and RDA Public Hearing on Proposed Agreement to Develop Land (ADL) with Holladay Hills, LLC Regarding Proposed Redevelopment of Cottonwood Mall Site.***

RDA Chair Petersen assumed the Chair and called the RDA meeting to order.

Director Chamness reported that a group of developers is working to develop the former Cottonwood Mall site using the existing 2007 Site Development Master Plan (SDMP). The developer has requested modifications to the existing Agreement to Develop Land (ADL) for the site. Last year the Supreme Court upheld the 2018 amendment to the ADL as an administrative action. Director Chamness stated that the 2018 amendment was beneficial to the City as it (1) is a clearer agreement, and (2) does not require the City to front money for the cost of public improvements. The staff report compares the 2008, 2018, and the second proposed amendment to the ADL in a number of key areas. She pointed out that the term of the project area, the maximum subsidy, and the maximum sales tax subsidies have not changed in any version of the ADL over time. Between 2008 and 2018 there were a number of modifications including a change in the minimum investment amount, the number and types of public improvements, a change in the project area versus project site increment sharing approach, the housing commitment, and the developer's commitment on improvements.

Director Chamness explained that the changes between 2018 and 2019 are small. There was a minor change to the upfront funding to the City in the amount of $150,000 for affordable housing. The developer indicated that the additional funding can be used to help the City secure funding to improve Highland Drive. The dollar amount for public improvements was also increased from $2.2 to $2.5 million. Currently, their estimate exceeds $2.5 million by about $300,000. When they got to this stage last time, they removed decorative street lighting. Manager Chamness noted that they have not changed anything in this or the previous amendment that was set by the Taxing Entity Committee (TEC).

Chair Petersen opened the public hearing at 6:28 pm.

Blaine Anderson – 2555 Verona Cir. He has been a tenant at Millrock for the past 10 years and stated that the developer, Steve Peterson has done an excellent job developing that project. He commended the developers for how they have maintained the property. He was comfortable with Mr. Peterson's involvement in the redevelopment of the Cottonwood Mall property and expressed his support.

Ryan Steele – 4876 S Colony Dr.. He stated that all of the entitlements are set and an ADL exists on the property. He considered the 75/25 split to be fair. He questioned whether they would be discussing the changes to the ADL or if the entire amended agreement is up for discussion. Other potential changes to the document were identified. He argued that they need a new budget since the figures do not reflect the plan going forward. He suggested that the financial picture be clarified before moving forward. Mr. Steele argued that the minimum investment amount should not include the price of the land. The RDA is devoted to redevelopment and not transferring 'deeds and weeds'. He referenced Paragraph 6.1(b)(2) and suggested it be stricken. He also suggested they clarify the cost of City improvements and identify exactly what they are.

There were no further public comments. Chair Petersen closed the public hearing at 6:35 pm..

VI. ***Consideration of RDA Resolution 2019-04 Approving an Amended and Restated Agreement for the Development of Land (ADL) with Holladay Hills, LLC, the City of Holladay and the Redevelopment Agency of the City of Holladay Regarding Proposed Redevelopment of the Cottonwood Mall Site.***

Board Member Dahle clarified various points made by Mr. Steele that were identified in the ADL document. With regard to the $500,000 of tax increment referenced in 1.5(a) on page four that is to be held out for affordable housing, the developer volunteered to add another $150,000 to that amount, which resulted in the proposed $650,000 figure. Mr. Godfrey reported that they have had discussions with the developer about adding an additional $150,000. The idea was that that money would be used specifically to accelerate the improvement of Highland Drive. The money should not be added to the housing allocation and instead be added to the administrative retainage. He suggested it come out of the first proceeds from tax increment that are received. He proposed that the additional $150,000 be added into the $2.5 million administrative retainage. Mr. Godfrey proposed a verbiage change to Paragraph (b).

Board Member Dahle commented that there is very little difference between the 2008 and 2019 ADL. He saw no reason to change the numbers and stated that they are maximums that can be recaptured over time. He commented that the minimum investment value is substantially different than was anticipated in 2008. He proposed that they move the point at which they can recapture up to the first limit of increment to $125 million and take the second bar to $150 million. The intent was to base it on the approval of the Block B conceptual site plan and the amount of development on the site.

Board Member Gunn explained the difference between the SDMP and the ADL and the history of each. His understanding was that the new plan will result in more retail than the Ivory/Woodbury plan would. The 2008 ADL that was amended last year, provided for 455,000 square feet of retail space. The Ivory/Woodbury amendment provided 60,000 square feet of retail. The Peterson ADL allowed for 60,000 square feet. Board Member Gunn's concern was that he expected to get more retail under the Peterson plan than the Ivory/Woodbury plan. He was concerned that he is not seeing some of the features of the 2008 SDMP in the Peterson plan.

Board Member Dahle's understanding of the 2018 SDMP was that the 60,000 square feet referred to total retail square footage on the site when fully developed. He asked if it was for the entire site or contemplated for Phase 1. He responded that the SDMP they are working from includes a

minimum square footage of commercial and retail that must be built when the full project is developed.

Mac Woodbury was present on behalf of the development team and stated that the point of the contract is that the ADL will help recover the costs of infrastructure improvements related to development of the site. It will not limit the commercial square footage that will be developed. They committed to developing under the existing SDMP requirements. Mr. Woodbury explained that the determination that needs to be made is what amendments need to be made to the existing agreement in order to move forward and put in all of the necessary infrastructure improvements and recoup costs.

Mr. Godfrey explained that there is a required percentage of commercial permits that have to be issued with each block of the project before residential permits can be pulled. There is not a financial trigger but from a development standpoint there is a provision in the SDMP that requires commercial permits come in at a specific percentage. Even though the plan accommodates what the developers want to do now, the anticipation was one large, integrated project. Any project that develops over a period of more than five years is required to include a mechanism that allows them to react to market conditions and circumstances and keep the site viable and sustainable. Even though the ADL does not require the full 450,000 to 500,000 square feet of retail or commercial space, Mr. Godfrey was comfortable that the combination of the SDMP and the ADL provides assurance that they will get significant commercial development on the site as it develops.

Steve Peterson - 6147 South Verness Cove. He stated that there is a great deal of demand currently for commercial and pointed out that with regard to retail, the original Macy's building is being repurposed to commercial. A hotel is also proposed, which is classified as retail. Several restaurants have also expressed interest in the site. The hope was to develop the maximum of 775,000 square feet of commercial and 614 residential units. Mr. Peterson clarified that the retail requirement must be met before they trigger receiving increment that can be put toward infrastructure.

Jeff Woodbury, a member of the development team, - 2240 S 2300 E. He stated that the SDMP requires a minimum amount of commercial but not retail. The retail concept was added to the 2018 iteration. The description of commercial in the SDMP included several uses including hotels, entertainment, and office uses. He commented that the community wants more retail and they are striving to provide that.

Mr. Godfrey pointed out that it is the prerogative of the City to approve the incentive if they feel it is justified. He suggested the provision remain in the SDMP as it provides the City with greater flexibility on the site going forward. The City's current sales tax base is unknown and influx. He explained that there are changes at the State level with respect to how sales taxes are assessed and he did not know what the end result of that will be. Mr. Godfrey's opinion was that the agreement does not bind the City.

One of Board Member Gunn's concerns with the agreement was whether the funds that are set aside for affordable housing can be used to improve the existing stock. That means that they are not creating new affordable housing and simply upgrading existing housing. He suggested they require that the money that is set aside be used to create new affordable housing. He believed that was

what the Legislature intended. He was concerned about what he considers to be ambiguous language in the ADL.

Director Chamness stated that it is at the discretion of the board. In terms of the requirement imposed by the TEC, new construction, purchase, rehabilitation, and the rehabilitation of existing housing is specifically called out. As a result, the board has the discretion to permit new construction or rehabilitate existing housing. Board Member Gunn was of the opinion that the agreement should be more specific and require the creation of new affordable housing.

Board Member Dahle disagreed with taking the TEC language and restricting it to new affordable housing. He did not see why they would want to take the funds generated from the increment and limit themselves. He suggested they take dilapidated housing and incentivize the owners to rehabilitate those units.

Wade Budge - 15 West South Temple, developers' legal counsel, It was determined that in order to rehabilitate market units and make them affordable, they are creating affordable stock. They did not want to allow the conversion of existing stock into affordable housing because they did not want cities with developed communities to feel they are not part of the solution of creating affordable housing. They want cities with existing stock to look for opportunities. Mr. Budge commented that converting existing stock into affordable housing is of benefit because they are not creating new housing impacts, adding more units, or increasing the demand on City services.

Board Member Gunn asked what the City will receive in return for tax increment financing. He noted that his constituents have repeatedly indicated that they do not need to give developers tax increment financing. Mr. Peterson displayed a graph showing that the school district funding has remained flat at $177,000 for the past 10 years. By investing in the development, the increment will be a percentage of the value created. The increment to the school district will increase from $177,000 to $1 million per year. Once they stop receiving increment, the school board will receive $4 million per year going forward. He explained that they have missed out on a tremendous amount of increment over the past 10 years because of the lack of development. The sooner they can develop and make it commercially viable, the sooner the increment will be received. The benefit to the community is an amenity and an increase in the value of the property in the future.

Mr. Peterson explained that cities are competing for this type of development and they want to ensure that the property is responsibly developed and meets the requirements of the SDMP. Their intent is to develop the property within those parameters. Board Member Gunn inquired about trees. Mr. Peterson responded that they have a landscape plan in place, will adhere to the requirement in the 2007 SDMP, and intend to plant trees.

Board Member Graham hoped to see the project go forward as it is what the citizens want and will benefit the community. He suggested that the incentives be tied to performance and match. It seemed to him that some numbers have been set but do not match the phases of the development. He also wants the developers to maximize the increment financing. If they do, it means the project is successful which also benefits the City. He did not want to delay the project but wanted it to be managed so that the increment flows to the developers when performance is achieved. This will provide the cash flow necessary to make improvements.

Jeff Woodbury commented that this can be accomplished by approving the agreement. He explained that they get nothing until development occurs. The faster they complete the project the more increment they will receive. He reported that his family has been in business for 100 years and have survived several market changes.

Board Member Dahle moved to approve RDA Resolution 2019-04 with the following amendments:

1. Paragraph 1.5 (a) should be modified to change $650,000 to $500,000 and be consistent throughout the document. (b) should include the following "…plus an additional amount of $150,000 of first tax increment proceeds for purposes related to the improvement of Highland Drive.

2. Paragraph 1.13 should be modified to change the Minimum Investment Amount and increase (i) from $75 million to $125 million and the full release of increment from $125 million to $150 million. That also occurs in 2.4 (B)

3. Paragraph 1.21 should be changed from $500.000 to $650,000.

4. Paragraph 3.4 should be changed from $2.2 million to $2.5 million.

5. Paragraph 6.2 relating to the administrative retainage for the RDA be modified to include language similar to that used in Paragraph 1.5(b). The Agency shall receive and retain 2.5% plus an additional $150,000 of the available property tax from the first tax increment proceeds.

6. Paragraphs 7.1 and 7.2 shall be modified from $2.2 million in public improvements to $2.5 million.

Board Member Stewart seconded the motion.

Board Member Graham made an amendment to the motion to change the lower limit from $125 million to $115 million and the upper limit from $150 million to $165 million. Board Member Dahle and Board Member Stewart accepted the amendment.

The vote on the amendment was a follows: Board Members Stewart, Gunn, Dahle, Fotheringham-Graham and Chair Petersen in favor. The motion passed unanimously.

The vote on the amended motion: Board Members Stewart, Gunn, Dahle, Fotheringham- Graham and Chair Petersen in favor. RDA Resolution 2019-04 was approved by a unanimous vote.

VII. ***Approval of RDA Minutes – June 6 and 13, 2019.***

Board Member Stewart moved to approve the RDA Meeting minutes as amended in the pre-meeting. Board Member Graham seconded the motion. The motion passed with the unanimous consent of the Board.

The RDA Meeting was adjourned. Mayor Dahle resumed the Chair.

VIII. ***Consideration of Resolution 2019-21 Approving an Amended and Restated Agreement for the Development of Land (ADL) with Holladay Hills, LLC, the City of Holladay and the Redevelopment Agency of the City of Holladay Regarding Proposed Redevelopment of the Cottonwood Mall Site.***

Mayor Dahle reported that since the contract is with the RDA and the City, the City has to approve the ADL as well.

Council Member Petersen moved to approve Resolution 2019-21 as forwarded by the RDA Board previously and aligns with RDA Resolution 2019-04 and the approved amendments. Council Member Graham seconded the motion. The Council roll call vote was as follows: Council Members Stewart, Gunn, Petersen, Fotheringham, Graham and Mayor Dahle in favor. Resolution 2019-21 was approved by a unanimous vote.

Council Member Fotheringham expressed his support and stated that the City is investing in the project and making more funding available to make the project better.

IX. ***Consideration of Resolution 2019-22 Approving an Agreement with the Office of Utah County Constable, LLC for Bailiff Services.***

Manager Chamness reported that negotiations were ongoing with the Office of the Utah County Constable. She recommended the matter be tabled until September 5.

Council Member Gunn moved to table consideration of Resolution 2019-22. Council Member Petersen seconded the motion. The Council roll call vote was as follows: Council Members Stewart, Gunn, Petersen, Fotheringham, Graham and Mayor Dahle in favor. Resolution 2019-22 was tabled by a unanimous vote.

X. ***Consent Agenda.***

a. Approval of Council Minutes – July 11, 2019.

Council Member Stewart moved to approve the minutes of July 11, 2019. Council Member Petersen seconded the motion. The motion passed with the unanimous vote of the Council.

XI. ***City Manager Report –*** *Gina Chamness.*

There was no City Manager Report.

XII. ***Council Reports & District Issues.***

Council Member Fotheringham reported that the Salt Lake County Health Department has identified West Nile Virus hits. None were particularly close to Holladay but he warned of standing water in yards and ponds that attract mosquitos. He thanked staff for addressing the issues on Spring Run Drive with regard to abandoned property. Flyers were also posted about rat abatement issues from fruit trees on the abandoned properties.

Council Member Fotheringham commented on the volunteer event at Knudsen Park with a group from Jet Blue. Manager Chamness stated that more information on logistics was needed. She stated that occasionally when groups sponsor cleanups over time, they appreciate recognition in the park. In Knudsen Park, they have opted not to post any signs of recognition except in one central location.

Mayor Dahle asked for information on vandalism in Knudsen Park. It was reported that toilets were destroyed in the restrooms and ultimately replaced. Manager Chamness stated that there has not been any vandalism since then.

Mayor Dahle reported that at a recent meeting, the Wasatch Front Regional Council reviewed the various funding sources available with all of the LLIs being due the end of September. He suggested that they review what funding is available and if any applications should be considered for submission. Manager Chamness stated that they had one in mind that would involve a study and look at any potential impact of development in Cottonwood Heights on Wasatch Boulevard.

Council Member Petersen commented on two columns by the swings on the side of the field that are seriously damaged. Manager Chamness stated that staff has tried many methods to secure the swings and decided that not securing them is better. In terms of the damage to the columns, there are at least two that will be repaired. She pointed out that the damage is mainly cosmetic in nature.

Council Member Fotheringham moved to recess to a Work Meeting. Council Member Petersen seconded the motion. The motion passed unanimously and the meeting recessed at 8:02 pm.

XIII. *Recess City Council to a Work Meeting.*

a. Update on Holladay @20.

Manager Chamness described the two components of the Holladay @20 event. They will be celebrating the 20 years since the City's incorporation, which will culminate in a party on September 20. The planning for the event is well underway and merchandise and posters have been secured that will be available for sale.

The work with the capital group continued. They were honing in on messaging and will kick off their communication with residents on October 14 with an open house. They will then determine how to proceed. Council Member Graham commended staff for their efforts and stated that there has been great citizen participation.

Council Member Graham reported that the previous day was a Legislative Interim Day and the Utah League of Cities and Towns and he enjoyed the opportunity to share what is being done to plan for the future in Holladay.

Mayor Dahle commented that a member of the Citizens Advisory Group was lost as she moved outside of the City. Council Member Fotheringham was asked to serve in that capacity.

b. Update on Unified Police Budget.

Mayor Dahle reported that the budget for Unified Police ended up being unbelievably dynamic for a 90-day period. Ultimately, a budget was approved on June 13, however, the Unified Fire Board did not approve their budget until June 20, which resulted in the City being under what was approved.

Manager Chamness referred to the staff report summarizing the changes, which represents $90,000 in potential savings based on the difference between what the UPD Board approved and what is available in the City budget. The Chief asked that the City consider directing a portion of the savings to ongoing and one-time spending. She and the Mayor were supportive. Mayor Dahle explained that the intent was to approve the budget increase that will be reported back to UPD.

The Chief stated that a grant was received to purchase a side-by-side for use by City law enforcement. It was expected to be available in the next few weeks.

c. ***Review of Calendar.***

- ***Council Meetings – September 5 and 19.***
- ***Council BBQ – Sept. 12 at the Mayors House.***
- ***Board of Canvassers Meeting – August 27 at 4:30 p.m.***
- ***Blue Moon Festival – August 24.***
- ***City Birthday Party – September 20***

XIV. ***Closed Session pursuant to Utah Code Section 52-4-204 & 205 to Discuss Personnel Issues, Potential Litigation, and Property Acquisition and Disposition*** *– (If needed).*

XV. ***Adjourn.***

Council Member Gunn moved to adjourn. Council Member Stewart seconded the motion. The motion passed with the unanimous consent of the Council. The meeting adjourned at 8:14 p.m.

I hereby certify that the foregoing represents a true, accurate and complete record of the Holladay City Council Meeting held Thursday, August 22, 2019.

Stephanie N. Carlson, MMC
Holladay City Recorder

Robert Dahle, Mayor

Minutes approved: **October 10, 2019**