

Minutes of the **Redevelopment Agency of Centerville** meeting held Tuesday, November 19, 2019 at 5:30 p.m. in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

DIRECTORS PRESENT

Tamilyn Fillmore
William Ince
Stephanie Ivie, Vice Chair
George McEwan
Robyn Mecham
Clark Wilkinson, Chair

STAFF PRESENT

Brant Hanson, RDA Executive Director
Lisa Romney, City Attorney
Jacob Smith, Administrative Services Director
Leah Romero, City Recorder
Katie Rust, Recording Secretary

VISITORS

Matthew Salcedo, ACP Management
Adam Lewis, Situs Retail Group
Jeffrey Moss, Gensler
Cody Hill, Lewis Hill Robertson & Burningham
Jansen Davis, CPT Executive Director

FIFTH AMENDMENT TO THE AGREEMENT FOR DEVELOPMENT OF LAND – LOT 1 OF CENTERVILLE GATEWAY SUBDIVISION – MARKETPLACE DRIVE AND PARRISH LANE

Deerwood Investments Utah, LLC is the fee title owner of Lot 1 of the Centerville Gateway Subdivision consisting of approximately 1 acre of real property at the corner of Marketplace Drive and Parrish Lane. Deerwood Investments is in negotiations with Bank of America to lease all of Lot 1 to construct and operate a bank facility. Lot 1 currently consists of the Iggy's sit-down restaurant which went out of business earlier this year. It is the intent of Bank of America to demolish the existing Iggy's structure and rebuild a new bank facility. The Fifth Amendment to the Agreement for Development of Land was prepared for RDA consideration proposing approval of the use of a bank or financial institution as an approved use of Lot 1, and approval of Bank of America as an approved user of Lot 1.

Matthew Salcedo with ACP Management and Adam Lewis with Situs Retail Group stated they are familiar with commercial business in Centerville, and described unsuccessful efforts to lease the Iggy's space to another sit-down restaurant. Jeffrey Moss, architect with Gensler, emphasized that Bank of America delivers a good product. Mr. Salcedo explained reasons for the Centerville Iggy's closure and the struggle experienced currently by the casual sit-down restaurant market. Most of the Iggy's locations in Utah are sitting vacant or were backfilled with sit-down restaurants at much lower lease rates than desired. Mr. Lewis explained that the configuration and size of the Centerville Iggy's building are problematic. He explained Bank of America's desire to open in Centerville with a commitment to a \$4.5 million dollar building. Responding to a question from Chair Wilkinson, Mr. Lewis briefly described Bank of America's plan for responding to and remaining competitive in the changing bank industry.

Director McEwan commented that the subject property may be affected by a future widening of Marketplace Drive if widening is necessary to accommodate the planned double-left turn lane off of Parrish Lane, and suggested discussions with UDOT should take place. Mr. Moss responded that the proposed site plan includes parking well in excess of the required 22-

1 stalls, which would allow flexibility to work with UDOT. He added that Lot 1 has a shared parking
2 agreement with Lot 2.

3
4 Director Fillmore asked if the proposed agreement ties approval of bank use to use by
5 Bank of America, or if approval of bank use would open the use up for any bank at that location.
6 Lisa Romney, City Attorney, responded that the current draft of the amendment does not tie the
7 bank use to Bank of America, but noted that any future user would have to apply for RDA
8 approval. Director Fillmore said she is not sure that bank or financial institution is the right use
9 for the location. Vice Chair Ivie asked what financial benefit Bank of America would bring to
10 Centerville, considering the fact that bank use does not generate much sales tax revenue.
11 Director McEwan commented that Bank of America may be an amenity that causes other things
12 to happen within the City. He suggested Bank of America would not be willing to invest \$4.5
13 million in the community if they did not feel certain of being successful. Director McEwan
14 suggested the convenience factor of a bank drive-thru matches what already exists in the area.
15

16 Director Fillmore stated she would like to see the highest and best use for the gateway
17 space into the community. Ms. Romney commented that limited parking on the site reduces the
18 number of possible uses. Director McEwan stated that Centerville is not a restaurant
19 destination, and said he believed it would be remiss to pass on the proposed opportunity.
20 Director Mecham said she personally did not think Iggy's was the best example of whether a
21 restaurant could be successful at that location.
22

23 Mr. Lewis anticipated that Bank of America would bring 14-20 jobs to Centerville. Brant
24 Hanson commented that bank use can create indirect tax revenue by attracting customers who
25 spend money at other locations in the City. Director Fillmore said she would like to table
26 consideration and gather data to help with the decision. Mr. Hanson suggested the property
27 would see an increase in property value and property tax. He added that the City needs to work
28 on creating jobs as well as the sales tax base. Ms. Romney confirmed the agreement could be
29 drafted to limit bank use at that location to Bank of America. Mr. Moss shared data of drive-thru
30 bank use compared to restaurant and fast-food use. He explained that the majority of Bank of
31 America's presence in Utah will be in smaller vestibule spaces, with a more significant presence
32 in Centerville that would most likely include a Merrill Lynch office. Director McEwan said he
33 could not see a serious downside to approving the proposed agreement.
34

35 Mr. Salcedo emphasized he is certain he will not be able to find an adequate restaurant
36 user for that location. Director Fillmore and Chair Wilkinson agreed they would like to see a
37 best-uses analysis. Mr. Lewis suggested a bank may be a healthy alternative in an area already
38 heavily congested with restaurant traffic.
39

40 ANNUAL REPORT

41
42 Jacob Smith, Administrative Services Director, presented a November 1, 2019 Annual
43 Report.
44

45 PARRISH GATEWAY RDA EXTENSION

46
47 Cody Hill with Lewis Young Robertson & Burningham explained extensions for project
48 areas created before 1993. The Parrish Gateway Area was created in 1989, has been collecting
49 additional tax increment since 1996, and is scheduled to terminate in Tax Year 2021. An
50 extension of the Project Area would add seven years and create an additional \$3,307,290.00 in

1 tax increment, for a total of \$5,656,555.00 additional tax increment. Mr. Smith and Mr. Hill
2 answered questions from the RDA.
3

4 Director McEwan made a **motion** to adopt Resolution No. 2019-02 with intent to extend
5 the Parrish Gateway Project Area. Director Ince seconded the motion, which passed by
6 unanimous vote (5-0).
7

8 Director Fillmore was excused at 7:00 p.m.
9

10 **CENTERPOINT THEATER**

11
12 Jan Davis, Executive Director of CenterPoint Legacy Theatre (CPT), reported that next
13 season will be CPT's tenth season. Mr. Davis explained the desire to add a warming kitchen to
14 the facility, and presented cost estimates. The RDA Board and Staff will review the proposed
15 CPT Budget for the coming year, and proposed plans and numbers for the kitchen for
16 discussion at the next meeting.
17

18 **COUNCIL MEETING**

19
20 At 7:09 p.m., Director Ince made a **motion** to adjourn to regular City Council meeting,
21 with intent to return to the RDA meeting following the City Council meeting. Director Meham
22 seconded the motion, which passed by unanimous vote (4-0).
23

24 The RDA meeting reconvened at 8:54 p.m., with Director Fillmore having returned to the
25 meeting.
26

27 **MINUTES REVIEW AND ACCEPTANCE**

28
29 The minutes of the October 15, 2019 RDA meeting were reviewed. Director Ince made a
30 **motion** to accept the minutes. Director Meham seconded the motion, which passed by
31 unanimous vote (5-0).
32

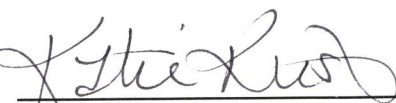
33 **ADJOURNMENT**

34
35 At 8:56 p.m., Director Ince made a **motion** to adjourn the RDA meeting and return to
36 regular City Council meeting with no intention to return to RDA. Director Meham seconded the
37 motion, which passed by unanimous vote (5-0).
38

39
40 
41 _____
42 Brant Hanson, RDA Executive Director
43

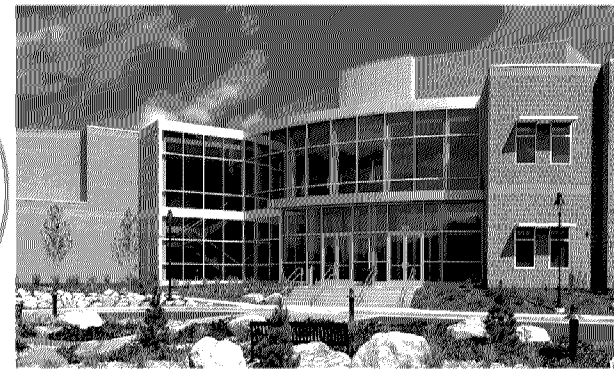
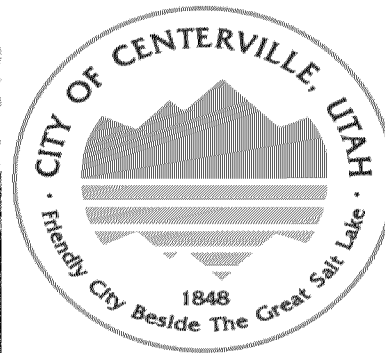
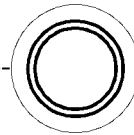
12.05.19

Date Approved

44
45 
46 _____
47 Katie Rust, Recording Secretary



REDEVELOPMENT AGENCY OF CENTERVILLE CITY, UTAH



REQUEST FOR SEVEN YEAR EXTENSION OF ADDITIONAL TAX INCREMENT COLLECTION FOR PARRISH GATEWAY RDA

Pre '93 RDAs



Pre pre-July 1, 1993, project areas

Tax Increment Participation Schedule

Years 1-5 100%

Years 6-10 80%

Years 11-15 75%

Years 16-20 70%

Years 21-25 60%

* Possible to extend

Years 26-32 100% Additional Tax Increment

Parrish Gateway RDA Overview

Parrish Gateway RDA

- Created 1989
- Collecting Additional Tax Increment since 1996
- 25th Year of collection will be TY 2021 (3 more years)
- Additional Tax Increment qualifying projects still exist as do costs to realize the completion of those projects

Expenses



Qualified Projects' Actual Costs

Actual GF Expense	Amount
Freedom Hills Park	\$2,482,244.75
Frontage Road Parkway (the Pond)	27,881.54
Founders Park	424,025.30
Smoot Park Tennis Courts	171,413.71
Porter Lane Trail	55,432.73
Urban Trail (less \$119,000 CDBG grant)	149,138.69
Whitaker Home	402,223.00
Total	\$3,712,359.72

Expenses

Qualified Projects' Estimated Costs

Agency estimates an additional \$2,150,000 to complete other qualifying projects:

Projected Expenses	Amount
Whitaker Home	\$450,000
Park Improvements (Final Phase)	1,700,000
Total	\$2,150,000

The combined costs (\$3,712,359 & \$2,150,000) are
\$5,862,359

Additional Tax Increment Revenues



Parrish Gateway RDA

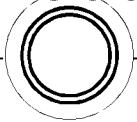
Total Additional Tax Increment Collected/ To Collect:

Years 6-25: \$2,349,265

Years 26-32: \$3,307,290

\$5,656,555 Total Additional Tax Increment

Expenses Less Revenues



Parish Gateway RDA

Grand total of Additional Tax Increment (with extending)
\$5,656,555

Grand total of qualified project costs
\$5,862,359

Difference
\$205,804

Utah State Code



Tax increment under a pre-July 1, 1993, project area plan (17C-1-403)

(2)(b) Notwithstanding any other provision of this section:

(i) an agency is authorized to receive 100% of tax increment from a project area for 32 years after April 1, 1983, to pay principal and interest on agency indebtedness incurred before April 1, 1983, even though the size of the project area from which tax increment is paid to the agency exceeds 100 acres of privately owned property under a project area plan adopted on or before April 1, 1983; and

Utah State Code



Tax increment under a pre-July 1, 1993, project area plan (17C-1-403)

(2)(b) Notwithstanding any other provision of this section:

(ii) for up to 32 years after April 1, 1983, an agency debt incurred before April 1, 1983, may be refinanced and paid from 100% of tax increment if the principal amount of the debt is not increased in the refinancing.

Utah State Code



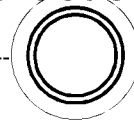
Tax increment under a pre-July 1, 1993, project area plan (17C-1-403)

(3)(b) an agency is authorized to receive additional tax increment for a period ending 32 years after the first tax year after April 1, 1983, for which the agency receives tax increment from the project area if:

Additional Tax Increment may be used to pay for:

- land for and the cost of the installation and construction of a publicly or privately owned convention center or sports complex or any building,

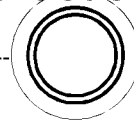
Utah State Code



Additional Tax Increment may be used to pay for:

- facility, structure, or other improvement related to the convention center or sports complex, including parking and infrastructure improvements
- construction of the convention center or sports complex or related building, facility, structure, or other improvement is commenced on or before June 30, 2002

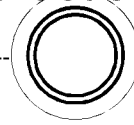
Utah State Code



Additional Tax Increment may be used to pay for:

- the additional tax increment is pledged to pay all or part of the value of the land for and the cost of the installation and construction of the convention center or sports complex or related building, facility, structure, or other improvement; and
- the additional tax increment is used to pay some or all of the cost of the land for and installation and construction of a recreational facility, as defined in Section 59-12-702, or a cultural facility,

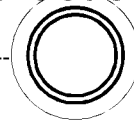
Utah State Code



Additional Tax Increment may be used to pay for:

- including parking and infrastructure improvements related to the recreational or cultural facility, whether or not the facility is located within a project area;
- construction of the recreational or cultural facility is commenced on or before December 31, 2005; and

Utah State Code



Additional Tax Increment may be used to pay for:

- the additional tax increment is pledged on or before July 1, 2005, to pay all or part of the cost of the land for and the installation and construction of the recreational or cultural facility, including parking and infrastructure improvements related to the recreational or cultural facility.

Redevelopment Agency of Centerville City
Hearing on the Proposed Fifth Amendment to the Agreement for
Development of Land (“ADL”)

November 19, 2019

Developer/Owner:
Deerwood Investments Utah LLC

Iggy's Sports Grill – The Downfall of the Neighborhood Sit-Down Restaurant.

- For years, Iggy's was the place in Centerville to meet friends and family for a bite to eat and to watch a good game.
- In March 2014, Chick-Fil-A opened up down the street, and joined an ever-growing population of quick-service restaurants in the area.
- By 2017, over 15 quick-service restaurants had lined the Gateway – with at least 11 within a 1-mile radius of Iggy's.
- Iggy's was quickly losing ground to quick-service restaurants in its immediate vicinity, as well as over 30 competing restaurants just 10 minutes to the North at Station Park.
- Naturally, Iggy's was beginning to feel the squeeze.

- By November 2017, Iggy's was over \$40,000 behind in rent and was having trouble paying its vendors and employees.
- By August 2018, Iggy's was again struggling. After several attempts to reposition itself in the competitive restaurant marketplace, it again fell behind thousands of dollars and let us know that it could no longer survive.
- By May 2019, after several months of continuous losses and failed attempts to reposition itself, Iggy's was forced to shut its doors.
 - Sadly, employees had no notice of the closure and frantically filed claims with the Labor Commissioner to get their final checks.
 - People living in Centerville suddenly had no means to pay the rent, pay their mortgage, or take care of their families.

**The
Centerville
Iggy's
is
Closed.**

***Thank you for
your support***

The ADL – Permitted Use for the Island Parcel:

- The ADL has been amended 4 times since it was executed in 2004.
- At present, the only use permitted on Lot 1 of the Island Parcel is a sit-down restaurant.
- As will be demonstrated, the sit-down restaurant use is no longer viable or sustainable, and must be amended in order to prevent Lot 1 from remaining fallow and becoming a blight on Parrish Lane.

Beginning in 2018, in line with the ADL's Permitted Use limitations, we reached out to over 52 sit-down restaurants in Utah or looking to be in Utah.

Each restaurant prospect passed due to one or more of the following reasons:

- (1) The size of the building is too big for efficient operations/the property is underparked.
- (2) Not looking in Centerville.
- (3) They want to be at Station Park.

American Sit-Down Restaurants that Passed on the Space (13).

- Blackbear Diner: Not looking in Centerville.
- Jim's Family Restaurant: Too big. Parking is an issue.
- Penny Ann's Café: Too big. Too expensive to demise.
- Market Street Grille: Centerville is not target audience.
- California Pizza Kitchen: Want to be at Station Park.
- Copper Common: Not looking in Centerville.
- Roosters: Not interested in Centerville space.

American Sit-Down Restaurants that Passed on the Space (13) cont'd.

- Vessel Kitchen: Centerville is not target audience.
- Red Rock: Not looking in Centerville.
- True Food Kitchen: Not looking in Centerville.
- Twigs: Not looking in Centerville.
- Table X: Centerville not their target audience.
- Shake Shack: Want to be at Station Park.

Sports Bar/Grill Sit-Down Restaurants that Passed on the Space (5).

- Coopers: Took over Iggy's Ogden.
- Legends Sports Grill: Centerville site is too risky due to lack of sales.
- Current/Under Current: Not looking in Centerville.
- Porcupine Pub: Centerville is not target audience.
- The Bohemian: Not looking in Centerville.

Mexican/Latin Sit-Down Restaurants that Passed on the Space (15).

- Alamexo: Not looking in Centerville.
- La Puente: Existing Centerville location is not doing well.
- La Fountain: Centerville is not target audience.
- Los Garcia: Not looking in Centerville.
- Salsa Leedos: Not looking to expand.
- La Costa: Not looking in Centerville.
- Los Cucos: Not looking to expand in Utah.

Mexican/Latin Sit-Down Restaurants that Passed on the Space (15) Cont'd.

- Floriberto's: Not looking in Centerville.
- Gecko's: Going out of business; closing locations.
- La Hacienda: Not looking in Centerville.
- Tres Hombres: Looking in denser metro areas.
- El Farol: Shutting down business.
- Guadaluhonky's: Does not want to expand.
- Red Iguana: Not looking in Centerville.
- Chile-Tepin: Not looking in Centerville.

Italian Sit-Down Restaurants that Passed on the Space (5).

- Olive Garden: Not looking in Centerville.
- The Old Spaghetti Factory: Not looking in Centerville.
- Cucina Toscana: Not looking in Centerville.
- Sicilia Mia: Too big.
- Trio: Shutting down locations.

Steakhouse Sit-Down Restaurants that Passed on the Space (2).

- LongHorn Steakhouse: Centerville is not target audience.
- Outback Steakhouse: Declining sales and closing underperforming stores. Not looking in Centerville.

BBQ Sit-Down Restaurants that Passed on the Space (3).

- Texas Roadhouse: Not looking in Centerville.
- Wallaby's: Too big. Not looking in Centerville.
- R&R BBQ: Went to Station Park.

Asian/Other Sit-Down Restaurants that Passed on the Space (4).

- PF Chang's: Went to Station Park.
- Tsunami: Too big. Not looking in Centerville.
- The Mandarin: Not looking to expand.
- Mo Bettah: Too big. Not looking in Centerville.

To recap:

- Over the last year, we have marketed the space to over 52 sit-down restaurant uses.
- Each passed on the space.
- To date, the property remains vacant.

Sit-Down Restaurants Are Failing and Are In A Necessary State of Reinvention.

- “Older sit-down restaurants like TGI Fridays are being squeezed by America’s generational and economic divides. They are failing to catch on with young diners, who prefer fresher and more innovative foods. The casual-dining restaurants are getting caught in the middle as Americans gravitate to either higher-end establishments or fast-food joints.”

<https://moneywise.com/a/these-chains-are-closing-the-most-restaurants-in-2019>

- “About 60,000 new restaurants will open each year across the nation and 50,000 will shut down.”
- “Technology and consumer habits — fueled by a demand for quick service and convenience — have changed the traditional sit-down dining experience, he said. Nowadays, 63% of all restaurant traffic is off-premises — takeout, delivery, drive-thru, food trucks.”
- “For the decade ahead, that is where the primary industry growth will be.”

Hudson Riehle, National Restaurant Association, Washington, D.C.

<https://www.sltrib.com/artsliving/food/2019/08/18/why-utah-restaurants/>

Sit-Down Restaurants are Closing Everywhere in America.

- Applebee's – closing 189 stores
- Ruby Tuesday – selling off 95 stores
- Hometown Buffet – closing 92 stores
- IHOP – closing 30-40 stores
- Joe's Crab Shack – closed over 40 stores
- Red Lobster – going private and selling off stores
- Village Inn – closed its Logan and Salt Lake locations and will continue to close other locations
- Marie Callender's – closed its Salt Lake location and closing 19 other locations.

<https://moneywise.com/a/these-chains-are-closing-the-most-restaurants-in-2019>

DoorDash, Uber Eats, and Post Mates Are Drastically Changing the Sit-Down Landscape.

- 59% of millennial restaurant orders are takeout or delivery.
- 30% of consumers between 18 and 34 years old are replacing carryout orders with delivery orders.
- 31% of third-party delivery consumers use the service at least once a week.
- By 2020, food delivery app usage should surpass 44 million people in the U.S., reaching nearly 60 million by 2023.
- By 2021, more than 20% of U.S. smartphone users will use a food delivery app.

<https://asheragency.com/third-party-delivery-dinings-destiny-or-boulevard-to-bankruptcy/>

Third-Party Delivery Is Causing a Decline in High-Margin Sales and a Drop in Profits.

- While delivery services increase incremental orders, sit-down restaurants are losing out on higher-margin in-house sales such as:
 - Beer and wine offerings
 - Dessert offerings
- Delivery service charges and commissions (**typically 20% - 30% of the sale**) are eating into already slim restaurant profits.
- Thus, the need for smaller-sized operations:
 - Smaller buildings (less than 3,000 SF)
 - Smaller staff

<https://asheragency.com/third-party-delivery-dinings-destiny-or-boulevard-to-bankruptcy/>

To recap:

- Sit-down restaurants, which are the only permitted use on Lot 1, are in a state of flux. Several can no longer compete and are finding it increasingly difficult to adapt to changing preferences.
- Delivery services like DoorDash are causing a decrease in profits, and are charging unsustainable commissions and charges.
- Several restaurants are closing down completely.
- Sit-down restaurants are trending towards smaller, more efficient locations (under 3,000 SF).
- Restaurants operating in more than 3,000 SF of space will continue to experience increased pressure and risk – and, like Iggy's, will fail.

Bank of America Presents a Viable and Sustainable Use for the Community.

- If the RDA finds that BofA is an acceptable end user, it plans to invest \$4.5 Million into the project.
- BofA is a national credit tenant with a net worth of \$3.25 Billion.
- BofA has already opened a location in Draper, has one location under construction in Taylorsville, and has targeted 14 other locations in Utah.
- The Centerville location plans to provide investment and lending services to the community, as well as high-paying professional jobs.

The Bank Will Not Contribute to More Traffic Congestion in the Gateway Area.

- On weekdays between 4PM and 6PM, across one hour:
 - banks with a drive-thru generate 12 trips
 - sit-down restaurants generate 13 trips
 - fast-food restaurants with a drive-thru generate 23 trips
- *Based on the above, banks with a drive-thru generate approximately **48% less** traffic than fast-food restaurants, and **8% less** traffic than a sit-down restaurant.*
- Thus, despite the congestion due to Chick-Fil-A, BofA will not contribute to more congestion in the Gateway area.
- Indeed, compared to a sit-down restaurant use, BofA will generate less traffic, thereby alleviating traffic congestion concerns.

See Gensler Trip Generation Analysis.

The Proposed Plan Will Result in up to 3X the Required Amount of Parking Spaces.

- Existing Conditions (for restaurant use):
 - 69 regular spaces (the property is currently underparked by appx 1 space)
 - 3 ADA spaces
- Proposed Conditions (16 spaces for a bank use required):
 - 39 regular spaces
 - 2 ADA spaces
- Lot 2 Shared Parking:
 - During peak hours, 10 of the 24 parking spaces located on Lot 2 can be used.

See Bingham Engineering Parking Evaluation dated October 7, 2019.