MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard Utah
March 8, 2017 – 7:53 PM

Chair Randy Farnworth
Boardmember Tyce Flake
Boardmember Julie Fullmer
Boardmember Nate Riley

Boardmember Dale Goodman

Staff Present: Community Development Director Morgan Brim, Building Official George Reid, City Manager/Finance Director Jacob McHargue, Utah County Sheriff's Deputy Collin Gordon, Assistant City Engineer Chris Wilson, City Recorder Pamela Spencer, Planning Commission Chair Chris Judd, Water/Sewer Operator Sullivan Love

Others Present: Gerald Anderson with Anderson Geneva, John Owens with Cushman & Wakefield, Jeff Gochnour with Cottonwood Partners

7:53 PM RDA SESSION

Chair Farnworth opened the meeting at 7:53 PM.

CONSENT AGENDA:

a) Approval of the December 21, 2016 meeting minutes

Chair Farnworth called for a motion.

Motion: BOARDMEMBER RILEY MOVED TO APPROVED THE CONSENT ITEM. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

BUSINESS ITEMS:

2.1 DISCUSSION AND ACTION – 1050 North Roadway, North/South Site Road & Walmart Property Buy-down

Anderson Geneva, LLC submitted an RDA application on Friday, July 1, 2016 regarding improvements to property located on the northwest corner of Geneva Road and Vineyard Connector. This application includes the following requests:

1. Buy-down the purchase of the property to incentivize a new Walmart Super Store;

2. Construction of roadway at 1050 North from Geneva Road to Mill Road; and
3. Construction of the Walmart Retail Road from Vineyard Connector to proposed 1050 North Road.

The RDA Board will take appropriate action. (This item was continued from the 8/10/2016 and 8/24/2016 meetings.)

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

Mr. Anderson introduced John Owens with Cushman and Wakefield, the representative for Walmart. Mr. Anderson reminded the Board that Anderson Geneva had submitted an application in June 2016 for the removal of concrete, building a road and infrastructure, and a buy-down on the site. He explained that the Board had already approved the removal of concrete, so there were two issues remaining. He stated that they had proposed a five-lane road and the Board felt it was too big and asked to have a traffic study done. He said that they commissioned a traffic study on the whole Geneva site and suggested that the city expand the study to include the entire city. He stated that UDOT was in negotiations about widening the Vineyard Connector to seven lanes. It had been suggested that they extend Mill Road to allow for roads at 1050 North and 1200 North off of Mill Road. The traffic study was only completed to 1200 North with the possibility of the road extending to 1600 North. By 2040 they were anticipating over 250,000 trips per day on the Geneva site alone. Even with the additional roads, the roads would fail at peak evening time. All of the intersections along Geneva Road and the Vineyard Connector would fail at 2040, which was their projection for build-out.

Boardmember Riley asked if 1200 North would be signalized on Geneva Road. Mr. Anderson replied that 1200 North was to be signalized according to Orem’s plans, and 1050 North would be signalized as part of Vineyard’s Access Management Agreement. There was a discussion about which intersections would be signalized on Geneva Road.

Mr. Anderson said that the cost to install the roads running north and south from the Connector to 1050 North would be just under $1 million.

Mr. Anderson noted that they had submitted an application for a bond which they were working on with Vineyard staff. He explained that half of the bond would be for environmental cleanup and the other half for infrastructure.

Mr. Anderson stated that the road from 800 North to 1600 North was proposed at three lanes, however Hales Engineering recommended five lanes to handle all of the traffic. He explained that even with boosting Mill Road they would still hit congestion at peak times. He said that even though they would have traffic backup at times they would not hit an “F” level for failure. He explained how they could phase the signal lights to address the traffic issues. He also explained how roads fail. He explained that having the information at this time helped them understand what queuing lanes they needed to build. He said that they changed the road at 1000 North to a three-lane road and the road on the west side of the proposed Walmart would also be a three-lane road going to 1200 North and possibly to 1600 North. There was a discussion about the roads that they were proposing and the rights-of-way.

Mr. Anderson Addressed the Walmart buy-down. Mr. Anderson explained that Walmart had made an offer to purchase the land at $4 a square foot. He said that they would purchase the site once the spur had been removed and the site environmentally cleaned up. Once the site was cleaned up Walmart was willing to commit to build within three to five years.

Mr. Anderson stated that the property on the proposed Walmart site was worth more than $4.00 a square foot. He gave examples of what other properties in Vineyard had sold for. He said that they were only asking for a $2.00 a square foot buy-down. He stated that Walmart would generate between $800,000 and $900,000 a year in sales tax dollars.

Mr. Anderson said that based on the growth projections they would have the required rooftops by the time Walmart was completed.

Chair Farnworth mentioned that they were having to amend the Union Pacific (UP) contract for the spur removal. He felt that they were being tapped out on the $16 million for the removal. He asked what would happen to Walmart if they did not remove the spur line. Mr. Anderson replied that they would build a termination clause into the contract. He envisioned that if the Board chose not to move forward with the spur removal then the contract with Walmart would be voided.

Chair Farnworth felt that they needed to discuss the issue further. Mr. Anderson responded that it would create a problem if they did not have access to 1050 North and 1200 North. He stated that the UVU campus would need access. He estimated that the UVU campus had affected the city to the tune of $70 million in the terms of infrastructure and lost revenue.

Chair Farnworth asked why they were discussing buy-down before they had the spur line issue resolved. There was a discussion about the rail spur removal.

Chair Farnworth said that they needed to focus on the cleanup and do everything they could to promote but not agree to a buy-down until they get the rail spur issue settled. He expressed concerned about who would take over negotiations if the Board decided not to remove the spur line. Chair Farnworth asked the Assistant City Engineer Chris Wilson when UP would have their revised contract. Mr. Wilson replied that they were not given a timeline.

Chair Farnworth asked if they were to bond, would they use the money to buy down the cost of the property or the cleanup of the site. Mr. Anderson said that if they would commit to pay them, then the cash flow would not be an issue until they had the site cleaned up.

Chair Farnworth said that they needed to make sure that they got the environmental waste cleaned up and the infrastructure installed. He mentioned that he had asked Mr. McHargue to contact UVU, UDOT, and UTA and get them involved. Mr. Anderson mentioned that UVU would put more traffic on the roads than anyone.

Boardmember Riley expressed concern that Walmart would be asking for additional incentives from the city. Mr. Owens clarified that he was not employed by Walmart. He said that Walmart had waved the right to ask for further incentives from the city. Boardmember Riley mentioned that the incentive was in the millions of dollars for the Herriman Walmart store. His concern was that they would be asking for more incentives in the future. Mr. Anderson explained the negotiations between South Jordan and Walmart. He said that it had been his experience that Walmart would commit to a deal and not pursue further incentives from the city. Mr. Owens felt that there was not a concern with Walmart, because they had agreed in their commitment with Mr. Anderson to not pursue city incentives in connection with the initial development of the project.

Chair Farnworth felt that they were already incentivizing by paying for the cleanup of the ground and installation of the roads. Councilmember Fullmer added that the rail spur removal was another incentive. Mr. Anderson replied that they were not incentivizing Walmart with the cleanup because they typically did not buy contaminated soil. Chair Farnworth responded that the RDA still had to spend the money to get the land to where Walmart would purchase it. He felt that it was huge commitment for the RDA.

Mr. Anderson said that the Herriman land was not environmentally contaminated. Boardmember Fullmer asked why Herriman had the incentives. Mr. Owens replied that it was the developer who asked for the incentives, mostly for infrastructure and that Walmart had agreed to not ask for any incentives.

Mr. Anderson suggested that selling the land for $4 a square foot was selling it below market value. Chair Farnworth asked if the incentive package was the buy-down. Mr. Anderson explained that Walmart should be buying some of the ground where the spur was located. He said that he had envisioned that they would push Walmart as close to Geneva Road as allowed.

Boardmember Fullmer asked if purchasing below market value was a standard for Walmart. Mr. Owens replied that Walmart purchased a lot of real estate and their goal was to negotiate the best price they could. He said that it had economic considerations and that it was a pioneering effort. He added that the purchase had been approved at the board level.

Chair Farnworth asked if the site had merits. Mr. Owens replied that it fit well with Walmart's store strategy. He said that they were impressed with the population growth and that it would be located on the west side of the freeway. He said that after all of the efforts, they had taken it to the Real Estate Committee for approval. He emphasized that this was a big deal.

Boardmember Fullmer asked if they knew how it would affect the Orem store. Mr. Owens replied that it would have impacts. Walmart had models that they used to determine the return on their investment. He said that it was reasonably expected to have impacts on every store which they factored into their analysis. There were no expectations of closing any of the surrounding stores.

Boardmember Fullmer asked if they put a lot of restrictions on other retail stores coming in. Mr. Owens replied that they put restrictions on grocery and general merchandize discounters. He added that Mr. Anderson had been careful to carve out certain areas of his property that he retained the rights to. He added that any property Mr. Anderson did not own, they could not restrict. He felt it was important that where the restriction might be broad, that they do carve outs to generate a healthy shopping center. He said that Walmart was currently the strongest draw in Utah. Mr. Anderson said that from a developer's standpoint, Walmart was usually the first retailer to go into these types of sites. He said that one of the reasons why Mr. Owens brought Walmart to Vineyard was the performance of the Megaplex Theatre. Mr. Owens agreed that the theater was one of the reasons. He said that development in the city got their attention, but the residential growth was the biggest draw.

Boardmember Riley asked Jeff Gochnour with Cottonwood Partners what he felt the impact would be to his development. Mr. Gochnour replied that he was not sure what the impact would be. Boardmember Riley said that the UVU students were driving the business at the Walmart on Sandhill Road and they would have an impact on businesses in Vineyard as well.

Councilmember Fullmer felt that “mom and pop” type stores would be affected by having a Walmart near them. Mr. Gochnour said that they were planning to have mostly office space with retail as smaller part. He added that they were hoping to have unique, mom and pop type restaurants that he felt would stand on their own.

Mr. Anderson noted that they were in negations with Mountain America Credit Union to be located at 400 North and Mill Road.

Boardmember Fullmer asked what types of conversations they would be having if they decided that incentivizing Walmart would not fit the RDA requirements. Mr. Brim replied that the RDA plan was clear with remediation first, infrastructure second, and incentivizing last. He said the reason staff was recommending denial of the request was that they wanted to emphasize the remediation and infrastructure. They felt that there were no solid timeframes, cleanup could take longer than anticipated, and that they should incentivize the infrastructure. He talked about the Town Center and the uniqueness of the area.

Chair Farnworth called for further comments.

Boardmember Flake stated that he was not opposed to Walmart, but was not prepared to move forward until the Union Pacific deal had been finalized. Chair Farnworth agreed that they could not make any decisions until they locked down the deal with Union Pacific.

Mr. Anderson said that they would need to bring in an anchor for the north retail and the Town Center area who would ask for an incentive. He suggested that they may want to look at future expectations for tenant incentives. The original request envisioned remediation, infrastructure and tenant incentives.

Boardmember Fullmer felt that they were in a good location and it might seem like pioneering but development would come fast. She said that the incentivizations of cleaning up and installing the infrastructure were good and that the RDA had to be wise as to where they were spending their money. She felt it would be good if Walmart came in and purchased the property but was not willing to support an additional incentive to buy-down the property.

Mr. Brim agreed with Mr. Anderson that they did needed to have some incentives, but that it did not have to always be a buy-down. He stated that staff did recommend the denial of the retail road because it was not a regional road. He added that they had the potential to extend the road to 1600 North. He said that they had spoken with several people who liked the Town Center area project but there were always concerns with parking structures. There were other ways to incentivize development such as helping to build parking structures.

Chair Farnworth said that the issue on the table was a buy-down and they needed to make it clear what was good for the developer and the city. Mr. McHargue suggested that if the spur line was not removed that they would lose value to incentivize. Chair Farnworth stated that if the contract had been completed a month ago, they would have been removing track in June and now they had come back with miscommunications. If they could not make the UP contract work then they were going to have to deny the Walmart request. He suggested that they wait to see what happens with the UP contract.

Boardmember Riley felt that they should lock down the amount to protect future councils. This would be a huge return on their dollar. He wanted to keep it on the table, work through the spur issue, and then revisit the request. He said if the retail road went to 1600 North then it would have more of a regional use. He felt that there were a lot of questions that needed to be answered before they could make a decision so he would like to see it continue.

Chair Farnworth said that the biggest buy-down so far was with UVU and it was not returning any sales tax to them. They were getting a return on the Megaplex. Mr. Anderson said that they should be getting an annual sales tax return of $800,000 to $900,000 from Walmart. He said that it would a three- to four-year return on the money spent.

Mr. Brim asked Mr. Anderson to have Hales Engineering look at the retail road going to 1600 North and bringing it up to the level of a backbone road.

Mr. Anderson noted that they had been working hard on bringing retail to the site. He said that what you put into environmental cleanup only brings you to a level to compete with others and people would still be concerned with contamination.

Mr. Anderson asked Mr. Owens how much longer they could put Walmart off. Mr. Owens replied that they needed to get moving on it soon.

Chair Farnworth expressed concern with signing contracts before they knew if they could remove the rail spur. Mr. Anderson mentioned that they started working with the entities in 2006 and were still working on it today. There was continued discussion about the spur removal.

Mr. Owens said that Walmart did not want to spend hundreds of thousands of dollars on engineering but they needed to accomplish something within their control. He said that Walmart would like to get going. He added that Walmart was the best start to initiating retail development.

Chair Farnworth expressed concern about spending $16 million to remove only half of the rail spur. Mr. Anderson added that the state had already installed the Vineyard Connector anticipating UP's cooperation.

Motion: BOARDMEMBER FLAKE MOVED TO ACCEPT STAFF'S RECOMMENDATIONS WITH THE EXCEPTION THAT ITEMS 1 AND 3 BE CONTINUED PENDING RESOLUTION OF THE ISSUES, FOR MR. OVERSON TO STUDY MAKING 1600 NORTH ALL THE WAY THROUGH AND TO WAIT FOR UNION PACIFIC TO TELL THEM IF THEY WERE GETTING A SPUR. BOARDMEMBER RILEY SECONDED THE

MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

Chair Farnworth asked for an update on the Forge. Mr. Gochnour replied that they had hoped to be done by the end of May, but were now looking at late June to early July. He added that the sewer and storm drains were going in.

3. ITEMS REQUESTED FOR NEXT AGENDA

Item	***Requested by***
• *Residential Permanent Service Contract between Rocky Mountain Power and Vineyard*	*Public Works Director / Engineer Don Overson*
• *Budget Adjustment*	*City Manager / Finance Director*

4. ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE RDA BOARD MEETING AT 9:15 PM. BOARDMEMBER FULLMER SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

MINUTES APPROVED ON: May 10, 2017

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA SPENCER, CITY RECORDER