

SOUTH JORDAN CITY
CITY COUNCIL STUDY MEETING

September 20, 2022

Present: Mayor Dawn Ramsey, Council Member Tamara Zander, Council Member Brad Marlor, Council Member Don Shelton, Council Member Jason McGuire, City Manager Gary Whatcott, Deputy City Manager Dustin Lewis, Associate Director of Parks Colby Hill, CFO Sunil Naidu, Director of City Commerce Brian Preece, Director of Strategy & Budget Don Tingey, Director of Administrative Services Melinda Seager, City Attorney Ryan Loose, GIS Coordinator Matt Jarman, Senior IS Tech Phill Brown, Director of Planning Steven Schaefermeyer, Deputy City Engineer Jeremy Nielson, Fire Chief Chris Dawson, Police Chief Jeff Carr, Director of Recreation Janell Payne, Director of Communications Rachael Van Cleave, Community Center Supervisor Jamie Culbertson, Meeting Transcriptionist Diana Baun, City Recorder Anna Crookston

Absent: Council Member Patrick Harris

Others: Wally Busch, Scott Verhaaren

4:58 PM
STUDY MEETING

A. Welcome

B. Roll Call and Introduction: *By Mayor Dawn R. Ramsey*

Mayor Ramsey welcomed everyone present and introduced the meeting. She excused Council Member Harris, who was unable to attend.

C. Invocation: *By Council Member Don Shelton*

Council Member Shelton offered the invocation.

D. Discussion/Review of Regular Council Meeting

Land Use Items:

Resolution R2022-03, Harvest Pointe West Development Agreement.

Resolution R2022-04, Harvest Pointe West Land Use Agreement

Zoning Ordinance 2022-01-Z, Harvest Pointe West Rezone

Public Hearing Items:

Resolution R2022-34, Moderate Income Housing Report.

Resolution R2022-38, Moderate Income Housing Plan Amendment

Council Member Shelton asked if they were holding another public hearing for Harvest Pointe West.

Deputy City Manager Lewis noted that it was listed differently on the agenda to avoid confusion with staff.

Mayor Ramsey asked if the public hearings can be done as one, or if they need to be separate.

City Attorney Loose said they were noticed as separate, and the land use designation is different from the zone change. The council can structure things however they'd like in terms of presentation items, they just need to make sure they vote on the resolution before the zone. If they don't have the land use right, they can't do a zone in compliance with the land use. They can have public comment on both first before discussion, as long as the motions are kept in the order above.

Director Schaefermeyer noted that what was presented initially to the planning commission is actually closer to this current proposal, as they had originally proposed commercial with all the units behind. However, what was first presented to the council was different than what was shown to the planning commission.

City Attorney Loose said they actually compared the two proposals, the current one and the original from the planning commission, and they were more similar than they had thought. The applicant basically went back to what was originally presented to the planning commission, but with a few changes, which is normal going from the planning commission presentation to the council presentation. Legally, he felt it was defensible and appropriate to bring this to the council without going to the planning commission again since the public would be able to comment, and the current plans are so close to the original.

Director Schaefermeyer added that page 69 of the packet has that original version.

Mayor Ramsey said that the council and mayor coordination would be saved for the regular council meeting.

E. Discussion Items

E.1. Senior Advisory Committee member appointment (*By Community Center Supervisor Jamie Culbertson*).

Supervisor Culbertson introduced the committee appointee, Wally Busch.

Wally Busch arrived in Salt Lake City 2.5 years ago, and feels very fortunate to end up living in South Jordan. He complimented everyone present on what a wonderful little town we have here, as well as the facilities available to the citizens. He decided to move here because all his children live out west, and have been living here for about 30 years. He was raised in Chicago, then moved to South Carolina in 1978. He lived in South Carolina for 44 years, and 27 of those years

were lived on Hilton Head Island. He and his wife thought it was time to get closer to family, and they moved out here. His son lives in Park City and daughter lives in Telluride. He feels he is typical for his age of people moving here, starting all over and their primary interest is to establish new friends and participate in activities that would be of interest to them.

Unfortunately, they moved here in the height of Covid, so there was nothing to do for the first 1.5 years here; now there are a lot of opportunities for everyone here. He got involved and started going to the center here, met Supervisor Culbertson, and he has been very impressed with what they are trying to accomplish. He thought possibly he could make a contribution. His background is varied, he started off as an officer in the Marine Corp as a young man. After that, he joined Arthur Anderson and Company in Chicago, which at that time was the number one public accounting firm in the country. He spent seven years there, and he believes that something he gained from working there was that he is rather analytical. He left there and went into corporate management with a national company, Ben Franklin Stores, who has one of the largest franchise operations in the country and is one of the oldest retail companies in the world. His last seven years with them he was their senior vice president. In his early forties, he decided to do something different and moved to Hilton Head Island to become involved in real estate. During his 27-28 years there, he opened up four or five different companies, handled marketing for a major plantation, and got involved in home improvement and small business companies. Through that he gained experience in the world of small business, while also selling real estate. From there, he moved to Aiken, SC and stepped back but continued to sell real estate and retired 2.5 years ago. The day he retired, he and his wife left and moved to Salt Lake City. He thinks he can help Supervisor Culbertson, and hopefully the center. He and Supervisor Culbertson have talked, he is not sure what the objectives are for the center, but he thinks there is a great resource there with senior people. There is a tendency to think of seniors as being retired, and that they have lost their ability, and he thinks seniors are looking for opportunities to be involved and develop their self-worth; he thinks the center has an opportunity to do that.

Mayor Ramsey thanked Mr. Busch for his willingness to serve, and for saying such nice things about the city after coming from Hilton Head Island, which is such a beautiful place.

Mr. Busch added that the park near the senior center is outstanding. He drove by about a month ago and saw so many children there, it was wonderful to see.

Mayor Ramsey noted that she is looking forward to the Veterans Day event at the senior center.

E.2. Economic Development *(By Director of City Commerce Brian Preece).*

Director Preece introduced Scott Verhaaren, one of the partners with the Boyer Company. He has been working with Mr. Verhaaren since he started here almost 18 years ago, and he believes they were working with the city even before that on the District. Mr. Verhaaren is on the commercial/retail side, and has taken over for his former partner Wade Williams, who retired during Covid. Director Preece gave a brief overview which included, as of this month, 1,869 active businesses in city, 1,324 of which are commercial and 481 are home occupation businesses. There are 28,088 employees working in the city, and that has been steadily going up over the last few years. He thinks that employee number is probably low, as those numbers come

from reporting on business license applications. Many businesses have a habit of lowering that number since business license fees used to be calculated by the number of employees. The city has been working really hard on the Daybreak Town Center, and if this can be pulled off with the school district and county working with us, that will be over \$5 billion in capital investment from Larry H. Miller Group, in addition to what the city would put into it. Retail is what everyone loves to talk about, because that is where sales tax comes from. There has been some talk as a result of our tax increase regarding just building more retail centers and getting more sales tax. We are getting some small retail, including a few strip malls on 11400 South, the EOS Fitness by Costco, and staff has been working hard with Tom Buckley from the Bentley/Lamborghini Dealership to try and find some land. Mr. Buckley seems very committed to staying here, there are just not a lot of places available.

Mayor Ramsey asked Director Preece to thank Mr. Buckley for attending the Gold Star Families Monument dedication. He was a huge contributor and attended the dedication, but she was unable to speak with him and wanted to.

Director Preece continued discussing the trend across the nation of warehousing, specifically office warehousing and the flex spaces. Out in the Daybreak Commerce Park, Freeport West is just completing two buildings over 100,000 square feet each that can be broken up into 15,000 square foot increments for businesses. He has been working with Taylor Thomas, who just took over from the in-house broker he was working with, and there are five other buildings out there. He noted that everyone would be amazed at what is going on out by Daybreak Commerce Park near the data center; there are five buildings that total about 100,000 square feet on the other side of the street from the commerce center. The Colmena Group, has built three flex space units over 200,000 square feet north of Smith's. Council Member Marlor has moved back into the city, in the area off 1055 West where there are 13 buildings that have been approved, of which eight are under construction. The Jordan Credit Union building has been recently completed. Merit Medical completed their first building of many with the extension of the Economic Development Area (EDA) that they committed to build on their other properties over the next 15 years. We have unfortunately also had some losses, including having the owners of the buildings by the frontrunner station back off of a plan to build a 10 story office building there due to Covid and everyone deciding to work from home. We had been working with them to try and get more parking there, and the owners have given up their options on those properties. We worked on the Smith's and WinCo, but ended up not getting that. Most recently, he has been working for the last two years with Target to place a store in the Daybreak area. The people he was working with to get the Target were expecting the school district to sell them the property, which they then would have sold to Target. They very much expected the mayor and council to tell the school district they were to sell that land to them, and had some unrealistic expectations of the interlocal agreement; there just wasn't a location for them and they ended up opting to locate in Riverton. From the day The District started, they have been discussing the next phase for The District. Retail has a lifespan of about 20 years, then things have to be reinvented; he gave the University Mall and Cottonwood Mall as examples. The Cottonwood Mall example is what is happening to a lot of retail projects across the country. He and City Manager Gary Whatcott have been meeting with Mr. Verhaaren on some different things, and they thought it might be a good idea to let Mr. Verhaaren come in and speak with the council. They have done some studies in the

past, and The District has provided over 25% of the city's sales tax, so it is a very important part of our city.

Mayor Ramsey noted that is why she and the council, as a group, want The District to continue to thrive and be successful as a gathering spot for our community.

Mr. Verhaaren said The District is a very important asset for the Boyer Company. They partnered with Gardner Company and Arbor Commercial as well, and it is one of their highest value assets. It is important to them that the project does well. Retail is constantly changing, they think they've figured things out, and then they learn there is still more; Covid really made that obvious for them. They are starting a new retail project every 12-18 months, the last one they did was Phase 3 of the Saratoga Springs Project, which is just north of the Smith's Marketplace there. At the time that was done, they were told by their construction lender, Wells Fargo, that was the only retail project in the country they had dealt a loan for in a two year timeframe. There are new retail projects coming online, but not a lot overall in the country. Retail has changed immensely, as it used to be they had three deep in every category, for instance an Office Max, Office Depot, and a Staples. They are now down to about one tenant per category, and that's a little bit of an exaggeration. There just aren't as many mid-sized box tenants as there once were. They are seeing a big demand now for food, and he thinks everyone has seen that. Any food location that has a drive through is key. The tenants are shrinking their dining rooms, and getting a drive through or parking spots for pick-up if they can; this creates new challenges for all retail owners. The other big change being seen, which has been seen a little bit in their market with University Mall and Cottonwood Mall, are the retail projects changing. They are seeing developers taking projects like The District and malls, and reimagining those; putting in housing, hospitality, healthcare, entertainment, etc. Office has really dwindled off, the biggest portion of their portfolio is office and as Director Preece mentioned, the demand for office for the first time in their history has tailed off dramatically. That may come back, but they don't know. Having said all that, they are still very happy with The District. They had a deal for the Gordmann's space with Bed, Bath and Beyond with a lease negotiated and plans ready to be submitted. However, just before they were about to sign that lease, everyone heard the news from Bed, Bath and Beyond about closing their stores and he hopes they survive as they are in many of their shopping centers. They had another tenant they thought they would be able to make a deal with, but they found out yesterday that their use conflicts with another tenant already there. The smaller tenants there are generally doing fine. They have too much small tenant space generally, and they are looking for a solution to that. As they have talked with the tenants out there, they are telling him that their sales continue to increase. The Target was remodeled not too long ago, which is a great sign. He generally has tenants renewing as quickly as they can to stay there. When tenants come to Utah, there are several areas they want to see when they come into the market. In Layton it's the Antelope Drive area, West Bountiful, Fashion Place, The District, American Fork, and University Park in Orem. The District is on that list, so from a retail development standpoint that is a key factor. The project in Saratoga was probably one of the most difficult they've done, just from the standpoint that the retailers were becoming more difficult to work with and their demands becoming harder to meet due to their stockholders. The retailers are also worried about another pandemic. He said the two years of the pandemic were probably the worst two years of his life in retail development because all they did was negotiate

rent reductions during that time. However, they are coming back and he sees the retail market as being in pretty good shape right now; better than they ever expected it would be at this point. Council Member Marlor said that some of the flex spaces being discussed at 10,000-15,000 square feet are nice for a good-sized company, but he asked if there is room for a more modest sized grouping of flex space; he thinks those could be filled all day, every day.

Director Preece said that some of the buildings he mentioned in Commerce Park are cut down into smaller spaces, around 2000-5000 square feet. He is meeting with a representative from Freeport West next week and he'll ask about that. They are one of the leaders right now and they have owned that property for a long time. They bought it from Daybreak and they have really been concentrating on their properties by the airport, only now starting to focus on these spaces. Freeport West is a company that buys, builds and holds things; they do not turn things over.

Council Member Marlor said there is a lot of demand for startups and modest size companies that need an office around 1000 square feet and a warehouse. He would love to see that out in Daybreak because those companies are typically generating sales tax, bringing in employees, and probably getting ready to grow. The business park where his office is located is building those size units, and they are selling them as fast as possible. He thinks that is something to be aware of, that small business owners are looking for the smaller units and would be a great use for the secondary piece of property. The previous proposal they had seen for a development on about 11500 South, on the east side, wasn't a great place for incubator or flex space. Council Member Marlor would like to see that in more of an industrial/commercial setting, rather than right off Redwood Road.

Council Member McGuire said that his concern with The District, and all retail, is making the space into more of a destination where people want to spend the day. He is grateful the new development in Riverton doesn't live up to the Farmington Station standards that were originally advertised, because people love going to Farmington Station. There is shopping, you can sit next to their pond/fountain area, etc. He and his wife found themselves there and decided to go see a movie. They were there early, so they sat around and relaxed in the area. That type of thing doesn't happen as much at The District. The only thing downtown has going for them right now is the City Creek area, and we know that took a very large investment to make happen. It is all about creating these destinations and having a place that people want to go. One of his big concerns is that things are going to continue to develop in other areas and The District will be seen as less relevant.

Director Preece said there have been discussions with The Miller Group. They had wanted to re-do the fountain area, but Covid hit and stopped that. When he is speaking with brokers that fill these spaces, he is hearing that places like Farmington Station and City Creek are gathering places, but people don't spend a lot of money there. Some of the mid-size box stores have not been very happy with those projects because they aren't seeing those sales. Here at The District there is a different tenant mix, and he personally likes what we have here more than those other locations. They might have some of the flashier stores, but they paid dearly to get those big name stores.

Council Member McGuire asked if they are paying because the developer is offsetting the rent?

Director Preece responded yes. He also noted that CenterCal is a great company, but they have a different financing model, more like City Creek's model, where they don't need to make a quick return on investment. There are many other developers who would like to have their money source, but they are able to do more than others because they can afford to be patient.

Mr. Verhaaren said that CenterCal is a fantastic company, and they have looked at partnering with them on some things recently; they have nothing negative to say about them. Boyer's emphasis, driven mostly by lenders, is the mid-size boxes that may not be flashy but they pay rent and they produce sales. They love gathering places as well, they did The Gateway and understand how that works and the challenges that come with it. They like the stability they get from the less flashy tenants, but they would like to add some flash as well. They think they have the ability to add some flash if the opportunity arises. He agrees that it would be nice to have better gathering spots. As mentioned, they had a good plan right before Covid hit, and now we are just trying to get the world back so they can try and figure it out again.

Council Member McGuire appreciated the fact that they were already headed in that direction before Covid.

Mayor Ramsey said people are seeking experiences. There doesn't have to be a driving range to try the golf clubs, but people are looking for an experience when they go retail shopping and they want an Instagrammable place.

Director Preece said the fountain is pretty, but a huge expense and it doesn't really add anything.

Mr. Verhaaren said they have engaged an architect to start with their retail portfolio, and they are working with developers around the country. They come in and look at projects while asking how they can make things work better. Typically that includes reducing retail square footage, but the gathering area has been really fascinating. They recently reviewed a plan for a project in Atlanta, as well as Durham, NC, and they don't spend a lot of money to create something that creates the "wow" reaction. It's more focused on the small areas where people can come and sit down, and feel like they are somewhere. That is really just nice landscaping, benches, and maybe some neat lighting in the pavement. It's an ambiance thing, they spent a lot of money at The Gateway for a huge fountain and people went there for about a year. He mentioned the Irvine Spectrum, off the 405 in Southern California, where they have areas with nice landscaping, benches, and lights in the pavement. He thinks that's a better trend, and they are trying to do something like that.

Council Member Marlors asked in regards to the movie theater in The District, what's going on there. Covid was a disaster, and he wonders if as they come back, that will be a stable anchor and event area in the future.

Mr. Verhaaren said he thinks so, but a year ago he would have answered and said he doesn't know. There are several theaters in their portfolio, and the question is better answered by the

people operating it; they stay in close touch. They have seen a pretty good turnout since the Covid threat abated. He noted that the problem isn't the theater at night, the issue is there just haven't been any new products being released, and they don't expect much until Christmas. During Covid they were unable to produce movies, so it is more a lack of product right now, rather than a lack of unwillingness to come back out. This past summer the theater at The District released Top Gun, and it was off the charts good. That theater is way too big, probably one of the biggest in the country at 140,000 square feet, but they hope it comes back.

Manager Whatcott said that he was told the new theater at Riverton's commercial area took only about 5% of their business here, that's all they've seen. In most cases about 8-10 theaters are the most you want to have anymore, so 20 theaters is really large and the building here is very inefficient and inexpensive to operate. He thinks they are trying to figure out what they can and can't do with it, but he doesn't think they are going to stop having movies there. We might see a different configuration of the building, but the Miller Group said they think there is a place at The District for movies for a long time.

Mayor Ramsey said that most of their food places inside have been closed or reduced as well.

Director Preece said they were in the process of converting over to the luxury box seats when Covid hit, that's why there was a discussion on needing less parking, because they would have less seats.

Manager Whatcott said that if you go back 15 years or so in retail, retailers were contacting cities all the time and it seems like there is a different trend on how they are being located. The city used to be more engaged in the location and helping people locate businesses here, however they seem to self-locate themselves here now. He asked Mr. Verhaaren for his opinion on those thoughts, as things seem to be more broker based than it used to be; the partnership as a city doesn't seem to be as engaging as it used to be.

Mr. Verhaaren noted that his company has always enjoyed their working relationship with the City of South Jordan. They can always come in and talk, get feedback, and even if they don't like the feedback the city has always been straightforward with them. However, Manager Whatcott is right, things have really shifted. It used to be that the retailers employed massive real estate departments to go out and work with cities and developers. However, their real estate departments are almost non-existent now or reduced in size. They now rely very heavily on the broker market all across the country, and those brokers have to be very sophisticated in what they do with demographics, understanding traffic patterns, etc. He has been noticing that there is a huge flight to quality, and retailers are very careful about where they are going to locate now. Part of that gets back into online sales, and he has spoken with staff about the new trend of buying online and picking up in store. These stores can calculate, to the dollar, how much more money they make. If someone buys online and returns the product to the store, they can usually generate sales from that. They also used to be very careful about how close they located to other specific retailers as well because they were always scared about cannibalizing the past. However, they are now converting their stores into fulfillment centers along with still being a store. Trying to convince retailers to go into the Greenfield area is almost impossible, as they want to locate in

areas that are established and that they understand. That is why, in Boyer's mind, The District will forevermore be a location that retailers want to be in because the access is great and the proximity to a very good demographic is fantastic. Retail will change, but the location itself is not going to diminish unless they do something horribly wrong.

Manager Whatcott doesn't know what Boyer's expectations of Director Preece are, what his role is now with developers. They used to have retailers coming to Director Preece and the city, constantly asking for information about the city's demographics, income levels, etc., as they were looking to the city to provide all that information. At the same time, that gave the city an opportunity to engage in a sales pitch for city, tell them why they should locate here, and discuss incentive packages which are no longer an option.

Director Preece said it has been probably 20 years since retailers sought out the city because of the internet. All of that research can be done any time at home, and they can find out more about the city than anyone else. The incentives used to be the last thing they talked about because at that point they had already decided to locate here, but with recent legislation that is no longer a tool. He noted that the CenterCal project was the last project to be done with those types of incentives on a large scale, and that went back to the LDS Church as CenterCal didn't really do that. The church owned that property and torqued Riverton down hard on their density before they would even discuss having commercial. They then sold the commercial and the entitlements they received from their negotiations to CenterCal, and they were the beneficiaries of a lot of that.

Manager Whatcott said a lot of it is relationship building with groups like the Boyer's, so they can constantly talk about how to keep The District fresh, keep it alive. Are there new gathering spaces that can be added, what they can do to ensure it feels vibrant and stays active, and that the tenants don't want to leave. Also, relationship building with brokers, understanding the broker market and how it works. Director Preece spends a lot of his time doing just that, interacting with those people just like political relationships the mayor works on. When you have a center like the one in Riverton, where they don't have a traditional loan model like the Boyer Company and they are cutting deals on loss leaders that include flashy stores while filling in with full cost rents on smaller stores, we can't compete with that.

Mr. Verhaaren said that the role of cities has become harder, like it has with developers, maintaining the relationships but also being creative and trying to do things like working on partnerships with city and retailers on how to create inviting areas. Regardless of any research they are doing online, they will always need to have someone to talk to face to face, someone that can explain the city's culture, traffic patterns, etc.

Council Member McGuire asked if there are conventions that the city should be attending to make those personal connections.

Director Preece said he goes to the big retail convention in May, where he last sat down with Target. About 80% of the deals done that year were done in Vegas that weekend. For years he has been a board member of state ICSC, in fact it was Wade Williams that gave him that

opportunity, and he has been the city representative for the state organization. That has dropped off with Covid, but recently he was speaking with Rich Robbins about getting that conference going again and some of the options.

Council Member Zander asked if the Boyer Company goes to those conventions as well.

Mr. Verhaaren said that usually they do, last year was the first time he hadn't gone in 28 years.

Council Member Zander asked if when he walks into those events, does he see the economic directors, mayors, or city managers there. What is the typical representation of a city at one of those events.

Mr. Verhaaren said that in his opinion, the most effective person to have there is someone like Director Preece or Manager Whatcott. They have seen cities go down with entire city councils, and he doesn't think that was that effective, and that was about 20 years ago. Now it's much faster, they meet for about 10-15 minutes with the retailers and then have to move on. South Jordan has done a great job being present for years at ICSC, most cities do not use those resources.

Council Member Zander said there used to be an outdoor retailer convention downtown, and she asked if Utah has something similar to that. The economy in Utah is better than most states, the desire to live in Utah is higher with families coming from all over the country because our government is run better, our economics and safety are better. She would think there are people looking and wanting to come to Utah, and she wonders if there is an event Utah is going to start doing. She asked if the Boyer's have thought about ways to attract people here and show what we have.

Mr. Verhaaren said they don't really have to try and attract people, they are getting looks from retailers they never thought would come here. The change is that there aren't many of the really flashy retailers doing business anymore. They are primarily getting food operators that historically had turned their noses up at Utah, who said they wouldn't come here. The Fox Group, based out of Phoenix, does a lot of high-end restaurants and has been looking desperately to find spots along the Wasatch Front for about two years and can't find them. The challenge is that there just aren't a lot of retailers to choose from anymore. When they did the Gateway, he was on a plane every week for about two years, trying to convince people to move out here, and it was a stretch. They would fly people out, take them skiing and drive them all over downtown Salt Lake, and that just isn't how things are done anymore. They can call anyone, tell them they are from Utah, and people know about the area.

Director Preece said that because he is on the boards mentioned, he has put some of these conventions together. As many of the real estate departments have gone away, it has been harder to get the actual retailers to come. The brokers who represent them are all over it, and he does a lot of networking with them, but to get the actual retailers to even come to the big show in Vegas is very tough.

Council Member Zander said that the desired venue is food with a drive through, as through Covid they've realized they need that to stay afloat. However, she thinks we are in desperate need of food places where you can sit down. The lines at those types of restaurants here are hours and hours to get in. She is hearing from many of the Daybreak residents, and she would think the whole city feels the same, that they are desperately wanting a place to sit down and not drive through. She asked if that is something Mr. Verhaaren could work on.

Director Preece said there was a long time where nobody wanted to go to the sit down restaurants, they wanted the fast and casual food. However, he thinks things are coming back to the sit down style restaurant, and they do need to be prepared for that.

Mr. Verhaaren said the task is to convince the sit down restaurants that they need to start expanding again. He discussed Chili's, and how they are trying to open more restaurants but the construction costs are too high and they can't get enough staff. It takes more staff to operate a sit down restaurant, but Council Member Zander is right, things are starting to swing back that way.

Council Member Zander asked what happened to Applebee's at The District.

Mr. Verhaaren said they left and that was backfilled with Wallaby's, which is up and running. The restaurants at The District, as a general rule, do very well. They would love to have more sit down, and they are actively working on that but there just isn't a lot to choose from right now.

Council Member Zander asked if there is another location for eateries in The District, as building-wise there isn't a vacant eatery right now.

Mr. Verhaaren said they are restricted by the current tenants as to where they can put food operators, other retailers are concerned about the restaurants taking up too much parking for too long. They are looking at some spaces there, especially along the main street area, to try and add food; that is the next push with their brokers.

Mayor Ramsey noted that it has been a few years, but he did mention Shake Shack in the past.

Mr. Verhaaren said that he did discuss that, and they were very close to getting a deal with them. It had nothing to do with The District, it had everything to do with construction costs. They wanted a drive through, there was a location all figured out, and a deal was done. They had started lease negotiations, but they went to price it out and the cost was too much. They were looking at five locations in Utah and he doesn't believe they went forward with any of them.

Council Member Shelton asked if, as they re-envision residential in these locations, they see retail being a part of the mix at The District.

Mr. Verhaaren responded yes, they do see residential being a very important part of projects, making them true mixed-use projects. They are following trends and they are seeing that a lot around the country. Situations where 30%-40% of a shopping center is knocked down and converted into residential with possibly a hotel or entertainment in an effort to create these true

live-work areas. He doesn't know how that would work here, the last master plan presented was in 2010 and he doesn't know if that works in today's market, but he does see things moving in that direction.

Director Preece said that 20 years ago, right when this was getting started, they discussed at what point they should raise main street and rebuild it with residential over retail.

Mayor Ramsey can live with residential over retail, but she doesn't like removing 30%-40% of what's already there to add more housing. Housing above the retail is something you now see all over the country.

Mr. Verhaaren said that if you look at retail under residential in most locations, even in downtown Salt Lake where they require it along fourth south, most of that retail is not occupied and they put stuff in the windows to make it look like it's activated. They have done that in a couple locations, and they haven't done it very well; if they were to do it again, they would completely re-think it. They are seeing more and more often where sections of a shopping center are being taken and converted into residential/hotel/entertainment projects, and then funneling everything back into the retail and keeping the parking segregated. They are watching that trend to see how it develops and if it ends up making any sense.

Director Preece mentioned University Mall, which added over 1000 units in the area. They repurposed some areas that were really underutilized, over parked, and things like that.

Council Member McGuire asked if the retail under residential might not be working due to the construction costs and the rents associated with that. He was thinking of 25th Street in Ogden, where it's all older, but their retail areas are full and they have the residential on top. It seems to work in certain areas, but he wonders if it is just the construction costs making it more difficult now.

Mr. Verhaaren said it's that, but the other challenges with food in there are things like where to put grease traps, how to vent the space, keep smells out, etc. They have done it, had residents above the retail and their bathrooms flood the retail space below; there are all kinds of issues to deal with in these situations. Now, they are seeing that developers are being required to put retail under residential and they are building it as throw away space, so it goes on to perform as no yield and they have to make up for that with increased density. That's not to say it can't be done, but it is hard.

Director Preece said that about two years ago lending on a mixed project was really hard as well. You would go to the bank and the residential and commercial lenders did not work together, so getting loan that would work was extremely difficult for developers.

Mr. Verhaaren said things are getting better, but many times lenders will look at the project and say they know the difficulty of leasing out that retail space.

Council Member Marlor asked about infill, and what they are going to do with those spaces that we always wanted to see commercial in, yet no one wants to build strip malls there anymore. Very few want to do small box stores, and they don't really fit there because most of them want to go to places like The District, places where a lot of people are coming. He asked what the city's options are when it comes to those infill projects from a commercial standpoint.

Director Preece said those are tough, and we struggled for a while where we required mixed use on every five acres, and it just isn't enough. He is convinced that to do a really good mixed use you need at least 100, maybe 500 acres. In his opinion, he thinks they need to look at Redwood Road as a mixed use development. Think about where they are going to allow housing, commercial, etc., and look at it as a mixed use. If they start like they were doing many years ago when they had the village mixed use, it just didn't work here or anywhere in the country. They need to look at what is around those infill spaces, and figure out how they can get the other types of development in there to balance things out.

Council Member Marlor noted that those smaller infill areas are tough, especially since many don't have commercial around them.

Mr. Verhaaren said they have been hearing those same things from conferences right now, they refer to it as horizontal mixed use. They have to look at the whole area, not just specific blocks, and the mix of uses. Many cities do say that they wish they had the huge commercial areas like The District, across the street from The District where Sprouts is, and even up into Daybreak where they have large areas where tenants will want to come. They are finding that more and more retailers want to be in areas like The District, American Fork or along Antelope Drive because they know that's where the traffic is coming. They know that the cities and UDOT are going to pay attention and make sure the traffic functions well there, has good access, and they want to be where other retailers are.

Director Preece added that some retailers have co-tenancy agreements in their leases, saying if certain retailers aren't present, they can leave and that was seen with DSW.

Council Member Marlor said they have been debating amongst themselves, saying they want commercial and a sales tax oriented business, but there really isn't any demand for it. What do you put in those areas where it is, or previously was, planned to be a commercial zone but they can't get a retailer there. He also doesn't know that they want the strip malls either, because the retailers come and go, and pretty soon it is a blight.

Mr. Verhaaren said the other thing they hear from retailers a lot is the more rooftops the better. They love to see that, and they know they can go to an area where there are other retailers present with good access and good visibility. He spoke with a broker today, who had a retailer in town yesterday who had been by The District and said they loved South Jordan. They loved the way it was set up, the way traffic works, the flow and feel, the variety of housing. They called him today from St. George asking if they could get a spot in The District and he had to tell them he didn't have a space for them there.

Director Preece said we just don't have another 100 acres somewhere to build another District, and even if we did, it would be too close to The District. That was the issue with the Southtowne Mall, it has gone bankrupt four or five times and has always been too close to the Fashion Place Mall. Right now, they are trying to do a tenant mix that can't compete with Fashion Place and they are still struggling. He thanked Mr. Verhaaren for his time and for being here, as he needed to leave for another meeting.

Mr. Verhaaren thanked everyone for having him, and for the discussion.

E.3. PD Floating Zone *(By City Manager Gary Whatcott & Director of Planning Steven Schaefermeyer)*

Mayor Ramsey said this item keeps getting moved, but we are out of time right now. This will be moved to another meeting for discussion. She asked if they still needed the closed session to discuss the senior advisory committee appointee.

Attorney Loose noted, regarding the closed session, that if no motion is made to move to a closed session then they can assume everyone is comfortable and knows what they want to happen without the closed session.

Deputy City Manager Lewis asked if they want the appointee for the senior advisor committee on the agenda for the next City Council Meeting.

Mayor Ramsey responded yes.

Deputy City Manager Lewis said some of the appointees have asked not to have to come back twice.

Mayor Ramsey said that's okay, they are always welcome.

Attorney Loose noted that if the closed meeting were for something unrelated to the agenda that night, staff would ask the council to make a motion. Otherwise, they can assume these are to discuss a nomination when that was discussed earlier in the study session. If no one makes a motion to go into the closed meeting that means everyone is okay with moving forward.

Mayor Ramsey asked for a motion. There was no motion so she will assume the council supports this nomination tonight.

Council Member Marlors wanted to bring up an event on Saturday. He went to his office on Saturday and couldn't get to his office because there was a huge event at the Hindu Temple. There was actually a South Jordan officer there directing traffic away from parking at the temple, instead telling them to park somewhere else. The only other parking is the commercial area to the south and east/west of the temple. Every parking spot in that entire commercial area was taken over by their activity. All of the retail space, the commercial space that the tenants pay for, was completely taken over by that activity. He had an issue with them stopping vehicles from

going into their parking area, possibly because it was already full, and those people were parking clear over on 1055 West along that street and into the residential area; that hurts all of the commercial and restaurant businesses, as well as people like him who are paying for the space. He wanted to bring that up, not just as an individual business owner, but for the entire area and all of those businesses there who had no ability to get any of their clients in their parking spaces. There were not just dozens, but hundreds of cars looking for places to park. This was a huge event and something has to change, that was not acceptable.

Director Schaefermeyer noted they had been in a few months ago with a plan to expand their parking on to that vacant parcel. He will follow through and see if they have submitted an application, and pass on the concerns.

Council Member Marlors said they have already started building on the east side of that and expanded there, so if they could tie into that road now that would be a great place to access.

Director Schaefermeyer doesn't know if that would solve the issues during a big event.

Council Member Marlors said that if they are going to do this, then they need to block off the entire commercial space for those who use it, and then where would the event attendees park.

Council Member McGuire asked if it would be up to the commercial space owners to enforce the no parking in their lot.

Manager Whatcott said they would need to add signs and add towing information.

Council Member Marlors said there was literally a sign saying you couldn't go there and they were directing people right into all the commercial spaces.

Manager Whatcott was not sure why there was an officer there, and said he would speak with Chief Carr about that.

Council Member Marlors noted they don't want to thwart commercial businesses in our city. If this had been done by another church group at a large event the backlash would have been much bigger, so this shouldn't be happening at all.

Mayor Ramsey noted that since there was no motion to go into a closed session, she would accept a motion to adjourn.

ADJOURN CITY COUNCIL STUDY MEETING AND MOVE TO EXECUTIVE CLOSED SESSION

F. Executive Closed Session

F.1. Discussion of the character, professional competence, or physical or mental health of an individual.

ADJOURN EXECUTIVE CLOSED SESSION AND RETURN TO CITY COUNCIL STUDY MEETING

ADJOURNMENT

Council Member McGuire motioned to adjourn the September 20, 2022 City Council Study Meeting. Council Member Shelton seconded the motion; vote was unanimous in favor. Council Member Harris was absent from the vote.

The September 20, 2022 City Council Study meeting adjourned at 6:24 p.m.

This is a true and correct copy of the September 20, 2022 City Council Study Meeting Minutes, which were approved on October 4, 2022.

Anna Crookston

South Jordan City Recorder