

**Tooele City Council
Business Meeting Minutes**

Date: Wednesday, March 29, 2006
Time: 5:00 P.M.
Place: Tooele City Hall Council Chambers
90 North Main Street, Tooele, Utah

City Council Members Present:

Mike Johnson, Chair
Steve Bevan
Steve Pruden
Scott Wardle
John Hansen

City Employees Present:

Patrick Dunlavy, Mayor
Roger Baker, City Attorney
Glenn Caldwell, Director of Finance
Cary Campbell, Public Works Director
Paul Hansen, Contract City Engineer
Richard Jorgensen, Land Use Technician
Randy Sant, RDA Consultant

Minutes prepared by Andrea Cahoon

The meeting was called to order by Chairman Johnson at 5:01 p.m.

1. Proposed Land Use Element Rezone Request for 1000 North – Gilad Development

Yehuda Netanel of Gilad Development presented the new proposal for the Tooele Pointe project that they have been working on for the past two years. He updated the Council as to where they are now on the project as it has changed since its inception. The original project contained a large anchor store (Lowe's at 164,000 square feet), theaters (45,000 square feet), and some additional retail space (138,000 square feet). The current proposal now contains the same retail space (of 138,000 square feet) without the large anchor store or theater and then adds residential units.

He proposed three entrances to the development. The residential area would contain an unusual amount of linear parks with the front of the homes facing the linear parks. The streets and garages will be in the back of the homes. The project will go from Main Street to 200 West. Mr. Netanel showed the Council renderings of his proposal. He informed them that the concept would work with any type of architectural style. He also showed them pictures of what was built like this in California. There will also be no streets between the neighborhood and the commercial area. He asked for the Council's feedback on the proposal.

Chairman Johnson stated that he had met with Mr. Netanel the hour prior to this meeting. He told him he had nothing against the project because it looks wonderful. The City has been jaded on rezones for additional density in areas. The residential

project proposed at the far north end of town was required to build a well two times what the subdivision needed. He felt that the Council didn't necessarily want this all commercial, but that there should be some balance between the two (residential and commercial).

Mr. Campbell pointed out that this wouldn't just require a zoning change, but also a change in the general plan to include higher density. Chairman Johnson said this proposal will include 190 more homes for the City to provide water and services to.

Councilman Bevan said the far north end of this property is zoned Light Industrial. Councilman Wardle asked what the rest was zoned? Mr. Campbell answered, "General Commercial."

Councilman Wardle felt the pictures were nice, but the square footage of the proposed homes was very small. This area already has a number of small homes going in. He was concerned with the quality of the homes. Mr. Netanel said this project is designed to create a certain synergy. It will appeal to a very sophisticated customer and have a small town feel. Studies indicate that this is what the market wants. The development will also have its own storage area for the residents' ATVs, boats, RVs, etc. so that those items are not stored in the front yards of the homes. There is nothing like this in the state of Utah.

Councilman Wardle said his second concern is changing the zoning from General Commercial to Residential. There will be a loss of tax base. This is an important corner in the City. Mr. Netanel said in his discussion with Chairman Johnson they considered removing the homes on the north end of the development that are facing 1000 North and converting that to commercial to add 20,000 square feet of commercial. This could be achieved with the proposed road system already. As far as commercial tenants, the biggest comment from national tenants is the market is way too small for them. To become the size to attract those tenants, Tooele City will need well-balanced growth from a variety of housing. This housing is in a class by itself. There would still be 170 homes if they made the north part commercial. This development will help attract the commercial sector by increasing the number of people. Merchants follow the people.

Mayor Dunlavy said he had two concerns. The large linear park areas require a lot of water. His second concern was that this is not only commercial, but this is prime commercial. We are growing. To do a large residential development in a prime area is a concern. He stated that he understands that you can't attract commercial without residential. The City doesn't have any other large housing projects in the first block area on either side of Main Street.

Mr. Netanel said within the green area, there are drip irrigation systems they are used to using because of the arid climate in California. That concern can be addressed. With regards to this being prime commercial property, the City limits are north of the Home Depot and there are lots of areas for commercial growth.

Councilman Wardle said the retail space shown appears to be strip malls. What in that retail area will attract those people so they are not driving elsewhere? Mr. Netanel said the retail center will not be able to exist on the buying habits of those who live there, but some reduced driving will result.

Paul Hansen asked if the streets will be private streets of a planned unit development (PUD) that are maintained by a special service district, or public streets? Mr. Netanel answered, "Private streets." Mr. Hansen said if this were to move forward they would have to address parking. The City code requires a two car minimum parking area for each residence. There is limited space for additional parking. The Fire Department may have access considerations with this. He also echoed the Mayor's concerns about the density, parking, and access. The other point he made is that a portion

of this property is owned by Tooele City and it appears that is to be included in the plan.

Mr. Netanel said each home will have a two car garage, and ample guest parking along the streets. If there are large parties the guests can park in the commercial parking lot. The Mayor asked what the road widths were? Mr. Netanel answered they would meet the Fire Department requirements.

Mr. Sant asked the following questions: What type of tenant mix will go into the project? If 20,000 square feet is the biggest area then that is not major, it is something like a Ross Department store. Will that mix include relocating existing Tooele tenants? During the market analysis from the retailers, who was contacted? What kind of study was done? The Salt Lake market has several tenants looking at this point. There are a number of subdivisions in Tooele City that have already been approved. You can add this development, but this won't get you to the point of attracting national tenancy. That won't happen in the next 2-3 years, but probably in the next 5 years. When your population is 50,000 people you gain the attention of the national retailers. He suggested that the City do an economic impact analysis of this and look at the liabilities and assets of this project. What is the cost of servicing this? What will be the tax base of this? Will it support itself? He felt they should look at a true mixed project with commercial, residential, and office space. That would get a little bit more return on investment. Are they requesting any incentives?

Mr. Netanel said the study was done through their own internal resources. They contacted people that they had relationships with and discussed this with national and regional brokerages. As to cannibalizing existing retail? This will be a high rent district. A lot of locally owned businesses will not be able to afford this. The kind of tenants that can generate enough business to afford this will be business such as Office Depot, Staples, or Ross. He indicated that they are experts in this. To do a true mixed project with retail, commercial, and office space usually requires a vertical development. Building office space in this will not be cost justifiable. If they have any incentives available they would request them. Chairman Johnson said they don't provide incentives for retail development. Mr. Netanel said in that case they will live within their means.

Chairman Johnson asked if the Council will consider residential use in this development and if so, what mix?

Mayor Dunlavy asked Mr. Netanel how much residential he could give up and still be viable? Mr. Netanel responded that after reducing that by the 24 units in the northeast quadrant of the project, they will end up with two commercial phases. They have offered to give up approximately 17% of the unit count already, and increase the retail by 20%. Mayor Dunlavy asked if that is where they needed to be? Mr. Netanel responded this is not a science, but that is his gut feeling. He felt they could absorb that.

Chairman Johnson asked if he would be amenable to doing a cost benefit analysis? The more commercial you can get in there, the more favorable it will be. Mr. Netanel said he was not against the idea. These are streets the City will not have to pave and maintain. The City won't have to develop or maintain the parks. If new housing is a drain to City coffers, this will be very little compared to some projects. Chairman Johnson asked if these would all be private roads? Mr. Netanel answered, "Yes." He expounded that the CC&Rs will be quite strict to maintain the aesthetics of the environment for many years.

Councilman Bevan said if they are making the north section commercial they could consider it. He felt the City needed to cut back on residential sites. Councilman Wardle said with the current density of housing, this retail area is a strip mall. This is prime commercial property. He stated he would be inclined to vote against a rezone at this time. He felt the units should be reduced by half. There are many costs associated with increasing the density. As much as you say there are not costs

to the City, there are. The costs include water to develop, costs to the tax base, costs in terms of police officers to hire, and numerous others. This will be a prime site on two major roads. He couldn't justify making it residential.

Councilman Hansen said he would have to look long and hard. He didn't like the density. Councilman Pruden said his feelings are the same (as the other two councilmen). He had a hard time adding more to the pile with the City's current infrastructure concerns. It is a prime corner that will be very valuable.

Mayor Dunlavy requested that they put together a committee to study this more thoroughly. Chairman Johnson stated he was fine with that. He felt they should determine what mix of residential and commercial would be acceptable. This isn't it, and he wasn't sure what would be, but they were not prepared to go forward. He explained that the costs and burdens of down zoning is why the City has not wanted to do that. If Paul Hansen, Randy Sant, and Cary Campbell came to him and said that they had negotiated with the developer and the plan at least evens out or is of a net benefit to the City he would be in favor of it.

Mayor Dunlavy said aesthetically it is a beautiful project. They need to reach a middle ground. Mr. Netanel said it is currently 1/3 commercial and 2/3 residential. After proposing to make the north section commercial it will be 42% commercial. He stated he didn't have a set amount of residential that he needed. It just needs to be large enough to work. He felt 50-50 may work. Chairman Johnson said that is better than 2/3 to 1/3. Mr. Sant said there might be some opportunities to play with the site plan and have the RDA involved. The RDA could own a portion of the land and look at developing it later. There are some options to look at. The market is not there today, but we don't want to lose the opportunity. If the RDA controlled the property they could get a big box tenant in at a later time.

Mr. Netanel said this has been very educational. He was glad they were open to ideas, and appreciative to the fact that they see both sides. Chairman Johnson asked him to get together with Mr. Hansen, the Mayor, Mr. Campbell, Mr. Sant, Councilman Bevan and Councilman Wardle to form the committee to work on this.

Councilman Hansen stated that they loved the original project with Lowe's and the theater, but he understands that things change. The change to residential has been hard to swallow. The City has lots of proposed residential growth already. The idea that there isn't going to be a big box retail there is hard. He asked if there was no way to pursue another big box? Mr. Netanel said he pursued JCPenney and other liberal forward minded businesses. They all felt it was premature to jump into this market.

Chairman Johnson noted that this was a non-voting meeting and they could not make a decision at this time. This meeting was just for information and discussion.

Mr. Baker reminded the Council that they would need a recommendation from the Planning Commission on both the land use and the rezone issues. The City's parcel is in the northwest corner of the drawing, and they own two acres there. In discussions with Doug White, the legal counsel for Condisco, Mr. Baker and Mr. Sant have indicated that if this property develops into a commercial project that the City favors, they would be willing to recommend to the City that the City gift their property for the commercial development. The prospect of gifting it for residential development is a much different question. Mr. Baker expressed doubt that he would be willing to make the same recommendation in a residential context. In the discussions with Mr. Tate about acquiring the right of way for 1000 North they discussed a land swap. It was not accepted by either party and the offer was taken off the table. The City is paying cash for the right of way and keeping the City's

property.

Jay Kirk said the city parcel of land they were referring to has a large gully. It will cost more to fill it in than the property is worth. It is not a valuable piece of property.

2. Adjourn

Councilman Hansen moved to adjourn the meeting. Councilman Wardle seconded the motion. All members present voted, "Aye." The meeting adjourned at 6:00 p.m.

Approved this day of April 19, 2006

Michael Johnson, Chair