



**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING AGENDA
Wednesday, May 13, 2020**

This meeting will ONLY be conducted electronically

Notice is hereby given that the Bluffdale City Council and the Bluffdale City Planning Commission will hold an electronic public meeting Wednesday, May 13, 2020, at **4:30 p.m.** Interested parties may visit www.bluffdale.com regarding streaming of this meeting:

BLUFFDALE CITY COUNCIL AND PLANNING COMMISSION JOINT BUSINESS MEETING 4:30 P.M.

1. Roll Call
2. WORK SESSION - Economic Development
3. Closed meeting pursuant to Utah Code § 52-4-205(1) to discuss the character, professional competence, or health of an individual, collective bargaining, pending or imminent litigation, strategies to discuss real property acquisition, including any form of a water right or water shares, security issues, or any alleged criminal misconduct (if needed).
4. Adjournment

Dated: May 08, 2020

I HEREBY CERTIFY THAT THE FOREGOING NOTICE AND AGENDA WAS FAXED TO THE SOUTH VALLEY JOURNAL, THE SALT LAKE TRIBUNE, AND THE DESERET MORNING NEWS; POSTED AT THE BLUFFDALE CITY HALL, EMAILED OR DELIVERED TO EACH MEMBER OF THE BLUFFDALE CITY COUNCIL; ON THE CITY'S WEBSITE AT WWW.BLUFFDALE.COM AND ON THE PUBLIC MEETING NOTICE WEBSITE, WWW.PMN.UTAH.GOV

**Wendy L. Deppe, CMC
City Recorder**

In compliance with the American with Disabilities Act, individuals needing assistance or other services or accommodation for this meeting should contact Bluffdale City Hall at least 24 hours in advance of this meeting at 801-254-2200. TTY 7-1-1.



Economic Development Work Session of the City Council

May 13, 2020, 4:30 PM

AGENDA

1. Welcome
2. Bluffdale Supermarket Analysis Report, Doug Munson, MTN Real Estate Advisors
3. 2020 Bluffdale Economic Development Strategic Plan, Council Member Kallas
4. Other Council Items
5. Future Meeting Date and Topics

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

Present: **City Council Members**
Mayor Derk Timothy
Wendy Aston
Traci Crockett
Jeff Gaston
Mark Hales (arrived at 4:38 p.m.)
Dave Kallas

Planning Commission Members
Debbie Cragun
Steve Walston
Ulises Flynn

Staff: Mark Reid, City Manager
 Todd Sheeran, City Attorney
 Bruce Kartchner, Finance Director
 Grant Crowell, City Planner/Economic Development Director
 Jennifer Robison, Senior City Planner
 Trevor Andra, Assistant City Engineer
 Natalie Hall, Emergency Preparedness Manager (arrived at 5:15 p.m.)
 Warren James, Fire Battalion Chief
 Stephanie Thayer, Chief Accountant/Human Resources Director
 Michael Fazio, City Engineer
 Wendy Deppe, City Recorder

Others: Doug Munson, MTN Retail Advisors
 Stan Coos, MTN Retail Advisors

BLUFFDALE CITY COUNCIL AND PLANNING COMMISSION JOINT BUSINESS MEETING

The meeting was conducted electronically. Mayor Timothy called the meeting to order at 4:32 p.m.

1. Roll Call.

All members of the City Council were present with the exception of Mark Hales, who arrived later. Mayor Timothy noted that Debbie Cragun and Steve Walston were also present from the Planning Commission. Ulises Flynn was also present and arrived later.

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

2. Bluffdale Supermarket Analysis Report, Doug Munson, MTN Real Estate Advisors.

City Planner/Economic Development Director, Grant Crowell highlighted the results of a supermarket location analysis prepared by MTN Retail Advisors.

Doug Munson from MTN Retail Advisors presented the results of the Supermarket Location Analysis and thanked the City Council for the opportunity. He introduced Stan Coos from MTN Retail Advisors who performed the analysis.

Mr. Munson provided information on the company and its process for attracting grocers. MTN Retail Advisors is based out of Salt Lake City and has been in business since 2004. The company provides services and analytics that parallel what the grocery industry does internally as they validate future opportunities and put a strong focus on accurately forecasting sales potential.

MTN Retail Advisors has strong relationships with grocers such as Associated Foods who manages Lee's Marketplace and other retailers, Harmon's, and Sprouts. Mr. Munson explained that Sprouts is a publicly-traded grocer based in Phoenix, Arizona with over 300 stores. He noted that the grocer is considering expanding to Utah.

During the pandemic, most grocers experienced an increase of 15% to 40% in revenue; however, they also experienced stress on income, increased supply chain costs, and increased labor costs. Mr. Munson noted that Smith's, the grocer that was interested in building a store in Bluffdale a few years ago, is putting most of their capital toward eCommerce. He added that Kroger will likely invest in more brick and mortar stores.

Mr. Munson outlined the services that MTN Retail Advisors provides as well as considerations the grocers use to analyze opportunities.

Services Provided

- Customer Analysis: Analyzing the demographic of customers.
- Market Analysis: Determining how to compete in the market (i.e., residents currently have to leave Bluffdale to shop for groceries).
- Competitive Analysis: Understanding competitors influencing the Bluffdale market.
- Site Location Analysis: Using the sales forecasting model that grocery stores use and testing various locations.
- Real Estate Strategic Planning: Working with the City to understand residential growth, future road network improvements, and shopping patterns.
- Company Relationships: Relationships with grocers, networking at conferences, and providing grocers with sales volume potential in various locations.
- Organizational vision, strategy, and tactics.

Demographics: Bluffdale vs. Salt Lake City

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

- Population data for daytime customers.
- 2019 Race and Ethnicity comparisons.
- 2019 Employment and Education comparisons.
- Household Growth over a 9- year time frame. Both Bluffdale and Salt Lake County are showing healthy growth. Bluffdale shows solid growth over the next five years.
- Median Household Income: Large discrepancy between Salt Lake City and Bluffdale.
- Education: Salt Lake City residents score slightly higher than Bluffdale residents. Mr. Munson pointed out that customers of Sprouts are typically college graduates.

Sample Analysis: Lee's Marketplace as a Simple Site

- Executive Summary: Includes overarching assumptions and transportation network changes. Mr. Munson noted that the area near the prison site is difficult to predict. He added that it was unnecessary to make assumptions but he will provide the grocery potential for the area.
- The sample Mr. Munson provided was based on a 35,000 square foot store located at Redwood Road and Bangerter Highway. Mr. Munson stated that the size of the store could increase or decrease depending on the grocer's preference but noted the location is the best site for a grocery store.
- The store was expected to average \$330,000 a week in the first year. The second and third-year sales numbers will increase based on population growth, inflation, and a two-year maturation period. The analysis provides the sales figures in an annualized dollar per square foot format.

Dave Kallas asked for an example of a store that is 35,000 square feet and what the average grocery store size is. Mr. Munson noted that the original Peterson's store in Riverton was close to 35,000 square feet. In contrast, Harmon's in Draper is 70,000 square feet and the Walmart in Herriman is approximately 40,000 square feet. He noted that Grocers are reducing store sizes due to e-commerce and stocking fewer products that can be ordered online.

- Site evaluation: Lays out street conditions, access, visibility, population density, ingress, and egress, etc.
- Competitive assumption: The example notes that WinCo plans to open an 82,500 square-foot store in Herriman and that is factored into the analysis that each of the grocers will receive.
- Grocery premise: "If you build a store, people want to eat more." This premise also includes pulling volume from other stores. Grocers consider that they will need to pull volume from existing grocery stores to succeed.
- The analysis includes information on competitors including location, city, distance, sales area, total square footage, and sales as of March 2020. Population growth and inflation are

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

included to advance the predictive model to February 2022 to show how the stores will be trending. It also shows how much volume Lee's Marketplace will pull and how it will impact competitors. WinCo was also factored in. In the example, Lee's grocery would draw \$29,000 per week away from WinCo reducing WinCo's sales to approximately \$930,000 which equates to a 3% impact.

- Store trends in Bluffdale: Walmart always does very well, Harmon's is number one with 75% of customers coming from the Bluffdale trade area and the grocery trade area. The model provides an index of 100 where stores performing over 100 are very dominant and strong and those below 100 are not performing as well as the competition.
- A market share map was provided showing the primary trade area around Bangerter Highway and Redwood Road. A store located at this site would pull volume into Riverton.
- Grocers view boundaries by block group. Lee's Marketplace will fall into Block Group #9, which is closer to Herriman and Riverton. The total grocery potential of the group is \$245,000 per week, and Lee's Marketplace would pull in 5% of that total. The analysis does account for any volume past the Walmart Neighborhood Market or Peterson's or anywhere on the east side due to the I-15 barrier.
- Mr. Munson provided a map of volume and competitors and noted that Lee's Marketplace would take \$39,000 per week or 4.8% of volume from Harmon's grocery store.

Mr. Reid asked if the location will draw motorists traveling up Redwood Road that are not residents of the area. Mr. Munson replied that 90% of volume comes from within the trade area boundary and 10% comes from outside of the boundary.

Mr. Reid asked how Sam's Club and Costco are factored in. Mr. Munson noted that neither is located in the immediate trade area. Volume will likely not be pulled from these types of stores due to the different shopping experience. If Costco was closer, it would have been included but grocers view them differently and do not expect to pull volume from them.

- Grocery landscape: Considers the format of stores including supercenters, discount stores, conventional stores (i.e. Smith's) and helps determine the type of store that would be compatible with the type of demographic in the area. Lee's Marketplace is a conventional store whereas Harmon's is a higher-end, quality service store. This information would be provided to show the conventional customer demographic in the area. In contrast, quality service and natural organic customer demographics would be provided to Sprouts.

Potential Stores:

- Macey's: Mr. Munson provided the sales volume for a 35 square-foot fresh market store. The store may ask to increase the size to 50,000 square feet but 35 square feet is a good prototype that produces \$321,000 per week. No sister stores impact this conventional store.
- Harmon's: This store is slightly more problematic. The forecast was run higher using a 64,000 square-foot store with larger sales. The volume is just under \$600,000 per week; however, it will take \$135,000 per week from sister stores. Mr. Munson stated that some

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

stores will aggressively take down a store to protect their market share but Harmon's could also request a forecast on a smaller store to reduce the impact on sister stores.

- Sprouts: A light forecast was run on this store at 25,000 square feet. Sprouts is a natural organic store and is not conventional. This type of store would not drive traditional sales but would be used as a secondary store for produce and organic products. Mr. Munson stated that Bluffdale needs a full-service conventional grocer. He recommended selecting a conventional grocer and considering Sprouts as a secondary store in three to four years.
- Lee's Marketplace will be the most viable store. There are no sister store impacts, and they have been very aggressive in their growth. The grocer recently opened a store in Salt Lake City and outsources a lot of their work to MTN Retail Advisors.

Mr. Munson disclosed that his company is currently analyzing a Harmon's store location in the Saratoga Springs area. He noted that Smith's is performing very well there and a Costco is coming in; however, he does not believe any deals are in place at this time. Mr. Munson believes the grocer would consider Bluffdale a distinctly different opportunity.

- Macey's would be the company's second choice since they are almost on par with Lee's Marketplace. Their fresh concept would be viable, and they are a conventional store with a nice produce differentiation.
- The company does not believe Harmon's would be a good choice due to the impact on sister stores.
- Sprouts should not be considered at this time but would be a good alternative store to consider in the future.

Mr. Munson stated that the next steps will involve meeting with Mr. Crowell to assess the findings and provide the reports to the prospective tenants. The reports will be provided to Jonathan Badger, the CEO of Lee's Marketplace, Steve Minor, Vice President of Real Estate for Associated Foods for Macey's, and Dean Peterson, the CEO of Harmon's grocery store. Mr. Munson can also contact the broker for Sprouts if the City Council would like to pursue that option.

Mayor Timothy stated that he would be concerned about selling the site to Sprouts since it would make a conventional store go further down the road. Mr. Munson agreed and recommended not including them at this time. Mayor Timothy asked if WinCo would be a viable option. Mr. Munson noted that they could run a report on it. He added that WinCo wants a lot of separation because they are a large store and the location would be too close to their other stores.

Mr. Reid asked if the City should offer any incentives to entice grocers to the area. Mr. Munson recommended allowing the volume to stand on its own merit and only provide incentives if issues arise during negotiations. Mr. Reid asked if any other grocers will be locating in Herriman or Baker other than WinCo. Mr. Munson stated that there are no other stores that he was aware of.

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

Mr. Reid asked if a location closer to the freeway would be good for Sprouts. Mr. Munson stated that Sprouts would prefer something more regional outside of the neighborhood and suggested a location with direct access off the I-15.

Mayor Timothy stated that the location off of I-15 near the prison site would be a good location for Costco. He understands they are unhappy with the congestion at their current location and have considered shutting it down. Mr. Munson was not surprised that they are disappointed but noted that it would have to be exceptionally bad for them to move. He added that Costco is unlikely to engage in any serious conversation at this time but suggested proposing the idea to the broker, Tim Simonson.

Mayor Timothy thanked Mr. Munson and Mr. Coos for their presentation.

3. 2020 Bluffdale Economic Development Strategic Plan, Council Member Kallas.

Dave Kallas recommended that the Economic Development Committee develop a strategic plan that identifies specific goals, strategies, and projects. An Economic Development Strategic Plan was adopted in 2014 and it is supposed to be updated every five years. The current plan is visionary and does not provide specific objectives or goals.

A strategic plan template was provided by Council Member Kallas. He pointed out how the template would be used and noted that it contains an outline for the vision and priorities of the committee. It includes objectives, strategies, goals, and due dates along with ratings to indicate whether goals were met, not met, or exceeded.

Council Member Kallas suggested that the committee work on the plan together or designate a subcommittee to work on a draft for review. Upon finalization, the Strategic Plan would be sent to the City Council for adoption.

Mayor Timothy recommended forming a subcommittee consisting of two City Council and two Planning Commission Members along with a few staff members. Dave Kallas agreed and noted that it would be good to have staff present since many of the items will impact the budget.

Traci Crockett and Debbie Cragun commented that the Strategic Plan is a great idea and helps the City move forward. Debbie Cragun and Steve Walston volunteered to serve on the subcommittee along with Dave Kallas and Traci Crockett. Mayor Timothy asked Council Member Kallas to take the lead. Dave Kallas stated that he will set up a time for the group to work with Mr. Crowell.

4. Other Council Items.

The above item was not discussed due to time constraints.

**BLUFFDALE CITY COUNCIL
BLUFFDALE CITY PLANNING COMMISSION
SPECIAL JOINT MEETING MINUTES
Wednesday, May 13, 2020**

5. Future Meeting Date and Topics.

The above item was not discussed due to time constraints.

6. Closed Meeting Pursuant to Utah Code Section 52-4-205(1) to Discuss the Character, Professional Competence, or Health of an Individual, Collective Bargaining, Pending or Imminent Litigation, Strategies to Discuss Real Property Acquisition, Including any Form of a Water Right or Water Shares, Security Issues, or any Alleged Criminal Misconduct.

There was no Closed Meeting.

7. Adjournment.

The Economic Development Meeting adjourned at 6:00 p.m.



Wendy L. Deppe, CMC
City Recorder

Approved: June 10, 2020