

**DRAFT PROJECT AREA PLAN FOR THE OLYMPUS
COMMUNITY DEVELOPMENT PROJECT AREA**

**PREPARED BY THE REDEVELOPMENT AGENCY OF
THE CITY OF HOLLADAY**

July 27, 2011

PROJECT AREA BOUNDARY DESCRIPTION

The boundaries of the Olympus Community Development Project Area (the “**Project Area**”) are described as follows:

A parcel of land located in Section 23, Township 2 South, Range 1 East, Salt Lake Base and Meridian, being more particularly described as follows:

Beginning at a point which lies 691.85 feet South 89°18'16" East from the Center of said Section 23 (basis of bearing being South 89°18'16" East 2669.51 feet between the Center of Section 23 and the East Quarter of Section 23, Township 2 South, Range 1 East, Salt Lake Base and Meridian), said point also being the Southwest corner of that certain boundary survey for MTC Partners LTD, (#S2004-05-0221); and running thence along said boundary the following twelve (12) courses: 1) North 00°28'34" East 440.02 feet to a point on a 1046.96 foot radius curve to the right, 2) thence 330.13 feet along the arc of said curve through a central angle of 18°04'01" (chord bears North 84°22'00" West 328.76 feet); 3) North 75°19'59" West 140.32 feet to a point on a 81.64 foot radius curve to the left; 4) thence 61.08 feet along the arc of said curve through a central angle of 42°51'53" (chord bears South 83°14'02" West 59.67 feet); 5) South 61°48'07" West 114.14 feet to a point on the East line of Big Cottonwood Canyon Road, said point being on a 348.55 foot radius curve to the left, 6) thence 66.10 feet along the arc of said curve through a central angle of 10°51'56" (chord bears North 28°11'45" West 66.00 feet); 7) North 61°48'07" East 114.14 feet to a point on a 147.64 foot radius curve to the right; 8) thence 110.45 feet along the arc of said curve through a central angle of 42°51'53" (chord bears North 83°14'02" East 107.89 feet); 9) South 75°19'59" East 123.87 feet; 10) North 00°14'41" East 218.36 feet; 11) South 89°10'26" East 570.98 feet; 12) North 00°27'45" East 570.35 feet to the Southeast corner of that certain A.L.T.A. survey (#S96-03-0208); thence along the south line of said A.L.T.A. survey North 89°21'30" West 1089.94 feet to a point on the West right of way line of 3000 East Street, said point also being a point on the East property line of that certain A.L.T.A. survey (#S99-02-0159); thence along said A.L.T.A. survey the following three (3) courses: 1) North 12°42'09" East 111.67 feet; 2) North 22°54'36" West 342.80 feet; 3) North 53°49'41" West 155.15 feet to a point on the South right-of-way line of 6200 South Street (SR-210, Project No. F-068); thence North 53°49'41" West 968.78 feet; thence North 77°27'03" West 175.08 feet to a point on the West right-of-way line of I-215 and the Northeast corner of that certain tract of land (Salt Lake County Tax No. 22-23-107-005); thence along said right-of-way line the following three (3) courses: 1) South 01°56'19" West 334.12 feet; 2) South 32°04'15" West 549.73 feet; 3) South 52°18'41" West 63.99 feet to a point on the Easterly right-of-way line of Holladay Boulevard; thence South 07°10'44" West 80.25 feet to a point on the Southeast corner of that certain tract of land (Salt Lake County Tax No. 22-23-106-008); thence along said tract of land the following five (5) courses: 1) South 58°37'04" West 162.76 feet; 2) South 75°17'49" West 26.04 feet; 3) South 61°45'30" West 142.45 feet; 4) South 82°46'51" West 28.35 feet; 4) North 00°16'40" East 418.79 feet to the Southwest corner of that certain tract of land (Salt Lake County Tax No. 22-23-106-012); thence along said tract of land the following two (2) courses: 1) North 00°16'40" East 116.27 feet; 2) South 89°43'20" East 70.30 feet to the centerline of Big Cottonwood Creek; thence along said centerline of Creek the following nine (9) courses: 1) North 15°57'40" West 43.21 feet;

2) North 02°25'10" West 138.92 feet; 3) North 08°51'12" West 37.00 feet; 4) North 32°08'26" West 39.89 feet; 5) North 41°33'00" West 35.36 feet; 6) North 20°52'36" West 22.99 feet; 7) North 10°26'40" West 64.20 feet; 8) North 05°12'48" West 96.84 feet; 9) North 14°50'20" West 85.25 feet; 10) North 08°54'37" West 89.45 feet; 11) North 45°14'59" West 60.75 feet; 12) North 38°45'51" West 63.22 feet; thence leaving said centerline of canal North 07°09'18" West 27.60 feet to a point on the North line of said Section 23; thence along said Section Line South 89°44'06" East 428.73 feet to a point on the South property line of that certain tract of land (Salt Lake County Tax No. 22-23-103-004); thence along said tract of land the following two (2) courses: 1) South 44°44'46" East 70.90 feet to a point on a 395.10 foot radius curve to the right; 2) thence 43.64 feet along the arc of said curve through a central angle of 06°19'43" (chord bears North 80°16'56" East 43.62 feet) to the Southwest corner of that certain tract of land (Salt Lake County Tax No. 22-14-353-012); said corner also being a point on a 395.10 foot radius curve to the right; thence 60.18 feet along the arc of said curve through a central angle of 08°43'36" (chord bears North 87°48'35" East 60.12 feet); thence South 87°49'36" East 87.17 feet to the Southwest corner of that certain tract of land (Salt Lake County Tax No. 22-23-103-002); thence along said tract of land the following two (2) courses: 1) South 87°49'36" East 77.21 feet to a point on a 270.00 foot radius curve to the right; 2) thence 63.05 feet along the arc of said curve through a central angle of 13°22'47" (chord bears South 81°08'13" East 62.91 feet); thence South 74°26'49" East 298.95 feet; thence South 53°49'41" East 1049.04 feet more or less to a point on the Northerly right-of-way line of 6200 South Street (SR-210, Project No. F-068), said point also being a point on a 846.73 foot radius curve to the left; thence following said right-of-way line 302.93 feet along the arc of said curve through a central angle of 20°29'55" (chord bears South 64°04'38" East 301.32 feet); thence South 74°19'35" East 881.94 feet to a point on a 945.00 foot radius curve to the right; thence 711.96 feet along the arc of said curve through a central angle of 43°09'59" (chord bears South 52°44'36" East 695.24 feet) to the most Westerly corner of that certain tract of land (Salt Lake County Tax No. 22-23-276-003) to a point on a 945.00 foot radius curve to the right; thence 578.64 feet along the arc of said curve through a central angle of 35°04'59" (chord bears South 13°37'06" East 569.64 feet); thence South 03°55'23" West 570.71 feet to a point on the South line of the Northeast quarter of said Section 23; thence along said South line North 89°18'17" West 140.22 feet to the West right-of-way line of 6200 South Street (SR-210, Project No. F-068), said point also being a point on the East property line of MTC Partners LTD (#S2004-05-0221); thence along said property line and said South line of the Northeast quarter of Section 23 North 89°18'17" West 720.84 feet to the point of beginning.

Contains 2,386,605 square feet, or 54.789 Acres more or less.

Note: All Salt Lake County tax numbers and survey plat numbers are on record with Salt Lake County.

A map showing the boundaries of the Project Area is attached as Exhibit 1.

The Project Area includes an approximate 4.17 acre parcel of property, parcel number 2223202002, located immediately off the I-215 and 6200 South interchange, which is the subject of proposed immediate development. Said approximate 4.17 acre parcel is referred to as the “**Canyon Slope Square parcel**”.

GENERAL INFORMATION ON THE PROJECT AREA

Land Uses

The proposed community development project area consists of approximately 54.789 acres of land located immediately off the I-215 and 6200 South interchange in Holladay, and features a vacant 4.17 acre parcel of vacant land (the Canyon Slope Square parcel) with the potential for immediate development. The rest of the Project Area contains approximately 2 million square feet of office space, vacant land for a potential park, as well as other property. The proposed Canyon Slope Square development includes a 122 room high quality limited service hotel development, with a full service national chain restaurant, drive-thru national chain restaurant and ski shop. The project is sometimes referred to as the Canyon Slope Square project. The site has been zoned ORD (Office, Research and Development), but due to the high costs of site and flood control improvements, the Canyon Slope Square project would not reasonably be expected to occur in the foreseeable future without an offsetting public incentive.

Layout of Principal Streets

The principle streets of the project area include the following:

- 6200 S
- 3000 E
- Lion Lane
- Holladay Blvd.
- South Millrock Drive

It is not expected that the layout of existing principal streets in the Project Area will be affected by the proposed development, except as follows;

- Egress and ingress to the Canyon Slope Square parcel will be added on 6200 South and 3000 East.

Population Densities

Existing population density, typically expressed in number of residents per acre, is zero persons per acre in this Project Area. There are currently no residences in the Area. Development activity in this Project Area will not include new residential development.

The daytime business population of the Project Area is substantial due to the occupancy and use of the approximate 2 million square feet of office space in the Project Area. With the development of the Canyon Slope Square project, daytime population of the Project Area is expected to increase as the use of that vacant parcel changes from vacant ground to a fully developed area with a 122 room high quality limited service hotel development,

along with a full service national chain restaurant, drive-thru national chain restaurant and ski shop.

Building Intensities

The Project Area currently contains approximately 4 class A office buildings, two restaurants, a single family residence and some vacant land for a potential park area. Given the proposed development, it is expected that building intensities will increase in the Project Area, with the construction of the 122 room high quality limited service hotel development, with a full service national chain restaurant, drive-thru national chain restaurant and ski shop.

STANDARDS TO GUIDE THE COMMUNITY DEVELOPMENT

The following standards will guide this community development project:

Development Objectives

The following objectives will be pursued in order to create a more viable Project Area:

1. Promote and assist the development of the Project Area with a 122 room high quality limited service hotel development, with a full service national chain restaurant, drive-thru national chain restaurant and ski shop, and to enhance the economic health of the community by increasing the local hotel, restaurant and retail developments.
2. Provide utilities, streets, curbs, sidewalks, parking areas, landscaping to give the area an improved look and to attract and encourage expanded business activity.

Design Objectives

Subject to the development objectives and other provisions of this Plan, owners and developers will be allowed flexibility in the development of land located within the Project Area and will be expected to utilize high quality design and development standards. Each development proposal will be considered subject to: (1) appropriate elements of the City's General Plan; (2) the land use code of the City; (3) other applicable building codes and ordinances of the City; (4) a review and approval by the Agency to ensure that the development is consistent with this Plan.

Each development proposal by an owner or developer will be accompanied by a site plan, landscape plan, building elevations, outdoor lighting, and off-street parking to be provided.

The primary uses of the Project Area will range from the existing office space use and park use to the new proposed hotel, restaurant and ski shop uses.

Most parking for new development will be surface parking. Special attention should be given to improving appearance of parking facilities through landscaping, thoughtful selection of building materials, and design solutions.

Where practical, the parking areas and adjacent new buildings should be designed to provide for direct pedestrian access to buildings.

All new development in the Project Area should be sustainable in the sense that it makes efficient use of resources – whether these resources be scarce land, water, energy, infrastructure investment, building materials, or other resources – so that the useful life of the development and the resources assembled to undertake and operate it may continue long into the future.

The particular elements of the design should be such that the overall development of the Project Area will:

1. Provide an attractive commercial environment.
2. Blend harmoniously with the adjoining areas.
3. Provide attractive landscaping to complement the new buildings.
4. Provide appropriately designed parking areas, with appropriate landscape as may be applicable.
5. Comply with the provisions of this Plan.

Techniques to Achieve Project Area Plan Objectives

Possible activities contemplated in carrying out the Plan in the Project Area include the acquisition and clearance of properties, and the construction and installation of improvements in the Project Area.

1. **Acquisition and Clearance:** Parcels of real property located in the Project Area may be acquired by purchase at fair market value.
2. **Construction:** New construction may be initiated in order to encourage additional private sector building and investment.
3. **Implementation of Projects:** The City Planning Commission shall approve the design of all phases of development within the Project Area to ensure that such development within the Project Area is as required by City Code. City staff shall notify the Agency of all requests for (1) zoning changes; (2) design approval; (3) site plan approval; and (4) building permits within the Project

Area. Proposed projects within the Project Area shall be submitted to the Agency for review and approval as being consistent with this Plan.

STATUTORY PURPOSES OF TITLE 17C – LIMITED PURPOSE LOCAL GOVERNMENT ENTITIES – COMMUNITY DEVELOPMENT AND RENEWAL AGENCIES

Title 17C of the Utah Code contains no explicit statement of purpose of community development, although it contains the following definition of "community development":

"Community development" means development activities within a community, including the encouragement, promotion, or provision of development. [17C-1-102 (17)]

By enabling localities to establish community development and renewal agencies and project areas, Title 17C grants localities one of their chief tools for fostering quality community development. The proposed Community Development Project Area and this Plan would further the attainment of the purposes of Title 17C by addressing four main objectives:

- To enhance employment & income opportunities for community residents
- To improve access to goods and services for residents
- To increase and diversify the tax base, thus increasing the resources available for performing governmental services while minimizing tax rates
- To provide needed hotel and restaurant opportunities, and to cultivate the market for services.

1. Enhanced Employment

The proposed Canyon Slope Square project is expected to create direct employment of 180 new jobs, of which 36 are estimated to be professional positions and 144 are expected to be service jobs. It is estimated that the equivalent total of 474 construction workers will be on site during the four month construction period. The estimated payroll during the construction period is expected to be approximately \$6,400,000.

2. Needed Hotel, Restaurants and Services; Current Status

There is a need for the hotel, restaurants and services that are expected to be provided by the Canyon Slope Square project.

Hotel. The Project Area is located at the North gateway to four ski resorts, Brighton, Solitude, Alta and Snowbird. There is over 2,000,000 sq. feet of office space adjacent to the Canyon Slope Square parcel with more office space currently under construction and being proposed. And there is an additional 2,000,000 sq. feet of office space located at the next exit off the freeway to the west, approximately one to two miles away. There is only one hotel, a Residence Inn, near the Project Area and it is one of the highest

occupied hotels in the State. The existing Residence Inn hotel is approximately 13 years old, with one very small oddly shaped meeting room.

Restaurants. There are currently no drive-thru restaurant pads at or near the Project Area. There is a large demand for additional dining establishments in the area. The full service restaurant pad purchase contract relating to the Canyon Slope Square project is being negotiated by the developer and agreement has been reached on the business terms of the sale. The only proposed pad of the Canyon Slope Square project not currently under contract is the drive thru restaurant pad, however, there are two or three groups preparing to make offers on the pad.

Ski Shop. A 40+ year old business with locations at a prominent local ski resort is expected to purchase the Canyon Slope Square project's proposed retail pad for the new ski shop. Reportedly, the financing for the purchase is already approved.

3. Improved Tax Base

Cities, school districts, counties, and other units of government are expected to provide services to their residents and visitors, but they are constrained in what they can do by the availability of revenues. Tax revenues, the product of a tax rate and the base on which a tax is levied, are key sources of local government revenue. Tax revenues grow by either increasing the tax base or increasing the tax rate. Taxpayers uniformly prefer to see the base increase.

The specific development project currently proposed for the Project Area increases the property tax base of the Canyon Slope Square parcel in the Project Area many times over. For the small area of the City in question, this is a tremendous enhancement of the status quo tax base.

CONSISTENCY AND CONFORMITY TO THE CITY'S GENERAL PLAN

The Project Area Plan is consistent with and conforms to the City of Holladay General Plan. The following are some relevant sections of the City of Holladay General Plan:

“OTHER COMMERCIAL

The community commercial areas northward along Highland Drive, along 3900 South, in the area of Big Cottonwood Road (6200 South) and Highland Drive, and south of 6200 South on 3000 East are important components of Holladay's tax base. The relationship of these areas to the Holladay Village and the existing Cottonwood Mall is critical for the city's overall commercial success. These commercial areas are the front doors to the community; they give visitors their first impression of Holladay. Businesses in these areas should not be “highway-oriented,” where they are only accessed and utilized by I-215 users. They should be the location of gateway entries into the city and utilized as viable commercial amenities within the city by the residents and not just passers-by. Parking lots should be in the rear or buffered with appropriate landscaping. Parking, wherever possible, should be shared to maximize efficiency. Buildings should be broken in their relief to maintain interest in building facades.

OBJECTIVE: Provide for additional appropriate commercial Land Use areas to be developed.

Other Commercial Policies

1.1 Higher density commercial development shall be encouraged within the Holladay Village proposed downtown center, and at the Cottonwood Mall, 6200 South and I-215 interchange area (Knudsen Corner), and at the corner of 6200 South and Highland Drive area.

1.2 Improve entrances into the city at these key locations (gateways, entrance signage, and landscaping).

1.3 Promote a pedestrian friendly atmosphere by providing alternative access locations from pathway system. Allow for internal pedestrian circulation with minimum vehicular conflict.

1.4 Provide opportunities for outdoor plazas and gathering places throughout commercial areas.”

SPECIFIC PROJECT THAT IS THE OBJECT OF THE PROPOSED COMMUNITY DEVELOPMENT

The developer, Sequoia Development, Inc. of Sandy, Utah, proposes to develop Canyon Slope Square in the Project Area, consisting of a 122 room high quality limited service hotel development, along with a full service national chain restaurant, a national chain drive through restaurant, and a ski shop. The construction start is expected to occur in 2011 with expected opening by December of 2012. Some of the relevant information regarding the proposed development follows.

Hotel: The hotel is expected to be flagged by Hyatt, Marriott or Hilton. The land is valued at \$5,650,000 and the proposed building and improvement costs are projected to be approximately \$16,000,000. Hotel rental income is estimated at an average room rent of \$122.72 per night, with average projected occupancy of 64% to 75%

Full Service Restaurant: The size of the restaurant is planned at approximately 7,300 square feet, with sales estimated at \$450 per square foot.

Drive-through Restaurant: The size of the drive through restaurant is approximately 4,000 square feet, with sales estimated at \$500 per square foot.

Ski Shop: The size of the ski shop is planned at approximately 5,250 square feet, with sales estimated at approximately \$350 per square foot.

Total costs of the Canyon Slope Square project are estimated at \$16 Million. It is estimated that the project will result in the creation of approximately 180 new jobs.

The amount of the contemplated developer incentive for the project is approximately \$1,240,000, for site development, engineering and development fees, and administrative costs and general extraordinary conditions costs. Due to the high costs of site and flood

control improvements, the Canyon Slope Square project would not reasonably be expected to occur in the foreseeable future without an offsetting public incentive.

PRIVATE DEVELOPERS CURRENTLY INVOLVED IN THE COMMUNITY DEVELOPMENT PROCESS; SELECTION OF OTHER PRIVATE DEVELOPERS

The Canyon Slope Square project described in the preceding section has been proposed by Sequoia Development, Inc. of Sandy, Utah. This proposed developer has gained development control of the relevant 4.17 acre parcel of property in the Project Area.

The Redevelopment Agency owns or controls some property in the Project Area but does not at this time expect to engage in any independent selection process to recruit other private developers for this Project Area.

REASONS FOR SELECTION OF THE PROJECT AREA

This community development is being initiated at this time in response to a development proposal from a developer that has gained control of a 4.17 acre parcel of property in the Project Area and has proposed a desirable development. Also, it is in the best interests of taxing entities and the citizens of the City of Holladay to foster community development activity in the Project Area. It is generally recognized that the proposed Canyon Slope Square portion of the Project Area is failing to achieve its potential and that the current development proposal will further the objectives and the purposes of Title 17C as described previously in this Plan. A chief underlying reason for establishing this Project Area is to utilize sales tax increment financing to overcome impediments to development.

EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS

Physical Conditions

The Project Area consists basically of approximately 55 acres of land in the City of Holladay located in the southeast portion of the City, between I-215 freeway and 6200 South, near Wasatch Blvd., nestled at the base of the Wasatch Mountains, that has been developed with several class A office buildings, a park, and also contains some vacant land.

Social Conditions

There are no unusual social conditions present in the Project Area. The social conditions are those that would normally be expected for an area developed with class A office buildings. It is expected that the development of the proposed Project will result in some social transition as the expected hotel, restaurant and ski shop uses are added to the Project Area through the development of the Canyon Slope Square project.

Economic Conditions

Economic conditions in the Project Area can perhaps best be characterized as excellent as regarding the portion developed with class A office buildings, and under-achieving regarding the remaining vacant land. It is expected that the development of the proposed Project will change the vacant land portion of the Project Area into a vibrant economic area that contributes to the commerce and tax base of the community.

PROPOSED TAX INCENTIVES

A significant impediment to building on the Canyon Slope Square property of the Project Area is the high cost of necessary site and flood control improvements. To be able to compete in the hotel marketplace, sales tax increment assistance is necessary to fund a portion of these extraordinary costs. Due to the high cost of necessary site and flood control improvements, the development in the Canyon Slope Square portion of the Project Area would not reasonably be expected to occur in the foreseeable future without the proposed incentive.

The proposed incentive for the project is \$1,240,000, which, if approved, will be generated using a portion of sales tax increment produced by the Canyon Slope Square project for a period of approximately 20 years. The incentive is structured to return approximately 50 percent of the new local point of sale sales tax increment to the project developer, while the remaining 50 percent will be returned to the participating taxing entity. After the incentive amount is paid, the full sales tax increment amount will flow to the respective taxing entities, yielding a substantial increase in both annual sales tax increment, as well as the property tax increment above current property tax collections.

The Agency will form the Project Area as described in this Project Area Plan. Then the Agency will negotiate with the applicable taxing entity(ies) to allow sales tax increment generated by the Canyon Slope Square project to be used for implementing the Project Area Plan.

BENEFIT ANALYSIS AND ANTICIPATED PUBLIC BENEFIT

The required analysis, including a description of the beneficial influences upon the tax base of the community and the associated business and economic activity likely to be stimulated, is attached hereto as Exhibit 2, and is considered a part of this Plan.

EXHIBIT 1
MAP OF OLYMPUS COMMUNITY DEVELOPMENT PROJECT AREA

EXHIBIT 2
BENEFIT ANALYSIS