

Minutes of the Roy City Redevelopment Agency Board Meeting held in the City Council Chambers of the Roy City Municipal Building on January 21, 2020 at 5:30 p.m.

Notice of the meeting was provided to the Utah Public Notice Website at least 24 hours in advance. A copy of the agenda was posted.

The following members were in attendance:

Chairman Robert Dandoy
Board member Burrell
Board member Paul
Board member Saxton
Board member Jackson
Board member Wilson

City Attorney, Andy Blackburn

Also present were: Management Services Director, Camille Cook; City Recorder, Morgan Langholf; Randy Sant

A. Welcome & Roll Call

Chairman Dandoy welcomed those in attendance and noted Boardmembers Burrell, Paul, Saxton, Wilson, and Jackson were present.

B. Consent Items

(These items are considered by the City Council to be routine and will be enacted by a single motion. If discussion is desired on any particular consent item, that item may be removed from the consent agenda and considered separately.)

1. Approval of the December 3, 2019 Board Meeting Minutes

Boardmember Paul motioned to approve the December 3, 2019 Redevelopment Agency Minutes, as amended. Boardmember Jackson seconded the motion. All Boardmembers voted “Aye.” The motion carried.

C. Discussion Items

1. Hotel Feasibility Study

Randy Sant presented the findings of the Hotel Feasibility study to the Board. He explained that last fall a decision was made by the Board to seek out a consultant to conduct a study determining whether or not a hotel could be built within Roy City boundaries. In response to this request, the HVS Consulting Group—the most qualified group for this specific task—was retained to conduct a study. Mr. Sant noted that a copy of the 115-page report was emailed to each Boardmember prior to this meeting. He presented the following highlights from that report, as follows:

- HVS Consulting Group concluded that there was a market for a hotel in Roy.
- The type of hotel that would be sustainable—number of rooms, amenities available, etc.—was detailed in the report.

- The study included information about the current market and the supply/demand within the market. It also included anticipated income projections.
- Potential locations for a hotel were identified in the report, which were primarily on 5600 South and 1900 West.
- The type of hotel identified for Roy was a select service hotel for an upper-midscale establishment. It was recommended that the hotel operate under a brand name currently not on the market.
- A hotel could open as early as January 2022. In other words, if a potential developer came forward right now there would be no need to wait.
- The hotel should include a counter service food/beverage offering, casual restaurant that seats at least 50 people, at least one meeting room, one board room, business center or work stations, market pantry/coffee station, pool, and fitness area.
- The building should be at least three to four stories in height.
- The hotel could either be part of a mixed-use development or stand on its own.
- Government demand in the area would generate a lot of revenue for the hotel.
- The stabilization occupancy level was projected to begin at around 65 percent and would gradually increase to 70 percent after the first three years. Mr. Sant noted that many hotels were not 100 percent occupied. For example, the Courtyard or Hilton hotels in the Clearfield and Layton areas reached about an 80 percent occupancy rate during peak summer months. The hotel did not need to have a 100 percent occupancy rate in order to make money.
- The average rate per night was around \$105.

Boardmember Paul was supportive of the findings, noting that a hotel in Roy would make it a destination City rather than a pass-through one. A hotel would complement the other activities taking place within and/or near the community. This would also make way for other future economic growth as well.

Boardmember Burrell noted that there was already interest from developers for this type of project, which hopefully meant that the City wouldn't need to "sell the farm" in terms of offering an incentive to potential developers. Mr. Sant concurred.

Boardmember Jackson inquired on language within the report discussing potential fees deducted at rates associated with market standards. Specifically, she wanted to know where the fee money would go if collected. Mr. Sant clarified that this was the management fee that would be deducted from the overall revenue that was generated from the hotel. In the study, it was anticipated that the management fee would be three percent. He further explained how this fee, as well as the franchise fee, was calculated. Boardmember Jackson then asked about the weighted annual room count, to which Mr. Sant explained this referred to the number of rooms actually being rented over the course of the year. Occupancy versus yield penetration was then briefly reviewed.

Boardmember Saxton inquired as to at what point he would need to recuse himself from this conversation, knowing one of the parties interested in developing this project. Boardmember Saxton noted that the interested party was his son. He asked if he could approve the Hotel Feasibility Study and then recuse himself, to which Attorney Andy Blackburn answered affirmatively. Attorney Blackburn then clarified that Boardmember Saxton could not participate in any discussion or vote that could potentially benefit his son financially. Mr. Sant concurred with Attorney Blackburn's remarks on the matter.

Chairman Dandoy said that approving the study would not lock anything in place; it was simply accepting the findings presented by the consultant. He also remarked that this would provide the City with good tax opportunities.

Boardmember Wilson asked a clarifying question about what the report stated regarding how a hotel in Roy would fit within the market of other area hotels.

Boardmember Paul motioned to release the findings of the Hotel Feasibility Study to the public. Boardmember Wilson seconded the motion. Boardmembers Paul, Wilson, Jackson, and Burrell voted "Aye." Boardmember Saxton abstained due to a conflict of interest. The motion carried.

Boardmember Saxton announced that on February 1st a new business called Numskull would be opening at the Harmon's market plaza. The business was based on Salt Lake and this would be its second store.

Boardmember Wilson motioned to adjourn. Boardmember Saxton seconded the motion. All Boardmembers voted "Aye." The Board adjourned at 6:32 p.m.