Sandy
HEART OF THE WASATCH

To: Mayor, CAO and City Council

From: Shane Pace, Assistant CAO

Date: December 12, 2017

Subject: Purchase of Richardson Property

The City has been in negotiations with the Richardson Family for the purchase of 10 acres at the mouth of Little Cottonwood Canyon. This Property ("Property") has a number of qualities important to the community. Negotiations have gone on for a number of months mostly dealing with the purchase price. The family originally wanted $4,000,000 for the Property and the City offered $2,000,000 pending an appraisal. The appraisal came in lower at $1,145,000 based on the topography, a lack of entrances into the Property and a deed restriction preventing development of a part of the Property. The Richardson family lowered the amount they wanted to $3,000,000. In the meantime, the Evans family, who initially created the deed restriction, indicated their intent to eliminate the restriction. In addition, after further review, the Utah Department of Transportation indicated they would allow access from South Little Cottonwood Road into the Property. This eliminated two of the barriers to development so a new appraisal was ordered and a new value assessed at $1,535,000. This value is based on its current zoning in Salt Lake County of R1-15.

While the City continued to express interest in the Property, the Richardson and Evans families met with the appraiser to understand the appraisal. This resulted in a new counter offer from the Richardson family of $2,300,000. This is $765,000 higher than the most recent appraisal. However, we believe the value of the Property to the City is higher than the appraised value for a number of qualitative and quantitative reasons. These reasons justify the purchase of this Property for above appraised value. The City is not purchasing the Property for development of an R1-15 subdivision. Below are four main reasons the Richardson Property should be purchased above appraisal value.

WATER INFRASTRUCTURE AND RESOURCE PRESERVATION

This Property sits at the mouth of Little Cottonwood Canyon. The Wasatch Fault goes through this area and creates fissures where water from Little Cottonwood Creek enters the groundwater aquifer. This recharge is critical to the City's groundwater resources, which is one of the best in the State of Utah. For this reason, the Richardson Parcel is important Property to keep pristine to prevent contamination of the groundwater aquifer. The City already lost three wells to contamination of tetrachloroethylene, a bi-

product of dry cleaners. Dry cleaners who were located along 700 East in Sandy during the 1950's have contaminated the ground around their facilities that gradually reached the City's aquifer below 700 East. Another recent example of contamination of the groundwater aquifer is Old Mill Golf Course. Old Mill sits against the mountains, just like the Richardson Property, close to the mouth of Big Cottonwood Canyon. One year after the Golf Course was built, traces of nitrogen used to fertilize the course started to show up in samples from Salt Lake City wells in the area. Methods for removing nitrogen, tetrachloroethylene, pesticides and other trace contaminants from drinking water are very expensive and often require storage and use of other hazardous chemicals at the well site to treat the contaminants. Treatment at a single well site would require over $10M capital and up to $1M per year in added power and treatment chemical costs. This is aside from the public perception of drinking water that was once contaminated, as well as the safety and staff concerns of operating a treatment plant with chemicals at each well site in the Sandy community. Watershed protection to prevent contamination of our water supply is important to our City and our residents from a "triple bottom line" financial, environmental and social perspective; it results in significant treatment cost savings, protects public health/environment, and provides social benefits as well.

Reserving this Property for the possible construction of water storage facilities is critical. Sandy City uses gravity to move water throughout the community. There are currently four tanks above Wasatch Boulevard. Two of those tanks are new but two are older and will eventually need to be replaced. When they are replaced, additional storage will be required. Property on the east bench is very expensive and it is hard to find a suitable location to build facilities. The last tank that was replaced on site required the City to purchase the house next to the tank in order to rebuild the tank. The house was sold after the project was completed but at a loss of $300,000. When another tank was replaced, the Richardson Property was an ideal location but the Property owner was not willing to sell at the time. The City purchased a much smaller parcel farther east for $2,000,000 to locate the new tank. Purchasing this Property now and reserving space for additional water storage facilities would save the city substantial costs in the future.

Sandy City currently owns over 220 acres in the Bell Canyon watershed area around Bell Canyon reservoir. The City purchased this Property for two reasons: to protect the watershed and to provide hiking areas for the public. Both have been tremendously successful. The surface water quality that comes from Bell Canyon is as high as or higher than Little Cottonwood Creek and is treated at the same treatment plant. In addition, Bell Canyon reservoir is rated as one the best hiking spots in the valley by most hiking web sites because of proximity and length. However, we have been so successful that keeping the water quality high will become more important. The Richardson Property abuts the Property owned by Sandy City. A new trailhead could be built on the Property with restroom facilities that would minimize contamination in the Bell Canyon watershed. There is currently only one restroom at the Granite Trailhead. Yet on some days, we have thousands of hikers in the Bell Canyon watershed.

WILDFIRE PREVENTION

The east bench of Sandy has the potential for wildfires. Many steps have been taken to prevent fires and enhance our ability to fight fires on the east bench. However, fires in the Bell Canyon area have already

occurred, along with fires in the Corner Canyon area above Draper. These fires do additional damage to subdivisions below them. In the case of Draper, many homes were damaged by a mudslide after a large east bench fire the prior year. Purchasing the Richardson Property would accomplish two things in the prevention and management of wildfires. First, more homes on the Richardson Property would increase the chance of structural fires during a wildfire event. As many as 15 homes could be built on the Property if purchased for development. Second, the parking lot built for a trailhead on the Property could serve as a key staging area during a wildfire that would enable the Fire Department to locate equipment and personnel higher up the mountainside in a safe location. Wildfires burn fast and move rapidly. An additional staging area similar to Hidden Valley Park could prevent fires from reaching structures. Fires could be contained sooner preventing additional damage to the subdivisions below. They are also becoming more expensive to fight. In 2016, the federal government spent on average about $3,585 per acre to fight wildfires. This does not include any costs to rehabilitate of the Property after the fire.

NEIGHBORHOOD PRESERVATION

One of the difficulties of Bell Canyon being a popular hiking destination is the traffic congestion it has created along Wasatch Boulevard and in the surrounding neighborhoods. For some of the residents who live nearby, it has created a lower quality of life. Purchasing the Richardson Property and providing an additional trailhead with restroom facilities could relieve a lot of the congestion on Wasatch Boulevard and in the neighborhoods. This purchase could provide additional trail access from on top of the Property and divide the parking currently occurring at the Granite Trailhead. This trailhead could also serve the Bonneville Shoreline Trail that will eventually go through the area. This will prevent more disruption in the neighborhoods and keep their quality of life.

Another large concern in the area is that development interests could purchase the Property and have a higher density development built on the Property. Multiple proposals have come to the City's Development Committee for projects with a proposed higher density on this Property but have been discouraged because of the community's opposition to it. Any development that occurs on the Property will need to be in Sandy City in order to have water connections. A higher density proposal would create discord in the community and difficult decisions for our Planning Commission and City Council.

OPEN SPACE AND TRAIL PRESERVATION

The Richardson Property is one of the last large parcels on the east bench to reserve for open space. It is also in a strategic location to fulfill the needs of residents who are not interested in traditional city parks or organized sports teams but more interested in passive parks with walking, hiking and education. The view from this Property would be incredible for residents to enjoy in a passive park. Some of the residents who could benefit the most would be those with disabilities. It is hard for them to get high enough in the Salt Lake Valley to see such views providing a like experience. Using this Property for a trailhead will alleviate overuse of the Granite Trailhead and provide a more accessible route to Bell Canyon reservoir. The Property is also in a perfect location for educational displays on geology, faults, watershed and history. The original owners of the Property, the Evans family, donated much of the Property to the Richardson's in order to build a Science Museum for children on the site. As stated before the Evans family will remove

the deed restriction on the Property. However, the Property is ideal for the City to promote education about the environment through educational displays so school classes or families can go learn about our environment.

SUMMARY

The above four reasons and their underlining issues are compelling reasons to purchase the Richardson Property. As history along the hillsides in Salt Lake County has shown, the potential to prevent ground water and surface water contamination, minimize wildfires, and the associated damage to neighborhoods, could save millions of dollars. Reserving Property for water storage in the future could save similar amounts. As illustrated by past events and transactions explained above, the potential costs dealing with contamination, wildfires, private Property damage, and water storage alone justify paying $765,000 above appraised value.

In addition, this Property has significant intangible and intrinsic value in promoting and assuring the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the City (i) as one of the best passive parks for the community, (ii) as a location for water storage facilities than the value the Property would have as a residential development, (iii) as an additional trailhead that will improve congestion issues in the neighborhoods below the Bell Canyon watershed, and (iv) as a site for unique educational opportunities for children and adults due to the unique location and geologic attributes of the Property. The intangible and intrinsic value of the Property is necessary and appropriate to accomplish the forgoing reasonable goals and objectives of the City. Such value far exceeds the financial benefits that could come to the City from a residential development on the Property. For these reasons, the recommendation is to purchase the Property for $2,300,000.