

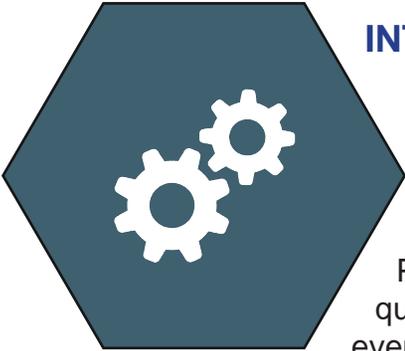


CHAPTER 5

ECONOMIC DEVELOPMENT



INTRODUCTION



The economic wellbeing of the community and fiscal health of the City are essential considerations for the General Plan. If either is suffering, the quality of life of City residents will eventually be negatively impacted.

While there are many areas of emphasis that cities may choose to focus on for economic development, those most important to Brigham City are: Downtown revitalization, job creation and City revenue generation.

DOWNTOWN REVITALIZATION

Brigham City's Downtown has long been the heart of the community and it continues to generate significant revenue for the City. The economic value of Downtown to the City is evident in its taxable value. The average taxable value/acre of the six Downtown blocks is \$686,000, which is well

above the City average of \$113,400 (excluding vacant and agricultural property). By analyzing only non-exempt, developed property, the taxable value/acre Downtown is over \$1,000,000 per acre while the City average for residential and commercial property is just over \$240,000. The Downtown area is also more valuable than other areas along Main Street. The north portion of Main Street between 100 North and 900 North includes over twice the amount of land than Downtown and yet it has a lower taxable value. The issue is that the Downtown is the most economically valuable part of the City and requires additional planning to ensure its place in the local and regional economy.

Another significant reason why the economic wellbeing of Downtown is important to the City as a whole is the Downtown's ability to create an experience that can't be duplicated online or in typical suburban commercial centers. As the graph right indicates, e-commerce in the United

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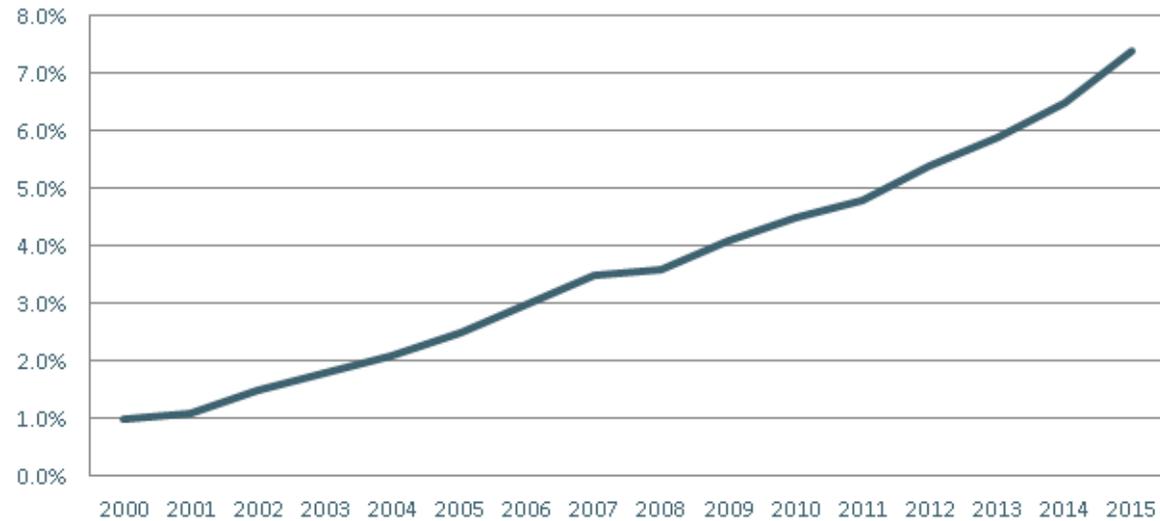


States has grown dramatically at the expense of brick and mortar businesses. The trend of growing e-commerce suggests that commercial centers that try to compete solely on price will likely struggle while those that offer a unique experience like Downtown with restaurants, entertainment, and other activities will fare much better.

While Downtown has significant economic value to the City, many of the economic development tools available in other parts of the City are not available Downtown since no EDA, CDA or URA exists.

It was clear from those who participated in the General Plan update process that the Downtown (100 North to 300 South) portion of Main Street holds special significance for the identity of the City. However, there were concerns expressed about maintenance, parking, lack of activities and businesses, and other issues. Many ideas for improving Downtown were shared and these ideas are summarized in the Downtown portion of the Main Street Chapter.

In the Urban Land Institute publication *Ten Principles for Reinventing America's Suburban Strips*¹, the authors provide recommendations that have application to Main Street. Many of the principles discussed in this book are covered in the Main Street Chapter. One principle that is discussed here is the idea of pruning back retail-zoned land. The idea of pruning back retail-zoned land is to reduce the amount of commercially zoned land to allow more housing, office, and civic uses along major arterials that can “stimulate infill,



E-COMMERCE AS A PERCENT OF TOTAL 3RD QUARTER U.S. RETAIL SALES. SOURCE: RETAIL INDICATORS BRANCH, U.S. CENSUS BUREAU

new forms of mixed-use, and pedestrian-oriented retail development”.

A brief analysis of commercially zoned land in Brigham City illustrates how this principle could be applied. Along Main Street there are 210 acres of property zoned General Commercial. Of those 210 acres, only 78 acres are actually developed as commercial according to Box Elder County. Of the 592 acres of land zoned commercial (not including the Central Business Zone) throughout the City, only 154 acres are developed as commercial.

New retail in strategic locations such as next to I-15 can attract consumers from outside the City. However, allowing commercial development essentially anywhere along Main Street can be detrimental to existing commercial and supplant the type of intense, pedestrian-oriented development desired Downtown.



JOB CREATION

Job growth within or nearby a community is vital to support the residential housing market and in turn area businesses. If the number of jobs decline, housing vacancies can increase, home values can decline and retail sales will slump.

Brigham City has been a relatively slow growing community. As seen in T, between 2000 and 2014, Brigham City grew slower than Box Elder County, Utah and the Nation. While slow growth is not necessarily a negative, no growth or decline is. Employment growth within Brigham City and Box Elder County will spur population growth within the City. According to the U.S. Census Bureau, about 1 in every 3 persons working in Brigham City also lives in Brigham City.

Population Growth Comparison

	Brigham City	Box Elder County	Utah	United States
2000 Population	17,477	42,882	2,233,169	281,421,906
2014 Population	18,631	51,518	2,942,902	318,857,056
% Change	6.6%	20.1%	31.8%	13.3%

Table 5.1 Source: U.S. Census Bureau

While the number of jobs in Brigham City and Box Elder County has fluctuated since 2000, there has essentially been no growth as large manufacturers have closed doors



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and others have opened. As table 5.1 points out, population growth has occurred without job growth. This means that a higher percentage of people living in Brigham City and the rest of Box Elder County are working outside the County than in the past. Growing jobs within the City and the rest of the County will increase employment opportunities for existing residents, reduce commute times and generate property tax through increased commercial/industrial development. Job growth and stability are major issues for Brigham City and Box Elder County.

The jobs/labor force ratio (7,904/8,480) in Brigham City is close to 1 when not including those that are self-employed. This means that there is nearly 1 job in Brigham City for each person within the labor force. By 2040, population is projected to grow to 22,970 according to the Governor's Office of Planning and Budget. If the City desires to maintain the same jobs to labor force ratio, approximately 1,900 new jobs will be needed.

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Despite the lack of employment growth since 2000 in the County and City, the Governor’s Office of Planning and Budget has projected an increase in County employment of 46% between 2010 and 2040. Table 5.2 shows the projected growth rate of each industry.

Box Elder County Employment Growth by Industry

Industry Name	2010 Employment	2040 Employment	% Change 2010 to 2040	Increase from 2010 to 2040
Natural Resources	136	125	-8.1%	-11
Mining	76	57	-25.0%	-19
Utilities	37	23	-37.8%	-14
Construction	1,520	3,875	154.9%	2,355
Manufacturing	5,971	7,091	18.8%	1,120
Wholesale Trade	587	861	46.7%	274
Retail Trade	2,457	3,172	29.1%	715
Transportation & Warehousing	1,525	3,328	118.2%	1,803
Information	163	253	55.2%	90
Finance & Insurance	945	1,050	11.1%	105
Real Estate, Rental & Leasing	991	1,586	60.0%	595
Professional & Technical Services	644	1,402	117.7%	758
Management of Companies	201	202	0.5%	1

Administrative & Waste Services	687	1,915	178.7%	1,228
Educational Services	337	704	108.9%	367
Health & Social Services	1,712	2,493	45.6%	781
Arts, Entertainment & Recreation	341	627	83.9%	286
Accommodation & Food Services	1,339	1,735	29.6%	396
Other Services	1,278	1,603	25.4%	325
State & Local Government	2,319	3,177	37.0%	858
Federal Civilian	238	255	7.1%	17
Federal Military	222	176	-20.7%	-46
Farm	1,352	880	-34.9%	-472
Total Employment	25,078	36,590	45.9%	11,512

Table 5.2 Source: Utah Governor’s Office of Planning and Budget

The construction, manufacturing and transportation & warehousing industries are projected to generate close to half of the new jobs within the County by 2040. These industries are industrial in nature and generally need land zoned for industrial use. These same industries already make up almost half of the jobs in Brigham City as of 2013.

According to the Utah Department of Workforce Services, Brigham City employment makes up 47% of the total County employment. Assuming Brigham City maintains the same percentage of total County jobs in the future, the City will need to add approximately 5,400 new jobs by 2040 and 9,000 jobs by 2060 including those that are self-employed



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(about 25% of total employment). Depending on the employment density of new commercial and industrial development within the City, it is estimated that between 250 to 350 acres of ground will be developed by 2040 and between 425 to 575 acres of ground by 2060 to accommodate new commercial and industrial development assuming the City continues to house about half of the jobs in the County.

As the City seeks to attract employment, it's helpful to understand the site selection criteria used by industrial and office developers. According to the Urban Land Institute, industrial site selection criteria include site configuration and size, land topography and soil, transportation access, utilities, future expansion capacity, public policy,

development impact fees, adjacent uses, amenities/services and links with other industries. Factors in office site selection include zoning, physical features, utilities, transportation, parking, location (proximity to other employment, amenities and customers/users), governmental services, demand and supply.

An important asset that is used by businesses like Autoliv, ATK and Procter & Gamble and that can aid in job creation is the Brigham City Municipal Airport. In a 2004, UDOT commissioned a study entitled "Economic Impact of Utah's Airports" wherein the economic benefits of the Brigham City Municipal Airport and other Utah airports were estimated. According to this study, the City's airport had total employment of 91, total payroll of \$2,417,700 and total



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output (value of goods and services) of \$8,889,000. The capital improvements identified in the City’s Airport Master Plan will create job opportunities at the airport and provide an important service for nearby growing businesses.

CITY REVENUE GROWTH

City revenue growth is critical to the provision of quality municipal services, including public safety and the maintenance of public infrastructure. As seen in Table 5.3 below, overall City revenue grew more than 40% over the ten year period from 2005 to 2014. However, most of the growth occurred in business type revenue which comes from customer charges for water, sewer, electric, refuse and storm drain systems. Governmental revenues that pay for police, fire, street maintenance, parks and recreation and general administration have essentially been flat. As a result, about \$3 million in business type revenue is transferred to supplement governmental revenues. The issue is that the City will need additional revenue to handle growth and maintain its current infrastructure.

Brigham City Revenue in 2005 and 2014 (in thousands)

Revenue	2005	2014	% Change
Charges for Services	\$3,146	\$3,904	24.1%
Operating Grants & Contributions	\$784	\$544	-30.6%
Capital Grants & Contributions	\$2,599	\$279	-89.3%
Property Taxes	\$2,018	\$3,000	48.7%
Sales Taxes	\$2,322	\$2,748	18.3%

Other Taxes	\$792	\$1,105	39.5%
Grants and Contributions	\$12	\$29	141.7%
Investment Income	\$199	\$200	0.5%
Other Revenues	\$75	\$366	388.0%
Total Governmental Revenues	\$11,947	\$12,175	1.9%
Business Type Revenue	\$13,439	\$23,762	76.8%
Total Revenue	\$25,386	\$35,937	41.6%
Municipal Cost Index	182.4	235.4	29.1%

Table 5.3 Sources: Comprehensive Annual Financial Reports and American City and County Website

The Municipal Cost Index, developed by American City & County, is designed to show the effects of inflation on the cost of providing municipal services. Over time, the cost of labor, materials and contract services for cities increases even if the level of service remains the same and no development growth occurs. During the ten year period referenced in Table 5.3 above, the municipal cost index rose nearly 30% while governmental revenues grew by about 2%. This means that the City’s governmental revenue is not keeping pace with the rising cost of providing municipal services.

Since the primary focus of the General Plan is land use, this chapter focuses on those governmental revenue sources that are most directly connected with land use – property



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and sales tax. These two revenue sources together represent nearly half of all governmental revenue. Property tax growth is accomplished by new construction, including redevelopment. Since residential development is taxed at only 55% of its value and commercial development, which includes industrial, office and retail uses, is taxed at 100% of value, commercial development yields more property tax per dollar of value. Industrial and office development are addressed under the job growth section above. Retail development is addressed below.

With sales tax, the State distributes these funds to cities based on population and point of sale. So, sales tax growth can occur as the population increases, and as retail sales within the City increase through new retail development and by sales growth in existing retail businesses.

As pointed out in Table 5.1, population growth in the City has been slower than State population growth. This means that the City's share of overall State sales tax is shrinking. Population growth to fuel sales tax increases can be facilitated through the City by encouraging job growth, allowing a variety of housing types and capitalizing on the future commuter rail station.

Allowing a variety of housing types can be politically challenging given the negative perceptions of multi-family housing. Such negative perceptions can, to a degree, be overcome with good design.

The future commuter rail station presents two opportunities to grow the City's population. First, it creates an opportunity

Type of Shopping Center	Leading Tenant	Typical GLA (Sq. Ft.)	General Range in GLA (Sq. Ft.)	Usual Minimum Site Area (Acres)	Trade Area Radius	Approximately Minimum Population Support Required
Neighborhood	Supermarket	60,000	30,000-100,000	3-10	1.5 miles	3,000-40,000
Community	Supermarket, drugstore/ pharmacy, discount department store, mixed apparel	180,000	100,000-400,000	10-30	3-5 miles	40,000-150,000

Table 5.4 Source: ULI Retail Development Handbook, Fourth Edition

for high intensity transit-oriented development immediately around the station. Second, since housing in Brigham City is relatively inexpensive within the region, persons working within the greater Salt Lake area could be drawn to Brigham City, especially as the region continues to grow and congestion increases on I-15.

Population growth can also increase point of sale sales tax within the City. Retailers need a certain number of persons living within their trade area to be successful. This point is illustrated in Table 5.4.

Shopping Center Characteristics

Retail sales can also be increased by attracting businesses in retail categories where the City is experiencing leakage. Leakage occurs when residents of the City travel outside the City to make purchases. According to an analysis performed by Susie Becker with Zions Bank Public Finance, the following retail categories are experiencing leakage not only in the City, but in the overall County as well: furniture and home furnishings stores; electronics and appliance stores; building material and garden equipment and supplies



dealers; health and personal care stores; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; non-store retailers; performing arts, spectator sports and related industries; amusement and recreation industries; accommodation and food services and drinking places.

It is important to note that four of the retail categories mentioned above – sporting goods, hobby, book and music stores; electronics and appliance store; furniture and home furnishings stores and clothing and clothing accessories stores – are seeing much higher e-commerce capture rates than retail as a whole. Currently, e-commerce retailers

are not required to collect Utah sales tax unless the business has a physical presence in the State.

Tourism is another way to increase City revenue through restaurant and transient room tax. Box Elder County is home to Willard Bay State Park, the Bear River Migratory Bird Refuge and the Golden Spike National Historic Site. It is a gateway to eastern destinations in Cache County and to the north in Idaho. The City’s downtown has the potential to become a much more vibrant, recognizable Main Street that tourists will want to visit. These and other attractions drive tourism within the County which fuels 10% of all private jobs. Promoting tourism will help capitalize on these attractions and grow retail categories like accommodation and food services that are experiencing leakage.

GOALS & STRATEGIES

Goal 1: Revitalize Downtown to generate revenue and create a unique shopping and entertainment experience.

Strategies

1. Consider the creation of a CDA for Downtown to provide incentives to attract tenants and make improvements.
2. Make the physical improvements recommended in the Downtown (100 North to 300 South) portion of the Main Street Chapter.
3. Align the City’s zoning with the future land use map designations along Main Street. This action should, if pursued, result in a reduction in the amount of land zoned commercial.



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Goal 2: Facilitate job creation to support population growth and create opportunities for existing residents.

Strategies

1. Allocate sufficient industrial land for industrial development as indicated on the Future Land Use map.
2. Determine actual wetlands versus agriculturally induced wetlands (induced from watering practices).
3. Utilize economic development tools to attract employment.
4. Continue partnerships with Box Elder County and EDCU.
5. Pursue the capital improvements identified in the City's Airport Master Plan.

Goal 3: Grow City revenue to continue quality municipal services and to address the issues raised in this General Plan

Strategies

1. Allow a variety of housing types in appropriate areas to facilitate population growth.
2. Adopt multi-family design standards to make multi-family housing more attractive, functional and acceptable to neighbors.
3. Facilitate the development of the commuter rail station, encourage transit-oriented development around the station and make the station easily accessible to City residents.
4. Attract businesses that focus on the retail categories that are experiencing leakage while recognizing the



fact that retail businesses are having to adapt to increasing e-commerce sales.

5. Lobby for legislation that will allow states to collect sales taxes from all e-commerce businesses.
6. Promote Brigham City as a popular center for tourism and recreation through active branding and tourism supportive businesses.

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