# Clinton City, UT

# Economic Plan


Zions Public Finance, Inc.
May 2022

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# Executive Summary

The following report highlights the findings of Zions Public Finance, Inc. (ZPFI) study regarding the economic and market conditions in Clinton City, Utah. ZPFI 's efforts are presented with focus on the following subheadings:

- Demographics/growth projections – What do historical and projected growth rates suggest about Clinton?
- Retail sales gap analysis and market niche analysis – What retail types are performing well in Clinton? What areas could be improved? What retail businesses are well-suited for Clinton?
- Retail nodes analysis – Where are specific areas that could be targeted for new development or redevelopment?
- Employment and industry analysis – Which employers might be attracted to Clinton? How do other cities in the region compare from a competitive perspective?
- Regional influence – How is the region performing and how does Clinton compare to competitive sites?
- Highest and best use analysis – developer perspective, city perspective and community perspective, how do they compare?
- Financial tools – How can some of the recommended improvements be funded?

Overall, ZPFI analysis shows that Clinton has desirable characteristics in many demographic categories. The proximity to major highway connections is crucial in Clinton's growing economy. The potential to add major employers is notable, as is the opportunity to increase retail sales in the food and beverage (grocery) category. The analysis shows the following recommendations:

- Capitalize on the low supply of available office space in Davis County – particularly with high demand for health services in this region
- Focus on redevelopment efforts, specifically the former Macey's store, in order to attract a niche grocer to the commercial center area
- Create destination retail, i.e., concept stores, which will provide opportunities for customers to have experiences that are not replicated online
- Implement a Business Retention and Expansion Program (BRE) to increase the employment base within the community

## Action Items the City Can Take to Encourage Activity Now

An important part of all plans is the eventual implementation. The following plan contains numerous demographic projections, comparisons to other cities, analysis of employment and retail opportunities. However, without specific steps to implement, the plan's usefulness is minimalized. Consequently, the following action items are suggested in order to see near-term results that encourage economic development:

**Capitalize on the low supply of available office space in Davis County – particularly with high demand for health services in this region**

**Action Item 1:** Consider creating a Community Reinvestment Area (CRA) to help offset the costs of new office park development

**Action Item 2:** Identify expanding health services businesses and target for potential recruitment

**Action Item 3:** Work with large office brokerage firms, Governor's Office of Economic Opportunity, and EDCUtah to identify new projects considering Utah for expansion

**Focus on redevelopment efforts, specifically the former Macey's store, in order to attract a niche grocer to the commercial center area**

**Action Item 1:** Provide appropriate public assistance in order to revitalize the vacant space and incentivize an anchor grocer including the use of all available economic tools

**Action Item 2:** Approach targeted grocery stores desired by the City through avenues such as ICSC, local brokers or drop in visits to those specific stores

**Create destination retail, i.e., concept stores, which will provide opportunities for customers to have experiences that are not replicated online**

**Action Item 1:** Create surveys or focus groups to gain feedback and a greater understanding of the types of destination retail uses Clinton residents would like to see in their community

**Action Item 2:** Identify potential key sites and work with property owners to create a retail destination theme (entertainment, health and wellness, technology, etc.)

**Action Item 3:** Create marketing materials of the identified sites and destination retail theme; use all available communication platforms to promote these areas

**Implement a Business Retention and Expansion Program (BRE) to increase the employment base within the community**

**Action Item 1:** Provide sales tax leakage information to specific businesses which show the potential for business expansion opportunities within related industries

**Action Item 2:** Work with existing businesses to adapt to changing retail trends including the need for drive-thru/pickup space, assistance with online retailing, etc.

**Action Item 3:** Create a "Shop Local" program to encourage local residents to support the businesses located throughout Clinton

# Clinton Overview

## Background

Clinton is located between the Wasatch Mountains and the Great Salt Lake, just north of Salt Lake City in northern Davis County. According to the United States Census Bureau, the City has a total area of 5.9 square miles (15.2 $km^2$), all of it land. Clinton is located near Interstate 15 and Interstate 84, two major freeways that service Utah and nearby Idaho, amongst other states. The City is bordered on the north by Roy, to the east by Sunset, and south and west by West Point. Clinton City boundaries are in the Davis County School District. The nearest high school is in Clearfield and serves grades 10-12; the closest middle school is located in Sunset serving grades 7-9; one charter school serving grades K-6 is within the City boundary, as well as three elementary schools serving K-6 grades.

Clinton City has a main retail shopping area in the City core that includes restaurants, hardware stores, a grocery store, auto parts store, service and gas stations, a department store, and several types of miscellaneous retail. According to the American Community Survey (2019), the largest employment industry for Clinton residents is in educational services and health care. The retail trade industry is also largely represented by the employed population in the City. Most residents travel outside of the City for employment, with average commuter time near 24 minutes.

As is shown in following subheadings, Clinton shows steady population growth projections, and currently enjoys stable growth with building permits and housing starts. Clinton has historically been less susceptible to notable increases in housing prices, due partially to somewhat conservative growth. Consequently, the community is considered to have attainable housing options, although product variety is lacking, with new growth primarily occurring in single family detached homes.

## Demographics

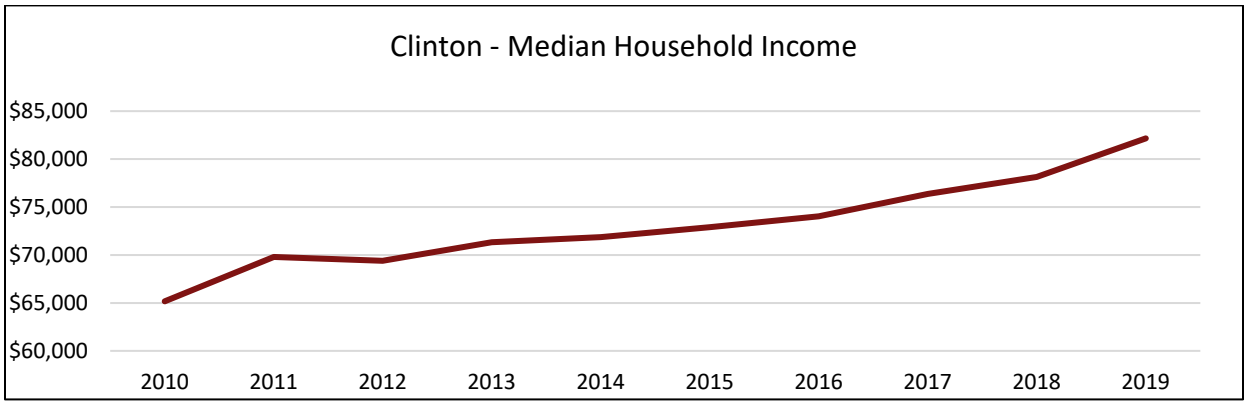
The following subheadings highlight key demographic and market indicators for Clinton. These include, amongst others: 2020 population, planned population growth, building permits, and retail sales data. Notable demographic highlights include the following:

- Population has grown by close to 15% from 2010-2020[1] with population estimates at 23,386 (2020 DEC Redistricting Data)

[1] Source: U.S. Census Bureau, 2020: DEC Redistricting Data

- Clinton has a median household income of approximately $82,000. This is slightly below Davis County numbers ($87,472), but above the statewide ($75,780) figures (2019 ACS). The figure below highlights median incomes in Clinton over the past several years
- Roughly 85 percent of residents are classified as homeowners (U.S. Census Bureau, PEP)
- Approximately 80 percent of residents drove alone to work with a daily commute time averaging 23.7 minutes, one-way (2019 ACS)
- 29 percent of the working population in Clinton (ages 25 and older) has a high school degree, while 18 percent of this populace has a bachelor's degree. For Davis County, 21 percent of the working populace (ages 25 and older) has a high school degree, with 25.7 percent having a bachelor's degree. Statewide, 34.8 percent have a bachelor's degree (2019 ACS)

FIGURE 1: MEDIAN HOUSEHOLD INCOME




***Demographic Benchmarks***

Certain benchmarks are suggested regarding the demographic overview highlights indicated above. Benchmarks are noted as "a standard or point of reference against which things may be compared or assessed." A desirable outcome of an economic plan is to have measurable results, or benchmarks, that can be regularly reviewed and adjusted to meet the needs of the community. The above demographics suggest some of the following benchmarks:

- **A reduction in commute times for Clinton residents to less than 15 minutes.** This will aid significantly in improving quality of life conditions (which ultimately contributes to increased property values), air quality, and retail spending capture.
    - A strong focus on attracting jobs is suggested while recruiting new industries and businesses to locate in Clinton. Incentives to potential industries and businesses should be job based, in addition to the amount of capital invested.
- **An increase in median household incomes to near the County level**. This will further promote quality of life standards, raise retail spending potential, and encourage additional business investment. Again, Davis County median household incomes are noted at $87,472.
    - Provide incentives that are based on *high paying jobs*. Other communities, as a requirement to receive incentives, require a certain number of jobs to be at levels that are 125 percent above median incomes.
- **Track retail sales closely to follow possible gains in categories currently lacking**. Clinton should track the capture rate as an important benchmark. If capture rates continue to increase in future years, then the City should recognize that economic development efforts are paying dividends. If capture rates begin to fall, then Clinton should consider reasons for this change in activity. Explanations could include new openings of stores in neighboring communities, overall macroeconomic hardships, further proliferation of online sales, store closures, etc.

- Provide sales tax leakage information to specific businesses, property owners of key sites, and local brokers which show the potential for business expansion opportunities within that industry.

- **Promote trade school, satellite campuses, and additional educational opportunities for residents.** To attract industries and new businesses, the local workforce needs to increase in educational levels and/or marketable skill sets.
  - Similar to the above, incentives should be considered for educational centers that will ultimately lead to a more skilled workforce.

## Housing and Growth Projections

As shown in the figure below, the City's new growth is mainly occurring in the west part of the community. Single family homes are the most prominent type of residential in Clinton, which is consistent with surrounding communities, such as Hooper and West Point.

FIGURE 2: RESIDENTIAL YEAR BUILT

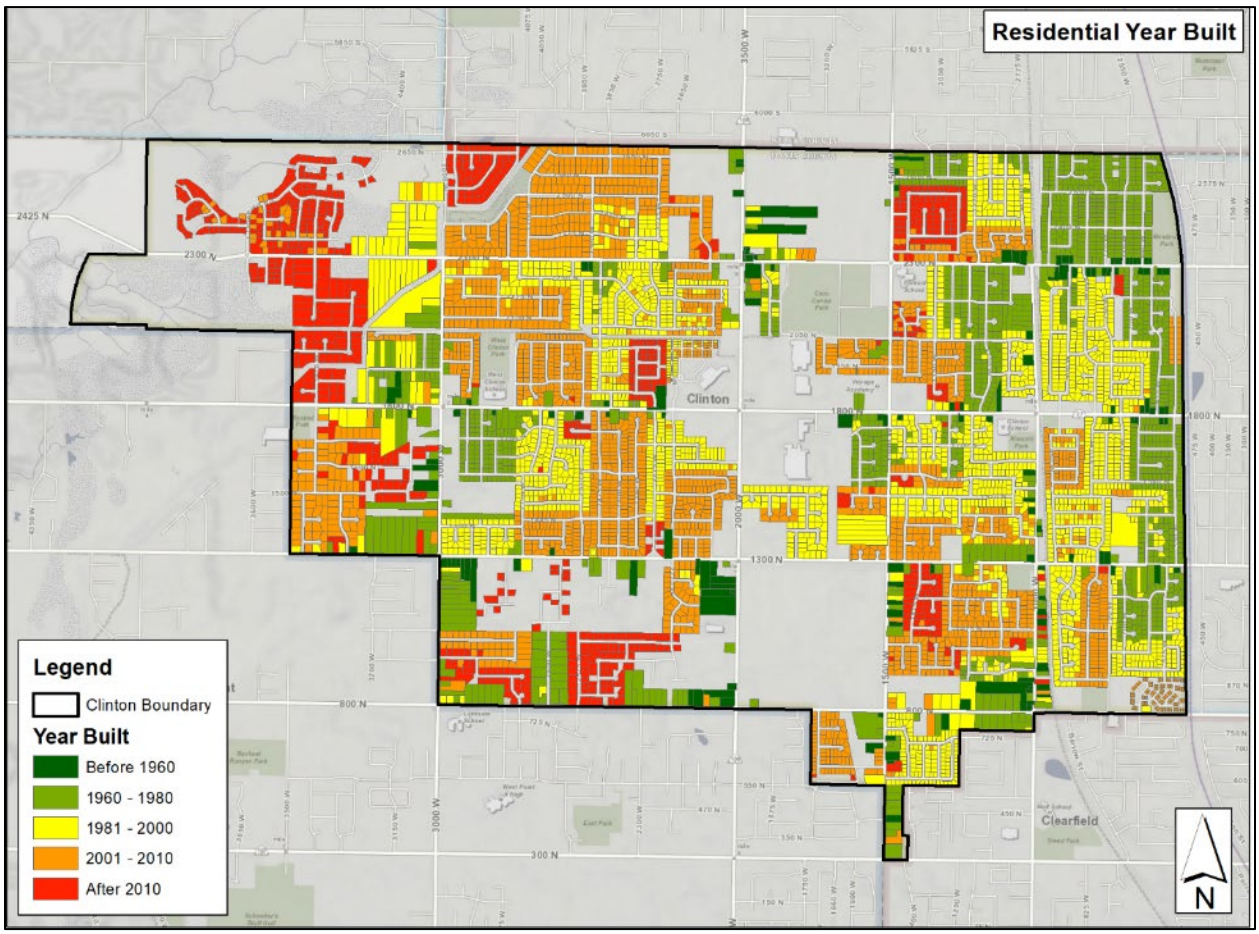
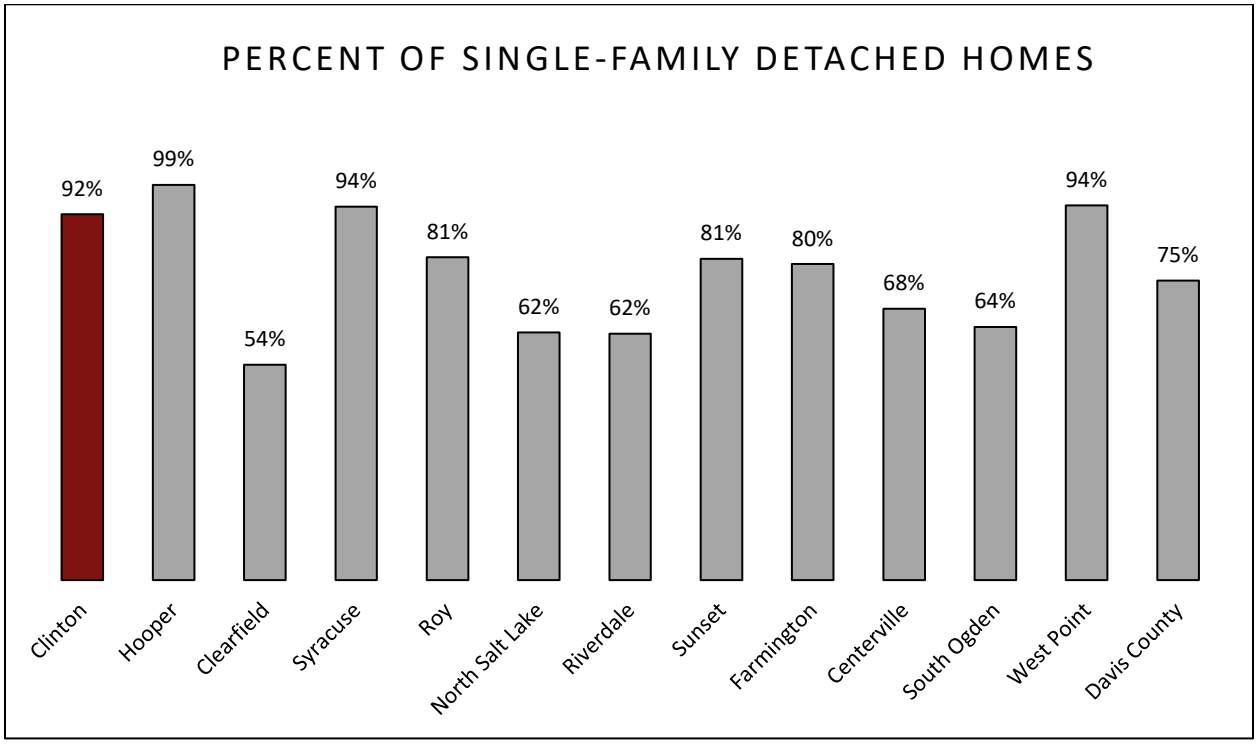


FIGURE 3: PERCENT SINGLE FAMILY




Building permits for residential and commercial were analyzed to show the historic growth in Clinton and surrounding communities. Clinton City has strong permit numbers, with steady growth rates and has the second highest rate of permits compared to neighboring cities.

FIGURE 4: RESIDENTIAL PERMITS

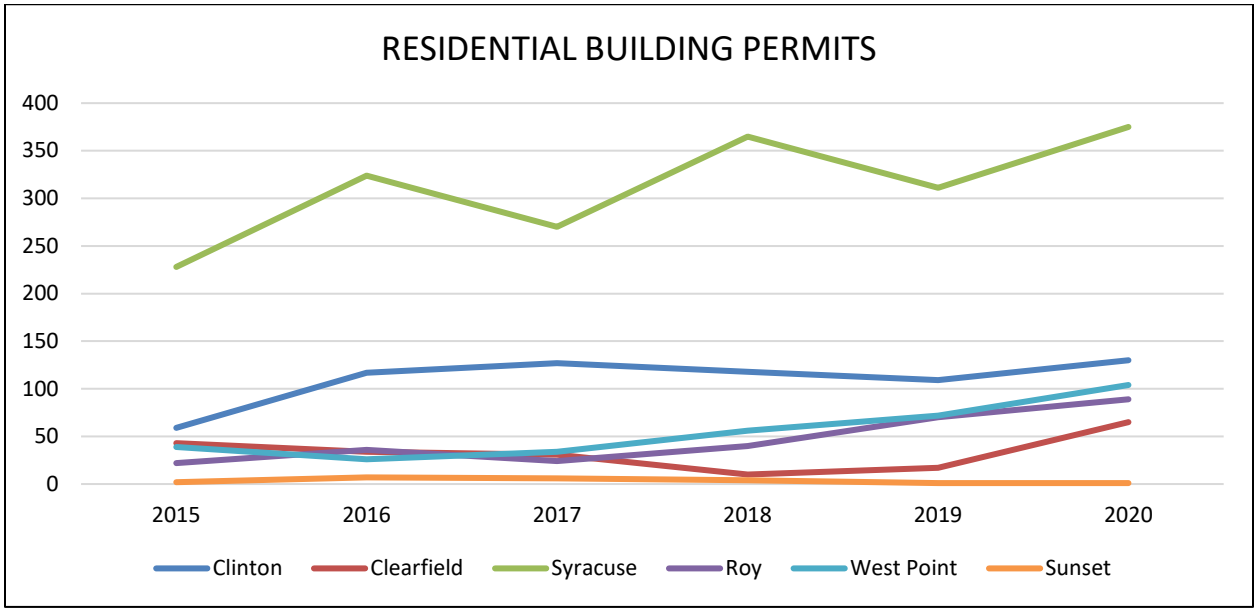


FIGURE 5: COMMERCIAL PERMITS

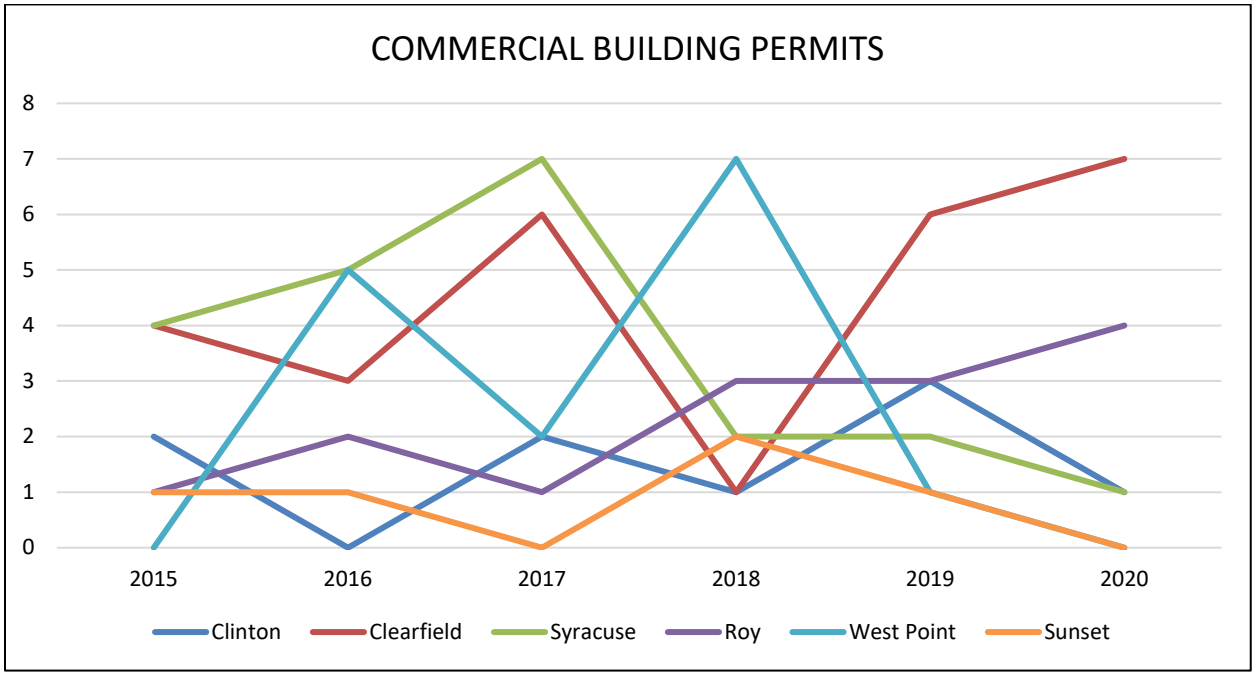
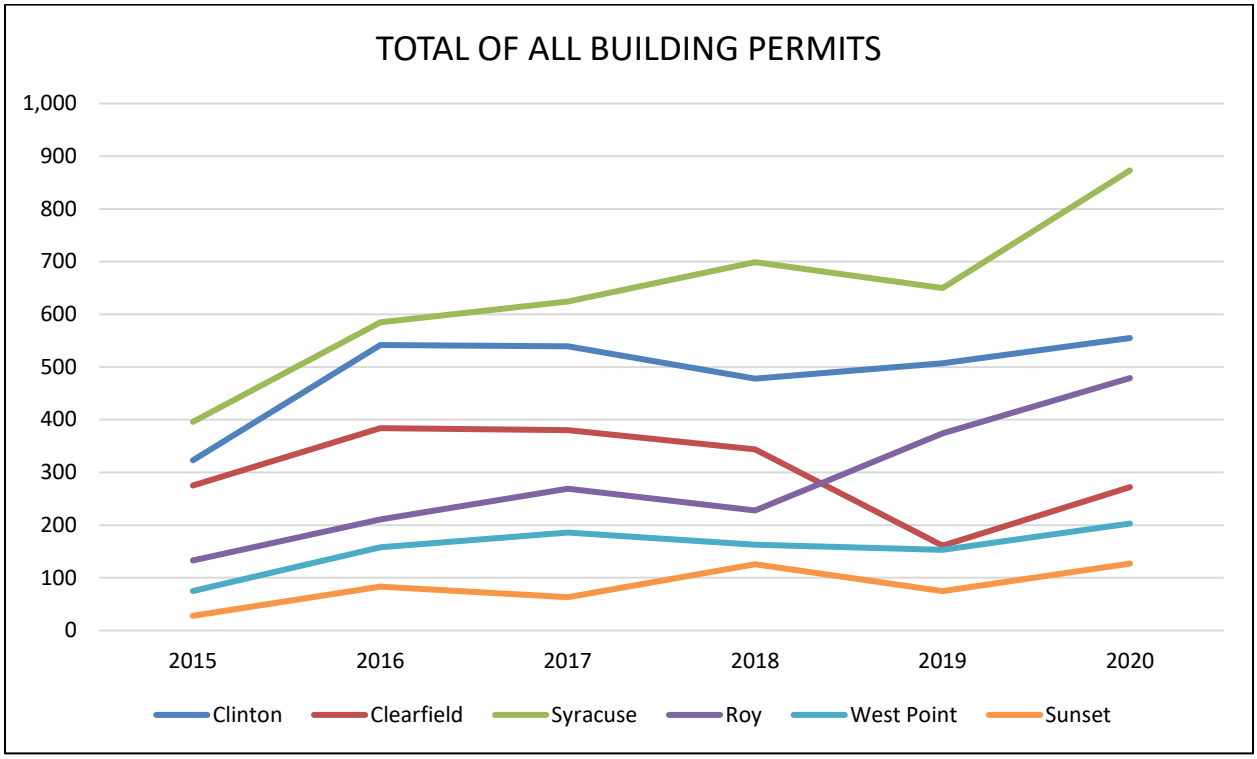
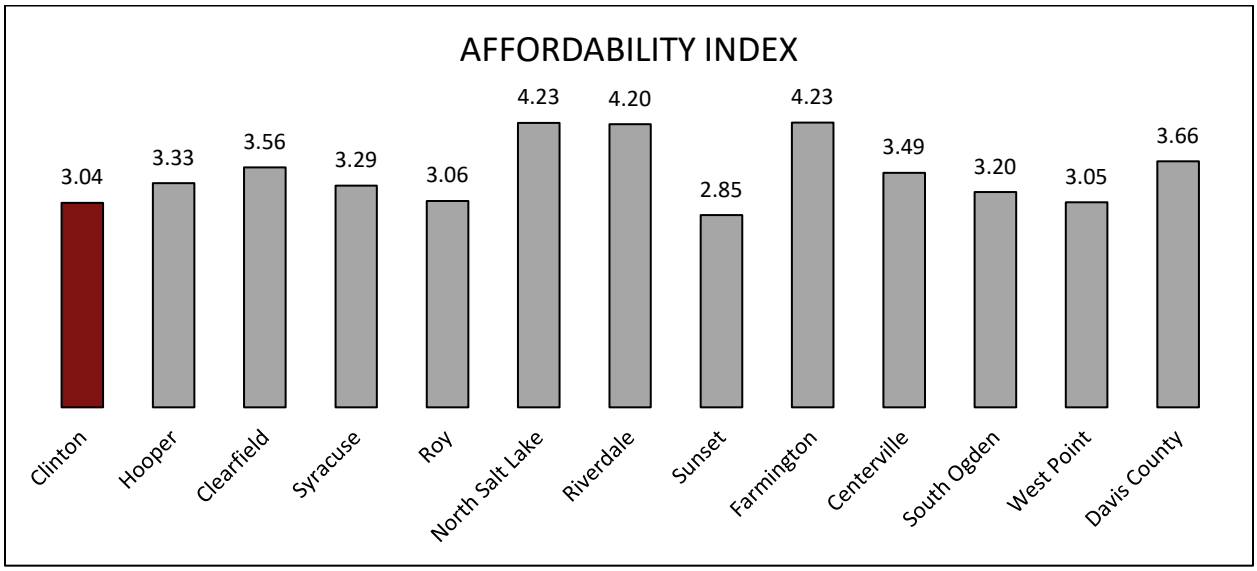



FIGURE 6: TOTAL PERMITS



Clinton is an affordable community in which to reside, with a lower affordability index than a majority of the regional area. The affordability index is calculated by dividing the average home price in a community by the average household income.

FIGURE 7: AFFORDABILITY INDEX




The population in Davis County is poised to grow by approximately 51,300 persons over the next 10 years, or by 5,130 persons per year (Kem C. Gardner Policy Institute).

TABLE 1: DAVIS COUNTY POPULATION GROWTH PROJECTIONS

| Year | Population |
|---|---|
| 2020 | 363,419 |
| 2021 | 367,944 |
| 2022 | 372,212 |
| 2023 | 376,381 |
| 2024 | 380,622 |
| 2025 | 385,048 |
| 2026 | 389,744 |
| 2027 | 394,752 |
| 2028 | 400,084 |
| 2029 | 405,709 |
| 2030 | 411,564 |
| 2031 | 417,548 |
| 2032 | 423,520 |

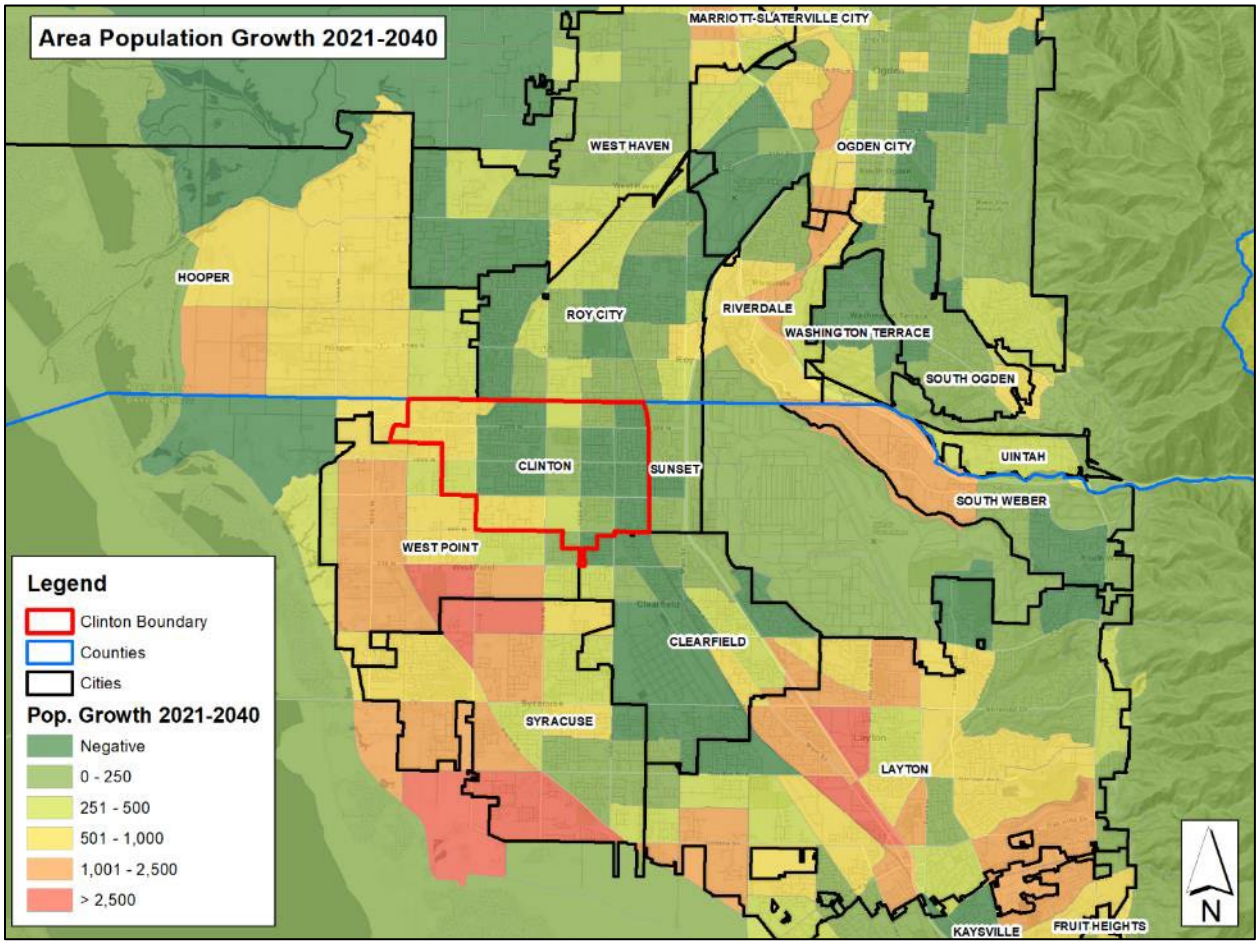
Source: Kem C. Gardner Policy Institute

As shown in the table below, Clinton has remained fairly constant in the percentage of total building permits in Davis County. The City has the ability to realize benefits not only from its own growth but a portion of County growth in areas of retail strength. This represents increased buying power in the local community that can support local businesses.

TABLE 2: CLINTON BUILDING PERMITS AS A PERCENT OF DAVIS COUNTY BUILDING PERMITS

| Year | Clinton Permits | Davis County Permits | Clinton Permits as a Percent of Davis County Permits |
|---|---|---|---|
| 2015 | 323 | 3,777 | 9% |
| 2016 | 542 | 4,698 | 12% |
| 2017 | 539 | 5,055 | 11% |
| 2018 | 478 | 5,154 | 9% |
| 2019 | 507 | 4,683 | 11% |
| 2020 | 555 | 6,050 | 9% |
| 2021 | 572 | 6,009 | 10% |

FIGURE 8: AREA POPULATION GROWTH




# Market Conditions – Sales, Revenue, and Opportunities

## Sales Leakage and Capture Rates

A sales gap analysis is conducted to estimate the amount and type of purchases being made by Clinton residents outside of Clinton. Hence, the term "leakage" reflects sales that are lost to other communities. The analysis consists of first calculating the "average" expenditures made, per capita or per household, in the State of Utah in various retail categories using the North American Industry Classification System

Codes (NAICS codes) as recorded by the Utah State Tax Commission. Total sales in Clinton, by NAICS code category, are then divided by the total population and compared to average per capita sales in the State of Utah. Where Clinton residents show higher purchases in NAICS code categories, it is assumed that Clinton captures additional consumers from passerby traffic from Interstate 15 or the larger regional area for these types of purchases. Where purchases per capita are lower in Clinton than in the State of Utah in purchases in NAICS code categories, it is assumed that Clinton residents are leaving the community to make these types of purchases elsewhere.

Therefore, table 3 identifies, areas of strength (i.e., where Clinton is a regional provider of goods and services) which are shown with positive numbers in the Leakage ("leakage") column and Capture Rate column that is higher than 100 percent. Where Clinton residents are leaving the community to make their purchases elsewhere, the estimated amount of lost purchases in the Leakage column is shown as a negative number and with a capture rate that is less than 100 percent within the Capture Rate column.

TABLE 3: CLINTON SALES TAX LEAKAGE, 2020

| NAICS Code Categories | 2020 Leakage | 2020 Capture Rate |
|---|---|---|
| General Merchandise Stores | $78,191,562 | 262.88% |
| Building Material and Garden Equipment and Supplies Dealers | $6,886,379 | 120.54% |
| Performing Arts, Spectator Sports, and Related Industries | ($250,043) | 20.84% |
| Museums, Historical Sites, and Similar Institutions | ($310,664) | 0.00% |
| Personal and Laundry Services | ($1,267,500) | 44.92% |
| Amusement, Gambling, and Recreation Industries | ($2,132,210) | 51.26% |
| Health and Personal Care Stores | ($2,197,582) | 48.42% |
| Sporting Goods, Hobby, Book, and Music Stores | ($3,537,837) | 62.43% |
| Clothing and Clothing Accessories Stores | ($3,715,991) | 69.57% |
| Electronics and Appliance Stores | ($5,124,976) | 40.60% |
| Repair and Maintenance | ($5,586,673) | 42.07% |
| Gasoline Stations | ($6,170,833) | 38.98% |
| Food Services and Drinking Places | ($7,458,323) | 78.19% |
| Furniture and Home Furnishings Stores | ($7,603,797) | 8.45% |
| Miscellaneous Store Retailers | ($8,021,240) | 39.91% |
| Accommodation | ($11,006,241) | 1.13% |
| Nonstore Retailers | ($12,331,945) | 68.23% |
| Motor Vehicle and Parts Dealers | ($38,554,075) | 32.72% |
| Food and Beverage Stores | ($39,324,417) | 1.99% |
| **TOTAL** | **($69,516,405)** | **79.93%** |

Source: Utah State Tax Commission, ZPFI

Overall, Clinton reflects a total capture rate of close to 80 percent of resident sales, indicating that the City is capturing less than its "fair share" of retail sales compared to other communities. Notable areas of strength include sales in the following retail categories (as delineated by retail tax code/groupings by the Utah State Tax Commission):

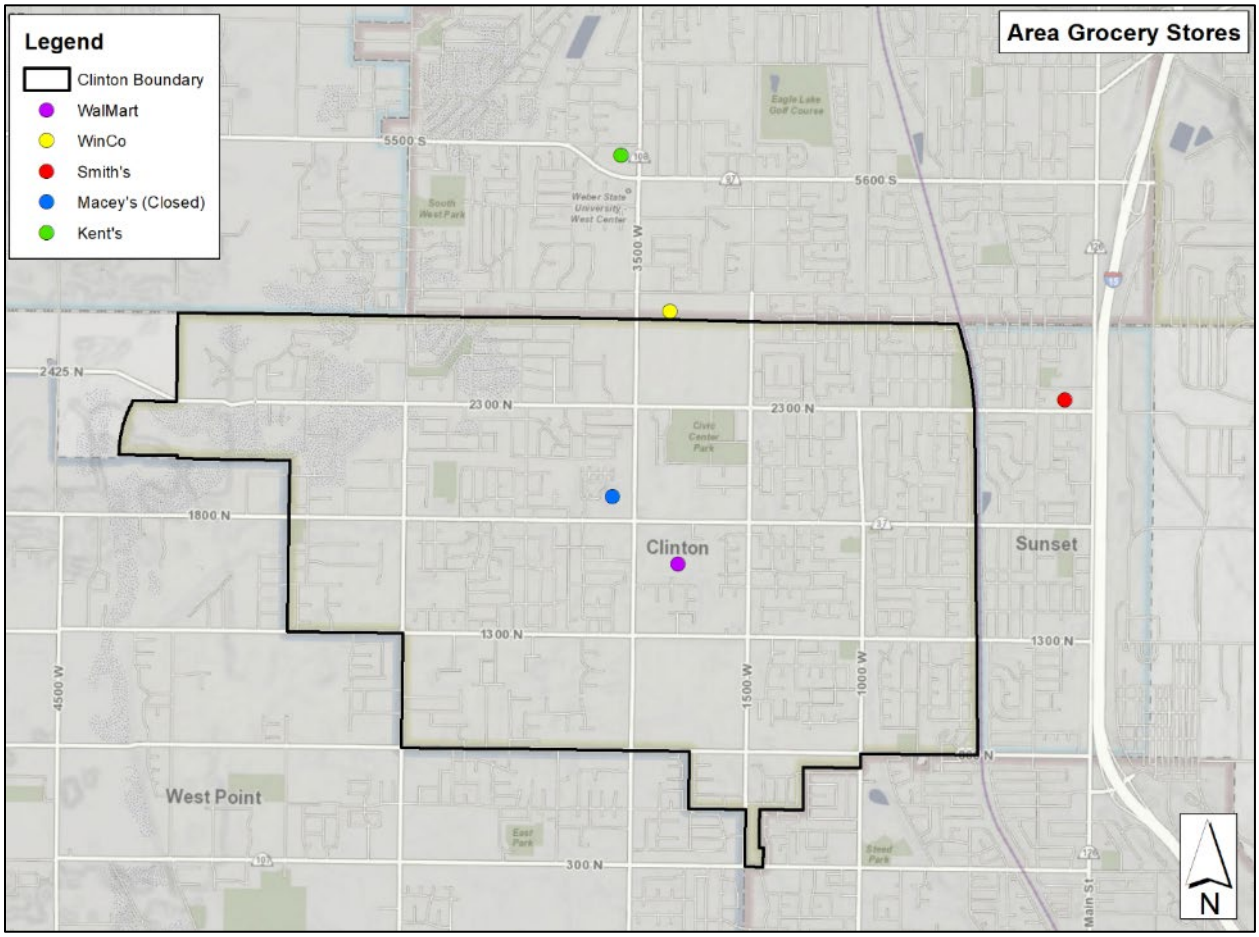
- General Merchandise Stores
- Building Material and Garden Equipment and Supplies Dealers

Significant leakage is shown in the following retail categories, which are areas of opportunity for future retail development within the City:

- Performing Arts, Spectator Sports, and Related Industries
- Museums, Historical Sites, and Similar Institutions
- Health and Personal Care Stores
- Electronics and Appliance Stores
- Repair and Maintenance
- Gasoline Stations
- Furniture and Home Furnishings Stores
- Accommodation
- Motor Vehicle and Parts Dealers
- Food and Beverage Stores “Grocery”

Some of the above retail categories may have limited opportunities due to growth of online shopping. Electronics and furniture stores have continued to struggle in most markets, despite general overall economic health. Gasoline stations may present options in Clinton, considering the amount of traffic volumes on Interstate 15 and 1800 North. There may also be an opportunity to redevelop the Macey’s vacant store, with a different grocery brand. The map below shows the brands in the surrounding area. Clinton may want to look at niche grocers such as Natural Grocers or Sprouts. Niche users provide a greater draw in the region and would increase the sales leakage category (food and beverage “grocery”) dramatically by enticing residents from outside of Clinton.

FIGURE 9: AREA GROCERY STORES




## Competitive Market Leakage Analysis

Clinton has a strong tax base with many opportunites in existing areas of strength to further increase the retail draw and continue to attract new consumers from forecasted population growth. A review of capture rates comparing surrounding communities show that Clinton is capturing a higher number than Clearfield, Syracuse and Roy. Farmington has a higher capture rate, likely because of the regional draw by having access directly off of I-15 and a large amusement park in their community.

TABLE 4: RETAIL SALES CAPTURE RATES, 2020

| NAICS Code Categories | Clinton | Clearfield | Syracuse | Roy | Farmington |
|---|---|---|---|---|---|
| Motor Vehicle and Parts Dealers | 33% | 32% | 3% | 43% | 53% |
| Furniture and Home Furnishings Stores | 8% | 4% | 202% | 37% | 31% |
| Electronics and Appliance Stores | 41% | 26% | 33% | 20% | 228% |
| Build. Material, Garden Equip. and Supplies Dealers | 121% | 16% | 9% | 4% | 5% |
| Food and Beverage Stores | 2% | 35% | 79% | 171% | 154% |

| NAICS Code Categories | Clinton | Clearfield | Syracuse | Roy | Farmington |
|---|---|---|---|---|---|
| Health and Personal Care Stores | 48% | 28% | 31% | 40% | 140% |
| Gasoline Stations | 39% | 150% | 13% | 108% | 46% |
| Clothing and Clothing Accessories Stores | 70% | 25% | 17% | 22% | 507% |
| Sporting Goods, Hobby, Music and Book Stores | 62% | 25% | 9% | 13% | 315% |
| General Merchandise Stores | 263% | 7% | 118% | 6% | 12% |
| Miscellaneous Store Retailers | 40% | 90% | 14% | 26% | 56% |
| Nonstore Retailers | 68% | 85% | 87% | 64% | 126% |
| Arts, Entertainment and Recreation | 46% | 37% | 49% | 14% | 815% |
| Accommodation | 1% | 6% | 1% | 1% | 34% |
| Food Services and Drinking Places | 78% | 59% | 40% | 65% | 111% |
| Other Services-Except Public Administration | 43% | 76% | 34% | 49% | 59% |
| **Total** | **80%** | **41%** | **50%** | **51%** | **107%** |

Source: Utah State Tax Commission, ZPFI

By analyzing the retail sales of neighboring communities in comparison to Clinton, potential areas of growth and opportunity may be realized. Clinton is attracting shoppers from outside of the City limits, particularly in the area of General Merchandise. In this category, the City is more than double the capture rate compared to the County. This is most likely caused by the Super Walmart in the community. The Food and Beverage Store (grocery) shows a very low capture rate compared to the other communities; however, this data does not take into consideration the grocery sales from the Super Walmart. Clinton has the opportunity to improve in this category through niche grocers as discussed above. The table and chart below reflect this analysis.

TABLE 5: CLINTON RETAIL SALES COMPARISONS

| City | Motor Vehicle Parts and Dealers/Per Capita | General Merchandise Stores/Per Capita | Food Services and Drinking Places/Per Capita | Food and Beverage Stores/Per Capita | Gasoline Stations/Per Capita |
|---|---|---|---|---|---|
| **Clinton** | **$857** | **$5,767** | **$1,371** | **$36** | **$183** |
| Clearfield | $844 | $161 | $942 | $657 | $704 |
| Syracuse | $75 | $2,402 | $577 | $1,348 | $58 |
| Roy | $1,136 | $131 | $1,030 | $3,162 | $501 |
| Farmington | $1,425 | $264 | $1,790 | $2,905 | $220 |
| Riverdale | $6,718 | $8,818 | $2,493 | $321 | $197 |
| Davis County | $2,764 | $2,458 | $1,368 | $1,647 | $494 |
| Utah | $2,710 | $2,610 | $1,617 | $1,897 | $478 |

Source: Utah State Tax Commission, ZPFI

FIGURE 10: TAXABLE SALES PER CAPITA

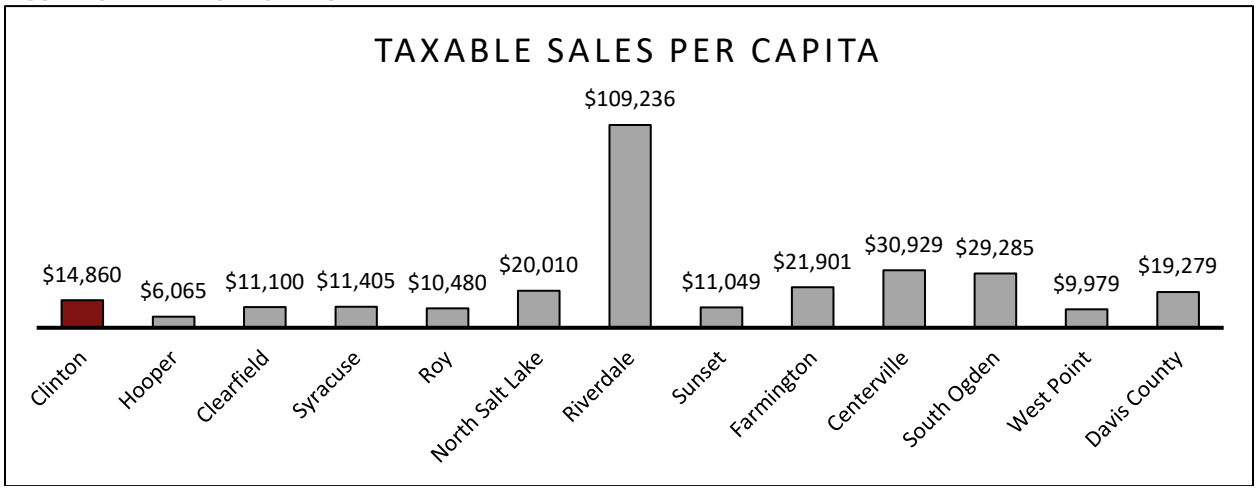
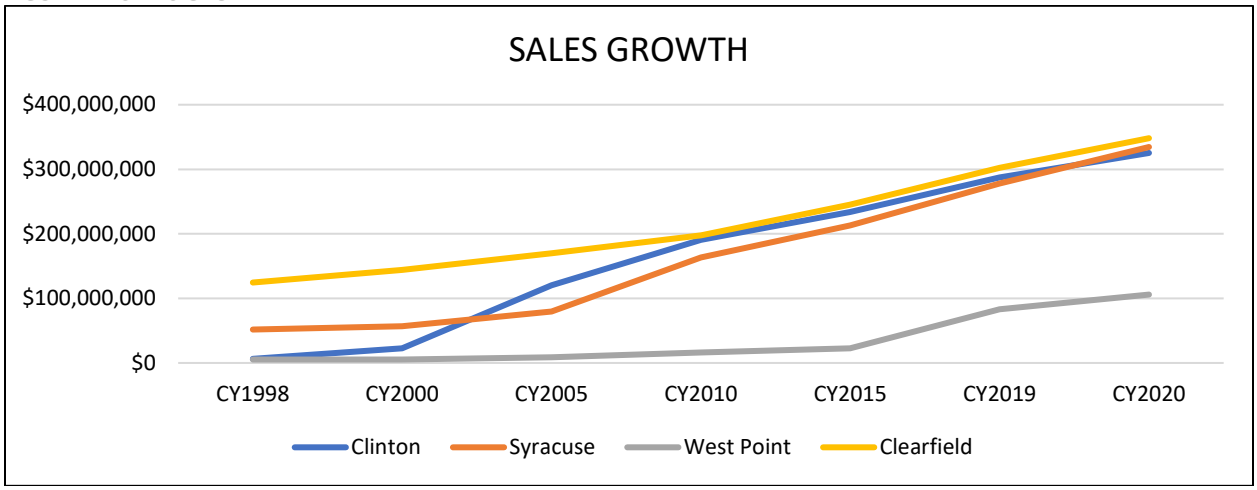



FIGURE 11: SALES GROWTH



## Retail Sales by Economic Node

While the City as a whole is affected by sales leakage and capture rates, each economic node has a different character in its type of sales and its performance as a retail center now and planned for future commercial use. Some nodes are not really retail centers at all but serve other purposes such as employment or medical office. The first map below shows economic nodes in the City. The second map shows the City's percent of total sales made in the core commercial center.

FIGURE 12: ECONOMIC NODES

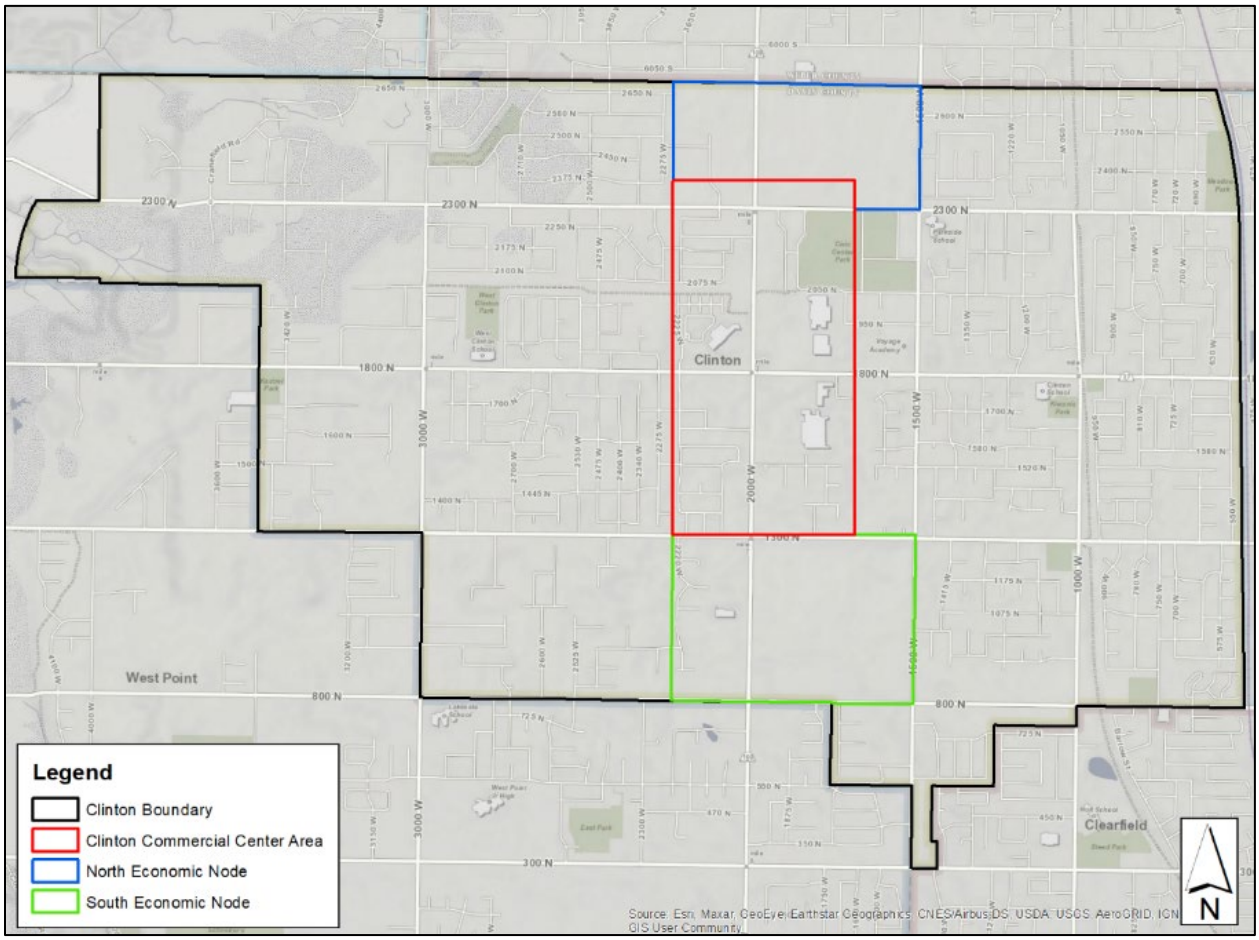
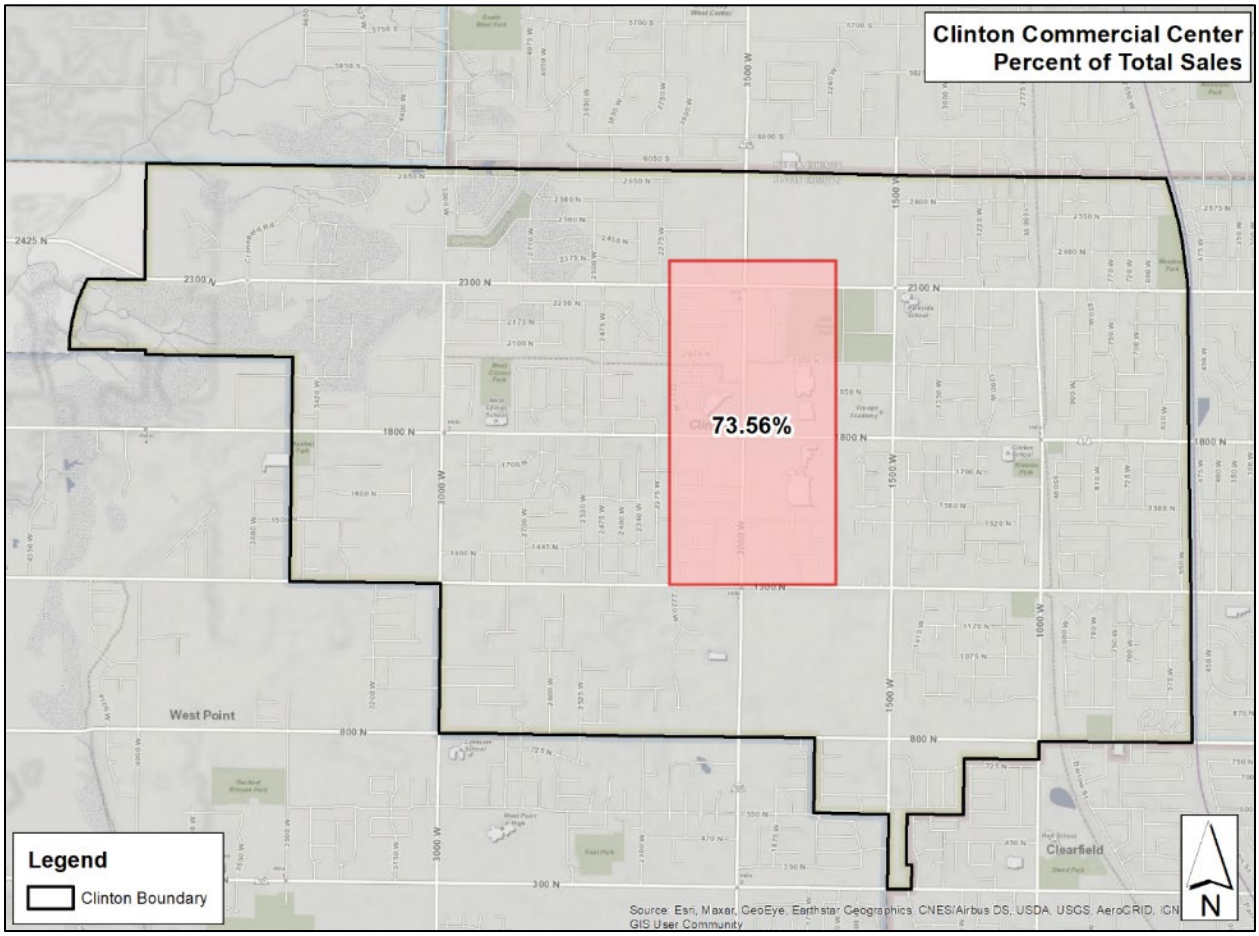
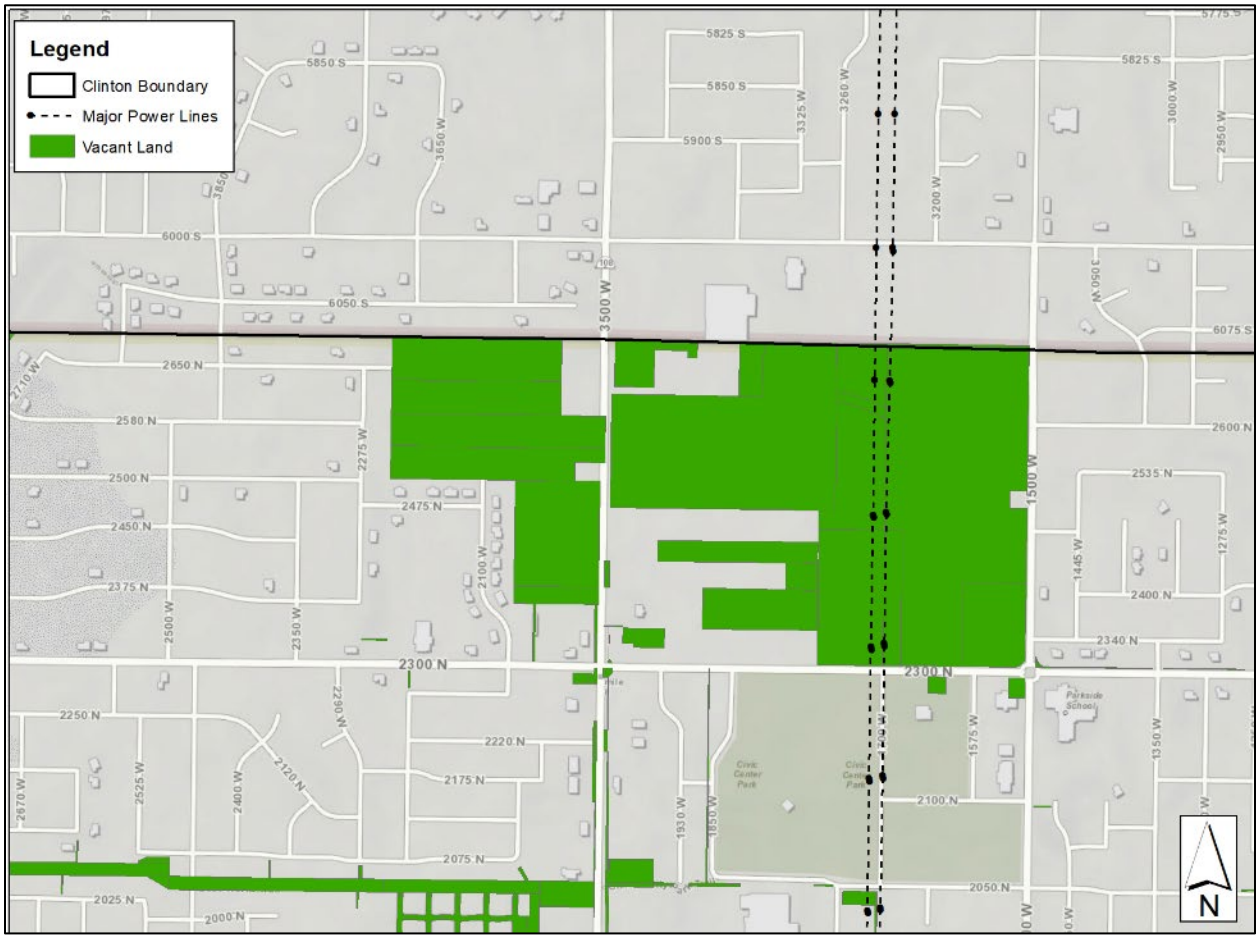


FIGURE 13: COMMERCIAL CENTER PERCENT OF TOTAL SALES



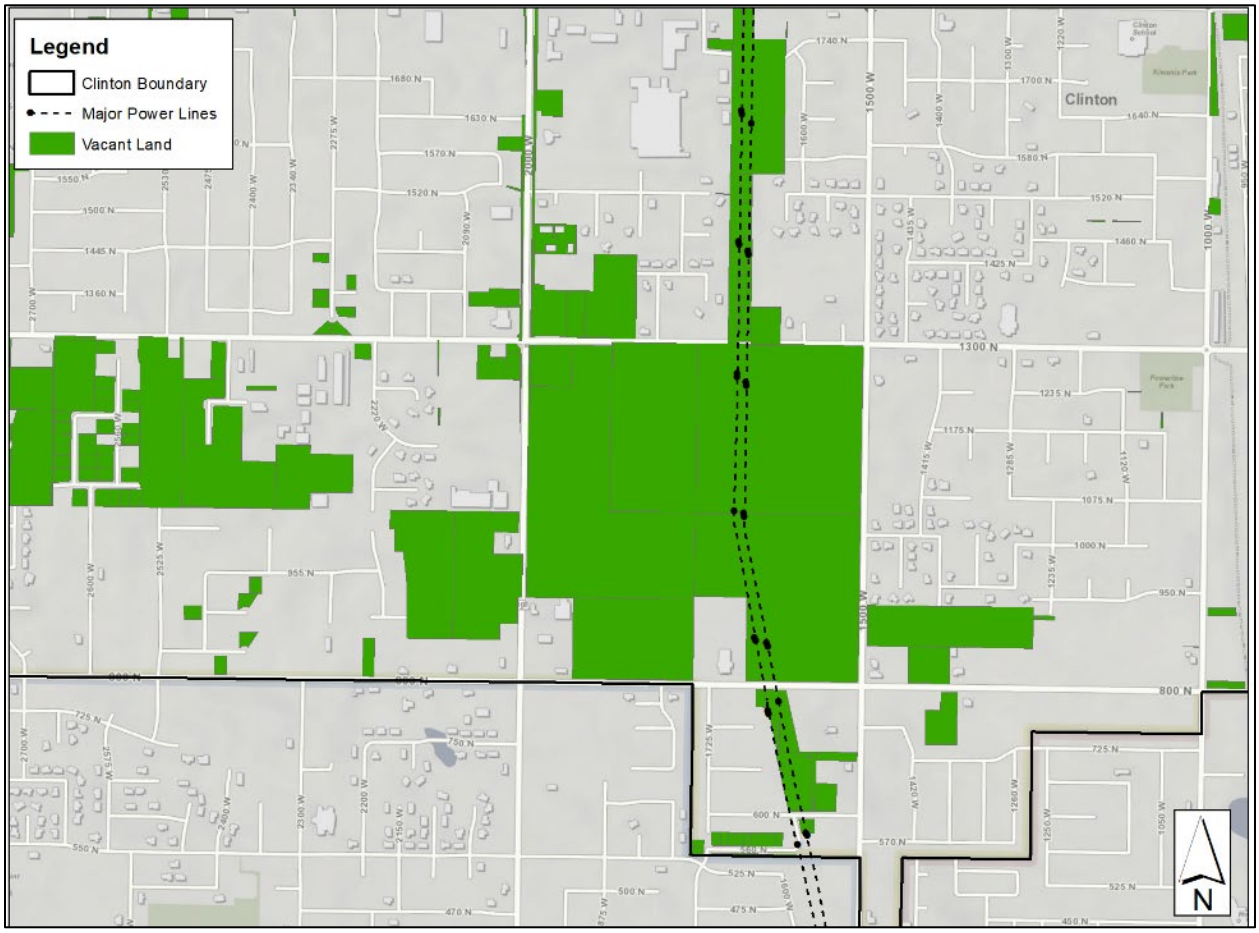

The City may want to focus on a retail entertainment component on the north economic node. By doing so, this would draw residents outside of Clinton to a regional entertainment node decreasing the City's sales leakage. Successful retail establishments are those that have pivoted with the changing retail trends by doing such things as adding interactive/entertainment space. Clinton could capitalize on this by creating such a development.

FIGURE 14: NORTH ECONOMIC NODE




In contrast, the City may choose to pursue office space on the south economic node. A medical campus may be feasible with the strong market in health services. Flex office is another strong market that may be implemented into an office park setting.

FIGURE 15: SOUTH ECONOMIC NODE




## Retail Market Share and Analysis

This section of the plan considers current retail market conditions in Clinton and the surrounding region. Additionally, based on existing and planned demographics, potential new retailers for Clinton are addressed.

Currently, market conditions are relatively favorable for retail users in Utah. Strong population and employment growth are fueling the need for additional retail throughout the State. Slightly offsetting, however, are trends for more online shopping, fueled partially by the COVID pandemic, which has had a significant effect on the space needs per capita. The following retail highlights are noted for Utah:

- Doing well – Grocery stores, automobile services, eateries, "concept" stores
- Faring poorly – Clothing stores, toy stores, jewelry stores, department stores, anything struggling with competing with online shopping

Due to the changing retail environment, stores are reacting to needed changes which include the following:

- Concept stores – opportunities for customers to have experiences that are not replicated online
- Distribution stores – stores which allow for drop-off deliveries from online services – results in quicker shipping times and reduced costs
- Eateries – eateries are adapting to Uber Eats and other delivery services. This is ultimately leading to reduced table space and a greater need for pick-up capacities

Retailers have shown that they require certain demographic conditions to consider store expansions or locating to new areas. Some of these criteria are highlighted below:

- Strong traffic counts – multiple points of access
- Growing population counts in 1, 3, 5-mile radii
- Daytime populations – typically requires an office presence
- Destination locations – customer draws (parks, entertainment options, etc.)
- Retailers are looking more closely at which demographics are more likely to shop online, and are looking for areas which support traditional retail activity

The noted criteria for retail tenants aid in making recommendations for specific areas in Clinton. When the existing demographics are considered, potential users can be estimated.

The following retail types are actively looking in Utah and have requirements for traffic and population that are generally met by Clinton. Where there may be current shortcomings in Clinton's demographics, these retail types may place additional weight on the traffic advantages, thereby discounting the need to fully fill the population requirements.

**Convenience Stores –** Clinton may not have the population at this time to satisfy some of the convenience store retailers actively looking in the market, but they do have traffic characteristics that may be superior enough to offset some population shortcomings.

**Grocery Stores –** Clinton may have the opportunity to recruit a niche grocer. They typically require a population of 100,000 within a 10-minute drive time, and median incomes that are above average in the draw area.

**Tire/Automotive/Other –** this retail type often requires close access to major transportation corridors, and significant traffic volume.

The table below reflects the fiscal impact different retailers have when located within the City boundary.

TABLE 6: FISCAL IMPACTS OF VARIOUS RETAILERS

| Tenant | Avg. Sales Per Sq. Ft. | Average Store Size (square feet) | Fiscal Impact to City* |
|---|---|---|---|
| Olive Garden | $540 | 8,000 | $21,600 |
| Denny's | $330 | 4,200 | $6,930 |
| Costco | $1,050 | 145,000 | $761,250 |
| Burger King | $140 | 3,200 | $2,240 |
| Wendy's | $280 | 3,200 | $4,480 |
| Walgreens | $760 | 14,100 | $53,580 |
| Black Bear Diner | $480 | 5,300 | $12,720 |
| Outback Steakhouse | $540 | 6,200 | $16,740 |
| Chili's | $420 | 5,200 | $10,920 |
| Papa John's | $200 | 1,300 | $1,300 |

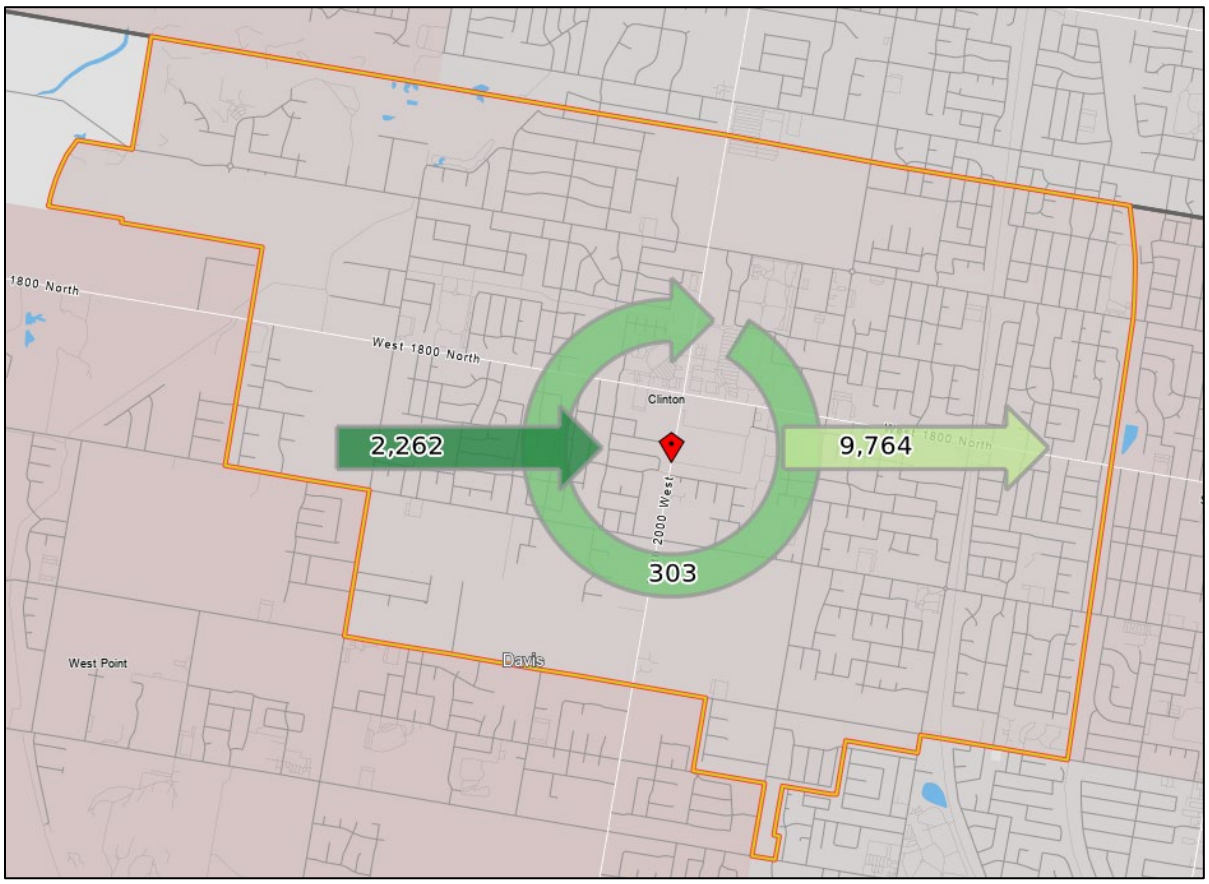
*Sales tax revenue only (does not include other taxes)

## Employment

This plan also studies which potential employment industries may be suitable for Clinton. The City's transportation proximity to Interstate 15/84 is notable, suggesting that industries that require this amenity should be pursued. Also factored are the demographics of the local populace, as well as regional employment trends and influences.

Clinton has a relatively low number of residents both living and working within the City. Most residents travel outside of the City boundaries for employment, as shown on the map below.

FIGURE 16: EMPLOYMENT IN-FLOW OUT-FLOW




Source: U.S. Census, On the Map

According to the Utah Department of Workforce Services (2020), Clinton has an average of 280 firms in various industries, with the largest segments including: trade, construction and utilities, government, and leisure & hospitality.

TABLE 7: CLINTON 2020 LABOR MARKET

| Clinton | Avg. No. of Firms | Avg. Employment | Total Wages ($) | Avg. Monthly Wage ($) |
|---|---|---|---|---|
| Mining | 0 | 0 | $0 | $0 |
| Construction | 43 | 175 | $7,128,131 | $3,400 |
| Manufacturing* | D | D | D | D |
| Trade, Transp. & Utilities | 60 | 809 | $21,135,200 | $2,176 |
| Information* | D | D | D | D |
| Financial Activities | 28 | 100 | $6,085,304 | $5,079 |
| Professional & Business Services | 38 | 125 | $7,076,490 | $4,707 |
| Education & Health Services | 44 | 292 | $9,885,075 | $2,822 |
| Leisure & Hospitality | 31 | 605 | $8,490,125 | $1,169 |
| Other Services | 20 | 92 | $1,898,139 | $1,728 |
| Government | 12 | 650 | $32,159,542 | $4,121 |
| **Total** | **280** | **2,885** | **$95,387,047** | **$2,755** |

Source: Utah Department of Workforce Services, Workforce Research & Analysis, Annual Report of Labor Market Information, 2020
*D/ not shown to avoid disclosure of individual firm data, therefore, will not add to City total

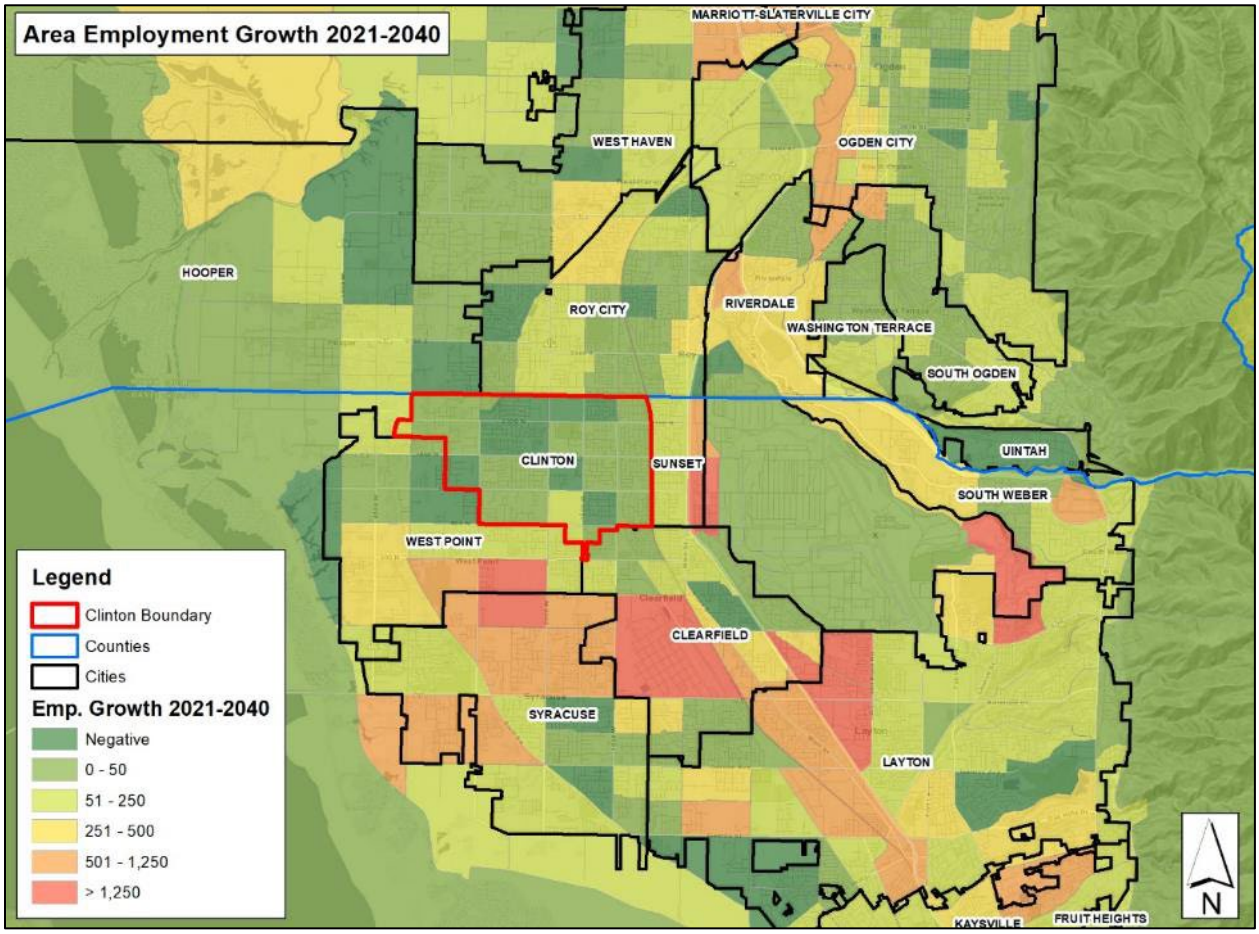
Currently, the following industries appear to be appropriate for Clinton:

- **Outdoor retailers** – This industry is experiencing significant growth in the Intermountain West. Possible tenants are looking for distribution hubs with proximity to recreational options. Outdoor retailer tenants often have minimal actual retail space, with most of their area dedicated to manufacturing, warehousing, and distribution.
- **Distribution facilities** – Key growth in this sector is occurring throughout the Intermountain West at present. Nearly all major big-box retailers are scaling back their store expansions but are adding significant new distribution and logistics space, as consumer shopping habits continue to evolve. A key component to this user base is transportation access to multiple metropolitan areas and multiple freeways and airports.
- **Call and service centers** – This industry is expanding rapidly and wants access to an employment supply that is becoming sparser throughout the nation. Wages in this industry are often at or slightly below median levels, but some service centers do offer management training that leads to above-median income jobs. Space requirements for call and service centers are significant, and parking is required above 6.0 spaces per thousand square feet.
- **Educational centers – Satellite campuses.** Some educational centers and satellite campuses include standard teaching setups, while rapid growth is being seen with offices that are set up with audiovisual gear to connect a remote instructor with a gathered class. Significant growth in technology schools and certifications programs are using this setup. Clinton should pursue opportunities with Utah-based schools looking to expand their satellite offerings.
- **Health services – The office market is currently supply restricted in Davis and Weber counties,** meaning there is insufficient space available to meet current demand. Health services tenants accounted for 20 percent of new leasing in Davis and Weber counties and represent a prime opportunity for Clinton to capitalize on this industry.

## Employment Projections

Under current trends, employment growth is generally projected to remain low, particularly when compared to Clearfield, Syracuse, and West Point. Like population growth projections, this is primarily related to land availability for office space development, but Clinton can avoid this trend by encouraging high quality office space to attract and retain high-paying jobs.

FIGURE 17: AREA EMPLOYMENT GROWTH

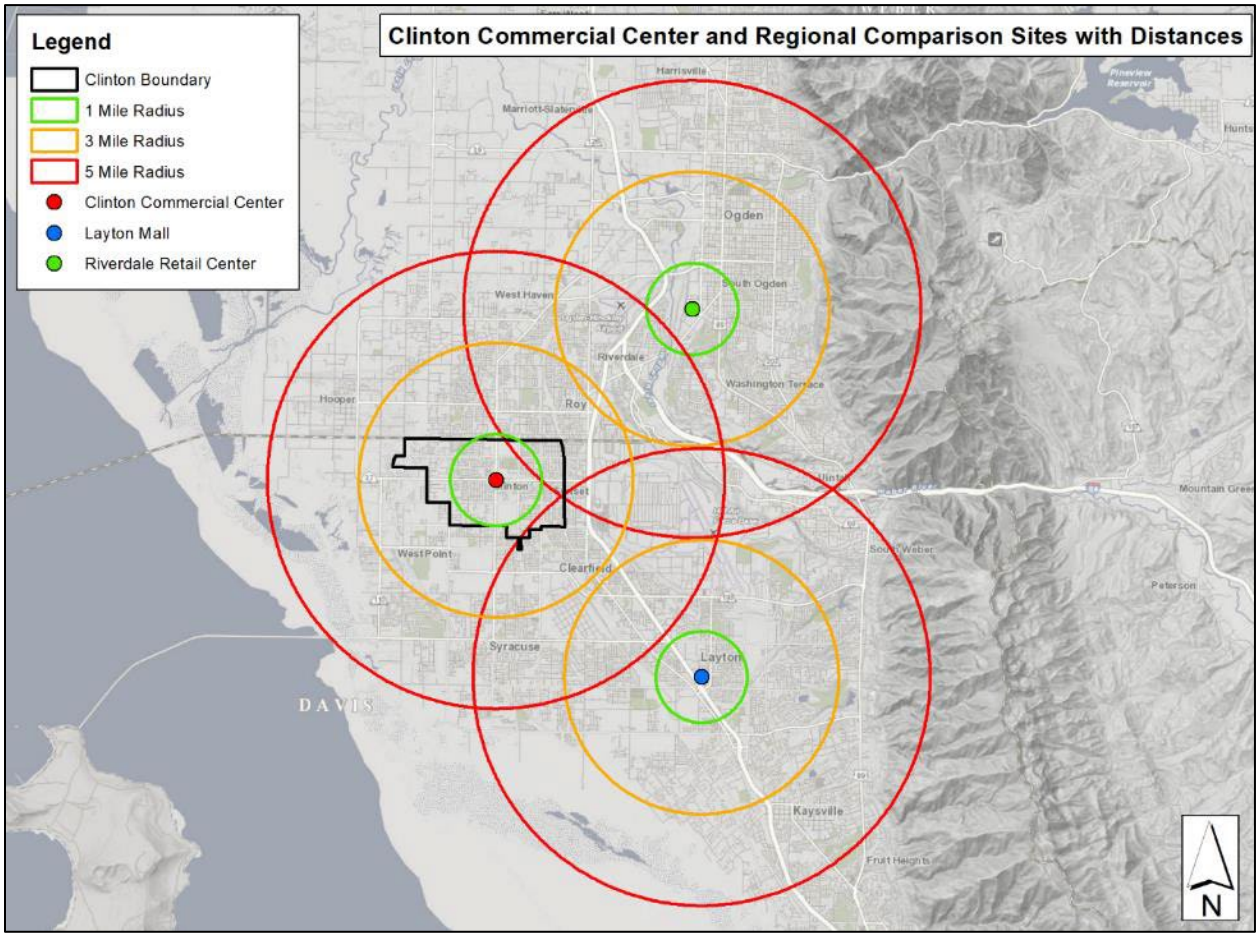



Attracting new employment to Clinton will require a focus on its transportation benefits and growing population. Quality of life should also be highlighted, with lower housing costs and proximity to recreation offerings, Clinton is an ideal location to attract a wide range of employers and provide a high quality of life to their employees.

## Regional Influences

The regional environment plays an important role in retail growth. As Davis and Weber counties continue to increase in population, there will be an increased demand for retail goods and services in the regional area. Comparison and potentially competitive sites, for the purpose of analysis, are shown on the map below.

FIGURE 18: COMPETITIVE SITES




Population numbers are calculated for a 1, 3 and 5-mile radius from Clinton's Commercial Center as well as from the Layton Hills Mall commercial site and the Riverdale Retail Center. Population projections are based on Traffic Area Zone (TAZ) data compiled by Wasatch Front Regional Council (WFRC). The purpose of this analysis is to see where the greatest concentration of population is now and will be by 2040. The analysis below conclusively shows that the Clinton Commercial Center site will have substantial population growth by 2040 and will be extremely competitive for expanded commercial development in the regional area.

TABLE 8: PROJECTED POPULATION GROWTH FROM CLINTON SITE

| Clinton Commercial Center | | | | | |
|---|---|---|---|---|---|
| **Distance** | **2021** | **2030** | **2040** | **Growth by 2030** | **Growth by 2040** |
| 1 Mile | 11,506 | 11,823 | 12,495 | 317 | 989 |
| 3 Mile | 89,695 | 98,995 | 108,452 | 9,300 | 18,757 |
| 5 Mile | 177,608 | 196,793 | 217,554 | 19,185 | 39,946 |

TABLE 9: PROJECTED POPULATION GROWTH FROM RIVERDALE SITE

| Riverdale Retail Center | | | | | |
|---|---|---|---|---|---|
| **Distance** | **2021** | **2030** | **2040** | **Growth by 2030** | **Growth by 2040** |
| 1 Mile | 9,975 | 12,582 | 15,192 | 2,607 | 5,216 |
| 3 Mile | 91,501 | 103,505 | 114,114 | 12,003 | 22,613 |
| 5 Mile | 181,045 | 200,269 | 218,025 | 19,224 | 36,980 |

TABLE 10: PROJECTED POPULATION GROWTH FROM LAYTON SITE

| Layton Hills Mall | | | | | |
|---|---|---|---|---|---|
| **Distance** | **2021** | **2030** | **2040** | **Growth by 2030** | **Growth by 2040** |
| 1 Mile | 16,653 | 22,096 | 28,530 | 5,444 | 11,877 |
| 3 Mile | 97,153 | 111,331 | 129,566 | 14,178 | 32,413 |
| 5 Mile | 180,815 | 199,875 | 225,134 | 19,059 | 44,318 |

Existing traffic counts are shown on the map below, as well as the traffic count change from 2019-2024. Future traffic counts show marked growth throughout the City. By monitoring the change in traffic counts, the City can use the data as a tool when approaching potential businesses to locate in the City. As stated previously, strong traffic counts are an important component in retail recruitment.

FIGURE 19: AADT 2019

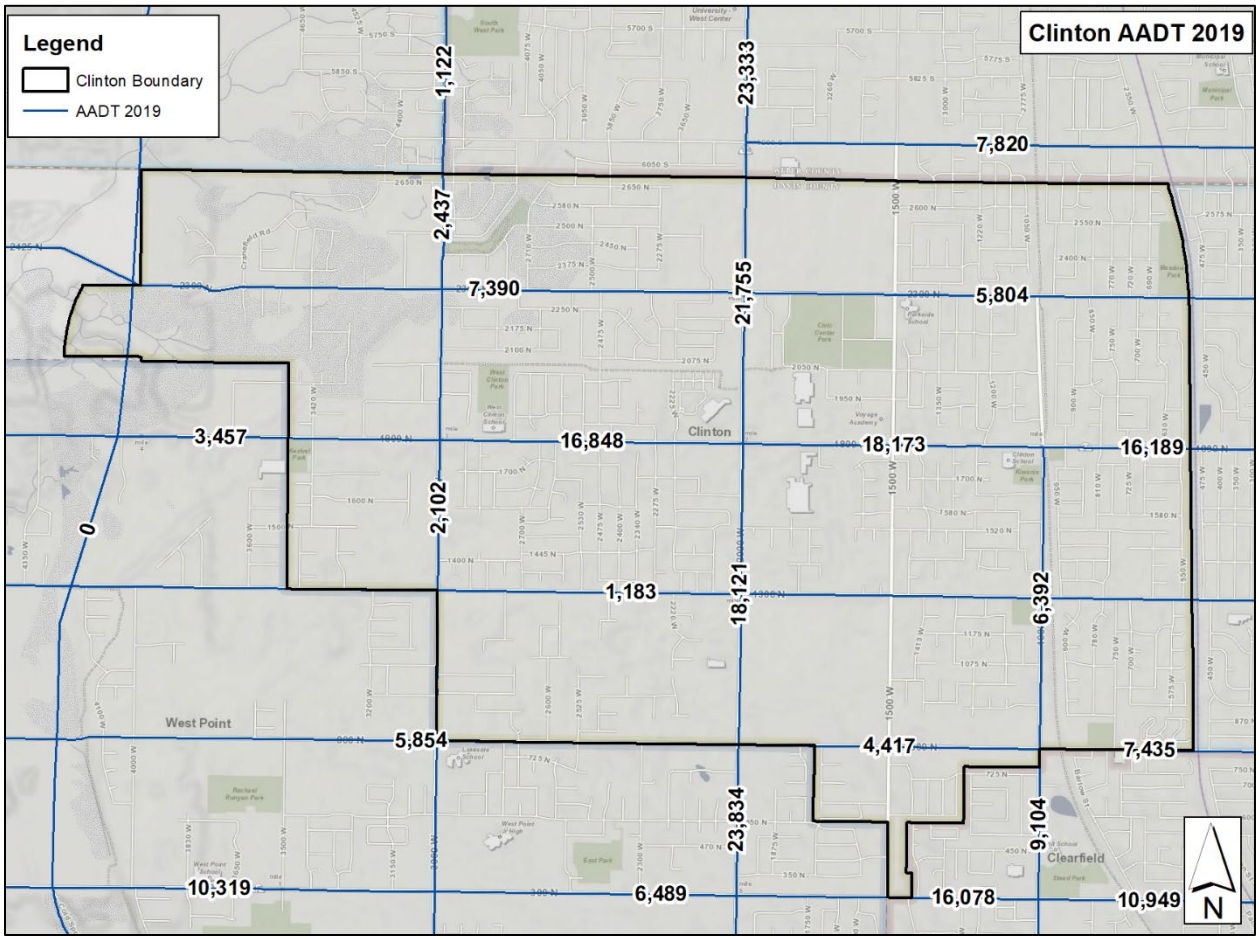
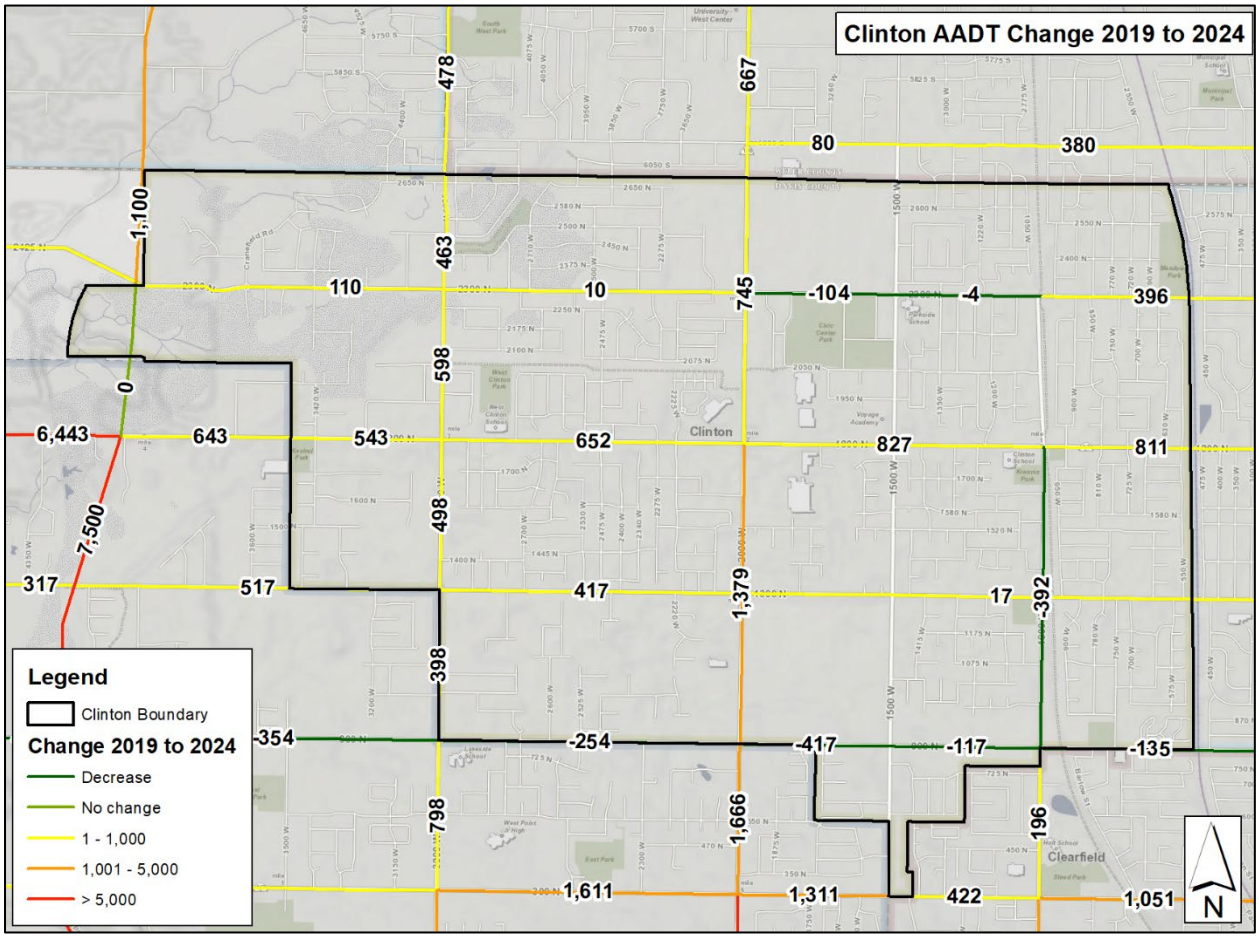


FIGURE 20: AADT CHANGE 2019-2024



# Highest and Best Use Analysis

The purpose of this section of the Economic Plan is to first evaluate the highest-and-best use of the property from the perspective of a developer, current market conditions and the type of development most likely to take place. Then this analysis takes the City's perspective and compares the fiscal impacts and benefits to the City from various types of development. Finally, strategies are provided to enable the City to bridge the "gap" between its vision for the site and highest-and-best use in the eyes of the developer.

It is important to understand how highest and best use works, and, more importantly, how desired development can be achieved. Historically, highest and best use has only been considered as to what creates the greatest return on the land. This is a developer-centric model for highest and best use and relies upon an understanding of developer figures and intentions. A wider implementation of highest and best use should consider the following:

- Highest and best use to the developer. This scenario considers the greatest return to the land, and has historically been all that has been considered by most municipalities;

- Highest and best use to the City (fiscal). This consideration addresses the proposed fiscal impacts of development and what revenue, and expenses are generated for the City. The impacts may include, but are not limited to, property taxes, sales taxes, municipal energy fees, Class B/C road funds, retail buying power, and costs of services to be provided; and

- Highest and best use to the citizens. This scenario is often less quantitative and relies upon feedback from citizens of what amenities are lacking in the area. This process also requires notable education, as residents will oft resort to desires that are not market feasible. Data is necessary to show, for example, that a certain retailer will not occupy a site until surrounding demographics hit specific metrics. Or residents may be unaware that their transportation costs are higher than those of other communities due to a lack of employment centers, and that adding jobs at a site (instead of an alternative, publicly desired use) may result in notable community benefits.

Ultimately, highest and best use studies will provide the framework for a municipality to understand the full implications of development. These studies will show what the market can build, what impacts the City should expect, and what property types are currently not feasible. If the non-feasible (in the market) uses are still desired by the City, various economic development tools may need to be implemented to see that use to fruition.

## Market Overview

According to CBRE's most recent market report for Utah, this State is one of the best places in the nation for development. Since 2015, Utah has posted the 2nd highest GDP growth rate of any state and the highest annualized employment growth rate. In-migration has soared during the pandemic as many are looking for places to live with less government restrictions. This in-migration has placed significant demand on the housing market, which has seen soaring home prices and rent rates and tightened inventory. Accompanying the population growth in the State is the related demand for jobs and employment.

Utah has the essential pieces in place for a thriving business environment: pro-development mindset, limited government regulations and interference, universities and trade schools, excellent healthcare, growing tech sector and steady supply of talent.

**Office Market Overview**

The Davis-Weber Counties office market has remained stable and consistent during the pandemic. According to the Newmark Q4 2021 Office Market Report, "Unlike other portions of the Wasatch Front, the office market in Davis and Weber counties experienced little disruption at the onset of the pandemic. Vacancy remained controlled and continued to decline in 2020 and 2021, ending at 7.4% at year-end. Additionally, sublease vacancy remained well below the national average." Construction starts were stagnant over the past 18 months with developers hesitant to break ground for new construction until they see how companies deal with office space due to the change in working conditions and increasing acceptance of remote work.

Average asking rents for office space, NNN, are approximately $20-$21 per square foot, with rents rising in the last quarter of 2021 and reaching closer to $23. The average sales price per square foot was about $175.

**Industrial/Flex Office Market Overview**

According to the Newmark Q4 2021 Industrial Market Report, "The Davis and Weber counties industrial market continues to experience strong market fundamentals, albeit with a lack of available space. The market is characterized by a historically low vacancy rate (1.1%), strong year-over-year achieved rent growth (24.5%), and strong demand by tenants, developers, and investors to be in the fast-growing Ogden-Clearfield Metro. Net absorption remains strong, with more than 800,000 square feet absorbed in 2021, the third highest yearly total to date, which would be higher were it not for the dearth of available space. Expect near record net absorption in 2022."

CAP rates have declined from about 6.0 percent in 2019 to 4.3 percent in 2021 showing the attractiveness of this market. Lease rates have increased nearly 25 percent over the last year, reflective of strong tenant demand and surging construction costs. Lease rates vary significantly depending on the type and size of industrial space.

**Retail Market Overview**

The Newmark Q4 2021 characterized the Wasatch Front retail market as having moderate activity despite the uncertainty associated with the omicron variant. CAP rates ranged between about 6.0 and 6.5 percent. Lease rates vary greatly depending on the size of the space, with significantly higher rates on smaller spaces, such as restaurants, than for larger spaces, such as grocery stores.

**Multi-Family Overview**

From a developer's perspective, the multi-family market is thriving in Utah with a lack of inventory and rapidly rising rents, but also with rapidly escalating construction costs. CAP rates for multi-family units generally range between 4.5 and 5.0 percent. Heavy demand is expected to outpace supply for the next few years, thereby placing even more pressure on rising rents.

## Highest and Best Use – Developer Perspective

From a developer's viewpoint, multi-family and traditional flex office provide the highest return on land in the current Davis-Weber Counties market. However, with the limited retail and office space currently available in the western part of Davis and Weber Counties, there is still potential for growth in these sectors as well.

In order to understand the highest-and-best use impacts associated with office, retail and multi-family development from the perspective of a developer, **a detailed analysis of each development type is included in the Appendix to this report.** The detailed analysis considers the construction costs (including land) incurred by a developer for various product types. It then calculates the net operating income from each development type (calculated through a detailed review of potential revenue streams and operating costs) and divides by current capitalization rates[2] in the market. The ratio of net operating income divided by an appropriate CAP rate computes the market value of the project. The market value of the project is then compared to the developer's all-in costs for the project to evaluate the developer's profit.

The table below estimates the varying profit margins by development types for targeted commercial sites in Clinton and helps explain why developers are pushing multi-family development. Detailed calculations for the profit percentages are shown in the Appendix.

TABLE 11: PROFITABILITY COMPARISON BETWEEN DEVELOPMENT TYPES

| Type | Likely CAP Rates | Profit Percentage |
|---|---|---|
| Office | 6.5% | 20% |
| | 7.0% | 11% |
| Multi-Family - 20 units per acre | 4.5% | 40.3% |
| | 5.0% | 26.3% |
| Retail | 6.0% | 23% |
| | 6.5% | 14% |
| Industrial/Flex Office | 4.5% | 39% |
| | 5.0% | 25% |

## Highest and Best Use – City Fiscal Impacts

From the City's perspective, the highest and best use of the property will not only consider community needs and desires, but also the fiscal impacts to the City. Fiscal impacts include revenues from property taxes, sales taxes, municipal energy taxes and class B/C road funds.

Fiscal impacts to the City from office development are anticipated to reach over $10,000 per acre per year.

TABLE 12: OFFICE DEVELOPMENT FISCAL IMPACTS

| Description | Amount |
|---|---|
| **Property** | |

[2] A capitalization (CAP) rate is the ratio of the project's net operating income over the total market value of the completed project.

| Description | Amount |
|---|---|
| Building cost per sf | $250.00 |
| FAR | 0.38 |
| SF per acre | 16,553 |
| Property value per acre | $4,138,200 |
| Clinton property tax rate | 0.001936 |
| Property tax revenues | $8,011.56 |
| | |
| **Municipal Energy** | |
| Utility/gas costs per sf | $2.10 |
| Annual energy bill | $34,761 |
| Tax rate | 6.0% |
| Revenue | $2,085.65 |
| | |
| **TOTAL OFFICE** | **$10,097.21** |

Fiscal impacts to the City from retail development are anticipated to reach nearly $28,000 per acre annually.

TABLE 13: RETAIL DEVELOPMENT FISCAL IMPACTS

| Description | Amount |
|---|---|
| **Property** | |
| Bldg. cost per sf | $220.00 |
| FAR | 0.25 |
| SF per acre | 10,890 |
| Property value per acre | $2,395,800 |
| Clinton property tax rate | 0.001936 |
| Property tax revenues | $4,638.27 |
| | |
| **Sales** | |
| Sales per sf | $400 |
| SF per acre | 10,890 |
| Gross annual sales | $4,356,000 |
| Local point-of-sale revenues | $21,780 |
| | |
| **Municipal Energy** | |
| Utility/gas costs per sf | $2.10 |
| Annual energy bill | $22,869 |
| Tax rate | 6.0% |
| Revenue | $1,372.14 |
| | |
| **TOTAL RETAIL** | **$27,790.41** |

Fiscal impacts to the City from multi-family development (20 units per acre) are expected to reach roughly $14,000 per acre annually.

TABLE 14: MULTI-FAMILY DEVELOPMENT FISCAL IMPACTS – 20 UNITS PER ACRE

| Description | Amount |
|---|---|
| **Property** | |
| Property Value per Acre | $4,000,000 |
| Clinton property tax rate | 0.001936 |
| Total Property Tax per Acre | $4,259.20 |
| | |
| **Sales** | |
| Units per Acre | 20 |
| Average HH Size | 3.0 |
| Population per Acre | 60 |
| Population Distribution per Capita | $100 |
| Point of Sale per Capita | $2,300 |
| Distribution from Point of Sale per Capita | $12 |
| Total per Capita Distribution | $112 |
| Annual Distribution per Acre | $6,690 |
| | |
| **Municipal Energy** | |
| Utility - Energy and Gas per Unit - MF | $981.10 |
| Units | 20 |
| Annual ME tax revenues | $1,177.32 |
| | |
| **Class B/C Road Funds** | |
| Amount per Capita | $30.05 |
| Population per Acre | 60 |
| Total Population Distribution per Year | $1,803.00 |
| | |
| **Total Multi-Family** | **$13,929.52** |

Revenues per acres are substantially less for 8 multi-family units per acre than for 20 units, but costs of some City services would also likely be less (less vehicle trips on the roads, fewer public safety calls for service, etc.).

TABLE 15: MULTI-FAMILY DEVELOPMENT FISCAL IMPACTS – 8 UNITS PER ACRE

| Description | Amount |
|---|---|
| **Property** | |
| Property Value per Acre | $1,760,000 |
| Clinton Property Tax Rate | 0.001936 |
| Total Property Tax per Acre | $1,874.05 |
| | |
| **Sales** | |

| Description | Amount |
|---|---|
| Units per Acre | 8 |
| Average HH Size | 3.0 |
| Population per Acre | 24 |
| Population Distribution per Capita | $100 |
| Point of Sale per Capita | $2,300 |
| Distribution from Point of Sale per Capita | $12 |
| Total per Capita Distribution | $112 |
| Annual Distribution per Acre | $2,676 |
| | |
| **Municipal Energy** | |
| Utility - Energy and Gas per Unit - MF | $981.10 |
| Units | 8 |
| Annual ME tax revenues | $470.93 |
| | |
| **Class B/C Road Funds** | |
| Amount per Capita | $30.05 |
| Population per Acre | 24 |
| Total Population Distribution per Year | $721.20 |
| | |
| **Total Multi-Family** | **$5,742.18** |

Retail development brings the highest revenues per acre to the City, followed by higher-density multi-family development. However, both of those development types also have higher service costs on a per acre basis (i.e., calls for service, traffic generation and impact on roads, etc.). For these types of development, some of the costs can be mitigated through business licensing fees.

TABLE 16: SUMMARY OF FISCAL IMPACTS PER ACRE BY DEVELOPMENT TYPE

| Summary Comparison | Office | Retail | Multi-Family 20 units per acre | Multi-Family 8 units per acre |
|---|---|---|---|---|
| Property Taxes | $8,012 | $4,638 | $4,259 | $1,874 |
| Sales Taxes | | $21,780 | $6,690 | $2,676 |
| Municipal Energy | $2,086 | $1,372 | $1,177 | $471 |
| Class B/C Road Funds | | | $1,803 | $721 |
| **Total Annual Revenue per Acre** | **$10,097** | **$27,790** | **$13,930** | **$5,742** |

## Strategies and Recommendations

If the City desires retail and office development at its prime commercial sites, it may need to consider various economic tools to offset some development costs and thereby see the fruition of its vision. The question then becomes, what order of magnitude of assistance would be required and would the City still see fiscal benefits from retail and office development, above and beyond multi-family development, even if some offsets to costs are provided? Certainly, the provision of such assistance is a City policy. The intent

of this report is only to suggest options for the City if it desires to establish areas in the City that include a fairly significant amount of retail and office development.

TABLE 17: SUMMARY OF MARGIN PER ACRE BY DEVELOPMENT TYPE

| Development Type | CAP Rate | Developer Margin per Acre |
|---|---|---|
| Office | 7.0% | $468,202 |
| Retail | 6.5% | $367,328 |
| Multi-Family - 8 units per acre | 5.0% | $296,957 |
| Multi-Family - 20 units per acre | 5.0% | $1,526,472 |
| Traditional Flex Office | 5.0% | $568,567 |

City revenues per acre are compared in Table 16 above. In order to bridge the "gap" in highest-and-best use as perceived by the developer v. the City, the City might for example, consider giving the developer greater density for the residential development portion of the site, property tax increment or some sales tax revenues for a period of time. Or the City might decide to create a SAA (Special Assessment Area) or PID (Public Improvement District) that would allow the developer to borrow money at a lower interest cost and factor those savings into the development equation.

The economic tools or public assistance required will differ for each developer proposal and will depend on a variety of factors. For example, if a developer purchased land many years ago at a good price, the developer would not need to earn the same return as if he recently purchased the land at a higher price. Properties with extraordinary costs associated with development, such as environmental cleanup, storm water or grading issues, may require more public assistance than properties without those costs. Development requiring structured or underground parking may find it difficult to achieve rents that would make the project profitable without some sort of public assistance. Each proposal must be evaluated on its own merits.

Potential economic tools to encourage desired types of development include, but are not limited to:

- Increased residential density on a portion of the property assuming a certain level of office and retail development in return;
- Creation of a Community Reinvestment Area (CRA) to help with infrastructure costs;
- City assistance with or provision of basic infrastructure to the area;
- Mitigation or waiving some development-related fees;
- Streamlined approval process;
- Sales-tax sharing agreements for retail developed on site; and
- Creation of a special assessment area (SAA) which creates a separate assessment area to borrow funds for infrastructure costs which are then repaid by property owners in the area at plat recordation. Creation of a Public Improvement District (PID) also allows for funds to be borrowed for infrastructure costs.

## Economic Development Tools

Funding opportunities are considered for Clinton, with consideration for what financial resources and/or incentives may be required to realize some of the potential development and activity outlined in this plan. Possible options include the following:

**Community Reinvestment Areas –** is a defined area within which taxing entities consent to the Clinton Redevelopment Agency (RDA) to receive a portion of the increased property taxes associated with new development that occurs within the project area's boundaries for a specified period of time.

- Allows for the use of tax increment in project areas for a wide variety of purposes, including infrastructure costs, beautification, relocation, land buy-downs, recruitment incentives, etc.
- Use in areas where economic incentives are necessary and likely to encourage economic development or redevelopment

**Special Assessment Areas –** is a defined area within which businesses are required to pay an additional tax (or levy) in order to fund projects within the district's boundaries.

- Originally created for infrastructure improvements such as curb, gutter, sidewalk, streetlights, etc.
- Can be difficult to get support from multiple property owners who must consent to having this additional assessment paid, in addition to property taxes
- Use in large, greenfield areas of development with one or small number of property owners and where infrastructure needs are substantial

**Public Infrastructure Districts –** allows for the creation of a separate taxing entity in order to fund public infrastructure.

- PIDs are generally most successful in larger, undeveloped areas where there are significant infrastructure needs. Because the unanimous consent of all property owners is required for the creation of a PID, it is difficult to establish PIDs in areas with numerous property owners
- Can be combined with other revenue sources such as tax increment
- Any debt issued is not on the books of the local government entity

**Public Private Partnerships (P3s) –** is a contractual agreement between a public agency and a private sector entity.

- Shared skills and assets of each sector (public and private) in delivering a project for the use of the general public
- In addition to sharing resources, each party shares in the risks and potential rewards in the delivery of the project
- A P3 is not privatization. The public sector retains ownership and ultimate control of the public asset

**Revolving Loan Fund –** is an Economic Adjustment Assistance (EAA) grant award that establishes revolving loan funds that make loans to businesses that cannot otherwise obtain traditional bank financing

- Have often been successfully used in downtown areas for façade improvements

# Appendix A – Retail Site Criteria

**Michael's** – population minimum of 200,000 in a 10-mile area, required to have near access to a major traffic arterial, desire for areas of high income and high percentage of female population
Average 15,000 to 30,000 square feet, minimum parking of 5.0 spaces per thousand

**Bed Bath & Beyond** – population minimum of 150,000 in 6-mile area, minimum of 15,000 households in area with over $55,000 incomes, high home ownership ratios, areas of solid planned population growth
Average 20,000 to 40,000 square feet, parking at a minimum of 5.0 spaces per thousand
Reject locations that are near theaters, gyms, and restaurants

**TJ Maxx** – population minimum of 100,000 in a 3-mile area, with close proximity to high-traffic tenants, grocery stores, clothing stores, and home improvement stores; require mid-to-upper incomes, higher percentage of female population
Average size of 30,000 square feet, parking at a minimum of 5.0 spaces per thousand

**Wal-Mart** – minimum population of 100,000 in three miles, major arterials in immediate area (40,000 ADT), avoid high or extra low-income areas
Average 140,000 to 200,000 square feet (Super Centers), parking at 4.5 to 6.0 per thousand

**Sprouts** – minimum population of 100,000 within a 10-minute drive time, median incomes that are above average in the draw area, and easy access from a main thoroughfare
Average store size of 30,000 square feet, desirable to have minimum of 150-feet of storefront, parking at a minimum of 4.5 per thousand

**Staples** – minimum population of 150,000 within a five-mile radius, plus a minimum of 5,000 small businesses
Focus on high-income areas and small business activity
Average store size of 25,000 square feet, parking required at 5.0 per thousand

**Olive Garden** – 125,000 population in 15-minute drive time
Average 8,000 square feet, 1.0-2.5 acres, parking at more than 10.0 per thousand

**Family Dollar** – median incomes *below* $60,000 in 1-mile radius, desire grocery-anchored centers Average 8,500 square feet, parking in excess of 3.5 per thousand

**Costco** – suburb locations with minimum of 75,000 population within five miles
Will look at growing demographics within a 20-mile radius, near access to a major arterial required
Average store sizes of 145,000 square feet, parking typically required at 6.0 per thousand

**Whole Foods** – minimum population of 200,000 within a 20-minute drive time, higher percentage of college-educated residents than most areas, median incomes above average, visibility characteristics are emphasized
Average store sizes of 25,000 to 50,000 square feet, parking at 5.5 to 6.0 per thousand

**Jamba Juice** – population more than 45,000 within 2.0 miles – daytime employment greater than 15,000 within 2.0 miles – average age less than 38 within 2.0 miles

Average 1,200 square feet, parking in excess of 5.5 per thousand, end cap, pad, or corner

**Cabela's** – population minimum of 250,000 in 30-mile radius, minimum 75,000 daily traffic
Minimum of 5.0 acres, parking of 6.0 spaces per thousand

## Appendix B – Highest and Best Use Analysis

**Office Development**

Office development is currently in an uncertain stage in Utah and has been described as a "wait-and-see" market. However, much of the uncertainty is offset by the rapid business and population growth occurring in Utah, as well as the relative stability of the office market in Davis and Weber Counties during the pandemic. Colliers reports great optimism for Utah in terms of future job growth:

> *Utah was ranked with having the best change in Gross Domestic Product and having the lowest Unemployment Rate; was second in the country with Startup Activity and ranked the top 10 in Annual Median Household Income (3rd), percent of Jobs in High-Tech Industries (6th), and States that are Recovering the Quickest from COVID-19 (6th).*[3]

The following office market assumptions reflect the increased construction costs in today's market which were used to calculate potential market values and developer profitability for office development and assumes an office campus where higher rents can be achieved.

TABLE A-1: OFFICE VALUATION ASSUMPTIONS

| Description | Amount |
|---|---|
| Annual Rent Per Sq. Ft. | $22.00 |
| Expense Reimbursements | $2.00 |
| Stabilized Vacancy Rate | 5% |
| Management Expense | 3% |
| Reserve Expense | 1% |
| Direct Costs - Sq. Ft. | $155.00 |
| Indirect Costs - Sq. Ft. | $50.00 |
| Land Per Sq. Ft. | $12.00 |
| Parking Per Stall | $3,500 |
| Parking Ratio | 5.5 |
| Floor-Area Ratio | 0.38 |

Using the above assumptions, a value of $284 per square foot is calculated, assuming a capitalization rate of 7.0 percent. While buildings have been bought and sold in Utah recently for cap rates in the range of 6.0 – 6.5 percent, those buildings are generally fully leased and are found in prime locations such as along the I-15 tech corridor in Salt Lake and Utah counties. There is greater risk with construction of a new building, plus Clinton is seen as a secondary office market (not located along I-15 or the "Tech Corridor").

Value is calculated by dividing net operating income (NOI) by current capitalization rates achieved in the market. Net income is calculated in the table below. In the following table, net operating income is divided by a cap rate of 7.0 percent to arrive at a value of $284 per square foot. This analysis is based on a floor area ratio (FAR) of 0.38.

[3] Colliers, 2Q 2021 Office Market Report

TABLE A-2: OFFICE VALUATION CALCULATIONS

| Office | Building Size | Rent Per Year (Sq.Ft.) | Rent Type | Annual Income |
|---|---|---|---|---|
| **Gross Revenue** | | | | |
| Rental Income | 16,553 | $22.00 | NNN | $364,162 |
| Expense Reimbursements | | | | $33,106 |
| *Total Building Size* | 16,553 | | | |
| Potential Gross Income | | | | $397,267 |
| | | | Stabilized Vacancy Rate | |
| Less Stabilized Vacancy | | | 5% | ($19,863) |
| Effective Gross Income | | | | $377,404 |
| **Operating Expenses** | | | | |
| | | % of EGI | $/SQ.FT. | |
| Management | | 3% | | ($11,322) |
| Reserves | | 1% | | ($3,774) |
| CAM Charges | | | $2.00 | ($33,106) |
| Total Operating Expenses | | | | ($48,202) |
| **Net Operating Income** | | | | **$329,202** |
| **Capitalization Rate** | | | **Potential Value per Building** | **Value per SF** |
| 6.0% | | | $5,486,701 | $331.47 |
| 6.5% | | | $5,064,647 | $305.97 |
| 7.0% | | | $4,702,887 | $284.11 |
| 7.5% | | | $4,389,361 | $265.17 |
| 8.0% | | | $4,115,026 | $248.60 |

The average construction cost per square foot is $255.83 based on the assumptions shown in the table below. However, construction costs are rising rapidly and are fairly volatile in today's market. If construction costs rise 10 percent higher than those presented, then the cost per square foot increases to $276. Such increases have a dramatic effect on feasibility and profitability of the project.

TABLE A-3: OFFICE CONSTRUCTION COST CALCULATIONS

| Construction Costs | Per Sq.Ft. | Total Building Size | | Total Costs |
|---|---|---|---|---|
| Direct Costs | $155.00 | 16,553 | | $2,565,684 |
| Indirect Costs | $50.00 | 16,553 | | $827,640 |
| *Indirects as % of Direct* | *32%* | | | |
| | **Per Stall** | **Parking Ratio** | **Needed Spaces** | **Parking Costs** |
| Parking Costs | $3,500 | 5.5 | 91 | $318,641 |
| | | | Construction Costs | $3,711,965 |
| | **Per Sq. Ft.** | **Total Land/Acres** | **Total Land/ Sq. Ft.** | **Land Costs** |
| Land | $12.00 | 1.00 | 43,560 | $522,720 |
| | | | Construction Costs + Land | $4,234,685 |
| | | | **Per Sq. Ft./Bldg.** | **$255.83** |

Generally speaking, investors require a return of 20 percent or higher on office development. With cap rates of 6.5 percent or lower, office development is feasible and would likely be pursued but cap rates this low may not be feasible in the Clinton market at the present time.

TABLE A-4: FEASIBILITY OF OFFICE DEVELOPMENT

| Capitalization Rate | Potential Value per Building | Potential Costs | Spread | Profit % of Costs |
|---|---|---|---|---|
| 6.0% | $5,486,701 | $4,234,685 | $1,252,016 | 30% |
| 6.5% | $5,064,647 | $4,234,685 | $829,962 | 20% |
| 7.0% | $4,702,887 | $4,234,685 | $468,202 | 11% |
| 7.5% | $4,389,361 | $4,234,685 | $154,676 | 4% |
| 8.0% | $4,115,026 | $4,234,685 | ($119,659) | (3%) |

And, if construction costs increase by 10 percent, then development at the more likely cap rates of 6.5 – 7.0 percent is not likely to occur in the market without some economic incentives.

TABLE A-5: FEASIBILITY OF DEVELOPMENT WITH INCREASED 10% INCREASED CONSTRUCTION COSTS

| Capitalization Rate | Potential Value per Building | Potential Costs | Spread | Profit % of Costs |
|---|---|---|---|---|
| 6.0% | $5,486,701 | $4,574,018 | $912,684 | 20% |
| 6.5% | $5,064,647 | $4,574,018 | $490,630 | 11% |
| 7.0% | $4,702,887 | $4,574,018 | $128,869 | 3% |
| 7.5% | $4,389,361 | $4,574,018 | ($184,657) | (4%) |
| 8.0% | $4,115,026 | $4,574,018 | ($458,992) | (10%) |

**Retail Development**

The retail marketplace is undergoing significant change. Consumers are still purchasing, but there is a notable trend toward online purchases rather than in-store. This trend was occurring before COVID-19 and has been expedited since the onset of the pandemic. While there have been a significant number of bankruptcies over the past couple of years, those businesses that were able to quickly adapt to the new environment, have been rewarded. However, because of these changes, overall space needs are declining significantly – from 23 square feet per capita a few years ago to closer to 16 square feet per capita today.

However, Clinton will still see strong demand for retail space due to steady population growth in the regional area. Clinton has already established itself with a strong retail base and is poised to capitalize on this base.

TABLE A-6: RETAIL DEVELOPMENT ASSUMPTIONS

| Description | Amount |
|---|---|
| Building Size | 10,890 |
| Annual Rent Per Sq. Ft. | $20.00 |
| Expense Reimbursements | $2.50 |
| Stabilized Vacancy | 5% |
| Management Expense | 3% |
| Reserve Expense | 1% |
| Direct Costs - Sq. Ft. | $130.00 |
| Indirect Costs - Sq. Ft. | $40.00 |
| Parking Per Stall | $3,500 |
| Parking Ratio | 5.0 |
| Land Per Sq. Ft. | $14.00 |
| Floor-Area Ratio | 0.25 |

Retail development is currently requiring cap rates in the range of 6.0- 7.0 percent. With current trends in the market towards more online buying, retail development is not a top choice for developers.

TABLE A-7: RETAIL – CALCULATION OF NET OPERATING COSTS (NOI)

| Retail | Building Size | Rent Per Year (Sq.Ft.) | Rent Type | Annual Income |
|---|---|---|---|---|
| Gross Revenue | | | | |
| Rental Income | 10,890 | $20.00 | NNN | $217,800 |
| Expense Reimbursements | | | | $27,225 |
| *Total Building Size* | 10,890 | | | |
| Potential Gross Income | | | | $245,025 |
| | | Stabilized Vacancy Rate | | |
| Less Stabilized Vacancy | | 5% | | ($12,251) |
| Effective Gross Income | | | | $232,774 |
| | | **Operating Expenses** | | |
| | | **% of EGI** | **$/SQ.FT.** | |
| | Management | 3% | | ($6,983) |
| | Reserves | 1% | | ($2,328) |
| | CAM Charges | | $2.00 | ($27,225) |
| | | | | ($6,983) |
| | | | Total Operating Expenses | ($36,536) |
| **Net Operating Income** | | | | **$196,238** |
| **Capitalization Rate** | | | **Potential Value** | **Per SF** |
| 5.0% | | | $3,924,756 | $360.40 |
| 5.5% | | | $3,567,960 | $327.64 |
| 6.0% | | | $3,270,630 | $300.33 |
| 6.5% | | | $3,019,043 | $277.23 |
| 7.0% | | | $2,803,397 | $257.43 |
| 7.5% | | | $2,616,504 | $240.27 |
| 8.0% | | | $2,452,973 | $225.25 |

The average construction cost is $243.50 per square foot based on the assumptions shown in the table below.

TABLE A-8: RETAIL – CALCULATION OF CONSTRUCTION COSTS

| Construction Costs | Per Sq. Ft. | Total Size | | Total Costs |
|---|---|---|---|---|
| Direct Costs | $130.00 | 10,890 | | $1,415,700 |
| Indirect Costs | $40.00 | 10,890 | | $435,600 |
| *Indirects as % of Direct* | *31%* | | | |
| | **Per Stall** | **Parking Ratio** | **Needed Spaces** | **Parking Costs** |
| Parking Costs | $3,500 | 5.0 | 54 | $190,575 |
| | | | Construction Costs | $2,041,875 |
| | **Per Sq.Ft.** | **Total Land/Acres** | **Total Land/ Sq. Ft.** | **Land Costs** |
| Land | $14.00 | 1.00 | 43,560 | $609,840 |
| | | | Construction Costs + Land | **$2,651,715** |
| | | | **Per Sq. Ft./Bldg.** | **$243.50** |

As stated previously, given current cap rates of 6.0 – 6.5 percent, speculative retail development will prove difficult for most developers in today's market.

TABLE A-9: RETAIL PROFITABILITY ANALYSIS

| Capitalization Rate | Potential Value | Potential Costs | Spread | Profit % of Costs |
|---|---|---|---|---|
| 5.0% | $3,924,756 | $2,651,715 | $1,273,041 | 48% |
| 5.5% | $3,567,960 | $2,651,715 | $916,245 | 35% |
| 6.0% | $3,270,630 | $2,651,715 | $618,915 | 23% |
| 6.5% | $3,019,043 | $2,651,715 | $367,328 | 14% |
| 7.0% | $2,803,397 | $2,651,715 | $151,682 | 6% |
| 7.5% | $2,616,504 | $2,651,715 | ($35,211) | (1%) |
| 8.0% | $2,452,973 | $2,651,715 | ($198,743) | (7%) |

### Multi-Family Development

The housing market in Utah is extremely tight at the present time. According to Redfin, Davis County home prices are up 24% compared to last year, selling for a median price of $503K as of February 2022. This market has high profitability for developers. The following analysis compares the relative profitability to developers from a higher-density product (20 units per acre) v. a lower-density product (8 units per acre).

TABLE A-10: ASSUMPTIONS FOR MULTI-FAMILY DEVELOPMENT – SCENARIO 1 – 20 UNITS PER ACRE

| Description | Amount |
|---|---|
| Total Units | 20 |
| Average Unit Size | 1,500 |
| Average Rent Per Month/Sq.Ft. | $1.35 |
| Other Income Per Unit/Mo. | $20.00 |
| Stabilized Vacancy | 5% |
| Gross Building Size | 34,500 |
| Number of Building Stories | 2 |
| Required Parking Per Unit | 1.5 |
| Direct Construction Costs | $120 |
| Indirect Construction Costs | $30 |
| Cost per Parking Space | $3,500 |
| Land Costs per Sq.Ft. | $12.00 |

TABLE A-11: NET INCOME CALCULATIONS – SCENARIO 1 – 20 UNITS PER ACRE

| Multi-Family | Number of Units | Average Unit Size | Rent Per Unit/Month | Annual |
|---|---|---|---|---|
| Estimated Market Rent - Multi-Family | 20 | 1,500 | $2,025 | $486,000 |
| Other Income (storage, late fees, etc.) | | | | $4,800 |
| Potential Gross Income (PGI) | *Total Size* | *30,000* | | **$490,800** |

| | | | | | |
|---|---|---|---|---|---|
| | | **% of PGI** | | | |
| Less Stabilized Vacancy | | 5% | | | ($24,540) |
| Effective Gross Income (EGI) | | | | | **$466,260** |
| **Operating Expenses** | | **% of EGI** | **Per Unit/Year** | | |
| | Management | 3% | | | ($13,988) |
| | Reserves | 1% | | | ($4,663) |
| | Utilities | | $1,020 | | ($20,400) |
| | Maintenance & Repair | | $1,200 | | ($24,000) |
| | Admin | | $450 | | ($9,000) |
| | Property Taxes | | $908 | | ($18,150) |
| | Insurance | | $480 | | ($9,600) |
| | Total Expenses | | | | ($99,800) |
| | | | *Per unit/Year* | $4,990 | |
| **Net Operating Income (NOI)** | | | | | **$366,460** |

Construction costs are anticipated to reach $193.42 per square foot based on the assumptions shown in the table below.

TABLE A-12: MULTI-FAMILY CONSTRUCTION COST CALCULATIONS – 20 UNITS PER ACRE

| | **Per Sq. Ft.** | **Total** |
|---|---|---|
| Direct Costs - Bldg | $120 | $4,140,000 |
| Indirect Costs - Bldg | $30 | $1,035,000 |
| % of Indirects to Direct - Bldg | | 25% |
| | **Per Space** | |
| Costs - Surface/Covered Parking | $3,500 | $105,000 |
| | | |
| | Total Direct/Indirect | **$5,280,000** |
| | | |
| Land Costs | $12.00 | $522,720 |
| | | |
| | Costs + Land | $5,802,720 |
| | | |
| **Total Costs** | | **$5,802,720** |
| | **Per Unit** | **$290,136** |
| | **Per Sq. Ft.** | **$193.42** |

TABLE A-13: PROFITABILITY – SCENARIO 1 – 20 UNITS PER ACRE

| Capitalization Rate | Value | Per Unit | Per Sq.Ft. | Value Spread with Costs/Per Unit | Value Spread with Costs/Sq.Ft. | Profit % |
|---|---|---|---|---|---|---|
| 4.5% | $8,143,547 | $407,177 | $271 | $117,041 | $78 | 40.3% |
| 5.0% | $7,329,192 | $366,460 | $244 | $76,324 | $51 | 26.3% |
| 5.5% | $6,662,902 | $333,145 | $222 | $43,009 | $29 | 14.8% |
| 6.0% | $6,107,660 | $305,383 | $204 | $15,247 | $10 | 5.3% |
| 6.5% | $5,637,840 | $281,892 | $188 | ($8,244) | ($5) | (2.8%) |

In comparison, calculations are also made for multi-family development at 8 units per acre.

TABLE A-14: ASSUMPTIONS FOR MULTI-FAMILY DEVELOPMENT – SCENARIO 2 – 8 UNITS PER ACRE

| Description | Amount |
|---|---|
| Total Units | 8 |
| Average Unit Size | 1500 |
| Average Rent Per Month/Sq. Ft. | $1.35 |
| Other Income Per Unit/Mo. | $20.00 |
| Stabilized Vacancy | 5% |
| Gross Building Size | 13,800 |
| Number of Building Stories | 2 |
| Required Parking Per Unit | 1.5 |
| Direct Construction Costs | $120 |
| Indirect Construction Costs | $30 |
| Cost per Parking Space | $3,500 |
| Land Costs per Sq. Ft. | $12.00 |

TABLE A-15: NET INCOME CALCULATIONS – SCENARIO 2 – 8 UNITS PER ACRE

| Multi-Family | | Number of Units | Average Unit Size | Rent Per Unit/Month | Annual |
|---|---|---|---|---|---|
| Estimated Market Rent - Multi-Family | | 8 | 1,500 | $2,025 | $194,400 |
| Other Income (storage, late fees, etc.) | | | | $1,920 | |
| Potential Gross Income (PGI) | | *Total Size* | *12,000* | | **$196,320** |
| | | **% of PGI** | | | |
| Less Stabilized Vacancy | | 5% | | | ($9,816) |
| Effective Gross Income (EGI) | | | | | **$186,504** |
| **Operating Expenses** | | **% of EGI** | **Per Unit/Year** | | |
| | Management | 3% | | | ($5,595) |
| | Reserves | 1% | | | ($1,865) |
| | Utilities | | $1,020 | | ($8,160) |

| Operating Expenses | | % of EGI | Per Unit/Year | | |
|---|---|---|---|---|---|
| | Maintenance & Repair | | $1,200 | | ($9,600) |
| | Admin | | $450 | | ($3,600) |
| | Property Taxes | | $908 | | ($7,260) |
| | Insurance | | $480 | | ($3,840) |
| | Total Expenses | | | | ($39,920) |
| | | | *Per unit/Year* | $4,990 | |
| **Net Operating Income (NOI)** | | | | | **$146,584** |

TABLE A-16: CONSTRUCTION COST CALCULATIONS – SCENARIO 2 – 8 UNITS PER ACRE

| | Per Sq. Ft. | Total |
|---|---|---|
| Direct Costs - Bldg | $120 | $1,656,000 |
| Indirect Costs - Bldg | $30 | $414,000 |
| % of Indirects to Direct - Bldg | | 25% |
| | **Per Space** | |
| Costs - Surface/Covered Parking | $3,500 | $42,000 |
| | | |
| | Total Direct/Indirect | **$2,112,000** |
| | | |
| Land Costs | $12.00 | $522,720 |
| | | |
| | Costs + Land | $2,634,720 |
| | | |
| **Total Costs** | | **$2,634,720** |
| | **Per Unit** | **$329,340** |
| | **Per Sq.Ft.** | **$219.56** |

TABLE A-17: PROFITABILITY – SCENARIO 2 – 8 UNITS PER ACRE

| Capitalization Rate | Value | Per Unit | Per Sq. Ft. | Value Spread with Costs/Per Unit | Value Spread with Costs/Sq. Ft. | Profit % |
|---|---|---|---|---|---|---|
| 4.5% | $3,257,419 | $407,177 | $271 | $77,837 | $52 | 23.6% |
| 5.0% | $2,931,677 | $366,460 | $244 | $37,120 | $25 | 11.3% |
| 5.5% | $2,665,161 | $333,145 | $222 | $3,805 | $3 | 1.2% |
| 6.0% | $2,443,064 | $305,383 | $204 | ($23,957) | ($16) | (7.3%) |
| 6.5% | $2,255,136 | $281,892 | $188 | ($47,448) | ($32) | (14.4%) |

## Industrial/Flex Office

TABLE A-18: FLEX OFFICE VALUATION ASSUMPTIONS

| Description | Amount |
|---|---|
| Annual Rent Per Sq. Ft. | $14.50 |
| Expense Reimbursements | $2.00 |
| Stabilized Vacancy | 5% |
| Management Expense | 3% |
| Reserve Expense | 1% |
| Direct Costs - Sq. Ft. | $140.00 |
| Indirect Costs - Sq. Ft. | $40.00 |
| Land Per Sq. Ft. | $12.00 |
| Parking Per Stall | $3,500 |
| Parking Ratio | 2.5 |
| Floor-Area Ratio | 0.25 |

Value is calculated by dividing net operating income (NOI) by current capitalization rates achieved in the market. Net income is calculated in the table below. In the following table, net operating income is divided by a cap rate of 5.0 percent to arrive at a value of $261 per square foot. This analysis is based on the size of a building that would fit on one acre of property, assuming a floor area ratio (FAR) of 0.25.

TABLE A-19: FLEX OFFICE VALUATION CALCULATIONS

| Office | Building Size | Rent Per Year (Sq.Ft.) | Rent Type | Annual Income |
|---|---|---|---|---|
| **Gross Revenue** | | | | |
| Rental Income | 10,890 | $14.50 | NNN | $157,905 |
| Expense Reimbursements | | | | $21,780 |
| *Total Building Size* | 10,890 | | | |
| Potential Gross Income | | | | $179,685 |
| | | Stabilized Vacancy Rate | | |
| Less Stabilized Vacancy | | 5% | | ($8,984) |
| Effective Gross Income | | | | $170,701 |
| **Operating Expenses** | | | | |
| | | % of EGI | $/SQ.FT. | |
| Management | | 3% | | ($5,121) |
| Reserves | | 1% | | ($1,707) |
| CAM Charges | | | $2.50 | ($21,780) |
| Total Operating Expenses | | | | ($28,608) |
| **Net Operating Income** | | | | **$142,093** |
| **Capitalization Rate** | | | **Potential Value per Building** | **Value per SF** |
| 4.0% | | | $3,552,318 | $326.20 |
| 4.5% | | | $3,157,616 | $289.96 |
| 5.0% | | | $2,841,854 | $260.96 |
| 5.5% | | | $2,583,504 | $237.24 |
| 6.0% | | | $2,368,212 | $217.47 |
| 6.5% | | | $2,186,042 | $200.74 |
| 7.0% | | | $2,029,896 | $186.40 |
| 7.5% | | | $1,894,570 | $173.97 |

The average construction cost per square foot is $208.75 based on the assumptions shown in the table below.

TABLE A-20: FLEX OFFICE CONSTRUCTION COST CALCULATIONS

| Construction Costs | Per Sq.Ft. | Total Building Size | | Total Costs |
|---|---|---|---|---|
| Direct Costs | $120.00 | 10,890 | | $1,306,800 |
| Indirect Costs | $32.00 | 10,890 | | $348,480 |
| *Indirects as % of Direct* | *27%* | | | |
| | **Per Stall** | **Parking Ratio** | **Needed Spaces** | **Parking Costs** |
| Parking Costs | $3,500 | 2.5 | 27 | $95,288 |
| | | | Construction Costs | $1,750,568 |
| | **Per Sq. Ft.** | **Total Land/Acres** | **Total Land/ Sq. Ft.** | **Land Costs** |
| Land | $12.00 | 1.00 | 43,560 | $522,720 |
| | | | Construction Costs + Land | $2,273,288 |
| | | | **Per Sq. Ft./Bldg.** | **$208.75** |

Generally speaking, investors require a return of 20 percent or higher on flex office development. With cap rates of 4.5 – 5.0 percent, flex office development is highly feasible and would likely be pursued.

TABLE A-21: FLEX OFFICE FEASIBILITY OF DEVELOPMENT

| Capitalization Rate | Potential Value per Building | Potential Costs | Spread | Profit % of Costs |
|---|---|---|---|---|
| 4.5% | $3,157,616 | $2,273,288 | $884,329 | 39% |
| 5.0% | $2,841,854 | $2,273,288 | $568,567 | 25% |
| 5.5% | $2,583,504 | $2,273,288 | $310,217 | 14% |
| 6.0% | $2,368,212 | $2,273,288 | $94,925 | 4% |
| 6.5% | $2,186,042 | $2,273,288 | ($87,246) | (4%) |
| 7.0% | $2,029,896 | $2,273,288 | ($243,392) | (11%) |
| 7.5% | $1,894,570 | $2,273,288 | ($378,718) | (17%) |

# Appendix C - Fiscal Impacts

The financial sustainability model provides the City with the ability to forecast the fiscal impacts of varying growth scenarios on the City's General Fund, including the specific fiscal impacts of various development types (i.e., residential v. commercial). Sensitivity analysis can be conducted by changing numerous inputs, including:

- Inflation rates
- Property tax increases
- Revenue growth rates (i.e., sales tax revenues, road funds, etc.)
- Growth in personnel and department costs
- Development absorption rates
- Market values of various types of development
- Ratio of fixed v. variable expenses

The information gained from this complex model is summarized on a "Summary" tab in Excel and includes the following benefits to the City in its decision making:

- Net operating revenues by year
- Fiscal impacts of new development types by year

**Inputs that can be changed in the model are summarized below by worksheet tab in the Excel model:**

**Assumptions**
This is the main page of assumptions for items such as property tax rates, sales tax revenues generated per square foot, etc. All assumptions can be changed on this page.

**Absorption**

| | |
|---|---|
| Rows 4-5: | Number of residential units absorbed per year |
| Rows 10-11: | Average densities of residential units |
| Rows 14-15: | Residential unit pricing |
| Rows 18, 23, 28 and 33: | Acres of nonresidential development absorbed by type per year |
| Rows 19, 24, 29 and 34: | Floor area ratios of non-residential development by type |
| Rows 21, 26, 31 and 37: | Market values per sf for various development types |

**NewImpactsCum**
The "NewImpactsCum" tab has no opportunities for inputs and simply calculates the cumulative impacts from the new impacts per year calculated on the "NewImpactsYr" tab.

**NewImpactsYr**
Columns B and C (highlighted in blue) can be changed.
Column B can enter either a 1, 2 or 3. A "1" indicates the category is impacted solely by residential development; a "2" indicates that the category is impacted solely by nonresidential development; and a "3" indicates that the category is influenced by all types of development.

Do not change column A regarding inflation rates. These are tied to the "GeneralFund" tab and should only be changed on that tab so that inflation rates are constant for existing and new development.

**GeneralFund**
Column B – can change inflation rates in this column.

**Summary**
No changes

**Historic**
No changes