

UPDATED FISCAL AND ECONOMIC IMPACTS OF EDLEN & CO. DEVELOPMENT

This analysis considers both fiscal and economic impacts to Murray City from the Edlen & Co. development which is located in the City's Central Business District (CBD) Redevelopment Area. Fiscal impacts include increased property tax revenues to the RDA and increased sales, municipal energy and Class B/C road funds to the City; economic impacts include increased jobs created and wages paid.

A summary of benefits is as follows:

- **Incremental annual tax revenues to the Redevelopment Agency through 2034 - \$537,219**
- **Total annual benefits to Murray City (sales, municipal energy and roads) - \$160,694**
- **Additional economic benefits from jobs created and wages paid, both during construction and long-term**

RDA Benefits: The project is located in the CBD redevelopment project area which expires in 2034. Therefore, after construction, the project is expected to generate over \$537,000 annually in property tax increment in the project area for at least 10 years. Under the current arrangements for the CBD, the taxing entities will contribute the following percentages to the Redevelopment Agency through 2034:

- Salt Lake County - 75%
- Murray City - 100%
- Murray School District - 100% (offset by a \$400,000 repayment to the School District each year)
- South Salt Lake Valley Mosquito Abatement District – 75%
- Central Utah Water Conservancy District (CUWCD) – 75%

The following annual incremental property tax revenues will be generated from the tax rates of each of the following taxing entities.

- Murray City - \$114,610 (100% to RDA)
- Murray School District - \$327,241 (100% to RDA)
- Salt Lake County - \$104,915 (75% to RDA)
- South Salt Lake Valley Mosquito Abatement - \$700 (75% to RDA)
- CUWCD - \$21,543 (75% to RDA)

City Benefits: In addition, the development provides the following benefits to Murray City:

- \$119,579 in annual sales tax revenues
- \$22,548 in annual municipal energy tax revenues
- \$18,566 in annual Class C road fund revenues (with no additional road miles)

Proposed Development

This fiscal and economic impacts analysis is based on the following proposed development:

TABLE 1: PROPOSED DEVELOPMENT

	Units/SF
Studio	9
1 BD - Urban	73
1 BD	82
1 BD +	21
2 BD	58
3 BD	19
Total Residential Units	262
Retail SF	26,021
Parking Stalls	423

Total costs for the above development are \$93,419,800. Soft costs have been calculated as 30% of hard costs. Land costs are based on 3.03 acres (131,987 square feet) at a cost of \$39.55 per square foot based on recent appraisal values. Taxable value is calculated as 55 percent of market value for residential, based on the primary residential exemption; commercial is taxed at the full 100 percent of market value. The last adjustment is a 10 percent reduction for assessed values to reflect the fact that assessed values are usually slightly less than full taxable values.

TABLE 2: TAXABLE VALUE

Development Type	Total
Market Value	
Land	\$5,220,000
Hard Costs – Residential	\$57,397,716
Hard Costs – Comm	\$10,448,284
Soft Costs	\$20,353,800
Total Market Value	\$93,419,800
Taxable Value	
Land Value	\$5,220,000
Taxable Value – Residential	\$41,039,367
Taxable Value – Commercial	\$13,582,769
Total Taxable Value	\$59,842,136
Assessor's Value (10% Reduction)	\$53,857,923

FISCAL IMPACTS

Property Tax Revenues

Property tax revenues are calculated based on Murray City's rate of 0.002128. With a taxable value of \$53,857,923, this results in annual property tax revenues of \$114,610.

TABLE 3: PROJECTED ANNUAL PROPERTY TAX REVENUES

	Murray City
Assessor's Value (10% Reduction)	\$53,857,923
Murray City Tax Rate	0.002128
Annual Property Tax Revenues	\$114,610

Additional tax revenues will be generated for the Murray City School District, Salt Lake County and other taxing entities, calculated by multiplying the assessed values by their respective tax rates.

TABLE 4: PROJECTED ANNUAL PROPERTY TAX REVENUES

	Murray City	School District	County	So SL Vly Mosquito	CUWCD
Assessor's Value (10% Reduction)	\$53,857,923	\$53,857,923	\$53,857,923	\$53,857,923	\$53,857,923
Tax Rate	0.002128	0.006076	0.001948	0.000013	0.0004
Annual Property Tax Revenues	\$114,610	\$327,241	\$104,915	\$700	\$21,543
Percent to RDA	100%	100%	75%	75%	75%
RDA Revenues	\$114,610	\$327,241	\$78,686	\$525	\$16,157

Through 2034 all taxing entities will contribute a portion of their property tax revenues to the RDA.

Sales Tax Revenues

Sales tax revenues are based both on population distribution and point-of-sale distribution. The population distribution in Utah is about \$102 per capita per year. The population has been calculated based on the number of units projected and an average household size of 2.5 persons. Using these assumptions, the anticipated annual population revenues are \$66,810.

Point-of-sale impacts are based on average sales of \$500 per square foot for grocer development¹ and \$325 per square foot for other retail development.² The City will receive one-half of one percent of gross retail sales based on the local option tax. Using these assumptions, the anticipated annual point-of-sale (POS) revenues are \$52,769.

TABLE 5: PROJECTED SALES TAX REVENUES

Sales Tax Impacts	Total
Population	655
Population Distribution	\$66,810
Grocer sf	11,983
Other retail sf	14,038

¹ Source: Chron, The Industry Standard for Gross Margin in Groceries

² Source: CSA, The Business of Retail

Sales Tax Impacts	Total
Retail POS revenues	\$52,769
Total Sales Tax Revenues	\$119,579

Municipal Energy Revenues

Cities are allowed to collect municipal energy tax revenues of up to 6 percent on the taxable portions of electric and gas sales. Murray has enacted the municipal energy tax up to the full 6 percent allowed by Utah Code.

Average monthly electric expenses in Utah are \$79.00.³ This has been discounted by 15 percent to account for somewhat lower usage anticipated by multi-family units due to smaller unit size. Average natural gas bills are \$35 for rental units.⁴ Based on the number of households and retail square feet anticipated to be developed, annual revenues will reach \$22,548.

TABLE 6: PROJECTED MUNICIPAL ENERGY TAX REVENUES

Municipal Energy	Total
Households	273
Retail SF	26,021
Electric & Gas Revenues	\$22,548

Class B/C Road Fund Revenues

Class B/C road funds are distributed on both population and weighted road miles. No new public weighted road miles have been identified as part of this development and there is therefore no increased road mile distribution to the City from this development. The City will receive, however, additional revenue of approximately \$28.35 annually from the per capita distribution portion of the formula.

TABLE 7: CLASS B/C ROAD FUND DISTRIBUTION

Road Mile Distribution	Population	Weighted Mileage	Amount Distributed	Population Distribution	Weighted Mile Distribution	Per Capita Distribution	Per Weighted Mile Distribution
May-Jun 2019	3,205,958	122,842	\$31,452,187	\$15,726,094	\$15,726,094	\$4.91	\$128.02
Jul-Aug 2020	3,205,958	122,896	\$26,111,685	\$13,055,843	\$13,055,843	\$4.07	\$106.23
Sept-Oct 2020	3,205,958	122,976	\$31,858,381	\$15,929,191	\$15,929,191	\$4.97	\$129.53
Nov-Dec 2020	3,205,958	123,279	\$28,894,506	\$14,447,253	\$14,447,253	\$4.51	\$117.19
Jan-Feb 2020	3,205,958	123,813	\$29,900,630	\$14,950,315	\$14,950,315	\$4.66	\$120.75

³ <https://www.electricitylocal.com/states/utah/>

⁴ <https://www.rentcafe.com/blog/apartment-search-2/money/apartment-utilities-breakdown/#:~:text=In%20Oregon%2C%20Washington%2C%20California%2C,is%20below%20%2435%20a%20month.>

Road Mile Distribution	Population	Weighted Mileage	Amount Distributed	Population Distribution	Weighted Mile Distribution	Per Capita Distribution	Per Weighted Mile Distribution
Mar-Apr 2020	3,205,958	123,990	\$33,530,217	\$16,765,109	\$16,765,109	\$5.23	\$135.21
TOTAL						\$28.35	\$736.94

**Source: UDOT; ZPFI*

The annual road fund distribution is estimated at \$18,566 and includes only the population distribution portion of the road fund distribution formula. No new road miles are anticipated and therefore additional mileage revenues have not been included.

ECONOMIC IMPACTS

Job Creation

With 26,021 retail square feet planned, and an average of 2.5 employees per 1,000 square feet, this development will house approximately 65 retail employees.

In addition, on-site property management will create 6 FTEs.

Wages Paid

Retail wages in Utah in 2021 averaged \$3,763 per month.⁵ With an estimated 65 jobs created, an additional \$2.9 million in wages should be paid to these retail employees in Murray City.

The average wage for the on-site management jobs is \$3,738⁶ for total annual wages of \$269,136 for the 6 positions.

Total increased annual wages should therefore reach over \$3.2 million. It is anticipated that employees will spend some of their wages in Murray, thereby creating multiplier impacts.

One-Time Construction Impacts

With total hard costs of roughly \$67.8 million, there will be additional impacts in supplies purchased locally, as well as wages paid. A general rule of thumb is 40 percent for construction supplies and 40 percent for labor costs. Using this assumption, there would be one-time wages paid of roughly \$27.1 million. In addition, there would be a one-time purchase of construction supplies of approximately \$27.1 million.

⁵ <https://jobs.utah.gov/jsp/utalmis/#/industry/list>

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