LYRB

Market Research & Analysis

Alpine City, UT

March 2015

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Focus of This Analysis

1. Demographic Analysis

2. Fiscal Analysis of Alpine City and its Relationship to Other Cities

3. Retail Leakage/Surplus Analysis
   - Identification of Key Sales Tax Generating Businesses that are Lacking in Alpine City

4. Land Use Analysis

5. Competitive Market Analysis

DEMOGRAPHIC ANALYSIS

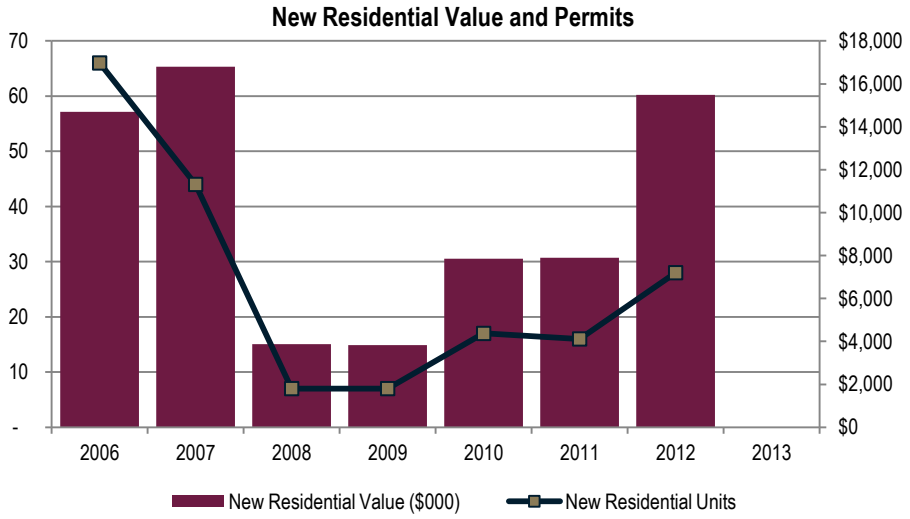
Demographics

Year	State	Utah County	Alpine
2000	2,233,169	368,536	7,146
2001	2,281,295	381,192	7,357
2002	2,330,458	394,284	7,573
2003	2,380,680	407,824	7,797
2004	2,431,985	421,830	8,027
2005	2,484,396	436,317	8,263
2006	2,537,936	451,301	8,507
2007	2,592,629	466,800	8,758
2008	2,648,502	482,831	9,016
2009	2,705,578	499,413	9,281
2010	2,763,885	516,564	9,555
2011	2,814,784	530,104	9,733
2012	2,854,871	540,504	9,853
2013			10,024
AAGR 2000-2010	2.16%	3.43%	2.95%

2013 Population	10,024
New HH	919
New Population (2060)	3,676
GOPB Pop. 2060	**13,700**

	Alpine	Utah
Median household income	$97,449	$58,164
Mean household income	$129,249	$73,002

	Alpine	Utah County	Utah
Per Capita Income	$34,245	$20,853	$23,794



Demographics

	Census	Governor's Office of Planning and Budget (GOPB) Projections				
Geography	**2010**	**2020**	**2030**	**2040**	**2050**	**2060**
Utah County	516,564	668,564	833,101	1,019,828	1,216,695	1,398,074
Alpine city	**9,555**	**10,670**	**11,667**	**12,851**	**13,400**	**13,700**
American Fork city	26,263	32,566	39,635	47,678	54,000	58,900
Cedar Hills city	9,796	10,733	10,884	11,689	11,800	11,900
Eagle Mountain city	21,415	34,152	54,095	76,469	114,400	152,500
Elk Ridge city	2,436	3,898	4,696	5,888	7,100	8,500
Highland city	15,523	17,792	20,712	24,073	27,100	29,500
Lehi city	47,407	62,154	82,589	103,610	120,000	133,800
Lindon city	10,070	11,753	12,459	13,721	14,600	15,900
Mapleton city	7,979	10,762	13,752	16,901	19,500	21,300
Orem city	88,328	99,227	103,321	112,288	118,900	123,600
Payson city	18,294	22,832	41,144	49,496	58,500	67,200
Pleasant Grove city	33,509	40,034	42,062	47,053	51,200	54,500
Provo city	112,488	126,377	131,068	151,877	170,600	189,400
Salem city	6,423	11,363	27,102	33,649	40,100	45,200
Santaquin city	9,128	17,594	32,075	39,774	46,700	52,900
Saratoga Springs city	17,781	33,514	58,496	78,987	107,900	134,000
Spanish Fork city	34,691	44,623	54,143	64,607	72,300	78,300
Springville city	29,466	37,094	45,078	51,971	57,500	61,600
Vineyard town	139	2,065	8,415	15,938	20,000	20,900

Demographics

- Land Use (Vacant Land Comparison)

	Alpine		Mapleton	
	Number of Parcels	Acres	Number of Parcels	Acres
APARTMENTS	1.00	0.43		
COMMERCIAL	42.00	44.48	34.00	34.04
DUPLEX	9.00	2.94	3.00	3.23
EXEMPT	376.00	857.17	348.00	2,446.28
FOURPLEX	1.00	0.40		
MIXED USE			7.00	10.25
MULTIPLE RES	7.00	30.13	15.00	117.81
PUD	23.00	1.17	41.00	2.40
RES CONVERSION TO APT			1.00	0.36
SINGLE FAMILY RES	2,404.00	1,954.42	2,273.00	2,291.61
TRIPLEX			1.00	0.51
VACANT	674.00	1,446.12	763.00	3,641.07
VACANT COMMERCIAL	16.00	11.20	103.00	568.69
(blank)	236.00	32.52	308.00	131.62
Grand Total	**3,789.00**	**4,380.99**	**3,897.00**	**9,247.88**

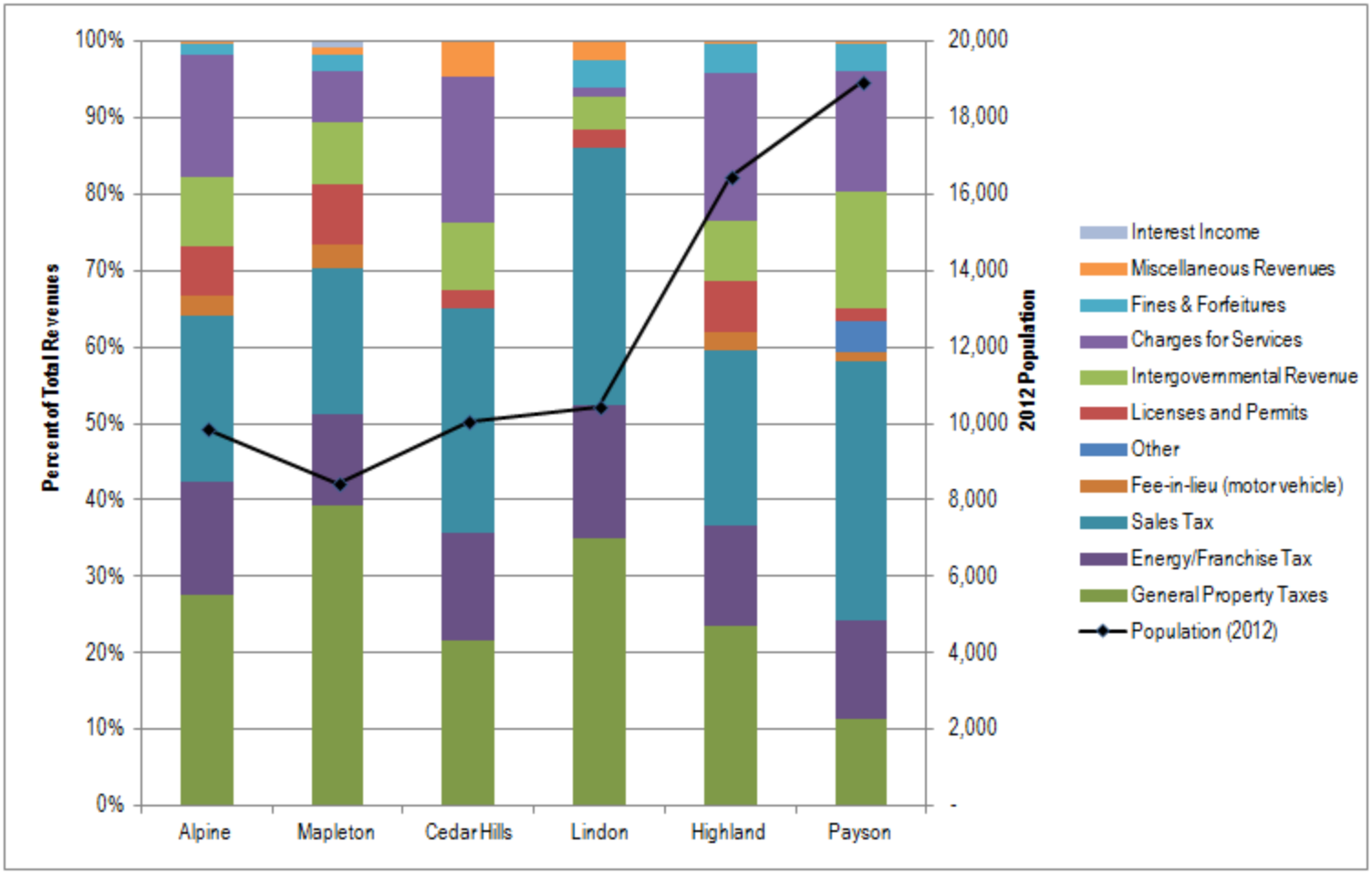
Demographics

- Age Distribution
  - 26% of Alpine's population is 10 to 19 years old compared to Utah County's 19%.
  - 15% of Alpine's population is 45 to 54 years old compared to Utah County's 8%.

Age Distribution				
	State	Utah County	Alpine	Mapleton
Under 10 years	13.10%	20.22%	15.90%	21.25%
10 to 19 years	13.80%	18.82%	25.90%	21.20%
20 to 34 years	20.20%	27.77%	13.40%	14.60%
35 to 44 years	13.30%	11.56%	10.80%	12.25%
45 to 54 years	14.50%	8.44%	15.10%	11.10%
55 to 64 years	11.90%	6.34%	9.80%	9.20%
65 years and over	13.20%	6.85%	9.10%	10.40%

FISCAL ANALYSIS

Fiscal Analysis



Fiscal Analysis

- General Fund Revenue Comparison (FY 2013)

	Alpine	Mapleton	Cedar Hills	Lindon	Highland	Payson
Population (2012)	**9,853**	**8,491**	**10,063**	**10,442**	**16,440**	**18,938**
Taxes						
General Property Taxes	27.6%	39.3%	21.5%	35.1%	23.6%	11.4%
Energy/Franchise Tax	14.7%	12.0%	14.2%	17.4%	13.1%	12.8%
Sales Tax	21.6%	19.0%	29.4%	33.5%	22.9%	33.8%
Fee-in-lieu (motor vehicle)	2.6%	3.2%	0.0%	0.0%	2.2%	1.3%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%
Licenses and Permits	6.5%	7.9%	2.5%	2.5%	6.8%	1.7%
Intergovernmental Revenue	9.2%	8.0%	8.8%	4.2%	7.7%	15.3%
Charges for Services	15.9%	6.7%	18.9%	1.2%	19.3%	15.8%
Fines & Forfeitures	1.4%	2.2%	0.0%	3.8%	3.9%	3.4%
Miscellaneous Revenues	0.2%	1.0%	4.7%	2.2%	0.3%	0.4%
Interest Income	0.2%	0.7%	0.0%	0.1%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Fiscal Analysis

- General Fund Expenditure Comparison (FY 2013)

	Alpine	Mapleton	Cedar Hills	Lindon	Highland	Payson
Population (2012)	**9,853**	**8,442**	**10,063**	**10,442**	**16,440**	**18,938**
General Government	10.9%	32.9%	29.6%	24.7%	22.0%	27.1%
Public Safety	46.0%	34.0%	32.6%	49.0%	46.8%	29.7%
Public Works	6.2%	15.6%	16.5%	16.2%	10.4%	11.4%
Parks & Recreation	5.0%	16.4%	10.9%	6.1%	10.1%	21.8%
Cemetery	2.6%	0.0%	0.0%	0.0%	1.1%	1.8%
Garbage	11.2%	0.0%	10.3%	0.0%	9.3%	0.0%
Other (Planning, Economic Development, Library, Capital Outlay, etc.)*	18.2%	1.0%	0.0%	4.0%	0.1%	8.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

**The "Other" category for Alpine is particularly high due to a high amount of "Capital Outlay." Capital Outlay in 2013 reflects the NRCS grant Alpine City received from the federal government to do mitigation work as a result of the floods because of the Quail fire.*

Fiscal Analysis

- General Fund Revenue Comparison $ per Capita

FY 2013	Alpine	Mapleton	Cedar Hills	Lindon	Highland	Payson
Population (2012)	**9,853**	**8,491**	**10,063**	**10,442**	**16,440**	**18,938**
Taxes						
General Property Taxes	$122.62	$200.25	$81.08	$299.25	$106.15	$46.74
Energy/Franchise Tax	$65.43	$61.26	$53.32	$148.21	$58.95	$52.40
Sales Tax	$96.06	$96.68	$110.59	$286.28	$102.91	$138.11
Fee-in-lieu (motor vehicle)	$11.49	$16.47	$0.00	$0.00	$10.01	$5.42
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$16.02
Licenses and Permits	$28.66	$40.14	$9.37	$21.53	$30.51	$6.97
Intergovernmental Revenue	$40.72	$40.93	$33.32	$35.51	$34.81	$62.32
Charges for Services	$70.69	$34.03	$71.38	$10.13	$86.89	$64.70
Fines & Forfeitures	$6.28	$11.46	$0.00	$32.54	$17.47	$13.93
Miscellaneous Revenues	$0.86	$5.29	$17.63	$19.19	$1.37	$1.71
Interest Income	$0.95	$3.62	$0.00	$1.12	$0.09	$0.08
Total	**$443.74**	**$510.12**	**$376.69**	**$853.76**	**$449.16**	**$408.40**

Fiscal Analysis

- General Fund Expenditure Comparison $ per Capita

	Alpine	Mapleton	Cedar Hills	Lindon	Highland	Payson
Population (2012)	**9,853**	**8,442**	**10,063**	**10,442**	**16,440**	**18,938**
General Government (i.e. mayor and council, judicial, administrative, buildings, etc.)	$45.01	$136.26	$94.71	$193.11	$81.03	$129.14
Public Safety	$190.47	$140.92	$104.36	$383.03	$172.14	$141.68
Public Works	$25.69	$64.66	$52.82	$126.81	$38.33	$54.35
Parks & Recreation	$20.64	$67.82	$34.94	$47.55	$37.31	$103.95
Cemetery	$10.64	$0.00	$0.00	$0.00	$4.04	$8.63
Garbage*	$46.39	$0.00	$32.88	$0.00	$34.22	$0.00
Other	$75.35	$4.30	$0.00	$31.45	$0.53	$38.88
Total	**$414.19**	**$413.97**	**$319.71**	**$781.95**	**$367.60**	**$476.64**

**For some communities, garbage is considered a business-type activity and is accounted for under a separate enterprise fund.*

Fiscal Analysis

- Alpine City receives approximately 21.6 percent of all its revenues from sales taxes.
- A comparison of other municipality's revenues within the General Fund illustrate that Alpine is second to Mapleton for the lowest percentage of revenues resulting from sales tax.
- Alpine City may want to expand its retail sales, creating a more balanced and sustainable revenue stream to support the General Fund.
- Increased sales tax revenue would allow Alpine to increase the level of service provided for public works and parks & recreation.

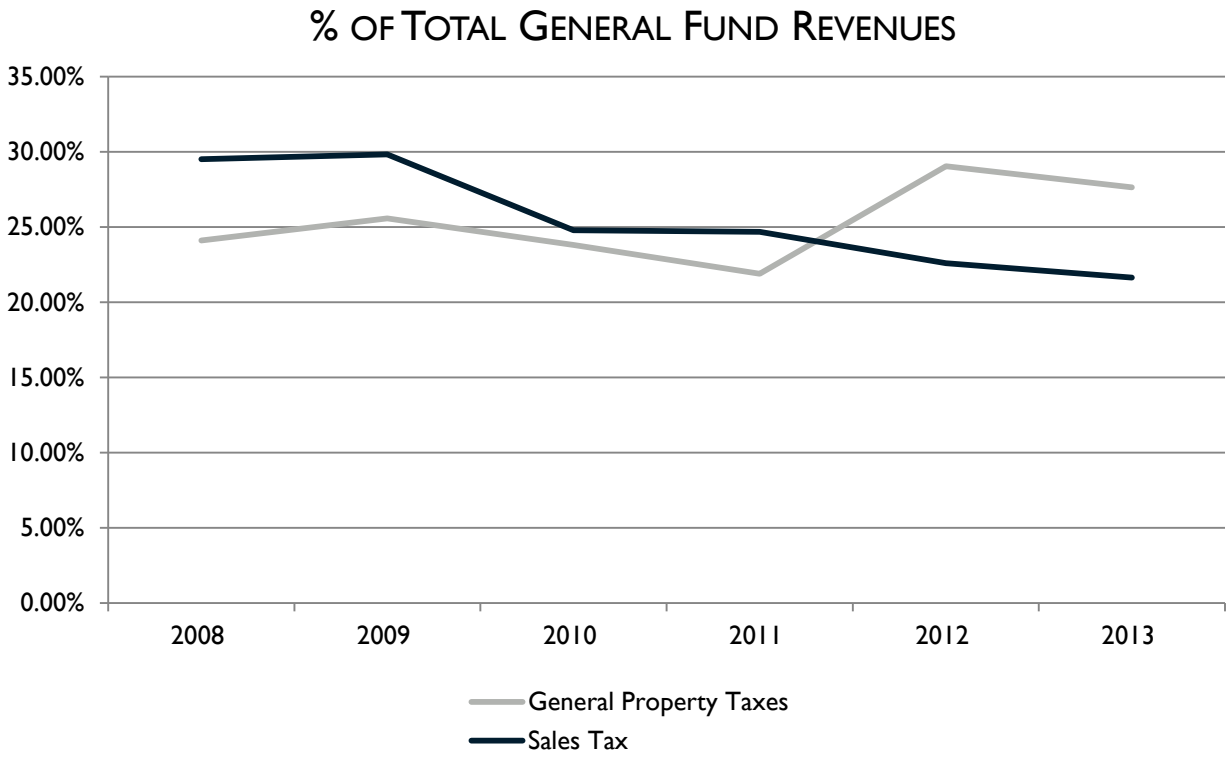
Fiscal Analysis

- Analysis of Property Tax Rates

Peer Cities	2012 Population	Year 2012 Approved Tax Rate	Tax Rank (Highest = 1)
Alpine	**9,853**	**0.001916**	**8**
American Fork	27,147	0.002812	5
Cedar Hills	10,063	0.003183	2
Eagle Mountain	23,212	0.001668	11
Highland	16,440	0.003167	3
Lindon	10,442	0.002107	7
Mapleton	8,491	0.003639	1
Payson	18,938	0.001380	12
Santaquin	9,674	0.001817	9
Saratoga Springs	21,137	0.003054	4
Smithfield (Cache County)	9,988	0.001718	10
Spanish Fork	36,277	0.001221	13
Springville	30,621	0.002190	6

Fiscal Analysis

- Alpine Historic Sales Tax & Property Tax Comparison



Fiscal Analysis

- Alpine Projected Revenues and Expenditures
  (based on population growth through 2060)

	Future Projected Revenues & Expenditures	Eroding Sales Tax Scenario*
Total Population (2060)	13,700	13,700
Inflation Assumption	2.0%	1.0% sales tax, 2.0% all other
General Fund Revenues per capita (2013)	$444	$444
General Fund Expenditures per capita (2013)	$414	$414
Inflated General Fund Revenues per capita (2060)	$1,125	$1,035
Inflated General Fund Expenditures per capita (2060)	$1,051	$1,051
Total Inflated General Fund Revenues (2060)	**$15,419,183**	**$14,182,062**
Total Inflated General Fund Expenditures (2060)	**$14,392,164**	**$14,392,164**
GAP (difference in revenues less expenditures)	**$1,027,019**	**($210,103)**

**While Alpine will continue to capture 0.5% point of sale tax revenue, the revenue distributed according to population will begin to diminish due to decreased population growth within the City compared to increased population growth within the State and County which will put more of a burden or reliance upon the City's property tax structure in order to support general governmental services.*

RETAIL LEAKAGE/SURPLUS ANALYSIS

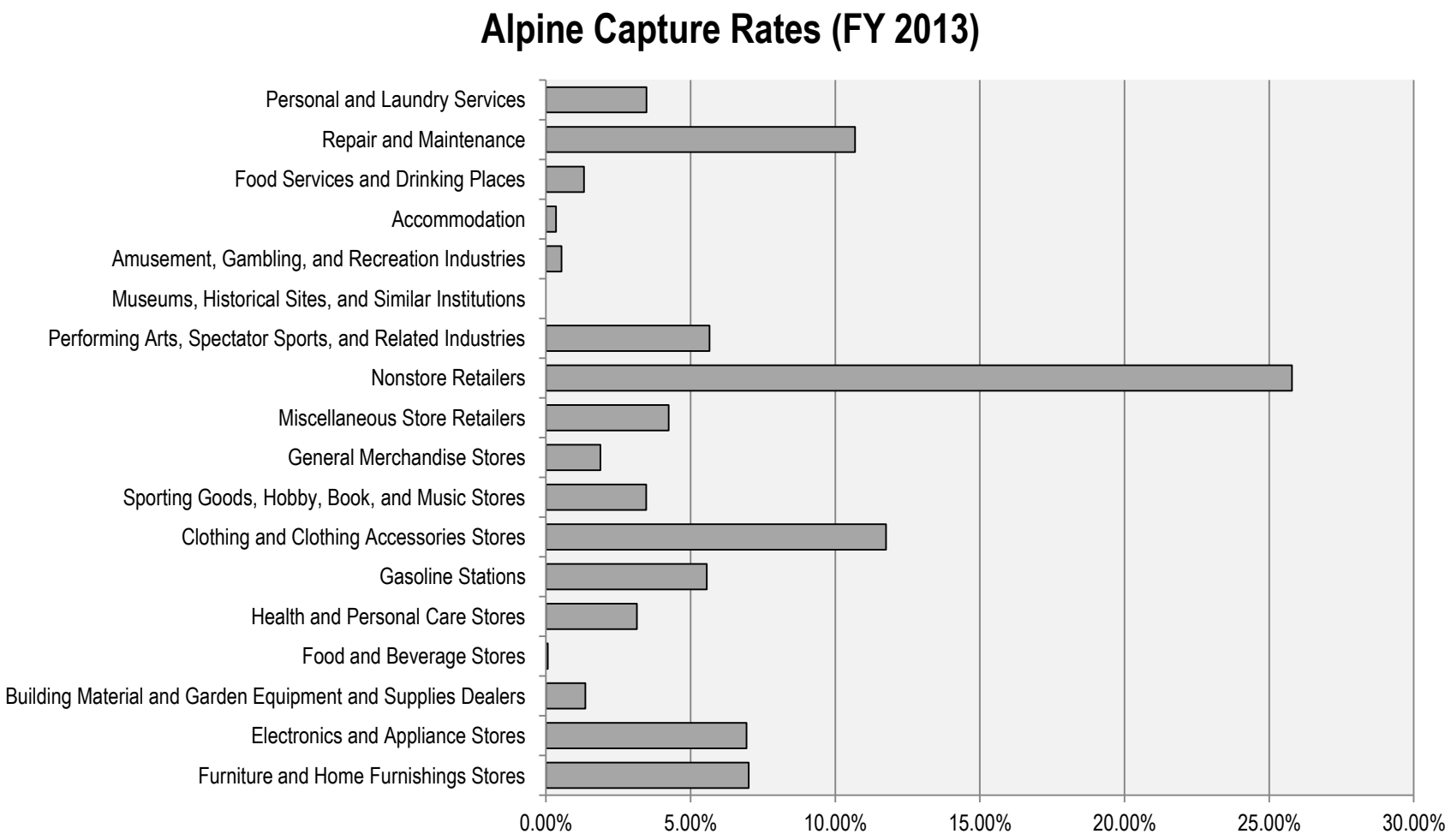
Retail Leakage/Surplus Analysis

- **Location of Retail Sales**
  - Only 15% of all taxable sales in Alpine occur at a physical location within the City.
  - 85% is delivered to Alpine (i.e online retail and shipped from out of state, utility and energy consumption, etc.)
  - The top taxable sales categories include:
    - Utah Power & Light Co.
    - Private Motor Vehicles
    - Questar Gas Company
    - Cingular Wireless
    - Verizon Wireless

Retail Leakage/Surplus Analysis

- **Sales Leakage**
  - The Sales Leakage Analysis suggests the City is capturing 3% of all retail sales that could occur within the City based on the income adjusted State spending per capita of $15,808 (income adjusted based on Alpine's median per capita income).
  - The retail category with the highest capture rate is "nonstore retailers" (i.e. electronic shopping or direct selling establishments like Mary Kay or Avon).
  - All other retail categories have capture rates below 15%.
  - Lowest capture rates include: accommodation, motor vehicle and parts dealers, food and beverage stores. However, all other retail categories also have extremely low capture rates.

Retail Leakage/Surplus Analysis



Retail Leakage/Surplus Analysis

Per Capita Retail Spending (non-income adjusted)

State	Alpine	Mapleton	Springville	Spanish Fork	Payson	Lindon
$10,983	$462	$327	$7,094	$5,821	$8,039	$26,806

Comparable Capture Rates (non-income adjusted)

State	Alpine	Mapleton	Springville	Spanish Fork	Payson	Lindon
100%	4%	3%	65%	53%	74%	244%

Retail Leakage/Surplus Analysis

- **Buying Power Analysis**
  - Based on 0.5% point of sale tax rate, the City could collect an additional $769,118 in tax revenue assuming the City could capture 100 percent of retail sales.
  - Assuming the City could capture 25 percent of retail sales the City could collect an additional $192,279 in tax revenue.
  - In order to achieve this same increase in tax revenue, the City would have to increase the property tax rate by 0.00029 which would result in an additional tax of $56 per household (assuming a $350,000 home value).
  - Current buying power of Alpine residents is $15,808 per capita.
  - The retail buying power of Alpine residents could increase by $3.4 million in 2030 ($2013), due to a population increase of approximately 1,643 residents.
    (Income adjusted per capita spending of $15,808 x 1,643 new residents from 2013-2030 x 13% total income spent on retail = $3.4M)

LAND USE ANALYSIS

Land Use Analysis

Assumptions	
Capture Rate (Residential)	25%
Mean Household Income	$129,249
Average HH Size	4.00
Total Income Spent on Retail and Related	13.21%
Total Income Spent on General Commercial	39.01%
Existing Population (2013)	10,024
2060 Population	13,700
New Population	3,676
Existing Occupied HH (2013)	2,450
Potential New Units (HH)	919
Total Units	3,369

Supportable SF Based on HH Spending	Neighborhood Center	General Retail
Estimate of Future HH	3,369	3,369
HH Income spent on retail/commercial	$17,070	$50,422
Total Expenditures	$14,376,794	$42,468,214
Median Sales Volume Per Sq.Ft. of GLA	$168.04	$168.04
Supportable SF	85,556	252,727
General Commercial FAR	0.15	0.15
Acres Supportable (Based on HH Spending)	13.09	38.68

Supportable SF Based on State Spending	General Retail
Per Capita Spending (State Income Adjusted)	$3,952
Future Total Population	13,700
Total Spending in Future	$54,141,495
Median Sales Volume Per Sq.Ft. of GLA	$168.04
Supportable SF	322,194
General Commercial FAR	0.15
Acres Supportable (Based on State per Capita Spending)	49.31

Land Use Analysis

- **Analysis of Commercial Zoning**

City	Parcels	Acres	Population (2012)	Acres per Capita
Alpine	**58**	**33**	**9,853**	**0.003**
American Fork	595	740	27,147	0.027
Cedar Hills	9	22	10,063	0.002
Eagle Mountain	23	214	23,212	0.009
Highland	43	194	16,440	0.012
Lindon	356	682	10,442	0.065
Mapleton	164	48	8,442	0.006
Payson	284	382	18,938	0.020
Santaquin	69	140	9,674	0.014
Saratoga Springs	70	355	21,137	0.017
Spanish Fork	441	831	36,277	0.023
Springville	478	1,124	30,621	0.037
Grand Total	**2,590**	**4,763**	**222,246**	**0.021**
Where Commercial Market Value Greater than Zero				

Commercial Acres per Capita	0.01
Total Commercial Acres Supportable (Based on Land Use)	137.00

Land Use Analysis

- **Analysis of Commercial Zoning**

Population Scenario Results

	2020	2030	2040	2050	2060
Population	*10,670*	*11,667*	*12,851*	*13,400*	*13,700*
General Retail Acres Supportable (Based on HH Spending)	29.98	32.84	36.24	37.82	38.68
General Retail Acres Supportable (Based on State per Capita Spending)	38.41	41.99	46.26	48.23	49.31
Total Commercial Acres Supportable (Based on Land Use)	106.70	116.67	128.51	134.00	137.00

Scenarios based on approaching 2060 population.

Land Use Analysis

- **Methods to promote increased commercial development include:**
  - Promote Niche markets that will capture sales from surrounding communities
  - Strategic geographic location/convenience oriented
  - Provide development incentives (RDAs)
  - Allow for more rooftops

Land Use Analysis

- **Typical Requirements of Retail Development**

Type of Center	Leading Tenant	Typical GLA Sq Ft	General Range in GLA	Usual Min. Size (Acres)	Approximate Minimum Population Support Required
Neighborhood	Supermarket	60,000	30,000 – 100,000	3-10	3,000-40,000
Community	Supermarket, drugstore/pharmacy, discount department store, mixed apparel	180,000	100,000,-400,000	10-30	40,000-150,000
Regional	One or two full-line department stores	600,000	300,000-900,000	10-60	150,000 or more
Super Regional	Three or more full-line department stores	1,000,000	600,000-2,000,000	15-100 or more	300,000 or more

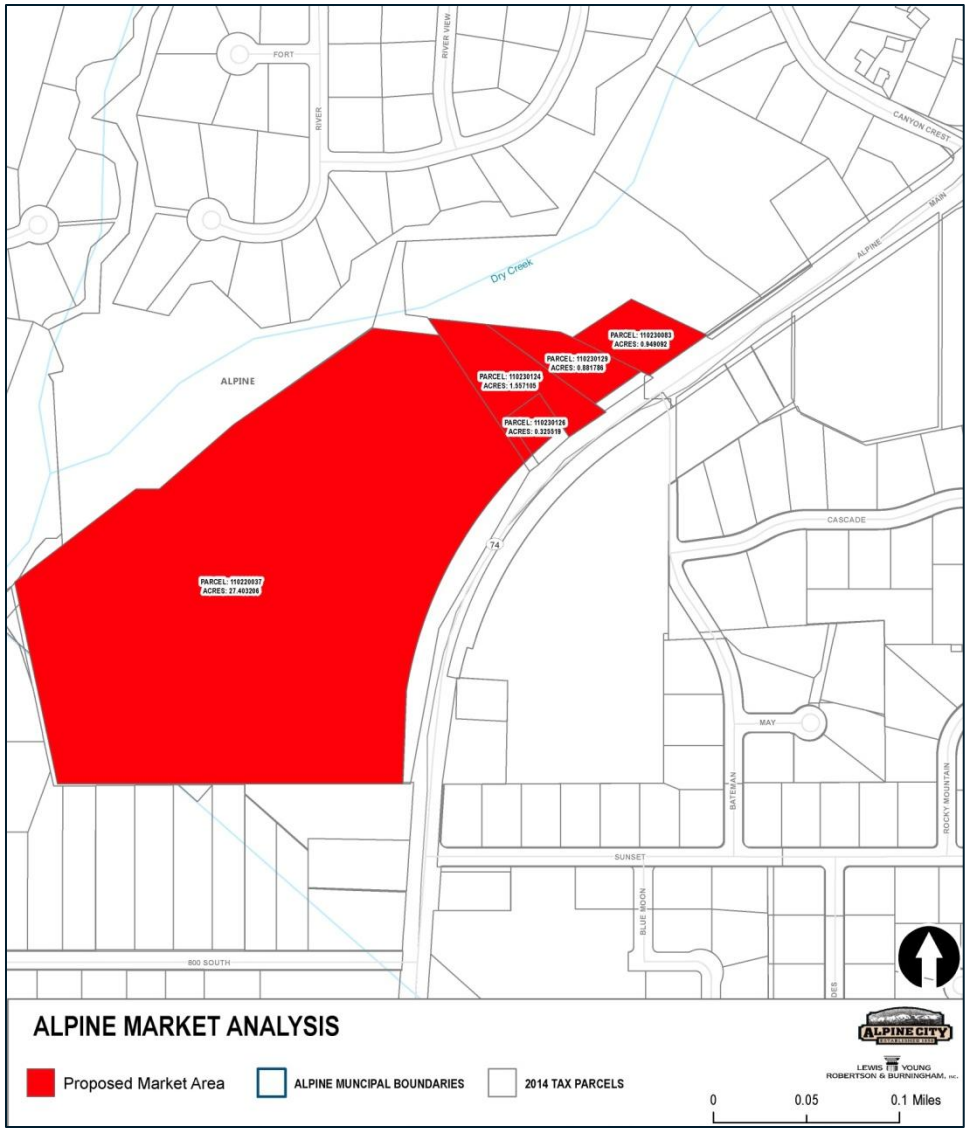
Urban Land Institute, Retail Development, 4th ed.

Based on existing demographics, Alpine will likely attract <u>neighborhood</u> scale retail.

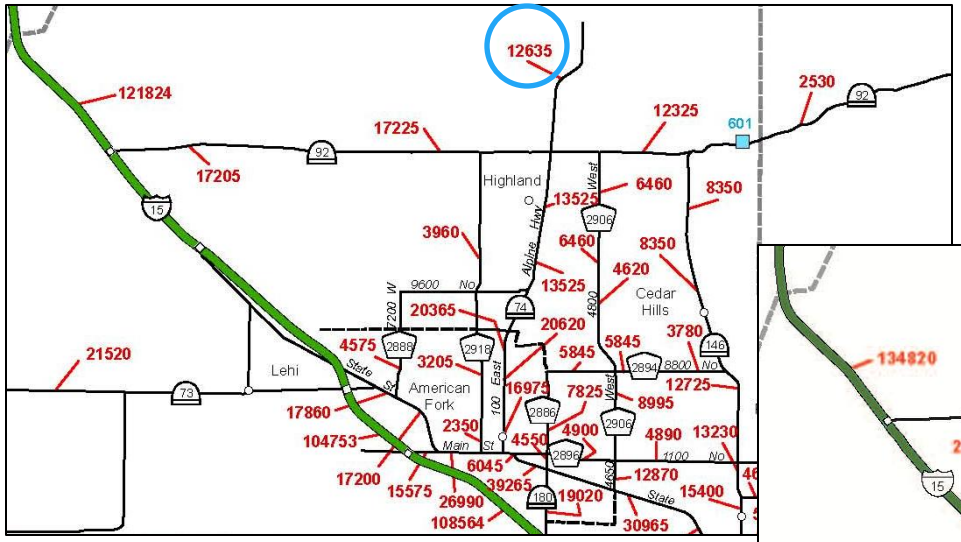
COMPETITIVE MARKET ANALYSIS

Competitive Market Analysis

- Highlighted property = 29.55 acres
- General retail property supported by demand = 39 to 49 acres.
- In order to support additional retail property, the City may want to consider allowing for additional density (i.e. multi-family housing adjacent to neighborhood center)

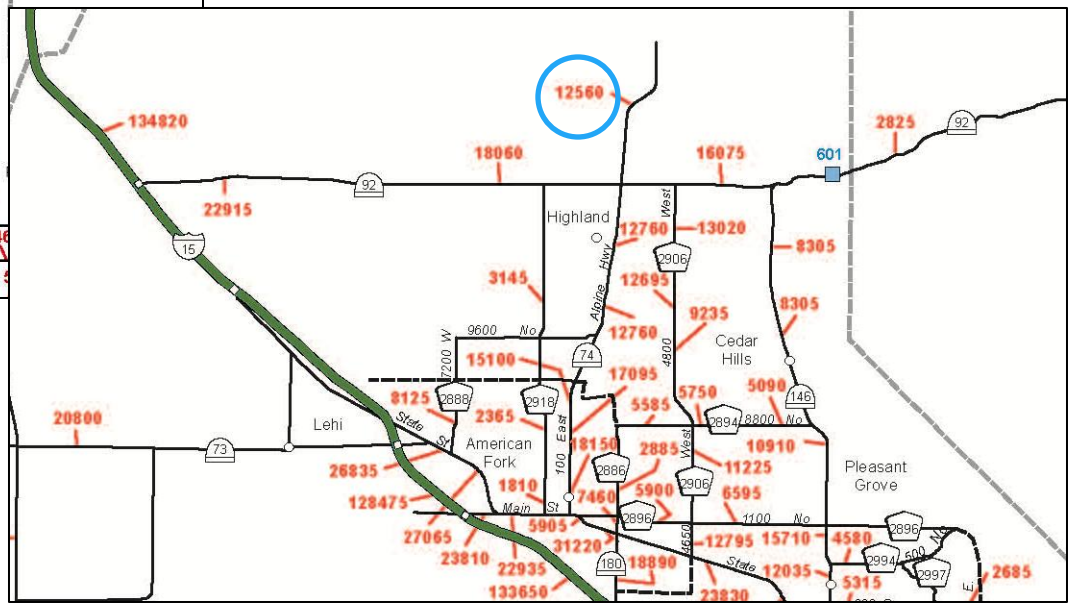


Competitive Market Analysis



2004 Annual Average Daily Traffic (AADT)

2010 Annual Average Daily Traffic (AADT)

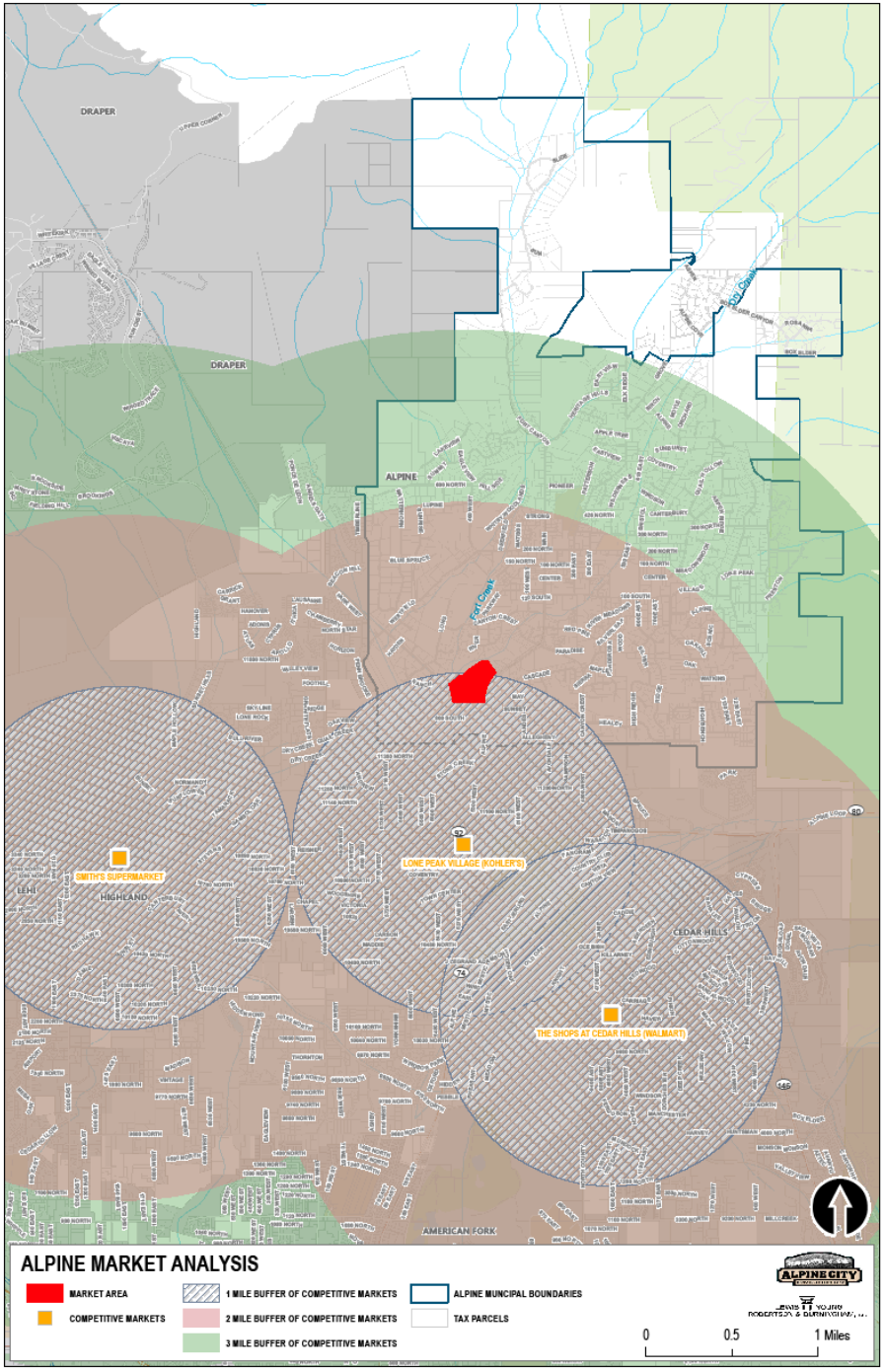


- MAG has not planned any significant transportation projects in or around Alpine in the near future.

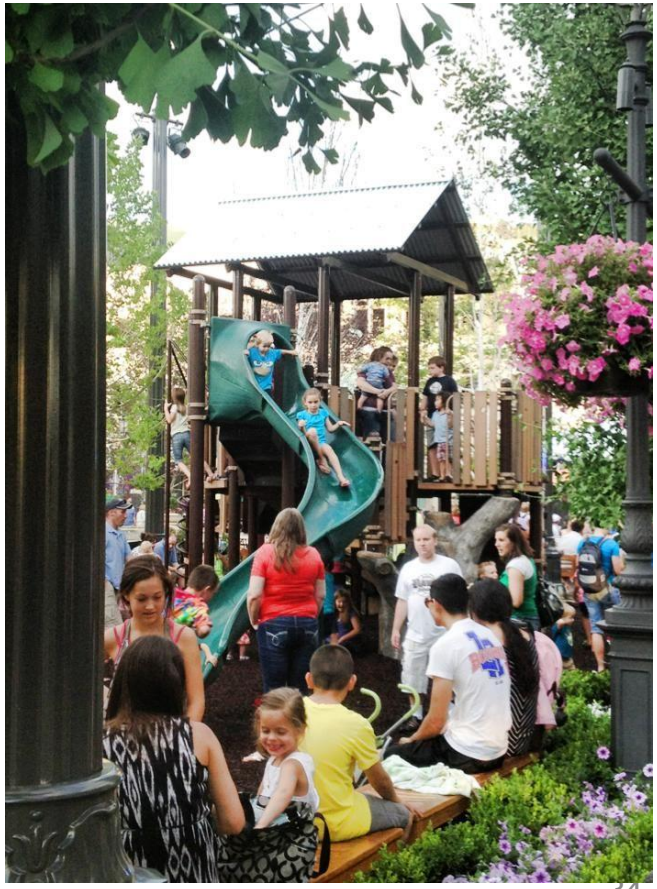
Competitive Market Analysis

Neighborhood Retail Center

- Demand is captured by Highland City, Cedar Hills, and Lehi
- **Alpine Neighborhood Center:**
  - Approx. 45,000 Sq. Ft. Grocery Anchor
  - Types of retail (Artisan Bakery, Fresh Produce, Small Home Improvement Component, Pharmacy)
  - Potential CDA



Neighborhood Center (Examples)



Next Steps & Recommendations

- Update Land Use Plan
  - To allow for commercial zoning in proposed market area (neighborhood center); and
  - To allow for multi-family/density component.

- Consider Neighborhood Center as a destination to capture more local demand
  - Integrate neighborhood components (i.e. park, splash pad, playground, water feature, walkable area, trees, and benches)
  - Examples: South Jordan Town Center and Farmington Station Park (Alpine Neighborhood Center would be smaller-scale)

- Establish a CDA
  - To assist in developing necessary infrastructure; and
  - To assist developer by providing incentives.

- Make the proposed site "shovel ready"
  - Develop utilities, etc.

- Update Utility and General Fund Comprehensive Financial Sustainability Plans (CFSPs)
  - To ensure that City can service the future commercial development with the necessary utilities.
  - This step will also be important if the City decides not to encourage additional retail/commercial development. The City will need to be aware of the consequences of low sales tax revenues (i.e. will this result in an increase in property taxes, utility fees, etc?)