



Economic Development

4-1 Introduction

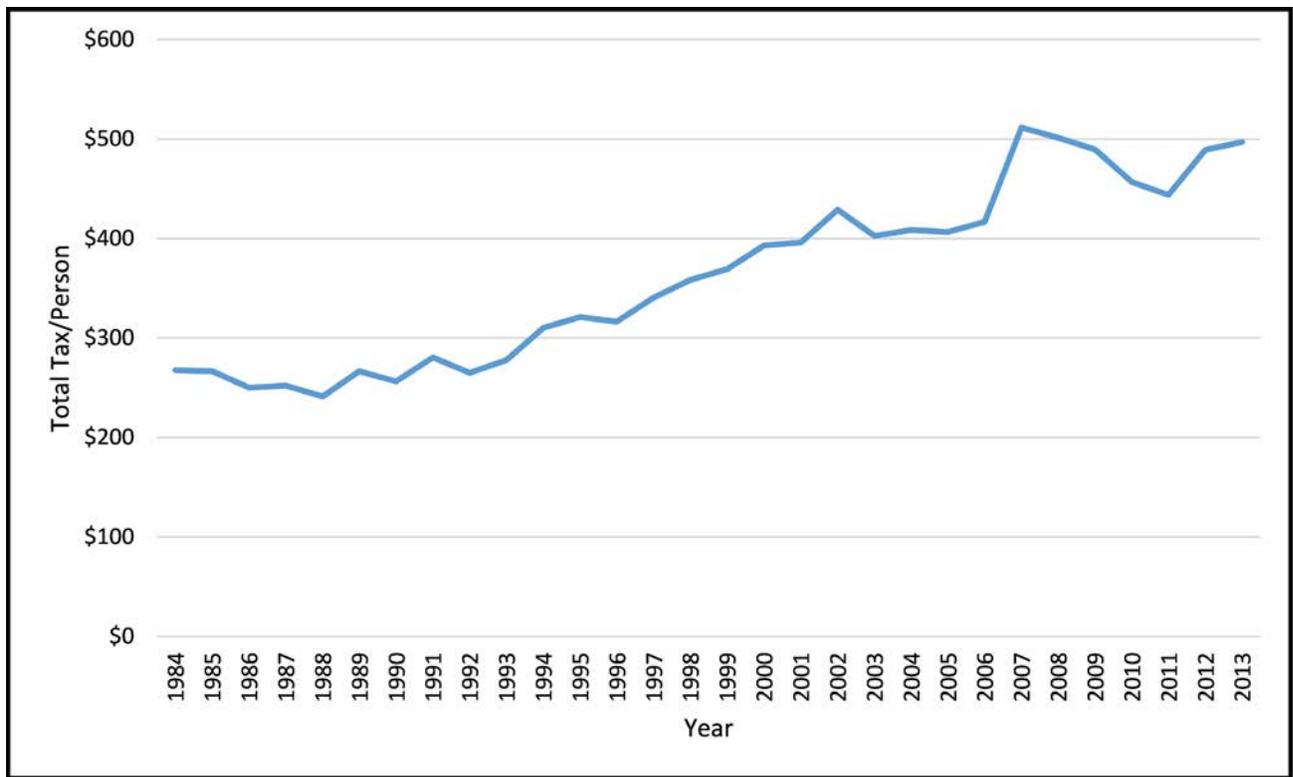
This element of the West Valley City General Plan is intended to provide direction for the fiscal health of the City as well as the quality of life of residents. Current conditions and economic projections are used as the basis for this section, which also includes goals and actions to improve the fiscal health of the City and the quality of life of residents.

4-2 Background

Fiscal Health

The long-term fiscal health of the City is critical to the provision of quality municipal services, including the maintenance of public infrastructure. As will be discussed in the next section, the ongoing fiscal health of the City will allow the City to address some of the quality of life challenges we face. For the purpose of this General Plan, fiscal health refers to revenue growth to support a growing population and revenue diversity to minimize the negative effects of potential revenue shortfalls in any one category. Figure 4-1 illustrates how the rate of City revenue growth has generally been higher than population growth. Continuing this trend will allow the City to address the many issues raised in this General Plan.

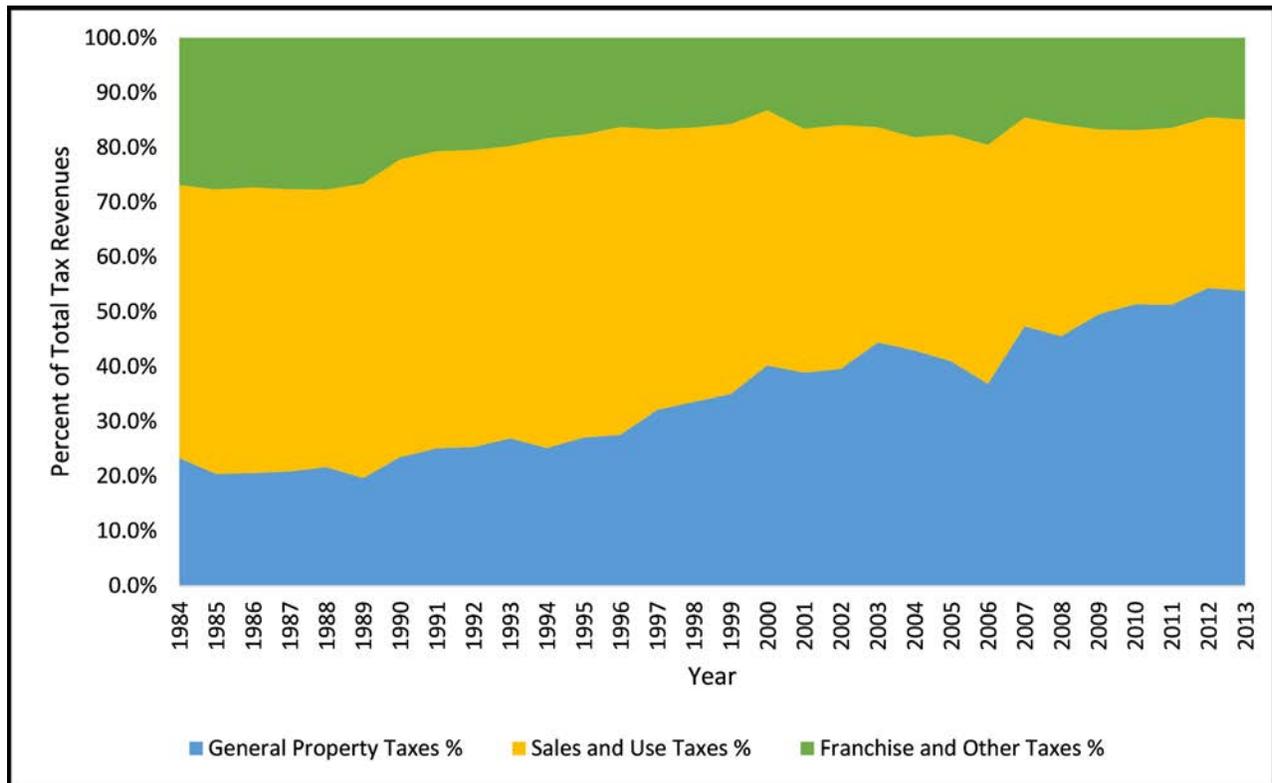
Figure 4-1: Total Tax in 2013 Dollars/Population



Source: West Valley City Comprehensive Annual Financial Reports, West Valley City Planning and Zoning Population Estimates and Bureau of Labor Statistics CPI Inflation Calculator

Figure 4-2 shows the source of all City tax revenue over the last 30 years. In 1984, the City relied heavily on sales and use taxes, which made up 50% of all tax revenue. However, over the years, property taxes have grown to where they represent 54% of all taxes. Having property tax be the main source of tax revenue results in a more stable revenue stream than sales and use taxes that are susceptible to sharp decreases as experienced in the last recession.

Figure 4-2: Total City Tax Revenue by Source

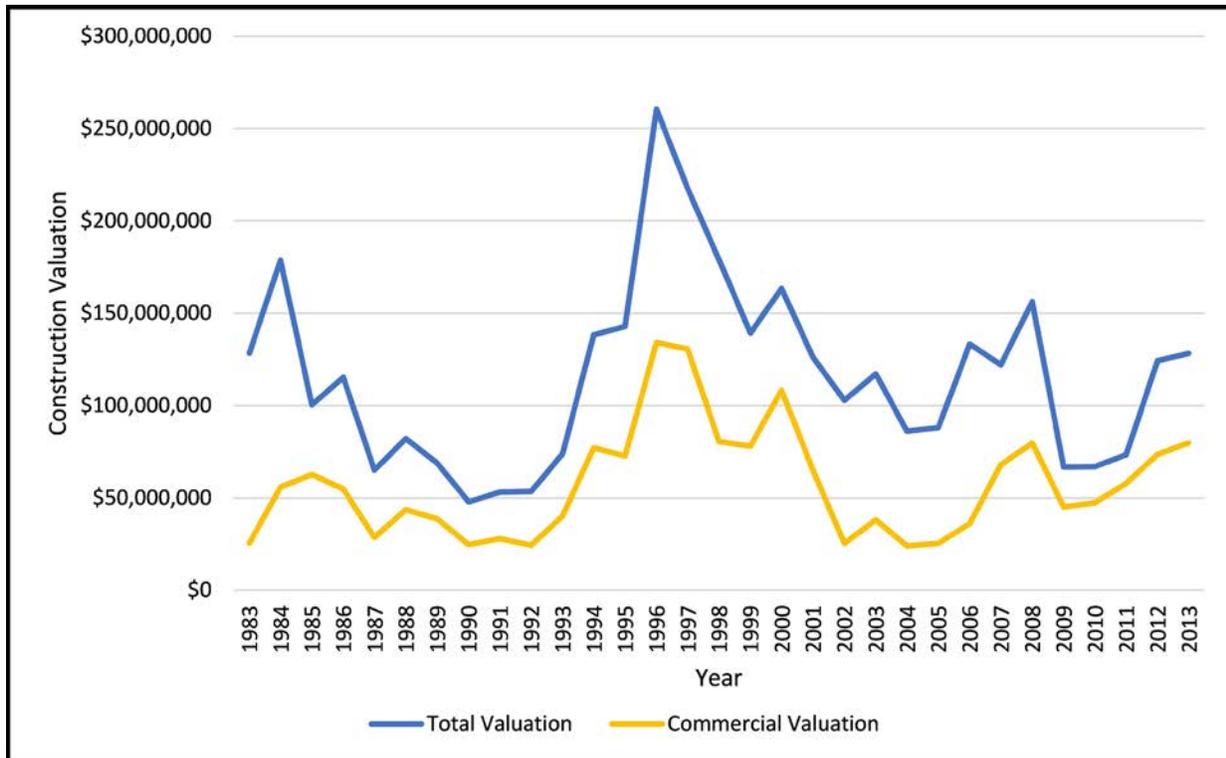


Source: West Valley City Comprehensive Annual Financial Reports

Property tax and sales tax together represent roughly 80% of all City revenue. Hence, growing these two revenue sources is critical to the City’s fiscal health. Property tax growth is accomplished by new construction, including redevelopment. With sales tax, the State distributes these funds to cities based on population and point of sale. So, sales tax growth can occur as the population increases, and as retail sales within the City increase through new retail development and by sales growth in existing retail businesses.

When considering property tax growth, it’s helpful to understand construction trends in the City. Figure 4-3 shows the valuation (expressed in 2014 dollars) of all construction as well as commercial construction within the City since the early 80’s. These numbers reflect the valuation from building permits and hence do not include the value of land or site improvements. The trends seen in this graph generally track with the overall health of the economy. On average, half of the value of all construction has come from commercial development. However, since residential development is taxed at only 55% of its value and commercial development is taxed at 100% of value, commercial development yields more property tax per dollar of value.

Figure 4-3: Total Construction Valuation and Commercial Construction Valuation



Source: Annual Building Permit Reports from West Valley City Building Inspections

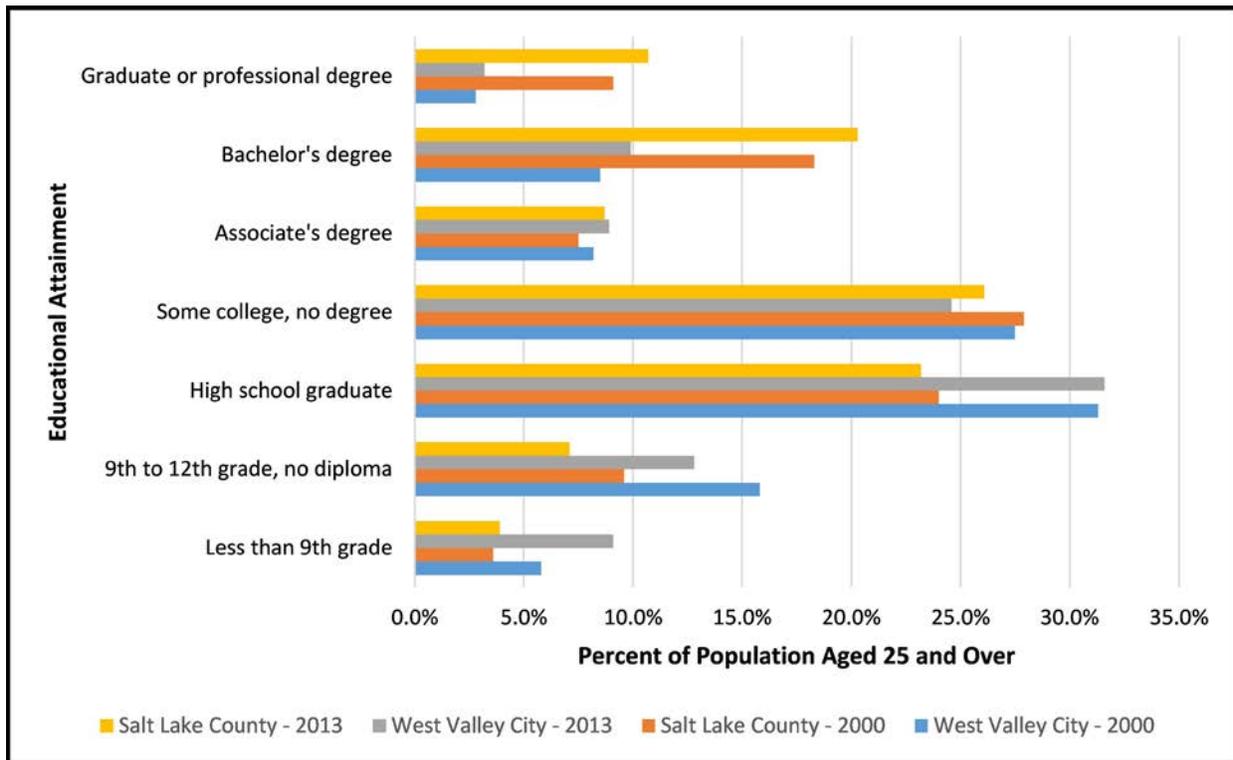
Another trend seen in this graph is that commercial development in recent years has made up a larger share of total construction value. This is due in large part to the City’s concerted effort to promote economic development. In 2012 and 2013, nearly two-thirds of all commercial construction came from projects valued at \$1 million or more where the property was located in a URA or EDA or the City was involved in some way. Examples of City involvement include infrastructure assistance and fee waivers. Examples of projects built during these two years include Hexcel fiber lines, the Larry H. Miller Megaplex and new retail at Highbury Center – all projects involving tax increment or other City incentives.

Quality of Life

The quality of life of West Valley City residents is also a major economic development consideration. For the purpose of this General Plan, quality of life refers to education, income, jobs and access to goods and services.

On the issue of education, the City is faced with significant challenges. The educational attainment levels for adults in the City are below those in the County overall (See Figure 4-4). The percentage of persons with a graduate or professional degree is three times higher in the County than the City and the percentage of persons with a bachelor’s degree is twice as high. Also of concern is the growth between 2000 and 2013 in the percentage of persons with less than a 9th grade education. As school attendance is compulsory in Utah, it is believed that adults with less than a 9th grade education are most likely adult immigrants and refugees. On a positive note, the City has seen small increases between 2000 and 2013 in the percentage of persons with a degree.

Figure 4-4: Educational Attainment for Population Aged 25 and Over in Salt Lake County and West Valley City



Source: U.S. Census Bureau

Students’ proficiency in communication and analytical skills as they leave high school can be considered a measure of their likely success in the future. Their proficiency in basic skills such as language, math, and science will directly affect their college preparedness. Additionally, if one chooses not to pursue higher education, their proficiency with these skills will affect their ability to find skilled jobs and their ability to advance in these jobs. Under the Utah SAGE school grading system created by the State Legislature in 2011, 300 points are assigned to student proficiency in language arts, mathematics and science. West Valley City high schools score below the County average of 175. Table 4-1 shows 2013 proficiency scores for Salt Lake County high schools.

Table 4-1: Salt Lake County High School SAGE Proficiency Scores

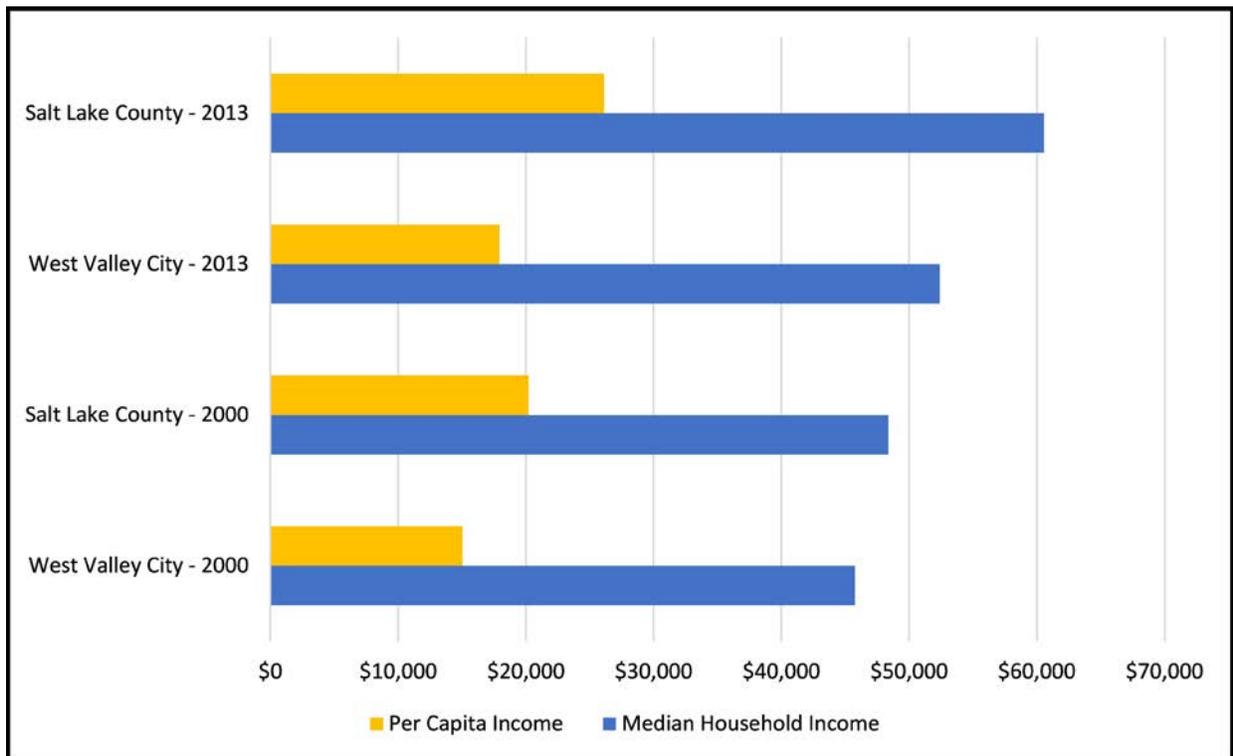
City	Number of Ranked Schools	2013 Sage Proficiency Score (Average out of 300 Possible)
Cottonwood Heights	1	205
Herriman	1	183
Holladay	1	181
Kearns	1	116
Magna	1	133
Midvale	1	187
Millcreek	1	208
Murray	3	201

City	Number of Ranked Schools	2013 Sage Proficiency Score (Average out of 300 Possible)
Riverton	1	194
Salt Lake City	6	185
Sandy	4	187
South Jordan	2	186
Taylorsville	1	149
West Jordan	3	160
West Valley City	3	149

Source: Utah State Office of Education

The connection between education and income is well documented – lower education levels negatively impacts earning capability. This fact is highlighted in Figure 4-5 which compares the City and County on median household incomes and per capita incomes. 2013 median household incomes in the City were 13% lower than in the County. On a per capita basis, City incomes are about 31% lower than in the County, which reflects the City’s larger average household size. Figure 4-5 also shows that while incomes in the City have improved since 2000 (14% increase), incomes in the County improved more (25% increase).

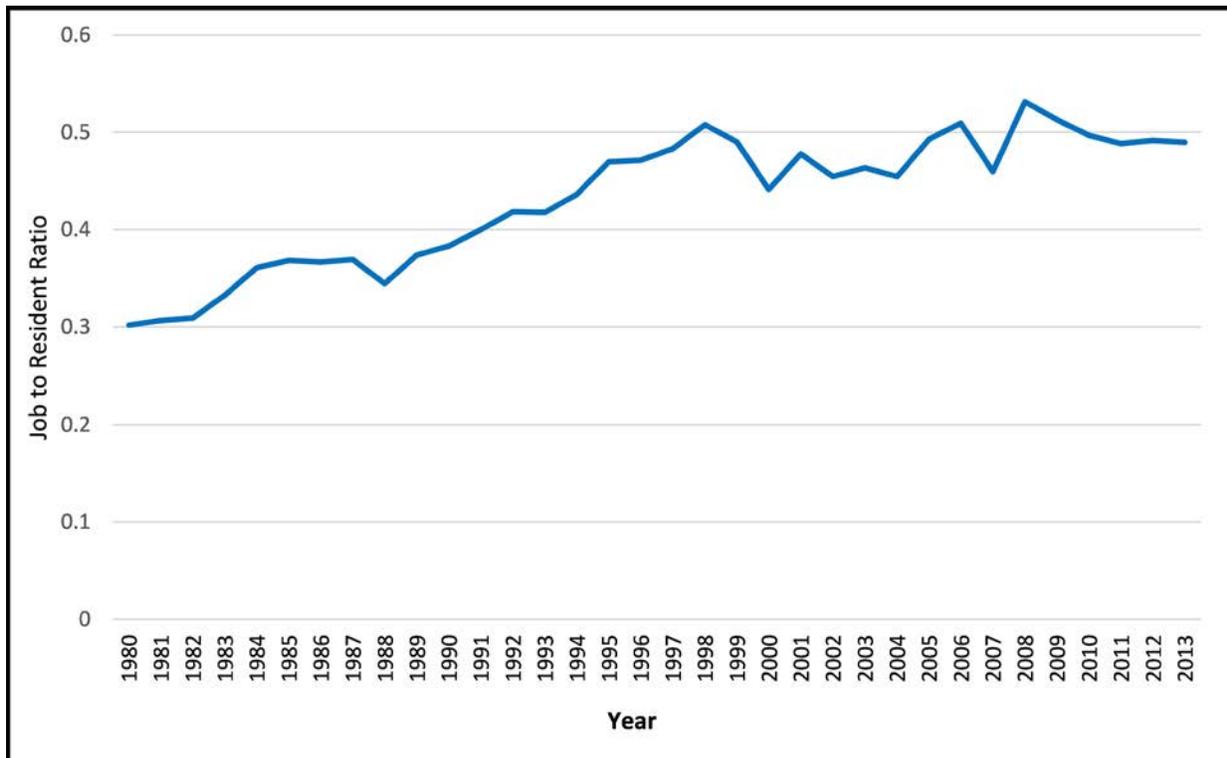
Figure 4-5: Per Capita and Median Household Income in West Valley City and Salt Lake County



Source: U.S. Census Bureau

As seen in Figure 4-6, from incorporation until the late 90's employment growth in West Valley outpaced population growth. In more recent years, the employment growth rate has roughly matched the population growth rate to where there is roughly one job for every two persons including children within the City.

Figure 4-6: Employment/Population



Source: Utah Department of Workforce Services, U.S. Census Bureau & West Valley City Planning & Zoning

For the County as a whole, the jobs to labor force ratio is 1.1. Expressed a different way, there is more than one job for every person within the labor force. While some cities such as downtown Salt Lake City have an exceptionally large employment base, West Valley City has a good jobs to worker balance. Table 4-2 provides the jobs to worker ratio for Salt Lake County cities.

Table 4-2: Job to Labor Force Ratio 2013

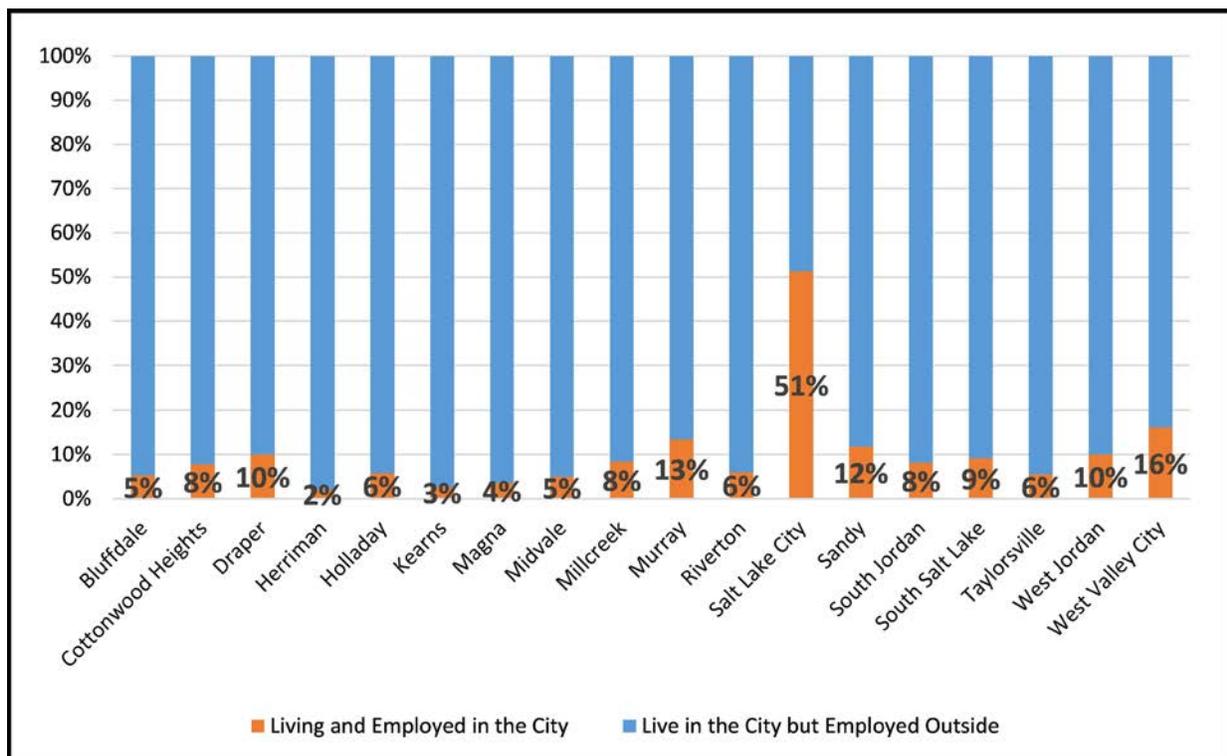
City	Average Employment 2013	Population in Labor Force 2013	Jobs to Labor Ratio
Bluffdale	3,085	3,976	0.78
Cottonwood Heights	18,943	18,885	1.00
Draper	25,602	19,354	1.32
Herriman	2,114	9,977	0.21
Holladay	8,189	13,053	0.63
Kearns	3,322	18,766	0.18
Magna	3,021	14,280	0.21

City	Average Employment 2013	Population in Labor Force 2013	Jobs to Labor Ratio
Midvale	14,558	17,165	0.85
Millcreek	27,799	33,285	0.84
Murray	44,793	27,221	1.65
Riverton	9,035	20,294	0.45
Salt Lake City	245,103	105,594	2.32
Sandy	43,410	47,224	0.92
South Jordan	22,012	25,952	0.85
South Salt Lake	35,148	12,186	2.88
Taylorsville	20,816	32,670	0.64
West Jordan	30,585	56,522	0.54
West Valley City	65,370	67,170	0.97

Source: Utah Department of Workforce Services and U.S. Census Bureau

As Table 4-2 indicates, cities experience a daily in and out flow of workers who live in one city and work in another. One measure of the economic opportunity of a city is the potential for an individual to find work in the city he or she resides in. As Salt Lake City is the State's largest City and the economic center of the State, it naturally has the highest percentage of residents who also work within the City (51%). Of all other Salt Lake County cities, West Valley has the highest number of residents (16%) who also work within the City. Figure 4-7 provides a comparison of this measure of economic opportunity for Salt Lake County cities.

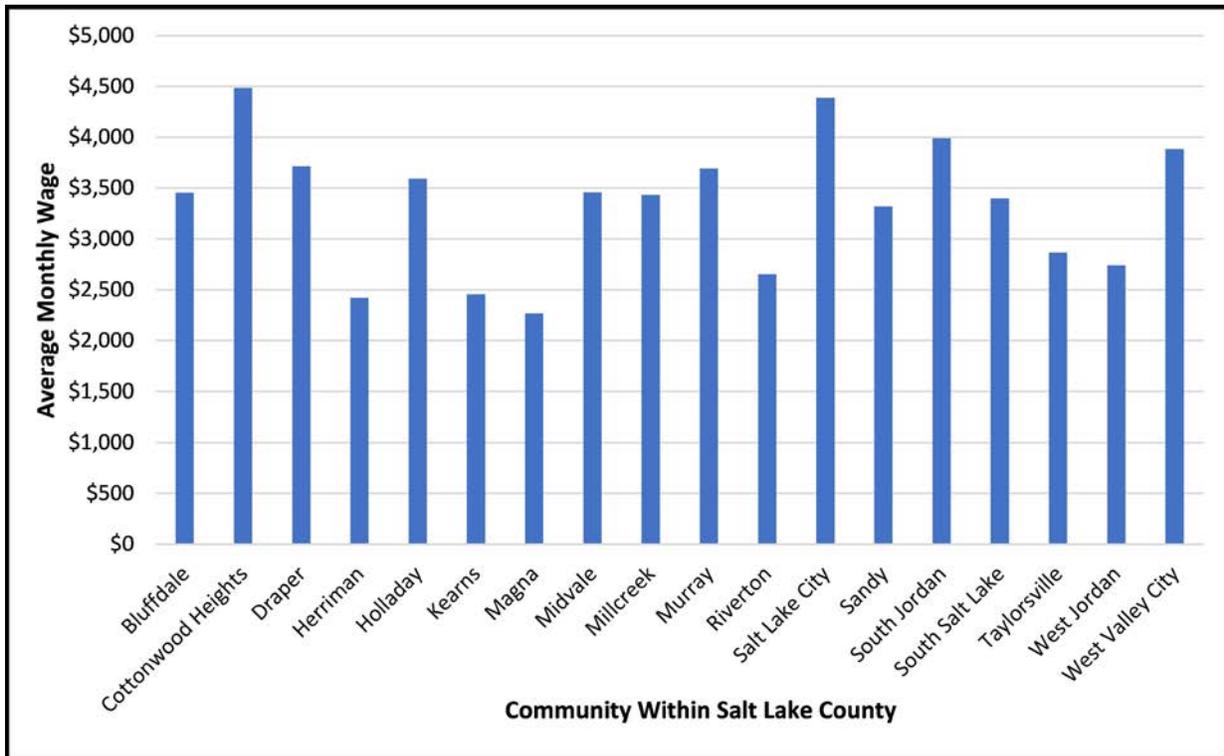
Figure 4-7: Percentage of Residents Working Where They Reside



Source: U.S. Census Bureau, On The Map Application, <http://lehdmap.ces.census.gov>

The average monthly wage for jobs within the City (\$3,885) is slightly higher than the average monthly wage in the County (\$3,852), and as Figure 4.8 shows, the City’s average wage is significantly better than some other communities like West Jordan, Taylorsville, Sandy, Riverton and Herriman.

Figure 4-8: Average Monthly Wage by Community within Salt Lake County (2013)



Source: Utah Department of Workforce Services

There is a diverse mix of industries in the City with some noteworthy standouts. Table 4-3 compares West Valley City’s employment mix by industry with that of the County. Similar to the County, the City has the most employment in Trade, Transportation and Utilities. Other strengths in West Valley include Manufacturing and Financial Activities.

Table 4-3: 2012 Employment Percentage by Industry

Industry	West Valley City	Salt Lake County
Mining	0.5%	0.6%
Construction	5.9%	5.1%
Manufacturing	10.3%	8.7%
Trade, Transportation, Utilities	29.0%	20.5%
Information	3.8%	2.9%
Financial Activities	14.5%	7.7%
Professional & Business Services	14.4%	16.6%
Educational & Health Services	6.7%	11.3%
Leisure & Hospitality	6.4%	8.2%

Industry	West Valley City	Salt Lake County
Other Services	2.2%	3.1%
Government	6.4%	15.4%

Source: Utah Department of Workforce Services

Employment in Salt Lake County is projected to grow by 44% between 2010 and 2040, creating future commercial development opportunities within the City. Table 4-4 shows the projected amount of employment growth in Salt Lake County between 2010 and 2040. The industries highlighted in grey are those that are projected to grow at a rate faster than total employment.

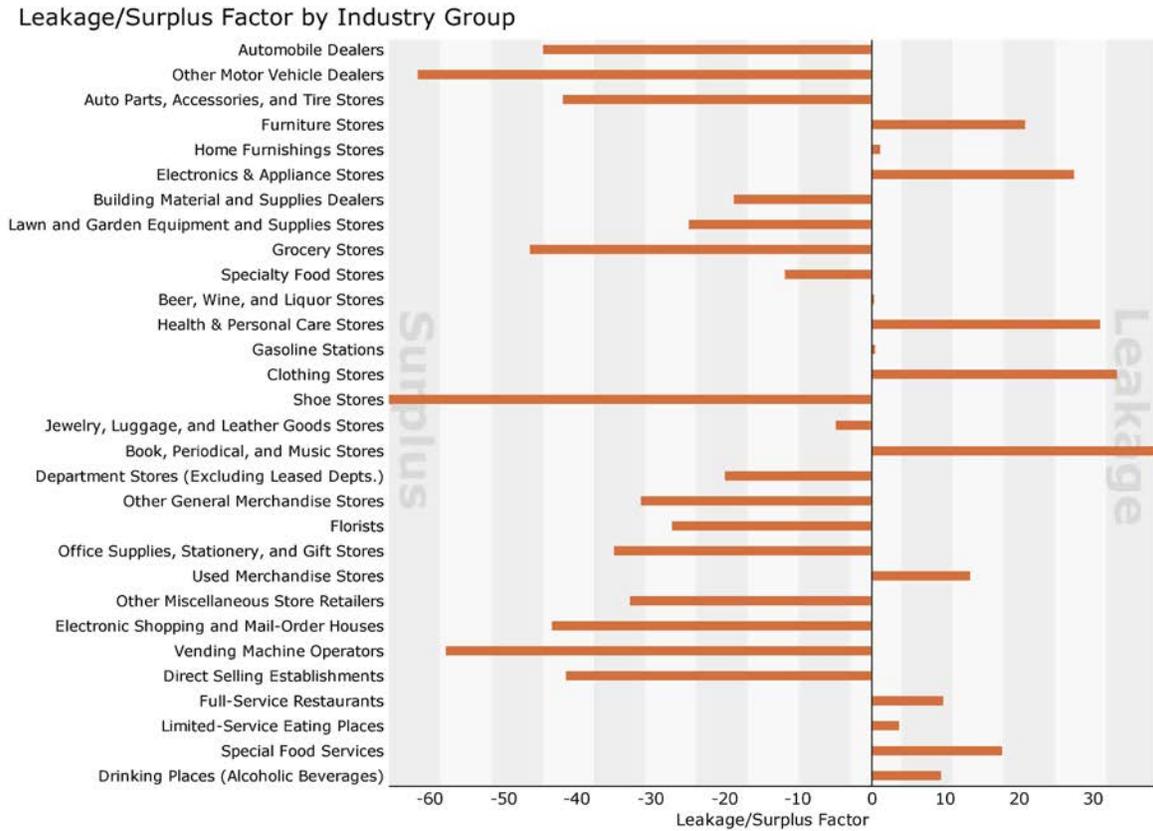
Table 4-4: Projected Growth in Employment by Industry in Salt Lake County

Industry	Projected New Jobs from 2010 to 2040	Percent Growth in Employment from 2010 to 2040
Mining	-324	-9.3%
Construction	22,457	56.6%
Manufacturing	10,274	19.6%
Trade, Transportation, Utilities	34,379	25.5%
Information	9,836	56.2%
Financial Activities	16,803	16.2%
Professional & Business Services	114,211	98.4%
Educational & Health Services	42,876	53.2%
Leisure & Hospitality	18,703	33.1%
Other Services	9,805	28.4%
Government	41,921	43.2%
Total Employment	320,941	43.6%

Source: Utah Governor’s Office of Planning and Budget, 2012 Baseline Projections

Another quality of life consideration is retail opportunity, or the ability to find the goods and services that one needs within their city of residence. When a city has more supply in an industry group than demand, they are said to have a “surplus” of retail sales and draw customers from outside the city. When a city is lacking in retail opportunity, they are said to have “leakage”. In other words, because the city does not offer certain retail opportunities, residents spend their money outside the city. West Valley City should seek to attract retail goods and services that are lacking. Figure 4-9 provides an analysis of West Valley City retail market potential. Surpluses are represented by negative numbers, and leakage is represented by positive numbers.

Figure 4-9: West Valley City Retail Market Potential



Source: ESRI Business Analyst On-line

4-3 Vision

West Valley City will continue to establish a growing and diverse economic base. The City will research and implement ways to improve the education and skills of residents to in turn increase their earning potential. The City will continue to grow employment by building on existing industry strengths and attracting high growth industries. The City will employ the Economic Development Strategic Plan to target those items that are deficient and to continue to bring high value assets to the City.

4-4 Issues, Goals and Actions

Issue: Revenue Growth

The background section highlighted how the City has generally grown revenue faster than population growth. Continuing this trend will allow the City to maintain aging infrastructure, improve service to residents, build new facilities like parks and address other needs.

4.1 Goal: Continue to grow property and sales tax at a rate higher than population growth.

- 4.1.1 **Action:** Continue to use economic development tools (URAs, EDAs, CDAs and other incentives) to promote primarily commercial development.
- 4.1.2 **Action:** Regularly update the Economic Development Strategic Plan. This Plan should address how economic development tools should be used in specific locations within the City.
- 4.1.3 **Action:** In areas where retail development is aging (at least 30 years old) and underperforming and where transit is readily accessible, consider the addition of some multi-family residential as part of a redevelopment strategy to add more retail demand.
- 4.1.4 **Action:** Maintain zoning in areas currently zoned for office or industrial development to allow opportunities for new commercial development.
- 4.1.5 **Action:** Work to retain and grow existing businesses within the City.
- 4.1.6 **Action:** Facilitate development on underdeveloped properties to increase overall value.

Issue: Education

The educational attainment level for adults in the City is significantly below those in the County. As a result, median income levels of City households are lower than County households. Educational opportunities for children attending K-12 schools in the City are well below most peer cities in the County.

4.2 Goal: Increase opportunities for higher education and job training for adults.

- 4.2.1 **Action:** Work to secure a public higher education facility within West Valley City.
 - 4.2.2 **Action:** Partner with organizations like Salt Lake Community College to provide job training to residents, especially for jobs within the City.
- #### 4.3 Goal: Improve the educational opportunities of children attending K-12 public schools.
- 4.3.1 **Action:** Conduct extensive research on K-12 education within the City to understand why school performance is subpar.

- 4.3.2 Action:** With an understanding of the issues, engage in activities to improve school performance. Such activities could be in partnership with Granite School District. Examples of potential activities could include after school programs and community engagement.

Issue: Job Growth and Access to Goods and Services

Since incorporation, employment within the City has grown to where there is approximately one job for each person in the labor force. Providing a diverse mix of employment opportunities within the City will improve job access for City residents, as well as provide access to retail opportunities that the City is currently experiencing leakage in. According to the U.S. Census, about 16% of those employed in West Valley also live in West Valley. Job growth within the City will also strengthen local businesses like restaurants that serve new employees and residents. Additionally, the City is experiencing leakage of retail opportunity in certain sectors.

4.4 Goal: Grow employment to increase employment opportunities for City residents and create business opportunities to provide services for new employees.

- 4.4.1 Action:** West Valley City should work to maintain at least one job for each person in the labor force within the City.
- 4.4.2 Action:** Focus some of the City's economic development initiatives on strengthening or expanding economic activities that have been highly successful, or those that are somewhat unique to West Valley City such as the commercial transportation industry.
- 4.4.3 Action:** Work to attract the retail industry groups where the City is experiencing leakage. (See Figure 4.9).
- 4.4.4 Action:** Develop and implement strategies to attract businesses in high growth industries.
- 4.4.5 Action:** Coordinate with UTA to improve transit service, particularly for lower income areas, to increase access to employment opportunities.