



Bonneville Research

March 31st, 2022

Introduction:

This analysis intends to provide Millcreek, a Utah Municipality, and the Millcreek City Council with the information required by the Utah Code Section 10-8-2. Appropriations -- Acquisition and disposal of property -- Corporate purpose -- Procedure.

Reason for the Study:

Utah Code § 10-8-2 and case law require a more rigorous review and approval process before the City can provide grants to nonprofit organizations. The process requires that the City complete a Study before awarding the grants.

Key Elements of the Study:

The study shall consider the following factors:

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1. Completion of a study that addresses the following:
 - a. The benefit the City will receive—tangible or intangible—in return for appropriated funds.
 - b. An analysis of how the appropriation will be used to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or the convenience of Millcreek residents.
 - c. Whether the appropriation is necessary and appropriate to accomplish goals and objectives of the City, such as:
 - i. Removing blight or underdeveloped properties;
 - ii. Increasing the City's tax base;
 - iii. Creating jobs;
 - iv. Retaining jobs, and
 - v. Any other identified public purpose that the appropriation might serve.
 - d. Completing a financial analysis showing projected financial returns to the City, if any, and the period over which the City will recoup the appropriation amount.
2. A finding by the Council that the development will promote safety, health, prosperity, moral well-being, peace, order, comfort, or the convenience of the Millcreek residents shall be adopted by Resolution citing the Study as evidence to support that finding.
3. The processes outlined in Utah Code Ann. § 10-8-2h will complete the final appropriation:

- a. If the appropriation is made as an amendment to the current year's fiscal budget, then the appropriation shall be approved according to the process outlined in Utah Code Ann. § 10-8-2(3)(d).
- b. If the appropriation is made as part of a future fiscal year budget, then the appropriation shall be approved during the regular annual budget process.

Millcreek Common – Millcreek's General Plan explicitly outlines the need for a central city gathering place in the heart of Millcreek where residents could enjoy a sense of community and common identity.

The following are guiding principles of the Millcreek Common:

- The City Center should emphasize walkability and minimize internal traffic & parking demand
- The City Center should include municipal property owned by the City and designated for public use
- The design of Millcreek's City Center should represent the City in ways that are distinctive from other cities and unique to Millcreek.
- The City Center should emphasize culture, art, ideas & interaction between citizens.
- The City Center should be a true "center" that connects Millcreek residents as the cultural hub and heart of the City.



The Development of Millcreek Common is to occur into two principal Phases:

- Phase 1 will see the construction of a plaza that includes an ice ribbon and splash pad, retail, and the new Millcreek City Hall site.
- Phase 2 will focus on mixed-use development, an outdoor amphitheater, and landscaping that will bring out Millcreek's existing beauty.

Millcreek Agreement – Millcreek proposes to make the following agreement with a proposed tenant of the Common, with maybe interpreted as monetary appropriation for the Fiscal Year 2021/2022:

- Millcreek Common – Up to \$3,000.00

“Common Tenant” Proposal:

- Millcreek City is looking to provide needed outdoor public seating in the Common as a “Public Benefit” to meet the following stipulations of the Millcreek General Plan, which:
 - The City Center should emphasize walkability and minimize internal traffic & parking demand
 - The City Center should include municipal property owned by the City and designated for public use
 - The design of Millcreek's City Center should represent the City in ways that are distinctive from other cities and unique to Millcreek.
 - The City Center should emphasize culture, art, ideas & interaction between citizens.
 - The City Center should be a true "center" that connects Millcreek residents as the cultural hub and heart of the City.
- Millcreek City has signed a retail tenant agreement with “Pizza Nono” on the Millcreek Common (1357 East 3300 South) that can provide needed food and beverages to support the Common and other gathering places.
 - Attached are pictures of the retail building. These renderings call the restaurant "Tremors," a fictitious company.
 - The Pizza NoNo rental agreement is a "Performance Lease" that provides for rent payments in 5% of Gross Retail Sales and \$500 per month, for five years, a portion of utilities. Pizza NoNo is projecting \$2 million in annual retail sales at this location.
 - The proposed agreement is that on April 15th Pizza Nono begins build-out of their pizza shop, and Millcreek City is not offering any Tenant Improvement funds for Pizza Nono, which is typical for landlords in the real estate industry.
 - Pizza Nono has proposed to forgo the \$500 a month flat rate for six months. On October 15th, 2022, the \$500 flat rental payment would commence, and in return Millcreek City is proposing that Pizza NoNo, the food, and beverage tenant, provide agreed-upon outdoor tables, seating, plantings, and other amenities, and that tenant rental agreement be amended to credit six months of \$500 per month of flat rental

payments or a maximum of \$3,000 and that Pizzas NoNo buy Millcreek City approved outdoor furniture, and make said furniture available for public use.

- The area for the outdoor furniture is underneath the eave of the building and around the fireplace.
- The public will have open access to this area and can utilize the furniture.
- The furniture will be owned, cleaned, and maintained by Pizza Nono.
- At the end of the six months, or by October 15th, 2022, said furniture will become the property of Pizza NoNo but will remain available for general public use.

Proposed “Common Area Public Facilities Program” Budget:

- Outdoor tables, seating, plantings, and amenities \$3,000.00
- Total requested amount of “Tenant Rent Offset: \$3,000.00

ANALYSIS:

3.71.050 Procedures of the "Millcreek Municipal Code" states that:

The City may appropriate funds or resources to aid a private enterprise project as provided by state law.

Utah Code Page 1 Chapter 8 Powers and Duties of Municipalities Part 1 General Powers 10-8-1 Control of finances and property. The boards of commissioners and city councils of cities shall have the power to control the finances and property of the corporation.

10-8-29 Sales and merchandising on streets. They may regulate merchandising and sales upon the streets, sidewalks, and public places.

The benefits Millcreek City will receive—tangible or intangible—in return for appropriated funds are:

- b. The appropriation will be used to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or the convenience of Millcreek residents.*
- c. The appropriation is necessary and appropriate to accomplish goals and objectives of the City, such as:*
 - i. Removing blight or underdeveloped properties;*
 - ii. Increasing the City's tax base;*
 - iii. Creating jobs;*
 - iv. Retaining jobs, and*
 - v. Any other identified public purpose that the appropriation might serve.*
- d. Completing a financial analysis showing projected financial returns to the City, if any, and the period over which the City will recoup the appropriation amount.*

CONCLUSION AND REQUIRED FINDING:

The municipality of Millcreek's purpose for the appropriation to Pizza NoNo promises:

1. **EDUCATION:** All Millcreek youth have the support to maximize academic success on their path to high school graduation and post-secondary education.
2. **HEALTH AND SAFETY:** All Millcreek residents have access to health and safety services and resources.
3. **ECONOMIC WELL-BEING:** All Millcreek residents have opportunities to provide a high quality of life for themselves and their families.

The Millcreek Common will be to seek to achieve the following Community Objectives with this appropriation to Pizza NoNo by supporting the following programs:

- **Economic Empowerment:** Protecting, supporting, and improving household livelihoods and financial security, including small business support.
- **Community Integration and Development:** Strengthening communities and preparing individuals to participate fully in Millcreek City.
- **Health and Wellness:** Promoting wellness and ensuring access to healthy food and activities that address Millcreek residents' physical and psychological needs.
- **Children, Youth, and Education:** Providing educational and community development opportunities that build the essential academic, personal, and social skills needed to succeed.

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The appropriation is necessary and appropriate to accomplish Millcreek's reasonable goals and objectives, a Utah Municipal Corporation, in economic development, job creation, affordable housing, blight elimination, job preservation, and preservation of historic structures and property other public purposes.

GENERAL LIMITING CONDITIONS:

Every reasonable effort has been made to ensure that this Study's data reflects accurate and timely information, and it is believed to be reliable.

- *The Study is based on estimates, assumptions, and other information developed by Bonneville Research from its independent research effort, general knowledge of the region, primary data sources including Millcreek, the Utah State Tax Commission, and the Utah State Auditor's Office, and consultations with the Client's representatives.*
- *No responsibility is assumed for inaccuracies in reporting by the Client, its agents, or any other data sources used in preparing or presenting this Study. This report is based on information collected during March of 2022, and Bonneville Research has not undertaken any update of its research since that date. Bonneville Research makes no warranty that any of the values or results contained in this Study will be achieved. This report is not to be used with any public or private offering of securities or other similar purposes. This Study is qualified in its entirety and should be considered considering these limitations, conditions, and considerations.*



Rendering of Pizza NoNo Retail Site (Showing covered seating and table areas)



Rendering of Pizza NoNo Retail Site at the Southern End of Millcreek Common Plaza



Rendering of Millcreek Common Plaza looking North from Pizza NoNo Retail Site

Robert Springmeyer

Robert Springmeyer, the Principal of Bonneville Research, performed this 10-8-2 Appropriations Study.

Mr. Springmeyer is actively involved in the redevelopment and other economic impact projects. He has supplied independent financial and redevelopment analysis for numerous urban renewal agencies within the State and completed "Fair Value Analyses" for Holladay and South Salt Lake Cities. Mr. Springmeyer is the Chairman of Bonneville Research. He has directed the Economic Analysis/Tax Studies completed for the Downtown Alliance, the Utah State Tax Review Commission, Salt Lake County, Brigham City, Salt Lake, Sandy, Bountiful, and South Jordan Cities, including the Urban Renewal Agencies of Salt Lake, Taylorsville, Holladay, South Salt Lake, Draper, West Jordan, Ogden, South Jordan, Sandy, and Murray. He is educated in Political Science, Economics, and Business Management and has consulted with local governments for over 40 years. He has been listed in Who's Who in Finance and Who's Who in the West.