

By: Brandon Stephenson
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Ogden: Poised for a Renaissance

William F Buckley Jr. said,
“History selects its heroes and its villains, and few of us resist participating either at the parade or the guillotine”

Tonight, we have many among us who are optimistic about this project and many who are not.

So, the question is, are the City Council members and others that have supported the progressive re-development efforts of the current Mayor and Administration, heroes or villains? Frankly, I think only the future can really tell us for sure, but I firmly believe that good and responsible decisions are being made.

I recall several recent letters to the editor and some news articles, which have accused members of the City Council of “rubber stamping” projects from the Administration, because the agitators disagree with a decision. That is merely political dogma. The acid test for decision making is certainly not whether the Mayor supports the idea, but whether or not it is a good, reasonable and responsible idea or project that is in the best long-term interest of Ogden City and its citizens.

I recently had a discussion with an Ogden Citizen and he requested that the reasoning for important decisions be better explained as a part of the decision making process.

Although my comments will be a bit lengthy, I will attempt to give an overview for the sake of the citizens that are interested in the reasoning behind the decisions that I will make tonight.

I believe that the High Adventure Recreation Center is a good project that stands on its own merits. In addition, this project is a critical component of a much broader plan to revitalize our downtown.

Ogden’s Current Tax Dilemma:

Recently, I have paid special attention to sales and property tax revenues of Ogden versus nearby cities in an effort to correctly assess our current tax situation. I recognize two things that should greatly concern every Ogden City tax payer.

- 1) Our sales tax revenue generated by businesses within our city is significantly lower per tax payer in comparison with many other nearby cities. For example, the nearby city of Riverdale receives almost 4 times the sales tax revenue per person that Ogden City does. Harrisville receives almost double the sales tax revenue per person as compared to Ogden City. This means that the people of Ogden City are in large part subsidizing these and other nearby communities tax base through sales tax revenues we pay to commercial businesses within those city’s boundaries.
- 2) We have one of the highest property tax rates in the state. Because our city is a county seat, we have many properties within our borders that do not pay property taxes. This fact places a larger burden on the Ogden tax payer.

These two situations put Ogden City in a terrible tax situation and unless the sales tax portion of our revenue is bolstered and those revenue sources (business) are fostered and motivated to move into our city, the problem will only continue to worsen. Ogden City will continue to just meet the operational needs of the city and not be able to reinvest in the much needed capital improvements throughout the city. At least not without raising property taxes a significant amount.

Any citizen that hopes that we can take care of Ogden City's capital improvement needs without first re-establishing the economic sectors of our city are living in a "pipe dream". A hollow hope with no foundation in fact or reality. In fact, the ONLY other way to pay for ongoing operational and infrastructure needs of our city will be to raise property taxes. The reality is probably that it will require a combination of both. However, without the economic development piece in place, the burden for the Ogden tax payer will be unbearable in the next decade.

The Big Picture:

It should be no surprise to anyone in Ogden City that, for years, finding businesses to move into downtown Ogden has been extremely difficult, in fact, practically impossible! There is too much risk to make it worth their while. We could debate the reasons, but the fact is that Ogden City leadership has a well conceived plan that has been in process for many years. We are currently implementing that plan.

The first very important thing that must happen, as outlined by experts in re-development, is that an entertainment component must be established to draw people into the area. After the development of an entertainment component, then will come retail and other commercial.

The High Adventure Recreation Center (High Adventure Recreation Center) and the Tree House Museum are key first components of this plan. Because of the efforts of members of the Administration with this project, other businesses have finally stepped to the table and are willing to invest into our downtown, when they were not willing before (I will discuss some of these in detail in a moment). The High Adventure Recreation Center is the key catalyst for the planned mall development. Without it, the mall project will stop!

Opportunity Costs:

This project alone has taken years of planning and preparation and any other substitute projects will require a similar amount of time. The opportunity costs of stopping and re-doing the plan will not just cost millions of dollars in lost revenue, but will also include more lost downtown businesses. If the High Adventure Recreation Center is not approved, those developers that are lined up to invest in our community, will shake their heads and walk away, most likely never to return. The opportunity costs of not moving forward is too high a price for our community to pay!

Internal Synergy:

The High Adventure Recreation Center in and of itself is a synergistic project. It will include various components that will feed off of one another until other committed projects are built near it and then...will continue to bolster other businesses as they come on-line.

The Center will attract:

- 1) Many from within our city with a desire to attend a private health club
- 2) Many families from within our city that would enjoy bowling, glow in the dark golf or other such amenities.
- 3) Many families from within our city that will enjoy one of the two new restaurants included in the center.
- 4) Many from along the entire Wasatch Front that are interested in at least one of the 3 high adventure components:
 - skydiving
 - surfing
 - rock climbing.

External Synergy:

The High Adventure Recreation Center is not only internally synergistic, it has already created an external synergy. In other words, there have been some critical commitments from other developers such as Larry Miller's theatres, the Earnshaw condominium, office, retail development positioned just north of the High Adventure Recreation Center and Boyer's participation in the retail sections of the mall area.

Only with an approval of the High Adventure Recreation Center, will these other projects move forward and give very important external synergy to the entire mall and downtown area.

Operational Costs: When a project is built, there are basically two rough categories of costs. The first are the construction costs and the second are the costs of operation.

The construction costs are a one time cost paid for by a loan or in this case 2 separate bond issues. These bond issues will be paid for by tax increment and the lease payment of the private LLC running the High Adventure Recreation Center.

The operational costs of a project are the annual total cost of keeping the doors open. For example, The Marshall White Center costs the tax payers of Ogden \$600,000 to \$700,000 per year just to keep the doors open. This subsidization of the Center keeps rates more affordable, but the Ogden City taxpayer makes up the difference this year and every year as long as the Center exists.

The High Adventure Recreation Center will not cost the citizens of Ogden one cent to operate, because all of the operational costs of the center are paid for by the private entities that will run it. In this model, the citizens pay nothing for operational costs and the users pay everything. The center will be run by the private sector in an effort to make a profit. I say again, the user will pay 100% of the operational costs of the center and the taxpayer will pay 0% of those operational costs.

The Risk: Is there risk to this project? Of course there is! There would be risk in any project done in a downtown, especially that for 3 decades or more, has been in a steady decline, with many boarded up storefronts, dirt lots and little synergy, because of the lack of downtown business.

However the risks have been mitigated by:

- 1) Creating a key project (High Adventure Recreation Center) that has internal synergy that can feed off of its different planned components.
- 2) and by...Creating not just a single project, but a series of projects that will happen in unison and create external synergy for the entire downtown area.
- 3) and by... maintaining control of the assets. In other words, the RDA/City will be the owner of the building and equipment.
- 4) And by... using a public/private partnership that shares some of the risk with the private entities involved, which include \$2,000,000 in equipment paid for by the private partners that will stay with the facility if they choose to leave.

In addition, both of these entities have been proven to be a financially strong and experienced partners. For example:

Feasibility & financial analysis have been performed by Ogden City's economic development staff, Well's Fargo Bank, The Bank of New York and an independent research analysis company for the Fat Cat's portion.

Gold's Gym

Gold's Gym currently owns and runs a proven and successful Gym just a few blocks away that will officially be moving to the new project sight. The company is financially healthy and has a proven history in the area. They are currently making money and a new building and new facilities will only enhance and spur the success of this company. A current proven successful client base in the Ogden area is worth its weight in gold to the success of this project.

Fat Cats Family Fun Center

Based on the independent feasibility study, the Ogden area is a feasible location for a Fat Cats Family Fun Center.

A primary factor in determining feasibility in the bowling industry is the “lane per person” calculation. It takes into account the population of the area and combines it with the number of bowling lanes within the target area and comes up with a key determiner of feasibility. In order for a Fat Cats Bowling Alley to be truly feasible, an area must represent at least 2000 people per lane. As pointed out in the study, the Ogden area examined is at 3127 people per lane.

When I asked Paul Kreins, who did the feasibility analysis for Fat Cats, I was told that the Salt Lake County area is at approximately 3000 people per lane. Based on an assessment of the number of games bowled in the SLC Fat Cat’s location, I found that the number of games anticipated per day in Ogden is very conservative.

These reasons, coupled with many others ...are good indicators that these two experienced companies will perform well and help bring life to our downtown mall project.

Can we revitalize without risk?:

Also, it is well to point out that the real question in relationship to the risk is not “is there risk”, because there is always risk. The real question is “can we revitalize downtown without offering incentives to businesses?” Because of the city’s current downtown dilemma, I believe the answer is clearly NO!

For example, I will use what I consider to be a good recently proposed alternative to our current downtown plans. The alternative suggestion is creating an Outlet Mall. In fact, I broached the idea with the Administration myself, some months ago and here is what I learned when I educated myself. First, let me say that this idea has been brought up and explored by the Administration. Outlet mall developers have required three things to even consider any location and at this point, we currently have NONE of the three requirements. The requirements are:

- 1) Visibility & access from the freeway.
- 2) Must meet distance requirements from primary or “non-outlet” stores.
- 3) Location in a tourist destination.

Just like other previous developers and potential retailers have said...sorry Ogden, not enough positive attributes, too many risks.

The question can be asked, “will the HARC really work?” My answer is YES, it already has worked, to some degree, and the High Adventure Recreation Center is not even built. The truth is, the High Adventure Recreation Center has brought real players to the table that will assist in revitalizing our city. For many years the Administration has invited business after business into Ogden, and because of the High Adventure Recreation Center, now, they are finally lining up to that request.

Public Investment Required: This leads me to my final point and to the only argument that I have heard from the agitators of this project that I consider to be fully valid.

We are using public dollars in the form of tax increment to help construct the High Adventure Recreation Center.

However, because Ogden City is in such a dilapidated state, I believe any idea or project would require that we invest in some way to minimize the risk to potential private investors.

Even though this project uses public dollars, it has been done in the most responsible way possible.

- 1) No new taxes have been levied against the tax payers to make this project work. All of the increment being used is existing tax money that has been reallocated by the RDA Board from other Weber County taxing entities to this project or received from the federal government specifically for this project.
- 2) The school districts portion of tax increment has been held harmless, this decision does not impact our schools in any negative way.
- 3) The assets (the High Adventure Recreation Center building and equipment) will be owned and controlled by the RDA.

In conclusion, I strongly support bringing private business back into downtown and I firmly believe, because of the reasoning I have already cited, that creating the entertainment portion of the mall-site including the Treehouse Museum, The High Adventure Recreation Center and the proposed theatre complex and others will create the environment necessary to bring the retailers and other businesses back into the downtown in force.

Building the High Adventure Recreation Center is the key project to change the tide and I am in full support of it moving forward. I am confident that history will record this vote as a major moment in changing, revitalizing and improving downtown Ogden City.