

Salt Lake City Opportunity Zone Prospectus

A Platform for Life Science Growth



Salt Lake City's Investment Prospectus

Growth

Set context for city and identify key drivers/assets

Capital Demand

Identify project financial gaps and propositions within each Opportunity Zone

Life Sciences

Focus on building a corridor from Research Park (early stage) to the Northwest Quadrant (manufacturing stage)

Institutional Capacity

Recommendations on life science institution-building to expedite growth and workforce in this sector



Executive Summary

200,000

Salt Lake City is an inclusive and growing city of approximately **200,000** people.



Executive Summary

9,000

Salt Lake City's diverse economy, built on financial services, manufacturing, life sciences/ healthcare, aerospace, and logistics has

created over **9,000** new jobs since 2016.



Executive Summary

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\$1 billion

More than **\$1B** has been invested with the help of the Department of Economic Development since July of 2016.



SLC-OZ

Salt Lake City's **Opportunity Zones** were intentionally chosen to maximize the impact of the Opportunity Zone investment while reinforcing commercial districts.



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Salt Lake City has **seven** Opportunity Zones, each with the ability to have catalytic investments and investment potential.



Executive Summary

26/383

The 2018 TEconomy/Bio Report touts the Salt Lake City metropolitan area as one of **26** metro regions (out of **383** nationwide) that have a specialized concentration in at least three bioscience subsectors: Drugs and Pharmaceuticals; Medical Devices and Equipment; and Research, Testing, and Medical Lab.



Why Salt Lake City

Ranked #4

In science, technology, engineering and math (STEM) job growth in the U.S.

Major Employers

Home to companies like ARUP, Biomerics Stryker, Varian Medical Systems, and others

Proximity

10 minutes from Salt Lake City International Airport, a robust public transportation system with an electric light rail and commuter rail connecting Research Park, universities, neighborhoods, and the international airport

Strategic Location

Strategic location at the intersection of Interstate 80 and Interstate 15 provides easy ground transportation throughout the United States



Why Salt Lake City

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Gigabit Network

Established gigabit network, making business better, faster, and easier

Outdoor Paradise

Urban outdoor paradise including 90+ parks, and miles of protected open space



Salt Lake City Overview

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POPULATION DEMOGRAPHICS

	Salt Lake City	Salt Lake City MSA	Utah
Total Population	200,538	1,203,105	3,101,833
Annual Growth Rate	1.2%	1.5%	2.0%
Total Households	78,086	396,869	975,448
Median Household Income	\$56,688	\$71,510	\$68,358
Median Household Age	31.2 years	32.9 years	31.0 years

Source: ACS 2017 1-year estimate



Workforce: Talent Ready Utah

Medical Innovations Pathway (MIP)



Talent Ready Utah is a State of Utah funding source that supports industry and education partnerships to increase talent and training throughput and reduce constraints.

The Medical innovations pathway is one of 4 distinct industry cluster pathways.

<http://www.talentreadyutah.com/>



Workforce: Talent Ready Utah

Medical Innovations Pathway (MIP)



Grants are awarded to the strongest industry/education programs, with the intention to "seed" the project up front.

Examples of projects could be:

- Development of marketing campaign to raise awareness of short term medical device training with high wage opportunity
- Building a makerspace or lab to support industry led engineer training for biotech industry
- Enhancing diversity of medical innovation CTE offerings in public school districts, giving high school students early career exposure

Having state funds reduce or eliminate the risk for industry to get more involved in thoughtful talent development has proven to be an excellent success.



Workforce: Talent Ready Utah Grants

TALENT READY
UTAH
BUILDING OUR WORKFORCE

Since 2009, UCAP has:

- Supported 80 projects with \$10M in funding
- Developed or expanded 174 training programs
- Created capacity for 5,800+ individuals to receive industry-recognized credentials



Workforce: Talent Ready Utah Grants

In FY 2018, Talent Ready Utah grant funding included:

- \$1.125M for post-secondary and trade association tracks
- \$1M for public schools or districts, and charter schools

Workforce: Medical Innovations Pathway (MIP)



Workforce: Strategic Initiatives

The goal of SWI is to fund the development of stackable credentials, that is, credentials that can be earned in various stations in life, beginning in high school, that can be stacked together and amount to higher certifications or degrees with credits that can articulate to schools of choice. Funded programs have various on-ramps and off ramps with the intention of always providing a way back into higher learning.

C

- Graduate high school with a **certificate** in Medical Device Manufacturing
- Have an internship and career exposure before graduation

A

- “Earn and learn” in the field with employer tuition assistance
- Fold certification credentials into an **associate’s** degree

B

- Continue to pursue higher degree (**bachelor’s**) in life sciences with employer support
- Graduate college with multiple years experience in the field
- Employer investment promotes retention of talent in the state and in their company



Salt Lake City's Largest Life Science Employers

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COMPANY	EMPLOYEES	DESCRIPTION
Associated Reg & University Pathology	2,000-2,999	Medical laboratories
Biofire Diagnostics	1,000-1,999	Research/Development in biotech
Myriad Genetic Laboratories	500-999	Research/Development in biotech
Nelson Laboratories	500-999	Medical testing
Varian Medical Systems	500-999	Irradiation apparatus manufacturing
Varex Imaging Corporation	500-999	XRay equipment manufacturing
Bard Access Systems	250-499	Surgical and medical instruments
Ge Oec Medical Systems	250-499	Irradiation apparatus manufacturing
Genysis Brand Solutions	250-499	Medicinal and botanical manufacturing
ICU Medical	250-499	Surgical and medical instrument manufacturing
RB Health Manufacturing (US)	250-499	Pharmaceutical preparation manufacturing
Stryker Corporation	250-499	Surgical and medical instrument manufacturing

Opportunity Zones Overview 1

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- Opportunity Funds are investment vehicles organized as corporations or partnerships or the specific purpose of investing in Qualified Opportunity Zones
- Created under the Tax Cuts and Jobs Act of December 2017 with bipartisan support
- Intends to draw long-term investment to underserved urban and rural communities

Form 8996 (December 2018) Department of the Treasury Internal Revenue Service	Qualified Opportunity Fund ► Go to www.irs.gov/Form8996 for the latest information. ► Attach to your tax return. See instructions.	OMB No. 1545-0123 Attachment Sequence No. 996
Name		Employer identification number
Part I General Information and Certification		
<p>1 Type of taxpayer: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership</p> <p>2 Is the taxpayer organized for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund)? <input type="checkbox"/> No. STOP. Do not file this form with your tax return. <input type="checkbox"/> Yes. Go to line 3.</p> <p>3 Is this the first period the taxpayer is a Qualified Opportunity Fund? <input type="checkbox"/> Yes. By checking this box, you certify that by the end of the taxpayer's first qualified opportunity fund year, the taxpayer's organizing documents include a statement of the entity's purpose of investing in qualified opportunity zone property and the description of the qualified opportunity zone business. See instructions.</p>		



Opportunity Zones Overview 2

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- Provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds
 - Tax deferral for 5 years
 - Tax reduction of 10% on gains accrued if the investment is held in the fund for 5 years
 - Tax reduction of 15% on gains accrued if the investment is held in the fund for 7 years
 - Tax forgiveness of additional gain if the investment stays in the fund for 10 years
- Three types of assets qualify for investment including:
 - Property
 - Partnership Interest
 - Stock

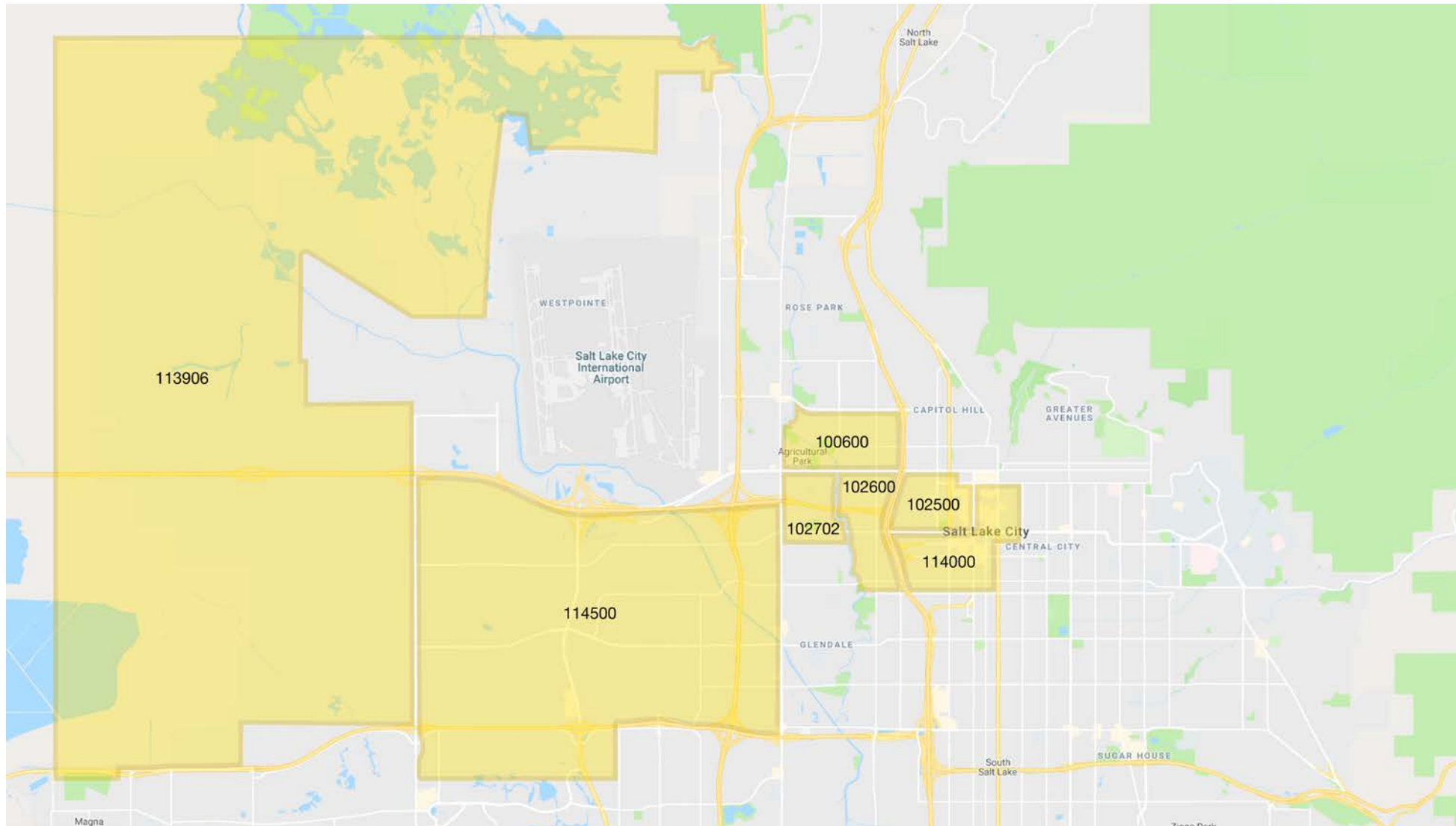
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Geography of Salt Lake City's Opportunity Zones

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Salt Lake City Opportunity Zone Selection Criteria

The methodology used by Salt Lake City when deciding on which census tracts to recommend to Salt Lake County is as follows:

Tier 1

Census tracts that contain an RDA project area,
New Market Tax Credit (NMTC) eligibility, and Community Development Block
Grant (CDBG) eligibility

**No contiguous tracts were considered
(for either tier 1 or tier 2)**



Salt Lake City Opportunity Zone Selection Criteria

The methodology used by Salt Lake City when deciding on which census tracts to recommend to Salt Lake County is as follows:

Tier 2

Census tracts that contain at least two out of three criteria for tier 1 (NMTC, RDA, CDBG)

Exceptions to the above were considered for the following reasons:

1. 1139.06: The Northwest Quadrant was prioritized from a Tier 2 to a Tier 1 due to the significant interest for investment (the area was not CDBG eligible).
2. 1027.01: This area contains both CDBG and New Market Tax Credit Areas. It is also in a proposed (but not yet active) RDA project area. This tract was prioritized due to significant interest for investment and the pending RDA project area.



Salt Lake City Opportunity Zone Selection Criteria

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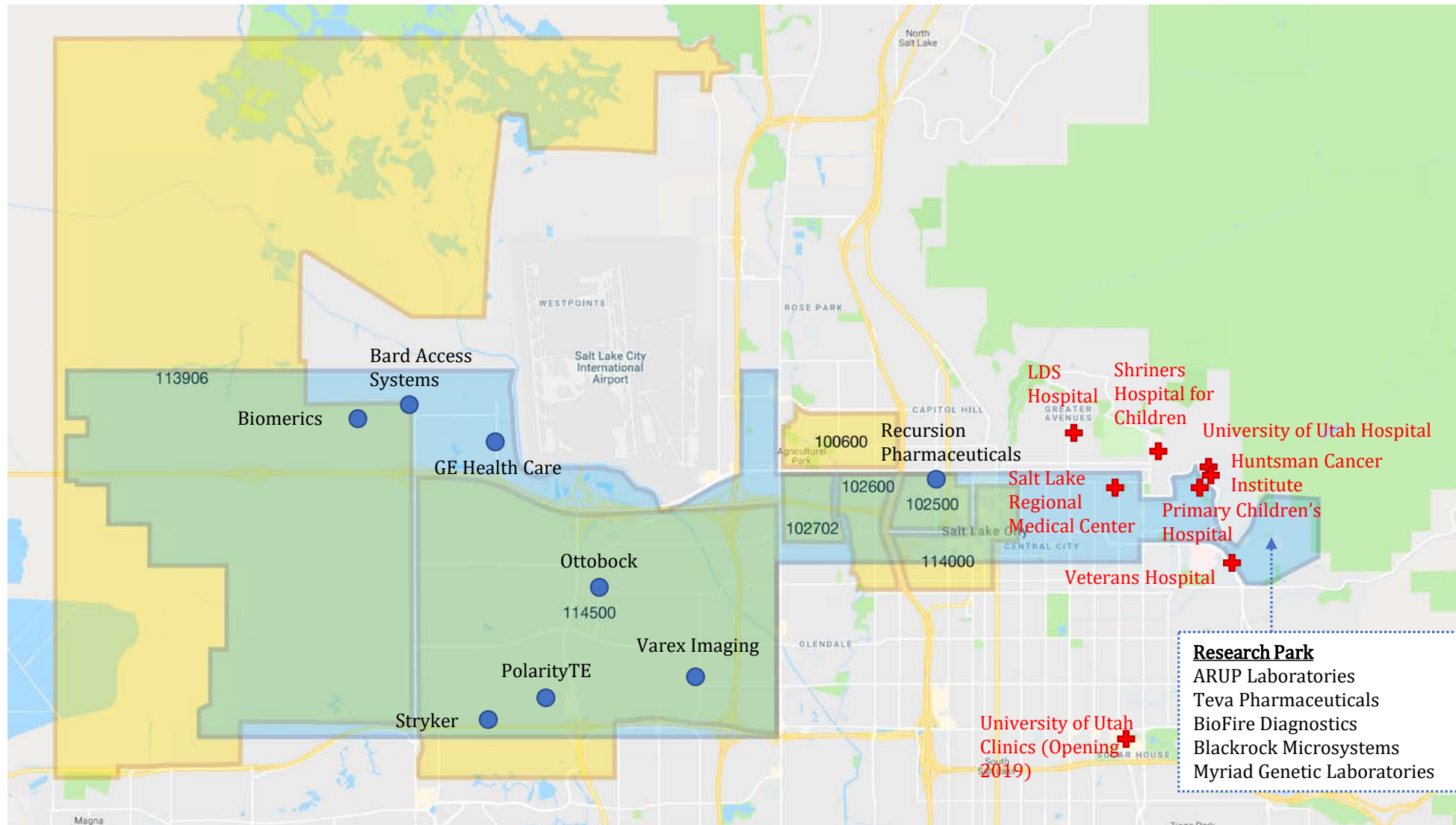
Other Considerations

- Absorptive capacity for new capital
- Economic need
- Habitability for new entrepreneurs
- Connection to markets
- Population centers/workforce
- Infrastructure in place to support projects



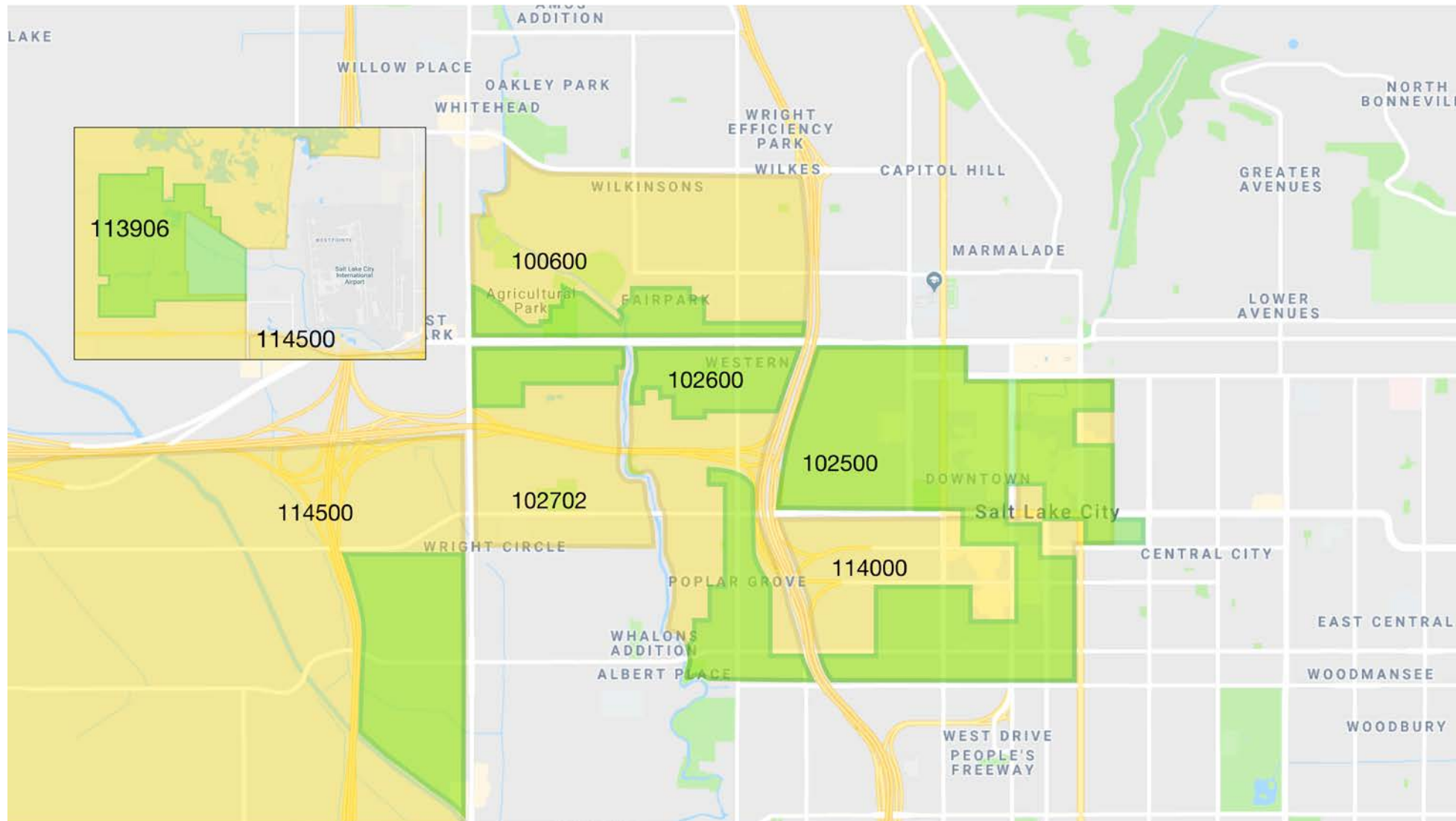
Opportunity Zone/Major Life Science Employers



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Opportunity Zone/RDA Project Areas

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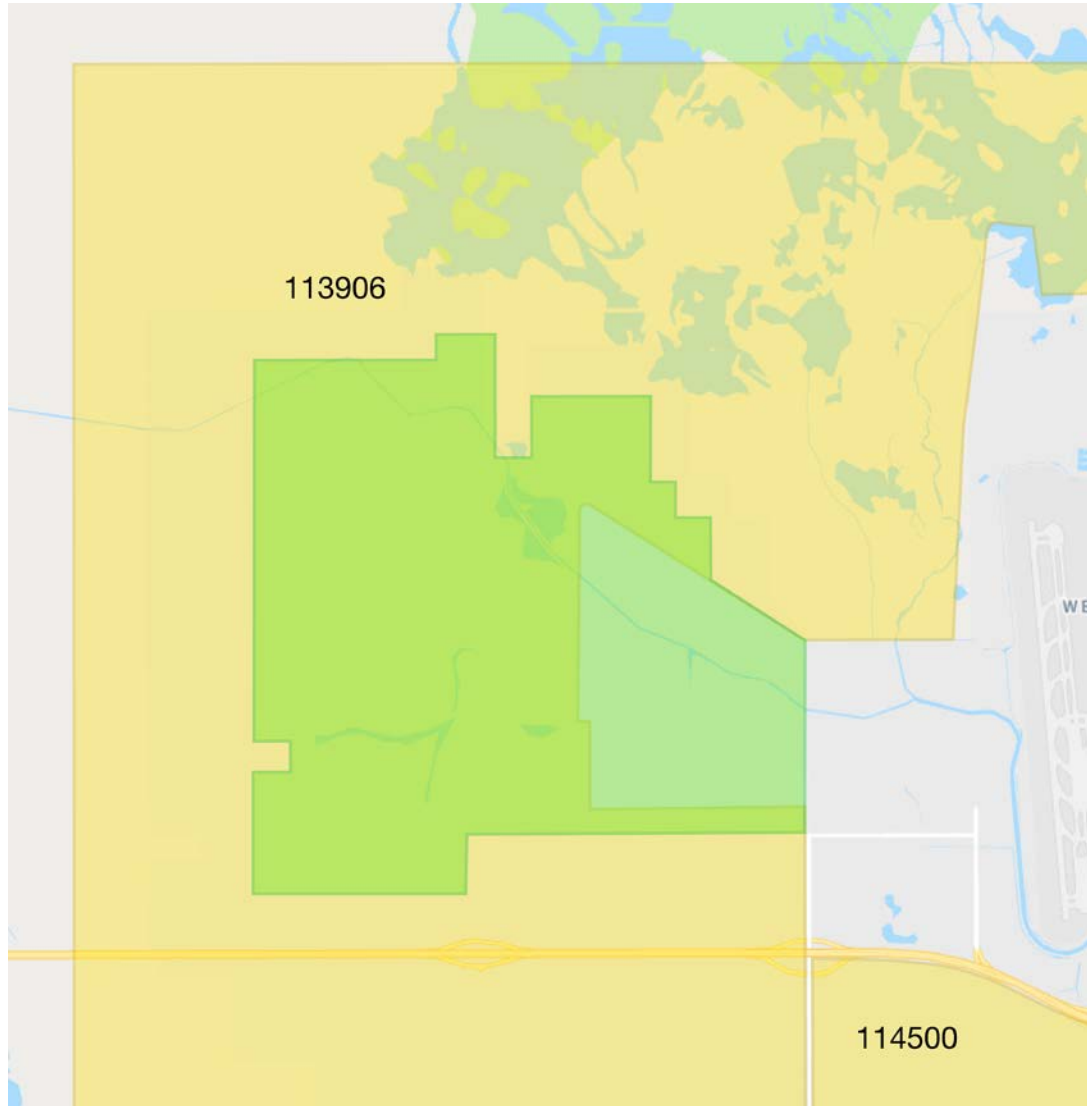


-  Opportunity Zone
-  RDA Project Area



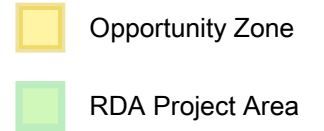
Northwest Quadrant

27



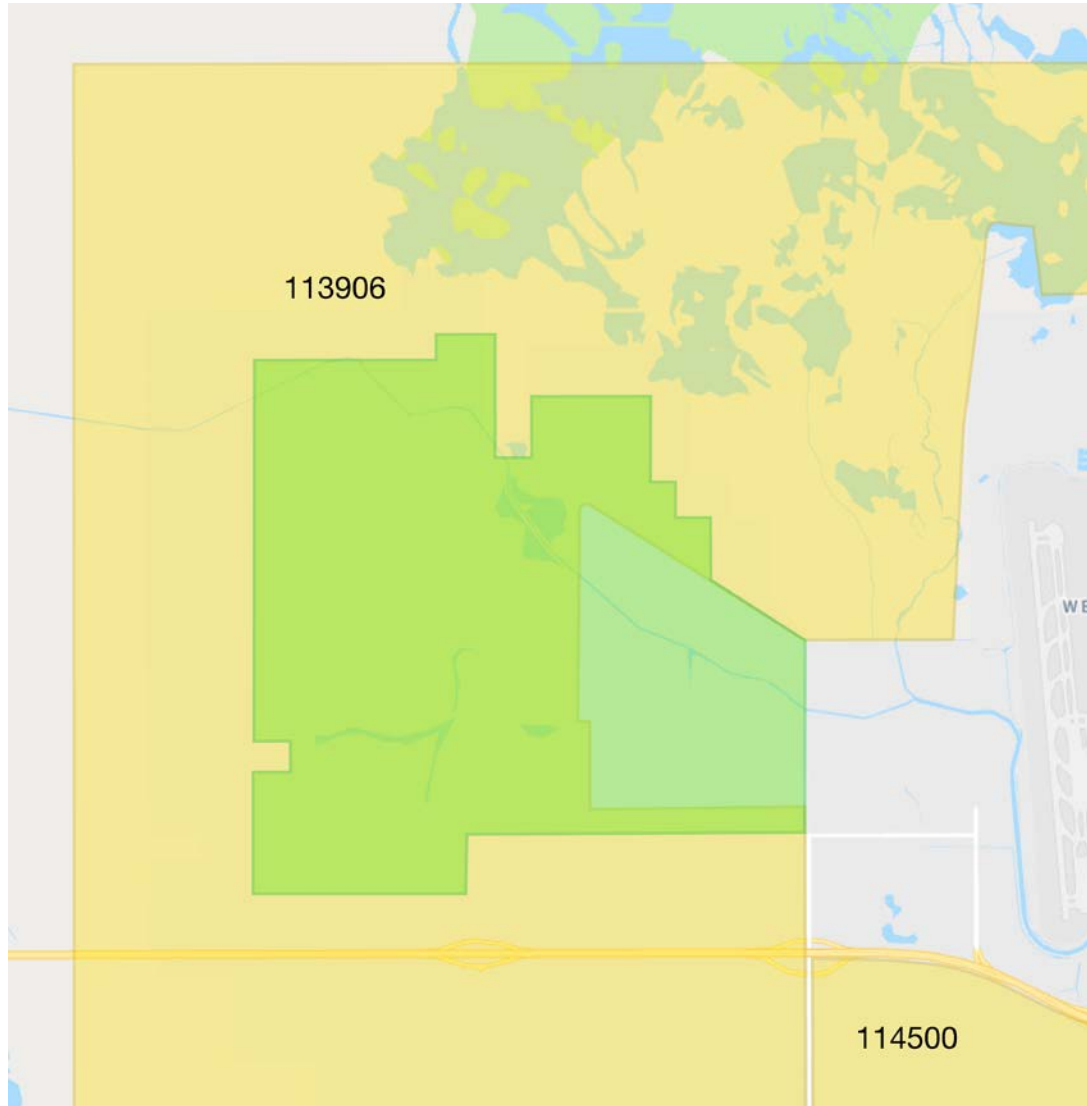
Existing Typology

- Approximately 3,000 acre rail-served industrial/intermodal development will be available for large scale manufacturing facilities over 100,000 sq ft.
- Site of proposed Inland Port/Intermodal Facility
- Flat Topography, M-1 Light Industrial Global Trade Port Zoning
- Foreign Trade Zone Designation
- 138 KkVA substation, two 21" forced sewer lines and redundant 24" steel water line
- 5 minutes to SLC international airport, 10 minutes to Central Business District, direct access to I-30, 10 minutes to I-15
- Location of Salt Lake Community College Westpointe Workforce Training and Education Center



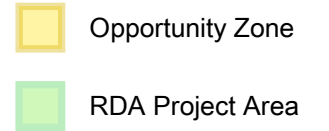
Northwest Quadrant

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Top Transformation Strategies

1. Support mature Life Science industry with commercial and industrial development, accesses to intermodal transportation facilities and public utilities
2. Facilitate partnership with education and training to support employee development for Life Sciences advanced manufacturing positions
3. Expand the availability and affordability of housing citywide to provide additional housing options along with job growth



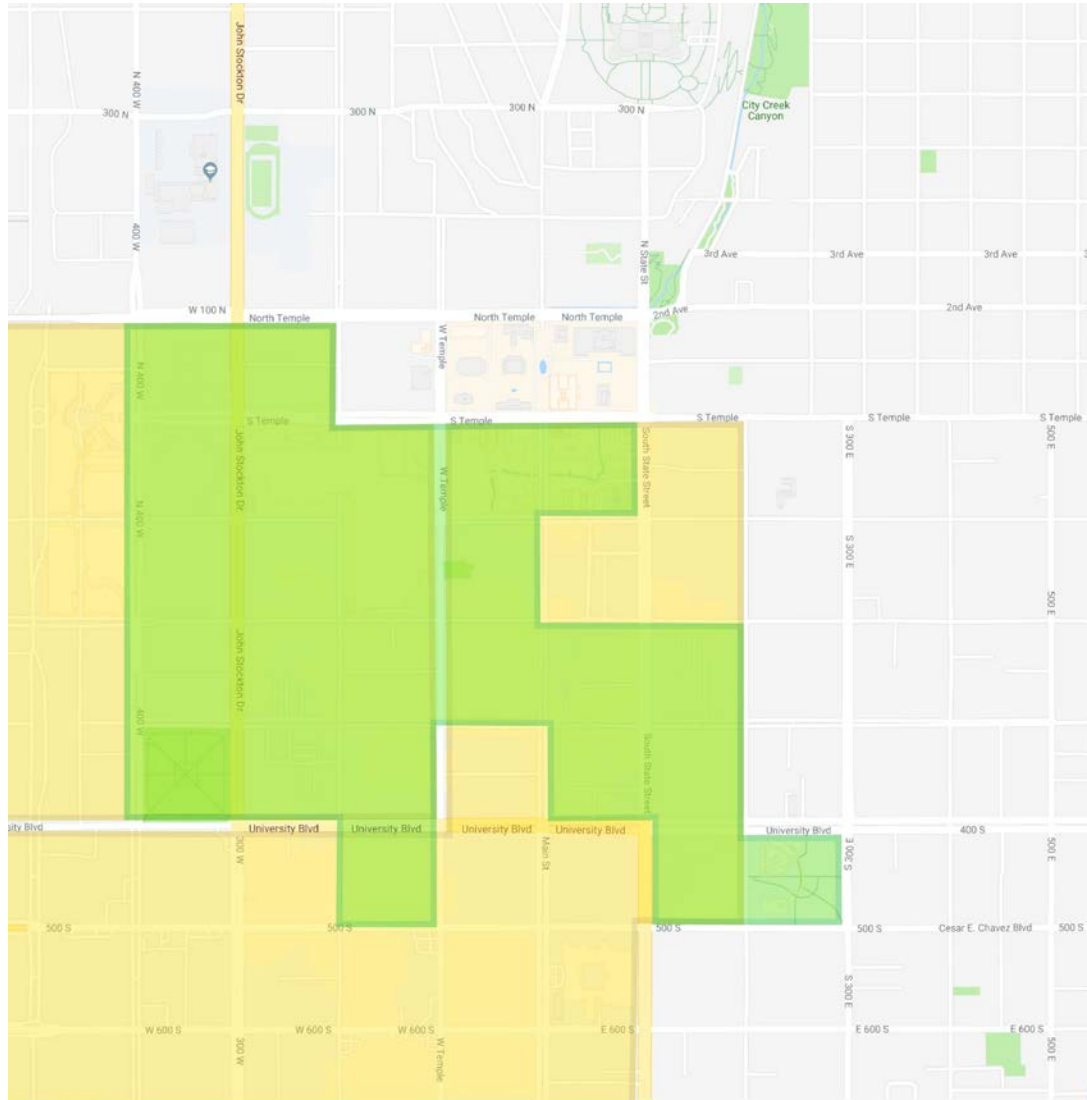
Commercial and Industrial vacancies

- Class A Office: 0 sq. ft. available over 25k,
45,000 sq. ft. available over 20k



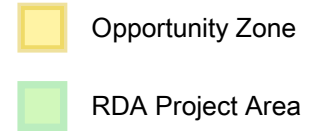
Central Business District

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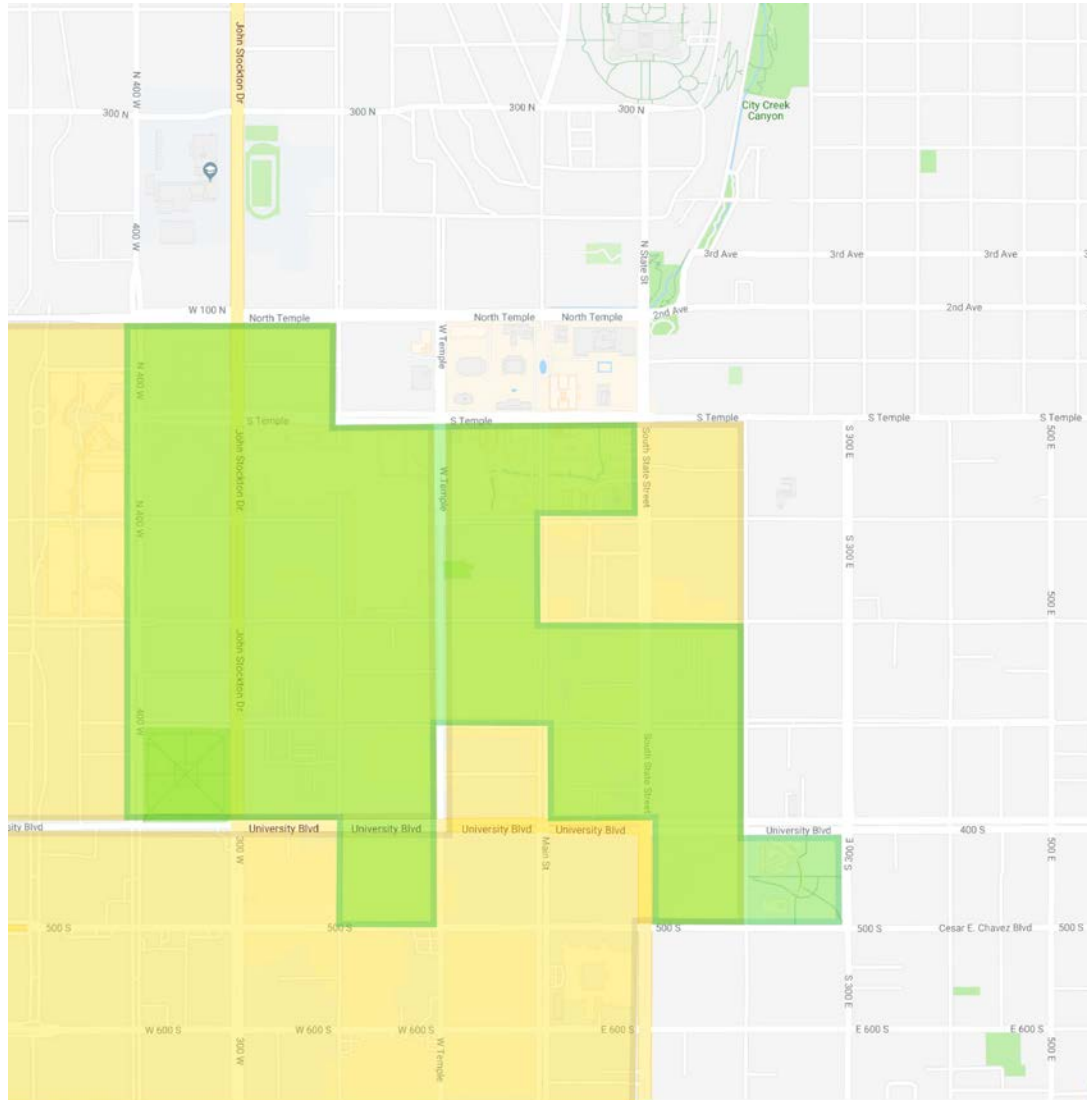
Existing Typology

- Mixed Use developments, recreational and cultural facilities, public transportation, Class A office space, parking lots and structures
- Salt Lake City's commercial corridor and the heart of arts and culture featuring the Eccles performing arts center, Salt Palace Convention Center and Visit Smart Home Sporting Facility
- High density and residential urban market-rate apartments for workers



Central Business District

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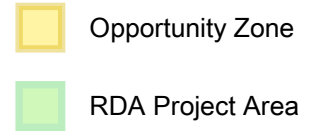


Top Transformation Strategies

1. Provide incubator space for start-ups and new companies grown organically out of the Life Sciences cluster in Salt Lake City
2. Provide accelerator space for mid-sized companies looking to be close to amenities such as public transit, restaurants, retail and cultural institutions
3. Contribute to the development of a high-quality housing stock that serves the needs of a population with mixed-incomes, multiple generations, and varying household sizes

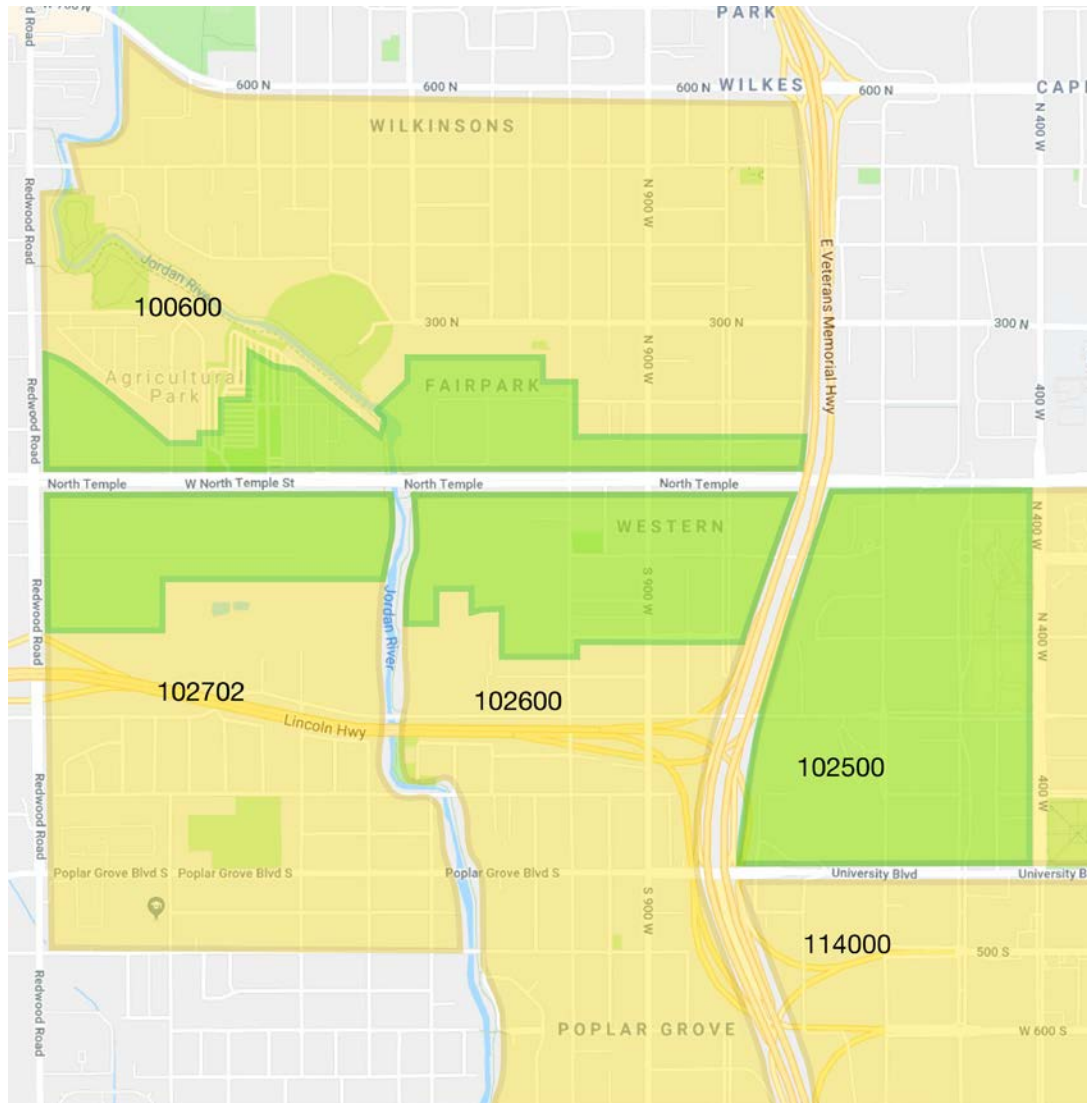
Office and Retail vacancies

- Office: 425,189 sq. ft. (Class A)
- Retail: 431,891 sq. ft.



North Temple & Depot District

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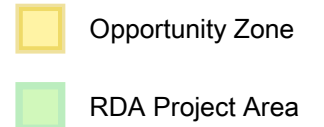
Existing Typology

North Temple:

- Buildings are low density, single or two-story office, commercial, utility and residential structures
- Office-park type developments with larger buildings surrounded by parking
- Commercial consists of single story retail buildings
- Trax line runs directly through project area
- 15 minutes to SLC airport

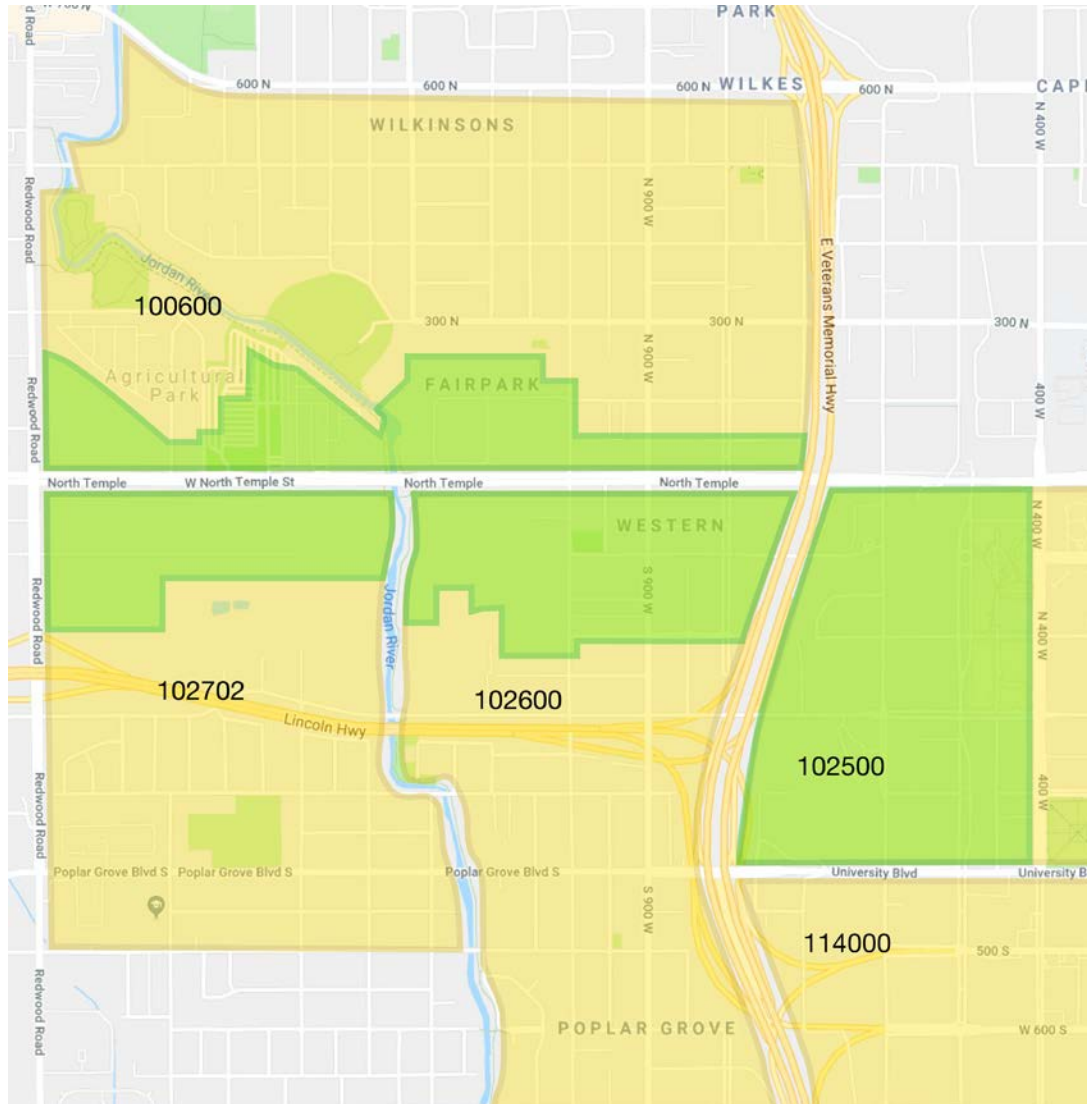
Depot:

- Buildings primarily used as commercial, industrial and distribution
- Intermodal transportation hub for workforce dependent on public transit
- Retail and entertainment for residents and workers



North Temple & Depot District

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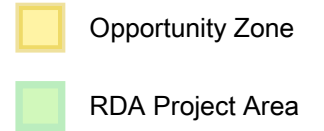


Top Transformation Strategies

1. Life Sciences “accelerator” phase – businesses moving out of the University and looking for larger office space and expanding their business
2. Transit-oriented development corridor with high quality pedestrian and street activity resulting in a lively urban center, increase in density and mixed-use development
3. Increase housing stock with market-rate rental and owner product

Office and Retail Vacancies

- Office: 79,010 sq. ft. (Class A)
- Retail: 174,752 sq. ft.



RDA Tools for Investors

- Loan Program - provides low-interest loans to bridge the funding gap between a project's economic and market realities
- Tax Increment Reimbursement - RDA can reimburse project owners' a portion of the tax increment a project that meets RDA project area goals is completed
 - Must be complete and on County tax roll
 - Must meet RDA project area goals and one public benefit incentive
 - Project owner must demonstrate need
 - Significant private investment
- Single Property CRA Tax Increment Reimbursement

See above and:

- \$12M private capital minimum
- Job creation and expansion (in policy)
- For businesses in Salt Lake City only



Zoning in Life Sciences Corridor Opportunity Zone Tracts

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Northwest Quadrant – Manufacturing District

The manufacturing districts are intended to provide appropriate locations for manufacturing, fabrication, processing, packaging, distribution, storage, shipping and other transportation activities contributing to the economic base of the city; to enhance employment opportunities; to encourage the efficient use of land; to enhance property values and the tax base; to improve the design quality of industrial areas; and to help implement adopted plans.

Zoning Codes:
M1, AG, A-2



Zoning in Life Sciences Corridor Opportunity Zone Tracts

Central Business District – Downtown Districts

The downtown districts are intended to provide use, bulk, urban design and other controls and regulations appropriate to the commercial core of the city and adjacent areas in order to enhance employment opportunities; to encourage the efficient use of land; to enhance property values; to improve the design quality of downtown areas; to create a unique downtown center which fosters the arts, entertainment, financial, office, retail and governmental activities; to provide safety and security; encourage permitted residential uses within the downtown area; and to help implement adopted plans.

Zoning Codes:

D-1, D-2, D-3, D-4, OS, UI, PL, and PL2



Zoning in Life Sciences Corridor Opportunity Zone Tracts

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North Temple – Transit Station Area

The purpose of the TSA Transit Station Area District is to provide an environment for efficient and attractive transit and pedestrian oriented commercial, residential and mixed use development around transit stations. Redevelopment, infill development and increased development on underutilized parcels should include uses that allow them to function as part of a walkable, mixed use district. Existing uses that are complementary to the district, and economically and physically viable, should be integrated into the form and function of a compact, mixed use pedestrian oriented neighborhood.

Zoning Codes:

TSA-MUEC-C, TSA-MUEC-T, BP, TSA-SP-C, TSA-SP-C, PL, SR-1, R-1-5,000, and M-1



Zoning in Life Sciences Corridor Opportunity Zone Tracts

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Depot District – Gateway Mixed-Use

The gateway districts are intended to provide controlled and compatible settings for residential, commercial, and industrial developments, and implement the objectives of the adopted gateway development master plan through district regulations that reinforce the mixed use character of the area and encourage the development of urban neighborhoods containing supportive retail, service commercial, office, industrial uses and high density residential.

Zoning Codes:
GMU, CG, D-3



Salt Lake City Opportunity Zone Lead

Salt Lake City Department of Economic Development

- Led the effort to identify Salt Lake City's Opportunity Zones by identifying areas that allow for capital stacking of various gap filling tools available through the City
- Salt Lake City Department of Economic Development website: <https://www.slc.gov/ed/>
- The City has outstanding financial standing with AAA bond ratings
- Salt Lake City's Opportunity Zone points of contact:
 - Lara Fritts, Director, lara.fritts@slcgov.com
 - Roberta Reichgelt, Manager Local Business and Entrepreneurship, Roberta.Reichgelt@slcgov.com

