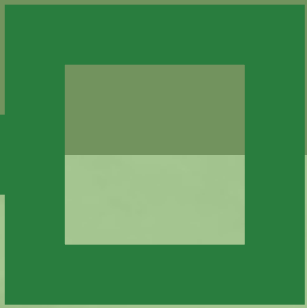


AN ECONOMIC DIVERSIFICATION ACTION PLAN



Grand County, UT



Acknowledgements

County Commission

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Background

There exists a wealth of data and economic analyses for Grand County and Moab, in particular. From the detailed county-wide economic analysis included within the current General Plan to the county's draft Moab Area Economic Development and Action Plan to the Community Assessment for Grand County recently completed by the Economic Development Corporation (EDC) of Utah.

These documents align almost seamlessly in terms of their assessment of the county's current economic conditions, but the depth of analysis dedicated to the existing circumstances is not equally balanced or focused in terms of action steps necessary to move the county forward.

This is in no way a critique of the quality of the work completed, it is extraordinarily well-researched and documented, but rather it is a recognition of the fact that the next steps are very difficult to execute. Incredibly difficult. And few communities actually apply the effort necessary to pivot when it is warranted.

It may be fair to conclude that Newton's first law of motion applies not only to objects, but communities and regions as well - those in a state of uniform motion will remain in that state of motion unless an external force acts on them.

It's time for Grand County to exercise the obligatory force to ensure the area is on course to diversify the economy in a manner that addresses the needs of its current and future residents.

Why Diversify?

The current economy is summarized as follows in the 2018 EDCUtah Community Assessment:

Wage trends are positive, though annual wages are still low compared to Utah and national averages

Total GDP by industry is heavily weighted toward real estate, tourism, and guest services accounting for 50% of the county's economy

Median household income is 71% of the state median household income

Median age in Grand County is significantly older than the state median age

Education levels in Grand County align with state averages more closely than many other rural Utah counties

Tourism dominates the job market

A skeptic might walk away from this summary thinking the wages in the county are too low to ensure economic opportunity, that workers are concentrated in a few low-wage industries that dominate greater than 50% of the economy, and paradoxically, all of this is occurring in a county that is significantly older on average than the state (typically outdoor and tourism dominated regions have a much lower median age resulting from the recreational opportunities and prevalence of unskilled jobs).

This same skeptic's takeaway would be fully validated by the research, data, and analysis done to date – all of which recommend economic diversification moving forward.



A New Starting Point

The draft Moab Area Economic Development and Action Plan provides a thoughtful approach to diversify the Moab area's economy. From the cover photos that depict businesspeople in suits carrying kayaks and healthcare professionals on the job to the introductory paragraphs in the 'Executive Summary: More than a Playground,' the document provides a forward-looking perspective for the region:

It is safe to say that in recent years Moab's robust tourism economy has served the community well. World-class outdoor recreation infrastructure provides a foundation for growth. Visitation to the area has increased markedly, new lodging, retail, and restaurant establishments have come online, special events of all kinds fill the calendar, and sales tax revenue has enabled local government to maintain a high level of service. Community leaders also recognize that a healthy and resilient economy includes, if not demands, diversity. Similar to the comparison of stocks and mutual funds, an economy specialized in one industry is more vulnerable to shock than an economy diversified across several.

This narrative recognizes that Moab's economy of boom-bust cycles is as old as the town itself; from its early agricultural roots to the uranium mining boom/decline to the current designation as a global tourism and recreation hotspot.

There is an implied 'what's next?' question throughout the draft plan that is generally addressed by an overarching recommendation to build upon the recreation and tourism economy and 'to spread risk and create value across a larger range of industries.' This is not only a logical next step for the county, but also a timely necessity in light of the economic hardships placed upon the county (and Moab) during the current COVID-19 pandemic.

Why Build Upon the General Plan?



The 2012 Grand County General Plan is the currently approved and adopted nonbinding document that the County is required to administer. The General Plan addresses everything from land use to housing to economic development, and includes a great deal of meaningful data research and analysis as well as generalized recommendations. As a foundation, the General Plan provides a useful platform upon which to build an economic diversification action plan. Relative to economic development, the structure of the General Plan is comprised of two relevant sections: Chapter 2 - The Economic and Demographic Trend Summary (data research and analysis) and Chapter 3 - Vision, Goals, and Strategies.

VISION STATEMENT

A Diverse, Prosperous, and Sustainable Economy

GOALS AND STRATEGIES

Goal 1 - Make the county attractive for a wide range of economic sectors

Numerous strategies outlined in the plan include:

- The creation of a public/private Economic Development Committee to formalize a specific approach to achieve economic diversification,
- An update to the Future Land Use Map to ensure adequate land is dedicated to future commercial development, and
- Support of additional post-secondary educational facilities.

Goal 2 - Facilitate business development through land use standards and approval processes that are clear, predictable, consistent, fair, timely, and cost-effective.

Review the land use code and revise to ensure predictability and reduce delays that are the result of the number of meetings required for an application.

Goal 3 - Support the development and maintenance of infrastructure necessary for a sustainable local economy.

Strategies include the continued coordination with Moab regarding special service districts and annexation, upgraded electrical service infrastructure throughout the county, and expanded high-speed broadband service.

Goal 4 - Support the continuance of agriculture with incentives and land use flexibility.

Strategies recommended to protect the area's natural resources include:

- The support of voluntary efforts by agricultural landowners to create Agriculture Protection Areas,
- The provision of tax incentives for land protection, and
- Education efforts directed county-wide to ensure an understanding of the importance of land preservation.

Next Steps:

How to Go About the Work of Economic Development and Diversification

It is a mistake to look too far ahead. Only one link of the chain of destiny can be handled at a time.



Winston Churchill

The hard work is not so much in the research and planning phases, but in actually executing the recommendations.

All too often plans, including action plans and strategic plans, feature a laundry list of strategies so long it is impossible to fully comprehend- let alone execute. The following actions derive from the County's General Plan, but are presented in a simplified format to ensure implementation. Also incorporated into these recommended actions are components from the draft Moab Area Economic Development and Action Plan and the EDCUtah Community Assessment.

This relatively concise set of action steps is in no way intended to diminish the importance of those strategies and/or ideas and/or general recommendations left out. Rather, the following steps are prioritized based upon their importance and the fact that they create the necessary framework for those subsequent efforts. Prioritization and sequencing matter and this work must be done correctly...and first.

The Big Three Action Steps to Ensure Economic Sustainability for Grand County

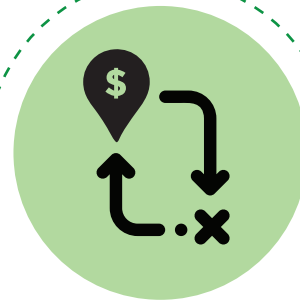
The following pages outline in detail three very different, but complimentary, approaches to begin to move the needle in Grand County and build the desired future economy. To realize this requires a partnership approach to attract and grow desired businesses, a proactive regulatory approach, and a financial approach that incentivizes targeted business opportunities in nodal areas where the county wants to direct development. All three approaches should be deployed simultaneously.



Economic Partnerships



County Government Takes an Active Role as an Economic Diversification Partner



Incentivize Nodal Development While Preserving Land for Agricultural or Recreational Open Space in Areas Not Zoned for Development

Strategy #1 – Economic Partnerships



Partner
With
& Incentivize
The
Companies
You Want
in the
County

To Address Goal 1: Make the County Attractive for a Wide Range of Economic Sectors

Economic diversification is the primary driver for a county that has relied on the easy path of capitalizing on the area’s natural beauty and proximity to two of the nation’s best-known national parks for too long. There is no turning back the clock; Grand County and Moab are on the map for outdoor and recreation enthusiasts from around the globe.

While COVID-19 severely impacted the region’s economy in 2020, the area is expected to see a recovery post COVID-19 in mid-2021. What is less clear is the long-term impact on the

county since more than 61% of the 5,500 employees were concentrated in tourism-related industries.

The issue is two-fold: an unhealthy imbalance in the economy means that when an unexpected hit to the tourism economy occurs, the entire region practically comes to a standstill and there are very few alternative opportunities for those employees to find work without leaving the area. And then there is the certainty that low wages for tourism-related industries require the City of Moab and the county to donate land for workforce housing projects as a result.

FAST FACTS: GRAND COUNTY WORKFORCE

- 5,249** - Average Employees
- 550** - Establishments
- \$2,566** - Average Monthly Wage (All Industries)
- \$2,063** - Average Monthly Wage (Tourism-Related Industries)



Draft Moab Area Economic Development and Action Plan (2017)

Recognizing the value of the area's natural amenities and the reality that COVID-19 has created a shift in how and where people work, Grand County's move toward increased economic diversification should be guided by the experience economy - an economy in which many goods or services are sold by emphasizing the effect they can have on people's lives. While many opportunities exist for Grand County to capitalize on this concept, three economic sectors seem to stand out as the most appropriate to target as the area aims to restore balance to the economy:

Remote Professionals

Capture the remote workers who have newfound opportunities to live and work where they play. Rather than move to a specific place where an office is located, many workers will look to live where they used to only vacation. The Gateway and Natural Amenity Regions (GANR) initiative is a collaborative venture between Utah State University and the University of Utah and is a quality resource to ensure that efforts to attract remote professionals are balanced with environmental and housing offsets. According to GANR, 'the new boom towns are Zoom towns,' and the work of economic diversification must be carried out holistically. The Moab and Grand County area has much of the infrastructure in place to address the needs of these amenity migrants.

The county should focus their efforts on these economic sectors and create an incentive package (tax increment financing or TIF, low interest loans, shared working space, etc.) to encourage people to relocate to Grand County, or perhaps more importantly, offer incentives for businesses to develop within the county. The county has a number of residents that are entrepreneurial by nature and, especially in the outdoor equipment arena, there likely exist local individuals or small companies that may just need office or warehouse space where they can develop their ideas or an easy-to-understand start-up loan.

Health and Wellness

The need to ensure that residents have access to healthcare has never been more apparent than during the COVID-19 pandemic. The Moab Regional Hospital provides high-quality healthcare and many opportunities exist to supplement conventional care with emerging therapies like meditation, mindfulness, and nature therapy. These approaches can be further developed in conjunction with USU's expanding operations in Moab, as well as other entities that are studying ways to more effectively reconnect people with natural environments.



EV's, Innovative Technologies, and Outdoor Recreation Equipment

The Moab and Grand County area has already established a reputation as a haven for utility terrain vehicles (UTVs) and other off-road vehicles. At the present time, the area is seen as a place to ride/use UTVs, but the better financial opportunities exist in the research and development associated with advancing the energy efficiency of these vehicles. Efforts to attract an R&D facility should be a focus as the area positions itself as an R&D hub for the next generation of EV and battery powered UTVs, as well as other vehicles and products.



Strategy #2 – County Government Takes an Active Role as an Economic Diversification Partner



Regulatory Restructuring

To Address Goal 2 - Facilitate Business Development Through Land Use Standards, and Goal 3 - Support the Development and Maintenance of Infrastructure Necessary for a Sustainable Local Economy

The next steps speak to General Plan Goals 2 and 3 together, since these two goals are primarily directed at governmental roles and responsibilities. Specifically, the recommendation is to revise the development approval processes and code language to ensure they are clear, predictable, consistent, fair, timely, and cost-effective.

While these measures must ultimately be recommended by the Planning Commission and approved by the County Commission, a committee approach to this work should be created. The Commission should consider initiating

these efforts (as well as the general economic diversification work outlined in Strategy 1) with a newly formed Economic Diversification Advisory Council (EDAC) that consists of a small and efficient group of local business professionals that understand the need and opportunity to diversify Grand County's economy.

This Advisory Council can support the Grand County Economic Development Director and advise the Grand County Commission generally. This council can also perform a comprehensive review of county code and advise the Grand County Planning Commission and the County Commission directly regarding opportunities to improve code that furthers economic diversification efforts.

If a council is formed for the purposes outlined in this action plan, all efforts should be directed to assisting the county's efforts to address the

Update the Zoning Code

Zoning is one of the most important tools to implement a community plan. In fact, it is the most crucial regulatory instrument that a county must continually refine, adapt to ensure compatibility with the current plan(s), and generally get right so that a developer or landowner has a clear understanding of what type of development is and is not permitted on their land. This tool, combined with a public-private partnership approach, offers the best opportunity for meaningful community and economic development.

Opportunities to remove unintended barriers to economic diversification within the county' code and to better clarify and simplify the zoning code exist, and it is essential that the county commit an economically experienced and qualified advisory council to this task.

Is land and how we regulate it really that important to the economy?

According to the Federal Reserve, it is. The factors of production are the resources people use to produce goods and services. They are the building blocks of the economy. Economists divide the factors of production into four categories: land, labor, capital, and entrepreneurship.



Collaborate with the City of Moab and Local Districts to Ensure the Necessary Infrastructure is in Place

The County must continue to coordinate with Moab regarding special service districts and annexation, as well as create and implement county and city land use regulations that are compatible in the municipal periphery/transition areas. Generally these planning areas include land already zoned for development and/or areas noted for development in the Future Land Use Plan.

Rather than continue to allow unbridled growth north and south along SR-191, the county and the Moab City should create likely development nodes, with defined growth boundaries, to address future development opportunities.

It is also necessary to encourage the development and expansion of high-speed broadband services as a critical component of job creation and economic development. Access to high-speed internet is necessary to ensure a prosperous future for citizens living in remote, difficult-to-reach communities.

Finally, the county should support balanced and responsible natural resource development that benefits the public and generates revenue for public service providers to help pay for public infrastructure improvements needed to achieve economic diversity.

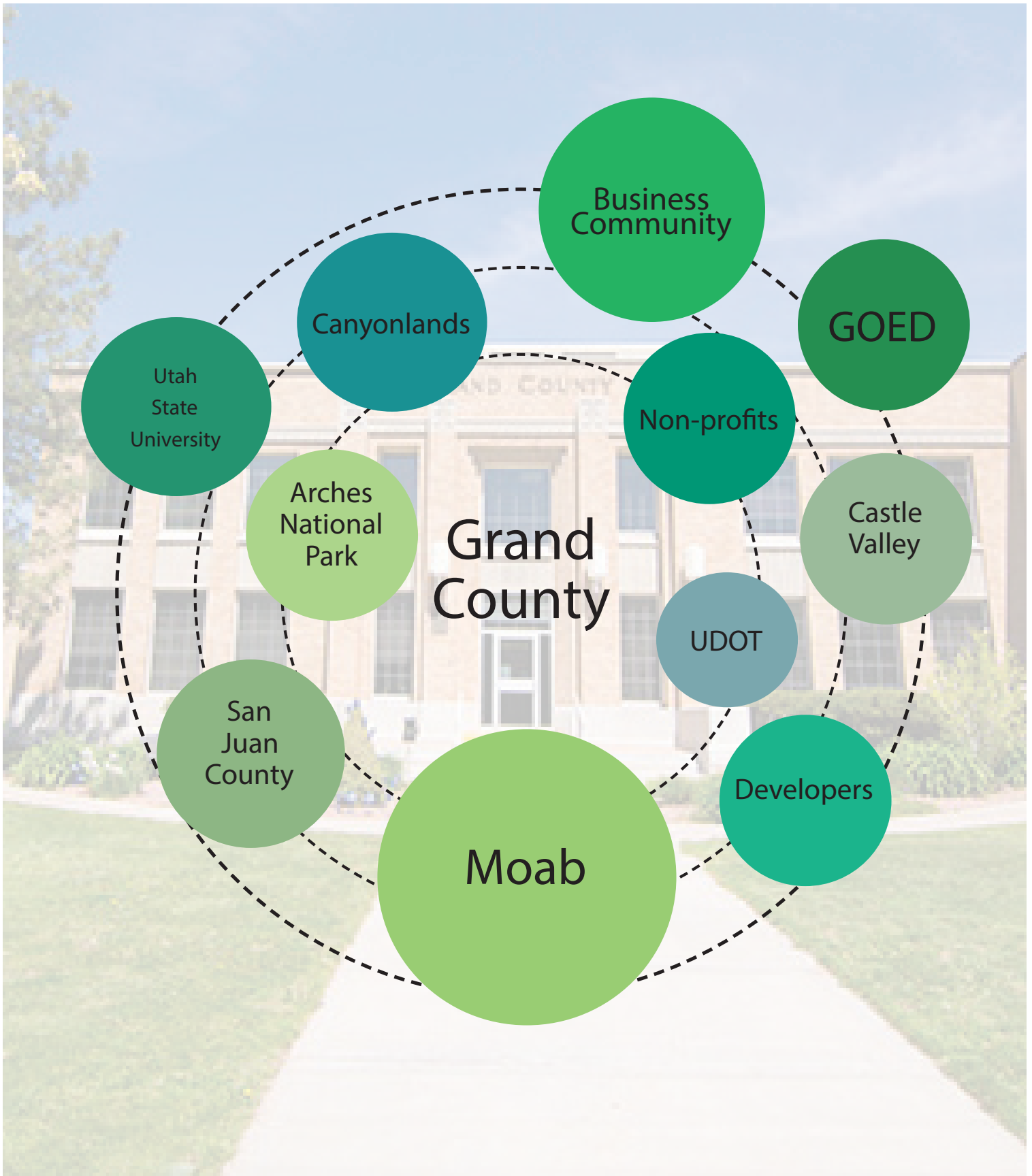
Public Infrastructure Districts (PIDs)

Senate Bill 228 grants cities and counties in Utah the power to create Public Infrastructure Districts (PIDs) to finance public infrastructure for new development. This infrastructure may be financed by issuing bonds repayable from property taxes or assessments on the property owners of the development. PIDs are an exciting new economic development tool for cities and counties, along with property owners. SB 228 became effective on May 14, 2019.

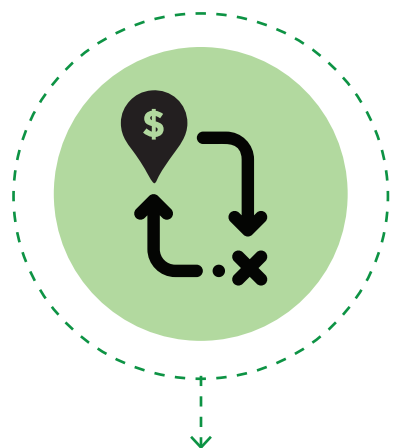
Communication
– openly and with compassion for the other side

Cooperation
– to ensure mutually beneficial results

Compromise
– in good faith and when necessary



Strategy #3 – Incentivize Nodal Development While Preserving Land for Agricultural or Recreational Open Space in Areas Not Zoned for Development



Financing Tools
to
Incentivize
Development
& Protect Open
Lands

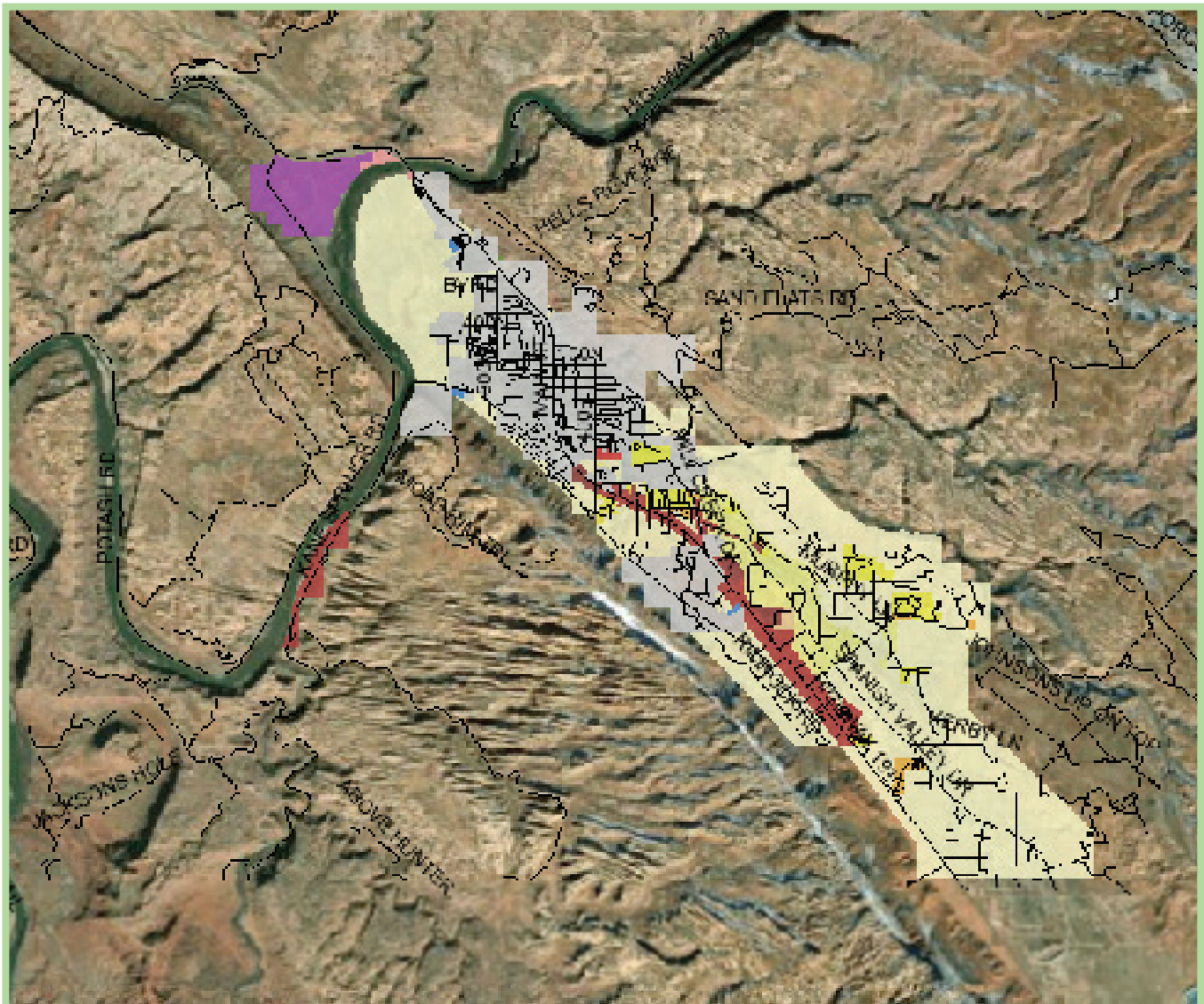
To Address Goal 4 - Support the Continuance of Agriculture with Incentives and Land Use Flexibility

As committed as the county should be to open space and agricultural preservation, so should the commitment be to developing what is wanted and desired for the future of the area. There is a symbiotic relationship between land preservation and development – the preservation of land matters less if there is no one nearby to appreciate it and developed areas are often valued as much for their surrounding environment as they are for what is built and offered within.

Land not zoned or planned for future development should be preserved for agricultural or open space and recreational uses. Simultaneously, and equally important, land zoned for development should be incentivized to develop. Efforts are required on both sides of the equation.

Plan for Growth in Areas Zoned for Growth & Consider Mixed Use Overlay Nodes to Accommodate Economic Development Opportunities

Much of Grand County's growth will continue to take place in and around Moab, the economic center of the region. Land that is already zoned for development, particularly Highway Commercial designated land, should be considered for mixed-use designation that allows for small nodes to develop or redevelop. These nodes can and should become future centers - neighborhood centers - in their own right. Incorporating mixed-use zoning and increased densities in these areas is the first step to accommodating growth where it is desired and needed, while still protecting the surrounding open space areas from the pressures of continued development. The map below illustrates areas surrounding Moab city limits (in grey) that are already zoned for commercial growth and where new mixed-use nodes could be created - these areas primarily include the HC Zoning District or the areas in red.



Incentivize Desired Development

Land that is zoned for development should be incentivized for businesses that contribute to the goals set forth in this plan and with possible density bonuses like parking reductions, etc. if it meets specified criteria that may include, but are not limited to, the following:



- A mixed-use development that appeals to remote professionals
- A healthcare or natural healing component
- EV or other energy-forward design and/or manufacturing
- Workforce housing integrated into the development
- An environmentally sustainable component such as building design, EV charging stations, bike/pedestrian friendly, etc.

Incentivize the Preservation of Open Lands

Along similar lines as the incentives outlined above for the preferred type of development in areas planned and zoned accordingly, the following incentives are recommended to protect open space—recreational and agricultural lands in particular:

- Support voluntary efforts initiated by agricultural landowners to create Agriculture Protection Areas covering their properties per state code (Utah Code Title 17/Chapter 41).
- Encourage interested agricultural landowners to take advantage of voluntary tax incentives by placing agricultural conservation easements on property that they own and wish to keep in agriculture.
- Engage the community in revising the land use code to identify and reduce barriers to agriculture and value-added agricultural production such as building setbacks, food stand regulations, and/or home occupation standards.
- Continue to offer increased residential density as an incentive for developers to set aside irrigated agricultural land voluntarily as open space and keep some of the property in agricultural production.
- Educate the public regarding the needs of agriculture, grazing, and ranching enterprises.



What Are Some State and Regional Economic Incentives for Economic Development?

As Grand County considers incentives to bring economic diversification to the region, it is important to remember that 'quality of life' has become the key competitive advantage in the fierce fight to recruit and retain firms and talent. And Grand County has a very desirable quality of life in a beautiful geographic setting. Continuing efforts to invest in and improve the school district, protect open space, and ensure access to quality affordable housing are all part of the economic development equation.

Beyond this ongoing investment in the county's quality of life assets, there are a number of opportunities to partner with the Utah Governor's Office of Economic Development (GOED) and other state and regional entities to ensure economic diversification becomes a reality. Some of the most likely incentives for Grand County include, but are not limited to:



Tax Increment Financing (TIF)

Tax Increment Financing (TIF) creates special tax districts around targeted redevelopment areas from which future tax revenues are diverted to finance infrastructure improvements and/or development. At the beginning of the TIF period, tax revenues in the TIF district going to general city services are frozen at a certain rate. All additional tax revenues go toward directly funding new development or servicing debts related to new development within the designated district until the end of the TIF period, which usually lasts 20 to 30 years.



The Rural Economic Development Incentive (REDI) Grant

The Rural Economic Development Incentive (REDI) program is designed for businesses creating new high-paying jobs in rural Utah counties. These jobs can be remote, online, in a satellite hub/office space, or physically located in the same county as the business.

Possible Incentives:

A business entity may qualify for up to \$250,000 in rural employment expansion grants each fiscal year. And for each new position, the business will receive \$4,000 to \$6,000 based on the employee's location.



Targeted Business Tax Credits (TBTC)

The purpose of the Targeted Business Tax Credit (TBTC) program is to encourage private investment and the creation of jobs in rural Utah counties with populations less than 25,000.

Possible Incentives:

GOED may award up to \$300,000 of Targeted Business Tax Credits, with no more than \$100,000 being allocated to one project, to businesses with eligible Community Investment Projects (CIP).



Utah Rural Jobs Program

The Utah Rural Jobs program enables an eligible small business located in a rural county to expand and create high-wage jobs by providing flexible and affordable capital to small businesses in these areas.

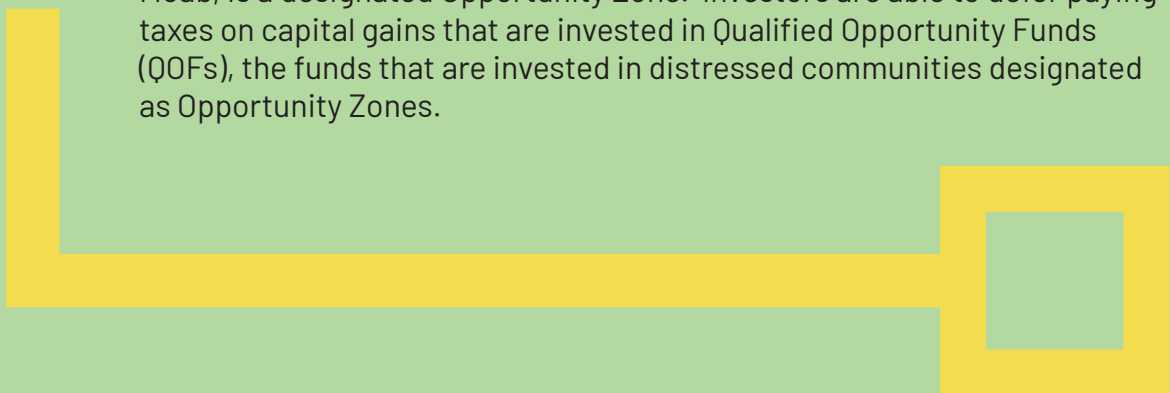
Possible Incentives:

Eligible small businesses may receive up to \$5,000,000 in capital via a loan from an approved Rural Investment Company for business development and expansion needs.



Opportunity Zones

The Tax Cuts and Jobs Act of 2017 was signed into law on Dec. 22, 2017. The Opportunity Zone (OZ) program was included in that act, which was designed to provide tax incentives to investors who fund businesses in underserved communities. All of Grand County, with the exception of Moab, is a designated Opportunity Zone. Investors are able to defer paying taxes on capital gains that are invested in Qualified Opportunity Funds (QOFs), the funds that are invested in distressed communities designated as Opportunity Zones.



Outcomes & Key Results (OKRs)

	Action Steps	Outcome & Key Results
Strategy 1 - Economic Partnerships		
Remote Professionals Health & Wellness EVs, Innovative Technologies and Outdoor Recreation Equipment	Contact 15 companies (5 in each targeted sector) with expansion potential by December 2021	Attract one (1) company from each sector to the county by December 2022
Strategy 2 - County Government Takes an Active Role as an Economic Diversification Partner		
Create a New Economic Diversification Advisory Council (EDAC)	Identify individuals and partners for new EDAC January 2021	Formally create the new EDAC by February 2021
Update the County's Ordinances and General Plan	Coordinate direction with the county and select consultant by June 2021	Complete update by December 2022
Continue to partner w/ Moab, the Regional Business Community, Local Districts, State Offices and Non-profits	Maintain an ongoing point of contact with each entity	Organize an Economic Development Forum w/ each partner by December 2021
Strategy 3 - Incentivize Nodal Development While Preserving Land for Agricultural or Recreational Open Space in Areas Not Zoned for Development		
Plan for Nodal Development	Coordinate w/ county and city to identify appropriate nodes by September 2021	Update the County/City code to identify these areas for mixed-use by December 2022
Understand and Execute a Toolbox of Incentives	Educate EDAC as the group is formed (by May 2021)	Ensure the execution of at least three (3) incentives by December 2022
Encourage Investment in All Quality of Life (QOL) Aspects	Prepare a detailed assessment for the Council by September 2021	Council budget commitments to open space protection/parks, affordable housing, and workforce training by December 2022

AN ECONOMIC
DIVERSIFICATION
ACTION
PLAN



Grand County, UT

