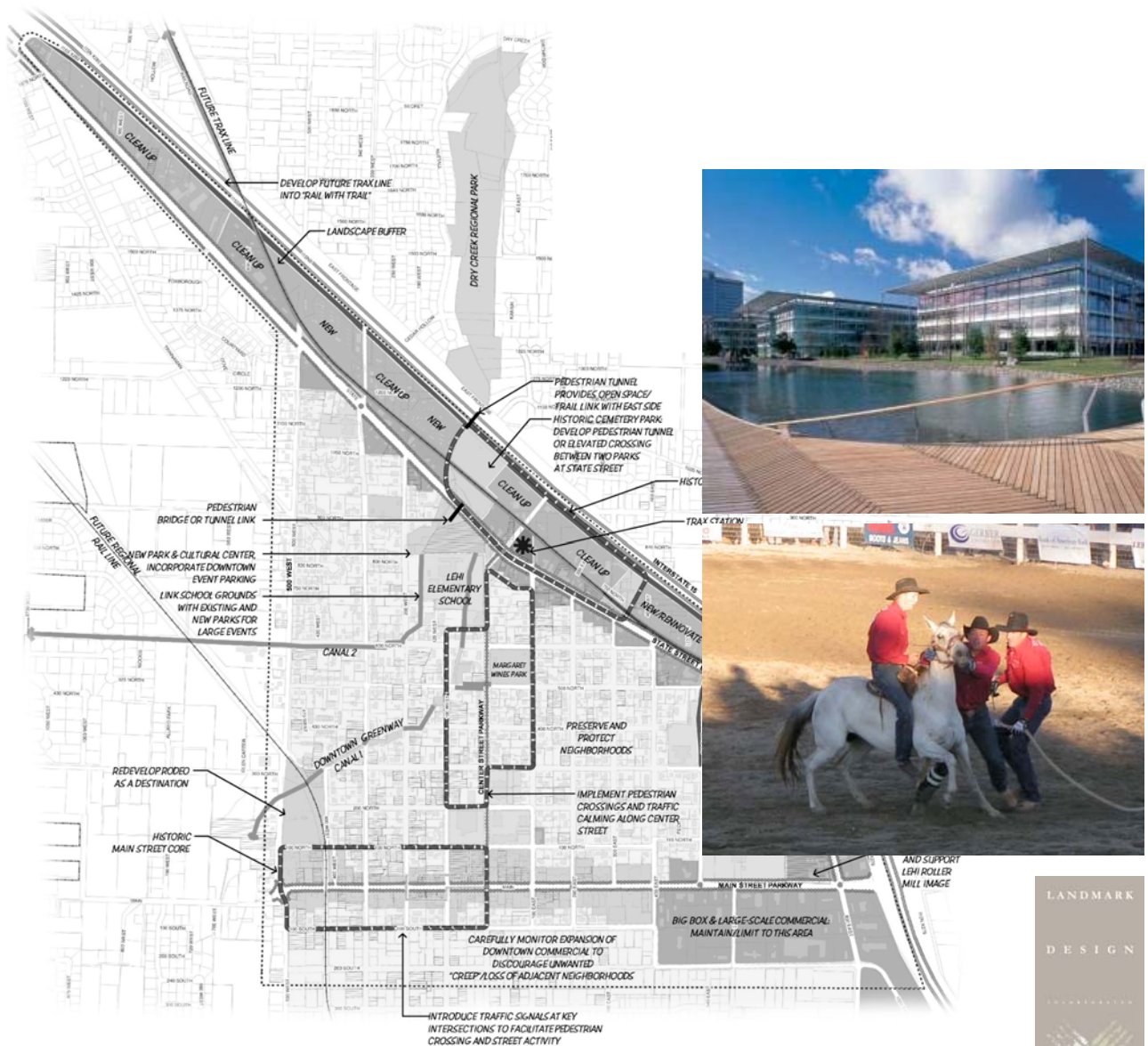


4 DOWNTOWN LEHI REVITALIZATION PLAN

Business Park Location and Rodeo Relocation Report



Landmark Design Team

Landmark Design □ InterPlan Co. □ Brixen & Christopher Architects □ Lewis Young Robertson & Burningham Inc.



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This Plan was adopted by the Lehi City Council on February 13, 2007.

1.0 Economic and Market Analysis Report

Lehi Demographics and Employment

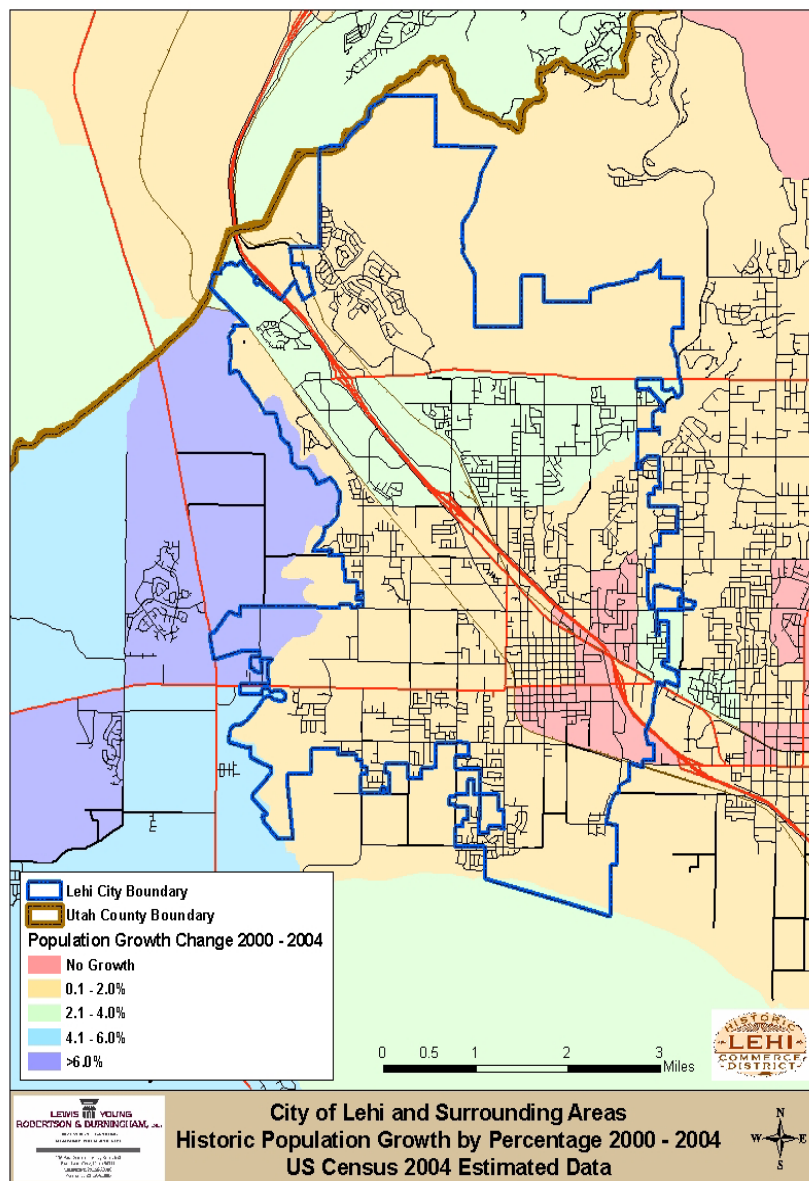
Population Growth. For the past five years, Lehi has been one of the most rapidly growing cities in the State of Utah, with an average annual population growth rate of 9.6 percent. Between 2004 and 2005, Lehi grew by 14.8 percent – the fifth fastest growth rate in the State. Note that three of the most rapidly growing cities in Utah (in terms of growth rates) are in northern Utah County.

POPULATION GROWTH UTAH'S MOST RAPIDLY- GROWING CITIES 2004 – 2005 Growth Rates

Herriman	32.85%
Washington	18.11%
Eagle Mountain	18.07%
Cedar Hills	16.95%
Lehi	14.83%

Source: Deseret News, June 21, 2006

In absolute terms (i.e., actual increase in population), Lehi had the second largest population increase in the State between 2004 and 2005. Three of the largest population increases occurred in the southwest Salt Lake Valley.



POPULATION GROWTH UTAH'S MOST RAPIDLY-GROWING CITIES 2004 – 2005 Population Increase

St. George	4,124
Lehi	4,097
South Jordan	3,418
Herriman	2,776
West Jordan	2,489

Source: Deseret News, June 21, 2006

POPULATION GROWTH PROJECTIONS Northern Utah County, 2000 – 2050								AAGR 2005- 2010	AAGR 2010- 2020
	2000	2005	2010	2020	2030	2040	2050		
Utah County	368,536	453,977	527,502	661,319	804,112	964,893	1,147,333	3%	2%
Alpine City	7,146	9,061	10,742	13,022	15,205	18,056	23,070	3%	2%
American Fork City	21,941	25,365	28,079	33,817	38,367	43,016	49,769	2%	2%
Cedar Hills City	3,094	7,843	10,298	11,501	12,280	12,429	12,486	6%	1%
Eagle Mountain City	2,157	10,863	14,987	30,378	53,870	74,034	100,902	7%	7%
Highland City	8,172	13,303	18,055	22,654	24,524	26,767	28,460	6%	2%
Lehi City	19,028	30,088	40,423	62,516	77,064	94,084	115,003	6%	4%
Lindon City	8,363	9,761	11,101	13,534	16,600	19,429	22,917	3%	2%
Pleasant Grove City	23,468	28,511	32,061	38,338	43,113	50,101	50,642	2%	2%
Saratoga Springs City	1,003	7,826	11,322	23,373	35,321	54,832	76,669	8%	8%
Vineyard Town	150	157	736	3,233	9,809	11,379	11,438	36%	16%
Northern Utah County	94,522	142,778	177,803	252,365	326,153	404,129	491,357	4%	4%
Northern Utah County as Percent of Utah Co.	26%	31%	34%	38%	41%	42%	43%		

Source: <http://governor.utah.gov/dea/05BaselineCityProj.xls>

Future growth in Lehi is also projected to be strong (six percent per year) for the next five years.

Household Characteristics. The population of Lehi is relatively young (median age of 23.6 years), compared to the State of Utah (27.1 years), but is similar to that of Utah County (23.3 years). Further, Utah has the youngest median age (27.1 years) in the nation; the U.S. median age is 35.3 years.¹

Utah is not only younger than average; household sizes are larger than average. The average household size in Utah is 3.13 persons per household, compared to 2.59 persons on average nationwide. Lehi's household size (3.7 persons per household) is considerably larger than average.

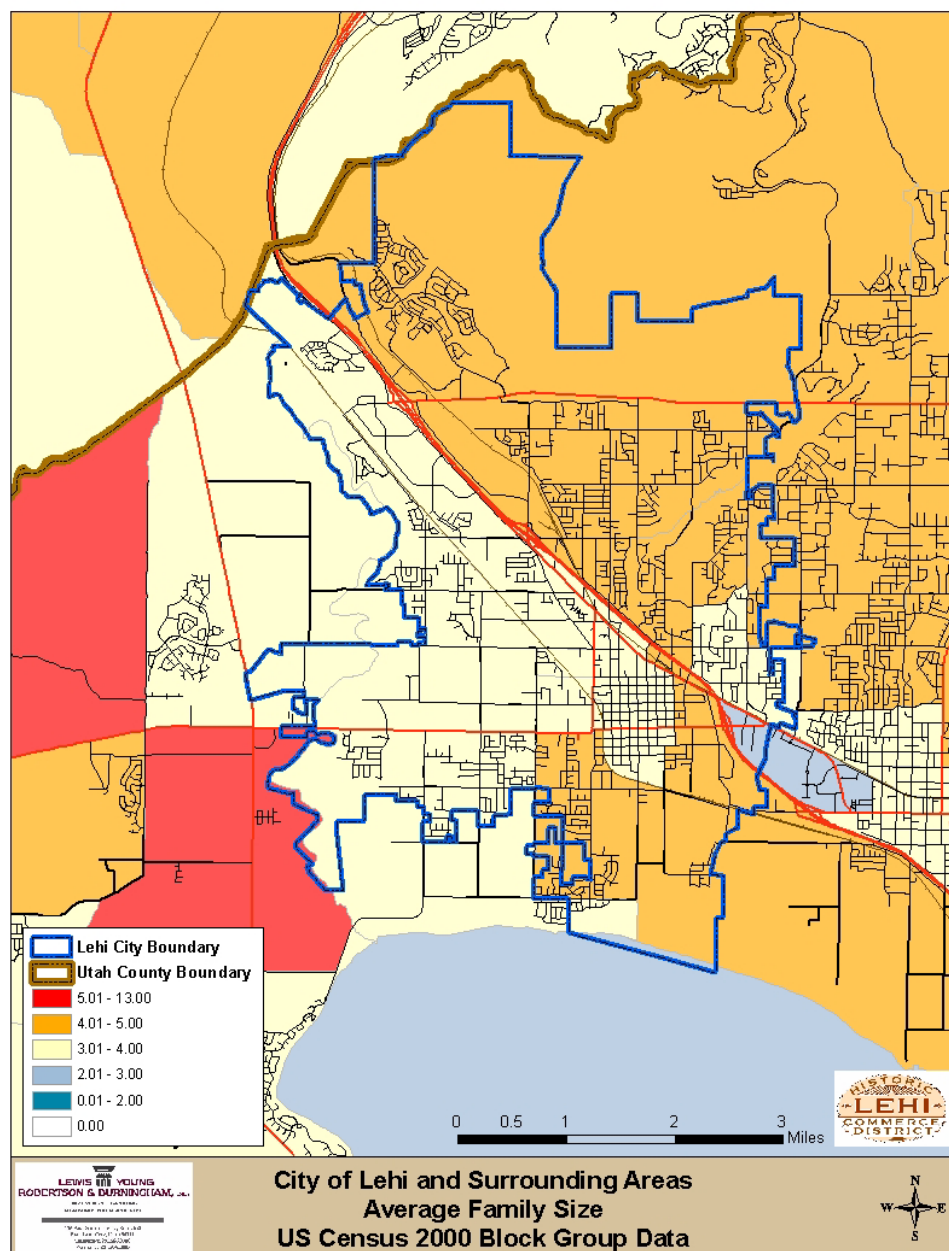
Median household incomes in Lehi (\$53,028) are considerably higher than incomes in Utah County and the State of Utah, both of which are just under \$46,000 per year.

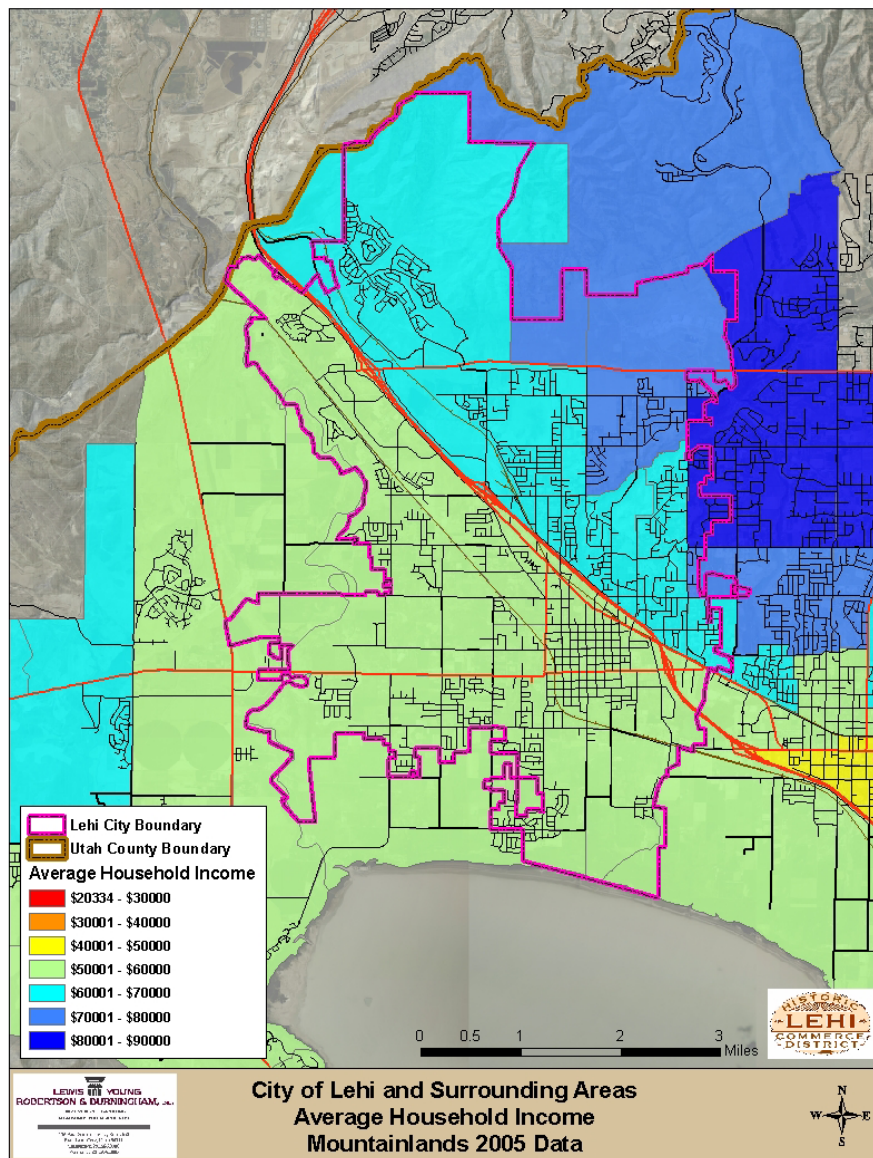
¹ United States Census 2000.

COMPARATIVE HOUSEHOLD CHARACTERISTICS Northern Utah County

	Household Size	Median Age	Median Household Income
Lehi	3.7	23.6	\$53,028
American Fork	3.6	24.9	\$51,955
Eagle Mountain	4.1	21.1	\$52,102
Highland	4.5	20.9	\$80,053
Saratoga Springs	3.7	26.0	\$62,212
Utah County	3.6	23.3	\$45,833
State of Utah	3.1	27.1	\$45,726

Source: United States Census 2000





Retail Buying Power. The rapid growth in Lehi (and in the surrounding areas), along with above-average incomes, will create a significant increase in retail buying power. Based on average retail sales of \$9,800 per capita per year,² Lehi will see projected increases in buying power of \$83 million by 2010, with an additional \$216 million annually by 2020. Assuming average retail sales of \$300 per square foot annually, demand for retail space should increase by nearly 278,000 square feet by 2010, and by an additional 722,000 square feet by 2020. In Northern Utah County, the demand for retail space should grow by nearly 1 million square feet by 2010, and by an additional 2.4 million square feet by 2020.

² Calculated based on data provided by the Utah State Tax Commission

POPULATION AND RETAIL BUYING POWER GROWTH PROJECTIONS LEHI CITY 2006-2030				
	2006	2010	2020	2030
Lehi Buying Power:				
Population	31,919	40,423	62,516	77,064
Population Growth (from previous period)		8,504	22,093	14,548
Growth in Buying Power (\$2006)		\$83,339,200	\$216,511,400	\$142,570,400
Retail Square Footage Growth		277,797	721,705	475,235
Northern Utah County Buying Power:				
Population	149,182	177,803	252,365	326,153
Population Growth (from previous period)		28,621	74,562	73,788
Growth in Buying Power (\$2006)		\$280,485,800	\$730,707,600	\$723,122,400
Retail Square Footage Growth		934,953	2,435,692	2,410,408
Source: Governor's Office of Planning and Budget http://governor.utah.gov/dea/05BaselineCityProj.xls ; Utah State Tax Commission; LYRB.				

Employment. Major employers in Lehi are shown in the table below:

MAJOR EMPLOYERS IN LEHI	
	Number of Employees
Cabelas Retail, Inc.	250-499
Micron Technology, Inc.	250-499
Thanksgiving Point	250-499
Alpine School District	100-249
Hadco Construction	100-249
Lehi City Public Works	100-249
Perry Olsen Drywall	100-249
Trees Acquisition, Inc.	100-249
Young Living Essential Oils	100-249
Source: http://jobs.utah.gov/firmfind/pgMain.asp?theSessionID=360060237	

The following table shows the growth in industrial, office and retail development in Utah County over the past five years. The office and retail markets have grown at an average annual rate of eight percent a year, while total industrial square footage has decreased slightly (reflecting the closing of Geneva Steel). The population in Utah County grew by roughly four percent per year over the same time period.

COMMERCIAL INVENTORY Utah County Total Square Feet					
	2001	2002	2003	2004	2005
Industrial	14,949,000	12,801,616	13,413,608	14,613,815	14,516,877
Office	5,358,869	6,241,702	6,392,387	7,084,854	7,313,666
Retail	6,501,365	6,704,833	6,857,978	8,133,331	8,808,053
Source: Commerce CRG					

Northern Utah County represents approximately 31 percent of the total population in Utah County, but only 21 percent of all office space; 25 percent of industrial space; and 20 percent of retail space. This suggests that there is good opportunity for all three types of development in the north part of the County in the future.

UTAH COUNTY NORTH AS PERCENTAGE OF COMMERCIAL DEVELOPMENT						
Area	Office	Percent of Total	Industrial	Percent of Total	Retail	Percent of Total
	Square Feet		Square Feet		Square Feet	
Utah Co North	1,531,254	21%	3,589,192	25%	1,804,119	20%
Orem	2,585,837	35%	3,107,378	21%	3,804,853	43%
Provo	2,895,055	40%	2,223,054	15%	2,457,037	28%
Utah Co South	301,637	4%	5,597,253	39%	742,044	8%
Total	7,313,783	100%	14,516,877	100%	8,808,053	100%
Source: Commerce CRG; LYRB						

Lehi Retail Market Analysis

Lehi has experienced significant retail growth over the past two years, with citywide sales increasing from \$175 million in 2003 to \$252 million in 2005 – an increase of 44 percent over the two-year timeframe. Sales on Main Street saw an increase of 23 percent over the same time period.

In comparison, taxable retail sales in the State of Utah rose by 21 percent from 2003 to 2005. Clearly, Lehi has seen significant retail growth – outperforming the state average by a margin of 2.1 to 1.

LEHI TAXABLE RETAIL SALES 2003-2005				
	2003	2004	2005	2003-2005 Growth Rate
Main Street Sales	10,460,222	10,931,803	12,833,621	23%
Total Sales	175,562,815	168,096,455	252,242,808	44%
Main Street as Percent of Total	6.0%	6.5%	5.1%	
Source: Utah State Tax Commission; LYRB				

STATE OF UTAH TAXABLE RETAIL SALES 2003-2005				
	2003	2004	2005	2003-2005 Growth Rate
Utah Sales	32,560,042,177	35,310,874,969	39,241,251,541	21%
Source: Utah State Tax Commission; LYRB				

A sales gap (aka "leakage") analysis is conducted in order to identify economic development opportunities for a community. This type of analysis first identifies sales within the State of Utah for each major SIC code category and then calculates the average sales per capita in each SIC category. Sales in Lehi have then been compared to average sales statewide to estimate the proportion of resident purchases made within Lehi City boundaries. Because sales tax data is confidential, the table below does not disclose the amount of purchases in each category, but rather the amount of purchases that are likely being made by residents outside of Lehi City boundaries. For example, in the table below, we estimate that Lehi City is capturing only 24 percent of lumber and other building material purchases made by its residents. The community is losing, on average, \$444.47 per capita (purchases made outside of Lehi boundaries). With a year 2005 population of 30,088 persons, Lehi City residents purchased an estimated \$13,373,217 worth of lumber and other building materials outside of city boundaries. Note that some categories show positive leakage. For example, in the sporting goods category, Lehi had a capture rate of 868 percent, or nearly \$31.6 million more than would be expected by its residents, meaning that residents from other communities are traveling to Lehi to make these types of purchases.

RETAIL SALES GAP ("LEAKAGE") ANALYSIS CY2005			
Category	Per Capita	Total Leakage	Capture Rate
LUMBER & OTHER BLDG MTRLS	-\$444.47	-\$13,373,217	24%
PAINT GLASS & WALLPAPER	-\$39.61	-\$1,191,682	0%
HARDWARE STORES	-\$126.69	-\$3,811,980	7%
NURSERIES & GARDEN STORES	\$32.45	\$976,276	238%
MOBILE HOME DEALERS	-\$7.37	-\$221,757	0%
TOTAL BUILDING & GARDEN	-\$585.75	-\$17,624,184	26%
DEPARTMENT STORES	-\$1,586.98	-\$47,749,086	0%

RETAIL SALES GAP ("LEAKAGE") ANALYSIS CY2005			
Category	Per Capita	Total Leakage	Capture Rate
VARIETY STORES	-\$43.66	-\$1,313,773	37%
MISC GEN MERCHANDISE	-\$12.84	-\$386,247	62%
TOTAL GENERAL MERCHANDISE	-\$1,643.48	-\$49,449,109	3%
GROCERY STORES	-\$312.45	-\$9,400,888	69%
OTHER FOOD STORES	-\$41.07	-\$1,235,623	39%
CONVENIENCE STORES	-\$94.11	-\$2,831,646	52%
TOTAL FOOD STORES	-\$447.63	-\$13,468,157	65%
NEW & USED CAR DEALERS	-\$753.11	-\$22,659,530	29%
USED (ONLY) CAR DEALERS	-\$23.43	-\$705,076	87%
AUTO & HOME SUPPLY	-\$74.81	-\$2,250,754	50%
GASOLINE SERVICE STATIONS	\$41.14	\$1,237,865	144%
BOAT DEALERS	-\$22.11	-\$665,310	0%
RECREATION & UTILITY TRAILER	-\$49.15	-\$1,478,700	5%
MOTORCYCLE DEALER	-\$57.69	-\$1,735,702	0%
AUTOMOTIVE DEALERS	\$341.96	\$10,288,958	1955%
TOTAL MOTOR VEHICLE DEALERS	-\$597.19	-\$17,968,249	64%
MEN'S & BOY'S CLOTHING	-\$16.68	-\$501,745	0%
WOMEN'S CLOTHING STORES	-\$34.93	-\$1,051,109	15%
WOMEN'S ACCESSORY & SPEC.	-\$31.52	-\$948,229	3%
CHILDRENS' & INFANTS' WEAR	-\$12.07	-\$363,167	0%
FAMILY CLOTHING STORES	-\$211.58	-\$6,365,930	3%
SHOE STORES	-\$37.53	-\$1,129,109	0%
MISC. APPAREL & ACCESSORY	-\$17.65	-\$531,121	0%
TOTAL APPAREL & ACCESSORY	-\$361.98	-\$10,891,182	4%
FURNITURE & HOME FURNISHINGS	-\$253.07	-\$7,614,473	23%
HOUSEHOLD APPLIANCES	\$18.97	\$570,802	172%
RADIO, TV & ELECTRONIC	-\$110.51	-\$3,324,978	1%
COMPUTER & SOFTWARE STORES	-\$104.45	-\$3,142,629	1%
RECORD & PRERECORDED TAPES	-\$26.59	-\$800,106	0%
MUSICAL INSTRUMENT STORES	-\$19.09	-\$574,396	4%
TOTAL FURNITURE	-\$495.33	-\$14,903,437	20%
FAST FOOD EATING PLACES	-\$127.31	-\$3,830,573	64%
1977 CODE EATING PLACES	-\$33.00	-\$992,902	15%
1977 CODE DRINKING PLACES	-\$0.71	-\$21,376	0%
FAMILY RESTAURANT W/O LIQUOR	-\$156.99	-\$4,723,440	46%
ALL OTHER EATING PLACES W/O LIQUOR	-\$42.99	-\$1,293,370	15%
THEME RESTAURANT WITH LIQUOR	-\$131.37	-\$3,952,693	0%
WHITE TABLE CLOTH W/LIQUOR LICENSE	-\$8.59	-\$258,523	0%
PRIVATE CLUBS	-\$8.91	-\$268,199	63%

RETAIL SALES GAP ("LEAKAGE") ANALYSIS CY2005			
Category	Per Capita	Total Leakage	Capture Rate
BEER RETAILER/ TAVERN	-\$5.91	-\$177,777	0%
TOTAL EATING PLACES	-\$515.78	-\$15,518,860	43%
DRUG STORES & PROPRIETARY STORES	-\$36.80	-\$1,107,353	0%
LIQUOR STORES	-\$58.81	-\$1,769,508	0%
USED MERCHANDISE	-\$11.68	-\$351,553	31%
SPORTING GOODS & BICYCLES	\$1,049.06	\$31,564,035	868%
BOOK STORES	-\$54.63	-\$1,643,567	0%
STATIONERY STORES	-\$59.62	-\$1,793,899	0%
JEWELRY STORES	-\$39.25	-\$1,181,104	0%
HOBBY, TOY & GAME	-\$49.21	-\$1,480,497	2%
CAMERA & PHOTOGRAPHIC	-\$10.19	-\$306,462	0%
GIFT, NOVELTY & SOUVENIRS	-\$9.42	-\$283,508	80%
LUGGAGE & LEATHER WORKS	-\$4.33	-\$130,328	0%
SEWING & NEEDLEWORK	-\$21.71	-\$653,188	0%
NONSTORE RETAILERS	\$27.61	\$830,769	129%
FUEL DEALERS	-\$13.33	-\$401,107	1%
FLORISTS	\$16.10	\$484,494	195%
TOBACCO STORES	-\$10.44	-\$314,103	1%
NEWS DEALERS & NEWSTANDS	-\$1.45	-\$43,709	0%
OPTICAL GOODS	-\$15.55	-\$467,727	0%
MISCELLANEOUS RETAIL	\$160.18	\$4,819,507	161%
TOTAL MISCELLANEOUS RETAIL	\$856.50	\$25,770,284	190%
HOTELS & LODGING	-\$170.75	-\$5,137,660	36%
LAUNDRY CLEANING & GARMENT	-\$24.21	-\$728,436	34%
PHOTOGRAPHIC STUDIOS	-\$11.26	-\$338,862	37%
BEAUTY SHOPS	-\$11.75	-\$353,476	13%
BARBER SHOPS	-\$0.08	-\$2,313	0%
SHOE REPAIR	\$0.29	\$8,596	136%
FUNERAL SERVICE & CREMATORIES	\$3.14	\$94,462	129%
MISC PERSONAL SERVICES	-\$5.71	-\$171,711	8%
TOTAL PERSONAL SERVICES	-\$49.59	-\$1,491,936	42%
ADVERTISING	-\$3.68	-\$110,782	23%
CREDIT REPORTING	-\$0.05	-\$1,536	0%
MAILING, REPRODUCTION, STENO	-\$25.17	-\$757,326	1%
SERVICE TO BUILDINGS	-\$1.44	-\$43,288	47%
EQUIP. RENTAL & LEASING	-\$163.81	-\$4,928,670	2%
PERSONNEL SUPPLY SERVICES	-\$0.40	-\$11,947	0%
COMPUTER & DATA PROCESSING	-\$103.22	-\$3,105,588	6%
MISC BUSINESS SERVICES	-\$63.83	-\$1,920,528	30%
TOTAL BUSINESS SERVICES	-\$361.94	-\$10,890,073	10%

RETAIL SALES GAP ("LEAKAGE") ANALYSIS CY2005			
Category	Per Capita	Total Leakage	Capture Rate
AUTOMOTIVE RENTALS	-\$169.99	-\$5,114,695	2%
AUTOMOTIVE PARKING	-\$0.20	-\$6,057	0%
AUTOMOTIVE REPAIR SHOPS	-\$1.03	-\$30,949	100%
AUTOMOTIVE SERV. EXC. REPAIR	\$9.98	\$300,241	132%
ELECTRICAL REPAIR SHOPS	-\$16.65	-\$500,832	0%
WATCH,CLOCK & JEWELRY REPAIR	-\$2.36	-\$71,136	0%
REUPHOLSTERY & FURNITURE REPAIR	-\$2.30	-\$69,129	-1%
MISC. REPAIR SHOPS	-\$35.46	-\$1,066,789	31%
TOTAL AUTO & MISC REPAIR	-\$218.05	-\$6,560,687	56%
MOTION PICTURE PROD. & DIST.	-\$0.25	-\$7,631	92%
MOTION PICTURE THEATERS	-\$2.23	-\$67,126	96%
VIDEO TAPE RENTAL	-\$34.16	-\$1,027,936	2%
DANCE STUDIOS	-\$0.40	-\$12,091	0%
PRODUCERS, ORCHESTRAS, ENTERTAINERS	-\$2.83	-\$85,241	15%
BOWLING CENTERS	-\$7.38	-\$221,946	0%
COMMERCIAL SPORTS	-\$18.16	-\$546,376	23%
SKI RESORTS	-\$74.45	-\$2,239,961	0%
MISC AMUSEMENT	-\$33.65	-\$1,012,379	67%
TOTAL ENTERTAINMENT & AMUSEMENT	-\$173.54	-\$5,221,332	43%
TOTAL	-\$4,764.51	\$143,354,581	51%
Source: Utah State Tax Commission; LYRB			

There is significant leakage in most areas shown above, suggesting that there is a significant amount of business development opportunity in Lehi. The following table compares Lehi with the competitive regional marketplace.

RETAIL SALES CAPTURE RATES IN NORTHERN UTAH COUNTY*							
	Lehi	American Fork	Alpine	Pleasant Grove	Lindon	Orem	Provo
Building and Garden	26%	201%	N/A	13%	1245%	169%	86%
General Merchandise	3%	332%	N/A	N/A	N/A	235%	87%
Food Stores	65%	115%	4%	159%	32%	111%	89%
Motor Vehicle Dealers	64%	391%	N/A	26%	272%	142%	94%
Apparel & Accessory	4%	24%	N/A	1%	1%	336%	105%
Furniture	20%	19%	14%	14%	108%	324%	61%
Eating Places	43%	142%	29%	45%	66%	140%	103%
Misc. Retail	190%	57%	8%	17%	57%	189%	78%
Hotels & Lodging	36%	3%	N/A	N/A	N/A	28%	44%
Personal Services	42%	187%	14%	46%	25%	115%	78%
Business Services	10%	45%	2%	19%	385%	49%	48%

Auto & Misc. Repair	56%	139%	3%	42%	133%	103%	73%
Entertainment & Amusement	43%	136%	2%	28%	24%	70%	89%
Total	51%	189%	5%	37%	192%	168%	85%

Source: Utah State Tax Commission; LYRB

*Lehi data is for CY2005; all other city data is for CY2004 (latest year for which figures were available).

Main Street. Typical of most downtowns, Lehi's Main Street is primarily comprised of restaurants, personal services and miscellaneous retail (i.e., specialty retail including florists, hobby stores, gift stores, etc.).

MAIN STREET RETAIL SALES ANALYSIS CY 2005

	Outlets	Main Street as Percent of Total Sales
Building and Garden	0	0%
General Merchandise	0	0%
Food Stores	ND	3.1%
Motor Vehicle Dealers	ND	8.9%
Apparel & Accessory	ND	39.2%
Furniture	ND	35.8%
Eating Away from Home	11	16.7%
Miscellaneous Retail	14	2.7%
Personal Services	7	44.5%
Business Services	ND	0.2%
Auto and Miscellaneous Repair	5	8.6%
Entertainment & Amusement	ND	1.9%
Total	46	6.5%

Source: Utah State Tax Commission; LYRB

ND means that the number of sales outlets for that particular category is not disclosable.

There were 33 retail sales outlets on Main Street in 2003, and 46 in 2005. Retail sales on Main Street increased by 23 percent over the two-year time period. The increase in sales comes from two sources: 1) an increased number of retail outlets; and 2) increased sales by many of the existing businesses in downtown. For purposes of analysis, we took a random sample of ten downtown businesses and evaluated their sales over the two-year time period. Overall, sales were up 15 percent for the ten businesses. Of these businesses, six had sales increases, while four showed sales decreases. The six businesses with sales increases had the following individual gains: 80 percent; 48 percent; 22 percent; 5 percent; 4 percent; and 2 percent. The four businesses with sales decreases showed the following declines: -2 percent; -15 percent; -22 percent; and -28 percent.

Those businesses that are most likely to do well on Main Street are restaurants and specialty retail, including: specialty food; book stores; stationery stores; jewelry stores; hobby, toy and game; gift stores; sewing and needlework; and specialty apparel such as running shoes, dancewear, etc. Most of the existing specialty retail and restaurants are located in a two-block area stretching between Center Street and 200 West, with a few additional businesses

extending further to the west. This is a very small and fragile cluster of retail establishments that would be greatly benefited by increased retail development in the area.

However, there is very little vacant space in downtown for business expansion or new business recruitment. Future development could be encouraged in the existing residential properties in the downtown area, thus maintaining the residential structures but allowing for a mix of uses on the property, including retail uses. New retail development could also extend further into the blocks north of Main Street. It is important for additional retail development to connect.

2.0 Business Park and Rodeo Location Report

Overview of Existing Office and Industrial Markets

Office Market. For purposes of reporting, most major brokers divide the Utah County office market into four segments: Orem, Provo, Utah County North and Utah County South. The total Utah County office inventory consists of 7.3 million square feet, with the majority of the space located in Orem and Provo.

UTAH COUNTY OFFICE MARKET INVENTORY	
	Total Inventory Square Feet
Orem	2,585,837
Provo	2,895,055
Utah County North	1,531,254
Utah County South	301,637
Total	7,313,666
Source: Commerce CRG Year-End Report 2005	

Countywide, the office market has improved from vacancy levels of over 20 percent just a few years ago, to just under 10 percent as of year-end 2005. However, vacancy rates in the north part of the County are somewhat higher – 13.5 percent – than in the County overall.

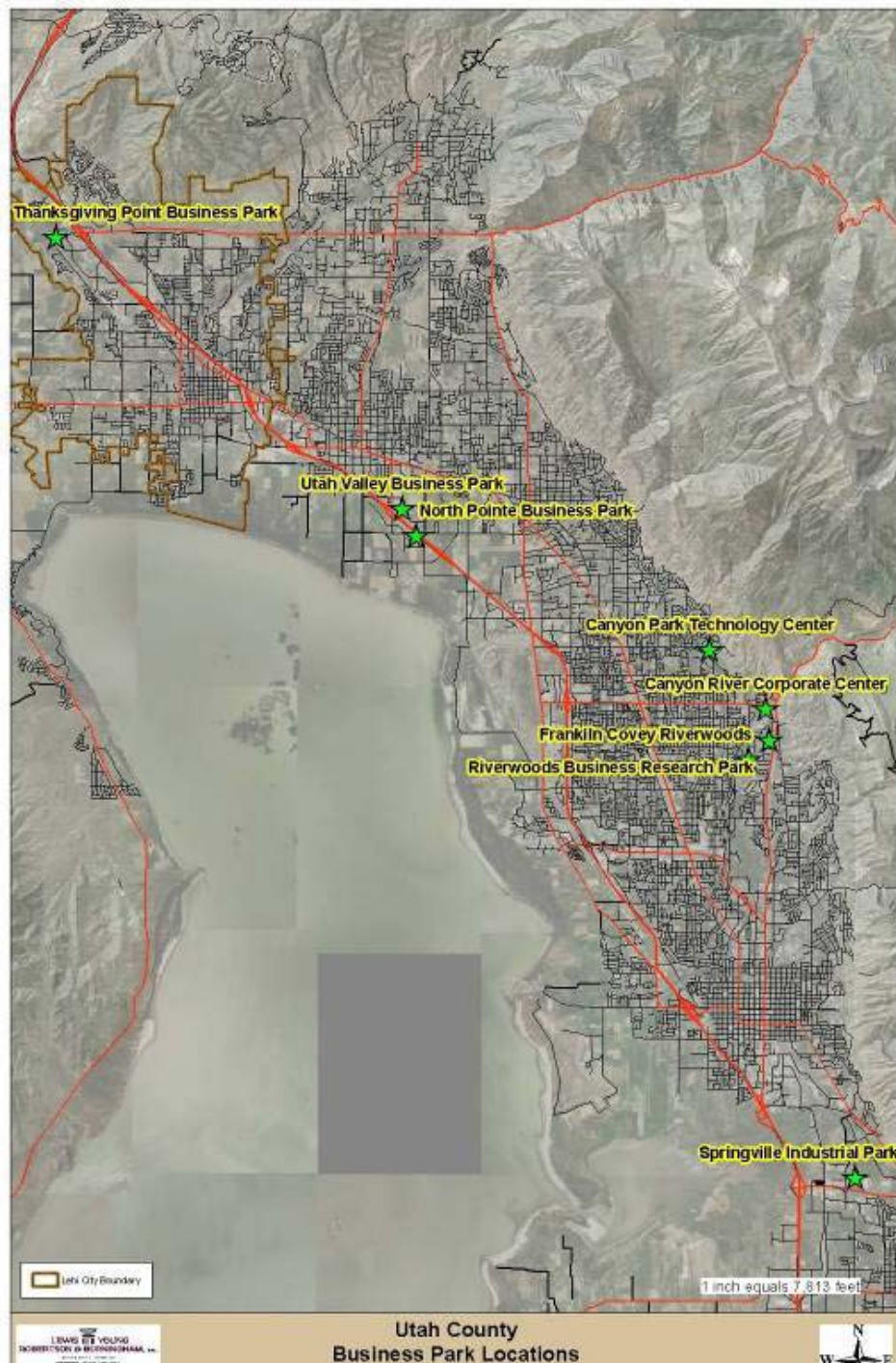
UTAH COUNTY NORTH OFFICE MARKET VACANCY HISTORY			
	Year-End 2003	Year-End 2004	Year-End 2005
Class A	25.6%	15.9%	17.2%
Class B	12.2%	13.6%	8.9%
Condo	9.2%	2.9%	6.5%
Total	19.9%	13.8%	13.5%
Source: Commerce CRG Year-End Report 2005			

Vacancy rates are declining to the point where we are beginning to now see some speculative office construction: Orem (1600 N 1250 W); American Fork (3-story building at 500 East exit); and Lindon (Gateway Technology Center). Based on Commerce CRG's 2005 Year-End Report, "There is a noted demand for space in the North County with very little product available."

During the first half of 2006, there has been significant office market activity in Utah County. Demand is outpacing supply, creating a very tight market. Much of the activity is related to IM

Flash Technology's move into the Micron building, with vendors and periphery companies leasing space in order to provide complementary services.

Generally, the east side of I-15 has proved more favorable for office construction than has the west side. The Pleasant Grove interchange is expected to provide a significant new site for office development in northern Utah County in the near future. The site has 250 acres owned by one entity, with no encroaching nor dated development to detract from the attractiveness of the site. Further, the Pleasant Grove site has excellent access and visibility from I-15.



Business Park/Industrial Market. The Utah County industrial market has also seen a noticeable decline in vacancy rates, with overall rates now just under 6.5 percent. Although vacancy rates are low, it is increasingly difficult to find land at prices that make new construction viable. According to Commerce CRG's 2006 Mid-Year Report, "The office warehouse segment has a limited inventory of space available countywide. The limited availability of land at affordable costs is adding to the challenges of developing new industrial space." There are currently 14.5 million square feet of industrial space in Utah County, with roughly 3.6 million of that amount in northern Utah County. Vacancy rates in northern Utah County are close to two percent, indicating the shortage of supply. Not surprisingly, the last few months have seen a sharp increase in lease rates.

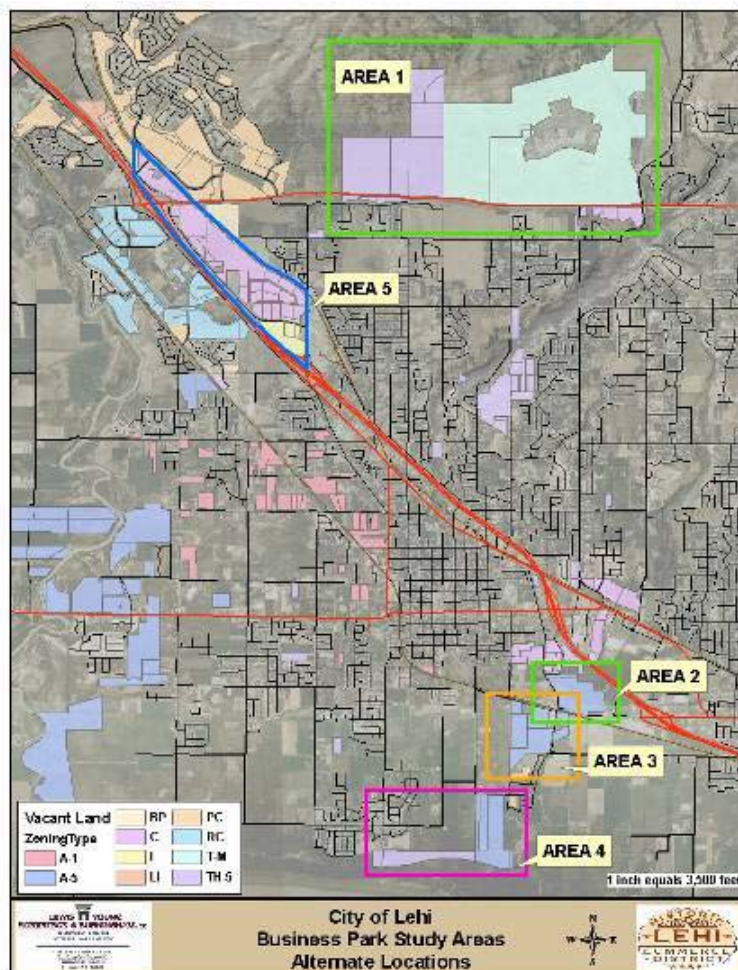
UTAH COUNTY INDUSTRIAL MARKET SQUARE FOOTAGE		
	2005 Total	2005 Available
Orem	3,107,378	175,394
Provo	2,223,054	184,557
Utah County North	3,589,192	87,550
Utah County South	5,597,253	548,070
Total	14,516,877	995,571

Source: Commerce CRG 2005 Year-End Report

Potential Business Park Development

Lehi has several areas suitable for business park development. These potential sites are shown on the map, with the varying characteristics of each site defined in the table.

At the north end of Lehi, east of I-15, there are two areas that could potentially support business park development. One is the area to the east of Cabela's – the Micron area – and the other area is to the south of Cabela's. The recent addition of IM Flash Technologies to the Micron building has significantly increased the demand for office and industrial space in northern Utah County. However, the strong residential market in the eastern part of Lehi is already encroaching into the Micron area, and retail development is expected to dominate the area south of Cabela's. Given the large amount of sales leakage from Lehi, and the limited amount of current retail development in the City, it will be



important for Lehi to capitalize on the area by Cabela's to significantly increase its sales tax base.

Another location with strong potential for a business park in Lehi is the area near 1000 South and I-15. This can be a very dynamic area, with easy freeway access at Lehi Main Street and near 1000 South (the American Fork exit). This area should be a beneficiary of the Meadows Development in American Fork (just east of I-15 at 10th South) that contains numerous restaurants, amenities and large stores such as Wal-Mart, Costco, Lowe's and Home Depot. Areas 2 and 3 contain nearly 300 vacant acres, with an average value of \$0.57 per square foot.

CHARACTERISTICS OF ALTERNATE BUSINESS PARK SITES									
	Parcel s	Vacant Parcel s	Total Acreage	Vacant Acreage	Total Value	Improvement Value	Land Value	Number City Owned	Acreage City Owned
Alternate Site 1	23	22	1,685.97	1,586.20	\$120,518,734	\$97,095,000	\$23,423,734	1	12.36
Alternate Site 2	30	23	126.39	93.96	\$6,114,623	\$1,470,299	\$4,644,324	1	4.50
Alternate Site 3	25	8	236.54	181.56	\$5,002,499	\$684,005	\$4,318,494	0	0.00
Alternate Site 4	24	20	355.85	335.59	\$2,893,422	\$510,814	\$2,382,608	3	29.75
Alternate Site 5	44	38	270.28	262.10	\$9,738,550	\$2,225,411	\$7,513,139	1	1.25

Source: Utah County Assessor's Office; LYRB

The advantages of this southern location for a business park are numerous. First, the area is well-positioned in that it is bounded by two freeway access points. Second, the area should benefit from the recent development directly to the east at the Meadows. Third, the area is largely vacant and would not require significant funds for redevelopment of existing structures.

Based on our interviews with brokers active in the local office and industrial markets, development has not occurred in this area for several reasons. The major reason is that the land for sale in the area has been priced by the sellers with the expectation that the land can be developed as a major retail site. This is highly unlikely; the land is better suited for office-flex or office-warehouse space. There are also a few unsightly developments nearby, including a concrete plant and junkyard. Some wetlands issues may also need to be resolved.

Lehi City officials have raised the possibility of creating a business park between State Street and I-15. This area contains 98.62 acres on 156 different parcels. Based on information provided by the Utah County Assessor's Office, the total land value of the area is \$8,626,949, or roughly \$2.00 per square foot. With improvements, total value of the area is \$25,072,570, or an average value of \$5.84 per square foot.

Of the 156 total parcels, 116 are improved, while 40 are vacant parcels. The area is a combination of many different uses and owners, including retail, mobile home park, reception center, and industrial.

Because of the mixed nature of the existing development at this site, it would be extremely difficult and costly to assemble and finance an area large enough for a significant business park. However, this is a critical area for Lehi, as it provides a long, visible corridor along a major City artery. We suggest that the City focus on this area by first identifying "focus areas" for redevelopment of unsightly structures and by increasing its code enforcement and cleanup efforts throughout the entire area.



An appropriate size for the business park would likely be in the range of 75 to 100 acres – similar to Thanksgiving Point or Riverwoods Business and Research Park. Average absorption per year at the park would be approximately 7-8 acres per year, with a total buildout period of roughly 10-12 years.

Rodeo Relocation

The rodeo grounds are currently located between 400 West and 500 West, and between 100 North and 250 North. Currently, the grounds cover approximately 4.5 acres. If the rodeo is to expand, it will need to relocate. Because the rodeo is bounded by a rail line on the east and a major road (500 West) on the west, and because 500 West and the rail line converge on the north side of the existing site, there is no possibility for the rodeo to expand to the west, north or east. Located to the south is a largely residential block, with some commercial on the south portion along Main Street. This is the only possibility for expansion of the current site; however, the addition of this block would only provide an additional four acres. Therefore, the City has requested that other potential areas for the rodeo site be explored. Based on research from other communities with rodeo grounds, it has been suggested that a new rodeo location should

encompass between ten and 20 acres, depending on the variety of events and activities that the City desires to offer.

STATE STREET – I-15 BUSINESS PARK ANALYSIS

	Total Acres	Total # of Parcels	# Unimproved Parcels	Unimproved Acreage	Total Land Value	Value of Improvements	Total Property Value
Area 1	32.48	63	17	5.05	\$2,920,759	\$7,420,497	\$10,341,256
Area 2	28.38	45	11	3.31	\$2,723,055	\$3,922,588	\$6,645,643
Area 3	18.06	42	12	3.03	\$2,037,342	\$3,796,220	\$5,833,562
Area 4	4.41	6	0	0	\$945,793	\$1,306,316	\$2,252,109
Totals	98.62	156	40	11.39	\$8,626,949	\$16,445,621	\$25,072,570

Source: Utah County Assessor's Office; LYRB



Based on an analysis of vacant land available in Lehi (of sufficient size to accommodate the rodeo), with appropriate land values for a rodeo site (i.e., prime commercial and business park areas have been excluded from the analysis), we suggest that a favorable location would be along Main Street and the Jordan River. Some trail amenities could be incorporated into the rodeo site.

RODEO FACILITY ACCOMMODATIONS					
	Seating	Acreage	Types of Events	Facilities	Parking
Oakley Rodeo	Outdoor arena: 5,695, Indoor arena: 400	37 acres	Rodeo, softball tournaments, high school rodeo (indoor/outdoor), jackpot ropings, youth recreation uses the soccer fields	Indoor arena, outdoor arena, 3 softball diamonds, 1 full length soccer field, 2 youth size soccer fields, skate board park, horse stalls, holding pens	Yes
Duchesne County	3000-3005	4-5 acres		Arena, livestock barn, 24 horse stalls	Yes
South Jordan	5 Arenas: 4000, 1000, 150, 300, 3000	30 acres		Horse facility, 5 arenas, long-term boarding barns, holding pens to separate stock	Yes
West Jordan (8135 South 2200 West)	Outdoor arena: 4,500	10 acres	Demolition derby, rodeo, barrel racing events, high school rodeo, all women's rodeo	Outdoor arena, practice arena, sky boxes, pens, bleachers, ticket booths, horse stalls, concession/restroom building	Yes
Summit County	Outdoor arena: 3100	20 acres	Rodeo, horse competitions, 4H uses for practices, high school rodeo	Outdoor arena, grand stands, 2 baseball diamonds, playground area w/ covered pavilion, barns, pens, concession area	Yes
Herriman	Outdoor arena: 3000	60 acres	High school rodeo, pro rodeo, private roping events, jackpots, barrel racing, 4H club events, kids show, Town Days	3 arenas, horse facility, stall barns, animal pens	Yes

The map shows market values as currently listed by the Utah County Assessor's Office. However, these values may be somewhat lower than actual asking prices if any of the property becomes available for sale.

An alternate site is the vacant property located near I-15 and the American Fork exit at 10th South. However, to the extent that this site can be incorporated into business park use, it will produce more tax revenues for Lehi City.

