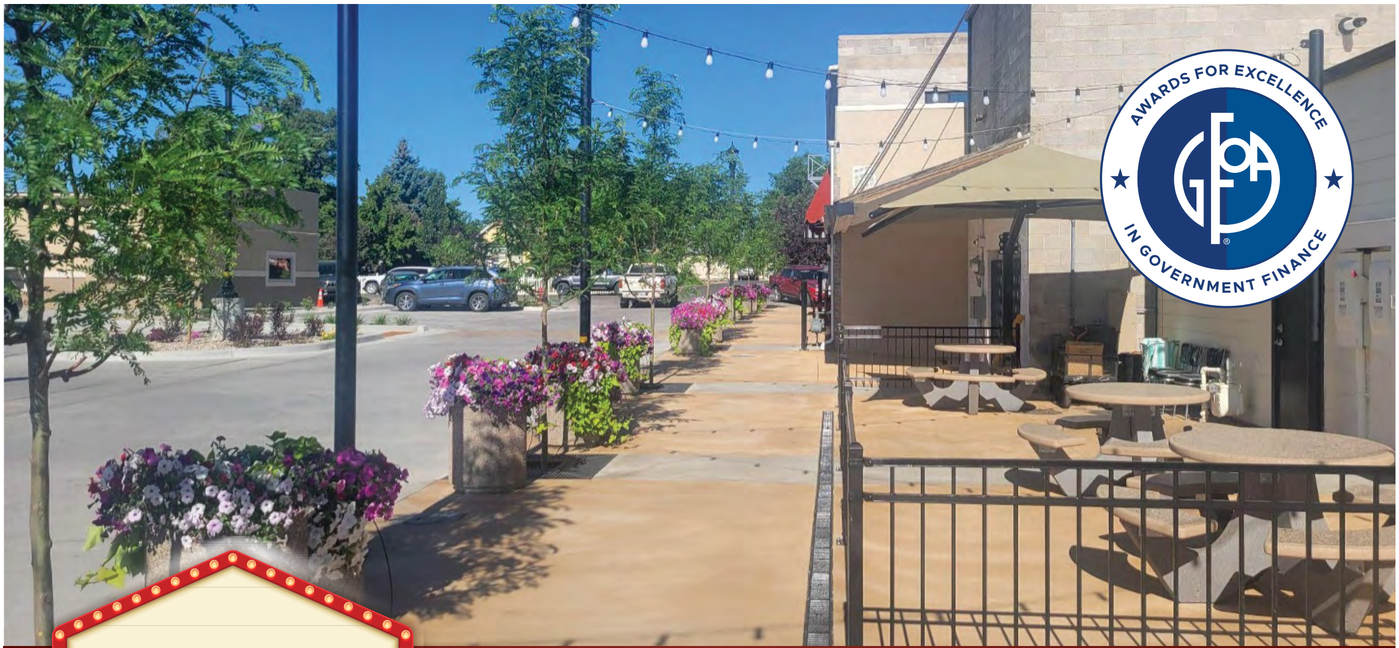
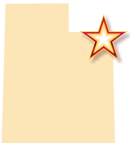


VERNAL CITY, UTAH

Downtown Revitalization Plan

ABOUT VERNAL



Vernal is the largest city in Uintah County (Utah) and home to a population of approximately 10,000. The city has a general fund budget of $14 million and an overall annual budget of $32 million. It provides municipal services including public safety, planning and development, streets, water/sewer, justice court, an airport, and other administrative services. The city also serves as a gateway to the nearby Dinosaur National Monument, Flaming Gorge, and the Uintah Mountain Range.

Summary

Like many small cities, Vernal noticed that its downtown area was dying. Property values had declined steadily for several years in a row. So, city staff created a master plan that included many sub-projects to make the downtown area more inviting to businesses, residents, and shoppers. Among those sub-projects was the Vernal City Facade Grant. By setting up a community redevelopment area and taking out an initial $2.1 million loan, the city was able to partner with business owners and kick-start mutually beneficial projects. So far, the city has funded 65 projects to beautify and refurbish buildings, and to improve the downtown area. Property values have since increased, stores and restaurants are busier, and new events have made Vernal a destination in the region. This project shows how having a vision, focusing on public engagement, and targeting financial investments can come together to generate meaningful results.

The decline of downtown

Downtown Vernal, home to many small local businesses, was in decline. The area—nine square blocks centered around Main Street and Vernal Avenue—was suffering from underutilized space, vacant storefronts, lack of walkable areas, and a decline in property values. Being close to several recreational attractions and along a major route for truck traffic supporting nearby oil and gas extraction meant that more than 25,000 vehicles a day passed through the area. "It just wasn't a very friendly area," Quinn Bennion, city manager for Vernal said. "Who wants to hang out in an area full of parking lots surrounded by razor wire?" This wasn't good for business owners, and it wasn't good for governments either, as property tax revenues continued to decline. Taking advantage of one-time COVID funding from the federal and state government, along with the city's American Rescue Plan Act (ARPA) money, the city launched its Vernal Downtown Plan.

The city was also able to purchase some of the vacant land and work with partners to add mixed-use redevelopment, parking, and other community spaces.

Asking the public for help

The five-lane Main Street, which is State Highway 40, has heavy car and truck traffic. The city's idea was to invest in the spaces behind buildings to create pedestrian-friendly spaces that could host events. Before starting, the city sought feedback from the community on what they wanted to see downtown. Using online engagement surveys, community meetings, and social media, the city was able to understand what mattered most to residents and businesses and focus on that. Bennion, said, "In vacant store shops we placed blank stickers under a sign that read, 'What would you like to see here?'" In this way citizens were engaged and could suggest what they wanted downtown. "It became apparent that as part of any revitalization, we needed to make our downtown attractive," Bennion added. "We had really good response rates and got the community behind the plan."

Focusing on the community

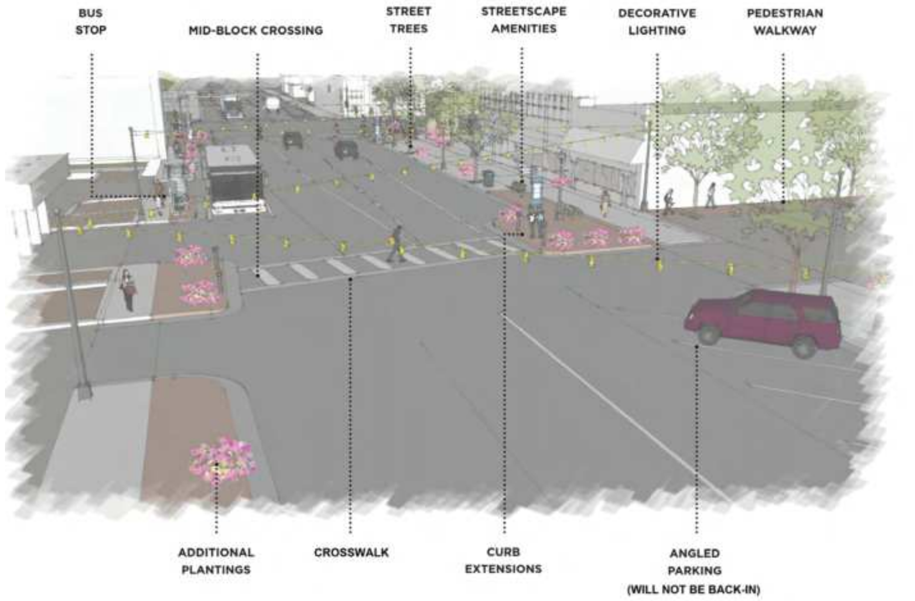
The city also worked with Uintah County and the five other governments in the area to plan a community redevelopment area (CRA). CRAs are political subdivisions created to stimulate redevelopment. They create a project area and use property tax increment financing to help pay for development projects. In Utah, CRAs are typically created for 20 years, and 75 percent of the additional tax revenue generated by development is redirected to the CRA. In Vernal's case, the city and the other impacted local governments agreed to divert 90 percent of the additional revenue to the CRA in the first five years, 75 percent in years five to 15, and 50 percent in years 15 to 20. This allowed a greater percentage of new revenue to be reinvested in the community.

With the CRA funds, the city developed a façade grant program that reimbursed businesses to promote enhancement, restoration, improved aesthetics, and renovation of the exterior of commercial structures in the downtown area. The city decided to commit all the CRA funds to private businesses already in the downtown area. Carl Morton, finance director for Vernal, said, "This is one of my favorite parts of the CRA. It's different than what most other governments do. We are not investing in one new developer coming to the area or building infrastructure to entice those from the outside; we are putting it into the project to help those already in the community." Bennion added, "When you talk about property taxes here, you get people coming out with their pitchforks. But when we explained that they are actually getting their property tax money back, that helped us win support. Property owners began saying, 'Hey, I want to be part of this.'"

To get started, the city took out a $2.1 million loan and developed program rules designed for ease of administration. Project funds are available on a first come, first served basis. The project uses a committee that includes the local "Innovation Hub" and the Chamber of Commerce. Awards are given by the city council. The program is straightforward and reimburses up to 40 percent of eligible costs, with a maximum per project of $100,000.

Getting Results

So far, the city has awarded approximately half of the original loan amount, split among 65 projects. "There was a domino effect happening downtown," Morton said. "You would see what your neighbors were able to do, and want in." Bennion noted that in one case, a property owner's mother admonished the property owner to apply because she



> "It took a little time for people to trust it. But when people bought in, we really had a successful program that everyone can be proud of."
>
> **CARL MORTON**, CITY OF VERNAL FINANCE DIRECTOR

Before and after photos of downtown Vernal showcase some of the projects made possible by the Facade Grant.

saw the results other buildings were getting. Before and after photos show the change, and the taxable value of properties in the downtown area has rebounded and is up 26 percent since the CRA was approved. In 2023, the six taxing districts received more than $100,000 in additional tax revenue from their ten percent of the increment. A state law diverts ten percent of CRA proceeds over a set amount for affordable housing, so this effort will soon begin funding a different type of project.

The most important thing, though, is the transformation of downtown. It has become a gathering space, incubator of small business, and host to many new events including the Outlaw Trail ATV Jamboree, the Dinah SOAR Days Balloon Festival, PhenomeCon, the John Wesley Powell River Fest, the Hotel Vernal Haunt, the Mayor's Walk, and more. This drives sales for businesses and increases in sales tax revenue. Some of the older iconic buildings in Vernal have new life. The city had a downtown theatre from the 1940s that has been converted into a space for community plays, and the owner was able to use the grant program to add a new sign, really changing the look of the block.

But, as Bennion noted, awareness of the program also led to more and more need. "People would come in and say, 'Hey, I love your façade grant program, but I need help inside the building.'" Many of the larger structures were historically and culturally significant, but they were greatly underusing their space. The city wanted to see if it could help. "We were looking for the projects with rizz," Morton added. As a result, the city is developing new criteria to score applications on a variety of factors that rate historical significance, future usefulness, and ability to contribute to the community.

Lessons learned for other governments

Downtown revitalization is not new, but the facade grant is a way for the city to help businesses, particularly small businesses, make improvements they might not have been able to do before. Successful implementation relied much less on savvy financial skills and more on public engagement, regional cooperation, and creative communications. Other cities should assess the need for this type of project, and whether it's a smart financial move, but Vernal believes its project has been successful because of how it went about implementation.

First, the city created a vision and a goal based on what the community wanted in its downtown area. It also prioritized getting citizens and businesses to buy into and capture the city's vision. At the same time, the city had to get buy-in from other local governments. What brought everything together was the compromise and alignment of all values. Other local entities were willing to give up a larger share of the increment in the first few years to provide more funding for projects. Businesses were happy that funds would be made available for downtown without increasing rates—and additional tax revenue was distributed transparently.

Second, the city also stressed the ease of administration. In creating the grant application, it created rules to align the program with the most beneficial areas for the community—but it also created a series of simple and straightforward rules. The goal was to get the money out into the community quickly. "It took a little time for people to trust it," Morton noted. "But when people bought in, we really had a successful program that everyone can be proud of."

Contacts

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