



Agenda

Workforce and Economic Development Subcommittee

Wednesday, September 23, 2020

10:00 AM

phoenix.gov

OPTIONS TO ACCESS THIS MEETING

- **Watch** the meeting live streamed on phoenix.gov or Phoenix Channel 11 on Cox Cable.

- **Call-in** to listen to the meeting. Dial 602-666-0783 and Enter Meeting ID 126 273 6199# (for English) or 126 513 3162# (for Spanish). Press # again when prompted for attendee ID.

- **Register and speak during a meeting:**

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<https://phoenixcitycouncil.webex.com/phoenixcitycouncil/onstage/g.php?MTID=ecb20c48d5164e1420ccb9acec13ca458>

- **Register via telephone** at 602-262-6001 **at least 1 hour prior to the start of this meeting**, noting the item number. Then, use the Call-in phone number and Meeting ID listed above at the time of the meeting to call-in and speak.

CALL TO ORDER

CALL TO THE PUBLIC

MINUTES OF MEETINGS

- 1 **For Approval or Correction, the Minutes of the Workforce and Economic Development Subcommittee Meeting on Jan. 22, 2020** **Page 6**
- Responsible Department**
- This item is submitted by Deputy City Manager Jeff Barton and the City Manager's Office.

CONSENT ACTION (ITEMS 2-3)

- 2 **WESTMARC Membership Dues** **Page 15**
- This report requests the Workforce and Economic Development Subcommittee recommend City Council approval of membership dues to Western Maricopa Coalition (WESTMARC) for Fiscal Years 2020-21 through 2022-23.
- THIS ITEM IS FOR CONSENT ACTION.**
- Responsible Department**
- This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.

- 3 **2021 Downtown Enhanced Municipal Services District Work Plan and Budget** **Page 16**
- This report requests the Workforce and Economic Development

Subcommittee recommend City Council approval of the 2021 Downtown Enhanced Municipal Service District (EMSD) work plan and budget, as outlined in this report.

THIS ITEM IS FOR CONSENT ACTION.

Responsible Department

This item is submitted by Deputy City Managers Jeff Barton and Mario Paniagua, and the Street Transportation and Community and Economic Development departments.

INFORMATION ONLY (ITEM 4)

4 Key Phoenix Economic Indicators Quarterly Report

Page 20

This report transmits the fourth quarter report on Key Phoenix Economic Indicators for fiscal year 2019-20 to the Workforce and Economic Development Subcommittee.

THIS ITEM IS FOR INFORMATION ONLY.

Responsible Department

This item is submitted by City Manager Ed Zuercher and the Budget and Research Department.

DISCUSSION AND POSSIBLE ACTION (ITEMS 5-6)

5 Fiscal Year 2020-2021 Bioscience Healthcare Strategic Initiative

Page 33

Request to authorize the City Manager, or his designee, to implement the Bioscience Healthcare Strategic Initiative, including authorization of an Arizona Bioindustry Association (AZBio) membership and participation at the BIO International Convention in 2021. Also, request authorization for

the City Treasurer to accept funds from the City's BIO Convention partners to offset costs associated with the 2021 Convention expenses, and for the City Controller to disburse funds associated with this request. There is no impact to the General Fund. Funding is available in the Genomics Facilities and Operations Fund, with the request not to exceed \$105,000 for the membership and convention efforts.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.

**6 Agreements with Hubbard Street Group for Development of
Property Located at 6th and Garfield Streets in Downtown Phoenix**

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This report requests the Workforce and Economic Development Subcommittee recommend City Council approval to enter into a development agreement, lease agreement, easements and other agreements as necessary (Agreements), with Hubbard Street Group, or its City-approved designee (Developer), for the development of a 26-story multi-family rental and commercial project located at the southeast corner of 6th and Garfield streets in downtown Phoenix. There is no impact to the General Fund.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.

INFORMATION AND DISCUSSION (ITEM 7)

7 Contracts with Arizona Fresh Holdings, LLC for the Redevelopment of the Del Rio Former Landfill at 1150 E. Elwood St. Page 38

This report provides the Workforce and Economic Development Subcommittee with information regarding the request to enter into a disposition and redevelopment agreement, ground lease, and any and all related and necessary agreements (Agreements) with Arizona Fresh Holdings LLC (Developer) for the lease and redevelopment of the 156-acre City-owned Del Rio former landfill site located at 1150 E. Elwood St. (Site).

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Responsible Department

This item is submitted by Deputy City Managers Jeff Barton, Karen Peters and Inger Erickson, and the Community and Economic Development, Public Works, and Parks and Recreation departments.

CALL TO THE PUBLIC

FUTURE AGENDA ITEMS

ADJOURN

For further information or reasonable accommodations, please call Will Bessette, Management Assistant II, City Manager's Office at 602-262-7526. 7-1-1 Friendly.

Persons paid to lobby on behalf of persons or organizations other than themselves must register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-534-0490.

Members:

Councilwoman Laura Pastor, Chair
Councilman Michael Nowakowski
Councilwoman Debra Stark
Councilman Jim Waring



For Approval or Correction, the Minutes of the Workforce and Economic Development Subcommittee Meeting on Jan. 22, 2020

Summary

This item transmits the minutes of the Workforce and Economic Development Subcommittee Meeting on Jan. 22, 2020, for review, correction or approval by the Workforce and Economic Development Subcommittee.

The minutes are attached (**Attachment A**).

Responsible Department

This item is submitted by Deputy City Manager Jeff Barton and the City Manager's Office.

Attachment A

Phoenix City Council Workforce and Economic Development Subcommittee Summary Minutes Wednesday, January 22, 2020

City Council Subcommittee Room
Phoenix City Hall, Assembly Rooms A, B, and C
200 West Washington Street
Phoenix, Arizona

Subcommittee Members Present

Councilwoman Pastor, Chair
Councilman Waring
Councilwoman Stark
Councilman Nowakowski

Subcommittee Members Absent

Call to Order

Chairwoman Pastor called the Workforce and Economic Development Subcommittee meeting to order at 10:02 a.m. with Councilman Waring, Councilwoman Stark and Councilman Nowakowski present.

Call to the Public

None.

1. For Approval or Correction, the Minutes of the Workforce and Economic Development Subcommittee Meeting on Dec. 3, 2019

Councilwoman Stark made a motion to approve the minutes of the Dec. 3, 2019 Workforce and Economic Development Subcommittee. Councilman Waring seconded the motion which passed unanimously, 4-0.

Item 2 was for consent action. No presentations were planned but staff was available to answer questions.

2. Authorization to Enter into an Agreement for FY 2019-2020 Tourism and Hospitality Advisory Board (THAB) Funds

Councilwoman Stark made a motion to approve consent item 2. Councilman Waring seconded the motion which passed unanimously, 4-0.

3. Key Phoenix Economic Indicators Quarterly Report

Information only. No councilmember requested additional information.

4. Authorization to Issue a Request for Proposals for the Lease and Redevelopment of City-Owned Property Located at 1414 E. Jefferson St.

Community and Economic Development Director Chris Mackay provided an overview of the request for proposal (RFP) of a mixed-used, mixed-income project at 1414 E.

Jefferson St. Ms. Mackay introduced fellow presenters Deputy Community and Economic Director Xandon Keating, Community and Economic Development Procurement Manager Gretchen Wolfe and Community and Economic Development Program Manager Jeff Stapleton.

Mr. Stapleton shared information about the site location for the proposed development along Jefferson Street between 14th and 15th Streets. He then discussed the planning efforts that informed the ReInventPHX RFP. Mr. Stapleton stated ReInventPHX encourages smart growth, including density and transit-oriented development along the light-rail.

Mr. Stapleton provided information on the redevelopment opportunity at the site. He stated the desired projects include a mixed-use development that offers mixed-income housing and conforms to transit-oriented development principles. Mr. Stapleton specified the appraisal of the site is \$400,000 for the sale or \$24,000 for an annual lease.

Councilman Waring asked if the site could be sold or leased. Ms. Mackay stated the lease value is calculated through the property sale and confirmed that the site is for lease only.

Ms. Wolfe provided an overview of the minimum qualifications in the RFP. She stated the proposer must have experience in completing at least one vertical mixed-use development of at least three stories in the last five years. Ms. Wolfe also shared that the proposed development must be a mixed-use, mixed-income residential project with 25 to 50 percent of units designated as affordable or workforce. She then clarified that no offers for fee-title sale will be allowed.

Chairwoman Pastor asked for further information on how staff determines the percentage range of affordable and workforce housing units. Ms. Mackay stated staff utilizes a variety of market indicators, but the Subcommittee could recommend setting a specific percentage as well.

Ms. Wolfe shared the evaluation criteria for the RFP includes the concept to activate the site, the return to the City of Phoenix as well as the proposer's qualifications and experiences.

Councilman Waring asked for further information on the ability to sell the property. Ms. Mackay stated the property was purchased with federal dollars for Sky Harbor International Airport and the Federal Aviation Administration (FAA) provide guidance to not sell the property.

Mr. Stapleton provided information on the timeline of the RFP process which included numerous community engagement efforts and will be bringing the result to the City Council on Feb. 5, 2020. He said the construction is scheduled to begin early 2021.

Councilman Nowakowski asked if the City of Phoenix owns the vacant property near the proposed site. Ms. Mackay stated that Pilgrim Rest Baptist Church owns the property on the south side of Jefferson and that the Public Transit Department owns the property to the west.

Chairwoman Pastor asked if the property would be returned to FAA if the City were to sell the property. Ms. Mackay stated FAA would need to be monetarily compensated to release the property.

Councilman Nowakowski asked for further details on affordability housing qualifications. Mr. Stapleton stated workforce housing qualifications include 80 to 120 percent of the area median household income. He then stated affordable housing includes housing vouchers at 60 percent area median income. Councilman Nowakowski then asked if the RFP could include 100 percent workforce and affordable housing. Ms. Mackay stated the Subcommittee could recommend that adjustment.

Chairwoman Pastor asked why there was a focus on mixed-use. Mr. Stapleton stated Housing staff provided information on best-practices for transit-oriented development which included the importance of incorporating mixed-used to activate the space along the street. Ms. Mackay added that the mixed-use is included to assist in meeting the needs of the surrounding community.

Councilman Nowakowski asked if the proposed development could reach 56 feet in height. Mr. Stapleton stated the 56-foot height was a policy direction from the Eastlake Park community.

Councilwoman Stark asked if there have been developers expressing interested in the site and if the affordable and workforce housing requirements could be achieved. Ms. Mackay stated staff is in communication with possible developers and have determined that the 25 to 50 percent range is achievable.

Councilman Waring requested staff consider selling the property and asked if a wider range of the percentage for affordable and workforce housing could be used. Ms. Mackay stated that the RFP could be written with a minimum percentage with additional points for greater percentages of affordable or workforce housing.

Chairwoman Pastor asked for clarification on the criteria for return to the city. Ms. Wolfe clarified that the return to the city traditionally includes monetary returns and public infrastructure.

Councilman Nowakowski asked for further information on tax relief for affordable and workforce housing developments. Ms. Mackay stated taxes are applied to the improvements but the City does not have to pay tax on its own property.

Councilwoman Stark made a motion to approve the request for proposal as amended to include a minimum of 50 percent of units dedicated to workforce and affordable housing.

Councilwoman Stark made a motion to approve item 4. Councilman Nowakowski seconded the motion which passed 3-1, with Councilman Waring voting no.

Councilwoman Stark asked for staff to include selling of city-owned property for a future agenda item.

Chairwoman Pastor asked for staff to provide historical information on the Aviation Department's acquisition of land around the airport and for information on the process to sell property that was acquired by the Aviation Department.

5. Parking Consulting Services Request for Proposals Contract Award (RFP-CED19-PCS).

Community and Economic Development Director Chris Mackay provided an overview of the Parking Consulting Services Contract Award process and introduced fellow presenters Deputy Community and Economic Director Xandon Keating, Community and Economic Development Procurement Manager Gretchen Wolfe and Community and Economic Development Program Manager Jeff Stapleton.

Mr. Stapleton shared additional background on need for a parking management strategy and plan as a result of limited land supply with increased demand. He stated the City Council authorized an RFP in June 2019 for parking consultant services to develop a parking study and prepare a 10-year parking master plan.

Mr. Stapleton stated the recommended proposer was Kimley-Horn. He shared that Kimley Horn specializes in planning and design, has offices across the U.S. and has completed parking studies in Dallas, Columbus, Boise, Tempe and other cities.

Mr. Stapleton detailed that the parking study will focus on the downtown core and provide recommendations to address parking demand for business and sport attractions, ASU downtown campus, Phoenix Biomedical campus, Roosevelt Row, the Warehouse District and in surrounding neighborhoods. He then stated the study will be provided to the City Council in Fall 2020 and will include information on how to optimize parking rates and spaces as well as encourage more efficient use of existing parking resources.

Mr. Stapleton stated the agreement includes an initial term of one year and will not exceed \$384,000 in aggregate with funds from the City and Downtown Phoenix Inc. Mr. Stapleton concluded the presentation by requesting the Workforce and Economic Development Subcommittee recommend City Council approval to award a contract with Kimley-Horn and Associates, Inc. to provide consulting services for the development of a parking study and master plan for the Downtown Redevelopment Area.

Chairwoman Pastor asked for further information on the geographic boundaries of the downtown core. Mr. Keating stated the geographic region for the study is focused on the redevelopment area which includes facilities north of McDowell Road to Grant Street between 7th Avenue and 7th Street.

Councilwoman Stark asked if staff is coordinating with Downtown Phoenix Inc. (DPI). Ms. Mackay confirmed staff is coordinating with DPI on the curbside study, which includes other uses beyond parking.

Mr. Dan Klocke of Downtown Phoenix Partnership stated DPI and the City are coordinating on the curbside study and the parking study. He also stated Downtown Phoenix Partnership will begin a pilot shuttle program to address the parking issues in February 2020.

Councilman Nowakowski made a motion to approve item 5. Councilwoman Stark seconded the motion which passed 3-1, with Councilman Waring voting no.

6. Market Feasibility Study for the Phoenix Convention Center

Assistant City Manager Milton Dohoney, Jr. provided a background of the Market Feasibility Study for the Phoenix Convention Center then introduced Phoenix Convention Center Director John Chan.

Councilman Nowakowski joined the meeting telephonically.

Mr. Chan shared an overview on the Market Feasibility Study and introduced Mr. John Kaatz of Conventions Sports and Leisure (CSL).

Mr. Kaatz provided information on the Convention Center's space utilized history. He stated the Convention Center has not reached 70 percent space utilization which indicates expansion is not necessary but that there are seasonal opportunities to increase capacity. He also shared that additional expansion is limited to increasing hotel capacity.

Mr. Kaatz then provide information on destination amenity benchmarks which include the number of dinning places within a half mile of the Convention Center and the number of positive TripAdvisor Attractive Reviews within a half mile of the Convention Center.

Councilman Waring asked what factors contribute to a positive impression by convention planners. Mr. Kaatz stated Phoenix has an attractive brand for conventions which results in positive feedback, but the study indicates amenities can be improved.

Mr. Kaatz stated the near-term priorities over the next five years include developing a large hotel near the Convention Center, maximizing outdoor space, re-inventing the

concourse and incorporating new technology trends. He then shared the long-term priorities for the next six to ten years include an expansion of the north building's upper levels to the south building which expands the center's continuous space.

Chairwoman Pastor asked Mr. Chan to provide next steps now that the study is concluded. Mr. Chan stated the next steps include engaging with stakeholders and returning to City Council with addition information on the market study.

Call to the Public

None.

Future Agenda Items

None.

Adjournment

Chairwoman Pastor adjourned the meeting at 11:42 a.m.

Respectfully submitted,
Zack Wallace
Management Intern

PHOENIX CITY COUNCIL
Workforce and Economic Development Subcommittee
Wednesday, January 22, 2020
Assembly Rooms A, B, C
PLEASE SIGN-IN

	Name	Title	Department / Organization
1.	Eric Kene	Dir. Research	Visit Phoenix
2.	Lorne Edwards	VP Sales & Services	Visit Phoenix
3.	Mike Mooney	COO	Visit Phoenix
4.	Dennis Burns	VP	Comm Development
5.	Sarah Field	Director of Sales	Phoenix Convention Center
6.	Glenn Howard	Visit Phoenix	
7.	Jon Brodsky	Exec. Dir.	Phoenix Comm. Alliance
8.	Tracy Skdtz	Gen. General Manager	Ren Phoenix Downtown
9.	Steve Cohn	Owner	Ren Phoenix Downtown
10.	Steve Moore	President	Visit Phoenix
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PHOENIX CITY COUNCIL
Workforce and Economic Development Subcommittee
Wednesday, January 22, 2020
Assembly Rooms A, B, C
PLEASE SIGN-IN

	Name	Title	Department / Organization
25.	Courtney Carter	Project Manager	AVN Planning and Environmental
26.	Dan Kucenas		DPP
27.	Jacqueline Davis	Marketing	PCC
28.	MaKaya Thompson	Intern	Mayor Gallego's Office
29.	Sam Truncillo	Fiscal Manager	PCC
30.	Tim Mervin		PCC
31.	Jenny Harmon	Deputy Director	PCC
32.	John Stevenson	Owner / Partner	Clear Sky
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WESTMARC Membership Dues

This report requests the Workforce and Economic Development Subcommittee recommend City Council approval of membership dues to Western Maricopa Coalition (WESTMARC) for Fiscal Years 2020-21 through 2022-23.

THIS ITEM IS FOR CONSENT ACTION.

Summary

WESTMARC was formed in 1990 to address important issues facing the West Valley's economic prosperity. WESTMARC, a public-private partnership, actively promotes the West Valley region of Greater Phoenix (area west of I-17) and represents 15 cities, the West Valley business community and education sector. In partnership with the Community and Economic Development Department (CEDD), WESTMARC gives specific focus to the Maryvale, Estrella and Laveen villages.

CEDD participates on WESTMARC's Economic Development Committee and other strategic initiatives, such as a recent workforce study which highlighted the size of the labor pool and diverse skill sets of West Valley workers. CEDD has promoted West Phoenix Opportunity Zones and feature sites for restaurant and retail development at WESTMARC pitch events. Additionally, the membership provides a table of 10 to each of WESTMARC's Signature Events including the Annual Meeting, Governor's State of the State Luncheon and Economic Development Summit.

Membership dues are based on population, and communities with greater than 100,000 residents are asked to contribute \$15,000 annually.

Financial Impact

Membership dues are \$15,000 annually. The three-year, cumulative amount for Fiscal Years 2020-21 through 2022-23 will not exceed \$45,000. Funding is available in the CEDD budget.

Responsible Department

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.



2021 Downtown Enhanced Municipal Services District Work Plan and Budget

This report requests the Workforce and Economic Development Subcommittee recommend City Council approval of the 2021 Downtown Enhanced Municipal Service District (EMSD) work plan and budget, as outlined in this report.

THIS ITEM IS FOR CONSENT ACTION.

Summary

The City Council authorized the formation of the Downtown EMSD in 1990 to provide enhanced public services, above and beyond the level of services provided in the remainder of the City. The Downtown EMSD is generally bounded by Fillmore Street, 7th Street, 3rd Avenue and the railroad tracks south of Jackson Street. The costs for the Downtown EMSD's services are paid through assessments on property owners within the Downtown EMSD boundaries, representing approximately 785 parcels.

Arizona state law requires that the City Council take action annually to approve an estimate of expenses and a diagram showing the corresponding assessments upon individual properties within the Downtown EMSD. Once the property assessments have been determined, the City Council must hold a public hearing, and pass a Resolution, declaring the final assessment amount.

The City contracts directly with Downtown Phoenix, Inc. (DPI) to implement the work plan via the Downtown Phoenix Partnership, as described in **Attachment A**, for the Downtown EMSD, as approved by City Council on June 17, 2020. The work plan and budget for calendar year 2021 provides a variety of service enhancements in the downtown core, including the Ambassadors, streetscape improvements and maintenance, the Clean & Green Team program, marketing, event promotion, business assistance and transportation services.

This action is the first of three City Council actions required annually to approve the Downtown EMSD budget, work plan and assessments. Subject to the WED Subcommittee recommendation, in fall 2020, the City Council will be asked to tentatively adopt the calendar year 2021 Downtown EMSD budget and assessment diagram, and to provide notice of a public hearing to also be held this fall at a future

Formal City Council meeting. Once the City Council tentatively adopts the calendar year 2021 EMSD budget and assessment diagram, City staff will distribute letters to all private-property owners notifying them of their proposed assessments, and the date of the public hearing. At that hearing, the City Council can receive public comment and then consider final approval of the 2021 Downtown EMSD budget and assessments.

Financial Impact

In June 2020, the Downtown EMSD Board of Directors, which includes representatives of the City and other Downtown EMSD property owners, approved the calendar year 2021 proposed Downtown EMSD budget of \$3,662,705. This includes \$140,684 for streetscape maintenance expenses, which are paid only by property owners and tenants adjacent to the Streetscape Improvement District.

This proposed budget represents a 10 percent decrease from the calendar year 2020 budget resulting in a decrease of approximately \$406,967. The decrease is driven by the impacts of the COVID-19 pandemic on the economy. The proposed work plan shows decreases in events, marketing and improvement services. There are some slight increases to business development and field services such as homeless outreach, streetscape improvements and public art displays.

The City's proposed 2021 General Fund assessments total approximately \$339,491, representing an approximately \$37,679 decrease from 2020. Assessments for the Phoenix Biomedical Campus land the City is responsible for, the Phoenix Convention Center and Talking Stick Resort Arena total approximately \$632,746.

Location

The Downtown EMSD is generally bounded by Fillmore Street, 7th Street, 3rd Avenue and the railroad tracks south of Jackson Street.

Council Districts: 7 and 8.

Responsible Department

This item is submitted by Deputy City Managers Jeff Barton and Mario Paniagua, and the Street Transportation and Community and Economic Development departments.

Attachment A

Downtown Phoenix Partnership 2021 Proposed Work Program

Key Areas of Focus

- Continue to deliver a safe, welcoming, clean, disinfected and walkable Downtown through the services of the Ambassadors and Clean & Green Team
- Continue to establish connectivity and strengthen relationships with stakeholders in the EMSD to ensure residents, employees, students and visitors are represented in our community building efforts and the development of our vibrant urban center
- Maintain frequent and consistent stakeholder communications to share critical project updates and impact information related to Downtown development projects and light rail expansion construction
- Maintain business support and recovery efforts related to COVID-19 in order to help preserve the Downtown amenity package of restaurants, bars and entertainment that drives the quality of urban living in DTPHX and supports the hospitality industry when it begins to recover
- As multiple development projects will deliver more employees, residents and students in 2021, working with the City's Street Transportation department to identify multi-modal solutions and implement micro mobility and enhanced sidewalk infrastructure will continue to be a priority
- In partnership with affiliate Phoenix Community Alliance, the city, county, human service providers and neighborhood and community groups, continue to identify solutions and programs for challenges and impacts related to homelessness in the Downtown area

2021 Work Program

Administration, Finance, and Information Technology

- Maintain reporting system for streetscape improvements and Ambassador assists to track accurately work performed in the field
- Manage internal controls and oversight of budget and annual audit to ensure good governance and accurate financial reporting
- Develop additional revenue streams via SELLA (Special Event Liquor License Areas) applications and street pole banner program
- Support community outreach efforts by Downtown Phoenix Partnership and affiliates

Marketing & Events

- Through our sustaining partnership with Artlink Phoenix, expand our outdoor placemaking efforts in the EMSD and match make artists with private developers and businesses to further Phoenix as a creative city
- Continue to diversify DTPHX's event portfolio by incubating family-friendly, educational and cultural events

- Reimagine events to achieve social distancing requirements for as long as needed and increase production of outdoor events/activations in an effort to bring more pedestrians to our sidewalks and businesses

Business Development

- Maintain business support related to COVID-19 impacts to provide information about grant/funding opportunities and other recovery resources and programs to businesses in the EMSD
- Focus business attraction efforts on bringing new restaurants and retail to recently vacated store fronts and core sites near the Convention Center, hotels, Van Buren and Monroe Streets
- Continue outreach to brokers of buildings within EMSD to keep them up to date on the rapidly changing Downtown
- Support co-working and entrepreneurial growth while promoting Downtown as a home to creative and technology companies as well as a leader in higher education and biomedical partnerships

Operations

- Continue to improve the walkability of Downtown through tree planting and shade structures, and enhance its neighborhood feel through placemaking efforts
- Impact the public realm by increasing public amenities such as interactive kiosks, pop-up play areas and support of outdoor performance stages
- Continue to support stakeholders during light rail and other construction impacts
- Grow communications within our safety network and participate in public safety coordination efforts
- Delayed due to COVID-19, launch, in partnership with RED Development and Valley Metro, the bike commuter space at Cityscape to support and grow bike commuting in Downtown



Key Phoenix Economic Indicators Quarterly Report

This report transmits the fourth quarter report on Key Phoenix Economic Indicators for fiscal year 2019-20 to the Workforce and Economic Development Subcommittee.

THIS ITEM IS FOR INFORMATION ONLY.

Summary

As part of efforts to continuously improve budget forecasting and reporting, the Budget and Research Department compiles 18 key Phoenix economic indicators into the attached quarterly report. The data is collected with the assistance of the Aviation, Budget and Research, Planning and Development, Public Works and Water Services Departments. The attached report provides insightful data that, when reviewed collectively, can reveal a helpful overall picture of recent economic activity trends specifically within Phoenix. Although outside sources of economic data are also available, most of that information covers the entire Greater Phoenix region or the State of Arizona. However, with the exception of two statewide measures, the indicators in the attached report relate to data specifically within City of Phoenix boundaries, which may differ from the region or state. The indicators attached to this report (**Attachment A**) are for review by this Subcommittee.

The 18 Phoenix data measures include:

Sky Harbor International Airport Passengers: This measure indicates regional tourism and business activity.

Phoenix Water Service Accounts: This measure may indicate changes in Phoenix population and commercial and residential property development.

New Phoenix Single Family Home Construction Permits Issued: This measure may indicate Phoenix population growth and shifts in housing preferences or demographics, as well as spill over benefits to other economic sectors such as construction, retail, manufacturing, and utilities.

New Phoenix Multifamily Units Permitted: Like single family permits, this measure

may indicate Phoenix population growth and shifts in housing preferences or demographics, as well as spill over benefits to other economic sectors such as construction, retail, manufacturing, and utilities.

Total Value of Permitted Phoenix Activity: Along with other factors, this measure may provide an indication of Phoenix property market values and development, as well as overall strength for commercial and residential markets.

Phoenix Solid Waste Residential Customer Growth: This measure may indicate changes in Phoenix revenue generated through services provided by the Public Works Department.

City of Phoenix Overall Sales Tax: This measure indicates overall economic activity related to all categories of taxable sales within Phoenix.

City of Phoenix Retail Sales Tax: This measure indicates economic activity related to taxable retail sales and consumer spending levels within Phoenix.

City of Phoenix Hotel/Motel Sales Tax: This measure indicates economic activity related to tourism within Phoenix.

City of Phoenix Restaurants/Bars Sales Tax: This measure indicates economic strength, population changes, and tourism activity within Phoenix.

City of Phoenix Contracting Sales Tax: This measure indicates economic activity related to taxable commercial and residential construction in Phoenix.

State Overall Sales Tax: This measure indicates economic activity related to all categories of taxable sales within the state of Arizona.

State Vehicle License Tax: This measure indicates vehicle sales activity within the state of Arizona.

Phoenix Assessed Property Valuation: This measure is based on the Primary Net Assessed Valuation, which provides the basis for City of Phoenix property tax revenue.

Phoenix Full Cash Property Value: This measure indicates the market value of residential and commercial property within Phoenix and is an important economic indicator relating to the overall commercial and residential property markets.

Phoenix Median Household Income: This annually updated measure provides the mid

-level household income within Phoenix, an important indicator of job and wage activity levels.

Phoenix Unemployment Rate: This annually updated measure shows the percentage of the active labor force currently unemployed within Phoenix, an important indicator of overall economic health.

Phoenix Labor Force Participation: Another measure of employment levels, this annually updated measure shows the percentage of the population aged 16 and older currently in the Phoenix labor force, which can help account for "discouraged workers" not captured in the unemployment rate.

Each measure provides the year-to-date totals and year-to-date growth rates compared to the prior year; prior three-year average, and peak year (when the peak year differs from the current year).

The current quarterly report is also prominently posted online on the Budget and Research webpage at phoenix.gov/budget.

Responsible Department

This item is submitted by City Manager Ed Zuercher and the Budget and Research Department.



City of Phoenix

Phoenix Economic Indicators Report

Fourth Quarter FY2019-20

Executive Summary

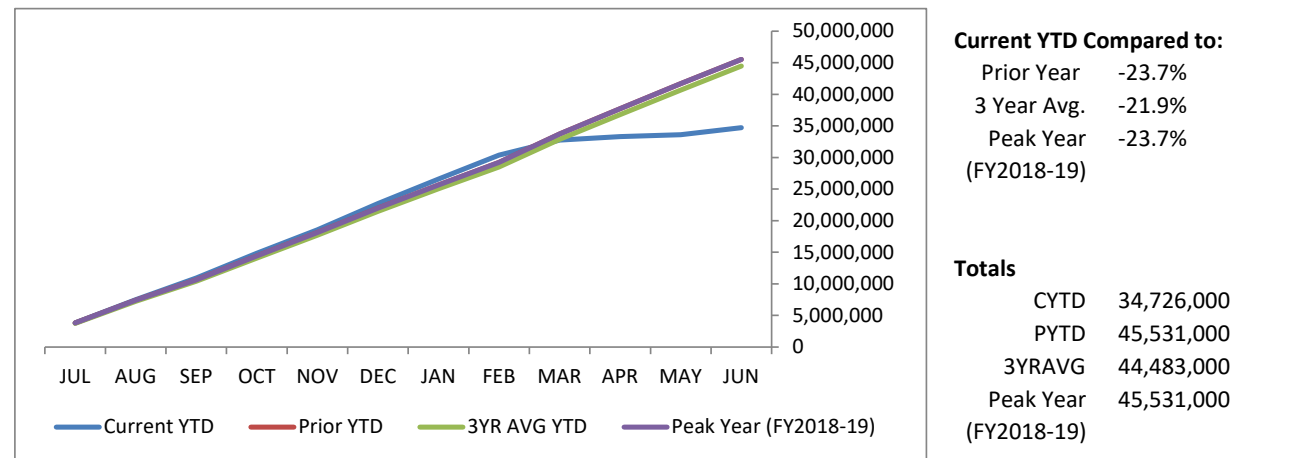
Economic indicators, such as those included in this report, provide measurements for evaluating the health of our economy, the latest business cycles, and how consumers are spending and generally faring. Included in this report are aviation, utility, new development, state and local sales tax, vehicle sales, property values, and employment statistics. Each statistic is shown through a graph presenting current year-to-date data (for data available on a monthly basis), prior year-to-date, prior three year average of year-to-date data, and peak year data (if current year is not the peak year) for a quarter of the current fiscal year (July 1 - June 30). Each indicator has its own peak year where performance was at its highest since 2000. Each graph is accompanied by a description of the significance of the measure as an economic indicator, and a statement about the current year data in relation to prior years. Many of the statistics are measures on a monthly basis, but a few are only available quarterly or annually.

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New Multifamily Units Permitted	2	State Vehicle License Tax	7
Total Valued of Permitted Activity	3	Phoenix Primary Net Assessed Value	7
Solid Waste –Residential Customer Growth	3	Phoenix Full Cash Value	8
City Sales Tax - Total	4	Phoenix Median Household Income	8
City Sales Tax - Retail	4	Phoenix Unemployment Rate	9
City Sales Tax - Hotel/Motel	5	Phoenix Labor Force Participation	9

Phoenix Sky Harbor Airport Total Passengers

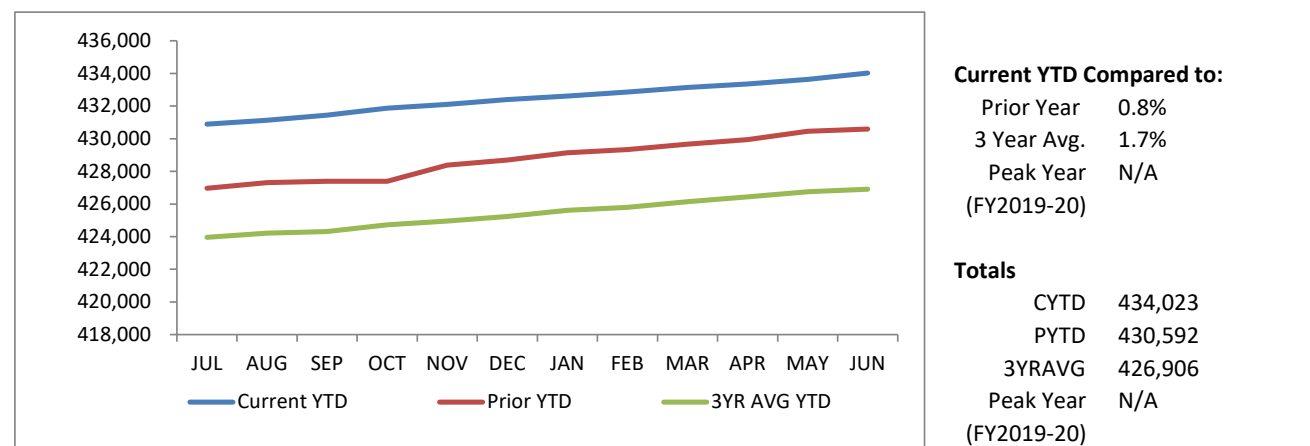
Significance: The number of passengers utilizing the Phoenix Sky Harbor airport can be an indicator for regional tourism and business activity.



Current Year: Passenger activity has been significantly negatively impacted due to COVID-19. Passenger Traffic for the month of June decreased 23.7% as compared with June of the previous year and is 21.9% lower than the three year average. Industry data lags two months.

Water Service Accounts

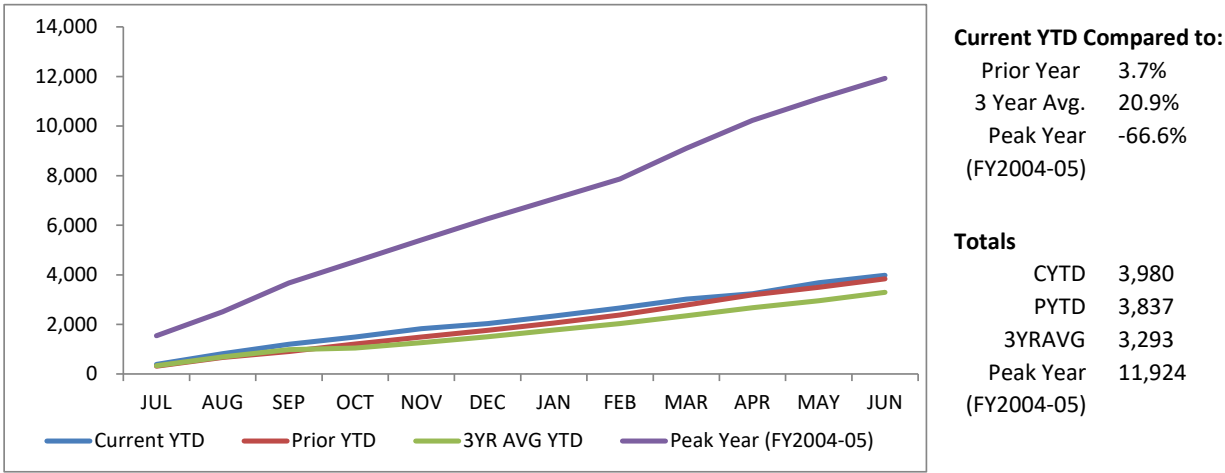
Significance: The number of water service accounts can be an indicator of changes in population and development.



Current Year: Although the trend continues upward, June's increase was slight.

Total New Home Construction Permits Issued

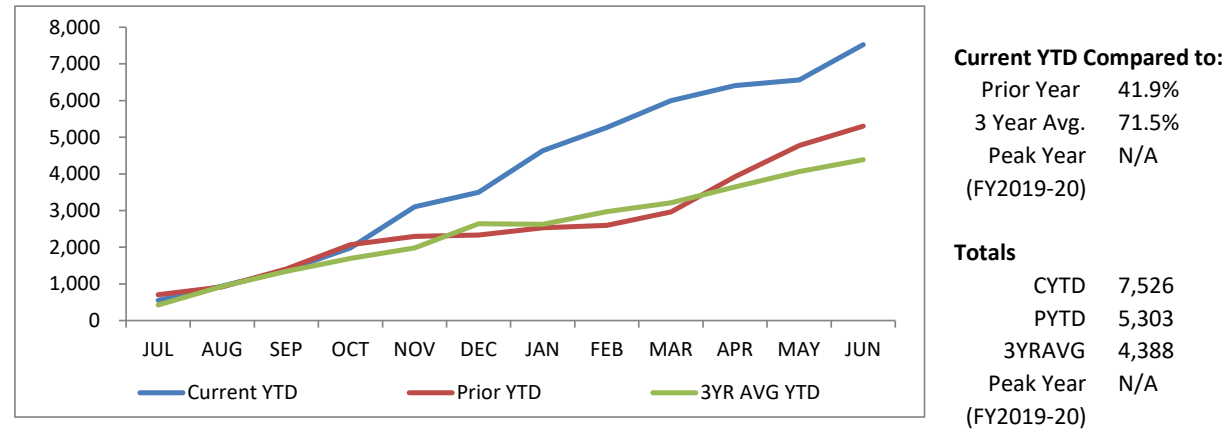
Significance: New single family homes are a key economic indicator, reflecting local population growth as well as spill over benefits to other sectors of the economy such as demand for construction labor/materials, retail, manufacturing and utilities.



Current Year: Planning and Development is projecting continued strength in residential construction permits in 2020-21, based on projections of 2% population growth for Maricopa County and increased single family lots in the planning stage.

New Multifamily Units Permitted

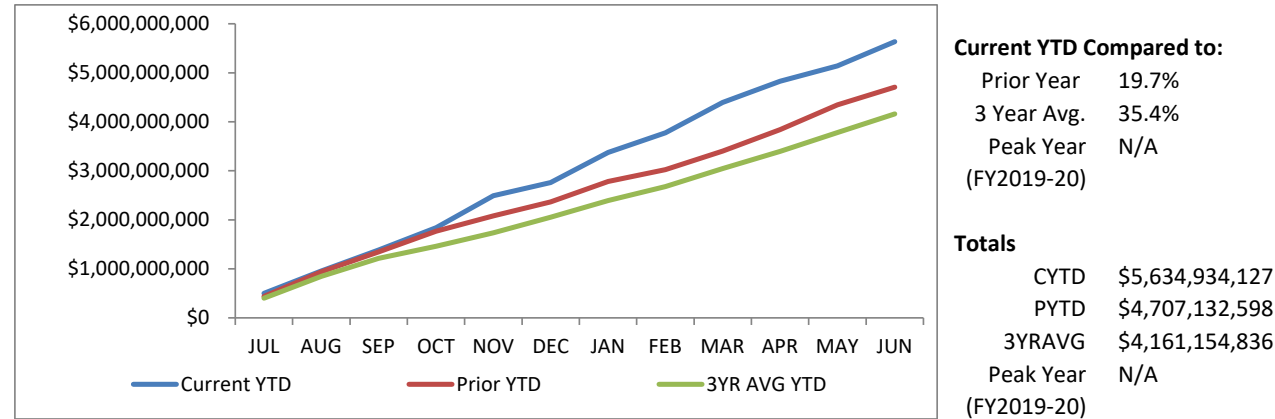
Significance: New multi-family construction is a key economic indicator of local population growth or shifts in housing preferences and its spill over benefits to other sectors of the economy such as demand for construction labor/materials, retail, manufacturing and utilities.



Current Year: Planning and Development is projecting slower growth in multi-family residential permits in 2020-21 based on the number of projects being submitted for review.

Total Value of Permitted Activity

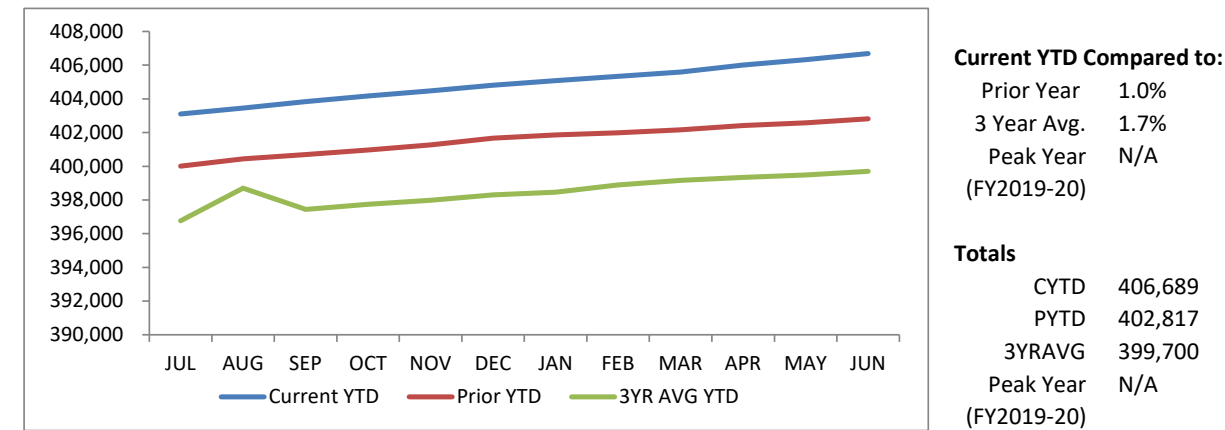
Significance: The valuation of new construction is an indicator of one facet of Phoenix's economic strength because it reflects the permit value of new construction projects.



Current Year: Planning and Development is projecting an increase in overall construction permit valuation for 2020-21 versus the prior two years due to the large number of major projects started in 2018-19 and 2019-20. Valuations are predicted to remain above the three year average based on state projections of 2% population growth in Maricopa County and continued recovery of the residential market.

Solid Waste - Residential Customer Growth

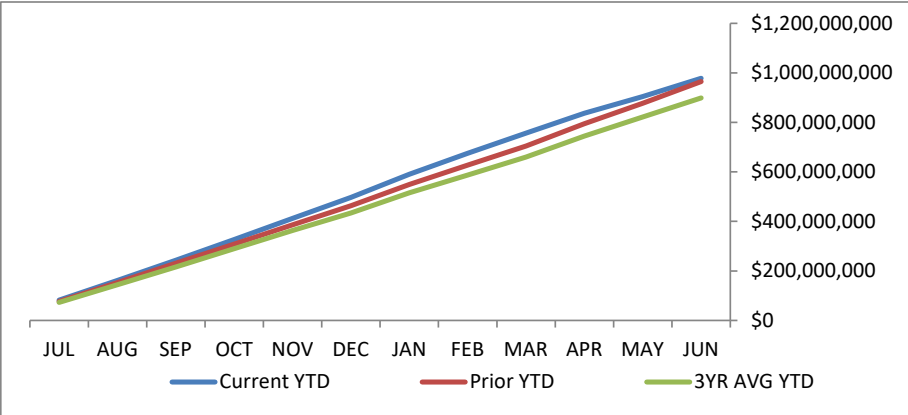
Significance: Residential customer growth is an indicator of one facet of Phoenix's economic strength because it reflects the growth in households. The graph shows a consistent upward trend in the count of Solid Waste residential customers.



Current Year: The number of residential living units being serviced by the Public Works Department Solid Waste Division is consistently trending upwards. This is a new measure being tracked.

City Sales Tax - Total

Significance: City sales tax (all funds including: General Fund, T2050, Public Safety, 3PI, Convention Center, Sports Facilities, and Capital Construction) represents overall local economic activity related to taxable sales.



Current YTD Compared to:

Prior Year	1.4%
3 Year Avg.	8.8%
Peak Year	N/A
(FY2019-20)	

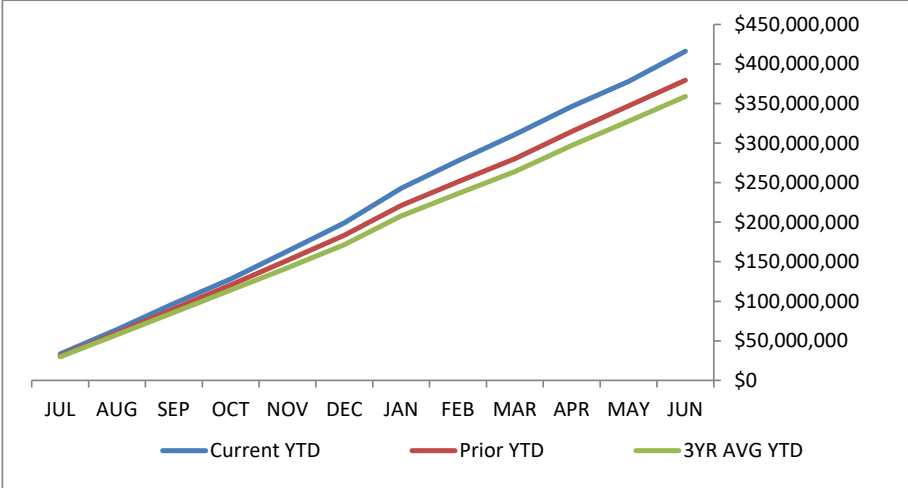
Totals

CYTD	\$978,123,000
PYTD	\$964,832,000
3YRAVG	\$898,710,000
Peak Year	N/A
(FY2019-20)	

Current Year: City sales tax collections have been negatively impacted by COVID-19 primarily in the hotel/motel, restaurants/bars, and amusement sales tax categories. Prior year values have not been adjusted for inflation.

City Sales Tax - Retail

Significance: Retail sales tax represents retail sales, not including the sales tax on food.



Current YTD Compared to:

Prior Year	9.7%
3 Year Avg.	15.9%
Peak Year	N/A
(FY2019-20)	

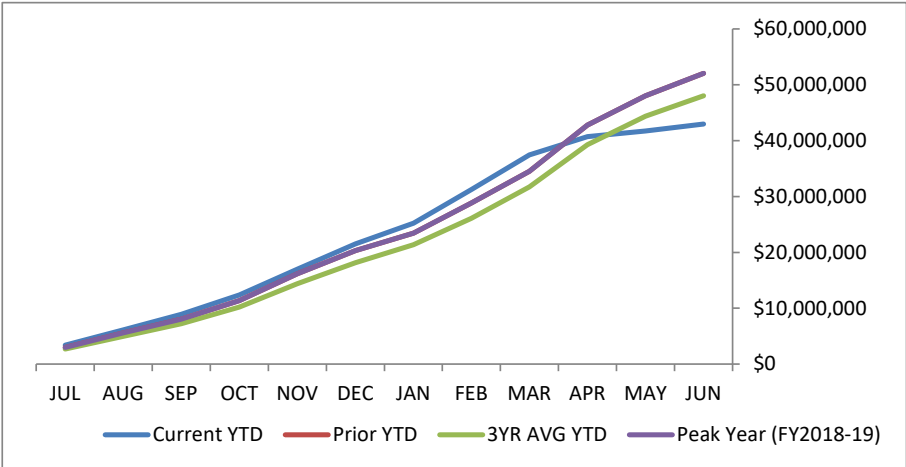
Totals

CYTD	\$416,153,000
PYTD	\$379,510,000
3YRAVG	\$358,947,667
Peak Year	N/A
(FY2019-20)	

Current Year: Prior year values have not been adjusted for inflation.

City Sales Tax - Hotel/Motel

Significance: Hotel/Motel sales tax revenue represents taxable sales for these businesses and is an indicator of tourism activity.



Current YTD Compared to:

Prior Year	-17.4%
3 Year Avg.	-10.5%
Peak Year	-17.4%
(FY2018-19)	

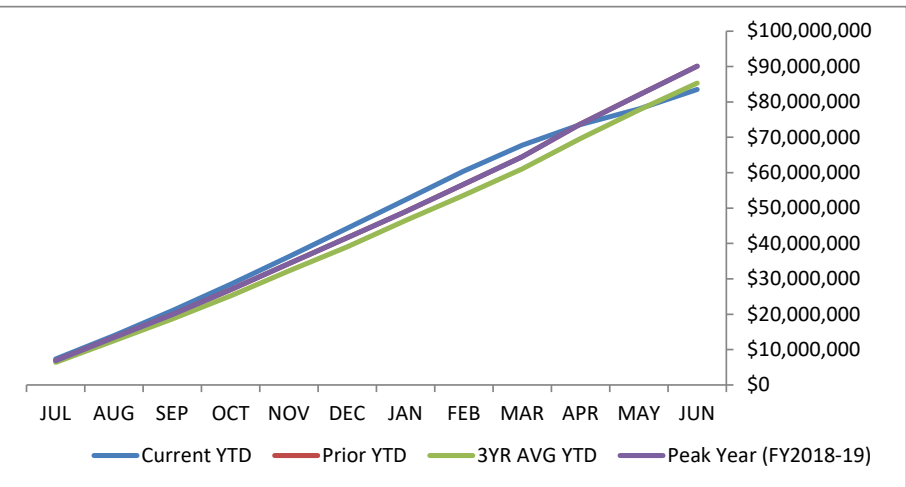
Totals

CYTD	\$42,975,000
PYTD	\$52,049,000
3YRAVG	\$48,031,667
Peak Year	\$52,049,000
(FY2018-19)	

Current Year: Hotel/motel sales tax collections has been negatively impacted by COVID-19. Prior year values have not been adjusted for inflation.

City Sales Tax - Restaurants/Bars

Significance: Restaurants/Bars sales tax revenue represents taxable sales for these businesses and is an indicator of economic strength, population growth, and tourism.



Current YTD Compared to:

Prior Year	-7.3%
3 Year Avg.	-2.1%
Peak Year	-7.3%
(FY2018-19)	

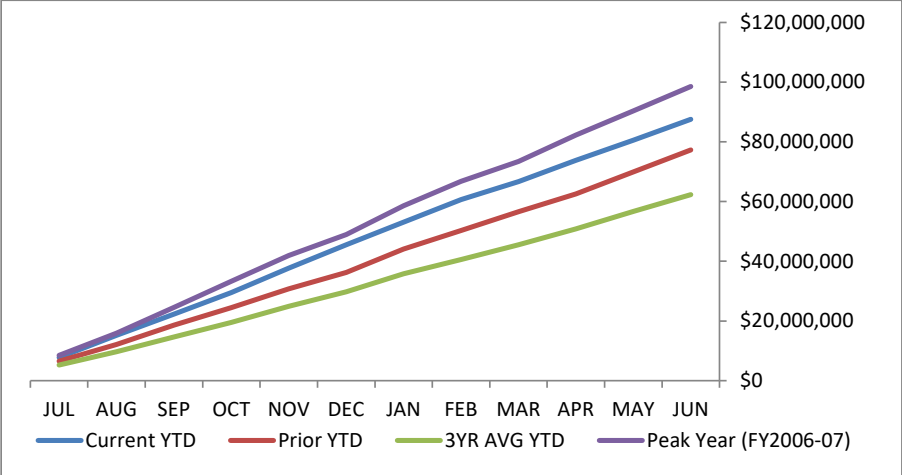
Totals

CYTD	\$83,530,000
PYTD	\$90,114,000
3YRAVG	\$85,324,000
Peak Year	\$90,114,000
(FY2018-19)	

Current Year: Restaurants/bars sales tax collections has been negatively impacted by COVID-19. Prior year values have not been adjusted for inflation.

City Sales Tax - Contracting

Significance: Contracting sales tax revenue presents activity in the commercial, retail and residential construction markets.



Current YTD Compared to:

Prior Year	13.3%
3 Year Avg.	40.5%
Peak Year (FY2006-07)	-11.2%

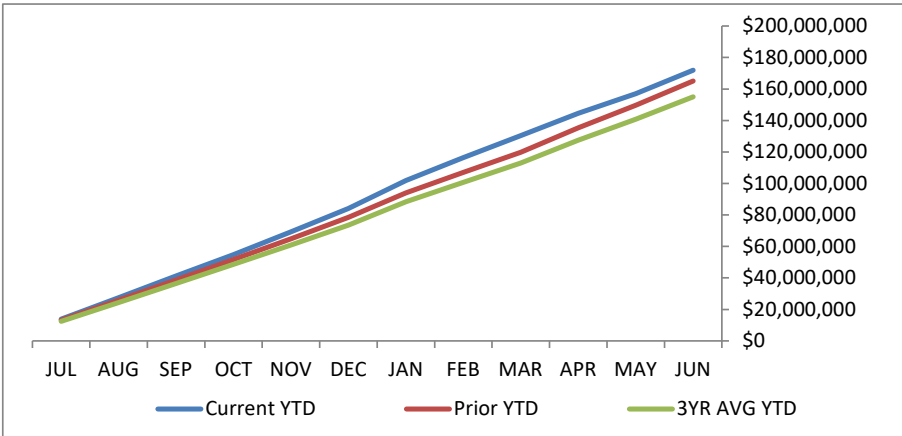
Totals

CYTD	\$87,560,000
PYTD	\$77,296,000
3YRAVG	\$62,319,333
Peak Year (FY2006-07)	\$98,556,000

Current Year: Prior year values have not been adjusted for inflation.

State Sales Tax - Total

Significance: State sales tax accounts for approximately 37.6% of total state shared revenues based on the FY 2019-20 actuals. Total state shared revenue is approximately 35.0% of total general fund revenue. State shared sales tax revenues are distributed to cities and towns based on relative population share in Arizona. The population share in FY 2000-01 was 33.7%. The current population share is 29.03% as of June 2020.



Current YTD Compared to:

Prior Year	4.2%
3 Year Avg.	10.9%
Peak Year (FY2019-20)	N/A

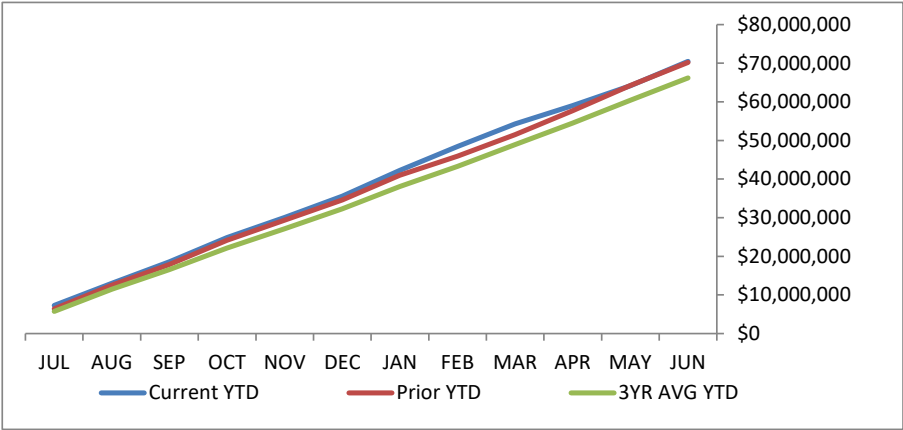
Totals

CYTD	\$171,926,000
PYTD	\$165,066,000
3YRAVG	\$155,013,000
Peak Year (FY2019-20)	N/A

Current Year: State sales tax collections ended the fiscal year with positive growth over the prior year, however were negatively impacted by COVID-19 primarily in the hotel/motel, restaurants/bars, and amusement sales tax categories. Prior year values have not been adjusted for inflation.

State Vehicle License Tax

Significance: State vehicle license tax accounts for approximately 15.4% of total state shared revenues based on the FY 2019-20 actuals. Total state shared revenue is approximately 35.0% of total general fund revenue in Phoenix. State shared vehicle license tax revenues are distributed to cities and towns in Maricopa County based on their relative population share of Maricopa County. The City of Phoenix's population share in FY 2000-01 was 48.51%, and the current population share is 40.41%, as of June 2020.



Current YTD Compared to:

Prior Year	0.4%
3 Year Avg.	6.5%
Peak Year	N/A
(FY2019-20)	

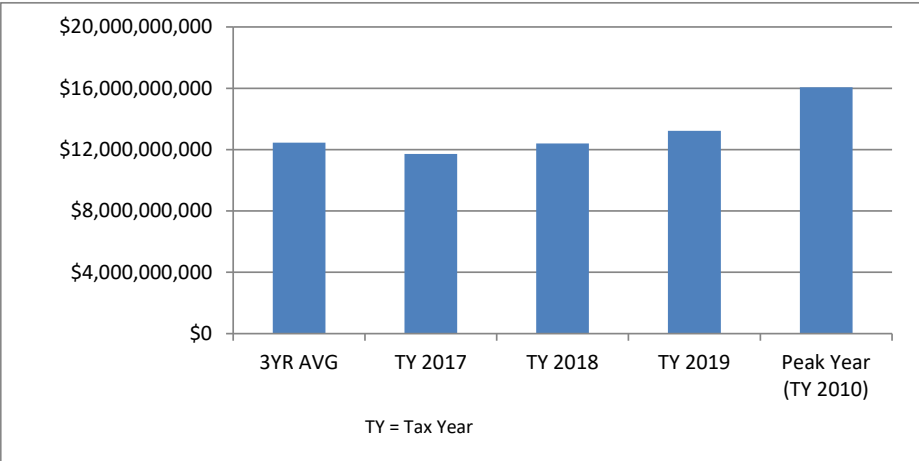
Totals

CYTD	\$70,484,060
PYTD	\$70,209,979
3YRAVG	\$66,193,560
Peak Year	N/A
(FY2019-20)	

Current Year: Prior year values have not been adjusted for inflation.

Phoenix Primary Net Assessed Valuation

Significance: Phoenix's assessed valuation is based on the Primary Net Assessed Value (PNAV), which beginning in FY2015-16, is the single value used for calculating both Primary Property Taxes and Secondary Property Taxes. The assessed valuation provides an indicator of the basis for City property tax revenue. This statistic is updated once per year, in February.



Calendar Year Compared to:

Prior Year	6.6%
3 Year Avg.	6.2%
Peak Year	-17.7%
(TY2010)	

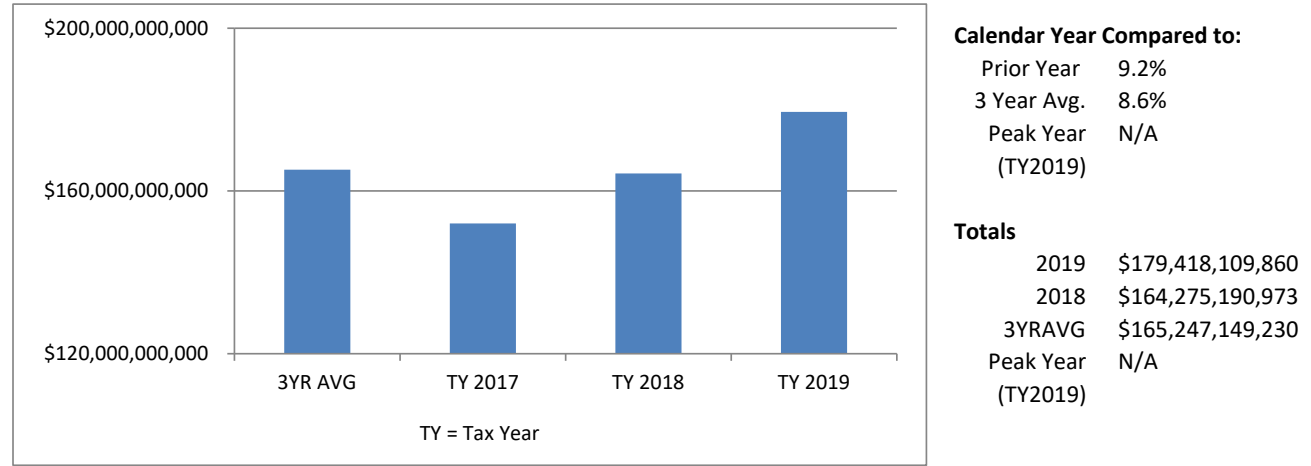
Totals

2019	\$13,223,017,361
2018	\$12,399,776,105
3YRAVG	\$12,448,059,622
Peak Year	\$16,063,200,689
(TY2010)	

Current Year: Tax year 2019 (FY 2019-20) PNAV grew by 6.6% over the prior year; 2.6% is attributable to new property and 4.1% is attributable to appreciation in previously-taxed property. Prior-year values have not been adjusted for inflation.

Phoenix Full Cash Value

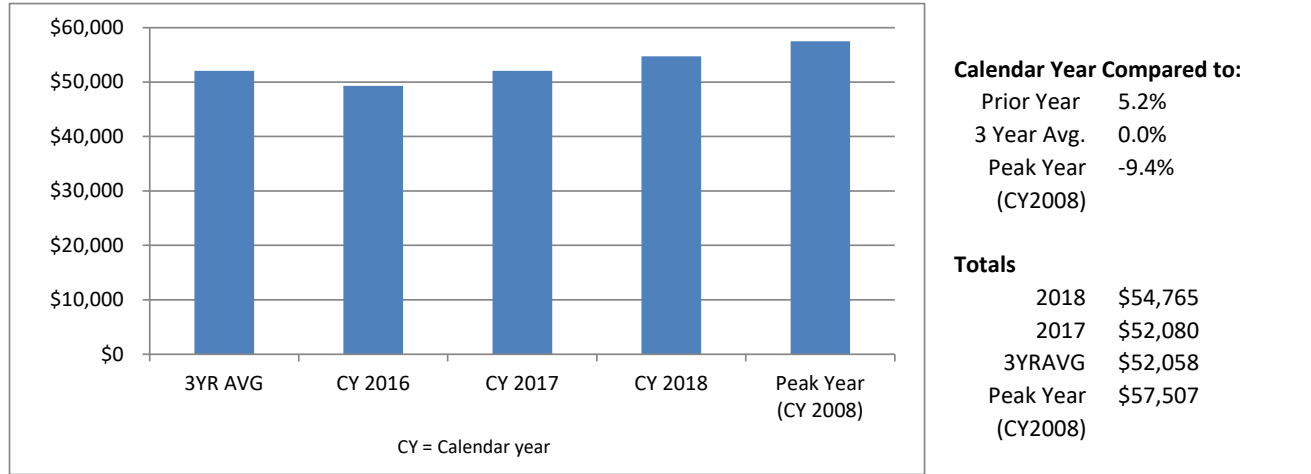
Significance: Full cash value is an indicator of both commercial and residential property values, an important indicator of one facet of economic health. This statistic is updated once per year, in February, and lags market conditions by approximately one year. Due to assessed valuation growth limits and statutory changes in assessment ratios, however, trends in full cash value do not correlate to trends in the tax base for property taxes.



Current Year: Tax year 2019 (FY 2019-20) full cash value grew by 9.2% over the prior year. Single and multi-family residential property values grew by 10.2%, commercial property values by 8.3%, and other property values by 7.0.7%. Prior year values have not been adjusted for inflation.

Phoenix Median Household Income

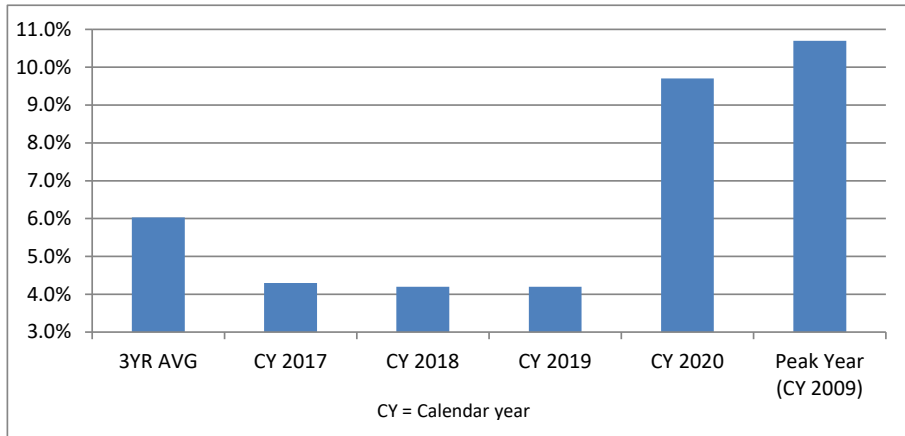
Significance: This measure includes the income of the householder and all other individuals 16 years of age and older in the household. Median income is the amount that divides the income distribution into two equal groups, half at income levels above that amount, and half at income levels below that amount.



Current Year: The increase in 2018 over prior years is an indication of moderate recovery from the 2008 recession. Data is from the U.S. Census Bureau and peak year reflects the highest since 2005 (the oldest readily available data set). The most recent Census data available is from 2018.

Phoenix Unemployment Rate

Significance: This measures the percentage of the labor force that are unemployed. Those individuals (16 years of age and older) who do not have a job but are available for work, except in the case of temporary illness, and actively seeking work during the week including the 12th of the month. The only exceptions to these criteria are individuals who are waiting to be recalled from a layoff and individuals waiting to report to a new job within 30 days—these, too, are considered unemployed. This statistic is updated once per year, in April.



Calendar Year Compared to:

Prior Year	131.0%
3 Year Avg.	60.8%
Peak Year	-9.3%
(CY2009)	

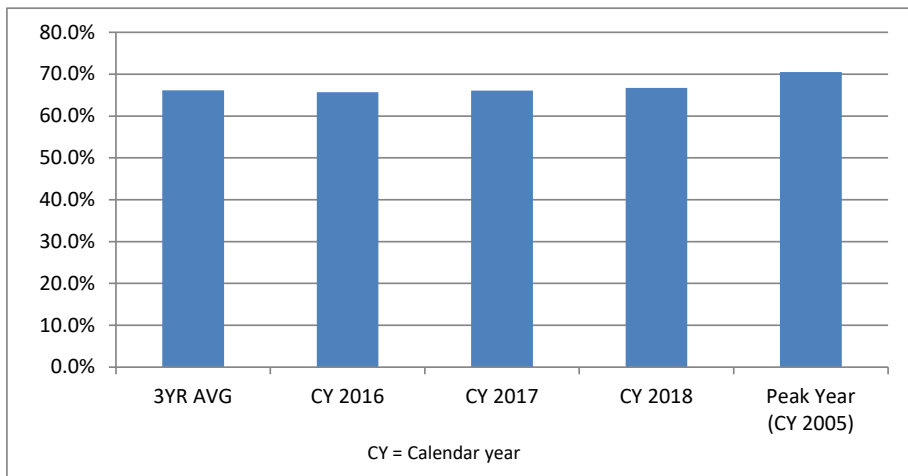
Totals

2020	9.7%
2019	4.2%
3YRAVG	6.0%
Peak Year	10.7%
(CY2009)	

Current Year: The unemployment rate in 2020 reflects nationwide impacts of COVID-19. Data is from the United States Department of Labor, Bureau of Labor Statistics. Peak year reflects the highest since 1990 (the oldest readily available data set).

Phoenix Labor Force Participation

Significance: This measures the percentage of the population (16 years of age and older) that is in the labor force. The labor force is defined as the total population of employed and unemployed people (16 years of age and older). People are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work.



Calendar Year Compared to:

Prior Year	0.9%
3 Year Avg.	0.8%
Peak Year	-5.4%
(CY2005)	

Totals

2018	66.7%
2017	66.1%
3YRAVG	66.2%
Peak Year	70.5%
(CY2005)	

Current Year: The labor force participation rate slightly increased from 2017 to 2018 indicating an increase in the percentage of the population that is either employed or unemployed and actively looking for work. Data is from the American Community Survey (U.S. Census Bureau) and peak year reflects the highest since 2005 (the oldest readily available data set). The most recent Census data available is from 2018.



Fiscal Year 2020-2021 Bioscience Healthcare Strategic Initiative

Request to authorize the City Manager, or his designee, to implement the Bioscience Healthcare Strategic Initiative, including authorization of an Arizona Bioindustry Association (AZBio) membership and participation at the BIO International Convention in 2021. Also, request authorization for the City Treasurer to accept funds from the City's BIO Convention partners to offset costs associated with the 2021 Convention expenses, and for the City Controller to disburse funds associated with this request. There is no impact to the General Fund. Funding is available in the Genomics Facilities and Operations Fund, with the request not to exceed \$105,000 for the membership and convention efforts.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary

Phoenix has grown to be a hub of bioscience activity in the Southwestern United States. Much of this success is due to Phoenix's world-class medical centers, innovative research institutions, pro-business environment, a growing educated population, dedicated universities and spirit of entrepreneurship. In order to build upon these strengths, staff is continuing to implement a strategic plan introduced in 2018 designed to grow, strengthen and sustain a healthy bioscience industry. Since the launch of this effort, there has been an acceleration of investment and growth in the bioscience industry in Phoenix. By the end of 2021, more than \$3 billion will have been invested in new and expanded bioscience and healthcare facilities, and more than four and a half million square feet of space for discovery, development and care delivery creating more than 7,000 jobs for Phoenix residents.

Staff has focused its economic development efforts in the areas of research, development, precision medicine, healthcare delivery, health-tech and education. Focusing on these areas strengthens and solidifies Phoenix as a leader in the nation's bioscience healthcare industry. The Community and Economic Development (CED) will continue to ensure that there is a world-class real estate inventory that meets the unique needs of bioscience companies. This commitment includes support of the downtown Phoenix Biomedical Campus (PBC) and the Arizona Biomedical Corridor in North Phoenix, in addition to other submarkets within the City. Specifically, CED has

been working closely with Arizona State University (ASU) and its development partner, Wexford Science & Technology, to bring prospective tenants to the planned first phase development on the PBC north of Fillmore, the Wexford Science & Technology building. In the Wexford building, ASU will be a major tenant in the building along with the expansion of the Center for Entrepreneurial Innovation with its new LabForce program to train individuals with the skills needed to work in a lab setting. Other potential tenants within the new building include bioscience companies and a co-working accelerator lab that will generate new companies and jobs in Phoenix.

In order to maintain the City's position in the bioindustry, CED is requesting to continue the City's annual membership with the Arizona Bioindustry Association (AZBio), the only statewide organization exclusively focused on building Arizona's bioindustry. AZBio is committed to building a top-tier life science industry in Arizona and is a critical partner for Phoenix. As specialists, AZBio provides industry insight, programs specifically designed for life science organizations, visibility into investment opportunities, and a voice for the industry in the media, across the community, and with elected leaders and government agencies at the local, state, and federal levels. The AZBio annual membership cost is \$15,000 for Fiscal Year 2020-2021.

Another key effort is the promotion of Phoenix's bioscience efforts nationally and internationally by attending the 2021 BIO International Convention in Boston. Due to COVID-19, the 2020 BIO Convention was held virtually with more than 7,200 attendees and 64 countries represented. As a sponsor of Start-Up Stadium, the City of Phoenix was able to nominate three Phoenix-based companies that were selected as finalists. These three early-stage companies were able to engage with key members of the investment community, venture philanthropy groups, and BIO attendees. CEDD and the Flinn Foundation worked closely with the University of Arizona's College of Medicine - Phoenix, Dr. Frederic Zenhausern, to have a proposed session accepted and be part of the conference called, The Immersive Medicine of the Future. The session featured additional speakers and collaborators who work with Dr. Zenhausern from HonorHealth Research Institute, Microsoft Research and Duke University. Along with CEDD, representatives from the University of Arizona (UA), ASU, AZBio, Wexford Science & Technology, the Flinn Foundation and seven early-stage Phoenix-based biomedical companies joined the delegation. The delegation held more than 200 productive virtual meetings. Attendance at this unique virtual gathering provided valuable networking and partnership opportunities and synergy with the City's attending partners looking to promote their research and products to an international audience. The knowledge and contacts generated by attending this convention will be used in communicating the City's competitive advantage, existing ecosystem and resources in Phoenix to attract and grow companies in this industry to thrive and generate quality jobs for the community.

Planning is currently underway, subject to City Council authorization of funding, for the 2021 BIO Convention. Preliminary estimates for participation such as booth, sponsorships, advertising, equipment, and shipping costs are approximately \$90,000. This includes the one-time purchase of a new booth structure, including design and creation of booth paneling and branding. Staff will also work with industry partners, such as the UA, ASU, and the Translational Genomics Research Institute (TGen) to co-locate at the convention. This shared effort may allow the City to reduce its costs and boost visibility while assisting its partners in promoting Phoenix.

These efforts enable CEDD staff to showcase Phoenix's citywide assets and ensure success of future projects. CEDD and its partners continue to generate qualified prospects to create a pipeline of businesses considering expansions and/or relocations to Phoenix through a multi-faceted marketing approach targeted at this industry. Phoenix's involvement and partnership with AZBio and the BIO International Convention elevates the City's visibility as a hub for bioscience, building a critical mass of bioscience and healthcare-related companies and attracting and developing top talent vital to sustain the long-term growth of this thriving industry.

Financial Impact

There is no impact to the General Fund. Funding for a membership with AZBio and participate in BIO International 2021 is available in the Genomic Facilities and Operations Fund, with the request not to exceed \$105,000 total for both efforts. Funding received from City BIO Convention partners shall reimburse the Genomic Facilities and Operations Fund.

Responsible Department

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.



Agreements with Hubbard Street Group for Development of Property Located at 6th and Garfield Streets in Downtown Phoenix

This report requests the Workforce and Economic Development Subcommittee recommend City Council approval to enter into a development agreement, lease agreement, easements and other agreements as necessary (Agreements), with Hubbard Street Group, or its City-approved designee (Developer), for the development of a 26-story multi-family rental and commercial project located at the southeast corner of 6th and Garfield streets in downtown Phoenix. There is no impact to the General Fund.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary

On Dec. 27, 2019, the Developer submitted a proposal in response to the 2017-2018 Downtown Development Request for Proposals (RFP) requesting the City's consideration of a Government Property Lease Excise Tax (GPLET) transaction for the development of a 26-story, 309 unit, multi-family rental residential project that will include approximately (approx.) 7,000 square feet (SF) of commercial space and 201 parking spaces (Project) on approx. 18,000 SF of vacant land at the southeast corner of 6th and Garfield streets in downtown Phoenix. The Project will bring a new co-working space option into downtown near the Phoenix Biomedical Campus that will double as community space and will include at least 10 percent of the total units for workforce housing during the term of the lease.

If approved, the Project will bring a capital investment of approximately \$87 million to the downtown community and create approximately 264 construction jobs and 77 permanent jobs. Upon issuance of a certificate of occupancy (C of O) for the Project, and other terms and conditions specified in the Agreements, the Developer will convey title of the property to the City, and the City will lease the property back to the Developer for a term not to exceed eight years. The GPLET on the Project will be abated for up to eight years from the date of the C of O. The Developer has also agreed that the Project will generate to the City and other taxing jurisdictions new revenue in the form of certain minimum tax payments (in the construction and leasing of the Project, and in ad valorem property taxes after the lease term). These minimum

tax payments would be estimated by a third party economic impact study. Details regarding those minimum tax payments will be specified in the Agreements, as well as other terms and conditions deemed necessary by City staff.

Procurement Information

An evaluation panel, consisting of a representative from the Downtown Voices Coalition and City staff from the Community and Economic Development and Planning and Development departments, was convened earlier this spring to review the proposal. The panel recommended the City begin negotiations with the Developer.

Contract Term

The lease term will be for a maximum of eight years upon issuance of the C of O. There are no extensions to the proposed lease, and upon conclusion of the term, ownership of the property will be transferred back to the Developer. The Developer will have the ability to terminate the lease at any time subject to the terms of the Agreements.

Financial Impact

The Project will have no expense impact to the General Fund. The estimated one-time construction sales tax revenue to the City is \$1,040,000, plus an estimated annual commercial rental tax revenue generation of approximately \$145,000 at stabilization. The Developer will pay an annual rental payment starting at \$25,000 in years one and two, \$50,000 in years three and four, \$75,000 in year five and escalating to \$100,000 a year for the remaining three years of the lease. The rent payments will be deposited into the Downtown Community Reinvestment Fund.

Public Outreach

Staff presented to the Downtown Voices Coalition on Aug. 8, 2020 and the Evans Churchill Association on Aug. 12, 2020. The Developer also met with the Phoenix Elementary School District No. 1.

Location

Southeast corner of 6th and Garfield streets
Council District(s): 8

Responsible Department

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.



Contracts with Arizona Fresh Holdings, LLC for the Redevelopment of the Del Rio Former Landfill at 1150 E. Elwood St.

This report provides the Workforce and Economic Development Subcommittee with information regarding the request to enter into a disposition and redevelopment agreement, ground lease, and any and all related and necessary agreements (Agreements) with Arizona Fresh Holdings LLC (Developer) for the lease and redevelopment of the 156-acre City-owned Del Rio former landfill site located at 1150 E. Elwood St. (Site).

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Summary

The Site is a former municipal solid waste landfill operated between 1971 and 1981. In the center of the Site, running north-south, are approximately 20 acres that formerly comprised the municipal Rio Salado Industrial Recreation Park that closed in 2008. The Site has been inactive since this time and is currently vacant and partially used for dirt and asphalt milling storage. The Site is also being monitored for landfill gas emissions and groundwater wells.

Over the years, the City has conducted extensive community outreach seeking input to develop and activate the Site including three separate planning processes:

- 2003 Rio Salado Beyond the Banks Area Plan (City's former Planning Department);
- 2012 Del Rio Brownfields Plan (Office of Environmental Programs); and
- 2012 Del Rio Park Conceptual Master Plan (Parks and Recreation Department).

In 2005 and 2018, the City issued Requests for Proposals (RFP) to redevelop the Site; however, none of the proposals met the RFP requirements.

In January 2020, City staff issued a public redevelopment and lease opportunity for the redevelopment of the Site. Staff received five offers for this opportunity, three of which offered to develop the entire site. Other proposed uses included:

- Golf concept;
- Office research park;
- Soccer fields and academy concept; and
- Solar testing and research facilities.

The Developer was selected based on its unique offer to provide solutions in all areas of community interest such as a public park, food and agriculture, and amenities that front the river. The Developer will lease and redevelop the Site into the “Arizona Fresh: Agri-Food Innovation Center,” described as a national leading source of innovation and education in the production and distribution of food. As part of the project, the Developer has offered to build a 20-acre public park (Park) on the Site. Total proposed square footage for the project is approximately 944,000 square feet, which will be developed in four phases and will create approximately 1,400 construction and 1,500 ongoing operations jobs respectively, with an estimated capital investment of \$128 million.

In March 2020, staff began negotiations with the Developer. In June 2020, the City executed a letter of intent and a license agreement with the Developer so it could access the Site to conduct engineering and geotechnical assessments. The recommended business terms include:

- Developer shall construct a phased mixed-use project that includes: an Agri-Food Innovation Center with a wholesale produce distribution center; retail; education; and, research facilities; and, an approximately 20-acre City park (Project). The Project scope will be subject to change based on market and environmental conditions, as mutually approved by the City and Developer. Developer agrees to develop, at a minimum, the first phase of the Project, which will include a wholesale produce market and a pedestrian-friendly community Park.
- Developer shall provide the City access to the methane gas system and groundwater wells (System) during the term of the Agreements.
- Developer will comply with all environmental regulatory requirements applicable, from all applicable agencies, to developing on a closed municipal solid waste landfill. Developer shall retain its own environmental consultant and engineer for any necessary site investigations for feasibility of the Project. Developer shall be responsible for any impacts of the Project to the System.
- City and Developer shall collaborate to develop and implement a mutually acceptable plan to relocate the System if needed.
- City shall retain responsibility for the operating, maintaining, monitoring, and liability for the System and existing environmental conditions.

- Developer shall construct the Project in compliance with all City approved plans and regulations including: Complete Streets, Comprehensive Bicycle Master Plan, Tree and Shade Master Plan, Rio Salado Interim Overlay District, the Rio Salado Beyond the Banks Area Plan and the Del Rio Area Brownfields Plan.
- Developer and City shall enter into Agreements within 12 months of the City Council's approval of these business terms (Authorization Date).
- Developer shall, within 24 months of the Authorization Date, subject to any extensions approved by the City, obtain all necessary permits, provide performance surety to the City and commence construction of Phase 1 of the Project (Commence Construction Date).
- Developer shall complete construction of Phase 1 within 42 months from the Commence Construction Date, subject to any extensions approved by the City (Complete Construction Date).
- City shall lease the Site, as is, to the Developer upon the Complete Construction Date, pursuant to a 100-year Ground Lease. The lease shall include provisions for the City Council to consider an extension of the term upon the 25th year of the lease, as well as rights to terminate portions of the Site lease that are not developed. Developer shall pay an annual rent of \$1 per year for the term of the lease.
- Developer shall provide the City with periodic written notices of changes in the scope of the Project based on current market factors.
- City shall provide the Project access to the Park from 7th Street through an easement or other form of access.
- City's Parks and Recreation Department (PRD) shall, upon the completion of the Park, operate and maintain the Park. Developer shall provide the PRD with mutually agreed upon financial assistance to fund the maintenance of the Park.
- City will work with the Developer to modify the Agreements to help accommodate future public private partnerships and other investment or incentive opportunities available to help facilitate the development of the Project.
- Agreements will include other terms and conditions deemed necessary by the City.

Elliot D. Pollack & Company, a real estate and economic consulting firm, conducted an economic and fiscal impact study showing the Project will generate an estimated \$868.6 million in annual economic activity, benefiting the City and region. The study also shows the City would benefit with approximately \$2.4 million in construction tax revenue and over \$3.5 million annually in tax revenue of businesses operating in the Project. Additionally, the cost to remediate and/or implement engineering measures to safely construct the Project and new public Park on the former landfill will be significant.

Contract Term

The ground lease will be for a term of 100 years.

Financial Impact

The proposed annual lease rent is \$1; however, the City will receive consideration in the form of value of a new Park site redevelopment. The PRD will maintain the future community park; however, the Developer will reimburse the City for maintenance costs on an annual basis, at a fee to be determined.

Concurrence/Previous Council Action

On Aug. 27, 2020, the City's Parks and Recreation Board recommended approval to relocate the Rio Salado Industrial Recreation Park within the Site and to enter into an agreement with the Developer to develop and manage a public park as part of the Project, subject to certain terms and conditions.

This item was recommended for approval by the Land Use and Livability Subcommittee at the Sept. 16, 2020 meeting by a vote of 4-0.

Public Outreach

City staff sought extensive public input on the Project with community meetings held throughout August. Meetings were scheduled with the Salt River Project Working Group, Del Rio Working Group, South Mountain Village Planning Committee, South Central Transit-Oriented Development Steering Committee, City of Phoenix Parks and Recreation Board, and three additional meetings organized by the Community and Economic Development Department (CEDD) that were open to the public with one of the meetings conducted in Spanish.

Outreach also entailed notices sent via email and U.S. mail to property owners, residents and tenants within 1,200 feet and neighborhood associations within one mile from the Site listing Project details and scheduled public meetings. In addition, CEDD in partnership with the City's PRD and Public Works departments approached additional residents and organizations beyond the boundaries noted above. Additionally, CEDD created a webpage (phoenix.gov/EconDev/DelRio) to inform the community about the Project, provide updates, and receive feedback. Some of the feedback received include:

- Overwhelming support to bring the Project to an area that is considered a food desert;
- A desire to include local growers/farmers in the different proposed uses;
- Facilitating space for local entrepreneurial activity;
- Interest in understanding how the Developer will interact with businesses in the area; and

- Interest in understanding the Site's current environmental status.

Additionally, future public outreach will be pursued to seek input on the development and construction of a 20-acre community Park that will be considered part of the Project.

Location

1150 E. Elwood St.
Council District: 8

Responsible Department

This item is submitted by Deputy City Managers Jeff Barton, Karen Peters and Inger Erickson, and the Community and Economic Development, Public Works, and Parks and Recreation departments.