



Agenda

Economic Development and Equity Subcommittee

Wednesday, May 25, 2022

9:00 AM

City Council Chambers

OPTIONS TO ACCESS THIS MEETING

Virtual Request to speak at a meeting:

- **Register online** by visiting the City Council Meetings page on phoenix.gov at least 2 hours prior to the start of this meeting. Then, click on this link at the time of the meeting and join the Webex to speak:

- **Register via telephone** at 602-262-6001 at least 2 hours prior to the start of this meeting, noting the item number. Then, use the Call-in phone number and Meeting ID listed below at the time of the meeting to call-in and speak.

<https://phoenixcitycouncil.webex.com/phoenixcitycouncil/onstage/g.php?MTID=eadc6f0d866ad673bdfc21abf0abf4b55>

In-Person Requests to speak at a meeting:

- Register in person at a kiosk located at the City Council Chambers, 200 W. Jefferson St., Phoenix, Arizona, 85003. Arrive 1 hour prior to the start of this meeting. Depending on seating availability, residents will attend and speak from the Upper Chambers, Lower Chambers or City Hall location.

- Individuals should arrive early, 1 hour prior to the start of the meeting to submit an in-person request to speak before the item is called. After the item is called, requests to speak for that item will not be accepted.

At the time of the meeting:

- **Watch** the meeting live streamed on phoenix.gov or Phoenix Channel 11 on Cox Cable, or using the Webex link provided above.

- **Call-in** to listen to the meeting. Dial 602-666-0783 and Enter Meeting ID 2557 719 9336# (for English) or 2559 962 5346# (for Spanish). Press # again when prompted for attendee ID.

- **Watch** the meeting in-person from the Upper Chambers, Lower Chambers or City Hall depending on seating availability.

Para nuestros residentes de habla hispana:

- **Para registrarse para hablar en español**, llame al 602-262-6001 **al menos 2 horas antes del inicio de esta reunión** e indique el número del tema. El día de la reunión, llame al 602-666-0783 e ingrese el número de identificación de la reunión 2559 962 5346#. El intérprete le indicará cuando sea su turno de hablar.

- **Para solamente escuchar la reunión en español**, llame a este mismo número el día de la reunión (602-666-0783; ingrese el número de identificación de la reunión 2559 962 5346#). Se proporciona interpretación simultánea para nuestros residentes durante todas las reuniones.

- **Para asistir a la reunión en persona**, vaya a las Cámaras del Concejo Municipal de Phoenix ubicadas en 200 W. Jefferson Street, Phoenix, AZ 85003. Llegue 1 hora antes del comienzo de la reunión. Si desea hablar, regístrese electrónicamente en uno de los quioscos, antes de que comience el tema. Una vez que se comience a discutir el tema, no se aceptarán nuevas solicitudes para hablar. Dependiendo de cuantos asientos haya disponibles, usted podría ser sentado en la parte superior de las cámaras, en el piso de abajo de las cámaras, o en el edificio municipal.

CALL TO ORDER

000 CALL TO THE PUBLIC

MINUTES OF MEETINGS

1 Minutes of the Economic Development and Equity Subcommittee Meeting Page 7

This item transmits the minutes of the Economic Development and Equity Subcommittee Meeting on April 27, 2022 for review, correction or approval by the Economic Development and Equity Subcommittee.

THIS ITEM IS FOR POSSIBLE ACTION.

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the City Manager's Office.

CONSENT ACTION (ITEM 2)

2 Authorization to Enter into a Development Agreement with IDM Companies for Reimbursement of Public Infrastructure Improvements Page 15

This report requests the Economic Development and Equity Subcommittee recommend City Council approval to negotiate and enter into a development agreement and any other agreements as necessary (Agreements), with IDM Companies, or its City-approved designee (Developer), for the reimbursement of public infrastructure improvements.

THIS ITEM IS FOR CONSENT.

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the Community and Economic Development Department.

INFORMATION ONLY (ITEM 3)

3 Key Phoenix Economic Indicators Quarterly Report

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This report transmits the third quarter report of the Key Phoenix Economic Indicators for FY 2021-22 to the Economic Development and Equity Subcommittee.

THIS ITEM IS FOR INFORMATION ONLY.

Responsible Department

This item is submitted by City Manager Jeffrey Barton and the Budget and Research Department.

DISCUSSION AND POSSIBLE ACTION (ITEMS 4-5)

4 Amendment to the Intergovernmental Agreement and Master Lease between the City of Phoenix and Arizona State University

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This report requests the Economic Development and Equity Subcommittee recommend City Council authorization to amend the Intergovernmental Agreement and Master Lease and Operating Agreement, and any other agreements as necessary (Amendments), with Arizona State University (ASU), to extend and modify certain business terms. There is no impact to the General Fund as a result of this action.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the Community and Economic Development Department.

5 Downtown Redevelopment Tools Update

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Staff will provide an overview and update to the Economic Development and Equity Subcommittee regarding two of the six Economic Development tools that are available to bring about redevelopment and new development opportunities in Downtown, and in some cases, around the City. Staff requests the Economic Development and Equity Subcommittee's input and guidance with respect to the use of these development tools.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department

This item is submitted by City Manager Jeffrey Barton, Deputy City Manager Ginger Spencer, the Community and Economic Development and Law Departments and the Office of Government Relations.

000 CALL TO THE PUBLIC

FUTURE AGENDA ITEMS

ADJOURN

For further information or reasonable accommodations, please call the City Council Meeting Request line at 602-262-6001. 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:

Vice Mayor Laura Pastor, Chair
Councilwoman Yassamin Ansari
Councilwoman Ann O'Brien
Councilwoman Debra Stark



Minutes of the Economic Development and Equity Subcommittee Meeting

This item transmits the minutes of the Economic Development and Equity Subcommittee Meeting on April 27, 2022 for review, correction or approval by the Economic Development and Equity Subcommittee.

THIS ITEM IS FOR POSSIBLE ACTION.

The minutes are included for review as **Attachment A**.

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the City Manager's Office.

ATTACHMENT A

**Phoenix City Council
Economic Development and Equity Subcommittee
Summary Minutes
Wednesday, April 27, 2022**

City Council Chambers
200 W. Jefferson St.
Phoenix, Ariz.

Subcommittee Members Present

Vice Mayor Laura Pastor, Chair
Councilwoman Yassamin Ansari
Councilwoman Ann O'Brien
Councilwoman Debra Stark

Subcommittee Members Absent

CALL TO ORDER

Vice Mayor Pastor called the Economic Development and Equity Subcommittee to order at 10:00 a.m. with Councilwoman Ansari, Councilwoman O'Brien, and Councilwoman Stark present.

CALL TO THE PUBLIC

MINUTES OF MEETINGS

1. Minutes of the Economic Development and Equity Subcommittee Meeting

Councilwoman Stark made a motion to approve the minutes of March 23, 2022 Economic Development and Equity Subcommittee meeting. Councilwoman Ansari seconded the motion, which passed unanimously 4-0.

CONSENT ACTION (Item 2)

2. Greater Phoenix Economic Council Annual Contract

Councilwoman O'Brien made a motion to approve all consent items. Councilwoman Ansari seconded the motion, which passed unanimously 4-0.

Discussion and Possible Action (Item 6)

Vice Mayor Pastor moved Item 6 to be heard as the first discussion item.

6. Authorization to Enter into Development Agreement and other Agreements with Concord Wilshire Capital, LLC for the Redevelopment of Metrocenter Mall and the Acquisition and Construction of Public Parking Garages

Community and Economic Development Director Christine Mackay and Project Manager Jeff Stapleton gave a staff presentation on the development agreement with Concord Wilshire Capital, LLC for the redevelopment of Metrocenter Mall.

Mr. Stapleton gave a brief history of Metrocenter Mall, beginning with the 1973 opening of the mall to its closure in 2020. He spoke about Council efforts to revitalize the mall and stated there were three developers that could redevelop Metrocenter Mall to incorporate the Phoenix aesthetic while also addressing the fragmented ownership of the property. He stated the three development firms were Concord Wilshire Capital, Hines, and TLG Investment Partners.

Ms. Mackay thanked the developers for working in partnership with the City to achieve a cohesive vision for Metrocenter Mall.

Mr. Stapleton stated the redevelopment area was a mixed land village with multi-family residential units, commercial buildings, and parking structures. He discussed the three phases of the redevelopment project, which focused on construction of the main plaza, light rail station, and residential structures. Mr. Stapleton noted the redevelopment project was a \$935.9 million capital investment. He discussed the proposed business terms, which included the developers option to purchase the City-owned parking garages at the end of the 25-year commitment. Mr. Stapleton discussed community outreach efforts before outlining the project timeline.

Ms. Mackay requested the Economic Development and Equity Subcommittee recommend City Council authorization to enter into agreements with Concord Wilshire Capital, LLC for the redevelopment of Metrocenter Mall.

Councilwoman O'Brien thanked staff for their efforts on the redevelopment planning of Metrocenter Mall.

Councilwoman O'Brien moved to approve the staff recommendation.

Councilwoman Stark seconded the motion.

Councilwoman Stark thanked staff for their efforts on the redevelopment planning of Metrocenter Mall and noted her excitement for the project.

Vice Mayor Pastor asked how many parking garages were included in the Metrocenter Mall revitalization.

Ms. Mackay replied there could be up to nine parking garages.

Vice Mayor Pastor asked if the parking garages would be owned by the City.

Ms. Mackay replied the City would have full ownership of all nine parking garages.

Vice Mayor Pastor asked if a future Council could decide to sell the parking garages or continue to lease the property.

Ms. Mackay replied the Vice Mayor was correct.

Vice Mayor Pastor expressed appreciation to the developers for understanding the vision and aesthetic of the City as it relates to Metrocenter Mall. She commended Councilwoman O'Brien for her work on the Metrocenter Mall redevelopment project.

The motion passed unanimously 4-0.

Information and Discussion (Items 3-4)

3. Interactive Digital Kiosks Recommendation and Agreement Authorization

Street Transportation Director Kini Knudson gave a staff presentation on the Interactive Digital Kiosk agreement and authorization. Mr. Knudson provided a review of the downtown kiosks project and the request for proposal requirements. He stated the department goal was to have 20 digital kiosks in operation by the 2023 Super Bowl. Mr. Knudson discussed the kiosks vendor selection process and announced IKE Smart City, LLC (ISC) as the awardee. He said the ISC had kiosks in operation in over 18 cities and their reference checks noted their experience and fiscal soundness. Mr. Knudson noted there were no upfront or ongoing costs to the City, and the kiosks would be installed in the public right-of-way.

Councilwoman Ansari asked staff to discuss the kiosks maintenance and cleaning process.

Mr. Knudson replied maintenance cleaning would address vandalism to the kiosks units and other cleaning needs. He stated staff would provide a detailed maintenance schedule once the vendor partnership had been established.

Councilwoman Ansari asked if staff would pursue the solar panel shade option for each kiosk.

Mr. Knudson replied staff would only pursue solar panel or shade kiosk options.

Vice Mayor Pastor asked staff to assess the viability of creating a smart phone application platform in the future instead of maintaining kiosks in the public right-of-way. She stated she would host a meeting with the Downtown Phoenix Inc. and the Super Bowl Host Committee to ensure there is coordination with kiosk advertisement. Vice Mayor Pastor asked staff to create a process for local non-profits and small businesses to advertise on kiosks.

4. 2023 Super Bowl LVII Update

Phoenix Convention Center Director John Chan, Major Events Coordinator Roxann Favors, Super Bowl Host Committee President Jay Parry, and Senior Vice President of the Super Bowl Host Committee Kyle Hedstrom gave a staff update on the planning of Super Bowl LVII.

A short promotional Super Bowl LVII video was played.

Ms. Parry provided a brief overview of the Arizona Super Bowl Host Committee and discussed guiding principles for the organization. She discussed improved Super Bowl coordination efforts with multiple City, State, and private stakeholders. Ms. Parry also discussed the economic impact of the 2015 Super Bowl XLIX and the potential impact of the 2023 Super Bowl LVII.

Mr. Hedstrom discussed a number of Super Bowl LVII events taking place in downtown Phoenix and how the Super Bowl Host Committee would collaborate with small businesses and non-profits.

Mr. Chan spoke about the mission and guiding principles of the City Super Bowl LVII Steering Committee.

Ms. Favors highlighted the steering committee organizational chart and discussed a number of resource working groups. She stated the steering committee included many City departments as well as strategic groups like Valley Metro and Downtown Phoenix Inc.

Mr. Chan noted there would be a number of upcoming site visits from the National Football League (NFL) and the working groups would begin development of operational plans and event venue programming.

Councilwoman Stark asked staff to elaborate on coordination efforts with the Waste Management Phoenix Open.

Ms. Parry replied the Professional Golfers Association (PGA) and the Super Bowl Host Committee had already coordinated on planning efforts between the two events. She noted the host committee also communicates regularly with City of Scottsdale staff.

Councilwoman Stark asked staff to elaborate on hotel room occupancy.

Mr. Hedstrom replied that the Super Bowl Host Committee had already reserved rooms for a number of groups including staff, fans, and media.

Councilwoman Ansari asked how community members can become involved or receive additional information on the Super Bowl.

Ms. Parry replied the AZsuperbowl.com website would provide community members with "Know Before You Go" information. She also noted in 2015, the host committee had over 10,000 community members serve as volunteers for Super Bowl events.

Ms. Favors stated the Super Bowl Steering Committee would develop a community engagement schedule and provide Super Bowl planning updates at community meetings.

Councilwoman Ansari asked staff to elaborate on money raised for non-profit organizations.

Ms. Parry replied the Super Bowl Host Committee partnered with the NFL to distribute a legacy grant program to charities that address issues related to education; health and wellness; diversity, equity, and inclusion; and sustainability. She noted the application period for non-profit entities would begin in the summer.

Councilwoman O'Brien asked if there would be increased availability for public transportation other than light rail.

Mr. Chan replied the public transit working group was reviewing options to advance bus services and implement bridging programs that would connect bus lines.

Vice Mayor Pastor asked which department paid travel and lodging expenses for business leaders that were a part of the business attraction strategy.

Ms. Parry stated the host committee fundraises and partners with a number of economic development agencies to pay for Chief Executive Officers (CEO) travel expenses as part of the business development strategy.

Vice Mayor Pastor asked about the previous subcommittee approval of \$75,000 to be allocated to the Community and Economic Development department for CEO travel expenses.

Deputy City Manager Ginger Spencer replied this was correct. She noted the \$75,000 was allocated to Community and Economic Development department to host 16 business CEOs during the time of the Super Bowl.

Mr. Chan stated the previous \$75,000 approval was for the CEO forum that the Community and Economic Development team coordinates. He noted the CEO forum and the Super Bowl Host Committee business attraction efforts were separate but related items.

Vice Mayor Pastor asked why the two items were separate.

Ms. Mackay stated the program that the Community and Economic Development department would organize is related specifically to business attraction and development in each district. She noted the CEO forum related to the Super Bowl is related to economic development for the entire state of Arizona.

Vice Mayor Pastor asked if the Super Bowl Host Committee website included the availability of hotel options. She also noted the Super Bowl Host Committee had reserved a block of rooms in numerous hotels.

Mr. Hedstrom replied the Super Bowl Host Committee did not have any of these featured on the website but noted staff would assist businesses reserve rooms as needed.

Mr. Chan stated Visit Phoenix and the Convention Center Visitors Bureau would coordinate lodging efforts for individuals searching for hotels.

Vice Mayor Pastor asked if there were free Super Bowl community events and if there was a webpage with an events calendar.

Ms. Parry replied events would start in the fall and would be listed on the Super Bowl Host Committee website.

Vice Mayor Pastor asked if staff was evaluating the need for Super Bowl parking.

Ms. Parry replied this was a focus point for the NFL and the host committee was currently evaluating parking availability.

Vice Mayor Pastor asked if additional bus routes to accommodate Super Bowl travel would be free to the public.

Mr. Chan replied he would defer to the Public Transit Department and provide additional information at a later date.

Vice Mayor Pastor asked staff to restate the legacy grant program focus groups.

Ms. Parry replied the focus areas were related to education; health and wellness; diversity equity and inclusion; and sustainability.

Vice Mayor Pastor asked how projects or non-profits would be selected for the legacy grant program.

Ms. Parry replied there were two key legacy grant programs. She noted the first was a \$2 million grant program for community projects that would begin receiving applications in Summer 2022. Ms. Parry stated the other legacy grant program focused on collaborative initiatives with city partners and company sponsors that direct the projects.

Vice Mayor Pastor thanked staff for the clarification.

Ms. Parry thanked the subcommittee and highlighted the partnership between the NFL Host Committee and the City of Phoenix.

Discussion and Possible Action (Item 5)

5. Downtown Redevelopment Tools Update

Councilwoman Stark made a motion to continue Item 5, Downtown Redevelopment Tools Update, to the next subcommittee meeting on May 25, 2022. Councilwoman O'Brien seconded the motion, which passed unanimously 4-0.

CALL TO THE PUBLIC

No call to the public

FUTURE AGENDA ITEMS

Diversity, Equity, and Inclusion, Convention Sports and Leisure Market Study, Key Economic Indicators, Downtown Phoenix Economic Tools for the May 25, 2022 subcommittee meeting. Affordable Housing Plan – HOU, and Downtown Phoenix Economic Tools in June.

ADJOURNMENT

Vice Mayor Pastor adjourned the meeting at 11:28 a.m.

Respectfully submitted,

Cooper Payne
Management Intern



Authorization to Enter into a Development Agreement with IDM Companies for Reimbursement of Public Infrastructure Improvements

This report requests the Economic Development and Equity Subcommittee recommend City Council approval to negotiate and enter into a development agreement and any other agreements as necessary (Agreements), with IDM Companies, or its City-approved designee (Developer), for the reimbursement of public infrastructure improvements.

THIS ITEM IS FOR CONSENT.

Summary

Developer is planning to develop a 678-unit multi-family project on approximately 34-acres (Site). The entire area of approximately 160-acres owned by the Sheely family was left without access to City of Phoenix water lines when the Loop 101 freeway was constructed and opened in 2001. Since that time the Sheely's have limited the activities that can take place on the property and development has been slow due to the significant cost of boring underneath the freeway in order to bring water to the west side of the freeway. Recently, Developer has planned a multi-family project and is planning on bringing the water line under the freeway at an estimated cost of nearly \$2 million. This water line is of regional importance and will help planned projects south and north of the multi-family project, which include retail and employment developments.

Subject to City Council approval, the following major business terms have been negotiated with the Developer and would be implemented throughout the Agreements:

- Developer will privately finance and construct the public infrastructure improvements including the jack and bore of a water line, as approved by the Water Services Department, under the Loop 101 freeway (Project).
- Agreements may include other such public infrastructure and related components (and costs thereof) as approved by the City of Phoenix Community and Economic Development Director.
- These improvements shall be in conformance with the zoning for the Site.
- The Project must be completed within three years of Council authorization.

- Developer must comply with Title 34 of the Arizona Revised Statutes in constructing the improvements to qualify for reimbursement, and the specifics and cost of the public infrastructure improvements must be pre-approved by the City in order to qualify for reimbursement.
- The City will reimburse the Developer for public infrastructure improvements as listed above in the following manner and will not exceed a total reimbursement of \$1 million.

1. Reimbursements shall be paid on an annual basis and shall not exceed the amount of the General Fund share of Transaction Privilege Tax (TPT) generated from construction sales tax and rental residential lease tax collected that year. These taxes shall be comprised of the taxes relating to (i) the construction of the Project, (ii) the construction and installation of the public infrastructure improvements and private infrastructure improvements constructed, and (iii) residential rental lease tax at the Project. In order to track eligible TPT for reimbursement, all contractors and subcontractors must secure an independent TPT license related solely to the Project. Developer has received a preliminary estimate that is in excess of the \$1 million to design, install, construct, and dedicate the public infrastructure improvements.

2. Reimbursement shall not exceed actual verifiable costs for the approved public infrastructure improvements.

3. Reimbursement would not begin until after the Developer completes the public infrastructure improvements at the Site and the City has accepted those improvements. Reimbursements would be made annually, in arrears, with additional details to be specified in the Agreements.

4. Years 1 through 10: City will reimburse 100 percent of the General Fund share of TPT generated from new construction and business activity.

- No other sources of funds would be used if the above resources are not adequate to meet the projected construction expenses.
- Agreements will include other terms and conditions as deemed necessary by the City.

This project is vital to activate an important stretch of freeway frontage in Phoenix that has been underutilized for over 20 years. Phoenix has reached a critical point in the real estate market that makes this investment a possibility and will bring significant investment in the retail and employment projects to the north and south of the multi-family project. The redevelopment of the Site is an important economic development opportunity that will transform the community and yield significant financial and public benefits for the City above and beyond the TPT revenues generated.

Contract Term

The development agreement will terminate 10 years after the Developer's completion and the City's acceptance of public infrastructure improvements.

Financial Impact

The City's financial impact will be the reimbursement of the General Fund share of TPT generated from the Site over ten years with a maximum of \$1 million in payments. This includes 100 percent of the eligible General Fund TPT revenue generated from new construction and rental activity in years 1-10. Financial terms of the Agreements will be reviewed by the Budget and Research Department to verify funding availability prior to execution of Agreements.

Location

Generally located west of loop 101 freeway, east of 99th Ave south of Thomas Road and north of McDowell Road.

Council District 5

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the Community and Economic Development Department.



Key Phoenix Economic Indicators Quarterly Report

This report transmits the third quarter report of the Key Phoenix Economic Indicators for FY 2021-22 to the Economic Development and Equity 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 population and revenue generated through solid waste 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 hospitality, leisure, and tourism within Phoenix.

City of Phoenix Restaurants/Bars Sales Tax: This measure indicates economic activity related to hospitality, leisure and tourism 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).

Responsible Department

This item is submitted by City Manager Jeffrey Barton and the Budget and Research Department.



City of Phoenix

Phoenix Economic Indicators Report

Third Quarter FY 2021-22

Executive Summary

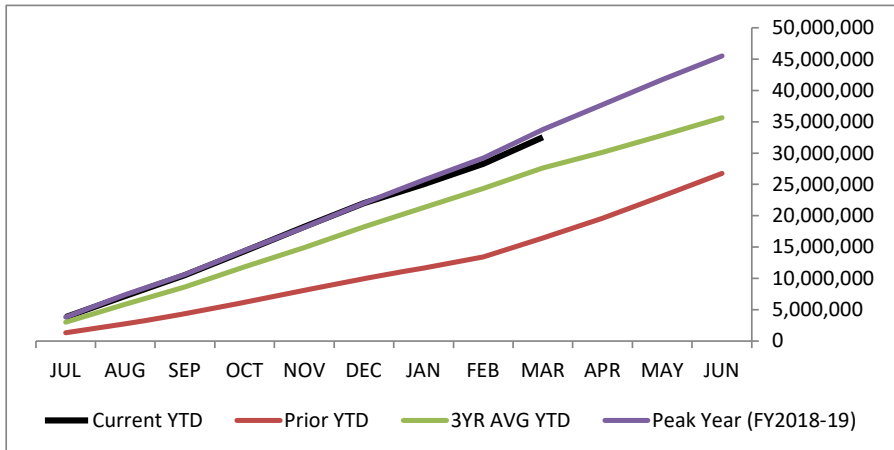
Economic indicators, such as those included in this report, provide measurements for evaluating the health of our economy, the latest business cycles, and how consumers are spending and generally faring. Included in this report are aviation, utility, new development, state and local sales tax, vehicle 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 measured on a monthly basis, but a few are only available quarterly or annually.

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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 YTD Compared to:

Prior Year	98.3%
3 Year Avg.	17.8%
Peak Year (FY 2018-19)	-3.5%

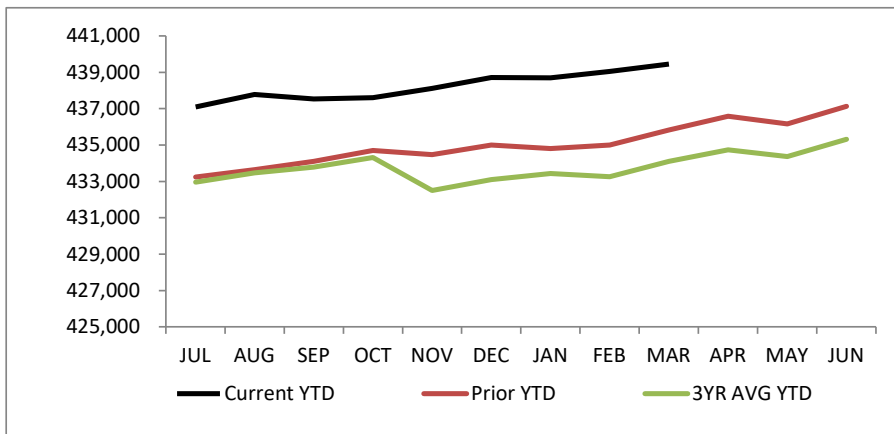
Totals

CYTD	32,570,000
PYTD	16,424,000
3YRAVG	27,644,000
Peak Year (FY 2018-19)	33,751,000

Current Year: Passenger traffic recovery has continued along the 2019 peak year trajectory, but has not increased past 2019. Industry data lags two months.

Total Single-Family Water Service Accounts

Significance: Single-family water services account growth is a measurement indicating revenue generated through services provided by the Water Services Department. The number of water service accounts can be an indicator of changes in population and development.



Current YTD Compared to:

Prior Year	0.8%
3 Year Avg.	1.2%
Peak Year (FY 2020-21)	0.8%

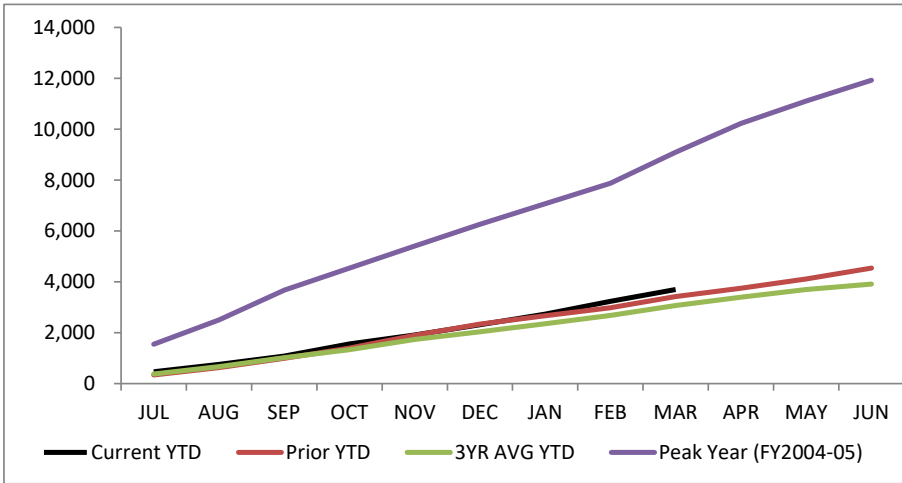
Totals

CYTD	439,452
PYTD	435,833
3YRAVG	434,099
Peak Year (FY 2020-21)	435,833

Current Year: Water service accounts reflect an upward trend in residential customers. Data for the prior year and three-year average were revised to reflect changes to customer categories and software that were not captured in the data source used previously.

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 YTD Compared to:

Prior Year 8.2%
 3 Year Avg. 20.3%
 Peak Year (FY -59.3%
 2004-05)

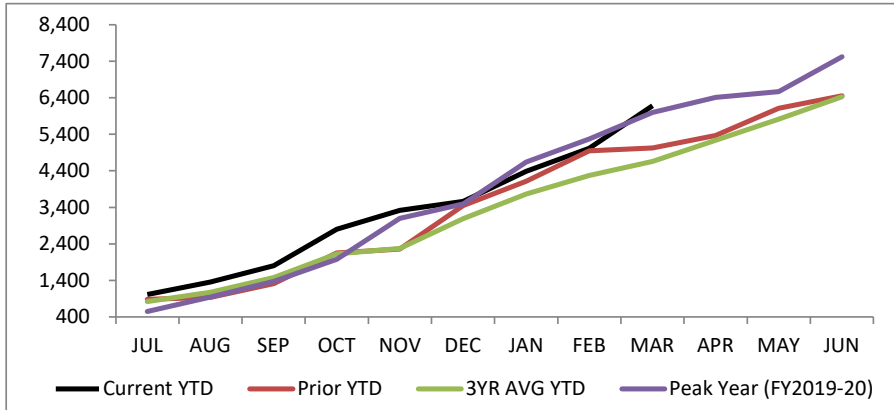
Totals

CYTD 3,701
 PYTD 3,419
 3YRAVG 3,076
 Peak Year (FY 9,100
 2004-05)

Current Year: Planning and Development experienced an 8.2% increase in growth in residential construction permits year to date compared to the same time period in the prior year. Due to continued growth in the housing market, growth is anticipated.

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 YTD Compared to:

Prior Year 22.9%
 3 Year Avg. 32.6%
 Peak Year (FY 3.1%
 2019-20)

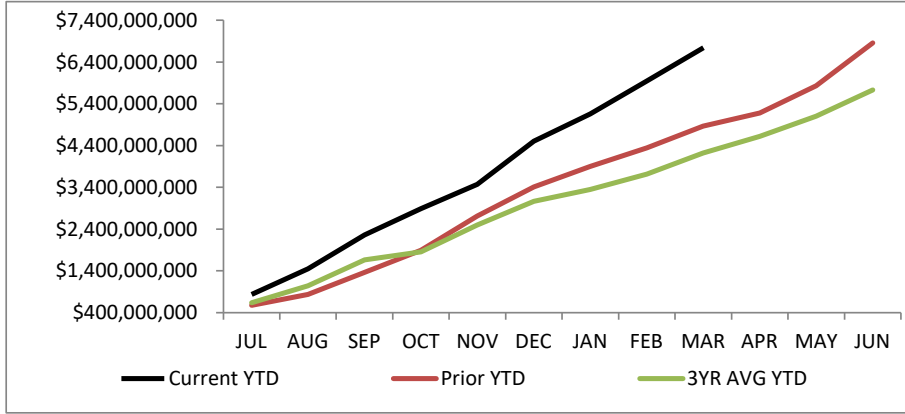
Totals

CYTD 6,181
 PYTD 5,030
 3YRAVG 4,661
 Peak Year (FY 5,997
 2019-20)

Current Year: Planning and Development experienced a 22.9% increase in growth in multifamily housing units permitted year to date compared to the prior year. As the demand for housing continues, growth in this sector is anticipated to continue.

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 YTD Compared to:

Prior Year	38.6%
3 Year Avg.	59.7%
Peak Year (FY 2020-21)	38.6%

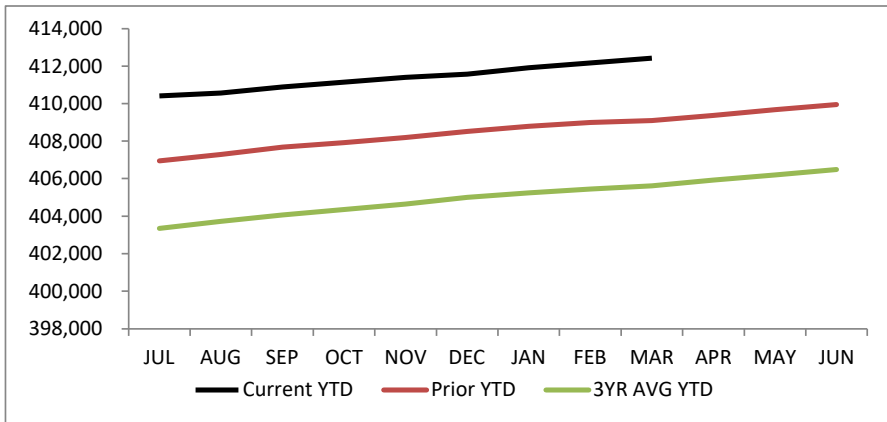
Totals

CYTD	\$6,743,065,676
PYTD	\$4,864,885,378
3YRAVG	\$4,221,153,426
Peak Year (FY 2020-21)	\$4,864,885,378

Current Year: Planning and Development experienced a 38.6% increase in permit valuation year to date compared to the same time period in the prior year. The increase is due to growth in the housing market as well as new largescale commercial projects including the TSMC semi-conductor project. Valuation is anticipated to remain strong through the fiscal year.

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 YTD Compared to:

Prior Year	0.8%
3 Year Avg.	1.7%
Peak Year (FY 2020-21)	0.8%

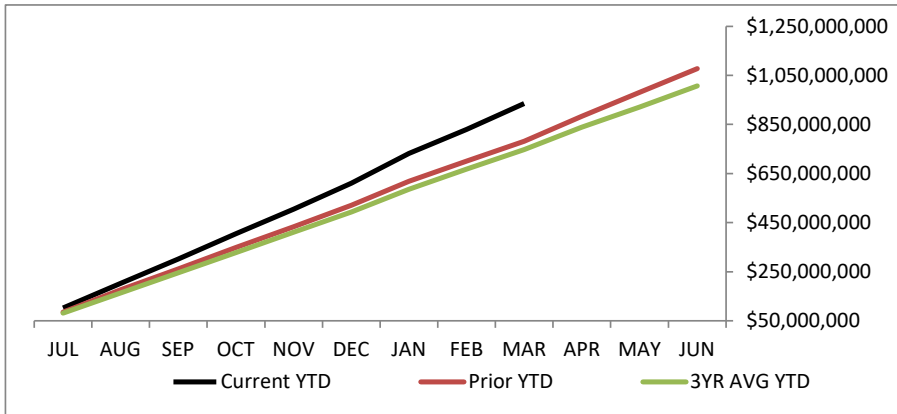
Totals

CYTD	412,424
PYTD	409,087
3YRAVG	405,612
Peak Year (FY 2020-21)	409,087

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

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	19.6%
3 Year Avg.	25.1%
Peak Year (FY 2020-21)	19.6%

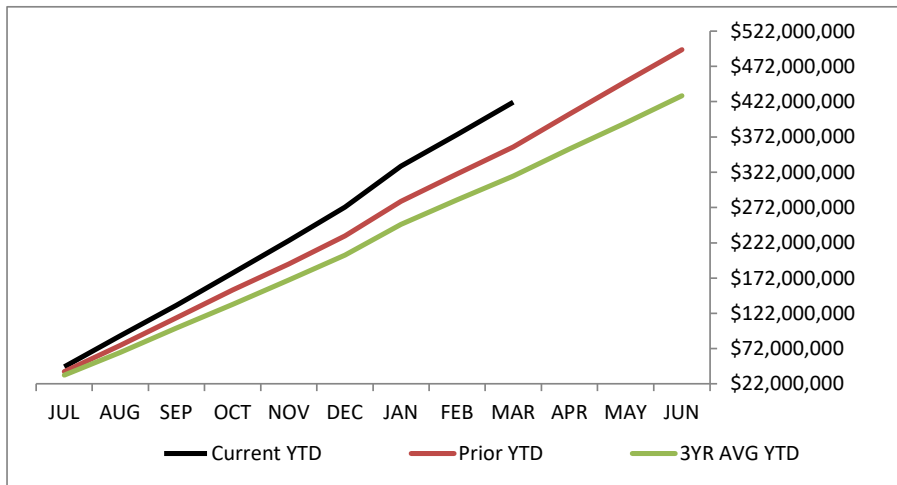
Totals

CYTD	\$934,921,000
PYTD	\$781,771,000
3YRAVG	\$747,617,333
Peak Year (FY 2020-21)	\$781,771,000

Current Year: Total City sales tax collections continued to experience positive growth in the third quarter compared to the same time period last fiscal year. Beyond solid growth in the retail and contracting categories, the hospitality and leisure categories, which were most adversely affected by the COVID-19 pandemic, have seen substantial increases. 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	17.7%
3 Year Avg.	33.2%
Peak Year (FY 2020-21)	17.7%

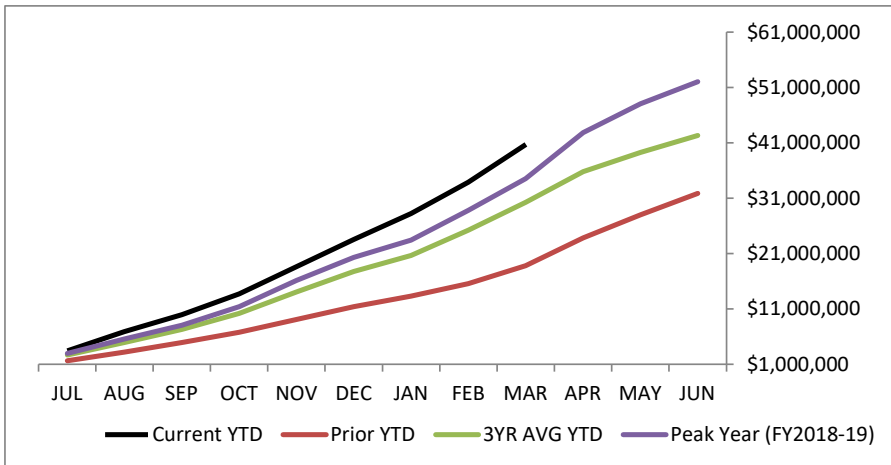
Totals

CYTD	\$421,252,000
PYTD	\$358,027,000
3YRAVG	\$316,370,333
Peak Year (FY 2020-21)	\$358,027,000

Current Year: City retail sales tax continues to experience positive growth, as it has throughout the COVID-19 pandemic due to shifts in consumer spending to taxable goods and overall growth in the economy. Current year growth also accounts for additional retail sales tax collected from online retailers which became effective October 2019. 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	116.6%
3 Year Avg.	34.6%
Peak Year (FY 2018-19)	18.0%

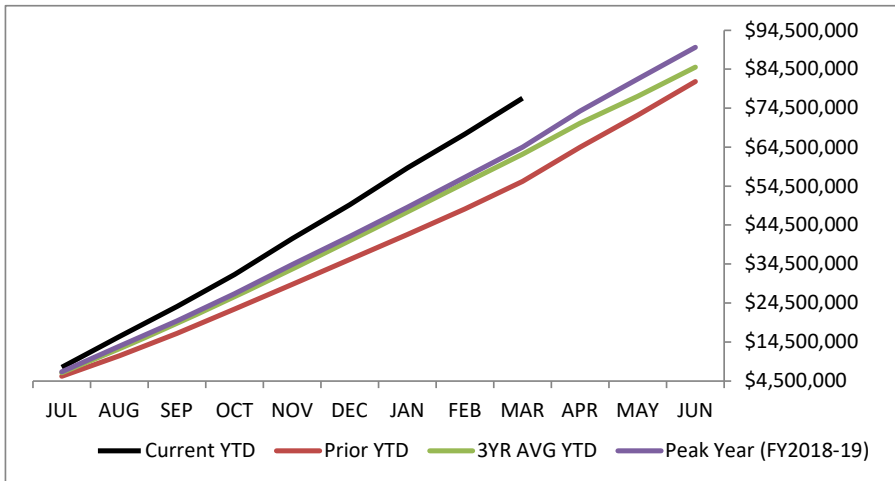
Totals

CYTD	\$40,731,000
PYTD	\$18,804,000
3YRAVG	\$30,253,333
Peak Year (FY 2018-19)	\$34,504,000

Current Year: Hotel/motel sales tax collections were negatively impacted by COVID-19 since the start of the pandemic. However, current year-to-date actuals are positive and growing compared to the first three quarters of the prior and peak fiscal years. 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	38.3%
3 Year Avg.	23.0%
Peak Year (FY 2018-19)	19.5%

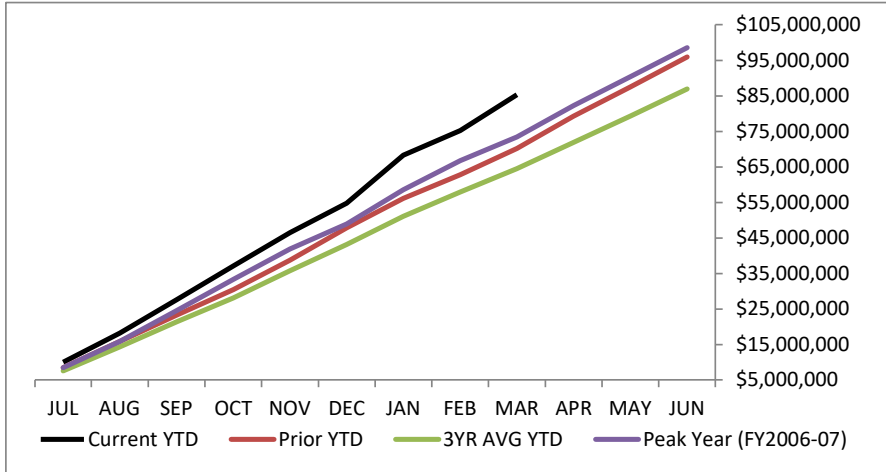
Totals

CYTD	\$77,095,000
PYTD	\$55,734,000
3YRAVG	\$62,665,000
Peak Year (FY 2018-19)	\$64,491,000

Current Year: Restaurants/bars sales tax collections were negatively impacted by COVID-19 since the start of the pandemic. However, current year-to-date actuals are positive and growing compared to the first three quarters of the prior and peak fiscal years. 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	21.6%
3 Year Avg.	32.3%
Peak Year (FY 2006-07)	16.2%

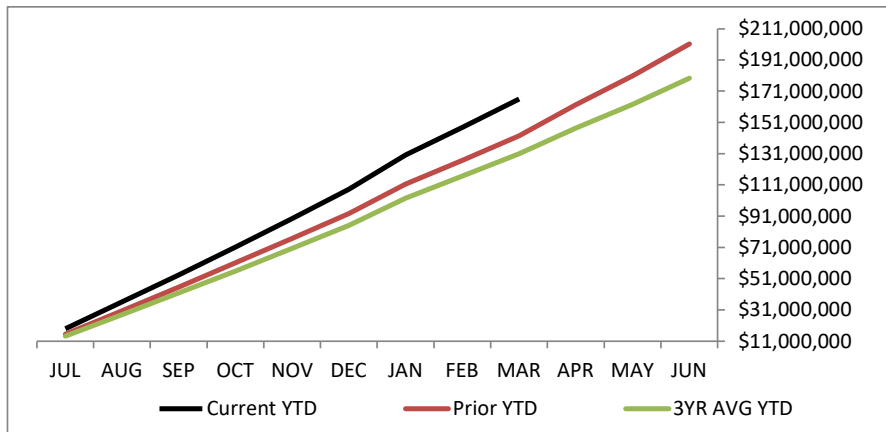
Totals

CYTD	\$85,341,000
PYTD	\$70,189,000
3YRAVG	\$64,516,000
Peak Year (FY 2006-07)	\$73,425,000

Current Year: Contracting sales tax collections continued to experience solid growth. Current year-to-date actuals are positive and growing compared to the first three quarters of the prior and peak fiscal years. Prior year values have not been adjusted for inflation.

State Sales Tax - Total

Significance: 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 population share as of August 2021 was 28.07%, based on Census 2020 data.



Current YTD Compared to:

Prior Year	16.5%
3 Year Avg.	26.8%
Peak Year (FY 2020-21)	16.5%

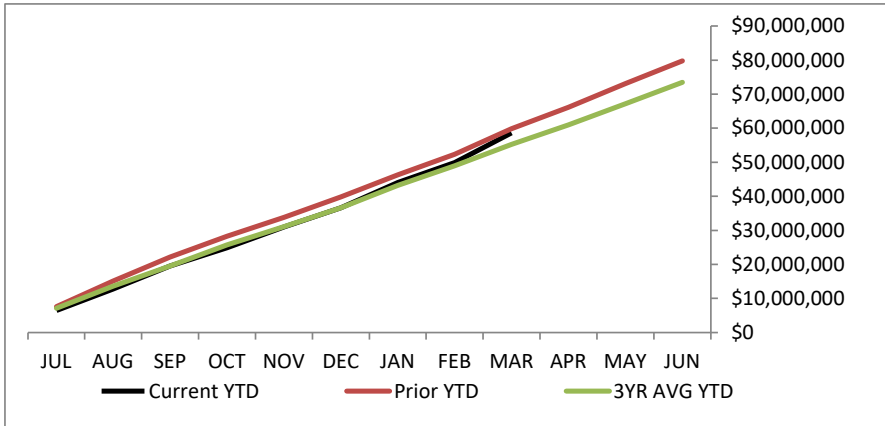
Totals

CYTD	\$165,982,000
PYTD	\$142,472,000
3YRAVG	\$130,908,667
Peak Year (FY 2020-21)	\$142,472,000

Current Year: State sales tax collections continued to experience positive growth in the third quarter compared to the same time period last fiscal year. Beyond the solid growth in the retail and contracting categories, the hospitality and leisure categories, which were most adversely affected by the COVID-19 pandemic, have seen substantial increases. Prior year values have not been adjusted for inflation.

State Vehicle License Tax

Significance: 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 population share as of June 2021 was 40.41%. The latest Census 2020 data is not yet reflected in the distribution.



Current YTD Compared to:

Prior Year	-2.1%
3 Year Avg.	6.1%
Peak Year (FY 2020-21)	-2.1%

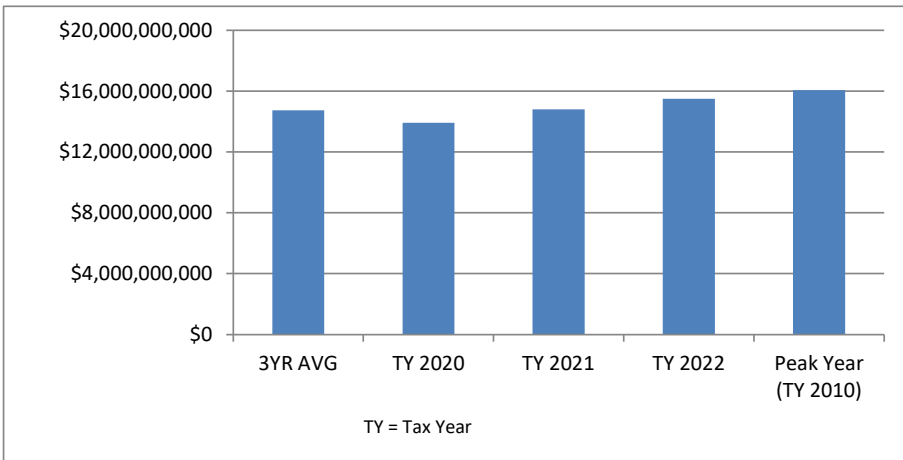
Totals

CYTD	\$58,576,494
PYTD	\$59,841,047
3YRAVG	\$55,209,177
Peak Year (FY 2020-21)	\$59,841,047

Current Year: State shared vehicle license tax (VLT) collections continued to experience negative growth because of the implementation of a new system by the Arizona Department of Transportation (ADOT) in 2020, which recognized revenues from FY 2019-20 in FY 2020-21 and artificially boosted revenue collections in August and September 2020. The decreased VLT collections might also be attributable to the supply chain shortages and declined car sales. 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 (Primary NAV), which beginning in FY 2015-16, 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	4.7%
3 Year Avg.	5.1%
Peak Year (TY 2010)	-3.6%

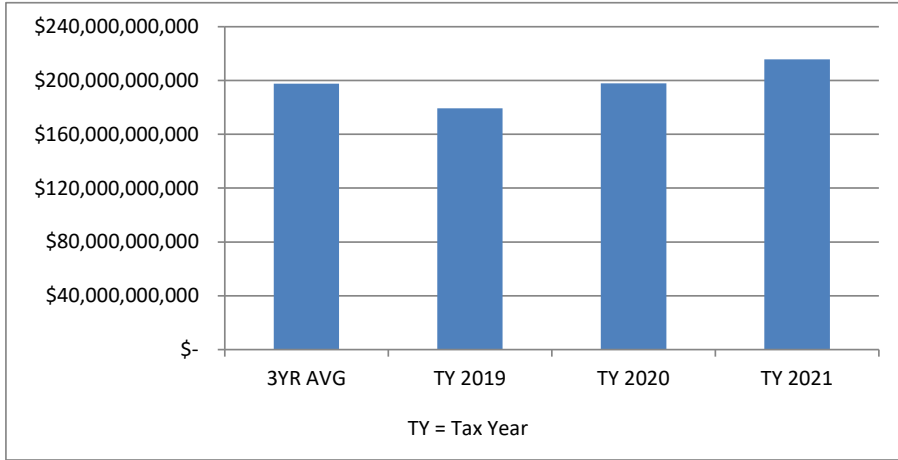
Totals

TY 2022	\$15,490,531,934
TY 2021	\$14,800,877,416
3YRAVG	\$14,738,198,423
Peak Year (TY 2010)	\$16,063,200,689

Current Year: Tax year 2022 (FY 2022-23) Primary NAV grew by 4.7% over the prior year; 2.1% is attributable to new property and 2.6% 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.



Calendar Year Compared to:

Prior Year	9.0%
3 Year Avg.	9.1%
Peak Year (TY 2022)	N/A

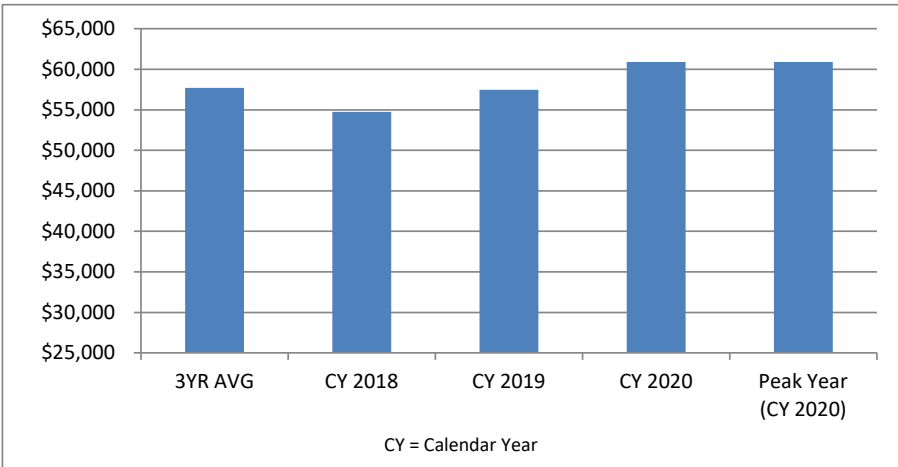
Totals

2021	\$215,741,892,809
2020	\$198,012,408,578
3YRAVG	\$197,724,137,082
Peak Year (TY 2022)	N/A

Current Year: Tax year 2022 (FY 2022-23) full cash value grew by 7.7% over the prior year. Total growth was most attributable to 10.7% growth in single and multi-family residential properties. 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.



Calendar Year Compared to:

Prior Year	6.0%
3 Year Avg.	5.5%
Peak Year (CY 2020)	N/A

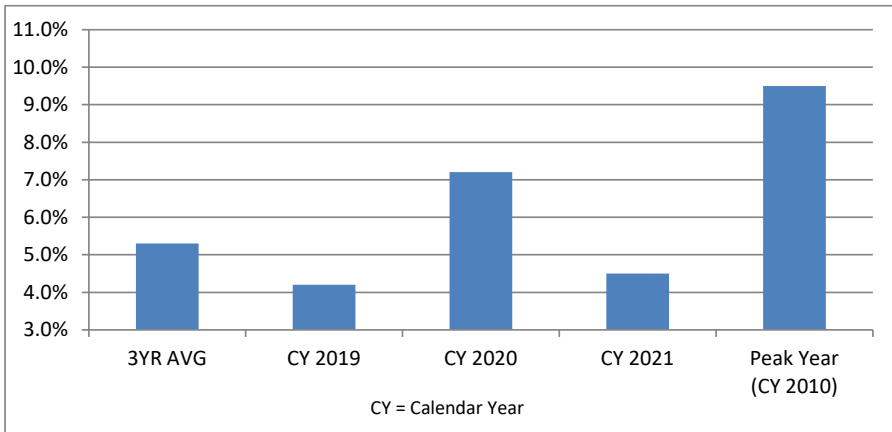
Totals

2020	\$60,914
2019	\$57,459
3YRAVG	\$57,713
Peak Year (CY 2020)	N/A

Current Year: Due to federal assistance, there is also no negative impact from COVID-19 on Phoenix Median Household Income in 2020. It exceeded the previous peak year of 2008 (\$57,507). Data is from the U.S. Census Bureau 2016-2020 American Community Survey Five-Year Estimates released in March 2022. Peak year reflects the highest since 2005 (the oldest readily available data set).

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 in the prior 4 weeks. 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	-37.5%
3 Year Avg.	-15.1%
Peak Year (CY 2010)	-52.6%

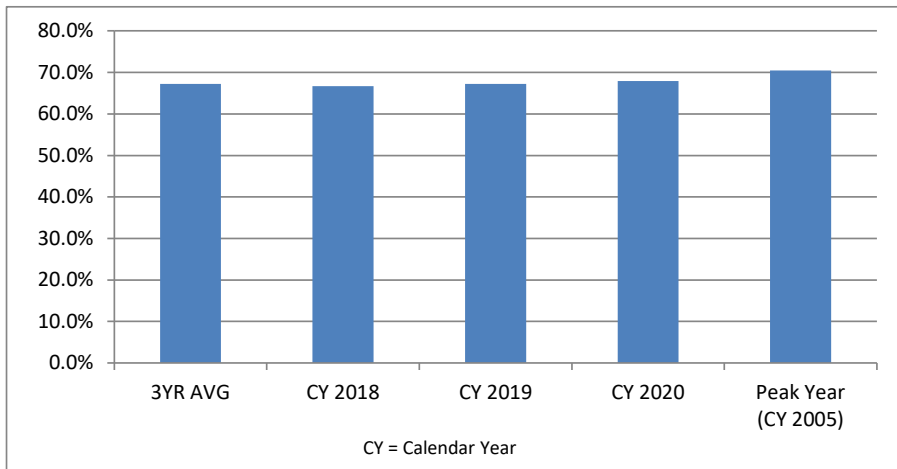
Totals

2021	4.5%
2020	7.2%
3YRAVG	5.3%
Peak Year (CY 2010)	9.5%

Current Year: The unemployment rate in 2021 decreased from the prior year which reflected recovery from the pandemic. 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). Data from 2010 through 2021 were revised by the federal government in April 2022.

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	1.0%
3 Year Avg.	0.9%
Peak Year (CY 2005)	-3.7%

Totals

2020	67.9%
2019	67.2%
3YRAVG	67.3%
Peak Year (CY 2005)	70.5%

Current Year: The labor force participation rate increased slightly from 2019-2020, indicating an increase in the percentage of the population that is either employed or unemployed and actively looking for work. Data is from the U.S. Census Bureau 2016-2020 American Community Survey Five-Year Estimates released in March 2022. Peak year reflects the highest since 2005 (the oldest readily available data set).



Amendment to the Intergovernmental Agreement and Master Lease between the City of Phoenix and Arizona State University

This report requests the Economic Development and Equity Subcommittee recommend City Council authorization to amend the Intergovernmental Agreement and Master Lease and Operating Agreement, and any other agreements as necessary (Amendments), with Arizona State University (ASU), to extend and modify certain business terms. There is no impact to the General Fund as a result of this action.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary

On May 11, 2005, City Council authorized an Intergovernmental Agreement (City Contract No. 116493) (IGA) with ASU for the development of the Downtown Phoenix ASU campus. Subsequently, on May 10, 2006, City Council authorized a Master Lease and Operating Agreement (City Contract No. 119092) (Master Lease) with ASU related to the Downtown property for ASU's Downtown Phoenix campus. Since the agreements were originally envisioned, the campus has grown from its infancy with just a few hundred students, to the modern, urban campus we know today with approximately 18,000 students enrolled in a variety of degree programs. As a result of the growth and changing priorities of the City and ASU, certain contract terms are no longer in the best interest of the parties or Downtown Phoenix.

As it exists today, the IGA states that ASU shall transfer the ASU-owned Mercado property located at 541 E. Van Buren (aka 502 E. Monroe St.) to the City on June 15, 2024. The Master Lease also gives ASU rights to develop the City-owned McKinley parking lot located at the southeast corner of 1st and McKinley Streets. In the time that has passed since the initial agreement, the City has grown significantly in its urban core, that now provides a different vision for the remaining City-owned properties in Downtown. ASU has continued to invest in the Mercado Property and activate the property with university related programming. ASU has also become a partner in the Phoenix Bioscience Core (formally the Phoenix Biomedical Campus) and now has a vested interest in the success of the Mercado. Removing the Mercado requirement from the IGA will allow ASU to continue to integrate the Mercado into the university's long term vision for the Downtown Phoenix campus, while removing the City-owned

McKinley lots from the IGA will provide the City the opportunity to consider other options for its development in the future.

Finally, the Master Lease also requires ASU to begin development planning activities (Initial Development Period) on the Valley Youth Theatre (VYT) site, located at 525 N. 1st Street, on or before August 1, 2020 while still honoring all existing leases with VYT on the property. In compliance with the Master Lease, ASU began development planning activities for the VYT site, but has determined they will not be ready to commence construction for several years. Extending the timeline for redevelopment of the VYT site, will give ASU the time they need to grow into the site and allow VYT to remain in operation on the site for the foreseeable future.

These amendments will remove the requirement for ASU to transfer the Mercado property to the City on June 15, 2024; remove the City-owned McKinley lots from the ASU Downtown Phoenix Campus District in the Master Lease; and extend ASU's deadline for the Initial Development Period on the VYT lots to Jan. 5, 2030. The amendments will allow for the City and ASU to retain the properties each currently own and the extension will better align ASU's development activities with VYT's current operating agreement termination date of Jan. 5, 2030.

Financial Impact

There is no impact to the General Fund as a result of this action.

Concurrence/Previous Council Action

Ordinance S-31934 authorizing the IGA with ASU was passed by the City Council on May 11, 2005. Ordinance S-32895 authorizing the Master Lease was passed by the City Council on May 10, 2006. Ordinance S-37853 authorizing the first amendment to the IGA was passed by the City Council on May 18, 2011.

Location

Mercado Property: 541 E. Van Buren (aka 502 E. Monroe St.).
McKinley Lots: 713, 717, 721 N 1st St. and 714, 718, 722 N 2nd St.
Valley Youth Theatre: 525 N 1st St.
Council District(s): 7 & 8

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the Community and Economic Development Department.



Downtown Redevelopment Tools Update

Staff will provide an overview and update to the Economic Development and Equity Subcommittee regarding two of the six Economic Development tools that are available to bring about redevelopment and new development opportunities in Downtown, and in some cases, around the City. Staff requests the Economic Development and Equity Subcommittee's input and guidance with respect to the use of these development tools.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary

Over the course of the next three meetings, staff from the Community and Economic Development Department (CEDD) will present an update to the Economic Development and Equity Subcommittee on the development and redevelopment tools available in Downtown Phoenix, and for particular programs, around the balance of the City. At this meeting, CEDD staff will be joined by the Office of Government Relations and the Law Department to discuss the Theme Park legislation and to provide an overview of opportunities relating to a Downtown entertainment "district." Staff is seeking Subcommittee direction regarding the use of redevelopment tools for the future of Downtown.

Future topics will include:

- Government Property Lease Excise Tax
- Strategic Economic Development Fund
- Historic Preservation Funding
- Infrastructure Investments

Location

Downtown Phoenix, generally bounded by McDowell Road on the north, 7th Street on the east, 7th Avenue on the west, and on the south by Grant Street.

Council Districts: 7 and 8

Responsible Department

This item is submitted by City Manager Jeffrey Barton, Deputy City Manager Ginger Spencer, the Community and Economic Development and Law Departments and the Office of Government Relations.