

CHAPTER 23 ECONOMIC DEVELOPMENT INCENTIVES¹

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Article 23-1 Definitions

Unless otherwise indicated in this Chapter 23, terms in this Chapter shall have the following meanings:

- A. "Retail" shall mean a commercial enterprise which sells tangible goods to a buyer who is the end user or consumer.
- B. "New industrial or commercial project" shall mean an enterprise which is different in function from the land use or enterprise in the location being considered for incentives or enhancements.
- C. Expansion of an "existing industrial or commercial project" shall mean an increase in the land, buildings, equipment or machinery of an enterprise which is the same in function as the existing land use or enterprise in the location being considered for incentives or enhancements.
- D. "Compliance period" shall mean the time period specified in the agreement between the owner/developer and the City during which the owner/developer shall comply with Article 23-3 criteria on which it supported its eligibility for the incentives or enhancements in Article 23-2. The compliance period may be longer than the time period for payment of the incentives or enhancements to the owner/developer.

Article 23-2 Authorization to Rebate Fees, City Sales Tax Revenues and Expend Public Funds in Furtherance of Economic Development in the City

- A. The City may encourage economic development and authorize the rebate of certain fees, except development fees enacted pursuant to the authority of Arizona Revised Statutes §9-463.05, taxes or provide construction of off-site public

¹ ADDED ARTICLE 23

improvements including, but not limited to the following:

1. Any or all fees required to be paid in connection with the construction or expansion of a commercial or industrial project, including, but not limited to, plan checking fees, inspection fees, and sewer connection fees.
2. General funds to pay the costs of construction of off-site public improvements which the City determines are required to be constructed in connection with an industrial or commercial project.
3. All or a portion of the sales tax revenues levied, generated and received by the City as a result of the construction of a new industrial or commercial project or the expansion of an existing industrial or commercial project unless such sales tax revenues are subject to a prior senior pledge.
4. All or a portion of the property tax revenues levied, generated and received by the City as a result of the construction of a new industrial or commercial project or the expansion of an existing industrial or commercial project unless such tax revenues are subject to a prior senior pledge.

B. Commercial projects which are eligible for the incentives or enhancement established in this Article 23-2 do not include retail projects.

Article 23-3 Criteria

A. The City shall not grant the incentives authorized in Article 23-2 without finding the potential owner/developer meets the following:

1. The rebating of the fees, expenditure of the funds or rebate of City sales tax revenues will assist in the creation or retention of a significant number of jobs in the City with the hourly average wage for non-exempt positions (pursuant to the FSLA) of at least 75% higher than the federal minimum hourly wage and wherein the owner/developer pays at least 25% of its average hourly wage for non-exempt positions in benefits; and

2. New eligible industrial and commercial projects must expend a minimum of One Million Five Hundred Thousand Dollars (\$1,500,000.00) in equipment, machinery, land, and building improvements as its initial investment at a single location; or expansions of existing eligible industrial and commercial projects must expend a minimum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) in equipment, machinery, land, and building improvements as its expansion investment at a single location.

- B. The City may also consider the following factors in determining whether the potential owner/developer should be granted incentives:
 1. Economic development will be furthered by rebating the fees, expenditure of funds or rebate of City sales tax revenues.
 2. The owner/developer's operation will otherwise improve or enhance the economic welfare of the citizens of the City.
 3. The owner/developer's operation will not disproportionately expend natural resources or public infrastructure and services, such as transportation infrastructure or public safety services.
 4. The benefits the City will receive from the industrial or commercial project outweigh the economic costs to the City, as demonstrated through the City's fiscal impact analysis model.
 5. The owner/developer's use of and availability of other funds and rebates from the City or other sources including other governmental entities.

Article 23-4

Agreement Required

In order to utilize the incentives provided in Article 23-2, the owner/developer and the City must enter into an enforceable agreement, including a development agreement pursuant to A.R.S. §9-500.05, as to the terms and conditions of the development and such other provisions as may be requested by the City. The agreement must be consistent with requirements of this Chapter and shall further identify the

rights and obligations of the parties. The City may request that the agreement be secured or collateralized such that the owner/developer's obligations are reasonably assured.

Article 23-5 Owner/Developer Obligations

The owner/developer, in order to receive, or continue receiving, incentives or enhancements, shall:

- A. Provide information, including capital investment and employment projections, to enable the City to prepare a fiscal impact analysis.
- B. Begin construction of the improvements within twelve (12) months from the effective date of the agreement required pursuant to Article 23-4.
- C. Complete construction, remodeling or improvement within twenty-four (24) months of the date of the offer or effective date of the agreement required pursuant to Article 23-4 with the City, unless otherwise provided in such agreement.
- D. Upon purchase of the parcel or parcels for the economic development project, commence construction of the improvements no later than ninety (90) days after issuance by City of a building permit.
- E. Comply with such zoning, building and planning requirements as are applicable to construction of said improvements, including cooperating with the City in connection with site plan approvals and the obtaining of such other permits as are required in connection with the development of the land and construction and occupancy of the improvements.
- F. Provide City with information necessary for the City to complete its fiscal impact analysis model. Such information shall not include proprietary or certain financial information that, in the reasonable opinion of the owner/developer, could be used to owner/developer's competitive disadvantage by market competitors.
- G. Be wholly responsible for paying City impact fees, development fees, plan check fees, permit fees, expedited review fees and fees required by the City for studies, reports and other project-related analyses.

- H. Make every reasonable effort to have improvements satisfactorily completed, to obtain a certificate of occupancy, and to have the economic development project open for business on or before the date certain which shall be identified in the agreement required pursuant to Article 23-4.

- I. On each anniversary date of the issuance of the certificate of occupancy through the compliance period, provide to the City Manager an informational update, including capital investment and employment projections, which demonstrates the developer's compliance with its obligations under its agreement with the City.

Article 23-6 Reports to Council

The City Manager shall within thirty (30) days of his receipt submit to the City Council the reports received from the owner/developer in compliance with Article 23-5 (I).