

AGENDA ITEM #: _____

DATE: August 22, 2016

COAC #: 16-5817

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

**SUBJECT: Adopt Resolution No. 16-1757
Approving the Second Amended &
Restated Development Agreement for
Paseo Place Parcel 2**

STAFF PRESENTER: Rebecca Zook,
Director of Engineering

CASE NUMBER: N/A

OTHER PRESENTER: N/A

RECOMMENDATION:

ADOPT RESOLUTION NO.16-1757 APPROVING THE SECOND AMENDED & RESTATED DEVELOPMENT AGREEMENT FOR PASEO PLACE PARCEL 2 REGARDING THE DEVELOPMENT OF AN APPROXIMATE 80 ACRE PARCEL GENERALLY LOCATED AT THE SOUTHEAST CORNER OF YUMA ROAD AND THE 183RD AVENUE ALIGNMENT; PROVIDING FOR AUTHORIZATION AND DIRECTION TO TAKE ACTIONS AND EXECUTE DOCUMENTS NECESSARY TO CARRY OUT INTENT OF RESOLUTION AND THE SECOND AMENDED & RESTATED DEVELOPMENT AGREEMENT FOR PASEO PLACE PARCEL 2; AND PROVIDING FOR AN EFFECTIVE DATE.

PURPOSE:

The purpose of this item is to review and approve the Second Amended & Restated Development Agreement for Paseo Place Parcel 2 related to the development of Paseo Place Parcel 2. This is one of the agreements that Council was told would be forthcoming during the update that was provided to Council in October 2015 regarding the development within the West Goodyear Central Planning Area. (Rebecca Zook, Director of Engineering)

BACKGROUND AND PREVIOUS ACTIONS:

In early 2005, owners of sixteen properties located in the West Goodyear Central Planning Area (the "West Goodyear Properties," "WGCPA"), were looking to develop their properties, which at build-out were projected to result in the development of 6,099 new residential units. At the time, the West Goodyear Central Planning Area was not being served by city wastewater, water or fire/EMT facilities and there were no plans on the part of the city to provide the infrastructure needed to serve this area. Of concern to city staff was: the lack of wastewater treatment capacity; the lack of the regional lines needed to provide wastewater services; the lack of facilities to provide water service; the lack of lines needed to provide water service; and the lack of facilities to provide fire services to the area.

The West Goodyear Property Owners and the city developed a contractual framework that would allow for the construction of the municipal facilities needed for the city to provide water, wastewater and fire/EMT services to the West Goodyear Properties and that served for the basis for the city to support the annexation and/or rezoning of the West Goodyear Properties. This framework was set forth in a Memorandum of Understanding ("MOU"), which the City Council adopted on May 23, 2005 pursuant to Resolution 2005-981 and various of the West Goodyear Property Owners, including Owner's predecessor in interest, entered into development

agreements consistent with the MOU. These development agreements required the West Goodyear Property Owners to make substantial prepaid financial contributions.

Following the virtual collapse of the residential real estate market, residential development ground to a halt. The city experienced a slight upturn in the real estate market, and certain of the West Goodyear Property Owners began receiving expression of interest from homebuilders interested in developing in West Goodyear. The upturn, however, was not of the magnitude that would allow the West Goodyear Property Owners to move forward with development subject to the approximate \$40,000,000 in prepaid financial contributions identified in the various agreements between the city and the West Goodyear Property Owners. Accordingly, representatives of certain of the West Goodyear Property Owners approached the city about entering into new agreements that relieved them of the pre-paid financial contribution obligations and instead allowed them to pay development impact fees at the time building permits were issued. Council approved the revised strategy and, in the 2013-2014 time frame, the city entered into new development agreements with a number of the West Goodyear Property Owners, including Owner's predecessor in interest.

Unfortunately, in 2014, development began to slow again and none of the West Goodyear Properties subject to the new development agreements developed. During 2015, the city experienced a steady increase in building activity and owners of the West Goodyear Properties had begun seeing an increase in interest from potential homebuilders and developers. The Development Continuum Team (Economic Development, Development Services and Engineering) reached out to the WGPCA developers, and began meeting with owners of West Goodyear Properties both individually and in a group to discuss their respective development plans. During those conversations, the team heard the owners of the West Goodyear Properties were very excited to develop in Goodyear, but that significant up front infrastructure requirements were causing potential homebuilders to lose interest in the area.

With this information, city staff began to meet internally to determine what opportunities for flexibility could be considered while ensuring the city is protected and able to develop strategically. Staff spent significant time considering options both internally and with the WGPCA developers and formulated a new development framework that was presented to Council during a work session on October 5, 2015. During the work session, Council directed staff to move forward with negotiating an agreement with terms consistent with those presented during the October 5, 2015 meeting, which were to be common to all of the West Goodyear properties and then to move forward with individual development agreements for the West Goodyear Properties.

The negotiations of a core agreement with the terms common to all West Goodyear Properties were recently finalized and a Second Amended & Restated Development Agreement for Paseo Place Parcel 2 was negotiated.

STAFF ANALYSIS:

The terms of the proposed Development Agreement for Paseo Place Parcel 2 are consistent with the development strategy proposed during the October 5, 2015 work session and with the terms

of the “core agreement” negotiated with the other West Goodyear property owners. Staff is recommending its adoption.

FISCAL ANALYSIS:

There is no direct fiscal impact to the city as a result of entering this Agreement.

ATTACHMENTS:

Resolution No. 16-1757 w/

- Exhibit A – Legal Description
- Exhibit B – Second Amended & Restated Development Agreement for Paseo Place Parcel 2 w/Exhibits A-C