

Retail Outreach and Potential Incentives



Retail



Definition

Retail: the sale of goods or services to ultimate consumers

Significance

- Most Requested by Residents
- Creates Sales Tax Revenue
- Plays Key Role in Economy



Work Session Objectives



1. Brief Overview of Retail Recruitment Efforts
2. Feedback from Decision Makers
3. Incentive Discussion and Council Direction

Brief Overview of Retail Recruitment Efforts



Recruitment Process



INPUT

Industry Experts

Goodyear Residents

Councilmembers



OUTREACH

Economic
Development

Retail Strategies



TACTICS

Frequent, Ongoing
Communication

Tradeshows and
Sales Missions

Local
Events



AUDIENCE

Retailers

Developers

Brokers

Property
Owners

Top 10 Most Desired Retailers



10. Interesting Chain Restaurant
(B.J.'s, Cheesecake Factory)

9. Chicago-Based Brands
(Lou Malnati's, Portillos)

8. Upscale Steak House
(Flemings, Ruth's Chris)

7. Bowling / Game Center
(Dave & Busters, Lucky Strike)

6. Top Golf

5. Trendy Fast Casual Restaurant
(Pita Jungle, Lolo's Chicken and Waffles)

4. Trendy Experience Restaurant
(Fox Restaurant, Postino's)

3. Costco

2. Large Natural Grocer
(Whole Foods, Sprouts)

1. Trader Joe's

Recruitment Progress



1. Selling Strategy: Marketing and Demographics
2. More than 1,000 Retail Connections / Contacts
3. Since FY2015, more than 50 Successes



Feedback from Decision Makers and Industry Professionals



How Retail Decisions are Made



Return on Investment (ROI)

Sales and
Profits

Occupancy
Cost

Operating
Cost

Site Selection: Competition



- Population
- Demographics
- Location



Goodyear Trade Area



Site Selection Factors	Strengths	Challenges
Population	<ul style="list-style-type: none">• Strong Projected Residential Growth• Access to Larger Trade Area	<ul style="list-style-type: none">• Current Population Low• Low Daytime Population
Demographics	<ul style="list-style-type: none">• High Median Income within Region• High Education Levels of Residents within Region	<ul style="list-style-type: none">• Low Density of High Median Income• Low Density of High Education Levels of Residents
Location	<ul style="list-style-type: none">• Visibility Along Freeways• Availability of Property	<ul style="list-style-type: none">• Further from Core City• Timing of Mall Development

David Scholl, Partner Vintage Partners



Examples of City-Based Incentives for Retail



Avondale Program



- Development Impact Fee Incentive Program to Spur Residential and Commercial Growth
 - 20% Discount on Development Fee Due
 - Lowers from \$17,707 to \$14,166 (single family residential, assuming $\frac{3}{4}$ " water meter)
 - Avondale staff estimates an additional \$3,500 to \$4,000 in revenue
 - » New Building Permits
 - » Transaction Privilege Tax Charged on New Construction
 - \$2 Million Program Cap
 - Included in FY Budgets 2015-16, 2016-17, 2017-18

Peoria Program



- Economic Development Incentive and Investment Policy
 - Half-Cent Sales Tax Fund
 - Revitalization activities in targeted investment zones (i.e P83)
 - Interior Tenant Improvements
 - No Program Cap
 - City determines who they would like to incentivize
 - » Annual Reimbursable Grant to Retailer or Business
 - Based on jobs created, capital investment, sales tax revenue generated

Gilbert Program



- Heritage District
 - Town of Gilbert is Majority Land Owner
 - Site Control
 - Shared Parking
 - Expedited Permitting
 - City-Marketing of Area

Goodyear Incentive Analysis



Potential Types of Incentives

- Development Impact Fees
- Plan Review and Permit Fee Waivers

Development Impact Fees



- Development Impact Fees are one-time charges instituted by municipalities for public facilities based on the proportionate share of costs incurred for infrastructure, facilities and services needed to accommodate new development.
- In Goodyear, Development Impact Fees are assessed differently in three distinct zones: North, Central and South.
- Any reductions in Development Impact Fees must be made whole by municipality, thus resulting in an impact to the General Fund.

Plan Review and Permit Fees

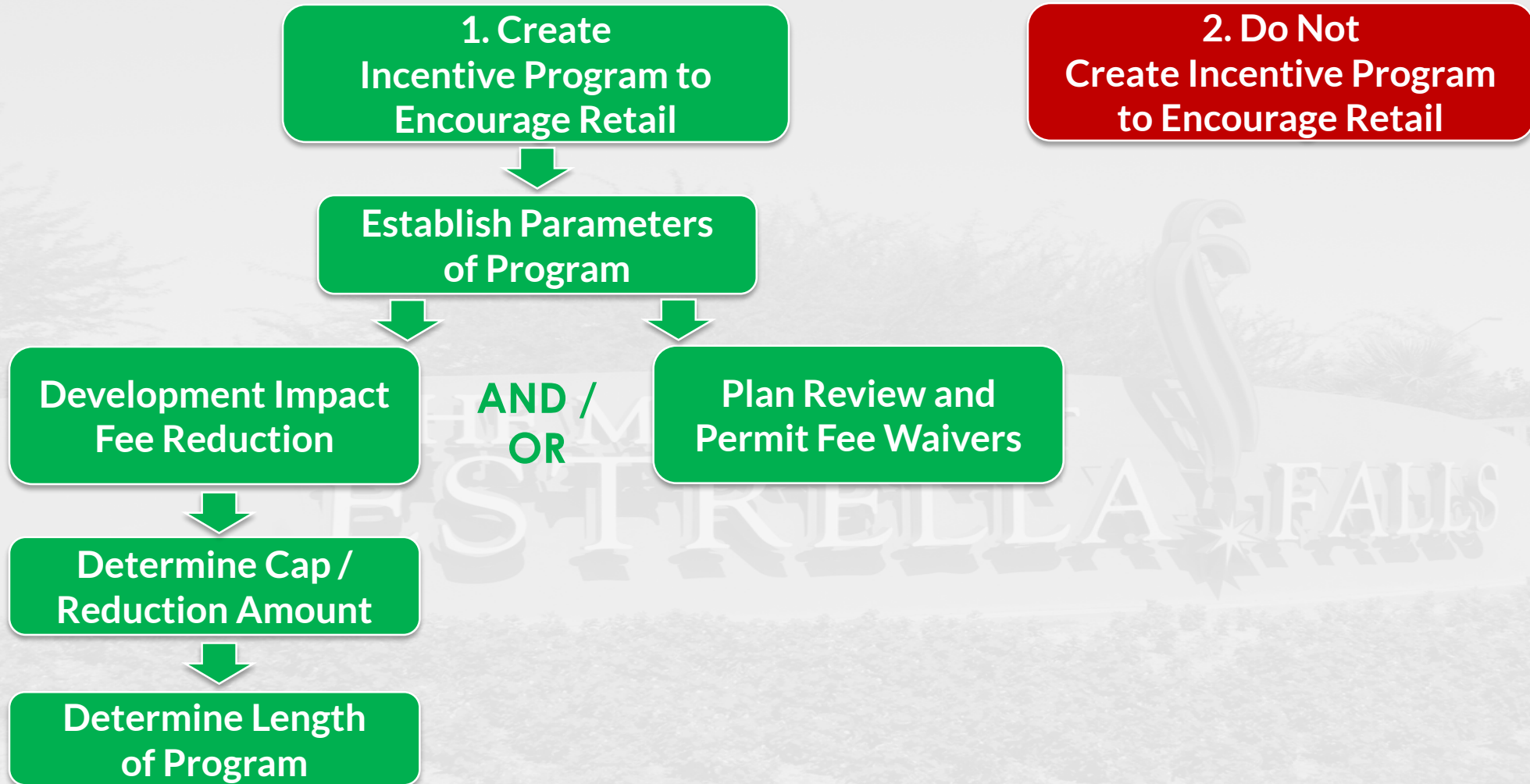


- Plan Review and Permit Fees are charged to the developer or business for development services and are calculated based upon project valuation.
- Valuation is determined by using the most recent International Code Council (ICC) data.
- Reductions in Plan Review and Permit Fees are lost revenue to the city, not a direct expense.

Council Options



Council Incentive Options



Staff Recommendation





Recommendation Examples

Square Footage	Type of Retailer (Examples)	*Estimated Development Impact Fees (Non-Utility) <i>Expense to City – Apply to Cap</i>	Estimated Plan Review and Permit Fees <i>Revenue Loss to City – Don't Apply to Cap</i>	Total Impact to Project
5,000	Restaurant / Convenience Stores	\$13,235	\$10,842	\$24,077
10,000	Large Restaurant / Retailer	\$26,470	\$16,397	\$42,867
85,000	Grocery Store	\$224,995	\$110,225	\$335,220
100,000	Hotel	\$264,700	\$129,260	\$393,960
TOTAL Impact to City		\$529,400	\$266,724	

*Development Impact Fees calculated utilizing Central Zone

Recommendation Pros and Cons



Pros

- Aggressive Retail Incentive Program to Market
- Shows Commitment from City
- Could Accelerate Idle Projects
- Creates Urgency with Limited Time-Frame
- Could Provide Increase Sales Tax Base

Cons

- Impact to General Fund for Development Impact Fee Reduction
- Lost Revenue of Plan Review and Permit Fee Waivers
- Could Incentivize Activity Already in Pipeline
- Cannot Guarantee Most Desired Retailers
- Cannot Discriminate Based on Type of Retailer (Development Impact Fee)

Questions and Discussion

