

AGENDA ITEM #: _____

DATE: April 10, 2017

COAC #: 17-6042

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: Adopt Resolution No. 17-1794 Approving, Authorizing and Directing the City Manager to take further action to modify the boundary of the Palm Valley/PV303 Foreign Trade Zone Magnet Site supporting an application to the Foreign Trade Zone Board.

STAFF PRESENTER: Harry Paxton,
Economic Development Project Manager

CASE NUMBER: N/A

OTHER PRESENTER: N/A

PROPOSED ACTION:

ADOPT RESOLUTION NO. 17-1794 APPROVING, AUTHORIZING AND DIRECTING THE CITY MANAGER TO SUPPORT THE APPLICATION OF SUNBELT HOLDINGS TO THE FOREIGN TRADE ZONE BOARD FOR THE BOUNDARY MODIFICATION OF THE PALM VALLEY/PV303 FOREIGN TRADE ZONE MAGNET SITE, INCLUDING CITY OWNED PROPERTY WITHIN THE CITY OF GOODYEAR AND THE GREATER MARICOPA FOREIGN TRADE ZONE #277, AUTHORIZING CITY STAFF TO TAKE ACTIONS CONSISTENT WITH TERMS OF RESOLUTION AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND AND PREVIOUS ACTIONS:

7/13/09 - City Council Adopted Resolution 09-1324 supporting the formation of the Greater Maricopa Foreign Trade Zone (GMFTZ) and approved a Foreign Trade Zone (FTZ) application to include the Palm Valley 303 site; Adopted a Foreign Trade Zone Tax Policy; Authorized City's membership in the GMFTZ Advisory Board.

2/6/17 – City Council discussed with staff in a Worksession the proposed changes to the boundaries of the Palm Valley/PV303 FTZ Magnet Site. Staff received direction to bring forward the proposed changes to Council for approval.

STAFF ANALYSIS:

With Foreign Trade Zones, there are two types of sites which can be designated:

1. Magnet Site

A magnet site is a site that is pre-approved for future zone users.

Magnet sites are seen by developers and projects as more valuable, as there is no question as to whether they will gain federal and local approvals if the user, once identified, qualifies for the program.

2. User-Driven Site

A user-driven site is a site that can be designated anywhere within a Foreign Trade Zone area which seeks federal and local approvals once a potential user is identified.

In July of 2009, the City Council approved 235 acres at the Palm Valley/PV 303 Industrial Park to be designated a Foreign Trade Zone magnet site. The PV303 FTZ includes acreage on both the east and west side of the Loop 303 Freeway.

PV303's FTZ has been very successful in attracting significant jobs and investment. Currently nearly 900 jobs have been created in the FTZ with the majority of these jobs being manufacturing jobs. The companies that have created the jobs include, Sub-Zero, Dick's Sporting Goods and Recreational Equipment, Inc. In addition, First Industrial is currently under construction, east of the Loop 303, with the first speculative industrial building in Goodyear since 2007. The investments by these companies total over \$318 million in capital expenditures significantly increasing the property tax base of the city.

The ownership of the PV303 Industrial Park, Sunbelt Holdings, is requesting a boundary modification to the FTZ magnet site. The boundary modification would result in a 291.96 acre increase to the Magnet Site, including the City owned property (approx. 40 acres) at the southwest corner of Cotton Lane and Indian School Road. The request for the increase in acreage is largely due to recently recorded plats east of the Loop 303 and west of the future alignment on Pebble Creek Parkway that is planned for large industrial development. In addition, 155.26 acres is proposed west of Cotton Lane and south of Indian School Road. Bringing this area in the FTZ will provide an incentive to help attract development which will remediate the city's environmentally impacted property (40 acres) at the southwest corner of Cotton Lane and Indian School Road. Also, when this property is privately developed it will bring 40 acres on the property tax roles that is not currently given it is city owned property.

Staff engaged the Greater Phoenix Economic Council (GPEC) to prepare an economic impact and property tax analysis of a typical FTZ project to show the tax revenue benefits to the City of Goodyear and other taxing jurisdictions. For an economic impact analysis, assuming a company location employing 400 people, paying total payroll annually of \$18M, and initially investing \$76M in real property and \$110M in personal property, GPEC estimated the 10 year economic impact to the City of Goodyear to be as displayed in the table below:

City of Goodyear 10-Year Revenue Impact Summary

CITY OF GOODYEAR	DIRECT REVENUES	INDIRECT REVENUES	TOTAL REVENUES
Total	\$7,418,766	\$3,620,070	\$11,038,837

City of Goodyear Total Revenue

	SALES TAX	PROPERTY TAX	UTILITY TAX	STATE SHARED REVENUES	OTHER LOCAL REVENUES	TOTAL REVENUES
Total	\$4,525,236	\$1,787,218	\$341,283	\$928,989	\$3,456,111	\$11,038,837

For the property tax analysis, GPEC used an existing vacant land parcel in the PV303 industrial park (parcel #501-02-352) analyzing the current taxes collected today and comparing that to the taxes to be collected after an FTZ project is developed on the site. Using the same project numbers as above in the economic impact analysis, GPEC's property tax analysis determined that the FTZ project would generate more than 19 times the amount of property tax revenue in total to taxing jurisdictions. This includes an increase of \$153,600 annually to the City of

Goodyear and \$115,544 in additional monies to Maricopa County. Elementary and Secondary School Districts, including overrides and bonds see an estimated increase of \$601,071 annually.

RECOMMENDATION:

Staff recommends the proposed modification of the Palm Valley/PV303 Foreign Trade Zone Magnet Site be approved providing support for the application that will be submitted by Sunbelt Holdings to the Foreign Trade Zone Board.

FISCAL IMPACT:

An activated FTZ site provides a property tax benefit to qualified companies reducing the real and personal property tax assessment ratio from 18% to 5%. Property tax savings to companies are only realized after they are activated FTZ sites. This almost exclusively occurs only after the company has made significant investments increasing the property tax base on property that is in most circumstances agricultural exempted in which very little property tax is collected.

ATTACHMENTS:

Resolution No. 17-1794

Presentation

Exhibit A – Map and Legal Descriptions of Proposed Palm Valley/PV303 FTZ Magnet Site

Exhibit B – GPEC PV303 FTZ Magnet Site Economic Impact Analysis