

**CITY OF GOODYEAR
COUNCIL ACTION REPORT (CAR)**

SUBJECT: Adopt Resolution No. 17-1810 Approving a Retail Development Impact Fee Incentive Program, Authorizing and Directing the City Manager to Execute the Retail and Entertainment Incentives Program to Encourage Retail and Entertainment Development in the City of Goodyear Authorizing City Staff to Take Actions Consistent with Terms of Resolution and Program.	STAFF PRESENTER: Michelle Lawrie, Economic Development Director CASE NUMBER: N/A OTHER PRESENTER: N/A
---	---

PROPOSED ACTION:

ADOPT RESOLUTION NO. 17-1810 APPROVING A RETAIL DEVELOPMENT IMPACT FEE INCENTIVE PROGRAM, AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE THE RETAIL AND ENTERTAINMENT INCENTIVES PROGRAM TO ENCOURAGE RETAIL AND ENTERTAINMENT DEVELOPMENT IN THE CITY OF GOODYEAR AUTHORIZING CITY STAFF TO TAKE ACTIONS CONSISTENT WITH TERMS OF RESOLUTION AND PROGRAM AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND AND PREVIOUS ACTIONS:

The Goodyear City Council continues to express interest in encouraging more and unique retail and entertainment types of development within the city in order to provide even greater amenities to the community, while also adding the benefit of further increasing the city's sales tax base. The attraction of retail and entertainment businesses also continues to be a primary target for the city's Economic Development Department. The department's strategy has been to 1) constantly conduct outreach and market Goodyear to Greater Phoenix retail brokers, developers, and property owners 2) aggressively pursue recommendations made by industry experts, councilmembers, and residents, and 3) attend strategic outreach events, industry trade shows, and sales missions.

At the City Council Retreat on October 21, 2016, the question was raised by a Councilmember on whether the city could implement an economic development incentive program to reduce impact fees for certain sub-categories of uses (i.e. entertainment type of uses) within general categories of the city's impact fee ordinance. This prompted staff to consider how to best accelerate retail activity by providing a benefit for the retail user and / or developer, as well as promote the best return on investment for the city.

On March 27, 2017 Economic Development staff held a Work Session with Council to discuss incentive options and consider the pros and cons of implementing a development impact fee reduction program along with the ability to waive plan review and permit fees to further enhance retail and entertainment recruitment efforts.

On April 24, 2017 Council held an Executive Session with the City Attorney to provide legal advice regarding the retail incentive program options.

STAFF ANALYSIS:

Economic Development Department staff believes it is in the best interest to create an incentive for new retail and entertainment development within the city to increase the city tax revenues which are needed to provide necessary public services for city residents and which provide an essential public benefit to City residents.

The program recommended for adoption allows for the following:

Any property for which a building permit is issued for a Retail and Entertainment use in excess of 5,500 square feet, after July 1, 2017, but before June 30, 2019, is eligible to receive a reduction in City of Goodyear Non-Utility Impact Fees in the following amounts otherwise due, subject to available funding and the following:

“Retail and Entertainment Use” for the purposes of the Program is defined as a proposed development in excess of 5,500 sq./ft. that would otherwise be assessed under the Commercial designation of the currently adopted Goodyear Development Impact Fees and whose primary business would encompass selling goods, prepared foods or services directly to a consumer for consumption rather than resale, and would not include other traditional office or medical office types of uses. The City Economic Development Director will be responsible for making the determination of whether a proposed use qualifies as a Retail and Entertainment Use for the Purposes of the Program. An applicant may appeal the denial of their application to the Goodyear City Manager, whose decision is final and not subject to further appeal.

Pursuant to its fiscal year 2017-18 budget, the City of Goodyear has appropriated \$2,000,000 to fund the Program. Any funds unused in the 2017-18 fiscal year budget will be presented as a “carry-over” request for City Council approval in the 2018-19 Budget after which the Program will end. The Program funds are available for eligible retail projects on a first-come basis according to the date a complete application for a building permit is received for each project and all other applicable fees are paid in full. Requests for a reduction in Non-Utility Impact Fees shall be denied if the Program funds have been completely expended for Program activities.

For the purposes of this Program, the impact fees that are subject to reduction are the City development impact fees for Parks & Rec, Streets, Police, and Fire and exclude impact fees for Water and Wastewater.

For the 2017-18 Fiscal Year, Non-Utility Impact Fees for eligible retail uses shall be reduced by 100%, and the corresponding impact fee category shall be reimbursed by Program funds pursuant to A.R.S. § 9-463.05(B)(13).

For the 2018-19 Fiscal Year, Non-Utility Impact Fees for eligible retail uses shall be reduced by 75%, and the corresponding impact fee category shall be reimbursed by Program funds pursuant

to A.R.S. § 9-463.05(B)(13).

FISCAL ANALYSIS:

Pursuant to its fiscal year 2017-18 budget, the City of Goodyear has appropriated \$2,000,000 to fund the Program. Any funds unused in the 2017-18 fiscal year budget will be presented as a “carry-over” request for City Council approval in the 2018-19 Budget after which the Program will end. The Program funds are available for eligible retail projects on a first-come basis according to the date a complete application for a building permit is received for each project and all other applicable fees are paid in full. Requests for a reduction in Non-Utility Impact Fees shall be denied if the Program funds have been completely expended for Program activities.

RECOMMENDATION:

To enhance opportunities for retail development for the benefit of residents and to further increase the city’s sales tax base, it is recommended that the proposed resolution be adopted.

ATTACHMENTS:

Development Impact Fee Waiver Program
Resolution No. 17-1810