

AGENDA ITEM #: _____

DATE: August 19, 2019

CAR #: 2019-6728



CITY COUNCIL ACTION REPORT

SUBJECT: Development Agreement for Civic Square at Estrella Falls

STAFF PRESENTER(S): Julie Arendall, City Manager

OTHER PRESENTER(S): None

Summary: Adopt the resolution approving the Development Agreement for Civic Square at Estrella Falls and direct the City Manager to execute the development agreement.

Recommendation:

ADOPT RESOLUTION NO. 2019-1985 APPROVING THE DEVELOPMENT AGREEMENT FOR CIVIC SQUARE AT ESTRELLA FALLS; DIRECTING THE CITY MANAGER TO EXECUTE THE DEVELOPMENT AGREEMENT FOR CIVIC SQUARE AT ESTRELLA FALLS; AUTHORIZING AND DIRECTING ACTIONS; AUTHORIZING EXPENDITURE OF FUNDS, AUTHORIZING BUDGET TRANSFERS AND PROVIDING FOR AN EFFECTIVE DATE.

Fiscal Impact:

As part of a public-private partnership, Globe Corporation, who through their master developer, will construct the Civic Square as well as a privately owned and financed Class A office complex. The nature of the private partnership requires changes to the timing of how the city typically budgets for capital projects. There is no change in the total city portion of the project budget or in the sources of funding resulting from the development agreement.

The voters of Goodyear have previously approved a City Hall/Street Infrastructure project with bond authority up to \$53M. Overall funding of this project is from this existing bond authority, general funds reserved in the five-year Capital Improvements Program, and a dedication of one-time revenues received above our current five-year revenue forecast used to develop our fully funded Capital Improvements Program.

This Civic Square project is included in the FY2020-24 CIP in the total amount of \$87,468,000. An additional \$250,000 in one-time General Funds approved in FY2019 for space planning will be consolidated into this project for a total authorized project budget of \$87,718,000.

Budget transfers are required for the unbudgeted space planning carryover of \$250,000 and for budget authority to cover FY2020 estimated expenses including those associated with the development agreement terms. The required budget will be transferred first from General Funds set-aside in FY2020 for this project, from one-time FY2019 year-end General Fund savings

consistent with the stated funding plan, and from funding programmed in FY2021 in the five-year CIP as necessary. These budget transfers will not change the total project budget, planned funding sources, or the citywide FY2020 total adopted annual budget.

Approval of this item will authorize the expenditure of all programmed funds associated with this project (\$87,718,000), including those that will be procured directly by the City separate from the development agreement with Globe, such as space planning, owners representative, artwork, etc... Future council action will be required to issue General Obligation bonds to fund a large portion of this project. Timing of this bond issuance will be driven by the cash flow needs of the project and bond market conditions.

Background and Previous Actions

The city of Goodyear has considered constructing a purpose-built City Hall since purchasing 40 acres on the northeast corner of Bullard Avenue and I-10 in 1984. Citizen committees were created in 1985, 1987, 2001 and 2004 to provide input on what residents would like to see in a City Hall project. The consistent theme from all of these efforts were to create (1) a dedicated space designed for consolidated public services, (2) a gathering place for public events, and (3) economic vitality through mixed-use development.

On March 25, 2019, staff presented Council with a new opportunity to create a public-private partnership with The Globe Corporation (Globe) to pursue this long-awaited project. The Letter of Intent (LOI) was approved to pursue the project on April 8, 2019. On July 8, 2019, Council approved the rezoning of the Globe property in order to create a new Planned Area Development (PAD) that will permit the development of a mix of uses.

The City and Globe teams have been working diligently and collaboratively to negotiate the Development Agreement that is being brought for Council consideration tonight.

The highlights from the Development Agreement are as follows:

Globe Obligation

- Donate 6.15 acres of land for the City Hall and Park
- Construct all infrastructure, buildings and park through their master developer
 - City Hall with Library and Park will be build-to-suit to our budget with ownership transferred upon completion of project
 - Deed of Trust will be filed to protect the city's interest prior to conveyance
 - Globe to construct 100,000 square feet of Class A office space with one floor dedicated to a single tenant; if unleased after one year 15,000 square feet would be reserved for a single tenant for the 2nd year, with no restriction thereafter

City Obligation

- Fund, through construction draws, all costs for improvements of the donated 6.15 acres
- Pay a 3% management fee to Globe to manage and deliver the project

- Contribute \$3.3M for site infrastructure with an additional ½ the cost of offsite wet/dry utilities up to a maximum of \$500,000
- Pay \$5M toward structured parking garage and receive 200 dedicated spaces with an option to purchase or lease 200 additional spaces

Staff Analysis

The Civic Square at Estrella Falls project will include a City Hall with Library, 2-acre park and gathering place, and a Class A speculative office product.

Attachments

Resolution No. 2019-1985
Development Agreement