

AGENDA ITEM #: _____

DATE: January 11, 2021

CAR #: 2021-7166



CITY COUNCIL ACTION REPORT

SUBJECT: Resolution of Support for a User Driven Foreign Trade Zone Site

STAFF PRESENTER(S): Harry Paxton, Economic Development Project Manager

OTHER PRESENTER(S): N/A

Summary: A site in the City of Goodyear is being considered for the development of an economic development project known as Project Spring. As part of the site selection criteria, Project Spring is requesting City support for the activation of the site as a single-user User Driven Foreign Trade Zone site. Staff is recommending the adoption of a Resolution of Support for the activation of the proposed site as a User Driven Foreign Trade Zone site should Project Spring locate in Goodyear and meet all the qualifications for activation.

Recommendation:

ADOPT RESOLUTION NO. 2021-2128 SUPPORTING AN APPLICATION FOR THE ACTIVATION OF A SINGLE-USER USER DRIVEN FOREIGN TRADE ZONE SITE FOR PROJECT SPRING SUBJECT TO CONDITIONS; PROVIDING AUTHORITY AND DIRECTION; AND PROVIDING FOR AN EFFECTIVE DATE.

Fiscal Impact: An activated Foreign Trade Zone (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. Currently the proposed site for Project Spring is owned by the state of Arizona and does not generate any property tax today.

Background and Previous Actions

There were no previous actions that went to Council related to this resolution.

Staff Analysis

A User Driven FTZ site is a site that can be designated anywhere within a Foreign Trade Zone area which seeks local approvals once a potential user is proposed to occupy the site. Ultimately, Federal approval is required before a site is activated with an identified user. The proposed site is approximately 1,100 acres generally bounded by Indian School Road to the north, Perryville Road to the west, Citrus Road to the east, and McDowell Road to the south, excluding the developed Perryville Prison site west of Citrus Road.

The City of Goodyear FTZ Tax Policy requires projects to meet or exceed the following requirements for support of a User Driven FTZ site:

- 1) Capital expenditure of at least \$25,000,000 will be made in the development of the project.
- 2) Manufacturing operations will be carried out in at least 75,000 square feet of a building.
- 3) Owner and/or operator enters into an agreement agreeing to employ a minimum of 75 full-time employees with at least 51% of the employees paid at least 125% of the median annual wage.
- 4) All full-time employees will be offered 75% of the health insurance premium paid by the employer.
- 5) The payment of a Payment in Lieu of Taxes Fee ("PILOT FEE") should it apply.
- 6) The application for the activation of the Project Spring Site as a User Driven FTZ site is submitted to the Grantee within five years of the date this resolution is approved.

The proposed Project Spring is anticipated to meet or exceed each of the above stated requirements.

Attachments

Resolution No. 2021-2128