



City of Goodyear

Meeting Minutes

City Council Work Session

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Mayor Georgia Lord
Vice Mayor Sheri Lauritano
Councilmember Joanne Osborne
Councilmember Joe Pizzillo
Councilmember Wally Campbell
Councilmember Bill Stipp
Councilmember Sharolyn Hohman

Monday, March 27, 2017

4:00 PM

Goodyear Justice Center

1 CALL TO ORDER

Mayor Lord called the Work Session to order at 4:00 p.m.

2. ROLL CALL

Present 7 - Mayor Lord, Vice Mayor Lauritano, Councilmember Osborne, Councilmember Pizzillo, Councilmember Campbell, Councilmember Stipp, and Councilmember Hohman

Councilmember Stipp attended the Work Session via teleconference.

Staff Present: City Manager Brian Dalke, City Attorney Roric Massey, and City Clerk Maureen Scott.

3. AGENDA ITEMS FOR DISCUSSION:

- 3.1 [17-6019ws](#) Council will discuss incentive options provided by staff 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.

Economic Development Director Michelle Lawrie and Project Manager Robert Ito, presented.

Ito reviewed the process involved in retail recruitment efforts.

Top 10 Most Desired Retailers:

1. Trader Joes
2. Large Natural Grocer - (Whole Foods, Sprouts)
3. Costco
4. Trendy Experience Restaurant - (Fox Restaurant, Postino's)
5. Trendy Fast Casual Restaurant - (Pita Jungle, Lolo's Chicken and Waffles)
6. Top Golf
7. Bowling/Game Center - (Dave & Busters, Lucky Strike)

8. Upscale Steak House - (Flemings, Ruth's Chris)
9. Chicago-Based Brands - (Lou Malnati's, Portillos)
10. Interesting Chain Restaurant - (B.J.'s, Cheesecake Factory)

Retail decisions are made based on Return on Investment (ROI). Retail expansion is considered when the sales and profits outweigh occupancy costs and operating costs. There are three top considerations, i.e. population, demographics, and location.

Goodyear Trade Area:

Population (Strengths)

- Strong Projected Residential Growth
- Access to Larger Trade Area

Population (Challenges)

- Current Population Low
- Low Daytime Population

Demographics (Strengths)

- High Median Income within Region
- High Education Levels of Residents within Region

Demographics (Challenges)

- Low Density of High Median Income
- Low Density of High Education Levels of Residents

Location (Strengths)

- Visibility Along Freeways
- Availability of Property

Location (Challenges)

- Further from Core City
- Timing of Mall Development

David Scholl, partner with Vintage Partners, joined Lawrie and Ito for the presentation. He stated that Goodyear staff is on target on what retailers are looking for. Location and demographics are key. Cyber graphics are also studied. He emphasized that Council should not lose sight of keeping a good balance of what is good for the community and what will make retail sustainable. Those things are jobs, housing, outdoor experiences, and an area that people want to raise a family.

The mall opportunity is a strong opportunity for the Southwest Region of the Valley. He appreciates that the city is putting forth the extra effort to find out what you need to do to attract sustainable retail to the community.

He has been in the retail development business for 35 years and has been through three significant recessions. This recovery that we are in now is the weakest and longest lasting that he has ever seen. That is compounded by two other elements: The millennial generation is very different than generations before them. There is a huge number of "Millennials" and a huge number of "Baby Boomers" that do not have children. This has caused a huge "bubble" right

now in the restaurant world because those groups are not eating at home as much, and they are demanding more of an "experience" when they go out. This demographic has befuddled the retailers and they are in the biggest upheaval he has ever seen. Because of this, commodity type products are causing retailers to rethink their brand and their footprint largely due to internet sales. The industry has been turned upside down because of the fact that the shopping experience is now competing with other leisure activities. The power centers, malls, and retailers are realizing they are now competing with other forms of free time for consumers' attention.

Scholl:

>In his opinion, the southwest valley is underserved from a retail standpoint. People are leaving town for a lot of their leisure activities. Goodyear is perfectly positioned to become the next quadrant for a destination. You need very invested developers who are doing the marketing side-by-side with city staff.

>The mall really should have been here by now. This market recovery has been extremely slow. Scholl encouraged Council to look at the long-term property owners and understand how to get them to tell the story that needs to be told to the retailers.

>He believes the numbers are there, but the retailers are jittery and are afraid of expanding in today's market.

Council Discussion:

>We need to actively get involved with the landowners in the mall area. We need to think out of the box about what we can do to help them move forward.

>What types of jobs should we try to attract? Scholl suggested that we need jobs that drive housing and support more rooftops.

>The malls that are succeeding are also destinations that attract everyone. Doesn't see the traditional retail concept making it. Scholl thinks the future of the mall are those things that are not necessarily a pleasant experience on or through the internet. The target market for retailers are women. The one-on-one personal experience can't be accomplished with internet shopping. We need to improve on drawing people out of their homes with community experiences and entertainment. Local retailers are looking for cool, funky locations that Goodyear is lacking. Possibly turn some of the old buildings into a retail attraction.

>What advice can you give staff? Scholl responded that we need to find ways to encourage the developers to fight for the local story. They will do their own market studies and rely on those. Goodyear got caught in the middle of the recession when there was three or four years of panic and fear. The timing has been horrible for trying to get the entire industry to expand. Developers go to the areas with the least resistance right now. As the housing starts to increase to the level that it gets the attention of the retailers, they will pay more attention to us.

>Developers and property owners need to be awakened to the opportunities that are out here.

>We need to awaken developers and provide ideas from citizens on what type of retail and businesses they would like to see in Goodyear.

Ito reviewed programs from other cities in our area.

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 ¾" 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
- 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

- 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 the 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 Incentive Options:

1. Create an Incentive Program to encourage retail

- >Establish parameters of the program
 - >Development Impact Fee Reduction and/or Plan Review and permit fee waivers
 - >Determine Cap Reduction amount
 - >Determine Length of the program.
2. Do Not create an Incentive Program to encourage retail.

Staff recommends creating an incentive program that:

- >Limits to 5,000 square feet or greater
- >Development Impact Fee Reduction at 100% and a plan review and permit fee waiver only for non-utility (no utility) with an Economic Development Agreement.
- >Total cap amount of \$3M
- >3-year program

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 increased 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 the pipeline
- >Cannot guarantee most desired retailers
- >Cannot discriminate based on type of retailer (development impact fee)

Council Discussion:

- >**What is the typical size of a chain restaurant?** Ito responded between 5,000 and 6,000 square feet. Portino's typically is around 10,000 square feet.
- >**Is there any legal reason we can't choose something between 5,000 and 10,000 square feet?** City Attorney Massey responded that is up to Council's discretion. The program is designed to target certain retailers, but the program design will be tailored to whatever Council decides.
- >**Will these types of incentives "tip the scale"?** Scholl responded that it would for him. Existing property owners and developers may consider this a tipping point in their decision making process.
- >**Is 5,000 square feet reasonable?** Scholl responded yes. It is incentivizing the building rather than just the retailer. It could be a 50,000 square foot building that includes several small retailers within that building.
- >**Have we considered tiering the program so there is a greater incentive the first year and tapers off over the 3-year period?** Lawrie responded that is a great idea and can be considered.
- >**How will we make sure that retailers follow through with the incentives that are given?**

Massey responded that the incentives will be triggered with the building permit. Lawrie added that plan review and permit fee waivers would be handled similarly as they are now.

>Unclear about definitions. There are certain businesses that we may not necessarily want to incentivize. Do we have a strategy to attract certain types of businesses?

>We aren't trying to target the convenience type stores. Will this be zoned or across the board for the entire city? Lawrie said that it was designed to be city-wide.

>Is it possible to limit the incentives to zones? Massey advised that it would be best to keep it city-wide. If Council wants to do zones, it would be best to keep it in the Impact Fee Zones.

>In favor of boosting the square footage a bit in order to attract the types of businesses we would like to see.

>Prefers a level playing field of across the board incentives.

>Shouldn't housing impact fee incentives be considered at the same time as the retail incentives? Lawrie responded the plan is for them to work together. Dalke stated the plan incorporates a \$3 million cap (the cap amount can be set at any amount that Council decides). The reason is that we need to have a replacement income source to fund the development impact fee incentives. One of the options to do that would be to change the contingency amount required from three months to two months or fifteen percent of revenues.

>Asked Scholl to share his thoughts. Scholl feels that the packaging and messaging may be more powerful than the actual incentive dollars. He advised Council and staff to give a lot of thought on to use the public relations and marketing machine, and other things that can be put together to launch a momentum-generating marketing campaign.

>Would like more data on what the square footage is for current retailers. If we get higher than 5,000 square feet we might start to eliminate the trendy smaller retailers.

>Can the program be revised to start with a one-year program with an option to continue and/or extent it further? Dalke responded that is certainly possible.

>Likes the idea of the plan and we can figure out the details when more data and information is available.

>Scholl pointed out that smaller retailers will still benefit in this type of plan because they can still be incorporated into a large building that partitions the square footage off for smaller businesses.

>Council wants to move forward.

- 3.2 [17-5968ws](#) City Council will receive an update on the proposed amendments to the City of Goodyear Sign Ordinance and provide staff with comments and guidance concerning sign regulation within the City.

Due to the length of the retail incentives Work Session, Dalke stated that there is not time to start the sign code Work Session. There is an outside attorney that is here and "on the clock". Dalke suggested moving the sign code Work Session to another night. Council agreed.

4. INFORMATION ITEMS

None.

5. ADJOURNMENT

There being no further business to discuss, Mayor Lord adjourned the Work Session at 5:48 p.m.

Maureen Scott, City Clerk

Georgia Lord, Mayor

Date: _____