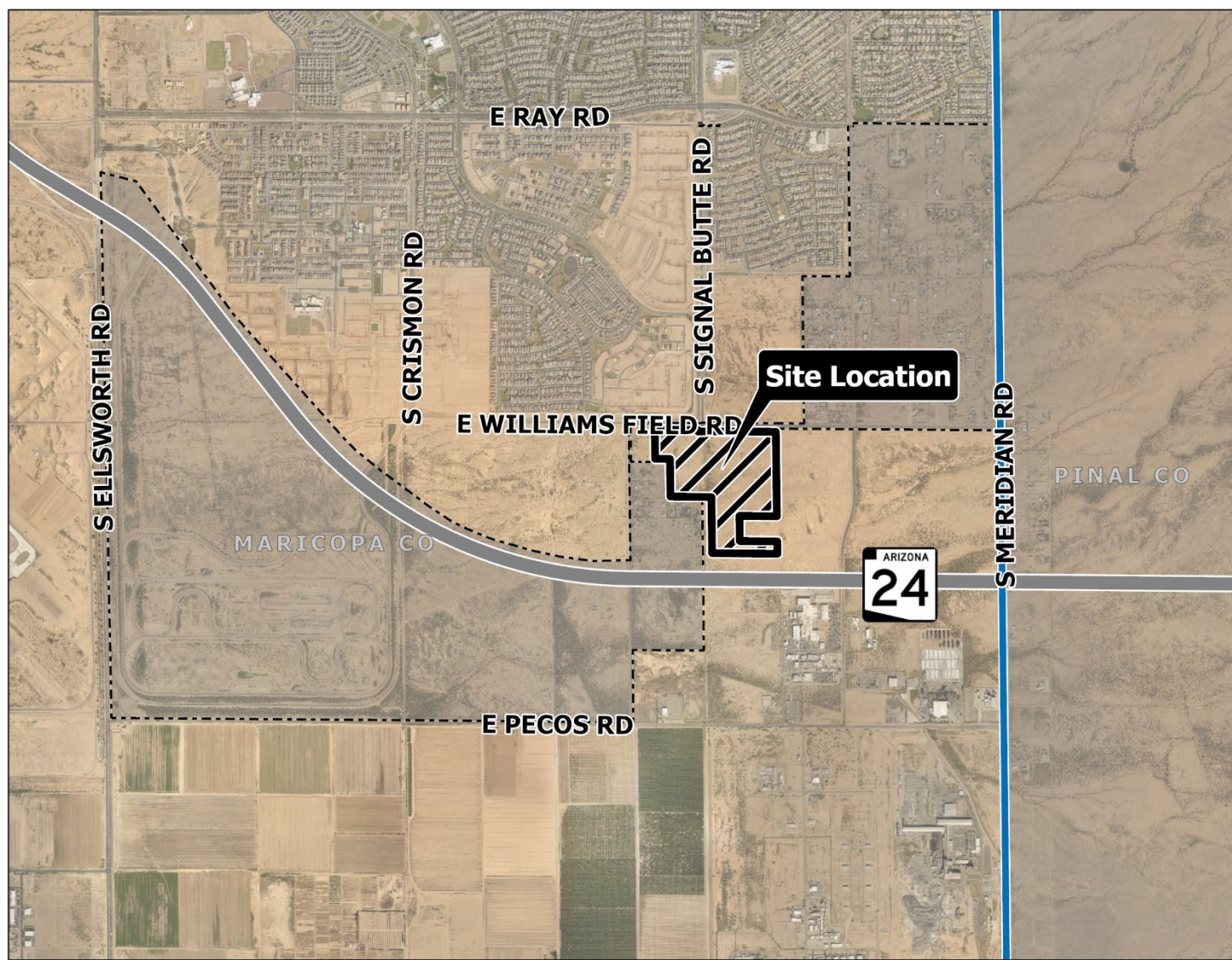




# DESTINATION AT GATEWAY

Lori Collins & Veronica Gonzalez | 6/25/2020

# DESTINATION AT GATEWAY



## LOCATION

- South of Williams Field Road on the east and west sides of Signal Butte Road



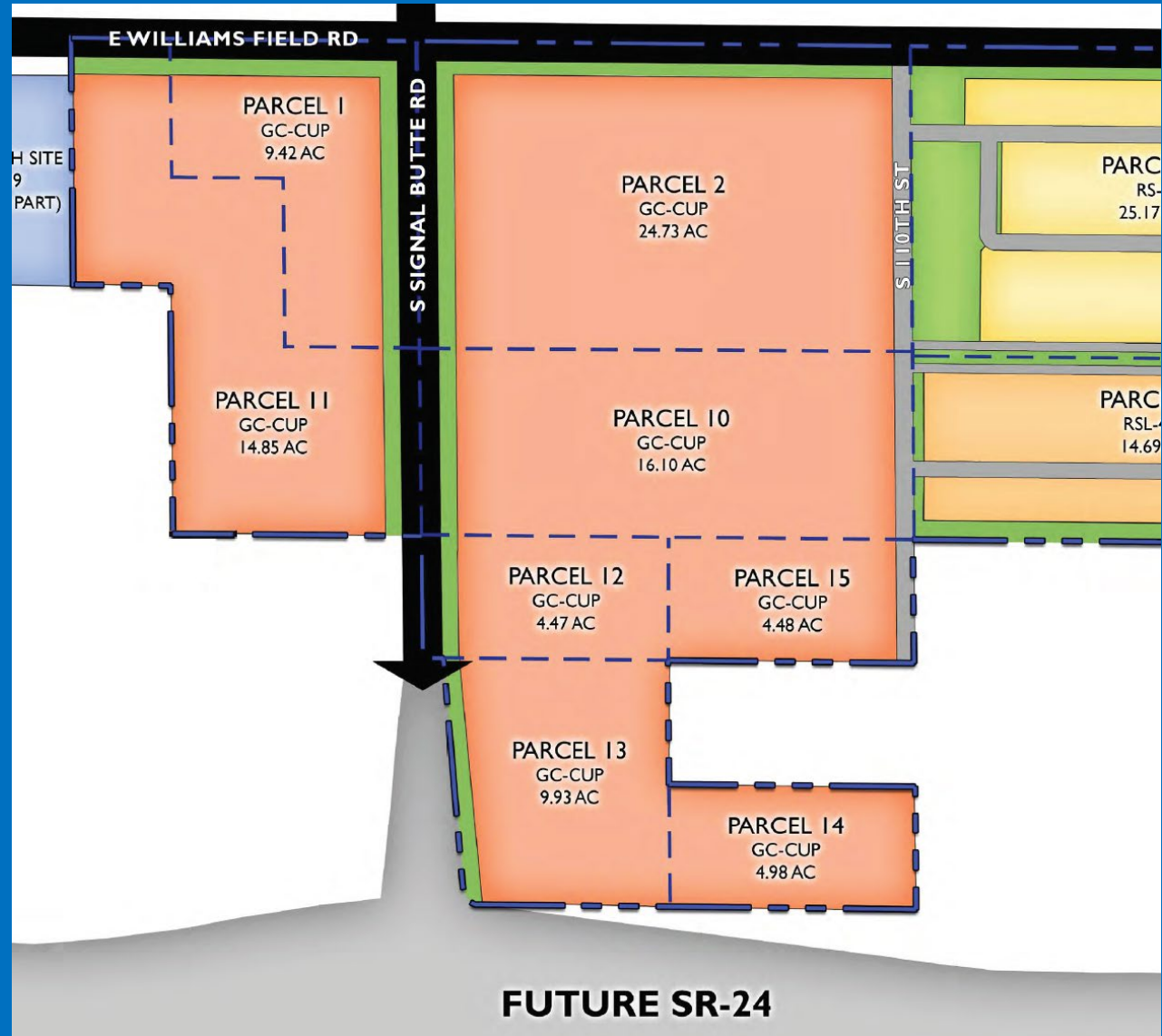
# DESTINATION AT GATEWAY

## ZONING

- General Commercial

## PROPOSAL

- 89-acre mixed-use development
- Commercial uses - auto dealership and supporting retail
- Multiple residence - secondary, buffer uses



# 2018 AUTOMOTIVE POINT ANALYSIS

Assessment based on:

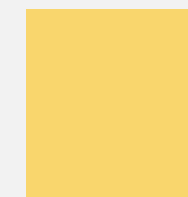
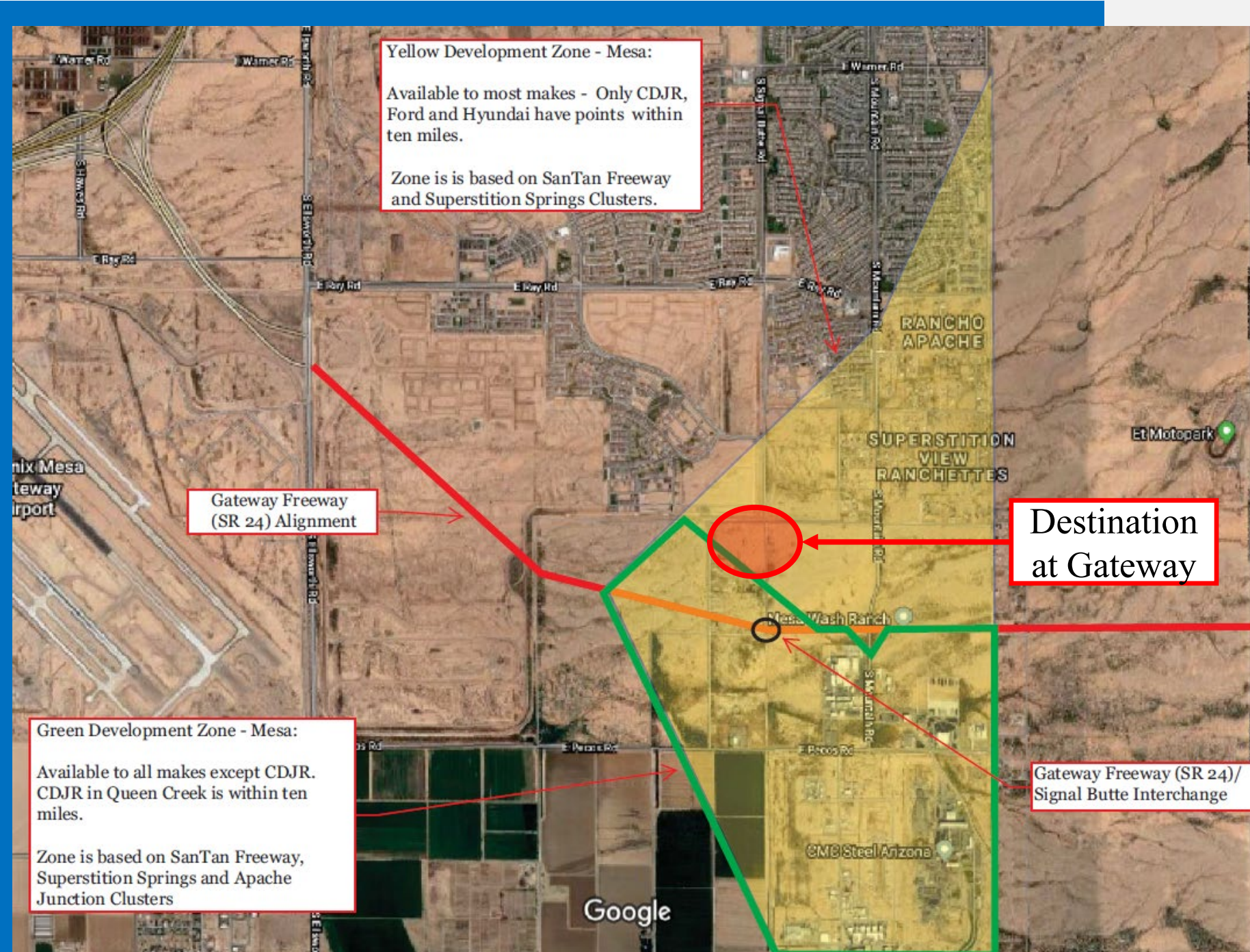
- 1) Locations of existing, same-make dealerships
  - Arizona legislation dictates that same-make dealerships cannot be located within 10 miles driving distance of one another
- 2) Accessibility, visibility, and other demographic features

# 2018 AUTOMOTIVE POINT ANALYSIS

## Findings:

- Land near SR 24 and Signal Butte Road is the only location in Mesa that meets the requirements for an auto mall
- Based on SanTan Freeway, Superstition Springs and Apache Junction Clusters, this area is available to most makes





## Yellow Development Zone

- Available to most makes except CDJR, Ford and Hyundai
- Zone based on SanTan Freeway and Superstition Springs Clusters



## Green Development Zone

- Available to all makes except CDJR
- Zone based on SanTan Freeway, Superstition Springs, and Apache Junction Clusters



# CURRENT ROAD CONDITIONS

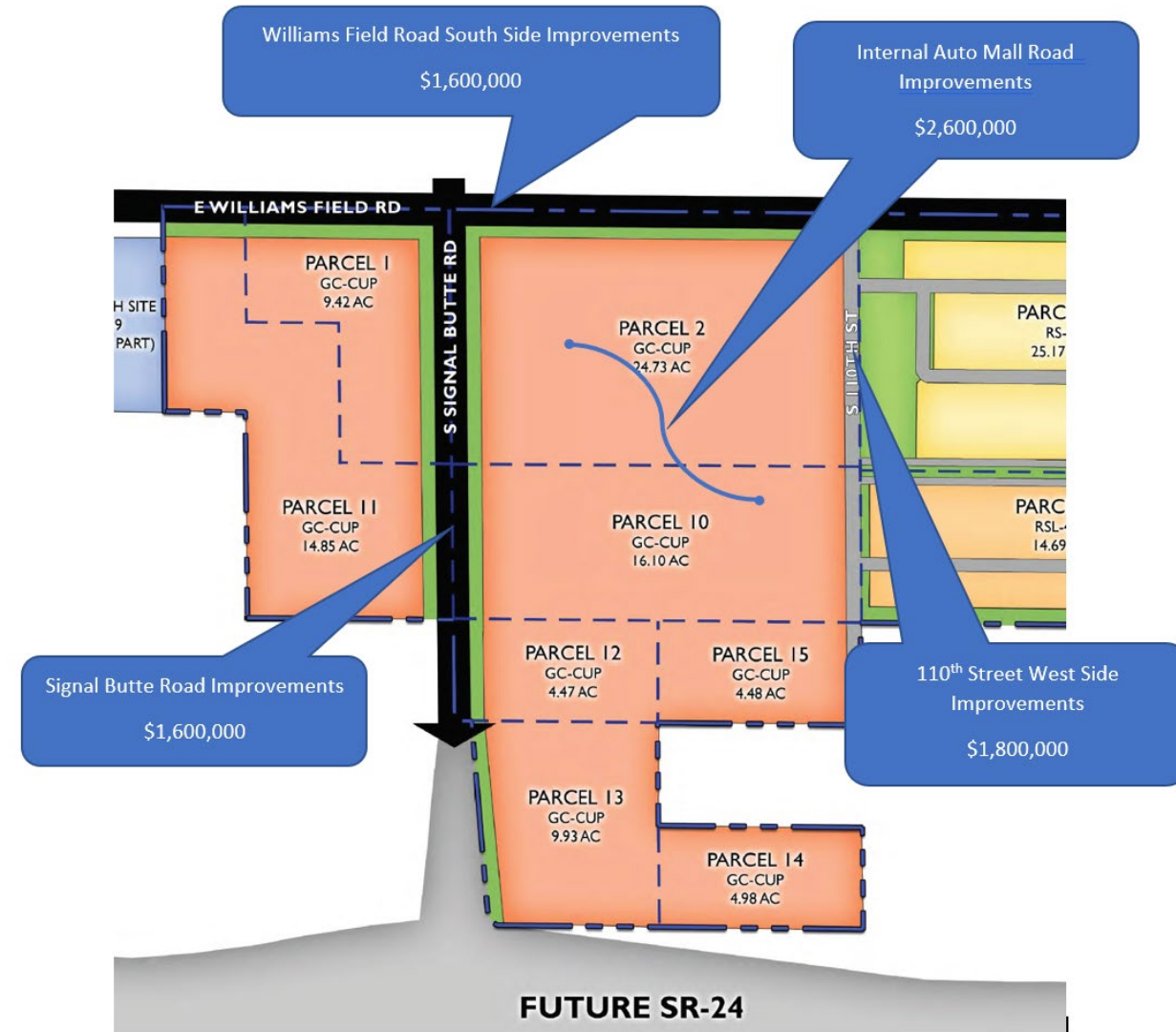
- Current conditions are severely lacking
  - Minimal pavement
  - No curb, gutter, sidewalks, streetlights or water and sewer main lines.
- Infrastructure improvements are important in order to attract development projects that are of an economic benefit to Mesa.



# PUBLIC INFRASTRUCTURE REQUIREMENTS

- Requires significant investment in public infrastructure that includes:

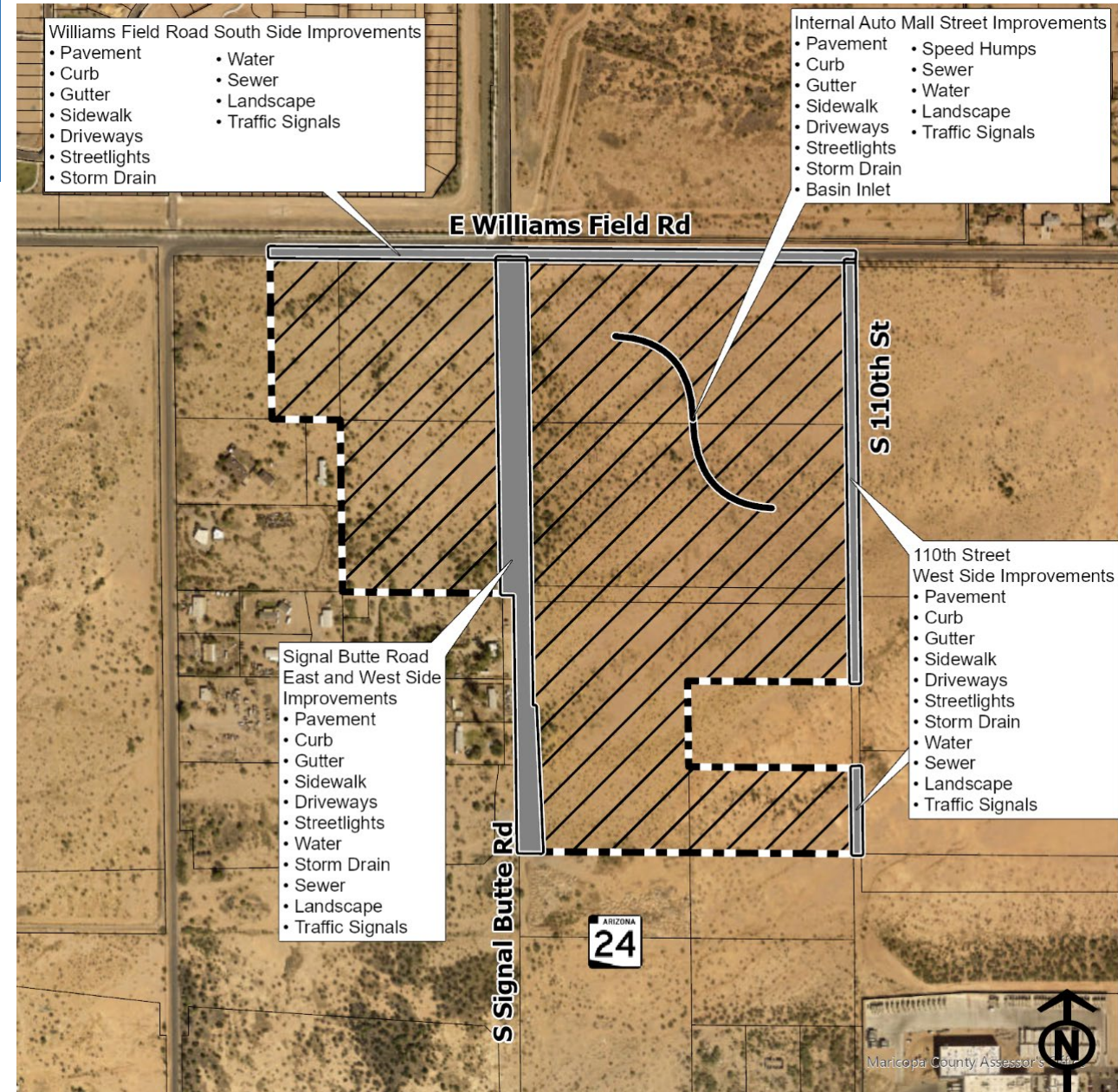
- Pavement
- Curb, gutter and sidewalks
- Storm drain
- Streetlights
- Traffic signals
- Utilities
  - 15" Sewer Line
  - 24" Water Line





# DEVELOPER OBLIGATIONS

- First new auto dealership open for business no later than Dec. 31, 2026
- Design and construction of:
  - South side of Williams Field Road adjacent to the property
  - Internal auto mall street
  - West half of 110<sup>th</sup> Street
  - Portion of Signal Butte Road not constructed with the City project to include:
    - Pavement for outside lanes
    - Curb and gutter
    - Sidewalks
    - Streetlights
    - 12" Water line
    - Storm drain



# CITY OBLIGATIONS

- Design and construction of:
  - Signal Butte Road from Williams Field Road to SR24 by December 31, 2022
- Reimbursement up to \$6 million if Developer completes all of the following by December 31, 2026:
  - Infrastructure improvements
  - Required right-of-way dedications
  - First auto dealership open and operating for business



# PROPOSED RETAIL DEVELOPMENT TAX INCENTIVES

- **Sales tax reimbursement equal to 50% of the 1.2%** non-dedicated general fund sales taxes generated by the operations of the dealership(s) and related vehicle service facility(s)
  - City of Mesa total sales tax rate is 2%.
  - Reimbursement does not include any funds dedicated for Streets and Maintenance (0.3%), Quality of Life (0.25%) and Public Safety (0.25%).
- **Reimbursement capped at \$6 million** and will only cover the actual cost of public improvements constructed and dedicated to the city
- The **incentive period is 8 years** and begins when the first auto dealership opens
- The **incentive period concludes** no later than **December 31, 2034**

# ECONOMIC IMPACT ANALYSIS

Independent third-party review of the development agreement and retail tax incentive completed by Applied Economics

Proposal meets:

- ✓ A.R.S. 9-500.11 - 1) any proposed tax incentive to raise more revenues than the amount of the incentive within the duration of the agreement and 2) the development would not have occurred in the same time, place or manner in the absence of a tax incentive
- ✓ A.R.S. 42-6010 requiring that sales tax incentives offered to retail businesses be provided only as reimbursement for public infrastructure dedicated to, and accepted and controlled upon completion of the project, by the City.



# ECONOMIC IMPACT ANALYSIS

## Revenues to the City:

The project would generate a significantly greater amount of sales tax revenues than the total amount of the rebate



### ONE DEALERSHIP -- Estimated Sales Tax

Reimbursement to Developer by 2034	\$3.9 Million
Revenues to City by 2034	\$9.3 Million



### TWO DEALERSHIPS \* -- Estimated Sales Tax

Reimbursement to Developer by 2034	\$6 Million
Revenues to City by 2034	\$18.9 Million

\*analysis assumes a 2<sup>nd</sup> dealership opens in 2027

*Additional dealerships would increase revenues to the City during the 8-year period in proportion to the year in which they are built.*



## NEXT STEPS

June 15

City Council adopted a notice of intent to enter into a retail development tax incentive agreement

July 8

City Council hearing to consider and take action on the rezoning request and development agreement