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Retail Tax Development Incentive

Incentives are tools used to bring, create or accelerate economic growth in a community.

Can help bring jobs, prevent retail leakage, and enhance services and infrastructure.





Public Supported Economic Development

Some local examples:

- Downtown Redevelopment Plan
- Southside
- Aspen Sawmill
- Nestle-Purina and other manufacturers





Transaction Privilege Tax (TPT) incentives in Arizona

- Marana
- Goodyear





General Purpose

- Can overcome infrastructure issues preventing development.
- Can lead to, or accelerate, enhanced sales tax and property tax, provide jobs, prevent retail leakage, and provide services.





Considerations

- Can be seen as assisting new retail business to compete with already existing retail businesses.
- Can create a perception of favoring one business over another.
- Can take unused land and make it more productive earlier.





Vintage Partners

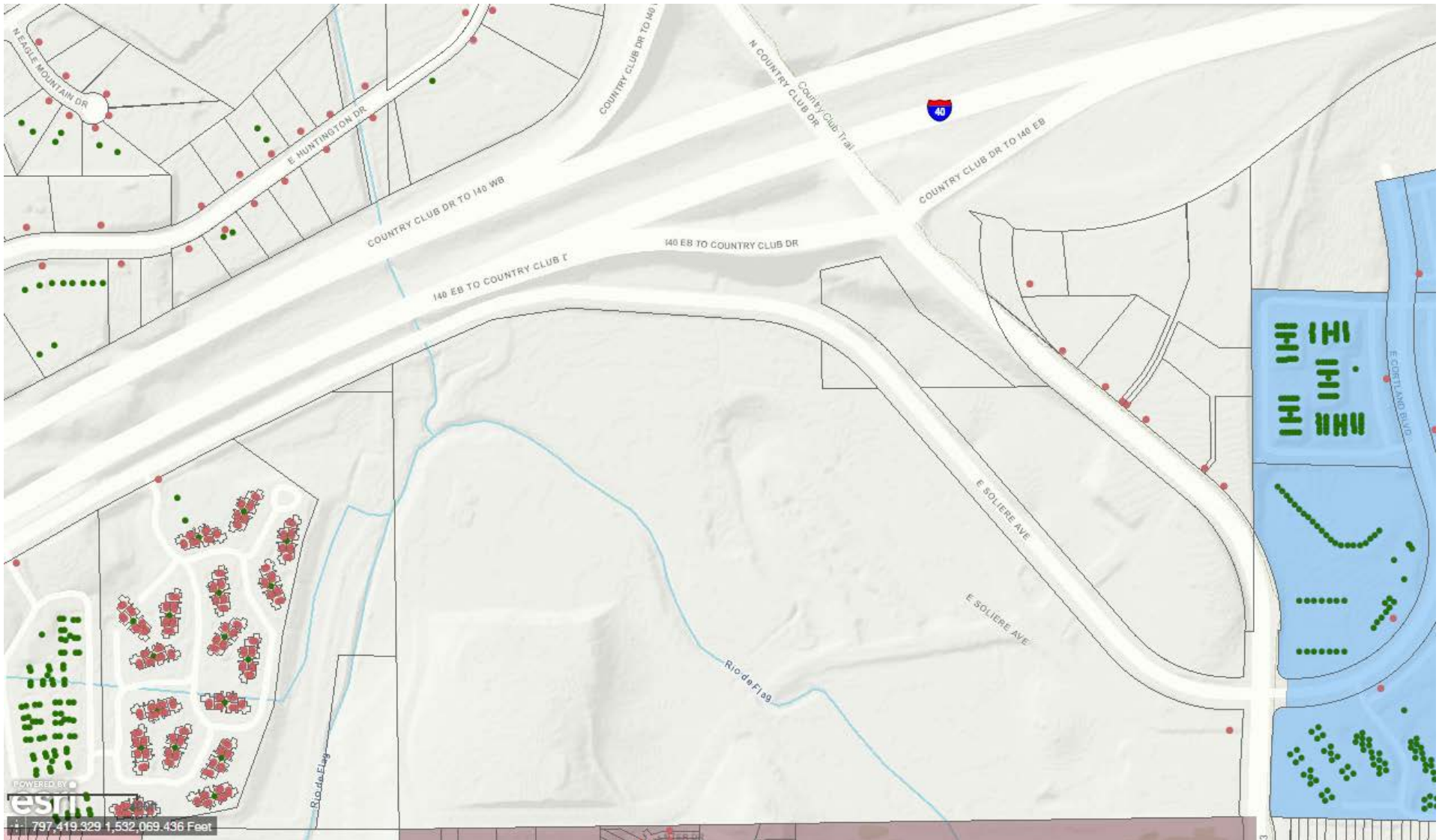
There is a development currently requesting the use of this incentive tool:

- Specific project located at I-40 and Country Club.
- Three part project.
- Incentive only for the commercial portion located along the northern side of Soliere Avenue.





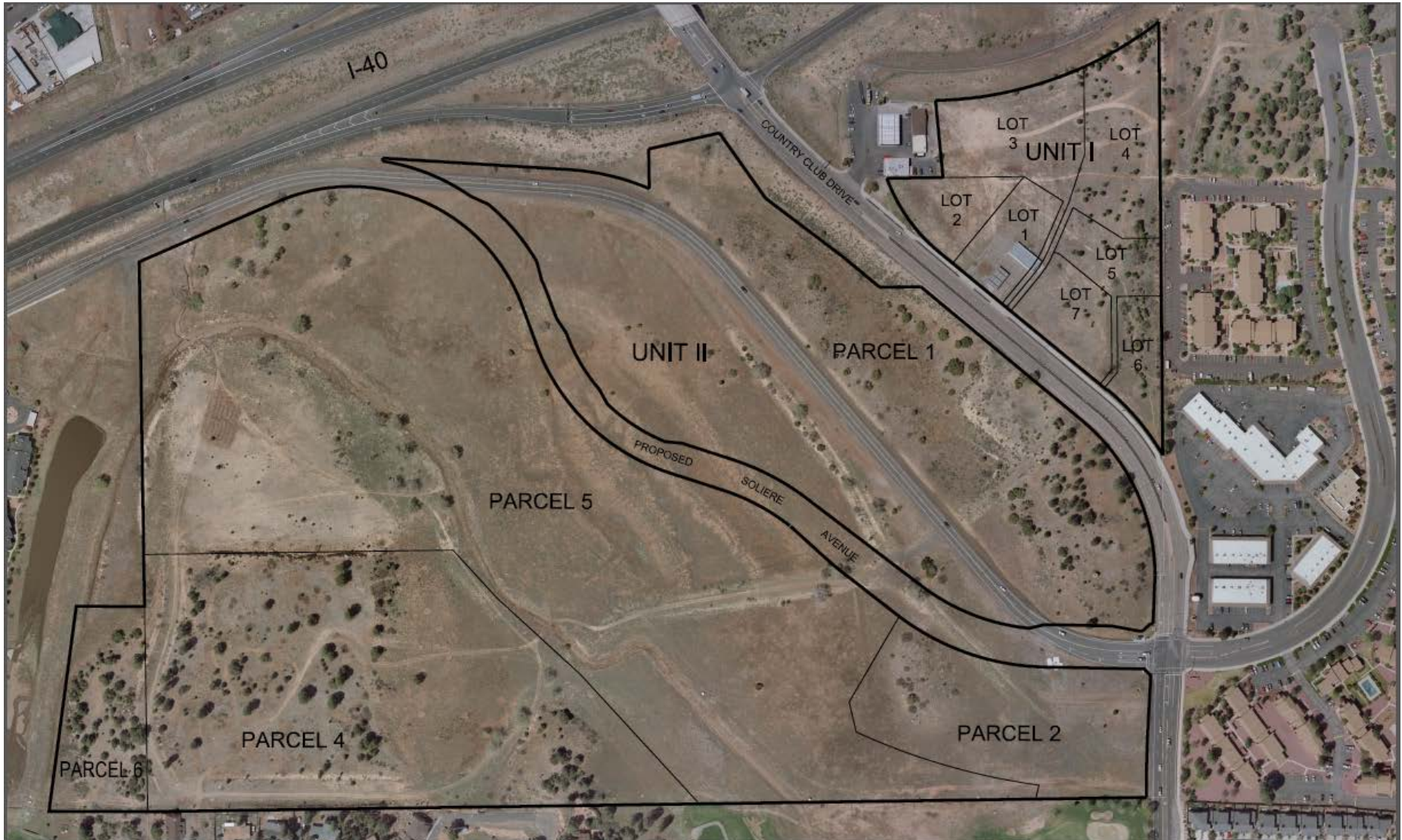
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Country Club – I-40



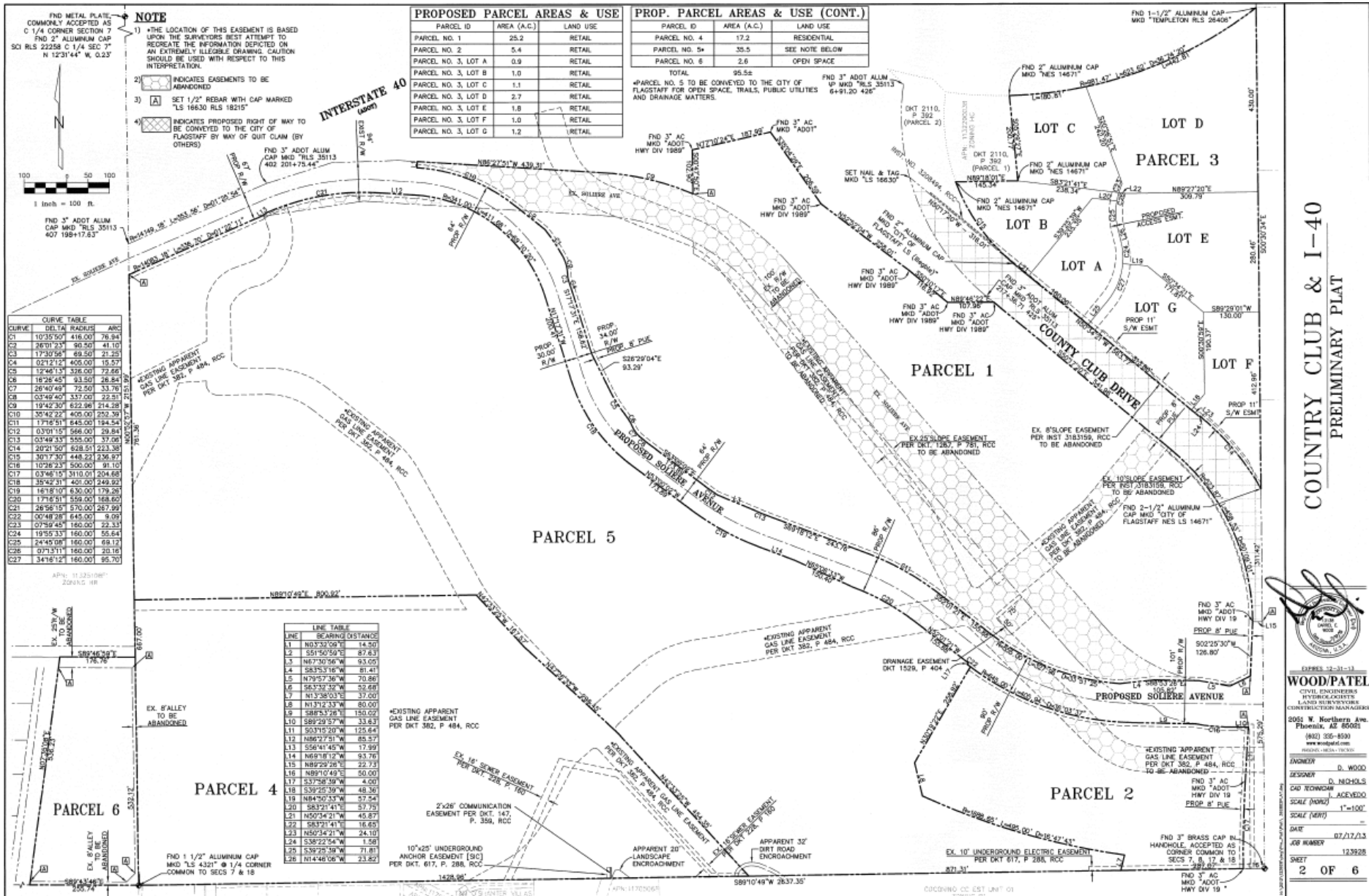
Country Club – I-40



Country Club – I-40



Country Club – I-40



COUNTRY CLUB & I-40
PRELIMINARY PLAT



WOOD/PATEL
 CIVIL ENGINEERS
 8055 W. Northrup Ave.
 Phoenix, AZ 85021
 (602) 355-8590
 www.woodpatel.com

PROJECT: 19-01-013
 DESIGNER: D. WOOD
 CAD TECHNICIAN: A. GEDDO
 SCALE (HORIZ): 1"=100'
 SCALE (VERT): 1"=100'
 DATE: 07/17/23
 JOB NUMBER: 123228
 SHEET: 2 OF 6



ARS and Required Findings

- Development would not happen without this assistance.
- Project creates more revenue than incentive (3rd party analysis).
 - Rounds Consulting Group, Inc.





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ARS and Required Findings

- Incentive must not violate the Gift Clause.





Specific Project Benefits

Improved road value on Soliere Avenue.

- Savings from not doing the pavement overlay.
- Financial value of street improvements.
- Unit 5 as City property for floodplain.
- No actual value from a circulation or safety perspective (50 year modeling).





Specific Project Benefit

Improved drainage

- Dedication of drainage land and improvements.
- Improvements beyond City's plan.





Considerations

- Preliminary Plat may be coming in for reconsideration and those changes could have some impact on Unit 5.





Consideration

- The City has no proportionate share for the road realignment.
 - Traffic Impact Analysis
- Drainage improvements are planned and funded in the Capital Improvement Plan.
- Truly a policy decision to incentivize economic growth of Flagstaff.





Question

During the previous discussion, Council asked which, if any, of the proposed improvements related to the project is the City already planning on doing.

- Soliere overlay





Indirect Benefits

Increased:

- Services to the area
- Sales tax revenue
- Property tax
- Utilized infill
- Jobs availability





Wrap Up

- Incentives may help address infrastructure blockages that exist in the community.
- This generates or accelerates creation of jobs, services, property tax, and sales tax.





Wrap Up

- Can benefit new retailers over others who are already contributing.
- Involves government where we have been cautious to take a role previously – development has paid its way and accepts the risk.





Conclusion

- This is a policy decision about whether to accelerate growth utilizing this tool.
- Infrastructure costs can be a major impediment to development.

