



APPLIED ECONOMICS

**RANGE OF FISCAL IMPACTS
AN-271 NWC REEMS ROAD AND MYRTLE AVENUE
ANNEXATION AND REZONING**

JULY 2025

Introduction

The following summary presents the fiscal impacts of annexation and rezoning for the NWC of Reems Road and Myrtle Avenue property. The site is 8.5 acres and the conceptual site plan includes two buildings totaling 26,056 square feet that could be occupied by multiple tenants. Details on the specific users are not yet known; therefore, this analysis presents a range of possible impacts based on hypothetical scenarios for several types of manufacturing and warehousing uses. The anticipated uses will be compatible with M-1 zoning and Luke AFB Compatible Land Uses. The current county zoning for this property is rural single family residential.

The potential types of uses in this analysis include: 1) an unoccupied shell building; 2) leased warehouse space; and 3) leased manufacturing. Various assumptions were developed for each scenario regarding employment density, lease rates and capital investment (construction and FF&E). These assumptions are based on information provided by the applicant, and published sources for lease rates and construction costs, they are intended to show a general range of possible economic and fiscal impacts. The analysis assumes that Reems Road would be widened adjacent to the site, adding 0.3 lane miles that would be maintained by the city. There would also be improvements required on Myrtle Avenue, but this roadway is maintained by the county and would have no fiscal impact to the City of Glendale.

The point of this exercise is simply to frame what each type of use could bring to the city in terms of the number and quality of jobs as well as the fiscal impacts, and how that result could be scaled to the conceptual site plan for the property.

Project Assumptions

The table below presents the results for 100,000 square feet of each type of development in terms of capital investment, jobs and wage levels, annual fiscal impacts (revenues less expenditures for city operating funds), one-time fees (construction sales tax, development impact fees, estimated permit fees) and overall ranking. This is followed by the “average” for the NWC Reems Road and Myrtle Avenue property that includes a blend of warehouse and manufacturing impacts for 26,056 square feet.

COMPARATIVE IMPACTS OF POTENTIAL INDUSTRIAL USES NWC REEMS ROAD & MYRTLE AVENUE

Building Use	Building Square Feet	Building Construction (millions)	FF&E (millions)	Jobs	Average Wage	One-Time Fees & Taxes (millions)*	Annual Revenues less Expenditures	Overall Ranking
Empty Shell	100,000	\$11.7	\$0.0	0	\$0	\$0.2	\$1,000	Low
Leased Warehouse	100,000	\$15.7	\$2.2	40	\$48,230	\$0.3	\$25,000	Medium
Leased Manufacturing	100,000	\$16.0	\$10.0	83	\$75,913	\$0.3	\$26,000	Medium
NWC Reems & Myrtle Average (50% warehouse, 50% manufacturing)	26,056	\$4.1	\$1.6	16	\$66,934	\$0.1	\$7,000	Medium

*One Time Fees include construction sales tax, estimated planning and permitting fees, and development impact fees in West Glendale.

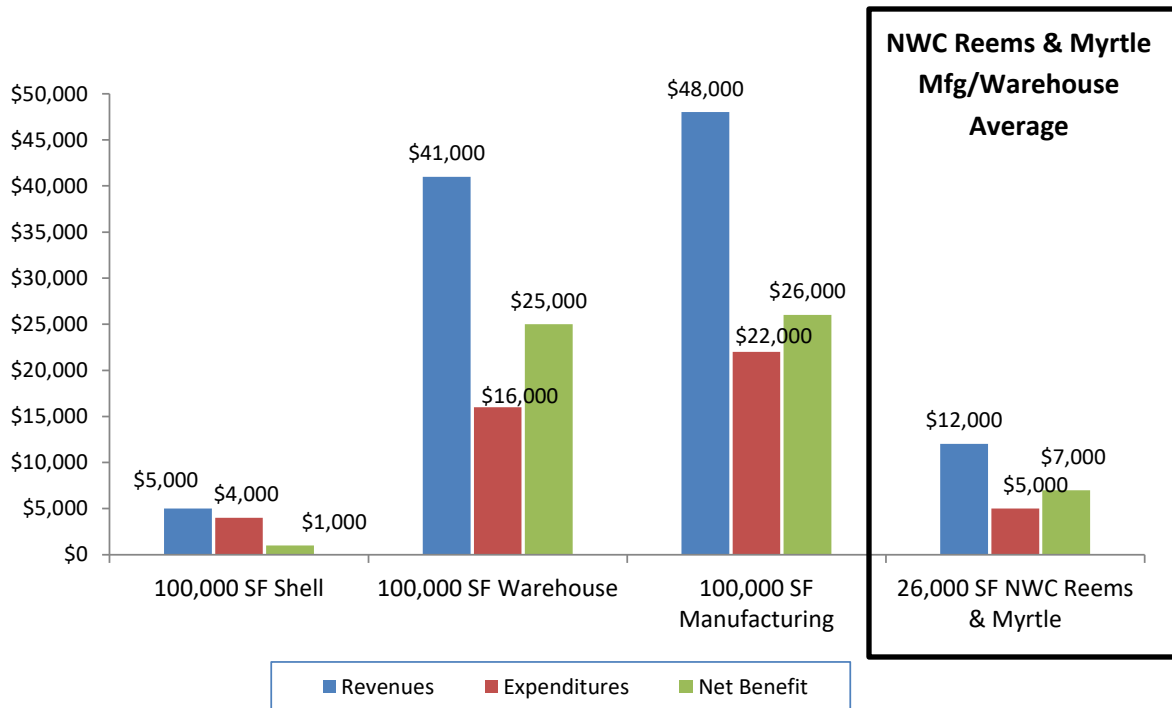
- **Capital investment** is represented by a combination of building costs and FF&E, both of which generate property taxes for the city. Construction activity also results in significant one-time sales taxes. Manufacturing typically requires a larger capital investment than warehousing based on the nature of operations and the corresponding building and equipment requirements, however given the reduction in Arizona’s depreciation rates for Class 1 business personal property, large equipment investments no longer have a significant impact on property tax revenues. The leased warehouse space requires less capital investment overall than manufacturing. The empty shell represents the low end with an unfinished building and no equipment, and is a temporary condition. The total construction cost for NWC Reems Road and Myrtle Avenue is estimated at \$4.1 million for 26,056 square feet of industrial space. This should be viewed as an order of magnitude estimate.
- **Jobs and average wages** are important not only in terms of the number of jobs created, but also the quality of jobs as represented by average wages. To the extent that workers live in Glendale, higher wages translate into more taxable spending and higher value housing. Typical warehouse operations create a limited number of jobs with generally lower average wages than manufacturing. Manufacturing represents a relatively higher job density than warehousing with above average wages. However, manufacturing wages vary significantly based on the type of product being produced. It is estimated that the proposed development could support about 16 jobs at an average wage of \$67,000.

Fiscal Results

- **One-time fees and taxes** related to construction are generally proportional to the construction cost because construction sales taxes make up the largest share of one-time fees. Development impact fees (DIF) are the same for all types of industrial uses since they are based on building square footage. One-time fees also include estimated planning and permitting fees that are generally proportional to construction costs. **Total one-time fees for NWC of Reems Road and Myrtle Avenue are estimated at \$67,000.**
- The **annual fiscal impacts** represent the net value of these different types of light industrial uses to the city in terms of **revenues less expenditures**. *These annual fiscal impacts are intended to be order of magnitude only.* For each type of use, there are a variety of factors imbedded in the assumptions that will affect the magnitude of fiscal impacts for individual users, including the level of capital investment, amount of new street lane miles added, lease rates and the presence of taxable sales. **An average of the potential light industrial uses that are anticipated for the NWC of Reems Road and Myrtle Avenue could result in an annual net impact to the city of \$7,000 per year, excluding one-time revenues.**
- The **overall rankings** show low impacts for the shell building, medium impacts for leased warehouse, and high impacts for leased manufacturing. Note that the rankings are based on the ratio of revenues to expenditures, not the magnitude of impacts which is proportional to the amount of square footage used in this analysis. The lease rates are higher for manufacturing space than for warehouse space, so

this increases the sales tax revenues from the manufacturing scenario. These three scenarios represent the typical possibilities for light industrial development in Glendale. The NWC of Reems Road and Myrtle Avenue development could produce a moderate net impact given the range of possibilities for industrial users and the size of the project. While \$7,000 per year may seem like a very low net impact, the ranking in the table is based on the ratio of revenues to expenditures that could be generated by this project. Since the total building square footage is smaller than other recent industrial annexations, the magnitude of impacts is smaller.

**ANNUAL FISCAL IMPACTS OF STANDARD INDUSTRIAL USES
NWC REEMS ROAD AND MYRTLE AVENUE**



Summary

These results frame the range of potential impacts that the NWC Reems Road and Myrtle Avenue annexation and rezoning could have on the city budget. All the user types shown here generate a positive net fiscal impact, but at varying magnitudes. The long-term net impacts (revenues less expenditures) for the property are estimated at \$7,000 per year, including \$12,000 in annual revenues and \$5,000 in annual expenditures, excluding one-time taxes and fees. The magnitude of the impacts is proportional to the size of the development, although estimated annual revenues exceed expenditures by 130 percent. The actual fiscal impacts will depend on the mix of final users, as well as other factors such as construction cost and building value, lease rates, taxable sales and other project details.