



APPLIED ECONOMICS

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**RANGE OF FISCAL IMPACTS  
AN-269 SARIVAL LOGISTICS  
ANNEXATION AND REZONING**

**MAY 2025**

## **Introduction**

The following summary presents the fiscal impacts of annexation and rezoning for the Sarival Logistics property that includes 39 gross acres located south of the SWC of Sarival Avenue and Peoria Avenue. Based on information provided by the developer, improvements to the site will include three buildings totaling 675,500 square feet that would be occupied by multiple users. 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/warehousing uses.

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). While these assumptions are based on recent projects, as well as published sources for lease rates and construction costs, they are intended to show a general range of possible economic and fiscal impacts.

Another potential user for light industrial space is e-commerce, specifically fulfillment centers that represent point of sale for shipments. These types of projects are highly competitive and they can yield a significant amount of sales tax revenue. However, since there are a limited number of these projects looking at the Phoenix metro area, this type of potential user was not explicitly considered in the analysis. The only taxable sales included in this analysis are leases.

The point of this exercise is to frame what each type of user 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 Sarival Logistics property. Note that there are often tradeoffs between high-quality jobs and revenue generation for light industrial users.

## **Project Assumptions**

The table below presents the results for 675,500 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 “blended average” for the Sarival Logistics property that includes an average of warehouse and manufacturing impacts for a total of 675,500 square feet. Since the actual use is not known, this result represents a midpoint in the range of potential impacts. The total number of square feet is consistent with the proposed site plan. The analysis assumes the space would be leased, and the expenditure impacts include on-going maintenance on 0.4 lane miles of new deceleration lanes on Sarival Avenue.

**COMPARATIVE IMPACTS OF POTENTIAL INDUSTRIAL USES  
SARIVAL LOGISTICS BLENDED AVERAGE**

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	675,500	\$79.2	\$0.0	0	\$0	\$2.4	\$10,000	Low
Leased Warehouse	675,500	\$106.2	\$14.9	271	\$48,230	\$3.0	\$180,000	Medium
Leased Manufacturing	675,500	\$108.0	\$67.6	563	\$57,907	\$3.0	\$200,000	High
<b>Evergreen Blended</b>								
<b>Average</b> (50% warehouse, 50% manufacturing)	675,500	\$107.1	\$41.2	415	\$53,069	\$3.0	\$200,000	High

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

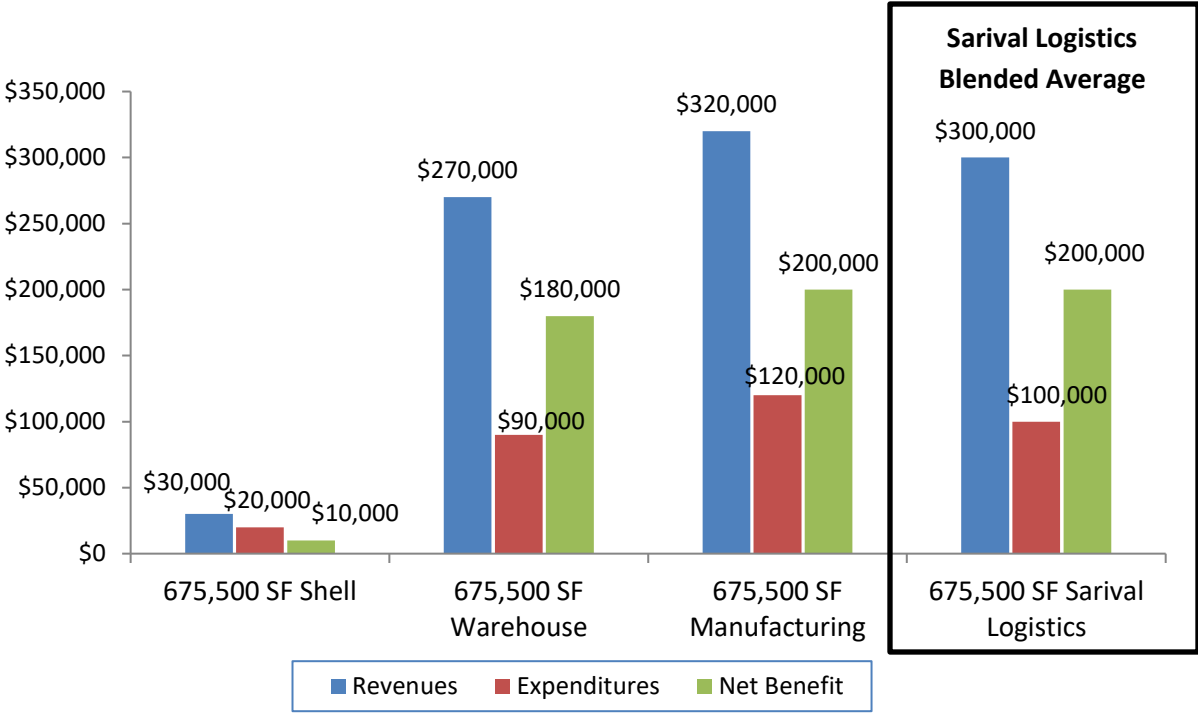
- Capital investment** is represented by a combination of building costs and FF&E, both of which generate property taxes for the city. Construction activity also results in significant one-time sales taxes. Manufacturing typically requires a larger capital investment than warehousing based on the nature of operations and the corresponding building and equipment requirements, however given the recent reduction in Arizona’s depreciation rates for Class 1 business personal property, large capital investments in equipment no longer have a significant impact on property tax revenues. The leased warehouse space in this analysis has a slightly lower projected construction cost than the manufacturing pro-forma, but less equipment. The empty shell represents the low end with an unfinished building and no equipment, and is a temporary condition. The average construction cost for Sarival Logistics is estimated at \$107.1 million for 675,500 square feet of industrial space.
- 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 415 jobs at an average wage of \$53,000.

**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 Sarival Logistics are estimated at \$3.0 million.**

- 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 Sarival Logistics site could result in an annual net impact to the city of \$200,000 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. The new street lane miles increase the projected level of new expenditures (and reduce the net impact) for all three scenarios. 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 Sarival Logistics development could produce a relatively high net impact given the range of possibilities for industrial users. While \$200,000 per year may seem like a low net impact, the ranking is based on the ratio of revenues to expenditures that could be generated by this project. Since the building is smaller than some recent industrial annexations, the magnitude of impacts is smaller.

**ANNUAL FISCAL IMPACTS OF STANDARD INDUSTRIAL USES  
SARIVAL LOGISTICS ANNEXATION**



## Summary

These results frame the range of potential impacts that the Sarival Logistics property could have on the city budget if this 39-acre parcel is annexed and rezoned. 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 Sarival Logistics property are estimated at \$200,000 per year, including \$3000,000 in annual revenues and \$100,000 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 190 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.