



City Council Work Session
Municipal Court and Council Chambers
14455 W. Van Buren St., Suite B101
Goodyear, AZ 85338
Monday, April 12, 2021
5:00 PM

Mayor
Georgia Lord

Vice Mayor
Bill Stipp

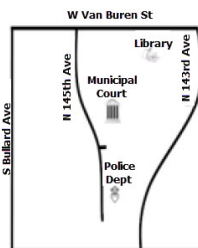
Councilmember
Joe Pizzillo

Councilmember
Sheri Lauritano

Councilmember
Wally Campbell

Councilmember
Brannon Hampton

Councilmember
Laura Kaino



**CITIZENS COMMENTS/APPEARANCES FROM THE FLOOR
(FOR REGULAR MEETINGS ONLY)**

Please complete a speaker card and submit it to the City Clerk prior to the meeting being convened, if possible. Each speaker is limited to three (3) minutes. Once the City Clerk has called your name, step up to the lectern and begin by clearly stating your name for the record and whether you are a Goodyear resident.

NON-AGENDA ITEMS

Members of the public may address the City Council regarding any non-agenda item within the jurisdiction of the City Council. The City Council will listen to comments and may take any of the following actions:

- Respond to criticism.
- Request that staff investigate and report on the matter.
- Request that the matter be scheduled on a future agenda.

AGENDA ITEMS

Members of the public may address the City Council regarding any item on the Consent, Public Hearing and/or Business portions of the agenda. Each speaker's name will be called in turn once the item has been reached and after City staff have completed their presentation.

PROCEDURES

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Goodyear City Council and to the general public that the Council of the city of Goodyear will hold a meeting open to the public. Public body members of the city of Goodyear will attend either in person or by telephone conference call and/or video communication. The Goodyear City Council may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3), which will not be open to the public, to discuss certain matters. Meetings are conducted in accordance with the City Council Meetings Council Rules of Procedure adopted by Resolution No.2018-1879



City Clerk's Office: 190 N. Litchfield Rd, Goodyear, AZ 85338 (623) 882-7830
www.goodyearaz.gov/cityclerk
City Council Meeting Live Broadcast: <https://www.facebook.com/goodyearazgov/videos>

While the Goodyear City Council meetings are open to the public, the occupancy has been reduced to implement social distancing. Seating is generally available on a first come basis.

Face Masks are required and must be worn when moving throughout the building.

Members of the public may still participate in the following ways:

1. View the meeting at:
 - www.facebook.com/goodyearazgov (no account necessary);
 - www.goodyearaz.gov/youtube
2. Contact your Mayor and Council any time prior to the meeting at gycouncil@goodyearaz.gov.

CALL TO ORDER

ROLL CALL

AGENDA ITEMS FOR DISCUSSION

ALL ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN NOR WILL BE TAKEN.

1. FOREIGN TRADE ZONE POLICY

Council discussion to provide policy direction to staff regarding the Foreign Trade Zone Policy. (Harry Paxton, Economic Development Project Manager)

2. SOUTHWEST VALLEY CHAMBER OF COMMERCE

Staff recommends: (1) continued membership in the Southwest Valley Chamber of Commerce, and (2) a one-year renewal of their contract to serve as agent for the city to operate an Information and Business Resource Center. (Julie Arendall, City Manager)

ADJOURNMENT

THE CITY OF GOODYEAR ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, special assistance can be provided for sight and/or hearing-impaired persons at this meeting. Reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (623) 882-7830 or Arizona Relay (TDD) 7-1-1 to request an accommodation to participate in this public meeting.

LA CIUDAD DE GOODYEAR PROCURA HACER TODA JUNTA PUBLICA ACCESIBLE A PERSONAS CON DISCAPACIDADES. Con un aviso de 48 horas por adelantado se puede proveer asistencia especial a personas con discapacidades visuales o auditivas durante la junta. Se harán adaptaciones razonables con previa solicitud para personas con discapacidades o para residentes que no hablan inglés. Favor de llamar a la Secretaria Municipal al (623)

882-7830 o Retransmisión de Arizona (TDD) 7-1-1 para solicitar adaptaciones para participar en la junta pública.

AGENDA ITEM #: 1.
DATE: 04/12/2021



CITY COUNCIL ACTION REPORT

SUBJECT: FOREIGN TRADE ZONE POLICY

STAFF PRESENTER(S): Harry Paxton, Economic Development Project Manager and Lori Gary, Economic Development Director

OTHER PRESENTER(S):

Lori Gary, Economic Development Director

SUMMARY:

Proposed Modifications to the Foreign Trade Zone Policy.

Recommendation:

Council discussion to provide policy direction to staff regarding the Foreign Trade Zone Policy. (Harry Paxton, Economic Development Project Manager)

FISCAL IMPACT:

An activated Foreign Trade Zone (FTZ) site provides a property tax benefit to qualified companies reducing the real and personal property tax assessment ratio from 18% to 5%. Property tax savings to companies are only realized after they are activated FTZ sites. This almost exclusively occurs only after the company has made significant investments increasing the property tax base on property.

BACKGROUND AND PREVIOUS ACTIONS:

7/13/09 - City Council Adopts Resolution 09-1324 supporting the formation of the Greater Maricopa Foreign Trade Zone (GMFTZ); Approves a Foreign Trade Zone application to include the Goodyear Gateway South and Palm Valley 303 sites; Adopts a Foreign Trade Zone Tax Policy; Authorizes City's membership in the GMFTZ Advisory Board.

10/4/10 – City Council Adopts Resolution 10-1404 and 10-1405 amending the FTZ Tax Policy clarifying the circumstances under which a PILOT (i.e. Payment in Lieu of Taxes) Agreement is required and approving the Goodyear Crossings FTZ site.

12/15/2014 – City Council Adopts Resolution 14-1687 amending the FTZ Policy providing administrative approval of FTZ applications for User Driven sites for speculative buildings that met certain requirements by January 1, 2018.

STAFF ANALYSIS

The Goodyear FTZ program was established to spur economic development by attracting speculative infrastructure and building development creating shovel ready sites to help attract quality employment. Since the beginning of the FTZ program it has resulted in thirteen companies that are currently operating or have announced operations within an FTZ. Total job creation within the zones is over 5,000 jobs and has attracted over \$1.3 billion in capital investments. The growth of the Goodyear FTZ program has helped establish the city's industrial sector as a thriving market for new investments with millions of square feet of industrial development under construction now or planned in the near future.

Staff proposes modifications to the City of Goodyear FTZ Policy, which includes modifications to the city's tax policies that will result in full state and federal tax benefits available to certain activated users that meet the requirements of qualified employer. Qualified employers would be a high-wage manufacturer or an internet fulfillment center with substantial end user sales within Arizona while other activated users will receive only full federal tax benefits.

A Qualified High Wage Manufacturing Employer will be required to meet all of the following criteria:

- The manufacturing facility is located within an I-1 zoning district or it is located within a zoning district other than I-1, but the actual use of the User Driven Site is a permitted use under the I-1 zoning district.
- Employer/Operator provides documentation demonstrating a Capital Expenditure of at least \$25,000,000.
- Continuously employs at least 100 Full-Time Employees.
- At least 51% of the operator's Full-Time Employees are paid at least 125% of the median annual wage computed annually by the Arizona Department of Commerce.
- All Full-Time Employees are offered health insurance for which the employer pays at least 65% of the premium or membership costs of such insurance.

A Qualified Internet Fulfillment Center will be required to meet all of the following criteria:

- Employer/Operator provides documentation demonstrating a Capital Expenditure of at least \$25,000,000.
- The internet fulfillment center generates a minimum of \$25,000,000 of end user sales in Arizona on an annual basis that is sourced from a facility in Goodyear resulting in the transaction privilege tax of 2.5% to be paid to the City of Goodyear for each occurrence.

Employers/Operators of an activated FTZ site would be required to pay a Payment in Lieu of Taxes (PILOT) Fee unless the operator is a Qualified High Wage Manufacturer Employer or a Qualified Internet Fulfillment Center. The policy would require the execution of a Foreign Trade Zone Agreement prior to the Activation of any Zone Site. There would be no PILOT Fee owed during any year that the activated user meets the qualifications for a Qualified High Wage Manufacturing Employer or Qualified Internet Fulfillment Center, otherwise all users will pay a PILOT Fee. The amount of the PILOT fee shall be the difference between the property taxes that would have been paid had a Zone Site not been activated less the amount of the property taxes owed under the reclassification resulting from the activation unless any of the taxing jurisdictions who receive property taxes have entered into a separate agreement. If a taxing jurisdiction has entered into a separate agreement regarding the payment of property taxes, the amount of the PILOT Fee shall be the difference between the property taxes that

would have been paid had the property not been an activated Zone Site, excluding the amount of taxes attributable to the taxing jurisdiction with the separate agreement, less the amount of the property taxes owed under the reclassification resulting from the activation of the Zone Site, excluding the amount of taxes attributable to the taxing jurisdiction with the separate agreement.

The City would distribute to taxing jurisdictions the portion of the PILOT Fee applicable to each of the taxing jurisdictions. The applicant who is seeking to include property as a Zone Site would be responsible for obtaining all letters of support from other taxing jurisdictions whose support is required.

The proposed modifications to the FTZ Policy would not apply to zone sites that have been previously approved by the FTZ Board and have been included within the boundaries of FTZ No. 277 Western Maricopa.

Attachments

Presentation



Foreign Trade Zone (FTZ) Program



WHAT ARE FOREIGN TRADE ZONES (FTZS)?

Created by Foreign-Trade Zones Act of 1934 to “expedite and encourage foreign commerce.”

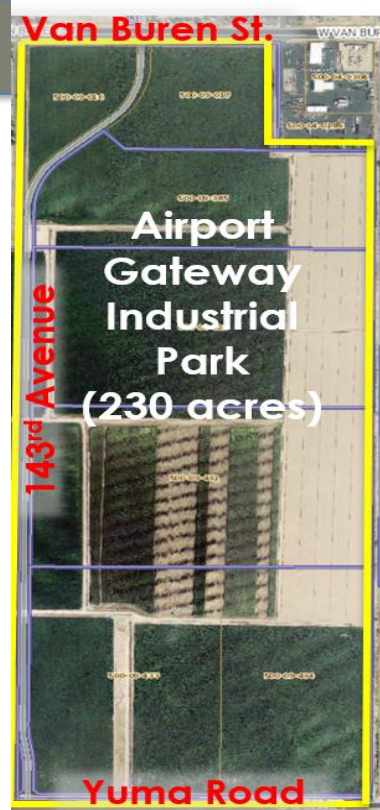
Benefits for Companies	Requirements from Companies	Benefits to Communities
• Reduced Fees • Tariff Reduction • In ARIZONA- reduced property taxes on investments (from 18% assessment ratio to 5%)	• Company must meet federally established FTZ Guidelines • Geared towards advanced manufacturing and logistics companies	• Attracts investment that adds to the property tax base • Attracts companies that provide high quality jobs • Catalyst for development

Foreign Trade Zone (FTZ) Program



FTZ TERMINOLOGY

- **Magnet Site** - defined geographical area approved as a FTZ Site. Generally includes large acres of vacant land.



- **User Driven Site** - a building or at least a portion of a building with an activated user that is an approved FTZ location.



Foreign Trade Zone (FTZ) Program



FTZ TERMINOLOGY (cont.)

- **Activated User** – a company that has completed the federal approvals with Customs and the Dept. of Commerce and is eligible for Federal & local benefits.
- **PILOT Fee** – A Payment in Lieu of Taxes (PILOT) that is paid by the company which Goodyear distributes to taxing jurisdictions.

Goodyear's FTZs

PREVIOUS ACTIONS

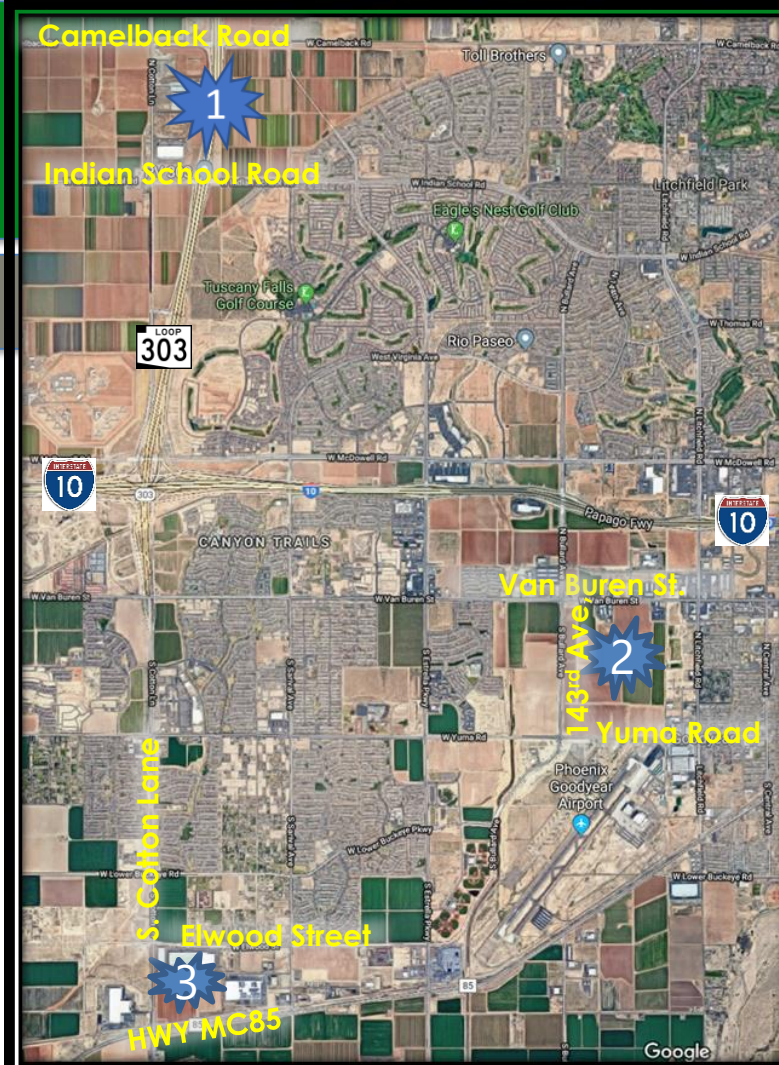
July 2009 - City Council approved participation in the Greater Maricopa Foreign Trade Zone (GMFTZ) and designated two Magnet FTZ sites

Purpose:

- Assist with attracting quality companies
- Encourage SPEC building development
- Create shovel ready sites

October 2010 – City Council approved an amended policy clarifying the PILOT Fee and approved the Goodyear Crossing Magnet FTZ site

December 2014 – City Council approved an amended FTZ policy providing administrative approval of User Driven FTZ sites with SPEC building requirements thru January 1, 2018



Airport Gateway Industrial Park



2015: 230 Available Acres



THEN AND NOW

By the end of 2021, Airport Gateway Industrial Park will be built out. This includes:

4 Operational Companies

1,605 Jobs

3.6 M Square Feet

\$295 M Cap Ex

-AND-

2 Spec Buildings Adding

500,000 Square Feet

2020: 0 Available Acres



SPEC Industrial Today

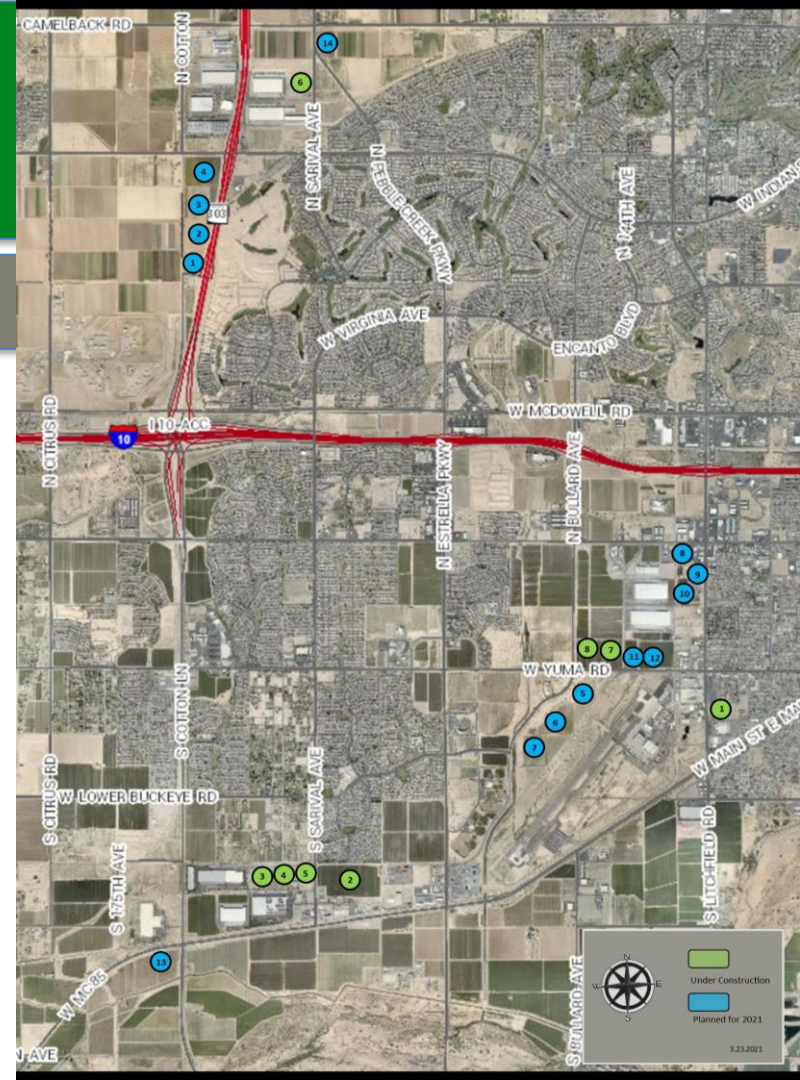
UNDER CONSTRUCTION & PLANNED IN 2021

SPEC Buildings Currently Under Const.

- 2,026,873 sq. ft. in 8 buildings

SPEC Buildings Planned in 2021

- 5,733,280 sq. ft. in 14 buildings



Current and Proposed FTZ Policy



MAGNET AND USER DRIVEN SITES

Current Magnet Site FTZ Policy

- Companies don't have wage and capital investment requirements
- Local tax benefits available to any company that meets federal requirements
- Payment in Lieu of Taxes (PILOT) agreement only required with existing buildings before FTZ created

Proposed New Magnet & User Driven FTZ Policy

- Manufacturing companies must employ at least 100 and pay 51% of employees 125% of the AZ median wage
- Internet fulfillment companies must have a minimum of \$25M in AZ End User sales annually
- Company invests minimum of \$25M
- Company pays at least 65% of employees health insurance
- All other companies pay a PILOT fee

FTZ PILOT Fees



PILOT FEE EXAMPLES

Scenario 1

PILOT Fee for Qualified High Wage Employer or Internet Fulfillment Center

Full Property Tax	\$ 100,000
Full FTZ Property Tax	\$ 28,000
PILOT Fee Owed	- none -

Scenario 2

PILOT Fee for user that does not meet qualifications

No taxing jurisdiction has any agreement regarding property taxes

Full Property Tax	\$100,000
Full FTZ Property Tax	<u>\$28,000</u>
PILOT Fee Owed	\$72,000

FTZ PILOT Fees



PILOT FEE EXAMPLES

Scenario 3

PILOT Fee - does not meet qualifications & taxing jurisdiction agreement
Amount attributable to taxing jurisdiction is \$50,000 of \$100,000 tax bill

PILOT Fee if no agreement	\$72,000
Less portion attributable to taxing jurisdiction (\$50,000 x .72 = \$36,000)	<u>(\$36,000)</u>
PILOT Fee Owed	\$36,000

Current and Proposed FTZ Policy



MAGNET AND USER DRIVEN SITES

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CITY COUNCIL ACTION REPORT

SUBJECT: SOUTHWEST VALLEY CHAMBER OF COMMERCE

STAFF PRESENTER(S): Julie Arendall, City Manager

SUMMARY:

Presentation and discussion regarding the Southwest Valley Chamber of Commerce.

Recommendation:

Staff recommends: (1) continued membership in the Southwest Valley Chamber of Commerce, and (2) a one-year renewal of their contract to serve as agent for the city to operate an Information and Business Resource Center. (Julie Arendall, City Manager)

FISCAL IMPACT:

The city of Goodyear pays a membership fee to the Chamber in the amount of \$725, and an annual fee of \$16,000 to operate the Information and Business Resource Center.

BACKGROUND AND PREVIOUS ACTIONS:

The city of Goodyear has been a long-time partner of the Southwest Valley Chamber ("Chamber"). The Chamber is an independent entity whose bylaws designate service areas to include businesses located within the cities of Avondale, Goodyear, Litchfield Park and Tolleson.

The city of Goodyear has a three-pronged relationship with the Chamber:

1. Membership: The city is a member of the Chamber with a designated seat on the board as an ex-officio member. Councilmember Campbell serves as Goodyear's representative.
2. Land lease: Goodyear has a 99-year land lease with the Chamber that expires on March 31, 2099. The Chamber owns the building and this lease is not tied to our membership with the Chamber.
3. Partnership: The city of Goodyear pays the Chamber annually to serve as the agent for the city to operate an Information and Business Resource Center. Under the agreement, the Chamber is to maintain a visitor information center; respond to inquiries from residents, visitors/tourists and businesses; provide direct support to local businesses; and promote the city on the Chamber website and link to our Economic Development webpage. The annual contract is up for renewal in May 2021.

Recently, the Chamber has experienced significant upheaval to include the announced departure of the President and Chief Executive Officer (CEO) John Safin, and the decision by the city of Avondale to cease membership in the Chamber.

This work session is an opportunity for Council to receive an update on the city's relationship with the Chamber and discuss steps forward.

STAFF ANALYSIS

A new CEO has been retained by the Chamber and the Chair-Elect has asked the member cities for an opportunity to reset and develop a plan to become a strong chamber. The Chamber has identified several goals to rebuild the Chamber:

- Keep lines of communication open, communicating regularly about the status of the Chamber, progress on various initiatives;
- Partner with the city on future projects to ensure the business community can thrive;
- Rebuild the Chamber well beyond that of any other Chamber in the region, providing value to each and every member that steps through their door; and
- Develop a strong presence in attracting and retaining businesses in the region and being the go-to resource for business development in the region.

It is the staff recommendation to retain membership in the Chamber and to renew the partnership for a period of one year, allowing time for the Chamber to reset.

Attachments

Presentation



Southwest Valley Chamber of Commerce

Julie Arendall, ICMA-CM
City Manager



Chamber of Commerce

HISTORY

1958	Incorporated as Avondale-Goodyear-Litchfield Park Chamber of Commerce
1988	Changed Name to Tri-City West Chamber of Commerce
2000	Merged Tolleson All-Volunteer Business Association with Tri-City West to create Southwest Valley Chamber of Commerce
2001	Relocated to Current Building Location

Southwest Valley Chamber of Commerce



99-YEAR LEASE AGREEMENT

- **Effective April 1, 2000 –
March 31, 2099**
- **\$100/year**



Southwest Valley Chamber of Commerce



OVERVIEW



The Southwest Valley Chamber of Commerce supports businesses in the Cities of Avondale, Goodyear, Litchfield Park, Tolleson, and beyond.

The Southwest Valley Chamber of Commerce serves as the central resource of a strong and collaborative business community by advancing economic growth, cultivating a vibrant business environment, and facilitating our Members' success.

Southwest Valley Chamber of Commerce

MEMBERSHIP

- 455 Members
- 171 (38%) Members
in Goodyear



Southwest Valley Chamber of Commerce



PARTNERSHIP

- **Operate Information & Business Resource Center**
- **Provide Direct Support to Local Businesses**
- **Promote Goodyear on Chamber Website**
- **\$16,000 annually – renewal May 2021**

CHALLENGING TIMES

- **Global Pandemic**
- **Announced Departure of CEO John Safin**
- **City of Avondale Withdraws Membership**

Southwest Valley Chamber of Commerce



PATH FORWARD

- **Chamber Hires New CEO
Jeffrey Campos**
- **Chair-Elect Requests Chance
to Reset**





Discussion