



City of Phoenix

## Agenda

### Workforce and Economic Development Subcommittee

Meeting Location:  
Phoenix City Hall  
200 W. Washington St.  
Phoenix, AZ 85003

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Wednesday, October 28, 2020

10:00 AM

First Floor Assembly Rooms  
A, B & C

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#### **OPTIONS TO ACCESS THIS MEETING**

- **Watch** the meeting live streamed on phoenix.gov or Phoenix Channel 11 on Cox Cable.

- **Call-in** to listen to the meeting. Dial 602-666-0783 and Enter Meeting ID 126 201 9201# (for English) or 126 722 1323# (for Spanish). Press # again when prompted for attendee ID.

- **Register and speak during a meeting:**

- **Register online** by visiting the City Council Meetings page on phoenix.gov **at least 1 hour prior to the start of this meeting**. Then, click on this link at the time of the meeting and join the Webex to speak.

<https://phoenixcitycouncil.webex.com/phoenixcitycouncil/onstage/g.php?MTID=ea511f5f8b0a2d0ddda0d221502e1e1c7>

- **Register via telephone** at 602-262-6001 **at least 1 hour prior to the start of this meeting**, noting the item number. Then, use the Call-in phone number and Meeting ID listed above at the time of the meeting to call-in and speak.

**CALL TO ORDER**

**CALL TO THE PUBLIC**

**MINUTES OF MEETINGS**

- 1      **For Approval or Correction, the Minutes of the  
Workforce and Economic Development Subcommittee  
Meeting on Sept. 23, 2020**      Page 5

**Responsible Department**

This item is submitted by Deputy City Manager Jeff Barton and the City Manager's Office.

**INFORMATION AND DISCUSSION (ITEM 2)**

- 2      **Government Property Lease Excise Tax Background  
and Historical Overview**      Page 11

This report provides the Workforce and Economic Development Subcommittee with history and background on the Government Property Lease Excise Tax (GPLET) program.

**THIS ITEM IS FOR INFORMATION AND DISCUSSION**

**Responsible Department**

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.

**DISCUSSION AND POSSIBLE ACTION (ITEM 3)**

- 3      **Authorization to Enter into an Agreement for FY  
2020-2021 Tourism and Hospitality Advisory Board  
(THAB) Funds**      Page 16

This report requests the Workforce and Economic Development

Subcommittee recommend City Council approval to enter into a contract with the Greater Phoenix Convention and Visitors Bureau (GPCVB) for FY 2020-2021 THAB Funds.

**THIS ITEM IS FOR CONSENT ACTION.**

**Responsible Department**

This item is submitted by Assistant City Manager Milton Dohoney, Jr., and the Phoenix Convention Center Department. This item is also recommended by the Tourism and Hospitality Advisory Board (THAB) as approved at their September 17, 2020 meeting.

**CALL TO THE PUBLIC**

**FUTURE AGENDA ITEMS**

**ADJOURN**

For further information or reasonable accommodations, please call Will Bessette, Management Assistant II, City Manager's Office at 602-262-7526. 7-1-1 Friendly.

Persons paid to lobby on behalf of persons or organizations other than themselves must register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-534-0490.

**Members:**

Councilwoman Laura Pastor, Chair  
Councilman Michael Nowakowski  
Councilwoman Debra Stark  
Councilman Jim Waring



## Workforce and Economic Development Subcommittee



City of Phoenix

### Report

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**Agenda Date: 10/28/2020, Item No. 1**

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### **For Approval or Correction, the Minutes of the Workforce and Economic Development Subcommittee Meeting on Sept. 23, 2020**

#### **Summary**

This item transmits the minutes of the Workforce and Economic Development Subcommittee Meeting on Sept. 23, 2020, for review, correction or approval by the Workforce and Economic Development Subcommittee.

The minutes are attached (**Attachment A**).

#### **Responsible Department**

This item is submitted by Deputy City Manager Jeff Barton and the City Manager's Office.

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**Phoenix City Council  
Workforce and Economic Development Subcommittee  
Summary Minutes  
Wednesday, September 23, 2020**

City Council Chambers  
200 West Washington Street  
Phoenix, Arizona

Subcommittee Members Present

Councilwoman Pastor, Chair  
Councilman Waring  
Councilwoman Stark  
Councilman Nowakowski

Subcommittee Members Absent

**Call to Order**

Chairwoman Pastor called the Workforce and Economic Development Subcommittee meeting to order at 10:00 a.m. with Councilman Waring, Councilwoman Stark and Councilman Nowakowski present.

**Call to the Public**

None.

**1. For Approval or Correction, the Minutes of the Workforce and Economic Development Subcommittee meeting on Jan. 22, 2020**

Councilwoman Stark made a motion to approve the minutes of the Jan. 22, 2020 Workforce and Economic Development Subcommittee. Councilman Nowakowski seconded the motion which passed unanimously, 4-0.

Items 2-3 were for consent action. No presentations were planned but staff was available to answer questions. Councilman Nowakowski made a motion to approve consent items 2-3. Councilwoman Stark seconded the motion which passed, 3-1.

**2. WESTMARC Membership Dues**

**3. 2021 Downtown Enhanced Municipal Services District Work Plan and Budget**

**4. Key Phoenix Economic Indicators Quarterly Report**

This item was for information only. No councilmembers had questions.

**5. Fiscal Year 2020-2021 Bioscience Healthcare Strategic Initiative**

Community and Economic Development Director Chris Mackay provided an overview of the item and introduced fellow presenter Program Manager Claudia Whitehead.

Ms. Mackay stated the Bioscience Healthcare Strategic Initiative focused on research, the creation of 7,000 jobs, precision medicine, healthcare delivery, education and branding. She stated the 2020 BIO International Conference resulted in over 225,000 email and web interactions, over 200 meetings with delegates, 62 delegation opportunities for investors and four new prospects for Phoenix.

Ms. Mackay shared that the City of Phoenix's participation in the conference focused on the Phoenix Bioscience Story and was recently featured in the Arizona Business Magazine. Ms. Mackay then shared that companies are investing billions in Phoenix's bioscience and healthcare industries. This investment includes 4.5 million square feet of development, over \$3 billion in capital investment and the creation of over 7,000 new jobs.

Ms. Mackay requested approval of \$90,000 to attend BIO International Convention in June 2021. She stated this allocation would fund the City's participation in the Convention Ms. Mackay also requested approval of \$15,500 to support participation with the Arizona Bioindustry Association.

Ms. Mackay concluded her presentation by requesting the Subcommittee recommend City Council approval to implement the Bioscience Healthcare Initiative, including authorization of an Arizona Bioindustry Association membership and participation at the BIO International Convention in 2021, for a total allocation of \$115,000.

Councilman Nowakowski made a motion to approve staff's recommendation. Councilwoman Stark seconded the motion which passed, 3-0.

## **6. Agreements with Hubbard Street Group for Development of Property Located at 6th and Garfield Streets in Downtown Phoenix**

Community and Economic Development Director Chris Mackay provided an overview of the Hubbard Street Group proposed development and introduced fellow presenter Deputy Community and Economic Development Director Xandon Keating

Mr. Keating provided an overview of the project site located at the southeast corner of 6th and Garfield Streets comprised of 18,000 square feet of vacant land.

Mr. Keating stated the developer is Hubbard Street Group who is specialized in urban infill sites and have done developments across seven states. He shared that Hubbard's portfolio includes a variety of mixed-use, transit-oriented development projects with almost 1,000 units and multiple retail developments.

Mr. Keating stated the proposal is a 26-story multifamily development with 309 rental units and 10 percent for workforce housing. He also shared the proposed development would include 201 parking spaces, nearly 7,000 square feet of retail and restaurant

space and 2,800 square feet of co-working space. Mr. Keating stated the request is for an eight year abatement of government excise tax.

Mr. Keating shared the benefits of the proposed development include \$87 million investment of a new co-work development, infill of vacant land, new workforce housing, increased construction and permanent jobs as well as increased tax revenues. He also shared the developers would provide a \$100,000 contribution to the City's Housing Department for low incomes housing initiatives.

Councilman Nowakowski asked if the offer includes the Government Property Lease Excise Tax (GPLET) with the addition of 10 percent for workforce housing. Mr. Keating confirmed this is correct.

Councilwoman Pastor asked how the \$100,000 donation to the Housing Department was determined. Ms. Mackay stated the attorney for the developer was available to answer questions. Nicholas Wood, representing Hubbard, stated the developers came forward with the concept of the \$100,000 contribution to the Housing Department to support the affordable housing plan that was recently approved by the City Council.

Councilman Nowakowski stated that the contribution is a good trend to continue as the City evaluates future developments throughout the City.

Councilwoman Stark expressed support for the proposal.

Councilwoman Pastor asked what the \$100,000 donation would be contributing to in the Housing Department. Ms. Mackay stated that a more comprehensive plan for the \$100,000 would be provided to the full City Council during the next Formal meeting.

Councilman Nowakowski asked if it was possible to create a new fund dedicated to affordable and workforce housing. Mr. Wood stated this was one of the goals of the developers for the additional contribution after conversations with numerous members of the City Council.

Mr. Keating concluded his presentation by requesting the Subcommittee recommend City Council approval to enter into a development agreement, lease agreement, easements and other agreements as necessary, with Hubbard Street Group, its City-approved designee, for the development of a 26-story multi-family rental and commercial project located at the southeast corner of 6th and Garfield Streets in downtown Phoenix.

Councilman Nowakowski made a motion to approve staff's recommendation. Councilwoman Stark seconded the motion, which passed 3-1.

## **7. Contracts with Arizona Fresh Holdings, LLC for the Redevelopment of the Del Rio Former Landfill at 1150 E. Elwood St.**

Community and Economic Development Director Chris Mackay introduced fellow presenters Interim Parks and Recreation Director Tracee Hall and Assistant Public Works Director Joe Judice.

Ms. Mackay provided an overview of the proposed Del Rio Development site. She stated the proposal includes a total site of 156 acres with current zoning of heavy and light industrial. Ms. Mackay also shared the proposed site was a landfill and previous city park.

Ms. Mackay shared background on previous community input pertaining to the site including the 2003 Rio Solado Beyond the Banks Area Plan, 2012 Del Rio Brownfields Plan and the 2012 Del Rio Park Conceptual Master Plan. She stated that in 2012 the City was unable to fund the Parks and Recreation Board approved master plan.

Ms. Mackay also shared background on previously issued Requests For Proposals (RFP) to redevelop the site. These previous RFP were issued in 1995, 2005 and 2018. The two submissions in 2018 were disqualified because they failed to meet the RFP requirements.

Ms. Mackay then shared the City released another RFP in January 2020 with a focus on developing a mixed-used project, shared use path along the northern border, trail and recreational elements for public use and adherence to environmental regulations. She stated the five offers received included a golf concept, an office research park, soccer fields and academy concept, as well as, solar testing and research facilities. Staff selected the Arizona Fresh proposal based on the unique offer to provide solutions in all areas of community interest.

Ms. Mackay provided an overview of the four phases associated with the proposed development for Arizona Fresh. She stated that phase one includes a wholesale produce market, educational programs and pedestrian friendly park. Ms. Mackay shared the later phases included an agri-food research center, test fields, start-up incubator and conference center as well as a multi-tenant office park for strategic partners.

Ms. Mackay stated the wholesale produce market includes a 210,000 square foot “cross dock” distribution center with 66 individual units of 3,200 square feet each. She also shared the space is for “zero waste” activities and will be a source of fresh produce for an adjacent farmers market. Ms. Mackay stated the first phase will provide benefits including access to fresh produce year-round with dozens of local producers.

Ms. Mackay shared that phase one benefits also include education and research resources with on-site university research, 20 acres of parkland, spaces for events and outdoor entertainment venues. She also stated the proposed development includes 1,460 construction-related jobs and 1,500 operational jobs.

Ms. Mackay shared that a study by Geotech is ongoing and have taken 10 core soil samples from the site already. She stated that no chemicals or hazardous materials have been identified during the study to date.

Ms. Mackay provided information on the community outreach efforts associated with the proposed development. She stated the property owners and residents that are 1,200 feet from the site and 45 neighborhood associations one mile from the site were notified of the proposal. Ms. Mackay shared that numerous community meetings were held, including one in Spanish, and that the proposal was approved by the Parks and Recreation Board in August 2020.

Ms. Mackay stated the proposed business terms include the developer shall construct a phased, mixed-use project that includes an Agri-Food Innovation Center and fund, and then construct a 20-acre City-operated public park. She stated the proposal includes a 100-year ground lease for an annual rent of \$1 and that the Parks and Recreation Department will operate and maintain the park. Ms. Mackay also stated the City will provide access to the new park from 7th street.

Ms. Mackay concluded her presentation by stating the recommendation for the proposal was recently approved by the Land Use and Livability Subcommittee and will be before the full City Council for consideration during the next Formal meeting. Councilwoman Stark expressed her support for the project.

Councilwoman Pastor asked for further information on access to the site and other infrastructure requirements for the development. Ms. Mackay stated the developer would be responsible for utilities and other infrastructure to the site.

Todd Hardy expressed support for the project.

Councilwoman Pastor expressed support for the project as a continuation of Congressman Pastor's vision for the Rio Salado.

### **Call to the Public**

None.

### **Future Agenda Items**

None.

### **Adjournment**

Chairwoman Pastor adjourned the meeting at 11:00 a.m.

Respectfully submitted,  
Zack Wallace



## Government Property Lease Excise Tax Background and Historical Overview

This report provides the Workforce and Economic Development Subcommittee with history and background on the Government Property Lease Excise Tax (GPLET) program.

### THIS ITEM IS FOR INFORMATION AND DISCUSSION

#### Summary

During the 1960's, 1970's and 1980's, the City of Phoenix, along with many American cities, experienced an exodus of residents and businesses leaving downtown and relocating to area suburbs. As a result of this exodus, Phoenix's downtown and central core languished. Since the 1990's, many efforts have taken place in an attempt to breathe new life into downtown Phoenix and encourage redevelopment which have led to an evolution of today's Government Property Lease Excise Tax (GPLET) program. A few examples of these efforts include Central Business Districts, Redevelopment Areas and the GPLET program.

#### Central Business District

The City of Phoenix established its Central Business District (CBD) on Dec. 28, 1961. This original area was approximately 30 blocks within the City Center and was subsequently expanded in 1987 by the City Council to include just over two square miles of downtown (**Attachment A**). The purpose of creating a CBD was to establish a "Phoenix Tax Incentive District" to encourage private investment in the construction of substantial new improvements.

In 2018, changes to Arizona Revised Statutes (A.R.S.), restricted the size of a CBD to not more than two-and-a-half percent of that total land area of the municipality. In Phoenix this would allow the Central Business District to be just over 12 square miles, but the current Central Business District is much smaller than that at just under two square miles in size. Additionally, the CBD must be contiguous and geographically compact with a form that has a length that is not twice its width. The current existing CBD boundary of Phoenix is grandfathered in to the legislative changes and remains in its approved form.

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### Redevelopment Areas

State Law governs the creation of a Redevelopment Area (RDA) in Arizona. All RDAs must meet certain criteria demonstrating that either slum or blight conditions exist within that area. The City of Phoenix currently has 12 redevelopment areas; however, only one has portions that overlap with the City's CBD: the Downtown Redevelopment Area (DTRDA). The DTRDA, originally established in 1979, and updated and expanded on June 8, 2020, is generally bounded by Roosevelt Street on the north, I-17 on the south and west, and 16th Street on the east (**Attachment B**).

To provide tools for redevelopment, the City can investigate other areas of the City to determine if new RDAs can, and should be, established. Each area would need to go through a process to determine if it meets the requirements for establishing an RDA. Should an area meet the requirement, public outreach would be conducted with the community in the planned RDA prior to any City Council determination. Further, a new Redevelopment Plan would be created for each area showcasing how the proposed RDA would benefit from redevelopment opportunities.

### GPLET Program

Created in 1996 as a successor to the State's Possessory Interest program, GPLET is an excise tax, in lieu of property tax, based on the use and square footage of a building rather than its value. Depending on the type and location of a development, the current GPLET excise tax rates can be financially beneficial and close a funding gap that would otherwise make a project unfinanceable. In Phoenix, the use of GPLET has resulted in 22 projects including:

- Approximately 3,700 new multi-family and student housing units
- 5.2 million square feet of office space
- 900,000 square feet of retail and restaurant space
- 1,201 hotel rooms
- 679,000 square feet of higher education space
- 8,200 structured parking spaces

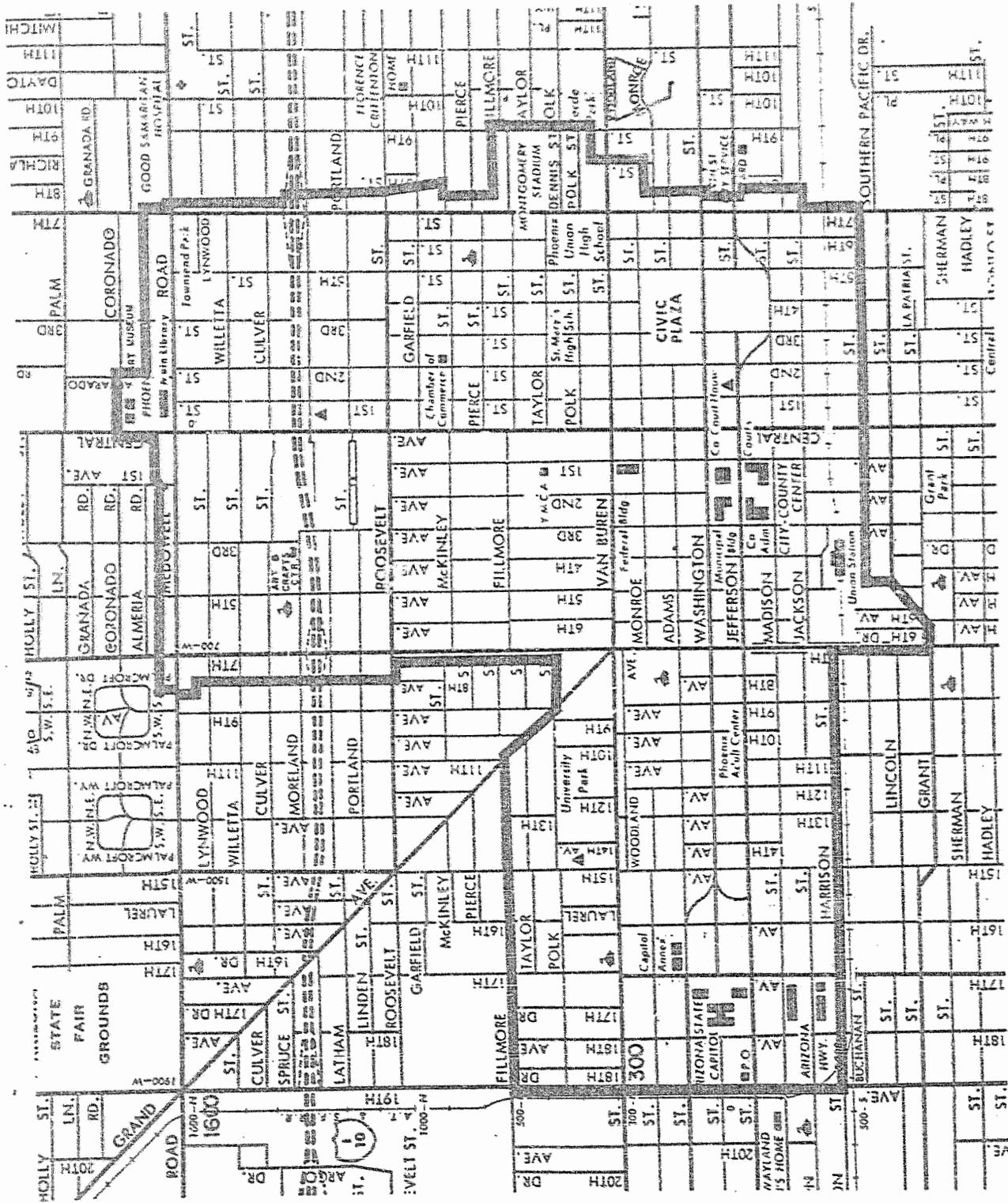
The GPLET program has had a significant economic impact on downtown Phoenix. Approximately 17,800 new jobs with an approximately \$995.5 million payroll have been created as a direct result of GPLET. In addition, \$3.03 billion in construction capital investment with construction sales tax revenue to Phoenix of \$35.3 million and an increased annual tax impact of \$17 million. Other taxing jurisdictions have benefited as well, with Maricopa County and local school districts realizing a \$99.2 million total tax impact, and the State of Arizona seeing \$250.3 million impact.

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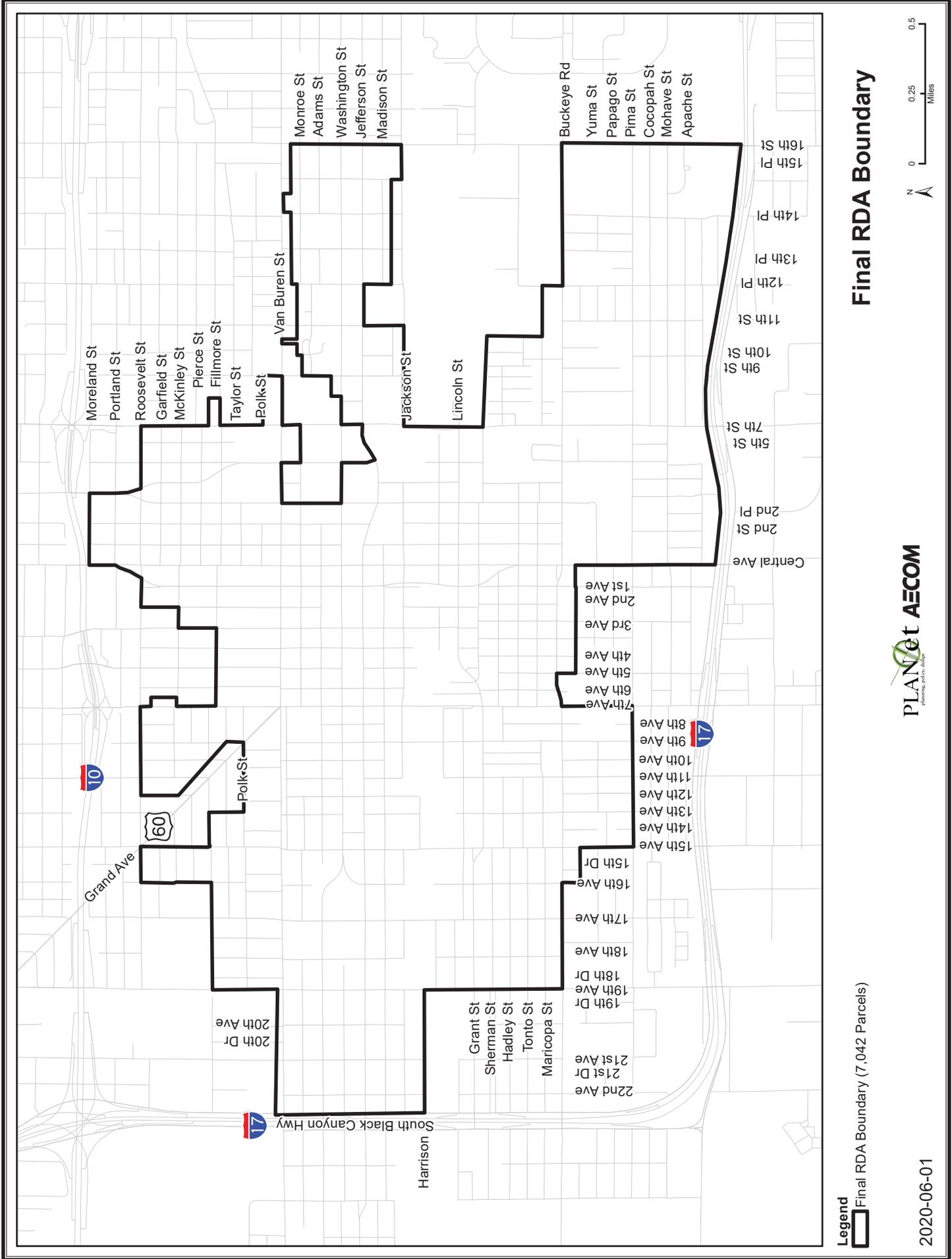
**Responsible Department**

This item is submitted by Deputy City Manager Jeff Barton and the Community and Economic Development Department.

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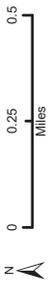
Phoenix Tax Incentive District  
(Central Business District)



Legend

Final RDA Boundary (7,042 Parcels)

# Final RDA Boundary



2020-06-01



## **Authorization to Enter into an Agreement for FY 2020-2021 Tourism and Hospitality Advisory Board (THAB) Funds**

This report requests the Workforce and Economic Development Subcommittee recommend City Council approval to enter into a contract with the Greater Phoenix Convention and Visitors Bureau (GPCVB) for FY 2020-2021 THAB Funds.

### **THIS ITEM IS FOR CONSENT ACTION.**

#### **Summary**

The Tourism and Hospitality Advisory Board (THAB) is the City of Phoenix Board that, annually, reviews and recommends projects and/or programs that enhance the City's tourism and hospitality industry. The Board is comprised of eight hoteliers (one from each City Council district), three at-large members from hospitality related industries, and one non-voting member from the GPCVB. For FY 2020-2021, \$500,000 is appropriated for tourism and hospitality initiatives.

#### **Procurement Information**

The recommendation is in accordance with City of Phoenix Administrative Regulation 3.10, following the approved City of Phoenix Request for Agreement (RFA) procurement process.

On September 17, 2020 at the Tourism and Hospitality Advisory Board meeting, the GPCVB presented the proposed FY 2020-21 funding request and scope of work for consideration. In partnership with GPCVB, the current funding proposal will help aid in stimulating the local tourism and hospitality industry and assist in increasing activity to hotels and businesses in the local area; many impacted by the current pandemic. Under the proposal, the GPCVB will utilize THAB funding in the following areas to support the City's tourism and hospitality industry now and over the next several years:

- Convention client hosting obligations (\$150,000) - represents seven meetings and conventions taking place at the Phoenix Convention Center between January 2021 and July 2023. It is anticipated that these seven groups will generate approximately 45,000 event attendees and delegates, more than 46,000 hotel room nights and more than \$450 in direct spending for every dollar invested.
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- Phoenix Convention Center Promotional support (\$25,000) - funds will be used to support new convention business contracted during FY 2020-21 or later. The funds will assist newly contracted groups with support in areas of convention center rental abatements, IT costs, AV costs, registration, or transportation assistance. The destination will need a strong and robust base of group events to assist in the recovery from the current COVID Pandemic and these funds will be used to support those groups as opportunities arise.
  
- Mega Event support for the 2023 NFL Super Bowl (\$200,000) - funds will be utilized to offset expenses, such as facility costs, personnel, public safety, traffic barricades and street closures, fan and media events and other such hosting costs. This will be the third year of a five year request to support the Super Bowl in 2023.
  
- Mega Event support for the 2024 NCAA Men's Final Four (\$125,000) - funds will be utilized to offset expenses, such as facility costs, personnel, public safety, traffic barricades and street closures, fan and media events and other related hosting costs. This will be the second year of a five year request to support the NCAA Men's Final Four tournament in 2024.

**Contract Term**

The Contract term is for five years with no extension options.

**Financial Impact**

The budget will not exceed \$500,000 over the life of the contact. THAB is funded through the Sports Facilities Fund, which is the hospitality industry's share of special excise taxes on hotel/motel lodging and rental cars.

**Responsible Department**

This item is submitted by Assistant City Manager Milton Dohoney, Jr., and the Phoenix Convention Center Department. This item is also recommended by the Tourism and Hospitality Advisory Board (THAB) as approved at their September 17, 2020 meeting.

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