

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: January 22, 2015**

SUBJECT: Development Agreement – Little Dealer Little Prices (Eastridge)

SUBMITTING DEPARTMENT: Executive Management

PREPARED BY: Greg Fister, Economic Development Manager

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: (a) Development Agreement, (b) Resolution No. 1902, (c) Applied Economics Analysis, and (d) Site Map

SUMMARY/BACKGROUND: The Town Council is being asked to adopt Resolution No. 1902 approving a development agreement with a limited liability company related to “Little Dealers, Little Prices” in order to encourage establishment of a new northern Arizona regional RV sales center for the company on property located in the Eastridge commercial area.

BACKGROUND: Efforts to develop a commercial area south of SR 69 between Navajo Drive and Truwood Drive began back on Nov 10, 1988 when the Council adopted Ord No. 191 re-zoning approximately 20 acres from RCU-18 zoning to C2 zoning. On Aug 25, 1994, Ord No. 329 also re-zoned 154 acres further south to R1L-18 PAD for a residential development (with plans to develop the commercial area in between). Unfortunately, that re-zoning (and a subsequent re-zoning) lapsed without the residential development going forward.

In 1999, the focus shifted to just the proposed commercial area. A development agreement was entered into to assist development of approximately 50 acres by creating a taxing district to finance needed roadways, storm water drainage, right-of-way improvements, wet and dry utilities and traffic control mechanisms, and to reimburse property owners with a percentage of the TPTax revenues collected from new businesses in the area. In anticipation, the Council adopted Ord No. 480 on Nov 18, 1999 re-zoning the property from C2-3 and RCU-18 zoning to C2 PAD zoning (subject to conditions). Unfortunately, the development agreement (and a related conditional vacation of a portion of the frontage road) lapsed. But, the Town chose not to take action to revert the zoning in hopes that the commercial development would go forward in another form.

After working with a new owner, on Jan 23, 2003 the Council adopted Res No. 1153 again approving a development agreement to construct needed roadways, storm water drainage, right-of-way improvements (including streetscapes), and wet and dry utilities, and to remit back to property owners an amount related to the TPTax revenues collected from the area in order to assist payment of assessments needed to finance bonds to pay for the improvements. And, on Mar 13, 2003 the Council formed the Eastridge Community Facilities District (Res No. 1170), and ECFD later approved a construction contract in the amount of \$1,804, 956.30 (Aug 14, 2003) and imposed special assessments on the properties to pay \$2,500,000 in Assessment Bonds.

As properties within Eastridge have been sold and developed, assessments have been paid off and ECFD has defeased Assessment Bonds (and given related credits against the Reserve Fund). Recently, “Little Dealer Little Prices” from the Phoenix area purchased Parcel “E” in Eastridge and indicated an interest in

constructing thereon a building of approximately 18,500 sq. ft. as part of a new Northern Arizona Regional Recreational Vehicle Sales Center. In that process, it has approached the Town about any assistance it would provide as an economic incentive.

THIS ACTION: The initial assessment amount on Parcel “E” was \$474,633.13. When a portion of the assessment was later paid off, the new initial assessment amount was \$425,574.63. Payments on that assessment have since been made and the payments that remain are \$33,350.22 (May 1, 2015); \$3,482.74 (Nov 1, 2015); \$32,305.40 (May 1, 2016); \$2,437.92 (Nov 1, 2016); \$34,463.10 (May 1, 2017); \$1,277.00 (Nov 1, 2017); and \$36,504.70 (May 1, 2018). When this assessment is paid off, the Reserve Fund Credit will be \$34,375.00.

Town staff has indicated a willingness to make these remaining assessment payments as a development incentive, and to allow the company to collect the Reserve Fund Credit when it comes due. In return, however, the company must diligently pursue construction of the new facility and then operate it without interruption. If at any time before the assessment is paid off (and the Reserve Credit paid over) the facility is no longer either under construction or in operation, then the payments would cease.

ARS §9-500.11 authorizes the Town to appropriate public monies for and in connection with economic development activities that will assist in creation or retention of jobs and otherwise enhance economic development. In this regard, an independent analysis by Applied Economics indicates that the Town will likely receive in TPTax revenues substantially more than will be expended from its general fund to make the assessment payments (and allow direct payment of the Reserve Fund Credit to the company).

OPTIONS ANALYSIS: The Council may consider adopting Resolution No. 1902 approving the proposed development agreement with Prescott Valley Investment Group, LLC (an entity related to Little Dealer Little Prices), amend the agreement prior to adoption, OR decline to adopt the proposed development agreement.

ACTION OPTION: Motion to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1902 approving the attached development agreement with Prescott Valley Investment Group, LLC (an entity related to Little Dealer Little Prices) and transfer \$33,351 from General Fund contingency to General Fund Non-departmental Economic Development Incentive budget, **OR** Motion not to approve the proposed development agreement and budget transfer. **VOTE.**

RECOMMENDATION: Staff recommends authorizing signature of Resolution No. 1902 and approving the proposed development agreement with Prescott Valley Investment Group, LLC.

FISCAL ANALYSIS: As set forth in the analysis by Applied Economics, it is believed that the anticipated benefits of this development agreement outweigh the expected costs, based on construction, occupancy and operation of the proposed new Regional RV Sales Center in the Town. The May 2015 assessment payment of \$33,350.22 will come from the General Fund contingency fund budget. All future assessment payments will be budgeted in the General Fund Non-department Economic Development Incentive budget.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____