

ORDINANCE NO. O2019-034

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YUMA, ARIZONA, AUTHORIZING AND APPROVING THE ACCEPTANCE OF TITLE TO CERTAIN REAL PROPERTY AND IMPROVEMENTS, THE EXECUTION OF A GOVERNMENT PROPERTY LAND AND IMPROVEMENTS LEASE FOR A TERM OF EIGHT YEARS WITH SIXTEEN & FOUR, LLC AS THE PRIME LESSEE, THE RECONVEYANCE OF TITLE TO THE REAL PROPERTY AND IMPROVEMENTS AT THE CONCLUSION OF THE DESCRIBED LEASE, AND APPROVING THE ABATEMENT OF THE GOVERNMENT PROPERTY LEASE EXCISE TAX DURING THE TERM OF THE EIGHT YEAR LEASE

WHEREAS, pursuant to the Yuma City Charter, Article III, Section 2, the City of Yuma (City) is authorized to acquire, lease and dispose of real property; and,

WHEREAS, on November 24, 2015 the City and Kenyon's Market Inc. entered into a Real Property Exchange and Development Agreement (Agreement), approved by City Council Resolution R2015-045 and recorded as Yuma County Recorder's Fee #2015-26704; and,

WHEREAS, the Agreement describes the exchange of surplus City property for necessary right-of-way, to be followed by a lot tie and redevelopment of the lot tie parcels at the northwest corner of 16th Street and 4th Avenue (Redevelopment Project); and,

WHEREAS, the Agreement also describes an assignment of rights under the Agreement from Kenyon's Market, Inc. to Sixteen & Four, LLC; and,

WHEREAS, pursuant to Arizona Revised Statutes (A.R.S.) § 42-6209, the Yuma City Council by Resolution R2004-01 and Resolution No. R2013-04 has designated a single Central Business District of the City of Yuma, Arizona; and,

WHEREAS, pursuant to A.R.S. § 36-1471 et seq., the Yuma City Council by Resolution No. R2012-03 has made a finding of necessity, declaring the Yuma North End-16th Street and 4th Avenue Redevelopment Area a slum or blighted area, and directing City staff to prepare a redevelopment plan for the area; and,

WHEREAS, pursuant to A.R.S. § 36-1474, the Yuma City Council by Resolution No. R2013-10 has approved the Yuma North End-16th Street & 4th Avenue Redevelopment Plan of 2013 (Redevelopment Plan); and,

WHEREAS, on June 15, 2016, the Yuma City Council by Ordinance No. O2016-017 approved the Sixteen & Four, LLC Land and Improvements Lease, dated July 22, 2016, relating to Parcel A of the Kenyons Market Lot Tie/Lot Split within the Redevelopment Area; and

WHEREAS, Sixteen & Four, LLC seeks to make further improvements as contemplated by the Redevelopment Project relating to Parcel B of Kenyons Market Lot Tie/Lot Split in conformance with the Redevelopment Plan and the described Agreement (Parcel B Redevelopment Project); and,

WHEREAS, the proposed Parcel B Redevelopment Project is located in the City's statutory redevelopment area and Central Business District and may qualify for favorable tax treatment, including abatement of the

government property lease excise tax (GPLET) after deeding title to the property and improvements to the City of Yuma and entering into a government property land and improvements lease (lease) with the City as lessor and Sixteen & Four, LLC as prime lessee; and,

WHEREAS, an analysis of the economic and fiscal benefits to the State of Arizona, Yuma County and the City of Yuma and the benefits to be received by Sixteen & Four, LLC was prepared by Elliot D. Pollack & Company in a report titled, *Economic and Fiscal Impact of a Proposed Coffee Shop, Yuma, Arizona* which shall remain on file with the City Clerk through the term of the proposed lease,

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Yuma as follows:

SECTION 1: The City Council finds that in accordance with the report titled, *Economic and Fiscal Impact of a Proposed Coffee Shop, Yuma, Arizona*, dated July 31, 2019:

- a. The Parcel B Redevelopment Project will generate more than \$3.2 million in revenues during construction and operations over a fifteen year period including approximately \$1.6 million for the State of Arizona; \$439,600 for Yuma County; \$1.0 million for the City of Yuma and approximately \$211,300 for community college and other school districts.
- b. The Parcel B Redevelopment Project will have an annual economic impact of approximately \$3.3 million (\$680,000 in direct wages for 34 local jobs).
- c. Abatement of the government property lease excise tax on the Parcel B Redevelopment Project will total approximately \$121,600 (\$20,000 abatement of City property taxes) over the eight year term of the proposed lease.

SECTION 2: The City Council finds that the report titled, *Economic and Fiscal Impact of a Proposed Coffee Shop, Yuma*, was prepared using methods and in a manner acceptable to the City Council, and that the economic and fiscal benefit to the State of Arizona, Yuma County and the City of Yuma will exceed the benefits to Sixteen & Four, LLC, as prime lessee under the proposed *Parcel B Sixteen & Four, LLC, Land and Improvements Lease*.

SECTION 3: The City Council further finds that in accordance with a letter dated August 6, 2019 (on file with the City Clerk), each of the appropriate taxing entities was notified at least 60 days prior to the adoption of this Ordinance of the City's intent to enter into the described government property land and improvements lease and that by letter dated August 6, 2019 (on file with the City Clerk), each of the taxing entities was provided a copy of the *Economic and Fiscal Impact of a Proposed Coffee Shop, Yuma, Arizona* report at least 30 days prior to the adoption of this Ordinance as required by statute.

SECTION 4: The City Administrator is authorized to accept title to the Parcel B Redevelopment Project land and improvements at the northwest corner of 16th Street and 4th Avenue in the name of the City of Yuma, and to lease the property and improvements to Sixteen & Four, LLC, as prime lessee for a term of eight years in accordance with the terms described in the *Parcel B Sixteen & Four, LLC, Land and Improvements Lease* on file with the Yuma City Clerk.

SECTION 5: The City Administrator is authorized to execute the *Parcel B Sixteen & Four, LLC, Land and Improvements Lease* on behalf of the City.

SECTION 6: Abatement of the government property lease excise tax (GPLET) for the Parcel B Redevelopment Project is approved for the term of the lease.

SECTION 7: Title to the described land and improvements shall be re-conveyed by the City to the prime lessee at the termination or conclusion of the land and improvements lease.

Adopted this _____ day of _____, 2019.

APPROVED:

Douglas J. Nicholls
Mayor

ATTESTED:

Lynda L. Bushong
City Clerk

APPROVED AS TO FORM:

Richard W. Files
City Attorney