

ORDINANCE NO. O2025-008

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 SPENCRAZI, L.L.C. 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 January 23, 2023, the City and The Spencer Companies, d/b/a Hardknocks, LLLP, an Arizona limited liability limited partnership entered into a Real Property Sale, Option and Development Agreement (Agreement), approved by City Council Resolution R2022-054 and recorded as Yuma County Recorder's Fee #2023-01843; and,

WHEREAS, pursuant to the terms of the Agreement and that certain Memorandum of Assignment dated January 25, 2023, recorded as Yuma County Recorder's Fee #2023-01813, the Agreement was assigned by Hardknocks, LLLP to Spencrazi, L.L.C., an Arizona limited liability company; and,

WHEREAS, the Agreement describes the purchase of surplus City property for redevelopment at the southwest corner of 16th Street and 4th Avenue (Redevelopment Project), including conveyance of one or both of Parcel A and Parcel B of the Center Point Commons Lot Tie/Lot Split (recorded as Yuma County Recorder's Fee #2023-09941), back to the City and the establishment of an eight-year government property lease with abatement of the government property lease excise tax (GPLET) on either or both parcels; 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 adopted Resolution No. R2013-10 approving the Yuma North End-16th Street & 4th Avenue Redevelopment Plan of 2013 (Redevelopment Plan); and,

WHEREAS, on September 16, 2020, the Yuma City Council adopted Resolution R2020-034 renewing the Redevelopment Plans, Central Business District and Slum and Blighted determinations; and,

WHEREAS, the Parcel A 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 Spencrazi, L.L.C., 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 Spencrazi, L.L.C. was prepared by Elliot D. Pollack & Company in a report titled, *Economic and Fiscal Impact of a Proposed Fast-Food Restaurant, Yuma, Arizona*, dated March 13, 2024, which shall remain on file with the City Clerk,

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 Fast-Food Restaurant, Yuma, Arizona*, dated March 13, 2024:

- a. The Parcel A Redevelopment Project will generate more than \$8.5 million in revenues during construction and operations over a ten-year period including approximately \$3.9 million for the State of Arizona; \$1.3 million for Yuma County; \$2.7 million for the City of Yuma and approximately \$520,700 for the school districts.
- b. The Parcel A Redevelopment Project will have an annual economic impact of approximately \$13.1 million (\$2.7 million in direct wages for 100 full and parttime jobs).
- c. Abatement of the government property lease excise tax on the Parcel B Redevelopment Project will total approximately \$136,880 (\$23,200 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 Fast Food Restaurant, Yuma, Arizona*, 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 *Spencrazi, L.L.C., Parcel A, Land and Improvements Lease*.

SECTION 3: The City Council further finds that in accordance with a letter dated January 16, 2025 (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 together with a copy of the *Economic and Fiscal Impact of a Proposed Fast Food Restaurant, Yuma, Arizona*, dated March 13, 2024, as required by statute.

SECTION 4: The City of Yuma shall accept title to the Parcel A, Center Point Commons Lot Tie/Lot Split (the Parcel A Redevelopment Project land and improvements at the southwest corner of 16th Street and 4th Avenue), and to lease the property and improvements to Spencrazi, L.L.C., as prime lessee for a term of eight years in accordance with the terms described in the *Spencrazi, L.L.C., Parcel A, Land and Improvements Lease* on file with the Yuma City Clerk and incorporated by reference.

SECTION 5: The City Administrator is authorized to execute the *Spencrazi, L.L.C., Parcel A, Land and Improvements Lease* in substantially the same form attached to the City Council Report accompanying this Ordinance and made a part of this Ordinance by reference, on behalf of the City.

SECTION 6: Abatement of the government property lease excise tax (GPLET) for the Parcel A 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 March, 2025.

APPROVED:

Douglas J. Nicholls
Mayor

ATTESTED:

Lynda L. Bushong
City Clerk

APPROVED AS TO FORM:

Richard W. Files
City Attorney