



Development Agreement with Laveen Baseline LLC for Installation of Public Infrastructure Improvements (Ordinance S-47581)

Request to authorize the City Manager, or his designee, to negotiate and enter into a development agreement, and any other agreements as necessary, with Laveen Baseline LLC, or its City-approved designee, for the installation of public infrastructure improvements located along 59th Avenue from Baseline Road to north of the South Mountain Avenue alignment. Further request authorization for the City Controller to disburse funds under the terms of the Agreements. Funding is available in the Strategic Economic Development Fund.

Summary

Laveen Baseline LLC (Developer), owns an approximately 65-acre site located at the southeast corner of the Loop 202 South Mountain Freeway and Baseline Road. In Fall 2019, the Developer finished construction on 150,000 square feet in the first phase of the Laveen Park Place project, which includes a grocery store, two major anchor retailers, restaurants and accompanying shops. The Developer proposes to construct a 50,000+ square foot highly desired lifestyle center to include new destination retail, a new movie theater/entertainment complex, as well as accompanying restaurants and shops (Project). The Project is expected to be an amenity-rich center that will serve residents and employees living and working in and around the South Mountain Technology Corridor and the community at large. The Project is the second phase of the Laveen Park Place Lifestyle Center.

This area of Phoenix continues to be a high demand and high growth area for both new residential and employment. The Project will add to this growth, as it is expected to add several hundred new jobs to the area in the next five years. To accommodate this growth, additional traffic, and the creation of the Project, additional public infrastructure improvements are required. Through a development agreement (DA), the Developer will construct the required public infrastructure improvements, and the City will reimburse the Developer up to \$2.5 million upon completion of construction, the City's acceptance of the improvements and the dedication of the public improvements to the City, for the required public infrastructure improvements as follows:

- Half street construction of 59th Avenue from Baseline Road to north of the South Mountain Avenue alignment, including excavation, site work, surveying, engineering design, permitting, bonding, and construction of all public facilities (including hardscape and landscape) relating to the public infrastructure improvements.
- Developer will privately finance and construct the public infrastructure improvements.
- Developer must comply with Title 34 of the Arizona Revised Statutes in constructing the public infrastructure improvements to qualify for reimbursement, and the specifics and cost of the public infrastructure improvements must be pre-approved by the City in order to qualify for reimbursement.
- Developer is required to construct the Project and required public infrastructure improvements within 10 years of entering into the DA with the City.
- The maximum reimbursement amount for the public infrastructure improvements, as they relate to the Project, will not exceed \$2,500,000 and annual reimbursement will not exceed \$250,000.
- Reimbursement shall not exceed actual verifiable costs for the approved public infrastructure improvements.
- Reimbursement will not begin until after the Developer completes the public infrastructure improvements, and the City accepted those improvements.
- The DA, and any other agreements as necessary, will include other terms and conditions as deemed necessary by the City.

The Project is an important economic development opportunity for the Laveen area that will create several hundred new jobs over time for the community, and will yield significant financial and public benefits for the City of Phoenix.

Contract Term

If approved, the term will be for 10 years from the completion of construction of the public infrastructure improvements.

Financial Impact

The maximum reimbursement amount will be \$2.5 million with annual reimbursements not to exceed \$250,000. Funding is available in the Strategic Economic Development Fund beginning in Fiscal Year 2022-2023.

Concurrence/Previous Council Action

This item was recommended for approval by the Workforce and Economic Development Subcommittee at the April 28, 2021 meeting by a vote of 3-0.

Location

Southeast corner of the Loop 202 South Mountain Freeway and Baseline Road.
Council Districts: 7 and 8

Responsible Department

This item is submitted by Deputy City Manager Ginger Spencer and the Community and Economic Development Department.