



City of Maricopa

Legislation Text

File #: RES 19-53, **Version:** 1

A Resolution of the Mayor and City Council of the City of Maricopa, Arizona, approving and adopting a Purchase and Sale Agreement and Escrow Instructions and Development Agreement between the City of Maricopa and J.E.T. Real Estate Holdings LLC, an Idaho limited liability company, in compliance with A.R.S. § 9-500.05. Discussion and Action.

Summary: Economic Development staff published an Invitation for Bid for the purchase or lease and development of all or a portion of the Real Property in the Estrella Gin Business Park in May 2019. The evaluation committee selected Woodglen Opportunities as the developer for the entire project and two property buyers are identified - J.E.T. Real Estate Holdings, LLC and Elpida LLC. Woodglen Opportunities requested \$2.5 million in assistance to construct the road and utility infrastructure. The city will exchange the value of the property as defined below and fee waivers not to exceed \$2.5 million in total for the cost to construct the road and utility infrastructure.

J.E.T. Project - J.E.T., LLC will purchase 12.32 acres generally located on the southeast corner of Edison Road and Estrella Gin Parkway to develop as a mixed-use development containing commercial, light industrial and retail parcels and buildings. The purchase price for the property is \$804,989 which represents \$1.50 per square foot and it shall be paid with \$5,000 Earnest money, \$45,000 Additional Cash applied to closing costs and commissions, and road and infrastructure construction. JET Real Estate Holdings or its contractor shall construct the roadways and infrastructure necessary to serve the portion of the Estrella Gin Business Park which abuts, is within and a part of the JET project. Upon completion of the roadway and infrastructure, JET Real Estate Holdings, LLC will dedicate the same free and clear of any encumbrances to the City.

Elpida, LLC will purchase 16.96 acres generally located on the northeast corner of Edison Road and Estrella Gin Parkway to develop as a mixed-use development containing commercial, light industrial and retail parcels and buildings. The purchase price for the property is \$1,108,167 which represents \$1.50 per square foot and it shall be paid with \$5,000 Earnest money, \$45,000 Additional Cash applied to closing costs and commissions, and road and infrastructure construction. Elpida, LLC or its contractor shall construct the roadways and infrastructure necessary to serve the portion of the Estrella Gin Business Park which abuts, is within and a part of the Elpida project. Upon completion of the roadway and infrastructure, Elpida will dedicate the same free and clear of any encumbrances to the City.

Economic Impact Analysis

The Estrella Gin Business Park as developed by Woodglen Opportunities (developer of record for Elpida and JET property owners) will provide a variety of economic and revenue benefits to the City of Maricopa. The City of Maricopa contracted with Applied Economics to analyze the economic impacts of the business park as proposed by Woodglen, Elpida and JET. There is currently no leasable industrial space and limited multi-tenant commercial space in Maricopa, so this could create significant opportunities for local economic development. At build out, this project could support a significant number of jobs and create opportunities for small businesses to grow within Maricopa.

- With 275,000 square feet developed, the proposed development could have a total annual economic impact of \$94.4 million in Maricopa each year.
- The tenants in this development could directly and indirectly support over 700 jobs and \$41.9 million in annual payroll at build out, including an estimated 545 jobs and \$33.9 million in estimated payroll at

establishments within the business park, as well as jobs at other local businesses that would benefit from new demand created by the office, retail and industrial tenants and local spending by the employees.

- The project would generate non-recurring construction impacts over a multi-year period.

Construction costs for the project are estimated at \$33.5 million. This construction activity could generate a one-time economic impact of \$43.2 million in Maricopa, supporting about 300 jobs and \$16.1 million in payroll over about five years.

- Direct tax revenues to the City of Maricopa include property and sales taxes from business in the development. Direct and employee taxes to the city are estimated at \$1.3 million per year, plus an estimated \$609,000 in one-time construction sales taxes. There would be additional revenues to the county and school district estimated at \$1.7 million per year.

- Based on the amount of estimate direct sales and property tax revenues to the city, the business park could generate \$2.5 million in total revenues within approximately two years of build out.

Staff recommends Mayor and Council approve the Purchase Sale and Escrow and Development Agreement between the City of Maricopa and J.E.T. Real Estate Holdings, LLC.