City of Maricopa

Legislation Details (With Text)

File #:	RES 20-05	**Version:** 1	**Name:**	Copper Sky Commercial DA / Shea Connelly
Type:	Resolution		**Status:**	Regular Agenda
File created:	1/27/2020		**In control:**	City Council Regular Meeting
On agenda:	2/4/2020		**Final action:**	2/4/2020
Title:	A Resolution of the Mayor and City Council of the City of Maricopa, Arizona, approving and adopting a Development Agreement between the City of Maricopa and Copper Sky Commercial Senior Housing, LLC, an Arizona limited liability company ("Copper Sky Senior Housing"), Copper Sky Commercial Mixed Use North, LLC, an Arizona limited liability company ("Copper Sky Mixed Use North"), Copper Sky Commercial Mixed Use South, LLC, an Arizona limited liability company ("Copper Sky Mixed Use South"), and Shea Connelly Development, LLC, an Arizona limited liability company ("Shea Connelly") in compliance with A.R.S. §9-500.05 and authorizing the City Manager to execute the exhibits and related documents including the Purchase and Sale Agreements in a form substantially similar to the documents presently before the Mayor and City Council. Discussion and Action.			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	1. Resolution, 2. Development Agreement- Executed, 3. Amendment and Consent Assignment of Master Planning and marketing Agreement.SIGNED, 4. Exhibit A to Assignment - Site Plan, 5. Purchase Agreement.Copper Sky Commercial Mixed Use North, LLC, 6. Purchase Agreement.Copper Sky Commercial Mixed Use South, LLC, 7. Purchase Agreement.Copper Sky Commercial Senior Housing LLC.Clean, 8. Purchase Agreement.Copper Sky Commercial Senior Housing, LLC. Bowlin Plaza			

Date	Ver.	Action By	Action	Result
2/4/2020	1	City Council Regular Meeting	Approved	Pass

A Resolution of the Mayor and City Council of the City of Maricopa, Arizona, approving and adopting a Development Agreement between the City of Maricopa and Copper Sky Commercial Senior Housing, LLC, an Arizona limited liability company ("Copper Sky Senior Housing"), Copper Sky Commercial Mixed Use North, LLC, an Arizona limited liability company ("Copper Sky Mixed Use North"), Copper Sky Commercial Mixed Use South, LLC, an Arizona limited liability company ("Copper Sky Mixed Use South"), and Shea Connelly Development, LLC, an Arizona limited liability company ("Shea Connelly") in compliance with A.R.S. §9-500.05 and authorizing the City Manager to execute the exhibits and related documents including the Purchase and Sale Agreements in a form substantially similar to the documents presently before the Mayor and City Council. Discussion and Action.

Summary: As the Master Planning and Marketing Agreement for Copper Sky Commercial has been assigned to Copper Sky Senior Housing, Copper Sky Mixed Use North, Copper Sky Mixed Use South and Shea Connelly, this Development Agreement details the agreement between these parties and the City of Maricopa. Shea Connelly has been appointed as Master Developer by the buyers. Economic Development staff published an Invitation for Bid for the purchase or lease and development of all or a portion of the Real Property for the property known as Bowlin Plaza and Shea Connelly did respond and has been awarded the right to purchase a portion of the Bowlin Plaza property.

Shea Connelly, as the developer for all four parcels, has requested an incentive of $3,750,000 to develop the public infrastructure for the overall Copper Sky Commercial Complex including the expansion of Martin Luther King Jr. Blvd. Shea Connelly will complete the construction of the public infrastructure within 18

months of the close of Copper Sky Commercial Mixed Use North's purchase of Lot 2. Upon completion of the roadway and infrastructure, Shea Connelly will dedicate the same free and clear of any encumbrances to the City. Additionally, all City fees for the Senior Housing Facility and Copper Sky Mixed Use North will be deferred until Certificates of Occupancy have been issued for the respective facility.

The City proposes to sell its property known as Copper Sky Commercial and Bowlin Plaza in four separate transactions defined in the Development Agreement by separate agreements in a form similar to Exhibit "D."

1. Copper Sky Senior Housing will purchase Lot 1 for $699,140.00 and build a senior housing facility with approximately 146 units on or before 18 months after Lot 1 is purchase. The City will keep $647, 192.00 in a separate account and reimburse Copper Sky Senior Housing 25% upon completion of 25% of the facility, an additional 25% when the facility is 50% complete, an additional 25% when the facility is 75% and the final 25% when the facility is open and operating.
2. Copper Sky Mixed Use North will purchase Lot 2 for $1,280,655.00 and build a facility with 16,000 square feet of commercial space and approximately 330 apartments on or before 24months after Lot 2 is purchased. The City will keep $1,193,825.00 in a separate account and reimburse Copper Sky Mixed Use North 25% upon completion of 25% of the mixed-use facility, an additional 25% upon completion of 50% of the facility, an additional 25% upon completion of 75% of the facility; and additional 25% upon 30% of this facility being open and operating.
3. Copper Sky Mixed Use South will purchase Lot 3 for $1,400,455.00 and build a mixed-use facility to be open and operating on or before 36 months after Lot 3 is purchased. The facility will include approximately 16,000 square feet of commercial space and approximately 330 apartments. The City will keep $1,306,428.00 in a separate account and reimburse Copper Sky Mixed South 25% of this amount upon completion of 25% of the facility, an additional 25% upon completion of 50% of the facility, an additional 25% upon completion of 75% of the facility and the final 25% when 30% of the facility is open and operating.
4. Shea Connelly will purchase a portion of Bowlin Plaza property for $762,300.00 and build a senior independent living community to be open and operating on or before 24 months after the property is purchased. This community will include approximately 28 casitas with a clubhouse and pool. The City will set aside in a separate account $602,555.00 and reimburse Shea Connelly 25% upon completion of 25% of the facility, an additional 25% upon completion of 50% of the facility, an additional 25% upon completion of 75% and the final 25% when the community is open and operating.

The city set aside amounts for each parcel all add up to $3.75M.

Economic Impact Analysis

The proposed development known as Copper Sky Commercial will provide a variety of economic and revenue benefits to the City of Maricopa over the next 10-years. This project will include the first commercial-scale senior living facility and mixed-use multifamily/commercial space development, thus significantly expanding the range of housing options.

- The proposed development could have a total annual economic impact of $24.1 million on Maricopa's economy each year, or $221.3 million over the first ten years of operations.
- The project could directly and indirectly support an estimated 271 new jobs and $9.7 million in annual payroll by 2023, including an estimated 231 jobs and $8.8 million in estimated payroll at businesses within the development, as well as jobs at other local businesses that would benefit from new demand created they the senior living facility and commercial businesses in the development, as well as from local spending by the employees.
- The multi-family households in the development could have a combined annual income of $42.1 million assuming 640 units at 92 percent occupancy and average monthly rents of $1,490. Of this total, $14.0 million is anticipated to be spent on taxable purchases, including purchases within the development and elsewhere in Maricopa.
- The project would also generate non-recurring construction impacts. Hard construction costs and off -site improvements for the project are estimated at $127.3 million over three years. This construction

activity, which is anticipated to begin in 2020 and extend through mid-year 2022, could generate a one-time economic impact of $147.3 million in Maricopa, supporting close to 1,200 jobs and $59.2 million in payroll over approximately two years.

- The project would also generate additional tax revenues to the community. Direct tax revenues to the City of Maricopa include property and sales taxes from businesses and residents in the development. Employees working in the development and living in Maricopa would also general local sales and property tax revenues. Direct and employee taxes to the city are estimated at $13.4 million over the next ten years including construction revenues.

Staff recommends Mayor and Council approve the Development Agreement between the City of Maricopa and Copper Sky Commercial Senior Housing, LLC, an Arizona limited liability company **("Copper Sky Senior Housing**"), Copper Sky Commercial Mixed Use North, LLC, an Arizona limited liability company ("**Copper Sky Mixed Use North"**), Copper Sky Commercial Mixed Use South, LLC, an Arizona limited liability company ("**Copper Sky Mixed Use South**"), and Shea Connelly Development, LLC, an Arizona limited liability company ("**Shea Connelly**") and authorize the City Manager to execute the exhibits and related documents including the Purchase and Sale Agreements in a form substantially similar to the documents presently before the Mayor and City Council.

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