



PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.
NOTICE OF POSSIBLE QUORUM OF THE CITY OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE CITY PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD AT THIS MEETING.

**CITY OF BUCKEYE
SPECIAL COUNCIL MEETING
JULY 14, 2016
AGENDA**

**City Council Chambers
530 E. Monroe Ave.
Buckeye, AZ 85326
2:00 p.m.**

Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623) 349-6911, 72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment.

Members of the City Council will either attend in person or by telephone conference call or video presentation. Items listed may be considered by the Council in any order.

- 1. Call to Order/ Roll Call**
- 2. Council to take action on Resolution No. 55-16 approving the Economic Development and Public Infrastructure Reimbursement Agreement between the City of Buckeye, Arizona and DMB White Tank, LLC, an Arizona limited liability company; and authorizing the Mayor to execute and deliver said Agreement.**

Summary: The Resolution will approve the Economic Development and Public Infrastructure Reimbursement Agreement that is intended to better facilitate the development of a new grocery facility of approximately 120,000 square feet and associated offsite public improvements in order to enhance the City's commercial and retail development potential in the area. The City will reimburse the landowner for the cost of the public improvements for two (2) crossings over the Maricopa County Flood Control District Channel along Jackrabbit Trail (subject to an agreement with the Flood Control District for an easement for construction of the crossings and City ownership of the box structure to be constructed), full half-street improvements to Jackrabbit Trail, and additional portions of Indian School Road not required as part of the Verrado Pre-Annexation and Development Agreement. The source of the funds to reimburse DMB will be 49 percent of retail sales tax generated from Fry's and any other retail development within the boundaries of the land shown on Exhibit E attached to the Agreement, and 49% of the construction sales tax generated from the construction of all on-site and off-site improvements associated with the development of the land shown on Exhibit E. The City will retain 51% of the sales tax revenue from the new grocery facility and other retail development within the land, and 51% of the construction sales tax revenue of all on-site and off-site improvements.

Staff Liaisons: George Flores-Development Services Director, Scott Zipprich- City Engineer,
Contact: Adam Copeland- Senior Planner, (623) 349-6210, acopeland@buckeyeaz.gov

- 3. Council will consider, and if advisable, modify the salary and other terms of employment for the interim City Manager.**
- 4. Council will discuss and provide guidance to designated staff regarding the parameters and procedures for the selection process of a new City Manager.**
- 5. Council will make a motion to adjourn the meeting.**

CITY OF BUCKEYE COUNCIL ACTION REPORT

(You may add additional text by double clicking next to the text box or drop down menu)

MEETING DATE:	July 14, 2016	AGENDA ITEM:	2.
DATE PREPARED:	July 6, 2016	DISTRICT NO.:	6
STAFF LIAISONS:	George Flores - Development Services Director, Scott Zipprich- City Engineer, Adam Copeland-Principal Planner	DIRECTOR APPROVAL:	GF
DEPARTMENT:	Development Services and Engineering	FINANCE APPROVAL:	N/A

Will not be added without both approvals

ACTION / MOTION: (This language identifies the formal motion to be made by Council)

Council to take action on Resolution No. 55-16 approving the Economic Development and Public Infrastructure Reimbursement Agreement between the City of Buckeye, Arizona and DMB White Tank, LLC, an Arizona limited liability company; authorizing the Mayor to execute and deliver said Agreement.

WORKSHOP SPECIAL CONSENT NON-CONSENT TABLED PUBLIC HEARING

RELEVANT COUNCIL GOAL:

GOAL 3: A Well-Planned Urban Community

GOAL 4: Adequate, Well-Maintained and Well-Planned Public Infrastructure

SUMMARY

PROJECT DESCRIPTION:

Council adopted the Notice of Intent to approve the Economic Development and Public Infrastructure Reimbursement Agreement between the City of Buckeye, Arizona and DMB White Tank, LLC, an Arizona limited liability company (the "Agreement"), on June 29, 2016 through Resolution No. 53-16. Pursuant to statutory requirements, the Agreement is required to come before Council no earlier than 14 days from Council approval of the Notice of Intent.

Approval of the Agreement is the subject of Resolution No. 55-16 currently before Council. A summary of the Agreement follows:

The Agreement will facilitate the development of the Fry's grocery store at Jackrabbit Trail and Indian School Road, and offsite public improvements, in order to enhance the City's commercial and retail development potential in the area. The Fry's facility will: (i) increase the value of the land for property tax purposes, (ii) create new opportunities for employment in the City, (iii) enhance retail transaction (sales) tax collections in the City, and (iv) provide greater ability for the City to promote new development on additional properties adjacent to and surrounding the Fry's grocery store. The value of constructing and operating the Fry's facility has been analyzed through an economic and fiscal impact analysis performed by Rounds Consulting Group, Inc. and set forth in a report dated June 23, 2016. City staff has determined, based upon analysis by the economic development staff, that the Fry's facility would not locate on the site in the absence of this Agreement.

In addition to the benefits and value received by the City as described above, the landowner of the property to be sold to Fry's will construct certain regional public improvements to Jackrabbit Trail and Indian School Road in the City.

The benefits that the City will receive as a result of the Indian School Road regional improvements to be constructed by the landowner include: (i) northern half-street improvements related to the commercial frontage from two westbound lanes to three westbound lanes and additional deceleration turn lanes; a sidewalk as a regional trail; and relocation of Southwest Gas and Arizona Public Service dry utilities that had been previously installed.

The benefits that the City will receive as a result of the Jackrabbit Trail regional improvements to be constructed by Owner include: (i) full half street improvements associated with the commercial frontage not otherwise required by the Verrado Community Master Plan to be constructed by Owner; 2 crossings over the Maricopa County Flood Control District drainage channel at Jackrabbit Trail; and oversized traffic signal and intersection improvements at Jackrabbit Trail and Indian School Road.

The location of the improvements generally described above are shown in the attached "Exhibit D."

The City will reimburse the landowner for the cost of the public improvements and the cost of additional right of way for Indian School Road for a total not to exceed amount of \$2.3 million. The source of the funds to reimburse DMB will be 49 percent of retail sales tax generated from Fry's and 49 percent of the construction sales tax generated from the construction of the on-site improvements and the off-site public improvements related to development of the Land as shown on Exhibit E attached to the Agreement.

The term of the Agreement is the earlier of 5 years from the Effective Date of the Agreement, or the date that the reimbursable costs have been paid.

BENEFITS:

The City will receive sales tax revenue from the new grocery facility and construction sales tax revenue from the construction of the public improvements.

FUTURE ACTION: *Council and staff; does this need to be communicated internally/externally?*

Subject to Council approval of the Agreement, staff will administer the Agreement, including payment of the Reimbursable Costs with sales tax revenue as described herein.

FINANCIAL IMPACT STATEMENT: *Must be completed before submission*

The City will reimburse DMB for the cost of the public improvements and the cost of additional right of way for Indian School Road for a total not to exceed amount of \$2.3 million. The source of the funds to reimburse the landowner will be 49 percent of retail sales tax generated from Fry's and 49 percent of the construction sales tax generated from the construction of the all on-site and off-site improvements related to development of the Land as shown on Exhibit E attached to the Agreement.

CURRENT FISCAL YEAR TOTAL COST

[Click here to enter text.](#)

BUDGETED UNBUDGETED FISCAL YEAR BUDGET (check one) F/Y:

[Click here to enter text.](#)

FUND / DEPARTMENT (GL#):

[Click here to enter text.](#)

ATTACHMENTS: ***ADDITIONAL INFORMATION AVAILABLE IN THE OFFICE OF THE CITY CLERK*
Resolution No. 55-16
Economic Development and Public Infrastructure Reimbursement Agreement with Exhibits
Vicinity Map

RESOLUTION NO. 55-16

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF BUCKEYE, ARIZONA, APPROVING THE ECONOMIC DEVELOPMENT AND PUBLIC INFRASTRUCTURE REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF BUCKEYE, ARIZONA, AN ARIZONA MUNICIPAL CORPORATON, AND DMB WHITE TANK, LLC, AN ARIZONA LIMITED LIABILITY COMPANY; AUTHORIZING THE MAYOR TO EXECUTE AND DELIVER SAID AGREEMENT ON BEHALF OF THE CITY.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BUCKEYE, ARIZONA, as follows:

WHEREAS, on June 29, 2016, through Resolution No. 53-16, Council adopted the Notice of Intent to enter into a Development Tax Incentive Agreement with DMB White Tank, LLC, an Arizona limited liability company, and adopted the Findings of Fact set forth in the Notice of Intent.

WHEREAS, Arizona law requires that the City adopt a notice of intent to enter into a retail development tax incentive agreement at least 14 days before Council's approval of such agreement.

WHEREAS, the Mayor and City Council desire to now approve the retail development tax incentive agreement which was the subject of the Notice of Intent adopted by the Mayor and City Council on June 29, 2016.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BUCKEYE, ARIZONA, as follows:

Section 1. The Economic Development and Public Infrastructure Reimbursement Agreement between the City of Buckeye, Arizona, an Arizona municipal corporation, and DMB White Tank, LLC, an Arizona limited liability company (the "Agreement") is hereby approved in the form and substance on file with the City Clerk.

Section 2. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps necessary to take all steps necessary to cause the execution and delivery of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Mayor and City Council of the City of Buckeye, Arizona, this 14th day of July, 2016.

Jackie A. Meck, Mayor

ATTEST:

Lucinda J. Aja, City Clerk

APPROVED AS TO FORM:

City Attorney

WHEN RECORDED RETURN TO:

City of Buckeye
ATTN: Lucinda J. Aja, City Clerk
530 East Monroe Avenue
Buckeye, Arizona 85326

**ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT**

BETWEEN

**THE CITY OF BUCKEYE, ARIZONA,
an Arizona municipal corporation**

AND

**DMB WHITE TANK, LLC,
an Arizona limited liability company**

DATED July 14, 2016

**ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT**

1. **Date.** The effective date of this Economic Development and Public Infrastructure Reimbursement Agreement (“***Agreement***”) is July 14, 2016 (the “***Effective Date***”).

2. **Parties.** The parties to this Agreement are:

(a) CITY OF BUCKEYE, ARIZONA
Attention: City Manager
530 East Monroe Avenue
Buckeye, Arizona 85326 (“***City***”)

(b) DMB WHITE TANK, LLC
Attention: Dan Kelly
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258 (“***Owner***”)

3. **Background.** The following is the background to this Agreement:

(a) Owner owns real property certain real property generally located at the northwest intersection of Jackrabbit Trail and Indian School Road in the City of Buckeye, Arizona consisting of approximately twenty (20) acres, which such real property is legally described in the attached **Exhibit A** and depicted on the attached **Exhibit B** (the “***Land***”).

(b) Owner has executed a purchase and sale agreement and is in escrow to sell approximately twelve (12) acres of the Land which the buyer intends to develop and operate as a grocery marketplace of approximately 120,000 square feet in size (under roof), and related parking (the “***New Facility***”). The general location of the New Facility is depicted on the attached **Exhibit C**.

(c) The City desires to facilitate the development of the New Facility and offsite public improvements in order to enhance the City’s commercial and retail development potential in the area of the Land. The New Facility on the Land will: (i) increase the value of the Land for property tax purposes, (ii) create new opportunities for employment in the City, (iii) enhance retail transaction (sales) tax collections in the City, and (iv) provide greater ability for the City to promote new development on additional properties within the Land, and adjacent to and surrounding the Land. The value of constructing and operating the New Facility on the Land has been analyzed through an economic and fiscal impact analysis performed by Rounds Consulting Group, Inc., and set forth in a report dated June 23, 2016. The City has determined, based upon analysis by its economic development staff that the New Facility would not locate on the Land in the absence of this Agreement.

(d) In addition to the benefits and value received by the City as described in Section 3(c) above, Owner will construct certain regional public improvements to Jackrabbit Trail and Indian School Road in the City. The benefits that the City will receive as a result of the Indian School Road regional improvements to be constructed by Owner include: (i) northern half-street improvements related to the commercial frontage from two westbound lanes to three westbound lanes and additional deceleration turn lanes; a sidewalk that functions as a part of the regional trail system; and relocation of Southwest Gas and Arizona Public Service dry utilities that had been previously installed. The benefits that the City will receive as a result of the Jackrabbit Trail regional improvements to be constructed by Owner include: (i) full half street improvements associated with the commercial frontage not otherwise required by the City development standards to be constructed by Owner; two crossings over the Maricopa County Flood Control District drainage channel at Jackrabbit Trail; and oversized traffic signal and intersection improvements at Jackrabbit Trail and Indian School Road. The location of the improvements generally described in this Section 3(d) are shown on the attached Exhibit D, and the attached Exhibit E generally describes the public improvements to be constructed by Owner.

(e) On June 29, 2016, the Council of the City of Buckeye (the “*City Council*”) adopted that certain document entitled “Notice of Intent to Enter Into a Retail Development Tax Incentive Agreement and Findings of Fact” (the “*Notice of Intent*”), attached hereto as Exhibit F and incorporated herein by reference. Included within the Notice of Intent were findings showing (i) that the New Facility is anticipated to raise more revenue than the amount of the incentives set forth below within the duration of this Agreement and (ii) that, in the absence of the tax incentives proposed in this Agreement, the New Facility would not locate within the corporate boundaries of the City of Buckeye in the same time, place, or manner as required by the Agreement (collectively, the “*Findings*”). Clause (i) above, as included in the Findings, was independently verified on June 23, 2016, by an independent third party consultant, Rounds Consulting Group, Inc. (the “*Verification*”), which is attached as an exhibit to the Notice of Intent set forth in Exhibit F. By executing this Agreement, Owner hereby agrees and affirms that: (i) Owner did not finance, or cause to be financed, the Verification; (ii) Owner did not have input into the selection of Rounds Consulting Group, Inc. for the purposes of such Verification and (iii) the New Facility would not have located in the City in the same manner in the absence of the tax incentives set forth in this Agreement.

(f) The City Council accepted the Findings on June 29, 2016, by a unanimous affirmative vote adopting the Notice of Intent.

(g) The City Council is empowered, pursuant to ARIZ. REV. STAT. § 9-500.11, to appropriate public funds to further employment opportunities and economic enhancement of the City. Accordingly, the City Council has determined that it is in the best interests of the citizens of the City to rebate a portion of the sales taxes generated and collected from the (i) retail sales on the Land, including the New Facility, and (ii) construction of onsite improvements within the Land, and (iii) construction of the Infrastructure (defined in Section 6 of this Agreement), to reimburse Owner certain amounts advanced by Owner for construction of public infrastructure and conveyance of additional right of way for regional street improvements, all to provide opportunities for enhanced economic welfare and new job creation in the City.

4. **Agreement.** For good and valuable consideration, including the benefits to City and Owner as described above, City and Owner agree as is more specifically set forth in this Agreement. The recitals set forth above in the background to this Agreement are acknowledged by the parties and are incorporated herein by this reference.

5. **Commencement of Construction of Infrastructure; Conditions of Reimbursement.** Owner agrees and understands that any reimbursement to Owner for the costs of the Infrastructure (defined in Section 6 below) pursuant to the terms and conditions of this Agreement shall be solely from a portion of the sales taxes generated and collected from the (i) retail sales on the Land, including the New Facility, and (ii) construction of onsite improvements within the Land, and (iii) construction of the Infrastructure, and the City is under no obligation to reimburse Owner for the Infrastructure costs from any other source. Owner agrees and understands that any such reimbursement is specifically conditioned upon Owner constructing and completing the Infrastructure and causing development of the New Facility on the Land (or a comparable grocery marketplace of at least 120,000 square feet (under roof)) in accordance with the terms and conditions of this Agreement. In exchange for Owner receiving reimbursement from the City for the Infrastructure, all pursuant to the terms and conditions of this Agreement, Owner covenants and agrees that Owner shall commence construction of the Infrastructure no later than December 31, 2016 and Owner shall complete construction of the Infrastructure no later than the earlier date of: (i) July 1, 2017, or (ii) the issuance of a certificate of occupancy for the New Facility by the City. In the event Owner does not commence construction of the Infrastructure by December 31, 2016, or if Owner does not complete construction of the Infrastructure by the date that is the earlier of (i) July 1, 2017, or (ii) the issuance of a certificate of occupancy for the New Facility by the City, the City shall have the right to terminate this Agreement by providing written notice of termination to Owner and the City shall have no liability or obligation under this Agreement.

6. **Infrastructure.**

(a) Owner agrees to design, engineer, permit, construct and install the public infrastructure improvements generally described in Section 3 (d) of this Agreement and on Exhibit E attached hereto, which such improvements are hereinafter collectively referred to as the “*Infrastructure*”. Included within the Infrastructure to be constructed and installed pursuant to this Agreement are two (2) crossings over the Maricopa County Flood Control District (the “*District*”) drainage channel (the “*Channel Crossings*”). Owner acknowledges and agrees that the construction of, and reimbursement for, the Channel Crossings are subject to the City obtaining an easement from and an agreement with the District regarding the construction, installation, ownership and maintenance of the Channel Crossings. The City anticipates that the District will require that the City own and maintain, or cause the maintenance of, the box structure and the Channel Crossings. Owner agrees that upon completion of construction of the Channel Crossings, Verrado Community Association, Inc. will perform the maintenance of the box structure and the Channel Crossings on behalf of the City if requested by the City.

(b) The design, construction and installation of the Infrastructure shall be in conformance with plans and specifications (the “*Technical Specifications*”) submitted to the City for its review and approval in its sole and absolute discretion, and shall be subject to and in compliance with City standards and requirements and District standards and requirements, as

applicable. Owner acknowledges and agrees that the Technical Specifications may be modified by the City from time to time in order to comply with City standards and requirements, or to enhance operating efficiency. Any modification by the City to the Technical Specifications shall not be applied retroactively to the Infrastructure to the extent the City has already granted approval based on prior Technical Specifications and Owner has materially and substantially acted on such approval.

(c) Owner shall give to City a one (1) year warranty for the Infrastructure, which warranty shall begin on the date that City accepts the Infrastructure. Any material deficiencies in material or workmanship identified by City's staff during the one-year warranty period shall be brought to the attention of Owner, who shall promptly remedy or cause to be remedied such deficiencies to the reasonable satisfaction of City's staff. Continuing material deficiencies in a particular portion of the Infrastructure shall be sufficient grounds for City to require (i) an extension of the warranty for an additional one year period or, (ii) the proper repair of, or (iii) the removal and reinstallation of that portion of the Infrastructure that is subject to such continuing deficiencies. Nothing contained herein shall prevent the City or Owner from seeking recourse against any other third party for damage to the Infrastructure caused by such third party. Owner shall comply with the Laws and Regulations with respect to maintenance and repair of the Infrastructure.

7. Infrastructure Reimbursement.

(a) Procurement Law and City Code. Owner covenants and agrees that any portion of the design, construction, and installation of the Infrastructure for which Owner will seek reimbursement from the City pursuant to the terms and conditions of this Agreement shall be publicly procured by Owner or by the City pursuant to A.R.S. Title 34, as amended, and in accordance with the procurement code and policies of the City.

(b) Completion of Construction and Installation of Infrastructure; Verified Costs. Owner shall, within sixty (60) days of written acceptance of the Infrastructure from the City, furnish the City with: (a) copies of all bills, invoices and other statements of expenses incurred by Owner, covering all of the costs of eligible services, materials, equipment, supplies, construction and installation of the Infrastructure; and (b) lien waivers and releases from contractors, subcontractors, consultants and vendors for services, materials, equipment, supplies and construction included in the Infrastructure; and (c) receipts, specifying exact amount of payments in full by Owner to all contractors, subcontractors, consultants and vendors for all services, materials, equipment, supplies, labor and other costs of construction of the Infrastructure; and (d) as-built drawings certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials and other information as required by the City Engineer; and (e) any other information required by the City to verify the actual costs of construction of the Infrastructure. The City's written, signed and dated verification of the actual costs of construction of the Infrastructure shall hereinafter collectively be referred to as the "*Verified Costs*".

(c) Reimbursable Costs. Subject to the terms of this Agreement, including the Verified Costs as described in Section 7(b) above, the City shall reimburse the Owner for the Verified Costs not to exceed Two Million Three Hundred Thousand and No/100 Dollars

(\$2,300,000.00) (the “**Reimbursable Costs**”). The Reimbursable Costs include the cost of the additional right of way for regional improvements to Indian School Road, which such cost is Seventy Three Thousand and No/100 (\$73,000.00). In no event shall the City’s obligation to reimburse the Reimbursable Costs exceed Two Million Three Hundred Thousand and No/100 Dollars (\$2,300,000.00).

(d) Payment of Infrastructure Reimbursable Costs. Subject to the terms of this Agreement, the City shall pay to the Owner periodic payments, as set forth in this Section 7(d), from Land Generated Sales Taxes (defined in Section 7(e) below) to reimburse the Reimbursable Costs. The City’s obligation to reimburse the Reimbursable Costs from the Land Generated Sales Taxes shall commence following the City’s verification of the Verified Costs. Each periodic payment paid by the City shall be paid from Land Generated Sales Taxes actually received by the City from the Arizona Department of Revenue (“**ADOR**”) and shall be in the amount equal to forty-nine percent (49%) of the Land Generated Sales Taxes. The Land Generated Sales Taxes payments shall be paid quarterly by the City as follows: On or before April 30 for the first quarter of the calendar year (January-March); on or before July 30 for the second quarter of the calendar year (April-June); on or before October 30 for the third quarter of the calendar year (July-September); and on or before January 30 of the following calendar year for the fourth calendar year payment (October-December). The quarterly Land Generated Sales Taxes payments shall continue to be paid to Owner on the dates set forth in this Section 7(d) until the earlier of: (i) the date that Owner has been reimbursed for the Reimbursable Costs and the Reimbursable Costs shall not exceed Two Million Three Hundred Thousand and No/100 Dollars (\$2,300,000.00), or (ii) the date that is five (5) years from the Effective Date of this Agreement. The City has the option but not the obligation under this Agreement, to pay the full amount or the balance of the Reimbursable Costs to Owner at any time and without penalty, and if the City elects to exercise such an option, the City’s obligation to pay the quarterly Land Generated Sales Taxes payments pursuant to Section 7 of this Agreement shall terminate. Nothing contained in this Agreement, as amended, shall be construed in such a manner as to cause the City to violate any privacy or confidentiality laws applicable to the contracting taxes, Land Generated Sales Taxes and taxpayers.

Owner shall, as a requirement of any purchase and sale agreement of property within the Land, require that the buyer provide to the City Finance Department, within fifteen (15) calendar days of the closing of such transaction, the name or names under which the business(es) operating within the Land are reporting to ADOR. Owner shall provide the foregoing information to the City Finance Department at the address set forth for the City in the Notice provisions of Section 19 of this Agreement.

(e) Definition of Land Generated Sales Taxes. “**Land Generated Sales Taxes**” shall mean all unrestricted transaction privilege taxes validly imposed or levied by the City and generated from (i) retail sales transactions of all businesses within the Land, including the New Facility, and (ii) the construction of onsite improvements within the Land, and (iii) the construction of the Infrastructure, and all of which are not earmarked for a contrary or inconsistent purpose. Land Generated Sales Taxes shall not include transaction privilege tax revenues collected and paid over to the City by ADOR from (a) transaction privilege tax revenue designated and allocated as Economic Development Funds which is funded by 6.25% of the revenues received from the first 2% of the retail sales transactions of the businesses within the

Land, (b) transaction privilege tax revenue that is designated, allocated, or restricted as to its use, such as the proceeds from an increase on the transaction privilege tax on hospitality industry businesses to be used exclusively for the promotion of tourism, or (c) any other similar tax restricted as to its use. The area from which the Land Generated Sales Taxes will be used to make periodic payments to Owner pursuant to this Agreement is shown on **Exhibit G** attached hereto.

(f) **Sample Payment Calculation.** A sample of the calculation of the quarterly Land Generated Sales Taxes payment is attached hereto as **Exhibit H**. The parties acknowledge and agree that the figures used in the sample calculation on **Exhibit H** are only estimates and are only for illustration and information purposes.

(g) **Land Generated Sales Taxes Subordinate to Any Pledge.** Payment of Land Generated Sales Taxes by the City is subject to and in all respects subordinate to any pledge, now in existence or hereafter made.

8. **Rights and Remedies.** The parties shall be entitled to all rights and remedies available at law and equity for breach of the provisions of this Agreement.

9. **Conflicts of Interest.** The parties acknowledge that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended.

10. **Covenants Running with the Land.** The provisions of this Agreement shall be for the benefit of, and shall be a burden upon, the Land, and the provisions of this Agreement shall be covenants running with the Land, without the necessity of an assignment of this Agreement with the conveyance of any part of the Land.

11. **Term of Agreement.** Unless terminated earlier by the City pursuant to the provisions of **Section 5** of this Agreement, this Agreement shall automatically terminate as to the Land without the necessity of any notice, agreement or recording by and between the parties on that date which is the earlier of (i) five (5) years from the Effective Date of this Agreement, or (ii) the date that the Reimbursable Costs have been paid to Owner pursuant to the terms and conditions of this Agreement.

12. **No Agency or Partnership.** Neither City nor Owner are acting as the agent of the other with respect to this Agreement, and this Agreement shall not be deemed to create a partnership, joint venture or other business relationship between City and Owner.

13. **No Third Party Beneficiary.** This Agreement shall not create any third party beneficiary rights to any person or entity who is not a party to this Agreement, including any lender to the Owner, unless expressly provided to the contrary in this Agreement (and then only to the extent so provided).

14. **Recording.** City shall record this Agreement with the County Recorder no later than ten (10) days after the last party to execute this Agreement.

15. **Time of Essence.** Time is of the essence of this Agreement.

16. Benefit and Binding Effect; Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit of the parties; provided however, that Owner's rights and obligations hereunder may be assigned, in whole or in part, with the prior written consent of the City which such consent shall not be unreasonably withheld. The assignment shall be made by a written instrument recorded in the Official Records of Maricopa County, Arizona, expressly assigning such rights and obligations, and shall be signed by assignor and assignee with the City's written consent. In the event of a complete or partial assignment by Owner, all or a portion of Owner's rights and obligations hereunder shall terminate effective upon the assumption by Owner's assignee of such rights and obligations. For purposes of Section 7(d) of this Agreement, assignee shall provide to the City Finance Department, within ten (10) calendar days of the assignment as consented to by the City, the name or names under which assignee is reporting to ADOR.

17. Waiver of Claims. The Owner on behalf of itself and all other parties having an interest in the Land intends to encumber the Land with the following agreements and waivers. Owner agrees and consents to all the conditions imposed by this Agreement, and by signing this Agreement waives any and all claims, suits, damages, compensation and causes of action for diminution in value of the Land the owner of the Land may have now or in the future under the provisions of A.R.S. Sections 12-1134 through and including 12-1136 resulting from this Agreement or from any "land use law" (as such term is defined in the aforementioned statute sections) expressly permitted or contemplated by this Agreement to be enacted, adopted or applied by the City now or hereafter. Owner acknowledges and agrees the terms and conditions set forth in this Agreement cause an increase in the fair market value of the Land and such increase exceeds any possible reduction in the fair market value of the Land caused by any future land use laws, rules, ordinances, resolutions or actions expressly permitted or contemplated by this Agreement and adopted or applied by the City to the Land.

18. Amendment. Any amendment to this Agreement shall be in writing.

19. Notices. All notices, requests, waivers, approvals, acceptances or other communications under this Agreement shall be in writing and shall be deemed given when personally delivered or transmitted by facsimile or two days after mailing by certified mail, return receipt requested and postage prepaid, to the addresses or facsimile numbers set forth below:

(a) For City: City of Buckeye
Attention: City Manager
530 East Monroe Avenue
Buckeye, Arizona 85326

With a copy to: Gust Rosenfeld, PLC
Attention: Scott W. Ruby, City Attorney
One East Washington, Suite 1600
Phoenix, Arizona 85004-2553

(b) Owner DMB White Tank, L.L.C.
Attention: Dan Kelly
7600 East Doubletree Road, Suite 300
Scottsdale, Arizona 85258

No notice to a party shall be effective unless and until a copy of such notice is given to, or as appropriate, received by, all persons indicated above as entitled to receive required copies of notices to that party. The above described recipients of notices may change their address for notice purposes by giving the other parties notice of such change, provided, however, that no such change in notice shall be effective for a period of ten (10) days following such notice of such change. The inability to deliver because of a changed address or facsimile number of which no notice was given, inoperative facsimile machine or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any notice to be given by any party hereto may be given by legal counsel for such party.

20. Force Majeure. The performance of either party and the duration of this Agreement shall be extended by any causes that are beyond the control of the party required to perform, such as an act of God, civil or military disturbance and labor or material shortage.

21. Governing Law. This Agreement shall be governed by and construed under the laws of the state of Arizona, and any litigation shall take place only in Maricopa County, Arizona.

22. Attorneys Fees. The prevailing party in any litigation in connection with this Agreement shall be entitled to its attorneys' fees and costs.

23. No Waiver of Right or Remedy. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Owner of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

24. Severability. If any provision of this Agreement is declared void or unenforceable by a court of competent jurisdiction, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect if the remaining provisions permit the parties to achieve the practical and proportional benefits and obligations of the arrangements contemplated by this Agreement. Otherwise, either party may terminate this Agreement.

25. Obligations Not a Debt. The City's obligations pursuant to the provisions of this Agreement that require the expenditure of funds, other than the payment obligations of the City to pay Reimbursable Costs in the not to exceed amount of Two Million Three Hundred Thousand and No/100 Dollars (\$2,300,000.00) solely from Land Generated Sales Taxes, do not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The obligations herein do not (i) obligate the City to levy or pledge any form of taxation, (ii) obligate the City to make any expenditure from proceeds of ad valorem taxes, or (iii) constitute a pledge of the revenues, funds or monies

of the City. The provisions of this Agreement for payment of funds by the City shall be subject to the “budget law” of the State of Arizona and appropriation in each fiscal year’s budget.

26. Exhibits; Merger. This Agreement, together with **Exhibit A** through **H** listed below and attached hereto and incorporated herein by this reference, constitute the entire agreement between the parties with respect to development of the Land. All prior contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

<u>Exhibit A</u>	Legal Description of the Land
<u>Exhibit B</u>	Depiction of the Land
<u>Exhibit C</u>	Depiction of New Facility on the Land
<u>Exhibit D</u>	Location/Depiction of Infrastructure
<u>Exhibit E</u>	Description of Infrastructure
<u>Exhibit F</u>	Notice of Intent
<u>Exhibit G</u>	Drawing showing Land Generated Sales Taxes area
<u>Exhibit H</u>	Sample Calculation for Quarterly Land Generated Sales Taxes Payment

27. E-Verify Requirements. To the extent applicable under A.R.S. § 41-4401, Owner warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). Owner’s failure to comply with such warranty shall be deemed a material breach of the Agreement, as amended, and may result in the termination of the Agreement, as amended, by the City.

28. Signature. The parties have executed this Agreement as of the Effective Date.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

CITY OF BUCKEYE, ARIZONA, an Arizona
municipal corporation

Jackie A. Meck, Mayor

ATTEST:

Lucinda J. Aja, City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF ARIZONA
COUNTY OF MARICOPA

On this _____ day of _____, 2016, before me personally appeared Jackie A. Meck, Mayor of the CITY OF BUCKEYE, ARIZONA, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the Economic Development and Public Infrastructure Reimbursement Agreement on behalf of the City.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Notary Public in and for the State of Arizona

OWNER:

DMB WHITE TANK, LLC, an
Arizona limited liability company

By: _____
Its: _____

STATE OF ARIZONA
COUNTY OF MARICOPA

On this _____ day of _____, 2016, before me personally appeared _____[signor], the _____[title] of DMB WHITE TANK LLC, an Arizona limited liability company, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Economic Development and Public Infrastructure Reimbursement Agreement on behalf of the company.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Notary Public in and for the State of Arizona

**EXHIBIT A
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Legal Description of Land]

See following page(s).

Exhibit A
Legal Description of the Land

That portion of the southeast quarter of Section 20, Township 2 North, Range 2 West, Gila and Salt River Base and Meridian, in the City of Buckeye, County of Maricopa, State of California, more particularly described as follows:

Commencing at the southeast corner of said Section 20, marked by a brass cap in hand hole, Stamped "T2N R2W; S20 S21 S28 S29; 2003; 29891", from which the south quarter corner of said Section 20, marked by a brass cap, flush with pavement, bears North 89 degrees 42 minutes 12 seconds West, 2649.95 feet, as shown on the Record of Survey for Maricopa County Geodetic Densification and Cadastral Survey, filed in Book 652 at page 22 of Maps, in the Office of the Recorder for said County;

Thence, on the southerly boundary of said Section 20, North 89 degrees 42 minutes 12 seconds West, 279.00 feet, to the Point of Beginning;

Thence, continuing on said southerly boundary of Section 20, North 89 degrees 42 minutes 12 seconds West, 999.88 feet, to the intersection of said southerly boundary of Section 20 with the easterly boundary of 197th Avenue produced, as shown on the Map of Dedication for Indian School Road & Jackrabbit Trail, in the City of Buckeye, County of Maricopa, State of Arizona and filed in book 1270, at page 9 in the Office of the Recorder for said county;

Thence, on said Easterly boundary of 197th Avenue, North 00 degrees 20 minutes 42 seconds East, 968.24 feet;

Thence, South 89 degrees 39 minutes 23 seconds East, 772.69 feet;

Thence, North 31 degrees 27 minutes 19 seconds East, 4.95 feet to a point on the southerly boundary of Park Street right of way, as shown on said Map of Dedication;

Thence, on the southerly boundary of Park Street as shown on said Map of Dedication, South 58 degrees 32 minutes 41 seconds East, 44.00 feet, to the beginning of a non-tangent curve;

Thence, continuing on said southerly boundary of Park Street, on said curve to the right, having a radius of 35.00 feet, through a central angle of 84 degrees 11 minutes 21 seconds, an arc distance of 51.43 feet, a chord bears North 73 degrees 32 minutes 59 seconds East 46.92 feet, to the beginning of a reverse curve;

Thence, continuing on said southerly boundary of Park Street, on said reverse curve having a radius of 528.00 feet, through a central angle of 7 degrees 03 minutes 40 seconds, an arc length of 65.07 feet, a chord bears South 67 degrees 53 minutes 10 seconds East, 65.03 feet, to the beginning of a reverse curve;

Thence, continuing on said southerly boundary of Park Street, on said reverse curve, having a radius of 35.00 feet, through a central angle of 77 degrees 01 minutes 57 seconds, an arc distance of 47.06 feet, A chord bears South 32 degrees 54 minutes 01 seconds East 43.59;

Thence, continuing on said southerly boundary of Park Street, South 80 degrees 24 minutes 03 seconds East, 34.66 feet, to the beginning of a non-tangent curve;

Thence, continuing on said southerly boundary of Park Street, on said curve to the right, having a radius of 35.00 feet, through a central angle of 56 degrees 42 minutes 28 seconds, an arc distance of 34.64 feet, a chord bears North 53 degrees 04 minutes 06 seconds East, 33.24;

Thence, South 00 degrees 31 minutes 37 seconds West, 916.47 feet, to the Point of Beginning;

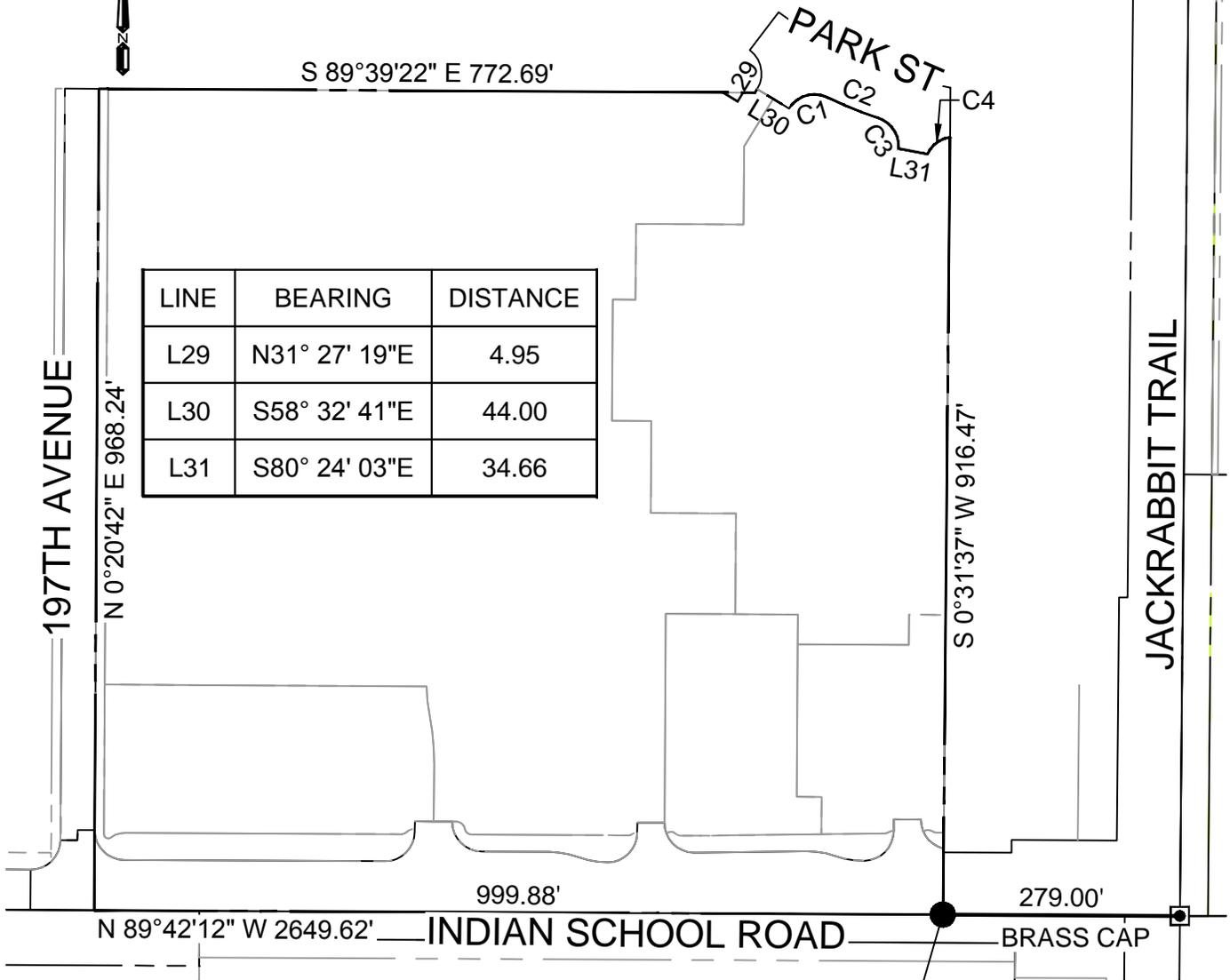
Excepting therefrom, that portion of Indian School Road dedicated for public streets, as shown on the said Map of Dedication for Indian School Road & Jackrabbit Trail.

**EXHIBIT B
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Depiction of Land]

See following page.

EXHIBIT B
Depiction of the Land



LINE	BEARING	DISTANCE
L29	N31° 27' 19"E	4.95
L30	S58° 32' 41"E	44.00
L31	S80° 24' 03"E	34.66

CURVE DATA TABLE			
CURVE	RADIUS	DELTA	LENGTH
C1	35.00'	84°11'21"	51.43'
C2	528.00'	7°03'40"	65.07'
C3	35.00'	77°01'57"	47.06'
C4	35.00'	56°42'28"	34.64'

POINT OF BEGINNING



ORIGINAL PLAN DATE 2016.06.23	REVISION DATE 2016.06.23
PROJECT FRY'S	SHEET NUMBER SHEET 1 OF 1

**EXHIBIT C
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Depiction of Location of New Facility on the Land]

See following page.

EXHIBIT C

Depiction of New Facility on the Land



Jackrabbit Trail

Indian School Road

LEGEND

 New Facility



**EXHIBIT D
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Location/Depiction of Infrastructure]

See following page.

EXHIBIT D

Location/Depiction of Infrastructure



**EXHIBIT E
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Description of Infrastructure]

See following page(s).

INDIAN SCHOOL RD. INFRASTRUCTURE OVERSIZING COST AT COMMERCIAL FRONTAGE

DESCRIPTION	6-LANE PRINCIPAL ARTERIAL (HALF STREET) COMMERCIAL FRONTAGE	4-LANE MINOR ARTERIAL (HALF STREET) COMMERCIAL FRONTAGE	REGIONAL OVERSIZING COST	Description
ARCHITECTURE	\$ -	\$ -	\$ -	
CIVIL ENGINEERING	\$ 35,000	\$ -	\$ 35,000	Additional design to go from 4-lane to 6-lane
DRY UTILITY ENGINEERING	\$ 15,000	\$ 15,000	\$ -	Additional design to relocate utilities
ELECTRICAL ENGINEERING	\$ 25,000	\$ 15,000	\$ 10,000	Revised lighting design for 6-lane
ENVIRONMENTAL ENGINEERING	\$ -	\$ -	\$ -	
GEOTECHNICAL ENGINEERING	\$ 5,000	\$ 5,000	\$ -	
LAND PLANNING	\$ -	\$ -	\$ -	
LANDSCAPE ARCHITECTURE	\$ 17,500	\$ 17,500	\$ -	
LIGHTING	\$ -	\$ -	\$ -	
LEGAL	\$ 5,000	\$ 5,000	\$ -	
STRUCTURAL ENGINEERING	\$ -	\$ -	\$ -	
WATER TREATMENT	\$ -	\$ -	\$ -	
WASTEWATER TREATMENT	\$ -	\$ -	\$ -	
DESIGN SUBTOTAL	\$ 102,500	\$ 57,500	\$ 45,000	

DESCRIPTION	TOTAL	TOTAL	TOTAL	Description
DEVEG / STORAGE	\$ -	\$ -	\$ -	
DEMOLITION	\$ -	\$ -	\$ -	
EARTHWORK	\$ 25,820	\$ 11,619	\$ 14,201	Percentage based additional roadway excavation for 3rd lane and decel lanes
WALLS & FENCING	\$ -	\$ -	\$ -	
RETAINING WALLS	\$ -	\$ -	\$ -	
SEWER	\$ 5,000	\$ 5,000	\$ -	
WATER (POTABLE)	\$ 7,000	\$ 7,000	\$ -	
WATER (NON-POTABLE)	\$ -	\$ -	\$ -	
WATER STORAGE	\$ -	\$ -	\$ -	
WATER WELLS	\$ -	\$ -	\$ -	
DRAINAGE / STORM DRAIN IMPROVEMENTS	\$ 9,750	\$ -	\$ 9,750	addition of storm drain with increased runoff on 6 lanes
DRY UTILITIES	\$ 117,000	\$ 17,000	\$ 100,000	Requires relocation of High Pressure Gas Regulator Station and APS Switch Cab and feeder circuit
CONCRETE	\$ 135,953	\$ 109,433	\$ 26,520	Sidewalk on 6-lane arterial designated as regional trail and eligible for reimbursement
CONCRETE STRUCTURES	\$ -	\$ -	\$ -	
PAVING	\$ 299,177	\$ 134,650	\$ 164,547	Percentage based increase in pavement area includes 3rd lane plus outside decel/right turn lanes
SIGNAGE	\$ 30,000	\$ 30,000	\$ -	
LIGHTING	\$ 43,994	\$ 43,994	\$ -	
TRAFFIC SIGNALS	\$ 514,021	\$ 414,021	\$ 100,000	Proportionate increase in Developer share of Signal Improvements at Intersection
LANDSCAPE	\$ 151,472	\$ 151,472	\$ -	
DIRECT CONSTRUCTION SUBTOTAL	\$ 1,339,187	\$ 924,169	\$ 415,018	

DESCRIPTION	TOTAL	TOTAL	TOTAL	Description
CONSTR. INSPECTIONS	\$ -	\$ -	\$ -	
CONSTR. MGMT- MGMT FEE	\$ -	\$ -	\$ -	
LAND	\$ 66,000	\$ -	\$ 66,000	Estimated Land Value of burdened property under regional improvements
CONSTRUCTION STAKING	\$ 12,500	\$ 5,625	\$ 6,875	Percentage based fee on additional costs
DEPOSITS	\$ 11,700	\$ 11,700	\$ -	
DEPOSITS (REFUNDED)	\$ (11,700)	\$ (11,700)	\$ -	
DUST CONTROL	\$ -	\$ -	\$ -	
FEES & PERMITS	\$ 60,783	\$ 30,952	\$ 37,830	Percentage based fee on additional costs
FINANCIAL ASSURANCES / BONDS	\$ 33,480	\$ 15,066	\$ 18,414	Percentage based fee on additional costs
GENERAL CONDITIONS	\$ 30,000	\$ 13,500	\$ 16,500	Percentage based fee on additional costs
SITE MAINTENANCE	\$ 5,000	\$ 5,000	\$ -	
SITE SECURITY	\$ 5,000	\$ 5,000	\$ -	
TAXES	\$ 71,686	\$ 32,259	\$ 39,427	Percentage based taxes on additional costs
TESTING	\$ 16,000	\$ 7,200	\$ 8,800	Percentage based fee on additional costs
WATER (CONSTRUCTION)	\$ 823	\$ 370	\$ 453	Percentage based fee on additional costs
REPRODUCTIONS	\$ -	\$ -	\$ -	
INDIRECT CONSTRUCTION SUBTOTAL	\$ 309,271	\$ 114,972	\$ 194,299	
Contingency	\$ 279,521	\$ 164,496	\$ 115,024	Percentage based contingency (15%)
GRAND TOTAL	\$ 2,030,479	\$ 1,261,137	\$ 769,342	

**JACKRABBIT TRAIL REGIONAL HALF STREET COST
SUMMARY AT COMMERCIAL FRONTAGE**

DESCRIPTION	TOTAL 4-LANE MINOR ARTERIAL (HALF STREET)
ARCHITECTURE	\$ -
CIVIL ENGINEERING	\$ 30,000
DRY UTILITY ENGINEERING	\$ 5,000
ELECTRICAL ENGINEERING	\$ 5,000
ENVIRONMENTAL ENGINEERING	\$ -
GEOTECHNICAL ENGINEERING	\$ 5,000
LAND PLANNING	\$ -
LANDSCAPE ARCHITECTURE	\$ 7,500
LIGHTING	\$ -
LEGAL	\$ 5,000
STRUCTURAL ENGINEERING	\$ -
WATER TREATMENT	\$ -
WASTEWATER TREATMENT	\$ -
DESIGN SUBTOTAL	\$ 57,500

Description

estimated design fees

DESCRIPTION	TOTAL
DEVEG / STORAGE	\$ 12,133
DEMOLITION	\$ -
EARTHWORK	\$ 23,283
WALLS & FENCING	\$ -
RETAINING WALLS	\$ -
SEWER	\$ -
WATER (POTABLE)	\$ -
WATER (NON-POTABLE)	\$ -
WATER STORAGE	\$ -
WATER WELLS	\$ -
DRAINAGE / STORM DRAIN IMPROVEMENTS	\$ 13,950
DRY UTILITIES	\$ 15,163
CONCRETE	\$ 35,936
CONCRETE STRUCTURES	\$ -
PAVING	\$ 222,203
SIGNAGE	\$ 19,750
LIGHTING	\$ 40,715
TRAFFIC SIGNALS	\$ 6,080
LANDSCAPE	\$ 16,100
DIRECT CONSTRUCTION SUBTOTAL	\$ 405,312

DESCRIPTION	TOTAL
CONSTR. INSPECTIONS	\$ -
CONSTR. MGMT- MGMT FEE	\$ -
CONSTR. MGMT- OTHER	\$ -
CONSTRUCTION STAKING	\$ 7,500
DEPOSITS	\$ 102,960
DEPOSITS (REFUNDED)	\$ (102,960)
DUST CONTROL	\$ -
FEES & PERMITS	\$ 17,343
FINANCIAL ASSURANCES / BONDS	\$ 10,133
GENERAL CONDITIONS	\$ 23,000
SITE MAINTENANCE	\$ 5,000
SITE SECURITY	\$ 5,000
TAXES	\$ 22,913
TESTING	\$ 7,500
WATER (CONSTRUCTION)	\$ 2,100
REPRODUCTIONS	\$ -
INDIRECT CONSTRUCTION SUBTOTAL	\$ 100,488
Contingency	\$ 84,495
GRAND TOTAL	\$ 647,796

15% contingency

RETAIL CROSSING AT JACKRABBIT COST SUMMARY

DESCRIPTION	TOTAL 4-LANE MINOR ARTERIAL (HALF STREET)
ARCHITECTURE	
CIVIL ENGINEERING	\$ 32,000
DRY UTILITY ENGINEERING	
ELECTRICAL ENGINEERING	
ENVIRONMENTAL ENGINEERING	
GEOTECHNICAL ENGINEERING	
LAND PLANNING	
LANDSCAPE ARCHITECTURE	
LIGHTING	
LEGAL	
STRUCTURAL ENGINEERING	
WATER TREATMENT	
WASTEWATER TREATMENT	
DESIGN SUBTOTAL	\$ 32,000

Description

DESCRIPTION	TOTAL
DEVEG / STORAGE	\$ -
DEMOLITION	\$ -
EARTHWORK	\$ 9,500
WALLS & FENCING	\$ -
RETAINING WALLS	\$ -
SEWER	\$ -
WATER (POTABLE)	\$ -
WATER (NON-POTABLE)	\$ -
WATER STORAGE	\$ -
WATER WELLS	\$ -
DRAINAGE / STORM DRAIN IMPROVEMENTS	\$ -
DRY UTILITIES	\$ -
CONCRETE	\$ 50,547
CONCRETE STRUCTURES	\$ 121,465
PAVING	\$ -
SIGNAGE	\$ 6,500
LIGHTING	\$ -
TRAFFIC SIGNALS	\$ -
LANDSCAPE	\$ 5,000
DIRECT CONSTRUCTION SUBTOTAL	\$ 193,012

Retail Culvert Crossing at Jackrabbit Drainage Channel

DESCRIPTION	TOTAL
CONSTR. INSPECTIONS	\$ -
CONSTR. MGMT- MGMT FEE	\$ -
CONSTR. MGMT- OTHER	\$ -
CONSTRUCTION STAKING	\$ 7,500
DEPOSITS	\$ -
DEPOSITS (REFUNDED)	\$ -
DUST CONTROL	\$ -
FEES & PERMITS	\$ 12,083
FINANCIAL ASSURANCES / BONDS	\$ 7,156
GENERAL CONDITIONS	\$ 2,000
SITE MAINTENANCE	\$ 3,000
SITE SECURITY	\$ 3,000
TAXES	\$ 15,606
TESTING	\$ 7,200
WATER (CONSTRUCTION)	\$ 700
REPRODUCTIONS	\$ -
INDIRECT CONSTRUCTION SUBTOTAL	\$ 58,245
Contingency	\$ 42,489
GRAND TOTAL	\$ 325,746

15% contingency

**PARK ST. CULVERT CROSSING AT JACKRABBIT AND
EXTENSION COST SUMMARY**

DESCRIPTION	TOTAL 4-LANE MINOR ARTERIAL (HALF STREET)
ARCHITECTURE	
CIVIL ENGINEERING	\$ 42,937
DRY UTILITY ENGINEERING	
ELECTRICAL ENGINEERING	
ENVIRONMENTAL ENGINEERING	
GEOTECHNICAL ENGINEERING	
LAND PLANNING	
LANDSCAPE ARCHITECTURE	
LIGHTING	
LEGAL	
STRUCTURAL ENGINEERING	
WATER TREATMENT	
WASTEWATER TREATMENT	
DESIGN SUBTOTAL	\$ 42,937

Description

DESCRIPTION	TOTAL
DEVEG / STORAGE	\$ -
DEMOLITION	\$ -
EARTHWORK	\$ 9,500
WALLS & FENCING	\$ -
RETAINING WALLS	\$ -
SEWER	\$ 12,506
WATER (POTABLE)	\$ 19,448
WATER (NON-POTABLE)	\$ -
WATER STORAGE	\$ -
WATER WELLS	\$ -
DRAINAGE / STORM DRAIN IMPROVEMENTS	\$ 5,358
DRY UTILITIES	\$ -
CONCRETE	\$ 50,547
CONCRETE STRUCTURES	\$ 121,465
PAVING	\$ 55,927
SIGNAGE	\$ 6,500
LIGHTING	\$ -
TRAFFIC SIGNALS	\$ -
LANDSCAPE	\$ 5,000
	\$ -
DIRECT CONSTRUCTION SUBTOTAL	\$ 286,251

Park St. Culvert Crossing at Jackrabbit Drainage Channel

DESCRIPTION	TOTAL
CONSTR. INSPECTIONS	\$ -
CONSTR. MGMT- MGMT FEE	\$ -
CONSTR. MGMT- OTHER	\$ -
CONSTRUCTION STAKING	\$ 7,500
DEPOSITS	\$ -
DEPOSITS (REFUNDED)	\$ -
DUST CONTROL	\$ -
FEES & PERMITS	\$ 12,083
FINANCIAL ASSURANCES / BONDS	\$ 7,156
GENERAL CONDITIONS	\$ 2,000
SITE MAINTENANCE	\$ 3,000
SITE SECURITY	\$ 3,000
TAXES	\$ 15,606
TESTING	\$ 7,200
WATER (CONSTRUCTION)	\$ 700
REPRODUCTIONS	\$ -
	\$ -
INDIRECT CONSTRUCTION SUBTOTAL	\$ 58,245
Contingency	\$ 58,115
GRAND TOTAL	\$ 445,549

15% contingency

**EXHIBIT F
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Notice of Intent]

See following pages.

**NOTICE OF INTENT TO ENTER INTO
A DEVELOPMENT TAX INCENTIVE AGREEMENT
AND FINDINGS OF FACT
(Pursuant to ARIZ. REV. STAT. § 9-500.11)
June 29, 2016**

NOTICE

Notice is hereby given by the Council of the City of Buckeye, Arizona (the “City Council”) that, on a date that is not earlier than July 13, 2016, the City Council intends to adopt that certain retail development tax incentive agreement entitled “Economic Development and Public Infrastructure Reimbursement Agreement Between the City of Buckeye, Arizona, an Arizona municipal corporation, and DMB White Tank, L.L.C., an Arizona limited liability company (the “Agreement”).

FINDINGS OF FACT

With respect to the Agreement, and in accordance with ARIZ. REV. STAT. § 9-500.11, the City Council hereby makes the following findings of fact:

1. That the tax incentive set forth in the Agreement is anticipated to raise more revenue than the amount of the incentive within the duration of the Agreement. This finding has been independently verified in a report by Rounds Consulting Group, Inc., dated June 23, 2016, as set forth in Exhibit A, attached hereto and incorporated herein by reference.
2. That, in the absence of a tax incentive, the new facility described in the Agreement would not locate within the corporate boundaries of the City of Buckeye at the same time, place, or manner as required by the Agreement.

**EXHIBIT A
TO
NOTICE OF INTENT TO ENTER INTO
A DEVELOPMENT TAX INCENTIVE AGREEMENT
AND FINDINGS OF FACT**

[Rounds Consulting Group, Inc. report/verification dated June 23, 2016]

See following pages.



Memorandum

To: Len Becker
City of Buckeye

From: Rounds Consulting Group, Inc.

Re: Economic and Fiscal Impact of Village Grove at Verrado

Date: June 23, 2016

This memo, prepared for the City of Buckeye by Rounds Consulting Group, Inc. (RCG), summarizes the estimated economic and fiscal impacts of the construction and ongoing operations of the proposed Village Grove at Verrado.

Village Grove at Verrado is proposed as a 166,700 square foot commercial mixed-use development at the Northwest Corner of Jackrabbit Trail and Indian School Road in Buckeye, Arizona. In total, the development is projected to cost about \$23.7 million. This includes an estimated cost of \$13.7 million for the vertical construction of the buildings, \$5.0 million for other on-site non-vertical construction, and \$5.0 million in off-site infrastructure construction. The development will approximately consist of a 125,000 square foot Fry's Marketplace, 28,600 square feet of retail space, a 4,000 square foot limited service restaurant, and about 8,900 square feet of office space.

Upon completion, Village Grove will employ 234 full-time equivalent (FTE) persons earning an average annual wage of nearly \$34,500. Annual retail sales at the Fry's Marketplace, retail and restaurant space are estimated to be over \$82.4 million. Operations are set to begin in the third quarter of 2017 (Year 2), therefore the annual impacts of 2017 are about half of a full year of operations.

A list of Village Grove at Verrado's assumptions is summarized in the following table. Year 3 represents stabilized operating levels, thus held consent through Year 10. Assumptions were provided by the City and also developed by RCG from a variety of sources, including standards derived from the Food Marketing Institute on sales estimates. For this analysis, it is assumed that 60% of Village Grove's employees would live in Buckeye.



Village Grove at Verrado Assumptions

	<u>Year 1 (2016)</u>	<u>Year 2 (2017)</u>	<u>Year 3 (2018)</u>
Fry's Marketplace Square Footage	125,200	125,200	125,200
Retail Space Square Footage	28,600	28,600	28,600
Restaurant Square Footage	4,000	4,000	4,000
Office Space Square Footage	8,900	8,900	8,900
Total Building Square Footage	166,700	166,700	166,700
Construction Cost	\$23,708,200	-	-
Permit & Impact Fees	-	-	-
Development Fees	-	-	-
Total FTE Jobs	-	117	234
Weighted Average Annual Wage	-	\$34,500	\$34,500
Annual Electric Utility Usage	-	\$198,600	\$397,200
Annual Local Purchases	-	\$116,900	\$233,800
Annual Retail Sales	-	\$41,221,500	\$82,443,100
Annual Lease Payments	-	\$1,413,900	\$2,827,900

In 2016 dollars.

Source: City of Buckeye; Rounds Consulting Group, Inc.

Economic Impact Methodology

The economic impact analysis provides a quantifiable method to estimate the economic implications of a particular activity in a given area. Typically, the level of economic effects resulting from the activity are estimated in terms of output, earnings and employment. Output captures the broader level of economic activity similar to how statistics like GDP capture economic volume in individual states and across the country. Earnings simply represent income to employees and employment is the job count on an annualized basis.

These basic economic statistics are further broken down at the direct, indirect and induced levels in which they are created. Direct impacts measure activity at the individual site being analyzed. This would include the workers that construct the building and the employees that later occupy the building on a regular basis. Indirect impacts capture things such as the organizations that provide services or products to the company itself. Induced employment is supported by the spending related to the aforementioned employees throughout the economy such as the purchasing of food and clothing.



Economic Impacts of Construction

The \$23.7 million hard construction cost of the Village Grove at Verrado mixed-use development would generate about 171 direct construction jobs earning a combined \$12.5 million in wages. The direct impacts create an additional 127 indirect and induced jobs with wages of \$6.4 million and \$17.9 million in economic activity. In total, 298 jobs, \$18.9 million in combined wages and \$41.6 million in economic output is generated by the construction of Village Grove.

Economic Impacts of Operations

After construction is completed, Village Grove at Verrado will employ 243 FTE persons in Buckeye by the third quarter of 2017. Once the development is fully operational, these employees will earn about \$8.1 million in combined wages and generate \$13.7 million in economic activity annually. In addition to the direct jobs, 87 indirect and induced jobs will be created throughout the economy and earn \$4.3 million in wages. Approximately \$11.2 million in economic output is produced by these combined impacts. In total, 321 jobs, approximately \$12.4 million in wages and \$25.0 million in economic activity is generated by Village Grove during each full year of operations.

The economic impacts of the construction and operations of Village Grove at Verrado are outlined in the following table.



Village Grove at Verrado Economic Impacts

	<u>Impact of Construction</u>		<u>Impact of Operations</u>	
	<u>Year 1 (2016)</u>	<u>Year 2 (2017)</u>	<u>Year 3 (2018)</u>	
<u>Direct</u>				
Jobs	171	117	234	
Wages	\$12,498,000	\$4,033,300	\$8,066,500	
Economic Output	\$23,708,200	\$6,862,300	\$13,724,500	
<u>Indirect</u>				
Jobs	33	14	28	
Wages	\$2,058,000	\$688,000	\$1,376,000	
Economic Output	\$5,466,000	\$1,666,000	\$3,331,000	
<u>Induced</u>				
Jobs	93	29	59	
Wages	\$4,352,000	1,456,000	\$2,912,000	
Economic Output	\$12,402,000	3,952,000	\$7,903,000	
<u>Total</u>				
Jobs	298	160	321	
Wages	\$18,908,000	\$6,177,300	\$12,354,500	
Economic Output	\$41,576,200	\$12,480,300	\$24,958,500	

In 2016 dollars.

Source: City of Buckeye; Rounds Consulting Group, Inc.

Fiscal Impact Methodology

The fiscal impact methodology takes the economic activity that is estimated in the review and converts it into tax revenue in each of the relevant categories.

For this analysis, the fiscal impact of Village Grove at Verrado on the City of Buckeye is evaluated based on local revenue sources such as construction sales tax, utility sales tax, retail sales tax, property taxes and State shared revenues.

Fiscal Impacts of Construction

Construction of Village Grove would generate about \$462,300 in primary revenues. These revenues are directly generated by the construction activity and include construction sales tax (building permit fees; development fees TBD). Secondary revenues generated by the construction of the mixed-use development would total \$129,500. These revenues are created from the wages of those direct, indirect and induced employees supported by the construction of Village Grove.



In total, about \$591,800 in primary and secondary revenues would be generated for the City of Buckeye by the construction of Village Grove at Verrado.

Fiscal Impacts of Operations

On average, over the 10-year period of this analysis, the operations of Village Grove would generate an estimated \$2.5 million in primary revenues for the City of Buckeye annually. These revenues include direct sales taxes, utility sales taxes, utility franchise fees, lease taxes, real property taxes and State shared revenues. Secondary revenues would average \$122,800 each year over the 10-year period. Secondary revenues include revenues generated by the wages of the direct, indirect and induced employees supported by Village Grove operations.

In total, over the 10 years of operations, nearly \$22.1 million in primary revenues would be generated for the City of Buckeye. Approximately \$1.1 million in secondary revenues would be generated over the same period by the operations of Village Grove; for a total of \$23.2 million in cumulative operations impact.

Fiscal Impact Detailed Summary

The following table outlines the fiscal impact of Village Grove at Verrado over the 10-year period. The modeling analysis was completed in current 2016 dollars, and for additional perspective the impacts were also inflated at 2.0% each year to allow the City to compare impacts more directly with budget estimates that include inflation within the calculations.

When combining construction and operations, total fiscal impact revenues to the city reach approximately \$23.8 million (cumulative) over 10 years. If inflation is included in the calculation the figure increase to nearly \$26.8 million over the same time period. These figures appear in the following table.



Fiscal Impact Detailed Summary

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>10 Years</u>
Construction Impact											
Primary impact from construction	\$462,300	-	-	-	-	-	-	-	-	-	\$462,300
Construction sales tax	\$462,300	-	-	-	-	-	-	-	-	-	\$462,300
Building Permit Fees	-	-	-	-	-	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-	-	-	-	-	-
Secondary impact from construction employees	\$129,500	-	-	-	-	-	-	-	-	-	\$129,500
Employee spending sales tax	\$85,600	-	-	-	-	-	-	-	-	-	\$85,600
Residents property tax	\$38,400	-	-	-	-	-	-	-	-	-	\$38,400
State Shared Revenues	\$5,500	-	-	-	-	-	-	-	-	-	\$5,500
Total Impact from construction	\$591,800	-	-	-	-	-	-	-	-	-	\$591,800
Operations Impact											
Total Primary Operations Impact	-	\$1,314,200	\$2,592,800	\$2,592,800	\$2,592,800	\$2,592,800	\$2,592,800	\$2,592,800	\$2,592,800	\$2,592,800	\$22,056,600
Utility sales tax	-	\$6,000	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$101,200
Utility franchise fee	-	\$4,000	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$67,200
Retail sales tax	-	\$1,236,600	\$2,473,300	\$2,473,300	\$2,473,300	\$2,473,300	\$2,473,300	\$2,473,300	\$2,473,300	\$2,473,300	\$21,023,000
Local supply purchases sales tax	-	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$59,500
Lease tax	-	\$28,300	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$481,100
Real property tax	-	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$319,500
State shared retail sales tax	-	\$300	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$5,100
Secondary impact from operations employees	-	\$64,900	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$1,104,900
Employee spending sales tax	-	\$41,400	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$704,600
Residents property tax	-	\$20,600	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$351,000
State shared revenues	-	\$2,900	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$49,300
Total Impact from operations	-	\$1,379,100	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$23,161,500
TOTAL FISCAL IMPACT (Current \$)	\$591,800	\$1,379,100	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$2,722,800	\$23,753,300
CUMULATIVE FISCAL IMPACT (Current \$)	\$591,800	\$1,970,900	\$4,693,700	\$7,416,500	\$10,139,300	\$12,862,100	\$15,584,900	\$18,307,700	\$21,030,500	\$23,753,300	
TOTAL FISCAL IMPACT (Inflated at 2.0%)	\$591,800	\$1,434,800	\$2,889,500	\$2,947,200	\$3,006,200	\$3,066,300	\$3,127,600	\$3,190,200	\$3,254,000	\$3,319,100	\$26,826,700
CUMULATIVE FISCAL IMPACT (Inflated at 2.0%)	\$591,800	\$2,026,600	\$4,916,100	\$7,863,300	\$10,869,500	\$13,935,800	\$17,063,400	\$20,253,600	\$23,507,600	\$26,826,700	

Based on the current City of Buckeye tax rates.
Source: City of Buckeye; Rounds Consulting Group, Inc.



Fiscal Impact Detailed Summary – Fry’s Marketplace Retail Sales

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>10 Years</u>
Construction Impact											
Primary impact from construction	-	-	-	-	-	-	-	-	-	-	-
Construction sales tax	-	-	-	-	-	-	-	-	-	-	-
Building Permit Fees	-	-	-	-	-	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-	-	-	-	-	-
Secondary impact from construction employees	-	-	-	-	-	-	-	-	-	-	-
Employee spending sales tax	-	-	-	-	-	-	-	-	-	-	-
Residents property tax	-	-	-	-	-	-	-	-	-	-	-
State Shared Revenues	-	-	-	-	-	-	-	-	-	-	-
Total Impact from construction	-	-	-	-	-	-	-	-	-	-	-
Operations Impact											
Total Primary Operations Impact	-	\$1,164,800	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$19,801,600
Utility sales tax	-	-	-	-	-	-	-	-	-	-	-
Utility franchise fee	-	-	-	-	-	-	-	-	-	-	-
Retail sales tax	-	\$1,164,500	\$2,329,100	\$2,329,100	\$2,329,100	\$2,329,100	\$2,329,100	\$2,329,100	\$2,329,100	\$2,329,100	\$19,797,300
Local supply purchases sales tax	-	-	-	-	-	-	-	-	-	-	-
Lease tax	-	-	-	-	-	-	-	-	-	-	-
Real property tax	-	-	-	-	-	-	-	-	-	-	-
State shared retail sales tax	-	\$300	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$4,300
Secondary impact from operations employees	-	-	-	-	-	-	-	-	-	-	-
Employee spending sales tax	-	-	-	-	-	-	-	-	-	-	-
Residents property tax	-	-	-	-	-	-	-	-	-	-	-
State shared revenues	-	-	-	-	-	-	-	-	-	-	-
Total Impact from operations	-	\$1,164,800	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$19,801,600
TOTAL FISCAL IMPACT (Current \$)	-	\$1,164,800	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$2,329,600	\$19,801,600
CUMULATIVE FISCAL IMPACT (Current \$)	-	\$1,164,800	\$3,494,400	\$5,824,000	\$8,153,600	\$10,483,200	\$12,812,800	\$15,142,400	\$17,472,000	\$19,801,600	
TOTAL FISCAL IMPACT (Inflated at 2.0%)	-	\$1,211,900	\$2,472,200	\$2,521,600	\$2,572,100	\$2,623,500	\$2,676,000	\$2,729,500	\$2,784,100	\$2,839,800	\$22,430,700
CUMULATIVE FISCAL IMPACT (Inflated at 2.0%)	-	\$1,211,900	\$3,684,100	\$6,205,700	\$8,777,800	\$11,401,300	\$14,077,300	\$16,806,800	\$19,590,900	\$22,430,700	

Based on the current City of Buckeye tax rates.
Source: City of Buckeye; Rounds Consulting Group, Inc.



Fiscal Impact Detailed Summary – Excluding Fry’s Marketplace Retail Sales

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>10 Years</u>
Construction Impact											
Primary impact from construction	\$462,300	-	-	-	-	-	-	-	-	-	\$462,300
Construction sales tax	\$462,300	-	-	-	-	-	-	-	-	-	\$462,300
Building Permit Fees	-	-	-	-	-	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-	-	-	-	-	-
Secondary impact from construction employees	\$129,500	-	-	-	-	-	-	-	-	-	\$129,500
Employee spending sales tax	\$85,600	-	-	-	-	-	-	-	-	-	\$85,600
Residents property tax	\$38,400	-	-	-	-	-	-	-	-	-	\$38,400
State Shared Revenues	\$5,500	-	-	-	-	-	-	-	-	-	\$5,500
Total Impact from construction	\$591,800	-	-	-	-	-	-	-	-	-	\$591,800
Operations Impact											
Total Primary Operations Impact	-	\$149,400	\$263,100	\$263,100	\$263,100	\$263,100	\$263,100	\$263,100	\$263,100	\$263,100	\$2,254,200
Utility sales tax	-	\$6,000	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$11,900	\$101,200
Utility franchise fee	-	\$4,000	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$7,900	\$67,200
Retail sales tax	-	\$72,100	\$144,200	\$144,200	\$144,200	\$144,200	\$144,200	\$144,200	\$144,200	\$144,200	\$1,225,700
Local supply purchases sales tax	-	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$59,500
Lease tax	-	\$28,300	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$56,600	\$481,100
Real property tax	-	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$35,500	\$319,500
State shared retail sales tax	-	-	-	-	-	-	-	-	-	-	-
Secondary impact from operations employees	-	\$64,900	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$1,104,900
Employee spending sales tax	-	\$41,400	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$82,900	\$704,600
Residents property tax	-	\$20,600	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$41,300	\$351,000
State shared revenues	-	\$2,900	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$49,300
Total Impact from operations	-	\$214,300	\$393,100	\$3,359,100							
TOTAL FISCAL IMPACT (Current \$)	\$591,800	\$214,300	\$393,100	\$3,950,900							
CUMULATIVE FISCAL IMPACT (Current \$)	\$591,800	\$806,100	\$1,199,200	\$1,592,300	\$1,985,400	\$2,378,500	\$2,771,600	\$3,164,700	\$3,557,800	\$3,950,900	
TOTAL FISCAL IMPACT (Inflated at 2.0%)	\$591,800	\$223,000	\$417,200	\$425,500	\$434,000	\$442,700	\$451,500	\$460,600	\$469,800	\$479,200	\$4,395,300
CUMULATIVE FISCAL IMPACT (Inflated at 2.0%)	\$591,800	\$814,800	\$1,232,000	\$1,657,500	\$2,091,500	\$2,534,200	\$2,985,700	\$3,446,300	\$3,916,100	\$4,395,300	

Based on the current City of Buckeye tax rates.
Source: City of Buckeye; Rounds Consulting Group, Inc.

**EXHIBIT G
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Drawing showing Land Generated Sales Taxes area]

See following page.

EXHIBIT G

Land Generated Sales Taxes Area



Indian School Road

Jackrabbit Trail

LEGEND

 Retail Sales Tax and Construction Sales Tax Reimbursement Area



**EXHIBIT H
TO
ECONOMIC DEVELOPMENT
AND
PUBLIC INFRASTRUCTURE
REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
DMB WHITE TANK, LLC**

[Sample Calculation of Quarterly Land Generated Sales Taxes Payment]

Definitions:

Land Generated Sales Taxes (“LGST”) – as defined in Section 8(e) of the Agreement.

Land Generated Sales Taxes Collected (“LGSTC”) – actual sales taxes received from the levy by the City of the STR on S, less transaction privilege tax revenue designated and allocated as Economic Development Funds which is funded by 6.25% of the revenues received from the first 2% of the retail sales transactions of the businesses within the Land, (b) transaction privilege tax revenue that is designated, allocated, or restricted as to its use, such as the proceeds from an increase on the transaction privilege tax on hospitality industry businesses to be used exclusively for the promotion of tourism, or (c) any other similar tax restricted as to its use.

Reimbursement Percentage (“RP”) – Percentage of LGSTC to be paid as reimbursement for public infrastructure.

Sales (“S”) – Gross retail sales on the Land less sales upon which no sales taxes were received by City.

Sales Tax Rate (“STR”) – City tax rate levied on retail sales.

Sample Calculation of quarterly Land Generated Sales Taxes Payment:

$$S \times STR - (.0625 \times (.02 \times S)) = LGSTC$$

$$RP \times LGSTC = \text{Quarterly Land Generated Sales Taxes Payment}$$

Assumption: S = \$1000

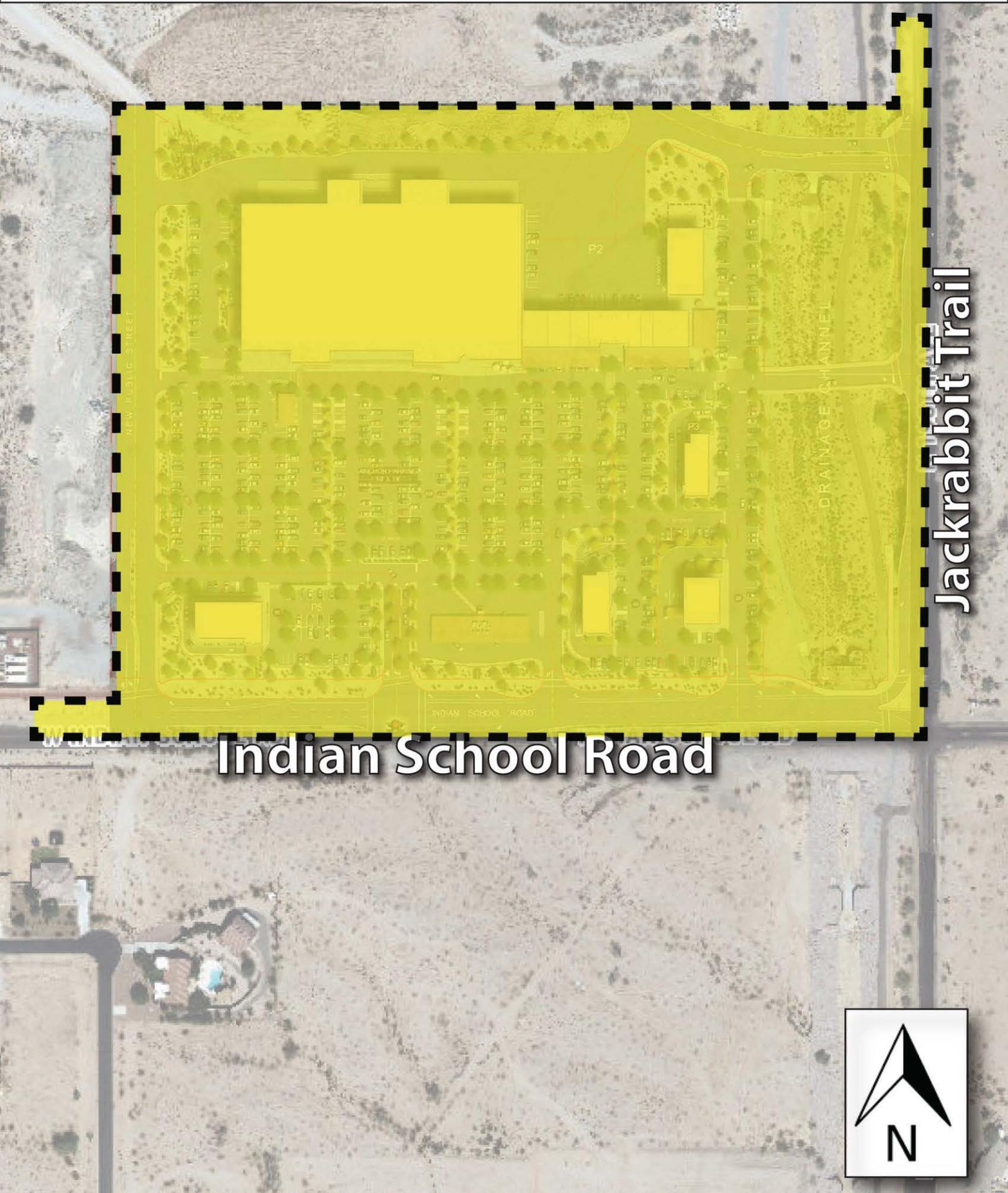
STR = 3%

$$LGSTC = \$1000 \times 3\% = \$30 - (.0625 \times (.02 \times \$1000 = \$20)) = \$1.25 = \$28.75$$

The Quarterly Land Generated Sales Taxes Payment, using above assumptions, is:

$$RP \times LGSTC = 49\% \times \$28.75 = \$14.0875$$

Vicinity Map



Jackrabbit Trail

Indian School Road



CITY OF BUCKEYE COUNCIL ACTION REPORT

(You may add additional text by double clicking next to the text box or drop down menu)

MEETING DATE:	July 14, 2016	AGENDA ITEM:	3
DATE PREPARED:	July 7, 2016	DISTRICT NO.:	ALL
STAFF LIAISON:	Nancy Love	DIRECTOR APPROVAL:	Click here to enter text.
DEPARTMENT:	Human Resources	FINANCE APPROVAL:	Click here to enter text.

Will not be added without both approvals

ACTION / MOTION: (This language identifies the formal motion to be made by Council)

Council to consider, and if advisable, modify the salary and other terms of employment for the interim City Manager.

WORKSHOP SPECIAL CONSENT NON-CONSENT TABLED PUBLIC HEARING

RELEVANT COUNCIL GOAL:

GOAL 5: Responsive and Accountable Government and Effective Public Services

Choose an item.

SUMMARY

PROJECT DESCRIPTION:

Stephen Cleveland resigned from his position as City of Buckeye City Manager effective August 1, 2016.

Council appointed Assistant City Manager, Roger Klingler, as Interim City Manager at the July 5, 2016 council meeting. Mr. Klingler will assume the responsibilities of City Manager and will serve as the City's Chief Executive and Administrative Officer, reporting directly to the City Council. Mr. Klingler will be responsible for the administration of the daily operations of the city, as well as implementing Council policies. While serving in this capacity, Mr. Klingler will remain a classified employee, with the same rights, privileges and benefits provided to all other classified City of Buckeye employees.

Staff is recommending adjusting Mr. Klingler's pay to \$190,000.00 for the following reasons:

During the recent compensation and classification implementation, several department directors pay exceeded Mr. Klingler's. This occurred primarily as a result of placing employee's in their new pay structure based on years of service in their current position. Some directors have been in their position for several years. Because Mr. Klingler joined the City as Assistant City Manager in June 2014, this ultimately resulted in some directors being paid more than the Assistant City Manager.

While there are several schools of thought on what the difference in pay should be between a supervisor, and their highest paid subordinate, it is recommended that difference should be a minimum of 7.5%. The highest paid director is at \$177,519. Therefore staff recommends adjusting Mr. Klingler's pay to \$190,000 for assuming the role and additional responsibilities of Interim City Manager.

Mr. Cleveland's base salary was \$190,000.00. In addition to his base pay, Mr. Cleveland received a \$12,750.00 annual contribution to a tax sheltered deferred compensation plan; \$1,800.00 annual cell phone allowance; \$3,600.00 annual vehicle allowance; and an additional \$3,600.00 a year to cover insurance and other related expenses. Mr. Cleveland's compensation totaled \$211,750.00. The City also agreed to pay for professional dues and subscriptions, and expenses associated with his attendance at professional conferences such as the Arizona League of Cities and Towns and the annual International City/County Management Association conference.

Mr. Klingler's recommended salary is for an increase in his base salary only. No additional compensation is being recommended or requested.

BENEFITS:

Placing the Assistant City Manager into the City Manager position on an interim bases, allows the daily operations of the city to continue uninterrupted while the search for a new City Manager takes place.

FUTURE ACTION: *Council and staff; does this need to be communicated internally/externally?*

Adjust Mr. Klingler's rate of pay.

FINANCIAL IMPACT STATEMENT: *Must be completed before submission*

Salary savings from the vacant City Manager position will cover the cost of this salary adjustment.

CURRENT FISCAL YEAR TOTAL COST

[Click here to enter text.](#)

BUDGETED UNBUDGETED FISCAL YEAR BUDGET (check one) F/Y:

FUND / DEPARTMENT (GL#):

[Click here to enter text.](#)

ATTACHMENTS: ***ADDITIONAL INFORMATION AVAILABLE IN THE OFFICE OF THE CITY CLERK*

[Click here to enter text.](#)

CITY OF BUCKEYE COUNCIL ACTION REPORT

(You may add additional text by double clicking next to the text box or drop down menu)

MEETING DATE:	July 14, 2016	AGENDA ITEM:	4.
DATE PREPARED:	July 7, 2016	DISTRICT NO.:	ALL
STAFF LIAISON:	Nancy Love, Human Resources Director	DIRECTOR APPROVAL:	Click here to enter text.
DEPARTMENT:	Human Resources	FINANCE APPROVAL:	Click here to enter text.

Will not be added without both approvals

ACTION / MOTION: (This language identifies the formal motion to be made by Council)

Council to discuss and provide guidance to designated staff regarding the parameters and procedures for the selection process of a new City Manager.

WORKSHOP SPECIAL CONSENT NON-CONSENT TABLED PUBLIC HEARING

RELEVANT COUNCIL GOAL:

GOAL 5: Responsive and Accountable Government and Effective Public Services

Choose an item.

SUMMARY

PROJECT DESCRIPTION:

The selection and appointment of a City Manager is clearly one of the most important decisions a Mayor and City Council may make during their term in office. As the City's Chief Executive and Administrative Officer, responsible for carrying out the daily administration of the City, as well as the implementation of Council policies, finding the right person for the position is critical.

Stephen Cleveland resigned his position as City Manager effective August 1, 2016. During the July 5, 2016 regular council meeting, council accepted Mr. Cleveland's resignation and appointed Assistant City Manager, Roger Klingler, Interim City Manager until a new City Manager is appointed.

While there are several methods in which to recruit, screen, and select a City Manager, staff is recommending the selection of applicants to be interviewed, as well as the interview and selection process be undertaken by the Councilmembers, Mayor-elect and Councilmembers-elect who will be serving, after the installation in January 2017. Staff would also like to offer the attached recommendations, processes and timeline for Council consideration and discussion as it relates to the hiring of a professional executive search firm to conduct our City Manager recruitment.

BENEFITS:

Taking the time necessary to develop the candidate profile, advertising and recruitment strategy, and selection process is critical when recruiting for this key position. Utilizing an executive search firm to assist in the recruitment of our next City Manager provides for a professional, unbiased approach to the recruitment and selection process. Executive search firms employ experienced recruiters who have an extensive network of contacts and leads, specific

to the position we are recruiting for. They also provide expertise in developing interview and assessment processes to ensure key components are addressed in finding the best candidate for the job, based on our culture and requirements.

FUTURE ACTION: *Council and staff; does this need to be communicated internally/externally?*
Develop and distribute RFP.

FINANCIAL IMPACT STATEMENT: *Must be completed before submission*

It is anticipating the cost of an executive search firm will be between \$25,000 - \$30,000.

CURRENT FISCAL YEAR TOTAL COST

[Click here to enter text.](#)

BUDGETED UNBUDGETED FISCAL YEAR BUDGET (check one) F/Y:

FUND / DEPARTMENT (GL#):

[Click here to enter text.](#)

ATTACHMENTS: ***ADDITIONAL INFORMATION AVAILABLE IN THE OFFICE OF THE CITY CLERK*
Recruitment recommendations

City Manager Recruitment Process Recommendations
July 14, 2016 Special Council Meeting

Recommendations:

1. Newly elected Council selects new City Manager during first quarter 2017
2. Direct staff to prepare a Request for Proposals (RFP) to hire a national executive search firm to conduct recruitment
3. Recruitment will emphasize the following characteristics:
 - a. Experience with quality growth and development
 - b. Business attraction and retention
 - c. Financial management
 - d. Leadership skills

Process:

1. Prepare Request for Proposal (RFP)
Executive Search Firm scope of work and expectations to include:
 - a. Develop a comprehensive candidate profile for the City Manager position based on input received from Council. Example of City Manager criteria
 - i. Experience with:
 1. Similar size entity
 2. Quality growth and development
 3. Economic development - business attraction and retention
 4. Sound financial management practices
 5. Similar or larger size budget
 6. Similar services, to include police, fire, and water utility
 7. 400+ employees
 8. Arizona municipalities/public entities
 9. Labor groups
 10. Protecting open space
 11. Public/Private partnerships
 12. Proven leadership skills, to include excellent communication, collaboration and decision making skills
 13. Actively engaged in the community
 - b. Create recruitment strategy to include recruitment materials and campaign
 - c. Define initial screening process to include detailed steps used to narrow down the field of candidates to those best matching the needs of the City
 - d. Directly solicit candidates that meet our candidate profile
 - e. Review and screen candidates
 - f. Present a written and verbal report on background, experience, strengths, accomplishments, personal and professional references checks, etc. on each candidate recommended as a finalist
 - g. Develop and facilitate interview and assessment process, to include Council interviews, finalist meet with the public, finalist meet with city staff.
 - h. Coordinate correspondence, travel arrangements, etc. with candidates invited to interview
 - i. Develop evaluation criteria and documents for use by Council and other evaluators during interview and assessment process.
 - j. Background check of final candidate(s)
 - k. Assist the City with negotiation a contract with the selected candidate
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 - k. Assist the City with negotiation a contract with the selected candidate
2. Procurement and Human Resources staff evaluates RFP submissions and recommends three to five firms to Council for consideration.
3. Council selects firms to interview, holds interviews and selects search firm to conduct City Manager recruitment process.
4. Procurement staff negotiates contract with selected firm
5. Firm is hired and begins recruitment as outlined in scope of work

City Manager Recruitment Process Recommendations
July 14, 2016 Special Council Meeting

Timeline:

RFP process – approximately 95 days from Council approving recruitment process to Council approval of contact with search firm

Recruitment process – approximately 3 months once selected search firm is hired

New City Manager begins first quarter 2017