



WHEN RECORDED MAIL TO:

**CITY OF SAN L UIS
P.O. BOX 1170
SAN LUIS, ARIZONA
ATTN: CITY CLERK**

The above area is to be reserved for recording information

CAPTION HEADING:

Resolution No. 1193

A Resolution of the Mayor and City Council of the City of San Luis, Arizona approving a development agreement with San Luis Commercial Holdings, L.L.C., an Arizona limited liability company.



Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

No. 1193

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA APPROVING A DEVELOPMENT AGREEMENT WITH SAN LUIS COMMERCIAL HOLDINGS, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY.

BE IT RESOLVED by the Mayor and City Council of the City of San Luis, Arizona, as follows:

Section 1. That it is deemed in the best interest of City of San Luis and its residents to enter into the attached Development Agreement (Exhibit 1) because the project will improve and enhance the economic welfare of the residents of the City of San Luis and increase tax revenues to the City.

Section 2. That the Mayor and City Council find pursuant to A.R.S. §9-500.11:

1. that the tax incentive in the attached Development Agreement (Exhibit 1) is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement as supported by the independent, third party Economic Impact Analysis prepared by Dan V. Jackson dated May 12, 2017 (Exhibit 2); and
2. that in the absence of the tax incentive authorized pursuant to the Development Agreement, the retail businesses facilities would not locate in the City of San Luis at this time, place or manner.

Section 3. That the Mayor or City Manager and/or his designee are hereby authorized and directed to execute said Development Agreement on behalf of the City of San Luis and to take any and all actions as may be necessary to put the agreement into effect.

Section 4. That the San Luis City Clerk and/or her designee is authorized and directed to file this Development Agreement in the official files of the City Clerk and to deliver it to San Luis Commercial Holdings, L.L.C.

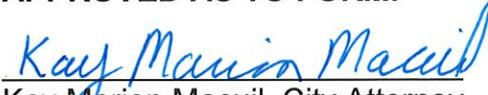
PASSED, ADOPTED and APPROVED by the Mayor and City Council of the City of San Luis, Yuma County, Arizona, this 7th day of June, 2017.



Gerardo Sanchez, Mayor

ATTEST:


Sonia Cornelio, City Clerk

APPROVED AS TO FORM:


Kay Marion Macuil, City Attorney

Exhibit 1

When recorded, return to:
Sonia Cornelio, City Clerk
The City of San Luis
P.O. Box 1170
San Luis, AZ 85349

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“Agreement”) is entered into this 7th day of June, 2017 by and between the City of San Luis, an Arizona municipal corporation (the “**City**”), and San Luis Commercial Holdings, LLC, an Arizona limited liability company (“**Developer**”). The City and the Developer may be referred to herein as either a “**Party**” or collectively, the “**Parties**.”

RECITALS

A. WHEREAS, the Developer desires to develop a mixed use commercial project located at the northwest corner of the intersection of Highway 95 and 22nd Street within the City’s limits (the “**Project Site**”) as described on Exhibit A

B. WHEREAS, the Parties agree that the current and future development of the Project Site will improve and enhance the economic welfare of the residents of the City, as well as increase the tax revenues to the City, which revenues would not be generated without such development; and

C. WHEREAS, the Parties understand and acknowledge that this Agreement is a “Development Agreement” within the meaning of and entered into pursuant to the terms of A.R.S. § 9-500.05, in order to facilitate the development of the Project Site; and the terms of this Agreement shall constitute covenants running with the Project Site as more fully described in this Agreement; and

D. WHEREAS, the Developer intends to develop the Project Site to include a hotel, a convenience store/gas station, restaurant and possibly other retail or professional/medical space as depicted on the Concept Plan attached as Exhibit B (the “**Project**”). The project consists of approximately 49,000 square feet of commercial space.

E. WHEREAS, the Parties also understand and acknowledge that this Agreement is authorized by and entered into in accordance with the terms of A.R.S § 9-500.11. The actions taken by the City pursuant to this Agreement are for economic development purposes, as that term is used in A.R.S. §9-500.11, will assist in the creation and retention of jobs, and will otherwise improve or enhance the economic welfare of the residents of the City.

NOW THEREFORE, in consideration of the above premises, the promises contained in this Agreement and for good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties hereto agree as follows:

ARTICLE I
PURPOSE AND SCOPE OF AGREEMENT

1.1 Recitals. The parties represent to one another that the recitals set forth above, which are incorporated herein by reference, are true and correct, and acknowledge that the parties may rely thereon.

1.2 Purpose. This Agreement is intended to encourage the development of the Project in the form of retail tax incentives pursuant to Article IV and in the form of public infrastructure assistance pursuant to Article V (collectively, the “**Development Incentives**”). The Parties realize that without the benefits offered to the Developer through this Agreement that the Project would not locate in the City in the same time, place or manner.

1.3 Term. The term of this Agreement shall commence on the Effective Date and terminate fifteen (15) years thereafter unless terminated earlier as permitted by this Agreement.

ARTICLE II
DEFINITIONS

The following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise.

- 2.1 “Agreement”** means this Development Agreement, as amended and restated or supplemented in writing from time to time, and includes all exhibits and schedules hereto. References to Articles, Sections or Exhibits are to this Agreement unless otherwise qualified.
- 2.2 “City”** means the City of San Luis, a municipal corporation.
- 2.3 “Commencement of Construction” or “Commence Construction”** means the obtaining of a building, excavation, grading or similar permit by Developer for the construction of the subject Improvement.
- 2.4 “Completion of Construction”** means the date on which final certificates of occupancy have been issued by the City for any Improvement and the date that the City issues a notice of acceptance upon the completion of Site Infrastructure.
- 2.5 “Concept Plan”** is defined in Recital D.
- 2.6 “Construction Benchmark”** is defined in Section 3.2.1.

- 2.7 **“Convenience Store/Gas Station”** means a small retail business that stocks a range of groceries, snack foods, soft drinks, alcohol, tobacco products, over the counter medications, toiletries, newspapers, magazines and sells gas and related products.
- 2.8 **“Default”** is defined in Section 7.1.
- 2.9 **“Developer”** means San Luis Commercial Holdings, LLC, an Arizona limited liability company.
- 2.10 **“Development Incentives”** is defined in Section 1.2.
- 2.11 **“Economic Incentive Criteria”** is defined in Section 3.2.
- 2.12 **“Effective Date”** means the date on which the last party executes this Agreement, as set forth above, and which shall be no less than thirty (30) days from the date upon which this Agreement has been adopted and approved by ordinance by the City Council.
- 2.12 **“Employee Benchmark”** is defined in Section 3.2.3.
- 2.13 **“Force Majeure Event”** means any event which prohibits or materially interferes with, delays or alters the performance of any act under this Agreement, including, but not limited to the following: delays in any utility providing utilities to the Site; acts by third-parties; strikes or lockouts; shortages of material or labor (excluding those caused by lack of funds); acts of the public enemy; confiscation or seizure by any government or public authority; injunction, restraining order or other court order or decree, initiative or referendum action; wars or war-like action (whether actual and pending or expected, and whether de jure or de facto); blockades; insurrections; riots; civil disturbances; and acts of God; but excluding delays caused by lack of funds.
- 2.14 **“Full Time Employee”** means an employee employed by a tenant of Developer that is operating one of the Improvements that works at least 1,560 hours per year.
- 2.15 **“Hotel”** means an operator of short-term lodging with approximately 75 rooms.
- 2.16 **“Improvement”** means the Site Infrastructure, Hotel, Restaurant, Retail/Medical/Professional Building, and Convenience Store/ Gas Station.
- 2.17 **“Retail/Medical/Professional Building”** means a retail/medical/professional building of approximately 5,000 square feet or more.
- 2.18 **“Project”** is defined in Recital D.

- 2.19 “**Project Site**” is defined in Recital A.
- 2.20 “**Project Site Acquisition Date**” means the date that the Developer acquires the Project Site
- 2.21 “**Project Tenants**” is defined in Section 3.2.4.
- 2.22 “**Quarter**” means the periods from January 1 to March 31 (“Quarter 1”), April 1 to June 30 (“Quarter 2”), July 1 to September 30 (“Quarter 3”), and October 1 to December 31 (“Quarter 4”).
- 2.23 “**Restaurant**” means a “sit down” food establishment of no less than 2,500 square feet.
- 2.22 “**Retention Basin**” means the approximately 1.922 acre parcel depicted on the Concept Plan to be used for storm water retention and for public park purposes.
- 2.23 “**Sales Taxes**” means the unrestricted portion of the four percent (4.0%) general transaction privilege tax imposed under the Tax Code of the City of San Luis.
- 2.24 “**Sales Tax Rebate**” is defined in Section 4.1.
- 2.25 “**Schedule of Performance**” means and refers to that schedule of performance agreed to by the Parties as set forth in Exhibit C attached hereto and incorporated herein by reference.
- 2.26 “**Site Infrastructure**” means the construction and the Developer’s acceptance of the necessary off-site and on-site improvements, pad development and utility “stub-outs” necessary to commence vertical construction or to obtain a building permit for vertical construction.
- 2.27 “**Site Infrastructure Date**” means the date of Developer’s acceptance of the construction of the necessary off-site and on-site improvements, pad development and utility “stub-outs” necessary to commence vertical construction or to obtain a building permit for vertical construction.
- 2.28 “**Term**” is defined in Section 1.3.

ARTICLE III

PROJECT DEVELOPMENT; ZONING AND SUBDIVISION APPROVAL

3.1 **Schedule of Performance.** The Developer shall develop the Project in accordance with the “**Schedule of Performance**” attached as Exhibit C. The Project is depicted on the “**Concept Plan**” attached as Exhibit B. The failure to Complete Construction of the Hotel on or

before January 1, 2020, as set forth in § 3.2.2 below, shall also constitute a default under this Agreement.

3.2 Economic Incentive Criteria. Developer hereby acknowledges and agrees that in order to be eligible for the Development Incentives, it must meet the following criteria (collectively, the “**Economic Incentive Criteria**”):

3.2.1 Commencement of Construction. The Developer must Commence Construction of the following Improvements on or before the respective dates set forth below; each such date shall be referred to herein as a “**Construction Benchmark**.”

- | | |
|----------------------------------|--|
| a. Site Infrastructure | 180 days from Project Site Acquisition Date. |
| b. Hotel | 180 days from Site Infrastructure Date. |
| c. Restaurant | 180 days from Site Infrastructure Date. |
| d. Convenience Store/Gas Station | 360 days from Site Infrastructure Date. |

Developer in its discretion may elect to swap the start dates for the above listed Improvements, but in no event shall the Site Infrastructure Date be later than 180 days after the Project Site Acquisition Date and the Commencement of Construction for all of the Improvements be later than 360 days after the Site Infrastructure Date.

3.2.2 Completion of Construction. The Developer must Complete Construction of the Hotel on or before January 1, 2020.

3.2.3 Employee Benchmark. The parties have relied on the “*Proposed Retail Tax Incentive Agreement with San Luis Commercial Holdings, L.L.C. for Multi-Use Site*,” report dated May 12, 2017 and prepared by Willdan/Economists.com to identify the “**Employee Benchmarks**” as representing the number of employees necessary to operate the respective Improvement when fully operational. The Parties have agreed that the Developer has met the Employee Benchmark when the following are met:

- (1) 34,000 square feet of the Project is operational and actually leased by a tenant; and
- (2) Developer shall require all tenants for the Improvements to disclose the initial employment figures to the Developer upon the tenant’s signing a lease agreement. The Developer shall report the tenants’ employment disclosures to the City within thirty (30) days of Developer’s receipt of the disclosures.

3.3 Zoning, Subdivision and Permit Review and Approvals. The City agrees to review and act on any zoning, land division/subdivision and/or permit applications in a timely manner so as not to delay or impair Developer’s development of the Project Site in accordance with the terms and conditions of this Agreement. The City agrees upon the Developer’s request, and to the extent permissible under Arizona law, to expedite the review and approval of any zoning, land division/subdivision and/or permit applications or submissions the Developer submits to the City for review and approval.

ARTICLE IV
ECONOMIC INCENTIVES

4.1 Sales Tax Rebate. The City agrees that it shall rebate and pay to Developer Sales Taxes (the “Sales Tax Rebates”) equal to (50%) of the Sales Taxes imposed and actually received by the City for construction and related contracting activities by Developer and Developer’s contractors and subcontractors in constructing the Improvements of the Project; (ii) and fifty percent (50%) of all unrestricted Sales Taxes imposed and actually received by the City for retail sales, admissions, exhibitions, amusements, restaurant, bar, hotel and transient occupancy occurring within the Project until the first to occur of the following dates or events:

- a. Developer has received \$1,822,680.00 in aggregate Sales Tax Rebates; or
- b. The fifteenth (15th) anniversary from the date upon which this Agreement has been adopted and approved by ordinance by the City Council.

The City’s obligation to pay Developer the Sales Tax Rebates from Sales Taxes arising out of the construction and related contracting activities by Developer and Developer’s contractors and subcontractors in constructing the Improvements of the Project is contingent upon Developer’s Commencement of Construction set forth in Section 3.2.1 above. Developer’s failure to meet the Commencement of Construction Benchmarks set forth in 3.2.1 only effects its right to receive the Sales Tax Rebates from Sales Taxes arising out of construction activities. It does not affect its right to receive the Sales Tax Rebates from Sales Taxes received from the sales, admissions, exhibitions, amusements, restaurant, bar, hotel and transient occupancy occurring within the Project.

The City’s obligation to pay Developer the Sales Tax Rebates from Sales Taxes imposed and actually received by the City for retail sales, admissions, exhibitions, amusements, restaurant, bar, hotel and transient occupancy occurring within the Project is contingent upon Developer’s Completion of Construction set forth in Section 3.2.2 and Developer meeting the Employee Benchmarks set forth in Section 3.2.3 above.

ARTICLE V
CITY PUBLIC IMPROVEMENTS, INFRASTRUCTURE AND MARKETING

5.1 Retention Basin. Simultaneous with the Project Site Acquisition Date, the City shall purchase from Developer (or from the owner of the Project Site if the Retention Basin property is not yet owned by the Developer) the Retention Basin at a cost no more than fair market value; provided that the entity selling such property has submitted to the City copies of all due diligence materials and title reports concerning the Project Site. The City shall be provided with, at no cost to the City, a standard title insurance policy for the Retention Basin property and the City shall pay for extended owner’s policy if the City so elects.

5.2 Public Infrastructure.

5.2.1 Mandatory. The City must reimburse the Developer for the cost of public Infrastructure described in the Concept Plan in amount not to exceed the difference between FIVE HUNDRED THOUSAND DOLLARS (\$500,000) and the cost of the Retention Basin. The City shall make such payments to Developer within ten (10) days following receipt of an invoice therefore and a description of the procurement process undertaken to procure the invoiced Public Infrastructure. Such payment is conditioned on the Developer's procurement process complying with Title 34 of the Arizona Revised Statutes.

5.2.2 Permissive. At the request of the City, the Developer may undertake offsite public infrastructure in conjunction with the Developer's Public Infrastructure on the Project Site. In such case, the City shall reimburse the Developer by making payments to the Developer within ten (10) days following receipt of an invoice for such offsite public infrastructure and a description of the procurement process undertaken to procure the invoiced Public Infrastructure. Such payment is conditioned on the Developer's procurement process complying with Title 34 of the Arizona Revised Statutes and the City's approval of such offsite public infrastructure.

5.3 Marketing. The City must work with the Developer in the marketing of the Hotel and Restaurant, and other businesses located on the Project Site, including the promotion of the Hotel to governmental agencies and other businesses doing business in City.

ARTICLE VI
INDEMNITY AND REPRESENTATIONS

6.1 Indemnity by the Developer. To the extent permitted by law, the Developer shall pay, defend, indemnify and hold harmless the City and its City Council members, officers, employees, agents and representatives from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits (including reasonable attorney's fees, experts' fees and court costs associated) which arise from or relate in any way to any negligent or willful acts or omissions by the Developer, or its employees, contractors, subcontractors, agents or representatives, undertaken pursuant to this Agreement; provided however, that the provisions of this Section 6.1 shall not apply to the extent that any loss or claim is caused by the negligence of intentional misconduct of the City, the City Council members, officers, employees, contractors, subcontractors, agents or representatives. The foregoing indemnity obligations of the Developer shall survive the expiration or termination of this Agreement for a period equal to the applicable statute of limitations period.

6.2 Indemnity by the City. To the extent permitted by law, the City shall pay, defend, indemnify and hold harmless the Developer and its managers, members, agents and representatives from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities and suits (including reasonable attorney's and experts' fees and court costs associated) which arise from or which relate in any way to (1) this Agreement,

including any suit challenging its validity or the validity of any of its provisions; and (2) any negligent or willful act or omission by the City and its City Council members, employees, contractors, subcontractors, agents or representatives, undertaken pursuant to this Agreement; provided however, that the provisions of this Section 6.2 shall not apply to the extent that any loss or claim is caused by the negligence or intentional misconduct of the Developer or its partners, shareholders, officers, managers, members, agents, employees, contractors, subcontractors or representatives. The foregoing indemnity obligations of the City shall survive the expiration or termination of this agreement for a period equal to the applicable statute of limitations period.

6.3 City Representations. The City represents and warrants to the Developer that:

6.3.1 The City has the full right, power and authorization to enter into and perform this Agreement and each of City's obligations and undertakings under this Agreement, and the City's execution, delivery and performance of this Agreement have been duly authorized.

6.3.2 The City will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

6.4 Developer Representations. The Developer represents and warrants to the City that:

6.4.1 The Developer has the full right, power and authorization to enter into and perform this Agreement and of the obligations and undertakings of the Developer this Agreement, and the execution, delivery and performance of this Agreement by the Developer has been duly authorized.

6.4.2 The Developer will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

ARTICLE VII
DEFAULT; REMEDIES; TERMINATION AND ASSIGNMENT

7.1 Default. A Party hereunder shall be deemed to be in default under this Agreement if such Party breaches any obligation required to be performed by the respective Party hereunder within any time period required for such performance, and such breach or default continues for a period of ninety (90) days after written notice thereof from the non-defaulting Party; provided, however, if the breach or default cannot reasonably be cured within such ninety (90) day period, then the Party shall be in default if it fails to commence the cure of such breach within the ninety (90) day period and diligently pursue the same to completion. Absent written agreement to the contrary, if such default is not cured within the additional ninety (90) day period, this Agreement may be terminated, at the sole and absolute discretion of the non-breaching Party.

7.2 Dispute Resolution. In the event that there is a dispute hereunder which the Parties cannot resolve between themselves, the Parties agree that there shall be a sixty (60) day moratorium on litigation during which time the Parties agree to attempt to settle the dispute by nonbinding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The mediator selected shall have at least five (5) years' experience in mediating or arbitrating disputes relating to commercial property development. The cost of any such mediation shall be divided equally between the City and the Developer, or in such other fashion as the mediator may order. The results of the mediation shall be nonbinding on the Parties, and any Party shall be free to initiate litigation upon the conclusion of mediation.

7.3 No Personal Liability. No manager, member, official, employee, agent or representative of the City or Developer shall be personally liable to the other (a) in the event of any default or breach by the City or Developer, (b) for any amount which may become due to the City or Developer or (c) pursuant to any obligation of the City or Developer under the terms of this Agreement.

7.4 Developer's Remedies. In the event the City is in default under this Agreement and fails to cure any such default within the time period required as set forth in Section 7.1 above, then, in that event, in addition to pursuing any and all other legal and equitable remedies which the Developer may have against the City, the Developer may also elect to terminate this Agreement by written notice delivered to the City.

7.5 City's Remedies. In the event that the Developer is in breach under this Agreement and the Developer thereafter fails to cure any such breach within the time period described in Section 7.1 above, then the City shall have the right to automatically terminate this Agreement immediately upon written notice to the Developer.

7.6 Extension of Time. The Developer's obligations under Section 3.1 shall be extended for each and every Force Majeure Event. Developer shall notify the City of the occurrence of a Force Majeure Event affecting the obligations of the Developer under Section 3, and the time for commencement of the obligations under Section 3.1 shall be extended day for day during the continuance of any Force Majeure Event. Furthermore, other than a Force Majeure Event, if the City's failure to timely approve requests under this Development Agreement is delayed by an amount of time, then the deadlines for the Developer to perform its obligations or other actions under this Development will be extended by that amount of time.

7.7 Assignment. Neither Party may assign its rights of obligations under this Agreement without the prior written consent of the other Party.

ARTICLE VIII GENERAL PROVISIONS

8.1 Time of Essence. Time is of the essence of each and every provision of this Agreement.

8.2 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to cancellation pursuant to A.R.S. § 38-511.

8.3 Notices. All notices, approvals, and other communications provided for herein or given in connection herewith shall be validly given, made, delivered or served, and delivered personally or sent by nationally recognized courier (e.g., Federal Express, Airborne, UPS), or by United States mail, certified with return receipt requested, to:

If to the City : Mr. Tadeo A. De La Hoya, City Manager
 The City of San Luis
 P.O. Box 1170 (by U.S. Mail Certified Return Receipt)
 1090 E Union Street. (by other delivery above)
 San Luis, AZ 85349

With a copy to: San Luis City Attorney (by U.S. Mail)
 The City of San Luis
 P.O. Box 1170
 San Luis, AZ 85349

If to Developer: San Luis Commercial Holdings, LLC
 c/o Ross Wait
 4774 East 30th Place, Suite A
 Yuma, AZ 85365

With copies to: Barry Olsen, Esq.
 Law Offices of Larry W. Suci, PLC
 101 East Second Street
 Yuma, AZ 85364

Or to such other addresses as any Party hereto may from time to time designate in writing and deliver in a like manner. Notices, approvals and other communications provided for herein shall be deemed delivered upon receipt as hereinabove provided, prepaid and addressed as set forth above.

8.4 Governing Laws. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement has been made and entered into in Yuma County, Arizona. Pursuant to the provisions of A.R.S. §41-4401, Developer further

agrees to warrant that it and any of its contractors or subcontractors will comply with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. §23-214, subsection A. A breach of this warranty shall be deemed a material breach of this Agreement with City and will be subject to the penalties of A.R.S. §41-4401.A.2. The City shall have the right to random verification of employment records of Developer, its contractors, or subcontractors to ensure compliance with this warranty. The Parties agree that they are not currently engaged in, and agree that for the duration of the Agreement they will not engage in, a boycott of Israel, as that term is defined in A.R.S. §35- 393.

8.5 Successors and Assigns. This Agreement shall run with the land and all of the covenants and conditions set forth herein shall inure to the benefit of and be binding upon the permitted successors and assigns of the Parties hereto.

8.6 Waiver. No waiver by either Party of any breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

8.7 Attorneys' Fees. In the event of any actual litigation between the parties in connection with this Agreement, the Party prevailing in such action shall be entitled to recover from the other Party all of its costs and fees, including reasonable attorneys' fees, which shall be determined by the court and not by the jury.

8.8 Counterparts. This Agreement may be executed in one or more counterparts and by facsimile or other means of electronic signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document

8.9 Limited Severability. The City and the Developer each believes that the execution, delivery and performance of this Agreement is in compliance with all applicable statutes, regulations, ordinances and other laws ("**Applicable Laws**"). However, in the unlikely event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement is declared void or unenforceable, or is construed as requiring the City to do any act in violation of any Applicable Laws, such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect.

However, if:

- (1) the City's obligations related to payments of any kind owed to the Developer, or reimbursements owed to the Developer, the Developer's right to Sales Tax Rebates are deemed illegal, in violation of any Applicable Laws, void, voidable, or unenforceable; then

- (2) the Developer will be released from the obligations under this Agreement related to those payments, reimbursements, or Sales Tax Rebates.

But if:

- (1) the Developer has performed the obligations under this Agreement entitling it to payments, reimbursements, or Sales Tax Rebates, and
- (2) the City's obligations to make payments to Developer, reimburse the Developer, or the Developer's right to Sales Tax Rebates are deemed in violation of any Applicable Laws, void, voidable, or unenforceable, then
- (3) the City will explore and negotiate with Developer in good faith other legal options so that Developer may recoup the costs that the parties originally intended under this Agreement.

8.10 Schedules and Exhibits. All schedules and exhibits attached hereto are incorporated herein by this reference as though fully set forth herein.

8.11 Entire Agreement and Amendment. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded. This Agreement may not be amended except by a written amendment executed by the Parties.

8.12 Recordation of Agreement. This Agreement shall be recorded in the Official Records of Yuma County, Arizona, within ten (10) days after its approval and execution by the City. However, the Agreement shall not become effective until thirty (30) days from the date after approval by City Council.

8.14 No Third Party Beneficiaries. There are no third party beneficiaries to the Agreement, and no person or entity not a Party will have any right or cause of action.

8.15 No Agency Created. Nothing contained in the Agreement will create any partnership, joint venture, or agency relationship between the Parties.

8.16 Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

8.17 Venue. Any legal action relating to this Agreement or the agreements contemplated herein shall be brought in either the Yuma County Superior Court at the election of the plaintiff in such legal action, provided, however, that nothing in this paragraph will be deemed to have authorized the bringing of any legal action in a court which does not otherwise have jurisdiction to adjudicate the legal action.

8.18 Estoppel Certificate. Any party may request of the other party, and the requested party shall, within fifteen (15) business days, respond and certify by written instrument to the requesting party that (a) this Agreement is unmodified and in full force and effect, (b) the existence of any default under this Agreement and the scope and nature of the default, if applicable, (c) the existence of any counterclaims which the requested party has against the other party, and (d) any other matters that may reasonably be requested in connection with this Agreement and the approval of the Project. In the event a party has not received an estoppel certificate within fifteen (15) business days from the date of the request, then in such event, said party shall be entitled to prepare an estoppel certificate and deliver the certificate to the City and such estoppel certificate shall be binding upon the City.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

DEVELOPER

SAN LUIS COMMERCIAL HOLDINGS, LLC, an Arizona limited liability company

By Ross Wait Ross Wait, Trustee of the Ross Wait and Mary Lea Wait Trust dated 10/1/94, member

THE CITY

CITY OF SAN LUIS, an Arizona municipal corporation

By Gerardo Sanchez
Gerardo Sanchez, Mayor

ATTEST:

By: Sonia Cornelio
Sonia Cornelio, City Clerk

APPROVED AS TO FORM:

By: Kay Marion Macuil
Kay Marion Macuil, City Attorney

[Notary acknowledgment on following page]

STATE OF ARIZONA)
) ss.
County of Yuma)

The foregoing instrument was acknowledged before me this 7th day of June, 2017, by Gerardo Sanchez, Mayor of the City of San Luis, who acknowledged that he/she signed the foregoing instrument on behalf of the City.



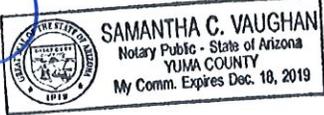
Melissa Lopez
Notary Public

My commission expires:
5/10/2019

STATE OF ARIZONA)
) ss.
County of Yuma)

The foregoing instrument was acknowledged before me this 16th day of June 2017 by Ross Wait, Trustee of the Ross Wait and Mary Lea Wait Trust dated 10/1/94, member of San Luis Commercial Holdings, LLC, an Arizona limited liability company.

Samantha C. Vaughan
Notary Public



My commission expires:
12/18/2019

Exhibit A

Proposed Property Legal Description

That portion of the Southeast quarter of Section 35, Township 10 South, Range 25 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the southeast corner of said Southeast quarter of Section 35;

Thence North $89^{\circ}38'47''$ West along the South line of said Section 35 a distance of 593.00 feet;

Thence North $00^{\circ}08'45''$ East parallel with and 593.00 feet westerly of the East line of said Section 35 a distance of 50.00 feet to the TRUE POINT OF BEGINNING;

Thence continuing North $00^{\circ}08'45''$ East parallel with and 593.00 feet westerly of the East line of said Section 35 a distance of 625.00 feet;

Thence South $89^{\circ}38'47''$ East parallel with and 675.00 feet northerly of the South line of said Section 35 a distance of 560.00 feet to a point lying 33.00 feet West of the East line of the Southeast quarter of Section 35;

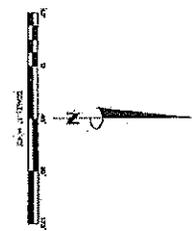
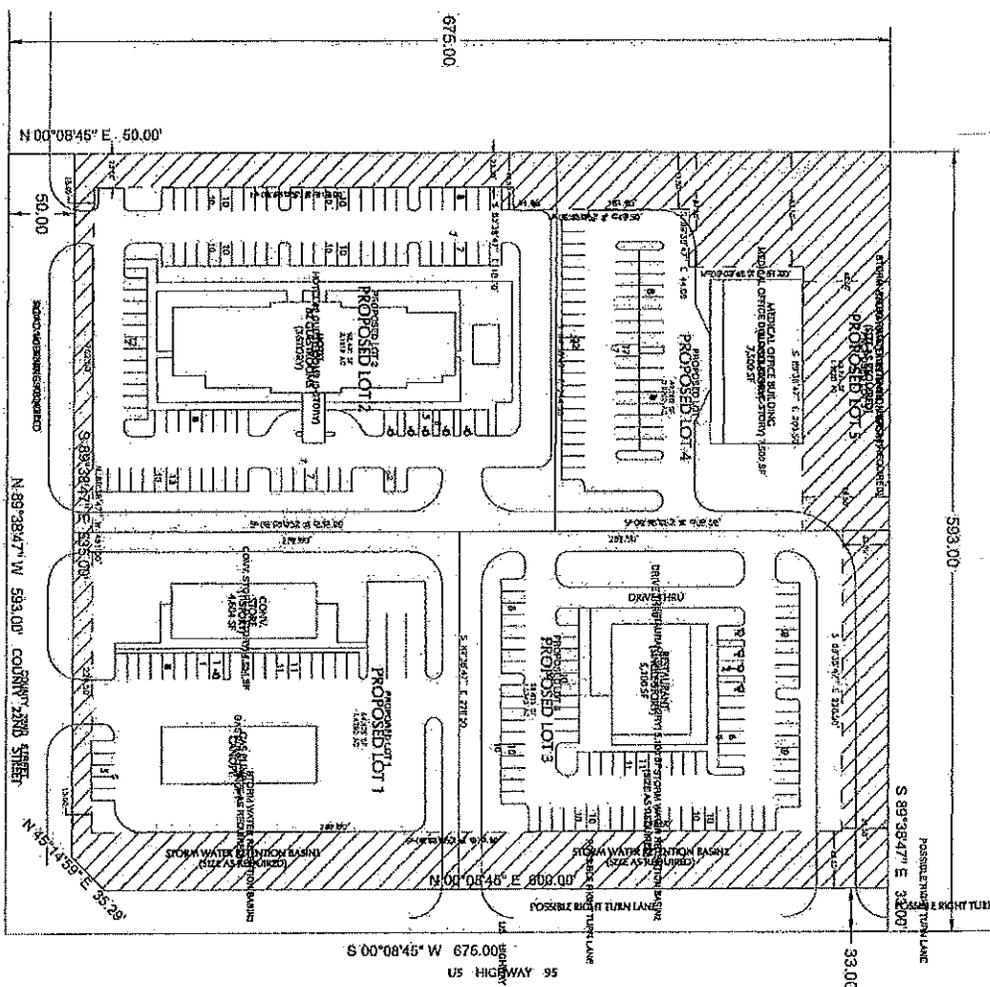
Thence South $00^{\circ}08'45''$ West parallel with and 33.00 feet westerly of the East line of said Section 35 a distance of 600.00 feet to a point lying 75.00 feet North of the South line of the Southeast quarter of Section 35;

Thence South $45^{\circ}14'59''$ West a distance of 35.29 feet to a point lying 50.00 feet North of the South line of the Southeast quarter of Section 35;

Thence North $89^{\circ}38'47''$ West parallel with and 50.00 feet northerly of the South line of said Section 35 a distance of 535.00 feet to the TRUE POINT OF BEGINNING;

Containing 8.0277 acres, more or less.

Exhibit B



DATE	BY	REVISION

SAN LUIS DEVELOPMENT
 NORTHWEST CORNER OF US HWY 95 & COUNTY 22ND STREET
 SAN LUIS, ARIZONA
PRELIMINARY SITE LAYOUT 01 - 6/08/2017


DAHL, ROBINS & ASSOCIATES, INC.
 1905 S. AVENUE
 SUITE 100
 PHOENIX, ARIZONA 85004
 PHONE: 602.955.1100
 FAX: 602.955.1101
 WWW.DRA.COM

DATE:	
BY:	
REVISION:	

Exhibit C

Schedule of Performance

The Developer must Commence Construction of the following Improvements on or before the respective dates set forth below; each such date shall be referred to herein as a **"Construction Benchmark."**

- a. Site Infrastructure - 180 days from Project Site Acquisition Date.
- b. Hotel - 180 days from Site Infrastructure Date.
- c. Restaurant - 180 days from Site Infrastructure Date.
- d. Convenience Store/Gas Station - 360 days from Site Infrastructure Date

The Developer must Complete Construction of the Hotel no later than January 1, 2020.

Exhibit 2

**City of San Luis, Arizona
Economic Impact Analysis**

**Proposed Retail Tax Incentive Agreement with
San Luis Commercial Holdings, L.L.C. for
Multi-Use Site**

Prepared by:



5500 Democracy Drive, Suite 130 | Plano, Texas 75024
Tel: (972) 378-6588 | Cell: (972) 998-0417 | Fax: (972) 378-6988

Contact Person:

Dan V. Jackson, Vice President | Email: djackson@willdan.com

May 12, 2017

May 12, 2017

Ms. Jenny Torres
Community Development Director
City of San Luis
1090 East Union St.
San Luis, AZ 85349

Re: Economic Impact Analysis – San Luis Commercial Holdings, L.L.C. Multi-Use Project Site

Dear Ms. Torres:

Pursuant to our agreement with the City of San Luis (the City), *Willdan/Economists.com* is pleased to present herein the results of the Economic Impact Analysis of the San Luis Commercial Holdings, L.L.C. Multi-Use Site. This Letter Report summarizes our findings.

The Report is based on estimates, assumptions and other information related to the above. Such estimates, assumptions or other information were developed from prior research, knowledge of the industry and discussions with you and other involved parties, during which we were provided certain information. The sources of information and bases of estimates and assumptions are stated in the Report. Our documentation is based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events.

Any conclusions and/or any prospective financial information that is included in our documentation were based on estimates and assumptions from previous studies, information developed from supplemental research, knowledge of the industry and other sources, including certain information that the City and/or developer provided. These sources of information and bases of significant estimates and assumptions are stated in our documentation. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from any estimates, and the variations may be material.

We extend our thanks and appreciation for the opportunity to be of service in this matter, and for the City's and its staff's valuable cooperation and assistance. If you have any questions, please do not hesitate to contact me at 972.378.6588 or djackson@willdan.com.

Respectfully submitted,

WILLDAN FINANCIAL SERVICES



Dan V. Jackson
Vice President

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Schedules

Attachment A – Arizona Revised Statutes §9-500.11

Introduction

Willdan/Economists.com was retained by the City of San Luis, Arizona (the “City”) to evaluate the fiscal and economic benefits associated with the development of a multi-use site by San Luis Commercial Holdings, L.L.C. (the “Developer”). The Developer is proposing to develop and maintain a multi-use hotel, restaurant, and convenience store/gas station on the site.

The proposed Project location will be a 5 to 8-acre site at the northwest corner of the intersection of Highway 95 and 22nd Street within the City’s limits (the “Project Site”). As identified in the Memorandum of Understanding (the “MOU”) between the City and the Developer, the Project Site is owned by MJS Properties, L.P. an Arizona limited partnership, and the acquisition of the Project Site by the Developer has yet to occur as of the date of this Report.

This Report identifies the estimated economic and fiscal impacts of the multi-use project at the Project Site. An Economic Impact Analysis examines the effect of a particular project on the economy in a specified area, ranging from a single neighborhood to the entire globe. It usually measures changes in business revenue, business profits, personal wages, and/or jobs.

A Fiscal Impact Analysis addresses the net impact on government of a particular project. This is done by estimating the increase in revenues to a municipality. For this Project, the estimated revenues that will be increased include a variety of taxes including, but not limited to, state income taxes, sales tax/transaction privilege tax, and utility fee revenues. **Schedules 4 and 5** of this Report present the different categories and estimated annual revenues for each.

Background

As described in the MOU, the Developer intends to develop a “brand” hotel, a “brand” restaurant, a franchise convenience store and gas station, and other transaction privilege tax generating businesses on the Project Site. In addition to generating transaction privilege taxes directly to the City, these businesses will indirectly benefit the City by providing employment in a City with a historically high unemployment rate, enhance property values of nearby properties, and generate other economic development in the City limits. The Developer, to maximize its leverage and maximize use of its development funding for actual development of the site, as opposed to using those resources for land acquisition, desires to receive credit for the transaction privilege tax revenue being generated to the City from the developed Project Site for the cost to acquire the Project Site. Having an effective tax credit where excise privilege taxes being generated are used, in part, to acquire and develop the Project Site is a material part of the transaction to the Developer.

Regulatory Requirements

Arizona Revised Statutes (A.R.S.) §9-500.11 allows a municipality to enter into a “retail tax incentive agreement” as that term is defined in that statute. By having an agreement or set of agreements which comply with the provisions of this statute, the Developer may get credit for a portion of the sales, use, or transaction privilege taxes payable to the City in connection with the construction, development, or operation of retail development activities on the Project Site by Developer or its nominee(s). According to A.R.S. §9-500.11 (D1): “... the proposed tax incentive is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement.” The statute also states that “A city or town shall not enter into a retail tax incentive agreement if the proposed tax incentive raises less revenue than the amount of the incentive...The finding made pursuant to subsection D, paragraph 1 of this section shall be verified by an independent third party before the city or town enters into the retail development

incentive agreement." (A.R.S. §9-500.11 (F, H)). A copy of A.R.S. §9-500.11 is included as **Attachment A** to this Letter Report.

Article 9 §7 of the Arizona Constitution prohibits any subdivision of the State giving or lending its credit or making any donation, grant, or subsidy to any person, association, or corporation. Arizona has recognized that if (i) the public treasury receives benefits that meet or exceed the cost to the public treasury and (ii) if the expenditure of public funds is for a public purpose, then there is consideration for the transaction and the matter is not in violation of this provision of law.

Retail Tax Incentive Agreement

So that the City will, at all times, raise more revenue than the amount of the credit provided by the Retail Tax Incentive Agreement, based on discussions with City Staff and the City's Legal Counsel it has been proposed that the Agreement will be structured as follows:

- A. Fifty percent (50%) of all transaction privilege taxes of the City as generated from businesses established on the Project Site will be rebated to Developer or its nominee or assignee until the sum of one million eight hundred and twenty-three thousand dollars (\$1,823,000.00) is paid.
- B. The Retail Tax Incentive Agreement will be conditioned upon the development of and the opening of the afore described "brand" hotel and "brand" restaurant on or before January 1, 2020.

Economic Impact Analysis

Methodology

To prepare the economic impact analysis, Willdan/Economists.com developed an impact model based upon certain inputs and assumptions, and utilizing appropriate local data sets. Based on our experience and knowledge of the industry, this model was developed to measure the impacts of development and many other activities that affect employment or expenditures in the economy.

Models such as this are particularly useful for measuring the total economic effects of a particular project or program, and yield estimates of the number and types of jobs created, the amount of wages associated with those jobs, and the total economic output or "final sales" generated within particular industries. This model relies upon economic "multipliers" that mathematically represent the relationship between the initial change in one sector of the economy and the corresponding effect of that change on other interdependent industry sectors, as well as the effect of that subsequent change on further sectors. These effects are commonly described as "direct," "indirect," and "induced" and are generally defined as follows:

- The "direct" effect is the initial change in economic activity from local payroll and construction expenditures in a specific industry or sector. For this Project, the direct effects to San Luis's zip code are the wages and other expenditures at the site (and with City businesses), during both construction and operation of the proposed facility.
- The "indirect" effect results from industry-industry transactions required to support the direct activity. This effect is a measure of the change in the output of suppliers linked to the industry being evaluated. For example, construction will result in an increase in purchases of building materials, engineering and consulting services, and other goods from "business to business" suppliers within the City.
- The "induced" effect consists of employee spending in the City by employees, created by direct

and indirect impacts, spending their earnings on local goods and services, such as food, clothing, real estate, education, health services, etc.

The total economic impact of the project is typically the sum of the direct, indirect, and induced impacts, offset by any economic loss related to the change in the use of the land. For purposes of this analysis, Willdan/Economists.com has only included the direct labor effects in the overall return to the City.

It should be noted that this modeling generally assumes that demand for goods and services by industries or households increases in relation to an increase in income, and that an increase in demand results in a proportional increase in local supply and employment. This implies that local suppliers satisfy this initial demand by increasing their output and hiring additional workers rather than shifting their goods or services from one set of consumers to another. This assumption may not hold in areas with tight labor or capital markets since suppliers may find it difficult to obtain these labor or material inputs or other resources necessary to expand production. Considering the scale of the proposed project and the size of the economic study area, this is not likely to be a factor for this analysis.

Assumptions and Inputs

- **Direct Labor.** The Project will create both construction related jobs and ongoing jobs once construction is complete. The anticipated construction related and ongoing jobs by facility were provided by the City and the Developer. Willdan/Economists.com allocated these anticipated jobs as director/supervisor positions (25%) and staff positions (75%) as detailed on **Schedule 1**.
- **Direct Payroll.** Using the labor categories identified by both the Developer and the allocation between director/supervisor and staff positions, Willdan/Economists.com assigned an hourly labor cost to each anticipated labor category associated with the businesses on the Project Site. The hourly wage estimates were obtained from the Yuma MSA-2015 Occupational Employment & Hourly Wage Estimates, prepared by the Arizona Office of Employment and Population Statistics in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, May 2016. The hourly wage rates were adjusted for inflation to the start of the projection period. The anticipated monthly payroll was then calculated based on the total staffing levels and anticipated hourly wages. This analysis is detailed on **Schedule 1**.
- Willdan/Economists.com projected that 70% of the jobs associated with the development of the Project Site and 80% of the jobs associated with the ongoing operations of the businesses at the Project Site would be local residents who currently reside within the San Luis City limits or would relocate within the City Limits. The resulting local direct labor and local direct payroll are identified on **Schedule 2**.
- Payroll costs are assumed to increase at 2.5 percent (2.5%) annually due to inflation and merit adjustments.
- Construction is estimated to take approximately 21 months.

Summary of Economic Impacts

The anticipated Project is forecast to be the source of substantial economic benefits over the projection period. The total anticipated labor and associated payroll is shown below on **Table 1** as summarized **Schedule 2**.

**Table 1
Summary of Economic Benefits**

Description	Labor Impacts	Annual Payroll Impacts (Rounded)
Construction Related Jobs		
Hotel	47.60	\$ 2,262,600
Restaurant	11.20	532,400
Convenience Store / Gas Station	10.50	507,000
Total Construction Related Jobs	69.30	\$ 3,302,000
Ongoing Jobs		
Hotel	13.60	\$ 380,600
Restaurant	11.20	364,500
Convenience Store / Gas Station	12.00	327,800
Total Ongoing Jobs	36.80	\$ 1,072,900

Notes: (1) Does not include inflationary impacts on wages.

Fiscal Impact Analysis

Methodology

The analysis of fiscal impacts focuses on the potential public revenues generated from utility services, transaction privilege taxes and the City's share of taxes including state income taxes. For purposes of this analysis, only those revenues to the City are included.

This analysis concentrates on direct and indirect impacts. While there are several levels of indirect impacts from projects such as this, the analysis focuses on the indirect impacts including, but not limited to the City's share of the state income tax and transaction privilege tax revenue.

The direct fiscal benefits consist of utility fees and tax revenues generated by the construction and operation of the proposed businesses on the Project Site. Indirect fiscal benefits include public revenues generated by direct payroll such as state income and transaction privilege tax revenues.

Assumptions and Inputs

- **Projected Revenues Subject to Transaction Privilege Tax.** Revenue projections for the hotel, restaurant, and convenience store/gas station have been estimated by the Developer based on industry averages. The revenues are phased in over the first part of the projection period and include an annual inflationary adjustment of 2.0 percent (2.0%). The projected revenues are detailed on **Schedule 3**.
- As discussed previously, the agreement is expected to provide a credit of transaction privilege taxes

of 50 percent (50%) of the annual liability of the businesses located on the Project Site until a total of \$1.823 million credit has been received. **Schedule 3** presents the anticipated annual transaction privilege tax credit.

- Construction is expected to take approximately 21 months.
- Estimated construction costs have been provided by the City and the developer. Anticipated Transaction Privilege Taxes on the Construction portion of the project are estimated as follows:

Description	Amount
Construction Costs	
Hotel	\$ 7,106,056.00
Restaurant	1,600,000.00
Convenience Store / Gas Station	1,700,000.00
Total Construction Costs	\$ 10,406,056.00
Amount Allocated to Purchases within the City	\$ 3,642,119.60
Total Projected Transaction Privilege Tax (Rounded)	\$ 145,700.00
Allocated to Year 1	109,300.00
Allocated to Year 2	36,400.00

- **Utility System Revenues.** The City will receive water and wastewater revenue from the businesses on the project site. Based on our experience with the water and wastewater industry, we have developed flow projections based on the business type and size. Additionally, we have used the City’s current utility system rates to project monthly and annual water and wastewater revenue from the project site. The annual water and wastewater rates are expected to be increased annually at 2.0 percent (2.0%). Detailed Utility System revenue projections are shown on **Schedule 4**.
- **City Share of State Income Taxes.** Willdan/Economists.com has assumed approximately 1.775 percent (1.775%) of every direct payroll dollar will be credited to the City by the State for State Income Tax.
- **In City Spending.** Willdan/Economists.com has projected that approximately 25% of payroll will be spent on goods and services within the City that are subject to the transaction privilege tax. It is assumed these expenditures will be at businesses other than those on the proposed project site.
- **Transaction Privilege Tax Rate.** The transaction privilege tax rate included in the projections is 4.0 percent (4.0%). This rate is assumed throughout the projection period.

Summary of Fiscal Impacts

The results of the Fiscal Impacts Analysis are shown on **Schedules 5 and 6**. These projections are based on the assumptions discussed in the previous sections. In order for the City to move forward with the Project, the proposed tax incentive must provide more revenue to the City than the tax incentive. As can be seen on **Schedule 6**, the total projected revenues exceed the anticipated tax credit by over 196%.

It is anticipated that it will take approximately 15 years from the beginning of construction to reach the \$1.823 million tax credit cap. Over that period, the cumulative projected direct payroll anticipated is \$24,392,800.

Schedule 6 presents the anticipated Tax Credit as well as the projected sources of income to the City provided by this project over the projection period. As summarized from **Schedule 6** and shown on **Table 2** below, the net benefit to the City over the projection period is anticipated to be \$1,755,700.

Table 2
Summary Projected Fiscal Benefits

Description	Amount
TRANSACTION PRIVILEGE TAX CREDIT	\$ (1,823,000)
PROJECTED SOURCES OF REVENUE	
Transaction Privilege Taxes Paid	\$ 2,170,900
Utility System Revenue	730,900
Payroll Revenue Impacts	<u>676,900</u>
TOTAL PROJECTED SOURCES OF REVENUE	\$ 3,578,700
NET BENEFIT TO CITY OVER PROJECTION PERIOD	\$ 1,755,700

Schedules

Schedule 1
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Direct Labor and Payroll Assumptions

Labor Classification	Total (1)	Director/ Supervisor	Staff
		FTEs	FTEs
JOBS			
Construction Related Jobs			
Hotel	68.00	17.00	51.00
Restaurant	16.00	4.00	12.00
Convenience Store / Gas Station	15.00	4.00	11.00
Total Construction Related Jobs	99.00	25.00	74.00
Ongoing Jobs			
Hotel	17.00	4.00	13.00
Restaurant	14.00	4.00	11.00
Convenience Store / Gas Station	15.00	4.00	11.00
Total Ongoing Jobs	46.00	12.00	35.00
HOURS PER MONTH			
Construction Related Jobs			
Hotel	10,880.00	2,720.00	8,160.00
Restaurant	2,560.00	640.00	1,920.00
Convenience Store / Gas Station	2,400.00	640.00	1,760.00
Total Construction Related Jobs - Hours Per Month	15,840.00	4,000.00	11,840.00
Ongoing Jobs			
Hotel	2,720.00	640.00	2,080.00
Restaurant	2,400.00	640.00	1,760.00
Convenience Store / Gas Station	2,400.00	640.00	1,760.00
Total Ongoing Jobs - Hours Per Month	7,520.00	1,920.00	5,600.00

Schedule 1
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Direct Labor and Payroll Assumptions

Labor Classification	Total (1)	Director/ Supervisor	Staff
		FTEs	FTEs
EFFECTIVE HOURLY RATE (2)			
Construction Related Jobs			
Hotel		\$ 42.39	\$ 18.88
Restaurant		\$ 42.39	\$ 18.88
Convenience Store / Gas Station		\$ 42.39	\$ 18.88
Ongoing Jobs			
Hotel		\$ 30.64	\$ 9.63
Restaurant		\$ 30.07	\$ 10.64
Convenience Store / Gas Station		\$ 25.88	\$ 9.99
MONTHLY PAYROLL			
Construction Related Jobs			
Hotel	\$ 269,361.60	\$ 115,300.80	\$ 154,060.80
Restaurant	63,379.20	27,129.60	36,249.60
Convenience Store / Gas Station	60,358.40	27,129.60	33,228.80
Total Construction Related Jobs - Monthly Payroll	\$ 393,099.20	\$ 169,560.00	\$ 223,539.20
Ongoing Jobs			
Hotel	\$ 39,640.00	\$ 19,609.60	\$ 20,030.40
Restaurant	37,971.20	19,244.80	18,726.40
Convenience Store / Gas Station	34,145.60	16,563.20	17,582.40
Total Ongoing Jobs - Monthly Payroll	\$ 111,756.80	\$ 55,417.60	\$ 56,339.20

Notes:

- (1) Total Direct Jobs As provided by the Developer and City of San Luis.
- (2) Yuma MSA-2015 Occupational Employment & Hourly Wage Estimates. Prepared by the Arizona Office of Employment and Population Statistics in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, May 2016 (Mean Wage). Adjusted for Inflation.

Schedule 2
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Direct Labor and Payroll Summary

Labor Classification	Total	% Local	Amount Local
JOBS			
Construction Related Jobs			
Hotel	68.00	70%	47.60
Restaurant	16.00	70%	11.20
Convenience Store / Gas Station	15.00	70%	10.50
Total Construction Related Jobs	99.00		69.30
Ongoing Jobs			
Hotel	17.00	80%	13.60
Restaurant	14.00	80%	11.20
Convenience Store / Gas Station	15.00	80%	12.00
Total Ongoing Jobs	46.00		36.80
MONTHLY PAYROLL			
Construction Related Jobs			
Hotel	\$ 269,361.60	70%	\$ 188,553.12
Restaurant	63,379.20	70%	44,365.44
Convenience Store / Gas Station	60,358.40	70%	42,250.88
Total Construction Related Jobs - Monthly Payroll	\$ 393,099.20		\$ 275,169.44
Ongoing Jobs			
Hotel	\$ 39,640.00	80%	\$ 31,712.00
Restaurant	37,971.20	80%	30,376.96
Convenience Store / Gas Station	34,145.60	80%	27,316.48
Total Ongoing Jobs - Monthly Payroll	\$ 111,756.80		\$ 89,405.44

Schedule 3
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Projected Revenues and Transaction Privilege Tax Credit

Description	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2017	2018	2019	2020	2021	2022	2023	2024
Projected Revenues Subject to Transaction Privilege Tax (1)								
Hotel	(2)	\$ 446,800	\$ 893,500	\$ 1,367,100	\$ 1,787,000	\$ 1,822,700	\$ 1,859,200	\$ 1,896,400
Restaurant	(2)	\$ 520,000	\$ 1,040,000	\$ 1,591,200	\$ 2,080,000	\$ 2,121,600	\$ 2,164,000	\$ 2,207,300
Convenience Store / Gas Station	(2)	\$ 644,400	\$ 1,288,800	\$ 1,971,800	\$ 2,577,500	\$ 2,629,100	\$ 2,681,600	\$ 2,735,300
Total Projected Revenues		\$ 1,611,200	\$ 3,222,300	\$ 4,930,100	\$ 6,444,500	\$ 6,573,400	\$ 6,704,800	\$ 6,839,000
Transaction Privilege Tax Revenue @ 4%								
Hotel	(2)	\$ 17,900	\$ 35,700	\$ 54,700	\$ 71,500	\$ 72,900	\$ 74,400	\$ 75,900
Restaurant	(2)	\$ 20,800	\$ 41,600	\$ 63,600	\$ 83,200	\$ 84,900	\$ 86,600	\$ 88,300
Convenience Store / Gas Station	(2)	\$ 25,800	\$ 51,600	\$ 78,900	\$ 103,100	\$ 105,200	\$ 107,300	\$ 109,400
Total Transaction Privilege Tax Revenue @ 4%		\$ 64,500	\$ 128,900	\$ 197,200	\$ 257,800	\$ 263,000	\$ 268,300	\$ 273,600
Proposed Tax Credit								
Annual Percent		50%	50%	50%	50%	50%	50%	50%
Dollar Amount		\$ 32,300	\$ 64,500	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,200	\$ 136,800
Cumulative Tax Credit		\$ 32,300	\$ 96,800	\$ 195,400	\$ 324,300	\$ 455,800	\$ 590,000	\$ 726,800

Notes:

- (1) Based on Information Provided by the Developer and City of San Luis.
- (2) Construction Projected to last approximately 21 months.

Schedule 3
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Projected Revenues and Transaction Privilege Tax Credit

Description	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2025	2026	2027	2028	2029	2030	2031	2032
Projected Revenues Subject to Transaction Privilege Tax (1)								
Hotel	\$ 1,934,300	\$ 1,973,000	\$ 2,012,500	\$ 2,052,700	\$ 2,093,800	\$ 2,135,600	\$ 2,178,300	\$ 2,221,900
Restaurant	2,251,500	2,296,500	2,342,400	2,389,300	2,437,100	2,485,800	2,535,500	2,586,200
Convenience Store / Gas Station	2,790,000	2,845,800	2,902,700	2,960,700	3,020,000	3,080,400	3,142,000	3,204,800
Total Projected Revenues	\$ 6,975,800	\$ 7,115,300	\$ 7,257,600	\$ 7,402,700	\$ 7,550,900	\$ 7,701,800	\$ 7,855,800	\$ 8,012,900
Transaction Privilege Tax Revenue @ 4%								
Hotel	\$ 77,400	\$ 78,900	\$ 80,500	\$ 82,100	\$ 83,800	\$ 85,400	\$ 87,100	\$ 88,900
Restaurant	90,100	91,900	93,700	95,600	97,500	99,400	101,400	103,400
Convenience Store / Gas Station	111,600	113,800	116,100	118,400	120,800	123,200	125,700	128,200
Total Transaction Privilege Tax Revenue @ 4%	\$ 279,100	\$ 284,600	\$ 290,300	\$ 296,100	\$ 302,100	\$ 308,000	\$ 314,200	\$ 320,500
Proposed Tax Credit								
Annual Percent	50%	50%	50%	50%	50%	50%	50%	50%
Dollar Amount	\$ 139,600	\$ 142,300	\$ 145,200	\$ 148,100	\$ 151,100	\$ 154,000	\$ 157,100	\$ 158,800
Cumulative Tax Credit	\$ 866,400	\$ 1,008,700	\$ 1,153,900	\$ 1,302,000	\$ 1,453,100	\$ 1,607,100	\$ 1,764,200	\$ 1,823,000

Schedule 4
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
 Fiscal Impact Assumptions

Description	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2017	2018	2019	2020	2021	2022	2023	2024
UTILITY SYSTEM REVENUE ASSUMPTIONS								
Hotel								
Water								
Monthly Usage (Gallons)		200,000	280,000	370,000	400,000	400,000	400,000	400,000
Base Charge - 4" Meter (Includes 2,000 gallons usage)	\$	1,376.54	1,404.07	1,432.15	1,460.80	1,490.01	1,519.81	1,550.21
Volume Charge Per Thousand Gallons	\$	2.56	2.61	2.66	2.72	2.77	2.83	2.88
Total Volume Charge	\$	506.88	725.91	980.14	1,081.24	1,102.87	1,124.93	1,147.42
Total Monthly Bill - Water	\$	1,883.42	2,129.98	2,412.29	2,542.04	2,592.88	2,644.74	2,697.63
Wastewater								
Base Charge	\$	24.02	24.50	24.99	25.49	26.00	26.52	27.05
Volume Charge Per Thousand Gallons	\$	2.42	2.47	2.52	2.57	2.62	2.67	2.73
Total Volume Charge	\$	484.00	691.15	931.57	1,027.25	1,047.79	1,068.75	1,090.13
Total Monthly Bill - Wastewater	\$	508.02	715.65	956.56	1,052.74	1,073.79	1,095.27	1,117.18
Restaurant								
Water								
Monthly Usage (Gallons)		18,000	22,000	28,000	30,000	30,000	30,000	30,000
Base Charge - 1" Meter (Includes 2,000 gallons usage)	\$	57.47	58.62	59.79	60.99	62.21	63.45	64.72
Volume Charge Per Thousand Gallons	\$	2.56	2.61	2.66	2.72	2.77	2.83	2.88
Total Volume Charge	\$	40.96	52.22	69.25	76.07	77.59	79.14	80.72
Total Monthly Bill - Water	\$	98.43	110.84	129.04	137.06	139.80	142.59	145.44
Wastewater								
Base Charge	\$	24.02	24.50	24.99	25.49	26.00	26.52	27.05
Volume Charge Per Thousand Gallons	\$	2.42	2.47	2.52	2.57	2.62	2.67	2.73
Total Volume Charge	\$	43.56	54.30	70.50	77.04	78.58	80.16	81.76
Total Monthly Bill - Wastewater	\$	67.58	78.81	95.49	102.53	104.58	106.68	108.81
Convenience Store / Gas Station								
Water								
Monthly Usage (Gallons)		5,000	7,000	10,000	12,500	12,500	12,500	12,500
Base Charge - 1" Meter (Includes 2,000 gallons usage)	\$	57.47	58.62	59.79	60.99	62.21	63.45	64.72
Volume Charge Per Thousand Gallons	\$	2.56	2.61	2.66	2.72	2.77	2.83	2.88
Total Volume Charge	\$	7.68	13.06	21.31	28.53	29.10	29.68	30.27
Total Monthly Bill - Water	\$	65.15	71.68	81.10	89.51	91.30	93.13	94.99

Schedule 4
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Fiscal Impact Assumptions

Description	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2017	2018	2019	2020	2021	2022	2023	2024
Wastewater								
Base Charge		\$ 24.02	\$ 24.50	\$ 24.99	\$ 25.49	\$ 26.00	\$ 26.52	\$ 27.05
Volume Charge Per Thousand Gallons		\$ 2.42	\$ 2.47	\$ 2.52	\$ 2.57	\$ 2.62	\$ 2.67	\$ 2.73
Total Volume Charge		\$ 12.10	\$ 17.28	\$ 25.18	\$ 32.10	\$ 32.74	\$ 33.40	\$ 34.07
Total Monthly Bill - Wastewater		\$ 36.12	\$ 41.78	\$ 50.17	\$ 57.59	\$ 58.74	\$ 59.92	\$ 61.12
PAYROLL CONVERSION FACTOR								
City Share of State Shared Revenue		0.01775						
Percent of Payroll Dollar Used for In City Purchases		0.25000						
Transaction Privilege Tax Rate		0.04000						
Additional Transaction Privilege Tax Revenue		<u>0.01000</u>						
Total Payroll Conversion Factor		0.02775						

Schedule 4

City of San Luis Economic Impact Analysis
 San Luis Commercial Holdings, LLC Multi-Use Project
 Fiscal Impact Assumptions

Description	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2025	2026	2027	2028	2029	2030	2031	2032

UTILITY SYSTEM REVENUE ASSUMPTIONS

Hotel	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Water								
Monthly Usage (Gallons)	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Base Charge - 4" Meter (Includes 2,000 gallons usage)	\$ 1,581.21	\$ 1,612.84	\$ 1,645.09	\$ 1,677.99	\$ 1,711.55	\$ 1,745.79	\$ 1,780.70	\$ 1,816.32
Volume Charge Per Thousand Gallons	\$ 2.94	\$ 3.00	\$ 3.06	\$ 3.12	\$ 3.18	\$ 3.25	\$ 3.31	\$ 3.38
Total Volume Charge	\$ 1,170.37	\$ 1,193.78	\$ 1,217.66	\$ 1,242.01	\$ 1,266.85	\$ 1,292.19	\$ 1,318.03	\$ 1,344.39
Total Monthly Bill - Water	\$ 2,751.58	\$ 2,806.62	\$ 2,862.75	\$ 2,920.00	\$ 2,978.40	\$ 3,037.97	\$ 3,098.73	\$ 3,160.71

Wastewater								
Base Charge	\$ 27.59	\$ 28.14	\$ 28.71	\$ 29.28	\$ 29.87	\$ 30.46	\$ 31.07	\$ 31.69
Volume Charge Per Thousand Gallons	\$ 2.78	\$ 2.84	\$ 2.89	\$ 2.95	\$ 3.01	\$ 3.07	\$ 3.13	\$ 3.19
Total Volume Charge	\$ 1,111.93	\$ 1,134.17	\$ 1,156.85	\$ 1,179.99	\$ 1,203.59	\$ 1,227.66	\$ 1,252.21	\$ 1,277.26
Total Monthly Bill - Wastewater	\$ 1,139.52	\$ 1,162.31	\$ 1,185.56	\$ 1,209.27	\$ 1,233.45	\$ 1,258.12	\$ 1,283.28	\$ 1,308.95

Restaurant	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Water								
Monthly Usage (Gallons)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Base Charge - 1" Meter (Includes 2,000 gallons usage)	\$ 66.01	\$ 67.34	\$ 68.68	\$ 70.06	\$ 71.46	\$ 72.89	\$ 74.34	\$ 75.83
Volume Charge Per Thousand Gallons	\$ 2.94	\$ 3.00	\$ 3.06	\$ 3.12	\$ 3.18	\$ 3.25	\$ 3.31	\$ 3.38
Total Volume Charge	\$ 82.34	\$ 83.98	\$ 85.66	\$ 87.38	\$ 89.13	\$ 90.91	\$ 92.73	\$ 94.58
Total Monthly Bill - Water	\$ 148.35	\$ 151.32	\$ 154.35	\$ 157.43	\$ 160.58	\$ 163.79	\$ 167.07	\$ 170.41

Wastewater								
Base Charge	\$ 27.59	\$ 28.14	\$ 28.71	\$ 29.28	\$ 29.87	\$ 30.46	\$ 31.07	\$ 31.69
Volume Charge Per Thousand Gallons	\$ 2.78	\$ 2.84	\$ 2.89	\$ 2.95	\$ 3.01	\$ 3.07	\$ 3.13	\$ 3.19
Total Volume Charge	\$ 83.39	\$ 85.06	\$ 86.76	\$ 88.50	\$ 90.27	\$ 92.07	\$ 93.92	\$ 95.79
Total Monthly Bill - Wastewater	\$ 110.99	\$ 113.21	\$ 115.47	\$ 117.78	\$ 120.13	\$ 122.54	\$ 124.99	\$ 127.49

Convenience Store / Gas Station	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Water								
Monthly Usage (Gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Base Charge - 1" Meter (Includes 2,000 gallons usage)	\$ 66.01	\$ 67.34	\$ 68.68	\$ 70.06	\$ 71.46	\$ 72.89	\$ 74.34	\$ 75.83
Volume Charge Per Thousand Gallons	\$ 2.94	\$ 3.00	\$ 3.06	\$ 3.12	\$ 3.18	\$ 3.25	\$ 3.31	\$ 3.38
Total Volume Charge	\$ 30.88	\$ 31.49	\$ 32.12	\$ 32.77	\$ 33.42	\$ 34.09	\$ 34.77	\$ 35.47
Total Monthly Bill - Water	\$ 96.89	\$ 98.83	\$ 100.81	\$ 102.82	\$ 104.88	\$ 106.98	\$ 109.12	\$ 111.30

Schedule 4
 City of San Luis Economic Impact Analysis
 San Luis Commercial Holdings, LLC Multi-Use Project
 Fiscal Impact Assumptions

Description	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2025	2026	2027	2028	2029	2030	2031	2032
Wastewater								
Base Charge	\$ 27.59	\$ 28.14	\$ 28.71	\$ 29.28	\$ 29.87	\$ 30.46	\$ 31.07	\$ 31.69
Volume Charge Per Thousand Gallons	\$ 2.78	\$ 2.84	\$ 2.89	\$ 2.95	\$ 3.01	\$ 3.07	\$ 3.13	\$ 3.19
Total Volume Charge	\$ 34.75	\$ 35.44	\$ 36.15	\$ 36.87	\$ 37.61	\$ 38.36	\$ 39.13	\$ 39.91
Total Monthly Bill - Wastewater	\$ 62.34	\$ 63.59	\$ 64.86	\$ 66.15	\$ 67.48	\$ 68.83	\$ 70.20	\$ 71.61

Schedule 5
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Fiscal Impact Details

Description	Construction 2017	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 6 2023	Year 7 2024
TRANSACTION PRIVILEGE TAXES								
Transaction Privilege Taxes on Construction Materials	\$ 109,300	\$ 36,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transaction Privilege Taxes	(1)	\$ 64,500	\$ 128,900	\$ 197,200	\$ 257,800	\$ 263,000	\$ 268,300	\$ 273,600
Less: Proposed Tax Credit	(1)	32,300	64,500	98,600	128,900	131,500	134,200	136,800
Transaction Privilege Tax Revenues Paid	\$	\$ 32,200	\$ 64,400	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,100	\$ 136,800
Total Transaction Privilege Taxed Paid	\$ 109,300	\$ 68,600	\$ 64,400	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,100	\$ 136,800
UTILITY SYSTEM REVENUES								
Water								
Hotel	(1)	\$ 5,700	\$ 25,600	\$ 28,900	\$ 30,500	\$ 31,100	\$ 31,700	\$ 32,400
Restaurant	(1)	300	1,300	1,500	1,600	1,700	1,700	1,700
Convenience Store / Gas Station	(1)	200	900	1,000	1,100	1,100	1,100	1,100
Total Water	\$	\$ 6,200	\$ 27,800	\$ 31,400	\$ 33,200	\$ 33,900	\$ 34,500	\$ 35,200
Wastewater								
Hotel	(1)	\$ 1,500	\$ 8,600	\$ 11,500	\$ 12,600	\$ 12,900	\$ 13,100	\$ 13,400
Restaurant	(1)	200	900	1,100	1,200	1,300	1,300	1,300
Convenience Store / Gas Station	(1)	100	500	600	700	700	700	700
Total Wastewater	\$	\$ 1,800	\$ 10,000	\$ 13,200	\$ 14,500	\$ 14,900	\$ 15,100	\$ 15,400
Total Utility System Revenues	(1)	\$ 8,000	\$ 37,800	\$ 44,600	\$ 47,700	\$ 48,800	\$ 49,600	\$ 50,600
TAX CREDIT ANALYSIS								
Proposed Tax Credit	(1)	\$ 32,300	\$ 64,500	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,200	\$ 136,800
Less:								
Transaction Privilege Taxes Paid	(1)	32,200	64,400	98,600	128,900	131,500	134,100	136,800
Utility System Revenues	(1)	8,000	37,800	44,600	47,700	48,800	49,600	50,600
Remaining Revenue to be Recovered		N/A						
Payroll Conversion Factor	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775
Minimum Additional Payroll Needed (in City)	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Demand Factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Additional Direct Payroll Needed								
Annual	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Payroll Anticipated								
Annual	\$ 3,302,400	\$ 2,703,800	\$ 901,400	\$ 1,154,400	\$ 1,183,200	\$ 1,213,200	\$ 1,243,200	\$ 1,274,400
Cumulative	\$ 3,302,400	\$ 6,006,200	\$ 6,907,600	\$ 8,062,000	\$ 9,245,200	\$ 10,458,400	\$ 11,701,600	\$ 12,976,000

Notes:
(1) Construction Projected to last approximately 21 months.

Schedule 5
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Fiscal Impact Details

Description	Year 8 2025	Year 9 2026	Year 10 2027	Year 11 2028	Year 12 2029	Year 13 2030	Year 14 2031	Year 15 2032
TRANSACTION PRIVILEGE TAXES								
Transaction Privilege Taxes on Construction Materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transaction Privilege Taxes	\$ 279,100	\$ 284,600	\$ 290,300	\$ 296,100	\$ 302,100	\$ 308,000	\$ 314,200	\$ 320,500
Less: Proposed Tax Credit	139,600	142,300	145,200	148,100	151,100	154,000	157,100	58,800
Transaction Privilege Tax Revenues Paid	\$ 139,500	\$ 142,300	\$ 145,100	\$ 148,000	\$ 151,000	\$ 154,000	\$ 157,100	\$ 261,700
Total Transaction Privilege Taxed Paid	\$ 139,500	\$ 142,300	\$ 145,100	\$ 148,000	\$ 151,000	\$ 154,000	\$ 157,100	\$ 261,700
UTILITY SYSTEM REVENUES								
Water								
Hotel	\$ 33,000	\$ 33,700	\$ 34,400	\$ 35,000	\$ 35,700	\$ 36,500	\$ 37,200	\$ 37,900
Restaurant	1,800	1,800	1,900	1,900	1,900	2,000	2,000	2,000
Convenience Store / Gas Station	1,200	1,200	1,200	1,200	1,300	1,300	1,300	1,300
Total Water	\$ 36,000	\$ 36,700	\$ 37,500	\$ 38,100	\$ 38,900	\$ 39,800	\$ 40,500	\$ 41,200
Wastewater								
Hotel	\$ 13,700	\$ 13,900	\$ 14,200	\$ 14,500	\$ 14,800	\$ 15,100	\$ 15,400	\$ 15,700
Restaurant	1,300	1,400	1,400	1,400	1,400	1,500	1,500	1,500
Convenience Store / Gas Station	700	800	800	800	800	800	800	900
Total Wastewater	\$ 15,700	\$ 16,100	\$ 16,400	\$ 16,700	\$ 17,000	\$ 17,400	\$ 17,700	\$ 18,100
Total Utility System Revenues	\$ 51,700	\$ 52,800	\$ 53,900	\$ 54,800	\$ 55,900	\$ 57,200	\$ 58,200	\$ 59,300
TAX CREDIT ANALYSIS								
Proposed Tax Credit	\$ 139,600	\$ 142,300	\$ 145,200	\$ 148,100	\$ 151,100	\$ 154,000	\$ 157,100	\$ 58,800
Less:								
Transaction Privilege Taxes Paid	139,500	142,300	145,100	148,000	151,000	154,000	157,100	261,700
Utility System Revenues	51,700	52,800	53,900	54,800	55,900	57,200	58,200	59,300
Remaining Revenue to be Recovered	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payroll Conversion Factor	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775
Minimum Additional Payroll Needed (in City)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Demand Factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Additional Direct Payroll Needed								
Annual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Payroll Anticipated								
Annual	\$ 1,306,800	\$ 1,339,200	\$ 1,372,800	\$ 1,407,600	\$ 1,442,400	\$ 1,478,400	\$ 1,515,600	\$ 1,554,000
Cumulative	\$ 14,282,800	\$ 15,622,000	\$ 16,994,800	\$ 18,402,400	\$ 19,844,800	\$ 21,323,200	\$ 22,838,800	\$ 24,392,800

Schedule 6
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
Projected Fiscal Impacts

Description	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2017	2018	2019	2020	2021	2022	2023	2024
PROJECTED TRANSACTION PRIVILEGE TAXES CREDIT (1)								
Annual	\$ -	\$ 32,300	\$ 64,500	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,200	\$ 136,800
Cumulative	\$ -	\$ 32,300	\$ 96,800	\$ 195,400	\$ 324,300	\$ 455,800	\$ 590,000	\$ 726,800
PROJECTED SOURCES OF REVENUE								
Transaction Privilege Taxes Paid								
From Construction Purchases	\$ 109,300	\$ 36,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From Businesses On Site (1)	\$ -	\$ 32,200	\$ 64,400	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,100	\$ 136,800
Total Annual	\$ 109,300	\$ 68,600	\$ 64,400	\$ 98,600	\$ 128,900	\$ 131,500	\$ 134,100	\$ 136,800
Cumulative	\$ 109,300	\$ 177,900	\$ 242,300	\$ 340,900	\$ 469,800	\$ 601,300	\$ 735,400	\$ 872,200
Utility System Revenue								
Annual	\$ -	\$ 8,000	\$ 37,800	\$ 44,600	\$ 47,700	\$ 48,800	\$ 49,600	\$ 50,600
Cumulative	\$ -	\$ 8,000	\$ 45,800	\$ 90,400	\$ 138,100	\$ 186,900	\$ 236,500	\$ 287,100
Payroll Revenue Impacts								
Annual Direct Payroll	\$ 3,302,400	\$ 2,703,800	\$ 901,400	\$ 1,154,400	\$ 1,183,200	\$ 1,213,200	\$ 1,243,200	\$ 1,274,400
Direct Demand Factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Payroll Conversion Factor (2)	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775
Total Revenue Payroll Impacts	\$ 91,600	\$ 75,000	\$ 25,000	\$ 32,000	\$ 32,800	\$ 33,700	\$ 34,500	\$ 35,400
Cumulative	\$ 91,600	\$ 166,600	\$ 191,600	\$ 223,600	\$ 256,400	\$ 290,100	\$ 324,600	\$ 360,000
TOTAL PROJECTED SOURCES OF REVENUE								
Annual	\$ 200,900	\$ 151,600	\$ 127,200	\$ 175,200	\$ 209,400	\$ 214,000	\$ 218,200	\$ 222,800
Cumulative	\$ 200,900	\$ 352,500	\$ 479,700	\$ 654,900	\$ 864,300	\$ 1,078,300	\$ 1,296,500	\$ 1,519,300

Notes:

- (1) Assumes 50% credit of annual transaction privilege taxes due.
- (2) Includes City's share of additional State Tax as well as Transaction Privilege Taxes from additional consumer spending.

Schedule 6
City of San Luis Economic Impact Analysis
San Luis Commercial Holdings, LLC Multi-Use Project
 Projected Fiscal Impacts

Description	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2025	2026	2027	2028	2029	2030	2031	2032
PROJECTED TRANSACTION PRIVILEGE TAXES CREDIT (1)								
Annual	\$ 139,600	\$ 142,300	\$ 145,200	\$ 148,100	\$ 151,100	\$ 154,000	\$ 157,100	\$ 58,800
Cumulative	\$ 866,400	\$ 1,008,700	\$ 1,153,900	\$ 1,302,000	\$ 1,453,100	\$ 1,607,100	\$ 1,764,200	\$ 1,823,000
PROJECTED SOURCES OF REVENUE								
Transaction Privilege Taxes Paid								
From Construction Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From Businesses On Site (1)	\$ 139,500	\$ 142,300	\$ 145,100	\$ 148,000	\$ 151,000	\$ 154,000	\$ 157,100	\$ 261,700
Total Annual	\$ 139,500	\$ 142,300	\$ 145,100	\$ 148,000	\$ 151,000	\$ 154,000	\$ 157,100	\$ 261,700
Cumulative	\$ 1,011,700	\$ 1,154,000	\$ 1,299,100	\$ 1,447,100	\$ 1,598,100	\$ 1,752,100	\$ 1,909,200	\$ 2,170,900
Utility System Revenue								
Annual	\$ 51,700	\$ 52,800	\$ 53,900	\$ 54,800	\$ 55,900	\$ 57,200	\$ 58,200	\$ 59,300
Cumulative	\$ 338,800	\$ 391,600	\$ 445,500	\$ 500,300	\$ 556,200	\$ 613,400	\$ 671,600	\$ 730,900
Payroll Revenue Impacts								
Annual Direct Payroll	\$ 1,306,800	\$ 1,339,200	\$ 1,372,800	\$ 1,407,600	\$ 1,442,400	\$ 1,478,400	\$ 1,515,600	\$ 1,554,000
Direct Demand Factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Payroll Conversion Factor (2)	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775	0.02775
Total Revenue Payroll Impacts	\$ 36,300	\$ 37,200	\$ 38,100	\$ 39,100	\$ 40,000	\$ 41,000	\$ 42,100	\$ 43,100
Cumulative	\$ 396,300	\$ 433,500	\$ 471,600	\$ 510,700	\$ 550,700	\$ 591,700	\$ 633,800	\$ 676,900
TOTAL PROJECTED SOURCES OF REVENUE								
Annual	\$ 227,500	\$ 232,300	\$ 237,100	\$ 241,900	\$ 246,900	\$ 252,200	\$ 257,400	\$ 364,100
Cumulative	\$ 1,746,800	\$ 1,979,100	\$ 2,216,200	\$ 2,458,100	\$ 2,705,000	\$ 2,957,200	\$ 3,214,600	\$ 3,578,700

Attachment A

9-500.11. Expenditures for economic development; requirements; definitions

(L05, Ch. 200, sec. 1)

A. In addition to any other powers granted to a city or town, the governing body of a city or town may appropriate and spend public monies for and in connection with economic development activities.

B. To fund economic development activities under this section, a city or town subject to the requirements of section 9-500.06 shall not impose a new fee or tax on a single specific industry or type of business.

C. Notwithstanding section 19-142, subsection B, a decision by the governing body involving an expenditure pursuant to this section shall not be enacted as an emergency measure and that decision is not effective for at least thirty days after final approval of the expenditure.

D. Before entering into a retail development tax incentive agreement, a city or town shall make a finding by a simple majority vote of the governing body without the use of consent calendar that includes both of the following:

1. That the proposed tax incentive is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement.

2. That in the absence of a tax incentive, the retail business facility or similar retail business facility would not locate in the city or town in the same time, place or manner.

E. A city or town located in or within twenty-five miles of the exterior boundary of a metropolitan statistical area having a population of more than two million persons shall make a finding pursuant to subsection D of this section, by a two-thirds vote of the governing body.

F. A city or town shall not enter into a retail tax incentive agreement if the proposed tax incentive raises less revenue than the amount of the incentive.

G. A city or town shall present a status report of the revenues and expenses associated with the tax incentive every two years for the duration of the agreement in a public meeting.

H. The finding made pursuant to subsection D, paragraph 1 of this section shall be verified by an independent third party before the city or town enters into the retail development incentive agreement.

I. The adoption of the retail development tax incentive agreement shall be approved by a simple majority vote of the governing body without the use of consent calendar. For a city or town located in or within twenty-five miles of the exterior boundary of a metropolitan statistical area having a population of more than two million persons, the adoption of a retail development tax incentive agreement shall be approved by an affirmative vote of at least two-thirds of the governing body without the use of consent calendar.

J. A person or business entity receiving the retail development tax incentive agreement shall not finance the independent third party verification of the findings or have input into the selection of the independent third party verifying the findings.

K. A city or town shall adopt a notice of intent to enter into a retail development tax incentive agreement at least fourteen days before approving a retail development tax incentive agreement.

L. Subsection D of this section does not apply to tax incentives given to a business entity in an area that is designated by a city or town as a redevelopment project as defined in section 36-1471.

M. For the purposes of this section:

1. "Economic development activities" means any project, assistance, undertaking, program or study, whether within or outside the boundaries of the city or town, including acquisition, improvement, redevelopment, leasing or conveyance of improved or unimproved real or personal property or other activity, that the governing body of the city or town has found and determined will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants of the city or town.

2. "Expenditure" includes any waiver, exemption, deduction, credit, rebate, discount, deferral or other abatement or reduction of the normal municipal tax liability that otherwise applies to similar existing business entities and properties in that city or town, however denominated, computed or applied, and that is generally understood as an inducement to locate a business facility or other operation in the city or town.

3. "Metropolitan statistical area" means a geographical area consisting of cities, towns and other populated areas defined for federal statistical and census purposes by the United States office of management and budget with technical assistance from the United States bureau of the census.

4. "Retail" means the sale of tangible personal property, except the sale of tangible personal property to a person who is engaged in the business of selling such property.

5. "Retail development activities" means those economic development activities that involve the acquisition, improvement, leasing or conveyance of improved or unimproved real or personal property or other activity to facilitate the sale of goods at retail, including the sale of automobiles, or to facilitate other activities, including theater and restaurant development, that generate revenues that are subject to municipal transaction privilege taxation.

6. "Retail development tax incentive agreement" means an agreement between a city or town and a person engaged in or planning to engage in retail development activities within that city or town in which the city or town agrees to pay, refund, credit, rebate or otherwise provide to that person all or a portion of the sales, use or transaction privilege taxes payable to that city or town in connection with the construction, development or operation of the retail development activities.

Arizona Revised Statutes Annotated
Constitution of the State of Arizona (Refs & Annos)
Article IX. Public Debt, Revenue, and Taxation

A.R.S. Const. Art. 9 § 7

§ 7. Gift or loan of credit; subsidies; stock ownership; joint ownership

Currentness

Section 7. Neither the state, nor any county, city, town, municipality, or other subdivision of the state shall ever give or loan its credit in the aid of, or make any donation or grant, by subsidy or otherwise, to any individual, association, or corporation, or become a subscriber to, or a shareholder in, any company or corporation, or become a joint owner with any person, company, or corporation, except as to such ownerships as may accrue to the state by operation or provision of law or as authorized by law solely for investment of the monies in the various funds of the state.

Credits

Amended by Laws 1998, S.C.R. 1007, § 3, approved election Nov. 3, 1998, eff. Nov. 23, 1998.

A. R. S. Const Art. 9 § 7, AZ CONST Art. 9 § 7

Current through the Second Regular Session of the Fifty-Second Legislature (2016), and includes Election Results from the November 8, 2016 General Election

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Arizona Revised Statutes Annotated

Title 9. Cities and Towns

Chapter 4. General Powers

Article 8. Miscellaneous (Refs & Annos)

A.R.S. § 9-500.05

§ 9-500.05. Development agreements; public safety; definitions

Currentness

A. A municipality, by resolution or ordinance, may enter into development agreements relating to property in the municipality and to property located outside the incorporated area of the municipality. If the development agreement relates to property located outside the incorporated area of the municipality, the development agreement does not become operative unless annexation proceedings to annex the property to the municipality are completed within the period of time specified by the development agreement or any extension of such time.

B. A development agreement shall be consistent with the municipality's general plan or specific plan, if any, as defined in § 9-461, applicable to the property on the date the development agreement is executed.

C. A development agreement may be amended, or cancelled in whole or in part, by mutual consent of the parties to the development agreement or by their successors in interest or assigns.

D. No later than ten days after a municipality enters into a development agreement, the municipality shall record a copy of the agreement with the county recorder of the county in which the property subject to the development agreement is located, and the recordation constitutes notice of the development agreement to all persons. The burdens of the development agreement are binding on, and the benefits of the development agreement inure to, the parties to the agreement and to all their successors in interest and assigns.

E. [Section 32-2181](#) does not apply to development agreements under this section.

F. Notwithstanding any other law, a municipality may provide by resolution or ordinance for public safety purposes, and with the written consent of an owner of property that has been granted a development agreement pursuant to this section, an owner of a protected development right pursuant to chapter 11 of this title¹ or the owner of any other residential or commercial development subject to the supervision of a municipality pursuant to this title, for the application and enforcement of speed limits, vehicle weight restrictions or other safety measures on a private road that is located in any development in the municipality and that is open to and used by the public. A municipality may require payment from the property owner of the actual cost of signs for speed limits or other restrictions applicable on the private road, before their installation.

G. Notwithstanding [§ 19-142, subsection B](#), a decision by the governing body involving a development agreement may not be enacted as an emergency measure and that decision is not effective for at least thirty days after final approval of the development agreement.

H. In this section, unless the context otherwise requires:

1. “Development agreement” means an agreement between a municipality and a community facilities district pursuant to § 48-709, a landowner or any other person having an interest in real property that may specify or otherwise relate to any of the following:

(a) The duration of the development agreement.

(b) The permitted uses of property subject to the development agreement.

(c) The density and intensity of uses and the maximum height and size of proposed buildings within such property.

(d) Provisions for reservation or dedication of land for public purposes and provisions to protect environmentally sensitive lands.

(e) Provisions for preservation and restoration of historic structures.

(f) The phasing or time of construction or development on property subject to the development agreement.

(g) Conditions, terms, restrictions and requirements for public infrastructure and the financing of public infrastructure and subsequent reimbursements over time.

(h) Conditions, terms, restrictions and requirements for annexation of property by the municipality and the phasing or timing of annexation of property by the municipality.

(i) Conditions, terms, restrictions and requirements of deannexation of property from one municipality to another municipality and the phasing or timing of deannexation of property from one municipality to another municipality.

(j) Conditions, terms, restrictions and requirements relating to the governing body’s intent to form a special taxing district pursuant to title 48.²

(k) Any other matters relating to the development of the property.

2. “Governing body” means the body or board which by law is constituted as the legislative body of the municipality.

3. “Municipality” means an incorporated city or town.

Credits

Added by Laws 1988, Ch. 320, § 2. Amended by Laws 1997, Ch. 113, § 1; Laws 2005, Ch. 105, § 1.

Footnotes

¹ Section 9-1201 et seq.

§ 9-500.05. Development agreements; public safety; definitions, AZ ST § 9-500.05

² Section 48-101 et seq.

A. R. S. § 9-500.05, AZ ST § 9-500.05

Current through legislation effective May 3, 2017 of the First Regular Session of the Fifty-Third Legislature (2017)

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Arizona Revised Statutes Annotated

Title 9. Cities and Towns

Chapter 4. General Powers

Article 8. Miscellaneous (Refs & Annos)

A.R.S. § 9-500.11

§ 9-500.11. Expenditures for economic development; requirements; definitions

Currentness

<Text of section as amended by [Laws 2005, Ch. 200, § 1](#). See, also, section amended by [Laws 2005, Ch. 105, § 2](#).>

A. In addition to any other powers granted to a city or town, the governing body of a city or town may appropriate and spend public monies for and in connection with economic development activities.

B. To fund economic development activities under this section, a city or town subject to the requirements of [§ 9-500.06](#) shall not impose a new fee or tax on a single specific industry or type of business.

C. Notwithstanding [§ 19-142, subsection B](#), a decision by the governing body involving an expenditure pursuant to this section shall not be enacted as an emergency measure and that decision is not effective for at least thirty days after final approval of the expenditure.

D. Before entering into a retail development tax incentive agreement, a city or town shall make a finding by a simple majority vote of the governing body without the use of consent calendar that includes both of the following:

1. That the proposed tax incentive is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement.

2. That in the absence of a tax incentive, the retail business facility or similar retail business facility would not locate in the city or town in the same time, place or manner.

E. A city or town located in or within twenty-five miles of the exterior boundary of a metropolitan statistical area having a population of more than two million persons shall make a finding pursuant to subsection D of this section, by a two-thirds vote of the governing body.

F. A city or town shall not enter into a retail tax incentive agreement if the proposed tax incentive raises less revenue than the amount of the incentive.

G. A city or town shall present a status report of the revenues and expenses associated with the tax incentive every two years for the duration of the agreement in a public meeting.

H. The finding made pursuant to subsection D, paragraph 1 of this section shall be verified by an independent third party before the city or town enters into the retail development incentive agreement.

I. The adoption of the retail development tax incentive agreement shall be approved by a simple majority vote of the governing body without the use of consent calendar. For a city or town located in or within twenty-five miles of the exterior boundary of a metropolitan statistical area having a population of more than two million persons, the adoption of a retail development tax incentive agreement shall be approved by an affirmative vote of at least two-thirds of the governing body without the use of consent calendar.

J. A person or business entity receiving the retail development tax incentive agreement shall not finance the independent third party verification of the findings or have input into the selection of the independent third party verifying the findings.

K. A city or town shall adopt a notice of intent to enter into a retail development tax incentive agreement at least fourteen days before approving a retail development tax incentive agreement.

L. Subsection D of this section does not apply to tax incentives given to a business entity in an area that is designated by a city or town as a redevelopment project as defined in § 36-1471.

M. For the purposes of this section:

1. "Economic development activities" means any project, assistance, undertaking, program or study, whether within or outside the boundaries of the city or town, including acquisition, improvement, redevelopment, leasing or conveyance of improved or unimproved real or personal property or other activity, that the governing body of the city or town has found and determined will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants of the city or town.

2. "Expenditure" includes any waiver, exemption, deduction, credit, rebate, discount, deferral or other abatement or reduction of the normal municipal tax liability that otherwise applies to similar existing business entities and properties in that city or town, however denominated, computed or applied, and that is generally understood as an inducement to locate a business facility or other operation in the city or town.

3. "Metropolitan statistical area" means a geographical area consisting of cities, towns and other populated areas defined for federal statistical and census purposes by the United States office of management and budget with technical assistance from the United States bureau of the census.

4. "Retail" means the sale of tangible personal property, except the sale of tangible personal property to a person who is engaged in the business of selling such property.

5. "Retail development activities" means those economic development activities that involve the acquisition, improvement, leasing or conveyance of improved or unimproved real or personal property or other activity to facilitate the sale of goods at retail, including the sale of automobiles, or to facilitate other activities, including theater and restaurant development, that generate revenues that are subject to municipal transaction privilege taxation.

6. "Retail development tax incentive agreement" means an agreement between a city or town and a person engaged in or planning to engage in retail development activities within that city or town in which the city or town agrees to pay, refund, credit, rebate or otherwise provide to that person all or a portion of the sales, use or transaction privilege taxes payable to that city or town in connection with the construction, development or operation of the retail development activities.

§ 9-500.11. Expenditures for economic development;..., AZ ST § 9-500.11

Credits

Added as § 9-500.10 by [Laws 1994, Ch. 280, § 2](#). Renumbered as § 9-500.11. Amended by [Laws 2005, Ch. 200, § 1](#).

A. R. S. § 9-500.11, AZ ST § 9-500.11

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