



April 27, 2015

CITY COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM: Joel Gastelum, Planning, Zoning and Development Services Director

SUBJECT: Economic Vitality

AFFECTED DEPARTMENTS: Planning, Zoning and Development Services, Economic Development, City Manager

ITEM REQUEST: Economic Vitality Update

TITLE OF AGENDA ITEM: Economic Vitality

EXECUTIVE SUMMARY: City staff is preparing a three part approach to improving the Economic Vitality of South Tucson, which includes adopting incentives to attract new business, retaining and encouraging the existing businesses, and expanding the physical size of South Tucson.

Development incentives

The City has the opportunity to create a development incentive program called the Government Property Lease Excise Tax (GPLET). The GPLET can offer up to eight (8) years of property tax abatement to encourage specific development projects.

There are steps and processes required by state law that must be taken to adopt this incentive; the identification of a redevelopment area and the designation of a central business district within the area. Development projects eligible for the GPLET incentive must be located within that designated central business district. Staff has identified a potential area for the business district which is approximately 37 acres located on the southern boundary of the City, specifically the I-10 frontage east of Sixth Avenue.

The benefit to the City lies in the increased value of the developed properties that in the long-term would generate additional property tax revenue. In the short-term, the project would provide jobs and spur sales-tax generating retail activity.

Corridor development

The largest part of the City's economic activity will always take place along Fourth and Sixth Avenues and these business corridors must be differentiated and developed in different ways.

Appropriate development must protect the City's strong cultural identity. In fact, the ethnic flavor of South Tucson *is a key* to economic development, especially along Fourth Avenue. The existing restaurants, public art, skilled performing artists, language and vibrant cultural environment form the basis for a South Tucson Arts and Culture District centered along Fourth Avenue. The vision is to encourage more mixed use and more pedestrian activity; attract more artists, artisans, and art studios to the district, especially those that reflect Mexican and indigenous American art and culture.

Sixth Avenue is the major commercial district, home to a mix of commercial businesses. There are numerous opportunities for additional business development, especially locally-owned businesses. The Sixth Avenue corridor is also targeted for significant pedestrian enhancements, landscaping and open space improvements, including a crossing of the El Paso & Southwestern Greenway.

Possible Expansion

City staff is researching the possibility of increasing the physical size of South Tucson through annexation of an area bounded by 22nd Street on the north, Interstate 10 to the west and Park Avenue to the east. Bringing this area into the City would create many new opportunities for commercial development along both 22nd Street and Park Avenue. Additional retail will create employment opportunities for our residents while bringing the City additional property and sales tax revenue (the City's largest single revenue source).

An increase in City population would also increase our state shared revenue, which is based on population. State shared revenues help fund services, such as police, fire, and transportation.

RECOMMENDATION(S): The City Manager to proceed with the initiatives described within; establishment of a redevelopment area, defining the characteristics of Fourth and Sixth Avenues, researching the possible expansion of the City.

ATTACHMENTS: Map
PowerPoint presentation

City Manager Concurrence: _____



City of South Tucson

Economic Vitality

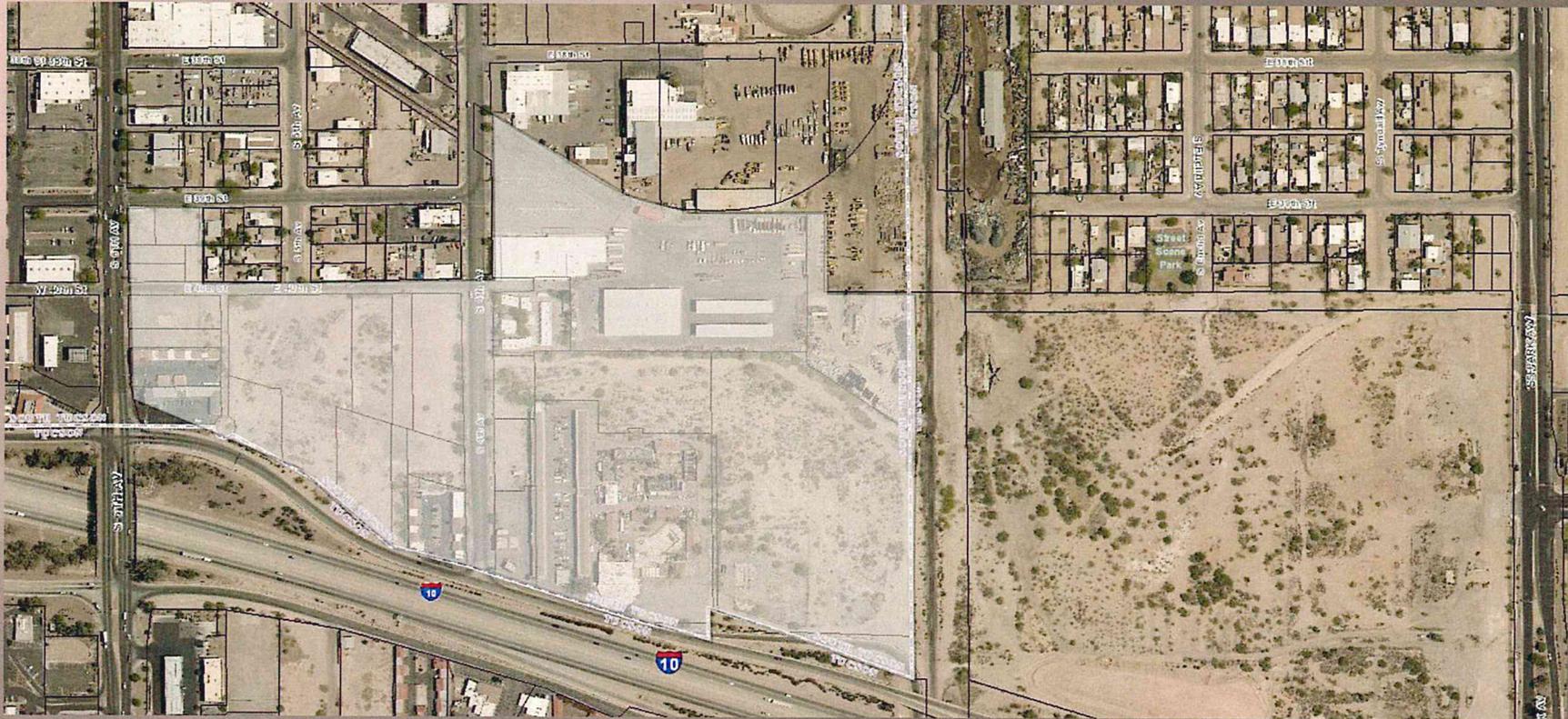


Economic Vitality – Three-Part Approach

- Adopt incentives to attract new businesses
- Retain and expand existing businesses
- Evaluate potential for expanding size of South Tucson

Economic Vitality Proposed Redevelopment Area

Central Business District- Approx 37 acres



Economic Vitality Proposed Redevelopment Area



Economic Vitality – Development Incentive

Government Property Lease Excise Tax (GPLET)

Create Redevelopment Area/Central
Business District

Property tax abatement (8 years)

Benefits:

Increased property and sales tax
revenues

Employment opportunities

Economic Vitality – Fourth Avenue Corridor



Economic Vitality – Sixth Avenue Corridor



Economic Vitality



Economic Vitality – City Expansion?

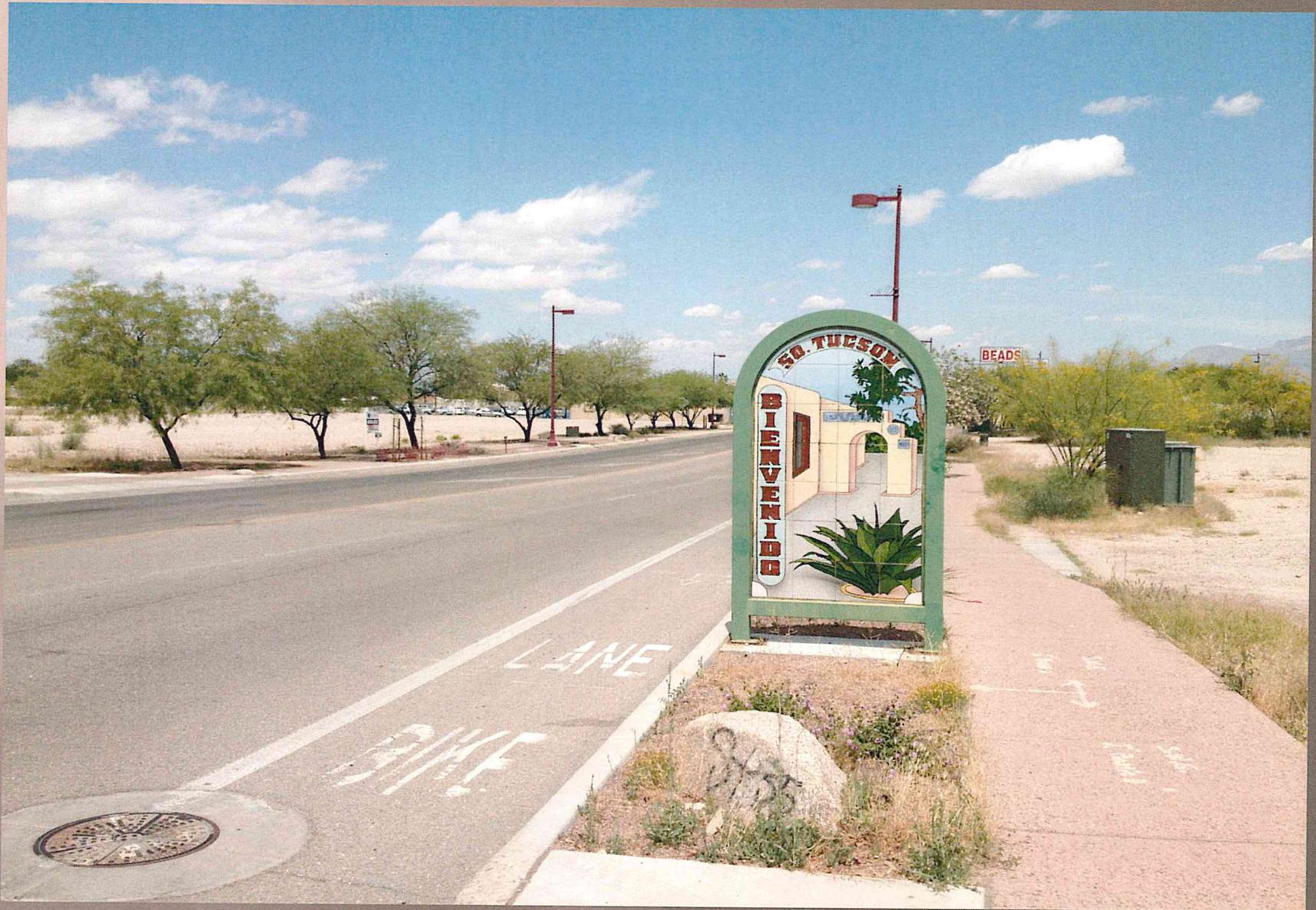
- North to 22nd Street
- West to I-10
- East to Park Avenue

For discussion with the City of Tucson

Economic Vitality – Expansion Benefits

- New commercial development opportunities (22nd St and Park Avenue)
- Additional employment opportunities
- Increased retail sales tax, property tax revenue

Next Steps.....



INITIAL QUESTIONS OR COMMENTS

