



City of Bisbee
iBisbee Committee
118 Arizona Street
Bisbee, AZ 85603

Wednesday, February 19, 2014 at 6:00 p.m.

Agenda

THE ORDER OR DELETION OF ANY ITEM ON THIS AGENDA IS SUBJECT TO MODIFICATION AT THE MEETING.

6:00 p.m. Call to Order

Roll Call:

Stanley Stern, Chair
Fred Miller, Vice-Chair
Elias Jouen
Scott Ries

Carrie Gustavson
Peter Goldlust
Kathy Sowden

David Smith, City of Bisbee Council Member

Corinna Carbajal, Staff Liaison

CALL TO THE PUBLIC –

Item 1:

Discussion and Possible Recommendation to the Bisbee City Council for Consideration of the Relocation of the Visitor Center from the Mine Tour to the Bisbee Mining and Historic Museum.

Discussion and Possible Recommendation to the Bisbee City Council for consideration of the relocation of the Visitor Center from the Mine Tour to the Bisbee Mining and Historic Museum.

Fred Miller, Vice-Chair

Item 2:

Discussion Only, Presentation By David Fackler of D2FPD, Inc. and Accompanying Handout Concerning Tools for Economic Development.

Discussion only, a presentation by David Fackler of D2FPD, Inc. and accompanying handout concerning tools for Economic Development.

David Fackler, D2FPD

Item 3:

Discussion only on Councilman Dunn's Draft "Economic Development Strategy for Bisbee" as a Launching Pad for the March 19th iBisbee Meeting.

Discussion only, on Councilman Dunn's draft "Economic Development Strategy for Bisbee" as a launching pad discussion for the March 19th iBisbee meeting.

Stanley Stern, Chair

POTENTIAL AGENDA ITEMS FOR NEXT MEETING:

STAFF COMMENTS:

MEMBER'S COMMENTS (NOT OPEN FOR DISCUSSION):

ADJOURNMENT:

Next meeting: Wednesday, March 19, 2014 at 6:00 p.m.

PERSONS NEEDING SPECIAL ACCOMMODATIONS TO ATTEND THIS MEETING SHOULD CONTACT CORINNA CARBAJAL, COMMITTEE LIAISON, AT (520) 432-6016, AT LEAST TWENTY-FOUR HOURS BEFORE THE MEETING.



D²Fackler Planning & Development
224 E. Brentrup Drive, Tempe, Arizona 85283
480.839.0834

January 15, 2014

Mr. Stanley Stern
P.O. Box 4008
Bisbee, AZ 85603

Re: Downtown Bisbee Planning

Dear Stan;

This letter is a follow-up to our telephone conversation yesterday with your fellow iBisbee committee member, Scott Ries, about challenges and opportunities for rehabilitation, revitalization and redevelopment within Downtown Bisbee. The Bisbee downtown (the “**Downtown**”) has remained virtually unchanged for many decades with some bright, exceptions of limited reinvestment. The 2008-2011 national and state recession helped only too worsen the pattern of “disinvestment” that continues within the Downtown, again with some bright exceptions.

In 2008-2009, my firm D²FPD, then known as NFPD, was working with Scott’s, Border Cities Land Corporation, and Bisbee city leaders and staff toward the possible creation of a Downtown redevelopment area and reinvestment strategy for the community. All of this work and discussion ended with the deepening recession. Across the state many towns and cities have created or are in the process of creating “tool kits” of economic development strategies and incentives used to form the public/private partnerships necessary to change a pattern of disinvestment to one of reinvestment and growth. There are great success stories where communities have redeveloped their downtown areas. A key element for many of these community efforts is the development of a Redevelopment Plan and Implementation Strategy which outline the development concepts chosen by the community contained therein that are intended to serve the community well through the coming decades and provide the framework for decision-making. However, Redevelopment Plans are not static, and implementation of a redevelopment plan needs to be dynamic and continually evolve through coming years, as ever-changing market opportunities present themselves. In Downtown Bisbee, the starting point for the development of a redevelopment plan most likely would be to start with the results of 2006 Old Bisbee Charrette to provide a “community based” redevelopment plan.

The central aspect of successful redevelopment plans is that they don’t occur by the application of private enterprise’s efforts alone. In all instances the community has “made it happen” by entering into public/private partnerships to spur redevelopment and encourage needed reinvestment. Communities utilizes a variety of redevelopment “tools” to make the economics

of each individual project work in the context of the then current market economy. The creation of this tool kit is what I recommend for Bisbee. This tool kit of economic development policies and financing tools to guide and incentivize private reinvestment, whether it is through rehabilitation of existing buildings or new development, will provide the City with a mechanism to “level the playing field” and “bridge the gap” to reinvestment and to bring about the revitalization of the Downtown area. The City should work closely with property owners, financial institutions, developers, business owners, and investors to identify and take advantage of opportunities for reinvestment appropriate to the Downtown area locations.

As we discussed in our telephone discussion many of the most beneficial tools in the tool kit can only be used in designated central business district redevelopment areas. This is because many of these tools have their basis in State Statutes tied directly to the creation of Redevelopment Districts and Infill Development Areas define in those statutes. Per your request, the following is a partial list of the most commonly used economic development tools used by towns and cities across the state. I’ll also attach an expanded explanation of these tools to this letter for your use in your discussions with civic leaders.

Bisbee Potential Economic Development Tools

Redevelopment District (ARS 36-1471 through 36-1491 etal) Economic Development Tools:

- Public Land Value Write-down and Disposition (ARS 36-1480)
- Government Property Lease Excise Tax (GPLET) ARS 42-6201-09
 - a. Abatement-8-year abatement of property tax of all taxing jurisdictions
- Use of Federal Grants and Loan Funds:
 - a. CDBG Funding (State and County)
 - i. Direct and Area Benefit to Low and Moderate Income People
 - ii. Removal of slum and blight conditions (economic development purposes)
- Business Improvement District (Enhanced Services District ARS 48-575)
 - a. Enhance Security & Public Safety (Street Ambassadors)
 - b. Unified District Management
 - c. Unified Parking Management and Development
 - d. District Promotion and Marketing
 - e. District Maintenance of Public Areas
- Infill Incentive District (ARS 9-499.10)
 - a. Expedited zoning or rezoning procedures
 - b. Expedited processing of plans and proposals
 - c. Waivers of municipal fees
 - d. Relief from development standards
- Sales Tax and Bed Tax Rebates (subject to the limitations of ARS 42-6010)
 - a. For Public and Quasi-Public Improvements
 - b. Economic Development Purposes under a Development Agreement (ARS 9-500.11)
 - c. Subject to limitations and conditions of state statutes.

Public/Private Funding Tools:

- Private Redevelopment Surcharge on all Taxable Activities:

- a. Contractually Imposed by Private Agreements
- b. Publicly collected by City
- c. City rebates all or a portion to Private Development
- d. Does not require public vote and not subject to referendum

Direct Participation By City:

- Acquisition and Disposition of Land
 - a. Land write-down sale or lease of land for redevelopment.
- Capital Improvement Program Funding
 - a. Direct City funding of Public and Quasi-Public Improvements
- Development Fee Reductions or Waivers
 - a. Must apply city-wide or in special districts
- Special Zoning Districts
 - a. Mixed-use zoning, both for vertical and horizontal integration of uses.
 - b. Higher Residential densities
 - c. Increased building heights
 - d. Special development standards, e.g. street retail setbacks, shared parking requirements, etc.
- Special Sales Tax (District or City-wide)
 - a. Requires approval of City Council to place on ballot
 - b. Requires city-wide vote even if only applicable to special district

Provision of Public Financing for Special Districts:

- General Improvement Districts: Streets, sidewalks and other Public Infrastructure and Facilities (ARS 48-501)
- Off-Street Parking Districts (ARS 48-503)
 - a. Land acquisition and development of public parking facilities
- Pedestrian Mall Improvement District (ARS 48-573)
 - a. Pedestrian Plazas, sidewalks, streetscape, lighting and landscaping
 - b. Off-street parking
 - c. On-street parking and parkways
- Community Facilities District (ARS 48-701) provides an alternate public finance mechanism for the development of public and quasi-public infrastructure. Does not require City to issue bonds for the district.

While the list above is not all inclusive, it does represent the most common economic incentive tools used in the state by towns and cities. As I mentioned earlier, I'll attach an expanded explanation of the more commonly use tools to this letter.

To create a redevelopment district for downtown Bisbee, or specific portions thereof, is a basic two-step process; first an assessment of whether or not the proposed area qualifies under state statute and second the creation of a redevelopment plan for the district. These two steps can be accomplished typically within 6-18 months, depending on the level of public outreach and involvement.

The first step is the preparation of a physical inspection (exterior only) of all property and building conditions within the proposed district study area for analysis and conformance to the definitions for blight and slum conditions contained in state statute (ARS 36-1471 (2) & (18). This Building & Property Conditions Survey and Analysis is typically prepared by consultants working with designated city staff. Once the survey and analysis is complete for the study area, it is presented to property owners within the study area in an open meeting. Then the survey results and public comments are presented to the City Council and, if the area qualifies under state statute, the City Council would consider passage of a City Council Resolution of Necessity establishing the Redevelopment Area boundary and authorizing the preparation of a Redevelopment Plan. This process including public hearing will typically take about 2-3 months to complete and depending on the size and number of properties within the Study Area will cost in the range of \$20,000 to \$40,000. Also during this first step process, the City Council will be asked to consider companion resolutions establishing the Redevelopment Area chosen, as the City's single Central Business District and an Infill Incentive District as both are defined by state statute.

The second step in the process is the creation of a Redevelopment Plan and Implementation Strategy for the newly created Redevelopment Area. This step starts with the selection of a Project Area Advisory Committee (PACC) made up of property owners, business owners and residents of the Redevelopment Area as well as general community representatives. The PACC serves for the duration of planning period, working with staff and consultant(s) who have been charged with the development of the Redevelopment Plan. The PACC typically meets every 1-2 months to review progress in the development of the Plan and once the draft Plan is complete the PACC hosts an Open House for public review and comment on the draft. After the Open House, the PACC and planning team finalize the Plan for presentation and review to the Planning & Zoning Commission for their recommendation of the Plan to the City Council for consideration and approval. State statute prescribes numerous notifications, public meetings and hearings throughout the planning and adoption process, which typically take 6-12 months to complete and again, depending on the size of the Redevelopment Area, will cost in the range of \$60,000 to \$100,000 to complete. As I mentioned on the phone because D²FPD, in the 2008-2009 timeframe, completed a significant portion of documentation and analysis work necessary for the area of Main Street and Brewery Gulch portion of the Downtown, I feel that if we were ultimately selected to complete the work, that we could significantly reduce the cost required to complete the Redevelopment Plan over others who might respond to the City's Request for Proposals. I will also attach a simple one page Bio of myself and recent work completed.

I know that you and Scott, as members of the iBisbee Committee will be having continued discussions with the other members of the Committee and with other community leaders, toward the possible creation of Bisbee's tool kit for the revitalization of the Downtown. As I mentioned I would be glad to meet with the Committee and the City Council to discuss Bisbee's possibilities as you and community leaders may wish.

Sincerely,



David Fackler, Principal
D²FPD, Inc.

David (Dave) Fackler – D²Fackler Planning & Development

A 35 year veteran in municipal planning, Dave has vast experience in all aspects of governmental planning. He has acted as the Development Services Manager, Redevelopment Director and Project Manager while overseeing the development and revitalization of Downtown Tempe to include the addition of over three million square feet of new development. Over the course of his career, Dave has played a significant role in the creation of numerous redevelopment and economic development plans and public-private partnerships with an understanding of what it takes and how to get it done. Dave was instrumental in the planning and execution of every phase of the growth of Downtown Tempe, recognized as one of the most successful examples of downtown revitalization in the country.

- **Education:** BSA – Architecture – Idaho State University
- **Relevant Past Experience:**
 - Downtown Tempe Redevelopment, Tempe, AZ
 - Midtown UNLV Planning and Conceptualization, Las Vegas, NV
 - Cooley Station Village Center Planning and Conceptualization, Gilbert, AZ
 - Yuma Pivot Point Project Redevelopment Area, Yuma, AZ
- **Recent Relevant Projects:**
 - **Yuma 16th Street & 4th Avenue Redevelopment Plan, Yuma, AZ**
D²FPD recently completed (January 2013) a yearlong planning project to establish a new redevelopment district and prepare a stakeholder based Redevelopment Plan for a 175 acre project area, containing 275 individual commercial and residential properties. The Scope of Work for the project included: establishing a stakeholder Project Area Advisory Committee (PAAC); design and execution of a public participation plan; building & property conditions and existing land use surveys; preparation of a conceptual development plan (specific area plan) and draft redevelopment planning documents, including the preparation of an Implementation Strategy for the Redevelopment Plan.
 - **Somerton Downtown Redevelopment Plan, Somerton, AZ**
D²FPD recently completed (February 2013) a yearlong planning project to establish a new redevelopment district and prepare a stakeholder based Redevelopment Plan for Downtown Somerton, a 131 acre project area, containing 256 individual commercial and residential properties. The Scope of Work for the project included: establishing a stakeholder Project Area Advisory Committee (PAAC); design and execution of a public participation plan; building & property conditions and existing land use surveys; preparation of a conceptual development plan with three distinct character areas; preparation of draft redevelopment planning documents, including the preparation of an Implementation Strategy for the Redevelopment Plan.
- **Awards & Recognition:**
 - 2012 – City of Tempe – Pride of the City Award
 - 2005 – Arizona Planning Association – Historic Planning Pioneer Award
 - 2003 – Dedication of “Fackler Square” Downtown Tempe, Arizona.
 - 1999 – American Society of Landscape Architects Centennial Medallion Award.
 - 1993 – International Downtown Association – Award of Merit

Redevelopment Area Revitalization Tool Kit:

The City of Bisbee seeks to proactively make redevelopment of its Central Business District Redevelopment Area happen by using its tool kit to “level the playing field” and/or “bridge the gap” between disinvestment and reinvestment and to bring about the revitalization of the Downtown. The following is an overview of some of the more impactful “tools” in the City’s economic development tool kit: (Note: The tools are not listed here in any order of preference of use.)

1) Acquisition & Disposition of Land. The City may acquire by gift, grant or bequeathal, negotiated purchase, eminent domain, lease, obtain options upon, and then sell, exchange, transfer, assign, subdivide, devise, retain for its own use, mortgage, pledge, or otherwise encumber real property within the Redevelopment Area. (See Arizona Revised Statutes (“ARS”) 9-401 et seq and 36-1474 et seq.) Real property shall be sold, leased, or transferred at its fair value (not defined as appraised fair market value) for uses in accordance with the redevelopment plan, taking into consideration the obligations assumed by the redeveloper and the objectives of this Redevelopment Plan, which may restrict the fair value to less than the City’s cost to obtain the property or rights being conveyed to the redeveloper. The City’s ability to acquire and then write-down the cost of selling or leasing land, building(s) and improvements that it owns or acquires is a significant economic incentive tool, especially in the case of rehabilitation of existing and/or historic properties. In many instances the cost burdens associated with the rehabilitation of existing or historic properties becomes such a restriction on the project that the only “private” solution may be demolition of the existing or historic structure and construction of a new building. This “restriction” on the fair value of the property burdened by the costs of rehabilitation of the existing or historic building can be overcome by the City’s acquisition and write-down of the cost of land and building to the project.

2) Capital Improvement Program Funding. The City may assist a proposed revitalization or redevelopment project by making improvements to its own property or right-of-ways in the Redevelopment Area with the use of City Capital Improvements Plan (CIP) funds, consistent with the adopted Redevelopment Plan for the area. (See A.R.S. 36-1474). This is probably the most commonly used economic development tool used by communities. The City annually reviews the capital improvement needs of the community as a whole and approves as part of its annual budget those capital projects that will be funded. The City’s ability and willingness to use its CIP funds to make public infrastructure improvements associated with a particular Redevelopment Area project(s) and relieve that burden from the project can be a major incentive to the project(s). CIP funds can be expended by the City for any public improvements required to be constructed in association with a particular project or that benefit the Redevelopment Area as a whole, including streetscape improvements, public and quasi-public utilities (including under grounding of existing utilities), as well as other street, parks and parking improvements.

3) Use of Federal and State Grant and Loan Funds. Community Development Block Grant (“CDBG”) Funds are available for use within the Redevelopment Area. (See A.R.S. 36-1474 et seq.) Typically, seventy percent (70%) of these funds must be expended on projects or services that have direct benefit to elderly or disabled individuals and those persons of limited income (low to moderate). The community can expend the remaining thirty percent of its annual CDBG

funds on other eligible projects, including historic preservation and economic development projects. The most common use of CDBG funds is for owner-occupied single-family housing rehabilitation grants or low-interest loans to low and moderate income households to repair deficient housing. Related to historic preservation and economic development, the most common use of CDBG funds is the acquisition of property, including buildings, which the community can then sale or lease for redevelopment at a reduced price to the project. The use of CDGB funds to directly fund construction of project improvement, requires that wages paid to construction workers be paid in accordance with the Federal Davis Bacon Wage Act (union scale), which for smaller construction projects can significantly increase the labor costs of the project; for that reason most communities don't fund small projects like storefront rehabilitation with CDBG funds. In addition, to fund major infrastructure or public building construction, the City may use its Municipal Property Corporation to provide low interest loans to the City without directly impacting the City's ability to issue bonds for other purposes, approved by the voters.

4) **Infill Incentive Districts.** The City of Bisbee in preparation for the approval of the Redevelopment Plan, pursuant to **A.R.S. 9-499.10**, would establish the Redevelopment Area as an infill incentive district and this Strategy would augment an approved infill incentive plan to encourage redevelopment in the Redevelopment Area in accordance with the adopted Redevelopment Plan. This Strategy will allow for expedited zoning or rezoning procedures, expedited processing of plans and proposals, relief from development standards, and waiver of development fees for development activities as long as waivers are not funded by other development fees. This Central Business Infill Incentive District will provide the basis for many of the incentive benefits discussed in this tool kit. To obtain these benefits, the adopted Plan requires that the incentive criteria outlined in this Strategy are met as determined by the City Manager or designee.

5) **Central Business District Zoning ("CBD").** The City, in its continuing efforts to encourage Downtown revitalization, would prepare and adopt CBD zoning regulations. The CBD development criteria and guidelines for new development within primarily the Redevelopment Area modify the traditional regulatory development criteria that might otherwise be deterrents to the redevelopment. The priority of this zoning district is to establish and support a mixture of commercial, entertainment, employment, cultural, governmental, and residential uses that will help to ensure the development of a lively pedestrian-oriented district within the Retail Core of the community. This zoning district encourages the development of mixed-use vertically and horizontally integrated development, higher residential densities, increased building heights, special retail setbacks and allowable shared parking arrangements, among other things. The City of Bisbee Zoning Ordinance can provide detail on the permitted principal, accessory and conditional uses, as well as the current development standards. The CBD Zoning District is intended to be a retail, business, and government center with a special emphasis on mixed-use, street-front entertainment retail, hospitality, tourism and historic preservation, due to the unique qualities present in the redevelopment Area.

6) **Sales Tax & Bed Tax Rebates.** Pursuant to **A.R.S. 9-500.11**, the City may rebate transaction privilege taxes in support of economic development projects. There are numerous requirements or limitations placed on the City by the State Statues, but none the less the rebate of transaction

privilege taxes generated by a project as an incentive to encourage the development of the project is a very effective economic development tool. The most common use of this tool by cities is the rebate of a portion of the transaction privilege taxes generated by the project to repay the project for the costs associated with public infrastructure constructed by the project. However, the statute allows for the rebate of transaction privilege taxes as an economic development incentive in redevelopment areas as long as the rebate incentive is less than the transaction privilege taxes generated by the project. The statute sets out numerous legislative and administrative requirements for the use of this incentive, but again within redevelopment areas these requirements are lessened. If a project is located on a property within the Redevelopment Area, the City is not required to meet some of the requirements of the statutes. The State revenue sharing statutes under this topic limit rebates to infrastructure, redevelopment and historic preservation incentive purposes. Also, the anti-gift provisions of Arizona Constitution Article 9, Section 7 must be observed and the public benefits received by the project must be proportionately greater than the rebate incentive. The City may offer or provide tax incentives to a business entity in an area designated a redevelopment project pursuant to **A.R.S. 36-1 471 et seq.** without being penalized by an equal amount being deducted from the City's share of the State Highway User Revenue Funds under **A.R.S.42-6010** (e.g., the revenue sharing statute which forfeits a dollar for each dollar of incentive payment made to a project outside of a redevelopment district).

7) Improvement Districts ("IDs"). Pursuant to **A.R.S. 48-572 et seq.**, a City Improvement District is a designated area of the City with specific boundaries therein for which costs of specific improvements are assessed to the property owners. The use of an ID is an effective development tool, used quite often for large scale development where public infrastructure costs may exceed two million dollars, such as might be anticipated within the West Main Street Employment Character Area, but typically the public infrastructure requirements of redevelopment projects are smaller and the costs of setting up and administering the ID outweigh the benefits of its use. The most common use of ID's in downtown redevelopment is for the development of public parking and pedestrian improvements that are developed to benefit the area as a whole. However, as demonstrated by the negative impacts experienced by many downtowns nationwide, the assessments placed on properties within an ID may prove to accelerate the decline that the ID was meant to arrest. State ID statutes do provide for the creation of a very specific type of ID that has provided significant benefits to downtowns throughout Arizona; this ID is Enhanced Municipal Services discussed below.

8) Enhanced Municipal Services District. In addition to the purposes for which an ID may be formed under the provisions of **A.R.S. 48-575**, an improvement district may be formed within a designated area to provide public services within the district at a higher level or greater degree than provided in the remainder of the community, including such services as public safety, fire protection, refuse collection, street or sidewalk cleaning or landscape maintenance in public areas, planning, promotion, transportation and public parking. This is the State Statute use by many Arizona cities to establish their downtown management districts, more commonly referred to as Business Improvement Districts (BID). Unlike most ID's the Enhanced Municipal Services District are unique to downtowns and can only be created in a City's single central business district redevelopment area. The City could use this tool to support, encourage and participate in the formation of an Enhanced Municipal Services District as a financial mechanism to support

and expand on the local Chamber of Commerce's program to ensure more specific and coordinated business development strategies (e.g., cooperative marketing and promotion, enhanced safety and maintenance, parking management, etc.) within and unique to the Redevelopment Area. Typically, this tool is used at the request of the property and business owners within the Redevelopment Area to fund and support the activities of the BID to promote and market the Redevelopment Area as a whole. The City in response to a petition of the property owners within the proposed district (typically, 50-70%) following the state statutes creates the EMSD. If at the time the district is formed, there is written protest by the majority of the property owners, to the extent of the district or the assessment formula(s), the district cannot be formed. Once, the EMSD is formed, individual assessments are paid by the property owners as part of their annual property tax paid and collected by the County; and typically passed-on to tenants of the property. The County then provides the City with the funds collected from the District and the City contracts with the BID organization to carry out the activities provided in the Assessment Plan created by the City and the BID organization as part of the creation of the District. The BID then carries out an annual work program described in the Assessment Plan and provides the City with an annual report of its activities. Experience in Arizona has shown that individual business's district assessments are typically small in comparison to the collective benefits provided by the BID's activities, especially in regards to collective management and promotion of the District. State Statute provides for and the City should voluntarily accept district assessments to its own land and buildings, within the Downtown redevelopment area. The City should also continue maintain its current "baseline level" of municipal services currently provided within the Downtown and use the funds collected within the District to contract with the BID to provide the desired "enhancements" to the City's services already provided.

9) **Government Property Lease Excise Tax.** Under the Government Property Lease Excise Tax statute ("GPLET") (A.R.S. 42-6201 et seq), when City's retain or acquire ownership of land and/or improvements and then lease it to the private sector for purposes of development or redevelopment, the improvements made to the City's property are subject to the GPLET provisions of State property tax law. Because property owned by the City is not subject to normal property taxes, the State created the GPLET as a mechanism to require private development on publicly owned property to pay a tax in-lieu of property tax. The GPLET is an excise tax, based on the square footage of the buildings constructed on the City's land, which is paid on the private improvements in lieu of the ad valorem (property tax) taxes normally collected on improvements made on privately owned land. The GPLET statute also provides that within the City's single Central Business District Redevelopment Area the City may abatement the payment of GPLET in its entirety for the first eight years following the construction or substantial rehabilitation or redevelopment of a project on City owned land. The eight year abatement of the GPLET can only be made to projects on City owned land and buildings located in the Redevelopment Area and that will increase the assessed property value of the City property by at least one hundred percent (100%). This allows the proposed project to avoid paying any form of property taxes, during this initial eight year abatement period, on those City owned parcels and reduced taxes during the extended lease period up to twenty-five (25) years. The lease agreement between the City and the project requires for the ultimate purchase by or re-conveyance to the project developer (prime lessee) at the end of the end of the lease term, thus returning the property and improvements to private ownership and the property tax

roles at its enhanced value. If the City desires to maintain ownership of the property and continue to lease the property beyond the eight-year abatement period, the project is required to pay the GPLET to the County, who then is required to share the tax payments with the other governmental agencies as though it was property tax revenues. The lease excise tax is paid to the County, in addition to payment to the City of whatever rent has been negotiated as part of the lease agreement between the City and the project developer.

10. Enterprise Zone Tax Incentives: (Established under A.R.S. §§41-1521 through 41-1528)

The primary goal of the Arizona enterprise zone program is to improve the economies of areas in the state with high poverty or unemployment rates and are available to qualified businesses that are certified by the Arizona Department of Commerce. There are two types of incentives available.

- a) **Income or Premium Tax Credits:** Arizona statutes provide for an income and premium tax credit for *net increases in qualified employment positions* at a site located in an enterprise zone - except for those at a business location where more than 10% of the activity is the sale of tangible personal property. Tax credits may total up to \$3,000 per qualified employment position over three years for a maximum of 200 employees in any given tax year. A qualified employment position:
- Is a full-time permanent job (1,750 hours per year),
 - Pays an hourly wage above the “Wage Offer by County”.
 - Offers health insurance to employees for which the employer pays at least 50 percent.
 - Must work at least 90 days in the first tax year, and
 - Cannot have worked for the employer within 12 months from current date of hire.
- b) **Property Tax Benefits**
Property reclassification is available for *qualified manufacturing businesses or commercial printing businesses* in an enterprise zone. A manufacturer or commercial printer in an enterprise zone is eligible for an assessment ratio of 5 percent on all personal and real property (for primary tax purposes only) in the zone for five years if it is:
- Either minority-owned, woman-owned or small (a small business has fewer than 100 employees or gross sales of \$4 million or less), and
 - Independently owned and operated (not owned more than 50% by another company unless the ultimate ownership is primarily family owned or closely held), and
 - Makes an investment in fixed assets at the zone of \$500,000, \$1 million or \$2 million, depending upon the location of the facility.

Additional information is available from the State Enterprise Zone Coordinator at (602) 771-1132.

Administration of Incentive Program:

Determination of available assistance and site qualifications of specific development or redevelopment projects which may be incentivized shall be the determination of the City Manager or the City Manager’s designee. Approval of specific development agreements with the City shall be approved by the City Council, although the City Council may preapprove the rebate, reduction or waiver of development fees for administration by the City Manager, to

expedite smaller rehabilitation or redevelopment projects not requiring more significant economic development incentives.

ECONOMIC DEVELOPMENT STRATEGY FOR BISBEE

(Initial Draft—For Discussion Only)

GOALS: Expand job opportunities, increase tax base, make infrastructure improvements, preserve historic resources, support educational system, and further the health and well-being of Bisbee residents through business development that fits the community. .

- 1. Develop and promote Bisbee as an overnight visitor destination** Research indicates that the economic benefit of tourism in rural Arizona goes largely to the community where the visitor spends the night. This is logical. Overnight visitors spend more on lodging (\$121/day, 25% of total visitor spending) and food (\$84/day, 17% of total spending). They also spend more on shopping (\$86/day), recreation (\$64/day) and other (\$64/day) because they spend more time in the community. Of the 1,268 visitor parties surveyed in Bisbee, 58% indicated they were day-trippers, with 42% staying overnight. In contrast, 76% of visitors to Sierra Vista stayed there overnight. Bisbee currently attracts 220,00 to 250,000 visitors annually. (Source: “2012-2013 Cochise County Tourism Study” by Thomas Combrink, W. A. Franke College of Business)

Overnight attractions that could be developed and/or further promoted:

- Quirky, turn of century mining town; picturesque streetscape
- Mile high city; moderate winter and summer temperatures
- Evening ghost tour
- Hiking trails along canyon walls above Bisbee (2 hour round trip)
- WPA stairs (Bisbee 1000 course)
- Historic Evergreen Cemetery
- Bisbee Blue minor league baseball--in America's oldest ball park
- Love of Music chamber music series--in 1902 Woman's Club music hall
- Historic Copper Queen Library—with computer access
- Bisbee International Film Festival
- Overnight seminars/field trips; jeep tour
- Museums
- Historic mine tour
- Sky Island birding paradise
- Saturday morning Farmers Market-- in historic Warren neighborhood
- Warren Historic District; craftsman bungalow homes
- Dark skies/ star gazing
- Naco, Sonora, Mexico

- Excellent restaurants, with varied menu choices; microbrew; local wines
- A variety of lodging choices (330 lodging units/hotel rooms)
- Art galleries, antique shops, fun shopping
- Bisbee After 5, Second Saturday art and shop walk
- Night life every night of the week, with various music venues
- Unique special events, i.e. Bisbee 1000 Stair Climb, Blues Festival
- Beautiful drive to Bisbee and surrounding area
- Chiricahua National Monument; Coronado National Memorial, San Pedro Riparian Preserve, Ramsey Canyon Nature Preserve
- Gyms, spa, yoga classes, massage, natural health therapeutics
- Airport; taxi service
- Friendly people
- Bisbee, More than Main Street

2. Develop and promote Bisbee for retirement living

- Offer new and historic housing options for “Woodstock generation.”
- Work with Copper Queen Hospital to attract nursing home/assisted living facility.
- Support Copper Queen Hospital expansion; publicize new Emergency wing.
- Prepare directory of medical personnel and services, home health care, natural therapeutics and alternative health care practitioners.

3. Capitalize on economic opportunities with Sonora, Mexico

Sonora is experiencing an annualized economic growth rate of 11.4%. Sonora is home to the largest automotive manufacturing area in Latin America, surpassing Japan in number of cars exported to U.S. Expansion of the Guaymas port is underway. Cananea has one of the largest copper mines in the world. Mexico exports \$220 billion in goods annually to the U. S. It imports \$140 billion in goods from the U. S. (\$6 billion from Arizona). 24 million Mexican visitors came to Arizona during the year. They spent \$976 million in Tucson. Mexican visitors passing through the Naco port-of-entry spent \$98.4 million. Forty percent of Safeway Bisbee sales are to Sonoran residents. The lightly used Naco Port of Entry (770 northbound vehicle crossing per day, compared to 8,932 northbound vehicle crossings per day at Nogales to the west and 4,180 at Douglas/Agua Prieta to the east) is geographically well positioned for U.S./Mexico trade. (*Source: University of Arizona Economic and Business Research Center)

- Explore establishment of Foreign Trade Zone (inland port)
- Develop a community profile on labor force, community resources and developable properties. Identify finance and development tools (HUB, EB5, etc.)
- Foster public/private partnerships

- Promote/facilitate border crossing at Naco Port of Entry
- Cater to Sonoran shoppers
- Further alliances with border mayors and City of Tucson
- Network with Naco Wellness Initiative and KBRP/Radio Cultural Naco
- Formalize sister city relationship with Naco

4. Undertake a street and infrastructure improvement program

The “City of Bisbee Comprehensive Transportation Plan,” completed February 20, 2012 by Wilbur Smith Associates, provides a detailed assessment of roadways, bridges, stairways and retaining walls in Bisbee by neighborhoods. Results indicate 30% of all streets are in “failed” condition, 25% are in “poor” condition. The condition of streets and infrastructure influence the impression prospective businesses and residents have of the community. Likewise, when visitors to Old Bisbee come to see an historic mining town, they expect to do so on safe, modern thoroughfares.

- Prepare a street improvement plan with cost projections. Evaluate funding alternatives.
- Place a sales tax increase on the November ballot to fund street improvement. Implement a public information campaign to ensure voter passage.