



MINUTES

Economic Development Commission
22350 S. Ellsworth Rd, Queen Creek, AZ
Historic Town Hall
May 22, 2019
7:30 am

1. Call to Order and Roll Call

Chair Lee Ester called the meeting to order at 7:30 a.m.

Commission Members present: Lee Ester, Chair; Shane Randall, Vice Chair; Grant Tayrien; Brian McKean; Gordon Mortensen; Bill Smith; Chris Clark; Steve Sossaman; Richard Graham; Courtney Kleinebreil; Carson Brown; Derek Neighbors; Council Member Turley

Town Staff: Doreen Cott, Economic Development Director; Marissa Garnett, Economic Development Coordinator; Brett Burningham, Development Services Director; Kyle Barichello, Planner II; Bruce Gardner, Assistant Town Manager; Rob Sachs, Real Estate Coordinator; Ryan Fielder, Sr. Budget Analyst; Sandy McGeorge, Management Assistant II; Erik Swanson, Principal Planner; Joy Maglione, Town Clerk Assistant

Absent Members: Mark Schnepf; Perry Berry; Jason Barney; Warde Nichols; Perry Rea; Cindy Barnes; Council Member Oliphant

2. Introductions & Announcements

Chair Lee Ester introduced guests: Rick Merritt, consultant from Elliott D. Pollack & Company; Alisa Lyons, with Sloan Lyons, Public Affairs for Valley Partnership; Debbie Barber and Ryan Barber, Barber Contracting LLC; Bryce Waite, V & P Nurseries, Inc.; Pat Adler, and Travis Tolmachoff, Sossaman Farms.

3. Public Comment:

None

4. Items for Discussion and Possible Action

A. Consideration and possible approval of the April 24, 2019 minutes

Motion to approve the April 24, 2019 minutes as presented.

1st: Shane Randall

2nd: Derek Neighbors

Vote: Approved unanimously

B. Consideration and possible approval of the Façade Improvement Program
Application for Barber Contracting, LLC, located at 22027 S Ellsworth Road

Kyle Barichello, Planner II, introduced Debbie and Ryan Barber and provided details on their project to convert a residential home to an office for their construction business. Mr. Barichello said they were initially going to apply for rezoning but opted to wait for the new downtown zoning guidelines to be approved. Mr. Barber commented on the ease of the new process compared to a rezone.

Mr. Barichillo said the applicant is the contractor and will be doing the work himself, which will reduce costs. He said the request is contingent on approval of site plan and building permits. Mr. Barichello presented conceptual drawings of the exterior building and he reviewed project details.

Applicant: Debbie & Ryan Barber, Barber Contracting LLC
Location: 22027 S. Ellsworth Road

Exterior improvements as detailed in the application include block wall; fencing; excavation work; driveway pavers; front porch; driveway gate; front door and front facing windows; siding and paint; landscaping; lighting; and signage

Total Reimbursable Improvements: \$43,350
Max Allowed Reimbursement: \$20,000

Commissioner Ester asked if the quote included the applicant's labor cost. Economic Development Director Cott said that the request is for matching funds for materials only.

Motion to approve the Façade Improvement Application for Barber Contracting for the maximum reimbursement of \$20,000 pending site plan/building permit approval.

1st: Courtney Kleinebreil
2nd: Gordon Mortensen
Vote: Approved unanimously

C. Presentation, discussion and possible recommendation regarding the Town's proposed changes to the non-residential (retail, office and industrial) impact and capacity fees

Ms. Cott introduced Rick Merritt, consultant from Elliott D. Pollack & Company. Mr. Merritt provided an overview of his study on the effect of impact fees on development activity in Queen Creek. Mr. Merritt and Ms. Cott discussed:

- Future industrial development areas in Queen Creek
- Projected revenue by fee types over the next 10 years and the impact on non-residential uses. Fee "buy down" possibilities for specific fee types with an indirect impact on non-residential (parks, libraries, town facilities)

- The all-in cost comparison for retail, office and industrial with the proposed buy down amount in relation to nearby cities.
- How updated impact fees affect development by land use:
 - Retail – follows population, household income
 - Office – highway access; proximity to restaurants
 - Industrial – highway access; labor costs, availability of labor
- Ground Rules – fees must be calculated for all categories, cannot shift costs and cannot waive fees. The Town can set policy and buy down a fee by paying the fee “on behalf of”.

Mr. Merritt explained the advantages of staying competitive with other towns so development does not go elsewhere. He said Queen Creek impact fees have not been increased since 2014 and accounting for inflation, they are not going up that much.

Mr. Merritt discussed all-in costs, which include other fees such as sales tax, permits and administrative fees. He said Queen Creek is competitive with most of our neighbors in regards to retail and office and the fees are not expected to impact future development. In regards to office, we are not a target in the short term. He said at this time, we are seeing small office uses in Queen Creek with major office development possible sometime in the future. Mr. Merritt said impact fees and all-in costs for industrial uses will increase slightly but we are still on the high end compared to other communities and we may need to do incentive packages to offset costs. Because of our lack of freeway access Queen Creek is not a primary market for industrial at this time, but that could change over the long term.

Ms. Cott summarized fee reduction options for consideration.

1. Economic Investment Program – existing program used to promote growth and provide project assistance
2. Case-by-case incentives and /or Development Agreements (currently available)
3. “Across the board” reduction or elimination
4. Reduction or elimination for targeted industries or specific projects

Questions from the Commission:

Who determines the buy down options (staff or Council)?

Based on recommendations presented to Council they can choose to do a buy down and it would become policy.

Where does the City of Chandler fall in the all-in cost comparisons?

They are similar to Gilbert.

Does \$100K project assistance make a big difference to developers when it comes to a big project?

It is part of our Economic Investment Program and has not been used that often but is a good marketing tool.

Which category has the greatest economic impact for the Town and should that category be our priority?

Retail has the greatest impact, however, we are already very competitive in retail and it does not attract the higher paying jobs that office or industrial does.

Goodyear did an across the board buy down and got many retail uses that they did not particularly want (fast food).

Commissioner Clark, from Queen Creek Chamber of Commerce reported that office and industrial are in high demand and we need more opportunities in these areas. He said the retail is going to come on its own.

If Council establishes a buy down policy how long is it good for?

Every five years we are required to review fees.

Why are industrial impact fees still lower in other jurisdictions such as Mesa, even with a possible buy down?

Mesa uses impact fees as an incentive and they do not have a transportation impact fee. They fund transportation differently. Queen Creek has more needs as a growing community.

Commissioners discussed hidden costs that other cities may have which brings the fees closer to Queen Creek. They discussed future growth and short-term needs and the balance needed to stay competitive and keep Queen Creek in the marketplace.

Commissioners discussed retail projections when SR 24 comes in 2022 and a possible short-term shift of retail to Mesa.

Motion to recommend a "buy down" for office and industrial sectors to address the proposed increase in the non-residential impact fee categories.

1st: Shane Randall

2nd: Chris Clark

Vote: Approved unanimously

Ms. Cott thanked the Commission for their work on the fees. She said a public hearing on impact fees will be on the June 5 Town Council meeting and will include the EDC recommendation.

D. Summary of current events – Reports from Chair, Committee Members and Economic Development staff.

- Director Cott announced that Economic Development Coordinator Marissa Garnett will be on maternity leave in June and this will be her last meeting.
- Commissioner Richard Graham reported that Skybridge Arizona is moving forward and they are working on the Economic Impact Study. He also announced that Uber now has a license agreement to operate at the airport. He also reported on returning seasonal carriers starting in October.

5. Announcements

None.

6. Adjournment:

The meeting adjourned at 8:37 a.m.

TOWN OF QUEEN CREEK

Lee Ester, Chair
Economic Development Commission

Prepared by:

Joy Maglione
Town Clerk Assistant

PASSED AND APPROVED ON: June 26, 2019