CITY OF BUCKEYE
Regular Council Meeting
COUNCIL ACTION REPORT

MEETING DATE: 11/03/26	**AGENDA ITEM:** 5.C. ED - Resolution No. 85-26 Approving the Economic Development Retail Sales Tax Incentive Agreement between the City of Buckeye and Festival Marketplace, LLC.
DATE PREPARED: 10/29/26	**DISTRICT NO.:** 6
STAFF LIAISON: Suzanne Boyles, Economic Development Director, sboyles@buckeyeaz.gov, (623) 349-6970	
DEPARTMENT: Economic Development	**AGENDA ITEM TYPE:** Public Meeting / Non Consent - New Business

ACTION/MOTION: (This language identifies the formal motion to be made by the Council)
Council to take action on Resolution No. 85-26 approving the Economic Development Retail Sales Tax Incentive Agreement with Festival Marketplace, LLC, an Arizona limited liability company, relating to development of land in the City of Buckeye; and authorizing the City Manager to execute and deliver said Agreement on behalf of the City.

GOALS AND OBJECTIVES FOR THE STRATEGIC PLAN FOCUS AREAS:
Economic Growth

SUMMARY

PROJECT DESCRIPTION:

City staff has been working with Festival Marketplace, LLC, on the development of approximately 15.18 acres located at the northeast corner of Canyon Springs Boulevard and Sun Valley Parkway. The developer seeks to construct a commercial center anchored by a major grocery store and anticipates other uses such as a hardware store, additional retail, restaurant, quick-service restaurant and financial institutions.

As part of the proposed development, the developer agrees to design, construct and dedicate public improvements that will support the project and continued commercial development in the area. The City has agreed to enter into the Agreement to reimburse the developer for verified costs associated with those improvements. Reimbursement will not exceed $1,458,133.88 and will be limited to 49% of eligible construction sales and retail sales tax revenues generated on the property and received by the City. The City will have no obligation to reimburse the developer from any other revenue source.

Reimbursement will be performance-based and conditioned upon the developer (1) beginning construction of the project and regional improvements by June 30, 2027, (2) completing the project and regional improvements by December 31, 2027, (3) opening the grocery store by December 31, 2027 (the deadlines are subject to administrative extensions for good cause shown), and satisfying the remaining terms of the agreement.

Ariz. Rev. Stat. § 9-500.11 (version 2) authorizes the City to appropriate and spend public monies for and in connection with economic development activities and to enter into retail development tax incentive agreements after finding: (i) that the tax incentive in the agreement is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement and, (ii) in the absence of a tax incentive, the development would not occur in the same time, place, or manner in the absence of the tax incentive. On September 15, 2026, the Council approved the related Notice of Intent and the findings

required by statute, by and through Resolution No. 83-26.

The planned development of the Land will serve an area need for the type of retail services and will generate substantial transaction privilege tax revenues for the City.

BENEFITS:
The Festival Marketplace development will provide several public benefits to the City, including: (i) construction of public improvements by the developer; (ii) expanded grocery, retail, restaurant and service options for residents; (iii) an estimated $36.9 million in construction investment; (iv) approximately $22 million in City revenue from construction and the first 10 years of operations before consideration of the reimbursement agreement; (v) increased property values and property-tax revenue; and (vi) continued commercial development along the Sun Valley Parkway corridor.

FUTURE ACTION:
City staff will continue to coordinate with the developer through the permitting and construction process. Reimbursement will begin only after the developer satisfies the applicable performance requirements, the City accepts the regional improvements, and eligible costs are verified in accordance with the agreement.

FINANCIAL IMPACT STATEMENT:

The economic and fiscal impact analysis performed by a third party, Elliott D. Pollack, estimates that Festival Marketplace will generate approximately $1.7 million in revenues during construction, approximately $2.1 million annually upon stabilization, and approximately $22.0 million total directly to the city through construction and the first ten years of operations.

The total cost to the City under the Development Agreement will not exceed $1,458,133.88. Reimbursement will be performance based and paid from 49% of eligible construction sales and retail sales tax revenues generated by the project and received by the City. The City is not obligated to use any other revenue source to fund the reimbursement.

CURRENT FISCAL YEAR TOTAL COST:
The agreement will be performance based and paid in accordance with the terms of the agreement. No reimbursement is anticipated during the current fiscal year.

BUDGETED:
Yes

FISCAL YEAR:
FY2028

Items related to a project or facility location must include an attached vicinity map for Council Review.
ATTACHMENTS:
Festival Ranch DA 10.26.26.pdf
Resolution No. 85-26 Festival Ranch Safeway DA.pdf