



CITY OF KINGMAN COMMUNICATION TO COUNCIL

TO: Honorable Mayor and City Council

FROM: Jason Moquin

MEETING DATE: June 2, 2026

AGENDA SUBJECT: Approval of Resolution No. 5616 - Establishment of an Infill Incentive District and Adopting an Infill Incentive Plan

SUMMARY:

Background:

The City of Kingman previously established an Infill Incentive District by Resolution No. 5129 to incentivize commercial development and redevelopment within certain areas of the City, which district boundary was subsequently expanded by Resolution 5239, and which the program deadline was extended by Resolution No. 5352 through June 30, 2026.

In April of 2026, the City's Development Services Department and Economic Development Department conducted a corridor analysis of commercial properties along four key corridors and identified concentrations of vacant parcels, vacant and deteriorating buildings, limited private investment activity, and nuisance conditions consistent with the statutory criteria of A.R.S. § 9-499.10. Under the state statute, the governing body of a city or town may designate an Infill Incentive District in an area of the city or town that meets at least three of the following requirements:

1. There are a large number of vacant older or dilapidated buildings or structures.
2. There are a large number of vacant or underused parcels of property, obsolete or inappropriate lot or parcel sizes or environmentally contaminated sites.
3. There are a large number of buildings or other places where nuisances exist or occur.
4. There is an absence of development and investment activity compared to other areas of the city or town.
5. There is a high occurrence of crime.
6. There is a continuing decline in population.

At the April 21, 2026 City Council Meeting, staff provided an overview of the existing In-Fill Incentive program set to expire on June 30, 2026 and identified four new corridors and varying incentive options. At the Council's direction staff was asked to bring back the infill incentive allowing a 50% reduction in fees for qualifying projects in the four corridors as presented.

Proposed Corridors:

The following corridors collectively satisfy at least four of the six statutory criteria required for designation as an Infill Incentive District under A.R.S. § 9-499.10.

1. Airway Avenue from Stockton Hill Road to Rainbow Drive
2. Bank Street from Airway Avenue to Gordon Avenue
3. Beale Street from Interstate 40 to the Western City Limits.
4. Hualapai Mountain Road from Andy Devine Avenue to Eastern Street

It is expected that qualifying projects within the designated corridors will stimulate new economic activity, reduce commercial vacancy and blight, and generate recurring City Transaction Privilege Tax revenue and net new employment that benefit the community as a whole.

Proposed Incentive:

As proposed, qualifying projects would be eligible for a 50% reduction on development related fees as follows:

1. Building and engineering plan review fees.
2. Building and engineering permit fees.
3. Building and engineering Inspection fees.

Development impact fees restricted pursuant to A.R.S. § 9-463.05 are not eligible for reduction under this program and shall remain payable in full. Fee reductions shall not be funded from restricted development fee pools. As such the following fees would not be eligible:

1. Development impact fees.
2. Information technology fees.
3. General Plan update fees.

Qualifying Projects:

As proposed qualifying projects must meet the following criteria:

1. New construction on vacant land or occupying vacant buildings within the designated corridors.
2. Facilitate new job creation.
3. Generate new sales tax revenues.
4. Enter into a Five (5) year Performance Agreement.

Excluded Projects:

The proposed program expressly excludes self-storage, RV storage and wireless telecommunications facilities, which do not generate meaningful sales tax revenue or broad-based employment, from eligibility regardless of location or project type.

Performance Plan, Agreement and Annual Reporting:

The performance-based structure of the proposed program requires each recipient to execute a recorded 5-Year Performance Agreement committing to annual job creation and sales tax benchmarks, with annual reporting. The annual reporting will provide staff with sufficient information to prepare an annual report to the City Council identifying recipients of the Infill Incentive Waiver and annual reinvestment back into the community through job growth and

sales tax generated while ensuring accountability in the use of public incentives and protecting the City's fiscal interests.

5-year Economic Benefit Analysis:

Projects within the corridors can range and vary in size. As presented at the April 21, 2026 City Council meeting, staff selected five projects types with varying square footages that range from quick serve to full service restaurants, office/medical, retail strip center and anchored commercial retail centers. Based on a study prepared by Applied Economics dated March 24, 2026, building and engineering review and permit fees that would be eligible for the reduction ranged from \$7,600 to \$47,000. Based on the proposed program the 50% reduction would result in a savings the applicant that ranges from \$3,800 to \$23,500.

The proposed reduction and program requirements also minimize any adverse risk to the city resulting from the reduction and provides a mechanism to recover the waived fees in the event of non-compliance.

In contrast, these same projects have the potential to create 137 new jobs within the community over a five-year period with direct annual wage reinvestment ranging from \$625,000 to 2.9 million. Direct Annual wage reinvestment represents wages that support other businesses through retail purchases, home buying, or other services which then compound investment by those entities back into the community. In addition, construction costs and sales tax were evaluated and over a five-year period it is estimated that projects benefiting from the fee reduction would generate approximately \$32,401 to \$778,156 in economic benefit.

FISCAL IMPACT:

Short term impacts would result in loss building and engineering permit revenues to the General Fund; however, long term, the fee waiver would allow for increased job growth, local business reinvestment and increased sales tax revenues.

STAFF RECOMMENDATION:

Mayor and City Council adopt Resolution No. 5616 thereby establishing an Infill Incentive District and Infill Incentive Plan.

SUGGESTED MOTION:

Mayor and City Council adopt Resolution No. 5616 thereby establishing an Infill Incentive District and Infill Incentive Program requirements.

ATTACHMENTS:

- 01 - Infill Incentive District Staff Report 2026.pdf
- 02 - Exhibit A - Program Overview.pdf
- 03 - Exhibit B - IID Application.pdf
- 04 - Exhibit C - Annual Reporting Form.pdf
- 05 - Exhibit D - Performance Agreement.pdf
- 06 - Airway Ave (SHR to Rainbow Dr).pdf
- 07 - Bank St. (Airway to Gordon).pdf
- 08 - Beale St. (I-40 north to City Limits).pdf
- 09 - Hualapai Mountain Rd (Andy Devine south to Eastern).pdf
- 10 - Resolution No. 5616.pdf
- 11 - Kingman Infill District Fiscal Analysis (Applied Economics, dated March 24, 2026).pdf
- 12 - Infill Incentive District Presentation_6-2-2026.pptx