

DICK PERREault

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Touche**



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***The Economic Impact of the  
Proposed Rio Salado  
Development***

**tempe**



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**City of Tempe  
Community Development Department**

**April, 1994**

**Deloitte Touche  
Tomatsu  
International**

# Rio Salado corrientes

Volume 5

Number 2

## Construction to Begin on 15-acre Linear Park

Plans have been completed for a 15-acre linear park, stretching from Priest Drive to Mill Avenue along the north bank of the Salt River. This land was a remnant parcel after the construction of the Red Mountain Freeway. The Salt River Project donated the land to the City of Tempe when they developed Papago Park Center to the north of the river.

The design firm of HNTB has designed ramadas, rest areas and a lighted pathway for cyclists and pedestrians linking together future Rio Salado attractions. The ramadas will include picnic facilities with a view of the future lake. Construction materials for the ramadas include stone rubble walls and a cantilevered steel canopy similar to the structures recently completed in Papago Park. Those structures recently won an award from the American Institute of Architects, Western Region.

The path through this area will be 12 foot wide concrete, connecting Priest Drive on the west to a future facility linking up at Mill Avenue. In the future, the pathway will also link up to a pedestrian bridge across the inflatable dams, west of Mill Avenue.

A police equestrian facility is also being designed for this section of the Rio Salado area. It will be located just west of the Southern Pacific Railroad bridge on the north bank of the river. Plans are being drawn up by Robert Fronske, Architect. The City is planning to construct the linear park and equestrian facility in Spring 1996.

## Multi-modal Path Under Construction for South Bank

In early September, construction began on a multi-modal path along the south edge of the Salt River, extending from Mill Avenue to Rural Road. The 12-foot wide concrete path has been designed by a Tempe team including Laurie Lundquist, artist and the Moore/Swick Partnership, landscape architects.

Imprints of fox tracks, bike tire treads, native vegetation and fish will liven up the colored concrete, which ramps between the top of levee and terrace level along the river. Also, exposed aggregate wave bands and gradations of color will accentuate the "landings" where other pathways and pedestrian plazas connect. The wave bands will occur more frequently near intersections to provide a subtle reminder to slow down at these areas.

Lighting for the project was designed by Roger Smith at Lighting Dynamics. The pole supports are custom designed curved aluminum supports on pre-cast colored concrete bases. The curvilinear light poles will provide an interesting accent to the curving pathway and wave bands. Pole heights will be lower at the upper landings to draw attention to the intersections.

At the east end of the project, an artist designed entry plaza will enhance the Rural Road frontage. Flagstone pavers, stone benches and strategically placed shade trees will create a festive gateway. This project was funded through a combination of federal transportation funds, Tempe Municipal Art fund and City of Tempe Capital Improvement Project funds. It is expected to be complete by the end of 1995.

Fall 1995

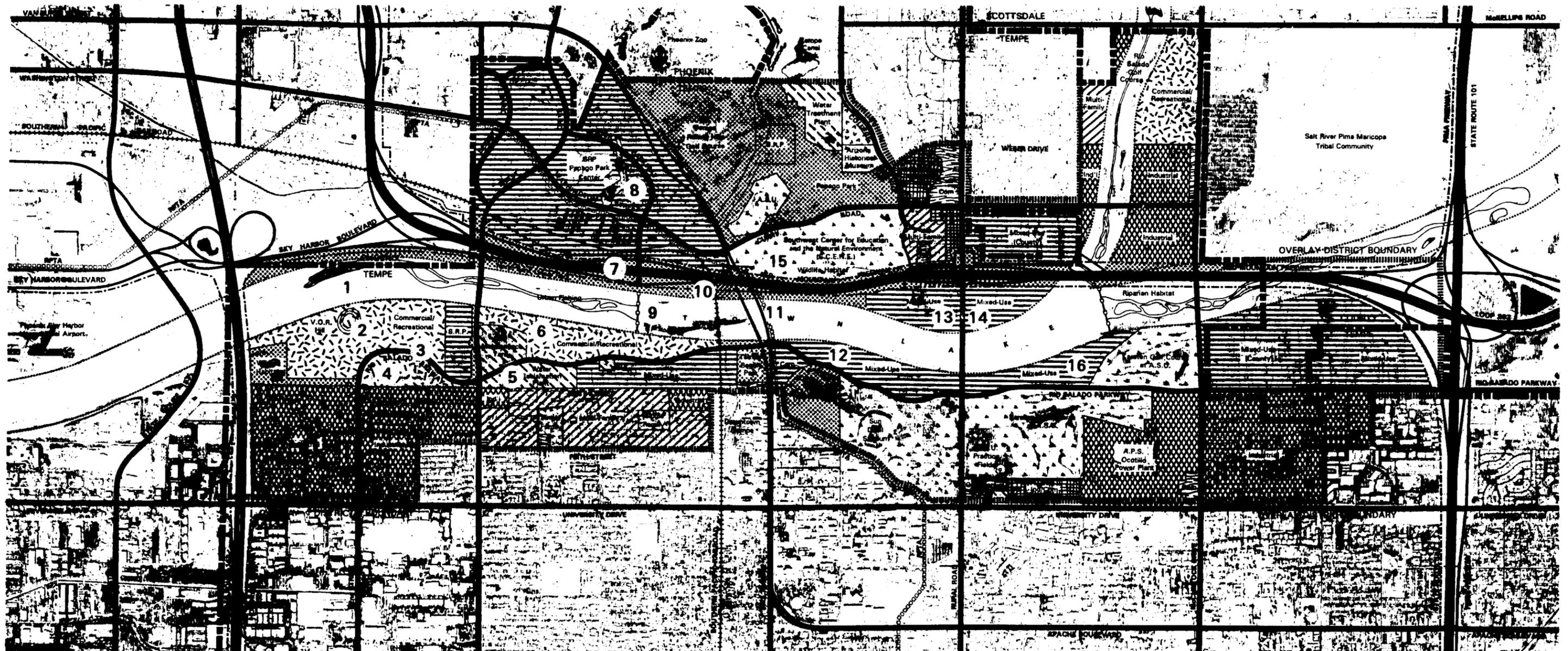
## Federal Assistance for Upstream Dam Construction

Senator Jon Kyl (R-AZ) has informed the City of Tempe that it is eligible to receive the necessary funding from the Army Corps of Engineers to initiate the first phase of construction of the Rio Salado Project. The Army Corps of Engineers, under the authority of Section 1135 of the Water Resources Development Act of 1986, will provide what will be the first federal funding of this project.

The Corps recently completed a reconnaissance study for the Rio Salado area, identifying feasible environmental restoration projects in both Tempe and Phoenix. The Corps will now initiate a study of the Tempe Cienega habitat restoration as part of the Rio Salado Project. The Corps' funding will be used for the construction of the upstream rubber dam which will create the Tempe Cienega Wildlife Habitat and Wetlands Restoration Project.

"This is a win-win solution for both the federal government and the local community," Sen. Kyl said. "The fast track approach for Section 1135 environmental restoration projects should reduce the study costs and bring the Tempe Cienega project to completion sooner."

"For many years the City of Tempe has been working toward the development of the Rio Salado Project. The first financial commitment from the Army Corps of Engineers will serve as the impetus that will allow the City to move forward with its first phase of construction," said Mayor Neil G. Giuliano. "The City of Tempe is very appreciative of the ongoing efforts and strong commitment Sen. Kyl has made to the Rio Salado Project. Rep. Ed Pastor (D-AZ), was also instrumental in securing this federal funding."



# Land Use

Revised: July 1994

Recreational	Commercial	Industrial	Mixed-Use	Single-Family	Municipal Boundary
Recreational/Educational	Commercial/Recreational	Industrial/Commercial	Municipal	Multi-Family	Rio Salado Overlay District Boundary



## Tempe Rio Salado Project

### 1. Salt River Channelization

Recently completed, this project was funded by the Arizona Department of Transportation and the Flood Control District of Maricopa County.

### 2. Recreation Site

A 100-acre recreation development is planned. Privately funded ball fields, volleyball, batting cages and mini-golf will be available as "pay for play" facilities. Other features will include a "kiddie-land" and a group picnic area.

### 3. Rio Salado Parkway

This meandering scenic roadway links together destinations along the south bank of the river. The parkway has recently been extended west of Priest Drive tying into 52nd Street. Also, a realignment of the Rio Salado Parkway is being completed west of Rural Road.

### 4. Ice Arena Site

This 25-acre parcel will be developed by the Rio Salado Sports Group, headed by Tom Sneva. The first phase 80,000 sq. ft. building will contain two separate sheets of ice for recreational skating and ice hockey games. A second phase will include in-line skating facilities and a golf academy.

### 5. Future Water Reclamation Facility

Plans call for a 1st phase capacity of 6 million gallons per day of treated water. Long term plans call for build-out to 15 million gallons per day.

### 6. Recreation Site

The "Rio Beach" project encompasses this 62-acre site. Attractions will include an 18-hole executive golf course, driving range, ballfields, and group picnic areas. Along the 1500 feet of shoreline, there are plans for a beach, boat rentals, retail shops, water slides, mini-golf, clubhouse with arcade games and a children's play area.

### 7. Red Mountain Freeway

Now complete to McClintock Drive, this freeway will provide Valley wide access through Tempe. A connection to Loop 101 (Price/Pima Freeway) is opening this Fall.

### 8. Papago Park Center

This 500 acre site is slated for 7 million square feet of mixed-use development including offices, retail shops, entertainment, hotels and R & D facilities.

### 9. Proposed Inflatable Dam

This 16-foot high dam will be inflated with low-air pressure. There will be four sections, each 225 feet in length, across the width of the river.

### 10. Linear Parks and Greenbelts

The north bank of the river will be primarily public open space and linear parks. From College Avenue to the western boundary of the City, bike paths, trails and recreation areas will line the edge of the river. This project is currently under design and will be constructed in Spring 1996.

### 11. New Mill Avenue Bridge

The City recently dedicated a new northbound bridge. Pedestrians and cyclists enjoy the bike lanes and wide sidewalks constructed on the new facility. Stairs have been constructed at both ends of the bridge, connecting the sidewalks to future Rio Salado development sites.

### 12. Hayden's Ferry Development Site

The city and A.S.U. have agreed on a 3 million sq. ft. development. The mixed-use proposal includes office towers, retail shops, townhouses, resort hotel and conference center. Over one mile of lake frontage makes this an exciting project.

### 13. Boardwalk West

This publicly held parcel surrounds the existing "Club Rio" and will be the future site of a marina, shops and restaurants. Preliminary indications are that resort hotel and office uses will also be proposed.

### 14. Boardwalk East

Similar to the Boardwalk in concept, this site is publicly owned. Commercial shops are anticipated to line the water's edge in this project, which could be similar in character to the San Antonio Riverwalk.

### 15. S.C.E.N.E.

The Southwest Center for Education and the Natural Environment (S.C.E.N.E.) is a concept which has materialized from a dedicated group of volunteers. S.C.E.N.E. has recently opened a temporary exhibit facility at the northwest corner of Apache Blvd. and Rural Road (inside A.S.U.'s Visitor's Center).

### 16. Private Development Site

Resort hotel and office uses are planned for this privately held parcel which features lake frontage. It is also bordered by the Karsten Golf Course at A.S.U. Other potential features of the site include a health club and athletic facilities.

**WHAT DOES THE TITLE "CORRIENTES" MEAN?**

The title "corrientes" is derived from the Spanish word meaning currents or streams. This term is uniquely suited to describe the project's vital relationship to water movement, as well as the City of Tempe's desire to communicate "current" project development.

Thanks to A.I.A. Rio Salado Arizona for the inspiration.

**FOR YOUR INFORMATION...**

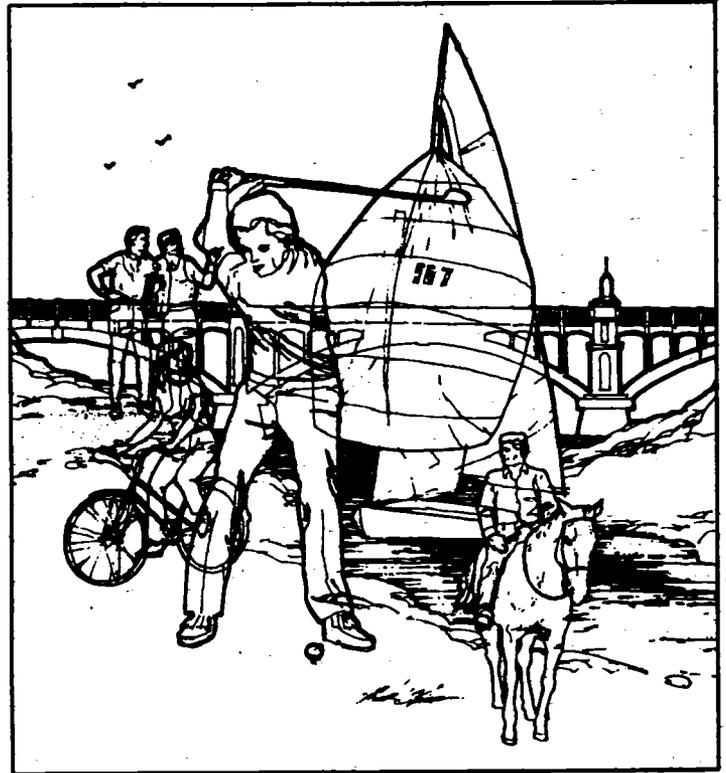
Please be aware that flood waters flowing in the Salt River can be life-threatening if you try to wade or boat through them. The water moves very fast and has an "undertow" in places which can pull a person down into the current. Please be careful and stay out of the river for safety's sake!

**WHOM TO CONTACT FOR MORE INFORMATION:**

City of Tempe  
Community Development Department  
Redevelopment Section  
115 E. Fifth Street, Suite 2  
Tempe, AZ 85281  
(602) 350 - 8587

**HOW TO GET A SPEAKER FOR YOUR GROUP:**

Contact Rose Meger at (602) 350 - 8987 during normal office hours. Be sure to tell her how many people will attend, what type of meeting room to plan for and any special audio/visual needs.



**Community Development Department**

City of Tempe  
P.O. Box 5002  
Tempe, AZ 85280



RGP  
7/94

**Considerations in Seeking Grant Funding**

<b>Community Impact</b>	<b>Funding Possibility</b>	<b>Contact</b>
Potential for Economic Development?	1. Industrial Park Projects Grants; 2. Public Works Impacts Grants (EDA)	Antony C. Perot (602) 640-2541
Current Economic Status of the affected Area?	Urban Development Action Grant (HUD)	Cheryl Thomas (Aide to Henry Cisneros) (202) 708-0810
Number of people directly served and indirectly served?	Economic Strength Program Grant (DOC)	Debbie Broermann, AZ Dept. of Commerce: (602) 280-1341
Flood bank protection needed?	1. Army Corps of Engineers; 2. Land & Water Conserv.	Sam Arrowood (602) 640-2003
Bicycle, hiking or equestrian paths to be included?	1. ISTE A Enhancement Funds; 2. Nat. Recreational Trails Grant	Leslie Dornfeld - MAG (602) 254-6308
Pedestrian bridges to be included?	Timber Bridge Grants- Forestry Service; ISTE A	Paul Stewart- 225-5200
Landscaping to be included?	Tree Planting Grants (SBIR)	Small Business Administration
Proximity to transportation routes? Recreation Sources?	1. Federal Transportation Grants; 2. ISTE A; 3. Land & Water Conserv. Grant (AZ State Parks)	1. Federal Highway Admin. Thomas Edick (Park Rds) (202) 366-9494; 3. Peggy Tabor (542-7128)
Is this a restoration project?	Urban Parks Restoration Grant	National Park Service (202) 343-3700
Does this project feature innovative applications?	Innovation Grants- Parks: Nat. Parks Service	Randy Clements, SW Region (505) 988-6737
Does it hope to attract small businesses?	Small Business Grant	
Americans with Disabilities Act compliance?	Community Development Block Grants	

San Antonio, Texas: Parks & Recreation River Operations Director Richard Hurd.  
 Telephone Conversation July 19, 1994.

**San Antonio Riverwalk Park**

Was this a neighborhood park, a downtown park, a rural park?	A downtown park that was created as a solution to flooding problems that occurred in 1921.
Did you create it or restore it?	Created in 1928, primarily from a citizen's move to prevent another flood. It evolved over 70 years. In 1938 a WPA grant provided the basic structure, with 17,000 feet of sidewalk (3 miles). Municipal tax for improvements was levied in the 1950's. the Chamber of Commerce lobbied heavily to establish business development.
What were some of the economic/social benefits San Antonio felt by this project?	Shopping malls, hotels, private businesses developed. Plans are for a stadium near there.
We are anticipating a project in Maricopa County that is similar to the San Antonio Riverwalk Park Project. When this project was in concept, what avenues for funding did you explore to help fund it?	Federal Transportation grant-11 M; Urban Development Action Grant (HUD); ISTEAFunding-14 M. (to create a Hike/Bike Path leading to 5 Historical Missions; included a roadway restored as a bridge.) Corps of Engineers helped us with rechanneling and bank protection.
Did you find that Parks or Forestry Departments were helpful in this?	Supportive; some parks funds, but not a lot of financial assistance.
Did you hit any snags or difficulties with the funding?	We had strong citizen input and a lot of private sector development. We had to constantly stress that this is a PARK, not a commercial development. A.D.A. (Americans with Disabilities Act) became an important consideration.
Contacts:	City Manager: 1-210-299-7080
Ron Darner, Director	Parks & Rec: 1-210-299-8482
Ron Smooty, Coordinator	Parks & Rec: 1-210-299-8482
Richard Hurd, Director, River Operations	Parks & Rec: 1-210-299-7883
Ed Baca, Grants Writer	Parks & Rec: 1-210-299-8480
Frank Perry, Downtown Asso.	Parks & Rec: 1 210-299-8480

# GRANT PROGRAMS OF THE ARIZONA STATE PARKS BOARD

1300 West Washington, Phoenix, Arizona 85007

PROGRAM	PURPOSE	BUDGET	WHO CAN APPLY	DEADLINE	CONTACT
Boating Law Enforcement and Safety Fund <b>BLESF</b>	To support county boating law enforcement personnel	About \$600,000 annually from boat "in-lieu" taxes	County Boards of Supervisors	No later than 5:00 pm on the first official work day of September	Peggy Tabor 542-7128
State Lake Improvement Fund <b>SLIF</b>	To support boating related facilities and access on waters where boating is permitted throughout Arizona	About \$4,200,000 annually from motor boat fuel and "in-lieu" taxes	State Parks, Game & Fish, counties, and municipalities	No later than 5:00 pm on the first official work day of September	Peggy Tabor 542-7128
Environmental Education (Heritage Fund)	To support hands-on projects which actively involve a group or individual in an environmental education experience	About \$75,000 annually from the Arizona State Parks Board Heritage Fund	Incorporated municipalities, counties, state agencies, not-for-profit organizations, and Indian Tribes	No later than 5:00 pm on the last official work day of June	Erik Kulvinskas 542-7129
Trails (Heritage Fund)	To support trail acquisition and improvements throughout Arizona	About \$500,000 annually from the Arizona State Parks Board Heritage Fund	Incorporated municipalities, counties, state agencies, federal agencies, and Indian Tribes	No later than 5:00 pm on the last official work day of June	Erik Kulvinskas 542-7129
Historic Preservation Fund (Federal)  <b>HPF</b>	To support planning and survey projects consistent with the Secretary of the Interior's Standards for Rehabilitation	About \$70,000 annually from the National Park Service	Incorporated municipalities, counties, state agencies, not-for-profit organizations, Indian Tribes, and Certified Local Governments (CLG)	No later than 5:00 pm on the last official work day of June	Fran Tropea 542-6998
Historic Preservation (Heritage Fund)  <b>AHF</b>	To support historic preservation efforts consistent with the Secretary of the Interior's Standards for Rehabilitation	About \$1.2 million annually from the Arizona State Parks Board Heritage Fund	Incorporated municipalities, counties, state agencies, not-for-profit organizations, Indian Tribes, and Certified Local Governments (CLG)	No later than 5:00 pm on the last official work day of June	Fran Tropea 542-6998
Local, Regional and State Parks (Heritage Fund) <b>LRSP</b>	To support land acquisition and development of facilities for outdoor recreation improvements throughout Arizona	About \$3.5 million annually from the Arizona State Parks Board Heritage Fund	Incorporated municipalities, counties, state agencies, and Indian Tribes	No later than 5:00 pm on the last official work day of June	Warner Poppleton 542-6997
Land and Water Conservation Fund (Federal)  <b>LWCF</b>	To support land acquisition and development of facilities for outdoor recreation improvements throughout Arizona	About \$400,000 annually from the National Park Service	Incorporated municipalities, counties, state agencies, and Indian Tribes	No later than 5:00 pm on the last official work day of June	Warner Poppleton 542-6997

## New avenues opening

For years, small businesses have complained about their inability to get loans from banks. And the state's leading banks have made it clear that, while they have money to lend, they won't return to their helter-skelter lending practices of earlier years.

Banks have retrenched and are sticking to firmer lending requirements. They are pretty much out of any startup financing and have no interest in the venture-capital business.

This change in policy seems to make sense after witnessing the debacle that followed the years when loans were made on the basis of golf games, not financial statements. But it's been frustrating for small businesses. The last time they went to the bank, loans were easy to get.

Some businesses haven't had to borrow money since the heady days, and they are shocked when they go back for a loan in today's environment and find much tougher standards.

For the major banks, the shift has been away from the commercial side of banking in favor of retail or consumer loans. It used to be that 60 percent of a bank's loans were for businesses and 40 percent were for consumers, such as car or home loans. Today, that balance has shifted to 60 percent for consumers and 40 percent for businesses.

This change in lending climate has led to many alternative lending programs. While some have drawn little interest, others seem to be doing a nice job of supplementing bank lending.

For example, the Arizona MultiBank Community Development Corp. is almost fully funded. The MultiBank is finishing its second year with 20 loans worth a total of nearly \$2 million. It now has 13 members and is just shy of its funding-base goal of \$10 million. The MultiBank, started through the Arizona Bankers Association, works with groups that traditional lenders probably wouldn't finance. More than half of its loans are for less than \$75,000, and 60 percent are for women- or minority-owned firms.

Small Business Administration loans also continue to grow. It funded 265 loans worth more than \$73 million during the past year.

While these programs are helping, at least one other still is sluggish. The Uniform Limited Offering Registration program was designed to help small firms raise money, but only five companies have taken advantage of the ULOR process. One went out of business, and three are still trying to raise the money. While state officials say the program will pick up, investment bankers say it's still tough to get investors because there's no market for the stock to be traded once an investor buys it.

While these alternative programs have some successes and challenges, it's comforting to see efforts being made to find new avenues of financing for small business.

### Venture capital for startups

Startup companies usually do not have a prayer of getting funding from traditional banking sources. But venture capitalists continue to invest in these fledgling companies on the promise of big returns.

Recent statistics from San Francisco-based VentureOne show that 298 startup venture-capital deals were done nationwide in 1993. This is down slightly from the 1992 figure of 303 deals.

But the total value of the startup financing was up slightly in 1993. The value of that year's 298 deals was \$1.06 billion, compared with \$1.02 billion in 1992. This figure has skyrocketed from the \$638 million done in venture-capital startup deals during 1991.

Startup deals accounted for 35 percent of all venture-capital deals in 1993. That's up from 34 percent in 1992 and 32 percent in 1991.

VentureOne reports the pre-investment valuation of these startup deals is up significantly, a good sign for entrepreneurs. The hot initial public offering market also has helped startup firms. Business owners can hope to go public above venture capitalists' heads.

*BUSINESS JOURNAL*  
*7-15-94*

# Hawaiian investor plans to pump \$30M into state

By D.J. BURROUGH  
The Business Journal

A Hawaiian investor has amassed close to 1 million square feet of industrial properties and more than 780 apartment units in Arizona and plans to invest an additional \$30 million in the state.

In all, Holualoa Arizona Inc. has invested \$18.6 million in industrial properties and approximately \$14 million in apartment complexes in Arizona.

Holualoa is a private investment company with real estate holdings in Hawaii and on the East Coast. It closed July 8 on 157,000 square feet of industrial space in Phoenix and June 29 on 142,000 square feet of industrial space in Tempe.

With the recent acquisitions, Holualoa's portfolio of industrial property has swelled to more than 900,000 square feet in Tucson and the Valley.

"We basically saw the economy as being reasonably good and prices as being substantially below replacement," says Vance Marshall, Phoenix area manager for Holualoa.

To raise funds for further Valley real estate investments, Holualoa is selling four of its apartment complexes, totaling 784 units, in a sealed-bid auction to be held July 21, he says. The sale of those apartments, along with two held by a minority partner in Holualoa, are expected to bring close to \$30 million, he says.

"In all likelihood, we will be looking to spend the proceeds from the apartment sales," Marshall says. "We are happy with what we got, so we are still looking."

Although Holualoa is liquidating the bulk of its apartment holdings, it still is pursuing other apartment deals. The company is in escrow on the Foothills on the Preserve, a 144-unit apartment complex at 1525 E. Cheryl Drive, Phoenix, he says. The property, which will not be part of the sale, should close in about three weeks, Marshall says.

Some of Holualoa's other recent real estate purchases:

- A 41,000-square-foot industrial building at 3901 W. Van Buren St., Phoenix. The 13-year-old industrial building was purchased in January for \$510,000 from Gov. Fife Symington.
- A 22,000-square-foot building at 1615 S. 52nd St., Tempe. The building, purchased in October for \$600,000, has been leased to Robinson's/May for use as a credit-card center.
- The 132,000-square-foot Elwood Industrial Center, 4202 E. Elwood Road, Phoenix.
- The 60,000-square-foot Richards Westside Business Park, 2901 W. Culver St., Phoenix.



Vance Marshall, Phoenix area manager, Holualoa

• For \$4.4 million, 144 acres of improved industrial land in the Butterfield Business Park in Tucson.

The company, which includes two New York investors, has targeted for purchase properties that are selling for less than their replacement cost, he says. Holualoa has improved the cash flow of many of the properties by investing in renovations and increasing the tenant base, he says. The typical occupancy rate of most of its portfolio was 70 percent, and now the average occupancy rate is more than 90 percent, Marshall says.

Many of Holualoa's holdings are in Tucson because that is where company president Mike Kasser lives, Marshall says.

Mark DiSabato, a vice president of the industrial properties division of Grubb & Ellis, says Holualoa entered the market at just the right time. The market for industrial property has been on the rise for some time, he says, and during the first quarter of 1994 more than 1.3 million square feet of space was leased.

"If they bought at below replacement value, they can come in and offer attractive rates and still achieve a very good return on the investment because of the price they bought the properties at," DiSabato says. "It will be more and more difficult to find space here in Phoenix."

The improving economy and a host of companies relocating from California and the Midwest have increased activity in the industrial market, DiSabato says. From a landlord's perspective, the industrial market will continue to improve as the supply of available space dwindles, he says. As of March 31, the Valley had more than 6 million square feet of industrial space for sale or lease, he says.

Holualoa — the name of a town near Kailua-Kona on the island of Hawaii, where Kasser sometimes lives — invests in real estate on the mainland as opposed to Hawaii because the returns are much better, Marshall says.

Holualoa intends to continue to expand its holding in Arizona, Marshall says, even though "it is getting harder to find the right deals."

# Community Profile

## Tempe

**Tempe**, the fifth largest city in Arizona, has developed from a small college town and bedroom community into a full-fledged city with a strong diversified economy. It is home to Arizona State University, the fifth largest university in the nation. Known for its highly educated populace, Tempe is a sophisticated city and center for learning, culture and technology.

Tempe was founded because it had the only rock bottom river crossing in the Salt River Valley. Several bridges at the base of Tempe Butte testify to its strategic location. In 1871 Charles T. Hayden opened a ferry service and flour mill here. Hayden Flour Mill is the oldest continuously operated business in Arizona. A Mexican village called San Pablo preceded Hayden. The town was first known as Hayden's Ferry. But in 1879, residents chose Tempe, after the Vale of Tempe in Greek mythology.

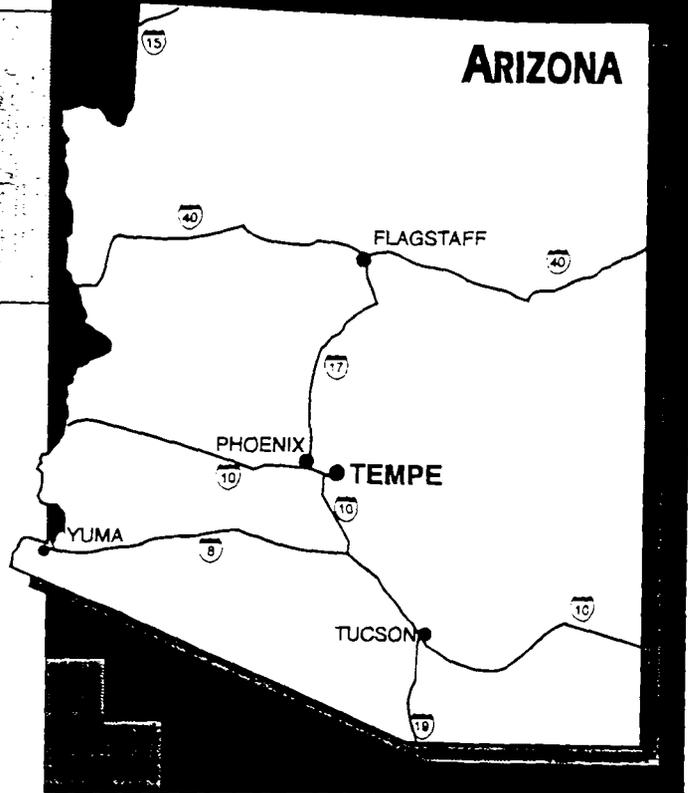
In 1886 the Arizona Territorial Normal School, a teachers college, was opened in Tempe. It was Arizona's first institution of higher learning. From its humble beginning with 30 students, it has become Arizona State University, a major institution of higher education.

### PRINCIPAL ECONOMIC ACTIVITIES

For many years Tempe was dependent on Arizona State University for its prosperity. ASU is still important with some 42,000 students and a staff of over 10,000. Today Tempe has developed a multifaceted economic base. Some 200 manufacturing firms with more than 11,000 jobs produce electronics, clothing, foodstuffs, mobile homes and machine products.

Research and development firms have found fertile ground in Tempe using the strong educational base. The 323 acre Arizona State University Research Park is a highlight in this area.

The Mill Ave Merchants Association (MAMA) puts on an arts festival twice each year. These events have become very important economic activities. The Phoenix Cardinals have training facilities and America West Airlines has its corporate headquar-



ters in Tempe. In 1993 Chase Bank will open a credit card processing center employing approximately 2,000 people. Additionally, Tempe is the spring training home of the California Angels and the annual Fiesta Bowl.

### SCENIC ATTRACTIONS

Old Town Tempe has become a regional entertainment center boasting nightclubs, restaurants, boutiques, live theater and the Valley Art Theater (film). A new multi-screen movie house will open in 1993. The area combines historic buildings with modern architecture. Tempe City Hall, a unique inverted pyramid built in 1970, is well known. Hayden Square hosts music concerts. The annual spring and fall Festival of the Arts draws tens of thousands to Old Town Tempe—the largest such event in the Southwest.

The ASU sports program fields strong teams in football, basketball, baseball and others. ASU's Gammage Auditorium, designed by Frank Lloyd Wright and completed in 1964, seats 3000 and hosts first-class productions. The new Nelson Fine Arts Center has excellent collections of early American, Mexican and ceramic arts.

### POPULATION

	1980	1990	1991
Tempe	106,920	141,865	144,115
Maricopa County	1,509,175	2,122,101	2,179,975
Arizona	2,716,546	3,665,228	3,763,350

Sources: Arizona Department of Economic Security and U.S. Census Bureau

### TEMPE LABOR FORCE DATA

	1980	1990	1991
Civilian Labor Force	63,014	90,667	88,438
Employed	59,851	87,371	84,792
Unemployed	3,163	3,296	3,646
Unemployment Rate	5.0%	3.6%	4.1%

Source: Arizona Department of Economic Security

### GROWTH INDICATORS

	1989	1990	1991
Taxable Sales (\$000)	2,122,500	2,233,500	2,377,231
Postal Receipts (\$)	27,506,845	32,351,165	30,729,372
New Building Permits Issued*	2,707	1,574	1,166
School Enrollment	29,777	33,192	20,760
Net Assessed Valuation (\$000)	930,091	932,769,771	892,584,064

\*Arizona Business, Arizona State University

# Tempe

## PROPERTY TAX RATE PER \$100 ASSESSED VALUATION

	1989	1990	1991
Elementary District #3	\$ 3.46	\$ 3.88	\$ 4.16
High School	2.95	3.06	2.84
Community College	.75	.80	.84
County	1.66	1.72	1.68
State of Arizona	.47	.47	.47
Flood District	.43	.42	.44
Central Arizona Project	.10	.10	.14
<b>Total Outside City</b>	<b>\$ 9.82</b>	<b>\$10.45</b>	<b>\$10.57</b>
<b>City</b>	<b>1.25</b>	<b>1.25</b>	<b>1.30</b>
<b>Total</b>	<b>\$11.07</b>	<b>\$11.70</b>	<b>\$11.87</b>

Source: Arizona Tax Research Foundation

Note: Property tax in Arizona is based on assessed valuation which is less than market value. That means it is not possible to compute taxes for a particular piece of property based on these numbers.

## COMMUNITY FACILITIES

Tempe has two libraries, three museums, 40 parks, five indoor theaters, five golf courses, four swimming pools, and numerous basketball, racquetball, baseball, soccer, volleyball and tennis courts.

**Communication.** In addition to communication resources from the rest of the state, Tempe has a daily newspaper, *The Tempe Daily News Tribune*. One TV station and one radio station broadcast from Tempe. Over 30 radio and a dozen TV stations are received and some 40 TV channels are available via cable.

**Educational.** There are 35 public elementary and junior high schools, four high schools, and eight private elementary and high schools in Tempe.

Tempe residents attend Mesa, Scottsdale, Rio Salado, and South Mountain Community Colleges along with Arizona State University (ASU). ASU has nine undergraduate colleges and a graduate college. Tempe also has three private colleges; Charles Cook Theological School, International Baptist College, and Western Christian Bible College.

**Medical.** There is one hospital, Tempe St. Lukes with 110 beds, and two convalescent homes with 220 beds. Medical professionals include nearly 300 physicians, dentists and chiropractors.

**Financial.** The City of Tempe has 13 financial institutions with approximately 50 local branch offices. Tempe businesses are eligible for assistance in financing fixed assets through the Business Finance Division of the Arizona Department of Commerce. Information on industrial development bonds within the city may be obtained from the same source or from the Industrial Development Authority of the City of Tempe; Counsel and Statutory Agent; c/o Richard E. Mitchell; O'Connor, Cavanaugh, Anderson, Westover, Killingsworth, and Beshears; Suite 1100, 1 E. Camelback Rd.; Phoenix, Arizona 85012-1656.

**Governmental.** Tempe is governed by a mayor, six council members and a city manager and is served by a local police department. The fire department has four sub stations.

**Airport.** Residents of Tempe use Phoenix Sky Harbor International Airport, ten minutes west of Tempe with domestic and international airlines.

**Industrial Properties.** There are 68 industrial parks for light or heavy industry, office, warehouse, commercial or storage in various size parcels with monthly or annual leases. Additionally, ASU operates a research park. Contact the Tempe Chamber of Commerce for more information.

## Utilities

Electricity:	Arizona Public Service	(800) 253-9405
	Salt River Project	(602) 236-8888
Natural Gas:	Southwest Gas Co.	894-6674
Telephone:	U.S. West Communications	490-2355
Water & Sewer:	Municipal	350-8361

**Lodging and Meeting Facilities.** There are 33 motels with 3,120 rooms and several meeting facilities, with the largest seating 900 persons.

## WEATHER

Month	Average Temperature (°F)		Average Total Precipitation (Inches)	Daily Month	Average Temperature (°F)		Average Total Precipitation (Inches)
	Daily Max.	Daily Min.			Daily Max.	Min.	
January	65.5	35.4	0.83	August	102.0	72.4	1.38
February	69.9	38.1	0.62	September	98.8	64.6	0.75
March	74.4	42.3	0.80	October	88.6	52.7	0.50
April	83.4	48.4	0.33	November	75.8	41.5	0.51
May	92.4	55.1	0.16	December	67.5	36.0	0.94
June	100.9	62.6	0.11				
July	104.3	73.4	0.70	Year	85.3	51.9	7.63

Average Total Snow, Sleet and Hail Annually: Trace (Based on a thirty year average)

This community profile was prepared by the Arizona Department of Commerce Communication and Research Division in cooperation with the Tempe Chamber of Commerce and the City of Tempe.

For further information, contact:

Tempe Chamber of Commerce	City of Tempe
60 E. 5th Street, #3	31 East 5th Street
Tempe, AZ 85281	Tempe, AZ 85281
(602) 967-7891	(602) 350-8036

This information is available at no cost to computer users by modem through the Arizona State University Economic Development Database. Phone (602) 965-5959 for access information. Bulk orders and complete sets of profiles may be obtained at moderate cost from the Arizona Department of Commerce by calling (602) 280-1321.

## Arizona Department of Commerce

3800 N. Central Ave., Ste. 1400  
Phoenix, AZ 85012  
(602) 280-1321

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Project Name:		
Project Manager:		Today's Date:
<b>Project Description</b>	<b>As each apply</b>	Please list briefly what you plan to do.
Urban Principal Arterial Urban Minor Arterial Urban Major Collector Urban Minor Collector Urban Local Road Urban Frontage Road Rural Principal Arterial Rural Minor Arterial Rural Collector Bridge Intersection Turn Lane Bicycle Route Bicycle Path Bicycle Lane Pedestrian Walkway		Estimated Total Cost: \$ _____
When is design due to commence?		Where <i>on the Map</i> is the project located?
Is Preliminary Roadway Assessment complete?	Y N	Who's doing PRAR?
Environmental Determination Report started?	Y N	Are any technical problems or political pressures associated with this project that might affect funding?
Estimated Completion Date?		
Is there any utility relocation?	Y N	
Is there Right of Way to obtain?	Y N	Who owns the ROW?
DO YOU HAVE A SPECIFIC GRANT PROGRAM IN MIND YOU'D LIKE ME TO CHECK FIRST?	Y N	Grant Program: _____  By what date do you want a response?

## ANSWERS TO U.S. CONGRESSIONAL COMMITTEE QUESTIONS

The case for the project needed to address the following questions:

1. Identify the State or other qualified recipient responsible for carrying out the project.
2. Describe the design, scope and objectives of the project, including the phase or phases proposed for funding.
3. Is the project eligible for Federal-aid funds?
4. What is the total project cost and source of funds?
5. Will there be private sector funding for a portion of the project and, if so, how much private sector financing is being made available for the project?
6. Will the completion costs for the project exceed the amounts requested for the project?
7. Has early work, such as preliminary engineering and environmental analysis been done on the project?
8. What is the proposed schedule and status of work on the project?
9. Is the project included in the metropolitan and/or State transportation improvement plan(s), and if so, scheduled for funding.
10. Is the project considered by State and/or regional transportation officials as critical to their needs?
11. Why have State and/or regional transportation officials not given this project sufficient priority to obtain funding through the normal ISTEA funding process?
12. Has the proposed project encountered, or is it likely to encounter, any significant opposition or other obstacles based on environmental or other types of concerns?
13. How will the project objectives be attained?
14. Describe the economic, energy efficiency, environmental, congestion mitigation and safety effects associated with the completion of the project.
15. Will the project require an additional investment in other infrastructure projects? If so, how will these projects be funded?
16. In lieu of the proposed project, what other transportation strategies have been considered by State and local transportation officials?
17. Is the authorization requested an increase to a previously authorized amount for this project, or would this be the first authorization for this project? Has this project previously received federal funding, commitments regarding future federal funding (such as an LOI or Full Funding Agreement), or appropriations?
18. If Highway Trust Fund revenues are not made available for the project, would you support general fund revenues for it?

The material which follows responds directly to the above questions. Further coordination with the Federal Highway Administration, Arizona Department of Transportation, the Maricopa Association of Governments and the local governments impacted will be carried out and documented in the Appendix.

<b>AGENCY #20.205</b>	<b>FEDERAL HIGHWAY ADMINISTRATION</b>
<b>TYPES OF ASSISTANCE</b>	FORMULA GRANTS; PROJECT GRANTS
<b>ELIGIBILITY</b>	STATE HIGHWAY AGENCIES. PROJECTS RELATED TO PEDESTRIAN AND BICYCLE TRANSPORTATION, NATIONAL FORESTS AND PARKS, INDIAN RESERVATIONS, AND PUBLIC LANDS HIGHWAYS, CERTAIN PROJECTS IN URBAN AREAS, OR PROJECTS OFF THE STATE HIGHWAY SYSTEMS--MAY BE PROPOSED BY COUNTIES, OTHER POLITICAL SUBDIVISIONS OR AGENCIES THROUGH THE STATE HIGHWAY AGENCIES.
<b>PURPOSE</b>	75 TO 90 PERCENT GRANTS FROM THE HIGHWAY TRUST FUND FOR HIGHWAY AND RELATED PROJECTS. ELIGIBLE FUND USES INCLUDE COSTS OF PLANNING, DESIGN, ACQUISITION, RESEARCH, RELOCATION ASSISTANCE, CONSTRUCTION, RECONSTRUCTION, REPAIR, IMPROVEMENT (BUT NOT MAINTENANCE) OF INTERSTATE AND PRIMARY AND SECONDARY HIGHWAYS, AND ROADS AND STREETS IN URBAN SYSTEMS, FERRY SERVICE, AND BRIDGE REPAIRS. RELATED PROJECTS MAY INVOLVE RAILROAD GRADE CROSSINGS, ROADSIDE BEAUTIFICATION, BRIDGES, BICYCLE PATHS, PEDESTRIAN WALKWAYS, FRINGE AND CORRIDOR PARKING, FOREST HIGHWAYS, AND REST AREAS. IN SOME CASES, FUNDS MAY BE USED FOR PUBLIC MASS TRANSIT IMPROVEMENTS.
<b>AMOUNT OF FUNDING</b>	BASED ON FORMULA ALLOCATION
<b>CONTACT (202) 366-2360</b>	DIRECTOR, OFFICE OF PLANNING, OFFICE OF GRANTS MANAGEMENT, FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, 400 SEVENTH STREET, SW., WASHINGTON, DC 20590.

<b>AGENCY</b>	<b>ARIZONA STATE PARKS GRANT PROGRAMS: HERITAGE FUND TRAILS GRANT</b>
<b>TYPE OF ASSISTANCE</b>	MATCHING GRANTS 50%
<b>ELIGIBILITY</b>	STATE, COUNTY AND CITY AGENCIES, INDIAN TRIBES AND FEDERAL ORGANIZATIONS
<b>PURPOSE</b>	ACQUISITION OF FUTURE TRAIL ALIGNMENTS, DESIGN, ENGINEERING OF TRAIL DEVELOPMENT, OF TRAILS FACILITIES AND TRAIL SUPPORT FACILITIES. PLANNING PROJECTS ARE NOT ELIGIBLE FOR FUNDING.
<b>AMOUNT OF FUNDING</b>	\$500,000; MINIMUM AWARD IS \$4000.
<b>CONTACT</b>  (602) 542-7116	PAM GILMORE, STATE TRAILS COORDINATOR ARIZONA STATE PARKS GRANT PROGRAM 1300 W. WASHINGTON PHOENIX, AZ 85007  ALTERNATIVE: ERIK KULVINSKAS, GRANTS PROGRAM COORDINATOR OFF-HIGHWAY VEHICLE, ENVIRONMENTAL EDUCATION, TRAILS GRANTS PROGRAM

<b>AGENCY</b>	<b>ARIZONA STATE PARKS GRANT PROGRAMS: HERITAGE FUND LOCAL, REGIONAL AND STATE PARKS COMPONENT</b>
<b>TYPE OF ASSISTANCE</b>	MATCHING GRANTS-50%
<b>ELIGIBILITY</b>	LOCAL, REGIONAL, AND STATE PARK AGENCIES
<b>PURPOSE</b>	PARK DEVELOPMENT AND LAND ACQUISITION
<b>AMOUNT OF FUNDING</b>	\$300,000; MINIMUM GRANT AWARD IS \$7,500
<b>CONTACT</b> <b>(602)</b> <b>542-7127</b>	LYLE BAIR, GRANTS MANAGER, ARIZONA STATE PARKS GRANT PROGRAM 1300 W. WASHINGTON PHOENIX, AZ 85007

<b>AGENCY</b>	<b>U.S. DEPARTMENT OF INTERIOR: NATIONAL PARK SERVICE - URBAN PARK AND RECREATION RECOVERY GRANTS PROGRAM (UPARR)</b>
<b>TYPE OF ASSISTANCE</b>	REHABILITATION GRANTS AND INNOVATION GRANTS; RECOVERY ACTION PROGRAM GRANTS
<b>ELIGIBILITY</b>	LOCAL GOVERNMENTS WHICH HAVE DEVELOPED, SUBMITTED, AND APPROVED A LOCAL ACTION PROGRAM WITH THE NATIONAL PARK SERVICE REGIONAL OFFICE.
<b>PURPOSE</b>	REHABILITATION OF DETERIORATING FACILITIES FOR PARKS AND RECREATION; EMPHASIZES COMMUNITY LINKS AND OVERALL COMMUNITY LONG-RANGE GOALS. INNOVATION GRANTS COVER COSTS OF PERSONNEL FACILITIES, EQUIPMENT, SUPPLIES, OR SERVICES-- DELIVERY OF RECREATION SERVICES.
<b>AMOUNT OF FUNDING</b>	INDEFINITE; \$725 MILLION NATIONALLY. REHAB GRANTS: 70% FEDERAL MATCH, 30% LOCAL) INNOVATION GRANTS: 70%/30%; RECOVERY ACTION: 50-50.
<b>CONTACT (505) 988-6705</b>	ASST. REG. DIRECTOR FOR EXTERNAL PROGRAMS NATIONAL PARK SERVICE PO BOX 728 SANTA FE, NEW MEXICO 87501

<b>AGENCY</b>	<b>U.S. DEPARTMENT OF THE INTERIOR: NATIONAL PARK SERVICE</b> <b>LAND AND WATER CONSERVATION FUND</b>
<b>TYPE OF ASSISTANCE</b>	MATCHING GRANTS: 50%--ACQUISITION AND DEVELOPMENT GRANTS FOR RECREATIONAL FACILITIES
<b>ELIGIBILITY</b>	STATE, COUNTY, CITY GOVERNMENTS & INDIAN TRIBES
<b>PURPOSE</b>	TO ACQUIRE, DEVELOP, AND IMPROVE OUTDOOR RECREATION AREAS.
<b>AMOUNT OF FUNDING</b>	FY 94 - \$24.75 MILLION (NATIONALLY) \$300,000 YEARLY (LOCALLY)
<b>CONTACT</b>  (602) 542-699 7	WARNER POPPLETON ARIZONA STATE PARKS GRANTS PROGRAMS 1300 W. WASHINGTON PHOENIX, ARIZONA 85007

<b>AGENCY</b>	<b>U.S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE STATE LAKE IMPROVEMENT FUND (SLIF)</b>
<b>TYPE OF ASSISTANCE</b>	CONSTRUCTION PROJECTS & MATERIALS.
<b>ELIGIBILITY</b>	PROJECTS INCLUDE ACQUISITION OF REAL AND PERSONAL PROPERTY THROUGH PURCHASE, LEASE, AGREEMENT OR OTHERWISE FOR THE PURPOSE OF PROVIDING ACCESS TO WATERS WHERE BOATING IS PERMITTED; DESIGN AND ENGINEERING PROJECTS.
<b>PURPOSE</b>	TO ASSIST STATE AND LOCAL UNITS OF GOVERNMENT TO IMPROVE BOATING RELATED RESOURCES AND FACILITIES...
<b>AMOUNT OF FUNDING</b>	CYCLICAL; NO MATCH REQUIRED. NOVEMBER DEADLINE
<b>CONTACT</b>  <b>(602)</b> <b>542-4662</b>	PEGGY TABOR, ARIZONA STATE PARKS 1300 W. WASHINGTON PHOENIX, AZ 85007

# Flood of Rio Salado cash seen

## Tempe project could generate \$530 million a year for state

By Bob Petrie  
THE PHOENIX GAZETTE

The \$1.2 billion project to transform five miles of the Salt River bed into Tempe's Rio Salado recreational, retail and commercial center will generate \$530 million a year for the state, an economic impact report shows.

The report, completed by Deloitte & Touche, also shows that over an estimated 15-year building period of Rio Salado, the construction will create more than 25,000 jobs and nearly

\$2 billion in economic output for the state.

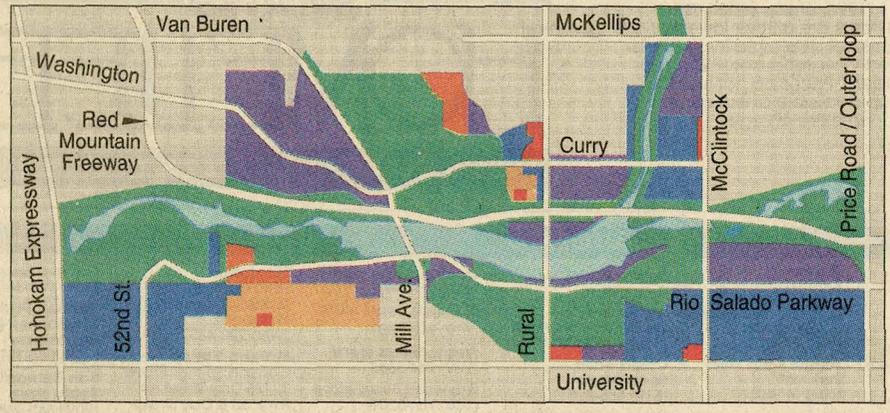
Once the project is complete, Tempe will reap the largest share of the annual economic impact, with \$313 million being spent on goods and services in the city, and the creation of 4,300 full-time jobs.

The project will create 10,670 full-time jobs statewide.

"We weren't surprised by the city's portion, but we were surprised by the county and state figures," said Phil See ■ RIO SALADO, Page B6

### Tempe Rio Salado Project

■ Recreational ■ Commercial ■ Municipal  
■ Industrial ■ Residential ■ Mixed Use ■ Waterways



THE PHOENIX GAZETTE

## 2 investors sue law firm, accountant in thrift failure

By David Rossmiller  
THE PHOENIX GAZETTE

Two investors in the failed Western Savings and Loan Association filed a class action lawsuit Friday against the institution's former law firm and accountant.

The investors, James LaSalle and Ethyl Blatt, accuse the Streich Lang law firm and Deloitte & Touche, an accounting firm, of helping Western's directors mislead federal regulators and defraud the public.

The lawsuit was filed in U.S. District Court in Phoenix. It asks for unspecified damages but says the losses to investors were in the millions of dollars.

The lawsuit is the latest in a string of lawsuits filed against Western's former directors and business associates.

Last year, the federal Resolution Trust Corp. filed a \$1.8 billion lawsuit against former directors and associates. It expanded the lawsuit in April to include Deloitte & Touche.

In mid-February, the RTC filed a \$400 million lawsuit against Streich Lang, and earlier that month,

sued Gerald Miller, a former Western top official, for \$100 million.

In January, a federal grand jury indicted Gary Driggs, president of Western for 15 years, on fraud and conspiracy charges in connection with Western's demise.

Western was placed in receivership in January 1989 by the Federal Home Loan Bank Board.

The collapse of the 60-year-old thrift is among the most costly failures in the country, with taxpayers expected to pay a \$2 billion resolution tab. Western's

See ■ **LAWSUIT**, Page **B3**

## ■ RIO SALADO

Benowitz, a Deloitte & Touche financial consultant.

"That's a tribute to the magnitude of the project. There aren't many Rio Salados around the country."

Tax revenues from Rio Salado are projected to be strong, with \$3.6 million a year to go to Tempe, and \$32.7 million to the state.

The city turned to developing its own portion of the Salt River after a 1987 countywide vote to increase taxes to pay for Rio Salado failed.

The plan envisions miles of urban park setting, including lakes, ponds, streams, trails, playing fields, a golf course, picnic centers and entertainment areas, stretching from 48th Street to McClinton Drive.

The centerpiece of the Rio Salado is a \$30 million, mile-long

publicly financed artificial lake to be created between Scottsdale Road and Mill Avenue.

Salt River Project flows from upstream lakes will be controlled by a series of inflatable dams on the artificial lake.

The lake, where most of the economic and recreational activity will be focused, is expected to be under construction by early 1996.

After that, officials believe the economic portions of project, such as hotels, shops and a convention center, will take off rapidly.

Steve Nielsen, project manager for Rio Salado, said the economic study can be used to pry loose dollars from federal and state sources to help develop the project.

"They need a handle on what they can expect from Rio Salado," Nielsen said.

From B1

Officials are hopeful private development will foot most of the cost of creating Rio Salado, with \$80 million in public money.

A recent channelization of the Salt to allow for building of the Red Mountain Freeway along the north bank cost about \$30 million, and another \$15 million has been spent on bridges.

A handful of projects have been completed, including a wildlife riparian area near 52nd Street and Rio Salado Parkway, and much of Rio Salado Parkway has been built alongside the riverbed.

The city is also negotiating with the Rio Salado Sports Group to build an \$8 million ice sports facility on 25 acres near Rio Salado Parkway and Priest Drive.

The group is headed by professional auto racer Tom Sheva.

6/1/94

**Deloitte &  
Touche**



Two Hilton Court  
P.O. Box 319  
Parsippany, New Jersey 07054-0319

Telephone: (201) 631-7000  
Facsimile: (201) 631-7459

April 22, 1994

Mr. Steve Nielsen  
City of Tempe  
Community Development Department  
115 East Fifth Street, Suite 2  
Tempe, AZ 85281

Dear Mr. Nielsen:

We are pleased to present this report on the Economic Impact of the Proposed Rio Salado Development in the City of Tempe. This real estate development would represent a significant expansion of economic and tourist activity for the City of Tempe, Maricopa County and the State of Arizona. This report quantifies the one-time construction economic impact and ongoing annual operating economic impact of the proposed Rio Salado Development. These impacts are presented in terms of revenue flows, employment levels and tax receipts.

It has been our pleasure to serve the City of Tempe in this effort. If we can be of further assistance or if you have any further questions, please do not hesitate to call Mr. Stewart Rog at (201) 631-6821 or Mr. Philip Benowitz at (201) 631-6885.

Very truly yours,

*Deloitte & Touche*

**Deloitte Touche  
Tohmatsu  
International**

# The Economic Impact of the Proposed Rio Salado Development

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## I. EXECUTIVE SUMMARY

### Overview

Rio Salado combines two significant projects for the City of Tempe and Maricopa County - a real estate development composed of offices, hotels, residences, restaurants, retail stores and sport facilities, and a flood control and environmental plan for the area. After construction of the Roosevelt Dam in 1911 and subsequent water diversion projects during the Depression, the Salt River became a dry river bed with severe flooding potential. The recently completed channelization of the Salt River and the development of the Rio Salado project will restore a five mile stretch along the river bank. The construction and operation of the various facilities will enhance the economic activity in the City of Tempe, Maricopa County and the State of Arizona. Furthermore, the channelization of the Salt River reduces the severity of potential floods, protects wildlife through preserves and protects the ground water for the area. The development of the proposed facilities will enhance the quality of life for the residents of the City of Tempe.

The City of Tempe is evaluating the economic benefits of the Rio Salado development in the City, Maricopa County and the State of Arizona. Deloitte & Touche was retained by the City of Tempe to perform an analysis of the economic impact of this real estate development. The economic impact is comprised of the following:

- The one-time economic impact of constructing Rio Salado
- The on-going operations of the businesses within Rio Salado

### Methodology and Activities Performed

A gross expenditure approach was utilized in performing this study. This approach quantifies the direct spending that occurs within the City of Tempe, Maricopa County and the State of Arizona from Rio Salado operations. An economic multiplier is used to calculate the additional indirect impacts on the City, County and State economies as the initial direct spending is respent. In applying this methodology and performing this study we conducted the following activities:

- Interviewed key management within the City of Tempe, Community Development Department
- Interviewed the named developers for the various real estate parcels within the Rio Salado development
- Reviewed the proposals submitted by the developers
- Researched the Arizona State Tax Code relative to estimating Municipal, County and State tax revenues

- Estimated the revenue generated by the various facilities within each parcel
- Reviewed preliminary construction costs provided by the developers and, in addition, estimated the construction costs for certain parcels
- Estimated the economic impact on the City of Tempe, Maricopa County and the State of Arizona

**Summary of Results**

**Economic Impact of Construction**

The construction of the Rio Salado development will have a one-time economic impact on the City of Tempe, Maricopa County and the State of Arizona that will occur over the construction period. Total construction costs are estimated to be \$952.8 million. The following table shows the labor and material portions of this cost and the geographic area from which it is derived.

***Cost Breakdown of the Rio Salado Development***

<i>Cost</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Labor	\$191 million	\$453 million	\$476 million
Materials	\$48 million	\$143 million	\$453 million

If constructed, this project is estimated to generate a one-time economic impact as follows:

***Economic Impact of Construction of Rio Salado***

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$286 million	\$1,191 million	\$1,965 million
Employment <sup>(1)</sup>	2,440 FTE jobs	15,253 FTE jobs	25,205 FTE jobs

*(1) Full-Time Equivalent jobs over the construction period*

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government entities.

**Tax Impact<sup>(1)</sup> of Construction of Rio Salado**  
(\$ in Thousands)

Tax	City of Tempe	Maricopa County		State of Arizona	
		All Municipalities	County Government	All Municipalities Counties	State Government
Income Tax	\$112	\$1,628	\$0	\$2,371	\$16,154
Grocery Food	47	386	0	1,098	0
Restaurant & Bars	35	348	221	1,117	1,153
All Other Sales	182	1,674	1,133	5,534	5,915
Gasoline	17	277	167	762	760
Construction Mat'ls	2,001	7,897	4,826	21,118	22,573
Unemployment	0	0	0	0	4,650
<b>Total</b>	<b>\$2,394</b>	<b>\$12,210</b>	<b>\$6,347</b>	<b>\$32,000</b>	<b>\$51,205</b>

(1) Tax receipts over the construction period

### Economic Impact of Operations

The economic impact of the Rio Salado operations was estimated for each operation within the various parcels of the Rio Salado development. These operations are estimated to generate a recurring impact on the City of Tempe, Maricopa County and the State of Arizona. The economic output and employment impacts are as follows:

### Economic Impact of the Rio Salado Operations

Item	City of Tempe	Maricopa County	State of Arizona
Economic Output	\$313 million	\$495 million	\$530 million
Employment <sup>(1)</sup>	4,296 FTE jobs	10,147 FTE jobs	10,670 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government entities.

**Tax Impact<sup>(1)</sup> of Rio Salado Operations**  
(\$ in Thousands)

Tax	City of Tempe	Maricopa County		State of Arizona	
		All Municipalities	County Government	All Municipalities/ Counties	State Government
Income Tax	\$55	\$794	\$0	\$1,156	\$7,877
Grocery Food	85	234	0	253	0
Restaurant & Bars	491	902	450	1,676	1,730
All Other Sales	2,136	3,784	2,013	7,237	7,768
Gasoline	7	120	72	331	330
Unemployment	0	0	0	0	2,016
Hotel	<u>882</u>	<u>797</u>	<u>294</u>	<u>1,272</u>	<u>1,125</u>
<b>Total</b>	<b><u>\$3,656</u></b>	<b><u>\$6,631</u></b>	<b><u>\$2,829</u></b>	<b><u>\$11,925</u></b>	<b><u>\$20,846</u></b>

(1) Tax receipts on an annual basis

### Non-Quantifiable Benefits

The Rio Salado development and lake construction will enhance the attractiveness of Maricopa County as a tourist destination. As a major resort area, Maricopa County and the State of Arizona offers a variety of attractions. The Rio Salado development would be one more reason for tourists to visit the area and the State of Arizona and/or extend their stay. In addition, new businesses would develop to support this new project and the associated needs of the tourists as well as the permanent residents.

While it is clear that this development has significant value, some of the benefits are impossible to quantify. This is especially true of those benefits that are interrelated and the increased level of tourism that should accompany such an extensive project.



## II. INTRODUCTION

Deloitte & Touche was retained by the City of Tempe, Community Development Department to perform an economic impact study of the proposed Rio Salado Development in Tempe, AZ. In conducting this study, Deloitte & Touche performed the following activities:

- Interviewed key management within the City of Tempe, Community Development Department
- Interviewed the named developers for the various real estate parcels within the Rio Salado development
- Reviewed the proposals submitted by the developers
- Researched the Arizona State Tax Code relative to estimating Municipal, County and State tax revenues
- Estimated the revenue generated by the various facilities within each parcel
- Reviewed preliminary construction costs provided by the developers and where necessary, estimated the construction costs for certain parcels
- Estimated the economic impact on the City of Tempe, Maricopa County and the State of Arizona

This report provides an orderly presentation of the information available at the time the engagement was performed. Operating revenue for each type of facility was estimated utilizing industry averages. In addition, all dollar figures in this report are in current (1994) dollars.

We believe that the findings and conclusions drawn from such information contained in this report are appropriate for planning and decision-making purposes. The report relies on numerous assumptions as discussed in the report. These assumptions and conditions are appropriate to the current circumstances and plans for the facility. As planning and development proceed, circumstances may change and unanticipated events may arise, requiring appropriate revisions to these estimates. However, we have no responsibility to update this report for events and circumstances occurring after the date of this report.

The economic impact presented in this report was assembled based on information provided by the City of Tempe, Community Development Department, developer interviews, and other industry sources. This analysis was assembled to assist the City of Tempe in understanding the impact of such a development on the City of Tempe, Maricopa County and the State of Arizona economies. As such, this report should not be used for any other purpose.



### III. DEVELOPMENT DESCRIPTION

#### Background

Rio Salado combines two significant projects for the City of Tempe and Maricopa County - a real estate development composed of offices, hotels, residences, restaurants, retail stores and sport facilities, and a flood control and environmental plan for the area. After construction of the Roosevelt Dam in 1911 and subsequent water diversion projects during the Depression, the Salt River became a dry river bed with severe flooding potential. The recently completed channelization of the Salt River and the development of the Rio Salado project will restore a five mile stretch along the river bank.

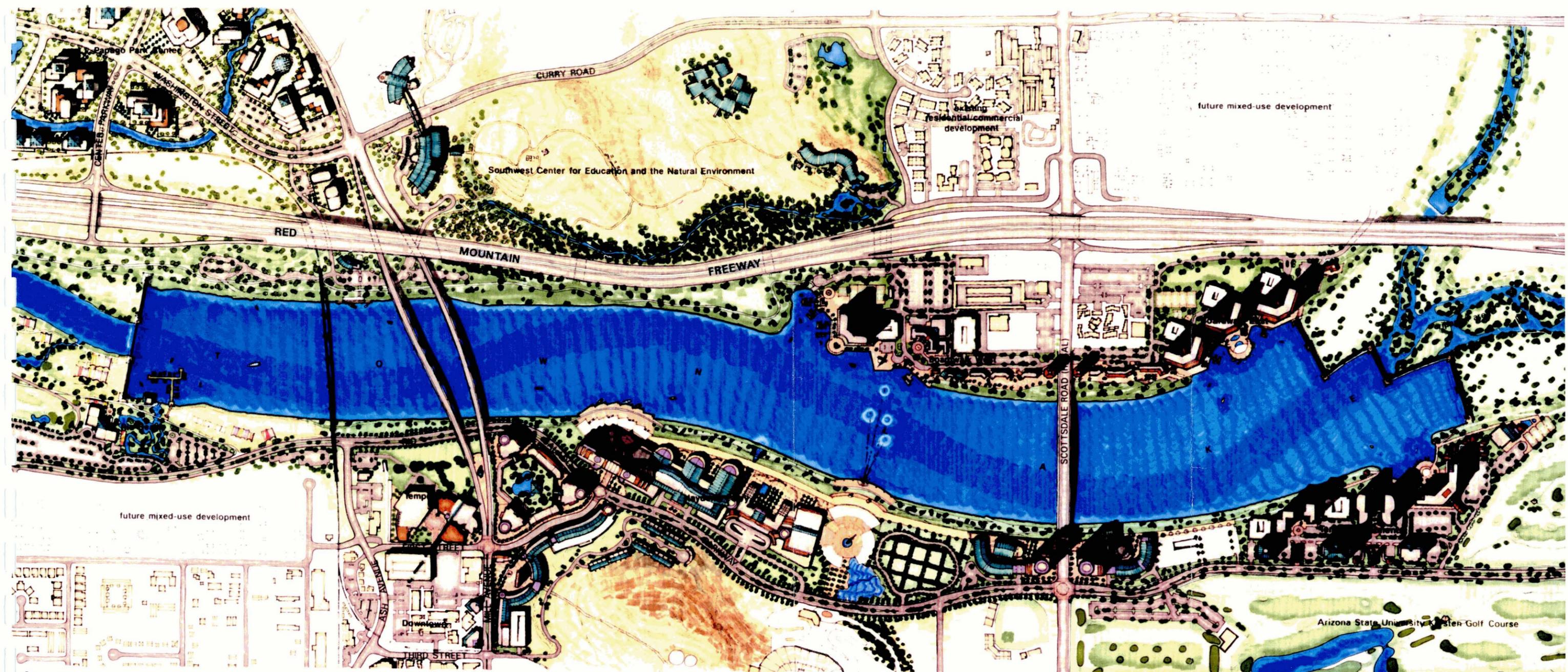
With approximately 850 acres of reclaimed land, the City of Tempe is planning a business and recreational area for the citizens of Tempe and travelers to Maricopa County. The construction and operation of the various facilities within Rio Salado will enhance the economic activity in the City of Tempe, Maricopa County and the State of Arizona. Furthermore, the channelization of the Salt River reduces the severity of potential floods, protects wildlife through preserves and protects the ground water for the area.

#### Facility Plans

The Rio Salado project is comprised of five separate developments along the Salt River:

- The Sportsplex
- Rio Beach
- The Boardwalk
- Tempo Investments
- Hayden Ferry

These developments have been designed to compliment each other as well as supplement the existing facilities and developments within the City of Tempe and Maricopa County. In short, the Rio Salado project will enhance Maricopa County's attractiveness as a tourist destination by adding facilities that will extend a visitors stay and attract new travelers to the area. An artist rendering of the conceptual development plan of the Rio Salado project is presented on the next page. In addition, a brief explanation of each parcel follows.



**Conceptual Development Plan**  
TOWN LAKE VICINITY



## The Sportsplex

The Sportsplex will be multi-sport family recreation facility. This project will provide numerous playing fields for all types of sports. The development will be used by tourists, residents and the business community for corporate events. The project will include the following facilities:

<i>Facility</i>	<i>Size</i>
Restaurant/Lounge	9,347 sq. ft.
Office	3,927 sq. ft.
Ice Arena	103,000 sq. ft.
Amusement Park	12.7 acres
10 field softball complex, 13 volleyball courts, group picnic area and miscellaneous sports facilities	

*Source: Information Provided by the City of Tempe, Community Development Department*

The land for this parcel is owned by the City of Tempe and will be leased to the developer. The construction period and cost, as provided by the developer for this project, are estimated to be nine months and \$28.6 million, respectively.

## Rio Beach

Rio Beach is a multi-faceted development along the Salt River. This project will provide access to the proposed lake and will include restaurants, retail stores, a picnic area, an executive golf course and a family entertainment center. The following table provides further details on this development.

<i>Facility</i>	<i>Size</i>
Corporate Picnic	24,000 sq. ft.
Golf/Clubhouse	9,000 sq. ft.
Family Entertainment	58,000 sq. ft.
Restaurant/Retail	100,000 sq. ft.
Restaurant/Retail	22,500 sq. ft.
Hotel	50,000 sq. ft.
Convention Center	100,000 sq. ft.
Restaurant/Retail	18,000 sq. ft.
Parking Structure	60,000 sq. ft.

*Source: Information Provided by the City of Tempe, Community Development Department*

The land for this development is owned by the City of Tempe. The construction period and cost, as provided by the developer for this project, are estimated to be seven months and \$24.8 million, respectively.

### The Boardwalk

The Boardwalk site is one the most diversified parcels within the development. Included in the plan for this site is a hotel, restaurants, a theater, retail stores and residential housing. In addition, as the name implies, individuals will be able to walk along the river bank via a meandering concourse linking many of these facilities. The following table provides further details on this development.

<i>Building</i>	<i>Facility</i>	<i>Size</i>
A	Hotel	512,000 sq. ft.
B	Restaurant	4,600 sq. ft.
C & D	Theater/Retail	20,700 sq. ft.
F, H & K	Retail	57,000 sq. ft.
G	Restaurant/Office	9,000 sq. ft.
I	Restaurant/Office	8,200 sq. ft.
J	Office/Retail	231,040 sq. ft.
M	Residential	1,117,200 sq. ft.
O	Commercial	3,600 sq. ft.
E & L	Parking Structure	Not Specified

*Source: Information Provided by the City of Tempe, Community Development Department*

The land that comprises this development is owned by three parties: the City of Tempe, the Flood Control District of Maricopa County and the Arizona State University Foundation. The construction cost is estimated to be \$200 million, determined by calculating the cost per square foot for these types of facilities from the detailed information provided in the Hayden Ferry proposal. The economic impact from this development will be realized over its fifteen year construction period.

### Tempo Investments

The Tempo Investments parcel is privately owned by the Tempo Investment Group, and will be developed independently of the other parcels within Rio Salado. Currently, the facility plans are as follows:

<i>Building</i>	<i>Facility</i>	<i>Size</i>
A	Office	100,000 sq. ft.
B	Office	180,000 sq. ft.
C	Office	100,000 sq. ft.
D	Office	250,000 sq. ft.
E	Office	225,000 sq. ft.
F	Office	250,000 sq. ft.
G	Office	250,000 sq. ft.
H	Resort Hotel (500 rooms)	460,000 sq. ft.
I	Hotel Casitas (14 units)	34,700 sq. ft.
J	Restaurant	9,000 sq. ft.
K	Health Club	30,000 sq. ft.

*Source: Information Provided by the City of Tempe, Community Development Department*

Due to limited information, the construction cost for this development is estimated to \$190 million, determined by calculating the cost per square foot for these types of facilities from the detailed information provided in the Hayden Ferry proposal. The economic impact from this development will be realized over its fifteen year construction period.

### **Hayden Ferry**

Hayden Ferry is another diversified development within the Rio Salado project. This development comprises a mix of commercial, residential and recreational facilities as well as a hotel and conference center. As shown in the following table, the development has numerous parcels and buildings.

<i>Parcel</i>	<i>Facility</i>	<i>Size</i>
A	Office	135,000 sq. ft.
	Retail	115,000 sq. ft.
	Residential	40,000 sq. ft.
C	Office	550,000 sq. ft.
	Retail	50,000 sq. ft.
D	Office	350,000 sq. ft.
	Retail	325,000 sq. ft.
	Residential	150,000 sq. ft.
E	Hotel (500 rooms)	325,000 sq. ft.
F	Conference Center	75,000 sq. ft.
G	Park	15 acres
H	Office	325,000 sq. ft.
	Retail	75,000 sq. ft.
J	Office	325,000 sq. ft.
	Retail	75,000 sq. ft.
K	Residential	120,000 sq. ft.

*Source: Information Provided by the City of Tempe, Community Development Department*

The land that comprises this development is owned by three parties: the City of Tempe, the Bay State Milling Company and Arizona State University. The construction cost, as provided by the developer for this development, is estimated to be \$474.1 million, respectively. The economic impact from this development will be realized over its fifteen year construction period.

**Infrastructure**

In addition to the real estate development of the Rio Salado project, there will also be construction of the required infrastructure of roads and bridges, and the construction of the town lake to support the development. These non-revenue generating projects will add to the one-time impact of construction. The following table shows the improvements and cost directly attributed to the Rio Salado development. Other infrastructure improvements have been, and will continue to be, implemented. However, these improvements would have occurred regardless of the Rio Salado development, and therefore, are excluded from this analysis.

<i>Infrastructure Improvement</i>	<i>Cost</i>
Rural Road to Mill Avenue - New	\$2.5 million
McClintock Drive to Price Road - New	3.5 million
Rural Road to McClintock Drive - Improvement	2.5 million
Washington Street Bridge Connection - New	1.0 million
Lake Construction	<u>25.8 million</u>
<b>Total</b>	<b><u>\$35.3 million</u></b>

*Source: Information Provided by the City of Tempe, Community Development Department*

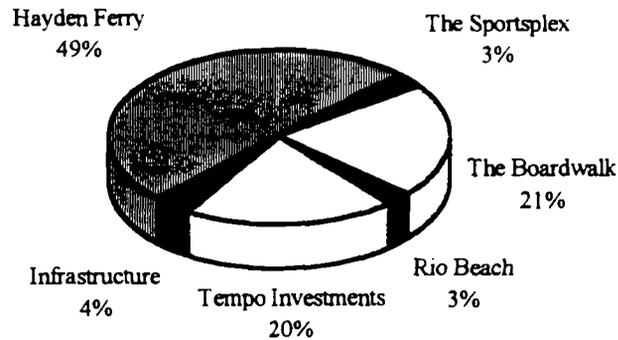
The construction period for the roadwork and the Lake construction is estimated to be one year and 1.2 years, respectively.

Overall, the Rio Salado project will develop approximately 7.4 million square feet of space, and 27.7 acres of parks and recreation facilities at a cost of \$952.8 million. These costs are based on preliminary facility designs and do not include site acquisition costs, financing costs and any unforeseen costs such as environmental expenditures associated with site development. In addition, these costs are not engineered estimates or guaranteed fixed bids and may differ depending on the finalized facility needs, the results of a detailed site analysis and testing, and the results of contract bidding. The following charts show the proportion of the total construction cost and total square footage for each parcel within the Rio Salado project.

As shown, the Hayden Ferry parcel comprises approximately half of the total construction costs for the project. The Boardwalk and Tempo Investments parcels are roughly equal at 20% of the construction costs.

**Construction Costs For Rio Salado**

Total Construction Cost: \$952.8 million

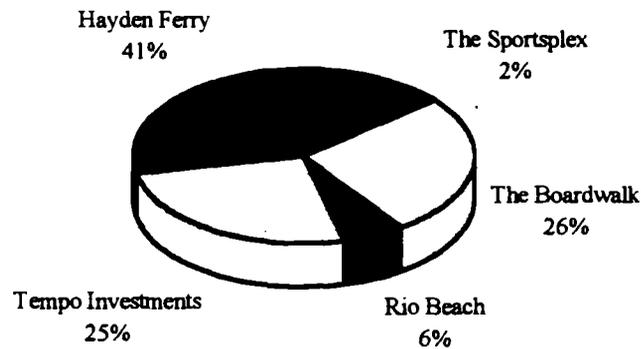


Source: Information Provided by Developers and the City of Tempe, Community Development Department

As expected, the Hayden Ferry parcel comprise a majority of the square footage development in the Rio Salado project. The Boardwalk and Tempo Investments each account for approximately 25%. These figures are consistent with the proportion of the construction costs for each parcel.

**Building Square Footage For Rio Salado<sup>(1)</sup>**

Total Square Footage: 7.4 million square feet



Source: Information Provided by Developers and the City of Tempe, Community Development Department

(1) Does not include infrastructure, sports facilities, parks or parking facilities.



## IV. METHODOLOGY

### Background

The gross expenditure and economic multiplier approach was used in conducting this study. The gross expenditure approach measures the total spending on goods and services consumed during a specific time period. Exchanges or resale of goods or assets consumed during preceding periods are not counted. The multiplier reflects the concept that a direct or induced increase in spending leads to additional or indirect income and consumption spending by secondary parties and, therefore, expands total spending by a larger amount than the direct increase in expenditures.

The construction and operation of Rio Salado in the City of Tempe will have direct and indirect impact on the City of Tempe, Maricopa County and the State of Arizona economies. The direct economic impact includes employment, sales revenue, and tax receipts generated by the direct participants in Rio Salado's construction and ongoing operation. Additional spending occurs as these initial direct revenue streams are disbursed throughout the economy leading to a respending effect resulting in additional transactions related to the initial expenditure. The flow of related expenditures, however, does not continue indefinitely. Expenditure "leakage" occurs when revenue recipients pay federal taxes, spend income on goods and services outside of the area, and put earnings into savings. This halts the respending effect which is more commonly known as the multiplier effect. The respending multiplier measures indirect economic impact. A more detailed discussion of these multipliers is presented below.

### Economic Multipliers

The introduction of new dollars into an economy begins a cycle in which that dollar is respent several times by different individuals. The turnover of that dollar is projected through the use of an economic multiplier applied to the initial expenditure. The multiplier conveys that additional spending into a finite economy will lead to secondary spending until that dollar has experienced leakage sufficient to end its economic cycle. Leakage refers to the fundamental principal that portions of the dollar infused into the economy are redirected to areas outside the studied economy. An example of a leakage would be the taxes paid on purchases and income, or an individual's savings. The multiplier, therefore, illustrates our economic system where direct consumption leads to various levels of indirect consumption.

A multiplier is calculated as the ratio of total spending to the initial or direct spending. This ratio can be calculated on a gross basis or a net basis, resulting in a gross multiplier or a net multiplier. The gross multiplier is a ratio of total economic impact to the initial spending. The net multiplier is the ratio of the subsequent spending (indirect impact) to the initial or direct spending. If, for example, initial spending represented \$100 and all subsequent spending resulted in an additional \$150, the total economic impact is \$250. The gross multiplier is 2.5 (250 divided by 100); the net multiplier is 1.5 (150 divided by 100). The analysis in this study utilizes the gross multiplier concept.

Determining the appropriate multiplier for a particular area is dependent upon certain regional economic characteristics and the nature of the expenditures in question. There are two primary regional economic dynamics that affect the size of the multiplier. These are the diversification of the area's economy and the area's geographic boundaries, neighbors, and size. A positive correlation exists between the degree of self-sufficiency in an area's economy and the probability of respending occurring within the region. Therefore, an area such as a major metropolitan community with a broad industrial and commercial base, which is capable of producing a wide range of goods and services within its borders, will tend to have a high multiplier. However, if an area has a smaller, less diversified economy, expenditures will immediately leak out of the community to another geographical region or neighboring communities, resulting in a lower multiplier.

The range of multipliers also varies by type of industry. The variation is due to the nature of the industry's employment of goods, services and labor. If the industry has to import most of its labor, goods and services than the multiplier will be lower than it would be for an industry that purchases its labor, goods and services from the local economy.

### **Operations and New Construction Multipliers**

The U.S. Department of Commerce estimates economic multipliers by industry for each state and select geographic regions. For the State of Arizona, the Department of Commerce has estimated the following multipliers:

#### *State of Arizona Economic Multipliers*

<i>Category</i>	<i>Economic Output</i>	<i>Employment*</i>
New Construction	2.12	26.5
Hotels & Amusements	1.91	33.8
Business Services	2.02	38.3
Eating & Drinking Places	1.87	43.3
Miscellaneous Services (i.e., Parking & Health Clubs)	1.86	26.1
Retail Trade	2.03	41.8
Household Services	1.11	16.3

\* 1989 multipliers, adjusted for inflation

The output multiplier measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand. The employment multiplier measures the total change in the number of jobs in the local economy for each additional \$1.0 million of output delivered to final demand.

For this study the New Construction multiplier was used to measure the impact of constructing the Rio Salado project. In measuring the impact of the operations of the development, the appropriate multiplier for each type of facility within Rio Salado was used.

To determine the economic impact of Rio Salado on the City of Tempe and Maricopa County these state multipliers were adjusted to reflect the economic, geographic and demographic characteristics of the City's and County's economy. Therefore, the State of Arizona multipliers represented a ceiling value from which the City of Tempe and Maricopa County's multipliers were estimated. Based on the high degree of industry diversification and the relative geographic isolation of Maricopa County within Arizona, the gross state multipliers for construction and ongoing operations were discounted, as shown.

**Maricopa County  
Economic Multipliers**

<i>Category</i>	<i>Economic Output</i>	<i>Employment*</i>
New Construction	2.0	25.0
Hotels & Amusements	1.8	32.0
Business Services	1.9	36.0
Eating & Drinking Places	1.7	41.0
Miscellaneous Services (i.e., Parking & Health Clubs)	1.7	25.0
Retail Trade	1.9	40.0
Household Services	1.08	16.0

\* 1989 multipliers, adjusted for inflation

Since the City of Tempe has a smaller economic base than Maricopa County, the output multipliers for the City were discounted further. The following table shows the multipliers used for determining the economic impact on the City of Tempe.

**City of Tempe  
Economic Multipliers**

<i>Category</i>	<i>Economic Output</i>	<i>Employment*</i>
New Construction	1.2	10.0
Hotels & Amusements	1.1	14.0
Business Services	1.2	15.0
Eating & Drinking Places	1.1	17.0
Miscellaneous Services (i.e., Parking & Health Clubs)	1.1	10.0
Retail Trade	1.2	17.0
Household Services	1.02	7.0

\* 1989 multipliers, adjusted for inflation

The factors that determine the multipliers for Maricopa County and the City of Tempe are discussed below.

**Economic Factors**

Four major industry sectors comprise 82% of Maricopa County's labor force: services (29%), trade (25%), government (15%) and manufacturing (13%). Maricopa County's industry mix, as measured by 1993 wage and salary statistics, is almost identical to Arizona's state-wide industry mix. A large part of this association is due to the tremendous role Maricopa County plays in Arizona's economy: Almost two-thirds of Arizona's nonagricultural wages and salaries are generated in Maricopa County. The following table details total wages and salaries for Maricopa County and Arizona, and calculates the relative relationships between the two. This exhibit also presents the relative importance of each industry to the County and State.

**Maricopa County and State of Arizona**  
**1993 Non-Agricultural Employment**  
(in Thousands)

<i>Industry</i>	<i>Maricopa County</i>	<i>% of Total</i>	<i>Arizona</i>	<i>% of Total</i>	<i>Maricopa % of Arizona</i>
Manufacturing:					
Durable	97.6	10%	129.2	8%	76%
Non-Durable	29.3	3%	41.6	3%	70%
Total	126.9	13%	170.8	11%	74%
Construction	56.7	6%	85.5	6%	66%
Trans./Utilities	53.6	5%	77.9	5%	69%
Trade:					
Retail	186.9	19%	299.9	19%	62%
Wholesale	62.5	6%	81.2	5%	77%
Total	249.4	25%	381.1	24%	65%
Finance	75.5	8%	95.4	6%	79%
Services	293.8	29%	436.0	28%	67%
Government	146.7	15%	285.6	18%	51%
Other	0.8	0%	12.4	1%	6%
<b>Total</b>	<b>1,003.4</b>	<b>100%</b>	<b>1,544.7</b>	<b>100%</b>	<b>65%</b>

Source: Arizona Department of Economic Security

According to the Arizona Department of Economic Security, Maricopa County and the State of Arizona experienced similar growth in total employment in 1993, though the County continued to experience lower levels of unemployment. Total employment grew at an annual rate of 3% in 1993 for both the County and State and by year end, Maricopa County represented 62% of total Arizona employment. The average annual unemployment rate for the county was 5.3% versus the state-wide average of 6.5%.

The similarity in industry diversification and relative industry importance of Maricopa County to the State of Arizona's economy suggests a high degree of correlation between Maricopa County's and the State of Arizona's economic dynamics. Maricopa County is able to operate at relatively similar levels of economic independence as the State, and is limited predominately by the amount of leakage the County has within the State. The City of Tempe, however, has a smaller and less diversified economic base than Maricopa County and is more dependent on the other municipalities for its economic welfare.

### Geographic Factors

The relative independence of Maricopa County within Arizona provides minor leakage beyond those experienced by Arizona as a whole. The majority of Maricopa County's population resides approximately 90 miles from the City of Tucson in Pima County, the closest major metropolitan area in Arizona. Limited retail and industrial development in that 90 mile span tends to separate the two economies as opposed to creating a continuum of economic activity, which would

increase leakage from the County. Additionally, the self-sufficient nature of Maricopa County limits the need and thus occurrence of leakage between Maricopa County and Pima County. As a result, only minor downward revisions to the State's economic multipliers are necessary to estimate the County's multipliers. The City of Tempe, however, is not as self-sufficient with more leakages occurring from its geographic region. Therefore, further adjustments to Maricopa County's economic multiplier are required to estimate the City's multipliers.

### Determination of the Tax Impact

One of the objectives of this study is to estimate the City of Tempe, Maricopa County and the State of Arizona tax receipts from the construction and operation of the Rio Salado project. Each of these entities will experience tax benefits from the construction and operation of this development. These taxes are described below.

#### **City of Tempe Taxes**

##### *City Privilege Tax*

The City of Tempe levies a 1.2% tax on all spending at restaurants, bars, grocery stores, convenience stores, and other retail establishments.

##### *Bed Tax on Hotel Spending*

Hotel spending within Rio Salado is subject to the City of Tempe bed tax rate of 3.2%.

#### **Maricopa County Taxes**

##### *County Transportation Excise Tax*

A tax at a rate of not more than 10% of the State transaction privilege tax rate on all spending for which these State taxes apply is levied by Maricopa County. The following table shows the County tax rates used in this analysis.

<i>Taxable Entity</i>	<i>County Tax Rate</i>
Restaurants/Bars	0.50%
Hotel/Motel	0.55%
All Other Sales	0.50%

#### **State of Arizona Taxes**

##### *State Privilege Tax*

The State of Arizona levies a 5.0% tax on all spending at restaurants, bars, convenience stores, and other retail establishments (excluding food for home consumption).

*State Privilege Tax on Lodging*

The State of Arizona levies a 5.5% bed tax on all hotel room night sales.

*Gasoline Tax*

The State of Arizona levies an \$0.18 per gallon tax on all gasoline sales.

*Unemployment Insurance Tax*

Unemployment insurance tax for all employed workers is 2.7% on the first \$7,000 of earned income.

**Disposition of State Taxes**

*State Income Tax*

Municipalities within the State of Arizona receive an allocated share of State income tax collections. By Arizona statute, 12.8% of State income tax collections are distributed to municipal governments based on population, with the remaining 87.2% reserved for the State General Fund.

Based on current estimates, 4.7% of the State's incorporated population resides in the City of Tempe. Therefore, the City of Tempe will receive 0.6% (i.e., 4.7% times 12.8%) of the income tax collections within the State of Arizona. The allocation for all municipalities within Maricopa County will be 8.8% (i.e., 68.7%, Maricopa County's incorporated population, times 12.8%).

*Gasoline Tax*

The State of Arizona's motor vehicle fuel tax is \$0.18 per gallon. The distribution of the tax revenue is as follows:

<i>Constituent</i>	<i>Amount Per Gallon</i>
State Highway Fund	\$0.02
Highway User Fund	\$0.13
Balance	\$0.03

*Source: The Arizona Tax Research Association*

The Highway User Fund is distributed to the counties and cities as follows:

- ❑ The cities receive 30% of this fund in which half is distributed on the basis of a city's incorporated population to the state population and half is distributed on the basis of county origin of gasoline sales, and is subsequently distributed to cities based on their incorporated population to the county's population. Currently, Maricopa County accounts for 60.9% of the gasoline sales in Arizona. Therefore, the City of Tempe will receive \$0.0017 per gallon

(i.e., \$0.13 per gallon times 30% times 50% times 4.7% plus \$0.13 per gallon times 30% times 50% times 60.9% times 6.9%, the proportion of the county's population that resides in the City of Tempe).

- The counties receive 20% of this fund, which is distributed on the basis of gasoline distribution and diesel fuel consumption within each county. During the last fiscal year the monthly averages for these two components provide a factor of 47.5% for Maricopa County. Therefore, Maricopa County will receive \$0.012 per gallon (i.e., \$0.13 per gallon times 20% times 47.5%).
- The remaining 50% of the fund is allocated to the State Highway Fund and is distributed as follows:
  - 7.0% to Phoenix and Tucson and distributed on the basis of population (i.e., 70.8% to Phoenix and 29.2% to Tucson). Therefore, the City of Tempe receives no allocation. Maricopa County, via the City of Phoenix, will receive \$0.003 per gallon (i.e., \$0.13 per gallon times 50% times 7% times 70.8%)
  - 15.0% to Maricopa and Pima Counties with a 75% and 25% split respectively. Therefore, Maricopa County will receive \$0.007 per gallon (i.e., \$0.13 per gallon times 50% times 15% times 75%)
  - 78% to the Arizona Department of Transportation discretionary fund

The \$0.03 per gallon balance is distributed as follows:

- 64% to the State Highway Fund
- 14% to the cities within Maricopa County distributed on the basis of the incorporated population within each city to the total population of the county. For the City of Tempe this factor would be 6.7%. Therefore, Tempe will receive \$0.0003 per gallon (i.e., \$0.03 per gallon times 14% times 6.7%<sup>2</sup>)
- 8.5% to the cities within Pima County
- 8.0% to the other counties
- 5.5% to other cities

Therefore, Maricopa County receives approximately \$0.052 per gallon or 29.1% of the tax revenue. The City of Tempe receives approximately \$0.002 per gallon or 1.1% of the revenue.

### *State Privilege Tax*

As mentioned, Maricopa County receives an allocation of the State's tax on hotel rooms, restaurants and bars, and other retail sales (excluding food purchased for home consumption). 60% of the receipts are distributed to the State General Fund. The remaining 40% is distributed as follows:

- 25% to municipalities based on population.
- 38.08% to counties based on the average of the proportion of the county's secondary assessed valuation to the State's total secondary valuation (63% in 1992 for Maricopa County), and the proportion of the county's sales tax collections to total statewide collections (62.8% in 1992 for Maricopa County).
- 36.92% to the State General Fund.

Therefore, the State of Arizona receives approximately 74.8% of the tax revenue generated (i.e., 60% plus 36.92% times 40%). Maricopa County's share of the State tax revenue is 16.4% (i.e., 40% times 38.08% times the average of 63% and 62.8% plus 40% times 25% times 68.7%, the proportion of the State's incorporated population that resides in Maricopa County). The City of Tempe receives 0.5% of the State tax revenue (i.e., 40% times 25% times 4.7%, the proportion of the State's incorporated population that resides in the City of Tempe).

### **Taxes on Construction Costs**

Arizona statutes require the taxable amount of construction costs to be 65% of the total costs, including labor and materials. The State, County and City taxes are then applied to this net amount when determining the tax impact of the construction.



## V. ONE-TIME CONSTRUCTION IMPACT

### Introduction

The construction of the Rio Salado development and the associated infrastructure improvements will generate one-time direct and indirect economic benefits within the City of Tempe, Maricopa County and the State of Arizona economies during the construction period. Several sectors of the economy are impacted by the construction of the development, and the resulting benefits include increased employment and additional tax revenues generated by the purchases of the construction employees and the purchase of materials for the project. The overall expenditures for goods and services are redistributed through the economy in the form of employee salaries and purchases of other goods and services, which in turn create additional spending. These effects are attributable to the indirect impact of construction estimated by the multiplier effect. These direct and indirect impacts are created during the construction period and are non-recurring. This process is depicted in Exhibit 1 on the following page.

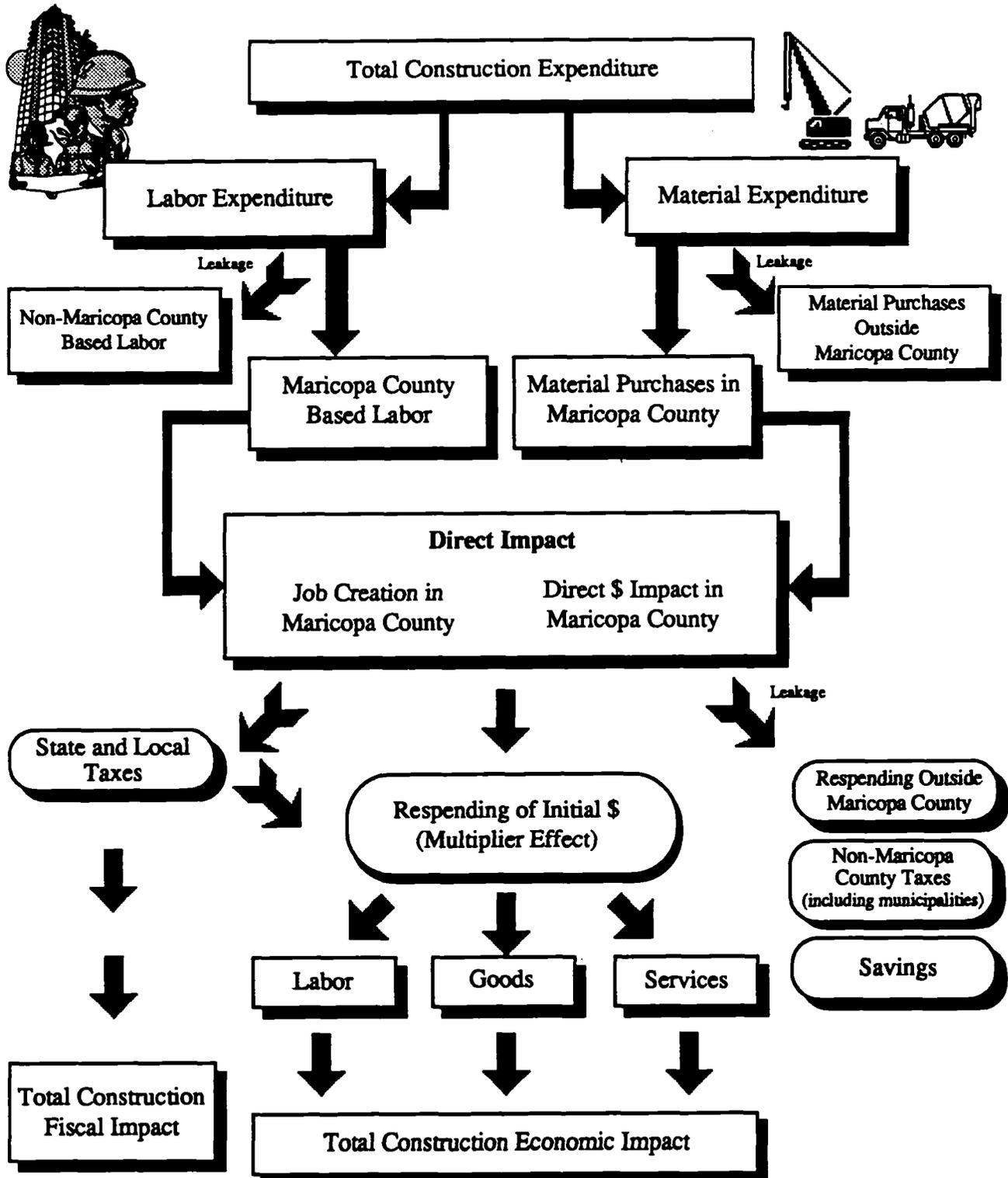
This section of the report quantifies the economic impact of constructing the Rio Salado development in terms of:

- Labor expenditures
- Material expenditures
- Employment levels
- Tax receipts
- The multiplier effect

In addition, the impacts were determined for the following entities:

- City of Tempe
- All Municipalities within Maricopa County
- Maricopa County Government
- All Municipalities and Counties in Arizona
- State of Arizona Government

# ECONOMIC IMPACT DURING CONSTRUCTION PERIOD



## Summary of Construction Impact

The construction of the Rio Salado development in the City of Tempe is estimated to generate a one-time economic impact as follows:

### *Economic Impact of Rio Salado Construction*

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$286 million	\$1,191 million	\$1,965 million
Employment <sup>(1)</sup>	2,440 FTE jobs	15,253 FTE jobs	25,205 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

### *Tax Impact<sup>(1)</sup> of Rio Salado Construction* (\$ in Thousands)

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$112	\$1,628	\$0	\$2,371	\$16,154
Grocery Food	47	386	0	1,098	0
Restaurant & Bars	35	348	221	1,117	1,153
All Other Sales	182	1,674	1,133	5,534	5,915
Gasoline	17	277	167	762	760
Construction Mat'ls	2,001	7,897	4,826	21,118	22,573
Unemployment	0	0	0	0	4,650
<b>Total</b>	<b>\$2,394</b>	<b>\$12,210</b>	<b>\$6,347</b>	<b>\$32,000</b>	<b>\$51,205</b>

(1) Tax receipts over the construction period

## The Impact of Construction

The determination of the economic impact of constructing Rio Salado begins with the total cost of the project. Total construction costs are estimated to be \$952.8 million. Land acquisition costs are excluded from the economic impact estimate because they represent a resale of assets rather than original sale or consumption of final goods and services.

Different economic multipliers for new construction are used for the City of Tempe, Maricopa County and the State of Arizona. Economic multipliers of 1.2, 2.0 and 2.1, respectively, are

applied to the direct economic impact for the City of Tempe, Maricopa County and State of Arizona to arrive at the total impact in each of these areas. A detailed explanation of calculations supporting the economic impact of the labor and material expenditures follows.

### **Impact of Labor Expenditures**

The construction of Rio Salado will require a significant amount of labor. It is estimated that 50% of the total construction costs will be labor related. The portion of labor provided from within the City of Tempe is estimated at 40%. The portion of labor provided from Maricopa County is estimated at 95%. The remaining 5% of the labor is assumed to be supplied from counties in Arizona other than Maricopa County. These estimates were provided by a leading construction management firm involved in the Maricopa County construction industry.

### **Impact of Employment**

The number of Full-Time Equivalent (FTE) positions estimated to be generated from construction of Rio Salado was calculated by using the employment multipliers for new construction. The employment multipliers estimate that 26.5 new jobs are created in the State of Arizona for every \$1 million construction expenditure, 25 new jobs are created in Maricopa County for every \$1 million spent on new construction, and 10 new jobs are created in the City of Tempe for every \$1 million spent on new construction.

### **Impact of Material Expenditures**

The analysis to estimate the economic impact of material expenditures was performed in a similar fashion to labor expenditures. The construction cost of Rio Salado is estimated to be \$952.8 million. The percentage of construction costs that is estimated to be spent on materials is 50% which yields a total materials cost of \$476.4 million. Of this figure, 10% of the materials are expected to be purchased within the City of Tempe, 30% are expected to be purchased within Maricopa County, and 95% are expected to be purchased within the State of Arizona. These estimates were provided by a leading construction management firm involved in the Maricopa County construction industry.

### **Impact of Taxes**

Several different tax calculations are performed in order to estimate the labor and materials related tax impacts of construction. These include the state income tax, tax revenues from grocery spending, restaurant spending, retail spending, and gasoline spending, the State unemployment insurance tax, and construction material expenditures. The calculation of each is discussed below:

*State Income Taxes*

The total state income tax generated over the construction period is calculated by multiplying the average state tax figure of \$722 by the total FTE positions created. Municipalities within the State of Arizona receive an allocated share of the State income tax collections. By Arizona statute, 12.8% of State income tax collections are distributed to municipal governments based on population. Based on the most current estimates, 4.7% of the State's incorporated population resides in the City of Tempe. Therefore, the City of Tempe will receive 0.6% (i.e., 4.7% times 12.8%) of the income tax collections. Likewise, 68.7% of the State's incorporated population resides with Maricopa County, therefore, all municipalities within Maricopa County will receive 8.8% (i.e., 68.7% time 12.8%) of the state income tax collections. The remainder of the taxes will either be distributed to other municipalities outside Maricopa County or kept by the State.

*County Transportation Excise Tax and City Privilege Tax*

Maricopa County levies a 0.5% sales tax on all spending at restaurants, bars, convenience stores and other retail establishments. In addition, cities within Maricopa County have different privilege tax rates for restaurant and bar expenditures, and expenditures for all other retail sales. The following table shows the current City of Tempe rates and the ranges of these rates for other cities within Maricopa County.

<i>Tax</i>	<i>City of Tempe Rate</i>	<i>Tax Rate Range for Cities in Maricopa County</i>
Restaurants & Bars	1.2%	1.0% to 2.5%
Other Retail Sales	1.2%	1.0% to 3.0%

For the purposes of this analysis, it is assumed that the spending in Maricopa County will occur proportionately in each municipality in the County based on the relative amount of spending in each city that is subject to the tax. Therefore, a weighted average city tax rate of 1.5% and 1.7% for restaurants and bars, and other retail sales, respectively, is utilized in the analysis. In addition, according to the most recent data, 5.4% of disposable income is spent in restaurants and bars in Maricopa County and 27.6% of disposable income is spent on other retail sales.

*City Food Tax*

Each municipality within the State of Arizona reserves the right to tax all purchases on food for home consumption. The tax rate for the City of Tempe is 1.2%. Other cities within Maricopa County have different tax rates ranging from 0.0% to 2.5%. It is assumed that spending in Maricopa County will occur proportionately in each municipality in the County based on the relative amount of spending in each city that is subject to the tax. Therefore, a weighted average city tax rate of 1.4% is utilized in the analysis. In addition, according to the most recent data, 9% of disposable income is spent on food for home consumption in Maricopa County.

### *County/City Share of State Gasoline Tax*

The State of Arizona's motor vehicle fuel tax is \$0.18 per gallon. The distribution of the tax revenue, as discussed, is based on many variables. It has been determined that Maricopa County receives approximately \$0.052 per gallon or 29.1% of the tax revenue. The City of Tempe receives approximately \$0.002 per gallon or 1.1% of the tax revenue.

### *County/City Share of State Privilege Tax*

As mentioned, Maricopa County receives an allocation of the State's tax on restaurants and bars, and other retail sales (excluding food purchased for home consumption). Maricopa County will receive 16.4% of the tax revenue generated by these items and the City of Tempe will receive 0.5%.

### *State Unemployment Insurance Tax*

The State also collects an unemployment insurance tax in addition to the State income tax. This tax is charged at a 2.7% rate on the first \$7,000 of an individual's taxable income. Therefore, the total tax is calculated by multiplying the 2.7% tax rate by \$7,000 and the total FTE positions created in the State.

### *Taxes on Construction Costs*

Arizona statute requires that sales tax be levied on 65% of the total construction costs, including both labor and materials. The State, County and City taxes are then applied to this net amount when determining the tax impact of construction.

The remainder of this section of the report presents the detailed analysis for each of the parcels of the Rio Salado development. The assumptions used in the construction impact analysis are presented in the Appendix.

## Construction Impact Detail

### **The Sportsplex**

The construction of the Sportsplex parcel of the Rio Salado development is estimated to generate a one-time impact occurring over the construction period, which is currently estimated at nine months. The construction cost as provided by the developer for this project is estimated to be \$28.6 million. The following table shows the labor and material portions of this cost and the geographic area from which it is derived.

**Cost Breakdown of the Sportsplex Development**  
(\$ in Thousands)

<i>Cost</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Labor	\$5,720	\$13,585	\$14,300
Materials	\$1,430	\$4,290	\$13,585

The economic impacts are summarized in the following table.

**Economic Impact of Construction of the Sportsplex**  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$8,580	\$35,750	\$58,991
Employment <sup>(1)</sup>	95 FTE jobs	596 FTE jobs	985 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of Construction of the Sportsplex**

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$3,366	\$48,878	\$0	\$71,180	\$484,912
Grocery Food	1,407	10,262	0	17,232	0
Restaurant & Bars	1,016	9,765	5,674	26,310	27,149
All Other Sales	5,212	46,737	29,125	130,366	139,352
Gasoline	513	8,299	4,992	22,871	22,821
Construction Mat'ls	60,056	237,040	144,872	633,897	677,594
Unemployment	0	0	0	0	139,567
<b>Total</b>	<b>\$71,570</b>	<b>\$360,981</b>	<b>\$184,663</b>	<b>\$901,856</b>	<b>\$1,491,395</b>

(1) Tax receipts over the construction period

### Rio Beach

The construction of Rio Beach is estimated to generate an economic impact during the construction period, which is currently estimated at seven months. The construction cost as provided by the developer for this project is estimated to be \$24.8 million. The following table

shows the labor and material portions of this cost and the geographic area from which it is derived.

**Cost Breakdown of the Rio Beach Development**  
(\$ in Thousands)

<i>Cost</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Labor	\$4,954	\$11,767	\$12,386
Materials	\$1,239	\$3,716	\$11,767

The following table provides a summary of the economic impact.

**Economic Impact of Construction of Rio Beach**  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$7,432	\$30,965	\$51,095
Employment <sup>(1)</sup>	106 FTE jobs	664 FTE jobs	1,096 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of Construction of Rio Beach**

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$2,915	\$42,336	\$0	\$61,653	\$420,008
Grocery Food	1,219	8,889	0	19,145	0
Restaurant & Bars	922	9,068	5,766	29,232	30,163
All Other Sales	4,731	43,616	29,597	144,840	154,824
Gasoline	444	7,187	4,323	19,810	19,766
Construction Mat'ls	52,017	205,314	125,483	549,051	586,901
Unemployment	0	0	0	0	120,887
<b>Total</b>	<b>\$62,248</b>	<b>\$316,410</b>	<b>\$165,162</b>	<b>\$823,731</b>	<b>\$1,332,549</b>

(1) Tax receipts over the construction period

## The Boardwalk

The construction of the Boardwalk site is estimated to generate an economic impact during the fifteen year construction period. In addition, the construction costs for the facilities within the Boardwalk development were estimated to be \$200 million, determined from the detail provided in the Hayden Ferry proposal. The following table shows the labor and material portions of this cost and the geographic area from which it is derived.

### *Cost Breakdown of the Boardwalk Development* (\$ in Thousands)

<i>Cost</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Labor	\$40,000	\$95,000	\$100,000
Materials	\$10,000	\$30,000	\$95,000

The following table provides a summary of the economic impact.

### *Economic Impact of Construction of the Boardwalk* (\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$60,000	\$250,000	\$412,523
Employment <sup>(1)</sup>	500 FTE jobs	3,125 FTE jobs	5,164 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of Construction of the Boardwalk**

Tax	City of Tempe	Maricopa County		State of Arizona	
		All Municipalities	County Government	All Municipalities Counties	State Government
Income Tax	\$23,538	\$341,803	\$0	\$497,760	\$3,390,990
Grocery Food	9,842	81,605	0	236,176	0
Restaurant & Bars	7,441	73,214	46,555	236,005	243,529
All Other Sales	38,193	352,136	238,957	1,169,381	1,249,992
Gasoline	3,588	58,033	34,903	159,939	159,584
Construction Mat'ls	419,969	1,657,628	1,013,095	4,432,846	4,738,422
Unemployment	0	0	0	0	975,997
<b>Total</b>	<b>\$502,571</b>	<b>\$2,564,419</b>	<b>\$1,333,510</b>	<b>\$6,732,107</b>	<b>\$10,758,514</b>

(1) Tax receipts over the construction period

**Tempo Investments**

The construction of Tempo Investments is estimated to generate an economic impact during the fifteen year construction period. In addition, the construction costs for the facilities within the Tempo Investments development were estimated to be \$190 million, determined from the detail provided in the Hayden Ferry proposal. The following table shows the labor and material portions of this cost and the geographic area from which it is derived.

**Cost Breakdown of the Tempo Investments Development**  
(\$ in Thousands)

Cost	City of Tempe	Maricopa County	State of Arizona
Labor	\$38,000	\$90,250	\$95,000
Materials	\$9,500	\$28,500	\$90,250

The following table provides a summary of the economic impact.

**Economic Impact of Construction of Tempo Investments**  
(\$ in Thousands)

Item	City of Tempe	Maricopa County	State of Arizona
Economic Output	\$57,000	\$237,500	\$391,896
Employment <sup>(1)</sup>	475 FTE jobs	2,969 FTE jobs	4,906 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

***Tax Impact<sup>(1)</sup> of Construction of Tempo Investments***

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$22,362	\$324,713	\$0	\$472,872	\$3,221,440
Grocery Food	9,350	77,525	0	224,367	0
Restaurant & Bars	7,069	69,554	44,227	224,205	231,352
All Other Sales	36,283	334,529	227,010	1,110,912	1,187,492
Gasoline	3,408	55,131	33,157	151,942	151,605
Construction Mat'ls	398,971	1,574,746	962,440	4,211,204	4,501,501
Unemployment	0	0	0	0	927,198
<b>Total</b>	<b>\$477,443</b>	<b>\$2,436,198</b>	<b>\$1,266,834</b>	<b>\$6,395,502</b>	<b>\$10,220,588</b>

(1) Tax receipts over the construction period

**Hayden Ferry**

The construction of Hayden Ferry is estimated to generate an economic impact during the fifteen year construction period. The construction cost as provided by the developer for this project is estimated to be \$474.1 million. The following table shows the labor and material portions of this cost and the geographic area from which it is derived.

***Cost Breakdown of the Hayden Ferry Development***  
(\$ in Thousands)

<i>Cost</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Labor	\$94,821	\$225,199	\$237,051
Materials	\$23,705	\$71,115	\$225,199

The following table provides a summary of the economic impact.

**Economic Impact of Construction of Hayden Ferry**  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$142,231	\$592,628	\$977,890
Employment <sup>(1)</sup>	1,185 FTE jobs	7,408 FTE jobs	12,241 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of Construction of Hayden Ferry**

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$55,798	\$810,248	\$0	\$1,179,946	\$8,038,384
Grocery Food	23,330	193,446	0	559,858	0
Restaurant & Bars	17,639	173,556	110,359	559,454	577,288
All Other Sales	90,537	834,743	566,452	2,772,032	2,963,121
Gasoline	8,505	137,567	82,738	379,137	378,296
Construction Mat'ls	995,542	3,929,428	2,401,553	10,508,117	11,232,488
Unemployment	0	0	0	0	2,313,614
<b>Total</b>	<b>\$1,191,351</b>	<b>\$6,078,988</b>	<b>\$3,161,102</b>	<b>\$15,958,544</b>	<b>\$25,503,191</b>

(1) Tax receipts over the construction period

**Infrastructure**

The construction of the freeways and road work as well as the lake is estimated to generate an economic impact during the construction period, which is currently estimated at twelve months for the road work and 1.2 years for the lake construction. The construction cost as provided by the City of Tempe is estimated to be \$35.3 million. The following table shows the labor and material portions of this cost and the geographic area from which it is derived.

**Cost Breakdown of the Infrastructure Development**  
(\$ in Thousands)

<i>Cost</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Labor	\$7,060	\$16,768	\$17,650
Materials	\$1,765	\$5,295	\$16,768

The following table provides a summary of the economic impact.

***Economic Impact of Construction of the Infrastructure***  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$10,590	\$44,125	\$72,810
Employment <sup>(1)</sup>	79 FTE jobs	492 FTE jobs	812 FTE jobs

(1) Full-Time Equivalent jobs over the construction period

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

***Tax Impact<sup>(1)</sup> of Construction of the Infrastructure***

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$4,155	\$60,328	\$0	\$87,855	\$598,510
Grocery Food	1,737	14,403	0	41,685	0
Restaurant & Bars	1,313	12,922	8,217	41,655	42,983
All Other Sales	6,741	62,152	42,176	206,396	220,623
Gasoline	633	10,243	6,160	28,229	28,167
Construction Mat'ls	74,125	292,572	178,811	782,397	836,331
Unemployment	0	0	0	0	172,264
<b>Total</b>	<b>\$88,704</b>	<b>\$452,620</b>	<b>\$235,364</b>	<b>\$1,188,217</b>	<b>\$1,898,878</b>

(1) Tax receipts over the construction period



## VI. ANNUAL OPERATING IMPACT

### Introduction

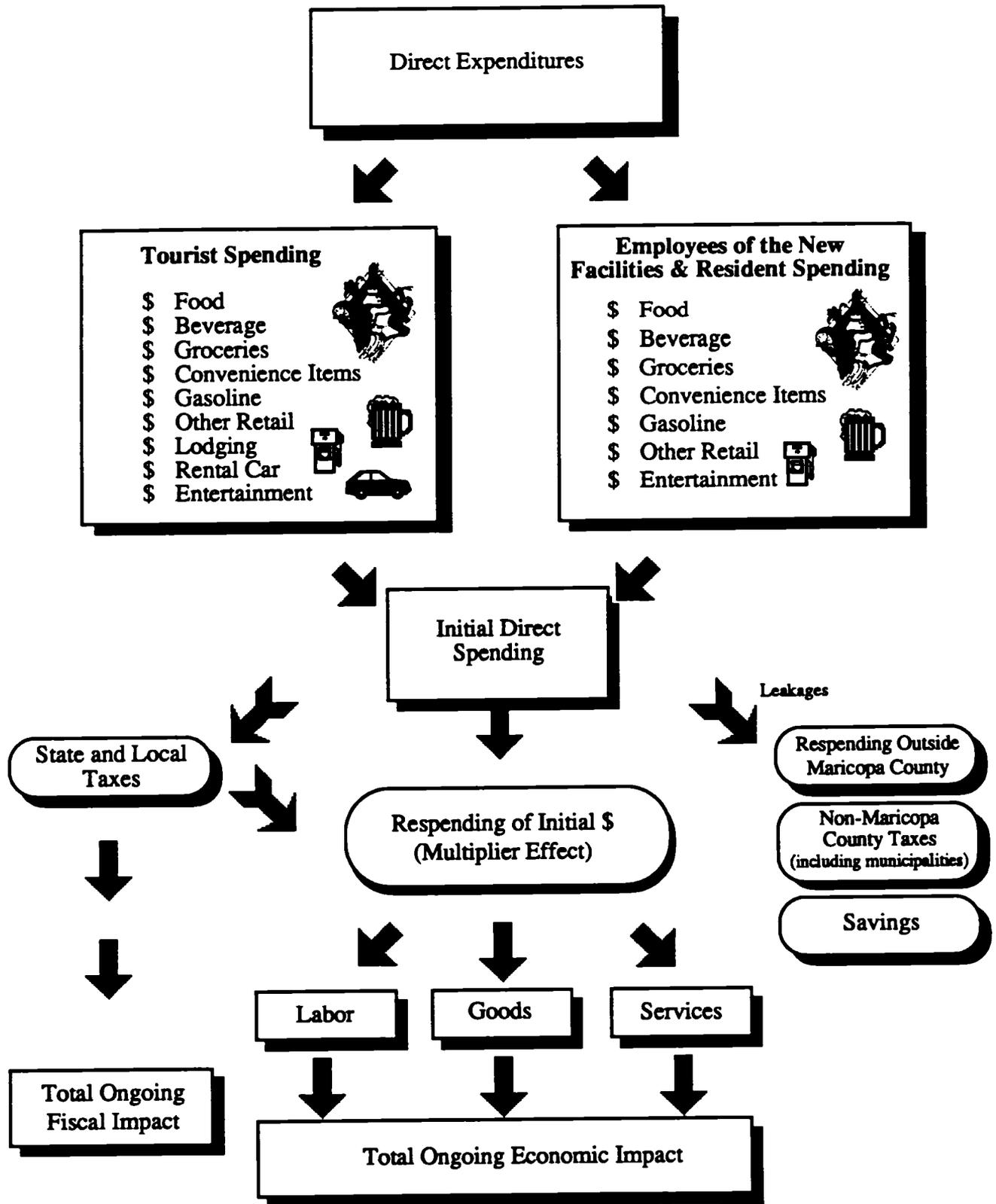
The operations of Rio Salado will generate significant annual economic benefits to the City of Tempe, Maricopa County and the State of Arizona. These benefits include:

- Resident and employee spending at restaurants, drinking establishments, convenience stores, grocery stores, gas stations and other retail establishments within the Maricopa County market area.
- Visitor spending for overnight accommodations, restaurants, and other services in hotels.
- Facility expenditures on salaries and wages, utilities, supplies, and maintenance.
- Full and part-time employment associated with Rio Salado operations.
- Indirectly generated employment and spending associated with the various service industries in Maricopa County.
- State and local taxes of the various types of transactions mentioned above.

Exhibit 2 on the following page illustrates the flow of spending that is created by the operations of Rio Salado. This section of the report quantifies the annual direct and indirect economic impacts of the Rio Salado operations on the City of Tempe, Maricopa County and the State of Arizona. These impacts were estimated using a normalized operating year, and it is assumed that each entity within the Rio Salado development will attain a reasonable and on-going profitability level. In addition, the impacts were determined for the following entities:

- City of Tempe
- All Municipalities within Maricopa County
- Maricopa County Government
- All Municipalities and Counties in Arizona
- State of Arizona Government

# ECONOMIC IMPACT FOR ONGOING OPERATIONS



## Summary of Annual Operating Impact

The economic impact of the Rio Salado operations was estimated for each operation within the various parcels of the Rio Salado development. These operations are estimated to generate a recurring impact on the City of Tempe, Maricopa County and the State of Arizona. The economic output and employment impacts are as follows:

### *Economic Impact of the Rio Salado Operations*

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$313 million	\$495 million	\$530 million
Employment <sup>(1)</sup>	4,296 FTE jobs	10,147 FTE jobs	10,670 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

### *Tax Impact<sup>(1)</sup> of Rio Salado Operations* (\$ in Thousands)

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$55	\$794	\$0	\$1,156	\$7,877
Grocery Food	85	234	0	253	0
Restaurant & Bars	491	902	450	1,676	1,730
All Other Sales	2,136	3,784	2,013	7,237	7,768
Gasoline	7	120	72	331	330
Unemployment	0	0	0	0	2,016
Hotel	882	797	294	1,272	1,125
<b>Total</b>	<b>\$3,656</b>	<b>\$6,631</b>	<b>\$2,829</b>	<b>\$11,925</b>	<b>\$20,846</b>

(1) Tax receipts on an annual basis

The remainder of this section of the report presents the detailed analysis for each of the parcels of the Rio Salado development. The assumptions used in the operating impact analysis are presented in the Appendix.

## Annual Operating Impact Detail

### The Sportsplex

The operation of the Sportsplex is estimated to generate a recurring economic impact based on a normalized year of operation, and includes revenue generated by the restaurant, office space, ice arena, amusement park, and the operation of the various sports fields. The following table provides a summary of this economic impact.

#### *Economic Impact of the Sportsplex Operations* (*\$ in Thousands*)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$9,747	\$15,769	\$16,869
Employment <sup>(1)</sup>	129 FTE jobs	300 FTE jobs	317 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

#### *Tax Impact<sup>(1)</sup> of the Sportsplex Operations*

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$7,484	\$108,676	\$0	\$158,262	\$1,078,161
Grocery Food	2,547	6,881	0	7,388	0
Restaurant & Bars	39,508	53,611	33,285	123,515	127,453
All Other Sales	39,291	75,172	40,071	144,709	154,685
Gasoline	220	3,558	2,140	9,806	9,784
Unemployment	0	0	0	0	59,838
<b>Total</b>	<b>\$89,050</b>	<b>\$247,898</b>	<b>\$75,496</b>	<b>\$443,680</b>	<b>\$1,429,921</b>

(1) Tax receipts on an annual basis

### Rio Beach

The operation of Rio Beach will generate an annual economic impact based on a normalized year of operation, and includes revenue generated by the restaurants, hotel, and convention center, an 18 hole executive golf course and clubhouse, a family entertainment area, a corporate picnic area, and a parking structure. The following table provides a summary of this economic impact.

**Economic Impact of the Rio Beach Operations**  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$36,262	\$56,501	\$61,818
Employment <sup>(1)</sup>	541 FTE jobs	1,298 FTE jobs	1,372 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of the Rio Beach Operations**

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$6,254	\$90,811	\$0	\$132,246	\$900,927
Grocery Food	10,650	29,826	0	32,057	0
Restaurant & Bars	334,749	561,368	275,241	1,020,142	1,052,661
All Other Sales	70,912	181,978	95,122	350,273	370,414
Gasoline	953	15,418	9,273	42,493	42,399
Unemployment	0	0	0	0	259,306
Hotel	<u>19,429</u>	<u>17,550</u>	<u>6,484</u>	<u>28,013</u>	<u>24,766</u>
<b>Total</b>	<b><u>\$442,947</u></b>	<b><u>\$896,951</u></b>	<b><u>\$386,120</u></b>	<b><u>\$1,605,224</u></b>	<b><u>\$2,650,473</u></b>

(1) Tax receipts on an annual basis

**The Boardwalk**

The operation of the Boardwalk will generate an annual economic impact based on an normalized year of operation, and includes revenue generated by the restaurants, hotel, theater and retail space, office space, parking, and resident expenditures on household maintenance. The following table provides a summary of this economic impact.

**Economic Impact of the Boardwalk Operations**  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$36,767	\$58,458	\$62,559
Employment <sup>(1)</sup>	503 FTE jobs	1,182 FTE jobs	1,242 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

***Tax Impact<sup>(1)</sup> of the Boardwalk Operations***

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities' Counties</i>	<i>State Government</i>
Income Tax	\$5,663	\$82,239	\$0	\$119,763	\$815,883
Grocery Food	9,899	27,289	0	29,566	0
Restaurant & Bars	57,081	106,463	52,342	194,842	201,054
All Other Sales	222,275	401,010	215,514	772,191	843,157
Gasoline	863	13,963	8,398	38,482	38,396
Unemployment	0	0	0	0	234,828
Hotel	283,092	255,715	94,478	408,177	360,861
<b>Total</b>	<b>\$578,873</b>	<b>\$886,679</b>	<b>\$370,732</b>	<b>\$1,563,021</b>	<b>\$2,494,179</b>

(1) Tax receipts on an annual basis

**Tempo Investments**

The operation of the Tempo Investment parcel will generate an annual economic impact based on an normalized year of operation, and includes revenue generated by the restaurant, hotel, health club, and office space. The following table provides a summary of this economic impact.

***Economic Impact of the Tempo Investments Operations***  
(\$ in Thousands)

<i>Item</i>	<i>City of Tempe</i>	<i>Maricopa County</i>	<i>State of Arizona</i>
Economic Output	\$30,135	\$48,138	\$51,278
Employment <sup>(1)</sup>	381 FTE jobs	901 FTE jobs	955 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of the Tempo Investments Operations**

Tax	City of Tempe	Maricopa County		State of Arizona	
		All Municipalities	County Government	All Municipalities/ Counties	State Government
Income Tax	\$4,354	\$63,229	\$0	\$92,079	\$627,285
Grocery Food	7,499	20,877	0	23,032	0
Restaurant & Bars	25,731	52,194	25,736	96,251	99,320
All Other Sales	24,444	88,273	50,421	180,753	216,156
Gasoline	664	10,735	6,457	29,586	29,521
Unemployment	0	0	0	0	180,546
Hotel	<u>296,691</u>	<u>268,000</u>	<u>99,018</u>	<u>427,787</u>	<u>378,197</u>
<b>Total</b>	<b><u>\$359,383</u></b>	<b><u>\$503,308</u></b>	<b><u>\$181,632</u></b>	<b><u>\$849,488</u></b>	<b><u>\$1,531,025</u></b>

(1) Tax receipts on an annual basis

**Hayden Ferry**

The operation of Hayden Ferry will generate an annual economic impact based on an normalized year of operation, and includes revenue generated by the retail and office space, hotel and conference center, parking, and resident expenditures on household maintenance. The following table provides a summary of this economic impact.

**Economic Impact of the Hayden Ferry Operations**  
(\$ in Thousands)

Item	City of Tempe	Maricopa County	State of Arizona
Economic Output	\$199,645	\$316,449	\$337,521
Employment <sup>(1)</sup>	2,741 FTE jobs	6,466 FTE jobs	6,783 FTE jobs

(1) Full-Time Equivalent jobs on an annual basis.

The economic output and employment will generate tax revenues for the various governments included in the geographic area of study. The following table presents these tax impacts for the various government agencies.

**Tax Impact<sup>(1)</sup> of the Hayden Ferry Operations**

<i>Tax</i>	<i>City of Tempe</i>	<i>Maricopa County</i>		<i>State of Arizona</i>	
		<i>All Municipalities</i>	<i>County Government</i>	<i>All Municipalities/ Counties</i>	<i>State Government</i>
Income Tax	\$30,920	\$448,993	\$0	\$653,858	\$4,454,407
Grocery Food	53,962	149,117	0	160,747	0
Restaurant & Bars	33,930	128,119	63,735	241,689	249,393
All Other Sales	1,779,368	3,037,537	1,611,123	5,789,414	6,184,232
Gasoline	4,713	76,232	45,849	210,096	209,630
Unemployment	0	0	0	0	1,282,071
Hotel	<u>283,092</u>	<u>255,715</u>	<u>94,479</u>	<u>408,178</u>	<u>360,861</u>
<b>Total</b>	<b><u>\$2,185,985</u></b>	<b><u>\$4,095,713</u></b>	<b><u>\$1,815,186</u></b>	<b><u>\$7,463,982</u></b>	<b><u>\$12,740,594</u></b>

(1) Tax receipts on an annual basis



## VII. APPENDIX

The following assumptions underlie the estimates used to derive the economic impact of Rio Salado on Maricopa County.

### General Assumptions

- Operating revenue for each type of facility was estimated utilizing industry averages.
- All dollar figures are in current (1994) dollars
- Residents of Maricopa County utilize their disposable income, as per consumer spending reports for Maricopa County prepared by the National Planning Data Corporation, as follows:
  - 9% spent on food consumed at home
  - 5.4% spent at restaurants and drinking establishments
  - 27.6% spent on retail
- Annual per capita expenditures on gasoline for residents of Maricopa County is \$440, as per consumer spending reports prepared by the National Planning Data Corporation.
- The inflation rate was assumed to 3%.
- The average annual wage in Maricopa County in 1994 is \$24,229 as per the 1992 Maricopa County Employer Wage Survey and inflated to 1994 dollars.
- The construction costs for the parcels that did not provide such information was determined by calculating the cost per square foot of the various facilities from the detailed information provided in the Hayden Ferry proposal.
- Daily per capita tourist expenditures were provided by the Metro Phoenix Visitor Study, Annual 1992 and inflated to 1994 dollars. These figures are as follows:

<i>Category</i>	<i>Expenditures</i>
Lodging	\$41
Food/Beverage	23
Transportation	9
Entertainment	5
Shopping	<u>10</u>
<b>Total</b>	<b><u>\$88</u></b>

### The Sportsplex

- The length of construction is nine months.
- The construction cost as per the named developer for this parcel is \$28.6 million.
- Restaurant revenue generated per square foot is assumed to be \$191, based on average revenue generated by restaurants in the U.S. as per the 1993 Restaurant Industry Operations Report by the National Restaurant Association.
- The Office Space is assumed to Class A office space.
- The average annual rental rate per square foot and occupancy rate for Class A office space in the Tempe/Mesa/Chandler area is \$12.50 and 84%, respectively, as per the Center for Business Research at Arizona State University.
- The revenue generated by the Ice Arena was based on the historical experience of comparable facilities. The analysis assumed that the Phoenix Road Runners of the International Hockey League would play 41 games at the facility and the Arizona State University ice hockey club team would play 20 games at the facility. In addition, it was assumed that 20 flat shows and 3 major special events would occur at the facility.
- The revenue generated by the amusement park is based on the historical experience of comparable facilities and industry averages provided by the International Association of Amusement Parks and Attractions.

### Rio Beach

- The length of construction is seven months.
- The construction cost as per the named developer for this parcel is \$24.8 million.
- The Hotel is assumed to be a suite hotel consisting of 20 units, determined by calculating the square feet per room for a hotel from the detailed information provided in the Tempo Investments proposal.
- The average room and occupancy rate for the hotel is assumed to be \$125.00 and 66%, based on the historical experience of comparable facilities.
- The revenue generated per square foot for the Convention Center is estimated to be \$24, based on the historical experience of comparable facilities.

- The revenue generated for the 18 hole executive golf course was determined by utilizing the bottom 25th percentile of full 18 hole golf course revenues for Arizona, as per the National Golf Foundation.
- The Family Entertainment Center is assumed to consist of upright video games, electronic simulators, pinball machines, interactive skill games, a soft play area and laser tag. Revenue generated by this facility was assumed based on the historical experience comparable facilities.
- The Corporate Picnic Area is assumed to generate no revenue, and therefore, will not provide any operating economic benefit.
- The Parking structure is assumed to generate revenue of \$296 per space, as provided by Benton/Robb Development Associates, based on actual revenue generated by the existing parking facility within Hayden Square.

### The Boardwalk

- The length of construction is assumed to be fifteen years.
- The construction cost is assumed to be \$200 million determined by calculating the cost per square foot of the various facilities from the detailed information provided in the Hayden Ferry proposal.
- Restaurant revenue generated per square foot is assumed to be \$191, based on average revenue generated by restaurants in the U.S. as per the 1993 Restaurant Industry Operations Report by the National Restaurant Association.
- The Hotel is assumed to be a 500 room hotel, determined by calculating the square feet per room for a hotel from the detailed information provided in the Hayden Ferry proposal.
- The average room and occupancy rate for the Hotel is \$64.49 and 74.6% as per the Tempe Convention and Visitors Bureau.
- The Retail establishments are assumed to be specialty retail stores and, therefore, generate \$200 per square foot of revenue, as per the National Retail Federation.
- The Office Space is assumed to Class A office space.
- The average annual rental rate per square foot and occupancy rate for Class A office space in the Tempe/Mesa/Chandler area is \$12.50 and 84%, respectively, as per the Center for Business Research at Arizona State University.
- Expenditures per household for maintenance in the City of Tempe are \$236, as per consumer spending reports for the City prepared by the National Planning Data Corporation.

- The number of parking spaces were determined by calculating the spaces per square foot for parking from the detailed information provided in the Hayden Ferry proposal.
- The Parking structures were assumed to generate revenue of \$296 per space, as provided by Benton/Robb Development Associates, based on actual revenue generated by Hayden Square.

### Tempo Investments

- The length of construction is assumed to be fifteen years.
- The construction cost is assumed to be \$190 million, determined by calculating the cost per square foot of the various facilities from the detailed information provided in the Hayden Ferry proposal.
- Restaurant revenue generated per square foot is assumed to be \$191, based on average revenue generated by restaurants in the U.S. as per the 1993 Restaurant Industry Operations Report by the National Restaurant Association.
- The Hotel Casitas is assumed to be a suite hotel consisting of 14 units.
- The average room and occupancy rate for the hotel is assumed to be \$125.00 and 66%, based on the historical experience of comparable facilities.
- The Office Space is assumed to Class A office space.
- The average annual rental rate per square foot and occupancy rate for Class A office space in the Tempe/Mesa/Chandler area is \$12.50 and 84%, respectively, as per the Center for Business Research at Arizona State University.
- The Health Club is assumed to be a multi-purpose type club that generates \$32 per square foot revenue, as per IRSA/Gallup Profiles of Success, Part I.

### Hayden Ferry

- The length of construction is assumed to be fifteen years.
- The construction cost as per the named developer for this parcel is \$474.1 million.
- The Retail establishments are assumed to be specialty retail stores and, therefore, generate \$200 per square foot of revenue, as per the National Retail Federation.
- The average room and occupancy rate for the Hotel is \$64.49 and 74.6% as per the Tempe Convention and Visitors Bureau.

- The revenue generated per square foot for the Conference Center was assumed to be \$129, based on the historical experience of comparable facilities.
- The Office Space is assumed to Class A office space.
- The average annual rental rate per square foot and occupancy rate for Class A office space in the Tempe/Mesa/Chandler area is \$12.50 and 84%, respectively, as per the Center for Business Research at Arizona State University.
- Expenditures per household for maintenance in the City of Tempe are \$236, as per consumer spending reports for the City prepared by the National Planning Data Corporation.
- The Park is assumed to generate no revenue, and therefore, will not provide any operating economic benefit.
- The Parking structures were assumed to generate revenue of \$296 per space, as provided by Benton/Robb Development Associates, based on actual revenue generated by Hayden Square.