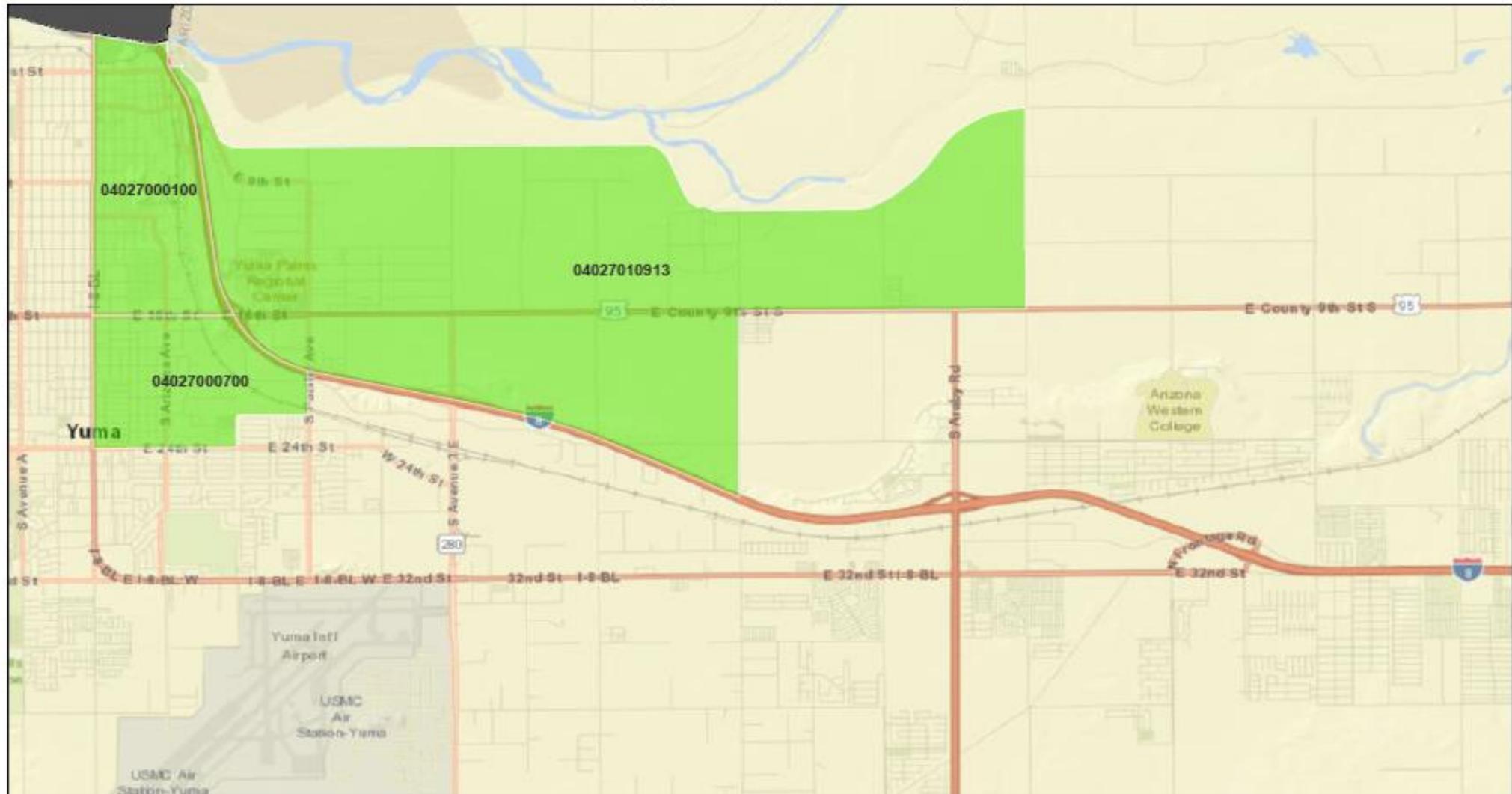


# Opportunity Zone Investment Prospectus - Objectives



# COY Opportunity Zones Map



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 Opportunity Zones

1:72,224  
0 0.5 1 2 mi  
0 0.75 1.5 3 km  
Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community, Arizona Game and Fish Department

# City of Yuma - Quality of Life

Weather – Yumans enjoy more than 300 days of sunshine each year with an annual average of only three inches of rain.

Cost of housing – The median home price is \$147,900 versus the U.S. median of \$216,200 (2018).

Outdoor living – Yuma residents have many outdoor activities throughout the year including boating, swimming, golf, hiking, camping, hunting, biking, and dune buggy riding.

Higher Education – Yuma and Yuma County residents and businesses are served by three universities (ASU, U of A, and NAU) through operations hosted at Arizona Western College (AWC).



# Opportunity for Growth & Investment

- Yuma's Opportunity Zones are true to the programmatic priorities outlined in the 2017 Opportunity Zone legislation
- Yuma's Opportunity Zones focus community commitment and development opportunity in the three zones that registered the greatest need based upon poverty rate and income disparity
- Over 50 percent of Yuma's population is bilingual
- Nearly 57 percent of Yuma's population is Hispanic
- Mexican visitors spend nearly \$2.5 billion in Yuma and Yuma County each year for such things as food, clothing, hospitality, and entertainment
- The San Luis Ports of Entry is located 20 miles south of Yuma and processed 8.4 million pedestrian, 3.2 million cars, and 28,211 truck crossings in 2018

# Yuma's Strategic Geographic Location

Yuma offers the geographically advantageous benefit of immediate access to both the California and Mexico markets

The State of California economy ranks 8<sup>th</sup> (\$2.9 trillion) among all countries in Gross Domestic Product (GDP) while Mexico's economy ranks 15<sup>th</sup> (\$1.3 trillion)

The combined ranking of the Mexico and California economies would be 5<sup>th</sup> among all nations (\$4.2 trillion)

Yuma provides a great location to serve these markets and offers a low cost of doing business. California businesses can maintain existing supply chains while benefitting from a more favorable business environment.

The California border is a five minute drive from Yuma via I-8 or I-10 (via SR 95 or SR 86). Los Angeles is a 4 hour drive and San Diego is a 2.5 hour drive

Mexico is a 25 minute drive from Yuma via SR 95 and the San Luis Port of Entry and 55 minutes to Mexicali via I-8 and SR 98.



# 4FrontED Region

- Residents and visitors to the Yuma area and the larger 4Fronted Region can identify several items or elements that help define quality of life in Yuma including “location”
- A great benefit of Yuma’s location is its convenient access to shopping and entertainment in Phoenix and San Diego, and its proximity to vacation centers in the Southwest and Mexico:
  - Travel miles from Yuma:
    - Los Angeles – 270 miles from Yuma
    - San Diego – 170 miles
    - Tucson – 270 miles
    - Phoenix – 180 miles
    - Las Vegas – 290 miles
    - Palm Springs – 175 miles
    - El Centro, CA – 55 miles
    - Puerto Penasco, MX – 180 miles
    - El Gulfo, MX – 45 miles
    - Mexicali, MX – 54 miles



## Yuma's Key Market Trends

- Growth – the City has grown by nearly 10 percent since 2010 and employment growth over the same time period was nearly 7 percent
- Yuma is the largest and fastest growing Arizona city outside the Phoenix and Tucson metro markets
- The winter months see the Yuma area population grow by over 80,000 people as the “snowbirds” make their annual trek to Yuma
- The City recorded 397 new single-family residential units permitted in 2018
- In 2017, the comparable figure was 521
- Between 2014 and 2017, the Yuma area experienced job growth of 3.5 percent or a net gain of nearly 3,100 new jobs
- Unemployment has declined by over 40 percent since 2014 and is at 8.5% in April 2019.



# Yuma's Opportunity Zone Landscape

The City of Yuma offers three Opportunity Zones. In the balance of county there are another five (5).

- City of Yuma
  - Zone 100\*
  - Zone 700
  - Zone 10913

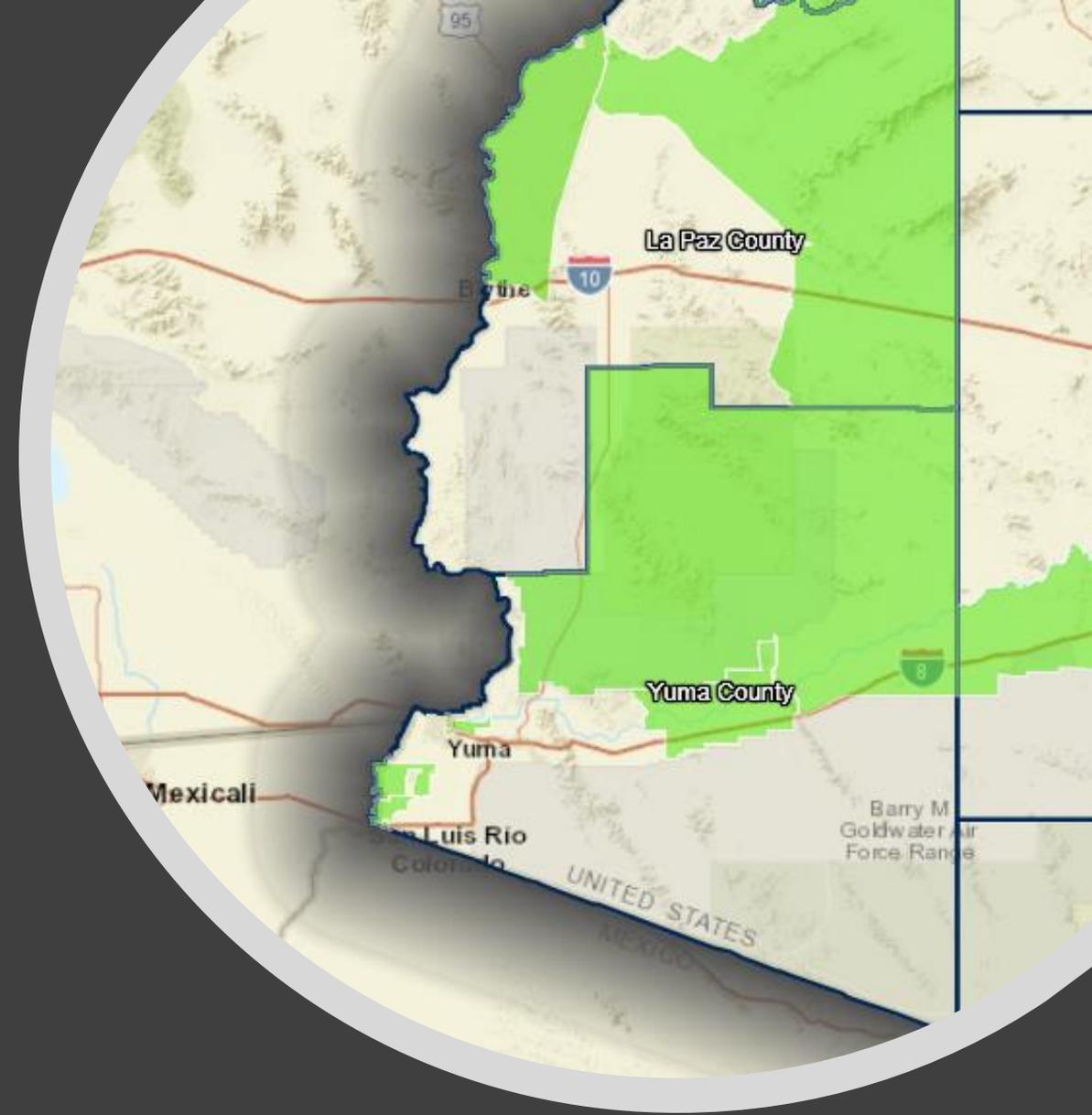
## Land Development:

- Yuma's Opportunity Zones present a variety of investment environments that can accommodate mixed-use, industrial, single and multi-family, entertainment, office, healthcare, and hospitality development in program designated markets
- The City offers performance-based incentives for eligible projects to further facilitate development options in its designated Opportunity Zones

*\*Zone numbers are derived from the designation given the zones as census tracts*

# Yuma's Opportunity Zones In Profile

- Each of City's Opportunity Zones qualifies on income and poverty rate guidelines
- 8% of the City's population (approximately 8,000 people) resides in Opportunity Zones
- 27% of all families in the three Opportunity Zones have incomes below the poverty level
- 38% of all families in the Opportunity Zones have incomes below 125% of the poverty level
- Approximately 10% of the resident adult population hold degrees
- Median family income in the three zones is \$33,020



# Capital Investments in Support of Yuma's Opportunity Zones

## Private Sector

- The City's Opportunity Zones have attracted over \$25 million in private sector investment since FY '17
- Investments have included
  - Multi-family housing (58 units)
  - New and/or redeveloped hotels (150+ rooms), and
  - Commercial space (25,000 sf+)
- Plans are being prepared that will add another 130+ hotel rooms, retail space, and apartments (250 units) over the next 3 to 4 years. Projected capital investment for these projects exceeds \$20 million.



## Public Sector

- Since FY '17, the City has made over \$60 million in new capital investment in its Opportunity Zones. The areas for these investment were:
  - Street repair and paving
  - Water and sewer infrastructure
  - Facility construction and renovation
  - Intersection upgrades
- Bringing out of region and out of state visitors to area hotels and restaurants in the newly opened state of the art Pacific Avenue Athletic Complex (PAAC).
- In FY '20 through FY '23, an additional \$10 million in similar public sector capital investments are forecast in the Opportunity Zones

# Yuma: Key Market Asset - Marine Corps Air Station

- MCAS functions as the Marine Corps' premier aviation training base and home to 4,000 active-duty Marines and Sailors and over 2,000 civilian employees
- Supports 80 percent of the Corps' air-to-ground aviation training
- Hosts approximately 70 aviation units, bringing an average of 600 aircraft and 14,000 personnel to the Yuma area for ongoing training throughout the year
- Supplies over 600 exiting Marines per year to the area workforce with occupations including aviation mechanics and technicians, logistics and supply chain, industrial equipment repairs, and auto technicians

# Yuma: Key Market Asset - Yuma Proving Ground (YPG)

- Is a U.S. Army facility and one of the largest military installations in the world
- Over 3,000 people (mostly civilians) are employed at YPG
- Is used for testing military equipment and encompasses 1,307.8 square miles
- Has a restricted airspace of over 2,000 square miles controlled by YPG
- Features the longest overland artillery range (65 kilometers) in the nation (with plans underway to expand)
- Hosts the General Motors Desert Proving Grounds and enables the Army to test over 80 percent of its wheeled vehicle fleet on the test track

## Yuma: Key Market Asset - Agriculture

- Agriculture is a huge contributor to the Yuma County's economy with over 180,000 acres in the production of 150+ crops each year
- Provides more than 90 percent of the U.S. winter supply of lettuce plus other fruits and vegetables such as broccoli, cauliflower, lemons, and cantaloupe
- Produces nearly \$3.4 billion in agricultural products, supported by the development and early adoption of technology, progressive farming practices, ample labor, sunshine, and senior water rights to the Colorado River
- Hosts the University of Arizona – Yuma Center of Excellence for Desert Agriculture that boasts a leadership position in cutting edge agriculture technology applications

# Yuma: Key Market Asset - “Smart City” Technology

A newly emerging asset for the City is its “Smart City” technology. This technology will be deployed in the Opportunity Zones and throughout the City in 2020 with the ability to enhance the quality of life for all residents and business enterprises

- Landmark agreement signed with anyCOMM and Siemens in 2017 for new LED streetlight system.
- Yuma will become the first Smart City in US with the cutting edge anyCOMM technology.
- Installation of LED’s has been completed. New lighting system will be combined with sensors or nodes.
- Capital investment by Siemens and anyCOMM for the streetlight system will be in excess of \$11,000,000.
- anyCOMM will provide the “node” technology that will generate a “WiFi umbrella” or mesh over the entirety of Yuma.
- Sensor capabilities have huge implications for enhanced public safety, more efficient delivery of City services, and a significant business attraction opportunity for internet-based technology companies and companies focused on autonomous vehicle testing.
- Yuma will be the initial link in anyCOMM’s national “Internet of Things” network with the planned construction of a 50,000 sf Network Operations Center (NOC) employing nearly 300 people.

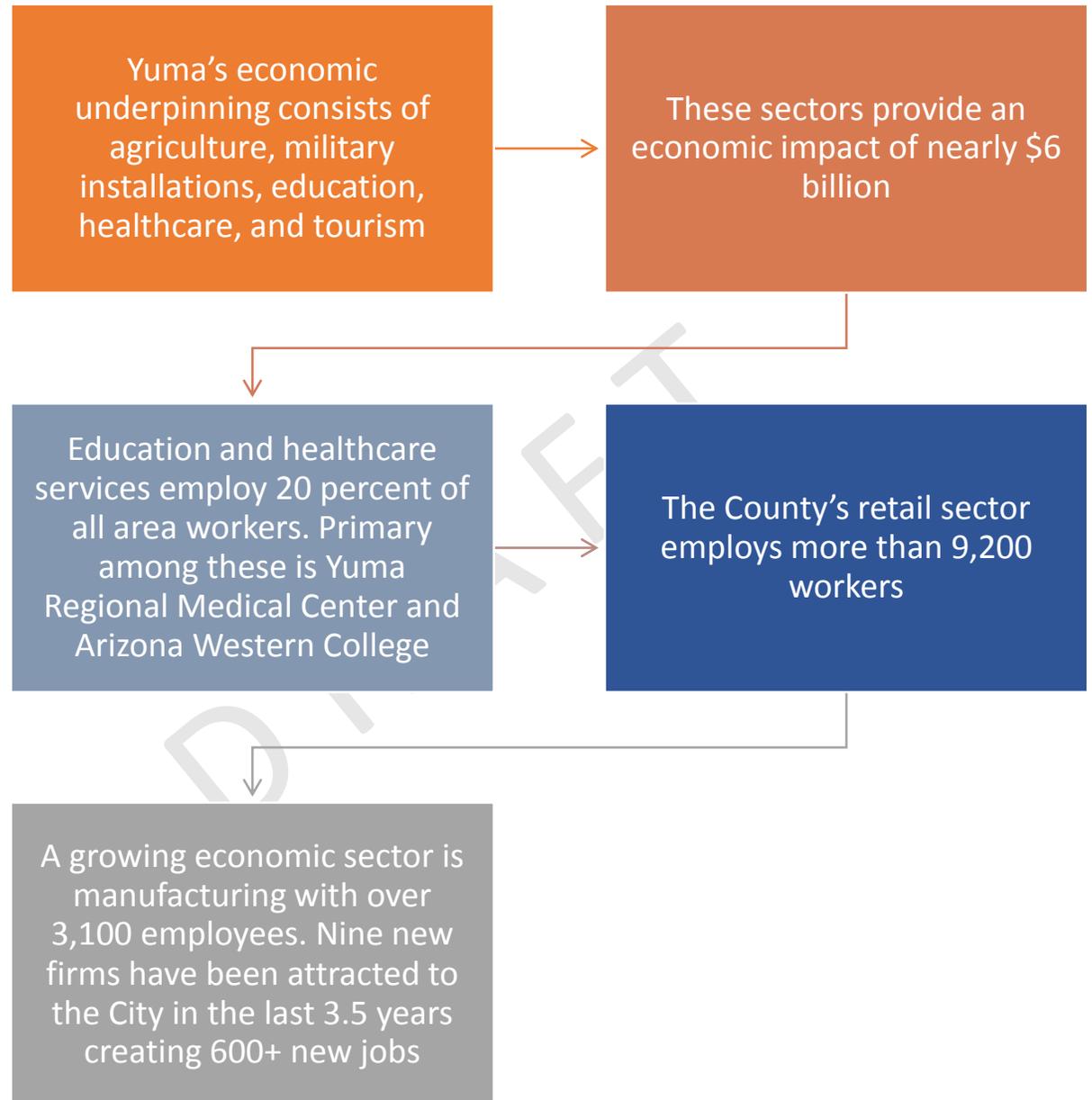
# Opportunity Zones Demographics



Opportunity Zone/Census Tract	Population	Median Family Inc.	Education Attainment	Total Empl. 2016 Op. Zone and % of City
100	Total 2,352 White 592 Black 82 Hispanic 1,571	\$26,648	HS-No Diploma - 36.4% HS Graduate - 21.5% Assoc. Degree - 10.9% B.A. Degree+ - 14.8%	808/2.2%
700	Total 4,256 White 558 Black 98 Hispanic 3,514	\$29,839	HS-No Diploma - 46.8% HS Graduate - 22.8% Assoc. Degree - 4.5% B.A. Degree+ - 2.7%	1610/4.9%
10913	Total 1,331 White 317 Black 0 Hispanic 890	\$42,580	HS-No Diploma - 30.3% HS Graduate - 22.3% Assoc. Degree - 9.4% B.A. Degree+ - 14.6%	513/1.4%

Source: 2016 American Community Survey

# Economic Base



# Economic Base Activity

New and expanding City of Yuma manufacturers in the past 3.5 years include:

- Jordan Manufacturing\*
- Alside Windows
- Martech Medical\*
- Johnson Controls
- Almark Foods\*
- MPW Industrial Services\*
- AQST Space Systems\*

\*New

Yuma is looking to expand its economic footprint by pursuing licensure of a spaceport and the attraction of defense and space industries such as manufacturers of missiles, satellites, propulsion systems, and supply chain partners.



# 4FRONTED

Four states. Two nations. One powerful region.



## Binational Opportunities

- Yuma is geographically positioned to serve as a base for companies seeking to sell products and service clients in Mexico and California.
- The available unemployed labor pool ranges from 18,000 to 22,000 people within a 30 minute commute of Yuma
- The domestic labor force is fortified with the daily movement of nearly 8,500 nonimmigrant workers across the borders in San Luis and Calexico
- Yuma delivers young and growing population to employers. The median age of Yuma residents is 31.5 years
- Nearly 60 percent of the area's workforce is bilingual

# Opportunities

## Develop

Spec industrial/manufacturing buildings of 50,000 sq. ft. (expandable) are needed.

## Invest

Shovel-ready (water/sewer/zoned) industrial sites of 10 to 20 acres or more are in demand for food processing and other manufacturing operations.

## Enhance

Increase the 4-year degrees granted locally, especially in technology-related fields such as computer science and electrical engineering. Local efforts are underway to develop a multiversity campus (Yuma University in cooperation with University of Arizona, Arizona State University, Northern Arizona University, and Arizona Western College).

## Attract

New multi-family housing, manufacturers, industrial service firms, back-office operations, technology related business, and quality of life investments in three areas in need of opportunity

## Innovate

Yuma is building a “Smart City” network in conjunction with anyCOMM and Siemens. The completed system (in 2020) will be an unmatched digital network for Internet of Things companies and other leading edge technology firms such as those engaged in autonomous vehicle development and testing.

# Unique Investment Opportunity



## Redevelop

The City of Yuma presents a unique investment opportunity with the historic **Hotel Del Sol** in downtown Yuma (Opportunity Zone 100). The hotel was designated a national historic site in 1982. The City will submit a grant request to USDOT in July 2019 to underwrite part of the redevelopment expense of the project. A decision on the grant request is expected by the end of the year.

## Invest

The City is seeking a public/private partnership to redevelop a portion of the hotel into a Multi-Modal Transportation Center (Amtrak, Greyhound and YCATS) with additional space available for the development partner to invest in offices, apartments, or other compatible uses.

## Enhance

The City is making deliberate efforts to enhance its downtown and waterfront areas. Yuma Territorial Prison Museum and Park, Riverside Park, Armed Forces Park, and Pivot Point Hotel and Conference Center are all less than ¼ mile away from Hotel Del Sol.

## Attract

To increase the immediate and long term educational needs of area residents, efforts are underway to develop a Multiversity Campus in the downtown area providing educational offerings by Arizona Western College, ASU, U of A, and NAU.

## Innovate

Plans are underway to create an innovative interface between anyCOMM and Southwest Technical Education District of Yuma to develop the technical talent and workforce that anyCOMM will need to staff its planned Network Operations Center in Yuma.

# Incentive Toolkit (City of Yuma)

- The City of Yuma uses a variety of incentives, individually or in conjunction with programs such as the new Opportunity Zone legislation and/or incentives provided by other governmental entities. Potential City incentives include:
  - Permit fee credits
  - Expedited permits
  - Construction sales tax credits or rebates
  - W & S connection fee savings
  - Economic development grants

- All City incentives are performance-based
- All projects requesting incentives are subject to an economic impact analysis (EIA)
- A positive EIA establishes eligibility not entitlement
- The provision of incentives requires a development agreement between the City and recipient
- All development agreements are subject to City Council review and approval

# Incentive Toolkit (State of Arizona)

The State of Arizona (Arizona Commerce Authority) offers a variety of incentives to new and expanding industries making eligible investments and creating new quality job opportunities. These performance based incentives may be used in conjunction with Opportunity Zones tax benefits and incentives provided by other governmental entities.

- **Qualified Facilities** – provides refundable income tax credits for eligible capital investments in new or expanded facilities
- **Sales Tax Exemption** – provides a sales tax exemption on the purchase of new machinery and equipment
- **Quality Jobs** – this program offers a tax credit up to \$9,000 of AZ income or premium tax credits spread over a 3-year period for each net new quality job created
- **Job Training** – provides grants that reimburse companies for up to 75% of eligible training costs for employers creating net new jobs
- **Renewable Energy Tax Incentive** – provides a tax incentive to the solar, water, geothermal, biomass, and other non-fossil renewable energy industries expanding or locating in AZ
- **Additional Depreciation** – AZ enhances additional depreciation allowance of by reducing the taxable value of such property during its first five years of use (by increasing the depreciation factored in determining such value).
- **R & D Tax Credit** – provides an AZ income tax credit for increased R & D activities in the State

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