

## Pivot Point, Yuma

By Matthew Spriggs, AICP and Charles Flynn

### A PARTNERSHIP EFFORT TO REDEVELOP YUMA'S DOWNTOWN RIVERFRONT

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The site was once a vibrant hub for commerce and distribution but it has lain dormant since the early 1900's. In 1998, **the city of Yuma assembled a dedicated team of professionals** and partnered with Clark-Lankford, LLC **to bring revitalization to the Pivot Point, Yuma site.**

Winner of the 2007 IEDC Partnership Award, the \$32 million Pivot Point, Yuma hotel and conference center is under construction and a total of \$100 million of construction is expected by 2012.

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The newly opened Gateway Park features active recreation, beaches, and historic interpretation along the Colorado River and adjacent to the Pivot Point, Yuma hotel. The Ocean-to-Ocean bridge in the distance marks the transition from Gateway Park into the Yuma East Wetlands. (photo by Matthew Spriggs)

This article recounts the successful riverfront redevelopment planning efforts in Yuma, Arizona. After decades of false starts, the Yuma community has been able to muster the political will and the local, state, and federal funding in order to partner with a private developer for a prolonged period of land assembly, infrastructure improvements, and joint planning.

Since the project is located in a National Historic Landmark, the developer and city worked through and resolved significant historic preservation issues. Over a four-year period, the plan was flexible enough to respond to changing market conditions, progressing from a primarily retail orientation to a mixed-use plan with increased residential development. The development agreement, approved in December 2004, has now begun implementation with a \$30 million hotel/conference center due to open in late 2008.

The authors attribute several key factors to the success of this project:

- Sustained political commitment to the project over several administrations.

- Creation of a staff team that focused only on the riverfront and was capable of implementing projects from concept to completion.
- The National Heritage Area designation injected federal funding and led to a community-based plan, which provided an integrated framework for public and private investment along the riverfront.

**t**he story of the revitalization of Pivot Point, Yuma is unique but within its telling are principles that can be applied to any redevelopment project in any community. To fully understand the scope of the project, this article begins with the early history of Yuma, providing the historical context that makes the location so important to the community, state, and the nation.

Yuma, Arizona, is in the far southwest corner of Arizona, on the southern border of California and

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## A PARTNERSHIP EFFORT TO REDEVELOP YUMA'S DOWNTOWN RIVERFRONT

The Pivot Point, Yuma project site (one of the most historically important locations in the state of Arizona) is 22 vacant acres in the heart of downtown Yuma adjacent the Colorado River. The site was once a vibrant hub for commerce and distribution but it has lain dormant since the early 1900's. In 1998, the city of Yuma assembled a dedicated team of professionals and partnered with Clark-Lankford, LLC to bring revitalization to the Pivot Point, Yuma site. Winner of the 2007 IEDC Partnership Award, the \$32 million Pivot Point, Yuma hotel and conference center is under construction and a total of \$100 million of construction is expected by 2012.

the eastern border of Mexico. It was once a bustling hub of transportation and commerce, having one of the first major crossings of the Colorado River and its downtown grew up around the Yuma Crossing. Yuma thrived in 1849, providing the southern route across the Colorado River for the California Gold Rush. Steamships, wagons, and ferries carried supplies from the Yuma Quartermaster's Depot to other forts throughout the southwest during the period of western expansion. In 1877, the first train to enter the state of Arizona crossed the Colorado River into downtown Yuma at Madison Avenue.

Even with the shift of transportation away from steamships, wagons, and ferries to locomotives at the turn of the century, the city continued to be an important crossing of the Colorado River and a vital link in the nation's transportation network into the 1900s. In 1915, the Ocean-to-Ocean Bridge was completed at the Yuma Crossing, connecting the United States, via US Highway 80, for the first time from the Atlantic to the Pacific Ocean. Through World War II, Yuma continued to adapt to the ever changing economy. However, sometime in the late 1950s or early 1960s, downtown Yuma began to struggle.



Yuma was once a major focal point for east-west travel across the Colorado River. By 1890 the rope ferries slowly gave way to train travel.

Multiple crossings of the now contained and tamed Colorado River and the emergence of air travel and transport eroded the city's importance in the national transportation network. The impact of the automobile was similar to the impact in many communities: the new federal highway bypassed the downtown and the suburbs became the destination for residents, with ample cheap land away from the declining businesses and neighborhoods in the downtown. The cost to the residents was a relatively short commute to work via automobile. With the relocation of its customer base to the suburbs and its increased mobility, the downtown saw major businesses relocate to the suburbs throughout the 1970s.

By the mid 1980s, the city of Yuma owned a majority of the downtown properties through the purchase of tax liens. In an attempt to keep the properties productive,



Etching of the Yuma Riverfront in its most vibrant use, circa 1880.

the city temporarily allowed light manufacturing in many of the buildings. With the decline of the downtown neighborhoods and the relocation of destination retail, the last connection between the community and the Colorado River was lost.

### THE BEST LAID PLANS

Yuma was not blind to its most precious natural asset – the Colorado River. In a resolution in 1902, the city council declared that the land along the Colorado River that formed the northern boundary of the downtown would be held by the city for the benefit of the community in perpetuity. This resolution came at a time when the riverfront was a hub of commerce and transportation. Despite this resolution, many of the uses located in the riverfront area were subject to neglect and as the economy shifted after World War II, the downtown began a slow process of degradation.

In the 1970s, the community had moved away from the downtown as it continued its downward trend. In an attempt to stop the decline, the city started work on plans to revitalize the central business district and continued to provide land to state and federal government agencies to keep some productive uses in the downtown. Unfortunately, the 1975 Small Area Study: Inner City Revitalization Plan and the 1978 Phase II Downtown Development Program relied heavily on federal redevelopment money that was never obtained and the plans were not implementable.

In 1983, the city created a comprehensive redevelopment plan, the North End Redevelopment Plan, which provided the ability to assemble land and provide incentives for private investment for redevelopment. However, the stigma of the downtown as a place of high crime, homelessness, and blight was so strong that no businesses, other than light manufacturing, could be enticed into the downtown.

In the late 1980s, there was a resurgence of interest in the heritage of the downtown. The local preservation

community had worked with the US Bureau of Reclamation to take ownership of the historic Quartermaster's Depot and in 1990 the Yuma Crossing Council in conjunction with the city of Yuma and the Arizona State Historic Preservation Office created the Yuma Crossing Buffer Area Preservation Master Plan. Like its predecessors, this plan relied heavily on state and federal money to construct what would become a large historic interpretive venue, encompassing Yuma's entire downtown riverfront. Its downfall was that it would require continual public subsidy for maintenance and operation and it proved to be infeasible.

In 1994, the city developed the City of Yuma Neighborhood Plans Project, a refinement of the 1983 North End Redevelopment Plan residential neighborhood component. Its focus was on housing rehabilitation and the city began to clean up isolated properties. Unfortunately, the neighborhood project's effect was too dispersed to have much impact on the neighborhoods as a whole and it also relied entirely on public funds, namely Community Development Block Grants.

In 1996, under the leadership of City Administrator Joyce Wilson, the city of Yuma engaged the community in a visioning plan, the Historic Downtown Yuma Vision 2020 Plan (2020 Plan). This was the first time since the 1983 North End Redevelopment Plan that a public/private partnership was considered for the riverfront and downtown. While the 2020 Plan was impractical, it renewed the call for bringing private investment to the downtown riverfront.

To further refine the possibilities of a public/private partnership, the city engaged a private consultant, the Waterfront Center, to work with the public to implement the 2020 Plan and the result was the 1998 Report to the City of Yuma and Its Citizens (Report). While mostly a bubble diagram of possibilities, the Report became the basis for focusing on bringing the riverfront back to the community and revitalizing the downtown as promised in the City Council Resolution of 1902.

## GOING FROM REPORT TO REALITY

The city administrator recognized that the community had been planned to death. Yuma needed to move away from the empty promises of previous planning efforts and into real and immediate action if the downtown was ever to turn around. To implement the recommendations of the Report and the 2020 Plan, the city needed the support and dedication of each of its major departments, yet its day to day responsibilities to a rapidly growing community made it difficult to create the intense focus needed to bring about change in the downtown.

The city needed a full time dedicated staff whose sole focus was downtown revitalization. In addition, the task

of reversing the image of the downtown, creating a destination out of an area that was long since forsaken, would take funding far beyond the city's available tax revenue, particularly for public improvements.

City Administrator Joyce Wilson pursued the revitalization of the riverfront with two actions: the creation of a small dedicated team of staff members from the major departments of Community Development, Parks and Recreation, and Public Works; and the pursuit of not only state and federal grant money, but designation of Yuma as one of the first National Heritage Areas west of the Mississippi River. A National Heritage Area is a federal designation through the US Congress and administered by the National Park Service. As a designated National Heritage Area, with a Management Plan approved by the Secretary of the Interior, a private non-profit management entity becomes eligible for up to \$1 million a year in federal matching funds for ten to 15 years, depending on the authorizing legislation.



*The Pivot Point, Yuma project site as of 1967 just after the opening of the Interstate 8 highway bridge that routed highway traffic out of the downtown.*

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The first step was the creation of a working committee of citizens lead by a staff member to pursue the National Heritage Area designation which started in 1996. The Yuma Crossing and Associated Sites National Historic Landmark, which covered both sides of the Colorado River in both Arizona and California, was the center of the Heritage Area focus, with emphasis placed on the south side of the river where Yuma was established. The National Landmark also bisected the riverfront site and included the historic Quartermaster's Depot which was now an Arizona State Historic Park, vacant and marginally developed land, and through the years the landmark, outside of the park, was severely degraded with little to no context remaining. However, securing designation as a National Heritage Area would provide Yuma with up to \$10 million of federal matching grant funds that could be used to interpret and enhance the important history of the National Historic Landmark. In 2000, President Clinton signed the designation of Yuma as a National Heritage Area into law.

The creation of a dedicated team was the next step. In 1998, the city hired Kevin Eatherly as the project manag-

er for the team. Eatherly was the former park manager for the Quartermaster's Depot State Historic Park. The city hired the co-author, a former executive director of a National Heritage Area, to manage not only the eventual Heritage Area (which is a separate private 501(c)3 that works in partnership with the city) but to also oversee the redevelopment of the historic riverfront and the downtown for the city. Roger Blakely was added briefly to the team from Parks and Recreation to coordinate ongoing planning and future construction of the interconnected greenway along the Colorado River. Tina Clark was added from Community Development as a grant writer and historian and co-author Matthew Spriggs, AICP, was added from Community Development as a planner. While Flynn managed and directed the team, each team member was still considered a staff member of their respective departments. Although inconvenient in some ways, that connection as a staff member of each affected department allowed the team members to expedite matters and come to quick solutions.

## THE DEVELOPER

In 1999, the city issued a request for qualifications (RFQ) to select a developer to become the city's partner in redeveloping the riverfront. In order to assure public support of the selected developer, the review committee included a city councilwoman, a private citizen, and three city staff members.

The city chose to pursue an RFQ since not just any developer could succeed with this very complicated site. The developer needed not only a track record for successful public/private partnership developments, but would also have to possess a track record of perseverance, tenacity, and a willingness to work on a project with a longer term payoff. The site was very complicated and there was no guarantee of quickly going to construction.

The city also decided to add a very important "plum" to this RFQ. As part of downtown redevelopment, the city had committed to building a new 150,000-square-

### At full build out the Pivot Point, Yuma project will contain:

- 230 Executive business class hotel rooms
- 25,000-square-foot conference center
- A 50-room boutique hotel
- 40 canal side town homes
- 50 upscale apartments
- Over 105,000 square feet of retail
- Over 80,000 square feet of office
- A 50,000-square-foot federal courthouse
- Over 26,000 square feet of restaurants and entertainment

Total private investment estimated at over \$100 million.

Anticipated return to the city is \$22 million in the first 15 years.

foot Municipal Complex in the south end of the downtown. The developer selected for the arduous process of riverfront redevelopment would gain the benefit of designing and building the new \$30 million facility. In hindsight, this benefit helped sustain the developer over many years of planning and re-design of the riverfront.

The city received a dozen responses and narrowed the field to three developers. The interview and presentation by the three finalists provided the RFQ review committee with a clear choice: Clark-Lankford, LLC. Clark-Lankford was chosen due to its substantial success with redevelopment projects throughout the gas lamp district and Horton Plaza in San Diego and for Craig Clark's reputation and history of perseverance and tenacity.

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## THE SITE

Reclaiming the Colorado River as the main feature of the downtown was limited to a project site approximately a half mile across and 900 feet wide, containing approximately 47 acres of gross land area adjacent to the Colorado River in historic downtown Yuma. The property forms the gateway to Arizona for travelers east bound on Interstate 8 from California and Baja California or Sonora Mexico.

In 1998, the site was constrained in multiple ways (from west to east):

- The Yuma Quartermaster's Depot State Historic Park (9.5 acres) separated from the remainder of the site by the Yuma Main Canal and Siphon (7 acres);
- US Fish and Wildlife Service Kofa National Wildlife Refuge Headquarters (USF&W) (1.5 acres);
- US Border Patrol Yuma Sector Headquarters (1.5 acres);
- Historic Yuma City Hall (1 acre);
- Arizona National Guard Armory (3 acres);
- City of Yuma water treatment sludge drying beds and raw water takeoff pump house on land owned by Arizona State Parks with an historic covenant (2 acres);

- A massive, dilapidated, but historic hill with former railroad water settling tanks adjacent the Colorado River (2 acres);
- Archeological deposits of the Southern Pacific Railroad (SPRR) Hotel and the SPRR line where the first train entered the state of Arizona in 1877 (2 acres);
- City Water Treatment Plant (7 acres);
- Bisecting the entire site is the 80' wide inactive Yuma Valley Railroad line owned by the US Bureau of Reclamation (Reclamation), along with miscellaneous "orphan" parcels; and
- The north boundary of the site was further complicated by a 16", 650 psi natural gas line operated by El Paso Natural Gas Co., the exact location of which was not known.

Of the 47 total acres, 25 acres were excluded from assembly, nine acres were owned by the city and available for development but were scattered, and 13 acres would have to be cleared of their impediments.

Land assembly and master planning of the site began in 2000. The site had been used heavily by the federal government from 1845 until the 1960s and the property lines were so convoluted that it required over a year of survey work just to define property ownership and parcel boundaries. The partnership examined the project site in detail and determined that the first problem to be addressed was the presence of the massive, dilapidated, but historic "settling tank hill" that occupied the prime two-acre parcel adjacent the Colorado River. The tensions between the preservation community and the city were high and the developer would not proceed with the project if the hill could not be removed.

"Settling tank hill" was the last substantial record of the crossing of the first train into the state of Arizona. The city, developer, and the preservation community met over several months and came to an agreement that committed the city to meaningful interpretation of the railroad history of Yuma and in return "settling tank hill" could be removed. With this agreement in hand, the city approached the Historic District Review Commission, the city's local preservation board, for approval of the demolition of "settling tank hill."

Although the agreement was made locally, not everyone in the local preservation community agreed and the State Historic Preservation Office (SHPO) was against the demolition of "settling tank hill" but was unable to act formally since there were no state or federal funds in the project. Regardless, the SHPO, through local preservationists, spoke out against the demolition during the commission's public meeting. Despite this opposition and after a long deliberation, the commission approved the demolition four to three.

With "settling tank hill" resolved, the partnership began to look at the site in earnest. Certain site constraints could not be resolved:

- The Yuma Main Canal and Siphon are not only historic but are critical to the survival of the community.
- The Yuma Quartermaster's Depot State Historic Park is one of the best preserved historic sites in Arizona and contains six of the 12 remaining state owned adobe buildings.
- The Yuma Main Street Water Treatment Plant would cost over \$55 million to move.
- The Yuma Valley Rail Line, now owned by the US Bureau of Reclamation, might have its right-of-way narrowed but would remain in place.
- El Paso Gas was not willing to relocate its pipeline and its exact location continued to be unknown.

The remaining constraints were thought to be resolvable and master planning was undertaken over the next year as "settling tank hill" was demolished.

As a part of the master planning process, the city and the Yuma Crossing National Heritage Area recognized that for the Pivot Point project to succeed, a substantial public investment along the Colorado River had to be made. The need for the public investment was not driven just by Pivot Point, the community had been trying to take back the river for a century and restoring its relationship with the community was central to the mission of the Heritage Area.

The public investment would create a greenway beginning on the west with the development of the Yuma West Wetlands Park and Restoration project. The site of the West Wetlands was a former 110-acre city landfill adjacent to the Colorado River. Through the



Photo: Fred Phillips

Looking west from the restored Yuma East Wetlands toward "Prison Hill," "Indian Hill," the Ocean-to-Ocean bridge, and downtown Yuma.

Heritage Area, the city closed the landfill and secured over \$4 million in grant funds to construct the active recreation park and another \$500,000 in grant funds to restore the native bird habitat on lower bench adjacent the Colorado River.

Shortly after the completion of the West Wetlands, construction on the East Wetlands began in 2003, a quarter mile from the hotel and conference center site. Previously thought to be an impossible task, the city of Yuma, the Yuma Crossing National Heritage Area, and the Quechan Indian Tribe arrived at a consensus plan with over 29 major stakeholders for the restoration of 1414 acres of riparian habitat and backwaters along the Colorado River. The consensus plan has allowed the city, Heritage Area, and tribe to amass over \$6 million in grants and to date has restored over 300 acres of habitat with over 200 acres of restoration in design and awaiting funding.

The keystone and connecting link of the East and West Wetlands is Gateway Park, located at the terminus of Madison Avenue. In its first act to reclaim the river, the city of Yuma amassed hundreds of volunteers and cleared the southern banks of the Colorado and established the Madison Avenue Beach Park.

Despite the rustic condition of the park with very few amenities other than volleyball nets, a small beach, benches, and port-

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a-potties, it was immensely popular and its only access was Madison Avenue, where the hotel would be built. The city could not cut the public off from the park and the hotelier needed control over the access in the area and some degree of privacy. Additionally, the rustic nature of the park did not fit the forthcoming \$32 million hotel and conference center. The city of Yuma and the Heritage Area renamed it Gateway Park and amassed \$2.5 million in grants and \$1.5 million in city and Heritage funds to improve and expand the park and relocate the entrance and parking lot from Madison Avenue to Gila Street a quarter mile to the east.

The original Riverfront Master Redevelopment Plan, completed in August 2001 and calendared for City Council approval in November 2001, consisted of a 150-room executive business class hotel and a minimum conference center of 18,000 s.f., three restaurants, a entertainment venue, a 50-room boutique hotel, and over 185,000 s.f. of retail. Then on the morning of September 11, 2001 the world changed.

## SEPTEMBER 11, 2001

The tragic events of September 11 had impacts all around the world and Yuma was no exception. The economic effects became clear when retail and entertainment spending suffered considerably throughout the nation. In Yuma's case, a downtown Brew Pub which opened in the summer of 2001 never recovered from the sudden downturn in spending and closed its doors in early 2003.

The effect on the riverfront redevelopment project was that the developer, C.W. Clark, saw interest in equity investment, especially for retail development, dry up. The city and C.W. Clark met in mid-2002 to discuss next steps and what was a reasonable timeframe for actual

Photo: Matthew Spriggs



*The Yuma West Wetlands Park entrance. This former city landfill is now a 110-acre park and 35-acre restored wetlands. It is the western anchor to over seven miles of planned or restored riverway.*

“in-the-ground” development. City staff pointed out that property acquisition from state and federal agencies would be time-consuming and projected that it would be another 24-36 months to amass all the land necessary to facilitate development.

Another factor forced a wholesale reassessment of the original plan. Historically, Yuma had been underserved in the retail market, but that was about to change. In late 2002, a major Phoenix-based mall developer secured farmland near a key Interstate 8 interchange and announced plans for a one-million-square-foot development, bringing in major national chains which had never been in the Yuma market. Scheduled to open in late 2004, Yuma Palms was developed by a joint venture between WDP Partners of Phoenix, Yuma-based Whitman Development, and Dillard's, Inc of Little Rock, Arkansas.

Yuma Palms revolutionized retail spending patterns in Yuma and its surrounding markets, both in Mexico and Arizona. It reduced the “bleeding” of spending into other markets and captured new spending from nearby markets—increasing local sales tax revenues dramatically. Inevitably, however, the new mall meant that downtown Yuma would not be competitive as a major retail center.

### THE VISION FOR A REVITALIZED “DOWNTOWN NEIGHBORHOOD”

While city staff concentrated on land acquisition, C.W. Clark fundamentally rethought the nature of the riverfront redevelopment over the next 18 months. The hotel/conference center on the riverfront remained as the lynch-pin project. It would serve as the northern anchor of Madison Avenue, with the city's new Municipal Complex as the southern anchor of Madison Avenue. The retail portion was reduced considerably and served as the link between Yuma's Main Street and the riverfront hotel.

City staff and C.W. Clark agreed that the redevelopment should concentrate on new residential growth and office development. Clark commented at the time: “We need to build a retail market by attracting people downtown to live, to work, and to enjoy entertainment and culture. The retail here will follow, not necessarily lead.”

To test the residential market, the city and C.W. Clark entered into an “early action” development agreement to build five “Shopkeeper” units on a vacant 12,000-square-foot site along Madison Avenue adjacent to the riverfront area. (The “Shopkeeper” unit includes 600 feet of office/retail downstairs with a two-car garage, and a 1,200-square-foot, three-bedroom residential unit upstairs.) Other than a land write-down to \$2/square foot, C.W. Clark received no incentives to build this project. The project overcame some challenges – particularly in the mortgage financing of such a mixed unit – and was completed in 2004. All five units have been sold and are occupied. Based on this experience and general residential growth in Yuma, the new plan called for 40-80 condos, with the potential for another 50-60 rental units.

In 2004, another opportunity presented itself. In recent years, downtown Yuma had emerged as the headquarters for the city and county governments—and now the federal government expressed a strong desire to locate a new 50,000-square-foot federal courthouse in the downtown. After a competitive and wide-ranging search, the federal selection committee chose a site in the riverfront redevelopment area. In order to secure the federal courthouse, C.W. Clark agreed to relinquish his exclusive rights to develop the three-acre parcel. Clark believed that the overall project required the federal courthouse, which would generate other new office demand as well as create synergy with the riverfront hotel/conference center.

From these elements, a new plan for redevelopment was crafted. It now represented a more balanced approach to development, based on four foundations: residential,



Photo: Matthew Spilggs

*Early action project creating “Shopkeeper” units just south of the Pivot Point, Yuma project site.*

government/office, restaurant/entertainment, and retail. While more viable in the marketplace, the plan would still require some creative financing and innovative approaches to cement the public/private partnership.

### CREATIVE FINANCING

Throughout 2004, city staff worked with the city attorney's office and an economic consultant, Nielsen-Fackler Planning and Development, to craft a Development and Disposition Agreement (DDA). The ambitious plan had an initial multi-million dollar financing gap for the hotel conference center portion, but financial projections indicated that the overall project would generate a net financial revenue benefit to the city of over \$22 million in a 15-year period if the gap were closed.

The challenge was to develop mechanisms to offset the early-year financial gap and get the lead project, the hotel and conference center, off the ground and viable.

- The first tool was one of the most commonly-used: land write-down, but with a twist. The city, once it had amassed the riverfront property, did not want it to move into private ownership. Thus it provided a zero-cost 50-year lease for the hotel/conference center property, with some reinvestment required in the later years and the property and improvements will return to the city at the end of the lease term. Other property within the project was leased for 50 years at 20 cents per-square-foot-per-year, with escalations built in every five years.
- The exception to the lease-only strategy was the for-sale residential condo development area of three acres adjacent the Yuma Main Canal which would be sold to the developer at fair market value.
- Since the state of Arizona does not have tax-increment financing, the city had to explore another avenue: the Government Property Lease Excise Tax (GPLET) and abatement. Basically, the GPLET is a mechanism to tax private development on government-owned property at a lower rate than standard property taxes. It also allows a full abatement of property taxes for the first eight years. The full eight-year abatement was used for Pivot Point.

- While GPLET provides obvious benefits to the developer, it also provides a more nuanced benefit to the city. The DDA established a Municipal Services Fee, which ensured that, after the first eight years, the developer paid the equivalent of full property taxes, but the difference between GPLET and full property taxes went to the city. Since the current property tax structure primarily funds school districts and the county (the city relies heavily on sales tax), this was a mechanism for the city to recoup some of its initial investment.
- The city wanted a downtown conference center of at least 18,000 square feet as part of the project, but the developer's pro forma did not cash-flow with that additional capital cost. In order for the conference center to be viable, the city agreed to invest \$4 million in revenues from the project (from the surcharge, lease proceeds, land sales, etc) over a ten-year period into the project as an incentive to the developer to build and maintain the conference center.



*City of Yuma staff, Developer, State Historic Preservation Officer, National Trust for Historic Preservation, and National Park Service working on the "Yuma Crossing Design Guidelines" to allow for the historic preservation covenant to be removed from the hotel and conference center property.*

- There was considerable concern that, once the conference center was built, it would operate at a loss and the developer would tend to neglect its upkeep. To resolve this issue, the DDA included a Riverfront Development Surcharge of one percent on all sales tax eligible transactions within the project area. The surcharge is a contractual agreement and not a tax. Those funds would be collected by the developer at the point of sale and remitted to the city. For the first ten years, 100 percent of these funds are then returned to the developer for the maintenance and operation of the conference center. Thereafter, the city and developer would split these revenues, with the city's share restricted to public investment within the downtown.
- Finally, the city provided for sales tax rebates of up to 70 percent of sales tax generated within the project area over 15 years to cover infrastructure and struc-

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tured parking costs. These rebates are performance-based. The developer is only assured of being made whole to the extent that the development is built out and generates sufficient taxable sales.

By the end of 2004, the DDA was ready to be taken to City Council for consideration.

### **AMASSING THE LAND**

Before the DDA could be taken to City Council for consideration, however, the city had to develop a plan to secure the land from the state and federal agencies. Only a sustained and persistent — if at times frustrating — effort by city staff assured success, as five separate and complicated transactions were involved, including helping fund and facilitate relocation:

**1. National Guard Armory site (3 acres):** In 2000, the city proposed to build a new "Readiness Center" in the far eastern section of Yuma called the "east mesa". The idea was to combine a community/recreation center within a new facility to meet the needs of a growing National Guard. The city was able to secure both federal and state appropriations for the new project and agreed to buy the old site for \$450,000, so long as those funds were reinvested in the new facility. The new facility was completed in 2004, and the city cleared the old site by the end of 2004.

**2. USBP Yuma Sector Headquarters site (1.5 acres):** In this case, the Border Patrol had long since outgrown this downtown location and was building a new headquarters, which opened in 2003. Fortunately, the city had only leased this site to the Border Patrol for 50 years in 1954 and the property returned to the city in 2004.

**3. Arizona State Parks Vacant Land (2 acres):** Certainly the most difficult and most crucial land transaction involved two acres right in the middle of the proposed hotel site. This was federal land deeded to Arizona State Parks as part of the creation of the Yuma Quartermaster's Depot State Historic Park. A historic preservation covenant was placed on all the property deeded to the state with the intent of protecting the important historic resources of the park but was included on the vacant land to create a buffer for the park.

The two-acre parcel was vacant and blighted. Part of it was leased to the city of Yuma's water treatment plant for sediment drying basins. The covenant limited its redevelopment to a parking lot. For two years, the city worked with the developer, Arizona State Parks, the State Historic Preservation Officer (SHPO), National Park Service, Yuma Crossing National Heritage Area, General Services Administration, the National Trust for Historic Preservation, and local historic preservation interests to resolve this impasse.

In exchange for the land's release from the federal historic preservation covenant so that the hotel and conference center could be built, the city agreed in 2003 to rezone the entire 22-acre project area with an historic overlay and require all construction to adhere to the "Yuma Crossing Design Guidelines" (Guidelines). The Guidelines required only those projects built within the National Historic Landmark Boundaries to be reviewed and commented on by the SHPO and approval for all projects rested with the local Historic District Review Commission.

The Guidelines were written in a manner so that a new design would be sensitive to the historic context and yet allow the designer to approach the project in a creative manner. Through the process of developing the guidelines, Clark-Lankford gained a fuller appreciation of the significance of being able to bring new construction into a National Historic Landmark. In fact, the developer was so impressed by the history of the area that not only was the architecture tailored accordingly, the project was branded "Pivot Point, Yuma" after the concrete pivot at the terminus of Madison Avenue which is the last remnant of the 1877 railroad crossing into Arizona and abuts the east wall of the hotel.

**4. US Bureau of Reclamation (USBR) "orphan" parcels (approximately 1 acre):** These small random parcels scattered throughout the project area required an act of Congress for USBR to transfer to the city in a land exchange and purchase agreement. USBR and city staff began working on the land transfer in 2000. After testimony before the Senate by the mayor and with tremendous support from Senator Kyl, the 109th Congress passed the authorizing legislation in the last hours of the congressional session in December 2006.

Although these parcels are not a part of the lead project, they are critical to another important public improvement, an Arizona Welcome Center across the street from the western boundary of Pivot Point and critical to the construction of the for sale condominiums in the second phase. Work is ongoing to finalize the exchange and purchase of properties and is expected to be complete in 2008.

**5. US Fish and Wildlife (USF&W) Kofa National Wildlife Refuge Headquarters (Headquarters) (1.5 acres):** From 2000 to 2006, the city worked with the USF&W to relocate the Headquarters. The city supported efforts to secure federal appropriations for a

new facility and had originally hoped to complete the transaction through the USF&W regional office.

There was a change in management and in opinion as to the level of authorization required to process the land transfer in 2005. In order for the site to come to the city and not be sold through the standard GSA disposal process, an act of Congress was required. The city's congressional delegation was able to insert this purchase into the pending USBR land transfer bill. In the final hours of that Congressional session, language was inserted that directed the city's fair market value purchase of the property to be redirected into the new USF&W Headquarters and not into the general treasury. The new facility will be complete in early 2008, making way for clearance and redevelopment.

## MAKING THE DEAL

In November 2004, Yuma City Council voted overwhelmingly to proceed with the DDA, which would facilitate \$100 million of private investment on Yuma's riverfront. The DDA envisioned several phases of the project, with the \$32 million Hilton Garden Inn and Conference Center as the cornerstone project. The phasing also factored in when various parcels would be

### Timeline of the Pivot Point, Yuma project:

- 1999 Riverfront Team formed
- 1999 RFQ/RFP issued for the Pivot Point, Yuma project
- 1999 Clark-Lankford, LLC of La Jolla, CA selected
- 2000 Property assembly begins
- 2000 Settling tank hill demolished
- 2000 Master planning begins
- 2001 First master plan complete
- September 11, 2001
- 2001 Yuma Riverfront Master Redevelopment Plan adopted
- 2002 Reevaluation begins
- 2002 New city hall complete
- 2002 West Wetlands Park opens
- 2003 East Wetlands Restoration project construction begins
- 2004 Federal courthouse site selected
- 2004 US Border Patrol clears former headquarters site
- 2004 New National Guard Center complete
- 2004 Development and disposition agreement approved
- 2005 Demolition of the former National Guard Armory complete
- 2005 Historic covenant released, hotel site purchased
- 2006 Land transfers authorized by the US Congress
- 2006 New master plan complete
- 2007 US Fish and Wildlife Service site purchased
- 2007 Gateway Park opens

acquired by the city, which would occur between 2004 and 2008. The DDA also contained a "performance schedule", which required the developer to build the project in a set timeframe, or risk losing the exclusive rights to undertake later phases.

## CONSISTENT POLITICAL LEADERSHIP AND A NETWORK OF PARTNERS

Perhaps the most noteworthy aspect of this project was that, through three different city administrators, two mayors, and a changing composition of City Council, riverfront redevelopment was never a "political football". Public opinion surveys over eight years consistently reflected strong support for riverfront development, with approval ratings running as high as 88 percent. Success was based on a continuous roll-out of new improvements with the support of the city's political and administrative leadership. It was also based on a high degree of coordination and cooperation among city departments, as well as with federal and state agencies.

Most telling has been the growing partnership between the city of Yuma and the Quechan Indian Tribe. The partnership began with a joint effort to restore and re-open the historic Ocean-to-Ocean Bridge in 2002, grew as the partners collaborated to restore the Yuma East Wetlands, and culminated when the Quechan made substantial investments in the city's downtown and riverfront.

## LOOKING TO 2009

The public/private partnership is already yielding tremendous returns. The riverfront Hilton Garden Inn and Conference Center is under construction and will open in the fall of 2008. The companion Gateway Park opened in the summer of 2007, and the "Pivot Point Interpretive Site" adjacent the hotel interpreting the 1877 railroad crossing is in design. Featured will be a relocated 1907 Baldwin steam locomotive and tender on the Madison Avenue rail alignment, a synchronized sound system simulating the sounds of a steam engine chugging through town, and a laser light system showing where the 1877 rail bridge crossed the Colorado River.

In response to this private investment, the state of Arizona recently appropriated \$4 million to build an Arizona Welcome Center as another gateway feature to the community. Located on previously mentioned USBR land to be acquired by the city of Yuma this year, this project is under design. There is no doubt that this investment by the state is a direct result of the continued success of the Pivot Point Partnerships.

The forecasted direct economic benefits to the city of Yuma of this public/private partnership are over \$22 million in revenues in the first 15 years. The intangible benefits, such as the projects impact on the Arizona Welcome Center, are greater and probably more significant. The "Pivot Point, Yuma" project is reshaping the image of Yuma to all of the Southwest, and sets the stage for continued growth in the 21st Century. 

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