




Board of Supervisors Memorandum

Date: June 8, 2018

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Termination of Walmart Stores and Donahue Schriber Realty Group Development Agreement at West Ajo Highway and South Kinney Road**

Background

In November 2006, Pima County entered into a Development Agreement with Walmart Stores and Donahue Schriber Realty Group (the developer) for improvements associated with a proposed regional shopping center at the intersection of West Ajo Highway and South Kinney Road. While the site has the proper zoning (CB-2 General Business zone), the rural character of the surrounding area presented challenges for commercial development: additional transportation and drainage capacity were identified for Ajo Highway and Kinney Road; the site is located within the Gateway and Buffer Overlay Zones and in close proximity to the county's Tucson Mountain Park; and, neighbors identified issues of light, noise, and security as concerns for the proposed development.

Under the agreement, the developer was to provide \$20 million in transportation and drainage infrastructure improvements at the Ajo and Kinney intersection, and an Enhancement Contribution of two percent of retail sales over 25 years, estimated to be around \$35 million total, for additional road improvements in Avra Valley and to support operations in Tucson Mountain Park. The agreement also imposed the same requirements on any new comparable commercial development within a 4-mile radius of the Ajo and Kinney intersection, enacted as a Special Area Policy in the County Comprehensive Plan.

Consequences of the Development Agreement

Due to the faltering economy after the agreement was signed, the proposed shopping center was never initiated and the developer's obligations under the agreement were never triggered. In the intervening years, planned transportation and other improvements have been completed on Ajo Highway and Kinney Road by Arizona Department of Transportation (ADOT) and the Regional Transportation Authority (RTA). More recently, the southwest region been designated a Focused Development Investment (growth) Area under Pima Prospers, the 2015 Comprehensive Plan update. The agreement has remained in place over

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the region and may have thwarted commercial development, as competing retailers were averse to meeting the requirements of the agreement. A lack of meaningful commercial development (primarily large grocers that serve as "anchors") has reduced access to fresh, healthy food, and may have contributed to creating a 'food desert' condition in the region.

Recommendation

The Development Agreement made sense in 2006, as it expedited needed infrastructure improvements and offset potential negative impacts of the large-scale retailer at the Ajo and Kinney intersection. Pima County and the developer are now seeking to terminate the agreement. If Walmart or another large-scale retailer seeks to develop at the property, infrastructure is in place and neighbor concerns can be addressed through the required Gateway and Buffer Overlay Zone public reviews. I recommend approval of termination of the agreement, and to direct staff to work toward repealing any land use policies or conditions that stem from the agreement. If approved, it is recommended that repeal of Comprehensive Plan Special Area Policy S-35 also be approved.

CHH/mp

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works