

# Gilbert council in favor of tax deal for 300-acre commercial project

By Parker Leavitt ■ The Republic ■ Dec 10, 2012

**W**hen Gilbert officials three years ago spoke of a massive mixed-use complex that could someday reshape the town's slow-developing central business corridor, some may have dismissed it as a pipe dream.

But with Thursday's unanimous Town Council vote to initiate a \$35 million tax-incentive deal for the sprawling, 300-acre project, Rivulon took a meaningful step toward becoming a reality.

The actual economic-incentive agreement will come back to Town Hall on Dec. 20 for further review and a possible vote, but state law required the council to first approve a "notice of intent" to proceed with the deal.

Rivulon, a project by Gainey Ranch developer Nationwide Realty Investors, includes 3.1 million square feet of office space, 500,000 square feet of retail shops and 250-plus hotel rooms, according to a town-staff report.

Gilbert currently has about 3.3 million square feet of existing office space, so Rivulon brings the potential to nearly double the town's inventory, Economic Development Director Dan Henderson said.

The commercial complex would encompass hundreds of acres bounded by Lindsay and Gilbert roads to the east and west, Pecos Road to the north and Loop 202 to the south. Much of the land is undeveloped, though there are a few homes sprinkled across the area.

A preliminary phase-one site plan depicts a four-story, 120,000-square-foot office building closest to the freeway, two additional two-story office buildings and several other buildings that could house restaurants, small businesses and larger anchor tenants.

To help move the project forward, Nationwide is asking Gilbert to pay for street improvements to roadways adjacent to the complex and several internal streets.

If the agreement is approved, the town will use sales-tax revenue generated by the project to reimburse the developer for the road improvements, according to a town report.

Gilbert will not reimburse the developer until the completion of the 120,000-square-foot office building and at least 250,000 square feet of

"pad-ready sites."

The incentive deal would come with a \$35 million maximum payout. By comparison, Gilbert committed to give the developer of its auto mall, which opened in 2007, a rebate on half of the retail-sales tax it generates until 2017, with a cap of \$60 million.

A study by Applied Economics projects Rivulon will generate \$1.4 million in annual sales- and bed-tax revenue when construction is complete, and that figure could climb to \$2.6 million per year once the maximum development reimbursement is reached, officials said.

"In the history of Gilbert, we'd put this as a major plus," Mayor John Lewis said Thursday.

Vice Mayor John Sentz praised town officials for several years of work in bringing the deal to fruition.

"I think this is a major step forward for Gilbert," Sentz said. "We say we live and play in Gilbert, but we don't work here. Now this is an opportunity where people can work in Gilbert."

The notice of intent passed easily, also winning support from vocal conservative Councilman Victor Petersen, who paraphrased Sir Francis Bacon in explaining his vote:

"If we start with certainty, we end with uncertainty; if we start with uncertainty then we can end with certainty," Petersen said. "I haven't seen an incentive agreement that I felt was correct on principle yet. But I'll keep an open mind until I have all the facts."

Town Manager Patrick Banger said the project would energize the town's central business district.

"It's not a whimper; it's a roar," Banger said. "(It) would put Gilbert on the map in our region to establish a first-class development which will be critical for (the town's) long-term growth and sustainability."

A two-thirds vote of the council will be required to approve the incentive agreement, according to state law. The council will next meet in study session at 4 p.m. Dec. 18, followed by a formal meeting at 7 p.m. Dec. 20. Council meetings are held at the Gilbert Municipal Center, 50 E. Civic Center Drive. ■