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# MEMORANDUM

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Date: February 5, 2019

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

From: C.H. Huckelberry   
County Administrator

**Re: Request for Statements of Interest for the Kino South Commercial Property**

Attached is a copy of the Kino South commercial property Request for Statements of Interest (RSOI) that is now being advertised.

As I have stated previously when discussing the Kino Sports Complex improvements south of Interstate 10 (I-10), the County desires that commercial development occur on approximately 20 acres of commercially zoned property, south of I-10 and adjacent to Kino Boulevard.

The primary purpose of this RSOI is to determine if there are developers and/or investors who will lease and/or purchase the property and develop it with minimum requirements of the County. These commercial properties will include hotels, restaurants and sports-related retail facilities all designed to complement regional sports tournaments hosted by the Kino Sports Complex (KSC).

Recently, there have been several announcements of regional and/or national sports tournaments being hosted at the KSC, among those are the USA Rugby Collegiate 7's National Championship and the CABA/AABC Fall All-American Baseball Showcase. Additionally, Kino Sports Complex is working jointly with Pima County Attractions and Tourism on reaching out to a variety of sports and other events such as Frisbee, Lacrosse, Field Hockey, Cornhole, Dog Shows and Agility events to announce the expansion and invite facility use requests.

RSOI responses are due to the County on March 22, 2019. Depending upon the scopes of interest, the County will then determine how best to proceed with development of the desired commercial development of these properties that complement the functions provided by the KSC.

CHH/anc

Attachment

c: Jan Leshar, Chief Deputy County Administrator  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Maureen Ochoa, Director, Stadium District  
Neil Konigsberg, Manager, Real Property Services



**KINO SOUTH COMMERCIAL PROPERTY, TUCSON, ARIZONA**  
**REQUEST FOR STATEMENT OF INTEREST**

**INTRODUCTION**

In 2014, Pima County (the “**County**”) purchased 167 acres of vacant land east of Kino Parkway, south of I-10 and north of E Benson Highway (the “**Project Site**”). The Project Site includes approximately 20.34 acres of commercial property (the “**Commercial Property**”). The balance of the Project Site will include development of a regional park and tournament facility (the “**Kino South Project**”) that will be managed by the Pima County Stadium District (the “**District**”). The District is a tax-levying, public improvement district and political taxing subdivision of the State of Arizona, funded primarily from car rental and hotel/motel taxes. The Kino South Project is an important component of the regional sports and tourism infrastructure within Pima County. Diversification and expansion of sports attractions in Pima County has been an important goal of the County adopted economic development plans since 2012. Development of the Kino South Project represents a significant advancement of this goal.

Development of the Kino South Project has been coordinated with planned improvements along the Interstate 10 corridor. The Arizona Department of Transportation (ADOT) has several interchange improvements that will increase the ease of access to this site, including a new interchange planned for Country Club Road and improvements to the current Kino Parkway interchange, and the ability to connect the existing Kino North Sports Complex with the new Kino South Project via a tunnel under Interstate 10. Easy access to both Interstate 10 and Interstate 19, and proximity to the Tucson International Airport, make the location highly attractive for drawing regional and national sports

tournaments. The Kino South Project also ties in well with other development projects in this area creating a synergy of economic development activity. The University of Arizona Tech Park at the Bridges and Tucson Marketplace at the Bridges developments northwest of the Kino site are complementary economic drivers in the area.

The Kino Sports Project provides an ideal setting not duplicated in another location in Pima County. This site reaches 442,827 residents of Pima County within a twenty-minute drive based on 2016 census data. Within reach of this twenty-minute buffer zone (or less) is Downtown Tucson, the Tucson International Airport, Davis Monthan Air Force Base (DMAFB), El Con Mall, Park Mall and many regional tourist attractions such as the Pima Air and Space Museum and Tucson Mountain Park.

Pima County seeks statements of interest from parties interested in acquiring and developing the Commercial Property with a hotel, restaurants and retail that complement the Project Site. Based on the response to this Request, the County Board of Supervisors may approve the sale or lease of the Commercial Property.

## **THE COMMERCIAL PARCELS**

- **Location.** The Commercial Property is identified on the following map as Parcels A, B, and C. The Commercial Property is approximately 4.0 miles southeast of the City of Tucson central business district, 3.75 miles south of the University of Arizona, and 3.0 miles north of the Tucson International Airport. The Project Site is immediately south of the Kino North Sports Complex (“**Kino North**”).

Figure 1: Kino South Project Site



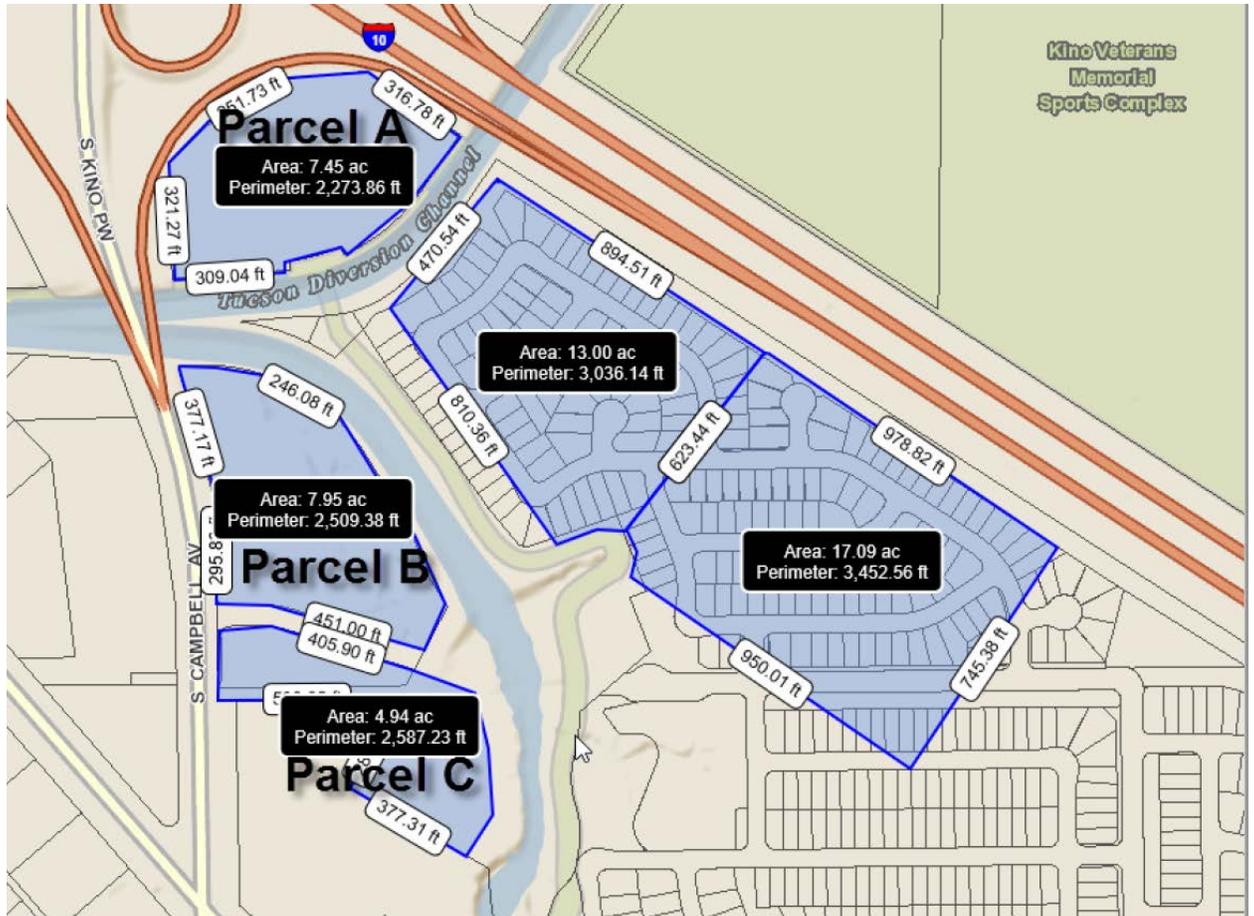
- **Access** - Parcels “B” and “C” have frontage on South Campbell Avenue and will have frontage on a yet to be named interior loop road. Parcel “A” currently has no physical access, however, the Commercial Property is approximately ¼ mile south of the Kino/ I-10 interchange. The Kino/I-10 interchange ramp modification is included in the ADOT 5 year construction plan. The City, County, and University are working with ADOT to accelerate improvements and once the eastbound entrance ramp is modified Parcel A will have access to Kino.

Figure 2: ADOT Plan for Kino Interchange



- **Size** – Parcel A totals 7.45 acres; Parcel “B” totals 7.95 acres; Parcel “C” totals 4.94 acres (approximate sizes). Parcel A may increase in size once the ADOT Kino Parkway interchange is constructed, subject to agreement with ADOT.

Figure 3: Parcels A, B and C

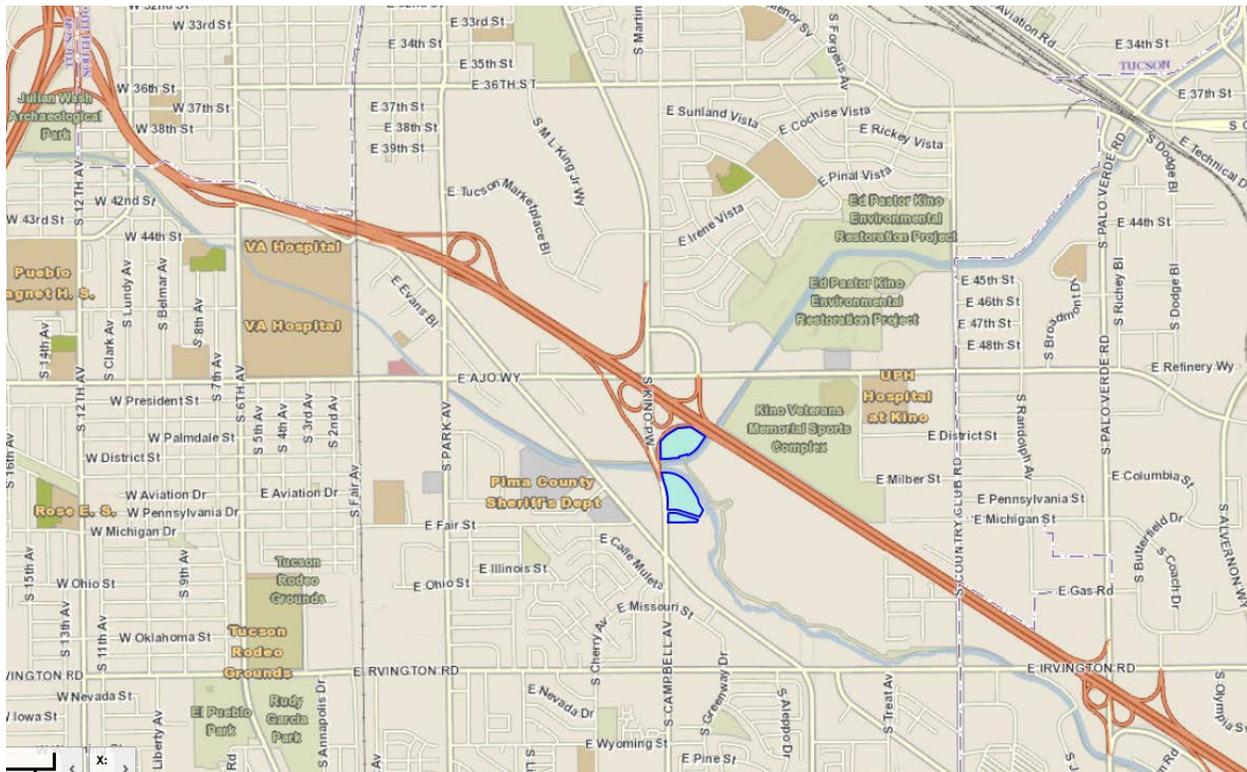


- **Zoning** – the Commercial Property is in the City of Tucson, and is designated as C-2, which provides for general commercial uses.

## SURROUNDING AREA

The surrounding area includes a mix of uses including single family residences, multi-family apartment complexes, single and multi-tenant retail uses, and single and multi-tenant industrial uses (see following general area map), as well as recreational uses at Kino North, and a mixed use development at The Bridges including Tucson Marketplace which currently includes 17 stores that are high traffic generators like Costco, Walmart Superstore, a Cinemark Theater, and Dave & Busters. The Bridges will soon be the new home of the regional GEICO Headquarters with 2,200 employees, as well as multiple research, technical and administrative functions for The University of Arizona Tech Parks at The Bridges.

Figure 4: Surrounding Area



- **Kino North**: The Commercial Property is located immediate south of Kino North, which has a total size of 155 acres with lighted soccer and baseball fields, and is divided by E Ajo Way. The Kino North complex includes the 11,000 seat Kino Veterans Memorial Stadium, seven (7) full size fields, three (3) clubhouses and parking. The complex includes the 3,000 seat North Stadium, a 1,000-seat North Grandstand field, four (4) additional fields, and a clubhouse with parking. It is the largest venue in Pima County for youth, amateur and professional sports, concerts, and community events.

The existing Kino North facilities have been utilized over the past two fiscal years over 315 days annually for a variety of sports including baseball, soccer, football, rugby and softball, as well as other entertainment activities such as concerts, community fundraisers, 5K/10K walks, car shows and the annual Gem Show. Annual visitors, both participants and spectators to the facility have been nearing 300,000 the past two years, with this fiscal year set to exceed that number.

Long sports, predominantly soccer, account for close to 60 percent of the annual use of the fields. Play ranges from youth practices to adult recreational and state youth leagues, major weekend tournaments, Major League Soccer preseason and Professional Development League level play.

The three major youth tournaments (Tucson Association of Realtors Shootout, COO Challenge Cup and Tucson Soccer Academy) held at Kino North take place annually. The most recent Tucson Association of Realtors Shootout held on January 18-20, 2019 attracted 350+ teams and over 10,000 players and families.

Figure 5: Kino North



- **Kino South Sports & Entertainment Complex:** The County is proceeding with Phase I for the Kino South Project which includes the construction of twelve (12) multi-use fields, twenty (20) pickleball courts and related facilities at an estimated cost of \$26 million. Construction is anticipated to be complete by the fall of 2019 and initial bookings will be available for the fall of 2020. The master plan for Kino South includes six additional natural turf, multi-use fields; additional recreational turf fields for community use; an event amphitheater with 5,000 seats and a 10,000-seat outdoor stadium.

## **OPPORTUNITY ZONE**

The Commercial Property site is qualified as an Opportunity Zone, which means that investment in development of the site may, under certain conditions, be eligible for preferential tax treatment. The Opportunity Zones program is designed to spur economic development and job creation in distressed communities by providing tax benefits to investors. According to the Internal Revenue Service:

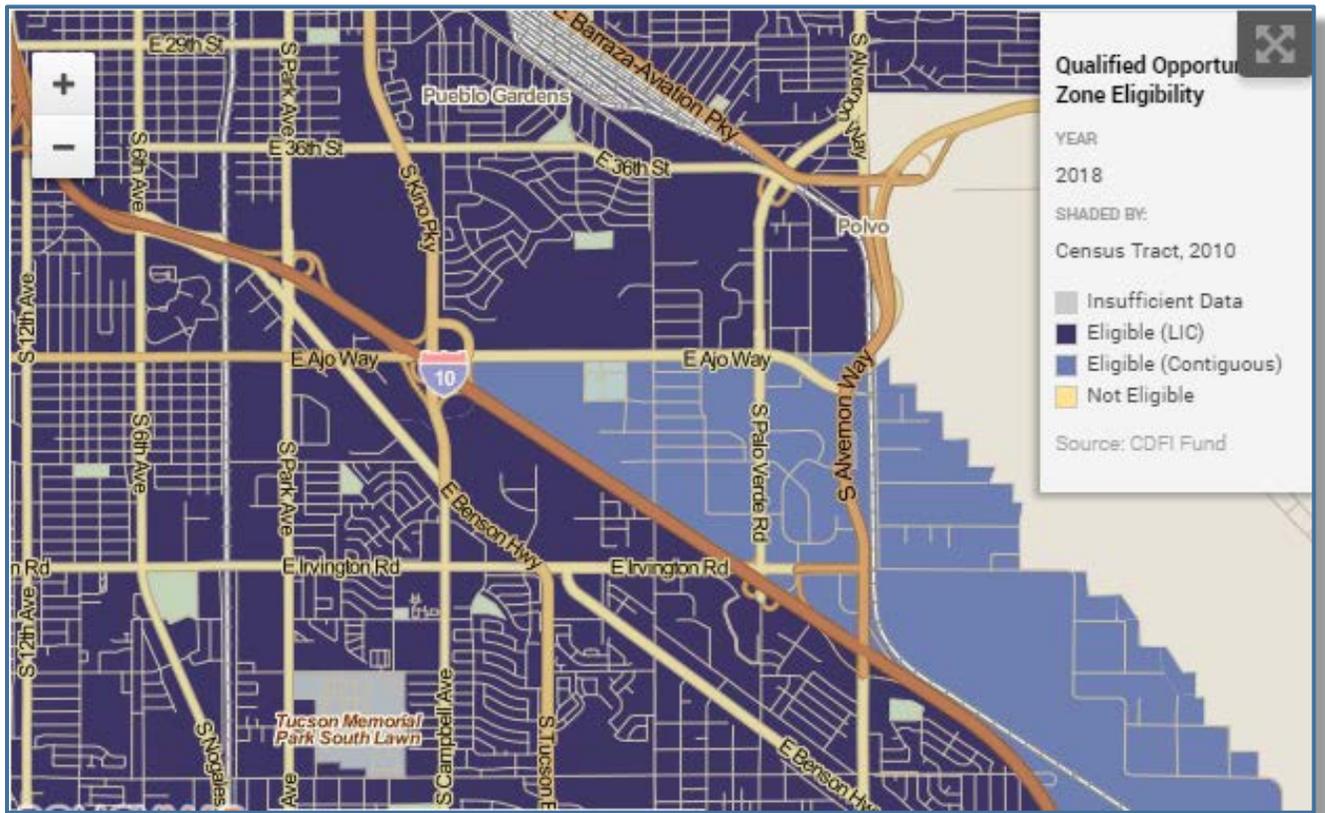
- Investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026. If the QOF investment is held for longer than five (5) years, there is a 10% exclusion of the deferred gain. If held for more than seven (7) years, the 10% becomes 15%.
- If the investor holds the investment in the Opportunity Fund for at least ten (10) years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.

A Qualified Opportunity Fund is an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in a Qualified Opportunity Zone. For more information, see Pima County website at:

<http://webcms.pima.gov/cms/One.aspx?portalId=169&pageId=423067>

Pima County does not provide tax, legal or accounting advice. The information concerning Opportunity Zones has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

Figure 6: Qualified Opportunity Zone



## **INFRASTRUCTURE**

The County will provide the following infrastructure improvements to the Commercial Property:

- The County will construct a 2 lane paved access road between Parcels B and C, and a pedestrian path at grade connecting Parcels B and C to the areas designated for recreational development, including soccer fields. No access will be provided by the County to Parcel A.
- The County will stub utilities to the property line for the Commercial Property.

## **DEVELOPMENT RESTRICTIONS**

The development of Parcels B and C must include the construction of a hotel. The balance of the development must include restaurants and retail development that will complement the Kino South Project. The development of the Commercial Property may not include industrial development.

## **PLAN REVIEW AND PERMITTING**

Pima County Development Services Department will be responsible for plan review and permitting for the Commercial Property. Review time frames are the shortest in the region with building plan sets being reviewed in less than 2 days on average, and site construction plans reviewed in 5 days or less. Senior level staff will be assigned to facilitate all plan review and permitting activities.

## **QUALIFICATIONS OF RESPONDENT**

The Respondent should demonstrate the following qualifications (the “**Qualifications**”): (i) experience in the development of commercial property, including hotel and retail development, and (ii) the financial capability to develop the Commercial Property while satisfying the development restrictions.

## RESPONSES TO STATEMENT OF INTEREST

- **Content.** The response should specifically address the following:
  - Describe the highest and best use and intended development of the Commercial Property
  - Describe the hotel to be built, including the number of rooms and type of hotel, including the price range for rooms and target customers
  - Identify the location on the Commercial Property for the proposed construction of a hotel, restaurants and retail space
  - Describe the estimated time frame and provide a schedule for construction of the hotel and other uses of the property
  - Demonstrate that Respondent satisfies the Qualifications
- **Format.** Respondents should provide written responses addressing the qualifications of respondent and answering the questions listed above.

- **Delivery of Responses:** Responses may be delivered by email, regular mail, overnight mail, fax, or personal delivery, addressed as follows:

Neil J. Konigsberg, Manager  
Pima County Real Property Services  
201 N. Stone Ave, 6<sup>th</sup> Floor  
Tucson, AZ 85701-1215  
Phone: 520-724-6582  
Fax: 520-724-6763  
Email: neil.konigsberg@pima.gov

Additional information may be obtained by contacting Mr. Konigsberg

- **Timetable.** Responses should be received no later than 5:00 pm on March 22, 2019.