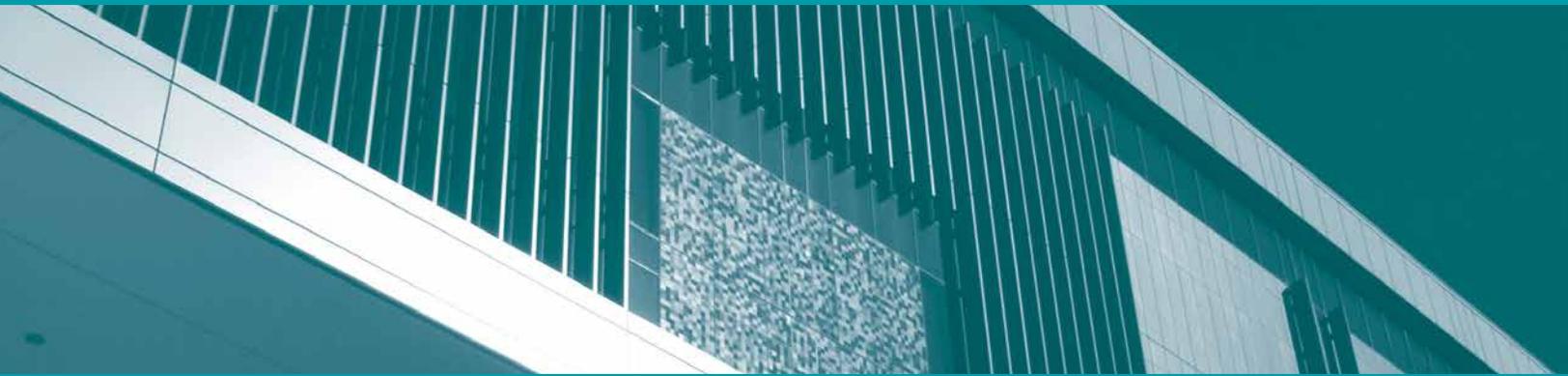


Chapter 11

Downtown Enhancement



Chapter

11



Nearly \$1 billion in public and private investment has been made in downtown Tucson in the past 10 years.

Pima County currently owns 1.58 million square feet of building space in the downtown area, employing over 7,000 full- or part-time employees. Pima County is downtown Tucson's largest employer. A vibrant, successful downtown enhances the work experience for employees and leads to economic expansion. New housing increases the vitality and activity in the area, which is reflected by millennial-focused companies such as Caterpillar seeking office locations in the downtown area. Due to the location of such facilities as the Temple of Music and Art, the Tucson Museum of Art, the Museum of Contemporary Art, the Tucson Convention Center and restored Fox Theatre, downtown is a regional arts and cultural center that should be expanded. The growing entertainment venues in the downtown also mean the area serves as a regional center; attracting residents from other communities, as well as Tucson.

A. Creating a Regional Visitors Center

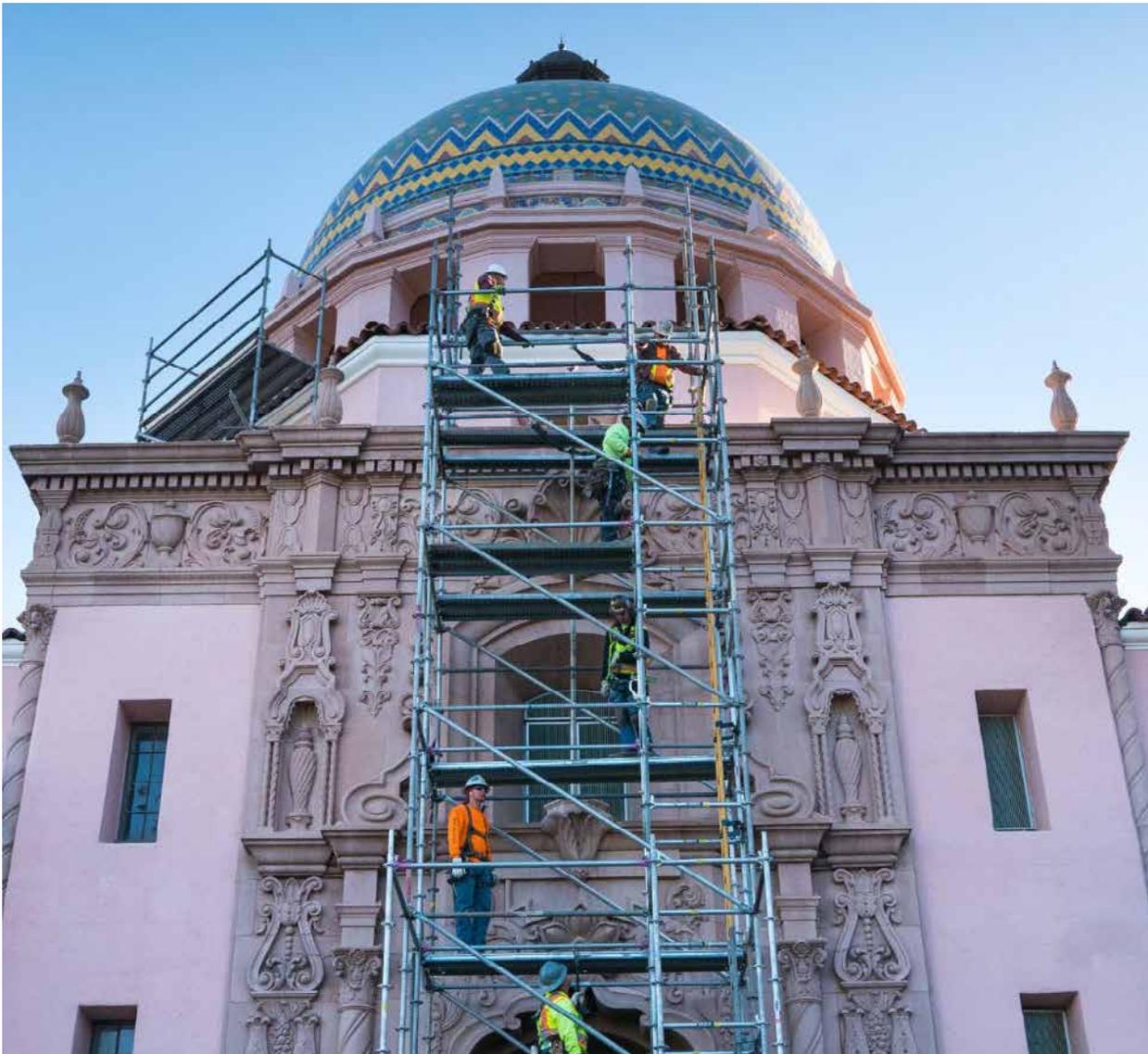
Active discussions are occurring regarding converting the Historic Pima County Courthouse to a Regional Visitors Center. These discussions are occurring in consultation with Visit Tucson, The University of Arizona Mineral Museum and the Western National Parks Association. The Historic Courthouse

is centrally located in the downtown area and has sufficient parking capacity in the adjacent El Presidio Parking Garage.

The County is now investing approximately \$6 million in the repair, stabilization and modernization of the Historic Courthouse structure, dome, roof, and electrical and mechanical systems. This rehabilitation project is the first step in converting the facility to a Regional Visitors Center. Appropriate long-term leases will be entered into with the parties willing to relocate to the facility. The primary emphasis on entering into long-term nonprofit leases is to have the building's operating costs remain cost neutral for the County while the building's use is beneficial in improving tourism, an economic development activity that benefits the region.

B. Enhancing the Opportunity for Corporate Headquarters Location

Pima County owns 23 separate buildings in the downtown area, including 6 parking structures. With the opening of the new Public Service Center, the County is now in a position to dispose of the office building located at 97 E. Congress Street, which has been leased temporarily by Caterpillar's Surface Mining and Technology Division.



The County is investing approximately \$6 million in the modernization of the Historic Courthouse. This rehabilitation project is the first step in converting the facility to a Regional Visitors Center.

The County also owns vacant property in downtown at Broadway Boulevard and Scott Avenue across from Tucson Electric Power Company's headquarters and at 332 S. Freeway. Both of these County properties would be attractive facilities for new downtown corporate employers. Preliminary architectural and space planning has been completed for both properties.

The property at Cushing Street and Interstate 10 is capable of supporting a structure six stories in height with 200,000 square feet of office space and 350 spaces in a parking garage. The probable cost is near \$50 million.

The site on Broadway Boulevard and Scott Avenue is appropriate for a multistory building supporting a maximum 345,000 square feet of office space, as well as approximately 300 onsite parking spaces, with an additional 800 parking spaces in the Scott/Pennington Garage.

It is important that both of these sites be used for employment rather than other uses such as residential or extensive retail. In order to continue to attract retail and residential development in the downtown area, it is necessary that high-value employment centers lead residential and retail expansion.

To facilitate downtown scale employment and development on these two properties, the County will enter into either a long-term market rate ground lease or a lease/purchase with the Rio Nuevo Multipurpose Facilities District. The ground lease, lease/purchase or sale will be conditioned to ensure the high-intensity employment objectives of both sites are realized.

The County has entered into a short-term lease with Caterpillar Inc. to house their Surface Mining and Technology Division as an expanding export-based employer for Pima County. Approximately 45,000 square feet of 97 E. Congress is being rehabilitated for Caterpillar's lease for four to six years while Caterpillar builds a new, substantially larger downtown building to house their expanding operations.

The County property at 160 N. Stone Avenue was sold to the Tucson Indian Center (TIC). TIC was a former tenant of the County at 97 E. Congress, as was Teen Court. Both agencies relocated to 160 N. Stone, a significantly larger building than the space previously leased by TIC and Teen Court at 97 E. Congress and a permanent location for these organizations.

C. Expanding the Administrative and Legal Center of the Region

In 1929, when the now Historic Pima County Courthouse was newly built, the County had one division of the Superior Court and three Consolidated Justice Court precincts. Today, there are 52 Superior Court divisions and 10 Justice Court precincts. The County employs over 215 attorneys in the County Attorney's Office or in our Public Defender functions. With Tucson being the County seat, downtown is the legal center for Pima County.

The new Public Service Center holds 14 Justice Court precinct courtrooms and has the capacity to add 7 more courtrooms in the near future with no modification to the exterior building. The facility was constructed using \$80.6 million of General Obligation bonds of the County and an additional \$77 million in financing from the County. The building has been planned to add a north wing extension that would add another 12 to 16 courtrooms. As the population of Pima County grows, so does the need for legal services; for criminal law, civil law, probate, family court and other



The new Public Service Center holds 14 Justice Court precinct courtrooms and has the capacity to add 7 more courtrooms in the near future with no modification to the exterior building.

legal functions. The new Public Service Center has the capacity to add 23 additional courtrooms, bringing the total to 37. It is likely the number of courts and attorneys operating in downtown will increase in the future.

The County also has had very preliminary discussions with the UA to increase their presence in downtown for legal training of University law students. In fact, the County has set aside two courtrooms in the new Public Service Center for trial practice of UA law students, as well as for administrative support space. Given the legal functions that exist downtown and the diversity of legal processes and systems, it is appropriate

that downtown also evolve and emerge as the legal training center for the region.

D. Central Utility Scale Central Plant Services

Given the County's building presence in the downtown area, the County has constructed considerable central plant capacity that can be sold and marketed to nearby, adjoining or adjacent site development, thereby reducing the cost to replicate central plant facilities for building development. This will also increase the economy of scale associated with the County's central plant provision of services.

ACTION ITEMS

11.1 Facilitate the creation of a regional visitors' center in collaboration with Visit Tucson, the Western National Parks Association and The University of Arizona Mineral Museum.

11.2 Encourage new or expanded primary employment in the downtown by making available for such the County-owned vacant property at Broadway Boulevard and Scott Avenue and 332 S. Freeway. The Broadway and Freeway properties are both along the Sun Link Streetcar route and provide significant opportunity for multistory building construction.

11.3 Market County Central Plant Services to adjacent or proximate properties to reduce the cost of building development and increase the economy of scale for provision

of these services.

11.3 Continue to work toward expansion of the downtown as the legal and administrative center for the region, including further discussions with the UA to increase its downtown presence for legal training for University law students.

11.4 The County also owns the Bank of America Building in downtown Tucson, and the building is occupied by a mix of County users and private users. This mix should essentially remain the same, and any vacant space that becomes available should be leased to new downtown private employers. Presently, approximately 15,000 square feet of space is available for lease in this building.