

City of Flagstaff Development Reinvestment Incentive



**CHOOSE
FLAGSTAFF**

City of Flagstaff's Economic Development Program Mission: Enhancing prosperity, long-term viability, and resilience of our community.

The City of Flagstaff is interested in attracting sustainable companies that will provide high quality, career oriented, opportunities for its residents that further commerce in the region. As part of these efforts, the City is providing economic incentives to meet its goal of attracting businesses to the following key industries:

- ❖ Astronomy
- ❖ Bioscience & Healthcare
- ❖ Education
- ❖ Environmental Technology
- ❖ Manufacturing
- ❖ Research and Development
- ❖ Software and Information Based Technology

Development Reinvestment Incentive –A new business in Flagstaff may receive a refund or credit for local construction contracting taxes paid for constructing new improvements or renovations. This refund or credit must be used to pay for public infrastructure or to meet City requirements (see below).

The amount of the refund or credit will be equal to the amount of a 0.5% local sales rate on construction contracting for improvements for the new business locating in Flagstaff. The local sales tax rate is currently 2.281%. The construction contracting tax is found in Sections 3-15-004-0415, 0416, and 0417 of the City Code, as amended by state laws. For example; assuming \$1,000,000 million-dollar project taxable value, the business may receive a refund or credit for up to \$5,000 of construction contracting taxes paid for a project.

The business must use the refund or credit to pay for public infrastructure required for the project, meet specific requirements as outlined in City code, or make modifications that would improve the energy efficiency of the site. Some of these improvements may include the following, but are not limited to:

- ❖ Beautification Improvements
- ❖ Code Required Landscaping
- ❖ Dark Sky Code Compliance
- ❖ Energy Efficiency Items
- ❖ On-Site Stormwater Infrastructure
- ❖ Public Drainage and Floodplain
- ❖ Public Roads and Lighting
- ❖ Public Water and Wastewater

Criteria: All submittals will be reviewed by staff to determine if potential employers meet the minimum criteria to be eligible for City incentives:

1. Must be performing referenced construction within City limits.
2. Must be one of the key industries identified by the City.
3. Must create a minimum of ten (10) new permanent full-time jobs, where the position's salary exceeds the Coconino County median wage for the specified position (<https://www.bls.gov/bls/blswage.htm>).

Submittals: Any business that is interested in applying for the available incentives must submit the following information.

1. Written narrative of the venture which includes:
 - a. Explanation of how all necessary criteria will be met.
 - b. What City incentives you are applying for and how these incentives will be used to strengthen your ability to locate to Flagstaff.
 - c. General proposal of how incentive funds will be used.
 - d. If incentive is not received how will this impact your ability to locate to Flagstaff.
2. Budget, schedule and business plan for the potential venture.
3. A narrative of the impact of the applicant's businesses relative to water and energy usage, and to the community waste stream (this does not need to be elaborate).
4. A description of any proposed direct benefits to the community (not just applicant's business) such as infrastructure, workforce development opportunities for residents or students, volunteer work, or some other benefit that the business is able to offer to the community (this does not need to be elaborate).
5. An accounting of the applicant's private investment relative to the requested grant (Can be submitted confidentially).

Please submit all proposals for incentive requests to the City's Interim Business Attraction Manager Jack Fitchett at jack.fitchett@flagstaffaz.gov

Economic Vitality staff and various city offices will review and rank applications. Each complete application will be ranked based upon an overall tally of available points for three separate criteria:

Wages (20pts): A comparison of the wages of the jobs being created relative to the Coconino County median wage and relative to the average sector wage.

Environmental Impact (30pts): A narrative of the impact of the applicant's businesses relative impacts to water and energy usage, and to the community waste stream.

Direct Community Benefit (50pts): A description of any proposed direct benefits to the community (not just the applicant's business) such as infrastructure, workforce development opportunities for residents or students, volunteer work, or some other direct benefit that the business is providing to the community.

The review team will determine awards based on each application.