

RESOLUTION NO. 2020-28

**A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL ADOPTING A
FLAGSTAFF BUSINESS RETENTION AND EXPANSION INCENTIVE
PROGRAM TO SUPPORT SMALL BUSINESSES AND OTHER TARGETED
INDUSTRIES; AND ESTABLISHING AN EFFECTIVE DATE**

RECITALS:

WHEREAS, the City of Flagstaff has authority pursuant to Arizona Revised Statutes ("A.R.S.") § 9-500.11 to spend money on economic development activities;

WHEREAS, the City has historically operated and desires to continue providing funding for a Flagstaff Business Retention and Expansion Incentive Program to support small businesses and other targeted industries;

WHEREAS, the funding is derived from local transaction privilege tax revenues generated by the hospitality industry (also known as the "BBB tax") and dedicated for economic development activities;

ENACTMENTS:

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF
AS FOLLOWS:**

SECTION 1. In General

The City Council hereby adopts the Flagstaff Business Retention and Expansion Incentive Program, a copy of which is attached hereto as Exhibit A.

The Economic Vitality Division Director or the Director's designee is delegated authority to undertake all such actions necessary to implement the program, provide information about the program to the public, and to provide a report on and any recommendations related to the program prior to April 1, 2021.

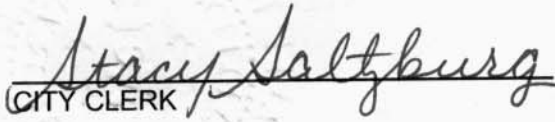
SECTION 2. Effective Date.

This resolution shall be immediately effective.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 19th day of May, 2020.


MAYOR

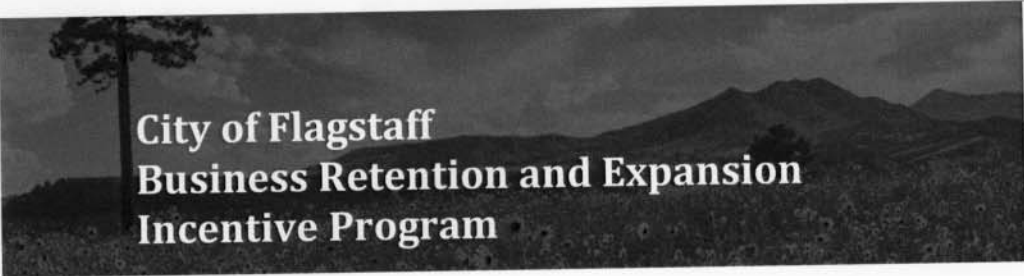
ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

Attachment: Exhibit A

A banner for the City of Flagstaff Business Retention and Expansion Incentive Program. It features a dark background with a silhouette of a tree on the left and mountains in the distance. The text is in white.

City of Flagstaff Business Retention and Expansion Incentive Program



**CHOOSE
FLAGSTAFF**

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

The City of Flagstaff recognizes that resilient communities have high percentages of small businesses including startup and other entrepreneurial ventures. As the City of Flagstaff works to facilitate an increase in small independent businesses, supporting existing businesses in need is of growing importance. Additionally, supporting existing and growing sectors is of equal importance. The City has approximately \$30,000 available on an annual basis to award in grants under this program. Grants may be awarded to businesses that meet the following criteria:

- Businesses relate to the following targeted industries:
 - Entrepreneurial companies, Small Businesses, and Start-ups
 - Flagstaff Pulliam Airport Airside
 - Biosciences
 - Medical Devices
 - Research and Development
 - Health Care
 - Clean Energy
 - Software Development
 - Education
- Businesses are actively working to preserve existing or create full-time positions that are high-wage relative to the targeted industry sector, low environmental impact such as low water or power usage or the like. These ventures should retain and expand an existing business and work to increase wages and benefits.
- Businesses are physically located within the City of Flagstaff municipal boundary.
- Business that employ between 1 and 150 employees.

Any business interested in applying for the limited available funds must submit the following information to the Business Retention and Expansion Office at the City of Flagstaff between July 1st and August 31st:

1. Written narrative of the venture which includes:
 - a. A description of the business and how it benefits the local community;
 - b. The current business challenge(s);
 - c. The proposed solution(s) to address the challenge(s) and direct correlation between a grant award and the proposed solution;
 - d. Specific outcomes relative to job retention or growth.
2. Budget and general schedule of the venture;
3. Current business plan which will be reviewed and returned to the applicant;
4. A comparison of the wages of the applicant's business jobs being retained or created relative to the Coconino County median wage and relative to the average sector.
5. 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);

6. 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).
7. An accounting of the applicant's private investment relative to the requested grant.

Please submit all proposals for incentive requests by email to: jsaltonstall@flagstaffaz.gov.

The subject title should be listed as: Business REIP Grant Application.

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 four separate criteria:

Wages (30pts): A comparison of the wages of the jobs being retained or 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 (30pts):

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 benefit that the business is able to offer to the community;

Match (10pts): An accounting of the applicant's private investment relative to the requested grant.

The annual funding for this policy of \$30,000. The range of awarded grant amounts is \$5,000 to \$30,000; therefore, it is possible that only one application may be awarded or six applications may be awarded. The review team will determine the number of awards based upon the final rank and consideration of each application. Any unused program funds will be carried forward into the next budget year. This could create a fund balance over time which could provide the opportunity to fund more ventures at the maximum award level.

A single Business may be awarded a grant up to three times, but will not be awarded a grant in any successive fiscal year. For example, if a grant is awarded in FY20-21, the business is not eligible for another grant until FY22-23.

Successful applicants will provide annual updates for three years after a grant award. Successful applicants will meet with City of Flagstaff Economic Development staff quarterly during the first year, then every six months for the next two years. One of the primary purposes of this program is to provide ongoing support to local businesses. Even if a grant is not awarded, an applicant may choose to meet with City of Flagstaff Economic Development staff quarterly or on a more frequent basis to discuss ways to help the business succeed. Successful applicants may be included in future marketing efforts for the program and for the economic development efforts of the City of Flagstaff in general.