



## NOTICE OF WORK SESSION

In accordance with §38-431.01 of the Arizona Revised Statutes of the State of Arizona, notice is hereby given to the Members of City Council and to the general public that the Mayor and Council of the City of San Luis, Arizona, will hold a Work Session meeting at 6:30 p.m., Wednesday, September 5, 2018. The Work Session will take place at the City Council Chambers, located at 1090 E. Union Street, San Luis, Arizona, 85349. Everyone from the public is invited to attend the open meeting.

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of San Luis does not discriminate on the basis of disability in the admission of or access to, or treatment of employment in its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities or services contact: ADA/Section 504 Coordinator, City of San Luis Human Resources Department, 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Notice is hereby given that pursuant to A.R.S. §1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recordings. Parents in order to exercise their rights may either file written consent with the City Clerk to such recordings, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. §1-602.A.9 have been waived.

THIS NOTICE IS GIVEN BY:

/s/ Sonia Cornelio, City Clerk

## AVISO DE SESION DE TRABAJO

De acuerdo con los Estatutos del Estado de Arizona A.R.S. §38-431.01, se le informa a los miembros del Cabildo y al público en general que el Alcalde y el Cabildo, tendrán una Sesión de Trabajo a las 6:30 p.m., el día Miércoles, 5 de Septiembre del 2018. La junta se llevará a cabo en la Sala del Cabildo, ubicada en el 1090 E. Union Street, San Luis, Arizona, 85349. El público está cordialmente invitado a la junta.

De acuerdo con el Acta de Americanos con Discapacidades y la Sección 504 del Acta de Rehabilitación del 1973, la Ciudad de San Luis, Arizona no discrimina por causa de discapacidad la admisión y acceso a sus programas, actividades, servicios o en el trato en cuanto a empleo. Para más información referente a derechos y provisiones del Acta de Americanos con Discapacidades o Sección 504, o para solicitar adaptaciones que sean razonables para la participación en programas, actividades o servicios de la Ciudad, contactar al: Coordinador del Acta de Americanos con Discapacidades/Sección 504, Departamento de Recursos Humanos de la Ciudad de San Luis, Arizona, ubicado en el 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Por medio de este aviso y de acuerdo con los Estatutos del Estado de Arizona A.R.S §1-602.A.9, sujeto a ciertas excepciones reglamentarias, los padres de familia tienen el derecho de dar el consentimiento ante el Estado o cualquiera de sus subdivisiones políticas para hacer una grabación de audio o video de su hijo menor de edad. Las juntas del Cabildo se graban en audio y/o video y como resultado, el hecho de que haya menores presentes puede ser sujeto a que sean grabados. Para que los padres de familia puedan ejercer sus derechos pueden dar el consentimiento por escrito con la Secretaria de la Ciudad a tal grabación, o tomar acción personal para asegurarse que su hijo menor no esté presente cuando la grabación se lleve a cabo. Si un menor de edad está presente en el momento de la grabación, la Ciudad asumirá que los padres de familia están cediendo los derechos sobre una posible grabación de acuerdo con los Estatutos del Estado de Arizona A.R.S. §1-602.A.9.

ESTE AVISO ES DADO POR:

/f/ Sonia Cornelio, Actuaría de la Ciudad



**AGENDA**  
**Work Session**  
**San Luis City Council**  
**San Luis Council Chambers**  
**1090 E. Union Street**  
**San Luis, AZ 85349**  
**September 5, 2018**  
**6:30 p.m.**

**PLEASE TAKE NOTICE THAT MEMBERS OF THE CITY COUNCIL WILL ATTEND EITHER IN PERSON, TELEPHONE, OR VIDEO CONFERENCE COMMUNICATION; THE MAYOR OR ACTING MAYOR FOR THIS MEETING MAY CHANGE THE ORDER OF THE ITEMS.**

- 1. CALL TO ORDER/ROLL CALL**
- 2. ITEMS FOR DISCUSSION ONLY**
  - 2. A.** Presentation by Greg LaVann of the Greater Yuma Economic Development Corporation, (GYEDC) updating the City of San Luis on Economic Development Projects. **(Greg LaVann, Greater Yuma Economic Development Corporation)**
  - 2. B.** Discussion and possible directions to staff on any and all matters regarding the City of San Luis Incentive Policy. **(Jenny Torres, Economic Development Manager)**
  - 2. C.** Discussion and possible directions to staff on any and all matters regarding commercial truck parking. **(Vice Mayor Maria Cecilia Ramos; Eulogio Vera, Director of Public Works & Richard Jessup, Acting Chief of Police)**
  - 2. D.** Discussion and possible directions to staff on any and all matters regarding a cemetery in the City of San Luis. **(Vice Mayor Maria Cecilia Ramos)**
- 3. ADJOURNMENT**

**IN THE EVENT A MAJORITY OF THE COUNCIL IS NOT PRESENT, AN INFORMAL WORK SESSION MAY BE HELD.**



## PRESENTATION

### Work Session

2.A.

Meeting Date: 09/05/2018

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Presentation Topic/Summary:

Presentation by Greg LaVann of the Greater Yuma Economic Development Corporation, (GYEDC) updating the City of San Luis on Economic Development Projects. **(Greg LaVann, Greater Yuma Economic Development Corporation)**

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## DISCUSSION ITEM

### Work Session

2.B.

**Meeting Date:** 09/05/2018

**Department Head:** Jenny Torres, Economic Development Manager, Administration, Economic Development

**Submitted By:** Dania Castillo, Economic Development Assistant, Administration, Economic Development

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### ITEM:

Discussion and possible directions to staff on any and all matters regarding the City of San Luis Incentive Policy. **(Jenny Torres, Economic Development Manager)**

### SUMMARY:

The Economic Development Incentive and Investment Policy provides a framework for the City of San Luis financial investment towards the attraction and expansion of targeted industries and commercial developments within the City of San Luis. The policy will stimulate the local economy by providing employment opportunities, expand the tax base required to provide essential public services, diversify the local economy, and expand the economic base of the city. The incentive policy contains specific criteria and procedures necessary to effectively and fairly administer the economic development incentives and financial investment.

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### Fiscal Impact

<b>IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:</b>	No
<b>CITY/STATE/FEDERAL FUNDS:</b>	N/A
<b>TOTAL:</b>	N/A
<b>BUDGETED:</b>	N/A
<b>AVAILABLE TO TRANSFER:</b>	N/A
<b>GL ACCT # &amp; NAME/REMAINING BALANCE BEFORE PURCHASE:</b>	N/A
<b>FISCAL IMPACT STATEMENT:</b>	

No fiscal impact at this time. Item is an informational update to the Mayor and Council.

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### Attachments

Incentive Policy

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# CITY OF SAN LUIS ARIZONA



## INCENTIVE POLICY

August 2018

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## **Introduction**

The economic development incentive and investment policy provides a framework for the City of San Luis financial investment towards the attraction and expansion of targeted industries and commercial developments within the City of San Luis. The policy will stimulate the local economy by providing employment opportunities, expand the tax base required to provide essential public services, diversify the local economy, and expand the economic base of the City. The incentive policy contains specific criteria and procedures necessary to effectively and fairly administer the economic development incentives and financial investment. This policy is in accordance with Economic Development Element of the General Plan which states that the city will develop programs to support existing and future local employers.

## **Vision**

The City of San Luis vision is to improve the overall quality of life and ensure community sustainability by attracting new businesses, retaining existing businesses, and improving the opportunity for people to have quality jobs.

## **Purpose**

The purpose of the policy is to establish a framework for the regulation and coordination of economic development financial investment and to create a return on investment analysis on each project as required by A.R.S. § 9-500.11 or A.R.S §42-6206 in order to assist with the creation and retention of jobs, and otherwise improve or enhance the economic welfare of the residents of the City of San Luis.

The appropriate purpose and use of incentives is to broaden and diversify the economic base of the City of San Luis by assisting targeted industries, to support the recruitment and expansion of businesses that create and/or retain job opportunities for the citizens of San Luis, to improve economically distressed areas, and promote the economic growth and welfare of the community.

The City of San Luis can provide financial assistance through a variety of incentives as authorized under the State of Arizona Revised Statutes. There is no vested “right” to any assistance under this policy. The incentives are anticipated to raise more revenue to the City of San Luis than the amount of the incentive provided within the duration of a development agreement. For retail sales tax incentives and Government Property Lease Excise (“GPLET”) incentives, the fiscal impact will be verified by an independent third party consultant before the city enters into a development agreement. The policy is intended to complement other government incentive programs.

## **Eligible Activities**

To conform with the City of San Luis economic development goals and objectives, the City of San Luis will adhere to the following eligible activities:

- Eligible activities that retain, expand, or attract targeted industries providing: (1) high-wage, quality jobs; and/ or (2) significant capital investment and new wealth to the community.
- Eligible activities to grow targeted start up and expanding businesses.
- Eligible activities for the redevelopment of vacant and under-utilized commercial and industrial properties that are designated by the City Council as a redevelopment area.
- Eligible activities for the development of low income housing targeting seniors and disable residents.
- Eligible activities that broadens and diversifies the economic base of the community.

## **Policy Considerations**

- A. No incentive shall be granted if the incentive would create, in the judgement of the City Council, an unfair advantage for one business over another competing business within the City of San Luis.
- B. No incentive will be granted if the company is not in good legal standing with the State of Arizona, or has not met their obligations as a business in the City of San Luis.
- C. The project should demonstrate that the incentive is essential to the City's ability to favorably compete with other cities to attract a targeted project that creates jobs, to retain jobs that may relocate elsewhere, or to assist in the expansion of jobs by a local company that would not otherwise occur in the City of San Luis.
- D. A business must be current in its payment of ad valorem property taxes and/or excise taxes to be considered for any public incentive.
- E. No incentive will be granted if the project would result in degradation to the environment in the City of San Luis or would pose a significant risk of an environmental hazard.
- F. In addition to the above criteria, in making a decision to approve or disapprove an incentive, the City Council will consider the following criteria:
  - a. The result of the economic impact analysis must show a positive net new revenue impact to the City.
  - b. The utilization of labor force from San Luis residents.
  - c. The potential for future expansion and additional job creation.
  - d. The compatibility of business location with land use and development plans.

## **Incentives**

The City of San Luis will provide assistance to assist in private development where the project would be improbable without public support. The following economic development investment

tools are available for use by the City of San Luis for those projects that meet the eligibility criteria listed above. The type and number of tools to be used are the sole discretion of the City of San Luis Council. An investment from the City of San Luis does not preclude other state and county incentives. The economic incentives available are as follow:

City of San Luis Economic Development Fund: The City of San Luis has created an economic development fund to assist businesses in the creation or retention of jobs or otherwise improve or enhance the economic welfare of the residents of San Luis. The minimum project qualifications for consideration under the development fund are listed below:

<b>Category Consideration</b>	<b>Minimum Requirement</b>
Capital Investment	\$500,000 in building, plant and/or equipment during the first year following approval of incentive
Jobs created	Requirement per new primary job as stated below
Average salary	Yuma County/San Luis average annual wage (updated annually).
Employee Benefits	The business must offer an employee health plan where the employer pays at least 65% of the employee only premium.
Family Benefits	The business must offer group health insurance to the employee and dependents at the employee cost.
Targeted industries	Renewable energy, logistics, manufacturing, aerospace/defense and food production.
Redevelopment projects	Defined as projects that will economically reposition unused or underutilized properties or buildings.

The City may provide a performance based incentive payment to qualifying companies that have created a net new full time permanent position paying above average wages. The incentive paid per job is based on the percentage of the Yuma Metropolitan Area average hourly wage at the time of application for the incentive. As of May 2017 the median wage would be \$19.20 according to the U.S. Department of Labor Bureau of Labor Statistics.

- A net new job is a full time position which did not exist in the City of San Luis in the 12 months prior to application for assistance. The position must exist for a minimum period of 12 months after operations begins and the compensation must include the employer payment of 65% of the employee only health insurance premium and the availability of coverage for dependents. Full time is defined by 2080 hours per annum.
- Projects will be scored on a point system taking in consideration jobs, wages, and capital investment. Incentives will be based upon the total score multiplied by \$500 per qualified jobs created.

- If a Project merits a performance based incentive payment, the City and the developer must enter into a Development Agreement that imposes obligations on the Developer to meet certain standards to receive the payments. For example, the Development Agreement could provide that the right to received incentive payments is lost if certain employment benchmarks are not met by a date certain.

Net New Qualified Jobs	Points	Wage as percent of County Average	Points	Capital Investment	Points
>100	1	>130%	1	\$8,000,000	1
50-99	.08	120%	.08	\$6,000,000	.08
37-49	.06	110%	.06	\$4,000,000	.06
25-36	.04	100%	.04	\$2,000,000	.04
10-24	.02	90%	.02	\$1,000,000	.02
<9	0	<90%	0	>\$1,000,000	0

City Direct Investment: Provides reimbursement payment to private companies for a variety of capital or operating expenditures such as:

- Tenant improvements
- Waiver of building permit and inspection fees
- Waiver of plan review fees
- Sales tax rebates: rebate of a portion of sales tax collected by the retailer over a specific period of time, provided the requirements of A.R.S. § 9-500.11 are satisfied.
- Public infrastructure- Relief of the costs of public infrastructure requirements and City may apply for federal and state grant funds which may be available if deemed appropriate.
- Other fees to attract both capital investment and high quality jobs in targeted industries.

Foreign Trade Zone: Merchandise can be brought duty-free into a designated Foreign Trade Zone (FTZ) for purposes of storing, repacking, display, assembly or manufacturing. Imports may be landed and stored without full custom formalities. Arizona is the only state that provides an 80 percent reduction in real and personal property taxes for companies qualifying for Foreign Trade Zone.

Opportunity Zones: The law allows investors to defer (up to 9 years) paying tax on gains if those gains are invested in Qualified Opportunity Funds that in turn invest in economically distress communities. San Luis has two opportunities zone designations.

Virtual Building: The virtual building program allows for a company to submit full building plans that have been developed and engineered to meet the standard specifications and allow a company to pull building permits for construction upon the review and approval of the local

governing body. The City of San Luis will defer collecting permit review fees until after the building has been constructed, but prior to the City issuing the Certificate of Occupancy for the building. The following requirements apply for this program.

1. The site must be utility ready; all connections for water, sewer, and electricity connection must have direct access.
2. The property must be a minimum of two (2) industrial acres in size.
3. The appropriate zoning district, conditional use permits and variances must be approved prior to program participation.
4. The building layout must be a minimum of fifty-thousand square feet (50,000 ft<sup>2</sup>) in size. A smaller building footprint may be considered if the property dimensions or characteristics do not allow for a 50,000 ft<sup>2</sup>.

San Luis Industrial Development Authority Bonds: Development Authority issued Bonds are conduit financing for an eligible project to assist a private developer or business in facility creation or expansion. Liability of the bonds is solely that of the developer or business. Conduit feature is used to obtain access to capital at competitive interest rates. Fees may apply.

### **Application Process**

The incentives described above will be available on a case-by-case basis to new or existing companies engaged in one or more of the activities described above. The economic incentive review process is as follow:

1. Applicant must submit a Request for Financial Assistance Form (RFAF) and provide a project narrative to include details of the overall project and highlight the benefits that the project will bring to the city.
2. The RFAF will be reviewed by the Economic Development Manager pursuant to the incentive guidelines. If the project is determined to be an eligible project with sufficient public benefit based on the minimum project qualification criteria, the applicant will meet with the Economic Development Manager to discuss the overall project and process of application.
3. The Economic Development Manager will make a recommendation to the City Manager for consideration and will begin to negotiate the project. The negotiation process includes, but not limited, to the following:
  - a. The City will conduct a full review of the company to assure that it can meet its performance requirement.
  - b. Project budget and timeframes will be reviewed.
  - c. Conceptual site and/or building plans will be reviewed.
  - d. On and off site infrastructure will be reviewed.
  - e. Zoning, entitlements, tenant's improvements, and infrastructure will be evaluated.
  - f. The applicant may be required to submit an economic analysis of the project. The economic analysis must be performed by an accredited firm approved by the city. For GPLET and retained tax incentives, additional third party assessments will be required. The applicant may be required to submit documentation including, but not limited to, total investment, projected budget, expected revenues, total number

of jobs to be created, timeframes, or other documentation as requested by the City.

- g. The city's return on investment, project compliance with Arizona law applicable to economic development incentives, and total public investment will be determined.
  - h. The project will be reviewed by the San Luis City Council for preliminary approval. Presentation of an incentive request to a City Council and/or preliminary approval does not guarantee award of an economic incentive.
4. If the project receives preliminary approval, it will continue to move forward through the application process. The City and applicant will negotiate the terms of the development agreement. If the City and applicant cannot agree on the terms of the agreement, the applicant will be asked to revise its original proposal for consideration or the proposal will be terminated.
  5. At a successful conclusion of negotiations, the development agreement will be introduced to the City Council at a public meeting to be considered for approval.
  6. If the City Council approves the development agreement, it will be done via a resolution confirming that the project will benefit the public interest and promote the public welfare of the citizens of the City of San Luis.
  7. No economic incentive award is final or legally binding until full execution of a development agreement approved by City Council and executed by applicant.
  8. All economic incentives or commitments included in any incentive agreement by City Council are subject to funding being budgeted appropriated and does not constitute a multi-year fiscal obligation, unless otherwise stated in the development agreement.

## **Compliance**

All economic development incentives will be formalized in written agreement between the City of San Luis and the recipient company. The recipient company will be required to meet the following performance criteria:

1. Jobs created as agreed upon
2. Capital investment in real property or equipment as agreed upon
3. Compliance with all applicable governmental laws, rules and regulations
4. Compliance with other conditions imposed by the development agreement
5. The company will provide quarterly verification of its compliance with the requirements to which it has agreed, as appropriate, by a means agreed upon between the City of San Luis and the company on a case-by-case basis to the City's Economic Development Manager.
6. The company must provide additional reports if required by law. For example, sales tax incentives require the City to provide a status report every two years. To accomplish that report, the City will need data from the company.
7. The City of San Luis Incentive Policy is subject to change or discontinuance at any time.

The City of San Luis reserves the right to audit a company to assure compliance with the development agreement. The City may discontinue any ongoing incentives and require the incentives already received to be repaid in full or in part, as set forth in the development agreement, if performance criteria are not met.

## **Conclusion**

The City of San Luis Council considers requests on a case-by-case basis in accordance with the guidelines in this policy. The City Council is not obligated to make any investments. In considering whether or not to provide assistance for a project, the City will take into account assistance made by the private sources to support the project locating in the City. Businesses interested in applying for possible incentives should contact:

Jenny Torres  
Economic Development Manager  
Economic Development Division  
1090 E. Union Street  
P.O. Box 1170  
San Luis, Arizona 85349  
(928) 341-8584  
(928) 341-8549  
[jtorres@cityofsanluis.org](mailto:jtorres@cityofsanluis.org)

## APPENDICES

1. Request for financial assistance form

DRAFT



## DISCUSSION ITEM

### Work Session

2.C.

**Meeting Date:** 09/05/2018

**Department Head:** Sonia Cornelio, City Clerk, City Clerk's Office

**Submitted By:** Sonia Cornelio, City Clerk, City Clerk's Office

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### ITEM:

Discussion and possible directions to staff on any and all matters regarding commercial truck parking.  
**(Vice Mayor Maria Cecilia Ramos; Eulogio Vera, Director of Public Works & Richard Jessup, Acting Chief of Police)**

### SUMMARY:

Vice Mayor Maria Cecilia Ramos requested that this item be placed on the Agenda for the Work Session scheduled for September 5, 2018.

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### Fiscal Impact

**IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:** N/A  
**CITY/STATE/FEDERAL FUNDS:** N/A  
**TOTAL:** N/A  
**BUDGETED:** N/A  
**AVAILABLE TO TRANSFER:** N/A  
**GL ACCT # & NAME/REMAINING BALANCE BEFORE PURCHASE:** N/A

### FISCAL IMPACT STATEMENT:

There is no fiscal impact associated with this item

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### Attachments

MCR 1

MCR 2

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## DISCUSSION ITEM

**Work Session**

**2.D.**

**Meeting Date:** 09/05/2018

**Department Head:** Sonia Cornelio, City Clerk, City Clerk's Office

**Submitted By:** Sonia Cornelio, City Clerk, City Clerk's Office

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**ITEM:**

Discussion and possible directions to staff on any and all matters regarding a cemetery in the City of San Luis. **(Vice Mayor Maria Cecilia Ramos)**

**SUMMARY:**

Vice Mayor Maria Cecilia Ramos requested that this item be placed on the Agenda for the Work Session scheduled for September 5, 2018.

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**Fiscal Impact**

**IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:** N/A

**CITY/STATE/FEDERAL FUNDS:** N/A

**TOTAL:** N/A

**BUDGETED:** N/A

**AVAILABLE TO TRANSFER:** N/A

**GL ACCT # & NAME/REMAINING BALANCE BEFORE PURCHASE:** N/A

**FISCAL IMPACT STATEMENT:**

There is no fiscal impact associated with this item.

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