



# ECONOMIC INCENTIVE POLICY

JULY 2023

## 1. Overview

Commercial and industrial economic development is important to the economic health of the City of Yuma (City). These investment areas will be actively pursued through this policy because each helps to expand and diversify Yuma's farming, defense, and tourism based economy, creates employment opportunities for City residents, and increases City revenues. Establishing how, when and where the City may utilize incentives will fulfill many of the objectives and principles cited below:

- A. Establish and maintain an effective sustained economic development effort to reduce the area's historic high levels of unemployment, elevate household incomes to levels commensurate with the State of Arizona, increase the overall per capita personal income of City residents, and attract/retain employers that also share in the provision of health insurance premium support to its full-time workers.
- B. Business retention and expansion is the starting point for the City's economic health.
- C. Attract new businesses and employers to enhance and diversify the local economy.
- D. Take proactive steps to assure the City is and remains the economic focus of the region by any measure of jobs, wages and tax revenues.
- E. Attract businesses consistent with the City's [Targeted Industry Analysis](#) utilizing the suggested rationale and documentation for successfully reaching these new employers.
- F. Utilize the City's Redevelopment Areas, Infill Incentive Areas, and Opportunity Zones as well as regional Foreign Trade Zones, to attract private investments within these areas.
- G. Improve broadband access, infrastructure and performance for business and residents, especially for households with children engaged at all education levels regardless of location in Yuma.
- H. Enhance the local quality of life for City residents and businesses as an important outgrowth of the City's economic development efforts.
- I. Align the City's economic development efforts with the City Council's adopted [Strategic Plan](#), the [General Plan](#), and other approved City policies such as the [Infill Incentive Plan](#).

Collectively, these objectives are the foundation for the adoption and utilization of the City's Economic Incentive Policy as described on the following pages.

## 2. General Criteria

The City of Yuma may provide incentives to any industrial, manufacturing, or commercial operation as long as the incentives are in compliance with state statutes, do not violate the Arizona Gift and Loan Clause, and the project satisfies a public purpose. With these considerations in mind, the City may provide project assistance when, at least, three (3) of the following criteria are met:

- A. The project is consistent with the [City's Targeted Industry Analysis](#) and delivers clear, direct public benefits that enhance the City's economic health;
- B. The project retains existing jobs or creates new jobs, generates new private sector investment, and provides average wages that meet or exceed the County's median wage as published by the Arizona Department of Administration, Office of Economic Security;
- C. The project would not have chosen to locate in the City in the absence of the proposed incentive in the same time, place, or manner;
- D. The direct benefit to the City over a period of time (at least three years) exceeds the amount of any incentive and the Economic Impact Report establishes that the revenues to the City outweigh the value of any incentive by an amount which the City Council finds acceptable.

To determine the project eligibility and establish the direct economic benefits to the City, the requesting business/investor will make available information related to job creation, capital investment, and wages on forms provided by the City. The business/investor will agree to provide ongoing project information until such time as all incentives have been distributed and all requirements of a City Council approved Economic Development Agreement, including performance measures, have been met or exceeded.

*This policy does not promote incentives as an entitlement but instead establishes a deliberate process to determine a project's eligibility for incentive assistance. All projects eligible for incentive consideration are reviewed on a case-by-case basis, subject to the recommendations of City staff, and all incentive agreements must have the approval of City Council.*

### **3. Eligible Sectors for Incentives**

Incentives may be considered for the business segments listed below:

- A. Industrial Businesses - Examples of qualifying industrial businesses include manufacturing operations, assembly facilities, warehousing/distribution centers, fabrication plants, food products facilities, food processing and food packaging operations, Build-to-Suit industrial buildings, or other industrial activities identified in the North American Industry Classification System aligned with the City's [Targeted Industry Analysis](#).
- B. Commercial (non-retail) Businesses - Examples of qualifying Commercial (non-retail) businesses include corporate headquarters offices (with operations in at least two or more states), administrative and support operations, data storage/processing and digital information management centers, and healthcare/medical services facilities.

### **4. Incentive Assistance – Minimum Qualifying Project Requirements**

In addition to the general criteria outlined in Section Two, private sector full-time job creating investment projects must meet at least two of the three applicable qualifying criteria shown in the table below to be eligible for incentive assistance.

The parameters and potential level of project assistance are established by projects inputs, findings of an Economic Impact Analysis, staff's project assessment, and City Council's review and findings of a specific incentive proposal. Qualifying development data related to incentive assistance for investment in industrial space is also delineated in the table below.

Minimum Qualifying Project Data <sup>1</sup>			
Occupying Uses	#of Full-Time New Jobs	Construction Cost <sup>2</sup>	Median Wage <sup>3</sup>
Industrial	20	\$5,000,000	\$35,830
Commercial (non-retail)	20	\$5,000,000	\$35,380
<b>Speculative Industrial Space</b>			
		<b>Construction Cost<sup>2</sup></b>	<b>Potential Tax Rebate<sup>4</sup></b>
Minimum 30,000 square feet		Less than \$5,000,000	Up to 25%
		\$5,000,000 up to \$10,000,000	Up to 50%
		Greater than \$10,000,000	Up to 75%
<sup>1</sup> All projects subject to an economic impact analysis			
<sup>2</sup> Construction cost of the building(s) - exclusive of cost of land			
<sup>3</sup> 2023 Yuma County median wage as established by Arizona Commerce Authority (Quality Jobs Program)			
<sup>4</sup> City General Tax Rebate of construction related costs only			

## 5. Incentive Inventory

Once eligibility has been established, City staff reviews individual incentives that collectively may represent the City's potential offer that is submitted to City Council for review and approval. The incentive inventory potentially available to new industrial/manufacturing projects consists of the following options that may be applied individually or in conjunction with other incentives:

- A. Reductions and/or credits related to building permit, plan check and inspection fees required pursuant to the [Yuma City Code](#), especially when located in one of the City's Opportunity Zones, Infill Overlay District, Redevelopment Areas, or regional Foreign Trade Zone.
- B. Waiver or savings related to the water system development charge and sanitary sewer interceptor charge may be available for locations within the City including the Infill Overlay District.
- C. Job training reimbursement credits to support high wage jobs (defined here as 150 percent of the Yuma County median wage as published by the Arizona Department of Administration, Office of Economic Security) and/or the need for skills training for newly created jobs consistent with the City's [Targeted Industry Analysis](#).
- D. Rebate or credit regarding the City's sales tax on eligible purchases related to construction materials.
- E. Utilizing the [Government Property Lease Excise Tax program](#) (where geographically applicable) to receive savings on real property taxes.
- F. Infrastructure support where new investment and job-creating projects serve a larger public purpose and align with the City's adopted [Capital Improvement Program](#).

**Note: Council may also consider any incentive tool apart from those listed and all Council authorized projects must incorporate an Economic Development Agreement approved by City Council before the issuance of a building permit. Any potential incentive assistance derived from an eligible project is also subject to the findings of an Economic Impact Report.**

**6. Select Commercial Projects**

Apart from the projects specified under Commercial (non-retail) Businesses, certain select commercial projects (see below) may warrant assistance if the project is of a certain location, sufficient scale, and brings tangible benefits to adjacent or nearby sites/buildings (i.e. extension of water or sewer lines). Added importance to the project analysis may be attached when the project is located in a City-designated Infill Incentive District, Redevelopment Area, federally-designated Opportunity Zone, or a regional Foreign Trade Zone. The incentive assistance items previously inventoried in Section 5 are referenced.

<b>Select Incentive-Eligible Commercial Projects</b>
Newly constructed office buildings (minimum of 20,000 square feet)
Newly constructed and/or fully renovated hotels (as defined as Level 3 alterations consistent with the International Existing Building Code)
Destination recreation/tourism facilities (minimum investment of \$3,000,000)