

SANDPOINT 2016 ECONOMIC DEVELOPMENT POLICY

PURPOSE

Recognizing the importance of maintaining and enhancing a diverse and year around economy, the purpose of this document is to establish goals and policies for economic development within the City of Sandpoint.

BACKGROUND

Continued economic development and downtown revitalization in Sandpoint is essential to the community's viability.

Historically, Sandpoint's economy was based around resource extraction—primarily timber—when lumber companies from the upper Midwest began to arrive in the early 1900's. Although timber products are still an important part of the regional economy, the greater Sandpoint area has transitioned away from a primarily resource extraction based economy to one that is much more diverse. Travel and tourism play a significant role in today's regional economy, however, Sandpoint is also host to thriving sectors in manufacturing, aerospace, health care and advanced industries. Maintaining and enhancing this economic diversity is essential to a year around, resilient economy—employing residents and supporting small businesses.

Economic development incentives to support job creation and retention are necessary due to the inherent competition between cities, states and even other countries. By combining efforts with other agencies at the local and state level, incentives can make the difference as to whether a given employer stays, expands or relocates to Sandpoint.

ECONOMIC DEVELOPMENT OBJECTIVES

1. Maintain existing manufacturing, aerospace, health care and advanced industries as providers of year-around jobs with a living wage.
2. Attract companies that provide jobs with a high local multiplier effect (high paying jobs which create additional jobs within other sectors of the economy).
3. Retain a diverse range of industries in order to maintain economic resiliency—giving particular emphasis on projects that are projected to provide a positive and complementary impact to existing businesses and industry clusters.
4. Complete public infrastructure projects that benefit multiple businesses and/or industries.

5. Support proposals that demonstrate fiscal, environmental, and social sustainability, long-term community benefits and resiliency, as well as alignment with the goals and objectives of the City's Comprehensive Plan.
6. Maintain Sandpoint's high quality of life—generally recognized as the City's greatest asset to economic development.
7. Continue Sandpoint's legacy as a hub of innovation by supporting further development of higher education, fostering participation between businesses and local schools as well as other workforce training programs.

PARTNERING AGENCIES

The City of Sandpoint works with the following partner agencies on Economic Development Projects:

- Idaho Department of Commerce
- Idaho Department of Labor
- Bonner County Economic Development Corporation
- Sandpoint Urban Renewal Agency
- Panhandle Area Council
- Greater Sandpoint Chamber of Commerce
- Bonner County
- Neighboring Communities of Dover, Ponderay and Kootenai

ECONOMIC DEVELOPMENT POLICIES

1. **Participate in and provide in-kind support for available economic development incentive programs (partial list below) for projects that meet one or more above stated economic development objectives.**
 - a. Community Development Block Grants (CDBG)
 - i. Partner Agency – Idaho Department of Commerce
 - ii. Description – This Federally funded program assists Idaho cities and counties with the development of needed public infrastructure.
 - iii. Eligibility – Public facilities, economic development projects, or senior citizen and community centers. Applicants may be counties, cities with populations under 50,000, and service providers such as water and sewer districts and senior centers but must have a city or county Sponsor.
 - b. Rural Community Development Block Grants (RCDBG)
 - i. Partner Agency – Idaho Department of Commerce

- ii. Description – This state-funded program provides funds to distressed rural areas for building public infrastructure in support of economic expansion and job creation.
 - iii. Eligibility – Extension of streets, water and sewer lines, and/or utilities to a site for a new business or industrial park; acquisition or construction of buildings for lease or purchase by a company; and provision of telecommunications, power, gas, and rail upgrades necessary for business expansions. Applicants may be rural counties or cities with populations under 25,000.
- c. Idaho Gem Grant (IGG)
 - i. Partner Agency – Idaho Department of Commerce
 - ii. Description – Gem grants are focused on job creation and retention. Awards are limited to hard implementation costs of economic development projects.
 - iii. Eligibility – Examples include water and sewer infrastructure for new a business, remediation of slum and blight conditions blocking business development, and matching funds for the creation of assets with a high certainty of aiding future economic development efforts. Gem grants typically require a community match.
- d. Idaho Opportunity Fund (IOF)
 - i. Partner Agency – Idaho Department of Commerce
 - ii. Description – At the discretion of the Director of Idaho Commerce, the IOF is a “deal closing fund” to strengthen Idaho’s competitive ability to support expansion of existing Idaho businesses and recruit new companies to the state.
 - iii. Eligibility – Construction of or improvements to new or existing water, sewer, gas or electric utility systems for new or existing buildings to be used for industrial or commercial operations; flood zone or environmental hazard mitigation; construction, upgrade or renovation of other infrastructure related items including, but not limited to, railroads, broadband, parking lots, roads or other public costs that are directly related to specific job creation or expansion projects.
- e. Tax Reimbursement Incentive (TRI) Program
 - i. Partner Agency – Idaho Department of Commerce
 - ii. Description – In rural areas, companies that create 20 new full-time jobs that pay at or above the average county wage may receive a tax credit of up to 30% on payroll, sales and income tax for up to 15 years.
 - iii. Eligibility – Companies must prove its stability and a significant economic impact to the community and Idaho. Companies must also prove that the incentive is a critical factor to its decision. A meaningful community match is a required.

- f. Property Tax Exemptions (County)
 - i. Partner Agency – Bonner County
 - ii. Description – At the discretion of the County Commissioners, full or partial tax exemptions may be granted for new manufacturing facilities.
 - iii. Eligibility – \$3 million in new manufacturing facilities
- g. Sandpoint Urban Renewal Agency (SURA) Funding
 - i. Partner Agency – SURA
 - ii. Description – Established in 2005 for a period of 24 years, SURA may fund public improvements that stimulate economic development and arrest urban deterioration and obsolescence.
 - iii. Eligibility – Project must meet SURA established criteria, be located within one of SURA's two districts (Downtown or Northern) and adhere to the plan for the district in which the project is located.
- h. Workforce Development Training Funds
 - i. Partner Agency – Idaho Department of Labor
 - ii. Description – Businesses may receive up to \$3,000 in cash reimbursements for the training of full-time, new employees or for helping retain employees facing permanent layoff.
 - iii. Eligibility – Receiving company must produce a product or service that is mainly sold outside the region where the business is located or the company is in the health care industry.
- i. Other Idaho Business Incentives – Qualifying business may apply for a variety of other incentives and support pertaining to external financing, workforce development, international market expansion, research and development, personal property tax credits, and foreign direct investment. For more information, interested parties may contact Sandpoint City staff or the Idaho Department of Commerce (commerce.idaho.gov/incentives-and-financing).

2. Consider fee waivers as a match to partner agency incentives for job creation and when tied to company performance agreements.

- a. Company Eligibility – Certain administrative City fees may be waived or reimbursed for expansion or relocation projects where a minimum of 20 new full-time (30 hours a week or more) permanent jobs that pay at or above the average County wage will be created as a result of the development. The company must demonstrate that there is a nexus between the development proposal and job creation and the City shall require a company performance agreement and confirmation of incentive program approval for which the waivers or reimbursements are to provide a community match.

b. Fees eligible for waivers or reimbursement:

- i. Building Permit Fee
- ii. Plan Check Fee
- iii. Site Plan Review
- iv. Short Plat Application

c. Fee Waiver/Reimbursement Scale (Outside Downtown Urban Renewal Area)

	Tier I	Tier II	Tier III
Number of Jobs Created	20-30	31-50	51+
% Of Fee Eligible	50%	75%	100%

d. Fee Waiver/Reimbursement Scale (Inside Downtown Urban Renewal Area)

	Tier I	Tier II
Number of Jobs Created	20-30	31+
% Of Fee Eligible	75%	100%

3. The City shall provide for the protection and accountability of the public investment.

The City's participation in economic development incentives shall be contingent on the participating company being held to accountability standards. This shall include company performance agreements and periodic verifications of jobs created or retained.

- a. Company performance agreements may include clawback provisions if specific performance targets are not met.
- b. Each economic development project that the City engages in shall periodically undergo evaluation, as feasible, and incorporating the following specific project measures:
 - i. The number and type of jobs created
 - ii. Average wage of jobs created
 - iii. Dollar amount of private investment
 - iv. Net increase in property tax base
 - v. Community goals as reflected in this and other adopted policies and plans

- c. Changing economic conditions and availability of funds may cause the City Council to modify, amend, or discontinue the economic development policy at any time. Should incentives be discontinued, the City Council will honor any incentive to which it committed before its discontinuance. Economic development incentives may not be transferred or otherwise conveyed to any other party, unless agreed to by the City Council.
- d. The City shall keep complete and accurate records of any incentive program and all applicable laws pertaining to public investments for economic development shall be adhered to.