



TO: Mayor Jefferson and Council Members

THRU: Eric Keck, City Manager
Michael Flaherty, Deputy City Manager & Interim Community Development Director

FROM: Darren Hollingsworth, Economic Development Manager

DATE: February 16, 2016

SUBJECT: Council Request 16-050: Economic Development Incentives Inquiry

Council's Economic Development incentive Policy

In September of 2012, City Council adopted an Economic Development Incentive Policy to assist economic development efforts and foster diversification of the economic base. City Council may consider rebates to support priority projects on a case-by-case basis. Attached is a copy of the Economic Development Incentive Policy, Resolution Adopting Policy, and spreadsheet of all projects funded under this Policy.

Commercial Catalyst Program

Council authorized the South Broadway Action Plan in 1997. The action plan included the Commercial Catalyst Grant program to revitalize and beautify the commercial corridor. The catalyst program is funded in the Community Development Department's annual operating budget.

The catalyst program provides funding assistance for storefront upgrades, landscape upgrades, ornamental ironwork, and qualified code-driven interior improvements. The City's investment in this program is intended to be highly visible and most of the participating businesses are retail in nature or enhance the employment base in Englewood. Attached is a copy of the Commercial Catalyst Program Workbook 2012 thru 2015.

Habitat for Humanity Fees Waived

Council authorized fee waivers for the following Habitat for Humanity projects.



Resolution	Address	Fees Waived
50, Series 2007	2079 West Vassar Avenue	Building Permit Fees
5, Series 2008	2310 West Harvard Avenue	Building Permit Fees, Fee in Lieu of Park Land Dedication
41, Series 2014	2153 and 2155 West Baltic Place	Building Permit Fees, Plan Review Fees, Single Family Drainage Inspection Fees, Minor Subdivision Fee, Fee in Lieu of Park Land Dedication
86, Series 2014	2323-2329 West Harvard Avenue	Building Permit Fees, Plan Review Fees, Single Family Drainage Inspection Fees, Minor Subdivision Fee, Fee in Lieu of Park Land Dedication

Attachments: Economic Development Incentive Policy
 Resolution Adopting Policy
 ED Incentive Projects Spreadsheet
 Commercial Catalyst Program Spreadsheet 2012 thru 2015
 Habitat for Humanity Fee Waivers - Resolutions



Economic Development Incentive Policy

Goal Statement

The City of Englewood is supportive of business attraction and development-related projects and is committed to supporting new opportunities to diversify the local economy. Englewood strives to provide for the fiscal health of the community by creating mechanisms to assist targeted businesses, priority development sites, and projects that enhance the quality of life and fiscal condition of the community.

Intent/Purpose

- Create a tool to assist economic development efforts
- Foster diversification of economic base, including expansion of retail sales tax base
- Assist in attracting desired businesses and development to City
- Assist in redevelopment or reuse of priority redevelopment sites

Eligible Uses of Incentive Funding

- Improvements to public infrastructure that benefit a larger area or the public at large, including but not limited to: street improvements, traffic signalization, sidewalks or trails, water and sanitary sewer lines, storm sewer lines, drainage improvements, water quality improvements, or electrical or natural gas lines.
- Costs incurred in eliminating features that detract from the surrounding neighborhood or render a site difficult to redevelop, such as undergrounding electrical lines, removal of environmental contamination, removal or relocation of utility substations or other facilities, or demolition or renovation of structures that are obsolete or in poor condition.
- Costs incurred in providing public spaces, landscaping, or elements of streetscape beyond that required by ordinances of the City.

Economic Development Criteria - Eligible Projects

- Retail developments or expansion of existing retail uses that will generate additional sales tax shall be a priority of the City.
- Office or manufacturing uses creating or adding jobs.
- Underrepresented or desirable retail establishments. (e.g. table-service restaurants, electronics and clothing stores)
- Residential projects that demonstrate benefit to the community, development on underutilized sites, or within proximity of light rail station or other transit amenity.
- Any project deemed by City Council to be unique, advantageous, or desirable additions to the community
- A determination of whether the project would proceed if the incentive is not provided.

- Incentives are not intended to unduly enrich an individual developer or business or to create an unfair advantage.
- A statement from the business or developer to verify the need for the incentive in terms of 'why this investment is necessary to foster the development or business activity.'

Cost Benefit Analysis

- Staff will provide a cost benefit analysis for any incentive agreement. The three components of a cost benefit analysis are:
 - Identify direct benefits: The true measure of project value includes all property taxes, sales and use taxes, impact fees, licenses and permit fees.
 - Calculate impact of the project. Direct costs are matched against direct revenues. If costs exceed revenues, the desirability of the project needs further analysis. If the direct revenue exceeds costs the analysis can help identify the break-even point by determining the number of years it will take for the project to payback the incentives and other public costs.
 - Identify direct public costs: In addition to the costs of incentives, all other direct costs associated with the project are totaled to include infrastructure costs, utility, increased fire, police and any other public expenses associated with the project.
- The break-even point or payback period of the proposed incentive will be estimated.
- Impact of the project on existing Englewood businesses will be analyzed.

INCENTIVE TYPES

Coordinated Development Approach

The City of Englewood is committed to providing exceptional customer service and ensuring that its applicants experience a quality development process. All projects are eligible for a formal in-person Development Review Team (DRT) meeting, in which the responsible City departments provide comments, suggestions, and recommendations prior to formal permit submittal to ensure an efficient and effective process.

Sales Tax Reimbursements

The City may consider a share-back or partial reimbursement of the incremental City collected portion of retail sales tax generated from the project. All proceeds of a sales tax reimbursement must be utilized for purposes outlined under "Eligible uses of incentive funding."

Sales tax rebates shall not exceed 50% over the term of the agreement (with a maximum rebate to be determined by cost/benefit analysis) of the *actual* incremental increase in sales tax revenue generated by the use or site.

Building Use Tax Reimbursements

The City may consider a reimbursement of construction and equipment use tax generated by the development of a project. All proceeds of the use tax reimbursement must be utilized for purposes outlined under "Eligible uses of incentive funding."

Building use tax rebates shall not exceed 50% (with a maximum rebate to be determined by cost/benefit analysis) of the *actual* use tax collected.

Furniture Fixtures and Equipment Use Tax Reimbursements

The City may consider partial or full reimbursement of the use taxes paid for furniture fixtures and equipment generated by a project. All proceeds of the use tax reimbursement must be utilized for purposes outlined under "Eligible uses of incentive funding."

Rebates of up to 100% (with a maximum rebate to be determined by cost/benefit analysis) may be given for furniture, fixtures and equipment use tax.

Tax Increment Financing

The City may consider utilizing Tax Increment Financing (TIF) through the Englewood Urban Renewal Authority (EURA) only after an urban renewal area has been established. The City will only consider utilizing TIF for projects that are unique, significant in magnitude, and have considerable regional benefit. This could potentially include property taxes.

Reduction in Fees

The City may consider offsetting all or a portion of the development fees for commercial or residential projects that meet the goals and objectives of the Comprehensive Plan and Sub-Area Plans (if applicable), and provide a unique and quality project in terms of product type, tenant mix, and overall physical environment.

Rebates of up to 100% (with a maximum rebate to be determined by cost/benefit analysis) may be given for building permit fees and development application fees, not to include plan review fees or other contractual fees.

The City of Englewood is supportive of economic development and redevelopment related projects. City Council will consider financial incentives to support economic development and redevelopment activities on a case-by-case basis. The incentives outlined in this policy are provided at the sole discretion of City Council and are not to be considered an entitlement for any eligible or otherwise qualified project.

RESOLUTION NO. 76
SERIES OF 2012

A RESOLUTION ADOPTING "CITY OF ENGLEWOOD ECONOMIC DEVELOPMENT INCENTIVE POLICY" FOR THE CITY OF ENGLEWOOD, COLORADO.

WHEREAS, THE City of Englewood is supportive of business attraction and development-related projects and is committed to supporting new opportunities to diversify the local economy; and

WHEREAS, the Englewood Economic Development Incentive Policy provides a broad Goal Statement that states in part, "... to assist targeted businesses, priority development sites, and projects that enhance the quality of life and fiscal condition of the community"; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that jurisdictions using or considering the use of economic development incentives create a policy that, at a minimum, defines goals and objectives; the types of incentives and extent of their use; an evaluation process, i.e., cost/benefit analysis, and performance standards; and

WHEREAS, this Policy is consistent with the recommendation in the GFOA document; and

WHEREAS, adopting the City of Englewood Economic Development Incentive Policy establishes goals and objectives or parameters which may be applied to applications for financial assistance; and

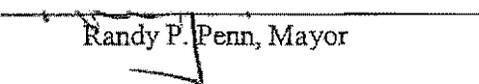
WHEREAS, instituting the Policy also provides the parameters for staff to employ when responding to current and future private requests related to development projects that might go forward only with some form of City assistance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ENGLEWOOD, COLORADO, AS FOLLOWS:

Section 1. The City Council of the City of Englewood hereby authorizes adoption of "City of Englewood Economic Development Incentive Policy," attached hereto as Exhibit A.

ADOPTED AND APPROVED this 4th day of September, 2012.

ATTEST 


Randy P. Penn, Mayor


Loucishia A. Ellis, City Clerk

I, Loucrishia A. Ellis, City Clerk for the City of Englewood, Colorado, hereby certify the above is a true copy of Resolution No. 76, Series of 2012.

 Loucrishia A. Ellis, City Clerk

Englewood Economic Development Incentive Policy

Project Descriptions and Incentives Approved

	Date Agreement Approved by Council	Project Overview	Authorized Incentive Amount	Use of Public Funds	Economic Benefits	Status
King Soopers	5-Dec-11	Demolition of obsolete grocery store and replacing with modern 78,000 square foot facility.	Incentive capped at the lessor of 4 years or \$510,500. 1) 50% of use taxes. 2) 50% rebate of sales tax revenues actually collected.	Storm sewer replacement, water line improvements, access modifications, and electrical line undergrounding.	\$17 million project that involves the retention of existing business with 90 jobs. Employment will increase by 38 full time jobs. Estimated doubling of sales tax revenue.	Construction complete. Draw period
Oxford LCP	15-Apr-13	This \$35 million project will create 252 residential units on a 3.5 acre industrial site near the Oxford Light Rail Station.	1) Rebate building use tax 55% or \$260,000. 2) Rebate 100% use tax on FF&E or \$17,500. 3) Waiver of permit fees 50% or \$44,500. 4) Reduce the park fee in lieu from \$20,000 per acre to \$10,000 per acre.	1) Relocation of the public utilities and retaining wall. 2) Construct sidewalk & bikeway enhancements wholly in the public right of way.	Total City revenues for development net of incentive will be approximately \$345,000 with property taxes totaling \$544,000 over the next 10 years.	Under Construction.
Flood Middle School	15-Apr-13	This \$38 million project will create 310 new residential units that will house approximately 500 new residents.	1) \$170,000 rebate of use tax. 2) Reduce park fee in lieu by 50%, from \$20,000 per acre to \$10,000 per acre. 3) City to use undergrounding fund to relocate Xcel's overhead utility lines total cost approximately \$300,000.	Relocate city ditch, relocate sanitary sewer line, upgrade water line, and underground electrical lines.	Property tax will be approximately \$11,000 annually. \$500,000 in building use taxes to be generated. The 500 residents are projected to have a household income of \$85,000 to \$100,000, which will support the purchase local goods of and services.	Complete. \$170,000 payment to developer.

Cadence dba Broadbell, llc - for Sprouts Farmers Market	1-Jul-13	Redevelop vacant Larry Miller Nissan property with Sprouts, Advance Auto Parts and 8,000 s.f. retail space	1) Rebate 50% BUT and FF&E use tax from project not to exceed \$68,000. 2) Rebate sales tax from project not to exceed \$182,000 or 3 years.	\$250,000 for use of intersection and signalized intersection.	Transition vacant car lot into Grocery-anchored retail development comprising a total of approximately 43,000 s.f.	Construction complete. Draw period
Kentro Group (Rite Aid Pharmacy)	1-Jun-15	Redevelop a 1.7 acre lot in Englewood's medical district with a 14,600 square foot Rite Aid Pharmacy	1) Rebate 50% of actual Building Use Tax collected, not to exceed \$30,625. 2) Rebate 50% of actual sales tax collected, not to exceed \$105,000 or 3 years whichever occurs first.	1. Underground/relocation of current overhead utility lines 2. Relocation and demolition of existing sewer line. 3. Construction of underground detention/water quality 4. Potential relocation of city ditch	Transition of a vacant site, which has ben sitting idle for 15 years into a sales tax generating and job generating site. Approximately 30 new jobs will be created and \$70,000 per year will be generated in sales tax revenues.	Pending Construction.

Commercial Catalyst Program Activity 2012 through 2015

2012 Commercial Catalyst Projects

Business Name	Address	Scope of Work	#REF!	Project Cost
Billy's Gourmet Hot Dogs	2950 S Broadway	Signage	\$10,000.00	\$ 45,007.83
Broadway Total Power	4264 S Broadway	Façade, Landscaping	\$15,000.00	\$ 31,775.00
The Copper Pot on Broadway	2796 S Broadway	Signage	\$9,617.96	\$ 19,235.93
Bartertown Comics	800 Englewood Parkway	Signage	\$2,386.40	\$ 4,772.80
Don Cameron	4720 S Santa Fe Cir., #9	Landscaping	\$12,597.67	\$ 25,195.33
		Total for 2012	\$49,602.03	\$ 125,986.89

2013 Commercial Catalyst Projects

Business Name	Address	Scope of Work	#REF!	Project Cost
AutoLab	4000 S Broadway	Façade, Signage, Landscaping	\$15,000.00	\$ 45,506.28
Brews on Broadway	3445 S Broadway	Signage	\$5,000.00	\$ 16,571.87
Fit:30	2950 S Broadway	Signage	\$3,185.29	\$ 6,370.57
Colorado Utility Vehicles	4895 S Broadway	Ornamental Ironwork	\$6,712.00	\$ 13,424.00
Springs Automotive	2855 S Broadway	Façade, Signage	\$15,000.00	\$ 43,021.41
		Total for 2013	\$44,897.29	\$ 124,894.13

2014 Commercial Catalyst Projects

Business Name	Property Address	Scope of Work	Grant Amount	Project Cost
Bill Smith Plumbing	4101 S Broadway	Signage, façade, electrical	\$10,000.00	\$ 21,104.83
Uhrig Holdings, LLC	4351 S Broadway	Fadade	\$15,000.00	\$ 235,360.00
Kraft Development	3141 S Broadway	Façade	\$5,000.00	\$ 12,848.00
Englewood Lock & Safe	4310 S Broadway	Signage	8,703.70	\$ 17,407.40
Breakfast Queen	3454 S. Broadway	Façade, Signage	10,000.00	\$ 57,693.00
180 Out, LLC	180 E Hampden	Façade	15,000.00	\$ 137,532.10
		Total for 2014	\$63,704	\$ 481,945.33

2015 Commercial Catalyst Projects

Business Name	Property Address	Scope of Work	Grant Amount	Project Cost
Cherry Hills Medical Plaza, LLC	3535 S Lafayette	Exterior and interior renovation; sign	\$15,000.00	\$ 3,500,000.00
Paradise Baggage	4442 S Broadway	façade, landscaping, signage	\$15,000.00	\$ 187,377.99
Miyako Restaurant	2950 S Broadway	ADA bathrooms, grease interceptor	\$5,000.00	\$ 15,800.00
Drake Real Estate Services	501 W Hampden Ave	Façade	\$20,000.00	\$ 280,000.00
		Total for 2015	\$55,000.00	\$ 3,983,177.99

RESOLUTION NO. 50
SERIES OF 2007

A RESOLUTION AUTHORIZING THE EXEMPTION OF THE HABITAT FOR HUMANITY OF METRO-DENVER (HFHMD) FROM BUILDING PERMIT FEES ASSOCIATED WITH THE DEVELOPMENT OF EIGHT PAIRED SINGLE FAMILY HOMES LOCATED AT 2079 WEST VASSAR AVENUE, NOW KNOWN AS 2025, 2049, 2065 AND 2079 WEST VASSAR AVENUE AND 2074, 2078, 2082, AND 2086 WEST HILLSIDE AVENUE.

WHEREAS, the Habitat For Humanity of Metro Denver (HFHMD), a non-profit corporation submitted a grant application to Arapahoe County to purchase property located at 2079 West Vassar Avenue; and

WHEREAS, Arapahoe County approved the grant application and HFHMD purchased the property in February 2007; and

WHEREAS, the HFHMD requested the City to waive the Building Permit Fees associated with this development on the Englewood City Council Study Session October 2, 2006; and

WHEREAS, the Englewood City Council supported HFHMD's grant application and also approved by consensus HFHMD's request to waive Building Permit Fees associated with this development as part of Englewood's contribution to this project;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ENGLEWOOD, COLORADO, THAT:

Section 1. The City Council of the City of Englewood, Colorado hereby authorizes an exemption of the Habitat for Humanity of Metro Denver from the Building Permit Fees associated with the development of eight units of eight paired housing located at 2079 West Vassar Avenue, now known as 2025, 2049, 2065, and 2079 West Vassar Avenue and 2074, 2078, 2082 and 2086 West Hillside Avenue.

ADOPTED AND APPROVED this 18th of June, 2007.

ATTEST:

Olga Wołosyn, Mayor

Loucrishia A. Ellis, City Clerk

I, Loucrishia A. Ellis, City Clerk for the City of Englewood, Colorado, hereby certify the above is a true copy of Resolution No. 50, Series of 2007

Loucrishia A. Ellis, City Clerk

RESOLUTION NO. 5
SERIES OF 2008

A RESOLUTION AUTHORIZING THE EXEMPTION OF THE HABITAT FOR HUMANITY OF METRO-DENVER (HFHMD) FROM BUILDING PERMIT FEES AND THE FEE IN LIEU OF PARK LAND DEDICATION ASSOCIATED WITH THE DEVELOPMENT OF EIGHT PAIRED SINGLE FAMILY HOMES LOCATED AT 2310 WEST HARVARD AVENUE, PROPOSED TO BE KNOWN AS 2282, 2284, 2296 AND 2298 WEST HARVARD AVENUE AND 2283, 2285, 2297 AND 2299 WEST HILLSIDE AVENUE.

WHEREAS, the Habitat For Humanity of Metro Denver (HFHMD), a non-profit corporation submitted a grant application to Arapahoe County to purchase property located at 2310 West Harvard Avenue; and

WHEREAS, Arapahoe County is expected to approve the grant application and HFHMD to purchase the property in March 2008; and

WHEREAS, the HFHMD requested the City to waive the Building Permit Fees and the fee in lieu of Park Land dedication associated with this development at the Englewood City Council Meeting January 7, 2008; and

WHEREAS, the Englewood City Council supported HFHMD's grant application and also approved by consensus HFHMD's request to waive building permit fees and the fee in lieu of park land dedication associated with this development as part of Englewood's contribution to this project;

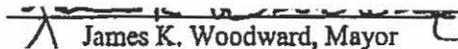
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ENGLEWOOD, COLORADO, THAT:

Section 1. The City Council of the City of Englewood, Colorado hereby authorizes an exemption of the Habitat for Humanity of Metro Denver from the building permit fees and the fee in lieu of park land dedication associated with the development of eight units of paired housing located at 2310 West Harvard Avenue, proposed to be known as 2282, 2284, 2296, and 2298 West Harvard Avenue and 2283, 2285, 2297 and 2299 West Hillside Avenue.

ADOPTED AND APPROVED this 22nd day of January, 2008.

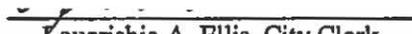
ATTEST:

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James K. Woodward, Mayor


Loucrishia A. Ellis, City Clerk

I, Loucrishia A. Ellis, City Clerk for the City of Englewood, Colorado, hereby certify the above is a true copy of Resolution No. 5, Series of 2008.


Loucrishia A. Ellis, City Clerk

RESOLUTION NO. 41
SERIES OF 2014

A RESOLUTION AUTHORIZING THE EXEMPTION OF THE HABITAT FOR HUMANITY OF METRO-DENVER (HFHMD) FROM BUILDING PERMIT FEES, PLAN REVIEW FEES, SINGLE FAMILY DRAINAGE INSPECTION FEES, THE MINOR SUBDIVISION FEE AND THE FEE IN LIEU OF PARK LAND DEDICATION ASSOCIATED WITH THE DEVELOPMENT OF TWO PAIRED SINGLE FAMILY HOMES LOCATED AT 2153 & 2155 WEST BALTIC PLACE.

WHEREAS, the Habitat For Humanity of Metro Denver (HFHMD), a non-profit corporation submitted a grant application to Arapahoe County to develop property located at 2153 and 2155 West Baltic Place; and

WHEREAS, Arapahoe County approved in March 2014 the grant application to assist the development; and

WHEREAS, this matter was discussed with the Englewood City Council at the April 14, 2014 Study Session; and

WHEREAS, the HFHMD has requested the City to waive Building Permit Fees, Plan Review Fees, Single Family Drainage Inspection Fees, the Minor Subdivision Fee and the fee in lieu of Park Land dedication associated with this development.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ENGLEWOOD, COLORADO, THAT:

Section 1. The City Council of the City of Englewood, Colorado hereby authorizes an exemption of the Habitat for Humanity of Metro Denver from the building permit fees, Plan Review Fees, Single Family Drainage Inspection Fees, the Minor Subdivision Fee and the fee in lieu of park land dedication associated with the development of two paired single family homes located at 2153 and 2155 West Baltic Place.

ADOPTED AND APPROVED this 21st day of April, 2014.

ATTEST: 

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Randy P. Penn, Mayor

 Loucrishia A. Ellis, City Clerk

I, Loucrishia A. Ellis, City Clerk for the City of Englewood, Colorado, hereby certify the above is a true copy of Resolution No. 41, Series of 2014. 

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Loucrishia A. Ellis, City Clerk

