

**AGENDA FOR THE
ENGLEWOOD CITY COUNCIL
STUDY SESSION
MONDAY, AUGUST 20, 2012
COMMUNITY ROOM
6:00 P.M.**

- I. **Economic Development Incentives**
Deputy City Manager Mike Flaherty, Community Development Director Alan White and Economic Development Manager Darren Hollingsworth will discuss the Economic Development Incentive Policy with City Council.
- II. **Business Summit Update**
Community Development Director Alan White and Economic Development Manager Darren Hollingsworth will discuss the proposed Business Summit with City Council.
- III. **Long Term Asset Reserve Fund**
City Council will discuss the Long Term Asset Reserve Fund.
- IV. **Board and Commission Committee Reports**
City Council will discuss their attendance at the various boards and commissions on which they serve.
- V. **City Manager's Choice**
 - A. School Use Tax
 - B. Joint Englewood/Littleton Meeting – Tuesday, 10/30/12 @ WWTP
 - C. MDA Fundraising over Labor Day
- VI. **City Attorney's Choice**



Memorandum

City Manager's Office

TO: Mayor Penn and Members of City Council

THROUGH: Gary Sears, City Manager

FROM: Michael Flaherty, Deputy City Manager
Alan White, Community Development Director
Darren Hollingsworth, Economic Development Manager

DATE: August 16, 2012

SUBJECT: Draft Economic Development Incentive Policy and Park Dedication Fee in Lieu Policy

A revised draft Economic Development Incentive Policy is attached for City Council review and consideration. The document is based on conversations with Council at the July 2 and August 6 study sessions. The revised draft Economic Development Incentive Policy contains the following revisions based on Council feedback and direction from the most recent study session:

1. Language was added to the Eligible Projects category that states "Retail developments or expansion of existing retail uses that will generate sales tax shall be a priority of the City." This modification takes into account Council's direction and the recommendation from ACE that indicated retail projects should be a priority.
2. Language was clarified in the Eligible Projects category to remove the requirement that a project must be within one mile of a light rail station. Instead the requirement states "Residential projects that demonstrate benefit to the community, development on underutilized sites, or within proximity of light rail station or other transit amenity."
3. In the section on Reduction in Fees there was clarification to the statement to exclude plan review fees and other contractual fees. The statement reads "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."

Also attached is a draft policy on the Fee In Lieu for the Park Dedication requirement. This fee will be triggered for a number of projects, including Flood Middle School, Martin Plastics, and General Iron Works. Establishing a policy about the appropriate fee will add certainty to the development projects for the developers as they move these redevelopment projects forward.

At the July 2, 2012 Study Session, Council directed staff to develop a draft policy addressing the fee in lieu of park land dedication. Council requested that the policy:

- Be applied on a case-by-case basis
- Require the developer to show an economic need
- Allow a credit for on-site recreational facilities provided in the development, with assurance that the facilities will remain in place
- Contain an option to request a waiver of all or part of the fee, to include criteria for granting a waiver

The attached is draft policy includes these elements.

Attachments: Draft Economic Development Incentive Policy
Draft Park Dedication Fee In Lieu Policy

DRAFT

Economic Development Incentive Policy City of Englewood

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 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 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.

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.

Park and Open Space Land Dedication Fee in Lieu of Dedication Policy

The subdivision regulations of the City of Englewood Unified Development Code require the dedication of park land or payment of a fee in lieu of dedication for all residential developments. The code provides a method for determining the amount of land to be dedicated, but provides no guidance on converting that acreage to a fee in lieu.

In addressing the Park and Open Space fee in lieu of land dedication, Council's policy is as follows:

1. The fee to be paid in lieu of dedication will be based on a land value of \$20,000 per acre using the current formula for determining the acreage required to be dedicated.
2. Credit toward meeting the park and open space dedication requirement will be considered for recreational amenities, both active and passive, or open space provided on-site by the development. The amount of credit shall be determined by negotiations between City staff and the applicant, subject to the following guidelines:
 - a. On-site recreational amenities may include indoor and outdoor facilities that are designed for active or passive recreational pursuits, such as swimming pools, tennis or volleyball courts, exercise rooms, picnic areas and similar facilities.
 - b. On-site recreational amenities may include areas and facilities such as trails and shelters that are used to meet landscape requirements that also provide opportunities for passive or active recreation.
 - c. In order to be considered for credit, the applicant must demonstrate that the on-site facilities will remain in place for a period of time equal to the payback period. For the purposes of this policy only, the payback period is the period of time it takes for the City's annual property tax revenue generated by the project to equal the amount of fee waived.
3. Any developer or applicant may request a waiver of all or part of the remaining fee-in-lieu after a credit is agreed upon. Waiver requests shall be considered on a case-by-case basis and shall be approved at the discretion of City Council with consideration given to the following criteria:
 - a. The project implements the housing goals and objectives of the Comprehensive Plan.
 - b. The applicant demonstrates to the satisfaction of City Council that payment of the fee makes the project economically infeasible.
 - c. The development is located within the prescribed service area for an existing pocket, neighborhood, or community park as indicated in the Parks and Recreation Master Plan.

- d. Existing City or School District recreational facilities in the vicinity of the project that are likely to be used by the residents of the project will not be overburdened.
- e. The project provides public spaces, landscaped areas, or streetscape elements beyond that required by ordinances of the City.

Draft



Memorandum

City Manager's Office

TO: Mayor Penn and Members of City Council

THROUGH: Gary Sears, City Manager
Michael Flaherty, Deputy City Manager
Alan White, Community Development Director

FROM: Darren Hollingsworth, Economic Development Manager ✕

DATE: August 15, 2012

SUBJECT: Business Summit Update

This memorandum is to provide Council with a brief update and status report about the upcoming Business Summit, which is tentatively being scheduled for 21 February, 2013. This date is subject to Council approval and concurrence. The proposed agenda involves sessions with the economic development experts, a networking opportunity, an educational opportunity, an opportunity for Council to recognize businesses, and a facilitated discussion to get a pulse on the business community.

Working Agenda

7:15 – Networking and Continental Breakfast
7:45 - Opening Remarks
8:00 – Plenary Session – Tom Clark (**Confirmed**)
8:45 – Economic Outlook – Patty Silverstein (**Confirmed**)
9:30 – 10:15 – break
10:15 to 11:00 - Breakout 1: Energy Efficiency for Business
10:15 to 11:00 - Breakout 2: Social Media – S. Metro Denver Chamber of Commerce
11:00-11:45 Business Forum – business Owner Q&A (facilitated discussion)

Following the August 6 Council study session, staff contacted Patty Silverstein and Tom Clark's office to confirm their interest and availability to attend the Business Summit. Next steps are to receive feedback and direction from Council about the proposed breakout sessions and concurrence on the remainder of the agenda. Space for the event is limited to approximately 150 attendees; therefore, we anticipate utilizing an on-line registration for participants. Staff is seeking direction and concurrence about the date of the event, which is being proposed for the third Thursday in February or February 21. There will be efforts to market the event through the Citizen Newsletter, City website, Greater Englewood Chamber of Commerce, and South Metro Denver Chamber of Commerce.