



ADMINISTRATION MEMORANDUM

12-06

DATE: February 23, 2012

TO: Honorable Mayor Joyce Downing & City Council Members

FROM: William Simmons, City Manager 
Debbie Tuttle, Economic Development Manager 

SUBJECT: CR-24 - Business and Development Assistance & Incentive Policy Approval

RECOMMENDATION

Staff recommends approval of Resolution CR-24, which, if approved, would authorize the City Council and NURA to use the attached Business and Development Assistance and Incentive Policy and applications for business requests for financial support and assistance.

BACKGROUND

This policy is meant to define specific incentive and assistance programs that the City and NURA have available to assist businesses. As well as outline the roles each play in determining if a specific incentive or assistance program may be awarded to a project. The goal from the development of this policy and documents is to establish a formalized method and criteria for reviewing and determining business incentives.

Attached to this memorandum is the final draft of the Business and Development Assistance and Incentive Policy to be utilized by both the City and NURA for evaluating and submitting financial assistance and support. A second draft was presented to both Council and NURA in February for review and comments.

STAFF REFERENCE:

If Council members have any comments or questions, they may contact Debbie Tuttle at 303.450.8743 or dtuttle@northglenn.org.

Attachments:

1. Business and Development Assistance & Incentive Policy – Attachment A
2. Application Form – Over \$1 Million - Attachment B
3. Application Form – Under \$1 Million – Attachment C
4. Business Incentive Flow Chart – Attachment D

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-24
Series of 2012

Series of 2012

A RESOLUTION ADOPTING A BUSINESS AND DEVELOPMENT ASSISTANCE AND INCENTIVE POLICY FOR THE CITY OF NORTHGLENN, COLORADO

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Business and Development Assistance and Incentive Policy, attached hereto as Exhibit A, is hereby approved by the City Council of the City of Northglenn, Colorado.

DATED, at Northglenn, Colorado, this _____ day of _____ 2012.

JOYCE DOWNING
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney



Business and Development Assistance & Incentives Policy



The City of Northglenn recognizes the value of providing business assistance and support to companies locating in the City, and to encourage the expansion of existing businesses. The City of Northglenn and the Northglenn Urban Renewal Authority (NURA) are partners in the development and redevelopment of the community. The City and NURA have a toolbox of business and development assistance and incentive programs that can be custom fit to support projects. The purpose of business assistance and incentives are to encourage the recruitment, retention, and expansion of Northglenn businesses.

This policy is meant to define specific incentive and assistance programs that the City and NURA have available to assist business either existing in Northglenn or moving to Northglenn. The policy is meant to outline the role both the City and NURA play in determining if a specific incentive or assistance program may be awarded to a project.

The city of Northglenn and NURA will always provide property owners, business owners, and developers with the highest level of predevelopment review in an effort to both inform people of opportunities, and save pre-development dollars. The City also works to streamline and expedite the permitting and planning process in all cases.

The purpose of the Business and Development Assistance and Incentive Policy is to encourage business development:

- Formalize a policy and guidelines for qualifying projects;
- Provide a defined process for granting incentives;
- Create greater efficiency for staff;
- Enhance tools to advance community goals; and
- Give the business community a sense of predictability, and help the business understand what they can and cannot ask for in terms of assistance and incentives.

The Business and Development Assistance and Incentive Policy may be used by any public, private, or non-profit entity seeking business assistance or incentives from the city of Northglenn or NURA.

City Council's and NURA 's roles will be to continue to approve specific partnership terms, using the Policy as a platform for decisions relative to programs and incentives under City Council's authority. Incentives that are able to be executed by both the City Council and/or NURA may be used mutually exclusive of the other as determined independently by City Council or NURA.

As a result of the business and development assistance and incentive policy the City and NURA will be creating a pro-business environment that:

- Enables the private sector to understand the City's and NURA's goals before asking for assistance;
- Reinforces the message that the City and NURA are open to partnerships, but that projects seeking assistance must meet the policies guiding principles and criteria; and
- Streamlines decision-making.

Additional information regarding these programs and the required application(s) can be found at <http://www.northglenn.org/incentives>. Please contact the Northglenn Economic Development department at 303.450.8743 for more details and information regarding applying for business assistance and incentives.

Guiding Principles

Land Use

- Identified existing plans (comprehensive plan, urban renewal plan, etc.);
- Within existing urban renewal area or City priority areas; and/or
- Potential to provide quality and primary jobs.

Financial

- Likely require public sector support (incentives) to develop or redevelop;
- Must be in the decision-making phase;
- Potential to generate increased tax revenues for the City and NURA (all tax revenues);
- Financial assistance is above the existing base negotiated;
- Redevelopment could reduce City costs;
- Area currently experiences decreasing revenues; and/or the
- Formal agreement is executed by applicant and the City/NURA.

Intangibles

- Eliminates adverse conditions (blight);
- Improves community image;
- Trigger spinoff benefits for other properties;
- Redevelopment is timely or urgent;
- Area of expressed community concern;
- Property owner interest in facilitating redevelopment;
- Synergic with other selection criteria; and/or
- Creates a positive return on investment for the City.

General Guidelines for Determining Incentives

These guidelines are for the general purposes of measuring qualified projects. Projects do not specifically need to meet all of these guidelines:

- The financial business incentive is less than the total new revenue (Sales, Use, and Property Taxes) created by the new or expanding company over the approved period of the incentive;
- Brings high quality development to the City that meets or exceeds the minimum architectural standards and/or site design that are set forth in the standards for commercial or residential development;
- Creates or retains quality jobs in the City;
- Retains existing sales tax to the City or creates new sales/use tax for the City.
- Creates new property tax for NURA and the City; and/or
- Creates or retains economic diversity within the City.

Current Incentive Programs by the Northglenn Urban Renewal Authority (NURA)	
N1	<p>Urban Renewal (TIF) - Tax Increment Financing (TIF) is a tool authorized under Colorado State statute by which local governments can publicly finance the rehabilitation or demolition of existing structures, construct or install new streets, utilities, open space and other improvements that serve a public purpose. Expenditures are made within a defined area called an urban renewal area. The tax increment is derived from the difference in appraised value between the year in which the area and TIF was formally established by Council (base year) and each year is in existence, for a period not to exceed 25 years. The increment is generated by real property tax resulting from new construction and increases in market values due to public improvements and redevelopment efforts. The property must be located within the NURA boundaries to be considered for TIF. Incentive levels are based on the amount of new real property taxes created as a result of the project, among additional program criteria.</p> <p style="text-align: right;">Source: C.R.S. 31-25-107(9)</p>
N2	<p>Business Upgrade Assistance Program (BUAP) - This program is available to new or existing businesses in the NURA area. Its purpose is to provide assistance with upgrades necessary related to water, wastewater, and storm water system upgrade costs. The property owner is allowed to receive reimbursement for up to 50% of the cost of the improvement with a maximum reimbursement of \$10,000.</p> <p style="text-align: right;">Source: NURA Resolution: N/09-18</p>
N3	<p>Grants – This program allows NURA to provide funding to meritorious projects for the purpose of business attraction, retention, or expansion. Funding levels are project specific and are based on the discretion of NURA.</p> <p style="text-align: right;">Source: Not formalized in statute or resolution</p>

N4	<p>Tax Exempt Bond Financing - Tax exempt bond financing is to provide long-term financing for select economic development projects. Bonds are issued by NURA and exempt from state and local taxes. Financing levels are based on revenue projections use to repay the bonds.</p> <p style="text-align: right;">Source: C.R.S. 31-25-109</p>
N5	<p>Business Improvement Grant (BIG) – The program offers up to \$12,500 in matching funds to commercial businesses in the NURA boundary areas. The program is intended to improve the appearance of individual buildings, and property lots, as well as the overall look of the city. All improvements must be to areas visible from the public right-of-way.</p> <p style="text-align: right;">Source: NURA Approval Motion 9/21/2011</p>

Current Incentive Programs by City of Northglenn	
C1	<p>Enhanced Sales Tax Incentive Program (ESTIP) - The ESTIP provides for a share-back of up to 75% of qualifying* retail sales tax generated as a result of capital improvements, to local retailers or developers, as reimbursement for capital projects that meet the criteria established as public or public related improvements. New and expanding sales tax producers may apply for an incentive when they are in the decision-making and negotiating phase of locating or expanding in the city. Once the lease is signed, the property is purchased, or the expansion is complete, incentives will not be considered. Incentive levels are based on the amount of new sales tax created above the base negotiated by the City Manager as a result of the project, among additional program criteria.</p> <p style="text-align: center;">Sources: Northglenn Municipal Code: Ordinance 1451, Chapter 5, Article 12</p> <p style="text-align: right;"><u>*Exceptions</u> CR-1730, Ordinance # 1580 (1/2% sales tax for Capital Improvements) CR-127, Resolution #08-118 (1/2% sales tax for water supply) CR-27, Resolution #91-26 (3% sales tax on food for home consumption)</p>
C2	<p>Business Incentive Zone (BIZ) -The city’s Business Incentive Zone is an incentive program designed to attract new businesses and assist existing businesses to expand or renovate within Northglenn. The BIZ, is applicable city-wide, and allows for the abatement of a negotiated amount of qualifying use tax on machinery, furniture and fixtures, and building materials associated with the initial development or redevelopment “project”, and up to 25% of building permits, plan check and inspection fees. The amount of the abatement is based on the amount of new sales tax, use tax, property tax, and/or accommodation tax revenue the city anticipates receiving from the new or expanded business during its first year of operation. A maximum of \$25,000 can be applied for using this program.</p> <p style="text-align: right;">Source: Northglenn Municipal Code: Chapter 5, Article 13</p>

C3	<p>Enterprise Zone (EZ) - Colorado's Urban and Rural Enterprise Zone Act of 1986 established a program to encourage new capital investment and job growth in economically-distressed areas of the state. Companies located in an Enterprise Zone area are eligible for various state income tax credits. The original four-block area in and around the Northglenn Marketplace was included within the city's original EZ in July 1998, and there have been new additions to the Zone which includes the remaining commercial properties in Northglenn</p> <p style="text-align: right;">Source: C.R.S. 39-30-101 through 109</p>
C4	<p>Residential Rates for Businesses at Recreation Center – Employees of Northglenn businesses are eligible to purchase a Resident ID card or Pass. Employees only need a photo ID and proof of employment at any Northglenn business.</p> <p style="text-align: right;">Source: Program not formalized in City code</p>
C5	<p>County - State legislation allows cities and counties to negotiate corporate property tax rebates. The county may provide up to 50% of property taxes (and real taxes if located within the Enterprise Zone) for the first four years for qualifying new and expanding primary employers. The County requires a match from the City to participate in this incentive program.</p> <p style="text-align: right;">Source: HB 02-1399 - Colorado Urban and Rural Enterprise Zone Act and House Bill Program not formalized in City code</p>

Current Incentive Programs by NURA and/or/both the City of Northglenn	
NC1	<p>Land Transactions - The City and/or/both NURA may assist developers with land acquisition and assemblage for qualified projects in targeted priority areas.</p> <p style="text-align: right;">Source: Program not formalized in City code or with NURA resolution</p>
NC2	<p>Infrastructure Cost Participation - The City and/or/both NURA may elect to participate, either through a formal program or on a case-by-case basis, in the cost of construction and/or maintenance of infrastructure that will support projects and properties.</p> <p style="text-align: right;">Source: Program not formalized in City code or with NURA resolution</p>
NC3	<p>Pedestrian and Roadway Enhancements and Linkages – The City and/or/both NURA may participate in projects that advance this comprehensive plans objective in the form of expending capital for infrastructure and maintenance of public linkages. In the context of the priority investment areas, public improvements are considered to encompass streetscape and roadway improvements that encourage pedestrian and transit access, as well as public space amenities.</p> <p style="text-align: right;">Source: Program not formalized in City code or with NURA resolution</p>
NC4	<p>Federal and State Grants – On an individual project basis, the City may pursue Federal or State grants that directly or indirectly benefit a development project.</p> <p style="text-align: right;">Source: Program not formalized in City code or with NURA resolution</p>



Business and Development Assistance & Incentives Policy



Development Concept Proposal Request Form Projects Over \$1M in Total Project Cost

Date: _____

Name: _____

Company: _____

Project Name: _____

Ph #: _____

Email: _____

Website: _____

Projects are evaluated based on the following guiding principles and criteria. Projects do not need to follow all guiding principles and criteria; however, more meritorious projects will represent a majority of these principles and criteria. Applicants are encouraged to submit information as to who their project meets the incentive guiding principles and criteria.

Land Use

- Identified in existing plans (comprehensive plan, urban renewal plan, etc.);
- Within existing urban renewal area or City priority areas; and/or
- Potential to provide quality and primary jobs.

Financial

- Likely require public sector support (incentives) to develop or redevelop;
- Potential to generate tax revenues for the City and NURA (all tax revenues);
- Redevelopment could reduce City costs; and/or the
- Area currently experiences decreasing revenues.

Intangibles

- Eliminates adverse conditions (blight);
- Improves community image;
- Trigger spinoff benefits for other properties;
- Redevelopment is timely or urgent;
- Area of expressed community concern;
- Property owner interest in facilitating redevelopment;

- Synergic with other selection criteria; and/or
- Creates a positive return on investment for the City.

General Guidelines for Determining Incentives

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- Brings high quality development to the City that meets or exceeds the minimum architectural standards and/or site design that are set forth in the standards for commercial or residential development;
- Creates or retains quality jobs in the City;
- Retains existing sales tax to the City or creates new sales/use tax for the City.
- Creates new property tax for NURA and the City; and/or
- Creates or retains economic diversity within the City.

Applicant shall submit a conceptual design proposal consisting of the following elements:

1. **Narrative Description of Development Concept:** Provide a narrative description of the development objectives: size, nature and location of the proposed land uses, urban design and architecture. Include specific statements indicating how the Development Concept advances the guiding principles of the City and NURA.
2. **Conceptual Design:** Provide a Conceptual Design which conforms to applicable city of Northglenn codes and standards. The Conceptual Design shall consist of drawings showing elevations and perspectives. Additional descriptions of color, material and size of structures, and landscaping would be appreciated, but are not necessary.
3. **Project Fact Sheet:** The Applicant shall provide a project fact sheet indicating the following data and information (as applicable):
 - a. Gross Building Area:
 - b. Housing (Number of Units and Type):
 - c. Restaurant Space (SF):
 - d. Office Space (SF):
 - e. Retail Space (SF):
 - f. Industrial Space (SF):
 - g. Parking Requirements:
 - h. Building Height:
 - i. Floor Area Ratio:
 - j. Number of Jobs:
 - k. Average Salary:
 - l. Proposed Project Start Date:
 - m. Proposed Project Finish Date:

The Applicant shall provide information in the form of a Simple Summary Pro Forma to indicate the economic basis for the request. The purpose of this information is to demonstrate the economic feasibility of the proposed development and shall be in such detail to indicate such feasibility including all major assumptions concerning costs, income and any economic “gap.” Note: If information to this level of detail is not available, please provide what you have related to your project concept and anticipated costs and revenues.

Confidential
Proprietary Business Information

Project Costs:

Land and Parking Cost:	
Land, xx square feet @ xx:	\$ _____
Parking Costs, xx spaces @\$xx:	_____
Total Land and Parking Costs:	\$ _____
Building Costs (including soft costs and contingency):	\$ _____
Operating Start-Up Costs:	\$ _____
Financing and Carrying Costs:	\$ _____
Total Furniture and Equipment Cost (in Year 1)	\$ _____
Total Projected Sales (in Year 1)	\$ _____
Total Projected Sales Increase Year after Year	_____ %
Capitalized Project Value:	\$ _____
Total Project Cost (@ Build-Out):	\$ _____
Project Margin / Gap:	_____
Project Margin / Gap %:	_____
Amount of Request:	\$ _____

Notes:

1. Building pad sites may be available for sale or long-term lease – please specify at a rate per square foot.
2. Parking costs reflect private sector contribution to parking construction.
3. The number of required parking spaces will vary depending upon the mix of land uses proposed – please explain allocation.
4. Operating costs should include a fee to be charged for maintenance of common areas. Please provide a Common Area Maintenance (CAM) fee estimate in terms of per square foot of gross building area.
5. Economic “gap” equals capitalized project value minus project costs.

For official use only:

Estimated Annual Sales Tax:	\$ _____
Estimated Annual Use Tax:	\$ _____
Estimated Annual Property Tax Increment:	\$ _____
Estimated Annual Return on Investment:	_____ %

Proposed Schedule of Development

Date: _____

Name: _____

Company: _____

Project Name: _____

Ph #: _____

- 1. Initial purchasing and due diligence period:
- 2. Additional period for pre-leasing and due diligence:
- 3. Completion and submission to the Authority of final construction plans for development:
- 4. Completion and submission of construction financing commitment for development:
- 5. Satisfaction of the conditions contained within construction loan commitment:
- 6. Commencement of development of project:
- 7. Completion of construction of project:
- 8. Project economic impacts:

Permanent Employment:

Construction Employment:

Total Annual Income from Permanent Employment:

Total Annual Income from Construction Employment:



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 - e. Retail Space (SF):
 - f. Industrial Space (SF):
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 - h. Building Height:
 - i. Floor Area Ratio:
 - j. Number of Jobs:
 - k. Average Salary:
 - l. Proposed Project Completion Date:



Business and Development Assistance & Incentives Policy

