

**CITY MANAGER'S OFFICE MEMORANDUM
#20-2019**

DATE: March 25, 2019
TO: Honorable Mayor Carol Dodge and City Council Members
THROUGH: Heather Geyer, City Manager *hmg*
FROM: Debbie Tuttle, Economic Development Manager *DT*
SUBJECT: Economic Development Overview & Financing Tools/Incentives

PURPOSE

On Monday, March 25th, City Council will have a special study session at 6 p.m., where staff will provide a high-level overview of Northglenn's Economic Development (ED) goals, strategies, and programs to create a diversified and well-balanced economic base for the sustainability of the city's economic health.

The purpose of the information presentation is as follows:

1. Provide an overview of roles between the ED Division and the Northglenn Urban Renewal Authority (NURA);
2. Overview of ED strategies outlined in the Comprehensive Plan;
3. Describe ED's role, goals and purpose;
4. Provide an ED Primer;
5. Describe how ED efforts support the city's fiscal sustainability, budget and services;
6. Outline city, NURA, county, state and federal financing, incentive and business assistance programs; and
7. Provide examples of five redevelopment projects utilizing a variety of incentive and business assistance programs.

BACKGROUND

The ED Division is part of the City Manager's Office. There are two ED staff members: an Economic Development Manager and an Economic Development Specialist. The division is responsible for attracting new businesses to the city; assisting existing businesses to retain and help them expand, foster job creation and company capital investment, marketing efforts for the business community, and to fulfill Council's ED goals and objectives to create a vibrant, healthy, sustainable and diverse tax base for the city.

The Economic Development Manager also serves a dual staffing role as the Executive Director of the NURA. Additional staffing and services are provided by the city to support NURA. NURA is a special purpose governmental entity created by City Council in 1990. It is governed by a board of commissioners consisting of seven commissioners appointed by the Mayor with the approval of City Council. NURA works with Council to support and achieve their redevelopment goals and guiding policies relative to urban renewal and the elimination of blight.

STAFF REFERENCE

If Council members have any comments or questions they may contact Debbie Tuttle, Economic Development Manager at dtuttle@nothglenn.org or call 303.450.8743.

ATTACHMENTS

1. Economic Development Overview & Financing Tools/Incentives Presentation

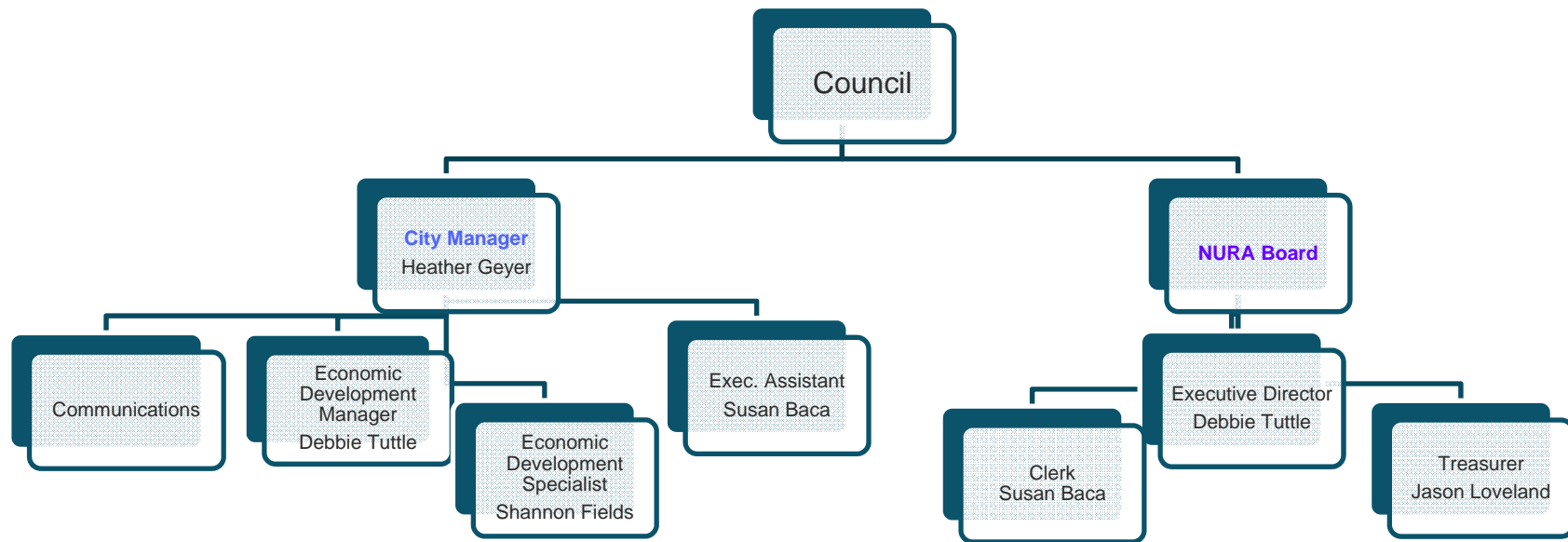


ED 101 & FINANCING TOOLS

Economic Sustainability

March 25, 2019

ED & NURA REPORTING STRUCTURE





WHY IS ED IMPORTANT?

- Attraction of New Businesses
- Retention/Expansion Businesses
- Fosters Job Retention & Creation
- Builds Local Tax Base
- Capital Investment & Wealth Generation
- Supports Community with Retail/Services
- Quality of Life
- Infrastructure Improvements
- Diversified Businesses





WHAT DO I NEED TO KNOW?

- Decide what your community wants & needs
- Understand the changing demographics
- Understand the competition & retail leakage
- Balance between primary & retail businesses
- Understand why a diversified economy is important
- Understand the Tax \$'s
- Understand what is in the “tool box” for incentives & business assistance tools
- Success stories utilizing incentives & business assistance programs



WHAT ARE THE ED STRATEGIES & GOALS?



Imagine Northglenn: The Next 40 Years

Economic Development

section



6A. Economic Development Introduction



COMPREHENSIVE PLAN

ED STRATEGIES

- 6B1: Create a more diversified & well-balanced economic base
- 6B2: Further enhance & solidify the retail sales tax base
- 6B3: Support business retention, expansion & attraction (BREA) to recruit higher waged jobs
- 6B4: Enhance appearance & image of City to attract businesses
- 6B5: Leverage resources of NURA to enhance BREA



ED COMP PLAN

IMPLEMENTATION GOALS (B6)

- Identify underperforming properties (retail)
- Outreach to property owners to identify plans
- Work with development community to promote the city
- Match projects & businesses with properties
- Identify & utilize tools such as NURA.
- Contact property owners for long-term plans



ED COMP PLAN

IMPLEMENTATION GOALS (B6)

- Financial analysis & consideration of incentives
- Consultation with private developers
- Conceptual site/land use plans
- Traffic/density/environmental studies
- Zoning approvals & entitlements
- Marketing & tenant negotiation
- Demolition of existing structures & construction

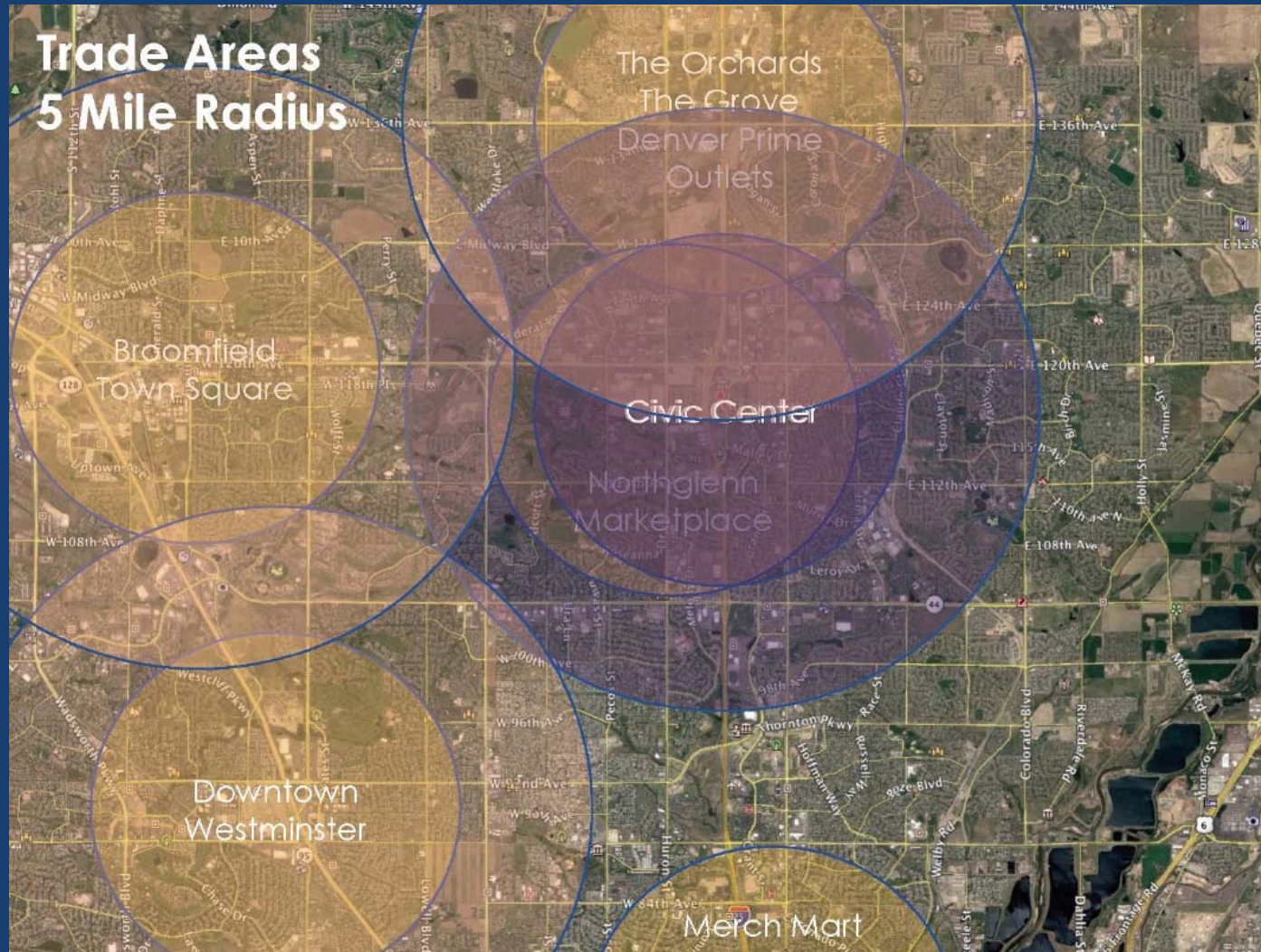


UNDERSTAND THE CHANGING DEMOGRAPHIC TRENDS

Demographics			
	1 Mile	3 Mile	5 Mile
Population	17,776	137,620	326,424
Med. Household Inc.	\$50,455	\$72,035	\$72,801
Median Age	32.4	35.4	34.9
Household Size	2.34	2.62	2.77
% Owner Occupied	49.1%	72.5%	73.9%
Median Home Value	\$193K	\$273K	\$276K

Source: ESRI Community Profile, Sept 2018

UNDERSTAND THE COMPETITION & CHANGING RETAIL MARKET



WHY IS IT IMPORTANT TO BUILD A DIVERSIFIED BUSINESS COMMUNITY?

- New Jobs = New \$'s = New Opportunities
 - Housing
 - Restaurants
 - Stores/Retailers/Services
 - City Services



Gold mine communities thrived, until there was no more gold. Then they became ghost towns.



WHAT IS A PRIMARY JOB?

- Businesses that **produce/export** goods/services for customers **outside** the community
- Bring in **new \$'s** to community
- **Higher paying quality jobs** = More disposal income
- **Job multipliers** – Spin-offs of service/retail support jobs



NEW WEALTH & HIGHER PAYING JOBS



HOW ABOUT RETAIL/SERVICES JOBS?

CIRCULATES SAME



- City's **“Bread & Butter”**
- Responsible for paying for city services
 - Police, Personnel, Infrastructure, Parks & Recreation, etc.
- Lower paying jobs
- Supports community with retail/services



UNDERSTAND THE TAX STRUCTURE

Sales Tax (except food for home consumption) – 8%

- State: **2.9%**
- RTD: **1%**
- SCFD: **.1%**
- Adams County: **.75%**
- Northglenn: **4%**
 - 3% - General Fund
 - 1% - Water Fund



Sales Tax on Food for Home Consumption – 3%

- **100%** - Water Fund
- **Cannot** be used for ESTIP



WHAT OTHER TAXES?

- **Marijuana Tax – 27.75%**
 - State – 17.9 (2.9% + 15%*)
 - County – .75%
 - RTD – 1%
 - SCFD – .1
 - City – 8% (3% + 1% + 4%*)

*Special MJ Tax

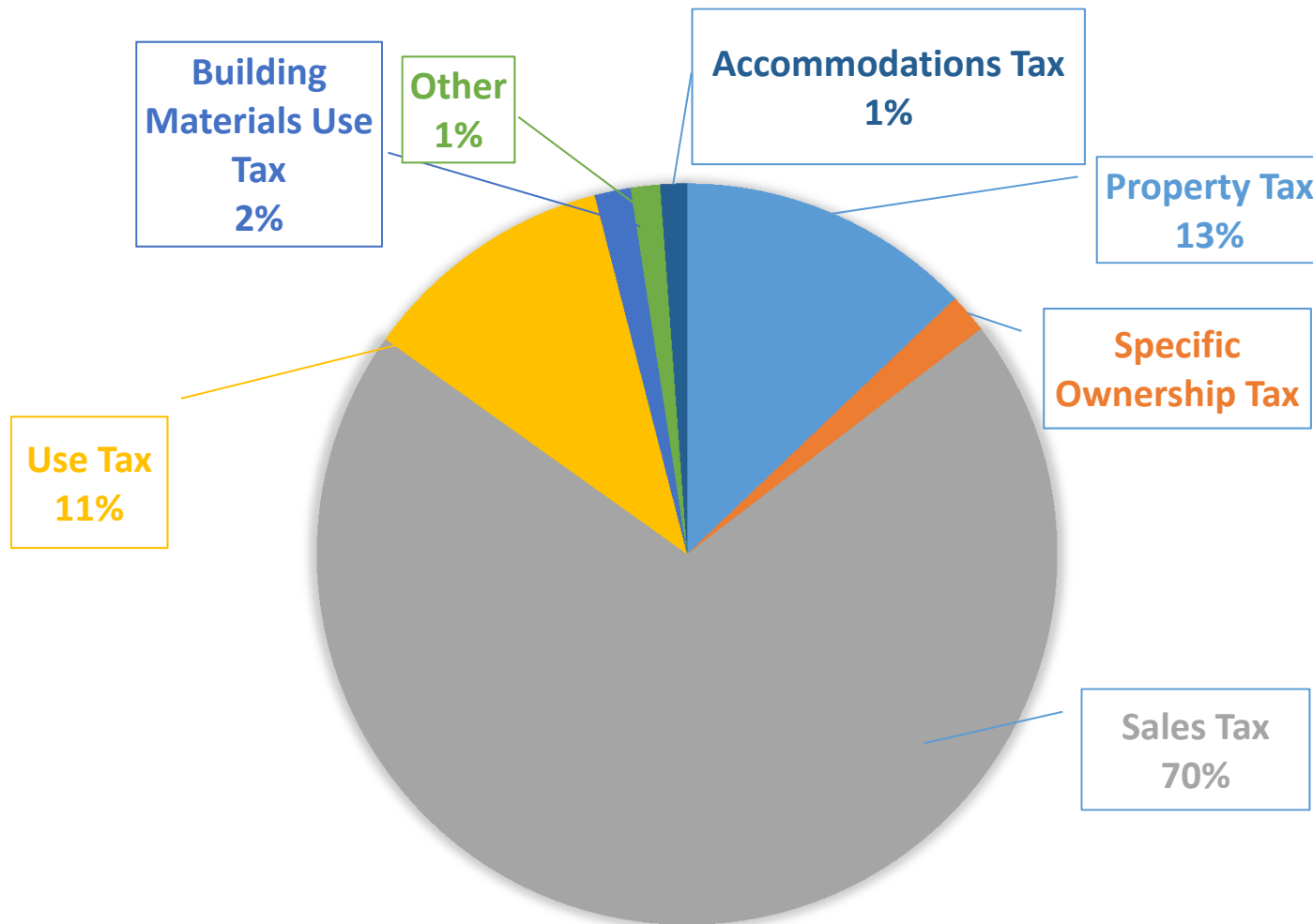
- **Admission Tax – 3%**
- **Accommodations Tax – 7.9%**
 - State – 2.9%
 - City – 5%

- **Use Tax – 8% (FF&E)**
 - State – 2.9%
 - RTD – 1%
 - SCFD – .1%
 - County – 0
 - City – 4%



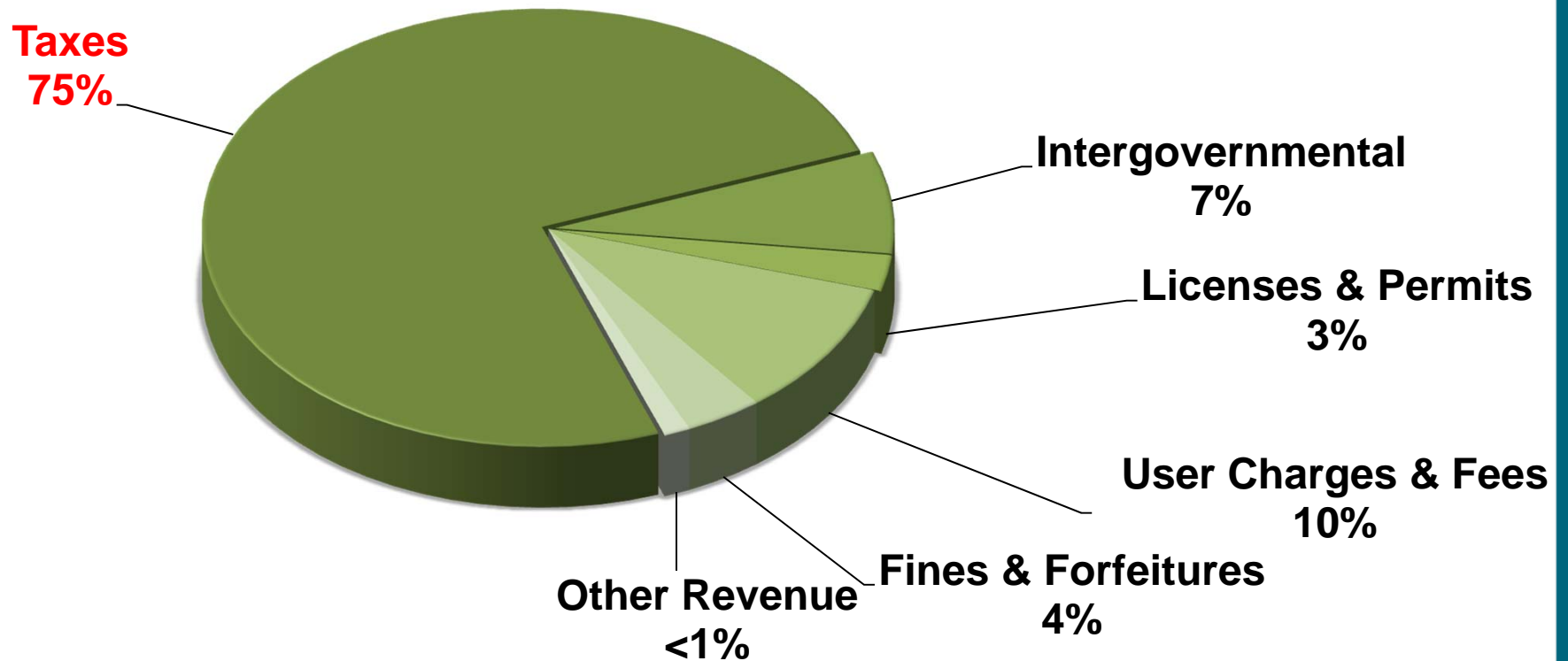


WHERE DO THE TAXES COME FROM?





WHERE DOES OUR OPERATING \$'S COME FROM?

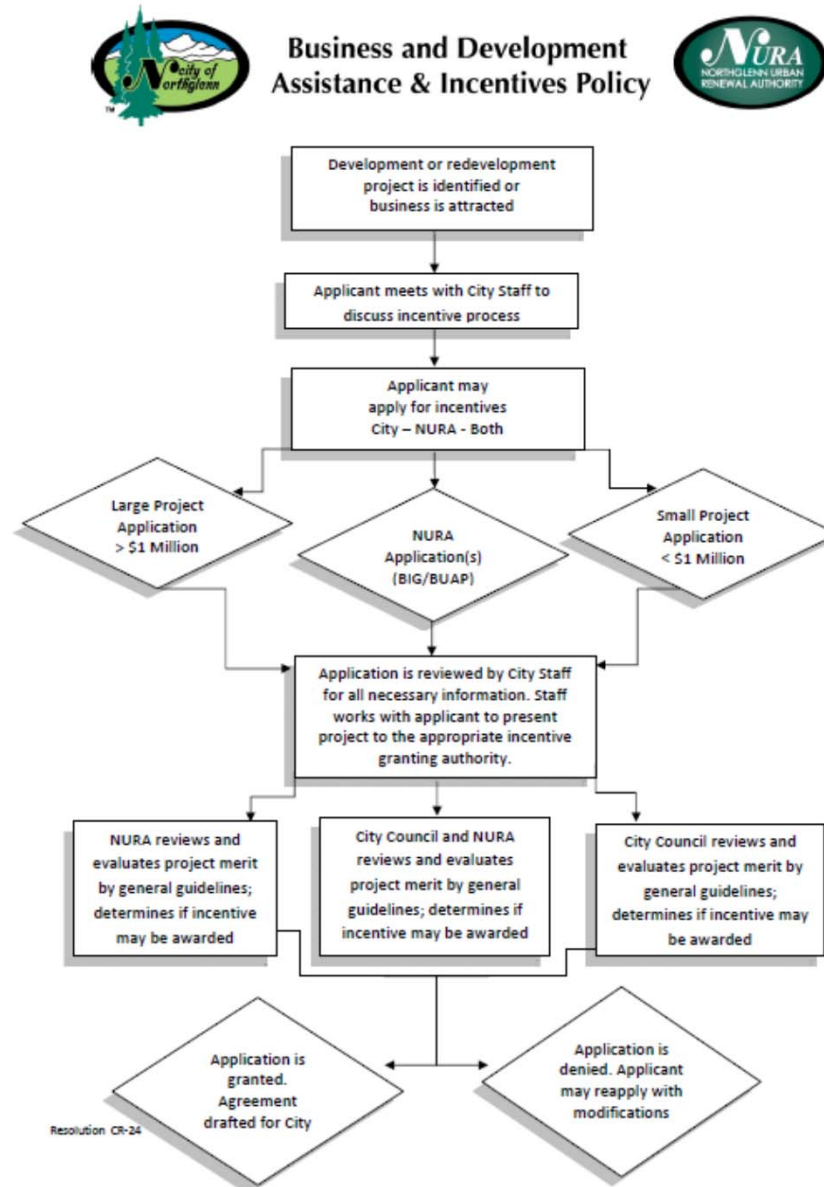


INCENTIVES/BUSINESS ASSISTANCE TOOLS





INCENTIVE FLOW CHART





CITY

INCENTIVES & BUSINESS ASSISTANCE PROGRAMS

- ESTIP – Shared Sales Tax
- BIZ – Waive/Abatements of Fees & Use Tax
- PIF – Public Improvement Fees
- Purchase/Sell & Buy-Down/Donate Property
- Business Assistance Programs
 - Streamlined Dev. & Entitlements
 - DABS
 - Wayfinding
 - Technical Support





NURA

INCENTIVES & BUSINESS ASSISTANCE PROGRAMS

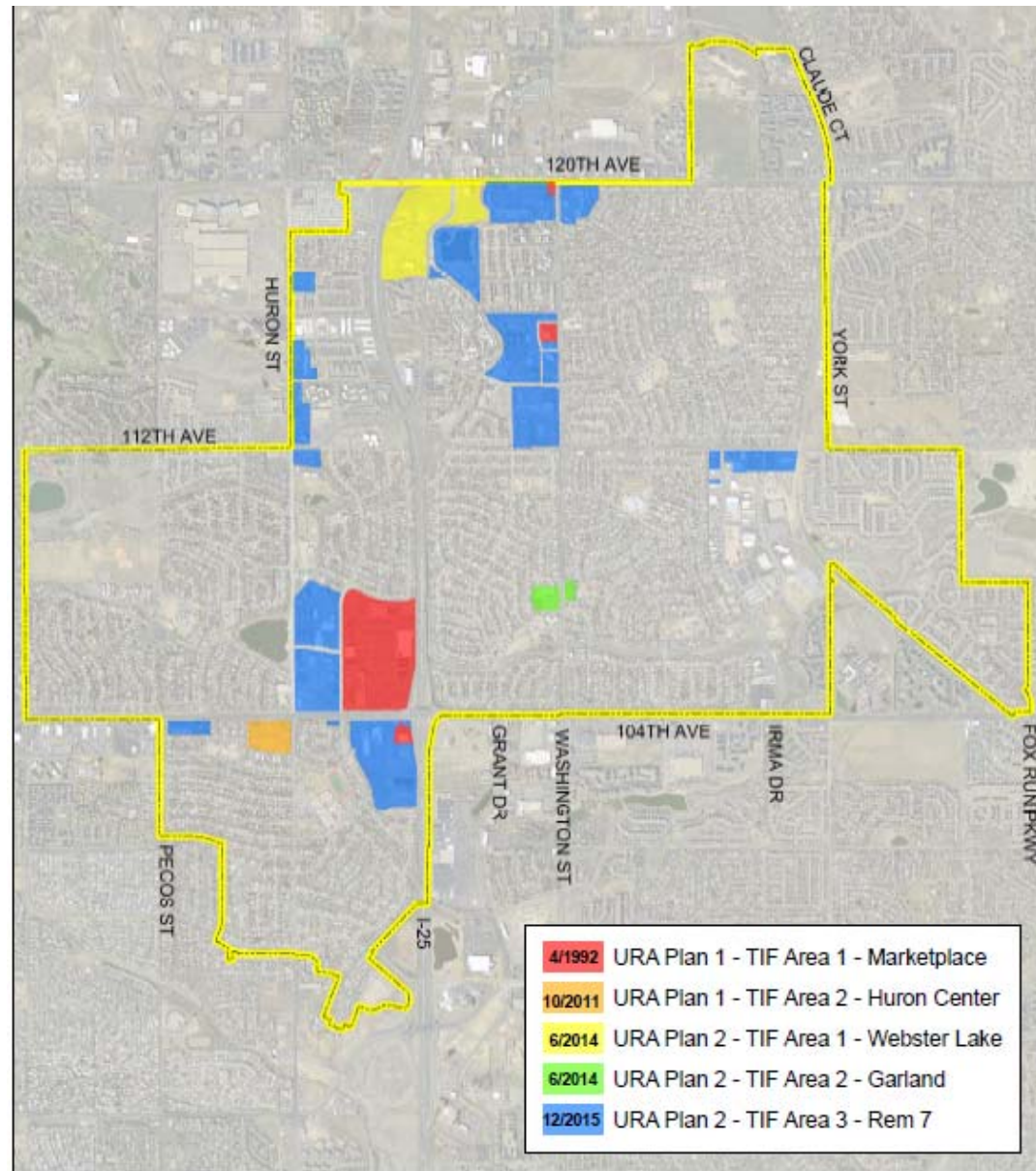
- TIF – Tax Increment Financing
 - Infrastructure/Public Improvements
 - Demo/New Construction/Property Prep & Improvements
 - Environmental Remediation
 - Consulting & Professional Services
 - Purchase/ Sell & Buy-Down/Donate Property
 - And More...
- Bonding
- Grants
 - BIG – Business Improvement Grant
 - BUAG – Business Utility Assistance Grant
- Business Assistance Programs (same as city)





WHERE CAN NURA REINVEST?

85% of
Commercial
Property is
Located in URA

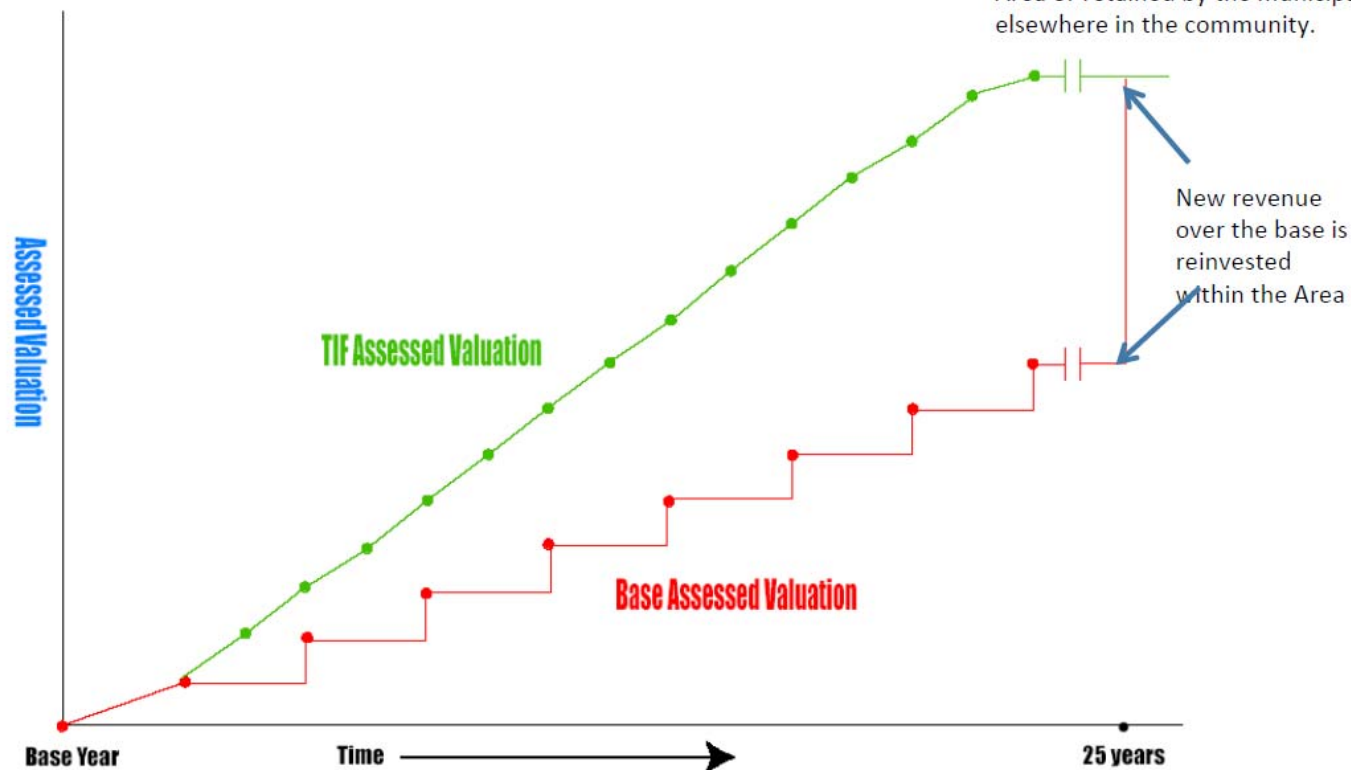




HOW TIF IS CALCULATED

How is TIF calculated?

TIF CHART



Note: If the base value declines, the Authority may not collect any increment until it returns to its original base.

Council will decide if some or all of the sales tax collected in the Area is reinvested in the Area or retained by the municipality for use elsewhere in the community.

Note: NURA is not subject to HB 15-1348

Source: Ricker-Cunningham



HOW DOES NURA REINVEST?



NORTHGLENN URBAN RENEWAL AUTHORITY

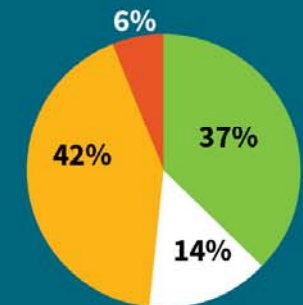
In 2018, NURA issued 16 business grants and incentives totaling \$1,705,517. This leveraged \$12.4 million in private commercial property improvements.

Since 2005, 129 business grants and incentives have been awarded for a total amount of \$17.3 million.

Reinvestment by Project Category 1995-2018

Property Preparation & Land Acquisition	15,339,067	■
Infrastructure Improvements	\$5,845,383	■
Business Incentives	\$17,322,141	■
Consulting & Studies	\$2,478,270	■

Total \$40,984,861





COUNTY & STATE FINANCING TOOLS

County

- **Adams County & ACED Incentives** (primary employers)
 - 100% Property Tax Rebate for up to 10 years/Local Match Required
- **Adams County Micro Loan** – Up to \$50,000

State

- **Colorado Enterprise Zone**
- Colorado Enterprise Fund – Up to \$1 Million
- **Colorado FIRST** – Job Training \$800 per employee
- Colorado Block Dev. Grant (CBDG) Business Loan Funds
- Colorado Capital Access & Colo. Housing Finance Authority





FEDERAL FINANCING TOOLS

- Economic Development Administration (EDA)
- **Small Business Development Administration (SBA & SBDC's)**
- **Environmental Protection Agency (EPA)**
- Housing & Urban Development (HUD)
- Department of Agriculture (USDA)
- Community Development Financial Institutions Fund (CDFI)
- Industrial Development Bonds (IDBs)
- Other





DEALS TAKE **VISION**, **PATIENCE** & **TAKING RISK**



EVERY DEAL IS DIFFERENT!



EVALUATING A DEAL

Evaluation Tools

- Public/Private Partnership
- Leverage Private \$'s to Fill Gap
- Pro-Forma's
- Technical & Construction Documents
- Market Analysis
- Gap Analysis
- Studies
- Evaluate ROI
- Other

Measuring Success

- **Performance Based**
- Job Creation
- Capital Investment
- Increase Tax Base
- Eliminate Blight
- Retention & Attraction of Businesses
- Meet Community Needs
- Improved Infrastructure
- Other ED Spin-Off Benefits
- ROI
- Other

CITY/NURA/DEVELOPER DEALS





CITY/NURA/DEVELOPER MARKETPLACE #1 DEAL

INCENTIVES

- City advanced **\$2.21 M** to NURA to acquire Sears
- ESTIP - **\$11.789 M** (50%-10 years)
- NURA **\$5.1 M Improvements**

ROI

- **\$19.191 M** Developer Investment
- **\$31.4 M** TIF Revenue
- **\$78.4 M** Retail Taxes (2000-2018)
- Increased Use & Property Taxes
- New Jobs, Services, Retailers, Restaurants
- Spin-Off Development
- Elimination of Blight





CITY/NURA/DEVELOPER WEBSTER LAKE DEAL

INCENTIVES

- Buy-Down on Land (NURA/City) – **\$3 M**
- ESTIP – **\$1.4 M** for 7 Years (50%)
(Paid in Full in 3 Years and 3 Mo. - Instead of 7 Years)
- NURA – **\$3.2 M** for Infrastructure
& Roadway Improvements



ROI:

- **\$20 M** Developer Investment
- New Jobs, Taxes, TIF, Capital Investment & Tenants
- Elimination of Blight
- Spin-Offs – SCL & Carrick Bend
- Elimination of Blight

NURA/DEVELOPER DEALS





NURA/DEVELOPER GARLAND CENTER DEAL

INCENTIVES

- Assembled Property **(\$1.75 M)**
- Property Buy-Down **(\$1.5 M)**
- Environmental Clean-Up **(\$100K)**

ROI

- **\$2.8 M** Developer Investment
- New TIF & Tax Revenues
- New Jobs
- New Services, Grocer & Pharmacy
- Spin-Off Development
- Elimination of Blight





NURA/DEVELOPER HURON CENTER DEAL

INCENTIVES

- NURA Purchase Property **\$1.6M**
- Sold Property **(\$82K)**
- NURA Investment **\$3.35 M**

ROI:

- **\$13.5 M** Investment
- New TIF \$ & Taxes
- New Stores/Restaurant
- Capital Investment
- Improved Infrastructure
- Retention of Tenants & New Jobs
- Elimination of Blight





NURA/DEVELOPER MARKETPLACE #2 DEAL

INCENTIVES

- **\$8 M** – NURA Incentive
- 4 Years

ROI

- **\$75 M Investment**
- New Taxes
 - Sales, Use, Property & Admission (No New TIF \$'s)
- New Capital Investment
- Retention of Tenants & Jobs
- New Tenants & Jobs
- Elimination of Blight





QUESTIONS?



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& NURA Executive Director

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