

# Strategic Incentive Program Worksheet

**Make rebate check payable to:**

**Property Owner:** DIA Tech Center Hotel I, LLC

**Address:** DIA Tech Center - 88th & Tower Road

**Strategic Incentives for Prospective Business**

Business is not currently operating/does not own property/is not under contract for property in Commerce City

Business is in the following targeted industry:

- Advanced Manufacturing
- Business & Professional Services
- DIA Technology
- Logistics & Distribution
- Retail/hospitality/Leisure

50 % Rebate of sales and/or use tax for non-construction capital improvements

Est. Value of Fixed Assets	\$	1,100,000	
Est. Sales and/or Use Tax	\$	38,500	(3.5% of Est. Total Value)
	\$	19,250	( <u>50</u> % of sales and/or use tax)

10 % Rebate of sales and/or use tax for construction capital improvements

Est. Value of New Construction	\$	5,350,000	
Est. Taxable Value of New Construction	\$	3,210,000	
Est. Sales and/or Use Tax	\$	112,350	(3.5% of Est. Total Value)
Est. Sales &/or Use Tax Rebate Amount	\$	11,235	( <u>10</u> % of sales and/or use tax)

50 % Rebate of City Fees associated with capital improvements

Est. Building Permit Fee	\$	21,486	
Est. Plan Check Fee	\$	13,966	
Total Est. Fees	\$	35,452	
Est. Fee Rebate Amount	\$	17,726	( <u>50</u> % of fees)

**Job Creation Incentive** (Average county wage is: \$42,173)

# of new jobs created above avg. wage	8	
	x \$500	
	<u>4000</u>	

# of new jobs created above avg. wage, to be filled by Commerce City residents	0	
	x \$1,000	
	<u>0</u>	

Est. Prospective Business Incentives \$ 52,211.16

**X Strategic Incentive - Rebate of Lodging Tax**

Estimated Annual Lodging Tax Revenue

1st Year	\$90,209.31
2nd Year	\$ 92,013.50

Total Estimated Lodging Tax Rebate **\$182,222.81**

**Total Est. Amount of Strategic Incentive:**

**\$ 234,434**

**Notes:**

Property owner is considering partnership with an experienced hotel developer for a 92-room national flagship select service hotel. Project is still being considered and there is not yet a contract for the development of this project on the property.

An existing Annexation and Development Agreement on the property requires a rebate/share back to the developer, DIATC, LLC, of fifty percent (50%) of the sales and use tax remitted to the City on construction materials used in the construction of vertical structures for any allowed use within Planning Areas 8 and 9. This project would be developed in Planning Area 8 of the development. As a result, the Economic Development division recommends approval of a 10% rebate of the sales and use tax remitted to the city for construction capital investment, a 50% rebate of the sales and use tax remitted to the city for non-construction capital investment, and a 50% rebate of the building permit and plan check fees.

The company expects to create 24 jobs, eight (8) of which are expected to pay above the county average wage. This is reflected above. The actual number of jobs created paying above the county average wage, and any of those jobs that may be filled by Commerce City residents, will be determined at a later date. The actual job creation incentive will be determined at a later date, based on the actual number of jobs created.

The Tax on Hotel and Motel Room and Accommodation Services (a.k.a. Lodging Tax) was adopted as Ordinance 1710 on December 17, 2007, following approval of Commerce City ballot Issue 2A. The tax is to be used for economic development, marketing and parks and recreation. There are currently four (4) motels in the city subject to this tax.

To help offset startup costs for the hotel and stabilize operations, the applicant has requested the city rebate the lodging tax for the first two years (24 months) of operation. This request is supported by Economic Development for the following reasons: 1) the project provides significant ongoing sales and use tax revenues and creates jobs; 2) the project will be the first of its kind in the city and meet a community need for lodging; and, 3) hospitality is a target industry for the city. The above estimate is based on average hotel occupancy rates and room rates for hotels in the Tower Road corridor, and assumes 2% annual growth. The incentive paid will be based on actual Lodging Tax revenues remitted to the city. The lodging tax rebate will be capped at the lesser of \$200,000 or 24 months at the current lodging tax rate of 4.0%.

Additional ongoing city tax revenues will be generated through food and beverage sales at the hotel's restaurant and bar, and through the sales and use tax for the ongoing operations and maintenance of the hotel. Estimated ongoing city annual tax revenue is estimated to exceed \$200,000.

At this point, the developer is planning for Bronze LEED certification for the construction and FF&E.

