



COMMERCE CITY ECONOMIC DEVELOPMENT DIVISION
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Exhibit A

BUSINESS INCENTIVE PROGRAM

PROGRAM PURPOSE & DESCRIPTION:

This program was designed to incentivize Existing and Prospective Businesses in Commerce City's targeted industries for the purpose of encouraging capital improvements in the community, creating new jobs and attracting new businesses in order to continue the City's growth as an economically sound, quality community. The term "capital improvements" only includes projects that are depreciated according to IRS rules and regulations.

ELIGIBILITY:

Existing and Prospective Businesses in Commerce City's five targeted industries, located or planning to locate within the City, are eligible to apply for incentives under the categories listed below. Applications from existing businesses that are not classified as a targeted industry will be considered on a case-by-case basis.

Commerce City's five targeted industries are:

- Advanced Manufacturing
- Business and Professional Services
- Denver International Airport (DIA) Technology
- Logistics and Distribution
- Retail/Hospitality/Leisure

INCENTIVE CATEGORIES:

Existing Businesses

Existing Commerce City businesses in one of the City's five targeted industries that plan to invest in new or replacement capital improvements (*i.e.*, expansion, equipment purchase, etc.) are eligible to apply for the following:

- A 10% rebate of the sales and use tax remitted to Commerce City for the specific capital improvement.
- A 50% rebate of City fees associated with the specific capital improvement. City fees include building and plan check fees or other as determined. Impact and development fees are **excluded** from this rebate.
- An additional 10% rebate of Commerce City sales and use tax and City fees associated with the specific capital improvement may be approved if Commerce City vendors/contractors are used to provide the new equipment or make the capital improvements. Supporting documentation, such as copies of invoices, receipts and/or contracts must be provided upon request.

Applications must be submitted by December 31, 2012, and capital improvements, including construction, must be started within 18 months of notification of approval of the incentives, unless otherwise approved. Incentives totaling more than \$50,000 must be approved by the City Council. All other incentive requests will be approved administratively. Rebates of sales and use tax and fees will take place after an audit confirming the value of the capital investment has been completed. The extent and timing of such audit will be determined by the Commerce City Finance Department. To enable the City to complete an audit of the project, the applicant may be required to provide additional documentation to the City.

Job Creation - Existing Businesses planning to hire additional employees in conjunction with the capital improvement are eligible to apply for the following:

- A \$500 tax rebate per new job created earning above the Adams County average wage; or
- A \$1,000 tax rebate per new job created earning above the Adams County average wage that is filled by a Commerce City resident.

Adams County Average Wage is \$42,173/year. New jobs must be filled within 12 months from notification of approval of the incentive. The job creation incentive will be paid once an employment audit is completed. The audit will be conducted approximately 12 months after notification of approval of the incentive. New jobs must be maintained for at least 24 months from position start date, and another audit will be performed to ensure the job(s) created were maintained for the mandatory 24-month

period. The business will be required to return to the City any monies received as job creation incentives for any job that is not maintained for the required 24-month period.

Prospective Businesses

Prospective Businesses in one of the City's five targeted industries are those businesses that are considering investing in Commerce City and are eligible to apply for the following:

- A 10% rebate of the sales and use tax remitted to Commerce City for the specific capital improvement.
- A 50% rebate of City fees associated with the specific capital improvement. City fees include building and plan check fees or other as determined. Impact and development fees are **excluded** from this rebate.
- An additional 10% rebate of Commerce City sales and use tax and City fees associated with the specific capital improvement may be approved if Commerce City vendors/contractors are used to provide equipment or make capital improvements.

Applications must be submitted by December 31, 2012 and capital improvements, including construction, must be started within 18 months of notification of approval of the incentive(s), unless otherwise approved. Prospective Businesses, including new retail operations that are leasing existing space must be open within 18 months of notification of approval of the incentive(s), unless otherwise approved. Incentives totaling more than \$50,000 must be approved by the City Council. All other incentive requests will be approved administratively. Rebate of sales and use tax and fees will take place after an audit confirming the value of the capital investment has been completed. The extent and timing of such audit will be determined by the Commerce City Finance Department. To enable the City to complete an audit of the project, the applicant may be required to provide additional documentation to the City.

Prospective Businesses that plan to create new jobs in Commerce City in conjunction with capital improvements are eligible to apply for the following:

- A \$500 tax rebate per new job created earning above the Adams County average wage; or
- A \$1,000 tax rebate per new job created earning above the Adams County average wage that is filled by a Commerce City resident.

Adams County Average Wage is \$42,173/year. New jobs must be filled within 12 months from notification of approval of the incentive. The job creation incentive will be paid once an employment audit is completed. The audit will be conducted approximately 12 months after notification of approval of the incentive. New jobs must be maintained for at least 24 months from position start date and an audit will be performed to ensure the job(s) created were maintained for the mandatory 24-month period. The business will be required to return to the City any monies received as job creation incentives for any job that is not maintained for the required 24-month period.

PLEASE NOTE: To be eligible to apply/receive this incentive, Prospective Businesses must provide to the City a signed letter of intent with a landlord or a property owner to lease or purchase space for the Prospective Business. Businesses that, at the time of application, have signed a lease or have closed on a property are considered Existing Commerce City Businesses and are not eligible for incentives under the Prospective Business or New Sit-Down Restaurant categories.

ADDITIONAL INCENTIVES:

New Sit-Down Restaurants

Prospective Businesses classified as a Sit-Down Restaurant, in addition to being eligible to apply for the incentives identified above for Prospective Businesses, are eligible to apply for the following:

- A 50% rebate of the City sales tax received from the business for the first and second years that the business is in operation. Sit-Down Restaurants include: fine dining, casual/family dining and quick service restaurants (QSR). New retail operations that are leasing existing space must be open within 18 months of notification of approval of the incentive, unless otherwise approved. Rebates will take place on an annual basis. **Rebated funds shall be used only for one or more of the following:**
 - Marketing of the business
 - Capital improvements (*e.g.*, equipment purchase, etc.)
 - Operational enhancement (*e.g.*, new products, etc.)
 - Lease or mortgage offsets

Businesses will be required to provide documentation to the City identifying expenditures of incentive funds. In the event a business receiving "New Sit-Down Restaurant" incentive funds fails to spend such incentive funds, and provide supporting documentation, as required herein, the Business shall be obligated to return all such incentive funds and may be subject to revocation of any other incentive approval(s).

Green Businesses & Green Building Practices

Existing or Prospective Businesses considered part of the Renewable Energy industry are eligible to apply for the following:

- An additional \$100 tax rebate per job created earning above the Adams County average wage.

All other provisions of the job creation incentive, identified above under Existing Businesses or Prospective Businesses, apply. The City reserves the right to determine what is considered a business in the Renewable Energy industry.

Existing or Prospective Businesses that are building “Green” or making a significant capital investment in energy efficient equipment may be eligible to apply for the following:

- An additional 15% rebate of the sales and use tax remitted to the City for the specific capital improvement.
- An additional 10% rebate of City fees associated with the specific capital improvement. City fees include building permit and plan check fees or other as determined.

All other provisions for capital investment incentives, as identified above under Existing Businesses or Prospective Businesses, also apply. The City reserves the right to determine what is considered “Green.”

Strategic Incentives

Projects that, in the opinion of the Economic Development Division, tend to forward the overall goals of the Economic Development Strategic Plan or meet a particular community need may apply for Strategic Incentives. Projects qualifying for Strategic Incentives may be characterized by one or more of the following:

- Existing or Prospective Businesses that create more than 50 permanent jobs
- Existing or Prospective Businesses that plan to make a significant investment in capital improvements. A significant investment is generally recognized as an investment of \$5,000,000 or more
- Projects likely to have a significant economic development impact on the community or meet a specific community need
- Projects likely to meet goals of the Commerce City economic development strategic plan
- Projects that, in the City’s sole determination, are likely to serve as a catalyst for additional development of an area or for business growth and retention. Catalyst projects are generally recognized as those where atypical infrastructure improvements are required.

The determination as to whether a project qualifies for Strategic Incentives is solely within the City’s discretion. Strategic incentives are negotiated on a case by case basis and may be considered for:

- Accelerated development review
- Sales/use tax rebates to the Existing or Prospective Business in excess of the rebates identified above
- For Catalyst incentives –
 - 10% rebate of sales and/or use tax payments made to the city;
 - For up to 5 years or until the actual cost of the required infrastructure improvements has been rebated, whichever occurs first.
 - In the event atypical infrastructure improvements are required, the Incentive will be paid to the entity responsible for construction of such improvements.