

2013 Commerce City Business and Development Incentives Program

Following is an overview of the incentive program. Additional information for each program category is provided on the relevant application.

The goal of the incentive program is to:

- Positively impact all facets of the Commerce City economy
- Create jobs
- Encourage existing businesses to make new capital investment
- Spur new office, industrial, and residential development and growth
- Encourage new opportunities for people to work, live, and play in Commerce City
- Create new retail opportunities that reduce retail leakage
- Grow the city's target industry sectors.

Program details:

- Applications for incentives will be accepted beginning January 1, 2013.
- All applicants MUST apply for and receive approval for incentives prior to beginning the capital investment. The Economic Development manager has the authority to consider and process late applications for submittal. The City will notify the applicant of approval or denial in writing. Approval letters must be signed by the applicant or authorized representative and returned to the City before incentives will be awarded.
- New capital investments, including construction and/or purchase of new equipment, must be started within 18 months of notification of approval, unless otherwise agreed to by the City in writing.
- New retail operations that are leasing existing space must be open within 18 months of notification of approval of the incentive, unless otherwise agreed to by the City in writing.
- New jobs must be filled within 12 months of notification of approval of the incentive, or, when the capital investment involves construction, within 12 months of issuance of a temporary certificate of occupancy or certificate of occupancy, in which event, only non-temporary jobs created in furtherance of the business's ongoing operations and located at, or based out of, the business's location within the City will qualify for the Job Creation incentive.
- For Commerce City resident Job Creation incentives, the employee must be a Commerce City resident at the time such person applies for employment with the business. Job Creation incentives will not be provided for employees who become Commerce City residents after being hired for the position.
- Applicant must notify City of completion of incentivized activity (completion of capital improvement and creation of jobs) and submit supporting documentation within 60 days after completion.

- The required supporting documentation will be identified in the approval notification letter. Supporting documentation may include, but not be limited to:
 - Temporary Certificate of Occupancy or Certificate of Occupancy and Building Permit receipt
 - Payroll roster or other documents
 - Copies of invoices, receipts and/or contracts with Commerce City vendors/contractors
 - Failure to notify the City and provide such documentation as required may result in a waiver of the incentive payment approved, and the City shall be released from its obligation to pay the relevant portion of the incentive.
- New Sit-Down Restaurants must notify the City of opening date within 30 days of first day of business.
- Prospective businesses may be required to provide a signed letter of intent with a landlord or a property owner to be eligible to apply for incentives.
- Prospective businesses that have signed a lease or have closed on a property are considered an Existing Commerce City Business and are not eligible for incentives under the Prospective Business or New Sit-Down Restaurant categories.
- Businesses in one of Commerce City's Targeted Industries are eligible to apply for Existing or Prospective Business incentives. Applications from existing businesses that are not classified as a target industry may be considered on a case-by-case basis for Strategic Incentives. Commerce City's Targeted Industries are: DIA Technology, Retail/Hospitality/Leisure, Business and Professional Services, Logistics and Distribution, and Advanced Manufacturing.
- Commerce City's top retail need is Sit-Down Restaurants. Sit-Down Restaurants include: fine dining, casual/family dining and quick service restaurants (QSR).
- Adams County Average Wage is \$44,730 (excludes benefits, commissions and overtime).
- Sales and/or use tax, job creation and fee rebates exceeding \$50,000 in total to any one business will be approved by City Council. All other incentives are approved administratively.
 - Exception: Incentives for New Sit-Down restaurants in excess of \$50,000, but not exceeding \$100,000, may be approved administratively if the estimated incentives for sales and/or use tax and fee rebates on capital investment and job creation are less than \$50,000, and it is only the estimated rebate of sales tax on ongoing business operations that pushes the total amount of incentives over \$50,000. All incentives approved under this exception remain subject to payment and audit provisions.
- All capital investment and job creation incentivized by the City are subject to audit. Applicant agrees to comply with requests for documentation. Failure to

comply within 60 days of written request for documentation shall result in a waiver of the incentive payment approved and City shall be released from its obligation to pay the relevant portion of the incentive payment.

- Unless otherwise approved, rebate of sales and use tax and fees will be provided only after an audit has been completed, closed and paid. The audit will confirm the value of the capital investment and payment of all related fees and taxes. Although the City will attempt to schedule the audit as soon as possible, the extent and timing of the audit will be determined by the Commerce City Finance Department based in part on other audit commitments. Under the City tax code, the audit may be started at any time within three years following the incentivized activity.
 - Rebates are paid according to the following schedule unless otherwise approved in writing:
 - Incentive rebates are processed and paid twice a year in February and August unless otherwise approved –
 - Payments made in February are for completion notifications received and/or audits completed, closed and paid between July 1 and December 31 of the prior year
 - Payments made in August are for completion notifications received and/or audits completed, closed and paid between January 1 and June 30 of the current year
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The 2013 Commerce City Economic Development Incentive Package is broken down into the following incentive groups/categories:

1. Existing businesses within the five targeted industries
2. Prospective businesses within the five targeted industries

Additional incentives are available for:

3. New Sit-Down Eating Places
4. “Green” businesses and “Green” building practices
5. Strategic Incentives - Projects having significant economic development impact on the community

Existing Businesses

Existing Commerce City businesses in one of the City’s five targeted industries planning to invest in any new or replacement capital improvement (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. Impact fees are not eligible for 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.
- Application must be submitted and approved prior to beginning the capital investment.
- Capital investments, including construction and purchase of new equipment, must be started within 18 months of notification of approval of the incentive, unless otherwise approved in writing.
- Rebate of sales and use tax and fees will take place after an audit has been completed, closed and paid. The audit will confirm the value of the capital investment and payment of all related fees and taxes. Although the City will attempt to schedule the audit as soon as possible, the extent and timing of the audit will be determined by the Commerce City Finance Department based in part on other audit commitments.

Existing Commerce City businesses in one of the City's five targeted industries planning to hire more employees/create more jobs in conjunction with capital improvement are eligible to apply for the following:

- A \$500 tax rebate per new job created above the Adams County average wage, and/or
- A \$1,000 tax rebate per new job created above the Adams County average wage that is filled by a Commerce City resident.
- New jobs must be filled within 12 months from notification of approval of the incentive, or, when the capital investment involves construction, within 12 months of issuance of a temporary certificate of occupancy or certificate of occupancy in which event, only non-temporary jobs created in furtherance of the business's ongoing operations and located at, or based out of, the business's location within the City will qualify for the Job Creation incentive.
- Within 60 days of completion of the 12 month period following notification of incentives approval or completion of construction, applicant must notify City of the actual number of jobs created and submit appropriate payroll records.

Prospective Business

Prospective Businesses include businesses in one of the five targeted industries considering investing in Commerce City or developers considering construction of a new facility for a business in one of the five targeted industries. Prospective Businesses 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. Impact fees are not eligible for 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.
- Application must be submitted and approved prior to beginning the capital investment.
- Capital investments, including construction and purchase of new equipment, must be started within 18 months of notification of approval of the incentive, unless otherwise approved in writing.
- Rebate of sales and use tax and fees will be provided only after an audit has been completed, closed and paid. The audit will confirm the value of the capital investment and payment of all related fees and taxes. Although the City will attempt to schedule the audit as soon as possible, the extent and timing of the audit will be determined by the Commerce City Finance Department based in part on other audit commitments.

New businesses in one of our five targeted industries planning 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 above the Adams County average wage, and/or
- A \$1,000 tax rebate per new job created above the Adams County average wage that is filled by a Commerce City resident.
- New jobs must be filled within 12 months from notification of approval of the incentive, or, when the capital investment involves construction, within 12 months of issuance of a temporary certificate of occupancy or certificate of occupancy, in which event only non-temporary jobs created in furtherance of the business's ongoing operations and located at, or based out of, the business's location within the City will qualify for the Job Creation incentive.
- Within 60 days of completion of the 12 month period following notification of incentives approval or completion of construction, applicant must notify the City of the actual number of jobs created and submit appropriate payroll records.
- Developers are not eligible for job creation incentives.

Additional Incentives

New Sit-Down Restaurant

Prospective retailers classified as a Sit-Down Restaurants, in addition to being eligible to apply for the incentives identified above for a Prospective Businesses, are also 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.
- Rebates will take place on an annual basis. Rebated funds should be used to reinvest in or promote the business.

Green Businesses and Green Building Practices

The City of Commerce City recognizes sustainability as a key component of nurturing Commerce City's long-term environmental, economic and social integrity. These incentives are designed to encourage business owners to include features that help meet particular sustainability goals.

Green Businesses

If the existing or prospective business is considered part of the Renewable Energy industry, it is eligible to apply for an additional \$100 tax rebate per job created above the Adams County average wage. Commerce City reserves the right to determine what is considered a business in the Renewable Energy industry.

The Green Building Program encourages a whole-systems approach through design and building techniques to minimize environmental impact and reduce the energy consumption of buildings while contributing to the health of its occupants.

What is Green Building?

Green building and development is the process by which architects, engineers and building owners design and construct high performance buildings that minimize their impact on the environment while providing benefits to the occupants. Green buildings have a positive impact on many fronts. Not only do green buildings increase energy efficiency and reduce water usage, but a sustainable building increases indoor air quality providing a safer and healthier space for occupants. The benefits of green buildings contribute to higher market values, as opposed to conventional buildings, and have contributed to a boom in sustainable construction over the last decade.

What types of projects are eligible for the Green building Incentives?

Private construction activities that include features that meet energy and resource efficiency, such as the following:

- Green roofs
- Improved building performance rating
- The use of non-polluting and/or renewable on-site energy sources
- Recycling and/or salvaging at least 50% of non-hazardous construction and demolition debris, or utilizing building materials and products.

If the existing or prospective business in one of the City's five targeted industries meets the above criteria for Green building, the business is 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, identified above under Existing Business or Prospective Business, apply.
- **The City will incentivize the increased cost of making a building green.** 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. In certain instances, the entity responsible for constructing of such improvements and the entity or business constituting the Catalyst Project will not be one in the same.

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 in excess of the rebates identified above
- For Catalyst Incentives, a 10% rebate of sales and/or use tax payments made to the City by the business that generated the need for the atypical infrastructure improvements (the “Catalyst Business”)
 - For up to 5 years or until the actual cost of the approved required infrastructure improvements has been rebated, whichever occurs first.
 - The Incentive will be paid to the entity responsible for construction of such improvements.

Please contact the Commerce City Economic Development Division for more information about this program at 303-289-3620 or visit www.c3ed.com