

COMMERCE CITY ECONOMIC DEVELOPMENT INCENTIVES POLICY

The City of Commerce City (“City”) herein establishes its Economic Incentives Policy in order to;

- Focus on achieving action items adopted within the [Economic Development Strategic Plan](#) and [Commerce City Comprehensive Plan](#);
- Incentivize investments that create development;
- Support business growth and high-quality employment; and
- Encourage equitable participation in the local economy and ultimately, a higher quality of life for Commerce City residents.

The City’s Policy is created to help foster further economic investments in the City which likely would not be possible without the incentives provided by the City.

Section 1: Priority Investments. The City has identified the types of investment and locations within the City where investment is a priority. The following should be used to prioritize the application of incentives:

- Grow the City's target manufacturing clusters, including energy and natural resources, bioscience, broadband and digital communication, healthcare and wellness, financial services, IT & software, and food & beverage (see *Economic Development Strategic Plan*)
- Grow the City’s target support industry clusters, including hospitality, entertainment, retail and restaurant development (see *Economic Development Strategic Plan*)
- Incentives will prioritize placemaking improvements unique to targeted geographic areas of Commerce City (see *Economic Development Strategic Plan*)
- Priority geographic areas align with designated Urban Renewal Areas and the State of Colorado designated Enterprise Zone, which includes census block groups designated as distressed areas based on criteria obtained in the federal census

Section 2: Process.

1. Applicants should begin the economic incentive application process by scheduling a pre-application meeting with the City’s Economic Development staff to discuss the project scope and applicability of City resources.
2. City staff will identify the incentives and programs that would likely best fit an applicant’s needs.
3. Upon receipt of a completed application, City staff will evaluate the project and convene a review which will include representatives from Community Development, Finance, City Attorney’s Office and City Manager’s Office to review the project and the requested incentive. Following this review, the developer will be sent either a non-binding term sheet or notification that the incentive request has been declined.
4. Once a term sheet is executed, the City Attorney’s office will prepare an Incentive Agreement for review by the applicant.
5. An incentive agreement will be executed in accordance with the requirements of the Commerce City Charter, Revised Municipal Code and Colorado law.

Section 3: Evaluation Criteria

All Economic Development incentives will be negotiated on a case-by-case basis with consideration of these factors including but not limited to:

Strategic Focus:

- Alignment with the goals of the Comprehensive Plan and Economic Development Strategic Plan goals, in particular the detailed strategies and actions;
- Target industries, support industries and industry concentrations; and
- Top retail targets: sit down restaurants, hotels, anchor retail tenants

Impact:

- Estimated initial and ongoing generation of net new City tax revenues;
- “But for” – To achieve the public purpose advanced by a project and catalyze investment that either would not occur, or would not occur on the same timeline or at the same scope, or would occur outside of the City, but for the addition of the incentive;
- Projects which formally commit to providing community benefits through the negotiated development agreement with the City or community benefits agreement with community stakeholders;
- Amount of new capital investment and proposed square footage;
- The number of new jobs created and the quality of those jobs, including wages and benefits;
- Job training in transferable skills that enhances worker’s resumes and long-term employment opportunities;
- Business conducted with other Commerce City businesses and vendors;
- Green construction or green industry businesses;
- Impacts on infrastructure or other community impacts;
- Catalyst for other development; and
- For lodging tax rebate requests, eligibility factors may also include the number of keys/rooms, the hotel product type, average room price per night, hotel amenities such as meeting space or restaurants and the hotel location and ability to be a catalyst for further commercial development

Considerations: The following are additional considerations for incentives:

- All incentives, regardless of approval method, must be documented in a written incentive agreement approved as to form by the City Attorney’s Office, accompanied by any additional documents as deemed necessary by the City Attorney’s Office;
- Rebates are contingent upon compliance with the incentive agreement throughout the term;
- Development must generate a positive fiscal return-on-investment to the City, with the net present value of projected increased City revenue outweighing the incentive amount by at least 50%, during the term of the incentive, as verified by City staff;
- Incentives are limited to building permit fees, building plan review fees, Commerce City lodging tax, and sales and use taxes (at the 3.5% rate) paid in connection with the

construction, improvement, and equipment of the facility by the company in the City. No other fees or amounts (including development or impact fees) will be used to form incentive payments;

- Rebates of building permit fees, building plan review fees, sales and use taxes, and lodging taxes will be paid on a pay-as-you go basis, after fees and taxes have been collected. All audit and inspection requirements must be met prior to issuing rebate payments;
- For existing businesses, evidence that the business is seriously considering moving outside of the City;
- Average wages paid by the applicant must equal or exceed the county average wage;
- All work must be completed by licensed contractors, legally able to operate in the City of Commerce City. The applicant is responsible for obtaining any necessary permits;
- Availability for new incentivized jobs will be posted on the Connecting Colorado database through Adams County Workforce & Business Center;
- Projects resulting in the displacement of people from residential units or the demolition or repurposing of residential units for non-residential use will not be accepted unless the developer includes a plan to make an equivalent number of comparable residential units available within the City and provides relocation assistance to all displaced individuals (a "Displacement Plan"). All Displacement Plans shall be reviewed and accepted by the City Manager;
- It is strongly encouraged that applicants consult with third-party business coaching to prepare a business plan before making application for incentives;
- The incentive agreement requires, subject to verification, that the capital investment/ jobs created occur within the defined time period. If the applicant is unable to achieve or verify these performance measures, the City reserves the right to withhold or recover incentive payments on either a full or a prorated basis as established in the incentive agreement.
- The City reserves the right to deny funding to or withhold incentive payments to any applicant with an active violation, delinquent taxes, outstanding fines, unpaid fees, or other compliance issues; and
- The City abides by a Regional Ethics Agreement within the Metro Denver Area and will not provide financial incentives to facilitate the relocation of a business already located within the Metro Denver Area, unless it is understood by both communities that the company can no longer operate at its current location.

Section 4: Sales and Use Tax Rebate Program

The City desires to attract new development to the City to improve the quality of life of the City's residents, to support local employer needs, and to create new employment opportunities.

Target areas, process and conditions for the program will operate as defined in sections 1 through 3 in this document.

Program Details: A rebate of net new sales and use taxes are available for real estate development projects that advance the City's economic development goals for a defined period of time.

Section 4(A) – Sales and Use Tax Rebates for Construction Activity

A project is potentially eligible to receive a rebate of the net new sales and use taxes of up to 49% of the tax collected from activities associated with the construction of new improvements. This can include new construction, renovation, tenant improvements and site work.

Section 4(B) – Sales and Use Tax Rebates for Ongoing Commercial Activity

A project is potentially eligible to receive a rebate of the net new sales and use taxes of up to 49% of the tax collected for up to 10 years.

Section 4(C) – Shopping Center Assistance Incentive

A project may be eligible to receive a rebate of the net new sales and use taxes of up to 49% of the tax collected. This can include both sales and use taxes incurred during construction of the improvements, as well as sales tax incurred during operation of the several businesses within the shopping center for up to 10 years.

Section 5: Accommodations Tax Rebate Program

The City desires to attract new hotel developments to improve the quality of life of the City's residents, support local employer needs, create new employment opportunities, and attract a variety of commercial development. The existing *Hotel and Motel Accommodation Tax* is a 4% City tax added to the price of renting a hotel or motel room for less than 30 days. The Accommodations Tax was approved by Commerce City voters in 2007.

For accommodations tax rebate requests, evaluation factors may also include the number of keys/rooms, the hotel product type, average room price per night, hotel amenities such as meeting space or restaurants and the hotel location and ability to be a catalyst for further commercial development.

Program Details: The Commerce City Accommodations Tax Rebate Program is an incentive program to attract hotels to the City. A new hotel in the City may be eligible to receive a Lodging Tax rebate of the *Hotel and Motel Accommodation Tax* of up to 49% of the net new tax collected by the hotel for a period of up to 10 years.

Section 6: Development Fee Waivers

The City of Commerce City desires to attract new development to the city to improve the quality of life of the City's residents, support local employer needs, and create new employment opportunities.

Program Details: Certain City-imposed development fees may be waived by the City with respect to the development of any new Commercial Development whether incurred directly by a commercial business, an affiliated entity developing property for the commercial business' use, or a contractor or consultant acting on behalf of the Commercial Development or its affiliated entity.