



Commerce City

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Status: Consent Agenda

In Control: City Council

File Type: Resolution

A RESOLUTION WAIVING DEVELOPMENT-RELATED FEES FOR CERTAIN NEW COMMERCIAL DEVELOPMENT IN THE CITY OF COMMERCE CITY

Summary and Background Information:

City Council desires more commercial development, especially new restaurants, hotels, family entertainment businesses, grocery stores and health care facilities. Construction materials and labor costs have risen substantially over the last five years, making incentive programs that bring down market entry costs important to a developer and end-user. They look to the city for any financial assistance to help fill financial gaps that will move a project forward.

City Council passed Resolution 2019-53 waiving certain city development fees for preferred types of new commercial development--restaurants, hotels and entertainment. Staff is actively marketing this program as a benefit to bringing these types of projects to Commerce City. However, the program is set to expire May 31, 2022. Staff is asking City Council to extend this program for another five years, until May 31, 2027; and update and expand the project definitions to include grocery stores and hospitals.

Staff presented this request during the April 18, 2022 City Council meeting for preliminary discussion. One of the discussion topics was around the definition of fast food restaurants. The 2019 Resolution did exclude all drive through restaurants from being eligible for the program in support of the City Council discussion at the time. However, since then, there are a growing number of new restaurant concepts that provide fast casual or full service amenities but also have a drive-through option and the city would not want to exclude these restaurants from the program.

To accommodate for this change in restaurant delivery options, staff originally proposed taking out the drive through exclusion and adding an exclusion of all new fast food restaurants instead. During council discussion, there were concerns on how this would affect the city's ability to utilize this program for some of the quick-serve restaurants that some residents would like to see open operations in the city. Staff was directed to review this issue further.

Upon further research and after consulting with the city's retail attraction consultant, staff did not find credible definitions that would help the city fully distinguish between fast food and quick serve restaurants. To not exclude all of the new quick-serve restaurants from

this program but limit the eligible type of fast food operations, staff is recommending that the program definitions only exclude fast food restaurants if they are part of a convenience store/gas station. The eligible project list below reflects this.

The recommended list of eligible commercial projects for this program are the following:

- ~~Eating and Drinking Establishments, excluding Restaurants with drive thru/up-service Restaurants, excluding those integrated into convenience stores or fuel sales locations.~~
- Private Recreation or Amusement Facilities, excluding health clubs.
- ~~Visitor Accommodations, excluding Overnight campground Lodging Establishments limited specifically to hotels.~~
- Hospitals.
- Grocery Stores, excluding Convenience Stores.

Passing City Council Resolution 2022-47 will extend and expand the Commercial Development Fee Waiver Program as described above.

Staff Responsible (Department Head): Michelle Claymore, Economic Development Director

Staff Member Presenting: Michelle Claymore, Economic Development Director

Financial Impact: Future general fund revenue generated from development fees for specified commercial projects will be forfeited

Funding Source: Certain development fee waivers

Staff Recommendation: Support

Suggested Motion: Move to approve *Resolution 2022-47 extending and expanding the commercial development fee waiver program.*