



Development Fee Waivers for New Commercial Development

April 8, 2019

Existing Incentive Programs

Resolution 2014-56 Business incentive program looks at projects on a case-by-case basis and the incentive is typically a “rebate” not a “waiver” of use tax and fees.

- ✓ City Council approves any proposed incentive package valued above \$50,000.
- ✓ City Manager may approve a proposed incentive package administratively if incentive is valued at or below \$50,000.

Resolution 2019-29 Development-related and business licensing fee waivers for stand alone, full-service restaurants passed by City Council on March 4.

- ✓ Resolution defines type of commercial development—stand-alone, full-service restaurants—and defines which development-related fees can legally be waived.



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Purpose

- City Council planning retreat discussion: Waive development-related fees to help attract more commercial development. Further policy discussion is needed to address the following:
 - Standard definitions used for defining “commercial” development
 - Options for program scope
 - Estimated program cost to the City
- Revisit land giveaway program idea presented March 11 in a City Council Study Session.



Defining Commercial Development

- The **Land Development Code (LDC)** is a regulatory document that has been created to implement the goals and objectives within Commerce City's Comprehensive Plan.
- [Land Uses](#) are classified in the following categories:
 - Agricultural
 - Commercial
 - Office Flex
 - Industrial
 - Public Institutional and Civic
 - Residential

Land Development Code

The table below is how Commerce City's Land Development Code defines "commercial uses."

COMMERCIAL USE CLASSIFICATION	SPECIFIC USE TYPE
Adult Businesses	Sexually Oriented Businesses
Animal Services	Animal boarding (indoor/outdoor kennels) and training
	Doggie day care centers
	Veterinary offices or clinics
Antennas	Antennas for commercial/industrial use accessory to principal use
	Antenna and support structure for amateur radio communications
	Radio or television broadcasting offices
Building Materials & Services (Retail)	All other similar uses (plumbing, electrical, lumber & building equipment-without outdoor storage)
	All other similar uses (plumbing, electrical, lumber & building equipment-with outdoor storage)
	Landscape equipment, hardscape materials (without outdoor storage)
	Landscape equipment, hardscape materials (with outdoor storage)
Eating and Drinking Establishments	Bar, tavern, night club
	Brewpub
	Catering services
	Restaurant with drive-thru/up
	Restaurant without drive-thru/up
	Tasting Room
Financial Institutions	Bank or financial institution
Food and Beverage Sales	Convenience store/grocery store (<5,000 sf)
	Grocery store (>5,000 sf)
	Liquor store
	All other similar uses (e.g., delicatessen, retail bakery, specialty food market, coffee shop)
Fuel Sales	Fuel sales with no vehicle repair
	Fuel sales with minor vehicle repair
	Fuel sales with major vehicle repair
	Natural gas fuel sales
	Natural gas fuel sales for trucks
Funeral and Internment Services	Cemetery/pet cemetery/ mausoleum
	Crematory or mausoleum when incidental or supplemental to primary cemetery use
	Crematory as principal use
	Funeral home
Office	Business or professional (including medical/dental office/clinics)
	Courier services
	Massage therapy office/clinics
	Substance Abuse Treatment Facility, Inpatient Residential
	Substance Abuse Treatment Facility, Outpatient Clinic

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Personal Services	Instructional services, studios
	Temporary/day labor facilities/offices
	Bail bonds
	All other similar uses
Recreation or Amusement Facilities, Private	Bingo establishments/social gaming outlet/performance centers
	Bowling, billiards, movie theaters & similar uses
	Drive-in theater
	Health clubs
	Outdoor recreation
Repair Services (Not Including Vehicles)	Race track (animal or vehicle)
	Furniture or major household appliance repair
Retail Establishments	All other similar uses
	Flea markets, indoor/outdoor
	Machinery sales, excluding truck trailers, heavy equipment, and farm machinery
	Pawn shop
	Retail business store < 25,000 square feet
	Retail business store > 25,000 square feet
	Tattoo parlor
	Thrift/consignment store
Vehicle/Equipment Sales and Services	Automobile rentals
	Automobile washing facility
	Limited moving truck (< 30 feet)/equipment self-rental facilities
	Major equipment repair
	Mobile home dealer/sales
	Motor vehicle dealer/sales, new and used automobiles < 3 acres
	Motor vehicle dealer/sales, new and used automobiles > 3 acres
	Motor vehicle dealer/sales, new and used RV's, trailers, and campers)
	Tire shop
	Towing Services with Impound Yard
	Towing Services without Impound Yard
	Vehicle repair, major (includes auto body repair, paint shops, and incidental sales of parts)
	Vehicle repair, minor
	Vehicle storage (inoperable vehicles)
	Vehicle storage (operable vehicles only)
Visitor Accommodations	Bed and breakfast establishments
	Hotel or motel lodging establishments
	Overnight campground

Program Scope - Option 1

Waive applicable development fees for all new commercial development projects as defined by the City's Land Development Code.

Pros

- Program would help lower market entry costs which helps make the City more competitive as a location for new commercial development.
- Gives staff an additional tool to market during the "Ready for Retail" campaign
- Easier to administer program because the definitions match the city's land development code.

Cons

- Instead of awarding incentives on a case-by-case basis, all projects will be eligible if they meet the basic criteria set in the Resolution, including potential projects not fully supported by the community or ones already planned that would have paid the fees regardless.
- Increased commercial development activity coming in all at once may exceed the City's existing resources currently available for development review.
- There will be lost revenues to the City's General Fund that were budgeted for in 2019.

Program Scope - Option 2

Waive applicable development fees for new targeted commercial development projects as defined by the City's Land Development Code.

COMMERCIAL USE CLASSIFICATION	SPECIFIC USE TYPE
Eating and Drinking Establishments	Bar, tavern, night club
	Brewpub
	Catering services
	Restaurant with drive-thru/up
	Restaurant without drive-thru/up
	Tasting Room
Recreation or Amusement Facilities, Private	Bingo establishments/social gaming outlet/performance centers
	Bowling, billiards, movie theaters & similar uses
	Drive-in theater
	Health clubs
	Outdoor recreation
	Race track (animal or vehicle)
Visitor Accommodations	Bed and breakfast establishments
	Hotel or motel lodging establishments
	Overnight campground

Additional Targets

- Any additional targets/projects not included in this definition can still be considered for incentives utilizing the existing incentive program:

Resolution 2014-56 Business incentive program looks at projects on a case-by-case basis and the incentive is a “rebate” not a “waiver” of fees.

- ✓ City Council approves any proposed incentive package valued above \$50,000.
- ✓ City Manager may approve a proposed incentive package administratively if incentive is valued at or below \$50,000.

Program Scope - Option 3

Waive applicable development-related fees for new commercial development projects that are evaluated on a case-by-case basis - utilizing the existing business incentive program authorized by [Resolution 2014-56](#).



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Program Scope

- **Option 1:** Waive applicable development fees for all new commercial development projects as defined by the City's Land Development Code.
- **Option 2:** Waive applicable development fees for new targeted commercial development projects as defined by the City's Land Development Code.
- **Option 3:** Waive applicable development fees for new commercial development projects evaluated on a case-by-case basis.

Program Cost

- Utilizing the appropriate figures from the 2019 City Budget and current case load, staff estimates that the program cost would not exceed \$300,000.



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Restaurant Parcels

Taken from the March 11 City Council Study Session:

- Award two commercial land parcels for restaurant development

Staff recommendation is to table this idea for now.

- This project could become a distraction away from the planned restaurant projects currently trying to get established in the community.
- Some City Council members have concerns about picking specific market winners and losers through this type of program.



Questions and Discussion

Program Cost Estimate - Calculation

2019 Adopted Budget

	2017	2018 Adopted	2019 Budget
Building permits	\$ 1,807,587	\$ 1,496,175	\$ 1,723,244
Excavating permits	\$ 640,859	\$ 576,000	\$ 576,000
Zoning	\$ 92,764	\$ 79,690	\$ 90,226
Plan check fees	\$ 535,609	\$ 516,839	\$ 488,484
Occupation licenses	\$ 13,895	\$ 15,507	\$ 16,550
TOTALS	\$ 3,090,714	\$ 2,684,211	\$ 2,894,504

- Staff defined which fees are eligible to waive in Resolution 2019-29. They fall in the categories listed above.
- Staff estimates that the development-related activity for the city is broken down as 55% residential; 35% industrial; and 10% commercial.
- Utilizing the appropriate figures from the 2019 City Budget, staff estimates that this program would not exceed 10% of the projected revenues from fees and licenses eligible to waive. This equates to an estimated \$300,000.