



City Council Communication

AGENDA DATE: August 18, 2025

LEGISTAR ITEM #: 2025-124

PRESENTER: Garrett Anderson
Development

DEPARTMENT: Economic

<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Public Hearing
------------------------------------	--	---

REQUEST

A resolution re-authorizing a lodging tax rebate for 96TH AND TOWER ROAD INC.

BACKGROUND

City Council desires more commercial development, including hotels. Currently, there is one hotel operating within the city. Hotel developers are sharing that construction material and labor costs continue to rise, greatly increasing hotel development and operating costs. Incentive programs that bring down development costs and help fill financial gaps are important to a hotel developer and/or operator and can often help move a project forward.

To help attract new hotel developments, City Council adopted the *Commerce City Accommodations Lodging Tax Rebate Program* (Resolution 22-78) on May 2, 2022. The program authorizes a full or partial rebate of the hotel and motel accommodations tax as an economic development incentive. This tax is a 4% city tax added to the price of renting a hotel or motel room in Commerce City for a timeframe that is less than 30 days and is in addition to the 4.5% city sales tax. City Council approves all city business incentives offered that are valued over \$50,000.

The commercial developer for Second Creek Farm at the SWC of E. 96th Avenue and Tower Road is proposing the construction of a 93-room limited-service Holiday Inn Express as part of the development. The proposed hotel includes amenities such as a business center, fitness center, guest laundry and breakfast area.

CITY COUNCIL COMMUNICATION CONTINUED

Business incentive requests are presented to City Council during an Executive Session to discuss terms. An Executive Session is necessary so that other communities vying for a project aren't given a competitive advantage by knowing what Commerce City is willing to offer in incentives for a project. A Resolution with incentive terms typically goes to City Council on consent agenda. Once an incentive Resolution is passed by City Council, staff prepares the incentive agreement based on the terms approved in the Resolution.

Potential business incentives for the proposed Holiday Inn Express were discussed with City Council during an Executive Session on July 27, 2022. On December 5, 2022, Resolution No. 2022-1005 was approved. The City and the developer entered into an Incentive Agreement dated December 12, 2023. Due to challenges obtaining financing and other project delays, the Resolution's construction deadline (March 31, 2025) for the project could not be met. The development group has revised their project development timeline and has requested an amendment to the Incentive Agreement, including a new construction deadline of July 31, 2026. Resolution No. 2025-124 reflects the discussion and staff's recommendation to amend the Incentive Agreement to include a new construction deadline. The offered incentive will not change.

Based on information supplied by the developer, the proposed hotel would bring an estimated room sales revenue of \$12.5 million, and estimated city tax revenue of \$1,062,500 over the first five years of operation. The project would also bring capital improvements of \$13.4 million.

A business incentive is a strategic investment by a public agency that creates or enhances the feasibility of a private-sector project to help achieve a community's economic development goals. Utilizing business incentive programs as an economic development tool to attract preferred development projects is a common practice. The Lodging Tax Rebate Program is designed to help attract new hotel and motel accommodations to Commerce City by rebating a portion of the city hotel and motel accommodations tax for a period of time. The program is part of a larger effort to increase commercial development in the city.

CITY COUNCIL COMMUNICATION CONTINUED

FINANCIAL IMPACT

Contractor	96TH AND TOWER ROAD INC.
Amount of Request/Contract	\$250,000
Amount Not To Exceed	\$250,000
Amount Budgeted	\$N/A
Budget Year	FY2026 - 2031
Funding Source	Lodging Tax
Additional Funds Needed	\$N/A
Funding Source (if funds needed)	N/A

PROJECT TIMELINE

Estimated Start Date	Estimated End Date
July 31, 2026	July 31, 2031
Years and Months of Contract	Number of Times Renewable
5 Years	N/A

JUSTIFICATION

<input checked="" type="checkbox"/> Council Goal	<input checked="" type="checkbox"/> Strategic Plan	<input type="checkbox"/> Work Plan	<input type="checkbox"/> Legal
Citation	Commerce City 2024-2028 Strategic Plan, Economic Development Goal, Strategy 2.2, Objective 2.2.4, "Continue efforts to grow retail and hospitality industry cluster". City of Commerce City Economic Development Strategic Plan, Goal 1, Strategy 1.1, Action1.1.6, "Continue the implementation of existing incentives and assess the feasibility of new tools to spur development of targeted commercial development types – retail, hospitality & entertainment."		

CITY COUNCIL COMMUNICATION CONTINUED

AVAILABLE ACTIONS

- Approve as submitted

STAFF RECOMMENDATION

Staff recommends approve as submitted