



# City Council Communication

**AGENDA DATE:** August 18, 2025

**LEGISTAR ITEM #:** 2025-125

**PRESENTER:** Garrett Anderson  
Development

**DEPARTMENT:** Economic

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

A resolution re-authorizing a lodging tax rebate incentive for DIA ONEPEARL LLC. and NIBBLENOOK HOSPITALITY LLC

## 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.

A hotel development group named DIA ONEPEARL LLC and NIBBLENOOK HOSPITALITY LLC is constructing a new Holiday Inn & Suites full-service hotel at 18201 E. 81<sup>st</sup> Avenue in the NEXUS at DIA business park. The proposed hotel will have 100-110 hotel rooms and amenities such as a full bar and restaurant, business center, meeting

## CITY COUNCIL COMMUNICATION CONTINUED

rooms, pool, fitness center, guest laundry, and five electric vehicle charging stations.

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 & Suites were discussed with City Council during an Executive Session on July 27, 2022. On December 5, 2022, Resolution No. 2022-106 was approved. Due to challenges obtaining financing and other project delays, the City and the developer have not yet entered into an Incentive Agreement and 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 a new construction deadline of June 30, 2026.

Resolution No. 2025-125 reflects the discussion and staff's recommendation to offer a graduated percent rebate of the City's 4% lodging tax over a five-year period, not to exceed \$450,000:

- Year 1: 90 percent (estimated rebate \$122,400)
- Year 2: 80 percent (estimated rebate \$115,200)
- Year 3: 60 percent (estimated rebate \$93,600)
- Year 4: 40 percent (estimated rebate \$67,200)
- Year 5: 20 percent (estimated rebate \$36,000)

Based on the information supplied by the developer, the proposed hotel would bring an estimated room sales revenue of \$19.6 million, and estimated room sales revenue of \$1,666,000 over the first five years of operation. The project would also bring capital improvements of \$11.5 million.

## CITY COUNCIL COMMUNICATION CONTINUED

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.

### FINANCIAL IMPACT

Contractor	DIA ONEPEARL LLC & NIBBLENOOK HOSPITALITY LLC
Amount of Request/Contract	\$450,000
Amount Not To Exceed	\$450,000
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

<b>Estimated Start Date</b>	<b>Estimated End Date</b>
June 30, 2026	June 30, 2031
<b>Years and Months of Contract</b>	<b>Number of Times Renewable</b>
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,		

## CITY COUNCIL COMMUNICATION CONTINUED

	<p>“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 &amp; entertainment.”</p>
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### AVAILABLE ACTIONS

- Approve as submitted

### STAFF RECOMMENDATION

Staff recommends approve as submitted