

ECONOMIC DEVELOPMENT DEPARTMENT UPDATE & INVESTMENT POLICY DISCUSSION

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AGENDA

1. Economic Development team
2. Strategic Plan Overview and Recent Department Activities
3. Business Assistance/ Investment Policy Overview and Updates
4. Performance Metrics
5. Policy Direction & Next Steps

WHY ARE WE HERE?

To provide an overview of recent economic development activities, review a 10-year investment “snapshot” and gather feedback from City Council.



WHAT IS ECONOMIC DEVELOPMENT AND WHY IS IT IMPORTANT?

- “Collaborators, communicators, connectors and conveners”
 - Enhance the economic well being of the community through influencing private sector investment as the engine for community economic growth
 - Influence the overall resiliency of the local economy
 - Support and facilitate business interaction with city processes
 - Placemaking/Quality of life
 - Contribute to:
 - the community now and in the near-term
 - plan development to maintain and enhance the quality of life for future generations



2023 - 2027 STRATEGIC PLAN



T ourism
R etention & Expansion
A ttraction: Primary & Retail
C reation
E ntreprenurship
R edevelopment

- The plan was approved by City Council September 20, 2022 along with an updated investment policy
- The plan aligns closely with the City Strategic Plan. “Economic Vitality” is the City’s second highest priority behind public health and safety

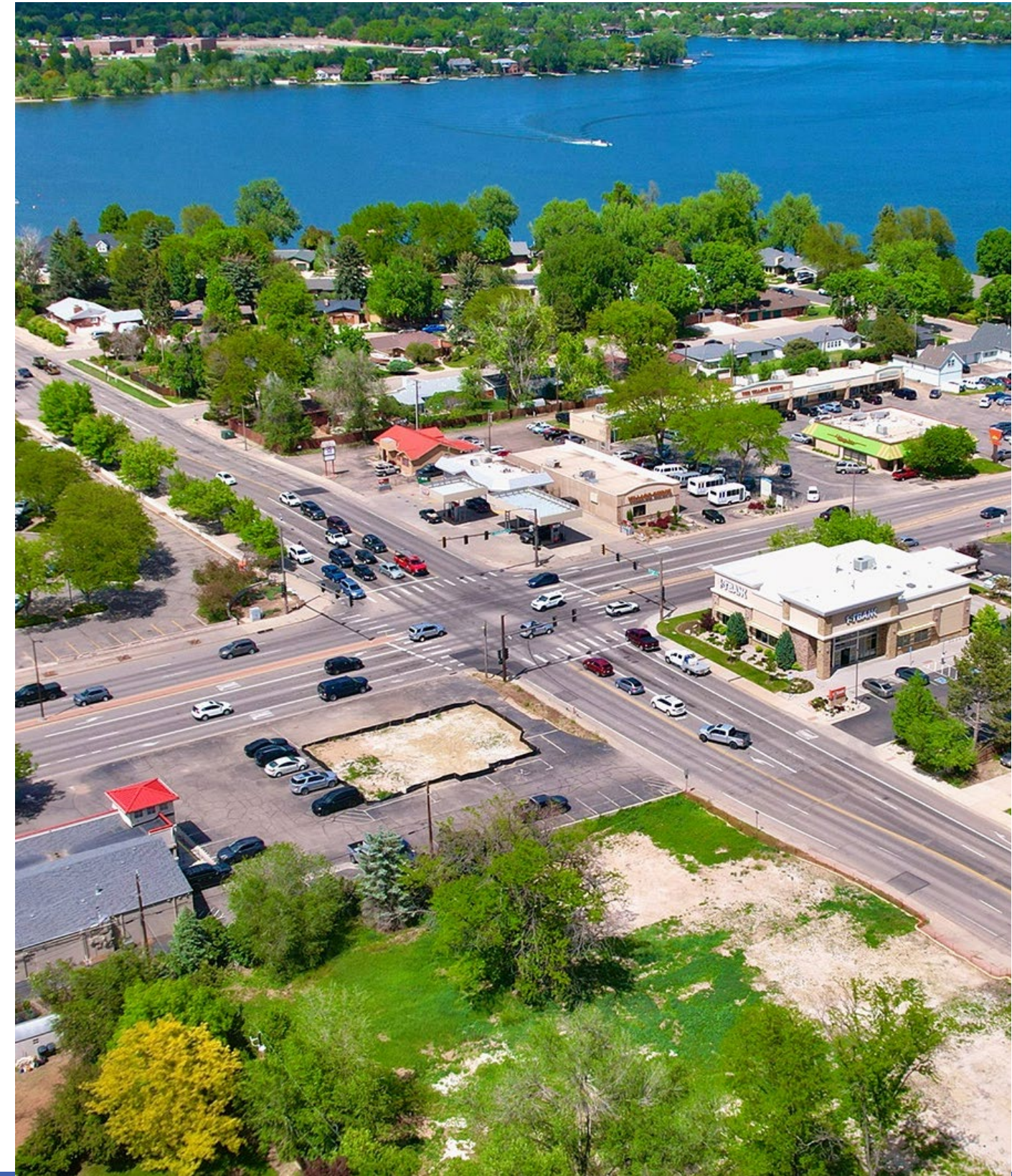


BUSINESS RETENTION AND EXPANSION

Providing assistance and resources to support sustainability and foster growth of existing businesses and jobs.

RECENT ACCOMPLISHMENTS

- Liaison with Development Services to support development and building processes (weekly meetings and partnered on 20+ specific projects)
- Active participant in Capital Improvement Projects serving impacted businesses
- Creation and implementation of Small Business Big Summer Campaign with over 50 participating small businesses
- Financial and advisory partnership with Larimer SBDC and the Loveland Chamber of Commerce to support small business through Marketing training, Hospitality Training, Child Care Business planning and more
- Connecting businesses of all sizes with resources



BUSINESS ATTRACTION - PRIMARY

A holistic approach aimed at attracting new primary employers that will diversify and build the local/regional economy and generate new revenue for the City of Loveland.

RECENT ACCOMPLISHMENTS

- Continued business prospecting and “matchmaking” targeted at high growth, venture backed firms
 - Real-estate relocation support, workforce development, supply chain partnerships, economic impact modeling, state/regional program and incentive support
- Approximately 440 new/retained jobs projected to be added from recent attraction projects
- Implementation of up-to-date measurable marketing strategies
- Collaborate across departments and with partners to expand business attraction tools



RETAIL ATTRACTION

Seek opportunities to facilitate and expand retail development and the tenant mix in Loveland

RECENT ACCOMPLISHMENTS

- Project manage across departments the future annexation/development King Soopers Marketplace at US34/ I-25
- Proactive marketing campaign to grocers and other retailers advertising the “no sales tax on food” and lowest effective sales tax rate in the region
- Shepherd Bass Pro from attraction and negotiation through the development review process
- Advise and encourage commercial development and land use policy at NOCO regional airport



REDEVELOPMENT

Support and help implement the redevelopment plans including Downtown Plan of Development and re-occupancy of the Forge

RECENT ACCOMPLISHMENTS

- Conducted the Sale and successful transfer of the former 4th St. Gallery to a local retail operator/ owner
- Feed & Grain historic mixed-use redevelopment project is currently open for business capping over a decade of investment and involvement
- Our department budget supports the Downtown Development Authority/BID, currently negotiating a new baseline service agreement to ensure high standard of services and programs
- Worked with Finance, Legal and the DDA to fully commit the Downtown URA funds prior to dissolution
- Over the past 10 years incentivized 6 companies at the Forge (16% at purchase to 70% current occupancy)



INVESTMENT OVERVIEW

PROCESS

- Meet with Economic Development team
- Submit formal request
- Provide data for the City's Economic Development Impact Model
- City Council or City Manager approval
- Monitor project performance/outcomes



INVESTMENT OVERVIEW

TYPES OF BUSINESS ASSISTANCE

- **Sales Tax Rebate**
 - Rebating a portion of sales tax collected by retailers
- **Development Fees and Use Tax**
 - Waiving, deferring or reimbursing (in part or in full) fees and/or taxes.
 - Some CEF deferrals require a backfill-only 2 in ten years
- **Cash Grants (ie. Covid Relief)**
- **Business Personal Property Tax Rebate**
- **Expedited Permitting, Enterprise Zone and other**
- **Include Performance Measures +/- or Clawbacks**





INVESTMENT ELIGIBILITY

- **APPROVAL BY COUNCIL** - all business assistance agreements over \$30,000 must be approved by City Council (City Manager approval under \$30,000)
- Every economic incentive must serve a public purpose as determined by City Council (i.e. significant cultural, social, and/or economic benefits to the citizens of Loveland)
- Proven financial gap (and/or) justification to make a location decision with the City of Loveland

INVESTMENT POLICY SNAPSHOT



2023-2027 POLICY CHANGES

- The new policy included more description and clarity
- Businesses that received business assistance/incentive policy agreements in the past may have additional requirements
- The City may now require disclosure of all other public incentives granted
- Updated the Regional Ethics Agreement to clarify process of relocating regional businesses

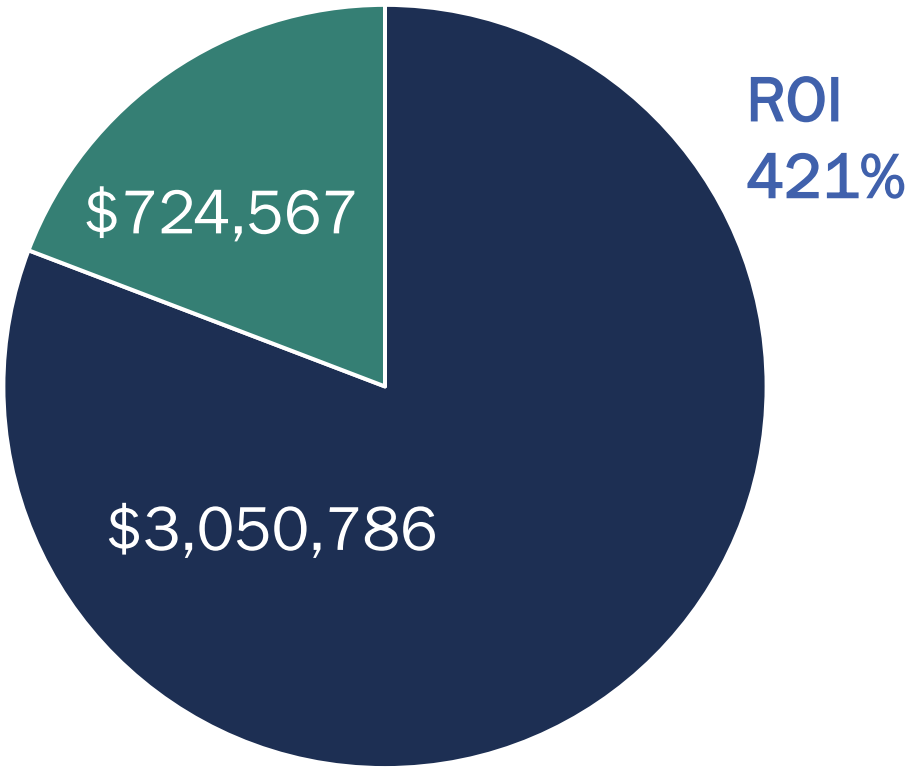
2014 – 2024 SALES TAX REBATE SUMMARY

(NON-URA AREAS)

YEAR OF INCENTIVE	COMPANY	REBATE DESCRIPTION
2013-2017	Crunchy Grocer	1/3 of Sales Tax Collected
2008-2014	Fountains (La Quinta)	100% Sales Tax Rebate
2019-2020	Tri Point	1/3 of Sales Tax Collected
2018- Ongoing	Brands MFA	Developer Reimbursement Sales Tax Rebate (sliding scale) until 12/31/2047
2020- Ongoing	Jax	Sliding scale (rebate decreases over time) in excess of \$150k baseline. 10 Years or \$1.5M Cap

June 2024 Aggregate of Sales Tax Rebate Incentives

- 3 active agreements, Jax and The Brands
 - Centerra North currently undergoing audit consideration
- Development incentives have a direct source of repayment through the increased sales tax
- Over the past 10 years the City collected over 4 times the amount of sales tax than what was rebated
- Reimbursement is most often utilized to offset project development costs or financing, or to attract a unique retail tenant.



Sales Tax Paid to City

Sales Tax Rebated

2014 – 2024 Downtown Investment Summary

- Beginning with the Downtown Plan of the URA and transitioning to the Downtown Development Authority District, the city remits 100% of the Sales Tax Increment and Property Tax increment within the district boundaries
- Over the life of the DDA, they may use this tax revenue to borrow up to \$65,000,000 for improvements under the downtown plan of development
- City contributed over \$20,000,000 for the construction of the Foundry garage, public plaza, movie theatre and other public improvements. City contributes annually to the operation and maintenance of the Foundry
- The Artspace/ Feed & Grain project was financed in part through through fee waivers, a \$300,000 loan, and a \$230,000 business assistance agreement
- The City contributes \$100,000 per year for the administration of the Fire Line Extension Grant program
- Over the past 10 years the city has waived over \$3,859,323 in building permit and CEF fees
- The City financed the design and easement acquisition of the Jefferson Parking garage (50% or \$335,000 until conditions are met)

2014 – 2024 INVESTMENT SUMMARY

COVID RELIEF

- The Economic Development Department and partners administered seven small business assistance programs to keep Loveland businesses open as statewide restrictions began
- These programs benefitted more than 400 small businesses by distributing over \$2 Million (ARPA and other funds) directly to local small businesses

Source of Funds	Program Name	Amount	# of Impacted Businesses
Coronavirus Relief Fund	Loveland Business Rent and Mortgage Assistance Program	\$550,000	102
Coronavirus Relief Fund	Reignite Study Contribution	\$10,000	N/A
Coronavirus Relief Fund	Warehouse Business Accelerator Grant	\$35,000	5
Coronavirus Relief Fund	Chamber of Level Up Training	\$60,000	N/A
Coronavirus Relief Fund	Downtown Development Authority Rental Assistance Program	\$150,000	31
Coronavirus Relief Fund	Saturday Dine Out	\$33,759	N/A
Colorado Department of Transportation Grant	Saturday Dine Out	\$46,888	N/A
City of Loveland Tabor Reserve	Larimer County Small Business Recovery Loan Fund	\$100,000	Colorado Enterprise Fund
City of Loveland 15% Fiscal Contingency Reserve	Emergency Small Business Assistance Program	\$750,000	144
Platte River Power Authority Surplus Gift	Emergency Small Business Assistance Program - Round 2	\$100,000	144
Platte River Power Authority Surplus Gift	PRPA Patio Program	\$26,000	42*
Senate Bill 20B-001	Larimer County Small Business Relief Program	\$323,000	67

2014 - 2024 INVESTMENT SUMMARY

DEVELOPMENT PROJECTS

Year Incentive Approved	Business Name	Industry Type	Contracted/Paid	Status
2015	Evergreen Development / Sprouts	Retail	\$ 2,274,801	Closed
2016	Foundry Parking Garage and Plaza	Mixed use	\$ 18,154,014	Closed
2016*	Foundry Movie Theater	Mixed use	\$ 2,189,944	Active
2016	Eagle Crossing Development / The Brands	Mixed use	TBD	Active
2022*	Feed & Grain	Mixed use	\$ 230,000	Closed
2022*	Jefferson Garage/Draper Project	Mixed use	\$12,800,000	Active
2023	Centerra South	Mixed use	TBD	Active

* Does not include fee waivers

2014 - 2024 INVESTMENT SUMMARY

Year of Approval	Business Name	Industry Type	Contracted Incentive Amount	Incentive Status	Incentive Description
2014	Crunchy Grocer	Retail	\$ 175,000	Closed	Fee Waivers/ Sales tax rebate
2014	Fountains (La Quinta)	Hotel	\$ 161,136	Closed	Sales tax rebate
2014	Ties4Less	Retail	\$ 14,500	Closed	Cash/Reimbursement of expenses
2014	Epic River	Technology	\$ 15,000	Closed	Cash/Reimbursement of expenses
2014	Tharp Cabinets	Manufacturing	\$ 69,119	Closed	Fee Waivers & Cash/Reimbursement
2014	Origins Loveland	Retail	\$ 20,000	Closed	Fee Waivers/ Sales tax rebate
2014	Hach	Manufacturing	\$ 700,000	Closed	Fee Waivers/Business Personal Property Tax Rebate
2015	Esh's Discount Grocery	Retail	\$ 50,000	Closed	Fee Waiver/rebates & Deferral of CEF fees
2015	351 Linden Street (Arcadia)	Retail	\$ 125,000	Closed	Cash/Reimbursement of expenses
2015	EWI Colorado (Edison)	Manufacturing	\$ 2,000,000	closed	Cash/Reimbursement of expenses
2017	RCI Metalworks	Manufacturing	\$ 39,000	closed	Fee Waivers/rebates
2017	James Fisher Technology	Manufacturing	\$ 20,000	Closed	Cash/Reimbursement of expenses
2017	Longbow Industries/ LPR Construction	Manufacturing	\$ -	Closed	Project Cancelled
2018	desk chair, llc	Mixed-Use	\$ 78,827	Closed	Cash/Reimbursement of expenses
2018	Vintage Motorworks dba The Forge	Manufacturing	\$ 1,980	Closed	Cash/Reimbursement of expenses
2018	Wooden Mountain Gym	Entertainment	\$ 6,237	Closed	Cash/Reimbursement of expenses
2018	Rubadue Wire	Manufacturing	\$ 25,000	Closed	Cash/Reimbursement of expenses
2018	YouSeeU aka Bongo's	Technology	\$ 15,000	Closed	Cash/Reimbursement of expenses
2018	Vertiv	Technology	\$ -	Closed	Project Cancelled
2018	Tharp Cabinets	Manufacturing	\$ 250,000	Closed	Cash/Reimbursement of expenses
2019	Tri-Point Oil & Gas	Oil & Gas Production	\$ -	Closed	Project Cancelled
2019	Complete Solution Robotics	Technology	\$ -	Closed	Project Cancelled
2019	Intellivation	Manufacturing	\$ 75,000	Closed	Cash/Reimbursement of expenses
2019	UC Health	Healthcare	\$ 20,732	Closed	Fee Rebate
2020	JAX (West)	Retail	\$ 1,500,000	Active	Sales tax rebate
2020	IMAX	Retail	\$ 200,000	Closed	Cash/Reimbursement of expenses
2021	Opterus	Manufacturing	\$ 30,000	Closed	Cash/Reimbursement of expenses
2021	Simply Delicious, Inc / Bobo's	Manufacturing	\$ 300,000	Closed	Fee Waiver
2021	BCS Fabrication	Manufacturing	\$ 4,500,000	Closed	Project Cancelled
2022	Dealr, Inc	Technology	\$ 7,500	Closed	Cash/Reimbursement of expenses
2022	Veloce Engergy, Inc	Manufacturing	\$ 30,000	Closed	Cash/Reimbursement of expenses
2022	Schlosser Signs	Manufacturing	\$ 65,000	Closed	Fee Waiver
2022	Wild Zora	Manufacturing	\$ 30,000	Closed	Cash/Reimbursement of expenses
2022	Avid Products	Manufacturing	\$ 30,000	Closed	Cash/Reimbursement of expenses
2022	Discovery Air	Airport	\$ 150,000	Active	Cash/Reimbursement of expenses
2023	Bass Pro	Retail	\$ 800,000	Active	Fee Waivers/Sales Tax rebate
2024	Hensel Phelps	Office	\$ 1,500,000	Active	Fee waivers/cash

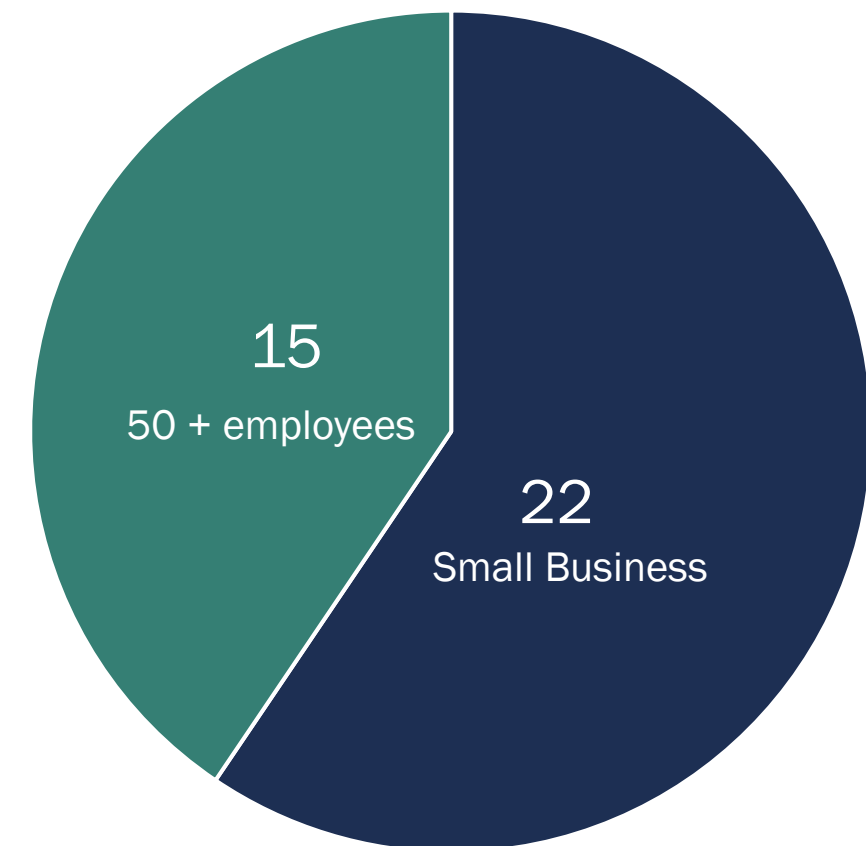
2014 – 2024 INVESTMENT SUMMARY

BUSINESS ASSISTANCE AGREEMENT SUMMARY

- 37 Business Assistance Agreements
 - 21 Retention, 11 Attraction, 5 projects cancelled
- Every incentive given in the last 10 years includes either a claw back or performance base measure.
 - In every case, even if the business closed, the performance measures were met

*(Colorado Workforce Development- small business is 50 employees or less).

Approved Agreements by Business Size*



- Businesses with 50 or less employees
- Businesses with 50 or more employees

2014 – 2024 INVESTMENT SUMMARY

RETURN ON INVESTMENT – DIRECT

Business Assistance Agreements Only

- Contracted Incentive amount total: \$ 4,704,032*
- Paid/waived to date: \$4,604,032

*Jax West, Bass Pro and Hensel-Phelps not included in contracted amount

- Private Investment: \$94,239,578*

*Additional \$98 million investment expected from Bass Pro and Hensel-Phelps

Public Contribution: 5%

Estimated new jobs: 605

Estimated retained jobs: 1,376

*An additional 550 new/retained jobs are expected from projects awaiting development (Bass Pro and Hensel-Phelps)

2014 – 2024 INVESTMENT SUMMARY

INDIRECT BENEFITS

- Tenant finish generally stays with the space
- Leverage public money for additional outside investment
- Supply Chain partnerships
- Placemaking
- New infrastructure and improved property values- commercial and residential
- Multiplier effect – workforce and wages
- Visitor Spending/Tourism



NEXT STEPS AND COUNCIL FEEDBACK

- We are currently mid-policy and mid-project
 - Several deals in the pipeline
 - Policy changes could have unintended consequences
 - A primary focus for our department is maintaining a stable business climate
- Staff is considering tactical changes away from cash incentives
 - Focus on use of fee deferrals and low interest loan programs
- Require and define business reporting criteria in the incentive agreement (ie. annual report)
- Increased reporting to Council and the public, either through town halls, study sessions or memos

