



**LOVELAND PLANNING COMMISSION MEETING
AGENDA**

**Monday, May 11, 2015
500 E. 3rd Street – Council Chambers
Loveland, CO 80537**

THE CITY OF LOVELAND DOES NOT DISCRIMINATE ON THE BASIS OF DISABILITY, RACE, CREED, COLOR, GENDER, SEXUAL ORIENTATION, RELIGION, AGE, NATIONAL ORIGIN OR ANCESTRY IN THE PROVISION OF SERVICES. FOR DISABLED PERSONS NEEDING REASONABLE ACCOMODATIONS TO ATTEND OR PARTICIPATE IN A CITY SERVICE OR PROGRAM, CALL 962-2523 OR TDD 962-2620 AS FAR IN ADVANCE AS POSSIBLE.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. REPORTS:

a. Citizen Reports

This is time for citizens to address the Commission on matters not on the published agenda.

b. Staff Matters

c. Committee Reports

d. Commission Comments

IV. APPROVAL OF MINUTES

Review and approval of the April 27, 2015 Meeting minutes

V. REGULAR AGENDA:

1. Economic Development Update

Betsey Hale, Economic Development Director, will give an update on Council approved economic incentive packages for various business entities throughout the years. Council approves agreements based on five year projections, so projects since 2010 have not yet completed the expected five year performance period.

In analyzing the economic incentives, there are two essential parts: the City support of projects and the economic benefit the City is looking to gain from the incentive.

2. High Plains School Update

Dr. Dan Maas, Chief Operations Officer, Thompson Schools, will provide a progress update on the K-8 High Plains School and address Commission questions. (*See attached Thompson School District web page printout*)

3. Proposed City Budget Reductions

On May 19th the City Council will be considering an ordinance reducing the 3% sales tax on food for home consumption (groceries). In preparation of this public hearing, the Council has requested that the City Manager prepare a proposal for reductions to the City budget that would accommodate the loss in general fund revenues attributable to this tax. This is estimated to be approximately \$6 Million annually if the sales tax is reduced in full (eliminated).

The Planning Commission will be provided with information about the budget reduction proposal developed by City staff, and specifically provided with details about the reductions proposed for the Development Services Department. With this information, the Commission will be invited to provide a written statement in response to the proposed reductions to the City Council in advance of the May 19th public hearing.

VI. ADJOURNMENT

CITY OF LOVELAND
PLANNING COMMISSION MINUTES
April 27, 2015

A meeting of the City of Loveland Planning Commission was held in the City Council Chambers on April 27, 2015 at 6:30 p.m. Members present: Chairman Crescibene; and Commissioners Meyers, Molloy, Dowding, Forrest, Jersvig, and McFall. Members absent: Commissioners Middleton and Ray. City Staff present: Bob Paulsen, Current Planning Manager; Moses Garcia, Assistant City Attorney.

These minutes are a general summary of the meeting. For more detailed information, audio and videotapes of the meeting are available for review in the Development Services office.

CITIZEN REPORTS

There were no citizen reports.

STAFF MATTERS

1. **Mr. Paulsen, Current Planning Manager**, stated that there would not be a meeting on May 25th in observance of Memorial Day.
2. **Mr. Paulsen**, asked the commissioners if they would like the Planning Commission minutes to reflect the comments or questions attributed to each commissioner as this was a concern brought to his attention by some commissioners. The consensus of the commission was to have comments or questions attributed to the commissioners who made them. **Mr. Paulsen** indicated that staff would follow this direction.
3. **Mr. Garcia, Assistant City Attorney**, shared with the commissioners that **Deputy City Attorney, Judy Schmidt**, is resigning and her last day is May 29th.

COMMITTEE REPORTS

Create Loveland Stakeholder Committee: Commissioner Dowding attended the meeting last Thursday and **Commissioner Jersvig** was asked to attend the final meetings in **Chair Crescibene's** place unless anyone had an objection; no objections were raised.

COMMISSIONER COMMENTS

Commissioner Meyers indicated that he did not receive his packet until Friday evening and did not have time to adequately prepare for the study session item. Several other commissioners agreed that the packet was too late. **Commissioner Meyers** stated that the packets need to be delivered much more timely in the future. **Mr. Paulsen** agreed that the packets should be delivered by Wednesday afternoons the week prior to the meeting and that every effort will be made to meet this deadline. **Mr. Paulsen** also indicated that the Current Planning office will work to distribute lengthy materials earlier than the normal deadline.

Chair Crescibene addressed the issue of giving all commissioners adequate opportunity to provide input during commission deliberations. **Mr. Garcia** spoke regarding the possible need

for more specific rules of procedures, indicating that he could help develop procedures if the commission felt that this would be valuable. He shared that when calling a question, it also has to be seconded, and voted upon before put into effect. **Commissioner Meyers** suggested making it a standard practice of the commission to not call a question before everyone is ready. **Chair Crescibene** suggested that if a commissioner feels it is time to make a motion, indicate that to him so he has a chance to ask if everyone has asked their questions or made their comments. **Commissioner Dowding** made a motion to adopted **Chair Crescibene's** suggestion, upon a second by **Commissioner Meyers** the motion was unanimously approved.

APPROVAL OF THE MINUTES

Commissioners asked to have comments and questions made by a specific commissioner clearly attributed to that commissioner in the minutes. Additionally **Commissioner Meyers** asked to have the information regarding the training of Peace Officers and the specific Colorado Revised Statutes be included in the April 13th minutes. **Commissioner Dowding** also requested that she “called for the question” be put in the minutes.

Commissioner Molloy made a motion to approve the April 13, 2015 minutes as amended on the record; upon a second from **Commissioner McFall**, the minutes were unanimously approved.

CONSENT AGENDA

1. Anderson Farms 5th Subdivision

This is a public hearing on a legislative matter to review an application to vacate a shared access easement located at 730-740 N. Denver Avenue. The property is located along the east side of N. Denver Ave, approximately 1400 feet south of E. 11th St, Loveland, Colorado, and is currently described as Lots 1 and 2, Block 1, Anderson Farm 5th Subdivision to the City of Loveland. The application proposes to vacate this easement due to merging of the lots into a single lot, eliminating the need for the easement. The Planning Commission's recommendation will be forwarded to the City Council for final action.

Commissioner Meyers *motioned to make the findings listed in Section IV. of the staff report, dated April 27, 2015; and, based on those findings, recommend approval of the vacation of a shared access easement across Lots 1 and 2, Block 1, Anderson Farm 5th Subdivision, as described in Attachment #3 of the staff report,* upon a second by **Commissioner Forrest** the motion was approved with 6 ayes and 1 recusal.

REGULAR AGENDA

2. Youth Advisory Commission

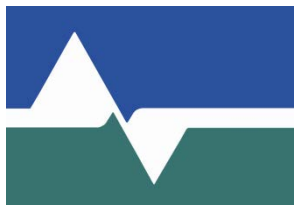
Youth Advisory Commission spoke about their visit to Washington D.C. for the Youth Conference. They also shared their goals for 2015.

ADJOURNMENT

Commissioner Meyers, made a motion to adjourn at 7:15 p.m. Upon a second by **Commissioner Dowding**, the motion was unanimously adopted.

Approved by: _____
John Crescibene, Planning Commission Chair

Beverly Walker, Planning Commission Secretary



Memo

To: City Council

From: Betsey Hale

Re: Economic Incentive Report 2002-2013

Date: 08/11/2014

Attached to this email is the long awaited 2002-2013 Economic Development Incentive Report. This document is intended to inform Council about the financial performance of business assistance agreements since 2002.

Some key considerations are:

1. The primary employer projects **do not** reflect any employee impact. Per Council direction the only revenue impacts are those created by the company receiving the incentive. The absence of employee impact can make a “deal” look unsuccessful when compared to a retail agreement. However; without primary employers paying staff who then shop at local retailers the retail projects might not perform well.
2. Council approves agreements based on five year projections. Projects since 2010 have not yet completed the expected five year performance period. In addition property taxes are paid a year later than accrued making revenue a year later than anticipated in a 5 year Economic Impact Analysis.
3. Two agreements are deferral of payment of fees. The incentive value is the “projected” loss of interest earned had the fees been paid at building permit application and certificate of final inspection. These agreements are Advanced Manufacturing for Bottles and the Orthopaedic Center of the Rockies.
4. Due to confidentiality requirements staff is unable to share the retail gains/losses by company. This is shown in aggregate.
5. Due to confidentiality requirements staff is unable to show the net increase or decrease in jobs by company. This is shown as an aggregate.
6. Real property taxes and business personal property taxes are shown as “net” new revenue to the City. This means: The City was collecting tax revenue from the property the year prior to the agreement. The assumption was made that the property owner would be paying the same tax in all future years without the project. This amount is subtracted annually from the taxes paid since the project was built.

Loveland
Colorado



Economic Development Incentives Report 2002 - 2013



Acknowledgement

The City of Loveland acknowledges that the primary research associate on this document was Edward C. Pilkington. Mr. Pilkington holds a B.S. in Accounting from Providence College. He graduated with Magna Cum Laude honors.

Mr. Pilkington has an extensive career history in accounting, financial analysis and reporting as well as economic and community development. He has worked for PricewaterhouseCoopers LLP with responsibilities including Corporate SEC reporting and annual reports to investors. He has been responsible for multi-state sales and use tax audits as well as due diligence reporting of foreign acquisitions. Upon leaving corporate accounting, Mr. Pilkington began a career in nonprofit leadership, which included serving as the Executive Director of the West Hartford, CT Chamber of Commerce. He was named Connecticut Chamber of Commerce Executive of the Year in 2007.

The City also appreciates the time spent by Annette Gilbert, Business Services Coordinator in the Economic Development Department in validating the research and compiling the report. Alan Krcmarik, Executive Fiscal Advisor played a significant role in providing historical information on incentive agreements and reviewing Mr. Pilkington's research.

Table of Contents

Introduction.....	1
Summary	
Investment Summary table.....	1
Percentage of Investment Share pie chart.....	1
Jobs Summary table.....	1
Performance Summary table.....	1
Overview	
City Support of Projects.....	2
Economic Benefits.....	2
Report Methodology.....	2
Incentive Details	
Investment Detail table.....	4
Performance Detail table.....	5
Case Studies	
JAX Outdoor Gear.....	6
Colorado vNet.....	6
Orthopaedic Center of the Rockies.....	7
Healthcare and Campus Incentives	
Banner Health Systems / McKee Medical Center.....	8
Poudre Valley Hospital / University of Colorado Health Systems.....	8
Woodward Governor.....	9
Appendix A	
Thompson School District and Larimer County Property Tax Payment Detail.....	10

Introduction

In order to maintain competitiveness in the area of economic development, successive City Councils of the City of Loveland (the City) have approved economic incentive packages for various business entities throughout the years. This report reviews 28 incentives granted between the years 2002 through 2013. The report does not include Centerra as a whole; a complete Centerra report was provided to the Council in March, 2014.

Summary

Total net City incentives included in this report amount to \$3,060,142 and resulted in directly attributable private investments of \$144,067,603. From 2002 through 2013, the 28 businesses reviewed added 1,125 jobs. The last table shows a net gain of \$9,076,175 from City fees, City property and sales taxes, and incentive payback over the review period.

Table 1: Investment Summary 2002-2013

Investment Type	Total Net Incentive*	Private Investment	Total Investment	Public % of Investment
Primary Employment	\$1,839,901	\$111,969,372	\$113,809,273	1.6%
Retail	\$1,220,240	\$32,098,231	\$33,318,471	3.7%
Total Investment	<u>\$3,060,142</u>	<u>\$144,067,603</u>	<u>\$147,127,745</u>	2.1%

* Net Incentives excludes incentive amounts paid back to the City.

Percentage of Investment Share 2002 - 2013

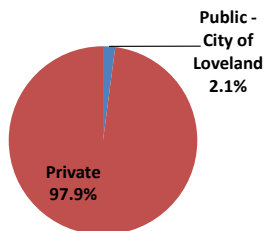


Table 2: Jobs Summary 2002-2013

Investment Type	Jobs @ Incentive Year	Jobs @ 6/30/13	Incr/ (Decr)
Primary Employment	1,398	2,237	839
Retail	83	369	286
Total Net New	1,481	2,606	1,125

Table 3: Performance Summary 2002-2013

Investment Type	Total Incentive	Revenue Streams						Gain/ Loss	% Gain /Loss
		Use Taxes	Permit Fees *	Ppty Taxes	Incentive Payback	Sales Taxes	Total thru 12/31/2013		
Primary Employment	\$2,466,901	\$891,605	\$624,906	\$1,404,328	\$627,000	\$0	\$3,547,838	\$1,080,937	43.8%
Retail	\$1,355,430	\$203,214	\$291,540	\$451,300	\$135,189	\$8,269,425	\$9,350,668	\$7,995,238	589.9%
	<u>\$3,822,331</u>	<u>\$1,094,819</u>	<u>\$916,445</u>	<u>\$1,855,628</u>	<u>\$762,189</u>	<u>\$8,269,425</u>	<u>\$12,898,506</u>	\$9,076,175	237.5%

*Does not include Capital Expansion Fees

Overview

In analyzing the economic incentives discussed in this report, there are two essential parts: the City support of projects and the economic benefit the City is looking to gain from the incentive.

City Support of Projects

City support of projects has taken many forms: use tax waivers, Capital Expansion Fee (CEF) waivers, other permit fee waivers, sales tax rebates, expense reimbursements, cash grants, and fee deferrals.

For the sake of this report, fee deferrals refers to those deferrals where a company eventually writes a check to the City after an agreed upon time. The amount of City support of the project in these instances is simply the foregone interest for the period of the delayed payment.

City support of projects through deferral agreements that are paid for by the allocation of other forms of project cash inflow, such as a percentage of sales taxes, to “pay” the deferred amount are substantively equivalent to incentives that directly allocate those other forms of project cash inflow.

Application of sales taxes to “pay off” a deferred amount is ultimately the same as a simple sales tax rebate. What may change is the timing of when cash is allocated and whether recovery of part or all of the incentive occurs used if the anticipated sales tax revenues are not achieved.

Components in incentive agreements that have not been utilized have been excluded from the total incentive amount since no actual expenditure was made. For example, for some projects city matching funds were not utilized since state training dollars were not received.

Economic Benefits

The economic benefits the City expects from the incentives studied in this report fall into three categories: maintaining and creating jobs, increasing sales tax revenue, and community healthcare enhancement.

Maintaining/creating jobs is essential to sustain and enhance the economic vitality of the City.

The main revenue source of the City is sales tax generated from retail sales. Incentives that enhance the City as a shopping destination have a direct impact on the current and future revenue to the City.

The City Council has also found that convenient, quality healthcare facilities within our community are imperative to maintain and enhance the quality of life in Loveland.

Report Methodology

For the purposes of this study, unless otherwise detailed, the revenue streams were limited to those readily quantifiable. This includes revenues from use tax, retail sales and property taxes; building permit fees, excluding CEF's; and return of incentives.

While waivers of CEF's are incentive costs in that they are cash given up, the receipts of CEF's are not considered as revenues because they offset future costs that a project causes, such as road improvements to handle increased traffic. In fact, CEF's are maintained in a separate fund and when a waiver is given, the CEF's are backfilled in order to keep the CEF fund whole.

Some of the incentives include various clawback features, which are methods for the City to recover part or all of an incentive if the expected economic benefits are not achieved. In cases where the clawback features were enforced, the amount paid back is included as one of the revenue streams.

The revenue streams shown in Table 5: Performance Detail includes net City real and business personal property taxes paid from the year the incentivize project started through December 31, 2013. The net amount was determined by establishing, for each project, a base year which is defined as the year prior to the start of the incentive. The base year taxes, if any, were deducted from the City taxes as reported on the Larimer County Assessor's website.

For informational purposes only, Appendix A is a list, by incentive project, of the Thompson School District and Larimer County net real and business personal property taxes paid from the year the incentivized project started through December 31, 2013.

In cases where incentive agreements were amended, we are using the most current agreements for our measurement purposes.

Most of the data used in this study are publically accessible through the Citizen Access Portal on the City's website and the Larimer County Assessor Property Explorer. To comply with the terms of the incentive agreements regarding the disclosure of sales tax data, this data is only reported in an aggregate format. Jobs data was sourced from the Quarterly Census of Employment and Wages (QCEW) Reports. The Bureau of Labor Statistics provides the base data to the Colorado Department of Labor and Employment (CDLE) and is the only source of this confidential "by company" information. This data is not available to the general public on-line and can only be given to government and research universities for public purpose. The City was required to sign a Non-Disclosure Agreement to receive this information.

Only completed investments are included in this report. Façade grants and other downtown projects in the 2003-2013 Downtown Investment Report were not included. Projects based on a community / public benefit, as opposed to a business incentive are not included; examples are the House of Neighborly Services and Sunrise Community Health Center projects.

Incentive Details

The following two tables provide greater detail on the amount of incentives awarded in relation to the private investment made and the financial performance details of the incentive.

Table 4: Investment Detail

Year	Company Name	Total Net Incentive*	Incentives* *	Private Investment	Total Investment	Public % of Investment
2002	Yancey's	\$ 131,100	a	\$ 11,181,750	\$ 11,312,850	1.2%
2002	American Eagle Distributing Co	\$ 95,000	a	\$ 16,453,509	\$ 16,548,509	0.6%
2003	Cars N Tires	\$ 4,905	a	\$ 633,503	\$ 638,408	0.8%
2003	Summit Alpine LLC	\$ 55,375	a	\$ 1,416,557	\$ 1,471,933	3.8%
2003	Loveland Medical Enterprises, LLC	\$ 203,190	a	\$ 16,355,199	\$ 16,558,389	1.2%
2003	Super Vacuum Mfg	\$ 100,000	a	\$ 2,714,009	\$ 2,814,009	3.6%
2003	Group Publishing	\$ 232,432	a	\$ 4,900,000	\$ 5,132,432	4.5%
2004	Lighting Designs	\$ 8,040	a	\$ 1,156,014	\$ 1,164,054	0.7%
2004	Lowe's	\$ 580,008	b	\$ 12,479,662	\$ 13,059,670	4.4%
2004	Thunder Mountain	\$ 122,726	b	\$ 5,739,482	\$ 5,862,208	2.1%
2006	Esplan Park Event Center	\$ 155,000	b	\$ 1,927,265	\$ 2,082,265	7.4%
2008	Colorado vNet	\$ 301,000	d	\$ 955,429	\$ 1,256,429	24.0%
2008	KL&A Engineering	\$ 50,000	d	\$ 1,075,780	\$ 1,125,780	4.4%
2008	Ensign Power Systems	\$ 45,190	a	\$ 1,456,050	\$ 1,501,240	3.0%
2008	JAX	\$ 288,619	b	\$ 8,700,784	\$ 8,989,403	3.2%
2008	Blue Ribbon Auto Body	\$ 45,000	b	\$ 1,347,777	\$ 1,392,777	3.2%
2009	Agrium Advanced Technology	\$ 142,000	d	\$ 15,027,300	\$ 15,169,300	0.9%
2009	Crop Production Services	\$ 300,000	d	\$ 17,926,870	\$ 18,226,870	1.6%
2009	Orthopaedic Center of the Rockies	\$ 21,201 ***	c	\$ 11,243,882	\$ 11,265,083	0.2%
2009	Lightning Hybrids	\$ 22,000	d	\$ 1,087,267	\$ 1,109,267	2.0%
2009	RoadNarrows, LLC	\$ 18,000	d	\$ 182,000	\$ 200,000	9.0%
2009	Concurrent Analytical (Nanopartz)	\$ 27,000	d	\$ 244,000	\$ 271,000	10.0%
2011	Cardinal Glass	\$ 45,929	a	\$ 8,105,505	\$ 8,151,433	0.6%
2011	Wood Group	\$ 13,835	a	\$ 323,386	\$ 337,221	4.1%
2012	Advanced Manufacturing for Bottles, Inc	\$ 2,149 ***	c	\$ 761,736	\$ 763,886	0.3%
2012	Coffee Tree LLC	\$ 15,942	b	\$ 113,746	\$ 129,688	12.3%
2013	Data Traks	\$ 19,500	d	\$ 178,466	\$ 197,966	9.9%
2013	Schlosser Signs	\$ 15,000	d	\$ 380,678	\$ 395,678	3.8%
Grand Total		\$ 3,060,142		\$144,067,603	\$147,127,745	2.1%

Primary Employment Retail

* Net Incentive is the total incentive less payments received from fee deferrals or clawback recovery

** - Incentive types given:

a = Fee waivers/rebates (e.g. Use Taxes, CEF's and/or other permit fees)

b = Sales tax credit

c = Fee deferral **

d = Cash/Reimbursement of expenses

*** This amount of public investment is the estimated lost interest on the money that was paid at a later date.

Table 5: Performance Detail

Year	Company Name	Total Incentive	Revenue Streams					Total thru 12/31/2013	Gain/Loss	% Gain /Loss
			Use Taxes	Permit Fees *	Net City Ppty Taxes	Incentive Payback	Sales Taxes			
2002	Yancey's	\$ 131,100	\$ 103,500	\$ 92,725	\$ 160,694			\$ 356,919	\$ 225,819	172.2%
2002	American Eagle Distributing Co	\$ 95,000	\$ 75,000	\$ 71,617	\$ 201,009			\$ 347,626	\$ 252,626	265.9%
2003	Summit Alpine LLC	\$ 55,375	\$ 13,050	\$ 13,683	\$ 119,196			\$ 145,929	\$ 90,553	163.5%
2003	Loveland Medical Enterprises, LLC	\$ 203,190	\$ 221,175	\$ 72,291	\$ 311,601			\$ 605,067	\$ 401,877	197.8%
2003	Super Vacuum Mfg	\$ 100,000	\$ 31,500	\$ 29,463	\$ 34,016			\$ 94,979	\$ (5,021)	-5.0%
2003	Group Publishing	\$ 232,432	\$ 73,500	\$ 11,332	\$ 247,620			\$ 332,452	\$ 100,020	43.0%
2008	Colorado vNet	\$ 900,000	\$ 13,661	\$ 13,475	\$ 14,582	\$ 599,000		\$ 640,718	\$ (259,282)	-28.8%
2008	KL&A Engineering	\$ 50,000	\$ 7,848	\$ 7,691	\$ 4,302			\$ 19,840	\$ (30,160)	-60.3%
2008	Ensign Power Systems	\$ 45,190	\$ 13,779	\$ 53,780	\$ 7,978			\$ 75,536	\$ 30,346	67.2%
2009	Agrium Advanced Technology	\$ 142,000	\$ 10,823	\$ 9,082	\$ 37,444			\$ 57,349	\$ (84,651)	-59.6%
2009	Crop Production Services	\$ 300,000	\$ 186,793	\$ 121,779	\$ 155,905			\$ 464,476	\$ 164,476	54.8%
2009	Orthopaedic Center of the Rockies	\$ 21,201 **	\$ 91,950	\$ 74,990	\$ 76,361			\$ 243,302	\$ 222,101	1047.6%
2009	Lightning Hybrids	\$ 50,000	\$ 5,878	\$ 5,507	\$ 10,530	\$ 28,000		\$ 49,914	\$ (86)	-0.2%
2009	RoadNarrows, LLC	\$ 18,000	\$ -	\$ -	\$ -			\$ -	\$ (18,000)	-100.0%
2009	Concurrent Analytical (Nanopartz)	\$ 27,000	\$ -	\$ -	\$ -			\$ -	\$ (27,000)	-100.0%
2011	Cardinal Glass	\$ 45,929	\$ 24,703	\$ 17,226	\$ 23,090			\$ 65,019	\$ 19,090	41.6%
2011	Wood Group	\$ 13,835	\$ 4,875	\$ 6,573	\$ -			\$ 11,448	\$ (2,387)	-17.3%
2012	Advanced Manufacturing for Bottles, Inc	\$ 2,149 **	\$ 10,837	\$ 20,612	\$ -			\$ 31,449	\$ 29,300	1363.2%
2013	Data Traks	\$ 19,500	\$ 2,587	\$ 2,899	\$ -			\$ 5,486	\$ (14,014)	-71.9%
2013	Schlosser Signs	\$ 15,000	\$ 147	\$ 181	\$ -			\$ 329	\$ (14,671)	-97.8%
	Retail Incentives Aggregated	\$ 1,355,430	\$ 203,214	\$ 291,540	\$ 451,300	\$ 135,189	\$ 8,269,425	\$ 9,350,668	\$ 7,995,238	589.9%
Grand Total		\$3,822,331	\$1,094,819	\$916,445	\$1,855,628	\$762,189	\$8,269,425	\$12,898,506	\$ 9,076,175	237.5%

Primary Employment Retail

* Does not include Capital Expansion Fees.

** This amount of public investment is the estimated lost interest on the money that was paid at a later date.

Notes:

1. To comply with the terms of the incentive agreements, sales tax data is reported in an aggregate format.
2. The Economic Impact Analysis (EIA) looks at a payback period of no longer than five years as defined in the Incentive Policy adopted February, 2012.

Case Studies

Often, economic incentives create a much broader story than the original negotiated deal. In this report, we have included a more detailed look at four such stories. The incremental benefits outlined in these case studies are not included in the assessment of the original negotiated deal.

Case Study #1: JAX Outdoor Gear - The Induced Effects of Economic Development Incentives

In 2008, the City of Loveland approved a \$300,000 sales tax sharing agreement with JAX Outdoor Gear as an incentive for the company to purchase the vacant “Shopko” building located at 950 East Eisenhower Boulevard.

This project is an example of the City successfully seeding a project to jump start the redevelopment of a retail center. In 2010, the Redwood Retail Center became home to three businesses: Papa Murphy's Pizza, Mail N' Copy and Max Muscle. A Discount Tire shop opened at 994 East Eisenhower that same year.



Prior to the JAX incentive, both locations had been built as speculation properties and had not been successful in landing permanent tenants. Since 2010, new business personal property taxes paid to the City by these businesses collectively are \$3,488. Sales taxes paid to the City of Loveland have increase significantly through the end of 2013. There are 36 service and retail jobs at these

companies. Gold's Gym was opened, next to JAX's, prior to the City's incentive and is not included in the above figures due to that timing.

Case Study #2: Colorado vNet - When Economic Development Incentive Agreements Don't Perform

In 2008, the Loveland City Council approved an economic incentive package of \$900,000 for the relocation and creation of 450 jobs at Colorado vNet (vNet).

The company had 78 employees when it moved into the building at 619 14th Street SW. Vergent, formerly known as TDP was the only tenant in the vacant manufacturing space that had previously been a Teledyne Water-Pik facility until 2005. Vergent moved into 70,000 square feet of space in 2007 and the vNet incentive would be used for the tenant finish of an additional 42,000 square feet in the 137,000 square foot building.



619 14th Street SW before renovation

The performance agreement, which company representatives and the City agreed to, was a reimbursement of building permit fees and use taxes of up to \$10,000 and a cash incentive of \$890,000. The company committed to creating and retaining 250 jobs by December 31, 2012.

A clawback provision was included in the agreement, which offered the City an ability to request reimbursement of up to \$500,000 from the company if it failed to perform. The Company owners also provided a personal guarantee to secure the City's right to repayment.



619 14th Street SW following renovation

In December 2011, vNet announced the transfer of ownership and liabilities to Russound, a Massachusetts company with similar product lines. This transaction triggered the City's request for repayment of the incentive award. Following a legal process the City received \$599,000 in May of 2013. While this incentive agreement did not produce the anticipated jobs it demonstrates that clawback provisions and personal guarantees are prudent in agreements.

The Rest of the Story: 619 14th Street SW in 2014

One valuable message from the vNet project is the fact that City's direct investment in the "tenant improvement" or real estate portion of the project protected the taxpayer investment long term.

Of the \$900,000 incentive granted, \$565,100 was spent with Loveland Contractors and on furniture and fixtures in the space. Until 2013, vNet/Russound still employed 7 people at the location.

In 2012, JBA Wireless, known as SkyBeam Colorado, moved 99 employees into the "tenant ready" space. In 2013 SkyBeam had 144 employees at the site.

Since the date the building became occupied, City of Loveland real property taxes paid by the building owner, Sitestone Holdings LLC, have doubled from \$9,152 in 2007 to \$18,028 in 2013. While the original business incentive was to a company no longer in Loveland, the City's partnership in the redevelopment of this manufacturing facility has been fruitful.

Case Study #3: Orthopaedic Center of the Rockies (OCR)

In 2008, the City approved a deferral of payment of Capital Expansion Fees for 36 months to assist OCR with the development of a new medical office building at Boyd Lake Village on US Highway 34. The total amount of the fees deferred was \$343,143. In December 2012, the City received full payment from OCR for the deferred fees. In this case, the cost of the incentive to the city was any interest which might have been earned on these funds had they been held in City reserves. At the time of the incentive consideration, the City was receiving a 2% return on investments. This would translate to \$21,201 in interest foregone during the deferral period. This type of incentive is an example of "time" being a valuable part of an incentive program.

The City's net investment of \$21,201 has resulted in City of Loveland use and property taxes of \$168,311 paid through the end of 2013 at the OCR location, but the benefits go well beyond these amounts.

The OCR medical office building was the first project at the Boyd Lake Village Development. In 2010, as a direct result of the OCR building being built, Reynolds Property Holdings built a medical office building at 3520 E 15th Street without any additional incentive from the City.



This building is the home of The Urology Center of the Rockies, the dental office of Dr. Mark Crane, and Oral and Facial Surgery of Loveland. Since 2011, a total of \$52,826 in City of Loveland use and property taxes have been earned through the end of 2013 at this location.

While the building at 3520 E 15th Street was not the focal point of the Council's 2008 incentive to OCR, the City is seeing economic benefit from the indirect effect of the OCR fee deferral.

Long-Term Economic Development: Health Care and Business Campus Incentives

Health Care: The City of Loveland has been a supporter of business and community development for decades. In January 1997, City Council adopted an Economic Vitality Plan with the mission of *"ensuring that the community of Loveland, Colorado enjoys a balanced, thriving economy which meets the needs of the present without compromising the quality of life for future generations."* A basic philosophy of the plan was *"Availability of health care and human services is important to a vital economy."*



Since the McKee Medical Center opened on Boise Avenue, in 1976, the hospital system has invested \$81.5 million in construction and expansion projects. The City of Loveland has partnered with the hospital by providing water; infrastructure and over \$600,000 of capital expansion and building permit fee waivers. These incentives were provided to ensure that Loveland residents would have access to quality health care.

In 2003, the City established a long term incentive agreement with the Poudre Valley Health System (PVH) now called University of Colorado Health System (UCHS), to achieve the vision of providing access to high quality health care in Loveland and the Region. The Medical Center of the Rockies (MCR) opened in 2007. The City offered PVH a 25% waiver of city building permit fees, use taxes and capital expansion fees on the construction of MCR and any additional construction projects on the UCHS property in the future. Since the initial construction of MCR, the PVH/UCHS has invested over \$100 million in projects.



Woodward Campus: For nearly 25 years the City of Loveland has enjoyed a very prosperous relationship with Woodward, formerly known as Woodward Governor. In 1991, Woodward was looking to expand beyond its Fort Collins campus. The company had decided to expand its engine control manufacturing and assembly facilities on approximately 40 acres at 3800 N. Wilson Avenue. At the time the Loveland City Council approved an economic incentive package which included waivers of building permit fees and construction of street and water/sewer improvements on or to the site. Included in the agreement was a long term commitment from the City to waive fees and charges on all future expansions on the site.

In 2013, the City ratified this agreement for Woodward's construction of a freestanding 10,450 square



foot building. The City waived \$71,400 in fees and the company invested over \$2.5 million to construct this testing facility. Woodward's combined real property and business personal property taxes paid to the City has averaged over \$36,000 over the past 10 years. The 10 year average real and business personal property taxes paid to Larimer County have been approximately \$77,000 and to the Thompson School District, \$143,000.

In 2013, Woodward announced the selection of Downtown Fort Collins as the future home of their global headquarters. It is anticipated that this may lead to the relocation of jobs

from Loveland. The company has not notified city officials or made this decision official at this time.

Healthcare and Business Campus Jobs		
Jobs @ Incentive Year	Jobs @ 6/30/13	Change Incr/ (Decr)
1,590	2,336	746

Appendix A

Thompson School District (TSD) and Larimer County (LC) Property Tax Payment Detail Cumulative Real and Business Personal Property Taxes

Company Name	Net TSD Ppty Taxes	Net LC Ppty Taxes	City Gain/Loss
Yancey's	\$ 697,937	\$ 340,709	\$ 225,819
American Eagle Distributing Co	\$ 883,291	\$ 472,036	\$ 252,626
Summit Alpine LLC	\$ 507,466	\$ 280,560	\$ 90,553
Loveland Medical Enterprises, LLC	\$ 1,345,091	\$ 737,874	\$ 401,877
Super Vacuum Mfg	\$ 137,772	\$ 79,959	\$ (5,021)
Group Publishing	\$ 1,055,894	\$ 581,684	\$ 100,020
Colorado vNet	\$ 66,839	\$ 36,853	\$ (259,282)
KL&A Engineering	\$ 18,256	\$ 16,221	\$ (30,160)
Ensign Power Systems	\$ 34,173	\$ 21,658	\$ 30,346
Agrium Advanced Technology	\$ 103,604	\$ 119,415	\$ (84,651)
Crop Production Services	\$ 675,410	\$ 369,891	\$ 164,476
Orthopeadic Center of the Rockies	\$ 329,913	\$ 180,509	\$ 222,101
Lightning Hybrids	\$ 45,536	\$ 24,749	\$ (86)
RoadNarrows, LLC	\$ 397	\$ 2,700	\$ (18,000)
Concurrent Analytical (Nanopartz)	\$ 2,800	\$ 5,455	\$ (27,000)
Cardinal Glass	\$ 97,520	\$ 65,942	\$ 19,090
Wood Group	\$ -	\$ -	\$ (2,387)
Advanced Manufacturing for Bottles, Inc	\$ -	\$ 92	\$ 29,300
Data Traks	\$ -	\$ -	\$ (14,014)
Schlosser Signs	\$ 2,520	\$ 1,398	\$ (14,671)
Retail	\$ 1,956,188	\$ 1,100,487	\$ 7,995,238
Totals	\$ 7,960,605	\$ 4,438,192	\$ 9,076,175

Summary by Incentive Type:

Primary Employment	\$ 6,004,417	\$3,337,705	\$ 1,080,937
Retail	\$ 1,956,188	\$1,100,487	\$ 7,995,238

INCENTIVE REPORT PRESENTATION

Economic Development Update



The Economic Benefits the City is looking to Identify from Incentives in this Report:

Maintaining/Creating jobs

Generating/Increasing Tax Revenue

Supporting Community Services and Organizations



Forms of Incentives

Use Tax Waivers

Capital Expansion Fee Waivers

Other Permit Fee Waivers

Sales Tax Rebates

Expense Reimbursements

Cash Grants

Fee Deferrals



Value of the Incentives back to the Community

Amount invested by the City of Loveland:

\$3,060,142

Resulting Private Investment

\$144,067,603

Addition of New Jobs

1, 125

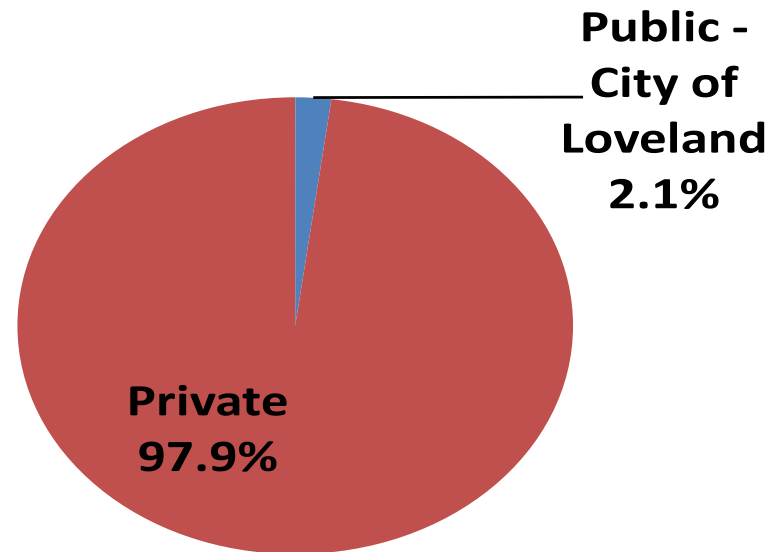


INVESTMENT SUMMARY 2002-2013

Investment Type	Total <u>Net</u> Incentive*	Private Investment	Total Investment	Public % of Investment
Primary Employment	\$1,839,901	\$111,969,372	\$113,809,273	1.6%
Retail	\$1,220,240	\$32,098,231	\$33,318,471	3.7%
Total Investment	\$3,060,142	\$144,067,603	\$147,127,745	2.1%
* Net Incentives excludes incentive amounts paid back to the City.				
% of Investment Share	2.1%	97.9%		

City vs Private Investment

Percentage of Investment Share 2002 - 2013



Jobs Summary 2002-2013

<u>Investment Type</u>	<u>Jobs @ Incentive Year</u>	<u>Jobs @ 6/30/13</u>	<u>Incr/ (Decr)</u>	
Primary Employment	1,398	2,237	839	
Retail	83	369	286	
	1,481	2,606	1,125	

Benefits to our Local Partners

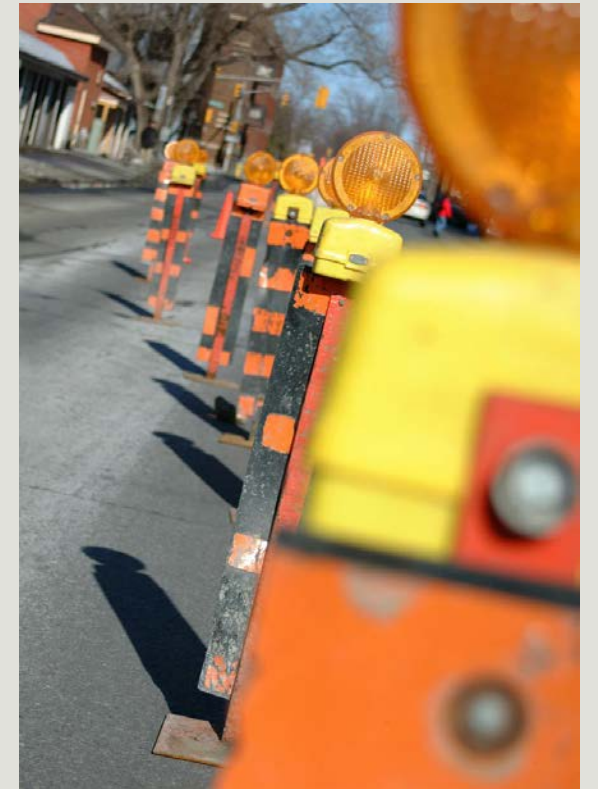
Thompson School District

\$7, 960, 605



Larimer County

\$4, 438, 192



JAX- Case Study

\$300,000 Sales Tax Sharing Agreement

Redevelopment of a black box and addition of new retail as a result

Even during the recession, came within a few thousand dollars of meeting the incentive

36 new jobs



Orthopedic Center of the Rockies- Case Study

36 month deferral of Capital Expansion Fees

City investment of \$21, 000 (foregone interest on the CEF's)

City receives \$168,000 in use and property taxes

New construction adjacent to OCR with resultant use and property tax from the other building/businesses



V Net

Incentive:

\$900,000

450 new jobs

New building at 619 14th St SW

Claw back/personal guarantee provision for non-performance

Ownership transferred triggering claw back, city repaid \$599,000

Other outcomes from the incentive:

Much of the incentive went to local contractors and for furniture and fixtures \$560,000

New business in the “tenant ready” space who employ 144 people with \$5MM + payroll and property taxes being paid



Non-Monetary Incentives

Expedited Review and Permit Process/New Development Review Center

Partnerships with Outside Agencies:

- Rocky Mountain Innosphere
- Loveland Center for Business Development
- Northern Colorado Economic Development Corporation
- Loveland Chamber of Commerce

Lodging Tax

Workforce Development/Training



Incentives that were Excluded

Façade Agreements, Centerra, and Downtown Development and Community based projects including:

Meals on Wheels fee waivers

Mercury Plaza Building

KL&A Building façade grant

Loveland Sculpture Group installation of underground power

Aleworks façade grant

Rialto Theater Center

House of Neighborly Service and Sunrise Medical Center

Lincoln Place

Medical Campuses



Other Jobs not included in Report

Healthcare and Business Campus Jobs

Jobs @ Incentive Year	Jobs @ 6/30/13	Change Incr/ (Decr)
1,590	2,336	746

Assistance Philosophy/Policy/Programs

The purpose of business assistance is to affect a location decision that results in an investment/development that the community wants.

Request must meet the minimum standards set by policy adopted in 2012

Request should be consistent with Council priorities set annually

Current annual allocation in the budget is \$450,000/yr

Economic Development Priorities 2015

Regional Tourism Authority: Import of new wealth to Northern Colorado.....Shoppertainment!

Downtown Redevelopment: Creative Spaces for the “innovation economy”

Aggressive Primary Employer Recruitment: “Grow the Disposable Income Pie”

Manufacturing Initiative

Airport Redevelopment

Educate the citizens on: Why Great Schools are needed for Economic Development?

Regional Tourism Act

Tax incentive program administered through the State of Colorado

2 grants available- 2 applications

Applications due February, projects added through August, decision in October

Large scale destination attractions

Increased the chosen communities receiving the tax increment to develop the projects



Downtown Redevelopment

Parcel assembly 1st-3rd Streets/Cleveland to Lincoln

Public/Private partnership

Phase 1 work with Michaels Group- mixed

Larimer County Loveland Branch

Redevelopment across from Rialto

Arcadia Hotel- Façade

Downtown Development Group



Primary Employment

Above Larimer County median income (approx. \$48,000)

Majority of products/services go outside the area

Support existing businesses in adding new jobs – Hach, Value Plastics, Data Traks

Active attraction of new primary employers to the area

Support property tax base through buildings, residential purchases, sales tax base



Airport Strategic Plan

Stakeholders development initial Airport Strategic Plan

Recommended Airport Commission Board between Loveland and Ft Collins

Recruitment of new aviation related businesses

Spec building of hangars and associated aviation related buildings



It Takes a Team



All city departments work together to provide services needed to support Economic Development:

Building and Planning Departments

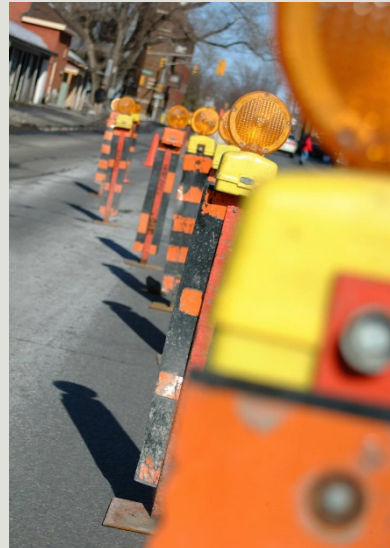
Roads

Trash

Water and Power

Cultural Services

Parks and Rec and more





· Empower to Learn
· Challenge to Achieve
· Inspire to Excel


[Staff Directory](#)

[Calendar](#)

[Contact Us](#)

[Lunch Menus](#)
[Parent Portal](#)

[Home](#) ▶ [About Us](#) ▶ [High Plains](#)

High Plains School

Navigation

Home

[Timeline](#)

[Agendas & Minutes](#)

[Boundaries and Enrollment](#)

[Media](#)

[Contact Us](#)

453
days until
School Opening



High Plains School Project Review



Project Timeline

Access timelines and reports

GO NOW



Agendas and Minutes

Access public documents

GO NOW



Boundaries and Enrollment

Process and Timeline

GO NOW



Pictures and Video

View slideshows and videos

GO NOW



Contact

Email and phone information

GO NOW



Thompson School District
800 S. Taft Ave.
Loveland, CO 80537
970 613-5000