City of Loveland Partnerships

The Project:

Multi-use retail, residential, entertainment, office and hotel complex spanning Interstate 25 north of Crossroads Boulevard. Built space of 2.2 million square feet would include:

- 1 million square feet of retail space.
- 580 luxury apartment units (east).
- 160,000 square feet of Class A office.
- 200 room full-service hotel (east).
- Two limited-service hotels totaling 200 rooms (west).
- Light industrial space totaling 222,000 square feet (west).

The Proposal: A partnership, City of Loveland and developer Eagle Crossing Inc.

Significant commercial projects offer benefits to the communities where they are located. Seldom do major projects come about without public investment in tandem with private venture. Terms of partnerships that bind local governments and private developers are openly negotiated in public meetings, with public participation encouraged. The Loveland City Council reviewed the proposal from Eagle Crossing Inc. for the combined "Brands at the Ranch" and "Brands West" project first in study sessions, then in a public hearing on the developer's proposal.

In voting unanimously to support the project through public participation, the City Council considered benefits and risks associated with the proposal, and also took into consideration the competitive landscape that guides how large-scale retail and mixed commercial developments can occur in Northern Colorado. Recent experience clearly shows that to remain "in the game" to generate sales tax revenue within the City's jurisdiction, the City must play a significant role in making such projects financially feasible. The agreement authorized by the City Council intends to maximize the City's revenue opportunities while minimizing its risk.

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City of Loveland

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Brands at the Ranch

Brands WEST

The Agreement: Retail-focused, performance-based

Tools that cities can apply to give project developers incentive to invest in major commercial ventures include waivers of development-related fees and taxes, rebates of sales taxes ordinarily paid to local governments and direct cash payments, usually contingent on job creation or some other economic performance measure.

The agreement binding the City of Loveland and the developer puts the first two of those into action over a decades-long period. Elements of the agreement are contingent on the developer's ability to obtain leases from retailers in a specific class, and on the long-term performance of those businesses in the marketplace.

Development fee, use tax waivers:

The "Brands" project developer has stated a goal of attracting unique, first-in-market retail tenants. Those retailers that qualify as anchor tenants (50,000+ square feet of retail space, $15 million+ annual sales) or junior anchor tenants (7,500+ square feet, $10 million+ annual sales) would qualify for:

- A waiver of use taxes, typically paid on building materials and construction costs, through 2021.
- Waivers of building permit fees during the same term. The combined use tax/permit fee waivers will not to exceed $6.60 per square foot. Other fees, such as capital expansion fees, impact fees and fire, water and sewer fees, would apply to the development.
- The City's commitment to an expedited development review process covering the Brands project.

City sales tax sharing:

The "Brands" project developer is entitled to use a portion of sales tax collected to attract high-quality tenants for a period of 25 years or until 2047, whichever comes first, under this formula:

- Anchor tenants may keep two of every three cents collected in City sales tax for a term of 25 years.
- Junior anchors qualify to keep two of every three cents collected for a period of 15 years after opening, and thereafter may retain 1.25 cents of each three cents collected for the next 10 years.
- Smaller, non-anchor retail businesses may keep 1.25 cents of each three cents collected for 25 years.

Developer's commitments:

The developer agrees to pay costs of construction, operation and maintenance in part through:

- Imposing a 39-mill levy on all taxable property, to be collected through an existing metro district.
- Enacting a minimum 1.75 percent Public Improvement Fee (PIF) on all taxable sales.