City of Louisville
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City Council
Business Retention & Development Committee

A sub-committee of the Louisville City Council

Monday, April 4, 2016
8:00 AM – 10:00 AM
Library Meeting Room
951 Spruce Street
(entry on the north side of building)

I. Call to Order
II. Roll Call
III. Approval of Agenda
IV. Approval of March 7, 2016 Meeting Minutes
V. Public Comments on Items Not on the Agenda
VI. McCaslin Small Area Plan Letter
VII. BAP Program discussion
VIII. Sign Code discussion
IX. ED Update
X. Reports from committee members –
XI. Discussion Items for Next Meeting: May 2, 2016
XII. Adjourn

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City Council
Business Retention & Development Committee

Meeting Minutes

March 7, 2016
Library Meeting Room
951 Spruce Street

CALL TO ORDER –The meeting was called to order by Chair Susan Loo at 8:00 AM in the 1st Floor Meeting room at the Louisville Library, 951 Spruce Street, Louisville, Colorado.

ROLL CALL – The following members were present:

Committee Members:	Susan Loo, Chair Shelley Angell, Chamber of Commerce Rob Lathrop, Revitalization Commission Michael Menaker, Alternate Revitalization Commission Chris Pritchard, Planning Commission Scott Reichenberg, CTC Justen Staufer, Downtown Business Association
Staff Present:	Malcolm Fleming, City Manager Aaron DeJong, Economic Development Director Scott Robinson, Planner II Dawn Burgess, Executive Assistant to the City Manager
Others Present:	Randy Caranci Mike Kranzdorf Jim Tienken

MEETING WAS CALLED TO ORDER BY CHAIR SUSAN LOO

APPROVAL OF AGENDA
BAP Discussion deferred to April

APPROVAL OF FEBRUARY 1, 2016 MINUTES: Approved

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:
Chair Loo congratulated Malcolm Fleming on being named Manager of the Year by CCCMA

SOUTH BOULDER ROAD SMALL AREA PLAN PRESENTATION:
Economic Development Director Aaron DeJong said the Small Area Plan was a long process with public input to get to final document. Planning commission has seen it once.

The plan will go to City Council in April. DeJong asked Scott Robinson, Planner II, to come and walk BRaD through document.

This is an amendment to the Comprehensive Plan. It is intended to define community character, land uses and public infrastructure priorities to provide a roadmap for public and private investments in the corridor. It is an intermediary plan between Comprehensive Plan and regulatory documents.

Planner Scott Robinson reviewed slides in packet.
Implementation steps after adoption:

- Draft and adopt design standards and guidelines
- Timeline
- Cost estimates to be given in ranges

"how do we look at corridor when redevelopment arises"
Roadway improvements were discussed.
The small area plan as proposed complies with the Comprehensive Plan.
Committee members asked about the Santilli property. The plan notes the property be considered as a potential open space acquisition if available for purchase.

Chair Loo recommends people review page 40 of packet, traffic improvements and contact Scott with comments.

Some projects noted in the Plan are expensive. Council is focused on maintaining the road network we have. Not a lot of money available the next 3 or 4 years. Planning is trying to line up priorities.

Comprehensive Plan will be revisited every 10 years unless the majority of Council wants to review sooner.

Chair Loo asks BRaD members to forward comments to Scott.

Coal Creek Station project has resubmitted their final PUD plans. Their proposal complies as does North End plan.

Commissioner Pritchard asks for input at this Thursdays Planning Commission meeting. Wants to present a clean document to Council.

Commissioner Menaker thinks the process took too long and produced too little. Commissioner Pritchard agrees it took a long time but is happy that the development community is moving forward.

MCCASLIN SMALL AREA PLAN DISCUSSION

Planner Robinson reviewed the slides in the packet.
Unlike South Boulder Road, looking at changes to zoning of properties on the east side of McCaslin.

Allowing more density would bring more people to the corridor, take advantage of the new BRT station. All three development alternatives on page 70 of the packet are consistent with Comprehensive Plan.

Transit area creates more origination of trips – we need to leverage BRT station improvements in a future redevelopment scenario.

Office over retail was discussed. However, currently the comp plan does not allow for residential west of McCaslin.

Ridership at BRT would be useful information. Robinson will provide to Pritchard.

Comp Plan and zoning issues and allowances were discussed.

Mixed use with some component of residential was advocated for near the BRT station by BRaD members. Should BRaD make a position statement? At the Roundtable this opinion was voiced. BRaD can draft a formal letter to present to Council. Chair Loo can point out an opinion of the BRaD Committee to Council.

Council members Lipton and Maloney are not here however we do have a quorum.

The Committee asked for a letter be drafted by staff to review at the next meeting.

How does the letter affect process? It will go to Planning Commission. Planning Commission will review the Plan and then it will go to Council. Chair Loo said it will lend a voice that Council does not often hear.

The McCaslin Small Area Plan had several public meetings. Now staff is going to prepare document of preferred alternatives. The letter would be taken into consideration as the preferred alternative is developed.

Commissioner Lathrop noted nothing can really change until Comp Plan changes. But the letter would be on the record to be referenced in the future. Menaker said the small area plan amends the Comp Plan, then the zoning would be changed legislatively.

Commissioner Stauffer said we have an obligation to write the letter and present the opinion whether or not it is an uphill battle.

The letter will be strengthened if the organizations behind the members endorse it. Separate letters will be more meaningful. Emphasis should be from business perspective.

The Fiscal Analysis output for the McCaslin area was reviewed.

The City's mariginal cost fiscal model was adopted last year. Marginal cost model is "lumpy" – looks at specific costs. Average costs assigns an increment to every person and office worker.

2017 CIP BUDGET INPUT FROM BOARDS AND COMMISSIONS

Input on budget is moving quickly this year. Does BRaD have any input on things you would like to propose to Council? If a thought/request is not on the 5 year plan, it will not be considered.

Parking investment
CTC Connection

RETENTION VISITS

Crystal Springs Brewery
Doing well. Want to grow, hard to get major investments in small business. Would like additional signage. Asked about loans and grant money.

Gravity Brewing
Doing well. Want to grow. Like their location but are space constrained.

ECONOMIC DEVELOPMENT UPDATE

Economic Development Director DeJong reviewed the items on the Council Communication.

He added that Madera Grill, Bob's and Bittersweet are foregoing patios this year.

REPORT FROM COMMITTEE MEMBERS:

Commissioner Menaker encouraged everyone to volunteer at Street Faire.

PUBLIC COMMENTS

None

ITEMS FOR THE NEXT MEETING: APRIL 4, 2016

- BAP Discussion
- Sign regulations
- Accelerate Storage Tek activity (meeting in the future)
- Letter
- Performance measures/Key indicators

ADJOURN – The meeting adjourned at 10:12 am

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Business Retention and Development Committee

April 4, 2016

Re: McCaslin Small Area Plan

Dear Louisville Planning Commission, Mayor and City Council:

The McCaslin Small Area Plan will be coming soon for your review. This document is intended to lay out the vision for the area for the foreseeable future. It will have great implications on how residents utilize the corridor, how property owners view the potential for their properties, and how businesses evaluate their viability in the area.

The BRaD Committee held a property owner roundtable very early in the process to make sure we understood if the business district was thriving or struggling. Businesses and property owners attended the meeting and provided input on a variety of issues. The main input received was:

- The area is not friendly to pedestrians
- More rooftops would help the retailers
- There is an opportunity to provide a greater mix of housing types in town
- There is an opportunity to create a place for special events in addition to Old Town

The Planning Department held several public input meetings to discuss the area with residents and outlined options and improvements being considered in the area. The preliminary outcome of that work product appears to have many of these key ingredients; however, the BRaD Committee believes that many of the key issues to create the best possible outcome are still missing.

BRaD believes the McCaslin Small Area Plan must anticipate and allow for future conditions that will require additional permitted uses in order for the area to maintain its vibrancy and relevance to the City. Specifically, BRaD endorses planning that will allow for moderately dense, residential development in proximity to the new Bus Rapid Transit (BRT) corridor along US 36. Mixed use developments are essential for economic viability and this is precisely the scenario brought to our attention by the Urban Land Institute when they studied the area in 2013. One of ULI's key recommendations was:

"Reconsider the role of housing in creating vibrant, walkable, mixed-use urban environments in the McCaslin District."

The BRaD Committee believes that if the McCaslin area remains as solely retail centers and business parks, it will limit the potential for the area to create a new vibrancy. The McCaslin Small Area Plan should allow for some properties to transition to allow for a mix of uses, which will encourage redevelopment of underperforming properties and begin to evolve the corridor.

The McCaslin Area is well positioned to be a lasting asset for Louisville if we listen to the market and the needs of our community. With an expansion of the uses and infrastructure, McCaslin can again be a vibrant area for residents, businesses, and owners.

On behalf of the Business Retention and Development Committee,

Susan Loo, Chair

SUBJECT: **BUSINESS ASSISTANCE PROGRAM REVIEW**

DATE: **APRIL 4, 2016**

PRESENTED BY: **AARON DEJONG, ECONOMIC DEVELOPMENT**

SUMMARY:
The Committee asked for a review of the Business Assistance Program (BAP) at their February meeting. This memo summarizes the program, describes implementation of the program, and identifies potential changes to the program.

BACKGROUND:
The BAP program was established by Ordinance 1507-2007 on January 16, 2007. The purpose for the program stated in the Ordinance is:

> *The purpose of the BAP created by this chapter is to encourage the recruitment, retention, establishment and/or substantial expansion of sales tax generating businesses and employers within the city, thereby stimulating the economy of and within the city, providing employment for residents of the city and others, further expanding the goods and services available for purchase and consumption by businesses and residents of the city, and further increasing the sales taxes and fees collected by the city, which increased sales tax and fee collections will enable the city to provide expanded and improved municipal services to and for the benefit of the residents of the city, while at the same time providing public or public-related improvements at no cost, or at deferred cost, to the city and its taxpayers and residents.*

The ordinance establishing the program has several other sections including;

- Permitted use of funds
- Timing of payments
- Existing tax revenues sources to be unaffected
- Criteria for approval
- Required components of the Agreement

The program is implemented by the execution of Business Assistance Agreements that provide assistance for two main categories of projects, 1) retail business expansions or creations that create new sales tax revenues to the City, and 2) primary employer expansions or creations that create new quality jobs within Louisville.

The incentives offered within BAP agreements include;

- Rebates of the City's general 3% sales tax on new sales created by the business for a given period of time. Typical agreements include a 40% rebate of sales taxes over a 2-3 year period.

- Rebates of the City's Building permit fees on improvements to property. Typical agreements include a 50% rebate of fees.
- Rebates of the City's general 3% construction use tax on materials related to improving property. Typical agreements include a 50% rebate of these taxes.
- Rebates of the City's general 3% consumer use tax levied on equipment purchases related to the expansion/creation of the business that have a useful life greater than 3 years. Typical agreements include a 50% rebate of these taxes.

DISCUSSION:

Modification to Business Assistance Application

At the February 1, 2016 meeting, committee members inquired about analyzing the need for assistance packages to companies considering expansions or relocations to Louisville. A concern raised is that companies already located in town have significant moving costs in relocating their operations, therefore incentives are not needed to keep them in town.

In attempting to address the interest for further analysis, staff has proposed additional input needed within the business assistance application form. The input needed are the other municipalities' options and the corresponding lease rates or purchase price. This information will shed additional light into whether the Louisville option is financially competitive with the other options. If not, then incentives would increase the financial competitiveness of the Louisville option.

These questions were asked of Accurence, Inc. a roofing technology company pursuing a new headquarters location in the CTC. For Accurence, the Louisville location was the most expensive option in relation to the Westminster and Broomfield locations. This showed incentives from Louisville would make the location more financially competitive. The Accurence BAP was approved by City Council on March 15, 2016.

When analyzing offering incentives to companies locating to Louisville, looking at the comparable rates of the locational options is good at determining whether incentives are needed to encourage a Louisville option.

When analyzing projects where Louisville businesses are looking to expand operations in town, staff has concerns looking at the comparable rates and estimating relocation costs to determine if incentives are needed. The concern is that looking both at costs in other municipalities and the costs to relocate the business runs counter to efforts encouraging local businesses to grow. This creates a higher bar for local businesses to access the BAP program than businesses that haven't invested in Louisville prior. Staff believes in analyzing local businesses for incentives the same as analyzing new businesses coming to Louisville.

Implementation of Consumer Use Tax rebates

Finance staff has had several years of experience implementing consumer use tax rebates on purchases made having a durable lifespan greater than 3 years. This rebate takes significant staff time to determine the qualifying consumer use tax (and in some cases sales tax) purchases due to the durable goods limitation.

Companies are required to provide consumer use tax returns to the City for purchases of goods made outside the City for use within the operation of the business. This includes major equipment, furniture, and fixtures, but also expendable goods such as paper, pens, and even food. The challenge lies in the determination of what is durable versus non-durable within each use tax return provided to the City within the term of the BAP agreement. Basically, the Finance Department and the business must develop a new use tax return list for only durable goods, even though all the information has already been provided, just that durable and non-durable purchases are together.

A proposed fix to eliminate significant duplication and review time for staff and the business would be to modify the allowed use tax purchases to all purchases, rather than only durable good purchases. This would create a greater basis for rebate payments. To adjust for this increase, the consumer use tax incentive rebate percentage could be reduced reflect that some purchases are now eligible.

At the February 1 meeting, staff was asked to analyze previous consumer use tax rebates to determine an appropriate amount of rebate percentage reduction to maintain a similar ending rebate payment. Below is a table analyzing several recent consumer use tax payments.

Business	Year	% needed to equal payment
Boulder Wind	2013	46%
Boulder Wind	2012	48%
CableLabs	2014	22%
Cablelabs	2015	24%
Pearl Izumi	2015	16%
Pearl Izumi	2013	20%
Xetawave	2014	50%
Xetawave	2015	27%
	AVERAGE	**32%**

To achieve a similar rebate payment averaging the above businesses, the use tax rebate percentage would need to be 32% of all use tax purchases.

RECOMMENDATION:

Staff would like the BRaD committee to discuss:

1) The modifications to the business assistance application, and

2) Modifying implementation of consumer use tax rebates to streamline calculation of payments.

ATTACHMENT(S):

1. Redline of Business Assistance Application

CITY OF LOUISVILLE

749 Main Street, Louisville, CO 80027 (303) 335-~~4533~~4531

BUSINESS ASSISTANCE REQUEST

Please return the information requested and the answers to the questions below to the City of Louisville, 749 Main Street, Louisville, Colorado, 80027, Attention: Economic Development Director.

Project Information:
• What is the name of the project?
• What is the location of the project?
• What is the size of the project?
• If new construction, what is the estimated building valuation (core and shell only) of the project?
• If this is tenant finish, what is the estimated tenant finish (not including furniture, fixtures, and equipment)?
• Is the project an expansion or a relocation of the current business?
• Will the project occupy existing space or construct a new space?
• When is a decision anticipated on the project location?
• When is construction anticipated to begin?
• When is construction anticipated to be completed?
• What other areas are being considered for this project?
Submit name of municipality, address of building/property, and lease rate or purchase price for location.

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Owner's Contact Information:
Name of Business
Business Address
Phone:
Fax:
Email:
President or CEO of the Business:
Name of the Applicant:

Employee and Payroll Information:
• What is the number of employees at move-in?
• What is the projected number of employees within the first five (5) years of operation?
• What is the annual payroll (not including benefits) at move-in?
• What is the annual payroll (not including benefits) within the first years of operation?
• What is the average job salary per year?

Company Profile:
• Describe what service or product your company provides
• Provide general background on the company
• Provide website information (if applicable)

Sales Tax Projections:
If this is a retail/commercial business, please complete the following:
• What are the gross retail sales projections in the first full year of operation?
• What are the gross retail sales projections in the first five years of operation, per year?

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BRAD COMMITTEE

SUBJECT: **SIGN CODE DISCUSSION**

DATE: **APRIL 4, 2016**

PRESENTED BY: **AARON DEJONG, ECONOMIC DEVELOPMENT**

SUMMARY:
Committee member Menaker asked for some time to discuss the sign code and potential solutions to address the need of property owners wanting to seek approval for signage.

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BUSINESS RETENTION AND DEVELOPMENT COMMITTEE

SUBJECT: **ECONOMIC DEVELOPMENT UPDATE**

DATE: **APRIL 4, 2016**

PRESENTED BY: **AARON DEJONG, ECONOMIC DEVELOPMENT**

550 S. McCaslin Urban Renewal – The LRC received one proposal from its RFP seeking projects for the former Sam's Club building at 550 S. McCaslin Blvd. The property owner, Centennial Valley Investments, is proposing a King Sooper Marketplace store be developed on the property. The owner in their proposal submitted a letter of interest from King Soopers to note the interest in the property. The owner has requested assistance by way of tax incentives and addressing the restrictive covenants preventing the use upon the property.

North End Marketplace Development to City Council
Markel Homes is proposing a mixed use development upon their 6 acre parcel east of King Soopers on South Boulder Road. The development includes 65 residential units (31 units 50+ age restriction) and 40,000 sf of retail/office development. Planning Commission recommended approval by a 6-1 vote at their March, 10, 2016 meeting.

Coal Creek Station development submitted
This project located at Southwest corner of South Boulder Road and Highway 42 has been resubmitted for final PUD approval. The property ownership issues have been addressed.