

# **City Council Economic Vitality Committee**

## **Meeting Agenda**

**Friday, June 21, 2024**

**City Hall**

**749 Main Street**

**1:30 PM**

*Members of the public are welcome to attend and give comments remotely; however, the in-person meeting may continue even if technology issues prevent remote participation.*

- You can call in to [+1 346 248 7799](tel:+13462487799) or [833 548 0282](tel:8335480282) (toll free) Webinar ID [#838 1396 0621](tel:83813960621)
- You can log in via your computer. Please visit the City's website here to link to the meeting: [www.louisvilleco.gov/council](http://www.louisvilleco.gov/council).

*The Board will accommodate public comments during the meeting. Anyone may also email comments to the Board prior to the meeting at [VZarate@LouisvilleCO.gov](mailto:VZarate@LouisvilleCO.gov).*

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of May 17, 2024 Meeting Minutes
5. Public Comments on Items Not on the Agenda
6. Potential BAP Amendments
7. Potential Future Agenda Items
  - a. Small Business Week
  - b. Shop Local Campaign
8. Staff Updates

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Persons planning to attend the meeting who need sign language interpretation, translation services, assisted listening systems, Braille, taped material, or special transportation, should contact the City Clerk's Office at 303 335-4536 or [MeredythM@LouisvilleCO.gov](mailto:MeredythM@LouisvilleCO.gov). A forty-eight-hour notice is requested.

Si requiere una copia en español de esta publicación o necesita un intérprete durante la reunión, por favor llame a la Ciudad al 303.335.4536 o 303.335.4574.

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### **City of Louisville**

**City Council 749 Main Street Louisville CO 80027**  
**303.335.4536 (phone) [www.LouisvilleCO.gov](http://www.LouisvilleCO.gov)**

9. Development Updates
10. Economic Reports
11. Business Articles
12. Adjourn

***City Council***  
***Economic Vitality Committee***  
***Meeting Minutes***  
**Friday, May 17, 2024**  
**Regular Meeting**

1. **Call to Order:** Chair Dickinson called the meeting to order at 1:32 PM.
2. **Roll Call:** The following members of the City Council were present: Chair Dickinson and Councilmember Fahey. Also present were Community Development Director Rob Zuccaro, Economic Vitality Manager Vanessa Zarate, Economic Vitality Specialist Austin Brown, and City Manager Jeff Durbin. One member of the public was in attendance.
3. **Approval of Agenda:** Councilmember Fahey made a motion to approve the agenda as presented. The motion was seconded by Chair Dickinson. Motion passed.
4. **Approval of Meeting Minutes from April 25, 2024:** Councilmember Fahey made a motion to approve the March 15, 2024 meeting minutes. The motion was seconded by Chair Dickinson. Motion passed.
5. **Public Comments on Items Not on the Agenda:**  
None.
6. **Louisville Business Composition:**  
Manager Zarate gave an overview of the business makeup within Louisville. She noted that Louisville has more than 1,600 businesses and 20,000 employees. She added that Louisville’s business mix generally aligns with Boulder County’s targeted industries, which include Aerospace, Bioscience, Cleantech, IT/Software, Natural Products, Outdoor Recreation, and Research Economy.

Louisville’s top industries by employment are Professional, Scientific and Technical Services, Manufacturing, Health Care and Social Assistance, and Food Service and Retail. Manager Zarate noted that these industries account for roughly two-thirds of Louisville’s total employees.

Louisville’s top industries by business count are Professional, Scientific and Technical Services, Health Care and Social Assistance, Wholesale Trade, and

Finance and Insurance. Manager Zarate added that these top industries represent roughly 1,000 of the 1,600 total businesses in Louisville.

Manager Zarate commented that the majority of businesses (all but 13) in Louisville have 500 or fewer employees and are therefore considered small businesses by the Small Business Administration. She added that 87.6% of Louisville businesses have 20 or fewer employees.

Community Development Director Zuccaro asked whether the employment numbers are specific to employees within Louisville or nationwide. Manager Zarate confirmed that these numbers represent only employees physically based in Louisville, even for businesses with additional locations across the country.

Councilmember Fahey wondered whether home-based businesses that do not have any additional employees are included in this data. Manager Zarate responded that they should be included, as the data pulls from unemployment insurance and also allows for businesses to report zero employees.

Manager Zarate presented the top 10 employers in Louisville. She noted that this list includes multiple industries across several of Louisville's business districts.

Chair Dickinson asked how this information could be used to help guide Economic Vitality efforts in Louisville. Manager Zarate responded that this data can help staff communicate with brokers on sites for future tenants, can help new businesses recognize Louisville as a place to locate to be close to or partner with other businesses in similar industries, and can help with planning resource allocation.

Public Comment from Mike Kranzdorf: Mr. Kranzdorf asked for clarification regarding the "Businesses by Industry Chart" on page 8 of the packet. He questioned if the first 3 industries listed on the legend were included in the chart. Manager Zarate confirmed that those industries are not visible in the pie chart.

Councilmember Fahey asked whether restaurants are included under "Accommodation and Food Services". Manager Zarate responded that generally restaurants would be included in this category, but noted that since businesses self-identify their industry some restaurants may have included themselves under retail.

Chair Dickinson asked how difficult or tedious it is to pull and update this data. Manager Zarate clarified that it can be done fairly quickly, but noted that the report will not change until new federal data is updated quarterly.

**7. Staff Updates:**

Manager Zarate presented staff updates and asked if there were any questions or comments. Chair Dickinson asked who typically participates in the corridor walks. Manager Zarate responded that she typically performs the walks, sometimes with Specialist Brown. She also added that Partners for a Clean Environment Boulder County (PACE) has been going out and introducing programs to Louisville businesses. While EV staff does not typically participate in these visits, PACE does give EV staff's contact information to the businesses.

Chair Dickinson shared that he was invited to a meetings with some of the downtown retailers last night to discuss First Friday art walks. He noted that the businesses are interested in coordinating efforts to create themed First Fridays from April to October. Possible themes include a wine walk, live music, or other similar ideas. He added that August 2<sup>nd</sup> will be both a Street Faire and a First Friday.

Councilmember Fahey asked about the substantially enhanced patio program and if there were additional plans for further enhancing the patios. City Manager Durbin responded that a lot of staff has put a lot of time and energy into exploring options for enhancing the patios, but a lot of ideas seem to be difficult to implement. For example, he commented that lights can't be strung across the patios because they will interfere with the umbrellas that businesses have purchased to provide shade.

City Manager Durbin continued, adding that Manager Zarate has spent a lot of time talking to downtown businesses and that these conversations led to ideas around events. He shared that staff is working on planning future events and collaborative ideas with businesses. While waiving the patio fees didn't create a ton of new interest in the patio program, he anticipates Council will have an interest in revisiting the Main Street closure discussion later this year. Councilmember Fahey added that she heard about some of the events that the Cultural Advisory Board is planning for downtown.

Public Comment from Mike Kranzdorf: Mr. Kranzdorf asked whether there are plans for the City to add a webpage or communications materials dedicated to tourism. Manager Zarate responded that, unlike some regional municipalities, Louisville does not have any Tourism staff. She noted that Chambers of Commerce do this in some areas, but City staff does not currently have the bandwidth to address this. City Manager Durbin added that the Communications Manager is currently looking at the City website, and her first priority is to clean up the existing site.

- 8. Development Updates:** Chair Dickinson commented that he's hopeful that many of these projects can come to fruition in the next year. He asked if there were any updates regarding an end user at 809 Main Street (old Waterloo).

Manager Zarate responded that the property is being core and shelled as a future restaurant, with all utility work completed. The future tenant will need to perform tenant finish improvements before they are occupying the property.

Chair Dickinson also asked for additional information on the Boulder County Innovation Campus (the former Lowe's at 1171 W Dillon Rd). Manager Zarate shared that the property is being marketed for 1 to 3 life science/bioscience tenants, although no one has signed on yet. She noted that the success of Biodesix at the former Kohl's has helped generate interest in this site.

Councilmember Fahey asked for information on Mental Health Partners. Community Development Director Zuccaro responded that it's the City's understanding that they have purchased the property. Director Zuccaro added that Planning is currently reviewing code provisions to determine if their intended use matches the zoning.

Councilmember Fahey also asked whether CU has purchased on the former Cinebarre property. Staff responded that they should have closed on the property within the last week.

Chair Dickinson asked for confirmation of the location of next week's Business Beat meeting with Construction and Manufacturing businesses. Manager Zarate responded that the meeting will be held at the Louisville Recreation and Senior Center.

9. **Business Articles:** No comments.

10. **Discussion Items for Next Meeting:**

Chair Dickinson asked if there is a set date for Small Business Week or if that is a concept that should be further developed. Manager Zarate responded that the SBA holds a Small Business Week in late April, but noted that many jurisdictions hold a small business week the week after Thanksgiving.

Chair Dickinson asked if staff could look into EDI incentives that could help women-owned or minority-owned businesses. Staff confirmed that they will look into this.

11. **Adjourn:** The meeting adjourned at 2:19 PM.

**SUBJECT: PROPOSED BAP AMENDMENT**

**DATE: JUNE 21, 2024**

**PRESENTED BY: VANESSA ZARATE, CECD, ECONOMIC VITALITY MANAGER**

## **SUMMARY:**

In 2007, the Louisville City Council adopted Chapter 3.24 of the Louisville Municipal Code establishing the City's Tax and Fee Business Assistance Program (BAP), which authorizes rebates of certain taxes and fees to businesses to encourage the recruitment, retention, establishment and/or expansion of sales tax generating businesses and employers within the City. The intent of the program is to provide financial rebates to businesses that provide employment opportunities, provide goods and services and positively contribute to the economy and quality of life for Louisville.

The BAP has proven to be quite successful over the years. The BAP allows businesses to take advantage of multiple rebates to include building permit and sign permit fees, construction and use tax fees and sales tax rebates. All incentives are performance based and rebates for true costs incurred for the project. As of May 2024, there are 34 active BAPs that include retail, office and industrial users. In addition, there are 76 archived BAPs.

The BAP is the only city-wide attraction, retention and expansion incentive available to businesses looking to locate or expand in Louisville. Businesses of all sizes and industries can apply for a BAP incentive through the Economic Vitality team. To be eligible, a company must be one of the following: a new business seeking to open in or relocate to Louisville; an existing business which proposes to expand in the City; or an existing business that must relocate to a new premises due to non-renewal of a lease or other unforeseen circumstance outside of the business owner's control. Application for inclusion in the BAP must be made prior to the proposed opening, acquisition or expansion. All agreements are structured as rebates, no up-front incentives are offered through this program.

- Through the current program, the City can offer rebates on the following items for a period of up to 10 years or until a specified maximum amount is reached:
  - Building Permit Fees
  - Sign Permit Fees
  - Construction Use Tax
  - Consumer Use Tax
  - Sales and/or Use Tax

Historically, the City's most used parameters are to issue rebates equal to approximately 50% of the above-listed fees and taxes for projects that are awarded an incentive through the BAP.

In 2010, the City adopted a tax for using, storing, distributing or otherwise consuming tangible personal property or taxable services inside the City, aka 'consumer use tax', which became

effective following voter approval. In 2023, the City approved an amendment to the Business Assistance Program to codify the practice of rebating a portion of the City's consumer use tax under a BAP agreement. A definition of "consumer use tax" has been added to the Business Assistance Program and the definition of "fees" has been expanded to include the amount of consumer use taxes collected. As part of this amendment, new language requires that businesses remain open for 10 years following the issuance of a certificate of occupancy or pay back 10% of assistance for each year out of the 10 that they failed to remain open.

Staff is proposing a new amendment to the BAP to allow for additional assistance for Boulder County's targeted industries.

### **Boulder County's Targeted Industries**

Boulder County's Targeted Industries are Aerospace, Bioscience, Cleantech, IT/Software, Natural Products and Outdoor Recreation. Targeted industries are industries that have been identified as providing significant economic benefits, including the creation of high-paying employment opportunities, the expansion of the tax base, and/or the elevation of the community's quality of life. Communities can pick their own targeted industries and targeted industries can be identified on the municipal, county and state-wide level. Boulder County's targeted industries, for this purpose, are those identified by the Boulder Economic Council.

Colorado's Office of Economic Development and International Trade (OEDIT) is the state's economic development arm and identifies their priorities by Key Industries. Their key industries are Advanced Manufacturing, Aerospace, Bioscience, Creative Industries, Defense & Homeland Security, Electronics, Energy & Natural Resources, Financial Services, Food & Agriculture, Health & Wellness, Infrastructure Engineering, Technology & Innovation, Tourism, Outdoor Recreation and Transportation & Logistics. OEDIT creates programs to assist community's targeted industries across the state to include targeted incentives, workforce programming, technical support and more.

In Louisville, we are operating within a larger ecosystem that includes our neighbors in Boulder County and largely across the Denver Metro. We need to be competitive to attract and retain businesses while setting the stage for expansion. Incentives are a way to remain competitive and ensure that the business climate and operating environment can support business sustainability and growth.

Louisville is located in a prime location with easy access to Boulder, Denver and other communities across the metro and state. Some key advantages for all industries locating in Louisville include proximity and access to a highly educated workforce, partnerships with institutions such as University of Colorado Boulder, hospitals, research institutions, national and federal labs and agencies and access to vast open space and outdoor recreation amenities.

### **Aerospace Industry**

Aerospace is an identified targeted industry for both Boulder County and the State of Colorado. Aerospace thrives in Colorado for many reasons including concentration of commercial and academic space assets and concentration of military and government partners. Colorado has the second largest space economy in the U.S. and Colorado's central location within the United



States provides one-bounce satellite communications to Europe and Asia in the same day. The aerospace industry also benefits from the success of Denver International Airport and other regional airports across the state.

Aerospace has deep roots in Louisville, Boulder County and Colorado. Boulder is home to the National Oceanic and Atmospheric Administration (NOAA), the University Corporation for Atmospheric Research (UCAR), the National Center for Atmospheric Research (NCAR), and the National Institute of Standards and Technology (NIST). The University of Colorado Boulder's (CU Boulder) aerospace program is ranked eighth in the nation by U.S News and World Report. CU Boulder, as of 2023, received more NASA funding than any other public university. CU Boulder is also home to the Laboratory for Atmospheric & Space Physics (LASP), the Cooperative Institute for Research in Environmental Sciences (CIRES), and the National Solar Observatory (NSO). Colorado has the largest portfolio of research supported by the national Science Foundation's Geosciences Division.

Colorado's aerospace cluster is made up of over 350 businesses that employ over 37,000 and have a yearly economic output of \$12.7M. The average wage for an aerospace employee is \$135,550. The state is home to nine of the nation's top aerospace contractors, major U.S. Department of Defense (DoD) facilities, National Aeronautics and Space Administration (NASA) research and development activities, and the Colorado Air and Space Port. 80% of the state's aerospace employment is in the nine-county Denver metro region. Over 60% of Colorado's aerospace companies have 10 or fewer employees, while nearly 10% have over 250 employees.

The state of Colorado passed legislation creating a Sales and Use Tax exemption for qualified property used in space flight. There are also multiple state incentives that aerospace companies in Louisville can take advantage of such as a job growth incentive tax credit, a Procurement Technical Assistance Center, accelerator programs and advanced industry accelerator programs.

Louisville is already home to a multitude of successful aerospace companies and is poised to be a frontrunner in the attraction of new businesses and talent. Some current aerospace companies include Sierra Space, Capella Space, Orion Space Solutions, and Tendeg.

### **Bioscience Industry**

Bioscience is a target industry for both Boulder County and the State of Colorado. The Denver/Boulder metro was ranked 11<sup>th</sup> among the top metros in 2022 for bioscience support and growth. We have also been ranked second highest for density of bioengineers and biomedical engineers. Similarly to other industries, the bioscience industry benefits from access to highly educated workers, science and research institutions and quality of life components to support their business missions.

The nine-county metro is home to over 950 companies and more than 20,220 bioscience employees. The average wage for a bioscience employee, in 2022, was \$117,220. From 2019-2023, the bioscience cluster grew over 20%, adding nearly 3,500 jobs. A majority of bioscience businesses, 75%, have 10 or fewer employees. Colorado raised \$1.6 billion in capital across the life science ecosystem in 2022.

OEDIT's Advanced Industries Accelerator has funded over 500 grants to over 80 life science companies, resulting in over 1,000 new jobs and over \$1 billion in follow-on capital. At the end of 2022, it was estimated that the demand for commercial life-science space was responsible for nearly 3 million feet of construction in the Denver/Boulder metro. Life science is an industry that is making lots of headlines in Colorado and is included within bioscience. Bioscience companies partner with federal agencies, labs, the Colorado Bioscience Association, universities, K-12 school systems and health care facilities to advance life science research, education, and breakthroughs.

Louisville is a competitive market for bioscience companies. Louisville is a partner within the US 36 Collaborative with the Health for Hub Impact Campaign. This campaign is promoting the US 36 Corridor nationally for bioscience and other high-tech businesses. Sub-sectors include Pharmaceuticals, Biotechnology and Medical Devices & Instruments. Commercial property owners see the proximity to talent and quality of life and are looking at ways to turn their properties into hubs/assets for bioscience. Some Louisville bioscience companies include Biodesix and Loxo Oncology.

### **Cleantech Industry**

Colorado has regularly been at the forefront of clean technology and energy standards. Boulder County and Louisville are strong environmental and sustainability advocates as sustainability and clean standards have been a priority for Louisville for many years. Colorado is leading the research, development, employment and investment for cleantech. Cleantech are those companies that are working for solutions that improve environmental sustainability. These companies are looking at ways to positively impact the environment through use of materials, processes and practices. Cleantech is a targeted industry in Boulder County and the State of Colorado has a key industry of Energy and Natural Resources (natural and renewable energy).

Colorado was the first state to pass clean energy standards at the ballot and is 4<sup>th</sup> in the nation in terms of cleantech employment concentration. Colorado is home to many top-tier universities, labs and research institutions, resulting in being 8<sup>th</sup>, and climbing, in terms of cleantech capital investment according to the Colorado Cleantech Industries Association. In Colorado, Energy and Natural Resources has over 10,000 companies and more than 88,000 employees with an average wage of \$104,700.

Colorado is a top 10 state for renewable energy and is in the top-5 for states with most LEED-certified energy efficient buildings. Colorado is second in the nation for sustainability startups, with Boulder ranking the number one city for sustainability in the nation. The state of Colorado has energy goals to include a 50% reduction of emissions by 2030 and 90% reduction by 2050. Colorado ranked 5<sup>th</sup> in the nation in 2022 for top cleantech innovation hub. Cleantech benefits from many of the same factors as other industries such as access to a highly educated workforce, partnerships with universities, labs and federal partners and renewable energy. Colorado puts a very high importance on outdoor recreation and sustainability, these are often two components that differentiate Colorado from other states. The access to the nature and love of the outdoors helps drive the cleantech industry. Over 25% of Colorado's net energy generated comes from wind power.

Louisville continues to expand on its commitment to clean technology and energy standards locally with clean energy building codes, a bag tax, all electric trash service and a decarbonization plan. Louisville has aligned with partners in Boulder County to continue to elevate cleantech and support innovation within the industry, and innovation that can be integrated into other industries.

### **IT/Software Industry**

IT/Software are two industries that took a predominant hold on the coasts, and a few select areas internal to the United States, to include Colorado. Many companies view Colorado as a finalist for a location decision due to the access to talent and access to other markets from the airport and based on our time zone. Many employees within the IT/Software industry are younger than some of their industry counterparts, making Colorado a prime location for businesses wanting to reach the young, smart talent that has been flocking to Colorado for many years.

IT/Software is a targeted industry in Boulder County and a key industry for the State of Colorado. Colorado is home to over 8,200 businesses and nearly 90,000 employees with an average wage of \$148,310. Colorado's IT/Software industry is a leader within startups, venture capital, second-stage growth, and rapid expansion. From 2017 to 2022, the IT/Software industry grew in Colorado by over 50%, twice that of the national average. Growth has been so significant in Colorado that growth just within this industry has outpaced US employment growth for nearly a decade. Almost 90% of the employees in IT/Software in Colorado are in the nine-county metro.

Louisville has a wide variety of office space available to new and expanding IT and Software companies, often at a lower rent than our regional counterparts but still allowing the businesses to receive the same benefits of location and talent. Boulder County and Louisville are home to many national and regional headquarters as well as entrepreneurs, start-ups and satellite offices. Some Louisville businesses include AMP Robotics, Swimlane, ThreatX and others.

### **Natural Products**

Natural and organic product companies are a targeted industry in Boulder County and Food and Agriculture are a key industry in the State of Colorado. Boulder county is often the epicenter of clean and natural foods, leading the county in highest per capital consumption of organic foods. Businesses in the natural products realm generally research products, make and sell products, and conduct marketing and awareness campaigns.

Boulder is home to the nation's largest concentration of natural and organic product companies. According to a 2020 Naturally Boulder Economic Impact Study done by CU-Boulder's Business Research Division, the natural and organic food industry in Colorado contributes \$3.1 billion to the state's economy and supports over 22,000 jobs across the state.

Louisville benefits from the culture within Boulder County of health and wellness, outdoor activities and sustainability. These concepts are often engrained into most of residents' daily activities. This culture translates into the local workforce, making us a prime place for natural product businesses. Fresca Foods is an example of a local natural products company that works with and supports natural products locally, across Colorado and nationally.

### **Outdoor Recreation**

Outdoor recreation is a targeted industry in Boulder County and a key industry for the State of Colorado. This is often the most readily known asset residents and visitors associate with Colorado. Residents, visitors and businesses all benefit from access to a wide variety of open space and outdoor recreation amenities and options. In addition to participating in the industry, Colorado often leads in cutting-edge technology as well as preservation and support for our outdoor spaces. In 2022, the outdoor recreation industry accounted for \$13.9 billion in value-added GDP annually and 130,000 direct jobs. Nearly 7,500 businesses statewide conduct over \$25 billion in annual sales each year.

Colorado has a large focus on sustainability and outdoor recreation to include greenspace, trails, bike paths, etc. We are in the foothills and have a lot of outdoor recreation opportunities with many people visiting to participate and choosing to live here because of the recreation opportunities. Colorado is known for outdoor recreation and is a tourist destination year-round for outdoor recreation and the active lifestyle. We have one of the healthiest populations in the country because the residents of the state regularly participate in the numerous outdoor recreation opportunities.

The Outdoor Industry Association is based in Boulder, serving more than 4,000 manufacturers, distributors, suppliers, sales representatives and retailers- and is the leading trade association representing the nearly \$650 billion outdoor recreation industry in the United States. Trade shows, gear summits, and outdoor festivals often host their annual events in Colorado, creating an environment where business and recreation come together.

Louisville has dedicated 26% of the city's land area to open space, parks and public spaces. There are 32 miles of trails within the community that connect Louisville to other parts of the region and beyond. Louisville is also proud to have a wide array of bike lanes and advisory bike lanes to connect neighborhoods, commercial centers and people.

### **Jobs**

Economic Vitality works with businesses and our partners to attract, retain and expand businesses in Louisville. The census reports that as of 2022, the median income in Louisville was \$135,000, 51% higher than the state average \$89,300. Louisville has a population of nearly 21,000, over 65% of which have at least a bachelor's degree. Louisville's 1,600 businesses employ over 20,000 people, providing a diverse offering of services and employment opportunities.

The median income for Boulder County is \$102,200, with many of the targeted industries paying an average wage above this figure. Jobs provide direct and indirect benefit to the person employed and the community at large. Local jobs provide an opportunity for people to live and work in the same community, spending time, energy and money within that community. High-paying jobs often result in additional job growth for both the company and any complimentary businesses that work together. High paying jobs often result in the employee having a greater amount of disposable income. This disposable income is often spent in the community at other businesses, resulting in greater business success and community tax base.

**Incentive Impact**

Businesses have a lot of factors and inputs to consider when making location and expansion decisions. Businesses want to be in a place that is sustainable in both the short and long term and provides them the ability to attract and retain talent and grow as needed to meet demand and company goals. Some vital inputs include availability of labor, availability of land/building, construction timeframe, business-friendliness of the community and cost of the project. One way for Louisville to impact the competitive nature of our available site opportunities is to impact the cost of the project through available incentives.

All things comparable, a location decision will come down to cost and ability to get a project completed in a timely manner. Not all costs are related to City policy or can be influenced by the City but the City having a clear and easy to engage with incentive policy is crucial for economic vitality success.

Some of the costs associated with business operations include salaries, overhead, property taxes, sales taxes, use taxes, insurances, unemployment insurance, marketing, operational costs, building and tenant finish costs, permit fees, additional employee costs (health insurance), and local, county, state and federal fees/taxes. In order to be competitive, Louisville should work to positively influence the costs that are within their jurisdiction and control.

The State of Colorado is consistently evaluating their business costs and incentives to ensure compatibility with state goals and competitiveness within the nation and world. Through this, they continue to make amendments to their policies to keep up with industry needs and economy trends. The State of Colorado has exempted sales/use tax on property used in space flight and manufacturing equipment to remain competitive with other states.

Sales and use taxes are essential for City finances but can add up very quickly for the business operator, sometimes at an unsustainable level for software and machinery, especially specialized equipment. In some cases, businesses are paying costs that they would not have to pay elsewhere in Colorado or in the nation, making us no longer a competitive location for businesses. Louisville needs to be competitive within the state but also across the nation to continue to attract, expand and support a robust and diverse economy. Below are some examples of current sales and use tax exemptions.

Entity	Exemption
State of Colorado	Property used in space flight and manufacturing equipment
Boulder County	Purchases of machinery or machine tools for manufacturing
Lafayette, CO	Manufacturing/wholesale purchases
Broomfield, CO	Property used in space flight
Centennial, CO	Manufacturing equipment
Lakewood, CO	Manufacturing equipment
Ft. Collins, CO	Tiered rebate for manufacturing equipment

Colorado Springs, CO	Alternative tax rate for manufacturing equipment
Grand Junction, CO	Manufacturing equipment
Texas	Manufacturing machinery and equipment
Florida	Machinery and equipment,

**PROPOSED BAP AMENDMENTS**

Staff is proposing the BAP be amended to allow for additional assistance for Boulder County’s targeted industries. This additional assistance would be in the form of a rebate, up to 100%, of the sales and use taxes collected on machinery, machinery tools, software and property used in space flight.

The following criteria would need to be met in order for a business to be considered for enhanced assistance:

- Must be a targeted industry (subject to verification of operations).
- Qualified expansion or retention
- The average wage of jobs must be at least 80% of the annual wage of Boulder County (not including benefits).

A qualified expansion could include an increase in personnel and/or product lines. The company must provide proof of ability and intent to expand at the Louisville location to be considered a qualified expansion.

The BAP is also a retention tool that can be used to keep companies in Louisville that may be exploring location options elsewhere. To qualify for an incentive as a retained business, the business would need to provide ample proof and due diligence that they are looking at relocating to a different community. This can be due to costs, expansion, business changes or other business factors, but proof must be provided showing the need to look for different sites and the competing sites.

All BAP applications will continue to follow the existing application process that includes requiring the company to submit all needed information and verifications. EV staff will verify all applications for completeness and to confirm that all qualifications have been met. To ensure the stability of the program, a ‘claw-back’ clause is included in the ordinance amendment so that in the event a project does not meet the agreement components (i.e., business operations for a 5-year period) the rebates would be returned to the City.

This BAP amendment focuses on machinery, space flight property, and software due to the high-cost nature of these business components, even more so for specialized industries, product lines and business operations. The enhanced assistance would align Louisville’s competitiveness with many of our direct competitors and continue to support a strong economy.

**SUBJECT: DEVELOPMENT UPDATES**

**DATE: JUNE 21, 2024**

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**Future Considerations for the BAP**

The City may want to consider additional amendments to the BAP program in the future as market and industry trends evolve. Regular review of the BAP program is crucial to ensure we are offering incentives that are needed, relevant and competitive in the market. Incentives are all rebates, so they are most often being given from new money. Competitive and clear incentive programs help attract, retain and expand businesses within the City of Louisville while showcasing our business community and providing a supportive environment for businesses and employees to thrive.

**FISCAL IMPACT:**

Financial assistance through the Business Assistance Program is all provided on a case-by-case basis and rebated from taxes and fees paid by the business. Due to these circumstances, no yearly budget is allocated for the program. Incentives are paid from the revenues received by the City from the business and are anticipated to be additional offset by the increase in fees and taxes received from the new, retained or expanding entity.

The City does not budget an annual line item for incentives because they are all performance based rebates and therefore rebated from new money being paid directly by the project. Staff proposes this continue. Further, the application for enhanced support must contain information on community impact.

**RECOMMENDATION:**

EVC review and provide staff feedback

**ATTACHMENT(S):**

None.

**SUBJECT: STAFF UPDATES**

**DATE: JUNE 21, 2024**

**PRESENTED BY: VANESSA ZARATE, CECD, ECONOMIC VITALITY MANAGER  
AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST**

### **SUMMARY:**

In the following, staff provides updates on recent activity related to economic vitality functions.

#### *Economic Vitality Newsletter*

The Economic Vitality team has re-started the monthly economic vitality newsletter. The newsletter is intended to be sent out the first week of the month and include business updates, events, classes, city news, Small Business Development Center resources and events, engagement and learning opportunities for the business community, business resources and relevant news articles. While the audience is the business community, everyone is invited to join the mailing list. Additional newsblasts will be sent out as needed but the intention is to have most of the information included in the monthly newsletter.

#### *Temporary Public Parking*

Staff has signed the lease with the owners at 833 Main, the former Chase building to use their site for temporary public parking for the patio season. This lease will provide up to 35 spaces of public parking for use for the length of the patio season.

#### *Retention Visits*

Economic Vitality staff continues to have retention visits with Louisville businesses. These retention visits help staff check in with businesses, problem-solve issues as they arise and promote business success.

#### *Issues on Tap*

The next Issues on Tap event will be Thursday, June 20<sup>th</sup> at 4 p.m. at John's Table

#### *Partner Highlight*

[Workforce Boulder County](#) (WfBC) is a Colorado Workforce Center, offers a wide variety of services to job seekers and businesses. WfBC serves individuals, families, and businesses in Boulder County looking for career skills, growing your financial stability, or searching for the right person to fill a position. WfBC is committed to making Boulder County a vital place to work, live, and play.

WfBC's mission is to drive employment and education opportunities that enrich individual growth, economic health, and community connection. Their vision for Boulder



**SUBJECT: STAFF UPDATES**

**DATE: JUNE 21, 2024**

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County is a flourishing community where everyone including businesses have an abundant opportunity for meaningful employment.

Economic Vitality staff refers employees and employers to Workforce Boulder County. We also work with the organization for updates on hiring trends, business needs, employment trends and gaps. WfCB can assist with hiring, interviewing, resume building, mock-interviews and more.

**ATTACHMENT(S):**

None.

**SUBJECT: DEVELOPMENT UPDATES**

**DATE: JUNE 11, 2024**

**PRESENTED BY: VANESSA ZARATE, CECD, ECONOMIC VITALITY MANAGER**

**SUMMARY: UPDATE**

In the following, Staff provides updates on recent activity related to construction and development. These updates are for the most frequently asked about sites and not for every site in a review process or under construction. All updates and timeframes are subject to change.

<b>Site</b>	<b>Update</b>
785 E South Boulder Road (former Alfalfa's)	Shamrock is making progress on their construction. They have a planned grand opening on Thursday, July 18 <sup>th</sup> . Doors open to the public at 7a and there will be a ribbon cutting at 10a.
800-804 Main Street (former Wildwood Guitars)	The site is undergoing a Historic Structure Assessment. No new updates.
809 Main Street (old Waterloo)	Project continues construction work to the building, including utility and infrastructure work. The site is working with interested tenants, such as restaurants. No lease signed to date.
816 Main Street (former Empire)	The site continues to be marketed to potential new users. Staff is working with ownership to market to potential new owners.
833 Main Street (former Chase)	The City has signed a lease with the property ownership to rent the parking spaces for public use for the patio season. The lot will be re-stripped and signs installed to direct traffic. Parking maps are also being updated to indicate the site as seasonal public parking.
950 Spruce Street (Live-Work Units)	Project is under construction to create additional live-work units.
947 Pine Street (former gas station)	Plans call for renovation into Birdie Bar, an eatertainment use with a bar/restaurant and simulated (virtual) golf games.

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1171 W Dillon Road (former Lowe's)	Ownership has announced the creation of the <a href="#">Boulder County Innovation Campus</a> . This campus will serve as a life science and advanced manufacturing hub.
1164 W Dillon Road (Cinebarre)	University of Colorado has purchased the site and is currently working on public engagement for their plans for the site.
550 McCaslin Boulevard (former Sam's Club)	Relish is planning on a ground-breaking ceremony on Friday, June 14 <sup>th</sup> . Relish is planning to open indoor and outdoor pickle ball courts with a food hall.
575 McCaslin Boulevard (former Carrabba's)	Staff is working with the broker representation to market and attract a new user to the building. No lease signed to date.

If you would like to add a site to these updates, please let me know.

**ATTACHMENT(S):**

None.

**SUBJECT: ECONOMIC REPORTS**

**DATE: JUNE 21, 2024**

**PRESENTED BY: VANESSA ZARATE, CECD, ECONOMIC VITALITY MANAGER**

**SUMMARY:**

***May 2024 Finance Committee Update***

Below is an update on sales and use taxes provided to the Finance Committee at their May 2024 Meeting

Sales and Use Tax Collection Report – March 2024 Sales Tax: Increased YoY (March 2024 vs March 2023) by 6.0% for a total amount collected of \$2,152,505. IN-city businesses generated \$917,430, a decrease of \$14,435 or 1.5%. Outside city businesses generated \$1,235,075, an increase of \$136,793 or 12.5%.

QoQ (Jan-Mar 2024 vs Jan-Mar 2023) Sales Tax increased by 4.2% for a total amount collected of \$5,356,409. IN-city businesses generated \$2,643,293, an increase of 8.3%. Outside city businesses generated \$2,713,116 an increase of 0.6%.

Consumer Use Tax: \$204,957, this dollar amount is purchases brought into the city where sales tax was not collected.

Bag Tax: Q1, 2024 Bag tax collected was \$31,240, when compared to the previous quarter, Q4, 2023 which was \$42,082, resulting in a decrease of \$10,842. This is expected as stores are no longer using plastic bags.

***Consumer Price Index for the Denver-Aurora-Lakewood area***

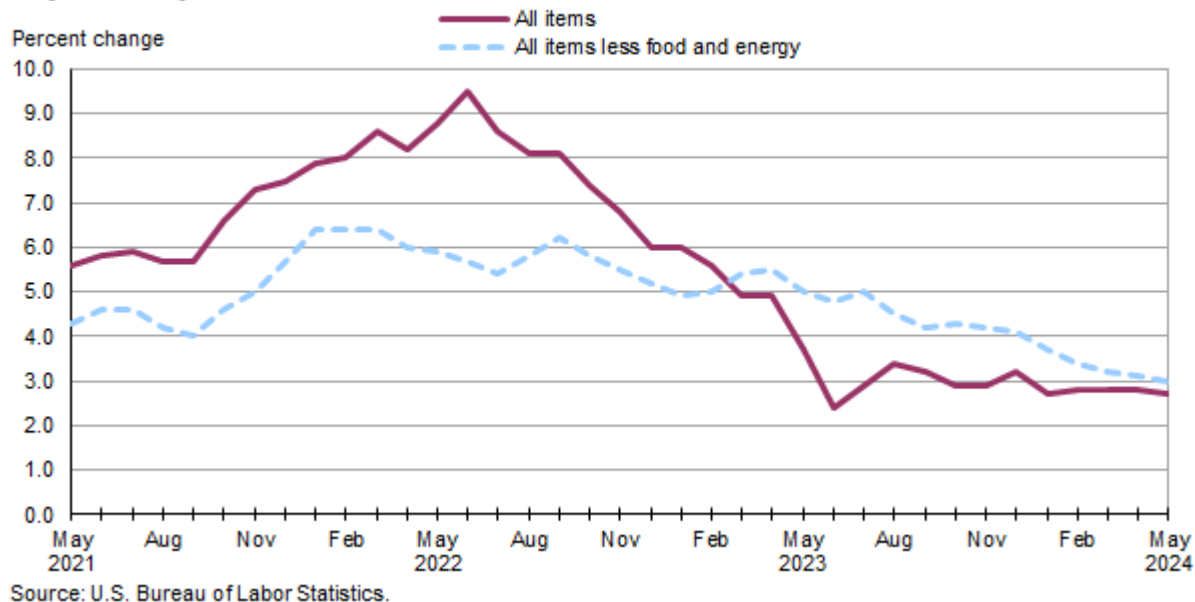
Below is an update on the consumer price index for the Denver metro from the Bureau of Labor Statistics

**Area prices rose 0.6 percent in April and May, up 2.6 percent over the year**

Prices in the Denver-Aurora-Lakewood area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 0.6 percent for the two months ending in May 2024, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Michael Hirniak noted that the all items less food and energy index rose by 0.5 percent in April and May. The energy index was up 2.5 percent and the food index increased 0.1 percent over the past two months. (Data in this report are not seasonally adjusted. Accordingly, bi-monthly changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U increased 2.6 percent. The index for all items less food and energy advanced 2.7 percent over the year, and the food index rose 1.9 percent. Energy prices also were up 1.9 percent, partly the result of an increase in the price of electricity. (See [chart 1](#) and [table 1](#).)

**Chart 1. Over-the-year percent change in CPI-U, Midwest region, May 2021–May 2024**



[View Chart Data](#)

### Food

Food prices rose 0.1 percent for the two months ending in May. Prices for food away from home (restaurant, cafeteria, and vending purchases) advanced 0.5 percent, while prices paid for food at home (grocery store prices) fell 0.2 percent for the same period. Within the food at home category, the index for fruits and vegetables (-3.3 percent) led the declines, followed by cereals and bakery products (-2.9 percent). Decreases in the index were largely offset by rising prices for other food at home and for meats, poultry, fish, and eggs, both up by 1.4 percent.

Over the year, food prices advanced 1.9 percent, led by a rise in the index for food away from home, which increased 6.2 percent. Prices for food at home were down 1.6 percent since a year ago, with five of the six major grocery store food group indexes contributing to the decrease. The index for cereals and bakery products contributed most to the decline (-3.8 percent).

### Energy

The energy index advanced 2.5 percent for the two months ending in May, entirely due to higher prices for gasoline (+8.8 percent). The index for natural gas service fell, while the index for electricity decreased 1.5 percent for the same period.

From May 2023 to May 2024, energy prices advanced 1.9 percent. The increase was partly due to higher prices for electricity (+4.5 percent), but higher prices for natural gas service also contributed to the rise. Prices paid for gasoline fell 3.0 percent during the past year.

**All items less food and energy**

The index for all items less food and energy rose 0.5 percent in the latest two-month period. Higher prices for public transportation, lodging away from home, and medical care (+0.9 percent) made the largest contributions to the rise. These increases were partially offset by the largest decline in the index for owners' equivalent rent of residences for the two months ending in May since this index began in 2018 (-0.4 percent). Notable decreases also occurred in the recreation index (-1.0 percent), and apparel index (-1.8 percent).

Over the year, the index for all items less food and energy advanced 2.7 percent. Components contributing most to the increase included owners' equivalent rent of residences (+4.6 percent), rent of primary residence (+3.1 percent), and household furnishings and operations (+2.8 percent). Partly offsetting the rise were price declines in used cars and trucks (-9.5 percent), public transportation, and other goods and services (-2.5 percent).

**ATTACHMENT(S)**

1. None