

STAFF MEMO

DATE OF COUNCIL MEETING: SEPTEMBER 9, 2019 / AGENDA ITEM NO. 16

To: Mayor and City Council

From: Robert Smith, Economic Development Director, 303-987-7732

Subject: **ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT**

SUMMARY STATEMENT: This Economic Development Incentive Agreement is intended to facilitate the development of a key commercial parcel, attract sales tax generating development, and generate jobs. This is a performance-based incentive and the City will realize the benefit of the improved infrastructure, constructed and opened commercial entities, new jobs, and an increase in the tax base before any incentive is provided to the developer, WDG Bayaud, LLC.

BACKGROUND INFORMATION: The location of the project is in the downtown area of the City of Lakewood at 100 S Wadsworth Boulevard and on a parcel of land that has been vacant for many years. One reason for this continued vacancy is previously proposed projects have been unable to reach completion due to an atypical infrastructure development need for the site. Storm drainage improvements for the adjoining properties to the north are at capacity. For development to occur on the 100 S Wadsworth property, the developer will have to upsize drainage capacity offsite for approximately 1,900 linear feet. By providing a reimbursement incentive to the developer for the installation of this infrastructure, the property will be readied for development by removing this atypical barrier.

- The Developer will initially finance and install 1,900 linear feet of public storm water improvements.
- The project will attract, construct and open sales tax generating businesses.
- The City will realize new sales tax revenue before contributing financially to a reimbursement incentive to the project.
- This project is intended to bring new commercial entities into the City of Lakewood, contributing to the economic vitality of the city and increasing the number of diverse businesses in our community.
- This project must generate a minimum of \$2M in new gross sales, subject to City sales tax, on an annual basis.
- This project will realize improvements to the City and is in line with the Comprehensive Plan and Lakewood zoning.

BUDGETARY IMPACTS: A maximum cap of \$400,000 to be paid from the Economic Development Fund over the course of four years. Half (50%) of the new generated sales tax from the project will be paid to the developer as a reimbursement for the extraordinary cost of storm drainage improvements.

STAFF RECOMMENDATIONS: Staff recommends approval for this incentive agreement.

ALTERNATIVES: Council could vote not to approve the Economic Development Incentive Agreement.

PUBLIC OUTREACH: All required public outreach has been met for the consideration of this Economic Development Incentive Agreement. Public or neighborhood meetings are not required for this project, however staff and the developer have held discussions with the nearby neighborhood association board regarding the project and mitigating development impacts to the surrounding properties.

NEXT STEPS: If the Economic Development Incentive Agreement is approved, the Developer will continue developing the project and will be required to meet all the terms of Agreement.

ATTACHMENTS: Resolution 2019-37
Economic Development Incentive Agreement – Contract #19-00027

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Timothy P. Cox, City Attorney