

OED ORDINANCE/RESOLUTION REQUEST

Date of Request: 11/19/18

Please mark one: Bill Request or Resolution Request

1. Type of Request:

Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment

Dedication/Vacation Appropriation/Supplemental DRMC Change

Other:

2. Title:

Approves a city Business Incentive Fund (BIF) contract with VF Corporation, a Fortune 250 company which has announced it will locate in Denver, with the agreement covering a five-year period for an amount not to exceed \$1.3 million with a payout linked directly to the firm's job creation and investments.

3. Requesting Agency: Office of Economic Development

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Deborah Cameron 720-913-1538	Name: Susan Liehe 720-913-1689
Email: deborah.cameron@denvergov.org	Email: susan.liehe@denvergov.org

5. General a text description or background of the proposed request, if not included as an executive summary.

Approves a City Business Incentive Fund (BIF) contract with VF Corporation (VF), a Fortune 250 company which has announced it will locate in Denver. The BIF agreement would cover a five-year period for an amount not to exceed \$1.3 million. VF would establish a new corporate headquarters in Denver which would result in 800 jobs at an average wage of more than \$180,000. The company has executed a 12-year lease for space at 1551 Wewatta Street. The company will begin renovations of the building in early 2019 and complete them in 2020. The city's incentive is directly linked to the firm's job creation and investments made.

6. City Attorney assigned to this request (if applicable):

Kwali Farbes

7. City Council District: 9

****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 1411

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
Professional Services

Vendor/Contractor Name: VF Corporation (VF)

Contract control number: OEDEV-201844764-00

Location: 1551 Wewatte Street, Denver

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

08-10-2018 through 06-30-2024

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$1,300,000	\$0	\$1,300,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
08-10-2018 through 06-30-2024		

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? If not, why not?

Has this contractor provided these services to the City before? Yes No

Source of funds: Business Incentive Fund (BIF)

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, DEN concession contracts): N/A

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 1411

Date Entered: _____

Who are the subcontractors to this contract? N/A

EXECUTIVE SUMMARY

Denver has attracted the headquarters of VF, a globally recognized Fortune 250 company. VF owns a portfolio of numerous globally recognized brands such as The North Face, Smartwool and JanSport, and is consolidating these brands and others into a central location along with select corporate leadership. In addition to VF's global corporate headquarters and the headquarters of some global brands, the project will also include VF's Global Innovation Center for Technical Fabrics and its Digital Lab. VF is expected to invest between \$150-\$200M into a real estate solution. VF will become the 11th Fortune 500 firm to make Colorado its home.

This project fulfills a desire of Denver to attract companies that are global leaders in their respective industries as well as in terms of their commitment to environmental and social responsibility and grassroots community enrichment. Recruiting companies whose brands and values align with our city's and region's vision for inclusiveness, sustainability and social responsibility lends strength to the engagement of our neighborhoods, provides great business opportunities for small and local firms, and partnership opportunities to tackling today's and tomorrow's challenges.

In a statement announcing the company's location to Denver/Colorado, VF's CEO said, "We believe that the creation of our new headquarters in the area will help us unlock collaboration across our outdoor brands, attract and retain talent, and accelerate innovation." This statement reflects what Denver has been striving to promote as our value proposition.

VF has a proven track record of leadership in corporate social responsibility. The company has been recognized as one of America's Most JUST Companies, named a World's Most Ethical Company by Ethisphere Institute, and named one of Corporate Responsibility Magazine's 100 Best Corporate Citizens in 2018. Most recently, VF's Chairman, President and CEO Steve Rendle was named Corporate Responsibility (CR) Magazine's Responsible CEO of the Year in the Public Company category. VF has already invested in the Denver community, funding The North Face Climbing Boulder in Montbello.

The Business Incentive Fund (BIF) is a significant and unique tool employed by OED to provide support that directly sustains and grows the local economy. As a competitive incentive employed by OED, the BIF is one of the city's approaches to recruit and retain business activity that creates local revenue and provides other direct and indirect benefit. This fund has existed in its present form for more than 15 years. The city has typically allocated \$1.2 million annually for this purpose through the General Fund, with larger incentives provided through supplemental allocations on a case-by-case basis.

On behalf of the city, OED will make a small number of strategic incentive investment offers a year. The Mayor and CFO are directly involved in final incentive decisions based on recommendations and calculations presented by OED, and City Council approval is sought for all contracts larger than \$500,000. Calculations are conservative and based only on direct economic and fiscal benefit, even though each project often brings significant indirect benefits to the economy. An important standard for Denver to extend such an incentive is that the direct fiscal benefit dollars can be estimated to return to the city on at least a 2:1 ratio over a defined period.

All funds are dispersed only when performance objectives are met. Every negotiated incentive offer is unique, and each has a defined criteria and payout terms, which link directly both to the business decisions and the direct fiscal benefit to the city.

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 1411

Date Entered: _____

Revised 03/02/18