



ECONOMIC DEVELOPMENT OPPORTUNITY

PROJECT OVERVIEW and BIF SUPPORT

March 9, 2022



DENVER
ECONOMIC DEVELOPMENT
& OPPORTUNITY

AGENDA

- **Project Summary**

Overview, milestones & community outreach

Projected fiscal impact & community benefits

- **Business Support**

BIF program overview

Proposed city support



PROPOSED PROJECT
Concept Site View

PROJECT SUMMARY

- One of the largest business expansion projects proposed for a Denver site in decades
- Build-to-suit 1 million+ sq ft state-of-the art manufacturing facility on a 150-acre site in Far Northeast Denver
- Initial capital investment estimated at \$400 million with additional expansion plans for future years

PROJECT SUMMARY

State-of-the Art/Advanced Manufacturing- What does this mean?

- Automatic Storage and Retrieval System
- Lithium-Ion Electric Automatic Guided Material Handling Equipment
- Equipment that focuses on Water Conservation and Energy Reduction
- Digitized Manufacturing Tools for Line Balancing and Trouble-Shooting
- Artificial Intelligence and Augmented Reality tools



PROJECT SUMMARY

Proposed project site is located north of High Point Boulevard, east of Argonne Street, south of the RTD A-Line commuter rail track, and west of the future right-of-way of Himalaya Street



PROJECT SUMMARY

- Gradual transfer of manufacturing activities from the Brighton Blvd facility to the new site
- Retention of existing manufacturing jobs and creation of new positions as a result of expanded operations
- Logistics positions currently based at Brighton Blvd plant transfer to company's recently completed logistics facility at 56th Avenue and Pecos Street (Pecos Logistics Park)

PROJECT SUMMARY

Career Opportunities at Proposed Facility

- 250 jobs transferred from the Brighton Blvd facility
- 225 new additional jobs
- Average wage of ~\$65,000/yr plus benefits
- Significant job training to upskill and reskill new and current employees
- Training will facilitate growth in current roles and future opportunities for an enhanced career pathway



PROJECT SUMMARY

Workforce Development/ Hiring Practices

- Company is committed to hiring within the local community and is anticipating that this project will offer many opportunities for employment by area residents
- Company will leverage Denver Economic Development & Opportunity, Connecting Colorado, and local community organizations to recruit new employees and hold job fairs at the Denver Workforce Development Centers

PROJECT SUMMARY

History of Strong Community Engagement

PepsiCo through its operating subsidiaries, Bottling Group LLC and Frito Lay, Inc., has been an active member of the Denver community over the last 50 years. They engage with a variety of organizations that support Denver residents.



DOING THE MOST GOOD



PROJECT SUMMARY

Recent Community Engagement

- \$600,000 donation to local community colleges for Black and Latino Students
- Mini grants to multiple organizations in the metro area
- Capital and coaching to Latino food and beverage businesses in 13 markets including Denver. Grant awardees included: La Cocina de Nana, Taco Block, XATRAUCHO, Frozen Matter, 100% Agave Mexican Grill and Cantina, and La Piramide Mexican Food.



PROJECT SUMMARY

Estimated Fiscal Impact

- Incremental revenue to the City's **General Fund** as a result of the project's significant investment activities is estimated to exceed \$6 Million over a five-year period and \$11 Million over a 10-year period. *(This includes real property tax, sales and use tax on equipment purchases/ construction activities, General Fund portion only, and OPT).*
- Through real property taxes, the project will also contribute more than \$8 Million to **Denver Public Schools** over a 5-year period.
- Non-General Fund Sales Tax revenue from the purchase of the new facility's manufacturing and other equipment will **support voter-approved programs**, including Denver Preschool Program, Parks Trails and Open Space Program, Caring for Denver Fund, Climate Protection Fund, Homelessness Resolution Fund and others.

PROJECT SUMMARY

Estimated Fiscal Impact

- Company will be paying an industrial linkage fee that will support the development of **affordable housing**.
- Special district taxes will fund significant **infrastructure improvements** in Far Northeast Denver



BUSINESS SUPPORT

City ordinances allow for incentive tools that will lead to the attraction or expansion of companies and their associated economic activity within the City which *significantly* contribute to:

- ☑ Strengthening of Denver's tax base
- ☑ Retention and Creation of jobs within the City

BUSINESS SUPPORT

Business Investment Fund

- Created in 2005 to **strengthen and diversify the local economy** through incentive support of catalytic business development projects
- Considered for support are **business attraction** as well as **business retention & expansion** projects
- Projects are evaluated on several factors, including the **direct fiscal benefit** of the project to the City, creation of **quality jobs** across industries, and demonstrated alignment with the City's **economic development goals** and its **values of equity and inclusion**

BUSINESS SUPPORT

Business Investment Fund, continued

- Incentives are tied to specific outcomes. Examples: job creation/retention, capital investment, establishment of a new or expanded Denver presence.
- Incentive amounts are guided by the direct economic and fiscal benefit to the City.
- Recipients enter a multi-year contract, with payments occurring based on documented performance.
- Funds provided to DEDO through annual or supplemental budget expenditure through the Mayor's budget and approved by City Council.
- Currently, annual allocation totals \$1.2 Million.
- DEDO typically supports just a handful of projects every year with this discretionary tool.

BUSINESS SUPPORT

Proposed City Support

- \$1 Million BIF incentive linked to specific milestones:
 - Establishment of a state-of-the-art manufacturing facility and associated significant investments
 - Job retention and creation and associated investments into upskilling and training of the manufacturing facility's Denver-based workforce
- Payout conditional on meeting milestones and structured as reimbursement:
 - 50% of incentive payout in form of reimbursement for location establishment expenditures once the new facility is up and running
 - 50% incentive payout in form of reimbursement for workforce development expenses benefiting the Denver facility employees



We kindly request your support as we move this contract through the City Council process. This investment on Denver's part will have a positive and compounding impact on our community.

