



DENVER
THE MILE HIGH CITY

GROWDENVER

The Office of Economic Development

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Recommendation for a business financial incentive to DaVita, Inc.

The City and County of Denver, through the Office of Economic Development, is recommending a business financial incentive to DaVita, Inc. for the relocation of its corporate headquarters from El Segundo, a suburb of Los Angeles, to the City and County of Denver.

Company Overview

DaVita is a leading provider of kidney care in the United States, delivering dialysis services and education to patients with chronic kidney failure and end stage renal disease. As of March 31, 2010, DaVita operated or provided administrative services at 1,544 outpatient dialysis facilities, serving approximately 119,000 patients. DaVita develops, participates in and donates to numerous programs dedicated to transforming communities and creating positive, sustainable change for children, families and our environment.

Incentive Proposal

The recommended agreement between the City and DaVita will provide DaVita with business incentive payments for the creation of up to 300 jobs, which will be located at its new corporate headquarters facility. Additionally, the City will provide reimbursement of direct corporate relocation expenses incurred by DaVita to relocate its corporate headquarters within the City and County of Denver. The funding will come from the City's Business Incentive Fund.

Incentive	Maximum amount	Description
Job creation	\$600,000	\$2,000 per full-time, permanent position created, up to 300 jobs
Relocation	\$250,000	Reimbursement of direct corporate relocation expenses (e.g. permitting, corporate moving expenses)

Economic Development and Public Benefits of Project

- Creation of at least 300 new jobs in downtown Denver, with additional growth expected of up to 700 jobs.
- Construction of a 15 story, 270,000-square-foot headquarters building at the west end of the 16th Street Mall, across from the new Union Station development, with estimated construction costs of \$90 million.
- Engagement of several Denver organizations and businesses to handle the various parts of the construction process.
- Thousands of DaVita teammates to travel to Denver annually to attend DaVita University housed in the headquarters building.

Economic (Revenue) Justification for Incentives

- Estimated City sales tax from building materials used in the \$90 million construction projects: \$1,303,200
- Estimated annual property tax, excluding any special tax district levy: \$115,000 (over 5-year period of incentive contract: \$575,000)
- Estimated annual occupational privilege tax (OPT) \$35,100 (five year total of \$175,500)
- Total estimated property, sales and OPT tax revenue over five year period of contract: \$2,053,700

Project Timelines

February 2009	City starts conversation with DaVita, Inc.
March 2009	DaVita's CEO, Kent Thiry, meets with Mayor Hickenlooper
May 2009	Thiry calls Mayor Hickenlooper to announce decision
June 2009	DaVita decides to consider alternative sites in MetroDenver area
March 2010	DaVita focuses on 3 Denver sites
July 2010	DaVita announces decision to located new headquarters building in downtown Denver
August 2010- December 2010	Contract development Review by City Attorney's office and DaVita's legal department
1 st quarter 2011	Construction will commence
3-4 th quarters 2012	DaVita expects to begin occupying the new headquarters building

