

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday.**

All fields must be completed.

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 2/6/17

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. **Title:** *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)* Approves a City Business Incentive Fund (BIF) contract with 16 CAL LLC covering a 20-year period for an amount not to exceed \$4 million, a project involving both tenant finish and the subsequent operation of a strategic retail store to the 16th Street Mall at 1601 California St.

3. **Requesting Agency:** Office of Economic Development

4. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution.)*

- Name: Jeff Romine
- Phone: 720-913-1626
- Email: jeff.romine@denvergov.org

5. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- Name: Susan Liehe
- Phone: 720-913-1689
- Email: susan.liehe@denvergov.org

6. **General description of proposed ordinance including contract scope of work if applicable:** Approves a City Business Incentive Fund (BIF) contract with 16 CAL LLC covering a maximum 20-year period in an amount not to exceed \$4 million, a project involving both tenant finish and the subsequent operation a strategic retail store on the 16th Street Mall at 1601 California St. The incentive will be provided in two portions, the first being up to \$2 million (advance incentive payment) for tenant-required improvements prior to retail operations, paid by the city upon the store opening; the second portion of the incentive will be calculated and provided incrementally in an annual payment equal to up to 50% of the sales and use tax paid by the operating retail entity.

****Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- | | |
|-------------------------------|-------------------------------|
| a. Contract Control Number: | OEDEV- 201733017-00 |
| b. Duration: | April 1, 2017 – June 30, 2037 |
| c. Location: | District 9 |
| d. Affected Council District: | Citywide |
| e. Benefits: | Business Incentive Fund (BIF) |
| f. Costs: | \$4,000,000.00 |

7. Is there any controversy surrounding this ordinance? No.

EXECUTIVE SUMMARY

The establishment of a national brand retail store centrally anchored on the 16th Street Mall will be a powerful boost for downtown, sustaining visitors' shopping and entertainment experience, and further leverages Denver's already significant public and private investments in our vibrant downtown corridor. This project represents an exciting milestone that further positions downtown as a shopping, entertainment, sports, and cultural destination for not only its residential and commercial users who enjoy the Mall and surrounding blocks regularly, but also business and convention visitors as well as a growing number of leisure visitors who choose downtown for evenings, weekends and seasonal events.

This project also fulfills a core recommendation of the city's [Retail Study](#), which was commissioned to help Denver attract selected retailers to open locations in underserved neighborhoods. The study, initially released in 2013, was a joint project of the Office of Economic Development, Department of Finance, and Community Planning and Development and directed by the private-sector Denver Retail Strategic Advisory Council (DRSAC) formed by Mayor Hancock and OED.

Finally, this new downtown, strategic store will provide a tangible tool against what Denver has long experienced as its retail revenue "leakage," that is, Denver residents leaving the city's boundaries (and in many cases, only by a few blocks) to shop for general merchandise. The more convenient it is for Denver residents to remain within the city for both routine and larger-ticket items, the more likely it is that Denver can capture additional revenue from retail activity.

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 14 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 intentionally 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 on performance. 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.