

Business Incentive Fund (BIF)

Government and Finance

December 5, 2012



GROWDENVER
The Office of Economic Development



OED Business Support Activities

- Business Development Representatives (BDRs)
 - OED's experts in targeted industries
 - Connecting employers with resources to grow in Denver
 - Site selection
 - Workforce recruitment, retention and training opportunities
 - Enterprise Zone Tax Credits
 - Foreign Trade Zone
 - Export assistance
 - Gap financing
 - Regulatory concierge services
 - Referrals to small business service providers
- Small Business Revolving Loan Fund
 - Gap financing to create jobs in targeted industrial and commercial business areas
 - Stimulate revitalization of neighborhood retail districts.
- Business Assistance Center
 - Upgrade planned from a referral-based center to a training and assistance center
 - Staffed by OED, CPD, Excise/Licensing, and nonprofit partners



Jumpstart Business Initiatives

- **JumpStart Biz Plan Competition – Winner, Applt Ventures**
 - \$50,000 cash prize investment
 - One year of office space in the Galvanize 1.0 co-working space
 - Extensive mentoring resources
- **Denver Capital Matrix**
 - Centralized resource identifying access to capital for Denver businesses
- **Lease Expiration Database**
 - Outreach campaign to businesses whose leases are expiring
 - Proactively identify and reach out to businesses at risk of leaving Denver
- **Retail Strategy**
 - Analysis of retail market demand, sales trends, and future growth to drive outreach efforts to potential retailers.
- **Small Business Lending Fund(CDFI)**
 - Create a fund to provide additional capital to lend to underserved markets and populations



Business Incentive Fund: Retention & Attraction

- Business Incentive Fund
 - Established in 2005

- Primary Goal

Build a Strong, Sustainable Economy by selected Business Retention & Attraction

 - Quality jobs
 - Capital investments resulting in tax base expansion
 - Corporate and regional headquarters
 - Targeted industry sectors
 - Advanced & Food Manufacturing,
 - Professional/Business Services
 - Other Core Economic Clusters

- Evaluation & Accountability
 - OED fiscal benefit analysis (direct and indirect benefits)
 - Performance agreement as a condition for providing business incentives
 - Program Evaluation (regular, most recent July 2012)

BIF Fund Summary

Cash Flow	2008	2009	2010	2011	2012	2013 Projected
Revenue						
Carry-forward	\$3,356,200			(\$350,000)		
General Fund Allocation	\$0	\$200,000	\$200,000	\$200,000	\$500,000	\$1,000,000
Expenditures						
BIF	\$229,850	\$469,000	\$129,000	\$867,250	\$408,350	\$902,500
Priority Redevelopment Projects	\$146,600	\$292,400	\$242,550	\$12,000	\$0	\$0

Estimated 2012 End of Year total fund balance: \$1,309,200

BIF Obligations

2008-12	Open Contracts (Executed and encumbered)	\$1,278,750
2012	Contingent Offers (non-encumbered)	\$ 673,000

BIF Open Contracts

Business / Contract start year	BIF funds	Contracted Jobs (Total Employment)	Capital Investment	Direct Fiscal Benefit (5 Year Est.)
Intrawest (2011) <i>Attraction</i>	\$155,000	115	\$2.5M	\$150,000 <i>(Indirect \$325K)</i>
Pentax Imagery (2011) <i>Attraction</i>	\$30,000	25	\$500,000	\$50,000 <i>(Indirect \$120K)</i>
Frito Lay (2011) <i>Expansion/Retention</i>	\$330,000	120 <i>(420 total)</i>	\$30M	\$1.6M <i>(Indirect \$700,000)</i>
DaVita (2011) <i>Attraction</i>	\$850,000	300 <i>(700 total)</i>	\$130M	\$3.6M <i>(Indirect \$1.3M)</i>
SMA Manufacturing (2010) <i>Attraction</i>	\$455,000	300	\$14M	\$1.0M <i>(Indirect \$1.0M)</i>
Nestle Purina (2008) <i>Retention</i>	\$423,000	141	\$27M	---
Total	\$2.24M	1,001	\$204M	\$6.4M

LEVERAGE: 3.5 : 1

CURRENT TOTAL EMPLOYMENT OF FIRMS CONTRACTED WITH: 1,001



2012 BIF Projects

Business Type	BIF funds	Contracted Jobs (Total Employment)	Capital Investment	Direct Fiscal Benefit (5 Year Est.)
Project Roof Retention	\$450,000	400	\$9.6M	\$650,000 (Indirect \$1.3M)
Project Bean Retention	\$50,000	350	\$4.8M	\$400,000 (Indirect \$400K)
Project Bridge Expansion/Retention	\$173,000	128	\$90M	\$3.3M (Indirect \$260K)
Zachery Engineering (accepted) Retention	\$50,000	120	\$500,000	\$70,000 (Indirect \$175K)
Raymond James (accepted) Attraction	\$160,000	20	\$40M	\$980,000 (Indirect \$40K)
SWA Pilot/Flight Ctr. Attraction	\$50,000	250 (650 total)	\$1.5M	\$180,000 (Indirect \$320K+)
Colorado Premium Expansion/Retention	\$100,000	200 (316 total)	\$4.2M	\$300,000 (Indirect \$210K)
SCL Health Attraction	\$350,000	170 (650 metro)	\$1.5M	\$100,000 (Indirect \$1.7M)
Total	\$1.283M	1,638	\$162.1M	\$6.0M

LEVERAGE: 4.7 : 1

CURRENT TOTAL EMPLOYMENT OF FIRMS CONTRACTED WITH: 1,638



BIF Challenges & Opportunities

- Unpredictable Retention/Expansion and Recruitment Opportunities
 - Difficult to budget
 - Success dictated by ability to respond to businesses with resources
 - Inability to respond has long term negative effects on retention and recruiting efforts
 - Business development/ site selection consulting community small and well connected
- 2012 Most Successful Business Retention & Attraction Period in OED History
 - Greatest leverage
 - Most jobs
 - Highest level of capital investment
- Imminent Opportunities: 3 firms not funded, contingent commitments
 - 878 jobs
 - \$100M+ in capital investment
 - Direct Fiscal Benefit (5 year) \$4.3 M
 - Outcome Fiscal Ratio 6.5:1
- City Council Supplemental Request
 - \$640,000 in BIF needed to capitalize on existing 2012 opportunities