



DENVER
ECONOMIC DEVELOPMENT
& OPPORTUNITY



The Flyway

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Agenda

- About the Project (Overview, History, Description)
- Equity Considerations and Community Outreach
- Development Team & Anchor Retailer
- Proposed Incentive

Susan Stanton

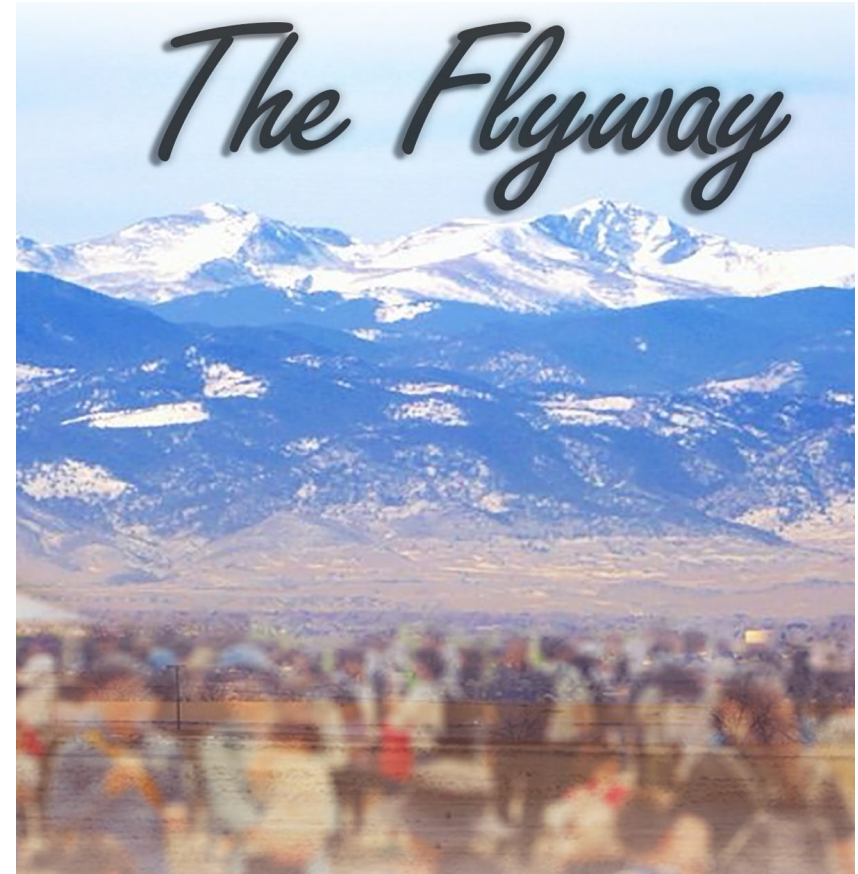


Mother, Wife,
Daughter and
respected community
advocate.

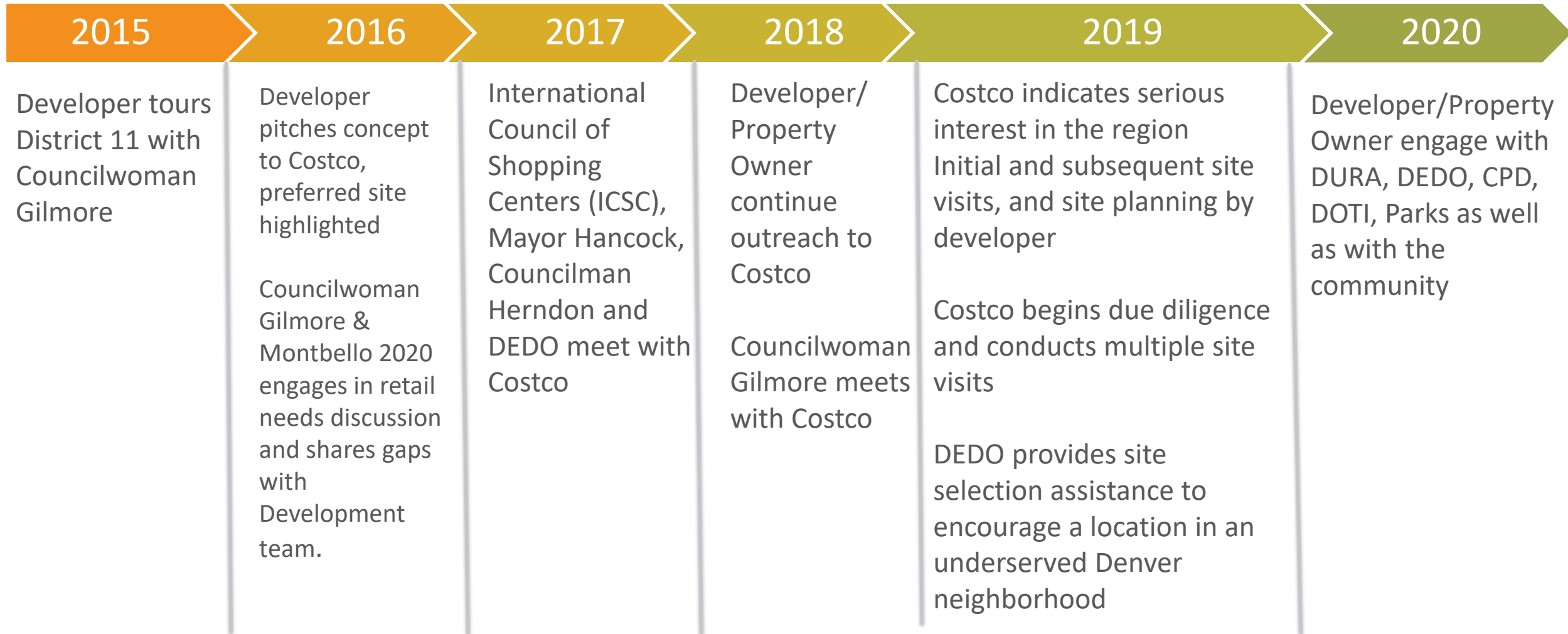
She will be missed.

THE FLYWAY – Development Overview

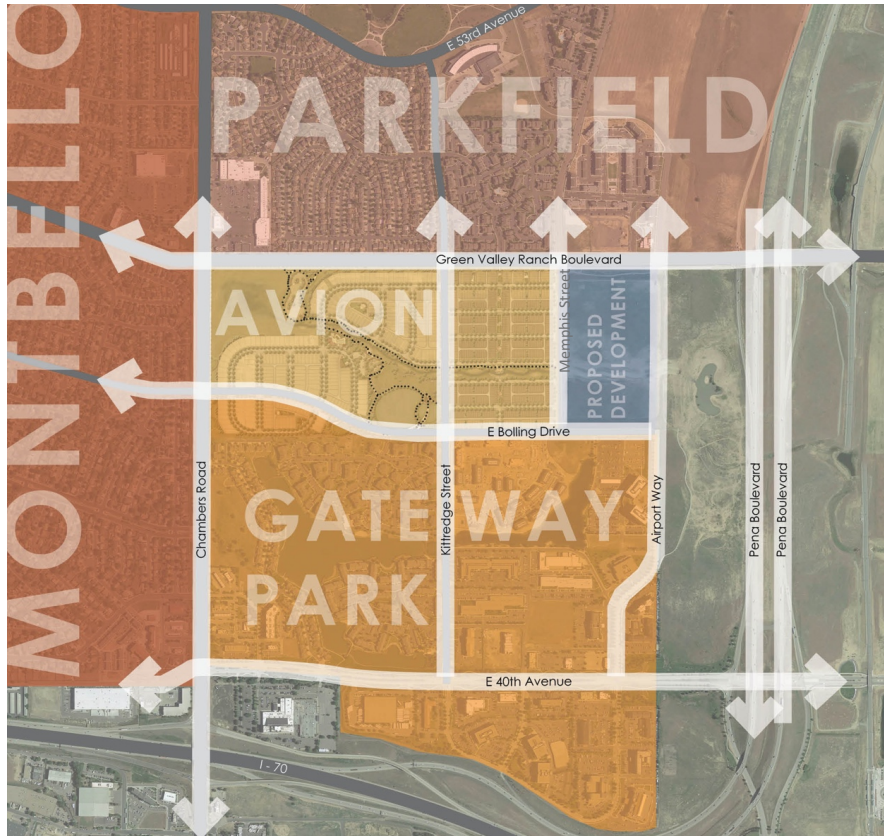
- ☑ The Flyway is a proposed 32-acre, approximately 223,000 square-foot retail town center within Denver's Far Northeast Area.
- ☑ It will be anchored by a large format retailer [Costco] that will offer high quality groceries alongside general merchandise and clothing.
- ☑ The Flyway's developers seek to bring an appropriate mix of regional and national retailers and dining establishments that satisfy the demands of the neighborhood residents.



Project History: 6+ Years in the Making



Project Description



The Flyway aligns with the vision of the Far North East masterplan including the land west of Peña Boulevard and immediately east of Montbello in the Gateway neighborhood on Green Valley Ranch Boulevard.

- 223,000 SF of retail / 148,000 devoted to Costco
- 40,000 SF walkable community town center with public plaza and ancillary retail and hospitality services
- 400+ Jobs
- \$59M total investment
- Development will fund a number of infrastructure elements (streets, traffic lights, trails, etc.)
- Delivery Date 2022-23

Site Overview: 32-acre, ~223,000 s/f retail town center

- ✓ Gateway neighborhood, east of Montbello and west of Peña Blvd, in the southwest corner of GVR Blvd and Airport Way
- ✓ Expected to draw customers from airport
- ✓ Easy access from neighborhoods.
- ✓ Access from highways and major arterials.



Town Center

- ✓ Development will include a mix of retail and restaurant opportunities on 5-6 outparcels
- ✓ Provides a community gathering space
- ✓ Has access to new bike and pedestrian infrastructure including trails through the Avion development from Montbello through the site



Project Benefits

- ✓ **FOOD ACCESS**
- ✓ **GOOD JOBS**
- ✓ **OPEN SPACE**
- ✓ **TAX GENERATOR =
supports other city
services**

- ✓ Retail, fresh food and pharmacy opportunities to residents of the Far Northeast
- ✓ Creation of a new retail center in an underserved area – including a community gathering area
- ✓ Quality jobs 400+ (275 with Costco with average wages of \$23/hour)
- ✓ Development would complete the street grid (Airport Way) and airport open space bike trail
- ✓ Significant sales tax generator
- ✓ Other commercial users at site are expected to generate additional annual sales and real estate taxes
- ✓ Advances Comp Plan 2040 and Far Northeast Plan goals

Equity Considerations

FAR NORTHEAST AREA PLAN EQUITY



“...the Far Northeast currently has low overall access to essential facilities, services, and amenities” p.17

Project brings access to opportunity, healthy food and pharmacy services



“They are vulnerable to displacement in the categories of household income. This high level of vulnerability can be offset through improving equity and access to opportunities...” p 21.

Project helps increase incomes. The avg. Costco annual salary after 6 years is \$58,352 higher than the Montbello avg salary of \$48,250



“The large amount of undeveloped land ...presents a strong opportunity to attract more jobs.” p. 24

Costco brings 275 new benefitted jobs close to home with an average wage of \$23/hr



*PLAN WAS OFFICIALLY
ADOPTED ON JUNE 10, 2019*

Community Feedback from the Far Northeast Plan

- ☑ Residents identified that the majority of commercial centers in the Far Northeast do not provide sufficient retail and services to meet their daily needs. As a result, many report that they need to travel outside of the area to Aurora or Stapleton to go shopping, dining or for entertainment.
- ☑ Residents identified affordable housing and job creation as high priorities to address as the area continues to grow and develop.

Community Outreach and Support



“People have been starving for 10, 20, 30 years. We need retail, consider those who have been here for decades. Consider new residents as well. This has to be an opportunity to correct some ills that we have suffered here. I would like to have some of the conveniences that other people have.” Montbello Resident

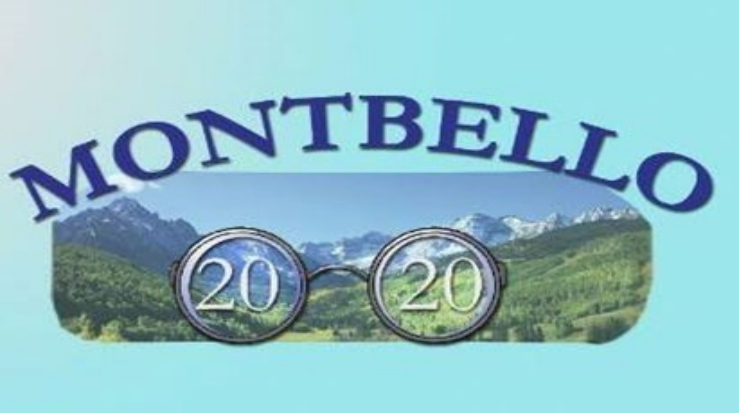


“Right now there is not any good meat and produce. If this retailer is who I think it is, I think people will be pleased. I want to shop where I live and not drive to Aurora or have to drive to Commerce City to go to a large-scale grocery store.” GVR Resident



“I am an Avion resident. I like the idea of a Costco, problem I see is the access from Memphis. If you can limit access points on Memphis, I am probably ok with this plan.” Avion Resident

Community Organization Support



About the Development Team

- DCG West I, LLC is a partnership between CP Bedrock & Goldberg Properties
- CPB has owned this property for over 20 years
- Mark Goldberg is a life long resident of Colorado

Sampling for projects developed by Goldberg Properties and CP Bedrock:

- University Hills, Denver a \$34.5M project anchored by King Soopers
- Spring Prairies Center, Kalispell, MT project includes Costco, Lowes, Kohls
- B & O Building, West Chelsea Historic District, NY included mixed use office, retail and warehouse.
- Both developers also have experience in multifamily development

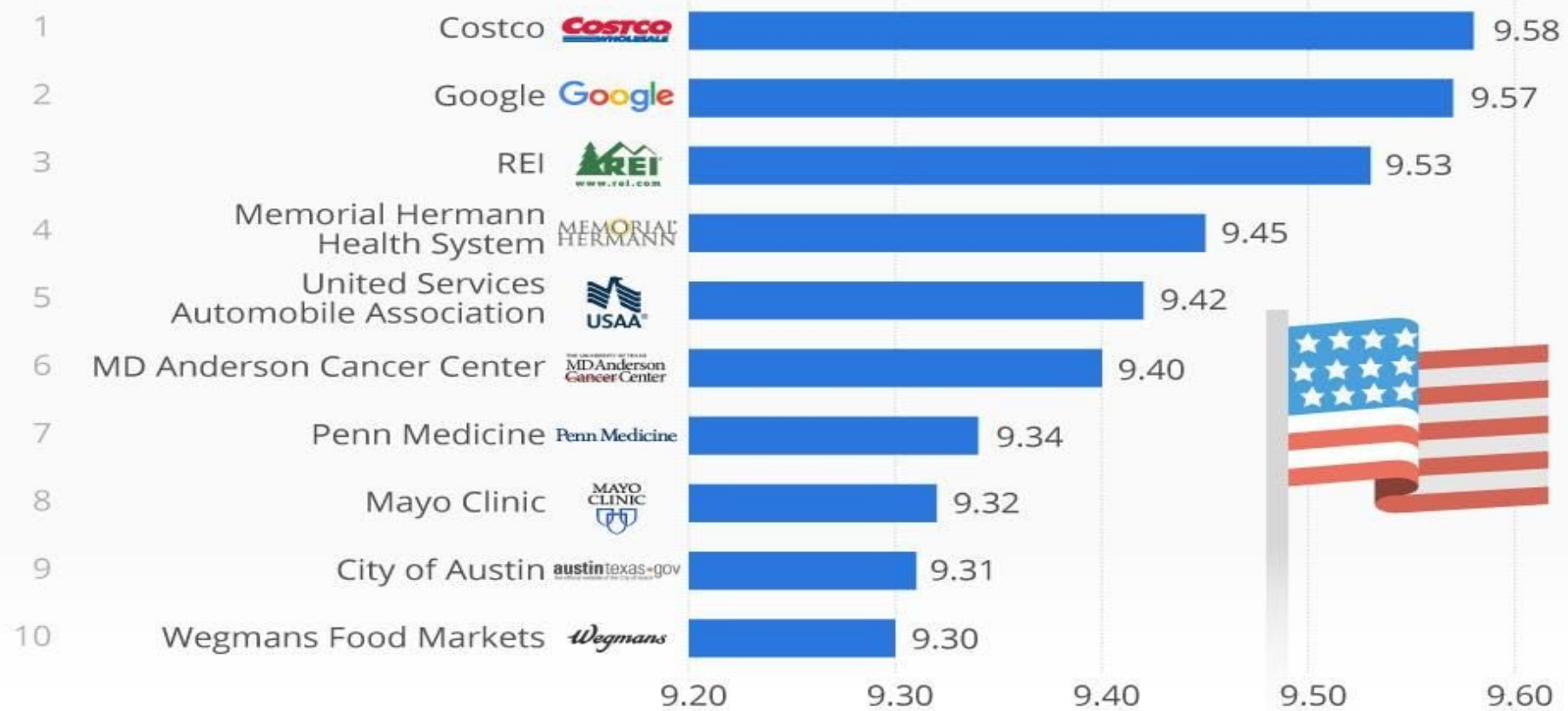
Costco: The Anchor Retailer

- ✓ 700 stores globally
- ✓ Costco stores present one of the largest product category selections to be found under a single roof and at lower prices and better value than their competitors
- ✓ Have some of the highest paid retail employees
- ✓ Employee retention is also a key business strategy
- ✓ The company's “Coach, Teach and Train” program is a core philosophy that focuses on promoting from within
- ✓ Costco develops partnerships with local non-profits including donating perishable goods to those organizations



America's Best Large Employers

Top 10 U.S. employers as rated by employees on a scale from 0-10 in 2017*



* Large company has 5,000+ employees in the U.S.

Source: Statista & Forbes – Employer Ranking U.S. 2017



Costco will partner with Denver Workforce Services to bring good jobs to the residents of Denver



- ☑ Ave. employment per location is 275 (55.6% are FT / 44.4% are PT)
- ☑ Costco pays among the highest wages in the retail industry
- ☑ Low turnover rate of 13% / Average years of service 8.2 years
- ☑ Average age of employee is 39 years old
- ☑ Benefit package provided to employees working over 30 hours a week (core medical, dental and vacation benefits after 6 months)
- ☑ Part-time employees are guaranteed 24 hours per week
- ☑ Opportunities for career advancement – track record of promoting from within
- ☑ Additional disposable income generated within the community

Costco Wages and Benefits for Employees

WAGES

- ✓ Cashier starting rate is \$15.50 Top out rate is \$25.65
- ✓ Annual salary after 6 years FT with starting bonus of \$5K is \$58,352
- ✓ Bonus amounts range from \$5,000 - \$8,000 depending on years of service
- ✓ Sunday differential of 1.5x

BENEFITS

Benefits Provided:

- ✓ FT/Hrly are eligible 1st day of 2nd month after 250 paid hours
- ✓ PT/Hrly are eligible 1st day of 2nd month after 450 paid hours
- ✓ Salaried are eligible 1st day of month after date of hire

Benefits Offered include:

- ✓ Medical, Dental, Pharmacy, Vision, Life Insurance, AD&D Insurance, Short Term Disability, Long Term Disability, Employee Assistance Program.
- ✓ All benefits are available to the employee and their dependents with the exception of Disability.

Public Purpose

City ordinances allow for incentive tools that will lead to the attraction of companies and their associated economic activity within the City (including retail spending) which *significantly* contribute to:

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

Costco's Fiscal Benefit to Denver

GENERAL FUND

☑ 10 Year estimated net new sales tax, General Fund (assumes 25% of sales activities are not new but shifting from within Denver)	\$19.5M
☑ 10 Year estimated net new retained sales tax, General Fund (minus sales tax sharing)	\$10M
☑ 20 Year estimated net new retained sales tax, General Fund (minus sales tax sharing)	\$35.6M
☑ 10 Year estimated net new sales tax revenue, pledged for specific purposes Preschool, Parks, College Assistance, Mental Health, Healthy Food (and not subject to sales tax sharing)	\$4.5M
☑ 10 Year estimated new property tax	\$5.9M

Estimates based on information provided by Development team and publicly available information.

Town Center's Fiscal Benefit to Denver

The Town Center on the north side of the site will bring additional benefits not included in the project analysis.

It is projected to generate an additional \$1M
in local tax annually, not part of the sales tax sharing agreement

Proposed Denver Incentive

Proposed Sale Tax Sharing Agreement

- ✓ 15 year agreement will rebate 50% of sales tax generated by the anchor tenant and commence when retailer is generating revenue. Expected to pay out in 7-9 years.
- ✓ Applicable to General Fund portion only; no rebate on sales tax pledged for specific purposes either via an election question or a bond indenture, such as Preschool, Parks 2A, College Assist, Mental Health, Healthy Food
- ✓ Up to \$9.5M – the agreement will end once the \$9.5M has been rebated
- ✓ Quarterly payments based on actual performance – sales tax, employment, and development milestones

Limited Impact on Annual Budget

- ✓ Net new sales tax generated and collected before partially rebated

NOTE: Tax Increment Financing (TIF) was considered but deemed not appropriate as it was a greenfield site.

Performance Based Contract with Milestones

Costco & Town Center

- ☑ Costco open and operating
- ☑ Quality jobs with benefits
- ☑ 3 completed buildings within Town Center
- ☑ Community Serving Elements within Town Center

Costco Projects in Neighboring Communities

	PARKER (2009)	TIMNATH (2014)	SHERIDAN	THORNTON (2007)	DENVER BUSINESS (2013)
INCENTIVE	\$11.6 M	\$14 M Land/Offsite Imp.	TIF to Developer	50% of Sales Tax for 15 years	\$2 M BIF
STRUCTURE	Sales Tax Rebate 60% first 4 years, 80% next 4 years	Sales Tax Rebate 50% 5 years paid up front + \$4.5 M	TIF	TIF 50% for 15 years	BIF
EMPLOYMENT	285	285	285	285	100-150
STORE SIZE	148,000	148,000	148,000	148,000	118,000

Information provided by Development Team. DEDO verified Thornton info.

City Council Support is Indispensable

- ☑ The project will not move forward without support from the City
- ☑ TIF was not an option as tool
- ☑ This request is less than the average public investment in similar projects
- ☑ The support will allow developer to offer terms and conditions to retailer needed to be competitive for this opportunity

The community has been consistent across the years in seeking access to food and retail for this region and the need for quality jobs close to home. Your support of this request will help make this long held desire a reality.

The community has expressed great need and excitement for this project, and it will not only help strengthen Denver's tax base to support social services, but will also bring hundreds of good jobs to the residents.

THANK YOU FOR YOUR CONSIDERATION.

Questions/Discussion

