

## ***Economic Vitality Committee***

**Tuesday, August 18, 2020  
1:30 PM**

### **Rescheduled Regular Electronic Meeting**

This meeting will be held electronically. Residents interested in listening to the meeting or making public comments can join in one of two ways:

- 1) You can call in to 888-788-0099, Webinar ID# 853 5028 3056
- 2) You can log in via your computer. Please visit the City's website to link to the meeting: <https://www.louisvilleco.gov/government/city-council/city-council-meeting-agendas-packets-minutes#EV>

The Committee will accommodate public comments as much as possible during the meeting. Anyone may also email comments to the Committee prior to the meeting at [MPierce@LouisvilleCO.gov](mailto:MPierce@LouisvilleCO.gov).

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Meeting Minutes: July 17, 2020
- V. Public Comments on Items Not on the Agenda (Limit to 3 Minutes)
- VI. Discussion - Louisville's Recovery & Improvement Program Update
- VII. Discussion/Direction - Business Assistance Program (BAP) Analysis
- VIII. Discussion/Direction - Economic Prosperity Program Key Performance Indicators (KPIs)
- IX. Staff Updates
- X. Current Articles: None.
- XI. Next Regular Meeting: September 18, 2020 @ 1:30 PM
  - a. Special Meeting for Economic Vitality Strategic Plan- August 21, 2020 @ 1:30 PM
- XII. Adjourn

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#### **Citizen Information**

Persons with disabilities planning to attend the meeting who need sign language interpretation, translation services, assisted listening systems, Braille, taped material, or special transportation, should contact Megan Pierce @ 303-335-4531. A forty-eight-hour notice is requested.

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**City of Louisville**  
*City Manager's Office*    749 Main Street    Louisville CO 80027  
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## ***Economic Vitality Committee Meeting Minutes***

**Friday, July 17, 2020 (Electronic Meeting)**

- I. **Call to Order:** Councilmember Dickinson (Chair) called the electronic meeting to order at 1:30 PM.
- II. **Roll Call:** The following members of the City Council were present: Councilmember Dickinson, Mayor Stolzmann, and Mayor Pro Tem Maloney. Also present were City Manager Heather Balsler, Economic Vitality Director Megan Pierce, and no members of the public.
- III. **Approval of Agenda:** Mayor Stolzmann made a motion to approve the agenda as presented; motion was seconded by Mayor Pro Tem Maloney. Motion passed.
- IV. **Approval of June 19, 2020 Meeting Minutes:** Mayor Stolzmann made a motion to approve the minutes; motion was seconded by Mayor Pro Tem Maloney. Motion passed.
- V. **Public Comments on Items Not on the Agenda:** None.
- VI. **Discussion/Direction/Action- Louisville's Recovery & Improvement Program Proposal:** Director Pierce provided a summary of a draft Recovery & Improvement Program application—highlighting updates that had been made since the June discussion. Chair Dickinson asked if the Committee was generally in support of the program concept; all agreed they were.

Mayor Pro Tem Maloney asked Director Pierce to clarify several of the program criteria—noting he was somewhat concerned about not limiting the size of businesses that could apply. Mayor Pro Tem Maloney confirmed with Mayor Stolzmann that it should be assumed funding would come from the General Fund; she also noted the funding may be eligible for reimbursement under the CARES Act money Louisville is allocated to receive.

The Committee reviewed that though the Louisville Revitalization Commission (LRC) was interested in the program, they have not pledged funding at this time. City Manager Balsler stated it was not as critical to have the LRC's commitment at the start as it was with the grant program, because this process would have a longer time horizon.

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Mayor Pro Tem Maloney inquired as to the expected timeframe of the program. He noted the grant program was very objective and applications were processed efficiently. The Committee discussed the process differences between the Emergency Solutions Grant Program and Recovery & Improvement Program. They agreed it made sense to commit to the program through at least the end of 2020.

Mayor Stolzmann noted she was in agreement with the program eligibility, but in concurrence with Mayor Pro Tem Maloney, suggested highlighting the determination about business size for further consideration. She was in support of the other eligibility factors. Chair Dickinson also noted his support and suggested bigger businesses would not likely pursue the amount of funding available and that because of the \$10,000 cap, they would not necessarily receive a disproportionate amount of funding.

In terms of program criteria, Mayor Stolzmann suggested two additions: projects that create publicly visible art and projects for solar installation to offset energy costs. The Committee was in agreement with these suggestions. Director Pierce noted she would either re-word the criteria or create additional criteria to incorporate these items. Director Pierce will also create a list of potential projects to help potential applicants generate ideas that could be funded.

The Committee discussed the proposed funding structure, which would provide money up front for approved projects. Chair Dickinson said this feature should be highlighted to potential applicants, because it is significant to not need to wait for reimbursement. Mayor Stolzmann noted that there is a risk an applicant will receive funding and go out of business. Mayor Pro Tem Maloney agreed with the risk, but said it is acceptable because the City is attempting to make an investment in the economic future.

Chair Dickinson sought input on the amount of funding the EVC was comfortable proposing to City Council. City Manager Balser also commented about the potential to reimburse the General Fund with CARES Act funding, if applications are approved by the end of 2020. The Committee was in agreement to propose \$150,000 of initial funding; if the amount is quickly allocated, they suggested re-approaching Council with that information.

Director Pierce will consult with the City Attorney on drafting an agreement template, in preparation for the application process. City Manager Balser will also coordinate with Director Pierce on a date to bring the Recovery & Improvement Program to City Council.

- VII. **Discussion/Direction- Economic Vitality Strategic Plan:** Chair Dickinson noted that this is a standing discussion item and that due to the pandemic, the Committee is focusing on action and creating programs, not just the plan

document itself. While the Committee agreed the actions to support businesses are the most critical at this time, there was also support to continuing plan development, possibly at a dedicated brainstorming session. Chair Dickinson and Director Pierce will review calendar and some potential times to revisit the Economic Vitality Strategic Plan.

- VIII. **Staff Updates:** None.
- IX. **Current Articles:** The article in the packet from the Harvard Business Review, "What Will the Retail Experience of the Future Look Like?" was shared with the Committee.
- X. **Next Meeting:** The next regular meeting will be August 21, 2020 @ 1:30 PM.
- XI. **Adjourn:** The meeting adjourned at 2:20 PM.

**SUBJECT: DISCUSSION- LOUISVILLE’S RECOVERY & IMPROVEMENT PROGRAM UPDATE**

**DATE: AUGUST 18, 2020**

**PRESENTED BY: MEGAN E. PIERCE, ECONOMIC VITALITY DIRECTOR**

**SUMMARY:**

At the May 6 and May 22 Economic Vitality Committee (EVC) meetings, the Committee discussed the City’s current Business Assistance Program (BAP) and recent applicants, as well as asked staff to explore program alternatives focused on existing business retention and recovery from the COVID-19 pandemic. A proposal for Louisville’s Recovery & Improvement Program was presented at the June 19 EVC meeting. The Committee, along with members from Louisville’s Revitalization Commission (LRC), provided feedback. The revised program was discussed with the LRC on July 8.

Most recently, the EVC reviewed updated program information and a draft application at the July 17 meeting. The Committee provided additional input and recommended advancing the program to City Council for consideration and approval of funding. The City Council considered the proposal at the August 11, 2020 special meeting.

**DISCUSSION:**

On August 11, a draft program application—outlining the program eligibility and criteria—was shared with City Council. A staff memo also provided context about the EVC’s discussions and the proposed process. The EVC recommendation to the Council included proposed funding of \$150,000, which is anticipated could be reimbursed by CARES Act funds.

Councilmembers were supportive of the program and discussed the potential projects businesses might pursue as well as the target audience for funding. Though the idea was again raised about whether the program should be restricted to certain size or type of businesses, it was agreed the amount of funding and timing would likely be some limitation to the funding being allocated to only large businesses. City Council adopted the program, with one small amendment to the project criteria, which is shown below:

- Program Criteria #1 (from draft application): Project provides for restructuring, retooling, or implementing best practices in a business operation, consistent with public health guidance for physical distancing or sanitation.
- Adopted Criteria #1: Project provides for restructuring, retooling, or implementing best practices in a business operation that addresses applicable public health guidance for physical distancing or sanitation.

The Council also discussed capacity to handle the amount of applications that could potentially be received, especially since the application is more involved than was the

**SUBJECT: LOUISVILLE'S RECOVERY & IMPROVEMENT PROGRAM UPDATE**

**DATE: AUGUST 18, 2020**

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form for the Emergency Solutions Grant program. The Business Retention & Development Committee has been apprised of the program and with staff has discussed how they may be able to assist or advise small business applicants about the program. Staff will also consult the Downtown Business Association and Louisville Chamber of Commerce for ways they can assist in publicizing and helping members develop projects to submit to the Recovery & Improvement Program.

Having received approval of the program, staff will now work to finalize the program application and develop promotional materials. The target is to launch the Recovery & Improvement Program in early September and accept applications through December 31, 2020, or until funding is allocated. Staff will update the City Council on applications and approvals on a regular basis.

**RECOMMENDATION:**

No action required; program update only.

**ATTACHMENTS:**

None.

**SUBJECT: DISCUSSION/DIRECTION- BUSINESS ASSISTANCE PROGRAM (BAP) ANALYSIS**

**DATE: AUGUST 18, 2020**

**PRESENTED BY: MEGAN E. PIERCE, ECONOMIC VITALITY DIRECTOR**

**SUMMARY:**

This report provides an annual analysis of the Business Assistance Program (BAP)—including recent approvals, ongoing assistance packages, inquiries, and efforts to market the program.

**BACKGROUND:**

In January 2007, the City Council approved an ordinance establishing the BAP, which was developed by the Business Retention and Development Committee. It focuses on attracting and expanding primary employers (produce goods or services greater than what the local economy can consume) and retailers (sell to end users which collect sales taxes). The program was approved by the City Council through Ordinance 1507, Series 2007 and is outlined in Section 3.25 of the Louisville Municipal Code.

The program is currently structured around four types of rebate-based incentives as outlined below; interested businesses submit applications and agreements are approved by the City Council. To be eligible for the program, a business cannot have executed on the project or expansion before BAP approval (i.e. sign a lease, close on a property, or pick-up a building permit). The current program criteria and application form are also included as *Attachment #1*. Most frequently, the City has approved rebates of permit fees and construction use tax; rebates for sales tax and consumer use tax are less frequent and are much more difficult to accurately estimate.

- **Building Permit Fee Rebates:** For construction of a new building or remodel of an existing building that creates and/or retains jobs and sales, a rebate of 50% of the applicable permit fees. The rebate is payable upon receiving a Certificate of Occupancy.
- **Construction Use Tax Rebates:** For constructing a new building or remodeling an existing building, a 50% rebate on materials taxed for construction use. Again, this rebate is payable upon receiving a Certificate of Occupancy. Calculation of the rebate does not include the Boulder County Use Tax or the City's Historic Preservation, Open Space, or Recreation Center taxes.
- **Sales Tax Rebates:** For new retail sales tax generation, a rebate of a portion of the City's general sales taxes back to the business. The rebate does not apply to existing sales and the timeframe of the rebate is determined on a case-by-case basis. This rebate also always excludes the City's Historic Preservation, Open Space, and Recreation Center taxes.

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- Consumer Use Tax Rebates: For businesses needed to purchase capital-like items related to operations (furniture and equipment), a rebate of a portion of the use tax paid. The use tax applies to items purchased outside the City but used for business within the City, and the amount of rebate is determined on a case-by-case basis. This rebate also always excludes the City's Historic Preservation, Open Space, and Recreation Center taxes.

**DISCUSSION:**

*Recent Approvals*

Eight assistance packages have been approved by City Council in 2019 and 2020 (as of end of July). Each business receiving an agreement is listed below, along with the reason for assistance and current status.

- JumpCloud, Inc. – relocation (complete)
- Medtronic, Inc. – relocation/expansion (active)
- 1882 Ventures, Inc., DBA Tilt – existing expansion (complete)
- Fresca Foods, Inc. – existing expansion (complete)
- Duda, Inc. – existing expansion (active)
- Linmark, Inc., DBA Coal Creek Ace Hardware – new business (active)
- Corvus Nidus, LLC, DBA The Rose and Raven – new business (active)
- Forge Nano, Inc. – existing expansion (void)
- Loxo Oncology, Inc. – relocation/expansion (active)
- Emergy, Inc. – new business/expansion (active)

*Ongoing Assistance Packages*

Since the first assistance package was approved in 2007, the City has engaged in 82 incentive agreements. As of 2020, 52 agreements are complete, 22 are void, and 8 remain active. The agreements that are void are generally because the company did not expand or relocate as anticipated, or did not meet the terms of the agreement. Staff considers an agreement active if the termination period in the agreement has not yet occurred, or payments are still being made on a past agreement. For example, if the City agreed to a five-year sales tax rebate with a business in 2015, staff would still be tracking sales tax remittance and making an annual rebate payment.

The current program criteria are crafted in a way to cover both retention of existing businesses and attraction of new businesses. The criteria also generally apply to primary employers and retailers. However, staff look at certain criteria more given the particular type of example, as shown below.

- For primary employer assistance packages, staff evaluates:
  - Are the jobs created or maintained earning a salary greater than the Boulder County average wage (\$64,820 as of 2018)?
  - Does the investment in local real estate yield significant new revenues to the City?
  - Is the business in an industry that adds job diversity, is part of a growing industry, or somehow builds upon an existing competitive advantage?

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- Is the project a headquarters location for the business?
- For retail assistance packages, staff evaluates:
  - Does the business retain or bring new basic jobs to the City?
  - Will the business draw new customers to the City?
  - Is new sales tax opportunity being created effectively?
  - Does the business represent retail diversity or bring a new retail outlet?

In assistance packages of all types, staff evaluates whether the proposal brings high quality development to Louisville, considers the percentage of new revenue created compared to incentives offered, and looks at whether new or existing commercial space will be occupied by the proposal.

Using several data sources, staff has prepared analysis and several indicators that can be used to develop an understanding of the current program and its historical success. The primary data sources include permit and construction information from the Planning & Building Safety Department, Sales Tax Data from the Finance Department, and jobs and wage data from the State of Colorado's Quarterly Census of Employment and Wages (QCEW) data. The QCEW for calendar year 2019 was unfortunately delayed due to the pandemic. For this analysis, staff used Q4 2019 data. The detail about specific incentives came from Economic Vitality staff files. Please note that much of the data presented here is highly confidential, unless presented in aggregate or summary form. Staff can provide some additional insights and answer questions about sources but would not be able to breakdown individual sales tax or employment data by a specific business.

For 2020, staff has attempted to review and reformat the data that was previously being collected and presented. Because some detail was not fully traceable, there may be minor inconsistencies in reporting over time, but it is not believed this impacts the overall takeaways. There has been a clear effort to track all 82 BAPs over time. But, of the 60 that are actively part of this analysis (52 completed + 8 active), there are some missing data points, including:

- 8 businesses reported no local sales tax in 2019 under their current operating name;
- 7 businesses did not report to the state database under the corporate name listed in their package; and
- 9 businesses have closed or relocated since receiving their BAP. From a cursory review, it does not appear that these closures impacted the clawback terms from past agreements.

Previous analysis also distinctly separated incentive packages for primary employers and retailers. While this distinction can certainly be made, the rebates are applicable to all businesses and vary depending on the particular project (not the business type). In addition, while primary employers may more generally receive rebates for building construction, they still generate revenues to the City in the form of sales and or consumer use tax.

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<b>BAP Status</b>	
<i>Active</i>	8
<i>Complete</i>	52
<i>Void</i>	22
<b>Total</b>	<b>82</b>

As noted previously in the report, staff has tracked 82 Business Assistance Agreements since 2007.

<b>Incentives Offered</b>	
<i>2007 - 2018</i>	\$ 5,331,089
<i>2019 - 2020</i>	\$ 2,865,457
<b>Total</b>	<b>\$ 8,196,546</b>

Over the course of the program, the City Council has approved incentives of \$8,196,546. Staff calculates the incentives offered based on the cap of the estimated rebates. This is differentiated, below, from the actual amount of rebates paid. For analysis purposes, staff separated incentives offered between 2007 and 2018 and those in the last 18+ months. Since 2019, there have been nine assistance agreements—seven of those projects are still pending start or have ongoing payments. These nine also represent almost 35% of the total incentives offered over the life of the program. Staff feels this is representative of the very competitive environment in Boulder County as well as the desire to activate long-term underutilized or vacant space.

<b>Incentives Paid</b>	
<i>Retail</i>	\$ 1,452,358
<i>Office</i>	\$ 1,640,996
<i>Industrial</i>	\$ 586,396
<b>Total</b>	<b>\$ 3,679,750</b>

Between 2007 and 2020, 44.9% of the amount of incentives offered by Louisville have been paid to applicants. Two significant factors result in a less than 50% paid in this particular area: 1) Void agreements and 2) High estimates. Agreements now void offered \$813,830 in incentives. It is not unusual that a number of offers would not come to fruition, as businesses may “shop” these programs and seek approvals before selecting a location. High estimates result from many projects seeking agreements very early in project planning, which also fits with the desire to make formal agreements before property is leased or under contract. Staff also finds that the tool to estimate the amount of incentives for building permit fees and construction use tax tends to result in a much higher estimate than the fees generally paid. This tool should be reviewed going forward so estimates and agreement caps are appropriate given the project scope that is presented in applications.

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<b>Active Incentives</b>	
<i>Remaining Payments</i>	\$ 143,708
<i>Outstanding Offers</i>	\$ 2,819,700
<b>Total</b>	<b>\$ 2,963,408</b>

Of the eight BAP recipients evaluated here, two businesses that received BAPs in recent years still have remaining sales tax rebates that may be captured and remitted. The other six businesses are still in the development process—meaning it may be several years before there are more precise estimates on the rebates owed. Termination clauses in the agreements of some projects extend a few years forward based on either significant development or redevelopment work planned. Both Economic Vitality and Sales Tax staff are regularly tracking active arrangements.

<b>Jobs</b>	
<i>Retained</i>	1,461
<i>Created</i>	1,801
<b>Total Jobs</b>	<b>3,262</b>
<b>Total Annual Wages</b>	<b>\$ 74,914,199</b>

Each BAP application requests job and revenue data. If the applicant is an existing business, either already in Louisville or seeking to relocate here, the City receives good data on the number of existing jobs. If the applicant is a new or significantly expanding business, the job numbers are more predictive in nature. For this analysis, staff is comparing the number of jobs already existing, or those businesses retained with BAPs, with the new jobs created through new or expansion focused BAPs. To-date, the program has incentivized creation of over 1,800 jobs in the community. This calculation does not include the six recent agreements that are active but still in development; those arrangements are currently projected to add 1,275 jobs. If there are approximately 14,000 jobs in the Louisville community, then approximately 23% of those in existence have been retained or secured through the City’s incentive program.

The jobs data shown is from the State’s Quarterly Census. In particular here, staff took Q4 jobs and wages data for use in the report. There is usually some variation over the four quarters in terms of exact number of employees and total wages. Over time, staff has not consistently used a certain quarter for this analysis. Going forward, using end of year data, year over year, should provide a consistent basis for review and decision-making.

<b>Revenues</b>	
<i>Sales Tax Generated</i>	\$ 1,639,294
<i>Permit Fees Paid</i>	\$ 2,881,632
<i>Construction Valuation</i>	\$ 68,863,682

Revenue data analyzed has a mixture of sources and time horizons. The sales tax figure is for 2019 tax collections—including all completed and active BAPs. Staff started analyzing the amount of sales tax revenue generated from BAP recipients in 2012: \$363,258. The tax revenue from recipients appears to have grown steadily over years of the program and exceeded one million dollars for the first time in 2017. Please note that previously it appears staff only analyzed sales tax from retail businesses, whereas this analysis shows sales tax collected from all BAP recipients.

The permit fees and construction valuation are both calculated at the time the BAP rebates are paid, and staff is presenting a total number since the rebates often do not come in the same year as the BAP was awarded. Staff reviews the detail of the permit in order to calculate the actual rebate check request; the Planning and Building Department provides commercial construction valuation data for other indicators. Both of these data points vary greatly given the size and type of business, as well as whether a project is existing expansion or new construction.

<b>Key Performance Indicators</b>		
<i>Project Construction Valuation per \$1 BAP Paid</i>		
\$	18.71	
<i>BAP Incentives Paid per Job Added</i>		
\$	2,043.17	
<i>2019 Sales &amp; Use Tax per \$1 BAP Incentive</i>		
\$	0.45	Total
\$	1.13	Retail Only

There are three “efficiency” indicators for the Economic Prosperity Program that staff has applied here to the Business Assistance Program. For each dollar of business assistance paid to-date, staff calculated the gains in commercial construction valuation, job creation, and sales and use tax generation. Incentives specific to building permit fees and construction use tax have a definite tie to increasing the base of commercial valuation within the community. In the long-term, the valuation result might be expected to decrease, because the most significant gains come from new commercial development. As areas like Colorado Technology Center (CTC) become built-out, valuation will draw increasingly from in-fill and redevelopment rather than new construction.

Analysis shows the City has paid approximately \$2,000 for each of the 1,800 jobs added over 13 years. This indicator shows good program success in that many employees add to the vitality of our business community by not only working here, but shopping, dining, or performing services locally. Lastly, the indicator for sales and use tax is presented in total and for retail establishments only, which is an appropriate distinction since many of the assistance agreements did not contemplate businesses adding significant tax revenue. Looking only at those businesses specifically incentivized to do retail, the City gains about 13 cents on each dollar of incentive paid. Over time, both of these indicators

should probably be considered for comparative analysis to other communities in the region.

*Inquiries*

At this time, staff has one active application for assistance and has had two other meetings in the last week, from which formal applications are expected soon. The applicant is starting a new business in the region and is looking to lease a build-to-suit property in the CTC. Of the two anticipated applicants, one is seeking to open a new restaurant concept and the other is an existing business expecting to expand.

*Efforts to Market the Program*

Staff recently revised the application to make it a fillable-PDF. The website refresh also created an opportunity to update the information electronically available on the program. At this time, the Business Assistance Program is heavily reliant on word-of-mouth, especially of educated building owners and brokers. Staff also receives inquiries through the building and zoning process, but often an applicant at that stage may not qualify for the program because they have taken action to secure space.

Going forward, staff recommends evaluating the program as part of the Economic Vitality Strategic Plan. In addition, new marketing materials for attraction efforts should be developed that highlight the program.

**RECOMMENDATION:**

Review the annual analysis of the Business Assistance Program and provide staff with questions and feedback.

**ATTACHMENTS:**

- Attachment #1: Current Business Assistance Program Criteria and Application



# CITY OF LOUISVILLE

749 Main Street, Louisville, CO 80027 (303) 335-4533

## BUSINESS ASSISTANCE CRITERIA

The City of Louisville recognizes the value of providing business assistance to aid companies in locating to the City and to encourage substantial expansion of existing businesses, in keeping with the overall economic development objectives. Recognizing that each business may vary in the type of assistance needed and each situation may differ; staff customizes all business assistance to the needs of the company and/or situation. Listed below is the general criteria by which assistance may be determined for each prospect.

### Business Assistance Criteria

- Brings high quality development
- Retains basic jobs to the City
- Retains existing sales tax to the City
- Draws NEW customers, and is not expected to draw a large percentage of its business from existing business
- Creates new sales tax to the City
- Utilizes an existing building(s)
- Complements existing Louisville businesses (i.e. a buyer or supplier that serves an existing business in the City)
- Brings new basic jobs to the City, with average salaries above the County's average wage
- Represents job diversity in industry sectors and is part of a growing industry
- Brings a new retail outlet or expands a current retail outlet
- Represents retail diversity
- Brings a value added result to the City or a development within the City (i.e. moves the company's corporate headquarters to the City)
- The amount of the business assistance is a percentage of new revenue created by the relocation of this company to the City of Louisville, or the retention and/or expansion of a company within Louisville.
- Business assistance generally will not be available for a move from one Louisville location to another.

### Assistance Package Process

A company may request, or staff may offer, business assistance from the City of Louisville. Staff uses the criteria listed above to determine whether to offer assistance from the City to the project. The following procedure is generally used in the implementation of business assistance to a project:

- If the prospect does not meet the criteria above, any assistance discussion discontinues

- Discussions occur with the prospective business concerning any specific assistance needed in the early phases of the development.
- A Business Assistance Request Application is completed and submitted by the company prior to a decision to locate in the City or to undertake substantial expansion (in the case of an existing business).
- The data from the business assistance form is analyzed by staff and a preliminary recommendation is made to the City Manager requesting assistance based upon income generation to the City, number of jobs, average salaries, job diversity, what direct and indirect benefits this company may bring to the City of Louisville, and consideration of the other criteria above. Staff will refer applicant to the preservation planner to determine actions related to the Historic Preservation Commission.
- Business Assistance may be in the form of building permit fee rebates, construction use tax rebates, and sales tax rebates (if applicable). All rebates will be based upon new dollars generated by the project at move-in and/or over the first 5 years of operation.
- Any sales tax business assistance is calculated on the City's 3% Sales Tax, Construction Use Tax, or Consumer Use Tax (not including Open Space Tax of 0.375%, Historic Preservation Tax of 0.125%, or Recreation Center Tax of 0.150%) unless the City considers a lesser amount to be appropriate.
- Following City Manager approval of an assistance offer, staff may follow either a one-step or two-step process.
  - One-Step: If the company agrees to use their name publicly, then staff prepares a business assistance agreement for formal Council consideration during a public meeting, or
  - Two-Step: If the company needs to remain confidential, then staff schedules a presentation before City Council to seek policy direction.
    - If Council's response is positive, staff prepares a letter to the project stating that the City is willing to offer a business assistance pending formal approval by City Council.
    - The company may go public with their announcement to relocate to the City or to substantially expand within the City.
    - Timed with the company's project nearing completion in the planning and/or building phase, staff recommends formal adoption of the business assistance. The timing of the formal adoption is used to ensure that the company has met the planning and development guidelines as outlined by the City.
    - At the time of formal adoption of the business assistance, Council authorizes the City Manager to fund and implement the Business Assistance Agreement. The agreement must be fully signed prior to any assistance.
- City staff monitors the completion of the agreement and makes sure all requirements of the agreement are met. Company provide assistance and information is needed to carry out the agreement.

**Request Application**

To formalize a request for assistance, please complete the Business Assistance Program Request Application. Please add additional pages or provide supplemental information to support your request. It is preferred that all documentation be submitted electronically to facilitate efficient review and processing. City Council consideration of requests will not be scheduled until complete application materials are on file.

**Conclusion**

The vast majority of businesses that locate to the City of Louisville do so without a formal business assistance offer. There are also other forms of assistance the prospect may take advantage of that are equally, if not more, beneficial to them. Most of these have to do with moving through the development process in a time sensitive manner. The City of Louisville believes assistance to be important in remaining competitive in attracting quality business and development to the City; and, it can be used as a tool in recruiting and retaining businesses to the City.

Using the criteria and procedures outlined in this memo, the City of Louisville will remain competitive, while safeguarding the funds used to assist prospects in their location decision.

**Contact Information**

For additional information on Louisville’s Business Assistance Program, please contact Economic Vitality Director Megan E. Pierce at 303.335.4531 or [mpierce@louisvilleco.gov](mailto:mpierce@louisvilleco.gov).

**Project Information**

Name:

Location:

Size (square footage):

New Construction, Estimated Building Valuation (core and shell only):

Tenant Finish, Estimated Tenant Finish Cost (excluding furniture, fixtures, &amp; equip):

Project will:  Occupy existing space  Construct new spaceProject is:  Expansion  Relocation

Determination Date for Project Location:

Desired Anticipation Date, Project Commencement:

Project Completion:

Other Locations Under Consideration:

Received Financial Incentives or Offers from any other Potential Locations?  Yes  No**Owner Contact Information**

Name of Business:

Current Business Address:

Phone:

Email:

President/CEO of Business:

Name of Applicant:

Applicant Title:

**Company Profile**

Describe Company's Core Products and/or Services:

Provide a General Company Background and History:

Company Website:

Primary Reason to Seek New Location/Relocation:

**Employee and Payroll Information**

Current Number of Employees (or at Move-In if New):

Projected Number of Employees within First Five (5) Years of Operation:

Total Annual Payroll (without Benefits) at Move-in:

Total Annual Payroll (without Benefits) at Five (5) Years:

Average Job Salary per Year:

**Employee and Payroll Information**

(Retail/Commercial Businesses) Gross Retail Sales Projections for First Year of Operation:

(Retail/Commercial Businesses) Gross Retail Sales Projections for First Five Years, per Year:

(All Businesses) Purchases Subject to Consumer Use Tax for First Year of Operation:

(All Businesses) Purchases Subject to Consumer Use Tax for First Five Years, per Year:

**Please return the application to Megan Pierce, Economic Vitality Director: [mpierce@louisvilleco.gov](mailto:mpierce@louisvilleco.gov)**

**SUBJECT: DISCUSSION/DIRECTION- ECONOMIC PROSPERITY  
PROGRAM KEY PERFORMANCE INDICATORS**

**DATE: AUGUST 18, 2020**

**PRESENTED BY: MEGAN E. PIERCE, ECONOMIC VITALITY DIRECTOR**

**SUMMARY:**

To help inform continued discussion and development of the Economic Vitality Strategic Plan, staff has prepared a report on Key Performance Indicators (KPIs). This includes a presentation of the KPI data staff has submitted as part of the 2021/2022 budget process, as well as new KPIs resulting from the recent Refinement Report from Novak Consulting Group.

**DISCUSSION:**

As part of the budget process, staff prepare updates to programs, including a set of KPIs. For the Economic Vitality Department, this includes the Economic Prosperity Program Key Indicators and the Business Retention and Development Sub-Program. A copy of the submitted KPI documentation is presented as *Attachment #1*. In July 2020, staff submitted the Economic Prosperity Program KPIs for the budget process—inputting the results of 2019 and making revised estimates for 2020 through 2022.

Below is a summary of the indicators, including source data and what value the information provides for the City. Staff believes this context will be helpful as the EVC discusses measures and prioritization for the Economic Vitality Strategic Plan.

- *Licensed Businesses:* This data is obtained from the Sales Tax Division. Of the 960 actively licensed in-city businesses, approximately 740 of those are brick-and-mortar businesses.
- *BAP Agreements Negotiated:* This is merely a metric of how many incentive agreements are authorized by the City Council. There is no way to make an accurate estimate of this, since it highly dependent on amount of attraction activity as well as companies that seek out Louisville.
- *Meetings Facilitated:* The number of meetings includes the Business Retention & Development Committee, the Economic Vitality Committee, and the Louisville Revitalization Commission. Estimates assumes each group would hold one regular monthly meeting.
- *Retention Visits:* Staff tracks the number of retention visits conducted annually, as well as a database of information gathered through those retention visits. The 2019 number is likely inaccurate, but prior staff did not keep a detailed list of visits. These visits also capture those conducted in conjunction with the Business Retention & Development Committee. 2020 has been significantly impacted by

the pandemic, but in normal circumstances, it should be possible to conduct approximately one per week.

- *Lease Management (building & parking)*: Economic Vitality Staff is involved in three current lease arrangements: City Shops Facility with Avid4 Adventure, Lucky Pie Parking Lease, and BNSF Railway Lease. There is not a high value in measuring this work.
- *Project Construction Valuation per \$1.00 BAP Incentive Paid*: This indicator compares the construction valuation (from permit application) for each company that has received its rebate for a Business Assistance Agreement with the amount of incentives paid. In 2019, rebates were paid on three of the four BAP agreements negotiated.
- *BAP Incentives Paid per Job Added*: Another indicator on incentives compares the amount of rebates paid to the number of jobs added by BAP recipients. In putting this data set together for the first time, staff opted to count only those agreements where incentives were paid out. So, the BAP with Medtronic is not included in this count, because those jobs have not yet come to fruition. However, this indicator is also using jobs data from the BAP application; not all jobs are necessarily added at project completion and may increase over a number of years.
- *Annual Sales & Use Tax \$ per \$1.00 BAP Incentive*: Using data from the Sales Tax Division, staff calculates the total remittances from the companies that received BAPs in 2019 and compares that to the amount of incentive received. Please keep in mind that not all BAP recipients receive rebates of Sales or Use Tax, but this attempts to measure their overall contribution to the local economy. This measure at times can also be misleading, because BAP agreements are sometimes made several years before a project is complete and generating revenue, so staff has tried to smooth that by plotting BAPs into the estimate years when they are expected to open.
- *Sales Tax \$/Capita*: This indicator comes from total Sales Tax Revenue in a calendar year divided by population. The estimates for 2020 through 2022 vary widely from the target of \$740. Staff used Finance staff projections about potential revenue reductions from the COVID-19 pandemic in reporting the future years.
- *Total Number of Louisville Employees*: This data point is from the Colorado Department of Labor and Employment. Each year, staff purchases a data set from the department, which is highly confidential since it includes detailed data about every business operating in Louisville. Staff is permitted, however, to analyze the data and present it in high level summaries such as this. The total number of employees in future years will be impacted by how many business closures Louisville experiences as a result of the pandemic.
- *Median Household Income*: An indicator from the US Census, this is an average of 2014-2018, in 2018 dollars that was reported for 2019.
- *Investment in Louisville Commercial Property*: The Planning and Building Safety Department provides a valuation for all of the commercial building permits in a

calendar year. So this data reflects all property investments, from small permits to new building construction.

- *Vacancy Rates (office, retail, and industrial)*: Staff considers these indicators some of the most important presented, because they inform and influence both retention and attraction efforts. The indicators should help a community strike a balance between not having significant vacancies, while also having a diversity of commercial space available to new businesses seeking to locate in Louisville. Staff is not sure what data source was being used to report vacancies in the past, since the City does not have a database of commercial properties that are currently tracked. Staff is now utilizing CoStar data for this report.

As part of the KPI refinement process undertaken by the City in 2020, the Economic Prosperity Program has received new recommended KPIs, which include:

- Commercial vacancy rate (retail, office, industrial);
- In-City sales tax per square foot of retail space;
- In-City sales tax per capita;
- Percentage of Business Assistance Package incentive dollars rebated of total incentive dollars authorized;
- Ratio of Business Assistance Package incentive dollars rebated to jobs added;
- Community survey question rating the overall economic health of Louisville; and
- Business satisfaction survey rating (particular question to be determined).

Please note that in the new KPIs, staff has suggested a focus on “In-City” Sales Tax. The Finance Committee currently receive monthly Sales Tax Reports from Finance Staff. Economic Vitality also receives individualized reports and analyzes more closely the in-city and area data. Outside City Sales Tax, while an important stream of revenue, is not one staff can generally influence either through good attraction or retention efforts.

In terms of the Economic Vitality Strategic Plan, Measures should be aligned with Strategic Goals, which should then be assigned a Priority (please reference Strategic Plan visual, *Attachment #3*). During the upcoming strategic plan brainstorming session, we can review which KPIs could be aligned with the Strategic Goals or where we may need to develop additional Measures to ensure we can determine when the Goal is successfully complete.

**RECOMMENDATION:**

Provide any questions or feedback to staff about Key Performance Indicators and consider these items for future discussion of the Economic Vitality Strategic Plan.

**ATTACHMENTS:**

- Attachment #1: Economic Prosperity Program Key Indicators and Business Retention and Development Sub-Program (July 2020)

**SUBJECT: ECONOMIC PROSPERITY PROGRAM KPIS**

**DATE: AUGUST 18, 2020**

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- Attachment #2: 2020 Key Performance Indicator Refinement Report (June 2020),  
Extracted Section, Economic Prosperity Program
- Attachment #3: Economic Vitality Strategic Plan Process Visual

## Economic Prosperity Program Key Indicators Business Retention and Development Sub-Program

### Goals

*Promote a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services.*

### Objectives

*Maintain positive business relationships throughout the community and assist property owners, brokers, and companies in finding locations and/ or constructing new buildings in the City. Attract and retain a diverse mix of businesses that provide good employment opportunities for Louisville residents.*

INDICATOR		UNIT	2019 ACTUAL	2020 ESTIMATED	2021 PROJECTED	2022 PROJECTED
<b>Context Data and General Information</b>						
Licensed Businesses <sup>1</sup>		Units	960	944	925	940
<b>Workload</b>						
BAP Agreements Negotiated		Units	4	9	5	6
Meetings Facilitated*		Units	22	35	36	36
Retention Visits		Units	4	25	50	50
Lease Management (building & parking)		Items	3	3	3	3
<b>Efficiency</b>						
Project Construction Valuation per \$1.00 BAP Incentive Paid		\$	70.70	100	125	70
BAP Incentives Paid per Job Added**		\$	89	4,900	1,000	1,000
Annual Sales & Use Tax \$ per \$1.00 BAP Incentive		\$	6.33	6	10	5
<b>Effectiveness</b>						
Sales Tax \$/Capita	Target = \$740	\$	16,086,625/ 21,216= 758	13,000,000/ 21,132= 612	14,500,000/ 21,253= 682	15,000,000/ 21,274= 705
Total Number of Louisville Employees	Target = 15,500	#	16,295	16,000	16,300	17,000
Median Household Income <sup>2</sup>	Target = \$95,000	\$	100,188	100,250	100,400	100,500
Investment in Louisville Commercial Property <sup>3</sup>	Target = \$35,000,000	\$	73,742,798	40,000,000	45,000,000	50,000,000
Vacancy Rates	Target = 10% Office 15% Retail 10% Industrial	Office %	8.95	8.87	9.68	9.57
		Retail %	15.30	10.04	11.67	10.98
		Industrial %	14.79	8.42	8.79	5.67

<sup>1</sup> Active, licensed in-city businesses.

<sup>2</sup> U.S. Census figure for the City of Louisville.

<sup>3</sup> Based upon noted value of commercial building permits.

\* Includes meetings of the Louisville Revitalization Commission, Business Retention & Development Committee, and Economic Vitality Committee

\*\*Calculated based on actual rebates paid to 2019 BAP recipients

**Museum Services Sub-Program**

The City of Louisville has a unique resource in the local history museum.

Sub-Program and Objective	Recommended Key Performance Indicators
<p><b>Museum Services</b> Promote, collect, preserve, and interpret the history of Louisville with emphasis on the coal mining period from 1877-1955. Make historical artifacts and documents accessible both physically and virtually. Educate children and adults about Louisville's past through programs, displays, and publications.</p>	<ul style="list-style-type: none"> <li>• Average number of attendees per program</li> <li>• Percentage change in the number of museum visitors</li> <li>• Percentage increase in the number of historic photos and documents catalogued and accessible</li> <li>• Percentage change in the number of views of digital photos and documents</li> <li>• Community survey question: Rating of the overall performance of the Louisville Historical Museum</li> </ul>

**Economic Prosperity Program**

The Economic Prosperity Program and business retention and development sub-program are led by the Economic Vitality Department. The goal for this program is as follows:

**Goal:** Promote a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services.

**Business Retention and Development Sub-Program**

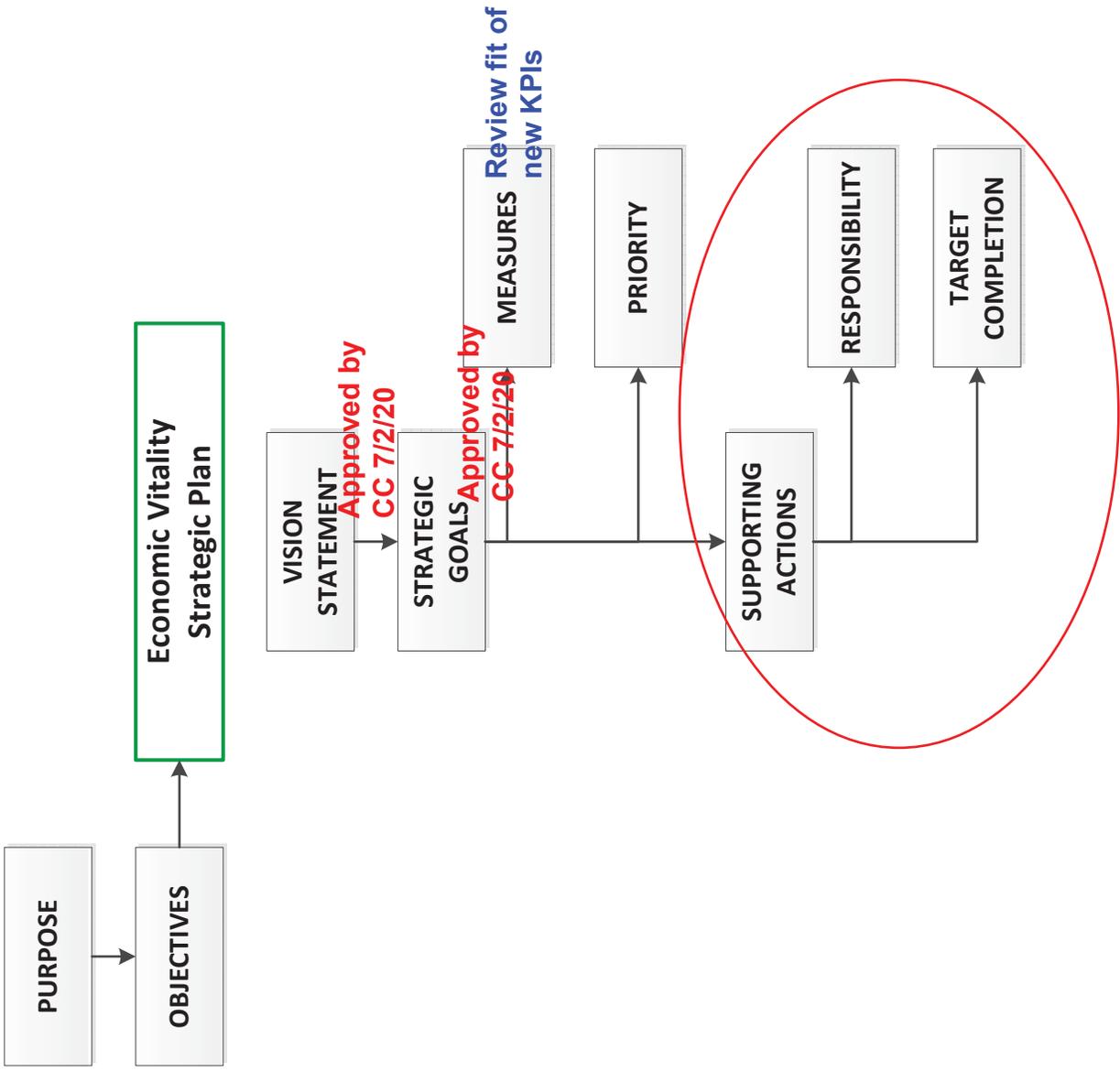
Sub-Program and Objective	Recommended Key Performance Indicators
<p><b>Business Retention and Development</b> Maintain positive business relationships throughout the community and assist property owners, brokers, and companies in finding locations and/or constructing new buildings in the City. Attract and retain a diverse mix of businesses that provide good employment opportunities for Louisville residents.</p>	<ul style="list-style-type: none"> <li>• Commercial vacancy rate (retail, office, industrial)<sup>21</sup></li> <li>• In-City sales tax per square foot of retail space</li> <li>• In-City sales tax per capita</li> <li>• Percentage of Business Assistance Package incentive dollars rebated of total incentive dollars authorized</li> <li>• Ratio of Business Assistance Package incentive dollars rebated to jobs added</li> <li>• Community survey question: Rating of the overall economic health of Louisville</li> <li>• Business satisfaction survey rating</li> </ul>

**Open Space and Trails Program**

This program is led by the Open Space Division of the Parks, Recreation, and Open Space Department. The intention of the program is to acquire and preserve open space in Louisville.

<sup>21</sup> Data on commercial vacancy rates would need to be purchased. It is common for local governments to use the company CoStar to get this information: <https://www.costar.com/>

**Economic Vitality Committee**



**SUBJECT: STAFF UPDATES**

**DATE: AUGUST 18, 2020**

**PRESENTED BY: MEGAN E. PIERCE, ECONOMIC VITALITY DIRECTOR**

**SUMMARY:**

In the following, staff provides updates on recent activity related to core economic vitality functions.

*Louisville's Outdoor Dining Program:*

Feedback received from businesses about Outdoor Dining remains positive. In July, the Louisville Cultural Council's (LCC) ARTirondack Chairs were added as an installation to the Spruce/Pine and Pine/Elm blocks of the Main Street closure. In August, a collaboration between the LCC and the City launched *Main Street Community Art*, which is programmed by local non-profit Integral Steps. Through this program, for four Saturdays in August, there will be engaging activities for families in the closure area that respect social distancing and public health guidelines.

At the August Downtown Business Association (DBA) Board meeting, there was discussion about extending Outdoor Dining on Main Street, which is currently scheduled to end on October 5. The DBA has been asked to survey its members and bring forward a proposal of what the Main Street restaurants are seeking. Staff is tentatively planning for this matter to be presented to the City Council on September 1. In addition, after understanding the DBA's proposal, staff will initiate a resident notification letter so that there is an opportunity for all to provide input when Council considers the matter.

*Webinar Series:*

On August 12, the City launched the first webinar in its new peer panel series, *Recovering with Resiliency: How to Reposition Your Small Business for Success*. This webinar series is again being done in collaboration with local business, Gambale Labs. The four-part series takes place every other Wednesday @ 11 AM—concluding on September 23. Each webinar will feature local business owners sharing their stories of transformation and recovery. The Louisville Chamber of Commerce and DBA are also assisting the City in promoting this free learning opportunity to the local business community.

*Website Refresh:*

At the end of July, the City launched its refreshed website. The refresh included reviewing and revising all of the Economic Development pages located under the "Doing Business" section of the navigation. There is still additional content, especially from a marketing and profiling perspective, that needs to be developed as part of our vitality strategy, but the refresh was a good opportunity to make sure all information is current and easy to locate.

**SUBJECT: STAFF UPDATES**

**DATE: AUGUST 18, 2020**

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**RECOMMENDATION:**

No action required; for information only.

**ATTACHMENTS:**

None.