

AGENDA
LOVELAND CITY COUNCIL STUDY SESSION and SPECIAL MEETING
TUESDAY, JANUARY 13, 2015
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

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STUDY SESSION AGENDA

1. **ECONOMIC DEVELOPMENT** (presenter: Betsey Hale; 60 min)
ECONOMIC DEVELOPMENT UPDATE, POLICIES, STRATEGIES AND PRIORITIES
 The City Council requested that staff provide a review of the City's current economic development strategy, approved plans, and incentive tools as well as a review of existing partnerships and other issues. Council asked staff to review how we measure success. The study session and attached staff report is intended to provide an overview of the current approved strategies, including its rationale and justification along with a review of emerging issues that could impact the City.

ADJOURN

SPECIAL MEETING - City Council Chambers
SPECIAL MEETING AGENDA

CALL TO ORDER

ROLL CALL

Anyone in the audience will be given time to speak to any item on the Consent Agenda. Please ask for that item to be removed from the Consent Agenda. Items pulled will be heard at the beginning of the Regular Agenda. Members of the public will be given an opportunity to speak to the item before the Council acts upon it.

Public hearings remaining on the Consent Agenda are considered to have been opened and closed, with the information furnished in connection with these items considered as the only evidence presented. Adoption of the items remaining on the Consent Agenda is considered as adoption of the staff recommendation for those items.

Anyone making a comment during any portion of tonight's meeting should come forward to a microphone and identify yourself before being recognized by the Mayor. Please do not interrupt other speakers. Side conversations should be moved outside the Council Chambers. Please limit comments to no more than three minutes.

1. **ECONOMIC DEVELOPMENT**
REGIONAL TOURISM ACT PROJECTS
Executive Session to Consider Confidential Commercial and Financial Data Pertaining to Regional Tourism Act Projects

2. **ECONOMIC DEVELOPMENT**
SOUTH CATALYST PROJECT & DOWNTOWN PROPERTY ACQUISITION
Executive Session to Consider Acquisition of Downtown Property and Negotiations
with Potential Developer

3. **HUMAN RESOURCES**
CONSIDERATION FOR DEPUTY MUNICIPAL JUDGE
Executive Session to Consider Applications for Position of Deputy Municipal Judge

ADJOURN



CITY OF LOVELAND
ECONOMIC DEVELOPMENT OFFICE
Civic Center • 500 East Third • Loveland, Colorado 80537
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AGENDA ITEM: 1
MEETING DATE: 1/13/2015
TO: City Council
FROM: Economic Development Department
PRESENTER: Betsey Hale, Director

TITLE:

Economic Development Update, Policies, Strategies and Priorities

RECOMMENDED CITY COUNCIL ACTION:

For Information only and discussion.

SUMMARY:

The City Council requested that staff provide a review of the City's current economic development strategy, approved plans, and incentive tools as well as a review of existing partnerships and other issues. Council asked staff to review how we measure success. The study session and attached staff report is intended to provide an overview of the current approved strategies, including its rationale and justification along with a review of emerging issues that could impact the City.

BACKGROUND:

The Economic Development Department was created in 2012 for "the purpose of supporting the ongoing economic growth and creating a climate for investment in Loveland" (*ED Strategic Plan P. 1*). The department is responsible for business attraction including primary jobs and retail, downtown revitalization and community marketing. The Department has eight full time equivalent positions (7 full time and 2 part time), which does not include community volunteers who staff the Loveland Visitors Center. The Department budget for general business development in 2015 is \$1,191,400. The current balance in the Economic Incentive Fund is \$1,216,790. The budget from the Lodging Tax for 2015 is \$900,200.

Staff will give an overview of approved Strategic Plans and the Incentive Policy and discuss priorities for 2015, which include the Regional Tourism Act, attraction of primary jobs, and downtown redevelopment. In addition, staff will discuss a proposed regional retail sales tax analysis to help inform decision making and retail projects. Staff will discuss emerging issues related to the importance of K-12 education and the economic vitality of the City.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

1. Staff Report
2. Economic Development Strategic Plan (2012)
3. Incentive Policy (2012)
4. Power Point Presentation
5. Incentive Report Cover Memo
6. Economic Incentive Report (2002 -2013)
7. Destination Loveland Strategic Plan (2011)
8. Downtown Loveland Strategic Plan Summary (2009)
9. Loveland Downtown Partnership Strategic Plan (2014)



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Memorandum

To: Loveland City Council

Through: Bill Cahill, City Manager

From: Betsey Hale, Director Economic Development Department

Date: January 8, 2015

RE: Economic Development Department/Overview

Background:

The City Council made a request that staff provide a review of the City's current economic development strategy, approved plans, and incentive tools as well as a review of existing partnerships and other issues. Council also asked staff to review how we measure success.

The report and study session is intended to provide an overview of the current approved strategies, including its rationale and justification along with a review of emerging issues that could impact the City.

The Department:

The Economic Development Department was created in 2012 for "the purpose of supporting the ongoing economic growth and creating a climate for investment in Loveland." (*ED Strategic Plan P. 1*) The department is responsible for business attraction including primary jobs and retail, downtown revitalization and community marketing. The Department has eight full time equivalent positions (7 full time and 2 part time), which does not include community volunteers who staff the Loveland Visitors Center. The Department budget for general business development in 2015 is \$1,191,400. The current balance in the Economic Incentive Fund is \$1,216,790. The budget from the Lodging Tax for 2015 is \$900,200.

The Economic Development Department partners with a number of outside agencies. These include:

- *The Northern Colorado Economic Development Corporation (NCEDC):*
NCEDC provides business leads and other services
- *The Rocky Mountain Innosphere:*
RMI focuses on supporting entrepreneurs who are building potential high-growth companies in software, hardware, biosciences, digital health, and cleantech.

- *The Loveland Chamber of Commerce/the Loveland Center for Business Development (LCBD):*
The City partners with the Chamber of manage the LCBD. The LCBD provides small businesses planning, training and loan assistance to small businesses located in Loveland, and small business owners who live in Loveland.
- *Procurement Technical Assessment Center-Assists businesses with securing government contracts.*
- *CAMA- Colorado Advanced Manufacturing Association-* CAMA's goal is to advance manufacturing in the state of Colorado through partnerships with government, workforce, private business and education to help make manufacturing a statewide priority and streamline the process of doing business.
- *Office of Economic Development and International Trade*
Assists with State Incentives, Enterprise Zone Programs and International Trade.
- *Loveland Development Fund:*
A group of Loveland business leaders dedicated to enhancing the local economy by supporting the efforts of the City.
- *Northern Colorado Manufacturing Alliance-* Manufacturing partners working passionately to ensure Northern Colorado Manufacturers and our Communities thrive

Economic Development Strategic Plan and Incentive Policy:

The Economic Development Strategic Plan and the Incentive Policy was approved by a vote of Council on February 21, 2012. The plan was drafted with the input of community stakeholders who volunteered their time to the effort. Both the plan and the incentive policy are included in the Council packet for your review.

The approved plan includes four goals:

1. *Make Loveland the heart of innovation and creativity in Colorado:*
The goal includes action steps that address the Rocky Mountain Center for Technology and Innovation.
2. *Make Loveland a destination which attracts businesses, visitors and consumers:*
The goal includes action steps that address the community marketing effort, airport redevelopment, downtown redevelopment, retail recruitment and improved cultural offerings.
3. *Make the right investment easy to come, stay and grow:*
The goal includes action steps that promote attraction and growth of primary employers in Loveland.
4. *Make the right connections:*
The goal includes action steps that promote outreach to businesses and relationships with external partners.

Economic Development Incentives Report 2002-2013:

The Incentives Report was published in August of 2014, it includes a review of the 28 economic incentives granted by the Loveland City Council in the ten year period between 2002 and 2013. The Investment Summary is shown on the following page. The complete report is included as an attachment.

Table 1: Investment Summary 2002-2013

Investment Type	Total Net Incentive*	Private Investment	Total Investment	Public % of Investment
Primary Employment	\$1,839,901	\$111,969,372	\$113,809,273	1.6%
Retail	\$1,220,240	\$32,098,231	\$33,318,471	3.7%
Total Investment	\$3,060,142	\$144,067,603	\$147,127,745	2.1%

* Net Incentives excludes incentive amounts paid back to the City.

The report excluded packages that were approved by not yet completed including Value Plastics, Hach and the Crunchy Grocer. The 28 approved economic incentive packages are listed below:

Table 4: Investment Detail

Year	Company Name	Total Net Incentive*	Incentives*	Private Investment	Total Investment	Public % of Investment
2002	Yancey's	\$ 131,100	a	\$ 11,181,750	\$ 11,312,850	1.2%
2002	American Eagle Distributing Co	\$ 95,000	a	\$ 16,453,509	\$ 16,548,509	0.6%
2003	Cars N Tires	\$ 4,905	a	\$ 633,503	\$ 638,408	0.8%
2003	Summit Alpine LLC	\$ 55,375	a	\$ 1,416,557	\$ 1,471,933	3.8%
2003	Loveland Medical Enterprises, LLC	\$ 203,190	a	\$ 16,355,199	\$ 16,558,389	1.2%
2003	Super Vacuum Mfg	\$ 100,000	a	\$ 2,714,009	\$ 2,814,009	3.6%
2003	Group Publishing	\$ 232,432	a	\$ 4,900,000	\$ 5,132,432	4.5%
2004	Lighting Designs	\$ 8,040	a	\$ 1,156,014	\$ 1,164,054	0.7%
2004	Lowe's	\$ 580,008	b	\$ 12,479,662	\$ 13,059,670	4.4%
2004	Thunder Mountain	\$ 122,726	b	\$ 5,739,482	\$ 5,862,208	2.1%
2006	Eslan Park Event Center	\$ 155,000	b	\$ 1,927,265	\$ 2,082,265	7.4%
2008	Colorado vNet	\$ 301,000	d	\$ 955,429	\$ 1,256,429	24.0%
2008	KL&A Engineering	\$ 50,000	d	\$ 1,075,780	\$ 1,125,780	4.4%
2008	Ensign Power Systems	\$ 45,190	a	\$ 1,456,050	\$ 1,501,240	3.0%
2008	JAX	\$ 288,619	b	\$ 8,700,784	\$ 8,989,403	3.2%
2008	Blue Ribbon Auto Body	\$ 45,000	b	\$ 1,347,777	\$ 1,392,777	3.2%
2009	Agrium Advanced Technology	\$ 142,000	d	\$ 15,027,300	\$ 15,169,300	0.9%
2009	Crop Production Services	\$ 300,000	d	\$ 17,926,870	\$ 18,226,870	1.6%
2009	Orthopaedic Center of the Rockies	\$ 21,201	***	\$ 11,243,882	\$ 11,265,083	0.2%
2009	Lightning Hybrids	\$ 22,000	d	\$ 1,087,267	\$ 1,109,267	2.0%
2009	RoadNarrows, LLC	\$ 18,000	d	\$ 182,000	\$ 200,000	9.0%
2009	Concurrent Analytical (Nanopartz)	\$ 27,000	d	\$ 244,000	\$ 271,000	10.0%
2011	Cardinal Glass	\$ 45,929	a	\$ 8,105,505	\$ 8,151,433	0.6%
2011	Wood Group	\$ 13,835	a	\$ 323,386	\$ 337,221	4.1%
2012	Advanced Manufacturing for Bottles, Inc	\$ 2,149	***	\$ 761,736	\$ 763,886	0.3%
2012	Coffee Tree LLC	\$ 15,942	b	\$ 113,746	\$ 129,688	12.3%
2013	Data Traks	\$ 19,500	d	\$ 178,466	\$ 197,966	9.9%
2013	Schlosser Signs	\$ 15,000	d	\$ 380,678	\$ 395,678	3.8%
Grand Total		\$ 3,060,142		\$144,067,603	\$147,127,745	2.1%

Primary Employment Retail

* Net Incentive is the total incentive less payments received from fee deferrals or clawback recovery

** - Incentive types given:

a = Fee waivers/rebates (e.g. Use Taxes, CEF's and/or other permit fees)

b = Sales tax credit

c = Fee deferral **

d = Cash/Reimbursement of expenses

*** This amount of public investment is the estimated lost interest on the money that was paid at a later date.

The net new revenue from the projects is shown in the chart below:

Year	Company Name	Revenue Streams							Total thru 12/31/2013	Gain/ Loss	% Gain /Loss
		Total Incentive	Use Taxes	Permit Fees *	Net City Ppty Taxes	Incentive Payback	Sales Taxes				
2002	Yancey's	\$ 131,100	\$ 103,500	\$ 92,725	\$ 160,694			\$ 356,919	\$ 225,819	172.2%	
2002	American Eagle Distributing Co	\$ 95,000	\$ 75,000	\$ 71,617	\$ 201,009			\$ 347,626	\$ 252,626	265.9%	
2003	Summit Alpine LLC	\$ 55,375	\$ 13,050	\$ 13,683	\$ 119,196			\$ 145,929	\$ 90,553	163.5%	
2003	Loveland Medical Enterprises, LLC	\$ 203,190	\$ 221,175	\$ 72,291	\$ 311,601			\$ 605,067	\$ 401,877	197.8%	
2003	Super Vacuum Mfg	\$ 100,000	\$ 31,500	\$ 29,463	\$ 34,016			\$ 94,979	\$ (5,021)	-5.0%	
2003	Group Publishing	\$ 232,432	\$ 73,500	\$ 11,332	\$ 247,620			\$ 332,452	\$ 100,020	43.0%	
2008	Colorado vNet	\$ 900,000	\$ 13,661	\$ 13,475	\$ 14,582	\$ 599,000		\$ 640,718	\$ (259,282)	-28.8%	
2008	KL&A Engineering	\$ 50,000	\$ 7,848	\$ 7,691	\$ 4,302			\$ 19,840	\$ (30,160)	-60.3%	
2008	Ensign Power Systems	\$ 45,190	\$ 13,779	\$ 53,780	\$ 7,978			\$ 75,536	\$ 30,346	67.2%	
2009	Agrium Advanced Technology	\$ 142,000	\$ 10,823	\$ 9,082	\$ 37,444			\$ 57,349	\$ (84,651)	-59.6%	
2009	Crop Production Services	\$ 300,000	\$ 186,793	\$ 121,779	\$ 155,905			\$ 464,476	\$ 164,476	54.8%	
2009	Orthopaedic Center of the Rockies	\$ 21,201 **	\$ 91,950	\$ 74,990	\$ 76,361			\$ 243,302	\$ 222,101	1047.6%	
2009	Lightning Hybrids	\$ 50,000	\$ 5,878	\$ 5,507	\$ 10,530	\$ 28,000		\$ 49,914	\$ (86)	-0.2%	
2009	RoadNarrows, LLC	\$ 18,000	\$ -	\$ -	\$ -			\$ -	\$ (18,000)	-100.0%	
2009	Concurrent Analytical (Nanopartz)	\$ 27,000	\$ -	\$ -	\$ -			\$ -	\$ (27,000)	-100.0%	
2011	Cardinal Glass	\$ 45,929	\$ 24,703	\$ 17,226	\$ 23,090			\$ 65,019	\$ 19,090	41.6%	
2011	Wood Group	\$ 13,835	\$ 4,875	\$ 6,573	\$ -			\$ 11,448	\$ (2,387)	-17.3%	
2012	Advanced Manufacturing for Bottles, Inc	\$ 2,149 **	\$ 10,837	\$ 20,612	\$ -			\$ 31,449	\$ 29,300	1363.2%	
2013	Data Traks	\$ 19,500	\$ 2,587	\$ 2,899	\$ -			\$ 5,486	\$ (14,014)	-71.9%	
2013	Schlosser Signs	\$ 15,000	\$ 147	\$ 181	\$ -			\$ 329	\$ (14,671)	-97.8%	
	Retail Incentives Aggregated	\$ 1,355,430	\$ 203,214	\$ 291,540	\$ 451,300	\$ 135,189	\$ 8,269,425	\$ 9,350,668	\$ 7,995,238	589.9%	
Grand Total		\$3,822,331	\$1,094,819	\$916,445	\$1,855,628	\$762,189	\$8,269,425	\$12,898,506	\$ 9,076,175	237.5%	

Primary Employment Retail

* Does not include Capital Expansion Fees.

** This amount of public investment is the estimated lost interest on the money that was paid at a later date.

Destination Marketing:

Funded through the lodging tax, the Destination Marketing effort coordinates all advertising/marketing to promote Loveland as a tourist and visitor destination. This includes hosting FAM (familiarization) tours, attending travel-related trade shows and conferences, managing the VisitLovelandCO.com website, managing the Visitors Center, attending Loveland Hospitality Association meetings, and overseeing destination/community events. A copy of the Destination Loveland strategic plan is included as an attachment to the packet.

Staff acts as a liaison to the seven member Community Marketing Commission, which serves in an advisory capacity to City Council. The CMC reviews and makes recommendations concerning the City's use of the revenues received from the Lodging Tax levied under Code Chapter 3.24 to promote tourism, conventions and related activities within Loveland.

Staff also oversees the operations of the Visitors Center, which is located at 5400 Stone Creek Circle in Loveland at the intersection of I-25 and US 34. The Visitors Center features merchandise from over 25 local artisans and manufacturers including food, clothing, jewelry, art and books. The store also offers free maps, brochures, guides and other useful information is readily available.

Economic Development Priorities for 2015:

Regional Tourism Act project:

The RTA is a State of Colorado sales tax increment financing program established for the purpose of developing destination attractions and amenities. City Council will have updates on the RTA Projects and application process on January 13th, 20th and February 3rd.

Downtown Redevelopment:

Staff is working to complete the negotiations with Larimer County and the Michaels Development Company for the "South Catalyst" redevelopment project. Further, staff will continue to work with the Loveland Downtown Partnership as needed to ensure long term success of the organization. The synopsis of the Downtown Strategic plan that was adopted in 2009 is included along with the strategic plan for the Loveland Downtown Partnership. In addition, since 2006, the City has completed numerous ancillary plans and studies regarding Downtown including an infrastructure plan (HIP Streets 2009), a parking demand study (2008), a Downtown Vision book (2010) and retail demand analysis was completed as a class project through the University of Northern Colorado.

Attraction of primary jobs:

The City is taking a targeted approach to the attraction of primary jobs in 2015. The first goal will be to provide ongoing support to see the Hach expansion through corporate approval and ultimately the addition of around 200 new jobs averaging \$88,000/year. In parallel with these efforts, the Economic Development Department will be managing the services contract with EWI with the creation and completion of a needs assessment and business plan in Phase I. The anticipated outcome would be implementation of Phase II which would result in a permanent presence at RMCIT and the creation of private contracts and primary jobs. Staff is planning to create new marketing materials and update the website highlighting past achievements and showcasing all that Loveland has to offer to new employers. Staff will be attending trade shows oriented to specific sectors identified through Tech Transfer and the EWI study.

New/Emerging Issues:

Regional retail sales analysis:

Staff is planning to hire a consultant to complete a regional retail sales analysis. Since the City receives upwards of 72 percent of its annual revenue from sales tax, it is critically important that the City understand the competitive pressures for sales tax revenue and to help inform decision making with regard to sales tax based incentive proposals. With the Foothills Mall redevelopment in Fort Collins and the Twin Peaks Mall redevelopment in Longmont underway, the City needs to better understand the potential for loss of sales tax revenue in the near future and the areas of opportunity.

K-12 Education and Economic Development success:

According to the International Economic Development Council (IEDC), *"The local K-12 schools are the root structure of any functional workforce system. The K-12 education system provides the critical foundation*

from which students are able to build and excel to more advanced levels of education. If the K-12 system is not nurtured and engaged appropriately, the overall future of the workforce and economy of that City or region may be in jeopardy.”

This topic is meant to create awareness for the City and community leaders that K-12 education is an important part of a community economic development strategy. By many measures, the Thompson School District is having some difficulty competing with other Northern Colorado School Districts. In 2015, City staff in economic development will begin to work with the Loveland Development Fund to explore and identify opportunities to help our district leadership and staff create great schools.

City of Loveland



Economic Development Strategic Plan

February 2012

INTRODUCTION

The Economic Development Department was created by the Loveland City Council for the purpose of supporting the ongoing economic growth and creating a climate for investment in Loveland. The Strategic Plan is intended to guide the actions of the Department over the next ten years and be used to inform decision making by the City Council. The Plan should be nimble enough to allow for new opportunities as they arise, while continuing to support growth and expansion of existing businesses and interests.

THE PLAN

The plan was drafted over the course of 12 weeks with the input and direction from a number of key stakeholders and City staff including:

Stakeholders:

Marilyn Schock, CEO, McKee Medical Center
Terry Precht, President/CEO, Vergent Products
Troy Stromme, Vice President, Group Publishing
Karen Richardson, President/Owner Sculpture Depot
Doug Rutledge, Director of Construction Services, KL&A Engineering
Mary Bahus-Meyer, Owner, Full Circle Marketing
Chris Lombardi, Owner & Managing Broker, Velocity Real Estate & Investments, Inc.
Frank Roundy, Vice President, S.A. Composites

City Staff:

Bill Cahill, City Manager, City Manager's Office
Rod Wensing, Assistant City Manager, City Manager's Office
Betsey Hale, Director, Economic Development Department
Alan Krcmarik, Executive Fiscal Advisor
Mike Scholl, Economic Development Department
Andrea Tucker, Economic Development Department
Nikki Garshelis, Development Services Department
Dawn Wirth, Economic Development Department
Marcie Erion, Economic Development Department
Tracey Hewson, Water & Power Department

The plan includes a *Vision* and *Mission Statement* along with specific *Goals* and *Actions* that are intended to be both actionable and measurable. While the Plan proposes to build off of existing opportunities including the redevelopment of the former Agilent/Hewlett Packard Campus at the corner of Taft and 14th Avenue (now known as the Rocky Mountain Center for Innovation and Technology) and the City's strength as a premier art community, it also seeks to address critical business issues including infrastructure and the speed and ease with which businesses interact with the City. Most importantly, the Plan seeks to enhance our existing local partnerships to create a long-term culture of success in Loveland.

VISION

Loveland is a community with a growing and diverse economic base that offers ample employment and business opportunities to all.

MISSION STATEMENT

Grow employment and business opportunities to sustain the economic health of Loveland and the Northern Colorado Region.

Goal #1 – Make Loveland The Heart Of Innovation And Creativity In Colorado

ACTION – Make the Agilent/Hewlett-Packard campus redevelopment a long term economic success for the community.

- Work with partner groups and developers to facilitate the start of reuse of the campus before December 31, 2012.
- Establish a committee of business leaders to assist with the recruitment of tenant companies and relationship building with company executives.
- Communicate regularly with citizens about the activities of companies at the Park and continuing community support for the project.
- Create a Site Activation Coordinator position for the purpose of facilitating development review and act as a liaison from the City to the Park and the tenants.
- Use staff in Key Accounts, Economic Development and the Office of Creative Sector Development to research and recruit potential tenants.
- Support industry cluster organizations such as the clean energy cluster.
- Provide economic incentives for companies locating at the campus.

Lead Champion – Economic Development Department

Supporting Champions – Northern Colorado Economic Development Corporation, Office of Creative Sector Development

Completion Date – 2017

ACTION - Carry out the work of the Office of Creative Sector Development Strategic Plan and accomplish the goals as stated.

Lead Champion – Office of Creative Sector Development

Supporting Champions – Community Marketing Commission, Creative Sector Development Commission, Loveland Center for Business Development

Completion Date – 2014

Goal #2 - Make Loveland A Destination Which Attracts Businesses, Visitors, And Consumers

ACTION - Establish a Destination Management position which is responsible for carrying out the work of the Destination Loveland Marketing Plan.

Lead Champion – Economic Development Department

Supporting Champions – Engaging Loveland, Hotel Association, Community Marketing Commission

Completion Date – 2012

ACTION - Build a new terminal at the Fort Collins – Loveland Municipal Airport to handle more commercial flights.

Champion – Fort Collins - Loveland Municipal Airport

Supporting Champions – Economic Development Department, Public Works Department

Completion Date – 2020

ACTION - Make improvements to the General Aviation and Fixed Based Operations facilities to encourage corporate and private aircraft use.

Lead Champion – Fort Collins - Loveland Municipal Airport

Supporting Champions – Economic Development Department, Public Works Department

Completion Date – 2020

ACTION - Establish a Science and Cultural Facilities District to fund the development of infrastructure such as the museum and gallery expansion, downtown plaza and Rocky Mountain Center for Innovation and Technology (RMCIT) related projects.

Lead Champion – Cultural Services Development

Supporting Champions – Office of Creative Sector Development, Economic Development Department

Completion Date – 2014

ACTION - Carry out the actions of the Downtown Strategic Plan Action - Develop destination events and attractions.

Lead Champion – Economic Development Department

Supporting Champions – Cultural Services Department, Office of Creative Sector Development, Community Marketing Commission, Loveland Downtown Team

Completion Date – 2015 & Ongoing

ACTION - Partner with the private sector on the recruitment and retention of retail businesses throughout the City especially downtown, West Eisenhower and US 287.

Lead Champion – Economic Development Department

Completion Date – 2012 & Ongoing

Goal #3 - Make the Right Investment Easy to Come, Stay and Grow

ACTION - Continue to streamline and improve the “speed” at which building permits and site plans are reviewed.

Lead Champion – Development Services Department

Supporting Champions – Economic Development Department

Completion Date – 2012 & Ongoing

ACTION - Continue to provide lower cost utilities and the key accounts program.

Lead Champion – Water and Power Department

Completion Date – 2012 & Ongoing

ACTION - Continue the use of the City of Loveland Incentive Policy.

Lead Champion – Economic Development Department

Completion Date – Ongoing

ACTION - Develop a business retention plan that includes:

- Mentoring programs
- City Council outreach activities
- Quarterly CEO networking events
- A business leaders blog
- Economic development newsletter from the City
- Apprenticeship programs
- Recognition program
- Annual business appreciation event

Lead Champion – Economic Development Department

Supporting Champion – Northern Colorado Economic Development Council

Completion Date – 2012 & Ongoing

ACTION - Use local companies and suppliers for City Purchases when possible.

Lead Champion – Finance Department (Purchasing)

Supporting Champion – Economic Development Department

Completion Date – 2012 & Ongoing

ACTION - Work with Loveland Business Assistance Network (LBAN) partners to communicate the services they provide to the business community and reduce duplication of effort.

Lead Champions – Economic Development Department and LBAN Members

Completion Date – 2012 & Ongoing

ACTION - Continue the ombudsman/liaison position.

Lead Champion – Economic Development Department

Completion Date – Ongoing

Goal #4: Make The Right Connections

ACTION - Coordinate all economic development efforts and strategies of the City in a single department.

Lead Champion – Economic Development Department

Completion Date – 2012

ACTION - Create a sister city with a likeminded city in another state and country.

Lead Champion – Economic Development Department

Completion Date – 2013

ACTION - Improve the economic development website and use it to market the City to businesses, visitors and consumers and to recognize local businesses

Lead Champion – Economic Development Department

Completion Date – 2012 & Ongoing

ACTION - Continue to leverage resources with the organizations in the Loveland Business Assistance Network which includes: NCEDC, LCBD, the Chamber of Commerce, Engaging Loveland, and Larimer County, the State of Colorado, the Rocky Mountain Innosphere and others.

Lead Champion – Economic Development Department

Supporting Champion – Loveland Business Assistance Network

Completion Date – Ongoing

ACTION - Create a rapid response team of business leaders who can identify, establish and maintain relationships with targeted employers for attraction and retention efforts.

Lead Champion – Northern Colorado Economic Development Council

Completion Date – 2012

ACTION - Use social media and You Tube to attract businesses, visitors and consumers to Loveland.

Lead Champion – Economic Development Department

Supporting Champions – Office of Creative Sector Development, Public Information Officer

Completion Date – 2012 & Ongoing

ACTION - Create meaningful and productive relationships with other Northern Colorado Communities, the Thompson School District, Larimer County and the State of Colorado to address economic development issues.

Lead Champion – Economic Development Department

Supporting Champions – Thompson School District, Larimer County, State of Colorado

Completion Date – 2012 & Ongoing

City of Loveland



Incentive Policy

February 2012

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Introduction

Purpose

Guiding Principle 13 of the City of Loveland Comprehensive Plan states that the City will, *“Promote the adequate provision of employment opportunities in an effort to sustain the economic health of the Loveland community and the Northern Colorado Region.”*

Vision

Loveland is a community with a growing and diverse economic base that offers ample employment and business opportunities to all.

Mission Statement

Grow employment and business opportunities to sustain the economic health of Loveland and the Northern Colorado region.

Process

The City utilizes a multifaceted approach to job creation, business retention, and attraction. This effort leverages the City’s financial resources with those of our economic development partners in Loveland, Larimer County and the State of Colorado. The City supports assistance programs for small business development, creative entrepreneurship and technology incubation and acceleration.

Conditions

Any economic incentive or other commitment of City funds must be set forth in a written agreement approved by City Council, funding must be budgeted, appropriated and otherwise made available, and must not constitute a multi-year fiscal obligation. Further, any economic incentive or other commitment under this Policy must serve a public purpose, as determined by City Council in its discretion, including but not limited to providing significant cultural, social, and/or economic benefits to the citizens of Loveland.



Economic Development Department

The City of Loveland has a full service Economic Development Department. The Department has 5 full-time staff engaged in primary employer attraction, expansion and retention, downtown redevelopment, retail recruitment and retention, visitor attraction, destination marketing, and creative sector development. A part-time employee offers market research assistance to business owners seeking demographic and consumer trend information.

The City maintains strategic partnerships with local, regional and state business assistance providers. The Loveland Business Assistance Network (LBAN) meets quarterly and is a forum for members to report status of projects and seek partners to leverage financial and staff resources. The LBAN partners include but are not limited to:

Primary Employment Attraction, Retention and Expansion:

Colorado Office of Economic Development and International Trade (OEDIT)
Northern Colorado Economic Development Corporation (NCEDC)
Larimer County Workforce Development Center

Small Business Development and Entrepreneurship/Incubation:

Office for Creative Sector Development (OCSD)
Loveland Center for Business Development (LCBD)
Rocky Mountain Innosphere and Innovation Initiative (RMII)
Loveland Chamber of Commerce

Destination Marketing:

Engaging Loveland
Loveland Hospitality Association
Larimer County

Economic Incentive Fund

The Loveland City Council has created an Economic Incentive Fund which is budgeted annually at \$250,000. The Council considers requests on a case-by-case basis in accordance with the guidelines which follow. Companies interested in applying for possible incentives should contact:

For Primary Employers

Betsey Hale
Economic Development Director
haleb@ci.loveland.co.us

*For Downtown Redevelopment and / or
Retail Projects*

Mike Scholl
Economic Development Administrator
scholm@ci.loveland.co.us

For the Creative Sector

Marcie Erion
Business Development Specialist
erionm@ci.loveland.co.us

For all other requests

Dawn Wirth
Business Services Coordinator
wirthd@ci.loveland.co.us
or 970-962-2316

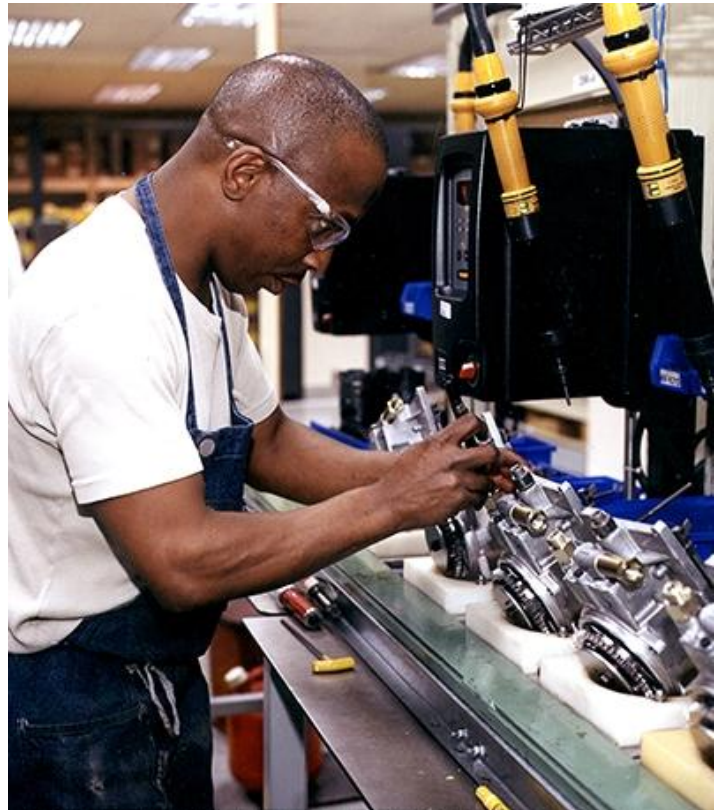
Primary Employment Incentive Guidelines

In an effort to encourage high quality, primary job creation and private sector investment, the City of Loveland has established the following incentive guidelines.

Eligibility Requirements:

The incentives described will be available on a case-by-case basis to new or existing “primary” employers engaged in manufacturing, distribution, research, and development or other business activity which export more than 50% of their goods/services outside of Larimer County. In addition, to be eligible for incentive consideration the business should meet the following minimum standards:

1. Meet with the City of Loveland Economic Development Director to discuss the project and determine if the company meets the definition of a primary employer.
2. Review the City of Loveland Primary Employer Checklist of Requirements with the Economic Development Director. A copy is attached to this policy.
3. Provide company information to the City of Loveland, for staff review and analysis in an economic impact model provided by Colorado State University. This model estimates the potential economic benefits, including direct revenues, costs and induced/indirect impact to the community over the proposed incentive performance period or payback period. (Other universities or organizations may be used to complete this analysis.) To be eligible for incentives a payback period will be no longer than 5 years unless otherwise agreed upon.
4. The results of the Economic Impact Analysis must show a positive net new revenue impact to the City of Loveland.
5. The applicant must submit a Letter of Intent to request incentives from the City of Loveland.
6. It is required that the Company makes a minimum investment of \$500,000 in plant and/or equipment during the first year following approval of the incentive. This requirement may be evaluated by the City Council if the project does not require construction of a new building or significant purchases of new equipment. This requirement may be waived for companies that are clients of the Rocky Mountain Innovation Initiative or Loveland Center for Business Development or the Office for Creative Sector Development.



7. The business must offer an employee health plan where the employer pays at least 80% of the employee only premium.
8. The business must offer group health insurance to the employee dependents at the employee cost.
9. The company must provide the City a copy of the project budget for relocation and/or expansion.
10. The business must provide ongoing company information for monitoring purposes at least twice a year. Upon incentive approval by the Loveland City Council, the company will be required to enter into an agreement with the City, guaranteeing that mutually agreed upon investment/jobs will be created within a specific period of time. If the company is unable to achieve guaranteed results as outlined by the performance agreement, the City of Loveland reserves the right to recover incentive payments on either a full or prorated basis as established in a performance agreement. Personal Guarantee of repayment obligations may be required.

Possible Incentives For Primary Employment

Development Fees and Use Taxes: The following fees and/or taxes may be waived or deferred upon approval of the Loveland City Council. These include:

- City (not County) Construction Materials Use Taxes
- Building Permit and Inspection Fees
- Street Capital Expansion Fees
- Law Enforcement Capital Expansion Fees
- General Government Capital Expansion Fees
- Fire Protection Capital Expansion Fees

This incentive will not exceed the fees or taxes due with respect to a particular project. System Impact Fees and Fees related to the City's Utility Enterprises are not eligible.

Cash Incentives for New Primary Jobs: The City of Loveland will consider cash incentives on a case-by case basis. This is a performance based incentive payment to qualifying companies that have created **net** new full-time permanent positions paying above average wages. The program is designed to support and encourage new business development, business expansions and relocations that generate new jobs in the City of Loveland. The cash paid per job is based on the percentage of Larimer County Average Annual Wage at the time of application for the incentive.

Cash incentives are only available for jobs which pay 120% or more of Larimer County Average Annual Wage. As of December 2011, the minimum would be \$46,800.

Average Annual Wage Company Wide	Possible Cash Incentive Per Job
120%	\$500
130%	\$1,000
140%	\$1,500
150% or >	\$2,000
(This incentive is subject to availability of funding)	

Net New Job: A net new job is a full time position which did not exist at a Loveland location in the 12 months prior to application for assistance. The position must exist for a minimum period of 12 months and the compensation must include the employer payment of 80% of the employee only health insurance premium and the availability of coverage for dependents.

Regional Relocation: The City of Loveland **will not** generally provide incentives for **existing** jobs which are relocated from communities within the North Front Range Metropolitan Planning Organization (NFRMPO) area. A map of the NFRMPO area is attached to this policy. The City will consider the provision of incentives to companies located in the NFRMPO area if **net new jobs** will be created as a result of relocation or expansion into Loveland.

Job Verification: Recipients of an Economic Incentive from the City of Loveland will be asked to submit employment verification twice a year unless otherwise agreed to in the Performance Agreement. The Loveland City Manager or his designee reserves the right to verify employment levels with the Colorado Department of Labor.

Public Infrastructure Requirements: The City of Loveland will review on a case-by-case basis the possible relief of the costs of public infrastructure requirements and may also make application for Federal and State Grant funds which may be available if deemed appropriate.

Enterprise Zone Tax Benefits: This program is intended to assist with the revitalization of economically distressed areas in Colorado. Companies located in the City of Loveland Enterprise Zone are eligible for various state income tax credits. These incentives are dependent on the approval of the local enterprise zone administrator and the State of Colorado Department of Revenue. For a complete list of State of Colorado Enterprise Zone Benefits and the Loveland Enterprise Zone Map see the Larimer County Workforce webpage at www.larimerworkforce.org/business/enterprise-zone/.

Aviation Development Zone Benefits: The Fort Collins-Loveland Municipal Airport received Aviation Development Zone designation in 2007. This designation provides a State of Colorado income tax credit of \$1,200 per aircraft manufacturing job created within the zone. For more information see the Colorado Department of Revenue website at: www.revenue.state.co.us.

City of Loveland Job Training Dollars: On a case by case basis the City of Loveland may consider up to a dollar for dollar match to the State of Colorado Job Training Fund if the Colorado Economic Development Commission approves such incentive for a new or expanding employer in Loveland. This request should come from the employer with a copy of the approved incentive from the State of Colorado.

Expedited Review: The City of Loveland will offer a “Rapid Response Team” and an expedited review process to facilitate the efficient review of the proposed project for qualified businesses.

Sponsorship of Private Activity Bonds: If a project meets the requirements of Section 141 of the Internal Revenue Code and the State of Colorado Tax Reform Act of 1987, the City of Loveland will consider sponsorship of Private Activity Bonds for Economic Development.

Downtown Loveland: Primary Employers considering locating in Historic Downtown Loveland may benefit from assistance in addition to the incentives listed above. Those additional incentives may include:

- Façade Improvement Grants
- Urban Renewal Area Programs
- Historic Preservation Tax Credit Programs
- Market Research Assistance
- Fee Waivers: Exemption From Approximately 20 City Fees
- Parking Requirements for General Improvement District #1
- Others As Approved By Loveland City Council

For more information see the Economic Development webpage at www.cityofloveland.org

Additional Incentives

The Loveland City Council will consider additional types of requests from Primary Employers on a case-by-case basis. The City Council may alter this policy at any time. Applicants are encouraged to contact the Economic Development Director for more information and a copy of the current policy at the time of application.



Commercial and Retail Development Incentive Guidelines

In an effort to encourage high quality, development of retail and commercial properties and assist with the redevelopment of dated vacant retail and commercial properties, the City of Loveland has established the following incentive guidelines.

Eligibility Requirements

The incentives described will be available on a case-by-case basis to new or existing retailers and redevelopers which seek to build new buildings or reuse vacant buildings which were at one time occupied for retail or office purposes and have been vacant a minimum of 24 months.

To be eligible for an incentive the project must meet the following criterion.

1. The company must meet with the Economic Development Director or their designee.
2. The company or its representatives must provide company information to the City of Loveland, for staff review and analysis in an economic impact model provided by Colorado State University and/or the Loveland Market Research Specialist. This model estimates the economic benefits including direct revenues, costs and induced/indirect impact to the community over the proposed incentive performance period or payback period. To be eligible for incentives, a payback period will be no longer than 5 years unless otherwise agreed upon.
3. The results of the Economic Impact Analysis must show a positive net new revenue impact to the City of Loveland.
4. The Applicant must submit a letter of Intent to Request economic assistance from the City of Loveland.
5. There must be a minimum investment of \$500,000 in building and/or equipment during the first year after which application is made for incentives and awarded.
6. Upon incentive approval by the Loveland City Council, the company will be required to enter into an agreement with the City guaranteeing that mutually agreed upon investment/sales tax or other outcomes will be created within a specific period of time. The company will provide information requested by the City for monitoring of the performance agreement twice a year during the term of the agreement. If the company is unable to achieve guaranteed results, the City of Loveland reserves the right to recover incentive payments on either a full or prorated basis as outlined in a performance agreement. A personal guarantee maybe required for repayment of incentives.



Possible Incentives for Commercial and Retail Development

Development Fees, Sales and Use taxes on construction materials: The following fees and/or taxes may be waived, or deferred upon approval of the Loveland City Council. These include:

- Construction materials use taxes
- All Building Permit and Inspection Fees
- Street Capital Expansion Fees
- Law Enforcement Capital Expansion Fees
- General Government Capital Expansion Fees
- Fire Protection Capital Expansion Fees

This incentive will not exceed the fees or taxes due with respect to a particular project. System Impact Fees and Fees related to the City's Utility Enterprises are not eligible.

Public Infrastructure Requirements: The City of Loveland will review on a case-by-case basis the possible relief of the costs of public infrastructure requirements and may also apply for Federal and State Grant funds which may be available if deemed appropriate.

Sales Tax Rebate: The City Council will consider on a case by case basis a rebate of a portion of sales tax collected by the retailer over a specific period of time not to exceed 5 years or 5% of the overall redevelopment project budget.

Downtown Loveland: Projects considering a location in Historic Downtown Loveland may benefit from additional assistance such as:

- Façade Improvement Grants
- Urban Renewal Area Programs
- Historic Preservation Tax Credit Programs
- Market Research Assistance
- Fee Waivers: Exemption From Approximately 20 City Fees
- General Improvement District
- Others As Approved By The Loveland City Council

For more information on Downtown Business Assistance see the Community and Strategic Planning Webpage at www.cityofloveland.org

The Loveland City Council may consider, upon staff recommendation, additional types of requests on a case-by-case basis. Contact the Economic Development Director for more information.

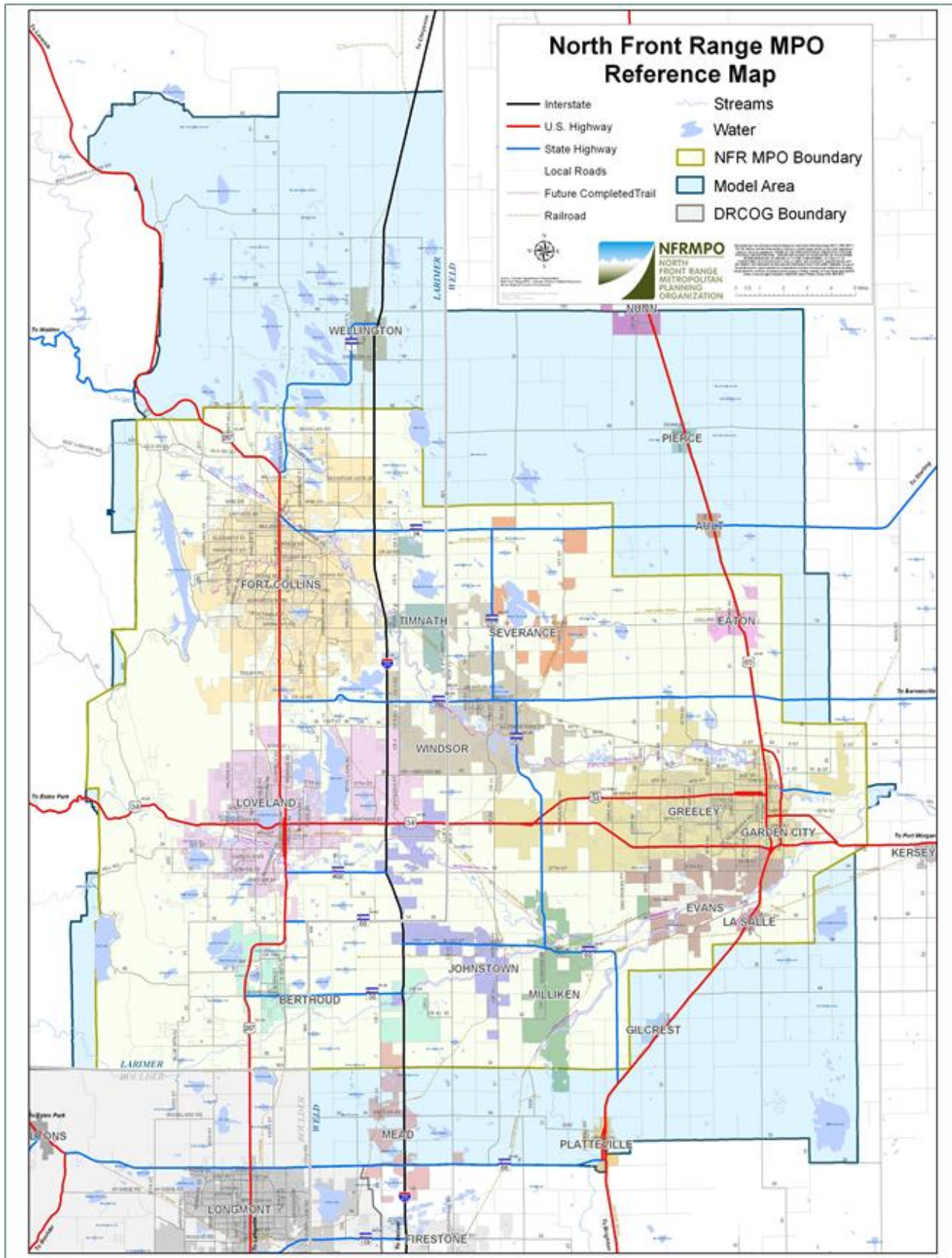
Economic Incentive Review Process and Restrictions

1. Applicant will meet with Economic Development Director or their designee.
2. Applicant must meet minimum criterion as set forth in policy unless otherwise agreed to. The City of Loveland Incentive Policy is subject to change or discontinuance at any time.
3. The Economic Impact Analysis Intake Form must be completed and submitted for an economic impact analysis. City of Loveland Economic Development and Finance Department staff will review the information submitted. The analysis may be completed by an outside organization such as CSU.
4. Applicant must submit a Letter of Intent to Request Incentives.
5. Applicant must submit a Project Budget.
6. Once the Economic Impact Analysis is complete if it is determined that there will be a positive “net new revenue” impact as a result of the businesses activities in Loveland, City Staff will review the overall project to determine what a “potential” economic incentive package may include.
7. This staff recommendation will be submitted to the City Manager for consideration.
8. If the Loveland City Manager determines the proposal is consistent with the City’s policies and that a positive economic benefit will occur, the project may be presented to the City Council for consideration at a study session and possible approval at a City Council meeting. For small incentives of less than \$20,000.00, initial consideration at a study session may not be required.
9. Presentation of an incentive request to a City Council does not guarantee award of an economic incentive.
10. No economic incentive award is final or legally binding until full execution of a written agreement approved by City Council or its duly authorized delegate, as the same may be modified in accordance with any authority delegated by City Council.
11. All economic incentives or commitments included in any incentive agreement by City Council are subject to funding being budgeted, appropriated, and otherwise made available and do not constitute a multi-year fiscal obligation.
12. Any economic incentive or other commitment of City funds to an applicant in furtherance of this Incentive Policy must serve a public purpose, as determined by the City Council in its discretion, including but not limited to providing significant cultural, social, and/or economic benefits to the Citizens of Loveland in the form of jobs, economic development, increased tax revenues and cultural and social opportunities.

Project Checklist

Requirement	Completed	Date	Details
City of Loveland Incentive Policy Project Checklist			
Primary Employer Guidelines			
Company Name :			
Meeting with the Economic Development Director or designee			
Letter of Intent/Request			
Economic Impact Analysis Data Submitted			
Impact Analysis shows Positive Net New Revenue			
Pays 80% of Employee Health Ins. Premium			
Offers Group Health Ins. Coverage to Dependents			
Performance Agreement			
Minimum investment of \$500,000			
Net New Jobs to Loveland			
Project Budget Submitted			
Study Session			
Council Meeting and Approval			
Average Annual Wages Company wide	Meets	Details	Details
100% of Larimer County Ave Annual Wage			
110% of Larimer County Ave Annual Wage			
120% of Larimer County Ave Annual Wage			
130% of Larimer County Ave Annual Wage			
140% of Larimer County Ave Annual Wage			
150% or > Larimer County Ave Annual Wage			
Encouraged but not required	Meets	Details	Details
Located in an Enterprise Zone			
Located in Downtown Loveland			
Reuse of an existing vacant facility			
Clean Energy Company			
Health Care			
Aerospace/Aviation			
Bio-Science			
Creative Sector			
Rocky Mountain Innovation Initiative Client			

North Front Range Metropolitan Planning Reference Map





Presented by:
Economic Development Department

Economic Development

City Council Study Session

January 13, 2015

Strategic Plan adopted February 2012

- ▶ Citizen and Business Leader lead
- ▶ 4 goals, 22 Action Steps
- ▶ Goal#1=Innovation and Creativity, redevelopment of RMCIT
- ▶ Goal#2= Attraction of Businesses, Visitors, and Consumers
- ▶ Goal#3= Make the Right Investment Easy to Come, Stay and Grow
- ▶ Goal#4=Make the Right Connections

Goal #1: The Heart of Innovation....

▶ Current Status

- ▶ Developed the Site Activation Coordinator and marketing materials
- ▶ Data Traks and Epic River packages and partnership with LDF
- ▶ Non-profits use the facility as well as major innovation events
- ▶ OCSD work is complete and Tech Transfer/EWI efforts are continuing

▶ 2015 and forward

- ▶ Aggressive Primary Employer Recruitment in Silicon Valley and elsewhere
- ▶ Development of more powerful marketing materials, messaging and data sets
- ▶ Relationship building with existing employers and site selectors
- ▶ Shake there hands and look them in the eye

Goal #2: A Destination which attracts Businesses, Visitors and Consumers

► Current Status

- Staff hired to lead Destination Marketing effort and operate Visitors Center
- Airport Area Development Strategy adopted in 2014
- Developer concept submission process for airport area
- Formation of the LDP, Brinkman, Artspace, 3rd Street in process
- Origins, Coffee Tree, Crunchy Grocer and Evergreen

► 2015 and forward

- RTA: We need destination attractions! New wealth from outside Colorado
- Continued support and marketing of airport strategy for development
- Conduct a retail leakage analysis of the region....Centerra is a regional center not local
- DDA, RFEI on 4th Street Catalyst, Arcadia Hotel

Goal # 3: Make the Right Investment Easy to Come, Stay and Grow

► Current Status

- Building Permitting Center at the FAB in 2015 & Project Planners taking lead in customer service
- 2014 City Council approved \$1.1 million in business assistance excluding Evergreen
- Continued use of Loveland Business Assistance Partners (LBAN), Outreach, Events
- LWP Customer Service and Key Accounts programs

► 2015 and forward

- Increase to annual incentive funding in 2015 to \$450,000
- EWI support
- Continued improvements in customer service

Goal #4 Make the Right Connections

▶ Current Status

- ▶ Economic Development Department formed in 2011
- ▶ Loveland Business Assistance Network continues with Services Agreements
- ▶ Loveland Development Fund acting as a private “rapid response team”

▶ 2015 and forward

- ▶ Improved website, marketing materials, property info, social media, etc.
- ▶ Create productive and meaningful relationships with the regional governments and school district
- ▶ Evaluate the role of NCEDC and Metro Denver Economic Development with the Northern Colorado Economic Alliance in the City’s Strategy.

Assistance Philosophy/Policy/Programs

- ▶ The purpose of business assistance is to affect a location decision that results in an investment/development that the community wants.
- ▶ Request must meet the minimum standards set by policy adopted in 2012
- ▶ Request should be consistent with Council priorities set annually
- ▶ The City supports programs/partners as another form of business assistance
 - ✓ Loveland Center for Business Development
 - ✓ Rocky Mountain Innosphere
 - ✓ Northern Colorado Clean Energy Cluster
 - ✓ Technology Transfer Program with LDF
 - ✓ Procurement Technical Assistance Center
 - ✓ Universities and Community Colleges
 - ✓ Larimer County Workforce and ED
 - ✓ NCEDC, MDEDC, NCEA and Colorado Office of Economic Development and International Trade
 - ✓ Others

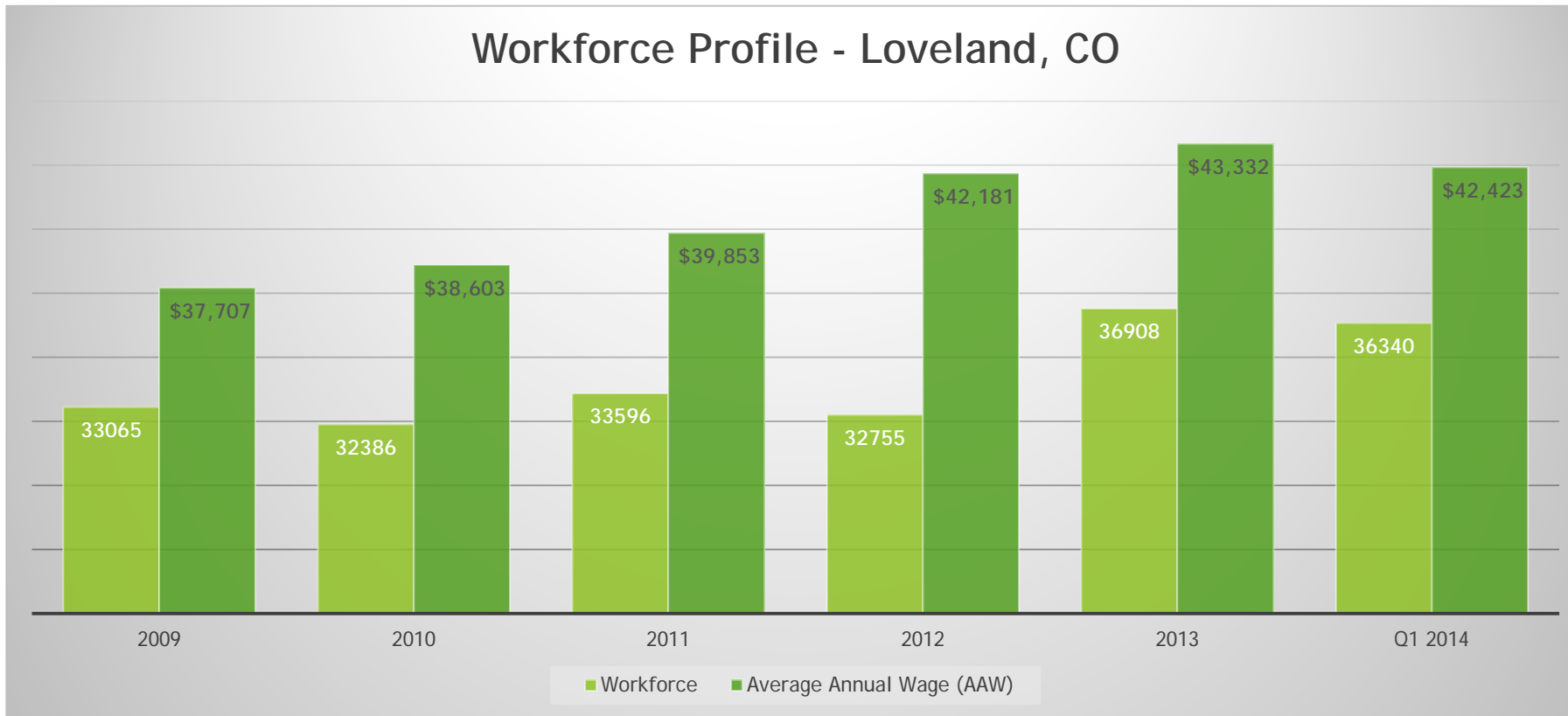
How Do We Measure Success?

- ▶ Taxes/Direct Jobs/Fits a community need/Private Investment Ratio
- ▶ See Annual Incentive Report updated each year by March

Other Things we need to pay attention to:

- ▶ Size of Workforce in Loveland Companies...different than the Unemployment rate
- ▶ Average Annual Wage
- ▶ Regional job growth in the "Shopping Shed"
- ▶ Commuting Patterns
- ▶ Population Demographics

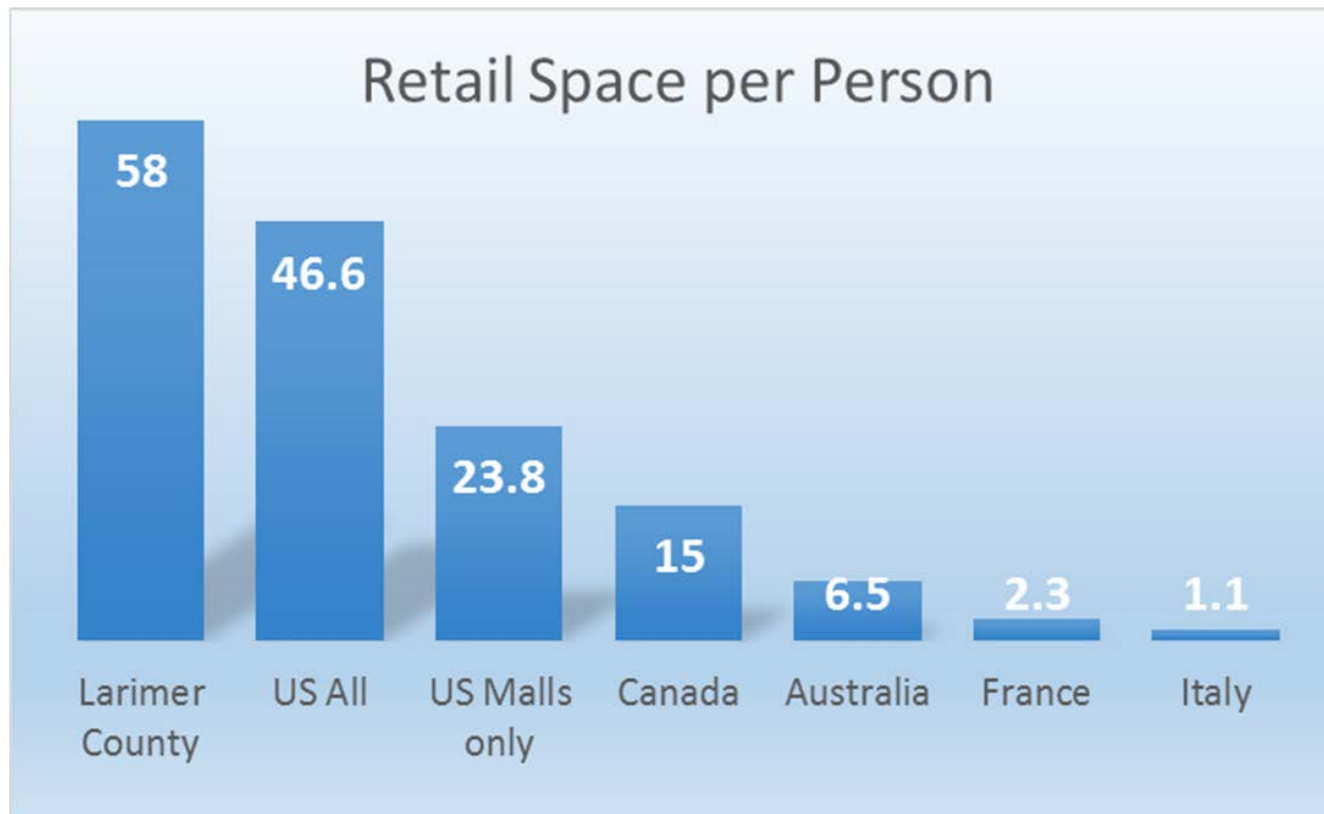
What the data says?



2015 Economic Development “Concerns”

- ▶ Regional Retail Sales Tax Competition coming online in 2015 and 2016
- ▶ Costco opening
- ▶ Limited Citywide job growth in the past five years
- ▶ Limited average annual wage growth over the past five years
- ▶ Growing and Graying population 2000-2010
 - 156% increase in 55-64 and 68% increase in 65 and older
 - 18 and under decreased 6% and Median age rose from 36-39

According to International Council of Shopping Centers ...we are over retailled!



Economic Development Priorities 2015

- ▶ Regional Tourism Authority: Import of new wealth to Northern Colorado.....Shoppertainment!
- ▶ Downtown Redevelopment: Creative Spaces for the “innovation economy”
- ▶ Aggressive Primary Employer Recruitment: “Grow the Disposable Income Pie”
- ▶ Educate the citizens on: Why Great Schools are needed for Economic Development?

Questions

Hello,

Attached to this email is the long awaited 2002-2013 Economic Development Incentive Report. This document is intended to inform Council about the financial performance of business assistance agreements since 2002.

Some key considerations are:

1. The primary employer projects **do not** reflect any employee impact. Per Council direction the only revenue impacts are those created by the company receiving the incentive. The absence of employee impact can make a “deal” look unsuccessful when compared to a retail agreement. However; without primary employers paying staff who then shop at local retailers the retail projects might not perform well.
2. Council approves agreements based on five year projections. Projects since 2010 have not yet completed the expected five year performance period. In addition property taxes are paid a year later than accrued making revenue a year later than anticipated in a 5 year Economic Impact Analysis.
3. Two agreements are deferral of payment of fees. The incentive value is the “projected” loss of interest earned had the fees been paid at building permit application and certificate of final inspection. These agreements are Advanced Manufacturing for Bottles and the Orthopaedic Center of the Rockies.
4. Due to confidentiality requirements staff is unable to share the retail gains/losses by company. This is shown in aggregate.
5. Due to confidentiality requirements staff is unable to show the net increase or decrease in jobs by company. This is shown as an aggregate.
6. Real property taxes and business personal property taxes are shown as “net” new revenue to the City. This means: The City was collecting tax revenue from the property the year prior to the agreement. The assumption was made that the property owner would be paying the same tax in all future years without the project. This amount is subtracted annually from the taxes paid since the project was built.

Best Regards,
Betsey Hale

Loveland
Colorado



Economic Development Incentives Report 2002 - 2013



Acknowledgement

The City of Loveland acknowledges that the primary research associate on this document was Edward C. Pilkington. Mr. Pilkington holds a B.S. in Accounting from Providence College. He graduated with Magna Cum Laude honors.

Mr. Pilkington has an extensive career history in accounting, financial analysis and reporting as well as economic and community development. He has worked for PricewaterhouseCoopers LLP with responsibilities including Corporate SEC reporting and annual reports to investors. He has been responsible for multi-state sales and use tax audits as well as due diligence reporting of foreign acquisitions. Upon leaving corporate accounting, Mr. Pilkington began a career in nonprofit leadership, which included serving as the Executive Director of the West Hartford, CT Chamber of Commerce. He was named Connecticut Chamber of Commerce Executive of the Year in 2007.

The City also appreciates the time spent by Annette Gilbert, Business Services Coordinator in the Economic Development Department in validating the research and compiling the report. Alan Krcmarik, Executive Fiscal Advisor played a significant role in providing historical information on incentive agreements and reviewing Mr. Pilkington's research.

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Introduction

In order to maintain competitiveness in the area of economic development, successive City Councils of the City of Loveland (the City) have approved economic incentive packages for various business entities throughout the years. This report reviews 28 incentives granted between the years 2002 through 2013. The report does not include Centerra as a whole; a complete Centerra report was provided to the Council in March, 2014.

Summary

Total net City incentives included in this report amount to \$3,060,142 and resulted in directly attributable private investments of \$144,067,603. From 2002 through 2013, the 28 businesses reviewed added 1,125 jobs. The last table shows a net gain of \$9,076,175 from City fees, City property and sales taxes, and incentive payback over the review period.

Table 1: Investment Summary 2002-2013

Investment Type	Total Net Incentive*	Private Investment	Total Investment	Public % of Investment
Primary Employment	\$1,839,901	\$111,969,372	\$113,809,273	1.6%
Retail	\$1,220,240	\$32,098,231	\$33,318,471	3.7%
Total Investment	\$3,060,142	\$144,067,603	\$147,127,745	2.1%

* Net Incentives excludes incentive amounts paid back to the City.

Percentage of Investment Share 2002 - 2013

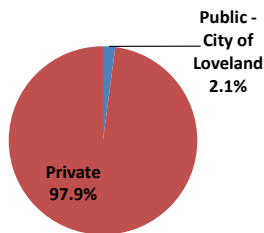


Table 2: Jobs Summary 2002-2013

Investment Type	Jobs @ Incentive Year	Jobs @ 6/30/13	Incr/ (Decr)
Primary Employment	1,398	2,237	839
Retail	83	369	286
Total Net New	1,481	2,606	1,125

Table 3: Performance Summary 2002-2013

Investment Type	Total Incentive	Revenue Streams					Total thru 12/31/2013	Gain/ Loss	% Gain /Loss
		Use Taxes	Permit Fees *	Ppty Taxes	Incentive Payback	Sales Taxes			
Primary Employment	\$2,466,901	\$891,605	\$624,906	\$1,404,328	\$627,000	\$0	\$3,547,838	\$1,080,937	43.8%
Retail	\$1,355,430	\$203,214	\$291,540	\$451,300	\$135,189	\$8,269,425	\$9,350,668	\$7,995,238	589.9%
	\$3,822,331	\$1,094,819	\$916,445	\$1,855,628	\$762,189	\$8,269,425	\$12,898,506	\$9,076,175	237.5%

*Does not include Capital Expansion Fees

Overview

In analyzing the economic incentives discussed in this report, there are two essential parts: the City support of projects and the economic benefit the City is looking to gain from the incentive.

City Support of Projects

City support of projects has taken many forms: use tax waivers, Capital Expansion Fee (CEF) waivers, other permit fee waivers, sales tax rebates, expense reimbursements, cash grants, and fee deferrals.

For the sake of this report, fee deferrals refers to those deferrals where a company eventually writes a check to the City after an agreed upon time. The amount of City support of the project in these instances is simply the foregone interest for the period of the delayed payment.

City support of projects through deferral agreements that are paid for by the allocation of other forms of project cash inflow, such as a percentage of sales taxes, to “pay” the deferred amount are substantively equivalent to incentives that directly allocate those other forms of project cash inflow.

Application of sales taxes to “pay off” a deferred amount is ultimately the same as a simple sales tax rebate. What may change is the timing of when cash is allocated and whether recovery of part or all of the incentive occurs used if the anticipated sales tax revenues are not achieved.

Components in incentive agreements that have not been utilized have been excluded from the total incentive amount since no actual expenditure was made. For example, for some projects city matching funds were not utilized since state training dollars were not received.

Economic Benefits

The economic benefits the City expects from the incentives studied in this report fall into three categories: maintaining and creating jobs, increasing sales tax revenue, and community healthcare enhancement.

Maintaining/creating jobs is essential to sustain and enhance the economic vitality of the City.

The main revenue source of the City is sales tax generated from retail sales. Incentives that enhance the City as a shopping destination have a direct impact on the current and future revenue to the City.

The City Council has also found that convenient, quality healthcare facilities within our community are imperative to maintain and enhance the quality of life in Loveland.

Report Methodology

For the purposes of this study, unless otherwise detailed, the revenue streams were limited to those readily quantifiable. This includes revenues from use tax, retail sales and property taxes; building permit fees, excluding CEF’s; and return of incentives.

While waivers of CEF’s are incentive costs in that they are cash given up, the receipts of CEF’s are not considered as revenues because they offset future costs that a project causes, such as road improvements to handle increased traffic. In fact, CEF’s are maintained in a separate fund and when a waiver is given, the CEF’s are backfilled in order to keep the CEF fund whole.

Some of the incentives include various clawback features, which are methods for the City to recover part or all of an incentive if the expected economic benefits are not achieved. In cases where the clawback features were enforced, the amount paid back is included as one of the revenue streams.

The revenue streams shown in Table 5: Performance Detail includes net City real and business personal property taxes paid from the year the incentivize project started through December 31, 2013. The net amount was determined by establishing, for each project, a base year which is defined as the year prior to the start of the incentive. The base year taxes, if any, were deducted from the City taxes as reported on the Larimer County Assessor's website.

For informational purposes only, Appendix A is a list, by incentive project, of the Thompson School District and Larimer County net real and business personal property taxes paid from the year the incentivized project started through December 31, 2013.

In cases where incentive agreements were amended, we are using the most current agreements for our measurement purposes.

Most of the data used in this study are publically accessible through the Citizen Access Portal on the City's website and the Larimer County Assessor Property Explorer. To comply with the terms of the incentive agreements regarding the disclosure of sales tax data, this data is only reported in an aggregate format. Jobs data was sourced from the Quarterly Census of Employment and Wages (QCEW) Reports. The Bureau of Labor Statistics provides the base data to the Colorado Department of Labor and Employment (CDLE) and is the only source of this confidential "by company" information. This data is not available to the general public on-line and can only be given to government and research universities for public purpose. The City was required to sign a Non-Disclosure Agreement to receive this information.

Only completed investments are included in this report. Façade grants and other downtown projects in the 2003-2013 Downtown Investment Report were not included. Projects based on a community / public benefit, as opposed to a business incentive are not included; examples are the House of Neighborly Services and Sunrise Community Health Center projects.

Incentive Details

The following two tables provide greater detail on the amount of incentives awarded in relation to the private investment made and the financial performance details of the incentive.

Table 4: Investment Detail

Year	Company Name	Total Net Incentive*	Incentives* *	Private Investment	Total Investment	Public % of Investment
2002	Yancey's	\$ 131,100	a	\$ 11,181,750	\$ 11,312,850	1.2%
2002	American Eagle Distributing Co	\$ 95,000	a	\$ 16,453,509	\$ 16,548,509	0.6%
2003	Cars N Tires	\$ 4,905	a	\$ 633,503	\$ 638,408	0.8%
2003	Summit Alpine LLC	\$ 55,375	a	\$ 1,416,557	\$ 1,471,933	3.8%
2003	Loveland Medical Enterprises, LLC	\$ 203,190	a	\$ 16,355,199	\$ 16,558,389	1.2%
2003	Super Vacuum Mfg	\$ 100,000	a	\$ 2,714,009	\$ 2,814,009	3.6%
2003	Group Publishing	\$ 232,432	a	\$ 4,900,000	\$ 5,132,432	4.5%
2004	Lighting Designs	\$ 8,040	a	\$ 1,156,014	\$ 1,164,054	0.7%
2004	Lowe's	\$ 580,008	b	\$ 12,479,662	\$ 13,059,670	4.4%
2004	Thunder Mountain	\$ 122,726	b	\$ 5,739,482	\$ 5,862,208	2.1%
2006	Eslan Park Event Center	\$ 155,000	b	\$ 1,927,265	\$ 2,082,265	7.4%
2008	Colorado vNet	\$ 301,000	d	\$ 955,429	\$ 1,256,429	24.0%
2008	KL&A Engineering	\$ 50,000	d	\$ 1,075,780	\$ 1,125,780	4.4%
2008	Ensign Power Systems	\$ 45,190	a	\$ 1,456,050	\$ 1,501,240	3.0%
2008	JAX	\$ 288,619	b	\$ 8,700,784	\$ 8,989,403	3.2%
2008	Blue Ribbon Auto Body	\$ 45,000	b	\$ 1,347,777	\$ 1,392,777	3.2%
2009	Agrium Advanced Technology	\$ 142,000	d	\$ 15,027,300	\$ 15,169,300	0.9%
2009	Crop Production Services	\$ 300,000	d	\$ 17,926,870	\$ 18,226,870	1.6%
2009	Orthopaedic Center of the Rockies	\$ 21,201	*** c	\$ 11,243,882	\$ 11,265,083	0.2%
2009	Lightning Hybrids	\$ 22,000	d	\$ 1,087,267	\$ 1,109,267	2.0%
2009	RoadNarrows, LLC	\$ 18,000	d	\$ 182,000	\$ 200,000	9.0%
2009	Concurrent Analytical (Nanopartz)	\$ 27,000	d	\$ 244,000	\$ 271,000	10.0%
2011	Cardinal Glass	\$ 45,929	a	\$ 8,105,505	\$ 8,151,433	0.6%
2011	Wood Group	\$ 13,835	a	\$ 323,386	\$ 337,221	4.1%
2012	Advanced Manufacturing for Bottles, Inc	\$ 2,149	*** c	\$ 761,736	\$ 763,886	0.3%
2012	Coffee Tree LLC	\$ 15,942	b	\$ 113,746	\$ 129,688	12.3%
2013	Data Traks	\$ 19,500	d	\$ 178,466	\$ 197,966	9.9%
2013	Schlosser Signs	\$ 15,000	d	\$ 380,678	\$ 395,678	3.8%
Grand Total		\$ 3,060,142		\$144,067,603	\$147,127,745	2.1%

Primary Employment	Retail
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* Net Incentive is the total incentive less payments received from fee deferrals or clawback recovery

** - Incentive types given:

a = Fee waivers/rebates (e.g. Use Taxes, CEF's and/or other permit fees)

b = Sales tax credit

c = Fee deferral **

d = Cash/Reimbursement of expenses

*** This amount of public investment is the estimated lost interest on the money that was paid at a later date.

Table 5: Performance Detail

Year	Company Name	Total Incentive	Revenue Streams					Total thru 12/31/2013	Gain/Loss	% Gain /Loss
			Use Taxes	Permit Fees *	Net City Pty Taxes	Incentive Payback	Sales Taxes			
2002	Yancey's	\$ 131,100	\$ 103,500	\$ 92,725	\$ 160,694		\$ 356,919	\$ 225,819	172.2%	
2002	American Eagle Distributing Co	\$ 95,000	\$ 75,000	\$ 71,617	\$ 201,009		\$ 347,626	\$ 252,626	265.9%	
2003	Summit Alpine LLC	\$ 55,375	\$ 13,050	\$ 13,683	\$ 119,196		\$ 145,929	\$ 90,553	163.5%	
2003	Loveland Medical Enterprises, LLC	\$ 203,190	\$ 221,175	\$ 72,291	\$ 311,601		\$ 605,067	\$ 401,877	197.8%	
2003	Super Vacuum Mfg	\$ 100,000	\$ 31,500	\$ 29,463	\$ 34,016		\$ 94,979	\$ (5,021)	-5.0%	
2003	Group Publishing	\$ 232,432	\$ 73,500	\$ 11,332	\$ 247,620		\$ 332,452	\$ 100,020	43.0%	
2008	Colorado vNet	\$ 900,000	\$ 13,661	\$ 13,475	\$ 14,582	\$ 599,000	\$ 640,718	\$ (259,282)	-28.8%	
2008	KL&A Engineering	\$ 50,000	\$ 7,848	\$ 7,691	\$ 4,302		\$ 19,840	\$ (30,160)	-60.3%	
2008	Ensign Power Systems	\$ 45,190	\$ 13,779	\$ 53,780	\$ 7,978		\$ 75,536	\$ 30,346	67.2%	
2009	Agrium Advanced Technology	\$ 142,000	\$ 10,823	\$ 9,082	\$ 37,444		\$ 57,349	\$ (84,651)	-59.6%	
2009	Crop Production Services	\$ 300,000	\$ 186,793	\$ 121,779	\$ 155,905		\$ 464,476	\$ 164,476	54.8%	
2009	Orthopaedic Center of the Rockies	\$ 21,201 **	\$ 91,950	\$ 74,990	\$ 76,361		\$ 243,302	\$ 222,101	1047.6%	
2009	Lightning Hybrids	\$ 50,000	\$ 5,878	\$ 5,507	\$ 10,530	\$ 28,000	\$ 49,914	\$ (86)	-0.2%	
2009	RoadNarrows, LLC	\$ 18,000	\$ -	\$ -	\$ -		\$ -	\$ (18,000)	-100.0%	
2009	Concurrent Analytical (Nanopartz)	\$ 27,000	\$ -	\$ -	\$ -		\$ -	\$ (27,000)	-100.0%	
2011	Cardinal Glass	\$ 45,929	\$ 24,703	\$ 17,226	\$ 23,090		\$ 65,019	\$ 19,090	41.6%	
2011	Wood Group	\$ 13,835	\$ 4,875	\$ 6,573	\$ -		\$ 11,448	\$ (2,387)	-17.3%	
2012	Advanced Manufacturing for Bottles, Inc	\$ 2,149 **	\$ 10,837	\$ 20,612	\$ -		\$ 31,449	\$ 29,300	1363.2%	
2013	Data Traks	\$ 19,500	\$ 2,587	\$ 2,899	\$ -		\$ 5,486	\$ (14,014)	-71.9%	
2013	Schlosser Signs	\$ 15,000	\$ 147	\$ 181	\$ -		\$ 329	\$ (14,671)	-97.8%	
	Retail Incentives Agreggated	\$ 1,355,430	\$ 203,214	\$ 291,540	\$ 451,300	\$ 135,189	\$ 8,269,425	\$ 9,350,668	\$ 7,995,238	589.9%
Grand Total		\$3,822,331	\$1,094,819	\$916,445	\$1,855,628	\$762,189	\$8,269,425	\$12,898,506	\$ 9,076,175	237.5%

Primary Employment Retail

* Does not include Capital Expansion Fees.

** This amount of public investment is the estimated lost interest on the money that was paid at a later date.

Notes:

1. To comply with the terms of the incentive agreements, sales tax data is reported in an aggregate format.
2. The Economic Impact Analysis (EIA) looks at a payback period of no longer than five years as defined in the Incentive Policy adopted February, 2012.

Case Studies

Often, economic incentives create a much broader story than the original negotiated deal. In this report, we have included a more detailed look at four such stories. The incremental benefits outlined in these case studies are not included in the assessment of the original negotiated deal.

Case Study #1: JAX Outdoor Gear - The Induced Effects of Economic Development Incentives

In 2008, the City of Loveland approved a \$300,000 sales tax sharing agreement with JAX Outdoor Gear as an incentive for the company to purchase the vacant “Shopko” building located at 950 East Eisenhower Boulevard.

This project is an example of the City successfully seeding a project to jump start the redevelopment of a retail center. In 2010, the Redwood Retail Center became home to three businesses: Papa Murphy’s Pizza, Mail N’ Copy and Max Muscle. A Discount Tire shop opened at 994 East Eisenhower that same year.



Prior to the JAX incentive, both locations had been built as speculation properties and had not been successful in landing permanent tenants. Since 2010, new business personal property taxes paid to the City by these businesses collectively are \$3,488. Sales taxes paid to the City of Loveland have increase significantly through the end of 2013. There are 36 service and retail jobs at these

companies. Gold’s Gym was opened, next to JAX’s, prior to the City’s incentive and is not included in the above figures due to that timing.

Case Study #2: Colorado vNet - When Economic Development Incentive Agreements Don’t Perform

In 2008, the Loveland City Council approved an economic incentive package of \$900,000 for the relocation and creation of 450 jobs at Colorado vNet (vNet).

The company had 78 employees when it moved into the building at 619 14th Street SW. Vergent, formerly known as TDP was the only tenant in the vacant manufacturing space that had previously been a Teledyne Water-Pik facility until 2005. Vergent moved into 70,000 square feet of space in 2007 and the vNet incentive would be used for the tenant finish of an additional 42,000 square feet in the 137,000 square foot building.



619 14th Street SW before renovation

The performance agreement, which company representatives and the City agreed to, was a reimbursement of building permit fees and use taxes of up to \$10,000 and a cash incentive of \$890,000. The company committed to creating and retaining 250 jobs by December 31, 2012.

A clawback provision was included in the agreement, which offered the City an ability to request reimbursement of up to \$500,000 from the company if it failed to perform. The Company owners also provided a personal guarantee to secure the City's right to repayment.



619 14th Street SW following renovation

In December 2011, vNet announced the transfer of ownership and liabilities to Russound, a Massachusetts company with similar product lines. This transaction triggered the City's request for repayment of the incentive award. Following a legal process the City received \$599,000 in May of 2013. While this incentive agreement did not produce the anticipated jobs it demonstrates that clawback provisions and personal guarantees are prudent in agreements.

The Rest of the Story: 619 14th Street SW in 2014

One valuable message from the vNet project is the fact that City's direct investment in the "tenant improvement" or real estate portion of the project protected the taxpayer investment long term.

Of the \$900,000 incentive granted, \$565,100 was spent with Loveland Contractors and on furniture and fixtures in the space. Until 2013, vNet/Russound still employed 7 people at the location.

In 2012, JBA Wireless, known as SkyBeam Colorado, moved 99 employees into the "tenant ready" space. In 2013 SkyBeam had 144 employees at the site.

Since the date the building became occupied, City of Loveland real property taxes paid by the building owner, Sitestone Holdings LLC, have doubled from \$9,152 in 2007 to \$18,028 in 2013. While the original business incentive was to a company no longer in Loveland, the City's partnership in the redevelopment of this manufacturing facility has been fruitful.

Case Study #3: Orthopaedic Center of the Rockies (OCR)

In 2008, the City approved a deferral of payment of Capital Expansion Fees for 36 months to assist OCR with the development of a new medical office building at Boyd Lake Village on US Highway 34. The total amount of the fees deferred was \$343,143. In December 2012, the City received full payment from OCR for the deferred fees. In this case, the cost of the incentive to the city was any interest which might have been earned on these funds had they been held in City reserves. At the time of the incentive consideration, the City was receiving a 2% return on investments. This would translate to \$21,201 in interest foregone during the deferral period. This type of incentive is an example of "time" being a valuable part of an incentive program.

The City's net investment of \$21,201 has resulted in City of Loveland use and property taxes of \$168,311 paid through the end of 2013 at the OCR location, but the benefits go well beyond these amounts.

The OCR medical office building was the first project at the Boyd Lake Village Development. In 2010, as a direct result of the OCR building being built, Reynolds Property Holdings built a medical office building at 3520 E 15th Street without any additional incentive from the City.



This building is the home of The Urology Center of the Rockies, the dental office of Dr. Mark Crane, and Oral and Facial Surgery of Loveland. Since 2011, a total of \$52,826 in City of Loveland use and property taxes have been earned through the end of 2013 at this location.

While the building at 3520 E 15th Street was not the focal point of the Council's 2008 incentive to OCR, the City is seeing economic benefit from the indirect effect of the OCR fee deferral.

Long-Term Economic Development: Health Care and Business Campus Incentives

Health Care: The City of Loveland has been a supporter of business and community development for decades. In January 1997, City Council adopted an Economic Vitality Plan with the mission of *“ensuring that the community of Loveland, Colorado enjoys a balanced, thriving economy which meets the needs of the present without compromising the quality of life for future generations.”* A basic philosophy of the plan was *“Availability of health care and human services is important to a vital economy.”*



Since the McKee Medical Center opened on Boise Avenue, in 1976, the hospital system has invested \$81.5 million in construction and expansion projects. The City of Loveland has partnered with the hospital by providing water; infrastructure and over \$600,000 of capital expansion and building permit fee waivers. These incentives were provided to ensure that Loveland residents would have access to quality health care.

In 2003, the City established a long term incentive agreement with the Poudre Valley Health System (PVH) now called University of Colorado Health System (UCHS), to achieve the vision of providing access to high quality health care in Loveland and the Region. The Medical Center of the Rockies (MCR) opened in 2007. The City offered PVH a 25% waiver of city building permit fees, use taxes and capital expansion fees on the construction of MCR and any additional construction projects on the UCHS property in the future. Since the initial construction of MCR, the PVH/UCHS has invested over \$100 million in projects.



Woodward Campus: For nearly 25 years the City of Loveland has enjoyed a very prosperous relationship with Woodward, formerly known as Woodward Governor. In 1991, Woodward was looking to expand beyond its Fort Collins campus. The company had decided to expand its engine control manufacturing and assembly facilities on approximately 40 acres at 3800 N. Wilson Avenue. At the time the Loveland City Council approved an economic incentive package which included waivers of building permit fees and construction of street and water/sewer improvements on or to the site. Included in the agreement was a long term commitment from the City to waive fees and charges on all future expansions on the site.

In 2013, the City ratified this agreement for Woodward’s construction of a freestanding 10,450 square foot building. The City waived \$71,400 in fees and the company invested over \$2.5 million to construct this testing facility. Woodward’s combined real property and business personal property taxes paid to the City has averaged over \$36,000 over the past 10 years. The 10 year average real and business personal property taxes paid to Larimer County have been approximately \$77,000 and to the Thompson School District, \$143,000.



In 2013, Woodward announced the selection of Downtown Fort Collins as the future home of their global headquarters. It is anticipated that this may lead to the relocation of jobs

from Loveland. The company has not notified city officials or made this decision official at this time.

Healthcare and Business Campus Jobs		
Jobs @ Incentive Year	Jobs @ 6/30/13	Change Incr/ (Decr)
1,590	2,336	746

Appendix A

**Thompson School District (TSD) and Larimer County (LC) Property Tax Payment Detail
Cumulative Real and Business Personal Property Taxes**

Company Name	Net TSD Ppty Taxes	Net LC Ppty Taxes	City Gain/Loss
Yancey's	\$ 697,937	\$ 340,709	\$ 225,819
American Eagle Distributing Co	\$ 883,291	\$ 472,036	\$ 252,626
Summit Alpine LLC	\$ 507,466	\$ 280,560	\$ 90,553
Loveland Medical Enterprises, LLC	\$ 1,345,091	\$ 737,874	\$ 401,877
Super Vacuum Mfg	\$ 137,772	\$ 79,959	\$ (5,021)
Group Publishing	\$ 1,055,894	\$ 581,684	\$ 100,020
Colorado vNet	\$ 66,839	\$ 36,853	\$ (259,282)
KL&A Engineering	\$ 18,256	\$ 16,221	\$ (30,160)
Ensign Power Systems	\$ 34,173	\$ 21,658	\$ 30,346
Agrium Advanced Technology	\$ 103,604	\$ 119,415	\$ (84,651)
Crop Production Services	\$ 675,410	\$ 369,891	\$ 164,476
Orthopeadic Center of the Rockies	\$ 329,913	\$ 180,509	\$ 222,101
Lightning Hybrids	\$ 45,536	\$ 24,749	\$ (86)
RoadNarrows, LLC	\$ 397	\$ 2,700	\$ (18,000)
Concurrent Analytical (Nanopartz)	\$ 2,800	\$ 5,455	\$ (27,000)
Cardinal Glass	\$ 97,520	\$ 65,942	\$ 19,090
Wood Group	\$ -	\$ -	\$ (2,387)
Advanced Manufacturing for Bottles, Inc	\$ -	\$ 92	\$ 29,300
Data Traks	\$ -	\$ -	\$ (14,014)
Schlosser Signs	\$ 2,520	\$ 1,398	\$ (14,671)
Retail	\$ 1,956,188	\$ 1,100,487	\$ 7,995,238
Totals	\$ 7,960,605	\$ 4,438,192	\$ 9,076,175

Summary by Incentive Type:

Primary Employment	\$ 6,004,417	\$3,337,705	\$ 1,080,937
Retail	\$ 1,956,188	\$1,100,487	\$ 7,995,238



LOVELAND COLORADO

Create Innovate Stay

Destination Loveland Strategic Plan 2011





Destination Loveland Strategic Plan 2011

On November 3, 2009, Loveland residents approved the following ballot measure by a vote of 58 percent to 42 percent:

Shall City of Loveland taxes be increased \$400,000 for the first full fiscal year (2010), and annually thereafter by such amounts as may be generated from the levy of a lodging tax of three percent (3%) on the lodging price paid for the leasing, rental or furnishing of any lodging services in the city, for the purpose of raising funds to promote tourism, conventions and related activities within the city by marketing the city and sponsoring community events, both in support of this purpose; and shall a community marketing commission appointed by city council be established to make recommendations to city council concerning the specific use of lodging tax revenues consistent with this purpose; and shall the City of Loveland be authorized to collect, retain and spend such lodging tax revenues each year, including any investment earnings and interest on such revenues, as a voter approved revenue change under Article X, Section 20 of the Colorado Constitution or any other law?

Loveland Comprehensive Plan Goal 13.7:

Formulate and implement a comprehensive tourism strategy for Loveland.

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Destination Loveland Strategic Plan 2011

- 1.Executive Summary**
- 2.Vision and Mission**
- 3.Goals and Action Items**
- 4.Implementation Strategy**
- 5.Acknowledgments**



Executive Summary



Destination Loveland Strategic Plan 2011

On November 3, 2009, Loveland residents passed a ballot initiative that created a lodging tax of three percent, *“to promote tourism, conventions and related activities within the city by marketing the city and sponsoring community events.”* In addition, the City’s 2005 Comprehensive Plan calls for the City to create a strategic plan for tourism.

Following the approval by the voters, the Loveland City Council established the Community Marketing Commission to advise and make recommendations to the City Council on the use of the lodging tax revenue. The Commission is comprised of community members with backgrounds and expertise in economic development and tourism. Following the establishment of the Commission, the Council directed the Commission to draft a strategic plan that includes opportunities for community input.

This strategic plan includes action steps that serve to guide the efforts of the City over the next five to ten years. The plan was drafted with the support of the Commission and many stakeholders.

The City recognizes that “tourism” can mean everything from the family vacation to the business traveler. Either for recreation or business, when people come to Loveland or the region, our underlying goal and the goal that informs all of the action items, is to encourage more spending in Loveland. The City wants to encourage all visitors to eat, shop and do business in Loveland.

Vision and Mission



Destination Loveland Strategic Plan 2011

Vision

Establish and promote Loveland as a world-class destination for art, leisure and business visitors.

Mission

Promote visitation to increase visitor spending in the Loveland economy.

Goals and Actions

The Goals and Action Items that follow are intended to guide the actions City staff and to inform decision making by the City Council over next five to ten years.



Destination Loveland Strategic Plan 2011

Develop the organizational structure to achieve long term success and manage the lodging tax revenue

Action Items:

1. Hire a qualified full time employee whose responsibility is to implement the Destination Loveland Strategic Plan.
2. Contract and collaborate with local, regional and state partners for events, marketing and other services that include:
 - Community events
 - Operating the visitors center and other visitor destinations and services
 - Marketing for regional, state and national events and promotional campaigns
3. Create and implement the set of metrics to be used to gauge success of the marketing efforts, events and other attractions over time.
4. Complete annual reports and other documentation necessary to demonstrate to Loveland residents that the funds are being used appropriately.



Destination Loveland Strategic Plan 2011

Promote Loveland as a visitor destination

Action Items:

1. Develop and implement a targeted sales and marketing effort in partnership with the major event venues, primarily the Ranch and the Budweiser Events Center. This could include:
 - Events—recreation, sports, entertainment, agricultural, auto, art, etc.
 - Convention sales and marketing
 - Advertising including travel publications and websites
 - Visitor services
2. Partner with regional and state tourism organizations on marketing and promotional efforts and ensure an alignment of vision with the regional convention and visitors bureaus.
3. Maintain a visitor center, website, 800 number and information fulfillment process.
4. Offer tourism-related workshops and training for business owners (hotel concierges, retail, sports rental etc.) about the attractions and destination events held in Loveland.
5. Ensure that attractions, events and activities are included in tourism promotion, visitor guides and tourism websites.



Destination Loveland Strategic Plan 2011

Assist with visitor and recreation related business development in partnership with the Department of Economic Development

Action Items:

1. Assist in the expansion and creation of businesses which provide visitor services and activities such as breweries, wineries, galleries, dining, guided activities sculpture and sculpture related businesses, foundries and recreation rentals.
2. Encourage business development that benefits both local residents and visitors, such as air services/shuttles, family entertainment, trade shows, expositions, farmers market, etc.
3. Assist as appropriate in the development of the Aerospace and Clean Energy Park and possible business traveler services.
4. Assist local employers by providing client and customer travel information packets and on line resources.
5. Assist the Director of the Fort Collins-Loveland Airport with the development of both general and commercial aviation service.



Destination Loveland Strategic Plan 2011

Enhance the visual appeal of Loveland

Action Items:

1. Improve Gateways to Loveland including US 34 and US 287 that might create negative visitor impressions.
2. Develop incentives and volunteer programs to assist property owners with clean up.
3. Encourage redevelopment and façade improvement along transportation corridors.
4. Enhance way-finding in Loveland, including improved directional signs to the historic Downtown district and other Loveland attractions.
5. Identify and eliminate visual clutter along critical corridors.
6. Expand placement of public art, particularly along primary tourist corridors.



Destination Loveland Strategic Plan 2011

Encourage and support destination visitor programming, attractions and events

Action Items:

1. Encourage development of off-peak events/festivals by implementing the Activation Plan.
2. Assist the Office of Creative Sector Development (OCSD) in the creation of destination attractions and programming as recommended in the OCSD strategic plan.
3. Assist the Cultural Services and Economic Development Departments with the expansion of existing destination venues such as the museum/gallery expansion, Rialto Bridge and Pulliam Building, as identified in the City Capital Projects plan and the Downtown Revitalization Strategy.
4. Create new destination attractions and events as needed.

Implementation Strategy



Destination Loveland Strategic Plan 2011

To ensure success, the Strategic Plan provides recommendations on specific actions steps to occur within six months of adoption of this plan. The action steps are intended to provide initial prioritization and direction so as to achieve Mission and Vision articulated in this plan.

0—6 months:

1. Hire a qualified staff person to manage the strategic plan as outlined in Goal #1.
2. Develop an annual budget and business plan for the use of the lodging tax.
3. Establish contractual relationships with external partners as outlined in Goal #1 and #2.
4. Develop metrics as outlined in Goal #1

0—2 years:

1. Develop programing to promote improvements to gateways as outlined in Goal #4.
2. Develop and implement the business mode for a sustainable visitors center as outlined in Goal #2.

0—5 years:

1. Develop the destination attractions as outlined in Goal #5.
2. Assist with the formation and development of arts, culture and economic development as outlined in Goal #3.

Acknowledgments



Destination Loveland Strategic Plan 2011

The Loveland City Council would like to acknowledge the members of the Community Marketing Commission, Council Liaisons and Staff that have helped develop this effort:

Loveland City Council:

Cecil Gutierrez, Mayor

Larry Heckle, Mayor Pro-Tem

Daryle Klassen, Ward I

Donna Rice, Ward I

Carol Johnson, Ward II

Joan Shaffer, Ward II

Hugh McKean, Ward III

Kent Solt, Ward III

Cathleen McEwen, Ward IV

Community Marketing Commission:

Linda Hughey, Chair

Tom Dwyer

Judy Saffell

Justin Erion

Leslie White

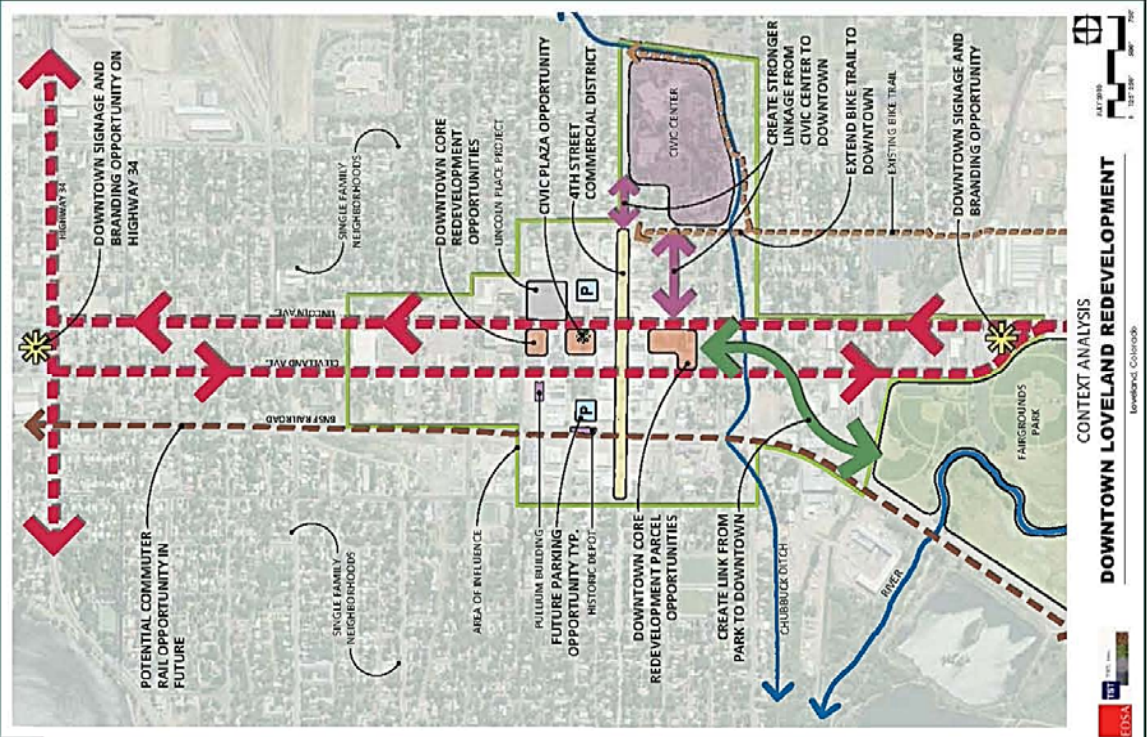
Rosemary Prawdzik

City Staff:

Betsey Hale, Director,
Department of Economic Development

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(970)962-2304



STRATEGIC PLAN

CONTEXT ANALYSIS
DOWNTOWN LOVELAND REDEVELOPMENT
Loveland, Colorado

City of Loveland

Vision for Downtown Loveland

"The Downtown will have remained the cultural heart of Loveland. The Downtown will have been revitalized as a pedestrian-friendly area with shopping, restaurants, cultural facilities, employment, and housing."

CITY OF LOVELAND Community and Strategic Planning
500 East Third Street
Loveland, CO 80537
(970) 962-2607
Fax (970) 962-2945
www.cityofloveland.org



GUIDING PRINCIPLES

PRINCIPLE #1
Revitalization efforts must be focused on addressing the underlying economics that govern Downtown

PRINCIPLE #2
Public investments in infrastructure and other facilities should be used to leverage private investment.

PRINCIPLE #3
Private / Public partnerships are essential.

PRINCIPLE #4
The Downtown must embrace its market strengths, particularly the agglomeration of arts and culture.

PRINCIPLE #5
Efforts must seek broad community support and buy in.

PRINCIPLE #6
Downtown should identify and use many different "tools".

PRINCIPLE #7
This is a long-term strategy.

GOAL ONE

Maintain and enhance the economic vitality of Downtown through private / public partnerships

ACTIONS

- Identify and support strategies to increase Downtown density and improve the climate for employment
- Improve the public infrastructure and use investments to leverage private investment
- Provide cost estimates for infrastructure improvements that would support private investment in Downtown

GOAL TWO

Identify funding gaps to project development and structure tools to fill the gaps and achieve development

ACTIONS

- Identify funding methods to fill the funding gaps including equity contributions of land and site improvements that include parking.
- Strategically use Tax Incremental Financing to incent catalyst projects
- For catalyst projects, seek opportunities for streamlined development approvals and fee waivers
- Look at using Special Improvement Districts where appropriate
- Identify other funding options, as appropriate.
- Facilitate the rehabilitation of historic buildings in the downtown through existing tools including the City's facade program

GOAL THREE

Identify and support strategies to enhance and expand the cultural offerings in Downtown

ACTIONS

- Complete the museum expansion and address the space needs of the Raklo Theater.
- Develop the Downtown as a cultural district

GOAL FOUR

Identify strategic catalyst projects that will significantly improve the economic conditions in Downtown

ACTIONS

- Increase the housing density to a level commensurate with the existing zoning, 25 units per acre. The current housing density is approximately two units per acre for the core of Downtown.
- Improve the quality of office space to support employment growth in Loveland
- Assemble smaller parcels for the purpose of creating denser vertical buildings in Downtown.
- Include affordable housing units as part of any new development

GOAL FIVE

Develop and maintain a living Strategic Infrastructure Master Plan for the downtown

ACTIONS

- Consider strategically the desired improvements in downtown, assess available and prospective funding sources, and prioritize downtown improvements
- Whenever practicable, seek to link downtown improvements to redevelopment projects
- Assess maintenance needs for existing public infrastructure downtown.
- Actively manage the downtown parking supply to support existing business and facilitate re-occupancy

GOAL SIX

Proactively market the Downtown district

ACTIONS

- Determine the brand identity for Downtown.
- Create a marketing plan for Downtown with the support of the non-profits

GOAL SEVEN

Work collaboratively with non-profits, the LDT, Urban Renewal Authority and the City of Loveland to achieve the best long-term outcomes

ACTIONS

- Seek to broaden the coalition by including more participation from the Arts, the Chamber of Commerce and other interested groups.
- Build strong coalitions to increase community support for Downtown revitalization efforts

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William D. Cahill

CITY COUNCIL
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Larry Heckel, Mayor Pro Tem
Carol Johnson
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A Strategic Plan for Revitalizing Downtown Loveland

Introduction

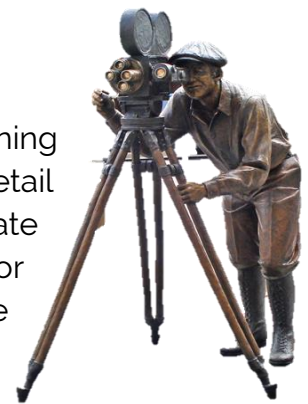
Downtown Loveland serves as the heart of a City that from its beginnings in 1877 has defined the best of Colorado's entrepreneurial spirit and sense of civic pride. From its agricultural roots in sugar beets and cherry orchards to today's thriving arts community, Downtown Loveland continues to offer diverse day time activities and great nightlife within a family-friendly environment. Today's Downtown offers a wide array of businesses, retail shops, galleries, cafes, breweries and restaurants within walking distance of our historic Rialto Theatre Center.



Downtown business and property owners believe that a strong economic foundation is critical to sustaining a vibrant community respectful of its history, committed to the full inclusion of all its citizens, and strategically positioned to thrive in a globally competitive marketplace. With this background in mind, we have developed the following strategic plan for revitalizing the Downtown as the heart of creative excellence in Northern Colorado.

Our Vision

Our residents enjoy the convenience of shopping, working, and learning in a pedestrian-friendly city-center. Visitors find restaurants, retail shops, and entertainment easily accessible by public transit or private vehicle. The presence of local residents at all hours of the day or night demonstrates the Downtown's commitment to friendly service in a clean, safe environment.



Our Mission

To create a vibrant Downtown that provides a safe, dynamic environment to gather, live, educate, shop, work, and play.

Guiding Principles

This Downtown Plan for Revitalization is driven by the following principles:

1. We are committed to a process driven by community stakeholders and supported by the City of Loveland.
2. We are committed to a long term revitalization strategy (20 yrs.) that combines immediate action to improve communications and marketing with an ongoing responsibility to maintain and improve the downtown infrastructure.
3. We are committed to shaping policies and procedures that provide adequate flexibility for the organization to respond quickly and effectively to changing conditions at the local, state, national, and/or international levels.
4. We are committed to implementing an entrepreneurial environment in which Downtown products and services meet local demands and attract new residents and businesses to the area.
5. We are committed to shaping collaborative public/private partnerships that promote economic growth in ways that honor and sustain strong community values.



Goals

1. To create a sustainable Downtown Development Authority (DDA) within twelve (12) months and determine the feasibility of a Business Improvement District within two (2) years.
2. To create an event and marketing plan in cooperation with the Community Marketing Commission, Loveland Chamber of Commerce and other entities that promotes a unique Downtown brand.
3. To implement key elements of the approved (City of Loveland) infrastructure plan by commencing construction over the next twenty-four (24) months and completing within five years, in ways that complement and preserve the Downtown's historic and cultural heritage.
4. To increase residential and employment density as catalysts for enriching life for residents and visitors alike.
5. To assist emerging and existing businesses in navigating various local, county, and state regulations and taxing policies.



Action Plan



The Downtown Working Group will take the following actions in order to meet the strategic goals listed above.

1. Create a sustainable Downtown Development Authority (DDA) within twelve (12) months and determine the feasibility of a Business Improvement District within two (2) years.

1.1 Establish geographically and economically appropriate boundaries for the Downtown that allow for future residential and employment growth.

- 1.2 Identify and establish a communications process with current business and property owners within the defined geographic boundaries.
- 1.3 Establish multiple communication forums with emphasis on email, social media, and newspaper.
- 1.4 Prepare an organizational structure for a "One Stop" approach to Downtown development.
- 1.5 Based on this strategic plan, develop and present a DDA plan to the Loveland City Council in order to seek an election to create a Downtown Development Authority.

2. Create an event and marketing plan in cooperation with the Community Marketing Commission, Loveland Chamber of Commerce and other entities to promote a unique Downtown brand.



- 2.1 Consolidate existing community business and economic development groups where appropriate to alleviate overlaps and inefficiencies.
- 2.2 Cross-load membership/representation among service and advisory groups to improve communications and effectiveness.
- 2.3 Convene groups of local community and business people to identify existing cultural and economic strengths.
- 2.4 Coordinate events around a common theme/brand that sets the Downtown apart from other local communities.
- 2.5 Build local interest in the Downtown as a catalyst to attracting new residents, businesses, and visitors.

3. Implement key elements of the approved (City of Loveland) infrastructure plan by commencing construction over the next twenty-four (24) months and completing within five years, in ways that complement and preserve the Downtown's historic and cultural heritage.



- 3.1 Create a user-friendly summary with completed and planned infrastructure projects.
- 3.2 Hold small group meetings with residents, business owners, and other interested groups to discuss the implications of each project as well as the links between and among those projects.
- 3.3 Gather community input regarding the balance between economic development and preserving local history and culture.
- 3.4 Create timely, ongoing progress reports via multiple media sources.
- 3.5 Design an operating budget that balances immediate marketing and communication needs with a sustainable infrastructure.

4. Increase residential and employment density as catalysts for enriching life for residents and visitors alike.

- 4.1 Partner with the City of Loveland economic development department to keep abreast of demographic trends and emerging economic opportunities.



4.2 Establish a working relationship with area brokers and developers to highlight business and residential opportunities in the Downtown.

4.3 Establish a working relationship with funding sources and development groups that demonstrate an understanding of and a commitment to sustainable economic growth.

4.4 Create opportunities for a wide variety and type of business and residential uses with an emphasis on encouraging growth of local businesses.

5. Assist emerging and existing businesses in navigating local, county, and state regulations and taxing policies.

- 5.1 Create a proactive partnership with the Loveland Center for Business Development to assist with business development.
- 5.2 Work with city, county, and state agencies to provide ongoing workshops and seminars related to business regulations and tax policies/procedures.
- 5.3 Provide "just-in-time" support/advocacy for business and property owners who need immediate answers or directions.
- 5.4 Provide tips through blogs and other media related to common problems experienced/reported by local business and property owners.
- 5.5 Provide recognition of those individuals or groups who make significant contributions to the success of the Downtown.



**Special Thanks
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Downtown Working Group
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Strategic Plan**

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