

**SPECIAL STUDY SESSION NOTES
CITY OF WHEAT RIDGE, COLORADO**

August 26, 2013

(Held following the regularly scheduled City Council meeting.)

Mayor DiTullio called the Study Session to order at 7:54 p.m. Council members present: Davis Reinhart, Bud Starker, Joyce Jay, Kristi Davis, Mike Stites, George Pond, Joseph DeMott, and Tracy Langworthy.

Also present: City Clerk, Janelle Shaver; Treasurer, Larry Schulz; City Manager, Patrick Goff; Economic Development Coordinator, Steve Art.

PUBLIC COMMENT ON AGENDA ITEMS none

APPROVAL OF AGENDA

1. Tax Incentives Request for Taste of Home Cooking ~ Steve Art

Mr. Art gave background on the property in question located at 41st & Kipling. Robert Rotella purchased the vacant building earlier this year. It previously housed Pazu Inn, which closed in 2008, and Mercedes restaurant which closed in 2011 due to a fire which destroyed a large portion of the facility. On September 6, Mr. Rotella will be opening a sit-down restaurant operation on the northern side called Wine Not (which will seat 150), and a take-out restaurant on the southern end called A Taste of Home Cooking. The businesses will employ about 30 staff members. All food will be cooked on sight, and A Taste of Home Cooking will have a full-service bar, open 6am to 9pm on weekdays and 6am to 10pm on weekends.

Mr. Rotella has invested about \$600,000 of his own money into the project and has approached the City about the ESTIP program (Enhanced Sales Tax Incentive Program). This is a niche type business that Economic Development is trying to attract to the City. It will help revitalize a blighted area and bring revenue into the City.

The public improvements are estimated to be \$76K. The proposal is for a 5-year ESTIP which would rebate back their enhanced sales tax at 50%, with a maximum not to exceed \$73,694. Since this site has generated no sales tax for over one year the base will be zero.

Mr. Starker asked how the variable elements of the ESTIP are established and why this business is not being considered for a BDZ (Business District Zone).

- The variable elements of the ESTIP, such as the percentage and the time period, are determined by staff based on the amount of private investment.
- Since Council requested tighter criteria, staff is starting with an initial share-back of 50%; that can be amended if Council chooses.

- The years can change based on how much sales tax is expected to be generated and how much the public improvements are.
- A BDZ rebate (of the building use tax) isn't being suggested for this project because that application typically comes prior to construction (as in the case of The Green Herb). In this case a BDZ would be after the fact.
- A BDZ is also related to employment more than the ESTIP. (The employment for The Green Herb, Agenda Item 2, is a higher level.)

Mr. Stites asked for the value of the building permit fees. Those had not been calculated because staff was not recommending a BDZ, but that can be available

Mr. Reinhart said he believes incentives like these should be evaluated before a program is put in place. The logic behind the program is to incentivize, and as a broad rule he'd prefer to see these applications before projects are started.

Mr. DeMott noted this business isn't in one of the target redevelopment areas like 38th Avenue or Wadsworth. We really don't have an organization like WR2020 working with that corridor, or businesses in his area, so they aren't aware of these programs. ~ He does think it's too late for a BDZ for this business, but the ESTIP is comparable to what Council gave Colorado Plus. He suggested 33% for five years is adequate.

Councilmembers had no objections to this ESTIP moving forward.

2. Tax Incentives Request for The Green Herb ~ Steve Art

The Green Herb, a WR business that is relocating from a leased space on the I-70 Frontage Road to site they bought and are building on at 4565 Kipling, applied for an ESTIP and a BDZ. It is a retail/service business that currently employees 16, with an expected increase to 20-22 employees. The value of this property will increase greatly when this business opens thereby increasing property tax revenue for the City. It's a valuable, established business and doesn't present a risk.

Staff recommends a 50% ESTIP for 3 years with a zero base and no cap – estimated to be \$7,500 over three years. Staff also supports the requested 100% rebate of the building use tax in the amount of \$13,500 upon completion of construction.

Mr. Art made a special point to say that this is NOT a marijuana facility. They do vitamin supplements and chiropractic services.

Mr. Pond noted from discussions when he was on the Planning Commission that this is a challenging piece of property. He supports this proposal.

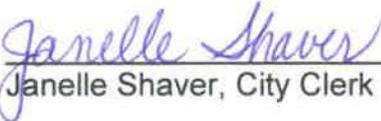
Ms. Davis asked why the base was zero since they already do business in WR. Mr. Goff explained the base was calculated based on current sales tax collected at the Kipling address –

which is zero. The City Attorney said they could have calculated it based on current tax volume for the business, but the increment is pretty low so staff agreed to request a zero base. Staff projects a sales tax increment of \$5,000/year. She also noted that they do mail order business, but that doesn't generate sales tax unless the customer lives in Wheat Ridge.

There was no objection to bringing this forward to a regular meeting.

Mr. Goff also informed Council that staff is working with the City Attorney on possible language changes in the code for the ESTIP and the BDZ to provide more distinct, specific criteria based on examples from the past. That will be coming to you soon.

Meeting adjourned at 8:13 PM.



Janelle Shaver, City Clerk