

CASTLE ROCK BUSINESS AND DEVELOPMENT INCENTIVE PROGRAM

PROGRAM OVERVIEW

Economic Vitality is a critical factor in ensuring Castle Rock's long-term success and in achieving its Vision of being a Self-Sufficient Community; a Community in which Residents can Live, Work, Play and Purchase the Goods and Services they need; and Create a Tax Base adequate to support provision of Core Town Services.

With increasing regional competition, it is important to Castle Rock to create and maintain an exceptional Business Climate. A key component is the creation of an Expanded Business and Development Incentive Program.

The program includes elements to support core Castle Rock Economic Development priorities including: Attraction and Expansion of Primary Employers, Attraction and Expansion of Targeted Retail and Investments in Projects of Economic Significance, or Serving as Economic Catalysts. The program is designed to Create Jobs, Expand the Tax Base, Encourage Existing Businesses to make Capital Investments, and Spur New Office, Industrial, and Retail Expansion and Development. It is critical that all incentive programs create a Net Positive Job or Economic Impact on the community.

The parameters in this program are for guidance purposes and each case will be evaluated on a case-by-case basis.

PROGRAM DESIGNED TO ATTRACT AND RETAIN DESIRED BUSINESSES

New or Expanding Existing Businesses

New companies or those that are expanding their existing business must be in the negotiation stages of the relocation or expansion process. An incentive package will only be considered prior to a company making a final site selection or expansion decision. At a minimum, all incentives must be negotiated and agreed to in writing prior to:

- Execution of a Land/Building Purchase Agreement (signed)
Letters of Intent (LOI's) do not qualify as an executed purchase agreement and are, therefore, generally permitted to exist during the incentive negotiation period.
- Hiring of New Employees (new or existing company)
- Incentives will not be given retroactively or after the hiring process or the deal closes.

Retain Major Existing Business

In rare and limited circumstances involving a major existing primary employer or a major existing sales tax-generating retailer, incentives may be considered for the primary purpose of retaining that business within the Town of Castle Rock.

Involvement in Member Organizations

The Castle Rock Town Council strongly supports Castle Rock's primary employers and encourages companies receiving incentives to demonstrate involvement in the community and investment in Castle Rock's economic future. For that reason, Town Council requests that each recipient investigate membership and sponsorship opportunities in the member organizations of the Castle Rock Economic Partnership: Castle Rock Economic Development Council, Castle Rock Chamber of Commerce, and Castle Rock Downtown Alliance (Downtown Development Authority and Downtown Merchants Association).

GENERAL APPROVAL PROCESS

Funds Available for the Incentive Program

Funds available for the Incentive Program are finite. Incentives are granted on a first-come, first-serve basis.

- Project incentives of \$100,000 or less may be approved administratively by the joint signature of the Castle Rock Town Manager and the Castle Rock Economic Development Council CEO.
- Project incentives totaling more than \$100,000 require approval of the Castle Rock Town Council.
- The Town Manager further reserves the right to refer any incentive application to the Town Council for consideration and action.

Applications for Incentives

Applications for Incentives shall include a formal application and submission of information and documentation as established and required by the Town Manager and EDC CEO. Submission of insufficient information may be a basis for rejecting an application. Proprietary business information shall be considered confidential for public records purposes, unless waived in writing by the applicant.

Award of Incentives

Award of Incentives is a negotiation process. Approval of a given incentive does not create a precedent for consideration or approval of another application, and does not create any rights or benefits upon any prospective applicant or business. Decisions of the Town Manager and EDC CEO, or the Town Council, are final and not subject to appeal.

As applicable and appropriate, best efforts shall be made by the Town Manager and EDC CEO to confer with and obtain recommendations from the Castle Rock Economic Partnership, EDC Board of Directors, Chamber of Commerce Board of Directors, or Downtown Development Authority Board of Directors .

PROGRAM REPORTING

As part of its annual report, Castle Rock EDC will include a section dedicated to addressing performance of the Economic Development Fund. The report will include but not be limited to:

- Number and Type (Manufacturing, IT, etc.) of Companies that Used the Incentives
- Type of Incentive Used (Capital Investment, Job Creation etc.)
- Average Dollar Amount of the Incentive Packages
- Balance Tracking

The Town Manager and the EDC CEO shall also report Administratively-Approved Incentives to Town Council on a regular and timely basis.

PROSPECTIVE (NEW) PRIMARY EMPLOYERS

A Primary Employer is one in which a minimum of 50% of goods or services are sold outside of Douglas County. Creation of new primary jobs to grow the economic base and provide employment opportunities for Castle Rock residents is a core priority.

Job Creation Incentives

A Prospective Primary Employer must provide documentation demonstrating:

- Sale of a Minimum of 50% of its Goods or Services outside of Douglas County;
- Create a Minimum of 5 Primary Jobs;
- Maintain these Jobs for 24 Months;
- Provide Wage Rate Documentation for the New Employment;
- Obtain a License and Own/Lease Commercial/Industrial Property in the Town of Castle Rock;
- Engage in a Business Activity Consistent with the Goals and Vision of the Town of Castle Rock.

Incentives:

Average Douglas County Wage is \$50,977 [Douglas County, 2009] FTE = 38 Hours per Week *(Rate may be updated annually by the Town Manager and EDC CEO without Town Council action or amendment to this program.)*

- Rebates of \$1,000 per job created above Douglas County average wage.
- Rebates of \$1,500 per job created above Douglas County average wage if Castle Rock resident.
- Rebates of \$500 per job created below Douglas County average wage.
- Rebates of \$750 per job created below Douglas County average wage if Castle Rock resident.
- Rebate distribution: ½ paid at the conclusion of year 1; ½ paid at the conclusion of year 2.

(Based on anniversary date of Certificate of Occupancy)

Capital Improvement Incentives

A Prospective Primary Employer must invest in new capital improvements:

- Equipment purchase exceeding \$50,000 USD,
- Execute a building expansion of at least 10%, or
- Construction of a new building

Incentive: Up to a 50% rebate of Development Permits and Fees *(rolling stock is not included)*

EXISTING PRIMARY EMPLOYERS

A Primary Employer is one in which a minimum of 50% of Goods and Services are sold outside of Douglas County. Creation of new primary jobs to grow the economic base and provide employment opportunities for Castle Rock residents is a core priority.

Job Creation Incentives

An Existing Primary Employer must provide documentation demonstrating:

- Sale of a minimum of 50% of Goods and Service outside of Douglas County;
- Document new job creation based on company size – Job Minimums:
 - Small Business (20 or fewer employees): **2**
 - Medium Business (21 to 49 employees): **5**
 - Large Business (50 or more employees): **10**
- Maintain these jobs for 24 months;
- Provide wage rate documentation for the new employment;
- Be licensed and own/lease Commercial/Industrial property in the Town of Castle Rock;
- Engage in a business activity consistent with the goals and vision of the Town of Castle Rock.

Incentives:

Average Douglas County wage is \$50,977 [Douglas County, 2009] FTE = 38 Hours per Week (*Rate may be updated annually by the Town Manager and EDC CEO without Town Council action or amendment to this program.*)

- Rebates of \$1,000 per job created above Douglas County average wage.
- Rebates of \$1,500 per job created above Douglas County average wage if Castle Rock resident.
- Rebates of \$500 per job created below Douglas County average wage.
- Rebates of \$750 per job created below Douglas County average wage if Castle Rock resident.
- Rebate distribution: The contract will be valid from the anniversary of the signing of the contract/agreement with ½ of the rebate paid at the conclusion of year 1 and ½ paid at the conclusion of year 2.

Capital Improvement Incentives

An Existing Business must invest in new or replacement capital improvements:

- Equipment purchase exceeding \$25,000
- Building expansion of at least 10%, or
- Construction of a new building

Incentive: Up to 50% of Development and Permit Fees (*rolling stock is not included*), provided that the new equipment does not result in existing job loss.

Business Retention Incentives

An Existing Major Primary Employer considering relocation outside of the Town of Castle Rock may be eligible for incentives demonstrated to be necessary for the business to remain in Castle Rock.

Incentives: Negotiated on a case-by-case basis. Incentives exceeding \$100,000 require Town Council approval.

TARGET INDUSTRY PROSPECTIVE PRIMARY EMPLOYERS

Target Industry Incentives are in addition to the incentives provided under general “Primary Employers” category. An additional \$1,000 may be earned per job created, enabling targeted industries to earn up to \$2,500 per new job. Other incentives may be considered on a case-by-case basis.

Primary employers in one of the identified target industries may be eligible for additional incentives. Target industries are determined annually by the Town Manager and EDC CEO. Changes require Town Council approval. The Town of Castle Rock’s targeted industries are:

- IT/High Tech
- National Finance/Insurance
- Professional Scientific Services (architecture, engineering, etc.)
- Manufacturing

Incentive: Up to an additional 25% rebate of Development and Permit Fees in addition to the other Job Creation and Capital Improvement incentives.

ECONOMIC CATALYSTS/PROJECT OF ECONOMIC DEVELOPMENT SIGNIFICANCE

There are certain projects of special significance that generate greater opportunities for additional economic development and/or provide highly desirable community amenities. These significant projects include, but are not limited to:

- Highly Desired Retail
- Hospital
- Higher Education Facilities
- Cultural Facilities
- Downtown Wedding District
- Recreational Facilities
- Sports Facilities

Economic catalysts also may be associated with specific geographic areas within town targeted for development or redevelopment.

Incentives: Incentives for these types of projects are negotiated on a case-by-case basis with the EDC CEO and Town Manager. Incentives exceeding \$100,000 require Town Council approval.

RETAIL INCENTIVES

Expansion of the Town's Sales Tax Base is a core priority. A Strong Retail Base also provides diversity and options of goods and services to residents, can attract regional dollars, and supports the Community Vision of Castle Rock as a Self-Sufficient Community.

The project should at a minimum:

- Fill a Market Niche;
- Be a desirable addition to Castle Rock, which includes but is not limited to the following key retail targets:
 - Family Entertainment
 - Regionally-Oriented Retailers
 - Specialty Restaurant
 - Retail underrepresented in Castle Rock market;
- Engage in a business activity consistent with the goals and vision of the Town of Castle Rock;
- Have a positive impact on Castle Rock sales tax revenue;
- Be licensed or obtain a license doing business from an owned or leased commercial property location within the Town of Castle Rock.

New business development and expansion of existing businesses are eligible for incentive consideration.

Under special circumstances involving a major sales tax-generating retailer, incentives may be considered primarily for the retention or improvement of such an existing business within the Town of Castle Rock.

Incentives:

- Percentage "shareback" of Town sales tax received from the business for a specific period of time that the business is in operation.
- "Sharebacks" are subject to the annual appropriation of Town Council.
- Other incentives considered on a case-by-case basis.
- Incentives exceeding \$100,000 require Town Council approval.