

Economic Health Financial Policy

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Objective:

The objective of Economic Health within Fort Collins is a sustainable economy. A sustainable economy means that residents can find employment and afford to live in the community; that businesses are able and encouraged to start, remain, and expand in the community; and that everyone can expect quality City services and sustainable, attractive infrastructure. In addition, this Policy provides specific direction on:

- *Primary Employer Business Assistance Package Development;*
- *Industry Cluster Grants; and*
- *Use Tax and Business Personal Property Tax Rebate Process*

Applicability:

This policy applies to the City's actions related to Economic Health.

Authorized by:

City Council Resolutions 87-09, 91-15, 99-23, 2015-079

9.1 Policy Statement

Fort Collins promotes a healthy, sustainable economy reflecting community values.

The City plays a critical role in shaping quality of life, creating a sense of place, and providing fiscal stability for the community. Defining sense of place requires identifying the various perspectives across the spectrum of the Fort Collins community. Sustainable economic health, maintaining the City's role as a regional economic center, continuing collaboration with Colorado State University and other regional participants, and supporting cultural amenities are important priorities. A sustainable economy means that residents can find employment and afford to live in the community; that businesses are able and encouraged to start, remain and expand in the community; and that everyone can expect quality City services and sustainable, attractive infrastructure. Economic Health depends on a safe community.

Rather than "deal-making," the City's approach to Economic Health is one of "place-making" (a decision-making approach intended to preserve and enhance a vibrant community by optimizing its economy, environment and social values). The City creates an atmosphere where businesses that align with community values thrive, and focuses

on retaining, expanding, incubating and, lastly, attracting businesses. Economic development efforts focus on established Targeted Industry Clusters including clean energy, water innovation, bioscience and technology. In addition, the City supports those businesses that exemplify the overall character of the community. Creating a skilled workforce that meets the needs of local employers and creating partnerships with other economic development organizations are important to the City's efforts.

New opportunities and challenges exist related to adequate technological infrastructure to support a knowledge-based economy and employment competition. Numerous prospects are emerging for redevelopment and infill. Priorities include efforts to foster entrepreneurship, grow and attract primary employers, remain a retirement and tourism destination, and support and strengthen existing businesses. The relationship of economic health to environmental stewardship and a well-planned community is recognized in the decisions made and programs proposed.

A healthy and resilient economy includes:

- Diverse jobs that enable citizens and businesses to thrive.
- A reflection of our unique community in a changing world.
- An innovative and entrepreneurial atmosphere that builds new and creative industries.
- Strong partnership and collaboration with the private sector, educational institutions, and other organizations.
- A quality and comprehensive infrastructure that supports business.
- Balancing the built and natural environment.

In order to achieve the above outcomes the City of Fort Collins has adopted numerous documents, policies, and resolutions:

- 2006 – Economic Health Action Plan (Resolution 2006-097);
- 2010 – Target Industry Development (Resolution 2010-055);
- 2012 – Economic Health Strategic Plan (Resolution 2012-044); and
- 2013 – Policy for Developing Primary Employer Business Assistance Packages (Resolution 2013-025).

9.2 Role of the City of Fort Collins

The City's primary role in economic health focuses on business retention, expansion, incubation and attraction, in that order. The City's goal is to support and encourage economic opportunities which provide primary employment, increased private investment within the community and improved quality of life for its residents.

Activities include:

- Support workforce development and community amenity initiatives that meet the needs of Fort Collins employers
- Catalyze industry sectors and clusters to increase economic diversification
- Ensure alignment of resources such as reliable, ultra-high speed internet services across the community to incubate new businesses and support entrepreneurs
- Identify barriers to spin-out, new business formation, and conversion of intellectual property to economic activity and develop new approaches to address the identified barriers
- Work with business community to ensure an adequate supply of employment land (office and industrial) to meet the need of new business formation and expansion
- Ensure the infrastructure provided by the City is high-quality and supports business
- Preserve the City's sense of place by encouraging strategic public and private investment
- Help businesses navigate City processes (e.g., development review, licensing, etc.)
- Aid businesses in leveraging the challenges of climate change and carbon reduction into economic opportunities
- Develop strong relationships with our counterparts in the region, including Larimer County
- Convener of economic recovery entities during natural disasters
- Support and develop regional sector initiatives
- Identify and market supply chain opportunities for the region

The City engages in these activities in one of three ways, as:

- **Leader**— City takes on the lead role in implementing specific goals;
- **Partner**—City partners with other agencies and organizations to implement specific goals including providing funds to achieve these collective goals;
- **Collaborator**— City partners with other agencies and organizations to implement specific goals without providing funds.

9.3 Role of the Private Sector

The City of Fort Collins follows the triple helix approach (university, private sector and government) to economic health. The private sector plays a significant role in the success of the overall economic health strategy. The private sector mission is to work with the City and other public organizations to retain and support the basic industries within the city and county. This effort requires the support of partners such as the Chamber of Commerce, Metro Denver Economic Development Corporation and other entities referenced below, as well as local banks, financial institutions, developers and existing business and industry.

The private sector role is characterized by its ability to work with new and existing business in a confidential manner. Real estate values, business climate, financing options and site options are most appropriately discussed by the private sector.

9.4 Role of Outside Entities

The efforts of the City and private sector to enhance the economic prosperity of the community are directly and indirectly supported by several organizations and entities including:

- Colorado State University
- Front Range Community College
- Downtown Development Authority
- Larimer County
- Visit Fort Collins
- Poudre R-1 School District
- Private Industry Councils
- Employment and Training Services
- Various Nonprofit Organizations

Though each has an independent focus, their work contributes to the overall quality of life and prosperity enjoyed within the community. In this way, the network required to conduct an effective community-driven economic health is provided.

9.5 Primary Employer Business Assistance Package Development

The following sections outline the refined process for developing primary employer business assistance packages.

9.5.1 Applicability

This policy will apply to all requests for direct assistance, as defined in the available assistance tools section below (e.g., tax rebates, specialized financing, etc.), from primary employers looking to remain or expand their operations in the City, as well as, any primary employer evaluating relocation to the City. For the purpose of this document, a “Primary Employer” or “Primary Job” will be defined as any business or job located within the City that derives a minimum of 50 percent of its income from the sales of goods or services outside the Fort Collins Growth Management Area (“GMA”).

9.5.2 Organization and Management

The City’s Economic Health Office (EHO) will have the responsibility of managing and developing all business assistance packages subject to this policy. EHO staff will work collaboratively with other City departments throughout the development process. In addition, EHO staff will work with the applicable City departments to ensure compliance with all terms and conditions of the final business assistance package(s) as approved by City Council.

9.5.3 Available Assistance Tools

The City has historically provided a variety of direct assistance to primary employers to encourage the creation and retention of primary jobs. The following provides a list and brief description of the type of assistance commonly used by the City:

- Private Activity Bond Financing – A Federal program allowing private corporations to access tax exempt financing for qualified business development investments, such as property acquisition, building construction, building renovation, and equipment procurement.
- Manufacturing Equipment Use Tax Rebate – A rebate of the applicable use tax due for the purchase of qualified manufacturing equipment by a business. The maximum allowed rebate will not exceed the City’s general fund tax rate, which at time of adoption of this policy is 2.25 percent.
- Business Personal Property Tax Rebate – A rebate of the applicable personal property tax due on qualified manufacturing equipment owned by a business. The maximum allowed rebate will not exceed 50 percent of the City’s portion of the personal property tax rate. In addition, the maximum term of the rebate will not exceed 10 years.

The above list does not constitute a complete list of the tools available. In the spirit of continuous improvement, the EHO staff will evaluate additional tools for their applicability to primary employers and job creation and retention. In addition, all new tools will be vetted with the Economic Advisory Commission (EAC), Council Finance Committee, and City Council before use in a business assistance package. Emphasis will be placed on tools that maximize public benefit at minimal cost to the community.

9.5.4 Application Requirements

A request for direct assistance, as described above, from the City by a primary employer must include a complete application. The EHO will develop an application to be approved and modified from time to time as necessary by the City Manager. At a minimum the application will address the following:

- Company Information
- Project Information
- Capital Investment
- Jobs Categories and Wage Distribution
- Public Benefit
- Natural Resource Stewardship
- Community Well-Being

The EHO will use existing applications, such as the Community Development Block Grant funding request and Urban Renewal Assistance applications as a model for the initial application. The intent of the application is to collect the necessary data to perform a holistic evaluation of the project and assistance request.

9.5.5 Evaluation Criteria

After receipt of a complete application, the EHO office will screen all request using a set of evaluation criteria designed to provide a holistic evaluation of the proposed project. The evaluation criteria will be approved and modified from time to time by the City Manager as proposed by the EHO. The evaluation criteria will address the following key areas with example criteria:

- Economic Impact – Overall impact (e.g., Gross Revenues, percent of City employment), employment impact (e.g., number of jobs, wages, benefits), and capital investment (e.g., equipment purchases, facility investment, infrastructure impact).
- Contribution to Quality of Place – Added community value through their product/service, has a positive history and/or longevity in the community, and/or meets a community need.
- Alignment with City Objectives – The project aligns with clearly stated City objectives from the EHSP, City Plan, or other relevant strategy (such as a target industry cluster) or planning document.
- Natural Resource Stewardship – Impact of electricity and water consumption, hazardous waste management, ClimateWise Partner, participation in Utility’s Integrated Design Assistance Program (IDAP) or similar conservation program.
- Community Well-Being – Contribution to a diverse job base, corporate outreach/volunteerism, impact to community infrastructure, proximity to public transportation, provision of other benefits (e.g., childcare).

9.5.6 Business Assistance Inputs

All business assistance packages will be performance-based agreements. The program is designed to support and encourage new business development, business expansion and relocations that either retain or generate net new primary jobs. The EHO will use a list of scalable inputs to determine the amount and type of assistance to include in each package:

- Annual average wages – It is the intent of this policy to encourage a diverse base of jobs. Therefore annual average wage will be one of several inputs in determining the amount and type of direct assistance for an eligible project. The computed annual average wage of all jobs included in a project will be considered against the Larimer County annual average wage. Projects that achieve an annual average wage higher than the Larimer County annual average will qualify for additional assistance.
- Number of retain or net new jobs – The total number of jobs retained or created by a project will figure into the ultimate level of assistance received by a project from the City. Projects with larger number of retained or created jobs with a significant economic impact will receive additional assistance.
- Health care premium assistance – Projects that provide greater than a 50 percent contribution by the employer to an employee’s health care insurance premium will qualify for additional assistance.

These inputs will be approved and from time to time as necessary modified by the City Manager.

9.5.7 Economic and Other Analyses

The EHO will use a Triple Bottom Line (TBL) approach to evaluating all applications for assistance to primary employers. Therefore, the approach will require a holistic set of analyses that address the economic, environmental, and human aspects of a project. This systematic approach will avoid evaluating a project in isolation. The following analyses will be included for every application:

- Economic Impact Analysis – The EHO will use an outside consultant with expertise in economic impact analysis for this aspect of the evaluation. The analysis will include both costs and revenues to the community allowing for a true fiscal impact analysis of the project. At time of adoption, EHO has contracted with TIP Strategies and Impact DataSource for these services. All economic impact analyses will evaluate a minimum of a 10 year period.
- Sustainability Assessment – The EHO will identify and use a tool(s) that address a holistic analysis of a project including natural resource impacts and community well-being impacts. Examples of these tools include: Fort Collins Sustainability Assessment Tool (“SAT”) or a tool developed by Portland State University (tbltool.org) for the US Economic Development Administration.

The results of these analyses will be summarized and presented to City Council for their consideration of a business assistance package for primary employers.

9.5.8 Minimum Company Commitments

Any applicant for direct assistance from the City for the purpose of creating or retaining primary jobs will commit to the following:

- Pledge to Annual Reporting – All recipients of direct assistance through a business assistance package will pledge to provide annually all information stipulated in the final agreement to comply with the performance requirements of that agreement. At a minimum, this reporting requirement will include: the number of jobs created or retained, the wage distribution for those jobs, and the capital investment and timing of investment.
- Separate Use Tax Schedule – This requirement applies only to recipients of a Manufacturing Use Tax Rebate (“MUTR”). The applicant must submit a separate schedule at the time the use tax submission for eligible equipment that accurately designates and identifies the eligible equipment for which a rebate will be requested by the company.
- Timeline for Confidentiality – The applicant will commit to a timeline for releasing claims of confidentiality regarding the proposed project. At the latest, confidentiality will be maintained up to a term of 30 days prior to consideration of a business assistance package by City Council. These 30 days will provide an opportunity for the Economic Advisory Commission and the general public to comment on the package ahead of City Council action.
- Assurance of Existing Workforce Retention – This requirement applies only to retention and expansion projects. The applicant will commit to all reasonable efforts to maintain their existing workforce in the City for the duration of the business assistance package. Individual agreements will specify the amount of existing employment and the exact duration.

9.5.9 Compliance Monitoring

The EHO will monitor each project and business assistance package annually for compliance to the terms of the final agreement approved by City Council. In addition, the EHO will develop a template checklist, to be customized to each project, to ensure compliance with initial aspects of the agreement, such as submission of use tax on a separate schedule, construction of facilities on the proposed timeline, and purchase of equipment on the proposed timeline. Each agreement will stipulate the terms of compliance that the EHO will monitor.

9.5.10 Annual Reporting

The EHO will provide City Council a written annual report outlining the compliance of each approved applicant with the terms of their business assistance package. In addition, this annual report will include an assessment of the economic impact of the active projects.

9.6 Industry Cluster Grants

The City of Fort Collins aims to support the growth of key industries and sectors.

9.6.1 Grant Objectives

This support will facilitate companies' access to:

1. **Peer networks:** opportunities to interact with peers. Examples include CEO roundtables, occupation-specific professional development workshops, and industry-specific, topical symposia.
2. **Suppliers and inputs:** better access to supplies or suppliers to reduce costs. Examples include recruitment of suppliers, purchasing cooperatives, and shared storage facilities.
3. **Talent:** increased access to qualified workers. Examples include customized training programs for key occupations, marketing to build Fort Collins brand in industry, informative relocation-oriented website geared at specific talent segments, collaborative recruitment.
4. **Markets:** increased visibility in market segments and improved market penetration. Examples include export/trade assistance, co-marketing opportunities at trade shows, trade delegation trips, and general marketing activities that promote a Fort Collins brand for the industry.
5. **Capital:** improved access to capital networks – local and beyond. Examples include local angel investor network, local revolving loan fund, networking opportunities with venture capitalists, events to raise awareness of Fort Collins entrepreneurs.
6. **Industry intelligence:** access to data and market research to inform business planning and strategic decision-making. Examples include shared access to industry databases and new sources, research assistance, industry conferences.

9.6.2 Eligibility

Eligible applicants must meet the following eligibility requirements. Priority will be given to proposals that include a collaboration of triple helix partners to leverage resources and expertise. The City acknowledges the importance of maintaining a well-rounded diverse portfolio of partners.¹

- Applicants must have their operations based in Fort Collins, or be partnered with a Fort Collins based entity.
- Applicants must be a group of businesses or a non-profit umbrella organization; applications that benefit a sole entity will be disqualified.
- Applicants must have matching funds that establish a 1:1 public-to-private funding ratio. Third-party investors may include such entities as another company or companies, a venture capital firm, angel investors, and federal, state or local government grants.

¹ The City does not provide funding for capital expenditures, and reserves the right to not fund overhead expenses.

9.6.3 Grant Awards

Funds available for eligible companies vary by fiscal year depending on the outcomes of the City's budgeting process. The City retains the right to withhold funding regardless of the number and amount of requests.

Payments

Payments will be disbursed in accordance with the specific terms and conditions of the project as outlined in the Grant Agreement, either on a quarterly, bi-annual, or annual basis. Payments may be contingent on project/program progress.

Budget Adjustments & Return of Unused Grant Money

Upon completion or early-termination of a project, any unused grant money shall be returned to the City of Fort Collins which will be de-obligated and returned to the Economic Health Cluster Support Fund.

9.6.4 Application Review

Staff Review & Selection Process

- EHO Staff will screen each application for compliance with the rules and statutory requirements outlined in this document. Only those applications that meet rules and requirements will move forward for committee review.
- EHO will convene a Selection Committee ("Committee") to review and evaluate eligible applicants.
- Applicants that move forward will be required to participate in a mandatory interview prior to award notification.
- The City reserves the right to award partial funding, which will be discussed at the interview.
- The City intends for the process to last no more than two months, from application submission to award disbursement. Committee Members will not discuss deliberations with applicants mid process; however, the Committee may provide professional feedback before the application submittal, and after the awards have been announced.

9.6.5 Evaluation Criteria

All applications are competitively evaluated by the Committee with a focus on:

1. Growth in the targeted industries and sectors in terms of employees, wages, sales, talent, private investment, and establishments.
2. Continued innovation, which may be measured by patents, start-ups funded, business support, collaborative efforts, and research funded.
3. Greater visibility of Fort Collins and Northern Colorado, through local successes, and coordinated promotion/marketing.
4. Support of the Cluster Program goals (Section I), the Economic Health Office Strategic Plan, and the City of Fort Collins Strategic Plan.

9.6.6 Reporting Requirements

Annual Progress Report & Award Responsibilities

Each applicant that successfully receives funding from EHO must submit an annual report documenting accomplishments, results achieved, community impact, and monetary and other returns if applicable including jobs created. Applicants may be required to provide monthly/quarterly updates to EHO staff, as outlined in the Grant Agreement. A report outline will be available from EHO on September 1, and the report must be electronically submitted December 1st, or as specified in the Grant Agreement. Additionally, successful applicants may be required to participate in an annual EHO conference, EHO/Cluster marketing materials, and serve as a cluster ambassador.

9.7 Use Tax and Business Personal Property Tax Rebate Process

When Council approves rebates as part of a Business Assistance package as described in Section 9.5.3, the City, in an effort to better manage the inflow and outflow of funds, will use the following process to manage use tax and business personal property tax rebates awarded through a Primary Employer Assistance Package:

- The Company receiving the use or personal property tax rebates will provide a separate schedule of payments to the City, such that staff has a clear understanding of what portion of the company's remittance are applicable to the business assistance package. Two submissions from the company may be required – one for the remittance of payments eligible for rebates and one for the remittance of payment not eligible for rebates.
- As the recipient company remits either use tax or business personal property tax, the City's finance department will assign these funds within the General Fund in a special account to record the future liability associated with the rebate.
- A recipient company will make an application to receive a rebate consistent with the terms of the business assistance package. Upon receipt of this application the Economic Health Office will review the company's eligibility and verify performance, as required by the Assistance Package;
- After verification of eligibility and performance, EHO will initiate an Appropriation request to Council using the funds previously assigned to fund rebates as described above. After the Appropriation has been approved, the finance department will make payment on the rebate according to the terms of the Assistance Package.

Getting Help

Please contact the Economic Health Director with any questions at 970.221.6324.

Related Policies/References

Economic Health Action Plan (Resolution 2006-097); Target Industry Development (Resolution 2010-055); Economic Health Strategic Plan (Resolution 2012-044); Policy for Developing Primary Employer Business Assistance Packages (Resolution 2013-025) and URA Financial Management Policy 20 – Tax Increment Financing (URA Resolution 071, September 30, 2014)