



PARACHUTE ECONOMIC DEVELOPMENT POLICY AND GUIDELINES

The Town of Parachute, Colorado Board of Trustees is seeking innovative proposals for commercial real estate development, redevelopment, and expansion that will enhance the local economy and provide new employment opportunities. Parachute is open for business and accepting applications consistent with the following economic development program policy and guidelines:

Program established; purpose.

The Town of Parachute economic development program is designed to encourage the development, redevelopment, and/or substantial expansion of sales-tax-generating businesses within the Town, provide new employment opportunities for residents of the Town, expand the goods and services available in the Town, and increase the taxes collected by the Town. These taxes will enable the Town to provide expanded and improved municipal services while also stimulating public and private improvements.

Definitions.

The following words, terms and phrases shall have the meanings ascribed to them below, except where the context clearly indicates a different meaning.

Enhanced property tax means the amount of property tax collected by the Town, and available to Town for use in the economic development program, over and above a base amount determined by the assessed property valuation in the year prior to the date the economic development agreement is executed.

Enhanced sales tax means the amount of sales tax collected by the Town, and available to the Town for use in the economic development program, over and above a base amount negotiated and agreed upon by the applicant and the Town, and which amount is approved by the Town Board. This base amount shall never be lower than the amount of sales taxes collected by the Town at the property in question in the twelve (12) months prior to the date the economic development agreement is executed plus a reasonable and agreed-upon percentage of anticipated increase in sales taxes, or, in the case of a newly established business, an amount which represents the good faith determination by the applicant and the Town as to the amount of sales taxes which could be generated from the new business without the participation by the applicant in the economic development program.

Enhanced tax incentive ("ETI") means the rebate of enhanced sales taxes and/or enhanced property taxes.

Economic development agreement means the signed agreement between an applicant and the Town, which implements one or more of the economic development incentives agreed to by the Town and applicant.

Owner means the record owner of the real property upon which one or more businesses is operated.

Tenant means the record operator of a business located in commercial district in the Town.

Participation.

Participation in the economic development program shall be based upon approval by the Town Board exercising its sole and exclusive discretion. Any owner of a newly established commercial tax-generating business or location, or the owner of an existing commercial tax-generating business or location which desires to redevelop or substantially expand such location, may apply to the Town for participation in the economic development program, provided that the new taxes likely to be generated are at least \$5,000.00 in the first-year operation or following expansion.

Proposal.

Any applicant desiring to participate in the economic development program shall first submit a proposal to the Town Manager, including, at a minimum, the following:

- (a) A site or interior plan for the property;
- (b) Design renderings and list of proposed improvements to the property;
- (c) Evidence of ownership of the property an agreement for control of the property;
- (d) Reasonable estimates of the anticipated enhanced tax revenues to be generated at the property, including supporting documentation; and
- (e) A list of the economic development incentives proposed for the property in priority order, whether or not specifically identified in these guidelines. As illustration, such list may include any of the following:
 1. Enhanced sales taxes.
 2. Enhanced property taxes.
 3. Waiver of use taxes.
 4. Waiver, deferral, or partial waiver of water and/or sewer system improvement fees.

5. Waiver of building permit fees to be collected and retained by the Town.
6. Waiver or reduction of water and/or sewer utility service fees until the issuance of a certificate of occupancy or three years from the date of the economic development agreement, whichever is earlier.
7. A rebate of costs per square foot of development.

Agreement negotiation; submittal to Board of Trustees.

The Town Manager shall negotiate the terms of a proposed economic development agreement under the guidelines and direction of the Town Board, with such input from the Town's departments as may be necessary and desirable. Following the negotiation of any proposed agreement, the Town Manager shall submit such proposed agreement to the Town Board to be reviewed. The Town Board shall approve, deny, or recommend changes to any proposed economic development in exercising its sole discretion and authority. If an applicant and the Town Manager are unable to negotiate and agree to a proposed economic development agreement within 60 days of the applicant's initial submittal, the applicant shall have the right to make written demand and seek review by the Town Board at the next regular meeting of the Town Board being not less than 14 days from the day of said written demand is received by the Town Manager.

Economic development agreement requirements.

Each proposal for participation in the economic development program shall be subject to approval by the Town Board solely on its own merits. Approval of a proposal shall require that an agreement be executed by the owner or tenant and the Town, which agreement shall at a minimum contain the following:

- (1) A list of those public or public-related improvements which justify the applicant's approval and the estimated amount which shall be spent on such improvements.
- (2) The maximum amount of enhanced taxes to be shared and the maximum time during which the agreement shall continue, it being expressly understood that any such agreement shall expire and be of no further force and effect upon the occurrence of the earlier to be reached of the maximum time of the agreement (whether or not the maximum amount to be shared has been reached) or the maximum amount to be shared (whether or not the maximum time set forth has expired).
- (3) A statement that the agreement is personal to the applicant, is not transferable and does not run with the land or subsequent tenant.
- (4) That the agreement shall never constitute a debt or obligation of the Town within any constitutional or statutory provision.

- (5) The base amount(s) of enhanced taxes agreed upon. Base amounts for enhanced sales taxes shall be set forth by month, or by other formally agreed upon time increment. The base amount shall consider the historic level of sales at the property in question or a similar property within the area in the event of a new business, and a reasonable allowance for increased sales due to the improvements and upgrades completed as a result of inclusion within this program. Base amounts for enhanced property taxes shall be determined by reference to the records of the Garfield County Assessor.
- (6) That any enhanced taxes subject to sharing shall be escrowed in the event there is a legal challenge to these guidelines or the approval of any application therefor.
- (7) A statement that the obligations, benefits, and/or provisions of this agreement may not be assigned in whole or in any part without the express authorization of the Town Board, acting in its sole and exclusive discretion, and further that no third party shall be entitled to rely upon or enforce any provision hereof.
- (8) That the agreement shall be subject to the annual appropriation of sufficient funds for payments pursuant to Section 20, Article X of the Colorado Constitution.
- (9) That the agreement shall provide that the successful applicant shall have no right, claim, lien, or priority in or to the Town's tax revenue superior to or on parity with the rights, claims, or liens of the holders as any sales tax revenue bonds, notes, certificates, or debentures payable from or secured by the Town outstanding as of the effective date of the agreement; and that all rights of the successful applicant are, and at all times shall be, subordinate and inferior to the rights, claims, and liens of the holders of any and all such sales tax revenue bonds, notes, certificates, or debentures, payable from or secured by any sales taxes issued by the Town.
- (10) Any other provisions agreed upon by the parties and approved by the Town Board.

Limitations on economic development agreement.

Any economic development agreement approved by the Town Board shall clearly set forth the economic incentives granted for the property and the duration of the same. The following restrictions shall apply:

- (a) Enhanced sales tax incentives may be granted in an amount not to exceed 100% of the increment for the first five years and 50% of the increment for the subsequent five years following the date of the economic development agreement.
- (b) Enhanced property tax incentives may be granted in an amount not to exceed 100% of the increment for the first five years following the date of the economic development agreement.

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- (c) A rebate of costs per square foot of development shall not be granted in any economic development agreement in which water system improvement fees has been granted, and may not exceed \$1.00 per square foot.

Criteria for approval of application.

- (a) Participation in the economic development program shall be based upon approval by the Town Board exercising its sole and exclusive discretion. The Town Board may permit such participation based in part upon the following criteria, as a general guide.
 - 1. The amount of enhanced taxes which are reasonably to be anticipated to be derived by the Town through the expanded or new retail-sales-tax-generating business.
 - 2. The public benefits which are provided by the applicant through public works, public improvements, additional employment for Town residents, redevelopment of existing properties, occupancy of existing vacant space, etc.
 - 3. The amount of estimated expenditures which may be deferred by the Town based upon public improvements to be completed by the applicant;
 - 4. The conformance of the applicant's property or project with the comprehensive plan and zoning ordinances of the Town; and
 - 5. The negotiation of an economic development agreement acceptable to the Town Board exercising its sole discretion.

- (b) Approval shall be by resolution adopted by a majority of the entire Town Board.

Eligible Uses.

The uses eligible for funds waived or rebated under an economic development agreement shall be strictly limited to those purposes which are public or public-related. Public-related purposes shall include improvements to places of public accommodation. Preference shall be given to proposals providing general public facilities, including improvements to public infrastructure, roads and streets, traffic control, fountains, public art, pedestrian and bicycle transportation, off-street parking, benches, public restrooms, and other generally accessible open spaces.

Enhanced sales tax increment funds.

The base figure for sales taxes shall be divided into twelve (12) monthly increments, which shall be reasonably related to the average monthly performance of the business or property in question or similar businesses in the area (i.e., adjusted for seasonal variations). If in any month the agreed-upon figure is not met by the applicant so as to create enhanced sales tax for

that month, no funds shall be shared with the applicant for that month, and no increment shall be shared until that deficit, and any other cumulative deficit, has been met, so that at the end of any twelve-month cycle, funds in excess of those enhanced sales taxes agreed to be shared shall not have been shared by any applicant. The Town reserves the right to select larger increments of time, including but not limited to quarterly, biannual and annual, in lieu of the monthly increments.

Enhanced property tax increment funds.

The base figure for property taxes shall be the most recent assessed property valuation according to the Garfield County Assessor. Available property taxes shall be refunded as set forth in the economic development agreement providing for the same on an annual basis and no later than June 30th.

No joint venture; liability.

The Town Board has enacted this economic development program as a joint benefit to the public at large and to private owners and tenants for the purposes of providing the Town with increased tax revenues generated upon and by properties improved as a result of this program. The Town Board further finds that the public benefits of this economic development program include public improvements and public-related improvements being completed by private owners or tenants through no debt obligation being incurred on the part of the Town, and allowing the applicant an opportunity to improve properties which generate sales activities, which improvements make those properties more competitive in the marketplace and further provide to the applicant additional contingent sources of revenues for upgrading such properties. Notwithstanding any provision hereof, the Town shall never be a joint venturer in any private entity or activity which participates in this economic development program, and the Town shall never be liable or responsible for any debt or obligation of any participant in this economic development program.