



Legislation Text

File #: ID-203-24, **Version:** 1

Office of the City Manager

Reference: Darden Incentive Agreement Amendment

To: Mayor Gregory Mills and Members of City Council

Through: Michael P. Martinez, City Manager

Prepared By: Robin Martinez, Director Brighton EDC

Date Prepared: 6/18/24

PURPOSE

Incentive agreement amendment for Olive Garden in Prairie Center

STRATEGIC FOCUS AREA

Strong local employment opportunities, sales tax generation and amenities

BACKGROUND

The EDC has been working with Darden for over 10 years in an effort to attract Olive Garden to Brighton. Darden would like to build a new Olive Garden restaurant in Prairie Center, investing approximately \$5.2 million into the project and generating over \$5,000,000 in sales annually. Darden expects to create 80 net new jobs at a wage commensurate with adjacent restaurants.

At the direction of the City Manager in early 2023, Brighton EDC staff engaged in discussions with Darden's site selector to negotiate an incentive package. The original agreement was approved in July 2023 for a maximum rebate of \$200,000 in Sales Tax over an 8-year period, and 50% rebate on the 1.25% Use Tax collected by the City.

Due to the high cost of development fees, water, and overall construction costs in Colorado, there is a deficit in the cost of the project and the company's ability to meet their financial threshold to make this project happen in Brighton. Through a workable partnership between Darden, THF Realty, and the City, the project will be able to move forward. THF has agreed to front end the cost of the project by reducing the cost of the land, Darden increased their project budget and will reimburse THF a portion of the land reduction cost with the sales tax rebate received by the City. The amended incentive agreement is needed to ensure Olive Garden can build in Brighton.

The City agrees to rebate up to 100% of the one percent received by the City in Sales Tax General Fund collections, which is 50% of our General Fund Sales Tax revenue, up to a maximum of \$250,000 for a period not to exceed eight (8) years from the date of opening, whichever comes first. It is anticipated the maximum rebate amount will be reached within 4 years. The company's Use Tax will be waived and Olive Garden's fees will be locked into the original incentive agreement date.

The Company will begin construction of the project by April 30, 2025, and continuously pursue construction of the project until completion. The Company will open the project to the general public for business by the end of 2025, but no later than May 31, 2026. It is anticipated that the restaurant will be open sooner than the stated dates.

CRITERIA BY WHICH COUNCIL MUST CONSIDER THE ITEM

N/A

FINANCIAL IMPACT

A one-time waiver of approximately \$65,000 in construction use tax. After the incentive agreement is paid off, the City will gain an estimated \$51,000/year in sales tax.

STAFF RECOMMENDATION

To approve the incentive agreement as presented.

OPTIONS FOR COUNCIL CONSIDERATION

Approve amended incentive agreement as presented

Deny incentive agreement

Request additional negotiations

ATTACHMENTS

Resolution

Incentive Agreement