



Legislation Text

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ECONOMIC DEVELOPMENT STAFF REPORT

To:	Mayor Richard McLean and Members of Council
Through:	Clint Blackhurst, Acting City Manager Michael Falconburg, Assistant City Manager of Development
Prepared By:	Michael Martinez, Economic Development Director
Date Prepared:	August 15, 2017
Requested Action:	Consideration of Economic Incentive Agreement with Hyde Development

PURPOSE:

To consider a request by Hyde Development for certain City of Brighton economic incentives in an estimated amount of \$715,000.

BACKGROUND:

Hyde Development has proposed the development of a new industrial park to be located within the Bromley Business Park Northeast of I-76 and Bridge St. The new industrial park will house up to six (6) buildings, each varying in size totaling an estimated 1,600,000 square feet making it the largest industrial development in Brighton to date.

Hyde Development, an experienced national developer, has been considering the Denver Metro market for over two years, and it became evident that Brighton would be an excellent choice to locate their next industrial business park based on location, access to major highways, visibility, workforce availability and other factors. Over the past year, the Brighton Economic Development Corporation along with City staff have worked with Hyde Development and partners to identify reasonable solutions to challenges they have faced with respect to the development of the project in Brighton. We have successfully navigated through the issues that have been presented, and are confident this development will be a success in Brighton.

A development of this nature is crucial to the continued growth of Brighton and presents new opportunities along the I-76 corridor that will contribute greatly to the Brighton Economy. The potential for new primary employers including manufacturing, aerospace, and logistics is evident with a development of this size and the development will be a highly visible regional asset. Currently, the industrial vacancy rate is less than 5% in the Denver-Metro area, and even lower at 2% in Brighton. The need for a product such as this is tremendous and will give Brighton a significant advantage with

respect to prospect recruitment and business relocation.

With significant capital investment into the community, this project will undoubtedly positively impact Brighton and will further our position as a regional destination. A project of this nature is not without substantial risk to the developer and requires assistance from governing entities to make the project competitive and feasible. Therefore, the Brighton Economic Development Corporation suggests that an incentive in the form of a 50% reduction in the "Building Use Tax" related to building materials for construction of the project which is an estimated \$715,000 be provided by the City of Brighton in order to make this project feasible. Based on current projections and market conditions, the project is expected to commence in late 2017 and will be constructed over multiple phases. The estimated completion for full buildout of all phases should be no later than December 2027.

FINANCIAL IMPACT AND ECONOMIC IMPACT:

Brighton will benefit significantly from a project of this magnitude. Based on current mill levy rates and comparable property valuation assessments, this project will provide an estimated \$900,000 in property Tax dollars generated annually at full buildout. In turn, it will be a great tax generator and will have the following estimated impact to the City of Brighton and other taxing districts:

- Rangeview Library District: \$23,400
- City of Brighton: \$45,000
- Brighton Fire District: \$77,400
- School Dist. 27J \$325,800

Further, based on the size of the project and its potential for various industries, other estimated economic impacts to be realized include:

- Over \$100M in Total Capital Investment
- 500-1000 Jobs
- \$ +/- \$25M Direct Annual Impact

RECOMMENDATION:

The Brighton Economic Development Corporation along with the City Manager's Office has reviewed the incentive proposal and recommends approval of the attached economic incentive agreement.

Attachments:

- An Agreement for Economic Incentives between the City of Brighton, Colorado and Hyde Development.
- Resolution