



Legislation Text

File #: ID-297-19, **Version:** 1

City of Brighton

Department of Economic Development

Reference: Johnson Auto Plaza Incentive Agreement

To: Mayor Kenneth J. Kreutzer and Members of City Council

Through: Marv Falconburg, Acting City Manager

Prepared By: Michael Martinez, Director of Economic Development

Date Prepared: September 20, 2019

PURPOSE

To consider a request by Johnson Auto Plaza for certain economic incentives in an amount not to exceed \$338,000.00.

STRATEGIC FOCUS AREA

Strong Local Employment Opportunities

BACKGROUND

Johnson Auto Plaza is considering constructing a new 44,000 square foot parts and service facility as an addition to their current location on the southwest corner of 136th and Highway 85. This new service center will allow Johnson Auto Plaza to service a significant amount of vehicles in addition to what they are currently serving, which will generate new sales tax to the City of Brighton. Further, the addition of the new facility will add an additional 25 employees to the company, most of which will be certified service technicians. Johnson Auto Plaza has long been an excellent Brighton business with a good record of community stewardship and responsibility.

Johnsons Auto Plaza is uniquely situated at the southern border of our community, and is currently not served by water or sanitary sewer services by and from the City of Brighton. Given this unique circumstance, along with the significant capital investment that Johnson Auto Plaza has made in our community over the past 20+ years, it is recommended that an incentive of 50% of the use tax paid on construction material for the new facility be reimbursed back to Johnsons Auto Plaza which is currently estimated to be a rebate of \$88,125.00 as well as an additional performance-based sales tax rebate of any amount in excess of \$512,000.00 paid by Johnson Auto Plaza to the City for sales within the City for a total amount not to exceed \$338,000.00 or 5 years. Johnson Auto Plaza is a top-10 sales tax producer for the City of Brighton and this business retention effort should prove fruitful for both Johnson Auto Plaza and the City of Brighton for years to come.

CRITERIA BY WHICH COUNCIL MUST CONSIDER THE ITEM

Per Resolution No. 04-121, City Council indicates that a valid public purpose or cognizable benefit must be recognized for incentives, among other things, the creation of new jobs, an increase in sales tax revenues, the promotion of business and industry, an increase in the tax base, improvement in property values, and/or the ability to be competitive in the labor market.

FINANCIAL IMPACT

50% of the use tax paid on construction material for the new facility to be reimbursed back to Johnsons Auto Plaza which

is currently estimated to be a rebate of \$88,125.00 as well as an additional performance-based sales tax rebate of any amount in excess of \$512,000.00 paid by Johnson Auto Plaza to the City for sales within the City for a total amount not to exceed \$338,000.00 or 5 years.

STAFF RECOMMENDATION

Staff recommends the approval of the Resolution and Incentive Agreement as drafted.

OPTIONS FOR COUNCIL CONSIDERATION

- Approve Resolution & Incentive Agreement
- Not Approve Resolution and Incentive Agreement
- Continue item for further negotiations

- **ATTACHMENTS**

Incentive Agreement

- Brighton EDC Letter of Support