



Legislation Text

File #: 16-415, **Version:** 3

Ordinance No. 16-67 amending Section 102 (Definitions) of Article 12 (Economic Development Agreements) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, pertaining to commercial activity

Presenter:

Dan Gallagher, Director of Aviation, Colorado Springs Airport

Summary:

In 2004, City Council established guidelines for economic development agreements ("EDA") with businesses and prospective employers seeking to relocate to or expand within the City.

In 2014, City Council established a commercial aeronautical zone ("CAZ") wherein sales and use tax exemptions would be established for certain commercial aeronautical activities within the boundaries of the CAZ. The CAZ has far exceeded its original projections, not only in new businesses occupying vacant facilities, but driving the demand for new construction.

In 2015, the City Council established supplemental EDA guidelines within the Commercial Aeronautical Zone (CAZ), specifically for off-Airport property as it relates to the construction of new, expanded or renovated facilities to better respond to this emerging demand and to create procedural efficiencies.

Although the Commercial Aeronautical Zone (CAZ) continues to be successful in the retention and recruitment of businesses at COS, Airport staff is proposing amending the supplemental EDA guidelines to further clarify, streamline and enhance development opportunities at the Colorado Springs Airport.

Therefore, in order to enhance economic development within the Commercial Aeronautical Zone (CAZ), Airport staff is proposing changes to the supplemental EDA process for properties located off-Airport, within the CAZ as set forth in the proposed ordinance.

Previous Council Action:

City Council previously approved Ordinance No. 15-46 on August 11, 2015.

Background:

In September 2004, City Council passed Resolution No. 203-04, which authorized business personal property tax rebates to encourage private investment and job creation in Colorado Springs. In 2014, City Council established a commercial aeronautical zone ("CAZ") and sales and use tax exemption for certain commercial aeronautical activities within the CAZ. In 2015, City Council passed an ordinance allowing the Executive Branch to negotiate and execute EDAs as set forth in Ordinance 15

-46.

Due to the reversionary right clause, tenants of on-Airport properties typically recover their return on capital investment within the initial term of the lease. This has a significant impact on the cost of products and services, thus impacting competitive advantage and potentially delaying economic development opportunities at the Airport. Conversely, off-Airport properties belong to property owners indefinitely. Hence, these owners can establish costs of goods and services with the full rights and privileges of asset ownership.

In light of the differences between on-Airport and off-Airport private investments, City Council created supplemental EDAs for off-Airport investments as defined in Ordinance 15-46.

The proposed Ordinance amendment clarifies the stakeholders eligibility and computation for this economic incentive tool.

Moreover, the Airport has the potential to be an even greater economic driver for the region, as potential investors are seeking to establish additional assembly and manufacturing facilities on or near Airport property.

Therefore, Airport staff recommends that City Council amend the supplemental EDAs with potential tenants, owners, developers, and contractors performing commercial activities within the Commercial Aeronautical Zone (CAZ), specifically off-Airport as proposed in this ordinance.

Financial Implications:

N/A

Board/Commission Recommendation:

The Airport's strategic initiatives are regularly presented to the Airport Advisory Commission for its consideration and public input. The Airport Advisory Commission has been briefed on this strategy and the proposed ordinance and has unanimously voted to offer the attached letter of support.

Stakeholder Process:

Prior to briefing and obtaining the support of the Airport Advisory Commission, Airport staff has developed this proposed item with the assistance of various stakeholders, including but not limited to City Finance, City Attorney's Office, Economic Vitality, and El Paso County and discussed the implications of the proposed ordinance with prospective and current tenants of the Airport property.

Alternatives:

If City Council does not adopt the proposed ordinance, the existing EDA process will remain in effect, but further business retention, expansion and attraction will be restricted.

Proposed Motion:

MOVE TO APPROVE AN ORDINANCE AMENDING SECTION 102 (DEFINITIONS) OF ARTICLE 12 (ECONOMIC DEVELOPMENT AGREEMENTS) OF CHAPTER 2 (BUSINESS LICENSING, LIQUOR REGULATION AND TAXATION) OF THE CODE OF THE CITY OF COLORADO SPRINGS 2001, AS AMENDED, PERTAINING TO COMMERCIAL ACTIVITY

To enhance economic development within the Commercial Aeronautical Zone (CAZ), by making changes to the supplemental EDA process for properties located on-Airport, within the CAZ as set forth in the proposed ordinance.

