City of Louisville
COLORADO • SINCE 1878

CITY COUNCIL COMMUNICATION
AGENDA ITEM 10C

SUBJECT: **RESOLUTION NO. 34, SERIES 2024 – A RESOLUTION APPROVING A BUSINESS ASSISTANCE AGREEMENT WITH DILLON COMPANIES, LLC FOR AN ECONOMIC DEVELOPMENT PROJECT IN THE CITY OF LOUISVILLE**

DATE: **AUGUST 6, 2024**

PRESENTED BY: **VANESSA ZARATE, CECD, ECONOMIC VITALITY MANAGER**

SUMMARY:
Kroger started in Cincinnati, Ohio in 1883 and is now the nation's largest grocer with nearly 2,800 stores across 35 states. King Soopers is the flag of Kroger in Colorado, with nearly 120 locations across the state.

King Soopers is proposing a new King Soopers Marketplace location at 1171 Dillon Road, the vacant former Lowe's site. This marketplace concept would rehabilitate the existing building, opening a new 118,000 square foot grocery store. In addition, King Soopers will construct a new fueling station on the property to supplement the grocery store operations. This marketplace location will offer full-service grocery, pharmacy and expanded general merchandise to include outdoor living products, electronics, home goods and toys.

The proposed project would invest $10 million dollars to rehabilitate the currently vacant building, an additional $2.5 million in tenant finish improvements, $3.2 million for the construction of the fueling station and an additional nearly $10 million in expected equipment and fixtures. The proposed project would invest $15.7 million dollars in infrastructure on the site to rehabilitate the building for the new use. This is $15.7 million in permanent investment that will stay in Louisville. If approved, the project anticipates starting construction in 2025 and opening Q2 2026.

The proposed location anticipates hiring 75 full time employees and 175 part-time employees, with an annual payroll of over $6.75 million. The employment hiring for the store is in addition to the construction jobs that would be created to complete the buildout of the new marketplace store.

King Soopers Marketplace would be a new anchor establishment on the McCaslin Corridor and for the west side of Louisville. This location will serve new residents at the CU Boulder site, in Superior and surrounding communities and residents moving back into the area. In many instances King Soopers can act as a catalyst for corridors, supporting existing and new retail. King Soopers also works with the community and in the community, to support visitors, residents and community partners. They have programs such as the Colorado Healing Fund, Honoring Our Heroes Program and sustainability goals such as reducing food waste, emission reductions and climate

resiliency. King Soopers also partners with local organizations through the King Soopers Community Rewards program, making fundraising easy by donating to local organizations based on customer's everyday shopping. Kroger has an Environmental, Social and Governance Strategy (ESG)- Thriving Together, that works to "create a better future for people, our planet and the interconnected systems on which we all depend on for food and other essentials". Kroger, the parent company of King Soopers, also has a Zero Hunger Zero Waste campaign that is commitment to ending hunger in communities and eliminate waste by 2025. Kroger scored an 85 out of 100, on the Human Rights Campaign's Corporate Equity Index based on their workforce protections, inclusive benefits, internal training and inclusive culture, corporate social responsibility and responsible citizenship.

Proposed Incentive

To close the gap needed for Kroger to bring a new King Soopers Marketplace to Louisville, staff is proposing a maximum sales tax rebate incentive of $15 million over 12 years and a rebate on eligible components of their building permit fees and construction use tax for a total incentive of $15,280,000.

This would be achieved through a rebate of 75% of the new sales tax generated from the project. The agreement will term at whichever component comes first, the $15 million total rebate or the end of the 12-year time period. The City would rebate 75% of new sales tax revenue generated by the project. The total sales tax rate for the City is 3.775% but the project is only eligible to receive a rebate of the City's 3% general sales tax. The City will keep the entirety of the 0.775% sales tax generated for Parks and Open Space, Historic Preservation and the Recreation and Senior Center. Their rebate will be based on actual sales and new sales tax generated by the project.

In addition, Staff is proposing a 50% rebate on building permit fees, sign permit fees and construction use tax not to exceed a combined total of $180.000. This rebate would be 50% of 3% of the sales tax, not the full 3.775% sales tax. This rebate would be awarded after inspections and certificates of occupancy for each component have been completed. These rebates will be calculated based on the actual fees and taxes paid on the project and are capped at $180,000 total.

This site has been vacant for over two years, when Lowe's relocated their store to a new location. As 1171 Dillon Road has been vacant for over a year, the project is eligible for a vacancy bonus, at $1 per square foot. This vacancy bonus will provide an incentive of $100,000 to the project, to be paid after the project receives a certificate of occupancy.

Anticipated Cost Sharing

	Applicant Rebate	City Retained
Building Permit and Fees	$ 53,460.00	$ 53,460.00
Construction Use Tax	$ 117,750.00	$ 178,587.50
Sign Permit	$ 3,907.50	$ 5,457.50
Vacancy Bonus	$ 100,000.00	
Sales Tax Rebate	$ 15,000,000.00	$ 22,638,801.90
TOTAL	**$ 15,275,117.50**	**$ 22,876,306.90**

Projected Sales and Sales Tax Generation

Year	Gross Retail Sales Projections	Sales Tax (3%)	Open Space (0.5%)	Historic Preservation (0.125%)	Recreation Center (0.150%)	Sales Tax Rebate	City Share Kept
1	$62,661,248.00	$1,879,837.44	$313,306.24	$78,326.56	$93,991.87	$1,409,878.08	$955,584.03
2	$68,304,496.00	$2,049,134.88	$341,522.48	$85,380.62	$102,456.74	$1,536,851.16	$1,041,643.56
3	$72,936,188.00	$2,188,085.64	$364,680.94	$91,170.24	$109,404.28	$1,641,064.23	$1,112,276.87
4	$77,354,940.00	$2,320,648.20	$386,774.70	$96,693.68	$116,032.41	$1,740,486.15	$1,179,662.84
5	$80,496,000.00	$2,414,880.00	$402,480.00	$100,620.00	$120,744.00	$1,811,160.00	$1,227,564.00
6	$82,910,880.00	$2,487,326.40	$414,554.40	$103,638.60	$124,366.32	$1,865,494.80	$1,264,390.92
7	$85,398,206.00	$2,561,946.18	$426,991.03	$106,747.76	$128,097.31	$1,921,459.64	$1,302,322.64
8	$87,960,153.00	$2,638,804.59	$439,800.77	$109,950.19	$131,940.23	$1,979,103.44	$1,341,392.33
9	$90,598,957.00	$2,717,968.71	$452,994.79	$113,248.70	$135,898.44	$1,094,496.10	$2,325,614.52
10	$93,316,926.00	$2,799,507.78	$466,584.63	$116,646.16	$139,975.39	$	$3,522,713.96
11	$96,116,434.00	$2,883,493.02	$480,582.17	$120,145.54	$144,174.65	$	$3,628,395.38
12	$98,999,927.00	$2,969,997.81	$494,999.64	$123,749.91	$148,499.89	$	$3,737,247.24
Total ($)	**$997,054,355.00**	**$29,911,630.65**	**$4,985,271.78**	**$1,246,317.94**	**$1,495,581.53**	**$15,000,000**	**$22638,801.90**

King Soopers is not planning to close the South Boulder Road location; they intend to operate both locations in Louisville. There is a thought that this new location could relieve some of the burden on the South Boulder Road location, allowing that location to perform better for the community.

FISCAL IMPACT:
Staff anticipates this new King Soopers Marketplace being one of the top sales tax generating entities in the City. According to the current projections, the City would receive nearly one million dollars per year during the first year of operation. This number would continue to increase to more than three million dollars per year once the agreement is complete.

All components of this agreement are performance based, there are no up-front costs provided to the project. The building and signage components are reimbursements based on true costs paid. The vacancy bonus will be provided at the time the project receives a Certificate of Occupancy. All sales tax revenues are rebates based on actual sales and will be paid to the business after the tax year ends. All rebates will be capped and the total value of incentives paid to the company shall not exceed $15,280,000.

This will be a new store in the McCaslin Corridor and a new sales tax generator in the City of Louisville. All rebates included in this agreement will be paid from permitting fees and new City revenue generated by the project. The fiscal impact could be significant with the City retaining nearly $1 million a year to start and upwards of $4 million into perpetuity once the incentive agreement terminates.

The City will also receive $15 cents from every bag sold at this new location as part of the $25 cent bag tax. This bag tax funding is used by the City's Sustainability division to implement programming.

RECOMMENDATION:
Staff recommends approval of the proposed Business Assistance Package Incentive for Kroger.

ATTACHMENT(S):
1. Resolution No. 34, Series 2024
2. Proposed Business Assistance Package for New King Soopers Marketplace
3. Sales Tax Sharing Breakdown
4. Cost Summary
5. Presentation

STRATEGIC PLAN IMPACT:

☐	**Financial Stewardship & Asset Management**	☐	**Reliable Core Services**
☒	**Vibrant Economic Climate**	☐	**Quality Programs & Amenities**

☐	Engaged Community	☐	Healthy Workforce
☐	Supportive Technology	☐	Collaborative Regional Partner

RESOLUTION NO. 34
SERIES 2024

A RESOLUTION APPROVING A BUSINESS ASSISTANCE AGREEMENT WITH DILLON COMPANIES, LLC DBA KING SOOPERS FOR AN ECONOMIC DEVELOPMENT PROJECT IN THE CITY OF LOUISVILLE

WHEREAS, the successful attraction of quality development to the City of Louisville provides employment opportunities and increased revenue for citizen services and is therefore an important public purpose; and

WHEREAS, it is important for the City of Louisville to create and retain quality jobs and remain competitive with other local governments in creating assistance for occupancy of commercial space in the City; and

WHEREAS, Dillon Companies, LLC is seeking to occupy 118,000 square feet of vacant retail space at 1171 Dillon Road and construct a new fueling center, which will result in new jobs and tax revenue to the City; and

WHEREAS, the Business Assistance Agreement between the City and Dillon Companies, LLC is attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, pursuant the Constitution of the State of Colorado, and the Home Rule Charter and ordinances of the City of Louisville, the City has authority to enter into the proposed Business Assistance Agreement; and

WHEREAS, the City Council finds that the proposed Business Assistance Agreement is consistent with and in furtherance of the business assistance policies of the City, and desires to approve the Agreement and authorize its execution and implementation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO THAT:

1. The proposed Business Assistance Agreement between the City of Louisville and Dillon Companies, LLC (the “Agreement”) is hereby approved in essentially the same form as the copy of such Agreement accompanying this Resolution.

2. The Mayor is hereby authorized to execute the Agreement on behalf of the City Council of the City of Louisville, and the Mayor is further granted the authority to negotiate and approve such revisions to said Agreement as the Mayor determines are necessary or desirable for the protection of the City, so long as the essential terms and conditions of the Agreement are not altered.

3. City staff is hereby authorized to do all things necessary on behalf of the City to perform the obligations of the City under the Agreement, including but not limited to funding and implementation of the Agreement in accordance with and upon performance of the terms thereof.

PASSED AND ADOPTED this 6th day of August, 2024.

____
Christopher M. Leh, Mayor

ATTEST:

____
Genny Kline, Interim City Clerk

EXHIBIT A

Copy of Business Assistance Agreement

BUSINESS ASSISTANCE AGREEMENT FOR DILLON COMPANIES, LLC IN THE CITY OF LOUISVILLE

THIS AGREEMENT ("Agreement") is made and entered into as of the _______ day of ______________________, 2024, between the CITY OF LOUISVILLE, a Colorado home rule municipal corporation (the "City"), and DILLON COMPANIES, LLC, a Kansas limited liability company d/b/a King Soopers (the "Company").

WHEREAS, the City wishes to provide certain business assistance in connection with the Company's desire to open a new business in Louisville (the "Project"); and

WHEREAS, the Company seeks to occupy an estimated 118,000 square feet of existing retail space at 1171 Dillon Road; and

WHEREAS, the Company will bring new basic jobs to the City, as well as generate new fee and tax revenues; and

WHEREAS, the City Council finds the execution of this Agreement will serve to provide a benefit and advance the public interest and welfare of the City and its citizens by securing this economic development project within the City; and

WHEREAS, pursuant to Chapter 3.24 of the Louisville Municipal Code, sales tax rebates must be limited to the amount of sales tax collected by the City over and above a base amount negotiated by, and agreed upon by, the applicant and the City, and which base amount shall never be lower than the amount of sales taxes collected by the City at the property in question in the previous 12 months; and

WHEREAS, no sales tax has been generated at the Project location in the previous 12 months, and thus the City and the Company desire, for purpose of this Agreement, to set the sales tax base at zero dollars ($0), and that the sales tax rebate under this Agreement shall be limited to seventy-five percent (75%) of sales tax actually collected by the City and attributable solely to new retail sales generated by operation of the Project and occurring at the Project location for the period described, and subject to the exceptions, restrictions, and limitations set forth, in this Agreement; and

WHEREAS, for the reasons set forth above, the City desires to provide certain other rebates to Company as further described, and subject to the exceptions, restrictions, and limitations as set forth, in this Agreement.

NOW THEREFORE, in consideration of the mutual promises set forth below, the City and Company agree as follows:

1. Building Permit Fee Rebates. The City shall rebate to the Company 50% of the building related permit fees for the Project, required under section 15.04.050 of the Louisville Municipal Code (the “City Code”) and section 108.2 of the International Building Code as adopted by the City, for the period from execution of this Agreement and ending March 1, 2026.

2. Use Tax Rebate-Construction. The City shall rebate to the Company 50% of the Construction Use Tax on the construction materials for the Project, required under section 3.20.300 of the City Code, excluding all revenues from the Open Space Tax, Historic Preservation Tax, and Recreation Center Tax for the Project, for the period from execution of this Agreement and ending March 1, 2026.

3. Sign Permit Fee Rebates. The City shall rebate to the Company 50% of the sign related permit fees for the Project, required under the City of Louisville Sign Code, adopted by Ordinance 1779, Series 2019, and codified as Appendix B to Chapter 17 of the City Code, and as may be amended from time to time, for the period from execution of this Agreement and ending March 1, 2026. For purposes of this Section, “sign related permit fees” include sign permit fees, in-house sign plan review, and the use tax assessed on the valuation of signs installed as part of the Project.

4. Enhanced Sales Tax Rebates. The City shall rebate to the Company 75% of the Sales Tax revenues derived from the imposition of the City’s 3.0% General Sales Tax (excluding all revenues derived from the City’s .375% Open Space Tax, the .125% Historic Preservation Tax, the .15% Recreation Center Tax, and any new sales taxes) that is actually collected by the City and attributable solely to new retail sales generated by operation of the Project and occurring at the Project location, for a twelve (12) year period commencing on the first day of the month following the day the Company begins retail sales to the public from the Project location (“the Commencement Date”). The twelve (12)-year rebate period shall commence upon and run continuously from the Commencement Date.

5. Vacancy Bonus Incentive. The City shall provide to the Company a vacancy bonus incentive consisting of a one-time payment of one hundred thousand and 00/100 dollars ($100,000.00), to be paid by the City to Company within one hundred twenty (120) days following issuance of the certificate of occupancy or final inspection for the applicable portion of the Project work as reasonably determined by the City subject to Sections 7, 8, and 9 below.

6. Payment of Rebates; Cap; Inspection.
    a. The maximum amount of the rebates payable pursuant to Sections 1, 2 and 3 above shall in no event exceed the lesser of (i) the calculation of 50% of the fees or taxes described in Sections 1, 2 and 3 paid to the City, or (ii) one hundred eighty thousand and 00/100 dollars ($180,000.00).

b. The maximum amount of the rebates payable pursuant to Section 4 above shall in no event exceed the calculation of 75% of the taxes described in Section 4 above; provided, further that the total maximum amount of rebates payable pursuant to Section 4 shall in no event exceed fifteen million and 00/100 dollars ($15,000,000.00). Sales Tax rebates pursuant to Section 4 shall terminate when (a) the Company has received from the City the last rebate payment under this Agreement for the twelve (12)-year rebate period, or (b) the Company has received fifteen million and 00/100 dollars ($15,000,000.00) in rebate payments, whichever occurs first, whichever first occurs.

c. The building permit fee, sign permit fee and construction use tax rebates in Sections 1, 2 and 3 pertaining to each phase of the Project shall be paid by the City to Company within one hundred twenty (120) days following issuance of the certificate of occupancy or final inspection for the applicable portion of the Project work, as reasonably determined by the City, subject to Sections 7, 8 and 9 below. The Sales Tax rebate provided for in Section 4 above shall be paid by the City to Company in annual installments, on or before March 31 of the following year, subject to Sections 7, 8, and 9 below. All rebate payments will be remitted by the City to the Company at the address set forth in Section 10. At the end of each month, on or before the 20th of the following month, the Company shall submit the appropriate Sales/Use Tax return form and remit to the City its total monthly Sales/Use Tax payment due for the previous month.

7. <u>No Interest; Inspection and Disclosure of Records</u>. No interest shall be paid on any amounts subject to rebate under this Agreement. Each party and its agents shall have the right to inspect and audit the applicable records of the other party, on reasonable notice during normal business hours, to verify the amount of any payment under this Agreement, and each party shall cooperate and take such actions as may be necessary to allow such inspections and audits. The Company acknowledges that implementation of this Agreement requires calculations based on the amount of taxes collected and paid by the Company with respect to the term of this Agreement and issuance of rebate payment checks in amounts determined pursuant to this Agreement, and that the amounts of the rebate payment checks will be public information. The Company, for itself, its successors, assigns, and affiliated entities, hereby releases and agrees to hold harmless the City and its officers and employees from any and all liability, claims, demands, and expenses in any manner connected with any dissemination of information necessary for or generated in connection with the implementation of rebate provisions of this Agreement.

8. <u>Use of Funds; Future Fees</u>. Funds rebated to the Company pursuant to this Agreement shall be used by the Company solely for obligations and/or

improvements permitted under Louisville Municipal Code section 3.24.060 (as enacted by Ordinance No. 1507, Series 2007), which includes, but is not limited to, creation of new tax revenue and new jobs in the City. The Building Permit Fee, Sign Permit Fee and Construction Use Tax rebates provided for under this Agreement are solely for construction activities and purchases for this Project during the periods stated in Sections 1-3, above. Any previous or subsequent purchases and construction activities shall be subject to payment without rebate of all applicable building permit fees, sign permit fees and construction use taxes.

9. Effect of Change in Tax Rate. Any increase or decrease in the City General Sales, Construction Use, or Use Tax-Tangible Goods rate above or below the applicable tax rate on the date of execution of this Agreement shall not affect the rebate payments to be made pursuant to this Agreement; rather, the amount of the rebate payments will continue to be based upon the General Sales, Construction Use, or Consumer Use Tax rates applicable on the date of execution of this Agreement (excluding the City's 0.375% Open Space Tax, 0.125% Historic Preservation Tax, and 0.150% Recreation Center Tax). Any decrease in the City General Sales, Construction Use, or Use Tax- Tangible Goods rates shall cause the amount of the rebate payments made pursuant to this Agreement to be based on the applicable percentage of revenues actually received by the City from application of the tax rate affected (excluding said Open Space, Historic Preservation, Recreation Center, or future special Sales or Use taxes).

10. Entire Agreement; Notices. This instrument shall constitute the entire agreement between the City and the Company and supersedes any prior agreements between the parties and their agents or representatives, all of which are merged into and revoked by this Agreement with respect to its subject matter. Contact information is as follows:

    If to Company:
    Dillon Companies, LLC
    c/o The Kroger Co.
    Attn: Director, Economic Development
    1014 Vine Street
    Cincinnati, OH 45202

    If to City:
    Louisville City Hall
    Attn: Economic Vitality
    749 Main Street
    Louisville, CO 80027

11. Termination. This Agreement shall terminate and become void and of no force or effect upon the City if, by March 1, 2026, the Company has not completed the Project as described in the Company's application for

business assistance (as evidenced by a successful final inspection for the Project); or should the Project fail to comply with any City code.

12. Business Termination. In the event the Company, and/or its successors and assigns, ceases business operations in the City within ten (10) years after the Certificate of Occupancy has been received for the Project, then in such event the Company shall pay to the City a portion of the total amount of Building Permit Fees, Sign Permit Fees, Construction Use Taxes, and Sales Taxes which were due and payable by the Company to the City but were rebated by the City. For each full year that the Company, and/or its successors and assigns, cease operations at the Project Location, the City shall receive back ten percent (10%) of the foregoing amounts.

13. Subordination. Notwithstanding anything in this Agreement to the contrary, the City's obligations pursuant to this Agreement are subordinate to the City's obligations for the repayment of any current or future bonded indebtedness and are contingent upon the existence of a surplus in sales and use tax revenues in excess of the sales and use tax revenues necessary to meet such existing or future bond indebtedness. The City shall meet its obligations under this Agreement only after the City has satisfied all other obligations with respect to the use of sales tax revenues for bond repayment purposes. For the purposes of this Agreement, the terms "bonded indebtedness," "bonds," and similar terms describing the possible forms of indebtedness include all forms of indebtedness that may be incurred by the City, including, but not limited to, general obligation bonds, revenue bonds, revenue anticipation notes, tax increment notes, tax increment bonds, and all other forms of contractual indebtedness of whatsoever nature that is in any way secured or collateralized by sales and use tax revenues of the City.

14. Annual Appropriation. Nothing in this Agreement shall be deemed or construed as creating a multiple fiscal year obligation on the part of the City within the meaning of Colorado Constitution Article X, Section 20 or any other constitutional or statutory provision, and the City's obligations hereunder are expressly conditional upon annual appropriation by the City Council, in its sole discretion. Company understands and agrees that any decision of City Council to not appropriate funds for payment shall be without penalty or liability to the City and, further, shall not affect, impair, or invalidate any of the remaining terms or provisions of this Agreement.

15. Governing Law: Venue; Dispute Resolution. This Agreement shall be governed and construed in accordance with the laws of the State of Colorado. This Agreement shall be subject to, and construed in strict accordance with, the Louisville City Charter and the Louisville Municipal Code. Any action arising out of, in connection with, or relating to this Agreement shall be filed in the District Court of Boulder County of the State of Colorado and in no other court or jurisdiction. In the event of a dispute concerning any provision of this Agreement, the parties agree that prior to

commencing any litigation, they shall first engage in good faith the services of a mutually acceptable, qualified, and experienced mediator, or panel of mediators for the purpose of resolving such dispute; except that, either party may seek injunctive or other equitable relief in the District Court of Boulder County without first submitting the dispute to mediation. The costs of any mediation shall be split equally between the parties. The prevailing party in any proceeding in District Court (or appeals thereof) shall be entitled to reimbursement of its reasonable attorney's fees related to such proceeding.

16. Legal Challenge; Escrow. The City shall have no obligation to make any rebate payment hereunder during the pendency of any legal challenge to this Agreement actually filed in a court of competent jurisdiction. The parties covenant that neither will initiate any legal challenge to the validity or enforceability of this Agreement, and the parties will cooperate in defending the validity or enforceability of this Agreement against any challenge by any third party. Any funds appropriated for payment under this Agreement shall be escrowed in a separate City account in the event there is a legal challenge to this Agreement actually filed in a court of competent jurisdiction, and all escrowed sums shall be released to Company within thirty (30) days of any filed settlement or judgement order that mandates that such sums (or portion thereof) be released to Company.

17. Personal Agreement; Assignment. This Agreement is personal to the Company and does not attach to or run with the Property. Neither party shall record this Agreement in the property records of the Boulder County Clerk and Recorder. The Company may not assign any of the obligations, benefits or provisions of the Agreement in whole or in any part without the express written authorization of the City Council of the City. Any purported assignment, transfer, pledge, or encumbrance made without such prior written authorization shall be void.

18. No Joint Venture. Nothing in this Agreement is intended or shall be construed to create a joint venture between the City and the Company and the City shall never be liable or responsible for any debt or obligation of Company.

19. No Third-Party Beneficiaries. The terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to City and Company, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the parties that any person other than City or Company receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

This Agreement is enacted this _____ day of ________________, 2024.

DILLON COMPANIES, LLC
d/b/a King Soopers
a Kansas limited liability company

By: ______________________________
Lisa Helton
Vice President, Tax and
Assistant Treasurer

CITY OF LOUISVILLE

By: ______________________________
Christopher M. Leh
Mayor

ATTEST:

____
Genny Kline, Interim City Clerk

Year	Gross Retail Sales Projections	Total Rate (3.775%)	Sales Tax (3%)	Open Space (0.5%)	Historic Preservation (0.125%)	Recreation Center (0.150%)	Sales Tax Rebate	City Share Kept
Year 1	$ 62,661,248.00	$ 2,365,462.11	$ 1,879,837.44	$ 313,306.24	$ 78,326.56	$ 93,991.87	$ 1,409,878.08	$ 955,584.03
Year 2	$ 68,304,496.00	$ 2,578,494.72	$ 2,049,134.88	$ 341,522.48	$ 85,380.62	$ 102,456.74	$ 1,536,851.16	$ 1,041,643.56
Year 3	$ 72,936,188.00	$ 2,753,341.10	$ 2,188,085.64	$ 364,680.94	$ 91,170.24	$ 109,404.28	$ 1,641,064.23	$ 1,112,276.87
Year 4	$ 77,354,940.00	$ 2,920,148.99	$ 2,320,648.20	$ 386,774.70	$ 96,693.68	$ 116,032.41	$ 1,740,486.15	$ 1,179,662.84
Year 5	$ 80,496,000.00	$ 3,038,724.00	$ 2,414,880.00	$ 402,480.00	$ 100,620.00	$ 120,744.00	$ 1,811,160.00	$ 1,227,564.00
Year 6	$ 82,910,880.00	$ 3,129,885.72	$ 2,487,326.40	$ 414,554.40	$ 103,638.60	$ 124,366.32	$ 1,865,494.80	$ 1,264,390.92
Year 7	$ 85,398,206.00	$ 3,223,782.28	$ 2,561,946.18	$ 426,991.03	$ 106,747.76	$ 128,097.31	$ 1,921,459.64	$ 1,302,322.64
Year 8	$ 87,960,153.00	$ 3,320,495.78	$ 2,638,804.59	$ 439,800.77	$ 109,950.19	$ 131,940.23	$ 1,979,103.44	$ 1,341,392.33
Year 9	$ 90,598,957.00	$ 3,420,110.63	$ 2,717,968.71	$ 452,994.79	$ 113,248.70	$ 135,898.44	$ 1,094,496.10	$ 2,325,614.52
Year 10	$ 93,316,926.00	$ 3,522,713.96	$ 2,799,507.78	$ 466,584.63	$ 116,646.16	$ 139,975.39	$ -	$ 3,522,713.96
Year 11	$ 96,116,434.00	$ 3,628,395.38	$ 2,883,493.02	$ 480,582.17	$ 120,145.54	$ 144,174.65	$ -	$ 3,628,395.38
Year 12	$ 98,999,927.00	$ 3,737,247.24	$ 2,969,997.81	$ 494,999.64	$ 123,749.91	$ 148,499.89	$ -	$ 3,737,247.24
Total	**$ 997,054,355.00**	**$ 37,638,801.90**	**$ 29,911,630.65**	**$ 4,985,271.78**	**$ 1,246,317.94**	**$ 1,495,581.53**	**$ 15,000,000.00**	**$ 22,638,801.90**
							$ -	
	$15 Million Cap						**$ 15,000,000.00**	**$ 22,638,801.90**

Anticipated Cost Sharing		
	Applicant Rebate	City Retained
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Sales Tax Rebate	$ 15,000,000.00	$ 22,638,801.90
TOTAL	**$ 15,275,117.50**	**$ 22,876,306.90**

City of Louisville

Business Assistance Package (BAP) for New King Soopers Marketplace

August 6, 2024

City of Louisville

King Soopers Marketplace

- King Soopers is one of over 20 flags of the brand Kroger and King Soopers operates nearly 120 stores across the state of Colorado.
- King Soopers Marketplace is an expanded store that will offer full service grocery, pharmacy and expanded general merchandise to include outdoor living products, electronics, home goods and toys.

1171 Dillon Road

- 118,00 SF reuse of currently vacant box
- Addition of fueling center
- $15.7 Million build out with additional $10 Million in equipment and fixtures
- 75 full time employees and 175 part time employees

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Proposed Incentive

- Total Package: $15,280,000
  - $15 million sales tax rebate cap through a 75% sales tax rebate
  - $280,000 cap for building permits and other fees at 50% rebate
- 12-year time frame
- All rebate-based components with caps for each component
- Agreement terms/ends once maximum incentive is received or end of 12 years, whichever occurs first

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Year	Gross Retail Sales Projections	Sales Tax (3%)	Open Space (0.5%)	Historic Preservation (0.125%)	Recreation Center (0.150%)	Sales Tax Rebate	City Share Kept
1	$62,661,248.00	$1,879,837.44	$313,306.24	$78,326.56	$93,991.87	$1,409,878.08	$955,584.03
2	$68,304,496.00	$2,049,134.88	$341,522.48	$85,380.62	$102,456.74	$1,536,851.16	$1,041,643.56
3	$72,936,188.00	$2,188,085.64	$364,680.94	$91,170.24	$109,404.28	$1,641,064.23	$1,112,276.87
4	$77,354,940.00	$2,320,648.20	$386,774.70	$96,693.68	$116,032.41	$1,740,486.15	$1,179,662.84
5	$80,496,000.00	$2,414,880.00	$402,480.00	$100,620.00	$120,744.00	$1,811,160.00	$1,227,564.00
6	$82,910,880.00	$2,487,326.40	$414,554.40	$103,638.60	$124,366.32	$1,865,494.80	$1,264,390.92
7	$85,398,206.00	$2,561,946.18	$426,991.03	$106,747.76	$128,097.31	$1,921,459.64	$1,302,322.64
8	$87,960,153.00	$2,638,804.59	$439,800.77	$109,950.19	$131,940.23	$1,979,103.44	$1,341,392.33
9	$90,598,957.00	$2,717,968.71	$452,994.79	$113,248.70	$135,898.44	$1,094,496.10	$2,325,614.52
10	$93,316,926.00	$2,799,507.78	$466,584.63	$116,646.16	$139,975.39	$	$3,522,713.96
11	$96,116,434.00	$2,883,493.02	$480,582.17	$120,145.54	$144,174.65	$	$3,628,395.38
12	$98,999,927.00	$2,969,997.81	$494,999.64	$123,749.91	$148,499.89	$	$3,737,247.24
Total ($)	**$997,054,355.00**	**$29,911,630.65**	**$4,985,271.78**	**$1,246,317.94**	**$1,495,581.53**	**$15,000,000**	**$22,638,801.90**

Anticipated Cost Sharing

	Applicant Rebate	City Retained
Building Permit and Fees	$ 53,460.00	$ 53,460.00
Construction Use Tax	$ 117,750.00	$ 178,587.50
Sign Permit	$ 3,907.50	$ 5,457.50
Vacancy Bonus	$ 100,000.00	
Sales Tax Rebate	$ 15,000,000.00	$ 2,638,801.90
TOTAL	**$ 15,275,117.50**	**$ 22,876,306.90**

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Additional Information

- Would be a second store for King Soopers, there is no plan to close the South Boulder Road location.
- The City would also receive $15 cents from each bag sold at this new location.
- Anticipated payroll of over $6.75 million annually.
- Planned opening in Q2-Q3 2026.
- As all components are rebate based, the funds will be paid back to the company based on actual costs/sales and will be paid from new money generated by the project.

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Questions?

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