

**PLANNING AND ECONOMIC DEVELOPMENT (PED)  
POLICY COMMITTEE MEETING  
July 10, 2019**

**Members Present:** Councilmember Francoise Bergan, Chair, Councilmember Johnny Watson, Vice Chair, Councilmember Marsha Berzins

**Councilmembers:** Councilmember Dave Gruber, Councilmember Charlie Richardson

**Others Present:** George Adams, Andrea Amonick, Andrea Barnes, Chad Argentar, Jason Batchelor, Bob Bengen, Juliana Berry, Scott Berg, Melvin Bush, Frank Butz, Susan Chapel, Liz Fuselier, Tim Gonerka, Yuriy Gorlov, Karen Hancock, Malcolm Hankins, Tim Joyce, Dan Money, Leigh Hettick, Chance Horiuchi, Kevin Hougen, Gayle Jetchick, Tim Joyce, Heather Lamboy, Dan Money, Mindy Parnes, Julie Patterson, Laura Rickhoff, Jose Rodriguez, Stephen Rodriguez, Melissa Rogers, Sarah Wieder, Jonathan Woodward, Mark Witkiewicz, Anita Bauer

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**APPROVAL OF MINUTES**

May 8th, 2019 minutes were approved.

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**DATA CENTERS – ECONOMIC IMPACT & ATTRACTION STRATEGY**

*Summary of Issue and Discussion:*

Yuriy Gorlov, Aurora Economic Development Council, explained that at City Council's instruction, AEDC staff has been working with site selectors and the private sector to develop such facilities. The State does not provide incentives for data centers which can cause Aurora's offers to be disregarded early in the process. Data centers are very impactful to communities and bring a lot of capital investment to the City in sales tax. No Statewide tax incentive breaks for sales tax on equipment exists here. Other States have passed specific legislation giving exemptions to data centers. AEDC has been out in the user community talking with investors who have responded that because there is no set policy for incentives, they are not considering Aurora for their data centers. Data centers present a unique opportunity to satisfy the City's economic development priorities to create jobs and increase the tax base.

Mr. Gorlov gave Councilmembers a handout and referred to it as having 3 tiers. A \$100 million data center project with a 25% rebate for sales and use tax; a \$200 million data center jumps to 50% rebate back to the company in sales tax revenue; and a \$300 million-dollar project or more is 75% sales tax rebate back to the company. Discussions with the private sector revealed that attraction efforts could be more successful with these businesses if the City had a written incentive policy that the site selectors could refer to in their searches. This is meant to be a guideline and each individual project would be brought to City Council for consideration. The State is not currently considering passing any legislation to offer incentives. These data centers generate property taxes to the City both real and personal. This equates to about a third of all taxes would go back to the company.

Chair Bergan asked how a set number can be negotiated and to consider Aurora as an option. Each individual project would be brought to Council.

Councilmember Watson asked if AEDC was going after the large data centers. This is the idea, it makes Aurora more competitive. AEDC has been working for a couple years along with Xcel to bring in these large data centers. When they see the 75% rebate offer, they would be more likely to consider Aurora as an option. AEDC will market those numbers, if Council approves the policy recommendation.

Councilmember Gruber asked if the computer equipment within the data center would be taxed in Aurora. Andrea Amonick, Development Manager, explained a personal property tax is a bigger number (declines with asset depreciation) both for schools and the City of Aurora. Personal property tax is taxed on annual basis.

Councilmember Berzins brought up strip malls and wondered if they would work for smaller data centers. Mr. Gorlov explained 25,000-50,000 square foot perimeter is considered small. Mindy Parnes, Planning Manager, said a big perimeter border is needed for security.

Chair Bergan mentioned Adams County is seeking something similar, and City of Aurora would not be affected if the County rebates. Other State's metrics data centers/matrix 1 to 10% basis points Fiber dependent data centers collocate.

Tim Gonerka, Retail Manager, added that several small retail developments are being planned to support projects near these large data and industrial projects in the NE. Aurora attracted a few data centers some years ago and they are doing well, and Aurora has a good environment for it in terms of power capacity, natural disasters, and arid climate. Those attributes have what data center users prefer, what they don't like is we don't have tax breaks. They look at this as a first item on their checklist, if the State doesn't have it on their checklist broadly, they tend to overlook the prospect. The 2.9% State Sales Tax on all equipment is a factor. Other States that have exemptions are more attractive. Other states have passed legislation to attract these hyper scale data centers for big companies like Google and Oracle. They are also co-location data centers for industries that we have here already. Because there is no set policy for incentives, Aurora is being overlooked. AEDC is recommending the implementation of a specific incentive policy.

Outcome:

The Committee agreed to forward the proposed Data Center Incentive Policy to City Council for consideration.

Follow-up Action:

Staff to prepare the proposed Data Center Incentive Policy recommendation for City Council.

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## **ICSC RETAIL CONVENTION UPDATE**

Summary of Issue and Discussion:

Mr. Gonerka explained Aurora annually sends a team comprised of staff and elected officials to the International Council of Shopping Centers (ICSC) Retail/Real Estate Conference (RECON), the largest retail and development conference in the world, and it is attended by retailers, brokers, developers, investors, and municipalities. The conference offers the City an opportunity to meet face-to-face with potential development and retail stakeholders with the goal of attracting development and investment to Aurora, as well as creating and maintaining relationships which drives retail in the City now and in the future.

The process for the ICSC show starts in October, when decisions about what works for the booth and doesn't are made. There are 3 meeting areas and a conference room and a counter/desk area. Many people who walk-up meet at the counter. We took 9 team members from various departments, with 5 rookies this year and everyone worked very hard. Those who attended were Mayor Bob LeGare; City Manager Jim Twombly; Councilmember Dave Gruber; Retail Development Manager, Tim Gonerka; Project Manager (Urban Renewal), Melissa Rogers; ODA, Jacob Cox; GIS/I.T., Bill Keever; Logistics Coordinator, Stephenie Baca; Project Coordinator (Retail), Frank Butz.

The conference center takes up about 2 & 2/3 of the entire convention center. The average visitor covers about 9 miles a day. To get to our booth is a half a mile walk. There were 20,000 – 24,000 people this year who attended. RECON officially reported 30,000 attendees, but Mall developers and retailers were among the

missing. People were in meetings, not roaming the halls. Participants reported that deals were happening. Not as much traffic, but better results. Deal making, and activities began earlier in the weekend than in past years and may signal a change in how and when things may happen in the future.

The conference was 3 ½ days, there were 2 City dinners, and a Colorado party. Approximately 200 meetings including scheduled, walk-up, and impromptu meetings at events outside the booth. Meetings were 41% Developers, 28% Commercial Brokers, 20% Retailers 11% Others (municipalities, architecture/engineering, development-related services). Scheduled appointments were up with meetings for two solid days. Walk-ups were down, but that would reflect the reduced traffic at the show overall. Meetings were held with 15 of the top brokerage houses. Hicks Lambert's meeting resulted in some long-term goals being met, new ones being set, and offer for the City to host a broker breakfast.

It was heard several times, "For the first time, the City of Aurora has become a player in the market." The City has real momentum within the real estate market, which could literally help get through any recession in the market. Past ICSC efforts have led to results this year (for example, 4 targeted tenant commitments for Aurora locations). There were less presentations this year and more "to-the-point" directed questions and conversation. Of the walk-up meetings, most were with developers from other States.

Meetings with property owners both big and small took place. Each Council Ward had at least one property owner contact met with during the show. Conversations ranged from development to renovation. The goal was to move each property toward a better retail presence. Hot Topics were:

1. City Center and Transit Oriented Development (TOD) Sites, Parkside, Aurora Town Center, City Place (new owner, Lincoln Properties), new owner under contract for the Woodbury site;
2. Introduction of the redevelopment plan for Montview Plaza (a lot of interest in this type of site); Westerly Creek Square;
3. Stanley Marketplace sale;
4. Northeast development, Horizon Uptown, 64th Street, and the restaurant program had a lot of interest.

This year's convention has led to the adoption and implementation of new technology that will help with the City's efforts to attract the right type of tenants in areas that have traditionally suffered from skewed demographics. Cell phone data is used, showing where people shop, where they don't shop, and much more.

Aurora, Illinois City Manager and staff came to the booth and were photographed with staff.

Councilmember Gruber complimented the work that I.T. has done on the map, secondly, the model just mentioned proved how the restaurant BJ's is doing extremely well. Because of this mapping, we know who is coming and from where based on their zip code. Thirdly, the cost of the effort to attend ICSC is of value in a huge way. It would be impossible to have achieved the results without attending this convention. Mr. Gonerka concluded by emphasizing how previous years have built a momentum for the City of Aurora and the importance of keeping that motion going forward.

"I can see why ICSC is worth the investment, both in time and money. The amount of time it would take to have this many meetings with this many Aurora development stakeholders is a lot, not to mention the cost to facilitate this- if you could do it all." - Jim Twombly

Outcome: For informational purposes only.

Follow-up Action: For informational purposes only.

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**DEVELOPMENT REVIEW FUND (DRF) STAFFING****Summary of Issue and Discussion:**

Jason Batchelor, Assistant City Manager, explained staff is focused on managing the staffing levels in the Development Review Fund to ensure that we are providing high-quality level of service and on-time review performance that has been committed to our customers.

The following outlines a plan to manage these staffing levels along with creating a fiscally sound foundation for the Development Review Fund that supports and sustains these services both at the height of development activity as well during a downturn.

The method used to determine staffing is to use an historical average and the relationship to the optimum workload that allows staff to meet the performance measure goals that have been established. All staff would-be Full-Time Employees (FTE) except when the use of a contingent/contract employee for a specific project is appropriate.

The fund balance proposed to be maintained is \$10 million. This has been determined to be the necessary balance to sustain staffing levels through a downturn in development activity for a period of 3-5 years.

Chair Bergan agreed staff is needed because word from the outside community is the process is taking longer than usual, which has a direct correlation to the staffing issue.

**Outcome:** Staff will send notification to City Council.

**Follow-up Action:** Staff to follow-up with activation of 5 over-hire positions/Development Review Fund.

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**OIL AND GAS STAFFING AND FEES****Summary of Issue and Discussion:**

Chair Bergan recommended this topic be presented to the Oil and Gas Advisory Committee for informational purposes and input. Mr. Batchelor explained now that they have the operator agreements in place for Conoco and Axis, the intent would be to replicate what was done for Marijuana licensing and create an Oil and Gas Division. The initial push through the planning review and permitting process will use existing staff, backfill to those positions for the first four to six months, then transition to ongoing monitoring and regulation. The intent is that a fee will be charged to cover the cost with no increase to the general tax base.

Stephen Rodriguez, current Planning Supervisor, is also currently acting as the Local Government Designee (LGD). The intent is to staff the Oil and Gas Division with an LGD, a planner; two inspectors; and a project coordinator, making a division of five to start. If that needs adjusting, council will be notified at that time.

For permits already in the system, there is an eight-week decision timeline. Otherwise, there is a thirteen-week process. Because there were 10 to 11 in process, we requested only 2 at a time for staggered work, not all at one time. Negotiations for the operator agreement started over a year ago.

Staff is recommending that a separate Oil and Gas Division be established to conduct all the plan review and on-going monitoring of the industry facilities within the City. Initially, staff is proposing that the new division would include the following positions:

- Local Government Designee (LGD) to manage the division and act as the City's liaison with the COGCC and the industry;
- Senior Planner to conduct plan review of well sites and facilities;

- Project Coordinator to track all required documentation and monitoring required for the wells and facilities; and
- Two (2) Inspectors to conduct construction inspections and on-going required inspections and monitoring of the wells and facilities.

Further, staff would recommend that the cost of staffing this new division be funded by implementing additional plan review fees, permit fees and an Operator License fee to be paid by the oil and gas operators annually.

As Council is aware, the Development Review Fund has been in place for many years and has a fee structure enough to cover all the cost of providing plan review and inspection services. Although many of the processes and requirements outlined in the operator agreements would be considered as part of the City's standard site plan, stormwater management, and inspection practices, there are a significant number of additional requirements which are outside of the City's standard process and are specific to oil and gas development. Additionally, all the post initial construction monitoring requirements identified in the agreements after construction are new activities for the City with no existing staff conducting similar functions currently in place. The team identified these additional requirements and allocated the required staff time and costs associated with each.

Based on this analysis staff is recommending the following:

#### O&G Plan Review Fees

- In addition to the standard plan review fees, there would be an added per acre fee charged commiserate with the staff time necessary to review the requirements specific to oil and gas facilities. This additional fee represents an approximate 50% increase in the per acre fee. Total Site Plan review fees would be in the range of \$15K-\$25K for an average size well site.

#### Stormwater Quality Discharge Plan Review and Permit

- Does not involve any additional requirements and therefore fees would be charged at the standard rate.

#### O&G Permit Fee

- This would be a new fee to cover the costs associated with inspections that will be necessary during the construction phase of a new well site or other facility. This fee would also be based on a per acre fee. An average site would be approximately \$1500-\$2000 per permit.

#### Operator License Fee

- The annual fee for this new Operator License would cover the costs associated with the on-going inspections and monitoring of the well sites. These fees would fund most of the costs of operating the Oil and Gas Division. Therefore, with the expected number of wells to be permitted, the annual fee would be \$2640 per well. Therefore, a larger operator would be charged approximately \$200K-\$225K for their Operator License Fee annually. These fees have been calculated on the expected number of wells permitted per year, as more wells are added an adjustment in the fee may be considered.

If the Committee agrees with these recommendations, the next step would be to hire staff and establish the division. In the interim, current staff can be utilized to conduct plan review until the new positions can be hired to either conduct the reviews or backfill existing staff. The two (2) inspector positions are specialized and therefore no existing staff would have the expertise necessary to conduct these inspections. Staff expects the first new well site permits to be issued in approximately 2-3 months and construction to begin soon after. Staff is recommending implementation of the new fees and creation of an Oil and Gas Operator License to be effective January 1, 2020.

Outcome: The Committee agreed with these recommendations, staff will prepare to take to City Council.

Follow-up Action: Staff to hire additional staff and establish the division.

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## **CHARITY DONATION BIN ORDINANCE PROPOSAL**

### Summary of Issue and Discussion:

Councilmember Richardson asked the City Attorney's office to draft an ordinance like Thornton's temporary donation collection bin ordinance.

The proposed ordinance required donation collection bin owners to obtain permission from the property owner before they may place a donation collection bin on their property. The bin owner will be required to obtain an annual permit from the City for their donation collection bin. The ordinance limits the size of the bins and placement of the bins. The donation bin owner and the property owner are required to maintain the donation collection bin and the property around the bins. Failing to maintain the property according to the requirements of the ordinance may result in the City seizing the donation collection bin and having it removed from the property.

Councilmember Berzins inquired as to nonpermitted bins and the penalty. The owner would be given an opportunity to remove it within an amount of time, and if they didn't meet the requirement, then the City would remove it and charge the owner any cost incurred.

Chair Bergan asked how difficult the process of obtaining a temporary permit would be. The process is being narrowed to be specific about this topic; there is an online process, and walk-in process, that does go through all departments. An ordinance is required to give authority to the City to follow the proposed process for this item. An education campaign would also be done prior to implementing the ordinance. Staff recommends including this item in the Unified Development Code (UDO).

Outcome: The Committee supports this ordinance being placed in the pending UDO.

Follow-up Action: Staff to take appropriate action to place the ordinance in the pending UDO.

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## **MISCELLANEOUS MATTERS**

### Aurora Economic Development Council Update (Yuriy Gorlov):

- Good trip to Washington D.C.
- Site Selector's conference Adams County hosting will be sending out invites.
- Co-hosting Summer Showcase with Adams County
- Japanese delegation with one of the companies going to Space Port will be in attendance
- (Andrea Amonick) last year NASA brought large conference focused on bringing aviation and aeronautic businesses and growing in Colorado, hosted at Hyatt Conference Center. Very successful last year. This year, worked with Visit Aurora, AEDC and partners, selected to host (beginning of November) and City of Aurora is a sponsor.
- On target to enter job creation goals
- Fully support ODA

### Havana Business Improvement District Update (Chance Horiuchi):

#### Recap of latest events:

- Cruzin' Havana June 8, 2019 Saturday 12-6pm - over 3k classic cars at 3 festival sites & 5k attendees

- Three FREE Rose Garden Concerts will be 3rd the Tuesday's in June, July & August at the Rose Garden 6-8pm with free food and giveaways
- 1st June Concert had 500 attendees in our rose garden
- 4th FREE Concert will be at the Stampede - 9/10/19 - Dotsero

See future 2019 events here: <https://onhavanastreet.com/2019-schedule-of-events-on-havana-street/>

New businesses:

- Village on the Park - KIMCO- new restaurant concept & Old Navy in progress
- Amcap - Gardens on Havana - new prospective business looking at the pad near Chick Fil A
- Amcap- in King Soopers Shopping Center - Kumon - Opening August 2019

Bicycle Village:

- Milkroll Rolled Ice Cream
- Barber Shop
- Uncle Joe's
- A Hong Kong Bistro
- Living Water Car Wash - COMING IN 2019
- Check out the NEW EXCLUSIVE JEEP REMODEL

CLOSED Businesses: Village Inn 921 Havana St, near US BANK, 5176 sq ft

Aurora Chamber of Commerce Update (Kevin Hougen):

- This Friday open house ribbon cutting
- Ben Carson coming to town
- Senator Gardner touring Aurora Town Center
- Leadership Aurora applications deadline this Friday
- August 8<sup>th</sup> partnering with Lockheed Martin wings of the Rockies for F35
- Arapahoe Big business after hours "Boots not Suits" July 25
- Mayor Debate at Marriott DIA
- Taste of City of Aurora Sept 26

Planning Commission Update (Bob Bengen):

- UDO on agenda at upcoming meeting

Approved:

  
Committee Chair Françoise Bergan

9-11-2019

Date

Next meeting: August 14<sup>th</sup>, 2019