

# Adapting to a Changing Regional Role: An Integrated, Proactive Approach to Economic Health

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# Questions for Council

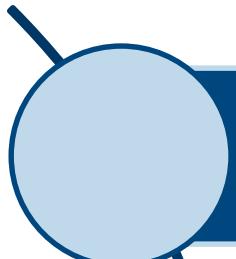
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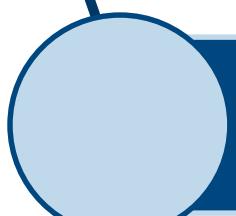
# Introduction



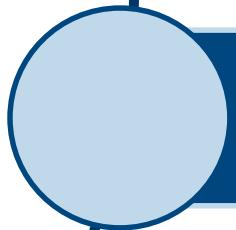
Fort Collins: a healthy, equitable , and resilient community where people and businesses can thrive



## Economic Uncertainty



## Inflation Impacts



## Labor and Consumer Behavior Changes



## Competition for sales tax and quality jobs

# 2026 Sales & Use Tax Forecast

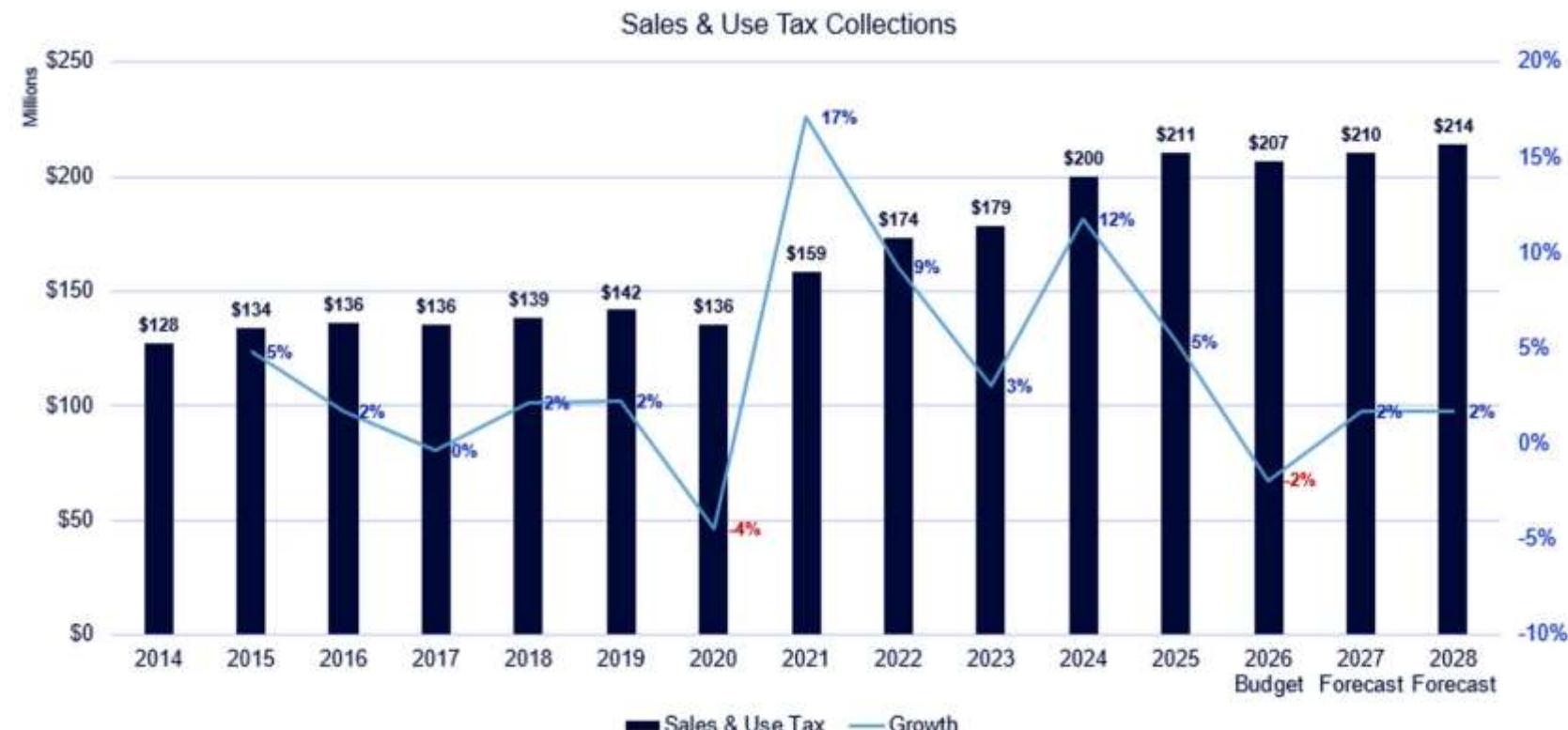


## 2026 Budget & Forecast

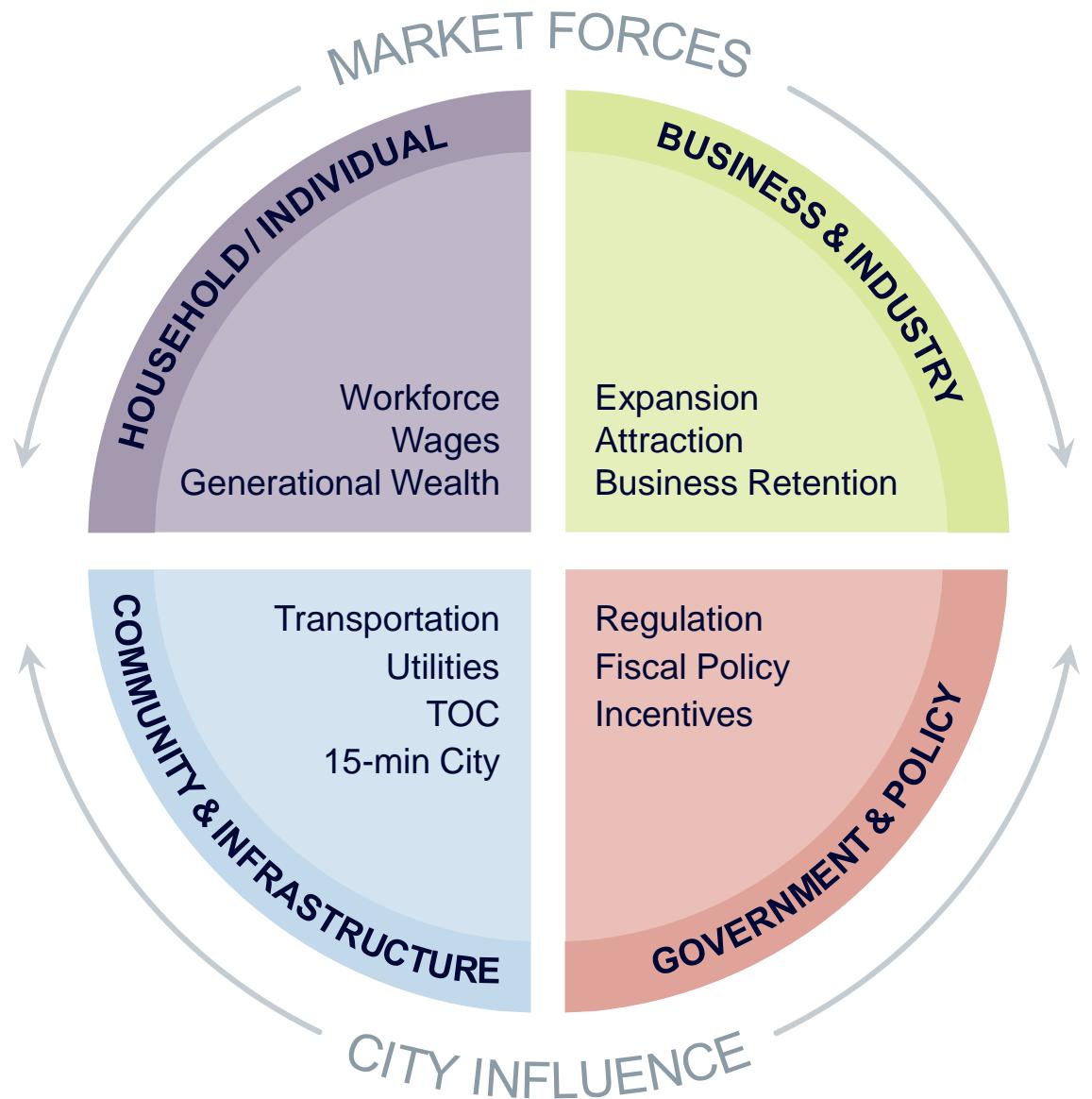
	2026 Budget	2026 Revision	% Δ	\$ Difference
Sales Tax	188,894,296	181,789,166	-4%	(7,105,130)
Use Tax	25,000,000	25,000,000	0%	0
<b>Total</b>	<b>213,894,296</b>	<b>206,789,166</b>	<b>-3%</b>	<b>(7,105,130)</b>

## 2026

2% growth forecast for sales tax (adjusted for one-time revenue) and flat growth for use tax. Anticipated \$7.1M shortfall for 2026 revised budget.



\*In 2025, sales tax collections were under budget and use tax collections were over budget primarily driven by strong one-time revenue performance.



## ECONOMIC HEALTH OFFICE **WORK MODEL OVERVIEW**

Develop policy framework for an updated business assistance packages

### Areas of Focus

- **Primary Employment** – quality jobs & upward mobility opportunities
- **Revitalization of Neighborhood Centers** – 15 min cities
- **Sales Tax** – stabilizing & increasing
- **Organization Policy Alignment** – business friendly – protector to partner

# Overview of Business Assistance Package Policy - Current



	Private Investment	Net New Jobs Promised	Jobs Retained	Actual Net New Jobs Added	Maximum Rebate Agreed Upon	Actual Rebate Paid Out
Forney	\$750,00	6	203	6	\$48,990	\$5,148
Avago I	\$80,200,000	92	See Avago II	See Avago II	\$2,048,000	\$1,436,983
Avago II	\$165,000,000	135	430	639	\$4,511,300	\$2,870,066
Custom Blending	\$6,000,000	16	51	5	\$215,400	\$13,130
Woodward	\$300,000,000	700	700	241*	\$3,905,200	\$2,635,006
Total	\$551,950,000	949	1,384	891	\$10,728,890	\$6,960,333

Performance-Based Assistance: The company pays the taxes, applies for a rebate, EHO validates compliance, payment is made

01

**No One Size Fits All Approach**

02

**Performance-Based Compliance**

03

**Specific Targeted Industries**

04

**Council Approval Required**



# Economic Incentives for Primary Employers: Colorado Communities



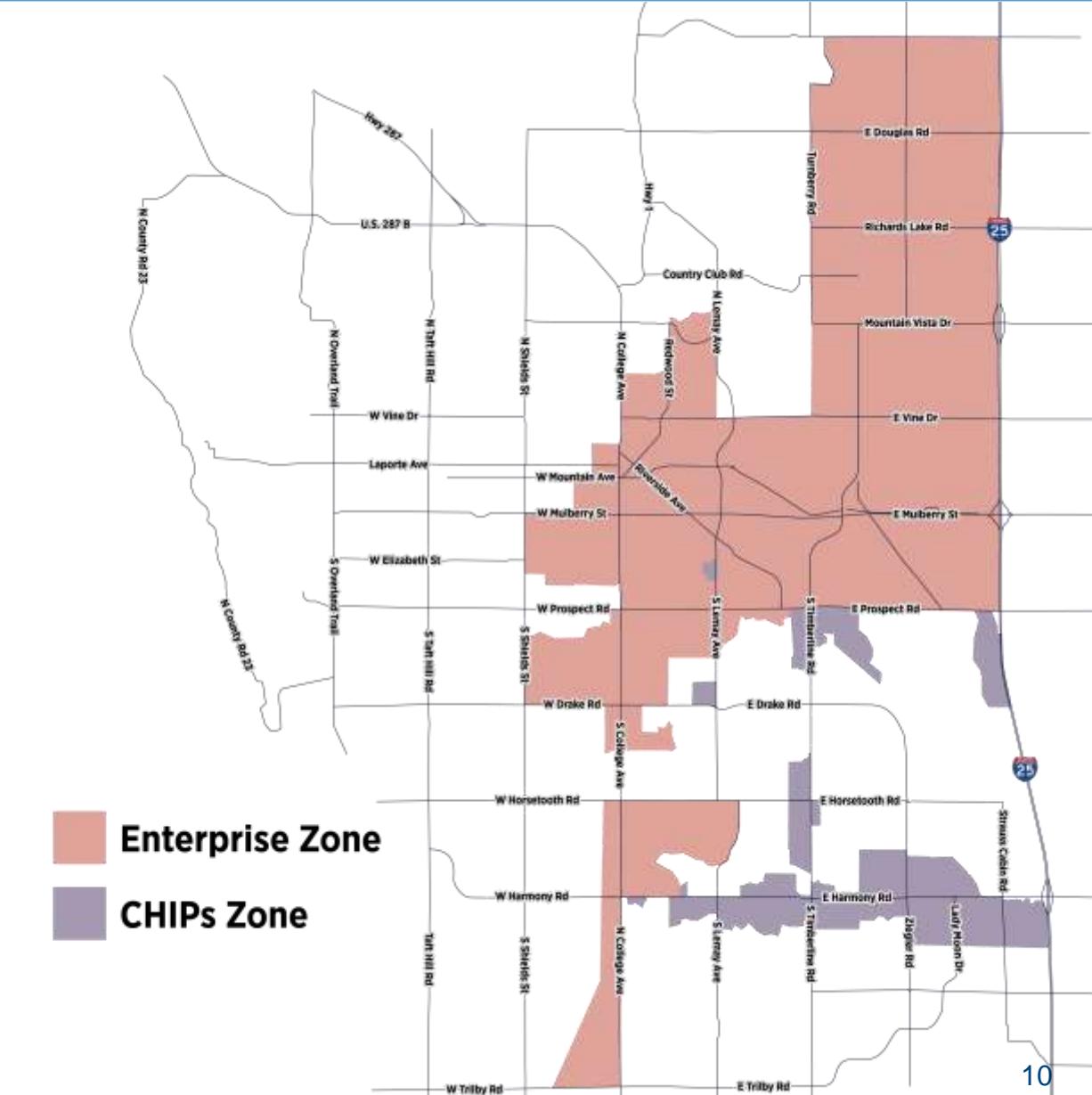
	Fort Collins	Loveland	Greeley	Windsor	Colorado Springs
<b>Manufacturing Use/Sales Tax Rebates</b>	50% Use Tax Rebate on General Fund portion only	Sales Tax Waived, Deferred, or Rebated	Sales/Use Tax Deferral or Reduction		50% Sales and Use Tax Rebated
<b>Construction Materials Use/Sales Tax Waiver/Rebates</b>		Fees Waived	Deferral or Reduction		50% Sales and Use Tax Reduction/Rebate
<b>Business Personal Property Tax Waiver/Rebates</b>	50% of City's mills up to 7 years	50% of City's mills not to exceed 10 years	50% of City's mills (includes real property)	50% of Town's mills up to 10 years	100% of City's mills
<b>Expedited Review</b>	✗	✓	✓	✓	✓
<b>Building Permit and/or Inspection Fee Waiver/Rebates</b>	✗	✓	✓	✓	✗
<b>Capital Expansion Fee Waiver/Rebates</b>	✗	✓	✓	✓	✗
<b>Cash Incentives</b>	✗	✓	✓	✓	✓
<b>Other</b>	✗	Incentives under \$30K can be done administratively (annually up to \$150K)	Economic Development Fund grants, loans (below market) or forgivable debt	Water/sewer tap fee; drainage fee waivers; training grant up to \$10K; access to CDBG funds for infrastructure	✗

# Potential Primary Employer Business Assistance



## Potential Primary Business Retention, Expansion, and Attraction Tools

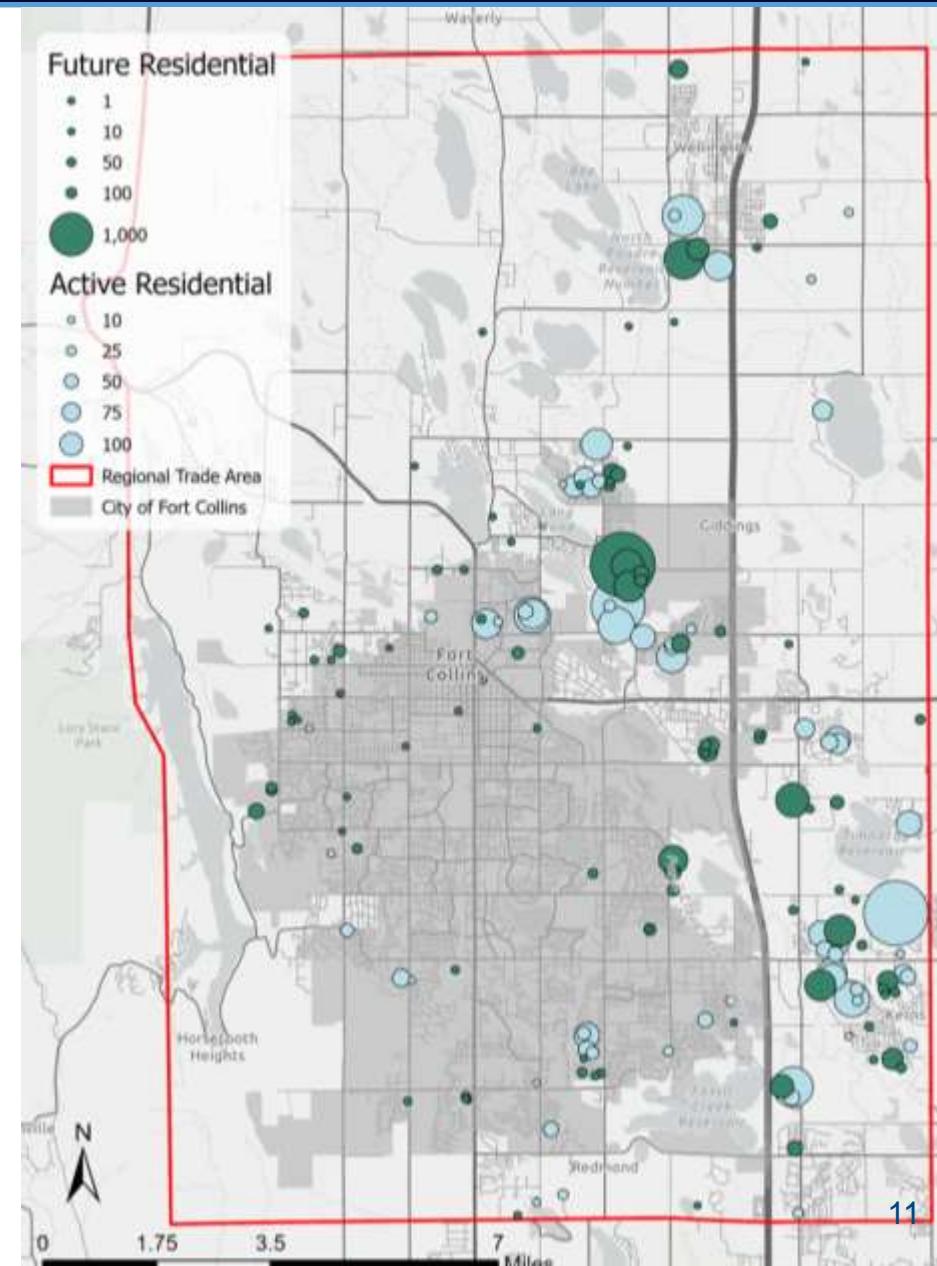
- Expedited Review
- Construction Use Tax Rebates
- Manufacturing Eqpt Use/Sales Tax Rebates
- Building Permit Fee Reductions
- Utility Fee Rebates



# Fort Collins Regional Trade Area & Future Opportunity: Retail



- Fort Collins Regional Trade Area (“RTA”) is much larger than the City limits
- A lot of future growth is well within the RTA
- Now is the time to act



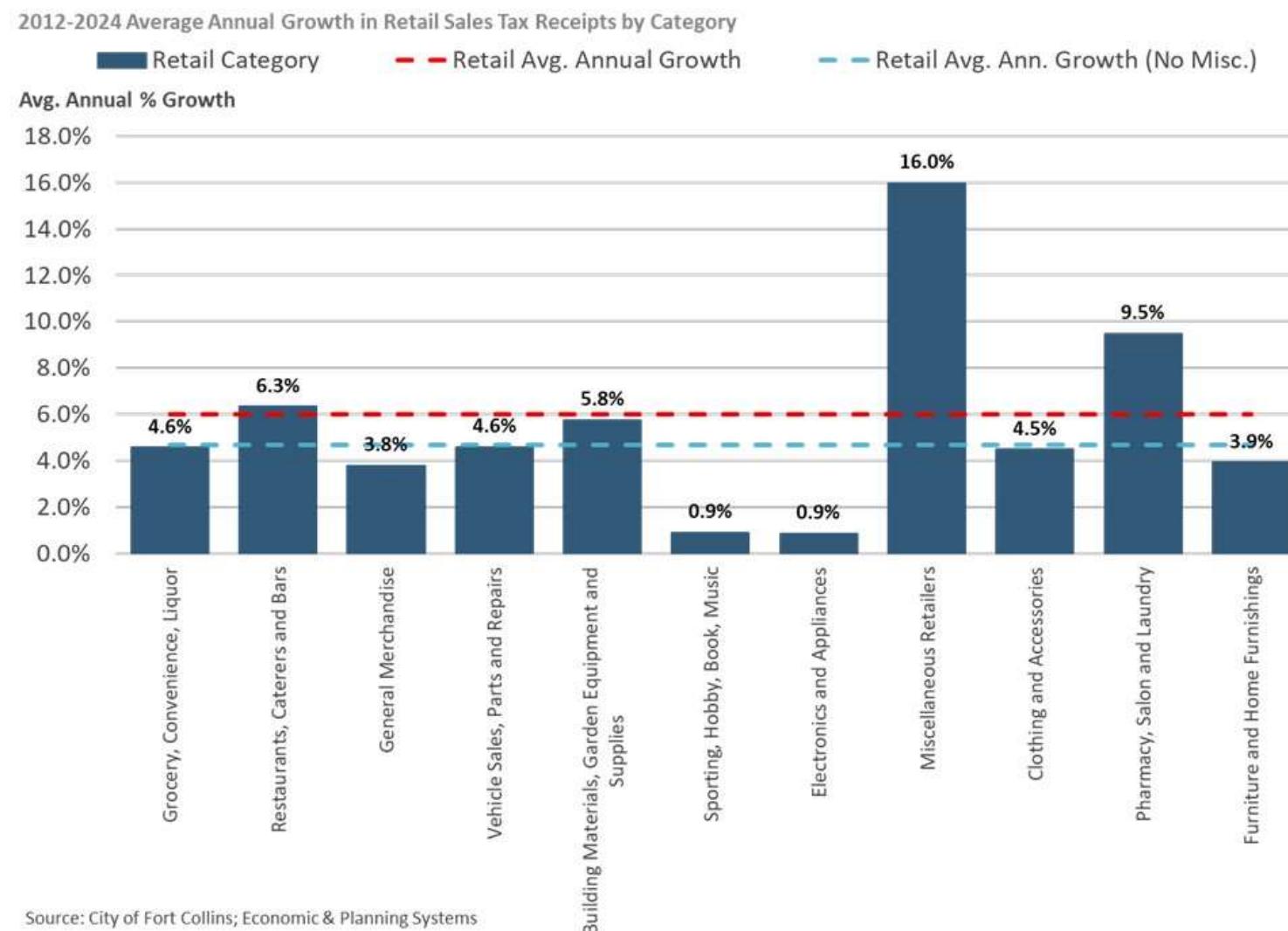
# Fort Collins Retail Strategy: Purpose & Context



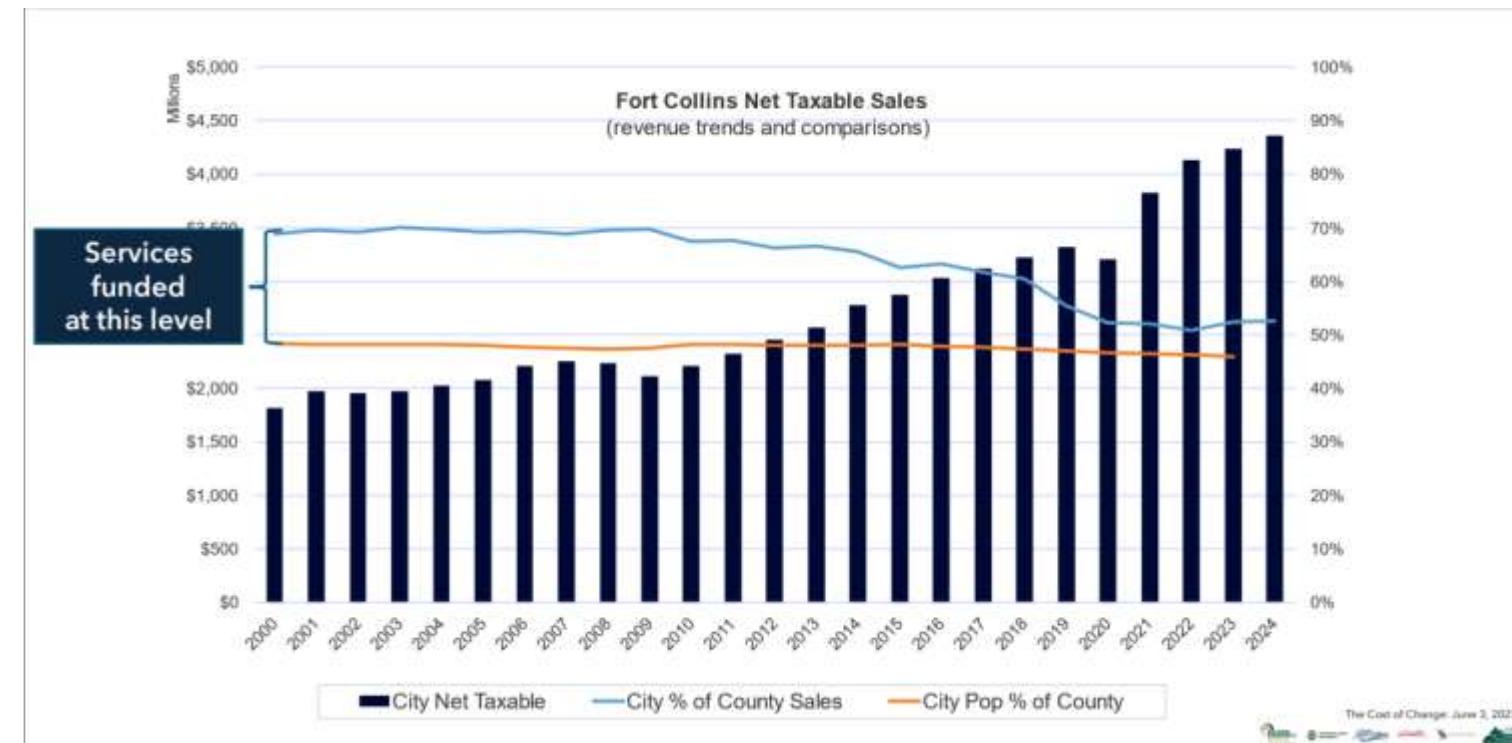
Fort Collins faces two connected challenges

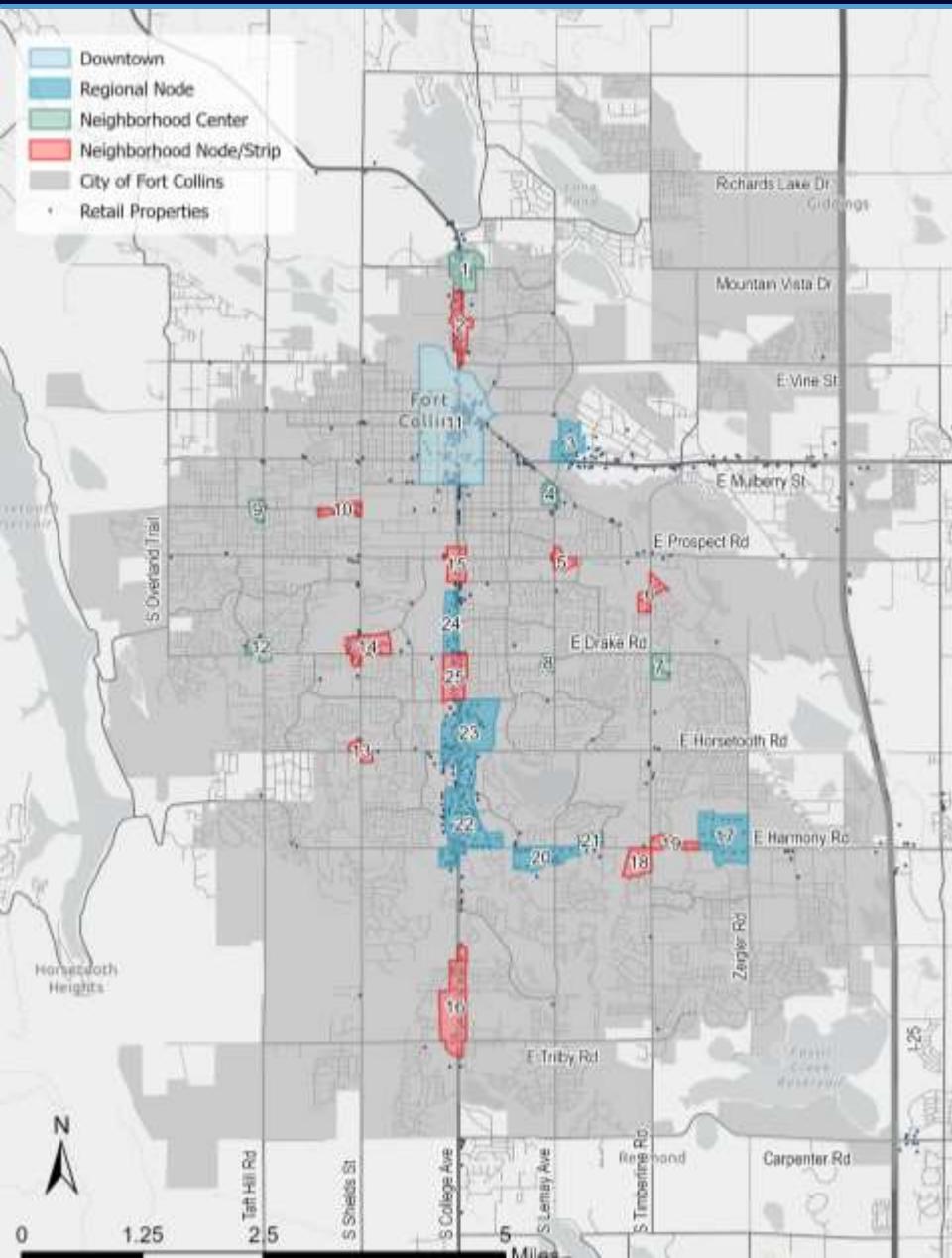
- Softening brick-and-mortar sales tax revenue
- Underperforming and aging neighborhood retail centers

**Bottom Line:** Addressing these issues requires a proactive, city-led approach that reduces barriers, directs investment to priority areas, and aligns retail growth with long-term community goals.



- **Why Action Is Needed**
- **The Regional Reality**
  - Fort Collins has lost ground as a regional retail destination
  - Sales tax growth has been driven largely by online collections
  - Peer cities are rapidly expanding retail and using incentives
  - Sales tax leakage to surrounding communities is increasing
- **Bottom line:** Choosing not to act is itself a competitive decision.





## Retail Typologies & Focus

- **Three Distinct Retail Roles**
  - **Regional Nodes:** Primary sales tax drivers and regional competitiveness
  - **Neighborhood Centers:** Grocery-anchored hubs critical to 15-Minute City goals
  - **Neighborhood Strips:** Local-serving retail with limited regional draw
- \* Each category requires a different level of City participation and incentive support.

# Fort Collins Retail Strategy: Desired Outcomes by Type



- **Regional Nodes**
  - Stabilize and grow long-term/durable sales tax revenue
  - Support major retail attraction and redevelopment
  - Maintain regional competitiveness
- **Neighborhood Centers**
  - Spur reinvestment and modernization
  - Reduce sales tax leakage
  - Strengthen neighborhood identity and access
- **Neighborhood Strips**
  - Support local economic activity
  - Benefit indirectly through broader reinvestment strategies

# Opportunities to Enhance the Regulatory Foundation



District	Intent	Residential Allowance
Neighborhood Commercial	Mixed-use commercial core area anchored by grocery store and a transit stop	<ul style="list-style-type: none"> <li>• <b>Types</b> - Mixed-use, Apartment, Rowhouse, Duplex</li> <li>• <b>Height</b> – Up to 4 stories</li> </ul>
Community Commercial	Mixed-use, higher density areas	<ul style="list-style-type: none"> <li>• <b>Types</b> - Mixed-use, Apartment, Rowhouse, Duplex</li> <li>• <b>Height</b> – Up to 4 stories</li> </ul>
General Commercial	Community and regional retail uses, office and service businesses.	<ul style="list-style-type: none"> <li>• <b>Types</b> - Mixed-use, Apartment, Row House, Duplex</li> <li>• <b>Height</b> – Up to 4 stories</li> </ul>
Service Commercial	High-traffic commercial corridors where a range uses is encouraged	<ul style="list-style-type: none"> <li>• <b>Types</b> - Mixed-use, Apartment, Row House, Duplex</li> <li>• <b>Height</b> – Up to 3 stories</li> </ul>
Limited Commercial	Existing, small commercial areas adjacent to residential neighborhoods	<ul style="list-style-type: none"> <li>• <b>Types</b> - Mixed-use, Apartment, Row House, Duplex</li> <li>• <b>Height</b> – Up to 3 stories</li> </ul>

# Economic Incentives for Retail: Colorado Communities



	Timnath	Erie	Loveland	Northglenn	Berthoud
Policy or Ordinance	Enhanced sales tax incentive	Enhanced sales tax incentive	Retail development incentive	Enhanced sales tax incentive	Commercial and retail development incentive
Purpose	Economic development tool to support small business and redevelopment efforts in designated areas	New or expanding retail business	Fills or expands a retail need to bring net new sales tax, or is a redevelopment/infil l project in a defined priority area	Establishment and/or expansion of retail sales tax– generating businesses	Encourage development and redevelopment of retail and commercial properties in the central business area; fill an identified retail gap; create infill or redevelopment along the Hwy 14 Ave. corridor; or create a live-work mixed-use development

- **Retail Incentive, Two Complementary Tools**

- **Enhanced Sales Tax Incentive Program (ESTIP)**
- Large, high-impact regional projects
- Infrastructure and major redevelopment
- Long-term, performance-based

- **Simple Sales Tax Share Back**
- Neighborhood center reinvestment
- Increment-based, lighter-touch
- Shorter duration

- These tools allow the City to right-size participation based on impact to the community
- There is also potential for indirect support for neighborhood strip businesses built on an Economic Development Fund

## Guardrails & Operating Principles

- **All incentives will...**
  - Demonstrate clear public benefit
  - Be performance-based, capped, and time-limited
  - Use only new, project-generated sales tax revenue
  - Align with adopted City goals
  - Require City Council approval
- **Evaluation may include...**
  - Sales tax impact and leakage reduction
  - Alignment with 15-Minute City objectives
  - Redevelopment and adaptive reuse
  - Infrastructure efficiency and long-term public cost





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