

DENVER URBAN RENEWAL AUTHORITY

POLICY REQUIRING ENHANCED TRAINING OPPORTUNITIES FOR PROJECTS FUNDED WITH TAX INCREMENT FINANCING

May 2008

Policy Statement

The Denver Urban Renewal Authority ("DURA") has determined that improved access to training opportunities within the construction trades would benefit DURA and the citizens of Denver by improving job safety and opportunities for advancement within the construction industry. As such, the funding of enhanced training opportunities (ETO) is required on all projects funded in whole or in part by tax increment financing (TIF) provided by DURA. The cost of the ETO provided must be equal to at least one percent of the gross bond proceeds issued by DURA in connection with the project or one percent of the project's maximum reimbursable expenses as of the effective date of the Redevelopment Agreement.

The cost of the ETO is an eligible tax increment expenditure and may be paid for with bond proceeds or reimbursed to the developer through the project's tax increment.

Goals

The goal of DURA's ETO Policy is to improve access to training within the construction trades, improve job safety, and increase individuals' opportunity for advancement within Denver's construction industry. ETO funds are intended to increase the availability of, access to, or quality of training opportunities in Denver – not to subsidize existing training where funding is already required and/or in place. Funding is intended to primarily benefit construction workers on DURA projects or, more broadly, Denver residents and/or employees of Denver-based construction firms. Where possible, ETO funds should serve to enhance outcomes under DURA's Small Business Enterprise (SBE) and First Source policies.

ETO funds may be deployed on a project specific basis according to a DURA approved ETO plan or as a payment in lieu contribution to an approved training provider or program, such as the City and County of Denver's Office of Workforce Development or the Economic Development Construction Empowerment Initiative, as described below.

All projects funded in whole or in part by tax increment financing (TIF) provided by DURA are required to participate.

Plan Components

Developers choosing to expend ETO funds on their project job site must prepare an ETO Plan. The ETO Plan must include the plan objective(s), specific training opportunities, implementation strategy, and a budget. An ETO Plan may be merged with the project's SBE Plan into a single plan for meeting both requirements. Developers are encouraged

to develop both plans in coordination with their general contractor, as the entity most directly responsible for success in meeting SBE and ETO objectives.

Plan Objectives

ETO Plan objectives will vary by project type, stage in the development process, and goals of the developer. Plan objectives should be clearly stated and, where possible, measurable (% decrease in reported safety incidents, number of training hours sponsored, etc.).

Training Opportunities

Developer sponsored training opportunities should be clearly tied to meeting the plan objectives. Training opportunities not specifically identified in the ETO Plan must be approved by a four-member committee as defined in the implementation strategy below. Training opportunities not initially identified in the ETO Plan may be included after the fact if they are in keeping with the plan objectives. Such amendments to the ETO Plan should be submitted to DURA in writing for approval by staff.

Implementation Strategy

Strategies for implementing the ETO Plan will vary according to plan goals, project type and the stage in the development process during which the plan is drafted. The implementation strategy should make clear who will be responsible for carrying out various aspects of the plan (developer, general contractor, sub contractor, etc.), how specific training opportunities will be identified (if not already identified above), how beneficiaries will be selected (i.e., which DBEs or employees can participate), and include an implementation timeline.

For plans that have identified categories of training opportunities, but have not identified specific training providers, the implementation strategy must include the creation of a four-member approval committee. The committee will be made up of two representatives identified by DURA and two representatives identified by the redeveloper (e.g., developer representative, general contractor representative, etc.) at the time the plan is submitted. One DURA representative will be a staff member and the other will be an independent party with expertise in the areas of construction and workforce training. The role of the committee is to review and approve the appropriateness of a proposed training opportunity.

Finally, the implementation strategy must include a mechanism for reporting outcomes.

Budget

The Plan Budget must total at least one percent of the gross bond proceeds issued by DURA in connection with the project or one percent of the project's maximum reimbursable expenses as of the effective date of the Redevelopment Agreement. The budget must breakout the estimated cost for providing the identified training

opportunities on a per unit basis (per session, per employee, etc.) and in the aggregate. Projects in which the total TIF contribution is at least \$10 million are permitted to include an overhead cost for implementing the ETO Plan, which shall not exceed 5% of the total plan budget.

The Plan Budget is an estimate and, with the exception of overhead expenses, will not represent minimum or maximum itemized expenditures. Any unexpended funds remaining at the completion of the project will be contributed as a payment in lieu to an approved training provider or program, as further described below.

Payment In Lieu

Developer's not choosing to expend ETO funds on their project job site must make a payment in lieu contribution to an approved training provider or program, such as the City and County of Denver's Office of Workforce Development or Economic Development Construction Empowerment Initiative. A Payment In Lieu will be equal to at least one percent of the gross bond proceeds issued by DURA in connection with the project or one percent of the project's maximum reimbursable expenses as of the effective date of the Redevelopment Agreement. A Payment In Lieu will be paid by the developer at commencement of construction or from net bond proceeds at closing.

The option of making a Payment In Lieu is not available to projects in which gross bond proceeds issued by DURA in connection with the project or one percent of the project's maximum reimbursable expenses are equal to or greater than \$20 million. Projects of this size are required to prepare an ETO Plan.

Reimbursement

ETO Plan costs are eligible tax increment expenditures and may be paid for with bond proceeds or reimbursed to the developer through the project's tax increment. Such payment or reimbursement will be based on actual costs incurred, submitted for review and approval by DURA.

In the event a developer fails to evidence expenditure of the full 1% as required by this policy, DURA shall have the right to withhold bond proceeds or reimbursement from TIF in an amount equal to the shortfall. Amounts may be withheld in advance other obligations owed to the developer from TIF and DURA, at its sole discretion, may defer any interest accrual on those obligations until such time as the ETO requirement has been satisfied. Amounts withheld will be contributed to the Denver's Office of Workforce Development or Construction Empowerment Initiative.