

# Project Garnet

## Economic Development Agreement

Colorado Springs City Council  
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# Presentation Overview



- Project Garnet Overview
- Proposed Economic Development Agreement (EDA)
- Economic and Fiscal Impact Analyses
  - Expansion
- Staff Recommendation
- Questions
- Appendix

# Project Garnet Overview



Entegris, Inc. is a global supplier of advanced materials and process solutions for the semiconductor, life sciences, and other high-tech industries.

# Project Garnet Overview



- Publicly Traded on Nasdaq
- Trading Symbol: ENTG
- Market Capitalization: \$17 Billion

# Project Garnet Overview



- **Entegris Manufacturing Center of Excellence**
- Investment plans for expansion and job creation
  - \$631 million capital investment over 5 years
    - \$ 280 million building and improvements
    - \$351 million machinery, equipment, furniture and fixtures
  - Construct approximately 500,000 Sq. Ft. Facility
  - 597 jobs over 5 years
  - Average wage: \$75,754
- **Colorado Springs competed with other communities for this project – Highly competitive**

# Project Garnet Overview



- Potential for significant Phase 2 expansion in 2028
  - \$554 million capital expenditure
  - 500,000 Sq. Ft. expansion
  - 483 new jobs
- (This analysis models phase 1 only)

# Project Garnet Overview



- Proposed Site
  - 301 South Rockrimmon Boulevard
  - Approximately 88 acres
  - Appropriately zoned
  - Site was previous location of Compaq Computer Corporation manufacturing facility
  - The facility was demolished in 2012







# Project Garnet Overview



Incremental Utility usage	
	Project Garnet at full build out (2026)
<b>Electric Peak Demand (MW)</b>	36 MW
<b>Natural Gas (cf/day)</b>	295,000
<b>Peak Water (GPD)</b>	459,000
<b>Wastewater (GPD)</b>	148,000

# Proposed EDA



- Provide certain performance-based incentives to induce the company to make a significant investment and to engage in substantial job creation in Colorado Springs
- Incentives provided through an Economic Development Agreement

# Proposed EDA



- Recommended Economic Development Agreement:
  - Sales & Use Tax Rebate on Annual Purchases of Business Personal Property
    - (75% of the City’s 2% General Fund Rate, or **1.5% Total Rebate, years 1 -5**)
    - (50% of the City’s 2% General Fund Rate, or **1% Total Rebate, years 6 -15**)
  - Sales and Use Tax Rebate on Purchases of Construction Materials (50% of the City’s 2% General Fund Rate, or 1% Total Rebate)
  - Fifteen (15) Year Agreement

# Other Incentives



- Project Garnet is pursuing additional incentives from the State of Colorado, El Paso County and Colorado Springs Utilities.
- Chamber & EDC Deal Closing Fund
- Project Garnet is pursuing an Urban Renewal designation
- Company will break ground on the new facility in 2023 following final approval of local and state incentives.

# Economic & Fiscal Impact Analysis



## **Expansion**

15-Year Economic and Fiscal  
Impact Analyses

# Expansion: Economic Impact



## 15-Year Analysis of New Community Benefits from Expansion

<b>New Community Benefits – Permanent Jobs</b>	<b>15 Year Total</b>
Direct Jobs	631
Indirect/Induced Jobs	583
<b>Total Permanent Jobs</b>	<b>1,214</b>

<b>New Community Benefits – Construction Jobs</b>	
<b>Total Construction Jobs</b>	<b>4,268</b>

<b>New Community Benefits – GMP</b>	<b>15 Year Total</b>	<b>Average Annual</b>
<b>Total Value Added</b> (Gross Metropolitan Product)	<b>\$2.2 Billion</b>	<b>\$148 Million</b>



# Expansion: Fiscal Impact



## 15-Year Analysis of Gross New City Revenue from Expansion

\*No Sunset

New City Revenue from Expansion	15 Year Total	Average Annual
Total New City Revenue (Gross)	\$54,693,919	\$3,646,270

\* Indicates item scheduled to sunset; calculations assume special fund taxes are renewed after sunset.

\* See Appendix slide 23 for breakdown of calculations.

# Expansion: Calculation of Incentives



## Calculation of Incentives for Expansion: City Sales and Use Tax Rebates over a 15-Year EDA Agreement

City Sales and Use Tax Rebate	Total
Business Personal Property (Machinery and Equipment)	\$5,265,000
Construction Materials	\$1,400,000
<b>Total Estimated Sales and Use Tax Rebate</b>	<b>\$6,665,000</b>

# Expansion: Fiscal Impact



## 15-Year Analysis of Net New City Revenue from Expansion

\*No Sunset

New City Revenue from Expansion	15 Year Total	Average Annual
Total New City Revenue (Gross)	\$54,693,919	\$3,646,270
City Incentive	(\$6,665,000)	(\$444,333)
<b>Total New City Revenue (Net)</b>	<b>\$48,028,919</b>	<b>\$3,201,937</b>

# Financial Safeguards



- Incentive structure incurs no financial risk to the City
  - Strictly performance-based
  - Rebates are made to the company only after revenue has been collected

# Other Considerations



- EDA is consistent with the City of Colorado Springs Strategic Plan
  - Promoting Job Creation

# Staff Recommendation



Approval of a resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Garnet.



# Questions?



# Appendix

## Breakdown of calculations for Fiscal Impacts

# Expansion: Fiscal Impact



## 15-Year Analysis of Gross New City Revenue from Expansion

\*No Sunset

New City Revenue from Expansion	15 Year Total	Average Annual
Sales Tax – General Fund	\$15,646,762	\$1,043,117
PSST	\$3,129,352	\$208,623
TOPS*	\$782,338	\$52,156
PPRTA* (70%)	\$5,476,367	\$365,091
2C*	\$4,151,812	\$276,788
Surplus Revenue	\$25,507,288	1,700,486
<b>Total New City Revenue (Gross)</b>	<b>\$54,693,919</b>	<b>\$3,646,270</b>

\* Indicates item scheduled to sunset; calculations assume special fund taxes are renewed after sunset.

\* Breakdown of calculations for slide 15