

Project Barrel

Economic Development Agreement

Colorado Springs City Council
Work Session
May 9, 2022

Bob Cope, Economic Development Officer
Shawna Lippert, Senior Economic
Development Specialist



Presentation Overview



- Project Barrel Overview
- Proposed Economic Development Agreement (EDA)
- Economic and Fiscal Impact Analyses
 - Expansion
 - Retention
 - Combined (Expansion & Retention)
- Staff Recommendation
- Questions

Project Barrel Overview



A rapidly growing technology company with multiple offices develops technology, platforms, and systems for national defense and security customers.

Project Barrel specializes in technology for systems such as unmanned systems, satellite communications, and cybersecurity, to name a few.

Project Barrel Overview



- Approximately 600 employees in Colorado Springs
- Over 95% of customers are outside of El Paso County
- Plans to remodel 33,500 square feet (four levels) at Colorado Springs location
- Plans to add 4,000 square feet addition

Project Barrel Overview



- Investment plans for expansion and job creation
 - \$8.2 million capital investment over 3 years
 - \$7.2 million building and improvements
 - \$1 million furniture and fixtures
 - 225 jobs over 3 years
 - Average wage: \$112,000

Proposed EDA



- Provide certain performance-based incentives in an effort to enable greater company investment and job growth
- Incentives provided through an Economic Development Agreement

Proposed EDA



- Recommended Economic Development Agreement:
 - Sales & Use Tax Rebate on Annual Purchases of Business Personal Property (50% of the City's 2% General Fund Rate, or 1% Total Rebate)
 - Sales and Use Tax Rebate on Purchases of Construction Materials (50% of the City's 2% General Fund Rate, or 1% Total Rebate)
 - Four Year Agreement: 225 new jobs over lifetime of agreement

Expansion

4-Year Economic and Fiscal Impact Analyses

Expansion: Economic Impact



4-Year Analysis of New Community Benefits from Expansion

New Community Benefits – Permanent Jobs	4 Year Total
Direct Jobs	225
Indirect/Induced Jobs	382
Total Permanent Jobs	607

New Community Benefits – Construction Jobs	
Total Construction Jobs	73

New Community Benefits – GMP	4 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$135 Million	\$34 Million

Expansion: Fiscal Impact



4-Year Analysis of Gross New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	4 Year Total	Average Annual
Sales Tax – General Fund	\$695,000	\$174,000
PSST	\$139,000	\$35,000
TOPS*	\$35,000	\$9,000
PPRTA* (70%)	\$243,000	\$61,000
2C*	\$198,000	\$50,000
Total New City Revenue (Gross)	\$1.3 Million	\$329,000

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

Expansion: Calculation of Incentives



Calculation of Incentives for Expansion: City Sales and Use Tax Rebates over a 4-Year EDA Agreement

City Sales and Use Tax Rebate	Total
Business Personal Property (Machinery and Equipment)	\$9,414
Construction Materials	\$40,985
Total Estimated Sales and Use Tax Rebate	\$50,399

Expansion: Fiscal Impact



4-Year Analysis of Net New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	4 Year Total	Average Annual
Total New City Revenue (Gross)	\$1.3 Million	\$329,000
City Incentive	(\$50,399)	
Total New City Revenue (Net)	\$1,259,601	\$314,900

Expansion

10-Year Economic and Fiscal Impact Analyses

Expansion: Economic Impact



10-Year Analysis of New Community Benefits from Expansion

New Community Benefits – Permanent Jobs	10 Year Total
Direct Jobs	225
Indirect/Induced Jobs	382
Total Permanent Jobs	607

New Community Benefits – Construction Jobs	
Total Construction Jobs	73

New Community Benefits - GMP	10 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$505 Million	\$51 Million

Expansion: Fiscal Impact



10-Year Analysis of Gross New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	10 Year Total	Average Annual
Sales Tax – General Fund	\$2.2 Million	\$217,000
PSST	\$434,000	\$43,000
TOPS*	\$108,000	\$11,000
PPRTA* (70%)	\$759,000	\$76,000
2C*	\$618,000	\$62,000
Total New City Revenue (Gross)	\$4.1 Million	\$409,000

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

Expansion: Fiscal Impact



10-Year Analysis of Net New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$4.1 Million	\$409,000
City Incentive	(\$50,399)	
Total New City Revenue (Net)	\$4,068,601	\$406,860

Retention

4-Year Economic and Fiscal Impact Analyses

Retention: Economic Impact



4-Year Analysis of New Community Benefits from Retention

New Community Benefits – Permanent Jobs	4 Year Total
Direct Jobs	600
Indirect/Induced Jobs	1,019
Total Permanent Jobs (Direct and Indirect/Induced)	1,619

New Community Benefits - GMP	4 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$497 Million	\$124 Million

Retention: Fiscal Impact



4-Year Analysis of Gross New City Revenue from Retention

*No Sunset

New City Revenue from Retention	4 Year Total	Average Annual
Sales Tax – General Fund	\$2.1 Million	\$529,000
PSST	\$423,000	\$106,000
TOPS*	\$106,000	\$27,000
PPRTA* (70%)	\$741,000	\$185,000
2C*	\$603,000	\$151,000
Total New City Revenue (Gross)	\$4 Million	\$998,000

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

Retention: Fiscal Impact



4-Year Analysis of Net New City Revenue from Retention

*No Sunset

New City Revenue from Retention	4 Year Total	Average Annual
Total New City Revenue (Gross)	\$4 Million	\$998,000
City Incentive	(\$50,399)	
Total New City Revenue (Net)	\$3,922,601	\$980,650

Retention

10-Year Economic and Fiscal Impact Analyses

Retention: Economic Impact



10-Year Analysis of New Community Benefits from Retention

New Community Benefits from Retention	10 Year Total
Direct Jobs	600
Indirect/Induced Jobs	1,019
Total Permanent Jobs (Direct and Indirect/Induced)	1,619

New Community Benefits from Retention	10 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$1.5 Billion	\$148 Million

Retention: Fiscal Impact



10-Year Analysis of Gross New City Revenue from Retention

*No Sunset

New City Revenue from Retention	10 Year Total	Average Annual
Sales Tax – General Fund	\$6.1 Million	\$606,000
PSST	\$1.2 Million	\$121,000
TOPS*	\$303,000	\$30,000
PPRTA* (70%)	\$2.1 Million	\$212,000
2C*	\$1.7 Million	\$173,000
Total New City Revenue (Gross)	\$11.4 Million	\$1.1 Million

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

Retention: Fiscal Impact



10-Year Analysis of Net New City Revenue from Retention

*No Sunset

New City Revenue from Retention	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$11.4 Million	\$1.1 Million
City Incentive	(\$50,399)	
Total New City Revenue (Net)	\$11,352,601	\$1,135,260

Combined

(Expansion & Retention)

4-Year Economic and Fiscal
Impact Analyses

Combined: Economic Impacts



4-Year Analysis of Total Combined New Community Benefits from Expansion & Retention: Jobs

Combined Community Benefits - Jobs	4 Year Total
Expansion - Total Permanent Jobs (Direct and Indirect/Induced)	607
Retention - Total Permanent Jobs (Direct and Indirect/Induced)	1,619
Total Combined Permanent Jobs	2,226

Combined: Economic Impacts



4-Year Analysis of Total Combined New Community Benefits from Expansion & Retention: GMP

Combined Community Benefits - GMP	4 Year Total	Average Annual
Expansion - Total Value Added (Gross Metropolitan Product)	\$135 Million	\$34 Million
Retention - Total Value Added (Gross Metropolitan Product)	\$497 Million	\$124 Million
Total Combined - Total Value Added (Gross Metropolitan Product)	\$632 Million	\$158 Million

Combined: Fiscal Impacts



4-Year Analysis of Total Combined Gross New City Revenue from Expansion & Retention *No Sunset

Combined New City Revenue	4 Year Total	Average Annual
Sales Tax – General Fund	\$2.8 Million	\$703,000
PSST	\$562,000	\$141,000
TOPS*	\$141,000	\$35,000
PPRTA* (70%)	\$984,000	\$246,000
2C*	\$801,000	\$200,000
Total Combined New City Revenue (Gross)	\$5.3 Million	\$1.3 Million

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

Combined: Fiscal Impacts



4-Year Analysis of Total Combined Net New City Revenue from Expansion & Retention *No Sunset

Combined New City Revenue	4 Year Total	Average Annual
Total Combined New City Revenue (Gross)	\$5.3 Million	\$1.3 Million
City Incentive	(\$50,399)	
Total Combined New City Revenue (Net)	\$5,247,495	\$1,311,874

Combined

(Expansion & Retention)

10-Year Economic and Fiscal
Impact Analyses

Combined: Economic Impacts



10-Year Analysis of Total Combined New Community Benefits from Expansion & Retention: Jobs

Total Community Benefits	10 Year Total
Expansion - Total Permanent Jobs (Direct and Indirect/Induced)	607
Retention - Total Permanent Jobs (Direct and Indirect/Induced)	1,619
Total Combined Permanent Jobs	2,226

Combined: Economic Impacts



10-Year Analysis of Total Combined New Community Benefits from Expansion & Retention: GMP

Total Community Benefits	10 Year Total	Average Annual
Expansion - Total Value Added (Gross Metropolitan Product)	\$505 Million	\$51 Million
Retention - Total Value Added (Gross Metropolitan Product)	\$1.5 Billion	\$148 Million
Total Combined - Total Value Added (Gross Metropolitan Product)	\$2 Billion	\$199 Million

Combined: Fiscal Impacts



10-Year Analysis of Total Combined Gross New City Revenue from Expansion & Retention *No Sunset

Combined New City Revenue	10 Year Total	Average Annual
Sales Tax – General Fund	\$8.2 Million	\$823,000
PSST	\$1.7 Million	\$165,000
TOPS*	\$412,000	\$41,000
PPRTA* (70%)	\$2.9 Million	\$288,000
2C*	\$2.4 Million	\$235,000
Total Combined New City Revenue (Gross)	\$16 Million	\$1.6 Million

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

Combined: Fiscal Impacts



10-Year Analysis of Total Combined Net New City Revenue from Expansion & Retention *No Sunset

Combined New City Revenue	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$16 Million	\$1.6 Million
City Incentive	(\$50,399)	
Total Combined New City Revenue (Net)	\$15,461,620	\$1,546,162

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 Barrel

Questions?

