

Trisco Foods, LLC Economic Development Agreement

Colorado Springs City Council
Work Session
January 22, 2019



Presentation Overview



- Trisco Foods, LLC Overview
- Proposed EDA
- Financial Analyses
- Staff Recommendation
- Questions

Trisco Foods, LLC Overview



- Australian family-owned food and beverage manufacturer since 1875
- Manufactures food syrups to assist with dysphagia (difficulty with swallowing)

Trisco Foods, LLC Overview



- Establish first production facility in USA to service domestic market, with plans for supporting export markets (Europe and South America) from the same facility in the near future
- Will reduce wait time and enhance product delivery to patients

Trisco Foods, LLC Overview



- Investment plans for production facility and job creation
 - \$7 million capital investment
 - 55 jobs over 4 years; 75 new jobs over 8 years
 - Average wage: \$57,584

Trisco Foods, LLC Overview



Proposed EDA



- Provide certain performance-based incentives as an inducement to locate in Colorado Springs and in effort to enable greater company and job growth
- State Approved Job Growth Incentive Tax Credits
- Support international business opportunity in Colorado Springs
- Incentive 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 – 55 new jobs over lifetime of agreement

Financial Implications



City Sales and Use Tax Rebates Over 4 Year Agreement

Rebate	Total
Business Personal Property (Machinery and Equipment)	\$16,000
Construction Materials	\$16,000
Total Estimated Rebate	\$32,000

Financial Implications



New Community Benefits (Economic Impacts)

New Community Benefits from Expansion	4 Year Analysis	10 Year Analysis
Jobs	139	165
Wages	\$21 million	\$84 million
Total Value Added (Gross Metropolitan Product)	\$42 million	\$139 million

Financial Implications



New City Revenue (Fiscal Impacts) - No Sunset

New City Revenue from Expansion	4 Year Analysis	10 Year Analysis
Sales Tax - General Fund	\$273,000	\$650,000
PSST	\$55,000	\$130,000
TOPS*	\$14,000	\$33,000
Real Property Tax	\$11,000	\$67,000
PPRTA*	\$136,000	\$326,000
2C*	\$85,000	\$200,000
Total Sales Tax Revenue	\$574,000	\$1.4 million
Total New City Revenue (Gross)	\$574,000	\$1.4 million

*Indicates item scheduled to sunset

Financial Implications



New City Revenue (Fiscal Impacts) - With Sunset

New City Revenue from Expansion	4 Year Analysis	10 Year Analysis
Sales Tax - General Fund	\$273,000	\$650,000
PSST	\$55,000	\$130,000
Real Property Tax	\$11,000	\$67,000
Total Sales Tax Revenue	\$339,000	\$847,000
Total New City Revenue (Gross)	\$339,000	\$847,000

Financial Implications



Net City Revenue – No Sunset

Net City Revenue from Expansion	4 Year Analysis	10 Year Analysis
Total New City Revenue (Gross)	\$574,000	\$1.4 million
City Incentive	\$32,000	\$32,000
Net City Revenue	\$542,000	\$1.37 million

Financial Implications



Net City Revenue – With Sunset

Net City Revenue from Expansion	4 Year Analysis	10 Year Analysis
Total New City Revenue (Gross)	\$339,000	\$847,000
City Incentive	\$32,000	\$32,000
Net City Revenue	\$307,000	\$815,000

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 Council Strategic Plan
 - Promote Job Creation and Stimulate Economic Development
 - Support Regional Workforce Development Goals to Enhance City’s Appeal to High-Technology and Manufacturing Businesses
- EDA is consistent with the Executive Branch Strategic Plan
 - Promote Job Creation

Staff Recommendation



Approval of the proposed Economic Development Agreement

Questions?

