

# Project Blanc

## Economic Development Agreement



# Colorado Springs City Council

## Work Session

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# Presentation Overview



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



Meyer Burger Technology is an industrial manufacturer of solar cells and solar modules. The company intends to manufacture solar cells in Colorado Springs. They are an international company headquartered in Switzerland. Meyer Burger is publicly traded on the SIX Swiss Exchange under the trading symbol MYBUF.

# Project Blanc Overview



- Plans to renovate an existing facility located at 1575 Garden of the Gods – Former Intel Fab
- Project Blanc is a Primary Employer, generating more than 50% of their revenue from outside of El Paso County.
- This has been a competitive project as the company was considering other US locations for expansion.

# Project Blanc Overview



Investment plans for expansion and job creation

- \$403.5 million capital investment over 2 years

  - \$200 million buildings and improvements

  - \$3.5 million furniture and fixtures

  - \$200 million machinery and equipment

- 380 jobs over 3 years

- Average wage: \$77,842

# 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)
- Ten Year Agreement: 380 new jobs over lifetime of agreement

# EDA Requirements



Minimum criteria to qualify for an Economic Development Agreement (Economic Development Division standard practice):

- Primary Employer
  - Company generates at least 51% of its revenue from outside of the local trade area of El Paso County, bringing new wealth into the local economy.
- Create 10 new Primary Jobs
- \$1 Million new capital investment



# EDA Requirements



Minimum job creation for the term of an Economic Development Agreement:

- 10 new jobs: 4 - year agreement
- 100 new jobs: 10 - year agreement
- 500 new jobs: 15 - year agreement

# EDA Requirements



City Council has the discretion to approve an Economic Development Agreement with criteria and terms as determined by City Council.

# Expansion



## Expansion

10-Year Economic and Fiscal Impact Analyses

# Expansion: Economic Impact



<b>New Community Benefits – Permanent Jobs</b>	<b>10 Year Total</b>
Direct Jobs	380
Indirect/Induced Jobs	434
<b>Total Permanent Jobs</b>	<b>814</b>

<b>New Community Benefits – Construction Jobs</b>	
<b>Total Construction Jobs</b>	<b>2,235</b>

<b>New Community Benefits – GMP</b>	<b>10 Year Total</b>	<b>Average Annual</b>
<b>Total Value Added</b> (Gross Metropolitan Product)	<b>\$1.07 Billion</b>	<b>\$107 Million</b>

# 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
Total New City Revenue (Gross)	\$16.5 Million	\$1.65 Million

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

\* See Appendix slide 26 for breakdown of calculations.

# Expansion: Calculation of Incentives



## Calculation of Incentives for Expansion: City Sales and Use Tax Rebates over a 10-Year EDA Agreement

City Sales and Use Tax Rebate	Total
Business Personal Property <i>(Machinery &amp; Equipment, Furniture &amp; Fixtures)</i>	\$2,035,000
Construction Materials	\$1,000,000
<b>Total Estimated Sales and Use Tax Rebate</b>	<b>\$3,035,000</b>

# 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)	<b>\$16.5 Million</b>	\$1.65 Million
City Incentive	(\$3,035,000)	
<b>Total New City Revenue (Net)</b>	<b>\$13.5 Million</b>	<b>\$1.35 Million</b>

# Expansion: Fiscal Impact



## Surplus Revenue from CSU

	10 Year Total	Average Annual
Surplus Revenue	\$25 Million	\$2.5 Million



# Expansion: Fiscal Impact



## Total Net City Revenue Including Surplus

	10 Year Total	Average Annual
Net New City Revenue (Before Surplus)	\$13.5 Million	\$1.35 Million
Surplus Revenue	\$25 Million	\$2.5 Million
<b>Total Net New City Revenue (Including Surplus)</b>	<b>\$38.5 Million</b>	<b>\$3.85 Million</b>

# Utility Considerations



## Project Blanc - Projected Utility Usage at Full Build Out

Electric Peak Demand	50 MW		
Peak Water	1,467,000 GPD	4.5 AF/Day	1,640 AF/Year
Wastewater (GDP)	1,303,000 GPD	4.0 AF/Day	1,460 AF/Year

# 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 Blanc.

# Questions?



# Appendix



## Appendix

Breakdown of calculations for Fiscal Impacts

# 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	\$8.7 Million	\$874,000
PSST	\$1.8 Million	\$175,000
TOPS*	\$437,000	\$44,000
PPRTA* (70%)	\$3.1 Million	\$306,000
2C*	\$2.5 Million	\$249,000
<b>Total New City Revenue (Gross)</b>	<b>\$16.5 Million</b>	<b>\$1.65 Million</b>

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

\* Breakdown of calculations for slide 14