

# Relius Medical, LLC Economic Development Agreement

Colorado Springs City Council  
Regular Session  
June 12, 2018



# Presentation Overview



- Relius Medical, LLC Overview
- Proposed EDA
- Financial Analyses
- Staff Recommendation
- Questions

# Relius Medical, LLC Overview



- Medical Device Manufacturer
  - Engineering services for product design
  - 10k clean room in process for improved customer service
- Community-Oriented
  - Jobs saved and new created
  - Certified Women’s Business Enterprise
  - Southeast location

# Relius Medical, LLC Overview



- Workforce Development
  - Awarded Training Funding from Pikes Peak Workforce Center to train 35 employees on technology & software in 2018
  - Internships for young adults, OJT employment opportunities, Job Fair participation

# Relius Medical, LLC Overview



- Investment plans for expansion and job creation
  - \$5 million capital investment
  - 25 new jobs

# Relius Medical, LLC Overview



- Provide certain performance-based incentives in an effort to enable greater company and job growth
- Support Colorado Springs small businesses
- Incentive provided through an Economic Development Agreement

# Relius Medical, LLC Overview



- 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)
  - Four Year Agreement – 10 new jobs

# Financial Implications



## Expansion – New Community Benefits (Economic Impacts)

New Community Benefits from Expansion	4 Year Analysis	10 Year Analysis
Jobs	51	116
Wages	\$4 million	\$20.8 million
Consumer/Non-Consumer Spending	\$7.7 million	\$26.4 million
PPRTA*	\$60,000	\$177,000
2C*	\$37,000	\$110,000
Gross Metropolitan Product (Total Value Added)	\$14.5 million	\$79.3 million

\*Indicates item scheduled to sunset



# Financial Implications



## Expansion – New City Revenue (Fiscal Impacts)

New City Revenue from Expansion	4 Year Analysis	10 Year Analysis
Sales Tax – General Fund	\$120,000	\$354,000
PSST	\$24,000	\$71,000
TOPS*	\$6,000	\$18,000
Total Sales Tax Revenue	\$150,000	\$443,000
Total New City Revenue (Gross)	\$150,000	\$443,000

\*Indicates item scheduled to sunset

# Financial Implications



## Expansion - Net City Revenue

Net City Revenue from Expansion	4 Year Analysis	10 Year Analysis
Total New City Revenue (Gross)	\$150,000	\$443,000
City Incentive	\$50,000	\$50,000
Net City Revenue	\$100,000	\$393,000

# Financial Implications



## Retention – Community Benefits (Economic Impacts)

Community Benefits from Retention	4 Year Analysis	10 Year Analysis
Jobs	296	296
Wages	\$29 million	\$83 million
Consumer/Non-Consumer Spending	\$24.4 million	\$68 million
PPRTA*	\$122,000	\$332,000
2C*	\$76,000	\$206,000
Gross Metropolitan Product (Total Value Added)	\$113 million	\$331 million

\*Indicates item scheduled to sunset

# Financial Implications



## Retention – City Revenue (Fiscal Impacts)

City Revenue from Retention	4 Year Analysis	10 Year Analysis
Sales Tax – General Fund	\$245,000	\$663,000
PSST	\$49,000	\$133,000
TOPS*	\$12,000	\$33,000
Total Sales Tax Revenue	\$306,000	\$829,000
Total City Revenue (Gross)	\$306,000	\$829,000

\*Indicates item scheduled to sunset

# Financial Implications



## Retention - Net City Revenue

Net City Revenue from Retention	4 Year Analysis	10 Year Analysis
Total City Revenue (Gross)	\$306,000	\$829,000
City Incentive	\$50,000	\$50,000
Net City Revenue	\$256,000	\$779,000

# Financial Implications



## Combined – Community Benefits (Economic Impacts)

Combined Community Benefits	4 Year Analysis	10 Year Analysis
Jobs	347	412
Wages	\$33 million	\$103.8 million
Consumer/Non-Consumer Spending	\$32.1 million	\$94.4 million
PPRTA*	\$182,000	\$509,000
2C*	\$113,000	\$316,000
Gross Metropolitan Product (Total Value Added)	\$127.5 million	\$410.3 million

\*Indicates item scheduled to sunset

# Financial Implications



## Combined – City Revenue (Fiscal Impacts)

Combined City Revenue	4 Year Analysis	10 Year Analysis
Sales Tax – General Fund	\$365,000	\$1.02 million
PSST	\$73,000	\$204,000
TOPS*	\$18,000	\$51,000
Total Sales Tax Revenue	\$456,000	\$1.27 million
Total New City Revenue (Gross)	\$456,000	\$1.27 million

\*Indicates item scheduled to sunset

# Financial Implications



## Combined - Net City Revenue

Combined Net City Revenue	4 Year Analysis	10 Year Analysis
Total New City Revenue (Gross)	\$456,000	\$1.27 million
City Incentive	\$50,000	\$50,000
Net City Revenue	\$406,000	\$1.22 million



# 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
  - Job Creation and Stimulate Economic Development
  - Support Regional Workforce Development to Enhance City's Appeal to Technology and Manufacturing Businesses
- EDA is consistent with the Executive Branch Strategic Plan
  - Promoting Job Creation
- EDA is consistent with local priorities
  - Supporting small businesses, supporting Southeast growth and employment

# Staff Recommendation



Approval of the proposed Economic Development Agreement

# Questions?

