



Legislation Details (With Text)

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Title: A Resolution Approving An Economic Development Agreement Between The City Of Colorado Springs And Project Sunscreen

Presenter:
Jessie Kimber, Economic Development Officer
Shawna Lippert, Economic Development Manager

Sponsors:

Indexes: Economic Development Agreement

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Date	Ver.	Action By	Action	Result
6/24/2024	1	Council Work Session		

A Resolution Approving An Economic Development Agreement Between The City Of Colorado Springs And Project Sunscreen

Presenter:

Jessie Kimber, Economic Development Officer
Shawna Lippert, Economic Development Manager

Summary:

Project Sunscreen is a construction company and materials manufacturer. The company has several locations in the U.S. This has been a competitive project as the company was considering other U.S. locations for expansion. Project Sunscreen is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Sunscreen plans to secure a new facility. Additionally, the company plans to hire 28 employees over the next six years. With the creation of these new full-time jobs, Project Sunscreen plans to invest in business personal property, including furniture, fixtures, machinery, equipment, and construction materials for its facilities development and expansion. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment and job growth.

Background:

Project Sunscreen has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$4.91 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 28 new full-time employees over the next 6 years at an average wage of \$59,083. The Executive Branch is recommending that the City enter into an Economic Development

Agreement to provide certain performance-based incentives for the company to invest in business personal property, construction materials, and job creation. The proposed City incentives are: Sales and Use Tax Rebate on Annual Purchases of Business Personal Property (50% of the City's 2% General Fund Rate, or a 1% Total Rebate).

Sales and Use Tax Rebate on Purchases of Construction Materials (50% of the City's 2% General Fund Rate, or a 1% Total Rebate). Considering the short-term nature of the expansion, the level of investment and the new job creation, the Executive Branch is recommending a four (4) year agreement.

Previous Council Action:

N/A

Financial Implications:

City staff has conducted an Economic and Fiscal Impact Analysis (EFIA) to quantify the estimated economic benefit to the City that is expected to be derived by the expansion of Project Sunscreen in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Expansion and Retention: 361

The analysis indicates a total jobs impact from Project Sunscreen operations over a 4-year period as follows: 49 jobs from expansion and 312 jobs from retention for a combined total jobs impact of 361.

4 Year Local GMP Impact - Expansion: \$140.7 Million

The analysis indicates growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$16.8 Million from expansion and \$123.9 Million from retention for a combined total GMP impact of \$140.7 Million.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$30,554

City incentives for Project Sunscreen are estimated to be \$30,554 over 4 years.

4 Year Net New City Revenue - Expansion and Retention: \$799,576

The analysis indicates a total net new city revenue from the Project Sunscreen facilities in Colorado Springs over a 4-year period as follows: \$191,992 gross new city revenue from expansion and \$638,139 gross new city revenue from retention, less the city incentives of \$30,554, for a total combined net new city revenue of \$799,576.

The proposed incentive structure incurs no financial risk since it is strictly performance-based, and revenue is rebated to the company only after it has been collected.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Approve the Resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Sunscreen.

N/A