



Legislation Details (With Text)

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 Infinity Systems Engineering
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Title: A Resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Thoroughbred

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

Sponsors:

Indexes: Economic Development Agreement

Code sections:

Attachments: 1. Project Thoroughbred Resolution, 2. Project Thoroughbred Economic Development, 3. Project Thoroughbred Presentation Worksession, 4. Signed Resolution No. 125-23.pdf

Date	Ver.	Action By	Action	Result
9/12/2023	1	City Council	adopted	Pass
8/21/2023	1	City Council Work Session	referred	

A Resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Thoroughbred

Presenter:

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

Summary:

Project Thoroughbred is a Colorado-Based engineering services company that provides systems engineering, software engineering, integration and testing services to the Department of Defense and other customers. The company currently employs 215 in Colorado Springs. Project Thoroughbred is planning to add a new product line and is considering Colorado and two other states for this expansion. The expansion will require additional space and renovation. Project Thoroughbred is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Thoroughbred will be seeking incentives from the State of Colorado. Additionally, the company plans to hire 459 new employees over the next ten years. With the creation of these new full-time jobs, Project Thoroughbred plans to invest in business personal property, including furniture, fixtures, machinery, equipment, and construction materials for its facilities redevelopment and expansion. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment and job growth.

Previous Council Action:

N/A

Background:

Project Thoroughbred has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$14.7 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 459 new full-time employees over the next 10 years at an average wage of \$143,625.

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).

The Executive Branch is recommending a ten (10) year agreement based on the level of projected investment and new job creation.

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 Thoroughbred in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

10 Year Jobs Impact - Combined (Expansion & Retention): 1,819

The analysis indicates a combined jobs impact from Project Thoroughbred's operations over a 10-year period as follows: 1,239 jobs from expansion, 580 jobs from retention, resulting in a total combined permanent jobs impact of 1,819.

10 Year Local GMP Impact - Combined (Expansion & Retention): \$1.14 Billion

The analysis indicates a combined growth in Gross Metropolitan Product (GMP) over a 10-year period as follows: \$605 million from expansion, \$532 million from retention, resulting in a total combined GMP growth of \$1.14 billion.

CITY REVENUE (FISCAL IMPACTS)

10 Year City Incentives : \$82,379

City incentives for Project Thoroughbred are estimated to be \$82,379 over 10 years.

10 Year Net New City Revenue - Combined (Expansion & Retention): \$10.3 Million

The analysis indicates a combined net new city revenue from the Project Thoroughbred facilities in

Colorado Springs over a 10-year period as follows: \$5.9 million from expansion, \$4.3 million from retention, resulting in a combined net new city revenue of \$10.3 million.

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.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Proposed Motion:

Approve a resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Thoroughbred

N/A