



Legislation Details (With Text)

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On agenda:	1/24/2023	Final action:		1/24/2023:	1/24/2023
Title:	A resolution approving an Economic Development Agreement between the City of Colorado Springs and Entegris, Inc.				
	Presenter: Bob Cope, Economic Development Officer				
Sponsors:					
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Attachments:	1. Entegris EDA Resolution DA 12 29 22, 2. Entegris Economic Dev Agreement CC Worksession 1-3-23, 3. Project Garnet CC Work Session, 4. Signed Resolution No. 06-23 (needs signed EDA).pdf, 5. EDC_Entegris 2_executed_05.22.23				

Date	Ver.	Action By	Action	Result
1/24/2023	1	City Council	adopted	Pass
1/9/2023	1	Council Work Session	referred	

A resolution approving an Economic Development Agreement between the City of Colorado Springs and Entegris, Inc.

Presenter:

Bob Cope, Economic Development Officer

Summary:

Entegris, Inc. is a global supplier of advanced materials and process solutions for the semiconductor, life sciences, and other high-tech industries. Entegris plans to build a new Manufacturing Center of Excellence in Colorado Springs. The world class facility will be approximately 500,000 square feet (Phase 1) and the company expects to invest approximately \$631 million in construction and equipment. The facility will create an estimated 597 direct jobs over 5 years with an average wage of \$74,940 which is 25% above El Paso County's Average Annual Wage. There is potential for a significant Phase 2 expansion in 2028 which would add an additional 500,000 square foot expansion and create an additional 483 new jobs.

The Entegris Manufacturing Center of Excellence was a highly competitive project with several communities considered. The Company will break ground on the new facility in 2023 following final approval of local and state incentives.

Background:

Entegris plans to build a new Manufacturing Center of Excellence in Colorado Springs. The world class facility will be approximately 500,000 square feet (phase 1) and the company expects to invest

approximately \$631 million in construction and equipment. The facility will create an estimated 597 direct jobs over 5 years with an average wage of \$74,940 which is 25% above El Paso County's Average Annual Wage. The Entegris Manufacturing Center of Excellence was a highly competitive project with several communities considered. A proposed package of performance-based incentives has been assembled by the City of Colorado Springs, El Paso County, Colorado Springs Utilities, and the State of Colorado. In addition, an Urban Renewal Area designation is being pursued for the proposed site. The Company will break ground on the new facility in 2023 following final approval of local and state incentives.

The proposed site consists of approximately 88 acres, and it is located at 301 South Rockrimmon Boulevard. A large manufacturing facility was previously located on the site which was originally operated by Compaq Computer Corporation and was later acquired by Hewlett Packard. The facility was demolished in 2012. The property is appropriately zoned for the new Entegris facility.

As an inducement to locate the Entegris Manufacturing Center of Excellence in Colorado Springs, the Administration is recommending that the City enter into an Economic Development Agreement (EDA) with the company that will provide for certain performance-based incentives. The proposed incentives are:

Sales and Use Tax Rebate on Purchases of Construction Materials (50% of the City's 2% General Fund Rate, or a 1% Total Rebate)

Sales and Use Tax Rebate on Annual Purchases of Business Personal Property (**75% of the City's 2% General Fund Rate, or a 1.5% Total Rebate**) for years 1 through 5

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**) for years 6 through 15

The Executive Branch is recommending a fifteen (15) year agreement based on the level of projected investment and new job creation.

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

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

15 Year Jobs Impact - Total New Jobs (Direct, Indirect & Induced): 1,214

The analysis indicates a combined jobs impact from Entegris operations over a 15-year period as follows: 1,214 total new jobs.

15 Year Local GMP Impact - Total Growth in GMP: \$2.2 Billion

The analysis indicates a total growth in Gross Metropolitan Product (GMP) over a 15-year period of \$2.2 billion or an average of \$148 million annually.

CITY REVENUE (FISCAL IMPACTS)

15 Year City Incentives: \$6.7 Million

City incentives for Entegris are estimated to be \$6.7 million over 15 years.

15 Year Net New City Revenue - Total Net New City Revenue: \$48 Million

The analysis indicates a total net new city revenue from the Entegris facilities in Colorado Springs of \$48 million over a 15-year period or an average of \$3.2 million annually.

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:

City Council approve, deny, or refer to staff.

Proposed Motion:

Approve the resolution approving an Economic Development Agreement between the City of Colorado Springs and Entegris, Inc.

N/A