



Legislation Details (With Text)

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Title: A resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Verge

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

Sponsors:

Indexes: Economic Development Agreement

Code sections:

Attachments: 1. RES_ProjectVerge_2023, 2. Project Verge_Economic Development Agreement, 3. EDA Presentation-Verge, 4. Signed Resolution No. 81-23 (needs executed EDA).pdf

Date	Ver.	Action By	Action	Result
6/13/2023	1	City Council	adopted	Pass
5/22/2023	1	Council Work Session	referred	

A resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Verge

Presenter:

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Summary:

Project Verge is a rapidly growing service-disabled veteran-owned small business that provides advanced modeling, simulation, and analysis for commercial and government customers. The information technology startup has a unique approach to their consulting and training services offered. Project Verge intends to expand into a new strategic location to expand their capabilities and to be in proximity to customers. Colorado Springs is one of at least three locations the company is considering for their expansion plans. Project Verge is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Verge plans to secure and remodel an existing commercial location, mostly of office space. Additionally, the company plans to add secure facilities in the future. The company plans to hire 28 new employees over the next four (4) years, and a total of 61 new employees over the next eight (8) years. With the creation of these new full-time jobs, Project Verge desires 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 Verge has investment plans for business personal property, construction materials, and job creation for a facility in Colorado Springs. The company estimates that it will invest \$2,167,500 in purchases of construction materials, furniture, fixtures, machinery, and equipment over four (4) years, and estimates that it will invest a total of \$3,652,103 over eight (8) years. The company expects to hire 28 new full-time employees over the next four (4) years, and a total of 61 new full-time employees over the next eight (8) years, at an average annual wage of \$129,550.

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 four (4) 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 Verge in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Expansion: 60

The analysis indicates a jobs impact from Project Verge's operations over a 4-year period, resulting in a total permanent jobs impact of 60 from expansion.

4 Year Local GMP Impact - Expansion: \$13 Million

The analysis indicates a growth in Gross Metropolitan Product (GMP) over a 4-year period, resulting in total GMP growth of \$13 million from expansion.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$12,888

City incentives for Project Verge are estimated to be \$12,888 over 4 years.

4 Year Net New City Revenue - Expansion: \$140,099

The analysis indicates net new city revenue from the Project Verge facilities in Colorado Springs over a 4-year period, resulting in net new city revenue of \$140,099 from expansion.

(*Net city revenues include items scheduled to sunset.)

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 the resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Verge.

N/A