



Legislation Text

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

Presenter:

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Summary:

Project Stronghold is a full-spectrum defense company that fuses cyber, data science, and intelligence solutions for Department of Defense and Intelligence Community customers. This has been a competitive project as the company was considering other US locations for expansion. Project Stronghold is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Stronghold plans to secure and remodel an existing Facility in Colorado Springs. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment and job growth.

Background:

Project Stronghold has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$3.96 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 130 new full-time employees over the next three years at an average wage of \$166,426. 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). Taking into account 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 Stronghold in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Expansion: 351

The analysis indicates a total jobs impact from Project Stronghold operations over a 4-year period as follows: 351 jobs from expansion.

4 Year Local GMP Impact - Expansion: \$78 Million

The analysis indicates growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$78 Million from expansion.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$20,643

City incentives for Project Stronghold are estimated to be \$20,643 over 4 years.

4 Year Net New City Revenue - Expansion: \$971,650

The analysis indicates a total net new city revenue from the Project Stronghold facilities in Colorado Springs over a 4-year period as follows: \$971,650 from expansion.

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 Stronghold.

N/A