



## Legislation Text

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A Resolution approving an Economic Development Agreement between the City Of Colorado Springs and Project TIB

**Presenter:**

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**Summary:**

Project TIB is a leading tech manufacturer catering to markets such as medical, aerospace, commercial, and industrial sectors. This has been a competitive project as the company was considering other US locations for expansion. Project TIB is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project TIB plans to purchase and remodel an existing building in Colorado Springs. Additionally, the company plans to hire 110 employees over the next eight years. With the creation of these new full-time jobs, Project TIB 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.

**Background:**

Project TIB has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$5.93 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 110 new full-time employees over the next 8 years at an average wage of \$83,797. 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 number of new job creation by end of year four, 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 TIB in Colorado Springs. The following is a summary of the results:

**COMMUNITY BENEFITS (ECONOMIC IMPACTS)**

4 Year Jobs Impact - Expansion: 55

The analysis indicates a total jobs impact from Project TIB operations over a 4-year period as follows: 122 jobs from expansion.

The analysis indicates growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$25.1 Million from expansion.

**CITY REVENUE (FISCAL IMPACTS)**

4 Year City Incentives: \$19,300

City incentives for Project TIB are estimated to be \$19,300 over 4 years.

4 Year Net New City Revenue - Expansion: \$253,348

The analysis indicates a total net new city revenue from the Project TIB facilities in Colorado Springs over a 4-year period as follows: \$253,348 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 TIB.

N/A