



Legislation Text

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A Resolution Approving an Economic Development Agreement Between The City Of Colorado Springs and Trisco Foods, LLC

Presenter:

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Summary:

Trisco Foods, LLC is an Australian family-owned food and beverage manufacturer that was founded in 1875. One of the company's key products is a food syrup that assists with dysphagia, or difficulty with swallowing, a common challenge for elderly individuals. Currently, this product takes six weeks to reach the United States. In order to reduce wait times and enhance product delivery to consumers, the company desires to establish its first production facility in the United States, to service the domestic market, with plans to reach supporting export markets in Europe and South America in the near future. The Executive Branch is recommending that the City provide certain performance-based incentives to induce the company to locate in Colorado Springs and enable investment in manufacturing equipment, construction materials, and job creation.

Previous Council Action:

N/A

Background:

Trisco Foods, LLC has investment plans for business personal property, construction materials, and job creation for its first US manufacturing facility. The company estimates that it will invest \$7 million in purchases of construction materials, food manufacturing equipment, furniture and fixtures. The company expects to hire 55 new full time employees over the next 4 years at an average wage of \$57,584.

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 Impact Analysis (EIA) to quantify the estimated economic benefit to the City that is expected to be derived by the location of Trisco Foods, LLC in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact: 139

Trisco Foods, LLC intends to hire 55 new full time employees in the first four years of operation. The EIA indicates that an additional 84 induced/indirect jobs will be created, resulting in a total new jobs impact of 139.

4 Year Wage Impact: \$21 Million

The EIA indicates that the 139 new jobs will create approximately \$21 million direct and indirect/induced wages over 4 years.

4 Year Projected Impact to Local GMP: \$42 Million

It is estimated that approximately \$42 million in local Gross Metropolitan Product will be created in the local economy as a result of the location and operation of Trisco Foods, LLC manufacturing facilities, and the creation of 139 new jobs over 4 years.

10 Year Jobs Impact: 165

The EIA indicates that Trisco Foods, LLC will hire 75 employees over a 10 year period, and an additional 90 induced/indirect jobs will be created, resulting in a total new jobs impact of 165.

10 Year Wage Impact: \$84 Million

The EIA indicates that the 165 new jobs will create approximately \$84 million direct and indirect/induced wages over 10 years.

10 Year Projected Impact to Local GMP: \$139 Million

It is estimated that approximately \$139 million in local Gross Metropolitan Product will be created in the local economy as a result of the location and operation of Trisco Foods, LLC in Colorado Springs and the creation of 165 new jobs over 10 years.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Revenue: \$574,000

The EIA indicates that the Trisco Foods, LLC manufacturing facilities in Colorado Springs will generate approximately \$574,000 in new City revenue over 4 years. Total City revenue generated includes approximately \$273,000 in general fund sales tax, \$55,000 in PSST, \$14,000 in TOPS (if continued), \$11,000 in Real Property Tax, \$136,000 in PPRTA (if continued), and \$85,000 in 2C (if continued).

10 Year City Revenue: \$1.4 Million

The EIA indicates that Trisco Foods, LLC facilities in Colorado Springs will generate approximately \$1.4 million in new City revenue over 10 years. Total City revenue generated includes approximately \$650,000 in general fund sales tax, \$130,000 in PSST, \$33,000 in TOPS (if continued), \$67,000 in Real Property Tax, \$326,000 in PPRTA (if continued), and \$200,000 in 2C (if continued).

4 Year City Incentives: \$32,000

City incentives for Trisco Foods, LLC are estimated to be \$32,000 over 4 years.

4 Year Net City Revenue: \$542,000

Net City revenue for Trisco Foods, LLC investment is estimated to be \$542,000 over 4 years.

10 Year Net City Revenue: \$1.37 Million

Net City revenue for Trisco Foods, LLC investment is estimated to be \$1.37 million over 10 years. 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.

Financial Implications:

N/A

Board/Commission 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 Trisco Foods, LLC.

N/A