



Legislation Text

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

Presenter:

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Summary:

Project Jade is a rapidly growing veteran-owned small business that provides shared classified space and support services. Project Jade has a unique approach to the services offered and business model to address a growing problem in the market. Due to increased customer demand and market opportunity, they need to expand their capabilities and services into a new market. The company is considering Colorado Springs for their next market. Project Jade is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Jade plans to secure an existing commercial location and remodel approximately 60,000 square feet, mostly of secure facilities. The company plans to hire 35 new employees over the next three years. With the creation of these new full-time jobs, Project Jade 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 Jade 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 \$32,897,000 in purchases of construction materials, furniture, fixtures, machinery, and equipment over four (4) years, and estimates that it will invest a total of \$50,365,000 million over ten (10) years. The company expects to hire 35 new full-time employees over the next three (3) years at an average wage of \$165,000.

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

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Expansion: 67

The analysis indicates a jobs impact from Project Jade's operations over a 4-year period, resulting in a total permanent jobs impact of 67 from expansion.

4 Year Local GMP Impact - Expansion: \$57 Million

The analysis indicates a growth in Gross Metropolitan Product (GMP) over a 4-year period, resulting in total GMP growth of \$57 million from expansion.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$202,485

City incentives for Project Jade are estimated to be \$202,485 over 4 years.

4 Year Net New City Revenue - Expansion: \$868,386

The analysis indicates net new city revenue from the Project Jade facilities in Colorado Springs over a 4-year period, resulting in net new city revenue of \$868,386 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 Jade.

N/A