



Legislation Text

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

Presenter:

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Summary:

Project Lightspeed is a designer and manufacturer of custom electronic equipment. This has been a competitive project as the company was considering other U.S. locations for expansion. Project Lightspeed is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Lightspeed plans to remodel a 15,000-20,000 square foot facility for design and manufacturing. Additionally, the company plans to hire 120 employees over the next eight years. With the creation of these new full-time jobs, Project Lightspeed plans to invest in business personal property, including furniture, fixtures, machinery, equipment, and construction materials for its facilities remodel. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment and job growth.

Background:

Project Lightspeed has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$1.3 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 120 new full-time employees over the next 8 years at an average wage of \$68,500. 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 Lightspeed in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Expansion and Retention: 96

The analysis indicates a total jobs impact from Project Lightspeed operations over a 4-year period as follows: 85 jobs from expansion and 11 jobs from retention for a combined total jobs impact of 96.

4 Year Local GMP Impact - Expansion: \$14.72 Million

The analysis indicates growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$11.36 Million from expansion and \$3.37 Million from retention for a combined total GMP impact of \$14.7 Million.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$8,975

City incentives for Project Lightspeed are estimated to be \$8,975 over 4 years.

4 Year Net New City Revenue - Expansion and Retention: \$161,983

The analysis indicates a total net new city revenue from the Project Lightspeed facilities in Colorado Springs over a 4-year period as follows: \$139,827 gross new city revenue from expansion and \$22,156 gross new city revenue from retention, less the city incentives of \$8,975, for a total combined net new city revenue of \$153,008.

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 Lightspeed.

N/A