



Legislation Details (With Text)

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Title:	A Resolution Approving an Economic Development Agreement Between the City of Colorado Springs and Project Beach.				
	Presenter: Bob Cope, Economic Development Officer Chelsea Gaylord, Senior Economic Development Specialist				

Sponsors:

Indexes: Economic Development Agreement

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Attachments: 1. Project Beach City Council Work Session Presentation, 2. Project Beach Economic Development Agreement, 3. Project Beach Resolution, 4. Signed Resolution 126-19.pdf, 5. BombBomb EDA_executed

Date	Ver.	Action By	Action	Result
11/12/2019	1	City Council	adopted	Pass
11/7/2019	1	Council Work Session	referred	

A Resolution Approving an Economic Development Agreement Between the City of Colorado Springs and Project Beach.

Presenter:

Bob Cope, Economic Development Officer
Chelsea Gaylord, Senior Economic Development Specialist

Summary:

Project Beach is a rapidly growing communications technology company that makes it easy for businesses to build relationships with customers through videos in email, text, and social media. The company has an international presence in over 40 countries and sends over 126 million minutes of video through its products each year. Project Beach is expanding its headquarters location in Colorado Springs from 18,700 square feet to 28,700 square feet and currently employs 121 people company-wide. Over the next four years, the company plans to hire an additional 186 new employees and relocate 40 existing employees to Colorado Springs. With creation of these new full-time jobs, Project Beach desires to invest in business personal property, including communications equipment, and construction materials for its facilities expansion. The company is also currently under review for state of Colorado incentives, which requires a \$1:\$1 local match. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment, job growth, and to provide a qualifying local match for state incentives.

Background:

Project Beach 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 million in purchases of construction materials, communications equipment, and furniture and fixtures. The company expects to hire 186 new full-time employees over the next 4 years at an average wage of \$82,642.

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 (100% of the City's 2% General Fund Rate, or a 2% Total Rebate).

Sales and Use Tax Rebate on Purchases of Construction Materials (100% of the City's 2% General Fund Rate, or a 2% Total Rebate).

The Executive Branch is recommending a four (4) year agreement based on the level of projected investment and new job creation.

Previous Council Action:

N/A

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 expansion of Project Beach in Colorado Springs. The following is a summary of the results:

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact: 872

The EIA indicates a jobs impact from Project Beach operations over a 4 year period as follows: 547 jobs from expansion, 325 jobs from retention, and a combined jobs impact of 872.

4 Year Projected Impact to Local GMP: \$255 Million

The EIA indicates growth in Gross Metropolitan Product (GMP) over a 4 year period as follows: \$130 million from expansion, \$125 million from retention, and a combined GMP growth of \$255 million.

10 Year Jobs Impact: 1,058

The EIA indicates a jobs impact from Project Beach operations over a 10 year period as follows: 733 jobs from expansion, 325 jobs from retention, and a combined jobs impact of 1,058.

10 Year Projected Impact to Local GMP: \$1.05 Billion

The EIA indicates growth in Gross Metropolitan Product (GMP) over a 10 year period as follows: \$676 million from expansion, \$372 million from retention, and a combined GMP growth of \$1.05 billion.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$14,310

City incentives for Project Beach are estimated to be \$14,310 over 4 years.

4 Year Net City Revenue: \$1.49 Million

The EIA indicates net city revenue from the Project Beach facilities in Colorado Springs over a 4 year period as follows: \$905,690 from expansion, \$627,000 from retention, and combined net city revenue of \$1.49 million*. (*Figures do not total due to rounding of estimates, and net city revenues include items scheduled to sunset.)

10 Year Net City Revenue: \$5.39 Million

The EIA indicates net city revenue from the Project Beach facilities in Colorado Springs over a 10 year period as follows: \$3.59 million from expansion, \$1.8 million from retention, and combined net city revenue of \$5.39 million*. (*Figures do not total due to rounding of estimates, and 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.

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 Beach.

N/A