



Legislation Details (With Text)

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

Presenter:
Bob Cope, Economic Development Officer
Shawna Lippert, Senior Economic Development Specialist

Sponsors:

Indexes: Economic Development Agreement

Code sections:

Attachments: 1. EconDev-ProjectBarrelCouncilRES-2022-04-19, 2. Project Barrel EDA Presentation for City Council v2 WORK, 3. Project Barrel Economic Development Agreement - WORK, 4. Signed Resolution No. 69-22

Date	Ver.	Action By	Action	Result
5/24/2022	1	City Council	adopted	Pass
5/9/2022	1	Council Work Session	referred	

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

Presenter:

Bob Cope, Economic Development Officer
Shawna Lippert, Senior Economic Development Specialist

Summary:

Project Barrel is a rapidly growing technology company that develops technology, platforms, and systems for national defense and security customers. The company specializes in technology for systems such as unmanned systems, satellite communications, and cybersecurity, to name a few. Project Barrel has several locations nationally and internationally. Over 95% of Project Barrel's customers are outside of El Paso County. Project Barrel plans to remodel 33,500 square feet at its Colorado Springs office and add 4,000 square feet of storage space. The company currently employs approximately 600 employees at its Colorado Springs location, and over the next three years plans to hire an additional 225 employees. With the creation of these new full-time jobs, Project Barrel desires to invest in business personal property, including furniture and fixtures, 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 Barrel has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$8.2 million in purchases of construction materials, furniture, and fixtures. The company expects to hire 225 new full-time employees over the next 3 years at an average annual wage of \$112,000.

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.

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

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Combined (Expansion & Retention): 2,226

The analysis indicates a combined jobs impact from Project Barrel's operations over a 4-year period as follows: 607 jobs from expansion, 1,619 jobs from retention, resulting in a total combined permanent jobs impact of 2,226.

4 Year Local GMP Impact - Combined (Expansion & Retention): \$632 Million

The analysis indicates a combined growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$135 million from expansion, \$497 million from retention, resulting in a total combined GMP growth of \$632 million.

10 Year Jobs Impact - Combined (Expansion & Retention): 2,226

The analysis indicates a combined jobs impact from Project Barrel's operations over a 4-year period as follows: 607 jobs from expansion, 1,619 jobs from retention, resulting in a total combined permanent jobs impact of 2,226.

10 Year Local GMP Impact - Combined (Expansion & Retention): \$2 Billion

The analysis indicates a combined growth in Gross Metropolitan Product (GMP) over a 10-year period as follows: \$505 million from expansion, \$1.5 billion from retention, resulting in a total combined GMP growth of \$2 billion.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$50,399

City incentives for Project Barrel are estimated to be \$50,399 over 4 years.

4 Year Net New City Revenue - Combined (Expansion & Retention): \$5.3 Million

The analysis indicates a combined net new city revenue from the Project Barrel facilities in Colorado Springs over a 4-year period as follows: \$1.3 million from expansion, \$3.9 million from retention, resulting in a combined net new city revenue of \$5.3 million*.

(*Figures may not total due to rounding of estimates; net city revenues include items scheduled to sunset.)

10 Year Net New City Revenue - Combined (Expansion & Retention): \$15.5 Million

The analysis indicates a combined net new city revenue from the Project Barrel facilities in Colorado Springs over a 10-year period as follows: \$4.1 million from expansion, \$11.4 million from retention, resulting in a combined net new city revenue of \$15.5 million*.

(*Figures may not total due to rounding of estimates; 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 Barrel.

N/A