



Legislation Text

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A Resolution Approving an Economic Development Agreement Between the City of Colorado Springs and Entegris, Inc.

Presenter:

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Summary:

Entegris, Inc. delivers advanced materials for semiconductor and life science industries across the globe. The company has three major divisions across its portfolio, Advanced Materials Handling, Specialty Chemicals & Engineered Materials, and Micro-Contamination Control. The Colorado Springs location is producing products that directly impact the supply chain of the COVID-19 vaccine production. Entegris is expanding operations at its existing location at 4405 Arrowswest Drive in order to produce products critical for vaccine production. The company currently has 285 employees locally, and over the next four years plans to hire an additional 38 employees. With the creation of these new full-time jobs, Entegris desires to invest in business personal property and construction materials for its facilities and product expansion. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment and job growth.

Background:

Entegris has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$3.2 million in purchases of construction materials and \$21 million machinery and equipment for a total investment of \$24.2 million. The company expects to hire 38 new full-time employees over the next 4 years at an average wage of \$58,092.

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

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact: 625

The EIA indicates a jobs impact from Entegris operations over a 4-year period as follows: 83 jobs from expansion, 542 jobs from retention, and a combined jobs impact of 625.

4 Year Projected Impact to Local GMP: \$201.4 Million

The EIA indicates growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$28.4 million from expansion, \$173 million from retention, and a combined GMP growth of \$201.4 million.

10 Year Jobs Impact: 625

The EIA indicates a jobs impact from Entegris operations over a 10-year period as follows: 83 jobs from expansion, 542 jobs from retention, and a combined jobs impact of 625.

10 Year Projected Impact to Local GMP: \$581.1 Million

The EIA indicates growth in Gross Metropolitan Product (GMP) over a 10-year period as follows: \$80.1 million from expansion, \$501 million from retention, and a combined GMP growth of \$581.1 million.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$198,380

City incentives for Entegris are estimated to be \$198,380 over 4 years.

4 Year Net City Revenue: \$1.63 Million

The EIA indicates net city revenue from the Entegris facilities in Colorado Springs over a 4-year period as follows: \$660,620 from expansion, \$971,000 from retention, and combined net city revenue of \$1.63 million*. (*Net city revenues include items scheduled to sunset.)

10 Year Net City Revenue: \$3.8 Million

The EIA indicates net city revenue from the Entegris facilities in Colorado Springs over a 10-year period as follows: \$1.07 million from expansion, \$2.7 million from retention, and combined net city revenue of \$3.8 million*. (*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 Entegris, Inc.

N/A