



## Legislation Text

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**File #:** 23-024, **Version:** 1

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A resolution approving an Economic Development Agreement between the City of Colorado Springs and Zivaro, Inc.

**Presenter:**

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**Summary:**

Zivaro, Inc. is a rapidly growing information technology (IT) company that provides IT infrastructure, cybersecurity, and cloud solutions for a variety of highly regulated industries including the federal government, healthcare, financial services, and energy. Zivaro is headquartered in Denver, Colorado and is one of the fastest growing large private businesses in Colorado.

Zivaro intends to start a new business unit to further serve the U.S. Government, which will be a software development-intensive effort. Over 95% of Zivaro's customers are outside of El Paso County. Zivaro plans to remodel 12,000 square feet at its Colorado Springs office and build out 5,000 square feet of SCIF (Sensitive Compartmented Information Facility) space.

The company currently employs 50 employees at its Colorado Springs location, and over the next eight years plans to hire an additional 300 employees. With the creation of these new full-time jobs, Zivaro 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.

**Background:**

Zivaro, Inc. has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$5 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 300 new full-time employees over the next 8 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 ten (10) 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 Zivaro, Inc. in Colorado Springs. The following is a summary of the results:

**COMMUNITY BENEFITS (ECONOMIC IMPACTS)**

**10 Year Jobs Impact - Combined (Expansion & Retention): 945**

The analysis indicates a combined jobs impact from Zivaro's operations over a 10-year period as follows: 810 jobs from expansion, 135 jobs from retention, resulting in a total combined permanent jobs impact of 945.

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

The analysis indicates a combined growth in Gross Metropolitan Product (GMP) over a 10-year period as follows: \$507 million from expansion, \$125 million from retention, resulting in a total combined GMP growth of \$632 million.

**CITY REVENUE (FISCAL IMPACTS)**

**10 Year City Incentives: \$27,975**

City incentives for Zivaro, Inc. are estimated to be \$27,975 over 10 years.

**10 Year Net New City Revenue - Combined (Expansion & Retention): \$6.8 Million**

The analysis indicates a combined net new city revenue from the Zivaro, Inc. facilities in Colorado Springs over a 10-year period as follows: \$5.7 million from expansion, \$1.1 million from retention, resulting in a combined net new city revenue of \$6.8 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:**

City Council can choose to approve, deny, or refer to staff.

**Proposed Motion:**

Approve a resolution approving an Economic Development Agreement between the City of Colorado Springs and Zivaro, Inc.

N/A