



Legislation Text

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

Presenter:

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Summary:

Project Thunder is an existing food manufacturing and processing company. The company has locations in the U.S. and internationally. This has been a competitive project as the company was considering other U.S. locations for expansion. Project Thunder is a Primary Employer, as they generate more than 50% of their revenue from outside of El Paso County. Project Thunder plans to secure a new Facility in Colorado Springs. Additionally, the company plans to hire 20 employees over the next four (4) years. With the creation of these new full-time jobs, Project Thunder plans to invest in business personal property, including furniture, fixtures, machinery, equipment, and construction materials for its facilities development and expansion. The Executive Branch is recommending that the City provide certain performance-based incentives for the company investment and job growth.

Background:

Project Thunder has investment plans for business personal property, construction materials, and job creation for its Colorado Springs facilities. The company estimates that it will invest \$18 million in purchases of construction materials, furniture, fixtures, machinery, and equipment. The company expects to hire 20 new full-time employees over the next four (4) years at an average wage of \$60,000. 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). 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 Thunder in

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

COMMUNITY BENEFITS (ECONOMIC IMPACTS)

4 Year Jobs Impact - Expansion and Retention: 83

The analysis indicates a total jobs impact from Project Thunder operations over a 4-year period as follows: 50 jobs from expansion and 33 jobs from retention for a combined total jobs impact of 83.

4 Year Local GMP Impact - Expansion and Retention: \$33.7 Million

The analysis indicates growth in Gross Metropolitan Product (GMP) over a 4-year period as follows: \$23.9 Million from expansion and \$9.8 Million from retention for a combined total GMP impact of \$33.7 Million.

CITY REVENUE (FISCAL IMPACTS)

4 Year City Incentives: \$97,500

City incentives for Project Thunder are estimated to be \$97,500 over 4 years.

4 Year Net New City Revenue - Expansion and Retention: \$433,314

The analysis indicates a total net new city revenue from the Project Thunder facilities in Colorado Springs over a 4-year period as follows: \$445,680 gross new city revenue from expansion and \$85,134 gross new city revenue from retention, less the city incentives of \$97,500, for a total combined net new city revenue of \$433,314.

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 Thunder.

N/A