



Colorado Springs City Council Work Session

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Presentation Overview

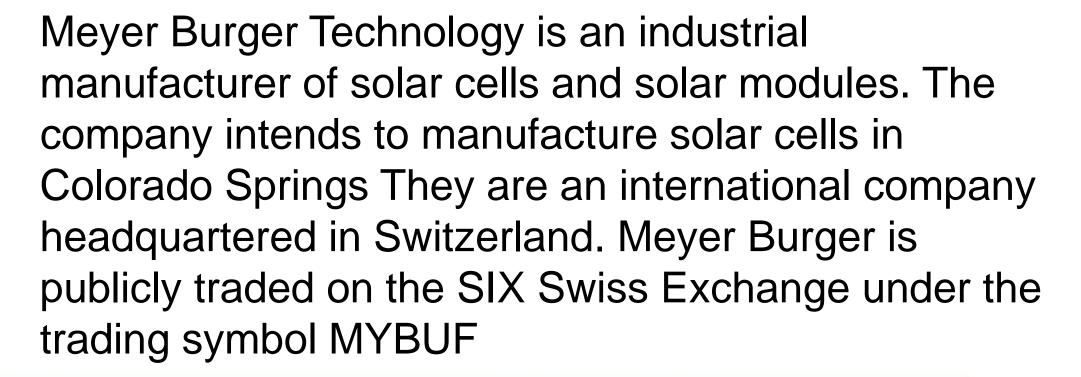
COLORADO SPRINGS OLYMPIC CITY USA

- Project Blanc Overview
- Proposed Economic Development Agreement (EDA)
- Economic and Fiscal Impact Analyses
 - Expansion
- Staff Recommendation
- Questions
- Appendix

Project Blanc Overview







Project Blanc Overview



- Plans to renovate an existing facility located at 1575 Garden of the Gods – Former Intel Fab
- Project Blanc is a Primary Employer, generating more than 50% of their revenue from outside of El Paso County.
- This has been a competitive project as the company was considering other US locations for expansion.

Project Blanc Overview

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Investment plans for expansion and job creation

- \$403.5 million capital investment over 2 years

\$200 million buildings and improvements

\$3.5 million furniture and fixtures

\$200 million machinery and equipment

- 380 jobs over 3 years
- Average wage: \$77,842

Proposed EDA



 Provide certain performance-based incentives in an effort to enable greater company investment and job growth

 Incentives provided through an Economic Development Agreement

Proposed EDA



Recommended Economic Development Agreement:

- Sales & Use Tax Rebate on Annual Purchases of Business Personal Property (50% of the City's 2% General Fund Rate, or 1% Total Rebate)
- Sales and Use Tax Rebate on Purchases of Construction Materials (50% of the City's 2% General Fund Rate, or 1% Total Rebate)
- Ten Year Agreement: 380 new jobs over lifetime of agreement

EDA Requirements



Minimum criteria to qualify for an Economic Development Agreement (Economic Development Division standard practice):

- Primary Employer
 - Company generates at least 51% of its revenue from outside of the local trade area of El Paso County, bringing new wealth into the local economy.
- Create 10 new Primary Jobs
- \$1 Million new capital investment

EDA Requirements



Minimum job creation for the term of an Economic Development Agreement:

- 10 new jobs: 4 year agreement
- 100 new jobs: 10 year agreement
- 500 new jobs: 15 year agreement

EDA Requirements



City Council has the discretion to approve an Economic Development Agreement with criteria and terms as determined by City Council.

Expansion



Expansion

10-Year Economic and Fiscal Impact Analyses

Expansion: Economic Impact



New Community Benefits – Permanent Jobs	10 Year Total
Direct Jobs	380
Indirect/Induced Jobs	434
Total Permanent Jobs	814

New Community Benefits – Construction Jobs	
Total Construction Jobs	2,235

New Community Benefits – GMP	10 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$1.07 Billion	\$107 Million



10-Year Analysis of **Gross New City Revenue from Expansion**

*No Sunset

New City Revenue from Expansion	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$16.5 Million	\$1.65 Million

^{*} Indicates item scheduled to sunset; calculations assume special fund taxes are renewed after sunset.

^{*} See Appendix slide 26 for breakdown of calculations.

Expansion: Calculation of Incentives



Calculation of Incentives for Expansion: City Sales and Use Tax Rebates over a 10-Year EDA Agreement

City Sales and Use Tax Rebate	Total
Business Personal Property (Machinery & Equipment, Furniture & Fixtures)	\$2,035,000
Construction Materials	\$1,000,000
Total Estimated Sales and Use Tax Rebate	\$3,035,000



10-Year Analysis of Net New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$16.5 Million	\$1.65 Million
City Incentive	(\$3,035,000)	
Total New City Revenue (Net)	\$13.5 Million	\$1.35 Million

Project Blanc

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Surplus Revenue from CSU

	10 Year Total	Average Annual
Surplus Revenue	\$25 Million	\$2.5 Million



Total Net City Revenue Including Surplus

	10 Year Total	Average Annual
Net New City Revenue (Before Surplus)	\$13.5 Million	\$1.35 Million
Surplus Revenue	\$25 Million	\$2.5 Million
Total Net New City Revenue (Including Surplus)	\$38.5 Million	\$3.85 Million

Utility Considerations



Project Blanc - Projected Utility Usage at Full Build Out			
Electric Peak Demand	50 MW		
Peak Water	1,467,000 GPD	4.5 AF/Day	1,640 AF/Year
Wastewater (GDP)	1,303,000 GPD	4.0 AF/Day	1,460 AF/Year

Financial Safeguards



- Incentive structure incurs no financial risk to the City
 - Strictly performance-based
 - Rebates are made to the company only after revenue has been collected

Other Considerations



- EDA is consistent with the City of Colorado Springs Strategic Plan
 - Promoting Job Creation

Project Blanc

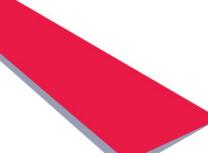


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Staff Recommendation



Approval of a resolution approving an Economic Development Agreement between the City of Colorado Springs and Project Blanc.



Questions?





Appendix



Appendix

Breakdown of calculations for Fiscal Impacts



10-Year Analysis of Gross New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	10 Year Total	Average Annual
Sales Tax – General Fund	\$8.7 Million	\$874,000
PSST	\$1.8 Million	\$175,000
TOPS*	\$437,000	\$44,000
PPRTA* (70%)	\$3.1 Million	\$306,000
2C*	\$2.5 Million	\$249,000
Total New City Revenue (Gross)	\$16.5 Million	\$1.65 Million

^{*} Indicates item scheduled to sunset; calculations assume special fund taxes are renewed after sunset.

^{*} Breakdown of calculations for slide 14