

Project Sunscreen

Economic Development Agreement

Colorado Springs City Council Work Session

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Presentation Overview



- Project Sunscreen Overview
- Proposed Economic Development Agreement (EDA)
- Economic and Fiscal Impact Analyses
- Financial Safeguards
- Staff Recommendation
- Questions
- Appendix

Project Sunscreen Overview



- Project Sunscreen intends to create a new division and to expand capabilities.
- Project Sunscreen is a construction company and materials manufacturer. The company has several locations in the U.S. including a location in Colorado Springs.
- This has been a competitive project as the company was considering other U.S. locations for expansion.

Project Sunscreen Overview



- Plans to secure a new location to expand.
- Project Sunscreen is a Primary Employer, generating more than 50% of their revenue from outside of El Paso County.

Project Sunscreen Overview



- Investment plans for expansion and job creation:
 - \$4.91 million capital investment over 5 years
 - \$500,000 land
 - \$1 million building and improvements
 - \$3.41 million machinery and equipment
 - 28 jobs over 6 years
 - Average wage: \$59,083

PROPOSED EDA



Proposed Economic Development Agreement (EDA)

EDA



- Provide performance-based incentives to enable greater company investment and job growth
- Incentives provided through an Economic Development Agreement (EDA)

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)
- Four Year Agreement: 25 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
- City Council has the discretion to approve an Economic Development Agreement with criteria and terms as determined by City Council.

EXPANSION 4 and 10 Year



4 and 10-Year Economic and Fiscal Impact Analyses of Expansion

Expansion: Economic Impact



New Community Benefits – Permanent Jobs	4 Year Total	10 Year Total
Direct Jobs	25	28
Indirect/Induced Jobs	24	29
Total Permanent Jobs	49	57

New Community Benefits – Construction Jobs	
Total Construction Jobs	11

New Community Benefits – GMP	4 Year Total	Average Annual	10 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$16,817,371	\$4,204,343	\$59,898,787	\$5,989,879

Expansion: Fiscal Impact



4 and 10-Year Analysis of Gross New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	4 Year Total	Average Annual	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$191,992	\$47,998	\$421,286	\$42,129

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

* See Appendix slide 28 for breakdown of calculations.

Expansion: Incentives

Calculation of Incentives for Expansion: City Sales and Use Tax Rebates over a 4-Year EDA Agreement

City Sales and Use Tax Rebate	Total
Business Personal Property (Machinery & Equipment, Furniture & Fixtures)	\$25,554
Construction Materials	\$5,000
Total Estimated Sales and Use Tax Rebate	\$30,554

Expansion: Fiscal Impact

4 and 10-Year Analysis of Net New City Revenue from Expansion

*No Sunset

New City Revenue from Expansion	4 Year Total	Average Annual	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$191,992	\$47,998	\$421,286	\$42,129
City Incentive	(\$30,554)		(\$30,554)	
Total New City Revenue (Net)	\$161,438	\$40,359	\$390,732	\$39,073

RETENTION 4 and 10 YEAR



4 and 10-Year Economic and Fiscal Impact Analyses of Retention

Retention: Economic Impact



New Community Benefits – Permanent Jobs	4 Year Total	10 Year Total
Direct Jobs	153	153
Indirect/Induced Jobs	159	159
Total Permanent Jobs	312	312

New Community Benefits – Construction Jobs	
Total Construction Jobs	0

New Community Benefits – GMP	4 Year Total	Average Annual	10 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$123,858,537	\$30,964,634	\$361,262,452	\$36,126,245

Retention: Fiscal Impact



4 and 10-Year Analysis of Gross New City Revenue from Retention

*No Sunset

New City Revenue from Retention	4 Year Total	Average Annual	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$638,139	\$159,535	\$1,856,617	\$185,662

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

* See Appendix slide 29 for breakdown of calculations.

Retention: Fiscal Impact



4 and 10-Year Analysis of Net New City Revenue from Retention

*No Sunset

New City Revenue from Retention	4 Year Total	Average Annual	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$638,139	\$159,535	\$1,856,617	\$185,662
City Incentive	(\$30,554)		(\$30,554)	
Total New City Revenue (Net)	\$607,585	\$151,896	\$1,826,063	\$182,606

COMBINED EXPANSION AND RETENTION 4 and 10 YEAR



4 and 10-Year Economic and Fiscal Impact
Analyses of Expansion and Retention
Combined

Combined: Economic Impact



New Community Benefits – Permanent Jobs	4 Year Total	10 Year Total
Total Jobs from Expansion	49	57
Total Jobs from Retention	312	312
Total Permanent Jobs	361	369

New Community Benefits – Construction Jobs	
Total Construction Jobs	11

New Community Benefits – GMP Combined	4 Year Total	Average Annual	10 Year Total	Average Annual
Total Value Added (Gross Metropolitan Product)	\$140,675,908	\$35,168,977	\$421,161,239	\$42,116,124

Combined: Fiscal Impact



4 and 10-Year Analysis of Gross New City Revenue from Expansion and Retention

*No Sunset

New City Revenue from Expansion and Retention	4 Year Total	Average Annual	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$830,130	\$207,533	\$2,277,903	\$227,790

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

* See Appendix slide 30 for breakdown of calculations.

Combined: Fiscal Impact



4 and 10-Year Analysis of Net New City Revenue from Expansion and Retention

*No Sunset

New City Revenue from Expansion and Retention	4 Year Total	Average Annual	10 Year Total	Average Annual
Total New City Revenue (Gross)	\$830,130	\$207,533	\$2,277,903	\$227,790
City Incentive	(\$30,554)		(\$30,554)	
Total New City Revenue (Net)	\$799,576	\$79,958	\$2,247,349	\$224,735

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

STAFF RECOMMENDATION



EDA is consistent with the City of Colorado Springs Strategic Plan

- Promoting Job Creation

Approve the Economic Development Agreement between the City of Colorado Springs and Project Sunscreen.

QUESTIONS?



APPENDIX



Appendix

Breakdown of calculations for Fiscal Impacts

Expansion: Fiscal Impact

4 and 10-Year Analysis of Gross New City Revenue from Expansion

New City Revenue from Expansion	4 Year Total	Average Annual	10 Year Total	Average Annual
Sales Tax – General Fund	\$101,852	\$25,463	\$223,494	\$22,349
PSST	\$20,370	\$5,093	\$44,699	\$4,470
TOPS*	\$5,093	\$1,273	\$11,175	\$1,117
PPRTA* (70%)	\$35,648	\$8,912	\$78,223	\$7,822
2C*	\$29,028	\$7,257	\$63,696	\$6,370
Total New City Revenue (Gross)	\$191,992	\$47,998	\$421,286	\$42,129

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

* Breakdown of calculations for slide 13

Retention: Fiscal Impact

4 and 10-Year Analysis of Gross New City Revenue from Retention

New City Revenue from Retention	4 Year Total	Average Annual	10 Year Total	Average Annual
Sales Tax – General Fund	\$338,535	\$84,634	\$984,943	\$98,494
PSST	\$67,707	\$16,927	\$196,989	\$19,699
TOPS*	\$16,927	\$4,232	\$49,247	\$4,925
PPRTA* (70%)	\$118,487	\$29,622	\$344,730	\$34,473
2C*	\$96,482	\$24,121	\$280,709	\$28,071
Total New City Revenue (Gross)	\$638,139	\$159,535	\$1,856,617	\$185,662

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

* Breakdown of calculations for slide 18

Combined: Fiscal Impact

4 and 10-Year Analysis of Gross New City Revenue from Expansion and Retention

New City Revenue from Expansion and Retention	4 Year Total	Average Annual	10 Year Total	Average Annual
Sales Tax – General Fund	\$440,387	\$110,097	\$1,208,436	\$120,844
PSST	\$88,077	\$22,019	\$241,687	\$24,169
TOPS*	\$22,019	\$5,505	\$60,422	\$6,042
PPRTA* (70%)	\$154,136	\$38,534	\$422,953	\$42,295
2C*	\$125,510	\$31,378	\$344,404	\$34,440
Total New City Revenue (Gross)	\$830,130	\$207,533	\$2,277,903	\$227,790

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

* Breakdown of calculations for slide 22