

# Colorado

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## **Enterprise Zone Annual Report 2006**

*Office of Economic Development & International Trade  
and  
Department of Local Affairs  
Revised - December 2007*



# **Colorado Enterprise Zone Annual Report - Part I FY 2006 Activity**

## **Table of Contents**

Summary	EZ - 1
Background	EZ - 1
Economic Statistics	EZ - 2
Credits Claimed vs Certified	EZ - 3
State Revenue Impact	EZ - 5
Certification Statistics	EZ - 5
EZ Map	EZ - 12
Table 1 – Credits Certified & Claimed	EZ - 13
Table 2 – Credits Certified by Industry	EZ - 14
Table 3 – Credits Certified by Zone	EZ - 15

## Colorado Enterprise Zone Annual Report for 2006

The following information on changes in economic conditions in enterprise zone areas and on enterprise zone tax credit activity represents the annual report to the General Assembly summarizing the status of enterprise zones, as required by 39-30-103, C.R.S. Additional detail is available on request from the Economic Development Commission staff, and is also available on the Office of Economic Development and International Trade website, [www.advancecolorado.com](http://www.advancecolorado.com).

### Summary

- During fiscal year 2006, 5,032 businesses certified one or more potential enterprise zone tax credits.
- These companies created 6,400 new jobs and retained more than 122,650 jobs.
- They invested \$1.2 billion in new equipment in enterprise zone businesses.
- Over 17,800 taxpayers contributed \$35.5 million to enterprise zone economic and community development projects.
- Enterprise Zone tax credits claimed with the Department of Revenue totaled \$33.9 million.

### **Background - Enterprise Zone Designation Process**

The Colorado Urban and Rural Enterprise Zone statute, 39-30 C.R.S., provides that local governments may propose areas for designation as an enterprise zone. It sets forth three criteria to measure economic distress in order for an area to qualify for enterprise zone designation:

- Unemployment rate greater than 25 percent above the state average; or
- Per capita income less than 75 percent of the state average; or
- Population growth less than 25 percent of the state average

In addition, the total population residing within an enterprise zone boundary cannot exceed 80,000 people in urban or 100,000 in rural enterprise zones.

The Colorado Economic Development Commission ("EDC") has the authority to designate and terminate areas as enterprise zones (this authority rested with the executive director of the Department of Local Affairs prior to 1996). The statute originally allowed up to 8 areas to be designated as enterprise zones. The General Assembly amended the Act in subsequent years to increase that number to the current 16. In 1997, following amendments to the Act which gave the EDC power to terminate zone areas, the EDC reviewed available data on economic

conditions in enterprise zone (EZ) areas, and terminated those areas that it determined no longer met the distress criteria. These terminations took effect July 1, 1998.

In 2002, in light of the downturn in the state's economy, the General Assembly amended the Enterprise Zone Act (HB 02-1399) to repeal the previous requirement that the EDC review all enterprise zone areas within 12 months of the publication of socio-economic data from the decennial U.S. Census. The EDC continues to have discretionary authority to designate and terminate zone areas. A map of the state's enterprise zones can be found at the end of this report.

Enterprise Zone Administrators request boundary amendments from time-to-time based on opportunities for development and community goals. Therefore, viewing zone area progress toward lower unemployment, population-stabilization and higher per-capita incomes is difficult to gauge. Myriad other influences and the larger economic situation complicate evaluating the benefits of the State's enterprise zone program. The remainder of this report draws on published economic statistics and EZ certification data to evaluate the enterprise zone program.

### **Changes in Zone Economic Conditions**

Published employment, per capita income and population growth data has been summarized to compare enterprise zone counties to statewide totals and non-zone counties.

Labor force data is the latest annual information from the Colorado Department of Labor & Employment. These figures are from a household survey that estimates the proportion of the population employed. This data was available in April of 2007, and may later be adjusted. We report calendar year data here.

- **Employment.** Colorado's employment rose almost 118,000 in 2006 following a climb of about 36,000 in 2005. Calendar year 2006 was a strong year for employment gains. Rural enterprise zone county employment has been growing at a healthy pace as compared to the statewide average. The table provides comparative information between zone and non-zone counties as well as urban and rural counties with enterprise zone status. Counties with EZ designation may exclude certain land types (i.e. residential or recreational) or areas experiencing economic vitality from the enterprise zone. Relatively small portions of urban counties have EZ status.

Annual Employment Growth

	2003	2004	2005	2006
State	1.1%	2.5%	1.5%	4.9%
Non-Zone	1.9%	2.3%	3.4%	5.8%
E-Zone	0.9%	2.5%	1.2%	4.7%
Urban	1.4%	2.3%	1.0%	4.4%
Rural	-1.0%	3.4%	2.2%	6.0%

*Data source: Colorado Department of Labor & Employment, <http://www.coworkforce.com/lmi/ali/lfpag.asp>*

*\*note text in blue was revised in December 2007 due to an error found in employment figures recorded for 2005.*

- Unemployment. The unemployment rate has been dropping since 2003 in both zone and non-zone counties. Since 2002 the unemployment rate in rural EZ counties has been less than the state average and the urban EZ county average. The loss of jobs in the technology sector particularly impacted urban areas.

Annual Unemployment Rates

	2002	2003	2004	2005	2006
State	5.9%	6.2	5.5	5.3	4.3
Non-Zone	5.5%	5.5	4.7	4.3	3.7
E-Zone	5.9%	6.4	5.7	5.5	4.5
Urban	6.1%	6.5	5.8	5.6	4.6
Rural	5.2%	5.9	5.1	4.9	4.0

Population. Slow population growth, one of the statutory enterprise zone distress criteria, is primarily relevant to rural areas, where lack of economic opportunity often is manifested in out-migration. This enterprise zone designation criteria requires that the area population growth rate over a five-year period be less than 25% of the statewide growth rate. Colorado’s population growth from 2000 to 2005 was 9.8%. Only three enterprise zones experienced growth below the 25% threshold: Jefferson County, South Central and Southeast. Five of the zones experienced growth at or above the state average: Adams, Mesa, Northwest, Region 10 and Greeley/Weld.

*Data source: Colorado Department of Local Affairs, <http://dola.colorado.gov/demog/>*

Income. With per capita income figures available through 2004, the growth in income for the state as a whole over the 17 years since the EZ program began is 120%. Enterprise zone per capita income growth has kept pace, growing 118% from 1987 to 2004. However, this figure is heavily biased by the inclusion of urban counties with high per capita incomes outside of their small enterprise zone areas.

In rural enterprise zone counties, average per capita income grew 110% over the same 17-year period. In 2002, 2003, and 2004, average rural EZ county per capita income grew 0.2, 2.8, and 5.9 percent, compared to statewide growth of -0.8, 1.0, and 4.5 percent for the same years. Thus, rural enterprise zone incomes have improved compared to the state average, from a low of 71% in 2000 to 74% in 2004. Per capita income in the various rural EZs ranged from 91% of the state average in the Northwest EZ to 60% in Upper Arkansas. In urban EZ’s, only Pueblo and Weld counties had per capita income below 75% of the state average.

*Data Source: U.S. Bureau of Economic Analysis, <http://www.bea.gov/beat/regional/reis/>*

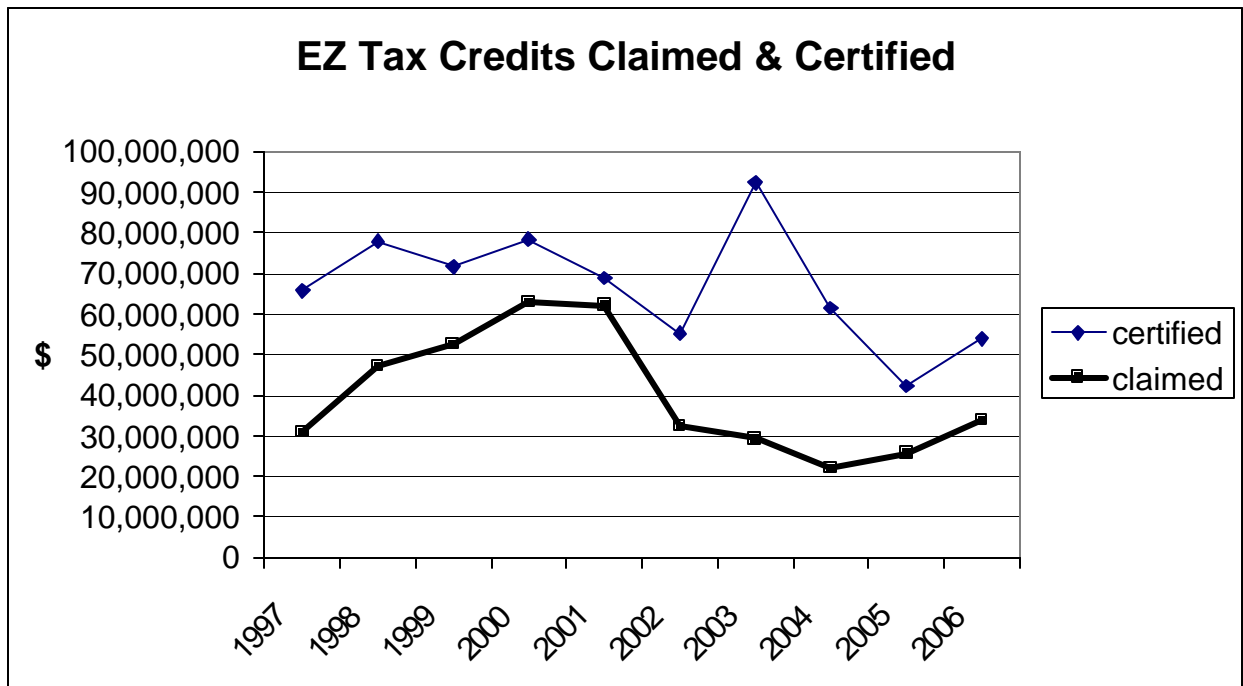
### **Tax Credits Claimed and Potential Credits Certified**

Total EZ tax credits claimed with the Department of Revenue in FY 2006 were \$33.9 million, compared to \$25.7 million in FY 2005 and \$22.1 million in FY 2004. Of total EZ credits claimed in FY 2006, corporate taxpayers claimed more than \$19.7 million while non-

corporate taxpayers (individual contribution credits, plus sole proprietor, partnership and other non-corporate business credits) claimed more than \$14.1 million.

The total credit amounts reported to enterprise zone administrators on the Certification forms and compiled for this report typically exceed the total amount of EZ tax credits actually claimed and reported by the Department of Revenue as reductions in each year's tax liability. The amounts certified represent *potential* credits for which the taxpayer has qualified by virtue of undertaking the activities specified in the enterprise zone statute – making qualified investments, creating new jobs in new or expanded business facilities, investing in qualified job training, increasing research and experimental expenditures, rehabilitating qualifying vacant buildings in an enterprise zone, or making donations to approved enterprise zone development projects. The total amount of tax credits *certified* in FY 2006 was almost \$53.9 million, up 28% from 2005.

The amounts claimed with the Department of Revenue, on the other hand, are limited by each taxpayer's Colorado income tax liability each year. Potential credits earned in excess of the current year's tax liability may be carried forward to future tax years for a period specified in statute. Potential credits of taxpayers who do not earn sufficient taxable income, or who cease business during the carry-forward period, will be permanently lost. In addition, there may be differences in timing between the EZ certification reports and the filing of tax returns reported by DOR due to the timing of tax filing. (See Table 1 at end of this section for more detail.)



Certifications for business tax credits peaked in 2003. In particular, the ITC credits certified went from a total of about \$40 million in 2002 to \$70 million in 2003, then dropped to \$47 million in 2004 and hit a low of \$27 million in 2005. All other business credit certifications dropped from 2003 to 2004 except the Enhanced Rural New Business Facility job credits that have edged up since their introduction in 2002. Contribution credit certifications also climbed through 2004 and after.

## **Potential State Revenue Gains**

New jobs and capital investment created by businesses claiming enterprise zone credits will result in several different types of increased tax revenues. Exact revenue impacts are not possible to calculate, but the estimated amount of revenue from just three sources – income and sales taxes paid by new EZ employees, sales and use taxes on new EZ business equipment purchases, and increased school property taxes on new EZ business personal property – is more than \$62 million, almost 50% more than the \$33.9 million in EZ credits claimed.

- Personal income, sales, and excise taxes paid by new employees of enterprise zone businesses are almost \$19.4 million for the 6,400 new employees added by EZ certifying businesses, given average state tax collections per employee of \$3,031 in FY 2006.
- State sales and use taxes on taxable non-manufacturing equipment purchased by enterprise zone businesses, based on the amount of investment certified by non-manufacturing businesses, would amount to approximately \$19.9 million in FY 2006.
- New investment by enterprise zone businesses added \$1.2 billion of personal property to the local tax base, increasing local property tax capacity and reducing the burden on the state school finance act correspondingly. At 2005 statewide average mill levies, this would generate almost \$13.3 million in new property taxes for school districts, more than \$7.1 million for counties, and \$2.6 million for municipalities.
- New economic activity also brings additional state revenue from corporate taxes.
- Job growth in rural areas that had previously been losing population, as well as private contributions to enterprise zone projects encouraged by the enterprise zone tax credit, help preserve vital community infrastructure such as schools and health care facilities.

## **Enterprise Zone Certification Statistics**

The Enterprise Zone statute specifies that a variety of statistics for companies claiming Colorado enterprise zone income tax credits are to be reported by local enterprise zone administrators and summarized in this Annual Report. These figures are obtained from the certification forms that taxpayers claiming enterprise zone credits must attach to their Colorado income tax returns. These forms not only verify the taxpayer's location within an enterprise zone, but also collect information on the potential amount of EZ tax credits for which the taxpayer qualifies and additional information required by the statute.

The number of businesses certifying potential enterprise zone tax credits in FY 2006 was 5,032, down slightly from the 5,063 certified in 2005. Of the 5,032 businesses that were certified for EZ credits, 1,895 sought credits the first time in fiscal year 2006.

## Benefits Accrued

- Jobs Created and Retained. Businesses certifying zone tax credits reported an increase in employment of 6,400 jobs in FY 2006; 21% more jobs than were created in EZs in 2005. Of the EZ certifiers, 1,389 reported an increase in employment over the year. The combined result of businesses that gained jobs, those that lost jobs over the year, and those whose employment remained the same was that these businesses retained 122,665 jobs. ("Jobs retained" is defined as employment at the beginning of the year for those certifiers with employment growth, plus employment at the end of the year for those reporting no employment growth or a loss.)
- Capital Investment. Businesses certifying their investments reported adding more than \$1.7 billion of capitalized property in the enterprise zones. Of this, \$1.2 billion was eligible for the 3% EZ investment tax credit, at a cost of about \$36 million to the state. These investments amount to a 35 percent increase over the 2005 level, but significant year-to-year fluctuations in capital investment are common.
- Contributions. Almost 18,000 taxpayers (both individuals and businesses) contributed \$35.5 million to enterprise zone economic and community development projects in FY 2006. This was a 16% increase in the total dollar value of contributions as compared to FY 2005. Although total contributions increased, the average contribution declined slightly. These contributions were eligible to receive \$7.9 million in tax credits.

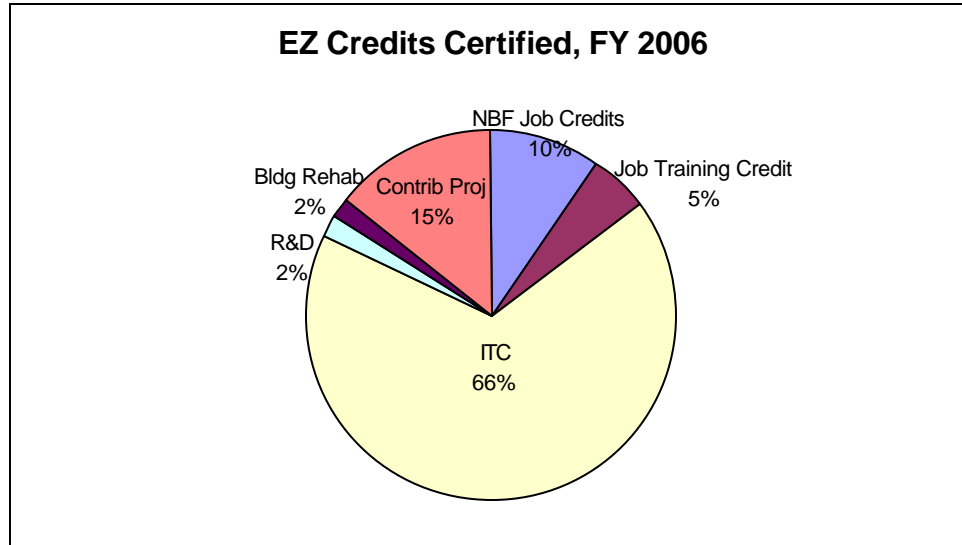
The EZ statute allows a tax credit for donors to projects "implementing the economic development plan for the enterprise zone." It further specifies that such projects must be directly related to job creation or preservation, they may assist homeless shelters that also provide employment-related services, or they should promote community development projects within the enterprise zone. Each proposed project must be approved by the Colorado Economic Development Commission to be eligible for this credit. There were 422 eligible projects at the end of FY 2006 including 40 new projects approved by the EDC during the year. Of these, 266 reported contributions that qualified for the EZ tax credit. The \$35.5 million contributed went to the following types of projects:

Purpose of Contribution	Amount (\$ mil.)	Number of Projects	Contributions (count)
Health Care Facilities	\$10.2	49	3,960
Homeless Shelters & Support Services	\$8.5	53	6,393
Other Economic & Community Development Projects	\$6.2	57	3,411
Economic Development & Business Assistance Programs	\$5.2	53	2,013
Job Training Programs	\$4.2	42	1,737
Infrastructure Improvements	\$1.2	12	312
<b>Total Contributed</b>	<b>\$35.5</b>	<b>266</b>	<b>17,826</b>



## Credits Granted

Approximately 66% of the estimated total dollar value of credits certified in FY 2006 was for the enterprise zone investment tax credit. Approximately 5% was for the EZ job training tax credit, 10% was for the four New Business Facility jobs tax credits, 15% for enterprise zone project contribution tax credits, and the balance for vacant building rehabilitation and increased research and development expenditure credits.



Specifically, the following tax credits were certified based on qualifying investments, job creation, and other activities specified for each credit:

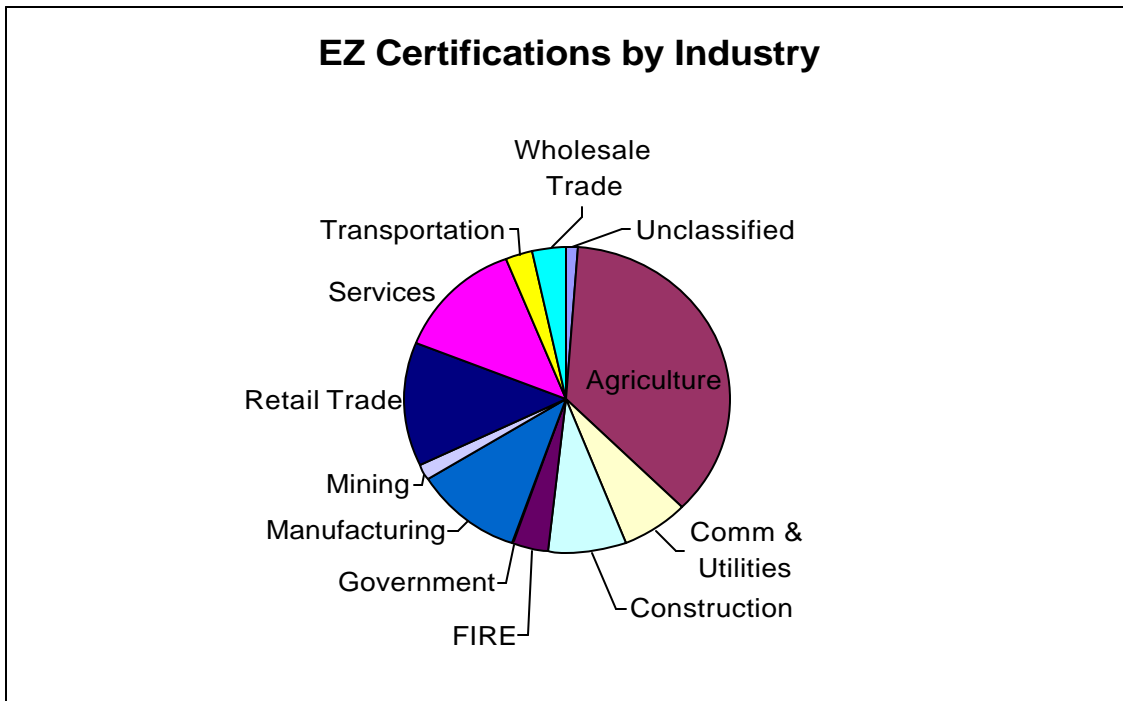
- 3% Investment Tax Credit: more than \$36 million in credits were certified, based on \$1.2 billion in qualifying capital investment by 4,583 zone certifiers.
- New Business Facility Jobs Credit (\$500 per new job): more than \$3.7 million in credits, associated with 11,913 qualifying new business facility jobs in 745 businesses.
- \$500 Ag Processing New Job Credit: more than \$472,000 of credits were certified for 16 tax filers.
- Enhanced Rural Enterprise Zone credits for new jobs provide an additional \$2,000 per New Business Facility job or \$2,500 per NBF job in agricultural processing: 65 businesses received certification for creating 760 new jobs in 16 of the 29 designated Enhanced Rural EZ counties, for a total of \$349,500 in EREZ credits. No EREZ agricultural processing jobs credits were certified.
- \$200, two-year Health Insurance-covered New Job Credit: more than \$649,000 for 210 certifications.
- 10% Job Training Program Investment Credit: \$2.9 million in credits were certified for 332 companies who trained 35,822 zone employees.

- 3% Credit for Increased Research & Development Expenditures: \$1.0 million, claimed by 42 taxpayers. More than \$97.5 million was invested in R&D as reported by certifying businesses.
- 25% Credit for Qualified Expenses of Rehabilitating Older Vacant Buildings: more than \$869,000 in credits for \$6.6 million in qualifying expenses incurred rehabilitating 28 buildings.
- 25% Credit for Contributions to designated Enterprise Zone Projects: \$7.9 million in credits, based on 17,826 contributions totaling \$35.5 million.

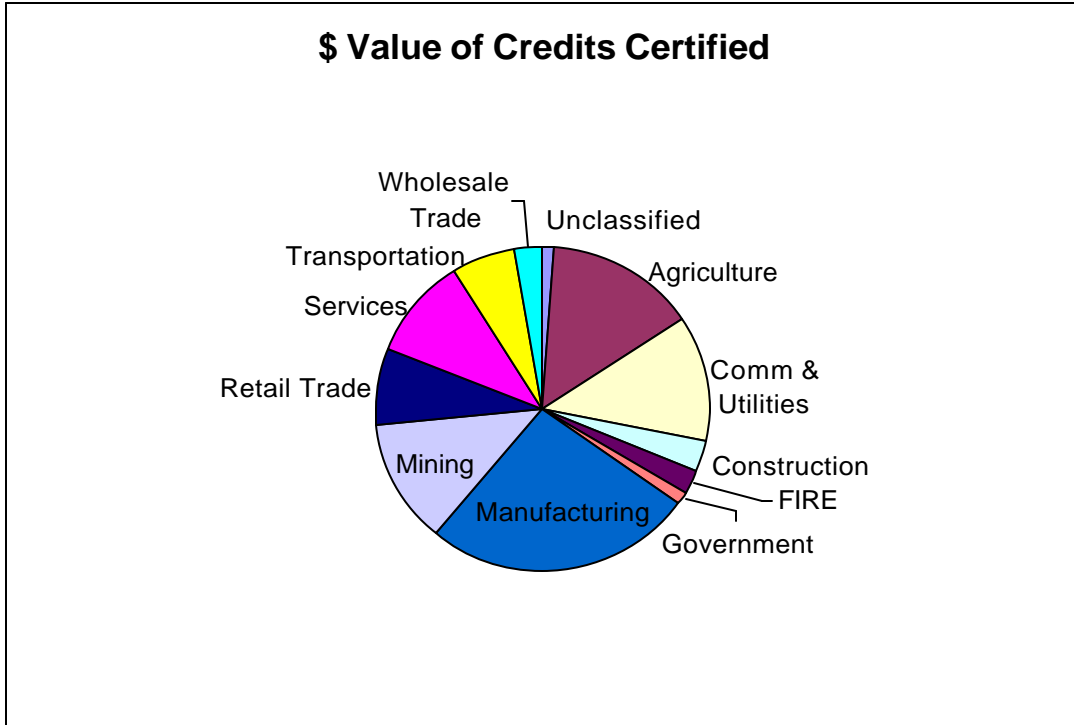
**Credits by Industry**

The industrial mix within the EZ economies is of interest. Many enterprise zones aim to diversify their industry mix. Also, the EZ credits may tend to support certain industries more than others. For example, there are credits targeted at the creation of agricultural processing jobs and business that invest heavily in equipment. Table 2 at the back of the report provides detailed figures by industry.

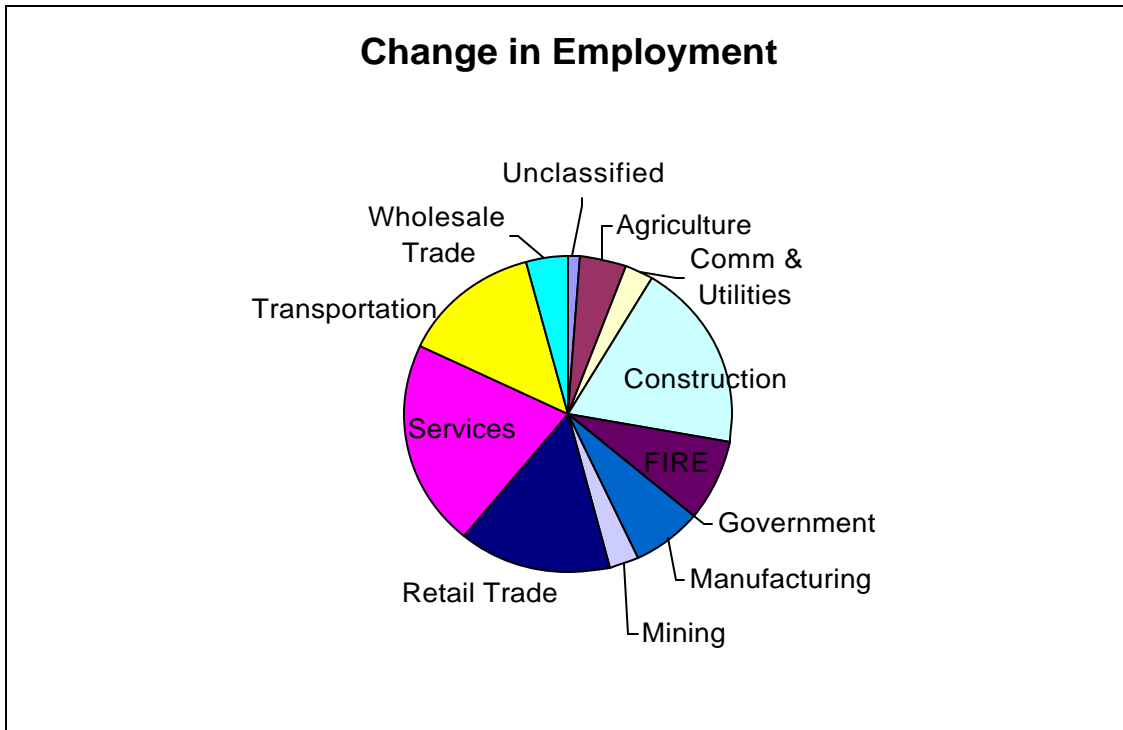
The greatest number of certifications was filed by businesses in the agricultural industry. Statewide, agricultural businesses filed 36% of the certifications for business tax credits; in rural enterprise zones they accounted for more than half of the certifications.



In terms of tax credits awarded the majority of the tax benefit goes to the manufacturing sector. These firms invest in what is known as federal section 38 property, rewarded by a 3% investment tax credit. The qualified business equipment must be used exclusively in an enterprise zone for at least one year.



The enterprise zone designation provides incentives that ultimately aim to provide more employment opportunities within the EZ. The graph below shows employment growth by industry for businesses that certified EZ credits. Employment change is the difference between employment reported at the beginning of the period and that reported at the end. Of the 5,032 businesses certifying credits, 3,643 observed a reduction in the number of employees (6,303 lost) while 1,389 businesses added 12,704 employees for a net gain of 6,400 employees in enterprise zones statewide. The Services industry accounts for 21% of the gain in employment while Construction is 19%, Retail Trade – 15%, and Transportation - 14%.



**Average Annual Compensation**

The enterprise zone statute requires enterprise zone certifiers to report the average annual compensation level, including benefits, of the jobs created or retained within the zone, categorized by full time permanent, part time, temporary, and contract jobs.

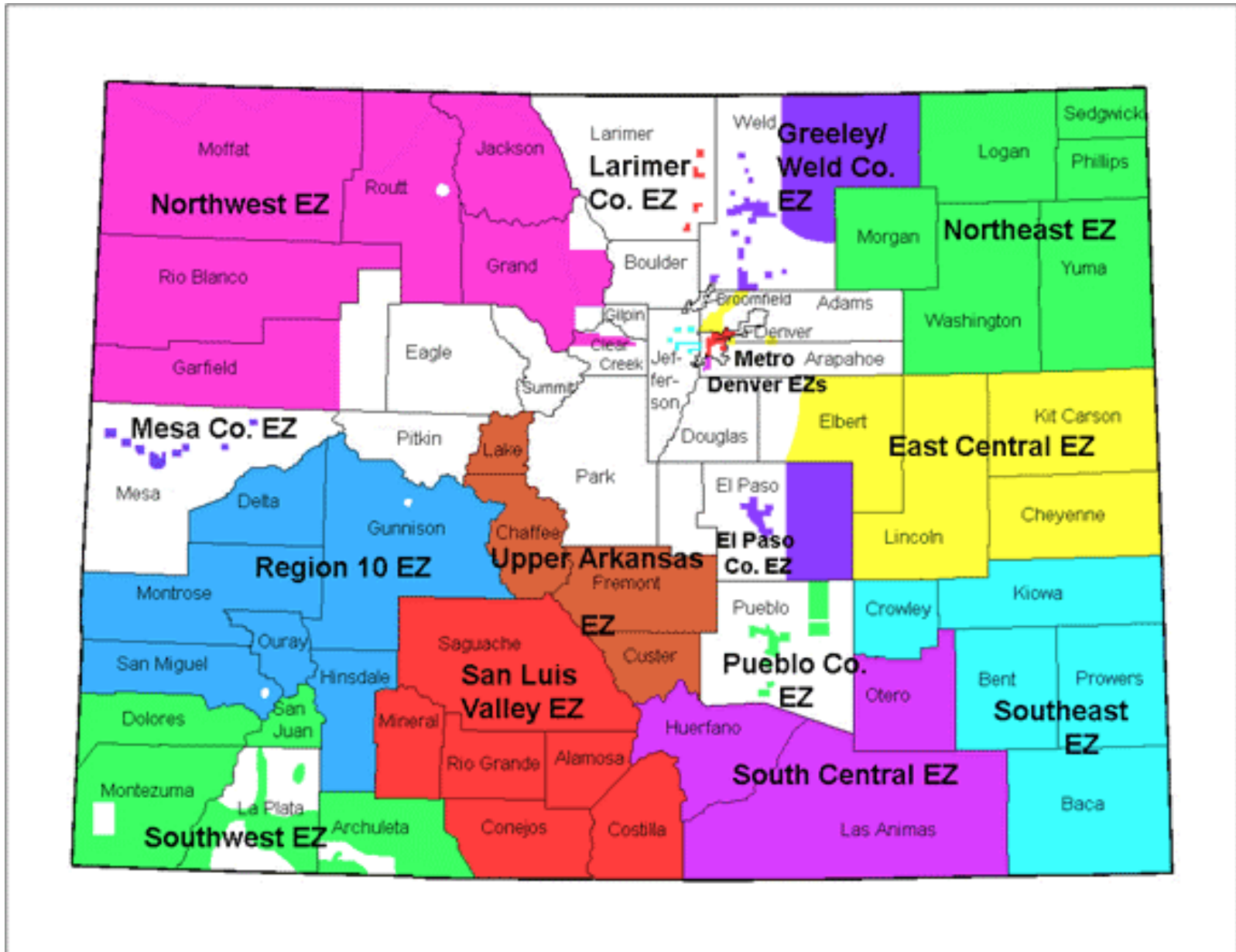
As noted above, 6,400 jobs were added at EZ companies. An additional 2,271 jobs were reported as transferred to a zone facility from another location in the state. Total end-of-year employment was reported at 134,576.

The following table summarizes data on average annual compensation as reported in FY 2006. Wages in the Agricultural sector are reported separately, because wages reported are often net of business expenses and are affected by other unique business circumstances.

<b>Type of Employee:</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Temporary</b>	<b>Contract</b>
<b>Avg. Annual Compensation (excluding Ag)</b>	<b>\$37,983</b>	<b>\$10,140</b>	<b>\$5,157</b>	<b>\$15,766</b>
# Employees for whom comp. reported	222,410	38,665	6,486	2,041
<b>Avg. Annual Compensation (Ag)</b>	<b>\$21,130</b>	<b>\$6,537</b>	<b>\$4,800</b>	<b>\$13,273</b>
# Employees for whom comp. reported	5,524	1,812	1,178	146

Finally, Table 3 at the end of this report shows credits certified by enterprise zones and sub-zones. Certain types of businesses in each enterprise zone may have better opportunities to utilize certain credits. Also, accountants and local enterprise zone administrators may publicize certain credits over others. The multi-county Northeast Enterprise Zone certified more than 900 business claims for tax credits while Pueblo County Enterprise Zone certified 45 business tax credits. Each enterprise zone reports on their activity and goals annually. This information is available in a separate report, Enterprise Zone Annual Report - Part II.

## Colorado Enterprise Zone Map



**Table 1, Total Enterprise Zone Tax Credits Certified by EZ's and Claimed with DOR,  
FY1998 - FY 2006**

(\$ mil.)	Claimed with Department of Revenue							Certified by EZ Adminis- trator	Credits Claimed as % of Certified
	Fiscal Year	Total	Total Corpo- rate	Corp. ITC	Corp. NBF Jobs	Corp. Contribs	Corp. Other		
1998	\$47.1	\$29.0	\$22.9	\$2.4	\$1.8	\$1.9	\$18.1	\$82.9	57%
1999	52.6	32.9	24.6	4.1	1.7	2.5	19.8	73.1	72%
2000	63.0	43.7	27.5	3.9	1.8	10.6	19.2	78.6	80%
2001	62.1	44.2	34.4	5.0	1.2	3.6	17.9	68.7	89%
2002	32.4	18.6	12.3	3.4	0.9	1.9	13.8	56.2	57%
2003	29.2	17.9	13.5	2.3	0.4	1.7	11.3	92.3	32%
2004	22.1	11.4	7.2	2.3	0.6	1.4	10.7	61.4	36%
2005	25.7	13.7	8.3	3.2	0.6	1.6	12.0	42.2	61%
2006	33.9	19.7	13.9	1.8	0.5	3.4	14.1	53.9	63%

\* Business credits for proprietors and partnerships, and individual EZ contribution credits.

**Table 2 - EZ Tax Credits Certified by Industry, Fiscal Year 2006**

Industry	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$Train	\$ R and D	\$ Rehab	Total Bus Credits
Agriculture	1,835	\$6,397,216	\$142,722	\$111,500	\$2,350	\$9,908			\$6,663,697
Comm & Utilities	329	\$5,656,995	\$35,667		\$31,447	\$3,567			\$5,727,675
Construction	381	\$1,020,792	\$214,607	\$2,000	\$36,422	\$58,078	\$91		\$1,331,900
FIRE	179	\$618,769	\$57,919		\$10,092	\$181,764		\$135,650	\$1,004,195
Government	1	\$706,540				\$15,000			\$721,540
Manufacturing	549	\$9,387,060	\$413,405	\$356,582	\$67,111	\$610,846	\$736,277	\$222,332	\$11,793,613
Mining	73	\$5,725,879	\$19,096		\$4,020	\$1,655			\$1,766,314
Retail Trade	667	\$1,997,131	\$839,378		\$326,740	\$72,092		\$147,131	\$3,382,472
Services	661	\$2,967,533	\$792,631		\$106,083	\$533,961	\$204,408	\$50,422	\$4,655,038
Transportation	139	\$715,261	\$803,849	\$2,200	\$32,782	\$1,334,999		\$12,390	\$2,901,480
Wholesale Trade	161	\$681,895	\$411,055		\$29,174	\$59,853			\$1,181,977
Unclassified	57	\$152,143	\$19,083		\$3,000	\$33,979	\$66,393	\$301,259	\$575,857
<b>Total</b>	<b>5,032</b>	<b>\$36,027,213</b>	<b>\$3,749,412</b>	<b>\$472,282</b>	<b>\$649,221</b>	<b>\$2,915,703</b>	<b>\$1,007,168</b>	<b>\$869,184</b>	<b>\$45,690,184</b>



**Table 3 - EZ Tax Credits Certified by Zone, Fiscal Year 2006**

Zone	Total # Bus Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$ EREZ NBF	\$Train	\$ R and D	\$ Rehab	Total Bus	\$ Contribution Credit	Total Credits
<b>RURAL</b>												
East Central	349	\$991,923	\$83			\$14,660	\$238		\$1,892	\$1,008,796	\$28,211	\$1,037,008
Mesa County	128	\$625,117	\$112,445	\$1,000	\$25,743	\$0	\$83,240	\$57,153	\$50,000	\$954,698	\$823,501	\$1,778,199
Northeast	905	\$5,897,343	\$142,143	\$118,415	\$49,117	\$9,000	\$211,850			\$6,427,869	\$130,495	\$6,558,364
Northwest	217	\$5,583,727	\$187,615		\$940	\$666	\$1,222			\$5,774,170	\$423,473	\$6,197,643
Region 10	313	\$1,169,118	\$210,081		\$32,400	\$104,199	\$3,905	\$449	\$55,946	\$1,576,098	\$236,838	\$1,812,936
San Luis Valley	383	\$1,223,068	\$54,675	\$2,000	\$2,768	\$23,160	\$867		\$50,000	\$1,356,538	\$305,164	\$1,661,702
South Central	199	\$1,678,661	\$21,628		\$4,200	\$42,520	\$19,305	\$0		\$1,766,314		\$1,766,314
Southeast	301	\$1,741,954				\$0	\$20,052			\$1,762,006	\$10,751	\$1,772,758
Southwest	399	\$1,197,922	\$123,449		\$41,169	\$104,992	\$100,261	\$5,623		\$1,573,416	\$738,118	\$2,311,535
Upper Ark	168	\$406,378	\$56,247		\$1,600	\$53,821	\$1,198		\$19,468	\$538,712	\$164,464	\$703,176
<b>Subtotal</b>	<b>3,362</b>	<b>\$20,515,213</b>	<b>\$908,367</b>	<b>\$121,415</b>	<b>\$157,937</b>	<b>\$353,018</b>	<b>\$442,138</b>	<b>\$63,225</b>	<b>\$177,306</b>	<b>\$22,738,618</b>	<b>\$2,861,017</b>	<b>\$25,599,635</b>
% of total:	66.8	56.9%	24.2%	25.7%	24.3%	89.8%	15.2%	6.3%	20.4%	49.3	36.6%	47.5%
<b>URBAN</b>												
Adams County	305	\$3,592,328	\$1,357,94		\$88,489	\$0	\$228,308	\$50,091	\$54,296	\$5,371,460	\$528,831	\$5,900,291
Arapahoe County	96	\$687,801	\$31,845		\$4,400	\$0	\$111,183	\$88,692		\$923,921	\$6,375	\$930,296
Denver	586	\$5,059,387	\$799,054	\$27,367	\$212,134	\$40,085	\$1,835,079	\$94,725	\$168,879	\$8,236,710	\$2,450,654	\$10,687,365
El Paso County	334	\$3,057,717	\$325,618	\$0	\$162,587	\$0	\$183,485	\$687,091	\$200,616	\$4,617,115	\$1,128,673	\$5,745,788
Greeley/Weld County	107	\$1,705,120	\$93,583	\$317,500	\$14,968	\$0	\$57,444		\$178,971	\$2,367,587	\$95,903	\$2,463,490
Jefferson County	109	\$421,673	\$101,431		\$4,216	\$0	\$11,947		\$50,000	\$589,267	\$246,705	\$835,972
Larimer County	88	\$593,165	\$92,740		\$3,690	\$0	\$12,273	\$23,345	\$39,116	\$764,330	\$310,445	\$1,074,775
Pueblo	45	\$394,808	\$38,825	\$6,000	\$800	\$0	\$33,845			\$474,278	\$187,740	\$662,018
<b>Subtotal</b>	<b>1,670</b>	<b>\$15,512,001</b>	<b>\$2,841,046</b>	<b>\$350,867</b>	<b>\$491,284</b>	<b>\$40,085</b>	<b>\$2,473,565</b>	<b>\$943,944</b>	<b>\$691,878</b>	<b>\$23,344,668</b>	<b>\$4,955,326</b>	<b>\$28,299,995</b>
% of total:	33.2	43.1%	75.8%	74.3%	75.7%	10.2%	84.8%	93.7%	79.6%	50.7	63.4%	52.5%
<b>EZ Total</b>	<b>5,032</b>	<b>\$36,027,213</b>	<b>\$3,749,412</b>	<b>\$472,282</b>	<b>\$649,221</b>	<b>\$393,103</b>	<b>\$2,915,703</b>	<b>\$1,007,168</b>	<b>\$869,184</b>	<b>\$46,083,287</b>	<b>\$7,816,343</b>	<b>\$53,899,630</b>
<b>Credits by Type as percent of:</b>												
% of total business credit		78.2%	8.1%	1.0%	1.4%	0.9%	6.3%	2.2%	1.9%	100.0%		
% of total credit		66.8%	7.0%	0.9%	1.2%	0.7%	5.4%	1.9%	1.6%	85.5%	14.5%	100.0%



# Colorado Enterprise Zone Annual Report - Part II 2006 Local Zone Reports

## Table of Contents

Summary	1
Adams County	2
Arapahoe County	5
Denver	7
East Central – Northeast	9
El Paso County	13
Greeley/Weld	17
Jefferson County	19
Larimer County	21
Mesa County	24
Northwest	28
Pueblo County	31
Region 10	33
San Luis – Upper Arkansas Valley	35
South Central	41
Southeast	43
Southwest	46

*Colorado Office of Economic Development and International Trade  
and  
Department of Local Affairs  
July 2007*

**Enterprise Zone Annual Report – Part II**  
**Local Enterprise Zones' Annual Updates of Local Economic Development Objectives**  
**Summary of Annual Documentation Submitted for 2006**

Each enterprise zone is required by the enterprise zone statute to have an economic development plan that includes "specific economic development objectives," and to submit annual documentation on efforts to improve conditions in the enterprise zone and the status of these objectives.

The local enterprise zone economic development objectives generally fall into two broad categories. The first of these is improving various measures of economic well being in the enterprise zone areas. Most zones included increasing employment, decreasing unemployment, and improving incomes and wage levels as key objectives. Many targeted increasing capital investment and non-residential assessed property value. Other economic objectives included growing the number of businesses in the zone, increasing retail sales, stabilizing and increasing population growth in zone areas that have experienced out-migration in the past, diversifying the local industrial mix, and retaining and expanding key industry sectors such as agriculture, tourism, and energy and mineral extraction.

The second category of objectives included strategies and programmatic initiatives to address obstacles to development and to build economic opportunities that had been identified in particular enterprise zone areas. These strategic objectives vary more widely, reflecting the differences among Colorado's regions and available resources. Strategies include: redevelopment of older business districts and brownfields; improving infrastructure, including business sites, transportation, and telecommunications; fostering non-profit and community initiatives; and a variety of business retention, expansion, and recruitment activities.

For 2006 most zones reported that the enterprise zone program was an important tool in bringing economic development to their regions. Most noted job creation and capital investment accruing to businesses operating within the zone. Enterprise zone status is granted based on local unemployment, per capita income and population growth relative to the same measures on a state-wide basis. Several zones noted an improvement in their local unemployment rate as compared to the statewide average. Through their efforts to market the enterprise zone, many administrators saw an increase in the number of certifications they processed over the year. In some cases; however, despite the intentions and efforts of the program, wages declined and jobs were lost.

The following pages summarize the status of each enterprise zone's key objectives for the 16 zones and two sub-zones. Detailed information and supporting data are provided in the full documentation submitted by each zone.

## Adams County Enterprise Zone

### **Overview**

The overall goal of the Adams County Enterprise Zone is to improve economic conditions within economically distressed areas. Working toward positive incremental increases in measurable enterprise zone data such as number of certifications, number of new jobs per year, capital investment dollars and contribution dollars is the most direct step ACED can make toward improving economic conditions within the enterprise zone. Continuously refining our enterprise zone education efforts and closely integrating the program with ACED business retention and attraction programs will result in positive increases in directly measurable enterprise zone data over time.

### **Measurable Objectives**

In 2006, ACED saw increases in a number of categories. In working towards the mission of the Enterprise Zone, ACED's focus is on increased capital investment and new job creation. In both categories we saw a significant increase. This reflects success for our Enterprise Zone program

<b>ENTERPRISE ZONE BOX SCORE</b>	<b>2005</b>	<b>2006</b>	<b>% Change</b>
<b>Certifications (incl. Cont/Infra) *</b>	405	799	97%
<b>Certifications w/ UPS (13)</b>	418	799	91%
<b>New Jobs *</b>	1,114	1,802	62%
<b>New Jobs w/ UPS (2300)</b>	4,890	1,802	-63%
<b>Capital Investment *</b>	142,377,927	223,327,886	57%
<b>Capital Investment w/ UPS (21,030,978)</b>	163,408,905	223,327,886	37%
<b>Total Tax Credits *</b>	3,292,667	4,992,521	52%
<b>Total Tax Credits w/ UPS (1,215,638)</b>	4,508,305	4,992,521	11%

\* 2005 saw a large multi-year filing (back to 1992) from a single employer (UPS). This abnormally skewed the numbers. The grey lines represent all numbers without this large filing.

### **2006 Accomplishments and Efforts to Improve Conditions**

#### **Business Friendly Audits:**

To maximize these numbers, ACED does an internal "Business Friendly Audit" of each tax form that comes through our office for certification. In a "Business Friendly Audit" we review the certification form at a glance and point out any opportunities a business may have missed. For example if a business is a NBF and increased 10 jobs over the past year as shown on page 1 of their DR74 but is only claiming credit under the ITC, we would give that business a call and point out that in the past we have seen businesses in similar situation utilize this credit.

#### **Contribution/Infrastructure Project:**

ACED opened 4 contribution or infrastructure projects which will improve economically distressed areas in the enterprise zone through increased capital investment, job creation or workforce development.

#### **County Resource:**

As the Adams County EZ Administrator, ACED serves as a county and statewide resource for Enterprise Zone questions, address verifications and certifications. In 2006 ACED received many inquiries for EZ information via phone and email. A response was made to every inquiry and provided EZ overview sheet and ACED EZ brochure.

#### Projects:

Managed contracts with 20 sub-grantee organizations for the improvement of the Enterprise Zone. During 2006 ACED had 20 open sub-grantee contracts. These included all organizations that act as the lead on Contribution or Infrastructure Projects.

#### Marketing:

In 2006 ACED maintained a website with address verification from county GIS data to verify whether an address is IN or OUT of the Enterprise Zone. We have signed an agreement with the county allowing businesses to link from our webpage straight to a county hosted site that produces a report with EZ information.

#### Educational Publications:

In 2006 ACED produced several publications which increased awareness in the business community.

The publications include:

- 2006 Adams County Enterprise Zone Brochure (26 pages)
- Quarterly Prospect News (publication to our members and partners on all of ACED's services. EZ information gets published regularly.)
- 2006 Enterprise Zone Foldouts (One page foldout with EZ info. Printed in English and Spanish and distributed on foot to Brighton area businesses.)
- 2006 Overview Sheet (one page overview of the EZ and tax credits. Used with email response.)

#### Postcards:

ACED sent mailings to every business IN the Adams County Enterprise Zone. The postcard gave a quick description of the EZ and explained that there are tax credits available to businesses in the zone. The postcard include ACED's contact info and website.

#### Presentations:

ACED gave presentations and speeches to a number of organizations, societies and direct to businesses in an effort to increase awareness. These organizations include: MAMTEC, Manufacturing Industry, Agriculture and Farming Community, Rotary, Kiwanis and other business clubs, Colorado Society for CPA's, BioBusiness Seminar, etc.

#### Partners:

ACED developed a partner with the Adams County Planning and Development Department. ACED has educated the Planning and Dev Department on the EZ and has agreed to send zoning folks there way and they send EZ folks our way.

Monitored Statewide Enterprise Zone issues and kept Adams County businesses up to date on May 17, 2006 Enterprise Zone changes.

#### 2006 Primary Employers Survey:

ACED sends out an annual survey to all primary employers in Adams County. Include in the survey are questions on the Enterprise Zone including a question measuring their awareness and an option to receive information.

#### **2005 Goals**

In the 2005 year-end report, ACED listed 7 goals to accomplish during 2006. These goals are listed below with a status update next to each goal:

1. Continue implementation of proven EZ marketing techniques to increase the number of filings within the EZ by 10% over 2005 numbers.
  - **ACCOMPLISHED**: ACED increased 97% in the total number of EZ Certifications (this number includes DR74, DR75, DR77 tax forms).

2. Stratify and target marketing efforts to increase awareness and use of EZ credits among Adams County target industry clusters and new Adams County companies.
  - ACCOMPLISHED: ACED made a strong effort to increase awareness during 2006 as noted in the list above. ACED considers this goal met.
3. Increase the amount of CPAs in and outside of Adams County informed about enterprise zone credits.
  - ACCOMPLISHED: ACED made several speeches to the Society of Certified Public Accountants, in addition to broad marketing efforts.
4. Implement a print media marketing strategy to gain EZ coverage in two local papers.
  - PENDING: This goal was very ambitious and will rollover to 2007. We do get print coverage in City publications and our own Prospect News.
5. Continue to find the most efficient and effective ways to market the enterprise zone state- wide and share this knowledge among enterprise zone administrators.
  - ACCOMPLISHED: ACED is committed to doing things in the most efficient ways. We increased most in efficiency of working with our contribution projects. This was vital for ACED considering we went from 113 Contribution/Infrastructure Project Certifications to receiving 521 Cont./Infra Certifications in 2006.
6. Increase the use and effectiveness of ACED's website as an enterprise zone resource.
  - ACCOMPLISHED: This goal was accomplished with the addition of address verification, links to State FYT's, and through general information organization.
7. Improve efficiency of sub-grantee projects and increase the overall average number of dollars contributed per project.
  - ACCOMPLISHED: See #5.

**2007 Goals:**

ACED would like to add 3 new goals to accomplish for its 2007 Enterprise Zone program:

1. Online tax forms: ACED has made it a goal to develop an electronic version of the DR74, DR75, DR76 and DR77 tax forms to be available online, and in a format that can be filled out and submitted digitally, thus eliminating mail expenses and paper and fax use.
2. Increase Enterprise Zone numbers year on year.
3. Create an online Enterprise Zone information request system that will reduce time spent on the phone. Through the use of email ACED will have an easy to deploy packet of information to send for Enterprise Zone information inquiries.

## Arapahoe County Enterprise Zone

The Arapahoe County Enterprise Zone is comprised of three (3) municipalities with varied economic goals and initiatives, however, common to all cities is the need for continuation of the Enterprise Zone benefits to attract and retain businesses. The Cities of Sheridan, Littleton and Englewood, the three (3) jurisdictions comprising the Arapahoe County Enterprise Zone, recognize the important role the Enterprise Zone continues to play in the overall success of the region by enhancing quality of life and the economic climate.

During 2006, the number of businesses claiming tax credits through the Enterprise Zone numbered 107. These businesses reported a net increase of 195.5 (FTE) jobs in the Zone. It is important to note that the level of investment in the Zone increased 176 percent over 2005 investment levels to \$93.1 million; however, average salaries in the zone decreased 4.2 percent to \$40,412.

Throughout 2006 a number of economic development activities resulted in the increased investment in the Enterprise Zone. These benefits are believed to increase economic stability within the Enterprise Zone, during shifting economic times. The annual report reflects development activity meeting a variety of economic development goals, in spite of the changing economic conditions. The tax benefits provided by the Enterprise Zone acted to stabilize and offset some of the potential economic uncertainty as evidenced elsewhere in the State of Colorado. The benefits of the Enterprise Zone are believed to stabilize tax revenues, which fund local services to residents and the business community.

Arapahoe County Enterprise Zone has two active contribution projects. During 2006, five contribution certifications for the Family Tree House of Hope totaling \$7,200 of cash donations and \$1,033 of in-kind donations were processed through the Arapahoe County Enterprise Zone.

- Contribution projects are important in supporting specialized businesses and industries in the implementation of the economic development plan.
- Local government tax incentive programs will be reviewed on a case-by-case basis.

The ultimate objective of the Enterprise Zone is to create sustainable economic vitality. The achievement of the specific goals is tied to sustainability over a period of time. This report is provided to discuss the progress of specific goals for the Arapahoe County Enterprise Zone for 2006.

Goal #1: Aggregate job expansion for Enterprise Zone beneficiaries to exceed 25 net new jobs over the previous year's total. During 2006, the number of businesses claiming tax credits through the Enterprise Zone numbered 107. These businesses reported a net increase of 195.5 (FTE) jobs in the Zone. However, average salaries in the zone decreased 4.2 percent to \$40,412. Increasing full-time jobs is a goal for enhancing the economic condition within the zone. The Arapahoe County Enterprise Zone met the goal of expanding the number of jobs by 155% net new jobs over the previous year.

Goal #2: Annual growth in new investment in equipment to exceed 10 percent over the previous year's total. The level of investment in the zone increased 176 percent over 2005 investment levels to \$93.1 million. This goal was met.

Goal #3: Annual growth in Gross Sales Revenue to exceed 5 percent over the previous year's revenue. The following shows the change in gross sales tax revenue for the three municipalities comprising the Arapahoe County Enterprise Zone:

- Sheridan did not provide data for the 2006 report.
- Englewood sales and use tax receipts showed an increase of .03 percent.

- Retail sales tax was up 1.7% over 2005 and general use tax was up 12.2% from 2005 to 2006 (un-audited figures). Total taxes revenues (including retail sales, vehicle sales, general use, and building use) were up 1.6% over 2005 (un-audited figures).

Based on the incomplete data provided by the municipalities, a full economic analysis is not available. The Arapahoe County Enterprise Zone did not directly meet the goal of increasing local sales tax revenues in 2006 by 5 percent, however, the cities of Sheridan, Littleton, and Englewood reported that the benefits of the zone provide a positive impact in stabilizing the local economy by serving as a business retention tool and preserving the local tax base. The instability in sales tax revenues is a direct result of the economic uncertainty and is typical of other municipalities in Colorado.



## Denver Enterprise Zone

This annual report is prepared in accordance with the Urban and Rural Enterprise Zone Act, as amended. The purpose of this report is to document the Enterprise Zone activities for the past year and to examine how well the Enterprise Zones are meeting their economic development objectives.

The Denver Enterprise Zone objectives were:

1. **Job creation and retention.**
2. **Increasing the per capita income for zone residents and decreasing the number of homeless.**
3. **Capturing retail dollars and providing services for zone residents.**
4. **Increasing capital investment in the zone areas.**

### 1. Job creation and retention:

According to the data we collected from the Enterprise Zone certification forms processed in 2006, our Enterprise Zone gained 2,100 net new jobs. Of the total figure, 1,958 net new jobs were reported in 2006, but were in fact created in 2005. Based on certifications documenting activities of Enterprise Zone businesses in 2006, we estimate a comparable net job gain for 2006. Final numbers will be available in the second half of 2007 when the bulk of 2006 certifications will have been submitted and processed.

#### **HIGHLIGHTS:**

- The Denver Office Economic Development's loan program invested through its gap financing program in 20 small Denver Enterprise Zone businesses which are expected to create 200 jobs.
- Denver Enterprise Zone Certified nonprofits provided technical assistance and counseling to 624 businesses within the Zone. 2,023 adults and 717 youth received job training.
- Our workforce development centers operating in the Zone had more than 100,000 visits from job seekers, including multiple visits seeking use of our resource rooms (information and assistance, access to computers, Internet, e-mail, fax, and phones) and appointments with Workforce Advisors. Of this number, we had 1,681 visits from youth seeking employment during the year.
- The Cherokee Redevelopment will create an estimated 5,000 jobs over the 25 year span of the project development (for more details see project description under objective 4).

### 2. Increasing the per capita income and decreasing the number of homeless:

Denver Enterprise Zone residents have lower per capita incomes and higher levels of poverty than other neighborhoods in Denver. A priority of the Denver Office of Economic Development is attracting and retaining high wage jobs and improving the overall economic, workforce and community development activity in the Zone. Currently, the City and County of Denver supports several development projects in the Denver Enterprise Zone that will enhance economic growth of the enterprise zone area, including the Cherokee Redevelopment project, Lowenstein Redevelopment project, and redevelopment of the former Dahlia Shopping Center.

Utilizing the Enterprise Zone contribution tax credit program, Denver Enterprise Zone nonprofit organizations have been working hard to increase the income levels of zone residents and decrease the number of homeless citizens. (Please see attached nonprofit Project Performance reports for statistics for approved nonprofit projects.)

#### **HIGHLIGHTS:**

- Zone nonprofits provided 294,072 nights of shelter to homeless men, women and children, and served over 219,000 meals, in 2006.
- 133 homeless individuals moved to transitional or permanent housing.

- 8,400 Health/Medical Services were provided to the homeless.

### **3. Capturing retail dollars and providing services for zone residents :**

In 2006, the Denver Enterprise Zone continued to increase retail services in the zone and to add services for the Zone residents.

#### **HIGHLIGHTS:**

- The Lowenstein Redevelopment project, supported by city funding of about \$4 million, is in the final stage of completion. The redeveloped theatre will offer a total of 33,000 square feet of retail space and 3,500 square feet of restaurant space. Tattered Cover Book Store and Twist & Shout relocated to the renovated theater in June 2006. Next door to the historic theater a brand new 25,000 square foot retail building is being completed to house other distinctive locally-owned independent business. The redeveloped site is providing jobs and services for zone residents.
- City and County of Denver and DURA continued to work successfully to progress with the redevelopment of the former Dahlia Shopping Center, once the commercial heart of central Denver's Northeast Park Hill neighborhood that became blighted, largely vacant, and ultimately a detriment to both safety and the economic viability of surrounding neighborhoods. With the environmental cleanup almost complete, Alliance Development Partners plans to redevelop the site with approximately 90 single-family homes, 40 senior-housing apartments, 55 affordable-income apartments, a child-care center and Denver Health's new Park Hill clinic.

### **4. Increasing capital investment in the zone areas**

Enterprise Zone certifications filed with OED in 2006 reported \$284 million in total capital investment in the Zone, of which \$185 million qualified for the 3% investment tax credit. This represents an increase of total capital investment of 13% in comparison to the investment activities reported in 2005.

#### **HIGHLIGHTS:**

- Denver's Office of Economic Development's small loan program loaned over \$5.5 million in "gap" financing to Enterprise Zone businesses which leveraged \$42,352,721 of private debt and equity.
- Public financing of approximately \$85 million for the Cherokee Redevelopment of the former Gates Rubber Factory was approved by City Council in February 2006. The 72 acre site includes property owned by Cherokee Denver, LLC, the Regional Transportation District and the City and County of Denver. At completion the project will realize the vision of Blueprint Denver and will be a model transit-oriented development. It is estimated that over 5000 jobs, and between 2500 and 3000 residences, including 350 affordable housing units will be created over the 25 year span of the projects development.

#### **Conclusion:**

Overall, the Denver Enterprise Zone objectives have been met as the Denver Enterprise Zone. The Denver Enterprise Zone is continuing to generate new jobs. The total capital investment increased and new retail space has been developed while major retail stores relocated to the Enterprise Zone. There are no 2006 figures for the per capita income currently available (objective 3). While some areas within the Enterprise Zone expanded and experienced economic growth, other areas continue to be challenged. The benefits of the program, however, enhanced economic activity in each area served.

## East Central - Northeast Enterprise Zone

### East Central Sub-Zone

As the primary non-residential tax base of the East Central Enterprise Zone is and will always be agriculture, the East Central Zone's overall economic development objective is to increase and diversify the non-residential tax base especially in the industrial and commercial sectors. Both agriculture and oil and gas development are critical to the economy of Colorado's Central Plains, but both sectors (particularly oil and gas) are subject to severe valuation fluctuations. New and/or expanded industrial and commercial enterprises not only contribute to an increased and more diverse property tax base but also directly contribute to new job creation. As the East Central Zone covers over 7500 square miles, the East Central Council of Local Governments has chosen to measure the progress in meeting its Enterprise Zone goals by tracking the changes in non-residential assessed valuation as tracking the number of new jobs created is extremely difficult if not impossible in such a geographically large zone.

Minimal progress was made in 2006 towards meeting the business development objectives of the East Central Enterprise Zone. The total regional 2005 non-residential assessed valuation (valuation measurements are based on the assessed value of the year preceding the program year...as the program year valuation is not set until the end of that year) of the zone increased \$19,000,000 from 2004 but this was due principally to a \$13,000,000 increase in oil and gas valuation in Cheyenne County (which brings it up to slightly over what it had been in 2001...as that valuation had decreased \$21,000,000 between 2001 and 2003). Though the region's 1993 non-residential assessed valuation was attained by 2000 (**Enterprise Zone Goal "A":** *Attain the East Central Enterprise Zone's 1993 non-residential assessed valuation [\$192,923,271] by 2000 and increase that non-residential assessed valuation by a minimum of 10% for a minimum of 4 consecutive years*) and was on target to increase 10% each year, the ever-changing oil and gas valuations have skewed the numbers for that goal within the proposed time period.

Total commercial valuation increased by 10% within the region between 2004 and 2005, thus "wiping out" the decrease between 2003 and 2004. The total regional commercial valuation is now at an all time high...but most of this increase took place in Elbert County. An \$800,000 increase in regional industrial valuation between 2004 and 2005 is spread almost evenly among the four counties and all four counties also showed "significant" percentage increases in industrial valuation between 2003 and 2004).

Existing businesses throughout the region struggled more this past twelve months than the year before. The on-going drought that had lessened slightly in 2004 strengthened in most of the region again in 2005 and 2006 (though there were "pockets" within the region that received adequate moisture resulting in average or higher spring and fall crops) resulting in a continued depressed local agricultural economy...but commodity prices were much higher at the end of 2006 than 2005. In general, the 2006 wheat crop was extremely poor but fall crops (corn, sunflowers, etc.) in some areas within Kit Carson and Lincoln counties were better than average while other areas were unable to produce enough to even recover costs. An overall "brighter" and more economically viable 2007 agricultural economy is predicted at this time because of substantial moisture being received in late December and into January and early February of 2007. Commodity prices are also still above average. Oil and gas valuation may increase due to demand and there are signs of slight recovery in retail and travel related businesses within the four counties. In general (with the exception of Elbert County) more retail and "main street" businesses are closing than are opening. Empty storefronts are still common. Some of this can be attributed to the economy, but much can also be contributed to the proximity of the communities to the Front Range or larger shopping areas outside of the region and to the ever increasing trend of persons shopping "on-line". And...some retail businesses are closing because their owners are retiring (or expiring) and there are no buyers. There appears to be a strong interest in various alternative energy

projects throughout the region. Hearings are currently being held to discuss the potential and alternative routes for larger electrical transmission lines being constructed through portions of the area, which would increase the probabilities of large wind farms being located during the coming years.

The East Central Enterprise Zone through the Prairie Development Corporation and the East Central Council of Governments continued to target their economic development efforts in calendar year 2006 towards promoting the region as ideal for expansion of existing businesses or industries. Four full-color inserts highlighting economic development opportunities (one for each of the four counties) have been developed to enable the regional economic development brochure to be customized for specialized use by each county. PDC's economic development web page, [www.prairiedevelopment.com](http://www.prairiedevelopment.com) was again expanded and modified in 2006. Linkages are continually developed with all chambers, lending institutions, schools, real estate offices, chambers, towns and counties within the region (that have web sites). Linkages are also maintained with the State Office of Economic Development.

A power point presentation on the Prairie Development Corporation's various economic development incentives is available to businesses within the four county region and is also being used with local chambers of commerce and banks.

The regional Heritage Tourism (Our Journey) project was again significantly expanded in 2006. An 18-panel brochure entitled *Our Journey* depicting the history, historic sites and museums within the four county area was developed and printed in early 2004. This brochure was designed with an inner pocket that can hold up to ten smaller brochure "inserts" enabling the main piece to be customized for different targeted audiences. Five four-panel colored inserts, each promoting a selected museum, site, attraction, etc. were completed and printed in 2005. Three other more generic black and white inserts (one listing all of the antique stores, bed and breakfasts and historic sites, one summarizing the Our Journey program and a "Fun Facts Book") were printed for the "kits" in 2006. A map of the region (designed to coordinate with the other materials in the kit) was also printed. ECCOG staff worked with all of the public museums/historic sites in developing these and additional 2006 inserts. ECCOG also contracted with BHAWKINS, Inc to put together a 2006 summer media and public relations plan. Ads were placed in the Colorado edition of the AAA Magazine...Encompass. Television and newspaper coverage of the Our Journey Program was extensive (as a result of the public relations campaign). Persons responding to the ads or the stories/articles featured by both print, radio and television media received a "train ticket" that allowed them to visit ten of the eleven museums (both public and private) in the region for free. Response was over triple of that of the year before. The Our Journey web site received several thousand hits during the summer campaign. This professionally designed site continues to be the "engine" that drives the heritage tourism project and will be monitored on a regular basis and revised at least twice monthly during the upcoming summer season. This site also linked back to individual museums within the four county area that had individual web sites. In 2007, there will be continued emphasis on public relations and attempting to get news stories on the heritage tourism campaign placed in the major front range newspapers or on one or more of the major local Denver or Southern Colorado (Colorado Springs and Pueblo) television stations. All museums in the region reported that their attendance was up as a result of the campaign and the planning efforts are now underway for promoting heritage tourism opportunities within the area even more extensively during the third year of the campaign...the summer of 2007.

Efforts to market the existence of the Enterprise Zone tax credits to those businesses, farms, and ranches within the zone boundaries was continued in 2006. No new contribution projects were designated in 2006.

Policies were adopted by ECCOG in 2003 to be able to respond to any requests for information on enterprise zone certifications under the Open Records Law. One such request was received (*The Denver Post*) in 2004. None were received in 2006.

During 2007, the East Central Council of Governments and The Prairie Development Corporation will be reviewing the Enterprise Zone Plan for Elbert, Lincoln, Kit Carson and Cheyenne Counties to determine if any modifications or additions are necessary.

### **Northeast Enterprise Sub-Zone**

Region 1 consists of six counties in extreme Northeastern Colorado including Logan, Morgan, Phillips, Sedgwick, Washington and Yuma. All of these counties are in the Enterprise Zone with all but Morgan and Yuma being Enhanced Enterprise Zones.

The region has primarily been an agriculture-based economy and while that is still a vital part of the region, they have been able to diversify which has increased their population, generated more retail sales and lowered their unemployment rate. The economic development offices in the region have been focusing on both new jobs and the retention and expansion of existing jobs. In this past year they have been able to attain approximately a 50/50 ratio between the two.

The region has also done very well in their diversification efforts. Of the new businesses 28% were retail and 28% were hospitality and leisure. 16% were value added agriculture jobs and 9% were renewable energy. Another large sector was 13% in Information, Financial Activities & Professional and Business Services. The smallest percentage of new companies (in the renewable energy field) has created the most new jobs – almost 50%.

As the region moves forward in the coming years it will have some new challenges to address as they continue their progress in diversification of the region, bringing in value added agriculture jobs and development of tourism in the area.

The winter 2006 Eastern Plains Job Vacancy Survey showed 1047 jobs were available for hire and that it was the most openings since the survey began in fall 2001. Three years ago a labor study found that people were willing to travel for higher wages. Since that time we find the higher wages need to be even higher and that the distance needs to be less. A contributing factor is the cost of transportation. Additionally, out migration occurs as they find places with higher wages and less travel.

Another factor in the number of job vacancies is that many skills of the current workforce are not transferable. For example a beef plant worker to a prison employee. The talents used in the last decade are not the ones needed for the coming decade. While our population is showing modest increases we are also aging in place, thus decreasing the work force.

As we look forward into the next years we can see that the Enterprise Zone has done its job in Morgan and Yuma Counties mainly because of energy driven business supplementing agriculture taking them out of Enhanced Enterprise Zone status.

In the next few years the entire region will now need to look at other issues created during the last few years. These will need to be looked at as economic development activities as they will be key to the growth in the region. Affordable housing has become a factor as new jobs are created and increasing wages in region will be a help in alleviating this as well as allowing for employees to travel further to a job.

By focusing on continued diversity, value added ag and the development of tourism and adding affordable housing and increased wages along with commuter transportation to address mobility of workers the region should continue to move forward at a steady pace and slow its out migration.

While some of our counties have had tremendous improvement we still have counties in our region who are vulnerable, and great vigilance will need to be observed so they are not left behind.

## El Paso County Enterprise Zone

In its Enterprise Zone Plan, the El Paso County Enterprise Zone has identified the following goals:

- To create primary jobs by encouraging Zone employers to invest in their businesses, and
- To encourage economic redevelopment in distressed areas.

In 2006, efforts of the Zone met with positive outcomes for those goals. Investments by businesses increased over 2005, job creation in the Zone was positive, and redevelopment was facilitated by numerous economic development projects.

Per certifications filed in 2006, over 600 net jobs were created and investments increased to over \$160 million in investments eligible for the Investment Tax Credit, compared to \$107 million in 2005. Investment in Research and Development exceeded \$61 million, down from the \$89 million invested in 2005. Job growth among primary employers maintained the expansion started in 2003, both in defense and non-defense industries. Ten companies assisted by the Colorado Springs Economic Development Corporation (EDC) announced their location or expansion in the Zone. These ten companies expect to hire 1,092 new employees with salaries ranging from \$26,000 to \$80,000. Twelve eligible projects were added, providing assistance to the homeless, job training and Zone revitalization. Economic redevelopment in distressed areas was achieved not only by those new and existing projects, but also by the rehabilitation of four previously vacant facilities.

Measurable outcomes reflect this success to some degree. Per capita income decreased slightly but nonagricultural employment increased in 2006. In addition, of the jobs announced by the EDC, over 50% were located in the Enterprise Zone. The relocation of manufacturing jobs to overseas locations continued in 2006 resulting in a loss of jobs in that sector. The objective to decrease reliance on the defense industry was not achieved; instead, there was an increase in the percentage of defense industry employees from 35.7% in 2005 to 41.7%. While not near the 50% level of 1996, this trend is not surprising and is a reflection of an effort to capitalize on the area's retired military population to fill jobs created by the defense industry.

Efforts to improve conditions in the Zone included the addition of various areas to the Enterprise Zone boundaries, some of which have the potential of encouraging new business and others which will allow eligible projects to improve conditions in distressed areas. An analysis for other boundary changes is continuing.

The Economic Vitality Group visited 88 existing businesses, many of which are in the Zone. Brochures explaining the various credits were distributed to each and subsequent in-depth meetings were held with any needing assistance. All primary employers identified by the EDC that are located in the Zone, of which there were over 400, were sent brochures and the Zone was included in the State of the County presentation to EDC members. Presentations were made to trade groups as well as accounting firms to further inform the public about the Zone. The website, created in 1997, continues to be refined and GIS mapping is almost complete.

Enterprise Zone projects were instrumental in the Zone's ability to meet its objectives, and efforts to increase the number of eligible projects that implement the economic development plan of the Zone were very successful. Twelve new projects were added, including the Zone's first business incubator, the Colorado Springs Technology Incubator (CSTI). Community development projects were added that will provide opportunities in the Zone in Colorado Springs (Fine Arts Center Modern, Fire Museum and Colorado Cornerstone Arts Center), Manitou Springs (Mineral Springs Foundation) and the Fountain Valley (Venetucci Farm). Workforce issues will be addressed by the approval of Peak Vista Community Health Centers, Pikes Peak Community Action Agency, Rocky Mountain Community Land Trust and

Pikes Peak Library District. Employment opportunities for the homeless population will be enhanced by Springs Rescue Mission and Breath of Life Outreach Ministry.

Many of the existing projects are invaluable to the Zone's efforts. The Colorado Springs Economic Development Corporation, the Zone's first project, continues to effectively market the Zone not only to prospective businesses but also to existing businesses. Results include improved performance in the attraction and the expansion and retention of primary employers, and improvements in the County's business and employment opportunities, particularly within the El Paso County Enterprise Zone. A marketing campaign to lure businesses from other states has been undertaken and will be funded in part with funds provided by the State marketing grant. A focus is being placed on medical device manufacturing firms and the Zone will participate in those efforts in 2007.

Another Enterprise Zone marketing partner, the Colorado Springs Convention and Visitors Bureau, reports a 22% increase in convention booking revenue. The State marketing grant has been utilized successfully with this organization to increase tourism, a significant source of sales tax revenue. Other projects have had significant impact, including the Fine Arts Center, Penrose Hospital, Care & Share, the Chamber of Commerce, and the Pikes Peak Center.

The El Paso County Enterprise Zone plays a pivotal role in El Paso County's overall economic development strategy. The Zone will facilitate the County's recognized goal to strengthen the local economy and tax base. Identified County objectives to meet that goal include:

- Support and advocate a strong military presence and related military businesses
- Encourage growth of current businesses
- Attract new businesses that are manufacturing and technology related
- Increase tourism
- Increase capacity to host conventions, conferences and sporting events
- Promote affordable housing for the workforce
- Prepare workforce for 21<sup>st</sup> century jobs.

## **GOALS AND MEASURABLE OBJECTIVES**

Five objectives have been developed to measure success of the Enterprise Zone on the regional economy and distressed areas within El Paso County.

Objective 1. *Strive for diversification in the economic base to decrease reliance upon any one sector, particularly the defense industry.*

In 1996, the defense industry was 50% of El Paso County's economic base; in 2006 it was 41.7%. While this is an improvement from 1996, the increase from 2005 (35.7%) is quite dramatic. This increase is not achieving the stated objective. Additions to the military community as a result of Base Realignment and Closure are the primary reason. A shift in this objective for 2007 is anticipated.



	2004	2005	2006
Total Primary Employees	118,005	122,276	117,794
Non-defense Industry Employees	78,884	78,590	68,622
Non-defense %	66.8%	64.3%	58.3%
Defense Industry Employees	39,121	43,686	49,172
Defense %	33.2%	35.7%	41.7%

(Source: Primary Employers Data Base, Greater Colorado Springs Economic Development Corporation, January 2007)

Objective 2. *Increase the manufacturing sector's share of total nonagricultural wage and salary employment to its 1995 share (12.5%) to capitalize on manufacturing's multiplier effect on the economy.* The relocation of manufacturing jobs to overseas locations continued in 2006 resulting in a loss of over 1,500 jobs. This objective was not reached this year. In 2007, this objective will be changed to include not just manufacturing employment but also other primary employment sectors.

	2004	2005	2006
Total Nonagricultural Employment	236,778	239,534	247,093
Total Manufacturing Employment	19,787	18,267	17,984
Manufacturing Sector's %	8.4%	7.6%	7.3%

(Source: Colorado Department of Labor and Employment, Colorado Employment and Wages)

Objective 3. *Increase the per capita income by encouraging the creation of higher paying jobs.* Similar data for 2006 is not yet available but it is anticipated this may not be achieved. In 2005, the per capita income for El Paso County was \$35,764 and an estimate for 2006 is \$35,680. Average salaries for the 1,092 new jobs announced by the Economic Development Corporation in the Enterprise Zone are expected to be almost \$45,000.

(Sources: Colorado Springs Economic Development Corporation and Colorado Division of Local Government, State Demography Office: 1) Colorado Personal Income Components, 2006, 2) Population Forecasts)

Objective 4. *Since population has not stopped increasing, even during the worst of economic times, ensure that there is no net negative annual job change that would deny the growing population jobs, creating an additional burden on the state budget in any given year.*

After employment losses in 2004, a significant positive outcome was seen in 2005 and this trend escalated into 2006.

	2003	2004	2005	2006
Total Nonagricultural Employment	237,308	236,778	239,534	247,093

(Source: Colorado Department of Labor and Employment, Colorado Employment and Wages)

Objective 5. *For primary jobs announced by EDC, ensure that at least 50% are with companies located in the Enterprise Zone.*

In 2006, this objective was attained with over 52% of the 2,087 jobs announced by EDC located in Enterprise Zone facilities.

(Source: Greater Colorado Springs Economic Development Corporation)

For 2007, an additional Objective will be added: *Increase the number of homeless and or at-risk populations that are provided job training by eligible projects.* Data from those projects will be collected as a measurement.

## Greeley/Weld Enterprise Zone

**MISSION** – Promote and facilitate job creation and income growth within the EZ and throughout the City of Greeley and Weld County. Upstate Colorado Economic Development (formerly Greeley/Weld Economic Development Action Partnership) envisions a healthy and sustainable economy that creates wealth, preserves quality of life and improves the standard of living for area residents.

### LONGTERM GOAL

**Through a comprehensive economic development program, work to raise/maintain the per capita income of any Weld census tract, place or block group to at least 75% of the state average per capita income, and lower/maintain the unemployment rate to at least 125% of the state average.**

2005 Update: (This is a long-term goal and measurable with each new census).

Based upon detailed 2000 Census information, an EZ boundary re-certification was completed and approved by the Colorado Economic Development Commission in 2003. Five sub-zone communities met the above goal and were removed from the zone. Nine existing EZ community boundaries were modified slightly, and seven new qualifying communities/areas were added. All of these communities/areas now met or continued to meet state distress criteria, and had not met the above stated goal. Marketing these updated boundary changes continued to be a priority in 2006. Based on these boundary changes we have modified the below annual objectives.

*(Source: 2000 Census)*

### ANNUAL OBJECTIVES

**1. Realize new employment opportunities within the EZ boundaries by having at least 35% of the new job creation activity from new companies moving to the area or through the expansion of existing companies, occurring within the zone boundaries.**

2006 Update: In 2006, Upstate worked with twenty new and existing companies that created or announced plans to create 503 new jobs. Thirteen of these companies were located or planned to locate within the zone, creating 428 (85%) of the new jobs. It's important to note that all new employment opportunities, including jobs outside of the zone boundaries benefit EZ residents by offering increased employment opportunities in the area. This new employment opportunity objective was met. *(Source: Upstate Colorado Economic Development (UCED) - 2006 Industry Activity Report – Attachment A.)*

**2. Realize increased capital investment within the zone annually, through at least 35% of the new countywide, capital investment being made within the zone boundaries.**

2006 update: In 2006, the twenty new and existing companies that Upstate worked with invested, or announced plans to invest, a total of \$503.3 million into the Weld economy. Please note that one project, a very large wind farm locating within the EZ, accounts for \$480 million of the total investment. The investment of the thirteen projects located within the EZ boundaries totaled approximately \$497.5 million, or 98% of the total investment, which exceeds this objective.

*(Source: UCED - 2006 Industry Activity Report – Attachment A.)*

**3. Realize more quality job opportunities through an increase in the Weld average wage to at least equal the state average wage.**

2006 Update: In 2000, Weld County average wage for all industries was \$29,250, increasing by 10.91% to \$32,442 in 2005 (based on a simple average of the first and second quarter annualized data).

Attachment B shows Weld County and Colorado average annual wages from 1990 to 2005 as well as growth indices (2000=100). Trends in annual wage growth for both Weld County and Colorado are evident up through 2004; however this growth stagnates for Weld County in the first half of 2005. The

downturn is slight (only .05%, equating to \$162) and is believed to be attributed to the availability of first and second quarter data only. In past analyses, finalized annual wage data has been higher than data representing only half a year and where this decrease is so miniscule, it is not of great economic concern at this time. While both Colorado and Weld County experienced increases in real wage rates between 2003 and 2004, the growth rate of real wages in Weld County lagged behind the growth rate for Colorado wages. In the private sector, Colorado's wages grew 0.52% faster than Weld County. That difference was greater for the government sector wages where Colorado's wages grew 1.1% faster. This is a concern in that any differential in growth rates in Colorado's favor indicates that Weld County's economic vitality is not keeping pace with the state's performance. Although, Weld County wages as a percent of Colorado wages for all industries seems to have remained steady at 81% (a rounded figure), closer non-rounded analysis shows that percentage has decreased .405% (equivalent to approximately \$128). The decrease in the governmental sector was more pronounced (.865%), equivalent to approximately \$276. Looking at the trend comparison of Weld County as a percent of Colorado from 1990 through 2005, it is evident that there is great importance in the continued efforts to attract and retain higher wage employers into Weld County because Weld average wages are not yet equal the state average wage, thereby not meeting this objective. Note: The Owen-Illinois glass bottle manufacturing facility, announced in 2003, became operational October, 2005 with 200 new jobs at an average wage significantly higher than the county average wage. Due to data availability, this very positive development is not included in the above analysis. We look forward to the 2006 analysis which will reflect this new development and possible result in an improvement to the Weld statistics. *(Source: CO Department of Labor– Average Annual Wage Analysis by UNC Economics Depart. - Attachment B)*

## Jefferson County Enterprise Zone

### Introduction

The Jefferson County (Jeffco) Enterprise Zone includes parts of unincorporated Jeffco and areas in Arvada, Golden, Lakewood, Wheat Ridge, and an area of West Colfax west of Federal Boulevard in Denver. Through this program since 1991, Jeffco companies have invested more than **\$702 million** in capital investment, created over **6,932** new jobs within the zone, and companies reported more than **\$25.75 million** in state income tax credits.

### 2005 Enterprise Zone

129 EZ Certifications  
287 New Jobs  
\$31.3 Million Capital Investment  
\$617,446 Million Tax Credits

### 2006 Enterprise Zone

109 EZ Certifications  
646 New Jobs  
\$71.9 Million Capital Investment  
\$1.15 Million Tax Credits

### Contribution Projects

Administered 11 Non-Profit EZ Contribution Projects

### Marketing Outreach Program

- We are continuing to enhance the Enterprise Zone section of our website for more comprehensive and user-friendly access to information.
- We are in the process of identifying property and business owners for all EZ addresses for more refined target mailings. We work closely with the Jefferson County GIS department to ensure that addresses are updated on a regular basis.
- We have developed one-page, “easy-to-read” EZ scenarios for our marketing efforts and provided these scenarios to all other EZ Administrators in the state.
- We have improved our Enterprise Zone inquiry response time to a 24-hour turnaround. In 2006 we responded to over 250 written and telephone inquiries immediately or within 24 hours.
- The Enterprise Zone administrative function has been moved to an economic development professional to facilitate increased use of the program in new and expanding companies.
- We have participated in 11 trade shows/business events this year that have included dissemination of information on the Enterprise Zone.
- **We have 16 new companies taking credits.**

The below table is a summary of certifications, jobs, capital investment and tax credits claimed over the last **seven** years in Jefferson County’s Enterprise Zone.

<b>Year</b>	<b># of Certifications</b>	<b>New Capital Investment</b>	<b>New Jobs</b>	<b>Tax Credits Reported</b>
2006	109	\$71,932,537	646	\$1,150,370
2005	129	\$31,304,136	286	\$617,446
2004	119	\$19,729,380	752	\$534,818
2003	124	\$73,507,167	-153	\$1,004,797
2002	115	\$114,645,889	123	\$3,928,229
2001	126	\$85,847,909	1,061	\$2,446,374
2000	128	\$66,455,124	316	\$1,965,828
<b>TOTALS</b>	<b>850</b>	<b>\$463,422,142</b>	<b>3,031</b>	<b>\$11,647,862</b>

## **2006 Objectives**

The following goals were established for all areas within the Jefferson County Enterprise Zone in the *2006 Plan Objectives for the Jefferson County Enterprise Zone*:

### **Objective #1 Improvements/Goal Partially Met**

#### **Goal Met**

Complete and distribute the new one-page, easy-to-read Enterprise Zone Tax Credit scenarios.

#### **Goal Met**

Make new marketing pieces available to our cities and all Enterprise Zone Administrators.

#### **Partial**

Mail/distribute this new information to at least 2,500 of the 4,000+ Enterprise Zone addresses within Jefferson County.

- **EZ Tax Credit scenarios were distributed to numerous business through trade shows and meetings but not through a direct mailing.**

### **Objective #2 Did Not Meet**

Increase the Enterprise Zone Tax Credit filings by at least 10%.

**Although filings fell short of the goal, all other areas including capital investment, increased jobs, and tax credits increased dramatically over 2005 numbers.**

- **2005 Filings 129**
- **2006 Filings 109**

### **Objective #3 Goal Met**

Average of \$25,000 in Capital Investment for each new company, for a total of \$325,000 in new Capital.

**Capital Investment reported in 2006 increased by 229% from 2005.**

- **2005 Reported Capital Investment \$31.3 million**
- **2006 Reported Capital Investment \$71.9 million.**

### **Objective #4 Goal Partially Met**

1.9% increase in job growth (consistent with current state-wide job growth).

#### **1.2% Increase in number of jobs in Jefferson County**

- **2005 Number of Jobs 203,614**
- **2006 Number of Jobs 206,035**

**Average wage in Jefferson County increased by 3%**

- **2005 Average Wage \$40,316**
- **2006 Average Wage \$41,516**

SOURCE: Colorado Department of Labor and Employment

## Larimer County Enterprise Zone

This report is a review of the current status of employment and business establishments in Larimer County (available data is for 2004). It compares this status with the goals that are the priority for the Larimer County Enterprise Zone. That is, the achievement of self-sufficient wages for individuals working in the Enterprise Zone and a relative increase in the number of establishments in the Zone. A variety of activities are used to measure this specific goal.

The measurement of the achievement of self-sufficient wages (wages which match the national average) for persons working in the Enterprise Zone will be based upon the following:

1. The average wages for individuals who work in each industry in Larimer County will be determined from County Business Patterns for the most recently published year (currently this is 2004). The average wages for the United States (\$36,218) and for Larimer County (\$31,066).
2. The number of individuals who work in the Enterprise Zone will be estimated. This estimate will be based on the Info USA database. The number of employers in Larimer County in 2004 totals 8,888. This is a net increase of 216 establishments (2.5%) since our last report based upon a total of 8,672 (from 2003 data). This is also a 70.1% increase from 1990, when the total was 5,226. Thus, there has been an increase in employers in Larimer County since 1990. This total of employers accounts for 99,726 private sector employees. In 2004, the number of businesses with less than 10 employees was 6832 or 76.8%. This is actually a slight decrease (76.8% vs. 77.0%) in the proportion of small employers.

The goal of generating a 20% increase in the number of business establishments in the Enterprise Zone would total 697 new employers. The total for 2004 (this includes 1996, 1997, 1998, 1999, 2000, 2001, 2002 and 2003) was an increase of 754 additional employers. Thus, in the eight years we have exceeded our goal, 21.6% vs. 20%. This also represents more than 20% of all the business growth in Larimer County between 1995 and 2004 (20.6%). However, it accounts for only 15.7% of the growth in the last year.

We estimate a total of all individuals employed in the Enterprise Zone area in 1990 (prior to designation) at 10,397. The number of individuals working in the Enterprise Zone area upon designation in 1993 was 10,997, or an increase of less than 6%. The number of new individuals working in the Enterprise Zone since 1993 through 1999 is estimated at 1,909, or an increase of more than 17%. In 2006, the estimate of total individuals working in the zone would now total 13,900. This shows the number of new jobs in the Enterprise Zone area increased significantly more since designation. This also shows that the rate of job growth in the Enterprise Zone area increased at a faster rate than in Larimer County as a whole. Thus, the conditions which should have resulted in continuing decline in the Enterprise Zone areas have not only been mitigated but have created a platform for revitalization.

3. Numbers of individuals working in the Enterprise Zone will be assigned to an industry. If an employer is designated in more than one industry, the higher paying industry will be assigned.
4. The national average wage will be determined based on Census data. This is, based on 2000 data, \$36,218 in 2004. This is a small increase.
5. Industries paying more than the national average wage will be selected (Manufacturing 11.4%, Utilities 0.2%, Wholesale Trade 5.8%, Information 2.5%, Finance and Insurance 3.4%, and Professional Scientific Technical 6.5%). Amazingly, these represent only 12% of the employers in the Enterprise Zone in 2000. This should be understood in terms of the fact that construction, a major industry of the Enterprise Zone, is no longer able to command above national average wages.

6. Obviously, when only 12% of the businesses are in industries whose average wage in Larimer County is greater than the average national wage, the goal of self-sufficient wages has not yet been achieved. The actual average wage for Larimer County in 2004 was \$31,066. The average wage for the Enterprise Zone is now estimated at \$23,700. This is only 65.4% of the national average. While this is a marked increase (8.0%) since the Enterprise Zone was established, because of the wage decline associated with construction, this is 6% below last year.

Other issues have been raised regarding the effectiveness of Enterprise Zone efforts.

For example, what is the relationship between the economic development efforts and the Enterprise Zone efforts? Before attempting to answer this and other questions, a brief background of how and why we chose certain goals is necessary. Once the Enterprise Zone was established in 1993 in Larimer County, the County Commissioners made the decision to move the administration of the zone from the County's Planning Department to the Larimer County Workforce Center. This decision was made with two reasons in mind. The County Commissioners believed that the Workforce Center had a better rapport with the business community, and, more importantly, the Commissioners viewed workforce development to be an integral part of economic development, and wanted workforce development stressed in the Enterprise Zone areas in Larimer County.

To this end, the County's Enterprise Zone Administrator was instructed to ensure that the administration of the Enterprise Zone and activities carried out within it resulted in more resources, including financial, for the working poor. Since 1994, the Larimer County Enterprise Zone has emphasized the Contribution Credit as a way to achieve the County's mandate. Although marketing of the Business Tax Credit has been conducted concurrent with marketing of the Contribution Credit, a greater emphasis has been placed on building infrastructure in the zone areas through the Contribution Credit, resulting in economic development projects, community development projects, and health and human service projects.

In 1997, when the Colorado Legislature amended the Enterprise Zone legislation, and asked zones to produce measurable goals and objectives, Larimer County's goals reflected what had been taking place in the zone areas since the County Commissioners' mandate in 1994.

Healthcare The most significant example that we have relates to the Enterprise Zone efforts with regard to healthcare. First and foremost, there is a need to provide healthcare for low-wage workers and their children. Without this care, which must be easily and affordably available, many low-wage workers will have significantly more days of absence than their peers will. This often results in reduced hours or termination.

Healthcare assistance permits and encourages entry level workers to continue to succeed in the labor market. In addition, with the introduction of healthcare clinics in the Enterprise Zone areas through the Contribution Tax Credits, we have been able to generate a significant cluster of healthcare employers and individuals working in the healthcare industry in the Enterprise Zone are also meeting the standards of wages above the national average. (However, this is distorted by the numbers of Physicians and Dentists in this industrial classification. If we remove them from the classification, the wages are currently averaging above \$13.00 an hour.)

Employment and training The efforts associated with employment and training services are significant in Larimer County. We have been able to place economically disadvantaged clients we have served into jobs (averaging over \$10 an hour) in the Enterprise Zone areas, as well as being able to offer them support activities, special retention skills training, and other services to keep them in the labor market and on the job.



Youth employability The special efforts in employment and training for youth have also been important. Many of the lower wage employers are willing to employ youth. This is particularly important for the youth that do not have a good track record. These youth cannot get an opportunity to get the skills they need to compete in the labor market without work activities such as those provided by the Larimer County Workforce Center and the Education and Life Training Center.

Affordable Housing Contributions to affordable housing projects through the Enterprise Zone Contribution Tax Credits (ending in 2000 by virtue of the Colorado Economic Development Commission's interpretation that affordable housing does not directly relate to job retention or job creation) have provided lower wage employees with the ability to live near where they work, and to not have to spend an inordinate amount of their take-home pay on housing.

The relationship between the economic development efforts and the Enterprise Zone efforts: As with any economic development effort, be it workforce development or other activities such as marketing the Enterprise Zone Business tax credits to attract business to an area or to make it attractive for business to expand, it is difficult to pinpoint whether these efforts, if successful, were the mitigating factors. One can also argue the question of whether the originally designated areas in Larimer County (and in other Enterprise Zones) are still "economically distressed." While some of the geography may no longer be economically distressed, the linkage in Larimer County between the Enterprise Zone administration and the Workforce Center gives us proof, everyday, that there are still residents in this county who are economically distressed. This past year, the Larimer County Workforce Center served in excess of 17,000 people. While not all of those served were economically disadvantaged, such as welfare-to-work clients, or clients eligible for the Workforce Investment Act, many others fell into categories of economic distress, such as unemployed, underemployed, and dislocated workers (laid off from work, many that formally held manufacturing jobs).

In Larimer County, we are confident that our efforts through the use of the Enterprise Zone Tax Credits have resulted in more opportunities for the working poor, and have brought more resources to bear for this purpose. We are also confident that what we have chosen to put into place to measure these results does reflect this success, given the statistics we have compiled.

## Mesa County Enterprise Zone

The Colorado Economic Development Commission (EDC) designates certain economically distressed areas of the state as Enterprise Zones. Mesa County's Enterprise Zone program helps turn economic distress into economic vitality. Mesa County's Enterprise Zones provide various tax credits and incentives to encourage the expansion or location of private enterprise and quality jobs in distressed areas. Enterprise Zone tax credits and incentives are powerful tools that help community partners advance the economic development goals of Mesa County.

### **Goal #1:**

To promote the creation and retention of quality jobs which provide employment Opportunities for citizens of Mesa County.

#### Measures/Outcomes:

- 1) The average number of people employed in Mesa County in 2006 was 76,852 versus 66,458 in 2005. Major employers announcing layoffs included the final closing of the Hamilton Sunstrand plant with 150 direct jobs and Albertson's and Mesability with 60 jobs each. According to the Enterprise Zone Business Tax forms, there were 467.3 net jobs added in 2006 or a decrease of 7% from 2005.

Capital investments for Enterprise Zone businesses in 2006 were \$65,417,871 or a 139% increase over 2005 credits of \$27,359,832. Investment tax credits were \$831,293 versus \$462,486 in 2005 for an 80% increase.

The Loan Fund of Mesa County closed 12 loans in 2005 totaling \$900,814. These loans helped to create or retain 39 jobs and leveraged an additional \$548,000 in private dollars.

According to the Grand Junction Chamber of Commerce, 51 business expansions were reported for 2006, up 8.5% over 2005. Total dollars invested were over \$260 million, which is more than 10 times the investment in 2005. Energy companies contributed significantly to that total. Total number of jobs created in 2006 was 1,866 or 5 times the 304 jobs created in 2005.

The Grand Junction Economic Partnership had contact with 101 prospects for Mesa County in 2006. Three prospects announced intentions of relocating and/or expanding. These new prospects represent between 290 and 450 new jobs with an average wage of \$38,000.

- 2) Average Mesa County wages in 2006 were \$31,611, which was a 2% increase over 2005 wages of \$30,992. 2006 wages for the State of Colorado were \$41,601 versus \$39,988 in 2005 for an increase of 4%. In 2006, Mesa County average wages were 76% of the State. The energy sector is responsible for driving increases in the average wage as many energy-related companies are locating in Mesa County.
- 3) In November 2006, unemployment for the State of Colorado was 3.9%; while in Mesa County the unemployment rate was 3.1% or 79% of the state total.
- 4) Training was provided in a variety of venues in 2006. The Mesa County Workforce Development Center offered 25 business-related classes with 526 people attending. The Grand Junction Chamber of Commerce offered a variety of workshops with total attendance over 600. The Small Business Development Center (SBDC) conducted 32 business classes with total attendance of 721.

The Enterprise Zone certification forms indicated that \$104,718 was reported for job training tax credits in 2006 versus \$52,949 in 2005 or an increase of 98%.

## **Goal #2**

Continue to support diversification of the economy.

Measures/Outcomes:

- 1) The Listening to Business business visitation program established in 2004 interviewed another 100 primary businesses. Overall, the results of the interviews concluded that there remains a healthy business climate in Mesa County with a huge amount of growth potential.
- 2) The Business Incubator Center housed 38 client businesses in its facilities in 2006, and 16 additional companies utilized the commercial kitchen. Graduates from the Incubator Program in 2006 created 55 jobs. Five new companies joined the Incubator adding a total of 35 new jobs.
- 3) ED Partners was formed in 2003 with the purpose of providing coordination and guidance on economic development efforts in the community. The creation of a local Manufacturing Council in 2006 was in response to the first deliverable of ED Partners – The Listening to Business program.

There was a 28% increase in Business Tax Credit certifications filed in 2006 (141) versus 110 forms filed in 2005. Most 2006 industry categories were consistent with 2005 percentages; however, there was a 5.5% increase in certifications filed in 2006 for the construction and mining industries and retail certifications were up 5% from 2005.

- 4) The tourism industry makes a significant contribution to the number of jobs created and maintained and wages paid in Mesa County. According to information from the Grand Junction Visitors' and Convention Bureau, lodging taxes increased 15.2% over 2006 (\$1,065,930 versus \$925,230). While total visitors to the Visitors' Center decreased 7.7% from 2005, Internet users increased 18.7%.

Sales Tax Revenue in Grand Junction in 2006 was \$40 million, versus \$35 million in 2005 for a 14% increase.

## **Goal #3**

To augment the existing supply of industrial land and properties in the Enterprise Zone to:

- support quality job growth
- make efficient use of investments in infrastructure consistent with the countywide land use plans and
- include expansion in distressed areas of the county.

Measures/Outcomes:

- 1) The City of Fruita continues to work toward construction of the Fruita Greenway Business Park (located in the Enterprise Zone). As a result of the new sewer line, approximately 177 employees will be retained in the Business Park. Additional retail and tourist employment was added in Fruita with the construction of the new Kokopelli Commercial Park that added 150 – 200 employees.
- 2) Industrially zoned property with infrastructure remains in very short supply continuing to escalate costs. The forecast is for the commercial real estate market to stay tight and expensive in the near future.

- 3) Enterprise Zone boundary amendments added 197.82 acres to the Mesa County Enterprise Zone.
- 4) In 2006, IDI (Industrial Developments, Inc., a non-profit sister organization to the Grand Junction Chamber of Commerce) developed a 10-acre parcel of land near Walker Field Airport for future industrial locations in the Air Tech Park. Two of the 5 planned lots on the site were donated on behalf of the community for the future location of the Colorado Bureau of Investigations/Western Slope lab.

**Goal #4:**

To support the long-term vitality of existing centers of community activity.

Measures/Outcomes:

- 1) Marketing the Mesa County Enterprise Zone program remains a number one priority. In 2006, Enterprise Zone presentations were made to the Mesa County Planning Department, business owners and tenants of the Business Incubator Center and the membership of the Fruita Chamber of Commerce. The Mesa County Enterprise Zone brochure was updated and a new Enterprise Zone website was created to be more “customer friendly” and informative. A mailing that included the EZ brochure, an informational piece and the Department of Revenue FYIs was made to CPA and other tax preparation companies in Mesa County.
- 2) Continuing Enterprise Zone marketing has increased first-time certification filings. From 2000 to 2006, 40% more first-time Enterprise Zone certifications were filed.
- 3) There were 3,209 Enterprise Zone Contribution Project certificates issued in 2006 versus 2,925 certificates for 2005 for a 9% increase. Cash donations for 2006 totaled \$3,027,320 versus \$1,544,675 in 2005, for an increase of 96%. Total In-Kind donations for 2006 were \$1,070,266 versus \$894,905 in 2005 or a 20% increase.
- 4) The Enterprise Zone Marketing Grant was utilized by a variety of non-profits in 2006. Organizations who received grant awards were: The Small Business Development Center, the Mesa County Department of Planning and Development (LPCAT), the City of Fruita, Grand Valley Catholic Outreach, Listening to Business, the Town of Palisade, Mesa State College (EBI) and the Western Colorado Botanical Gardens.

**Goal #5**

Maintain an agricultural economic base.

Measures/Outcomes:

- 1) Significant growth in agricultural certifications filed has occurred in Mesa County since the agricultural zone was increased in 2002. Seventy-eight percent more agricultural certifications were filed in 2006 versus 2002.

**Goal #6:**

Community Development: Support the arts, healthcare, affordable housing, cultural and recreational programs that enhance the quality of life in Mesa County.

Measures/Outcomes:

- 1) Three Community Development projects were proposed and approved in 2006. These projects included two healthcare related programs (Goal #6) – The Life Adjustment Program at Hilltop Community Resources and St. Mary’s Hospital Century Project. The Palisade Whitewater Park project was approved by the Mesa County Enterprise Zone and Mesa County Commissioners in

2006 and submitted to the EDC for approval in January 2007. This project is directly related to the recreational aspect of Goal #6.

- 2) Affordable housing remains a concern as Mesa County continues to grow. One of the approved Contribution Projects – Catholic Outreach – maintains the most comprehensive list of affordable housing properties in the County. This information is published on their website and updated weekly.

## Northwest Colorado Enterprise Zone

### Region wide and County-by-County Objectives and Goals

#### Goal A. Improve county employment rates.

Unemployment rates for the Northwest Colorado Enterprise Zone have dramatically taken a turn for the better. From 2003 to 2004 there has been an average decrease in the unemployment rate of 2.7 percent and from 2004 to 2005 an average decrease of .5 percent. For the second year in a row not one of the Northwest Enterprise Zone's counties exceeds the statewide average.

		Unemployment Rates						
		<u>06</u>	<u>05</u>	<u>04</u>	<u>03</u>	<u>02</u>	<u>01</u>	<u>00</u>
Clear Creek		4.1	4.5	5.2	5.5	5.5	3.8*	3.0*
Garfield		2.9	3.4	3.6	4.2	3.9	2.5	2.5
Grand		3.3	4.0	4.2	4.2	3.7	3.1	2.5
Jackson	3.0	3.8	3.7	5.4	5.9*	4.6*	3.3*	
Moffat		3.7	4.3	6.0*	7.0*	5.8*	4.9*	4.8*
Rio Blanco		2.6	3.3	4.0	3.5	2.3	2.4	3.1*
Routt		3.2	3.4	3.5	3.8	3.1	2.2	2.4
Statewide		4.3	5.0	5.5	6.0	5.7	3.7	2.7

\*Unemployment rate exceeded statewide average

#### Goal B. Improve county average annual wages until they reach the statewide average.

Although the average annual wages are increasing with inflation, all northwest counties still lag considerably lower than the statewide average. The region wide average of \$31,945 is only 73% of the statewide average of \$43,500.

		Average Annual Wages				
		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Clear Creek		\$33,771	\$32,397*	\$29,861*	\$29,783*	\$28,659*
Garfield		35,216	32,545*	31,717*	31,271*	30,400*
Grand		26,608	25,420*	23,954*	23,695*	22,813*
Jackson		23,450	22,552*	22,128*	22,418*	20,631*
Moffat		33,722	32,951*	31,919*	30,591*	29,509*
Rio Blanco		36,680	34,048*	31,687*	30,522*	28,638*
Routt		34,166	32,291*	31,157*	30,481*	28,133*
<i>Zone Average</i>		<i>\$31,945</i>	<i>\$31,550*</i>	<i>\$30,330*</i>	<i>\$29,973*</i>	<i>\$28,415*</i>
Statewide		\$43,500	\$40,296	\$38,942	\$38,004	\$37,953

\*Less than the statewide average

**Goal C. Improve county per capita income averages until they reach the statewide average throughout the region.**

	Per Capita Personal Income				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Clear Creek	\$48,519	\$42,225	\$37,276	\$34,467	\$33,916
Garfield	29,064	27,127*	27,121*	25,698*	25,748*
Grand	32,707	30,639*	29,560*	25,437*	24,195
Jackson	23,272	21,292*	19,252*	18,450*	20,612
Moffat	26,538	24,850*	24,136*	21,755*	21,845*
Rio Blanco	29,440	27,048*	27,430*	24,346*	26,039*
<u>Routt</u>	<u>39,365</u>	<u>36,900</u>	<u>36,976</u>	<u>34,390</u>	<u>31,810*</u>
<i>Zone Average</i>	<i>\$32,701</i>	<i>\$30,274</i>	<i>\$28,823*</i>	<i>\$28,008*</i>	<i>\$26,309*</i>
Statewide	\$36,113	\$34,561	33,723	\$33,455	\$32,434

\*Less than the state wide average

Estimates for 2004 reflect county population estimates available as of April 2006. Per capita personal income was computed using Census Bureau midyear population estimates. The average per capita income on a zone wide basis of \$32,701 is 91% of the statewide average. Only Clear Creek and Routt County exceeded the statewide average. The per capita income average for the other 6 counties is 83% of the statewide average.

**Goal D. Improve population growth rate to equal the statewide average throughout the zone.**

Only in Garfield and Grand and Routt Counties have annual average population increased at rates exceeding the statewide average. Growth in Clear Creek, Jackson, Moffat and Rio Blanco still lag.

	Average Population Increase				Annual Avg Increase since 2000
	2000 Pop.	2003 Pop.	2004 Pop.	2005 Pop.	
Clear Creek	9,322	9,649	9,509	9,510	0.4%*
Garfield	43,79	48,396	49,325	50,673	2.94%
Grand	12,442	13,732	13,943	13,905	2.26%
Jackson	1,577	1,594	1,573	1,531	-0.58%*
Moffat	13,184	13,349	13,426	13,426	0.38%*
Rio Blanco	5,986	6,033	6,102	6,073	0.28%*
<u>Routt</u>	<u>19,690</u>	<u>21,366</u>	<u>21,671</u>	<u>21,905</u>	<u>2.16%</u>
Total	105,992	114,119	115,549	117,023	1.17%
Statewide	4,301,261	4,580,710	4,653,023	4,722,755	1.88%

\*Less than the statewide average

**Goal E. Maintain or improve agricultural production and sales.**

**Agricultural Income (in \$millions)**

	2000			2001			2003		
	Gross Income	Farm Expenses	Realized Net	Gross Income	Farm Expenses	Realized Net	Gross Income	Farm Expense	Realized Net
Clear Creek	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Garfield	\$30.8	\$34.1	\$-3.2	\$27.8	\$32.3	\$-4.4	\$32.0	\$32.2	\$-0.2
Grand	11.6	13.7	-2.1	7.8	12.3	-4.5	9.7	12.6	-2.8
Jackson	19.7	22.6	-2.9	16.5	21.3	-4.8	17.5	20.8	-3.2
Moffat	29.5	31.8	-2.3	27.0	30.2	-3.2	28.4	30.2	-1.6
Rio Blanco	18.4	22.0	-3.6	15.7	21.0	-5.3	19.1	20.7	-1.5
Routt	30.3	37.0	-6.7	23.6	31.9	-8.3	25.9	32.1	-6.2
Zone	\$23.9	\$26.9	\$-3.5	\$19.7	\$24.8	\$-5.0	\$22.1	\$24.8	\$-2.5
Average*									

\*Zone Average excludes Clear Creek county.

Gross Farm Income has fluctuated greatly over the studied time period along with the cost of production. Although in recent years the difference in the expenses and income has decreased, more needs to be done to boost income or at a minimum assist the agriculture industry to minimize expenses.

**Goal F. Maintain and/or improve energy sector production and jobs.**

<u>Zonewide Production</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Natural gas (millions of mcf)	137.1	172.6	203.2	262.8
Oil (millions of barrels)	7.0	6.8	6.7	6.7
Coal (millions of tons)	19.5	19.2	18.6	21.1
Mineral Sector jobs	1,818	1,952	1,962	2,112

**Summary**

The Northwest Enterprise Zone (NWEZ) includes the most energy impacted counties in the state. These counties have been encountering an enormous energy boom that has affected wages, cost of living and population figures over the past five years. The boundaries of the zone include coal, oil and natural gas resources as well as the largest and richest oil shale reserves in the world. Most of the enterprise zone tax credits that are being claimed are from the oil and gas industry, followed closely by farmers and ranchers. In administering the zone the Associated Governments of Northwest Colorado has attempted to broaden the types of businesses that have claimed the credit to ensure a broader economic base in Northwest Colorado.

We have however noticed a disturbing trend that we believe must be addressed to bring about economic diversity in the zone. The simple answer is that energy production jobs far exceed the average wage within the zone. The NWEZ administrators think that this could artificially and negatively impact the other businesses within the zone if the average wage data becomes a reason to disqualify a county from receiving these credits.



## **Pueblo County Enterprise Zone**

The purpose of this annual report is to detail the enterprise zone activities for 2006 and to determine if the objectives for the year were met.

### Summary

Pueblo County's long time enterprise zone coordinator retired in 2005; various staff kept the program together until a new coordinator was appointed by the commissioners. The new coordinator was the county's Budget Director and had other duties to fulfill in addition to the enterprise zone. It took awhile to transition this program's duties into the existing work load of the new coordinator. The objectives stated for 2006 were carried forward from previous years and updated objectives for 2007 will be presented separately.

The objectives were:

1. To sustain 1% annual growth in the number of small business in Pueblo County over seven consecutive years.
2. Increase the community quality index.
3. Emphasize job creation and recruitment.
4. Work cooperatively with Pueblo Community College to design courses specifically for skills requested by businesses in Pueblo County.

### Discussion of objectives

1. Sustain 1% annual growth in small businesses over seven years – The growth in small businesses averaged over the last seven years is .72%, which is slightly lower than our goal. However, growth over the last 3 years was 1.04% so it does look like the small business growth rate is improving. Pueblo County has recently increased its focus on economic development by creating a full time position in the county for economic development work, including EZ coordination. Pueblo County will work more closely with other organizations in the area to improve the climate for small business.

*(source: U.S. Census Bureau, County Business Patterns and Colo. Dept. of Labor & Employment)*

2. Increase the Community Quality index – Pueblo's community quality index is a combined measure of tourism indicators, including the number of hotel/motel rooms occupied, Colorado State Fair average daily attendance, and visitors to Lake Pueblo State Park, economic diversity as measured by Wholesale-Retail and Services employment as a percent of total employment, and new single family housing unit starts. This index has been tracked since 1986 (the base year, the index is set to 100.0 in this year) and has increased overall for Pueblo to its current level of 266.1. In recent years, the index fell to 236.7 in 2004 from the 2003 level of 242.0. Since then, it has recovered to its 2006 position of 266.1.

Pueblo has made an effort to promote the enterprise zone as a way for our not-for-profit community to increase donations received to help them on their economic development projects. As a result, the Pueblo library district and the El Pueblo Adolescent Treatment facility became certified projects during the year. These projects help promote Pueblo as a first class community which should do its part in helping the quality of the community improve.

3. Emphasize job creation and recruitment – Pueblo Economic Development Council (PEDCO) continues to view the enterprise zone tax benefits as a major economic incentive in their job recruiting efforts. New jobs announced by PEDCO have averaged 898 jobs per year over the last 5 years per PEDCO's internal tracking methods.

4. Work cooperatively with Pueblo Community College (PCC) – PCC has worked with local business to address their specific job training needs which helps meet the goals of the enterprise zone. As a certified enterprise zone project, the PCC foundation is able to raise contributions to help with their programs. Pueblo County has also supported PCC in their efforts to obtain federal grants that should ensure further growth in their programs.

The enterprise zone in Pueblo County continues to be an important economic development tool in the region. Today, the estimated population for Pueblo County is 151,104, according to the Colorado Department of Local Affairs Demography Office. Over the past few decades, population growth and economic prosperity for Pueblo County and the City of Pueblo has been far more modest than for many other communities along the Interstate 25 growth corridor better known as the “Front Range” of Colorado. In 1960, the City was the second-largest city in the State of Colorado; however, it now ranks 7th. Today, Pueblo County is ranked 10th among the state’s most populated counties.

Although Pueblo County has made considerable gains since the economic downturn of the 1980’s, when Colorado Fuel & Iron laid off thousands of workers and unemployment was near 20 percent, many economic and social challenges continue today. Pueblo County has worked hard to diversify its economic base by attracting new industry and business; however, the community lags significantly behind the State and other comparable counties in terms of personal income, poverty, educational attainment, and employment.

Pueblo’s 2005 annual average salary of \$30,163 (preliminary data) ranks 301st out of 361 U.S. cities. This represents a 1.0 percent decline compared to the previous year’s average wage of \$30,463. According to the Census Bureau’s 2005 American Community Survey, median household income for Pueblo County is estimated at \$37,305 compared to \$50,652 in the state and \$46,242 in the U.S.

## Region 10 Enterprise Zone

The Region 10 Rural Enterprise Zone was originally created in 1986. Since that time the Enterprise Zone has continued to evolve to meet the ever changing needs of communities and businesses located within the Enterprise Zone. All required changes, updates and modifications to the Enterprise Zone boundaries, contribution projects, and marketing efforts have been conducted in accordance with Colorado Urban & Rural Enterprise Zone Act.

Key distress criteria that the Colorado Urban & Rural Enterprise Zone Act seeks to overcome are: high unemployment, slow population growth and low per capita income. These three distress criteria establish the basis for all other goals and strategies of the Region 10 Rural Enterprise Zone.

The Region 10 Rural Enterprise Zone seeks to support our communities and businesses through the application of Enterprise Zone incentives, marketing and targeted projects that enhance the overall economic vitality of the Region and improve conditions exhibited by the above distress criteria.

### **Business Incentives**

The Region 10 Rural Enterprise Zone supports business growth and expansion. The Zone goals for business growth and expansion are as follows:

#### **A. Support the provision of employment opportunities in the Region.**

For the last three years the unemployment rate for the Region was lower than the Colorado average. The Region's 2005 unemployment rate was 4.0% compared to 5.0% for the State of Colorado. The labor force in the Region increased to 52,246 during the past year.

#### **B. Aid in increasing the number of jobs created in the Region.**

New jobs reported through the Enterprise Zone total 481 in 2006 compared to 462 in 2005.

#### **C. Monitor the increase in income for residents of the Region.**

The Region 10 average per capita income for 2004 increased to \$29,272 (from \$24,314 in 2003) compared to \$36,113 for the State of Colorado. However, the Region 10 average per capita income remains well below the State average. The average Region 10 wages increased 3.4% between 2003 and 2004. The 2004 average wages in the Region still remains below the 2004 State average at 81%.

#### **D. Maintain economically viable communities throughout the Region.**

Aggregate 2005 retail sales for the Region were \$2.256 billion. In 2005 retail sales in the Region increased by 12.3%. All six counties in the Region experienced growth in retail sales. However, pockets of declining retail sales can be found throughout the Region 10 municipalities.

Local economic development organizations are active in recruitment and retention activities in Delta, Gunnison and Montrose Counties.

#### **E. Monitoring population trends throughout the Region.**

The Region continues to experience population growth, with a 1.8% increase in population between 2003 and 2004. This growth rate is slightly higher than the 2004 State growth rate of 1.4%.

### **Marketing**

Region 10 continues to increase our marketing efforts through the use of the Region 10 website. The web page features projects that have received funding through the Enterprise Zone Marketing Grant. In addition, the Region continued to support local marketing efforts targeted at business recruitment and

retention, and tourism. The Region 10 Rural Enterprise Zone continues to provide outreach to CPAs and tax consultants regarding Enterprise Zone changes.

**Contribution Projects**

Our targeted projects in 2006 are to continue to support the job creation, job preservation and rural health care priorities. Region 10 added one new Enterprise Zone Contribution Project in 2006, Habitat for Humanity re-store in Montrose. A total of \$609,087.00 was contributed to support these efforts throughout the Region in 2006.

## **San Luis Valley - Upper Arkansas Enterprise Zone**

### **San Luis Valley Sub-Zone**

Population estimates for the six-county subzone are averaging 1.0%/year from 2000-2005, compared with a Colorado growth rate of 2.0%. Employment growth over the same period, however, averaged 2.0% for the Valley compared with only 1.0% for the State. Regional unemployment at 6.6% in 2005 is showing a widening gap with the State, and the Valley's per capita income remains as the State's lowest.

The primary export industry is agriculture, with potatoes, barley, and alfalfa the main crops. Agriculture's dominance in the economy is increasingly rivaled by retirement and other sources of non-job income. A more or less permanent reduction in agriculture water supply resulted in a 20% reduction in crop acreage, and further reductions are possible. Retail and service sector expansion in Alamosa County reflects an increasing regional concentration, but sales have been flat.

Our efforts to improve these conditions are designed to get the infrastructure in place for industry expansion and future growth; establish new market positions and product lines to increase economic activity, provide financial tools to advance projects; and generate new and upgraded job opportunities. Renewable energy developments on several fronts represent our best prospects, and are anticipated to result in the formation of a new industry cluster for the region. In the biodiesel group, we are assisting Alta Fuels in adding a biodiesel manufacturing plant to its blending and marketing operations in order to capture a larger market share. Locally-based canola crushing facilities are being developed along with this to encourage farmers to expand canola production, and ensure a local supply of canola oil for blending.

Solar potentials are coming to fruition with Xcel's Energy's 8-megawatt solar panel operation north of Mosca (largest of its kind in the nation). We are also pursuing a much larger 100-megawatt solar concentrator project in partnership with the Regional Medical Center, SLV Rural Electric, Adams State College and Alamosa City government. Wind farm locations with ability to supply the grid are also being investigated in Saguache, Conejos, and Costilla counties, which are the most distressed.

Value-added processing investments are continuing with the recent purchase and re-opening of the former Staley potato starch plant in Monte Vista, which is gearing up for a food-grade product and expected to expand. A renewed effort is also anticipated for expansion of the Idaho Pacific flake plant in Center, contingent on installing a high-capacity natural gas pipeline. Once completed, the upgraded energy supply can service many more plants and strengthen the entire ag industry cluster. Organic pharmaceuticals also remain as a goal.

Tourism strategies are being given a new boost by our involvement in Colorado's Heritage Pilot Project, and we also anticipate designation of the Sangre de Cristo National Heritage Area. Scenic railroad operations now include the San Luis & Rio Grande to La Veta and Antonito in addition to the Cumbres & Toltec. Pursuits in other non-ag sectors include upgrading labor skills; a prospect to manufacture pipe for culverts; and a value-added approach for arts and crafts.

A further strengthening of our business assistance role is being advanced by purchase of the former depot building in downtown Alamosa for conversion into a Business Development, Visitor, and Multi-Modal Transportation Center. Co-location of SLVDRG with other development activities, business incubator, Alamosa Chamber, and visitor services provides the convenience of a "one-stop shop." In addition to passenger terminal and ticketing counters for the railroad, this location also has potential for co-location or hub for bus, taxi, and transit services.

On-going activities benefiting business, government, and the county at large include transportation planning; the One-Land/One-Plan community meetings; improvements in various websites and the SLV Information System; and a continuing partnership with Adams State for seminars, conferences, and training. More emphasis is also being placed on our own data management and research capabilities which are helping to advance biodiesel and other projects, and are proving invaluable for economic impact analysis and local government tax studies.

San Luis Valley Enterprise Zone economic statistics:

**TOTAL ASSESSED VALUATION vs.  
NON-RESIDENTIAL ASSESSED VALUATION \* DATA**

<b>County – Year</b>	<b>Total Valuation in Millions</b>	<b>Non-residential Valuation in Millions</b>	<b>Percent of Total</b>
<b>Alamosa – 1996</b>	\$ 70.1	\$ 22.0	31.4 %
1997	78.4	23.3	29.7 %
1998	81.3	24.9	30.6 %
1999	88.1	26.2	29.7 %
2000	92.1	28.3	30.7%
2001	99.2	30.6	30.8%
2002	105.1	34.9	33.2%
2003	105.7	36.4	34.4%
2004	105.8	38.0	35.9%
2005	113.2	39.4	34.8%
<b>Conejos – 1996</b>	29.2	4.1	14.0 %
1997	31.0	3.9	12.6 %
1998	30.9	3.5	11.3 %
1999	35.4	3.8	10.7 %
2000	36.2	3.8	11.1%
2001	38.6	4.3	40.0%
2002	39.5	4.1	10.4%
2003	43.6	4.6	10.6%
2004	42.5	4.6	10.8%
2005	44.7	4.4	9.8%
<b>Costilla – 1996</b>	68.1	10.8	40.0%
1997	61.0	4.4	12.4%
1998	60.0	3.2	5.3%
1999	61.4	2.9	4.7%
2000	62.4	2.9	4.6%
2001	65.1	3.1	4.87%
2002	66.2	3.1	4.7%
2003	65.1	3.1	4.8%
2004	64.1	3.1	10.8%
2005	71.2	3.0	4.2%
<b>Mineral – 1996</b>	12.8	2.6	20.3%
1997	15.7	3.0	19.1%
1998	16.0	2.9	18.1%

1999	17.7	3.0	16.9%
2000	18.5	3.2	17.3%
2001	31.6	3.5	16.2%
2002	22.2	3.8	17.1%
2003	21.5	3.9	18.1%
2004	21.9	3.9	17.8%
2005	23.9	4.4	18.4%
<b>Rio Grande – 1996</b>	79.4	28.8	36.3%
1997	87.1	30.2	34.7%
1998	89.9	31.3	34.8%
1999	102.7	35.2	34.3%
2000	106.0	35.5	33.5%
2001	113.3	34.1	30.1%
2002	119.9	34.0	28.4%
2003	120.3	34.2	28.4%
2004	121.9	36.1	29.6%
2005	135.0	40.2	29.8%
<b>Saguache – 1996</b>	39.8	4.1	10.3%
1997	39.9	4.5	11.3%
1998	40.0	4.5	11.2%
1999	41.7	4.7	11.3%
2000	42.6	4.9	11.5%
2001	44.0	5.0	11.4%
2002	43.6	5.2	11.9%
2003	47.9	4.9	10.2%
2004	46.2	4.7	10.2%
2005	49.6	5.6	11.3%
<b>SLV EZ – 1996</b>	299.4	72.4	24.2%
1997	313.1	69.3	22.1%
1998	318.1	70.3	22.1%
1999	347.0	75.8	21.8%
2000	357.7	78.6	22.0%
2001	381.9	80.6	21.1%
2002	396.5	85.1	21.5%
2003	404.1	87.1	21.6%
2004	402.4	90.4	22.5%
2005	437.6	97.0	22.2%

**NOTE:** Non-residential assessed valuation is comprised of commercial and industrial classified real and personal property as per each county assessor's office. Agricultural and natural resource classifications are not included in the non-residential data.

**SOURCE:** Colorado Division of Property Taxation, 10/25/06.

**SAN LUIS VALLEY ENTERPRISE ZONE (SUB-ZONE)  
PER CAPITA INCOME AS A PERCENT OF STATE 1980 THROUGH 2005**

1980 – 74%	1989 – 71%	1994 – 66%	1999 – 61%	2004 – 62.8%
1985 – 66%	1990 – 69%	1995 – 64%	2000 – 57.8%	2005 – 64.1%
1986 – 64%	1991 – 65%	1996 – 64%	2001 – 57.1%	2006 – 63.3%
1987 – 61%	1992 – 64%	1997 – 60%	2002 – 57.6%	
1988 – 65%	1993 – 68%	1998 – 60%	2003 – 58.6%	

**SOURCE: 2004, 2005, and 2006 are based on Colorado Business & Economic Forecasting Service projections. State Demography Office, 1/25/07.**

**SAN LUIS VALLEY ENTERPRISE ZONE (SUB-ZONE)  
UNEMPLOYMENT RATE COMPARED TO STATE UNEMPLOYMENT RATE**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
SLV EZ (%)	9.0	10.7	9.6	7.9	8.4	8.5	7.2	8.8	6.6	4.3	5.6	6.5	7.0	6.7	6.6
State (%)	5.1	6.0	5.3	4.2	4.2	4.2	3.3	3.8	2.9	2.6	3.9	5.9	6.2	5.5	5.0
Difference	3.9	4.7	4.3	3.7	4.2	4.3	3.9	5.0	3.7	1.7	1.7	0.6	0.8	1.2	1.6

**SOURCE::** 1991-1999 – Colorado Department of Labor & Employment, Labor Market Information Section, 1/31/05.  
2000-2005 – Labor Market Information Section, 8/2/06.

**Upper Arkansas Enterprise Zone**

1. **Improve per capita income:** Among the 16 enterprise zones in Colorado, the Upper Arkansas Sub-Zone is near the bottom in per capita income ranking. The zone’s per capita income has historically declined or remained flat in comparison to the state and adjoining regions’ per capita income. Improvement of per capita income has been and will continue to be one of the UA E Zone goals.

**OBJECTIVE STATUS / ACHIEVEMENT / IMPACT:** The objective is to improve per capita income to within 1.0% or above the state average for a period of two years. The status of this objective is that the four-county zone continues to lag behind the state average with a 1.0% increase to 64% of the state average in the four counties from 2003 to 2004.

2. **Improve employment and employment opportunities:** The four-county region has historically had a higher rate of unemployment as compared to the state. In 2005 Custer’s rate (4.8%) was less than the state’s (5.0%). Chaffee’s 5.4% rate, Lake’s 5.4% rate and Fremont’s 6.2% rates were 0.4%, 0.4% and 1.2% higher than the state’s rate. In 2004 Custer’s 5.0% rate was 0.2% lower than the state’s and Chaffee’s 5.5% rate was 0.3% above the state’s 5.2% rate. Lake’s 2004 6.2% rate was 1.0% higher and Fremont’s 2004 6.8% rate was 1.6% higher than the state’s.

**OBJECTIVE STATUS / ACHIEVEMENT / IMPACT:** The Zone's objective is to increase the estimated total jobs per county by one-percent of the previous year's base estimated jobs total for three consecutive years. Objective achievement and impact have been determined by data from the Colorado DLE. Chaffee and Fremont have achieved this 3-year (2003-05) objective and Custer has in two of three years, and Lake has in only one of three years. 2004 data has all four counties achieving the objective with 2005 showing negative job growth in Custer and Lake and the overall Zone not achieving the objective 1.0% with a 0.9% increase. Relatively, Custer and Lake have



proportionately more tourism and less non-residential assessed valuation than Chaffee and Fremont. This impacts sustained job creation in Custer and Lake.

3. **Improve the proportion of non-residential assessed valuation:** Provision of infrastructure and services by local governments and taxing entities for improved employment and business development opportunities is dependent upon having a non-residential tax base near 30 percent of the total assessed valuation. The 2005 figures indicate that Chaffee County had a non-residential valuation of 27.4%, Custer, Fremont and Lake Counties had a non-residential valuation of 10.0%, 21.6% and 13.0% percent respectively. The most rural counties of Custer and Lake non-residential valuations continue to lag significantly in the region and state.

**OBJECTIVE STATUS / ACHIEVEMENT / IMPACT:** To improve non-residential assessed valuation of the UA EZ Zone counties to 30% within 5 years. The status of this objective indicates a one-year improvement in Fremont (+0.5% to 21.6%). 2004 to 2005 the percentage declined 0.8% in Chaffee, 0.3% in Custer and 0.9% in Lake. Overall, the four-county sub-zone indicates a non-residential valuation decrease of 0.2% to 21.7% from 2004 to 2005. The rural less-populated counties of Custer and Lake continue to have proportionately less non-residential valuation than Chaffee and Fremont counties. This lagging and decreased valuation has an impact on tax base revenue and resulting capability to provide infrastructure and services.

**Upper Arkansas Enterprise Zone Economic Statistics Tables:**

- Total Assessed Valuation and Non-Residential Assessed Valuation and as a Percent of Total Valuation 2003 - 2005
- Per Capita Income by County and as a Percent of State 1980 to 2004
- Estimated Total Jobs by County & Annual Change by Number and Percent 2003 to 2005

**Upper Arkansas Enterprise Zone (UA E Z)  
Total Assessed Valuation and Non-residential Assessed Valuation  
(excluding exempt property)  
And as a Percent of Total Valuation 2003 - 2005**

<u>COUNTY-YEAR</u>	<u>TOTAL* VALUATION IN MILLIONS</u>	<u>NON-RESIDENTIAL VALUATION* IN MILLIONS &amp; PERCENT OF TOTAL</u>	
Chaffee - 2003	257.8	71.7	27.8%
Chaffee - 2004	261.3	73.8	28.2%
Chaffee - 2005	289.3	79.3	27.4%
Custer - 2003	71.3	6.6	9.3%
Custer - 2004	68.2	7.0	10.3%
Custer - 2005	75.0	7.5	10.0%
Fremont - 2003	335.2	84.0	25.1%
Fremont - 2004	329.8	69.6	21.1%
Fremont - 2005	365.6	79.0	21.6%
Lake - 2003	77.5	10.3	13.3%
Lake - 2004	77.9	10.8	13.9%
Lake - 2005	84.8	11.0	13.0%

UA E Z - 2003	741.8	172.6	23.3%
UA E Z - 2004	737.2	161.2	21.9%
UA E Z - 2005	814.7	176.8	21.7%

**\*NOTES:** Non-residential assessed valuation is composed of commercial, and industrial classified real and personal property as per each county’s assessor office. Agricultural and natural resources classifications are not included in the non-residential data.

**ASSESSED VALUATION SOURCES:** The “Abstract of Assessments and Levies” for 2003, 2004 and 2005 from Chaffee, Custer, Fremont and Lake Counties Assessor Office as approved by the State Board of Equalization Division of Property Taxation. Total valuation excludes exempt property. Information obtained in January, 2007.

**Upper Arkansas (UA) Enterprise Zone (Sub-Zone)  
Per Capita Income as a percent of State 1980 through 2004**

1980 – 81%	1988 – 70%	1992 – 66%	1999 -65%
1985 – 72%	1989 – 68%	1993 – 65%	2000 -64%
1986 – 74%	1990 – 66%	1994 – 65%	2001 -65%
1987 – 72%	1991 – 68%	1998 - 66%	2002 -65%
2003 - 63%	2004 - 64%		

Chaffee = \$23,930 = 66.3% of state (2004)  
 Custer = \$26,451 = 73.2% of state (2004)  
 Fremont = \$20,431 = 56.6% of state (2004)  
 Lake = \$22,026 = 61.0% of state (2004)  
 UA E Zone = 64.3% of state (approx.) (2004)  
 State of Colorado = \$36,113 (2004)

Source: Bureau of Economic Analysis - Regional Accounts Data - Local Area Personal Income.  
 Downloaded January 2007

**Upper Arkansas (UA) Enterprise Zone (Sub-Zone)  
Estimated Total Jobs by County & Annual Change by number and percent 2003-05**

<u>COUNTY</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Chaffee	8329 (+4.9%)	8908 (+579 / +7.0%)	8993 (+85 / +1.0%)
Custer	1540 (-1.4%)	1771 (+231 / +15.0%)	1728 (-43 / -2.4%)
Fremont	16554 (+2.2%)	17408 (+854 / +5.2%)	17644 (+236 / +1.4%)
Lake	2608(+10.0%)	2669 (+61 / +2.3%)	2655 (-14 / -0.5%)
U A E Zone	29031 (+3.4%)	30756 (+1725 / +5.9%)	31020 (+264 / +0.9%)

Source: Colorado DOLA: CEDIS – County Labor Force and Total Employment 2003-2005. Downloaded January 2007.

## South Central Enterprise Zone

Mission: To improve economic conditions in the enterprise zone for the purpose of providing a prosperous and stable economy.

Goal: The zone's high unemployment rate will be reduced by one percent, through a comprehensive program of economic development that includes active support of business expansion, recruitment, entrepreneurship and workforce preparation.

*The unemployment rate in November 2006 was:*

*Colorado Statewide: 3.9%*

*Huerfano County: 5.2%*

*Otero County: 5.5%*

*Las Animas County: 3.4%*

### Objectives

- A. To work with existing and potential business and industry to expand employment opportunities within the zone.

*The South Central Council of Governments worked closely with the Trinidad Las Animas County Economic Development in 2005 to expand employment opportunities within the zone.*

- B. To develop and/or expand opportunities to assist low to moderate income resident to become self-sufficient.

*The South Central Council of Governments became a certified Community Housing Development Organization in 2004. In 2005 the CHDO hired a director and completed a needs assessment to identify low-to moderate housing needs within our region. Affordable housing for low-moderate income residents is a priority within our region. In 2006 South Central Council of Governments assisted the CHDO in becoming its own organization and allowing them to moving forward with their mission.*

### Strategies/Action Plans

#### Objective 1

- A. To enhance the enterprise zone tax information program by promoting and providing information on the tax certification program.
- B. To encourage the development of businesses including Internet marketing, cottage industries, value-added industries, home-based businesses through the enterprise zone marketing program.

*The South Central Enterprise Zone was successful in promoting the Contribution Project Program by renewing six approved projects in the region.*

#### Objective 2

- A. To encourage the development of additional jobs for low to moderate income residents among the existing and potential new business.

*South Central Enterprise Zone representatives participated in statewide Enterprise Zone meetings and Trainings to encourage development of business.*

## Benchmarks/Output Measures

1. To continue to provide distribution of enterprise zone tax credit information throughout 2006.

*Enterprise zone tax credit information was available for distribution in January 2006. Published brochure on certification project, and six certification projects approved by Economic Development Commission.*

2. To provide information regarding the enterprise zone marketing program through advertisement and outreach during 2005.

*There was enterprise zone marketing program information provided through public workshops to encourage participation.*

3. To see an increase in enterprise zone marketing applicants during 2006.

*There were eighteen applications for the enterprise zone marketing program during 2005, and there were eighteen applications for the enterprise zone marketing program in 2006.*

4. To increase the number of businesses participating in the enterprise zone tax credit program during 2006.

*In 2005 there were fifty-four businesses participating, and 2006 there were sixty-one businesses participating.*

5. The number of new businesses in the region will grow in 2006.

*The number of new businesses has decreased in the region. The number of business licenses issued in the City of Trinidad best demonstrates this. The number of business licenses issued in 2005 with the City of Trinidad was 617. The number of business licenses issued in 2006 was 763.*

6. Ten additional jobs for low-to-moderate income (e.g. welfare to work) residents will be available in 2006.

*The South Central Council of Governments (SCCOG) Care Services Program is one example where jobs for low-to-moderate income residents were in 2006. The Care Services Program provides individual personal care for Department of Social Services clients. The typical hourly wage for this employment is \$9.00 An increase from \$8.00 last year. In 2005, the Care Services employed 337 people. In 2006, Care Service employed 310 people.*

7. The number of employment opportunities will remain the same or increase in 2005.

*According to the Trinidad Colorado Workforce Center, there were 795 job posting with the agency in 2005 and in 2006 there were 989 job postings with the agency. The same agency also has a center in Walsenburg and there were 139 jobs posting in 2005 and 220 job posting in 2006. Although the Workforce Center does not list all positions listed throughout the community(s), it represents an accurate portrait of employment opportunities and provides a valid comparison between 2005 and 2006.*

## **Southeast Enterprise Zone**

Southeast Colorado Enterprise Development, Inc. (SECED) challenges our citizens to continually reach for superior social and economic characteristics. The enterprise zone is a critical element of the overall program. The enterprise zone is one of many incentives that make up the overall regional package. The region asks our citizens to utilize natural resources to the fullest potential in cooperation with a multi-agricultural economy. We assert a vigorous campaign for esthetic improvements to enhance business recruitment and retention.

SECED continually strives to collectively assist member local governments with job creation/retention, community development and continued community vitality. In the function of the Southeast Enterprise Zone, it has developed economic development programs, such as the revolving loan fund program, which has helped with the retention of existing businesses and the creation of new businesses.

Over the course of thirteen (13) years, approximately 163 businesses have been funded in the amount of \$6,701,250 with leveraging from other sources totaling \$8,489,649. In addition, through our housing rehabilitation loan program, which assists low-to-moderate individual with the repairs of their homes, \$3,255,398 funds have been loaned benefiting 213 households

### **Enterprise Zone Economic Development Plan, Marketing Plan and Development Goals**

#### **GENERAL GOAL**

Continue to evaluate socioeconomic data and trends for the benefit of 5 counties and 19 municipalities in Region 6. The data includes: Population estimates by jurisdiction. Sales and tax indicators such as gross and retail sales, tax receipts, property tax, assessed valuation, employment and income data including wage and salary information, personal income, real estate sales data, housing data. Oil, gas, and mining data, if available.

#### **OBJECTIVES**

##### **Determine Economic Conditions**

Summarized below are enterprise zone development plan objectives and measures.

1. Realize increased community vitality through at least a 15 percent increase in the gross retail sales in the overall EZ area from 2000 to 2005. This will be measured by comparing retail sales.

As described below, SECED, an economically distressed area, has maintained retail sales when compared to the state average. However, while improved, we have not met this goal.

	2002	2003	2004	2005
SECED AVERAGE	\$11,631	\$11,086	\$12,385	\$11,941
STATE AVERAGE	\$22,950	\$22,983	\$24,560	\$26,024

The activity of the Revolving Loan Program (163 businesses) has also contributed to the overall condition of the region. But for the enterprise zone, many of these businesses wouldn't have followed through with their business project.

2. Realize stabilization of annual population growth patterns.

	1990	2000	2001	2002	2003 est	2004 est	2005 est
Baca	4,556	4,517	4,514	4,413	4,348	4,305	4,263
Bent	5,048	5,998	5,865	6,089	6,397	6,367	6,314
Crowley	3,946	5,518	5,491	5,838	5,812	5,827	5,740
Kiowa	1,688	1,622	1,598	1,578	1,543	1,526	1,533
Otero	20,185	20,311	19,976	20,460	19,754	19,664	19,569
Prowers	13,347	14,483	14,240	14,219	14,163	14,023	13,973

As the data above shows, recent out-migration has been a difficult trend to divert and reverse, although we continue to strive and overcome.

3. Realize increased community vitality through at least a 15 percent increase in the assessed valuation.

The total assessed valuation of the SECED region was \$414,677,009 which was a 13.46 percent increase from 2002. No SECED County exceeded the 2000 state average per capita Assessed Valuation.

4. Retain existing job base to show no net loss in jobs each year and accommodate the increase in population through the expansion of existing industries.

From 2002 through 2005, the labor force is down by 668 jobs resulting in an unemployment rate of 6.25 percent. Agriculture is a large contributor of the labor force and the regional economy but does not report to unemployment statistics. These figures do not include recent closings of two major employers in Prowers and Otero which were final on 12/31/05.

5. Increase the tourism dollars that are captured in SE Colorado from sources outside the area by 10 percent over the next 5 years. Measurement will be through lodging statistics.

These statistics remain unavailable.

6. Increase the per capita income in SE Colorado by at least \$250 per year. The target being to maintain a minimum per capita income of 75 percent of the state average.

The 2005 average SECED wage was \$23,938, the wages increased to \$23,938, or \$795 higher than the previous year. This is still significantly lower than the state average of 36,113. But if not for the Enterprise Zone this per capita wages would likely be significantly lower.

7. Increase the Agricultural sales receipts by 10%.

The SECED counties total cash receipts from the sale of livestock and crops between 2002 and 2003 increased by 2.56 percent. SECED's total cash receipts between 2003 and 2004 increased 15.83

### Measure Enterprise Zone Progress

- The SECED Enterprise Zone has grown and now provides multiple economic development programs and is capable of working with a variety of potential businesses and industrial prospects with a loan portfolio exceeding three million dollars. New or expanding businesses seek enterprise zone tax credits, with these credits; they can utilize the Southeast Colorado Revolving Loan incentives to actually implement enterprise zone jobs. With this program, we have documented more than 306 new RLF jobs through 2006.

- SECED Enterprise Zone provides housing programs to improve the available housing stock and to also improve the aesthetics of the area. The aesthetics of the area has improved with SECED's over two million dollar housing rehab portfolio. Without this component, the EZ incentives are not useful.
- Local communities do work together to solve whatever problem presents itself.
- Adequate utility capacity to handle growth. SECED area's infrastructure remains sound and able to accommodate growth.
- Quality educational opportunities including a community college and an active workforce board. A significant global research project is coming to southeast Colorado because of the mild dry climate, clear nights and presence of the Community College system.
- A large selection of business and industrial sites and properties, are available to the region at very competitive rates.
- Most business and industrial sites are appropriately zoned with a planning commission in place that can respond to specialized requests. For the most part these sites do not contain specialized covenants and/or restrictions.
- The Enterprise Zone provides the forum to unify the region.
- The Enterprise Zone has targeted projects have proven to be successful. This region has developed new manufacturing, completed telecommunications, improved the availability of affordable housing, improved the air transportation, and expanded recreation and tourism.
- Southeast Colorado Enterprise Zone has created a sub-grantee status with 45 CTC Projects.
- Southeast Colorado Enterprise Development, Inc. assists businesses with all aspects of business development.
- Southeast Colorado Enterprise Development has been involved with the Colorado Workforce Coordinating Council since its inception.
- The Southeast Colorado Transportation Planning priorities include; US Highway 287 and US Highway 50.
- The region has worked diligently to secure the Ports to Plains - Highway 287. This Federal designation will create more opportunities to implement the NAFTA agreement. The EZ incentives are an important component to this effort.
- Southeast Colorado has erected a 108 tower wind generation project.
- Drought and the out-migration of water resources from Southeast Colorado is the regions most significant growth issue.
- The Enterprise Zone creates marketing materials to convey a unified and consistent image.

## Southwest Enterprise Zone (Region 9)

In Region 9, four of five counties meet economic distress criteria making them eligible as Enterprise Zones (per Statute 39-30 C.R.S). According to this statute, to be designated an Enterprise Zone; an area must have a population of less than 80,000 and meet one of the following criteria:

- An unemployment rate at least 25% above the state average.
- A population growth rate less than 25% of the state average.
- A per capita income (PCI) less than 75% of the state average.

Archuleta, Dolores, Montezuma and San Juan Counties are still within the guidelines for designated Enterprise Zones. La Plata County no longer meets these criteria on a county wide level, but has certain eligible census tracts that qualify.

County	2005 Unemp. Rate	2000 – 2005 Pop. Growth	2004 PCI
Archuleta	No	No	Yes
Dolores	Yes	Yes	Yes
La Plata	No	No	No
Montezuma	No	No	Yes
San Juan	Yes	No	No

Archuleta, Dolores and San Juan Counties also meet criteria for Enhanced Rural Enterprise Zones. Enhanced Rural Enterprise Zones are those portions of regular enterprise zones that lie within counties meeting at least two of the following five criteria:

- County unemployment rate greater than 50% above state average
- County per capita income less than 75% of state average
- County population growth rate less than 25% of state average
- Total non-residential assessed value ranks in lower half of all counties
- County population less than 5,000

Region-wide, in 2006, there were eighteen projects approved for Enterprise Zone benefits; there were \$1,178,243 in certified tax credits; \$40,975,300 in eligible investments; and 356 jobs created under the auspices of the Enterprise Zone Program.

### Local Economic Development Objectives

**Objective 1:** Unemployment rates for each of the counties should be equal to or less than the state unemployment rate of 5.0%.

Current Status – Dolores and San Juan Counties have higher unemployment rates than the state average.

**Objective 2:** Per Capita Income (PCI) for each of the counties should be equal to or greater than the state PCI.

Current Status – Archuleta, Dolores, Montezuma and San Juan Counties per capita incomes are less than the state PCI.



**Objective 3:** Transportation infrastructure improvements should follow the recommendations made in the Southwest 2030 Regional Transportation Plan.

Current Status – The acute shortage of state transportation funding continues. The Southwest Regional Planning Commission identified over \$2 billion of needed improvements to the state highway system in the 2030 Regional Transportation Plan, while only approximately \$24 million of CDOT's discretionary money is available for the southwest region for the 2007 – 2030 timeframe. (The funding shortfall is not unique to southwest Colorado - rather, this situation is occurring statewide.) CDOT is in the process of updating the long-range plan to 2035, with completion expected at the end of 2007. The revision will include a strong transit component.

**Objective 4:** Tourism, as measured by counts at the major visitor centers in the region should at least maintain and should show a modest increase from year to year using 2001 as a base year.

Current Status – Visitor counts showed a significant drop in 2002 due to wildfires (with the exception of Cortez). Numbers are down from 2005 in Cortez and Durango. However, this may be a result of other available pre-visit venues such as improved web sites that offer information about each area. Thus people are receiving information online rather than stopping into the local chambers.

**Objective 5:** Each county will have an active economic development organization with staff and funding to focus efforts in each county and assist Region 9 EDD with its delivery of services.

Current Status – Each county, with the exception of Montezuma, has at least one functioning economic development group and each is designated as an EZ Contribution project. In Montezuma County, the City of Cortez abolished its funding for a staff position for the Mesa Verde Country™ Economic Development Office in 2006. The county has established a committee to seek ways to create a sustainable economic development organization.