

COLORADO ENTERPRISE ZONE ANNUAL REPORT 2007 Activity

Colorado Office of Economic Development and International Trade December 29, 2008







Colorado Enterprise Zone Annual Report - Part I FY 2007 Activity

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Colorado Enterprise Zone Annual Report for 2007

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 Colorado Economic Development Commission (EDC) staff, and is also available on the Office of Economic Development and International Trade website, www.advancecolorado.com/enterprisezone.

Summary

- During fiscal year 2007, 4,759 businesses certified one or more potential enterprise zone tax credits.
- These companies created 7,435 new jobs and retained more than 127,425 jobs.
- They invested \$1.3 billion in new equipment in enterprise zone businesses.
- Over 22,900 taxpayers contributed \$43.5 million to enterprise zone economic and community development projects.
- Enterprise Zone tax credits claimed with the Department of Revenue totaled \$42.9 million.

The Colorado Enterprise Zone Program consists of 9 tax credits. Each tax credit encourages and rewards a specific economic development activity. These tax credits are used throughout the state as an economic development tool to attract, retain and grow new jobs in the areas that need economic growth the most. Rather than provide monetary incentives up front, this program requires a business to perform before receiving an incentive. It requires a taxpayer (business) to specifically perform 9 economic development activities in order to receive a tax credit.

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 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 1996 amendments were made to the Act which gave the EDC power to terminate zone areas. In 1997, 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 2008, and may later be adjusted. Calendar year data is reported here.

• Employment. Colorado's employment rose almost 65,000 in 2007 following a climb of about 118,000 in 2006. Employment continued to climb in calendar year 2007 however, not nearly as strong as 2006. 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

	2004	2005	2006	2007
State	2.5%	1.5%	4.9%	2.6%
Non-Zone	2.3%	3.4%	5.8%	3.8%
E-Zone	2.5%	1.2%	4.7%	2.3%
Urban	2.3%	1.0%	4.4%	2.0%
Rural	3.4%	2.2%	6.0%	3.7%

Data source: Colorado Department of Labor & Employment, http://www.coworkforce.com/lmi/ali/lfpage.asp *This data has been rounded. State figure is separate from EZ and non-EZ data.

• <u>Unemployment.</u> 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

	2003	2004	2005	2006	2007	
State	6.2%	5.5%	5.1%	4.3%	3.8%	
Non-Zone	5.5%	4.7%	4.1%	3.7%	3.4%	
E-Zone	6.4%	5.7%	5.2%	4.5%	3.9%	
Urban	6.5%	5.8%	5.3%	4.6%	4.1%	
Rural	5.9%	5.1%	4.7%	4.0%	3.4%	

Data source: Colorado Department of Labor & Employment, http://www.coworkforce.com/lmi/ali/lfpage.asp *This data has been rounded. State figure is separate from EZ and non-EZ data.

<u>Population</u>. 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 criterion 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 2002 to 2007 was 8.57%. Seven enterprise zones experienced growth below the 25% threshold: East Central, Jefferson, Northeast, Southwest, upper Arkansas, 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, www.dola.state.co.us/dlg/demog/pop_cnty_estimates.html

<u>Income</u>. With per capita income figures available through 2006, the growth in income for the state as a whole over the 20 years since the EZ program began is 141%. Enterprise zone per capita income growth has kept pace, growing 135% from 1987 to 2006. However, this figure is heavily affected 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 136% over the same 20-year period. In 2004, 2005, and 2006, average rural EZ county per capita income grew 5.2, 6.9, and 6 percent, compared to statewide growth of 4.5, 5.9, and 5 percent for the same years. Thus, rural enterprise zone incomes have improved compared to the state

average, from a low of 83.5% in 2000 to 96.5% in 2006. Per capita income in the various rural EZs ranged from 97% of the state average in the Northwest EZ to 57% in the Southeast EZ. In urban EZ's, only Pueblo and Weld counties had per capita income below 75% of the state average.

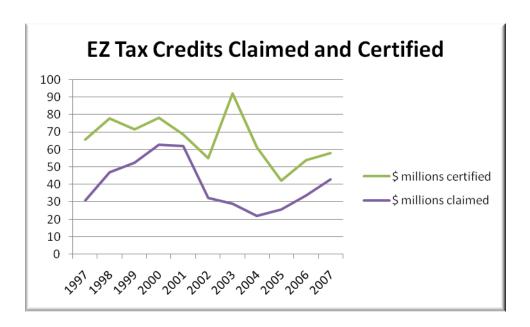
Data Source: U.S. Bureau of Economic Analysis, http://www.bea.gov/bea/regional/reis/

Tax Credits Claimed and Potential Credits Certified

Total EZ tax credits claimed with the Department of Revenue in FY 2007 were \$42.9 million, compared to \$33.9 million in FY 2006 and \$25.7 million in FY 2005. Of total EZ credits claimed in FY 2007, corporate taxpayers claimed more than \$26.8 million while non-corporate taxpayers (individual contribution credits, plus sole proprietor, partnership and other non-corporate business credits) claimed more than \$16.1 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 <u>certified</u> 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 2007 was \$58.2 million, up 8% from 2006.

The amounts <u>claimed</u> 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 graph on next page; also 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 alone 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. In 2007, ITC credits alone were \$39.8 million.

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 \$66.3 million, almost 55% more than the \$42.9 million in EZ credits claimed.

- Personal income, sales, and excise taxes paid by new employees of enterprise zone businesses are almost \$24.7 million for the 7,435 new employees added by EZ certifying businesses, given average state tax collections per employee of \$3,323 in FY 2007.
- 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 \$17.6 million in FY 2007.
- New investment by enterprise zone businesses added \$1.3 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 2007 statewide average mill levies, this would generate almost \$14.1 million in new property taxes for school districts, more than \$7.1 million for counties, and \$2.8 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 2007 was 4,759, down slightly from the 5,032 certified in 2006. Of the 4,759 businesses that were certified for EZ credits, 1,751 sought credits the first time in fiscal year 2007.

Benefits Accrued

- <u>Jobs Created and Retained</u>. Businesses certifying zone tax credits reported an increase in employment of 7,435 jobs in FY 2007; 16% more jobs than were created in EZs in 2006. Of the EZ certifiers, 1,500 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 127,425 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.)
- <u>Capital Investment.</u> Businesses certifying their investments, reported adding more than \$1.9 billion of capitalized property in the enterprise zones. Of this, \$1.3 billion was eligible for the 3% EZ investment tax credit, at a cost of about \$39 million to the state. These investments amount to an 11% increase over the 2006 level, but significant year-to-year fluctuations in capital investment are common.
- <u>Contributions</u>. Almost 22,900 taxpayers (both individuals and businesses) contributed \$43.5 million to enterprise zone economic and community development projects in FY 2007. This was a 23% increase in the total dollar value of contributions as compared to FY 2006. Although total contributions increased, the average contribution declined slightly. These contributions were eligible to receive \$9.4 million in tax credits.

The EZ statute allows a tax credit for donors who contribute 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 427 eligible projects at the end of FY 2007 including 54 new projects approved by the EDC during the year. Of these, 297 reported contributions that qualified for the EZ tax credit. The \$43.5 million contributed went to the following types of projects:

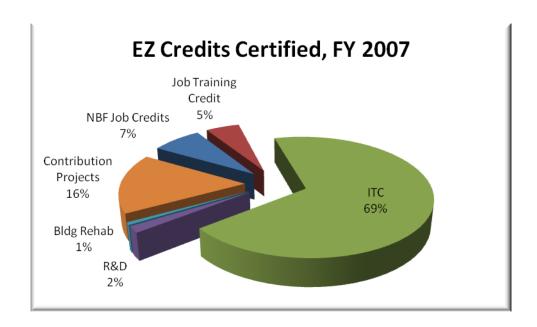
ENTERPRISE ZONE CONTRIBUTIONS by Type (Fiscal Years)

TYPE OF PROJECT	Number of Projects*	Total \$ Contributed	Est. Credit	Number of Contributions
2007				
Affordable Housing	1	\$2,198	\$400	3
Business Assistance	18	\$3,087,277	\$462,422	483
Community Development	74	\$11,194,633	\$2,573,526	3,905
Community Facilities	1	\$2,000	\$500	1
Ec. Dev. Marketing	31	\$2,989,360	\$657,876	1,248
Education	2	\$1,358,642	\$339,660	372
Health Care Facilities	44	\$9,574,802	\$2,081,108	4,633
Homeless & Job Training	5	\$302,569	\$72,634	229
Homeless Services	53	\$9,053,047	\$2,106,383	6,711
Infra Downtown	3	\$331,519	\$58,769	111
Infrastructure	6	\$958,369	\$186,918	14
Job Training	45	\$3,747,994	\$687,497	1,700
Marketing - Tourism	3	\$5,800	\$1,450	5
Marketing - Zone Admin.	7	\$611,901	\$147,568	152
Tourism/Cultural Facils.	2	\$2,554	\$639	2
Transportation	2	\$310,802	\$77,700	219
Total for FY 2007	297	\$43,533,468	\$9,455,050	19,788

^{*} Projects with Contributions.

Credits Granted

Approximately 69% of the estimated total dollar value of credits certified in FY 2007 was for the enterprise zone investment tax credit. Approximately 5% was for the EZ job training tax credit, 7% was for the four New Business Facility jobs tax credits, 16% for enterprise zone project contribution tax credits, and the balance for vacant building rehabilitation and increased research and development expenditure credits. (see chart on next page)



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

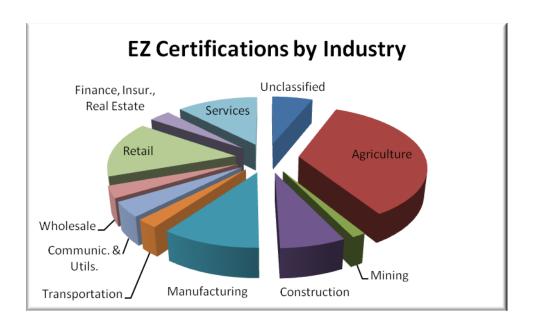
- 3% Investment Tax Credit: more than \$39.7 million in credits were certified, based on \$1.3 billion in qualifying capital investment by 4,244 businesses claiming the ITC.
- New Business Facility Jobs Credit (\$500 per new job): more than \$2.9 million in credits, associated with 8,389 qualifying new business facility jobs in 718 businesses.
- \$500 Ag Processing New Job Credit: more than \$40,500 of credits were certified for 7 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: 64 businesses received certification for creating 269 new jobs in 14 of the 32 designated Enhanced Rural EZ counties, for a total of \$537,809 in EREZ credits. EREZ agricultural processing jobs credits accounted for \$47,000 in certified credits from 3 certifications and 25 jobs.
- \$200, two-year Health Insurance-covered New Job Credit: more than \$620,000 in tax credits were certified in FY 2007 from 203 businesses.
- 10% Job Training Program Investment Credit: \$2.9 million in credits were certified for 304 companies who trained 44,444 zone employees.
- 3% Credit for Increased Research & Development Expenditures: More than \$327 million was invested in R&D as reported by certifying businesses, resulting in \$1 million in tax credits from 63 certifications.

- 25% Credit for Qualified Expenses of Rehabilitating Older Vacant Buildings: More than \$4.7 million in qualifying expenses incurred rehabilitating 22 buildings, generated \$1.3 million in Vacant Building Rehabilitation tax credits.
- 25% Credit for Contributions to designated Enterprise Zone Projects: In FY 2007, 22,900 contributions totaling \$43.5 million generated \$9.5 million in tax credits, from donations to enterprise zone economic development projects.

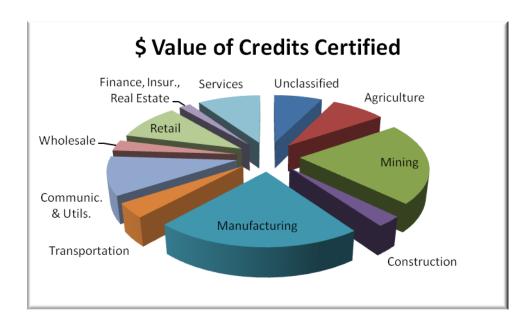
Credits by Industry

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.

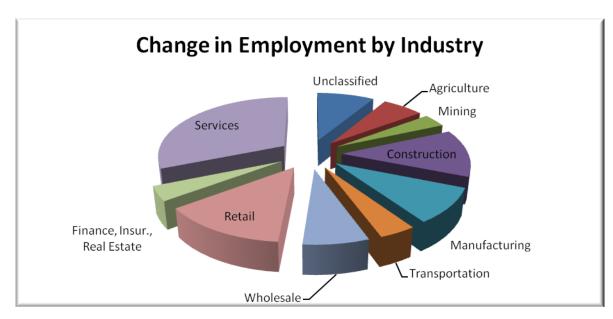
The greatest number of certifications was filed by businesses in the agricultural industry. Statewide, agricultural businesses filed 35% of the certifications for business tax credits; in rural enterprise zones they accounted for more than half of the certifications. (see chart below)



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. (see chart on next page)



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 4,759 businesses certifying credits, 568 observed a reduction in the number of employees while 1,501 businesses added 13,401 employees for a net gain of 7,435 employees in enterprise zones statewide. The Services industry accounts for 31% of the gain in employment while Construction is 13%, Retail Trade is 14%, Manufacturing is 9% and Transportation 4%.



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, 7,435 jobs were added at EZ companies. An additional 1,584 jobs were reported as transferred to a zone facility from another location in the state. Total end-of-year employment was reported at 139,965.

The following table summarizes data on average annual compensation as reported in FY 2007. 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.

Type of Employee:	Full-time	Part-time	Temporary	Contract
Avg. Annual Compensation (excluding Ag)	\$37,938	\$7,583	\$2,506	\$8,467
# Employees for whom comp. reported	372,441	26,759	6030	1,949
Avg. Annual Compensation				
(\mathbf{Ag})	\$12,477	\$2,750	\$469	\$640
# Employees for whom comp. reported	3,474	9,870	1,283	140

Finally, Table 3 at the end of this report shows credits certified by enterprise zones and subzones. 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 (for a detailed map visit www.advancecolorado.com/ezmap)

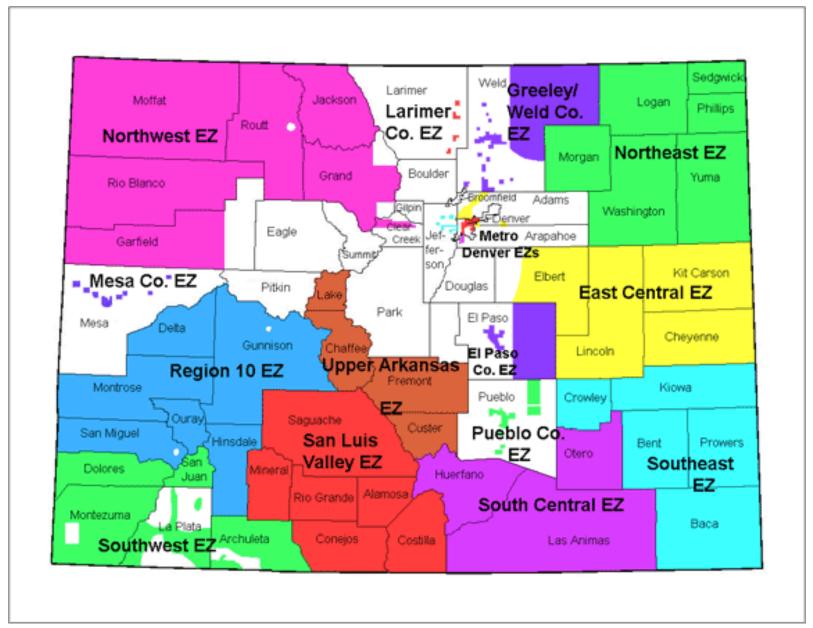


Table 1, Total Enterprise Zone Tax Credits Certified by EZ's and Claimed with DOR FY1998 - FY 2007

(\$ mil.)		Cla	Certified by EZ Administrator	Credits Claimed as % of Certified					
(Ψ 11111.)		Total	iiiica witi	Departit	ent of Revenue				70 Of Octuned
Fiscal Year	Total	Corporate	Corp. ITC	Corp. NBF Jobs	Corp. Contributions	Corp. Other	Non- Corp.*		
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%
2007	42.9	26.8	22.7	2.1	0.3	1.6	16.1	58.2	74%

^{*} Business credits for proprietors and partnerships, and individual EZ contribution credits.

Table 2 - EZ Tax Credits Certified by Industry Fiscal Year 2007								
SIC - Industry	Cred	\$ ITC	\$ NBF	\$ Ag	\$ Hlth	\$ R&&D	\$ Rehab	\$ Training
				Proc	Ins			
Agriculture (01-09)	3,998,148	\$3,905,384	\$34,629	\$5,000	\$417	\$0	\$52,493	\$225
Mining (10-14)	10,601,476	\$10,543,332	\$35,967	\$0	\$20,353	\$0	\$0	\$1,824
Construction (15-17)	1,353,232	\$1,060,653	\$178,076	\$0	\$35,467	\$0	\$50,000	\$29,036
Manufacturing (20-39)	10,596,072	\$8,849,574	\$481,317	\$35,500	\$52,943	\$772,220	\$0	\$404,518
Transportation (40-47)	1,908,168	\$466,410	\$103,081	\$0	\$16,416	\$0	\$0	\$1,322,261
Communic. & Utils. (48-49)	4,983,062	\$4,973,167	\$3,170	\$0	\$3,600	\$0	\$0	\$3,125
Wholesale (50-51)	1,421,133	\$1,171,427	\$141,510	\$0	\$43,167	\$853	\$159	\$64,016
Retail (52-59)	4,776,703	\$3,366,855	\$938,070	\$0	\$233,966	\$50,633	\$4,240	\$182,938
Finance, Insur., R.E. (60-67)	862,440	\$689,954	\$69,256	\$0	\$5,400	\$0	\$0	\$97,830
Services (70-89)	4,613,507	\$2,916,750	\$636,172	\$0	\$177,778	\$103,065	\$0	\$779,742
Industry Not Provided	2,616,258	\$1,811,014	\$318,688	\$0	\$30,801	\$102,883	\$299,100	\$53,773
Year Total	47,730,199	\$39,754,522	\$2,939,936	\$40,500	\$620,308	\$1,029,654	\$405,992	\$2,939,288

 Table 3 - EZ Tax Credits Certified by Zone, Fiscal Year 2007

Zone	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ HIth Ins	\$ EREZ NBF	\$Train Credit	\$ R and D	\$ Rehab	Total Bus Credits	\$ Contribution Credit	Total Credits
Fiscal Year 2006-2007												
RURAL												
East Central	312	\$968,800	\$16,499	\$0	\$0	\$24,160	\$3,226	\$0	\$0	\$1,012,685	\$3,513	\$1,016,197
Mesa County	136	\$851,766	\$125,262	\$9,250	\$19,679	\$0	\$124,519	\$52,045	\$7,171	\$1,189,692	\$715,191	\$1,904,883
Northeast	813	\$2,674,824	\$52,585	\$9,000	\$10,550	\$25,336	\$86,163	\$0	\$74,471	\$2,932,928	\$219,420	\$3,152,348
Northwest	267	\$9,532,984	\$27,964	\$0	\$8,000	\$0	\$6,642	\$330	\$0	+ - / /	\$338,893	\$9,914,812
Region 10	369	\$2,277,387	\$226,319	\$5,000	\$35,767	\$277,606	\$2,615	\$713	\$10,642	+ /	\$179,895	\$3,015,944
San Luis Valley	356	\$1,166,415	\$44,565	\$0	\$400	\$116,007	\$0	\$0	\$50,553		\$299,940	\$1,677,880
South Central	98	\$188,904	\$1,502	\$0	\$0	\$6,007	\$0	\$0	\$0		\$50,624	\$247,038
Southeast	315	\$761,131	\$2,375		\$0	\$0	\$2,164			\$765,670	\$20,735	\$786,405
Southwest	373	\$1,528,809	\$163,658	\$0	\$34,567	\$111,836	\$45,391	\$13,885	\$0		\$652,421	\$2,550,566
Upper Ark	171	\$650,250	\$42,030	\$0	\$1,809	\$46,193	\$0	\$4,447	\$0	\$744,729	\$200,469	\$945,198
Subtotal	3,210	\$20,601,270	\$702,758	\$23,250	\$110,772	\$607,145	\$270,719	\$71,420	\$142,837	\$22,530,170	\$2,681,101	\$25,211,271
% of total:	67.5%	51.8%	23.9%	57.4%	17.9%	94.2%	9.2%	6.9%	35.2%	46.6%	28.4%	43.6%
<u>URBAN</u>												
Adams County	96	\$875,461	\$172,451	\$0	\$25,055	\$0	\$15,863	\$0	\$8,600	\$1,097,430	\$901,404	\$1,998,834
Arapahoe County	167	\$2.540.001	\$428,344	\$500	\$161.242	\$0	\$235.197	\$22.346	\$0		\$9,179	\$3,396,809
Denver	611	\$6,575,654	\$685,653	\$10,750	\$161,311	\$7,417	\$2,075,968	\$177,456	\$50,000	+ - 1 1	\$2,835,828	\$12,580,035
El Paso County	302	\$4,326,167	\$435,592	\$0	\$57,644	\$0	\$138,180	\$511,294	\$0		\$1,836,039	\$7,304,916
Greeley/Weld County	92	\$875,620	\$57,865	\$0	\$10,200	\$0	\$46,722	\$0	\$179,450		\$136,395	\$1,306,253
Jefferson County	118	\$1,074,661	\$218,003	\$0	\$42,134	\$0	\$13,629	\$9,235	\$0	\$1,357,662	\$290,881	\$1,648,543
Larimer County	67	\$598,454	\$125,739	\$0	\$12,750	\$0	\$45,490	\$237,903	\$0	\$1,020,335	\$268,347	\$1,288,682
Pueblo	96	\$2,287,235	\$113,531	\$6,000	\$39,200	\$30,000	\$97,521	\$0	\$25,105	\$2,598,592	\$495,877	\$3,094,469
Subtotal	1,549	\$19,153,253	\$2,237,178	\$17,250	\$509,536	\$37,417	\$2,668,569	\$958,234	\$263,155	\$25,844,591	\$6,773,950	\$32,618,541
% of total:	32.5%	48.2%	76.1%	42.6%	82.1%	5.8%	90.8%	93.1%	64.8%	53.4%	71.6%	56.4%
Year Total	4,759	\$39,754,522	\$2,939,936	\$40,500	\$620,308	\$644,562	\$2,939,288	\$1,029,654	\$405,992	\$48,374,761	\$9,455,050	\$57,829,812
Credits by Type as p	ercent of	:										
% of total business cre	edit \$:	82.2%	6.1%	0.1%	1.3%	1.3%	6.1%	2.1%	0.8%	100.0%		
% of total credit \$:		68.7%	5.1%	0.1%	1.1%	1.1%	5.1%	1.8%	0.7%	83.7%	16.3%	100.0%







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

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Colorado Office of Economic Development and International Trade December 2008

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 ANNUAL REPORT 2007 EXECUTIVE SUMMARY

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 2007, ACED saw a general trend of less new jobs being reported but a large increase in capital investment dollars. Following this trend were two companies that greatly skew these figures in the direction of the trend. Suncor Energy did over \$400,000,000 in capital investment resulting in over \$11,000,000 in tax credits. HB Management Group reported a net job loss of 1,100 jobs. HB Management Group is an outsourcing Janitorial, and Health Care services company who lost 3 large contracts, thus resulting in lay-offs. ACED recorded 2007 as a successful year for the Enterprise Zone. Such a large number in capital investment dollars helps build a healthy tax base.

ENTERPRISE ZONE BOX			%
SCORE	2006	2007	Change
Certifications (incl. Cont/Infra) *	799	735	- 8%
New Jobs *	1,802	-200	- 111%
Capital Investment *	223,327,886	683,172,054	+ 206%
Total Tax Credits *	4,992,521	18,300,222	+ 267%

2007 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 the new jobs tax credit. In 2007 ACED Business Audits resulted in over \$41,000 in additional tax credits that ACED helped businesses correct and take.

Contribution/Infrastructure Project:

ACED opened 2 contribution projects which will improve economically distressed areas by providing healthcare and dental care to uninsured or underinsured people in the Enterprise Zone. These two nonprofits became approved contribution projects:

Kids In Need of Dentistry (KIND)

Metro Community Provider Network (MCPN)

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 2007 ACED received many inquiries for EZ information via phone and email. A response was made to every inquiry and was

provided with the EZ informational email. It is estimated that ACED receives 25-30 inquiries a week.

Projects:

During 2007 ACED managed 19 enterprise zone contribution and infrastructure projects. ACED aims to be aggressive and innovative with Enterprise Zone projects, in order to maximize the Enterprise Zone's impact on the Adams County business environment.

Marketing:

In 2007 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. In 2007 we increased the effectiveness of the assessor website. A new link was added to allow web visitors to the County website to now link back to the ACED website. Clarification was also added to the website that states that only businesses can receive a tax credit for being in the EZ.

Educational Publications:

In 2007 ACED distributed several EZ publications which increased awareness in the business community. The publications include:

- 2007 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.)
- 2007 Enterprise Zone Foldouts (One page foldout with EZ info. Printed in English and Spanish.)
- 2007 Enterprise Zone informational email. This email includes links to the State Enterprise Zone website, the ACED website, ACED EZ brochure, Overview Sheet and DR74 tax form.

Postcards:

ACED generally sends postcard mailings to every business IN the Adams County Enterprise Zone. The postcard provides a quick description of the EZ and explains the tax credits available to businesses in the zone. The postcard includes ACED's contact information and website. In 2007 this postcards was delayed until a new 2008 database of Adams County companies could be purchased. This postcard is scheduled to be sent Q1 2008.

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: Adams county Manufacturing Association, Commerce City Business and Professionals Meeting, Rotary and other business clubs, Colorado Society for CPA's, BioBusiness Seminar, etc.

Partners:

ACED continued its relationship with the Adams County Planning and Development Department and Adams County Workforce and Business Center (WBC). ACED has educated the Planning and Development Department and the WBC on the EZ. These two County departments have agreed to send EZ visitors our way and we will direct our visitors that they target to them.

2007 Primary Employers Survey:

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

2007 Goals:

In 2007 ACED added 3 new goals to accomplish for its 2007 Enterprise Zone program. These goals are listed below with a status update next to each goal:

- 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.
 Pending: ACED has developed a word document version of the DR75 form. This allows Contribution and Infrastructure projects to have DR75 form with all of their information pre-filled when they receive a contribution. Some have set-up mail merge programs with this form (i.e. PVMC). It is planned to create similar word documents for the DR74 in 2008.
- Increase Enterprise Zone numbers year on year.
 Accomplished:
 Not all 2007 Enterprise Zone numbers increased over 2006. However the Adams County Enterprise Zone did increase in the category of capital investment by \$459,844,168. This is a very significant increase that represents a trend of increased capital investment spending and decreased creation of new jobs. This very large increase is positive for the Adams County tax base.
- 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.
 Accomplished:
 In 2007 the Adams County Enterprise Zone "inquiry email" was created and distributed to staff. Individuals inquiring about the Enterprise Zone are asked for an email address and are then sent an informational email within the day. This helps the Enterprise Zone Administrator to not get bogged down with requests and allows other staff members to share the time spent on basic Enterprise Zone questions with the EZ Administrator.

Arapahoe County Enterprise Zone Annual Status Report 2007 Executive Summary

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 2007, the number of businesses claiming tax credits through the Enterprise Zone numbered 96. These businesses reported a net increase of 375 (FTE) jobs in the Zone. The level of investment in the Zone increased 26 percent over 2006 investment levels to \$117.4 million and average full-time salaries in the zone remained steady at \$40,491.

Throughout 2007 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 contribution projects. During 2007, five contribution certifications for the Family Tree House of Hope totaling \$35,500 of cash donations were processed through the Arapahoe County Enterprise Zone.

Arapahoe County Enterprise Zone Performance Objectives¹

The objectives of the Arapahoe County Enterprise Zone are designed to promote an economically viable commercial and industrial base of businesses. Accomplishing this requires a skilled and available labor force, functional facilities, and investments in equipment. Enterprise Zone benefits are used to implement this strategy. Specific performance objectives for the Arapahoe County Enterprise Zone are as follows:

- Retain and expand primary job opportunities;
- Increase wages;
- Attract new residents;
- Improve the condition of commercial inventory through renovation and redevelopment;
- Increase business investment;
- Increase the base of suppliers providing goods and services;
- Retain wholesale and retail consumer expenditure dollars within the Zone;
- Provide employment opportunities for workers with children by providing day care opportunities and/or jobs with flexible scheduling;
- Increase community well-being through employer-sponsored health care programs; and
- Meet business needs for a skilled and educated labor force.

Economic development strategy promotes a growing industrial base and attendant service economy. Accomplishing this growth requires a skilled and available labor force, functional facilities, and investments in equipment. Enterprise Zone benefits are used to implement this strategy. Each business situation is unique, but the following principals provide a broad strategy for implementation.

- Enterprise Zone tax credits most important to overcoming economic development obstacles include those for new capital investment, Research and Development, and the rehabilitation of vacant buildings.
- Enterprise Zone tax credits most important to industrial businesses include those for new facility jobs, investments in manufacturing equipment, and the rehabilitation of vacant buildings.
- Enterprise Zone tax credits most important to service providers and merchandisers include those for new equipment, the rehabilitation of vacant buildings, and employer sponsored health insurance programs.
- Tax credits for health insurance, childcare, and training programs support the community and underlying basics of the economy.
- Tax credits for education and training promote investments in human resources enabling business growth within the Enterprise Zone.
- The enhanced availability of business financing through the SBA promotes business growth and retention.
- 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.

¹ See Section – <u>Arapahoe County Enterprise Zone Economic Indicators</u> for measures and analysis on many these performance objectives.

Arapahoe County Enterprise Zone Economic Indicators

Current demographic figures for the Arapahoe County Enterprise Zone are currently unavailable for the statistics requested by the State of Colorado – 1) Change in the unemployment rate in the Zone. 2) Change in per capita income in the Zone. 3) Change of population in the Zone. The boundaries of the Arapahoe County Enterprise Zone coincide with the commercial districts in Sheridan, Englewood and Littleton. The census tracts are not congruent with the specific boundaries of the Arapahoe County Enterprise.

Reviewing the following Economic Indicators, collected from 2006 and 2007 Enterprise Zone certification forms, reflect the economic condition in the Arapahoe County Enterprise:

Number of businesses filing Zone tax credits:	2006 107	2007 96
Number of jobs created in the Zone: NBF Jobs: NBF Tax Credits: Health Insurance Tax Credit: Number of Employees Trained: Job Training Tax Credit:	195.5 1462 \$368,291 \$120,442 3,584 \$368,291	570.5 340 \$167,824 \$91,084 2,753 \$259,505
Average Annual Compensation: Full Time Part Time Temporary Contractual	\$40,412 \$10,504 \$27,435 \$27,984	\$40,491 \$11,146 \$107 \$20,041
Analysis of Capital Investment: Rehab Expenses : Rehab Tax Credit: Investment Tax Credit Claimed: ITC Capital Investment:	\$0 \$0 \$2,087,235 \$66,864,507	\$0 \$0 \$1,697,285 \$694,333,850
Total Capital Investment in the Zone: R&D Expenditures: R&D Tax Credit:	\$93,114,575 \$1,142,153 \$5,441	\$117,438,841 \$7,876,304 \$23,066

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 2007.

Goal #1: Aggregate job expansion for Enterprise Zone beneficiaries to exceed 25 net new jobs over the previous year's total. During 2007, the number of businesses claiming tax credits through the Enterprise Zone numbered 96. These businesses reported a net increase of 375 (FTE) jobs in the Zone. However, average full-time salaries in the zone remained steady at \$40,491. 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 192% 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 26 percent over 2006 investment levels to \$117.4 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 2007 report.
- Englewood sales and use tax receipts were up by 6.00% in 2007 over 2006.
 - Retail sales tax increased 6.41% in 2007 as compared to 2006.
 - Use tax (not building use tax) for Englewood decreased 17.65% in 2007 as compared to 2006.
- Littleton did not provide data for the 2007 report.

Based on the incomplete data provided by the municipalities, a full economic analysis is not available. The Arapahoe County Enterprise Zone appears to have met the goal of increasing local sales tax revenues in 2007 by 6 percent. The cities of 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.

Statement of Marketing and Administrative Activities

The Arapahoe County Enterprise Zone conducted several significant outreach activities, with a focus on new and expanding businesses. Enterprise Zone marketing activities continue to involve advertisements to market zone benefits to businesses through publications, which are distributed locally and regionally. Advertisements were placed in Colorado Real Estate Journal, Denver Economic Profile, and the South Metro Denver Relocation Guide. These publications are circulated to businesses located within the tri-city Enterprise Zone boundaries (Sheridan, Englewood, and Littleton).

To market zone benefits to new and expanding businesses, advertisements were placed in the South Metro Chamber of Chamber publications. The Chamber has a significant outreach efforts impacting both new and expanding businesses operating within the Arapahoe County Enterprise Zone. Additionally, an ad was placed in the Denver Chamber's Economic Profile. This publication extends the marketing efforts to attract businesses from outside the region to national and international prospects.

The Zone Administrator attended several events to market the benefits of the Enterprise Zone. These events were developed to enhance awareness of the benefits of the program through outreach to both businesses and the brokerage community.

Englewood continues to market available commercial space using www.englewoodsites.com. This website is a critical link to available commercial space and community demographic information. The ultimate goal of the website is to assist business attraction and business expansion options within the community. Additionally, Englewood began a 'new business' welcome promotion. This promotion provides new business with information about business services. The tax credits through the Arapahoe County Enterprise Zone are an integral part of the business services and all new businesses receive information about the availability of these tax credits.

Contribution Project Update – Family Tree House of Hope (Homeless Job Support)

During 2007, 5 contribution certifications for the Family Tree House of Hope totaling \$35,500 in cash donations were processed. Family Tree House of Hope is a self-sufficiency program. In 2007, Family Tree House of Hope provided safe shelter and coordinated supportive services for 207 women and children. Family Tree House of Hope advocates completed 1,046 case management sessions with mothers, identifying obstacles to self-sufficiency and developing plans to overcome them, as well as providing emotional support and accountability.

The Family Tree House of Hope provides safe shelter and resources for homeless women with children. Families are admitted for a 90-day stay during which time they work on completing a self-sufficiency plan. Because employment is usually directly tied to self-sufficiency, House of Hope case managers spend significant time helping residents address employment issues. They work with residents to identify work-related strengths, develop resumes, complete thorough job searches and follow through with the interview process, helping women make employment contacts, through employment agencies or county workforce development departments such as Arapahoe/Douglas County Works.

The shelter is largely financed through government grants and individual donations. The benefits through the Arapahoe County Enterprise Zone are anticipated to generate revenues through donations. The ultimate goal of the House of Hope is to make a positive difference by assisting the families on the road to self-sufficiency by assisting with job placement, with an emphasis in the Arapahoe County Enterprise Zone.

<u>Contribution Project Update – Colorado Brownfields Foundation</u>

To date, no activities through the Colorado Brownfields Foundation have transpired. This project is primarily administered through a MOU with Jefferson County Enterprise Zone. The mission of the Colorado Brownfields Foundation is consistent with the economic development goals of the Arapahoe County Enterprise Zone to further the following:

- Expanding primary jobs and increase wages;
- Increasing investment to facilitate business retention and expansion of targeted businesses; and,
- Improving the condition of the commercial inventory through renovation and redevelopment.

Local Economic Development Initiatives

The Arapahoe County Enterprise Zone is comprised of three municipalities with varied economic goals and initiatives, however, common to all cities is reflected with the need for continuation of the Enterprise Zone benefits to attract and retain businesses. The following sections describe the economic conditions, local economic development initiatives and business development goals for the individual jurisdictions comprising the Arapahoe County Enterprise Zone.

City of Littleton

Littleton has several development projects recently completed or in the works in or near the Enterprise Zone:

- Rezoning of 12.9 acres from I-2 Industrial to allow multi-family residential units. The property is located on the south side of West Belleview Avenue, west of Rio Grande and the railroad corridor.
- A proposed amendment to the originally approved Denver Seminary site development plan to
 construct four storage sheds on the site. The total square footage of the buildings will be 744
 square feet and the student apartment buildings. Two sheds will be used for bicycle storage and
 two sheds will be used for grounds maintenance equipment.
- Construction of 68,000 square feet of office/warehouse within the Santa Fe Business Park.
- A proposal to expand the First Presbyterian Church's parking lot. The parking expansion will
 involve the demolition of the existing office building structure located at 5655 S. Windermere
 Street. The church presently has 25 parking stalls and the expansion will add approximately 23
 stalls for a total of 48.

- A proposal to construct an addition and renovate the existing residence at 5579 S. Curtice into a medical office building.
- Construction of a Discount Tire Store.
- Approval for two office warehouses to be constructed on a 0.7 acre site located on the southwest corner of West Belleview Avenue and South Sante Fe Drive.
- Multi-family redevelopment of the former Saint Mary's School Site for a total of 68 condos.
- Construction of new two-story building at 2429-2589 West Main Street.

City of Sheridan

The City of Sheridan did not provide information for the 2007 Enterprise Zone Annual Report.

City of Englewood

During 2007, a number of significant economic development projects occurred in Englewood's portion of the Arapahoe County Enterprise Zone. Below is a summary of specific investments in Englewood's portion of the Arapahoe County Enterprise Zone:

- Swedish Medical Center, Englewood's largest employer, began undergoing a \$58 million expansion. This two-year construction project will add a significant level of investment and jobs within the recently expanded "medical campus" portion of the Arapahoe County Enterprise Zone.
- Burt Automotive Group is expanding its operation on South Broadway. This \$8 million
 expansion will create jobs and investment within the Enterprise Zone. The owners'
 representatives indicated that Burt Toyota will undergo a \$20 million expansion when the
 economy shows signs of improvement. Tax credits through the Enterprise Zone will contribute to
 making this expansion possible.
- Englewood is seeking to revitalize South Broadway, an aging commercial corridor in the Arapahoe County Enterprise Zone. A significant level of investment is underway and planned for Englewood's primary commercial corridor.
- Several businesses opened or announced opening in 2007 included the following: Digital Media Innovations, Reflections Hair Salon, Starbucks #11476, The Falcon, Breakfast on Broadway, Isis Books Azucar Bakery, Kacey Fine Furniture warehouse and distribution center, Vitamin Cottage warehouse and distribution center, Dollar Tree, Sportique Scooters, Las Brisas Restaurant, Smart Car, and Sun Country Distribution.
- The Englewood Urban Renewal Authority (EURA) is seeking to redevelop a vacant property in the Enterprise Zone. The EURA is working with the Englewood Cultural Art's Association to develop a 1,000 seat theater and cultural facility. The projected build out and investment would be \$20 million. This investment is further enhanced by the benefits of State of Colorado tax credits through the Enterprise Zone.

In Englewood, 68 businesses claimed tax credits through the Enterprise Zone. Benefits to Englewood businesses located in the Arapahoe County Enterprise Zone total \$1,200,719 in State of Colorado tax credits. This includes tax credits in the following categories: \$913,141 in investment tax credit, \$91,319 in new business facility tax credit, \$151,544 in job training tax credit, \$21,884 in health insurance tax credit, and \$22,831 for research and development tax credit. Englewood businesses reported total capital investments of over \$55 million during 2007.

Englewood businesses reported 16 new jobs with an average salary of \$39,106 per employee. Englewood salaries remained steady with 2006; however, the capital investment decreased from \$89.5 million in 2006 to \$55 million in 2007.

Denver Enterprise Zone Annual Report 2007

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.

In its role as the local Enterprise Zone (EZ) administrator, the Denver Office of Economic Development (OED) is dedicated to achieve the following long-term objectives to enhance the economic growth of the Denver EZ areas:

- 1. Encourage job creation and retention in the Denver EZ areas.
- 2. Increase the per capita income, provide services for residents, and decrease the number of homeless in the zone areas.
- 3. Increase capital investment in the zone areas.

The Denver Enterprise Zone activities reported by businesses and non-profit organizations demonstrate that these objectives have been met for 2007.

1. Encourage job creation and retention in the Denver EZ areas:

Based on the numbers of net new jobs reported in 2007, businesses in the Denver Enterprise Zone were able to both retain existing jobs and to create new jobs in 2007.

According to the data we collected from the Enterprise Zone certification forms processed in calendar year 2007, our Enterprise Zone gained <u>4,194 new jobs</u>. In comparison, net new jobs reported during calendar years 2005 and 2006 amounted to 2,160 and 2,100, respectively.

	Net new jobs reported in calendar year 2005	Net new jobs reported in calendar year 2006	Net new jobs reported in calendar year 2007	
Total numbers reported	2,160	2,100	4,194	
Created in 2004 and earlier	2,057	294	111	
Created in 2005	103	1,680	20	
Created in 2006	N/A	126	3,355	
Created in 2007	N/A	N/A	708*	

^{*}The bulk of jobs created in 2007 will be reported in 2008.

Several significant outreach and marketing activities promoting the benefits of the EZ program contributed to this development. These activities increased the awareness of the EZ benefits to existing EZ businesses (as a business expansion and retention effort) and attracted new businesses to the Zone generating job creation and capital investment.

HIGHLIGHTS:

- The Denver Office of Economic Development's loan program invested through its gap financing program in 38 small Denver Enterprise Zone businesses which are expected to create 338 jobs.
- The Denver Business Assistance Center distributed EZ program information to 5,800 existing EZ businesses and more than 3,000 entrepreneurs and new businesses.
- Denver Enterprise Zone Certified Non-profits provided technical assistance and counseling to 746 businesses, which represents a 19% increase over 2006.
- Our workforce development centers operating in the Zone had more than 115,917 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.

2. Increase the per capita income, provide services for zone residents, and decrease the number of homeless in the zone areas:

OED administered 77 non-profit EZ contribution projects in 2007. Nine new projects were added over the course of the year. Through these projects, Denver Enterprise Zone non-profit organizations have been working hard to increase the income levels of zone residents and decrease the number of homeless citizens. Services aimed at these goals were job training, business consulting & technical assistance, homeless services, and other community development services.

OED supported the non-profit activities in the Denver EZ by educating taxpayers on the benefits of contributing to EZ certified projects, through sponsorships of non-profit initiatives, and through educating non-profits on the benefits of certifying eligible projects.

HIGHLIGHTS:

- 2007 cash, stock and in-kind contributions to Denver EZ projects increased by 24% to \$13.8 million.
- 514 homeless individuals moved to transitional or permanent housing.
- Zone nonprofits provided 363,594 nights/days of shelter to homeless men, women and children, and served over 667,846 meals.
- ➤ 4,745 Adults and 862 youth received job training.
- > 4,474 Health/medical services were provided to Zone residents
- 221 Youth-Mentor matches were established.

3. Increase capital investment in the zone areas:

Enterprise Zone certifications filed with OED in 2007 reported \$321 million in total capital investment in the Zone, of which \$215 million qualified for the 3% investment tax credit. This represents a 13% increase of total capital investment in comparison to the investment activities reported in 2006, and a 28% increase over investments reported in 2005.

Denver's Office of Economic Development's small loan program contributed significantly to this development. The loan unit approved 38 loans totaling \$20.5 million which leveraged \$97 million in private debt and equity. These transactions would not have occurred without the help of OED's "gap" financing programs.

Additionally, many of the Denver Enterprise Zone areas will benefits from newly launched initiatives, such as Denver's Neighborhood Marketplace Initiative, that aims to create economically healthy, vibrant and sustainable neighborhood business districts. The initiative seeks to strengthen communities by helping neighborhood business districts serve localized needs, providing residents with retail services, jobs and quality gathering places.

Conclusion:

The Denver Enterprise Zone objectives have been met. The Denver Enterprise Zone continues to generate new jobs. The total capital investment has increased consistently over the past three years. Zone businesses and residents have access to a wide array of services essential to the economic vitality of the zone.

While some areas within the Enterprise Zone expanded and experienced economic growth, other areas continue to face challenges. The benefits of the program, however, have demonstratively enhanced economic activity in each area served.

EAST CENTRAL ENTERPRISE ZONE ANNUAL REPORT 2007 BUSINESS DEVELOPMENT OBJECTIVES SUMMARY

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 2007 towards meeting the business development objectives of the East Central Enterprise Zone. The total regional 2006 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 \$32,000,000 from 2005 but this was due principally to a \$24,,000,000 increase in oil and gas valuation in Cheyenne County (which brings it up to the highest valuation in over fifteen years (oil and gas had decreased \$21,000,000 between 2001 and 2003 in Cheyenne County). 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 over 10% within the region between 2005 and 2006. The total regional commercial valuation is now at an all time high...but most of this increase took place in Kit Carson County County. Industrial valuation decreased less than 1% between 2005 and 2006 but there was an \$800,000 increase in regional industrial valuation between 2004 and 2005 which was 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 less over the past twelve months. The ongoing drought that had lessened slightly in 2004 but strengthened in most of the region again in 2005 and 2006 was diminished by adequate moisture throughout most of the region in 2007 resulting in average or higher spring and fall crops. Commodity prices also reached an all time high in 2007 thus expendable income increased. An overall "brighter" and even more economically viable 2008 agricultural economy cannot be predicted at this time because of lack of (at this time) adequate moisture needed to produce a similar bumper crop as in 2007. However, prices are still high and there is still time for the wheat to receive the needed snow/rain. Oil and gas valuation may increase due to demand, but the high cost of fuel is impacting the cost of farming and travel related businesses within the four counties. In general (with the exception of Elbert County) more retail and "main street" businesses are still closing than are opening. Empty storefronts are 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 continuing 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 and possibilities for various alternative energy projects throughout the region. At least two wind farms should be under construction within the Region during 2008. This will contribute to the tax base diversification. Bio-Diesel should also be developed further in the coming months/years.

Alternatives to the "challenges" presented by the Republican River Compact will be better known in 2008. Regardless, there will much less irrigated farming in future years in Kit Carson County, necessitating the development of economic development strategies to assist in offsetting the negative impacts of the loss of this major economic engine.

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 2007 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 was again expanded and modified in 2007. 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 can also being used with local chambers of commerce and banks.

The regional Heritage Tourism (Our Journey) project was again significantly expanded in 2007. 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. A sixth insert (Lincoln County Museum) was printed in 2007. 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 and updated again for 2007. 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 2007 inserts. ECCOG also contracted with BHAWKINS, Inc and The Gene Pool to put together a 2007 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 2008, 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 fourth year of the campaign...the summer of 2008. Prairie Development has applied for a \$15,000 Regional Marketing Grant from the Colorado Tourism Board. If awarded these funds will be used for a cross-marketing brochure and for production of B roll film of many of the historic sites. Grant award notification will be made be the end of January 2008.

Efforts to market the existence of the Enterprise Zone tax credits to those businesses, farms, and ranches within the zone boundaries was continued in 2007. A summary of the credits certified in 2007 is attached to this report along with a summary of comparisons of certifications in past

years. As certifications for credits of \$450 or less are not required by the Department of Revenue, the total state income tax savings to businesses, farms and ranches in the four county area is most likely significantly higher than the figures from the printed summary. No new contribution projects were designated in 2007 and three projects were deleted.

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 2005, 2006 nor 2007.

During 2008, 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. ECCOG will also work with OEDIT on any "uniform" measurements necessary for all Colorado Enterprise Zones in order to satisfy a recent State Audit report.

The East Central Council of Governments will be submitting a pre-application to the Economic Development Administration in January for partial funding for the development of a Comprehensive Economic Development Strategy for Colorado's Central Plains. Should the pre-application be approved, ECCOG will submit a full application anticipating a funding contract from EDA that would allow the planning process to be underway by May 1, 2008 and completed by December 31, 2008. This plan would then enable ECCOG to seek Economic Development District designation and implementation funding for selected strategies in 2009.

EL PASO COUNTY ENTERPRISE ZONE ANNUAL REPORT 2007 EXECUTIVE SUMMARY

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 2007, efforts of the Zone met with positive outcomes for those goals. Investments by businesses increased over 2006, job creation in the Zone was positive, and redevelopment was facilitated by numerous economic development projects as well as the rehabilitation of two previously vacant facilities.

Per certifications filed in 2007, over 800 net jobs were created and investments increased to over \$190 million in investments eligible for the Investment Tax Credit, compared to \$160 million in 2006. Investment in Research and Development exceeded \$185 million, up substantially from the \$61 million invested in 2006. The average annual salaries reported increased by 2% to \$46,088.

Measurable outcomes, many of which apply not just to the Zone but to the entire County, reflect a limited degree of success.

- Objective 1. Strive for diversification in the economic base to decrease reliance upon any one sector, particularly the defense industry. The objective to decrease reliance on the defense industry was not achieved; instead, there was a continued increase in the percentage of defense industry employees among basic employees from 41.7% in 2006 to 43.7% in 2007, as reported by the Colorado Springs Economic Development Corporation (EDC). 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.
- Objective 2. Increase primary jobs' share of total nonagricultural wage and salary employment to capitalize on primary employers' multiplier effect on the economy. In the past, this objective had been focused on the manufacturing sector, the share of which continues to decline nationally. Beginning in 2007, all primary jobs are being included. Based on the Quarterly Census of Employment and Wages (QCEW) published by Colorado Department of Labor and

Employment, a marginal increase from 30.1% to 30.5% is estimated between the second quarters of 2006 and 2007.

- Objective 3. Increase the per capita income by encouraging the creation of higher paying jobs. Timely published data of per capita income is increasingly difficult to find. The creation of higher paying jobs though is indicated in the second quarter 2007 QCEW which shows an average annual salary of \$39,083 versus \$37,658 for the same period of 2006. Additionally, jobs created with the assistance of the EDC have an average salary of \$42,724 compared to the county's average of \$39,100.
- 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. Positive job growth, although minimal, was achieved throughout the county.
- Objective 5. For primary jobs announced by EDC, ensure that at least 50% are with companies located in the Enterprise Zone. Of the 2,462 jobs announced by companies that were assisted by EDC with their relocation or expansion to the area, 56% are located in the Zone.
- Objective 6. Increase the number of homeless or at-risk populations that are provided job training by eligible projects. 2007 will be the first year this data is tracked. 4,979 homeless or at-risk individuals were provided training, many of whom were placed in jobs.

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 successful with the addition of ten new projects. Two new cultural facilities, Colorado Festival for World Theatre and Mountain Post Historical Center, were added, further cementing the Enterprise Zone's role in increasing tourism. Workforce issues, one of the primary concerns of existing businesses, have been addressed with the approval of the Business and Education Talent Readiness project, Goodwill Industries Job Training program and the University of Colorado at Colorado Springs capital project. The Downtown Colorado Springs Streetscape project as well as the United States Olympic Committee retention effort, if successful, will contribute to revitalization of distressed areas. Family stabilization will benefit from the addition of Assistance League and Westside Cares as projects, and Pikes Peak Community Action Agency will be assisting non-profit businesses to grow and increase employment.

The State marketing grant was utilized to market the Zone to business prospects, with a focus on relocation potentials from California, and to promote tourism, a significant source of sales tax revenue.

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 21st century jobs.

Greeley/Weld Enterprise Zone Annual Report 2007 EZ ECONOMIC DEVELOPMENT OBJECTIVES REPORT SUMMARY

Summarized below, with detail attached, are zone development plan objectives/measures for CY 2007.

<u>MISSION</u> – 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.

<u>2007 Update</u>: (*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 meet 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 2007.

(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.
- <u>2007 Update</u>: In 2007, Upstate worked with fifteen new and existing companies that created or announced plans to create 2,156 new jobs. Nine of these companies were located or planned to locate within the zone, creating 1,435 (66%) 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) 2007 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.

 2007 Update: In 2007, the fifteen new and existing companies that Upstate worked with invested, or announced plans to invest, a total of \$170.6 million into the Weld economy. The investment of the nine projects located within the EZ boundaries totaled approximately \$14.6 million, or approximately 9% of the total investment, which falls short of this objective. However, again it's important to note that all new investment, including that occurring outside of the zone benefits all Weld residents, including EZ residents, by providing the additional tax base necessary to finance needed government services to area residents.

(Source: UCED - 2007 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.

<u>2007 Update:</u> In 2000, the Weld County average wage for all industries was \$29,250, increasing by 22.58% to \$35,854 in 2007 (based on a simple average of the first and second quarters of 2007, annualized – most current statistics available). Attachment B shows Weld County and Colorado average annual wages for 1990 and 2000 through 2007, as well as the corresponding growth indices (2000=100). Trends in annual wage growth for both Weld County and Colorado are evident up through 2007 for the private sector of those economies. The public sector (government sector) wages declined in 2006 but have recovered some in 2007. In 2006, the

growth rate in Weld County All Industry wages lagged behind that of Colorado (by .98%), but has recovered by .23% in 2007. In the private sector, Weld's wages grew .36% faster than Colorado wages in 2007. When comparing Weld County wages to Colorado wages, Weld County wages are still only about 80% of those in Colorado. That gap changes only slightly over the past decade; some changes being positive and some negative. This year's wage comparison has Weld County gaining some ground in the private sector but losing ground in the public or government sector. This remains a point of some concern for Weld County as it has in the past, but as long as the gap lessons or at least stays relatively stable over time, the concern should be minimal. By examining the trend comparison of Weld County as a percent of Colorado from 1990 through 2007, it is evident that continued efforts to attract and retain economic opportunities that will serve to improve Weld County's wage parity is imperative. Note: In 2007, Vestas Blades began construction on a new manufacturing facility, then expanded the facility under construction, resulting in 600 new primary sector jobs. These facilities will be operational in 2008, which should positively impact Weld wage statistics. (Source: CO Department of Labor— Average Annual Wage Analysis by UNC Economics Depart. - Attachment B)

ANNUAL ACTIVITIES

Over the long-term, success in the below economic development activities should positively impact the above long-term goal and annual objectives.

1. Annually contact at least 40 existing employers operating within the EZ to encourage them to continue and hopefully expand their operations, creating additional jobs and investment.

<u>2007 Update</u>: In 2007, through our on-going business retention/expansion program (BR&E), Upstate staff and volunteers contacted 32 existing Weld employers, of which 26 were doing business within the EZ boundaries. With each company we discussed the opportunities of doing business in Weld, the EZ (if applicable), concerns, possible expansions, and offered our agency assistance. (Source: 2007 UCED Business Retention/Expansion Report – Attachment C)

- 2. Annually identify and work with at least 50 potential new primary sector employers specifically interested in locating to the EZ.
- <u>2007 Update</u>: Through our prospecting efforts during the year, Upstate had contact with 77 company leads looking at a Greeley/Weld location. Based on location requirements and information requests, 68 were interested in an EZ location. Detailed EZ information, along with a variety of real estate and community/county information was provided to each company. Five companies (see Attachment A) located or announced location plans and several more continue to be active prospects. (Source: 2007 UCED Primary Sector Lead/Prospect Report Attachment D)
- 3. Provide in-depth financial assistance to at least 3 industrial, commercial or retail companies located within the EZ boundaries. Determine their interest/eligibility in Upstate administered loan programs.
- <u>2007 Update:</u> In 2007, Upstate staff had contact with 100+ companies looking for financial assistance. One company was given a \$300,000 loan through the Weld/Larimer Revolving Loan Fund. This company, not located within the EZ, anticipates creating 20 new jobs. No new loans were given by the Greeley Community Development Loan Program. However, as of year-end, we continue to service 25 active loans (the majority located within the EZ boundaries) totaling approximately \$4 million. (Source: EDAP 2007 UCED Loan Program Summary Attachment E)
- 4. Annually distribute EZ/community information to at least 200 area businesses, prospective companies looking at the area, accountants, bankers, community leaders, etc., in an effort to market the benefits of the EZ and a Greeley/Weld location. 2007 Update: We conservatively estimate that staff provided information to at least 300 telephone, e-mail, walk-in and mail requests regarding business location information, demographics, EZ, loan programs, etc. In addition, our web site, which has detailed EZ information, has proven to be a critical first source of information. (Source: UCED)
- 5. In an effort to attract companies within targeted industry sectors that pay higher wages; annually complete three targeted outreach efforts marketing the opportunities of doing business in the EZ and Greeley/Weld.

Jefferson County Enterprise Zone Annual Report 2007

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 \$739 million in capital investment, created over 7,378 new jobs within the zone, and companies reported more than \$26.28 million in state income tax credits.

2006 Enterprise Zone 2007 Enterprise Zone

109 EZ Certifications 117 EZ Certifications 646 New Jobs 446 New Jobs \$71.9 Million Capital Investment \$37.1 Million Capital Investment \$1.15 Million Tax Credits \$530,465 Million Tax Credits

Contribution Projects

Administered 14 Non-Profit EZ Contribution Projects

Marketing Outreach Program

- JEC is 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 have developed one-page, "easy-to-read" EZ scenarios for our marketing efforts.
- JEC has participated in 10 trade shows and hosted 6 events where we provided information on the Colorado Enterprise Zone.
- We have greatly improved our administrative procedures resulting in a faster and more comprehensive response to inquiries.
- JEC has taken a proactive role in creating the necessary marketing and promotional materials to aggressively outreach and market the zone.

We have 19 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.

2007	117	\$37,057,609	446	\$530,465
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	\$114,645,88 9	123	\$3,928,229
2001	126	\$85,847,909	1,061	\$2,446,374
TOTALS	839	\$434,024,62 7	3161	\$10,212,499

Larimer County Enterprise Zone Annual Report 2007

This report is a review of the current status of employment and business establishments in Larimer County (available data is for 2005). 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 2005). 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 2005 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 2004 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 2005, 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 2005 (this includes 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004) was an increase of 754 additional employers. Thus, in the nine 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 2005 (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 2007, 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 2005 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.

A. 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.)

B. 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.

- C. 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.
- D. 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 ANNUAL REPORT 2007 EXECUTIVE SUMMARY

Goal #1

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

Outcomes:

Businesses utilizing the Enterprise Zone business tax credits added 523 net jobs for an increase of 11% over 2006.

While net jobs increased in 2007, job tax credits reported in at \$96,688, an 18% decrease from 2006 credits of \$117,543.

There was a 14% increase in the number of companies utilizing the enterprise zone training credit in 2007; however the training credit dollars claimed were 40% less than 2006 training credits: 2007 \$63,041; 2006: \$104,718.

Goal #2:

Continue to support diversification of the economy.

Outcomes:

Capital Investment credit claimed was \$67,223,035 in 2007, a 3% increase over 2006. Investment Tax Credits claimed were \$1,138,254, a 37% increase over 2006 credits of \$831,293.

Industry categories represented in the 2007 Enterprise Zone Certifications shifted somewhat from 2006. Agriculture certifications were 41% less than 2006; construction certifications rose 43%; Financial/Insurance Real Estate certifications rose 45% while retail certifications declined 14%.

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

Outcomes:

In partnership with Mesa County and the Clifton/Fruitvale Community Plan, 264 acres in the Clifton/Fruitvale corridor were added in 2007. This is a distressed area of the county that will benefit from the support offered by the Enterprise Zone.

Goal #4:

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

Outcomes:

Enterprise Zone activities in all measurable categories for 2007 were well above the 2006 activities. 2007 certifications filed more than doubled: 6,929 versus 3,209 in 2006. Cash donations were \$6,202.281 in 2007 versus \$3,027,320 in 2006 for a 105% increase. In-kind donations for 2007 were \$2,727.527 while 2006 reported \$1,070,266 resulting in a 155% increase in 2007.

The Enterprise Zone Marketing Grant is utilized to support marketing activities of numerous Mesa County community organizations. In 2007, 9 different organizations were awarded Enterprise Zone Marketing Grants to enhance their marketing efforts.

Enterprise Zone targeted presentations and mailings were continued in 2007 to reach local tax preparation firms, banking organizations and real estate developers. Ongoing support of the business community at large through in-person meetings, and telephone support remains a high priority of the local Mesa County Enterprise Zone staff.

The dedicated website <u>www.enerprisezone.mesacounty.us</u> continues to be widely utilized by businesses and individuals seeking in-depth Enterprise Zone information.

Goal #5:

Maintain an agricultural economic base.

Outcomes:

Certifications filed for the agriculture sector were down 42% from the 2006 certifications.

One boundary amendment was submitted and approved for inclusion of 2.90 acres in the agriculture sector. This allowed a viable business to be established in the Zone.

Goal #6:

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

Outcomes:

A large Community Development Project (that will be located in the existing Enterprise Zone) was added in 2007 that directly speaks to the support of healthcare in the community. Community Hospital's new \$400,000,000 construction project includes a new hospital plus a health-related campus.

Northeast Enterprise Zone Annual Report 2007

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 and with the exception of Morgan and

Yuma counties they are all in enhanced enterprise zones.

The region continues to be agriculture based but with the focus on renewable energy by the Governor this region is in prime position to take advantage of the possibilities over the next few years. In 2007 alone renewable energy jobs accounted for the majority of the new jobs in the region and it appears that will be the case in 2008 also.

The Region 1 enterprise zone set objectives of:

- Increase of population in each county
- Retain jobs through marketing, training and the use of the enterprise zone
- Cooperate with local economic development entities for job recruitment types of activities
- Improve overall economic development climate of region through the travel region, economic development offices and community based non profits.

Each of these goals were met in 2007. For the first time since 2003 every county in the region had a population increase. Morgan County had a prime example of the enterprise zone retaining jobs and in fact increasing them with the local steel fabricator deciding to remain in the county and expand for the third time. Phillips County has used their enterprise zone dollars to market and are seeing the results in a number of inquiries for business start ups and expansion within their county. Washington County has made use of their marketing dollars to attract conventions and events to town which has added new jobs for coffee shop; mechanic, etc. Sedgwick County used their dollars for marketing and now has the potential of 14 new jobs and two new businesses for 2008 and grew their population for the first time in four years. Yuma County was able to parlay their efforts in renewable energy and in particular their ethanol plant into media coverage in the Rocky Mountain News, Denver Post, Time Magazine and on PBS. Logan County showed a big increase in retail sales and along with Yuma has the highest number of their population working right in their counties. The Northeast Colorado Travel Region has attended several trade shows and the one on aviation has provided some potential contacts for the airport in Washington County. The labor study currently being completed by the region will assist in identifying job recruitment needs and determining the tools needed to continue keeping the jobs in the region. Partnering with Morgan Community College, Northeastern Junior College and the Workforce Centers will ensure that all aspects of jobs, training and recruitment will be able to quickly adapt to the results of the survey.

The ability of community based non profits to use the enterprise zone has been especially helpful in the region. The Hippodrome Arts Center in Julesburg provides a few jobs, but allows the community to keep open a facility that they can use to market their town to potential new business. In Yuma and Wray the enterprise zone helps the local hospitals to stay open to retain jobs and to be able to market hospitals right in town instead of telling potential new business that the nearest hospital is 40 or 50 miles away. In Holyoke not only will the money raised by using the enterprise zone create a marketing plus for the county it will also create new jobs. Overall, Region 1 had a good year in 2007 in terms of economic growth, job creation and retention and population growth. However, this region is still vulnerable and further reduction in

agriculture water, a downturn in the national or state economy or a change in state policy on renewable could change the forward progress drastically. The enterprise zone has been very helpful for the region and will continue to be an integral part of the region's future growth and economic stability.

The State Legislature created the Colorado State Enterprise Zone Program to address economic distress in designated geographical areas in Colorado. In 1989, Northeastern Colorado was designated as Enterprise Zone. The Executive Director of NECALG was designated as the Sub-Zone Administrator of the East Central/Northeast Enterprise Zone. The Rural and Urban Enterprise Zone Act Enterprise created tax credits for any business located within the boundaries of a designated Enterprise Zone that made a qualified Capital Investment for the business. In FY 2007, area businesses made Qualified Capital Investment of \$132,842,952.41 through the Northeastern/East Central Colorado Enterprise Zone. The Capital Investment resulted in State tax credits of \$3,967,883.89 for re-investment in Northeastern Colorado.

The Enterprise Zone continues to play a major role in the economic well being of the six counties in Region 1. The local economic development offices have been able to parlay the funding from the Economic Development Commission into marketing efforts to attract new jobs. Some counties would be virtually unable to do any marketing and would be operating in a reactive rather than proactive mode. Others have been able to use enterprise tax zone credits to enhance the local incentive packages available through their cities or counties. In some counties often the enterprise zone tax credit is the only incentive available for attracting new business and bringing in new jobs.

The region is experiencing a growth in renewables and is primed to be a leader in the state in this economic sector (in particular ethanol, biodiesel and wind energy). With this type of growth in the region comes expansion of existing business as well as new business needed for this industry. These types of businesses greatly benefit from the use of enterprise zone tax credits and are usually smaller and more locally based.

In the region this year 574 new jobs were created along with an additional 450 temporary construction jobs. Not all of them used enterprise zone tax credits. However, their existence can be tied back to the use of the enterprise zone by others in building the economy and requiring more services and support for the new jobs created.

The use of the enterprise zone in expanding and building local amenities is a major economic stimulus for the counties in Region 1. Hospitals, transportation, cultural/recreational facilities and education are all vital to attracting new companies and sustaining the needs of the new and existing citizens of the region. These type of facilities help attract the businesses who brought 497 new jobs to the region and help expand existing businesses that created another 130 new jobs. This investment through enterprise zone tax credits equates to a little over \$275 cost per job created and constitutes a local community buy in of about \$1000 per job.

The job creation has allowed residents of counties that are struggling to be able to work within the region and has been able to keep unemployment rates lower than the state average of 4.3%.

Additionally, with the advent of new industry and expansions we are seeing more people travel into our counties for jobs. Logically, they will contribute to the local economy as they work in the region. As indicated earlier some of the new permanent jobs also bring temporary construction jobs.

In Morgan County a local business is on their third expansion in 10 years. They used the enterprise zone tax credit to support their \$9 million investment and created 60 new jobs just in 2007. They decided to stay in Morgan County because of the incentives offered and anticipate adding another manufacturing site.

In Phillips County the enterprise zone tax credits have allowed them to build a new hospital and event center both of which will create new jobs but also help in the attraction of new business which brings new jobs. The local economic development office feels the money they receive allows them to market on a larger scale is also directly related to the new jobs being created.

In Region 1 it is anticipated that in 2008 another 261 jobs are already on the table as of the end of 2007.

The enterprise zone tax credit was created just for these type of scenarios and it is not only needed but is a very cost effective way of building the economy in Region 1.

A continuing challenge in the region is a shortage of workers to fill current job openings. A regional labor study is in process to help the counties within the region create and retain a skilled work force for the future. Charts on the following pages also show the mobility of workers in the region and distance workers will travel to find jobs.

Northwest Colorado Enterprise Zone Measurable Business Development Job Retention and Job Creation Objectives

Prepared by Associated Governments of Northwest Colorado AGNC July 29, 2008

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 2006 to 2007 there has been an average decrease in the unemployment rate of 0.5 percent and from 2005 to 2006 an average decrease of 0.8 percent. For the third year in a row not one of the Northwest Enterprise Zone's counties exceeds the statewide average.

<u>07</u>	<u>06</u>	<u>05</u>	<u>04</u>	<u>03</u>	<u>02</u>	<u>01</u>
3.7	4.1	4.8	5.7*	5.7	5.2	3.4
2.5	3.0	3.8	4.3	5.0	4.6	3.2
2.7	3.3	4.2	4.2	4.2	3.7	3.0
2.7	2.9	4.0	3.6	5.2	4.7	3.5
3.2	3.8	4.5	5.0	5.9	4.9	3.9*
2.1	2.7	3.6	3.9	4.0	3.1	2.7
2.7	3.2	3.8	3.9	4.6	3.8	2.9
3.8	4.3	5.1	5.6	6.1	5.7	3.8
	3.7 2.5 2.7 2.7 3.2 2.1 2.7	3.7 4.1 2.5 3.0 2.7 3.3 2.7 2.9 3.2 3.8 2.1 2.7 2.7 3.2	3.7 4.1 4.8 2.5 3.0 3.8 2.7 3.3 4.2 2.7 2.9 4.0 3.2 3.8 4.5 2.1 2.7 3.6 2.7 3.2 3.8	3.7 4.1 4.8 5.7* 2.5 3.0 3.8 4.3 2.7 3.3 4.2 4.2 2.7 2.9 4.0 3.6 3.2 3.8 4.5 5.0 2.1 2.7 3.6 3.9 2.7 3.2 3.8 3.9	3.7	3.7 4.1 4.8 5.7* 5.7 5.2 2.5 3.0 3.8 4.3 5.0 4.6 2.7 3.3 4.2 4.2 4.2 3.7 2.7 2.9 4.0 3.6 5.2 4.7 3.2 3.8 4.5 5.0 5.9 4.9 2.1 2.7 3.6 3.9 4.0 3.1 2.7 3.2 3.8 3.9 4.6 3.8

^{*}Unemployment rate exceeded statewide average

Unemployment rates taken from http://lmigateway.coworkforce.com/lmigateway Included historical revisions back to 2001.

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 \$34,431 is only 79% of the statewide average of \$43,524, up from 73% of 2005 statewide average.

Average Annual Wages

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	2002
Clear Creek	\$35,672*	\$33,771*	\$32,397*	\$29,861*	\$29,783*
Garfield	38,792*	35,216*	2,545*	31,717*	31,271*
Grand	27,664*	26,608*	25,420*	23,954*	23,695*
Jackson	24,336*	23,450*	22,552*	22,128*	22,418*
Moffat	35,984*	33,722*	32,951*	31,919*	30,591*
Rio Blanco	42,796*	36,680*	34,048*	31,687*	30,522*
Routt	35,776*	34,166*	32,291*	31,157*	30,481*
Zone Average	\$3 <i>4,4</i> 31*	\$31,9 4 5*	\$31,550*	\$30,330*	\$29,973*
Statewide	\$43,524	\$43,500	\$40,296	\$38,942	\$38,004

^{*}Less than the statewide average

Goal C. <u>Improve county per capita income averages until they reach the statewide average</u> throughout the region.

Per Capita Personal Income

	<u>2005</u>	<u>2004</u>	2003	<u>2002</u>	<u>2001</u>
Clear Creek	\$48,150	\$48,519	\$42, 225	\$37,276	\$34,467
Garfield	31,460*	29,064*	27,127*	27,121*	25,698*
Grand	33,672*	32,707*	30,639*	29,560*	25,437*
Jackson	26,603*	23,272*	21,292*	19,252*	18,450*
Moffat	29,133*	26,538*	24,850*	24,136*	21,755*
Rio Blanco	32,993*	29,440*	27,048*	27,430*	24,346*
Routt	<u>41,558</u>	39,365	<u>36,900</u>	<u>36,976</u>	<u>34,390</u>
Zone Average	\$34,796*	\$32,701*	\$30,274*	\$28,823*	\$28,008*
Statewide	\$37,510	\$36,113	\$34,561	33,723	\$33,455

^{*}Less than the statewide average

Estimates for 2005 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. <u>Improve population growth rate to equal the statewide average throughout the</u> 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 lags behind.

Average Population Increase

	2000	2004	2005	2006	Annual Avg. Increase
	<u>Pop</u> .	<u>Pop.</u>	<u>Pop.</u>	<u>Pop.</u>	Since 2000
Clear Creek	9,322	9,509	9,510	9,483	0.3%*
Garfield	43,791	49,325	50,673	53,020	3.1%
Grand	12,442	13,943	13,905	14,222	2.2%
Jackson	1,577	1,573	1,531	1,520	-0.6%*
Moffat	13,184	13,426	13,426	13,729	0.7%*
Rio Blanco	5,986	6,102	6,073	6,288	0.8%*
Routt	<u> 19,690</u>	<u>21,671</u>	<u>21,905</u>	<u>22,299</u>	<u>2.0%</u>
Total	105,992	115,549	117,023	120,561	2.1%
Statewide	4,301,261	4,653,023	4,722,755	4,813,536	1.8%

^{*}Less than the statewide average

Annual average increases were calculated using (((2006pop/2000pop)^(5/24))-1)*100)

Goal E. Maintain or improve agricultural production and sales.

Agricultural Income (in \$millions)

		2001			2003			2006	
Clear Creek	Gross Income N.A.	Farm Expenses N.A.	Realized Net N.A.	Gross Income N.A.	Farm Expense N.A.	Realized Net N.A.	Gross Income N.A.	Farm Expense N.A.	Realized Net N.A.
Garfield	\$27.8	\$32.3	\$-4.4	\$32.0	\$32.2	\$-0.2	\$32.8	\$40.7	\$-7.8
Grand	7.8	12.3	-4.5	9.7	12.6	-2.8	13.2	16.8	-3.6
Jackson	16.5	21.3	-4.8	17.5	20.8	-3.2	21.5	27.0	-5.5
Moffat	27.0	30.2	-3.2	28.4	30.2	-1.6	28.6	38.4	-9.8
Rio Blanco	15.7	21.0	-5.3	19.1	20.7	-1.5	21.1	26.6	-5.5
Routt	23.6	31.9	-8.3	25.9	32.1	-6.2	23.8	40.0	-16.2
Zone Average*	\$19.7	\$24.8	\$-5.0	\$22.1	\$24.8	\$-2.5	\$23.5	\$31.6	\$-8.1

^{*}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.

Zonewide Production	<u>2002</u>	<u>2004</u>	2007
Natural gas (millions of mcf)	172.6	262.8	465.2
Oil (millions of barrels)	6.8	6.7	7.5
Coal (millions of tons)	19.2	21.1	18.1
Mineral Sector jobs	1,952	2,112	6,628

Summary

The Northwest Enterprise Zone (NWEZ) includes some of the fastest growing, 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. To rectify this problem we suggest that certain sectors might be eliminated from eligibility for the EZ credits and still allow credits for diversifying industries.

Pueblo County Enterprise Zone Annual Report 2007

The purpose of this annual report is to detail the enterprise zone activities for 2007 and to determine if the objectives for the year were met.

Background

The enterprise zone in Pueblo County continues to be an important economic development tool in the region. The December 2007 unemployment rate for Colorado was 4.3% compared to Pueblo's 5.5% rate (US Department of Labor). Pueblo's estimated population growth in 2006 was 1.4% compared to the state's 2%. 2005 Per capita income rates were \$37,510 for Colorado, and \$25,634 for Pueblo.

Summary

The enterprise zone objectives for 2007 focused on reenergizing the program in Pueblo County and finding new ways of promoting the program. An effort was made to identify new ways of measuring the success of the program using data directly related to enterprise zone work.

The main objectives were:

- 1. To determine if existing enterprise zone boundaries need to be amended in order to encourage economic growth and development.
- To develop new marketing materials and present information about the zone at various community meetings. To measure success of marketing efforts, it was anticipated that the number of DR 0074's filed would increase 10% over the previous year.
- 3. Strive to increase the total jobs reported on DR 0074's 10% over the amount reported in the previous year.
- 4. Strive to increase the capital investment in the zone, it was the goal to increase the investment tax credit reported over the previous year by 10%.
- 5. Continue to support contribution projects that support job creation and job preservation and contribute to the quality of life in the Pueblo area.

Overall, it is felt that we are well on our way to increasing the utilization of the enterprise zone to achieve increased economic vitality in our community. The specific outcomes to the above objectives are discussed below.

Outcomes

The outcomes to the above objectives are:

1. During 2007, the EDC supported and approved two changes to enterprise zone boundaries in the region. Property was added near the CSU-Pueblo campus that will allow

development in that area which should increase university enrollment by improving the quality of life for students as well as all Pueblo residents. The second amendment expanded the boundary near Pueblo's industrial Park in order to entice a food processor to locate in this area.

- 2. A new brochure was developed and placed on a new internet site for Pueblo County enterprise zone. Due to work delays with the design team hired to design a cover and print the brochure, the brochure was not distributed to CPA's and business leaders in the community, as planned. However, the brochure was a useful tool and was distributed as the need arose via email. The number of DR 0074's filed in 2007 increased by 5% over the number filed in 2006 which is below our goal of 10%. After a wider distribution of the brochure in 2008 we expect to achieve a 10% increase in filings in 2008.
- 3. The number of jobs reported on the DR 0074's in 2007 were significantly less than what was reported in 2006 (5,744 vs. 7,188). However, in studying the detail of companies reporting, it was noted that there is a higher variance in the mix of companies reporting from year to year than anticipated. Many companies that reported in 2006 did not have a reason to report in 2007 (for example, they had an investment tax credit to claim in 2006 but not in 2007). Since the mix of companies reporting varied so much from year to year, it was concluded that this was not a reliable measure of the zone's performance.
- 4. Investment tax credits claimed in 2007 decreased over the investment tax credits claimed in 2006. We had an unusually large plant expansion in the zone in 2006, nothing of a comparable large size was done in 2007. Without this single large expansion, 2007 capital investments were about equal to the 2006 level. There are significant plant expansions planned in near years that enterprise zone credits are encouraging so we anticipate to see measurable growth in this area in the coming years.
- 5. 4 new contribution projects were added for Pueblo County during 2007. Each of these 4 will contribute toward the economic vitality of our area.

2008 Objectives

Objectives 1, 2, 4 and 5 will be continued as objectives for 2008. We will work to find another way to measure job growth in the enterprise zone for 2008. We will try to break the zone down into census tracks (although the existing boundaries to not match census tracks exactly) and compare available job information from year to year and will strive to use enterprise zone credits in increase the job growth data in the zone area.

REG10N League for Economic Assistance & Planning, Inc. Enterprise Zone 2006 Annual Report

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 will enhance the overall economic vitality of the Region.

Establishment of Enterprise Zones

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 the other goals and strategies of the Region 10 Rural Enterprise Zone. The base year for data is 1995. Where possible the tables have been revised to reflect the base year and data from 2003 forward. Otherwise the most recent data available is reported.

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.

The number of employed in Region 10 increased 6.6% from 2005 to 2006. The number of individuals employed increased by 3336. The proposed opening of three large national retail outlets in the region will greatly help the development of employment opportunities.

Table 1: Region 10 Total Employment

	1995	2003	2004	2005	2006
Delta County	9378	12003	13543	14344	15401
Gunnison County	7258	7403	8423	8519	9313
Hinsdale County	590	664	586	579	605
Montrose County	13788	17060	18125	18572	19681
Ouray County	1579	2048	2525	2835	2946
San Miguel County	4209	4556	4714	5015	5317
Region 10	36802	43734	47916	49924	53263
Colorado	2000022	2477874	2382873	2447063	2536283

Source: State of Colorado, Department of Labor & Employment, Labor Market Information

<u>Objective #1:</u> Demonstrate an unemployment rate equal to or better than the State average for a period of five consecutive years.

For the fifth year in a row the unemployment rate for the Region was lower than the Colorado average. The 2006 unemployment rate for the Region was 3.5% compared to the Colorado average of 4.3% for the same time period. It was 18.6% lower than the Colorado average. The Region continues to experience seasonal fluctuations in the unemployment rate, especially in Gunnison, Hinsdale, Ouray, and San Miguel Counties. Seasonal fluctuations in the Region are mainly due to tourism, the ski industry, and agriculture.

Table 2: Region 10 Unemployment Rate

	1995	2003	2004	2005	2006
Delta County	6.1	5.4	5.2	4.9	4.0
Gunnison County	6.4	6.4	4.2	4	3.2
Hinsdale County	1.7	2.9	2.8	3	3.0
Montrose County	5.9	5.4	5.1	4.6	4.0
Ouray County	5.1	3.9	4.4	3.4	3.2
San Miguel County	4.2	5.4	5.2	4.3	3.4
Region 10	5.7	5.5	5	4.03	3.5
Colorado	4.2	6	5.5	5	4.3

Source: State of Colorado, Department of Labor & Employment, Labor Market Information

Objective #2: Obtain quantifiable information about the labor force in the Region.

The labor force continues to fluctuate in the Region. The number of retirees and second home owners in the region are hard to quantify, and affect the capita numbers.

The Region is continuing to experience underemployment or relatively flat employment in some sectors. This is due to lack of job opportunities and quality of life choices.

Table 3: Region 10 Labor Force

	1995	2003	2004	2005	2006
	1995	2003	2004	2005	2000
Delta County	9988	12683	14290	15079	16048
Gunnison County	7753	7912	8796	8934	9619
Hinsdale County	600	684	603	597	624
Montrose County	14648	18043	19107	19459	20511
Ouray County	1664	2131	2641	2934	3042
San Miguel County	4395	4816	4970	5243	5506
Region 10	39048	46269	50407	52249	55350
Colorado	208751	247787	252225	254789	2651378

Source: State of Colorado, Department of Labor & Employment, Labor Market Information

B. Monitor the increase in the number of jobs created in the Region.

<u>Objective #1:</u> Demonstrate positive job creation, of 500 reported jobs per year for five consecutive years based on Enterprise Zone Activities.

Table 7: Jobs Reported for Enterprise Zone Activities

	2002	2003	2004	2005	2006
Region 10	161*	342*	492*	462*	481

Source: Region 10 Rural Enterprise Zone Annual Summary Reports *Columns may not add due to a reporting of jobs lost that cannot be attributed to a single county.

Continued marketing strategies for the Enterprise Zone program enhance our ability to capture data on job creation. Local Economic Development Groups continue to work on Business recruitment and retention in the three largest counties. We are expecting to meet the objective in 2007 with the opening of 3 large national retail outlets.

Objective #2: Provide assistance to businesses that create jobs.

Region 10 does this through our Business Loan Fund by providing small business financing, education and technical assistance to businesses, serving as a resource for other programs and incentives available to assist business start-ups and expansions throughout the Region, also through education on the Tax Credits available encouraging growth in the job market.

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

<u>Objective #1:</u> Demonstrate a per capita income equal to or greater than the State per capita income for a period of five consecutive years.

The Region 10 average per capita income remains 18.6% below the State average. One county does pass the state average, due to the ski resort there and resultant tourist trade occupations. There are also a considerable number of affluent 2nd home owners which skew the data.

Table 9: Region 10 Per Capita Income

	1995	2003	2004	2005
Delta County	\$15,628	\$21,518	\$22,844	\$23,612.00
Gunnison County	17,384	26,581	28,309	\$29,173.00
Hinsdale County	19,559	25,210	26,938	\$28,254.00
Montrose County	17,436	24,658	26,352	\$27,584.00
Ouray County	20,434	31,364	34,097	\$36,368.00
San Miguel County	23,744	33,234	37,093	\$43,584.00
Region 10	\$17,400	\$24,314	\$29,272	\$31,474.50
Colorado	\$23,958	\$34,561	36,113	\$37,600.00

Source: U.S. Department of Commerce, Bureau of Economic Analysis

D. <u>Maintain economically viable communities throughout the Region.</u>

<u>Objective #1:</u> Report positive growth in Retail Sales Tax Revenue for five consecutive years.

The aggregate 2006 retail sales for the Region were \$2.550 billion. Although all six Counties in the Region experienced an increase in retail sales, there are municipalities who have experienced a decline in retail sales. Per capita retail sales for the Region are still below the State average.

Table 11: Region 10 Retail Sales (State definition in millions)

Jurisdiction	2003	2004	2005	2006	% Change 2005-2006
Delta	\$350.5	\$369.2	528.4	\$594.14	12.50%
Gunnison	403.1	441.8	503.6	\$578.07	15.00%
Hinsdale	12.4	14	14.7	\$15.84	7.70%
Montrose	722.6	807.6	907.9	\$1,013.82	11.60%
Ouray	52.6	56.4	60.7	\$66.12	9.00%
San Miguel	183	215.5	240.6	\$282.32	17.25%
Totals	\$1,724.2	\$2,008.6	\$2255.9	\$2,550.31	

Source: State of Colorado, Department of Revenue

The Cities of Montrose, Delta and Gunnison continue to serve as regional trade centers. Large national retailers are moving into these areas, which makes it difficult for smaller privately owned business to compete. These new businesses are also moving the center for retail outlets away from the traditional Main Street, to the outer edges of town, in large shopping complexes.

E. Monitoring population trends throughout the Region.

The Region continues to experience population growth, with a 1.8% increase between 2005 and 2006. Several counties in the Region are experiencing slow growth rates. Delta Gunnison,

Ouray and San Miguel Counties have growth rates equal to or less than the State growth rate of 2.0%.

<u>Objective #1:</u> The population will grow at a rate equal to or greater than the Statewide average for a period of five consecutive years.

Table 12: Region 10 Average Annual Percent Change in Population

	2001-2002	2002-2003	2003-2004	2005- 2006
Delta County	1.7	1.6	1.4	1.4
Gunnison County	-0.1	-0.1	1.5	1.2
Hinsdale County	2	-0.9	4.2	3.7
Montrose County	2.4	1.9	2.3	2.7
Ouray	2.6	1.3	3.6	1.3
San Miguel County	2.6	0.5	0.7	0.5
Region 10	1.8	1.3	1.8	1.8
State of Colorado	1.7	1.4	1.4	2

Source: State of Colorado, Department of Local Affairs, Demography Section

Table 13: Region 10 Population

	1995	2004	2005	2006
Delta County	25023	30080	30257	30676
Gunnison County	11844	14190	14264	14437
Hinsdale County	640	838	821	851
Montrose County	29213	36933	37880	38903
Ouray County	3027	4177	4303	4358
San Miguel County	5195	7222	7310	7345
Region 10	75041	93440	94835	96570
Colorado	3747560	4653139	4718562	4813536

Source: State of Colorado, Department of Local Affairs, Division of Local Government, Demography Section

The major areas experiencing in-migration are Delta, Montrose, Ouray and San Miguel Counties. In Delta and Montrose Counties there is an increase of older persons who have or are about to retire. For Ouray and San Miguel Counties in-migration is primarily for quality of life reasons e.g. 2^{nd} home owners, sport interests.

Marketing

Objective #1: Support and encourage businesses to market the region, its businesses and tourism, encouraging economic development.

Region 10 continues to focus on making information and resources available for the residents, businesses, and communities of Region 10 through our continually updated website, as well as ongoing community meetings with economic, social, and charitable groups.

Region 10 continues to support and promote local economic development and tourism marketing projects. Examples of project support include assistance to local Chambers of Commerce, Main Street Programs, Tourism brochures, and local Economic Development Organizations.

Business Tax Credits

Objective #1: Support local CPAs and Business owners in their understanding and use of the Enterprise Zone Tax credit program.

Region 10 has done presentations at several local functions recently, Kiwanis, Rotary, and MADA where we have presented both Region 10 and the Enterprise Zone Services. This was well received and there has been excellent feedback & several enquiries since.

The outreach with local & national CPAs and Accounting firms is ongoing through disseminating information about the possibilities and benefits of the Tax Credit program, and responding to requests for information about the Enterprise Zone program. We also assist employers with educating them on the benefits and claims that may make.

Objective #2: Report and return submitted forms within 24 hours.

Region 10 achieves this objective in 98% of submissions.

Contribution Projects

Objective #1: Report all contributions in a timely manner, and encourage projects to keep accurate and timely records.

The Region 10 Enterprise Zone targeted contribution projects which continued to support job creation, job preservation and rural health care priorities. A total of \$985,787.00 was contributed to support these projects in 2007. All projects are now reporting in a timely manner, with more accurate records.

- > **Delta Area Development, Inc.:** A Delta County economic development group focused on job creation / job preservation in Delta County.
- > Lake City Medical Center: A local health clinic in Hinsdale County focusing on rural health care for the residents of Hinsdale County.
- ➤ **Montrose Economic Development Corporation:** A Montrose County Economic Development group focused on job creation / job preservation in Montrose County.
- > Telluride Montrose Regional Air Organization: A regional designation to support commercial air service to communities in Region 10 for economic development purposes.
- > San Juan Health Care Facility: A local organization focusing on providing a cancer treatment center in Montrose to serve the Region 10 area.
- Hospice & Palliative Care of Western Colorado: A local organization with a focus on providing an inpatient hospice facility to serve Montrose, Ouray, Delta, San Juan and San Miguel Counties. This is a joint project with the Mesa County Enterprise Zone to also provide an inpatient facility in Mesa County.
- > Tri County Resource Center: A provider of Counseling, advocacy and shelter for adults and children who are victims of domestic violence and sexual assault.
- **Habitat for Humanity Re-store:** A retail outlet for donated goods, the income from which totally supports the Habitat housing program locally.

➤ **Montrose Senior Citizens Transport:** Local transportations for senior citizens overseen by the AAA program here at Region10.

Summary

The Rural Enterprise Zone designation has been an important development tool for a Region that is experiencing population growth, but not necessarily a corresponding surge in economic growth as evidenced by the low per capita income and relatively high unemployment rate.

SAN LUIS VALLEY ENTERPRISE ZONE (SUB-ZONE) BUSINESS DEVELOPMENT OBJECTIVES

EXECUTIVE SUMMARY February 20, 2008

Population estimates for the six-county subzone are averaging 0.75%/year from 2000-2006, compared with a Colorado growth rate of 2.0%. Employment growth over the same period, however, averaged 2.1% for the Valley compared with 1.7% for the State. Regional unemployment at 5.5% in 2006 is showing a narrowing 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 15% 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.

Solar potentials are coming to fruition with Xcel's Energy's 8-2 megawatt solar farm north of Mosca (largest of its kind in the nation). Building on the Valley's competitive advantage for solar energy production, we are providing the lead role in partnership with NREL, SLV counties, OEDIT, and other partners to study the feasibility of developing a 100-megawatt CSP solar plant in the Valley. Other renewable energy potentials include wind farms, and production of biofuels such as biodiesel and cellulosic ethanol.

To further investigate and pursue potentials for development and economic diversification, we are also taking the lead in conducting a Targeted Industry Study involving all counties and communities in the region.

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. Organic pharmaceuticals also remain as a goal.

Tourism strategies are being given a new boost by our involvement in Colorado's Heritage Tourism 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.

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 Center. Co-location of SLVDRG with other development activities, Alamosa Chamber, and visitor services provides new opportunities for effective coordination of services. In addition to passenger terminal and ticketing counters for the railroad, this location also has potential as a multimodal transportation hub for bus, taxi, and transit services.

On-going activities benefiting business, government, and the public at large include transportation planning; the One-Land/One-Plan community meetings; improvements in various websites, 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 other projects, and are proving invaluable for economic impact analysis and local government tax studies.

SAN LUIS VALLEY ENTERPRISE ZONE (SUB-ZONE)
BUSINESS DEVELOPMENT OBJECTIVES
CRS 39-30-103(4)(b) Implementation – December 2007

1. Improve per capita income: Four out of 6 counties in the San Luis Valley (SLV) Sub-Zone rank among the lowest in the State on per capita income. The Zone's per capita income continues to decline in comparison to the State and adjoining regions. Improvement of per capita income has been and will continue to be one of the SLV E-Zone goals (see attachment).

OBJECTIVE: To improve per capita income to within 1.0% or above the State average for a period of two years.

2. Reduce unemployment/underemployment: Reduction of unemployment and underemployment has been and continues to be an important goal in our region which has a high dependence on agriculture and some on tourism.

OBJECTIVE: To reduce unemployment/underemployment to a rate at or below the State average for a two- out of three-year period.

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 at or near 30 percent of the total assessed valuation. This is true of Alamosa and Rio Grande counties but not throughout the Subzone.

OBJECTIVE: To improve non-residential assessed valuation of the SLV E-Zone counties to 30% within 5 years.

- 4. San Luis Valley Enterprise Zone economic statistics attachments:
 - Total assessed valuation vs. non-residential assessed valuation, by county, from 1996 through 2006.
 - SLV E-Zone unemployment rate compared to State unemployment rate from 1991 through 2006.
 - SLV E-Zone per capita income as a percent of State from 1980 through 2006.

South Central Enterprise Zone Huerfano, Las Animas and Otero Counties Enterprise Zone Economic Development Objectives 2007

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.

Unemployment rate:

01/01/07:

<u>Colorado Statewide:</u> 4.4%; Huerfano County 6.3%; Otero County 5.9%; Las Animas 4.6% <u>2007 Average:</u> Colorado Statewide 3.8%; Huerfano County: 4.9%; Otero County: 5.0%; Las Animas County: 3.8%.

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 2006 to expand employment opportunities within the zone. Zone Administrator Fraser met with job force Director Griego and initiated work ridership passes.

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

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 and two new projects being approved. Enterprise zone tax credit information made available January 2007. Presented to Economic Development Board. Published brochure on contribution project, and six contributions projects approved by Economic Development Commission August, 2007. Hosted financing forum with Economic Development staff July 12, 2007.

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 2007.

Enterprise zone tax credit information was available for distribution in January 2007. 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 2007.
- Conducted a marketing program PowerPoint seminar for Huerfano and Las Animas and provided representatives of La Veta, Walsenburg, Aguilar, Trinidad, and Gardner a hardcopy of guidelines and objectives (April, 2007).
- 3. To see an increase in enterprise zone marketing applicants during 2007. Applicants are counted only once even though they may have had more than one application. There were eighteen applications for the enterprise zone marketing program during 2006, and there were twelve applications for the enterprise zone marketing program in 2007.
- 4. To increase the number of businesses participating in the enterprise zone tax credit program during 2007.

In 2006 there were sixty-one businesses participating, and 2007 there were ninety-four businesses participating.

- 5. The number of new businesses in the region will grow in 2007. The number of business licenses issued in the City of Trinidad best demonstrates this. The number of business licenses issued in 2006 with the City of Trinidad was 763. The number of business licenses issued in 2007 was unavailable at report time.
- 6. Ten additional jobs for low-to-moderate income (e.g. welfare to work) residents will be available in 2007.

The South Central Council of Governments (SCCOG) Care Services Program is one example where jobs for low-to-moderate income residents were available in 2007. The Care Services Program provides individual personal care for Department of Social Services clients. The typical hourly wage for this employment is \$9.00. In 2006, the Care Services program employed 310 people at \$8.00. In 2007, Care Service employed 322 people.

7. The number of employment opportunities will remain the same or increase in 2007. According to the Trinidad Colorado Workforce Center, there were 989 job posting with the agency in 2006 and in 2007 there were 1,082 job postings with the agency. The same agency also has a center in Walsenburg and there were 220 jobs posting in 2006 and 187 job posting in 2007. 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 2006 and 2007.

Enterprise Zone Economic Development Objectives for 2008

Mission:

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

Goal:

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

Objectives

- A. To work with existing and potential business and industry 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.

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, and home-based businesses through Huerfano/Las Animas Counties Enterprise Zone Marketing Match Program.

Objective 2

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

Benchmarks/Output Measures

- 1. To continue to provide distribution of enterprise zone tax credit information throughout 2008.
- 2. To provide information regarding the enterprise zone marketing program through advertisement and outreach during 2008.
- 3. To see an increase in enterprise zone marketing applicants during 2008.
- 4. To increase the number of businesses participating in the enterprise zone tax credit program during 2008.
- 5. The number of new businesses in the region will grow in 2008.
- 6. Five additional jobs for low-to-moderate income (e.g. welfare to work) residents will be available in 2008.
- 7. The number of employment opportunities will remain the same or increase in 2008.
- 8. Increase the number of Certified Contribution Projects in 2008.

Southeast Enterprise Zone 2007 Annual Report Executive Summary

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. This region asks our citizens to utilize natural resources to the fullest potential in cooperation with a multi-agricultural economy. 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 fourteen (14) years, approximately 170 businesses have been funded, in the amount of \$7,285,769 with leveraging from other sources totaling \$8,727,149. In addition, through our housing rehabilitation loan program, which assists low-to-moderate individuals with the repairs of their homes, \$3,897,503 funds have been loaned benefiting 247 households

Enterprise Zone Economic Development Plan, Marketing Plan and Development Goals

GENERAL GOAL

We will continue to evaluate socioeconomic data and trends for the benefit of 5 counties and 19 municipalities in Region 6. Thus far 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 and also 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 2001 to 2007. This will be measured by comparing retail sales.

As described below, SECED, an economic distressed area, has maintained retail sales in 4 out of the 5 counties. The one county decrease is due to a large transit bus manufacturing company closing operations at the end of 2005. However, while we are establishing a new baseline for comparison, we believe they are improving and we'll continue to work to meet this goal.

RETAIL SALES									% Chg
(000's)		2001	2002	2003	2004	2005	2006	2007	01-07
Ва	aca	44,421	43,843	41,142	43,731	46,083	53,936	53,452	20.33%
В	ent	29,249	30,094	28,275	30,337	35,332	41,620	40,025	36.84%
Crow	ley	20,068	19,988	18,809	22,785	23,334	24,572	25,165	25.40%
Kio	wa	14,672	11,557	13,136	19,739	23,464	18,101	22,516	53.46%
Prow	ers	374,125	377,509	341,145	336,749	246,846	254,000	260,844	30.28%
SEC	ED	482,535	482,991	442,507	453,341	375,059	392,229	402,002	16.69%

Realize stabilization of annual growth patterns.

POPULATION	1990	2000	2003	2004	2005	2006	% Chg
	Census	Census	Estimate	Estimate	Estimate	Estimate	90-06
Baca							-6.43%

	4,556	4,517	4,348	4,305	4,263	4,263	
Bent	5,048	5,998	6,397	6,367	6,314	6,266	24.13%
Crowley	3,946	5,518	5,812	5,827	5,740	6,092	54.38%
Kiowa	1,688	1,622	1,543	1,526	1,533	1,518	-10.07%
Prowers	13,347	14,483	16,421	16,268	13,973	13,800	3.39%

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

3. Realize increased community vitality through at least a 5 percent increase in the assessed valuation.

The total assessed valuation of the SECED region was \$317,660,953 which was a 2.07 percent increase from 2006 and a 28.01 percent increase from 2000. We'll continue to work at meeting our stated target of 5 percent.

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 2007, the labor force is down by 168 jobs resulting in an unemployment rate of 4.00 percent. Agriculture is a large contributor of the labor force and the regional economy but does not report to unemployment statistics. These figures include recent closings of a major employer in Prowers 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 2000 average SECED wage was \$22,685, the wages increased to \$25,098 in 2005 or 10.64% increase. This equates to an average annual increase of \$483. This is still significantly lower than the state average of 36,113. However, if not for the Enterprise Zone this per capita wage figure 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 percent.

C. 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 2.6 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 327 new RLF jobs through 2007.

- SECED Enterprise Zone provides housing programs to improve the available housing stock and to also improve the aesthetics of the area. The esthetics of the area has improved with SECED's over 2.3 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 the 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 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 44 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 with an additional 50 towers coming onboard in 2007.
- Drought and the out-migration of water resources from Southeast Colorado is the regions most significant growth issue.

Southwest Enterprise Zone Annual Report 2007 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 4.3%.

Current Status – Dolores, Montezuma 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 – All five counties have per capita incomes that are less than the state PCI.

Objective 3: Transportation infrastructure improvements should follow the recommendations made in the Southwest 2035 Regional Transportation Plan.

Current Status - The southwest region has some unique challenges with no train freight service, limited air services, avalanches and rock-fall. Being solely reliant on highways, the acute shortage of state transportation funding is of great concern. Governor Ritter's Statewide Blue Ribbon Panel on Transportation has made recommendations that would increase revenues of \$1.5 billion. The Regional 2035 Transportation Plan was just completed with \$201.5 million in available funds from 2008 through 2035. This included \$25.1 million in Regional Priority Program funds. The plan also includes a transit component. The Southern Ute Indian Tribe updated their Transportation Plan in 2006 and included it by reference in the overall regional plan. La Plata County has completed their 2030 TRIP (Transportation Integrated Plan).

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 which offer information about each area. Thus people are receiving information online rather than stopping into the local chambers.

Region 9 is currently re-evaluating whether or not to use counts at visitor centers as a performance criteria. Other possibilities have also been discussed and are presented in this report, using 2000 as a base year. These include using the number of passengers at the Durango / La Plata County Airport, and counts of visitors to regional attractions such as Mesa Verde and the Durango and Silverton Narrow Gauge Railroad. Region 9 would welcome suggestions from the state as to what other communities are doing to measure economic impacts from tourism.

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 a functioning economic development group and each is designated as an EZ Contribution project. In Montezuma County, a community stakeholder group with support from the five governmental jurisdictions has been meeting for the past year to establish a functioning organization. That organization is expected to be in place in 2008.

UPPER ARKANSAS ENTERPRISE ZONE (Sub-Zone) JANUARY 2008 Business Development Objectives

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 primary 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 no change (64%) in the four counties from 2004 to 2005.

2. **Improve employment and employment opportunities:** The four-county region has historically had a higher rate of unemployment as compared to the State. The Zone seeks to improve job opportunities and the rate of employment.

<u>OBJECTIVE STATUS / ACHIEVEMENT / IMPACT:</u> 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

DOLA-CEDIS. Chaffee and Fremont have achieved this 3-year (2004-06) objective, and Lake has in two of three years, and Custer has in only one of three years. 2006 data has three of four counties achieving the objective with negative job growth of -2.5% in Custer due to a decline in new home construction jobs. New jobs are lower paying service sector jobs: see per capital income data. Increasing competition for employees should improve per capita income as work force housing limits increases in the service sector labor force.

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 2006 figures indicate that Chaffee and Fremont Counties had a non-residential valuation percentage of 27.2%, and 23.2%, and Custer and Lake Counties had a non-residential valuation of 10.3% and 13.2% percent respectively. The most rural counties of Custer and Lake non-residential valuations continue to lag in the region and state.

OBJECTIVE STATUS / ACHIEVEMENT / IMPACT: To improve non-residential assessed valuation of the UA E Zone counties to 30% within 5 years. The status of this objective indicates a one-year percentage change from 2005 to 2006 of +1.6% in Fremont, -0.2% in Chaffee, +0.3% in Custer and +0.2% in Lake. Overall, the four-county sub-zone indicates a non-residential valuation percentage increase of 0.7% to 22.4% from 2005 to 2006. 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 2004 - 2006
- Per Capita Income by County and as a Percent of State 1980 to 2005
- Estimated Total Jobs by County & Annual Change by Number and Percent 2004 to 2006

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 2004 - 2006

COUNTY-YEAR	TOTAL* VALUATION IN MILLIONS	VALUAT	SIDENTIAL ION* IN RCENT OF TOTAL
Chaffee - 2004	261.3	73.8	28.2%
Chaffee - 2005	289.3	79.3	27.4%
Chaffee - 2006	295.3	80.4	27.2%
Custer - 2004	68.2	7.0	10.3%
Custer - 2005	75.0	7.5	10.0%
Custer - 2006	77.6	8.0	10.3%
Fremont - 2004	329.8	69.6	21.1%
Fremont - 2005	365.6	79.0	21.6%
Fremont - 2006	363.5*	84.3*	23.2%*
Lake - 2004	77.9	10.8	13.9%
Lake - 2005	84.8	11.0	13.0%
Lake - 2006	84.9	11.2	13.2%
UA E Z - 2004	737.2	161.2	21.9%
UA E Z - 2005	814.7	176.8	21.7%
UA E Z - 2006	821.3	183.9	22.4%

*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. Fremont County Assessor data is being audited and is subject to possible future adjustment.

ASSESSED VALUATION SOURCES: The "Abstract of Assessments and Levies" for 2004, 2005 and 2006 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, 2008.

Upper Arkansas (UA) Enterprise Zone (Sub-Zone) Per Capita Income as a percent of State 1980 through 2005

1980 – 81%	1989 – 68%	1994 – 65%	2002 -65%
1985 – 72%	1990 – 66%	1998 - 66%	2003 -63%
1986 – 74%	1991 – 68%	1999 -65%	2004 -64%
1987 – 72%	1992 – 66%	2000 -64%	2005 -64%
1988 – 70%	1993 – 65%	2001 -65%	

Chaffee = \$25,166 = 67.1% of state (2005)

Custer = \$26,309 = 70.1% of state (2005)

Fremont = \$21,231 = 56.6% of state (2005)

Lake = \$22,793 = 60.8% of state (2005)

UA E Zone = 64.3% of state (approx.) (2005)

State of Colorado = \$37,510 (2005)

Source: Bureau of Economic Analysis - Regional Economic Accounts – Per Capita Personal Income – CA1-3 personal income summary. Downloaded January 2008

Upper Arkansas (UA) Enterprise Zone (Sub-Zone) Estimated Total Jobs by County & Annual Change by number and percent 2004-06

COUNTY	<u>2004</u>	<u>2005</u>	<u>2006</u>			
Chaffee	8908 (+579 / +7.0%)	8993 (+85 / +1.0%)	9298 (+305 / +3.4%)			
Custer	1771 (+231 / +15.0%)	1728 (-43 / -2.4%)	1684 (- 44 / -2.5%)			
Fremont	17408 (+854 / +5.2%)	17644 (+236 / +1.4%)	18095 (+451 / +2.6%)			
Lake	2669 (+61 / +2.3%)	2655 (-14 / -0.5%)	2688 (+33 / +1.2%)			
U A E Zone	30756 (+1725 / +5.9%)	31020 (+264 / +0.9%)	31765 (+745 / +2.4%)			
Source: Colorado DOLA: CEDIS – County Labor Force and Total Employment 2004-2006. Downloaded						
January 2008 from Colorado Demographer's Staff.						

Upper Arkansas Enterprise Zone Annual Objectives Report Checklist January. 2008

<u>Objective</u>	Quantifiable & Data Identified	Status Reported & Geog. Determinable	Efforts Reported	Results of Efforts Reported
1. Improve per capita income to within 1.0% or above the state average for a period of two-years	yes/yes	yes/yes	See narrative below	Zone's per capita income remained 64% of state-2005
2. Increase the total jobs per County by 1.0% of the previous year's base total jobs for three years	yes/yes	yes/yes	See narrative below	Zone's jobs increased by 2.4% or 745 jobs: 3 counties 1-yr incre.
3. Improve non-residential assessed valuation of zone to 30% of total assessed valuation within 5 years	yes/yes	yes/yes	See narrative below	Non-residential value +0.7% 2005-06; 3 counties increased 2005-06

Objective #1: Efforts include development of Workforce Centers to match employees to employers / employers to employees; conducting regional RLF loan program (UAADC) to provide financing to help employers develop business revenues and employment opportunities; conduct regional enterprise zone program and related technical assistance (i.e. marketing, grants, strategy, infrastructure, training) to improve community development potential to achieve objectives in concert with local officials. Contrib. tax credit projects helping health care and downtowns.

Objective #2: Efforts include efforts described in #1 above and note below. Zone tax credit projects help achieve objective also.

Objective #3: Efforts include efforts described in #1 above and note below. Zone tax credit projects help achieve objective also.

NOTE: Custer has no EDC-like organization to implement extensive local efforts but chamber of commerce conducts some of the activities noted in the next sentence. Chaffee and Fremont EDC efforts include business attraction/retention efforts, marketing of area and industrial park, infilling of vacant business buildings in its central business district and main street redevelopment. Lake has a new evolving EDC but functions similar to Custer with Chamber providing most ED efforts at present. U A E Zone, chambers and ECDs have successfully integrated their efforts. CEDC MARKETING GRANT funding has been provided to Lake, Custer and Chaffee Chambers of Commerce, and the Fremont EDC, and the SBDCs servicing these counties to improve outreach and business development services to new and expanding businesses and to help achieve the zone's development objectives, as noted above. Workforce housing initiatives are also being funded. Zone has attended selected trade shows.