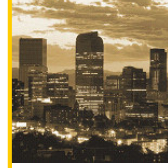
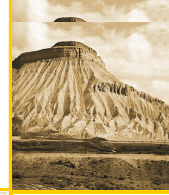
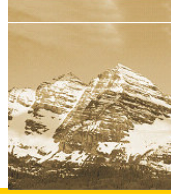




# Colorado

**COLORADO ENTERPRISE ZONE  
ANNUAL REPORT  
2008 Activity**

*Colorado Office of Economic Development and International Trade  
December 2009*



# Colorado Enterprise Zone Annual Report - Part I FY 2008 Activity

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## Colorado Enterprise Zone Annual Report for 2008

The following information on Enterprise Zone Tax Credit activity represents the annual report to the General Assembly, as required by C.R.S. 39-30-103. Additional detail is available by request from the Colorado Office of Economic Development and International Trade (OEDIT), and is also available on OEDIT's Enterprise Zone website, [www.advancecolorado.com/enterprisezone](http://www.advancecolorado.com/enterprisezone).

### 2008 Summary

- During fiscal year (FY) 2008, 5,472 businesses certified one or more potential Enterprise Zone Tax Credits.
- These businesses created 9,251 new jobs and retained 146,502 jobs.
- They invested \$2.5 billion in new equipment in Enterprise Zones.
- Over 27,000 taxpayers contributed \$55.1 million to Enterprise Zone economic and community development projects.
- Enterprise Zone Tax Credits claimed with the Department of Revenue totaled \$46.7 million.

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

The Colorado Urban and Rural Enterprise Zone statute, C.R.S 39-30-101 to 109, provides that local governments may propose areas for designation as an Enterprise Zone. It sets forth three criteria to measure economic distress in order for an area to qualify for Enterprise Zone designation:

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

In addition, the total population residing within an Enterprise Zone boundary cannot exceed 80,000 people in urban or 100,000 in rural Enterprise Zones.

The Colorado Economic Development Commission (EDC) has the authority to designate and terminate areas as Enterprise Zones (this authority rested with the executive director of the Department of Local Affairs prior to 1996). The statute originally allowed up to 8 areas to be designated as Enterprise Zones. The General Assembly amended the Act in subsequent years to increase that number to the current 16. In 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 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 and at [www.advancecolorado.com/ezmap](http://www.advancecolorado.com/ezmap). It is important to note that while an estimated 69% of the State's land area is in the Enterprise Zone due to large rural areas with lower population numbers, it is estimated that this area only includes about 12-15% of the State population.

Enterprise Zone Administrators request boundary amendments from time-to-time based on opportunities for economic development and community goals. Therefore, viewing zone area progress toward lower unemployment, population-stabilization and higher per-capita incomes is difficult to gauge. A myriad of other influences and the larger economic situation complicate evaluating the results of certain tax credits in the State’s Enterprise Zone Program when using broad economic indicators for evaluation. For example, when the unemployment rate increases nationally, this trend is usually followed at a state and local level, regardless of where the Enterprise Zone boundaries are located. The remainder of this report draws on published economic statistics and Enterprise Zone 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 is the latest available from Colorado Department of Labor and Employment as of November 2009, and may later be adjusted. Calendar year 2008 data is reported here.

- **Employment.** Colorado’s employment rose almost 14,000 in 2008 following a climb of about 65,000 in 2007. It should be noted that the labor force grew by about 44,000, however 30,000 persons were in the unemployed category. 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 Enterprise Zone 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 Enterprise Zone status.

Annual Employment Growth

	2004	2005	2006	2007	2008
State	2.5%	2.7%	3.2%	2.2%	0.5%
Non-Zone	2.3%	5.7%	4.3%	3.3%	1.0%
E-Zone	2.5%	2.2%	3.0%	2.0%	0.4%
Urban	2.4%	2.0%	2.8%	1.9%	0.8%
Rural	3.3%	3.2%	4.3%	2.4%	-1.4%

*Data source: Colorado Department of Labor & Employment,  
<http://lmigateway.coworkforce.com/lmigateway/gsipub/index.asp?docid=363>.*

*\*This data has been rounded. State figure is separate from Enterprise Zone and non-Enterprise Zone data.*

- **Unemployment.** The unemployment rate began to increase for the first time in the last 5 years, in both zone and non-zone counties. Since 2002, the unemployment rate in rural Enterprise Zone counties has been less than the State average and the urban Enterprise Zone county average. This data follows the national trend in both zone and non-zone areas.

### Annual Unemployment Rates

	2004	2005	2006	2007	2008
State	5.5%	5.1%	4.4%	3.9%	4.9%
Non-Zone	4.7%	4.4%	3.7%	3.3%	4.2%
E-Zone	5.7%	5.3%	4.5%	4.0%	5.1%
Urban	5.8%	5.4%	4.6%	4.1%	5.2%
Rural	5.1%	4.8%	4.1%	3.5%	4.4%

Data source: Colorado Department of Labor & Employment,  
<http://lmigateway.coworkforce.com/lmigateway/gsipub/index.asp?docid=363>.

\*This data has been rounded. State figure is separate from Enterprise Zone and non-Enterprise Zone data.

- **Population.** Slow population growth, one of the statutory Enterprise Zone distress criteria, is primarily relevant to rural areas, where lack of economic opportunity often is manifested in out-migration. This Enterprise Zone designation criterion requires that the area population growth rate over a five-year period be less than 25% of the statewide population growth rate. Colorado's population growth from 2003 to 2008 was 9.06%. Six Enterprise Zones experienced growth below the 25% threshold: East Central, Northeast, San Luis Valley, South Central, Southeast, and Upper Arkansas. Six of the zones experienced growth at or above the State average: Adams, Larimer, 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](http://www.dola.state.co.us/dlg/demog/pop_cnty_estimates.html)

**Income.** With per capita income figures available through 2007, the growth in income for the State as a whole over the 21 years since the Enterprise Zone Program began is 151%. Enterprise zone per capita income growth has kept pace, growing 144% from 1987 to 2007. 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 147% over the same 21-year period. In 2005, 2006, and 2007, average rural Enterprise Zone county per capita income grew 6.4%, 5%, and 6.4% respectively compared to statewide growth of 5.7%, 5.3% and 4% for the same years.

Thus, rural Enterprise Zone average per capita incomes have improved as compared to the State average, from a low of 70% in 2000 to 76% in 2007. Per capita income in the various rural Enterprise Zones ranged from 98% of the State average in the Northwest Enterprise Zone to 56% in the Southeast Enterprise Zone demonstrating a wide disparity. In urban Enterprise Zones, only Adams, Pueblo and Weld counties had per capita income below 75% of the State average.

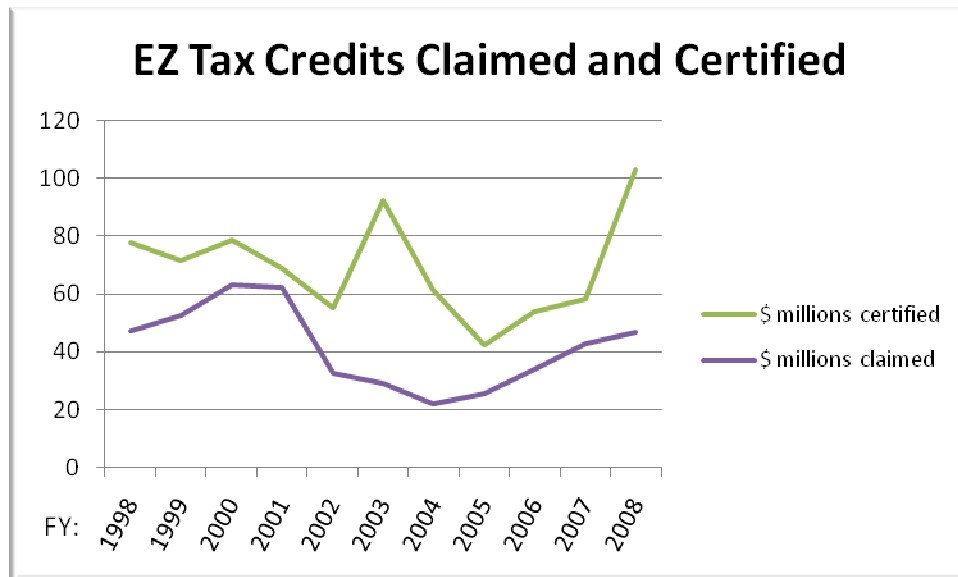
Data Source: U.S. Bureau of Economic Analysis,  
[www.bea.gov/regional/reis/default.cfm?selTable=CA1-3&section=2](http://www.bea.gov/regional/reis/default.cfm?selTable=CA1-3&section=2)

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

Total Enterprise Zone Tax Credits claimed with the Department of Revenue in FY 2008 were \$46.7 million, compared to \$42.9 million in FY 2007 and \$33.9 million in FY 2006. Of total Enterprise Zone credits claimed in FY 2008, corporate taxpayers claimed more than \$27 million while non-corporate taxpayers (individual Contribution Tax Credits, plus sole proprietor, partnership and other non-corporate business credits) claimed more than \$19 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 Enterprise Zone Tax Credits actually claimed and reported by the Department of Revenue as reductions in each year's tax liability. The amounts certified represent *potential* credits for which the taxpayer has qualified by virtue of undertaking the activities specified in the Enterprise Zone statute – making qualified investments, creating new jobs in new or expanded business facilities, investing in qualified job training, increasing research and experimental expenditures, rehabilitating qualifying vacant buildings in an Enterprise Zone, or making donations to approved Enterprise Zone economic development projects. The total amount of tax credits certified in FY 2008 was \$103 million, up significantly from 2007.

The amounts claimed with the Department of Revenue, on the other hand, are limited by each taxpayer's Colorado income tax liability each year. Potential credits earned in excess of the current year's tax liability may be carried forward to future tax years for a period specified in statute (generally 5 years; 12 years for ITC). 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 Enterprise Zone certification reports and the filing of tax returns reported by DOR due to the timing of tax filing. (See graph below; also see Table 1 at end of this section for more detail.)



From FY 2005 to FY 2007 the amount of credits that were certified were consistently about \$20 million greater than what was actually claimed, as reported by Department of Revenue. For the last 10 years, the average amount of Enterprise Zone Tax Credits claimed each year is about \$42 million, starting with \$47 million being claimed in 1998 and fluctuating around this figure for 10 years until 2008 when about \$47 million was claimed again. On average, about 60% of the credits certified are claimed each year. In FY 2008 the number of credits certified peaked, similar to the increase seen in FY 2003. In FY 2008 all tax credits increased over the previous year, except for the Vacant Building Rehabilitation Credit which was unusually large in FY 2007.

### **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 revenue from just three sources (Income and Sales Tax paid by new EZ employees,

Sales and Use Tax on new EZ business equipment purchases, and increased school, city and county property tax revenue on new EZ business personal property), is more than \$128 million, almost 174% more than the \$46.7 million in Enterprise Zone credits that were claimed.

- Income and sales taxes paid by new Enterprise Zone employees:
  - Personal income, sales, and excise taxes paid by new employees of Enterprise Zone businesses are estimated to be almost \$31 million for the 9,251 new employees added by Enterprise Zone certifying businesses, given average State tax collections per employee of \$3,350 in FY 2008.
- Sales and use taxes on new Enterprise Zone business equipment purchases:
  - 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 \$53.2 million in FY 2008.
- Increased school property taxes on new Enterprise Zone business personal property:
  - New investment by Enterprise Zone businesses added \$2.4 billion of personal property investment, which increased the local property tax capacity and reduced the burden on the State school finance act correspondingly. At 2008 statewide average mill levies, this would generate an estimated \$26.1 million in new property taxes for school districts, more than \$13.1 million for counties, and \$5.4 million for municipalities.

In addition new economic activity also brings additional state revenue from corporate taxes; and 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 Contribution Tax Credit), which help preserve vital community infrastructure such as schools and health care facilities. This revenue benefit to the State is in addition to the direct benefit received from the economic activity that is received from a business/taxpayer performing the specific economic activity required to earn the tax credit, such as creating a job or rehabilitating an old, vacant building.

### **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 Enterprise Zone 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 2008 was 5,472, up from the 4,758 certified in 2007. Of the 5,472 businesses that were certified for Enterprise Zone credits, 1,825 sought credits the first time in fiscal year 2008.

### **Benefits Accrued**

- Jobs Created and Retained. Businesses certifying zone tax credits reported an increase in employment of 9,251 jobs in FY 2008; 24% more jobs than were created in Enterprise Zones in 2007. Of the Enterprise Zone certifiers, 1,670 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 146,502 jobs. ("Jobs retained" is defined as employment at the beginning of the year for those certifiers with

employment growth, plus employment at the end of the year for those reporting no employment growth or a loss.)

- **Capital Investment.** Businesses certifying their investments, reported adding more than \$3.9 billion of capitalized property in the Enterprise Zones. Of this, \$2.5 billion was eligible for the 3% Enterprise Zone Investment Tax Credit, with approximately \$75 million in potential tax credits being authorized. These investments amount to an 88% increase over the 2007 level of \$1.3 billion, but significant year-to-year fluctuations in capital investment are common.
- **Contributions.** There were 27,279 taxpayers (both individuals and businesses) who contributed \$55 million to Enterprise Zone non-profit and local government economic and community development projects in FY 2008. This was a 26% increase in the total dollar value of contributions as compared to FY 2007. Although total contributions increased, the average contribution declined slightly. These contributions were eligible to receive \$12.2 million in potential tax credits.

The Enterprise Zone 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 to provide contributors with this credit for their donation. There were 457 eligible projects at the end of FY 2008 including 52 new projects approved by the EDC during the year. Of these, 318 reported contributions that qualified for the Enterprise Zone Contribution Tax Credit. The \$55 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. Potential Credit	Number of Contributions
<b>2008</b>				
Affordable Housing	1	\$15,900	\$3,150	11
Business Assistance	16	\$1,198,522	\$274,355	548
Community Development	87	\$15,446,048	\$3,495,174	5,496
Community Facilities	1	\$30,550	\$7,638	12
Ec. Dev. Marketing	31	\$3,602,799	\$858,852	1,627
Education	2	\$2,537,438	\$614,291	1,262
Health Care Facilities	51	\$13,604,152	\$2,894,550	6,683
Homeless & Job Training	4	\$260,000	\$63,941	211
Homeless Services	58	\$11,731,209	\$2,698,488	8,830
Infra. - Downtown	4	\$580,460	\$103,701	246
Infrastructure	6	\$621,670	\$148,998	28
Job Training	45	\$4,227,425	\$786,662	1,832
Marketing - Tourism	1	\$10,210	\$2,553	25
Marketing - Zone Admin.	5	\$561,696	\$134,426	247
Tourism/Cultural Facilities	4	\$67,552	\$15,793	19
Transportation	2	\$557,125	\$139,281	202
<b>Total for FY 2008</b>	<b>318</b>	<b>\$55,052,757</b>	<b>\$12,241,852</b>	<b>27,279</b>

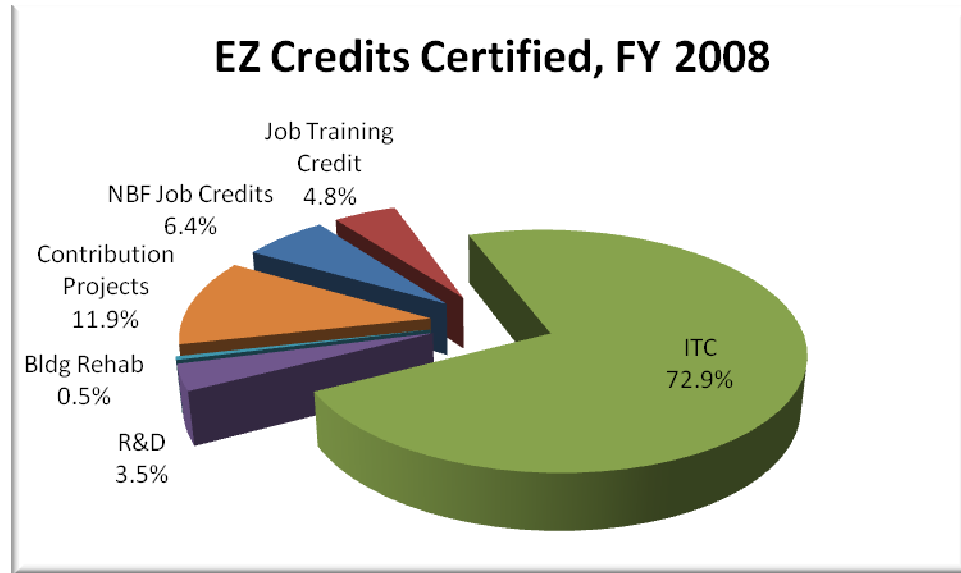
\* Projects with Contributions

Source: Local Enterprise Zone Administrators' reports to Colo. Economic Development Commission



## Credits Certified

Approximately 73% of the estimated total dollar value of credits certified in FY 2008 was for the Enterprise Zone Investment Tax Credit. Approximately 5% was for the Enterprise Zone Job Training Tax Credit, 7% was for the four New Business Facility Jobs Tax Credits, 12% for Enterprise Zone project Contribution Tax Credits, and the balance for the Vacant Building Rehabilitation Tax Credit and the Research and Development Tax Credit. (See graph below.)



Specifically, the following tax credits were certified (which means authorized for potential use) based on qualifying investments, job creation, and other activities specified for each credit:

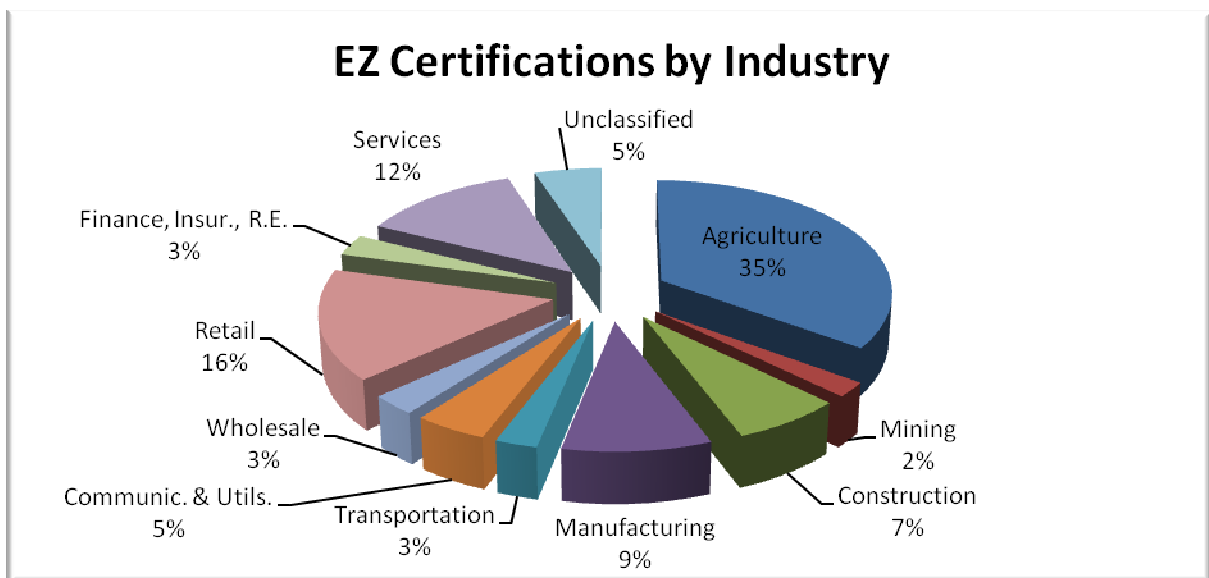
- **Investment Tax Credit**  
More than \$75 million in potential tax credits were certified, based on \$2.5 billion in qualifying capital investment by 4,983 businesses claiming the ITC.
- **New Business Facility (NBF) Jobs Credit**  
More than \$4 million in potential tax credits, associated with 10,126 qualifying new business facility jobs from 869 businesses, were certified.
- **NBF Ag Processing New Job Credit**  
More than \$64,000 in potential tax credits were certified for 13 tax filers.
- **NBF Health Insurance Credit**  
More than \$620,000 in potential tax credits were certified in FY 2008 from 203 businesses.
- **NBF Enhanced Rural Enterprise Zone (EREZ) credits**  
One hundred nineteen (119) businesses received certification for creating 681 new jobs in 22 of the 32 designated EREZ counties, for a total of \$1,384,906 in potential EREZ Jobs Credits. EREZ Agricultural Processing Jobs Credits accounted for \$19,540 in potential tax credits authorized, from 3 certifications and 20 jobs.

- **Job Training Program Investment Credit**  
Four hundred and thirty four (434) companies trained 38,115 employees in economically distressed Enterprise Zone areas of the State, for a total of \$4.9 million in potential income tax credits.
- **Research & Development Tax Credit**  
More than \$390 million was invested in Research & Development as reported by certifying businesses, resulting in \$3.6 million in potential tax credits from 86 certifications.
- **Vacant Building Rehabilitation Tax Credit**  
More than \$6 million in qualifying expenses were incurred rehabilitating 22 buildings, and generating \$497,000 in potential tax credits.
- **Contributions Tax Credit**  
In FY 2008, 27,279 contributors donated \$55 million to non-profit and local government projects in economically distressed areas. These contributors potentially earned \$12.2 million dollars in tax credits. There were 457 active projects at the end of FY 2008.

**Credits by Industry**

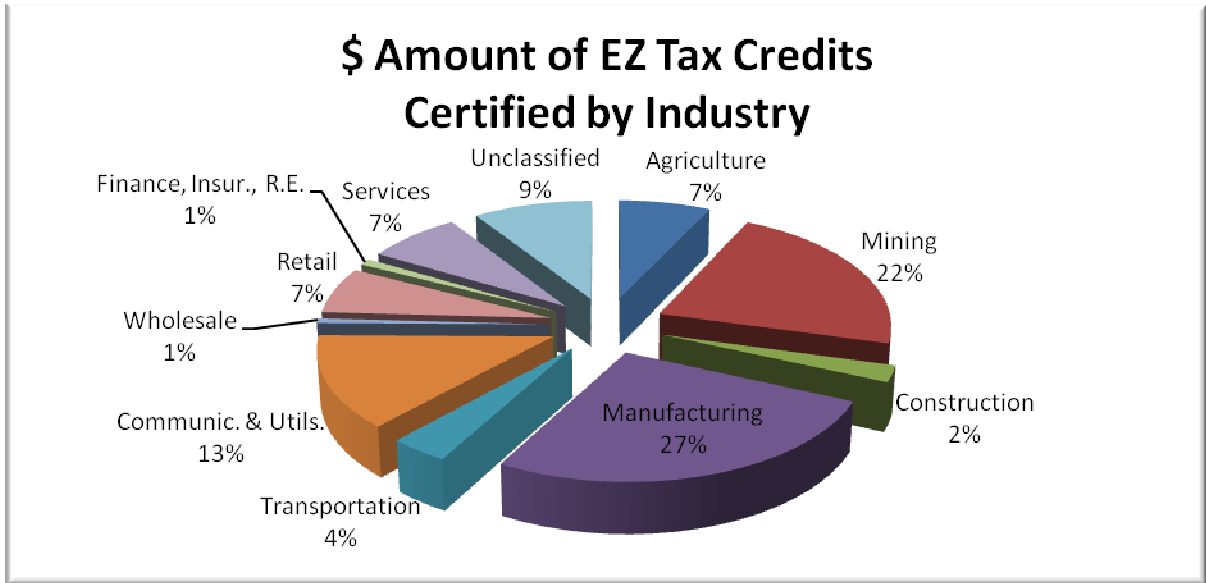
The industrial mix within the Enterprise Zone economies is of interest. Many Enterprise Zones aim to diversify their industry mix. Also, the Enterprise Zone credits may tend to support certain industries more than others. For example, there are credits targeted at the creation of agricultural processing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

The greatest number of certifications were 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. *(The chart below shows the number of Enterprise Zone Tax Credit certifications per industry.)*

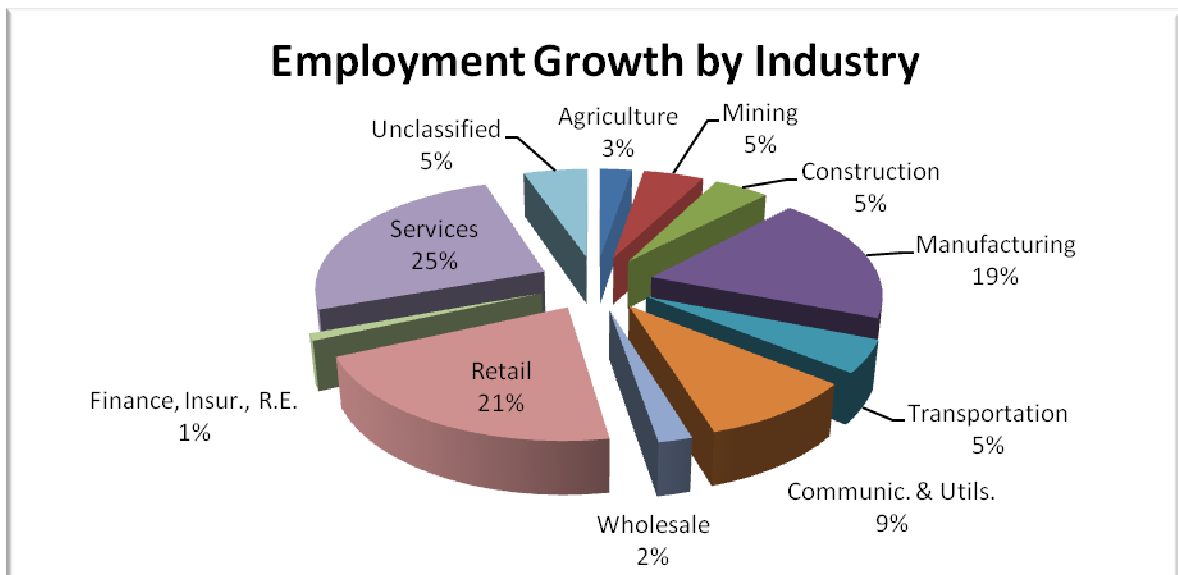


In terms of the dollar amount of tax credits certified, the majority of the tax benefit goes to the manufacturing sector. These firms invest in what is known as federal section 38 property (mostly tangible personal property) and receive the 3% Investment Tax Credit. The qualified business

equipment must be used exclusively in an Enterprise Zone for at least one year. Investment in economically distressed areas is important because as a business invests in personal property to earn the Investment Tax Credit, they also must pay local property taxes on that investment. Improving the tax base in an economically distressed area helps to improve local schools, fire districts, cities, counties and other entities in the areas that need it most. *(The chart below shows the percentage of dollar amount for each tax credit of total Enterprise Zone Tax Credits per industry for FY 2008.)*



Enterprise Zone designation provides incentives that ultimately aim to provide more employment opportunities within the Enterprise Zone. The graph below shows employment growth by industry for businesses that certified Enterprise Zone Tax Credits. Employment change is the difference between employment reported at the beginning of the period and that reported at the end. Of the 5,472 businesses certifying credits, 715 observed a reduction in the number of employees while 1,671 businesses added 16,985 employees for a net gain of 9,252 employees in Enterprise Zones statewide. The Services industry accounts for 25% of the net gain in employment while Retail is 21%, Manufacturing is 19%, Communication and Utilities is 9% and Construction, Transportation and a section for Unclassified Industries are all at 5% of the net gain in employment.



### Average Annual Compensation

The Enterprise Zone statute requires Enterprise Zone certifiers to report the number of employees transferred to a facility in an Enterprise Zone (*note: transferred employees don't qualify for tax credits*), and 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.

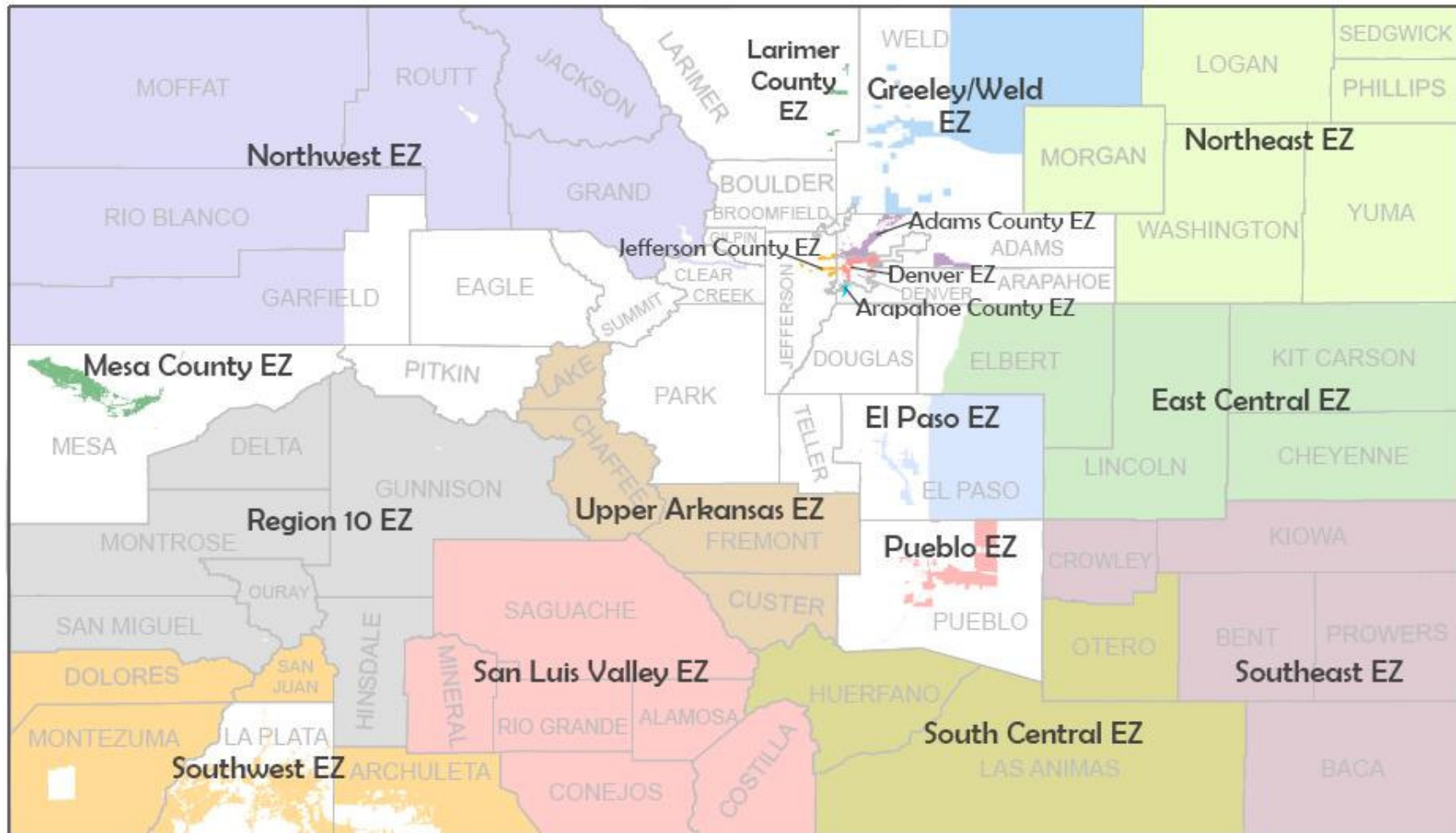
In FY 2008, 1,584 jobs were reported as transferred to a zone facility from another location in the State. This represented 0.9% of the total employees of zone certifiers at the end of the year. Total end-of-year employment was reported at 163,017.

The following table summarizes data on average annual compensation as reported in FY 2008. 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
<b>Avg. Annual Compensation (excluding Ag)</b>	<b>\$40,208</b>	<b>\$7,626</b>	<b>\$1,662</b>	<b>\$3,815</b>
# Employees for whom comp. reported	184,351	28,386	5,916	2,362
<b>Avg. Annual Compensation (Ag)</b>	<b>\$23,325</b>	<b>\$3,417</b>	<b>\$8,599</b>	<b>\$741</b>
# Employees for whom comp. reported	5,513	14,930	1,870	119

Finally, Table 3 at the end of this report shows the amount tax credits certified by Enterprise Zones and sub-zones. Certain types of businesses in each Enterprise Zone may have better opportunities to utilize certain credits. The multi-county Northeast Enterprise Zone certified more than 950 business requests for tax credits while Larimer County Enterprise Zone certified 102 business tax credit requests. 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



The areas that are shaded in different colors represent Enterprise Zone territory. For a detailed map, visit [www.advancecolorado.com/ezmap](http://www.advancecolorado.com/ezmap).

**Table 1 - Enterprise Zone Tax Credits Certified by Enterprise Zones and Claimed with DOR, Fiscal Year 1998 - 2008**

Fiscal Year	Enterprise Zone Tax Credits CERTIFIED by Enterprise Zone Admin.	Enterprise Zone Tax Credits CLAIMED with Department of Revenue							Percentage of CERTIFIED Credits That Were CLAIMED
	Total	Corporate					Individual*	Total	
		Corporate ITC	Corporate NBF Jobs	Corporate Contributions	Corporate Other	Total Corporate	Total Individual		
1998	\$77,893,761	\$22,855,823	\$2,438,531	\$1,784,020	\$1,925,003	\$29,003,377	\$18,116,546	\$47,119,923	60%
1999	\$71,643,827	\$24,584,539	\$4,083,028	\$1,687,430	\$2,540,798	\$32,895,795	\$19,752,381	\$52,648,176	73%
2000	\$78,457,419	\$27,467,704	\$3,904,571	\$1,784,546	\$10,552,028	\$43,708,849	\$19,245,417	\$62,954,266	80%
2001	\$68,840,695	\$34,400,043	\$5,013,394	\$1,152,907	\$3,618,858	\$44,185,202	\$17,895,708	\$62,080,910	90%
2002	\$55,207,503	\$12,320,649	\$3,395,913	\$944,755	\$1,913,640	\$18,574,957	\$13,842,158	\$32,417,115	59%
2003	\$92,283,350	\$13,478,789	\$2,257,123	\$435,890	\$1,725,229	\$17,897,031	\$11,314,578	\$29,211,609	32%
2004	\$61,443,725	\$7,145,175	\$2,250,799	\$569,091	\$1,437,465	\$11,402,530	\$10,668,529	\$22,071,059	36%
2005	\$42,222,123	\$8,257,377	\$3,212,394	\$597,575	\$1,587,445	\$13,654,791	\$12,022,423	\$25,677,214	61%
2006	\$55,895,015	\$13,938,955	\$1,829,317	\$510,699	\$3,454,482	\$19,733,453	\$14,124,158	\$33,857,611	61%
2007	\$58,839,840	\$22,746,994	\$2,083,460	\$380,607	\$1,609,441	\$26,820,502	\$16,122,101	\$42,942,603	73%
2008	\$103,139,364	\$21,300,508	\$2,797,303	\$642,482	\$2,764,316	\$27,504,609	\$19,199,532	\$46,704,141	45%

\* Business credits for proprietors and partnerships, and individual Enterprise Zone Contribution Tax Credits.

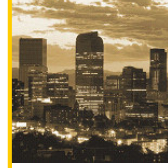
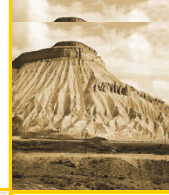
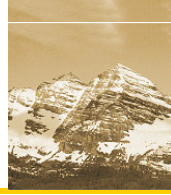
**Table 2 - Enterprise Zone Tax Credits by Industry, Fiscal Year 2008**

Industry Group	# of Certifications	\$ Investment Tax Credit	\$ Training Credit	\$ NBF Jobs Credit	\$ Ag Proc Credit	\$ Health Insurance Credit	\$ EREZ Credits	\$ R&D Credit	\$ Vacant Bldg Rehab Credit	\$ Total Bus Credits
Agriculture (01-09)	1,912	\$6,297,893	\$14,494	\$55,626	\$0	\$4,434	\$81,919	\$0	\$0	\$6,454,366
Mining (10-14)	118	\$19,736,247	\$829	\$36,622	\$0	\$10,000	\$52,958	\$961		\$19,837,617
Construction (15-17)	379	\$1,837,140	\$72,745	\$129,267	\$500	\$8,031	\$80,372	\$6,110	\$50,000	\$2,184,164
Manufacturing (20-39)	509	\$19,020,054	\$1,311,149	\$492,994	\$26,088	\$126,495	\$67,065	\$2,751,217	\$13,344	\$23,808,406
Transportation (40-47)	144	\$1,161,378	\$2,049,369	\$89,743	\$0	\$33,094	\$9,672	\$0	\$0	\$3,343,257
Communic. & Utils. (48-49)	250	\$11,886,653	\$7,732	\$28,457	\$0	\$1,967	\$1,000	\$0	\$0	\$11,925,808
Wholesale (50-51)	158	\$490,478	\$38,088	\$60,034	\$0	\$4,050	\$1,500	\$6,579	\$0	\$600,730
Retail (52-59)	871	\$3,830,223	\$226,299	\$1,581,202	\$37,285	\$167,094	\$912,512	\$4,523	\$47,652	\$6,806,791
Finance, Insur., R.E. (60-67)	165	\$716,055	\$31,057	\$88,285	\$0	\$9,449	\$70,355	\$0	\$0	\$915,201
Services (70-89)	681	\$4,023,167	\$774,785	\$1,155,249	\$0	\$352,754	\$127,094	\$288,074	\$0	\$6,721,123
SIC Not Provided	285	\$6,186,040	\$400,639	\$692,421	\$203	\$11,117	\$0	\$582,211	\$386,919	\$8,259,550
	<b>5,472</b>	<b>\$75,185,328</b>	<b>\$4,927,187</b>	<b>\$4,409,899</b>	<b>\$64,076</b>	<b>\$728,484</b>	<b>\$1,404,447</b>	<b>\$3,639,675</b>	<b>\$497,915</b>	<b>\$90,857,012</b>

**Table 3 - Enterprise Zone Tax Credits Certified by Zone, Fiscal Year 2008**

Zone	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$ EREZ NBF	\$ Train Credit	\$ R and D	\$ Rehab	Total Bus Credits	\$ Contribution Credit	Total Credits
<b>Fiscal Year 2007-2008</b>												
<b>RURAL</b>												
East Central	380	\$1,314,280	\$15,184	\$0	\$600	\$22,565	\$4,194	\$0	\$0	\$1,356,823	\$88,136	\$1,444,960
Mesa County	149	\$1,114,005	\$96,468	\$0	\$4,050	\$0	\$91,598	\$31,760	\$43,609	\$1,381,490	\$1,854,467	\$3,235,957
Northeast	955	\$6,530,982	\$219,583	\$10,693	\$26,077	\$25,493	\$129,487	\$64	\$4,043	\$6,946,421	\$179,064	\$7,125,486
Northwest	323	\$21,505,771	\$167,348	\$0	\$3,750	\$20,000	\$13,259	\$588	\$0	\$21,710,716	\$301,843	\$22,012,560
Region 10	391	\$2,938,412	\$310,556	\$0	\$17,151	\$781,555	\$16,756	\$2,468	\$4,499	\$4,071,398	\$250,967	\$4,322,364
San Luis Valley	413	\$1,450,388	\$82,835	\$6,710	\$3,336	\$349,017	\$0	\$0	\$0	\$1,892,286	\$292,905	\$2,185,191
South Central	135	\$909,208	\$10,423	\$0	\$3,867	\$20,535	\$6,805	\$0	\$0	\$950,838	\$45,259	\$996,097
Southeast	322	\$938,059	\$22,125	\$0	\$250	\$0	\$4,974	\$0	\$0	\$965,408	\$20,501	\$985,909
Southwest	360	\$3,213,839	\$196,043	\$0	\$25,999	\$135,602	\$114,536	\$4,595	\$0	\$3,690,613	\$1,038,788	\$4,729,402
Upper Ark	188	\$629,732	\$54,924	\$2,375	\$21,417	\$49,680	\$13,363	\$1,041	\$0	\$772,531	\$196,253	\$968,785
<b>Subtotal</b>	<b>3,616</b>	<b>\$40,544,676</b>	<b>\$1,175,489</b>	<b>\$19,778</b>	<b>\$106,497</b>	<b>\$1,404,447</b>	<b>\$394,972</b>	<b>\$40,516</b>	<b>\$52,151</b>	<b>\$43,738,526</b>	<b>\$4,268,184</b>	<b>\$48,006,710</b>
% of total:	66.1%	53.9%	26.7%	30.9%	14.6%	100.0%	8.0%	1.1%	10.5%	48.1%	34.9%	46.6%
<b>URBAN</b>												
Adams County	320	\$17,728,744	\$523,343	\$0	\$156,028	\$0	\$295,231	\$43,631	\$38,016	\$18,784,993	\$696,825	\$19,481,818
Arapahoe County	142	\$1,329,782	\$186,422	\$500	\$93,887	\$0	\$160,409	\$24,671	\$0	\$1,795,671	\$1,500	\$1,797,171
Denver	531	\$4,819,058	\$672,212	\$14,895	\$106,658	\$0	\$2,468,101	\$107,127	\$294,880	\$8,482,930	\$3,497,166	\$11,980,096
El Paso County	328	\$5,536,490	\$489,378	\$0	\$82,517	\$0	\$345,877	\$970,484	\$56,592	\$7,481,337	\$1,453,762	\$8,935,100
Greeley/Weld County	110	\$1,164,696	\$65,595	\$3,703	\$25,948	\$0	\$79,345	\$5,600	\$13,344	\$1,358,231	\$188,020	\$1,546,252
Jefferson County	205	\$799,724	\$695,260	\$0	\$23,717	\$0	\$1,052,704	\$250,656	\$36,993	\$2,859,054	\$473,084	\$3,332,138
Larimer County	102	\$1,477,252	\$153,536	\$25,200	\$56,234	\$0	\$32,563	\$482,561	\$5,940	\$2,233,286	\$508,245	\$2,741,531
Pueblo	118	\$1,784,905	\$448,664	\$0	\$76,999	\$0	\$97,986	\$1,714,429	\$0	\$4,122,983	\$1,155,065	\$5,278,048
<b>Subtotal</b>	<b>1,856</b>	<b>\$34,640,652</b>	<b>\$3,234,410</b>	<b>\$44,298</b>	<b>\$621,987</b>	<b>\$0</b>	<b>\$4,532,215</b>	<b>\$3,599,159</b>	<b>\$445,764</b>	<b>\$47,118,485</b>	<b>\$7,973,668</b>	<b>\$55,092,153</b>
% of total:	33.9%	46.1%	73.3%	69.1%	85.4%	0.0%	92.0%	98.9%	89.5%	51.9%	65.1%	53.4%
<b>Year Total</b>	<b>5,472</b>	<b>\$75,185,328</b>	<b>\$4,409,899</b>	<b>\$64,076</b>	<b>\$728,484</b>	<b>\$1,404,447</b>	<b>\$4,927,187</b>	<b>\$3,639,675</b>	<b>\$497,915</b>	<b>\$90,857,012</b>	<b>\$12,241,852</b>	<b>\$103,098,863</b>
<b>Credits by Type as percent of:</b>												
% of total business credit		82.8%	4.9%	0.1%	0.8%	1.5%	5.4%	4.0%	0.5%	100.0%		
% of total credit		72.9%	4.3%	0.1%	0.7%	1.4%	4.8%	3.5%	0.5%	88.1%	11.9%	100.0%





## Colorado Enterprise Zone Annual Report - Part II 2008 Local Zone Reports

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**Enterprise Zone Annual Report – Part II**  
**Local Enterprise Zones' Annual Updates of Local Economic Development Objectives**  
**Summary of Annual Documentation Submitted for 2008**

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 2008 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. 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.

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**2008 ADAMS COUNTY ENTERPRISE ZONE ANNUAL REPORT**

**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.

**2008 Measurable Observations and Data**

In 2008, ACED saw a general trend of more new jobs being reported but a decrease in capital investment dollars. Dick’s Sporting Goods Park in Commerce City reported adding over 520 jobs when the sports complex opened. ACED recorded 2008 as a successful year for the Enterprise Zone. The significant number of jobs and \$16.3M in capital investment dollars helps build a healthy tax base.

<b>ENTERPRISE ZONE BOX SCORE</b>	<b>2007</b>	<b>2008</b>
Certifications (incl. Cont/Infra)	735	612
New Jobs	-200	1227
Capital Investment	683.1 M	544.3 M
Total Tax Credits	18.3 M	16.3 M

**2008 Efforts to Improve Conditions**

**Business Friendly Audits:**

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

In 2008 ACED Business Audits resulted in

**Contribution/Infrastructure Project:**

ACED received approval for 2 contribution projects which will improve economically distressed areas in the enterprise zone through increased capital investment, job creation or workforce development.

**County Resource:**

As the Adams County EZ Administrator, ACED serves as a county and statewide resource for Enterprise Zone questions, address verifications and certifications. In 2008 ACED received many inquiries for EZ information via phone and email. A response was made to every inquiry and customers were provided EZ overview sheet and ACED EZ brochure.

**Projects:**

Managed contracts with 19 sub-grantee organizations for the improvement of the Enterprise Zone. During 2008 ACED had 19 open sub-grantee contracts. These included all organizations that act as the lead on Contribution or Infrastructure Projects.

**Marketing:**

In 2008 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.

ACED also added a link to the OEDIT State Enterprise Zone interactive map. This enabled visitors to our website to verify locations across multiple Enterprise Zones.

**Educational Publications:**

In 2008 ACED updated several existing publications which increased awareness in the business community. The publications include:

- 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.)
- Overview Sheet (one page overview of the EZ and tax credits. Used with email response.)

**Postcards:**

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

**Presentations:**

ACED gave presentations and speeches to a number of organizations, societies and direct to businesses in an effort to increase awareness. These organizations include: Platte Valley Medical Center, Manufacturing Industry, Business Clubs, BioBusiness Seminar, etc. ACED also includes a discussion on the Enterprise Zone during each business retention visit. Our Business Retention visits are conducted at Primary Employer locations in the Enterprise Zone. Seventy-two visits were completed in 2008.

**Partners:**

ACED continued developing a partnership with the Adams County Planning and Development Department. ACED has educated the Planning and Dev Department on the EZ and has agreed to send zoning folks their way and they send EZ folks our way.

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

**2008 Primary Employers Survey:**

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

**2009 Objectives:**

ACED would like to add 3 new goals to accomplish for its 2009 Enterprise Zone program. These goals are listed below with a measurable outcome:

1. ACED plans to target 25 manufacturers and inform them about the Investment Tax Credit. We will look at how many manufacturers took the credit in 2008 and compare that number to 2009 submittals.

2. Increase Enterprise Zone business submittals by 10%. ACED plans to partner with the municipal ED offices to reach out to qualified businesses that have not filed in previous years. ACED's Business Retention Taskforce will educate businesses in unincorporated Adams County during retention visits. We will compare the number of 2009 submittals to the total number from 2008.
3. Create an online Enterprise Zone information request system that will reduce time spent on the phone. ACED will deploy packets of information via email to those who request Enterprise Zone information. The number of inquiries and deployed packets will be tracked and level of activity from year to year can be measured.

## 2008 ARAPAPHOE COUNTY ENTERPRISE ZONE REPORT

### Overview

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 2008, the number of businesses claiming tax credits through the Enterprise Zone numbered 116. These businesses reported a net increase of 740 (FTE) jobs in the Zone. The level of investment in the Zone decreased 3.7 percent over 2007 investment levels to \$74 million and average full-time salaries in the zone increased 2.4 percent to \$50,010.

Throughout 2008, the level of business investment in the Arapahoe County Enterprise Zone decreased; however, the benefits of the Enterprise Zone served to soften the impacts of the shifting economic conditions as evidenced elsewhere in the state. 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 2008, eight contribution certifications for the Family Tree House of Hope, totaling \$18,700 of cash donations, were processed through the Arapahoe County Enterprise Zone.

### 2008 Observations and Data

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 2007 and 2008 Enterprise Zone certification forms, reflect the economic condition in the Arapahoe County Enterprise:

	<b>2007</b>	<b>2008</b>
Number of businesses filing Zone tax credits:	96	116
Number of jobs created in the Zone:	570.5	740
NBF Jobs:	340	947
NBF Tax Credits:	\$167,824	\$448,708
Health Insurance Tax Credit:	\$91,084	\$253,824
Number of Employees Trained:	2,753	2,447
Job Training Tax Credit:	\$259,505	\$90,248
Average Annual Compensation:		
Full Time	\$40,491	\$50,010
Part Time	\$11,146	\$16,811

Temporary	\$107	\$1,499
Contractual	\$20,041	\$30,000
Analysis of Capital Investment:		
Rehab Expenses :	\$0	\$0
Rehab Tax Credit:	\$0	\$0
Investment Tax Credit Claimed:	\$1,697,285	\$1,481,755
ITC Capital Investment:	\$694,333,850	\$49,309,803
Total Capital Investment in the Zone:	\$117,438,841	\$74,048,984
R&D Expenditures:	\$7,876,304	\$796,184
R&D Tax Credit:	\$23,066	\$9,613

**2008 Efforts to Improve Conditions**

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 also 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.

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](http://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 utilizes a New Business Welcome Brochure. This brochure provides a 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.

**2008 Objectives:**

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 2008.

Goal #1: Aggregate job expansion for Enterprise Zone beneficiaries to exceed 25 net new jobs over the previous year's total. During 2008, the number of businesses claiming tax credits through the Enterprise Zone numbered 116. These businesses reported a net increase of 740 (FTE) jobs in the Zone. Average full-time salaries in the zone increased 2.4% to \$50,010. 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 30% 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 decreased 93 percent over 2007 investment levels to \$49,309,803 million. This goal was not met.

Goal #3: Annual growth in Gross Sales Tax 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 sales and use tax receipts increased 19.6% in 2008 over 2007.
  - Retail sales tax increased 13.99% in 2008 as compared to 2007.
  - Use tax (not building use tax) for Sheridan increased 122.76% in 2008 as compared to 2007.
- Englewood sales and use tax receipts were down by .10% in 2008 over 2007.
  - Retail sales tax decreased .65% in 2008 as compared to 2007.
  - Use tax (not building use tax) for Englewood increased 43.94% in 2008 as compared to 2007.
- Littleton sales and use tax receipts increased 2.76% in 2008 over 2007.
  - Retail sales tax increased 6.45% in 2008 as compared to 2007.
  - General use tax increased for Littleton increased 28.32% in 2008 as compared to 2007.

The Arapahoe County Enterprise Zone met the goal of increasing local sales tax revenues in 2008. The benefits of the zone continue to provide a positive impact in stabilizing the local economy by serving as a business retention tool and preserving the local tax base.

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

During 2008, 8 contribution certifications for the Family Tree House of Hope totaling \$18,700 in cash donations were processed. Family Tree House of Hope is a self-sufficiency program. In 2008, Family Tree House of Hope provided safe shelter and coordinated supportive services for 194 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.



## **Contribution Project Update – Colorado Brownfields Foundation**

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**

- *Old Town Dental*  
Construction of a 1,000 sq. ft. addition to the existing dental office building located at 5419 S. Curtice Street. The proposal also includes renovation of 430 sq. ft. of interior space.
- *Brothers Construction*  
Land use changed from residential to commercial - 850 square feet of professional office.
- *Highland Properties*  
Conversion of residential property into 1,800 sq. ft. of office space.
- *R3 Real Property Consulting*  
Conversion from residential space to commercial office space of 1,100 square feet of professional office.
- *Merle's Restaurant/Bar*  
Proposal to renovate and construct an addition to an existing structure formerly used as a service station. The new redevelopment will be a restaurant with bar totaling 5,453 sq. ft.
- *Ancient Art Healing Center*  
Expansion of one-story building by adding a second floor addition. The existing first floor is 2,756 sq. ft. An additional 82 sq. ft. will be added to the rear of the first floor and the second floor addition will be 2,550 sq. ft. for a total gross floor area of 5,388 sq. ft.
- *Leo Medical Office Building*  
Construction of an addition and renovation of the existing residence at 5579 S. Curtice into a medical office building. The existing house is 995 sq. ft. A two-story addition which will be approximately 1,044 sq. ft. is proposed on the west side of the building. Due to foundation problems, project resulted in a demo of entire structure and complete construction of the new structure.

## **City of Sheridan**

- *River Point at Sheridan*  
This redevelopment project opened its first retail store in July of 2008. Environmental remediation of approximately 150 acres on two former landfills located next to the South Platte River at South Santa Fe and US285 was completed in 2008. This was done under a *Voluntary Clean Up Plan* approved by the Colorado Department of Public Health and Environment at a cost of 30 million dollars. Funding for the environmental cleanup and public infrastructure was done with the sale of bonds. These bonds will be repaid by revenues from Tax Increment Financing (Sales Tax and Property Tax) that are generated from the 850,000 square foot retail center. One thousand new jobs are expected when the space is fully leased. The project in total with public and private funding is anticipated to cost \$250 million. In 2008 the following retailers opened at River Point at Sheridan:

Target  
Costco  
HB Liquor  
Chili's  
Fat Burger  
Subway  
Panera Bread  
Ooo La La Nails  
River Point Dental Group  
Carls Jr.  
Great Clips

Construction continues to include a 14-screen Regal Cinema which will be completed in the summer of 2009 and fast food Chick Fil-A restaurant which is anticipated to open in April.

- *The Park at Sheridan* by Embrey Partners  
A 318-unit luxury gated apartment complex broke ground on the Northwest corner of US285 and South Santa Fe Drive. The development occurred on the former Cinderella Twin Drive-in site and will have tenants in the spring of 2009.
- *Zakem Center*  
Four commercial retail buildings (approximately 32,000 square foot) were constructed. Napa Auto Parts opened a retail store in one of the commercial buildings.

## **City of Englewood**

During 2008, 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, continues work on its \$84 million expansion. This multi-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.
- *Ouray Sportswear*  
Ouray Sportswear moved back to Englewood. The business is utilizing approximately 70,000 square feet of space and plans to employ 300 personnel.

- *South Broadway Corridor*  
Englewood continues 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 through median improvements, signage, and façade improvements.
  
- Twenty-two (22) businesses opened or announced opening in 2008 including, but not limited to, the following:
  - Mattress King
  - Smash Burger
  - Moe's Bar-B-Que
  - Lenny's Subs
  - Unit B Triumph
  - Colorado Marble and Granite
  - Cheese Steak Connection
  - Isis Books
  - Breakfast on Broadway

In Englewood, 81 businesses claimed tax credits through the Enterprise Zone. Benefits to Englewood businesses located in the Arapahoe County Enterprise Zone total \$1,005,397 in State of Colorado tax credits. This includes tax credits in the following categories: \$772,555 in investment tax credit, \$123,784 in new business facility tax credit, \$73,589 in job training tax credit, \$25,856 in health insurance tax credit, and \$9,613 for research and development tax credit. Englewood businesses reported total capital investments of over \$39 million during 2008.

Englewood businesses reported 246 new jobs with an average salary of \$51,874 per employee. Englewood salaries increased 33% over 2007; however, the capital investment decreased from \$55 million in 2007 to \$39 million in 2008.

## Denver Enterprise Zone 2008 Annual Report

### Overview

In its role as the local Enterprise Zone administrator, the Denver Office of Economic Development (OED) is dedicated to enhance the economic growth of the Denver Enterprise Zone (Denver EZ) areas. The Denver EZ is one important tool in OED's ongoing effort to create a local environment that stimulates balanced growth through job creation, business assistance, housing options, neighborhood redevelopment and the development of a skilled workforce.

The Denver Enterprise Zone includes over thirty square miles of Denver's commercially zoned real estate. The majority of businesses residing in the Denver EZ belongs to the service industry (30%), manufacturing industry (23%), or retail industry (19%) and employs an average of 70 employees.

Over the past years, Denver EZ businesses have consistently generated new jobs and made substantial capital investment in the Denver EZ. However, compared to the 2006 and 2007 numbers, both job creation and investment activities occurred at a significantly slower rate.

### 2008 Observations and Data

According to the data we collected from the EZ certification forms processed in calendar year 2008, our EZ gained 1,510 net new jobs. In comparison, net new jobs reported during calendar years 2006 and 2007 amounted to 2,100 and 4,194, respectively.

**Table 1**

	<b>Net new jobs reported in calendar year 2006</b>	<b>Net new jobs reported in calendar year 2007</b>	<b>Net new jobs reported in calendar year 2008</b>
<b><i>Total numbers reported</i></b>	<b><i>2,100</i></b>	<b><i>4,194</i></b>	<b><i>1,510</i></b>
Created in 2005 and earlier	1,974	131	277
Created in 2006	126	3,355	54
Created in 2007	N/A	708	976
Created in 2008	N/A	N/A	203*

\*The bulk of jobs created in 2008 will be reported in 2009.

Based on the numbers of net new jobs reported in 2008, businesses in the Denver EZ were able to retain existing jobs and create new jobs in 2008, although at a reduced rate when compared with previous years.

As shown in the table below, per capita income in the Denver EZ continues to be considerably lower than the citywide average. The unemployment rate in the zone remains significantly higher than overall Denver unemployment.

**Table 2**

<b>Citywide &amp; Denver Enterprise Zone specific data 2000-2008</b>			
		DEZ	Denver
<u>POPULATION</u>			
	2000 Total Population		554,636
	2008 Total Population		587,078
	2000 - 2008 Growth Rate*		5.8%
	2000 - 2008 Avg. Annual Growth Rate*		.73%
<u>INCOME</u>			
	Per Capita Income		
	2008 (* for Total EZ only)	\$24,547	\$31,240
<u>EMPLOYMENT</u>			
	2008 Employed Population 16+ by Industry (* for Total EZ only)	53,393	
	Labor Force*	59,624	
	Unemployed*	6,231	
	Unemployment Rate*	10.5%	5.7%
<p>Data Notes: Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. * Indicates figures calculated based on data provided by ESRI.</p> <p>Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2008 and 2013.</p>			

### **2008 Efforts to Improve Conditions**

In 2008 the efforts to improve the Denver EZ have included:

1. Outreach to promote the Denver EZ program
2. Wide array of services to EZ residents through contribution projects
3. Expansion to include Morrison Road business corridor

1. Outreach for the Denver EZ has been largely comprised of, but not limited to, publications and events. Administering the program from OED's walk-in friendly Business Assistance Center (BAC) allows for streamlining EZ outreach to businesses seeking assistance with start-up requirements and other city regulatory processes.

#### Educational Publications:

- Annual mailing of EZ program information, including local contact information and a link to the State EZ website, via postcards to 4,800 existing EZ businesses
- Distribution of detailed EZ brochures and other EZ promotional materials to more than 3,000 entrepreneurs and new businesses through the BAC.

#### Events:

- Six educational sessions:
  - Audience: small businesses & entrepreneurs, existing businesses located in the Denver EZ, and community organizations
  - Introduced and identified the Denver EZ
  - Also addressed other business interests, such as educating developers about opportunities in EZ areas, tools for funding business, greening your business, and key steps in writing a business plan to start or grow a business

#### 2. Contribution Projects:

The Denver Office of Economic Development administered 82 non-profit EZ contribution projects in 2008. Four new projects were added in 2008. Through these projects, Denver EZ non-profit

organizations have been working hard to creating or preserving an environment which will help attract, expand, or retain employers in the enterprise zone. 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.

### 3. Expansion of Zone: Morrison Road

In response to OED's Business Retention program assessment, OED requested an extension of the Denver EZ on Morrison Road from Knox Court to Sheridan Boulevard in December 2008. This business corridor has a per capita income of \$12,628 and an unemployment rate of 16%. Previously, this area of Morrison Road had been identified as distressed and selected for two of OED's location-based business support programs; the extension of the EZ to Morrison Road combines local collaboration with citywide support and brings together neighborhood and business expertise, financial tools and realistic assessments to help the neighborhood business district evolve. The EZ designation for this area will add momentum to existing efforts of the City & County of Denver and its partners within that neighborhood to change the image of Morrison Road and make it more economically viable.

### **2008 Objectives:**

The Denver EZ had 3 objectives for 2008:

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

As demonstrated in table 1, 1,510 net new jobs in the Denver EZ were reported in 2008. This goal was met for 2008.

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

In 2008, the Denver Enterprise Zone reported a per capita income of \$24,547, which is 75% of the citywide per capita income. While still lagging behind, the per capita income has been continuously increasing as higher quality jobs have been added to the Denver EZ. In 2008, the average compensation for full-time positions reported by EZ businesses amounted to \$50,107.

#### 3. Increase capital investment in the zone areas

Unfortunately, this goal was not met in the Denver EZ for 2008. Although there was a total reported capital investment of over \$210,000,000, with \$147,500,000 qualifying for the 3% Investment Tax Credit, this was a 34% drop in total reported capital investment from 2007 and a 31% drop from 2007's qualifying ITC investment. The decrease in reported investment may partially be a symptom of the current economic climate. However, 2007 had unusually high reported numbers compared to previous years due to two major investments activities of \$50 million and \$20million respectively, which represented more than 20% of the total 2007 capital investment activities by businesses in the Denver EZ.

Taking into account what we have learned in 2008, the Denver Enterprise Zone objectives for 2009 are:

1. Encourage job creation and retention in the Denver EZ areas.
2. Increase the per capita income, provide services for zone residents, and decrease the number of homeless in the zone areas.
3. Target 10 Businesses in the newly added Morrison Road area and assist them in utilizing the EZ program.

### **Conclusion**

Two of the three objectives for 2008 were met. The Denver Enterprise Zone continues to generate new jobs and businesses and residents have access to a wide array of services essential to the economic vitality of the zone; while total capital investment was significant it did not exceed the 2007 investment levels.

## **2008 East Central Enterprise Zone Report**

### **East Central Council of Local Governments    January 2009**

#### **Overview of Region/Organization**

The East Central Enterprise Zone encompasses most of the Central Plains of Colorado: Lincoln, Elbert, Kit Carson and Cheyenne Counties. The entire geographical area of Lincoln, Kit Carson and Cheyenne Counties is within the zone. 90% of Elbert County is within the zone but 90% of the population resides outside the zone. Therefore Elbert County “distress” numbers are skewed substantially because of having to use county-wide data.

Agriculture is the base economic driver in each of the four counties, but the 8000 square mile EZ region is very diverse. The population of the region in 1990 was 23,712. The State’s Demography Office 2007 population estimate for the region is 38,589. However, 95% of that growth was concentrated in 3% of the region (the very northwest corner of Elbert County experienced high residential growth, with most of that population commuting to jobs in Denver). The other 5% growth was a result of increased or new prison populations in Lincoln and Kit Carson Counties. Two of the four counties had a decrease in population (Kit Carson County would have, but there was no correctional facility in 1990) and eight of the fifteen municipalities also had a net loss of population during that 16-year period...some as much as 25%. Kit Carson County has an agricultural economy based on deep well irrigation. Cheyenne, Lincoln, and Elbert Counties are mostly dry land farming and are more likely to field large cattle ranches than large grain-producing farms. The principal employer in all four counties is public. Local government and schools are the largest employers. While only 7.4% of Elbert County’s population is over the age of 65, 16% of the residents in Cheyenne, Lincoln and Kit Carson are 65 or over.

Like many rural plains areas throughout the Midwest, many of Colorado’s Central Plains towns have main streets filled with vacant storefronts. Retail as it was even ten years ago will never return, but there are realistic opportunities for the region and each of the counties and most of the towns to become more economically viable by capitalizing on the resources that exist. Some economic incentives are in place and the region has a strong history of working together. The opportunity for the development of alternative energy (mainly wind and bio-diesel) in various parts of the region is great. During the third quarter of 2008, corn and wheat prices were at an all time high...rekindling thoughts of industries that could benefit from this and creating challenges for the ranchers who must continue to feed cattle at a much greater cost. The Republican River Compact must now be enforced and Kit Carson County farmers face having to shut down hundreds of wells, with potential negative economic impacts far beyond any ever experienced in the history of the County or the Region. Commodity prices continue to be unstable...but reached an all time high in mid-2008...only to drop sharply (as with everything else) by the end of December. Oil and Gas (impacting Cheyenne County and to some

extent...Elbert County)...continue to negatively impact the tax base due to TABOR and the base year of the original valuations.

The East Central Enterprise Zone is overseen and administered by the East Central Council of Governments. ECCOG has been in existence since 1973. All four counties and each of the fifteen incorporated municipalities are member entities. The East Central Enterprise Zone was one of the original six zones designated in 1986. The Executive Director of ECCOG (also serves as the administrator of the zone) has been in that same position for thirty-five years.

## **Economic Development Observations**

The greatest economic development need within the region is economic stabilization and diversification. Each area within the region needs to capitalize on its assets. Growing from within has a greater chance of success than trying to bring new business and industry to the area, but efforts to attract new jobs from outside the region should also continue. Elbert County has mushrooming residential growth but one of the lowest non-residential assessed values in the state. Gallagher and TABOR complicate this issue even further.

Bonny Reservoir (located to the north in Yuma County) has been the only water recreation resource for the eastern end of the Region for three decades. It appears that Bonny could be drained entirely in order to help meet the 1942 Republican River Compact...severely impacting tourism visitation in the Burlington area (just south of the reservoir and the county seat of Kit Carson County)...but that is minimal impact compared with the projections by the Colorado Agriculture Preservation Association that the proposed Compact regulations would take 226 parcels of irrigated land out of production, which would mean a \$60 million reduction in land value and lost agricultural production of a minimum of \$20,000 a year in Northeastern Colorado...much of that is Kit Carson County. The local governments and economic development groups are working on strategies to help offset some of this economic loss.

Corn and wheat prices in 2008 were (at times) at an all time high...making the projected loss from lack of irrigation even greater. These high commodity prices are a plus for the grain farmer and a negative for the cattle feeder. Ethanol production may or may not keep these prices artificially high...but it does appear that the prices will remain above average. Bio-diesel production for the area is probable...ethanol facilities are doubtful because of the over construction of such plants to the North and the water requirements.

Once the necessary transmission lines are built, wind power will happen on Colorado's Central Plains...wind farms will be built and the landowners that own the parcels on which the towers are placed will benefit as will the entire area during construction. The counties will benefit from the increased tax base. Permanent jobs as related to Wind Farms will be minimal. Strategies need to be developed that can creatively capitalize on this new industry.



Alternatives need to be explored to “re-design” and “reuse” the main streets of many if not most of the towns. Retail as “we knew it” is gone forever. Internet and 1-800-000 businesses are shipping within 24 hours. Households are often a single older person whose grocery and basic needs are less. As small Mom and Pop stores that have provided basic services for years come up for sale, there are few if any interested buyers. Where that business may still cash flow with the original owner, that owner has limited if any debt. Add debt for the new buyer, a limited market and “Walmart mentality”...and the continued existence of the small hardware store and grocery store in towns under 1000 is doubtful. The current economy makes this even more unlikely.

Ways that cause a greater willingness and financing opportunities for neighboring communities to work together to better the economy of the area rather than competing with each other need to be explored. Some of our littlest towns need to rethink what they are and become great neighborhoods to the larger community down the road.

Heritage Tourism opportunities abound. Strategies need to continue to be developed to bring more of the hundred of thousand of persons passing through the area into the community. Denver and Colorado Springs residents need to be further enticed to come visit, “sit a spell” and spend money with existing businesses.

Additional incentives/financing methods need to be developed that target expansion of existing successful businesses. Existing incentives seem to favor assisting competitive businesses which only spreads the existing wealth around...rather than bringing in new dollars to a community.

The largest Helium Production facility in the nation is near Cheyenne Wells... opportunities need to be developed to increase the helium supply so that the facility can operate more to capacity.

## Data

County	Unemployment Rate			Per Capita Income		
Cheyenne	2007	--	3.1%	2008	--	17,850
	2008	--	2.9%, down .2%			
Elbert	2007	--	3.7%	2008	--	24,960
	2008	--	5.5%, up 1.8%			
Kit Carson	2007	--	2.7%	2008	--	16,964
	2008	--	3.6%, up .9%			
Lincoln	2007	--	3.2%	2008	--	15,510
	2008	--	4.6%, up 1.4%			
	Median Income*			Population Growth Rate		
Cheyenne	2007	53,875		1990	2,397	
	2008	55,100	up 2.3%	2000	2,231	down 6.9% from 1990
Elbert	2007	71,688		2007 (est.)	1,995	down 16.7% from 1990
	2008	71,800	up < 1%	1990	9,646	
Kit Carson	2007	53,875		2000	19,872	up 106% from 1990
	2008	53,875	no change	2007 (est.)	23,092	up 139% from 1990
Lincoln	2007	53,875		1990	7,140	
	2008	53,875	no change	2000	8,013	up 12.2% from 1990 (includes new prison)
				2007 (est.)	7,780	up 8.9% from 1990 (includes prison)
				1990	4,529	
				2000	6,183	up 36.5% from 1990 (includes new prison)
				2007 (est.)	5,722	up 26.3% from 1990 (includes prison)

## **2008 Efforts to Improve Conditions**

### **Develop Comprehensive Economic Development Strategies Plan**

ECCOG applied for and received a short-term planning grant from the Economic Development Administration to develop comprehensive economic development strategies for the region. One phase of the planning involves meeting individually with each of the fifteen municipalities and four counties as well as regional-wide meetings with various business interests, utilities and local community/economic development groups. The plan will be completed in 2009 and if accepted by EDA and the governor's office, the region will ask for Economic Development District status beginning in 2010.

### **Business Friendly Desk Audits**

Each EZ certification form is reviewed by the EZ administrator and an administrative assistant to assure that the form has been fully/properly completed. At the same time, staff reviews the credit lines to determine if the business might have been able to take additional credits. The enhanced job credit is the one that has the greatest opportunity for being miscalculated or missed altogether. Evident errors are passed onto the business via a personal phone call.

### **File Depository "Forever and Forever"**

Every single certification form signed since 1986 is in a file at the offices of ECCOG, though the first two decades are "in the basement". Staff graciously and without cost filled a minimum of thirty requests in 2008 from tax accountant or clients for "lost copies". Many of these requests came as a result of open audits being undertaken by Revenue.

### **Contribution Project Training**

Two new contribution projects were approved in 2008. Staff also met with three other "projects" to review the purpose of the enterprise zone contributions and the fact that any project eligible for such designation must *contribute directly* to the implementation of the zone. Three additional meetings were held one-on-one with existing projects to discuss how to better market their respective projects to prospective donors.

### **Enterprise Zone Packets**

ECCOG responds to requests for general Enterprise Zone information by mailing an "EZ Packet". This packet includes copies of each of the Department of Revenue FYI's and accompanying forms, a detailed map of the zone and a letter outlining the certification process and the most common pitfalls in completing the forms. If the inquiry is by phone, the staff person first tries to encourage the person to go to the PDC website or directly to the State website and access the forms that way. Every two-three years, entire packets along with an updated letter explaining changes, filing requirements, public information rules, etc. are sent to all tax preparers that are in the ECCOG database. A single letter (without FYI's) is usually sent annually to the approximately 149 tax accountants working within the region. A copy of the correspondence sent in January of 2008 is attached to this report. The accountants database is continually updated.

## **Presentations**

Updates on the Enterprise Zone Program and the regional credit status are presented to both the governing boards of PDC and ECCOG a minimum of three times a year. ECCOG's agenda details each item to be discussed (short paragraph) thus encouraging any of the 92 persons on the mailing list to come to the meeting if they have a particular interest in one or more of the agenda items being undertaken. Staff also travels to Chamber of Commerce meetings, local ED meetings or other business owner gatherings and I once gave a presentation to the Clearing House meeting of the banks in the region. to discuss the Enterprise Zone credits. Full packets are taken to these meetings to give to those who are interested. Two special county meetings in 2008 (one in Cheyenne and one in Elbert) included briefings on the Enterprise Zone and the reasons for its formation and continued existence. These types of meetings (with local governments) will increase in 2009 due to the turn-over in elected officials.

## **Partners**

ECCOG coordinates with its 501( c ) (3) partner, the Prairie Development Corporation on all Economic Development programs including the Enterprise Zone incentives, marketing, etc. As the two agencies share the same staff and also jointly administer the Business Loan Fund for the region, there are always on-going opportunities to promote and explain the EZ Programs as they interrelate with the other programs of the two region-wide organizations. In late fall of 2008, the Economic Development Directors working within the region formed an informal group to brainstorm and exchange information on ED opportunities and challenges. Enterprise Zone staff attends these monthly meetings.

## **2008 Objectives**

As the primary non-residential tax base of the four counties in east central Colorado is and will always be agriculture, the primary economic development objective of the East Central Enterprise Zone is **to increase and diversify the non-residential tax base** especially in the industrial and commercial sectors. This objective was first stated in our original EZ Designation Application in 1985. Non-residential valuation changes are very measurable...but there are so many variables that it is difficult to say that any increase is directly attributable to the existence of the Enterprise Zone. Various tables documenting valuation changes are included with this report. To work towards the overall objective of increasing valuation in the industrial and commercial sectors, the following more definitive measurable goals were added for 2008.

- 1. Increase the number of certifications by a minimum of 10% over 2007.**  
Total number of "non-contribution" certifications (over \$450) in 2007 was 289. In 2008, certifications totaled 363
- 2. Work with at least one large employer to encourage use of job training credit**  
Over the past twenty years, the use of the job training credit was minimal in the region. We were aware of the large number of jobs requiring training at the Correctional Facility in Burlington (privately owned and operated) and contacted CCA directly in 2007 to discuss the various tax credits available through the

Enterprise Zone. Job Training Credits taken in 2007 were \$1244 and the amount claimed in 2008 was \$8091

3. **Increase the number of buildings that utilize the Rehab Credit over 2007** We did achieve this goal in 2008. Though, there were no rehab credits in 2007 and again, no credits claimed in 2008, there are two rehabilitation projects that were completed in 2008 and the credits will be claimed in 2009.
4. **Add at least one new Enterprise Zone Contribution Project** Two additional Contribution Projects were added...both in Cheyenne County. The “re-vamped” local Economic Development group is now a project as is the computer learning/training center located within the Cheyenne Wells library.
5. **Amend the EZ Boundaries to include the “downtown” of Elbert** This goal was not achieved. Preliminary work and information has been given to OEDIT...but acceptable “official” distress criteria is not available for the area that needs to be added: the area within the Elbert Wastewater District. Using census tract data will not work as there are numerous subdivisions that are bedroom communities for the front range that are located within that tract. Elbert is not incorporated. In 1986, when the original boundaries were drawn for the East Central Zone, the criteria included a physical boundary...thus the Kiowa Creek became the western boundary resulting in a “split” of a town of less than 100 persons into zone and non-zone areas. The area needing to be added is most certainly very distressed, but the lack of data has us “on-hold”
6. **Develop a Comprehensive Economic Development Strategies Plan** Funding was obtained. The plan is in the development stages and will be completed by late fall of 2009

## **EL PASO COUNTY ENTERPRISE ZONE** **2008 ANNUAL REPORT**

### **Overview**

The El Paso County Enterprise Zone was designated in 1990 and initially included the older commercial and industrial sections of the Cities of Colorado Springs and Fountain, and adjoining areas of unincorporated El Paso County along the I-25 corridor, as well as an area surrounding the Colorado Springs Airport and the Towns of Calhan and Ramah in rural eastern El Paso County. Subsequent amendments to the Zone boundaries added business and industrial areas in the Towns of Palmer Lake and Monument and the City of Manitou Springs and all of rural El Paso County east of Meridian Road. In 1998, the northern portions of the Zone, including the areas in the Towns of Palmer Lake and Monument, were terminated. Periodically, smaller areas have been added to encourage business expansions or community development projects.

The Budget and Economic Development Director of El Paso County serves as the Enterprise Zone Administrator. Staff support is provided by the county's Economic Development Manager and Budget and Economic Development Specialist.

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.

### **2008 Observations and Data**

Local economic activity saw significant declines in 2008. The Southern Colorado Economic Forum's Business Conditions Index (BCI) was at its lowest level – 69.86 – since its start in 1998. The BCI is a “geometric index of ten seasonally adjusted data series” including local home permits, car sales, employment and wage rates, foreclosures, tax collections, and enplanements, as well as national consumer sentiment and manufacturing indexes. The BCI is indexed to March of 2001. While declining since early 2006, the decline of the BCI worsened dramatically in the last quarter of 2008.

According to the Colorado Department of Labor and Employment, the unemployment rate for El Paso County at the end of 2008 was 6.9% compared to the state rate of 5.9%. The national increase in the unemployment rate from the previous year is reflected in the county as well; in 2007, the unemployment rate was 4.9% for El Paso County. An estimate provided by the American Community Survey places the 2007 per capita income at \$26,886, an increase of only \$613, or less than 2.4%, over 2006. A more current measure of wages is available from the Colorado Department of Labor and Employment's Quarterly Census of Employment and Wages. For the second quarter of 2008 the average weekly wage was \$773 compared to \$752, or an increase of about 2.8%, for the same period in 2007. The increase for the same period from 2006 to 2007 was almost 3.9%. Compared to the statewide average weekly wage, El Paso County is not only lower but is not keeping pace with statewide gains of 3.1% in 2008 and almost 4.8% in 2007.

The population of the El Paso County Enterprise Zone increased by 10 due to an addition to the boundaries of the Zone in 2008. The population growth rate for all of El Paso County is forecasted to be less than 1.2% from 2007 to 2008, per Colorado's State Demography Office, with an estimated 594,438 residents in 2008. Until the 2010 census data is released, county-wide data is used in detailing most of these observations and trends.

## **2008 Efforts to Improve Conditions**

### *Marketing*

Attracting new businesses to the Enterprise Zone was focused on the “Engage Colorado Springs” direct postcard campaign that was mailed to 5,000 California companies by the Colorado Springs Regional Economic Development Corporation to encourage relocation. At least one strong lead was generated - an electronics manufacturer who may create 75 new jobs with an average salary of \$45,000. The Chamber of Commerce and the Office of International Affairs received support to continue efforts to educate existing businesses about the Enterprise Zone and to help those businesses prosper in globalization. Additional marketing was undertaken by the Convention & Visitors Bureau to strengthen tourism, an industry directly employing over 14,000 residents. While the 2008 economic impact of tourism is estimated to be 3.4% less than 2007’s activity, the total impact still exceeds \$350,000,000.

### *Contribution Projects*

In 2008, six contribution projects were added to the El Paso County Enterprise Zone. Two of these projects, **National Governing Bodies Retention/Expansion (NGB)** and **Pioneers Museum Restoration**, will aid in the continued redevelopment of downtown Colorado Springs. The NGB and **USA Cycling Headquarters**, another new project, complement the region’s effort to relocate the United States Olympic Committee to the Zone. The **Cultural Office of the Pikes Peak Region** was added as a contribution project to bring events and visitors to facilities located in the Zone while **Crossfire Ministries** was added as a community development project to assist those of low-income with basic needs. A new job training project, **Aspen Diversified Industries**, is providing training for the disabled or disadvantaged.

### *Presentations*

To provide Enterprise Zone information to a greater number of individuals, presentations to accounting firms, commercial brokers, trade groups and neighborhood organizations have been implemented. Results from two of those presentations in 2008 may lead to the boundary amendment requests in 2009. Prospect meetings, coordinated by the Colorado Springs Regional Economic Development Corporation, and one-on-one meetings with existing businesses are utilized to further educate businesses about the state income tax credits available.

## **2008 Objectives:**

1. *Increase the total number of net jobs certified as newly created in the Enterprise Zone over the previous year.* 321 Certifications of Qualified Enterprise Business were submitted in 2008 with a net increase in jobs reported of 915. While slightly less than the 2007 net of 920 jobs, much can be attributed to a loss reported in 2008 of over 500 jobs by a chip manufacturer. Employers assisted by the Colorado Springs Regional Economic Development Corporation, who are expected to increase jobs in the Zone by 980 over the next three years, will be contacted in 2009 to increase awareness of the credits available, including the New Business Facility Jobs credit, in an effort to improve the local unemployment rate.
2. *Increase the number of homeless or at-risk populations who are provided job training by eligible projects.* In 2008, three contribution projects provided training to 5,592 individuals, an increase of 12% over 2007. This not only develops a workforce with better skills, it increases employment opportunities for the homeless in the Enterprise Zone.
3. *For primary jobs announced by the Colorado Springs Regional Economic Development Corporation (EDC), ensure that at least 50% are with companies located in the Enterprise Zone.* Over 75% of the 1,330 jobs to be created in El Paso County with the assistance of the EDC were at businesses located/to be located in the Enterprise Zone. Of the fourteen new and expanding companies, eleven are in the Zone. Relocating companies include an aerospace company from California that will hire 100 employees and a manufacturing

firm from Texas that will employ up to 90 people. Existing businesses with expansion plans include a local renewable energy company that plans to open a manufacturing facility for a pollution control product and a metal products fabricator that will add 108 new jobs in addition to already doubling the size of its existing facility.

For 2009, the above-mentioned three goals will be measured along with the following additional goal:

4. *Increase the number of buildings that utilize the Vacant Building Rehabilitation credit over last year.* A plan will be defined to identify buildings eligible for the Rehabilitation credit and encourage those owners to rehabilitate those buildings with the assistance of the Rehabilitation credit.

## **Greeley/Weld County 2008 ENTERPRISE ZONE ANNUAL REPORT**

### **Overview**

Upstate Colorado Economic Development is administrator of the Greeley/Weld Urban Enterprise Zone. Upstate is a nonprofit economic development corporate that was formed as partnership between government, business and education throughout Weld County. Our primary mission is to facilitate primary sector job creation and income growth. Weld is a large (approximately 4,000 square miles) county located along the North Front Range, extending north to the Wyoming line, east to Morgan and Logan Counties, south to the metro area and west to approximately I-25.

Our long-term goal for the Greeley/Weld EZ is to raise/maintain the per capita income of any Weld Census tract, Census place or black 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. Due to significant demographic changes revealed in the 2000 Census, a self-imposed boundary recertification was completed and approved by the Colorado Economic Development Commission in 2003. At this time, five sub-zone communities that no longer met distress criteria were removed from the zone, nine existing EZ communities/areas were modified slightly, and seven new qualifying communities/areas were added. There were several very small communities that chose not to participate.

The EZ currently includes all, or a portion of, 21 cities/towns (Nunn, Pierce, Ault, Severance, Eaton, Greeley, Garden City, Evans, Milliken, La Salle, Kersey Gilcrest, Platteville, Ft. Lupton, Dacono, Lochbuie, Hudson Keenesburg, Briggsdale, Grover and New Raymer) throughout Weld County. The large eastern block of Weld (from approximately Kersey east and north to the state line) is also included within the zone boundaries as an extension of the rural eastern plains. There are six communities (Windsor, Johnstown, Mead, Firestone, Frederick and Erie) along the western edge of the county that are not included within the zone boundaries.

### **2008 Observations and Data**

The 2008 county-wide unemployment rate is 5.3%, up from 4.2% in 2007. The 2007 (most current) county-wide per capita income is \$26,280, and the 2008 county-wide population estimate is 244,515, a 3.2% increase over the previous year. Statistics exclusively for the EZ boundary is not available until the next Census is completed. Summarized below are several observations, both positive and negative, occurring in Weld County:

1. **Higher Unemployment:** In 2008, Weld Human Resources (Job Service) saw a 25% increase in applicants looking for jobs and an 8% decrease in job openings, over the previous year.
2. **Uncertain Agriculture Future:** The agricultural sector in Weld County continues to be a major engine fueling our economy. The national 2007 Ag Census ranked Weld County as the 8<sup>th</sup> largest agriculture producer in the nation (down from 5<sup>th</sup> in the 2002) based on total value, and was again the only county outside of California to nationally rank. However, current water battles and further urbanization continue to threaten the long-term viability of this important sector, making it imperative that we further diversify our economic base.
3. **Volatile Oil & Gas Activity:** Weld continues to be one of the most active drilling counties in the state, which is both a blessing and budgeting curse. Due to the volatile world market, oil/gas activity and price can dramatically shift over a short time period, as seen in 2008. With the record setting activity prior to 2008, this industry provided about a third of the total county tax base. With the 2008 activity plummet, County officials are bracing for a significant drop in tax revenue in the near future. This volatility again points to the need for further diversification of our economy.
4. **Stagnant Housing Values/Growth:** Housing values, across the board, are estimated to be down about 20%, with very little new construction due to the huge inventory of existing homes and the inability to qualify buyers. In early 2008 Weld lead the nation in number of foreclosures. With the continued economic/banking crisis, officials are bracing for more foreclosures and possibly further tax declines.
5. **Continued Lack of Infrastructure:** Adequate infrastructure continues to be a major problem throughout Weld, especially with regards to business attraction/expansion efforts. We simply don't have many shovel ready sites to market. Upon meeting federal distress levels, in 2003 Weld became eligible for Economic Development Administration (EDA) funding, which has already proven beneficial in competing for new jobs and financing extremely expensive infrastructure.
6. **Unprecedented Population Growth:** From 2000-2003, the Greeley/Weld MSA was the fastest growing county in the country and the second fastest growing from 2000-2005. Eight of the 10 fastest growing cities in Colorado during 2000-2005 were located in Weld. The state demographer predicts that Weld will grow to 570,000 by 2030 and move from a ranking of the 9<sup>th</sup> most populous county in the state to the 6<sup>th</sup> most populous. Effects of this growth continue in 2008, including the critical, growing need for new job opportunities for new residents. The more rural portions of the County continue to struggle to compete for primary sector jobs causing increased concern that Weld is fast becoming the bedroom community to Denver, Boulder and Larimer Counties.
7. **New Primary Sector Job Growth:** Considering the dismal economic climate in general, Weld County has bucked the trend and seen significant success with the announcement of over 2000 new jobs by primary employers in both 2007 and



2008. While many of these jobs are not yet on line, we hope this activity will soften the blow of the major recession we're currently experiencing. It is of course, uncertain if this level of activity will continue into 2009 and beyond.

8. Income Growth: Weld has long fought the battle of lower and falling per capita income levels as compared to the state and neighboring counties. In 2008, *Forbes Magazine* identified the Greeley/Weld MSA as #1 in the nation for five year income growth and in January 2009, the US Bureau of Labor Statistics identified Greeley/Weld as #2 in the nation for one-year wage growth. While these rankings are very positive, the true test will be if this income growth is sustainable and translates to per capita income growth throughout the most distressed areas of the county.

### **2008 Efforts to Improve Conditions:**

1. Business Retention & Expansion Program: Through this on-going program, Upstate contacts, via an industry survey, approximately 300 existing Weld employers in an effort to identify companies with expansion plans or concerns and offer/explain various assistance available to them, including the EZ. From the survey, key companies are then prioritized for personal follow-up. In 2008 we met with 30 primary sector employers of which 21 were in the EZ and six announced expansion projects.
2. Business Attraction Program: In 2008, Upstate staff responded to 78 companies requesting a variety of information about Weld County as a potential location site. EZ information, along with a variety of real estate and community/county information was provided. Of these leads, 20 become qualified prospects, five announced location plans, and several more continue to be active prospects. In an effort to attract companies within targeted industry sectors, in 2008 we participated in three "Roundtable" site selector conferences, the National Business Aviation Association show, the WindPower 2008 trade show, and the Governors Energy Conference and Asia Business Mission. We followed-up with direct mail campaigns to approximately 850 contacts.
3. Upstate Web Site: Upstate maintains an information-rich website which includes extensive demographic, labor, transportation, and incentive, etc. data about communities and opportunities throughout Weld County. Detailed EZ information and maps are also available, along with a GIS tool which allows users to conduct self-directed property searches and to generate a variety of reports pertinent to site selection and business growth. This web site has become a critical "first source" of information and our best marketing tool.
4. EZ Educational Publications: We produce a variety of marketing materials including: EZ Brochure/Maps, Demographic Profile with EZ highlights, Incentive Summary with EZ highlights, Upstate Annual Report with EZ highlights, Upstate Agency Brochure with EZ highlights, various EZ press releases and a regional Economic Profile with EZ highlights.
5. Finance Assistance: Upstate administers the Weld/Larimer Revolving Loan Fund and the Greeley Community Development Fund in an effort to assist companies and their lending partners, meet company financial needs. We currently service 24 active loans (the majority located within the EZ boundaries) totaling approximately \$3.67 million. Benefiting companies have created approximately 300 new jobs.

### **2008 Objectives:**

1. Realize increased employment opportunities (jobs) within the EZ over the previous year: In 2008, Upstate worked with ten new and existing companies that created or announced plans to create 2,305 new jobs. Five of these companies (see list below) were located or planned to locate within the zone, creating 1,846 (80%) 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 should positively impact the unemployment rate within the zone and throughout the county. This objective was met.

*Vestas* – New windmill blade and nacelles manufacturing facilities (750,000 sf total) – 1,400 new jobs - \$295 million

*JBS Swift* – Added a new product distribution/transportation (24,767 sf) division – 153 new jobs - \$26 million

*Meadow Gold Dairy* – Added new equipment for product processing/distribution – 8 new jobs - \$1.5 million

*Leprino Foods* – new 400,000 sf cheese processing facility – 260 new jobs - \$270 million

*Double J Meat Packing* – Expansion of bison/beef processing facility (12,000 sf) – 25 new jobs – \$1.2 million

2. Realize Increased capital investment within the zone over the previous year: In 2008 the ten new and existing companies that Upstate worked with invested, or announced plans to invest, a total of \$753.1 million into the Weld economy. The investment of the five projects (see above) located within the EZ boundaries totaled approximately \$593.7 million (79%) of the total new investment. 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 building a strong, diversified, healthy tax base. This objective was met.

3. Realize increased utilization of the EZ by annually targeting at least 20 existing EZ employers to inform/review the tax credit benefits that make the EZ a cost-effective place to do business: In 2008, through our on-going business retention/expansion effort, Upstate met with 30 existing Weld employers, of which 21 were doing business within the EZ boundaries. EZ records show that in 2008, 143 companies claimed one or more of the credits compared to 102 companies in 2007. The importance of providing contact and assistance to our existing primary sector employers to encourage their continued growth can't be overstated. This objective was met.

## 2008 Enterprise Zone Annual Report-Jefferson County

### Overview

Jefferson Economic Council (JEC) is a 501(c)(6), public-private partnership. JEC's mission is to create and preserve the economic vitality for the citizens of Jefferson County. The Jefferson County Enterprise Zone, which was established in 1991, includes parts of unincorporated Jeffco and areas in Arvada, Golden, Lakewood, Wheat Ridge and an area from West Colfax to Federal Boulevard in Denver. Since the program began in 1991, Jefferson County companies have invested more than **\$791 million in capital investment**, created over **8,369 new jobs** within the zone, and companies have reported more than **\$27.19 million in state income tax credits**. The business environment in the zone during 2008 was surprisingly active considering the state and national economy. JEC certified more business filings this year than the last seven years and saw a dramatic increase in the number of new jobs and new capital investment.

	NBF Jobs	New Capital Investment
2007	446	\$37,057,609
2008	911	\$52,330,573

### 2008 Observations and Data

	Jeffco 2008	Jeffco 2000 Census
Unemployment Rate	3.8%	3.2%
Per Capita Income	\$35,030	\$27,750
Population Growth Rate		9.6% (2000-2008)

Source: Decision Data 2008

The Jefferson County Enterprise Zone has had a significant increase in the amount of filings, new jobs and new capital investment. These numbers are surprising due to the current condition of the state and national economy. The New Business Facility Jobs more than doubled from 2007 and has not been this high since 2001. This large number of NBF Jobs came from a significant increase in Walmart and Gambro employees. The capital investment increased more than \$15 million from 2007 due to large capital expansions from Walmart, Gambro, Quest and Rocky Mountain Bottling Company.

### Efforts to Improve Conditions

#### **Educational Publications/tools**

- EZ detailed brochure-used for meetings and mailings
- EZ one-page fact sheets (PDF form) distributed through emails
- Dedicated section on JEC's Web site with information, maps, links and contacts
- Database on JEC's Web site to perform Enterprise Zone searches by address
- Mass mailings to businesses located in the zone informing them of the program
  - 2008 Lakewood businesses
  - 2009 Arvada businesses

#### **Increasing the awareness of the zone**

- Business friendly audits-Look over the DR74 and contact companies if there is any tax credit they can take advantage of that they have missed.

- County Resources-JEC has a very aggressive Business Retention and Expansion program, thus improving economic conditions. We are constantly talking to businesses located in an EZ and staff educates them on the program.
- Aggressively market the zone through a variety of different projects
  - Tradeshows/events
  - Publications/Web site
  - Mailings/emails
  - Market to businesses looking to locate or expand in Jefferson County
  - Maintain a database of EZ addresses

### **Partners**

JEC continues to educate our community partners on the EZ while working together to market the zone. We distribute our EZ brochures to Jefferson County municipalities, county and city officials, chambers of commerce, workforce centers and real estate brokers. JEC has partnered with the City of Lakewood and Arvada to send our mailings to businesses located in an EZ. The EZ Administrator assists on city business visits if the location is in a zone.

### **2008 Objectives**

1. *Maintain new capital investment at a 7-year average of approximately \$60 million for 2008.*

This goal was nearly accomplished in 2008. The total new capital investment for the zone was slightly over \$52 million. This could be due to the current conditions of the economy and is relevant to the decline in capital investment nationally.

2. *Increase the overall Enterprise Zone filings to a 7-year average of 120 filings per year.*

This goal was met and exceeded 120 filings, totaling 135 filings. One of the reasons this goal was accomplished was due to the increased awareness of the zone through a mass mailing to Lakewood EZ companies.

3. *Increase the total number of new jobs created in EZ over last year by 10% totaling 491.*

This goal was accomplished and the total number of new jobs created in the zone for 2008 was more than double from 2007 totaling 911 new jobs! This goal was met by increasing the awareness of available tax credits for organizations through business retention and attraction efforts.

### **Measurable goals for 2009**

1. Increase the total capital investment in the zone by increasing the awareness of the zone to existing businesses. Perform one mass mailing to all EZ companies located in the City of Arvada notifying them they are in the zone and the tax credits that are available to them.
2. Increase the number of employees trained in the zone over last year by contacting companies currently taking New Business Facility Job credits and notifying them of the employment training credits.
3. Increase the total amount of New Business Facility employees by sending out informative emails about the zone to all of our partners (brokers, community leaders, city officials, etc.)

## **Larimer County Enterprise Zone Annual Report FY2008**

### **Overview**

The Larimer County Enterprise Zone, which was established in 1993, is composed of portions of the Cities of Fort Collins and Loveland, and the Towns of Wellington and Berthoud. (The GIS maps can be viewed at:

[http://www.larimer.org/info/enterprise\\_zone.htm](http://www.larimer.org/info/enterprise_zone.htm).)

### **2008 Observations and Data**

The Larimer County Enterprise Zone was established in four separate parts of the county in 1993, based upon per capita income. Since that time, we have not tracked the individual per capita incomes of the designated areas, nor have we tracked the individual area's population growth or unemployment rates. However, we do track the AVERAGE Wage in the Enterprise zone and we track the NUMBER OF ESTABLISHMENTS in the Enterprise zone (see below under 2008 Objectives).

As the Larimer County Enterprise Zone is administered by the Larimer County Workforce Center, we do track unemployment within the county, and within the Cities of Fort Collins and Loveland. We also track Employment by Industry in Larimer County. In addition to tracking these statistics (which we get from the Colorado Department of Labor and Employment/CDLE), we are the conduit through which these statistics flow locally to various media outlets, including the Fort Collins Coloradoan and the Loveland Reporter-Herald daily newspapers.

Please note: The annual average labor force statistics for 2008 (for Colorado, select counties, including Larimer County, and select cities including Fort Collins and Loveland) will not be released by the CDLE until mid March 2009. Employment by Industry for 2008 for Colorado and for Larimer County will not be released until July of 2009.

### **2008 Efforts to Improve Conditions**

Each year, we market the benefits for businesses locating or expanding in the Enterprise Zone and the benefits to tax payers of contributing to Enterprise Zone projects/agencies. To this end, once a year, we send out a promotional flyer to every business address in Larimer County. In addition, each year we conduct monthly informational seminars for business that take place in the Enterprise Zone, that, in addition to disseminating useful information to area businesses, also market the benefits of the Enterprise Zone. These seminars (Employers' Roundtables) are geared toward the small business community and topics vary from month to month.

As the Larimer County Workforce Center, all of our efforts regarding workforce development/economic development, whether working with job seekers or businesses and employers are geared toward improving conditions in Larimer County.

### **2008 Objectives:**

This report is a review of the current status of employment and business establishments in Larimer County (available data is for 2006). 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 2006). The average wages for the United States (\$40,196) and for Larimer County (\$33,684).

2. The number of individuals who work in the Enterprise Zone will be estimated. This estimate will be based on the U S Census data sets by zip code. Most recent data is 2006. The number of employers in Larimer County in 2006 totals 9349. This is a net increase of 461 establishments (5.1%) since our last report based upon a total of 8,888 (from 2005 data). This is also a 78.9% 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 108,282 private sector employees. In 2006, the number of businesses with less than ten employees was 7153 or 76.5%. This is actually a slight decrease (76.5% vs. 76.8%) 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 2006 (this includes 1996, through 2006) was an increase of 744 additional employers. Thus, in the ten years we have exceeded our goal, 21.3% vs. 20%. This also represents less than 20% of all the business growth in Larimer County between 1995 and 2006 (18.4%). (However, it accounts for almost none of the growth in the last year. This will be very difficult during the economic contraction continuing in Larimer County and the country.)

We estimate a total of all individuals employed in the Enterprise Zone area in 1990 (prior to designation) at 10,397. The number of individuals working in the Enterprise Zone area upon designation in 1993 was 10,997, or an increase of less than 6%. The number of new individuals working in the Enterprise Zone since 1993 through 1999 is estimated at 1,909, or an increase of more than 17%. In 2006, the estimate of total individuals working in the zone would now total 13,900. This shows the number of new jobs in the Enterprise Zone area increased significantly more since designation. This also shows that the rate of job growth in the Enterprise Zone area increased at a faster rate than in Larimer County as a whole. Thus, the conditions which should have resulted in continuing decline in the Enterprise Zone areas have not only been mitigated but have created a platform for revitalization. (Unfortunately, the experience has now reversed. While we do not have current numbers for 2008, the smaller employers, who generate more of the employees in the Enterprise Zone, are less resilient than larger employers. Thus, fewer employers are able to avoid layoffs and closings.)

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 2006 data, \$40,196 in 2006. 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%, 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 2006 was \$33,684. The average wage for the Enterprise Zone is now estimated at \$25,700. This is only 63.4% of the national

average. While this is a marked increase (9.0%) since the Enterprise Zone was established, because of the wage decline associated with construction, this is 6% below last year.

### The Effectiveness of our Enterprise Zone Efforts

Before attempting to answer this question, 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.

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. 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).

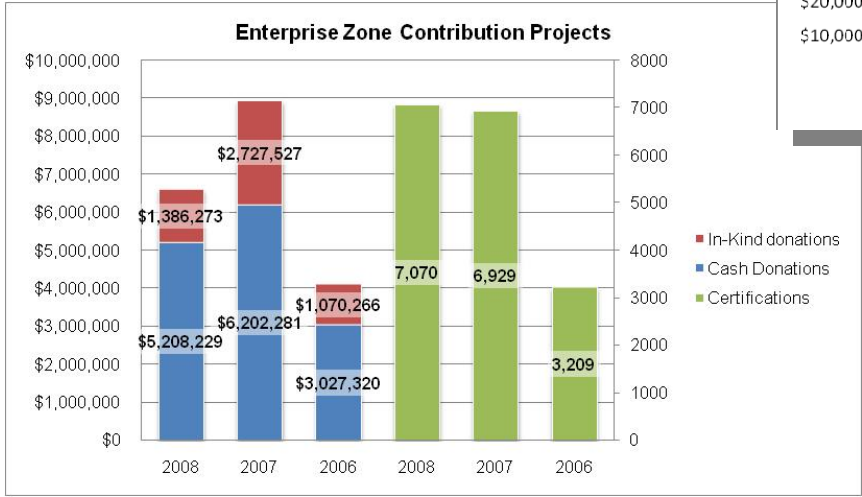
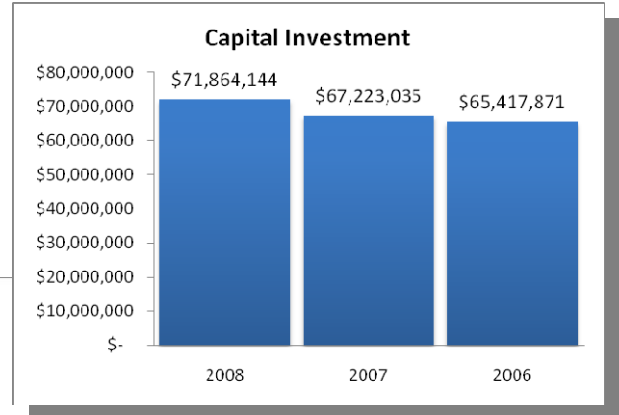
In Larimer County, we are confident that our efforts through the use of the Enterprise Zone Tax Credits have resulted in more opportunities for the working poor, and have brought more resources to bear for this purpose. We are also confident that what we have chosen to put into place to measure these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

MESA COUNTY ENTERPRISE ZONE  
2008 ANNUAL REPORT



**Overview**

2008 has been a challenging year for the Mesa County economy. However, the Enterprise Zone program demonstrated strong results despite the economic uncertainty. In 2008, the amount of capital investment businesses reported and the number of donations made to Enterprise Zone contribution projects increased despite the national recession.



Capital Investment for Enterprise Zone businesses in 2008 was \$71,864,144 or 6.9% more than 2007's capital investment of \$67,223,035. Investment Tax Credits claimed in 2008 increased by 8.9%. 2008 totals were \$1,239,060 versus \$1,138,254 in 2007.

In 2008, the Mesa County Enterprise Zone certified 7,070 forms for this valuable state tax credit, a 2% increase of 2007 levels and a 120% increase over 2006 levels. The total dollars donated to these projects was nearly 6.6 million, a decline from 2007, but a 61% higher than 2006 levels.

**2008 Observations and Data**

The Mesa County population estimate for 2007 was 140,416 which placed us 11<sup>th</sup> in the State for population.

Declines in commodity prices for natural gas and a reduction in the available funding for construction projects impacted two of the largest industries in Mesa County. As a result, employment rates declined late in 2008 for Mesa County. However, unemployment fared better than the state average: unemployment for the State of Colorado as of December 2008 was 5.9% while Mesa County is 4.9% or 80% of the State.

Wages in Mesa County continue to increase rapidly in 2008, primarily due to competition with higher wage jobs in the gas-fields. The average wage in Mesa County increased by 12% to \$37,596 as of 2Q 2008, versus \$33,436, in 2007. The 2008 State of Colorado average wage decreased 4% from \$46,644 in 2007 to \$44,416 as of 2Q 2008. Mesa County's average wage of \$37,596 as of 2Q 2008 is 84% of the State's average wage. This upward trend is not expected to continue past Q2 of 2008.

**2008 Efforts to Improve Conditions**

**Contribution Projects:**

The 23 contribution projects in the Mesa County Enterprise Zone are an important and active component to our regional economic development activities. The approved projects in 2008 were:



ProjectName	IDEZProj	Start Date	ProjectName	IDEZProj	Start Date
Art on the Corner	1942	02-Dec-03	* KAFM Community Theater Building	2514	24-Mar-05
Avalon Theatre Restoration	2455	02-Dec-03	Life Adjustment Program Capital Campaign	2571	17-May-06
Botanical Gardens	1711	01-Jan-03	* Mesa County Industrial Developments, Inc.	2437	21-Jul-03
Catholic Outreach Homeless	1946	01-Jan-94	Mesa County Public Library	2412	01-Jan-03
Child & Migrant Services	2308	30-Jul-99	Mesa Partners Conservation Corps	2532	28-Jul-05
** Fruita Historic Downtown	1766	01-Jan-97	Mesa State College Expansion	1640	17-May-06
Grand Jcn. Small Business Incubator/Bus. Assist.	2236	01-Jan-91	* Palisade TLC Downtown Improvements	2167	01-Jan-94
Grand Junction Downtown Association Mktg	1939	01-Jan-90	Riverfront Area Redevelopment	1937	01-Jan-94
Grand Junction Economic Partnership Marketing	1639	01-Jan-91	Riverside Intercultural Community Center	2520	24-Mar-05
Grand Junction Emergency Homeless Shelter	2303	28-Dec-98	St. Mary's Hospital Century Project	2562	09-Mar-06
Habitat for Humanity - Mesa County	2454	02-Dec-03	Western Colorado Hospice (Mesa)	2501	09-Dec-04
Hilltop Com. Resource Ctr Job Trng/Homeless	2042	01-Jan-94			

\* are non-performing contribution projects

\*\* Fruita Historic Downtown was not recertified for 2009

### County Resource:

The Business Incubator Center fields inquiries about the Enterprise Zone by phone, fax or e-mail during regular-business hours and responds promptly with detailed information. We are responsive in our support to businesses, accountants and CPA's with tax credit inquiries. In addition, we are proactive in providing direct counseling and support to contribution projects to help them maximize the benefits provided to their donors while staying in compliance for what their project was approved to do.

### Educational Publications:

The Business Incubator Center provides extensive, detailed user-friendly information to businesses on the Enterprise Zone. Resources provided are:

- The Mesa County Enterprise Zone Brochures, including the Mesa County Enterprise Zone map
- The Enterprise Zone website which includes general information about available credits, FYI's, specifics on the Mesa County Enterprise Zone, and GIS Map with address lookup.
- Presentation folders with more detailed information.

### EZ Presentations:

Feb-08 Presentation to Orchard Mesa Business Impact Project  
 Mar-08 Presented to Redlands Rotary on business tax credits  
 Mar-08 Presented to Manufacturers' Council on business tax credits  
 Apr-08 Entrepreneurship Day at Mesa State College  
 Apr-08 Orchard Mesa Business Impact Project  
 Jun-08 Western Slope Insurance Women  
 Jun-08 Manufacturer's Council of Mesa County  
 Sep-08 Attended two Listening to Business interviews (with Georgann Joufflas)  
 Sep-08 Presented to the Grand Valley Young Professionals group  
 Oct-08 Reviewed Enterprise Zone credits with 50+ clients at the Western Colorado Venture Forum  
 Oct-08 Presented to Palisade High School Entrepreneurship class  
 Oct-08 Presented at the GJ Chamber Business Showcase  
 Nov-08 Held a GJ Chamber/GJEP/Incubator new staff lunch to explain tax credits to new staffers  
 Nov-08 Met with Heidi Hamm of the DDA to talk about reaching more downtown businesses.  
 Dec-08 Listening To Business Interviews with Doug Simmons of Enstrom's and with Sam's Club  
 Dec-08 Presented EZ credit options with US Bank commercial lenders  
 Dec-08 Presented on EZ credits to the Fruita Chamber of Commerce

### EZ Advertising:

- Drive-time Enterprise Zone underwriting spot on Colorado Public Radio Morning Edition M-F.
- 2007 Annual Report was completed and distributed to: The Enterprise Zone Committee, the Board of Directors/WCBDC, the County Commissioners, Mesa County Administrator, the Mesa County Planning Department.
- Enterprise Zone information mailed to all CPAs and tax preparers in Mesa County.
- Enterprise Zone ads placed in: The Daily Sentinel, The Fruita Times, The Palisade Tribune and the Business Times.
- Ongoing in-person and telephone support to business owners and individuals.

**Partners:**

The Mesa County Enterprise Zone is overseen by a committee that is comprised of representatives from all sectors of the county, including:

- Town of DeBeque
- Grand Junction Downtown Development Authority
- Grand Junction Economic Partnership
- Fruita Area Chamber of Commerce
- Fruita City Council
- Grand Junction Chamber of Commerce
- City of Grand Junction
- Mesa County Human Services Council
- Mesa County
- Palisade Chamber of Commerce
- Town of Palisade
- Western Colorado Business Development Corporation
- Town of Collbran

The Mesa County Enterprise Zone Committee is a collaborative effort, reviewing and making recommendations on all new boundary amendment requests, contribution project proposals and marketing grant applications. All projects approved by the Enterprise Zone Committee were presented to the Mesa County Commissioners for approval before being submitted to the state Economic Development Commission.

**Business Surveys:**

The Mesa County Enterprise Zone marketing grant is responsible in part for the funding of "Listening to Business program" (L2B). Using the esynchronist software to compile data, L2B interviewed over 65 primary employers (businesses that receive the majority of their income from outside the community) in 2007-2008. The industry segments interviewed were: retail, tourism, and service business.

**2008 Objectives:**

**Category: Utilization of the incentives**

- **Objective:** Expand the scope of the Enterprise Zone Program by increasing the number of Business Tax credit forms filed by 5% per year each year.
  - ☺ **Result:** 154 forms filed in 2008 which translates to a 10% increase over the 140 filed in 2007.
- **Objective:** Increase the number of job training credit forms filed by 5% per year.
  - ☺ **Result:** 24 job training credit forms filed in 2008 which translates to a 9% increase over the 22 filed in 2007.
- **Objective:** Raise the number of net job creations reported through the Business Tax forms by 3% a year.
  - ☺ **Result:** 591 net jobs created in 2008 which translates to a 13% increase over the 523 net jobs created in 2007.

**Category: Administration of the program**

- **Objective:** Track and report the industry sectors represented by the filing companies to ensure that it tracks with changes in the Mesa County economy.
  - ☺ **Result:** See chart.
- **Objective:** Expand the Enterprise Zone boundaries in partnership with local growth and development plans whenever possible, addressing 2 to 3 targeted areas each year.
  - ☺ **Results:** 3 successful boundary amendments

	2008	% Change	2007	% Change	2006
Agriculture	18	63.6%	11	-42.1%	19
Mining	3	200.0%	1	0.0%	1
Construction	11	-21.4%	14	75.0%	8
Manufacturing	23	-11.5%	26	4.0%	25
Trans Etc	9	-10.0%	10	0.0%	10
Wholesale	5	66.7%	3	-25.0%	4
Retail	40	11.1%	36	-14.3%	42
Financial Svcs.	8	-27.3%	11	83.3%	6
Services	24	0.0%	24	-7.7%	26
Misc	13	225.0%	4	400.0%	0
<b>Totals:</b>	<b>154</b>	<b>10%</b>	<b>140</b>	<b>-1%</b>	<b>141</b>

- North Avenue Corridor Boundary Amendment  
526.09 acres added 3/12/08 & 12/2/08
- Fruita Boundary Amendment added 70 acres 3/12/08
- Palisade Boundary Amendment added 227 acres 5/8/08

- **Objective:** Maximize the value to the community of the Marketing Grant by awarding at least \$10,000 in funds to programs which best support the Enterprise Zone objectives.
  - ☺ **Result:** \$15,750 of the Marketing Grant was awarded to 12 local organizations. These organizations were selected by the Mesa County Enterprise Zone committee.
- **Objective:** Add at least one new contribution project each year.
  - ✗ **Result:** Although there were no contribution projects added this year, we did research and discuss with St. Mary's the possibility of adding a medical training program as a contribution project. This would be administered by Colorado University and would be modeled after the CU nurse training facility in Denver.

**Category: Marketing of the program**

- **Objective:** Create and execute an annual Marketing Plan to promote the Enterprise Zone program.
  - ☺ **Result:** The marketing plan was created and executed.
- **Objective:** Maximize the utility of the Mesa County Enterprise Zone website by keeping the pages up to date and working with Mesa County GIS to keep the EZ lookup accurate.
  - ☺ **Result:** Mesa County Enterprise Zone page on the Business Incubator website has been maintained and updated throughout the year. There is an active link to the Mesa County GIS map where people can enter an address to determine if it is or is not in the Enterprise Zone.
- **Objective:** Make at least 10 group presentations on the Enterprise Zone to relevant constituents each year.
  - ☺ **Result:** See "EZ Presentation" section above
- **Objective:** Provide detailed information mailing on the Enterprise Zone to accounting and CPA firms prior to tax season each year.
  - ☺ **Result:** Mailing to 150 firms was completed in February 2008

# **2008 ENTERPRISE NORTHEASTERN SUB ZONE ANNUAL REPORT**

## **OVERVIEW**

The Northeastern Colorado sub zone consists of the counties of Logan, Morgan, Phillips, Sedgwick, Washington and Yuma. Much of the region is primarily agriculture, but in recent years they have been working to diversify their economic base and have looked for industries and new jobs that are suited for the area. Building the economic future of some of these counties can be achieved by one or two jobs compared to 50 jobs in the metro areas.

As with the rest of the state and country they had some struggles over the past year making their enterprise zone status even more important for the future. Their ability to use the benefits of the enterprise zone has directly contributed to their small successes. Renewable energy in the forms of bio diesel, ethanol and wind is becoming a new sector for this region and use of the enterprise zone can help them compete with larger areas or other states.

Each of the counties have made use of the enterprise zone to expand, recruit and retain business in their counties and have had qualified capital investment of \$175,086,823.73 for the region with a tax credit of \$5,244,767.97.

<b>County</b>	<b>Qualified Capital Investment</b>	<b>Tax Credit</b>
Logan	\$16,335,220.86	\$486,986.01
Morgan	\$44,376,982.02	\$1,332,213.18
Phillips	\$7,821,604.46	\$233,149.86
Sedgwick	\$2,922,332.69	\$87,672.40
Washington	\$10,624,189.62	\$318,717.49
Yuma	<u>\$93,006,494.08</u>	<u>\$2,786,028.03</u>
<b>Total</b>	<b>\$175,086,823.73</b>	<b>\$5,244,767.97</b>

The ability to provide a tax credit is important to new business, but it is also very important for expansion of existing business in this area. Job retention and growth through expansions is as important for struggling counties as job creation from new industries.

Additionally cash contributions for eligible projects have been:

<b>Northeast Enterprise Zone</b>	<b>Total Contributions</b>
LOGAN	\$ 17,800.00
MORGAN	\$203,471.14

PHILLIPS	\$265,027.61
SEDGWICK	\$ 26,976.00
WASHINGTON	\$ 520.00
YUMA	\$135,900.00
TOTAL of All Counties	\$649,174.75

County Projects Are Shown Below

	cash	inkind
<b>Logan</b>		
Logan County Economic Development	\$16,000.00	
Sterling Regional MedCenter	\$1,800.00	
	\$17,800.00	
<b>Morgan</b>		
Brush Main Street Project	\$2,800.00	
Caring Ministries	\$5,000.00	
County Express	\$1,600.00	
East Morgan County Hospital	\$24,640.64	
East Morgan County Library Expansion	\$500.00	
Eben Ezer Lutheran Care Center	\$15,545.50	
Fort Morgan Community Hospital Found	\$4,700.00	
Morgan Community College Nursing Lab & ABE	\$115,750.00	\$741.64
Morgan County Economic Development	\$32,935.00	\$1,500.00
	\$203,471.14	\$2,241.64
<b>Phillips</b>		
Haxtun Hospital	\$6,000.00	
Phillips County Adult Education Job Training	\$170.00	
Phillips County Community Building	\$59,751.59	\$9,065.93
Phillips County Economic Development	\$4,750.00	
Phillips County Healthcare Found	\$194,356.02	\$15,098.92
	\$265,027.61	\$24,164.85
<b>Sedgwick</b>		
Gateway Medical Foundation	\$17,675.00	\$17,675.00
Hippodrome Arts Centre	\$5,500.00	\$5,500.00
Sedgwick County Economic Development	\$3,801.00	\$3,801.00
	\$26,976.00	\$26,976.00
<b>Washington</b>		
Washington County Events Center		\$520.00
		\$520.00
<b>Yuma</b>		
Grassroots	\$6,000.00	

Hospice of the Plains	\$49,000.00	
Irrigation Research Foundation	\$26,000.00	\$12,078.59
Wray Airport	\$1,000.00	
Wray Community Hospital	\$5,000.00	
Wray Long Term Care (Renotta)	\$1,000.00	
Wray Rehabilitation & Activities Center	\$36,400.00	
Yuma County Economic Development	\$10,500.00	\$10,200.00
Yuma Hospital	\$1,000.00	
	\$135,900.00	\$22,278.59

Each of these projects has also been able to create jobs in the community and allow for ancillary businesses to locate in the area.

## 2008 OBSERVATIONS AND DATA

**TABLE 3C. PRELIMINARY POPULATION FORECASTS FOR COLORADO COUNTIES, 2000 - 2010**

Counties	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Colorado	4338789							4919858	5010395		
Logan	20,869	22,216	21,855	22,033	21,736	21,558	21,675	21,883	21,935	22,375	22,923
Morgan	27,262	27,552	27,831	28,137	28,296	28,442	28,603	28,577	28,365	28,646	28,990
Phillips	4,483	4,497	4,522	4,517	4,623	4,598	4,587	4,595	4,533	4,569	4,589
Sedgwick	2,747	2,721	2,717	2,784	2,688	2,663	2,606	2,514	2,407	2,435	2,468
Washington	4,923	4,859	5,215	5,088	4,998	4,921	4,902	4,842	4,712	4,740	4,758
Yuma	9,855	9,852	9,925	10,084	9,893	9,936	9,983	9,965	9,867	9,966	10,066

Source: Department of Local Affairs

Population growth rates since the 2000 census in this region as compared to the state are as follows:

Colorado	+13%
Logan	+ 5%
Morgan	+ 4%
Phillips	+ 2%
Sedgwick	- 14%
Washington	- 4%
Yuma	+ 1%

While population gains were made for four counties it was minimal and two of the counties in the region have had a negative population gain. None of the counties in this region come close to the population gains for the overall State of Colorado.

Job creation made strides in the region. While compared to larger counties one or two new jobs in this area is a major economic boost.

County	New FTE Jobs
Logan	79
Morgan	41
Phillips	---
Sedgwick	---
Washington	8
Yuma	20

Source: Local Economic Development Offices

Unemployment Rates for the region as of December 2008:

County	Rate	Average Weekly Wage
Logan	3.9	\$523
Morgan	4.3	\$606
Phillips	3.1	\$522
Sedgwick	2.2	\$484
Washington	3.4	\$506
Yuma	2.5	\$606
Colorado	5.9%	\$858

Source: Colorado Department of Labor & Employment

Median Household Income

County	2004	2002
Logan	\$34,691	\$32,724
Morgan	\$36,507	\$34,568
Phillips	\$34,316	\$32,177
Sedgwick	\$27,824	\$28,278
Washington	\$32,344	\$32,431
Yuma	\$35,687	\$33,169
State	\$53,210	\$48,282

Source: Department of Local Affairs

## **2008 EFFORTS TO IMPROVE CONDITIONS**

Each county within the region has been working diligently to improve their economic conditions and each of them has made use of the enterprise zone as part of their package of enticements. Here are their reports.

### **LOGAN COUNTY:**

#### **Logan County Economic Development Corporation**

The mission of LCEDC is to provide leadership and assistance to all Logan County communities in their efforts to grow, while improving their economic stability and diversity. A variety of services are offered to expanding or relocating business in need of site location, demographics, financing, specialized research, and incentive proposals.

#### **Job Creation**

A main objective is the creation of primary jobs. During 2008, LCEDC has assisted over 10 new and expanding businesses including: Bealls Department Stores, Burger King, Dickinson's Country Store, Jimmy's Pizza and Italian Restaurant, McDonalds, and Serenity Women's Clothing. These projects represent a total capital investment in excess of \$6,200,000 and have created 79 new full-time jobs in Logan County.

#### **Enterprise Zone Projects**

County Express, Healing Tree, Hospice of the Plains, NJC Agricultural Education Center, NJC Foundation/Facility Excellence and Sterling Regional MedCenter are approved Enterprise Zone projects which have received community support during 2008.

LCEDC has provided project assistance in the form of community information and demographics to many of these approved projects.

#### **Logan County General Economic Overview**

Several major projects have improved the outlook for economic development for 2009.

NextEra Energy Resources, LLC, formerly known as Florida Light and Power Energy, has committed to constructing an additional 60-100 wind turbines north of Peetz. Colorado Highlands Wind, LLC, has committed to a new wind development project north of Fleming and plans to construct 60 turbines during 2009. The Blue Sky underground natural gas storage project is expected to begin construction during the year. These projects will generate 450 temporary construction jobs and an estimated 25 permanent jobs upon completion. The Sterling Regional MedCenter, a Banner Health facility, has announced a new cancer treatment center with an estimated cost of \$8.5 million to begin construction during 2009.

### **MORGAN COUNTY:**

#### **Morgan County Economic Development Corporation**

The Morgan County Economic Development Corporation targets job creation by offering a variety of services to new and expanding businesses, including: Community Information and Demographics; Sites and Buildings Database; Sources of Financing; Custom Market Research; Counseling and Resources for Entrepreneurs; Economic Impact Studies; and Incentive Proposals.



## ENTERPRISE ZONE PROJECTS IN MORGAN COUNTY

Brush Main Street Project	Caring Ministries Homeless
County Express Transportation	East Morgan County Hospital
Eben Ezer Care Center	Fort Morgan Airport Infrastructure
Colorado Plains Medical Center	Fort Morgan Downtown Development
Fort Morgan Infrastructure	Morgan County EDC
Morgan Community College Nursing Lab & Adult Basic Education	

## JOB CREATION

During 2008, MCEDC has worked with 10 prospective new businesses. We did see an increase of 41 FTE jobs in Morgan County with new business coming into the area and existing business expansion. Of the 10 we are hoping to have three breaking ground in Morgan County. These include ethanol production, biodiesel production and natural gas storage.

If these three businesses locate in Morgan County they will invest over \$800 million dollars in Morgan County to become fully operational.

## BUSINESS EXPANSION IN COUNTY IN 2008

MCEDC has worked with 2 businesses that have expanded in Morgan County. These expansions created more than 20 new jobs in the county. These businesses are fabrication, milk production and service jobs. They have invested more than twenty million dollars in Morgan County.

## BUSINESS DEVELOPMENT

The Business Accelerator is still being used to assist entrepreneurs and Precision Marketing to help existing businesses expand their customer base. MCEDC is still loaning funds through a small revolving loan fund that we started. We have now loaned funds to six small businesses.

## NEW BUSINESSES STILL IN NEGOTIATIONS

At this point in time we have 5 major businesses still in negotiations. They will create over 212 new jobs in Morgan County and have an investment well over one billion dollars in the County. These businesses include power generation, renewable energy and natural gas storage.

## EXISTING BUSINESS EXPANSION STILL IN NEGOTIATIONS

We currently have a 22 million dollar expansion taking place by Dairy Farmers of America to help expand their capacity intake to support Colorado milk contracts. This will be completed in 2009. Also, an expansion and relocation of a premier Toyota dealership to the I-76 corridor making it a regional destination store. Morgan County has two businesses that are in the planning stages of their expansion. These proposed expansions will produce 30 jobs and have a capital investment of approximately 30 million dollars. These businesses are in the areas of milk production and manufacturing. We will also continue to see the local dairies expand to meet the demand of milk contracts in Colorado.

## OVERVIEW OF YOUR ECONOMIC DEVELOPMENT ACTIVITIES FOR THE COUNTY

In 2008 MCEDC concentrated on recruiting renewable energy and manufacturing. Our focus for 2009 will continue with that. Morgan County should see the construction of an ethanol plant, bio diesel plant, the

start of construction on a natural gas storage facility and the local dairies expand to meet the high demand for milk product in the area. As we add those primary jobs as well as temporary construction jobs we will be promoting the expansion of our many local service and retail businesses to meet the new demand. We have two additional hotels slated to open in 2009 in the Fort Morgan area.

We have an extensive expansion and relocation marketing binder that we send out to potential prospects. We also have an informative website; this is our most utilized marketing piece. We believe the website is our future in marketing. We also market Morgan County by advertising in Northern Colorado Business Report, Global Corporate Expansion and Business Expansion Journal (national site selection magazines). We do some local and regional advertising as needed.

#### ECONOMIC OBSERVATIONS FOR MORGAN COUNTY

Our county has seen a stable economy in 2008 as we are feeling the positives of the higher commodity prices in our agriculture economy. This industry has been the backbone to our economy for many years. We have not seen a population increase for nearly 4 years which is an indicator of the stable economy as well as unemployment being low at this time. Employers are struggling to keep positions filled and recruiting outside the area is tough as well. We have completed a county and regional labor study to help us work to create and retain a skilled work force for the future. We hope to see the same forecast for 2009.

#### BUSINESS GROWTH STORY

Delta Oil Field Tank Co. previously Pro Tech Fabricators is a local business that has been in existence for 15 years in Fort Morgan. They are on their fourth expansion as an oil field tank and other oil field product manufacturer. In 2008 they did their fourth expansion where they expanded onto their main facility. They are located in the Fort Morgan Industrial Park. They started out 2007 with 35 employees and are now at 105 employees and are paying a higher salary than the county average. They decided to stay in Morgan County because of the positive relationship with the city as well as the incentives offered, enterprise zone being one of them. They anticipate adding another manufacturing site and are looking into additional land in the Industrial Park to accommodate this. They have also attracted a lot of spin-off businesses to support the workload of this service industry.

#### DIRECT CONNECTIONS BETWEEN RECRUITING AND ENTERPRISE ZONE

The enterprise zone has been a part of our incentive package to attract and retain business in Morgan County. It is a significant part of our marketing prospect binder as well as our incentive packages, this being highlighted on our website. This also allows us to build our investor base for our organization as we are designated enterprise zone.

We have also been able to utilize the statute that allows enterprise zone projects to be open to a longer period of tax abatements by local governments. This helped us tremendously to gain a very viable project for our area.

#### PHILLIPS COUNTY:

No Report

#### SEDGWICK COUNTY:

No Report

## WASHINGTON COUNTY:

In 2008 Washington County saw continued economic growth with several additions to the marketplace. New jobs have been formed with the reopening of a gas station and convenience store; JD's Quik Stop, the cornerstone coffee shop is under new ownership and continues to do a wonderful business. The bowling alley has reopened on Main Street and employs 4 people as well as a new bar, Mares Bar and Grill, located on main street and highway 34 employs 4 people. The car dealership, Akron Auto, which opened in 2007, has added two additional jobs in 2008. We are sad to announce that we also lost a staple of Main Street in 2008 with the closing of Hardamon Drug, a business that had thrived over the years closed due to the retirement of the pharmacists, costing the community 2 full time jobs and 2 part time jobs.

Washington County continues to explore the possibilities of renewable energies throughout the county. The county also continues to have solid production of oil and gas and still rank in the top ten in the category for the entire state of Colorado.

The Washington County Events Center continues to bring many events to Akron each and every year since it was built. The Events Center was used over 250 times in 2008 for various activities that boost the economy of Washington County.

## YUMA COUNTY:

### **Overview organization and the enterprise zone projects in Yuma County**

The mission of Yuma County Economic Development Corporation is to provide leadership to create and maintain a healthy economy through job creation, growth and development of existing business, and the increased visibility of Yuma County. Yuma County Economic Development Corporation is a unified partnership of business, agriculture, industry, and government designed to strengthen the economic climate for the benefit of the citizens of Yuma County. Our objectives are to: Provide an atmosphere that encourages the retention and expansion of business in Yuma County. Be the lead organization in coordinating programs for the purpose of promoting and marketing Yuma County. Be the central point of contact in the County for providing a variety of economic research/data products. Provide leadership in addressing economic infrastructure issues such as telecommunications, agriculture, housing, and entrepreneurial climate.

The Irrigation Research Foundation provides research cooperators an opportunity to develop extensive studies on a variety of soil types, water and fertilizer applications, different hybrid varieties of various crops, and low energy costs to produce the maximum amount of net income per acre. At the IRF site, there are five (5) sprinkler systems and two (2) drip irrigation system that all draw from the same deep well and each sprinkler can be operated independently. The Irrigation Research Foundation is unique in that the soil ranges from light sandy soil to a heavy sandy loam. The Irrigation Research Foundation has also been selected by Monsanto as a

Center of Excellence with our Limited Water / Strip-Till studies and for our commitment to the conservation of the Ogallala Aquifer.

Wray Community District Hospital and Clinic will provide quality health care in accord with the ideals of concern and compassion when responding to the needs of everyone we serve, while recognizing that good health encompasses their physical, emotional, spiritual, and economic well-being. Our 15-bed Special District Critical Access Hospital was built in 1995, featuring all new furnishings and state-of-the-art equipment. Services include a Swing Bed Program, 24-hour Emergency Care, 24-hour Anesthesia Services, a full-time Board Certified Surgeon, and various wellness programs

Wray Rehab & Activities Center Mission: We, the people of the tri-state area, are dedicated to establish a center with mental, physical, and social benefits for all ages while ensuring the quality of our rural lives. We Resolve to: A.) Make the center self-supporting and affordable while promoting wellness and effective stress management B.) Promote positive social interaction from the youth to the senior citizen. C.) Aid in economic development by using local resources for construction, staffing, and maintenance D.) Provide only that which does not already exist. E.) Increase the services offered by the hospital and through the medical community by providing a facility to patients for cardiovascular and therapeutic rehabilitation.

Yuma District Hospital Foundation Mission: Facility will be the preferred provider of high quality ethical, primary care services and the preferred healthcare employer in the geographic area. Yuma District Hospital is a newly constructed facility that houses acute inpatient health services, including 12 acute care beds, two labor/delivery/post partum beds, bassinets, surgical services, 24-hour emergency services and the Yuma Clinic.

Yuma Rural Communities Resource Center mission statement is: The Rural Communities Resource Center is a grassroots, non-profit organization in Northeast Colorado. The Resource Center provides advocacy, education, and support to create systems change and develop programs that promote the physical, emotional and economic health of the area. The primary goal is economic self-sufficiency and good health for the residents of Washington, Yuma and surrounding counties. The objective of the organization is to ensure that a comprehensive range of educational, health, and human services programs are available to the isolated, rural population of Northeastern Colorado. In addition to providing needed services, these programs should help in the creation of systems change.

## **Overview of the business environment in Yuma County**

Retail sales have remained strong in 2007, with growth in the number of retail outlets and growth in retail employment opportunity. Food vendors is the largest single sector growth. The oil and gas production industry remains a primary County revenue provider and major employment sector. ALCO stores made a major investment opening a new 12,000 sq. ft. store in Wray. Hotel stays are up with vacancy rates during the week of near capacity numbers. Agricultural production numbers are strong with resultant accompaniment of equipment sales. Community banks continue to offer and provide consumer and business lending services.

## **Efforts to improve economic conditions in Yuma County**

A significant amount of time and expense was dedicated during the year to addressing a serious water supply issue for the County that is paramount to business retention and all economic development efforts now and in the future. Two bond issues were proposed to the voters of Yuma County in the November 2008 general

election. The proposed solution was to A) Create the Yuma County Water Authority (YCWA) Public Improvement District, in order to B) Purchase the surface water rights of the Laird and Pioneer Ditch Companies. Yuma County Economic Development Corporation served as the voter education program for the County. At risk was a 20-mile zone covering 1,338 irrigation wells; 11 high capacity commercial wells; and all of the municipal wells for the cities of Eckley, Wray and Yuma. Irrigated acres at risk in the zone account for 190,000 acres. An economic impact study prepared by Colorado State University measured the potential economic loss to be \$678 per irrigated acre translating to over \$128 million every year in lost revenue to the area. Some of the major employers which would have been affected are hospitals, school districts, Murphy Brown, 5 Rivers, Sea Board, M&M Co-op, and Yuma Ethanol (the largest new employer of the previous year). While most statewide ballot expenditure proposals failed, both of these County water bond issues were supported by voters receiving over 76% of the popular vote cast.

- **Efforts to retain jobs through marketing, training and the use of the enterprise zone**

In addition to the major voter education program of water bond issues described previously, the Yuma County Economic Development Corporation sponsored and inaugurated a business tool website addition to assist in providing training opportunities for existing businesses and one-stop filing for creation of new business start-ups in conjunction with both the West Yuma County Chamber of Commerce and the Wray Chamber of Commerce. The Fort Morgan Small Business Development Center (SBDC) presented an all-day workshop for Rural Women in Business Development, hosted by both Chambers of Commerce.

- **Cooperation with local economic development entities for job recruitment, types of activities**

One regional state prospect proposal and three individual prospect proposals were developed and submitted to the State Office of Economic Development. One major host site proposal was submitted to the Colorado Film Commission in responding to a production host site proposal for a new national television show.

- **Overall economic development climate of region through the travel region, economic development offices and community based non-profits.**

Both chambers of commerce and the Yuma County Economic Development Corporation actively participated in and manned visitor booth services at the International Sportsmen's Exposition in Denver to promote travel in our County and the Northeastern Colorado Region. Both municipal airports (Yuma and Wray) applied for Airport Development Zone Designation with the State Office of Economic Development. Municipal governments in Yuma and Wray appropriated funds to support the Yuma County Economic Development Corporation and the two chambers of commerce.

## **2008 OBJECTIVES**

Regional goals included the following:

## Regional Goals

### 1- Increase population

- The main effort to increase population is through retention and expansion of the employment base in Logan County. Residential real estate transactions in 2008 exceeded 2007 and some new construction increased the housing supply.
- In Yuma county a natural population increase occurred between 148 births and 89 deaths but ended up losing population from 2007 to 2008
- In Morgan County a small decline in population was noted but they are still ahead of the 2000 census. Reports attribute this to a decrease in the Hispanic population even though there was a gain of 41 FTE jobs.
- In Washington County renewable energy projects have slowed down with the drop in the price of oil and the county continues to struggle

### 2- Retain jobs through marketing and training

- Logan County ED (LCEDC) has participated in the CommunityID program of the Buxton Company. This retail site assessment has identified companies whose customer analytics provides a favorable match with our communities. Use of this tool enabled the successful marketing efforts for several new businesses. Logan County ED supported a project to “Revitalize Downtown Sterling” by bringing a downtown development consultant to Sterling to meet with local merchants. Colorado OEDIT and LCEDC co-sponsored a Business Financing Forum to educate local business owners on the types of financing available for expansion or new enterprises. The Sterling Workforce Center sponsored several Job Fair and workforce development seminars which were supported by LCEDC.
- Morgan County uses their Business Accelerator program to assist entrepreneurs and Precision Marketing to help existing businesses expand their customer base. They are also still loaning funds through a small revolving loan fund they started.

### 3- Cooperation with local economic development entities for job recruitment

- In cooperation with the City of Sterling, Logan County, Northeastern Junior College and local high schools, LCEDC has participated in the Education/Workforce Consortium. A major project was the High School Job Readiness Fair in Fort Morgan. A similar project is planned for Sterling in 2009. The BETR project to inform students and parents about local job opportunities was another cooperative job recruitment effort.
- The Enterprise Zone is a major part of recruitment and incentive proposals that are presented to all expanding and relocating business opportunities. These statutory enhancements, along with local, state and Federal programs, form an important part of the recruitment package.

### 4- Improve overall economic development through travel, ED and Community Non-profits

- All county economic development groups have participated in all or a portion of the following activities as partners and as resources:
  - Rural Philanthropy Days held in Burlington, CO.
  - Spring and Annual Meetings of the Economic Development Council of Colorado.
  - Presentations to local community groups included SIFE (Students in Free Enterprise), Governor’s Job Council, CDOT/Blue Ribbon Transportation Panel, Lower South Platte Water Conservancy District and GEO (Governor’s Energy Office).
  - Participation in the NE Colorado Travel Region
  - Progressive 15 to know the potential legislative changes for the region
  - Job Fairs
  - Partnerships with Morgan Community College and Northeastern Junior College to ensure training for the jobs that are being recruited
  - Water Supply issues critical for the areas expansion
  - Partnerships with local Chambers of Commerce
  - Partnership with Small Business Development Center

## **2009 GOALS FOR ZONE**

1. Retention of jobs
2. Creation of jobs through expansion and new business
3. Marketing the Northeast Colorado region for tourism and business development

## 2008 NORTHWEST ENTERPRISE ZONE ANNUAL REPORT

### Overview

The Associated Governments of Northwest Colorado (AGNC) which represents the Counties of Mesa, Garfield, Rio Blanco, Moffat and Routt along with 17 of their municipalities is assigned as one of its regional duties the administration of the Northwest Enterprise Zone (NWEZ). The NWEZ's boundaries exclude Mesa County from the AGNC region but add the Counties of Grand and Jackson and a portion of Clear Creek.

The major industries in the NWEZ region are natural resource extraction, agriculture and tourism. The NWEZ has helped to increase investment in the region which will in time assist in the diversification of the economic base and raise the per capita income.

### 2008 Observations and Data

For the past five years oil and gas development in Garfield and Rio Blanco Counties have dominated the local economy. However, in the later part of 2008, the decline of natural gas prices have caused a major reduction in the projected development in the Zone. In addition, the budget forecasts for the state have made the state wide funding of tourism marketing susceptible to cuts. Therefore two of the major industries of this region are at risk of having sizeable reductions in producing revenue to the state and local communities.

Below are the most recent figures available for unemployment rate, per capita income and population growth by county.

December 2008 unemployment rate:

- Clear Creek— 5.6%*
- Garfield— 4.1%*
- Grand— 4.9%*
- Jackson— 3.2%*
- Moffat— 4.4%*
- Rio Blanco— 3.2%*
- Routt— 3.9%*
- Zone Average— 4.2%*
- Colorado Average—5.9%*

2006 per capita income:

- Clear Creek— \$52,828*
- Garfield—\$35,127*
- Grand—\$35,256*
- Jackson— \$28,011*
- Moffat—\$32,017*
- Rio Blanco— \$38,801*
- Routt—\$45,575*
- Zone Average—\$38,231*
- Colorado Average—\$39,491*

2007 population growth rate:

- Clear Creek— 0.4%*
- Garfield— 4.0%*
- Grand— 1.6%*
- Jackson— -1.8%*
- Moffat— 2.0%*
- Rio Blanco— 2.6%*
- Routt— 2.8%*
- Zone Average— 2.8%*
- Colorado Average— 1.9%*



### **2008 Efforts to Improve Conditions**

*As AGNC is a small office with only 1.5 FTE we do our best to provide as much information and outreach as possible to improve the conditions of the Zone. The following are a summary of those efforts.*

#### Contribution Projects:

The NWEZ has 20 contribution projects operating within its boundaries. Four of these projects have been certified this year. Thanks to the direction of the OEDIT, many of our projects have raised the effectiveness in reporting their actual benefit to the local economy and tax base.

#### County Resource:

AGNC serves as a county and statewide resource for Enterprise Zone questions, address verifications and certifications. Our office fields nearly a dozen calls a week on enterprise zone questions or concerns and nearly all inquiries are answered the same day.

#### Educational Publications:

The NWEZ provides two major source publications that serve to inform businesses and individuals in the region of the EZ credits.

These publications include:

- Enterprise Zone Brochures
- Links to the State Enterprise Zone page and list of helpful resources on our website [www.agnc.org](http://www.agnc.org)

#### Presentations:

Over the past year we have hosted three presentations throughout the Zone to introduce the EZ program to businesses and accountants who may not be familiar with the credits or the ease with which they can be applied for. The sessions were attended by many small business owners and even by people who were interested in starting or purchasing a business. We plan on expanding this outreach in 2009.

### **2009 Objectives:**

1. Target 30 businesses that have never applied for a credit and inform them of their opportunity to do so.
2. We are planning to strategically leverage our tourism and marketing grant by investing with other contributors in and brand marketing of the City of Rifle. We believe that the branding campaign will become a model that can be replicated across the region to boost economic development and tourism income.
3. Provide outreach to at least one local chamber of commerce in each county the NWEZ serves to inform and train them on marketing the zone.
4. Increase the number of companies making expenditures on R&D over last year, by targeting companies that are likely already making R&D expenditures and informing them of this tax credit. Our region is host to three major R&D projects, yet only one of the companies has so far come forward to ask about the possibility of applying for this credit.
5. Increase the number of buildings that utilize the Rehabilitation Credit over last year. Several businesses have enquired into the use of this credit. We intend to assist them in making the decision to go forward with the use of this credit and invest in the rehabilitation of these properties.

## **Pueblo County 2008 Enterprise Zone Annual Report**

### Overview

The Pueblo County Economic Development Department oversees the enterprise zone program for Pueblo County. All of Pueblo County meets the enterprise zone criteria for unemployment and per capita income; however the population in Pueblo County exceeds the maximum population allowed for any one enterprise zone region. Thus, Pueblo County has worked with the Economic Development Commission to define boundaries of the enterprise zone within Pueblo County where development efforts are best directed. The enterprise zone areas include industrial parks, the downtown area of the City of Pueblo, college and university property, and a large agricultural area. As new demands for property being included in the enterprise zone are identified, an application for zone boundary extension is presented to the state economic development commission.

The Pueblo County Economic Development Department also acts as the administrator for the CDBG revolving loan fund program and operates a business retention program and acts as liaison between government and local businesses. No administrative fee is charged to any of the businesses or not-for-profits utilizing the enterprise zone benefits.

### 2008 Observations and Data

Not all of Pueblo County is included in the enterprise zone, data shown in this section will be county-wide for simplicity. The data for Pueblo County as a whole should be a fair indication of conditions in the zone.

The US Census Bureau estimates Pueblo County's population to be 152,081 in 2006. This is a 5.5% increase since the estimated population in 2001 of 144,175.

At year end, Pueblo County had a jobless rate of 7.4% which is 25% higher than the state rate of 5.9%. This upturn in the local jobless rate brings renewed focus on the area's economic development and job-creation efforts.

Per capita personal income was \$26,363 in 2006 according to the US Census Bureau. This amount is 67% of the state average of \$39,441 for the same year. In order to increase the wages in the area, economic development efforts are focused on creating higher paying jobs; not just any job.

Home construction plunged to its lowest level in 16 years in 2008. 394 single-family home permits were taken out for the year, the fewest since 219 were issued in 1992 and 67% below the county's peak building year of 2006 when 1,190 home permits were issued.

As of September 2008, countywide sales were down 1% from the year before. Last year, countywide sales grew 6.6%.

On a brighter note, Vestas Wind Towers hopes to open their new plant located in Pueblo County by August 2009. This new business will employ 500 to 550 people and will include room for expansion and will open the door for related businesses. The local community college is gearing up by offering training programs specific to the job requirements of Vestas.

CSU-Pueblo has seen tremendous enrollment gains in large part due to a new recreational facility that opened in 2008 that was funded by taxpayer contributions. CSU-Pueblo became a qualified enterprise zone contribution project in 2007 which helped in meeting donor dollar objectives.

Overall, Pueblo leaders are optimistic that Pueblo County will fare better in the current economy than many areas in the state. New, well paying jobs should be available in the near future both at Vestas and at the Pueblo Chemical Depot weapons destruction plant also underway. Both projects have created interest in other companies now thinking of locating in Pueblo. Pueblo will continue to promote the enterprise zone program to assist in efforts to encourage job growth in the area.

#### 2008 Efforts to Improve Conditions

Generally, this office acts as a resource for enterprise zone questions, address verifications and certifications. In addition, presentations are made at various business events to increase the awareness of enterprise zone benefits. Finally, as part of the local business retention program, existing businesses are visited and these businesses are told of the enterprise zone tax credits available for them when they indicate they are doing something that would qualify for the benefits.

During 2008, 4 new contribution projects received approval. These projects will all enhance economic development efforts in the community. The zone boundaries were also extended to encompass a new industrial park in Pueblo. This industrial park will be the home of Vestas Wind Towers and will help entice additional new businesses to the area.

#### 2008 Objectives

1. **Goal:** Increase the awareness of the enterprise zone to local business and thus increase the number of DR 0074 forms by 10% over the number filed in 2007.

**Result:** 99 forms were certified in 2007 versus 107 certified in 2008 representing an 8% increase in certifications. Another way of looking at the data would be to compare the number of new filers. There were 43 new filers in 2008 versus 30 new filers in 2007; a 43% increase. Although not tracked; it is felt that the number of inquiries regarding the enterprise zone increased significantly in 2008. There seems to be an overall increase in awareness due to the marketing efforts of the zone.

2. **Goal:** Increase the total number of jobs created in the enterprise by 10% over the previous year.

**Result:** There was a net increase of 374 new jobs reported on the 2007 DR 0074's filed and a net increase of 342 in 2008. Although there were a significant number of new jobs created in 2008, several companies reported job losses which offset these gains.

3. **Goal:** Increase the capital investment in the zone as measured by an increase in the investment tax credit capital reported in 2008 over 2007.

**Result:** Capital investment in the zone qualifying for the ITC credit in 2008 totaled \$24,805,950 versus \$53,138,756 reported in 2007. A major manufacturer in Pueblo had a large expansion in 2007 and nothing similar occurred in 2008; thus this objective was not met. However; a capital investment of \$24,805,950 in one year in the Pueblo enterprise zone is significant and viewed as a positive indication that facility expansion and updates are healthy when compared to pre-2007 data.

4. **Goal:** Consider amending existing enterprise zone boundaries and requesting addition of new contribution projects as opportunities present themselves.

**Result:** Although this is not necessarily a measurable goal, it is an objective of this office to help businesses in their economic development efforts in any way possible and as an

opportunity presents itself, the EDC is asked to consider boundary amendments and/or new contribution projects. During 2008, the EDC approved one boundary expansion and 4 new contribution projects.

### 2009 Objectives

In addition to continuing to monitor the above stated objectives/goals, a special emphasis will be placed on increasing the number of employees trained in the zone during 2009. A frequent complaint heard during company visits during 2008 was the quality of the workforce for skilled positions. There is a need to increase workforce skill levels and an effort will be made to encourage businesses to develop the needed training programs. If the business is in the enterprise zone, they will be educated about the job training tax credit. It is expected that we will see an increase in this credit in 2009.

## **REGION 10 L.E.A.P.**

300 N Cascade Ste 1  
Montrose CO 81401

### **2008 ENTERPRISE ZONE ANNUAL REPORT**

#### **Overview**

Region 10 is the Enterprise Zone that covers 6 counties in western Colorado, Delta, Gunnison, Hinsdale, Montrose, Ouray and San Miguel. Three of these counties are Enhanced Rural Enterprise Zones, Delta, Hinsdale and Ouray. The EZ criteria for these counties establish the basis for the other goals and strategies of the Region 10 Rural Enterprise Zone.

There are a few areas that are excluded, Telluride Town, Mountain Village, Crested Butte residential, and Mt Crested Butte.

Region 10 also provides other services to the region. The Area Agency for Aging provides nutrition, transportation and dental & hearing services for seniors. The Building Loan Fund provides financial services to local small & start up businesses and liaises with the local SBDC. The Underage Drinking & Drugs Task force works with local health & education groups to raise awareness of youth addiction problems. The Gunnison Valley Transportation Planning Region represents the local counties with CDOT to plan future transportation and transit.

#### **2008 Observations and Data**

During 2008 there were several larger retail stores that had recently opened, or expanded, in the area, mainly on the outskirts of towns. This had the effect of the center of town losing its focus somewhat, and local groups are working hard to revitalize that. The new stores are having a positive effect on the economy in that the selection available to local consumers has been greatly increased, no longer necessitating long drives to other centers.

Industrial companies e.g. Gas & Coal based businesses or transportation services have been increasing steadily in output & production, as well as in employment, as noted through the reported Tax Credits. Many of these are linked to the national grids, and the improving service will be helping the energy situation overall.

As with many regions we had a marked decline in the economy of the area in the last quarter of 2008. Some local companies moved production to China, and the national economy decline is causing some local small businesses to be concerned with their financial future. There is the feeling that the majority of local businesses will make it through this crunch, but with the possibility of reduced production/sales, and staffing.

The Contribution Projects were reporting reduced donations also, and a couple of our newly approved projects were postponing their promotional drives until the spring of 2009 in the hope the situation will improve. The total contribution dollars passing through this office was up considerably, but that is more due to the increase in projects than increase in donation level.

The data in the chart below is for 2006-7, and are all ESTIMATES from the State database. This is the latest available at present. It will take some time for the true effects of this recession on unemployment, per capita income, and population growth to be reflected on State demographics for this rural area. It may well be the census of 2010 that reveals the actual effect of the economic recession that is affecting all regions.

County	Unemployment rate	Per Capita Income	Pop. Growth Rate %
Delta	3.4	\$25,493.00	1.2
Gunnison	2.8	\$30,976.00	1.9
Hinsdale	3.0	\$29,035.00	2
Montrose	3.7	\$29,105.00	3.5
Ouray	3.0	\$39,684.00	3.7
San Miguel	3.1	\$40,570.00	4
<b>COLORADO</b>	<b>3.8</b>	<b>\$39,491.00</b>	<b>1.9</b>

### **2008 Efforts to Improve Conditions**

- Business Friendly Audits:

I conduct an at-a-glance-review of EZ business certification forms to point out any opportunities a business may have missed and will call the business back to discuss with them any potential credits missed, or obvious errors on the form. I also have 1-1 consultations with individual businesses or CPAs if requested, to assist with these forms, especially if new to the process.

- Contribution Projects:

During 2008 Region 10 had 5 new projects approved, from varied areas of the Region. These covered hospital expansions, recreational expansions, cultural improvements, and social programs, greatly enhancing the region both for inhabitants, but also for tourists and visitors. I assist the applicants with their application, and once approved I have a session with the new project administrators to explain the process and requirements. This has greatly helped the monthly and semi annual reporting, making the procedure more straightforward for all.

- County Resource:

We serve as a county and statewide resource for Enterprise Zone questions, address verifications and certifications. Local and out of State CPAs (e.g. Deloitte & Touche, Price Waterhouse) will call for verification of requirements, or with customer specific questions.

- Educational Publications:

We have different publications that our organization distributes which help increase awareness and knowledge of the EZ. These publications include: Enterprise Zone Business Tax Credit Brochure, EZ Marketing Grant Brochure, and EZ Contribution Project Brochure. These are being regularly updated to ensure accuracy.

- Presentations/ Outreach

I have, during 2008, given presentations and speeches to a number of organizations and societies in an effort to increase awareness and provide information on the EZ. These include the Kiwanis, Rotary, MAMA, Workforce Center and local Chambers of Commerce through the region. We recently participated in the Business Expo at the local Chamber of Commerce. I was also invited to make a presentation recently with Sen. Gail Swartz at a Delta County business meeting.

**2008 Objectives:**

- Objective #1:  
Demonstrate positive job creation, of 500 reported jobs per year for five consecutive years based on Enterprise Zone Activities. This was achieved in 2008.
- Objective #2:  
Support local CPAs and Business owners, through promotions & outreach, in their understanding and use of the Enterprise Zone Tax credit program, to show an increase of reported Capital Investment dollars of 1% per annum minimum. This was achieved in 2008.
- Objective #3:  
Increase the number of employees trained in the enterprise zone over last year by a minimum of 2%, through promotions & educational outreach, as well as individual business consultations. This was achieved in 2008.
- Objective #4:  
Increase the number of local entities aware of & using the Marketing grant, by 10%, to further promote good business and tourism in the region. This was achieved in 2008.

2/12/09

Rhona Keckler  
EZ Coordinator  
Region 10 LEAP.

## San Luis Valley 2008 ENTERPRISE ZONE ANNUAL REPORT

### Overview

In addition to management of the SLV Enterprise Zone, the San Luis Valley Development Resources Group, a regional development organization, offers programs and services to assist local governments, community groups, business owners, and non profit organizations address their economic and community development needs. Our involvement in a wide range of partnerships and connections throughout the Valley and Colorado places the SLVDRG in a regional coordination role for meetings, forums, workshops, and seminars.

The San Luis Valley, in south-central Colorado, is located about midway between Denver and Albuquerque. Boundaries of the San Luis Valley region are represented by the six counties of Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache, each maintaining a separate identity but economically interdependent. About 122 miles long from north to south, and about 74 miles across, the SLV covers an area of 8,193 square miles with a combined 2006 population of 48,291 (only 5.9 persons per square mile).

### 2008 Observations and Data

The economy has had an impact on the Valley although not as severe as elsewhere. Local banks have always been conservative so we have not experienced a large increase in the number of foreclosures experienced elsewhere – although they have increased. Also, we are not experiencing a “lack of available credit” although lenders are taking closer looks at collateral value, credit history, and cash flow. The impact of \$4.00+/per gallon of gas, the salmonella disaster in Alamosa, and falling stock markets have created a slowing in many industries in the Valley including hospitality, retail outlets, construction, and sales of big ticket items i.e. cars. The stability of the agricultural economy has made a difference. Although the industry is experiencing higher costs due to increased diesel and fertilizer, the markets have held strong and their profits are doing well. Some grocers and hardware stores are reporting better than average sales in 2008 as citizens were shopping locally instead of leaving town.

The San Luis Valley is showing a small but steady decline in population for 2005-2006 and 2006 – 2007, after four years of steady growth. Mineral and Saguache Counties consistently show small but steady increases while Conejos and Costilla continue to slowly lose population. Overall, we have lost .7% in population or approximately 323 citizens. Colorado growth rate has dropped slightly to 1.9% from 2.0% in 2006. As in all of Colorado, regional unemployment rates are up – 6.6 in 2008 as compared to 5.5 at the end of 2006 – still higher than the state unemployment rate of 5.1. The average per capita income remains among the lowest in the state at \$25,334 – 56.8% of Colorado’s average. Employment growth over the same period, however, averaged 2.1% for the Valley compared with 1.7% for the State.<sup>1</sup>

### 2008 Efforts to Improve Conditions

#### Partners:

The SLVDRG Revolving Loan Fund is one of the San Luis Valley’s most broadly applied tool for advancing projects which need additional financial assistance. It is most

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<sup>1</sup> [http://dola.colorado.gov/demog/population/estimates/table2\\_07final.xls](http://dola.colorado.gov/demog/population/estimates/table2_07final.xls)



commonly used to provide “gap financing” to cover the project cost remaining after bank, private, and other sources of financing are committed.

#### CDOT:

SLVDRG recently completed a study to determine if San Luis Valley would be able to sustain a Transit Authority which included a Valley bus system. We received a grant from Colorado Department of Transportation to create a Transit Authority which would then develop the needed transit services for job commuters and general public. We continue to participate and assist with regional transportation planning, regional transportation commission meetings; and input on the 2035 Plan.

Business Development Center - We will have access to our new facility in May, 2009. At that time, we have commitments or letters of interest from several organizations to co-locate with us to become a business development for the San Luis Valley. These organizations include DoLA, OEDIT business representative, SBDC, Gov. Energy Office Representative, and possible the new ED organization in Alamosa – ACED.

#### Local EDC's:

Assisted four local economic development organizations in Alamosa County develop the framework for one, all-encompassing, organization for local businesses – existing and new. The organization will be called Alamosa Community Economic Development. Provided assistance and information to Adams State College, Trinidad State Junior College, and Colorado Workforce as needed.

#### Renewable Energy:

Funding was acquired to begin the Solar feasibility study for a one megawatt CSP solar plant to be built and eventually owned by the SLV County Commissioners through a Power Authority. SLVDRG worked with Colorado's Governor's Energy Office to install a Solar Meteorological Station, aptly named “Sunspot 1” in the center of the Valley just east of Monte Vista. This station monitors several items including solar radiation, wind, and rain/moisture received on the Valley floor. Information received from the station can be observed on the NREL website. Tri-state and Xcel Energy are partnering to bring a transmission line into the valley from the east (we only have one line and it is from the north). This will allow us to develop solar further as we will have the means to send the electricity OUT of the Valley – not just accept it.

#### Tourism:

Tourism seemed to hold steady in the Valley for 2008 despite the economy. We believe that the tourists we are seeing are from Colorado or neighboring states like Oklahoma, Texas, Kansas, New Mexico, and Utah.

SLVDRG administered a grant to allow local tourism boards to create six Heritage Tourism itineraries for tourists and a Heritage Tourism website with an interactive itinerary component.

We also received a grant from Colorado Tourism Office to create a San Luis Valley map. We are working with the local tourism boards to create a regional San Luis Valley Tourism Council.

#### County Resource:

Re-created the San Luis Valley Council of Governments on the advice of the Department of Local Affairs. This organization will be housed and managed by SLVDRG. SLVCOG will develop the SLV Government and Business Resource Office which will include:

- Resource room with computer access and immediate assistance to all DoLA programs, publications, workshops, and materials,
- Office and conference space for DoLA field staff and visiting DoLA staff,
- Administrative assistance for DoLA field staff that includes:
  - Grants management, administration, and monitoring
  - Assist in the development of regional projects
  - CDBG assistance including Environmental Reviews, Davis Bacon requirements, etc.
  - Energy Impact assistance to local governments by answering questions and providing information
- Assistance for interested investors with infrastructure, facility, local government, and financing information
- Promote state and local community and economic development programs
- Location for many state agencies including offices for Governor's Energy Office, Colorado OED Business Development Representative, Small Business Development Center

#### Presentations:

Taught at 2 Leading Edge business planning classes and Adams State College Business Entrepreneur Classes to educate community about financing options, tax credits, and resources available for small businesses in the Valley. Worked with City of Monte Vista and Alamosa Community Development Corporation to create a Façade Improvement loan program for those cities.

Held community meetings in all six counties and met with the San Luis Valley Board of County Commissioners on a quarterly basis to discuss issues and provide assistance.

#### Contribution Projects:

Worked with San Luis Valley Boys and Girls Club to develop clubhouses in Monte Vista and La Jara. Assisted with fund raising and Enterprise Zone training for possible donors. Provided mechanism for local building owners to give vacant buildings to towns and non-profits which will then be used as community facilities.

#### 2008 Objectives:

1. Increase in the total number of businesses applying for Enterprise Zone credits. While the total dollar amount of capital investment and ITC credits have decreased, overall SLVEzone showed an increase in the number of businesses reporting Capital Investment increased by 69 businesses or 19% from 2007 to 2008. We believe this is due to ongoing and increased marketing efforts of the Enterprise Zone administrator.
2. Increase the total number of jobs created in the enterprise zone over 2007. Businesses taking Enterprise Zone credits reported an increase of 131.76% in 2008. The majority of these jobs are reported in Alamosa County (126 jobs) with Rio Grande County following with 38 jobs. These jobs appear to be in the hospitality and retail sector of the Valley.,

3. Increase the total dollar amount of funds received by Enterprise Zone Contribution projects. Contribution projects showed an increase of 12.83% over 2007 contributions.

## **2008 ENTERPRISE ZONE ANNUAL REPORT**

### **Overview**

South Central Enterprise Zone consists of Las Animas, Huerfano and Otero counties. In Otero County we have a Deputy Administrator that also signs certifications and responds to specific issues. Las Animas County has seen a significant decrease in methane gas drilling from January 2008 to late fall. Potential Oil and Gas regulations were perceived harmful to the industry resulting in a halt to new well permit drilling and the region was negatively impacted by loss of jobs in associated by-product industries. Huerfano County annexed a significant portion of new businesses north of Walsenburg and we received more requests for contribution projects in both Las Animas and Otero County.

### **2008 Observations and Data**

Otero (-4%) and Huerfano (-0.6 %) counties experienced a loss in population while Las Animas County (9.1%) had an increase due to gas well drilling and methane gas extraction. Unemployment rates for Otero have fluctuated by .4% negative, then positive and is up slightly at 2008 to 6.9%. Las Animas County unemployment has decreased steadily until 2008 when it increased to 6.9%. Huerfano county unemployment also increased from 3.9% to 4.9% during 2008. *Per capita income for Las Animas (\$16,829), Huerfano (\$15,242) and Otero (\$15,113)* is similar for each of the counties.

### **2008 Efforts to Improve Conditions**

South Central has partnered with Trinidad State Junior College to provide training and debt counseling at a business incubator resource center located in downtown Trinidad. Information about South Central Enterprise Zone is also provided routinely at these training sessions for small business.

#### **New Business:**

In December, 2008, South Central contacted four newly opened businesses and provided one to one information for certifications and tax investment credits and jobs credits.

#### **Contribution Projects:**

In Otero County, I worked with a contribution project to develop a reporting schedule for automatic payment deductions and developed a policy for providing one annual certification for multi-quarter donations by the taxpayer.

#### **County Resource:**

South Central staff drove to county seats to provide county and statewide resource for Enterprise Zone questions and describe the process of address verifications and certifications. South Central responds to email, fax, and phone requests for easing the effort to provide information to EZ inquiries. Out of state CPA's and tax preparers are also provided the [www.coloroadvance.com](http://www.coloroadvance.com) link. Certifications have increased as we do more outreach from sixty one to ninety-four participants.

#### **Educational Publications:**

Publications that South Central distributes help increase awareness and knowledge of the EZ. These publications include:

- Enterprise Zone Brochures.
- Enterprise Zone workshop sessions in each county
- Enterprise Zone informational folders of information packets.

**Presentations:**

South Central Staff have given information sessions to company boards and to non-profit boards of director for opportunities that exist in the region. South Central has high activity in March and August for corporate business.

**Partners:**

South Central Enterprise Zone organization a non-profit 501(c) (3) regional Council of Governments comprised of three cities and two counties of local governments.

South Central COG is active in partnering with, workforce centers, planning departments, and Chamber of Commerce. South Central COG is also a large employer in Huerfano and Las Animas having 397 current employees in the bi-county area. South Central COG is expanding outreach efforts and has created a mobile display to take to job fairs and local information forums.

**2008 Objectives:**

1. Provide enterprise zone marketing program information through advertisement and outreach in 2008.

South Central conducted two PowerPoint seminars for twenty non-profit tourism related participants Huerfano and Las Animas Counties. Twenty of the twenty-two attendees applied for marketing funds and eighteen received matching grants. Advertising efforts were limited to notification of the seminars by newspaper and chamber announcements.

2. Provide mini-seminars and information to local officials in remote cities of the South Central Enterprise Zone.

South Central staff met with Otero County Commissioners to discuss affects of investment tax credits and vacant building rehabilitation on the local tax base. The meeting required driving to La Junta from Trinidad, for a roundtrip distance of 163 miles round trip.

Met with Health Food Business owner and worked one to one with her and her tax advisor to explain benefit of tax credit in Walsenburg and invited her to a Walsenburg EZ seminar conducted in September. Walsenburg is 74 round trip miles.

3. Provide business owners with workers by partnering with the job center and Department of Human service to provide transportation to work.

South Central Enterprise Zone, SC COG and Primero School District partnered to provide five teachers transportation passes on a special route developed by SC COG transit to get teachers to the job thirty five miles on a one way trip.

### **2009 Objectives**

1. Target eight manufacturers located at the Trinidad Industrial Park and inform them about the Investment Tax Credit. We will measure the increase in capital investment dollars to provide a goal of building a healthy tax base in the EZ.
2. Increase the number of employees trained in the enterprise zone over last year by contacting 10 business members of local chambers of commerce and notify them of the Job Training Tax Credit to effect the goal of developing a skilled workforce in the South Central Enterprise Zone..
3. Increase awareness among brokers or land owners who own buildings in the EZ about the Rehabilitation Credit. South Central's goal to create a list of buildings in each county of the Enterprise Zone to which the Vacant Building Rehabilitation credit can be applied. This goal can revitalize downtown and reduce blight by putting old, vacant buildings in the Enterprise Zone back to a commercial use.
4. Perform outreach to Huerfano County to include that counties participation in the Contribution Projects. There are no Contribution Projects from Huerfano County and we will target at least one to help secure work force training.

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## **2008 SOUTHEAST ENTERPRISE ZONE ANNUAL REPORT**

### **Overview**

SECED and the Southeast Enterprise Zone challenges our citizens to continually reach for superior social and economic characteristics. The enterprise zone is a critical element in SECED's economic development programs. It is one of many incentives that make up a regional economic enhancement and retention package. The region asks our citizens to utilize natural resources to the fullest potential in cooperation with a multi-agricultural economy. Assert a vigorous campaign for aesthetic improvements to enhance business recruitment and retention.

We continually strive 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.

### **2008 Observations and Data**

The SECED area is experiencing population contraction, an ongoing trend that adversely affects the general health of our communities. The collected estimated data indicates contraction in 4 counties with an aggregated loss of 857 people. The 5th county's growth is attributed to an increase in inmate populations in two private prison facilities. Overall SECED area retail sales increased 12.98% as compared to a 9.17% increase in statewide sales. However, a significant portion can be attributed to the overall increase (inflation @ 5+%) in consumer prices. The SECED area unemployment rate has experienced an increase with the downturn in economic conditions. The 2008 collective unemployment rate is calculated at 5.37% as compared to an 8 year average of 4.7%. Per capita income levels calculated from available data has declined slightly over a 6 year period. The overall SECED area per capita income dropped \$2,623 from 2005 to 2006 which equates to 10.45 percent loss. Given the primary agricultural based economy in the majority of SECED counties this would not be classified as a trend but could be attributable to the commodity market fluctuations.

### **2008 Efforts to Improve Conditions**

Over the course of the last sixteen (16) years, SECED's Business Assistance (RLF) loan fund has assisted in approximately 180 businesses in the amount of \$7,535,769 with leveraging from private sources totaling \$9,142,149. In addition, through our Division of Housing rehabilitation loan program, which assists low-to-moderate individuals with the repairs of their homes, \$4,049,765 funds have been loaned benefiting 258 households.

#### *EZ Capital Investments (ITC):*

In 2008 the Southeast EZ (SECED) processed 329 ITC certifications. The sum of capital investments amounted to 62M with 45M in qualifying investments which generated 1.3M in tax credits. 593 employees were trained generating credits of \$10,196 for area employers. New business facility jobs (17) were created generating credits for \$9,300 for the employers.

#### *Contribution Projects:*

The Southeast EZ has various certified contribution projects in our five county area. These projects generated \$288,430 in contributions giving contributing tax payers credits of \$72,108.

#### *Educational Publications:*

SECED and the Southeast EZ produces and distributes the below publications to assist and help increase awareness and knowledge of the Southeast Enterprise Zone. Our publications include the following:

- Southeast EZ (SECED) created and distributed more than 2750 Enterprise Zone, Business Assistance Loan Fund, and Housing Rehab brochures for area and regional conferences in training and marketing activities.
- Southeast EZ (SECED) provides small business assistance tools through a subscription to a national web link Tools for Business. Our website gives users access to startup kits, business succession planning, disaster recovery, financial structuring, business planning, ownership formation, marketing, employee training and online classes.

*Presentations:*

Southeast EZ (SECED) gave multiple presentations to a local and area organizations, societies and directly to businesses to increase awareness and provide information on the Southeast EZ. These organizations included Community Banks, Chambers of Commerce, Rotary Clubs, Lyons Clubs, area Economic Developer meetings. The zone incentives were described with Q&A sessions following the presentations.

*Partners:*

Southeast EZ (SECED) is affiliated with the Southeast Colorado Workforce Center. We provided training and information materials along with conducting partner interviews for educational purposes. We continue to assist the centers in their efforts to train and promote program benefits.

**2008 Objectives:**

1. **GROSS RETAIL SALES** - Realize increased community vitality through at least a 15 percent increase in the gross retail sales in the overall EZ area from 2006 to 2008. This will be measured by comparing retail sales. The Southeast EZ (SECED) area meet this goal, however, it has not been adjusted for inflation. Looking at comparative area retail sales (000's) for 2008 totaled \$454,192 and \$392,229 for 2006, an increase of \$61,963 or 15.79 percent.
2. **AREA POPULATION GROWTH** - Realize stabilization of annual growth patterns. The Southeast EZ (SECED) did not meet this overall goal as the data shows, out-migration has been a difficult trend to divert and reverse, although we will continue to strive and to over come. Estimated population for the SECED area as a whole indicates an increase of 240, however, 4 of the 5 counties involved experienced contraction. The one county with growth is attributed to an increase in prison population. The rural and agricultural nature of our communities makes it somewhat difficult to compete with the numerous opportunities available along the front range.
3. **ASSESSED VALUATION** - Realize increased community vitality through at least a 5 percent increase in the area assessed valuation. The Southeast EZ (SECED) has experienced a 2.07 percent increase in assessed valuation from \$317,660,953 in 2007 to \$326,758,583 in 2008. An increase of \$9,097,630 property value culminating increased tax revenue of \$315,644. Expectations for measured annual growth were not meet but looking at an 8 year growth pattern the SECED area has experienced growth of 34 percent which is just slightly under stated expectations.
4. **EXISTING JOB BASE** - From 2002 through 2008, the labor force is down by 176 jobs resulting in an unemployment rate of 5.32 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 resulting in a loss of approximately 534 jobs.
5. **PER CAPITA INCOME** - 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. However, the 2006 wage suffered a decrease to \$22,476. This equates to an average annual decrease of \$35. This is still significantly lower than the state average of 39,454. However, if not for the Enterprise Zone this per capita wage figure would likely be significantly lower.
6. **CAPITAL INVESTMENTS** – The Southeast EZ is targeting a minimum of 10% annual increase in capital investments. The zone has met and exceeded this goal for 2007. Capital investments for 2006 totaled \$39,140,446 as compared to 2007 totals of \$62,040,474. This is an increase of \$22,900,028 or 58% from 2006. The qualified capital investments for 2007 totaled \$45,150,452 up from \$24,411,279 in 2006 an 84% increase. The majority of these significant increases came from communications industries expanding their operations in Southeast Colorado. Without the Enterprise Zone incentives these investments would have been significantly less.



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## Executive Summary

- 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 2.2 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 332 new RLF jobs through 2008.
- 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 2.4 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 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 secured 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. Our focus continues in the renewable energy industry, mainly wind generation.
- Drought and the out-migration of water resources from Southeast Colorado is the regions most significant growth issue.
- The Enterprise Zone creates marketing materials to convey a unified and consistent image.

Respectfully submitted,

Dan Tate

Enterprise Zone Administrator

## SOUTHWEST ENTERPRISE ZONE – 2008 ANNUAL REPORT

### Overview

Region 9 Economic Development District of Southwest Colorado Inc. (Region 9 or the District), is a nonprofit, 501 (c) 6 public private partnership that promotes and coordinates economic development efforts throughout southwest Colorado. Region 9 covers the counties of Archuleta, Montezuma, La Plata, Dolores and San Juan as well as the Ute Mountain Ute and Southern Ute Indian Tribes. Incorporated in 1989, Region 9 is led by a 26-member board of directors, 17 from local governmental jurisdictions and 9 from the private sector. The District coordinates with local and county level economic development organizations to create sound economic development strategies and to develop infrastructure, opportunities and community projects that enable businesses and workers throughout the region to succeed. The District also serves as the Southwest Enterprise Zone administrator.

Sustainable economic development is a high priority for the region. The challenge is to grow our economy in a way that balances the needs of the environment and society with those of economic growth and development. Sustainable economies should be diverse so that one industry's decline does not negatively affect the entire economy. In turn, a well trained workforce is essential to provide the necessary skills that will draw and grow desirable employment industries into the region. Enterprise Zones are valuable tools in this business environment.

**Archuleta County** is comprised of 1,364 sq. miles, with only 34% of lands in private ownership. Tribal lands comprise 14.4% of the county and any decisions regarding their development (i.e. mineral and timber resources) could be crucial on county resources and economic development. Most of the northern and eastern portions of the county (51.6%) are within the San Juan National Forest and are under the management of the U.S. Forest Service. Federal lands continue to be managed under a policy of multiple-use. All of Archuleta County is a designated Enterprise Zone, with the exception of the Southern Ute Reservation lands, which have been excluded following the wishes of the Southern Ute Tribal government. Archuleta County is currently listed as an Enhanced Enterprise Zone.

**Dolores County** is comprised of 1,052 sq. miles. Of these 58% are state and federal lands, and 42% are in private ownership. All of Dolores County is a designated Enterprise Zone and meets the criteria of an Enhanced Enterprise Zone.

**La Plata County** is comprised of 1,690 sq. miles. Of these, 41.1% are private lands, 17.8% are tribal lands, and 41.1% are state and federal lands. Open space has been identified as an important asset to La Plata County residents. Therefore, agricultural parcels, as well as some census tracts, within the county have been designated as Enterprise Zones. The Southern Ute Reservation lands have been excluded following the wishes of the Southern Ute Tribal government. In La Plata County, the zone boundaries were amended in 2004 to include the new Mercy Regional Medical Center Site.

**Montezuma County** is comprised of 2,084 sq. miles. Of these, 30% are private lands, 33% are tribal (Ute Mountain Ute), and 37% are state and federal lands. All of Montezuma County is a designated Enterprise Zone, with the exception of the Ute Mountain Sacred area, which has been excluded following the wishes of the Ute Mountain Ute Tribal Government.

**San Juan County** is comprised of 250,880 acres (392 sq. miles). Of these, 12% are private lands and 88% are state and federal lands. All of San Juan County is a designated Enterprise Zone, and meets the criteria of an Enhanced Enterprise Zone.

Tribal populations in the region, the only Tribes in Colorado, include the **Ute Mountain Ute** and the **Southern Ute Indian Tribe**. They are major economic forces with their diversified tribal enterprises and provide employment for tribal members as well as others within the regional community.

**2008 Observations and Data**

In Region 9, four of five counties meet economic distress criteria making them eligible as Enterprise Zones (per Statute 39-30 C.R.S). According to this statute, to be designated an Enterprise Zone an area must have a population of less than 80,000 and meet one of the following criteria: an unemployment rate at least 25% above the state average; a population growth rate less than 25% of the state average; and a per capita income (PCI) less than 75% of the state average.

County	2007 Unemp.Rate	2002 - 2007 Pop. Growth	2006 PCI
Archuleta	No	No	Yes
Dolores	Yes	No	Yes
La Plata	No	No	No
Montezuma	No	No	Yes
San Juan	No	Yes	No

Archuleta, Dolores, Montezuma and San Juan Counties are within the guidelines for designated Enterprise Zones. La Plata County no longer meets these criteria on a county wide level, but has certain eligible census tracts that qualify. Archuleta, Dolores and San Juan Counties have also been designated as Enhanced Rural Enterprise Zones for calendar year 2008.

**Unemployment** - Archuleta, La Plata and Montezuma and San Juan Counties do not meet the unemployment rate criteria for Enterprise Zone status based on unemployment rates for 2007. La Plata County met local Objective 1, of being < or = to the state unemployment rate.

	2007 Unemp. Rate	EZ Eligible > 4.75%	Objective 1 < or = to State
Archuleta	3.9%	No	No
Dolores	5.0%	Yes	No
La Plata	2.8%	No	Yes
Montezuma	4.0%	No	No
San Juan	4.5%	No	No
Colorado	3.8%		

at least 25% above State Avg (3.8%) = 4.75%

Source: Colorado Labor Market Information (1-27-09)

**Population Growth** - San Juan County met EZ eligibility criteria for population growth from 2002 – 2007.

	Estimates		% Change 2002-2007	*EZ Eligible
	2002	2007		
Archuleta	10,912	12,625	15.7%	No
Dolores	1,876	1,937	3.3%	No
La Plata	46,281	49,758	7.5%	No
Montezuma	24,216	25,561	5.6%	No
San Juan	563	571	1.4%	Yes
Colorado	4,521,858	4,919,884	8.8%	

\* < 25% of State (2.2%)

Source: Colorado Demography Section estimates 10-08

**Per Capita Income (PCI)** - Archuleta, Dolores and Montezuma Counties met eligibility criterion for PCI in 2006, the latest available; La Plata and San Juan Counties did not meet this criterion. None of the counties met local Objective 2, of being > or = to the state PCI.

County	2006 Per Capita Income		* EZ Eligible < \$29,618	Objective 2 > or = to State PCI
	PCI	% of State		
Archuleta	\$ 25,145	64%	Yes	No
Dolores	\$ 25,347	64%	Yes	No
La Plata	\$ 36,493	92%	No	No
Montezuma	\$ 28,547	72%	Yes	No
San Juan	\$ 30,096	76%	No	No
Colorado	\$ 39,491			

\*75% of State PCPI= \$29,618

Source:Bureau of Economic Analysis

### **2008 Efforts to Improve Conditions**

Region-wide in 2008 there were 30 projects approved as Enterprise Zone Contribution projects, and these projects generated \$5,691,494.04 in economic activity through direct and in kind contributions. Businesses in Enterprise Zone areas claimed \$56,474,008 in eligible investments, resulting in \$1,818,843 in certified tax credits, and created 317 jobs.

Region 9 works with the county-level economic development groups to devise strategies for attracting suitable new businesses and helping existing businesses to grow. These strategies include educating local businesses about the benefits and programs of the Enterprise Zone. Efforts include: newspaper articles on the EZ; presentations; monthly updates to the Region 9 Board of Directors; an annual training for local accountants, business owners and contribution projects about EZ benefits and eligibility criteria; and the addition of detailed EZ maps to the Region 9 website at [www.scan.org](http://www.scan.org).

In 2009, further efforts will include working with the local economic development groups to identify vacant buildings in commercial areas that may be eligible for the Rehabilitation Credit; a direct mailing of postcards to all eligible businesses that are not already participating in the EZ programs; and scheduling an EZ information meeting in each county/community for small businesses.

### **2008 Objectives**

A number of local objectives have been identified, and are being tracked on an annual basis.

**1: Unemployment rates for each of the counties should be equal to or less than the state unemployment rate. Current Status** – Archuleta, Dolores, Montezuma and San Juan Counties had higher unemployment rates than the state average in 2007.

**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 had PCI levels less than the state average in 2006.

**3: Tourism, as measured by visitor counts at regional attractions such as the Durango & Silverton Narrow Gauge Railroad (D&SNGRR) and Mesa Verde National Park, and the number of passengers at the Durango/La Plata County Airport should at least be stable and hopefully show a modest increase from year to year, using 2001 as a base year. Current Status** – The number of airport passengers is up 50%; train rider-ship is down 25%; and visitors to Mesa Verde N.P. are up 6%.

**4: 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 has a functioning economic development group and three are designated as EZ Contribution projects.

**5: A newly defined objective is to increase the number of businesses that participate in the EZ in each county using 2005 as a base year. Current status** – Total number of participating businesses are down 10%.



An expanded report on the state of the Southwest Enterprise Zone is available at [www.scan.org](http://www.scan.org). For more information contact Region 9 at 970-247-9621

## **2008 Annual Report**

### **Upper Arkansas Enterprise Zone (UAEZ) (Rural)**

Reported January 2009 by Jeff Ollinger, U A E Zone Administrator

**Overview:** The UAEZ is composed of upper Arkansas River basin counties located from the top of the basin near Tennessee and Fremont Passes in Lake County down to the eastern Fremont County line just above Pueblo Reservoir. Beginning at the top of the basin the counties, and their cities and towns are: Lake (Leadville), Chaffee (Buena Vista, Salida, Poncha Springs), Custer (Silver Cliff, Westcliffe), and Fremont (Canon City, Florence, Penrose, Brookside, Coal Creek). The Zone includes the unincorporated portions of the counties and the non-residentially land-use-zoned areas of the incorporated cities and towns.

**Organization:** The UAEZ is administered and guided by the Upper Arkansas Area Council of Governments (UAACOG) with a Zone Administrator, the UAACOG Fiscal Office and the UAACOG Board of Directors (one county and municipal member from each of the four counties). The UAEZ Advisory Committee is composed of one County Commissioners' appointed member. The Advisory Committee provides specific direction to the Zone Administrator on the conduct of the program and the use of the annual CEDC Marketing Grant: in both the 4-county area and in each county.

**Business Environment:** The economic base of the 4-county region varies as widely as its elevation: from 5000 to over 10,000 feet. Common economic drivers are: natural resource based seasonal tourism and recreation; predominance and growth in low-wage service industry businesses and employment; construction, health care businesses and employment; federal, state and local government employment; correctional industry employment in Chaffee and Fremont Counties; an above state average retired person(s) household population – both year-around and seasonal residents. Business development challenges include a regional location that lacks proximity to front range markets and transportation networks ( less of a challenge for Fremont County), lack of availability of workforce housing, struggling downtown businesses, seasonality of business activity that precludes consistent cash flow that leads to marginal profitability, financing challenges and reduced year-around employment opportunities.

**2008 Observations and Data:** Observations of trends and change in the UAEZ have focused on an analysis of current compared to recent past data, and comparisons to state averages. With this methodology in mind, generalized trend and change observations follow in the UAEZ 2008 Development Objectives section below: see objective's measures and status of objectives narratives.

Per capita income data indicates that the UAEZ has dropped further in its per capita income as compared to the State: from 64.0% in 2005 to 61.4% in 2006 (most recent data). The lagging per capita income may be linked to a below average wage-salary labor market, seasonal employment, and growth in low paying service jobs.

Population growth in the UAEZ increased 0.6% per year from 2005 to 2007: half the state's growth rate of 1.3% for the same period. Most of the absolute number increase is in the Zone's most populated Fremont County (48,009 in 2007) with a 506 persons or a 0.5% rate from 2005 to 2007. The fastest percentage rate growth is in the Zone's least populated Custer County (4,101 in 2007) with an increase of 18 persons or a 1.5% rate from 2005 to 2007. The UAEZ region is expected to grow at a 2.3% rate per year after 2010. This growth is expected to come from in-migrating "baby-boomers".

The UAEZ unemployment rate ranged from 5.4% to 7.9% in December 2008: Lake 5.7%, Chaffee 5.4%, Custer 5.5% and Fremont 7.9%. These rates compare to the state rate of 6.1% and the national rate of 7.2% with three more rural counties being below the state and national rate and the most populated Fremont County being above both the state and national rates. Projections indicate that the unemployment rate may increase through 2009 with rate declines in 2010.

**2008 Efforts to Improve Conditions:** A summary of UAEZ activities to improve the effectiveness and outreach of the UAEZ and how these efforts apply to improving business and employment development and achieve the goals of the UAEZ are as follows.

New Contribution Projects in 2008: The UAEZ applied for and received approval on two new tax credit projects in 2008: The National Mining Hall of Fame and Museum in Leadville and the Skyline Theater purchase and renovation project in Canon City. Both of these projects are downtown-traffic-generating projects. Applying the E Z tax credit to these projects help achieve the improvement of struggling downtown and adjoining area business revenues, profitability, employment and year-around cash flow.

Business Friendly Audits & Information Outreach: As part of UAEZ Administration of the Certification of Location (DR0074) review and certifying process, each submitted form is carefully reviewed and upon seeing a possible missed tax credit opportunity a hand written note describing the "possible" missed opportunity is attached to the form by the administrator. Throughout the year, the UAEZ encloses copies of downloaded Department of Revenue FYIs and a UAEZ desk reference guide (attached) to Colorado E Zone resources in returned certifications. Also, in an average week, the UAEZ Administrator responds to approximately 5 to 7 email and phone inquiries about Zone "areas of inclusion", tax credit benefits, application process, and requests for suggestions on approaches to accessing the E Z tax credits. Also, as the Zone Administrator travels in the Zone he visits newly constructed new business facilities to provide the business owner with Enterprise Zone tax credit information and highlights most-likely credits to be accessed during the visit.

UAEZ Informational Publications and Presentations: To educate and increase awareness of the UAEZ and the tax credits the UAEZ maintains and distributes by mail, email, press releases, by having links-to in the Zone's seven Chamber of Commerce's, and local government web sites its easy-to-read and download tri-fold brochure. The brochure specifically provides direction to the Department of Revenue's web site for access to the E Z FYI series. Additional publications include the desk reference to Colorado E Z resources, press releases on the status of "enhanced designation", and flyers on business resources seminars that the U A E Zone co-sponsors and co-presents at throughout the Zone. Each year the Zone teams up with Chambers and EDCs in the Zone to provide well advertised business resource seminars as the UAEZ co-presents with the SBDC, SBA, CHFA, COED&IT and the UAADC-regional BLF program.

Partners and Collaboration: The UAEZ implements essential partnership relationships with the Zone's Chambers and EDCs by the Zone Administrator's continuous collaboration by attending meetings, maintaining contact through the year and in-person assistance with each Chamber's publications and web sites containing written E Z tax credit information. The UA E Zone allocates its annual CEDC Marketing Grant funds to each of the 4-counties Chambers or EDCs (\$3000 per County-sub grantee) for continuing development of its web site and community data base for inquiring individuals and prospective relocating businesses. CEDC Marketing grant funds have been used to fund business development and in-community consumer surveys (stop leakage programs) (Custer County in 2008; Chaffee County in 2007).

### **UAEZ 2008 Development Objectives:**

Improve per capita income: Among the 16 enterprise zones in Colorado, the Upper Arkansas E Zone is near the bottom in per capita income ranking. The UAEZ's per capita income has historically declined or remain 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 the primary UAEZ objectives. This objective's measure is to improve the per capita income to within 1.0% of the state average for a period of 2-years. The status of this objective is that the four-county zone continues to lag far behind the state average and fell further behind in 2006 (most recent data) with 61.4% of the state average: as compared to the 2005 64.0% of the state average. See "overview – business environment" (above) for reasons why per capita income lags.

Improve the proportion of non-residential assessed valuation: Provision of infrastructure and services by local government and taxing entities for improved employment and business development opportunities is dependent upon having a non-residential tax base near 30% of the total assessed valuation. This objective's measure is to improve non-residential assessed valuation of UAEZ counties to 30% within 5-years. The status of this objective is indicates one-year 2006 to 2007 percentage changes for each county as follows: Chaffee from 27.2% in 06 to 25.8% in 07 (-1.4%); Custer from 10.3% in 06 to 9.2% in 07 (-1.1%); Fremont from 23.2% in 06 to 18.2% in 07 (-5.0%); Lake from 13.2%

in 06 to 12.2% in 07 (-1.0%); zone-wide from 22.4% in 06 to 19.4% in 07 (-3.0%). Overall the proportion of non-residential assessed valuation is decreasing with percentage of change in the counties ranging from -1.1% to -5.0%. See “overview – business environment (above) for reasons why this objective lags.

Improve employment and employment opportunities: The four-county region has historically had a higher rate of unemployment as compared to the State. Higher under-employment and limited seasonal employment is common in the Zone and reduces overall per capita income significantly. The Zone seeks to reduce unemployment, under-employment rates and improve year-around employment opportunities. December 2008 data indicates that the UAEZ’s four counties had county unemployment rates of: Lake 5.7%, Chaffee 5.4%, Custer 5.5% and Fremont 7.9%. Lake, Chaffee and Lake Counties’ rates of unemployment are under the state’s 6.1% and the national rate of 7.2% with Fremont exceeding both the state and nation with its 7.9%.

This Zone objective measure 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. The UAEZ’s 2007 annual report contained 2006 jobs data from DOLA-CEDIS – County Labor Force and Total Employment 2004-06. As of the date of this report, January 31, 2009, the 2006 data has not been updated so no analysis of the status of this objective can be provided at this time. As reported in January of 2008, Chaffee and Fremont achieved the 3-year objective, Lake achieved two of the 3-year objective and Custer had only achieved the objective in one of the 3-years. When the 2007 data is available the status of this objective for the 2008 report will be provided.

ATTACHMENT: Upper Arkansas Enterprise Zone Economic Statistics Tables: 2008  
Upper Arkansas E Zone tri-fold brochure  
Upper Arkansas E Zone: desk reference guide to Colo. E Z resources  
U A E Zone press release: “Fremont Businesses Eligible for  
“Enhanced” E Z Tax Credit”, December 8, 2008



**Upper Arkansas Enterprise Zone Economic Statistics Tables:  
2008 Report**

- Total Assessed Valuation and Non-Residential Assessed Valuation and as a Percent of Total Valuation 2005 - 2007
- Per Capita Income by County and as a Percent of State 1980 to 2006
- 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 2005 - 2007**

<u>COUNTY-YEAR</u>	<u>TOTAL* VALUATION IN MILLIONS</u>	<u>NON-RESIDENTIAL VALUATION* IN MILLIONS &amp; PERCENT OF TOTAL</u>
Chaffee - 2005	289.3	79.3 27.4%
Chaffee - 2006	295.3	80.4 27.2%
Chaffee - 2007	328.8	84.8 25.8%
Custer - 2005	75.0	7.5 10.0%
Custer - 2006	77.6	8.0 10.3%
Custer - 2007	88.0	8.1 9.2%
Fremont - 2005	365.6	79.0 21.6%
Fremont - 2006	363.5	84.3 23.2%
Fremont - 2007	450.4	82.0 18.2%
Lake - 2005	84.8	11.0 13.0%
Lake - 2006	84.9	11.2 13.2%
Lake - 2007	93.8	11.4 12.2%
UA E Z - 2005	814.7	176.8 21.7%
UA E Z - 2006	821.3	183.9 22.4%
UA E Z - 2007	961.0	186.3 19.4%

**\*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.

**ASSESSED VALUATION SOURCES:** The “Abstract of Assessments and Levies” for 2005, 2006 and 2007 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, 2009.

**Upper Arkansas (UA) Enterprise Zone (Sub-Zone)  
Per Capita Income as a percent of State 1980 through 2006**

1980 – 81%	1988 – 70%	1992 – 66%	1999 -65%
1985 – 72%	1989 – 68%	1993 – 65%	2000 -64%
1986 – 74%	1990 – 66%	1994 – 65%	2001 -65%
1987 – 72%	1991 – 68%	1998 - 66%	2002 -65%
			2003 -63%
Chaffee = \$28,113 = 71.7% of state (2006)			2004 -64%
Custer = \$28,308 = 72.2% of state (2006)			2005 -64%
Fremont = \$22,212 = 56.7% of state (2006)			2006 -61%
Lake = \$24,387 = 62.2% of state (2006)			
UA E Zone = \$24,051 = 64.3% of state (2006)			
State of Colorado = \$39,186 (2006)			

Source: Bureau of Economic Analysis - Regional Economic Accounts – Per Capita Personal Income – CA1-3 personal income summary. Downloaded January 2009

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

<u>COUNTY</u>	<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. Jobs data for 2007 was not available at the time of this report.