



Colorado

**COLORADO ENTERPRISE ZONE
ANNUAL REPORT
2009 Activity**

*Colorado Office of Economic Development and International Trade
December 2010*



Colorado Enterprise Zone Annual Report - Part I FY 2009 Activity

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Colorado Enterprise Zone Annual Report for 2009

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/ez.

2009 Summary

- During fiscal year (FY) 2009, 5,225 businesses certified one or more potential Enterprise Zone Tax Credits.
- These businesses created 8,525 new jobs and retained 139,989 jobs.
- They invested \$2.37 billion (\$2,371,483,791.55) in new equipment in Enterprise Zones.
- Over 26,000 taxpayers contributed \$45.8 million to Enterprise Zone economic and community development projects.
- Enterprise Zone Tax Credits claimed with the Department of Revenue totaled \$62.7 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. It is important to note that while an estimated 70-80% 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.

Under current performance measures in statute that have been in place for a number of years, a myriad of influences and the larger economic situation complicate the evaluation of tax credits in the State's Enterprise Zone Program, since the statute requires use of 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. During the 2010 legislative session changes were made to the statute which will become effective January 1, 2012. With these changes, the utilization of broad indicators will be replaced with a business pre-certification requirement that demonstrates the value and impact of the credits when making business decisions; and metrics specific to each Enterprise Zone tax credit will be used.

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 2009 data is reported here.

- **Employment.** Colorado's employment declined almost 103,000 in 2009 following a climb of about 4,000 in 2008. It should be noted that the labor force decreased by about 27,000 and roughly 76,000 persons were in the unemployed category. Rural Enterprise Zone county employment declined at a slower 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

	2005	2006	2007	2008	2009
State	3.1%	3.3%	2.1%	0.1%	-4.0%
Non-Zone	6.0%	4.4%	3.3%	1.0%	-4.9%
E-Zone	2.5%	3.1%	1.9%	0.0%	-3.8%
Urban	2.3%	2.9%	1.8%	0.3%	-4.1%
Rural	3.5%	4.4%	2.3%	-1.7%	-2.1%

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 continued the rise it began last year, 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

	2005	2006	2007	2008	2009
State	5.12%	4.37%	3.87%	4.85%	7.72%
Non-Zone	4.37%	3.72%	3.32%	4.17%	6.65%
E-Zone	5.27%	4.50%	3.98%	4.99%	7.93%
Urban	5.36%	4.58%	4.08%	5.10%	8.11%
Rural	4.74%	4.06%	3.48%	4.37%	6.91%

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 2004 to 2009 was 9.13%. Four Enterprise Zones experienced growth below the 25% threshold: Northeast, San Luis Valley, South Central and Southeast. 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

- **Income.** With per capita income figures available through 2008, the growth in income for the State as a whole over the 22 years since the Enterprise Zone Program began is 162%. Enterprise Zone per capita income growth has kept pace, growing 155% from 1987 to 2008. However, this figure is heavily affected by the use of county level data that is not available at a sub-county level that corresponds to sub-county Enterprise Zone boundaries.

In rural Enterprise Zone counties, average per capita income grew 174% over the same 22-year period. In 2006, 2007, and 2008, average rural Enterprise Zone county per capita income grew 5.2%, 7.1%, and 2.8% respectively compared to statewide growth of 6.1%, 3.8% and 1.3% for the same years.

Thus, rural Enterprise Zone average per capita incomes have improved as compared to the State average, from a low of 72% in 2000 to 80% in 2008. Per capita income in the various rural Enterprise Zones ranged from 103% of the State average in the Northwest Enterprise Zone to 60% in the Southeast Enterprise Zone demonstrating a wide disparity. Rural zones generally have lower per capita incomes than urban zones. In urban Enterprise Zones, only 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=CAI-3§ion=2

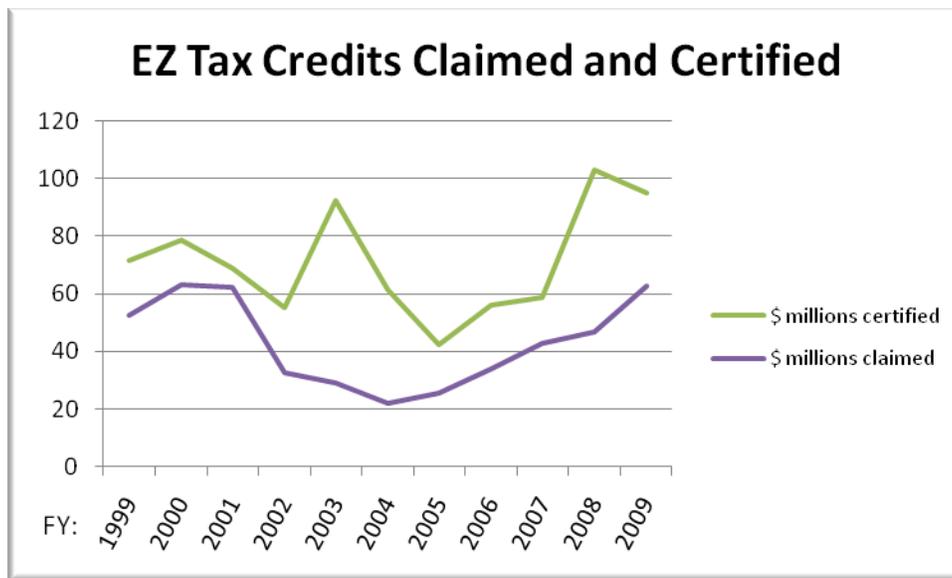
Tax Credits Claimed and Potential Credits Certified

Total Enterprise Zone Tax Credits claimed with the Department of Revenue in FY 2009 were \$62.7 million, compared to FY 2008 of \$46.7 million and \$42.9 million in FY 2007. Of total Enterprise Zone credits claimed in FY 2009, corporate taxpayers claimed more than \$44.1 million while non-

corporate taxpayers (individual Contribution Tax Credits, plus sole proprietor, partnership and other non-corporate business credits) claimed more than \$18.6 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 2009 was \$94.7 million.

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 \$47 million, starting with \$52 million being claimed in 1999 and fluctuating around this figure for 10 years until 2009 when about \$63 million was claimed. 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.

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 about \$110 million, almost 75% more than the \$62.7 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 more than \$24.9 million for the 8,525 new employees added by Enterprise Zone certifying businesses, given average State tax collections per employee of \$2,924 in FY 2009.
- Sales and use taxes on new Enterprise Zone business equipment purchases:
 - State sales and use taxes on taxable non-manufacturing and non-farming equipment purchased by Enterprise Zone businesses, based on the amount of investment certified by non-manufacturing and non-farming businesses, would amount to approximately \$44 million in FY 2009.
- 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 2009 statewide average mill levies, this would generate an estimated \$24 million in new property taxes for school districts, more than \$12.2 million for counties, and \$5 million for municipalities.

In addition to the estimated revenue provided above, new economic activity also brings additional state revenue from corporate taxes. Private contributions to Enterprise Zone projects (encouraged by the Enterprise Zone Contribution Tax Credit) help preserve vital community infrastructure and support projects that are working to improve economic conditions in distressed areas. These revenue benefits to the State are *in addition* to the direct benefit received from the economic activity that is received from a business/taxpayer that must perform 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 2009 was 5,225, down a little from the 5,472 certified in FY 2008 and up from the 4,758 certified in 2007. Of the 5,225 businesses that were certified for Enterprise Zone credits, 1,702 sought credits the first time in FY 2009.

Benefits Accrued

- Jobs Created and Retained. Businesses certifying zone tax credits reported an increase in employment of 8,525 in FY 2009; about 8% less than the number of jobs that were created in Enterprise Zones in FY 2008. Of the Enterprise Zone certifiers, 1,462 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 139,989 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 \$3.4 billion of capitalized property in the Enterprise Zones. Of this, \$2.4 billion was eligible for the 3% Enterprise Zone Investment Tax Credit, with approximately \$72 million in potential Investment Tax Credits being authorized. These investments amount to a slight decrease from the FY 2008 level of investments, but year-to-year fluctuations in capital investment are common.
- Contributions. There were 26,289 taxpayers (both individuals and businesses) who contributed \$45.8 million to Enterprise Zone non-profit and local government economic and community development projects in FY 2009. This was about a 17% decrease in the total dollar value of contributions as compared to FY 2008. The average contribution declined slightly. These contributions were eligible to receive \$10 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 440 eligible projects at the end of FY 2009 including 38 new projects approved by the EDC during the year. Of these, 342 reported contributions that qualified for the Enterprise Zone Contribution Tax Credit. The \$45.8 million contributed went to the following types of projects:

ENTERPRISE ZONE CONTRIBUTIONS by Type (Fiscal Years)

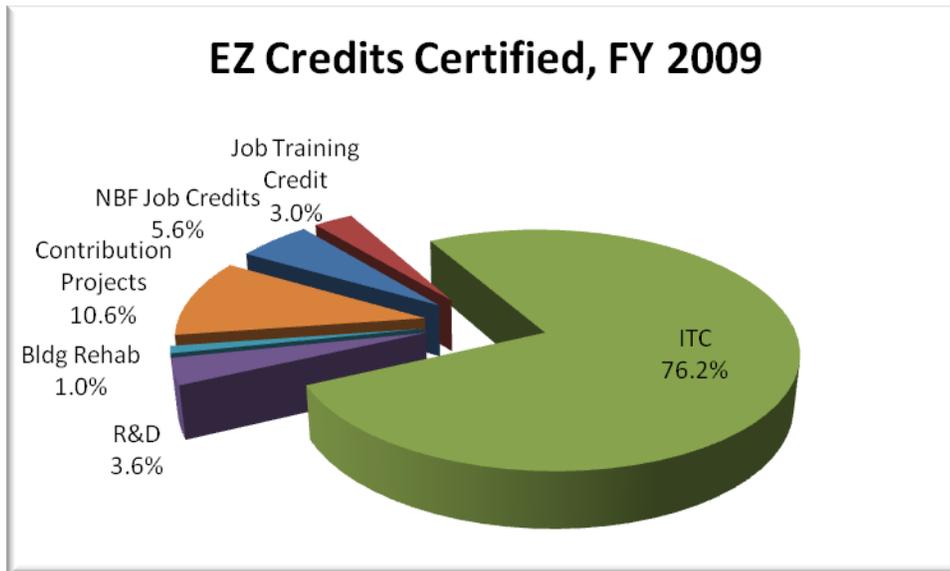
TYPE OF PROJECT	Number of Projects*	Total \$ Contributed	Est. Credit	Number of Contributions
<u>2009</u>				
Affordable Housing	1	\$35,944	\$7,313	12
Blight Redevelopment	1	\$2,845	\$711	19
Business Assistance	19	\$868,795	\$181,636	476
Community Development	93	\$9,308,852	\$2,036,038	6,426
Community Facilities	7	\$454,324	\$113,148	83
Ec. Dev. Marketing	32	\$3,532,745	\$808,650	1,320
Education	2	\$1,629,831	\$406,678	858
Health Care Facilities	48	\$9,767,022	\$2,153,406	5,675
Homeless & Job Training	7	\$257,465	\$60,953	384
Homeless Services	59	\$13,203,209	\$2,881,255	8,624
Infra. - Downtown	3	\$188,585	\$39,566	131
Infrastructure	6	\$1,181,363	\$278,590	180
Job Training	47	\$3,424,659	\$609,237	1,681
Marketing - Tourism	2	\$900	\$225	4
Marketing - Zone Admin.	6	\$396,471	\$88,246	88
Tourism/Cultural Facils.	7	\$1,015,042	\$252,948	158
Transportation	2	\$519,318	\$129,830	170
Total for FY 2009	342	\$45,787,369	\$10,048,430	26,289

* Projects with Contributions.

Source: Local enterprise zone administrators' reports to Colo. Economic Development Commission

Credits Certified

Approximately 76% of the estimated total dollar value of credits certified in FY 2009 was for the Enterprise Zone Investment Tax Credit. Approximately 3% was for the Enterprise Zone Job Training Tax Credit, 6% was for the three New Business Facility (NBF) Jobs Tax Credits (includes NBF credits in Enhanced Rural Enterprise Zones), 11% 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 \$72 million in potential tax credits were certified based on \$2.4 billion in qualifying capital investment by 4,690 businesses that earned the ITC.
- **New Business Facility (NBF) Jobs Credit**
More than \$3.8 million in potential tax credits, associated with 7,850 qualifying new business facility jobs from 792 businesses, were certified.
- **NBF Ag Processing New Job Credit**
More than \$212,000 in potential tax credits were certified for 9 tax filers.
- **NBF Health Insurance Credit**
More than \$778,000 in potential tax credits were certified from 243 businesses.
- **NBF Enhanced Rural Enterprise Zone (EREZ) credits**
One hundred two (102) businesses received certification for creating 363 new jobs in 20 of the 31 designated EREZ counties, for a total of \$695,191 in potential EREZ Jobs Credits. EREZ Agricultural Processing Jobs Credits accounted for \$2,207 in potential tax credits authorized, from 2 certifications and 4 jobs.
- **Job Training Program Investment Credit**
Four hundred and sixty four (464) companies trained 43,109 employees in economically distressed areas of the State, for a total of \$2.8 million in potential income tax credits.

- **Research & Development Tax Credit**

More than \$343 million was invested in Research & Development as reported by certifying businesses, resulting in \$3.4 million in potential tax credits from 63 certifications.

- **Vacant Building Rehabilitation Tax Credit**

More than \$11.2 million in qualifying expenses were incurred rehabilitating 32 buildings, and generating roughly \$947,000 in potential tax credits.

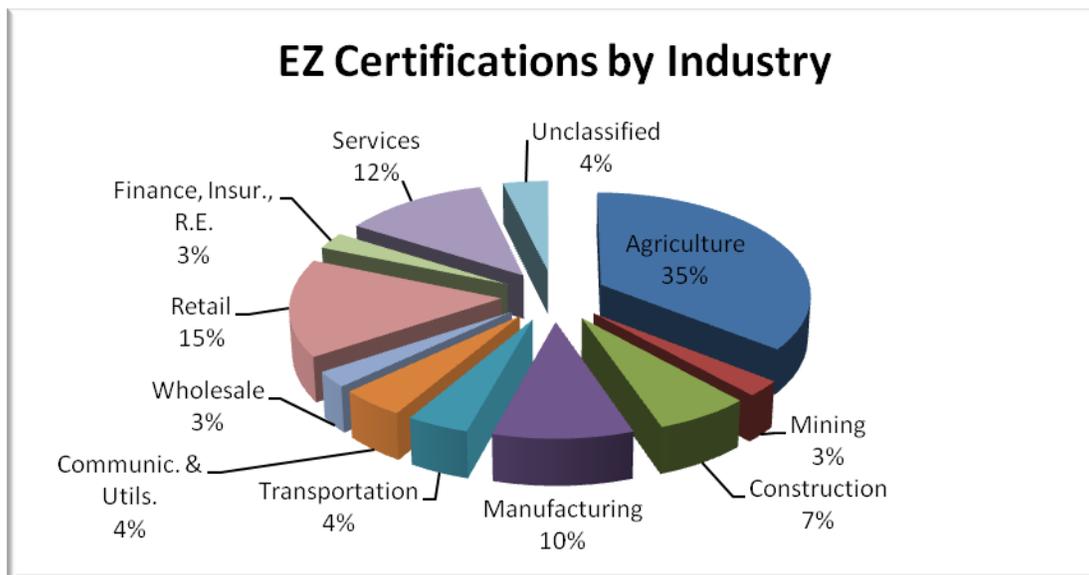
- **Contributions Tax Credit**

In FY 2009, 26,289 contributors donated \$45.8 million to non-profit and local government projects in economically distressed areas. These contributors potentially earned \$10 million dollars in tax credits. There were 440 active projects at the end of FY 2009.

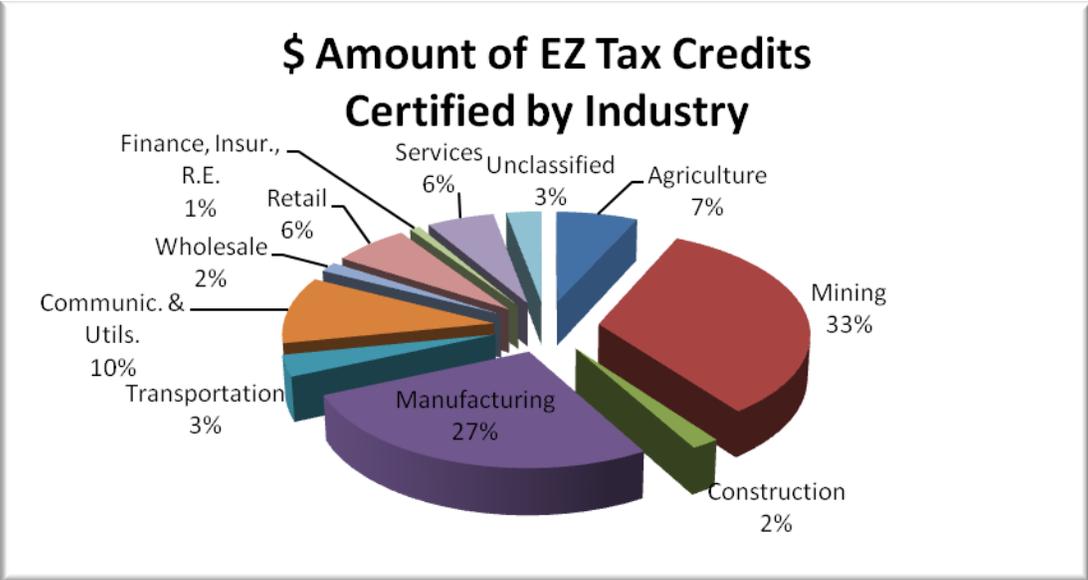
Credits by Industry

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.)*

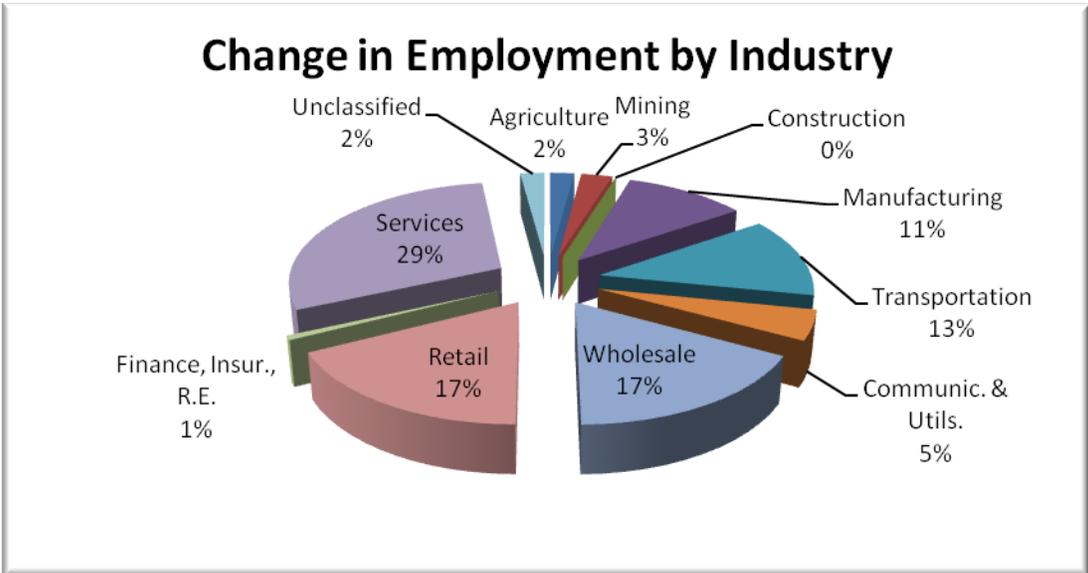
The greatest number of certifications were filed by businesses in the agricultural industry. Statewide, agricultural businesses filed 35% of the certifications for business tax credits; in rural Enterprise Zones they accounted for more than half of the certifications. *(The chart below shows the number of Enterprise Zone Tax Credit certifications per industry.)*



In terms of the dollar amount of tax credits certified, the majority of the tax benefit went to the mining and manufacturing sector (see chart below). 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 businesses that invest in personal property to earn the Investment Tax Credit must pay local property taxes on that investment. This improves the tax base in an economically distressed area and supports local schools, fire districts, cities, counties and other entities in the areas that need it most. *(The chart on the next page shows the percentage of the amount earned of total Enterprise Zone Tax Credits per industry for FY 2009.)*



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 5,225 businesses certifying credits, 823 observed a reduction in the number of employees while 1,462 businesses added 17,790 employees for a net gain of 8,525 employees in Enterprise Zones statewide. The Services industry accounts for 29% of the net gain in employment while Retail and Wholesale industries account for 17% each, Transportation is 13%, Manufacturing is 11%, Communication and Utilities is 5%, and the Mining industry, a section for Unclassified industries, and the Finance, Insurance and Real Estate industry represent 3%, 2% and 1% respectively of the net gain in employment. This chart shows the percentage of the net gain in employment that is attributable to each industry. The Construction industry as a whole decreased in employment and as an industry does not represent any of the net employment gain of 8,525 represented below.



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 since there is no gain in employment for Colorado, just moving of employees*), 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.

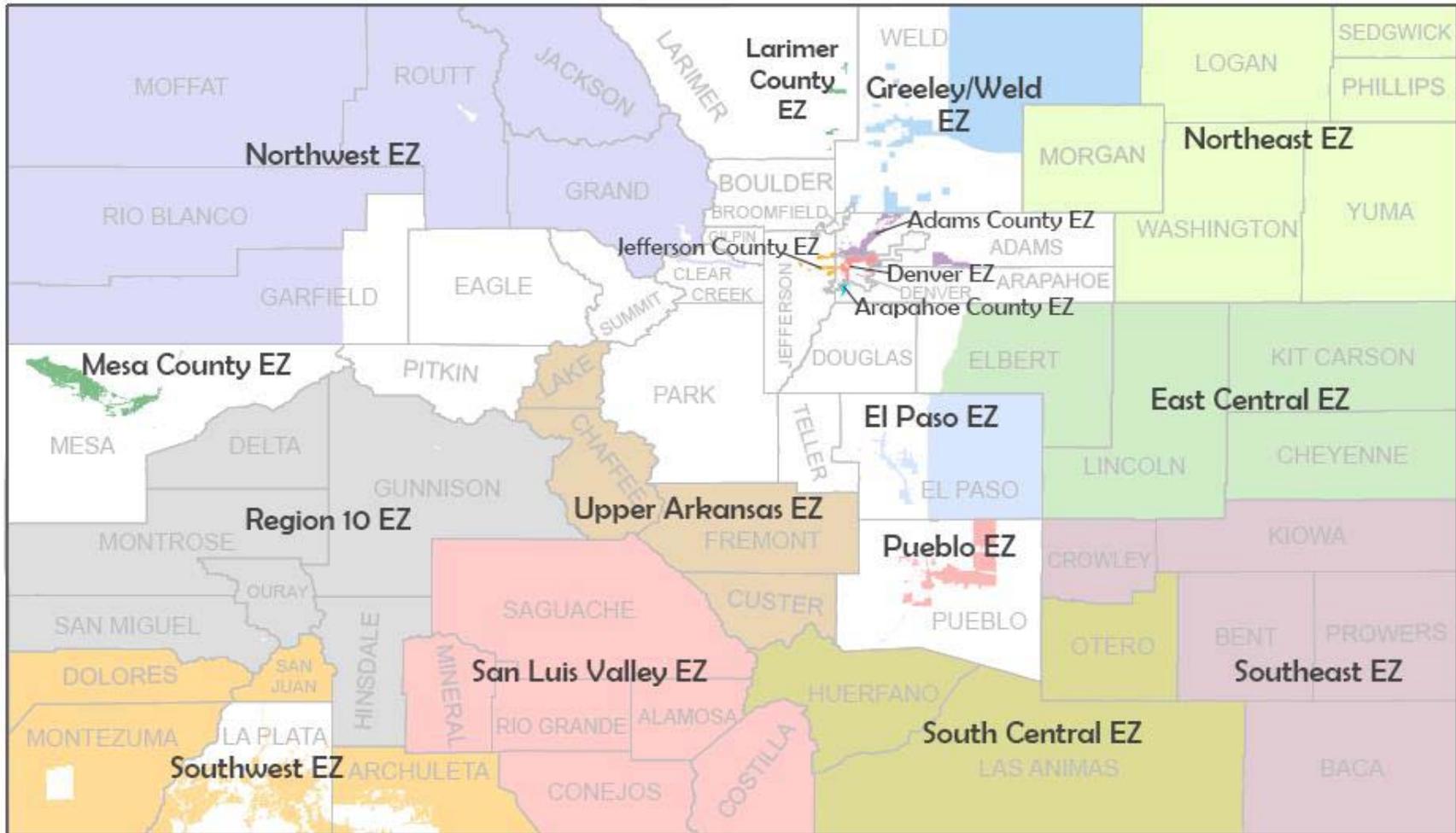
In FY 2009, 1,584 jobs were reported as transferred to a zone facility from another location in the State. This represented 0.9% of the total employees of zone certifiers at the end of the year. Total end-of-year employment was reported at 163,017.

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
Avg. Annual Compensation (excluding Ag)	\$40,925	\$12,702	\$13,814	\$32,704
# Employees for whom comp. reported	126,652	37,175	3,532	1,482
Avg. Annual Compensation (Ag)	\$26,823	\$7,829	\$4,683	\$21,758
# Employees for whom comp. reported	4,162	1,767	809	111

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 900 certifications for tax credits earned by businesses while Larimer County Enterprise Zone certified 75 business tax credit certifications. 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.

Table 1 - Enterprise Zone Tax Credits Certified by Enterprise Zones and Claimed with DOR, Fiscal Year 1999 – 2009

Fiscal Year	Enterprise Zone Tax Credits CERTIFIED by EZ 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		
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%
2009	\$94,841,135	\$37,970,175	\$2,426,189	\$677,142	\$3,031,222	\$44,104,728	\$18,609,912	\$62,714,640	66%

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

** Please note that the credits certified and credits claimed may have resulted from activities from 2009 or prior years.

Table 2 - Enterprise Zone Tax Credits by Industry, Fiscal Year 2009

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)	1,855	\$5,767,985	\$8,316	\$46,177	\$665	\$516	\$11,874	\$0	\$0	\$5,835,534
Mining (10-14)	133	\$27,739,881	\$23,248	\$48,629	\$0	\$9,349	\$0	\$0	\$0	\$27,821,107
Construction (15-17)	344	\$1,271,377	\$79,512	\$150,945	\$0	\$14,485	\$123,076	\$7,172	\$0	\$1,646,566
Manufacturing (20-39)	509	\$18,729,710	\$1,155,327	\$797,953	\$23,267	\$190,285	\$60,453	\$1,669,593	\$91,432	\$22,718,020
Transportation (40-47)	226	\$2,306,761	\$211,620	\$195,275	\$0	\$47,660	\$0	\$94,325	\$0	\$2,855,641
Communic. & Utils. (48-49)	237	\$7,141,101	\$34,843	\$192,943	\$0	\$92,083	\$0	\$1,459,794	\$0	\$8,920,765
Wholesale (50-51)	133	\$536,384	\$40,396	\$450,451	\$187,556	\$54,317	\$8,400	\$1,839	\$37,500	\$1,316,843
Retail (52-59)	805	\$4,045,308	\$212,580	\$671,126	\$625	\$128,405	\$321,987	\$23,634	\$56,391	\$5,460,056
Finance, Insur., R.E. (60-67)	138	\$412,202	\$253,384	\$41,942	\$0	\$7,568	\$26,090	\$0	\$0	\$741,186
Services (70-89)	645	\$2,739,834	\$689,385	\$923,160	\$0	\$212,641	\$129,518	\$85,858	\$50,000	\$4,830,396
SIC Not Provided	200	\$1,327,313	\$119,119	\$297,685	\$0	\$20,900	\$16,000	\$26,951	\$711,419	\$2,519,386
	5,225	\$72,017,855.48	\$2,827,729.05	\$3,816,287.50	\$212,113.00	\$778,209.30	\$697,397.67	\$3,369,165.62	\$946,741.09	\$84,665,499

Table 3 - Enterprise Zone Tax Credits Certified by Zone, Fiscal Year 2009

<u>Fiscal Year 2009</u>	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins.	\$EREZ NBF	\$ Train Credit	\$ R&D	\$ Rehab.	Total Bus. Credits	\$ Contribution Credits	Total Credits
<u>RURAL ZONE</u>												
East Central	344	\$1,346,645	\$21,337	\$0	\$2,167	\$47,340	\$11,050	\$0	\$16,432	\$1,444,971	\$16,335	\$1,461,305
Northeast	907	\$3,794,086	\$24,019	\$6,975	\$6,190	\$36,507	\$85,920	\$64	\$0	\$3,953,761	\$155,230	\$4,108,990
Northwest	364	\$16,397,306	\$237,563	\$0	\$5,484	\$178,800	\$12,059	\$0	\$0	\$16,831,211	\$632,800	\$17,464,011
Region 10	346	\$1,609,044	\$94,401	\$0	\$18,061	\$92,004	\$17,952	\$2,305	\$35,205	\$1,868,973	\$262,156	\$2,131,129
San Luis Valley	405	\$1,387,765	\$56,824	\$665	\$5,932	\$57,460	\$1,021	\$0	\$0	\$1,509,667	\$265,733	\$1,775,400
South Central	191	\$13,065,759	\$30,207	\$0	\$24,840	\$55,174	\$16,966	\$0	\$0	\$13,192,945	\$34,909	\$13,227,854
Southeast	294	\$1,264,607	\$5,563	\$0	\$2,200	\$20,250	\$9,528	\$0	\$0	\$1,302,148	\$79,676	\$1,381,824
Southwest	301	\$1,784,424	\$91,679	\$1,542	\$16,502	\$90,098	\$97,638	\$5,498	\$2,352	\$2,089,732	\$892,754	\$2,982,486
Upper Ark	189	\$443,816	\$41,295	\$625	\$2,183	\$119,765	\$10,688	\$295	\$50,000	\$668,667	\$115,327	\$783,994
Subtotal	3,341	\$41,093,452	\$602,888	\$9,807	\$83,559	\$697,398	\$262,822	\$8,162	\$103,989	\$42,862,075	\$2,454,920	\$45,316,993
% of total:	63.94%	57.06%	15.80%	4.62%	10.74%	100.00%	9.29%	0.24%	10.98%	50.63%	24.43%	47.85%
<u>URBAN ZONE</u>												
Adams County	402	\$17,586,264	\$638,257	\$0	\$207,094	\$0	\$413,753	\$41,006	\$25,000	\$18,911,374	\$422,939	\$19,334,313
Arapahoe County	92	\$1,411,790	\$416,478	\$6,500	\$211,001	\$0	\$93,179	\$7,955	\$87,500	\$2,234,403	\$7,175	\$2,241,578
Denver	477	\$4,050,542	\$565,701	\$2,500	\$99,218	\$0	\$829,455	\$117,352	\$400,269	\$6,065,037	\$2,689,592	\$8,754,629
El Paso County	332	\$2,586,265	\$499,061	\$0	\$45,145	\$0	\$151,922	\$1,708,153	\$112,250	\$5,102,797	\$971,778	\$6,074,575
Greeley/Weld County	127	\$1,414,175	\$512,340	\$187,556	\$11,883	\$0	\$135,077	\$8,601	\$0	\$2,269,632	\$177,042	\$2,446,673
Jefferson County	128	\$968,948	\$346,259	\$0	\$43,600	\$0	\$734,935	\$347,554	\$34,132	\$2,475,428	\$575,331	\$3,050,759
Larimer County	75	\$717,355	\$85,652	\$0	\$20,750	\$0	\$10,935	\$699,185	\$0	\$1,533,877	\$861,002	\$2,394,879
Mesa County	138	\$903,679	\$135,481	\$5,750	\$24,415	\$0	\$74,412	\$0	\$56,391	\$1,200,128	\$1,494,599	\$2,694,728
Pueblo	113	\$1,285,386	\$14,170	\$0	\$31,544	\$0	\$121,240	\$431,198	\$127,210	\$2,010,748	\$394,053	\$2,404,801
Subtotal	1,884	\$30,924,404	\$3,213,399	\$202,306	\$694,650	\$0	\$2,564,908	\$3,361,004	\$842,752	\$41,803,424	\$7,593,511	\$49,396,935
% of total:	36.06%	42.94%	84.20%	95.38%	89.26%	0.00%	90.71%	99.76%	89.02%	49.37%	75.57%	52.15%
Year Total	5,225	\$72,017,856	\$3,816,287	\$212,113	\$778,209	\$697,398	\$2,827,730	\$3,369,166	\$946,741	\$84,665,499	\$10,048,431	\$94,713,928

Credits by Type as percent of:

% of total business credit	85.10%	4.50%	0.30%	0.90%	0.80%	3.30%	4.00%	1.10%	100.00%			
% of total credit	76.00%	4.00%	0.20%	0.80%	0.70%	3.00%	3.60%	1.00%	89.40%	10.60%	100.00%	



Colorado Enterprise Zone Annual Report - Part II 2009 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 2009

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 2009 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.

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.



2009 ADAMS COUNTY ENTERPRISE ZONE ANNUAL REPORT

Overview

Adams County is located in the northeastern quadrant of the Denver, Colorado metropolitan area and covers 1,182 square miles. The county encompasses wholly or partially the municipalities of Arvada, Aurora, Bennett, Brighton, Commerce City, Federal Heights, Lochbuie, Northglenn, Thornton, Westminster, and has substantial suburban and rural unincorporated areas. The Enterprise Zone in this region is primarily focused around the I-76 and I-85 highway corridors running through Brighton and Commerce City.

ACED is a full service economic development agency whose mission is the attraction and retention of primary employers and helping to foster a pro business climate within Adams County. We are proud to be the Enterprise Zone Administrator for the County and have the overall goal 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. This past year we refined our Enterprise Zone education efforts by closely integrating the ACED business retention and attraction programs that we hope will result in positive, measurable increases within the Enterprise Zone over time.

In 2009, certifications and job growth were slightly down, however, capital investment went up considerably. This could be a positive signal for our local economy if the additional capital investment were to increase the capacity of our business community and allow employers to take advantage of improving market conditions in the years ahead.

Measurable Observations and Data

Adams County had its challenges in 2009 due to market conditions. The unemployment rate for the County reached a 20-year high at 8.8% in December according to the US Bureau of Labor Statistics. Despite Adams County's projected population growth at 2.0% this coming year, employment growth in 2010 is projected to be flat without a net growth.

In 2009, Enterprise Zone certifications were slightly down despite economic conditions and the need for businesses, more than ever, to file their certifications for state tax credits. As expected, new job growth was nearly cut in half this past year which will be a concern for ACED in 2010. Fortunately, capital investment increased by more than a factor of six, which is very promising for future economic expansion within the Zone. Tax credits nearly doubled this year as a result of the Investment Tax Credit that resulted from the additional capital investment.

The box score for 2009 is as follows:

ENTERPRISE ZONE BOX SCORE	2008	2009
Certifications (incl. Cont./Infra.)	319	311
New Jobs	1227	650
Capital Investment	\$49.1 M	\$318.0 M
Total Tax Credits	\$3.3 M	\$5.8 M

Efforts to Improve Conditions

In 2009, 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 Enterprise Zone information.

Business Friendly Audits

In 2009, in order to maximize the effectiveness of our services, ACED did an internal "Business Friendly Audit" of each tax form that came 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 situations utilize this credit.

Contribution/Infrastructure Project

The 96th Avenue project and the Northeastern Adams project are the only two infrastructure projects open for ACED at this time. There are fifteen contribution projects that ACED is managing currently, and potentially two more projects may be requested this year. Contribution projects like the one at Platte Valley Medical Center have been instrumental to the creation and success of their medical facility within an economically distressed community. Last year alone we signed and processed over 700 Contribution/Infrastructure certifications and added 3 new projects to the Zone (Brighton Armory, Children's Hospital revision, and St. Anthony North).

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 2009, 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, at a minimum. Going forward, we will be exploring ways to leverage our reach to the business community and increase our effectiveness as a county resource. Organizations such as the Denver Merchandise Mart and Mile-High Marketplace touch multiple businesses on a daily basis and provide ACED with the platform to reach each and every one of them in a condensed timeframe.

Educational Publications

In 2009, ACED updated several existing publications which increased awareness in the business community. The publications include:

- Adams County Enterprise Zone Brochure (26 pages)
- Overview Sheet (one page overview of the EZ and tax credits sent via e-mail.)
- Quarterly Prospect News (publication to our members/partners, published regularly.)
- Links to OEDIT website for complete listing of FYI's and current forms

Presentations

ACED completed fifty-three Business Retention visits conducted at Primary Employer locations in Adams County in 2009. ACED also 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 for companies who are located within the Zone.

Partners

ACED continued developing a relationship with Adams County Public Works and the Planning & Development Department and provided educational materials regarding the Enterprise Zone and how it can be a tremendous benefit to businesses or are relocating or expanding within the County. ACED employed a lobbyist to help monitor Statewide Enterprise Zone issues and keep

Adams County businesses up to date on potential Enterprise Zone changes so they can prepare accordingly. We worked with the EDCC and our regional ED partners to better understand how we can help companies grow and prosper within the Zone going forward.

Primary Employers Survey

In 2009, ACED sent out an annual survey to all primary employers in the County. Included in the survey were questions regarding the Enterprise Zone. One question in particular inquired about their awareness of the EZ Act and provides the option to receive EZ information from ACED.

2009 Objectives:

ACED would like to add 4 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. We will also compare the amount of capital invested between years.
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. ACED will try to leverage our efforts by working with property managers of business parks who touch several businesses on a daily basis. We will compare the number of 2009 submittals to the total number from 2008.
3. Increase Total Capital Investment of businesses within the Enterprise Zone by 10%. ACED will work with our ED, City and State partners to educate businesses and promote compatible government incentive programs that can help offset their operational costs and create the most optimal conditions for their economic success.
4. 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.

ACED will track its activities during the course of the year to determine when its Goals are met.

2009 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 2009, the number of businesses claiming tax credits through the Enterprise Zone numbered 88. These businesses reported a net increase of 1,242 (FTE) jobs in the Zone. The level of investment in the Zone increased 118 percent over 2008 investment levels to \$161,451,043 and average full-time salaries in the zone increased 3.4 percent to \$51,717.

Throughout 2009, the level of business investment in the Arapahoe County Enterprise Zone increased. 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 2009, five contribution certifications for the Family Tree House of Hope, totaling \$16,750 of cash donations, were processed through the Arapahoe County Enterprise Zone.

2009 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 2008 and 2009 Enterprise Zone certification forms, reflect the economic condition in the Arapahoe County Enterprise:

	2008	2009
Number of businesses filing Zone tax credits:	116	88
Number of jobs created in the Zone:	740	1,242
NBF Jobs:	947	1,054
NBF Tax Credits:	\$448,708	444,703
Health Insurance Tax Credit:	\$253,824	258,767
Number of Employees Trained:	2,447	9,409
Job Training Tax Credit:	\$90,248	1,073,567
Average Annual Compensation:		
Full Time	\$50,010	\$ 51,717
Part Time	\$16,811	\$ 15,386
Temporary	\$1,499	\$ 11,887
Contractual	\$30,000	\$ 1,438

Analysis of Capital Investment:

Rehab Expenses :	\$0	\$ 3,345,084
Rehab Tax Credit:	\$0	\$ 37,500
Investment Tax Credit Claimed:	\$1,481,755	\$ 2,385,963
ITC Capital Investment:	\$49,309,803	\$ 79,800,808
Total Capital Investment in the Zone:	\$74,048,984	\$161,451,043
R&D Expenditures:	\$ 796,184	\$ 65,554
R&D Tax Credit:	\$ 9,613	\$ 182

2009 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.inglewoodsites.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.

2009 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 2009.

Goal #1: Aggregate job expansion for Enterprise Zone beneficiaries to exceed 25 net new jobs over the previous year's total. During 2009, the number of businesses claiming tax credits through the Enterprise Zone numbered 88. These businesses reported a net increase of 1,242 (FTE) jobs in the Zone. Average full-time salaries in the zone increased 3% to \$51,717. 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 67.8% net new jobs over the previous year.

Goal #2: Annual growth in new investment in equipment to exceed 10 percent over the previous year's total. The level of investment in the zone increased 61.8 percent over 2008 investment levels to \$79.8 million. This goal was 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 decreased 25.21% in 2009 over 2008.
 - Retail sales tax decreased 22.34% in 2009 as compared to 2008.
 - Use tax (not building use tax) for Sheridan decreased 52.15% in 2009 as compared to 2008.
- Englewood sales and use tax receipts were down by 10.54% in 2009 over 2008.
 - Retail sales tax decreased 11.97% in 2009 as compared to 2008.
 - Use tax (not building use tax) for Englewood increased 68.04% in 2009 as compared to 2008.
- Littleton sales and use tax receipts decreased 6.87% in 2009 over 2008.
 - Retail sales tax decreased 5.6% in 2009 as compared to 2008.
 - General use tax increased for Littleton decreased 25.22% in 2008 as compared to 2007.

The Arapahoe County Enterprise Zone did not directly meet the goal of increasing local sales tax revenues in 2009 by 5 percent, however, the cities of Sheridan, Littleton, and Englewood reported that the benefits of the zone provide a positive impact in stabilizing the local economy by serving as a business retention tool and preserving the local tax base. The instability in sales tax revenues is a direct result of the economic uncertainty and is typical of other municipalities in Colorado.

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

During 2009, 5 contribution certifications for the Family Tree House of Hope totaling \$16,750 in cash donations were processed. Family Tree House of Hope is a self-sufficiency program. In 2009, 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

- *Highland Properties 5907 LLC, 5523 South Prince St.*
Residential conversion to Commercial, Light Office, 1,800 sq. ft.
- *Jornayvaz Art Studio, 5710 S. Bemis St.*
Renovation of the structure from office use to an art and dance studio with major exterior renovation: 124 sq. ft. addition to rear, 324 sq.ft. second story addition, wrap around front porch and replacement of flat roof with a hip roof.
- *R3 Real Property Consulting, 5537 S. Hill Street*
Conversion from residential space to commercial office space of 1,100 square feet of professional office.
- *Arapahoe County Renovation and Addition, 5334 S. Prince St.*
Request to add 1,000 sq. ft. of floor area to the fourth level of the Arapahoe County Administration Building.
- *Old Town Dental, 5419 S. Curtice St.*
Proposal to construct a 1,000 sq. ft. addition to existing dental office building and to renovate 430 sq. ft. of interior space.
- *Brothers Construction, 5640 South Curtice Street*
Proposal to change the existing land use from residential to commercial – 850 sq. ft. of professional office

City of Sheridan

- *RiverPoint 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 through the issuance of tax exempt bonds by the Sheridan Redevelopment Agency. These bonds will be repaid by revenues from sales and property tax increment revenues as well as a portion of a one percent public improvement fee levied on sales and services at River Point. One thousand new jobs are anticipated at River Point upon full build out. Total project cost including public and private funding is anticipated to be \$250 million.

The following businesses opened at RiverPoint in 2009:

GameStop
Chick-fil-A
Massage Envy
Regal Cinema
T-Mobile

Construction is underway on a Golden Corral scheduled to open June 1, 2010. Rubio's restaurant will also be added in 2010.

- *Riverton* 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 began leasing to tenants in summer of 2009.

City of Englewood

During 2009, 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.
- *South Broadway and Commercial Corridors*
Englewood continues to revitalize South Broadway and other aging commercial corridors 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. In 2009, Englewood worked with 11 businesses for commercial façade and signage enhancements. A total of \$81,362.27 was expended through a City matching grant program to fund a total investment of \$213,360.
- *Englewood Business Recognized at "Colorado Companies to Watch Event"*
EVOLVE of Englewood was recognized at the [Colorado Companies to Watch](#) event, which honors 50 businesses from across the state. Evolve designs and produces customized branded apparel and merchandise. The company extends its clients' brands through its custom corporate uniform programs for blue chip clients such as DIRECTV, Chipotle and Qwest. The Englewood company, founded in 2002, employs 32 workers and expects to grow to 40 in 2009.

- 23 businesses opened or expanded operations in 2009 including, but not limited to, the following:
 - Cuttin it Loose Hair Salon – 901 Englewood Parkway
 - Quacker Gift Shop – 3440 South Broadway
 - Jimmy Johns - 3001 South Broadway
 - Colore Pizzeria Moderna – 2700 South Broadway
 - Signs on Broadway – 2738 South Broadway
 - Sacred Grounds Espresso – 501 East Hampden
 - El Tamal – 3484 South Broadway
 - Walgreens – Belleview and Broadway
 - Vectra Bank – 5050 South Broadway
 - Scooters on Broadway – 2881 South Broadway
 - Hands On Labs – 1201 West Mansfield
 - Wild Heather (quilts and sewing) – 3431 South Broadway

In Englewood, 56 businesses claimed tax credits through the Enterprise Zone. Benefits to Englewood businesses located in the Arapahoe County Enterprise Zone total \$1,589,279 in State of Colorado tax credits. This includes tax credits in the following categories: \$1,195,408 in investment tax credit, \$139,288 in new business facility tax credit, \$202,301 in job training tax credit, \$14,600 in health insurance tax credit, \$182 in research and development credits, and \$37,500 in rehabilitation credits. Englewood businesses reported total capital investments of over \$69 million during 2009.

Englewood businesses reported 238 new jobs with an average FTE salary of \$43,130 per employee. Englewood salaries decreased 1.7% over 2008; however, the capital investment increased from \$39 million in 2008 to \$69 million in 2009.

Denver Enterprise Zone 2009 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. In 2009, the Morrison Road commercial corridor was added to the Denver EZ. This added about one-tenth of a square mile in area, an estimated 50 employers and approximately 200 employees.

Over the past years, Denver EZ businesses have consistently generated new jobs and made substantial capital investment in the Denver EZ.

2009 Observations and Data

According to the data we collected from the EZ certification forms processed in calendar year 2009, our EZ gained 2,779 net new jobs. In comparison, net new jobs reported during calendar years 2007 and 2008 amounted to 4,194 and 1,510, respectively.

Table 1

	Net new jobs reported in calendar year 2007	Net new jobs reported in calendar year 2008	Net new jobs reported in calendar year 2009
Total numbers reported	4,194	1,510	2,779
Created in 2006 and earlier	3486	331	136
Created in 2007	708	976	59
Created in 2008	N/A	203	2048
Created in 2009	N/A	N/A	536*

*The bulk of jobs created in 2009 will be reported in 2010.

Based on the numbers of net new jobs reported in 2009, businesses in the Denver EZ were able to retain existing jobs and create new jobs in 2009, although at a reduced rate when compared with two years ago.

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

Citywide & Denver Enterprise Zone specific data 2000-2009			
		Enterprise Zone	Denver
<u>POPULATION</u>			
	2000 Total Population	97,427	554,636
	2009 Total Population	117,834	621,943
	2000 - 2009 Growth Rate*	20.9%	12.1%
	2000 - 2009 Avg. Annual Growth Rate*	2.3%	1.3%
<u>INCOME</u>			
	2009 Per Capita Income	\$21,689	\$30,382
<u>EMPLOYMENT</u>			
	Unemployment Rate	10.9%	15.0%

Sources: ESRI, US Census Bureau

2009 Efforts to Improve Conditions

In 2009 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. Implementation of the 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 90,000 existing businesses located in the Enterprise Zone. (Improvements in the City and County of Denver's address database allowed for an expanded mailing in 2009 compared to previous years.)
- Distribution of detailed EZ brochures and other EZ promotional materials to approximately 3,000 entrepreneurs and new businesses through the BAC.

Events:

- Thirteen educational sessions and outreach events:
 - 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 79 non-profit EZ contribution projects in 2009. Through these projects, Denver EZ non-profit organizations have been working hard to create or preserve 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 extension was granted in 2009. The Morrison Road 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. Two Enterprise Zone outreach events were held with the Morrison Road business community in 2009. The EZ designation for this adds 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.

2009 Objectives:

The Denver EZ had three objectives for 2009:

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

As demonstrated in table 1, 2,779 net new jobs in the Denver EZ were reported in 2009. This goal was met for 2009.

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

In 2009, the Denver Enterprise Zone reported a per capita income of \$21,689, which is 71% 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 2009, the average compensation for full-time positions reported by EZ businesses amounted to \$47,067.

3. Target 10 Businesses in the newly added Morrison Road area and assist them in utilizing the EZ program.

Two Enterprise Zone outreach events were held with the Morrison Road business community in 2009, with more than ten businesses in attendance. It is expected that many of these businesses will claim EZ credits when they file their tax returns in Spring 2010.

Taking into account what we have learned in 2009, the Denver Enterprise Zone objectives for 2010 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. Ensure that targeted businesses in the newly added Morrison Road area are utilizing the EZ program.

Conclusion

All of the objectives for 2009 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.

2009 East Central Enterprise Zone Report

East Central Council of Local Governments January 2010

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 July 1, 2008 population estimate for the region was 39,346. 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. The first wind farm in Kit Carson County will begin construction in early 2010 and there are also wind farms to be constructed in Elbert and Lincoln County later in 2010. During the third quarter of 2008, corn and wheat prices were at an all time high...during the last quarter of 2009, those same commodities were 60% less than that. The Republican River Compact must now be enforced and Kit Carson County farmers have or will continue to farm with less irrigation and greatly reduced number of wells...eventually severely impacting the property tax base. Commodity prices continue to be unstable and oil and gas prices (impacting Cheyenne County and to some extent...Elbert County) are also unstable.

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, wheat, sunflower and cattle prices in 2009 were much lower than 2008 and that trend appears to be continuing. Ethanol production may or may not again bring corn prices to another high. 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 living needs (and resulting expenditures) 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.

The residential growth in western Elbert County has offered opportunities (which also continue) for new retail and service businesses. Sales tax revenues for the county (and a shared “impact” fee for the town of Elizabeth will increase in 2010 due to the completion of a super Walmart in the last half of 2009.

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 develop ways to become great neighborhoods to the larger community down the road.

Heritage Tourism opportunities abound. Strategies need to continue to be developed that will result in bringing 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.

The following tables summarize minimal economic data for each of the four counties within the ECCOG Region. Unemployment rates are as of the end of December of each of the past four three years. Per Capita Income * numbers are census numbers but greatly outdated. However, more recent “official” per capita income numbers will not be available for another year or more. The median income** numbers are the most recent available but are as of the end of 2007. The population numbers for 1990 and 2000 are census numbers and the population estimates as of July 1, 2008 are the numbers developed by the State Demographers Office. July 1, 2009 estimates are not available until late Spring 2010.

Regional Economic Indicators

CHEYENNE COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	3.1%		
2008	2.9%		
2009	2.8%	\$17,850*	\$44,053**

CHEYENNE COUNTY POPULATION	1990	2000	2008 (EST)
	2,397	2,231	1999

ELBERT COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	3.7%		
2008	5.5%		
2009	6.9%	\$24,960*	\$77,037**

ELBERT COUNTY POPULATION	1990	2000	2008 (EST)
	9,646	19,872	23,296

KIT CARSON COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	2.7%		
2008	3.6%		
2009	4.2%	\$16,964*	\$37,288**
KIT CARSON COUNTY	1990	2000	2008 (EST)
POPULATION			
	7,140	8,013	8,383

LINCOLN COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	3.2%		
2008	4.6%		
2009	4.4%	\$15,510*	\$36,252**

LINCOLN COUNTY POPULATION	1990	2000	2008 (EST)
	4,529	6,183	5,668

2010 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 involved 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 CEDS (Comprehensive Economic Development Strategy) was completed in 2009 and was accepted by EDA and the governor's office. The region became an official EDA Economic Development District on September 1, 2009. As a result of the District Status, ECCOG applied for and received a 16month Partnership Grant to assist with staffing costs at the ECCOG level for Economic Development work in the four county region.

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 2009 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

No new contribution projects were approved in 2009 but staff made a concentrated effort to encourage Keefe Memorial Hospital and the Cheyenne Wells Growth Committee to utilize the credit. Keefe went from 0 contributions in 2005, 2006, 2007 and 2008 to \$35,000 in 2009.

Contribution Project Marketing Assistance

A marketing piece was developed for each of the projects in a PDF format so that each project can modify the “flyer”. A copy of one of the flyers is enclosed .

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. 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. The CEDS meetings with each of the counties and towns in 2009 also included briefings on the Enterprise Zone and the reasons for its formation and continued existence.

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. The group met five times in 2009 and will continue to exchange information in 2010. Enterprise Zone staff attends these bi-monthly meetings.

2009 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, more definitive measurable objectives were used in 2008 and were amended where appropriate for 2009. The 2009 objectives are:

1. **Increase the number of certifications by a minimum of 5% over 2008.** Total number of “non-contribution” certifications (over \$450) in 2009 were 345. This was actually a decrease from the 363 certified in 2008, but overall tax credit dollars increased in 2009 and was the highest amount claimed since the program began.
2. **Work to promote and 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 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. This number increased slightly in 2009 to \$8573.
3. **Increase the number of buildings that utilize the Rehab Credit** Though, there were no rehab credits in 2007 and again, no credits claimed in 2008, there were two rehabilitation projects that were completed in 2008 and the credits claimed were \$16,432 in 2009.

4. **Add at least one new Enterprise Zone Contribution Project** No new projects were added in 2009. Two additional Contribution Projects were added...both in Cheyenne County in 2008. There is a project that will be forwarded to the State in early February 2010.
5. **Amend the EZ Boundaries to include the “downtown” of Elbert** This goal was not achieved in 2008 nor was any progress made in 2009. Even with 2010 census data becoming available within the next eighteen months, the current data boundary requirements by OEDIT will make achieving this goal impossible...but it is an important goal and remains in this plan update.
6. **Develop a Comprehensive Economic Development Strategies Plan** The CEDS plan was completed in 2009 and the EDA granted Economic Development District designation to the ECCOG service area in September of 2009.
7. **Develop a New Promotion Piece for Each Contribution Project** Utilizing a previously printed brochure that explained the EZ Contribution Tax Credit and its value...ECCOG Staff revised the language and “customized” the base document for each of the projects.

2009 ENTERPRISE ZONE ANNUAL REPORT
EL PASO COUNTY ENTERPRISE ZONE

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.

El Paso County itself was named as the “lead agency” at the time of designation and the Budget and Economic Development Director of El Paso County now 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 following goals have been identified for El Paso County:

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

2009 Observations and Data

Some improvement was seen in local economic activity beginning in the 1st quarter of 2009 after significant declines in 2008. The Southern Colorado Economic Forum’s Business Conditions Index (BCI) increased to 81.27 at September of 2009, surpassing the 2008 lowest level of 69.86 by over 16%. 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. The increase in BCI is predicted to continue into 2010 by the Southern Colorado Economic Form.

Unemployment, however, remains an issue. While improvement was seen though part of 2009, the rate at year-end was 8% in El Paso, according to the Colorado Department of Labor and Employment. Compared to state rate of 7.3%, El Paso County suffers from almost 10% worse unemployment. Job creation remains crucial.

An estimate provided by the American Community Survey places the 2008 per capita income at \$28,363, an increase of \$1,477 or almost 5.5% over the 2007 per capita income of \$26,886. 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 2009, the average weekly wage was \$787 in El Paso County compared to \$773 in 2008, a minimal increase of 1.8%.

The population growth rate for all of El Paso County is forecasted to be 1.4% from 2008 to 2009, according to Colorado’s State Demography Office, bringing the total population to 605,979. Sub-county data for unemployment rate, per capita income and population growth rate was not available for 2009. Until the 2010 census data is released, county-wide data is used in detailing most of these observations and trends.

2009 Efforts to Improve Conditions

Marketing

The Zone's partner in marketing for purposes of attracting new businesses, the Colorado Springs Regional Economic Development Corporation (EDC), worked 99 new prospect leads in 2009. Each of those prospects received detailed information on the Zone and the credits offered; 44 made prospect visits to the area. During those visits, presentations were made by El Paso County's Economic Development Manager or EDC staff regarding the Zone and other benefits of locating in Colorado. Additional marketing was undertaken by Experience Pikes Peak to strengthen tourism, a primary industry in the Zone that in 2009 had a total economic impact to the area of over \$355,000,000.

Contribution Projects

Four eligible contributions projects were added to the El Paso County Enterprise Zone in 2009. Colorado Springs Teen Court provides job training as well as job readiness skills while it reduces recidivism among teen offenders. The other projects, Colorado Springs Sports Corporation's Sports Industry Attraction/Retention Program, Ellicott Wildlife Rehabilitation Center and Colorado Springs Philharmonic, will increase tourism and recreational/cultural visits to the Enterprise Zone thereby increasing and maintaining jobs and encouraging redevelopment.

Partners

El Paso County and the Enterprise Zone continued to support and sponsor projects and other entities in 2009 to improve conditions in the Zone. These efforts included support of Experience Pikes Peak to strengthen tourism as outlined above, and sponsorships of the Colorado Springs Chamber of Commerce and Office of International Affairs to assist local businesses in expanding and growing. Support was provided to both The Sports Corporation and Economic Development Corporation to market the Zone to potential businesses. Support for trade show participation was provided to both the Chamber of Commerce and EDC.

Business Assistance

In conjunction with the State of Colorado and others, the Enterprise Zone and El Paso County provided funding to secure a Procurement Technical Assistance Center (PTAC) for Colorado. PTAC will advise Colorado businesses on best practices in being awarded government contracts, specifically related to federal, state and local procurement opportunities.

2009 Objectives:

1. *Increase the total number of net jobs certified as newly created in the Enterprise Zone over the previous year.* Very few businesses that were certified had a positive increase in jobs and large construction-related employers were especially susceptible to job reductions. For 2009, this objective was not achieved, a function of the overall economy and unemployment.
2. *Increase the number of homeless or at-risk populations who are provided job training by eligible projects.* In 2009, three contribution projects provided training to 7,975 individuals, an increase of 42% over 2008. This not only developed a workforce with better skills, it enhanced 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.* In 2009, over 95% of the 1,518 new jobs announced by the EDC to be created in El Paso County were at businesses located/to be located in the Enterprise Zone. Of the thirteen new and expanding companies, eleven are in the Zone. Relocating companies included a satellite manufacturing firm from Virginia that will hire 30 employees and a security contractor from New Mexico that will employ up to 80 people. A Texas-based leader in business process outsourcing announced the opening of a new customer care

center that will employ 600 at its expansion facility located in the Enterprise Zone. Existing businesses with expansion plans include a business process management servicing entity that will add 150 to its Zone location.

4. *Increase the number of buildings that utilize the Vacant Building Rehabilitation credit over last year.* An inventory of vacant buildings in a portion of the Enterprise Zone has been completed and limited outreach has been undertaken. Nevertheless, three buildings were rehabilitated in 2009 utilizing the Vacant Building Rehabilitation credit, an increase of three over 2008.

Objectives for 2010 have been identified as follows:

1. *Increase the number of buildings that utilize the Rehabilitation Credit over 2009.* Outreach will be expanded to inform at least twenty owners/brokers of the vacant building rehabilitation credit. The measure of this goal will be an increase in the number of buildings for which credit is certified.
2. *Increase the total number of jobs created in the Enterprise Zone over last year.* Both retention and attraction efforts will be utilized to achieve this objective, the measure of which will be the certification of net new jobs created.
3. *Increase the number of employees trained in the Zone over last year.* Ten businesses will be notified of the Job Training Tax Credit to encourage the development of a skilled workforce in the Enterprise Zone. The measure will be an increase in the number of employees that were trained as reported on the Certification of Qualified Enterprise Zone Business.

Greeley/Weld County 2009 ENTERPRISE ZONE ANNUAL REPORT

Overview

Upstate Colorado Economic Development is administrator of the Greeley/Weld Urban Enterprise Zone. Upstate is a nonprofit economic development corporation that was formed as a partnership between government, business and education throughout Weld County. Our primary mission is to facilitate primary sector job creation and income growth in Weld County, 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.

The Greeley/Weld 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 were not eligible to be included within the zone boundaries because, based on the 2000 Census, they didn't meet state distress criteria.

2009 Observations and Data

The 2009 annualized county unemployment rate is 7.7%, up from 6.3% in 2008. The 2008 (most current) county per capita income is \$27,238, up from \$26,280 the previous year, and the July 2009 county population estimate is 249,775 which is a .98% increase over the previous year of 244,515. Sub-county data for the unemployment rate, per capita income and population growth rate was not available for 2009. Summarized below are several observations, both positive and negative, occurring in Weld County:

1. **Economic Recession:** Like the rest of the country, Weld is reeling from the economic recession. In 2009, it was reported that approximately 890 key primary sector jobs would be lost due to company closures/downsizing. Numerous additional local retail/service companies have also closed and more are expected. Some of this loss is countered by new job announcements (see # 8 below), but is an example of the economic recession in our own back yard.
2. **Financial Crisis:** The financial crisis hit very close to home with the federal seizure and closure of New Frontier Bank in Greeley. The local ripple effect of this bank closure has been significant and is still occurring as local ag operators and area companies try, unsuccessfully in many cases, to refinance. Several business closures can be at least partially attributed to this bank failure.
3. **Agriculture Strength/Uncertainty:** The agricultural sector continues to be a major engine fueling the Weld economy. The national 2007 (most current) Ag Census ranked Weld County as the 8th largest agriculture producer in the nation (down from 5th in the 2002) based on total value, and was again the only county outside of California to nationally rank. However, current water battles, the dairy industry crisis and further urbanization continue to threaten the long-term viability of this important sector, making it imperative that we further diversify our economic base. For example, the new 400,000 square foot Leprino cheese processing facility (260+ new jobs) announced in 2008 to be operational in 2010, has been delayed until 2011 in large part due to the volatile dairy industry.
4. **Energy Sector Strength/Volatility:** With more than 13,000 active oil and gas wells, Weld has been one of the most active drilling counties in the state and country. Due to the volatile world market, price, new stringent drilling regulations, etc., oil/gas activity can dramatically shift over a short time period, as seen in 2009. With the record setting drilling activity prior to 2008, this industry provided about a third of the total county tax base. With the 09 activity plummet, government officials are bracing for a significant drop in tax revenue in 2010 that will grow worse in 2011. This volatility again points to the need for further diversification of our economy. Some diversification has occurred through the attraction of Vestas a key international player in the renewable wind energy sector. However, Vestas Blades temporarily stopped production at their Windsor facility late in 2009 (there were no layoffs) due to slow blade sales. Construction on their two additional Weld manufacturing facilities (750,000 square feet and 1,400 new jobs) announced in 2008 is nearly complete. Hiring for the Nacelle facility is continuing, however, the second blades facility hiring has been put on hold.

5. Real Estate Declining Value/Stagnant Growth: With high vacancy both residential and commercial real estate values are estimated to be down 20-30% in Weld County. Due to decreased demand, inability to qualify buyers, find tenants, or refinance to hold on; very little new construction is expected. In early 2008 Weld lead the nation in the number of housing foreclosures and continued to rank high in 2009 and in Colorado, Weld consistently ranked first or second in the number of foreclosures. The federal homebuyer tax credit has been a key catalyst with regards to the limited home sales occurring in 2009. With the end of that program comes more uncertainty for 2010.

6. Population Growth: From 2000-2003, the Greeley/Weld MSA was the fastest growing county in the country and the second fastest growing from 2000-2008. The state demographer predicts that Weld will grow to 570,000 by 2030 and move from a ranking of the 9th most populous county in the state to the 6th most populous. Effects of this growth continue to be seen in 2009, including the critical need for new job opportunities. The County continues to struggle to compete for higher paying primary sector jobs causing on-going concern that Weld is fast becoming the bedroom community to north metro, Boulder and Larimer Counties.

7. Infrastructure & Water: Adequate infrastructure and water for future development continues to be a 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 expensive infrastructure. We hope to see additional infrastructure projects from federal stimulus funding. Upstate has formally endorsed the NISP water project, with fifteen Weld communities depending on the water from that project for future growth.

8. Primary Sector Job Growth: Weld County has seen significant recent success with the announcement of over 2000 new jobs by primary employers in both 2007 and 2008, and approximately 1,200 new jobs announced in 2009. However, since being announced, some of these jobs are not yet on line, or have been delayed due to the national financing crisis and economy in general. It is, of course, very uncertain what level of activity will be seen in 2010 and beyond.

9. Income Growth: Weld has long fought the battle of lower and falling per capita income levels as compared to the state and neighboring counties. However, that trend seemed to be turning around in 2008 when *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. However, according to the US Bureau of Labor Statistics, in the second quarter of 2009 Weld had the largest year-over-year decrease in average weekly wages, indicating that income growth is not yet consistent or sustainable.

2009 Efforts to Improve Conditions:

1. Business Retention & Expansion Program: Through this on-going program, Upstate contacts, via an industry survey, approximately 300 existing primary 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 2009 we met with 25 primary sector employers. Six announced expansion projects.

2. Business Attraction Program: In 2009, Upstate staff responded to 56 companies requesting a variety of information about Weld County as a potential location site. EZ information, along with real estate, labor, demographic, incentive, etc, information was provided. Of these leads, 17 become qualified prospects, four announced location plans and several more continue to be active prospects in 2010. In an effort to attract companies within targeted industry sectors and to establish strong relationships with national site selectors, staff participated in three Expansion Magazine National "Roundtable" site selector conferences and we attended the WindPower 2009 trade show. We also supported the Greeley/Weld County Airport staff, in attending the National Business Aviation Association show. We followed-up these events with email and direct mail campaigns to approximately 25 qualified contacts.

3. 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. In 2009 we estimate that had 125 inquires for funding assistance. We currently service 21 active loans (the majority located within the EZ boundaries) totaling approximately \$3.8 million. Benefiting companies have created approximately 365 new jobs. With limited funds, priority is given to EZ located projects.

4. EZ Marketing Tool Development: Through marketing efforts tied to our Business Retention/Expansion and Attraction programs, plus independent EZ activities, we roughly estimate that EZ benefits were marketed to representatives of over 400 companies in 2009. This activity ranged from verification that a location is within the zone boundaries, to questions regarding how to calculate a specific credit(s), requests for detailed Department of Revenue FYI information, response to new lead/prospect inquiries which included EZ information, personal EZ meetings with key employers, certification of

eligible state tax forms, etc. In many cases labor, real estate, demographic, etc. information was also provided. In addition two primary tools, outlined below, are utilized in marketing the EZ opportunities:

a). Upstate Web Site: Upstate maintains an information-rich website which includes extensive demographic, labor, transportation, real estate 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, identify EZ boundaries, and generate a variety of reports pertinent to site selection and business growth. This web site has become a critical "first source" of information and one of our best marketing tools.

b). Educational Publications: We distribute a variety of marketing/educational materials that all include at least summary information on the EZ. Publications include: EZ Informational Brochure/Maps, annual Weld Demographic Profile, Weld Incentive Summary, Upstate Annual Report, Upstate Agency Brochure, EZ information emails to local business and municipalities, and a regional Economic Profile magazine. All of these materials are available both electronically from our web site and in hard copy form.

5. EZ Contribution Projects: We were successful in getting the University of Northern Colorado and Aims Community College capital improvement funding campaigns approved as EZ Contribution projects in 2009. We also continue to provide administrative assistance to 10 existing contribution projects, including compliance with all state reporting, local contributor questions, etc. Both new projects help improve the zone through labor force development, enhanced tourism, providing business support services and further development of public facilities. In 2009, on behalf of approved projects, we collected \$896,752 from 547 contributors.

2009 Objectives:

1. Realize increased (new) employment opportunities (jobs) within the EZ over the Previous Year: In 2009, Upstate worked with ten new and existing companies that created or announced plans to create 1,267 new jobs. Six of these companies (see list below) were located or planned to locate within the EZ, creating 775 (61%) 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. These new employment opportunities should positively impact the unemployment rate within the zone and throughout the county. This objective was met.

Steven Roberts Desserts – New frozen dessert mfg (39,000 sf existing bldg) 90 new jobs - \$.5 million investment
JBS Carriers – Expanded distribution/transportation division – 400 new jobs - \$45 million investment
Bach Composite Industries – New nacelle component mfg (83,000 sf existing bldg) 150 new jobs - \$1.5 million investment
StarTec – Existing Technical Call Center employment expansion – 110 new jobs
Halliburton – Existing oil/gas services site expansion – 25 new jobs – \$1.8 million investment
Army National Guard – New 32,000 SF readiness facility – 9 new jobs - \$20 million investment

2. Realize increased capital investment within the zone over the previous year: In 2009, the ten new and existing companies that Upstate worked with invested, or announced plans to invest, a total of \$79.9 million into the Weld economy. The new investment of the six projects (see #1 above) located within the EZ boundaries totaled approximately \$53.3 million (67%) of the total announced 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 overall utilization of the EZ program by annually targeting at least 20 existing EZ employers to inform/review the various tax credit benefits that make the EZ a cost-effective place to do business: In 2009, through our on-going business retention/expansion effort, Upstate met with 25 existing Weld employers, of which 10 were doing business within the EZ boundaries. In addition, Upstate completed an EZ email-direct campaign that reviewed EZ benefits/locations and notified 300+ Weld primary employers and public community partners of the opportunity to meet with state staff regarding possible changes to the EZ legislation. EZ certification records show that in 2009, 103 companies collectively invested \$694 million, created 539 jobs and earned \$2.28 million in EZ credits. This compares to 143 companies who collectively invested \$59 million, created 970 new jobs and earned \$2.04 million in credits in 2008. Providing assistance to our existing primary sector employment base helps build a strong, growing economic base. This objective was met.

2010 Program Goals/Objectives:

1. Realize increased (new) employment opportunities (jobs) within the EZ over the previous year.
2. Realize increased capital investment within the EZ over the previous year.
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.

2009 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 of the citizens of Jefferson County. The Jefferson County Enterprise Zone, which was established in 1991, includes parts on unincorporated Jefferson County, and areas in Arvada, Golden Lakewood, Wheat Ridge, and an area of West Colfax to Federal Boulevard in Denver. Since the program began in 1991, Jefferson County companies have invested more than \$852 million in new capital investment and created over 9,037 new jobs within the zone. The business environment in the zone during 2009 was consistent with the overall state of the economy of Colorado. There was a decrease in the number of new jobs created from previous years, however, new capital investment increased by 15% from 2008 to 2009.

2009 Observations and Data

- Jefferson County unemployment rate 4.7%
- Jefferson County per capita income \$35,030
- Jefferson County population growth rate 2.46%

Source: Decision Data 2009, Colorado Department of Labor & Employment

Despite the downward economy, in 2009 Jefferson County experienced a decrease in the overall unemployment rate from 5.7% to 4.7%. Inquiries regarding the Enterprise Zone increased and JEC saw a great deal of interest in the zone regarding relocations and expansions. Overall EZ filings increased as companies needed more help with financing this past year.

2009 Efforts to Improve Conditions

Marketing the Zone

- Detailed EZ brochure-used for meetings, mailings, tradeshow, etc.
- One-page EZ fact sheet (PDF form) for electronic distribution
- Dedicated section on JEC's website with information, maps, links, and contacts
- Database on JEC's website to perform EZ searches by address
- County resources-JEC has a very aggressive Business Retention and Expansion program. We are constantly meeting with businesses throughout the county, many of them residing in an EZ. JEC staff educates the companies on the program and even meets with their accountant
- Aggressively market the zone through a variety of local, regional, and national tradeshow and events
- Mass mailings to businesses located in the zone informing them of program
 - 2008 Lakewood businesses
 - 2009 Arvada businesses
 - 2010 Golden businesses

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 spoken at seminars

educating the public on the enterprise zone and goes on individual business visits with companies located in the zone.

Business Surveys/presentations

JEC conducts an annual business survey to Jefferson County companies. When a company submits a survey and we see they are located in an EZ, staff immediately follows up with them and educates them and provides resources for them. JEC also partners with chambers, cities, and a variety of business groups to give a presentation on the EZ.

2009 Objectives:

1. *Maintain new capital investment at a year-to-year average of approximately \$60 million for 2009.*

This goal was accomplished for 2009. The new capital investment was \$61.8 million, increasing \$9.5 million from 2008. This could be due to more companies taking advantage of the tax credits due to the economy.

2. *Increase the total amount of New Business Facility employees by 10% with creating more awareness in the zone.*

This goal was not accomplished for 2009. Total NBF employees decreased from 991 to 668 in 2009. This would be largely due to the current state of the economy and lack of new jobs.

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

This goal was met for 2009. Total in 2009 totaled 150. This was an increase of 15 from 2008. Given the economic climate for Colorado, many companies were taking advantage of every tax credit available to help remain competitive. Many companies relocated or expanded in an EZ, claiming tax credits.

Measurable Goals for 2010:

1. Increase the total number of new jobs in the zone by 10%. This will be done through a more aggressive outreach to companies located in the EZ and an increase in partner/community education.
2. Increase the number of employees trained in the zone over last year by contacting existing businesses. This will be done contacting companies currently taking NBJ credits and notifying them on the employee training credit.
3. Increase the total capital investment of the zone by increasing the awareness of the zone to existing businesses. This will be done through JEC's regular activities and completing a mass mailing the Golden companies located in an EZ and notifying them on the available credits.

LARIMER COUNTY ENTERPRISE ZONE ANNUAL REPORT 2009

Overview-Larimer County Enterprise Zone: 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

2009 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 2009 Objectives). **We will continue to track these measurable goals in 2010.**

The Larimer County Enterprise Zone is administered by the Larimer County Workforce Center. At the end of 2009, the unemployment rate was 6.1%. There were 10,587 unemployed individuals. Those employed were 161,665. There were 10,363 establishments. Although the average size of these establishments is 15, the median is less than 10.

We also track Employment by Industry in Larimer County. Larimer County has a history of lower wages than the national data. National per capita income was \$39,751 compared to \$36,766 for Larimer County and average weekly wages of \$723. (Please note: The annual average Labor Force Statistics for 2009, for Colorado, select counties, including Larimer County, and select cities including Fort Collins and Loveland will not be released by the Colorado Department of Labor and Employment until mid March 2010. Employment by Industry for 2009 for Colorado and for Larimer County will not be released until July of 2010.)

2009 Efforts to Improve Conditions: Each year, we market the benefits for businesses locating or expanding in the Enterprise Zone and the benefits 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, we conduct monthly seminars (Business Roundtables) for business that take place in the Enterprise Zone. These seminars are geared toward the small business community and topics vary from month to month.

The Larimer County Workforce Center's efforts regarding workforce development/economic development, whether working with job seekers or businesses and employers are geared toward improving conditions in Larimer County.

2009 Objectives: This report is a review of the current status of employment and business establishments in Larimer County (available data is for second quarter 2009). There are 103,116 people employed. This is not the same as the number of individuals in Larimer County who are employed, since nearly 60,000 individuals work outside of the county. 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 are 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 2007). The average wages for the United States (\$41,335) and for Larimer County (\$34,234).

2. The number of individuals who work in the Enterprise Zone is estimated based on the U S Census data sets by zip code. Most recent data is 2007. The number of employers in Larimer County in 2007 totals 9662. This is a net increase of 313 establishments (3.3%) since our last report based upon a total of 9349 (from 2006 data). This is also an 84.8% 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 accounted for 109,755 private sector employees. There were 7153 establishments with fewer than ten employees in 2006 and 7420 in 2007. These are virtually statistically the same proportion (76.8%).

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 2007 (this includes 1996, through 2006) was an increase of 787 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 2007 (19.7%).

We estimate a total of all individuals employed in the Enterprise Zone area in 1990 (prior to designation) at 10,397. The number of individuals working in the Enterprise Zone area upon designation in 1993 was 10,997, or an increase of less than 6%. The number of new individuals working in the Enterprise Zone since 1993 through 1999 is estimated at 1,909, or an increase of more than 17%. In 2007, the estimate of total individuals working in the zone would now total 13,010. 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 2009, 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. And there are now fewer workers (nearly 900) in the zone than in 2006).

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 2007 data, \$41,335. 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 2009. 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 2007 was \$34,234. The average wage for the Enterprise Zone is now estimated to have remained 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, this is before any effect of the new minimum/living level wages. **We will continue to track the TOTAL NUMBER OF INDIVIDUALS EMPLOYED IN THE ENTERPRISE ZONE.**

The Effectiveness of Our Enterprise Zone Efforts: 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. The Workforce Center

had a better rapport with the business community, and 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.

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, resulting in economic development projects, community development projects, and health and human service projects.

A. A significant example that we have relates to the Enterprise Zone efforts with regard to healthcare. Without healthcare, 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.

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 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 economic development efforts and the Enterprise Zone efforts: The linkage in Larimer County between the Enterprise Zone administration and the Workforce Center gives us proof, everyday, that there are still many residents in this county who are economically distressed.

The Larimer County Workforce Center, as of December 2009, had 12,131 registered job seekers accessing services. This is a 35.7% increase in the amount of job seekers registering for and actively engaging in workforce services compared to the same period one year ago. There has been a 74% increase in the amount of Unemployment Claimants who access the Workforce Center for services when compared to the same period one year ago. Job orders (job openings listed with the Workforce Center) have sharply decreased, resulting in 178 total active job orders available to the overall 12,131 active seekers in the system. This has resulted in significantly reduced employment referrals, and, in turn, substantially increased the demand for Workforce Investment Act (WIA) Adult and Dislocated Worker services.

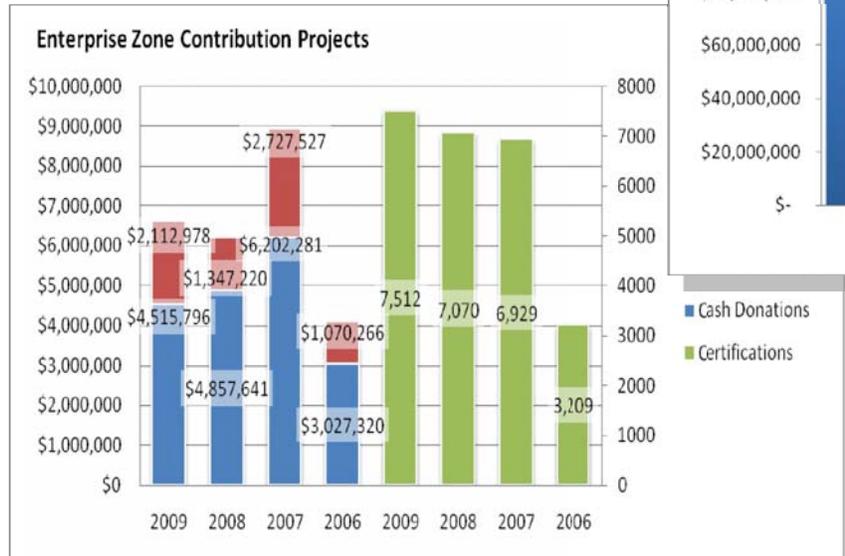
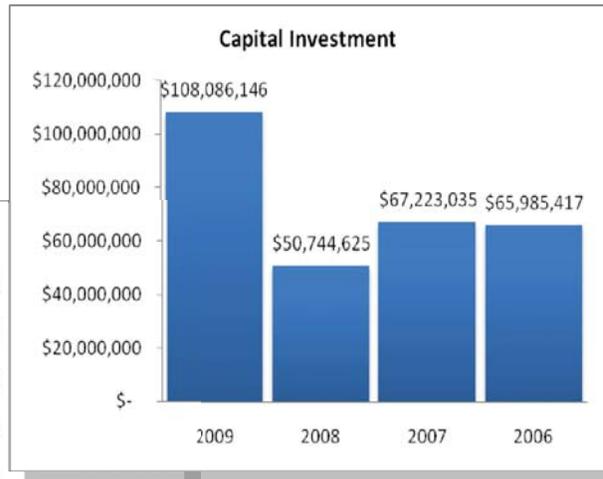
In addition to tracking 1) **AVERAGE WAGE** in the Enterprise Zone, the 2) **NUMBER OF ESTABLISHMENTS** in the Enterprise Zone, and the 3) **TOTAL NUMBER OF INDIVIDUALS EMPLOYED** in the Enterprise Zone, we will also continue to track the Larimer County Workforce Center statistics outlined in the previous paragraph.

2009 MESA COUNTY ENTERPRISE ZONE ANNUAL REPORT

Overview

2009 has been a challenging year for the Mesa County economy. However, the Enterprise Zone program demonstrated strong results despite the economic uncertainty. In 2009, the amount of capital investment businesses reported and the number of donations made to Enterprise Zone contribution projects increased despite the national and local recession.

Capital Investment for Enterprise Zone businesses in 2009 was \$108,086,146 or 113% more than 2008's capital investment of \$50,744,625. This dramatic increase in capital investment is largely due to commercial



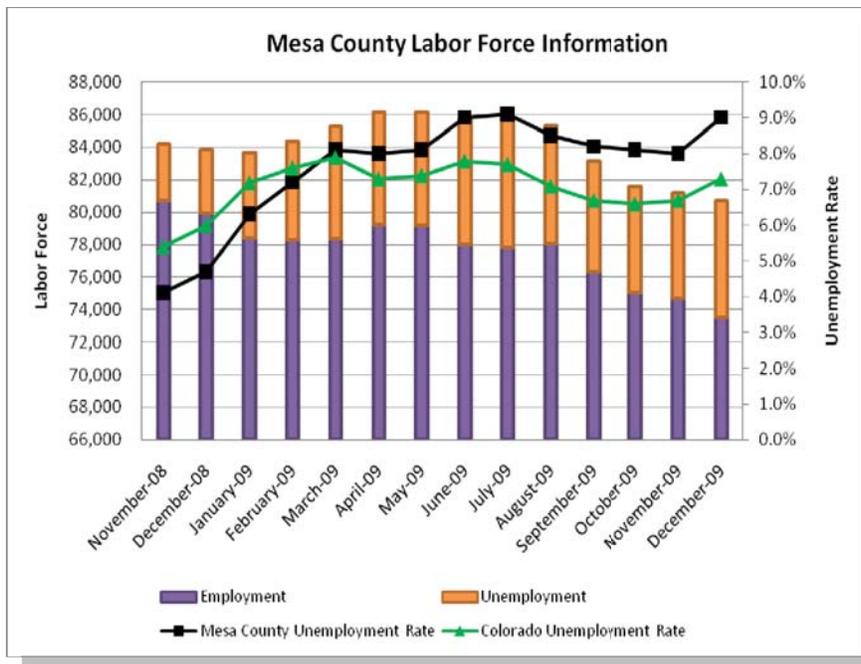
construction projects that occurred during the boom cycle in Mesa County and not anticipated to continue. Investment Tax Credits claimed in 2009 totaled \$1,182,791 and decreased by 5% from 2008 totals of \$1,239,060.

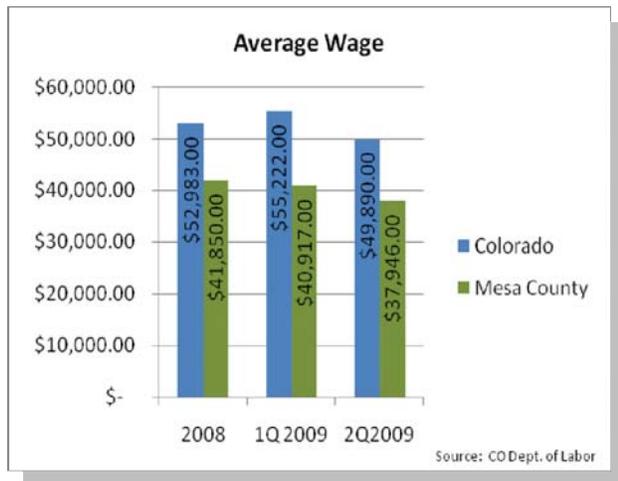
In 2009, the Mesa County Enterprise Zone certified 7512 forms for this valuable state tax credit, a 6% increase of 2008 levels. The total dollars donated to these projects was nearly \$6.6 million, which was a 7% increase from 2008. Cash donations decreased by 7% while in-kind donations increased by 57%. This large increase was due to a few sizeable stock and art donations.

2009 Observations and Data

The Mesa County population projection by the Colorado State Demography Office for 2009 was 144,452 which placed us 11th in the State.

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 continued to decline throughout 2009 for Mesa County. Unemployment in Mesa County





pered better than the state average until March 2009 when the reduction in the drilling, mining and construction industries started to affect employment. Through the remainder of 2009, unemployment in Mesa County surpassed State unemployment.

Wages in Mesa County have continued to decrease with the rise in unemployment and downturn in the local economy. The average wage in Mesa County decreased 9.3% from the 2008 average wage to 2Q2009 average wage which was a more aggressive decrease from the 5.84% decrease experienced for the same period by Colorado as a whole.

2009 Efforts to Improve Conditions

Contribution Projects:

At the end of 2009, the Mesa County Enterprise Zone had 21 contribution projects which are as follows:

ProjectName	IDEZProj	Start Date	ProjectName	IDEZProj	Start Date
Art on the Corner	1942	12/2/2003	**KAFM Community Theater Building	2514	3/24/2005
Avalon Theatre Restoration	2455	12/2/2003	Life Adjustment Program Capital Campaign	2571	5/17/2006
Botanical Gardens	1711	1/1/2003	* Mesa County Industrial Developments, Inc.	2437	7/21/2003
Catholic Outreach Homeless	1946	1/1/1994	Mesa County Public Library	2412	1/1/2003
Child & Migrant Services	2308	7/30/1999	Mesa Partners Conservation Corps	2532	7/28/2005
Fruita Community Center & Library	2726	5/21/2009	Mesa State College Expansion	1640	5/17/2006
Grand Jcn. Small Business Incubator/Bus. Assist.	2236	1/1/1991	**Palisade TLC Downtown Improvements	2167	1/1/1994
Grand Junction Downtown Association Mktg	1939	1/1/1990	Riverfront Area Redevelopment	1937	1/1/1994
Grand Junction Economic Partnership Marketing	1639	1/1/1991	Riverside Intercultural Community Center	2520	3/24/2005
Grand Junction Emergency Homeless Shelter	2303	12/28/1998	St. Mary's Hospital Century Project	2562	3/9/2006
Habitat for Humanity - Mesa County	2454	12/2/2003	Western Colorado Hospice (Mesa)	2501	12/9/2004
Hilltop Com. Resource Ctr Job Trng/Homeless	2042	1/1/1994			

* are non-performing contribution projects

** KAFM and Palisade TLC were not re-certified for 2010

County Resource:

The Business Incubator Center fields inquiries about the Mesa County 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.
- Colorado Enterprise Zone regional meeting postcards.
- 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:

Jan-09	Introduced the Enterprise Zone to a group of 25 “new executives” as part fo the Grand Junction Area Chamber’s New Executive program.
Jan-09	Met several times with Mesa State to both train them of current contribution project procedures, but to also discuss possibility of updating the program application.
Jan-09	Hosted the Fruita Chamber of Commerce Business After-Hours at the Incubator Center.
Jan-09	Presented at the Governor’s Forum, Surviving Tough Times, at the Double Tree Hotel to more than 150 business owners.
Feb-09	Presented on the Enterprise Zone to the Leading Edge class (22 participants).
Feb-09	Presented to our Economic Development partners and the City of Grand Junction on the Enterprise Zone’s role in economic development.
Feb-09	Presented at the “How to Start a Child-Care Business” class.
Feb-09	Met with the Community Foundation to discuss the economic development and EZ contribution projects’ role.
Mar-09	Updated ED Partners on activity within the Mesa County Enterprise Zone.
Mar-09	Attended the GJ Chamber Legislative Trip.
Mar-09	Presented at the National Business Incubation Association Conference.
Apr-09	Presented at Entrepreneurship Day at Mesa State College
Apr-09	Presented at the National Business Incubation Association Annual Conference
Apr-09	Presented to the Grand Valley Young Professionals
May-09	Presented to the Mesa County Commissioners
May-09	Attended the EDC meeting in Denver on May 21 of behalf on Mesa County EZ
Jun-09	Presented to the Fruita Chamber of Commerce membership
Jun-09	Presented to the Downtown Rotary Club
Jul-09	Attended Outdoor Retailer trade show in SLC, using the Enterprise Zone to help attract Outdoor Industry companies
Aug-09	Met with the Colbran Town Council on August 4 th to present on the Enterprise Zone and recent boundary adjustments
Aug-09	Provided an overview of the Enterprise Zone in the August Mesa County Manufacturer’s Council meeting
Aug-09	Presented on the Enterprise Zone in a special panel discussion at the Colorado Green Expo on August 22
Aug-09	Hosted an “Economic Summit” on the Enterprise Zone on August 31. The event was well attended with about 50 community leaders present to hear a presentation by the Office of Economic Development and International Trade.
Sep-09	Interviewed by Don Teets at KEXO and Dave Andrews of KJOL.
Sep-09	Presentation to SBDC counselors at luncheon.
Oct-09	Promoted the Enterprise Zone on the Don Teets radio show on 1230am KEXO
Oct-09	Presented on the Enterprise Zone at the Colorado Business Incubation Association (at their fall conference)
Oct-09	Presented on the Enterprise Zone at the CRCD Entrepreneurship Marketplace (~250 attendees)
Nov-09	Ann Driggers promoted the Enterprise Zone results at the GJEP annual luncheon
Nov-09	Presented at the National Business Incubation Association Fall Training Institute.
Dec-09	Introduced the Enterprise Zone to the Grand Junction Area Chamber of Commerce leadership program

EZ Advertising:

- Drive-time Enterprise Zone underwriting spot on Colorado Public Radio Morning Edition M-F.
- Enterprise Zone information mailed to all CPAs and tax preparers in Mesa County.
- 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 20 primary employers in 2009 (businesses that receive the majority of their income from outside the community) in 2009-2010. The industry segments interviewed were: retail, tourism, and service business.

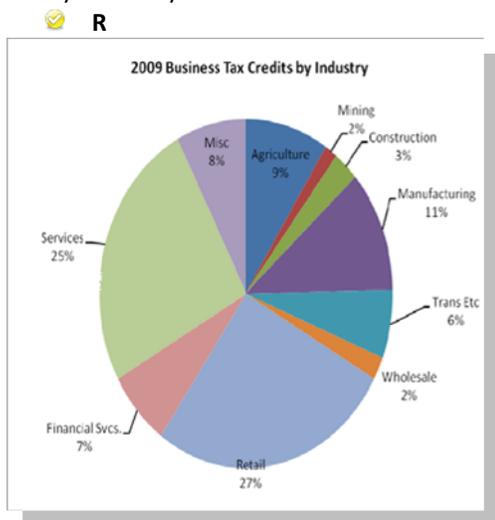
2009 Objectives:

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:** 142 forms filed in 2009 which translates to an 8% decrease over the 154 filed in 2008.
- **Objective:** Increase the number of job training credit forms filed by 5% per year.
 ✗ **Result:** 20 job training credit forms filed in 2009 which translates to a 17% decrease over the 24 filed in 2008.
- **Objective:** Raise the number of net job creations reported through the Business Tax forms by 3% a year.
 ✗ **Result:** 461 net jobs created in 2009 which translates to a 22% decrease over the 591 net jobs created in 2008.

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.



	2009	% Change	2008	% Change	2007	% Change
Agriculture	13	-27.8%	18	63.6%	11	-42.1%
Mining	2	-33.3%	3	200.0%	1	0.0%
Construction	4	-63.6%	11	-21.4%	14	75.0%
Manufacturing	16	-30.4%	23	-11.5%	26	4.0%
Trans Etc	9	0.0%	9	-10.0%	10	0.0%
Wholesale	3	-40.0%	5	66.7%	3	-25.0%
Retail	38	-5.0%	40	11.1%	36	-14.3%
Financial Svcs.	10	25.0%	8	-27.3%	11	83.3%
Services	36	50.0%	24	0.0%	24	-7.7%
Misc	11	-15.4%	13	225.0%	4	400.0%
Totals:	142	-8%	154	10%	140	-1%

ee 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:** 2 successful boundary amendments
 - Rood Avenue Boundary Amendment added 0.83 acres 5/21/09
 - Collbran Boundary Amendment added 80.58 acres 5/21/09
- **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 11 local organizations. These organizations were selected by the Mesa County Enterprise Zone committee.
- **Objective:** Add at least one new contribution project each year.
 - ☑ **Result:** We did add the Fruita Community Center and Library as a Mesa County Enterprise Zone contribution project 5/21/2009. Additionally, we have Community Hospital applying for re-certification 1Q2010.

Category: Marketing of the program

- **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:** We were in the process of updating the printed material so a mailing was not done prior to tax season 2009. However, upon completion of the brochure, over 200 brochures were mailed to local CPA firms and companies.

2009 Northeastern Colorado Enterprise 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.

Northeast Colorado uses the Enterprise Zone as a major part of their recruitment and incentive proposals in combination with city and county incentives. A small population, small successes making gigantic impacts on the region – Northeast Colorado could be the poster child for the benefits of the Enterprise Zone. For a relatively small tax credit the Enterprise Zone has enabled the region to hold its own in jobs by creating 2818 new jobs in 2009.

Rural communities are working to re-vitalize existing commercial and industrial buildings that are standing empty and the incentives from the Enterprise Zone works well for these small businesses. In some of the smaller counties the Enterprise Zone may be the only incentive they have to offer to new business or for the expansion of an existing business.

As noted in the reports by the economic developers themselves, the Enterprise Zone credits assist in keeping their offices open and in marketing the region. They have partnered on promoting the region to make wise use of the funds. They have also worked with their local communities to develop matching incentives.

The Enterprise Zone credits also are a success in these six counties by promoting community buy-in for projects in both cash and in-kind contributions. Each of the projects approved as an Enterprise Zone project contributes to the economic base of the county in which it is located. In this rural region these entities are a big contributor in the retention of jobs and keeping the dollars within their area.

As the region becomes more and more the focus of renewable energy the Enterprise Zone will help recruit value-added business to the region, adding another layer of diversity and creating a positive outlook for the future.

2009 Observations and Data

As with the rest of the state and country they had some struggles over the past year though they have weathered the economic downturn better than some because of the use of the Enterprise Zone credits.

The region has a capital investment of \$412,260,037.15 which created an additional 2,818 full and part time jobs over 2008.

The Unemployment rates for the region go from a low of 3.3% in Yuma County to a high of 5.6% in Morgan County compared to the states 7.5%.

Over the period of 2005 to 2007 the per capita income in this region increased an average of 11% compared to a state average of 8% during that same time period. The low was Logan County with 7% and the high was Sedgwick County with 19%.

Every county in the region had some population growth with the exception of Washington County. The region went from a high of 1.5% growth in Morgan County to the low of -.1% for Washington County.

2009 Efforts to Improve

In 2009 the economic developers of the region along with their representative counties and cities have worked to promote the region through collective efforts. They attended the 2009 Power Gen Trade Show and are currently working those leads on renewal energy industries and for the expansion and production of transmission of natural gas in the area. In 2010 they will be targeting a trade show on financing renewable energy.

In the zone they worked to minimize the retail sales slippage and were starting to show a turnaround towards the end of 2009. They were also able to be proactive during agriculture issues in the region that would greatly affect the economy. They were able to work with dairies when milk prices dropped and to work with both agriculture and other business in the area affected by the closing of Frontier Bank in Greeley.

They partnered with the Department of Labor and Employment to do a labor study which can be used for further recruitment of new business and business expansion. They have also partnered with such diverse groups as CSU-Extension, USDA-RD, Small Business Development Center, Northeastern Junior College, Morgan Community College, Department of Local Affairs an Office of Economic Development to build the strongest possible coalitions.

Finally by the designation of 22 contribution projects in 2009 they were able to generate an investment in the region of \$413,807.78 which benefited healthcare, retention and expansion of business, the arts, assistance to families, education, transportation and agriculture.

2009 Objectives

Retention of Jobs:

Morgan County EDC is currently working with a telecommunications company that has 165 employees on a \$10 million expansion to keep them in Colorado rather than relocating their headquarters to Nebraska. Additionally, they retained 23 jobs and added 10 jobs through the relocation of an automobile dealership.

In Phillips County the employers who took advantage of the enterprise zone accounted for 274 FTE and 212 PTE jobs.

Sedgwick County was able to retain about 5 jobs by finding new owners for retail businesses that have stayed open.

Logan County's jobs outlook is good as they have gained jobs in the workforce in the last six months giving them an unemployment rate of 4.6% which is well below the national average. They have also worked on retention through marketing and training working on a "Revitalize Downtown Sterling" project and supporting job fairs and workforce development seminars put on by the Sterling Workforce Center.

Creation of jobs through expansion and new business:

Morgan County EDC has worked with 12 prospective new businesses. They have seen an increase of 27 FTE jobs. These include a hotel, biodiesel production facility, farm implement manufacturing and solar manufacturing. Once they are up and operating they will invest over \$33 million and the new jobs will increase.

Phillips County just received confirmation of a grant for a wind development project that will create new jobs and expand existing business to support the new company.

Sedgwick County ED has assisted 23 individuals or groups to locate, remain or purchase existing business in Sedgwick County. This allowed for the creation and/or retention of 10 jobs.

Logan County ED has worked with 9 new and expanding businesses in 2009 which created 26 FTE jobs with a total capital investment of \$480,000,000. These businesses included two underground gas storage projects, two wind companies and several retail establishments.

Marketing the Northeast Colorado region for tourism and business development:

Morgan County EDC sites on the county tourism panel helping to promote the county. Their organization also works closely with the Northeast Colorado Regional Tourism group in promotion of the entire region. They have an extensive expansion and relocation marketing binder, an informative website. They also market by advertising in Northern Colorado Business Report, global Corporate Expansion and Business Expansion Journal.

Phillips County used their website to reach those who left the county as well as those who might wish to return. They also work with a community foundation, school administrators, commissioners and town boards to make sure development and expansion happens in their county.

Sedgwick County ED has distributed over 1500 Sedgwick County Hunting guides which involved marketing funds through the EZ program. Work continues on the Ft Sedgwick Park project that would bring in tourism and create 10-20 jobs during the summer months. They received a grant to help do façade work on the buildings of existing businesses.

Logan County EDC has become active in organizations that give them the opportunity to promote their county and a place to visit and to do business. They do presentations before groups and are using a Community ID program that helps them identify and assess companies that would be a compatible match.

NOTE: Each of the economic development offices in the region exist in part because of their status as enterprise zone projects. Most of them operate on very small budgets (under \$50,000 in some cases) and without the additional money to their budget would probably not exist.

All the economic development offices in the region work together both on promoting the region at trade shows and in working with the Northeast Colorado Tourism Group to expand the visitors to the region. These collaborations allow them to do more with the limited resources they have.

The economic development offices in the region also work together in submitting joint proposals when needed, completing marketing and jobs analysis and partner with other agencies that bring skills, knowledge and resources to benefit the region.

2010 Goals

1. Retention of jobs
2. Creation of jobs through expansion and new business
3. Marketing the Northeast Colorado region for tourism and business development
4. Show a population growth in all counties within the region
5. Stabilize the retail sales slippage and show a recovery of sales lost during recession.
6. Follow up on leads obtained by the regional economic development directors at the 2009 Power Gen Trade Show. From these leads work to bring in renewal energy industries and expand production and transmission of natural gas in the area.
7. Target a trade show on financing renewable energy for the economic development directors to attend in 2010.

2009 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.

The businesses in the AGNC region and the NWEZ regard the zone as vital to the economic interests of northwest Colorado. AGNC has taken the position that elimination of the zone program, reduction in credits or capping of credits is a tax increase and subject to a vote of the people under TABOR. AGNC is committed to promoting this view with its legislators and with the rest of the legislature during the 2010 session.

2009 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 and during all of 2009, the declines of natural gas prices and uncertainty in the regulatory environment 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. Investments may turn around in 2010 but threats to the EZ program could hinder potential opportunities.

Below are the most recent figures available for unemployment rate, per capita income and population growth by county. It should be noted that demographic information is not available at the census block level therefore entire county totals are given even where the zone serves only portions of a county. This lack of precision skews the information and makes some areas in these counties appear to be less distressed than they actually are.

December 2009 unemployment rate:

- Clear Creek— 6.1%*
- Garfield— 7.8%*
- Grand— 6.1%*
- Jackson— 5.0%*
- Moffat— 7.0%*
- Rio Blanco— 5.2%*
- Routt— 6.2%*
- Zone Average— 6.2%*
- Colorado Average—7.3%*

2008 per capita income:

- Clear Creek— \$54,704*
- Garfield—\$37,453*
- Grand—\$36,247*
- Jackson— \$26,868*
- Moffat—\$32,383*
- Rio Blanco— \$41,205*
- Routt—\$49,890*
- Zone Average—\$39,821*
- Colorado Average—\$41,192*

2008 population growth rate:	Clear Creek— 0.1%
	Garfield— 3.2%
	Grand— 2.0%
	Jackson— -1.1%
	Moffat— 0.9%
	Rio Blanco— 1.1%
	Routt— 2.3%
	Zone Average— 1.2%
	Colorado Average— 1.8%

2009 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 Northwest EZ had 26 projects in a seven county region. The projects are located as follows: Moffat County 4, Routt County 5, Rio Blanco County 1, Grand County 5, Garfield County 7, Clear Creek County 3 and Jackson County 1. The total amount of contributions for 2009 was \$2,734,440.42. The tax credits total was \$617,437.77.

These projects create new jobs and sustain businesses in the area. They have helped with new construction of theaters and medical centers. They have reinforced workforce training for the area in oil and gas and new energy.

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

Presentations:

Over the past year some of our ability to increase our outreach has been hampered by our limited staff availability and due to dealing with other issues that AGNC must focus on such as energy development and grant opportunities in NW Colorado. We have been able to communicate to accountants and local chambers but not at the rate that we envisioned in 2009.

Tourism and Marketing Grant:

The outcomes of the Place Branding Campaign were adapted, but clear direction for the marketing of the city to commercial interests it going forward.

R&D Marketing:

Though we continue to have major R&D projects in our zone these companies have not been willing to go forward with claiming these credits due to the dramatic economic situation the state finds itself in.

Rehabilitation Credit:

Businesses that thought that they would like to rehab certain buildings in our zone have put their plans on hold for now due to the economy.

2010 Objectives:

1. Target 30 businesses that have never applied for a credit and inform them of their opportunity to do so.
2. 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.
3. Work with local business incubator to investigate potential of becoming an EZ contribution project.
4. Work with legislators to preserve and protect the zone program.

Pueblo County 2009 Enterprise Zone Annual Report

Overview

The Pueblo County Economic Development Department oversees the enterprise zone program for Pueblo County. 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.

2009 Observations and Data

Not all of Pueblo County is included in the enterprise zone; data shown in this section will be county-wide as sub-county data is not available for 2009. The data for Pueblo County as a whole should be a fair indication of conditions in the zone.

The latest population estimates for Pueblo County (2008) are at 156,781. ESRI forecasts the annual population rate for the period 2008-2013 to be 1.17% for Pueblo County compared to 1.75% for the state. At year end, Pueblo County had an unemployment rate of 8.5% which is 16.4% higher than the state rate of 7.3%. Finally, per capita personal income was \$21,703 in 2008 according to the US Census Bureau. This amount is 69.2% of the state average of \$31,359 for the same year.

An analysis of employment growth by industry sector performed by retired Senior Socioeconomic Analyst Don Vest reveals that the Health Care and Social Assistance sector accounted for the largest number of new jobs, increasing from 9,599 to 9,954 (a 3.6% gain). With Pueblo's population aging, this sector should continue to see substantial gains. Retail Trade accounted for the greatest loss of jobs, from 7,385 in first quarter 2008 to 7,018 in first quarter of 2009 (a 5% loss). There were several large-scale commercial projects that sustained construction sector employment in spite of a cutback in residential building activity. Over the long term, continued expansion of operations at the Pueblo Chemical Depot can be expected to offset recent job losses in other sectors of the economy. Once the facility is completed, the 350-400 construction jobs will be replaced by 700-800 jobs required to complete the destruction of 2,600 tons of weapons containing mustard agent currently stored at the Depot. In addition, Vestas Wind Systems has been busy working on their plant. A peak of 500 workers was employed during construction. As construction jobs are phased out, the plant has been hiring welders, painters, materials handling and transportation works to produce the towers. At year end, the plant employed about 100 production works, it is anticipated a total of 450 to 550 will eventually be employed. This should more than offset the workers laid off at the Trane facility in town as Trane made a decision to phase out some of its operations at their Pueblo plant.

2009 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 2009, one new contribution project received approval. This project, which will raise funds to renovate a historic theatre, will enhance economic development efforts in the community. The zone boundaries were also extended to expand an existing industrial park (extending the western boundaries of the Airport Industrial Park). This expansion was made to entice Black Hills Energy to locate a gas fired power plant here. This plant, although not a huge creator of jobs, will increase the tax base which will help with the delivery of much needed government services.

2009 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 2008.

Result: 107 forms were certified in 2008 versus 122 certified in 2009 representing a 14% increase in certifications.

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 342 new jobs reported on the 2008 DR 0074's filed and a net increase of 28 in 2009. Although there were a significant number of companies reporting job gains in the EZ in 2009, Trane's well published lay-offs off set gains in other areas.

3. **Goal:** Increase the capital investment in the zone as measured by an increase in the investment tax credit capital reported in 2009 over 2008.

Result: Capital investment in the zone qualifying for the ITC credit in 2009 totaled \$71,022,398 versus \$24,805,950 reported in 2008. Many existing companies recently made significant investments in their plants.

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 2009, the EDC approved one boundary expansion and 1 new contribution projects.

5. **Goal:** Increase the number of employees trained in the EZ as measured by numbers reported for the training tax credit.

Result: Employers reported a total of 958 employees as qualifying for the training credit in 2008. During 2009 a total of 1,766 employees were trained in the zone. This significant increase of almost 84% is something

2010 Objectives

The above stated objectives/goals will continue to be monitored in 2010.

REGION 10 L.E.A.P.

300 N Cascade Ste 1
Montrose CO 81401

2009 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, Delta, Hinsdale and Ouray, are Enhanced Rural Enterprise Zones. 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, home care 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 Gunnison Valley Transportation Planning Region represents the local counties with CDOT to plan for future transportation and transit needs. We also own the Enterprise Center in Montrose which provides at cost accommodation and facilities to emerging businesses and non-profit entities, greatly advantageous to the local business community.

2009 Observations and Data

During 2009 Industrial companies e.g. Gas & Coal based businesses or transportation services had considerable investment and 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. This goes against the general pattern in other industries.

We noted a marked slow down in the economy of the area during 2009, following the recession of late 2008. The national economy decline caused some local small businesses to be concerned with their financial future. There was the feeling that the majority of local businesses will make it through this crunch, but with reduced production/sales, and staffing, and a marked decrease in new employment.

The Contribution Projects were reporting reduced donations also, and we had delayed promotional drives for new projects. The total contribution dollars passing through this office were down overall due to the recession. We had several new projects come on board, hoping to improve their position through tax credit supported donations.

The data in the chart below is for 2008, and are all ESTIMATES from the State Demography office. 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 will 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	4.4	\$25,774.00	2.0
Gunnison	3.6	\$31,054.00	1.4
Hinsdale	3.4	\$29,439.00	-0.5
Montrose	5.0	\$28,868.00	2.5
Ouray	3.7	\$38,950.00	2.8
San Miguel	4.0	\$49,259.00	1.1
R10 Average		\$30,267.00	
COLORADO	4.9	\$41,192.00	1.9

2009 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 2009 Region 10 had 3 new projects approved, from varied areas of the Region. These covered hospital expansions, and town center historical & cultural improvements greatly enhancing the region 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. We utilize the Marketing grant throughout the 6 county region.

- **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 2009, 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 several local Chambers of Commerce through the region, local government, Business development seminars. We also recently participated in the Uncompahgre Valley Business Expo and the Gunnison Business Expo.

2009 Objectives:

- **Objective #1:**
Demonstrate positive job creation, of 350 reported jobs per year for five consecutive years based on Enterprise Zone Activities. The previous target of 500 was not achieved in 2009, the recession considerably affected local employment trends, hence the adaptation of the expectation.
- **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 2009.
- **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 not achieved in 2009, reflecting the decrease in new employment and training needs.
- **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 2009, even with 3 withdrawing because of the new state Insurance requirements.

SLV Development Resources Group Annual Report

January through December 2009

	Ezone	EZ Admin	Total Enterprise Zone	Preparation, production, distribution of market research	Marketing Collateral	EZ Info Seminars	Online informational service	Trade show promotions	Direct business prospect visitation	Promotion of Tourism Events	Economic Activity in area
Income											
Ezone Marketing Grant	25,000.00	0.00	25,000.00								
SLVDRG Match	12,784.77	12,508.24	25,293.01								
Total Income	<u>37,784.77</u>	<u>12,508.24</u>	<u>50,293.01</u>								
Expense											
Training	96.00	0.00	96.00			XX			XX	XX	XX
Meals	1,102.03	0.00	1,102.03			XX		XX	XX	XX	XX
Conferences and Seminars	731.12	0.00	731.12						XX	XX	XX
Program meetings	1,683.95	0.00	1,683.95						XX	XX	XX
Travel	20.00	0.00	20.00			XX		XX	XX	XX	XX
Telephone - Long distance	52.28	0.00	52.28						XX	XX	XX
Telephone - Cellular	639.88	0.00	639.88						XX	XX	XX
M. Wisdom - Marketing	25,642.40	0.00	25,642.40			XX		XX	XX	XX	XX
Auto Expenses	2,023.18	0.00	2,023.18			XX		XX	XX	XX	XX
Advertising	1,030.80	56.42	1,087.22	XX	XX						
Computer Maintenance	0.00	380.00	380.00	XX			XX				
Trade Shows	1,647.32	0.00	1,647.32					XX			
Dues and Subscriptions	0.00	8.00	8.00	XX							
Internet Dev. and Maintenance	2,027.32	0.00	2,027.32				XX				
Bank Expense	0.00	2.00	2.00	XX							
Office Expense	0.00	102.90	102.90	XX	XX						
Accommodations	1,062.26	0.00	1,062.26					XX			
Postage	26.23	0.00	26.23	XX	XX						
Administrative	0.00	11,958.92	11,958.92	XX	XX						
Total Expense	<u>37,784.77</u>	<u>12,508.24</u>	<u>50,293.01</u>								
Net Income	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>								

Preparation, production, distribution of market research Developed brochures and advertisements for local papers. Ads were placed in special sections including Progress, Finance, and Community Development pull outs. Also updated demographic information for cities, counties, non-profits, and others are requested. Annual Economic Report for 2009 is attached.

Marketing Collateral Brochures are updated annually and handed out at Leading Edge, Adams State College Entrepreneur classes, EZ seminars, to all revolving loan fund customers, to all county and city officials.

SLV Development Resources Group Annual Report

January through December 2009

EZ Info Seminars

Made EZ presentations at the following meetings:

- San Luis Valley Board of County Commissioners
- Alamosa Community Economic Development/Alamosa Chamber of Commerce
- City of Alamosa
- Alamosa Economic Development Council
- Monte Vista Economic Development Council / Monte Vista Mainstreet Improvement program
- Upper Rio Grande Economic Development Corporation
- Saguache County Sustainable Environment and Economic Development (ScSeed)
- Saguache County Business Association
- Conejos County Economic Development
- Costilla County Economic Development
- Creede Chamber of Commerce (Mineral County)

Online informational

Maintenance of SLVDRG website and updating info including CEDS information.

Attended SEMA (Specialty Equipment Manufacturing Association) in Las Vegas. These are after market mfg's for auto/truck/atv industry. Many mfg's are from small shops located throughout US. We talked to several who were interested in Colorado. Promoted SLV's workforce, quality of life, and Enterprise Zone benefits.

Trade show promotions

Talked to several business including Tessera Solar, Morstarch Manufacturing, Sun Edison, Sun Power, Iberdola Solar, First Solar, and many others.

Direct business prospect visitation

Worked with IP/Otter Tail regarding expansion. Visited with 25 small business owners seeking financing through SLVDRG. Ongoing conversations with CPA's discussing benefit of program for their clients.

Promotion of tourism events

Assisted Scenic Rio Grande Railroad establish new ticketing location for train services, assisted Alamosa Local Marketing District establish new location for Colorado Welcome Center, Alamosa Chamber, and Convention Bureau. Worked with Creede Repertory Theatre to develop season and attract tourists to Mineral County, worked with Rio Grande Museum to expand museum, worked with Cumbres and Toltec Railroad with information for grant requests.

Economic activity in area

Attended Colorado Potato Administrative annual dinner to promote use of EZ to farmers and ranchers in our area (our largest user of the credits). Worked with Hew Hallock, Gov. Energy Office, providing him with brochures and information to include in his conversations with renewable energy businesses. Worked with Del Norte EDC and Town to develop business incubator to attract small manufacturers.

2009 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 tax credit certifications but does not work on contribution projects. Las Animas County has seen a significant decrease in methane gas drilling from 2008 following regulation detrimental to the industry. Oil and Gas regulations perceived harmful to the industry resulted in a halt to new well permit drilling and the region was negatively impacted by loss of jobs in associated by-product industries. The City of Walsenburg annexed a significant number of new businesses north of Walsenburg that included a Pizza Hut, two gas stations, two motels, a mobile home park, two established restaurants, and a new combined Taco Bell and Kentucky Fried Chicken. While there were more requests for contribution projects in both Las Animas and Otero County, we ultimately had one successful new project. Huerfano County has no contribution projects. The City of Walsenburg is struggling with the poor economy and they have been informed that the contract for the 700 bed jail will not renew as the prisoners will be sent back to Arizona. Huerfano County is an enhanced rural enterprise zone and the projected closure of the prison is sorely felt. During 2009, the City of Walsenburg reduced its workforce by 25%.

2009 Observations and Data

Otero County population has decreased by 7.6% since the last census and Huerfano County showed stable but small growth at 1% increase in 2008. During 2009 announcement of 90 jobs lost from the prison closure is also expected to result in a loss in population for Walsenburg, Huerfano County seat. At 2008 Las Animas County reported a 9.1% increase from the 2000 census. By December, 2009, that number had dropped to 5.5% due to suspension of gas well drilling and methane gas extraction. Unemployment rates for Otero have increased over 2008 from 6.9% to 7.4%. Las Animas County unemployment has decreased steadily until 2008 when it increased from 6.9% to 7.9%. Huerfano county unemployment also increased from 4.9% during 2008 to 9.9% in 2009. . *Per capita income for Las Animas (\$16,829), Huerfano (\$15,242) and Otero (\$15,113)* is similar for each of the counties per 2008 reported information.

2009 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.

Business:

In December, 2009, South Central contacted four newly opened businesses and provided one to one information for certifications and tax investment credits and jobs credits. We have attempted to reach individual business by providing Enterprise Zone information to new business as they open. Interestingly, it appears that the better time to contact the new business is after the close of the calendar year as they approach the tax season.

South Central Enterprise Zone is often asked by small business to check on prior certification submittals. We have routinely added the process of providing the original signed copy of the certification to the business owner and a copy to the tax preparer. We encourage the business owner to retain these forms with their copy of the tax return as our experience is that the business will often change tax preparers and they then seek historical certification information from our office.

During 2009, we have taken all previous records and grouped them by Company name to facilitate review of prior year certifications.

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. In 2009, we had a multicounty seminar for reporters of the various contribution projects. Nearly all of the South Central Contribution Projects were represented and it was very beneficial for them to compare fund raising experience. It was noteworthy to discover that many of them had not considered in-kind contributions as a source of donation available to their respective projects.

Huerfano County has no contribution projects.

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.coloradoadvance.com link. Certifications have increased as we do more outreach from sixty one to ninety-four participants. Contribution certifications in 2009 were reported at 43 throughout the period. However, as of 1/31/10, an additional 94 have been received for the 2009 tax year for a total of 137 contribution certifications.

Business tax credit certifications in 2009 is reported at 590 location sites and 44 companies certified.

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. South Central EZ spoke to the Las Animas County Chamber of Commerce at a brief presentation and provided forms and packets to the members. (See attached)

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 407 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.

During 2009, SC COG did one to one outreach for new business in the region by visiting the establishment and providing DR0074 kit information for Tax Credit Certifications. The Zone Administrator also included notice information to Chamber of Commerce members at quarterly meetings.

2009 Objectives:

1. Provide enterprise zone marketing program information through advertisement and outreach in 2010.

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.

Provided advertising to local business reminding of available Enterprise Zone tax credits as they prepare for their tax preparation.

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. Coordinate local business owners with transportation offers for workers with no transportation.

2009 Objectives and Progress

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.

Due to layoffs and job separation in the area, many of the companies cut back on investment. EZ Administrator did not review reports for increase over the previous year but did compile data for each company for the region.

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.

I trained office staff to reply to Enterprise Zone requests for forms and general information. I also presented EZ information and updates to the Chamber of Commerce and provided a table with handouts and certification forms. Spoke to an audience of 60 businessmen.

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.

Outreach to local business involved with vacant building rehabilitation. Provided EZ forms but do not recall seeing the form returned for certification.

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.

I am currently working with individuals who are trying to reestablish Economic Development in the region. Due to the poor economy there are two factions that are not working together to have a viable working ED agency.

2010 Objectives

1. Target five companies located at the Trinidad Industrial Park and inform them about the Investment Tax Credit. We will measure the number of pre-certification and post certification forms completed.
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. 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.
4. Prepare data base of completed prior year certifications and compare to those submitted in past. Target business that failed to complete an EZ certification and do mail outreach to include at least 30 companies in the South Central Enterprise Zone.

2009 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. SECED assists in asserting a vigorous campaign for esthetic 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.

2009 Observations and Data

The SECED area is experiencing population contraction, an ongoing trend that adversely affects the general health of our communities. Collected and available 2009 estimated data indicates continued 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 decreased 4.96% as compared to a 5.80% decrease in statewide sales. The SECED area unemployment rate has experienced an increase with the downturn in economic conditions. The 2009 collective unemployment rate is calculated at 5.84% as compared to 2008 year average of 5.37%. Per capita income levels calculated from available 2007 data increased from the 2006 period. The overall SECED area per capita income increased \$481 from 2007 to 2006 which equates to 2.1 percent. With the primary agricultural based economy in a majority of SECED counties this increase would not be classified as a trend but would be more attributable to the commodity market in 2007.

2009 Efforts to Improve Conditions

Over the course of the last sixteen (17) years, SECED's Business Loan Fund (BLF) has assisted over 187 businesses in the amount of \$8,001,019 with leveraging from private sources totaling \$9,642,149. In addition, through our Division of Housing rehabilitation loan program, which assists low-to-moderate individuals with the repairs of their homes, \$4,166,250 funds have been loaned benefiting 268 households.

EZ Capital Investments (ITC):

In 2009 the Southeast EZ (SECED) processed 239 ITC certifications. The sum of capital investments amounted to 32M with 21M in qualifying investments which generated over 635K in tax credits. A total of 608 employees have been trained generating credits to the employer of \$7,024. There were 34 New Business Facility jobs created generating credits of \$15,648 for area employers.

Contribution Projects:

The Southeast EZ has various certified contribution projects in our five county area. These projects generated \$600,025 in contributions giving contributing taxpayer credits of \$92,444.

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) has given 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 Developers. 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.

2009 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 2008 to 2009. This will be measured by comparing retail sales. The Southeast EZ (SECED) area was unable to meet this goal, however, giving consideration to the overall downturn of the economy it could have been much worse. Looking at the comparative area retail sales (000's) for 2009 totaled \$431,656 and \$454,192 for 2008, a decrease of 10.54 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 overcome. 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 6.67 percent increase in assessed valuation from \$326,758,583 in 2008 to \$348,832,414 in 2009. An increase of \$22,073,831 or 6.76% in property value culminating increased tax revenue of \$828,904 or 8.33%. Expectations and measured annual growth were met but looking at an 9 year growth pattern the SECED area has experienced growth of 34.41 percent which is just slightly under stated expectations.
4. **EXISTING JOB BASE** - Retain existing job base to show no net loss in jobs each year and accommodate the increase in population through the expansion of existing industries. From 2002 through 2009, the labor force remains relatively even with little or no growth. In addition to a contracting population, 2008 & 2009 the area lost 176 and 199 jobs respectively resulting in an unemployment rate of 5.98 percent. Agriculture is a large contributor of the labor force and the regional economy but it does not report to unemployment statistics. These figures include closings of a major employer in Prowers on 12/31/05 and end 12/31/09 resulting in a loss of approximately 564 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 \$22,476 in 2006 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.

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 of 2 million dollars. New or expanding businesses seek enterprise zone tax credits and 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 335 new RLF jobs through 2009.
- SECED Enterprise Zone provides housing programs to improve the available housing stock and to also improve the aesthetics of the area. The health and safety along with aesthetics of the area has improved with SECED's over 2.2 million dollar housing rehab portfolio. Without this vital housing component, the EZ incentives are less effective.
- Our 5 county region and along with the municipal communities contained therein work together to solve whatever problems that impact the region. Our collective voice is much greater than remaining isolated and independent.
- Our 5 county region has adequate utility capacity to handle growth. SECED area's infrastructure remains sound and able to accommodate growth.
- We have quality educational opportunities including a community college and an interactive workforce board representation. A significant global research project is coming to southeast Colorado because of the mild dry climate, clear nights and the local community college.
- A large selection of business and industrial sites and properties are available to the region at very competitive rates. As stated above the needed infrastructure is in place and ready to for service.
- 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 air transportation, and expanded recreation and tourism.
- Southeast Colorado Enterprise Zone has created a sub-grantee status with all 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 and continues an active board membership on said workforce board.
- The Southeast Colorado Transportation Planning priorities include our corridors of US Highway 287 and US Highway 50. Multiple mode transportation is available for industry and commercial growth.
- Three of our region counties are included in the Ports to Plains transportation corridor - Highway 287. This Federal designation will create more opportunities to implement the NAFTA agreement. The EZ incentives are an important component to forward this effort.
- Since 2003 Southeast Colorado has erected 158 wind towers generating 237 Mega Watts with a large capacity to host additional units in renewable energy generation. Our focus continues in addressing transmission issues that impede renewable energy efforts in our region.
- Out-migration of water resources from Southeast Colorado continues to be one of the regions' most significant issues.
- The Southeast Colorado Enterprise Zone continues to create positive marketing materials to convey a unified and consistent accommodating image.

Respectfully submitted,

Dan Tate

Enterprise Zone Administrator

SOUTHWEST ENTERPRISE ZONE – 2009 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, 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 enough 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 industry's into the region. Enterprise Zones are valuable tools in this business environment.

Conditions and business environment

Southwest Colorado has been hard hit by the national recession and Region 9 EDD has seen an increased number of defaults and business inquiries in its Business Loan Program. The numbers of tax credits claimed through the Southwest Colorado Enterprise Zone is down overall, though higher in our two smallest counties.

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. 51.6% of the County 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. All of Dolores County is a designated Enterprise Zone and meets the criteria of an Enhanced Enterprise Zone. The utilization of Enterprise Zone Tax credits went up between 2008 and 2009.

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 distressed 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. La Plata County is the regional job center.

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 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. The utilization of Enterprise Zone Tax Credits increased from 2008 to 2009.

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.

2009 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	2008 Unemp.Rate	2003 - 2008 Pop. Growth	2007 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 years 2009 and 2010.

Unemployment – Four counties do not meet the unemployment rate criteria for Enterprise Zone status based on unemployment rates for 2008. Only La Plata County met local Objective 1, of being < or = to the state unemployment rate.

	2008 Unemp. Rate	EZ Eligible > 6.12%	Objective 1 < or = to State
Archuleta	5.2%	No	No
Dolores	7.3%	Yes	No
La Plata	3.6%	No	Yes
Montezuma	5.4%	No	No
San Juan	5.5%	No	No
Colorado	4.9%		

at least 25% above State Avg (4.9%) = 6.12%

Source: Colorado Labor Market Information (1-25-10)

Note: Annual averages are not yet available for 2009

Population Growth - San Juan County met EZ eligibility criteria for population growth from 2003 – 2008.

	Estimates		% Change 2003-2008	*EZ Eligible
	2003	2008		
Archuleta	11,196	12,704	13.5%	No
Dolores	1,848	2,014	9.0%	No
La Plata	46,790	50,735	8.4%	No
Montezuma	24,551	25,713	4.7%	No
San Juan	570	567	-0.5%	Yes
Colorado	4,586,869	5,011,390	9.3%	

* < 25% of State (2.3%)

Source: Colorado Demography Section estimates 10-09

Per Capita Income (PCI) - Archuleta, Dolores and Montezuma Counties met eligibility criterion for PCI in 2007, 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.

2007 Per Capita Income			* EZ Eligible < \$32,328	Objective 2 > or = to State PCI
County	PCI	% of State		
Archuleta	\$ 26,343	61%	Yes	No
Dolores	\$ 28,861	67%	Yes	No
La Plata	\$ 38,263	89%	No	No
Montezuma	\$ 29,796	69%	Yes	No
San Juan	\$ 33,361	78%	No	No
Colorado	\$ 42,985			

*75% of State PCPI= \$32,238

Source: Bureau of Economic Analysis

2009 Efforts to Improve Conditions

Region-wide in 2009 there were 30 projects approved as Enterprise Zone Contribution projects, and these projects generated **\$3,522,468** in economic activity through direct and in kind contributions. This is lower by almost \$2 million dollars from the 2008 numbers, demonstrating a possible decline in donations. Three of the Contribution projects were infrastructure projects that were completed and will not renew in 2010. One project was not renewed, due to having no activity for the past two years.

Businesses in Enterprise Zone areas claimed **\$45,074,741** in eligible investments, resulting in \$1,372,427 in certified tax credits, and created 232 jobs. These amounts are lower than the 2008 numbers by \$11 million in investments, and \$500K in tax credits. The number of new jobs also declined by 85 positions. However, San Juan and Dolores Counties (both Enhanced Enterprise Zones) saw increases in EZ utilization in 2009.

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. Region 9's efforts include: newsletter articles on the EZ; presentations to interested groups; monthly updates to the Region 9 Board of Directors; and outreaching area CPA firms and small businesses in which we come in contact to make sure that they are aware of the Enterprise Zone tax credits.

In 2010, further efforts will include joining Facebook and Buzztown (a local social media outlet) to provide yet another avenue to reach businesses; outreaching businesses working with Region 9 and through area chambers to provide information; and continuing to notify accounting and bookkeeping firms of available credits. Perhaps most importantly is providing education about the value of our Enterprise Zones to our elected representatives at a state level.

2009 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 – Only La Plata County has an unemployment rate less than the state unemployment rate in 2008.

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 2007.

3: 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. There have been resignations in two of the five groups as of the end of 2009, and Region 9 is working closely with the groups to mentor new staff.

4: Increase the number of businesses that participate in the EZ in each county using 2005 as a base year. Current status – Base year total is: 228. The total number of participating businesses in 2009 was 232 showing a 1% increase.

5. Target all businesses involved in other Region 9 programs and inform them about the Investment Tax credit, and track what number turn in certification forms, using 2009 as a base year. Since 2009 is a base year, the number of businesses utilizing EZ tax credits that are involved in Region 9 EDD programs total: 6 Archuleta, 1 Dolores, 18 La Plata, 10 Montezuma, and 1 San Juan County.



Any needed reports to support the above numbers are available per your request. For more information contact Region 9 at 970-247-9621

2009 Annual Report

Upper Arkansas Enterprise Zone (UAEZ) (Rural)

Reported February 2010 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.

2009 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 2009 Development Objectives section below: see objective's measures and status of objectives narratives.

Per capita income data indicates that the UAEZ average (\$25,200) has continued its proportionately low per capita income as compared to the State average (\$41,192): 61.0% in 2006 and 61% in 2007 (most recent data). The lagging per capita income may be linked to a below front range average wage-salary labor market, seasonal employment, under-employment and growth in low paying service jobs.

Population growth in the UAEZ increased 0.3% per year from 2006 to 2008: one-sixth the state's 2006-2008 growth rate of 1.9% for the same period. Most of the UAEZ's July 2008 population is in Fremont County with 48,034 (62%) of the Zone's total of 77,653. The UAEZ region is expected to grow at a 1.7% rate per year 2010 to 2015. This growth is expected to come from in-migrating "baby-boomers".

The UAEZ county unemployment rates ranged from 6.4% to 9.3% in December 2009: Lake 8.5%, Chaffee 6.9%, Custer 6.4% and Fremont 9.3%. These rates are below to the U S (national) rate

of 10.0%. Two UAEZ counties are above and two below the State 7.5% rate. The most populated UAEZ county, Fremont, is above the State 7.5% rate by 1.8% and below the U S 10% rate by 0.7%. Projections indicate that the unemployment rate may increase through 2010 with rate declines in 2011.

2009 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 2009: The UAEZ applied for and received approval for two new projects in 2008 but did not apply for additional projects in 2009. The UAEZ has a balanced number and type of eligible projects on the books, seventeen, as the Zone enters 2010.

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, area community colleges 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. In 2009 and ongoing the UAEZ worked with the Fremont Economic Development Corp. staff on a big new prospect business locating in Fremont County that will create 500 new jobs: a natural resource / manufacturing business.

UAEZ 2009 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 in 2007 (most recent data) with 61% (\$25,200) of the State average (\$41,192). 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 indicates one-year 2007 to 2008 percentage changes for each county as follows: Chaffee from 25.8% in 07 to 25.5% in 08 (-0.3%); Custer from 9.2% in 07 to 9.2% in 07 (0.0%); Fremont from 18.2% in 07 to 18.1% in 08 (-0.1%); Lake from 12.2% in 07 to 12.3% in 08 (0.1%); zone-wide from 19.4% in 07 to 19.3% in 08 (-0.1%). The overall proportion of non-residential assessed valuation is generally decreasing with percentage of change in the counties ranging from -0.3% to a flat 0.0% in 2008. The three-year period 2006 - 08 also indicates a decreasing proportion of non-residential assessed valuation trend. The U A E Zone objective measure is not being achieved at this time. 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 2009 Colorado Dept. of Labor & Employment Colorado County (LAUS Unit, LAUS system output file) data indicates that the UAEZ's four counties had county unemployment rates of: Lake 8.5%(up 2.8%from 12/2008), Chaffee 6.9%(up 1.5% from 12/2008), Custer 6.4%(up1.0% from 12/2008) and Fremont 9.3%(up 1.4% from 12/2008). Lake and Fremont Counties exceeded the State 7.5% rate by 1.0% and 1.8% respectively, and Custer and Chaffee are 1.1% and 0.6% respectively below the State 7.5% rate.

The U A E 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. Data sources (cited in Zone Statistics Report) indicate in aggregate that over the 2005, 06, 07 period the 4 counties achieved the +1.0% increase in total jobs 8 of a possible total 12 times (4 counties times 3 years). Specific objective measure achievement (indicated by "yes") by county were: Chaffee – 05,06 yes; 07 no; Custer – 05,06 no; 07 yes; Fremont – 05,06,07 yes; Lake – 05 no; 06,07 yes. The reporting date of the Estimated Total Job by County (2007) lags behind the unemployment rates by county data by two-years. Zone administration observations and 2009 unemployment data point to the prospect of a decrease in total jobs in the Zone in 2008 – 09 and this trend will be reported in the 2010 Annual Report.