



Colorado

**COLORADO ENTERPRISE ZONE
ANNUAL REPORT
2010 Activity**

*Colorado Office of Economic Development and International Trade
December 2011*



Colorado Enterprise Zone Annual Report - Part I FY 2010 Activity

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Colorado Enterprise Zone Annual Report for 2010

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.

2010 Summary

- This program supports geographic areas containing businesses that have shown to be more economically distressed than the state as a whole.
- During fiscal year (FY) 2010, there were 5,031 businesses that certified one or more potential Enterprise Zone tax credits.
- These businesses created 5,490 net new jobs and retained 130,551 jobs.
- They invested \$2.79 billion in new equipment in Enterprise Zones.
- Over 30,000 taxpayers contributed \$43.4 million to Enterprise Zone economic and community development projects.
- Enterprise Zone tax credits claimed with the Department of Revenue totaled \$48.8 million.
- Over the last 10 years, the average amount of Enterprise Zone tax credits claimed each year is about \$41 million. Less than \$34 million being claimed in 5 out of the last 10 years. (*See Table 1 at the end of this section.*)
- An average cost per job of \$7,499 for fiscal years 2000-2009 can be calculated if the total amount of Enterprise Zone “business” tax credits, including those not related to job creation, is divided by the number of jobs reported in these fiscal years by Enterprise Zone businesses certifying a tax credit. Note: The Enterprise Zone Program experienced two significantly abnormal deviations from this trend in years in 2002 & 2010 following recessionary periods and these years are excluded from this figure.
- It has been noted that a majority of the state is in an Enterprise Zone. Here are some important related facts:
 - 95% of the Enterprise Zone land area is in rural areas made up largely of vacant and agricultural land with only 5% of the Enterprise Zone in urban areas.
 - Only about 2.9% of businesses earn Enterprise Zone tax credits. (FY 2010: 5,031 Enterprise Zone businesses out of 172,896 businesses statewide conservatively.)
 - The overall size of the zone is largely unchanged since the early ‘90s. As such, to date, the state has determined that it is important to provide additional economic development support to the businesses in these areas to assist with creating a positive business climate to create and retain jobs and investment in these distressed areas.
- 99% of Enterprise Zone certifications are for small businesses. 87% have less than 50 employees. Since 2000, on average 5,100 businesses earn Enterprise Zone tax credits each fiscal year.
- The agricultural industry has the most businesses earning Enterprise Zone tax credits at 31%.

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, passed in 1986, originally allowed up to 6 areas (4 rural and 2 urban) to be designated as Enterprise Zones. In 1990, the General Assembly amended the limit of areas that can be designated as an Enterprise Zone in statute to its current limit of 16 zones. In 1996, amendments were made to the Act which gave the EDC the ability 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 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 a majority of the state's land area is in the Enterprise Zone due to large rural areas with significantly lower population numbers and largely made up of vacant and agricultural land, this area only includes a small percentage of the state population.

Changes in Zone Economic Conditions

Information that follows in this section will be eliminated in future reports. Viewing zone area progress toward lower unemployment, population stabilization and higher per capita incomes has proven to be difficult if not impossible to evaluate since a myriad of other influences and the larger economic situation complicate evaluating the results of certain tax credits in the state's Enterprise Zone Program when using broad economic indicators for evaluation. For example, when the unemployment rate increases nationally, this trend is usually followed at a state and local level, regardless of where the Enterprise Zone boundaries are located. As such the General Assembly eliminated this type of review as of January 1, 2012.

The remainder of this report draws on published economic statistics and Enterprise Zone certification data to evaluate the Enterprise Zone Program. Published employment, unemployment, population growth and per capita income data has been summarized to compare Enterprise Zone counties to statewide totals and non-zone counties. This data is only available at the county level. In rural areas often the entire county meets distress criteria and is in the Enterprise Zone. In urban areas there are areas that are much smaller than the county in the Enterprise Zone.

Labor force data (reported below under Employment and Unemployment) 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 September 2010, and may later be adjusted. Calendar year 2010 data is reported here.

- **Employment.** Colorado's **employment declined** roughly 54,000 in 2010 following a decline of 104,000 in 2009. This decrease in employment is also starting to show up in the data reported by Enterprise Zone businesses (as noted later in this report). The following 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 from the Enterprise Zone certain land types (i.e. residential or recreational) or areas experiencing economic vitality.

Annual Employment Growth

	2006	2007	2008	2009	2010
State	3.5%	2.2%	0.3%	-4.0%	-2.2%
Non-Zone	4.5%	3.4%	1.1%	-4.7%	-2.0%
E-Zone	3.3%	2.0%	0.1%	-3.8%	-2.2%
Urban	3.1%	1.9%	0.4%	-4.1%	-1.7%
Rural	4.6%	2.4%	-1.6%	-2.2%	-4.8%

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 to rise** in both zone and non-zone counties. National trends in unemployment rate and other similar demographic data often affect zone and non-zone areas similarly, making comparisons of zone and non-zone demographic data relatively unrevealing. Certainly EZ areas are much more distressed than the state average and to date the General Assembly has determined it is worthwhile to provide additional support to these communities and the businesses in them.

Annual Unemployment Rates

	2006	2007	2008	2009	2010
State	4.28%	3.71%	4.81%	8.28%	8.92%
Non-Zone	3.64%	3.18%	4.14%	7.17%	7.47%
E-Zone	4.41%	3.82%	4.95%	8.50%	9.21%
Urban	4.49%	3.91%	5.06%	8.70%	9.32%
Rural	3.97%	3.33%	4.34%	7.38%	8.56%

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 boundary distress criteria, is primarily relevant to rural areas, where lack of economic opportunity often is manifested in out-migration. The 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 2005 to 2009 was 7.64%**. More than half of the zone's population growth was below the state average. Four Enterprise Zones experienced growth below 25% of the state average: Northeast, San Luis Valley, South

Central and Southeast. Note: Data for 2009 was the most current available at the time of this report.

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 2009, the growth in income for the state as a whole over the 23 years since the Enterprise Zone Program began is 155%. Enterprise Zone per capita income growth has kept pace, growing 149% from 1987 to 2009. In Colorado in 2006, 2007 and 2008 income levels grew year over year however at a diminishing rate each year. In 2009, **income levels decreased from the prior year** significantly. This decrease is an all time income growth low from the time the Enterprise Zone program began and the only similar significant decrease being seen in 2002. This trend was experienced in zone and non-zone areas. In urban Enterprise Zones, only Pueblo County had per capita income below 75% of the State average.

In 2007, 2008, and 2009, average rural Enterprise Zone county per capita income grew 7.7%, 4.3%, and -3.7% respectively compared to statewide growth percentages of 3.6%, 2.8% and -3.8% for the same years. These numbers reflect that the current recessionary climate has taken longer to affect the rural areas than the rest of the state.

In 2009, per capita income in all rural Enterprise Zones was below the state average, and ranged from 99% of the state average in the Northwest Enterprise Zone to 64% in the Southeast Enterprise Zone demonstrating a wide disparity below the state average.

Data Source: U.S. Bureau of Economic Analysis,
www.bea.gov/regional/reis/default.cfm?selTable=CA1-3§ion=2

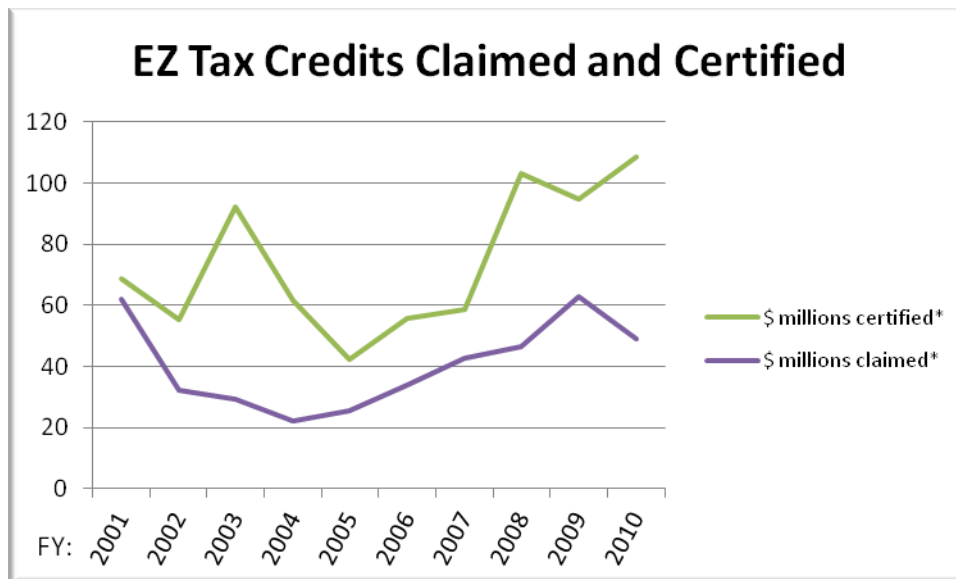
Tax Credits Claimed and Potential Credits Certified

Total Enterprise Zone tax credits claimed with the Department of Revenue in FY 2010 were \$48.8 million. There was \$62.7 million in FY 2009 and in FY 2008 there was \$46.7 million claimed. Of total Enterprise Zone tax credits claimed in FY 2010, corporate taxpayers claimed more than \$31.7 million while non-corporate taxpayers (individual Enterprise Zone Contribution Tax Credits, plus sole proprietor, partnership and other non-corporate Enterprise Zone business tax credits) claimed more than \$17 million.

The total certified 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 2010 was \$108.7 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 following graph; also see Table 1 at end of this section for more detail.)



For the last 10 years, the average amount of Enterprise Zone tax credits claimed each year is about \$41 million. In years 2001 and 2009 a little over \$60 million was claimed but in all other years significantly less was claimed each year. Not only has the amount of tax credits claimed decreased since 10 years ago, the percentage of tax credits claimed that were earned has also decreased.

House Bill 10-1200 took effect on January 1, 2011 and set a temporary limit of \$500,000 on the amount of the Enterprise Zone Investment Tax Credit that businesses can claim in income tax years 2011, 2012, and 2013. Businesses can defer credits in excess of the \$500,000 limit for 12 income tax years following the year the credit was originally allowed plus 1 additional income tax year for each year that the credit is deferred – subject to the entity having tax liability to use these tax credits.

Potential State Revenue Gains

New jobs and capital investment created by businesses claiming Enterprise Zone tax credits results 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 Enterprise Zone employees, Sales and Use Tax on new Enterprise Zone business equipment purchases, and increased school, city and county property tax revenue on new Enterprise Zone business personal property), is more than \$133.8 million, almost 174% or almost 3 times more than the \$48.8 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 \$15.9 million for the 5,490 new employees added by Enterprise Zone certifying businesses, given average state tax collections per employee of \$2,908.63 in FY 2010.
- 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 \$67.5 million in FY 2010.

- Increased property taxes on new Enterprise Zone business personal property:
 - New investment by Enterprise Zone businesses added \$2.8 billion of personal property investment, which increased the local property tax capacity and reduced the burden on the state school finance act correspondingly. At 2010 statewide average mill levies, this would generate an estimated \$29.6 million in new property taxes for school districts, more than \$14.8 million for counties, and \$5.9 million for municipalities.

In addition to the estimated revenue generated by Enterprise Zone businesses (provided above), new economic activity also brings additional state revenue from corporate taxes. Job growth in rural areas (that had previously been losing population), as well as private contributions to Enterprise Zone projects (encouraged by the Enterprise Zone 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 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 tax 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 2010 was 5,031, down a little from the 5,225 certified in FY 2009 and 5,472 certified in FY 2008. Of the 5,031 businesses that were certified for Enterprise Zone tax credits, 1,585 sought credits the first time in FY 2010.

Benefits Accrued

- Jobs Created and Retained. Businesses certifying zone tax credits reported an increase in employment of 5,490 in FY 2010; about 36% less than the number of jobs that were created in Enterprise Zones in FY 2009. This is not surprising based on economic trends nationwide. Of the Enterprise Zone certifiers, 1,204 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 130,551 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 \$5.4 billion of capitalized property in the Enterprise Zones. Of this, \$2.8 billion was eligible for the 3% Enterprise Zone Investment Tax Credit, with approximately \$83.8 million in potential Investment Tax Credits being authorized. These investments amount to a slight increase from the FY 2009 level of investments, but year-to-year fluctuations in capital investment are common.

- **Contributions.** There were 30,237 taxpayers (both individuals and businesses) who contributed \$43.4 million to Enterprise Zone non-profit and local government economic and community development projects in FY 2010. This was approximately a 5% decrease in the total dollar value of contributions as compared to FY 2009. The average contribution declined slightly. These contributions were eligible to receive \$9.4 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, homeless shelters that also provide employment-related services, or 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 413 eligible projects at the end of FY 2010 including 31 new projects approved by the EDC during the year. Of these, 356 reported contributions that qualified for the Enterprise Zone Contribution Tax Credit. The \$43.4 million contributed went to the following types of projects: (*See table below.*)

ENTERPRISE ZONE CONTRIBUTIONS by Type (Fiscal Years)

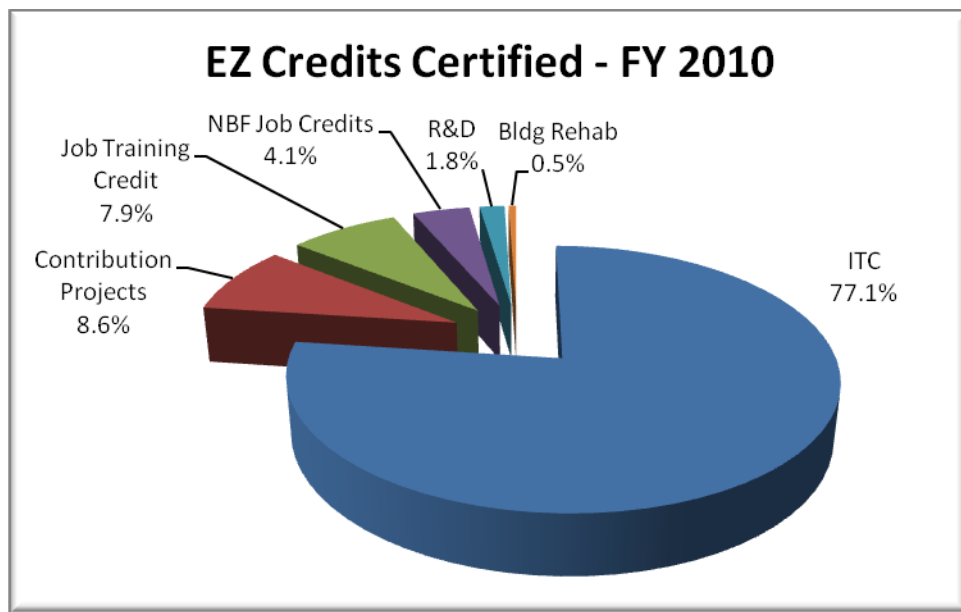
TYPE OF PROJECT	Number of Projects*	Total \$ Contributed	Est. Credit	Number of Contributions
<u>2010</u>				
Affordable Housing	2	\$21,233	\$5,205	30
Blight Redevelopment	2	\$203,811	\$50,953	730
Business Assistance	17	\$823,843	\$173,340	513
Child Care	1	\$200	\$50	1
Community Development	100	\$9,844,914	\$2,127,248	8,471
Community Facilities	10	\$444,938	\$90,610	224
Ec. Dev. Marketing	30	\$3,688,049	\$818,351	1,360
Education	4	\$726,919	\$181,730	199
Health Care Facilities	48	\$10,084,908	\$1,928,570	5,614
Homeless & Job Training	7	\$438,729	\$101,142	450
Homeless Services	59	\$9,861,245	\$2,353,953	9,106
Infra. - Downtown	4	\$418,446	\$81,319	110
Infrastructure	5	\$373,471	\$91,594	86
Job Training	51	\$4,489,535	\$911,485	2,758
Marketing - Tourism	1	\$3,850	\$819	5
Marketing - Zone Admin.	5	\$736,997	\$174,142	177
Tourism/Cultural Facils.	8	\$992,763	\$246,083	252
Transportation	2	\$254,588	\$63,647	151
Total for FY 2010	356	\$43,408,436	\$9,400,237	30,237

* Projects with Contributions.

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

Credits Certified

Approximately 77% of the total dollar value of credits certified in FY 2010 was for the Enterprise Zone Investment Tax Credit. Approximately 8% was for the Enterprise Zone Job Training Tax Credit, 4% was for the three New Business Facility (NBF) Jobs Tax Credits (includes NBF credits in Enhanced Rural Enterprise Zones), 9% 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 chart on next page.*)



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 \$83.8 million in potential tax credits were certified based on \$2.8 billion in qualifying capital investment by 4,580 businesses that earned the ITC.
- **New Business Facility (NBF) Jobs Credit**
More than \$4.5 million in potential tax credits, associated with 6,542 qualifying new business facility jobs from 724 businesses, were certified.
- **NBF Agricultural Processing New Job Credit**
More than \$20,609 in potential tax credits were certified for 10 tax filers.
- **NBF Health Insurance Credit**
More than \$609,042 in potential tax credits were certified in FY 2010 from 209 businesses.
- **NBF Enhanced Rural Enterprise Zone (EREZ) credits**
One hundred and twenty one (121) businesses received certification for creating 521 new jobs in 23 of the 31 designated EREZ counties, for a total of \$832,932 in potential EREZ Jobs Credits. EREZ Agricultural Processing Jobs Credits accounted for \$14,209 in potential tax credits authorized, from 4 certifications and 11 jobs.
- **Job Training Program Investment Credit**
Four hundred and fifty six (456) companies trained 36,737 employees in economically distressed areas of the state, for a total of \$8.5 million in potential income tax credits.
- **Research & Development Tax Credit**
Almost \$199 million was invested in Research & Development as reported by certifying businesses, resulting in \$1.9 million in potential tax credits from 65 certifications.
- **Vacant Building Rehabilitation Tax Credit**
More than \$2.8 million in qualifying expenses were incurred rehabilitating 24 buildings, and generating roughly \$584,000 in potential tax credits.

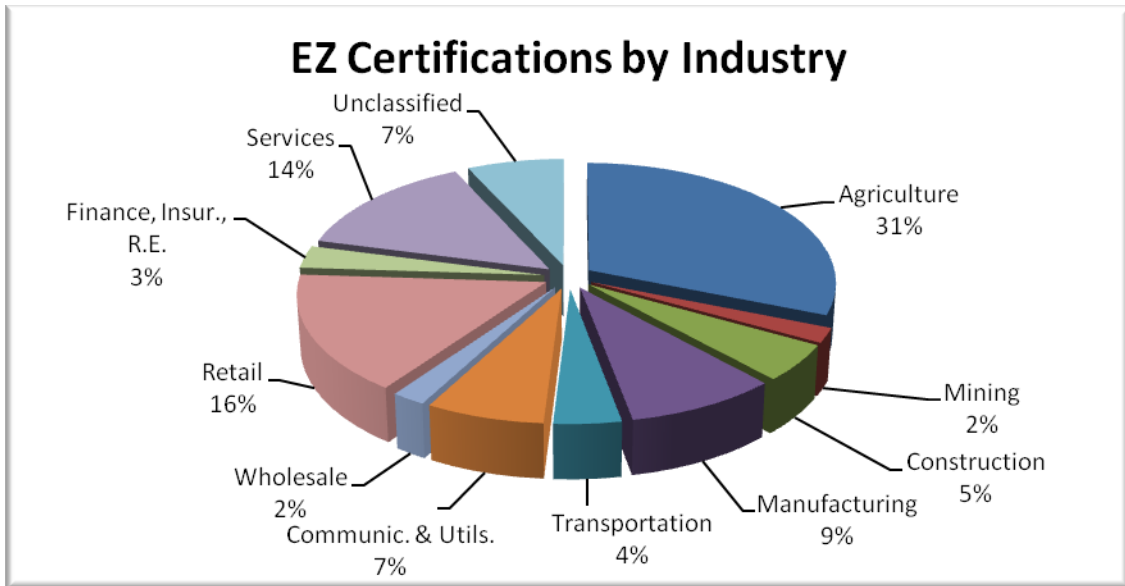
- **Contributions Tax Credit**

In FY 2010, 30,237 contributors donated \$43.4 million to non-profit and local government projects in economically distressed areas. These contributors potentially earned \$9.4 million dollars in tax credits. There were 413 active projects at the end of FY 2010.

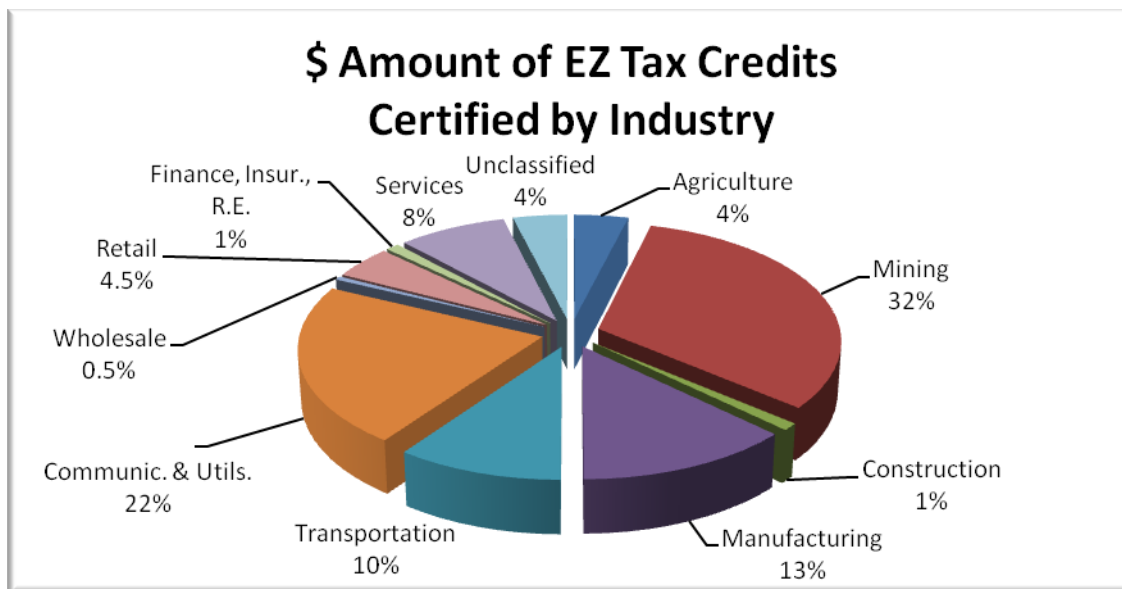
Credits by Industry

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 to 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 31% 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 benefits in dollars went to the mining and manufacturing sector *(see chart on the next page)*. 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 these distressed areas that need it most. *(The chart on the next page shows the percentage of the dollar amount earned for each tax credit of total Enterprise Zone Tax Credits per industry for FY 2010.)*



Employment Change in the Enterprise Zone

Employment change is the difference between employment reported at the beginning of the period and that reported at the end. Of the 5,031 businesses certifying credits, 1,204 businesses added 13,208 employees while, 802 businesses observed a reduction of 7,717 employees, for a net gain of 5,490 employees in Enterprise Zones statewide.

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 do not 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 2010, 1,111 jobs were reported as transferred to a zone facility from another location in the State. This represented 0.7% of the total employees of zone certifiers at the end of the year. Total end-of-year employment was reported at 143,054.

The following table summarizes data on average annual compensation as reported in FY 2010. 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)	\$41,089	\$13,185	\$11,841	\$25,294
# Employees for whom comp. reported	108,521	33,145	2,176	728
Avg. Annual Compensation (Ag)	\$27,752	\$8,629	\$5,006	\$19,139
# Employees for whom comp. reported	1,459	1,020	133	74

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 zone certified more than 900 business requests for tax credits while Arapahoe County Enterprise Zone certified 92 business tax credit requests – which reflects the wide variety in number of businesses earning tax credits per zone. Each Enterprise Zone reports on their activity and goals annually. This information is available in a separate report, Enterprise Zone Annual Report - Part II.

Table 1 - Enterprise Zone Tax Credits Certified by Enterprise Zones and Claimed with DOR, Fiscal Year 2001 – 2010

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 ITC	Corporate NBF Jobs	Corporate Contributions	Corporate Other	Total Corporate	Individual* Total Individual		Total
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	\$55,207,502	\$12,320,649	\$3,395,913	\$944,755	\$1,913,640	\$18,574,957	\$13,842,158	\$32,417,115	59%
2003	\$92,280,530	\$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	\$42,222,124	\$8,257,377	\$3,212,394	\$597,575	\$1,587,445	\$13,654,791	\$12,022,423	\$25,677,214	61%
2006	\$55,895,014	\$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	\$103,098,863	\$21,300,508	\$2,797,303	\$642,482	\$2,764,316	\$27,504,609	\$19,199,532	\$46,704,141	45%
2009	\$94,633,338	\$37,970,175	\$2,426,189	\$677,142	\$3,031,222	\$44,104,728	\$18,609,912	\$62,714,640	66%
2010	\$108,731,397	\$23,268,780	\$3,805,584	\$479,631	\$4,151,569	\$31,705,564	\$17,135,439	\$48,841,003	45%

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

Table 2 - Enterprise Zone Tax Credits by Industry, Fiscal Year 2010

Industry Group	# of Certifications	Investment Tax Credit	Job 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)	1,554	\$3,922,654.06	\$70.00	\$11,462.00	\$0.00	\$0.00	\$7,340.00	\$0.00	\$0.00	\$3,941,526.06
Mining (10-14)	94	\$31,322,357.23	\$40,371.31	\$90,750.11	\$0.00	\$7,600.00	\$0.00	\$111,324.00	\$0.00	\$31,572,402.65
Construction (15-17)	249	\$792,908.75	\$57,847.74	\$170,476.16	\$0.00	\$8,006.00	\$76,417.00	\$3,461.00	\$0.00	\$1,109,116.65
Manufacturing (20-39)	442	\$9,993,462.13	\$932,783.70	\$538,222.69	\$6,902.00	\$52,152.00	\$56,134.00	\$1,592,700.90	\$0.00	\$13,172,357.42
Transportation (40-47)	211	\$4,372,348.85	\$5,460,284.43	\$71,904.00	\$1,600.00	\$10,484.00	\$0.00	\$0.00	\$0.00	\$9,916,621.28
Communic. & Utils. (48-49)	377	\$21,488,734.39	\$24,238.00	\$24,333.33	\$0.00	\$3,200.00	\$0.00	\$53,299.00	\$0.00	\$21,593,804.72
Wholesale (50-51)	119	\$324,738.37	\$31,011.48	\$90,670.00	\$0.00	\$17,500.00	\$0.00	\$0.00	\$0.00	\$463,919.85
Retail (52-59)	793	\$3,005,482.92	\$103,510.50	\$947,114.72	\$0.00	\$156,162.67	\$366,802.00	\$33,253.00	\$0.00	\$4,612,325.81
Finance, Insur., R.E. (60-67)	147	\$908,764.89	\$147,046.39	\$35,786.39	\$0.00	\$6,500.00	\$7,598.00	\$0.00	\$957.00	\$1,106,652.67
Services (70-89)	681	\$4,736,424.75	\$1,597,877.73	\$878,703.37	\$1.00	\$315,385.93	\$305,500.60	\$128,708.00	\$8,540.92	\$7,971,142.30
SIC Not Provided	364	\$2,923,102.59	\$159,818.02	\$137,251.34	\$12,106.00	\$32,051.00	\$13,140.00	\$18,843.00	\$574,978.52	\$3,871,290.47
	5,031	\$83,790,978.94	\$8,554,859.30	\$2,996,674.11	\$20,609.00	\$609,041.60	\$832,931.60	\$1,941,588.90	\$584,476.44	\$99,331,159.89

Table 3 - Enterprise Zone Tax Credits Certified by Zone, Fiscal Year 2010

EZ Tax Credits Certified by Zone, Fiscal Year 2010

Zone	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$ EREZ NBF	\$ Train Credit	\$ R and D	\$ Rehab	Total Bus Credits	\$ Contribution Credit	Total Credits
Fiscal Year 2009-2010												
RURAL												
East Central	340	\$1,268,792	\$18,245		\$6,200	\$69,500	\$5,773		\$2,462	\$1,370,972	\$36,723	\$1,407,695
Mesa County	130	\$755,050	\$102,720		\$10,267	\$0	\$34,269			\$902,306	\$1,216,350	\$2,118,656
Northeast	905	\$10,115,695	\$41,702		\$12,866	\$25,834	\$98,201		\$66,705	\$10,361,004	\$110,211	\$10,471,214
Northwest	291	\$31,166,868	\$179,794		\$27,300	\$146,160	\$30,209	\$113,925		\$31,664,257	\$391,523	\$32,055,780
Region 10	294	\$4,616,062	\$85,311		\$5,146	\$86,497	\$23,347	\$6,789	\$2,830	\$4,825,982	\$280,735	\$5,106,716
San Luis Valley	376	\$1,225,592	\$45,527	\$0	\$3,761	\$170,379	\$1,354			\$1,446,613	\$312,057	\$1,758,671
South Central	177	\$7,499,059	\$15,997	\$0	\$1,350	\$35,827	\$6,796			\$7,559,029	\$10,422	\$7,569,451
Southeast	294	\$2,098,543	\$13,615	\$1,360	\$6,744	\$48,460	\$23,022		\$0	\$2,191,743	\$86,456	\$2,278,199
Southwest	284	\$2,209,833	\$128,645	\$4,542	\$10,951	\$73,209	\$116,395	\$3,025		\$2,546,599	\$677,174	\$3,223,773
Upper Ark	188	\$402,211	\$87,726		\$3,300	\$177,066	\$5,550		\$957	\$676,810	\$247,701	\$924,511
Subtotal	3,279	\$61,357,706	\$719,282	\$5,902	\$87,885	\$832,932	\$344,916	\$123,739	\$72,954	\$63,545,315	\$3,369,352	\$66,914,668
% of total:	65.2%	73.2%	24.0%	28.6%	14.4%	100.0%	4.0%	6.4%	12.5%	64.0%	35.8%	61.5%
URBAN												
Adams County	298	\$5,349,888	\$383,614	\$1,601	\$56,467	\$0	\$297,633	\$83,627	\$9,091	\$6,181,921	\$563,896	\$6,745,817
Arapahoe County	92	\$2,209,654	\$440,180	\$1,000	\$265,184	\$0	\$1,272,516	\$3,908		\$4,192,442	\$1,688	\$4,194,129
Denver	473	\$4,783,726	\$605,123	\$0	\$101,632	\$0	\$5,816,602	\$108,445	\$388,533	\$11,804,062	\$2,845,882	\$14,649,944
El Paso County	324	\$3,142,217	\$290,419	\$0	\$31,856	\$0	\$144,453	\$971,125	\$113,899	\$4,693,968	\$1,064,511	\$5,758,479
Greeley/Weld County	124	\$2,053,782	\$87,068	\$12,106	\$20,251	\$0	\$60,170	\$200		\$2,233,577	\$231,156	\$2,464,733
Jefferson County	222	\$1,394,816	\$361,635	\$0	\$38,367	\$0	\$538,457	\$347,554	\$0	\$2,680,829	\$607,088	\$3,287,917
Larimer County	98	\$1,381,339	\$81,730		\$6,567	\$0	\$14,613	\$148,603		\$1,632,852	\$516,790	\$2,149,642
Pueblo	121	\$2,117,850	\$27,624		\$833	\$0	\$65,499	\$154,388		\$2,366,194	\$199,875	\$2,566,069
Subtotal	1,752	\$22,433,273	\$2,277,392	\$14,707	\$521,157	\$0	\$8,209,943	\$1,817,850	\$511,523	\$35,785,845	\$6,030,885	\$41,816,729
% of total:	34.8%	26.8%	76.0%	71.4%	85.6%	0.0%	96.0%	93.6%	87.5%	36.0%	64.2%	38.5%
Year Total	5,031	\$83,790,979	\$2,996,674	\$20,609	\$609,042	\$832,932	\$8,554,859	\$1,941,589	\$584,476	\$99,331,160	\$9,400,237	\$108,731,397
Credits by Type as percent of:												
% of total business credit \$:		84.4%	3.0%	0.0%	0.6%	0.8%	8.6%	2.0%	0.6%	100.0%		
% of total credit \$:		77.1%	2.8%	0.0%	0.6%	0.8%	7.9%	1.8%	0.5%	91.4%	8.6%	100.0%



Colorado Enterprise Zone Annual Report - Part II 2010 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 2010

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 2010 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.



2010 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, job growth, and capital investment went down 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 2010 due to market conditions. The unemployment rate for the County reached a historic high of 10.2% in December according to the US Bureau of Labor Statistics. In reference to employment growth in Adams County, 2011 numbers appear to be flat without net growth.

In 2010, 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 2011. In addition, capital investment decreased substantially by over \$100 million within the zone. Tax credits also dropped in 2010 by \$1.8 million.

The box score for 2010 is as follows:

ENTERPRISE ZONE BOX SCORE	2009	2010
Certifications (incl. Cont./Infra.)	311	291
New Jobs	650	600
Capital Investment	\$318.0 M	\$196.4 M
Total Tax Credits	\$5.8 M	\$4.0 M

Efforts to Improve Conditions

In 2010, 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 2010, 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.

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 2010, 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 2010, 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 seventy Business Retention visits conducted at Primary Employer locations in Adams County in 2010. 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 2010, 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.

2010 Objectives:

ACED would like to add 3 goals to accomplish for its 2010 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 2009 and compare that number to 2010. We will also compare the amount of capital invested between years.
2. Increase Enterprise Zone business submittals by 5%. 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 and the City of Northglenn 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. This is a new metric that will begin to track annually.
3. Create an online Enterprise Zone information request system, on the newly designed ACED website, 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.

2010 ARAPAHOE 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 2010, the number of businesses claiming tax credits through the Enterprise Zone numbered 101. These businesses reported a net increase of 13 (FTE) jobs in the Zone. The level of investment in the Zone decreased 52% percent over 2009 investment levels to \$78,105,287; however, the average full-time salaries in the zone increased 13 percent to \$58,406.

Throughout 2010, 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 one contribution project. During 2010, twelve contribution certifications for the Family Tree House of Hope, totaling \$12,300 of cash donations, were processed through the Arapahoe County Enterprise Zone.

2010 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 2009 and 2010 Enterprise Zone certification forms, reflect the economic condition in the Arapahoe County Enterprise:

	2009	2010
Number of businesses filing Zone tax credits:	88	101
Number of jobs created in the Zone:	1,242	13
NBF Jobs:	1,054	333
NBF Tax Credits:	\$ 444,703	\$ 166,286
Health Insurance Tax Credit:	\$ 258,767	\$ 15,679
Number of Employees Trained:	9,409	2,488
Job Training Tax Credit:	\$ 1,073,567	\$ 102,689
Average Annual Compensation:		
Full Time	\$ 51,717	\$ 58,406
Part Time	\$ 15,386	\$ 16,157
Temporary	\$ 11,887	\$ 5,669
Contractual	\$ 1,438	\$ 53,546

Analysis of Capital Investment:		
Rehab Expenses:	\$ 3,345,084	\$ 0
Rehab Tax Credit:	\$ 37,500	\$ 0
Investment Tax Credit Claimed:	\$ 2,385,963	\$ 1,504,717
ITC Capital Investment:	\$ 79,800,808	\$ 49,969,482
Total Capital Investment in the Zone:	\$161,451,043	\$ 78,105,287
R&D Expenditures:	\$ 65,554	\$ 204,106
R&D Tax Credit:	\$ 182	\$ 3,908

2010 Efforts to Improve Conditions

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

To market zone benefits to new and expanding businesses, advertisements were also placed in the South Metro Chamber of Chamber publications. The Chamber has a significant outreach efforts impacting both new and expanding businesses operating within the Arapahoe County Enterprise Zone.

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

Englewood continues to market available commercial space using www.Englewoodsites.com. 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.

2010 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 2010, the number of businesses claiming tax credits through the Enterprise Zone numbered 101. These businesses reported a net increase of 13 (FTE) jobs in the Zone. Average full-time salaries in the zone increased 13% to \$58,406. Increasing full-time jobs is a goal for enhancing the economic condition within the zone. The

Arapahoe County Enterprise Zone did not meet the goal of expanding the number of jobs by 25 net new jobs over the previous year.

Goal #2: Annual growth in new investment in equipment to exceed 10 percent over the previous year's total. The level of investment in the zone decreased 37 percent over 2009 investment levels to \$49.97 million. This goal was not met.

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

- Sheridan sales and use tax receipts increased 2.56% in 2010 over 2009.
 - Retail sales tax increase 3.00% in 2010 as compared to 2009.
 - Use tax (not building use tax) for Sheridan decreased 24.82% in 2010 as compared to 2009.
- Englewood sales and use tax receipts increased .38% in 2010 over 2009.
 - Retail sales tax increased 1.9% in 2010 as compared to 2009.
 - Use tax (not building use tax) for Englewood decreased 20% in 2010 as compared to 2009.
- Littleton sales and use tax receipts increased 3.51% in 2010 over 2009.
 - Retail sales tax increased 4% in 2010 as compared to 2009.
 - General use tax decreased 6% in 2010 as compared to 2009.

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 2010, 12 contribution certifications for the Family Tree House of Hope totaling \$12,300 in cash donations were processed. Family Tree House of Hope is a self-sufficiency program. In 2010, Family Tree House of Hope provided safe shelter and coordinated supportive services for 202 women and children. Family Tree House of Hope advocates completed 1,053 case management sessions with mothers, identifying obstacles to self-sufficiency and developing plans to overcome them, as well as providing emotional support and accountability. Fifty-one (51%) of families who exited Family Tree House of Hope moved into stable housing.

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.

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.

At the November 18, 2010 Economic Development Commission meeting, the Commission approved the expansion of the Arapahoe County Enterprise Zone to include the following sites:

- *Medical District Small Area Plan:* Expanding the Enterprise Zone in this area is intended to encourage business attraction, retention, and possible redevelopment.
- *Flood Middle School:* Expansion of the Enterprise Zone is intended to encourage investment and redevelopment. The site is currently being marketed as a mixed-use development opportunity.
- *Centennial Shopping Center:* The shopping center owners have previously expressed an interest in redevelopment and investment, but this investment has not come to fruition. Adding this area into the Enterprise Zone potentially encourages development and revitalization of this property and surrounding areas. This site includes property in the City of Englewood and City of Littleton.

The Arapahoe County Enterprise Zone Administrator notified property owners and businesses about the status of the Enterprise Zone expansion and that their sites are now located within the Arapahoe County Enterprise Zone.

City of Littleton

In 2010, over 300 new businesses opened their doors within the City of Littleton. The following businesses completed commercial construction or remodel within the Arapahoe County Enterprise Zone located within the City of Littleton:

- *Arapahoe County, 5334 S Prince St, Commercial Addition*
Expansion (1000 SF) & tenant finish of 4 floors, Office/Prof
- *Main Street Partners LLC, 2579 W Main St #201, Commercial Remodel*
Addition of offices to existing office space, Office/Prof
- *5001 S Zuni LLC, 5001 S Zuni St, Commercial Addition*
Long Building Technologies, Office/Prof
- *Wyotex Oil Company, 2560 W Main St #100, Commercial Remodel*
Chocolate Therapist, Mercantile
- *Gary J Audi, 5797 S Rapp St, Commercial Remodel*
Tenant Finish OFC (940 SF), Office/Prof
- *5001 S Zuni LLC, 5001 S Zuni St, Commercial Remodel*
Install Elevator, Office/Prof
- *City of Littleton, 2255 W berry Ave, Commercial Addition*
Police Department Addition (14,401 SF), Office/Prof

- *Camelback Development LLC, 5592 S Nevada St, Commercial Remodel*
Install Hydraulic Elevator, Apartment
- *Littleton Presbyterian Church, 1609 W Littleton Blvd, Commercial Remodel*
Remodel/Relocate OFCs to 2nd Floor, Restrooms, Church
- *Ghaffari Enterprises LLC, 2430 W Main St, Commercial Remodel*
Build Closet and Consultation Room, Mercantile
- *Main Street Partners LLC, 2589 W Main St, New Commercial*
The Tavern Tenant Finish (1558 SF), Add (6470 SF) Restaurant/Bar, Restaurant
- *Oakley Ventures LLC, 2539 W Main St, Commercial Remodel*
Build Interior Office (1,957 SF), Mercantile
- *The Rocky Mountain Center, 2233 W Shepperd, Commercial Remodel*
Add Roof Insulation to Two Areas of Bldg; Minor Electrical Changes, Other
- *Elmer J Herbertson, 5021 S Rio Grande St, Commercial Remodel*
#A&B Autotrek Install Demising Wall, Add 2 Restrooms, Exit Closet, Other
- *Autrey Investment Corp, 5967 S Gallup St, Commercial Remodel*
Repair Exterior Stairs Next to 4 Apts
- *Acres management group LLC, 2410 W Main St, Commercial Remodel*
Remodel Two Restrooms, Restaurant
- *James F & Jessie T Sato, 5898 S Rapp St, Commercial Remodel*
Minor Tenant Finish, School
- *Arapahoe/Douglas Mental Health, 2200 W Berry, Commercial Remodel*
Install 6 temporary Walls, Office/Prof

City of Sheridan

- ***River Point at Sheridan***
This redevelopment project opened its first retail store in July of 2008. Environmental remediation of approximately 150 acres on two former landfills located next to the South Platte River at South Santa Fe and US285 was completed in 2008. This was done under a Voluntary Clean Up Plan approved by the Colorado Department of Public Health and Environment at a cost of 30 million dollars. Funding for the environmental cleanup and public infrastructure was done 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 developer projects full build out to occur in 2015.

The following businesses opened at River Point in 2010:

- Golden Corral
- Radio Shack

City of Englewood

During 2010, a number of significant economic development projects and activities 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 is nearing completion of 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 2010, Englewood worked with 11 businesses for commercial façade and signage enhancements. A total of \$76,113 was expended through a City matching grant program to fund a total investment of \$381,618.
- *Commercial Building Permits*

	2010	2009
○ Additions	14 permits/ \$7,681,397	7 permits/\$465,731
○ New	7 permits/\$1,147,110	3 permits/\$260,000
○ Remodel	78 permits/\$6,090,680	67 permits/\$7,676,871
- *Business Licensing Activity*
147 business operations opened, expanded or modified their business licenses with the City of Englewood during the calendar year 2010.

In Englewood, 81 businesses claimed tax credits through the Enterprise Zone. Benefits to Englewood businesses located in the Arapahoe County Enterprise Zone total \$1,391,332 in State of Colorado tax credits. This includes tax credits in the following categories: \$1,194,600 in investment tax credit, \$92,331 in new business facility tax credit, \$85,214 in job training tax credit, \$15,279 in health insurance tax credits, and \$3,908 in research and development credits. Englewood businesses reported total capital investments of over \$64 million during 2010.

Englewood businesses reported a loss of 61 new jobs with an average FTE salary of \$61,976 per employee. Even though Englewood businesses reported a loss in jobs, the average FTE salary increased 44% over 2009.

Denver Enterprise Zone 2010 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.

2010 Observations and Data

According to the data collected from the EZ certification forms processed in calendar year 2010, the Denver EZ experienced a net loss of 510 jobs. In comparison, the number of net new jobs reported during calendar years 2008 and 2009 were 1,510 and 2,779 respectively.

Table 1

	Net new jobs reported in calendar year 2008	Net new jobs reported in calendar year 2009	Net new jobs reported in calendar year 2010
<i>Total numbers reported</i>	<i>1,510</i>	<i>2,779</i>	<i>-510</i>
Created in 2007 and earlier	331	136	100
Created in 2008	976	59	25
Created in 2009	203	2,048	-477
Created in 2010	N/A	536	-158*

*The bulk of jobs created in 2010 will be reported in 2011.

Due to the economic recession experienced by the entire nation during 2010, it is not surprising to see net job losses associated with the EZ, which is by definition an economically challenged area. According to the Bureau of Labor Statistics' Business Employment Dynamics data, in March of 2010 the United States saw a net loss of 311,000 jobs. Colorado experienced a net loss of 6,500 jobs during this period. As additional data is released, the proportion of job loss seen in the EZ can be compared to Colorado and the US. It is expected that as the economy begins to recover, the Denver EZ will see job gains again. The EZ tax credit program has helped offset some of the impacts of the recession on Denver's small businesses and will make them more resilient as conditions improve.

As shown in the table below, the most recent data available shows that 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

2010 Efforts to Improve Conditions

In 2010 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

1. Outreach:

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 9,000 existing businesses located in the Enterprise Zone. (Continued improvements in the City and County of Denver's address database allowed for an expanded mailing in 2010 compared to previous years.)
 - Distribution of detailed EZ brochures and other EZ promotional materials to entrepreneurs and new businesses through the BAC.
- Events:
 - 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 in combination with business outreach consisting of education about tools for funding business, workforce development and hiring opportunities, 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 2010. 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.

2010 Objectives

The Denver EZ had the following objectives for 2010:

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

As demonstrated in table 1, The Denver EZ saw a net loss of 510 jobs reported in 2010. While the net job loss is unfortunate, it is to be expected considering the overall economic conditions and net job losses throughout the state and the nation in 2010. The job creation portion of this goal was not met. However, it is likely that the EZ tax credit program helped offset some of the impacts of the recession on Denver's small businesses and therefore increased the possibility of job retention during this time.

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

According to the most recent data available, 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.

3. Ensure that targeted businesses in the newly added Morrison Road area are utilizing the EZ program.

Records show that businesses in the newly added Morrison Road area of the EZ are not taking advantage of the tax credit program. In 2010, the Denver EZ worked with the Morrison Road Business Association to promote the EZ. We will continue to work closely with this organization in 2011, and explore possible reasons for underutilization of the tax credit program.

Taking into account what we have learned in 2010, the Denver Enterprise Zone objectives for 2011 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. Identify reasons for underutilization of the EZ tax credit in the Morrison Road area of the EZ, and ensure that targeted businesses take advantage of the program.

Conclusion

There is insufficient data to form a conclusion about whether the 2010 objectives were met in the Denver EZ. However, available data suggests that the EZ was impacted by the economic recession along with the Denver metro area, the state of Colorado, and the rest of the nation. It is expected that as the economy begins to recover, the Denver EZ will see economic improvements. It is likely that the EZ tax credit program helped offset some of the impacts of the recession on Denver's small businesses and will make them more resilient as conditions improve.

2010 East Central Enterprise Zone Report
East Central Council of Local Governments February 2011

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, 2009 population estimate for the region was 39,792. 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 came on line in November of 2010. Construction is under way for a large wind farm that is partially in Lincoln County and partially in Elbert County. It should be completed by late spring 2011. 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 2010 were generally higher than those in 2009. 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) increased 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 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 hundreds of thousands 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:

Regional Economic Indicators

CHEYENNE COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	3.1%		
2008	2.9%	\$41, 541*	
2009	2.8%		\$42,0263**
2010 (Dec)	4.0%		
CHEYENNE COUNTY POPULATION	1990	2000	2009 (EST)
	2,397	2,231	1949

ELBERT COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME	
2007	3.7%			
2008	5.5%	\$42,148*		
2009	6.9%		\$77,123**	
2010 (Dec)	7.3%			
	ELBERT COUNTY POPULATION	1990	2000	2009 (EST)
		9,646	19,872	23,645

KIT CARSON COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	2.7%		
2008	3.6%	\$33,867*	
2009	4.2%		\$40,677**
2010(Dec)	4.9%		
KIT CARSON COUNTY POPULATION	1990	2000	2009 (EST)
	7,140	8,013	8,638

LINCOLN COUNTY	UNEMPLOYMENT RATE	PER CAPITA INCOME	MEDIAN INCOME
2007	3.2%		
2008	4.6%	\$26,374*	
2009	4.4%		\$36,252**
2010(Dec)	5.3%		
LINCOLN COUNTY POPULATION	1990	2000	2009 (EST)
	4,529	6,183	5,560

*BEA Regional Economic Accounts 2008 data (most recent available)

**USDA Economic Research Service 2009 data (most recent available)

2010 Efforts to Improve Conditions

Began Implementation of 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. 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 16 month Partnership Grant to assist with staffing costs through the end of 2010 at the ECCOG level for Economic Development work in the four county region. That contract has been extended through March of 2011 and then another twelve month contract should be in place.

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 2010 from tax accountant or clients for “lost copies”. Many of these requests came as a result of open audits being undertaken by Revenue or cumulative credits with carryovers from previous years.

Contribution Project Training

Four new contribution projects were approved in 2010. Staff made a concentrated effort to encourage existing projects to better market their respective programs. Staff met individually with each of the new projects prior to submittal of their application.

Contribution Project Marketing Assistance

A marketing piece was developed for each of the four new projects in a PDF format so that each project can modify the “flyer”. The other projects were reminded of the existence of a similar flyer that was previously developed just for their project but could be further modified or personalized at their level.

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. The packets were updated in October to include the most recent FYI’s and an updated and more definitive map. A single letter (without FYI’s) was also sent to the approximately 149 tax accountants in the local data base (working within the region) outlining for the first time the pre-certification and other requirements effective in 2012 as a result of the legislation passed in 2010. 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 to remind the businesses of the existence of the Enterprise Zone and the available credits. Full packets are taken to these meetings to give to those who are interested.

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.

2010 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 and 2010. The 2010 objectives are:

1. **Strive to keep the number of certifications at a similar level as in previous years** The above was selected as an objective because the state of the economy did not lend to attempting to increase the number of credits in 2010...an ordinarily yearly objective. Total number of “non-contribution” certifications (over \$450) in 2010 was 340 as compared with 345 in 2009. Dollar amount of tax credits claimed (not including the contribution credits) was \$1,240,738 which was 22% below the amount claimed in 2009...another indication of the results of the recession...smaller capital purchases.
2. **Increase the number of buildings that utilize the Rehab Credit** Only one rehab credit was claimed in 2010...another sign of the recession. We did work diligently to promote the credit for two commercial buildings in Burlington. One was completed in 2010 and should be claimed in 2011. The other will not be finished until later in 2011.
3. **Add at least one new Enterprise Zone Contribution Project** Four new projects were added in 2010.
4. **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.
5. **Begin Implementation of the Regional Comprehensive Economic Development Strategies Plan** The CEDS was completed in 2009 and the EDA granted District designation to the ECCOG service area in September of 2009. Selected work tasks towards implementing the plan were undertaken in 2010 and continue into 2011.
6. **Develop a New Promotion Piece for Each New 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 four new contribution projects.
7. **Begin Promotion of the Legislative Changes to the EZ Process**
This objective was added after the close of the 2010 legislative session. The need for pre-certification and the challenges in making the taxpayers throughout our vast geographic region aware of this change necessitated us beginning that educational process during the summer of 2010. We continue to include a letter or a sticker (or both) in EACH certification that we sign..

2010 EL PASO COUNTY ENTERPRISE ZONE ANNUAL REPORT

Overview

The boundaries of the El Paso County Enterprise Zone encompass very diverse regions of the county, ranging from downtown cores to the rural plains. All or portions of five municipalities are included: Calhan, Colorado Springs, Fountain, Manitou Springs and Ramah. Unincorporated areas include eastern El Paso County, the Security/Widefield area and Cimarron Hills. Common to all these areas are both their commercial/industrial nature and economic distress.

The El Paso County Enterprise Zone was designated in 1990 and initially included: the older commercial and industrial sections of Colorado Springs and Fountain, adjoining areas of unincorporated El Paso County along the I-25 corridor, the area surrounding the Colorado Springs Airport and Calhan and Ramah in rural eastern El Paso County. Subsequent amendments to the Zone boundaries added business and industrial areas in Palmer Lake, Monument and 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 Palmer Lake and Monument, were terminated by the state. Periodically, smaller areas have been added to encourage business expansions or community development projects.

El Paso County itself was designated as the “lead agency” in 1990 and the Budget Officer of El Paso County serves as the Enterprise Zone Administrator. Staff support is provided by the county’s Economic Development Manager and Budget and Economic Development Specialist. The county works with all of the included municipalities and economic development organizations throughout the region to encourage businesses to locate in the Zone.

In its Enterprise Zone Plan, the following goals have been identified:

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

2010 Observations and Data

Per the Southern Colorado Economic Forum, its Business Conditions Index (BCI) reflects that “the aggregate condition of the local economy has shown steady improvement” for El Paso County. 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; it is indexed to March of 2001. The BCI is at 80.37, compared to a low of 67.22 in February, 2009. The improvement, however, is slow and will remain so until job growth is achieved.

Unemployment remains the most challenging barrier to recovery and in fact has worsened over the last year. At the end of 2009, unemployment stood at 8% in El Paso County according to the Colorado Department of Labor and Employment; at the end of 2010, that had increased to 9.3%. While still higher than the state as a whole, the disparity is not as great as in 2009. The Enterprise Zone will remain critical as other states and communities becoming increasingly aggressive to attain job growth.

In the most recent American Community Survey, per capita income was estimated at \$27,016 in 2009, a decrease of almost 5% over the previous year. More current wage data from Labor Market Statistics reflects an increase of 1.7% in the second quarter of 2010 in average annual wages compared to the second quarter of 2009. El Paso County’s average annual wages are about 92% that of the State of Colorado. According to Colorado’s State Demography Office, El Paso County’s population is forecasted at 622,565 for 2010, an increase of 2.9% over 2009. Sub-county data for unemployment rate, per capita income and population growth rate was not available for 2010.

2010 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 130 new prospect leads in 2010. Each of those prospects received detailed information on the Zone and the credits offered; 37 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. Because tourism is an economic engine for the region and marketing is critical, Enterprise Zone Marketing grant funds were provided to Experience Pikes Peak (Colorado Springs Convention & Visitors Bureau) to distribute its free Official Visitor Guide to over 388,000 potential visitors in 2010.

Contribution Projects

Four eligible contributions projects were added to the El Paso County Enterprise Zone in 2010. Operation 6035 will work to implement an economic development strategy for the entire region. Pikes Peak Habitat for Humanity provides affordable housing to working families in the Zone. Both the Eastern Plains Aquatic Center and El Paso County Fairgrounds projects will strengthen the economy of Calhan and the surrounding areas by bringing visitors to the area thereby increasing and maintaining jobs and encouraging redevelopment.

Partners

El Paso County and the Enterprise Zone continued to financially support and sponsor projects and other entities in 2010 to improve conditions in the Zone. These efforts included support of Colorado Springs Technology Incubator and the Colorado Springs Chamber of Commerce to work with businesses on a variety of levels. To increase tourism, Experience Pikes Peak received support as outlined above. Additional sponsorship of events included the 2010 Pikes Peak International Hill Climb and The Philharmonic's 4th of July celebration. Support was provided to both The Sports Corporation and Economic Development Corporation to market the Zone to potential businesses.

Business Assistance

El Paso County offered Everest College a \$200,000 incentive to locate its new service center in Colorado Springs within the boundaries of the El Paso County Enterprise Zone. This incentive was made available from the Business Revolving Loan Fund and will be paid upon the creation and maintenance for a minimum of one year 450 net new permanent full-time equivalent jobs on or before December 31, 2014. The average annual wage rate of the 450 jobs will be equal to or greater than the county's average wage rate.

2010 Objectives:

- 1. Increase the number of buildings that utilize the Rehabilitation Credit over 2009. A 25% increase in the number of buildings certified for the rehabilitation credits was achieved. Some of these significantly blighted buildings are highly visible and the resulting improvements will bring about more positive change to the Enterprise Zone as they are put back in service.*
- 2. Increase the total number of jobs created in the Enterprise Zone over last year. Based on the certifications received, this objective was not achieved. As unemployment has increased, this may not be surprising but it is disappointing. However, utilizing the measure of "New & Expanding Companies" announced by the Colorado Springs Regional Economic Development Corporation in 2010, the Enterprise Zone was well represented. Over 75% of the 1,398 jobs will be in the Zone.*
- 3. Increase the number of employees trained in the Zone over last year. While minimal, there was in fact an increase.*

Objectives for 2011 have been identified as follows:

1. *Increase investment by manufacturers in equipment to build a healthy tax base in the Enterprise Zone. The measure will be an increase in the amount certified for manufacturers of the Investment Tax Credit. Outreach to the local manufacturing group will be undertaken to achieve this goal.*
2. *Increase the number of buildings that utilize the Rehabilitation Credit over 2010. This 2009 objective will be continued and increased to inform at least thirty 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.*
3. *For primary jobs announced by the Colorado Springs Regional Economic Development Corporation, ensure that at least 50% are with companies located in the Enterprise Zone.*
4. *Increase the number of rural businesses utilizing Enterprise Zone credits to further strengthen the economy in those areas. Outreach techniques may include working with CSU Extension and the El Paso County Fairgrounds board. The measure will be an increase in the number of certifications filed.*

Greeley/Weld County 2010 ENTERPRISE ZONE ANNUAL REPORT

Overview

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

2010 Observations and Data

The 2010 annual seasonally adjusted county unemployment rate is 9.4%, up from 8.7% (not seasonally adjusted) in 2009. The 2008 (most current) county per capita income is \$28,402 up from \$26,314 the previous year. And, the 2008 (most current) county population estimate is 249,775 which is a .97% increase over the previous year of 242,648. The source for all statistics is the Colorado Department of Labor. Sub-county data for the unemployment rate, per capita income and population growth rate was not available for 2010.

Summarized below are several observations of the Weld economy:

1. **Slow Economic Recovery**: “Northern Colorado Economy Turning up in 2011” summed up the annual Northern Colorado economic forecast, and primary sector activity in Weld County seems to support the prediction. Our economic future looks promising due in large part to two key driving forces: The Niobrara oil/gas drilling opportunity in northern Weld County, and growing supply chain opportunities in the energy field (both fossil and renewable) and food processing sector (cheese processing). Other sectors of the economy are flat or struggling as the post-recession economy slowly begins to take shape.
2. **On-going Financing Difficulties**: Local banks continue to struggle with federal lending requirements which have made local business lending virtually nonexistent. Several local banks are under federal operating agreements so financial uncertainty continues to loom. This banking environment has proven especially difficult for the small business community.
3. **Agriculture Stabilization/Strength**: 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 5th largest agriculture producer in the nation based on total value. Weld ranks first, state-wide, in the value of agriculture products sold. Ownership stability and continued growth at JBS USA, Weld's largest employer, has brought stability to the agriculture sector and the first phase of the Leprino cheese processing facility broke ground in 2010, which will further stabilize and grow the industry. However, on-going water battles and further urbanization continue to threaten the long-term viability of this extremely important sector, making it imperative that we further diversify our economic base.
4. **Energy Sector Growth**: With more than 13,000 active oil and gas wells, Weld has historically been one of the most active drilling counties in the state and country. The Niobrara play, the most recent large field discover, extends into northern Weld and has thus far lived up to its initial billing as an unprecedented oil resource with the potential of years of productive extraction activity. This discovery has led to announced expansions of Nobel Energy, Halliburton, Anadarko, Chesapeake, etc. which will be complete in 2011. However, due to the volatile world market, commodity price, drilling regulations, etc., oil/gas activity can dramatically shift over a short time period. We experienced this in Weld

County with record setting drilling activity prior to 2008, followed by an activity plummet in 2009 and then the Niobrara discover in 2010, which is expected to push the industry toward record setting activity once again. This “feast or famine” volatility has a huge impact on local tax revenue which again points to the need for further diversification of our economy.

5. Real Estate Flat Values/Stagnant Growth: With continued high vacancy, both residential and commercial real estate values remain extremely flat and in some cases falling. Due to little demand, inability to qualify buyers, find tenants, or refinance to hold on; very little new construction occurred in 2010. However, with the continued job growth primarily in the energy and agriculture sectors, as reviewed above, there is cautious optimism that the housing/ commercial real estate sectors will also show improvement in the near future.

6. Primary Job Growth/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 expected growth point to the critical need for on-going new job opportunities, which is occurring. While much of the country languishes with little or no activity, Weld new and existing primary employers announced approximately 1,200 new jobs in 2010 and announced the creation of more than 5,700 new jobs between 2007 and 2009.

7. Lagging Income Growth: Weld has long fought the battle of lower and falling per capita income levels as compared to the state and neighboring counties and continues to struggle to compete for higher paying primary jobs. With per capita personal income of \$28,402 in 2008 (most current), Weld had the lowest per capita income rate of the seven MSA's along the Front Range. This 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.

2010 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, more indepth follow-up. In 2010 we met with 71 primary sector employers. Nine announced expansion projects.

2. Business Attraction Program: In 2010, Upstate staff responded to 63 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, 23 become qualified prospects, six announced location plans and several more continue to be active prospects in 2011. In an effort to attract companies within targeted industry sectors and to establish strong relationships with national site selectors, staff participated in two Expansion Magazine National “Roundtable” site selector conferences and we attended the WindPower 2010 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 as warranted.

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 2010 we responded to 135 inquires for funding assistance. We currently service 29 active loans (the majority located within the EZ boundaries) totaling about \$3.9 million. Five companies received loans totaling \$1.482 million in 2010. These companies created 315 new jobs.

4. EZ Marketing Tool Development: Through marketing efforts tied to our Business Retention/Expansion and Business Attraction programs, plus independent EZ marketing activities, we roughly estimate that EZ benefits were marketed to representatives of over 500 companies in 2010. 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 Greeley Philharmonic Orchestra funding campaign approved as EZ Contribution project in 2010. We also continue to provide administrative assistance to 12 existing contribution projects (includes the Upstate contribution project), including compliance with all state reporting, local contributor questions, etc. All of these projects help improve the zone through marketing the opportunities of locating within the EZ, labor force development, enhanced tourism, providing business support services, further development of public facilities, etc. In 2010, on behalf of these 13 approved projects, we collected \$1.296 million.

2010 Objectives:

1. Realize increased (new) employment opportunities (jobs) within the EZ over the Previous Year: In 2010, Upstate worked with sixteen new and existing companies that created or announced plans to create 1,261 new FT jobs. Seven 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.

BP Wind Energy – New 300 mg (127 turbine) wind farm – 14 new jobs - \$600 million investment
JBS Carriers – Existing 106,000 sf building purchase/rehab – jobs announced in 2009 –\$7 million investment
JBS USA – Existing corporate HQ purchase/expansion (134,000 + 34,000 sf) 200 new jobs - \$28.8 million investment
DGP Midstream – Existing 27,000 sf office purchase/field equipment expansion – \$125 million
Afni – New customer support call center leasing existing 40,000 sf building – 500 new jobs - \$1 million investment
Banner Corporate Center – Administrative office expansion to existing 48,000 sf building – 90 new jobs
Conquest Oil – New brine water processing facilities – 20 new jobs - \$10 million investment

2. Realize increased capital investment within the zone over the previous year: In 2010, the sixteen new and existing companies that Upstate worked with invested, or announced plans to invest, a total of \$877 million into the Weld economy. The new investment of the seven projects (see #1 above) located within the EZ boundaries totaled approximately \$771.8 million (88%) 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 2010, through our on-going business retention/expansion effort, Upstate met with 71 existing Weld employers, of which 44 were doing business within the EZ boundaries. In addition, Upstate completed an EZ email/direct mail campaign that reviewed EZ benefits and notified 400+ Weld primary employers, their accountants and public community partners of the 2010 legislative changes to the EZ program. EZ certification records show that in 2010, 108 Weld companies collectively invested \$424 million, created 237 jobs and earned \$13.4 million in EZ credits. This is up slightly from the 103 companies who claimed EZ credits in 2009. This objective was met.

2011 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 40 existing EZ employers to inform/review the tax credit benefits that make the EZ a cost-effective place to do business.

2010 ENTERPRISE ZONE ANNUAL REPORT-JEFFERSON COUNTY

Overview

Jefferson Economic Council (JEC) is a 201(c)6 public-private partnership. JEC's mission is to create and preserve the economic vitality of the citizens of Jefferson County through the creation and retention of primary jobs. The Jefferson County Enterprise Zone, which was established in 1991, includes parts of unincorporated Jefferson County, and areas of Arvada, Golden, Lakewood, Wheat Ridge, and an area of West Colfax in Denver. Since the program began in 1991, Jefferson County companies have invested more than \$882 million in new capital investment and have created over 9,238 new jobs within the zone. The business environment in the zone during 2010 was consistent with the overall state of the economy in Colorado. As the unemployment increased, the number of new jobs created decreased from previous years. JEC focused more of our efforts towards retention of jobs and companies rather than attraction and expansion.

2010 Observations and Data

- Jefferson County unemployment rate 8.2%
- Jefferson County per capita income \$36,234
- Jefferson County population growth rate 1.02%

Source: CO Department of Labor & Employment (2010), ESRI Business Analyst (2010)

Jefferson County's unemployment rate increased significantly from 2009 to 2010. This was alongside the state and nation's unemployment increases.

2010 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
- Market the zone through a variety of local, state, and national tradeshow and events

County Resource

JEC has a very aggressive Business Retention and Expansion program. Staff is constantly meeting with businesses throughout the county, many of them located in an EZ. Staff educates the companies on the program and the program and even meets with their accountant when necessary.

Mailings

JEC partnered on a mailing with the City of Golden, sending out letters to all of the companies located within a Golden EZ.

Presentations

JEC speaks at many business forums, events, meetings, etc. educating people on the EZ program and tax credits.

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, real estate brokers, industry leaders, etc.

2010 Objectives:

1. *Increase the total number of jobs created in the EZ by 10% over the last year through JEC's aggressive business retention and expansion program and by increasing the awareness of the zone.*

This goal was not met for 2010. The overall economy saw a dramatic increase in the unemployment rate at a local, state, and national level.

2. *Increase the number of buildings that utilize the rehabilitation credit over the previous year by increasing awareness of the credit to the local brokers and land owners.*

This goal was met. In 2009 there was not a single rehabilitation credit claimed for Jefferson County. Through a more aggressive marketing approach to brokers and land owners, 2010 had a total of \$256,668 in rehabilitation expenditures and \$50,000 in credits.

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 educating more businesses of the program.*

This goal was not met. The capital investment in the zone for 2010 dropped 26%. The state's economy made it hard for companies to expand, invest, and add capital to their business. Financing opportunities are more difficult for companies to receive and with decreasing profits; companies are more focused on retention rather than expansion.

Measurable Goals for 2011

1. Increase the number of employees trained in the EZ over the previous year by contacting 50 existing businesses and notifying them of the job training tax credit.
2. Increase the total number of jobs created in the zone over last year by increasing awareness of the zone through JEC's business retention and expansion program.
3. Increase the number of companies making expenditures on R&D over last year by targeting companies that are likely already making R&D expenditures and informing them of this credit.

LARIMER COUNTY ENTERPRISE ZONE ANNUAL REPORT 2010

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 .

2010 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 2010 Objectives). We will continue to track these measurable goals in 2011.

The Larimer County Enterprise Zone is administered by the Larimer County Workforce Center. The annual average unemployment rate for 2010 was 6.8%. There were 11,798 unemployed individuals. Those employed were 162,210. In 2009 (the most recent data) there were 9976 establishments. Although the average size of these establishments is 16, 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. In the second quarter of 2010, national average weekly wage was \$865 (\$44,980 annual rate) compared to \$742 (\$38,584) for Larimer County.

2010 Efforts to Improve Conditions: We conduct an annual September Symposium and monthly seminars (Employers' Roundtables) for business. 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.

County Resource:

The benefits of the Larimer County enterprise zone are promoted on our website (www.Larimerworkforce.org).

Educational Publications:

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.

2010 Objectives: This report is a review of the current status of employment and business establishments (available data is for second quarter 2010). There are 112,118 people employed. This is not the same as the number of individuals in Larimer County who are employed, since nearly 60,000 individuals who live in Larimer County 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 2008). The average wages for the United States (\$43,708) and for Larimer County (\$35,027).

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 2009 totals 9976. This is a net increase of 314 establishments (3.2%) since our last report based upon a total of 9662 (from 2007 data). This is also a 90.9% increase from 1990, when the total was 5,226. Thus, there has been an increase in employers in Larimer County since 1990. This total of employers accounted for 109,755 private sector employees. There were 7420 establishments with fewer than ten employees in 2007 and 7363 in 2008. These are similar statistically (76.8% and 74.8%) but indicate a growth in the larger employer's proportion (25.2%).

The goal of generating a 20% increase in the number of business establishments in the Enterprise Zone would total 950 new employers. The total for 2009 (this includes 1996, through 2009) was an increase of 1005 additional employers. Thus, in the 20 years we have exceeded our goal, 22.6% vs. 20%.

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 2009, the estimate of total individuals working in the zone would now total 12,473. 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. 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 (537) in the zone than in 2007).

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 2010 data, \$44,980. This is a significant 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% and Construction 5.2%). Amazingly, these represent only 12.5% of the employers in the Enterprise Zone at the end of 2010. This should be understood in terms of the fact that construction has returned to be able to command above national average weekly wages (\$910 vs. \$865).

6. Obviously, when only 12.5% 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 2010 was \$38,584. The average wage for the Enterprise Zone is now estimated to be \$28,100. This is only 62.5% of the national average. While this is a marked increase (18.0%) since the Enterprise Zone was established, this is after the effect of the new minimum wages.

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. In 2010, the Workforce Center registered 23,364 people, an increase over the previous year. Unemployment Claimants in 2010 totaled 12,471, an increase over the 10,920 claimants the previous year.

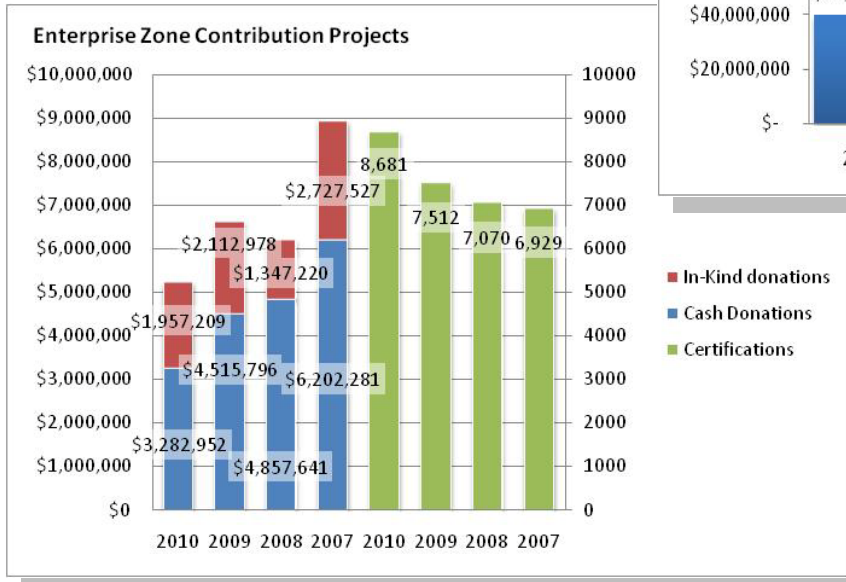
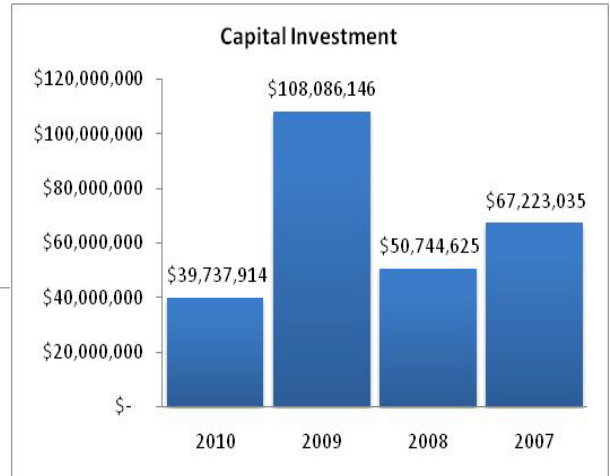
In addition to tracking 1) AVERAGE WAGE in the Enterprise Zone, the 2) NUMBER OF ESTABLISHMENTS in the Enterprise Zone, and the 3) TOTAL NUMBER OF INDIVIDUALS EMPLOYED in the Enterprise Zone, we will also continue to track the Larimer County Workforce Center statistics outlined in the previous paragraph.

2010 MESA COUNTY ENTERPRISE ZONE ANNUAL REPORT

Overview

2009 was a challenging year for the Mesa County economy which was seen throughout 2010 as well. The local economy appeared to be waiting to see what was going to happen in addition to feeling the full effects of the economic downturn seen in 2008 and 2009. As such, Capital Investments were down in addition to Business Tax Credits certified, and dollar amount donated to contribution projects.

Capital Investment for Enterprise Zone businesses in 2010 was \$39,737,914 or 63% less than 2009's capital investment of \$108,086,146. This dramatic decrease is due to the current economic condition in Mesa County and a reduction in construction projects. Investment Tax Credits claimed in 2010 totaled \$653,766 and decreased



by 45% from 2009 totals of \$1,182,791.

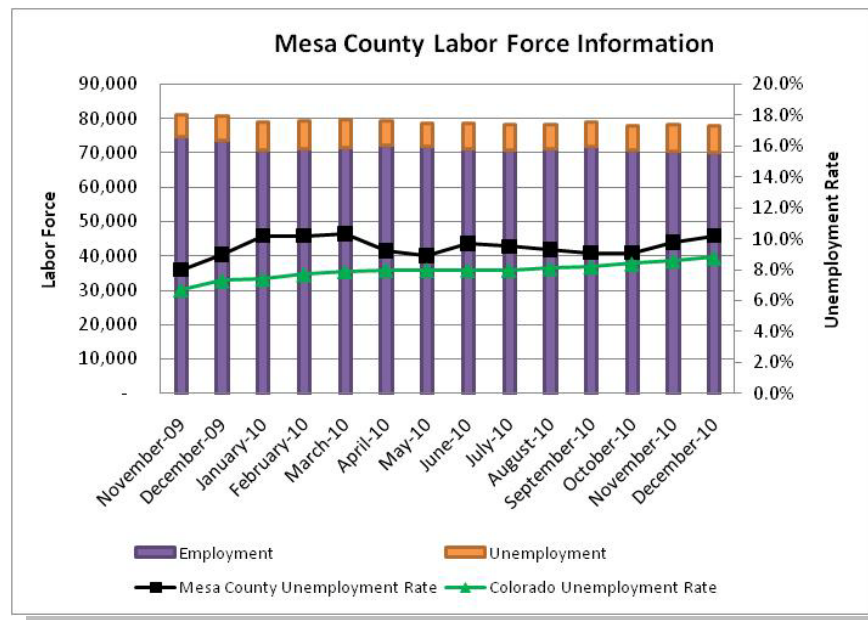
In 2010, the Mesa County Enterprise Zone certified 8681 forms for this valuable state tax credit, a 15.5% increase of 2009 levels. The total dollars donated to these projects was nearly \$5.2 million, which was a 34.7% decrease from 2009. Cash

donations decreased by 27.3% while in-kind donations decreased by 7.4%.

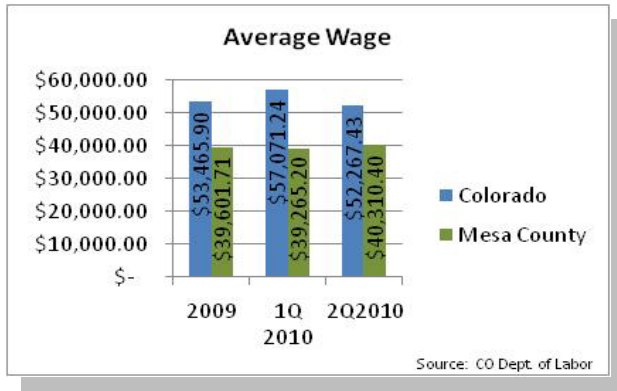
2010 Observations and Data

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 during 2009. 2010 appeared to maintain these levels resulting in more level employment rates for Mesa County. Unemployment in Mesa County fared slightly worse



than the state average with average unemployment in Mesa County 1.6% over State unemployment for 2010.



Wages in Mesa County appear to have leveled out with the unemployment rates. The average wage in Mesa County slightly increased 1.8% from the 2009 average wage to 2Q2010 average wage which was 4% higher than the 2.24% decrease experienced for the same period by Colorado as a whole.

2010 Efforts to Improve Conditions

Contribution Projects:

At the end of 2010, the Mesa County Enterprise Zone had 22 contribution projects which are as follows:

ProjectName	IDEZProj	Start Date	ProjectName	IDEZProj	Start Date
Art on the Corner	1942	12/2/2003	Habitat for Humanity - Mesa County	2454	12/2/2003
* Avalon Theatre Restoration	2455	12/2/2003	Hilltop Com. Resource Ctr Job Trng/Homeless	2042	1/1/1994
Botanical Gardens	1711	1/1/2003	Life Adjustment Program Capital Campaign	2571	5/17/2006
Catholic Outreach Homeless	1946	1/1/1994	* Mesa County Industrial Developments, Inc.	2437	7/21/2003
Child & Migrant Services	2308	7/30/1999	Mesa County Public Library	2412	1/1/2003
Community Hospital Capital Campaign	2752	3/11/2010	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	** Riverfront Area Redevelopment	1937	1/1/1994
Grand Junction Downtown Association Mktg	1939	1/1/1990	Riverside Intercultural Community Center	2520	3/24/2005
Grand Junction Economic Partnership Marketing	1639	1/1/1991	St. Mary's Hospital Century Project	2562	3/9/2006
Grand Junction Emergency Homeless Shelter	2303	12/28/1998	Western Colorado Hospice (Mesa)	2501	12/9/2004

* are non-performing contribution projects

** Riverfront Area Redevelopment was not re-certified for 2011

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:

- Community Energy Program, presentation on EZ credits for renewable energy companies
- Economic Update with May-Investment
- The Collective Health Initiative on EZ tax credits for new businesses
- Grand Valley Young Professionals
- City of Grand Junction
- Community Energy Futures Institute – workshop
- Enterprise Zone presentation to the CPA Society
- Research Skills for Growing Businesses
- Presentation on EZ on KEXO radio
- Western Colorado Human Resource Council
- Commission on Arts and Culture Forum
- Manufacturer’s of Outdoor Gear Forum
- Brainstorming lunch regarding new business & poverty
- Mesa State’s Entrepreneurship Day
- Regional Business Expo in Montrose, CO
- EDCC conference
- Presentation on EZ on KEXO radio
- Rocky Mountain Collage Society
- National Business Incubation Association Conference
 - Includes a presentation on how the EZ fits into our Incubator model
- Regional Sustainability Roundtable
- Summer Open MarketPlace
- Presentation on Enterprise Zone to Bray & Company Real Estate team
- Bank of Colorado
- Presentation to approximately 200 people at the University of Denver, Franklin L. Burns School of Real Estate and Construction Management, West Slope Update
- Grand Valley Young Professionals
- Leading Edge Business Planning class
- Sunrise Rotary Chapter presentation
- Mesa State College, Industry Advisory Council
- Grand Junction Economic Partnership Board of Director meeting
- The Roundtable Event for Nonprofits and Government in Mesa County, sponsored by the Colorado Nonprofit Association
- CRDC Entrepreneurship Marketplace in Limon, CO. Presentation on the Enterprise Zone for Rural Entrepreneurship
- Grand Junction Area Chamber Business Showcase
- Horizon Drive Rotary Chapter presentation
- presentation to the Parachute Chamber of Commerce
- Presentation to local economic developers on how the Enterprise Zone fits with our local initiative called Economic Enrichment NetWorks.
- Governor-Elect Hickenlooper transition team discussion of Economic Development tools
- Grand Junction Area Chamber Leadership Development Class
- Grand Junction Economic Partnership Open House
- Business Incubator Center Open House
- Hospice and Palliative Care of Western Colorado
- Grand Junction Area Chamber Quarterly Membership Breakfast

Regular monthly updates to;

- Mesa County Manufacturer’s Council
- Economic Development Partners at the City of Grand Junction
- “Open Coffee Club” outreach to business community

- Regular meetings with individual businesses

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.
- Enterprise Zone pre-certification FYI mailed to all CPA's, tax preparers, and businesses who have filed DR0074's since 2008

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

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.

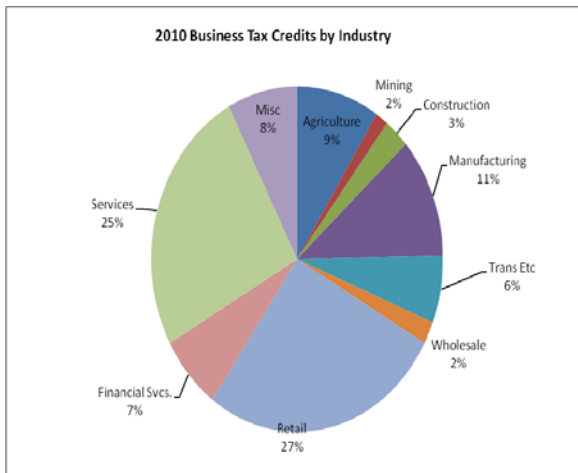
2010 Objectives:

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:** 132 forms filed in 2010 which translates to a 6.4% decrease over the 141 filed in 2009.
- **Objective:** Increase the number of job training credit forms filed by 5% per year.
✔ **Result:** 22 job training credit forms filed in 2010 which translates to a 10% decrease over the 20 filed in 2009.
- **Objective:** Raise the number of net job creations reported through the Business Tax forms by 3% a year.
✘ **Result:** 98 net jobs lost in 2010 which translates to a 121.2% decrease over the 461 net jobs created in 2009.

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.



	2010	% Change	2009	% Change	2008	% Change
Agriculture	18	38.5%	13	-27.8%	18	63.6%
Mining	2	0.0%	2	-33.3%	3	200.0%
Construction	6	50.0%	4	-63.6%	11	-21.4%
Manufacturing	11	-31.3%	16	-30.4%	23	-11.5%
Trans Etc	15	66.7%	9	0.0%	9	-10.0%
Wholesale	2	-33.3%	3	-40.0%	5	66.7%
Retail	45	18.4%	38	-5.0%	40	11.1%
Financial Svcs.	10	0.0%	10	25.0%	8	-27.3%
Services	23	-36.1%	36	50.0%	24	0.0%
Misc	0	-100.0%	11	-15.4%	13	225.0%
Totals:	132	-7%	142	-8%	154	10%

✔ **Result:** See chart.

- **Objective:** Expand the Enterprise Zone boundaries in partnership with local growth and development plans whenever possible, addressing 2 to 3 targeted areas each year.
 - ✘ **Results:** 0 successful boundary amendments
- **Objective:** Add at least one new contribution project each year.
 - ✔ **Result:** We did add the Community Hospital Capital Campaign as a Mesa County Enterprise Zone contribution project 3/11/2010. KAFM applied to become a contribution project again for their Watt's UP campaign as they weren't re-certified for 2010. In November, the EDC voted not to approve this project.

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:** It was unclear as to what the legislative session would bring to the Enterprise Zone in 2010 so detailed information was provided to all CPA's, tax preparers, and businesses who had filed DR0074's in November 2010 giving them detailed information about the changes.

2010 Enterprise Zone Annual Report
Northeast Colorado Enterprise Sub Zone – Region 1

Overview

Northeast Colorado Association of Local Governments - Region 1 covers the counties of Logan, Morgan, Phillips, Sedgwick, Washington and Yuma located in the far Northeast corner of the State.

It is predominately an agriculture based economy with ranching, farming, dairy, large feedlots and value added agriculture businesses. This region is home to Cargill (recently featured on Oprah), Leprino, Western Sugar, a state prison, amusement park equipment manufacturing company, an irrigation research farm, wind farms, oil and gas, power plant, ethanol plant, retail, services and a growing entrepreneurial population.

Major highways include Interstate 76, Highway 71 (Heartland Expressway part of Ports-to-Plains), Highway 34, Highway 385 and Highway 36. The region also includes a large regional airport in Akron plus Burlington Northern for freight rail and Amtrak for passenger rail.

The region continues to work to overcome the ups and downs of industries such as agriculture, oil and gas and now some of the renewable energy products that work well in our region such as wind and ethanol. The continued diversification of the region will help as will continued investment in health care, transportation and high speed internet access, allowing people to remain and invest in their home counties.

2010 Observations and Data

Unemployment

County	December 2010	December 2009	December 2008
Logan	6.5%	5.1%	4.1%
Morgan	6.7%	5.6%	4.5%
Phillips	5.1%	4.1%	3.3%
Sedgwick	6.0%	5.0%	2.9%
Washington	5.6%	4.7%	3.5%
Yuma	4.4%	3.3%	2.3%
State	8.8%	7.5%	5.8%

The unemployment rate grew in each of our six counties from 2009 to 2010 at approximately 1% per county with an average rate of 5.7% for the region. This is still well below the state and national rates and shows the effect on our economy during this downturn is slower that at the state level. Our primary economic base of agriculture has not been as affected and helps hold down our numbers.

Population

COUNTY	2000 CENSUS	2009 ESTIMATED	2010 PROJECTED	2020 FORECAST	2030 FORECAST	AVERAGE ANNUAL % CHANGE 2000-2010
Logan	20,597	21,555	21,688	26,421	31,107	6%
Morgan	27,171	28,442	28,702	35,072	43,166	6%
Phillips	4,480	4,604	4,528	4,740	4,907	2%
Sedgwick	2,747	2,664	2,503	2,741	2,934	-1%
Washington	4,926	4,908	4,620	4,742	4,830	-1%
Yuma	9,841	9,930	10,085	10,896	11,651	3%
Region 1	69,762	72,103	72,126	84,612	98,595	4%

In our region two of our smaller counties (Sedgwick and Washington) continue to struggle with outmigration in population. Both counties are predominately agriculture and as the younger generations move away from the family farm without other alternatives to keep them in the county, this trend will probably continue. Logan and Morgan continue to be the leaders in population growth in the region because of diversification and proximity to major transportation hubs. Yuma and Phillips maintain a steady consistent growth in the middle of the group.

Per Capita Income

County	2008	2007	2006	2005
Logan	34,103	31,708	29,008	28,665
Morgan	30,344	28,876	28,217	27,001
Phillips	30,973	29,357	25,171	25,834
Sedgwick	41,142	43,640	32,969	33,790
Washington	32,388	31,901	27,459	27,618
Yuma	39,389	38,258	36,933	37,314
State	43,021	42,449	40,899	38,555

The per capita income for the counties in our region has shown positive growth from 2005 to 2008. The region had an average 14% growth compared to the state wide growth of 11%

2010 Efforts to Improve Conditions

Northeast Colorado Regional Economic Developers

Each of the six counties has an economic development office and as a group they meet once a month to review what is going on in each county and regionally. Often the enterprise zone benefits are the only benefits they have to offer both new and expanding businesses in their counties and they are able to share stories of how each has made it work for them.

Partners

The zone administrator along with the region's economic developers work with the Morgan Community College, Northeastern Junior College, Eastern Colorado Workforce Center, Small Business Development Center, Department of Local Affairs, USDA – Rural Development, CSU and others on a regular basis.

Educational

The zone administrator publishes a brochure on the Enterprise Zone which is sent to accounts, government offices and economic development offices throughout the region. The zone administrator also does presentations to service clubs, commissioners, town councils, etc on use of the enterprise zone.

Contribution Reports

At the annual meeting of Region 1 each year a program is prepared showing all the projects in the region and how much of an investment was achieved in each county. The county with the top investment is recognized each year.

2010 Objectives

1. *Creation of jobs through expansion and new business*
Investments through the enterprise zone of \$135,757,030.79 resulted in 1561.75 new jobs for the region in 2010. Additionally work with new and expanding businesses resulted in an increase of 55 FTE jobs in Morgan County; Sedgwick County was able to retain 6 jobs; Logan County created 47 FTE jobs; Phillips County was able to maintain their job numbers; Yuma County is still struggling with the loss of oil and gas jobs; and Washington County added two new jobs through business growth in an existing business.
2. *Show a population growth in all counties within the region*
Population in the region increased 4% from the 2000 census. We also show a slight gain in projected population numbers from 2009 to 2010 which is positive for the area.
3. *Stabilize the retail sales slippage and show a recovery of sales lost during recession.*
While not back to the 2008 levels before the downturn in the economy some of the counties have shown modest retail sales growth from 2% to 7% mirroring the state increase of about 4%. Logan and Phillips struggled in 2010 losing ground from their increases from 2008 to 2009.
4. *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.*
The regional economic developers made contact with 45 leads they obtained at the 2009 PowerGen Trade Show and are still working these leads and keeping the counties in Region 1 at the top of those lead's minds as they ultimately make their decision.

2011 Objectives

- Create at least 1500 new jobs through new business and expansion for the region.
- Complete A Comprehensive Economic Development Strategy for the six counties by the end of 2011 in preparation for the development of an Economic Development District
- Continue the growth in per capita income at a rate of 3% through wise business expansion and attraction.
- Maintain population growth at another 4% in 2011.

2010 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 11 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.

2010 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, during all of 2009 and 2010, 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.

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.

As seen from the chart below, unemployment rates have increased by 1.5% to 2.5% in each of the Northwest EZ counties. It is affecting all economic areas of revenues for the cities and counties.

December 2009 unemployment rate:	December 2010
<i>Clear Creek</i> — 6.1%	7.4%
<i>Garfield</i> — 7.8%	9.4%
<i>Grand</i> — 6.1%	8.1%
<i>Jackson</i> — 5.0%	6.6%
<i>Moffat</i> — 7.0%	9.5%
<i>Rio Blanco</i> — 5.2%	6.0%
<i>Routt</i> — 6.2%	7.9%
<i>Zone Average</i> — 6.2%	7.84%
<i>Colorado Average</i> —7.3%	8.8%

2008 per capita income:	Revised per capita income Sept. 2010
<i>Clear Creek</i> — \$54,704	\$56,303
<i>Garfield</i> — \$37,453	\$41,256
<i>Grand</i> — \$36,247	\$41,164
<i>Jackson</i> — \$26,868	\$41,371
<i>Moffat</i> — \$32,383	\$36,934
<i>Rio Blanco</i> — \$41,205	\$48,637
<i>Routt</i> — \$49,890	\$52,106
<i>Zone Average</i> —\$39,821	\$45,395
<i>Colorado Average</i> —\$41,192	\$41,839

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 Population growth rate

Clear Creek	-2.5%
Garfield	2.6%
Grand	0.9%
Jackson	0.9%
Moffat	1.3%
Rio Blanco	3.2%
Routt	2.1%
Zone Avg.	1.9%
Colorado Avg.	1.7%

2010 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 24 projects in a seven county region. The projects are located as follows: Moffat County 4, Routt County 5, Rio Blanco County 1, Grand County 4, Garfield County 5, Clear Creek County 4 and Jackson County 0. The total amount of contributions for 2009 was \$2,734,440.42. The tax credits total was \$617,437.77. In 2010 contributions were down by 33% to \$1,844,364.49. The tax credits total was \$461,091.12. A total of four projects were dropped because of completion and two new projects were added. These projects create new jobs and sustain businesses in the area. They have helped with new construction of theaters and medical centers and increased revenues from tourism. 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
- Northwest enterprise zone distributed the EZ legislative update for 2012 to all businesses after September 15, 2010. We will continue to educate all businesses who apply for credits in 2011 of the changes coming in 2012. We mailed 300 postcards to every business which had applied for tax credits in the last three years.

Presentations:

During March of 2010 AGNC staff traveled around the northwest enterprise zone counties to hold training in reporting and procedures for contribution projects. Project attendance was mandatory and the presentation was well received. The exchange of ideas and questions answered were definitely worth everyone's time.

Tourism and Marketing Grant:

The Northwest EZ helped several Economic Development Corporations with business recruitment costs. It also promoted tourism through ads for hunting which helps tourism revenues in the northwest counties. We have supported the education of mining through the Colorado

Mining Exhibit foundation at the Taste of Colorado. Educational materials on mining are provided to teachers free of charge. We feel this educates statewide about our mines in northwest Colorado which are a vital part of the economy.

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. **Goal:** Target 30 businesses that have never applied for a credit and inform them of their opportunity to do so.

Result: 244 forms were certified in 2010. There were 62 new filers in 2010. We hope that through our marketing of the zone these were businesses that became informed either by our website or from an informational meeting.

2. **Goal:** 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.

Result: Meetings were held with six different chambers of commerce in 2010.

3. **Goal:** Work with local business incubator to investigate potential of becoming an EZ contribution project.

Result: The business incubator doesn't feel ready at this time to become a project.

4. Work with legislators to preserve and protect the zone program.

Result: Talked with legislators. We let them know the importance of the enterprise zone to local ranchers and farmers.

2011 Goals

1. Speak to 3 new groups about the Enterprise Zone. ie: Cattleman's Association, Rotary, tax preparers.
2. Increase number of employees trained in the enterprise zone over last year by contacting five existing businesses and educating them on the Job Training Tax Credit.
3. Increase Capital Investment by contacting five companies which have not applied for enterprise zone tax credits before.

Pueblo County 2010 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.

2010 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 2010. 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 (2009) are at 157,224. U.S. Census Bureau "Quick Facts" estimates the population change for the period 2000-2009 to be 11.1% for Pueblo County compared to 16.8% for the state. At year end, Pueblo County had an unemployment rate of 10.3% (Nov 10) which is 18% higher than the state rate of 8.7% (Nov 10). Finally, per capita money income was \$17,163 in 2009 according to the US Census Bureau. This amount is 71% of the state average of \$24,049 for the same year.

2010 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. The Enterprise Administrator contracts with the Pueblo Economic Development Corporation (Pedco) to promote the Pueblo Enterprise zone and they do so through attending trade shows, display ads, and web site design and upkeep. 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 if they are located in an enterprise zone.

During 2010, the Pueblo Enterprise Zone recertified 18 contribution projects. These projects help support the work of not-for-profits that are contributing towards the economic development work in the community.

2010 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 2009.

Result: 122 forms were certified in 2009 versus 113 certified in 2010 representing a 7% decrease in certifications. This decrease in submittals is attributed to the difficult

economy in which businesses are currently working. Companies are doing what they can to keep their business going but are being conservative about investing in the plant or workforce.

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

Result: There was a net increase of 28 jobs reported on the 2009 DR 0074's filed and a net decrease of 67 in 2010. The decrease in 2010 reflects the difficult economy in which businesses are operating; layoffs have been a problem nationwide.

3. **Goal:** Increase the capital investment in the zone as measured by an increase in the investment tax credit capital reported in 2010 over 2009.

Result: Capital investment in the zone qualifying for the ITC credit in 2010 totaled \$195,577,024 versus \$71,022,398 reported in 2009 (a 175% increase). This increase is attributed to a very large expansion of a Utility located in Pueblo County. Plant investments exclusive of this Utility were just over \$50 million which is less than the investment for 2009 which is what is expected during an economic recovery period such as the county, state and nation have been in during 2010.

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 2010, no expansions of the zone or new contribution project proposals were needed.

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 1,766 employees as qualifying for the training credit in 2009. During 2010 an almost equal amount of employees (1,763) were trained in the zone which shows that businesses are optimistically working to keep job skills strong during the economic recovery.

2011 Objectives

The above stated objectives/goals will continue to be monitored in 2011.

REGION 10 L.E.A.P.

300 N Cascade Ste 1
Montrose CO 81401

2010 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.

2010 Observations and Data

During 2010 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.

The Mining industry has been expanding in this region, with further expansion expected in 2011. They have had & will have considerable investment, leading to increased output, new jobs, and a more vital economy in the region.

The Contribution Projects have shown a marked increase over the last two years. The total contribution dollars passing through this office have risen considerably, even over years prior to the recession. This is partly due to them all being active, and new projects coming on line. 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 2009, 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 the 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	7.1	\$29,909.00	1.4
Gunnison	5.7	\$35,002.00	0.9
Hinsdale	3.6	\$36,131.00	0.6
Montrose	7.8	\$30,318.00	2.2
Ouray	6.6	\$44,650.00	0.0
San Miguel	8.0	\$52,945.00	0.1
Average	7.8	\$45,791.00	1.04

2010 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 2010 Region 10 had 4 new projects approved, from varied areas of the Region. These covered historical, cultural & arts as well as rural development 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 2010, 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, and Business development seminars. We also recently participated in the Uncompahgre Valley Business Expo and the Gunnison Business Expo.

2010 Objectives:

- Objective #1:
Demonstrate positive job creation, of 350 reported jobs per year for five consecutive years based on Enterprise Zone Activities. This should be achievable if all proposed new developments come to fruition.
- 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 2010.
- 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 2010, reflecting the decrease in new employment and training needs.
- Objective #4:
Maintain the number of Marketing Grant projects while introducing the new state requirements for % usage and qualification. Ensure full grant is used in this region to assist as many local entities as possible.

2/10/11
Rhona Keckler
EZ Coordinator
Region 10 LEAP.

San Luis Valley Development Resources Group
Enterprise Zone Final Report
January 31, 2011

Overview

The San Luis Valley in south-central Colorado is bordered on the east by the Sangre de Cristo Mountains and to the west by the San Juan's, which mark the Continental Divide. It is about 122 miles long from north to south, and about 74 miles across, covering an area of 8,193 square miles, home to the Great Sand Dunes National Park and Preserve.

Six counties make up the region - Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache. Each maintains a separate identity but all are economically interdependent. Within its borders, the Valley holds a great diversity of natural and cultural settings. Landscape on the floor of the valley changes dramatically with the presence of water. Canals and ditches from the Rio Grande and the Conejos River supply one Colorado's most important farming areas, famous for potatoes, beer barley, alfalfa, and other crops. Agriculture continues to be the cornerstone of the region's economy.

Renewable energy production, particularly solar energy, has become important to the region with seven utility-scale solar energy generation plants, totaling over 500 mega-watts, proposed in the Valley. Nearly 40 mega-watts of solar power are already in production or under construction. Other renewable energy resources in the region, including hydro, biomass and geothermal, hold promise for future development.

With the Valley's natural and cultural attractions, tourism is a major component of the region's economic life. The Great Sand Dunes National Park is a major attraction with about 300,000 visitors annually. Surrounded by the Rio Grande National Forest on three sides, the Valley holds many opportunities for outdoor recreation; camping and hiking, hunting, fishing and recreational vehicles. Two scenic trains in the San Luis Valley, the Rio Grande Scenic Railroad and the Cumbres and Toltec Scenic Railroad, provide unique views of the region for families and rail buffs. Creede, in Mineral County, is home to the award-winning Creede Repertory Theatre.

The nation's newest heritage area, the Sangre de Cristo National Heritage Area, includes covers territory in Alamosa, Conejos and Costilla counties and presents the Valley as a crossroads of Native American, Hispanic and Anglo cultures with over 20 cultural properties listed on the National Register of Historic Places including historic Fort Garland and San Luis, the oldest town in Colorado.

Ezone Marketing Grant funds are used to promote activities that will market the advantages of the San Luis Valley's Enterprise Zone, create a positive identity, encourage retention and expansion of existing businesses, promote redevelopment, expand the region's tourism industry, attract new businesses, and generally enhance the economic growth of the enterprise zone. Activities included one on one counseling, presentations to businesses and organizations that are connected to business, Leading Edge classes, Adams State College Entrepreneurial classes, preparation, production, and/or distribution of market research, printed materials, print media advertising, trade show promotions, special events, direct business visitation, and other closely related activities. We also provide the most complete access to demographic and economic research that is available in the San Luis Valley.

2010 Observations and Data

Unemployment Rate: The Unemployment Rate for the Valley, as a whole, was 9.9% in December, 2010. Counties range from a low 7.6% in Mineral County to a high of 15.6% in Costilla County. Three of our six counties have unemployment rates higher than 10%.i .

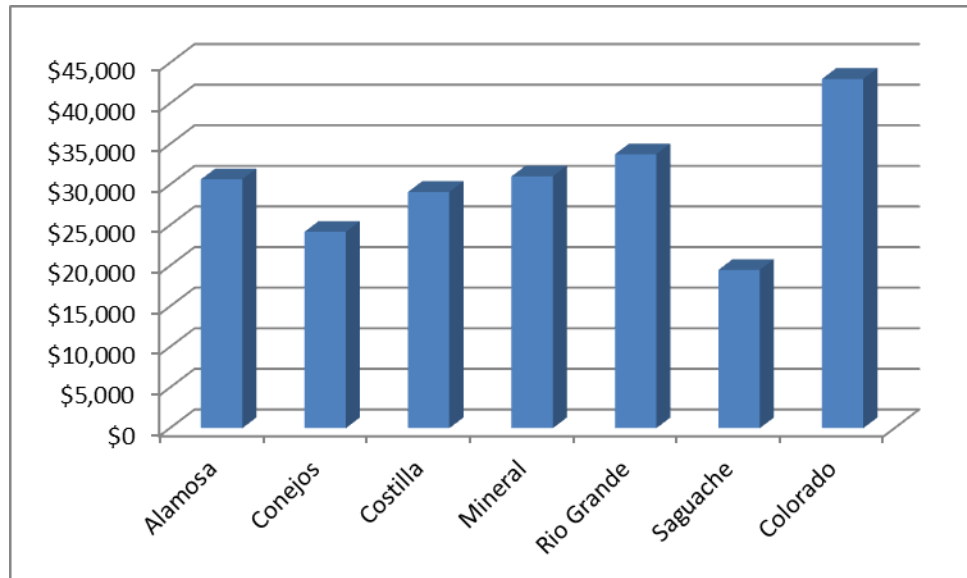
The economic base of the region is primarily agribusiness, which accounts for 5,360 or 33.7% of the jobs created by outside dollars. However, the base also includes health services derived from Medicare and Medicaid dollars (1,970 jobs), an important tourism sector (1,930 jobs), and Adams State College (1,300 jobs). Retirees (1,970 jobs), recipients of transfer payments (900) and investors (480) also contribute to the region's economic base.ii

After 2010, the region's economy is expected to grow total civilian jobs at a rate of 2.7% per year until 2015, and then at a rate of 1.2% per year until 2025. The growth is driven by Traditional Basic Job

(Agribusiness), and in jobs related to income – from Social Security and pensions -- and savings of retirees, the investment income and wealth of others. Regional and National Services and Tourism growth is expected to be a smaller share of the growth. Job growth is expected to slow after 2025 as the rate of increase in the number of retirees slows as well.

Per Capita Income:

For the year ending 2008, Per Capita income in the Valley continues to lag behind the State of Colorado. Rio Grande County comes closest to the Colorado PCI at \$33,742 while Saguache County is 45.32% of Colorado at \$19,496.



From 2001 to 2007, per capita personal income increased 3.2% per year while

that of the nation increased at an annual rate of 4.0%. Thus, the region's ratio (of per capita income) to that of the nation fell slightly from 0.674 to 0.644 during the six-year period. Of the personal income of the region in 2008, 60.07% was from earnings, 24.40% from retirement and disability, Medicare, Medicaid and Veteran's benefits, and 15.53% from dividends, interest and rent.

The Population Growth Rate: The population of the San Luis Valley gains diversity from a growing group of retirees, college students, and others who have come to the Valley. Population density is sparse – 6.05 persons per square mile (as of 2008), with 48,462 people in the San Luis Valley. This represents a very slight decline of - 0.1% since 2004.

The median age of the region on July 1, 2008 was 37.1 as compared to the state's median age of 35.7. This is mainly due to somewhat larger proportions of the population over 45 relative to the state. The median ages of the region is expected to decline to 36.7 with the additions of new worker-related families while that of the state is expected to rise to 37.1 by 2025 with the aging of the baby boomers age during this period.

Today, 46.5 percent of Valley residents are of Hispanic descent, the highest concentration of any region in Colorado. Spanish culture and traditions are vital to many communities. More than 32 percent of the people are classed as Spanish speakers, with about one-third of those having difficulties with English.

2010 Efforts to Improve Conditions

Presentations: The majority of the administrator's time is spent educating local CPA's and attorneys, government officials, and economic development leaders about the Enterprise Zone program and how it benefits their clients, community, and counties. We provide handouts about the successes of the program and informational kits which include the FYI's and forms.

- We teach classes at both the SBDC Leading Edge class and Adams State College's Entrepreneurship Class.
- We talk directly to many businesses concerning the value of the Enterprise Zone through the Business Loan Fund.

Partners: We work with many partners around the Valley, which gives us an opportunity to talk about the Enterprise Zone and its many benefits to their businesses. These partners include:

- San Luis Valley Board of County Commissioners
- Alamosa Community Economic Development/Alamosa Chamber of Commerce
- City of 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)
- San Luis Valley Heritage Tourism Council
- Colorado Potato Administrative Committee
- Governor's Energy Office workshops
- Del Norte Economic Development Association

2010 Objectives:

1. Increased use of Enterprise Zone Tax Credits not traditionally used. We were pleased that our businesses claimed \$238,181 in tax credit not traditionally claimed which is a 9% increase. We believe this indicates that our training and seminars are effective as accountants and businesses are more knowledgeable about the Enterprise Zone and the credits that are available.

2. Increase in number of certifications filed. We dropped again in the number of filers, from 419 to 356, which is a decline of 18%. Interestingly enough, our Total Capital Investments are down .89% while Qualifying Investments were down 2.45% and actual tax credits received are down less than 1%. Our average tax credit is \$4,153 per certificate, up from the \$3,373 in 2009 which is due to receiving fewer certificates.

3. Increase in number of Enterprise Zone contribution projects: With the addition of Del Norte Commercial Redevelopment, we increased our projects 3%. Of those 32 projects, 22 received funding of \$1,114,113 from 1,358 donors who donated an average of \$820 each. 35% of our donors give more than once and to more than one project which is an increase of 4.71% over 2009. The donors received \$289,075 in credits or a little over \$200 each.

4. Enterprise Zone filers reported an increase in employment of 98 FTE during 2010. This is less than the increase reported in 2009 of 191. Full time employment also decreased 4.52% from 2,988 in 2009 to 2,853 in 2010. We believe all this is indicative of the present economy. 55% of the jobs were in the retail sector while 36.73% are in agriculture.

Goals for 2011

1. Increased use of Enterprise Zone Tax Credits by businesses and agricultural producers as measured by credits received.
2. Increase in number of Enterprise Zone contributions filed.
3. Increase in number of Enterprise Zone contribution projects.

ⁱ Source: LAUS Unit, LAUS system output file,
http://lmigateway.coworkforce.com/lmigateway/analyzer/qsllabforcedata.asp?cat=HST_EMP_WAGE_LAB_FORCE&session=LABFORCE&subsession=99&areaname=

ⁱⁱ *Regional Socio-Economic Profile – Region 8 – Alamosa, Conejos, Costilla, Mineral, Rio Grande and Saguache Counties.* Updated Oct. 2009, Department of Local Affairs, State Demography Office

2010 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 continues to decline in both jobs and population. 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 recently closed the assisted living home requiring that clients be sent elsewhere. They are working to secure a new prison contract after having lost the contract for the 700 bed jail. They are hopeful that by 2012 the prison will reopen. Huerfano County is an enhanced rural enterprise zone and the closure of the prison and now the assisted leaving facility is sorely felt. During 2009, the City of Walsenburg reduced its workforce by 25% and has not replaced it. In 2010 a new grocery store was opened. In Cucharra a year round recreation facility will provide jobs and increased tourism southwest of Walsenburg in the Highway of Legends Byway.

Las Animas County is trying to diversify from energy related production that has kept the region in up and down economic spirals over the years. Jobs have declined significantly. Local supply stores for contractors and builders have had to reduce inventory and that drives contractors out of the area for needed supplies.

A new Health and Wellness and Community Center has been started and will apply for Contribution Project Status. The abandoned Mt. Carmel church has been purchased for renovation for this community project.

2010 Observations and Data

Otero County population has decreased by 7.29% since the last census and Huerfano County showed 14.64% decrease with 1,151 leaving the area. Of this number, 692 or 11.13% were 18 years or older. During 2009 announcement of 90 jobs lost from the prison closure resulted in a loss in population for Walsenburg, the Huerfano County seat. At 2008 Las Animas County reported a 9.1% population 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. From the 2000 census to 2010 census, the Las Animas population increased by 1.97% representing 300 people.

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)* was similar for each of the counties per the 2000 census reported information. These numbers are expected to drop with the reported 2010 census data.

As a result of increased outreach, South Central has been much more active and we are seeing more questions and certification activity in the region. Private sector donations to contribution projects have increased significantly in spite of or perhaps because of the economic downturn.

2010 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. South Central conducted EZ Tax Credit informational sessions and partnered with Las Animas County Chamber of Commerce and Las Animas Economic Development.

Business:

Throughout the year, South Central reaches out to newly opened businesses and provided one to one information for certifications and tax investment credits and jobs credits. We have had rehabilitation to a vacated tire shop building that is now called The Tire Shop and is a retail outlet for wine and spirits. 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. We have a new club that came in within two weeks of getting SC EZ information and following the information exchange arrived with his Investment Tax Credit and new jobs tax credit certificate.

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.

We have implemented a document retrieval system for enterprise zone activity of 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 and in 2010, 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.

We have noted very good success with the contributions for exiting contribution projects in the region. We added Southern Colorado Repertory Theater and are currently working on the Mt. Carmel Health, Wellness & Community Center.

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.advancecolorado.com/ez link. Certifications have increased as we do more outreach from sixty one to ninety-four participants. Contribution certifications in 2009 were reported at 137 throughout the period.

Business tax credit certifications in 2009 was reported at 590 location sites and 44 companies certified. Totals to date for 2010 are 130 company certifications and 341 contribution certifications indicating that projects are going to the private sector for donation requests in increasing numbers. This information supports to our 2010 observation.

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 addressed the tax credit opportunities with local radio programs encouraging phone calls and questions.

Following outreach to the City of Trinidad, Las Animas County seat, we provided the City Clerk with EZ Tax Credit information to give to all seeking new business licenses.

Partners:

South Central Enterprise Zone is housed within the South Central Council of Governments organization as a non-profit 501(c) (3) private corporation for the Huerfano and Las Animas region. The SC COG Board is comprised of three cities and two counties of local governments. There are four other cities or towns not represented on the SC COG Board.

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 2010, 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.

State Enterprise Zone

The State EZ staff is to be commended in their outreach and training efforts particularly for those in rural Colorado. Most recently we have mailed postcard to past certificate holders through partnership with the Colorado EZ office.

The pre-certification process is a big project for the State EZ staff and they have done an outstanding job to provide inclusion in software testing to the statewide Enterprise Zone Administrators and Deputies. Their work resulted in software that is user friendly and exceedingly well organized.

2010 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.

Participated in Chamber of Commerce Business Expo and conducted hourly sessions to provide website information access and also hard copy FYI sheets to the participants also provided information about changing legislation.

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.

South Central met with a new grocery store owner and discussed the need to document investment in the business during the construction phase.

Through contacts at local chamber of business meetings, South Central has also invited the managers of the New Elk Coal mine; Trinidad Community Foundation, Mt Carmel Community Project, change in ownership of car dealers and these few represent examples of time committed by the South Central Zone.

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.

Coordinated with local transit and Job Access to Work to provide round-trip passage to Primero School District for teaches living in Trinidad. This represents a seventy mile round-trip daily.

2010 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.

South Central EZ trained office staff to reply to Enterprise Zone requests for forms and general information. We 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, website, and received two certifications for \$50,000 each.

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.

We are 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. This information remains unchanged from the last report.

2011 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.
5. Attend at least two of the EZ meetings held during 2011.

2010 SOUTHEAST ENTERPRISE ZONE ANNUAL REPORT

Overview

SECED and the Southeast Enterprise Zone challenge 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 making up a regional economic enhancement and retention package. The region asks our citizens to utilize natural resources to the fullest potential in cooperation with our multi-agricultural economy. SECED assists in asserting a vigorous campaign for esthetic improvements to enhance business recruitment and retention.

We collectively assist member local governments with job creation and retention, community development and continued community vitality. Functioning within the Southeast Enterprise Zone, we've created economic development programs, one of which is our regional revolving loan fund program. This vital program is designed to help retain our existing businesses and it provides a valuable vehicle for creation of new businesses.

2010 Observations and Data

The SECED continues to experience population contraction and net job loss. This ongoing trend adversely affects the general health of our rural communities. Estimated July 2009 data indicates continued contraction in 4 counties with an aggregated loss of 683 people. The 5th county's growth is attributed to an increase in inmate populations in two private prison facilities. Overall SECED area retail sales increased 3.41% as compared to a 4.81% decrease in statewide sales. The SECED area unemployment rate has experienced an increase with the downturn in economic conditions. The 2010 collective unemployment rate is calculated at 7.29% as compared to 2009 year average of 5.84%. Per capita income levels calculated from available 2008 data increased from the 2007 period. The overall SECED area per capita income increased \$1,321 from 2007 to 2008 which equates to 4.96 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 likely higher commodity market in 2008.

2010 Efforts to Improve Conditions

Over the course of the last sixteen (18) years, SECED's Business Loan Fund (BLF) has assisted over 198 businesses in the amount of \$8,444,271 with leveraging from private sources totaling \$9,687,229. In addition, through our Division of Housing rehabilitation loan program, which assists low-to-moderate individuals with the repairs of their homes, \$4,193,070 funds have been loaned benefiting 274 households.

EZ Capital Investments (ITC):

In 2010 the Southeast EZ (SECED) processed 292 ITC certifications. The sum of capital investments amounted to 80M with 67M in qualifying investments which generated over 2.02M in tax credits. A total of 708 employees have been trained generating credits to the employer of \$80,401. There were 75 New Business Facility jobs created generating credits of \$238,000 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 an estimated 2500 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) gives 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 and Colorado State Demographer. We provided data, training and information materials along with conducting partner interviews for educational purposes. We continue to assist the data centers in their efforts to train and promote program benefits.

2010 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 2009 to 2010. This will be measured by comparing retail sales. The Southeast EZ (SECED) area was unable to meet this goal FY 2010, 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 2010 totaled \$446,357 and \$431,656 for 2009, a increase of 3.41 percent.
2. AREA POPULATION GROWTH - Realize stabilization of annual growth patterns. The Southeast EZ (SECED) was unable to meet this overall goal as the data shows, out-migration has been a difficult trend to divert and reverse, although we will continue to strive and to over come. Estimated population for the SECED area as a whole indicates a decrease of 683, however, 1 of the 5 counties did experienced growth. The county growth is attributed to an increase in prison population. The rural and agricultural nature of our communities continues to struggle to compete with the numerous opportunities available along the front range communities.
3. ASSESSED VALUATION - Realize increased community vitality through at least a 5 percent increase in the area assessed valuation. The Southeast EZ (SECED) has experienced a 2.41% decrease in assessed valuation to \$333,403,743 in 2010 from \$348,832,414 in 2009. An decrease of \$15,428,671 or 4.42 percent in property value culminating slight decrease in tax revenue of \$239,021 or 2.28%. Expectations and measured annual growth were met but looking at a 10 year growth pattern the SECED area has experienced growth of 37.14 percent which is less than 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 to no growth. In addition to a contracting population, 2008 & 2009 the area lost 371 jobs resulting in a current unemployment rate of 7.29 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 \$27,963 in 2008 or 23.26% increase. The 2008 wage increased to \$27,963 from the 2007 level of \$26,641, a 4.96% increase. *This equates to an average annual decrease of \$565 or \$660 increase for 2008.* 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 very 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 2010. Reported capital investments for 2010 totaled \$80,328,448 as compared to 2009 totals of \$32,096,559. This is a significant increase of \$48,231,889. The qualified capital investments for 2010 totaled \$67,424,600 up from \$21,071,008 in 2009. 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 likely 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 339 new RLF jobs through 2010.
- 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 2.0 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 maybe 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 Investment 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 – 2010 ANNUAL REPORT

Overview

The Region 9 Economic Development District of Southwest Colorado Inc. (Region 9), is a nonprofit, 501 (c) 6 public private partnership that promotes and coordinates economic development efforts throughout southwest Colorado. Region 9 covers five counties, ten municipalities and the two Native American Tribes in Colorado (Ute Mountain Ute and Southern Ute). 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. Region 9 coordinates with local and county level economic development organizations to create economic development strategies, opportunities, and community projects that enable businesses and workers throughout the region to succeed. Programs include business loans, staffing the Regional Transportation Planning Commission and the Southwest Colorado Council of Governments, and producing the Comprehensive Economic Development Strategy (CEDS) as well as other data reports. Region 9 also serves as the Southwest Enterprise Zone administrator.

Conditions and business environment

Southwest Colorado has been hard hit by the national recession and Region 9 has seen an increasing number of defaults, loan modifications and business inquiries in its Business Loan Program. The numbers of tax credits claimed through the Southwest Colorado Enterprise Zone is down in our three Enhanced Enterprise Zone counties. Enterprise Zones are valuable tools in this business environment and efforts are being made to increase business participation. There are significant amounts of public and tribal lands in our communities, restricting some business opportunities and creating others. The Ute Mountain Ute and Southern Ute Tribes are major economic forces with their diversified enterprises and provide employment for tribal members as well as others within the regional economy.

Archuleta County is comprised of 34% private lands, 14% tribal lands and 52% of the County is within the San Juan National Forest. Archuleta has long been a destination for tourism and an attractive second-home market, although current economic conditions have decimated the real estate, construction, and tourism sectors. The 2010 numbers show a loss of 36 jobs from that total number of businesses (38) claiming tax credits. All of Archuleta County is a designated an Enhanced Enterprise Zone, with the exception of the Southern Ute Reservation lands, which have been excluded following the wishes of the Southern Ute Tribal government.

Dolores County is comprised of 42% private lands and 58% state and federal lands. The county seat is located in Dove Creek in the western portion of the County, and reflects an agricultural economy. The eastern portion of the County includes Rico, which has become a bedroom community for the ski town of Telluride (located in San Miguel County). All of Dolores County is a designated Enhanced Enterprise Zone and consistently has one of the highest unemployment rates in the State. The utilization of Enterprise Zone Tax credits went up between 2008 and 2009, with slower growth seen in 2010. There were no jobs created in 2010.

La Plata County is comprised of 41% private lands, 18% tribal lands, and 41% state and federal lands. La Plata County is the regional job center. 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. La Plata's tax credits grew from 2009 to 2010. The Southern Ute Reservation lands in La Plata have been excluded from the EZ following the wishes of the Southern Ute Tribal government.

Montezuma County is comprised of 30% private lands, 33% tribal (Ute Mountain Ute), and 37% 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. However, based on our most recent data, the County no longer meets distress criteria in which Enterprise Zone designation is measured. This will be looked at when EZ boundaries are reviewed. Montezuma's tax credits grew from 2009 to 2010.

San Juan County is comprised of 12% private lands and 88% state and federal lands. All of San Juan County is a designated Enhanced Enterprise Zone. The utilization of Enterprise Zone Tax Credits increased from 2008 to 2009 but was below 2008 levels in 2010.

2010 Observations and Data

In Region 9, three 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	2009 Unemp. Rate	2004 - 2009 Pop. Growth	2008 PCI
Archuleta	No	No	Yes
Dolores	Yes	No	Yes
La Plata	No	No	No
Montezuma	No	No	No
San Juan	No	Yes	No

Archuleta, Dolores and San Juan Counties are within the guidelines for designated Enterprise Zones. Archuleta, Dolores and San Juan Counties have also been designated as Enhanced Rural Enterprise Zones for calendar years 2010 and 2011.

Unemployment – Four counties do not meet the Unemployment rate criterion for Enterprise Zone status based on unemployment rates for 2009; Dolores County did meet that criterion. Only La Plata County met local Objective 1, of being < or = to the state unemployment rate.

	2009 Unemp. Rate	EZ Eligible > 9.6%	Objective 1 < or = to State
Archuleta	8.0%	No	No
Dolores	14.1%	Yes	No
La Plata	5.7%	No	Yes
Montezuma	7.8%	No	No
San Juan	7.9%	No	No
Colorado	7.7%		

at least 25% above State Avg (7.7%) = 9.6%

Source: Colorado Labor Market Information (1-20-11)

Note: Annual averages are not yet available for 2010

	Estimates		% Change 2004-2009	*EZ Eligible
	2004	2009		
Archuleta	11,394	12,424	9.0%	No
Dolores	1,832	1,953	6.6%	No
La Plata	47,309	51,664	9.2%	No
Montezuma	24,745	25,676	3.8%	No
San Juan	578	560	-3.1%	Yes
Colorado	4,650,126	5,074,528	9.1%	

* < 25% of State (2.3%)

Source: Colorado Demography Section estimates January 2011

Population Growth - San Juan County met EZ eligibility criteria for population growth from 2004 – 2009.

Per Capita Income (PCI) - Archuleta, and Dolores Counties met eligibility criterion for PCI in 2008, the latest available; Montezuma, La Plata and San Juan Counties did not meet this criterion. None of the counties met local Objective 2, of being > or = to the state PCI.

County	2008 Per Capita Income		* EZ Eligible < \$32,266	Objective 2 > or = to State PCI
	PCI	% of State		
Archuleta	\$ 29,206	68%	Yes	No
Dolores	\$ 30,134	70%	Yes	No
La Plata	\$ 40,677	95%	No	No
Montezuma	\$ 32,858	76%	No	No
San Juan	\$ 37,914	88%	No	No
Colorado	\$ 43,021			

*75% of State PCPI= \$32,266

Source: Bureau of Economic Analysis

2010 Efforts to Improve Conditions

Region-wide in 2010 there were 27 projects approved as Enterprise Zone Contribution projects, and these projects generated about **\$4,750,150** in economic activity through direct and in kind contributions. This is up by \$1.2 million from 2009 numbers but still almost \$1 million dollars less than the 2008 levels. The number of EZ Projects declined from 30 to 27. One Contribution project was completed and will not renew in 2011.

Businesses in Enterprise Zone areas claimed **\$45,762,336** in eligible investments, resulting in \$1,368,028 in certified tax credits, and creating 242 jobs. These amounts are very similar to the 2009 numbers with the number of new jobs actually increasing by 10, which is 75 fewer jobs than in 2008.

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 elected public officials and tracking legislative changes, as well as informing local businesses, chambers of commerce and accounting firms about the benefits and programs of the Enterprise Zone. Efforts include: newsletter articles on the EZ; presentations to interested groups; and monthly updates to the Region 9 Board of Directors. This year we also experimented in social media outlets such as *Facebook* to provide yet another avenue to reach businesses. We also work to promote the EZ by providing marketing grants to regional events.

2010 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 2009 and 2008.

2: Per Capita Income (PCI) for each of the counties should be equal to or greater than the state PCI. Current Status – None of the five counties had PCI levels less than the state average in 2008 and 2007, the latest numbers available.

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 (two very strong) and three are designated as EZ Contribution projects. There have been resignations in one of the five groups as of the end of 2010, and two in 2009. Region 9 is working hard 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 and 247 in 2010, which is an 8% increase since the 2005 baseline.

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. The table below lists the base number of businesses utilizing EZ tax credits in the base year of 2009 that Region 9 closely works with. Added is the number of businesses Region 9 works with by county, now claiming EZ business tax credits in 2010. Any needed reports to support the above numbers are available per your request. We have made sure that the business numbers are not duplicated. For more information contact Region 9 at 970-247-9621

	Archuleta	Dolores	La Plata	Montezuma	San Juan
2009 (base yr)	<u>5</u>	<u>1</u>	<u>18</u>	<u>11</u>	<u>1</u>
36 Businesses					
2010	<u>3</u>	<u>0</u>	<u>3</u>	<u>4</u>	<u>0</u>
10 Businesses					

2010 Annual Report

Upper Arkansas Enterprise Zone (UAEZ) (Rural)

Reported February 2011 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-used 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 14,000 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.

2010 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 2010 Development Objectives section below: see objective's measures and status of objectives narratives.

Per capita income data indicates that the 2008 UAEZ average (\$27,815) has continued its proportionately low per capita income as compared to the State average (\$43,021): 61.0% in 2007 and 64.7% in 2008 (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. The UAEZ goal to improve per capital income as compared to the State average did improve 3.7% from 2007 to 2008.

Population growth in the UAEZ increased 0.3% per year from 2008 to 2009: less than one-fifth the state's growth rate of 1.7% for the same period. Most of the UAEZ's July 2009 population is in Fremont County (Canon City, Florence) with 48,387 (62%) of the Zone's total of 78,041. The UAEZ region is expected to grow at a 2.2% rate per year 2010 to 2015: 0.5% faster than the projected State rate of 1.7%. This growth is expected to come from in-migrating "baby-boomers".

The UAEZ county unemployment rates ranged from 6.7% to 11.5% in December 2010: Lake 11.5%, Chaffee 8.3%, Custer 6.7% and Fremont 11.2%. Two UAEZ counties are above and two below the State 8.6% rate. The most populated UAEZ County, Fremont, is above the State 8.6% rate by 2.6%. Projections indicate that the region's unemployment rate may increase through 2011 with rate declines in 2012.

2010 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 2010: The UAEZ applied for and received approval for one project in 2010: Chaffee County EDC – a reinstatement of previous approval. The UAEZ has a balanced number and type of eligible projects on the books, eighteen, as the Zone enters 2011.

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 9 to 12 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. Extensive outreach to inform of the Jan. 1 2012 precertification process is underway.

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 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 2010 the UAEZ worked with the Chaffee County EDC in its emergence phase and Fremont EDC staff on a big new prospect business locating in Fremont County that will create 500 new jobs: a natural resource / manufacturing business.

UAEZ 2010 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 remained flat in comparison to the state and adjoining regions' per capita income. The UAEZ's per capita income as compared to State did improve by 3.7% from 2007 to

2008: an unusual occurrence. 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 2008 (most recent data) with 64.7% (\$27,815) of the State average (\$43,021). 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 2008 to 2009 percentage changes for each county as follows: Chaffee from 25.5% in 08 to 25.9% in 09 (+0.4%); Custer from 9.2% in 08 to 8.7% in 09 (-0.5%); Fremont from 18.1% in 08 to 20.3% in 09 (+2.2%); Lake from 12.3% in 08 to 11.4% in 08 (-0.9%); zone-wide from 19.3% in 08 to 20.4% in 09 (+1.1%). The overall proportion of non-residential assessed valuation is up in Chaffee and Fremont Counties and down in Custer and Lake with percentage of change in the counties ranging from -0.9% to a +2.2% in 2009. The period 2008 - 09 indicates an increasing proportion of non-residential assessed valuation zone wide of +1.1%. The U A E Zone objective measure is slowly being achieved in Chaffee and Fremont Counties 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. The Zone's unemployment rate and total jobs data follows.

December 2010 Colorado Dept. of Labor & Employment Colorado County (LAUS Unit, LAUS system output file) unemployment rate data indicates that the UAEZ's four counties had county unemployment rates of: Lake 11.5 % (up 2.0% from 12/2009), Chaffee 8.3 % (up 1.6% from 12/2009), Custer 6.7 % (up 0.4% from 12/2009) and Fremont 11.2 % (up 2.2% from 12/2009). Lake and Fremont Counties each exceeded the State 8.6% rate by 2.9% and 2.6% respectively, and Custer and Chaffee are 1.9% and 0.3% respectively below the State 8.6% 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 2006, 07, 08 period the 4 counties achieved the +1.0% increase in total jobs 5 of a possible total 12 times (4 counties times 3 years). Specific objective measure achievement (indicated by "yes") by county were: Chaffee – 06 yes; 07, 08 no; Custer – 06 no; 07, 08 yes; Fremont – 06, 07 yes; 08 no; Lake – 06, 07 yes; 08 no. Zone wide total jobs decreased by 297 or 0.9% 2—7 to 2008. The reporting date of the Estimated Total Job by County (2008) lags behind the unemployment rates by county data by two-years.