

Colorado

**COLORADO ENTERPRISE ZONES
ANNUAL REPORT
*for 2005***

*Governor's Office of Economic Development and International Trade
and
Department of Local Affairs
February 2006*

Colorado Enterprise Zone Annual Report for 2005

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

Summary

- During fiscal year 2005, 4,815 businesses certified one or more potential enterprise zone tax credits.
- These companies created 5,200 new jobs and retained 116,000 jobs.
- They invested \$880 million in new equipment in enterprise zone businesses.
- Over 11,900 taxpayers contributed \$31.6 million to enterprise zone economic and community development projects.
- Enterprise Zone tax credits claimed with the Department of Revenue totaled \$25.7 million.

Background - Enterprise Zone Designation Process

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

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

In addition, the total population residing within an enterprise zone boundary cannot exceed 80,000 persons (100,000 for rural enterprise zones).

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

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

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

Changes in Zone Economic Conditions

- **Employment.** Based on data from the Colorado Department of Labor & Employment, Colorado's economy gained less than 8,000 jobs between 2001 and 2002, about 25,000 jobs from calendar year 2002 to 2003, and 57,000 between 2003 and 2004. In rural enterprise zone counties, 29,000 jobs were gained in 2002, 3,500 were lost in 2003, and 12,000 jobs were gained in 2004. Urban enterprise zone counties (which include non-EZ as well as EZ areas) lost 15,000 jobs in 2002, gained about 21,000 jobs in 2003, and gained another 37,000 in 2004.

Between 1987, when the enterprise zone program began, and 1995, employment in rural enterprise zones grew faster than the state average, with the result that 18 percent of the 434,000 state job growth was in rural enterprise zone counties, compared to a loss of jobs in the same counties prior to the zone program, between 1980 and 1986. (Rural EZ counties account for approximately 15 percent of all employment in the state.) Between 1995 and 2000, job growth accelerated in the non-enterprise zone counties, and rural EZ's share declined to 11 percent of the state's job growth of 290,000. This trend reversed during the economic downturn following 2000, with job losses concentrated in the urban areas, and rural EZ counties' share rose to an unprecedented 36 percent of the 122,000 jobs added in the state. (Note: Enterprise zones in urban counties only cover parts of each county, but data are available only at the county level.)

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

- **Unemployment** in zone counties averaged 5.7 percent in 2004, down from 6.4 percent in 2003, and 5.9 percent in 2002. Preliminary data for 2005 indicate a further decline, to 5.2 percent. In rural enterprise zones, the 2004 unemployment rate averaged 5.1 percent, down from 5.9 percent in 2003, with a further drop to 4.8 percent indicated by the preliminary 2005 data. The state's 2004 rate was 5.5 percent (5.0 percent in 2005), down from 6.2 percent in 2003 and 5.9 percent in 2002. The years since 2002 represent the first time that the unemployment rate in rural EZ counties has been less than the state average. This narrowing of the gap between the state average and zone counties reflected the greater severity of the economic downturn in technology-focused urban counties, both EZ and non-zone counties. Although these rates are all significantly higher than their historic low point in 2000, they are still well below the unemployment rates experienced when the enterprise zone program began in 1986 (7.4 percent statewide and 10.4 percent in rural EZ's).

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

- **Population.** Slow population growth, one of the statutory enterprise zone distress criteria, is primarily relevant to rural areas, where lack of economic opportunity often is manifested in out-migration. Since 1990, rural enterprise zones in eastern and southern Colorado have gained population, although at slower growth rates than the state average. These areas were losing population during the 1980s. Specifically, in the East Central and Northeast EZ, population declined by 3 percent in the 1980's, and grew by 26 percent in the 1990's. In the southern Colorado EZ's, population declined 2 percent in the 1980's and increased by 12 percent in the 1990's. On the other hand, the rural EZ's in western Colorado grew by 9 percent in the 1980's (less than the state average of 14 percent), and in the 1990's grew by 33 percent, surpassing the state average of 30 percent. The trends of the 90's have generally continued in the 2000-2004 data.

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

- **Income.** Per capita income for the state as a whole has grown by 110 percent over the 16 years since the EZ program began. Enterprise zone per capita incomes overall have kept pace, growing 109 percent from 1987 to 2003. However, this figure is biased by the inclusion of urban counties with high per capita incomes outside of their small enterprise zone areas.

In rural enterprise zone counties, average per capita income grew 99 percent over the same 16-year period. The even more rapid growth of the remainder of the state resulted in a decline in rural EZ per capita income compared to the state average, to 73 percent (as compared with 77 percent in 1986). In 2001, 2002, and 2003, rural EZ counties' per capita income grew 3.6, 0.2, and 2.8 percent, respectively, faster than the state average, resulting in an improvement in their standing compared to the state average, from a low of 71 percent in 2000 to 73 percent in 2003. Per capita income in the various rural EZ's ranged from 88 percent of state average in the Northwest EZ to 59 percent in the San Luis Valley. In urban EZ's, only Pueblo and Weld counties had per capita income below 75 percent of the state average.

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

As with any public economic policy, it is not possible to measure definitively the impact of a single program such as enterprise zones as compared with other economic factors.

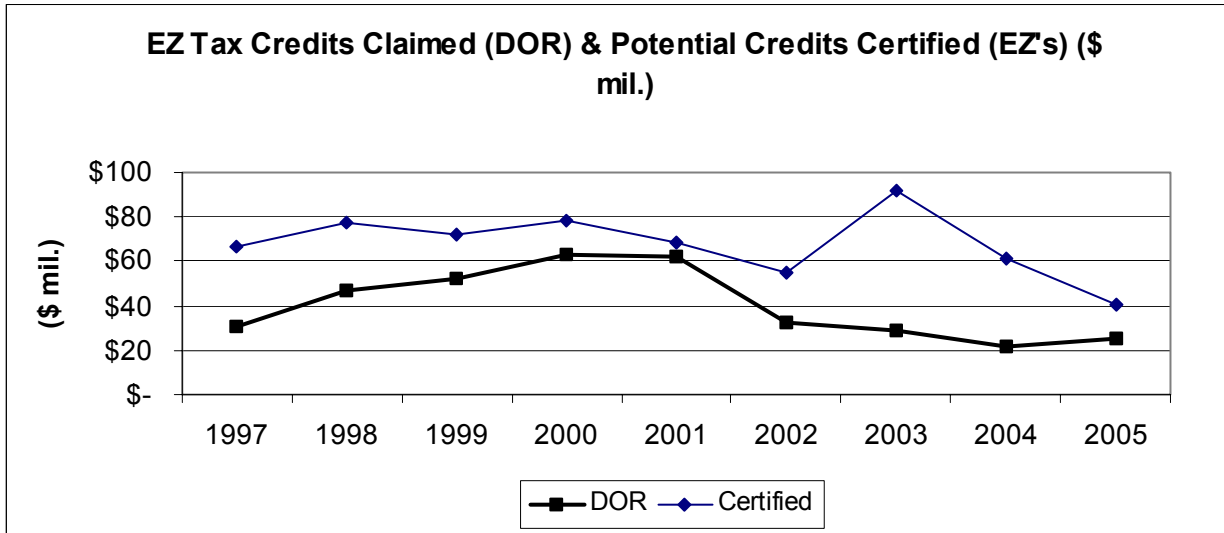
Tax Credits Claimed and Potential Credits Certified

Total EZ tax credits claimed with the Department of Revenue in FY 2005 were \$25.7 million, an increase of 16 percent from FY 2004 but 12 percent below 2003. Of this total, \$13.7 million were claimed by corporate taxpayers, and \$12 million by non-corporate taxpayers (individual contribution credits, plus sole proprietor, partnership and other non-corporate business credits).

The total credit amounts reported to enterprise zone administrators on the Certification forms and compiled for this report typically exceed the total amount of EZ tax credits actually claimed and reported by the Department of Revenue as reductions in each year's tax liability. The amounts certified represent *potential* credits for which the

taxpayer has qualified by virtue of undertaking the activities specified in the enterprise zone statute – making qualified investments, creating new jobs in new or expanded business facilities, investing in qualified job training, increasing research and experimental expenditures, rehabilitating qualifying vacant buildings in an enterprise zone, or making donations to approved enterprise zone development projects. The total amount of tax credits *certified* in FY 2005 was \$41.3 million, down 33 percent from 2004.

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 by statute. Nevertheless, potential credits of taxpayers who do not earn sufficient taxable income, or who cease business during the carry-forward period, will be permanently lost. In addition, there may be differences in timing between the EZ certification reports and the filing of tax returns reported by DOR due to the timing of tax filing. (See Tables 1 and 2 at end of this section for more detail.)



Potential Revenue Gains

New jobs and capital investment created by businesses claiming enterprise zone credits will result in several different types of increased tax revenues. Exact revenue impacts are not possible to calculate, but the estimated amount of revenue from just three sources – income and sales taxes paid by new EZ employees, sales and use taxes on new EZ business equipment purchases, and increased school property taxes on new EZ business personal property – amounted to \$38 million, approximately 50 percent more than the \$25.7 million in EZ credits claimed.

- Personal income, sales, and excise taxes paid by new employees of enterprise zone businesses – average state tax collections per employee in FY 2005 were \$2,745, or **\$14 million** for the 5,222 new employees added by EZ certifying businesses.

- State sales and use taxes on taxable non-manufacturing equipment purchased by enterprise zone businesses, based on the amount of investment certified by non-manufacturing businesses, would amount to approximately **\$13.5 million** in FY 2005.
 - New investment by enterprise zone businesses added \$880 million of personal property to the local tax base, increasing local property tax capacity and reducing the burden on the state school finance act correspondingly. At 2004 statewide average mill levies, this would generate **\$10 million** in new property taxes for school districts, \$4.8 million for counties, and \$1.9 million for municipalities.
- In addition, new economic activity adds revenues from increased corporate taxes, as well as increased local revenues.
- Job growth in rural areas that had previously been losing population, as well as private contributions to enterprise zone projects encouraged by the enterprise zone tax credit, help preserve vital community infrastructure such as schools and health care facilities.

Statistics for Companies Claiming Enterprise Zone Tax Credits

The Enterprise Zone statute specifies that a variety of statistics for companies claiming Colorado enterprise zone income tax credits are to be reported by local enterprise zone administrators and summarized in this Annual Report. Statistics for companies claiming enterprise zone tax credits are collected by enterprise zone administrators from the "Certification of Qualified Enterprise Zone Business" forms which taxpayers claiming enterprise zone credits must attach to their Colorado income tax returns. In addition to verifying the taxpayer's location within an enterprise zone, these forms collect information on the potential amount of EZ tax credits for which the taxpayer qualifies, as well as the additional information required by the statute.

- The number of businesses certifying potential enterprise zone tax credits in FY 2005 was 4,815, approximately the same as 2004.
- Jobs Created and Retained. Businesses certifying zone tax credits reported an increase in employment of 5,222 jobs in FY 2005, an increase of 10 percent over 2004. Of the EZ certifiers, 1,306 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 116,000 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.)
- Capital Investment. Businesses certifying zone tax credits reported \$880 million investment in new equipment used in enterprise zone businesses during FY 2005. This

amount was only 55 percent of the 2004 level. Year-to-year fluctuations in the amount of investment reported may be impacted by the timing of a few large taxpayers' enterprise zone certifications, which were reported in FY 2006 rather than 2005.

- Contributions. Over 11,900 taxpayers contributed \$31.6 million to enterprise zone economic and community development projects in FY 2005, resulting in \$6.3 million in potential tax credits. This was a 29 percent increase in potential credits from FY 2004. The amount contributed exceeded the previous peak year of 1998, but the potential contribution tax credits are still only 54 percent of the peak year of 1998, when the General Assembly reduced this credit from 50% to 25%.

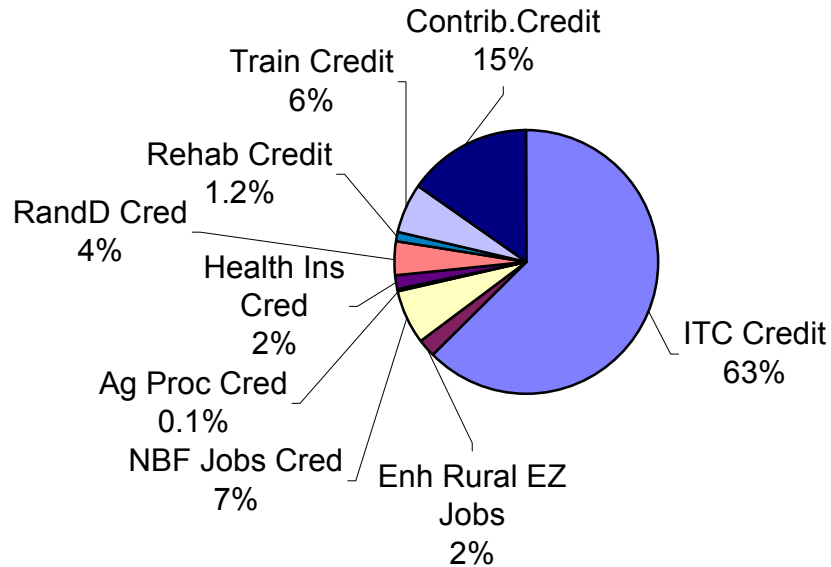
Specific Purpose of the Contributions. The EZ statute allows a tax credit for donors to projects “implementing the economic development plan for the enterprise zone.” It further specifies that such projects must be directly related to job creation or preservation, assist homeless shelters that also provide employment-related services, or promote community development projects in enterprise zones. To be eligible for this credit, each proposed project must be approved by the Colorado Economic Development Commission. During FY 2005, there were 405 approved EZ contribution projects. Of these, 279 reported contributions that qualified for the EZ tax credit during the year. The \$31.6 million contributed went to the following types of projects:

| Purpose of Contribution | Amount (\$ mil.) | Number of Contributors |
|---|-------------------------|-------------------------------|
| Health Care Facilities | \$7.0 | 3,016 |
| Infrastructure Improvements | \$6.8 | 141 |
| Homeless Shelters & Support Services | \$6.5 | 5,451 |
| Economic Development and Business Assistance Programs | \$5.7 | 2,174 |
| Job Training Programs | \$3.0 | 1,336 |
| Other Economic & Community Development Projects | \$2.6 | 2,138 |
| Total Contributed | \$31.6 | 14,256 |

Credits by Type

- Approximately 63 percent of the estimated dollar value of credits certified in FY 2005 was for the enterprise zone investment tax credit. This is a drop from the 76 percent accounted for by the ITC in 2004, reflecting the decline in certifications reported by the capital-intensive communications sector. Approximately 6 percent was for the EZ job training tax credit, 11 percent was for the three new jobs tax credits, 15 percent for enterprise zone project contribution tax credits, and the balance for vacant building rehabilitation and increased research and development expenditure credits. Specifically, the following amounts of tax credits were certified for each of the available EZ tax credits, based on the qualifying investment, job creation, and other activities specified for each credit:

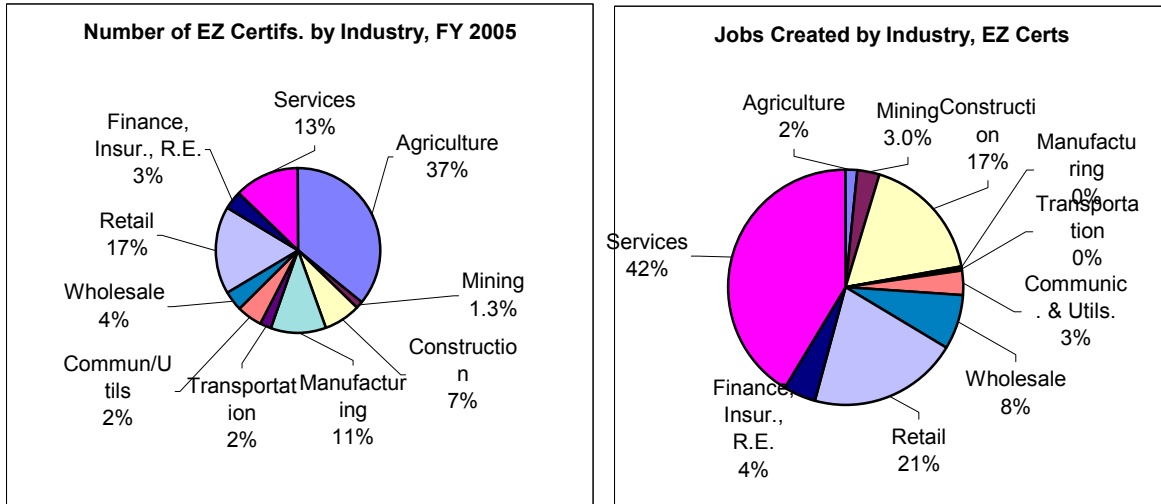
EZ Credits Certified, FY 2005



- 3 percent Investment Tax Credit: \$26.1 million certified, based on \$880 million in qualifying capital investment by 4,415 zone certifiers.
- New Business Facility Jobs Credit (\$500 per new job): \$2.8 million, based on 10,612 qualifying new business facility jobs in 679 businesses.
- \$500 Ag Processing New Job Credit: \$49,000, 6 certifications.
- \$200, two-year Health Insurance-covered New Job Credit: \$706,000, 220 certifications.
- 10 percent Job Training Program Investment Credit: \$2.6 million, based on \$26 million of investment in programs to provide job training for 24,000 zone employees by 307 certifiers.
- 3 percent Credit for Increased Research & Development Expenditures: \$1.7 million, claimed by 35 taxpayers certifying \$35 million in qualifying R&D expenditures.
- 25 percent Credit for Qualified Expenses of Rehabilitating Older Vacant Buildings: \$492,000, based on \$2.4 million in qualifying expenses for rehabilitating 21 buildings.
- 25 percent Credit for Contributions to designated Enterprise Zone Projects: \$6.3 million, based on 14,250 contributions totaling \$31.6 million.
- The new Enhanced Rural Enterprise Zone credits for new jobs were authorized by the General Assembly in 2002 and first became available for tax years beginning January 1, 2003. These credits – an additional \$2,000 per New Business Facility job or \$2,500 per NBF job in agricultural processing – were certified for 65 businesses who created 458 new jobs in 13 of the 29 designated Enhanced Rural EZ counties, for a total of \$907,000 in EREZ credits. No EREZ agricultural processing jobs credits were certified.

Credits by Industry

- By industry, the largest number of EZ certifications was filed by farms and ranches — about half of all certifications in the rural zones. However, the largest groups in terms of job creation were retail and services, and in terms of dollars of credits certified in FY 2005 were manufacturing, followed by retail.



| Industry (SIC) of Companies Reporting Creation of Jobs within EZ's | |
|--|------------------------|
| Industry Group | Number of Jobs Created |
| Agriculture | 85 |
| Mining | 155 |
| Construction | 888 |
| Manufacturing | 20 |
| Transportation | (16) |
| Communications & Utilities | 168 |
| Wholesale Trade | 389 |
| Retail Trade | 1,074 |
| Finance, Insurance, Real Estate | 228 |
| Services | 2,102 |
| Unclassified/Not Available | 157 |
| TOTAL | 5,222 |

Average Annual Compensation; Transferred Employees

The enterprise zone statute requires enterprise zone certifiers to report the number of employees transferred to a facility in an enterprise zone, and the annual average compensation of the jobs created or retained within the zone, categorized by full time permanent, part time, temporary, and contract jobs.

- In FY 2005, 1,028 employees were reported as transferred to a zone facility from another location in the state. This represented 0.8% of the total employees of zone certifiers at the end of the year.
- The following table summarizes data on average annual compensation for FY 2005:

| Type of Employees: | Full-time | Part-time | Temporary | Contract |
|--|------------------|------------------|------------------|-----------------|
| Avg. Annual Compensation | \$32,750 | \$9,605 | \$8,023 | \$28,707 |
| Total Number Employees for whom comp. reported | 114,592 | 20,540 | 7,593 | 1,878 |
| Avg. Number Employees Reported | 42 | 15 | 35 | 15 |
| Number of Certifications Reporting Employees & Comp. in Category | 2,741 | 1,358 | 216 | 124 |

Compensation reported by enterprise zone certifiers is generally close to average earnings for all companies in the same county. Average full-time compensation reported increased \$152 from FY 2004.

Table 1, EZ Tax Credits Certified by Zone, Fiscal Year 2004

| Zone | Total # Certs | \$ ITC | \$ NBF | \$ Ag Proc | \$ Hlth Ins | \$ EREZ NBF | \$ Training | \$ R and D | \$ Rehab | Total Bus | \$ Contribution Credit | Total Credits |
|---------------------------------------|------------------|---------------------|--------------------|------------------|------------------|------------------|--------------------|------------------|------------------|---------------------|---------------------------|---------------------|
| Fiscal Year 2003-2004 | | | | | | | | | | | | |
| RURAL | | | | | | | | | | | | |
| East Central | 352 | \$839,457 | \$10,255 | \$0 | | \$0 | \$736 | | \$36,452 | \$886,900 | \$8,406 | \$895,306 |
| Mesa County | 129 | \$1,697,297 | \$124,830 | | \$19,200 | \$0 | \$80,904 | | \$95,680 | \$2,017,912 | \$330,911 | \$2,348,823 |
| Northeast | 883 | \$3,698,570 | \$14,977 | \$4,500 | \$1,266 | \$4,000 | \$67,924 | | \$61,724 | \$3,852,961 | \$132,956 | \$3,985,918 |
| Northwest | 236 | \$1,228,917 | \$48,841 | | \$7,300 | \$4,000 | \$20,155 | | \$16,938 | \$1,326,151 | \$266,418 | \$1,592,569 |
| Region 10 | 291 | \$800,966 | \$84,335 | | \$19,650 | \$11,500 | \$14,228 | \$14,467 | \$57,005 | \$1,002,151 | \$42,086 | \$1,044,237 |
| San Luis Valley | 380 | \$1,445,344 | \$11,960 | | \$916 | \$3,000 | | | | \$1,461,220 | \$182,542 | \$1,643,762 |
| South Central | 144 | \$3,640,067 | \$214,231 | \$4,000 | \$6,017 | \$60,000 | \$44,846 | | \$125,000 | \$4,094,160 | | \$4,094,160 |
| Southeast | 237 | \$6,389,131 | \$11,929 | | | \$0 | \$3,496 | | | \$6,404,556 | \$20,811 | \$6,425,367 |
| Southwest | 259 | \$1,211,527 | \$116,487 | \$3,250 | \$13,433 | \$16,472 | \$54,964 | \$1,846 | | \$1,417,979 | \$223,382 | \$1,641,360 |
| Upper Ark | 198 | \$562,869 | \$48,784 | | | \$59,006 | \$6,047 | \$298 | | \$677,004 | \$184,862 | \$861,866 |
| Subtotal | 3,109 | \$21,514,145 | \$686,629 | \$11,750 | \$67,782 | \$157,978 | \$293,300 | \$16,611 | \$392,799 | \$23,140,994 | \$1,392,374 | \$24,533,368 |
| % of total: | 64.5 | 45.9% | 21.4% | 3.3% | 17.7% | 100.0% | 6.7% | 2.9% | 60.9% | 40.9% | 28.3% | 39.9% |
| URBAN | | | | | | | | | | | | |
| Adams County | 194 | \$1,671,755 | \$236,071 | | \$58,180 | \$0 | \$74,312 | \$25,982 | \$0 | \$2,066,300 | \$342,787 | \$2,409,087 |
| Arapahoe County | 148 | \$856,725 | \$148,573 | | \$48,733 | \$0 | \$63,335 | \$103,326 | | \$1,220,692 | \$1,464 | \$1,222,156 |
| Denver | 619 | \$10,901,541 | \$823,614 | \$5,000 | \$85,962 | \$0 | \$3,420,889 | \$30,105 | \$100,000 | \$15,367,112 | \$1,807,230 | \$17,174,341 |
| El Paso County | 357 | \$8,298,100 | \$500,319 | | \$60,157 | \$0 | \$318,436 | \$382,549 | \$50,000 | \$9,609,561 | \$422,846 | \$10,032,407 |
| Greeley/Weld County | 100 | \$1,177,528 | \$447,439 | \$340,539 | \$15,900 | \$0 | \$117,152 | \$5,990 | \$4,610 | \$2,109,159 | \$389,559 | \$2,498,718 |
| Jefferson County | 119 | \$829,545 | \$175,621 | \$1,600 | \$13,234 | \$0 | \$9,601 | \$0 | \$47,679 | \$1,077,280 | \$158,283 | \$1,235,563 |
| Larimer County | 79 | \$493,446 | \$37,111 | | \$5,250 | \$0 | \$5,389 | \$332 | | \$541,528 | \$308,362 | \$849,890 |
| Pueblo | 98 | \$1,078,214 | \$145,892 | \$500 | \$28,234 | \$0 | \$83,882 | \$7,319 | \$50,000 | \$1,394,041 | \$98,741 | \$1,492,782 |
| Subtotal | 1,714 | \$25,306,854 | \$2,514,641 | \$347,639 | \$315,650 | \$0 | \$4,092,997 | \$555,603 | \$252,289 | \$33,385,672 | \$3,529,272 | \$36,914,944 |
| % of total: | 35.5 | 54.1% | 78.6% | 96.7% | 82.3% | 0.0% | 93.3% | 97.1% | 39.1% | 59.1% | 71.7% | 60.1% |
| Year Total | 4,823 | \$46,820,999 | \$3,201,270 | \$359,389 | \$383,432 | \$157,978 | \$4,386,296 | \$572,214 | \$645,088 | \$56,526,666 | \$4,921,646 | \$61,448,312 |
| Credits by Type as percent of: | | | | | | | | | | | | |
| % of total business credit | | 82.8% | 5.7% | 0.6% | 0.7% | 0.3% | 7.8% | 1.0% | 1.1% | 100.0% | | |
| % of total credit | | 76.2% | 5.2% | 0.6% | 0.6% | 0.3% | 7.1% | 0.9% | 1.0% | 92.0% | 8.0% | 100.0% |

Table 1, cont., EZ Tax Credits Certified by Zone, Fiscal Year 2005

| Zone | Total # Certs | \$ ITC | \$ NBF | \$ Ag Proc | \$ Hlth Ins | \$ EREZ NBF | \$ Training | \$ R and D | \$ Rehab | Total Bus | \$ Contribution Credit | Total Credits |
|---------------------------------------|------------------|---------------------|--------------------|-----------------|------------------|------------------|--------------------|--------------------|------------------|---------------------|---------------------------|---------------------|
| Fiscal Year 2004-2005 | | | | | | | | | | | | |
| RURAL | | | | | | | | | | | | |
| East Central | 59 | \$303,892 | \$7,729 | | | \$4,000 | | | \$14,107 | \$329,728 | \$31,550 | \$361,278 |
| Mesa County | 108 | \$513,672 | \$121,653 | | \$12,540 | \$0 | \$25,157 | \$11,212 | | \$684,234 | \$425,317 | \$1,109,552 |
| Northeast | 898 | \$2,520,973 | \$148,939 | | \$46,033 | \$2,000 | \$82,478 | | \$12,500 | \$2,812,923 | \$124,894 | \$2,937,817 |
| Northwest | 244 | \$2,403,836 | \$71,946 | | \$7,288 | \$2,000 | \$2,849 | | \$4,598 | \$2,492,517 | \$262,995 | \$2,755,512 |
| Region 10 | 332 | \$1,663,802 | \$206,087 | | \$105,040 | \$461,844 | \$542 | | \$8,667 | \$2,445,982 | \$70,591 | \$2,516,573 |
| San Luis Valley | 440 | \$1,256,674 | \$82,470 | \$35,500 | \$20,000 | \$3,000 | | | \$50,000 | \$1,447,644 | \$268,160 | \$1,715,804 |
| South Central | 124 | \$2,168,406 | \$69,417 | | \$4,092 | \$170,000 | \$9,535 | \$0 | | \$2,421,450 | \$1,563 | \$2,423,013 |
| Southeast | 298 | \$822,685 | | | | \$0 | \$7,453 | | | \$830,138 | \$22,875 | \$853,013 |
| Southwest | 401 | \$1,189,765 | \$268,665 | | \$49,816 | \$125,980 | \$91,057 | \$1,734 | | \$1,727,016 | \$460,000 | \$2,187,016 |
| Upper Ark | 186 | \$367,226 | \$85,477 | | \$2,446 | \$138,003 | \$261 | \$855 | \$50,000 | \$644,268 | \$101,320 | \$745,587 |
| Subtotal | 3,090 | \$13,210,931 | \$1,062,383 | \$35,500 | \$247,255 | \$906,827 | \$219,331 | \$13,801 | \$139,872 | \$15,835,900 | \$1,769,264 | \$17,605,164 |
| % of total: | 64.2 | 50.7% | 37.9% | 72.1% | 35.0% | 100.0% | 8.5% | 0.8% | 28.4% | 44.8% | 27.9% | 42.2% |
| URBAN | | | | | | | | | | | | |
| Adams County | 280 | \$1,381,147 | \$229,772 | | \$40,904 | \$0 | \$132,108 | \$319 | | \$1,784,249 | \$252,181 | \$2,036,430 |
| Arapahoe County | 104 | \$513,855 | \$26,958 | | \$8,350 | \$0 | \$15,638 | \$26,863 | | \$591,664 | \$7,710 | \$599,374 |
| Denver | 581 | \$4,499,744 | \$513,312 | \$2,000 | \$133,869 | \$0 | \$1,733,385 | | \$53,227 | \$6,935,537 | \$1,820,862 | \$8,756,399 |
| El Paso County | 342 | \$3,384,281 | \$603,137 | | \$169,775 | \$0 | \$298,547 | \$1,576,882 | | \$6,032,623 | \$786,016 | \$6,818,639 |
| Greeley/Weld County | 96 | \$422,947 | \$87,453 | \$4,209 | \$46,800 | \$0 | \$69,071 | \$49,239 | \$50,000 | \$729,719 | \$169,716 | \$899,436 |
| Jefferson County | 119 | \$561,028 | \$96,972 | | \$7,416 | \$0 | \$24,396 | \$6,400 | \$47,679 | \$743,890 | \$932,490 | \$1,676,380 |
| Larimer County | 89 | \$452,539 | \$71,875 | \$1,000 | \$9,484 | \$0 | \$13,684 | \$47,567 | \$73,857 | \$670,007 | \$431,858 | \$1,102,125 |
| Pueblo | 114 | \$1,654,484 | \$108,530 | \$6,500 | \$41,825 | \$0 | \$71,154 | \$440 | \$127,186 | \$2,010,119 | \$174,793 | \$2,184,912 |
| Subtotal | 1,725 | \$12,870,025 | \$1,738,010 | \$13,709 | \$458,422 | \$0 | \$2,357,983 | \$1,707,710 | \$351,949 | \$19,497,808 | \$4,575,877 | \$24,073,684 |
| % of total: | 35.8 | 49.3% | 62.1% | 27.9% | 65.0% | 0.0% | 91.5% | 99.2% | 71.6% | 55.2% | 72.1% | 57.8% |
| Year Total | 4,815 | \$26,080,956 | \$2,800,393 | \$49,209 | \$705,677 | \$906,827 | \$2,577,314 | \$1,721,511 | \$491,821 | \$35,333,708 | \$6,345,141 | \$41,678,849 |
| Credits by Type as percent of: | | | | | | | | | | | | |
| % of total business credit | | 73.8% | 7.9% | 0.1% | 2.0% | 2.6% | 7.3% | 4.9% | 1.4% | 100.0% | | |
| % of total credit | | 63.2% | 6.8% | 0.1% | 1.7% | 2.2% | 6.2% | 4.2% | 1.2% | 85.6% | 14.4% | 100.0% |

**Table 2, Total Enterprise Zone Tax Credits Certified by EZ's and Claimed with DOR,
FY1998 - FY 2005**

| (\$ mil.) | Claimed with Department of Revenue | | | | | | | Certified by EZ Adminis- trator | DOR as % Certif. |
|--------------|------------------------------------|--------|-------------------------|--------------|----------------------|-------------------|----------------|--|---------------------|
| | Fiscal Year | Total | Total Corpo- rate | Corp. ITC | Corp. NBF Jobs | Corp. Contribs | Corp. Other | | |
| 1998 | \$47.1 | \$29.0 | \$22.9 | \$2.4 | \$1.8 | \$1.9 | \$18.1 | \$82.9 | 57% |
| 1999 | 52.6 | 32.9 | 24.6 | 4.1 | 1.7 | 2.5 | 19.8 | 73.1 | 72% |
| 2000 | 63.0 | 43.7 | 27.5 | 3.9 | 1.8 | 10.6 | 19.2 | 78.6 | 80% |
| 2001 | 62.1 | 44.2 | 34.4 | 5.0 | 1.2 | 3.6 | 17.9 | 68.7 | 89% |
| 2002 | 32.4 | 18.6 | 12.3 | 3.4 | 0.9 | 1.9 | 13.8 | 56.2 | 57% |
| 2003 | 29.2 | 17.9 | 13.5 | 2.3 | 0.4 | 1.7 | 11.3 | 92.3 | 32% |
| 2004 | 22.1 | 11.4 | 7.2 | 2.3 | 0.6 | 1.4 | 10.7 | 61.4 | 36% |
| 2005 | 25.7 | 13.7 | 8.3 | 3.2 | 0.6 | 1.6 | 12.0 | 41.7 | 68% |

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

Colorado

COLORADO ENTERPRISE ZONES ANNUAL REPORT 2005

Part II – Summary of Status of Local Enterprise Zone Objectives

*Governor's Office of Economic Development and International Trade
and
Department of Local Affairs*

Enterprise Zone Annual Report – Part II
Local Enterprise Zones' Annual Updates of Local Economic Development Objectives
Summary of Annual Documentation Submitted for 2004

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.

For 2004, most zones reported that the enterprise zone program has been an important tool in realizing partial progress towards meeting their objectives. However, many zones lost ground during 2004 due to the economic slowdown and continuing difficulties affecting agriculture and tourism. In addition, many zones reported that although progress was made in improving wage and income levels in the zone areas, they still lost ground compared with the more rapid growth in the statewide average.

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. About half targeted increasing capital investment and assessed value. Other economic objectives included increasing 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 includes strategies and programmatic initiatives to address obstacles to development and to build economic opportunities that have been identified in particular enterprise zone areas. These strategic objectives vary more widely, reflecting the differences among Colorado's regions and available resources, and include objectives such as:

- redevelopment of older business districts and brownfields;
- small business assistance and finance programs;
- improved infrastructure, including business sites, transportation, and telecommunications;
- workforce development, including job-training and support services such as child care and health care;
- fostering other non-profit and community initiatives;
- a variety of business retention, expansion, and recruitment activities.

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

Adams County Enterprise Zone

Adams County Economic Development (ACED) is responsible for the administration of the state Enterprise Zone (EZ) areas that are located in the northeast quadrant of the Denver metro area. The cities included in the EZ are Arvada, Aurora, Bennett, Brighton, Commerce City, Federal Heights, Northglenn, Thornton, Westminster, and Unincorporated Adams County, along with some contiguous areas in Arapahoe County. The principal mission of ACED is to attract and retain primary jobs in Adams County, and to further economic development in the county and throughout the region.

In its role as the EZ administrator, ACED is dedicated to executing the following objectives to improve economic conditions within the framework of the EZ:

- **Marketing**- Promotion and education of EZ benefits to the business and community leaders in Adams County and the Region.
- **Business Retention**- Facilitate labor force retention/expansion and overall business retention and expansion through connection with needs-based resources available.
- **State & Regional Leadership** Improve economic development opportunities via infrastructure and contribution project agreements locally and regionally.

The following is quick summary of accomplishments in 2004:

Marketing and Customer Service

- EZ Business Friendly Audits (saved businesses \$93,000)
- Creation of new more user friendly EZ brochure
- 24 hour turn-around on all EZ certifications

Projects Approved

- CEDC approval of Front Range Airport Infrastructure Project
- CEDC approval of 64th and Pecos Infrastructure Project
- CEDC approval of Colorado Brownfield's Association
- Approval of Front Range Airport/Bennett EZ Amendment

Technology Advances

- Realization of EZ GIS Mapping capabilities and improved online services

2004 Report on Goals and Objectives

The 2004 activity in the EZ in Adams and portions of Arapahoe County resulted in \$105 Million in capital investment, \$1.07 Million in infrastructure & contribution projects, and a net increase of 738 jobs. In total there was a decrease in the number of certifications and in the capital investment totals, but there was a net increase in job creation. The total number of infrastructure and contribution projects increased but the total dollar amount decreased.

This 2004 report reviews the goals established in 2004 and the degree to which those goals were achieved during that time period. It also sets forth the goals for 2005, to which direct experience gained in 2004 is applied to maximize opportunities, assess area of potential improvement, and continue to advance the mission of the EZ through the accomplishment of those programs and objectives.

- **Increase total number of certifications filed by 10% .**

2004 saw the introduction of several new marketing programs including the refined EZ 101 road show, the concentrated city specific efforts with Federal Heights, Northglenn, and Bennett, as well as the launch of the business retention program. The combination of these programs seemed to point to a 10% increase in 2004. However, the actual number of 2004 certifications fell short of achieving that result. This was unexpected given the added community outreach, awareness, presentations, and partnerships established in 2004.

The analysis of the current year-on-year 2003/2004 data revealed that our marketing and educational efforts were successful in attracting 81 new filers. However, we also found there were 86 companies who filed in 2003 that did not re-file in 2004. Had we retained those filers we would have exceeded the 10% growth rate expected. The goal number shortfall was not attributable to a lack of marketing efforts, but in reminding past certification filing companies to re-file in 2004.

EZ reminders to current filing companies will become a part of the 2005 program.

- **Re-design and publish new business friendly EZ publication**

In response to the feedback from business owners and CPA's over the past year and half ACED published a user friendly EZ brochure in both electronic and hardcopy versions in March of 2004. The new version has been a great success as part of our business retention and attraction efforts. To date nearly 1500 copies have been distributed to prospects, existing businesses, CPA's, and various marketing organizations. A copy is also available on the ACED Website.

- **Increase total number of infrastructure projects in the EZ by 10%**

In 2004 we were able to add two new Infrastructure projects to the EZ. There were 5 projects in 2003. That represents a 40% increase in number of projects for 2004.

- 64th and Pecos
- Front Range Airport Infrastructure

ACED also added a contribution project

- Colorado Brownfields Foundation, partnering with several other ED organizations in the state.

- **Create and update interactive GIS maps on ACED's website.**

Interactive business park maps, EZ GIS maps, as well as a PDF file of the new 2004 EZ brochure were all added to the website in 2004. In addition, the design layout and programming application for the new EZ Address Locator has been prepared and will go live online in 2005.

- **Plan and execute a customized direct marketing campaign in conjunction with at least three of the nine municipal ED groups**

ACED worked closely with the cities of Bennett, Federal Heights and Northglenn to launch direct marketing campaigns targeted at EZ businesses in those cities.

- **Institute and document a 24 hour certification turn-around policy**

It is now standard ACED operating policy to return all EZ certifications and address requests within 24 hours of receipt. The reporting mechanism at this point is informal and entirely internal. Going forward actual "received" and "returned" stamps will be added for future documentation and verification purposes.

- **Market EZ in conjunction with ACED's business retention program to at least 10% of the businesses in Unincorporated Adams County.**

The EZ was one of key components in creating the initial contact list of the ACED businesses retention taskforce. In 2004 eight visits were made and all of those visits were made to companies in the EZ. Ongoing work in 2005 will add more companies to this list.

Goals and Objectives for 2005

- **Live interactive EZ Address Locator Added to the ACED Website:**

This would allow businesses and CPA's to be able to verify their EZ status online 24 hours a day seven days a week. The site would also link to the county and provide expanded reporting capabilities. Clients could access assessor data reports as well as other property specific information.

- **Institute EZ retention program to remind businesses to file for their EZ credits**

Create an EZ reminder system that contacts past EZ business filers and remind them to file their current year EZ certifications. The system would ideally be launched no later than September 2005 in order to provide businesses

and CPA's the appropriate amount of time to respond to the reminders prior to the end of the calendar year. This would allow those filers time to for an in-person step-by-step introduction to the certification process.

- **Add two new EZ contribution/Infrastructure projects in 2005.**

ACED will seek to add two new projects to benefit EZ communities in 2005 through continued interaction with EZ businesses, cities, ED organizations and non profits.

- **Increase total number of certifications to 10% above 2003 level.**

Through a combined effort of continued marketing, education, and the new EZ business retention program ACED will return to the 2003 (292) and increase that amount by 10%.

- **Establish written documentation on EZ protocol to allow for verification of ACED 24 hr certification return policy.**

ACED will create a verification system that is not exclusively internally monitored but can be quantifiably verified.

- **Establish process documentation for EZ administrator position**

ACED will provide process documentation in order increase productivity and consistency in the EZ program. The documentation will be used to record and transition knowledge gained in the position over time.

- **Continue to integrate the EZ with the ACED business retention program by making 36 in-person visits to EZ companies in 2005.**

The ACED business retention taskforce will continue to target primary employers in the Unincorporated area of Adams County as well as partnering with the cities' economic development departments to expand in-person visits to companies located in the EZ. The goal would be to meet with 3 EZ businesses a month.

- **Expansion of the EZ marketing and educational opportunities for the EZ road show at clubs and associations.**

The primary objective in 2004 was to market to economic development groups and elected officials. In 2005 ACED will put extra attention on marketing directly to the business community. Some of the marketing will happen via the business retention program as well as the EZ reminder program for companies already filing. The expansion of the marketing program will include presentation to business clubs and associations like: Area Rotary Clubs, Kiwanis Clubs, regional and local chambers of commerce, as well as industry specific associations. ACED will continue to work with three new cities in 2005 in order to continue the city specific marketing campaigns. The target cities for '05 are Thornton, Commerce City and Westminster.

Arapahoe County Enterprise Zone

The three jurisdictions comprising the Arapahoe County Enterprise Zone recognize the important role the Zone continues to play in the overall success of the region by enhancing quality of life and the economic climate. During 2004, the number of businesses claiming tax credits through the Enterprise Zone numbered 111. These businesses reported the net increase of 143 (FTE) jobs, with an average salary of \$37, 124.

During 2004, a number of economic development activities resulted in job creation and increased economic stability within the Enterprise Zone. 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.

Performance Objectives:

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

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

Each business situation is unique, but the following principals provide a broad strategy for implementation.

- Enterprise Zone tax credits most important to overcoming economic development obstacles include those for new capital investment, Research and Development, and the rehabilitation of vacant buildings.
- Enterprise Zone tax credits most important to industrial businesses include those for new facility jobs, investments in manufacturing equipment, and the rehabilitation of vacant buildings.
- Enterprise Zone tax credits most important to service providers and merchandisers include those for new equipment, the rehabilitation of vacant buildings, and employer sponsored health insurance programs.
- Tax credits for health insurance, childcare, and training programs support the community and underlying basics of the economy.
- Tax credits for education and training promote investments in human resources enabling business growth within the Enterprise Zone.
- The enhanced availability of business financing through the SBA promotes business growth and retention.
- Contribution projects are important in supporting specialized businesses and industries in the implementation of the economic development plan.
- Local government tax incentive programs will be reviewed on a case-by-case basis.

Economic Indicators:

Current demographic figures for the Arapahoe County Enterprise Zone are currently unavailable for the statistics requested by the State of Colorado – 1) Change in the unemployment rate in the Zone. 2) Change in per capita income in the Zone. 3) Change in 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.

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 2004:

Goal #1: Aggregate job expansion for Enterprise Zone beneficiaries to exceed 25 net new jobs over the previous year's total. Businesses reported a net increase of 143 employees on certification forms this year. The Arapahoe County Enterprise Zone meet the goal of exceeding 25 net new jobs within the zone by increasing the number of jobs reported in the previous year to 7,167 employees.

Goal #2: Annual growth in new investment in equipment to exceed 10 percent over the previous year's total. Investments qualifying for the Investment Tax Credit totaled \$17,136,209. This represents a decrease of 39 percent from 2003 investment levels. This goal was not met.

It is important to understand that some data may not reflect the actual level of investment within the zone because many businesses file amended tax returns. This could significantly skew the data.

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

- Slight increase in sales tax revenues for Sheridan. (actual percentage not reported)
- Increase in sales tax revenue Englewood .0015 %.
- Littleton Sales and Use Tax Revenues increased by 0.2% (un-audited figures) during 2004.

Based on the incomplete data provided by the municipalities, a full economic analysis is not available. The Arapahoe County Enterprise Zone did not meet the goal of increasing local sales tax revenues in 2004 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.

Statement of Marketing and Administrative Activities - 2004

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 locally distributed publications. Advertisements were placed quarterly in the Englewood Herald in a special business section focusing on local businesses. This paper is circulated to businesses located within the tri-city Enterprise Zone boundaries (Sheridan, Englewood, and Littleton).

To market zone benefits to new and expanding businesses, advertisements were placed in the Englewood Chamber's Directory and other 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.

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

During 2004, 7 contribution certifications for the House of Hope totaling \$4,650 in cash donations were processed. In 2004, the House of Hope served 176 homeless, including women and children. During the program years since being included as an enterprise zone contribution project, House of Hope provided safe shelter and job training services to the homeless.

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.

The City of Littleton has several development projects in the works in or near the Enterprise Zone, including the Denver Seminary's new campus, residential/office town home developments, the Littleton Recreation Center, the Littleton Historical Museum, a mixed use office-residential development, a new restaurant, site preparation of a former industrial property, and new auto-related retail center.

The City of Sheridan has completed a new Comprehensive Plan to guide new development and redevelopment in the City. One of the chief aims of the new Comprehensive Plan and the new Zoning Code is to encourage business development. The urban renewal project along South Santa Fe Drive is proceeding and the goal is to transform this area into a retail center with two or more large anchor stores plus numerous smaller retail businesses. Restaurants and a theater complex are also planned. Miller Weingarten has been selected as the developer.

The City of Englewood finalized its Economic Development Strategy during 2004. This document supports economic development activities for the next 3 to 5 years and creates specific strategies for economic development activities and initiatives in Englewood. The Arapahoe County Enterprise Zone is a critical component of Englewood's business retention and expansion strategies. Studies show that up to eighty percent (80%) of all job growth is created by existing firms.

Additionally, during 2004 Swedish Medical Center undertook a \$4.5 million expansion. Medical businesses comprise approximately 15 percent of the total employment in Englewood. These jobs pay above average wages for the community and are considered primary jobs. The Arapahoe County Enterprise Zone includes Englewood's medical campus.

Denver Enterprise Zone

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

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

1. Job creation and retention:

According to the data we collected from the 2004 Enterprise Zone Certification forms, our enterprise zone gained 871 jobs. However, according to the Bureau of Labor Statistics for June of 2004, Denver County had lost 1300 jobs. Denver will continue to follow the aggressive strategies outlined in their Zone marketing plan to recruit and retain business.

HIGHLIGHTS:

- BEHR Paint Distribution announced their plans to build a distribution plant in the Stapleton Business Park. The new distribution center will employ 70 employees in the beginning of 2005.
- Denver's Office of Economic Development worked to retain and grow National Printing, an Enterprise Zone company. The printing company will retain its 45 employees and plans to increase their employment by 30 employees in the third quarter of 2005.
- The State of Colorado's Economic Development Commission approved Denver's request to include the Colfax corridor from York Street to Yosemite Street. The inclusion into the zone will help revitalize this urban corridor and bring in new jobs.
- National Jewish Hospital announced an expansion at their current location within the Enterprise Zone. The expansion was certified as a zone community development project and it will create an estimated 100 new jobs.
- Denver Health announced an expansion project that will create an estimated 60 new positions. This expansion was certified as a zone community development project.
- Bonfils' Blood Center announced an expansion of their Enterprise Zone facility at Lowry. The expansion will create an estimated 200 jobs and it was approved a zone project.
- The Denver Office Economic Development's loan program created 235 jobs through investments in small Denver zone businesses.
- Denver Enterprise Zone Certified non-profits provided technical assistance and counseling to 820 businesses within the zone.
- Our workforce development offices operating in the zone areas held over 157,000 appointments counseling citizens looking for employment opportunities or career advancements.

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

Denver enterprise zone residents have lower per capita incomes and higher levels of poverty than other neighborhoods in Denver. A priority of the Denver Office of Economic Development is attracting and retaining high wage jobs and improving the overall economic, workforce and community development activity in the zone.

At the same time, Denver Enterprise Zone non-profit organizations have been working hard to increase the income levels of zone residents and decrease the number of homeless citizens. Our shelters served 15,704 homeless men, women and children in 2004. This an increase of 3,535 homeless served from the 2003 number of 12,169. The number of homeless trained for jobs was 5,130. (Please see Non-Profit section of this report to view the statistics from the enterprise certified non- profits organizations.)

HIGHLIGHTS:

- Denver's Mayor John Hickenlooper created a commission to study the homeless situation in Denver and develop a comprehensive plan to end it.
- The Denver Workforce Development Centers trained 6,894 people with basic business courses to assist them in career advancement or job placement.

- Mile High United Way in conjunction with St. Charles Town and Company and Warren Village, started construction on 23 new low cost residential units. These units will offer a bridge between transitional housing and permanent housing.
- Mercy Housing is developing 68 low-income apartment homes at Stapleton opening in early 2005.
- Montbello Volunteers of America Senior Housing project will provide 79 units of affordable elderly housing in the zone.

3. Capture loss of retail dollars:

In 2004, the Denver Enterprise Zone made significant strides to increase retail services in the zone. The Stapleton Town Center and Lowry Town Center continued to have success in attracting retailers to their developments.

HIGHLIGHTS:

- Denver's Office of Economic Development in partnership with the Denver Urban Renewal Authority completed a study looking at retail uses for Dahlia Square. In 2005, Denver plans to clean the site and prepare it for redevelopment.
- Bass Pro announced its intention to be an anchor of 1.1 million square feet of retail space, which will be under construction in 2004 north of I-70.
- Target announced that it will open a store in Stapleton's Northfield Shopping Center.

4. Capital Investment:

For the 2004 year Enterprise Zone certifications filed with our office reported the following in regard to capital investment:

- Total capital investment in the Zone was \$175 million
- Total ITC investment in the Zone was \$ 118 million

HIGHLIGHTS:

- Denver's Office of Economic Development's small loan program loaned over \$6 million dollars in gap financing to Enterprise Zone businesses. This financing leveraged over \$20 million dollars in private financing for the zone.
- Johnson and Whales University announced plans to partner with Sage Hospitality to renovate an old dorm facility that has been vacant for over three years. The renovation will result in a hotel that will be used to train students in the hospitality sector.

Conclusion:

Overall, the Denver Enterprise Zone was able to generate new jobs in 2004. Areas such as Stapleton and Lowry expanded, adding jobs and capital investment. Other areas of the Enterprise Zone continued to be challenged, but the benefits of the program enhanced economic activity in each area served.

East Central Enterprise Zone

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

Minimal progress was made in 2004 towards meeting the business development objectives of the East Central Enterprise Zone. The total 2003 non-residential assessed valuation of the zone actually decreased \$8,000,000 from 2002, but this was due principally to another \$7,000,000 decrease in oil and gas valuation in Cheyenne County (which had increased \$17,000,000 between 2000 and 2001). Though the region's 1993 non-residential assessed valuation was attained by 2000 (Enterprise Zone Goal "A": Attain the East Central Enterprise Zone's 1993 non-residential assessed valuation [\$192,923,271] by 2000 and increase that non-residential assessed valuation by a minimum of 10% for a minimum of 4 consecutive years) and was on target to increase 10% each year, the set-back in oil and gas valuation has made that goal difficult to meet within the proposed time period. (Valuation measurements are based on the assessed value of the year preceding the program year, as the program year valuation is not set until the end of that year)

Total commercial valuation within the region increased again between 2002 and 2003. An increase in 2003 industrial valuation did not occur, but rather decreased \$750,000 due to a decrease in evaluation of the helium plant in Cheyenne County. Existing businesses throughout the region struggled "less" during calendar year 2004 as the on-going drought lessened resulting in a less depressed local agricultural economy. The wheat crop was extremely poor but fall crops (corn, sunflowers, etc.) were good for the first time in five years. An overall "brighter" and more economically viable 2005 cannot be predicted at this time. Commodity prices are quite low and the drought continues at this time. Once again, the winter wheat that was planted last fall is threatened by the lack of moisture and this same lack of moisture is already causing concern for the planting of spring crops. Oil and gas valuation may increase due to demand and there are signs of slight recovery in retail and travel related businesses within the four counties.

The Enterprise Zone continued to target economic development efforts in calendar year 2004 towards promoting the region as ideal for expansion of existing businesses or industries. The marketing campaign and logo that were finalized in 2001 were further expanded. Four full-color inserts highlighting economic development opportunities (one for each of the four counties) have been developed to enable the regional economic development brochure to be customized for specialized use by each county. PDC's economic development web page, www.prairiedevelopment.com was again expanded and modified in 2004. Linkages are continually developed with all chambers, lending institutions, schools, real estate offices, chambers, towns and counties within the region (that have web sites). Linkages are also maintained with the State Office of Economic Development. The PDC site had a high of 2560 hits in March and a low of 1480 in June. Total visits to the regional economic development web site in 2004 exceeded 25,000. This was slightly higher than the 24,787 hits in 2003. 2003 was two and one-half times greater than in 2002. Visits in 2004 could be significantly greater than the 25,000 that were actually documented. Statistics were not available for January (web master/host was changed during the first part of 2004), and the data is being collected slightly differently than before. However, PDC was most pleased with the number of visits as new print ads in 2004 promoting the web site were limited to the purchase of a half page display ad in the latest version of the state economic development publication, *Colorado Edge*.

A power point presentation on the Prairie Development Corporation's various economic development incentives is available to businesses within the four-county region and is also being used with local chambers of commerce and banks. Prairie Development worked with the Odyssey Media Group during late 2003 to produce a five to seven minute video on the four county area that was released in 2004 as part of a production entitled *Business Odyssey*.

The PDC segment was also produced in video and DVD version so it could be used to promote the area. It was aired on National Television as part of the total program in May.

An extensive Heritage Tourism project was expanded during the past year. An 18-panel brochure entitled *Our Journey* depicting the history, historic sites and museums within the four county region was developed and printed in early 2004. Five inserts, each describing/promoting a selected museum, sites attraction, etc. are almost completed and will be printed during the next few weeks. ECCOG staff has been working with all of the sites in developing the inserts and in putting together final plans to market those museums and attractions that are open to the public as a single "tour" where all can be visited with a single pass. An extensive Heritage Tourism print ad campaign for the summer of 2005 has been finalized. These ads will target individuals and families living in the front-range communities. An *Our Journey* web site is also being developed and will be on line prior to Memorial Day of 2005. Heritage Tourism could contribute much to the overall economic development of the region and there are plans to continue expansion of the campaign into 2006.

Efforts to market the existence of the Enterprise Zone in Elbert County to those businesses, farms, and ranches within the zone boundaries were continued in 2004. Policies were adopted by ECCOG in 2003 to be able to respond to any requests for information on enterprise zone certifications under the Open Records Law. One such request was received (*The Denver Post*) in 2004.

During 2005, the East Central Council of Governments and The Prairie Development Corporation will be reviewing the Enterprise Zone Plan for Elbert, Lincoln, Kit Carson and Cheyenne Counties to determine if any modifications or additions are necessary.

El Paso County Enterprise Zone

During 2004, the El Paso County Enterprise Zone continued to help achieve progress towards its goals and objectives as a major component in the economic development of the County, the City of Colorado Springs, and the smaller cities of Manitou Springs, Fountain and the eastern rural towns and unincorporated areas. Unfortunately, in today's economy, not many incentives remain to help attract or retain companies, due to a variety of reasons, mostly financial. The incentives to a company, however small, afforded by the El Paso County Enterprise Zone, are nevertheless helpful in sometimes making the difference in the decision to locate, remain, or expand here. At the very least, these incentives convey the important message that the County and the State of Colorado give weight to the well-being of companies within the Enterprise Zone.

The results of marketing the Enterprise Zone through various means, such as the County's web site, brochures and maps, presentations and speeches and with the collaboration of the area's economic development partners has shown itself in the number of new certifications being submitted to the Zone Administrator. First-time taxpayers/companies requesting certification during 2004 numbered 113. Total certifications exceed 347 for 2004.

Newspaper articles were successfully solicited and appeared on the front pages of local business publications. Television reports were aired and all of these resulted in immediate positive feedback.

EL PASO COUNTY ENTERPRISE ZONE GOALS AND STRATEGIES

The El Paso County Enterprise Zone plays a pivotal role in El Paso County's overall economic development strategy. Enterprise Zone benefits are among the most effective tools available to retain, expand, and attract primary industry in the selected group of targeted industry clusters and economic functions. As today's economy becomes more and more competitive for employers, their decisions to locate or even remain in an area involve maximizing their profits, including minimizing taxes. Successful economic development tools must include methods of rewarding an employer's investment and not taxing that investment.

Therefore, the goals of the El Paso County Enterprise Zone are:

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

As investment increases, jobs are created, income is generated, those who are earning the income pay new taxes, and the burden on government is reduced. Distressed areas and populations such as homeless persons, given financial empowerment, become more self-sufficient, more productive and less dependent upon government services. Only primary jobs, by definition, can bring in new revenue from outside El Paso County and the State of Colorado and serve as the catalyst for these improvements.

To achieve the above goals, the following strategies will be used:

1. Define Enterprise Zone boundaries to include the maximum number of primary employers in order to maximize the availability of incentives, which help primary employers continue to locate and expand their operations.
2. Provide job opportunities for people who live in Enterprise Zone qualified distressed areas, including homeless populations.
3. As a result of #1 and #2, import payroll and other income into the County, and to distressed areas.
4. Encourage income injections into distressed areas through contributions and community development activities in order to be the catalyst for revitalization through neighborhood retail and service growth and residential revitalization, thus further reducing distress.

MEASURABLE ENTERPRISE ZONE OBJECTIVES

Four objectives have been developed to measure success of the Enterprise Zone on the regional economy and distressed areas within El Paso County. They are as follows:

OBJECTIVE 1: Strive for diversity in the El Paso County economic base. In order to diversify the El Paso County economy and not remain overly reliant upon the Defense industry, for example, more sectors need to be the target of attraction as well as growth from existing companies. Manufacturing, software development, medical, research and development, and telecommunications are the main targets, while customer service and non-profit sectors fill an important component of the economic base.

The Defense industry was 50% of the County’s economic base in 1996. In 2004, it is 33.2%. This is an improvement towards our goal.

| | 2002 | 2003 | 2004 |
|--------------------------------|------------------|----------------|----------------|
| Total Primary Employees | 114,291 (100.0%) | 115,729 (100%) | 118,005 (100%) |
| Non-Defense Industry Employees | 84,095 (73.6%) | 82,615 (71.4%) | 78,884 (66.8%) |
| Defense Industry Employees | 30,196 (26.4%) | 33,114 (28.6%) | 39,121 (33.2%) |

(Source: Primary Employers Data Base. Greater Colorado Springs Economic Development Corporation. February 2005)

OBJECTIVE 2: Increase the manufacturing sector's share of total nonagricultural wage and salary employment to what it was in 1995 (12.5%). This is due to manufacturing’s greater positive impact through the multiplier effect on the economy. As greater numbers of manufacturing jobs are inescapably being relocated overseas, this measure may include other primary industry components in future years.

In 2004, the manufacturing sector’s share of the total nonagricultural wage and salary employment was 8.4%. This is not progress towards our goal.

| | 2001 | 2002 | 2003 | 2004 |
|--|-------------|-------------|-------------|-------------|
| Total Nonagricultural Wage & Salary Employment | 240,911 | 244,300 | 237,308 | 236,778 |
| Total Manufacturing Wage & Salary Employment | 24,926 | 25,700 | 21,218 | 19,787 |
| Manufacturing Sector’s Percent of Total | 10.3% | 9.5% | 8.9% | 8.4% |

(Source: Colorado Department of Labor and Employment, Labor Market Information. February 2005.)

OBJECTIVE 3: Increase the per capita median income by encouraging the creation of higher paying jobs.

In 2002 and 2003, the per capita income was \$29,594 and \$30,226, respectively. In 2004, it was \$34,788. This is an improvement towards our goal.

(Source: Colorado Department of Local Affairs. Housing by Income, Region 4. February 2005)

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

In 1999, employment was at 234,600, an increase of 10,500 jobs from 1998. In 2003, the total nonagricultural wage and salary employment was 237,308 a decrease of 6,992 jobs from 2002, and the same level of employment as the year 2000. In 2004, the number was 236,778. This goal has not been accomplished this year. However, the lay-off of 4,761 primary jobs in 2001, 3,372 primary jobs in 2002 and 661 primary jobs in 2003 will, by definition, have resounding effects throughout the economy. The deployment of troops from Fort Carson to Iraq continues to impart negative economic consequences to the County’s economy.

Total Nonagricultural Wage & Salary Employment

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 234,600 | 237,740 | 240,911 | 244,300 | 237,308 | 236,778 |

(Source: Colorado Department of Labor and Employment, Labor Market Information. February 2005.)

EFFORTS TO IMPROVE CONDITIONS

The El Paso County Enterprise Zone created a web site in 1997 that continues to be reviewed and updated on an ongoing basis. The web site includes detailed information on claiming tax credits, links to the State's web sites, maps, contribution projects, the credits available, and how to file for credits. Brochures that summarize the El Paso County Enterprise Zone are combined with maps and Department of Revenue "FYI" information on the tax credits available in El Paso County. Administrative support to the Enterprise Zone continues to: provide responses to Zone inquiries by phone, e-mail, fax, and mail; conduct targeted mailings to Zone businesses and CPAs; manage contribution projects and reporting; process Zone contributions; and prepare required reports throughout the year. In addition, presentations on the Enterprise Zone are prepared and given to local business groups, taxpayers, new company prospects, the media and political leaders.

The Colorado Springs Greater Economic Development Corporation's and the Manitou Springs Economic Development Council's marketing programs specifically address the availability of the El Paso County Enterprise Zone and its benefits for employers. Every prospect receiving information is informed of the benefits of the El Paso County Enterprise Zone. Both EDCs' results include improved performance in the attraction and, to the extent applicable, the expansion and retention of primary employers, and improvements in the County's business and employment opportunities, particularly within the El Paso County Enterprise Zone. The Colorado Springs EDC reports 97 new prospects, 71 of which were in the targeted clusters mentioned earlier.

Another Enterprise Zone marketing partner, the Colorado Springs Convention & Visitors Bureau, reports approximately \$365 million in destination spending, up from nearly \$356 million in 2003. This spending represents the results of aggressive marketing through advertising media, sales solicitation at national travel/trade shows, direct mail campaigns, and site visits. In addition to the taxes generated by the State and the local governments, many of the facilities in the Enterprise Zone benefit from this spending, not to mention the over 7,000 employees in the travel business here in the County.

The El Paso County Enterprise Zone partners with several homeless assistance programs as contribution projects that operate within the El Paso County Enterprise Zone. These contribution projects provide transitional housing programs and services for homeless persons in the El Paso County Enterprise Zone.

The Downtown Partnership, another El Paso County Enterprise Zone contribution project, markets and promotes the downtown Colorado Springs area. Such activity includes ensuring that buildings, available space, and land in the downtown area are placed in the highest and best use. The results have included broader public awareness of downtown amenities, improved leasing of downtown office space, greater public appreciation of the history surrounding downtown, and increased traffic to downtown restaurants and shops, with correlative increases in state and local sales tax revenues and employment opportunities.

The Penrose Hospital Expansion is one of our most recently added contribution projects. Penrose's ability to effectively contribute to the community's economic infrastructure depends on its ability to provide state-of-the-art medical treatment for the most critical health concerns.

Greeley/Weld Enterprise Zone

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

LONGTERM GOAL

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

2004 Update: (This is a long-term goal and measurable with each new census).

Based upon detailed 2000 Census information, an EZ boundary re-certification was completed and approved by the Colorado Economic Development Commission in 2003. Five sub-zone communities met the above goal and were removed from the zone. Nine existing EZ community boundaries were modified slightly, and seven new qualifying communities/areas were added. All of these communities/areas now met or continued to meet state distress criteria, and had not met the above stated goal. Marketing these updated boundary changes continued to be a priority in 2004. Based on these boundary changes we have modified the below annual objectives.

(Source: 2000 Census)

ANNUAL OBJECTIVES

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

2004 Update: In 2004, EDAP worked with 15 new and existing companies that created or announced plans to create 307 new jobs. Nine of these companies were located or planned to locate within the zone, creating 221 (72%) of the new jobs. However, offsetting this job growth was the announcement by Swift & Company, a major employer located within the zone, that they would be reducing their employment by 800. It's important to note that all new employment opportunities, including jobs outside of the zone boundaries can benefit EZ residents by offering increased employment opportunities in the area, which was critical in light of the Swift reduction. This new employment opportunity objective was met, however, was not strong enough to offset the Swift reduction. (Source: EDAP 2004 Industry Activity Report – Attachment B.)

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

2004 Update: In 2004, the 15 new and existing companies that EDAP worked with invested, or announced plans to invest, a total of \$151.30 million into the Weld economy. The investment of the nine projects located within the EZ boundaries totaled approximately \$102 million, or 67% of the total investment, which meets this objective. However, while this new capital investment is extremely beneficial, it will not completely offset the financial impact of the Swift reduction. (Source: EDAP 2004 Industry Activity Report – Attachment B.)

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

2004 Update: In 2000, the Weld average wage for all industries was \$29,250, increasing by 7.71% to \$31,564 in 2004 (based on a simple average for the first and second quarter annualized data). Attachment C shows Weld and Colorado average annual wages from 1990 to 2004, as well as growth indices (2000=100). Trends in annual wage growth for Weld and Colorado are up through 2003; however this growth stagnates for Weld in the first half of 2004. The downturn is slight and believed to be attributed to the availability of first and second quarter data only, and is not of great economic concern at this time. What is of concern is the slowing of wage growth occurring for all industries for both the county and state. Colorado experienced an annual growth in wages for all industries of 2.45% between 2002 and 2003, but only a 1.2% growth between 2003 and 2004. Weld experienced a growth of 1.84% between 2002 and 2003, but lost ground with a wage decline of .03% between 2003 and 2004. As above, it is expected the latter growth rates will be higher when data for all four quarters of 2004 is analyzed; however it is not realistic to see a correction large enough to reach or surpass the growth levels of the previous year. As a percent of Colorado wages, Weld wages decreased from 81% to 80%, showing that the growth rate in wages for Colorado

surpassed the Weld growth rate for the second year in a row. The decreased wage growth rate for Weld was more centered in the private sector than in the governmental sector, but both experienced significantly lower growth than the state. Looking at the trend comparison of Weld as a percent of Colorado from 1990 through 2004, one can certainly identify cause for concern and continued efforts to attract/retain higher wage employers into Weld. While this objective has not yet been met, the 2003 announcement that Owen-Illinois will build a 150 employee, glass bottling plant in Weld is a step in the right direction. As a union facility, company wage rates will be above average when operational in 2005.

(Source: CO Department of Labor– Average Annual Wage Analysis by UNC Economics Depart. - Attachment C)

ANNUAL ACTIVITIES

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

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

2004 Update: In 2004, through our on-going business retention/expansion program (BR&E), EDAP contacted 116 existing Weld employers, of which 59 were doing business within the EZ boundaries, meeting this contact objective. In addition, 64 companies (31 located within the EZ) indicated plans to expand. With each company we discussed the opportunities of doing business in Weld, the EZ (if applicable), concerns, possible expansions, and offered our agency assistance. (Source: EDAP 2004 Greeley/Weld Business Retention/Expansion Report – Attachment D)

2. Annually identify and work with at least 50 potential new primary sector employers specifically interested in locating to the EZ.

2004 Update: Through our prospecting efforts during the year, EDAP had contact with 106 company leads looking at a Weld location. Based on their location requirements, 76 were interested in an EZ location, meeting this activity objective. Detailed EZ information, along with a variety of community/county information was provided to each company. Several announced location plans and several more continue to be active prospects. (Source: EDAP 2004 Primary Sector Prospect Report – Attachment E)

3. Provide in-depth financial assistance to at least 3 industrial, commercial or retail companies located within the EZ boundaries. Determine their interest/eligibility in EDAP administered loan programs.

2004 Update: In 2004, EDAP staff had contact with 30 companies needing financial assistance. Three of these companies were given a loan through either the Weld/Larimer Revolving Loan Fund or Greeley Community Development Loan Program. Of the three, one was located in the EZ, which falls short of this objective. We loaned a total of \$300,000 (\$125,000 within the EZ) to the three companies. (Source: EDAP 2004 Loan Program Summary – Attachment F)

4. Annually distribute EZ/community information to at least 200 area businesses, prospective companies looking at the area, accountants, bankers, community leaders, etc., in an effort to market the benefits of the EZ and a Greeley/Weld location.

2004 Update: EDAP provided information to over 350 telephone, e-mail, walk-in and mail requests regarding business location information, demographics, EZ, loan programs, etc. In addition, our web site, which has detailed EZ information, has proven to be a critical first source of information and is updated annually. This objective was met. (Source: EDAP)

5. In an effort to attract companies within targeted industry sectors that pay higher wages; annually complete three targeted outreach efforts marketing the opportunities of doing business in the EZ and Greeley/Weld.

2004 Update: Based on a targeted industry analysis completed in 2001, EDAP staff attended the following trade shows in 2004: National Association of Manufacturers, Food Processing Machinery Expo and the National Business Aviation Association show. Available, large buildings located within the EZ were also advertised to corporate site selectors through Area Development Magazine. Through these activities, staff responded to numerous trade show and advertising leads, as documented in various attached reports. This objective was met. (Source: EDAP)

Jefferson County Enterprise Zone

The Jefferson County (Jeffco) Enterprise Zone includes parts of unincorporated Jeffco and areas in Arvada, Golden, Lakewood, Wheat Ridge, and an area of West Colfax west of Federal Boulevard in Denver. Through this program since 1991, Jeffco companies have invested more than **\$600 million** in capital investment, created over **6,000** new jobs within the zone, and companies reported more than **\$24 million** in state income tax credits.

2004 Enterprise Zone – Major Success Stories & Overview

Numbers

- 118 EZ Certifications
- 772 New Jobs (versus -152 in 2003)
- \$19.5 Million Capital Investment
- \$772,157 in Tax Credits for Jeffco Companies

Contribution Projects

Administered 11 Non-Profit EZ Contribution Projects (2 New Projects)

Marketing Outreach Program

- First Enterprise Zone Business Seminar
- Mailed out 400 Brochures to EZ Companies
- On-Line Website Address Searching
- 25 New Companies Taking Credits
- Redesign of Website & Enterprise Zone Section

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

| Year | # of Certifications | New Capital Investment | New Jobs | Tax Credits Reported |
|------|---------------------|------------------------|--------------|----------------------|
| 2004 | 118 | \$19,591,674 | 762 | \$772,157 |
| 2003 | 124 | \$73,507,167 | -153 | 1,004,797 |
| 2002 | 115 | \$114,645,889 | 123 | \$3,928,229 |
| 2001 | 126 | \$85,847,909 | 1,061 | \$2,446,374 |
| 2000 | 128 | \$66,455,124 | 316 | \$1,965,828 |
| 1999 | 141 | \$50,267,728 | 771 | \$1,522,917 |
| | 752 | \$410,315,491 | 2,880 | \$11,640,302 |

In the metro Denver area we have lost 69,000 jobs over the past three years. Recent figures reported by the Colorado Department of Labor and Employment reflected only a net gain of approximately 700 net new jobs in the metro area in 2004.

Therefore, to report new employment of **762 new jobs** in the Jeffco Enterprise Zone area's is a very positive sign that companies are hiring again. In 2004, Jeffco's Enterprise Zone experienced the largest new job growth reported since 2001 and the second largest gain over the past six years.

Metro Denver Net New Jobs



Source: Colorado Department of Labor & Employment

2004 Goals & Objectives

Business Development & Job Creation Objectives

The following goals were established for all areas within the Jefferson County Enterprise Zone in the *2004 Plan Objectives for the Jefferson County Enterprise Zone*:

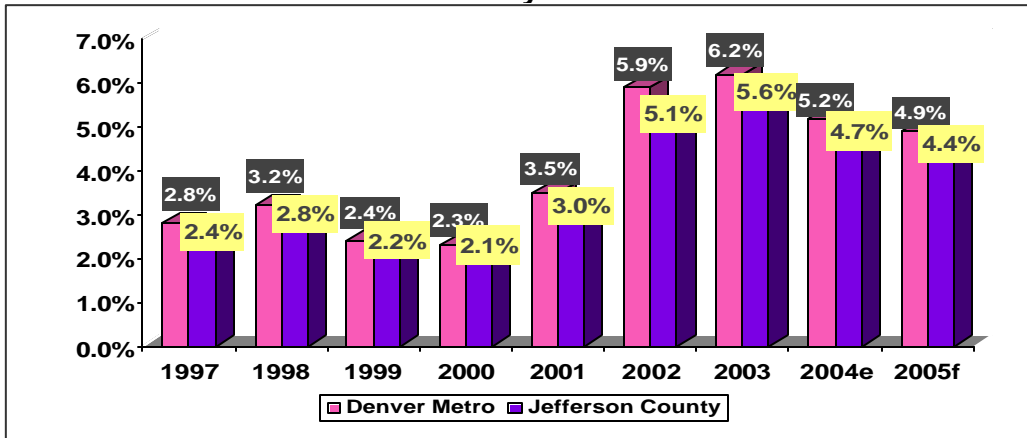
Goal 1: Maintain or increase the rate of investment in capital equipment in the enterprise zone, as evidenced through the use of the *Investment Tax Credit*.

- Outcome: Even though actual certifications filed were relatively static in 2004, unfortunately company's investing in new capital was the lowest reported over the past six years (\$54 million less than the previous year). Additionally, this resulted in the lowest overall tax credits reported by Jeffco companies since 1999. However, since the majority of the certifications were based on 2002 and 2003 tax years, this can be attributed to the overall recession, and companies not purchasing and making major capital investments due to lagging sales and the downturn in the economy. Goal Not Met
- New Goal for 2005 to Improve: It will be a goal to increase capital investment and ITC credits by 10% over the 2004 numbers.

Goal 2: Continue to maintain the low unemployment rate in the target census tracts with a goal to reduce the country average of 2.3% by 2004 (this was a four year goal).

- Outcome: This goal was unachievable due to the record number of companies that reduced or eliminated jobs in Jeffco and the metro Denver area. Including the closure of Rocky Flats, where more than 1,200 people lost their jobs in Jeffco in the last 18 months, with an additional 1,000 people to loose their jobs in 2005. However, Jeffco over the past six years continues to have lower unemployment rates than the state and metro Denver area, and has is the second lowest to Douglas county. Goal Not Met – New Goal is being set for 2005 and to be reviewed annually.

Jefferson County Labor Force =



Sources: DRP Presentation; - U.S. Dept. of Labor; CO Dept. of Labor & Employment

- New Goal for 2005 to Improve: Hopefully, we are on the upswing in our economy and will begin to see gradual job growth, and lower unemployment rates. It will be the goal to reduce the unemployment rate to 4.0% or lower in 2005, and a new goal will be set annually.

Goal 3: Increase or maintain per capita income in the target census tracts to the county-wide average per capita income of \$36,194 by 2004.

- Outcome: A major economic indicator that has a positive impact on Jeffco is the consistent increases in average salaries and per capita income. Jeffco over the past five years has successfully improved the average wages of its citizens by \$4,658. (Note: 2004 numbers unavailable by CDEL). As you can see by the below chart, Jeffco's average wages have continued to increase incrementally annually. Goal Met

Jeffco Per Capita Income

| Year | Per Capita Income |
|-------------|-------------------|
| 2003 & 2004 | N/A |
| 2002 | \$38,600 |
| 2001 | \$39,149 |
| 2000 | \$38,239 |
| 1999 | \$34,503 |

Source: www.bea.doc.gov

Jeffco Average Wages

| Year | Adams | Arapahoe | Boulder | Broomfield | Denver | Jeffco | Douglas | Metro |
|------|--------|----------|---------|------------|--------|--------|---------|--------|
| 2003 | 35,828 | 47,268 | 45,552 | 49,971 | 45,864 | 39,052 | 36,140 | 42,351 |
| 2002 | 35,048 | 45,760 | 44,044 | 49,192 | 44,616 | 38,168 | 35,360 | 42,131 |
| 2001 | 34,752 | 44,998 | 44,309 | N/A | 46,134 | 37,804 | 35,366 | 42,351 |
| 2000 | 33,427 | 46,254 | 45,562 | N/A | 44,343 | 36,194 | 32,698 | 41,414 |
| 1999 | 31,889 | 42,899 | 40,001 | N/A | 39,730 | 34,394 | 29,917 | 38,153 |

Source: Colorado Department of Labor and Employment

- **New Goal for 2005 to Improve:** The goal for 2005 is to increase the average wages by 3% over the 2003 figure.

Goal 4: Create job opportunities in Jefferson County that are accessible to the lower wage population groups.

- Outcome: It is our goal to create employment opportunities in the higher unemployment areas first, and then to ultimately increase wage levels throughout the area. We therefore will promote the creation of jobs located in Jeffco's Enterprise Zone. In 2004, JEC worked closely with its partners, including the Tri-County Workforce Center to target companies located in the Enterprise Zone areas specifically for job opportunities. Goal Met
- New Goal for 2005 to Improve: Continue to evaluate information gained from Enterprise Zone companies reporting increases in employment, and market the advantages of the Tri-County Workforce Center's services and programs to match employment opportunities and increase wage levels.

2004 Implementation of Enterprise Zone Plan

Efforts to achieve the above goals were implemented through the following activities:

1. **EZ marketing brochure**—JEC mailed more than 400 brochures out to companies located in the Enterprise Zone. Additionally, brochures are given prospects, brokers, CPA's, and accountants, and our local governments and partners to market the Enterprise Zone.
2. **JEC website additions**—Implemented a GIS database allowing companies, CPA's, accountants, etc. to automatically determine if an address falls in the Enterprise Zone.
3. **Redesign of website**—Did a complete redesign and update of the JEC web site (www.jeffco.org), that includes an entire section on Enterprise Zone to include:
 - Address Search
 - Maps (all were redone)
 - Enterprise Zone Brochure
 - Tax Credits
 - Forms
 - Contribution Projects
 - Contact Information
4. **Broker/developer outreach**—JEC hosted two events targeting the brokerage community. JEC staff also personally met with various brokers and developers. JEC staff and the corresponding cities track available real estate within the enterprise zone and respond to appropriate inquiries.
5. **Target Marketing Efforts**—The Enterprise Zone is used to market the advantages of locating or expanding a business in Jeffco. Materials were utilized to market the Enterprise Zone following target marketing efforts:
 - 21 Target Industry Tradeshows, Industry Functions & Events
 - 19 Target Industry/Trade Memberships & Associations
 - *New:*
 - 5 New Target Industry Marketing Materials
 - U.S. World Energy Congress—(Invited Jeffco companies)
 - SPIE Show
 - Life Sciences Industry Roundtable
 - Jeffco Energy Symposium
 - Jefferson County Business Forum (Aerospace)
 - Images Magazine
 - Prospect Marketing & Promotion Materials
6. **EZ seminar**—Held first Enterprise Zone business forum to educate Enterprise Zone companies on the credits and programs.

7. **Redevelopment Plan**—A redevelopment plan was completed by the Colorado Brownfields Foundation, which identified opportunities in Jeffco and especially parcels in the enterprise zones that are ripe for redevelopment.

Specific Business Development and Job Creation Objectives

In addition to the above stated goals, each municipality has specific goals and objectives for specific redevelopment areas within the Enterprise zone. The Jefferson County Zone Administrator works closely with each of the municipalities to help achieve these redevelopment goals and objectives.

1. Kmart properties and surrounding areas along W. Colfax (*Census Tract 114.00—continued work on improved infrastructure*)
2. Lakewood Industrial Park (*Census Tract 109.02—continued work on improved infrastructure*)
3. Belmar (formally Villa Italia Mall) (Census Tract 118.01) and the West Alameda Corridor—*demolition and continued work on infrastructure*
4. Jolly Rancher/Hershey Chocolate Confectionery Company (*Census Tracts 103.08, 104.02 & 98.05*) and the *I-70 Frontage Road Corridor—marketing efforts to attract new users to the facility*
5. Downtown Golden Revitalization (Census Tract 100.89) —*marketing efforts to attract new businesses to occupy vacant space*

Conclusion

The Jefferson County Enterprise Zone is an important tool to assist local economic developers with attraction, expansion and retention of employers. Unfortunately, we did not achieve our capital investment and unemployment rate goals and objectives as stated in the enterprise zone plan due to the dramatic downturn in the economy. Revitalization of distressed areas is still a high priority and we will continue to market the enterprise zone program to assist in these efforts.

Larimer County Enterprise Zone

This report is a review of the current status of employment and business establishments in Larimer County (available data is for 2003). It compares this status with the goals that are the priority for the Larimer County Enterprise Zone. That is, the achievement of self-sufficient wages for individuals working in the Enterprise Zone and a relative increase in the number of establishments in the Zone. A variety of activities are used to measure this specific goal.

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

1. The average wages for individuals who work in each industry in Larimer County was determined from County Business Patterns for the most recently published year (currently this is 2001). Since the 2002 County Business Patterns has not yet been published, we had to use data based on Unemployment Insurance (UI) tax reports. This was available for the annual averages of 2003. The average wage for the United States was \$36,764 and for Larimer County was \$34,788.

2. The number of individuals who work in the Enterprise Zone will be estimated. This estimate will be based on the Info-USA database. The number of private employers in Larimer County in 2003 totals 8,947. This is a net increase of 787 establishments (9.6%) since our last report based upon a total of 8,160 (from 2001 data). This is also a 73.0% increase from 1990, when the total was 5,226. Thus, there has been an increase in employers in Larimer County since 1990. This total of employers accounts for 98,318 private sector employees.

The goal of generating a 20% increase in the number of business establishments in the Enterprise Zone would total 697 new private employers. The total for 2003 (this includes 1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003) was an increase of 672 additional employers. Thus, in the eight years we have basically achieved over 90% of our goal. This also represents more than 18% of all the business growth in Larimer County between 1995 and 2003. This is an actual decrease in the number of new employers during the last two years (the first time this has occurred since these goals were established), but which could be expected given the economic conditions in Colorado during that same period of time.

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 1,809, or an increase of more than 16%. In 2003, the estimate of total individuals working in the zone would now total 12,706. 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 rate 75% as fast as Larimer County as a whole. Thus, the conditions that are anticipated to result in continuing decline in the Enterprise Zone areas have not only been mitigated but have created a platform for revitalization.

3. Numbers of individuals working in the Enterprise Zone will be assigned to an industry. If an employer is designated in more than one industry, the higher paying industry will be assigned.

4. Although we had planned to determine the national average wage based upon Census data (County Business Patterns/only private employment), this data is only available through 2001. Therefore, the data we are forced to use is based upon projections. Using this data, the national average wage for 2002 was \$35,560. It is obvious that the \$36,764 national average based upon Quarterly Census of Employment and Wages 2002 is a very different set of data than the 2002 data we are using. Not only does the data we are using exclude issues associated with "other compensation" (such as bonuses, tips, etc), but includes government.

5. Industries paying more than the national average wage will be selected (Manufacturing, Construction, Public Utilities and Transportation, Wholesale Trade, Information, Finance and Insurance, Scientific Technical, Management and Auxiliaries and Education and Health Services). These represent only 18% of the employers in the Enterprise Zone in 2003.

6. Obviously, when only 18% 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 2003 was \$35,560. The average wage for the Enterprise Zone has improved and is now estimated at \$26,700. This is only 72.6% of the national average. However this is a marked increase (13.3%) since the Enterprise Zone was established.

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

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

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

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

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

Healthcare assistance permits and encourages entry level workers to continue to succeed in the labor market. In addition, with the introduction of healthcare clinics in the Enterprise Zone areas through the Contribution Tax Credits, we have been able to generate a significant cluster of healthcare employers. Currently, we have 264 individuals working in the healthcare industry in the Enterprise Zones. This is about a 1,010% increase in this industry previous to these efforts. (Please see the hard copy* attachment to this report that describes a capital campaign being conducted by the Fort Collins Salud Family Health Center (formerly the Fort Collins Children's Clinic. The success of this campaign may very well be determined by the added incentive of the Enterprise Zone Contribution Tax Credit, as was the case in the middle to late 1990's with the Loveland Health Care Clinic and the fundraising accomplished by the McKee Foundation with the incentive of the Enterprise Zone tax credit.)

B. The efforts associated with employment and training services are significant in Larimer County. We have been able to place about 10% of the 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, the Boys and Girls Club, and the Education and Life Training Center.

D. The relationship between the economic development efforts and the Enterprise Zone efforts: As with any economic development effort, be it workforce development or other activities such as marketing the Enterprise Zone Business tax credits to attract business to an area or to make it attractive for business to expand, it is difficult to pinpoint whether these efforts, if successful, were the mitigating factors. One can also argue the question of whether the originally designated areas in Larimer County (and in other Enterprise Zones) are still "economically distressed." While the geography may no longer be economically distressed, the linkage in Larimer County between the Enterprise Zone administration and the Workforce Center gives us proof, everyday, that there are still residents in this county who are economically distressed. (Please see the hard copy* attachment from the Northern Colorado Economic Development Corporation that describes their comprehensive capital campaign to expand the local economy by nearly 10,000 new jobs by 2010. Again, the success of this campaign may very well be determined by the added incentive of the Enterprise Zone Contribution Tax Credit.)

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

Mesa County Enterprise Zone

Goal #1: To promote the creation and retention of quality jobs which provide employment opportunities for citizens of Mesa County.

Measures/Outcomes:

- ❑ According to the Enterprise Zone Business Tax forms filed in 2004, there were 193 net jobs added in Mesa County. Job tax credits were \$124,012 and insurance tax credits were \$27,935. Job training tax credits were \$52,949.
- ❑ Capital investments for 2004 were \$49,511,831. While this figure is down from 2003 capital investments of \$86,695,012, dollars spent in rehabilitating vacant buildings in the Enterprise Zone were \$627,442 for an increase of 97% over 2003.
- ❑ Per capita income in the State for 2003 was \$35,213 and Mesa County \$27,663; Mesa County equals 79% of the state per capita income.
- ❑ In December 2004, unemployment for the State of Colorado was 5.7%; Mesa County matched this unemployment rate of 5.7%. This is the second year in a row that the State and Mesa County year-end unemployment percentages matched.
- ❑ The Small Business Development Center (SBDC) and the Service Corps of Retired Executives (SCORE) provided 1,544 hours of consulting to Mesa County residents in 2004, a 17% increase over 2003.
- ❑ The SBDC offered 33 workshops on various subjects: How to Start a Business, Taxes and the Small Business Owner, Marketing, Leading Edge and Understanding Financial Statements. Total attendance for these workshops was 823. The Mesa County Workforce Development Center provided computer training to 552. UTEC offered 58 business classes with 390 attending. The Grand Junction Chamber of Commerce offered workshops on Business Marketing and Business Succession Planning with 265 total attendees.
- ❑ The Business Incubator Center offered its 4th Venture Forum in 2004 with approximately 150 attendees.
- ❑ The Revolving Loan Fund closed 12 loans totaling \$1,333,486. These funds helped to create or retain 53 jobs and leveraged an additional \$5,157,660 in private dollars.
- ❑ Twenty-seven business expansions were reported for 2004 to the Grand Junction Area Chamber of Commerce. Total dollars invested were \$36,743,331 and 540 new jobs were created.
- ❑ The Grand Junction Economic Partnership assisted 2 companies that made the decision to locate in the county in 2004. The new companies generated 31 jobs with an average wage of \$34,500 (\$16.59/per hour).

Goal #2 Continue to support diversification of the economy.

Measures/Outcomes:

- ❑ The Business Incubator Center housed 42 client businesses in its facilities during 2004. The commercial kitchen was completed in August. Three companies graduated out of the Incubator creating 21 jobs and 8 new companies moved into the Incubator adding 11 new jobs.
- ❑ ED Partners was formed in 2003 with the purpose of providing coordination in the community. The group met on a bi-monthly basis and held a strategic planning session in the fourth quarter to focus on an overall economic development plan for the County. A business visitation program, Listening to Business, was established in September 2004 by ED Partners. The goal of the program is to ascertain what local businesses need to grow

their business, thereby improving the economic health of Mesa County. Twenty company interviews were completed in 2004.

- ❑ The tourism industry provided \$10.8 million in wages in the hotel and lodging sector; \$3.4 million in wages and salaries were contributed to the air transportation industry. 2,484 jobs were created and \$55.9 million in wages paid in the retail sector. Lodging taxes were up 1.7% in 2004.
- ❑ The City of Grand Junction funded \$250,000 to Mesa College for their expansion project and also committed \$300,000 to the Revolving Loan Fund and \$32,000 to the Business Incubator Center for the Small Business Development Center and Business Incubator Center program.
- ❑ There were 127 EZ Business Tax Credit certifications filed in 2004 which is a 20% increase over 2003. Seventy-nine percent more Business Tax Credit certifications were filed for the Agriculture Industry in 2004 versus 2003.

Goal #3 To augment the existing supply of industrial land and properties in the Enterprise Zone to:

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

Measures/Outcomes:

- ❑ Industrial Development Inc. (IDI) explored options for developing the Bookcliff Technology Park located in the Enterprise Zone. Other IDI properties are listed for sale in order to begin accumulating the funds needed to add infrastructure to this parcel.
- ❑ The demand for industrial/commercial property in Mesa County is specific to the Oil and Gas industry. Energy companies are willing to commit to 5-year leases on appropriate space, but Mesa County does not have the inventory to meet the demand. The demand for manufacturing space has slowed; however, this space is nearly impossible to find as inventory of suitable manufacturing space is very low. Developers are reluctant to build on “spec” at the present time.
- ❑ The City of Fruita is completing the construction of 1 mile of sewer lines and lift stations in the Fruita Greenway Business Park (located in the Enterprise Zone) with a schedule completion date of summer 2005. As a result of the new sewer line, approximately 177 employees will be retained in the Business Park. The new LaQuinta Hotel in 2004 added 20 employees.
- ❑ An Enterprise Zone boundary adjustment was made to incorporate the Orchard Mesa tract of 33.6 acres into the Enterprise Zone. This addition dovetails into the City of Grand Junction’s Infill and Redevelopment Strategy that targets this area. The Orchard Mesa area is a distressed area of the City; inclusion in the Zone could assist redevelopment activity.
- ❑ Two additional boundary adjustments added 275.16 acres of commercial/industrial land into the Enterprise Zone in 2004. These properties are located at 21.5 Road and Walker Field Airport. Both boundary adjustment were the result of business development activities or business expansions within the County.

Goal #4: To support the long-term vitality of existing centers of community activity.

Measures/Outcomes:

- ❑ The Enterprise Zone Committee approved new Enterprise Zone Goals and Objectives and Enterprise Zone Marketing Grants, recommended 2 new Contribution Projects, four boundary adjustments. Hospice and Palliative Care of Western Colorado, was the first joint proposal ever submitted by the Mesa County Enterprise Zone and Region 10.

- ❑ The Mesa County Commissioners remain an active participant in the approval and recommendation process for projects within the County.
- ❑ Significant marketing efforts were accomplished in 2004. A visit from the State Director included presentations to the Horticultural Society, and the Enterprise Zone Contribution Project managers. A new Enterprise Zone brochures was created. Articles featuring the Enterprise Zone program were published in the Daily Sentinel and The Business Times, the Horticulture Association newsletter, and 2 editions of the Fruita Chamber newsletter.
- ❑ There were 2,114 Enterprise Zone Contribution Projects certificates issued in 2004 for a 6% increase over 2003. Cash donations for 2004 totaled \$1,195,390 which was an increase of 33% over 2003. Total In-Kind donations for 2004 were 15 ½% over 2003 and totaled \$425,834.
- ❑ The Enterprise Zone Marketing Grants were utilized by a variety of non-profits in 2004. Receiving a grant award from the Enterprise Zone Marketing Grant often makes the difference regarding whether or not an organization can promote their programs and services. These grant funds are viewed very favorably in Mesa County.

Goal #5 Maintain an agricultural economic base.

Measures/Outcomes:

- ❑ When the State EZ Director visited Grand Junction, he made a presentation to the Horticultural Society's Annual Meeting. This association includes over 200 agricultural producers/business owners.
- ❑ A boundary adjustment was made to include all of the Mesa County Wineries. As the wine industry in the county is one of the most viable and growing segments of the agriculture community, the enterprise zone tax credit programs will assist these business owners as they expand their business.
- ❑ With the addition of the wineries, 55.1 acres were added to the Agricultural Enterprise Zone acreage for a total of 57,946 acres. Total acreage in the Mesa County Enterprise Zone is 64,375.46.

Goal #6: Community Development: Support the arts, healthcare, affordable housing, cultural and recreational programs that enhance the quality of life in Mesa County.

Measures/Outcomes:

- ❑ Two Community Development projects were proposed during 2004: and one (Hospice and Palliative Care of Western Colorado) was approved.
- ❑ The Enterprise Zone Committee actively responds to proposals or inquiries from organizations that could potentially qualify and benefit from Enterprise Zone Contribution Project status.
- ❑ The Enterprise Zone Administrator is a member of the Affordable Housing Coalition in Mesa County. As information and direction emerges from this coalition, projects for consideration will be addressed with the Enterprise Zone Committee.

Northeast Enterprise Zone (subzone)

Population

- Population growth in the area continues to lag behind the state numbers, with the exception of Morgan County which shows a growth in population out distancing the state numbers starting about 5 years out. The smaller counties of Phillips, Sedgwick, Washington and Yuma continue to show little or minimal growth for the next 30 years. Logan appears to mirror the State growth projections.
- Two trends that are apparent is the aging population of the area and the increase in Hispanic/Latino population in this region.

| REGIONS | CDS Est. July, 2000 | CDS Proj. July, 2005 | CDS Proj. July, 2010 | CDS Proj. July, 2015 | CDS Proj. July, 2020 | CDS Proj. July, 2025 | CDS Proj. July, 2030 |
|-----------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| COLORADO | 4339549 | 4706754 | 5149140 | 5640005 | 6137456 | 6653284 | 7155287 |
| REGION 1 | 70139 | 74090 | 79837 | 86547 | 93381 | 100211 | 106334 |
| Logan | 20869 | 22304 | 24172 | 26565 | 28927 | 31173 | 32847 |
| Morgan | 27262 | 29141 | 32432 | 36075 | 39916 | 43914 | 47962 |
| Phillips | 4483 | 4623 | 4746 | 4873 | 5004 | 5133 | 5175 |
| Sedgwick | 2747 | 2777 | 2862 | 2975 | 3075 | 3170 | 3239 |
| Washington | 4923 | 5118 | 5135 | 5183 | 5241 | 5294 | 5339 |
| Yuma | 9855 | 10127 | 10490 | 10876 | 11218 | 11527 | 11772 |

Average Annual Percent Change

| REGIONS | 00-05 | 05-10 | 10-15 | 15-20 | 20-25 | 25-30 |
|-----------------|-------|-------|-------|-------|-------|-------|
| COLORADO | 1.6% | 1.8% | 1.8% | 1.7% | 1.6% | 1.5% |
| REGION 1 | 1.1% | 1.5% | 1.6% | 1.5% | 1.4% | 1.2% |
| Logan | 1.3% | 1.6% | 1.9% | 1.7% | 1.5% | 1.1% |
| Morgan | 1.3% | 2.2% | 2.2% | 2.0% | 1.9% | 1.8% |
| Phillips | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.2% |
| Sedgwick | 0.2% | 0.6% | 0.8% | 0.7% | 0.6% | 0.4% |
| Washington | 0.8% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% |
| Yuma | 0.5% | 0.7% | 0.7% | 0.6% | 0.5% | 0.4% |

Economic Highlights

Employment:

- Agriculture and Agri-related business still appears to be the biggest sector in these six counties with the exception of Logan and Morgan Counties. In Logan County the Sterling Correctional Facility is a major employer. In Morgan County retail, construction and health care services are becoming major players in the employment picture. Unemployment rates across the region remain lower than the

Colorado numbers; however, this can be attributed to the out migration from the area to find jobs elsewhere.

- Wages for the area lag behind the rest of the state as much as 30% in some areas and the farming sector jobs are among the lowest paying jobs in the area.

Job Retention & Expansion:

- The Farm and Agri-Business sector created a major loss of jobs in the region. We had a net job loss of 243 jobs. One company, Cargill Meat Solutions represents 26% of all employees in the Enterprise Zone. They lost a total of 273 jobs directly attributable to two factors :
 - Embargo on beef shipments overseas because of the Mad Cow Scare
 - Drought which lowered the number of cattle available to process
- The technology sector came out ahead in part do a major expansion of NE Cellular and posted a net 27 new jobs
- The retail sector had 89 new jobs throughout the region though layoffs at Wal-Mart in their second year of operation in Morgan County adjusted to sales brought the net new jobs down to -5%.
- The services sector posted the most job gains with minimal loss and generated a net gain of 76 jobs showing up in the transportation and health care sectors.
- Manufacturing also made gains in the region with a net job gain of 25.
- The total net gain for job retention and creation was -65. Taking out the anomaly of Cargill Meat Solutions and Wal-Mart the region gained 306 new jobs on a capital investment of \$85,104,459.45 and tax credits of \$2,550,593.49.

Housing:

- Vacancy rates in the region run from a high of 16% in Sedgwick County to a low of 8% in Morgan County with an average for the region of 11.5%.
- Cost of housing in the area shows the following trends:

| Median Adjusted Price/ SF | 2003 | 2004 |
|----------------------------------|-------------|-------------|
| Logan | 55.52 | 55.52 |
| Morgan | 86.99 | 90.42 |
| Phillips | 55.66 | 55.66 |
| Sedgwick | 36.08 | 38.10 |
| Washington | 40.94 | 40.94 |
| Yuma | 41.16 | 42.88 |

Income:

- Per capita income for the region ranges from a low of \$15,492 for Morgan County to a high of \$17,788 for Washington County with an average per capita income for the region of \$16,420
- Median earning for male workers range from a high of \$30,095 in Phillips County to a low of \$25,463 in Sedgwick County.
- Median earning for female workers range from a high of \$21,558 in Washington County to a low of \$18,578 in Yuma County

Sales Tax:

- Retail sales were positive for this region. In comparing Jan-Sep of 2003 to Jan-Sep of 2004 the following trends were indicated:

| County | Jan-Sep 2003 | Jan-Sep 2004 | \$ Change | % Change |
|---------------|---------------------|---------------------|------------------|-----------------|
| Logan | \$265,028,732 | \$288,859,876 | \$23,831,144 | 9% |
| Morgan | \$314,132,918 | \$340,963,154 | \$26,830,236 | 9% |
| Phillips | \$113,566,329 | \$107,376,812 | (\$5,189,517) | -6% |
| Sedgwick | \$ 30,845,556 | \$ 31,042,209 | \$ 196,653 | 1% |
| Washington | \$ 54,708,552 | \$ 56,957,948 | \$ 2,249,396 | 4% |
| Yuma | \$148,626,196 | \$145,136,085 | (\$3,490,111) | -3% |

- This gave the region a \$44,427,801 increase in retail sales over the same period in 2003 resulting in a 14% increase for the region.

Regional Activities

Logan County

- Potential \$150 million in capitol investment in next 18 months with 400 temporary and 200 permanent jobs estimated
- Recruitment, retention and business start-up activities
- Partnership with Sterling Urban Renewal Authority

Phillips County

- Enhancing local services through customer service & grant writing workshop
- Tourism – Development of Route 6 to promote rural America
- Populations stabilization & growth – working on alumni database
- Hosted Rural Forum for community members
- Coordinating Wind Energy meetings
- Working on 4 projects with the potential of 10 new jobs

Morgan County

- Encouraging new industrial and commercial business to take advantage of areas inside city limits to increase tax base
- Working on need for low to moderate housing
- Promoting the location of and further development of Agri-business
- Has a five year plan
- Promotion of tourism
- Presently working with 15 new companies which would generate 400 new jobs and 3 existing companies that will be adding 160 new jobs

Sedgwick County

- Ten businesses opened their doors in 2004, creating 34 jobs
- Heavy Equipment Training Academy opened in October 2004 with 4 new jobs. Students attending will use local motels and services adding to the economic factors.
- For 2005 they are anticipating 23 new jobs from 2 companies

Yuma County

- Approximately 5 new business in 2004
- Working on repositioning themselves from dairy to Natural Resources regarding renewal energy
- Working on Branding and Marketing for the County
- For 2005 presently working with one company that would create 10 new jobs

Washington County

- Purchased a Ferris Wheel, Children's Ferris Wheel, Pony Cart, 5 game booths and built a bingo building. These items along with the Events center will position them to promote the venue as a corporate retreat complete with rodeo, carnival atmosphere.
- Strategic Planning process started
- Events Center has retained and created jobs needed to operate the center. Usage is increasing and attracting business from outside the area.
- Currently working with one new company which will create 3-4 new jobs

Northeast Colorado Travel Region

- Working on projects that increase the sales revenue in hotel/restaurant and tourism related activities. Focus is to retain jobs and decrease the amount of slow time in this industry.
- From 2003 to 2004 the State estimates an increase of 6% in this sector for all rural counties.

Region 1 has had a positive year in meeting their goals. Creating 306 new jobs along with population increases and revenue increases in retail sales and the tourism industry have sustained the region and assisted in the economic upswing for the area. Even with two companies (Cargill and Wal-Mart) accounting for the majority of the job loss most of these jobs are in the process of being reinstated as the issues surrounding the layoffs are corrected. Each county has projects they are working on that could create over 800 new jobs. Some of these projects were started in 2004 and were helped in their location decisions by being a part of the Enterprise Zone.

Northwest Colorado Enterprise Zone

Region wide and County-by-County Objectives and Goals

Goal A. Improve county employment rates.

Although there had been progress before 2001, since then counties in the Northwest Colorado Enterprise Zone have had steadily worsened unemployment rates. Only in Rio Blanco County has the unemployment rate improved compared to 1997. However it appears that the unemployment rate for the state as a whole is even in worse shape.

| | Unemployment Rates | | | | | | |
|--------------|---------------------------|------------|------------|------------|-------------|------------|-------------|
| | <u>03</u> | <u>02</u> | <u>01</u> | <u>00</u> | <u>99</u> | <u>98</u> | <u>97</u> |
| Clear Creek | 5.5 | 5.5 | 3.8* | 3.0* | 2.8 | 3.0 | 3.3* |
| Garfield 4.2 | 3.9 | 2.5 | 2.5 | 2.8 | 4.0* | 3.7* | |
| Grand | 4.2 | 3.7 | 3.1 | 2.5 | 2.3 | 2.9 | 2.8 |
| Jackson 5.4 | 5.9* | 4.6* | 3.3* | 4.8* | 5.9* | 5.9* | |
| Moffat | 7.0* | 5.8* | 4.9* | 4.8* | 5.4* | 6.1* | 5.2* |
| Rio Blanco | 3.5 | 2.3 | 2.4 | 3.1* | 3.9* | 4.4* | 3.9* |
| <u>Routt</u> | <u>3.8</u> | <u>3.1</u> | <u>2.2</u> | <u>2.4</u> | <u>2.7*</u> | <u>3.7</u> | <u>3.5*</u> |
| Statewide | 6.0 | 5.7 | 3.7 | 2.7 | 2.9 | 3.8 | 3.3 |

*Unemployment rate exceeded statewide average

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

Although the average annual wages are increasing with inflation, all northwest counties still lag considerably lower than the statewide average. The region wide average of \$30,330 is only 78% of the statewide average of \$38,942.

| | Average Annual Wages | | | |
|--------------|-----------------------------|----------------|----------------|----------------|
| | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
| Clear Creek | \$29,861* | \$29,783* | \$28,659* | \$28,918* |
| Garfield | 31,717* | 31,271* | 30,400* | 29,286* |
| Grand | 23,954* | 23,695* | 22,813* | 21,904* |
| Jackson | 22,128* | 22,418* | 20,631* | 20,047* |
| Moffat | 31,919* | 30,591* | 29,509* | 28,626* |
| Rio Blanco | 31,687* | 30,522* | 28,638* | 26,640* |
| <u>Routt</u> | <u>31,157*</u> | <u>30,481*</u> | <u>28,133*</u> | <u>27,365*</u> |
| Zone Average | \$30,330* | \$29,973* | \$28,415* | \$28,415* |
| Statewide | \$38,942 | \$38,004 | \$37,953 | \$37,166 |

*Less than the statewide average

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

| | Per Capita Personal Income | | |
|--------------|-----------------------------------|---------------|----------------|
| | <u>2002</u> | <u>2001</u> | <u>2000</u> |
| Clear Creek | \$37,276 | \$34,467 | \$33,916 |
| Garfield | 27,121* | 25,698* | 25,748* |
| Grand | 29,560* | 25,437* | 24,195* |
| Jackson | 19,252* | 18,450* | 20,612* |
| Moffat | 24,136* | 21,755* | 21,845* |
| Rio Blanco | 27,430* | 24,346* | 26,039* |
| <u>Routt</u> | <u>36,976</u> | <u>34,390</u> | <u>31,810*</u> |
| Zone Average | \$28,823* | \$28,008* | n.a. |
| Statewide | \$33,723 | \$33,455 | \$32,434 |

*Less than the statewide average

The average per capita income on a zone wide basis of \$28,823 is only 85.5% of the statewide average. Only Clear Creek and Routt County exceeded the statewide average. The per capita income average for the other 5 counties is 75% of the statewide average.

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

Only in Garfield, Grand and Routt has the average population rate increase exceeded the statewide average. Growth in Clear Creek, Jackson, Moffat and Rio Blanco still lags behind.

Average Population Increase

| | 1995 Pop. | 2000 Pop. | 2003 Pop. | Avg. Annual Increase |
|-------------|-----------|-----------|-----------|----------------------|
| Clear Creek | 8,675 | 9,322 | 9,649 | 1.2%* |
| Garfield | 35,980 | 43,791 | 48,396 | 3.5% |
| Grand | 9,219 | 12,442 | 13,732 | 3.4% |
| Jackson | 1,733 | 1,577 | 1,594 | 0.4%* |
| Moffat | 12,111 | 13,184 | 13,349 | 0.4%* |
| Rio Blanco | 6,966 | 5,986 | 6,033 | 0.3%* |
| Routt | 16,718 | 19,690 | 21,366 | 2.8% |
| Total | 91,402 | 105,992 | 114,119 | 2.5% |
| Statewide | 3,782,170 | 4,301,261 | 4,580,710 | 2.2% |

*Less than the statewide average

Goal E. Maintain or improve agricultural production and sales.

| | <u>Agricultural Sales (in \$millions)</u> | | |
|--------------|---|-------------|-------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> |
| Clear Creek | n.a. | n.a. | n.a. |
| Garfield | 22.8 | \$18.8 | \$18.9 |
| Grand | 9.2 | 5.2 | 6.0 |
| Jackson | 16.2 | 12.6 | 12.6 |
| Moffat | 18.8 | 13.9 | 16.0 |
| Rio Blanco | 14.5 | 10.2 | 15.4 |
| <u>Routt</u> | <u>23.9</u> | <u>16.5</u> | <u>20.0</u> |
| Region Total | \$105.2 | \$77.2 | \$88.8 |

Although there was a modest overall increase in agricultural sales in the region, the zone is down 15.6% since the 2000 level.

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

| <u>Zonewide Production</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|-------------------------------|-------------|-------------|-------------|
| Natural gas (millions of mcf) | 137.1 | 172.6 | 193.5 |
| Oil (millions of barrels) | 7.0 | 6.8 | 6.6 |
| Coal (millions of tons) | 19.5 | 19.2 | 18.6 |
| Mineral Sector jobs | 1818 | 1952 | 1962 |

Summary

It appears that the overall economy in the region has deteriorated since 2001, along with the state and national economics. The one bright spot in these overall economic statistics is the mineral sector, especially the natural gas production, which has had a remarkable 20.6% average annual production increase from 2001 to 2003. Currently more than half of the natural gas drilling rigs in the state are operating in the northwest Colorado region.

Pueblo County Enterprise Zone

The Enterprise Zone tax credits remain one of the most important incentives available for the recruitment of businesses to our community. They have assisted in the journey toward achieving the objectives set by this community to be a viable economic force and a community with the quality of life components that make the community attractive to both business and those who live here or hope to live here. Some of those objectives are as follows:

- Sustaining 1% annual growth in number of small businesses in Pueblo County over seven consecutive years was a primary objective. Over the last seven-year period the average growth was 0.89%.
- Another important objective is to increase the Community Quality Index, which is a combined measure of tourism indicators, economic diversity and new housing units. The index was 235.0 in 2002 and has increased to 239.9. This is an on going objective which monitors for a higher index number each year.
- The emphasis on job creation and recruitment has shown an improvement each year showing a net job gain of 8,294 jobs since reporting began in 1986. The re-location of the Boeing plant during this reporting period was a serious loss of primary jobs. PEDCo is working to replace this loss.
- Pueblo Community College designs courses specifically for skills requested by the businesses in Pueblo. This is an objective that is responsive to the specific needs of local businesses. Over 15 courses have been designed and taught in the last 5 year period.

Region 10 Enterprise Zone

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

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

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

Business Incentives

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

A. Provide employment opportunities in the Region.

For the last two years the unemployment rate for the Region was lower than the Colorado average. The Region's 2003 unemployment rate was 5.5% compared to 6.0% for the State of Colorado. The labor force in the Region increased to 46,269 during the past year. However, we suspect that there are large numbers of people who are underemployed or have simply chosen not to participate in the labor force.

B. Increase the number of jobs created in the Region.

The Region is experiencing a decline in the number of jobs reported in the ES202 data for 2003. This data shows a net loss of approximately 589 jobs primarily in the construction and real estate sectors. The jobs reported through the Enterprise Zone show a total of 492 in 2004 compared with 342 jobs in 2003.

C. Increase the income for residents of the Region.

The Region 10 average per capita income for 2002 in the Region increased 1.8% compared to decrease of 0.8% for the State of Colorado. However, the Region 10 average per capita income remains well below the State average. The average Region 10 wages increased 3.1% between 2002 and 2003. However the average wages in the Region remains below the State average at 67.3% of the State.

D. Diversify the local economies to reduce the reliance on single industries.

The Region continues to work on economic diversification to minimize the impacts of boom/bust cycles. Manufacturing and Construction sectors were both stronger in the 1990's. The new NAICS reporting system allows for greater detail and shows an increase in the Management of Companies and the Administration and Waste Services Sectors. Management of Companies Sector reflects a 36% increase between 2002 and 2003.

E. Maintain economically viable communities throughout the Region.

The aggregate 2003 retail sales for the Region were \$1.72 billion. In 2003 the retail sales in the Region increased only slightly while San Miguel County experienced a sharp decline. Per capita retail sales increased slightly from \$18,641 in 2002 to \$18,786 in 2003, while the State average was \$22,970.

The Region experienced the addition of one large retail store late in 2004 which led to an increase of approximately 298 jobs in the Region. Local economic development organizations are active in recruitment and retention activities in Delta, Gunnison and Montrose Counties.

F. Monitoring population trends throughout the Region.

The Region continues to experience population growth, with a 1.3% increase in population between 2002 and 2003. The growth rate has slowed as the population increase is only slightly below the State growth of 1.4%.

Marketing

Region 10 continues to increase our marketing efforts through the use of the Region 10 website. In addition, the Region continued to support local marketing efforts targeted at business recruitment and retention and tourism. Region 10 has developed a brochure for Enterprise Zone Contribution Projects and Enterprise Zone Business Tax Credits. The Region 10 Rural Enterprise Zone continues to provide outreach to CPA's and tax consultants regarding Enterprise Zone changes.

Contribution Projects

Our targeted projects in 2004 continued to support the job creation, job preservation and rural health care priorities. A total of \$181,707.83 was contributed to support these efforts through out the Region in 2004.

South Central Enterprise Zone

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

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

The unemployment rate in November 2004 was:

Colorado Statewide: 5.0% Huerfano County: 6.1% Otero County: 5.5% Las Animas County: 4.1%

Objectives

- A. To work with existing and potential business and industry to expand employment opportunities within the zone.
- B. To develop and/or expand opportunities to assist low to moderate income resident to become self-sufficient.

Strategies/Action Plans

Objective 1

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

Objective 2

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

Benchmarks/Output Measures

1. To continue to provide distribution of enterprise zone tax credit information throughout 2004.

Enterprise zone tax credit information was available for distribution in January 2003. Presented to Economic Development Board February 9, 2004. Published brochure on certification project, and three certification projects approved by Economic Development Commission August 16, 2004. Hosted general meeting open to public with Economic Development staff and Mr. Evan Metcalf April 5, 2004, to elaborate on the Enterprise Zone.

2. To provide information regarding the enterprise zone marketing program through advertisement and outreach during 2004.

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

3. To see an increase in enterprise zone marketing applicants during 2004.

There were eighteen applications for the enterprise zone marketing program during 2003, and there were twenty-six applications for the enterprise zone marketing program in 2004 an increase of eight applications.

4. To increase the number of businesses participating in the enterprise zone tax credit program during 2004.

In 2003 there were sixty-eight businesses participating, and 2004 there were sixty-five businesses participating.

5. The number of new businesses in the region will grow in 2004.

The number of new businesses has increased in the region. The number of business licenses issued in the City of Trinidad best demonstrates this. The number of business licenses issued in 2003 with the City of Trinidad was 673. The number of business licenses issued in 2004 was 716.

- Ten additional jobs for low-to-moderate income (e.g. welfare to work) residents will be available in 2004.

Eighteen additional jobs for low-to-moderate income resident were made available. The South Central Council of Governments (SCCOG) Care Services Program is one example where jobs for low-to-moderate income residents were created in 2004. The Care Services Program provides individual personal care for department of social services clients. The typical hourly wage for this employment is \$8.00. In 2003, the Care Services employed 260 people. In 2004, Care Service employed 278 people.

- The number of employment opportunities will remain the same or increase in 2004.

According to the Trinidad Colorado Workforce Center, there were 870 job posting with the agency in 2003 and in 2004 there were 940 job postings with the agency. The same agency also has a center in Walsenburg and there were 102 job posting in 2003 and 258 job posting in 2004. Although the Workforce Center does not list all positions listed throughout the community(s), it represents an accurate portrait of employment opportunities and provides a valid comparison between 2003 and 2004. The increase in job opportunities in 2004 can be directly attributed to the increase in the economy and stock market.

Otero County

Otero County is part of the South Central Enterprise Zone.

Otero County processed sixty-three enterprise zone certifications in 2004:

| | | |
|--------------------------------------|------------------|-----------------|
| Investment Tax Credits | \$112,625 | |
| Job Training Credits | \$ 7,907 | (239 Employees) |
| New Business Facility Credits | \$ 26,755 | (54 jobs) |
| Rehabilitations Credits | \$ 0 | |
| Health Insurance Credits | \$ 5,665 | |
| Total Enterprise Zone Credits | \$350,957 | |

Currently Otero County does not have any active contribution projects

Goals and Outcomes

1. Reduce the unemployment rate to 4%.

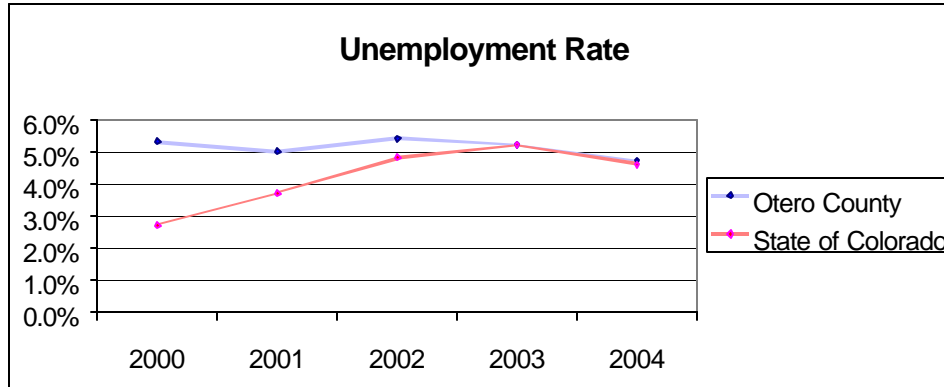
The unemployment rate fell but the goal was not fully achieved.

Otero County is beginning to experience a steady decline in unemployment, but ranks slightly higher in 2004.

Unemployment Rate

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Otero County | 5.3% | 5.0% | 5.4% | 5.2% | 4.7% |
| State of Colorado | 2.7% | 3.7% | 4.8% | 5.2% | 4.6% |

Source: Colorado Dept. of Labor & Employment, October 2004



2. Narrow the gap between the per capita state income and the per capita income of Otero County residents by 1% per year.

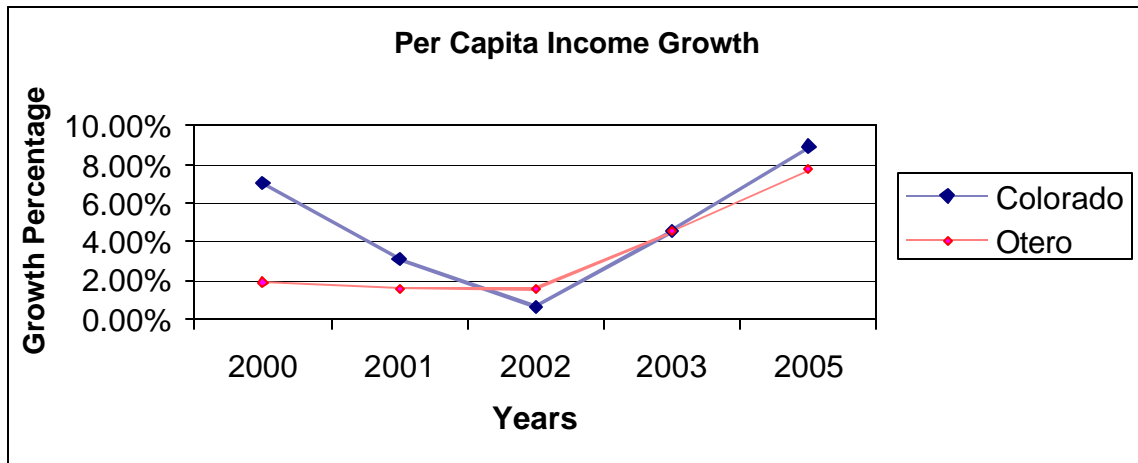
Otero County per capita income increased but less than the state average.

Data for 2004 is not available, however DoLA's projection for 2005 shows an increase in per capita income for 2005. However, Otero County continues to significantly lag behind the state's average. Otero continues to pursue industries which will help to increase per capita income.

Per Capita Income

| Area | 2000 | 2001 | 2002 | 2003 | 2005 |
|-------------------|--------|--------|--------|--------|--------|
| Otero County | 21,585 | 21,926 | 22,266 | 23,272 | 25,070 |
| State of Colorado | 32,471 | 33,477 | 33,681 | 35,214 | 38,357 |

Source: Colorado Dept. of Local Affairs, Demography Section, estimated



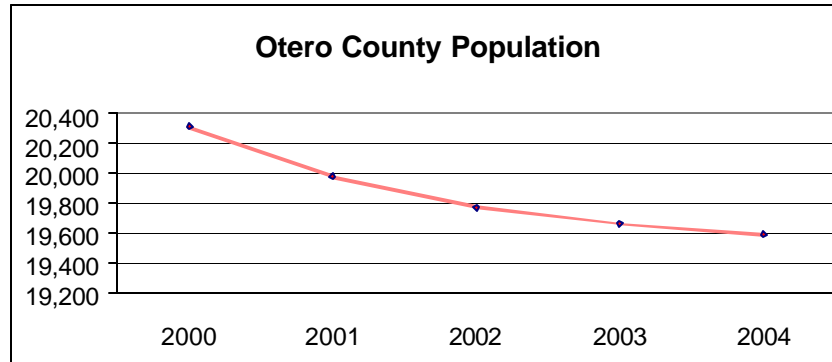
3. Reduce out migration in population by 1% per year.

Otero County population continued to fall in 2004, but the rate of decrease has slowed substantially.

Population estimates by DoLA show Otero County's population has declined steadily since 2000. DoLA has projected a slow increase in 2005 and subsequent years. DoLA predicts small businesses and retirees will be attracted to the smaller community. However, the projected growth may not be actualized due to structural changes in the agricultural economy caused by the drought and diversion of water resources to metro areas.

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------|-------------|-------------|-------------|-------------|-------------|
| Otero | 20,311 | 19,976 | 19,771 | 19,659 | 19,587 |

Source: Colorado Dept. of Local Affairs, Demography Section, estimated



Summary

In 2002, Otero County qualified as an Enhanced Enterprise Zone and continues to qualify based on the distress criteria.

- Otero County's unemployment rate experienced a decrease.
- Per capita income is significantly lower than the states average.
- The Otero County Enterprise Zone assisted in locating Coffee Holding Company.
- The Otero Enterprise Zone sent a brochure to CPA's and businesses about the tax credits available.
- Those efforts produced 13 new businesses claiming investment tax credits and 1 business requested additional information.

Southeast Enterprise Zone

Annually SECED develops a socioeconomic data and trends for the 6 counties and 25 municipalities in Region 6 including Baca, Bent, Crowley, Kiowa, Otero and Prowers Counties. The data is collected and compiled to include: Population estimates by jurisdiction. Sales and tax indicators such as gross and retail sales, tax receipts, property tax, assessed valuation, employment and income data including wage and salary information, personal income, real estate sales data, housing data. Oil, gas, and mining data, if available. The data specifically show the economic conditions of the region. The profile is a planning document of fact that can be used to measure enterprise zone progress and focus on the areas where enterprise zone marketing is needed.

The Southeast Enterprise Zone falls within the state mandated 80,000-population cap and all of the area continue to meet the distress criteria due to lower per capita income.

The Enterprise Zone combined with the SECED revolving loan program are valuable incentives that has been very beneficial to the area. We are able to grow from within. The strength of the region is the agricultural industry and potential for additional diversification. Business and industrial sites are available in many open space locations at very competitive rates. The region has adequate capacity for development of utilities to handle growth. There are no major environmental constraints (air quality, water quality, etc.) that would create problems for new or expanding business or industry. Junior colleges are strategically located. The climate is dry and mild.

SECED has developed economic development programs and historically shown themselves capable of working with a variety of businesses and industrial prospects.

A large selection of business and industrial sites and properties, are available to the region. Zoning is a key element. Most of the 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.

SECED/SECOG has unified the region as well as provided benefits to expanding and new businesses, in spite of vigorous attempts to stop out-migration, employment transfers, the exit of transportation services, military, and business downsizing, and many other economic barriers. The regional strength is the SECED Board of Directors ability to stick together to achieve common goals.

SECED will continue to work for the benefit of the member local governments in both collective and singular ways as requested by the member local governments to assist with job creation, retention and community development which will enhance the job creation potential.

OBJECTIVES AND MEASURES

Summarized below are enterprise zone development plan objectives and measures.

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

Retail sales within the SECED region remained stable. The sales tax receipts from Lamar Colorado remain higher than the statewide average.

2. Realize stabilization of annual growth patterns.

Between 1990 and 2000 the population increased by 1 percent. Before enterprise zone, the region experienced out-migration.

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

The total assessed valuation of the SECED region has increased as the result of wind energy. However, the average assessed value remains lower than the state average.

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

Agriculture is a large contributor of the labor force but does not report to unemployment statistics. The revolving loan program has created and retained 459 jobs since 1998.

Within our Enterprise Zone we have funded 341 business and housing loans for a total commitment of \$8,201,531 since 1998.

- In the previous goals of the SE Enterprise Zone we committed to create or retain manufacturing jobs and we have done so. A primary oil processing plant has been established, another satellite plant has spun off of this project. A truck manufacturer has expanded business. Green power including: Wind, Ethanol and Bio-diesel have developed.
- Construction was a SE goal. Contractors to include finish carpenters have started up and expanded using the RLF loan program and enterprise zone. As a result affordable housing has occurred.
- 5. Increase the amount of tourism dollars that are captured in SE Colorado from sources outside the area by 10 percent over the next 5 years. Measurement will be through lodging statistics.
 - Wind energy has developed as the result of our natural resources. This has spun off into tourism.
- 6. Increase the per capita income in SE Colorado by at least \$250 per year. The target being to maintain a minimum per capita income of 75 percent of the state average.

The 2000 average SECED wage was \$22,309, which was 60 percent of the Colorado average of \$37,166.

7. Increase the Agricultural sales receipts by 10%.

While this was a goal, the serious drought had a profound affect on the total cash receipts from the sale of livestock and crops.

In summary,

Manufacturing and retail business expansion and retention, is the basis for Sales Tax Revenues.

The region has worked toward the goal of tamarisk removal to improve the efficiency of water and land use.

SECED has landed the Pierre Auger Project and has conveyed a unified and consistent image as proposed.

- Increase the internal awareness of the enterprise zone program incentives by publicizing the opportunities for business.
- Continue to improve the distribution plan for existing materials.
- Continue to reinforce the desired SECED identity, by implementing the existing Emerald of the Plains marketing plan.
- Continue to upgrade collateral materials to promote the region.
- Expand Southeast Film Commission and develop a portfolio of sites and attractions.

[Census estimates were used in this re-certification process. The entire region qualifies.]

San Luis Valley Enterprise Zone (Sub-Zone)

Demography Section population estimates totaling 47,888 for the six-county subzone reflect five-year growth averaging 1.3%/year compared with Colorado's 2.4%. Employment increased 18.0% over the five-year period, compared with an 8.0% gain for the State. Agriculture is the primary export industry, with potatoes, barley, and alfalfa the main crops. The effects of drought have abated somewhat, but crop prices (except for top-grade alfalfa) are low. Retail and service sector expansion in Alamosa County reflects an increasing regional concentration. Income remains significantly below the State average.

The ag waste treatment facility in Center continues to support value-added ag processing, which may eventually reduce our dependence on fresh markets. Introduction of established potato processors such as Idaho Pacific/Otter Tail offer new potential for stability in the processed food markets, which has been difficult for local investors to develop. To further advance value-added agricultural processing, we are taking the lead on a financing package to install a high pressure natural gas pipeline needed for plant expansion and future development prospects.

Other ag-related efforts include a feasibility study for pharmaceutical-grade starch, and mobile -based production of canola oil which can be used for biodiesel fuel blending. Biodiesel production operations planned and underway represent a new industry for the Valley, and opportunity to enter growing markets for alternative fuels. RLF financing and other assistance is being provided to the companies involved.

A study was recently completed on business opportunities based on an abundance of forest waste, which include wood pellets and a range of other products. Several requests have been submitted for funding support in the research and development phase, including assistance in establishing a co-op for Forest Stewardship contracts.

Other efforts include a project to establish broadband connections between courthouses and state agencies; identifying new markets for tourism and enhancing tourist attractions; transportation and transit planning assistance; upgrading and expanding community facilities; increasing capacities of local governments and development groups; and providing data services and research.

Goals & Objectives

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

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

Per Capita Income As a Percent Of State, 1980 Through 2002

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

Source: DOLA website, Personal Income Components, Colorado and Region 8, 1/28/04 (CBEF projections).

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

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

Unemployment Rate Compared To State Unemployment Rate, 1991 Through 2003

| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| SLV EZ (%) | 9.0 | 10.7 | 9.6 | 7.9 | 8.4 | 8.5 | 7.2 | 8.8 | 6.6 | 6.4 | 7.0 | 7.3 | 6.4 |
| State (%) | 5.1 | 6.0 | 5.3 | 4.2 | 4.2 | 4.2 | 3.3 | 3.8 | 2.9 | 2.8 | 3.7 | 5.7 | 6.0 |
| Difference | 3.9 | 4.7 | 4.3 | 3.7 | 4.2 | 4.3 | 3.9 | 5.0 | 3.7 | 3.6 | 3.3 | 1.6 | 0.6 |

SOURCE: Colorado Department of Labor & Employment, Labor Market Information Section, 1/31/05.

3. Improve the proportion of non-residential assessed valuation: Provision of infrastructure and services by local governments and taxing entities for improved employment and business development opportunities is dependent upon having a non-residential tax base at or near 30 percent of the total assessed valuation. This is true of Alamosa and Rio Grande counties but not throughout the Subzone.

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

Non-Residential Assessed Valuation as Percent of Total Assessed Valuation

| County | 1996 | 2000 | 2003 |
|------------------------------|-------|-------|-------|
| Alamosa | 31.4% | 30.7% | 34.4% |
| Conejos | 14.0 | 11.0 | 10.6 |
| Costilla | 12.4 | 4.6 | 4.8 |
| Mineral | 20.3 | 17.3 | 18.1 |
| Rio Grande | 36.3 | 33.5 | 28.4 |
| Saguache | 10.3 | 11.5 | 10.2 |
| San Luis Valley Total | 24.2 | 22.0 | 21.6 |

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

SOURCE: The "Abstract of Assessments and Levies" for 1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003 from the County Assessor's offices as approved by the State Board of Equalization Division of Property Taxation.

Southwest Enterprise Zone

Enterprise Zones

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

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

| County | 2003 Unemp.Rate | 1998-2003 Pop. Growth | 2002 PCI |
|------------------|--------------------|--------------------------|-------------|
| Archuleta | No | No | Yes |
| Dolores | Yes | No | Yes |
| La Plata | No | No | No |
| Montezuma | No | No | Yes |
| San Juan | Yes | Yes | No |

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

****UPDATE**** In La Plata County the zone boundaries have been amended to include the new Mercy Medical Center Site. This site incorporates approximately 680 acres in Lot 1, Tract 1 in the Three Springs Minor Subdivision; located in Section 35, Township 34 ½ North, Range 9 West, and the north one-half of Section 11, Township 34 North, Range 9 West (approval letter from Bill Sisson – Chair CEDC to Ed Morlan - Director R9EDD dated October 19, 2004).

Note – Archuleta, Dolores and San Juan Counties also meet criteria for Enhanced Rural Enterprise Zone Job Credits.

Local economic development objectives

Objective 1: Unemployment rates for each of the counties should be equal to or less than the state unemployment rate of 5.2%.

Current Status – Dolores, Montezuma and San Juan Counties are not on par with state unemployment rates.

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

Current Status – Archuleta, Dolores, La Plata, Montezuma and San Juan Counties are not on par with state PCI levels.

Objective 4: Transportation infrastructure improvements should follow the recommendations made in the *Southwest 2030 Regional Transportation Plan* Fiscally Constrained Plan.

Current Status – \$13.4 million of “reasonably expected” revenues has been allocated to the SWTPR by CDOT.

Objective 5: Tourism, as measured by counts at the major visitor centers in the region should at least maintain and should show a modest increase from year to year using 2001 as a base year.

Current Status – Visitor counts showed a significant drop in 2002 but appear to be recovering as evidenced by the 2004 numbers. La Plata County saw a drop in the numbers of visitors in 2004 from 2003.

Objective 6: 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 at least one functioning economic development group and each is designated as an EZ Contribution project. The executive director of the Archuleta Economic Development Association (AEDA) recently resigned but it is expected to be replaced. Dolores County Development Council has a contract to a non-county resident to provide economic development services. In Montezuma County, the City of Cortez is funding a staff position for the Mesa Verde Country™ Economic Development Office.

Background

The Southwest Enterprise Zone, also known as the *Region 9 Economic Development District of Southwest Colorado* (R9EDD), is composed of a five county area located in the extreme southwestern portion of the State of Colorado. The counties include Archuleta, Dolores, La Plata, Montezuma and San Juan. This report is intended as an update to the Southwest Colorado Regional Enterprise Zone Re-Certification Plan (1996) and to meet the reporting requirements of Senate Bill 99-033.

In order to specify distress criteria, and establish zone boundaries, the 1996 Re-certification Plan used data from a variety of sources. These included:

- 1990 Census at the BNA and Census Tract level
- 1989-1994 population estimates provided by the Division of Local Government
- 1995 annual average employment rate provided by the Dept. of Labor and Employment
- 1994 county wide per capita income and employment (including proprietors) by industrial sector from the U.S. Bureau of Economic Analysis (BEA). Distress criteria defined per capita income as less than \$11,116, and unemployment as greater than 7.17%.

This update report uses more current data to evaluate the targets set by the Re-certification Plan. The Colorado Department of Labor – Labor Market Information was consulted for 2004 labor force statistics (using benchmarked data from Dec 04). The Demography Section - Colorado Division of Local Government (CDLG) is the source of demographic information. The demographic data presented is either actual census data or estimates of population prepared by the State Demographer (July 2004). The Bureau of Economic Analysis (BEA) provided figures for Per Capita Personal Income for 2002.

In addition to the distress criteria, other factors were weighed when designating zone boundaries within each of the counties. These included the consideration of adjacent sub-census areas that were affected by a larger economic unit, and the wishes of county, municipal, and tribal governments. Employment, population, and per capita income statistics drawn at the block group level are no longer directly comparable to block groups from the 1990 census, as boundaries for tracts and block groups were changed in 2000.

Taxpayer data from DR 74's and lists of EZ project contributors are submitted to the Office of Economic Development on a semi-annual basis, and are not included in this update. A list of EZ eligible projects for the current year (approved as of September 2004) is included, as is a summary of tax credits certified, eligible investments, and the number of jobs created in the region under the auspices of the Enterprise Zone program (1992-2004). Region-wide, in 2004, there were seventeen projects approved for Enterprise Zone benefits; there were \$821,390 in certified tax credits; \$29,056,316 in eligible investments; and 207 jobs created under the auspices of the Enterprise Zone Program.

Regional Update

Population Growth - Archuleta, Dolores, La Plata and Montezuma Counties did not meet eligibility criteria (< 25% of state growth) for population growth from 1998 - 2003; San Juan County did meet this criteria.

| | Estimates | | Census 2000 | Estimates | | | % Change 1998-2002 | EZ Eligible < 25% of State (2.9%) |
|-----------|-----------|-----------|----------------|-----------|-----------|-----------|-----------------------|--------------------------------------|
| | 1998 | 1999 | | 2001 | 2002 | 2003 | | |
| Archuleta | 9,133 | 9,570 | 9,898 | 10,548 | 10,942 | 11,196 | 22.6% | No |
| Dolores | 1,766 | 1,811 | 1,844 | 1,844 | 1,881 | 1,848 | 4.6% | No |
| La Plata | 41,173 | 42,757 | 43,941 | 45,475 | 46,239 | 46,790 | 13.6% | No |
| Montezuma | 23,117 | 23,524 | 23,830 | 23,999 | 24,282 | 24,551 | 6.2% | No |
| San Juan | 555 | 557 | 558 | 560 | 565 | 570 | 2.7% | Yes |
| Colorado | 4,102,491 | 4,220,171 | 4,335,540 | 4,441,377 | 4,512,400 | 4,586,455 | 11.8% | |

Source: Colorado Demography Section

Labor Force - Archuleta, La Plata and Montezuma Counties no longer meet the unemployment rate criteria for Enterprise Zone status based on unemployment rates for 2004.

| | 2004 Unemployment rate | EZ Eligible > 6.5% | Objective 1 < or = to State |
|-----------|---------------------------|-----------------------|-----------------------------------|
| Archuleta | 4.9% | No | Yes |
| Dolores | 7.7% | Yes | No |
| La Plata | 4.1% | No | Yes |
| Montezuma | 5.3% | No | No |
| San Juan | 11.1% | Yes | No |
| Colorado | 5.2% | | |

at least 25% above State Avg (5.2%) =6.5%

Source: Colorado Labor Market Information (1-26-05)

Note: Benchmarked figures from Dec 04 are used in average

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

Current Status – Dolores, Montezuma and San Juan Counties are not on par with state unemployment rates.

Efforts to improve conditions – Regional and local economic development groups continue to devise strategies for attracting suitable new businesses and helping existing businesses to grow. Job creation and retention should lower the unemployment rates.

Per Capita Income - Archuleta, Dolores and Montezuma Counties met eligibility criteria (< \$25,292) for Per Capita Income in 2002; La Plata and San Juan Counties did not meet this criterion.

| County | 2002 Per Capita Income | | | * EZ Eligible < \$25,292 | Objective 2 > or = to State |
|-----------|------------------------|--------------|--------------------|-----------------------------|-----------------------------------|
| | PCPI | Rank (of 64) | % of State Average | | |
| Archuleta | \$ 19,869 | 55th | 59% | Yes | No |
| Dolores | \$ 21,813 | 52nd | 65% | Yes | No |
| La Plata | \$ 29,127 | 20th | 86% | No | No |
| Montezuma | \$ 23,572 | 42nd | 70% | Yes | No |
| San Juan | \$ 27,582 | 22nd | 82% | No | No |
| Colorado | \$ 33,723 | | | | |

75% of State PCPI= \$25,292

Source: Bureau of Economic Analysis

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

Current Status – Archuleta, Dolores, La Plata, Montezuma and San Juan Counties are not on par with state PCI levels.

Efforts to improve conditions – Lower the unemployment rate using regional and local economic development groups to attract suitable new businesses and by helping existing businesses to grow. Suitable new businesses are those with high paying jobs and high multiplier effects, i.e. transportation, manufacturing, oil and gas extraction, and finance.

Transportation – Adequate transportation systems are the economic lifeblood of the region. We need to provide a balanced transportation system that accommodates the movement of residents, tourists, and goods throughout the region. A fiscally constrained plan was developed in the *Southwest 2030 Regional Transportation Plan* (Draft November 18, 2004) that would address the most pressing needs. A summary of the fiscally constrained plan is shown below.

| 2030 Fiscally Constrained Plan Summary | |
|--|-----------------------|
| Highway Corridors | \$ 13,383,668 |
| Transit | \$ 86,924,115 |
| Aviation | \$ 28,761,108 |
| Total | \$ 129,068,891 |

Source: Southwest 2030 Regional Transportation Plan

Objective 4: Transportation infrastructure improvements should follow the recommendations made in the *Southwest 2030 Regional Transportation Plan*

Current Status – There is an acute shortage of transportation funding. Projects identified as regional priorities will cost a minimum of \$129 million, though only \$13.3 million has been allocated to the region based on “reasonably expected” revenues from the state.

Efforts to improve conditions – Continue to work with CDOT to complete established projects, and be proactive in identifying areas of future growth.

Objective 5: Tourism, as measured by counts at the major visitor centers in the region should at least maintain and should show a modest increase from year to year using 2001 as a base year.

Current Status – Visitor counts showed a significant drop in 2002 due to wildfires (with the exception of Cortez), but appear to be recovering as evidenced by the 2004 numbers (with the exception of Durango).

| Visitor Center Counts | 2001 | 2002 | 2003 | 2004 | Objective 5 More Visitors |
|-----------------------|---------|---------|---------|--------|---------------------------------|
| Silverton | 66,313 | 52,555 | 60,215 | 64,568 | Yes |
| Pagosa Springs | 42,605 | 32,984 | 38,398 | 38,516 | Yes |
| Durango | 148,090 | 124,898 | 106,837 | 87,760 | No |
| Cortez | 38,151 | 39,564 | 40,327 | 42,115 | Yes |

Source: Chambers of Commerce

Efforts to improve conditions – The SW Colorado Travel Region has received Enterprise Zone marketing funds and does promote the region as a whole through brochure distribution, web site, direct fulfillment mailings. The fires of 2002 had a significant effect on tourism in the region as shown by the decline in three of the four visitor center counts.

Objective 6: 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 – Current Status – Each county has at least one functioning economic development group and each is designated as an EZ Contribution project. The executive director of the Archuleta Economic Development Association (AEDA) recently resigned but it is expected to be replaced. Dolores County Development Council has a contract to a non-county resident to provide economic development services. In Montezuma County, the City of Cortez is funding a staff position for the Mesa Verde Country™ Economic Development Office.

Efforts to improve conditions – Region 9 EDD applied for and received a \$150,000 Rural Housing and Economic Development grant from HUD to assist with economic development activities in Dolores County (\$50,000 per year for 2004-2006). The San Juan 2000 group is continuing to build its micro-enterprise fund to help fund operations. This project will soon lease space to new and existing businesses in a rehabilitated historic structure.

Upper Arkansas Enterprise Zone (Sub-Zone)

1. **Improve per capita income:** Among the 16 enterprise zones in Colorado, the Upper Arkansas Sub-Zone is near the bottom in per capita income ranking. The zone's per capita income has historically declined or remained flat in comparison to the state and adjoining regions' per capita income. Improvement of per capita income has been and will continue to be one of the UA E Zone goals (currently 65% of state).

OBJECTIVE STATUS / ACHIEVEMENT / IMPACT: The objective is to improve per capita income to within 1.0% or above the state average for a period of two years. The status of this objective is that the four-county zone continues to lag behind the state average with a flat or marginal change in the four counties during the past year.

2. **Improve employment and employment opportunities:** The four-county region has historically lagged in its rate of unemployment as compared to the state but 2002 showed an improvement to rates less than the state by 2% in Chaffee and Custer, about the same in Fremont with 5.4% and 2% higher unemployment in Lake County. The comparison with the state rate reflects a higher state unemployment rate in two of the Zone's four counties.

OBJECTIVE STATUS / ACHIEVEMENT / IMPACT: The zone's objective is to increase the estimated total jobs per county by one-percent of the previous year's base estimated jobs total for three consecutive years. Objective achievement and impact have been determined by data from the Colorado Department of Labor and Employment. From 2001 to 2002 Chaffee (-0.5%), Fremont (-2.6%) and Lake (-3.1%) did not achieve, while Custer (+11.7%) did achieve the objective. The net job loss in the four-county area from 2001 to 2002 was 381 jobs. Job data for 2003 was not available as of the date of this report. This report will be updated when the 2003 data becomes available in March 2005.

3. **Improve the proportion of non-residential assessed valuation:** Provision of infrastructure and services by local governments and taxing entities for improved employment and business development opportunities is dependent upon having a non-residential tax base near 30 percent of the total assessed valuation. While 2003 figures indicate that Chaffee County has a non-residential valuation of 27.8%, Custer, Fremont and Lake Counties have a non-residential valuation of 9.3%, 25.1% and 13.3% percent respectively. In 2003 total and non-residential valuations increased with similar proportions. The most rural counties of Custer and Lake non-residential valuations continue to lag in proportionate commercial and industrial valuations.

OBJECTIVE STATUS / ACHIEVEMENT / IMPACT: To improve non-residential assessed valuation of the UA EZ Zone counties to 30% within 5 years. The status of this objective indicates decline in Chaffee (-1.1%), Custer (-0.7%), and improvement in Fremont (+4.6%) and Lake (+0.2%). Overall, the four-county sub-zone indicates an increase of 1.8% during the 2002 to 2003 period and this has a slight impact on non-residential tax base and resulting capability to provide infrastructure and services. Total and non-residential valuation decreased 2002-03 in Lake County.