



**COLORADO ECONOMIC
DEVELOPMENT COMMISSION**

**ACTIVITY REPORT
2000**

*Office of Economic Development and International Trade
February 2001*

February 26, 2001

Members of the Sixty-Third General Assembly:

On behalf of the Colorado Economic Development Commission, I am pleased to present you with the commission's Activity Report for 2000. The report contains information on projects supported by the EDC over the past year, as well as the status of initiatives funded in 1999.

A number of changes affected the operations of the commission in 2000. With the passage of SB 00-219, the EDC and its staff were transferred from the Department of Local Affairs to the Office of Economic Development and International Trade. In addition, two new commission members were appointed by Governor Owens. As charged by the Governor and the Legislature, the commission continued to focus on initiatives designed to assist rural and economically lagging communities and supported projects in economically strong regions when appropriate. Our commitment to these communities will continue throughout 2001.

We welcome your comments on this report and on our efforts to retain and create quality jobs in the state. On behalf of the commission, I want to thank members of the General Assembly for your ongoing support and guidance.

Sincerely,

James A. Kenyon
Chairman

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COMMISSION MEMBERS

CHAIRMAN

James A. Kenyon
MAG, Inc.
Pueblo

VICE CHAIRMAN

Dick Robinson
Robinson Dairy
Denver

MEMBERS

Bob Brooks (through August 2000)
Department of Local Affairs
Denver

Laurie Ganong Jones (appointed September 2000)
DLJones, Inc.
Sterling

Booker Graves
Department of Local Affairs
Denver

Rol Hudler (through August 2000)
Burlington Record
Burlington

F. Robert Lee
Office of Economic Development &
International Trade (appointed July 2000)
Denver

Richard Monfort
Greeley

William Sisson
Mesa National Bank
Grand Junction

David Solin
Office of Economic Development &
International Trade (through June 2000)
Denver

Ken Sparks
Sparks Willson Broges Brandt & Johnson, P.C
Colorado Springs

PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2000				
PROJECT	AREA	EDC \$	OTHER \$/ SOURCE	STATUS
Time Warner Telecom, Inc.	Douglas County	\$300,000	\$469,993/Local	Pending
American Scandia Life Assurance Corporation	Jefferson County	\$94,500	\$274,910/Local	Pending
Flextronics International	Weld County	\$300,000	\$315,397/Local \$320,000/Customized Job Training	Pending
Dura-Line Corporation	Weld County	\$150,000	\$238,353/Local	Pending
Swiss-O-Matic, Inc.	Montrose County	\$34,000	\$34,000/Local	Contracted
Bent County – Fort Lyons VA Medical Facility Conversion	Bent County	\$30,000	\$50,000/Local & Federal	Contracted
Community Assessment Program	Statewide	\$25,000	\$27,000/Local	Pending
AGFS: Alternative Vegetable Processing	Larimer County	\$15,000	\$50,700/Local & Federal	Pending
AGFS: Wool Manufacturing	Otero County	\$11,000	\$11,000 /Local	Contracted
AGFS: Local Meat Processing	Delta County	\$8,000	\$8,000 /Local	Pending
AGFS: Goat Dairy Processing	Boulder County	\$8,000	\$9,000 /Local	Contracted
Inc. Magazine Advertising	Statewide	\$250,000	\$150,000/Private & Public	Contracted
Montezuma County Tourism Marketing	Southwest Colorado	\$25,000	\$110,000/State (Energy Impact, Colorado Tourism Office) & Local	Pending
Office of Economic Development Marketing	Statewide	\$25,000		Pending

PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2000				
PROJECT	AREA	EDC \$	OTHER \$/ SOURCE	STATUS
Adams County EZ Marketing	Adams County	\$10,500	\$10,500/EZ	Contracted
Denver EZ Marketing	Denver	\$10,500	\$10,500/EZ	Pending
East Central EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Pending
El Paso County EZ Marketing	El Paso County	\$7,500	\$7,500/EZ	Contracted
Greeley/Weld County EZ Marketing	Weld County	\$10,500	\$10,500/EZ	Pending
Jefferson County EZ Marketing	Jefferson County	\$7,500	\$7,500/EZ	Pending
Larimer County EZ Marketing	Larimer County	\$7,500	\$7,500/EZ	Pending
Mesa County EZ Marketing	Mesa County	\$22,000	\$22,000/EZ	Pending
Northeast EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Pending
Northwest EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Pending
Pueblo County EZ Marketing	Pueblo County	\$10,500	\$10,500/EZ	Contracted
Region 10 EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Contracted
San Luis/Upper Ark. EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Pending
South Central EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Pending

PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2000				
PROJECT	AREA	EDC \$	OTHER \$/ SOURCE	STATUS
Southeast EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Pending
Southwest EZ Marketing	Multi County	\$22,000	\$22,000/EZ	Contracted
Enterprise Zone Trade Show Marketing	Multi Zone	\$30,000		Pending
Fort Collins Virtual Business Incubator	Larimer County	\$25,000	\$60,000/Local & Private	Contracted

INTRODUCTION

During 2000, the Colorado Economic Development Commission was officially transferred to the Governor's Office of Economic Development and International Trade. Several other economic development-related state programs were likewise transferred, centralizing the state's major economic development functions within a single agency. This has enabled the commission to build an even stronger relationship with this office, as well as with the Office of Innovation and Technology and other state agencies. The Governor appointed two new members to the commission who have brought unique approaches to meeting the variety of challenges facing Colorado's diverse communities.

In order to strengthen the state's rural and economically lagging communities, the commission continued to fund Enterprise Zone marketing activities, agricultural feasibility studies and the Colorado Proud marketing program. Additionally, the EDC funded a new rural community assessment program, which will assist a number of rural communities with developing strategies to address their specific economic development priorities. As a result of Governor Owens' leadership, the commission partnered with the Colorado Tourism Office and the Department of Local Affairs in support of Montezuma County's efforts to counteract the negative impact from the fires at Mesa Verde National Monument. Finally, a number of business projects in rural areas, including Montrose, Bent and Weld counties, received EDC funding.

In economically strong communities, the EDC supported two major projects that will create quality, high-wage jobs over the next several years. One is an expansion of an existing company in Douglas County that will generate 800 jobs by 2003, and the other will bring a new company to Jefferson County, producing over 300 jobs by 2002.

The commission hosted two regional meetings with participation by legislators, local officials and business and community leaders. These meetings, held in Greeley and Cortez, provided EDC members with a first-hand view of local and regional economic development efforts and needs. The EDC will continue to hold at least two of its meetings each year in areas outside of the Metro Denver area.

In order to obtain additional input from public and private sector leaders, the EDC also held an economic development policy session in Denver. Representatives from the Economic Developers' Council of Colorado, East Central Council of Governments, Region 9 Economic Development District and the Denver Metro Chamber of Commerce presented their views on a variety of economic development activities throughout Colorado, as well as on the state's programs and policies. Major discussion items included: workforce development needs/funding; strengthening enterprise zones in rural areas; revamping the state's tax policies; telecommunications and other infrastructure priorities in rural areas; transportation systems; and affordable housing.

New Initiatives: Projects Funded by the EDC in 2000

During 2000, the EDC collaborated with the Office of Economic Development and International Trade, the Office of Innovation and Technology, the Department of Local Affairs, local governments, and economic developers to support a number of business ventures and economic development activities statewide. The commission provided assistance to a variety of projects, with continued emphasis on rural and economically lagging communities. The EDC participated in projects that will bring quality jobs to both urban and rural regions. It also supported marketing projects and special activities designed to reinforce Colorado's positive image and business climate, and to explore new economic development opportunities.

Goal I: To encourage, promote and stimulate economic development in all regions of the state.

Objective A: In cooperation with state, local and private entities, develop incentive packages to help existing companies expand and new companies locate in the state.

- 1. Time Warner Telecom, Inc., Douglas County** – Time Warner Telecom, Inc. is a leading optical network facilities-based provider of integrated communication services headquartered in Littleton, Colorado. Operating and expanding its national fiber optic infrastructure into major U.S. markets, the company provides the “last mile” of high-speed broadband access to business customers. The company is currently undergoing an aggressive expansion that will include adding 8-12 new markets within the next two years.

Douglas County is attempting to generate a stronger economic base as compared to its current retail and service nature. The EDC provided a \$300,000 performance-based grant that will enable the state to partner with Douglas County to offset costs associated with the company's expansion. The EDC grant is contingent upon Douglas County and the School District providing personal property tax rebates under SB-182 of up to \$469,993. The company's capital investment is estimated to exceed \$43 million dollars.

With Time Warner Telecom, Inc.'s expansion in Douglas County, 800 jobs will be created by December 31, 2003 with a minimum average annual wage of \$63,040 (excluding overtime and benefits) plus the company's standard benefit package.

- 2. American Scandia Life Assurance Corp., Jefferson County** - American Scandia Life Assurance Corporation (ASLAC) is a stock life insurance corporation headquartered in Shelton, CT. The company is expanding its operations to Colorado. This expansion will result in bringing the U.S. operation of an international finance services organization to the Denver area.

The EDC provided a \$94,500 performance-based grant that will enable the state to partner with Jefferson County to offset costs associated with the company's location to Colorado. The grant is contingent upon Jefferson County providing personal

property tax rebates under SB-182 totaling at least \$175,910. Additionally, the City of Westminster will provide tax rebates in the approximate amount of \$99,000. ASLAC's capital investment is estimated to exceed \$17 million dollars.

With ASLAC's expansion, 315 new full-time jobs will be created by December 2002 with an average annual wage of \$49,500 (average base of \$38,000 plus bonuses/commissions but excluding benefits) plus the company's standard benefit package.

Objective B: Identify and support specific programs and activities to assist the economies of rural areas of the state.

- 1. Flextronics International, Weld County** – Flextronics International is a contract electronics manufacturer providing turn-key services to original equipment manufacturers, including procurement of materials, assembly, testing and distribution of products. Flextronics International also provides engineering and strategic planning services in addition to manufacturing. The company has been in the Longmont area for 19 years under several different company names. However, Flextronics International merged with Dovatron in April 2000 and Flextronics International emerged as the successor company. Flextronics International's U.S. headquarters are in San Jose, CA. The company is growing rapidly and is expanding its Colorado facility.

The EDC provided a \$300,000 performance-based grant to enable the state to partner with Weld County to offset costs associated with the company's expansion. The state also committed \$320,000 in customized job training funds. The EDC grant is contingent upon Weld County providing personal property tax rebates under SB-182 totaling \$315,397. The company's capital investment is estimated to exceed \$45 million dollars.

With Flextronics International's expansion in Weld County, 800 jobs will be created by December 31, 2002 with a minimum average annual wage of \$33,250 (excluding overtime and benefits) plus the company's standard benefit package.

- 2. Dura-Line Corporation, Weld County** – Dura-Line Corporation is a wholly-owned subsidiary of Emerson Electric Co. The company manufactures high-density polyethylene pipe, duct and conduit products used primarily by the telecommunication and cable industry. Dura-Line Corporation, based in Knoxville, TN, is planning an expansion to Colorado and will locate within a state-designated enterprise zone.

The EDC provided a \$150,000 performance-based grant to enable the state to partner with Weld County to offset costs associated with the company's expansion. The EDC grant is contingent upon the City of Greeley partially waiving its development fee/tax in the approximate amount of \$79,608, the City of Greeley, Weld County and

the Greeley/Evans School District providing a personal property tax rebate estimated at \$133,745, and the City of Greeley providing a real property tax rebate estimated at \$25,000. The company's capital investment is estimated to exceed \$7 million dollars.

With Dura-Line Corporation's expansion in Weld County, 75 jobs will be created within a two year period with a minimum average annual wage of \$23,944 (excluding overtime and benefits) plus the company's standard benefit package.

3. **Swiss-O-Matic, Inc., Montrose County** – Swiss-O-Matic, Inc., a privately owned company, manufactures precision machining parts and components for industries such as microwave communication, fiber optic, computer, medical and hobby industries. The company, located in NJ, is relocating to Montrose, CO and will locate within a state-designated enterprise zone area in a building that has been vacant for several years.

The EDC provided a \$34,000 performance-based grant to enable the state to partner with the Montrose Economic Development Council (MEDC) to assist the company in covering its relocation expenses. The EDC grant is contingent upon MEDC providing a \$34,000 grant to the company.

With Swiss-O-Matic, Inc.'s relocation to and expansion in Montrose, CO, 17 jobs (excluding principals) will be created by 2005, with a minimum average annual wage of \$22,880 (excluding benefits) plus the company's standard benefit package.

4. **Fort Lyon VA Medical Facility Transfer, Bent County** – The Economic Development Commission committed \$30,000 to help pay for structural assessments and engineering recommendations to assist with the conversion of the existing Fort Lyon VA Medical Facility into a state correctional facility.

The EDC grant is contingent upon a \$20,000 match from Bent County. Additionally, the EDC recommended that Bent County request \$30,000 from the U.S. Department of Commerce's Economic Development Administration.

This project is consistent with the EDC's historical role of providing assistance to communities to address issues related to the downsizing of defense and defense-related industries in Colorado. Additionally, this will help a small rural community develop a project that will retain jobs in the area. This will be accomplished by converting the medical facility into a correctional facility. With 329 employees, Fort Lyon is the largest single employer in the county. Many of these employees could be hired by the state correctional facility if the facility transfer is approved.

5. **Community Assessment Program, Statewide** – Rural communities often do not have the resources to produce sophisticated economic development plans and/or to hire economic development professionals. Many of these lagging economies need assistance in identifying their challenges and opportunities and developing strategies to address them. Conducting community assessments is a first step to creating such

strategies. The Economic Development Commission set aside a total of \$25,000 as a grant to the Economic Developers' Council of Colorado (EDCC) in order to establish a local economic development community assessment program. The program, which will be jointly conducted by the Office of Economic Development and International Trade and the Economic Developers' Council of Colorado, will assist six to eight local rural communities. It will include: establishing a community assessment team; reviewing community demographics and economic indicators, meeting with community leaders; performing a SWOT analysis; developing recommendations; and presenting findings to the community. EDC funds will be matched by \$27,000 of in-kind donations.

- 6. Agricultural Feasibility Studies, Statewide** -- The EDC provided \$42,000 to the Department of Agriculture for Agricultural Feasibility Studies. EDC funds are matched by local sources and are used to conduct feasibility studies on various locally grown crops and manufactured products. This program enables the commission to support rural areas of the state. To date, the following studies have been approved:
 - A. Alternative Vegetable Processing -- Larimer County.** The Larimer County Cooperative Extension Service, Mile High Growers Cooperative, and northern Colorado vegetable growers are investigating the market for various alternative crops, as well as the feasibility of freezing or using other methods to process these products in order to enhance the ability of small farms to sustain themselves in this rapidly urbanizing area of the state. The EDC provided \$15,000 in funding, which is being matched by \$10,700 in local funds and \$40,000 in USDA funding.
 - B. Wool Manufacturing -- Otero County.** This project is investigating the feasibility of processing Colorado-grown wool in the Arkansas Valley and manufacturing mattress pads in order to provide alternative markets for area wool growers. The EDC provided \$11,000, which is being matched by \$11,000 from local sources.
 - C. Local Meat Processing -- Delta County.** The EDC is providing \$8,000 to this project, which will study the feasibility of providing a higher value market to Western Slope livestock producers through local processing and marketing of "natural" and "locally grown" meat products. Other financial support in the amount of \$8,000 is being provided by local sources.
 - D. Goat Dairy Processing -- Boulder County.** This project is evaluating the feasibility of a facility to make and market cheese, yogurt, and milk products from sheep and goat milk, providing a market for small sheep and goat herds in the state. The EDC provided \$8,000 for the project, which is being matched by \$9,000 from local sources.

Goal II: To oversee the statewide economic development marketing program and to support additional activities/events which promote the state.

Objective A: Produce marketing materials to support ongoing business development efforts.

1. ***Inc. Magazine Advertising, Statewide*** – In July 2000, Colorado hosted the Inc. 500 annual conference in Vail, which brought over 1,100 individuals to the state, including some of the nation’s most successful CEO’s from fast-growing, predominantly high-tech companies. In order to sustain the momentum generated by the conference, the commission set aside \$250,000 to fund the production and placement of six full-page ads at a substantial discount in *Inc. Magazine* over the next year. The retail value of a one-time, full-page ad is \$72,000, which totals \$432,000 for six ads. The publication reaches a prime audience of nearly 2 million readers, comprised primarily of owners and executives of growing companies and the highest concentration of purchase decision makers among the four major business magazines. Approximately \$150,000 in cash and in-kind contributions were provided for the July conference.

2. **Office of Economic Development Marketing, Montezuma County & Statewide** – The EDC awarded a \$50,000 grant to the Colorado Office of Economic Development and International Trade to be used towards business development marketing efforts. Of this amount, \$25,000 was earmarked for a regional public relations and advertising campaign to counteract the negative publicity which resulted from the fires at Mesa Verde National Monument. EDC funds were part of a statewide package committed by Governor Owens that also included \$5,000 from the Colorado Tourism Office and \$70,000 from the Department of Local Affairs. Funds were provided to Montezuma County, which coordinated the campaign, for the benefit of communities throughout southwest Colorado. Local funding for the project totaled \$35,000.

The remaining \$25,000 will be used on other statewide marketing projects as yet to be determined.

3. **Colorado Proud Agricultural Marketing, Statewide** – In 1998, the Colorado Department of Agriculture developed a new logo, “Colorado Proud,” for identification and promotion of Colorado food and agricultural products. The EDC provided a total of \$27,500 over two years to assist in the development and marketing of the program. In order to expand “Colorado Proud,” the department intends to increase public awareness through billboard and radio advertising, sponsoring a display contest for retailers, developing additional promotional items and redesigning the “Colorado Proud” information sheet. The EDC provided \$10,000 toward these efforts. An additional \$13,200 of private money will be raised to cover the \$23,200 total budget.

Objective B: Assist Enterprise Zones to develop individual marketing strategies and cooperative programs between zones and provide matching funds for implementation.

Sixteen economically distressed urban and rural areas have been designated as state enterprise zones to provide special state tax incentives to encourage job creation and private investment in these areas. For an area to use these special incentives successfully, it must let businesses, both existing and prospective new ones, know about the area's zone status. To assist Colorado's zones capitalize on this opportunity, the commission again provided funds to help implement individual enterprise zone marketing plans.

In 2000, the commission allocated a total of \$300,000 to enterprise zones for the continuation and expansion of their marketing activities. Of the total, \$30,000 was set aside to support continuation of a multi-zone trade show marketing program. This portion of the grant does not require local matching funds, but participating zones share in the costs. The remaining \$270,000 was divided among the zones in matching grants based on evaluation of local proposals.

Marketing activities undertaken by the zones fell into the following general categories:

1. **Publicizing enterprise zone benefits** - Zones have attempted to increase the awareness of zone benefits by local businesses through local media, industry and professional association publications, direct mail, and publishing zone newsletters and updated brochures. Most zones held seminars in communities within the zones, in conjunction with local tax professionals and state agency staff, to explain zone benefits.
2. **Supporting existing zone businesses** - Zones conducted surveys to identify and assist existing companies with expansion potential within the zones. The zones supported local small business incubators' recruitment and publicity programs, and promoted special events and other promotions to increase business activity in downtown sections of the zones and conducted market research to support local business prospects.
3. **Business recruitment** - All zones coordinate closely with the major community and economic development organizations within their zones. The zones assisted these organizations to produce updated targeted advertising and direct mail, to attend targeted industry trade shows and to conduct the business recruitment campaigns for their economic development organizations.
4. **Rural tourism development** - Many of the rural zones' marketing plans attempt to increase spending by visitors to their region. Simultaneously, they seek to convert familiarity with their area as a result of tourism contacts into business location prospects. They support publications, brochures and magazines which feature the zones' tourist attractions, as well as their business development opportunities.

Objective C: Develop and support special projects and activities.

- **Fort Collins Virtual Incubator, Fort Collins** – The EDC provided a \$45,000 grant in 1997 to help establish the Fort Collins Virtual Incubator. In 1999, an additional award was approved in the amount of \$35,000 to continue to strengthen its operations. The incubator was designed to provide a positive climate for creating and expanding new and existing high-tech manufacturing businesses in northern Colorado and for the transfer of innovative technologies from the private sector and Colorado State University to the marketplace. The EDC provided a third and final grant in the amount of \$25,000 to help expand incubator activities. Local and private sources contributed an additional \$60,000 for phase three of the project.

Goal III: To provide policy oversight for the state enterprise zone program as directed by the enterprise zone statute.

The General Assembly has given the commission responsibilities for the following areas of enterprise zone policy:

- A. Zone boundary terminations and designations.** The commission completed a comprehensive review of zone boundaries in 1997. These changes took effect July 1, 1998, eliminating a number of areas from enterprise zones which no longer met the statutory economic distress definitions. The enterprise zone statute also directs the commission to conduct another comprehensive review of zone boundaries following publication of socio-economic data from the 2000 Census, scheduled for late 2002.
- B. Annual review of proposals for projects eligible for the enterprise zone contribution tax credit.** The enterprise zone statute requires each local enterprise zone to submit to the commission a proposed list of all projects, programs, and organizations that would be eligible during the following year for the 25 percent tax credit for contributions which promote job creation and retention, and employment for the homeless in enterprise zones. Pursuant to SB 99-033, the commission must review and approve any new or changed project proposals. It approved 39 new or changed projects for 2000, and rejected requests for four others, for a total of 381 active projects.

Changes in Zone Economic Conditions

- In 1999, of the 43,000 jobs added to the state's economy, 36 percent were in enterprise zone counties, and 10 percent were in rural enterprise zones. Between 1990 and 1999, 34 percent of state job growth was in enterprise zone counties, compared to 13 percent of the state job growth in the same counties prior to the zone program, between 1980 and 1985. Between 1990 and 1999, 12 percent of state job growth was in rural enterprise zones, compared with a loss of jobs in the rural counties during the early 1980s.

- Unemployment in zone counties averaged 3.5 percent in 1999, down from 8.6 percent in 1986. This rate was still 20 percent above the state's 2.9 percent average. This represents a widening of the gap between zone counties and the state average unemployment rate since 1993, when it had improved to 14 percent above the state average. In rural enterprise zones, the 1999 unemployment rate averaged 3.8 percent.
- Since 1990, rural enterprise zones in eastern and southern Colorado have started to regain population, although at slower growth rates than the state average. These areas were losing population during the 1980s.

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.

Enterprise Zone Tax Credit Activity

- The number of businesses claiming potential enterprise zone tax credits in FY 2000 was approximately 6,000, up 5 percent from 1999.
- Businesses claiming zone tax credits created over 14,000 new jobs in 2000, down 16 percent from 1999 but 8 percent above 1998.
- Over 10,400 taxpayers contributed \$23.7 million to enterprise zone economic development and homeless assistance projects in FY 2000, resulting in over \$9 million in potential tax credits. This was a 4 percent decrease from FY 1999 and a 17 percent decrease from 1998, as the reductions in this credit enacted by the General Assembly in 1996 have taken effect.
- Total EZ tax credits claimed with the Department of Revenue in FY 2000 were \$61 million. Of this total, \$42 million were claimed by corporate taxpayers, and \$19 million by non-corporate (individual contribution credits, plus sole proprietor, partnership and other non-corporate business credits).
- Approximately 70 percent of the estimated dollar value of credits certified was for the enterprise zone investment tax credit. Approximately 7 percent was for the EZ job training tax credit, 8 percent was for new job tax credits, 12 percent for enterprise zone project contribution tax credits, and the balance for vacant building rehabilitation and increased research and development expenditure credits.
- New jobs and capital investment created by businesses claiming enterprise zone credits will result in several different types of increased tax revenues:
 - Personal income and sales taxes paid by new employees of enterprise zone businesses.

- State sales and use taxes on taxable non-manufacturing equipment purchased by enterprise zone businesses.
- In addition, new economic activity would add revenues from increased corporate taxes, as well as increased local property and sales taxes.

Status of Projects Funded by the EDC in 1999

Business Expansion/Location Projects Funded in 1999

StarTek USA, Inc., Grand Junction – The Company located its new process management services operation, including, but not limited to, telecommunication process management and frame-relay support services in Grand Junction in early 2000. StarTek USA, Inc. provides outsourced process management services primarily for Fortune 500 companies and is a subsidiary of StarTek, Inc. With existing locations in Greeley and Grand Junction, this project represents an expansion in Grand Junction. The EDC committed to provide \$100,000 as a performance-based grant. The company committed to create 200 jobs by June 2001, with average annual salaries of \$24,960 (excluding benefits) plus the company's standard benefit package. The state also committed \$90,000 in customized job training funds. StarTek USA, Inc. estimated a private capital expenditure for its expansion ranging from \$800,000 to \$1.2 million. The Mesa County Economic Development Council, Inc. is providing \$600,000 in local matching funds. As of January 2001, the company had created 100 jobs in support of this expansion.

Projects in Rural Areas Funded in 1999

1. **Agricultural Feasibility Studies, Statewide** -- The following Agricultural Feasibility Studies were funded by the EDC during 1999:
 - A. **Kiowa County Oil Processing** – The sunflower growers in Kiowa County have established a company, Kiowa County Growers, to process sunflower oil for industrial applications. The project currently employs 3 full-time employees, and anticipates adding additional part time employees. They have produced blended sunflower oil products for dust suppressant, bar chain oil, and crankcase oil. KCG is in the process of setting up an automated blending plant, and has set up a distributor agreement. The study was funded with \$6,950 from the EDC and \$13,100 in local contributions.
 - B. **Wild Game Processing** – The Town of Rangely's feasibility study determined that a small meat processing facility may be feasible if it focuses on specialized meat products such as wild game jerky and other elk and buffalo products. The town has established an action committee and will work with Colorado Northwestern Community College to prepare business plans. The study was funded with \$4,900 from the EDC and \$5,433 in local contributions.
 - C. **Shared Food Processing Facility** -- San Miguel County's study determined that sufficient demand exists in their area to warrant further investigation of expanding a small shared food processing facility ("kitchen incubator"). However, they determined that there was not sufficient demand for the greater expense of a USDA certified slaughter facility or USDA/FDA certified

kitchen incubator. The study was funded with \$15,000 from the EDC and \$15,000 in local contributions.

- D. Northern Colorado Multi-Species Processing** -- Weld County determined that a multi-species packing/processing plant would be feasible. The smaller volume of specialty species (bison, elk, and goat) could be balanced with lower margin beef and lamb processing. A co-op has been formed to investigate purchasing a facility. The study was funded with \$15,000 from the EDC and \$40,000 in local contributions.
- 2. Colorado Agricultural Domestic Trade Show Program, Statewide** – The Department of Agriculture has designed this program to assist first-time attendees at out-of-state domestic processed food trade shows. The funds are used to assist participants with the cost of booth space. The program is designed to encourage additional sales for small processors. Attendance at the trade shows gives companies exposure to new markets, creating additional sales and jobs. The EDC provided \$20,000 toward this program. Four small companies -- two from the Western Slope and two from eastern Colorado -- obtained \$34,500 in additional sales during and since participating in one of the targeted trade shows.
- 3. Colorado Agricultural International Trade Promotion Program, Statewide** – The Department of Agriculture International Trade Promotion Program (AITPP) assists Colorado food and agricultural companies with developing overseas sales through participation in international trade shows and promotional events. The program has been successful in encouraging the Colorado agricultural industry to develop export markets. During FY 2000, AITPP approved 21 grants, with an average award at \$1,005. It has helped farmers, ranchers and processors throughout the state to participate in trade shows and events in eight different countries. The EDC provided \$18,000 for this program.

Marketing projects Funded in 1999

- **Colorado Proud Agricultural Marketing, Statewide** – The EDC assisted the Colorado Department of Agriculture with expanding the “Colorado Proud” marketing program, which replaced the “Always Buy Colorado” program. “Colorado Proud” identifies and promotes Colorado food and agricultural products. Program activities included increasing the number of active participants, expanding the program to include adaptations for e-commerce and attempting to transition the Colorado Proud program to be self-funded through the development of promotional items for resale to participating companies and the development of retail items with the Colorado Proud Logo. The EDC provided \$20,000 for this effort. An additional \$10,000 of private money was contributed in the form of an advertising co-op.

Special Projects and Activities Funded in 1999

- 1. Colorado Enterprise Fund, Statewide** - The Colorado Enterprise Fund (CEF) operates a microloan program for small businesses that do not have access to traditional sources of capital. CEF has established a viable and nationally recognized program designed to assist micro-enterprises with capital investment and working capital needs. The program also includes a strong technical assistance and training component for borrowers. Since 1990, CEF has made over 182 loans totaling \$2.16 million, with an average loan size of \$11,900. The typical CEF borrower has historically created or retained 2.5 jobs. The EDC approved a \$250,000 grant to CEF to provide a portion of the match required for a federal U.S. Treasury Community Development Financial Institution (CDFI) grant in the amount of \$500,000 and a Small Business Administration (SBA) Microloan Program Loan in the amount of \$750,000. CEF also has \$362,500 in other local support. Forty-eight new loans closed, representing a 23% increase over the prior year's total of thirty-nine loans.
- 2. Fort Collins Virtual Incubator, Fort Collins** – The EDC provided a \$45,000 grant in 1997 to help establish the Fort Collins Virtual Incubator. In 1999, a second award was approved in the amount of \$35,000 as part of a three-phase plan to continue to strengthen its operations. The incubator was designed to provide a positive climate for creating and expanding new and existing high-tech manufacturing businesses in northern Colorado and for the transfer of innovative technologies from the private sector and Colorado State University to the marketplace. Other local sources of funding for this year included \$15,000 from the City of Fort Collins, \$15,000 from CSU and \$15,000 from the private sector. The incubator program has served eight incubator client companies since its inception, as well as providing assistance to 110 other companies and entrepreneurs. Of the four companies that have "graduated" from the incubator to date, two have been acquired by other companies, one has gone out of business, and one has attracted \$4.5 million in equity financing and has grown from 8 to 30 full-time employees.
- 3. Colorado Photonics Industry Association, Statewide** – Photonics, the technology of using light, is a key enabler of the information age. The Optoelectronic Industry Development Association estimates that photonics components manufacturing is a \$34 billion per year business worldwide. Colorado's photonics industry has grown significantly over the past 10 years. Since 1997, the number of photonics firms in the state has grown from 65 to 140. The large concentration of photonics businesses along the Front Range led to the formation of the Colorado Photonics Industry Association (CPIA) in 1997. The CPIA is a grass-roots effort that promotes Colorado's photonics companies in the international business arena. The goal of the association is to grow the photonics industry by promoting Colorado photonics companies at the national and international level, by building a skilled photonics workforce, and by attracting photonics companies to Colorado.

The EDC provided a \$30,000 grant to the CPIA. Of this amount, \$10,000 was used for activities to help develop a photonics workforce. The remaining \$20,000 was used

to exhibit a Colorado Photonics booth at national conferences and trade shows. Adams County Economic Development, Inc. contributed \$20,000 in cash and \$15,000 as an in-kind match.

4. **Defense Conversion, Statewide --** In FY 1994, the JBC included a footnote in the Long Bill requiring the EDC to allocate up to \$500,000 for defense initiatives in various regions of the state to retrain employees, create new jobs or help supplier businesses. Since the original footnote, the JBC has authorized the commission to continue to fund these projects if it so chooses. The EDC approved two projects in 1999 to assist the Grand Junction area with the transition to civilian use of the U.S. Department of Energy's Grand Junction office:

- A. **Western Colorado Business Incubator, Mesa County --** The Western Colorado Business Development Corporation requested funding to assist with the relocation of its business incubator to the Department of Energy (DOE) property south of downtown Grand Junction. The EDC provided a \$44,500 grant to the corporation for fence realignments, which were essential to allow private occupancy of buildings at the DOE complex while DOE operations continued. Costs associated with the total project, which included utilities, telecommunications, site layout and renovations and repairs to buildings, were \$982,902. Other contributions included \$400,000 in local support and \$300,000 from the Energy and Mineral Impact Fund, and additional federal funds. The small business incubator and its tenant companies have successfully relocated to the DOE site. In addition, a former DOE analytical laboratory operation has been privatized, and thus retained a number of highly skilled jobs in a leased facility at the site.

- B. **Grand Junction Joint Utilization Commission, Mesa County –** The Joint Utilization Commission (JUC) was created by the City of Grand Junction and Mesa County to transfer DOE's site in Grand Junction to the River Technology Corporation and to redevelop it. The JUC's goal is to develop and implement a plan to fully utilize the resources currently in place at the site, with an emphasis on economic development and job retention and creation.

With a \$30,000 grant from the EDC, as well as local funds, the JUC commissioned Chamberlin Architects, which completed an assessment of the condition of the DOE buildings and the likely costs of renovation and operation once they are transferred.

5. **Durango Conference Center Feasibility Study, Durango –** The EDC provided \$30,000 to the Durango Conference Center Business Improvement District to assist the conference center board with conducting a full-scale feasibility study and architectural design. Total project cost was \$90,000. Other funding included \$30,000 of the local vendor fee revenue, plus \$30,000 from the District property tax revenue. The study's primary focus related to the market demand from conference, convention,

trade show and meeting event sectors. The report concluded that a conference center could bring in millions of new dollars to Durango's economy. However, this would require a significant investment. Based upon specific economic and financial analyses in the report, the DCC board is considering whether to proceed with the project.

6. **Space Initiative Study, Statewide** – The EDC granted \$250,000 to the United States Space Foundation, a national agency headquartered in Colorado Springs, for the development of a study to identify opportunities available to Colorado in space activities. The study also recommended strategies to take advantage of these opportunities. The following three initiatives were included in the study: (1) creating a public/private “Space Advocate Office” within the Governor’s Office of Innovation and Technology (OIT) or the Office of Economic Development and International Trade; (2) forging a partnership among the Space Advocate Office, the Space Foundation, the Colorado Department of Education, the Space Industry and Colorado colleges, universities and community colleges to increase the state’s technology workforce; and (3) creating programs to retain Colorado’s existing space-driven economic base, obtain a growing market share of new space-driven opportunities and create new space-driven enterprises. Efforts are currently underway to establish the Space Advocate’s Office within OIT.

7. **15th Annual National Space Symposium, Statewide** – The space and aerospace industry employs an estimated 40,000 Coloradans; Colorado has the fourth largest space economy in the nation. The United States Space Foundation, located in Colorado Springs, annually hosts the National Space Symposium. It is considered to be a premier annual event in the space industry. In April 1999, the symposium, which was held at the Broadmoor in Colorado Springs, was attended by 1,000 industry participants and 70 exhibitors.

The EDC approved a \$15,000 grant for facilities, infrastructure and support for the news media covering the event. Private sponsors contributed \$215,500 in addition to the \$588,000 in exhibitor fees and \$600,000 in registration fees. According to the Colorado Springs Convention & Visitors Bureau, the symposium generated approximately \$2 million in local economic activity.

8. **2000 Inc. 500 Annual Conference, Statewide** -- Inc. 500 has an annual conference of the 500 top small and mid-sized companies in the country. Last year, Colorado hosted the conference of 1,100 attendees, which was held in Vail, Colorado July 12-14, 2000. This was an excellent venue to promote and showcase the economic opportunities Colorado has to offer small and mid-sized companies and increase Colorado’s visibility as a site for expansion or relocation of these rapidly growing companies. The EDC’s \$100,000 grant was used for on-site conference activities, marketing materials and to help offset the state’s commitment for advertising in *Inc. Magazine*.