

# Colorado



## **Economic Development Commission 2006**

*Office of Economic Development & International Trade  
January 2007*

January 26, 2007

Members of the Sixty-Sixth General Assembly:

On behalf of the Colorado Economic Development Commission (EDC or Commission), I am pleased to present you with the Commission's Activity Report for 2006. The report contains information on projects supported by the EDC in CY 2006, as well as the status of initiatives funded in CY 2005.

Over the past year, the EDC emphasized business and job retention efforts throughout the state and also focused on identifying emerging industries and opportunities. The Commission supported local communities' efforts in attracting job growth for businesses. These included the Lockheed Martin – Orion Project in Jefferson County, Ameriquest Data Center in Douglas County and CH2M Hill's expansion of its headquarters. Support for small businesses and rural areas remained a priority for the EDC in 2006 through the support of the expansion of Parelli Natural Horsemanship's headquarters in Pagosa Springs and Safe Auto's location in Sterling, provision of matching funds for Enterprise Zone marketing, the continuation of the statewide Community Assessments Program as well as supporting the sustainability plan for the Advance Colorado Center.

In 2006, the General Assembly created two new economic development incentive programs with EDC oversight responsibilities. The Job Creation Performance Incentive Fund (PIF) provides a performance-based incentive payment to qualifying companies that have created net new jobs paying above average wages. The program is designed to support and encourage new business development, business expansions and relocations that generate new jobs throughout the state. The Colorado Film Production Cash Fund aims to encourage film production in Colorado by providing a rebate of 10 percent of qualifying in-state production expenses following the completion of film production.

Following enactment of the Job Creation Performance Incentive Fund, the Commission restructured its guidelines so that its existing discretionary funds would be used to provide enhanced incentives in addition to supporting other economic development efforts. These incentives are designed to support highly desirable and high-impact job creation opportunities.

The Commission will continue to support statewide economic development activities and to collaborate with communities to support their priorities and opportunities. The EDC is committed to assisting these communities retain and create jobs and to strengthening Colorado's economy.

We welcome your comments on this report. On behalf of the EDC, we look forward to working with Governor Ritter and members of the General Assembly.

Sincerely,



Richard L. Monfort  
Chairman  
Colorado Economic Development Commission

Colorado

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## COMMISSION MEMBERS

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Greeley, CO

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Sterling Bio-Technologies Corporation  
Sterling, CO

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Denver, CO

Brian Vogt  
Office of Economic Development &  
International Trade  
Denver, CO

**PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2006**

<b>PROJECT</b>	<b>AREA</b>	<b>EDC \$</b>	<b>OTHER \$/ SOURCE</b>	<b>STATUS</b>
Advance Colorado Center Sustainability Plan	Denver	\$297,750	\$72,500/ACC Members	Contracted
Ag Value-Added Feasibility Studies 2006	Statewide	\$50,000	N/A	Contracted
Ameriquest Data Center Incentive	Douglas Co.	\$250,000	\$250,000/Local	Contracted
CH2M Hill HQ Expansion Incentive	Douglas Co.	\$213,241	\$213,241/Local	Contracted
Colorado Aerospace Marketing 2007	Statewide	\$75,000	\$80,000/Local	Contracted
Colorado Nanotechnology Alliance	Statewide	\$225,000	N/A	Contracted
Colorado Proud Marketing 2006	Statewide	\$100,000	N/A	Completed
Colorado Proud Marketing 2007	Statewide	\$100,000	N/A	Pending
Colorado Springs Olympic Community Partner	Colorado Springs	\$50,000	\$200,000/Local	Contracted
Community Business Retention Program	Statewide	\$100,100	N/A	Pending
CoreNet Global Summit Strategic Marketing 2007	Denver	\$75,000	\$375,000/Local	Contracted
Corporate Express Job Training Incentive	Broomfield	\$60,000	\$30,000/Private	Pending

CSU Grid Simulation Laboratory	Fort Collins	\$125,000	\$134,000/Local	Pending
Colorado Film Commission Operations 2007	Statewide	\$137,500	N/A	Contracted
Fort Carson Regional Growth Study	El Paso County	\$37,500	\$537,830/Local and Federal	Contracted
Lockheed Martin Orion Project Incentive	Jefferson County	\$900,000	\$900,000/Local	Pending
OEDIT Marketing 2006	Statewide	\$87,000	N/A	Contracted
OEDIT Web Site Enhancement	Statewide	\$350,000	N/A	Contracted
Parelli Natural Horsemanship Incentive	Pagosa Springs	\$50,000	\$50,000/Local	Pending
Photonics/Nanotech ACC Joint Venture	Statewide	\$185,000	N/A	Contracted
Safe Auto Incentive	Sterling	\$750,000	\$3,315,000/Local	Pending



<b>PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2006</b>				
<b>PROJECT</b>	<b>AREA</b>	<b>EDC \$</b>	<b>OTHER \$/ SOURCE</b>	<b>STATUS</b>
Adams County EZ Marketing	Adams County	\$12,500	\$12,500/EZ	Contracted
Arapahoe County EZ Marketing	Arapahoe County	\$12,500	\$12,500/EZ	De-obligated
Denver EZ Marketing	Denver	\$12,500	\$12,500/EZ	Contracted
East Central EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
El Paso County EZ Marketing	El Paso County	\$12,500	\$12,500/EZ	Contracted
Greeley/Weld County EZ Marketing	Weld County	\$12,500	\$12,500/EZ	Contracted
Jefferson County EZ Marketing	Jefferson County	\$12,500	\$12,500/EZ	Contracted
Larimer County EZ Marketing	Larimer County	\$12,500	\$12,500/EZ	Contracted
Mesa County EZ Marketing	Mesa County	\$25,000	\$25,000/EZ	Contracted
Northeast EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
Northwest EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
Pueblo County EZ Marketing	Pueblo County	\$12,500	\$12,500/EZ	Contracted
Region 10 EZ Marketing	Multi County	\$25,000	\$25,000/EZ	De-obligated
San Luis/Upper Ark. EZ Marketing	Multi County	\$25,000	\$25,000/EZ	De-obligated
South Central EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
Southeast EZ Marketing	Multi County	\$25,000	\$25,000/EZ	De-obligated
Southwest EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
Upper Arkansas EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
EZ Trade Show Marketing 2005-2006	Multi County	\$25,000	N/A	Contracted

## INTRODUCTION

During 2006, the Economic Development Commission (EDC) continued to support communities and businesses throughout Colorado. As required by statute, the overall goal of the Commission is to retain and create quality jobs and help to strengthen the economy. As the report indicates, the EDC supported a number of strong business opportunities that created hundreds of quality jobs throughout the state.

A number of important special projects also received support from the Commission. The Commission continued to support key local and industry economic development initiatives, including nano-technology, photonics and the aerospace industry. Building on the successful start and expansion of the Advance Colorado Center (ACC) in 2004 and 2005, the Commission assisted the ACC in launching a long-term sustainability initiative. The Center is an innovative approach to assist non-profit associations that are assisting emerging industries and entrepreneurship. The Commission also supported the launch of a new website, ColoradoProspects.com, targeted specifically at corporate site selection professionals and designed to allow local communities in Colorado to piggy back on this cutting edge marketing tool in order to promote their economic development assets.

The following table provides a general breakdown of EDC projects in 2006:

<b>Region</b>	<b>Number of Projects</b>	<b>Percentage of Total Projects</b>
<b>Rural</b>	12	30%
<b>Urban</b>	17	42%
<b>Statewide</b>	11	28%
<b>Total for Year</b>	40	100%

During 2006, the General Assembly created two new economic development incentive programs with EDC oversight responsibilities.

The Job Creation Performance Incentive Fund (PIF) provides a performance-based incentive payment to qualifying companies that have created net new jobs paying above average wages. The program is designed to support and encourage new business development, business expansions and relocations that generate new jobs throughout the state.

The legislature appropriated \$3 million for these incentives. Under the statute's procedures, a business must maintain qualifying new jobs for at least 12 months before it can request this incentive, which means the earliest applications can be submitted is January 2007.

Following enactment of the Job Creation Performance Incentive Fund, the Commission restructured its guidelines so that its existing discretionary funds would be used to provide enhanced incentives in addition to supporting other economic development efforts. The Enhanced Incentive Program provides an additional performance-based incentive payment to companies that have qualified under the Job Creation Performance Incentive Fund and have

created new jobs paying average wages that are even higher than required under the PIF program. These incentives are designed to support highly desirable and high-impact job creation opportunities.

(For more information on these incentive programs and application materials, see the OEDIT web site, [www.AdvanceColorado.com/Finance/](http://www.AdvanceColorado.com/Finance/)).

The second new program created by the legislature was the Colorado Film Production Cash Fund. This incentive aims to encourage film production in Colorado by providing a rebate of 10 percent of qualifying in-state production expenses following the completion of film production. A total of \$500,000 was appropriated for this program during FY 2006-07. As of December 2006, two productions had been pre-approved by the EDC resulting in the EDC committing 100% of its available funds for this program. Two additional applications were pending. Under the statute's first-come first-served procedure, these productions will be placed on a waiting list for funding from FY 2007-08 appropriations, if available.

## **New Initiatives: Projects Funded by the EDC in 2006**

During 2006, the EDC worked with communities, businesses and local economic development organizations in an effort to strengthen the state's economy. The focus continues to be on the retention and creation of quality jobs for Coloradans. The EDC participated in initiatives that support business locations in urban and rural areas and small businesses and emerging industries. The EDC policy in 2006 based the amount of an incentive award primarily on the number of new jobs to be created and the average salary level relative to the prevailing county average salary, as well as considering other economic benefits of the project. Disbursal of awards is based on performance.

**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. **Ameriquest Data Center Incentive, Douglas County** – Ameriquest Capital Corporation (ACC) is a privately held Delaware Corporation with various residential loan operations. Founded in 1979 in Long Beach, California, ACC and its affiliates currently employ more than 14,000 associates nationwide. This project consists of ACC locating a new disaster recovery center, a call center, an applications development site and a production data facility in Douglas County and hiring at least 125 new employees with an average annual salary of \$57,600. The facilities are not located within an enterprise zone. ACC will make an investment of approximately \$71 million. The EDC approved a job incentive grant of \$250,000 and Douglas County matched the grant at \$250,000.
2. **CH2M Hill HQ Expansion Incentive, Douglas County** – CH2M Hill, headquartered in Douglas County, is one of the world's largest engineering services firms. It provides engineering, construction, operations, major project management and related technical services to municipal, state, federal, and private sector clients. Because of the company's growth, CH2M Hill is constructing a fourth building on its campus. CH2M Hill will make investments of approximately \$49.2 million. The new building is not located within an enterprise zone. In addition to the new building, CH2M Hill plans to hire 350 new employees at its Douglas County campus with an average annual salary of \$60,000. Douglas County committed incentives with a value of approximately \$261,768. The EDC approved an incentive of \$213,241 for the creation of 107 new jobs at an average wage rate of \$60,000. It is anticipated that CH2M Hill will request incentives for the remaining 243 jobs under the EDC's new job creation incentive program(s).
3. **Corporate Express Job Training Incentive, Aurora** - The EDC approved a \$60,000 job training assistance grant in May 2006 for the Corporate Express headquarters operation in Broomfield, CO. This project will also result in 660 new call-center employees in Aurora, CO. The Aurora Economic Development Council was competing with Wichita, KS for the project and on October 7, 2005 Corporate Express announced its intentions to locate in Aurora. The objective of this request was to assist a very successful Colorado company.

Training will also contribute to workforce development in Colorado and will be applicable to the employees if they leave the company. To date no EDC funds have been requested by the company, but will be available as the project moves ahead.

- 4. Lockheed Martin Orion Project Incentive, Jefferson County** – Lockheed Martin Corporation is a publicly traded corporation that principally researches, designs, develops, manufactures, integrates, operates and sustains advanced technology systems, products and services. They serve customers in domestic and international defense and civil markets, with their principal customers being agencies of the U.S. Government. They were formed in 1995 by combining the businesses of Lockheed Corporation and Martin Marietta Corporation. Lockheed Martin Space Systems, a major operating unit of Lockheed Martin Corporation, was awarded a contract by NASA to engineer and manufacture the next generation replacement for the Space Shuttle Program. Titled the Crew Exploration Vehicle (CEV) Program, the spacecraft will fly to the moon and the international space station. Lockheed Martin Space Systems currently has two expansion projects in Jefferson County - expanding the current facility located at the Waterton Campus and renovating leased office space of approximately 140,000 square feet. Under these projects, LMC will invest approximately \$55 million. Jefferson County will provide a local match of \$650,000. In addition, the City of Lakewood has committed to \$150,000 and Jefferson County Workforce Center will provide a training grant of \$20,000 a year for five years. The EDC will provide Lockheed Martin Corporation with an incentive in the aggregate amount of \$900,000 to be disbursed at a rate of \$3,000 per new job created for the CEV Program, provided that the average annual wage for the new jobs shall be \$70,000 or more. Colorado First and Existing Industry job training funds in the amount of \$240,000 for the creation of new jobs and \$200,000 for the retention of existing jobs in Colorado may also be provided.

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

- 1. Parelli Natural Horsemanship Incentive, Pagosa Springs** - Parelli, headquartered in Pagosa Springs, provides a comprehensive and user-friendly system of horse training. Its headquarters is located in approximately 7,000 sq. ft. of leased space that has become inadequate due to the growth of the company. The Parellis approved the establishment of a new corporate headquarters, located within an enterprise zone in the city limits of Pagosa Springs. Parelli anticipates adding at least 25 new employees with an average wage rate of \$38,854 at its Pagosa Springs campus with the expansion. The EDC awarded Parelli a grant of \$50,000 to be disbursed at a rate of \$2,500 per job created. Archuleta County has committed to match the EDC's incentive offer in the form of a personal and property tax rebate package with a value of approximately \$50,000.
- 2. Safe Auto Incentive, Sterling** - Safe Auto is a subsidiary of the parent company Safe Auto Insurance Group, Inc., which is a property/casualty insurance holding company. Safe Auto sells, markets, and underwrites only state-required minimum-limit personal automobile insurance coverage primarily on a direct basis in twelve states. The consumer-direct insurer focuses on selling and servicing insurance policies from a multi-state network of call centers. The Company targets drivers looking for the minimum legal level of insurance. Safe Auto

currently employs approximately 60 people at its temporary facility in Sterling. The Company is evaluating plans to invest in a permanent call center building or to lease a call center building to house the existing employees and to create up to an additional 190 new jobs with an average annual salary of \$27,456 per year. The City of Sterling, Logan County and the Sterling Urban Renewal Authority have committed to a combined incentive package totaling \$750,000. The EDC awarded Safe Auto a grant of up to \$750,000 for Safe Auto to be disbursed at a rate of \$2,500 per job created as soon as 100% average wage rate is met, plus an additional \$250 per job at the end of the contract term if the average wage levels exceed 110% of the Logan County average wage rate, plus an additional \$250 per job at the end of the contract term if the average wage levels exceed 125% of the Logan County average wage rate.

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

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

- 1. Colorado Aerospace Marketing 2007, Statewide** - The EDC approved a grant of \$75,000 to assist the Colorado Space Coalition in its promotion of Colorado as a key location for the expansion of private and public aerospace activities. Previous EDC-funded projects, including the 2000 Colorado Space Initiative Strategic Plan and the 2005/2006 Colorado Aerospace Marketing initiatives have identified aerospace as a key sector for Colorado's tech industry, with opportunities for significant expansion. The Colorado Space Coalition is an alliance of Colorado aerospace companies, local economic development organizations under the leadership of the Metro Denver Economic Development Corporation, and government agencies through the Lt. Governor's Office and OEDIT. The funds are being used to establish a high visibility Colorado exhibit and to fund the Tuesday Colorado Space Luncheon at the April 2006 National Space Symposium. Funds will also be used by the Colorado Space Coalition to undertake targeted advertising to the aerospace industry, provide market research and analysis, provide website hosting and produce the *Aerospace Colorado* Directory/CD.
- 2. Department of Agriculture: Colorado Proud Marketing 2006 & 2007, Rural/Statewide**  
The Department of Agriculture developed the "Colorado Proud" branding program to help consumers, restaurants and retailers identify and purchase Colorado food and agricultural products. The EDC has provided six previous grants for this program, totaling \$352,000 to date. The latest grants were for \$100,000 (2006 marketing) and \$100,000 (2007 marketing). The program now has over 720 licensed participants, including 145 restaurants and 7 major retail chains. During 2006, the program conducted an extensive television media campaign. In addition, the program promoted its objectives through the *Colorado Vine Magazine*, the Colorado Proud Restaurant Guide, the Colorado Farm Fresh Directory, the ColoradoProud.org web site, and a variety of public relations and special events. Approximately \$339,000 was raised in matching funds for 2006 through the sale of promotional items, fundraising, partnership funds and in-kind broadcast. In 2007, the Department of Agriculture plans to build on the awareness generated by advertising in 2006

through a continued television advertising campaign, as well as maintaining Colorado Proud's online presence. Matching funds of \$275,000 in co-op television advertising and \$33,000 from other sources are proposed.

3. **CoreNet Global Summit Strategic Marketing 2007, Denver** – The EDC approved a grant of \$75,000 to market Colorado to more than 3,000 attendees anticipated at the 2007 CoreNet Global Summit (Corporate Real Estate Network) to be held April 28 - May 2, 2007 in Denver. CoreNet is the largest concentration of site selectors, facilities managers and economic developers in the world providing an opportunity for the State and the region to market to key decision makers as to why Colorado is the best location to operate a business. OEDIT will contract with the Metro Denver EDC to support a portion of the larger marketing project. This will include sponsorship support of the “Chairman’s VIP Reception” and the “Opening Gala” which will occur on April 28<sup>th</sup> and April 29<sup>th</sup>, 2007, respectively. The primary intention is to promote Colorado as a top business location to CoreNet conference attendees.
4. **OEDIT Marketing 2006, Statewide** - In 2005, the EDC allocated \$100,000 to support statewide marketing activities of the Office of Economic Development & International Trade. In 2006, the EDC allocated an additional \$87,000 for marketing activities. As a result of this funding, OEDIT’s marketing activities have included participation in targeted trade shows with representatives of local economic development organizations, a New York City Media and Site Selector event, creation and distribution of 12 eNewsletters, redesign of the OEDIT Web site, redesign and branding of the State portal (Colorado.gov) and the Governor’s homepage, creation and launch of the Advancing Colorado Web site, creation of collateral materials, creation of television and print ads, and rollout of the “Colorado” branding initiative.

**Objective B: Develop and support special projects and activities.**

1. **Advance Colorado Center Sustainability Plan, Denver** - The Advance Colorado Center was established by an EDC Grant to the University of Colorado at Denver & Health Sciences Center (UCDHSC) and opened its doors on the 9<sup>th</sup> floor of the World Trade Center at the end of November 2004. The idea behind the Advance Colorado Center (ACC) was to enhance Colorado’s entrepreneurial climate and accelerate economic development in the state by providing a common space for the offices of key emerging industry and entrepreneurial support associations and organizations. The ACC fosters mutual support among the organizations and close interaction with OEDIT.

The ACC members have formed a new non-profit organization for the purpose of providing long-term oversight of the ACC concept independent of the State and UCD. The EDC approved a grant of \$297,750 to assist in building a self-sustaining organizational and financial structure for the ACC. The ACC Sustainability Plan will provide shared resources, including a grant writer and research associate, a marketing and communications initiative that will develop a Colorado State Technology Report, and will develop an internal management structure. ACC members will contribute in-kind services.

2. **Department of Agriculture: Ag Value-Added Feasibility Studies, Rural/Statewide** – The Department of Agriculture, through the Colorado Agricultural Value-Added Development Board (CADA), has initiated six agricultural value-added feasibility studies to assist rural Colorado enterprises investigate the feasibility of specific value-added agricultural projects. The EDC provided \$50,000 to finance three of the six studies. The CADA selects studies from applications received. Applicants are required to provide a minimum of \$5,000 in cash matching funds and at least 25 percent in in-kind match. Grants are made through local governmental entities in order to assure local community involvement and support for the feasibility study projects. To date, CADA has entered into agreements for two projects totaling \$30,000. The projects are briefly summarized below:
  - **La Junta Capital (a non-profit created by the city of La Junta)** -- \$15,000 was approved to study the feasibility of organizing a vertically integrated operation ranging from raising goats to marketing branded dairy goat milk products.
  - **Archuleta County** -- \$15,000 was approved to assist the Mountain High Fiber Ladies Mill in funding the development of a marketing plan aimed at expanding market opportunities through the local processing of Colorado wool into value-added yarns.
3. **Colorado Nanotechnology Alliance, Statewide** - The EDC approved a three-year grant totaling \$225,000 to the Colorado Nanotechnology Alliance. The Colorado Nanotechnology Alliance requested operational support to lead and position the state in nanotechnology economic development efforts. Nanotechnology – the science of manipulating extremely small particles of matter – has been widely identified as an emerging technology with broad commercial impact. Nanotechnology R&D, being produced by at least 75 Colorado firms, has application in many industry sectors with the most common being electronics (46%), aerospace (45%), homeland security (33%), biomedical (33%), defense (27%), and energy (27%). These are prominent industry sectors in Colorado and form the basis for the state’s technology-based economy. The EDC and OEDIT have supported efforts to advance this industry in Colorado, including contributing \$50,000 toward a \$308,000 project for the CU Leeds School to develop a Colorado Nanotechnology Roadmap and approving membership in the Advance Colorado Center when there was a nanotechnology association with broad support and an executive director. The grant will total \$225,000 over three years (\$100,000 year 1, \$75,000 year 2, \$50,000 year 3).
4. **Colorado Springs Olympic Community Partner, Colorado Springs** - The EDC approved a \$50,000 grant to be disbursed over 2 years to support the Colorado Springs Olympic Community Partner program. This program is designed to create a group of cities and communities that will support programs for the training of Olympic and Paralympic athletes. Colorado Springs would become the fifth USOC Community Partner, along with Houston, Birmingham, Chicago and the University of Central Oklahoma at Edmond. According to USOC materials, Community Partners receive priority status in hosting USOC programs and events like Olympic Trials and the Olympic Assembly. The USOC will enhance its education and outreach programs in the Partner community. Total funding required is \$250,000 over two years and the project has strong financial support from the Colorado



Springs community. The support should further strengthen the state's commitment to support the economic benefits of sport-based activities and to the long-term presence of the U.S. Olympic Committee in Colorado.

5. **Community Business Retention Program, Statewide** - The EDC approved a grant of \$100,100 in November 2006 to expand the statewide Community Business Retention and Expansion Program (BRE). This expanded project will include continued support of the *Synchronist* BRE database software. In addition, a survey will be conducted of all Colorado communities to evaluate the extent of current BRE Programs, their effectiveness and success. The comprehensive program will create a Business Retention and Expansion Tool Kit to assist communities in developing or improving BRE Programs. This Tool Kit will be universally adaptable to communities of all sizes and applicable for use with or without the *Synchronist* Software. The BRE Comprehensive Program Tool Kit will include history, basics of BRE, a step-by-step guide to determining what an appropriate program is for each unique community, examples of successful programs and components used in communities of all sizes across Colorado and documentation of resources available for assistance. To compliment the Tool Kit, Development Team Visits to communities whom are struggling with development of an appropriate and sustainable BRE program will be provided. Through these visits, a community will have hands on support from experts in BRE who are also their peers. The three-year goal of this expanded BRE program is to have a comprehensive, appropriate and sustainable BRE program in every region of the State.
6. **CSU Grid Simulation Laboratory, Fort Collins** - This project involves the partnership of Colorado State University's Engines and Energy Conversion Laboratory and a multinational corporation (Spirae, Inc.) to test, develop and deploy an interconnected electrical grid that would create a unique, world-class grid simulation lab in Colorado. The primary opportunity is to establish a systems level development facility for addressing grid systems control and integration issues, demonstrating solutions and quantifying benefits in cooperation with numerous organizations. Additionally, it is anticipated that other companies will use this lab as well. This project will be administered under the direction of the Office of Sponsored Programs at Colorado State University.

The CSU Engines and Energy Conversion Lab presents some excellent capabilities; however, the current facilities require infrastructure upgrades. The EDC provided a \$125,000 grant to defray a portion of the infrastructure expansion costs. The City of Fort Collins and Colorado State University's Engines and Energy Conversion Laboratory are providing matching funds.

7. **Colorado Film Commission Operations, Denver** – The EDC has been working with industry representatives and the University of Colorado at Denver & Health Sciences Center since 2003 to develop a new public-private partnership for the Colorado Film Commission (CFC). The mission of the CFC is to promote Colorado as a location for film production, to support and foster the growth of the local film industry and to assist and train local community film commissions around the state – activities that were performed by the State Motion Picture and Television Commission before it was de-funded by the legislature. The CFC has hired a director and constituted a new advisory committee, including the director of OEDIT and key individuals from the Colorado film industry. The EDC approved a grant of

\$25,000 to assist the CFC with start-up expenses while its new director pursued outside funding.

During 2006, the General Assembly approved a new Colorado Film Production Incentive, administered by the Economic Development Commission, to encourage film production in the state. The EDC is partnering with the CFC to promote this new incentive program and to screen potential applicants. As noted in the New Initiatives section of this report, the EDC approved an additional round of funding in the amount of \$137,500 to assist the CFC to build momentum as an independent organization.

8. **Fort Carson Regional Growth Plan, El Paso County** - The EDC approved a \$37,500 grant in September 2006 to provide matching funds to assist with the preparation of the Fort Carson Regional Growth Plan (as conducted by the Federal Office of Economic Adjustment). The grant will be coordinated by the Pikes Peak Regional Council of Governments. The total estimated cost of the project is \$575,000. The Fort Carson Regional Growth Plan will set the regional context for more detailed actions by protecting critical natural environments, managing resources, directing growth and providing a coordination plan for supplying regional services in an efficient and effective manner. The Plan will be used to facilitate implementation of specific strategies at both the regional and local level, recommend capital improvement projects, provide program planning tools, suggest grants and other funding mechanisms available to fund construction projects, etc. Fort Carson is the State's second largest employer (after the State). Using personal income as a measure, the direct and indirect impact of Fort Carson is estimated to be currently responsible for 10% of all economic activity in El Paso County. As a result of the 2005 Base Realignment and Closure (BRAC) actions and the Army's transformation initiative, Fort Carson is expected to grow from a current level of about 18,000 soldiers to over 28,000 soldiers by 2010. The plan is expected to take eighteen (18) months and is a result of these BRAC and other transformation initiatives.
9. **OEDIT Website Enhancement, Statewide** - [www.ColoradoProspects.com](http://www.ColoradoProspects.com) - The EDC approved a strategic marketing grant of \$350,000, which will be the cornerstone of Colorado's business development strategy on the web. ColoradoProspects.com will provide businesses, site selectors and economic developers a set of sophisticated, web-based economic development tools. The target audience of ColoradoProspects.com primarily consists of out-of-state and in-state businesses considering Colorado for relocation or expansion, site selection and corporate real estate consultants, state, local and regional economic development professionals and other market or economic researchers. The grant includes start up and development costs and three years of ongoing funding/maintenance for the sophisticated GIS-based website. The website was initially launched in December 2006 and is an ongoing project of OEDIT and the EDC.
10. **Photonics/Nanotech ACC Joint Venture, Statewide** - The EDC approved a \$185,000 three-year grant to the Colorado Nanotechnology Alliance (CNA) for development of the nanotechnology industry. The CNA is a 501(c)(6) not-for-profit whose mission is to guide 21st century economic development through nanotechnology commercialization. The CNA

is located at the Advance Colorado Center (ACC) and was formed as the lead organization to drive the Colorado's nanotechnology-economic development efforts for the state.

**Objective C: 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 in capitalizing on this opportunity, the Commission again provided funds to help implement individual enterprise zone marketing plans.

In 2006, the Commission allocated a total of \$350,000 to enterprise zones for the continuation and expansion of their marketing activities. This amount was divided among the zones in matching grants, with the majority going to assist rural zones.

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. Many 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, 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 that feature the zones' tourist attractions, as well as their business development opportunities.

**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 that no longer met the statutory economic distress definitions. The General Assembly, in H.B. 02-1399, repealed the timetable for the Commission to conduct another comprehensive review of zone boundaries, in order not to send a negative message regarding investment incentives during the state's economic downturn. During 2006, the Commission approved 22 requests for amendments to zone boundaries to reflect changes in land use and local economic conditions.
  
- B. **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 that promote job creation and retention, and employment for the homeless in enterprise zones. In 2002, the General Assembly (H.B. 02-1161) added community development projects to the categories of eligible purposes. Pursuant to the statute, the Commission must review and approve any new or changed project proposals. During 2006, it approved 39 new projects, for a total of 419 active projects.

**Goal IV. Approve or deny requests for waivers of the “qualified business” criteria under the Certified Capital Companies (CAPCO) Program.**

In 2001, the EDC was given new statutory authority regarding one aspect of the recently approved Certified Capital Companies program. If a Certified Capital Company wants to invest in a business that does not meet all of the eligibility requirements under the CAPCO statute and regulations, the CAPCO may ask that the EDC review the specific business and recommend approval or denial of such businesses to the Director of the Colorado Office of Economic Development and International Trade (OEDIT). Specifically, the EDC must make a determination that the specific business would further the economic development of the State of Colorado. The CAPCO Program received its funding from insurance companies in April 2002, which was made possible by the issuance of premium tax credits by the State of Colorado.

In 2006, the EDC was not requested to review any businesses.

## **Status of Projects Funded by the EDC in 2005**

Each year, the EDC Annual Report tracks projects originally approved in the preceding year and provides an update of their status.

1. **Express-Scripts Training Incentive, Pueblo** – Express-Scripts is a Fortune 200 company headquartered in St. Louis, Missouri. It is one of the largest pharmacy-related companies in the U.S. The company handles retail and mail order pharmaceuticals for HMOs, health insurers, employers, union-sponsored benefit plans and government health programs, dispensing about 440 million prescriptions in 2004. The company established a new in-bound call center in Pueblo that opened in December 2005, and will hire up to 500 full-time employees, with \$10 million in capital investment and an annual payroll of \$15 million (including benefits). Average salaries are estimated at over \$23,000 per year. To attract this company to Pueblo, the EDC approved a job-training incentive. The grant was approved at \$600,000 for 500 jobs, and the Pueblo Economic Development Corporation matched the grant at \$6,000,000. Expenditures will be distributed equally in FY07 and FY08 to train its new workforce, and will require the EDC to approve the company's training plan each year. A Colorado FIRST grant in the amount of \$432,000 was also provided to the company.

An EDC contract was established in the fall of 2006 for its FY07 and FY08 commitment of \$600,000 (\$300,000 for each fiscal year). To date, no expenditures have occurred.

2. **Intel Corporation, Ft. Collins** – Intel is the world's leading manufacturer of microprocessors. In addition to microprocessors, Intel's products include chipsets, motherboards, flash memory, communication infrastructure components, wired and wireless connectivity products, products for networked storage, application processors, and cellular baseband chipsets. Intel purchased a building in Ft. Collins to house existing employees and create up to an additional 100 new jobs with an average annual salary of \$90,000 per year. The location of the building is not in a state designated enterprise zone. Intel's investment will be approximately \$20 million. The City of Ft. Collins has committed \$260,000 in incentives to this project. The EDC approved an incentive of \$250,000 per job, for the creation of up to 100 net new jobs by March 31, 2010. EDC funds have not yet been disbursed.
3. **PostNet International Franchise Corporation, Denver** - Jobsite is a Grand Junction-based manufacturer of machined parts and roll-forming equipment that is used to produce seamless rain gutters for residential and commercial buildings. The location is in a state designated enterprise zone. Jobsite's investment will be approximately \$1.7 million. The company now has approximately 60 employees in Grand Junction. The City of Grand Junction committed \$90,000 in incentives for this project. The EDC awarded Jobsite an incentive of \$26,000, or \$2000 per job, for the creation of 13 new positions with an average wage rate of \$36,000 over the next 3 years. EDC funds have not yet been disbursed.
4. **Quovadx Job Training Incentive, Englewood** – Quovadx is one of Colorado's major software companies located in Greenwood Village and Boulder. Its software helps health care, insurance and other companies integrate their technology systems and business

processes. The company has grown its customer base through several purchases, serving more than 20,000 clients primarily in the health care provider and payer markets, and is targeting expansion opportunities in other industries. The company was being actively recruited by Atlanta. The EDC agreed in July 2005 to provide a \$200,000 job training incentive grant to assist the company in upgrading its employees' job skills and retain 80 high-paying jobs (average wage \$68,886/year) in Colorado. As of the end of 2006, Quovadx has been approved for training expenditures totaling \$102,569, according to a job-training plan approved by the EDC. Some of the training modules have been completed and Quovadx has requested a contract extension until June 30, 2007 to complete the approved training plan.

5. **Raytheon Company, Aurora** - Raytheon is a Fortune 500 company primarily engaged in the defense contracting business. The company provides missile systems, radars, and reconnaissance, targeting, and communications systems, as well as commercial aerospace and electronics products and services. The EDC approved an incentive of \$700,000 for Raytheon to create 400 new jobs at an average annual salary of \$67,575. Raytheon requested a de-obligation from this incentive and is going to pursue job creation incentives through the EDC's new incentive program(s).

### **Projects in Rural Areas Funded in 2005**

1. **Cumbres & Toltec Antonito Shop Expansion, Antonito** - The Cumbres & Toltec Scenic Railroad (C&TSRR) is a historic steam railroad running between Antonito, Colorado, and Chama, New Mexico. It is owned by a bi-state Commission, and operated under contract to a separate company. Operating costs are paid by passenger revenues and operating subsidies that have primarily come from the State of New Mexico. In 2005, the EDC approved a grant of \$200,000 to assist the C&TSRR with constructing an addition to the Antonito passenger car facility for refurbishing passenger cars. These funds will be used to match \$200,000 in federal transportation enhancement funds approved by CDOT.

During 2006, the railroad did architectural and engineering work and site evaluation, and anticipates construction of the shop expansion to be completed during 2007.

2. **Hamilton Sundstrand Certification Training Incentive, Grand Junction** – Hamilton Sundstrand (HS) began operations in Grand Junction in 1984. It was the first company recruited by the Mesa County Economic Development Council, which is now known as the Grand Junction Economic Partnership. In November of 2004, HS announced the closure of the Grand Junction plant. Between June and December of 2005, 245 people lost their jobs. The annual payroll was approximately \$10 million with an additional \$4 million in benefits. It was estimated that these jobs represented 7% of the manufacturing jobs in Mesa County and 11% of the manufacturing revenue. In April 2005, a consortium of the Grand Junction Business Incubator Center, Grand Junction Area Chamber of Commerce, Grand Junction Economic Partnership and the Mid-America Manufacturing Technology Center formed to assist interested Mesa County companies in having the opportunity to bid on HS work. The project provides financial support for the training and certification process of obtaining the

necessary quality certifications (ISO 9001). The EDC agreed to contribute to the project in the amount of \$25,000. A contract was executed directly with the Grand Junction Business Incubator Center. The Grand Junction community provided \$50,000 to the project. The training project is ongoing; however due to changes in the local community, it is not complete. To date, no expenditures have occurred but funding will continue to be available as the project moves ahead. No EDC funds have been disbursed to date.

3. **Jobsite Inc., Grand Junction** - Jobsite is a Grand Junction-based manufacturer of machined parts and roll-forming equipment that is used to produce seamless rain gutters for residential and commercial buildings. The location is in a state designated enterprise zone. Jobsite's employee base has also grown significantly in response to its expanded product line. The company has added 25 employees, for a total of 60, since first locating in Grand Junction. Jobsite intends to invest \$1.7 million to acquire additional manufacturing equipment as part of a new expansion. The City of Grand Junction committed \$90,000 in incentives for this project. The EDC awarded Jobsite an incentive of \$26,000, or \$2000 per job, for the creation of 13 new positions with an average wage rate of \$36,000 over the next 3 years. EDC funds have not yet been disbursed.
  
4. **Limon Golf Course, Limon** - The EDC approved a \$10,000 challenge grant to the Town of Limon to assist the town to make critical improvements to the municipal golf course. The grant is contingent on the Town first raising at least \$25,000 in matching funds. Without the improvements, the Town faced losing direct jobs as well as a recreational facility important to business and physician recruitment.

The community actually raised over \$31,000 for this project, and was able to make physical improvements to the facilities that, along with new management, reversed the prior decline in membership and revenues. Because of the importance of the municipal golf course in physician recruitment to this rural community, the Plains Medical Center led the local fund-raising efforts.

5. **Pierre Auger Observatory Site Assistance II, Lamar** – The Pierre Auger Observatory is an international collaboration of physicists studying high-energy cosmic ray particles. In June 2005, the Collaboration formally selected southeastern Colorado – an area in Baca, Bent, and Prowers Counties – for the site of its Northern Hemisphere observatory. This installation is planned as a counterpart to the Auger Southern Hemisphere observatory nearing completion in Argentina. Construction is expected to begin in 2007 or 2008, depending on funding. Total budget is in the \$50 million range, with lead funding to come from the U.S. Department of Energy, the National Science Foundation, and foreign university and government research agencies. The EDC approved a grant of \$95,000 to Southeast Colorado Enterprise Development for follow-on tasks in preparation for implementation of the project, including securing formal agreements with landowners to host the project's detector tanks and assisting the Observatory with pre-construction testing and planning activities. These activities will also help position local businesses to take advantage of opportunities to supply the fabrication and construction needs of the observatory facilities.

During 2006, international scientific teams led by Colorado State University physicists conducted research and development work on instrumentation and baseline measurements in southeastern Colorado, and developed more detailed plans for presentation to the federal funding agencies. In addition, Lamar Community College created a new position to act as a liaison between the College, local communities, and the Auger team.

### **Marketing Projects Funded in 2005**

1. **Colorado Aerospace Marketing 2006, Statewide** – The EDC approved a grant of \$150,000 to assist the Colorado Space Coalition to promote Colorado as a key location for the expansion of private and public aerospace activities. Previous EDC-funded projects, including the 2000 Colorado Space Initiative strategic plan, have identified aerospace as a key sector for Colorado's tech industry, with opportunities for expansion but also new competitive challenges. The Colorado Space Coalition is an alliance of Colorado aerospace companies, local economic development organizations under the leadership of the Metro Denver Economic Development Corporation, and government agencies under the leadership of the Lieutenant Governor. The funds were used to establish a high visibility Colorado exhibit and awards luncheon sponsorship at the April 2006 National Space Symposium. They were also used by the Colorado Space Coalition to undertake targeted advertising to the aerospace industry, provide market research and analysis, and produce the *Aerospace Colorado* directory/magazine.

The project was complete after the April 2006 National Space Symposium occurred in Colorado Springs.

2. **Colorado Springs Sports Marketing 2005-2006, Colorado Springs** – The Colorado Springs Sports Corporation was created to attract premier sporting events to Colorado and the greater Colorado Springs area and is a non-profit corporation comprised of business and sports leaders. The Sports Corporation participated in a successful bid to host the 2008 U.S. Senior Open golf event, and hosted a very successful State Games of America in the summer of 2005. The State Games was a four-day national event, with 9,462 athletes participating in Colorado Springs and other Front Range venues. The events yielded an estimated gross business income of \$10 million for the region. The EDC approved \$50,000 for the second and third years of a three-year funding award first approved by the EDC in 2003.

In 2006 the EDC commitment concluded and the project is complete.

3. **Mile High Alliance Metro Marketing 2005, Metro Denver** - At year end 2005, Mile High Alliance submitted and completed the assignments under its 2005 EDC grant. They hosted a Regional Marketing Summit, circulated a CD of the presentations from the participating organizations and finalized and distributed a CD of graphic standards for the Denver "D" logo. They also enhanced their Extranet Web site and distributed an Executive Summary of the Marketing Summit to a wide email list. In 2006, the Mile High Alliance continued to meet regularly to advance common ideas and messaging. In particular, the group worked on



plans for coordinating the metro-wide region's celebration of Denver's 150<sup>th</sup> "birthday" which will occur in November 2008.

The EDC commitment has concluded

4. **OEDIT Marketing 2005, Statewide** – The EDC allocated \$100,000 to support statewide marketing activities of the Office of Economic Development & International Trade. OEDIT's marketing plan included participation in targeted trade shows together with representatives of local economic development organizations; familiarization trips for out-of-state site selectors, international groups, venture capital funds, and other targeted industries; creation and distribution of eNewsletters; redesign of the OEDIT website; creation of collateral materials; and rollout of the "Colorado" branding initiative.

The EDC commitment for 2005 has concluded.

### **Special Projects and Activities Funded in 2005**

1. **Advance Colorado Center Expansion, Denver** – The Advance Colorado Center is a major initiative of OEDIT, initially funded by the EDC in 2004. The mission of the ACC is to provide support for non-profit associations and business support programs that will meet the needs of targeted industries within Colorado. Following the successful launch of the Center, which opened December 1, 2004, during 2005 the EDC provided \$200,000 to expand the Center to accommodate three additional industry and business support organizations – the Colorado Association for Manufacturing & Technology, the Colorado Photonics Industry Association, and the nascent Colorado nanotechnology industry association.

The expansion of the ACC's office space was completed in 2005, and the Colorado Association for Manufacturing & Technology joined the Center. During 2006, the nanotechnology interests in the state reorganized as the Colorado Nanotechnology Alliance and hired an executive director, who opened an office in the ACC. The Colorado Photonics Industry Association anticipates hiring an association director in early 2007, who will locate in the ACC. The mutual support and interaction among the organizations in the Advance Colorado Center continues to be a key strategy for encouraging emerging industries and strengthening Colorado's entrepreneurial climate.

2. **Boulder Innovation Center, Boulder** - The Boulder Innovation Center is a "virtual" business incubator, offering support programs to entrepreneurs. The EDC provided a \$150,000, 3-year grant to support the startup of this program. The Boulder Innovation Center is strongly supported by all segments of the Boulder community, including the City of Boulder's Economic Vitality office and the business community's Boulder Economic Council. The Center also has a special agreement with the University of Colorado's Technology Transfer Office to match entrepreneurs with University technologies and provide assistance to launch new ventures. In addition, the Center is focusing on companies in the "Green Ventures" market niche.

- 3. Colorado Association of Sports Commissions, Statewide** – The EDC has a long history of helping local communities to host major sporting events, providing on-going support to the Metro Denver and Colorado Springs sports commissions, and supporting the U.S. Olympic Committee and Training Center’s (USOC) presence in the state. The presence of such organizations and events in the state brings significant economic spin-off benefits. The EDC awarded \$50,000 to the Colorado Springs Sports Corporation (CSSC) to create a new statewide approach to supporting sports promotion. The goal of a statewide sports association is to assist interested communities to organize local sports commissions, work with the USOC and the various sports’ national governing bodies to bring events and sports business opportunities to the state, and strengthen support across the state for the USOC. During 2005, the CSSC identified potential local sports commission leaders throughout the state, and staged an instructional two-day summit attended by 12 individuals. Representatives of national governing bodies headquartered in Colorado attended and met with the community leaders.

The Colorado Association of Sports Commissions has been established, and the project will be ongoing in 2007.

- 4. Colorado Film Commission Operations, Denver** – The EDC has been working with industry representatives and the University of Colorado at Denver & Health Sciences Center since 2003 to develop a new public-private partnership for the Colorado Film Commission (CFC). The mission of the CFC is to promote Colorado as a location for film production, to support and foster the growth of the local film industry, and to assist and train local community film commissions around the state – activities that were performed by the State Motion Picture and Television Commission before it was de-funded by the legislature. The CFC has hired a director and constituted a new advisory committee, including the director of OEDIT and key individuals from the Colorado film industry. The EDC approved a grant of \$25,000 to assist the CFC with start-up expenses while its new director pursued outside funding.

During 2006, the General Assembly approved a new Colorado Film Production Incentive program, administered by the Economic Development Commission, to encourage film production in the state. The EDC is partnering with the CFC to promote this new incentive program and to screen potential applicants. As noted in the New Initiatives section of this report, the EDC approved an additional round of funding in the amount of \$137,500 to assist the CFC to build momentum as an independent organization.

- 5. CTEK Stapleton Business Incubator Center, Denver** – The EDC approved a \$150,000, 3-year matching grant to assist in the start-up of a small business incubator located in a facility donated by Forest City Stapleton, Inc. The project will provide intensive business consulting as well as office space to help fledgling companies grow, attract capital, and create jobs. The project is targeting software, medical device, and other technology companies. In addition to Forest City Development, matching funds are being provided by the City of Denver and a number of other private donors. The Center has developed agreements with other business incubators to provide referrals to the best resources available to assist an entrepreneur.

6. **Fitzsimons BioBusiness Incubator, Aurora** - The EDC provided a \$150,000, 3-year grant to the Fitzsimons Redevelopment Authority to assist in establishing a BioBusiness Incubator. The FBBI is a virtual incubator, offering support programs to biotech entrepreneurs that are housed at the Fitzsimons Bioscience Park Center. The proposal is jointly sponsored by the Aurora EDC, Metro Denver EDC, Adams County Economic Development, the Fitzsimons Redevelopment Authority, and the University of Colorado Technology Transfer Office. The BioBusiness incubator assists start-up biotech businesses with mentoring and training to assist companies that would not have access to such skills, particularly in specialties such as regulatory affairs, reimbursement, scientific domain expertise, capital requirements and funding structures, and personnel.
  
7. **Henderson Underground Science & Engineering Project (HUSEP), Clear Creek County**  
The Henderson Mine, in Clear Creek County, has been chosen as one of two finalists for the planned National Science Foundation (NSF) Deep Underground Science and Engineering Laboratory (DUSEL). The Homestake Mine in South Dakota is the other finalist. The Henderson DUSEL would be a multidisciplinary underground research center that would house a variety of advanced experiments in physics, geosciences and the life sciences that require access to deep underground environments. The NSF intends to build a \$300 million (near term) and \$700 million (longer term) national laboratory in one of these mines that would have a lifespan of at least 30 years. The timeline to choose the finalist is scheduled for early 2007.

The EDC approved funding for a “core drill” to test the viability of the site for an underground facility. Total EDC amount approved was \$40,000 and was matched for a total project cost of \$200,000. Project was completed in 2006.