



# Colorado

Office of Economic  
Development and  
International  
Trade

## ANNUAL REPORT

# 2012

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Colorado Office of Economic Development and International Trade | Annual Report FY 2012

## Colorado Office of Economic Development and International Trade Annual Report FY 2012

The Colorado Office of Economic Development and International Trade (OEDIT) works to create a positive business climate, encourages dynamic economic development and is focused on building sustainable job growth across the state. We offer a host of programs and services tailored to support business growth at every level including business recruitment, retention and expansion services; business funding and incentive programs; the Colorado Tourism Office; the Colorado Creative Industries office; the Colorado International Trade Office; the Colorado Small Business Development Centers; the Office of Film, Television & Media; minority and women-owned business services and economic analysis and research.

### We assist in:

- Building a strong public-private approach on a statewide basis for economic development activities
- Monitoring economic conditions throughout the state and strengthening regional economies
- Supporting entrepreneurs and small businesses
- Increasing quality job creation by expanding and attracting businesses
- Maintaining Colorado's diverse economic base by retaining existing jobs through responsive programs and a supportive business climate
- Positioning Colorado as a global leader in key industries, such as tourism, aerospace, bioscience and renewable energy
- Enhancing the state's economy, while preserving quality of life

### Strategy

Since the final draft of the Colorado Blueprint was published in October 2011, OEDIT has executed a strategic plan focused on retention and growth in 14 key industries and aligning those industries across 14 regions throughout the state. The targeted industries represent almost 60 percent of the state's jobs and an equivalent percentage of the state's economic output. Our approach is simple: the most efficient and effective means of adding jobs is to drive growth in the industries which are already strong within the state.

The key industries were identified using feedback received from the bottom-up process, an inventory of existing industry initiatives, and analysis developed independently by PricewaterhouseCoopers to focus the state's resources on primary drivers of job growth. They are **Advanced Manufacturing, Information & Technology, Electronics, Energy & Natural Resources, Bioscience, Food & Agriculture, Aerospace, Defense & Homeland Security, Health & Wellness, Creative Industries, Tourism & Outdoor Recreation, Transportation & Logistics, Infrastructure Engineering, and Financial Services.**

The regions were selected based on the Dept. of Local Affairs Planning and Management regions, as they aligned with the existing regional governance structure.

### Key Industries

OEDIT has built a strategic framework for convening business leaders and stakeholders in each of the 14 key industries across the state. In 2012, we started work in nine key industries including Advanced Manufacturing, Information & Technology (two key industries, the steering committees of which decided to align and merge efforts), Food & Agriculture, Bioscience, Creative Industries, Tourism & Outdoor Recreation, Electronics, Aerospace, and Defense & Homeland Security. More than 500 business leaders have been involved in the process thus far.

## **Regional Development**

OEDIT has made a commitment to developing more meaningful relationships with local economic development professionals and business leaders in each of our 14 regions. Our team is helping in the development of regional business growth plans in each region and aligning resources and trainings across the regions to facilitate growth in local and regional sectors of the 14 key industries that have developed and are present in and across our regions.

### Regions include:

Region 1: Northeast CO - Logan, Sedgwick, Morgan, Phillips, Yuma & Washington Counties

Region 2: Northern Front Range - Weld & Larimer Counties

Region 3: Metro Denver – Denver, Boulder, Arapahoe, Adams, Douglas, Jefferson, Gilpin, Clear Creek & Broomfield Counties

Region 4: Pikes Peak Region – El Paso, Teller & Park Counties

Region 5: Central Eastern Plains – Cheyenne, Elbert, Lincoln & Kit Carson Counties

Region 6: Southeastern CO – Baca, Bent, Crowley, Kiowa, Otero & Prowers Counties

Region 7: Pueblo Regions – Pueblo County

Region 8: San Luis Valley – Saguache, Alamosa, Conejos, Costilla, Rio Grande & Mineral Counties

Region 9: Southwestern CO – Archuleta, La Plata, Montezuma, Dolores & San Juan Counties, and Ute Mountain Ute and Southern Ute Tribes

Region 10: Central Western Slope – San Miguel, Ouray, Montrose, Delta, Gunnison & Hinsdale Counties

Region 11: North Western Slope – Mesa, Garfield, Rio Blanco, Moffat & Routt Counties

Region 12: Central Mountain – Pitkin, Eagle, Summit, Grand & Jackson Counties

Region 13: Upper Arkansas Valley – Lake, Chaffee, Fremont & Custer Counties

Region 14: Southern Front Range – Huerfano & Las Animas Counties

## **2012 SUCCESSES**

Colorado has had great success in expanding and recruiting companies to the state in 2012 using the industry and regional strategy and after aligning our resources to better serve our clients, customers and economic development partners.

We welcomed five new headquarter announcements in FY 2012.

- Colorado will gain 1,250 jobs over the next five years after landing the headquarters of **Arrow Electronics**, a Fortune 200 company with \$18.7 billion in revenues.
- **Blockbuster/DISH** announced they will move their Blockbuster headquarters to Colorado, bringing 150 executive level jobs.
- **Sisters of Charity of Leavenworth (SCL) Health System** announced that it is moving its headquarters from Kansas to the greater Denver area, creating 750 full-time, permanent jobs in the region.
- **TriZetto Group Inc.** is moving the \$500 million health care software firm's headquarters to Greenwood Village, bringing 750 jobs, 500 construction jobs and more than \$40 million in capital investment.
- **National Bank Holdings Corporation** will relocate its headquarters from Boston, MA to Colorado.

We supported the recruitment, retention and expansion of a variety of industries and businesses across the state. Some examples include:

- **Covidien**, an \$11.6 billion provider of innovative healthcare products, chose Boulder for their new innovation center, bringing 125 jobs and \$7 million in capital investment.

- **PTI Manufacturing**, a subsidiary of Oil States International, opened its US manufacturing plant in Johnstown, bringing 300 manufacturing jobs to the area.
- **Cummins Rocky Mountain, Precast Concepts** and **UE Compression** chose to remain and expand in Adams County rather than move facilities to Phoenix, AZ and Oklahoma City, OK or Houston, TX, respectively. Together, the companies will create over 350 jobs.
- The expansion of **TeleTech**'s new customer management delivery center in Greeley will bring more than 500 new jobs to the area.
- **Halliburton Co.** will build sand storage facilities in Windsor, which will support more than 500 employees and serve energy production demand.
- **Bal-Seal Engineering Inc.** will embark on a multi-million dollar expansion of its Colorado Springs operation, which will double the company's workforce. Bal-Seal expects to create 200 jobs by 2015.
- **Hitachi Data Systems** announced they will open a new hub in Douglas County, creating hundreds of jobs over the next five years.
- **Connexions**, a leading technology and business services partner to the health care industry and part of UnitedHealth Group's Optum health services business, will brought 550 jobs to Centennial when it opened a new solution center this summer.
- **Xerox** will open a customer care call center in Greeley that will create 700 jobs by the end of 2012.
- **The Coleman Co.**, known for its array of camping products, moved its headquarters to Golden, adding up to 70 jobs in the area.

## Colorado Office of Economic Development and International Trade Division Overview & Highlights

### **Business Development - Domestic**

The domestic business development team creates and retains jobs in the state by helping Colorado companies to access tools and resources to ensure a successful business environment.

### **Business Development - International**

The International Trade Office (ITO) creates and retains jobs in the state by helping Colorado companies to expand and diversify their markets globally and by helping companies from abroad to learn the value of doing business here.

- Following a successful trade mission to Mexico City, ITO helped finalize the Volaris Airline direct flight from Denver. And after many years of hard work and meetings in the making, we also celebrated with our Denver partners in announcing United Airline's direct flight from Denver to Tokyo, Japan starting in 2012.
- ITO helped negotiate a historical partnership that could help Colorado organics go global. This partnership with the European Union makes doing international business even easier for Colorado growers, which can lead to business expansion, job growth and increased economic vitality.
- The number of export client inquiries remained strong in FY 2012. The team assisted 275 export clients, where 25% of the clients were categorized as New-to-Export companies. Our clients reported selling \$54 million in exports as a direct result of ITO assistance. We organized and led 17 export-related events, including a trade mission to Bogota, Colombia. Colorado was the first U.S. state to lead a delegation of companies to Colombia after passage of the Free Trade Agreement in the fall of 2011. Other programs organized included a Governor-led trade mission to Mexico, two incoming buyer groups from Mexico, Colorado exhibition and attendees to the environmental technologies CIEPEC tradeshow in China, and a Colorado exhibition at Green Expo in Mexico City. The ITO educated approximately 48 companies on the basics of exporting and selling to international customers. The team spoke at 45 events across Colorado, reaching 3,350 exporters.
- ITO was awarded a second U.S. Small Business Administration State Trade & Export Promotion (STEP) pilot program grant in October 2012. This grant funds export promotion activities for SMEs and will provide funding until September 2013. The STEP program reached over 80 small businesses in FY 2012 that have realized actual sales of \$3.5 million and projected sales of \$58 million – an incredible return on investment from the federal share of \$312,000.
- Several international companies established operations in Colorado with assistance from ITO including Terumo BCT (retained 1,600 jobs), J. Schneider Electric (30 new jobs) and Marubeni (\$300 million investment in mid-stream natural gas). ITO provided technical assistance to more than 65 foreign-owned companies and helped locate seven of these prospects in Colorado.

### **Business Funding and Incentives**

The Business Funding and Incentives (BF&I) Division works closely with the Business Development divisions to provide the funding and incentives needed to create and retain jobs. BF&I manages and has oversight for 15+ funding and incentive tools, including debt and equity financing, cash incentives, grants and tax credits that support economic development activities in Colorado. The BF&I Division also provides financial underwriting services for OEDIT's Customized Job Training Programs and for the Department of Local Affairs' Private Activity Bond Program. Additionally, the BF&I Division also assists businesses by referring entities to potential financing options offered by other sources of local, state, federal and private funding.

## Highlights:

- **Job Growth Incentive Tax Credit** program provides a state income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program. From January 1-June 30, 2012, six projects received approval for up to \$6.3 million in tax credits associated with the future creation of 577 jobs.
- **Strategic Cash Fund** program supports and encourages new business development, business expansions and relocations that have generated new jobs throughout the state. In some cases, the Strategic Cash Fund may also be able to provide support for initiatives led by nonprofit entities pertaining to key industries or regional development, including four projects receiving approval from January 1-June 30, 2012 for up to \$1.6 million in cash incentives associated with the future creation of 1,221 jobs.
- **Enterprise Zone Tax Credits** program provides tax incentives to encourage businesses to locate and expand in designated economically distressed areas of the state, including the creation of 6,015 jobs associated with the enterprise zone's job tax credit, \$3.3 billion in capital investment associated with the enterprise zone's investment tax credit, and 38,000 employees trained with the enterprise zone's job training tax credit.
- **Regional Tourism Act** program gives local governments the opportunity to apply for approval of a large scale Regional Tourism Project that is of an extraordinary and unique nature that is anticipated to result in a substantial increase in out-of-state tourism and that generates a significant portion of the sales tax revenue by transactions with nonresidents of the Regional Tourism Zone.
- The **Bioscience Discovery Evaluation Grant** program supports the transfer of technologies from Colorado Research Institutions to the marketplace. Grants are made to technology transfer offices, early stage companies, and organizations supporting the commercialization process. Since program inception in 2007, the Program has fostered the creation of 37 new Colorado companies and the direct creation of approximately 309 jobs. In addition to leveraging matching funds for technology advancement, an additional \$95 million in follow on capital has accrued to the program technologies based on almost \$24 million in grants made. In fiscal year 2012, over \$5.2 million was awarded to 33 projects.
- **Colorado First** grant provided training for 1,574 new hires with an average annual post-training wage of \$50,774.53. This represents a 10 percent wage increase during the year in which training occurred. The program also supported the creation of 2,999 new jobs in FY 2012. The state's \$1,463,642.02 investment in customized training leveraged \$6,844,016.38 in company contributions to support training of net new employees, more than four times the state cost.
- Through the **Existing Industry Customized Job Training** grant, 1,864 Coloradans were re-trained and 610 new jobs were created in Colorado via productivity increases afforded to these existing company grantees via training. In FY 2012, Colorado's investment of \$1,318,399.45 leveraged \$3,515,200.27 in matching training funds (more than twice the total investment in training) by the companies who received grants.

## Business Resources

The business resources divisions work closely with the Business Development teams to provide Colorado companies with the assistance, training and programs needed to create and retain jobs in the state.

### Colorado Small Business Development Center

The Colorado Small Business Development Center (SBDC) Network is dedicated to helping small businesses statewide achieve their goals by providing free, confidential counseling and various training programs. The SBDC combines information and resources from federal, state and local governments with those of the educational system and the private sector to meet the specialized and complex needs of the small business community. Regulatory, management, financial and marketing experts work in partnership to provide entrepreneurs with crucial information that can mean the difference between success and failure.

### **Highlights:**

- Capital Formation = \$105,819,564
- Private Sector and Government Contracts Awarded = \$103,889,348
- The Colorado SBDC helped create 1,819 jobs and assisted in the retention of 3,472 jobs in FY 2012. With the help of SBDC technical assistance, Colorado small businesses saw an increase in sales of more than \$38 million. The team also helped with the start of 362 businesses.
- Hosted annual Women's Small Business Conference, annual Veteran's Conference, Emerging Ventures Conference, and the SBDC Clean-Tech Open.
- Launched a Tilling the Soil Business Plan Course designed specifically for Colorado's agriculture industry.
- Provided specific assistance, training, and consulting to businesses affected by the 2012 Waldo Canyon and High Park Colorado wildfires.

### **Minority Business Office**

The Minority & Women-Owned Business Office (MBO) provides information and services to help members of minority groups start their own businesses. MBO connects smaller businesses to certification, procurement, networking, mentoring, and contracting opportunities while utilizing their partners in state government, higher education and the private sector.

### **Highlights:**

- Coordinated the 3<sup>rd</sup> Annual State Procurement Fair in partnership with the Department of Personnel Administration and procurement representatives from the larger state institutions at the Auraria Campus. Over 500 attendees participated and engaged with state, corporate and small business procurement officials.
- Supported 17 organizations, representing 7,500 members that partner with the MBO including women minority contractors, chambers, school districts, city municipalities, minority economic development organizations and minority human resource associations.

### **Creative Arts, Film and Ideas**

The Creative, Film and Innovation offices work to help create an ecosystem that will foster the creation and retention of jobs in the state, encouraging entrepreneurs and creatives to enhance the quality of life in Colorado

#### **Colorado Creative Industries**

Creative Industries (CI) was one of 14 key industries included in the Colorado Blueprint strategic planning process. Colorado Creative Industries (CCI) led the efforts in creating a strategic plan for the industry. A creative industries key industry working group was developed with strategic representation from design, film/media, literary/publishing, and performing/visual/culinary arts, along with academia, state and federal government, and nonprofit arts organizations to develop and implement a business plan for the industry. This is a great opportunity for Colorado to lead the nation in strengthening our creative industries. Unfortunately, state funding for the Creative Industries division fell 14% last year. Our appropriation is based on a percentage of the state's Gaming Fund and in FY 2012 gaming revenues were down. The decline in gaming revenues continued into the current fiscal year, but the legislature approved a one-time funding of \$300,000 to bring our state funding back to FY2011 levels.

### **Highlights:**

- CCI announced the formal certification of two new Colorado Creative Districts: Downtown Salida and Denver's Art District on Santa Fe. The districts each received a \$15,000 grant and assistance to attract artists, creative entrepreneurs and visitors as a strategy to infuse new energy and innovation and enhance the economic and civic capital of the community.
  - 44 different districts from 25 counties applied for the designation.

- Five applicants were designated as Prospective Creative Districts and received \$8,000 and technical assistance.
- Eight applicants were designated as Emerging Creative Districts and received \$2,000 and technical assistance to further their district planning.
- The Boettcher Foundation signed on as the founding sponsor of the Creative Districts program. The Boettcher Creative District Leadership Awards will provide \$300,000 in matching funds for up to 12 Certified and Prospective Creative Districts over a five year period.
- CCI launched the inaugural Creative Industries Summit, attracting a sell-out audience of 250 artist-entrepreneurs, owners of creative sector businesses, nonprofit cultural workers and emerging creatives. The two-day summit opened with a keynote presentation by Colorado's own Matt Morris, who collaborates with Justin Timberlake, Kelly Clarkson, and Beyonce. The second day culminated with the Governor's Arts Award luncheon, which honored the Town of Carbondale and the City of Lafayette. Both mayors were in attendance to receive their award, a commissioned painting by Colorado artist John Lintott. This will be an annual event.

### **Colorado Office of Film, Television and Media**

The Colorado Office of Film, Television and Media (COFTM) participated in the development of the strategic plan for Information and Technology and is focused on attracting and facilitating content creation in the state in order generate economic growth in all of its communities. The office administers the performance-based film incentive and loan guarantee programs, markets Colorado as a destination for filming, and serves as a general liaison for production in the state.

In FY 2012, COFTM incentivized \$2.7 million in production spend across the state. Additionally, COFTM worked closely with members of the film community, legislators, and the Office of Economic Development & International Trade to increase Colorado's film incentive offering from a 10% rebate to 20% and also created a loan guarantee program, the first of its kind to be offered by a state to producers. The new rebate program has already resulted in nearly as much incentivized production in the current fiscal year as in all of 2011-2012.

### **Colorado Innovation Network**

Cultivating innovation and ideas is key to creating new jobs and growing a more competitive and resilient economy in Colorado. In FY 2012, the Colorado Innovation Network (COIN) was established to be a catalyst for innovation within Colorado, with the goal of connecting innovation leaders, entrepreneurs and inventors by developing forums and solutions through which they can further their ability to foster innovation and enhance their own networks.

#### **Highlights:**

- Released the first-ever State of Innovation Index, which serves to report on the innovation activities and performance of Colorado as compared to the nation as a whole and other benchmark states on four components of innovation: talent, ideas, capital and entrepreneurship. This study was led by a research team at Colorado State University in collaboration with COIN.
- Creation of the Urban Innovation Coalition, which strives to bring city centers together to identify and implement programs, projects, and tools to accelerate innovative businesses in their respective communities. This initiative was performed in collaboration with the Downtown Denver Partnership.
- Held the inaugural COIN Summit, a two-day event that brought together leaders from across Colorado and the nation to foster discussion around innovation best practices and other forward-thinking innovative topics. Highly recognized and successful companies, academic institutions and individuals within the innovation ecosystem shared their stories. The event was focused around creating actionable items for enhancing innovation in Colorado around four areas: branding, higher education, workforce development and technology.

## Colorado Tourism Office

The Colorado Tourism Office works closely with the Creative and Film divisions to promote Colorado in order to create jobs and generate wealth for Colorado.

Colorado welcomed 57.9 million visitors in 2011, the most ever in the state's history. Although total visitation increased less than one percent, total domestic spending reached a record \$10.76 billion, a healthy six percent increase over 2010. Day trips to the state also increased by 10 percent in 2011, and spending by that group rose by four percent.

Perhaps most importantly, Colorado saw its market share for the leisure trip segment increase to a record 14.3 million visits, representing four percent growth over 2010. With marketable visits flat on a national level, Colorado moved into 16<sup>th</sup> place overall among the 50 states, from 17<sup>th</sup> place in 2010.

Marketable trips, defined as travel that is influenced by marketing efforts and are not comprised of visitors who are visiting friends or relatives or business travelers, are considered an important measurement as they are an indication of the success and effectiveness of the state's marketing efforts. Spending on marketable leisure trips rose to \$5.3 billion in 2011, a five percent increase over 2010.

Colorado continued to lead all states in the competitive overnight ski travel market, garnering 18.6 percent of all trips in 2011. Colorado also maintained its ninth-place ranking in outdoor recreation, with backpacking, hiking, camping and national park visitation noted as the top outdoor recreation activities.

### Highlights:

- In the spring of 2012, the Tourism Office launched the "Come to Life" campaign and based on initial studies, the campaign has increased ad-aware households in our target markets. We will not have final results from the effectiveness study for several more months.
- The office also developed a "Share the Love Campaign" to support areas and tourism businesses across Colorado impacted by the summer wildfires. The campaign included social media components including asking fans to change their profile image to the "Share the Love" graphic on both Twitter and Facebook. T-shirts with the "Share the Love" graphic were also distributed within the communities most directly impacted by the summer wildfires in an effort to let travelers know that they were open for business. The campaign received great online and office coverage.
- The Heritage Agriculture Tourism program is undergoing a strategic planning process with a final plan to be available in 2013. Strategic Planning meetings are scheduled across the state with stakeholders beginning in November. The finished product will shape the direction and priorities of the program.

Please visit [www.advancecolorado.com/annualreports](http://www.advancecolorado.com/annualreports) for a complete listing and more detailed reports.

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