



OCTOBER 2015

## ECONOMIC DEVELOPMENT STRATEGIC PLAN

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# TOWN OF WELLINGTON, CO

**DRAFT - FOR DISCUSSION PURPOSES ONLY**

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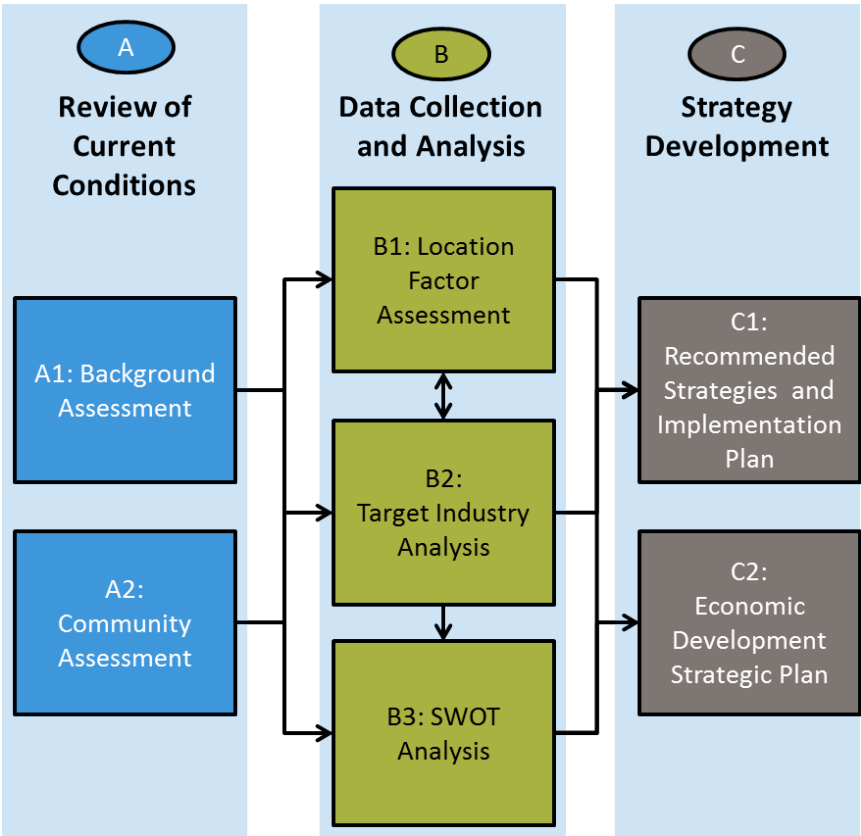
# EXECUTIVE SUMMARY

## INTRODUCTION

The Town of Wellington, CO (“Wellington” or the “Town”) engaged Silverlode Consulting Corp. (“Silverlode”) to create an Economic Development Strategic Plan. Silverlode was tasked with understanding the current situation of the Town and developing a road map to help the Town to grow its economic base. This report describes our methodology, findings, and recommendations.

## APPROACH

The following chart illustrates Silverlode’s methodology and is described in the paragraphs that follow.



## **BACKGROUND ASSESSMENT**

Silverlode reviewed existing regional economic development studies and initiatives and assessed Wellington’s budget, marketing materials, structure, website, and place in the regional economic development network.

## **COMMUNITY ASSESSMENT**

Representatives from public and private interests in Wellington were engaged through focus groups and interviews. Their comprehensive input helps identify issues and relevant challenges related to Wellington and the surrounding market. Stakeholder opinions and local knowledge were critical to the development of the recommendations.

## **LOCATION FACTOR ASSESSMENT**

Silverlode conducted an in-depth analysis of location factors related to Wellington and the surrounding market. The evaluation included factors typically relevant to a corporate site selection decision including demographic, labor market, business climate, real estate, utility, quality of life, tax, and transportation factors. The findings from this section were necessary to develop the Target Industry Analysis and recommended strategies.

## **TARGET INDUSTRY ANALYSIS**

The Target Industry Analysis identifies industry sectors that could potentially be attracted to the Town. This section includes a location quotient analysis to measure industry relative concentrations, a shift-share analysis to determine industries with potential competitive advantages, an employment multiplier analysis, and a review of private investment projects in Larimer County (the “County”).

## **SWOT ANALYSIS**

The data collected from all previous sections was used to identify high level strengths, weaknesses, opportunities, and threats impacting current and future development in the Town.

## **REDEVELOPMENT STRATEGIES AND IMPLEMENTATION PLAN**

This report is designed to focus, strategize, and aid implementation of economic development policies and practices for the Town and its partners. The findings from all previous section of this report are incorporated into an implementable action plan to grow the Town’s economic base through retention and attraction activities.

# BACKGROUND ASSESSMENT

## SUMMARY

The purpose of this assessment is to understand previous and current efforts of Wellington and its partners, identify strengths and weaknesses not brought to light in other data searches, and identify goals and strategies that may impact the recommendations of this report.

## APPROACH

Silverlode reviewed existing initiatives and studies; interviewed economic developers at the local, county, regional and state level; and reviewed Wellington’s marketing and operational materials and efforts. We applied our knowledge of best practices from a site selection perspective to all of the initiatives and materials.

The following studies were reviewed and considered throughout the development of this report:

- 2005 Community Assessment
- Comprehensive Master Plan (2014)
- Parks and Trails Master Plan (2015 Update)
- Budget(2015)
- Downtown Colorado Inc. Main Street Assessment (2014)
- DOLA’s 2015 Economic Development Assessment (2015)

## KEY FINDINGS

### WEBSITE

Wellington’s website has a beautiful design and is an excellent resource for residents and existing businesses. The site, however, does not offer any information for site selectors or businesses which are evaluating the location. The only reference to economic development is on the Chamber’s site and it is not a valuable page. The link for state and county resources does not include links to the key economic development resources including the Colorado Office of Economic Development and International Trade or Metro Denver Economic Development Corporation. There are no examples of successful businesses or recent investments, like Cameron Oil.

## **MARKETING MATERIALS**

Wellington’s new infographic and handout sheet are exceptional visual representations of the Town. These marketing materials are best practices for economic development collateral.

Currently the marketing materials are being distributed locally and there is not a plan in place for how to use the materials to attract and retain companies.

## **ATTRACTION AND RETENTION ACTIVITIES**

Wellington’s local economic development efforts are coordinated by the Assistant Town Administrator and the Wellington Colorado Main Streets Program (“WCMSP”). The Assistant Town Administrator is the point person for responding to attraction leads and coordinating projects. WCMSP focuses on retaining and growing downtown businesses.

Larimer County’s economic development department is responsible for collecting and analyzing the data that would ideally be used for responding to leads.

Metro Denver Economic Development Corporation (“Metro Denver”) is responsible for sending attraction leads, as appropriate, to Wellington. Unfortunately, there has not been any attraction activity in Wellington over the last several years and it may be that Wellington is perceived to lack available land or buildings to meet any of Metro Denver’s recent requirements.

## **ECONOMIC DEVELOPMENT GRANTS**

To date, Wellington economic development grants have been for WCMSP. In July of 2015, WCMSP was awarded a State Historical Fund Grant to hire a consultant to conduct surveys of historic downtown buildings and hopefully give property owners information to seek historical designations and associated funding.

In August of 2015, WCMSP was accepted by The Colorado Department of Local Affairs (“DOLA”) as a Main Street Community. The program will likely provide resources for business expansion and attraction.

## **REGIONAL ECONOMIC DEVELOPMENT**

Northern Colorado’s economic development ecosystem is in a state of transition. The Northern Colorado Economic Development Corporation recently stopped operations. As such, Denver Metro is now sharing leads directly with communities in Larimer County instead of working through a regional group. Wellington has pledged to sign Denver Metro’s code of conduct and will officially become part of the Denver Metro region. In the meantime, Denver Metro has already started sending leads to Wellington.

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Larimer County's role in economic development is also evolving. The Economic Development Manager is hiring two new people to provide support to smaller communities who do not have full-time economic development staff. The County plans to start providing more economic development data on their website and linking to the Denver Metro data.

Additionally, there is a new agency, the Northern Colorado Economic Alliance, which is seeking funding to become a regional player.

# COMMUNITY ASSESSMENT

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## SUMMARY

Public and private sector participation is an important component of the foundation of this report. The collection of stakeholder insights ensures coverage of all local issues and relevant challenges and provides a platform for local ideas on economic growth.

## APPROACH

Silverlode actively participated in the Economic Development Assessment conducted by Colorado's Office of Economic Development and International Trade and Department of Local Affairs in June of 2015. The study was intended to assess Wellington's downtown commercial district and industries through community engagement. Silverlode participated in several focus groups assembled for the assessment and also conducted a private focus group with board members from the WCMSP and Wellington Chamber of Commerce. Silverlode also met with local and regional economic development leaders.

## KEY FINDINGS

The focus groups and interviews led to the following key insights, along with many observations about the economic development ecosystem in Wellington and the surrounding region, and ultimately informed several of the recommendations in this report.

- WCMSP is focused on three main commercial streets: 6<sup>th</sup> Street, Cleveland Avenue, and 1<sup>st</sup> Street.
- Wellington is perceived to lack a quality grocery store with reliable inventory.
- WCMSP is working to be part of the Colorado Main Street Program and its associated funding opportunities (*WCMSP has since been accepted*).
- WCMSP desires to focus potential future funding on the improvement of the Central Park area.
- The leaders of the economic development organizations in Wellington actively participate in multiple organizations and have similar demographic traits.
- There are a handful of successful companies in Wellington with bright, young engineering talent.
- Several stakeholders would like to see a transition from a bedroom community to something that brings in more revenue for the community.



# LOCATION FACTOR ASSESSMENT

## OVERVIEW OF SITE EVALUATION

When businesses consider expanding or relocating a facility, many site selection factors are considered. The following Location Factor Assessment evaluates the community through the eyes of a company considering Wellington as a potential location for a new facility. The sections that follow include a sample of the data used to conduct this assessment. Additional data is available upon request. The analysis includes location factors that are typically relevant to a corporate site selection decision.

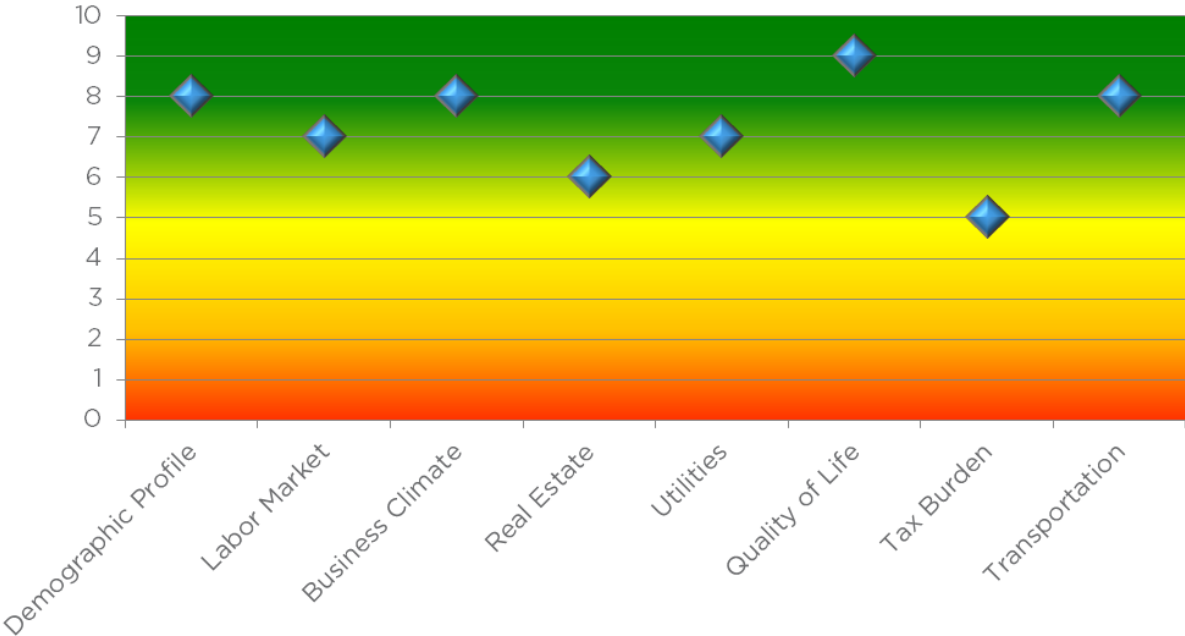
The table below summarizes the location factors included in this assessment.

Location Factor	Sample Attributes Evaluated
Demographic Profile	population, income
Labor Market	commuting patterns, employment trends, educational attainment, wage rates
Business Climate	industry composition, business establishments, private investment, state and local business climate
Real Estate	availability and cost of buildings/sites, local market activity
Utilities	service, cost, capacity
Quality of Life	cultural/recreational amenities, health care facilities, cost of living, educational opportunities
Tax burden	local and state taxes, local and state incentives
Transportation	highway access, rail network, airport access

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The following graphic identifies and plots scores which reflect how existing and potential businesses may perceive the location factors of Wellington and the surrounding area. Location factors with scores ranging from eight to ten represent areas where Wellington has a competitive advantage. Scores ranging from five to seven represent location factors where the Town is generally sufficient and should not be interpreted as a “bad” score, while location factors with scores of four or less (of which Wellington received none) represent areas where improvement is needed for the Town to become more competitive.

Please note that this assessment is not intended to be a report card, but instead is used to help us identify any significant challenges as we prepare the recommendations.



## DRAFT – FOR DISCUSSION PURPOSES ONLY

**Demographic Profile (8)** – Wellington’s population has grown rapidly and continued growth is projected. The youngest and working age segments have the highest growth rates. The population is relatively small and lacks diversity. Income levels are higher than the County or State.

**Labor Market (7)** – Wellington has low unemployment rates, low wages for all supersectors except Manufacturing, and a large number of out-commuters. Wellington has lower levels of educational attainment for advanced degrees compared to the County, State, and U.S.

**Business Climate (8)** – Colorado is generally perceived to be a good place to do business, and Wellington has several thriving companies.

**Real Estate (6)** – Wellington lacks available office and industrial space. Wellington has an abundance of land, but lacks shovel-ready and assembled sites with significant acreage.

**Utilities (7)** – Wellington is perceived to be able to meet the utility demands for companies (excluding significant water users) at relatively competitive prices for the western part of the country.

**Quality of Life (9)** – Wellington has a strong quality of life. Some of the key amenities include climate, proximity to parks and recreational opportunities, strong local schools, and relatively affordable cost of living.

**Tax Burden (5)** – Colorado has relatively high state taxes including personal property tax and sales taxes.

**Transportation (8)** – Wellington is located directly on Interstate 25 and is served by rail. One of the best international airports in the US is about one hour away.

## DEMOGRAPHIC PROFILE

### SUMMARY

The demographic profile of a region is often a solid indicator of the area's vitality. Is the region growing? Stable? Declining? Having a solid understanding of demographic and socioeconomic data, including trends and outliers, is essential to the success of both short- and long-term economic and community development planning.

### DEMOGRAPHIC PROFILE SCORE

8

### APPROACH

Silverlode conducted an analysis of population and income. These variables are often used to help define whether a sufficient market opportunity exists within a community.

### KEY FINDINGS

#### POPULATION

- Wellington's population is growing rapidly and is projected to continue to grow.
- The population's youngest segments have the highest growth rates.
- The population is still relatively small with approximately 7,000 residents.
- 64% of the workforce is between the ages of 18 and 64.
- There is a lack of racial and ethnic diversity in the Town.

#### INCOME

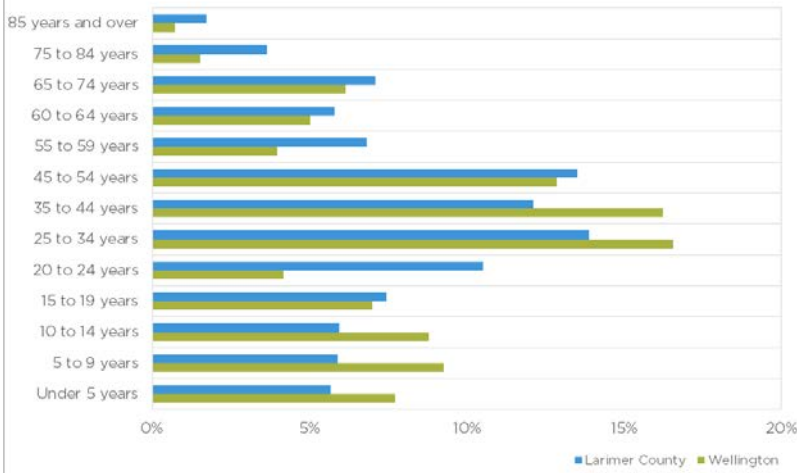
- Wellington's median income is \$73,000.
- More than 56% of the population earns over \$50,000 annually.

### SAMPLE DATA

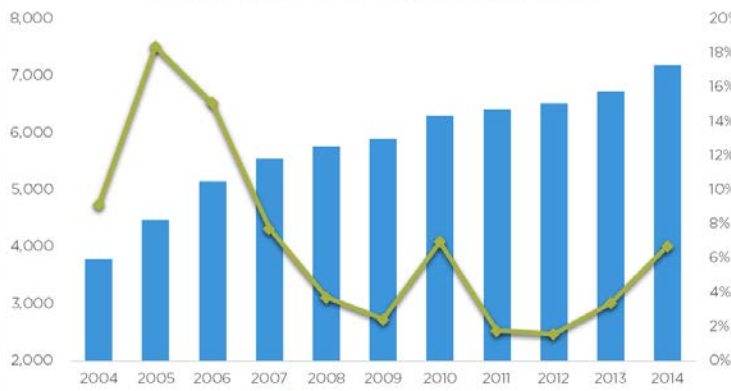
The charts and graphs below represent a sample of the types of data compiled during this assessment. Sources include the following:

- Bureau of Economic Analysis - Personal Income Summary
- U.S. Census Bureau - American Community Survey 2009 - 2013
- Wellington collateral

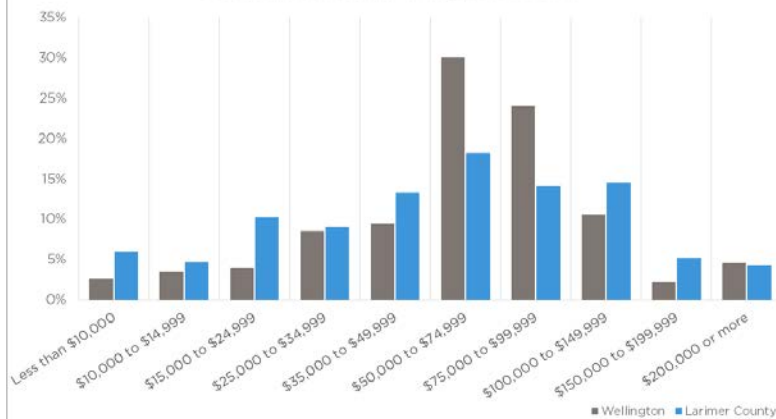
Population by Age Comparison 2013



Wellington, CO Population 2004 - 2014



Household Income Comparison 2013



## LABOR MARKET

### SUMMARY

Among the many site selection factors impacting location decisions, the relative importance of the local/regional labor market and workforce continues to increase. The emergence of the “knowledge economy,” coupled with the increasing role technology plays in manufacturing, has driven the demand for a skilled and educated workforce.

### LABOR MARKET SCORE 7

### APPROACH

Silverlode conducted an analysis of employment trends, educational attainment, and wage rates in the region.

### KEY FINDINGS

#### COMMUTING PATTERNS

- 94% of Wellington’s residents commute outside of Wellington for work. This represents an opportunity for employers who would be able to provide local jobs.

#### EMPLOYMENT TRENDS

- Unemployment in the Town is lower than Larimer County, the State of Colorado, and national averages.
- Wellington’s unemployment decreased from 2009 to 2010 and then increased between 2010 and 2013.

#### EDUCATIONAL ATTAINMENT

- Wellington has a higher percentage of people with levels of educational attainment beyond high school than Colorado or the U.S.
- Wellington’s percentage of people over 25 with Associate’s degrees is approximately twice the percentages for Larimer County, Colorado, or the U.S.
- Wellington has lower levels of educational attainment for Bachelor’s and Graduate degrees compared to Larimer County, Colorado, and the U.S.

## WAGE RATES

- Wager rates in Larimer County are lower than the State or the country for all supersectors except Manufacturing.

## SAMPLE DATA

The charts and graphs below represent a sample of the types of data compiled during this assessment. Sources include the following:

- Bureau of Labor Statistics, Quarterly Census of Employment & Wages 2014
- U.S. Census Bureau, OnTheMap 2003-2013
- U.S. Census Bureau, American Community Survey 2009 - 2013

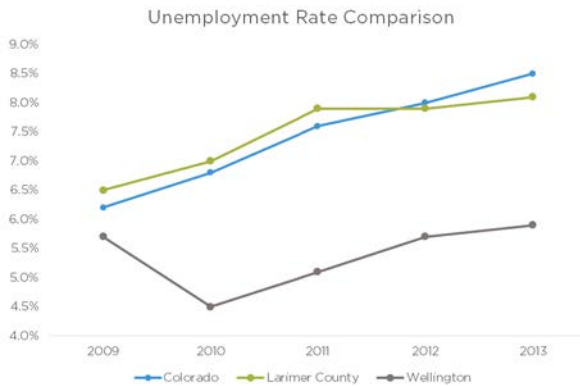
## COMMUTING PATTERNS

Count	Wellington	Larimer County
Total Employment in Area	691	123,401
Total Area Residents Employed	2,909	129,111
Net Inflow/Outflow	(2,218)	(5,710)
Living & Employed in Area	170	80,732
Commuting In	521	42,669
Commuting Out	2,739	48,379
Commuting Percentage		
Commuting In %	75.4%	34.6%
Commuting Out %	94.2%	37.5%
Percentage Change (2003 - 2013)		
Total Employment in Area	94.1%	28.3%
Total Area Residents Employed	135.9%	14.4%
Commuting In	-20.1%	6.8%
Commuting Out	-4.5%	-1.0%

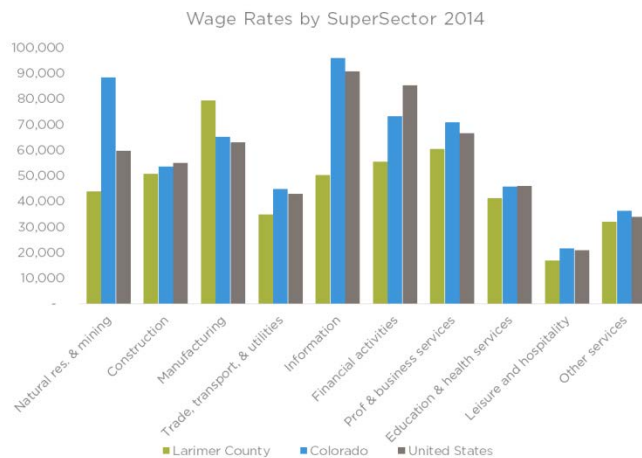
## WAGE RATES BY SUPERSECTOR

Industry	Larimer County	Colorado	United States
<b>All Industries</b>	<b>44,643</b>	<b>53,070</b>	<b>51,295</b>
Natural res. & mining	43,835	88,347	59,666
Construction	50,809	53,668	55,041
Manufacturing	79,450	65,168	62,977
Trade, transport, & utilities	34,774	44,718	42,988
Information	50,203	95,830	90,804
Financial activities	55,487	73,210	85,261
Prof & business services	60,503	70,942	66,657
Education & health services	41,343	45,882	45,951
Leisure and hospitality	16,913	21,672	20,993
Other services	32,149	36,221	33,935

Source: Bureau of Labor Statistics, Quarterly Census of Employment & Wages 2014



## Educational Attainment for Population 25+ Years



## BUSINESS CLIMATE

### SUMMARY

The economic climate factor attempts to better understand the composition and health of the local economy, as well as to determine the relative ease or difficulty of conducting business within the region. It is important to note that the perception of an area's business climate and its actual business climate may be different.

### BUSINESS CLIMATE SCORE

8

### APPROACH

To assess the region's economic climate, Silverlode considered factors such as industrial composition, the number and size of establishments, and the State and local business climate.

### KEY FINDINGS

#### INDUSTRY COMPOSITION

- Four supersectors make up 81% of the industry in Wellington. The industry composition is as follows: Construction (28%); Leisure and hospitality (20%); Trade, transportation, & utilities (19%); and Professional and business services (14%).
- Wellington has a higher industry concentration than Larimer County in Public administration, Education & health, Trade, transportation, & utilities, Retail, Manufacturing, Construction, and Agriculture.
- It is important to note that there are only 648 jobs in Wellington across all industries. The recommendations section of this report also considers the industry composition of Larimer County.

#### BUSINESS ESTABLISHMENTS

- The number of business establishments is not measured by the Census at the municipal level.
- Larimer County experienced significant growth (23%) in office establishments between 2003 and 2013. Colorado's office establishments grew 15% during this time period.
- Retail establishments grew moderately in Larimer County (7%) and Colorado (5%) over the 11-year period.



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- Industrial establishments were stagnant in Larimer County and decreased by 2% across the State between 2003 and 2013.

**STATE AND LOCAL BUSINESS CLIMATE**

- From our experience as site selectors, the State of Colorado has a favorable business climate and has demonstrated its ability to get projects up and running quickly.
- *Forbes Best States for Business 2014* ranked Colorado 5th overall. The State was ranked first for Labor Supply and fourth for Growth Prospects.
- Since there have been very few recent office or industrial projects in Wellington, there is little information available to assess the Town’s ability to bring projects to fruition.

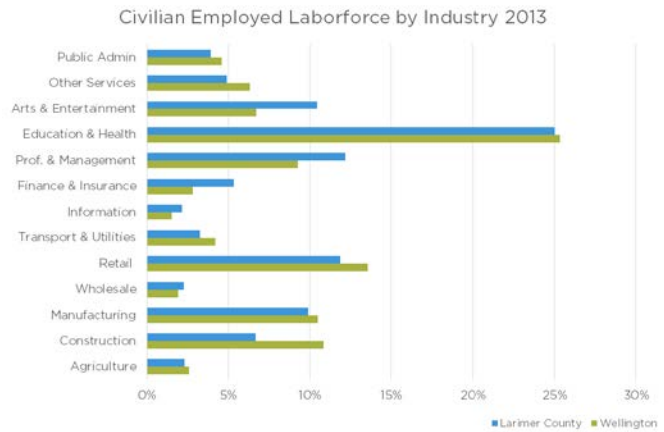
**SAMPLE DATA**

The charts and graphs below represent a sample of the types of data compiled during this assessment. Sources include the following:

- U.S. Census Bureau, On the Map 2003-2013
- U.S. Census Bureau County Business Patterns 2003-2013
- Forbes Best States for Business 2014

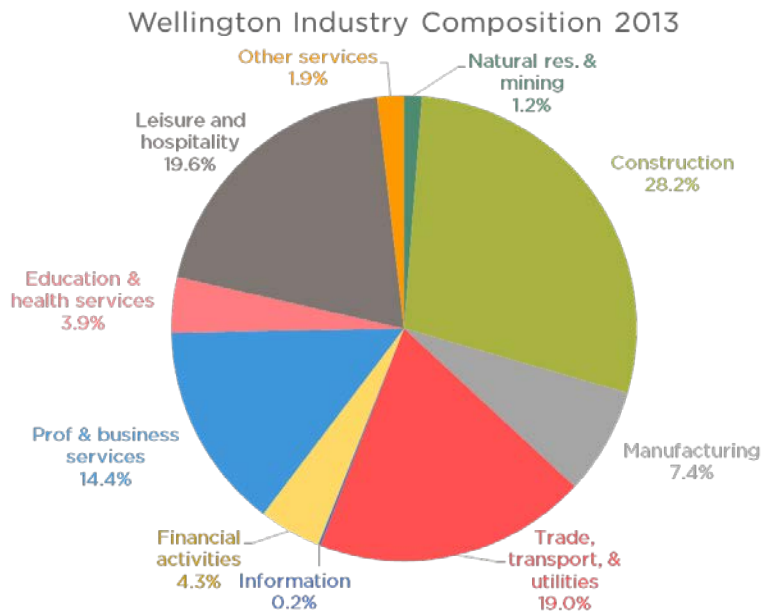
**ESTABLISHMENT CHANGE BY SECTOR TYPE**

Year	Sector	Larimer County	Colorado
2013	Total	9,710	154,660
	Industry	2,265	34,756
	Office	4,813	78,581
	Retail	2,632	41,323
	Total	8,639	143,525
2003	Industry	2,265	35,345
	Office	3,902	68,667
	Retail	2,472	39,513
	Total	12.4%	7.8%
	Percent Change	Industry	0.0%
	Office	23.3%	14.4%
	Retail	6.5%	4.6%



WELLINGTON INDUSTRY COMPOSITION 2013

Industry	Jobs	% Total
Construction	183	28.2%
Leisure and hospitality	127	19.6%
Trade, transport, & utilities	123	19.0%
Prof & business services	93	14.4%
Manufacturing	48	7.4%
Financial activities	28	4.3%
Education & health services	25	3.9%
Other services	12	1.9%
Natural res. & mining	8	1.2%
Information	1	0.2%
<b>All Industries</b>	<b>648</b>	<b>100%</b>



## REAL ESTATE

### SUMMARY

Once a company has focused on a particular region, real estate can drive the location decision. If a building or site meets the search criteria, a community's ability to provide relevant details about the available site or building may enhance their standing in the site selection process by mitigating the risk of unknown challenges.

### REAL ESTATE SCORE

6

### APPROACH

There is not a comprehensive list of Wellington buildings and land. Silverlode spoke with local economic developers, reviewed existing Wellington studies and plans, and received CoStar data from Metro Denver to assess Wellington's real estate.

### KEY FINDINGS

#### AVAILABLE LAND

- The minimum criteria for land that is suitable for an industrial facility, from a site selection perspective, is often 50 or more acres, access to rail, within ten miles of an interstate, and in shovel-ready condition.
- There are no Wellington sites currently listed for sale with more than 15 acres available. A visual tour of Wellington, however, suggests that there is land that could be marketed for site selection purposes. The Town's marketing materials state that there are 143 undeveloped commercial acres and 118 undeveloped industrial acres. It is unknown how many of these acres are contiguous.
- Boxelder Business Park is the Town's only industrial park and is designated for light industrial uses. The park has added 6,000 square feet of new space annually. There are several small lots available, the largest of which is just over seven acres.

#### AVAILABLE BUILDING SPACE

- Site selectors often look for office buildings that are in good condition (recently built or renovated) and have a minimum of 10,000 square feet available for headquarters or office projects.
- According to CoStar, there are 12 office buildings in Wellington, but no available office space. All of the buildings are less than 7,000 square feet. There are likely small office spaces available that are not listed on CoStar.

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- Industrial buildings with a minimum of 50,000 square feet, 20 foot ceilings, and interstate and rail access may be considered desirable.
- There are, according to CoStar, 17 industrial or flex buildings in Wellington or proposed for Wellington. None of these buildings have space that is listed as available.
- There is allegedly a proposed development for a 50,000 square foot Wellington Business Center at Wine Cup Street and I-25.
- One third of the downtown office and retail space is vacant (according to the Downtown Colorado Inc. Main Street Assessment (2014)).

### PLANNING AND DEVELOPMENT

- Wellington is predominantly a bedroom community.
- There are approximately 50 acres of land (4% of Wellington) designated for retail and office uses. Retail and office are located primarily along Cleveland Avenue, Main Street, and Sixth Street. It is estimated that 60% of commercial space on Cleveland Avenue is vacant.
- There are an estimated 55 acres (4% of Wellington) dedicated to industrial uses. Industrial companies are predominantly located along the Burlington Northern & Santa Fe rail lines.

### REGIONAL INFORMATION

- Wellington has access to OppSites (site access is provided by the Colorado Department of Local Affairs), a site for public and privately owned properties posted by cities which are ready for investment. Currently, there are no Wellington sites listed in the database.
- From a regional perspective, there may be a perception that Wellington is a decent location, but companies are not willing to be “first in the ground.”
- There are low vacancy rates for buildings in the seven county Denver area: industrial vacancy rate is 3.2%; office vacancy rate is 10.4%. Both of these rates have declined in the last year.

## UTILITIES

### SUMMARY

Utility information can be integral to the site selection process. Depending on the requirements of the potential end user, the Site's service capacity for one or more utilities may be critical. Knowledge of the current availability and expansion options can put a local community in a more competitive position.

### UTILITIES SCORE **7**

### APPROACH

The service, cost, and capacity of the electric, natural gas, water and sewer, and telecom/data for the Site are evaluated at a high level in this section.

### KEY FINDINGS

#### WATER

- All properties (with the exception of 34 residential lots) in the Town are served with town processed water from two sources: North Poudre Reservoir #3, which has the capacity to supply water for up to 15,000 people, and three in-town wells for emergency water.
- Wellington had a recent and rectified issue with algae in the water supply.
- Water capacity is a challenge for Wellington and surrounding areas and heavy water users would not consider locating in the region.

#### NATURAL GAS

- Source Gas provides natural gas for the Town.
- Source Gas's rates are higher than the average rates in Colorado, Arizona, New Mexico, and Utah for commercial and industrial users.
- The average natural gas rates in Colorado are lower than the average rates in Arizona and higher than the average rates in New Mexico and Utah for commercial and industrial users.

## ELECTRICITY

- Xcel Energy provides electricity for the Town.
- Xcel Energy’s rates are lower than the average rates across Colorado and Arizona and higher than the average rates in Utah and New Mexico for commercial and industrial users.
- The average electric rates in Colorado are higher than the average rates in Arizona, Utah, or New Mexico for commercial and industrial users.

## TELECOM

- Baja Broadband and Century Link provide telecom service to Wellington.

## SAMPLE DATA

The tables below represent a sample of the types of data compiled during this assessment. Sources include the following:

- U.S. Energy Information Administration
- Wellington’s website

### ELECTRIC RATES

Wellington Electric Price By Utility Distributor - 2013					
Utility Provider	Residential	Commercial	Industrial	Transportation	All Sectors
Xcel Energy	11.70	9.82	6.58	10.55	9.68

Colorado Average Electric Price All Utility Distributors - 2013					
	Residential	Commercial	Industrial	Transportation	All Sectors
Colorado	11.93	9.86	7.34	10.55	9.88
Utah	10.37	8.32	5.87	10.68	8.15
Arizona	11.71	9.85	6.66	-	10.14
New Mexico	11.68	9.74	6.36	-	9.25

Source: US Energy Information Administration, (Cents/KWH)

### NATURAL GAS RATES

Wellington Natural Gas Price By Utility Distributor - 2013				
Utility Provider	Residential	Commercial	Industrial	All Sectors
Source Gas	9.74	8.95	6.44	9.41

Colorado Average Natural Gas Price All Utility Distributors - 2013				
	Residential	Commercial	Industrial	All Sectors
Colorado	7.82	7.25	5.90	7.60
Utah	8.55	7.13	5.22	7.98
Arizona	13.92	8.76	6.29	11.50
New Mexico	8.92	6.77	5.58	8.20

Source: US Energy Information Administration, (\$/1,000 Cubic Feet)

## QUALITY OF LIFE

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### SUMMARY

While quality of life has become increasingly important in the site selection process, it is rarely viewed as a driving factor in making location decisions. It is critical to sell quality of life appropriately when companies are touring sites. When workers are being relocated to a new community, businesses attempt to find a location that offers a similar or better quality of life than the former location afforded. Quality of life factors are also important as a barometer for young workers determining where to locate.

### QUALITY OF LIFE SCORE

9

### APPROACH

Based on a review of Wellington's website, a physical tour of Wellington and the surrounding area, and stakeholder input, we understand that Wellington has a strong quality of life. Some of the key amenities include proximity to Fort Collins, Colorado climate, parks and recreational opportunities, strong local schools, affordable cost of living. The parameters of this report do not warrant a deeper examination into this section.

## TAX BURDEN

### SUMMARY

Property tax, sales tax, income tax, and other business taxes typically amount to a significant proportion of the operating expenses of companies. However, due to the complexity of estimating future taxes and particularly income/franchise taxes, companies often rely on a general evaluation of a state's tax burden, rather than actually attempting to estimate the future tax.

Since incentives can be more easily quantified than taxes, companies tend to be more focused on the incentives available to offset taxes than on the amount of the taxes themselves.

### TAX BURDEN SCORE

5

### APPROACH

Silverlode analyzed data from various government websites and leveraged our insights and experience as site selectors.

### KEY FINDINGS

#### LOCAL TAXES

- Local property taxes are assessed at 29% of market value. Wellington's millage is 99.974. The average mill levy in the Denver region was 97.40 in 2012.
- In addition to the State's 2.9% sales tax, Wellington charges a 3.0% sales tax and Larimer County charges a 0.65% sales tax, for a total of 6.55%. Combined state and local taxes in the Denver region range from 3.15% to 8.85%.

#### STATE TAXES

- Colorado has a flat corporate income tax rate of 4.63% based on sales in Colorado as a percentage of national sales.
- Colorado does not have a franchise tax or inventory tax.
- Colorado has a 2.9% sales tax.
- Colorado has a personal property tax.
- According to 2015 State Business Tax Climate rankings by the Tax Foundation (with 1 representing the highest ranked state), Colorado ranks 20<sup>th</sup> overall based on corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes, and property taxes.



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- o While there is some disagreement regarding the accuracy of the Tax Foundation’s methodology, this is still a widely cited resource that is difficult to ignore.
- Colorado is considering the collection of sales taxes for online purchases. This would mean that municipalities like Wellington would receive sales taxes for purchases on sites such as Amazon.

### LOCAL INCENTIVES

- Wellington does not currently offer any economic development incentives. Counties and cities in Colorado can offer incentives which may include the following:
  - o Personal property tax credits (up to 100% for 10 years)
  - o Local sales/use tax rebates (for construction materials, personal property, and manufacturing equipment)
  - o Waiver of permit fees
  - o Employee relocation assistance
  - o Training assistance
  - o Recruitment services
- Additionally, cities can offer creative incentives such as assistance with planning and permitting (fast tracking and/or a representative to shepherd the process), free land, and other inducements.
- Larimer County’s website shows that several parts of Wellington are in an Enterprise Zone.

### STATE INCENTIVES

The State of Colorado offers the following incentives:

- Job Growth Incentive Tax Credit (up to 50% FICA tax on net job growth for eight years)
- The Strategic Fund (cash grants up to \$5,000 for new jobs)
- Colorado First and Existing Industry Training Grants
- Colorado’s Enterprise Zone

## TRANSPORTATION

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### SUMMARY

A strong regional transportation network can greatly enhance the attractiveness of a potential site in a number of ways. For example, a distribution center project will likely place more emphasis on a site's proximity to interstate highways, while a branch office facility may be concerned about the availability of flights to its headquarters city. Transportation resources impact not only the movement of goods, but also of people. The transportation network affects the ability to access labor pools as well as for management and customers to travel to and from facilities.

### TRANSPORTATION SCORE

8

### APPROACH

This location factor includes a high level assessment of the highway network, railroads, and airports.

### KEY FINDINGS

- Wellington is located directly on the I-25 corridor, a north-south Interstate Highway, and is Colorado's northernmost town.
- The Town is located 10 minutes from Fort Collins, 30 minute from Cheyenne, and 60 minutes from Denver.
- Denver International Airport is located one hour from Wellington. Airport access is not ideal for headquarters projects.
- Wellington is served by the Burlington Northern and UnionPacific railroads, specifically in the Box Elder Industrial Corridor.

# TARGET INDUSTRY ANALYSIS

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## OVERVIEW OF TARGET INDUSTRY ANALYSIS

The target industry analysis evaluates Larimer County's economy (which is the same as the Fort Collins-Loveland MSA) and other factors with the goal of identifying industry sectors that could be targeted for the Wellington. Data for some of this analysis was reviewed at the municipal level; however, since the number of Wellington jobs is small and the labor pool is drawn from a broader area, the analysis is based on the County level.

Silverlode used four primary techniques to evaluate the County's supersector industries:

- 1 Calculated industry concentration (Location Quotient Analysis)
- 2 Analyzed competitiveness (Shift-Share Analysis)
- 3 Examined national employment multipliers
- 4 Reviewed recent industry job creation and capital investments

Data for these analyses were primarily obtained from the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and IMPLAN Group.

## LOCATION QUOTIENT ANALYSIS

### SUMMARY

A location quotient measures the degree to which an industry is concentrated or specialized in a region (in this case, Larimer County) relative to the nation. The analysis helps to identify exports, which create new money flows and generally have higher employment multipliers, and potential gaps in supply chains.

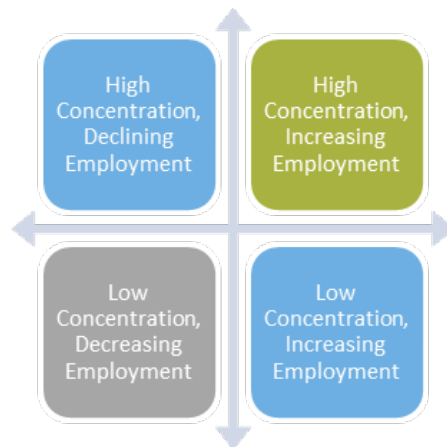
### APPROACH

Silverlode evaluated Larimer County’s existing employment by supersector and compared them to the nation. The selection screening criteria for this analysis is a location quotient of greater than 1 in the County. Location quotients can be explained as follows:

#### LOCATION QUOTIENT DESCRIPTIONS

Location Quotient	Concentration Comparison	Assumed Implication
1.00	region = nation	industry sector is neither an importer nor exporter
< 1.00	region < nation	region is likely importing those services or goods to meet local demand
> 1.00	region > nation	region is likely exporting those services or goods

The location quotient analysis, including industry size, change in employment, and location quotient is typically illustrated with a bubble graph. Robust and vibrant industries generally fall into the upper right quadrant. Industries in the lower right quadrant can be categorized as potentially emerging industries.



## KEY FINDINGS

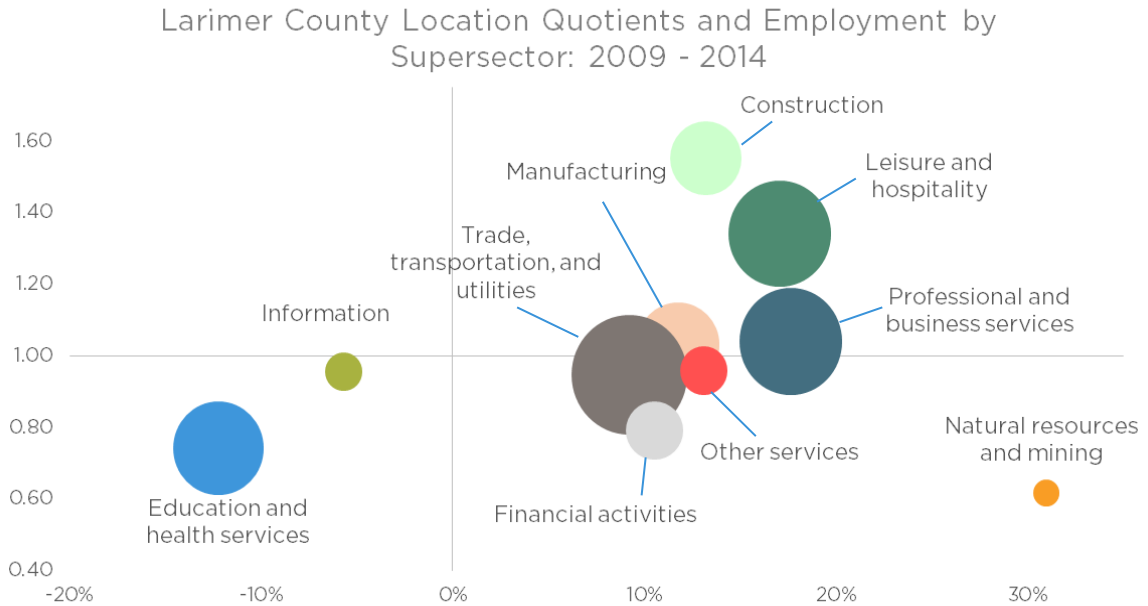
The following tables sort the industry supersectors in descending order by location quotient.

## LOCATION QUOTIENTS BY SUPERSECTOR: LARIMER COUNTY

Industry Supersector	Employment: 2014	Employment: % Change 2009-2014	Location Quotient: 2014	
Construction	9,162	13.2%	<b>1.55</b>	Exporting
Leisure and hospitality	18,970	17.1%	<b>1.34</b>	
Professional and business services	19,178	17.6%	<b>1.04</b>	
Manufacturing	12,133	11.8%	<b>1.03</b>	
<b>Total, All Industries</b>	<b>111,673</b>	<b>8.9%</b>	<b>1.00</b>	
Other services	3,926	13.1%	0.96	Importing
Information	2,526	-5.7%	0.96	
Trade, transportation, and utilities	23,906	9.2%	0.95	
Financial Activities	5,877	10.6%	0.79	
Education and health services	14,757	-12.2%	0.74	
Natural resources and mining	1,238	31.0%	0.62	

Source: Bureau of Labor Statistics, Quarterly Employment and Wages

The following bubble chart depicts industry supersectors at the County level. The vertical Y-axis represents each industry sector's 2014 location quotient, while the horizontal X-axis represents each industry sector's percentage change in employment from 2009 to 2014. The size of the bubble corresponds to the overall size of each industry sector based on 2014 employment.



- The selection screening criteria for this analysis is a location quotient of greater than 1. Construction, Leisure and hospitality, Professional and business services, and Manufacturing are exporting industries.
- Trade, transportation, and utilities has the highest employment in the County, but is not growing as fast as the four industries with location quotients greater than 1.
- Natural resources and mining experienced the greatest positive change in employment, but this is likely due to the small size of the industry.

## SHIFT-SHARE ANALYSIS

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### SUMMARY

Shift Share Analysis helps to determine if regional competitive advantages may exist for industries and industry clusters in Larimer County. This analysis disaggregates the causes of regional employment change into three components as summarized below:

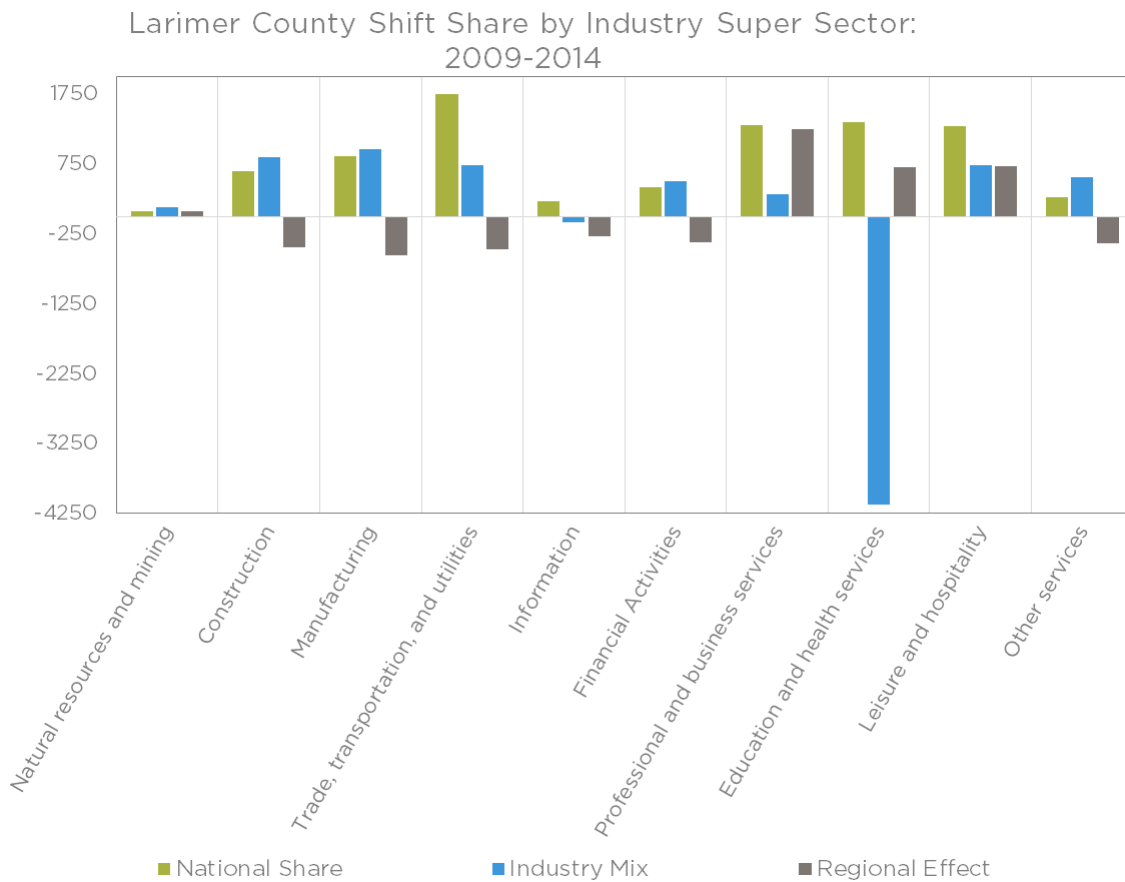
- **National share effect (NS)** = % of total employment change in U.S.
- **Industry mix effect (IM)** = % of employment change in an industry
- **Regional competitive effect (RE)** = difference between expected change based on the values above and the actual change in total employment

### APPROACH

Silverlode disaggregated the national share, industry mix, and regional competitive effects for the supersectors in Larimer County from 2009 to 2014. The summation of the national effect and the industry mix effect equals the expected employment change at the County level. Both components are based on national data. A positive regional competitive effect indicates there is some regional advantage; however, it does not directly identify the advantages or disadvantages. The selection screening process for the Shift-Share Analysis is whether an industry has a positive regional competitive effect in the County.

KEY FINDINGS

The charts below plot the change in employment for industry Supersectors in the County and MSA from 2009 to 2014.



- The selection screening criteria for this analysis is a positive regional effect in Larimer County.
- Natural resources and mining, Professional and business services, Education and health services, and Leisure and hospitality all show a positive regional effect.
- Education and health services experienced a significant negative employment change.
- Professional and business services shows the greatest positive regional effect.



## EMPLOYMENT MULTIPLIER ANALYSIS

### SUMMARY

Multipliers are used to understand the economic (jobs and wages) and fiscal (taxes and other government revenues) impacts associated with potential changes in employment.

Employment multipliers measure the total change in employment throughout the economy that results from the addition of one new job in an industry sector.

### APPROACH

IMPLAN is an input-output accounting model which is used to conduct regional economic and fiscal impact studies. Silverlode used IMPLAN data to calculate employment “multipliers” for Larimer County’s industries at the supersector level.

Three levels of impacts are quantified in this analysis: direct, indirect, and induced effects. Direct effects are the immediate employment impacts associated with a particular industry (e.g., manufacturing). Indirect effects are the secondary employment impacts associated with industries that supply goods and services to that industry (e.g., raw materials suppliers). Induced effects are the impacts associated with the household level spending of the income earned by the employees in the directly and indirectly affected industries.

### KEY FINDINGS

The table below details the employment multipliers.

#### NATIONAL EMPLOYMENT MULTIPLIERS

Industry Supersector	Type II Multiplier
Manufacturing	6.17
Information	5.86
Financial Activities	5.04
Construction	3.12
Trade, Transportation, & Utilities	2.83
Professional & Business Services	2.71
Natural Resources & Mining	2.62
Education & Health Services	1.91
Leisure & Hospitality	1.78
Other Services	1.60

Source: Minnesota IMPLAN Group, Inc.

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- The selection screening criteria for this analysis is an employment multiplier of greater than 3.36, the average for all national supersector multipliers.
- Manufacturing, Information, and Financial activities meet the criteria.

## PRIVATE INVESTMENT REVIEW

### SUMMARY

An understanding of recent company expansions and relocations can provide useful insights into the current economic development momentum.

### APPROACH

Silverlode received data on recent investments in Larimer County from the Colorado Office of Economic Development and International Trade.

### KEY FINDINGS

The following table identifies projects that brought new jobs to Larimer County between 2012 and 2015.

#### RECRUITMENT/EXPANSION DEALS IN LARIMER COUNTY (2012-2015)

Company	City	Jobs	Total State-Level Incentive Tax Credit	Year Approved
Woodward	Fort Collins	971	\$7,300,000	2012
Madwide Media	Loveland	346	\$2,900,000	2013
Anheuser-Busch	Fort Collins	41	\$898,569	2014
Niner Bikes	Fort Collins	35	\$278,778	2014
Intel Corporation	Fort Collins	68	\$2,300,000	2015

Source: Colorado Office of Economic Development and International Trade

- The recent construction of a 60,000 square foot Cameron Oil manufacturing building in the Boxelder Business Park presumably did not receive state tax credits and was not part of this list. Silverlode has incorporated this project into the screening process.
- In the last four years, the state provided incentive tax credits to five new or expanding companies in Larimer County. Four of the companies are located in Fort Collins and one company is in Loveland.
- The selection screening criteria for this analysis is supersectors with recent private investment in Larimer County.
- The recent investments are in Manufacturing, Professional and business services, and Information.

## TARGET INDUSTRY SCREENING

This Target Industry Analysis included four phases and incorporated trend data, current data, and projected data to help understand the competitive advantages of Larimer County’s economy. The analysis focused on industry supersectors, the screening of which is provided in the table below. A score of “1” indicates that a supersector passed the screening of a particular phase.

The following chart summarizes the supersectors and the results of the four analyses conducted.

### TARGET INDUSTRY SCORING

Industry Supersector	Regional Concentration	Competitive Regional Growth	Employment Multiplier	Recent Investment	Score
Manufacturing	1		1	1	3
Professional & Business Services	1	1		1	3
Information			1	1	2
Leisure & Hospitality	1	1			2
Natural Resources & Mining		1			1
Education & Health Services		1			1
Financial Activities			1		1
Construction	1				1
Trade, Transportation, & Utilities					-
Other Services					-

Generally, industry supersectors passing at least three selection screens could be considered primary targets, while those that passed two selection screens may be considered secondary targets.

Target supersectors currently have a strong foundation in the County’s economy and potential for further development. These industries are part of an existing “cluster” or network of industries advantageously utilizing the industry’s competitive ecosystem, such as transportation assets, knowledge base, supplier and/or consumer network, and access to human capital.

## TARGET INDUSTRY RECOMMENDATIONS

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Based on the Target screening, the industries Wellington should focus on are:

- Manufacturing
- Professional & Business Services
- Information

Although Leisure & Hospitality did score a 2, this industry comprises primarily restaurants, bars, and hotels. Wellington’s focus should be on attracting companies that will provide jobs with higher paying wages to build the economic base and support the growing residential population.

Given the limited budget and scope of this project, additional work is needed to develop industry targets at a more detailed level.

# SWOT ANALYSIS

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## SUMMARY

Strengths are defined as characteristics that exist today and are positive for the Town. Weaknesses are characteristics that exist today and are negative or challenging for the Town. Opportunities are positive characteristics that could exist in the future and could bring positive economic change to the Town. Threats are defined as negative or problematic characteristics that could exist in the future.

## APPROACH

The data collected from all previous sections of this report and the perceptions of stakeholders were used to develop a SWOT framework. The high level strengths, weaknesses, opportunities, and threats outlined below are a summary of the economic development issues of the Town.

## KEY FINDINGS

Present

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Growing population</li> <li>• Available land</li> <li>• Highway access</li> <li>• Perceived ease of navigation with permitting/planning process</li> <li>• Rural quality of life</li> <li>• Proximity to Ft. Collins, Denver, Wyoming</li> <li>• Access to outdoor recreation</li> <li>• Town holds well attended events</li> <li>• Home based businesses</li> <li>• Likely pockets of engineering talent</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Small town</li> <li>• Small number of vocal stakeholders involved in determining future of town</li> <li>• Many residents are outward focused (work, shop, recreate, attend school out of Town)</li> <li>• Many businesses seem to fail on Main St.</li> <li>• Perceived absentee owners of Main Street properties</li> <li>• Lack of planning and clear process for Chamber</li> <li>• Lack of developers willing to build in Town</li> <li>• Perception of Town as a bad place to do business</li> <li>• Lack of core retail and services: grocery, cleaners, hair, etc.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Main Streets Community membership</li> <li>• “Larger” employer expansions and/or referrals (e.g. Cameron Oil)</li> <li>• Sales tax for online purchases</li> <li>• Attraction of more locally owned businesses downtown</li> <li>• Continuation of residents working in Town</li> <li>• Increase in number of home based businesses</li> <li>• Leverage Metro Denver affiliation</li> <li>• Annexation of land to accommodate commercial and industrial growth</li> <li>• Organization of flash mobs to support local businesses</li> <li>• Increase of involvement by both residents and employers in the Town</li> <li>• Programs to support local businesses</li> <li>• Engagement of younger population into Town activities</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Water as a potential limiting factor</li> <li>• Population growth exceeds Town and Schools’ ability to provide services</li> <li>• Potential loss of sense of place if get big enough to attract many national chains</li> <li>• Increasing divide in pro-growth/status quo factions</li> <li>• Lack of economic base diversity (boom bust of oil)</li> </ul>

Future

# RECOMMENDED STRATEGIES AND IMPLEMENTATION PLAN

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The information gathered from the Background Assessment, Community Assessment, Location Factor Assessment, Target Industry Analysis, and SWOT Analysis was used to identify recommendations and action steps to improve economic development efforts in Wellington. We have augmented these findings with our knowledge of best practices from around the country, our experience helping companies make location decisions, and our experience helping communities develop economic development programs.

We understand that Wellington is a relatively small community with a limited budget. As such, Silverlode’s recommendations are designed to leverage your existing resources for realistic and transformative change. Recommendations and action steps noted as “**Potential for Future**” are dependent upon additional resource being allocated to economic development.

## ECONOMIC DEVELOPMENT BASICS

We understand that the Town is trying to figure out what resources can be allocated to economic development and is currently undergoing a change in leadership. The following are fundamental steps to guide you as you create an economic development program.

### ESTABLISH A PROACTIVE ECONOMIC DEVELOPMENT PROGRAM

#### ACTION STEPS

1. Consider hiring an economic development representative who would bring age, gender, and/or ethnic diversification to the existing pool of people involved in economic development activities for the Town.
2. Develop a clear understanding of roles and responsibilities among the Town, Chamber, and WCMSP.
3. Create a calendar of annual activities with assigned roles (one year in advance):
  - a. Conduct business retention and expansion visits (monthly).
  - b. Connect with Metro Denver, Colorado OEDIT, and other strategic partners (monthly).
  - c. Ensure demographic, labor force, and other data presented on the website is current and accurate (two times per year).



- d. Review and update sites and inventory (monthly after created) and ensure these are listed on the State’s site.
  - e. Attend relevant trade shows and/or conferences as budget allows (at least two times per year). **(Potential for Future)**
  - f. Send relocation and expansion announcements to site selectors, regional and state agencies, and other contacts (as frequently as possible) and post on the website.
  - g. Consider implementing a system to track progress on these activities.
4. Consider hosting low key events (e.g., breakfast at the community center) twice a year with business owners and managers. Activities could include an update from the Mayor on relevant projects, a community speaker, and a Q&A session. The economic development staff should have a presence at these meetings.
  5. Typical economic development activities for an established program will include, at a minimum, the following:
    - a. Responding to leads
    - b. Managing retention and attraction projects
    - c. Engaging with companies
    - d. Hosting events
    - e. Working with the private sector to redevelop target properties
    - f. Grant writing
  6. A key to a successful economic development program is to treat your businesses like customers and be thankful for them. Find ways to keep them happy!

## REGIONALISM

Northern Colorado’s evolving economic development ecosystem of city, county, regional, and state organizations form a dynamic web of groups that are in the process of determining their roles. Everyone’s reputation and success depends on directing a project to a site where it can get done quickly and without risk.

### **POSITION WELLINGTON TO BENEFIT FROM STATE AND REGIONAL ECONOMIC DEVELOPMENT ORGANIZATIONS.**

#### **ACTION STEPS**

1. Ensure that the Town representative (not the Chamber or WCMSP) is the single point of contact for all projects.
2. Start to foster strong and positive relationships with Metro Denver and Colorado OEDIT. Be responsive and helpful where possible. Be a place where these agencies want to bring projects. Once you have an

opportunity to respond to RFI's, seek clear and specific feedback on submitted responses and make changes to improve based on that feedback. Keep in mind that a high percentage of projects for which RFI's are issued do not ever go forward anywhere, and many end up expanding at existing facilities. Just because a project does not land in your Town does not necessarily mean you lost it.

3. Be highly responsive to leads. Have all of the information and data that is likely to be requested in an RFI up to date and ready to go. Whenever possible, respond ahead of deadlines. Be sure your information is clear and free of any errors of any kind. This helps to signal that your Town is a place where projects can get completed.
4. Participate in trade missions, trade fairs or shows and familiarization tours when possible with Metro Denver or the state to leverage the deeper pockets and broader reach of those organizations. Coordinate about follow up with these organizations and be sure to complete any follow up tasks delegated to your organization. We would advise against trying to individually market to or solicit a company met at a trade show as it can cause confusion as well as concern about the region's ability to work together. **(Potential for Future)**
5. Conduct careful due diligence before attending conferences to ensure that attendees will be location decision makers and/or influencers, not just other economic developers or inactive site consultants. Silverlode will be happy to provide insights going forward about conferences and events upon request. **(Potential for Future)**

**BE COGNIZANT OF THE FACT THAT THE STATE AND REGION ARE LIKELY TO PRIORITIZE SITES IN PLACES WHERE THEY HAVE A HIGH DEGREE OF CONFIDENCE THE PROJECT CAN GET DONE.**

#### **ACTION STEPS**

1. Talk up the Town's successes of getting projects up and running quickly (even if the best examples are small company expansions or thriving downtown businesses).
2. Write short case studies about projects that were quickly and successfully executed. Publish these on your website and send them to the decision makers in the regional and state organizations.
3. Think of Metro Denver and Colorado OEDIT as your customers and actively market your product (sites, buildings, ability to execute projects) to them.
4. Carefully review your website at least quarterly to ensure the information is current and the inventory of sites and buildings is up to date.

## IDENTITY

### SELL YOUR LOCATION ON YOUR WEBSITE

#### ACTION STEPS

1. Wellington’s website is focused on residents and downtown businesses. There is currently no information for a company considering Wellington as a location. The following topics should stand alone or under a specific heading such as “Site Selection.” Much of this data is already in your marketing materials or available on other regional websites.
  - a. Location
  - b. Utilities
  - c. Taxes
  - d. Labor Force Data
  - e. Demographic Data
  - f. Quality of Life
  - g. Transportation Data
  - h. Incentives
  - i. Education Data
  - j. Industry Data
  - k. Sites and Buildings
  - l. Economic Development Contact Information
2. The most effective economic development websites feature interactive GIS (geographic information systems) mapping systems that display available sites and buildings, existing business establishment data, workforce and demographic data, and provide this information in downloadable formats such as XLS or PDF. Consider working with the County to add these resources to your website.
3. Post success stories of Wellington companies. There is currently no mention of Cameron Oil on the website. When Metro Denver drives prospects through Wellington, the feedback they have heard is that companies seem hesitant to be the first company in the ground. Help them to understand there are already companies thriving in Wellington.
4. Consider adding a list of Colorado Company to Watch Winners that are from the County (or Wellington if possible).
5. Consider taking steps to optimize search results on major search engines such that your website is displayed near the top of all relevant search results pages when people search for broader geographies such as Northern Colorado.

## **DEVELOP AND WIDELY PUBLICIZE A UNIFIED AND EFFECTIVE “ELEVATOR PITCH” FOR THE TOWN.**

### **ACTION STEPS**

1. Use your new marketing materials to solidify an effective elevator pitch.
2. Confirm the elevator pitch resonates with the WCMSP, Chamber, and other key stakeholders.
3. Place the message on your website.
4. Develop a “Radiating References” initiative. Actively ask people to go out and talk to their customers, suppliers, etc. about the message (e.g., ask each stakeholder or economic development partner to tell two friends and follow up on the request at the next meeting). Encourage those people to share the message with more people to exponentially increase the reach of your messaging.

## **LEVERAGE YOUR NEW MARKETING MATERIALS**

### **ACTION STEPS**

1. Be proud of your excellent collateral! Post your infographic and handout prominently on your website.
2. Distribute your materials through a direct mailing and/or emailing campaign to targeted industries.
3. Bring your collateral to conferences and trade shows and share them with your existing businesses.
4. Leave your collateral in hotels (beyond Wellington’s borders).

## **LEVERAGE YOUR HIGHWAY VISIBILITY**

### **ACTION STEPS**

1. Add signage and wayfinding at the highway interchange.
2. Consider being creative (e.g., hiring an agency) with your signage to convey a sense of place.

## ATTRACTION

Please note that the attraction efforts of Wellington, while critical to success, should generally be a lower priority than the retention and expansion efforts.

### RESPOND TO LEADS

#### ACTION STEPS

1. We understand that Wellington’s available land and buildings do not match the RFI’s you have received to date. We encourage you to respond anyway, even if the sites and buildings do not exactly meet requirements. Project parameters on competitive site location projects change 100% of the time.
2. At a minimum, responses to all of the data inquiries contained in the site location consultant’s RFI should be provided. A best practice response would include, but not be limited to, the following:
  - Owner/broker information
  - Parcel Number
  - Single-user or multi-tenant
  - Environmental assessments
  - Site infrastructure
  - Number of docks/doors
  - Type of construction
  - Asking price/lease rates
  - Photograph(s)
  - Aerial map
  - Square footage
  - Ceiling heights
  - Year built
  - Space split by type of use
3. If the building/site is listed with a real estate broker, the brokerage company’s website may have most of what the consultant is asking for, as well as photographs and/or maps of the property. The website may also contain a property brochure that summarizes most of the building/site data that the site location consultant needs in one place.
4. Much of the RFI completion process is a data driven exercise; however, providing a brief (one or two paragraph) summary of key building/site attributes can be helpful. Help the site selector to draw the appropriate conclusions by explaining why this particular building/site would be a good fit for this project.

### DEVELOP A COMPREHENSIVE PROGRAM TO PROACTIVELY TARGET SPECIFIC DECISION MAKERS AND INFLUENCERS WITHIN AND OUTSIDE OF THE TOWN. (Potential for Future – all three Action Steps)

#### ACTION STEPS

1. Develop an “Ambassador” program with existing companies in the Town. Beyond retention visits, court the leaders of these companies through

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individual and group invitations to events. Ask them who they want next door. Leverage their corporate contacts.

2. Reach out to develop relationships with specific site selectors who tend to do projects in your target industries and within Northern Colorado. Metro Denver may be able to provide information about which consultants are routinely submitting RFI's. Ask them for this information on a regular basis (quarterly or bi-annually) as the industry is constantly evolving.
3. Identify companies in the Target Industry Recommendation section of this report through InfoUSA, Dun & Bradstreet or other databases. Denver Metro and the Colorado OEDIT have research capabilities and may also be able to provide help with this. Identify company owners or decision makers (e.g., COO's, Real Estate or Facilities Directors, etc.) and reach out to them through a multi-faceted marketing approach that may include, but not be limited to the following:
  - a. Direct calling campaign. Ideally, find a connection with executives prior to placing a call. This may be done through LinkedIn or other networking sites, networking with other executives with whom you have a relationship, or even searching Google or Facebook to find something in common. It can sometimes be difficult to reach an executive by phone if you do not already have some type of relationship. Be patient and persistent. You may have to first develop a relationship with the executive's administrative assistant. Silverlode will be happy to walk through some examples of how other communities have been successful at this type of activity.
  - b. Direct email or mail campaign with information from this report, your marketing materials, and with case studies on thriving Wellington (or Larimer County) companies. Our experience is that busy executives generally will not open standard looking mail, but will almost always open packages sent via FedEx or UPS.
  - c. Identify relevant industry trade shows by consulting with Metro Denver, inquiring of industry representatives with operations in the region, researching trade publications, etc.
    - i. Contact exhibiting and attending companies to inquire about their willingness to meet at the show. If sufficient positive responses are secured, consider attending the show as a cost effective way to meet with many prospects in one trip.
    - ii. Use any meetings you are able schedule to focus primarily on developing a relationship. Note that this applies to meetings at trade fairs as well as company visits. Our experience, and that of our partners around the world, is that it is generally three to five years from first contact with a company to the time you may be discussing an investment project. If you try to sell your place at an initial meeting, it is unlikely they will want to have another discussion with you. Be likable and memorable. Leave them with

your excellent infographic or other effective materials. Send them a thank you gift as a follow up. Do follow up!

## BUSINESS RETENTION AND EXPANSION

Throughout the US, it is not uncommon that economic development organizations of all shapes and sizes devote 80%, 90%, or even 100% of their resources toward business attraction efforts. This is the case year after year, even though the job creation and capital investment occurring in most regions is primarily, and in most places, attributable to the expansion of existing companies. This is not to say that no resources should be devoted to attraction, only to emphasize the importance of a more balanced approach to economic development.

Keeping existing employers happy and successful is the most effective and efficient approach to economic development. It is too late to try to form a relationship with decision makers if you are doing so in reaction to news about a potential contraction or expansion. The key is to foster these relationships over the long term.

### **DEVELOP AND EXECUTE A THOUGHTFUL, ROBUST RETENTION PROGRAM BASED ON FOSTERING LONG-TERM RELATIONSHIPS.**

#### **ACTION STEPS**

1. Work with WCMSP and the Chamber to establish roles for attraction and retention activities. The Town should ideally handle all attraction activities.
2. Provide one training session for all partners that will be conducting company visits so that there is a unified message and system. Provide all participants with a take away handout to guide the meetings.
3. Avoid a survey approach. Focus on building the relationship. Critical questions include:
  - a. Do you have any suppliers or customers who might benefit from locating a facility in the region? In fact, do you know anyone who might benefit by locating here?
  - b. Is there anything your company is trying to accomplish in Wellington that they can't? Why not?
  - c. What can the Town do to help you grow faster?
  - d. Who would you like to be your neighbor?
4. Make the meetings worthwhile.
  - a. The meetings do not have to be formal affairs. In fact, the more like genuine human interaction you can make them, the more effective they will be. Buy an owner lunch, host a golf outing, host a monthly happy hour, have March Madness, Super Bowl, World Series, etc.

- watch parties. Ideally, you will find ways to establish genuine friendships.
- b. Be friendly, be memorable, and let them know you are there if they are encountering any problems at all in operating their business in your Town.
    - i. If they raise a concern or a question, follow up on it immediately. Your goal is to provide such customer service that they can't help but want to recommend your place to any business owners or decision makers they know.
    - ii. Keep good records about who you meet with, when, and what was discussed.
5. Create a tracking document to schedule quality meetings with every employer in the Town at least once per year.
- a. Consider a secured document sharing tool such as Dropbox or Google Docs.
  - b. The tracking document should contain fields to identify company contact information, workforce numbers and skills, real estate occupied, growth history and projections, detailed log of outreach efforts, any challenges or concerns identified, and any other relevant notes.
  - c. The Town should house this document and be responsible for ensuring that it is up to date.
6. Regularly meet with all of the partners visiting companies to ensure that everyone is covering their territory and completing the visits.
- a. Share best practices and challenges, and collaborate on growth opportunities where appropriate.
  - b. Consider prioritizing companies which are part of strong and emerging industries.
  - c. For large companies or those with the realistic potential to grow, those encounters should ideally be more than once per year.
  - d. Many successful regions travel regularly to the headquarters of their companies which are not locally owned in order to meet with key executives (e.g., COO's, Real Estate Directors, etc.). These kinds of trips can influence investment and job decisions when multiple locations are being considered for expansion or consolidation. If budget constraints prohibit this kind of activity, try to establish relationships and deliver the message that your region is eager to help through telephone calls, packages with token local gift products, or other creative means. **(Potential for Future)**
7. Regularly meet with influencers who generate information and ultimately deal flow including bankers, lawyers, accountants, real estate professionals, developers, site consultants, higher education officials, health system executives, architects and engineers, and others. Go beyond Wellington's borders to seek out these influencers.



8. Roll out the red carpet for new companies.
  - a. Immediately add them to the tracking document.
  - b. Immediately visit the company.
  - c. Immediately provide a welcome kit with a list of local company resources (welding, printing, etc.) and a basket of locally provided goods (beer, jams, gift cards, etc.).

## PROVIDE ADDITIONAL SUPPORT FOR LOCAL BUSINESSES

The WCMSP and Chamber provide existing support for Wellington businesses. The following are suggestions for additional ways to support local businesses.

### ACTION STEPS

1. Create a buy local program to reward and connect producers and purchasers. **(Potential for Future)**
2. Consult with Metro Denver for regional best practices on business resources such as access to capital, training and mentoring, etc. Post these resources on the website.
3. Create differentiated support for entrepreneurs and home based businesses. Consider connecting them through networking events and shared work spaces with costs subsidized by the Town. Offer training, business plan contests, an angel fund, etc. **(Potential for Future)**
4. Wellington’s recent acceptance as a Main Street Community will provide new resources and opportunities for the Town. These opportunities should be coordinated with the Town’s economic development planning.
5. Consider helping local businesses to create co-ops, specifically on Main Street. For example, there is demand for a quality grocery store, but the market may not support it. A non-traditional approach could be a co-op approach. See the Cleveland Foundation’s Evergreen laundry co-op as an example (<http://evergreencooperatives.com/>).

## SITES / BUILDINGS

In many instances, having a site/building that meets the search criteria in the RFI is the initial test that a community must pass to earn serious consideration for a project. If a site/building meets the search criteria, then a community’s ability to provide as many relevant details as possible about the characteristics and suitability of an available site/building only enhances a community’s standing in the site selection process by mitigating the risk that unknown challenges will surface.

## **BUILD A DATABASE OF SITES AND BUILDINGS**

### **ACTION STEPS**

1. Develop an inventory of available sites and buildings. Denver Metro can pull initial information from CoStar.
2. Work with land owners and brokers to make sure the inventory on the website is complete and accurate.
3. If resources permit, make sure that a representative understands what is required to allow a project to happen for each site (e.g., utilities, road, environmental, etc.) including the timing and potential costs.

## **INCENTIVES**

### **ESTABLISH AN INCENTIVES PROGRAM**

#### **ACTION STEPS**

1. Consider offering sales and use tax rebates, personal property tax rebates, and expedited permitting and licensing programs as incentives as allowed by state law.
2. Proactively establish this program and market it on your website. Do not wait for a project to create the program.
3. At a minimum, market the existing Colorado incentives and your Enterprise Zones on your website.
4. Seek guidance from Metro Denver to help you develop an appropriate program.
5. Be creative with structuring assistance that is tailored to each company's particular project and needs.
6. When meeting with companies, offer solutions to expedite the process to as great an extent as possible. If you can be the place where a project can be up and running faster than anywhere else, the potential top-line value to a company is likely to be greater than any incentive package.

## **ENTREPRENEURSHIP**

Wellington can begin efforts to foster a culture which organically creates companies. A well-developed and cohesive effort to create a culture of entrepreneurship will take

significant investment from the community and is likely beyond the current capacity, but small initial steps can begin to create positive changes.

## **DEVELOP AN ENTREPRENEURSHIP INITIATIVE FOR THE TOWN.**

### **(Potential for Future – all nine Action Steps)**

#### **ACTION STEPS**

1. Identify and communicate examples of successful entrepreneurs on the Town website and in other media, marketing materials and meetings.
2. Create an incubator/accelerator space in a vacant or under-utilized building.
3. Solicit corporate involvement and investment.
4. Create an angel investor group of high net worth individuals in Wellington and Larimer County.
5. Introduce the idea of entrepreneurship in schools, possibly through a business plan competition.
6. Add an entrepreneurship page to the Town website.
7. Enhance existing relationships and build on existing initiatives to foster and encourage entrepreneurship (e.g., run a community workshop on how to start a business, write a business plan, finance a start-up, etc.).
8. Tap into the network of accountants, attorneys, bankers, and other service professionals to understand any existing activity with start-ups.
9. Explore additional resources for best practices and potential funding opportunities including the following and many more:
  - a. The Ewing Marion Kaufman Foundation is a Kansas City based program that offers programs for growing entrepreneurship in your community. [www.kauffman.org](http://www.kauffman.org)
  - b. Grow MidMo ([www.growmidmo.com](http://www.growmidmo.com)) is a good example of a rural regional group that has had success in fostering entrepreneurship. Their approach could be replicated in the Town.

# APPENDIX 1: ABOUT IMPLAN ECONOMIC IMPACT ANALYSIS

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Portions of this analysis were completed using the IMPLAN economic impact model. The IMPLAN model is used by more than 1,000 universities and government agencies to estimate the economic and fiscal impacts of investments and/or changes in industry, to forecast tax revenue and employment generation, and to conduct economic comparison studies of two or more geographic locations.

IMPLAN is an input-output model. Input-output accounting describes commodity flows from producers to intermediate and final consumers. The total industry purchases of commodities, services, employment compensation, value added, and imports are equal to the value of the commodities produced.

An IMPLAN impact analysis involves specifying a series of expenditures or other changes and applying them to the region's economic multipliers. The expenditures are identified in terms of the sectoring scheme for the model; in producer prices; and in historical dollars with the current year used as a base year. Only the dollars spent within the region are applied to the model.

The notion of a multiplier rests upon the difference between the initial effect of a change in final demand and the total effects of that change. Total effects can be calculated either as direct and indirect effects, or as direct, indirect, and induced effects. Direct effects are production changes associated with the immediate effects or final demand changes. Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries (for example, additional purchases to produce additional output). Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects.

Purchases for final use (final demand) drive the model. Industries producing goods and services for final demand purchase goods and services from other producers. These other producers, in turn, purchase goods and services. This buying of goods and services (indirect purchases) continues until leakage from the region (imports and value added) stops the cycle.

These indirect and induced effects (the effects of household spending) can be mathematically derived. The resulting sets of multipliers describe the change of output for each and every regional industry caused by a one-dollar change in final demand for any given industry.

Creating a regional input-output model requires a tremendous amount of data. The costs of surveying industries within each region to derive a list of commodity

purchases (production functions) are prohibitive. IMPLAN was developed as a cost-effective means to develop regional input-output models. The IMPLAN accounts closely follow the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations.

*(Source for much of this description: Olson, Doug and Scott Lindall, "IMPLAN Professional Software, Analysis, and Data Guide"; Minnesota IMPLAN Group, Inc., 1725 Tower Drive West, Suite 140, Stillwater, MN 55082)*