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| <b>DATE:</b> December 16, 2008<br><b>STAFF:</b> Mike Freeman | <b>WORK SESSION ITEM</b><br><b>FORT COLLINS CITY COUNCIL</b> |
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**SUBJECT FOR DISCUSSION**

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Economic Health/Financial Issues Update.

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**EXECUTIVE SUMMARY**

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The overall economic goal for the City is to balance high quality economic development with quality community and environmental goals. 2008 has been successful on this front due to proactive economic policies and actions. The City has strong partnerships with diverse organizations, strategic marketing, and is focused on business retention, expansion and recruitment for new businesses that fit with Fort Collins' values and continues to focus on quality technology and retail developments.

Sales tax collections are on track for 2008 with strong showings in restaurant sales and food store sales. Use tax revenue is also on track to meet the 2008 budgeted amount of \$8.2 million. Due to the failing bank and investment industry nation-wide, the City's investments are lower than projected.

In 2009, the City faces challenges such as broad economic slowdown, decrease in sales tax collections, decrease in use tax collections, and potential financing difficulties for developers.

Fort Collins is not immune to the global economic climate, yet has unique economic strengths. We have a highly educated workforce, an innovative and globally-focused university, supportive culture for entrepreneurs, and diverse industries.

2009 will also bring economic opportunities to Fort Collins. Colorado State University's focus on research and development and commercialization of research will nurture and expand start-ups that most likely will stay in Fort Collins. The City's collaboration with the Downtown Development Authority will result in new projects that benefit the whole community and differentiate it from other regional communities.

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**GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

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Staff will discuss economic and financial highlights from 2008 and discuss 2009 challenges and opportunities and will answer questions and discussion suggestions from City Council.

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## BACKGROUND

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In 2004, City Council appointed a group of community representatives to develop a set of recommendations intended to address the economic vitality and sustainability of Fort Collins. Members of the Economic Vitality and Sustainability Action Group (EVSAG) met for two years and created an economic strategy map for the City to follow in order to achieve economic success and longevity.

A major outcome of EVSAG was the Economic Action Plan. The Action Plan consists of four key strategies for economic health:

- Diversify the economy
- Build partnerships
- Support business expansion and attraction
- Be proactive on economic issues.

City Council is given periodic updates on the implementation of the Economic Action Plan. Financial updates are also provided to give an overall picture of economic health, in the community and the City's organization.

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## ATTACHMENTS

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1. Powerpoint presentation.

## CITY COUNCIL ECONOMIC AND FINANCIAL UPDATE

December 16, 2008  
Mike Freeman, Chief Financial Officer



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## PRESENTATION GOALS

- Economic and financial highlights from 2008
- 2009 challenges and opportunities
- City Council questions and suggestions



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## 2008 BUSINESS AWARDS

- Ranked 10th Best-Educated City in America, *Forbes magazine*, November 2008
- 2nd Best Place to Live, *Money magazine*, August 2008
- Named 3rd Best Place for Business and Career; *Forbes magazine*, March 2008
- Ranked 39th Best Place to Live and Launch a Business; *CNN/Money*, March 2008



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## ECONOMIC ACTION PLAN STRATEGIES

- Four key strategies:
  - *Business incubation, retention, expansion and attraction*
  - *Be proactive on economic issues*
  - *Build partnerships*
  - *Diversify the economy*
- **Overall goal – high quality economic development, balancing growth with environmental and quality community goals**



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## **BUSINESS INCUBATION, RETENTION, EXPANSION & ATTRACTION**

- Primary focus is on business retention, expansion
- Mayor and City Manager visits to primary employers
- Chief Financial Officer retention visits
- Participation in the NCEDC retention program
  - 50 primary employers interviewed in 2008



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## **BUSINESS INCUBATION, RETENTION, EXPANSION & ATTRACTION**

- Create positive relations with existing businesses
- Buildable lands inventory
- Site selection tool enhancements
- Business attraction
  - Continued interest from employers outside region
- Harmony Road
  - Harmony Technology Park
- Mason Corridor
  - Capstone



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## BUSINESS INCUBATION, RETENTION, EXPANSION & ATTRACTION

- Diverse work...
  - \$1 million to CSU’s SmartGrid Integration Lab
  - New Belgium Brewing—best place to work
  - Pelco expands their Fort Collins office
  - Butter Cream Cupcakery, first & only cupcake shop in the city
  - Clean Air Lawn Care, *Entrepreneur* magazine’s top green franchise



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| Retail Development Opportunities | Center on Map | Description   |
|----------------------------------|---------------|---|
| <b>Overview</b>                  |               | Nestled against the foothills of the Rocky Mountains, alongside the banks of the Cache La Poudre River, lies the City of Fort Collins. With a population of 136,000 people, Fort Collins is home to Colorado State University and is the retail, banking and healthcare center for Northern Colorado.                 |
| <b>Campus West</b>               |               | The Campus West area, an aging commercial strip located next to Colorado State University, is ripe for redevelopment. The area is surrounded by the highest concentration of housing anywhere in the city, particularly for students, university staff and faculty.   |
| <b>Downtown</b>                  |               | Downtown, a National Historic District and a model for Disneyland’s Main Street, is a unique and vibrant place unlike any other. Attractive buildings, active street life, and a wonderful atmosphere merge with a variety of boutique/entertainment/dining businesses that attract visitors from around the country. |
| <b>East Mulberry Corridor</b>    |               | The East Mulberry Corridor is a primary entryway into the community and is ripe for redevelopment. This area, located close to the scenic downtown area, contains a mix of commercial, industrial and residential uses.   |
| <b>Foothills Mall</b>            |               | The Foothills Mall is located in the geographic center of Fort Collins along College Avenue, Fort Collins’ primary transportation artery. This area covers approximately 70 acres and is the focus of an extensive private redevelopment effort with significant City support.  |
| <b>Harmony Corridor</b>          |               | The Harmony Corridor is an attractive primary gateway into the community. The area has experienced significant private investment, resulting in extensive new employment, retail and housing, over the last 10 years.   |



## MASON CORRIDOR

- \$5 million City investment
  - Leverage \$60 million in Federal transit funding
  - Generate an estimated \$6.1 million in property tax revenue and \$14.4 million in sales tax revenue over the next 25 years
  - Generate \$108.3 million in estimated project construction benefits



## BE PROACTIVE ON ECONOMIC ISSUES

- Continue efforts in streamlining development review without making compromises in quality/standards
- New URA proposed at Prospect and College
- Infrastructure investments that support economic health
  - Boxelder Alliance
  - 392 Partnership
  - Fort Collins-Loveland Airport





## BE PROACTIVE ON ECONOMIC ISSUES

- International Council of Shopping Centers Conference
- Business communications strategy
  - eNewsletter and [fcgov.com/business](http://fcgov.com/business)
- Coloradoan Soapbox Sept. 8: “Staying Focused in Tough Economic Times”



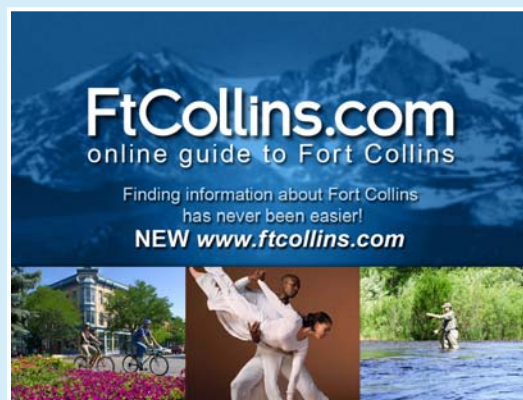


## BE PROACTIVE ON ECONOMIC ISSUES

- Economic Enewsletter and Business page articles
  - 500 Enewsletter subscribers
  - 3,000 hits/month on *fcgov.com/business*
- Shop Fort Collins First holiday campaign
  - Multiple partners, multi-faceted promotion
  - Support for Be Local Campaign
- Community Branding
  - Marketing folders complete in early 2008
  - Community gateway site



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## BUILD PARTNERSHIPS

- Sustain/grow State/Federal employment
- Colorado State University
  - Office of Economic Development
  - Research Foundation
  - Ventures
  - Superclusters
- Rocky Mountain Innovation Initiative strategic plan
- NCEDC site selection inquiries
- UniverCity Connections



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## BUILD PARTNERSHIPS

- Tour de Mason
- Boxelder Stormwater agreement
- Financial agreement for downtown hotel/mixed-use development
- FortZED Implementation
  - Department of Energy grant
  - Department of Local Affairs grant
  - Green Dining Week promotion



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## BUILD PARTNERSHIPS

Rocky Mountain Innovation Initiative (RMI<sup>2</sup>) Mission

- Accelerate the success of high impact innovation-based startups
- Promote a regional entrepreneurial culture and ecosystem
- Support science/technology industry clusters



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## BUILD PARTNERSHIPS

RMI<sup>2</sup> successes

- \$63M equity raised since 1998
- 162 jobs since 1998
- Average salary \$73,000
  - Larimer County average wage is \$36,000
- 2008: held 15 events, 1200 attendees



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## DIVERSIFY THE ECONOMY

### Develop industry clusters

- Clean Energy
- Biotechnology
- Software
  - RMI<sup>2</sup>
  - GIS
- Uniquely Fort Collins



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## DIVERSIFY THE ECONOMY

### GIS Cluster

- 25 businesses, 3 cities, 3 CSU affiliates, NCEDC, State GIS coordinator, National Parks-Dept. of Interior
- Strategic Plan written
- Research of GIS legacy and industry completed
- [www.gisalley.com](http://www.gisalley.com)
- 2 GIS Tradeshows



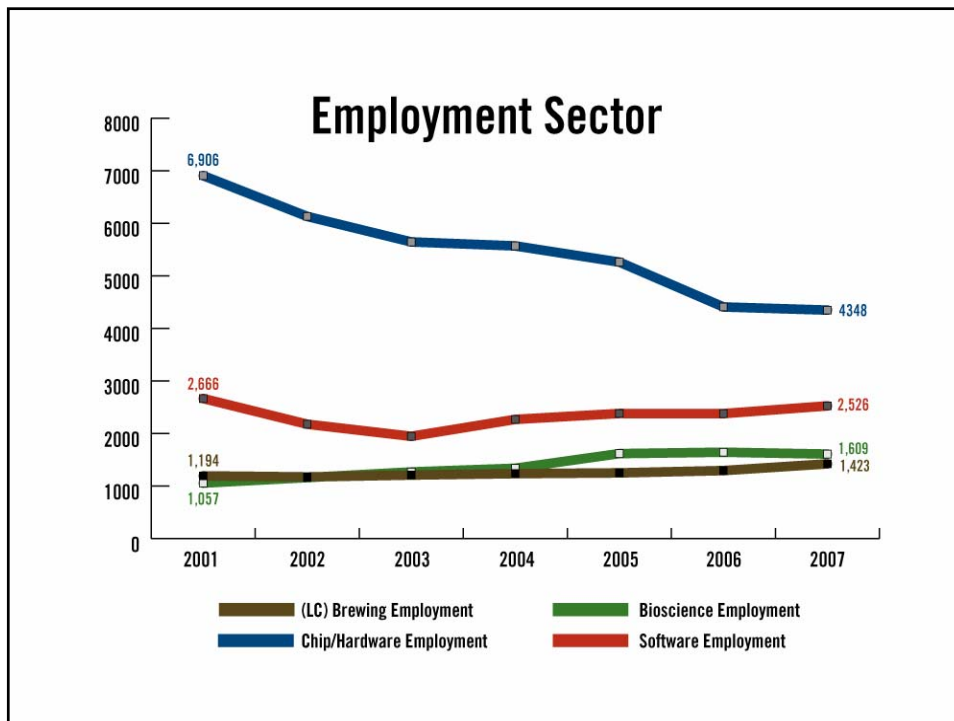
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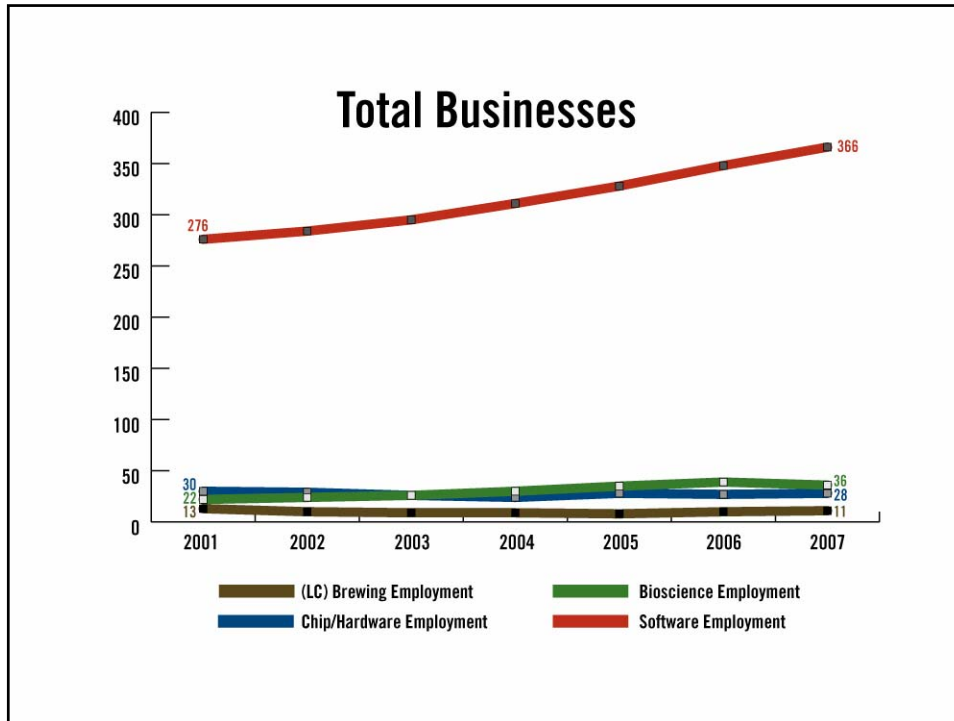
## DIVERSIFY THE ECONOMY

- Arts and Culture initiatives
  - Discovery Science Center
  - DDA Amphitheatre
  - Bohemian Music Venue
  - CSU Center for the Arts
  - Arts Alliance concept



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## WHAT'S IT MEAN?

- While employment in chip design is down, wages are up dramatically
  - Wages in this cluster are significantly higher
- Software companies are seeing the fastest rate of growth in establishments, but wages are now growing at the same proportion
- Craft brewing industry is growing jobs, but wages are not growing at the same rate



## RETAIL PRIORITIES

- Foothills Mall redevelopment
- Front Range Village lease up
- North College Redevelopment
  - King Soopers Marketplace
- Mason Corridor Related Redevelopment
  - Wal-Mart/Toys-R-Us/Wild Oats/Whole Foods Center
  - Choice Center/Capstone



## 2008 REVENUE UPDATE



## SALES TAX REVENUE

- Increased 0.7% through October 2008 compared to 2007
- Factors contributing to the growth in 2008:
  - Restaurant Sales (+5.6%)
  - Food Stores (+4.6%)
- Retail categories challenging growth in 2008:
  - General Merchandise Stores (-8.6%)
  - Home Furnishings & Consumer Electronics (+0.7% vs. +16.0% in 2007)



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## USE TAX REVENUE

- On track to meet the 2008 budgeted amount of \$8.2M
- Decreased 17.4% through October 2008 when compared to the same period in 2007
  - Due to one-time audit revenue in 2007



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# INVESTMENTS

## Investment Earnings (in millions):

|                  | <u>Total \$</u> | <u>General Fund</u> | <u>Average Interest</u> |
|------------------|-----------------|---------------------|-------------------------|
| <u>Rate</u>      |                 |                     |                         |
| 2005 actual =    | 9.8             | 1.0                 | 3.34%                   |
| 2006 actual =    | 13.7            | 1.8                 | 4.34%                   |
| 2007 actual =    | 15.6            | 2.3                 | 4.91%                   |
| 2008 budgeted =  | 15.2            | 2.0                 | 4.75%                   |
| 2008 projected = | 13.1            | 1.8                 | 4.09%                   |
| 2008 YTD =       | 12.2            | 1.4                 | 3.99%                   |
| 2009 budgeted =  | 14.0            | 1.9                 | 4.50%                   |
| 2009 projected = | 11.5            | 1.5                 | 3.25%                   |



# 2009 OUTLOOK



## CHALLENGES

- Broader economic slowdown
  - Interest rate environment
  - Sales tax collections
- Local economic slowdown
  - Use tax collections
  - Project financing difficulties
  - Slower than planned Front Range Village lease up
  - General Growth financial condition/possible bankruptcy
  - Development review – associated revenues decline



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## STRENGTHS

- Quality community
  - Parks & open space
  - Schools
  - Environment
- Colorado State University
  - Engines lab, Superclusters, CSU Ventures
- Support for entrepreneurs and start up companies
  - RMI<sup>2</sup>
  - Colorado State University
  - NCEDC innovation economy initiative



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## STRENGTHS

- Alignment of City staff economic health goals
  - One stop shop for development
  - Development Lead Team
- Retail projects
  - Front Range Village opening
  - North College Marketplace
- FortZed implementation
- Target Industry implementation
- Urban Renewal Authority/Downtown Development Authority



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## OPPORTUNITIES

- Collaboration and Partnerships
  - CSU's continued focus on research and development and commercialization of research
  - Downtown Development Authority/City collaboration
  - Arts Alliance proposal
  - Community Marketplace
  - Engines lab expansion



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## OPPORTUNITIES

- Further leverage Urban Renewal powers where appropriate
- Foothills Mall Redevelopment
- Amphitheatre/Music Venue projects
- Continued targeted industry initiatives
- RMI<sup>2</sup> building



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## SUMMARY

- 2008 continued successes in Economic Health
- 2009 challenging year for the community & economy
- Staff's recommendation is to continue to implement the economic programs and strategies begun in 2006/2007



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# ECONOMIC HEALTH WEBSITES

- [Fcgov.com/business](http://Fcgov.com/business)
- [Fortcollinsinnovation.com](http://Fortcollinsinnovation.com)
- [Ftcollins.com/working](http://Ftcollins.com/working)



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Entrepreneurial support in Fort Collins, Colorado

**Fort Collins Life**

**Start a Business**

**Grow Your Business**

**Recent Studies**

**Funding Innovation**

**Media & Awards**

**Newsletters**

- City of Fort Collins Economic Newsletter
- Colorado Office of Economic Development and International Trade
- Colorado State University's Competitive Edge
- Colorado State University Matters
- Larimer County Workforce
- Rocky Mountain Innovation Initiative
- Small Business Administration, multiple choices

**Fort Collins Industry clusters**

- Larimer Bioscience
- Northern Colorado Clean Energy Cluster
- Rocky Mountain GeoSpatial Cluster
- Rocky Mountain Innovation Initiative
- Uniquely Fort Collins

**BUSINESS CALENDAR**

**Service Providers**

- Rocky Mountain Innovation Initiative (RMI<sup>2</sup>)
- Colorado State University
- City Economic Development
- Northern Colorado Economic Development Corporation
- Small Business Development Center
- Chamber of Commerce
- Larimer County Business and Enterprise


**Maybe the best place to start a new business is where the people have no shortage of initiative.**

**Entrepreneurs thrive in Fort Collins.**

Fort Collins stands out nationally as one of the best places to have a business and career, one of the best places to live and launch a business, and we have the highest number of patents per capita in the U.S. (according to *Fast Company*, July 2007).

Use this site to connect to local, regional and national entrepreneurial resources.


When you look around Fort Collins, you'll notice the businesses are independent, but the passion is mass produced.



*Biking in Old Town*

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**Where we are**



**Fort Collins, Colorado**  
(60 Miles North)

**Questions from City Council?**

