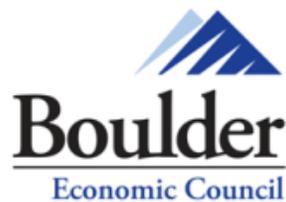


2008 Business Incentive Program Flexible Rebate Return Analysis

Report to the City of Boulder

August 2009



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Table of Contents

Page

Background	3
Objective and Methodology	4
Executive Summary of the Results	5
<i>Financial Return</i>	
<i>Social and Environmental Sustainability</i>	
Rebate Incentive Recipients - Company Overviews	9
<i>Financial Return</i>	
<i>Company Highlight</i>	
<i>Impact of Incentive</i>	
Conclusion and Recommendation	22
Appendices	
<i>Appendix A</i>	24
<i>Financial Analysis Assumptions and Data Sources</i>	
<i>Appendix B</i>	25
Timetable of Economic Vitality Program	
Flexible Rebate Incentive Program Background	
Program Recipients and Returns on Program - 2007	
<i>Appendix C</i>	32
<i>Article written for the Economic Development Journal</i>	
<i>Appendix D</i>	43
<i>Boulder Economic Council Financial Analysis Company</i>	

Background

The city of Boulder has been actively working on an economic vitality program since 2002. A timeline history of the development and funding of the overall effort was presented in a memorandum dated August 3rd, 2007 to City Council. That timeline is provided in Appendix B. As part of the economic vitality plan, a pilot Business Incentive Program was developed and implemented in 2007, including a Flexible Rebate Program with funding of \$500,000 from the city targeted at primary employers in Boulder.

Primary employers are those that “export” the majority of their goods and services produced outside of the local community. The benefit of having primary employers in the community is that external funds are infused into the local economy which has a substantial impact on local output, employment and wages overall. At the time of the implementation of the pilot through 2008, the city defined a primary employer as one that generated at least 75 % of revenues from outside Boulder County. This is a higher threshold than many communities use, and the definition was lowered to “exceeds 50%” in 2009.

In 2008, the city engaged the Boulder Economic Council to evaluate the effectiveness of the 2007 Pilot Flexible Rebate Program by analyzing the results of the Program from two perspectives; retaining or attracting businesses, and providing a return on the city’s investment. The analysis showed a positive return to the city of a net \$14.41 for every dollar invested as well as success in helping businesses both expand and choose to remain in Boulder.

Flexible Rebate Incentive Program Funding

In 2008, the Business Incentive Program awarded a total of \$322,135 out of a budget of \$360,000 versus the \$500,000 awarded in 2007. Key contributors to this lower level of funding were:

- A lower budget for the EV Program overall in 2008 of \$431,446 excluding the Rebate Program funding
- A resulting lower award limit of \$50,000 per applicant versus \$100,000
- A higher number of companies participating in the program

Changes in the Flexible Rebate Incentive Program 2007 – 2008

From 2007 to 2008, changes were made to the sustainability guidelines which the businesses can comply with to ensure that the businesses are making substantive efforts toward reduction of their carbon footprint. Some of those changes included:

- Expanded options for energy and waste reduction, getting energy certifications, encouraging alternative transportation, general sustainable business practices and buying locally
- A Primary Employer was redefined as one consisting of any number of employees

Objective and Methodology

In 2009, the city has again contracted with the Boulder Economic Council to continue its evaluation of the Flexible Rebate Program by evaluating the performance of the Program in 2008. A total of eight companies were awarded Flexible Rebate Incentives. They covered a diverse spread of industries from renewable energy to food production. The objective of this analysis is again to review the effectiveness of the program from the two perspectives outlined above, as well as to evaluate its progress from year to year.

In order to provide as accurate an analysis as possible, the BEC contacted each company with a summary of the information they provided to the city during their application process including such things as number of employees, number of resident employees, average salaries, expenditures in the city, etc. The companies were asked to update their information where any changes might have occurred or where items were left out.

That data was utilized to build a financial model for each company calculating the return the city derives from having the business operate in Boulder and implement its expansion or location upgrades. The model utilizes an IMPLAN job multiplier to demonstrate the impact each company has on area employment. For example, if a company is in the category of Computer and Electronic Product Manufacturing (NAICS 334), the job multiplier is 3.237 (1.00 direct job, 2.237 indirect and induced jobs). If a company in this category has 20 direct employees, research shows that those jobs will induce 44.74 ($2.237 * 20$) indirect jobs (consultants, suppliers, retail, etc.) in the community. To reflect a very conservative estimate of the benefits Boulder derives from these companies, this analysis applied the IMPLAN job multiplier only to the number of employee who are also Boulder residents, although the standard would be to apply them to a company's entire employee base.

The multiplier factors are developed by economists for different industries. For instance, the multiplier factor for aerospace is higher than one for professional services. This is based upon data which shows differences in wages and other factors by industry. The multiplier factors used for this analysis are for the city of Boulder from IMPLAN Group, Inc., a well known consulting group in economic development. The consumer expenditures were derived from the Bureau of Labor Statistics, 2007 Consumer Expenditures Survey for the US population. This data is based upon income levels.

The city Finance Department has identified the historical cost of capital for the city to be 5% and, therefore, the appropriate rate to use for discounting the cash flows. We have utilized that rate as well. The analysis covers 2008-2010, the three-year period of the agreement each recipient has with the city. The discounted cash flows provide the current value of future income and expenses. A listing of the assumptions used in the analysis can be found in Appendix A.

The benefits shown by the analysis are derived **solely from city taxes and fees** paid directly by:

- The companies when spending on construction projects and general local purchases,
- Their direct employees when purchasing in Boulder, and,
- The multiplier effect (indirect) employees, that the company generates by being here, when purchasing in Boulder

The costs reflect the payout of the rebate incentive over time when it is anticipated that the company will provide proof of taxes/fees paid and actually receive the reimbursement.

Executive Summary of the Results

The city of Boulder awarded \$322,135 in tax/fee rebates to eight primary employers in 2008. These funds are reimbursed only as the company submits receipts to the city showing that taxes and fees have been paid to the city, which are eligible for the rebate. The companies were all at “transition points” in their lifecycle.

- Two of the companies moved to Boulder, one from Longmont and one from Florida
- Two moved within Boulder to locations that could accommodate their growth
- Three expanded their space and/or equipment, and,
- One was on the verge of moving to Broomfield and moved to a larger space in Boulder instead

Financial Return

At the time each company made application to the city for a rebate, the city Finance Department did an analysis to ensure that the sales tax on business sales in Boulder, any taxes on business expenditures in Boulder and building permit fees combined would generally cover the cost of the incentive. They also looked at the spending generated by local employees and used a flat jobs multiplier of 1.5.

The Boulder Economic Council has built upon that analysis and taken into further consideration the broader economic impacts that a company has on the community. Key refinements to the analysis include:

- Use of an IMPLAN job multiplier specific to the industry code (NAICS) that each company falls within, for the city of Boulder
- Use of 2007 Bureau of Labor Statistics spending data based upon the average wages paid by the company, or median wages if available
- An assumption of average weekly expenditures for non-resident employees of \$25/week

- Assignment of value for visitor overnight stays generated based upon Convention and Visitor's Bureau data

Although it is standard to apply the jobs multiplier to the company's entire employee base at a location, we assigned that multiplier only to employees who also live in Boulder to provide a conservative estimate of the benefits.

Below is a summary of the financial analysis:

@5% Cost of Capital	Summary of Financial Return - 2008					
Company	Rebate	Rebate Present Value	Inflow Present Value	Net Present Value	Gross or Total Return on \$1	Net Return on \$1*
Advanced Thin Films	\$50,000	(\$47,619)	\$152,748	\$105,129	\$3.21	\$2.21
Chocolove	\$24,535	(\$21,849)	\$53,089	\$31,240	\$2.43	\$1.43
Eco-Products	\$29,000	(\$26,304)	\$389,311	\$363,007	\$14.80	\$13.80
Namaste Solar	\$29,086	(\$26,382)	\$697,129	\$670,747	\$26.42	\$25.42
Rally Software	\$50,000	(\$44,833)	\$232,406	\$187,573	\$5.18	\$4.18
Seth Ellis Chocolatier	\$39,514	(\$34,826)	\$61,893	\$27,067	\$1.78	\$0.78
Siemens Wind Power	\$50,000	(\$37,588)	\$33,555	(\$4,033)	\$0.89	(\$0.11)
Wall Street on Demand	\$50,000	(\$45,351)	\$1,163,070	\$1,118,070	\$25.65	\$24.65
2008 Total	\$322,135	(\$284,752)	\$2,783,552	\$2,498,800	\$9.78	\$8.78

* This number represents the net of the current value of the income to the city over the three years less the current value of the expenditures (rebates paid).

Based upon these conservative assumptions, on a current-cash-flow basis, the City will recoup a net \$2.5 million over the three-year period. Three years is the period the companies agree to remain in Boulder in exchange for the rebate. *An alternative view of the return is that for every one dollar invested in rebate incentives, the city will recoup a net \$8.78 on a current-cash-flow basis.*

This is down from a return of \$14.41 for the 2007 group due to two key factors:

- In 2007, three substantially larger companies received rebate incentives, with the attendant tax generated from a larger employee base and company expenditures, and,
- IBM built an \$89 million project which alone generated over \$2 million in taxes/fees to the city.

The 2008 recipients include some very small employers and no huge capital projects at the level seen in 2007.

Incremental Financial Return

Based upon the information we receive from the companies, it is clear that the Flexible Rebate Incentive Program encourages businesses to expand here and renew their conviction to stay in Boulder. If we were to single out those companies who were awarded an incentive which we know had bearing on their decision to locate or remain in Boulder, this could be called the clearly identifiable “incremental” return on the program.

The following three companies fall into that category.

@5% Cost of Capital	Incremental Financial Return - 2008					
Company	Rebate	Rebate Present Value	Inflow Present Value	Net Present Value	Gross or Total Return on \$1	Net Return on \$1*
Advanced Thin Films	\$50,000	(\$47,619)	\$152,748	\$105,129	\$3.21	\$2.21
Rally Software	\$50,000	(\$44,833)	\$232,406	\$187,573	\$5.18	\$4.18
Siemens Wind Power	\$50,000	(\$37,588)	\$33,555	(\$4,033)	\$0.89	(\$0.11)
2008 Total	\$150,000	(\$130,040)	\$418,709	\$288,669	\$3.22	\$2.22

It can be seen that the incremental benefit is still positive with a net return of \$2.22 on every \$1.00 invested. The only negative return is Siemens Wind Power, which was a strategic decision on the part of the then City Manager to make an investment in an alternative energy company that might well draw other companies into this area and which would also provide collaboration with the University and local federal laboratories.

Social and Environmental Sustainability

The city added some sustainability guidelines for the program in 2008, particularly in the area of activities related to reducing the environmental impact of the company. The Program continued to emphasize competitive salaries and benefits for employees and support of the community in general.

All of the 2008 recipients have some level of philanthropic involvement with the community. These range from paid time for employees to donate work to non-profits to direct donations. Some highlights include:

- Namaste Solar donates solar systems to non-profit organizations by reserving 1% of revenue (not profits, but revenue) to support non-profits working for environmental and social justice. In 2008 they contributed \$119,359 to non-profit support.

- Chocolve regularly donates chocolate and employee time to fund raising events for local non-profits such as Boulder Shelter for the Homeless and Community Food Share.
- Siemens supports Impact for Education and volunteers their engineers' time to visit classrooms in Boulder Valley Schools to give presentations on wind energy.

All of the participants are actively engaged in actions or practices to mitigate their, and others', impact on the environment. A few highlights of these actions include:

- Rally Software is one of 9 Boulder companies participating in the Eco Pass Improvement Campaign funded by a federal grant and administered by GO Boulder. The goal is to increase the pick-up rate of passes to 75% and the use rate to 50+% over 12 months.
- Most of the recipients participate in the Eco Pass program, most encourage biking and alternative transportation and many have had an energy audit of the business facilities.
- Namaste, Siemens and Eco-Products are directly in the business of lowering carbon footprints by their work.
- Namaste has revitalized their building and expects to receive a Leadership in Energy and Environmental Design (LEED) Gold Certified Commercial interior designation once the USGBC completes their review.
- Eco-Products recently moved into a new building which has one of the largest solar power systems in Boulder County. They also had an energy audit done in April, 2009 and are working on implementing several of the suggestions.
- All have recycling and most have composting programs.

The Business Flexible Rebate Incentive is not directed specifically at addressing the environmental impact of these companies, but it does try to create a connection between the businesses that receive this incentive and the overall goals of the city. The premise of the city's Flexible Rebate Program is that growing, retaining and modestly attracting businesses to Boulder is good for the economic sustainability of the city. The city is also interested in addressing the goal to reduce its carbon footprint and the companies that are awarded this incentive are expected to be taking action to help the community meet this goal.

Boulder's non-profit organizations and the city's goal to lower our carbon footprint are being positively impacted through the work of these companies. The Program has emphasized both social and environmental goals while raising the level of awareness of the services available to companies who wish to learn practices to help them lower their carbon footprint.

Rebate Incentive Recipients – Company Overviews

Advanced Thin Films

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Advanced Thin Films	\$50,000	(\$47,619)	\$152,748	\$3.21

	2008	2009	2010
Total Employees	24	30	35
Resident Employees – Full & Part Time	5	7	9
Multiplier Effect - Jobs Created	11	16	20
Detail Analysis Attached			

Company Highlights: Advanced Thin Films

- Founded in 2002 in Longmont in incubator space
- Manufacture precision optics for laser systems used by medical, aerospace, semiconductor and academic R&D
- Owners live in Boulder and formed RD Properties, LLC in 2007 to purchase a 35,000 sf building in Flatiron Park in Boulder
- In 2008, RD Properties, LLC purchased the building and constructed a clean room in the facility at a cost of \$1.15 million
- The clean room uses technologies to minimize power consumption including replacing air cooled chillers with an evaporative cooling tower. The clean room air conditioners and process chillers are water cooled and run off the cooling tower saving electricity
- Advanced Thin Films moved into the building in July of 2008
- The company pays 90% of the employee and 50% of the family health and dental insurance premium
- The company participates in the Eco Pass program. Approximately 20% of the employees use the Eco Pass and / or ride their bikes to work regularly.
- Office of Environment Affairs conducted an energy, water, and recycling audit in January 2009 and recommended adjustments to the existing HVAC system and replacing existing light fixtures with new energy saving fixtures.
- The company has implemented the adjustments to the HVAC system, is getting quotes for new light fixtures, and has purchased wind energy for all of 2009 from Renewable Choice Energy. The company is also working towards a zero waste goal by recycling and composting through Eco-Cycle.

- AT Films is committing \$1,500 for 2009 to give directly to local non-profits which is ~\$50 / employee.

Impact of the Boulder Incentive Program on the Choice to Move to Boulder:

- One year prior to the decision to purchase a building in Boulder, company management met with representatives from:
 - City of Longmont and Longmont Economic Council
 - City of Boulder and Boulder Economic Council
- Company management assessed the two incentive programs that were available, and the program in Boulder helped support the owners' desire to relocate the company to Boulder.
- At the time of their move, Advanced Thin Films' president, Ramin Lalezari, said, "We are pleased to announce our move to our facility in Flatiron Park. We are proud to be a recipient of incentives from the city through their Economic Vitality Program and plan to use city funds toward our building remodel. We look forward to being a member of Boulder's environmentally-minded business community."

Chocolove – Creative Natural Products

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Chocolove	\$24,535	(\$21,849)	\$53,089	\$2.43

	2008	2009	2010
Total Employees	18	19	24
Resident Employees – Full & Part Time	7	10	12
Multiplier Effect - Jobs Created	10	14	17
Detail Analysis Attached			

Company Highlights: Chocolove – Creative Natural Products

- Chocolove was founded by Timothy Moley ten years ago. Initially, bars were manufactured at a U.S. co-packer, but in late 2003, Timothy completed building his custom-designed chocolate factory in Boulder.
- Chocolove is an active member of the World Cocoa Foundation. The WCF is dedicated to improving the standard of living of cocoa farmers around the world by providing training on low cost methods to produce quality cocoa in a sustainable, environmentally friendly manner. Chocolove is committed to improving the lives of cocoa farmers worldwide and believes that the World Cocoa Foundation is the best organization to do that.
- The company supports local non-profits through the donation of chocolate and employees to serve it. In 2008 they contributed a value of \$146/employee to organizations such as Boulder Shelter for the Homeless, Community Food Share and local fire stations.
- Chocolove is dedicated to community environmental sustainability through:
 - The company truck operates on biodiesel
 - A robust recycling program integrated into operations
 - They began offering Eco Passes in 2009
 - Zero emissions from the chocolate production facility
 - Utilizing local suppliers whenever possible – for instance, the wrapper supplier
- The company also supports living wages and pays entry level employees 2x the minimum wage
- Chocolove pays 100% of its full-time employees' health insurance premiums, including dental, and contributes \$500 per employee to unreimbursed medical expenses.

Impact of the Boulder Incentive Program on the Choice to Expand in Boulder:

- As Chocolove has grown, they have required additional investment in plant and equipment. The city's rebate incentive program has helped Chocolove handle that growth and pursue their goals of making a quality product in as low-impact a way as possible while providing living wages for their workers and suppliers.
- "We choose to pay 100 percent healthcare costs for our employees, buy from local vendors and manufacturers as much as possible, reduce and reuse, and similar things because it is the right thing to do," said Timothy Moley, Chocolove's owner. "It is encouraging to have the City of Boulder recognize our efforts and support us in running a business in Boulder."

Eco-Products

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Eco-Products	\$29,000	(\$26,304)	\$389,311	\$14.80

	2008	2009	2010
Total Employees	48	68	84
Resident Employees – Full & Part Time	31	37	42
Multiplier Effect - Jobs Created	26	31	35
Detail Analysis Attached			

Company Highlights: Eco-Products

- Established in 1990 by local entrepreneur Steve Savage and his father, the company has grown to \$40 Million in annual revenue in eco-friendly cleaning products, food containers, plates, cups, straws and cutlery.
- In November of last year, Eco-Products moved into the retail arena with Ellie’s Eco Home Store – right next to SunFlower Market here in Boulder. This prototype store offers a broad spectrum of environmentally friendly products in a consumer home-needs oriented store
- Eco-Products had 48 FTE in ‘08 and expects to grow to 68 in ‘09.
- In 2008 Eco-Products hired 33 employees and 12 were in a protected class.
- The company provides support for child and eldercare expenses at a minimum of \$50/month.
- Eco-Products recently moved into a new building in which one of the largest solar power systems in Boulder County had been installed. They also had an energy audit done in April, 2009 and are working on implementing several of the suggestions.
- The company has an extensive composting and recycling program and strives to be a zero waste facility.
- Each employee can earn up to \$100 per month when using alternative transportation through a program Eco-Products has developed as well.
- The company pays 45% of the FT employees healthcare insurance costs

Impact of the Boulder Incentive Program on the Choice to Expand in Boulder:

- The Rebate Incentive Program helped Eco-Products remain in Boulder when it came time to expand. CEO Steve Savage said, “Since Eco-Products grew up in Boulder, it is important for us to remain here. The Economic Vitality Plan allows us to remain a part of this vibrant community.”

Namaste Solar

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Namaste Solar	\$29,086	(\$26,382)	\$697,929	\$26.41

	2008	2009	2010
Total Employees	40	51	59
Resident Employees – Full & Part Time	33	42	42
Multiplier Effect - Jobs Created	23	29	29
Detail Analysis Attached			

Company Highlights: Namaste Solar

- Founded in 2004 in Boulder by Blake Jones and Ray Tuomey
- Namaste has co-owners who jointly share in the decision-making and who have the same salary. At the time of application, there were 34 co-owners. The most recent update in June of 2009 is 42 co-owners.
- The company provides all co-owners six weeks of paid time off per year.
- Namaste offers health insurance to all co-owners and full time employees, paying 100% for the employee and 75% of employee + other family members' policies. The company also contributes to a health savings account for those selecting a higher deductible insurance program.
- Dental and long-term disability policies are offered to employees as well.
- Namaste purchased a building in north Boulder in 2008. Working with local architects, engineers and construction companies, Namaste has revitalized the building to receive a LEED Gold Certified Commercial interior designation.
- Namaste Solar's employees contribute to their Solar Grant program. The program provides support to non-profits working for environmental and social justice.

Nonprofit Awardees	System Size	Grant Type	Contribution Value
Safehouse Progressive Alliance for Nonviolence	4.4kW	Matching	\$7,869
Emergency Family Assistance Association	9.66kW	Matching	\$16,000
Alliance for Sustainable Colorado*	2.04kW	Full	\$11,220
Humane Society of Boulder	6.3kW	Matching	\$12,000
Imagine! Foundation	6.75kW	Matching	\$9,987
Environmental Center of the Rockies	9.98kW	Matching	\$13,582
Colorado Coalition for the Homeless*	29.61kW	Matching	\$41,401
Naropa University	1.3kW	Full	\$7,300

- Each year the co-owners dedicate a significant portion of their profit sharing pool to solar installations for local nonprofits. In 2008 the following nonprofit organizations received a full or matching grant to install solar system:
- Since its inception, Namaste Solar has offered fully paid Eco-Passes to all co-owners, full-time and part-time employees. The company rallied to attend the RTD Board hearings on the changes to the Eco-Pass program proposed in 2008. The company has 60% participation in GO Boulder's Bike to Work Week
- The company is highly involved in all aspects of recycling and has executed a zero-waste program since the beginning. In 2006 they were awarded the Eco-Cycle Zero Waste Business Award in the small business category.
- The program includes all of the normal composting and recycling at the office, but extends to their projects and all of the material that goes with that.
- They engage their suppliers and manufacturers in using recyclable packaging and shipping materials as well.
- Finally, it should be noted that Namaste Solar received national attention when President Obama and Vice President Biden visited their solar installation on the Denver Natural History Museum this year.

Impact of the Boulder Incentive Program on the Choice to Expand in Boulder

- Namaste Solar utilized the Incentive Program to help them create a LEED Gold Certified Commercial Interior for their new building in Boulder.
- The company is dedicated to Boulder and its values as a community. The incentive helped them move to a space that would allow them to grow, remain in the community and support their values as a company.
- "It was very important to us to keep our main office in Boulder. If it weren't for the city's flexible rebate program, it would have been difficult for us to accomplish this. We plan to utilize the rebate funds to pursue LEED Gold certification for our building and set a positive example for the Boulder community. We're so happy to be staying in Boulder - there's no place we'd rather be!" – Blake Jones, CEO and president, Namasté Solar

Rally Software

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Rally Software	\$50,000	(\$44,833)	\$232,406	\$5.18

	2008	2009	2010
Total Employees: Full/Part Time	160	190	210
Resident Employees – Full & Part Time	39	46	50
Multiplier Effect - Jobs Created	30	35	39
Detail Analysis Attached			

Company Highlights: Rally Software

- Founded in 2003, Rally Software started in an office on Walnut in downtown Boulder. They grew quickly and subsequently moved to 3333 Walnut, where they found themselves rapidly outgrowing that space as well. The company seriously considered moving out of Boulder. They were on the brink of moving to Broomfield in 2008 when they found space at 4001 Discovery Drive, albeit more expensive, that would provide growing room. The founders are very committed to being in Boulder, and with some trimming of planned positions to be added and help from the city's incentive program, decided that the company would shoulder the higher leasing rates to stay in Boulder.
- Rally Software takes a very progressive approach to employee benefits, offering the following to their employees:
 - Monthly reimbursement of a gym membership to encourage a healthy lifestyle
 - Provision of Eco-Passes for all employees to encourage employees to utilize RTD's services
 - 5 paid hours/employee per quarter to volunteer their time in the community
 - 100% of the cost of PPO health insurance for full time employees and 50% of the employee dependents premium
- The company stated that the city's incentive program helped them maintain these benefits while staying in Boulder
- Rally Software expanded a company-wide recycling program in June, 2008 by adding composting. Within the first few months they had shifted 150 gallons of trash per week into the compost bin. The company has a Green Team with representatives in every department to help facilitate the program.
- The Green Team has also organized a one-month commuting challenge to employees to take the bus, carpool or ride bikes to work as many days as possible. Many employees changed their routes to work to meet that challenge and maintained those changes.
- The company offers a handy kiosk with bus and bike path maps for employees.

- Rally Software is one of 9 Boulder companies participating in the Eco Pass Improvement Campaign funded by a federal grant and administered by GO Boulder. The goal is to increase the pick-up rate to 75% and the use rate to 50+% over 12 months.
- The ***Denver Business Journal*** reported on July 17th, 2009; "In a time when many businesses are not so eager to talk about their numbers, Rally Software has some impressive ones: In 2008, the company increased its customer base by 70 percent; 1,600 corporate customers now use its products to support 42,000 projects that span across 63,000 users in 50 countries."
- Rally has a green team dedicated to the goal of driving waste/employee to zero over time and to influencing the IT software industry to do the same.

Impact of the Boulder Incentive Program on the Choice to Remain and Expand in Boulder

- As noted above, Rally Software was able to remain in Boulder through a tightening of their belt and assistance from the city's business incentive program. Rally's senior management is dedicated to providing a healthy, balanced work environment along with company initiatives to lower both the company and the employees' impact on the environment.
- In August of 2009, Rally Software was named #1 in Colorado's best companies to work for by ***ColoradoBiz Magazine***, for medium-size businesses. In 2008, they were #2. The city's Business Incentive Program has assisted the company in retaining the programs Rally offers to its employees (listed above) while they took on the additional cost to remain in Boulder.
- "We're a Boulder company at heart and we're grateful that the city of Boulder was able to offer these incentives to keep our headquarters here. Community involvement and sustainability are both incredibly important aspects of our culture. Our employees have led us to divert about 800 gallons of composting and contributed 800 volunteer hours in the first half of 2008. We're proud that the city's incentives rewarded us for being a good corporate citizen." - Tim Miller, CEO, Rally Software

Seth Ellis Chocolatier

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Seth Ellis Chocolatier	\$39,514	(\$34,826)	\$61,893	\$1.78

	2008	2009	2010
Total Employees	12	18	26
Resident Employees – Full & Part Time	7	10	14
Multiplier Effect - Jobs Created	3	4	6
Detail Analysis Attached			

Company Highlights: Seth Ellis Chocolatier

- Established in 2006 by local entrepreneurs David Lurie (former General Manager of the St. Julien Hotel) and Rick Levine (formerly with Sun Microsystems and subsequently involved in several high-tech start-ups), Seth Ellis Chocolatier began production in September of 2007.
- The company manufactures organic-certified luxury, European-styled filled chocolates and also creates organic, private-label chocolate truffles and bars for their clients.
- At the current time, they are one of the few manufacturers of organic, filled, luxury chocolates in the world.
- From Sept, 2007 – June, 2008 they reached \$100,000 in sales. They are distributed through private shops, Whole Foods in the Rocky Mountain Region, Pharmaca stores nationwide, and many premier restaurants and hotels, including the Flagstaff House.
- Seth Ellis Chocolatier’s prime business directives are
 - Being open, honest and welcoming in their business dealing with employees, customers, vendors and others in their field of business
 - Being committed to excellence in taste, appearance and packaging of chocolates
 - Being forthright in their choice of ingredients and processes
- The company’s key goal is to become one of the leading manufacturers of high-quality, organic chocolate products in the world
- The company invested substantial resources in the design and construction of a scalable, first-class organic food manufacturing facility, employing state-of-the-art automation and process systems. \$120,000 was invested in this showcase facility for facility improvements and another \$500,000 was invested in capital equipment.
- The company has made another \$30,000 investment to grow their private-label chocolate bar production capabilities to upwards of 50 bars per minute.
- Eventually they plan to add a nut-based chocolate production line. Currently they operate only a wheat-free, nut-free production system to focus on that market to start.

- They anticipate growing to a mix of 12 full and part-time staff for the 09-10 holiday season. Currently 75% of their employees live in Boulder.
- The company pays 100% of the FT employees healthcare insurance costs
- They donated upwards of \$15,000 in chocolate and time to numerous local non-profit organizations in their first year and a half of operations
- Once the company is of a larger size, they plan to join the Eco Pass Program

Impact of the Boulder Incentive Program on the Choice to Expand in Boulder

- The principals of Seth Ellis spent considerable time trying to find space in Boulder for a chocolate production facility. What they found required significant investment in order to make it suitable for their purposes.
- The city's Business Incentive Program has assisted the company in making more investments at an earlier time frame to create a state of the art facility necessary to produce the quality of product their market requires.
- "Boulder has widespread name recognition among "foodies," and it was our desire from the start to have a Boulder address. Having the city's support and interest as we've created a world-class chocolate production facility has helped us work smarter and faster, with fewer false starts. This is a wonderfully supportive community for our business, and we're pleased to call Boulder our home." - Rick Levine, manager and a founder, Seth Ellis Chocolatier.

Siemens Wind Power R&D

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Siemens Wind Power R&D	\$50,000	(\$37,588)	\$33,555	\$0.89

	2008	2009	2010
Total Employees	8	12	20
Resident Employees – Full & Part Time	2	4	7
Multiplier Effect - Jobs Created	2	3	6
Detail Analysis Attached			

Company Highlights: Siemens Wind Power R&D

- Siemens Energy is one of the premier companies in the international power generation sector providing leading-edge power and energy solutions. It develops and builds fossil fuel power plants and power-generating components as well as wind turbines, turbines for use as mechanical drives and compressors for industrial applications. Instrumentation and control systems, fuel cell technology and extensive services round out the portfolio
- Since 1980, Siemens has focused on developing competitive wind turbines. From the first 22-kW wind turbine up to the MW range turbines of today, the products have helped harnessing the power of wind.
- Secure development requires specialist knowledge. Based on more than 25 years of continuous presence in the wind industry, Siemens' skilled management and engineering staff offer the designs of any new product by combining the accumulated experience of all the previous turbines with the latest advances in the fields of aerodynamics, structural dynamics, noise reduction and grid performance. The result is a reputation for high quality, logical and solid design and creative details.
- In 2008, Siemens Wind Power R&D established its main office in Boulder to be proximate to the University of Colorado and the federally funded labs such as the National Oceanic and Atmospheric Administration (NOAA) and the National Center for Atmospheric Research (NCAR).
- Siemens Wind Power R&D expects to grow to 50 employees over 5 years
- They rent office space at 1050 Walnut Street
- The company pays 75%+ of the employee and 50+% of the family health and dental insurance premium
- Supported Impact for Education with a \$1,000 donation and an offer for their engineers to visit the classrooms of Boulder Valley Schools to speak on wind research.

Impact of the Boulder Incentive Program on the Choice to Move to Boulder

- Siemens Power Generation, Inc. employed a site-selection firm to assist in their review of other locations for the Wind Power R&D offices. They considered several other locations including:
 - Orlando, FL
 - Houston, TX
 - Denver, CO

- The city and the State of Colorado's Economic Development Office came together to provide detailed benefits on the location of Boulder, its proximity to the federal labs, to CU and its highly creative culture and outdoor lifestyle. They also teamed to offer Siemens some modest incentives to locate in Boulder. The attention, information, welcoming approach coupled with the incentives, albeit lower than in other states, won the deal.

Wall Street on Demand

Company	Incentive Awarded	Present Value – Rebate Outflow	Present Value – Taxes Inflow	Total Return on Investment
Wall Street on Demand	\$50,000	(\$45,351)	\$1,163,241	\$25.65

	2008	2009	2010
Total Employees	316	325	365
Resident Employees – Full & Part Time	120	150	170
Multiplier Effect - Jobs Created	239	299	338
Detail Analysis Attached			

Company Highlights: Wall Street on Demand

- Wall Street on Demand has seen high growth since their founding in 1994. In 2005 the company seriously considered moving out of Boulder, but recommitted to being in the city despite higher leasing rates than could be had just down the road in adjacent communities.
- Wall Street on Demand pays 95% of the cost of health insurance for full time employees
- The company provides \$120/mo reimbursement to employees for bus passes
- The company participated in an energy audit with the city – completed 9/17/07. In response to this audit the Company has changed the way they light the office including changing out lighting fixtures and using energy efficient bulbs. The company has also taken significant strides to reduce the energy consumed by the Data Center such as cold aisle containment, air side economizers and elevated chilled water temperatures.
- Wall Street on Demand provides 16 showers, inside parking for 48 bikes, reimburse employees for 50% of all biking safety gear, and offers \$1/day for each day that employees take alternative transportation (bike, bus, walk, carpool, etc.) to work

Impact of the Boulder Incentive Program on the Choice to Expand in Boulder

- Wall Street on Demand made a deliberate decision to stay in the City of Boulder when their lease was up in 2005. Despite opportunities for less expensive space down the corridor of Highway 36, the company remained committed to making it work in Boulder.
- The city's Business Incentive Program has assisted the company in making more investment in their facilities and equipment to allow them to grow in the space they have in Boulder. The company has been growing steadily over the years and anticipates being in Boulder for the long haul.

Conclusion and Recommendation

The Business Flexible Rebate Incentive Program has continued to provide a strong return to the city for the investment made. The higher return demonstrated in 2007 reflects two very large capital projects as well as companies with large employee populations. This year's return reflects new energy businesses, small natural and organic businesses, one in waste reduction and two in the IT arena, for which Boulder is known.

The program continues to contribute significantly to the companies' decisions to remain in Boulder or to expand/renovate their facilities. We heard again that it was key in providing the outreach which made them determine that Boulder wanted them as community members, valued their contributions (economic, social and environmental) and made it worth their while to invest here.

In the case of Siemens, whose management was being actively courted by other states and communities to locate their Wind R&D group in their respective locales, the significant attention paid to them by City Council members, the City Manager, the City Business Liaison, the Chamber and the Boulder Economic Council was key. However, the search was handled by a professional site-selector, and having a city incentive, which could be coupled with that of the state, albeit lower than those offered by other communities, was critical to winning the deal.

The return on the \$322,135 invested in rebates is significant from several perspectives. From the financial analysis perspective, it can be seen that when a business decides to leave the community, there is an impact on jobs beyond those the company has on its own payroll and on tax revenues not only directly from the company, but from the resulting jobs. From the social and environmental perspective, it can be seen that these companies offer ongoing support to Boulder's non-profits, leveraging their ability to impact the community in a positive manner.

The sustainability guidelines educate the companies on what actions are readily available to them to lower their carbon footprint. All of the 2008 participating companies are dedicated to lowering their carbon footprint. By keeping these primary employers in town and helping them grow, the city is able to address both the goal of building and sustaining a vibrant economy while also actively pursuing its environmental goals and creating role models for other businesses to follow.

Our conclusion is that the Program continues to be a significant factor in retaining or growing these companies. Their comments tell us that choosing to remain or expand in Boulder is both a financial and an emotional decision. This program hits home on the combination of those factors. To receive the rebate, companies interacted with city staff who visited their place of business. They received additional recognition when the city put out press releases on their decision to come to Boulder, stay in Boulder or expand here. These actions provided strong positive reinforcement of their value and made the company owners/directors feel appreciated by “the city.”

The financial component of the rebate demonstrated to the companies that, while this Program provides benefits well below other cities’ incentive programs, that Boulder will invest resources to mitigate at least some of the extra cost those businesses have incurred to remain here.

Finally, the financial return on the city’s investment in these rebates, despite taking a conservative approach to the analysis, is clearly very strong. No funds are outright given away as the funds are rebates of taxes and fees actually paid to the city. No checks are written on speculative returns, such as sometimes occurs in other communities. Overall, the approach can be judged to be very modest and conservative, but effective.

The 2008 analysis continues to support our conclusion of the 2007 Pilot. In order to keep and refresh an economic engine sufficient to power the community, a thoughtful tool, such as this Rebate Incentive Program, must be available to the City Manager as she works to attract, keep and grow businesses here that align with the value and goals of Boulder.

Appendix A

Economic Impact Analysis – City of Boulder Rebate Incentives: 2008 Financial Analysis Assumptions and Data Sources

The following outlines the format, assumptions and data sources used to analyze each company which received a rebate incentive from the City of Boulder in 2008. The same model that the city Finance Department used for their internal analysis of the return on investment was utilized with the following adaptations:

- We continued to use 2009-2010 data to remain consistent with the city's original timing and the requirement that the companies agree to remain in Boulder for three years.
- Data was updated with any changes the companies provided which included updated employee numbers, salary numbers, final construction costs, etc.
- An analysis that combined the impact of the company expenditures with those of direct and indirect employees, based upon their income levels, was utilized for a more comprehensive look at the impact on the community.
- Full and part time employees were included if applicable.
- The Bureau of Labor Statistics Consumer Expenditures Survey from 2007, the most recent survey available, was utilized. Denver MSA numbers are no longer available. To capture the impact of the expenditures of employees, we utilized the total US numbers, at different wage levels, that matched the company's average salary. We believe utilizing average US data is conservative given that Boulder has higher average income than the US.
- For the multiplier effect of jobs created, we utilized the Minnesota IMPLAN Group, Inc. employment multipliers for the city of Boulder by industry code. Many of the multipliers are only available at a 2 NAICS code level which are at a broad-grouping level of industry segments. The following were utilized in the analysis:
 - Computer and Electronic Product Manufacturing – Advanced Thin Films
 - Construction – Namaste Solar
 - Data Processing, Hosting and Related Services – Wall Street on Demand
 - Food Manufacturing – Chocolove and Seth Ellis Chocolatier
 - Professional, Scientific and Technical Services – Siemens, Rally Software
 - Wholesale – Eco-Products
- Multiplier induced indirect jobs' salary levels were kept at \$45,000 annually as previously assumed by the city Finance Department. We felt this to be reasonable because the range of jobs created can include software programmers, engineers, advertising jobs, construction jobs, etc. as well as retail and personal service jobs.
- For non-residential employees, we assumed that they each spend an average of \$25.00 per week, 50 weeks out of the year. This is well below the expenditure level of \$58.14 per day for a Colorado, non-Boulder resident visiting downtown Boulder for the day in 2008, as reported by RRC Associates in their Downtown Boulder Survey.

Appendix B

BOULDER'S ECONOMIC VITALITY PROGRAM: 2002 – 2008 **2002 – 2007 SOURCE: AUGUST 3, 2007 STUDY SESSION MEMO TO CITY COUNCIL**

The city has set aside funding for EV efforts since 2003. Here is a list of highlights 2002 - 2008:

2002:

- As part of the 2003 budget (in 2002), city EV efforts were funded by using a portion of the resources currently available from \$2.9 million Boulder Urban Renewal Authority (BURA) bond reserve fund that came back to the city when the BURA bonds were paid off.
- A base budget of \$250,000 per year for five years was set for the EV account (with carryover of unused funds each year) beginning in 2003 and *continuing until the end of 2007*. The urban redevelopment portion of the account began in 2004 and *continues until the end of 2008*.
- Prior to 2003, the City Council economic goal group had a series of discussions about economic initiatives and concluded that a more focused effort to formulate an economic policy was required.

2003:

- City Manager Frank Bruno convened the Economic Vitality Action Group (EVAG) in February, 2003—his first few weeks on the job. The charge to the EVAG was to prepare appropriate options, tools and other strategies that will assist the city's efforts to enhance business opportunities and sales tax revenues. EVAG formulated a draft EV policy in August 2003.
- City Council adopted the EV policy in October 2003 (see policy in Attachment H).
- Initial EV staffing took place in late 2003 to mid-2004. Brad Power, who served as Executive Director of BURA since 1997 was hired as the fixed-term redevelopment director in December 2003.

2004:

- Michael Stumpf served as the city's first EV coordinator from summer 2004 until spring 2005.
- The Economic Vitality Advisory Board (EVAB) was named by Frank Bruno in August 2004 as advisory to the city manager.

2005:

- EVAB has provided advice and input to the city manager, individually and in periodic meetings since 2005.
- In April 2005, an EV work plan was adopted.
- After Stumpf's departure, Boulder Economic Council (BEC) Executive Director Sean Maher served as interim economic development coordinator from May 2005 to September 2006.

- An independent assessment of Boulder businesses' views of doing business in Boulder was conducted by business consultant, Ray Wilson in fall 2005.

2006:

- Liz Hanson, a 20-year veteran of the Planning Department, was hired as the city's business liaison in January 2006 for a two-year fixed term.
- An updated EV work plan was reviewed by the City Council at a study session in March 2006.
- A 2007 Business Incentives Pilot Program was adopted by City Council in September 2006.
- Frances Draper was hired as the new executive director of the BEC in September 2006.

2007:

- The city and BEC enter into a 2007 agreement for specific services related to implementation of the pilot incentive program, business outreach, and business retention.
- EV staff implements the approved 2007 Business Incentives Pilot Program: developing application and administrative review processes; creating and implementing a communication plan, including direct marketing and public presentations; and obtaining owner-occupied loan pool commitments and agreements.
- As of August 1, eight flexible rebate and two employee training applications are received from Boulder primary employers.
- The City Council authorizes the Business Incentive Rebate Program for 2008

2008:

- The Boulder Economic Council contracts with the city to complete an analysis of the 2007 Pilot Business Incentive Rebate Program.
- The analysis is completed and presented to City Council on April 22, 2008 showing a return of \$14.41 on every \$1.00 invested in incentive rebates.
- The City Manager grants Business Incentive Rebates to eight companies under the 2008 Program.

2009:

- City Council reauthorizes the City Manager to approve Business Incentive Rebates with some additional sustainability guidelines for companies to meet, to continue each year if funding is made available each year in the city's budget.
- A 2009 budget of \$350,000 is approved for the Flexible Rebate Incentive Program and \$50,000 for the city's contribution to a MicroLoan Fund.
- As of August 17, 2009, six flexible rebate applications had been filed. Two companies – Sea to Summit and VvisionLink, and one non-profit, eTown, have received approval for \$71,050 in rebates. Three more applications are pending.

Flexible Rebate Incentive Program Background

As noted above, as part of the economic vitality plan, in September of 2006, the Boulder City Council implemented a Business Incentives Pilot Program for 2007 which including the following elements:

- \$500,000 for a flexible fee and tax rebate incentive program to help retain businesses in Boulder and, to a lesser degree, attract new businesses that fit well with Boulder. To be eligible for this rebate companies were required to be primary employers, which the City defines as having more than 75% of their revenue derived from outside Boulder County. The reasoning behind restricting the program to Primary Employers was that companies which sell their products and services on a regional, national and international basis bring new money into the local economy and typically pay higher average salaries enabling their employees to support the local retail and service economy. Award of the rebates was at the discretion of the City Manager and could only rebate taxes and fees that were actually paid. In other words, no straight incentive checks would be written.
- \$300,000 to seed a Boulder Owner-Occupied Loan Pool to assist primary employers with the purchase of their place of business. The Loan Pool was created as a joint venture with local banks and the SBA 504 loan program. The banks participating in the Pool contributed \$400,000 creating a total loan Pool of \$700,000. The combination of funds from the Pool, a bank loan and a SBA 504 loan allows smaller primary employers to purchase a building with up to 95% financing. This program was designed to address business retention based on the findings that companies which own their business property are much less likely to leave a community than companies which lease their space. This program has been discontinued due to lack of resulting loans, and retooled to be part of a MicroLoan Program.
- \$50,000 to provide matching funds, up to \$1000, to companies to train their employees on any skills related to their jobs. The purpose was to show goodwill and support from the city for its growing businesses while helping improve local workforce skills and making them feel part of the community. It also provided a benefit to Boulder's primary employers which they could provide to their employees. This program was also discontinued due to low use and an interest expressed by City Council that the funds be directed to other elements of the Economic Vitality Program.
- Providing resident rates at the city's recreation centers and facilities on certain multi-use and annual passes for any employee of any company in Boulder, without limitation to just primary employers. Again, this provides a benefit to the employers to offer to their employees. This program has been quite successful and continues in place today.

Supporting Studies

1. In 2005 the city of Boulder and Boulder Economic Council conducted a Business Climate Assessment with R.O. Wilson and Company LLC, a local marketing and research consulting firm.* The study consisted of structured interviews with local businesses, both those currently located in Boulder and a few that had recently left the city. The study was spurred by the recent exit of a number of businesses from Boulder including GE Access, Leopard Communications, and White Wave. The goal was to determine why companies were leaving Boulder and what could be done to address the issue. Key findings included:
 - Companies were leaving Boulder due to the cost of doing business, lack of quality space and feeling there was no connection to or support from the city
 - Attention and assistance by the city was important in a company's decision on where to locate
 - Incentives offered by other cities was an important and influential factor – that with other things, tipped the scale
 - Incentives from those other cities was taken as evidence by these businesses that those communities highly value and support business

2. Another study was conducted by the city and the Boulder Economic Council with RRC Associates in 2005, a local marketing and research consulting group. This study, which represented a more statistical look at business attitudes among primary employers toward doing business in Boulder, was designed to determine what actions, if any, could be taken to encourage businesses to stay and thrive in Boulder. * Key findings from that study included:
 - 79% of the responding businesses felt that a business-friendly attitude on the part of city government was important to extremely important when deciding where to locate their business, and 82% felt Boulder rated average to poor on that factor.
 - 74% of the responding businesses felt that the ease of doing business in a city was important to extremely important when deciding where to locate their business, and 71% felt Boulder rated average to poor on that factor.
 - 59% said that a sales or use tax rebate for equipment purchases would be an important or extremely important factor in choosing a location for their business
 - 23% said they were considering to certain that they would leave the City in the next two years

* Copies Available on Boulder Economic Council Website at: www.boulderbusiness.org

3. In 2007 R.O. Wilson and Associates, LLC was engaged by the city to do a follow-up Business Climate Survey to determine whether attitudes had changed at all from the 2005 survey. The study consisted of structured interviews with 30 primary employers across industry types and 12 related parties such as commercial real estate owners, bankers and accountants. The survey concluded:

- Overall “doing business in Boulder” had gotten better
 - The City Manager’s Office had shown more support of business with a Business Liaison position added and more proactive outreach
 - The City Council in place in August of 2007 had made outreach efforts to business
- Notable improvements have been made
- Negative stories still do persist
- The message of what Boulder offers businesses needs to keep getting out
- Many wonder if the city will continue its commitment to supporting and welcoming business
- Lack of available, appropriate quality, large facilities was still the leading concern for growth companies and companies considering a move to Boulder.
- Boulder’s Business Incentive Program was praised
- Concern about its ongoing funding and support by the city was expressed
- City planning and permitting process had improved, but conflicting regulations was still a concern
- Cost of doing business remains high in Boulder along with cost of living

A copy of a presentation on this study made to City Council on August 14, 2007 is available through Liz Hanson at the city’s Economic Vitality Office, hansonl@bouldercolorado.gov .

4. In the spring of 2008, the Boulder Economic Council conducted a Business Climate which built upon the questions and findings of the 2005 RRC Associates study. Of the 404 businesses contacted, 90 completed the survey for a response rate of 22%. The businesses represented a wide range of industries, size, experience and location. The majority of the respondents held executive or senior management positions and most had been in Boulder more than 10 years. Some of the key findings were:

- 54% of the respondents rated Boulder high (4 or 5 on a scale of 5) as a place to do business versus 46% of respondents in 2005
- Benefits of doing business in Boulder were largely related to lifestyle, location, the Boulder brand, resources (CU, labs, workforce and entrepreneurial network) and the city’s progressive approach to environmental sustainability.
- Drawbacks were the high cost of housing, regulations, anti-business sentiment, high taxes, high commercial real estate costs, transportation issues (traffic, commuting, and parking) and a lack of suitable commercial space.

- A significant number of businesses (46%) rated doing business in Boulder as neutral or low.

A copy of the full study can be obtained through an inquiry to Jennifer Pinsonneault at jennifer@boulderchamber.com

These studies indicate a continued need for a business outreach program and that the current efforts do seem to be having a positive impact.

2007 Program Recipients and Return on Investment

Overall Benefit: Original Analysis

5% Cost of Capital

City Rate – Return Earned over the Long Term

@5% Cost of Capital	Summary of Financial Return - 2007					
Company	Rebate	Rebate Present Value	Inflow Present Value	Net Present Value	Gross or Total Return on \$1	Net Return on \$1*
Ball Aerospace	\$100,000	(\$90,703)	\$2,219,704	\$2,219,001	\$25.47	\$24.47
Crispin Porter + Bogusky	\$100,000	(\$90,971)	\$1,109,089	\$1,018,117	\$13.19	\$12.19
IBM	\$100,000	(\$90,703)	\$2,511,545	\$2,420,842	\$28.69	\$27.69
LeftHand Networks	\$80,698	(\$74,073)	\$144,840	\$70,769	\$2.96	\$1.96
Mountain Sports Media	\$44,917	(\$40,741)	\$224,678	\$183,937	\$6.51	\$5.51
OZ Architecture	\$49,578	(\$44,969)	\$234,202	\$189,234	\$6.21	\$5.21
Solekai Systems	\$24,807	(\$22,501)	\$106,876	\$84,376	\$5.75	\$4.75
2007 Total	\$500,000	(\$454,661)	\$6,550,935	\$6,096,276	\$15.41	\$14.41

PV = Present Value of future cash flows discounted at 5%, NPV = Net of the PV of the outflow and inflow

2007 Incremental Business Return
 IBM Green Data Center Project +
 Companies who considered leaving Boulder

@5% Cost of Capital	Incremental Financial Return - 2007					
Company	Rebate	Rebate Present Value	Inflow Present Value	Net Present Value	Gross or Total Return on \$1	Net Return on \$1*
IBM*	\$100,000	(\$90,703)	\$1,642,936	\$1,552,233	\$19.11	\$18.11
LeftHand Networks	\$80,698	(\$74,073)	\$144,840	\$70,769	\$2.96	\$1.96
Mountain Sports Media	\$44,917	(\$40,741)	\$224,678	\$183,937	\$6.51	\$5.51
Solekai Systems	\$24,807	(\$22,501)	\$106,876	\$84,376	\$5.75	\$4.75
2007 Total	\$250,422	(\$228,018)	\$2,119,331	\$1,891,313	\$10.29	\$9.29

PV = Present Value of future cash flows discounted at 5%, NPV = Net of the PV of the outflow and inflow
 *IBM's return here relates only to the taxes and fees generated by the new data center which the incentive helped win

2007 Analysis Conclusion

The companies all provide broad benefits to the community, not only economically, but socially and environmentally as well. The full benefits analysis provides a conservative assessment of their economic impact at a \$6.1 Million return over three years on the investment made by the city in the form of incentives. However, even when taking a very limited incremental view of the benefits derived from the rebates by only including projects we might not have won and businesses that might otherwise have moved out of Boulder, the city management can feel confident that a strong, net return of \$1.9 Million is still being earned on this investment.

Appendix C

Article written for the International Association of Economic Development,
Economic Development Journal Sept., 2009

City of Boulder, Colorado's Flexible Rebate Incentive Program: Economic Development through Sustainability

By Liz Hanson

(ABSTRACT)

This article describes the origin, economic impact, and effectiveness of the city of Boulder, Colorado's flexible rebate incentive program, first adopted in October 2006. In order to qualify, companies verify compliance with community and environmental sustainability guidelines. Including these guidelines was key to City Council support and adoption of Boulder's first business incentive program. For 2008 and 2009, the guidelines were revised and expanded. This is the only business incentive plan in the country that is specifically tied to compliance with community sustainability guidelines and policies.

Tokyo. San Francisco. Chicago. Berkeley. Boulder. Boulder is one of those cities that now goes by one name. Boulder has come to be known for certain things. The distinctive "flatirons" mountain backdrop. The outdoor pedestrian Pearl Street Mall. The University of Colorado. High tech and natural foods companies. Progressive planning and open space policies. And being a bit, well, different. One thing Boulder hasn't been known for is its economic development. Boulder doesn't call it economic development – instead: "economic vitality." So when the city of Boulder won a 2008 IEDC Award for Excellence (in the category of "Sustainable and Green Development"), even Harvard called, inviting an application for its Innovations in American Government Award. What is Boulder doing that is so different again?

Boulder and Economic Vitality

Boulder's Economic Vitality Program is a relatively new part of city government. Economic development was not an identified function of the city until 2003, when \$2.9 million in urban renewal bond reserve funds were set aside for a five-year "Economic Vitality" program. The program was continued through 2009 and funding is now being planned for 2010 and ongoing years.

For many years, there was a local and regional perception that Boulder had an attitude toward business that was either "ambivalent" or "anti-business." The city's efforts of the past six years, including the funding of a proactive and growing Economic Vitality Program, show that Boulder actively supports the retention and expansion of existing local businesses and maintains a positive business climate.

Primary employers such as manufacturing and research/development companies, as well as the University of Colorado, federal laboratories, retail businesses, arts and culture, and tourism all play

strong roles in the Boulder economy. A goal of Boulder's Economic Vitality Program is to leverage all of these components of our community to build a sustainable economic base to support the quality of life the Boulder community desires. *To learn more about Boulder's Economic Vitality program, please visit our web site at www.bouldercolorado.gov and click "Business" at the top of the city's home page.*

In 2006, Boulder was the only municipality in the region that did not offer some sort of business incentive program. The Boulder City Council discussed how over the last five years Boulder had experienced a decline in overall economic activity and an increased outflow of local businesses moving to other cities. This trend contributed to the loss in city revenues from sales and use taxes as well as construction fees and taxes. In this context, Economic Vitality staff recommended the adoption of four business incentives: 1) a flexible tax and fee rebate program, 2) employee training assistance, 3) a loan pool, and 4) a Boulder employee discount to city parks and recreation facilities. These incentives were funded by the Economic Vitality budget and implemented as a pilot program in 2007 to evaluate their impacts and measure community acceptance.

Also in 2006, Boulder created a new business liaison position. This full-time staff member oversees the Economic Vitality work program and provides general assistance to existing and prospective Boulder businesses, administers business outreach and incentive programs, oversees sponsorships, and assists businesses with planning and development issues.

Sustainability-Based Business Incentives

Boulder's 2007 Pilot Business Incentive Program, later refined for 2008 and 2009, was adopted to provide business incentives to help primary employers invest in Boulder by upgrading their facilities and equipment. Aimed primarily at encouraging the growth and retention of homegrown companies in Boulder, it is flexible enough to allow for recruitment of businesses deemed a "perfect fit" for the community.

The largest part of the incentive program, the flexible rebate program, is designed to not only keep businesses in Boulder, but to focus on retaining and attracting businesses with sustainable practices. In order to qualify for consideration under the flexible rebate program, companies must verify compliance with Boulder's community and environmental sustainability guidelines. The inclusion of these guidelines was key to City Council support and adoption of the incentive program. Development of community and environmental guidelines was done in the context of the city of Boulder's current community sustainability policy and extensive green development programs. See sidebars.

For Boulder, community sustainability is a philosophy and framework to help the city make decisions by looking at the long-term implications for the community. The sustainability process integrates economic vitality, social equity and responsibility, and environmental quality goals, and prioritizes work and resources based on these goals and the values of the community. Known locally as Boulder's "three-legged stool," community sustainability is a practical and actively used policy framework, rather than a theoretical concept.

Boulder's Flexible Rebate Program

Under Boulder's flexible rebate program, the city manager along with Economic Vitality staff has the authority to negotiate an incentive package to meet a company's specific needs. In 2007, \$500,000 was invested in tax/fee rebates to seven primary employers ranging from \$24,807 to \$100,000. In a constrained budget environment in 2008, a total of \$322,135 in tax/fee rebates was approved for eight primary employers. The 2009 program is underway with a \$350,000 budget.

This program is reserved for primary employers (defined as a business or organization which generates at least 50 percent of its revenues from outside of Boulder County). The focus on primary employers is based on the fact that these companies sell their products and services on a regional, national, and international basis and bring new money into the local economy. Also, they typically pay higher average salaries enabling their employees to support the local retail and service economy.

To ensure that rebate recipients are contributing to a sustainable community, City Council adopted sustainability guidelines for the 2007 pilot program. For 2008, the Boulder City Council expanded the guidelines to include community and environmental sustainability guidelines, in addition to the existing social sustainability guidelines. The guideline options were further expanded for the 2009 program.

Sustainability incentive guidelines were developed that can provide significant social, environmental, and economic benefits to Boulder businesses. City staff focused on areas that were considered to have potential for *additional encouragement or incentives* to the business community. Because each company is different and has differing abilities to meet certain guidelines, the expanded 2009 program provides more flexibility to allow companies to choose the guidelines that fit best.

Applicants for the Flexible Rebate Program complete an online application to verify compliance with social, environmental, and community sustainability guidelines by choosing a minimum number of "points" and documenting compliance in the areas listed below. To review the application, including eligibility requirements and sustainability guidelines, please visit the city of Boulder web site at www.bouldercolorado.gov, click "Business" at the top of the home page, and then "Business Incentive Programs" on the left.

Social Sustainability:

- Average wage requirement
- Health insurance
- Diversity support
- Non-profit support
- Dependent care
- Housing assistance

Environmental Sustainability:

- Energy: Energy assessment, “10 for Change Challenge” (a local program to support energy use reduction by 10 percent over a year), energy savings training, and renewable energy (credits or installation)
- Waste Reduction: Recycling program, zero waste program, and environmental purchasing policy
- Energy Certifications: Local certification program or LEED (Leadership in Energy and Environmental Design) ratings
- Transportation: Employee commute trip reduction program, bus pass / transit program, and financial incentives for transit costs or subsidies

Community Sustainability:

- Business practices that further the city’s policies related to sustainability
- Buying in Boulder: Purchasing a minimum of 25 percent of its total goods and services (based on value) from businesses located in the city of Boulder.

Under this program, employers are not eligible for a rebate until they have made their investment and paid the applicable taxes or fees to the city. To maximize flexibility and impact, the program covers a wide range of fees and taxes charged by the city including:

- permit and development review fees
- construction use taxes
- use taxes paid on durable goods such as equipment, furnishings, and computers.

If awarded, companies must sign a rebate agreement with the city agreeing to maintain a business presence in Boulder for a minimum of three years from receipt of the incentive as well as agreeing to comply with the community sustainability guidelines identified in the company’s application for a period of three years. Companies may request that the city manager approve rebates of taxes and fees paid in the current year and estimated taxes and fees for the following two years. However, rebate funds are paid to a company only at the time that receipts are submitted. Receipts may be submitted in “batches,” e.g. on a quarterly basis.

The Companies

In 2007, seven Boulder primary employers were awarded rebates totaling \$500,000. All seven companies signed rebate agreements and six of the seven have completed submittal of receipts for the total amount of their rebate approval. In 2008, the second year of Boulder’s flexible rebate program, \$322,135 in tax/fee rebates were awarded. It is interesting to note that the 2008 recipients are generally smaller companies than the 2007 applicants (in terms of number of employees and overall revenues). Ten applications were received and two were withdrawn. The 2009 program is in process

with six applications and three approvals. The 2008 and 2009 recipients are in the process of signing rebate agreements and submitting receipts for issuance of rebate funds.

The list of rebate recipients has reflected the variety of Boulder's primary employers in size and industry, with clusters in high technology, natural and organic foods, "active living," and clean technology / renewal energy companies. Many are "homegrown" companies that had their start in Boulder and are now thriving and growing, expanding in new Boulder locations. In the first three years of the flexible rebate program, companies approved for rebates include:

- **Larger employers:** IBM, Ball Aerospace, advertising agency Crispin Porter + Bogusky, financial software company Wall Street on Demand
- **Energy companies:** Namasté Solar and Siemens (opened the first U.S. wind power research facility in Boulder in 2008)
- **Technology and software companies:** Rally Software, Solekai Systems, HP LeftHand Networks, VisionLink, Advanced Thin Films (optics)
- **Natural food companies:** Chocolove and Seth Ellis Chocolatier
- **Compostable distribution company:** Eco-Products
- **Publishing company:** Mountain Sports Media
- **Architectural firm:** Oz Architecture
- **Active living gear company:** Sea to Summit
- **Nonprofit organization (national radio broadcasts):** eTown

See Table 1 for a list of all flexible rebate companies and the rebates approved.

A report by the Boulder Economic Council on the 2007 pilot flexible rebate program concluded that while the incentives may not have been the sole factor in the companies' decisions to remain in Boulder or to expand/renovate their facilities, the incentives were a significant part of those decisions. In several cases, it could be considered as the "tipping point." This program helped these companies determine that Boulder wanted them as community members, valued their contributions in sustainability, and made it worthwhile to invest here. Following are some quotes from these companies.

- "We're thrilled to be approved for participation in this program and pleased to be staying in Boulder as it is the 'Silicon Valley' of storage, which aligns nicely with our business." - John Hillyard, chief financial officer, LeftHand Networks (now HP LeftHand)

- "Boulder has widespread name recognition among "foodies," and it was our desire from the start to have a Boulder address. Having the city's support and interest as we've created a world-class chocolate production facility has helped us work smarter and faster, with fewer false starts. This is a wonderfully supportive community for our business, and we're pleased to call Boulder our home." - Rick Levine, manager and a founder, Seth Ellis Chocolatier
- "We're a Boulder company at heart and we're grateful that the city of Boulder was able to offer these incentives to keep our headquarters here. Community involvement and sustainability are both incredibly important aspects of our culture. Our employees have led us to divert about 800 gallons of composting and contributed 800 volunteer hours in the first half of 2008. We're proud that the city's incentives rewarded us for being a good corporate citizen." - Tim Miller, CEO, Rally Software
- "It was very important to us to keep our main office in Boulder. If it weren't for the city's flexible rebate program, it would have been difficult for us to accomplish this. We plan to utilize the rebate funds to pursue LEED Gold certification for our building and set a positive example for the Boulder community. We're so happy to be staying in Boulder - there's no place we'd rather be!" – Blake Jones, CEO and president, Namasté Solar
- "Since Eco-Products grew up in Boulder, it is important for us to remain here. The Economic Vitality Plan allows us to remain a part of this vibrant community." – Steve Savage, CEO, Eco-Products.
- "The 2008 business incentive program rebate is allowing us to make our office a better place for our employees to work, and our employees are the reason we are in Boulder in the first place." - Jessica Pappas, director of administration, Wall Street On Demand
- "This is a great example of the city's effort to help attract and retain businesses within the city limits. With this rebate, the city of Boulder clearly acknowledges that the nonprofit and arts community play a significant role in the economic health and vibrancy of the city. For a small nonprofit like eTown, this is a big and expensive undertaking, and this rebate is especially appreciated." - Nick Forster, president and CEO, eTown

Return On Investment: Contribution to Economic Development

2007 Program

The city of Boulder contracted with the Boulder Economic Council (an arm of the Boulder Chamber) to calculate the return on investment for the \$500,000 in city tax and fee rebates awarded to seven primary employers in 2007 and the \$322,135 invested in eight companies in 2008. The report, presented to the Boulder City Council on April 22, 2008, found that the city will recoup a net \$6.1 million over a three-year period. In other words, for every one dollar invested in rebate incentives, the city will recoup an aggregate \$14.41 on a current-cash-flow basis.

The sustainability benefits were also assessed:

- All of the recipients have some level of philanthropic involvement with the community. These efforts range from fund-raising drives and direct help to non-profits in getting the work done to significant donations. An overview of the specific philanthropic involvement was documented in the Boulder Economic Council report.
- All of the companies had a directive toward lessening their impact on the environment. Several rebate awards went directly towards “green” construction projects, including IBM’s \$89 million “green” data center and a LEED silver certified tenant finish for OZ Architecture.

2008 Program

The Boulder Economic Council’s analysis of the return on investment for the 2008 program finds a \$6.31 return for every one dollar invested in rebate incentives. There are several reasons why this rate of return is lower than the 2007 program:

- On average, the companies are smaller (in number of employees and total revenue) than the 2007 rebate recipients. The largest company, Wall Street on Demand, has the highest total return of \$23.10.
- A company like Siemens Wind Power has a lower total return (\$0.70) due to its small size and low capital investment. However, attracting Siemens’ first U.S. wind power research facility to Boulder will likely result in a spin-off effect of drawing additional companies with “green” jobs and research.
- The 2008 rebate program invested directly in several companies whose main mission focuses on sustainability efforts. Siemens, Namasté Solar, and Eco-Products fall in this category.

Lessons Learned

Evolving Program

Since the 2007 pilot, the Flexible Rebate Program has been modified and refined each year based on city staff experience administering the program and on feedback from companies that have used it. Company comments and input have been critical to the development of each year’s eligibility requirements and sustainability guidelines. Past and current rebate applicants have been a yardstick as to whether compliance with draft guidelines was achievable or too onerous.

During development of the 2009 guidelines, smaller companies said that the proposed expanded list of guidelines would have given them more flexibility and options. Also, the city modified the definition of “primary employer” in 2008 - threshold changed from 75 percent to 50 percent of revenues from outside Boulder County - after working with two small businesses that were just below the 75 percent threshold but were growing primary employers making significant investment in their facilities. Staff research showed that if communities used any revenue threshold in their primary employer definitions, it was usually 50 percent.

What Works

In a community that can be wary of economic development efforts, there are several factors that help make this program successful:

- **It is a rebate program.** No funds are distributed to businesses unless taxes and/or fees are paid and receipts submitted.
- **It is a broad business retention tool.** Sometimes, the existence of the program brings businesses to the attention of Economic Vitality staff. The program may learn of a company considering consolidation, expansion, or relocation that would not have otherwise contacted the city.
- **It is a tipping point.** The dollar amount of a rebate approval may not be the deciding factor. To a business deciding whether to leave or stay or expand in Boulder, a financial incentive can be an important consideration and an indication that the city values its presence and investment. City rebates have also helped leverage state of Colorado incentives.
- **Businesses demonstrate sustainability.** Discussed further below, the sustainability guidelines ensure that the city is investing in businesses that share the sustainability goals of the city. In fact, in many applications, Boulder businesses “brag” about the extent of their sustainability efforts and programs.
- **It is a reasonable city investment.** With annual budgets ranging from \$350,000 to \$500,000, Boulder may budget less for incentives than other communities. However, this budget is a “comfort level” in the context of the overall city budget and priorities.

Economic Development Through Sustainability

The Flexible Rebate Program helps the city’s businesses meet community goals and be more sustainable in their business practices. As businesses throughout the community get more information about the rebate program, it increases the awareness of the city’s programs to help both businesses and residents develop sustainable practices. Even if businesses review the rebate program and do not apply, they learn about these city services.

Having criteria based on the community’s sustainability values demonstrates to the residents and employees in the community that the value of sustainable practices and products is recognized and the city is working to incorporate these elements in programs, policies, and decision-making. Inclusion of these sustainability guidelines is critical to City Council and public acceptance of the incentive program, particularly in a community where many residents have concerns that city funds could be better spent than providing rebates to companies.

This program can be used an example for and is easily transferable to other communities looking to create or develop incentive programs tied to social and environmental sustainability goals. Sustainability guidelines can be customized according to each community’s priorities and local programs. Boulder

Economic Vitality staff regularly receives inquiries from other communities who want to learn more about the program, as they develop or revise their own incentive options.

Liz Hanson is business liaison for the city of Boulder, Colorado. (HansonL@bouldercolorado.gov)

(SIDEBAR 1)

OVERVIEW OF CITY OF BOULDER, COLORADO'S COMMUNITY SUSTAINABILITY POLICY

From the Boulder Valley Comprehensive Plan and the Social Sustainability Strategic Plan: The adopted Community Sustainability Policy for Boulder, Colorado, is that the city and county recognize:

- The critical interrelationships among economic, social and environmental health;
- The way we produce, trade and consume impacts our ability to sustain natural resources;
- Social and cultural equity and diversity creates valuable human capital that contributes to the economy and environmental sustainability;
- Planned physical development has an impact on social conditions and should be considered in community planning; and
- The quality of environmental, economic and social health is built upon the full engagement and involvement of the community.

The city and county seek to maintain and enhance the livability, health and vitality of the Boulder Valley and the natural systems of which it is a part, now and in the long-term future.

The city and county seek to preserve choices for future generations and to anticipate and adapt to changing community needs and external influences.

(SIDEBAR 2)

OVERVIEW OF CITY OF BOULDER
OFFICE OF ENVIRONMENTAL AFFAIRS
GREEN DEVELOPMENT PROGRAMS

The city of Boulder's Office of Environmental Affairs (OEA) provides leadership to achieve Boulder's goals of environmental sustainability and quality. Its mission is to prevent pollution, reduce resource consumption and promote environmentally sustainable practices. OEA develops city policy, offers educational programs and partners with citizens, businesses, and other organizations to protect Boulder's environment.

Programs coordinated by OEA include efforts to increase recycling, promote energy efficiency and renewable energy, and green building. These programs are designed to not only promote environmental sustainability, but also work to create an economically vital and progressive working environment by educating Boulder businesses and residents about both the environmental and economic benefits of sustainability. Boulder's programs include:

- Single Stream Recycling
- Curbside Composting
- Partners for a Clean Environment
- Residential Energy Action Program
- ClimateSmart at Work
- 10 for Change Challenge
- Solar Grant Fund
- Solar Sales and Use Tax Rebate
- Income Qualified Weatherization
- Green Points (building permit program)

TABLE 1

**CITY OF BOULDER'S FLEXIBLE REBATE PROGRAM
LIST OF COMPANIES AND REBATES APPROVED
2007 – 2009**

2007

LeftHand Networks	Software/Tech	\$80,698
Crispin Porter + Bogusky	Advertising	\$100,000
Mountain Sports Media	Publishing	\$44,917
IBM	Computer Services	\$100,000
Ball Aerospace	Aerospace Tech	\$100,000
Solekai Systems	Digital Engineering	\$24,807.06
OZ Architecture	Architecture	\$49,577.94
TOTAL APPROVED		\$500,000

2008

Advanced Thin Films	Optics	\$50,000
Siemens Power Generation	Wind Energy Research	\$50,000
Seth Ellis Chocolatier	Food Manufacturer	\$39,514
Wall Street On Demand	Software	\$50,000
Rally Software	Software	\$50,000
Namasté Solar	Solar Energy	\$29,086
Eco-Products	Compostable Distribution	\$29,000
Chocolove	Food Manufacturer	\$24,535
TOTAL APPROVED		\$322,135

2009

Sea to Summit	Wholesale Distribution	\$10,820
VisionLink	Software	\$10,230
eTown	Nonprofit Radio Broadcast	\$50,000
IBM	Computer Services	Pending
Boulder Beer	Manufacturer	Pending
ProStor Systems	Data Storage	Pending
TOTAL APPROVED AS OF 8/1/09		\$71,050

Appendix D

Boulder Economic Council Company Financial Analysis

1. *Advanced Thin Films*
2. *Chocolove – Creative Natural Products*
3. *Eco-Products*
4. *Namaste Solar*
5. *Rally Software*
6. *Seth Ellis Chocolatier*
7. *Siemens Wind Power R&D*
8. *Wall Street on Demand*

**Boulder City Incentive
Boulder Economic Council Impact Analysis**

Advanced Thin Films

BOULDER ECONOMIC COUNCIL EVALUATION 2008 INCENTIVE PROGRAM

Company Name **Advanced Thin Films** Analysis performed using employees that live in Boulder
Sector **Computer & Electronic Product Manufacturing**

Company + Employee Spending Estimates	2008			2009			2010			Total 3 Yrs	Notes
	2008	2009	Non-Resident 2010	2008	2009	Non-Resident 2010	2008	2009	Non-Resident 2010		
Employment							19	23	26		
Full time Resident Employees	5	7	9								ATF Provided # of employees living in Boulder
Part time Resident Employees	0	0	0								
Average Compensation - FT	\$ 46,800	\$ 46,800	\$ 50,000								Median wages, average is higher
Average Compensation - PT	\$ -	\$ -	\$ -								
Total Payroll (inc Benefits and SS)	\$ 234,000	\$ 327,600	\$ 450,000							\$ 1,011,600	
Indirect Jobs Benefits to Boulder											
Jobs Multiplier - Boulder	3.24										IMPLAN Multiplier
Incremental Jobs Created	11	16	20								Reflects number of jobs created in the community as a result of the company's resident employees. Salary same level as assumed by City Finance Dept.
Average Boulder City Compensation	\$ 45,000	\$ 45,000	\$ 45,000								
Incremental Compensation	\$ 504,000	\$ 705,600	\$ 907,200							\$ 2,116,800	
Direct & Indirect FTE Jobs	16	23	29								Number of jobs created plus the company's Boulder resident employees
Direct & Indirect Payroll	\$ 738,000	\$ 1,033,200	\$ 1,357,200							\$ 3,128,400	Resulting total salaries from multiplier jobs and ATF resident jobs
Economic Output	2008	2009	2010							Total 3 Yrs	
Total Sales	\$ 5,500,000	\$ 7,000,000	\$ 8,500,000							\$ 21,000,000	
Local Sales	\$ -	\$ -	\$ -							\$ -	No local sales
Tax Rate %	3.41%	3.41%	3.41%								
Boulder Sales Tax Collections	\$ -	\$ -	\$ -							\$ -	
Direct Business Spending in Boulder	\$ -	\$ -	\$ -							\$ -	No local spending estimates given by company
Tax Rate %	3.41%	3.41%	3.41%								
Boulder Sales Tax Collections	\$ -	\$ -	\$ -							\$ -	
Direct Investment	2008	2009	2010							Total 3 Yrs	
Facilities Improvements	\$ 1,150,000	\$ -	\$ -							\$ 1,150,000	Per City Finance Dept. - On Aver. 1/2 of total project is taxed
City Factor (tax rate)	3.41%	3.41%	3.41%								Project spending per company.
City Revenues	\$ 19,608	\$ -	\$ -							\$ 19,608	
Capital Expenditures	\$ 850,000	\$ 900,000	\$ 500,000							\$ 2,250,000	Capital Expenditures provided by company
City Factor (tax rate)	3.41%	3.41%	3.41%								
City Revenues	\$ 28,985	\$ 30,690	\$ 17,050							\$ 76,725	
Permit and taxes paid above rebate	\$ 3,000	\$ 11,000	\$ 26,000								
Total City Revenues on Direct Investment	\$ 51,593	\$ 41,690	\$ 43,050							\$ 136,333	
City Tax Revenue on Co Expenditures	\$ 51,593	\$ 41,690	\$ 43,050							\$ 136,333	
Costs Data	2008	2009	2010							Total 3 Yrs	
Incentive Cost											
Permit Waivers	\$ 33,000									\$ 33,000	
Use Tax Rebate	\$ 17,000									\$ 17,000	Based upon updated data from city
Total Costs	\$ 50,000	\$ -	\$ -							\$ 50,000	
Net Present Values											
Discount Rate	5%										City's estimated cost of capital
Output & Direct Investment	\$124,138										Present Value of Taxes paid on business spending
Incentive Costs	(\$47,619)										Present Value of Incentive Payments

Project NPV \$76,519 The Net Present Value of the Income and Expenditures above

Benefit/Cost Ratio of Direct Company Spending Projections	\$1.61	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$2.61	Gross Return for every \$1.00 invested in incentives

Boulder Jobs Multiplier includes direct, indirect and induced economic impacts.

	2008	2009	2010	Total 3 Yrs	
Resident Employee Spending					
# Res. Employees FT & PT	5	7	9		
Spending per Employee					
Housing - furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing + veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total per employee	\$ 12,457	\$ 12,457	\$ 12,457		
Total Employee spending	\$ 62,285	\$ 87,199	\$ 112,113	\$ 261,597	
Incremental Employee Spending in City					
Incremental Jobs in Boulder	11	16	20		
Housing - Furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing, veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total Incr. Emp. Spend per emp.	\$ 12,457	\$ 12,457	\$ 12,457	\$ 37,371	
Total Incremental Employee Spend	139,518	195,326	251,133	\$ 585,977	
Total Non-Res Employee Spend	23,750	28,750	32,500		Aver.Weekly Spending/Non-Res. Employ \$25.00 50 weeks/yr multiplied by # of non-res. Employees
Total Resident Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$ 225,553	\$ 311,275	\$ 395,746	\$ 932,574	
Tax Rate (sales)	3.41%	3.41%	3.41%		

City Tax Rev on Total Res. Emp & Incr. Emp Spend + Non-Res. Wkly spend \$ 7,691 \$ 10,614 \$ 13,495 \$ 31,801 Tax rate times total spending above

Net Present Values of Tax Revenues

Discount Rate	5%	City's estimated cost of capital
Total Resident Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$28,610	Present Value of City taxes derived from resident, incremental and non-resident spending
Direct Bus. Investment & Output Rev	\$124,138	Present Value of City taxes derived from business spending
Incentive Costs	(\$47,619)	Present Value of City's incentive rebate payment
Project Net Present Value	\$105,129	The Net Present Value of the income and expenditures above

Benefit/Cost Ratio of Bus.+Employee Spending Projections	\$2.21	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$3.21	Gross Return for every \$1.00 invested in incentives

BOULDER ECONOMIC COUNCIL EVALUATION**2008 INCENTIVE PROGRAM**Company Name **Creative Natural Products/Chocolove** Analysis performed using employees that live in BoulderSector **Food Manufacturing****Company + Employee Spending Estimates**

	2008	2009	2010	Total 3 Yrs	
					2008 2009 2010
					Non-Resident - FT 11 9 12
					Non-Resident - PT
Employment	2008	2009	2010	Total 3 Yrs	
Full time Resident Employees	7	10	12		Co. Provided # of employees living in Boulder
Part time Resident Employees	0	0	0		
Average Compensation - FT	\$ 47,698	\$ 49,736	\$ 49,736		Increases per company
Average Compensation - PT	\$ 20,000	\$ 23,000	\$ 24,000		
Total Payroll (inc Benefits and SS)	\$ 333,886	\$ 497,360	\$ 596,832	\$ 1,428,078	
Indirect Jobs Benefits to Boulder					
Jobs Multiplier - Boulder	2.44				IMPLAN Multiplier
Incremental Jobs Created	10	14	17		Reflects number of jobs created in the community as a result of the company's resident employees. Salary same level as assumed by City Finance Dept.
Average Boulder City Compensation	\$ 45,000	\$ 45,000	\$ 45,000		
Incremental Compensation	\$ 453,600	\$ 648,000	\$ 777,600	\$ 1,879,200	
Direct & Indirect FTE Jobs	17	24	29		Number of jobs created plus the company's Boulder resident employees
Direct & Indirect Payroll	\$ 787,486	\$ 1,145,360	\$ 1,374,432	\$ 3,307,278	Resulting total salaries from multiplier jobs and company's resident jobs
Economic Output	2008	2009	2010	Total 3 Yrs	
Total Sales	\$ -	\$ -	\$ -	\$ -	
Local Sales	\$ 8,566	\$ 9,000	\$ 10,000	\$ 27,566	Local Sales
Tax Rate %	3.41%	3.41%	3.41%		
Boulder Sales Tax Collections	\$ 292	\$ 307	\$ 341	\$ 940	
Direct Business Spending in Boulder	\$ 19,532	\$ 21,527	\$ 23,821	\$ 64,880	Company \$ + Visitors: 2 nights/mo '08 through '10
Tax Rate %	3.41%	3.41%	3.41%		Spending of \$259.67/day; Source: CVB 2008 study of city visitors
Boulder Sales Tax Collections	\$ 666	\$ 734	\$ 812	\$ 2,212	
Direct Investment	2008	2009	2010	Total 3 Yrs	
Facilities Improvements	\$ 22,889	\$ 25,000	\$ 25,000	\$ 72,889	Per City Finance Dept. - On Aver. 1/2 of total project is taxed
City Factor (tax rate)	3.41%	3.41%	3.41%		Project spending per company.
City Revenues	\$ 390	\$ 426	\$ 426	\$ 1,243	
Capital Expenditures	\$ 200,000	\$ 225,000	\$ 250,000	\$ 675,000	Capital Expenditures provided by company
City Factor (tax rate)	3.41%	3.41%	3.41%		
City Revenues	\$ 6,820	\$ 7,673	\$ 8,525	\$ 23,018	
Permit and taxes paid above rebate					
Total City Revenues on Direct Investment	\$ 7,210	\$ 8,099	\$ 8,951	\$ 24,260	
City Tax Revenue on Co Expenditures	\$ 8,168	\$ 9,140	\$ 10,105	\$ 27,413	
Costs Data	2008	2009	2010	Total 3 Yrs	
Incentive Cost					
Permit Fee Rebate				\$ -	
Use Tax Rebate		\$ 15,158	\$ 9,377	\$ 24,535	Based upon updated data from city
Total Costs	\$ -	\$ 15,158	\$ 9,377	\$ 24,535	
Net Present Values					
Discount Rate	5%				City's estimated cost of capital
Output & Direct Investment	\$24,798				Present Value of Taxes paid on business spending
Incentive Costs	(\$21,849)				Present Value of Incentive Payments
Project NPV	\$2,949				The Net Present Value of the Income and Expenditures above

Benefit/Cost Ratio of Direct Company Spending Projections	\$0.13	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$1.13	Gross Return for every \$1.00 invested in incentives

Boulder Jobs Multiplier includes direct, indirect and induced economic impacts.

	2008	2009	2010	Total 3 Yrs	
Resident Employee Spending					
# Res. Employees FT	7	10	12		
Spending per Employee					
Housing - furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k- \$49.9k income before taxes
Food, clothing + veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total per employee	\$ 12,457	\$ 12,457	\$ 12,457		
Total FT Employee spending	\$ 87,199	\$ 124,570	\$ 149,484	\$ 361,253	
# Res. Employees PT	0	0	0		
Spending per Employee					
Housing - furnishings & mtnce	\$ 1,790	\$ 1,790	\$ 1,790		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 1,375	\$ 1,375	\$ 1,375		National Expenditures: \$20k - \$29.9K income before taxes
Food, clothing + veh repairs	\$ 5,551	\$ 5,551	\$ 5,551		
Total per employee	\$ 8,716	\$ 8,716	\$ 8,716		
Total PT Employee spending	\$ -	\$ -	\$ -	\$ -	
Incremental Employee Spending in City					
Incremental Jobs in Boulder	10	14	17		Based on full time resident employees only
Housing - Furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing, veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total Incre. Emp. Spend per emp.	\$ 12,457	\$ 12,457	\$ 12,457	\$ 37,371	
Total Incremental Employee Spend	125,567	179,381	215,257	\$ 520,204	
Total Non-Res Employee Spend	13,750	11,250	15,000		Aver. Weekly Spending/Non-Res. Employee \$25.00 50 weeks/yr
Total Resident Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$ 226,516	\$ 315,201	\$ 379,741	\$ 921,457	
Tax Rate (sales)	3.41%	3.41%	3.41%		
City Tax Rev on Total Res. Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$ 7,724	\$ 10,748	\$ 12,949	\$ 31,422	Tax rate times total spending above
Net Present Values of Tax Revenues					
Discount Rate	5%	City's estimated cost of capital			
Total Resident Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$28,291	Present Value of City taxes derived from resident, incremental and non-resident spending			
Direct Bus. Investment & Output Rev	\$24,798	Present Value of City taxes derived from business spending			
Incentive Costs	(\$21,849)	Present Value of City's incentive rebate payment			
Project Net Present Value	\$31,241	The Net Present Value of the income and expenditures above			
Benefit/Cost Ratio of Bus.+Employee Spending Projections	\$1.43	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending			
	\$2.43	Gross Return for every \$1.00 invested in incentives			

Incentive Costs										
Project NPV	\$275,929									The Net Present Value of the Income and Expenditures above
Benefit/Cost Ratio of Direct Company Spending Projections	\$10.49									Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$11.49									Gross Return for every \$1.00 invested in incentives
Boulder Jobs Multiplier includes direct, indirect and induced economic impacts.										
	2008	2009	2010	Total 3 Yrs						
Resident Employee Spending										
# Res. Employees FT & PT	31	37	42							
Spending per Employee										
Housing - furnishings & mtnce	\$ 2,534	\$ 3,409	\$ 3,409							Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,660	\$ 2,660							National Expenditures: Yr 1 - \$40-\$49k, Yr 2,3 - \$50k-\$69.9k income before taxes
Food, clothing + veh repairs	\$ 7,894	\$ 8,996	\$ 8,996							
Total per employee	\$ 12,457	\$ 15,065	\$ 15,065							
Total Employee spending	\$ 386,167	\$ 557,405	\$ 632,730	\$ 1,576,302						
Incremental Employee Spending in City										
Incremental Jobs in Boulder	26	31	35							
Housing - Furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534							Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029							National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing, veh repairs	\$ 7,894	\$ 7,894	\$ 7,894							
Total Incre. Emp. Spend per emp.	\$ 12,457	\$ 12,457	\$ 12,457	\$ 37,371						
Total Incremental Employee Spend	324,380	387,164	439,483	\$ 1,151,027						
Total Non-Res Employee Spend	18,750	36,250	50,000							Aver. Weekly Spending/Non-Res. Employ \$25.00 50 weeks/yr multiplied by # of non-res. Employees
Total Resident Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$ 729,297	\$ 980,819	\$ 1,122,213	\$ 2,832,329						
Tax Rate (sales)	3.41%	3.41%	3.41%							
City Tax Rev on Total Res. Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$ 24,869	\$ 33,446	\$ 38,267	\$ 96,582						Tax rate times total spending above
Net Present Values of Tax Revenues										
Discount Rate	5%									City's estimated cost of capital
Total Resident Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$87,078									Present Value of City taxes derived from resident, incremental and non-resident spending
Direct Bus. Investment & Output Rev	\$302,233									Present Value of City taxes derived from business spending
Incentive Costs	(\$26,304)									Present Value of City's incentive rebate payment
Project Net Present Value	\$363,007									The Net Present Value of the income and expenditures above
Benefit/Cost Ratio of Bus.+Employee Spending Projections	\$13.80									Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$14.80									Gross Return for every \$1.00 invested in incentives

BOULDER ECONOMIC COUNCIL EVALUATION 2008 INCENTIVE PROGRAM

Company Name **Rally Software** Multiplier effect based on employees that live in Boulder
Sector **Professional, Scientific and Technical**

Company + Employee Spending Estimates		2008	2009	2010	Total 3 Yrs	
				Non-Resident - FT Non-Resident - PT	115 6	2009 129 15
						2010 145 15
Employment		2008	2009	2010	Total 3 Yrs	
Full time Resident Employees		35	41	45		Co. Provided # of employees living in Boulder
Part time Resident Employees		4	5	5		
Average Compensation - FT		\$ 104,000	\$ 104,000	\$ 104,000		Flat median wage for full and part time employees per co.
Average Compensation - PT		\$ 104,000	\$ 104,000	\$ 104,000		
Total Payroll (inc Benefits and SS)		\$ 4,056,000	\$ 4,784,000	\$ 5,200,000	\$ 14,040,000	
Indirect Jobs Benefits to Boulder						
Jobs Multiplier - Boulder		1.86				IMPLAN Multiplier
Incremental Jobs Created		30	35	39		Reflects number of jobs created in the community as a result of the company's resident employees. Salary same level as assumed by City Finance Dept.
Average Boulder City Compensation		\$ 45,000	\$ 45,000	\$ 45,000		
Incremental Compensation		\$ 1,354,500	\$ 1,586,700	\$ 1,741,500	\$ 4,682,700	
Direct & Indirect FTE Jobs		69	81	89		Number of jobs created plus the company's Boulder resident employees
Direct & Indirect Payroll		\$ 5,410,500	\$ 6,370,700	\$ 6,941,500	\$ 18,722,700	Resulting total salaries from multiplier jobs and ATF resident jobs
Economic Output		2008	2009	2010	Total 3 Yrs	
Total Sales					\$ -	
Local Sales		\$ 85,000	\$ 120,000	\$ 200,000	\$ 405,000	Local Sales
Tax Rate %		3.41%	3.41%	3.41%		
Boulder Sales Tax Collections		\$ 2,899	\$ 4,092	\$ 6,820	\$ 13,811	
Direct Business Spending in Boulder		\$ 170,305	\$ 228,633	\$ 317,771	\$ 716,709	Rally Est.d Expenditures + Est.d # of room night stays at: 288 for '08, 432 for '09, 648 for '10
Tax Rate %		3.41%	3.41%	3.41%		\$ spent = \$259.67/day; Source: CVB 2008 study of city visitors
Boulder Sales Tax Collections		\$ 5,807	\$ 7,796	\$ 10,836	\$ 24,440	
Direct Investment		2008	2009	2010	Total 3 Yrs	
Facilities Improvements		\$ 45,000			\$ 45,000	Per City Finance Dept. - On Aver. 1/2 of total project is taxed
City Factor (tax rate)		3.41%	3.41%	3.41%		Project spending per company.
City Revenues		\$ 767	\$ -	\$ -	\$ 767	
Capital Expenditures		\$ 375,000	\$ 400,000	\$ 400,000	\$ 1,175,000	Capital Expenditures provided by company
City Factor (tax rate)		3.41%	3.41%	3.41%		
City Revenues		\$ 12,788	\$ 13,640	\$ 13,640	\$ 40,068	
Permit and taxes paid above rebate		\$ -				
Total City Revenues on Direct Investment		\$ 13,555	\$ 13,640	\$ 13,640	\$ 40,835	
City Tax Revenue on Co Expenditures		\$ 22,261	\$ 25,528	\$ 31,296	\$ 79,085	
Costs Data		2008	2009	2010	Total 3 Yrs	
Incentive Cost						
Permit Fee Rebate					\$ -	
Use Tax Rebate			\$ 38,000	\$ 12,000	\$ 50,000	Based upon updated data from Rally as to when rebates will be paid
Total Costs		\$ -	\$ 38,000	\$ 12,000	\$ 50,000	
Net Present Values						
Discount Rate		5%	City's estimated cost of capital			
Output & Direct Investment		\$71,390	Present Value of Taxes paid on business spending			
Incentive Costs		(\$44,833)	Present Value of Incentive Payments			
Project NPV		\$26,557	The Net Present Value of the Income and Expenditures above			

Benefit/Cost Ratio of Direct Company Spending Projections	\$0.59	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$1.59	Gross Return for every \$1.00 invested in incentives

Boulder Jobs Multiplier includes direct, indirect and induced economic impacts.

	2008	2009	2010	Total 3 Yrs	
Resident Employee Spending					
# Res. Employees FT	35	41	45		
Spending per Employee					
Housing - furnishings & mtnce	\$ 6,273	\$ 6,273	\$ 6,273		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 4,926	\$ 4,927	\$ 4,927		National Expenditures: \$70k+ income before taxes
Food, clothing + veh repairs	\$ 13,951	\$ 13,951	\$ 13,951		
Total per employee	\$ 25,150	\$ 25,151	\$ 25,151		
Total FT Employee spending	\$ 880,250	\$ 1,031,191	\$ 1,131,795	\$ 3,043,236	
# Res. Employees PT	4	5	5		
Spending per Employee					
Housing - furnishings & mtnce	\$ 6,273	\$ 6,273	\$ 6,273		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 4,926	\$ 4,927	\$ 4,928		National Expenditures: \$70k+ income before taxes
Food, clothing + veh repairs	\$ 13,951	\$ 13,951	\$ 13,951		
Total per employee	\$ 25,150	\$ 25,151	\$ 25,152		
Total PT Employee spending	\$ 100,600	\$ 125,755	\$ 125,760	\$ 352,115	
Incremental Employee Spending in City					
Incremental Jobs in Boulder	30	35	39		Based on full time resident employees only
Housing - Furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing, veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total Incre. Emp. Spend per emp.	\$ 12,457	\$ 12,457	\$ 12,457	\$ 37,371	
Total Incremental Employee Spend	374,956	439,234	482,086	\$ 1,296,275	
Total Non-Res Employee Spend	151,250	180,000	200,000		Aver. Weekly Spending/Non-Res. Employee \$25.00 50 weeks/yr due to seasonal nature of business
Total Resident Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$ 1,507,056	\$ 1,776,180	\$ 1,939,641	\$ 5,222,876	
Tax Rate (sales)	3.41%	3.41%	3.41%		

City Tax Rev on Total Res. Emp & Incre. Emp Spend + Non-Res. Wkly spend \$ 51,391 \$ 60,568 \$ 66,142 \$ 178,100 Tax rate times total spending above

Net Present Values of Tax Revenues	
Discount Rate	5% City's estimated cost of capital
Total Resident Emp & Incre. Emp Spend + Non-Res. Wkly spend	\$161,016 Present Value of City taxes derived from resident, incremental and non-resident spending
Direct Bus. Investment & Output Rev	\$71,390 Present Value of City taxes derived from business spending
Incentive Costs	(\$44,833) Present Value of City's incentive rebate payment
Project Net Present Value	\$187,573 The Net Present Value of the income and expenditures above

Benefit/Cost Ratio of Bus.+Employee Spending Projections	\$4.18	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$5.18	Gross Return for every \$1.00 invested in incentives

**Boulder City Incentive
Boulder Economic Council Impact Analysis**

Seth Ellis Chocolatier

BOULDER ECONOMIC COUNCIL EVALUATION 2008 INCENTIVE PROGRAMCompany Name **Seth Ellis Chocolatier** Analysis performed using employees that live in BoulderSector **Food Manufacturing****Company + Employee Spending Estimates**

	2008	2009	2010	Total 3 Yrs	
					2008 2009 2010
					Non-Resident - FT 0 1 2
					Non-Resident - PT 5 7 10
Employment	2008	2009	2010	Total 3 Yrs	
Full time Resident Employees	2	3	4		Co. Provided # of employees living in Boulder
Part time Resident Employees	5	7	10		
Average Compensation - FT	\$ 50,000	\$ 70,000	\$ 70,000		Increases per company
Average Compensation - PT	\$ 20,000	\$ 23,000	\$ 24,000		
Total Payroll (inc Benefits and SS)	\$ 200,000	\$ 371,000	\$ 520,000	\$ 1,091,000	
Indirect Jobs Benefits to Boulder					
Jobs Multiplier - Boulder	2.44				IMPLAN Multiplier
Incremental Jobs Created	3	4	6		Reflects number of jobs created in the community as a result of the company's resident employees. Salary same level as assumed by City Finance Dept.
Average Boulder City Compensation	\$ 45,000	\$ 45,000	\$ 45,000		
Incremental Compensation	\$ 129,600	\$ 194,400	\$ 259,200	\$ 583,200	
Direct & Indirect FTE Jobs	10	14	20		Number of jobs created plus the company's Boulder resident employees
Direct & Indirect Payroll	\$ 329,600	\$ 565,400	\$ 779,200	\$ 1,674,200	Resulting total salaries from multiplier jobs and ATF resident jobs
Economic Output	2008	2009	2010	Total 3 Yrs	
Total Sales	\$ 250,000	\$ 700,000	\$ 1,400,000	\$ 2,350,000	
Local Sales	\$ 50,000	\$ 70,000	\$ 105,000	\$ 225,000	Local Sales
Tax Rate %	3.41%	3.41%	3.41%		
Boulder Sales Tax Collections	\$ 1,705	\$ 2,387	\$ 3,581	\$ 7,673	
Direct Business Spending in Boulder					
Tax Rate %	3.41%	3.41%	3.41%		\$ - No estimates provided
Boulder Sales Tax Collections	\$ -	\$ -	\$ -	\$ -	
Direct Investment	2008	2009	2010	Total 3 Yrs	
Facilities Improvements	\$ 120,000			\$ 120,000	Per City Finance Dept. - On Aver. 1/2 of total project is taxed
City Factor (tax rate)	3.41%	3.41%	3.41%		Project spending per company.
City Revenues	\$ 2,046	\$ -	\$ -	\$ 2,046	
Capital Expenditures	\$ 454,456	\$ 180,000	\$ 515,000	\$ 1,149,456	Capital Expenditures provided by company
City Factor (tax rate)	3.41%	3.41%	3.41%		
City Revenues	\$ 15,497	\$ 6,138	\$ 17,562	\$ 39,196	
Permit and taxes paid above rebate	\$ -				
Total City Revenues on Direct Investment	\$ 17,543	\$ 6,138	\$ 17,562	\$ 41,242	
City Tax Revenue on Co Expenditures	\$ 19,248	\$ 8,525	\$ 21,142	\$ 48,915	
Costs Data	2008	2009	2010	Total 3 Yrs	
Incentive Cost					
Permit Fee Rebate				\$ -	
Use Tax Rebate	\$ 14,792	\$ 6,138	\$ 17,562	\$ 38,492	Based upon updated data from city
Total Costs	\$ 14,792	\$ 6,138	\$ 17,562	\$ 38,492	Note: Different from total grant due to lower
Net Present Values					
Discount Rate	5%	City's estimated cost of capital			
Output & Direct Investment	\$44,327	Present Value of Taxes paid on business spending			
Incentive Costs	(\$34,826)	Present Value of Incentive Payments			
Project NPV	\$9,501	The Net Present Value of the Income and Expenditures above			

Benefit/Cost Ratio of Direct Company Spending Projections	\$0.27	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$1.27	Gross Return for every \$1.00 invested in incentives

Boulder Jobs Multiplier includes direct, indirect and induced economic impacts.

	2008	2009	2010	Total 3 Yrs	
Resident Employee Spending					
# Res. Employees FT	2	3	4		
Spending per Employee					
Housing - furnishings & mtnce	\$ 3,409	\$ 6,273	\$ 6,273		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,660	\$ 4,927	\$ 4,927		National Expenditures: \$50k- \$59.9k 2008, \$70k+ income before taxes 09, 10
Food, clothing + veh repairs	\$ 8,996	\$ 13,951	\$ 13,951		
Total per employee	\$ 15,065	\$ 25,151	\$ 25,151		
Total FT Employee spending	\$ 30,130	\$ 75,453	\$ 100,604	\$ 206,187	
# Res. Employees PT	5	7	10		
Spending per Employee					
Housing - furnishings & mtnce	\$ 1,790	\$ 1,790	\$ 1,790		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 1,375	\$ 1,375	\$ 1,375		National Expenditures: \$20k - \$29.9K income before taxes
Food, clothing + veh repairs	\$ 5,551	\$ 5,551	\$ 5,551		
Total per employee	\$ 8,716	\$ 8,716	\$ 8,716		
Total PT Employee spending	\$ 43,580	\$ 61,012	\$ 87,160		
Incremental Employee Spending in City					
Incremental Jobs in Boulder	3	4	6		Based on full time resident employees only
Housing - Furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing, veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total Incr. Emp. Spend per emp.	\$ 12,457	\$ 12,457	\$ 12,457	\$ 37,371	
Total Incremental Employee Spend	35,876	53,814	71,752	\$ 161,443	
Total Non-Res Employee Spend	3,125	5,000	7,500		Aver. Weekly Spending/Non-Res. Employee \$25.00 25 weeks/yr due to seasonal nature of business
Total Resident Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$ 112,711	\$ 195,279	\$ 267,016	\$ 575,007	
Tax Rate (sales)	3.41%	3.41%	3.41%		
City Tax Rev on Total Res. Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$ 3,843	\$ 6,659	\$ 9,105	\$ 19,608	Tax rate times total spending above
Net Present Values of Tax Revenues					
Discount Rate	5%	City's estimated cost of capital			
Total Resident Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$17,566	Present Value of City taxes derived from resident, incremental and non-resident spending			
Direct Bus. Investment & Output Rev	\$44,327	Present Value of City taxes derived from business spending			
Incentive Costs	(\$34,826)	Present Value of City's incentive rebate payment			
Project Net Present Value	\$27,067	The Net Present Value of the income and expenditures above			
Benefit/Cost Ratio of Bus.+Employee Spending Projections	\$0.78	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending			
	\$1.78	Gross Return for every \$1.00 invested in incentives			

BOULDER ECONOMIC COUNCIL EVALUATION 2008 INCENTIVE PROGRAM

Company Name **Wall Street on Demand** Analysis performed using employees that live in Boulder
Sector **Data Processing, Hosting & Relat**

Company + Employee Spending Estimates	2008			2009			2010			Total 3 Yrs	Notes
	2008	2009	2010	2008	2009	2010	2008	2009	2010		
Employment				Non-Resident	196	175	195				
Full time Resident Employees	120	150	170								Co. Provided # of employees living in Boulder
Part time Resident Employees	0	0	0								
Average Compensation - FT	\$ 65,000	\$ 65,000	\$ 65,000								Increases per company
Average Compensation - PT	\$ -	\$ -	\$ -								
Total Payroll (inc Benefits and SS)	\$ 7,800,000	\$ 9,750,000	\$ 11,050,000								
Indirect Jobs Benefits to Boulder											
Jobs Multiplier - Boulder	2.99										IMPLAN Multiplier
Incremental Jobs Created	239	299	338								Reflects number of jobs created in the community as a result of the company's resident employees. Salary same level as assumed by City Finance Dept.
Average Boulder City Compensation	\$ 45,000	\$ 45,000	\$ 45,000								
Incremental Compensation	\$ 10,746,000	\$ 13,432,500	\$ 15,223,500								
Direct & Indirect FTE Jobs	359	449	508								Number of jobs created plus the company's Boulder resident employees
Direct & Indirect Payroll	\$ 18,546,000	\$ 23,182,500	\$ 26,273,500								Resulting total salaries from multiplier jobs and Co. resident jobs
Economic Output	2008	2009	2010								
Total Sales											
Local Sales											
Tax Rate %	3.41%	3.41%	3.41%								
Boulder Sales Tax Collections	\$ -	\$ -	\$ -								
Direct Business Spending in Boulder	\$ 225,000	\$ 250,000	\$ 275,000								Company \$ + Visitors: 6 nights/mo '08, 8/mo '09, 9/mo '10
Tax Rate %	3.41%	3.41%	3.41%								Spending of \$259.67/day; Source: CVB 2008 study of city visitors
Boulder Sales Tax Collections	\$ 7,673	\$ 8,525	\$ 9,378								
Direct Investment	2008	2009	2010								
Facilities Improvements	\$ 346,762	\$ 100,000	\$ 250,000								Per City Finance Dept. - On Aver. 1/2 of total project is taxed
City Factor (tax rate)	3.41%	3.41%	3.41%								Project spending per company.
City Revenues	\$ 5,912	\$ 1,705	\$ 4,263								
Capital Expenditures	\$ 3,800,000	\$ 3,900,000	\$ 4,250,000								Capital Expenditures provided by company
City Factor (tax rate)	3.41%	3.41%	3.41%								
City Revenues	\$ 129,580	\$ 132,990	\$ 144,925								407495
Permit and taxes paid above rebate	\$ 32,000	\$ 90,000	\$ 100,000								
Total City Revenues on Direct Investment	\$ 167,492	\$ 224,695	\$ 249,188								
City Tax Revenue on Co Expenditures	\$ 175,165	\$ 233,220	\$ 258,565								
Costs Data	2008	2009	2010								
Incentive Cost											
Education Rebate											
Use Tax Rebate	\$ -	\$ 50,000									Timing based upon updated data from city
Total Costs	\$ -	\$ 50,000	\$ -								
Net Present Values											
Discount Rate	5%										City's estimated cost of capital
Output & Direct Investment	\$601,719										Present Value of Taxes paid on business spending
Incentive Costs	(\$45,351)										Present Value of Incentive Payments

Project NPV \$556,368 The Net Present Value of the Income and Expenditures above

Benefit/Cost Ratio of Direct Company Spending Projections	\$12.27	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$13.27	

Boulder Jobs Multiplier includes direct, indirect and induced economic impacts.

	2008	2009	2010	Total 3 Yrs	
Resident Employee Spending					
# Res. Employees FT & PT	120	150	170		
Spending per Employee					
Housing - furnishings & mtnce	\$ 3,409	\$ 3,409	\$ 3,409		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,660	\$ 2,660	\$ 2,660		National Expenditures: \$50k- \$69.9K income before taxes
Food, clothing + veh repairs	\$ 8,996	\$ 8,996	\$ 8,996		
Total per employee	\$ 15,065	\$ 15,065	\$ 15,065		
Total Employee spending	\$ 1,807,800	\$ 2,259,750	\$ 2,561,050	\$ 6,628,600	
Incremental Employee Spending in City					
Incremental Jobs in Boulder	239	299	338		
Housing - Furnishings & mtnce	\$ 2,534	\$ 2,534	\$ 2,534		Bureau of Labor Statistics: Consumer Expenditures Survey 2007
Entertainment	\$ 2,029	\$ 2,029	\$ 2,029		National Expenditures: \$40k-\$49.9K income before taxes
Food, clothing, veh repairs	\$ 7,894	\$ 7,894	\$ 7,894		
Total Incr. Emp. Spend per emp.	\$ 12,457	\$ 12,457	\$ 12,457	\$ 37,371	
Total Incremental Employee Spend	2,974,732	3,718,415	4,214,203	\$ 10,907,349	
Total Non-Res Employee Spend	245,000	218,750	243,750		Aver. Weekly Spending/Non-Res. Employ \$25.00 50 weeks/yr multiplied by # of non-res. Employees
Total Resident Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$ 5,027,532	\$ 6,196,915	\$ 7,019,003	\$ 18,243,449	
Tax Rate (sales)	3.41%	3.41%	3.41%		

City Tax Rev on Total Res. Emp & Incr. Emp Spend + Non-Res. Wkly spend \$ 171,439 \$ 211,315 \$ 239,348 \$ 622,102 Tax rate times total spending above

Net Present Values of Tax Revenues

Discount Rate	5%	City's estimated cost of capital
Total Resident Emp & Incr. Emp Spend + Non-Res. Wkly spend	\$561,702	Present Value of City taxes derived from resident, incremental and non-resident spending
Direct Bus. Investment & Output Rev	\$601,719	Present Value of City taxes derived from business spending
Incentive Costs	(\$45,351)	Present Value of City's incentive rebate payment
Project Net Present Value	\$1,118,069	The Net Present Value of the income and expenditures above

Benefit/Cost Ratio of Bus.+Employee Spending Projections	\$24.65	Net Return for every \$1.00 invested in incentives - based on Co. and employee spending
	\$25.65	