



INFORMATION PACKET MEMORANDUM

To: Members of City Council

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Date: April 29, 2013

Subject: Information Item: Report on Business Incentive Programs: Flexible Rebate and Microloan Programs

EXECUTIVE SUMMARY

This memorandum provides a report on the city's business incentive programs, including a return on investment analysis on the 2011 flexible rebate program and an update on the 2011-2012 microloan program.

The flexible rebate program authorizes the City Manager to approve a rebate of building permit fees and taxes, and sales and use tax paid on fixed assets for Boulder primary employers, provided certain sustainability guidelines are met. Companies must submit receipts to the city showing the eligible taxes and fees have already been paid in order to be reimbursed, and must pay the taxes and fees in a three year period (2011-2013). Of the \$350,000 budgeted in 2011 for the program, \$281,000 was approved for six companies. A return on investment analysis completed by the Boulder Economic Council (BEC) indicates that the city will receive a net return of \$728,746 over the three year period 2011-2013, or \$2.96 for every dollar rebated.

The microloan program - which is a public-partnership between the City of Boulder, several local banks, and the Colorado Enterprise Fund (CEF) - began in 2009 during the economic downturn when banks were particularly constrained. A total of 31 loans have been distributed to businesses since the program's inception and include restaurants, service companies, childcare centers, and hair salons.

FISCAL IMPACT

This memorandum further analyzes the fiscal impact of both the 2011 flexible rebate and 2011-2012 microloan programs. The approved budget for the 2011 flexible rebate program was \$350,000, of which \$281,000 was approved by the City Manager for rebates. Of the \$69,000 in unapproved 2011 funds, \$45,000 was used to supplement the flexible rebate budget and meet the increased demand for applications in 2012.

In the two rounds of funding since inception of the microloan program in 2009, the city has invested a total of \$150,000. The approved 2013 budget includes \$50,000 for the city's contribution to the microloan program's next round of funding.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS

Economic: Business incentives encourage the retention of existing primary employers and their investment in facilities and equipment and in some cases has been used to encourage new primary employers to locate to Boulder. These businesses produce city revenues such as various sales, use, and property taxes, and permitting fees from remodeling and construction projects, as well as "spin-off" city revenues from hotel, restaurant, retail, and catering expenses.

Environmental: Encouraging primary employers to remain and expand in Boulder rather than moving to other cities may keep these employers closer to transit service and bicycle routes and may also result in shorter commute distances for employees. In order to be eligible for the 2011 flexible rebate program, companies were required to meet community sustainability guidelines, which addressed a wide range of topics including:

- energy use;
- waste reduction programs; and
- alternative transportation.

Social: A healthy and diverse economy will allow Boulder to generate tax revenues sufficient to fund the community's social safety net. Business incentives encourage a strong economy. In addition, to be eligible for the 2011 flexible rebate program, companies were required to meet a minimum of social sustainability guidelines, including:

- a minimum average wage;
- health insurance;
- support for non-profit agencies; and
- housing assistance

BACKGROUND

Flexible Rebate Program

The city's economic vitality (EV) program, a public-private collaboration to build the long-term sustainability of the community, includes efforts in business assistance, business retention and expansion, partnerships and sponsorships, and business incentive programs. In the flexible rebate incentive program, the city manager is authorized to consider approval of rebates of certain taxes and fees to primary employers in the city, provided that the companies meet eligibility requirements and sustainability guidelines on the program application. The BEC has

conducted return on investment analyses on the 2007 through 2011 flexible rebate programs as part of its contract for consulting services with the city.

Eleven applications were received for the 2012 flexible rebate program; two were withdrawn and nine were approved for rebates ranging from \$25,000 to \$80,000. The applicants covered a wide range of industries, including the outdoor industry, software, medical devices, and craft brewing. Of these applicants, eight companies decided to expand in Boulder and one company relocated to Boulder.

Microloan Program

With the economic downturn that began in late 2008, the city, the BEC, CEF, and several local banks launched the program in 2009 with \$325,000 in loan capital. The mission of this fund is to provide access to capital for small businesses that would like to remain in Boulder. This program serves small businesses that cannot obtain financing through traditional sources, but who are capable of sustaining a business and repaying debt. Recipients have included Boulder Homemade Ice Cream, Café Aion, LLC, ANCO Engineers, and WishGarden Herbs.

ANALYSIS

2011 Flexible Rebate Program

The city awarded \$281,000 to six primary employers in 2011, with individual rebates ranging from \$10,000 to \$85,000. The following six companies met the required sustainability guidelines and eligibility requirements:

- **Biodesix:** A biotechnology company that develops specialized medical tests. The \$60,000 flexible rebate was an important factor in the company's decision to move to Boulder in 2011.
- **Eetrex:** A clean tech company that develops power electronics and battery systems for electric vehicles, telecommunications, and the computing industry. The \$26,000 rebate helped offset the costs of expanding into a new, renovated facility.
- **juwi Wind:** A wind energy company, juwi Wind's \$15,000 rebate helped the company renovate their new location in Boulder.
- **LogRhythm:** A fast growing IT security company, LogRhythm received an \$85,000 rebate to assist with the costs of moving into a larger space in Boulder.
- **Salewa North America:** An outdoor clothing and mountaineering equipment company, the \$10,000 rebate allowed Salewa to move their North American headquarters into a larger space within Boulder.
- **Tendril Networks:** A clean tech company that develops software to manage residential energy use used an \$85,000 rebate to offset the cost of staying in Boulder and moving into a larger office, while dealing with significant changes in the industry.

Financial Return- All Rebate Recipients

An ROI analysis for each rebate application was performed by city staff to ensure that the projected revenue generated by the company supports the cost of the rebate to the city. The analysis also considered the spending generated by local employees and uses a flat jobs multiplier of 1.5. **ATTACHMENT A** is the BEC report, which takes into further consideration

the broader economic impacts that a company has on the community and uses a 2011 IMPLAN jobs multiplier based on specific industry's NAICS codes.

Based upon these conservative assumptions, on a net present value basis, the city will recoup a net \$728,746 over the three-year period. Three years is the period the companies agree to remain in Boulder in exchange for the rebate. Each company signs a rebate agreement stating that the company will return the rebate if the company ends its business presence in Boulder within three years. The return shows that for every one dollar invested in rebate incentives, the city will recoup a net \$2.96 on a net present value basis. The mix of types and sizes of businesses that receive a rebate helps the overall financial return to the city and also meets the city's goals of helping smaller companies grow while having larger companies remain and expand in Boulder.

The 2011 return of \$2.96 for every \$1.00 invested is down from a return of \$10.93 in 2010 and \$28.89 in 2009. This is due to several key factors:

- The size of the companies, their projects, and the dollar amount of the rebates approved
- Some 2011 rebate companies were unable to meet the projections made on their application because of:
 - Changes in federal policies that affected the clean tech industry
 - Changes in key personnel and strategic direction as a result of industry changes

Financial Return – Business Retention

Businesses that received rebate approvals reported to the BEC that the program encouraged them to expand here and helped offset costs associated with their growth in Boulder. The report separates out those five rebate recipients that indicated that the incentive had a bearing on their decision to expand in Boulder, rather than move elsewhere. These 2011 “retained businesses” are Eetrex, juwi Wind, Salewa, LogRhythm, and Tendril and the net return on these businesses is positive at \$3.69 on every \$1.00 invested.

Social and Environmental Sustainability

The flexible rebate program supports the city's commitment to environmental sustainability and the social well being of the community and its employees. Rebate recipients must commit to complying with a minimum number of sustainability guidelines. The range of available guidelines makes it possible for large and small companies to choose the guidelines that best fit their company. For example, all of the 2011 recipients have some level of philanthropic involvement with the community and several companies are also engaged in efforts to reduce waste and accommodate the transportation needs of their employees. Highlights of sustainability guideline compliance are in the BEC report.

“Intangible” Benefits

When speaking to local primary employers, city staff often refers to the flexible rebate program as a way of “investing in the companies that are investing in Boulder”. Employer feedback indicates that the program has a positive influence on business attitudes toward the city. With a relatively modest budget compared to some neighboring and “competing” communities, the program has been an effective tool for business retention and attraction, often serving as the “tipping point” for companies' decisions to move to or stay in Boulder. The program continues to demonstrate a positive financial return.

Microloan Program

For the two initial rounds of funding, the city has invested a total of \$150,000. As of December 2012, the fund totaled \$700,000. The 2013 approved budget includes an additional \$50,000 city contribution to the microloan program. Additional program details can be found in the CEF report in **ATTACHMENT B**.

Loan Activity

The following small businesses received microloans from August 2011 through December 2012:

- **The White List, LLC** is a wedding planning services company.
- **Move Sport, Inc.** is a manufacturer of sporting goods for running and biking.
- **Joycare Infant & Toddler Center** is a Gunbarrel non-profit childcare provider.
- **Photocrati Media, LLC** produces premium WordPress-based website templates.
- **Rhymer Retail, Inc.** is operating as a 7-11 Convenience Store in Boulder.
- **Natural Design Solutions, Inc.** is a landscape architecture and planning consultant.
- **Dash Cycles, LLC** designs, develops and manufactures innovative bicycle equipment.
- **Dragonfly Coffee Roasters, LLC** is a wholesale and retail coffee roaster.
- **Impact Services, Inc.** provides tax and accounting services.
- **Boulder Vision Associates, Inc.** provides eye care and optical services.
- **University Parent Magazines, Inc.** provides customized college resources for parents.
- **Thermal Clean, LLP** is a bedbug remediation company.

Of the 12 loans that have been closed:

- Amounts range from \$13,000 to \$130,000;
- Terms range from 36 to 72 months; and
- Interest rates range from 9% to 11.5%.

Program Results

- 55% of these businesses are owned by women
- 9% of these businesses are minority-owned
- 30 child care slots were created in child care facilities
- 121 jobs were created or maintained

Because CEF has issued loans to supplement the microloan fund, the direct impact on access to loan capital in the Boulder business community has been 33% greater than the investment made by the funding partners.

NEXT STEPS

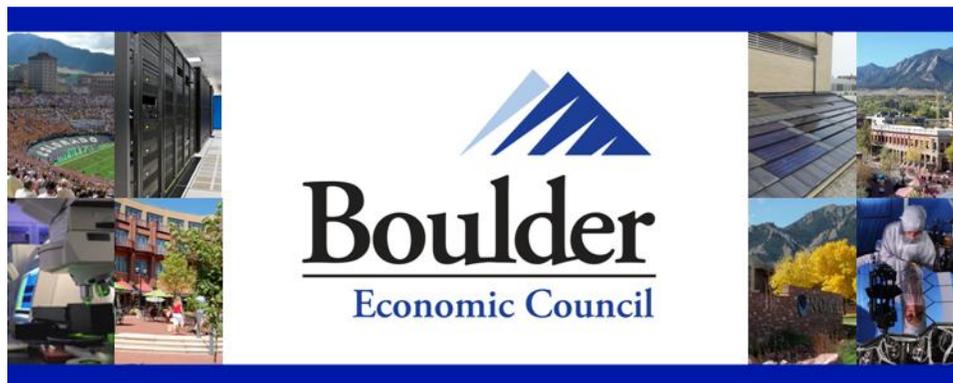
City staff will continue implementing the 2011 and 2012 rebate approvals. Through business outreach meetings, the details and benefits of the 2013 rebate program have been reviewed by staff with several potential applicants. The 2013 program has an approved budget of \$350,000 and an application deadline of November 22, 2013.

Staff from both CEF and the city will coordinate on the next round of funding for the microloan program and work with small businesses to assess their need and fit with the program.

ATTACHMENTS

Attachment A: Return on Investment Analysis on the 2011 Flexible Rebate Program
- Report to the City of Boulder by the Boulder Economic Council

Attachment B: Overview of 2011-2012 Boulder Microloan Fund



ROI Analysis

City of Boulder Flexible Rebate Program

March 2013

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Executive Summary

The City of Boulder's Flexible Rebate Program continues to be a useful and cost-effective tool for retaining businesses, based on a return on investment (ROI) analysis conducted by the Boulder Economic Council (BEC).

In 2011, rebates were approved for six Boulder primary employers that contribute to the economic, environmental, and social sustainability of the community and agreed to stay in Boulder for at least three years. The companies planned to use the funds to help offset costs associated with their growth and expansion and make their operations more sustainable.

The rebates approved in 2011 ranged from \$10,000 to \$85,000 for a total of \$281,000. Based on an analysis of projected employment and wages provided by rebate recipients for the three year period (2011-2013) covered by the rebate, the City will receive an estimated net return of \$728,746 or \$2.96 for every \$1 invested, through:

- Sales taxes paid on business sales in Boulder
- Taxes on business capital expenditures and facility improvements in Boulder
- Building permit fees paid to the city, and
- Sales taxes paid on purchases by direct and indirect employees and visitors.

In addition, the rebate recipients will create new jobs and are committed to supporting the Boulder community through paying higher than average wages and programs for philanthropy, energy consumption, waste reduction, and reduced transportation. Commitments in these areas align with the City's goals for environmental and social sustainability.

Program participants included companies in a range of industries including software, clean tech, medical devices, and outdoor recreation. When the companies submitted their applications in 2011, they ranged in size from 8 to 182 employees for a total of 455 workers. In 2013, they expect to employ a total of 498 workers for an increase of 9%.

Company	Industry	2011 employees	2013 employees	Rebate Awarded	Net Return on \$1
Tendril Networks	Cleantech	182	65	\$85,000	\$3.09
LogRhythm	Software	154	290	\$85,000	\$5.42
Biodesix	Medical Devices	64	77	\$60,000	\$.19
juwi Wind	Cleantech	24	24	\$15,000	\$2.45
Eetrex	Cleantech	23	28	\$26,000	\$1.22
Salewa	Outdoor	8	14	\$10,000	\$2.73
Total		455	498	\$281,000	\$2.96

Five of the companies were considering locations outside the city and the rebates they received influenced their decisions to remain in Boulder.

Detailed Summary of Results

Background

Since 2007, the City of Boulder has offered business incentives through its Flexible Rebate Program to help eligible businesses expand in Boulder. The program is part of the City's ongoing effort to support the economic vitality of the city through outreach, assistance, and recognition of local businesses. (See Appendix C for more information.)

To be eligible for the program, businesses are required to be primary employers, defined as generating more than half of company revenue from sales outside Boulder County. They are also required to reflect the values and goals of Boulder, demonstrated by commitment to environmental and social sustainability of the community, and to agree to remain in the city of Boulder for at least three years. Funds are reimbursed only as companies submit receipts to the city showing that qualifying taxes and fees have been paid to the City.

The City of Boulder hired the Boulder Economic Council (BEC) to provide an objective evaluation of the effectiveness of the program each year, including a return on investment (ROI) analysis.

Methodology

At the time each company applied for a rebate, the City's Finance Department performed 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 cover the cost of the incentive. They also looked at the spending expected to be generated by local employees and used a flat jobs multiplier of 1.5.

The BEC built upon the City's analysis and took into further consideration the broader economic impacts that businesses have on the community. Key refinements to the analysis include the following:

- Use of a 2011 IMPLAN job multiplier specific to the industry code (NAICS) that each company falls within
- Use of 2011 Bureau of Labor Statistics spending data based upon the average wages paid by each company
- A conservative estimate of average weekly expenditures for non-resident employees of \$25/week
- An assignment of value for visitor overnight stays based on Convention and Visitor's Bureau data from 2012.

See Appendix B for more information on data sources, assumptions, and methodology.

2011 Program Highlights

The City of Boulder approved \$281,000 in tax/fee rebates for six primary employers in 2011.



Tendril Networks, a clean tech company that provides hardware and software to help manage residential energy use



LogRhythm, a rapidly growing IT company that specializes in system security



Biodesix, a rapidly growing biotechnology company that develops specialized medical tests



juwi Wind, a clean tech company that develops wind energy projects



Eetrex, a clean tech company that is developing chargers and inverter chargers



Salewa, an outdoor company that makes specialized clothing and gear for mountaineering

All of the companies were at “transition points” in their operations and indicated they plan to use the funds to help offset costs associated with growth and expansion and make their operations more sustainable. In all cases, the rebates were a factor in their decision to remain in Boulder or relocate their business to the city.

- **Tendril Networks** has been dealing with significant changes in the industry which resulted in a company restructuring. The company found the rebate to be very important in helping offset costs associated with their decision to remain in Boulder.
- **LogRhythm** used their rebate to help support the company’s move into a larger facility in 2012, increasing their presence in Boulder. The new facility included technology upgrades to improve customer service, and the additional space will enable the company to continue to hire new employees.
- Receiving a rebate from the City provided an additional incentive to **Biodesix** for moving the company’s headquarters from Broomfield to Boulder in 2012.
- The rebate will help **juwi Wind** continue to invest in North American wind energy.
- **Eetrex** plans to use their rebate to expand programs that encourage employees to use alternate transportation and lower the company’s carbon footprint.
- **Salewa North America** moved within Boulder to a new location in 2011. The new facility more than doubled available workspace and provided space for additional expansion and further development of the company’s state-of-the-art technology.

The mix of types and sizes of businesses is in line with the city’s goals of assisting a variety of business. Anecdotal evidence suggests that the Flexible Rebate program is effectively building goodwill within the Boulder business community toward the city and is one of many efforts that help to illustrate the city’s interest in supporting business.

The six companies employed a total of 455 full- and part-time workers when they applied for rebates in 2011. The smallest company, Salewa, had 8 employees and the largest, Tendril Networks, had 182 employees. Despite changing circumstances that led to lower employment projections for two of the companies, 2011 rebate recipients are expected to add a total of 43 new jobs by the end of 2013 for a total of 498 workers or an increase of 9%.

Nearly half (46%) of the individuals employed by rebate recipients reside in Boulder, compared to an estimated citywide average of 34%.

Financial Return on Investment – All Rebate Recipients

Our analysis indicates that for every dollar invested in rebate incentives for 2011 Flexible Rebate Program recipients, the city is expected to gain nearly three dollars in revenue. Based on the information provided by the companies that received rebates and assumptions made in the financial analysis, it is estimated that the City of Boulder will recoup a net \$728,746 (net present value) over the three-year period the companies agreed to remain in Boulder.

The table below summarizes the rebates approved and financial return on investment for 2011 Flexible Rebate Program participants. The net return on each \$1 authorized for rebates is estimated to range from \$.19 to \$5.42 for an overall net return of \$2.96.

Summary of Financial Return – 2011 Flexible Rebate Recipients (2011-2013)						
@5% Cost of Capital	Rebate Awarded	Rebate Present Value	Inflow Present Value	Net Present Value	Gross or Total Return on \$1	Net Return on \$1
Tendril Networks	\$85,000	(\$77,098)	\$315,320	\$238,223	\$4.09	\$3.09
LogRhythm	\$85,000	(\$73,426)	\$471,564	\$398,138	\$6.42	\$5.42
Biodesix	\$60,000	(\$51,830)	\$61,652	\$9,822	\$1.19	\$.19
juwi Wind	\$15,000	(\$12,958)	\$44,644	\$31,687	\$3.45	\$2.45
Eetrex	\$26,000	(\$22,460)	\$49,790	\$27,330	\$2.22	\$1.22
Salewa	\$10,000	(\$8,638)	\$32,185	\$23,546	\$3.73	\$2.73
Total – all companies	\$281,000	(\$246,410)	\$975,155	\$728,746	\$3.96	\$2.96

Note: The net return represents the current value of income to the City of Boulder over the three years less the current value of the expenditures (rebates paid).

The net return in 2011 of \$2.96 for every \$1.00 invested is lower than in previous years due to a number of factors, including:

- On average, 2011 rebate recipients were smaller companies with fewer employees than recipients in previous years. The number of employees affects projected employee spending and sales tax revenue in return on investment calculations.
- Three of the companies are in clean tech, an industry that has been significantly affected by the economic downturn and changes in federal policies which led to changes in strategic direction for the companies, and adjustments to projections they made on their applications.

It is important to note that those companies affected by changing conditions found the assistance provided by the Flexible Rebate Program to be particularly important during challenging times. Despite the challenges they faced, the companies have remained in Boulder and are poised for future growth.

Financial Return on Investment – Retained Businesses

Of the six companies that were approved in 2011 to receive incentives through the Flexible Rebate Program, five were considering moving their business to another location outside the city. These companies, listed below, indicated the awards they received helped influence their decisions to remain in Boulder.

A return on investment analysis of the five businesses who were retained through the program indicates the City of Boulder will recoup an estimated net \$718,924 (net present value) over the three-year period the companies agreed to remain in Boulder for a net return of \$3.69 on each \$1 authorized for rebates to those companies.

Summary of Financial Return – 2011 Flexible Rebate Recipients Retained (2011-2013)						
@5% Cost of Capital	Rebate Awarded	Rebate Present Value	Inflow Present Value	Net Present Value	Gross or Total Return on \$1	Net Return on \$1
Tendril Networks	\$85,000	(\$77,098)	\$315,320	\$238,223	\$4.09	\$3.09
LogRhythm	\$85,000	(\$73,426)	\$471,564	\$398,138	\$6.42	\$5.42
juwi Wind	\$15,000	(\$12,958)	\$44,644	\$31,687	\$3.45	\$2.45
Eetrex	\$26,000	(\$22,460)	\$49,790	\$27,330	\$2.22	\$1.22
Salewa	\$10,000	(\$8,638)	\$32,185	\$23,546	\$3.73	\$2.73
Total – retained companies	\$221,000	(\$194,580)	\$913,503	\$718,924	\$4.69	\$3.69

Note: The net return represents the current value of income to the City of Boulder over the three years less the current value of the expenditures (rebates paid).

Since the program was introduced in 2007, a total of 35 companies have been approved for rebates totaling \$1,658,480. The total net return to the city is projected to be \$18,322,175 or \$12.28 for every \$1 invested. The ROI has varied from year to year depending on the mix of companies participating in the program and economic conditions.

Program Funding and Returns: 2007 – 2011						
Year	Number of Companies	Program Funding	Rebates Approved	Present Value of Approved Rebates	Total Net Present Value Return to City	Net Return on \$1*
2007	7	\$500,000	\$500,000	(\$454,661)	\$6,096,276	\$14.41
2008	8	\$350,000	\$322,135	(\$284,752)	\$2,498,800	\$8.78
2009	7	\$350,000	\$209,979	(\$193,216)	\$5,582,354	\$28.89
2010	7	\$350,000	\$345,366	(\$312,536)	\$3,415,999	\$10.93
2011	6	\$350,000	\$281,000	(\$246,410)	\$728,746	\$2.96
Total	35	\$1,900,000	\$1,658,480	(\$1,491,575)	\$18,322,175	\$12.28

* Net of current value of income to city over the three years less current value of rebates paid

The table below summarizes the same information for only the companies that were retained in Boulder as a result of the Flexible Rebate Program.

Retained Businesses - Program Funding and Returns: 2007 – 2011					
Year	Number of Companies	Rebates Approved	Present Value of Approved Rebates	Total Net Present Value Return to City	Net Return on \$1*
2007	4	\$250,422	(\$228,018)	\$2,119,331	\$18.11
2008	3	\$150,000	(\$130,040)	\$418,709	\$2.22
2009	3	\$119,963	(\$111,077)	\$488,819	\$4.40
2010	3	\$150,000	(\$136,053)	\$613,162	\$4.51
2011	5	\$221,000	(\$194,580)	\$718,924	\$3.69
Total	18	\$891,385	(\$799,768)	\$4,358,945	\$5.45

* Net of current value of income to city over the three years less current value of rebates paid

ROI figures were calculated based on the amount of approved rebates rather than the rebates that had been issued to companies. Not all companies have submitted receipts to collect the full amount of their approved rebate, as shown in the table below. As a result, net returns may actually be higher than our analysis shows.

Program Funding and Rebates: 2007 - 2011				
Year	Number of Companies	Program Funding	Rebates Approved	Rebates Issued as of March 2013
2007	7	\$500,000	\$500,000	\$458,998
2008	8	\$350,000	\$322,135	\$245,017
2009	7	\$350,000	\$209,979	\$195,588
2010	7	\$350,000	\$345,366	\$277,108
2011	6	\$350,000	\$281,000	\$178,638
Total	35	\$1,900,000	\$1,658,480	\$1,355,349

Note: 2010 and 2011 rebate recipients are still submitting receipts

Community Sustainability

The foundation of the City's Flexible Rebate Program is a belief that growing, retaining, and attracting businesses to Boulder is necessary for its economic sustainability. The program has also been designed to support the City's commitment to environmental and social sustainability. The companies that were awarded incentives in 2011 have demonstrated they are taking actions that help meet the City's goals of reducing waste and energy consumption, increasing the use of alternative transportation by workers, and supporting the social well being of the community. The average wages paid by all of the companies that were awarded rebates in 2011 exceed the average for Boulder County.

2011 program participants are actively engaged in actions or practices to reduce energy consumption and mitigate their and others' impact on the environment. Examples of commitments of the companies have made include:

- **Eetrex** is a 10 for Change Challenge member and will request EnergySmart Training. They have gone through an energy audit and are implementing the suggestions.
- **juwi Wind** will participate in the 10 for Change Challenge and the EnergySmart Training.
- **LogRhythm** will request an energy assessment, participate in the 10 for Change Challenge, participate in the EnergySmart program, and purchase renewable energy credits that will offset 25% of energy use.

The companies are also engaged in waste reduction efforts, and have taken steps to reduce employee transportation needs. Examples include:

- **juwi Wind** already participates in a mixed paper and comingled containers recycling program and will be implementing an environmental purchasing policy and have already made purchases of Energy Star Efficient equipment.
- **Tendril** has a rigorous single stream recycling program.
- **Biodesix** will work with GO Boulder to develop, implement, and monitor a program designed to reduce employee commuting.
- **LogRhythm** encourages commute reduction efforts on the part of its workers. Telecommuting is encouraged when appropriate.
- **Salewa** participates in the Eco Pass program and has implemented an environmental purchasing policy.

All of the 2011 recipients have some level of philanthropic involvement with the community. These range from paid time for employees to volunteer for non-profits to direct donations. Examples of support provided by the companies include:

- **Eetrex** actively supports Boulder's arts, cultural, and non-profit sector by granting workers the equivalent of at least one paid day off per year to employees who use the time to support a Boulder County non-profit entity.
- **Salewa** offers a "give-back" day each year to employees who volunteer.
- **LogRhythm** has program to encourage employee volunteering.
- **Tendril** donated \$5,000 to the UCB Foundation in 2011.

Conclusion

The City of Boulder's Flexible Rebate Incentive Program has continued to generate a positive return on investment while providing the Boulder City Manager with an important and effective tool to help retain, grow, and attract businesses that align with Boulder's values and goals.

Other aspects of the program that contribute to its success include:

- A careful selection process, which includes a preliminary ROI calculation, wage and employment projections, and projected expenditures in the community.
- Strong demonstration of the City's interest in businesses and opportunity to make companies feel appreciated by "the city."
- Opportunity for the City to build stronger relationships with businesses. To receive the rebate, companies interacted with city staff who visit their place of business and work with them on permits and applications.
- Ability to mitigate at least some of the extra cost participating businesses have incurred to remain or expand in Boulder.
- Publicity for growing companies through City press releases announcing Flexible Rebate Program awards.

Overview of 2011 Flexible Rebate Recipients

The following pages provide individual overviews of the following companies that received Flexible Rebates in 2011:

- Tendril Networks
- LogRhythm
- Biodesix
- juwi Wind
- Eetrex
- Salewa



Tendril Networks



Tendril is a privately-held Software as a Service (SaaS) company founded in 2004 that helps utilities and energy retailers deliver better approaches to energy efficiency and demand management to their customers. The company’s applications, services and products enable residential energy customers to fully understand how and where they are using power and then motivate them to take the steps needed to set and meeting

personalized energy management and cost containment goals. The software can achieve energy efficiency savings of 1 to 3 percent on the low end and up to 25% on the high end, depending on the application being used and the associated level of engagement by the customer.

Underpinning all Tendril applications and products is its cloud-based, scalable platform of the energy Internet. Some 500 third-party applications developers are currently part of the ecosystem of partners crating apps on the platform. Tendril works with customers on three continents and has almost 4 million households on its platform. Tendril solutions are helping energy providers and their customers lower costs and environmental impacts and are enabling utilities to curtail infrastructure investments, improve grid security and reliability, and improve customer satisfaction levels.

“We are still a small company and every dollar counts towards helping us grown and continue in our success...This will give us the space we need [to grow].”

Tendril is headquartered in Boulder and embraces the city’s commitment to enhanced environmental sustainability. The company plans to request an energy assessment, participate in the 10 for Change Challenge and request Energy Smart Training; donated \$5,000 to the UCB Foundation in 2011; has a rigorous single stream recycling program; and participates in RTD's Eco Pass program. Tendril invests in Boulder by employing residents and procurement of goods and services. That support of the local community is expected to increase with the company's growth. At the time of the submission, that growth was expected to be at least 5% per year; however, those growth projections were revised downward after company restructuring in 2012.

The rebate will help Tendril continue to remain a growing and viable Boulder-based company.

Company	Rebate	Outflow (Rebate) Present Value	Inflow (Taxes) Present Value	Net Present Value	Gross Return on \$1	Net Return on \$1
Tendril	\$85,000	(\$77,098)	\$315,320	\$238,223	\$4.09	\$3.09

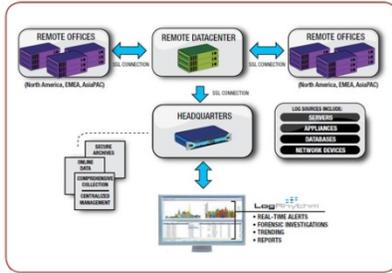
	2011	2012*	2013
Total Employees: Full/Part Time	182	145	65
Resident Employees – Full & Part Time	147	48	48
Multiplier Effect - Jobs Created	119	41	41

*average # of employees (ranged from 70 – 220 in 2012)

Detail Analysis Attached (Appendix A)



LogRhythm



LogRhythm was founded in 2003 in Washington DC under the name Security Conscious, Inc. and has since relocated to Boulder and changed its name to LogRhythm. The U.S. headquarters are in Boulder, and the company has additional offices in the U.K., France, Germany, and Hong Kong. The company provides an IT platform that allows organizations to comply with regulations, secure their networks, and optimize IT operations.

The rebate helped support the company's move into a new Boulder facility in 2012, increasing LogRhythm's presence in Boulder. According to the company's application, "the new facility will allow the company to continue to target 50% annual sales growth for the foreseeable future and project job growth by more than 60% through 2013. As well, the new facility will help LogRhythm attract (and retain) top talent into Boulder by providing a more modern feel and state of the art facilities. The technology upgrades in the new facility will increase onsite trainings and allow for better customer service (In 2012, there were about 500 hotel room nights booked in conjunction with these trainings). This will allow the company to increase market share and enhance a revenue stream that will foster further growth."

"The new facility will help LogRhythm attract (and retain) top talent into Boulder by providing a more modern feel and state-of-the-art facilities."

LogRhythm officials have indicated that the company chose Boulder to be the home of its headquarters "due to the city's economic vitality, sustainable and vibrant culture, and central proximity to its employment base. In addition, the company has taken its role as a corporate citizen very seriously, and makes significant efforts to positively impact the City of Boulder in all facets, while at the same time creating a strong work environment and employee atmosphere."

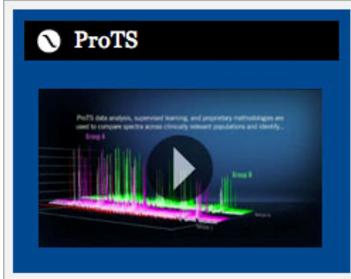
The company has a volunteer program for 1/2 day in the fall and spring with pay; plans to request an energy assessment, participate in the 10 for Change Challenge and EnergySmart program, and purchase renewable energy credits that will offset 25% of energy use; has an active recycling program that includes large amounts of cardboard; and encourages commute reduction efforts on the part of its workers including telecommuting when appropriate.

Company	Rebate	Outflow (Rebate) Present Value	Inflow (Taxes) Present Value	Net Present Value	Gross Return on \$1	Net Return on \$1
LogRhythm	\$85,000	(\$73,426)	\$471,564	\$398,138	\$6.42	\$5.42

	2011	2012	2013
Total Employees	154	237	290
Resident Employees – Full & Part Time	29	39	52
Multiplier Effect - Jobs Created	23	30	38

Detail Analysis Attached (Appendix A)

Biodesix



Biodesix is a molecular diagnostics company founded in 2005. The company develops diagnostic tests for earlier disease detection, more accurate diagnosis, disease monitoring, and better therapeutic guidance which may lead to improved patient outcomes. Biodesix discovers, develops and commercializes multivariate protein diagnostics based on their proprietary mass spectrometry based discovery platform, ProTS®. The company moved its headquarters to Boulder in 2012 to accommodate expected growth. It eventually plans to move two additional labs to the new Boulder location, a move that is enabled by “the fit of the building, the proximity to current employees, and the proximity to a strong community for the biotechnology industry.”

Biodesix is a rapidly growing biotechnology company that plans to add approximately six positions in Boulder by the end of 2013. "Biodesix offers health insurance to all full-time employees. Workers are given a range of health/dental/vision insurance options. Depending on the coverage chosen, Biodesix, on average, pays for between 90-100% of premium costs for each employee."

The rebate program offered by Boulder was an additional incentive which, according to the company’s application, "will help the company with the costs associated with construction of 2970 Wilderness Place and enable the company to continue along its successful growth path. Between permit fees, construction use tax, and capital expenditure use tax, Biodesix has the potential to bring a considerable amount of revenue to Boulder. In addition, the company often entertains clients, caters in-house meetings, and uses local hotels for out of town sales employees. It is anticipated that the majority of these activities will likely occur in Boulder."

The program will “enable the company to continue along its successful growth path.”

Biodesix donates \$25 or more per year for each full-time employee to a Boulder County based arts, cultural, or service non-profit entity, plans to participate in the 10 for Change Challenge and EnergySmart Training, has implemented an environmental purchasing policy and a zero waste program, and plans to implement an employee trip reduction program with the assistance of the GO Boulder staff.

	Rebate	Outflow (Rebate) Present Value	Inflow (Taxes) Present Value	Net Present Value	Gross Return on \$1	Net Return on \$1
Biodesix	\$60,000	(\$51,830)	\$61,652	\$9,822	\$1.19	\$.19

	2011	2012	2013
Total Employees	64	74	77
Resident Employees – Full Time & Part time	8	9	9
Multiplier Effect - Jobs Created	6	7	7

Detail Analysis Attached (Appendix A)



juwi Wind



juwi Wind is part of the juwi Group, a German-based renewable energy developer active in wind, solar, and bio energy on five continents. juwi Wind has in-house capabilities for site identification and evaluation, land leasing, wind resource assessment, environmental and permitting, grid connection, finance construction, and operations.

The company moved its North American headquarters from Cleveland to Boulder in August 2010. The office in Boulder opened with four employees and by the end of 2011, had grown to 17 employees. Seven employees relocated from other states to Colorado to work in the Boulder office. The company has faced challenges relating to policy decisions regarding renewable energy incentives. It has been proactive in encouraging the use of renewable energy and in supporting state and federal policies that encourage its usage. juwi Wind is confident about the products and services it offers and expects continued employment growth in the years ahead. To the extent possible, it will recruit local talent, but it will be necessary to also relocate workers from other parts of the United States. The company is committed to building business and community partnerships to "establish projects that bring economic development to rural areas; provide clean renewable energy to the power supply; and strengthen the economy by adding jobs in the wind industry".

Participation in the Flexible Rebate Program "will allow juwi to continue to invest in its North American wind energy projects and juwi team."

juwi Wind has visitors throughout the year to its Boulder office. The company also supports alternative transportation methods as well as flexibility around commuting; participates in a mixed paper and comingled containers recycling program, will be implementing an environmental purchasing policy and have already made purchases of Energy Star Efficient equipment; and will participate in the 10 for Change Challenge and the EnergySmart Training.

Participation in flexible rebate program will positively impact the company as "it will allow juwi to continue to invest in its North American Wind Energy projects and juwi team."

Company	Rebate	Outflow (Rebate) Present Value	Inflow (Taxes) Present Value	Net Present Value	Gross Return on \$1	Net Return on \$1
juwi Wind	\$15,000	(\$12,958)	\$44,644	\$31,687	\$3.45	\$2.45

	2011	2012	2013
Total Employees	24	22	24
Resident Employees – Full & Part Time	9	10	13
Multiplier Effect - Jobs Created	8	9	10

Detail Analysis Attached (Appendix A)



Eetrex



Eetrex develops technology for the clean transportation and energy sectors, with a focus on chargers and inverter chargers. The company was founded in 2006, and moved their office in June 2011, from a smaller office space in Boulder, to a larger space

within the city limits. At this location, Eetrex has the ability to expand in a contiguous space as the company grows. Methode Electronics is its majority investor and manufacturing partner.

When looking for new space, Eetrex considered buildings in Broomfield, Lafayette, and Louisville. "There is always pressure to look for rental office space in the lowest cost areas, which are more likely in Boulder County, and not within the City limits. The rebate program helped offset higher rent in Boulder. Specifically, it helped make the case to Methode Electronics that staying in Boulder has a number of advantages, including some tax relief."

"The rebate program helped offset higher rent in Boulder."

According to the company, with this rebate "Eetrex hopes to expand financial incentives for employees to commute by bus, bike or car pool, and to offer financial support for joining a health club or other recreation class. Those are the most immediate benefits that can be offered as a result of the rebate that will lower the company's carbon footprint".

Company officials have indicated that Eetrex's location benefits the community through increased tax revenue from Methode employees who stay in local hotels and spend money on food services at least ten days per month and employees who patronize local eating spots. The company also regularly recruits interns and full time employees from CU who live in Boulder and plan to stay in the city once they are employed.

In addition to its commitment to environmental sustainability, Eetrex actively supports Boulder's arts, cultural, and non-profit sector by granting workers the equivalent of at least one paid day off per year to each employee who utilizes the time to support a Boulder County non-profit entity.

	Rebate	Outflow (Rebate) Present Value	Inflow (Taxes) Present Value	Net Present Value	Gross Return on \$1	Net Return on \$1
Eetrex	\$26,000	(\$22,460)	\$49,790	\$27,330	\$2.22	\$1.22

	2011	2012	2013
Total Employees	23	23	28
Resident Employees – Full & Part Time	11	13	16
Multiplier Effect - Jobs Created	4	5	6

Detail Analysis Attached (Appendix A)



Salewa North America



On 8 July 1935, Josef Liebhart founded SALEWA GmbH in Munich. In 2007, the SALEWA group opened a branch in the USA so that it could better serve the North American market in the future with the three leading brands DYNAFIT and SALEWA. The new branch was strategically located in Boulder/Colorado, so that the brands are as near as possible to the heart of the mountaineering community.

In February 2011, the ClimateHouse Agency in Bolzano, Italy awarded new SALEWA headquarters their Work & Life seal of quality in advance of project completion. Specialists from the body examined both the architecture and business plans of the Bolzano project under the criteria of social/cultural, ecology, and economy. Each aspect was awarded the best mark "Summa cum laude". Heiner Oberrauch, president and owner of the SALEWA group, responded modestly to the news, "Sustainability is something that should be put into practice on a daily basis and not endlessly discussed." With this commitment to sustainability at its international headquarters, it is a perfect match for Salewa, N.A. to be located in Boulder and to be a part of the city's rebate program.

The new headquarters "provides an environment to support and further grow the unique-and-focused culture around brands offered by Salewa."

In 2011 Salewa North America moved from its location at 4730 Walnut St #200, to 1711 15th Street. Chris Sword, President of Salewa N.A. said, "The Salewa North American business has grown 1000% since 2007, so growing the size of the workspace by 150+% was clearly necessary. The new headquarters not only accommodates rapid expansion with state-of-the-art technology and brand showcases, it also provides an environment to support and further grow the unique-and-focused culture around brands offered by Salewa."

Salewa North America offers one give-back day per employee each year, has a recycling program, has requested an energy assessment, and plans to participate in a program to reduce commuting miles and RTD's Eco Pass program.

Company	Rebate	Outflow (Rebate) Present Value	Inflow (Taxes) Present Value	Net Present Value	Gross Return on \$1	Net Return on \$1
Salewa N.A.	\$10,000	(\$8,638)	\$32,185	\$23,546	\$3.73	\$2.73

	2011	2012	2013
Total Employees	8	10	14
Resident Employees – Full & Part Time	7	9	10
Multiplier Effect - Jobs Created	7	9	10

Detail Analysis Attached (Appendix A)

Appendix A

Detailed Financial Analysis

- Tendril Networks
- LogRhythm
- Biodesix
- juwi Wind LLC
- Eetrex
- Salewa North America

City of Boulder Business Incentive Program
Boulder Economic Council Impact Analysis
December 2012

Company Name				Tendril Networks
Sector				541512 Computer Systems Design Services
<hr/>				
Employment	2011	2012*	2013*	
Full-time Resident Employees	139	48	48	
Part-time Resident Employees	8	0	0	
Average Compensation - FT	\$120,000	\$111,000	\$105,000	
Average Compensation - PT				(not disclosed in this report)
Total Non-resident Employees	35	12	12	
Jobs Multiplier	1.853741			Note: 2011 IMPLAN Multiplier by Industry Sector
<hr/>				
	2011	2012	2013	
Indirect Jobs Created	119	41	41	
Average Compensation	\$45,000	\$45,000	\$45,000	Note: Assumed \$45k
<hr/>				
Economic Output	2011	2012	2013	
Total Local Sales	\$0	\$0	\$0	
Tax Rate	3.41%	3.41%	3.41%	
<hr/>				
Boulder Sales Tax Collections	\$0	\$0	\$0	
<hr/>				
Direct Business Spending in Boulder	2011	2012	2013	
Room-nights/year	\$0	\$0	\$0	Note: Value of overnight visitor estimated as \$289.81 by CVB 2012 study
Total	\$0	\$0	\$0	
Other Spending	\$100,000	\$100,000	\$100,000	
<hr/>				
Boulder Sales Tax Collections	\$3,410	\$3,410	\$3,410	\$288.00
<hr/>				
Direct Investment	2011	2012	2013	
Facilities Improvements	\$2,700,000	\$100,000	\$100,000	Note: On average, 1/2 of total project is taxed
Capital Expenditures	\$200,000	\$150,000	\$200,000	
Tax Rate	3.41%	3.41%	3.41%	
<hr/>				
Boulder Revenues on Direct Investment	\$52,855	\$6,820	\$8,525	
<hr/>				
Resident FT Employee Spending	2011	2012	2013	
# Residential FT Employees	139	48	48	
Spending per Employee				Note: Bureau of Labor Statistics: Consumer National Expenditures Survey 2011 \$70K + income before taxes
Housing -furnishings & maintenance	\$4,471	\$4,471	\$4,471	
Entertainment	\$4,325	\$4,325	\$4,325	
Food, clothing & veh. Repairs	\$13,881	\$13,881	\$13,881	
<hr/>				
Total Per Employee	\$22,677	\$22,677	\$22,677	
<hr/>				
Total FT Employee Spending	\$3,152,103	\$1,088,496	\$1,088,496	

Resident PT Employee Spending	2011	2012	2013
# Residential PT Employees	8	0	0
Spending per Employee			
Housing -furnishings & maintenance	\$1,949	\$1,949	\$1,949
Entertainment	\$1,695	\$1,695	\$1,695
Food, clothing & veh. Repairs	\$7,434	\$7,434	\$7,434
Total Per Employee	\$11,078	\$11,078	\$11,078
Total PT Employee Spending	\$88,624	\$0	\$0
Indirect Employee Spending	2011	2012	2013
# Indirect Jobs in Boulder	119	41	41
Spending per Employee			
Housing -furnishings & maintenance	\$1,982	\$1,982	\$1,982
Entertainment	\$1,876	\$1,876	\$1,876
Food, clothing & veh. Repairs	\$7,020	\$7,020	\$7,020
Total Per Employee	\$10,878	\$10,878	\$10,878
Total Indirect Spending	\$1,290,892	\$445,776	\$445,776
Non-Resident Employee Spending	2011	2012	2013
Total Non-Res Employees	35	12	12
Total Spending	\$43,750	\$15,000	\$15,000
Total	2011	2012	2013
Total All Employee Spending	\$4,575,369	\$1,549,272	\$1,549,272
Tax Rate	3.41%	3.41%	3.41%
City Revenue on Employee Spending	\$156,020	\$52,830	\$52,830
Incentive Costs Data	2011	2012	2013
Permit Waivers	\$0	\$69,493	\$0
Use Tax Rebate	\$0	\$15,507	\$0
Total Costs	\$0	\$85,000	\$0

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$30K-40K income before taxes

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$40-\$49.9K income before taxes

Project Totals

Discount Rate 5% Note: All figures below are in present values

Revenues

Total Emp. Spending (taxes paid)	\$242,146
Total Business Spending (taxes paid)	\$73,175

Costs

Incentive Costs	<u>(\$77,098)</u>	Net Return on \$1.00 invested	\$3.09
Project Net Present Value	\$238,223	Gross Return on \$1.00 invested	\$4.09

*Note: Employment figures for 2012 and 2013 are estimates and assume no growth after company restructuring in 2012.

City of Boulder Business Incentive Program
Boulder Economic Council Impact Analysis
December 2012

Company Name				LogRhythm
Sector				541511 Software Programming Services
Employment	2011	2012	2013	
Full-time Resident Employees	27	35	45	
Part-time Resident Employees	2	4	7	
Average Compensation – FT	\$77,000	\$91,000	\$93,000	
Average Compensation – PT				(not disclosed in this report)
Total Non-resident Employees	125	198	238	
Jobs Multiplier	1.853741			Note: 2011 IMPLAN Multiplier by Industry Sector
	2011	2012	2013	
Indirect Jobs Created	23	30	38	
Average Compensation	\$45,000	\$45,000	\$45,000	Note: Assumed \$45k
Economic Output	2011	2012	2013	
Total Local Sales	\$0	\$0	\$0	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Sales Tax Collections	\$0	\$0	\$0	
Direct Business Spending in Boulder	2011	2012	2013	
Room-nights/year	0	4000	5000	Note: Value of overnight visitor estimated as \$288.00 by CVB 2012 study
Total	\$0	\$1,152,000	\$1,440,000	
Other Spending	\$0	\$0	\$0	
Boulder Sales Tax Collections	\$0	\$39,283	\$49,104	
Direct Investment	2011	2012	2013	
Facilities Improvements	\$0	\$1,670,000	\$240,000	Note: On average, 1/2 of total project is taxed
Capital Expenditures	\$1,819,000	\$3,135,000	\$2,675,000	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Revenues on Direct Investment	\$62,028	\$135,377	\$95,310	
Resident FT Employee Spending	2011	2012	2013	
# Residential FT Employees	27	35	45	
Spending per Employee	\$4,471	\$4,471	\$4,471	Note: Bureau of Labor Statistics: Consumer National Expenditures Survey 2011
Housing -furnishings & maintenance	\$4,325	\$4,325	\$4,325	
Entertainment	\$13,881	\$13,881	\$13,881	
Food, clothing & veh. Repairs	\$22,677	\$22,677	\$22,677	\$70K + income before taxes
Total Per Employee	\$612,279	\$793,695	\$1,020,465	

Resident PT Employee Spending	2011	2012	2013
# Residential PT Employees	2	4	7
Spending per Employee			
Housing -furnishings & maintenance	\$1,147	\$1,147	\$1,147
Entertainment	\$1,098	\$1,098	\$1,098
Food, clothing & veh. Repairs	\$4,909	\$4,909	\$4,909
Total Per Employee	\$7,154	\$7,154	\$7,154
Total PT Employee Spending	\$14,308	\$28,616	\$50,078
Indirect Employee Spending	2011	2012	2013
# Indirect Jobs in Boulder	23	30	38
Spending per Employee			
Housing -furnishings & maintenance	\$1,982	\$1,982	\$1,982
Entertainment	\$1,876	\$1,876	\$1,876
Food, clothing & veh. Repairs	\$7,020	\$7,020	\$7,020
Total Per Employee	\$10,878	\$10,878	\$10,878
Total Indirect Spending	\$250,749	\$325,045	\$417,915
Non-Resident Employee Spending	2011	2012	2013
Total Non-Res Employees	125	198	238
Total Spending	\$156,250	\$247,500	\$297,500
Total	2011	2012	2013
Total All Employee Spending	\$1,033,586	\$1,394,856	\$1,785,958
Tax Rate	3.41%	3.41%	3.41%
City Revenue on Employee Spending	\$35,245	\$47,565	\$60,901
Incentive Costs Data	2011	2012	2013
Permit Waivers	\$0	\$0	\$0
Use Tax Rebate	\$0	\$0	\$85,000
Total Costs	\$0	\$0	\$85,000

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$15 - 19.9K+ income before taxes

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$40-\$49.9K income before taxes

Project Totals

Discount Rate 5% Note: All figures below are in present values

Revenues

Total Emp. Spending (taxes paid) \$129,318
Total Business Spending (taxes paid) \$342,246

Costs

Incentive Costs	(\$73,426)	Net Return on \$1.00 invested	\$5.42
Project Net Present Value	\$398,138	Gross Return on \$1.00 invested	\$6.42

City of Boulder Business Incentive Program
Boulder Economic Council Impact Analysis
December 2012

Company Name				Biodesix
Sector				541711 R&D in Biotechnology
Employment	2011	2012	2013	
Full-time Resident Employees	7	8	8	
Part-time Resident Employees	1	1	1	
Average Compensation - FT				(not disclosed in this report)
Average Compensation - PT				(not disclosed in this report)
Total Non-resident Employees	56	65	68	
Jobs Multiplier	1.853741			Note: 2011 IMPLAN Multiplier by Industry Sector
	2011	2012	2013	
Indirect Jobs Created	6	7	7	
Average Compensation	\$45,000	\$45,000	\$45,000	Note: Assumed \$45k
Economic Output	2011	2012	2013	
Total Local Sales	\$0	\$0	\$0	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Sales Tax Collections	\$0	\$0	\$0	
Direct Business Spending in Boulder	2011	2012	2013	
Room-nights/year	0	350	375	Note: Value of overnight visitor estimated as \$288 by CVB 2012.
Total	\$0	\$100,800	\$108,000	
Other Spending	\$0	\$0	\$0	
Boulder Sales Tax Collections	\$0	\$3,437	\$3,683	
Direct Investment	2011	2012	2013	
Facilities Improvements	\$74,000	\$651,000	\$0	Note: On average, 1/2 of total project is taxed
Capital Expenditures	\$52,000	\$247,000	\$90,000	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Revenues on Direct Investment	\$3,035	\$19,522	\$3,069	
Resident FT Employee Spending	2011	2012	2013	
# Residential FT Employees	7	8	8	
Spending per Employee				Note: Bureau of Labor Statistics: Consumer National Expenditures Survey 2011 \$70K + income before taxes
Housing -furnishings & maintenance	\$4,471	\$4,471	\$4,471	
Entertainment	\$4,325	\$4,325	\$4,325	
Food, clothing & veh. Repairs	\$13,881	\$13,881	\$13,881	
Total Per Employee	\$22,677	\$22,677	\$22,677	
Total FT Employee Spending	\$158,739	\$181,416	\$181,416	

Resident PT Employee Spending	2011	2012	2013
# Residential PT Employees	1	1	1
Spending per Employee			
Housing -furnishings & maintenance	\$4,471	\$4,471	\$4,471
Entertainment	\$4,325	\$4,325	\$4,325
Food, clothing & veh. Repairs	\$13,881	\$13,881	\$13,881
Total Per Employee	\$22,677	\$22,677	\$22,677
Total PT Employee Spending	\$22,677	\$22,677	\$22,677

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$70K+ income before taxes

Indirect Employee Spending	2011	2012	2013
# Indirect Jobs in Boulder	6	7	7
Spending per Employee			
Housing -furnishings & maintenance	\$1,982	\$1,982	\$1,982
Entertainment	\$1,876	\$1,876	\$1,876
Food, clothing & veh. Repairs	\$7,020	\$7,020	\$7,020
Total Per Employee	\$10,878	\$10,878	\$10,878
Total Indirect Spending	\$65,009	\$74,296	\$74,296

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$40-\$49.9K income before taxes

Non-Resident Employee Spending	2011	2012	2013
Total Non-Res Employees	56	65	68
Total Spending	\$71,250	\$81,250	\$85,000

Total	2011	2012	2013
Total All Employee Spending	\$316,425	\$359,639	\$363,389
Tax Rate	3.41%	3.41%	3.41%
City Revenue on Employee Spending	\$10,790	\$12,392	\$12,392

Incentive Costs Data	2011	2012	2013
Permit Waivers	\$0	\$0	\$0
Use Tax Rebate	\$0	\$0	\$60,000
Total Costs	\$0	\$0	\$60,000

Project Totals

Discount Rate 5% Note: All figures below are in present values

Revenues

Total Emp. Spending (taxes paid) \$32,104
Total Business Spending (taxes paid) \$29,548

Costs

Incentive Costs	(\$51,830)	Net Return on \$1.00 invested	\$.19
Project Net Present Value	\$9,822	Gross Return on \$1.00 invested	\$1.19

**City of Boulder Business Incentive Program
Boulder Economic Council Impact Analysis
December 2012**

Company Name				juwi Wind, LLC
Sector				541330 Engineering Services
Employment	2011	2012	2013	
Full-time Resident Employees	9	10	12	
Part-time Resident Employees	0	0	1	
Average Compensation - FT				(not disclosed in this report)
Average Compensation - PT				(not disclosed in this report)
Total Non-resident Employees	15	12	11	
Jobs Multiplier	1.853741			Note: 2011 IMPLAN Multiplier by Industry Sector
	2011	2012	2013	
Indirect Jobs Created	8	9	10	
Average Compensation	\$45,000	\$45,000	\$45,000	Note: Assumed \$45k
Economic Output	2011	2012	2013	
Total Local Sales	\$0	\$0	\$0	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Sales Tax Collections	\$0	\$0	\$0	
Direct Business Spending in Boulder	2011	2012	2013	
Room-nights/year	200	250	250	Note: Value of overnight visitor estimated as \$288 by CVB 2012.
Total	\$57,600	\$72,000	\$72,000	
Other Spending	\$0	\$0	\$0	
Boulder Sales Tax Collections	\$1,964	\$2,455	\$2,455	
Direct Investment	2011	2012	2013	
Facilities Improvements	\$121,300	\$0	\$0	Note: On average, 1/2 of total project is taxed
Capital Expenditures	\$75,000	\$25,000	\$35,000	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Revenues on Direct Investment	\$4,626	\$853	\$1,194	
Resident FT Employee Spending	2011	2012	2013	
# Residential FT Employees	9	10	12	
Spending per Employee				Note: Bureau of Labor Statistics: Consumer National Expenditures Survey 2011 \$70K + income before taxes
Housing -furnishings & maintenance	\$4,471	\$4,471	\$4,471	
Entertainment	\$4,325	\$4,325	\$4,325	
Food, clothing & veh. Repairs	\$13,881	\$13,881	\$13,881	
Total Per Employee	\$22,677	\$22,677	\$22,677	
Total FT Employee Spending	\$204,093	\$226,770	\$272,124	

Resident PT Employee Spending	2011	2012	2013
# Residential PT Employees	0	0	1
Spending per Employee			
Housing -furnishings & maintenance	\$1,147	\$1,147	\$1,147
Entertainment	\$1,098	\$1,098	\$1,098
Food, clothing & veh. Repairs	\$4,909	\$4,909	\$4,909
Total Per Employee	\$7,154	\$7,154	\$7,154
Total PT Employee Spending	\$0	\$0	\$7,154

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$15-\$19.9K+ income before taxes

Indirect Employee Spending	2011	2012	2013
# Indirect Jobs in Boulder	8	9	10
Spending per Employee			
Housing -furnishings & maintenance	\$1,982	\$1,982	\$1,982
Entertainment	\$1,876	\$1,876	\$1,876
Food, clothing & veh. Repairs	\$7,020	\$7,020	\$7,020
Total Per Employee	\$10,878	\$10,878	\$10,878
Total Indirect Spending	\$83,583	\$92,870	\$111,444

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$40-\$49.9K income before taxes

Non-Resident Employee Spending	2011	2012	2013
Total Non-Res Employees	15	12	11
Total Spending	\$18,750	\$15,000	\$13,750

Total	2011	2012	2013
Total All Employee Spending	\$306,426	\$334,640	\$404,472
Tax Rate	3.41%	3.41%	3.41%
City Revenue on Employee Spending	\$10,449	\$11,411	\$13,792

Incentive Costs Data	2011	2012	2013
Permit Waivers	\$0	\$0	\$0
Use Tax Rebate	\$0	\$0	\$15,000
Total Costs	\$0	\$0	\$15,000

Project Totals

Discount Rate	5%	Note: All figures below are in present values
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Revenues

Total Emp. Spending (taxes paid)	\$32,216
Total Business Spending (taxes paid)	\$12,428

Costs

Incentive Costs	(\$12,958)
Project Net Present Value	\$31,687

Net Return on \$1.00 invested	\$2.45
Gross Return on \$1.00 invested	\$3.45

City of Boulder Business Incentive Program
Boulder Economic Council Impact Analysis
 December 2012

Company Name				Eetrex
Sector				811118 Automotive Brake Repair
Employment	2011	2012	2013	
Full-time Resident Employees	9	10	12	
Part-time Resident Employees	2	3	4	
Average Compensation – FT				(not disclosed in this report)
Average Compensation – PT				(not disclosed in this report)
Total Non-resident Employees	12	10	12	
Jobs Multiplier	1.473242			Note: 2011 IMPLAN Multiplier by Industry Sector
	2011	2012	2013	
Indirect Jobs Created	4	5	6	
Average Compensation	\$45,000	\$45,000	\$45,000	Note: Assumed \$45k
Economic Output	2011	2012	2013	
Total Local Sales	\$0	\$0	\$0	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Sales Tax Collections	\$0	\$0	\$0	
Direct Business Spending in Boulder	2011	2012	2013	
Room-nights/year	100	120	150	Note: Value of overnight visitor estimated as \$288 by CVB 2012.
Total	\$28,800	\$34,560	\$43,200	
Other Spending	\$0	\$0	\$0	
Boulder Sales Tax Collections	\$982	\$1,178	\$1,473	
Direct Investment	2011	2012	2013	
Facilities Improvements	\$50,000	\$50,000	\$50,000	Note: On average, 1/2 of total project is taxed
Capital Expenditures	\$82,000	\$171,000	\$200,000	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Revenues on Direct Investment	\$3,649	\$6,684	\$7,673	
Resident FT Employee Spending	2011	2012	2013	
# Residential FT Employees	9	10	12	
Spending per Employee				Note: Bureau of Labor Statistics: Consumer National Expenditures Survey 2011
Housing -furnishings & maintenance	\$4,471	\$4,471	\$4,471	
Entertainment	\$4,325	\$4,325	\$4,325	
Food, clothing & veh. Repairs	\$13,881	\$13,881	\$13,881	\$70K + income before taxes
Total Per Employee	\$22,677	\$22,677	\$22,677	
Total FT Employee Spending	\$204,093	\$226,770	\$272,124	

Resident PT Employee Spending	2011	2012	2013
# Residential PT Employees	2	3	4
Spending per Employee			
Housing -furnishings & maintenance	\$1,574	\$1,574	\$1,574
Entertainment	\$1,636	\$1,636	\$1,636
Food, clothing & veh. Repairs	\$5,710	\$5,710	\$5,710
Total Per Employee	\$8,920	\$8,920	\$8,920
Total PT Employee Spending	\$17,840	\$26,760	\$35,680

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$20-29.9K+ income before taxes

Indirect Employee Spending	2011	2012	2013
# Indirect Jobs in Boulder	4	5	6
Spending per Employee			
Housing -furnishings & maintenance	\$1,982	\$1,982	\$1,982
Entertainment	\$1,876	\$1,876	\$1,876
Food, clothing & veh. Repairs	\$7,020	\$7,020	\$7,020
Total Per Employee	\$10,878	\$10,878	\$10,878
Total Indirect Spending	\$46,331	\$51,479	\$61,775

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$40-\$49.9K income before taxes

Non-Resident Employee Spending	2011	2012	2013
Total Non-Res Employees	12	10	12
Total Spending	\$15,000	\$12,500	\$15,000

Total	2011	2012	2013
Total All Employee Spending	\$283,264	\$317,509	\$384,579
Tax Rate	3.41%	3.41%	3.41%
City Revenue on Employee Spending	\$9,659	\$10,827	\$13,114

Incentive Costs Data	2011	2012	2013
Permit Waivers	\$0	\$0	\$0
Use Tax Rebate	\$0	\$0	\$26,000
Total Costs	\$0	\$0	\$26,000

Project Totals

Discount Rate	5%	Note: All figures below are in present values
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Revenues	
Total Emp. Spending (taxes paid)	\$30,348
Total Business Spending (taxes paid)	\$19,442

Costs			
Incentive Costs	(\$22,460)	Net Return on \$1.00 invested	\$1.22
Project Net Present Value	\$27,330	Gross Return on \$1.00 invested	\$2.22

City of Boulder Business Incentive Program
Boulder Economic Council Impact Analysis
 December 2012

Company Name				Salewa North America
Sector				423910 Sporting Goods Wholesaler
Employment	2011	2012	2013	
Full-time Resident Employees	7	9	10	
Part-time Resident Employees	0	0	0	
Average Compensation - FT				(not disclosed on this report)
Average Compensation - PT				
Total Non-resident Employees	1	1	4	
Jobs Multiplier	2.009522			Note: 2011 IMPLAN Multiplier by Industry Sector
	2011	2012	2013	
Indirect Jobs Created	7	9	10	
Average Compensation	\$45,000	\$45,000	\$45,000	Note: Assumed \$45k
Economic Output	2011	2012	2013	
Total Local Sales	\$45,000	\$65,000	\$95,000	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Sales Tax Collections	\$1,535	\$2,217	\$3,240	
Direct Business Spending in Boulder	2011	2012	2013	
Room-nights/year	0	0	100	Note: Value of overnight visitor estimated as \$288 by CVB 2012.
Total	\$0	\$0	\$28,800	
Other Spending	\$0	\$0	\$0	
Boulder Sales Tax Collections	\$0	\$0	\$982	
Direct Investment	2011	2012	2013	
Facilities Improvements	\$100,000	\$10,000	\$20,000	Note: On average, 1/2 of total project is taxed
Capital Expenditures	\$10,000	\$20,000	\$40,000	
Tax Rate	3.41%	3.41%	3.41%	
Boulder Revenues on Direct Investment	\$2,046	\$853	\$1,705	
Resident FT Employee Spending	2011	2012	2013	
# Residential FT Employees	7	9	10	
Spending per Employee				Note: Bureau of Labor Statistics: Consumer National Expenditures Survey 2011
Housing -furnishings & maintenance	\$2,770	\$2,770	\$2,770	\$50-69.9K + income before taxes
Entertainment	\$2,830	\$2,830	\$2,830	
Food, clothing & veh. Repairs	\$9,216	\$9,216	\$9,216	
Total Per Employee	\$14,816	\$14,816	\$14,816	
Total FT Employee Spending	\$103,712	\$133,344	\$148,160	

Resident PT Employee Spending	2011	2012	2013
# Residential PT Employees	0	0	0
Spending per Employee			
Housing -furnishings & maintenance	\$2,770	\$2,770	\$2,770
Entertainment	\$2,830	\$2,830	\$2,830
Food, clothing & veh. Repairs	\$9,216	\$9,216	\$9,216
Total Per Employee	\$14,816	\$14,816	\$14,816
Total PT Employee Spending	\$0	\$0	\$0

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011

Indirect Employee Spending	2011	2012	2013
Indirect Employee Spending	7	9	10
# Indirect Jobs in Boulder			
Spending per Employee	\$1,982	\$1,982	\$1,982
Housing -furnishings & maintenance	\$1,876	\$1,876	\$1,876
Entertainment	\$7,020	\$7,020	\$7,020
Food, clothing & veh. Repairs	\$10,878	\$10,878	\$10,878
Total Per Employee	\$76,871	\$98,834	\$109,816
Total Indirect Spending			

Note: Bureau of Labor
Statistics: Consumer National
Expenditures Survey 2011
\$40-\$49.9K income before taxes

Non-Resident Employee Spending	2011	2012	2013
Total Non-Res Employees	1	1	4
Total Spending	\$1,250	\$1,250	\$5,000

Total	2011	2012	2013
Total All Employee Spending	\$181,833	\$233,428	\$262,976
Tax Rate	3.41%	3.41%	3.41%
City Revenue on Employee Spending	\$6,201	\$7,960	\$8,967
Incentive Costs Data	\$0	\$0	\$0
Permit Waivers	\$0	\$0	\$10,000
Use Tax Rebate	\$0	\$0	\$10,000

Project Totals

Discount Rate	5%	Note: All figures below are in present values
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Revenues	
Total Emp. Spending (taxes paid)	\$20,872
Total Business Spending (taxes paid)	\$11,313

Costs	
Incentive Costs	(\$8,638)
Project Net Present Value	\$23,546

Net Return on \$1.00 invested	\$2.73
Gross Return on \$1.00 invested	\$3.73

Appendix B

Financial Analysis Assumptions and Data Sources; Objective and Methodology

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 2011. Key items of note were:

- We continued to use 2011-2013 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.
- Part time employees were included if applicable.
- Bureau of Labor Statistics Consumer Expenditures Survey from 2011, the most recent survey available, was utilized. To capture the impact of the expenditures of employees, we utilized the total U.S. numbers, at different wage levels, that matched the company's average salary. We believe utilizing average U.S. data is conservative given that Boulder has a higher than average propensity to spend on items such as eating out.
- For the multiplier effect of jobs created, we utilized the Minnesota IMPLAN Group, Inc. 2011 employment multipliers for the city of Boulder by industry code. Many of the multipliers are only available at a two-digit NAICS code level which is at a broad-grouping level of industry segments. The following were utilized in the analysis:
 - Wholesale Trade - Salewa - 42
 - Professional, Scientific, and Technical Services - 54
 - Other Services - Eetrex - 81
- Multiplier induced indirect jobs' salary levels were kept at \$45,000 annually as previously assumed by the city Finance Department. Induced jobs can include software programmers, engineers, advertising jobs, construction jobs, etc. as well as retail and personal service jobs.
- For non-residential employees, we assumed they 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.

In 2011, a total of six companies were awarded flexible rebate incentives. They represent a segment of the firms for which Boulder has a reputation. The objective of this analysis is to review the effectiveness of the program as it relates to:

- The financial return to the city,
- Expansion, retention and attraction of business to the city, and,
- To also evaluate progress of the program 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 provided to the city during their application process including

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.

A financial model was developed to measure the ROI. Individual company data was inputted into that model. Inputs included total employment, number of workers who reside in Boulder, wages, and local expenditures. The model utilizes 2011 job multipliers created by Minnesota IMPLAN Group for the city of Boulder. Utilizing the job multiplier specific to the industry of each recipient, we can more reliably demonstrate the impact each company has on inducing additional job creation in the local area.

Multiplier factors are developed by economists by industry. For instance, the multiplier factor for aerospace is higher than one for professional services. This is based upon data which shows differences in supplier/services utilization and other factors by industry. For example, if a company is in Food Product (NAICS 311), the job multiplier is 2.464 (1.00 direct job, 1.464 indirect induced jobs). If a company in this category has 20 direct employees, research shows that those jobs will induce 29.28 ($1.464 * 20$) indirect jobs (consultants, suppliers, retail, etc.) in the community. This analysis applied the IMPLAN job multiplier only to the number of employees who are also Boulder residents.

We also estimated the benefit (sales tax) generated by expenditures of employees who live in Boulder. Those consumer expenditures were derived from the Bureau of Labor Statistics, 2011 Consumer Expenditures Survey for the U.S. population. We selected expenditures that would be subject to city sales tax and most likely to occur locally. The data is based upon income levels before tax, so a person earning over \$70,000 a year is shown to spend more than someone earning between \$20,000 and \$29,900 per year for instance. Non-resident employees were assumed to spend an average of \$25/week for 50 weeks per year.

The model discounts the future cash flow into current dollars. 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 2011-2013, 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. The benefits shown by the analysis are derived *solely from city taxes and fees* paid directly by:

- The companies when spending on construction projects, capital goods (furniture and equipment) and general local purchases,
- The companies on any local sales of products and services subject to local tax,
- Visitors to the company spending in Boulder,
- Their direct employees when purchasing in Boulder, and,
- The indirect employees, those jobs induced at other companies by the company being here, when purchasing in Boulder

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

Appendix C

- Flexible Rebate Program Background
- Return on Investment: 2007 – 2011
- Boulder’s Economic Vitality Program History: 2002 – 2012
- 2007 – 2011 Program Changes

Flexible Rebate Program Background

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 the 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.

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

Return on Investment: 2007 - 2011

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 PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$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 PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$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.

2008 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 - 2008					
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$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

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

2008 Incremental Business Return

ATF and Siemens Selecting Boulder + Rally staying

@5% Cost of Capital	Incremental Financial Return - 2008					
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$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 - incremental	\$150,000	(\$130,040)	\$418,709	\$288,669	\$3.22	\$2.22

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

2008 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 \$4.5 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 positive net return of \$288,699 is still being earned on this investment.

2009 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 - 2009					
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$1
Celestial Seasonings	\$56,441	(\$51,194)	\$973,871	\$922,677	\$19.02	\$18.02
eTown	\$50,000	(\$47,619)	\$205,253	\$157,634	\$4.31	\$3.31
IBM	\$35,000	(\$31,746)	\$4,293,702	\$4,261,956	\$135.25	\$134.25
Sea to Summit	\$10,820	(\$10,305)	\$67,164	\$56,859	\$6.52	\$5.52
Stratom, Inc.	\$12,525	(\$11,361)	\$22,361	\$11,000	\$1.97	\$0.97
Tundra Specialties	\$34,963	(\$31,712)	\$181,789	\$150,077	\$5.73	\$4.73
Visionlink	\$10,230	(\$9,279)	\$31,430	\$22,151	\$3.39	\$2.39
2009 Total/Average	\$209,979	(\$193,216)	\$5,775,570	\$5,582,354	\$29.89	\$28.89

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

2009 Incremental Business Return

All Staying in Boulder

@5% Cost of Capital	Incremental Financial Return - 2009					
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$1
eTown	\$50,000	(\$47,619)	\$205,253	\$157,634	\$4.31	\$3.31
IBM - New Division	\$35,000	(\$31,746)	\$212,854	\$181,108	\$6.70	\$5.70
Tundra Specialties	\$34,963	(\$31,712)	\$181,789	\$150,077	\$5.73	\$4.73
Incremental Return on Incremental Projects	\$119,963	(\$111,077)	\$599,896	\$488,819	\$5.40	\$4.40

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

2009 Conclusion

The companies greatly benefit the community, both economically and socially, and are important to Boulder's image. The conservative estimate of a \$5.6 Million net return on investment suggests the program is still a very strong investment for the city. Even when looking at only the incremental returns, the \$488,819 net return on investment (which does not include Celestial Seasonings, another incremental gain) represents positive economic gains that are clearly advantageous.

2010 Program Recipients and Return on Investment

Summary of Financial Return - 2010						
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$1
Rally Software*	\$50,000	(\$45,351)	\$385,152	\$339,801	\$8.49	\$7.49
Microsoft*	\$50,000	(\$45,351)	\$151,209	\$105,858	\$3.33	\$2.33
Mountainside Medical*	\$50,000	(\$45,351)	\$462,656	\$417,305	\$10.20	\$9.20
Covidien	\$75,000	(\$68,027)	\$1,018,741	\$950,714	\$14.98	\$13.98
Precision Wind	\$50,000	(\$44,632)	\$138,016	\$93,384	\$3.09	\$2.09
Spectra Logic	\$65,000	(\$58,957)	\$1,447,940	\$1,388,983	\$24.56	\$23.56
Trada	\$5,366	(\$4,867)	\$124,821	\$119,954	\$25.65	\$24.65
Total – all companies	\$345,366	(\$312,536)	\$3,728,535	\$3,415,999	\$11.93	\$10.93

2010 Incremental Business Return

All Staying in Boulder

Summary of Financial Return - 2010						
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$1
Rally Software	\$50,000	(\$45,351)	\$385,152	\$339,801	\$8.49	\$7.49
Microsoft	\$50,000	(\$45,351)	\$151,209	\$105,858	\$3.33	\$2.33
Mountainside Medical	\$50,000	(\$45,351)	\$462,656	\$417,305	\$10.20	\$9.20
Total - retained	\$150,000	(\$136,053)	\$749,215	\$613,162	\$5.51	\$4.51

2010 Conclusion

The companies benefit the community, both economically and socially, and are important to Boulder's image. The estimate of a \$10.93 million net return on investment indicates the program is still a solid investment for the city, particularly since it assists different sizes and types of companies.

2011 Program Recipients and Return on Investment

Summary of Financial Return - 2011						
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$1
Tendril Networks	\$85,000	(\$77,098)	\$315,320	\$238,223	\$4.09	\$3.09
LogRhythm	\$85,000	(\$73,426)	\$471,564	\$398,138	\$6.42	\$5.42
Biodesix	\$60,000	(\$51,830)	\$61,652	\$9,822	\$1.19	\$.19
juwi Wind	\$15,000	(\$12,958)	\$44,644	\$31,687	\$3.45	\$2.45
Eetrex	\$26,000	(\$22,460)	\$49,790	\$27,330	\$2.22	\$1.22
Salewa	\$10,000	(\$8,638)	\$32,185	\$23,546	\$3.73	\$2.73
Total – all companies	\$281,000	(\$246,410)	\$975,155	\$728,746	\$3.96	\$2.96

2011 Incremental Business Return

All Staying in Boulder

Summary of Financial Return - 2011						
Company	Rebate	Rebate PV	Inflow PV	Net PV	Gross Return/\$1	Net Return/\$1
Tendril Networks	\$85,000	(\$77,098)	\$315,320	\$238,223	\$4.09	\$3.09
LogRhythm	\$85,000	(\$73,426)	\$471,564	\$398,138	\$6.42	\$5.42
juwi Wind	\$15,000	(\$12,958)	\$44,644	\$31,687	\$3.45	\$2.45
Eetrex	\$26,000	(\$22,460)	\$49,790	\$27,330	\$2.22	\$1.22
Salewa	\$10,000	(\$8,638)	\$32,185	\$23,546	\$3.73	\$2.73
Total – retained companies	\$221,000	(\$194,580)	\$913,503	\$718,924	\$4.69	\$3.69

2011 Conclusion

The City of Boulder's Flexible Rebate Incentive Program continues to generate a positive return on investment, while providing the City Manager with an important and effective tool to help retain, grow, and attract businesses that align with the city's values and goals.

History of Boulder's Economic Vitality and Flexible Rebate Programs: 2002-2012

Since 2002, the city of Boulder has proactively worked on establishing an economic vitality program which provides consistent outreach, assistance to and recognition of business in the community. As part of an overall economic vitality plan, a pilot Business Incentive Program was developed and implemented in 2007, including a pilot Flexible Rebate Program with funding of \$500,000 from the city targeted at retaining and expanding primary employers in Boulder.

Primary employers are those that “export” the majority of their goods and services outside the community. Consequently, primary employers infuse external funds into the local economy producing a substantial impact on local output, employment and wages. From the time of implementation of the pilot through 2008, the city defined a primary employer as one that generates 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.

The 2007 Flexible Rebate Program pilot was judged to be a success and has been continued by the city each year since then as a formal program managed by the Economic Sustainability department. Some program criteria have changed to ensure that grant recipients support the city's goals for social and environmental sustainability. The maximum rebates granted, as well as the funding provided in each year's city budget, has also changed to address funding constraints in the city's budget.

In 2008, the city began to engage the Boulder Economic Council to evaluate the effectiveness of the Pilot Flexible Rebate Program. The BEC has since written an annual report by analyzing the results of the program from two perspectives; retaining or attracting businesses, and providing a return on the city's investment. With the 2010 analysis we now have four years of data to review. The table below provides a snapshot of the funding for the incentive program for each year, the amount of rebates awarded, the funds actually provided to the recipients thus far and the total return estimated that the city has received or will receive on a net present value basis.

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

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 *continued 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.
- The Boulder Economic Council provided an analysis of the 2008 program showing a return of \$8.78 on every \$1.00 invested in incentive rebates.
- The City Manager grants Business Incentive Rebates to seven companies under the 2009 program.

2010

- A 2010 budget of \$350,000 is provided for the Flexible Rebate Incentive Program and \$100,000 for the MicroLoan Fund.
- On September 30, the Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government, Harvard University, announced that the City's Flexible Rebate Program was one of 173 government programs selected for its newly-created Bright Ideas program. In its inaugural year, the Bright Ideas honor is designed to recognize and share creative government initiatives around the country with interested public sector, nonprofit, and academic communities.
- Seven companies are granted Business Incentive Rebates totaling \$345,366
- The Boulder Economic Council provided an analysis of the 2009 program showing a return of \$28.89 on every \$1.00 invested in incentive rebates.

2011

- A budget of \$350,000 was provided for the 2011 Flexible Rebate Incentive Program, all of which was incorporated into the city budget rather than relying on one-time funding.

2012

A budget of \$350,000 was provided for the 2012 Flexible Rebate Incentive Program and \$281,000 were awarded. As can be seen, fewer total rebates were granted after 2007. Key contributors to this were:

- A lower budget for the EV Program overall
- A reduction of the average award limit
- The effects of the recession in 2009 on business expansion activity

2007 – 2011 Program Changes

From 2007 to 2010, changes were made to the sustainability requirements of the program. The changes were made to ensure that businesses which receive an incentive rebate reflect the values and goals of Boulder by contributing to the social sustainability of the community and working to reduce their impact on the environment. Recognizing that each business is different, options that businesses can choose from to demonstrate their commitment in these areas were expanded. Some of the changes made to the program since 2007 include:

- Expanded options for energy and waste reduction, getting energy certifications, encouraging alternative transportation, general sustainable business practices and buying locally
- Primary Employer was redefined as one consisting of any number of employees
- The amount of revenue required to be derived from the sale of goods and/or services outside of Boulder county was lowered from 75% to 50% to be consistent with the common definition of a primary employer within the state

The application form was adjusted so that it could be filled in online and arrangement of the information and requirements on the city's website were improved to facilitate ease of use based upon feedback from users.

Boulder Microloan Fund

Program History

During the creation of the City of Boulder's Economic Vitality Program it was proposed that a specialized loan pool to attract and retain small businesses would make them more likely to remain in Boulder over the long term. With the economic downturn that began in late 2008, the Boulder Economic Council joined with the City of Boulder, Colorado Enterprise Fund and several banks to create a Microloan Fund. The mission of this Fund is to provide access to capital for Boulder businesses that cannot obtain financing through traditional sources, but who are capable of sustaining a business and repaying debt. The Boulder Microloan Fund (BMF) was launched in 2009, with \$325,000 in loan capital, funded by the City, three banks, and Colorado Enterprise Fund.

Market Need:

Through research from the Boulder Small Business Development Center and other input, the group determined that there was a demand for working capital and other loans that was not currently being met in the community for a variety of reasons. In the economic environment of 2009 and with banks being capital-constrained, this was particularly true. Small businesses form the majority of the city's economic base and the group felt an effort to provide a modest lending program for those who cannot access bank debt, but can repay a loan, would have positive effects on the city's economy for some time to come.

The program also addresses the needs of the participating banks to reach smaller businesses more effectively. This program meets that need by ensuring at least 60% of the lending is to businesses with \$1 million or less in annual revenue. This allows the banks to count their loan or contribution to the program for their Community Reinvestment Act requirements.

Operational Details:

1) Business Eligibility Criteria

- a. Location: At least 80% of businesses must have their primary office/headquarters or operations in the City of Boulder, CO. All must be within Boulder County. Note: the participating banks serve the broader Boulder market and wanted to ensure at least a few of the applicants from outside the city boundary could be considered.
- b. Size and Income:
 - i. **Businesses**: Businesses may not exceed \$2 Million per year in gross revenue for the year immediately preceding the date of the loan and 60% or more of the Fund's loan must be made to businesses with less than \$1 Million per year in gross revenue
 - ii. **Non- Profits**: Non-profit organizations must show that at least 51% of the individuals served fall at or below 80% of the US Department of Housing and Urban Development's median income levels.

2) Loan Purposes:

Loans may be used for most business purposes including, but not limited to the following:

- a. Inventory purchase
- b. Start-up expenses
- c. Equipment purchase
- d. Operations
- e. Tenant finish and property improvements

- f. Purchase of a business
- 3) Loan Size:
Loans may range up to a maximum of \$50,000.00.
- 4) Loan Term:
Loan terms may range up to a maximum of 6 years with any re-write of the loans able to extend the original term by up to two years.
- 5) Underwriting:
Underwriting decisions are made according to Colorado Enterprise Fund's ongoing underwriting standards and guidelines.
- 6) Technical Assistance:
All borrowers have access to CEF's Business Acceleration Services.

Funding Summary of Microloan Fund Investors (all amounts are loans, unless designated):

First Round of Funding:

City of Boulder	\$ 50,000 (grant)
First National Bank of Colorado	\$ 50,000
Wells Fargo Bank	\$100,000
US Bank	\$ 25,000 (grant)
Colorado Enterprise Fund	<u>\$100,000</u>
Total First Round Funding:	\$325,000

Second Round of Funding:

FirstBank	\$ 75,000
City of Boulder	\$100,000 (grant)
Colorado Enterprise Fund	<u>\$ 75,000</u>
Total Second Round Funding:	\$250,000

New Funding Source (2012):

First National Bank	\$125,000
Total Fund:	\$700,000

Deployment Summary from 4/1/2009 (inception) to 12/31/13:

Number of Loans: 31 business loans

Dollar volume of deployment as follows:

BMP Funds deployed:	\$ 719,165
Additional Colorado Enterprise Funds deployed:	<u>\$ 214,045</u>
Total funds deployed:	\$ 933,210
BMP Funds repaid:	\$ 366,734
Addl. CEF Funds repaid:	\$ 71,916
BMP Funds loan balances outstanding:	\$ 352,431
Addl. CEF Funds loan balances outstanding:	\$ 142,129
BMP Funds available to lend:	\$ 347,569

Addl. CEF Funds available to lend:	As needed
As a result of relending on repaid loan principal, and the leveraging effect of CEF's other funds, the direct impact on access to loan capital in the Boulder business community has been 33% greater than the investment made by the funding partners.	

Loan activity from August 2011 through December 2012

The White List, LLC	A wedding planning services company. Loan provided funds to expand the company through working capital investments and marketing.
Move Sport, Inc.	Manufacturer of sporting goods for running and biking. Loan provided funds to expand inventory.
Joycare Infant & Toddler Center	A not-for-profit childcare provider operating out of Gunbarrel. Loan was used for startup expenses.
Photocrati Media, LLC	Produces premium, highly customizable, WordPress-based website templates for photographers with built in gallery management and ecommerce functionality. Loan was used to finance the purchase of additional technology.
Rhymer Retail, Inc.	Operating as a 7-11 Convenience Store in Boulder. Loan was used to finance the franchise purchase expenses.
Natural Design Solutions, Inc.	Landscape architecture and land use planning consultant. Loan was used to finance the purchase of an existing business.
Dash Cycles, LLC	High-tech composites design, process development, and manufacturing with a focus on the bicycle industry. Loan was used for business expansion through supplies, equipment and inventory.
Dragonfly Coffee Roasters, LLC	Coffee roasters supplying wholesale and retail markets. Loan funded supplies and equipment purchases.
Impact Services, Inc.	A CPA opening up her own shop to provide tax and accounting services. Loan supported marketing and startup expenses.
Boulder Vision Associates, Inc.	A second loan to this borrower, funds were used to support the purchase of a building in an arrangement where CEF coordinated with a bank partner. Additionally, funds went general operating expenses during the early development of this business.
University Parent Magazines, Inc.	A second loan made to this very successful borrower. This loan was used to begin the expansion of sales staff to support aggressive growth plans.
Thermal Clean, LLP	A bedbug remediation company who used funds from our loan to purchase new equipment.
55% of these businesses are owned by women, and 9% are minority-owned.	
As a result of these loans:	<ul style="list-style-type: none"> - Places for 30 children were created in child-care facilities - 121 jobs were created or maintained in businesses receiving loans
These 12 loans:	<ul style="list-style-type: none"> - Range between \$13,000 and \$130,000 in loan size - Have a loan term of between 36 and 72 months - Carry interest rates between 9% and 11.5%

Loan activity through July 2011 previously reported. Detailed descriptions of the following borrowers can be found in previous reports.

50% of these businesses are owned by women, and 15% are minority-owned.	
As a result of these loans:	<ul style="list-style-type: none"> - Places for 11 children were created in child-care facilities - 152 jobs were created or maintained in businesses receiving loans
These 19 loans:	<ul style="list-style-type: none"> - Represent \$598,538 in capital deployed - Range between \$6,000 and \$102,000 in loan size - Have a loan term of between 36 and 72 months - Carry interest rates between 9% and 11.5%
Boulder Homemade Ice Cream	Producer and distributor of high quality natural ice cream
Pure Hair Studio	North Boulder Salon
ANCO Engineers	Specialty manufacturer of earthquake testing equipment
Boulder Vision Associates	Gunbarrel eye care provider
Wish Gardens	Herbs and herbal products exporter
Lotus Blossom Learning Center	Childcare provider
Paradigm Publishers	Educational books publisher
University Parent Magazines	Parent-targeted campus magazines for universities nationwide
Boulder Insurance Solutions	Small to mid-sized business insurance brokerage
Café Aion, LLC	Full-service, innovative fresh cuisine on “The Hill”
D.O.G. Enterprises, LLC	Premium doggy day care, overnight camps and in-home care
ANCO Engineers (2nd)	Line of credit for a new machine & profit center
NAP, Inc.	Manufacturer of Boba and Sleepy Wrap brands of baby carriers
Amanda Johnson Consulting	Non-profits strategic planning and development
Natural Body Shop	Natural remedies
David Lupberger	Design, planning & construction services
Boulder Homemade (2nd)	Consolidation to help reduce monthly payments and improve cash flow
RollinGreens	Mobile salad & healthy food catering operation
MicroChem	Advanced laboratory services for the food & beverage industry

Over the past few months, Colorado Enterprise Fund has undertaken a project to get to know some of our borrowers better. In-depth interviews have been completed on about 25 of the borrowers in our current portfolio of loans, with two of those being a part of the Boulder Microloan Program. The resulting profiles on ANCO Engineers and University Parent Magazines have been attached below.



Preparing for the Unimaginable

ANCO Engineers, Inc.

1965 33rd St # A

Boulder, CO 80301

(303) 443-7580

www.ancoengineers.com



Business Description

For Paul Ibanez, current President of ANCO Engineers, Inc., his global business began on a Los Angeles bus ride in 1966. As a Nuclear Engineering PhD student at UCLA, Ibanez met a Structural Engineering professor who inspired him to study the effects of earthquakes on structures, specifically on nuclear power plants. As a result of this interest, in 1971, Ibanez and four friends founded ANCO, which provides strength and vibration test systems and services for critical material, equipment, products and structures. ANCO's products simulate an earthquake's forceful vibrations in a controlled environment, thus indicating whether the infrastructure of "critical industries" (nuclear facilities and hospitals) would endure a natural disaster. Due to the high cost of living in LA, ANCO relocated to Boulder in 1994 to strengthen its ability to hire and retain employees. Now ANCO employs between 13-25 people depending on workload. "Boulder is an amazing place to live and work," Ibanez says. "Though it's a small town, there's a high concentration of creative people with a broad world views and international business goals."

Colorado Enterprise Fund Involvement



To fund its growth, ANCO received Small Business Administration (SBA) funding through local banks until credit became tight. When banks were no longer able to meet ANCO's project financing needs, SBA employees referred ANCO to CEF, which made several loans to ANCO between 2005 and 2010. Ibanez says "Colorado Enterprise Fund was instrumental during those slim times." CEF's loans helped ANCO expand its business and were a significant factor in ANCO's winning the SBA Small Business Exporter of the Year Award in 2009. Today, nearly half of all seismic testing labs in the United States use ANCO

products. Furthermore, ANCO sells to test labs and product manufacturers in 30 countries and operates testing tables remotely from around the world.

Business Outlook

The future is bright for ANCO as demand for testing equipment and services continues to increase. The following factors are fueling this growth: nuclear energy is becoming a more popular alternative energy source; the catastrophic earthquakes in Chile and Haiti illustrated the human devastation from inadequate infrastructure; and California regulations require all hospital infrastructure and nuclear reactors to be seismically-tested. "ANCO's products have the power to save lives by helping to minimize damage when disaster strikes," says Ceyl Prinster, President and CEO of Colorado Enterprise Fund (CEF).



Keeping parents informed from afar:
University Parent
2995 Wilderness Place Suite 205
Boulder, CO 80301
(866)721-1357
www.universityparent.com



Business Description



Sarah Schupp attended University of Colorado (CU) in Boulder, where she and three classmates won the 2004 Business Plan competition in *the Deming Center for Entrepreneurship at CU-Boulder's Leeds School of Business*. During her years as a university student, Sarah observed a gap in the information available to her parents, who wanted to visit her from out-of-state.

In May, 2004, Schupp and her team launched "University Parent," a comprehensive resource guide for parents of college students at 200 universities and colleges in 34 states in the US. One million people visited the University Parent website in 2012 and University Parent prints 500,000 copies for each partner campus. "From a parent's perspective, it's important to have a trusted resource about where your child is living and studying so you can be supportive from a distance," says Schupp. "From a student's perspective, this concept reduces the burden of having to search for all the information your parents ask for."

The comprehensive online and print editions offer free institution-specific information about the school and surrounding community. For instance, parents can access academic calendars, maps, important phone numbers, career resources, and tourist information including entertainment, restaurants, and shopping venues.

University Parent participates in several higher education associations, which keeps the company aware of common issues facing universities as well as parent communication trends. University Parent maintains an excellent reputation among university administrators as well as local businesses. Administrators view University Parent as a cost-effective partner that provides a useful product and service. Likewise, local businesses readily advertise with University Parent in order to bring in more business.

Colorado Enterprise Fund Involvement

Initially, Compass Bank provided start-up capital to University Parent. In search of additional capital, University Parent was referred to Colorado Enterprise Fund (CEF) by a banker at Wells Fargo. In 2009 and again in 2012, CEF provided growth capital to University Parent which helped it add new employees.

Since 2006, University Parent has grown from four employees to 18, all of whom are based in Boulder. Schupp anticipates hiring three to five new employees in 2013. The staff at University Parent is passionate about solving real problems for schools, parents, and advertising partners. "To run a successful business, you need excellent people to execute the idea," says Schupp.

Business Outlook

Schupp aims for a 20% increase in revenue each year. University Parent plans to achieve this goal by establishing new partnerships with additional universities/colleges, maintaining relationships with local businesses who advertise in printed editions, and ramping up the eCommerce options on the website, such as care packages and floral delivery services. The future seems bright for University Parent. "We have so much potential because there is still so much to do," says Schupp.