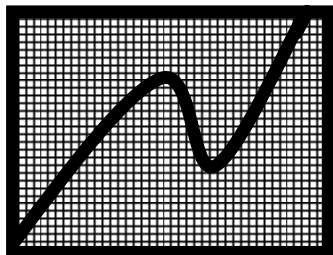


2009 Colorado Springs Business Climate Survey

Prepared for
Cheyenne Mountain Civic Solutions
April, 2009

Peer into the future before it becomes the present



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General Survey Design

Collect the Following:

- Demographic information regarding the respondents and their businesses.
- Answers to three rating questions concerning the Colorado Springs Business Climate.
- Answers to an open-ended question on the challenges faced by business leaders, before being biased by detailed rating and ranking questions.
- A rating of 32 business climate factors.
- Rankings of the top 5 actions that could improve the business climate.
- Answers to an open-ended question regarding the greatest opportunity to make the community outstanding for business.

Survey Collection Methodology

- Survey was e-mailed to approximately 3,600 addresses during the weeks of 4/8/09 and 4/15/09.
- Survey was publicized in the *Gazette* on 4/10/09.
- 1st question was a qualifier asking, “Are you a business owner, executive, or local top manager for a regional, national, or international operation?”

299 people did answer “Yes,” qualifying them for the survey.

Respondents

- Of the 299 qualified survey respondents, approximately 185 people from unique internet addresses answered most questions.
- 72% of respondents have been in the community for 10 years or more.
- 10% have been in the community for less than 5 years.
- 70% have a primarily local customer base

Company Mix by Size

Relative to the 2006 Census Bureau's County Business Patterns for El Paso County, respondents represented larger firms on average.

This provides a broader base of responses representing a wider range of companies and industries.

	1 to 9	10 to 24	25 to 99	100 to 249	500+
Respondents	46.2%	20.3%	17.6%	11.0%	4.9%
2006 Census	75.5%	13.9%	8.5%	1.9%	0.2%

Company Mix by Industry

Industries Represented

Real Estate	15.6%
Construction	15.6%
Business Services	11.2%
Retail & Restaurants	10.6%
Personal Services	10.6%
Banking & Finance	7.8%
High-Tech Manufacturing	6.7%
Education	5.0%
Health Care	4.5%
Media & Communications	4.5%
Aerospace & Defense	3.9%
General Manufacturing	3.4%
Information Tech/ Telecommunications	3.4%
Tourism	3.4%
Transportation	2.8%
Utilities & Energy	2.2%
Natural Resources	0.6%
TOTAL	111.8%

Total exceeds 100% due to some multiple category responses

All industries are represented in the survey responses.

Green highlighting indicates over-represented industries and yellow, under-represented industries, relative to the actual industry mix in El Paso County.

Satisfaction Level

One quarter of respondents are satisfied to very satisfied with the local business climate. Over one third are not very satisfied

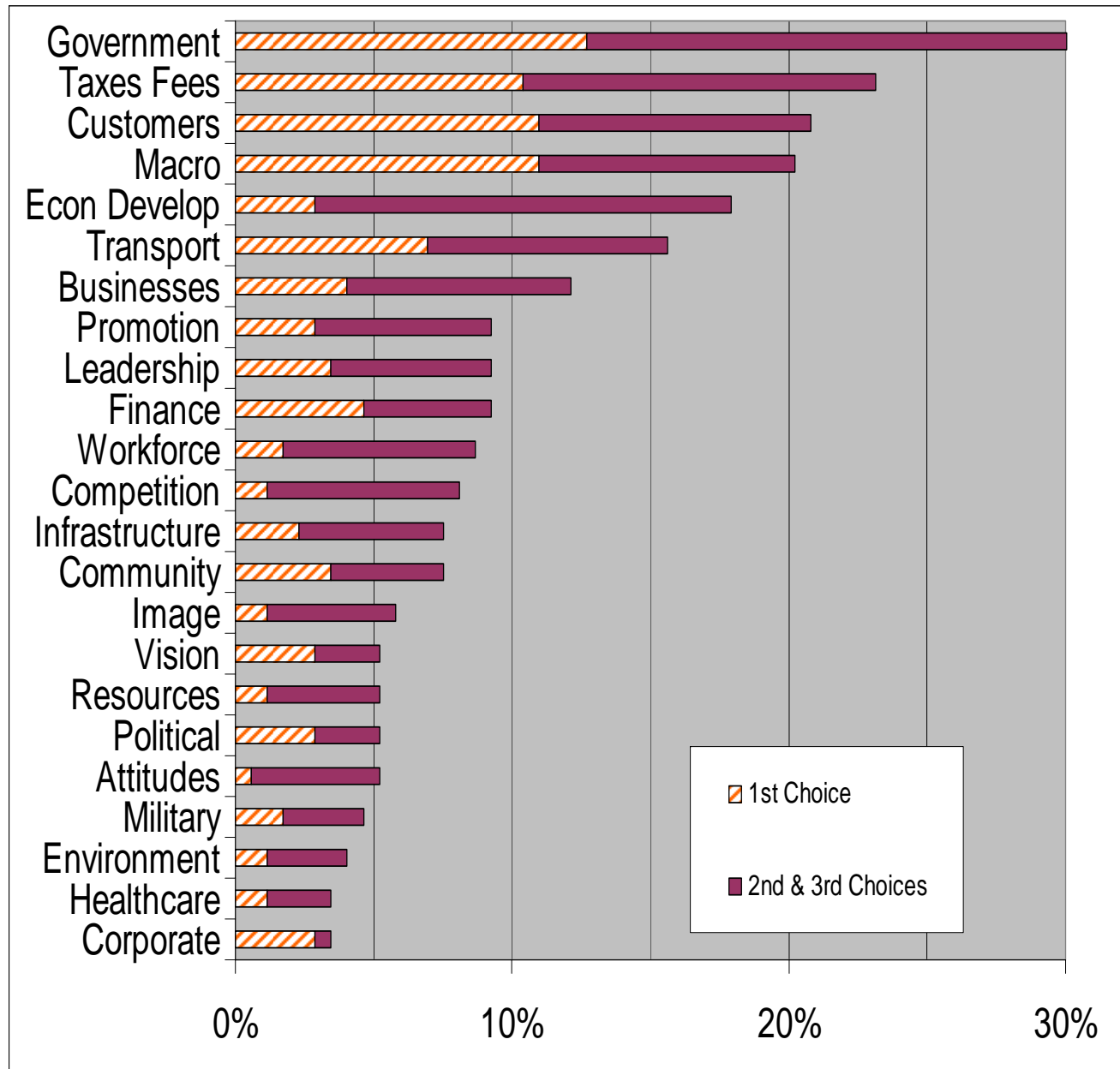
How would you rate your satisfaction with the overall business climate in the Colorado Springs Area?			
		Response Percent	Response Count
Very satisfied	<div><div></div></div>	4.3%	8
Satisfied	<div><div></div></div>	21.0%	39
Somewhat satisfied	<div><div></div></div>	39.2%	73
Not very satisfied	<div><div></div></div>	35.5%	66
No opinion		0.0%	0
	answered question		186
	skipped question		157

CURRENT BUSINESS CLIMATE COMPARED TO HISTORICAL: It is no surprise that the area business climate has deteriorated in the last 2 years, but of those responding to each question, 29% saw the climate as much worse now than it was 10 years ago, compared to 22% for 2 years ago.

How would you rate the business climate in the Colorado Springs area compared to

	2 Years Ago	10 Years Ago
Much Better	0%	3%
Better	3%	10%
About the Same	20%	13%
Worse	55%	45%
Much Worse	22%	29%
Responses with an Opinion	182	154

Summit Economics





In your opinion, what are **top three problems/ barriers** your firm faces in doing business from a Colorado Springs location? (Please list up to three)

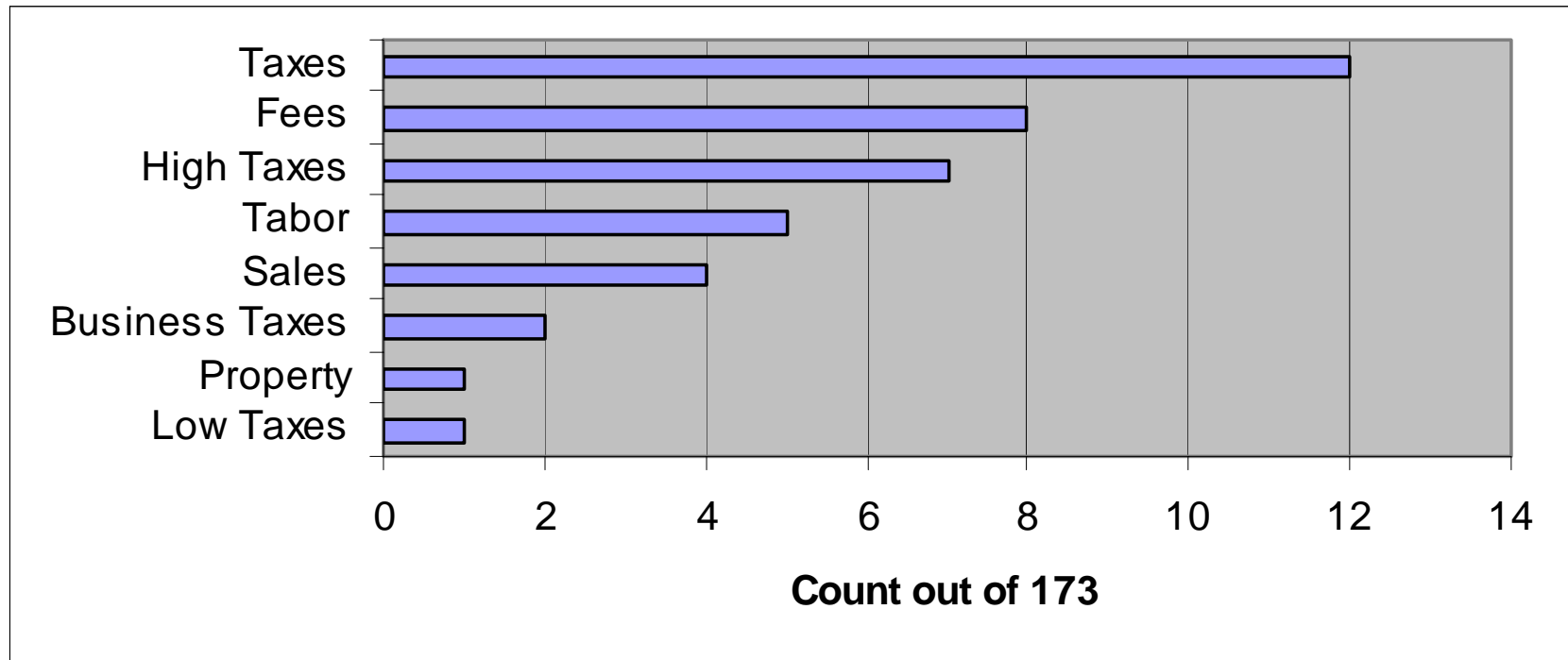
Data Observations

- The top 4 choices were about equal as a 1st response, but government is the largest problem or barrier among all responses.
- Economic development was 5th among all responses, but 10th as a 1st choice.
- The macro-economic situation was only 4th, although it may rate higher by being the underlying cause for other problems listed.
- Transportation primarily centered on passenger air travel.

Respondents who list governmental barriers indicate most problems stem from the development and building approval process and from regulations in general (orange rows). The most common levels of government specifically cited are the City or Local levels. In many cases they did not cite a level of government (purple columns)

Governmental Problems & Barriers - Count out of 173								
Count of Issue	Level 							
Issue 	City	County	Federal	Local	PPRB	State	(blank)	Grand Total
Approval Process	2	1		4	3		1	11
Bid Process	2							2
Bureaucracy	2			2			1	5
Competition							1	1
General	2					1	2	5
Licensing							1	1
Regulations			1			2	10	13
Services				1		1	2	4
Structure				1				1
Support	2			2				4
Underfunded	1			1			2	4
Zoning	1							1
Grand Total	12	1	1	11	3	4	20	52

Responses to taxes and fees as being a problem or barrier were more general than specific, although the implication is that higher taxes is a far greater problem / barrier to businesses than taxes being too low.



Other Observations

- Customer and business issues are typical, although some might be accentuated by the macro-economy.
- Workforce issues were reported by 9% of respondents and center primarily on finding labor at all skill levels.
- A lack of leadership was cited at all levels - business, civic, political, and regional. If combined with vision being listed as a problem, leadership would be the 7th greatest issue cited by 15% of respondents.

Business Climate Factors

Respondents were asked to rate 32 Colorado Springs business climate factors (1=Very Poor to 5=Very Good) while thinking of the factors' effects on their company's ability to be competitive from Colorado Springs.

We have placed these factors into the following three categories: High, Low, and Average Performance.

- **High:** at least 90% of respondents had an opinion and rated the factor good or better.
- **Low:** fewer respondents typically had an opinion and the factor was rated average, poor, or very poor.
- **Average:** the factor had a rating close to average, regardless of the number of respondents with an opinion.

HIGH PERFORMING FACTORS

at least 90% responding with an opinion - rated good or very good.

In 6 of the 8 factors, the rating was relatively consistent among respondents. 5 = Very Good and 1 = Very Poor

Thinking about their effect on your company's ability to be competitive from a Colorado Springs location, how does Colorado Springs RATE in each of the following business climate factors?

Factor	Mean	Mode	Standard Deviation
Reliability of Electric Service	4.20	G - VG	0.83
Availability of real estate for expansion	4.10	G	0.89
Quality of telecommunications infrastructure	3.94	A - G - VG	0.89
Proximity to customers	3.87	G	0.95
Reliability of internet service	3.77	G	0.91
Quality of the workforce	3.70	G	0.91
Availability of skilled workforce	3.63	G	1.03
Cost of labor	3.54	A - G	0.77

LOW PERFORMING FACTORS

Fewer responding with an opinion - rated average, poor, or very poor.

None had a mode or mean rated very poor and the factors crossed many categories.

Thinking about their effect on your company's ability to be competitive from a Colorado Springs location, how does Colorado Springs RATE in each of the following business climate factors?

Factor	Mean	Mode	Standard Deviation	% w/ Opinion
Availability of tax incentives for expansion	2.05	P	0.92	73%
Amount of time and cost it takes to get development permits	2.28	P	0.96	64%
Access to venture capital	2.43	A	0.94	61%
Cost of health insurance for employees	2.44	P - A	0.88	89%
Availability of direct passenger air flights to major U.S. cities	2.49	P	0.95	93%

AVERAGE PERFORMING FACTORS

Thinking about their effect on your company's ability to be competitive from a Colorado Springs location, how does Colorado Springs RATE in each of the following business climate factors?

Factor	Mean	Mode	Standard Deviation	% w/ Opinion
Proximity to suppliers	3.55	A	0.93	78%
Work ethic of local workforce	3.52	A	1.03	90%
Availability of air cargo to customer's locations	3.44	A	0.89	33%
Reliability of wireless (cell phone) service	3.44	A	1.02	85%
Availability of air cargo from supplier's locations	3.39	A	0.87	91%
Cost of real estate for expansion	3.38	G	1.08	95%
Cost of utilities	3.35	A	1.01	94%
Innovativeness of local work force	3.35	A	0.99	77%
Level of pay and benefits required to attract quality workers	3.25	A	0.83	63%
Conducive environment for innovation	3.25	A	0.99	84%
Ease of recruiting nationally	3.23	A - G	1.09	97%
Access to financial services, including international	3.15	A	0.90	96%
Amount of property taxes paid	3.02	A	1.17	98%
Overall amount of state and local taxes	3.02	A	1.07	93%
Cost of workers compensation	2.97	A	0.87	43%
Amount of corporate taxes paid	2.92	A	0.98	99%
Access to rail transportation	2.83	A	0.89	44%
Amount of sales tax on equipment purchased for business use	2.74	A	0.90	98%
Overall restrictiveness of environmental regulations	2.71	A	0.93	89%

HOW TO IMPROVE THE BUSINESS CLIMATE

The Top 10 actions, which at least a quarter of respondents noted, included 5 instances of **lowering taxes** and a range of other recommended actions.

What TOP FIVE actions could be taken to improve the business climate for your company's operations in the Colorado Springs area

	Count	Percent
Exempt business equipment from personal property tax	74	40.0%
Improve national/regional media image of Colorado Springs	72	38.9%
Exempt sales/use tax on business equipment purchases	62	33.5%
Enable pooled health insurance purchasing by companies	57	30.8%
Streamline government regulatory and permitting approvals	55	29.7%
Reduce property taxes on land and buildings	55	29.7%
Reduce corporate income taxes	50	27.0%
Increase Downtown's draw for business	49	26.5%
Limit frivolous lawsuits	47	25.4%
Reduce individual income taxes	45	24.3%

Respondents were asked to choose 5 from a randomized list of 26 possible actions.

Mid-range actions receiving 10% to 20% of respondents' "Votes."

What TOP FIVE actions could be taken to improve the business climate for your company's operations in the Colorado Springs area

	Count	Percent
Improve higher education	38	20.5%
Lower utility costs	37	20.0%
Provide tax credits for research and development spending	35	18.9%
Reduce cost of worker's compensation insurance	35	18.9%
Improve K-12 education	34	18.4%
Reduce traffic congestion	32	17.3%
Reduce unemployment insurance costs	31	16.8%
State provided low-cost health insurance for uninsured individuals	23	12.4%
Increase state enterprise zone tax benefits for job creation	21	11.4%
Increase state enterprise zone tax benefits for business equipment investment	21	11.4%

Actions that less than 7% of respondents recommended most likely represent relatively high satisfaction levels or politically less desirable solutions.

What TOP FIVE actions could be taken to improve the business climate for your company's operations in the Colorado Springs area

	Count	Percent
Improve police protection	13	7.0%
Lower the minimum wage	9	4.9%
State mandated health insurance for individuals	9	4.9%
Government provide low-cost workforce training	7	3.8%
Reduce restrictions on employing undocumented aliens	4	2.2%
Improve fire protection	0	0.0%

Respondents could offer additional actions rather than select from the given list.

19% did suggest other actions with the most common centering around

- Taxes - raising, lowering and reforming
 - Improving government
- Creating incentives for business development
 - Recruiting larger companies

**To conclude the Business Climate survey,
Respondents were asked**

*Where is the GREATEST OPPORTUNITY for
Colorado Springs and El Paso County to become
an OUTSTANDING community for business*

**136 Respondents offered their opinion on the
Greatest Opportunity in a wide range of categories.**

48% of the responses fell into five categories

Taxes, Technology, Government,
Incentives, Leadership

21 categories comprised the other 52%

The Top 5 Opportunities

- Incentives: The emphasis is on attracting and recruiting new businesses
- Leadership: Split between Elected and Community
- Taxes: Reduce
- Technology: Focus on high tech, green and other, for DOD and society
- Government

Opportunities to Reform Government

All Responses Listed

Active progressive responsive govt like 25 years ago
Utilization of local small business products and services by the city government and other local businesses
Combine City/County Gov't
Combining City and County government
Consolidation of city / county governments for more efficient & effective operations
Cut all of the Red Tape involving growth
Ease of building development/expansion
Streamline County Processing
Improve the quality of government
Keep regulations easy.
Reduce government regulations
Sell Col. Springs Util. and Memorial, and use the funds for city services and economic development incentives.
City services

Remember What is Good and Build From There

- Public Safety – Police & Fire Protection
- Workforce & Wages
- Supply of commercial space for expansion
- Technology orientation and potential for the future economy
- Quality of Life
- Business community's expectations and apparent willingness to accept responsibility

Areas for Discussion

- Need to add some specificity to the regulatory barriers, especially at the local and state levels
- Need to resolve the dichotomy of lower taxes and fees with more efficient and effective processes, better infrastructure, and possibly the need for tax reform and restructuring around Tabor and sales vs property taxes
- Need to create a business vision for what effective community and political leadership looks like
- Need to develop consensus around “points of agreement” for an economic development strategy.