

**GRAND JUNCTION CITY COUNCIL
ADDITIONAL WORKSHOP
MONDAY, JULY 16, 2007 11:30 A.M.
ADMINISTRATION CONFERENCE ROOM
2ND FLOOR, CITY HALL
250 N. 5TH STREET**

11:30 **LISTENING TO BUSINESS REPORT, 2007:** Georgann Jouflas will present the 2007 Listening to Business Report. [Attach 1](#)

12:30 **REVIEW OF STORM WATER DRAINAGE BASIN STUDIES:** Several Storm Water Drainage Basin Studies were recently completed including Lewis Wash, Gold Star Canyon and Red Canyon. Staff will review those studies. [Attach 2](#)

ADJOURN

Attach 1
Listening to Business

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Final Report 2007

Listening to Business
in Mesa County, Colorado

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EXECUTIVE SUMMARY

Listening to Business (L2B) is a program that surveys the opinions and perceptions of business in Mesa County, Colorado. The program is administered by Economic Development (ED) Partners, a group of public and private organizations focused on implementing unified economic development strategies in Mesa County. The goal of the L2B program is to increase the success of local businesses by effectively aligning and utilizing community economic development resources. The program also attempts to identify opportunities and risks within the local economy. In accomplishing these tasks, the L2B program demonstrates to the business community that economic development agencies are interested in existing industry and are sincerely attempting to determine the needs and concerns of these businesses so that these issues can be addressed.

BACKGROUND

In 2004 through 2005, Listening to Business (L2B1) interviewed 100 companies from five industry clusters: manufacturing, transportation, healthcare, value-added agriculture, and energy. These 100 companies projected substantial capital investment in this community (nearly \$200 million) and addition of over 1800 new jobs. The initial study also identified several weaknesses that have subsequently been addressed by members of ED Partners. Specifically:

- 1. Planning and Development Process.** The most common barrier to growth mentioned in the L2B1 study was the difficulty companies had in working with local planning and building departments. As a result of these findings the Grand Junction Chamber of Commerce, the City of Grand Junction, and Mesa County convened a planning oversight committee intent on uncovering the specific issues causing concern with the planning process and creating solutions to the identified problems. This committee has met monthly since January 2006 to review planning concerns. (For specific changes being made by the City, see the Planning Oversight Committee Interim Report available through the Grand Junction Chamber of Commerce)
 - 2. Formation of a Local Manufacturing Council.** The Business Incubator Center, the Grand Junction Chamber of Commerce, and the Colorado Association of Manufacturing Technologies (CAMT) helped facilitate the establishment of an independent manufacturers' council to encourage more collaboration among companies on items in areas such as workforce training and freight movement.
 - 3. Programs that assist business with innovation of products and effective means of production as well as research and develop niche markets.** Community and state financial resources were utilized last year to assist smaller manufacturing firms interested in pursuing the ISO and AS (specific to aerospace industry) certification that will make these businesses more competitive when bidding for work. As a result of this effort, Mesa County now has the highest concentration of AS certified companies in Colorado. This manufacturing capacity gives these local companies access to national and international markets. Additionally, Mesa State College established the Entrepreneurial Business Institute to assist companies by providing education, consulting, training, and information for small businesses.
 - 4. Meet the needs of expanding businesses.** Industrial Development Inc. (IDI) began development of Air Tech Park, a ten-acre site for future industrial expansion that will be completed by spring of 2006. Additionally, the City of Grand Junction gave up interest in Bookcliff Tech Park, a 55-acre site owned by IDI enabling IDI to proceed with infrastructure development to make that site ready for expansion as well. Both the City
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EXECUTIVE SUMMARY

and County are also investigating the future need for industrial property in the Valley. Mesa County has spearheaded a plan for the Clifton/Fruitvale area and is proceeding on a plan for Whitewater. Fruita has located several businesses in the Fruita Greenway Business Park. The Grand Junction Economic Partnership maintains a database of available commercial and industrial space and has expanded their program, now assisting local businesses with business expansion.

- 5. Coordinate workforce development with the skills that will be required by growing businesses.** Mesa State College and the Western Colorado Community College have committed to meet with advisory boards and other industry officials in an effort to identify "gaps" in current workforce development programs and to insure that there is a broad base of knowledge about current programming. This focus has lead to the development of Energy Management and Construction Technology as a concentration through Mesa State College's Department of Business.

Listening to Business -2007

The Listening to Business survey conducted in 2006-07 (L2B2) was funded by: City of Grand Junction, Grand Junction Chamber of Commerce, Industrial Development Inc, Mesa State College, Grand Junction Economic Partnership, Business Incubator Center, and the City of Fruita, The project was also facilitated by the Colorado Office of Economic Development which has purchased the master license for e-Synchronist software. The L2B program used the e-Synchronist software program as a tool to collect and analyze the data. This software gathers perceptions in areas of product, markets, industry, management, workforce, and service provided by this community.

The L2B2 survey revealed a very healthy business climate with businesses anticipating tremendous growth. This growth is reflected in the three year projected:

- **investment of \$321,763,000 capital**
- **creation 1511 jobs**
- **development of 631,408 in additional square feet in productive space**

This growth is fueled primarily by growing local and regional markets. The data collected in this study shows that most of the businesses interviewed are increasing their sales and gaining market share due to their reputation for:

- **superior quality and**
- **responsiveness to customer needs.**

A significant change can be noted between L2B1 and L2B2. The L2B1 study observed an emphasis on controlling costs for company survival; this emphasis shifted in L2B2 to concern for the ability to acquire resources—workforce and affordable land and/or facilities for expansion—in order to continue accommodate growing markets.

As stated above, this growth trend has continued the need for expansion. Unlike companies interviewed in L2B1, the majority of companies with plans to expand had room to expand at their current location or had recently purchased property with the intention of expanding their business. Only 19 percent of those affected reported that they were out of room to expand at their current location.

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The ability of government legislation to impact businesses is not viewed as a major concern for most of these companies. Companies are aware of the issues and will deal with them as they occur. The legislative issues seen as having potential opportunities to benefit and/or cause for concern include: environmental regulation, healthcare cost containment, liability and insurance issues, and immigration reform.

Management is projecting significant growth over the next three years spurred by the product, market, and industry trends outlined above. The confidence in this community's ability to support that growth is brought to light by their perceptions of the community's strengths and weaknesses. According to these interviews, the strengths of this community as a place to do business are primarily:

- *quality of life,*
- *strength of the local business environment, and*
- *location* which provides access to regional markets.

Perceived community weaknesses in being able to support the huge potential growth of these businesses include:

- *the timeliness of local planning agencies, as well as*
- *proactive comprehensive community planning to deal with growth,*
- *workforce availability, and*
- *air travel reliability and accessibility.*

The perceived weaknesses were cited by only a few companies as actual barriers to growth.

The perceived availability of workers has decreased significantly in the last 18 months. In the L2B1 survey the *quality* of the workforce was the predominant concern. While the perceived quality of the workforce has decreased, the primary concern of businesses surveyed in L2B2 is the *availability* of employees. It is interesting to note that most companies commented about how availability of quality employees could be attributed to hiring in the energy industry, though energy companies were also having some difficulty in recruiting.

The areas with the most common recruitment concerns are:

- Engineering skills,
- Construction skills,
- CDL drivers,
- Manufacturing skills, and
- Computer Aided Design skills

The businesses interviewed were satisfied with most services provided by the community.

The two items provided by the community that were rated lowest are:

- Airline passenger service (frequency, cancelled flights, and cost).and
- Long range community planning (handling overall growth and long-term vision for the community).

The competitiveness of local business and their ability to grow as anticipated can be significantly influenced by economic development decisions. The specific items that ED Partners can facilitate to positively affect the local business environment were seen as:

EXECUTIVE SUMMARY

Community Planning: The majority of the companies interviewed will need to either expand their facilities or move into new facilities. This will involve working with local planning departments. All of the companies interviewed appreciate the need for good planning and the work of local agencies to improve their processes has been reflected in this survey. Planning does remain the primary issue influencing business expansion though some of the actual concerns have shifted. The major concern is still *the length of time the planning process* actually takes to complete. The companies interviewed are in rapidly expanding markets. If they cannot expand their capacity in a timely fashion to service this expanding market, their opportunity to compete effectively could be lost. The influence of planning effects local businesses in three ways:

- The local economy is near full employment, yet more workforce is still needed for expansion, the timeliness factor increases the *availability and cost of housing* and, *thus, the availability of workforce*.
- This issue also adds to the *cost of and availability of land for development* again affecting expansion opportunities,
- Planning is not only an issue for companies wanting to build, but also those moving to new facilities. The *cost of and availability of commercial facilities* is affected by the cost of planning and, therefore, affects the growth of business.
- Long-range community planning has become another planning issue. Many companies commented that local governments "lacked vision" for the future growth of the community, indicating that the complaint with planning is not only with the local process, but also the *overall policy and the ability to handle growth AND maintain the quality of life*

Workforce: The common theme for companies interviewed in this study has been growth and the individual company's ability to expand capacity in order to increase their sales to benefit from expanding markets. The primary obstacle to growth for most companies interviewed has been finding a skilled workforce. Without this workforce, these companies cannot continue the high quality of service and customer responsiveness that is fueling their growth. Many companies have been able to increase their technology investment improving their efficiency and reducing the overall need for employees, but this does not solve the problem.

There are two specific issues pertaining to workforce:

- Size of the workforce pool (actual bodies). While we have seen a tremendous influx of employees, the lack of available housing will lesson the ability of individuals to move into the community.
- Relevance of the skill set of the workforce. The skill set cited as most relevant include:
 - Engineering skills
 - Construction skills
 - CDL Drivers
 - Manufacturing skills
 - Computer Aided Design skills

The community's ability to provide a workforce with these required skills will greatly impact the ability of the local companies to grow and compete in their expanding markets.

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Overall, the local economy is extremely strong, and the businesses in the sectors studied are growing at phenomenal rates due to expanding regional markets and their ability to capture market share. Market share growth is based on the company's reputation for quality of service and responsiveness to customer needs. In order to maintain this competitive advantage these local companies depend on the *availability of resources—workforce, productive space, and time*. Unlike the previous L2B1 study which revealed cost pressures of the competitive environment, this round of interviews focused more on *availability* of resources—specifically a trained workforce and production space. Though planning process issues are improving, they are still seen to negatively influence the availability of these needed resources. Air service quality is also consistently mentioned as an issue for business travelers, though less of a factor.

LISTENING TO BUSINESS - 2007

BACKGROUND

In 2004, the Listening to Business Program (L2B1) began interviewing businesses in Mesa County, Colorado. The program was launched by Economic Development Partners, a group of public and private organizations focused on implementing unified economic development strategies in Mesa County. The goal of the L2B program is to increase the success of local businesses by effectively aligning and utilizing community economic development resources. The program also attempts to identify the opportunities and risks within the local economy. In accomplishing these goals, the L2B program demonstrates to the business community that economic development agencies are interested in existing industry and are sincerely attempting to determine the needs and concerns of these businesses so that these needs can be addressed.

Thus far, the program has focused on businesses that receive the majority of their revenue from outside of Mesa County. These primary employers, in turn, hire local workforce who buy supplies and services locally, thereby fueling the growth of the local economy. Since this sector represents "new dollars" into the county, growth in this area could exponentially improve the local economy.

In 2004 through 2005, Listening to Business (L2B1) interviewed 100 companies from five industry clusters: manufacturing, transportation, healthcare, value-added agriculture, and energy. These 100 companies projected substantial capital investment in this community (nearly \$200 million) and addition of over 1800 new jobs. The initial study also identified several weaknesses that have subsequently been addressed by members of ED Partners. Specifically:

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METHODOLOGY

The 2006-07 L2B program (L2B2) was funded by: City of Grand Junction, Grand Junction Chamber of Commerce, Industrial Development Inc, Mesa State College, Grand Junction Economic Partnership, Business Incubator Center, and the City of Fruita. The project was also facilitated by the Colorado Office of Economic Development which has purchased the master license for e-Synchronist software.

The L2B program uses the e-Synchronist program as a tool to gather, analyze, and report company data. This software provides a questionnaire giving a consistent collection format and the ability to compare the data collected. This software is being used by business retention and expansion programs throughout Colorado and nationwide giving us relative comparisons and perspective to some of the data gathered. The interview process also provides a networking and learning opportunity for the business leaders that participate in the interviews. Each interview is conducted by the program coordinator accompanied by up to two board members from any of the participating ED Partners.

From April 2006 to April 2007, the program interviewed 100 primary employers. The businesses were selected from the Energy, Manufacturing, Construction, and High-end Business Services sectors. The businesses that were selected to be interviewed by the L2B program were chosen from random lists with minor modification to those lists in order to ensure coverage of all industry clusters and a variety of company sizes.

Perception vs. Reality

The Listening to Business program is a subjective study measuring the perceptions of local business. The program made no efforts to determine if the statements made by the

businesses were factually accurate or isolated to the community. It is important to remember the importance of perception when making public policy. Concerns mentioned by the business are legitimate and can be approached in two ways by policy makers. If the perception is in fact a problem, the potential to improve the quality of the business environment exists. If the perception is a misunderstanding by the business or not a problem specific to this community, the potential exists for an educational opportunity.

WHO WE CONTACTED

Industry Sectors

Listening to Business-2007 (L2B2) interviewed one hundred companies in the following sectors:

- Manufacturing – 25 (including 5 companies from the 2004-05 study)
- Energy – 25 (including 5 companies from the 2004-05 study)
- Construction - 25
- High-end Business Consulting - 25

Size of Businesses

Eighty-eight percent of the companies interviewed employ 100 employees or less. Ten percent have between 100 and 250 employees; and the remaining 2 percent of companies employ over 250 employees. This breakdown is representative of the Mesa County economy. The majority of the businesses are privately owned (67 percent) and headquartered in Mesa County (74 percent).

Sixteen percent of those providing payroll figures have annual payrolls over one million dollars.

WHAT WE LEARNED

The e-Synchronist survey has seven sections probing issues regarding product, markets, industry, technology, management, workforce, and community service factors. Results are presented in the order they were collected in the survey.

PRODUCT

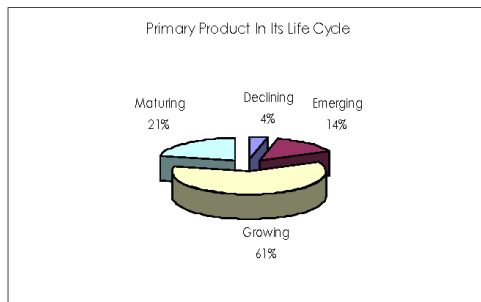
The first section of the survey and analysis attempts to determine where the companies are in terms of their primary product's market. The responses incorporate past achievements, product life cycle, technological developments and amount of research and development each company is doing. This analysis provides a background of what the company has been through recently (past five years) and how they are positioned to capitalize on upcoming opportunities and changes.

Achievements

Forty-seven percent of the companies interviewed saw extraordinary *growth* as their greatest achievement in the past five years (compared to 37 percent in L2B1). This was

stated in terms of creating jobs, higher sales, and developing new markets. This is a significant contrast to the 2004 L2B (L2B1) study in which 40 percent of the companies saw *survival* as their company's greatest achievement in the past five years. Only 4 percent mentioned survival as an achievement in this current study (L2B2).

The second type of achievement most mentioned by companies falls into *responsiveness to customer needs* category. Twenty-six percent of the companies considered their positive reputation and their ability to respond to their customers as a significant accomplishment.



Life Cycle

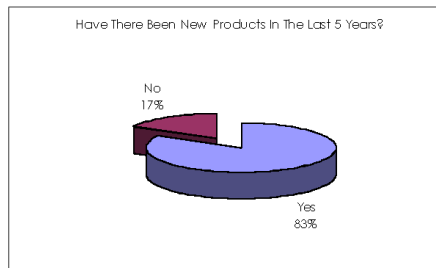
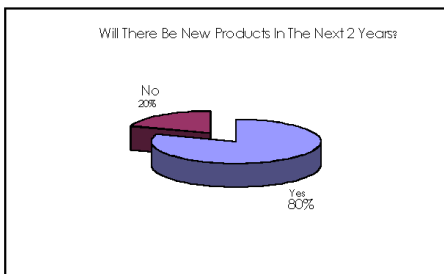
The majority of the companies interviewed (75 percent) classified their primary products in the emerging and growth stages of the product life cycle. Most of these products were also characterized as being in rapidly growing markets; these companies stressed the need for access to resources to be competitive. In the 2005 study (L2B1), 69 percent of companies were in the emerging and growth phase of the product life cycle.

Those companies most often characterized their markets as requiring large amounts of capital investment for innovation and market development in order to be competitive.

Only 21% of the interviewed companies' products are in the mature stage of the life cycle. Most of these companies are in the construction sector in which there is intense rivalry among key players in each market segment. This continued growth in sales can be attributed to the rapid growth of local and regional construction markets. The companies with declining products are in natural resource-based segments of the construction industry. These companies are experiencing a diminishing supply of the resources required to produce their product (asphalt and gravel).

Research and Development

Sixty-five percent of the companies interviewed invest less than 3 percent of sales in research and development. Most describe their research and development as being part of their ongoing business not necessarily a distinct separate business function; or that their innovation research is



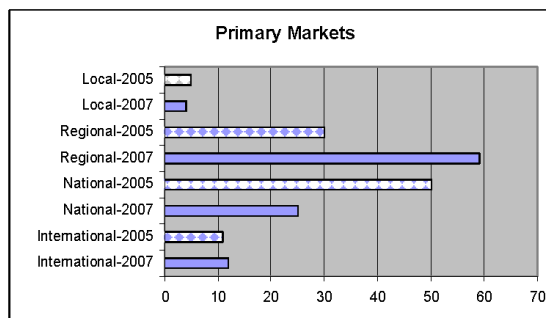
being done by vendors from whom they buy products; therefore, this low percentage may be misleading. Though

the companies do not maintain a research and development cost center, they do continue to be innovators. Eighty-three percent have introduced new products in the past five years, and 80 percent will introduce new products in the next two years.

This first section of the study shows that the companies interviewed are in rapidly growing markets where product innovation and responsiveness to customer needs is a competitive factor. These companies have experienced rapid growth by offering their customers what they want when they want it. A significant change can be noted between L2B1 and L2B2. A shift is observed from an emphasis on controlling costs for company survival in L2B1 to extreme sales growth in L2B2 fueled by the companies' reputation for quality products, responsiveness to customer needs, and innovation.

MARKETS

The next section of the survey provides insight into the how effectively the companies are competing in their respective industries. Items such as market share, sales, plans for expansion, and international influences are discussed.



Fifty-nine percent of the companies interviewed view their primary market as being regional (Rocky Mountain states) National markets make up the primary market for 25 percent of the companies. Thirteen percent of the companies serve international markets. While primary employers were targeted (those companies whose

primary markets are outside of the local economy) four of the companies stated that their primary market was local though they do have some regional sales. Regional markets have increased importance for the companies interviewed over the past two years. In L2B1 only 35 percent of those interviewed concentrated on regional markets compared to 59 percent in L2B2 of companies. National markets were the primary markets for 48 percent in L2B1 compared to 25 percent in L2B2.

The growth trend in the sample group has been fueled by increasing sales (93 percent report increasing sales compared to 81 percent in L2B1). This sales growth comes from being in growing markets; but these companies are also competing effectively with 66 percent reporting increasing market share, and 30 percent maintaining their market share. This increase in market share was attributed to a positive reputation due to superior quality and responsiveness to customer needs, as well as innovation. Safety and production certification (ISO and ASA) were also noted as helping companies grow their market share. For comparison, the 75 percent of companies interviewed in L2B1 reported increasing market share; yet these companies attributed their gains to a lower cost structure.

Sales and market share trends translate into 84 percent of the interviewed companies planning to expand within the next three years (as compared to 75 percent of companies in

the L2B1 study). It should be noted that at least 10 percent of the companies have invested in facility expansion in the past 5 years as well. Some of the companies that have recently expanded are also part of the 87 percent projecting future expansion.

The majority of those with plans to expand had room to expand at their current location or had recently purchased property with the intention of expanding their business. Only 19 percent of those affected reported that they were out of room to expand at their current location.

Projected Investment

	Estimated \$ Investment	Estimated New Jobs	Estimated New Space (sq ft)
High-2007	\$50,000,000	220	200,000
High-2005	\$50,000,000	200	200,000
Median-2007	\$750,000	6	3800
Median-2005	\$500,000	10	10,000
Low-2007	\$3,000	1	300
Low-2005	\$4,000	1	1,000
Total- 2007	\$321,763,000	1511	631,408
Total-2005	\$198,184,000	1883	850,200

Projected Total Investment by community

Area	Estimated \$ Investment	Estimated Jobs	Estimated New Space (sq ft)	No. of Companies Interviewed in area
Fruita	\$29,500,000	226	30,000	2
GrandJunction	\$292,263,000	1285	621,408	82

Additional information can be found by breaking this projected expansion down into industry clusters.

Projected Investment by Industry Cluster

	% of Participants	Projected \$ Investment	Projected Employment	Growth in employ	% of Sector Expanding	Median Sq Ft expansion	Projected Total New Sq Ft
Energy	25%	206,578,000	835	53%	88%	10,000	221,000
Construction	25%	67,715,000	271	20%	88%	3,600	246,000
Manufacturing	25%	37,845,000	248	33%	76%	6,500	135,380
High-end Business Services	25%	9,625,000	157	68%	84%	1,300	29,028

As shown above over 75 percent of the companies in each sector are predicting some type of expansion. The majority of the expansion in each sector is being made by 4 to 5 companies. While these few companies are predicting large increase in their productive space, there is no consistent requirement for specific square footage from the other companies. The range is usually from 500 to 6000 square feet expansion for these companies

- The energy industry is projecting a substantial increase in investment (*2005 projected energy industry investment was \$42,735,000*). Eighty-four percent of this investment is being made by 17 percent of the companies, primarily large energy service companies investing heavily in building, equipment, and employees.
- The construction industry is also projecting substantial investment. Seventy-four percent of this investment is being made by 14 percent of the companies. The majority of this investment is real estate development.
- Manufacturing is predicting larger investment than in the L2B1 study (\$27,570,000 investment by 45 companies). Seventy-five percent of this investment is being made by 14% of the companies.
- The high-end business services sector projects the lowest investment. However, this sector does project the highest overall percentage increase in employment base, primarily for engineering-based skills.

International Markets

Only 11 percent of companies interviewed are increasing their export markets, as compared to 31 percent of the businesses in L2B1. This is primarily because the two sectors interviewed in this study—construction and high-end business services—by nature have regional markets. Imports have not increased substantially for the companies interviewed. The majority of the companies interviewed in L2B2 are seeing substantial growth in local and regional markets and so do not find it necessary to expand internationally, or even nationally, in order to grow their sales or market share.

Sales of the interviewed companies have strong growth trends due to increasing market share and growing markets. This growth was fueled by responsiveness to customer needs and superior quality. These two competitive advantages were mentioned by most companies as helping them build their excellent reputation and thus their market share.

This growth in sales has led to a huge projected investment in capital improvements, employees, and building over the next three years.

INDUSTRY

The third section of the LTB questionnaire researched the viability and competitive factors of the industry in which these companies are competing. This section looks at factors internal to the industry such as consolidation and capacity as well as external influences of potential legislation and regulation.

Fifty-one percent of the companies interviewed thought that merger, acquisition, and divestiture activity was increasing in their industry. This is a significant reduction from the 97 percent of companies in the L2B1 that viewed consolidation pressures as being strong. This type of activity is primarily occurring in the energy and high-end business services industries where companies are buying smaller service companies to quickly enter a market and gain market share.

Fifty-two percent of those interviewed say that production in their industry is under capacity—there is not enough production capacity to fill market demand. This is reflected in the large projected growth for local businesses. When compared to 38 percent seeing production as under capacity in the L2B1 study, this again indicates growing markets with less competitive pressure for increasing sales. Another 34 percent find industry production capabilities as balanced; with 16 percent seeing their industries having too much production capacity. These companies are primarily companies competing in the high-end business services industries, though certain segments manufacturing and energy are beginning to see competitive pressure in regional markets.

Legislative and Regulatory Concerns

More than 50 percent of the companies interviewed did not perceive any impending local, state, or national legislation that would significantly impact their business—adversely or beneficially.

The legislative issues specifically mentioned that had potential for impact included:

- Environmental regulations, including drilling and watershed regulations
 - Could add cost to energy companies
 - Could increase business for environmental consulting companies
- Healthcare insurance
 - An increasing cost for most employers
- Liability and Insurance cost
 - An increasing cost item for the construction industry
- Immigration reform
 - Could impact the employment pool for construction, energy, and manufacturing

The majority of interviewed companies operate in rapidly expanding markets. Most viewed the competitive rivalry in their industry to be weak—there is more business than there are

competitors to service the growing need. Though still under capacity, the production capacity in certain segments of the energy and business services industries are more effectively filling demand creating a more competitive rivalry. Industry consolidation pressures have dropped significantly in this group of interviews compared to L2B1.

The ability of government entities to impact businesses is not viewed as a major concern for most of these companies. Companies are aware of the issues and will deal with them as they occur. The legislative issues seen as having potential opportunities to benefit and/or cause for concern include: environmental regulation, healthcare cost containment, liability and insurance issues, and immigration reform.

MANAGEMENT

The fourth section of the survey provides insight into expected changes in management, employment, and the effect of management decisions. This section also shows the perception of management towards the local business environment as a place to do business.

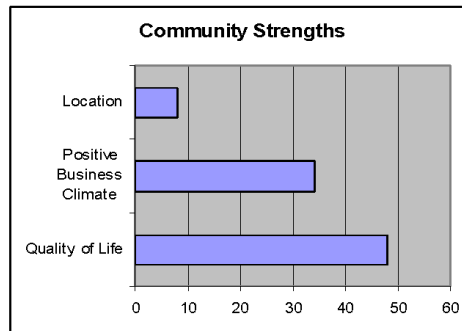
Top management of the interviewed companies has been fairly stable with only 21 percent seeing a change in the past 18 months or expecting to change in the next 18 months. Most of this change has been in the adjustment of partnerships or in companies that have changed ownership.

The employment needs will be increasing in 90 percent of the companies interviewed. Employment was considered strong in the L2B1 study with only 67 percent projecting an increasing need. Considering the local economy's low unemployment rate, this projected employment growth will have a significant impact. This is consistent with the 84 percent of companies projecting expansion in the previous section.

This projected expansion results in a slight increase for utilities. Except for the complaints in the consistency of cell phone reception in the region, there were no major concerns with utilities that will impact this growth. In the L2B1 study a concern was raised about access to high speed internet connection through a cable or DSL line. This lack of infrastructure was no longer expressed as a concern.

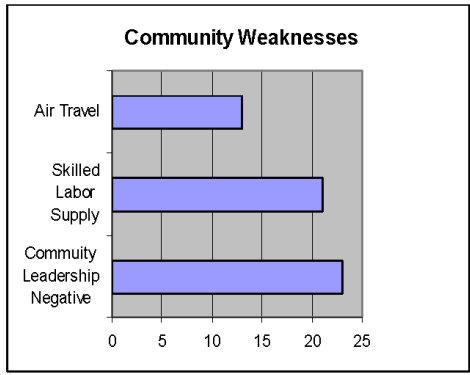
Perceived Community Strengths and Weaknesses

Forty-eight percent of respondents say that the community's primary strength is the quality of life. Though this response was similar in L2B1 where forty-six percent saw quality of life as community strength and thus located their business here. Thirty-six percent of the companies in the current survey located here because of the positive business climate. A positive business climate includes being a regional hub with access to growing markets, networking opportunities, growing and diversified economy, and abundance of natural resources in the area. These



strengths are echoed in the third quality mentioned - location, meaning proximity to growing markets.

Twenty-three percent of those interviewed had a negative perception of community leadership. Almost half (12 percent) of those expressing this opinion were concerned about the length of time to get through local planning departments. (Grand Junction, Fruita, and Mesa County Planning Departments were all specifically mentioned.) It should be noted that the planning issues were mentioned as a specific weakness by 22 percent of respondents in L2B1. Other community leadership concerns included the perceived tendency for governments to purchase from vendors outside the community and the lack of support for local business. Community leaders not having a proactive vision in handling local

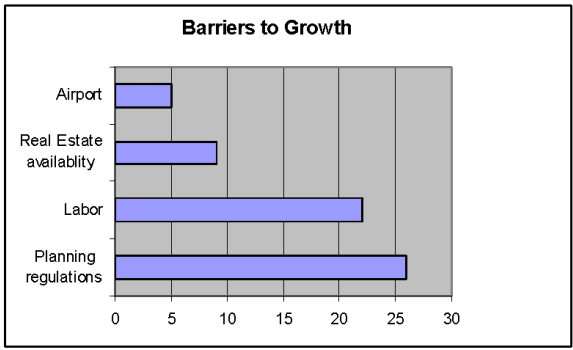


growth was also voiced as a concern.

The community leadership concern was closely matched by the negative perception of the availability of local labor. Concerns were voiced specifically about the shortage of skilled labor by 21 percent of companies interviewed. Thirteen percent mentioned air travel as a community weakness. Specific concerns include: consistency due to frequently cancelled flights and cost of traveling.

In order to determine the severity of these community weaknesses, companies were asked to identify what they perceived to be actual barriers to growth.

Perceived Barriers to Growth



As with the L2B1 study, the most common barrier to growth mentioned was the planning process, though at 26 percent this concern has decreased from the 35 percent mentioned in L2B1. There has been progress made on this issue. Concerns were voiced about all planning departments: City of Grand Junction, City of Fruita, and Mesa County. The majority of planning concerns had to do with the length of time the

planning process takes to complete. This can also be linked to workforce issues since most

of the local planning agencies have been seriously understaffed, undermining their production capacity. The planning concerns also tie to the lack of real estate availability mentioned by 9 percent of businesses as a barrier to growth.

The second most commonly mentioned barrier to growth was availability of labor—22 percent. Airport service, as mentioned in community weaknesses, was mentioned as an actual barrier to growth by five companies.

Three of these issues—planning, labor availability, and air service—are legitimate problems being consistently mentioned as concerns in two sections of the survey. When asked specifically if these issues would stop expansion, 16 percent said that this community would not be considered for future expansion. Eight percent of those companies thought they could better service their markets by expanding elsewhere, 3 percent had just expanded, 3 percent did not think the community had the resources availability, and 2 percent specifically mentioned planning issues.

Management is projecting significant growth over the next three years spurred by the product, market and industry trends outlined above. The confidence in the community's ability to support that growth is brought to light by their perceptions of the community's strengths and weaknesses. The strengths of this community as a place to do business are primarily: *quality of life, strength of the local business environment, and location* due to the access to regional markets. Perceived community weaknesses in being able to support the huge potential growth of these businesses include: *the timeliness of local planning agencies as well as proactive strategic community planning, workforce availability, and air travel accessibility*. The perceived weaknesses are mitigated by the minimal stated impact they will have on actual local business expansion.

WORKFORCE

The fifth section of the e-Synchronist survey covers issues pertaining to the available local workforce. Questions review quality, stability, productivity and training needs.

The table below summarizes the overall evaluation of the local workforce as compared to the previous data collected in L2B1. As mentioned in previous sections of the survey, availability of a workforce is a primary concern of most companies interviewed.

1-low, 7-high	L2B1-2005	L2B2-2007
AVAILABILITY	4.9	2.83
QUALITY	4.03	3.41
STABILITY	5.01	4.09
PRODUCTIVITY	6.1	5.78

perceived availability of workers has decreased significantly in the last 18 months. In the L2B1 survey the *quality* of the workforce was the predominant concern. While the perceived quality of the workforce has decreased, the primary concern of businesses surveyed is now the *availability* of employees. It is interesting to note that most companies commented about how availability of quality employees could be attributed to hiring in the energy industry, though energy companies were also having difficulty in recruiting. Work ethic was a specific problem identified in the L2B1 data by 47 percent of

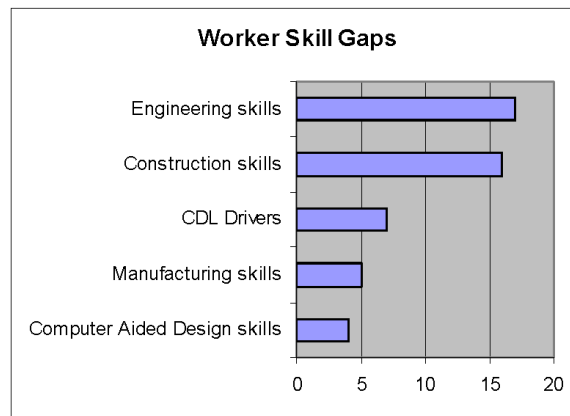
companies interviewed. Interestingly, this issue was only mentioned by one company in the current study.

1-low, 5-high	Manufctr	Energy	Construction	High-end Business Service
AVAILABILITY	3.15	3.24	2.48	2.39
QUALITY	4.33	3.32	2.76	3.26
STABILITY	4.76	3.84	3.8	3.96
PRODUCTIVITY	5.76	5.58	5.72	6.04

The adjacent table analyzes the workforce factors by industry. Availability and quality issues are most pronounced in the construction and business services industries, yet these two sectors rate their own workforce as very productive.

Most of the companies we spoke with provide training for their employees (93 percent). Sixty-three percent of companies state that their training budget is increasing. This is most pronounced in the construction and energy industry with 96 and 93 percent of companies increasing their training budget respectively.

The most commonly cited recruitment problems cited were included the following skills:



Recruitment issues were most significant in the construction industry (22 percent) and least significant in the energy and manufacturing industries (17 percent each). Recruitment problems were considered community based versus industry based only in the manufacturing sector.

COMMUNITY SERVICES

The final section of the survey reviewed services actually provided by the community and government entities.

None of the companies interviewed felt that they were lacking any services or suppliers, when asked if they had suppliers or customers which would benefit from being located in Mesa County.

The following public services are rated on a scale of one to seven (seven being highest). The average assessment is listed below. The two items rated lowest are airline passenger service and community planning. Community planning in this question specifically dealt with overall planning in terms of infrastructure and dealing with growth, NOT zoning and

1-Low, 7-High	L2B1-2005	L2B2-2007	
Police protection	5.63	5.56	
Fire protection	6.12	5.95	
Ambulance paramedic	5.98	5.55	
Health Care	not rated	5.77	
Child Care	not rated	4.33	
Traffic Control	4.37	4.4	
Public Transportation	4.77	4.87	
Streets & Roads (local)	not rated	4.85	
Highways	not rated	5.15	
Airline Passenger Service	not rated	3.29	
Air Cargo Service	not rated	5.5	
Trucking	not rated	5.04	
Schools (K-12)	5.32	5.34	
Technical School	not rated	4.92	
Community College (WCCC/UTEC)	not rated	5.35	
Mesa State	not rated	5.59	
Property Tax assessment	3.85	4.44	
Zoning Changes & Bldg permits	not rated	5.02	
Community Planning	3.72	3.57	
Regulatory enforcement	4.73	4.8	
City/village services	5.03	4.34	
County services	5.52	5.18	
Chamber of Commerce	not rated	5.61	23 don't know
GJ Economic Partnership	not rated	4.21	57 don't know
Business Incubator Center	not rated	5.84	12 don't know

building permits which were queried separately and received an average score. Specific concerns with community planning dealt with handling overall growth and a long-term vision for the community. Airline passenger services issues, as mentioned previously dealt with cost, frequency, and cancelled flights.

Rating Community Services

Traffic Control was a concern to some companies due to the perceived danger of certain intersections, specifically:

- G Road and Highway 6 & 50 (City of Grand Junction)
- 22 Road and Highway 6 & 50 (City of Grand Junction)
- Railroad blocking 9th Street during peak traffic (City of Grand Junction)

These same intersections were cited in the previous survey as safety concerns.

SYNTHESIS OF DATA

The e-Synchronist software uses proprietary analysis * to synthesize all data collected and ranks the companies in terms of:

1. Value to the community
2. Growth potential
3. Risk of leaving the community
4. Satisfaction with the community

Distribution of Companies by Range				
	Low	Medium	High	Very High
Value to Community	3.00%	63.00%	34.00%	6.00%
Growth Potential	12.00%	50.00%	38.00%	0.00%
Risk	35.00%	64.00%	1.00%	0.00%
Satisfaction	0.00%	26.00%	73.00%	12.00%
Technology Adoption	2.00%	43.00%	73.00%	26.00%

Analysis of the companies interviewed to date show that most companies (85 percent) are highly satisfied with the community. The risk of leaving is low for most companies. Most companies have a medium to high growth rating. In terms of the overall portfolio of companies interviewed, the community is providing an excellent business environment.

CONCLUSION

The Listening to Business interviews, L2B2, revealed a healthy business climate anticipating a huge amount of growth. The data collected in this study disclosed that most of the businesses interviewed are increasing their sales and gaining market share due to their reputation for superior quality and responsiveness to customer needs. These businesses are competing with regional, national, and international companies. Their ability to acquire resources—specifically a skilled workforce and affordable land or facilities for expansion—will determine whether these companies will continue to compete successfully in their growing markets.

Quality of life was mentioned as a specific strength of the business environment, though not the specific reason for the majority of companies to be located here. The growing and healthy economy, the community's location next to growing markets, and an abundance of

* A detailed explanation of this analysis can be requested from the Program Coordinator

natural resources have created abundant business opportunities, The local economic development agencies must focus now on creating a long-term sustainable healthy economy fueled by the current natural growth. In building a strong economy, policymakers need to be aware of the affect growth has on the perceived quality of life since that one factor is consistently named as the most significant community strength.

The competitiveness of local business and their ability to grow as anticipated can be significantly influenced by economic development decisions. The specific items that can positively affect the local business environment were seen as:

Community Planning: The majority of the companies interviewed will need to either expand their facilities or move into new facilities. This will involve working with local planning departments. All of the companies interviewed appreciate the need for good planning and the work of local agencies to improve their processes has been reflected in this survey. Planning does remain the primary issue influencing business expansion though some of the actual concerns have shifted. The major concern is still *the length of time the planning process* actually takes to complete. The companies interviewed are in rapidly expanding markets, if they cannot expand their capacity in a timely fashion to service this expanding market, their opportunity to compete effectively could be lost. This is influenced by local planning in three ways:

- Since the economy is a near full employment, yet workforce is still needed for expansion, the timeliness factor also increases the *cost of and availability of housing* and, *thus, the availability of workforce*.
- This issue also adds to the *cost of and availability of land for development* again affecting expansion opportunities,
- Planning is not only an issue for companies wanting to build, but also those moving to new facilities. The *cost of and availability of commercial facilities* is affected by the cost of planning and therefore affecting the growth of business.
- Long-range community planning is also an issue. Many companies commented that local governments "lacked vision" for the future growth of the community, indicating that the complaint with planning is not only with the local process, but also the *overall policy and the ability to handle growth*.

Workforce: The common theme for companies interviewed in this study has been growth and the individual company's ability to expand their capacity in order to increase their sales to benefit from their expanding markets. The primary obstacle to growth for most companies interviewed has been finding a skilled workforce. Without this workforce, these companies cannot continue the high quality of service and customer responsiveness that is fueling their growth. Many companies have been able to increase their technology investment improving their efficiency and reducing the overall need for employees, but this does not solve the problem.

There are two specific issues pertaining to workforce:

- Size of the workforce pool (actual bodies). While we have seen a tremendous influx of employees, the lack of available housing will lesson the ability for individuals to move into the community.
- Relevance of the skills set of the workforce. The skill set cited as most relevant include:

- Engineering skills
- Construction skills
- CDL Drivers
- Manufacturing skills
- Computer Aided Design skills

The community's ability to provide a workforce with these required skills will greatly impact the ability of the local companies to grow and compete in their expanding markets.

Air service was the third most mentioned concern of local companies. Though it does not directly influence growth, air service greatly affects the efficiency of local companies. Companies that compete in regional, national, or international markets find that any travel usually "costs them a day" due to frequency of flights and the ability to make connections. Another frequent complaint was of airlines consistently canceling the "last flight out" requiring travelers to spend an extra night in Denver or Salt Lake City, thereby again increasing the cost (time and money) of travel. Many companies mention using the Montrose airport in order to be efficient.

Overall, the local economy is extremely strong, the businesses in the sectors studied are growing at phenomenal rates due to expanding regional markets and their ability to capture market share. Market share growth is based on the company's reputation for quality of service and responsiveness to customer needs. In order to maintain this competitive advantage these local companies depend on the *availability of resources—workforce, productive space, and time*. Unlike the previous L2B1 study which revealed cost pressures of the competitive environment, this round of interviews focused more on *availability* of resources—specifically a trained workforce and production space. Though planning process issues are improving, they are still seen to negatively influence the availability of these needed resources. Air service quality is also consistently mentioned as an issue for business travelers, though less of a factor.

**Attach 2
Stormwater Basin Studies**

CITY OF GRAND JUNCTION

CITY COUNCIL WORKSHOP AGENDA						
Subject		Review of Storm Water Drainage Basin Studies				
Meeting Date		July 16, 2007				
Date Prepared		July 9, 2007			File #	
Author		Bret Guillory		Utility Engineer		
Presenter Name		Tim Moore		Public Works & Planning Director		
Report results back to Council		X	No		Yes	When
Citizen Presentation			Yes	X	No	Name
x	Workshop		Formal Agenda			Consent
						Individual Consideration

Summary: Council will review the results of several Storm Water Drainage Basin Studies recently completed jointly with the City, Mesa County and the Colorado Water Conservation Board. The studies include Lewis Wash, Gold Star Canyon and Red Canyon.

Budget: Project No.: Fund 202 - Activity F01600

Project Costs:

Contract with Colorado Water Conservation Board (CWCB) \$35,000
(D-FIRM - CWCB & City of Grand Junction IGA)

Sufficient funds have been budgeted in 2007 to complete this project.

Action Requested/Recommendation: City Council discussion regarding Storm Water Drainage Basin Studies and the resulting floodplain mapping for Lewis Wash, Red Canyon, and Gold Star Canyon drainage basins.

Attachments: None

Background Information: These storm water basin studies and the resulting floodplain mapping efforts were initiated by the Federal Emergency Management Agency (FEMA) in 2002 with the map modernization efforts across the State. FEMA authorized considerable funding to produce a Digital Flood Insurance Rate Map (DFIRM) for Mesa County and the City of Grand Junction. The Colorado Water Conservation Board (CWCB), acting as a Cooperating Technical Partner (CTP) in FEMA's National Flood Insurance Program, encourages local governments to support this effort, and additional restudies for their communities, with funding. The CWCB

contributes at least a 10% match to FEMA's contribution for each county, as well as additional funding to support restudies for contributing local governments. This project was initiated in October 2005. The City of Grand Junction signed an IGA for the effort with CWCB in 2006. The estimated completion date for the mapping effort is 2008.

The agreed scope of work and funding contributions for the City of Grand Junction are as follows:

Scope of Work & Cost: Three drainage basins were included in the scope of work that received partial funding from the City of Grand Junction; Lewis Wash, Gold Star Canyon and Red Canyon.

Lewis Wash drainage basin, mapping efforts include a full study for this basin including mapping of the 100 year flood plain, 500 flood plain, and floodway. Total cost for this effort is \$20,656.

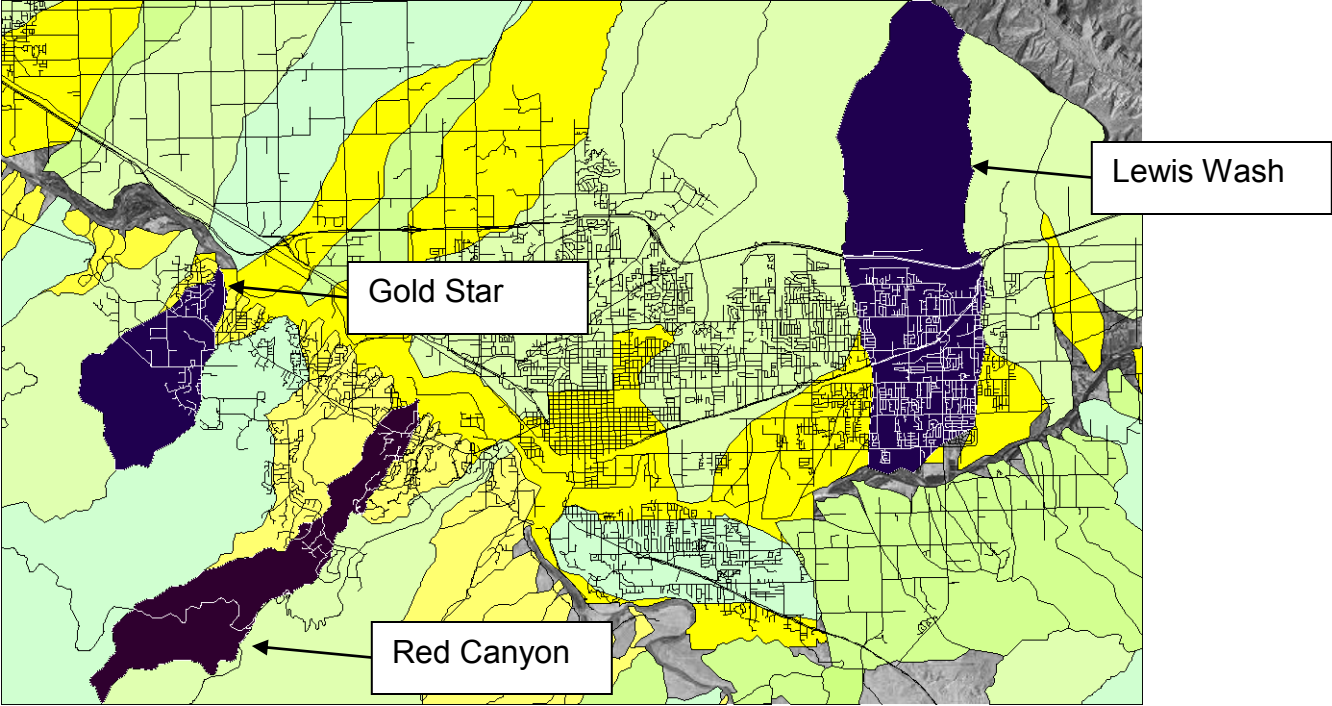
Red Canyon drainage basin, mapping efforts include a limited detail study providing mapping of the 100 year flood plain. Total cost for this effort \$40,708.

Gold Star Canyon drainage basin, mapping efforts include a limited detail study providing mapping of the 100 year flood plain. Total cost for this effort \$26,732.

Mesa County also participated naming; the Colorado River (35 mile reach), Lower Kannah Creek, Upper Kannah Creek, as study areas for the DFIRM efforts total cost for these three areas is \$119,620.

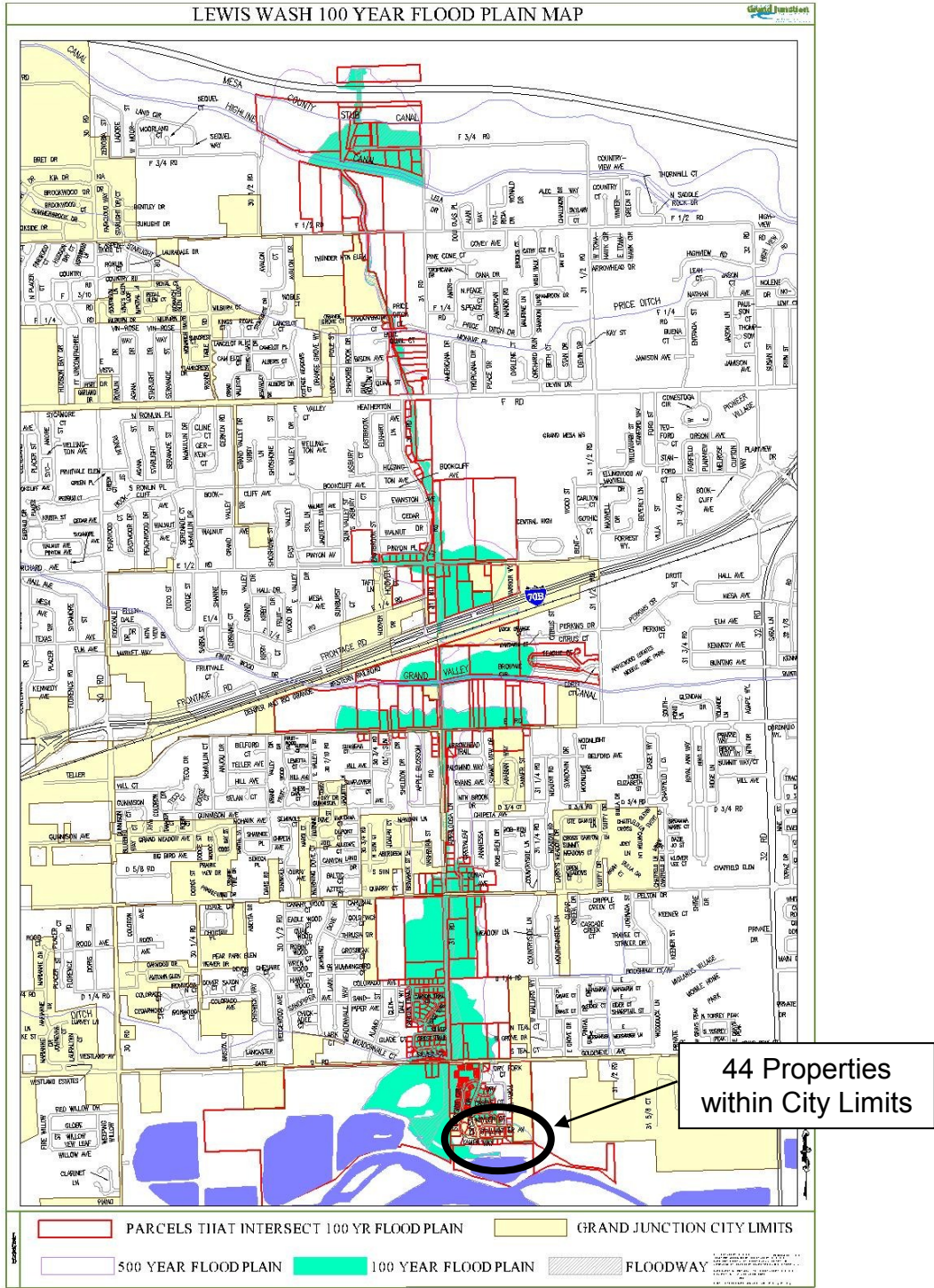
Cost for the DFIRM Production is paid by FEMA is	\$229,453
City of Grand Junction participation	\$35,000
Mesa County participation	\$50,000
CWCB contributed	<u>\$62,371</u>
Total cost of the project was	\$437,171

Drainage Basins for Lewis Wash, Red Canyon, and Gold Star Canyon:



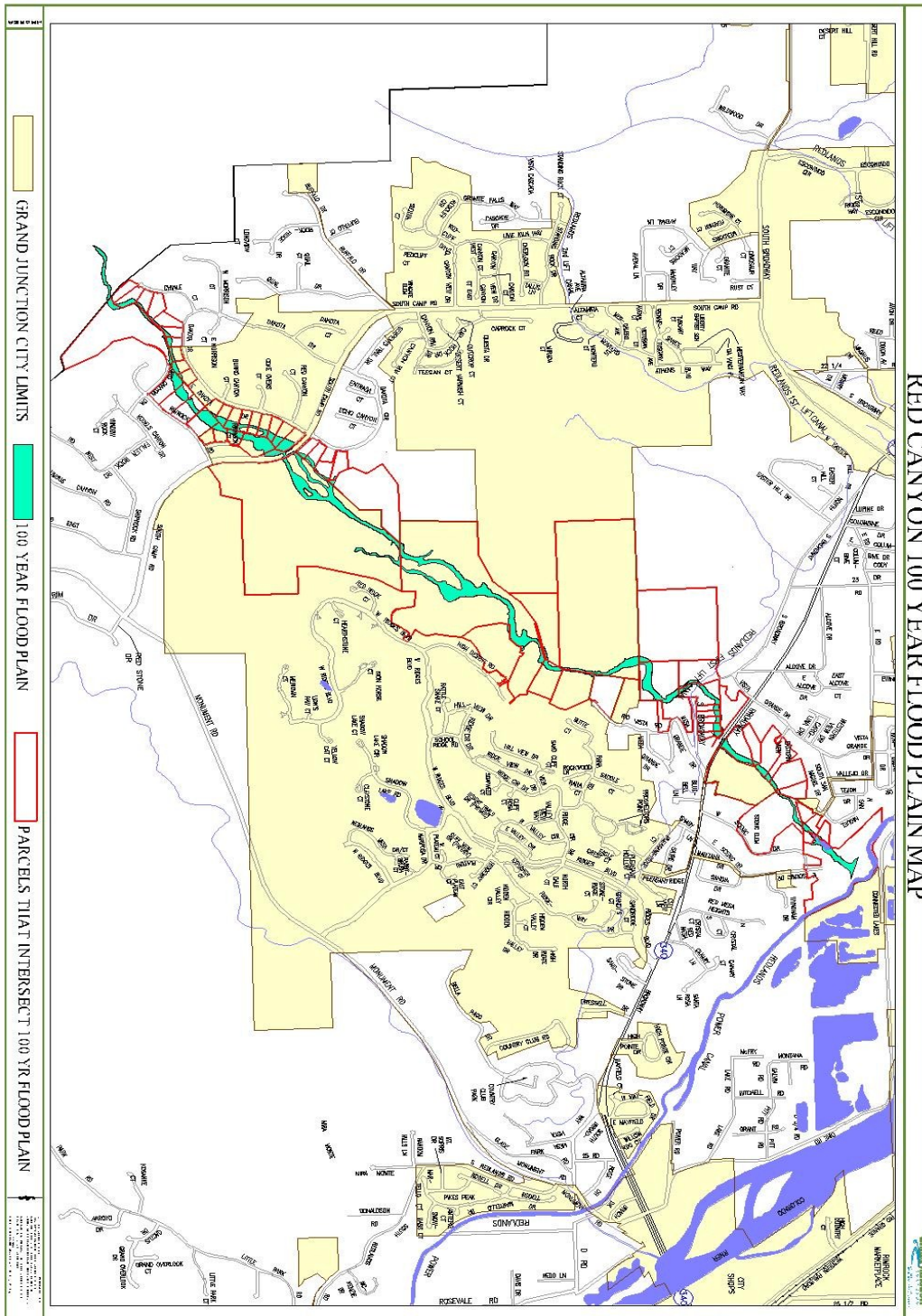
Lewis Wash - 100 year Flood Plain Map.

All properties with some impact from the new mapping are outlined in red. Existing structures are not necessarily impacted by the new mapping.



356 Properties are affected by the new flood plain mapping.
44 properties are located within incorporated Mesa County and are not yet developed.

Red Canyon - 100 year Flood Plain Map



63 properties are affected by the new flood plain mapping
30 +/- properties are located within incorporated Mesa County. There are no existing structures located within the 100 year flood plain.

What does this mean for Property Owners within City limits?:

Insurance for flood prone areas is provided through the National Flood Insurance Program (NFIP). The City of Grand Junction does participate in the NFIP so any properties located within the City limits are eligible for flood insurance through this program. If a home is located in a high risk area, the cost to insure the home for \$250,000/\$100,000 structure/contents is approximately \$2,500 annually, or \$10 per \$1,000 of insured value.

It is important to know that if an owner has a federally backed mortgage on a home located in a high-risk area, federal law requires the owner purchase flood insurance. Also, if the owner has received a federal grant for previous flood losses, he/she must have a flood insurance policy to qualify for future aid.

Information is available at FLOODSMART.gov regarding flood insurance information and rates.

Schedule for implementation of the new mapping:

CWCB and FEMA are looking to have this DFIRM effort completed in 2008.

<u>Action</u>	<u>End Date</u>
CWCB & FEMA complete DFIRM efforts	August 2007
Community Coordination Meeting (GJ City Council)	August 2007
30 day comment period for City of GJ Staff	September 2007
Appeal Period (90 days) for Base Flood Elevations Published	December 2007
Mapping becomes effective	June 2008

Prior to FEMA officially recognizing the new DFIRM the City of Grand Junction will be required to notify all property owners within the newly mapped flood hazard areas. CWCB is willing to assist in this effort with community meetings for the affected properties.