

OPERATION COMMERCE

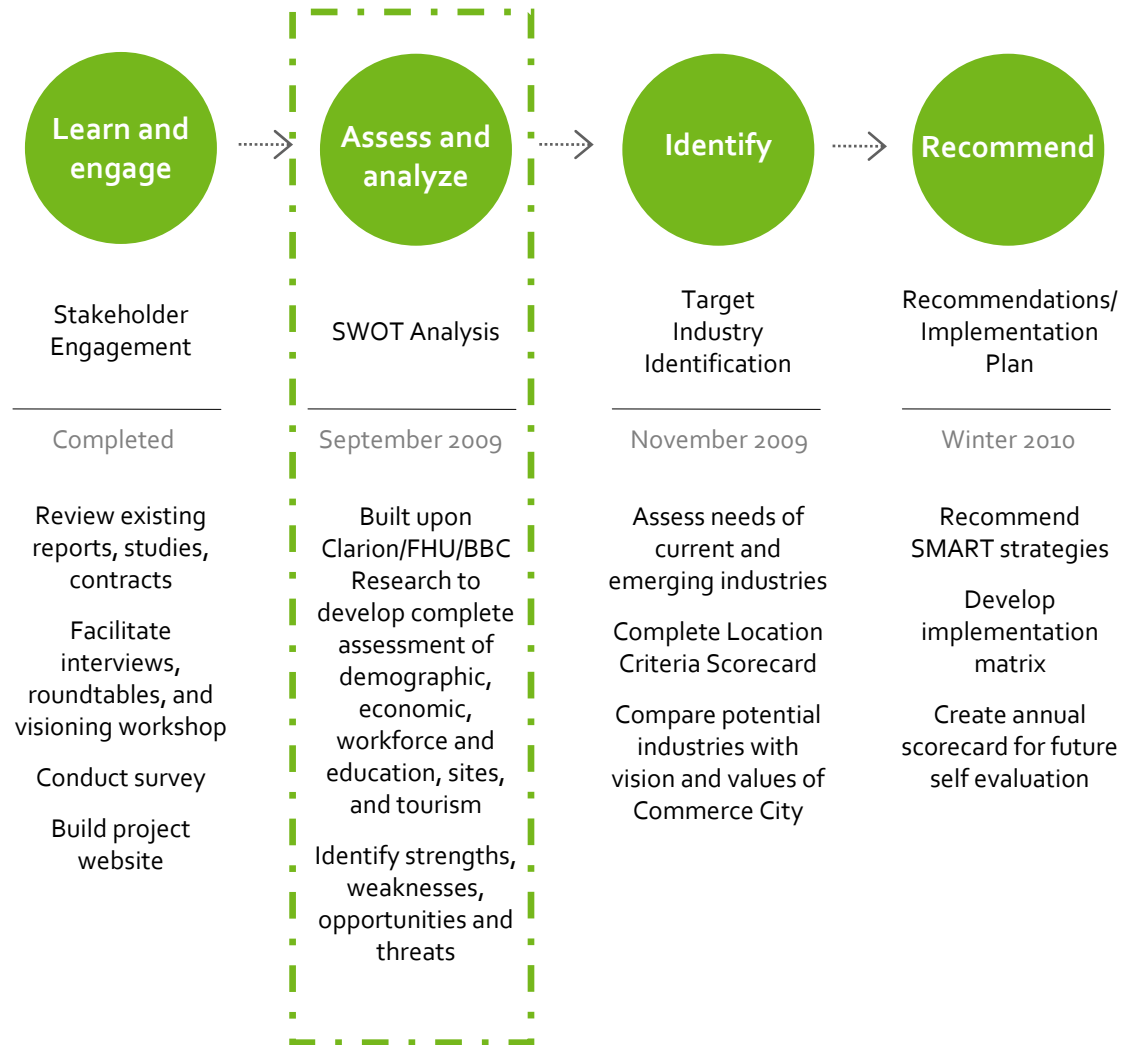
Economic Scan of Commerce City
Presented to Commerce City, Colorado
September 14-15, 2009



Objectives

- Review project process and current phase
- Share and validate “Baseline” findings (Report #1)
- Discuss key issues

Project Process



Current Project Phase: Assess and Analyze

Qualitative

- Focus Groups
 - Five stakeholder groups
- Interviews
 - 30+ Community members
- Surveys
 - 19 Business responses
 - 80 Community responses

+

Quantitative

- Local and regional assessment
 - Demographic data
 - Economic data
- Public data sources
 - U.S. Census
 - B.L.S.
- Benchmarking
 - Regional and national

Economic Scan

AT A GLANCE

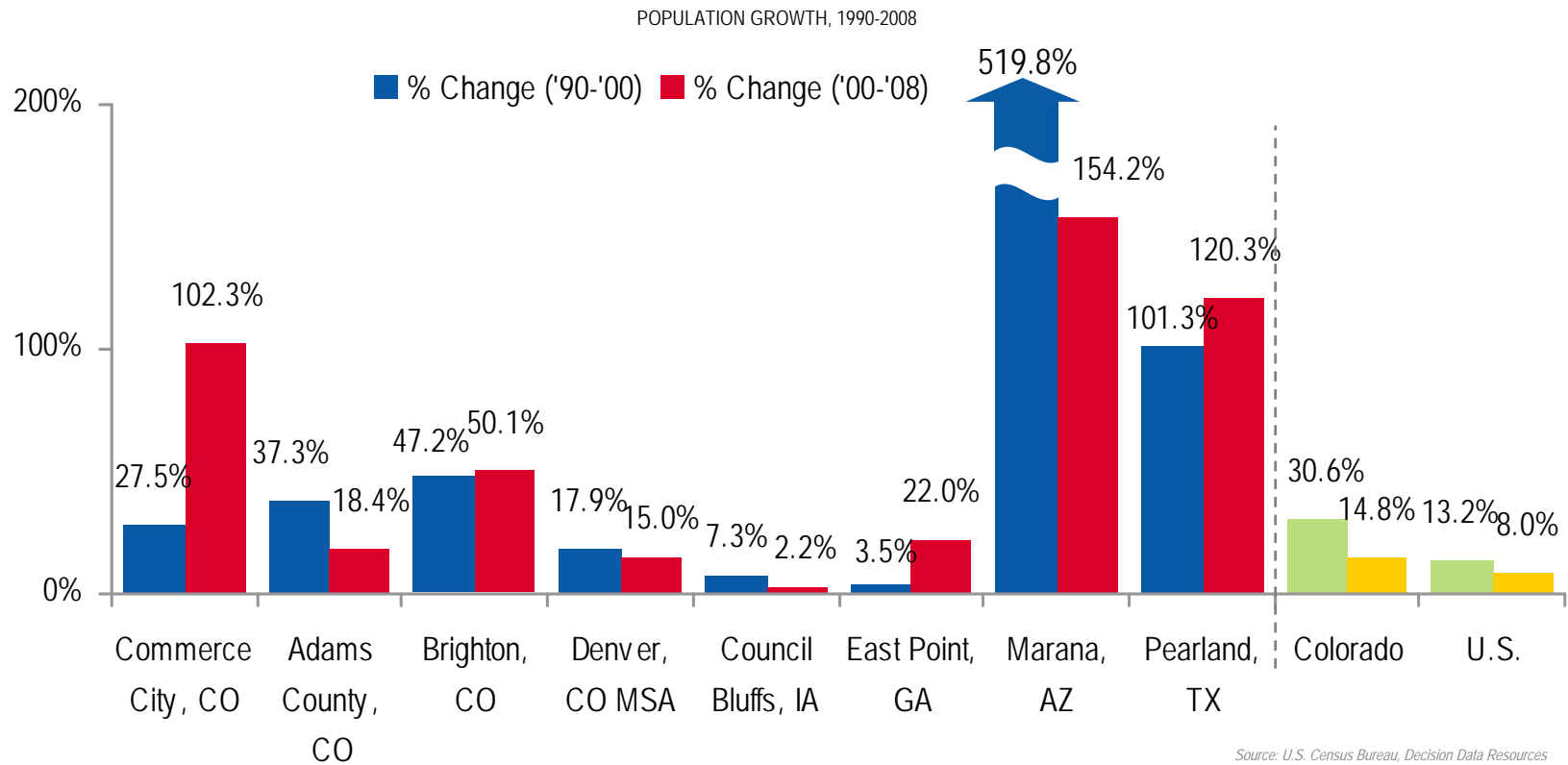
	Commerce City, CO	Adams County, CO	Brighton, CO	Denver, CO MSA	Council Bluffs, IA	East Point, GA	Marana, AZ	Pearland, TX	Colorado	USA
Population (2008 Estimate)	42,473	430,836	31,380	2,506,626	59,536	43,418	34,466	82,903	4,939,456	304,059,724
Population Growth ('00-'08)	102.3%	18.4%	50.1%	15.0%	2.2%	22.0%	154.2%	120.3%	14.8%	8.0%
Unemployment Rate, May, 2009*	12.8%	8.5%	9.1%	7.5%	4.1%	12.3%	6.5%	5.3%	7.4%	9.1%
Labor Force Growth ('00-'08)	22.8%	20.9%	21.3%	12.6%	1.6%	2.7%	128.8%	96.7%	15.5%	8.2%
Median Household Income (2008)	\$44,503	\$61,725	\$64,572	\$67,320	\$45,390	\$40,350	\$64,360	\$80,030	\$61,016	\$52,599
% Bachelor's Degree + (2008)	6.3%	20.0%	18.9%	36.3%	17.5%	25.1%	33.1%	33.9%	34.9%	27.8%
% in 25-44 Age Group (2008)	29.5%	31.8%	31.4%	29.8%	26.6%	26.6%	29.8%	30.7%	29.4%	27.4%

* Not Seasonally Adjusted

Source: U.S. Census Bureau, Bureau of Labor Statistics, Decision Data Resources

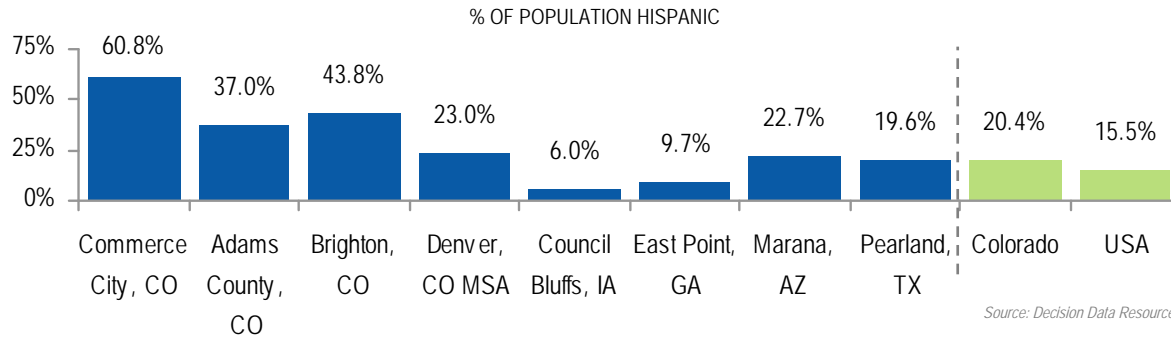
Economic Scan: Population Growth

POPULATION GROWTH



Economic Scan: Demographics

POPULATION BREAKDOWN 2008

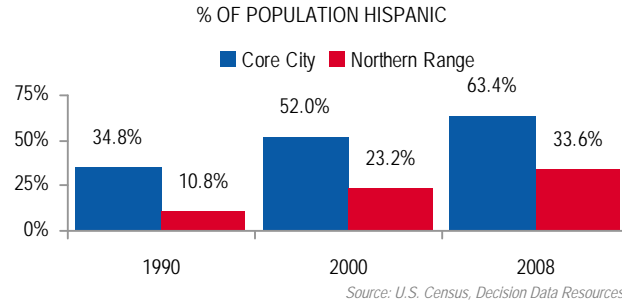


MEDIAN AGE 2008

Commerce City, CO	31.3
Adams County, CO	32.6
Brighton, CO	32.7
East Point, GA	34.0
Pearland, TX	34.9
Council Bluffs, IA	35.2
Marana, AZ	36.0
Denver, CO MSA	36.2
Colorado	36.0
United States	36.9

Source: Decision Data Resources

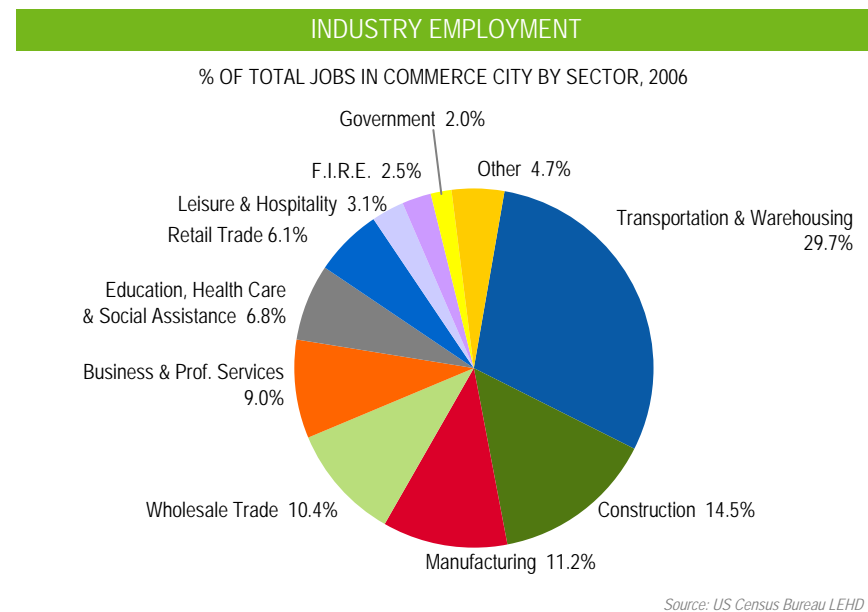
CORE CITY & NORTHERN RANGE



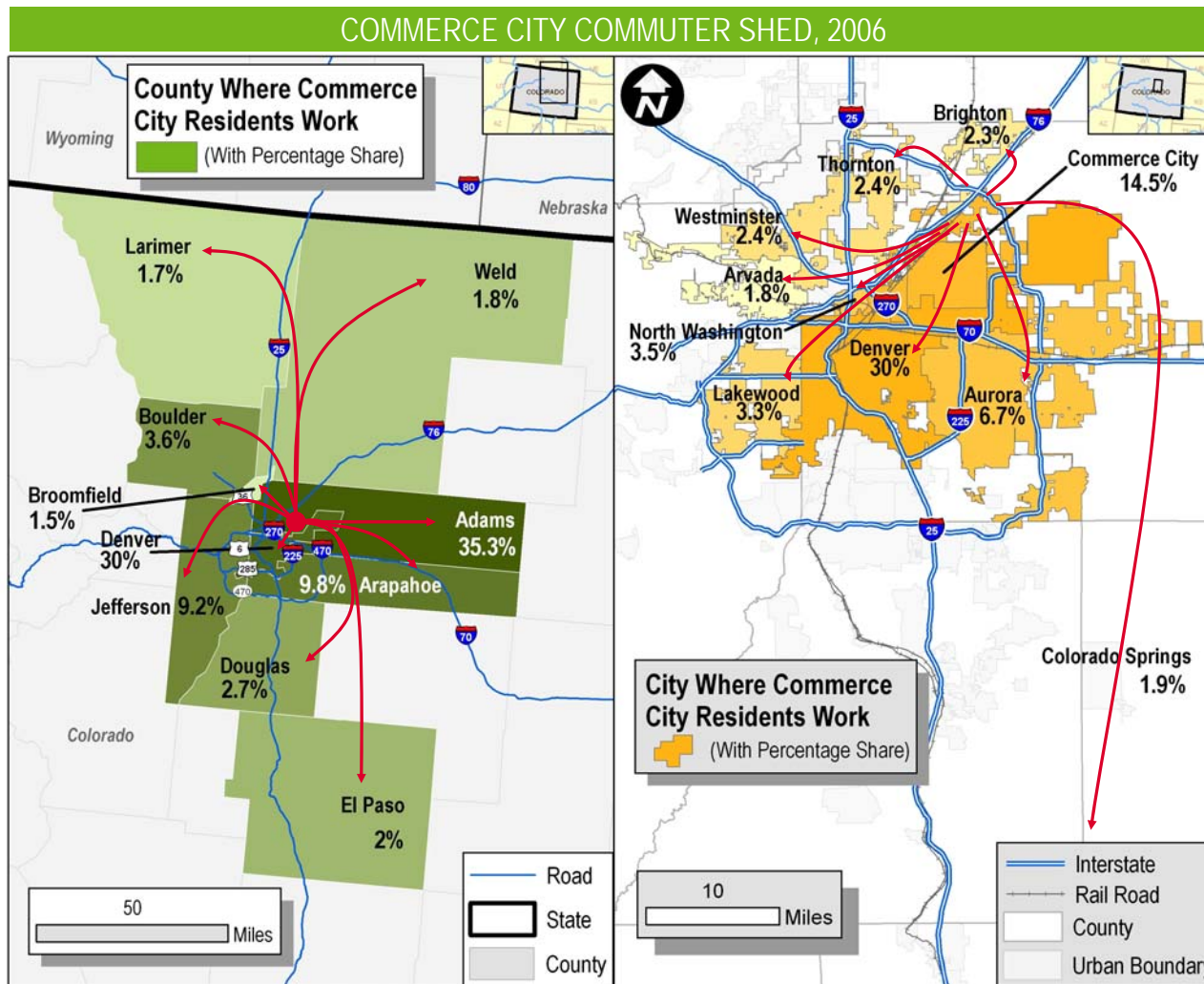
- Commerce City has a very young community which is an important workforce asset.
- The diverse population of the city is also a competitive advantage.

Economic Scan: Employment Base

- Transportation & Warehousing made up for nearly 1/3 of the jobs in Commerce City in 2006.
- This sector makes up for only 3.5 % of jobs in the nation.
- Construction, manufacturing and wholesale trade are also large industries in the Commerce City economy.
- There a number of industries that are underrepresented when compared to national figures, such as business & professional services and retail trade.

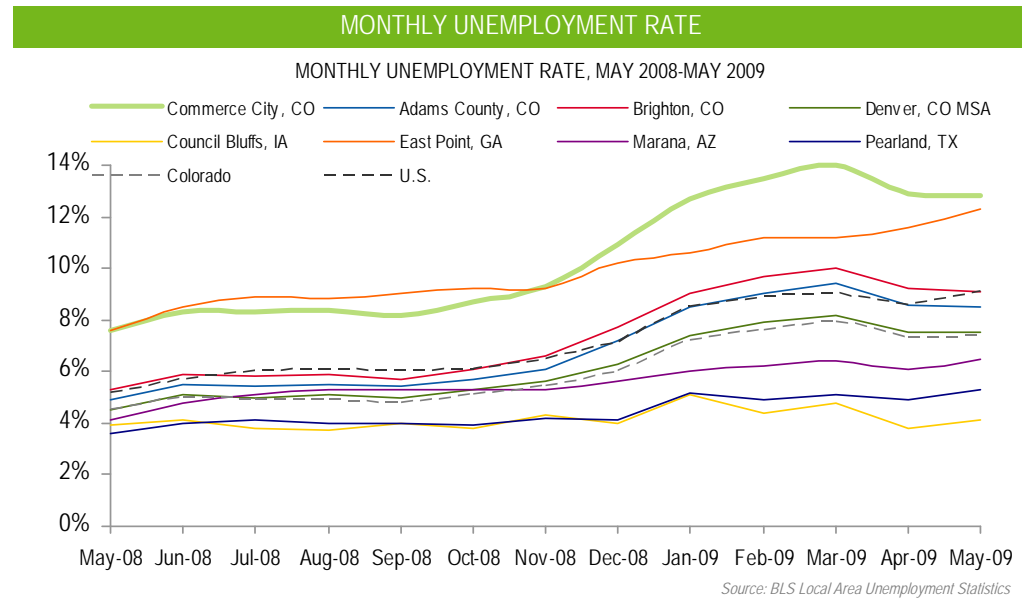
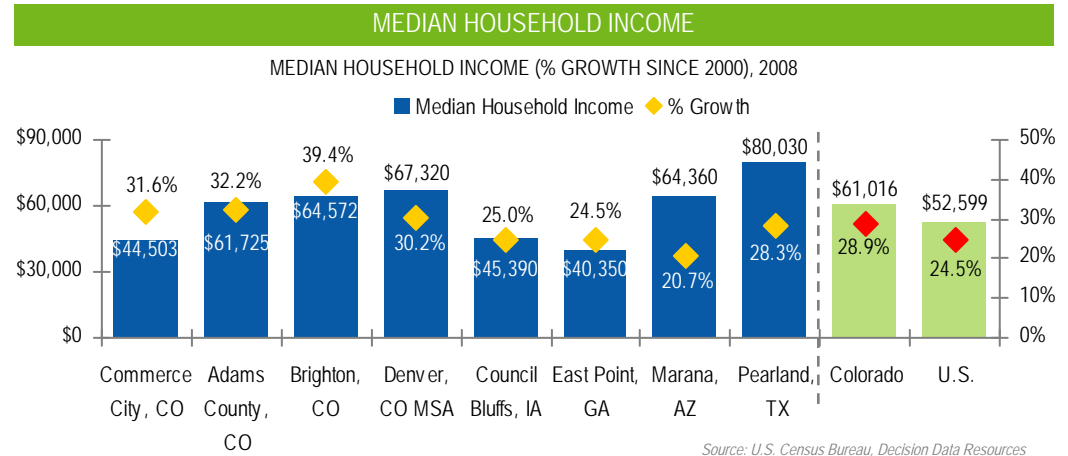


Economic Scan: Commuter Shed



Economic Scan: Economic Indicators

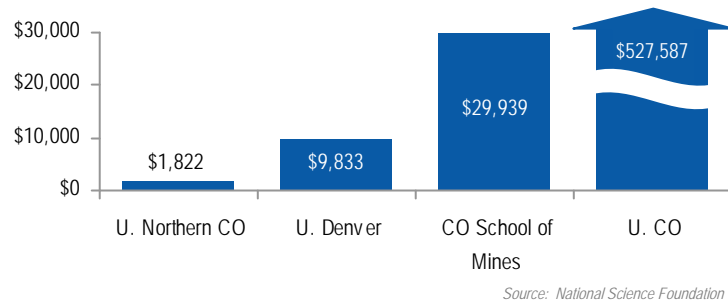
- The median household income is lower than regional benchmarks.
- However, incomes are growing.
- Commerce City unemployment rates are high, peaking at 14% in March 2009.
- Since March, the rate has improved.



Economic Scan: Innovation

ACADEMIC R&D FUNDS

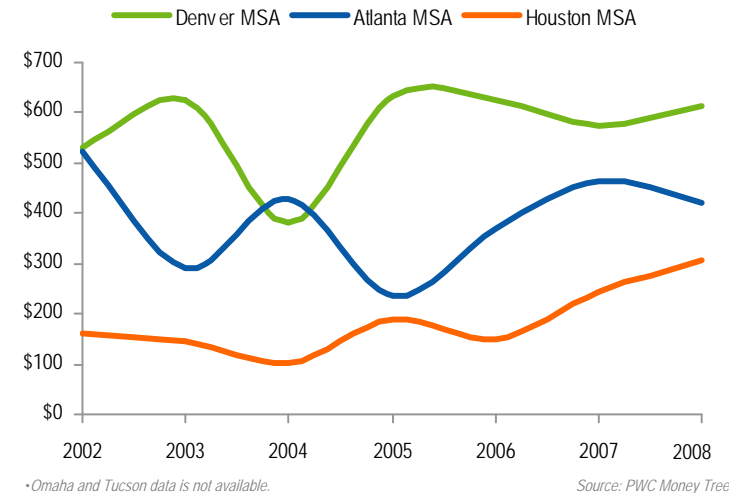
R&D EXPENDITURES BY COMMERCE CITY AREA INSTITUTION (THOUSANDS), 2007



- Research & Development and Venture Capital funding are both strong regionally, but Commerce City is lagging in patent generation.
- Between 1 and 3 patents have been issued to Commerce City inventors each year since 2004.

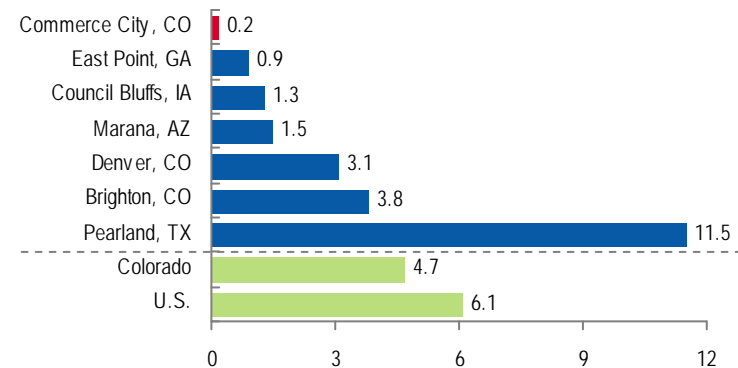
VENTURE CAPITAL FUNDING

VC FUNDING (\$MILLIONS), 2000-2008



PATENTS

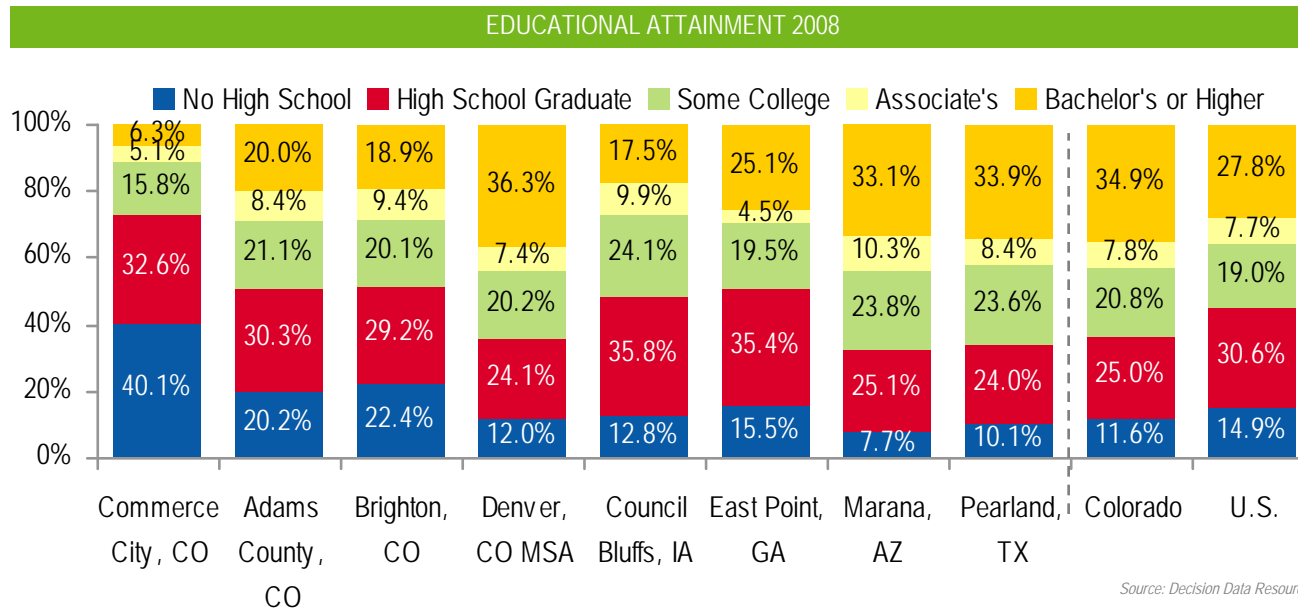
NUMBER OF PATENTS ISSUED PER 10,000 POPULATION, 2008



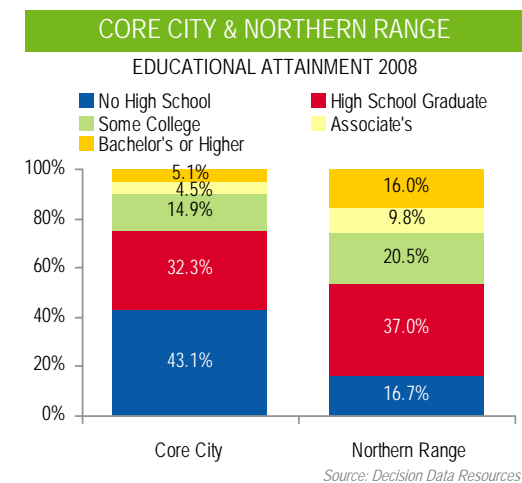
NOTE: Patent data is only available at the city level. Therefore, Denver here is the city, not the MSA.

Source: US Patent and Trademark Office

Local Challenges: Lagging Education



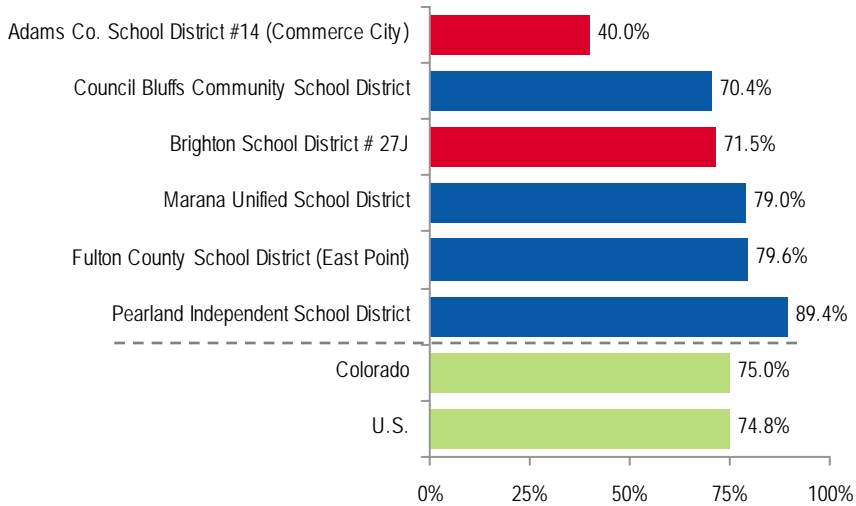
- Concern over the quality of education in the area was expressed by many survey respondents.
- Educational attainment levels are extremely low.
- Disparity exists between educational attainment in the Core City and the Northern Range.



Local Challenges: Lagging Education

HIGH SCHOOL GRADUATION RATE

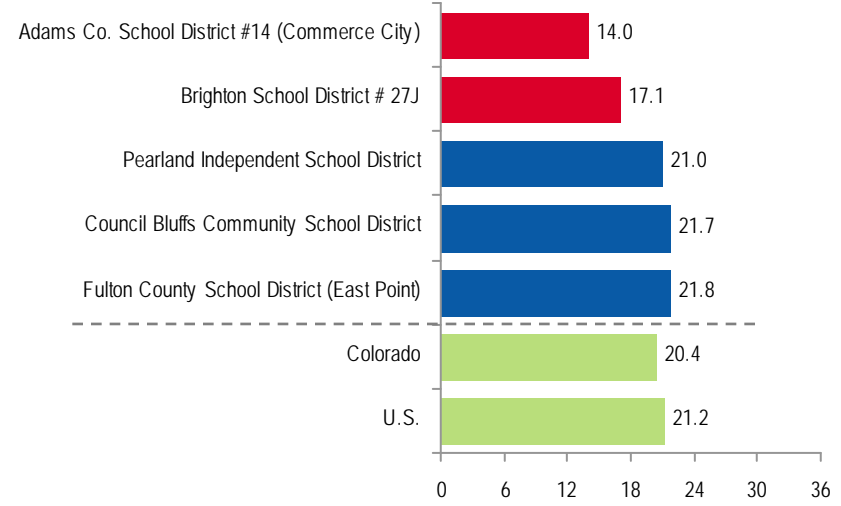
SCHOOL DISTRICTS 2007 GRADUATION RATE



Source: Colorado Department of Education; Texas Education Agency; Digest of Education Statistics; Iowa Department of Education; Georgia Department of Education; Arizona Department of Education

HIGH SCHOOL ACT SCORES

SCHOOL DISTRICTS 2007 ACT SCORES



* NOTE Colorado tests 100% of students who graduate; No data for Marana

Source: ACT, Texas Education Agency, Georgia Department of Education, Lewis Central Community School District; Colorado Department of Education

- Commerce City is served by two school districts; both are underperforming.
- Graduation rates and ACT scores lag far behind state and national averages.
- Limited post-secondary opportunities combined with lagging K-12 performance will have serious implications for the local workforce.

Local Challenges:

Transportation and Infrastructure Issues

- Need for improved street connectivity identified as an issue by many business owners, especially in the Core City.
- Railroad lines intersect with thoroughfares causing delays in traffic flow.
- Commerce City is not the managing agency of certain key roadways, such as Highway 85, Highway 2 and portions of 104th Ave.
- The water and wastewater utility is operated by the South Adams County Water & Sanitation District.

Local Challenges:

Competing Regionally for Retail and Other Businesses

- The city's position within a major MSA can be both a advantage and a challenge.
- Commerce City is in competition with other communities such as Brighton, Denver/Stapleton, Thornton and Aurora for business opportunities.
- The city is experiencing severe retail leakage, in excess of \$300 million annually.
- Most new regional retail development is taking place adjacent to and not within Commerce City, however there are ample opportunities for regional, community and local retail development.

Strategic Areas of Opportunity: Diversification of Current Economy

- Commerce City has a strong industrial base that can be built upon to diversify the current local economy.
- The local workforce, with strengths in construction and manufacturing, can use current skills to transition into emerging and growing industries such as renewable energy.
- For job growth, need to capitalize on industries that are growing nationally, many of which are underrepresented in Commerce City.

INDUSTRY EMPLOYMENT SHARES 2006		
Industry	Commerce City	National
Business & Professional Services	9.0%	17.1%
Education, Health Care & Social Assistance	6.8%	14.1%
Retail Trade	6.1%	12.8%
Leisure & Hospitality	3.1%	10.9%

Source: US Census Bureau LEHD

Strategic Areas of Opportunity: Expanded Retail and Office Sites

- Currently, there is limited office and retail space in the city.
- To maximize future growth, Commerce City must ensure an appropriate mix of real estate offerings and land uses.
- Land availability in the Northern Range is a major asset.
- Sites with the potential for redevelopment are ample in the Core City.

Strategic Areas of Opportunity: The E-470 Corridor

- The Eastern-most boundary of Commerce City lies along the E-470 corridor, with 12 square miles of undeveloped, large land parcels.
- The proximity of this relatively new toll road to the Denver International Airport is a major strategic advantage.
- Given the expressed need for office space, this corridor seems like a natural choice for some of that type of use, specifically campus-type headquarters.

Strategic Areas of Opportunity: Unique Urban Geography

COMMERCE CITY EMPLOYERS

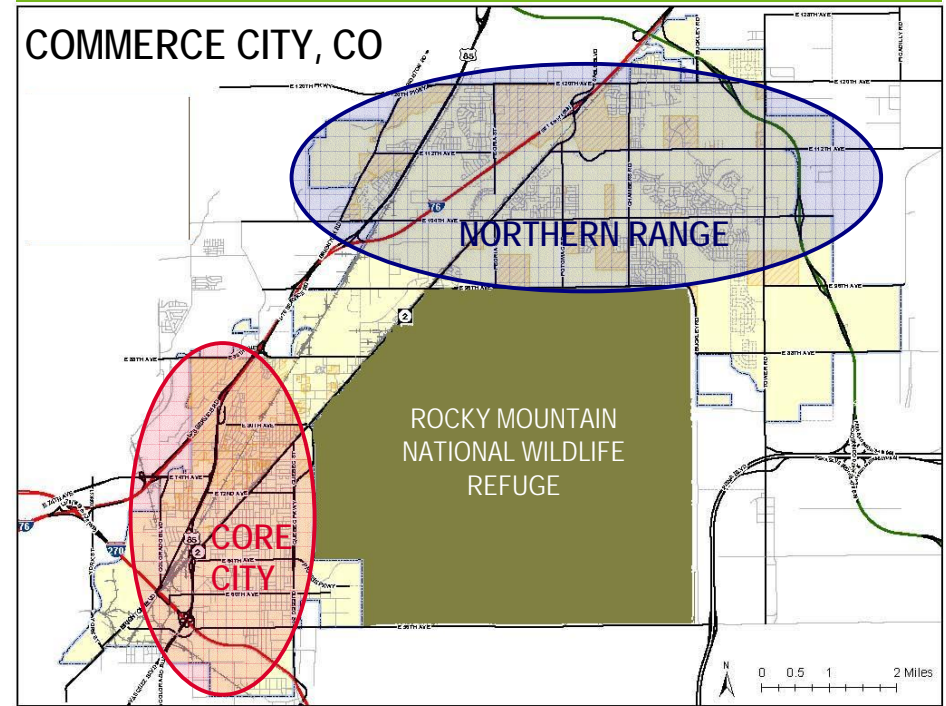
EMPLOYMENT BY AREA, 2007

	Businesses	Employees
Core City	805	18,703
Northern Range	285	7,282
Total	1,090	25,985

Source: Colorado Department of Labor, City of Commerce City

- Two urban nodes.
- Northern Range is home to 25 recent residential projects and over 25,000 vacant, entitled lots.
- The Core City is the city's employment and industrial center, with almost 3x as many business as in the Northern Range.

COMMERCE CITY: NORTHERN RANGE AND CORE CITY



Map courtesy of the City of Commerce City

Market Assessment: SWOT

Based on Community and Business Feedback

Strengths

- Existing industrial base
- Diverse population
- Strategic location near downtown Denver
- Proximity to Denver International Airport
- Good transportation access to and from the City
- Population and labor force growth
- New Dick's Sporting Goods Park and soccer facilities
- Outdoor amenities including hike-and-bike trails and the Rocky Mountain Arsenal National Wildlife Refuge and access to Barr Lake
- Affordable housing available
- City government is pro-active
- Major research institutions within the region
- Only 25 minute commute to Boulder via E-470

Weaknesses

- Prairie Center to the north and Stapleton to the south are large retail centers that limit retail opportunities within Commerce City
- Low levels of educational attainment; K-12 schools underperforming
- Poor road connectivity within Commerce City
- Lack of economic diversity
- Low innovation indicators, such as patent activity, venture capital funding and R&D spending
- No local job training programs
- Limited close-by community college / university options
- Disconnect between local workforce and local employers
- City does not operate the water utility
- Neighboring cities are at a competitive advantage in terms of the office and retail markets
- Lack of retail, restaurants and hotels
- Insufficient public transit options
- High property taxes, especially when compared to the greater MSA

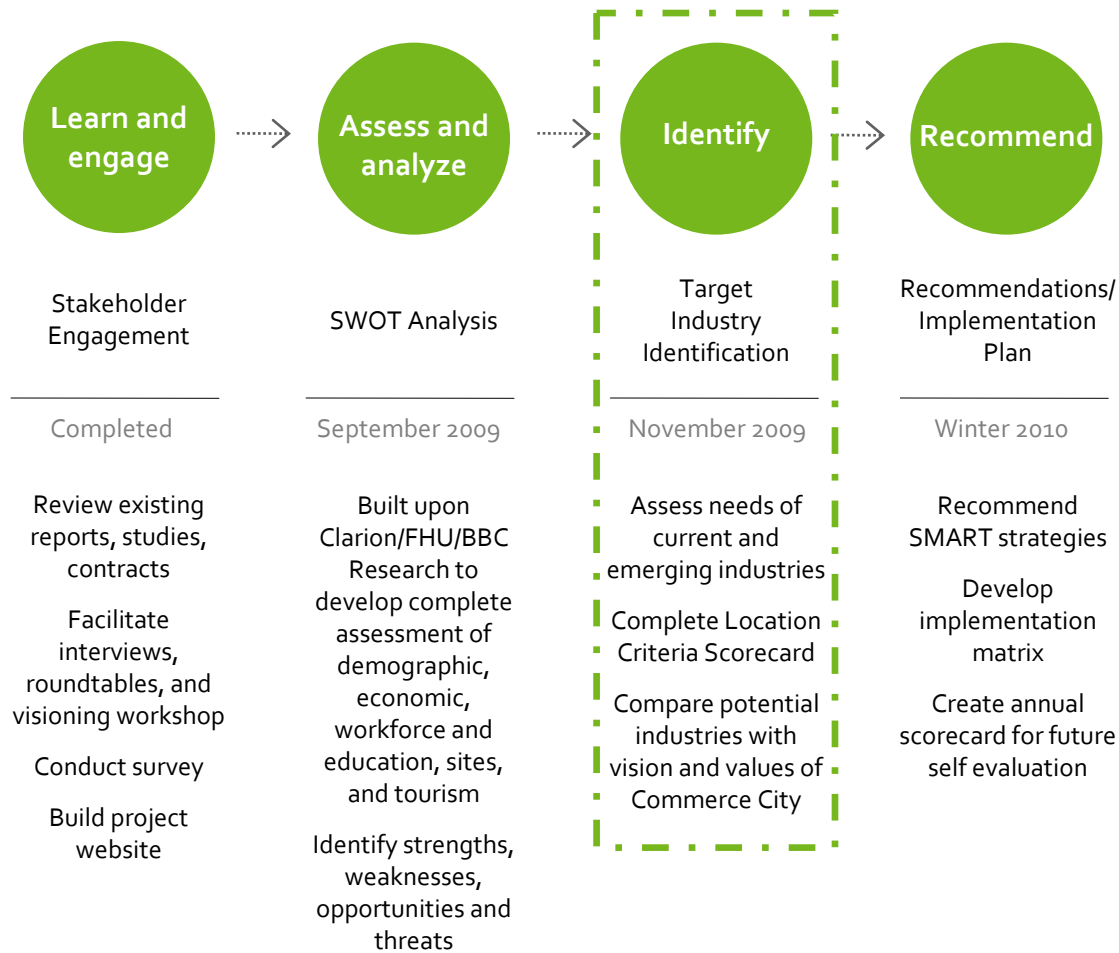
Opportunities

- Development along E-470
- Land availability
- Integrate north and south sides of town
- Potential to attract green energy / renewable industry
- Expand current industrial and logistics base
- Carve out niche markets
- Reinvestment in older residential neighborhoods
- Expand retail offerings
- Create office real estate options
- State-of-the-art high school facility opening this year
- New community college offerings located in Adams Co. high school
- Proposed FasTracks station in Commerce City
- Attract activities to the Mile High Event Center
- Do more with public/private partnerships

Threats

- Perceived negative external image of Commerce City, although improving
- Limited support system for entrepreneurial activities
- Growing skills gap due to limited educational opportunities for local workforce
- Position as a weak player in the larger region
- Number of jobs in the area has contracted in recent years
- Infrastructure in some areas of the City needs improvement
- Low participation in business associations among some employers
- Lack of a clear, focused community identity
- Not capturing retail dollars of residents and commuters

Project Next Steps



Target Industries

2009 COMMERCE CITY INDUSTRY CONCENTRATION: THREE STRONGEST INDUSTRIES

Industry	Employees	Businesses	LQ
Logistics & Distribution	1,313	126	3.68
Wholesale	2,508	186	3.08
Housing & Construction	2,873	259	2.59

**Note: Strongest industries are among the top 10 in terms of LQ and have more than 1,000 employees.*

Source: Duns & Bradstreet

- This chart uses location quotients (LQs) to identify the city's **current** strengths.
- The next report will identify a set of target industries for Commerce City by considering a number of factors such as national and local wage and employment trends, current local clusters, and emerging industries.

Discussion

- Q&A and feedback...
- For more information, please log on to www.operationcommerce.com

Thank you!

AngelouEconomics
8121 Bee Cave Rd., Suite 200
Austin, Texas 78746

PH: 512-225-9322
FAX: 512-225-9283

www.angeloueconomics.com