

2004 - 2005

Eighth Annual



Southern Colorado Economic Forum

October 20, 2004

College of Business and Administration
University of Colorado at Colorado Springs
Colorado Springs, Colorado 80933-7150



University of Colorado
at Colorado Springs



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Welcome From the Chancellor

The University of Colorado at Colorado Springs is pleased to join with its business partners to present the eighth annual Southern Colorado Economic Forum. This program provides a look at the economy and quality of life in the region during the past year and provides a peek at our community's future. The information provided at the forum is intended to provide insight to policy makers and to aid in making informed decisions about our region's future. We also hope to provide a realistic economic forecast for the coming year.

We are fortunate to have many committed individuals involved in this project. I wish to thank Fred Crowley, and Tom Zwirlein of the College of Business and Administration, for their data analysis and its presentation in this report. I also wish to thank our panel of experts for their contributions.

Additionally, I want to thank our business community sponsors: First Business Brokers, LTD., Colorado Springs Utilities, Fittje Brothers Printing, Housing & Building Association, La Plata Investments, LLC., Skotty Consulting Group Inc., Vectra Bank, BiggsKofford Certified Public Accountants, Key Bank, TelWest Communications LLC, Prudential Professional Realtors, Van Gilder Insurance Corporation, ADD STAFF, Inc., Air Academy Federal Credit Union, Antlers Hilton Hotel, Colorado Springs Credit Union, Drexel Heritage of Colorado Springs, Ent Federal Credit Union, Morgan Stanley, Pikes Peak Association of Realtors, The Gazette, and The Mail Room, Inc.

Thank you for attending the 2004-2005 Southern Colorado Economic Forum. We wish you a productive and successful 2005.

Pamela Shockley-Zalabak, Chancellor, University of Colorado at Colorado Springs

Welcome From the Dean of the College of Business and Administration and the Graduate School of Business Administration

The Southern Colorado Economic Forum is the preeminent forum in the region to anticipate and explain the dynamics of our business and commercial economy. We continue this tradition by gathering, analyzing and explaining a complex set of indicators designed to guide your business decisions in the next year. The informative panels add to the value by discussing topics of current concern to the local business community.

The College of Business and Administration at UCCS could not accomplish this without the aid of our many business partners. The information content of the analysis has evolved and expanded as a direct result of feedback from the Forum partners. The panels are designed and composed in close collaboration with our local business partners. This is continued evidence that the futures of the University and local businesses are intimately intertwined.

Our college has a special mandate to provide leading edge academic resources to our partners in the region. Our economic outreach efforts in education are supplemented with relevant research as disseminated through the Forum and our economic update report QUE, through assistance programs including the Small Business Development Center and the Colorado Springs Technology Incubator, and active involvement in the Colorado Institute for Technology Transfer and Implementation.

Welcome to the eighth annual Southern Colorado Economic Forum. We hope your visit is informative, that you take the time to thank those sponsors who have made this possible, and consider helping us make the Forum even more valuable in the years to come.

Venka Reddy, Dean, College of Business and Administration

First Business Brokers, LTD.

First Business Brokers, Ltd. is a firm that deals exclusively with the sale of privately-owned businesses. Established in 1982 by Ronald V. Chernak, JD, CPA, FCBI, the firm is one of Colorado's largest and most successful brokerage companies representing privately-owned businesses. First Business Brokers, Ltd., has completed over 800 business sales covering a wide variety of industries.

First Business Brokers, Ltd. assists with the complex legal, accounting, and negotiation issues involved with the sale of a business. The firm offers professional assistance at every phase of the business sale transaction including: valuations, preparation of a detailed business presentation package, development of a sound marketing strategy, pre-screening of potential purchasers, negotiating the transactions, and interfacing with accountants, attorneys and bankers during the closing process. To complement these activities, the firm provides comprehensive professional services with an acute awareness of current market conditions to assist clients in making easier, more informed, and financially stronger transactions. The firm's strength lies in its professional approach and customized strategy to each and every business transfer. A successful transaction requires the input of skilled professionals who are experienced in, and sensitive to, the process of effectively bringing the buyer and seller together. First Business Brokers, Ltd. understands what building the business has meant to the seller and what opportunity, through acquisi-

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The 2004 – 2005 Southern Colorado Economic Forum

Introduction

This marks the eighth year for the Southern Colorado Economic Forum. Our goal remains the same. We provide businesses and other organizations in El Paso County with information to assess economic conditions in the region. The Forum's objective is to provide timely, accurate, and useful economic and quality-of-life information focused on the Pikes Peak Region. This information and our analysis can be used by businesses as they form their strategic plans. The information provided by the Forum serves as a community progress report: identifying areas where we excel, as well as areas where we face challenges.

We concentrate on labor market information, retail and wholesale trade, construction and commercial real estate activity, military employment and expenditures, tourism, sales and use taxes, utility activity, and others. This information is used to develop estimates of economic activity for the remainder of the year, as well as forecasts for next year. In addition, we examine several quality-of-life and education indicators for El Paso County to ascertain community progress in dealing with issues such as the impact of growth, congestion, open space, education attainment and the like. The information is gathered to develop a "set" of economic and quality-of-life indicators for El Paso County. The indicators provide a picture of the economy and the quality-of-life in the region and help answer the questions of 'how are we doing' and 'where are we going.' The indicators are used to help assess our progress by measuring changes over time. No single indicator can provide a complete picture of the economy, quality-of-life, or educational status of our citizenry. Examined collectively, economic and quality-of-life indicators provide a picture of the region's economic health, the welfare and educational attainment of the people who live and work here, and the progress of business and organizations that operate here. This year we added a number of new indicators and reorganized the book in order to provide more information that business needs to make strategic decisions for the coming year.

The Southern Colorado Economy

Overwhelming, aggregate and specific economic evidence point to the March-April 2003 period as the turning point in El Paso County's economic recovery from the downturn that began in March 2001, the official start of the downturn as defined by the National Bureau of Economic Research. The Forum's Business Condition Index (BCI) bottomed out at 89.06 in March 2003, a decline of 10.94 percent from its March 2001 reference point. As of June 2004, the BCI stood at 101.02, a 13 percent gain since March 2003 in the El Paso County aggregate economic indicator.

Despite a stronger local economy, business had been slow to invest in new equipment until the beginning of 2004. Use taxes collected by the City of Colorado Springs through June 2004, are up almost 50 percent compared to comparable year-to-date figures for 2003. Local business has begun to make the investments that at some point will require new employees.

The return of troops to Fort Carson from Iraq has had a significant impact on the local economy. The Forum estimated that Fort Carson troops purchased approximately 12-15 percent of all new El Paso County car sales in the first six months of 2004. Most of these purchases were made since April.

Airport enplanement activity increased significantly, beginning in April 2004. Total enplanements for April, May and June are up approximately 19,000 passengers compared to April, May and June in 2003. This increase is attributed to some increase in tourism activity. However, most of the activity is attributed to Fort Carson's soldiers flying out of the airport to visit family and friends.

Last year, many businesses, particularly in high-tech were reporting layoffs. This year there have been fewer layoffs and more job announcements from the EDC. Aside from the closing of the WorldCom/MCI call center, there have been few announcements of large layoffs or closings. In contrast, significant job announcements by California AAA and Progressive Insurance are heralding the labor market transformation and are believed to be reflective of future announcements over the next 12-18 months.

Another positive sign is that total jobs are up for the first six months of 2004, a notable departure from the past few years. Moreover, people are quitting their jobs to take new positions with other firms, a further sign of a strengthening local economy.

Employment/Unemployment

The Colorado employment figures from the Quarterly Census of Employment and Wages, formally known as ES202, declined by 1.7 percent or 36,248 in 2003. This followed a 1.9 percent or 47,203 loss of jobs for 2002. This series is compiled primarily from reports submitted by employers subject to the unemployment insurance law. This is the first back-to-back annual decline in jobs in Colorado since 1972. Most of the jobs lost in Colorado in 2003 were in manufacturing, information processing and construction.

El Paso County lost 2,600 jobs during 2003, a 1.1 percent decline. This was the third year in a row that El Paso County had job losses. During 2003, most jobs were lost in the manufacturing and information processing sectors.

Although there were job losses again in El Paso County in 2003, the unemployment situation in the county improved in 2003 compared to Colorado. The average unemployment rate in El Paso County fell to 6.4 percent in 2003 compared to 7 percent in 2002. The situation in Colorado was the opposite. The average unemployment rate in Colorado in 2003 was 6 percent, a rise of 1 percent from the 2002 average unemployment rate of 5 percent.

The unemployment rate through 2004 has averaged 5.58 percent, compared to 6.44 percent in 2003. The reductions in the unemployment rate have been occurring systematically since May 2003. Additional gains in employment are expected as the economy continues to strengthen. This is especially true among our technology based, primary employers. Additional gains in finance, health care, retail and construction are expected in 2005. The unemployment rate for 2004 is expected to average 5.7 percent. The unemployment rate in 2005 is

expected to be 5.5 percent.

On average, the monthly labor force in El Paso County was estimated to be 282,701, an increase of 2,868. Total employment based on Current Employment Statistics (CES), averaged 264,649 in 2003, an increase of 3,170. This series, which differs from ES202, measures employees receiving pay whether full or part time or temporary on the 12th of the month. The most important data point might be the decrease of 301 unemployed people in El Paso County during 2003. This suggests that many of those unemployed by businesses became self-employed individuals. This was not the case in Colorado where the unemployed increased by 23,019 during 2003.

Preliminary July 2004 figures from the Colorado Department of Labor put the El Paso County labor force at 290,585 compared to 285,540 in July 2003. The labor force increase reflects both an increase in the population, aged 16 plus, and a stronger economy with people returning to the labor force.

Wages and Income

The average wage in El Paso County increased in 2003 and now stands at \$35,391, an increase of \$712 or 2.1 percent over 2002. This is a marked improvement over the 0.9 percent increase in 2002. Although wages did rise locally, they did not increase at the same rate as the rest of Colorado. The average wage in Colorado was \$38,942 in 2003 compared to \$38,012 in 2002. This is an increase of \$930 or 2.4%. Technically, the El Paso County wage increase in 2003 was a relative decline in income of 0.3 percent compared to Colorado as a whole.

Wage increases in all sectors were modest except for Information (5.1 percent increase), Finance and Insurance (6.2 percent), Management of Enterprises (5.0 percent). All levels of government wages increased above the average wage increase for El Paso County in 2003. Federal government wages increased 5 percent; state government wages increased 2.69 percent; local government wages increased 3.89 percent.

Personal income is expected to increase by 3.5 percent in 2004 and 4.8 percent in 2005. Per capita

income is expected to increase approximately 3.0 percent in 2004 and 4.0 percent in 2005. Per capita income levels in El Paso County have averaged approximately 10% less than the average for Colorado.

Retail and Wholesale Trade

Retail trade sales in Colorado were up 1.6 percent in 2003 compared to a 0.12 percent increase in 2002. This welcome increase in the State economy is somewhat misleading. After adjusting for inflation and population increases, statewide retail trade sales actually declined 0.44 percent in 2003. Retail trade sales in El Paso County increased a robust 5.73 percent in 2003, despite having 11,000 to 12,000 Fort Carson troops deployed to Iraq during most of the year. After adjusting for inflation and population growth in El Paso County, retail trade sales increased 3.4 percent. Retail trade activity is recovering in El Paso County better than it is in Colorado.

The return of Fort Carson's troops from Iraq in March and April of this year helped bolster the growing strength in retail sales in the City of Colorado Springs. Growing retail strength is reflected in the 9.7 percent increase in collected sales tax for the City of Colorado Springs through July 2004. Allowing for redeployment of troops from Fort Carson in the 4th quarter, it appears retail sales will increase by at least 7.3 percent for Colorado Springs in 2004. Sales and use tax collections by Colorado Springs are expected to increase approximately 12 percent in 2004. Retail sales growth in El Paso County is expected to be higher due to an increasing number of stores, especially large box stores, opening just north and east of Colorado Springs' city limits. The net effect of the strong increase in retail sales collections will be a TABOR surplus.

Wholesale trade in Colorado during 2003 increased 6.7 percent over 2002. This provides additional support that the recession ended for Colorado during 2003. The 6.7 percent increase is also the first increase in Colorado since 2000. During 2001 and 2002, wholesale trade declined 6.2 percent and 2.4 percent, respectively.

Wholesale trade activity in El Paso County continued

its expansion in 2003 by increasing 17.2 percent. Wholesale gains are especially impressive given the reduction in output El Paso County experienced in technology manufacturing over the last few years.

It is often asserted that the El Paso County economy lags the Colorado economy. This suggests that Colorado should recover sooner with greater strength than El Paso County. This has not been the case. Colorado retail trade sales in 2003 were 4.4 percent above sales in 2000. Colorado wholesale trade sales in 2003 were 2.3 percent below sales in 2000. In contrast, El Paso County retail trade sales were 13.3 percent above sales in 2000. El Paso County wholesale trade sales were 27.8 above sales in 2000.

Given the increased level of economic activity, the Forum expects to see growth in retail and wholesale trade sales in El Paso County to outpace growth in Colorado's retail and wholesale trade sales in 2005. The redeployment of Fort Carson troops to Iraq will have a restraining effect on retail trade. Retail trade is expected to increase by at least 7 percent in 2005. Wholesale trade is expected to increase by at least 15 percent in 2005, especially with the technology sector recovery underway. Intel's favorable position in the industry should help to lead the technology sector over the next several years.

Housing Construction and Commercial Activity

During the economic downturn of 2000-2003, there were widespread beliefs that single-family construction had downsized in size and price. It is believed this was done to reduce the purchase barrier for prospective new home buyers, many who were believed to be first time buyers. The economics of housing have changed and builders do not appear to be placing the same level of emphasis on developing entry-level homes as they did just a few years ago.

As of August 2004, a new single family home averaged 3,542 total square feet. This is significantly larger than the typical single-family home in 2003 (3,278 square feet) and 2002 (3,231 square feet). Permit values have also increased during this time. For example, the average value of a single-family permit for all of 2004 is expected to be approximately \$139,000. The permit

values in 2003 and 2002 were \$132,500 and \$121,477, respectively. Thus, during the last few years, the typical new single-family home increased in size 9.6 percent. Permit values increased 14.4 percent during the same time, reflecting larger homes, more finished square feet and abnormally high increases in lumber and steel.

A significant amount of strength in the single-family housing market in 2003 and 2004 was tied to the record low interest rates of the thirty-year conventional mortgage. There appears to have been additional strength from a larger than expected increase in population from people moving to El Paso County.

Commercial construction was boosted by two major projects during 2003. Penrose-St. Francis and the El Paso County Jail expansions comprised approximately 17 percent of the value of all commercial permits during the year. If it were not for these two projects, commercial construction would have been under \$200 million and below 2002 levels. The Forum expects non-residential construction to increase 37 percent in 2005.

Central business district office vacancies rose 0.1 percent to 8.6 percent in 2003. Class "A" office space vacancies in the central business district rose 0.2 percent to 11.9 percent. Countywide, office vacancies increased 0.9 percent to 9.4 percent. Aggregate absorption rates were 43,403. Absorption is typically 687,000 square feet. Understandably, rents decreased 25 cents to \$10.20 a square foot, NNN.

The market for office space is expected to improve for the balance of 2004. Vacancies are expected to stabilize and perhaps decrease 0.1 percent. Rents should increase slightly to \$10.30, NNN as absorption rates increase to 200,000-300,000 square feet during 2004. Class "A" rents are expected to rise to approximately \$12.80 in 2004.

Industrial vacancies appeared to have peaked in 2003 at 10.3 percent. Absorption was negative 160,000 square feet. These downward pressures contributed to a rent decline of \$0.24 to \$6.63 a square foot, NNN. Increased business activity points to an improved industrial rental market in 2004. Expect to see

vacancies decline slightly to 10.1 percent. Rents should stabilize at year-end.

Aggregate shopping center lease rates increased 5.6 percent in 2003 to \$12.33, NNN. This is significantly higher than would be expected since retail lease rates are usually tied to the CPI. Since the Denver/Boulder CPI increased 1.1 percent, a 5.6 percent rent increase appears to be significant. Leasing and absorption activity help to explain the rise. During 2003, shopping center vacancies increased to 8.3 percent from 8.0 percent in 2002. For the first six months of 2004, vacancy rates dropped to 7.6 percent. Absorption was a strong 1,157,000 square feet. This is well above the past twelve year annual average of 537,000 square feet. Most of the absorption appears to be in recently constructed retail shopping facilities along Powers, Woodmen and Briargate.

Differences in vacancy rates are apparent among shopping centers with anchor tenants. Vacancy rates in shopping centers with anchors were 6.2 percent in June 2004. Rents averaged \$20.36 a square foot. Unanchored shopping centers had vacancies of 7.6 percent and rents of \$15.24.

The strong growth in retail activity during the last twelve months is expected to continue through 2005. Barring overproduction of new retail centers, overall vacancy rates should decline to 7.3 percent while rents are expected to increase to \$15.75.

The Military

The normally positive impact of the military on El Paso County was tested during 2003 and early 2004. Upwards of 12,000 of Fort Carson's troops were deployed to Iraq in 2003. Factoring for marital status and families who left Colorado Springs and returned home when their spouses were deployed, the Forum estimates direct loss of local wages were \$495,060,000. Indirect lost wages were estimated to be \$202,974,600. Approximately 500 local resident service jobs were estimated to have been unrealized during the troop deployment. Finally, the City of Colorado Springs failed to realize approximately \$6,500,000 in sales tax collections during 2003 because of the deployment. Since the return of Fort Carson's troops to El Paso

County, significant increases in retail trade activity has been measured. Local sales tax collections are running almost 10 percent above the same period in 2003. For example, adjusting for seasonal and business cycle factors, the Forum estimates Fort Carson's troops purchased 204 new cars per month after the April return. Pent up demand while the troops were deployed contributed to the strongest three months of growth in new car sales we have seen in El Paso County during April, May and June of 2004.

After the immediate positive shock to retail sales are over, business activity is expected to resume its normal growth patterns, reflecting a growing El Paso County economy. Normalcy will be short lived. Approximately 7,000 troops from Fort Carson are scheduled to be redeployed to Iraq beginning in November 2004. Pending deployment orders will likely curtail purchases by those troops scheduled to be sent overseas. This effect will be felt throughout most of 2005. The economic impact of this next deployment is not expected to have the same effect on our economy as the 2003-2004 deployment as fewer soldiers will be involved this time around. The greater concern for the local economy for the upcoming deployment is the lack of job and income growth while the troops are gone rather than losses in jobs and income. The upcoming deployment is expected to have more of a braking effect than a contraction effect.

Where is the Southern Colorado Economy Headed in 2005?

The national slowdown no longer holds a grip on the Southern Colorado economy. The economy struggled through March 2003 before clear signs of economic improvement emerged and subsequently dominated business news. One of the most important indicators is the Industrial Production Index. As of July 2004, the index stood at 116.21 compared to 110.83 in July 2003. This is a 4.86 percent increase in business output during the last twelve months. This increase is not a random event. The IPI has been increasing steadily over the last year. The IPI is now higher than any point other than May-June 2000 when it was 116.37. Mirroring this improvement was the 8.1 percent increase in the Forum's Business Condition

Index (BCI) for El Paso County. The BCI is projected to increase 6.1 percent in 2005.

The ability to maintain this growth over the next 18 months will depend on consumer confidence, energy prices and to a certain extent, the results of the November 2004 elections and the possibility of significant terrorist acts.

Oil inventories were at their lowest levels ever, relative to normal seasonal reserves, from November 2002 through July 2004. This is believed to be a significant contributor to the rise in oil and other energy prices over the last two years. Beginning in the late spring of 2004, OPEC countries made a concerted effort to increase production. OPEC is now producing 29.7 million barrels of oil a day, an all time record. As a result, supply is now matching demand. Inventory levels are expected to stabilize over the next 18 months. The Energy Information Administration of the U.S. Department of Energy (EIA) has projected the demand for oil will increase 1.9 percent in 2004 and 1.7 percent in 2005. Production figures are expected to match demand. If supply and demand are in balance, the EIA projects prices will vary with seasonal characteristics but are expected to stabilize or decline slightly. By December 2005, West Texas Intermediate Crude is expected to be \$38 bbl. By comparison, it has not been below \$40 bbl since July 14 and averaged \$44.90 bbl in August. A year ago, West Texas Crude was \$28.93 bbl. The EIA projects West Texas Crude could be as high as \$48 bbl or as low as \$28 bbl. This will depend on international and domestic political stability.

Barring significant political or other shocks, business leaders should be able formalize plans based on these energy prices. If oil prices are expected to be \$40 bbl and business plans are developed around this premise, business activity should be good if actual prices turn out to be close to \$40 bbl mark. Significantly higher prices from what is expected will hurt business and curtail economic growth.

Assuming there are no significant surprises in the coming months, the Forum projects 2005 will see unemployment rates decline to 5.5 percent; non-agricultural employment will increase 1.3 percent; personal income will increase 4.8 percent; retail trade will increase 6 percent; non-residential construction

will increase 37 percent; there will be 5,300 building permits. Growth that began in 2003 and continues in 2004 is expected to be much stronger in 2005. The Forum projects 2005 will be the best year for El Paso County since 2000.

The year will not be without its difficult moments. Troops from Fort Carson will be deployed for much of 2005. Transportation conditions continue to deteriorate. Government revenues will continue to come under fire. Economic development will struggle to attract quality primary jobs that are not likely to be among the next round of outsourcing. Colorado's public financial support of higher education is approaching extinction. Concerns about BRAC's scaling back the Department of Defense's commitment to Fort Carson will become an issue. The economic consequences, which these issues represent to our community, need to be understood by our residents. We need to plan for these events in the coming months if we are to enhance our quality of life and decrease our community's economic ups and downs in 2006 and beyond.

Acknowledgments

The Southern Colorado Economic Forum wishes to thank the many individuals who helped to organize this year's event. In particular, we wish to thank Jim Null of The Center for the Study of Government and the Individual for organizing and chairing the panel, "Colorado Taxes, Constitutional Amendments, and Public Policy." Thanks to Rob MacDonald of the Pikes Peak Area Council of Government for organizing

chairing the panel, "Transportation in Colorado and Colorado Springs." Finally, thanks to Dennis Senger of Colorado Springs Utilities for organizing the panel, "The Changes Taking Place in Your Utility Bill and Why." We also want to thank the staff from the EDC, Chamber and College of Business for helping with all of the Forum and Luncheon arrangements.

A special thank you goes to our valuable partners who provide generous financial support and guidance in producing the Forum. We wish to thank our Forum partners: Platinum Level: First Business Brokers, LTD. CU-Colorado Springs; Gold Level: Colorado Springs Utilities, Fittje Brothers Printing Company, Housing & Building Association, La Plata Investments, LLC, Skotty Consulting Group, Inc, Vectra Bank; Silver Level: BiggsKofford Certified Public Accountants, Key Bank, Prudential Professional Realtors, TelWest Communications LLC, Van Gilder Insurance Corporation; Sustaining Level: ADD STAFF, Inc., Air Academy Federal Credit Union, Antlers Hilton Hotel, Colorado Springs Credit Union, Drexel Heritage of Colorado Springs, Ent Federal Credit Union, Morgan Stanley, Pikes Peak Association of Realtors, The Gazette, The Mail Room, Inc.; Supporting Level: Colorado Springs Chamber of Commerce and the Greater Colorado Springs Economic Development Corporation.

The Forum also wishes to thank the support provided by the City of Colorado Springs, Colorado Springs Chamber of Commerce, the Colorado Springs Convention and Visitors Bureau, the Greater Colorado Springs Economic Development Corporation, Pikes Peak Area Council of Government, The Center for the Study of Government and the Individual and Turner Commercial Research.

Thomas J. Zwirlein, Ph.D.
Professor of Finance and Faculty Director of the Southern Colorado Economic Forum

Fred Crowley, Ph.D.
Senior Economist for the Southern Colorado Economic

Colorado Springs Region

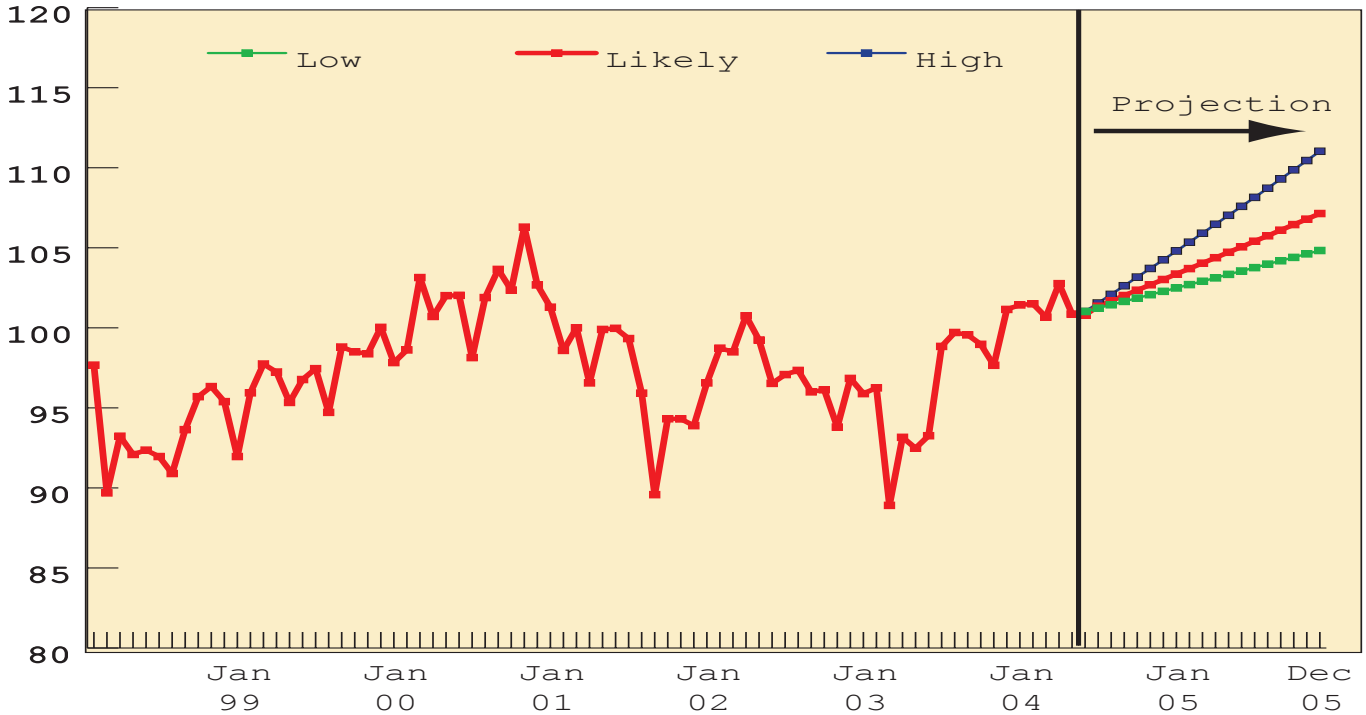
Estimated and Forecast Percent Change in Key Economic Indicators for the U.S., Colorado and El Paso County

		United States			Colorado			El Paso County		
		2003	2004	2005	2003	2004	2005	2003	2004	2005
			Estimate	Forecast		Estimate	Forecast		Estimate	Forecast
1	Population	1.0	0.9	0.9	1.1	1.2	1.3	1.1	1.3	1.3
2	Unemployment Rate*	6.0	5.7	5.7	6.0	5.4	4.8	6.4	5.7	5.5
3	Non-Agricultural Employment	-0.3	0.9	1.7	-1.5	1.2	2.2	-1.1	0.8	1.3
4	Total Wage and Salaries				1.4	3.5	5.0	1.0	2.8	3.5
5	Average Wage and Salaries				2.2	1.5	2.7	2.1	2.0	2.2
6	Consumer Price Index (CPI)	2.3	1.9	1.3	1.1	1.8	2.0			
7	Personal Income	3.3	4.9	4.3	2.8	3.9	5.4	2.5	3.5	4.8
8	Per Capita Personal Income	2.3	4.0	3.4	1.7	2.7	4.0	2.6	3.0	4.0
9	Retail Trade				0.0	5.3	6.0	-2.9	7.0	6.0
10	Housing Permits	8.0	0.4	-13.7	-17.7	4.3	-0.6	-22.2	5.2	-4.9
11	Non-Residential Construction				-9.4	18.3	5.1	21.4	-26.9	37.1

Sources: Colorado Office of State Budgeting and Planning, June 2003 Revenue Forecast and the Southern Colorado Economic Forum.

* refers to the unemployment rate and not the change in the rate.

Business Conditions Index (BCI)



	COS Enplanements	ElPaso County SF & TH Permits	U of Mich Consumer Sentiment	Creighton U Colorado PMI	ElPaso County Employment Rate	Colorado Springs 2% Sales and Use Tax	ElPaso County New Car Sales	ElPaso County Foreclosures	ElPaso County Employed	ElPaso County Income	BCI
Jan-04	95.04	83.54	113.75	155.15	97.71	97.55	85.24	99.99	103.45	97.91	101.43
Feb-04	90.35	101.22	106.23	136.22	97.77	102.66	85.53	99.94	104.11	98.16	101.50
Mar-04	87.56	104.34	103.87	127.16	98.26	100.32	88.02	99.92	103.69	98.53	100.67
Apr-04	96.41	94.39	103.11	145.56	97.73	102.36	91.93	99.94	104.24	100.30	102.76
May-04	86.87	111.58	94.33	126.50	98.08	101.62	90.33	99.95	104.64	100.04	100.86
Jun-04	87.90	93.47	101.96	128.77	98.22	101.43	96.46	99.96	104.85	99.71	100.80

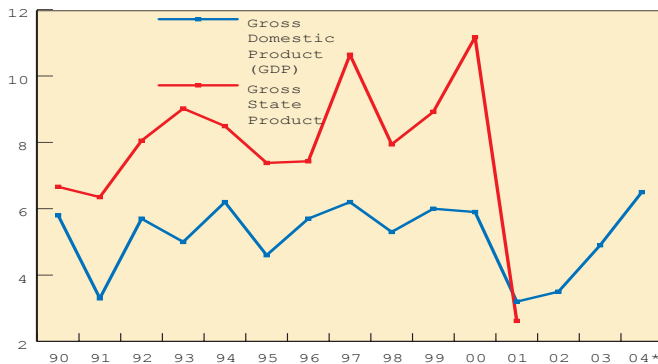
WHY IS THIS IMPORTANT?

An aggregate trend of the local economy is extremely useful in gauging whether the economy is expanding, contracting or remaining stable. Rather than replace individual measures of activity such as housing or retail sales, the aggregate index should be compared to the individual indicators within the index to identify leading, lagging and roughly coincident indicators to facilitate business planning at the local level. The Business Conditions Index (BCI) for El Paso County was developed for this purpose. The BCI and its component indicators are seasonally adjusted so that true trends can be identified as opposed to potential misleading spikes.

HOW ARE WE DOING?

All indications are that the Colorado Springs economy is well on its way to an economic recovery. Despite the deployment of Fort Carson troops to Iraq from March 2003 to March 2004, strong gains in the BCI and its components suggest we can expect the local economy to continue its growth over the next eighteen months. This expectation is supported with recent gains in the traditionally lagging indicators such as unemployment rates and foreclosures. The Forum anticipates approximately four percent annual growth in the local economy. If Fort Carson troops return quickly from their second deployment to Iraq and the technology sector continues to show signs of strength, led by Intel, the Forum believes it is possible to see as much as a seven percent annual increase in the local economy during the next eighteen months.

Gross Domestic Product (GDP) and Gross State Product (GSP) Growth



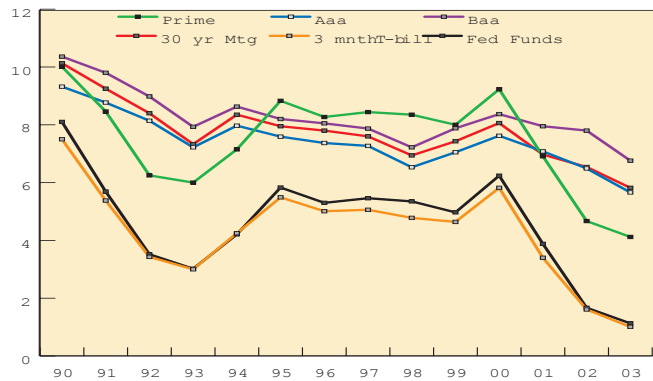
WHY ARE THESE IMPORTANT?

The indicators on this page are predominately state and national in scope. Gross domestic product (GDP) measures the output of goods and services produced by labor and property located in the United States. The Bureau of Economic Analysis also measures gross state product (GSP) which is a state equivalent measure of GDP.

Interest rates represent the cost of financing and the reward on investments. Low rates encourage borrowing and discourage investment (unless the investment is accompanied by borrowing such as borrowing to purchase a home).

Personal income measures the total income received by individuals, before taxes and not adjusted for inflation. Per capita personal income reflects individual wealth creation and is a good indicator

Key Interest Rates

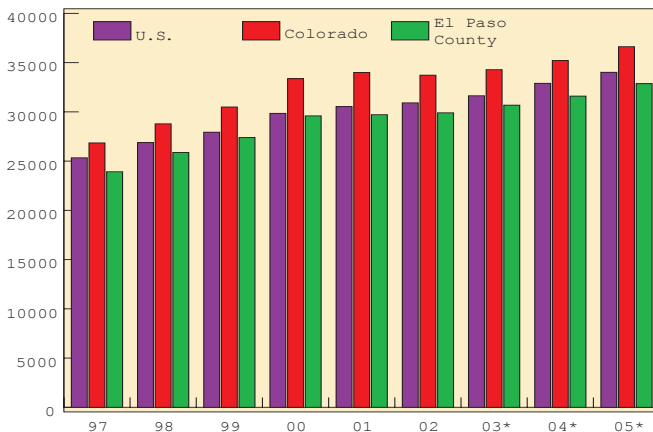


HOW ARE WE DOING?

Nationally, GDP is growing again. Real GDP grew 2.8 percent in the second quarter, after increasing 4.5 percent in the first quarter of 2004. GSP is only reported through 2001. The problems of 2001 were quite evident as suggested by the large decrease in GSP growth. GSP growth often lags GDP growth. Given the growth in GDP this year, we could expect GSP to grow this year and next.

Interest rates were driven to historical lows over the last two years in order to prime the pump of economic recovery. Low interest rates helped the construction and automotive sectors of the economy tremendously in the last two years. Now that a recovery appears to be underway, the Fed is posturing to increase interest rates. The open market committee has already increased overnight rates twice this year. Expect more rate increases in the future unless the recovery stalls significantly.

Per Capita Personal Income



U.S. per capita personal income was flat between 2001-02 but began to grow again in 2003. Projections are that per capita personal income will grow 4 percent this year and 3.4 percent in 2005. Colorado per capita income moved above the U.S. average by about \$3,500 in 2000. Since that time Colorado per capita income has remained about \$2,500 above the U.S. average. Colorado per capita income is expected to grow 2.7 percent this year and 4 percent in 2005.

El Paso County per capita personal income remains well below both the U.S. and Colorado averages. Per capita income in El Paso County is estimated at \$30,679 in 2003. This is fully \$3,604 below the Colorado figure or 90 percent of Colorado's average. Per capita income is expected to increase in the county by 3 percent

Sources: Bureau of Economic Analysis, Colorado Economic Perspective, Office of State Planning and Budgeting, SCEP forecasts.

WHY IS THIS IMPORTANT?

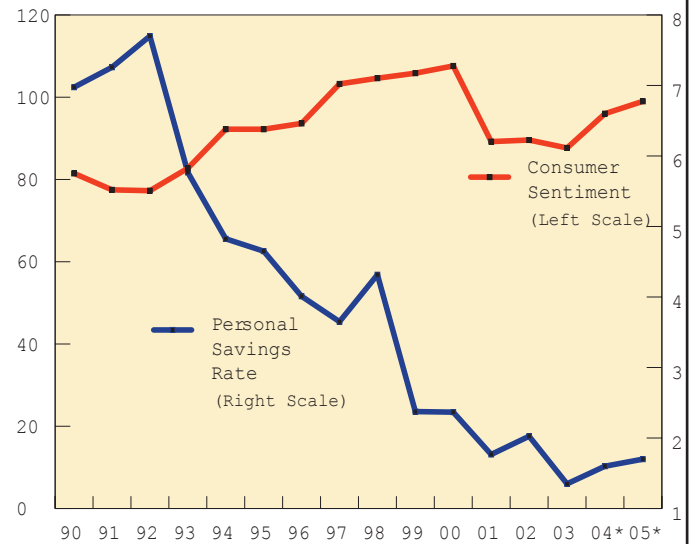
Approximately two-thirds of the American economy is driven by consumer spending. An understanding of the consumer's confidence in the economy and expected spending patterns over the next twelve months are essential to effective planning. Consumer sentiment measures confidence using 1996-97 as the base year (1996-97=100). The personal savings rate is an indication of the consumer's confidence in the current economy and a proxy for consumption capacity in the future.

HOW ARE WE DOING?

Consumer sentiment peaked in December 2000 and then trended downward through April 2001. Consumer sentiment recovered through August 2001 and peaked again in May 2002. Consumer sentiment dropped for the next twelve months until May 2003 and then began to recover once again. Consumer sentiment has been trending downward for most of 2004. The rise in oil prices in early August and concerns over the U.S. economy appear to have shaken consumer confidence. Provided that job prospects improve, oil prices settle to reasonable levels and the elections go smoothly, the Forum expects to see a rising trend in consumer sentiment by the end of this year and a further rise in 2005.

Personal savings, trended down through 2001, rose during 2002 and then declined again in 2003. The slow economy and lack of consumer confidence normally pushes people into saving more and consuming less. Personal savings as a percent of disposable income is expected to be at least 1.6 percent for the

Consumer Sentiment and Personal Savings Rate



* SCEF forecasts

Sources: University of Michigan and Federal Reserve Bank of St. Louis

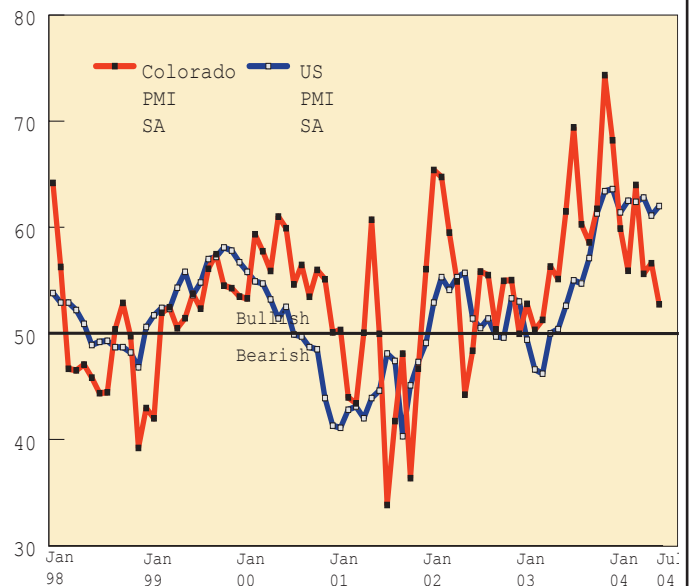
WHY IS THIS IMPORTANT?

The Purchasing Managers Index (PMI) is a leading economic indicator. PMI measures expectations in business activity in raw materials and finished goods, employment and pricing of goods for the next 12 months among purchasing managers in the manufacturing sector. Values greater than 50 are considered bullish. Values below 50 are considered bearish.

HOW ARE WE DOING?

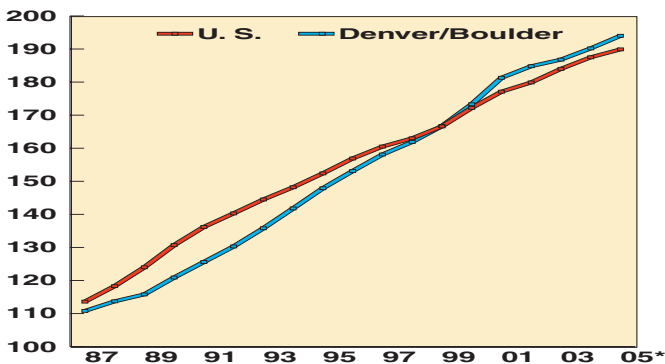
Seasonally adjusted values for the national PMI and the Colorado PMI pointed to a declining manufacturing sector in late 1999 to early 2000. The Colorado PMI clearly lagged the national trend. Both indexes were showing signs of recovery by early 2001 until 9/11. Since 9/11, the Colorado PMI has demonstrated great volatility but did move up along with the national PMI through 2003. So far in 2004, the national PMI has declined and stands at 59.6 in August. The Colorado PMI also declined in 2004 and stands at 53.4. Although both the national and state PMI have declined this year they remain above 50 which suggests that the manufacturing economy is generally expanding. Stronger GDP growth should help to keep the national and Colorado PMI above 50 for the remainder of the year.

Purchasing Managers Index

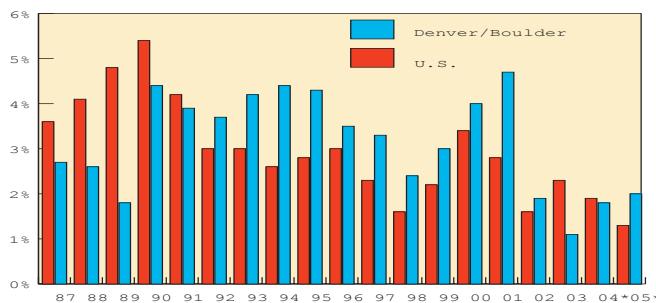


Sources: Institute of Supply Management and Creighton University

The Denver/Boulder and U.S. Consumer Price Index (CPI) for all Urban Consumers (1982-1984=100)



The Denver/Boulder and U.S. Consumer Price Index (CPI) Rate Change



* Forecast
Source: U.S. Department of Labor, Bureau of Statistics

WHY IS THIS IMPORTANT?

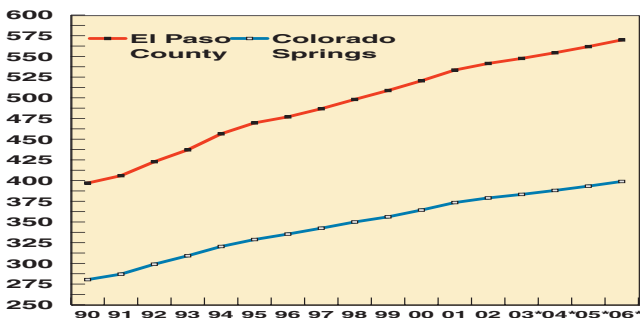
The consumer price index (CPI) measures the average price change (inflation) for a basket of goods and services selected by the U.S. Department of Labor, Bureau of Statistics. The CPI measures the period-to-period loss of purchasing power of a dollar caused by rising prices. The CPI is often used to compute real wages, income and wealth to determine whether consumer purchasing power and household wealth are increasing, decreasing, or remaining constant.

HOW ARE WE DOING?

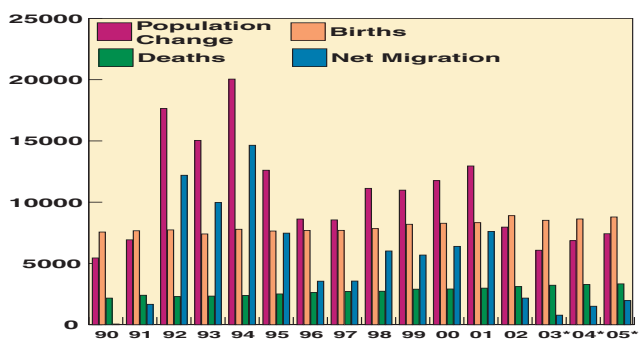
The Denver/Boulder CPI rose 1.1 percent in 2003 after rising 1.9 percent in 2002. The U.S. urban CPI rose 2.3 percent in 2003 after increasing 1.6 percent in 2002. Prices increased only .4 percent for the Denver/Boulder area in the first six months of 2004. On average, prices actually decreased .7 percent in the 12 months ending June 2004. Housing and transportation costs declined over the past twelve months despite a 12.9 percent increase in motor fuel prices. Food and beverage, recreation, education and communication, apparel and medical care prices rose modestly over the last year.

The Office of State Planning and Budgeting expects consumer prices in Colorado to rise 1.8 percent for all of 2004 and 2.0 percent for 2005, which is in line with the Forum estimate. The Office of Planning and Budgeting forecasts U.S. inflation for 2004 to be 1.9 percent and to decrease slightly to 1.3 percent in 2005.

Colorado Springs and El Paso County Population (000s)



Births, Deaths and Migration in El Paso County



* Colorado Department of Local Affairs and Forum estimates
Sources: Colorado Department of Local Affairs, Colorado Department of Health and Environment.

WHY IS THIS IMPORTANT?

Population growth is important because it influences the labor market and the health of the economy in general. Understanding population trends helps city and county officials, builders, retail establishments and others plan the future. Population estimates are used for planning and evaluation, state revenue sharing, and distribution of projects and money by public and private agencies.

Population growth comes from the natural increase (births minus deaths) and from net in-migration (or out-migration). The sum of these components is the change in population. Identifying trends in these indicators helps project future changes in

HOW ARE WE DOING?

From 1990 to the 2000 census, Colorado's population grew at an annual average rate of 3.0 percent. El Paso County's population grew at an average annual rate of 3.2 percent over the same period. The Colorado Division of Local Governments estimates El Paso County's population at 554,428 in 2004. Current projections suggest lower growth in El Paso County population due to slower in-migration.

The natural increase in the population (births over deaths) remains relatively stable, growing by roughly 5,000-5,500 per year. The in-migration trends are much less stable. In the early to mid-nineties, in-migration accounted for 60-70 percent of the total population change. That percentage is now estimated to be 20-30 percent of the annual population change.

WHY IS THIS IMPORTANT?

The size and mix of jobs is an important indicator of the quality and sustainability of the economy during both good times and bad. During good economic times we expect the economy to grow, to expand and to change the mix through the addition of high quality, well paid job opportunities. A diversified employment base is better able to withstand eventual economic downturns.

The unemployment rate is the percentage of the work force without jobs. There will always be some unemployment due to seasonal factors, workers between jobs, recent graduates looking for work and others. Comparisons with the state and national unemployment rate provide information about how

HOW ARE WE DOING?

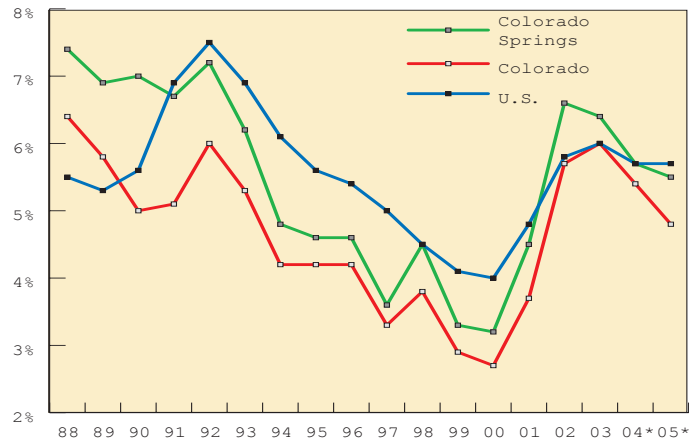
The unemployment rate in El Paso County currently stands at 5.7 percent, the same as the U.S. rate and slightly above the Colorado rate of 5.4%. Most economists agree that a recovery is underway but significant or sustained job growth has been elusive.

The employment picture in El Paso County remains mixed. Over the course of 2003, the Colorado Department of Labor reported a loss of 2,600 jobs. Average annual ES-202 employment was 232,505, which was 1.1 percent lower than 2002. The employment picture is looking somewhat brighter this year. The EDC is again announcing new jobs, which is in stark contrast to 2003. The July 2004 employment figures are up 1.6 percent compared to year earlier figures. Some of the jobs that were lost in manufacturing and information are being replaced by jobs in finance and insurance; professional and technical services; administrative and waste services; health care and social assistance; and government.

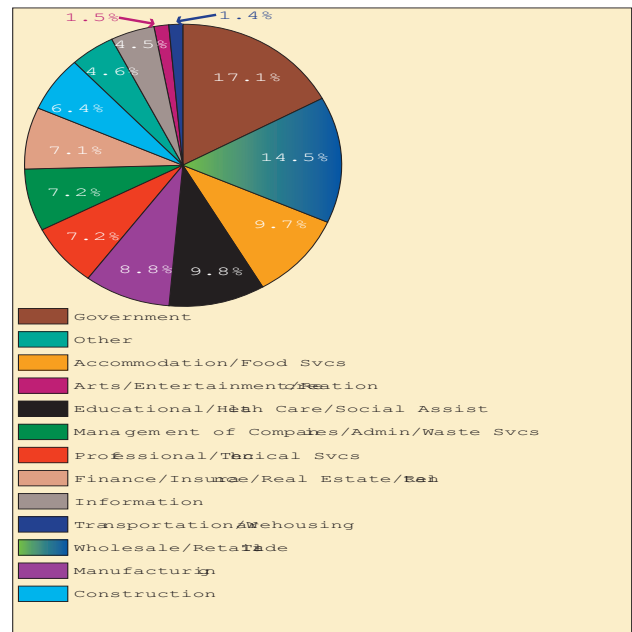
Wages held up well during 2003 in spite of the slowdown in the economy and the job losses. The average annual wage in El Paso County for all of 2003 was \$35,391, which represents a 2.1 percent increase from 2002. Only two major economic sectors, management of companies and enterprises; and arts, entertainment and recreation, experienced a decline in average annual wages. Somewhat of a surprise is that manufacturing and information, two of the hardest hit sectors in terms of employment, saw at least modest average wage increases. The largest wage gains were reported in finance and insurance (6.2%), wholesale trade (6.0%), information (5.1%) and administrative and waste services (5.0%).

Average wages increased in all of Colorado by 2.2 percent from \$38,012 to \$38,942 in 2003. Comparing Colorado's average wage to El Paso County's, implies a wage gap of \$3,551. This amount is slightly higher than the wage gap of \$3,333 reported last year.

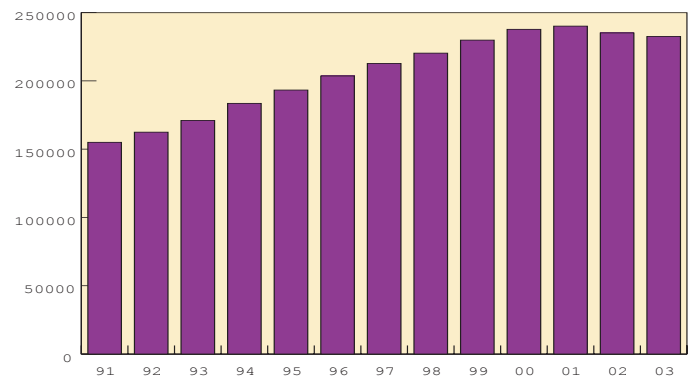
The Unemployment Rate in El Paso County, Colorado, and the U.S.



2003 Employment in El Paso County by North American Industrial Classification (NAICS)



Total ES202 Employment in El Paso County



* Through July 2004 and estimate for 2005

Sources: U.S. Department of Labor; Colorado Department of Labor and Employment

Employment and Wages

El Paso County Average Annual Employment and Wages by NAICS Classification in 2002 and 2003

NAICS ¹	Title	2002			2003		
		Employment	Percent of Total Employment	Average Annual Wages	Employment	Percent of Total Employment	Average Annual Wages
11	Agriculture, Forestry, Fishing, Hunting	223	0.1	\$22,581	170	0.07	\$24,878
21	Mining	82	0.03	\$77,601	107	0.05	\$80,428
22	Utilities ²	628	0.3	\$76,838	575	0.25	\$78,658
23	Construction	14,998	6.4	\$36,680	14,757	6.4	\$37,065
31-33	Manufacturing	22,280	9.5	\$49,086	20,497	8.8	\$49,640
42	Wholesale Trade	6,056	2.6	\$41,462	5,862	2.5	\$43,948
44-45	Retail Trade	27,648	11.7	\$23,703	27,818	12.0	\$23,998
48-49	Transportation & Warehousing	3,417	1.5	\$28,839	3,309	1.4	\$29,206
51	Information	12,671	5.4	\$45,025	10,412	4.5	\$47,320
52	Finance & Insurance	12,067	5.1	\$39,542	12,320	5.3	\$42,013
53	Real Estate, Rental & Leasing	4,063	1.7	\$26,050	4,120	1.8	\$26,813
54	Professional & Technical Services	16,647	7.1	\$59,823	16,754	7.2	\$60,583
55	Management of Companies & Enterprises	866	0.4	\$63,682	903	.4	\$60,232
56	Administrative & Waste Services	15,274	6.5	\$26,689	15,726	6.8	\$28,033
61	Educational Services	3,128	1.3	\$27,337	3,245	1.4	\$28,200
62	Health Care & Social Assistance	19,252	8.2	\$34,887	19,575	8.4	\$35,656
71	Arts, Entertainment & Recreation	3,575	1.5	\$22,820	3,516	1.5	\$22,327
72	Accommodation & Food Services	23,015	9.8	\$12,568	23,148	10.0	\$13,015
81	Other Services	9,942	4.2	\$26,325	9,835	4.2	\$26,308
99	Non-classifiable	3	0	\$76,071	3	0	\$37,781
	Government	39,271	16.7	\$36,739	39,855	17.1	\$38,265
	Total All Industries	235,105	100.0	\$34,679	232,505	100.0	\$35,391

¹ - For information on NAICS see www.census.gov/epcd/www/naics.html

² - Does not include Colorado Springs Utilities

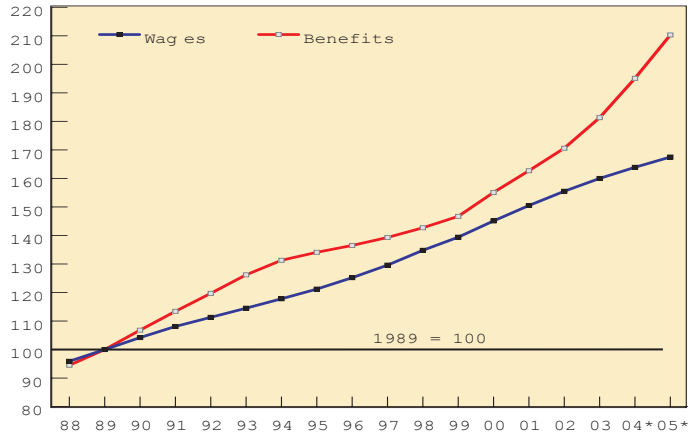
Source: Colorado Department of Labor ES 202

WHY IS THIS IMPORTANT?

Wages and benefits represent a significant cost to any business. These two indicators show the total increase in wages and benefits indexed to 1989 (1989 = 100). Both indexes in this chart are based on national figures.

The Cost of Business is a new index assembled by the Southern Colorado Economic Forum. This index combines four local factors: 1) average wages, 2) electric prices, 3) rents and 4) property tax levies and a national benefit figure into a geometric index. The index is equally weighted and has a value of 100 in 2001 (2001 = 100). This index captures the average annual increase in the major cost elements of most businesses. The final chart on this page shows the average annual change in the individual items in the cost of business index. Together these indicators provide business with a measure of costs over

Wage and Benefit Cost Index U.S. Average



HOW ARE WE DOING?

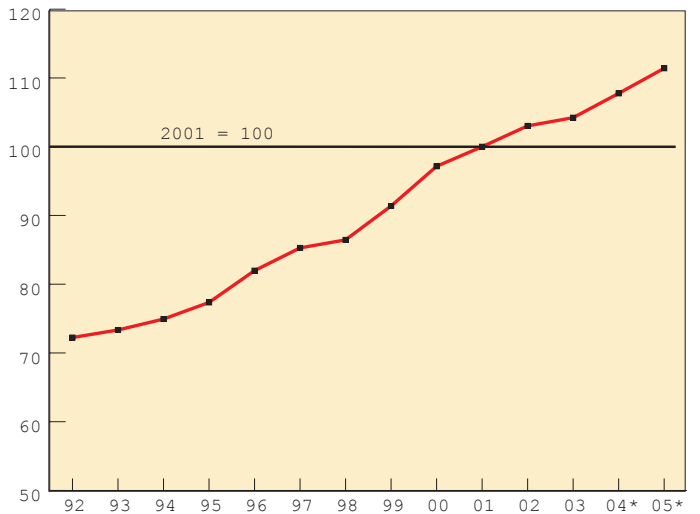
The national wage index (top chart) increased steadily over time to and stood at 160 by the end of 2003. This means that 2003 wages were 60 percent above the base year of 1989. The national benefit cost index rose more rapidly and stood at 181.3 or 81.3 percent higher than the base year in 1989.

The base year for the local cost of business index (COBI) is set at 100 in 2001 (2001 = 100). This index stood at 104.2 by the end of 2003 meaning the average cost of business is 4.2 percent higher in 2003 over the base year of 2001. The cost of business index has increased by 3.4 percent annually since 1992. The Forum forecasts that the cost of business index will increase 3.4 percent this year to 107.8 and another 3.4 percent in 2005 to 111.4.

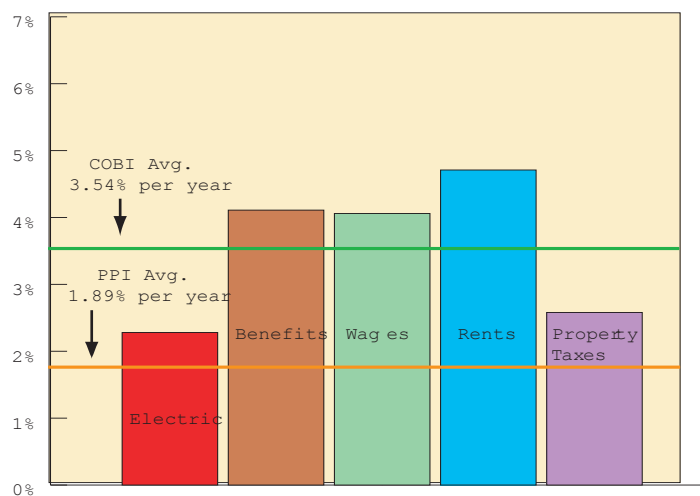
The final chart on this page provides the average annual increase in the individual components in the cost of business index since 1992.

The fastest growing component in the COBI is rents, which increased at an average annual rate of 5.0 percent. Local wages increased by 4.1 percent per year, while nationally, benefits increased 3.9 percent per year. However, since 1999, benefit costs have risen approximately twice as fast as wages. Property taxes have increased by 2.5 percent per year and electricity rose only modestly by 1.5 percent per year.

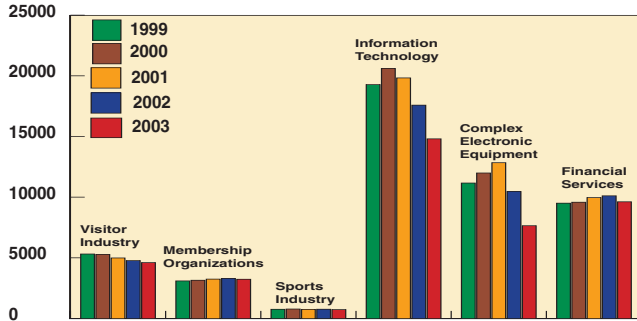
Cost of Business Index for El Paso County (2001 = 100)



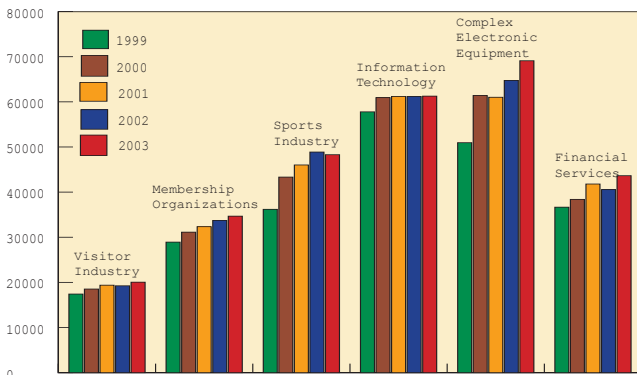
Percent Change in Individual Items in the Cost of Business Index for El Paso County



Number of Employees in Cluster Industries



Average Wages of Employees in Cluster Industries



Sources: State of Colorado Department of Local Affairs; State of Colorado Division of Local Government; SCEF estimates

WHY IS THIS IMPORTANT?

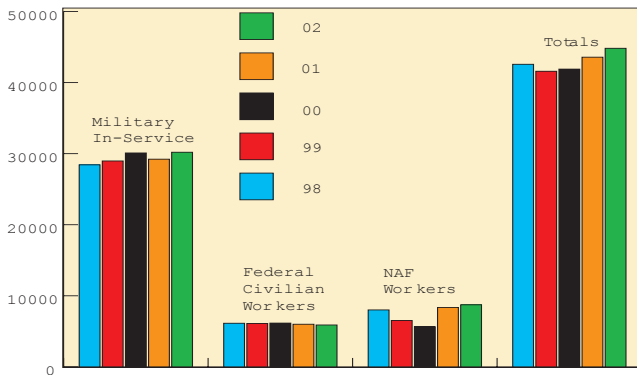
The Economic Development Corporation has identified key industry clusters as targets for economic development. The clusters group industries that complement each other and generate income and wealth for the community, by exporting goods and services out of the region. Employment, growth and wages derived from these industries help to support induced sectors of the economy such as services, retail and construction.

HOW ARE WE DOING?

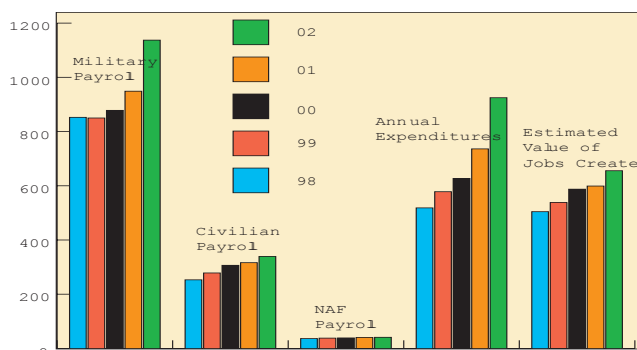
In 2003, these clusters accounted for approximately 17.5 percent of the wage and salary labor force in El Paso County. Employment in the clusters is estimated at 40,645 in 2003. As a group the clusters lost more than 6,300 jobs in 2003. Most of the reductions occurred in information technology and complex electronic equipment. Cluster employment is now down 10,971 jobs (21.3%) from the high of 51,616 in 2001. Information technology and complex electronic manufacturing make up 55.2 percent of the cluster jobs.

The clusters account for approximately 25 percent of the total ES202 wages and salaries in the county, which is down from 30 percent in 2002. Weighted average wages in the cluster industries remained relatively constant in 2003 at \$51,547. By comparison, average wages for all industries in El Paso County were \$35,391 in 2003. Average wages in information technology were \$61,263. Average wages increased 6.7 percent in complex electronic equipment to \$69,103. Financial services wages were up 7.6 percent while sports industry wages declined 1.2 percent to \$48,290.

Military Employment in El Paso County



Military Expenditures (\$ millions)



Sources: Various Military Establishments; EDC and Chamber of Commerce

WHY IS THIS IMPORTANT?

The military has been an important contributor to the local economy since World War II. Even though the economy has diversified dramatically in the past decade, the military sector remains an important piece of the regional economy.

HOW ARE WE DOING?

Active duty and civilian employment at military establishments grew from 43,571 in 2001 to 44,821 in 2002, a 2.9 percent increase. Northern Command is expected to increase total military employment modestly over time. The deployment of troops to Iraq had a direct impact on the Colorado Springs economy in 2003-04, particularly in the area surrounding Fort Carson. The redeployment of troops will again affect this area.

Military figures are not included in Department of Labor wages and salary figures. Total military employment represents approximately 19 percent of El Paso County employment. In 1990, it was 24.1 percent. The military impact on the economy has declined over time, as other economic sectors have increased in employment and importance. Nevertheless, the military provides an important and valuable stabilizing effect on the economy.

Payroll to military and civilian employees topped \$1.5 billion in 2002. Annual expenditures by military establishment in Colorado Springs totaled \$924.9 million. The individual military installations use a number of multipliers to estimate the dollar value of indirect jobs created by the military presence in Colorado Springs. This amounted to \$655.6 million in 2002. Thus, the total estimated impact of the military in El Paso County, including salary and wages, expenditures and jobs created was \$3.1 billion in 2002.

WHY IS THIS IMPORTANT?

The hotel occupancy rate is a general indicator of the health of tourism. Changes in these rates can potentially signal changes in the popularity of Colorado Springs as a tourism destination. The lodger's and auto rental tax is an additional indicator of tourism activity.

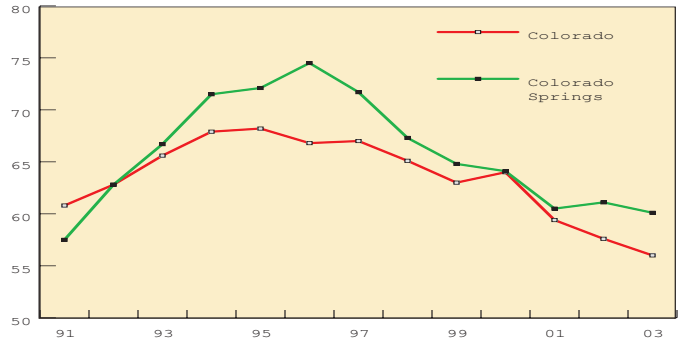
HOW ARE WE DOING?

Each year, about 6 million people visit the Pikes Peak area. These visitors generate over \$1 billion in travel-related revenue. The Colorado Springs Convention and Visitors Bureau reports that there are approximately 14,000 hotel and motel rooms available in Colorado Springs. Single room rates range from \$20 to \$300. Many of the new rooms are in economy-priced facilities in the \$60 to \$70 range.

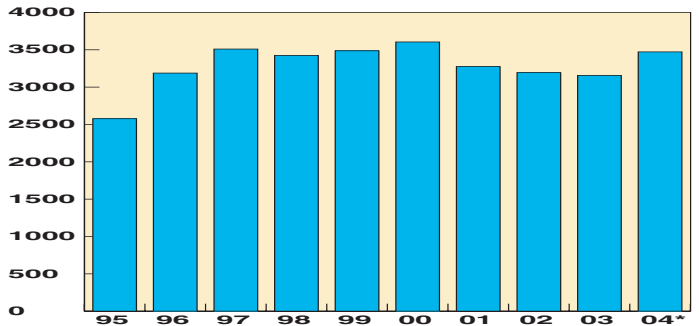
Average annual hotel occupancy rates decreased from 1996 through 2001 because of a hotels/motels building boom, which added to the existing supply of rooms. In 2003, the average hotel occupancy rate in Colorado Springs was 60.1 percent, which is 1 percent lower than 2002. This figure compares favorably to the Colorado average occupancy rate of 56 percent in 2003. The average room for Colorado Springs was \$70.61 and \$95.44 for Colorado.

Lodger and auto rental tax (LART) collections were down by 1.2 percent in 2003 after a late year increase. The Forum forecasts that LART collections are likely to increase by as much as 10 percent this year compared to 2003.

Hotel Occupancy Rates



Lodgers and Rental Car Tax Collections (\$000s)



* SCEF forecast
 Source: Pikes Peak Convention and Visitors Bureau; City of Colorado Springs Finance Department, Sales Tax Division

WHY IS THIS IMPORTANT?

Air service contributes to both the quality of everyday life and the economic prosperity of southern Colorado. Air service has a profound impact on the local economy, particularly air-dependent high tech industries. Companies need nonstop service in order to maximize productivity and minimize travel time. Company location and expansion decisions are impacted by local air service. The travel and tourism industry is heavily dependent on quality air service.

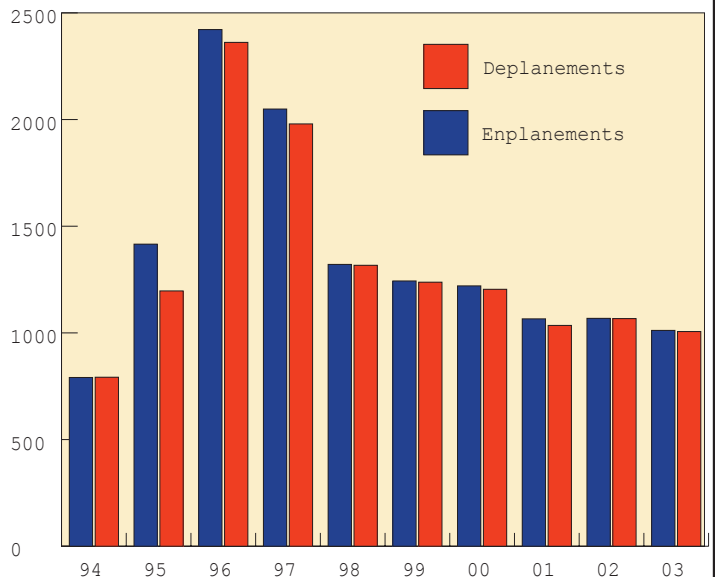
HOW ARE WE DOING?

The Colorado Springs Airport continues to be impacted by a slower economy and the problems facing the airline industry in general. Enplanements and deplanements decreased by 5.5 percent respectively in 2003. Enplanements in 2003 totaled 1,011,643 while deplanements totaled 1,006,365.

Enplanements through June 2004 are up 3.2 percent at 500,284 from year earlier figures. Aircraft departures are up slightly through June 2004. However, major/national carrier departures are up 5.8 percent. The number of enplanements per departure stands at 51 so far this year down from the average of 54 for all of 2003. Cargo landed weight is down 1.7 percent through June.

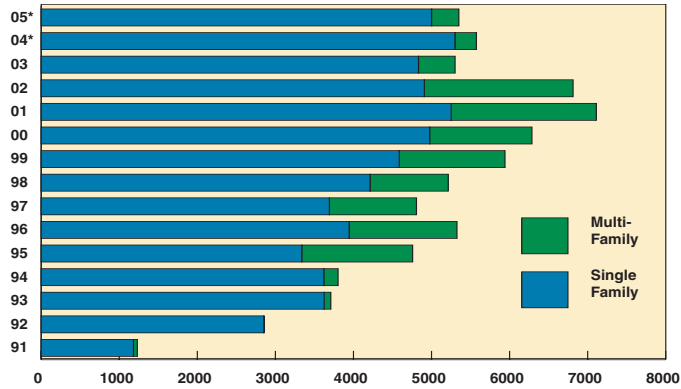
The top carriers and their market share figures in July 2003 are: United/United Express (32%), Delta/Delta Connection (21%), American (17%), America West/AW Express (11%), Northwest (8%), Continental/Continental Express (6%), and Allegiant Air (4%).

Colorado Springs Airport Activity (000s)

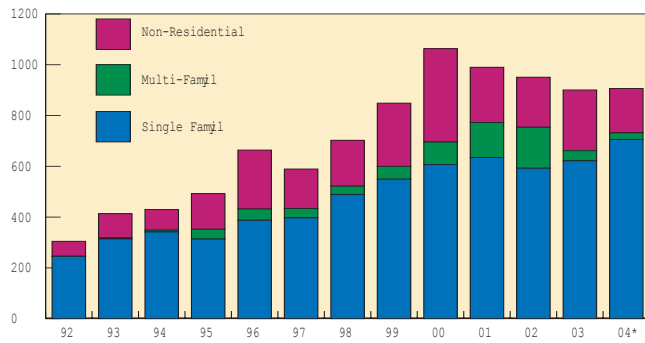


Source: Colorado Springs Airport

Residential Building Permits (Dwelling Units)



Value of Construction (\$ millions)



* SCEF forecast

Source: Pikes Peak Regional Building

WHY IS THIS IMPORTANT?

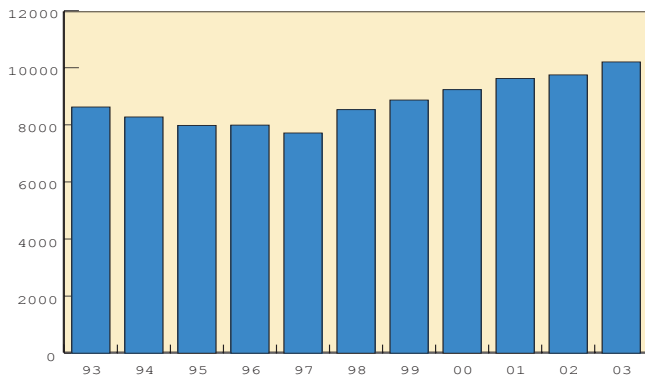
Growing communities like Colorado Springs continually add to the housing stock in order to meet the needs of new residents. With a desirable location, Colorado Springs and El Paso County will continue to grow. Adequate and affordable housing must be available to accommodate the growth.

HOW ARE WE DOING?

Residential construction remained healthy in 2003. A total of 4,833 single family and townhomes were constructed, which is 1.5 percent (75 units) lower than 2002. As expected, multifamily construction dropped precipitously to 469 units in 2003 after the record year of 1,905 units in 2002. Last year we forecast a slower 2004. This slowdown has not materialized. Thanks again to attractive interest rates, the market has remained resilient. Through July of this year, 3,455 single family and townhomes have been built which is 20 percent ahead of last year's pace. At this pace, the Forum forecasts that 5,300 single family units will be built this year. Permits for 255 multifamily units have been pulled so far this year. Most of the multifamily units constructed year-to-date are condominiums. We do not expect much more activity in multifamily construction for this year.

The value of nonresidential construction reached \$239.3 million in 2002, a 21.4 percent increase over 2003. The value of nonresidential construction reached 96.5 million through July. The Forum forecasts nonresidential construction will total \$175 million for 2004. The total value of all new construction is forecast at just over \$900 million.

El Paso County Home Sales



WHY IS THIS IMPORTANT?

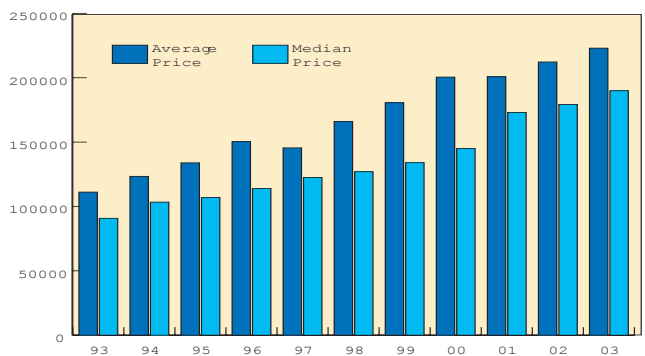
Home sales are an indicator of vitality in the local real estate market. An unusual drop in annual home sales could indicate a problem in one or more economic sectors.

Home values are one of the indicators of the wealth of the community. Homeowners want to see an increase in the value of one of the largest assets in an individual's portfolio. Home valuations form the basis of local residential property taxes. Property taxes in turn, are used to support public schools in the area.

HOW ARE WE DOING?

Home sales, as reported by the Pikes Peak Association of Realtors, have continued to increase since 1997. The average annual increase since 1997 is 4.8 percent per year. Robust economic activity in the late 90's contributed to sales increases as new people moved into the area. Since that time, low interest rates have helped people move out of apartments and into homes while others moved into newer and larger homes.

Mean and Median Price of Homes



Average and median home prices continue to rise. This is a healthy sign for the community as long as a sufficient stock of affordable homes remains available. Most people agree that the median price is a better figure to track. The median price of homes in El Paso county has increased at a rate of 7.66 percent per year since 1993. Since 1993, median home prices, unadjusted for inflation, have more than doubled.

Source: Pikes Peak Association of Realtors

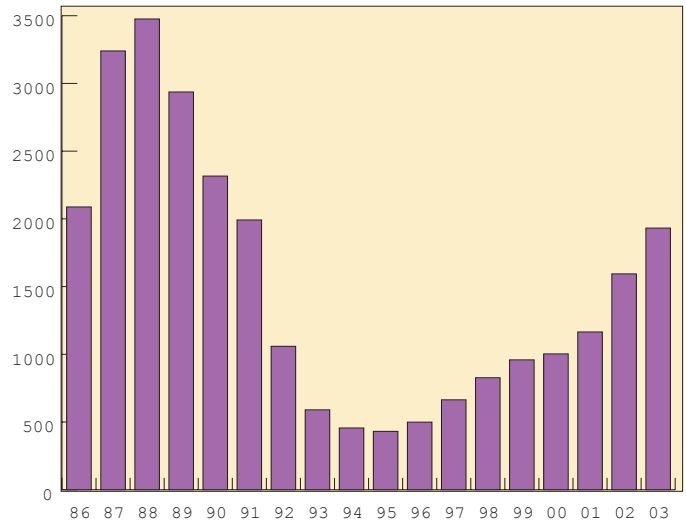
WHY IS THIS IMPORTANT?

The downside of the housing market is when a foreclosure occurs. Foreclosures are normally used by economists as a lagging indicator, since they tend to peak just about the time an economic recovery occurs.

HOW ARE WE DOING?

Foreclosures in El Paso County totaled 1,932 in 2003. This figure represented a 21.2 percent increase over 2002. In the early months of 2004 foreclosures continued to climb from the year earlier comparison figures. However, in May 2004, foreclosures declined from the year earlier figure. This decline is anticipated to be an emerging trend. At this time, the Forum estimates that foreclosures could drop by 100 to 150 for all of 2004. A potential dark cloud for foreclosures is the amount of household debt that was created over the last several years. This debt load may lead to an increase in foreclosures if any or all of the following economic events occur: 1) a substantial increase in consumer interest rates, 2) stagnant or declining job creation, 3) stagnant personal income, or 4) a drop in housing values. Home owners should pay attention to these factors and adjust their spending patterns accordingly.

Foreclosures in El Paso County



Source: El Paso County Public Trustee

WHY IS THIS IMPORTANT?

Local electric sales and residential water accounts are good indicators of growth and economic activity. Active residential water accounts correlate with residential construction and housing market activity. Changes in electric sales on system capture both residential and commercial activity.

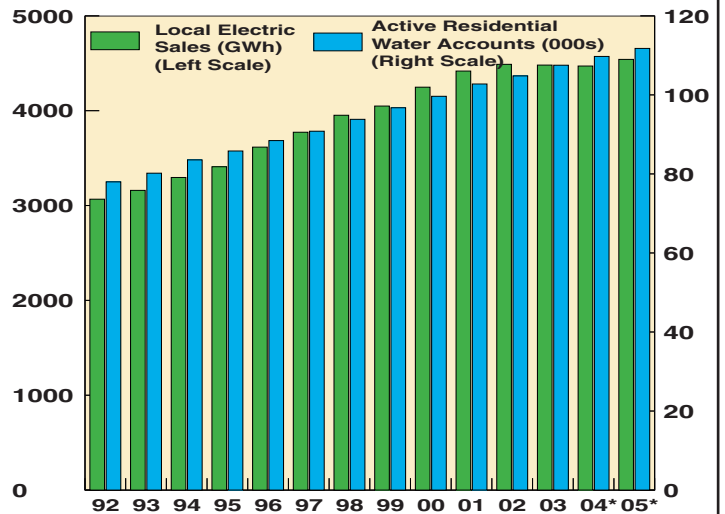
HOW ARE WE DOING?

Both electric sales on system and active residential water accounts continue to rise, and are reflective of the population growth and the overall economy in the region. Residential water accounts have increased an average 3.0 percent per year over the last ten years, which closely mirrors the average annual growth rate of 2.75 percent in owner and renter occupied housing units.

Electric sales grew an average 3.6 percent per year since 1993, which broadly reflects the economic expansion in the county. Electric sales were relatively flat in 2003. An expanding economy will increase commercial use. At the same time, higher energy costs should lead to more energy conservation efforts by residents. Colorado Springs Utilities expects electric sales to remain flat in 2004 and then grow 1.6 percent for 2005.

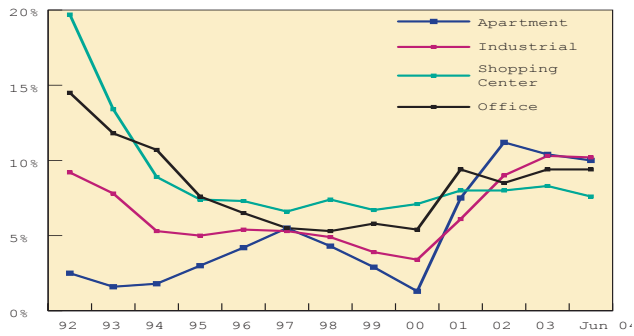
Residential water meter hookups increased 2.6 percent in 2003. Hookups are forecasted to increase approximately 2.0 percent in each of the next two years. This is lower than the

**Total Local Electric Sales on System (GWh)
Active Residential Water Accounts (000's)**

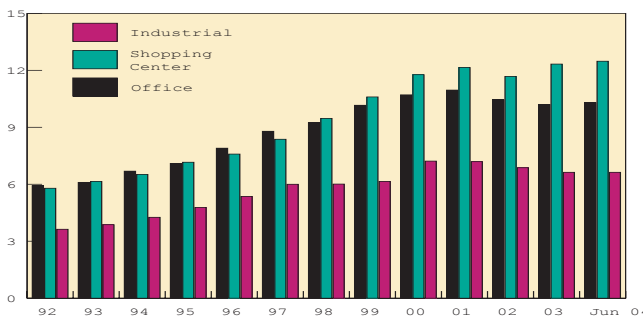


* Colorado Springs Utilities forecasts
Source: Colorado Springs Utilities

Average Vacancy Rates for Apartment, Office, Shopping Center and Industrial Space



Average Asking Rents For Office, Shopping Center and Industrial Space



Source: Turner Commercial Research: Commercial Availability Report; Doug Carter, LLC.

WHY IS THIS IMPORTANT?

Vacancy rates are a leading indicator of economic activity. Declining vacancy rates put upward pressure on lease rates. Low vacancy rates reduce location choices for businesses. The availability of adequate and affordable commercial space allows existing companies to expand and helps attract new companies to the area.

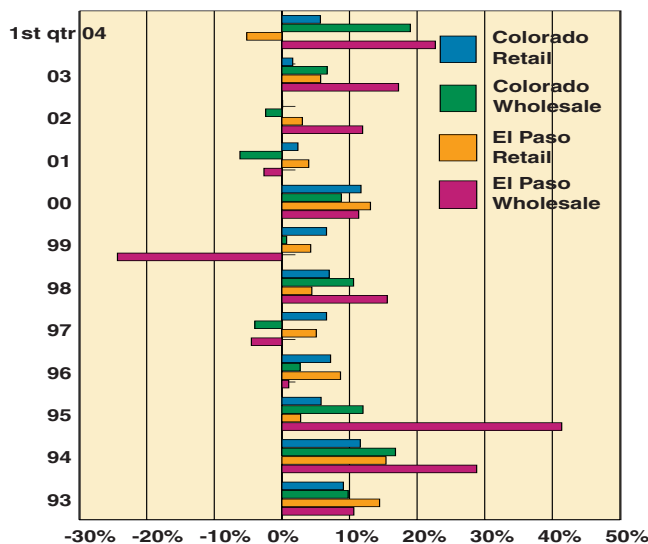
HOW ARE WE DOING?

Office, shopping center and industrial vacancy rates all increased through 2003 standing at 9.4 percent, 8.3 percent and 10.3 percent respectively by the end of the year. The June 2004 vacancy rates stood close to the 2003 year-end figures. In spite of high vacancy rates, triple net lease rates at the end of June 2004 were holding relatively steady at \$10.30 per square foot for office space, \$12.48 for shopping center space and \$6.63 for industrial space.

Office and industrial lease activity appears to be picking up slightly this year while shopping center activity is more robust. Turner Commercial Research reports that leasing activity in the office market reached 449,225 square feet through June and absorption was 492,427. Industrial leasing activity amounted to 381,018 square feet through June, with absorption at 189,188. In retail, 355,976 square feet were leased through June and absorption was 102,387.

Over one million square feet of office space was sold through June at a weighted average per square foot price of \$91.18. Industrial sales were 546,217 square feet through June at an

Growth in Retail and Wholesale Sales in Colorado and El Paso County



Source: Colorado Department of Revenue, Office of Tax Analysis

WHY IS THIS IMPORTANT?

Consumer spending is estimated to generate two-thirds of the total economy. Thus, growth in retail and wholesale sales are an important indicator of the strength of the local

HOW ARE WE DOING?

Retail sales in El Paso County grew 5.7 percent to \$10.4 billion in 2003 after growing 3.0 percent in 2002. This compares favorably to the 1.6 percent growth rate in Colorado for 2003. First quarter 2004 El Paso County retail sales were \$2.4 billion, which is 5.2 percent below the year earlier figures for the same quarter. Concerns over rising energy prices and food prices, along with a soft job market, appear to be affecting retail sales in Colorado and the U.S. Locally, a redeployment of troops to Iraq may slow car sales and other durable purchases.

Wholesale sales, which tend to be more volatile than retail, grew 17.25 percent in El Paso County in 2003. Colorado wholesale sales advanced 6.7 percent in 2003. El Paso County wholesale sales are up 24 percent in the first quarter of 2004 over year earlier figures.

WHY IS THIS IMPORTANT?

Colorado Springs is a major retail trade hub in southern Colorado. Sales in the retail trade sectors provide information about consumer buying behavior and are good indicators of the health of this important part of the economy.

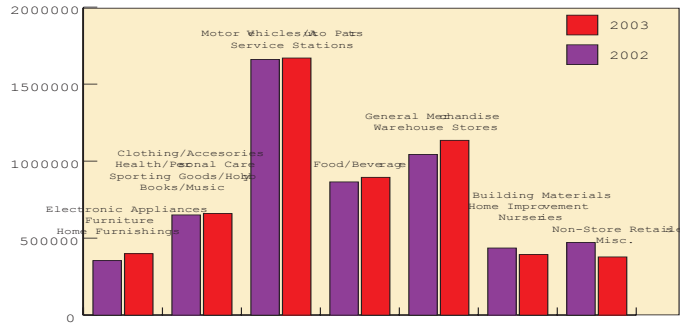
HOW ARE WE DOING?

In 2003, retail trade amounted to \$5.32 billion (or 53%) of the total retail sales in the county. The biggest chunk of retail trade is motor vehicles/auto parts/service stations, which accounted for \$1.669 billion or 30 percent of the total in 2003. This sector benefitted from low-cost financing and rebates during the year. Returning Fort Carson troops helped bump up auto sales in first quarter of 2004. Motor vehicle/auto part sales were reported at \$420 million for the first quarter.

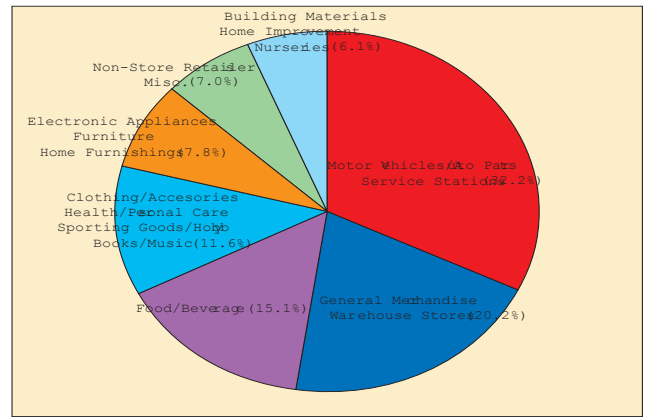
General merchandise/warehouse stores (16.2%), food/beverage establishments (16.2%) and clothing/accessories/sporting goods/hobby/book (11.9%) are the other big contributors to total retail trade sales.

Retail trade was up 6.8 percent in the first quarter of 2004 compared to one year ago. Most trade sectors are seeing increases over the year earlier figures. Motor vehicles/auto parts/service stations sales and electronic appliances/furniture/home furnishings were up 14.4 and 20 percent, respectively, in the

EI Paso County Retail Trade (000's)



EI Paso County Retail Trade First Quarter 2004



Source: Colorado Department of Revenue

WHY IS THIS IMPORTANT?

City sales and use tax revenue is used for municipal operations by the City of Colorado Springs for such purposes as law enforcement, fire protection, street repair and park maintenance. It is critical that these revenues increase along with community growth and needs, in order for the city to provide necessary

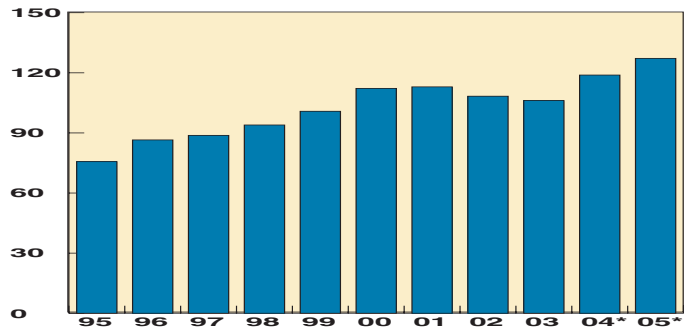
HOW ARE WE DOING?

City sales and use tax collections were \$106.2 million in 2003. This amount was down \$2.18 million or 2.0 percent from the prior year. Through July of 2004, combined sales and use tax collections are up 13.42 percent from year earlier figures. Separately, sales tax collections are up 9.7 percent, while use tax collections are up 45.8 percent.

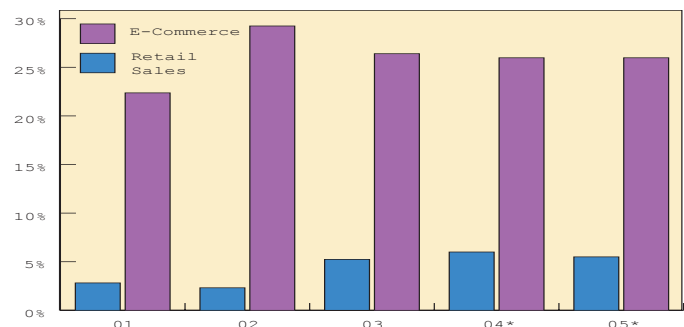
Most retail sectors are seeing stronger sales tax collections this year. Utilities, clothing stores, and building materials sales tax collections are ahead 20%, 17.1% and 11.6% respectively. The Forum projects that sales and use tax collections could be up more than 10 percent in 2004, which would trigger a TABOR refund.

The final chart to the right shows e-commerce sales and national retail sales growth. This graph and the trend it portrays bears watching, since most sales over the Internet are not taxed. The loss of tax collections could eventually hurt the City of Colorado Springs, which relies heavily on sales tax collec-

Colorado Springs Sales and Use Tax Collections (\$ millions)



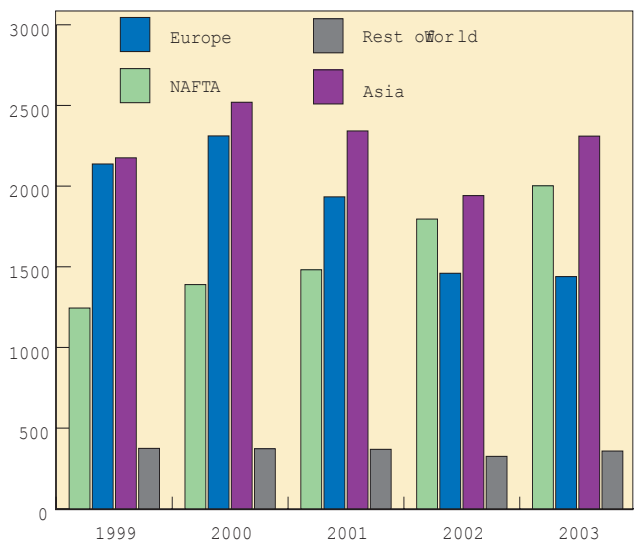
E-Commerce vs. Retail Sales Growth



* SCEF forecast

Sources: City of Colorado Springs Finance Department, Sales Tax Division; Department of Commerce

Colorado Exports to Selected Destinations



Source: Office of Trade and Economic Analysis, International Trade Administration

WHY IS THIS IMPORTANT?

One indicator of the state's competitiveness in a global economy is the ability to export goods and services. A higher level of export activity translates into more jobs in the state and more income and wealth. Colorado and Colorado Springs must continue to grow export of goods and services in order to compete in a global economy.

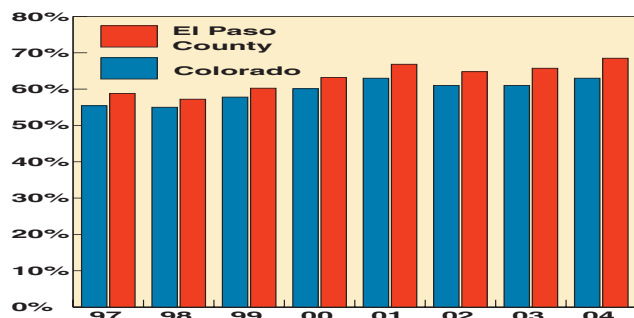
HOW ARE WE DOING?

For many years the Forum reported export activity for the Colorado Springs area. That was until two years ago when the International Trade Administration stopped reporting the relevant figures. This year the Forum begins reporting state export data.

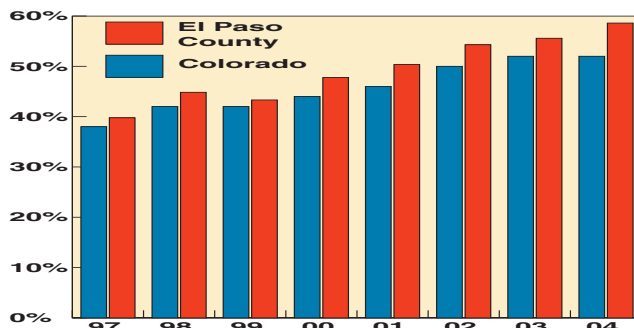
Colorado exports totaled \$6.1 billion in 2003. Exports from Colorado to all parts of the world increased 10.6 percent in 2003. This compares favorably with the 10 percent drop recorded in 2002. Export activity is ahead 15.3 percent in the first half of 2004 over the first half of 2003. Fully 37.8 percent of all exported goods and services in 2003 went to Asian destinations. Not far behind is trade to NAFTA, with 32.8 percent of the total. Europe accounts for 23.6 percent of export activity, with the rest of the world making up the final 5.9 percent.

The majority of Colorado exports to the world is computer and electronic products, which represented 56.6 percent of all exports in 2003. Processed foods made up another 10.8 percent, followed by machinery manufacturers (7.4%), chemical manufacturers (6.5%) and all other export activity (18.5%).

Colorado Student Assessment Program Fourth Grade Reading Results



Colorado Student Assessment Program Fourth Grade Writing Results



Source: Colorado Department of Education

WHY IS THIS IMPORTANT?

Beginning in 1995, the State of Colorado adopted content standards in the areas of reading, writing, mathematics, science, social studies, foreign languages, visual arts, physical education and music. Content standards define what students should know and be able to do at various levels in the schooling process. The Colorado Student Assessment Program (CSAP) is administered to give parents, the public and educators a uniform source of information on how proficient Colorado students are at meeting the standards. These scores provide a benchmark for assessing the educational progress of our children.

HOW ARE WE DOING?

CSAP is designed to measure how close students are to the targets of what they should know and be able to do by the time they reach a given grade, giving a performance-level score for each student. This year, 68.5 percent of El Paso County fourth graders were proficient or advanced in reading. Statewide, 63 percent of the fourth graders were proficient or advanced in reading. Reading scores in El Paso County have improved 9.7 percentage points (16 percent) over the first administration of the fourth grade reading exam eight years ago.

This year, 58.6 percent of El Paso County fourth graders were proficient or advanced in writing. This compares favorably to the statewide proficiency level which remained at 52 percent for a second year. Writing scores in El Paso County have improved 18.8 percentage points (47 percent) since the inception of the fourth

WHY IS THIS IMPORTANT?

A skilled work force is essential for an economy to be competitive in world markets. Completion of high school is the minimal requirement to obtain needed skills in the 21st century. High school graduation and dropout rates are indicators of possible future societal costs from underemployment or unemployment and low earning potential.

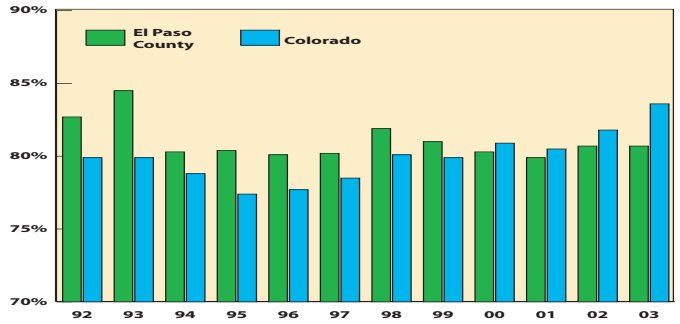
In a global economy, a multicultural, skilled work force is a requirement for success. Providing a quality education to all ethnic groups is important to our economic well-being. Reducing the dropout rate for all ethnic groups is one measure

HOW ARE WE DOING?

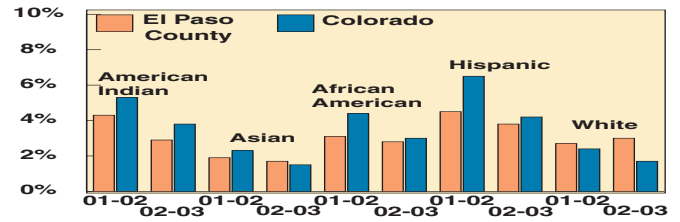
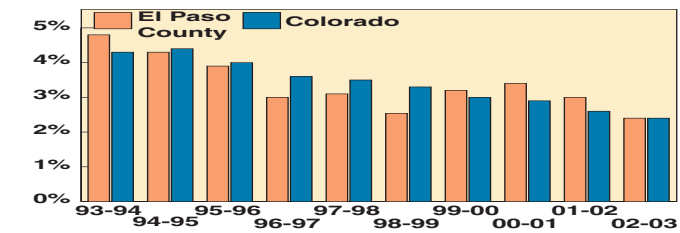
The Colorado Department of Education has a target high school graduation rate of 90 percent. Graduation rates in El Paso County were higher than in Colorado as a whole throughout the 1990s, but remained below the target rate. County high school graduation rates have remained below the Colorado average since 2000. The graduation rate in El Paso County remained at 80.7 percent in 2003. Colorado's graduation rate increased to 83.6 percent.

Dropout rates for all students had been falling since the 1993-94 school year. After dipping to 2.54 percent in 1998-99, the overall dropout rate in El Paso County increased in both 1999-00 and 2000-01. Since then, overall dropout rates have declined and now stand at 2.4 percent. The Colorado dropout rate continues to decline and also stands at 2.4 percent. Dropout rates in El Paso County declined for all ethnic groups, with the exception of whites last year.

High School Graduation Rates



Grade 7 through 12 Dropout Rates Rates



Source: Colorado Department of Education

WHY IS THIS IMPORTANT?

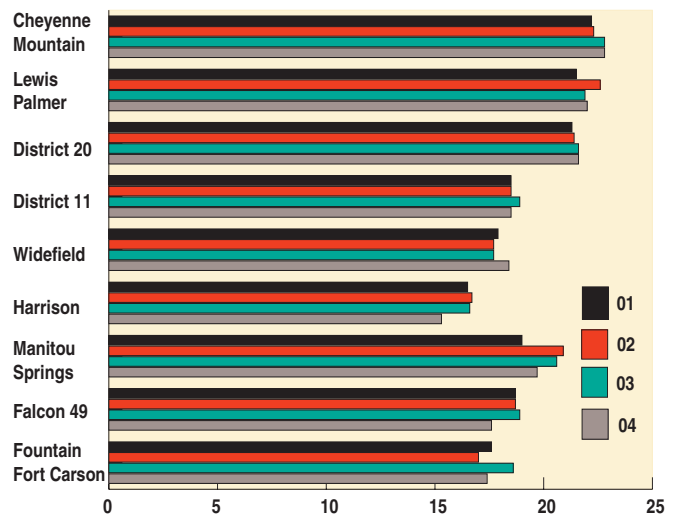
Academic performance of high school students is an important indicator of the knowledge base of the work force of the future. In our high technology economy this is especially significant. The American College Test (ACT) is a comprehensive achievement test designed to predict how well high school graduates will do in their first year of college. The test reflects the cultural and sociological differences in society, making it more representative for all ethnic groups taking the test. Colorado is one of the few states that requires all high school

HOW ARE WE DOING?

The statewide average junior ACT score for 2004 is 18.8. Last year the average score was 19. Only Lewis Palmer (22) and Widefield (18.4) recorded improvements in 2004 ACT scores. Scores remained the same at District 20 (21.6) and Cheyenne Mountain (22.8). Scores declined in District 11 (18.5), Harrison (15.3), Manitou Springs (19.7), Falcon (17.6) and Fountain/Fort Carson (17.4)

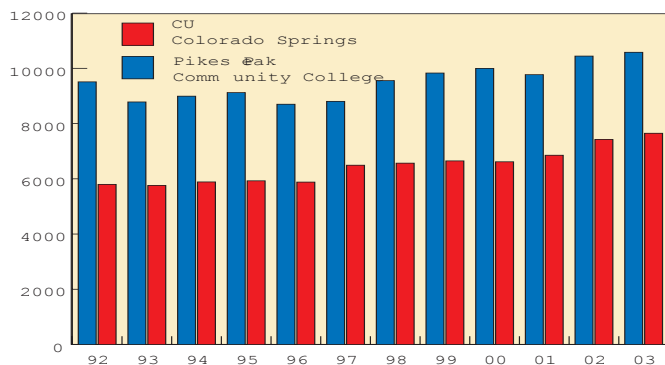
It is important to note that the state creates a systematic downward bias in the ACT results by recording a zero for any high school junior who does not take the exam. The statewide average for all juniors with valid records was 19.6 in 2004. The statewide average scores for the high school juniors tend to be below the college-bound senior who take the ACT. In 2003 the difference was 1.1 points. In 2002 the

High School Junior ACT Scores in Selected El Paso County School Districts

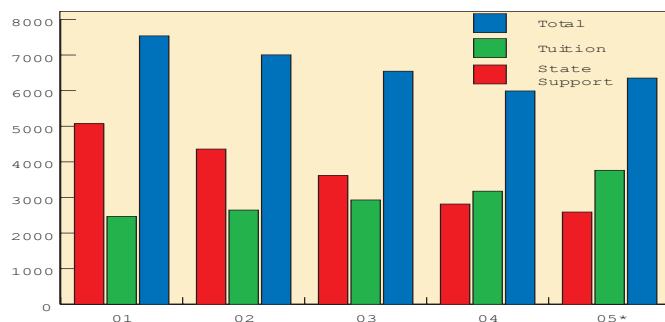


Sources: American College Testing program; Colorado Department of Education; local school districts

Enrollments at Public Institutions of Higher Learning in El Paso County



Sources of Funding at CU-Colorado Springs



* Forecast for fiscal year 2005

Sources: Registrars' offices at Pikes Peak Community College and CU-Colorado Springs and Office of Institutional Research

WHY IS THIS IMPORTANT?

With a population over one-half million and a demand for skilled labor, El Paso County needs quality public higher education institutions capable of meeting community needs. A well-trained and educated work force is essential for economic growth. Enrollments are an indicator of the future supply of qualified workers and of how well the region is preparing individuals for a competitive work force.

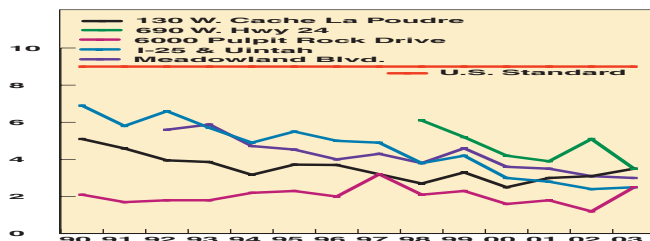
HOW ARE WE DOING?

At CU-Colorado Springs, enrollments surpassed 7,600 in the 2003-2004 academic year or an 3 percent increase. Full-time equivalent enrollment is up 1.2 percent from year earlier figures. This year the campus added new residential housing and a parking structure. Sorry, parking is still a problem.

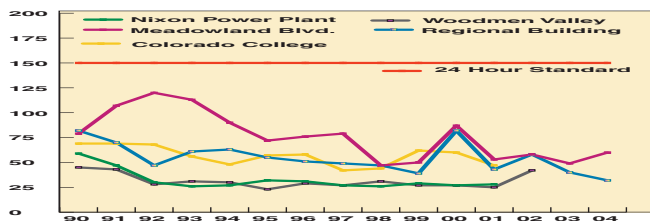
Pikes Peak Community College enrollments also continue to grow. Fall enrollments last academic year hit 10,581. PPCC full-time equivalent enrollments are also expected to be up this year.

General fund budget cuts at both institutions over the past several years, are hampering the ability of each to grow responsibly to meet the educational needs of the community. The lower graph shows that state support per student FTE at UCCS continues to drop and tuition continues to increase. One clear effect of TABOR is that more and more of the cost of higher education is being borne by students, parents of students or both. One should question whether this is sound

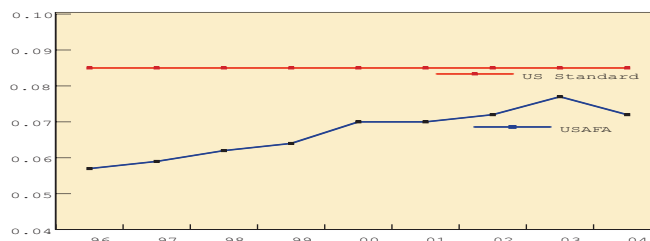
Carbon Monoxide (ppm)



Particulate Matter (10 microns and smaller)



Ozone Trends in El Paso County



Sources: Pikes Peak Area Council of Governments

WHY IS THIS IMPORTANT?

Air quality is fundamental to community health, the environment and our economy. There is growing concern over the interdependence between the health of the environment and our economy. A key selling point of our area is the quality of and opportunity to enjoy outdoor activities. Many people move west to enjoy sunny days and clean air. While there is no overall index of environmental health, carbon monoxide, particulate concentrations and ozone levels provide an indication of air quality.

HOW ARE WE DOING?

The Pikes Peak region has remained well below the U.S. standard for carbon monoxide (CO) emissions since 1989. The Pikes Peak Area Council of Governments expects more improvement in CO emissions because of technological advancements and because older cars are being replaced by cleaner burning autos. Reduced congestion and better traffic flows can also help to alleviate CO emissions.

Particulate matter (PM) includes both solid particles and liquid droplets found in the air. Particles less than 10 micrometers in diameter can pose the greatest health concerns when inhaled, because they accumulate in the respiratory system. Particulate matter has decreased over time due to decreases in wood burning, improvements in car engine combustion and street cleaning techniques. Ozone levels, after rising to concerning levels in 2003, have declined moderately in 2004.

Congestion and Crime

WHY IS THIS IMPORTANT?

As the city grows, increased traffic leads to congestion, longer travel times, and more pollution. Although roadway improvements may alleviate some congestion, it may not be the total solution. Communities interested in quality of life and mobility will seek alternatives to relieve traffic congestion. These may include expanding public transit, better locational planning and improving the public transportation, walking and biking

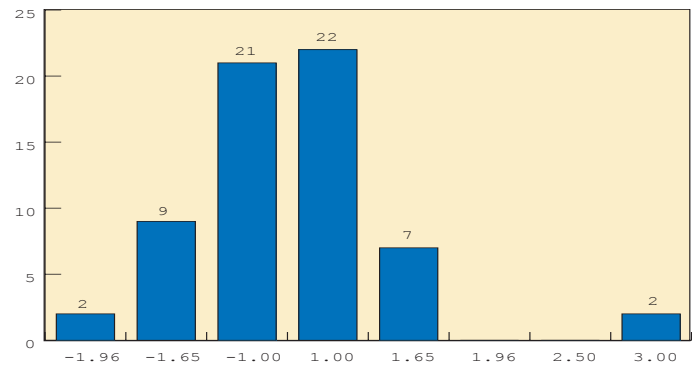
HOW ARE WE DOING?

Traffic congestion continues to be an issue facing the community.

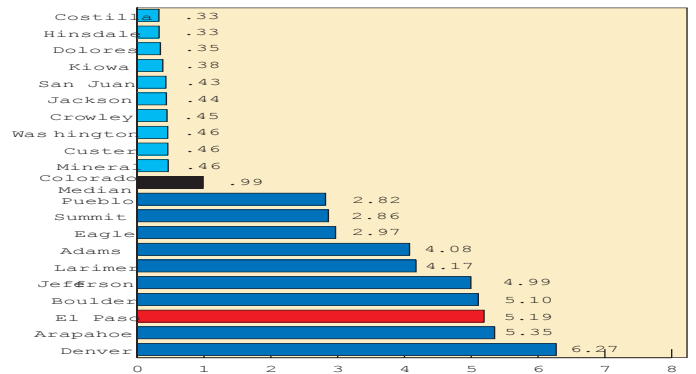
The Forum has examined Journey To Work (JTW) time in all counties in Colorado. JTW was adjusted for individuals employed in their county of residence and analyzed relative to the ratio of each county's size to lane miles. Based on this, an expected JTW time was generated for each county. Expected JTW times were compared to the actual JTW and the differences were standardized. El Paso County JTW time was 2.8 times longer than normal. This was the worst in Colorado and is 1.98 times worse than Denver County and 2.18 times worse than Boulder County.

A congestion cost index was also generated for each county in Colorado. It is a composite measure of JTW time, value of travel time, lane mile investments, truck and passenger vehicle miles and employment density. Counties along the front-

Journey to Work in Colorado Counties: Observed vs. Expected



Congestion Cost Index



Source: Colorado Department of Transportation and SCEF

WHY IS THIS IMPORTANT?

Index crimes are serious crimes (murder, forcible rape, robbery, aggravated assault, burglary, larceny, theft and motor vehicle theft). Violent crimes result in the loss of life and property. Fighting crime is expensive and uses valuable community resources. Crime affects the business climate, as well as individual perceptions of the quality of life in the community.

HOW ARE WE DOING?

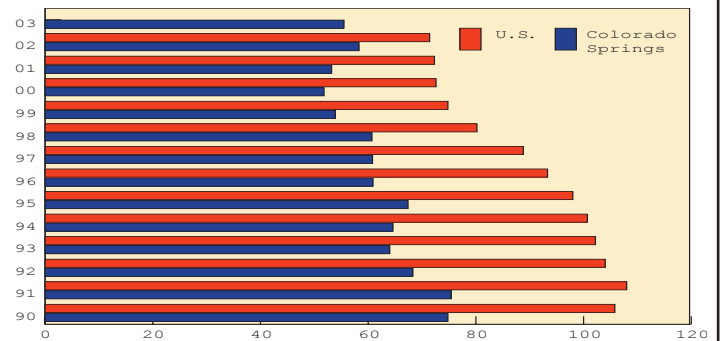
Index crime in Colorado Springs decreased 4.8 percent in 2003. Overall, the city remains well below the U.S. average for cities of its size. Violent crimes (murder, rape, robbery and aggravated assault) also decreased in 2003 from 5.4 to 4.7 violent crimes per 1,000 population. The violent crime rate remains below national levels for cities with populations between 250,000 - 499,999. All types of indexed crime, with the exception of motor vehicle theft, decreased in 2003.

There were a total of 20,951 index crimes reported in 2003. The majority of the index crimes reported involve larceny/theft (67%), followed by burglary (16%), motor vehicle theft (8%), aggravated assault (5%), robbery (2.2%), forcible rape (1.2%) and homicide (.1%).

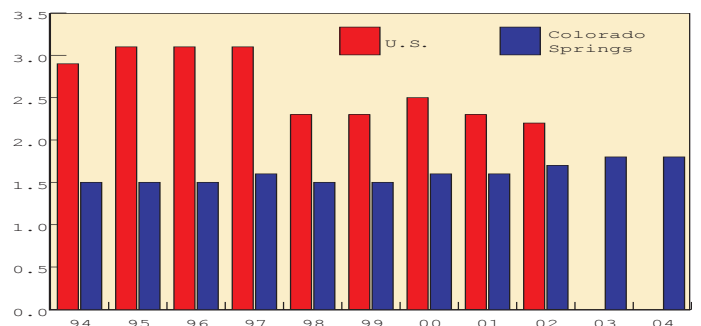
The number of sworn police per 1,000 inhabitants is now at 1.8 per 1,000 inhabitants. The rate has improved from the 1.5 to 1.6 levels since the city adopted a .4 percent public safety sales tax in 2002. This tax adds about \$20 million annually to fire and police department budgets.

U.S. and Colorado Springs Crime Index

(Index per 1,000 inhabitants)

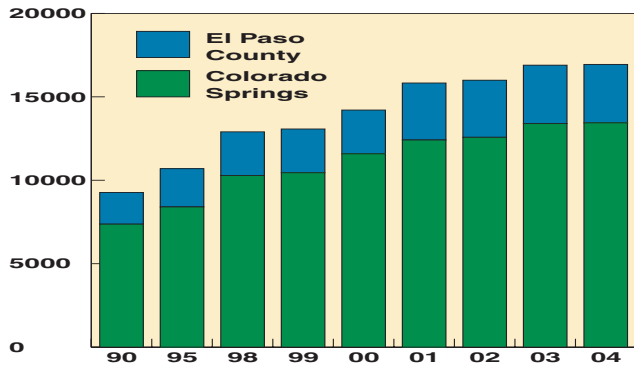


Sworn Police per 1,000 Inhabitants

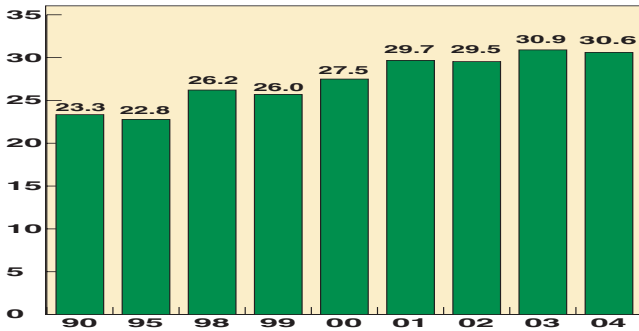


Sources: Colorado Springs Police Department; FBI

Parks and Open Space in Colorado Springs and El Paso County (Acres)



Acres Per 1,000 Inhabitants



Sources: City of Colorado Springs and El Paso County Parks Departments

WHY IS THIS IMPORTANT?

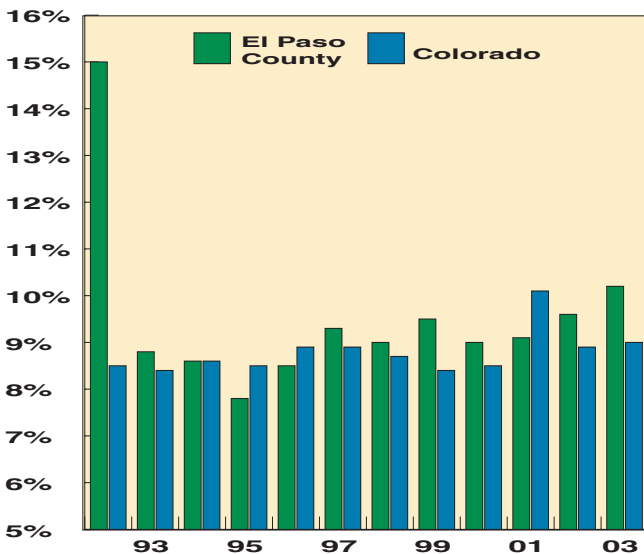
Open space, trails and park land provide important areas for recreation and leisure activity, support natural habitat and enhance the visual appeal of the region. Open spaces have a significant impact on the quality of life in the area. The beauty and attraction of the region is enhanced by parks and other open space available for public use.

HOW ARE WE DOING?

The Pikes Peak region is blessed with beautiful views and natural scenic areas. The city and county combined manage over 15,000 acres of open space and park land or 29.4 acres per 1,000 residents in 2004. The recent purchase of Red Rock Canyon by the City of Colorado Springs will add 789 scenic and valuable acres of park land. The city and county must continue the effort to add public space and facilities as the population increases. This space is important, since it improves the quality of life for all citizens and is an important positive factor affecting business in the region.

Since the 0.1 percent Trails, Open Space, Parks sales tax was passed and implemented in 1997, the City of Colorado Springs has collected more than \$36.6 million or roughly \$5 million per year for trail construction, park construction, and open space acquisition. These funds have been leveraged with private donations and grants from other agencies to preserve

Low-Weight Birth Rate in Colorado and El Paso County (less than 2500 grams)



Source: Colorado Department of Public Health and Environment, Health Statistics and Vital Records

WHY IS THIS IMPORTANT?

The proportion of low-weight birth children is a predictor of future costs of both health care and special education. Proper nutrition and prenatal care can reduce the incidence of low-weight births. A healthy community will help ensure that mothers of all backgrounds practice proper nutrition and have access to and are encouraged to receive prenatal care.

HOW ARE WE DOING?

Colorado and El Paso County have a high proportion of low-weight births. El Paso County made substantial improvements in the last decade to reduce the low-weight birth rate. Low-weight births decreased dramatically from the 14 to 15 percent level in the early 1990s to the 9 to 10 percent level since 1993. Currently, the low-weight birth rate stands at 10.2 percent in El Paso County and 9.0 percent in the state. Colorado as a whole has done better than El Paso County over the past decade in maintaining a steady low-weight birth rate. Current low-weight birth rate figures for El Paso County and Colorado, remain well above the 5 percent target set by the U.S. Public Health Service.

CU-Colorado Springs College of Business and Administration and the Graduate School of Business Administration

Contact: College of Business and Administration (719) 262-3408

The University of Colorado at Colorado Springs was established in 1965, with the College of Business and Administration being formed at that time. The College awards the Bachelor of Science in Business Administration degree and a Masters of Business Administration (MBA) degree. All degree programs are accredited by the Association to Advance Collegiate Schools of Business (AACSB International), placing the College in the top 28% of business schools nationally.

Professors at the College of Business and Administration provide intense, effective teaching, focused on understanding the fundamentals of business solutions. Technology might change, but the principles of good business practice are constant, so our business graduates learn how to adapt and grow with the marketplace. In this fashion, we prepare students for lifelong careers in diverse fields as banking, advertising, accounting, information systems, marketing, financial services, computer technology, manufacturing and many more exciting fields.

The faculty is internationally acclaimed and doctoral qualified from leading institutions such as the Universities of Arizona, Arizona State, Colorado, New York University, Ohio State, Oregon and Texas. The classroom experience is enriched by their efforts in leading-edge research, academic publishing, community involvement, and industry consulting. This talent combined with a focus on practical business issues has led to our students being recognized nationally in competitions and to several of our graduating students being awarded funds to develop a technology company they designed in the classroom. This year, a group of students is participating in the Davidson Student Investment Program. This program was funded through a grant by D.A. Davidson & Co. Students in the program are actively managing the \$50,000 portfolio for the year. These are but a few of the examples of how we strive to deliver a quality, programmatic, and practical education to promote the success of each student we serve.

The College of Business and Administration at UCCS has excellent partnerships with the business community. These contacts are essential as the ability to infuse current business practice into the classroom is consistent with the mission of the UCCS campus within the CU system, while also insuring a direct, continuing relationship with business partners in the region. The College stays connected to the community through a variety of organizations. These specialized Centers of the College of Business provide the community with a wealth of resources. Find out information about Extended Studies and Career, Intern, and Placement opportunities, or contact other offices including: the Small Business Development Center (SBDC), International Small Business Development Center (ISBDC), and the Southern Colorado Economic Forum. The College also works closely with the Colorado Institute for Technology Transfer and Implementation (CITTI) and the Colorado Springs Technology Incubator (CSTI).

The Southern Colorado Economic Forum

Contact: CU-Colorado Springs College of Business and Administration (719) 262-3241 or (719) 262-3531

The Southern Colorado Economic Forum (SCEF) is a University and community supported research effort of the College of Business and Administration at the University of Colorado at Colorado Springs. The SCEF provides timely and unbiased information about the economy by analyzing trends and providing forecasts of future economic activity. The Southern Colorado Economic Forum is held every October to provide the community with an update of area economic activity and quality of life indicators. The Southern Colorado Economic Forum electronically publishes the Quarterly Updates and Estimates (QUE) in order to keep the business community informed about current changes in economic activity in the region. You may visit our web-site at web.uccs.edu/scef to find historic economic data for El Paso and Teller counties, back issues of the QUE and the Southern Colorado Economic Forum. This web-site is supported through a grant from the Pikes Peak Workforce Center.

The Forum is available to help business and other organizations with economic and financial analysis and modeling, survey work, and other custom analysis on a fee based arrangement. To learn more about the services SCEF can provide your organization contact: Tom Zwirlein, Faculty Director of the Southern Colorado Economic Forum at (719) 262-3241 or tzwirlei@uccs.edu or Fred Crowley, Senior Economist for the Southern Colorado Economic

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2004 - 2005
Eighth Annual



Southern Colorado
Economic Forum

University of Colorado at Colorado Springs
College of Business and Administration
P. O. Box 7150
Colorado Springs, CO 80933-7150
(719) 262-3241 or 262-3531
<http://web.uccs.edu/scef>