

2005 - 2006

Ninth Annual



# Southern Colorado Economic Forum

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College of Business and Administration  
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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 ninth 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. The Forum provides a realistic and unbiased 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: **Platinum Level:** First Business Brokers, LTD. the University of Colorado at Colorado Springs; **Gold Level:** Colorado Springs Utilities, Fittje Brothers Printing Company, Housing & Building Association, La Plata Investments, LLC, Morgan Stanley and The Gazette; **Silver Level:** Penrose-St. Francis Health Services, Prudential Professional Realtors, Skotty Consulting Group Inc., TelWest Communications LLC, Van Gilder Insurance Corporation; **Sustaining Level:** Academy Bank, ADD STAFF, Inc., Air Academy Federal Credit Union, Antlers Hilton Hotel, BiggsKofford Certified Public Accountants, Colorado Springs Credit Union, Drexel Heritage of Colorado Springs, Ent Federal Credit Union, Key Bank, Quality Community Group, Stewart Title of Colorado Springs, The Mail Room, Inc., Transit Mix Concrete Company and Vectra Bank; **Supporting Level:** City of Colorado Springs, Colorado Springs Chamber of Commerce and the Greater Colorado Springs Economic Development Corporation.

Thank you for attending the 2005-2006 Southern Colorado Economic Forum. We wish you a productive and successful 2006.

*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. Now in the ninth year, we continue the tradition of 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. 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 updates reported in the QUE.

Welcome to the ninth annual Southern Colorado Economic Forum. We hope you find the forum informative. Please 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.

*Venkat Reddy, Dean, College of Business and Administration*

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*Ron Chernak, First Business Brokers, Ltd. and Founding Partner of the Annual Southern Colorado Economic Forum*

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**The 2005 – 2006  
Southern Colorado Economic Forum**

*Introduction*

This marks the ninth 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 other information. This data 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.

*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 88.42 in March 2003, a decline of 11.58 percent from its March 2001 reference point. As of June 2005, the BCI stood at 106.19, a 0.84 percent gain since June 2004 in the El Paso County aggregate economic

indicator. The economy is moving forward, albeit at a slower pace.

Despite a strengthening local economy since March 2003, business had been slow to invest in new equipment until the beginning of 2004. Use taxes collected by the City of Colorado Springs for 2004 were up 32.1 percent over 2003 collections. Despite strong economic growth in 2004, growth in 2005 has been at a much slower pace. As of August 2005, use tax collections are down 12.7 percent. Sales tax collections by the City of Colorado Springs are also growing slowly and are up a mere 1.9 percent through the first eight months of 2005.

The initial return of troops to Fort Carson from Iraq had a significant impact on the local economy in 2004. Their purchases helped push new car sales to 26,422 units. This was a 6.5 percent increase, or 1,606 vehicles over 2003. The Forum estimated that Fort Carson troops made 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 after April. Despite the zero percent financing offers, rebates and employee pricing this year, new car sales in the county, through August, are running 689 vehicles behind levels in 2004 (i.e., 16,405 in 2005 vs. 17,094 in 2004).

We cannot expect returning troops to help new car sales much more this year or in 2006. Fort Carson remains at less than full strength because of repeated overseas deployments. Although some increase in economic activity can be attributed to the troops and their families, the net effect of Fort Carson during 2005 has been largely neutral.

Airport enplanement activity has been sluggish in 2005. Total enplanements through June are 11,416 behind the same period in 2004. At its current trend, enplanements are expected to be 2.3 percent lower in 2005 than they were in 2004. The forum believes enplanements will be approximately 1,005,000 this year.

It is likely that enplanements at the airport will increase approximately 3 percent in 2006 to 1,035,000. The increase is expected to come from additional business travelers into and out of Colorado Springs and additional activities at the Broadmoor after it completes its expansion.

*Employment/Unemployment*

The Colorado statewide employment figures from the Quarterly Census of Employment and Wages, formerly known as ES202, increased by 1.2 percent or 24,774 in 2004. This followed a 1.7

percent decline or a loss of 36,248 jobs in 2003. This series is compiled from reports submitted by employers subject to the unemployment insurance law. This is the first job growth Colorado has seen since 2001.

El Paso County gained 3,194 jobs during 2004, a 1.4 percent increase. This was the first time in four years that job gains were reported in El Paso County. The largest employment gains were professional and technical services (985 jobs), administrative and waste services (668 jobs), retail trade (557 jobs), local government (528 jobs) and construction (420 jobs).

As was the case in 2003, significant job losses continued in manufacturing and information processing during 2004. Manufacturing lost 604 jobs at an average annual pay of \$50,128. Information processing lost 531 jobs at an average annual pay of \$50,648.

The average unemployment rate in El Paso County fell to 5.6 percent in 2004 compared to 6.4 percent in 2003. Unemployment rates are expected to be 5.4 percent in 2005 and 5.3 percent in 2006.

The average unemployment rate in Colorado was 5.5 percent in 2004 vs. 6.2 percent in 2003. Unemployment rates in Colorado are expected to be 5.0 percent in 2005 and 4.8 percent in 2006.

Total wages, labor force and job growth in El Paso County outpaced comparable figures for Colorado during 2004. Average wage growth in El Paso County lagged average wage growth in Colorado because the new jobs in El Paso County pay lower wages than in other regions, especially the Denver Metro market.

	2003 to 2004 Changes	
	Colorado	El Paso County
Labor Force Growth	1.40%	1.75%
Employment Growth	1.97%	2.38%
Unemployed	-8.00%	-5.78%
Unemployment Rate	5.20%	5.60%
Total Wages Growth	4.69%	4.72%
Average Wage Growth	3.47%	3.23%

Reductions in the unemployment rate have been occurring systematically since May 2003. Additional gains in employment are expected in El Paso County as the economy continues to strengthen with additional job growth from Northrop Grumman, Intel and Barclays Bank. This is especially true among our technology based, primary employers. Additional gains in finance, health care, retail and construction are expected in 2005 and 2006.

On average, the monthly labor force in El Paso County was estimated to be 284,080 in 2004, an increase of 4,683 (1.7%). Total employment based on Current Employment Statistics (CES), averaged 235,699 in 2004, an increase of 3,194.

Preliminary July 2005 figures from the Colorado Department of Labor put the El Paso County labor force at 290,979 compared to 287,797 in July 2004. The labor force increase reflects a large increase in the population, aged 16 plus, and a stronger economy with people returning to the labor force. The Forum has estimated population in 2005 to be closer to 589,200 than the Colorado Demographer's estimate of 561,701. This would explain the strong increases in labor force and housing start activity over the last few years.

### *Wages and Income*

The average wage in El Paso County increased in 2004 and now stands at \$36,556, an increase of \$1,165 or 3.3 percent over 2003. This is a marked improvement over the 2.1 percent increase in 2003 and 0.9 percent in 2002. The average wage in Colorado was \$40,300 in 2004 compared to \$38,942 in 2003. This is an increase of \$1,358 or 3.5 percent.

Wage increases were modest except for mining (10.9 percent increase), wholesale trade (5.4 percent increase), transportation and warehousing (7.8 percent increase) and information (7.8 percent increase). Average federal government wages increased 6.5 percent; state government wages decreased 1.0 percent; local government wages increased 1.3 percent.

The wage increases are helping to increase personal income. Personal income is expected to increase by 5.6 percent in 2005 and 6.4 percent in 2006. Per capita income is expected to increase approximately 4.8 percent in 2005 and 5.6 percent in 2006. Per capita income levels in El Paso County continue to be approximately 10-11 percent less than the average for Colorado.

### *Retail and Wholesale Trade*

Retail trade sales in Colorado were up 8.4 percent in 2004 compared to a 1.6 percent increase in 2003. Adjusting for population growth and inflation, real retail sales grew 6.98 percent in 2004. Retail trade sales in El Paso County increased a very robust 10.1 percent in 2004 compared to 5.73 percent in 2003. After adjusting for inflation and population growth in El Paso County, real retail trade sales increased 9.1 percent. Real

retail trade growth in El Paso County was almost twice that of Colorado's.

The Forum noted that, over the last couple of years, growth in retail activity in El Paso County would follow the growing number of rooftops beyond the city limits of Colorado Springs. The evidence for this trend is becoming clear. A comparison of sales tax collections in Colorado Springs shows a decline of 0.5 percent through June 2005 compared to June 2004. In contrast, El Paso County retail activity grew 5.6 percent through June 2005 compared to June 2004.

Wholesale trade in Colorado during 2004 increased 14.4 percent over 2003. As impressive as the state's growth in wholesale trade was for Colorado, wholesale trade in El Paso County was even better. Wholesale trade in El Paso County grew at 21.9 percent in 2005 compared to 2004.

It is often argued that the El Paso County economy lags the Colorado economy. Employment, income, retail and wholesale trade activity in El Paso County has outpaced the comparable figures for Colorado over the last several years. The Forum will monitor these changes in an effort to determine if this is an emerging long-term trend or an economic accident.

### *Housing Construction and Commercial Activity*

New residential construction continued to meet the record setting demands of the new home buying public. A total of 5,060 detached, single-family homes were built in 2004. This was an increase of 704 homes, or 16.2 percent. The average value of a building permit in 2004 was \$141,029 compared to \$132,443, an increase of 6.5 percent per home.

Town home construction was very strong in 2004. There were 714 town home permits compared to 477 town home permits in 2003. The average town home permit value in 2004 was 32 percent higher than in 2003 (\$123,836 in 2004 vs. \$93,597 in 2003).

Multifamily permit activity in 2004 also increased despite vacancy rates that were in the 10-14 percent range throughout the year. A total of 720 multifamily permits were issued in 2004 compared to 470 permits in 2003.

New residential housing activity was helped by low mortgage rates during 2004. Demand for new housing was also supported by a larger net migration number than indicated by the Colorado Demographer's Office. The Forum believes the

strength in the residential housing market must be associated with a larger increase of in-migration than the estimates being attributed by the state demographers. The Forum believes there are approximately 25-30,000 more people in El Paso County than reported in the "official" state demography figures. We will have to wait until the 2010 census to obtain more reliable figures. The 2000 census confirmed that the El Paso County population was undercounted during the late 1990's. Is this happening again?

Commercial construction in 2004 was boosted by two major projects. Memorial Hospital and the El Paso County Jail expansion comprised approximately 26 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 \$164 million and not the final 2004 figure of \$222 million. As 2004 turned out, commercial construction permit values were 6.1 percent less than in 2003. The business sector did not see a need to build in 2004.

Through August 2005, commercial construction totaled approximately \$240 million. This is more than all of 2004. At its current rate, commercial construction should top \$300 million this year. Significant vacancies still exist in the commercial/industrial market. This may dampen a strong commercial construction in 2006. However, recent announcements about new employers coming to Colorado Springs suggest some will need new facilities. The Forum believes the net effect points to a 10 to 15 percent increase in commercial permit value in 2006 to \$375 to \$400 million.

Central business district (CBD) office vacancies declined to 7.9 percent in 2004 compared to 8.6 percent in 2003. Leasing plus absorption totaled 178,000 square feet, typical of an average year's performance. Class "A" office space vacancies in the central business district declined to 9.4 percent, a decline of 2.5 points. Countywide, office vacancies increased to 9.7 percent. This was the third year in a row in which office vacancies increased leading to the highest office vacancy level since 1994.

Changes in office rents were as expected, given the changes in vacancy rates. Rents in the Central Business District increased to \$12.37 a square foot (NNN), the highest it has been since 2000 when it was \$12.38. Countywide office rents decreased to \$10.07 per square foot (NNN).

Office space is showing signs of tightening in 2005. Vacancies in the CBD are expected to drop to the 5-6 percent range. Countywide, vacancies should decrease to perhaps 8.5 percent. Given the expectation of lower vacancies, rents should increase to the \$12.50 range in the CBD and \$10.40 in the balance of the

county. These levels should encourage development of additional office space, especially in downtown Colorado Springs.

Industrial vacancies increased from 10.3 percent in 2003 to 10.9 percent in 2004. Absorption was 360,000 square feet, a reversal from the negative absorption figures we saw in 2001 through 2004. Rents dropped from \$6.84 to \$6.63 per square foot.

As of June 2005, it appears rents have stabilized. They are expected to stay close to \$6.65 per square foot, triple net (NNN). Rents for industrial space are expected to increase in 2006 to approximately \$6.85 per square foot. Vacancies are expected to be slightly under 10 percent.

Aggregate shopping center lease rates increased 3.57 percent in 2004 to \$12.77, 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 a modest 0.9 percent during 2004, a 3.57 percent increase appears to be significant. Leasing and absorption activity help to explain the rise. During 2004, vacancies decreased to 7.7 percent from 8.3 percent. For the first six months of 2005, vacancy rates increased to 8.54 percent. The increase reflects new space in the market more than a downturn in shopping center economics. Absorption was 124,383 square feet for the first six months of 2005. This is well below the past thirteen year annual average of 585,000 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, again, in 2004 between shopping centers with anchor tenants and those without anchors. Vacancy rates in shopping centers with anchors were 6.8 percent in June 2005. Rents averaged \$20.08 per square foot in 2004 vs. \$20.36 per square foot in 2003. Unanchored shopping centers had vacancies of 8.5 percent and rents of \$17.90 compared to 7.6 percent vacancy and \$15.24 rents in 2004.

The strong growth in retail activity during the last twelve months is expected to continue through 2006, especially in El Paso County. Vacancies should drop to 6.2 percent for anchored shopping facilities and 8 percent for other retail facilities. Rents are expected to increase about 4 to 5 percent in 2006 as inflation adjusted lease clauses kick in with higher inflation expectations in 2006.

### *BRAC05 and the Military Community*

Last year's Forum addressed the economic impact of seeing upwards of 12,000 troops being deployed to Iraq during 2003-2004. Most have returned to Fort Carson although several thousand are expected to have rotations overseas for the next few years.

The outlook on the military's contribution to the local economy is much more positive this year. El Paso County seems to have won the BRAC05 "lottery." Initial announcements indicated we could expect the following changes to take place as a result of base realignments.

	Military	Civilian	Other	Total
Fort Carson	+4,178	+199	0	+4,377
Peterson AFB	+482	-8	+36	+510
Schriever AFB	+44	+51	0	+95
USAFA	-30	-9	-1	-40
Total	+4,674	+233	+35	+4,942

Since the spring, additional realignment announcements indicate we can expect a net increase of 8,000 troops at Fort Carson as opposed to the initial announcement of 4,178. This would bring the BRAC05 effect to net gains of 8,496 military, 233 civilians and 35 other (8,764 total). Add to this the announcement earlier this year that 3,760 troops previously stationed in Korea are being permanently stationed at Fort Carson after their deployment in Iraq. This series of positive announcements combine to an increase of 12,520 new military related jobs in the community.

Ongoing activities at Peterson and Schriever indicate approximately 500 more military/civilian positions will be created at these bases. Collectively, the announcements indicate we can expect approximately 13,000 more "military jobs" in El Paso County.

Most likely, significant realignments will not materialize until a new federal fiscal year (October 1 to September 30). The job transfers will not materialize for 18-36 months.

Based on Census 2000 data, we can expect that the 13,000 military related jobs will have the following impact on the El Paso County population.

Military	13,000
Spouses	6,500
<u>Children</u>	<u>15,600</u>
Total population change	35,100

Approximately 50 percent of all Fort Carson troops and families that live off base live in zip codes 80906, 80817 and 80911. Given income levels, land availability and access to the bases, the new troops and their families living off base will tend to live in Fountain (80817), Security/Widefield (80911), Drennan Road corridor (80916), Powers and Marksheffel corridors (80915 and 80922) and Falcon/Peyton (80831).

The military will have a significant impact on our local businesses. The Forum's best estimate of the business sectors in which most jobs will result include:

Business sector	New Jobs	Total Wages	Average Wages
Food services/restaurants	545	\$7,147,651	\$13,115
Public education	250	9,390,338	37,561
Physician & Dentist offices	246	11,846,506	48,157
Real estate	136	1,136,113	8,354
General merchandise stores	135	2,772,636	20,538
Non-store retailers	131	644,344	4,919
Nursing & care facilities	129	3,445,445	26,709
Food/beverage store	115	3,275,057	28,479
Auto repair/maintenance	111	2,497,102	22,496
Wholesale	106	4,688,373	44,230
Households	106	403,126	3,803
Social assistance	102	1,914,241	18,767
Hospitals	94	3,675,021	39,096
Motor vehicle & parts	92	3,952,391	42,961
Banks & credit unions	81	3,026,918	37,369
Day care services	77	909,922	11,817
Miscellaneous retailers	75	910,355	12,138
Religious organizations	64	2,157,635	33,713
Clothing stores	63	963,073	15,287
Employment services	60	1,310,205	21,837
Investment services	59	1,469,101	24,900
Amusements/recreation	59	1,032,768	17,505
Building & garden supply	58	1,852,328	31,937
Single family construction	57	1,841,316	32,304
Colleges & universities	57	1,337,975	23,473
Sum for Top 25/Average	3,008	\$73,599,937	24,468

The top twenty-five sectors are expected to generate 3,008 jobs from the additional Fort Carson troops and their families. This represents 68.6 percent of the total 4,386 local resident services jobs that are expected to be created among all business sectors.

Aggregate income is expected to be \$109,558,253 each year in 2005 dollars. The top twenty-five sectors are expected to have an additional annual payroll of \$73,599,937. The top twenty-

five sectors will provide 67.2 percent of all new income expected from the increased troop levels.

The types of businesses that are expected to benefit most from the new military arrivals and the probable areas of residences are known with reasonable confidence. Local businesses must determine if they are in the correct location to be able to serve the needs of the soon to arrive military and their families.

*Where is the Southern Colorado Economy Headed in 2006?*

Throughout the downturn, many consumers refinanced their homes to take advantage of record low mortgage rates. Hindsight has told us the reduced mortgage payments freed up money for other purchases. Retail trade numbers support this observation. There is a growing concern at the national level that consumers may be close to being tapped-out. The personal savings rate is currently negative 0.6 percent. That is, we are spending more than we are earning. Savings account balances have been decreasing over the last several months. Finance charges, as a percent of disposable income, have begun rising. This is the first time in many years that this has taken place. Is the consumer capable of sustaining this pace?

Energy prices have risen approximately 50 percent since a year ago. The Energy Information Administration has projected gasoline prices will be in the \$2.40 a gallon range during all of 2006. Higher energy prices will force consumers to reconsider how they will spend their incomes. For example, the Bureau of Labor Statistics determined the typical household spent 8 to 10 percent of their income on energy in 2003-2004. Half of that was for gasoline. Since then, gasoline costs have increase over 50 percent. Heating costs have also gone up but not as much. The Forum estimates a typical household will spend 11 to 13 percent of their income on energy this year and next. That means less money to spend on clothing, recreation, furnishings and other items.

The increase in the price of energy is expected to affect all sectors of the economy by driving prices higher. The amount of increase will depend on how much petroleum is used, relative to other components, in the final product. Prior to the rapid rise in gasoline and diesel fuel prices, diesel fuel represented about 16 to 17 percent of the trucking industry's cost as a percentage of revenue. The trucking industry cannot afford to absorb a 50 percent increase in its fuel cost. Higher fuel costs will be passed onto customers in the form of higher freight charges.



Given the potential for inflationary pressures, the Federal Reserve has made its position clear. The growth of money will be slowed to bring about higher targeted rates of interest in an effort to slow aggregate demand and control inflation. As of this writing, there have been 11 rate increases since the Federal Reserve began raising interest rates in June 2004. Interest rates will continue to increase in order to control inflationary pressure, bring about a soft landing or both. Consumers will find it necessary to cut back on other expenditures in order to pay for energy. They will have no choice since they are already spending more than they earn. The energy issue caused by Katrina and Rita are shaking consumer confidence.

Historically, the average length of an expansion is 56 months. We are now in the 49<sup>th</sup> month of the current expansion. If we accept that business cycle expansions adhere to a normal distribution, we can expect 95 percent of all expansions turn into recessions within 75 months. If this relationship holds, we can expect a national slowdown no later than January 2008. There should be ample warning signs of an impending recession. The Forum will monitor the national and local economies and report on its findings in the *Quarterly Updates and Estimates*.

The Colorado Springs economy will be somewhat insulated from the next downturn. We can probably thank BRAC05 and the reassigned troop levels at Fort Carson, Peterson and Schriever for the added insulation from national downward trends. At about the time we might expect the next downturn, many of the new troops and their families will be arriving or will have arrived. The approximately 37,000 new residents will have needs for housing, food, clothing, schools, transportation and a host of other consumer products. This increase in local aggregate demand should help to stimulate our local economy and minimize the effects a potential national recession might have on the Colorado Springs Regional economy.

The Forum's assessment of our local economy is that it will continue to grow throughout 2005. Growth will slow in 2006 and most of 2007. Should a national recession happen by the end of 2007, its effects on our local economy will be relatively minor because of the purchasing power the BRAC05 related troops and families will bring to our area.

### *Acknowledgments*

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., the University of Colorado at Colorado Springs; **Gold Level:** Colorado Springs Utilities, Fittje

Brothers Printing Company, Housing & Building Association, La Plata Investments, LLC, Morgan Stanley and The Gazette; **Silver Level:** Penrose-St. Francis Health Services, Prudential Professional Realtors, Skotty Consulting Group Inc., TelWest Communications LLC and Van Gilder Insurance Corporation; **Sustaining Level:** Academy Bank, ADD STAFF, Inc., Air Academy Federal Credit Union, Antlers Hilton Hotel, BiggsKofford Certified Public Accountants, Colorado Springs Credit Union, Drexel Heritage of Colorado Springs, Ent Federal Credit Union, Key Bank, Quality Community Group, Stewart Title of Colorado Springs, The Mail Room, Inc., Transit Mix Concrete Company and Vectra Bank; **Supporting Level:** City of Colorado Springs, Colorado Springs Chamber of Commerce and the Greater Colorado Springs Economic Development Corporation.

We also wish to thank Sarah Boatz of Boatz Knutsen, Ann Snortland of Matrix Marketing Group and Nechie Hall of Praco for assisting the Forum with our positioning and marketing efforts this year. Finally, thanks to our three dedicated Forum research assistants, Anthony Briseno, Katie Phelps and Denis Sharapov for their efforts in helping us to prepare for this year's Forum.

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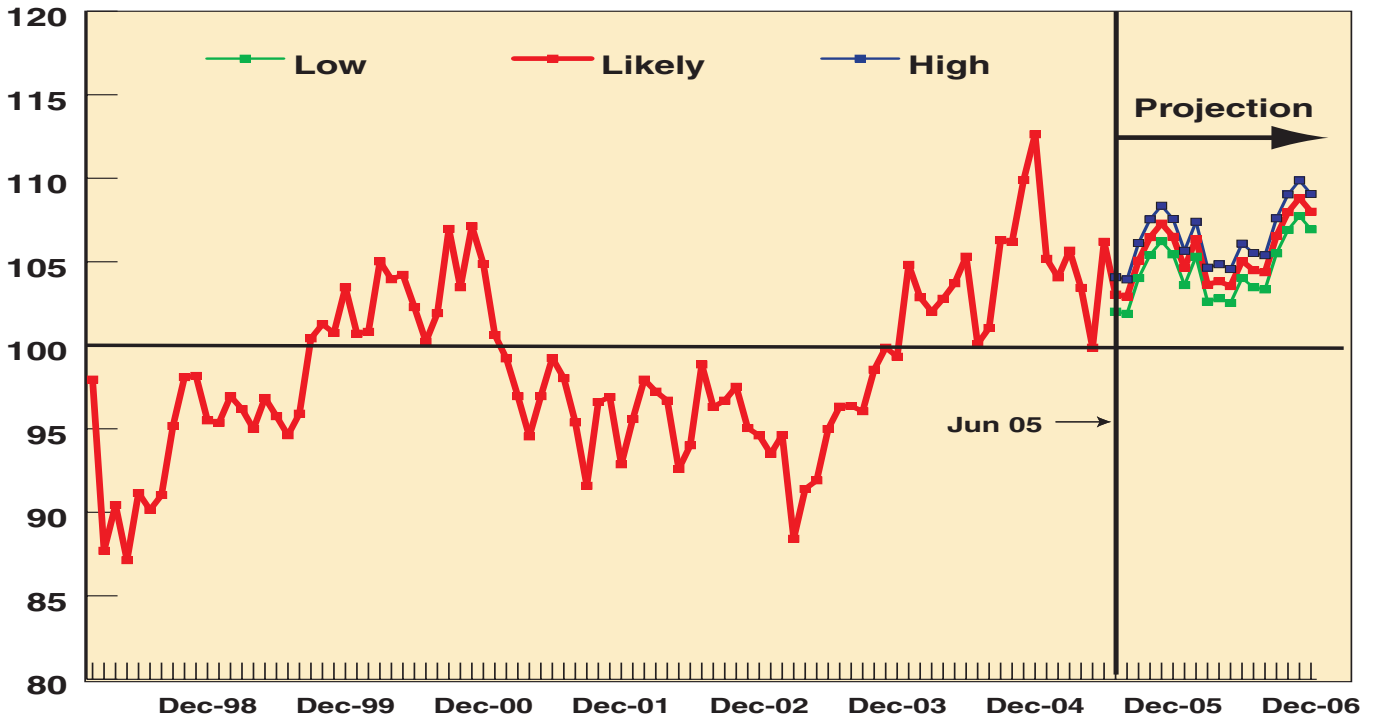
**Estimated and Forecast Percent Change in Key Economic Indicators for the U.S., Colorado and El Paso County**

		United States			Colorado			El Paso County		
		2004	2005	2006	2004	2005	2006	2004	2005	2006
			Estimate	Forecast		Estimate	Forecast		Estimate	Forecast
1	<b>Population</b>	0.9	0.9	0.9	1.2	1.2	1.3	1.2	3.5	3.1
2	<b>Unemployment Rate*</b>	5.5	5.3	5.1	5.5	5.0	4.8	5.8	5.4	5.3
3	<b>Non-Agricultural Employment</b>	1.7	1.8	1.9	1.3	2.4	3.0	1.4	2.0	2.7
4	<b>Total Wage and Salaries</b>				4.2	5.2	5.9	4.5	5.0	5.5
5	<b>Average Wage and Salaries</b>				3.5	2.7	2.8	3.3	3.0	2.7
6	<b>Consumer Price Index (CPI)</b>	2.7	2.6	2.5	0.1	2.0	2.2			
7	<b>Personal Income</b>	5.6	6.3	5.4	5.6	6.0	7.0	5.4	5.6	6.4
8	<b>Per Capita Personal Income</b>	4.6	5.3	4.4	4.3	4.8	5.6	5.3	4.8	5.6
9	<b>Retail Trade</b>				6.2	6.0	5.5	10.1	9.1	6.0
10	<b>Housing Permits</b>	5.3	0.2	-17.7	15.6	-6.5	-0.8	19.5	10.1	-2.5
11	<b>Non-Residential Construction</b>				26.3	-18.2	1.9	-6.1	21.4	20.0

Sources: Colorado Office of State Budgeting and Planning, June 2005 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 Enplane-ments	El Paso County SF & TH Permits	U of Mich Consumer Sentiment	Creighton U Colorado PMI	El Paso County Employment Rate	Colorado Springs 2% Sales and Use Tax	El Paso County New Car Sales	El Paso County Fore-closures	El Paso County Employed	El Paso County Income	BCI
Jan-05	88.32	128.84	104.24	127.27	98.27	148.97	81.94	94.79	101.79	94.81	105.18
Feb-05	89.27	120.94	104.89	124.73	98.00	150.43	83.70	87.50	102.63	95.16	104.06
Mar-05	90.34	115.25	100.62	149.81	97.85	152.93	85.82	87.50	103.38	95.24	105.67
Apr-05	89.75	119.51	96.86	146.15	97.76	142.19	67.07	98.44	104.06	96.72	103.44
May-05	88.00	99.58	91.06	149.84	97.71	146.97	74.21	76.56	105.19	96.12	99.86
Jun-05	85.23	103.58	103.21	166.41	98.19	147.94	77.46	105.73	105.35	95.94	106.19

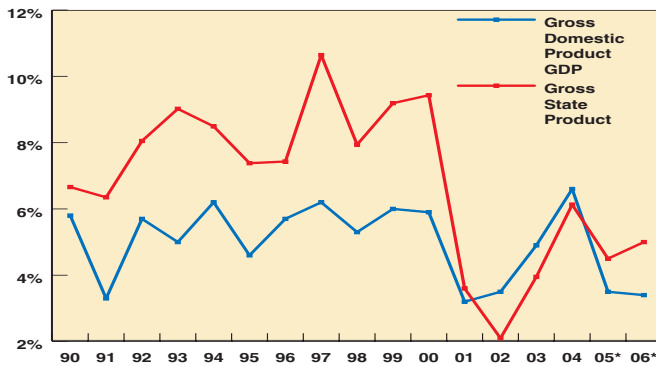
**WHY IS THIS IMPORTANT?**

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 in monthly data.

**HOW ARE WE DOING?**

The BCI hit a record high at the end of 2004. The BCI declined from January 2005 through May reaching a local low of 99.86. Much of the decline can be attributed to a lack of consumer confidence, slower car sales and concerns over oil prices. The BCI jumped back up in June of this year to 106.19. The improved figure is the result of strong gains in consumer sentiment, the purchasing managers index and a decrease in foreclosures. Consumers appear to have factored in the reality of \$50 per barrel of oil into their budgets. It remains to be seen if they have factored in \$60+ per barrel prices. The Forum believes several components of the BCI will remain volatile during the remaining months of the year. However, the overall BCI is expected to remain near the 106-107 level by December 2005. The BCI is expected to rise modestly in 2006. A big unknown at this time is how hurricanes Katrina and Rita will affect the U.S. economy. A number of national economists are optimistic that prices for most goods, except for energy related products, will not increase substantially because of the storm. The Forum believes building materials may increase over the next year as product is shipped to the Gulf Coast.

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



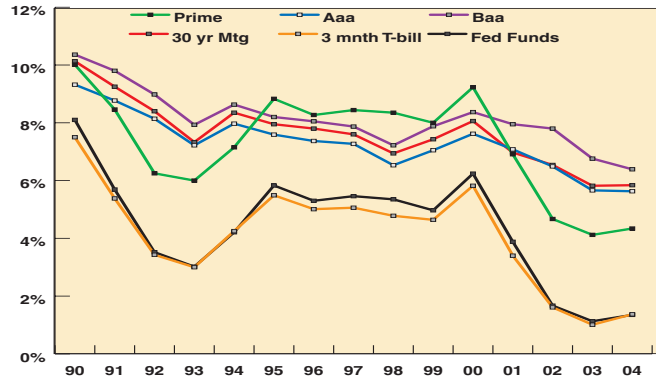
WHY ARE THESE IMPORTANT?

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 interest rates encourage borrowing and discourage investment (unless the investment is associated with borrowing for appreciable assets 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 of the area's wealth.

Key Interest Rates

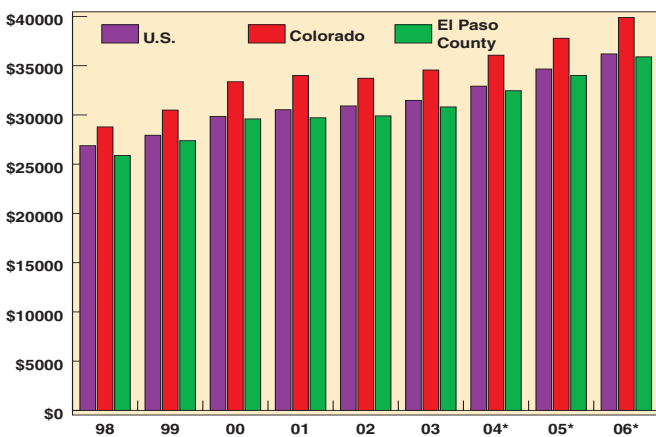


HOW ARE WE DOING?

GDP grew a healthy 6.6 percent in 2004. Real GDP grew at an annualized rate of 3.4 percent in the second quarter, after increasing 3.8 percent in the first quarter of 2005. Colorado's GSP grew 6.1 percent in 2004. This is a strong recovery from the 2001-03 period when GSP grew at much slower rates. GSP growth often lags GDP growth. Given the growth in GDP so far this year, we expect healthy growth in GSP this year and next.

Interest rates were driven to historic 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 three years. Now that a recovery appears to be in full swing, the Fed is in a position to increase interest rates. The open market committee has already increased overnight rates several times this year. More rate increases are expected 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. Preliminary figures indicate that per capita personal income grew 4.6 percent in 2004. Projections are that per capita personal income will grow 5.3 percent this year and 4.4 percent in 2006. Colorado per capita income remains above the U.S. average by about \$3,000. Colorado per capita income, which is estimated at \$36,064 in 2004, is expected to grow 4.8 percent this year and 5.6 percent in 2006.

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 \$32,458 in 2004. This is \$3,606 below the Colorado figure or 90 percent of the average for all of Colorado. Per capita income is expected to increase in the county by 4.8 percent this year and 5.6 percent in 2006.

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

**WHY IS THIS IMPORTANT?**

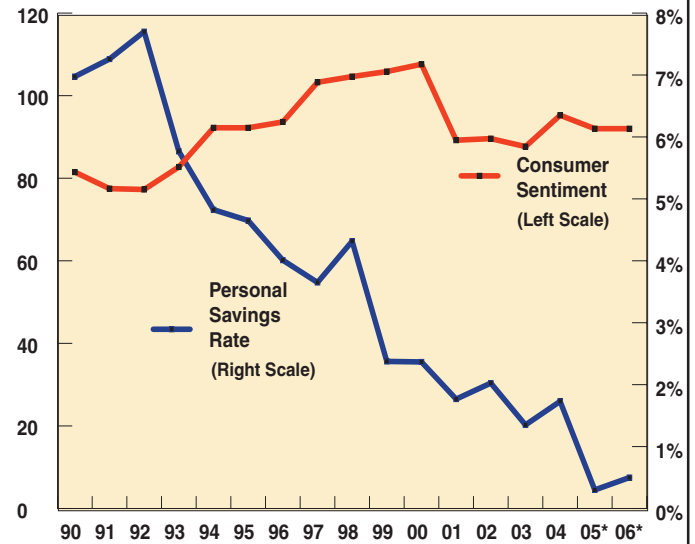
Approximately two-thirds of the American economy is driven by consumer spending. An understanding of the consumer's confidence in the economy and expected spending patterns over the next twelve months are essential to effective planning. Consumer sentiment measures confidence using 1996-97 as the base 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 ended at 97 in 2004. A downward drift in consumer sentiment occurred through May 2005 after which it began to rise. Consumer sentiment is expected to be at 92 for all of 2005. The rise in energy prices is expected to keep consumer sentiment lower this year and next.

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. This has not happened. Personal savings as a percent of disposable income is currently at -0.6 percent. The Forum expects the personal savings rate to edge up by the end of this year to 0.3 percent and increase to 0.5 percent in 2006.

Consumer Sentiment and Personal Savings Rate



\* SCEF forecast

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

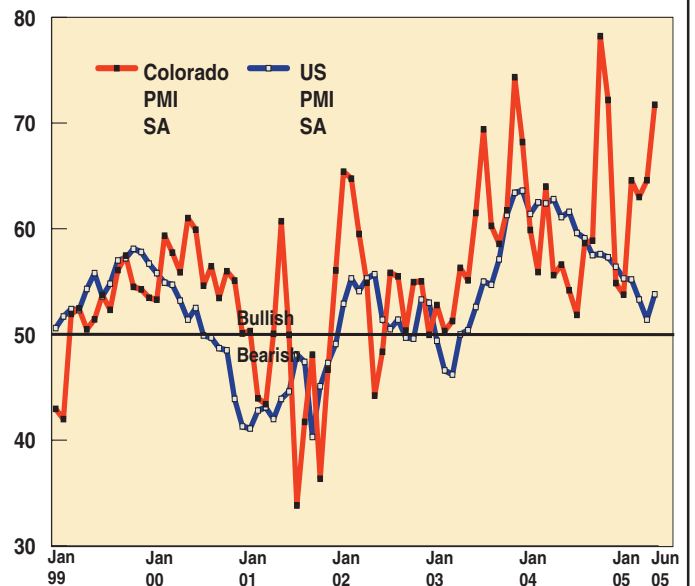
**WHY IS THIS IMPORTANT?**

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?**

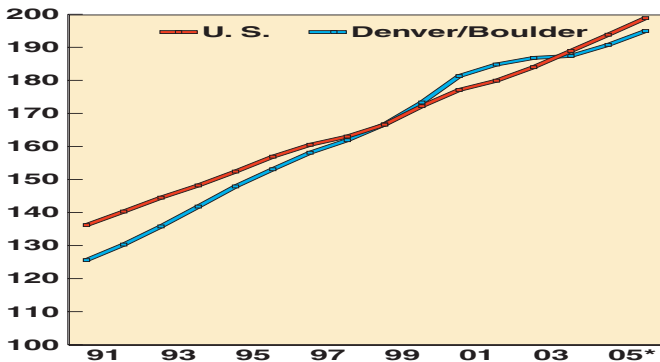
Both the Colorado and national PMI have remained in bullish territory since late 2002 and early 2003. The Colorado PMI has demonstrated great volatility over the years and is currently moving up more strongly than the national PMI. So far in 2005, the national PMI has declined moderately and stood at 53.8 in June. In contrast, the Colorado PMI has advanced sharply since the start of the year and stood at 71.7 in June. Both measures remain above 50 which suggests that the manufacturing economy is generally expanding. Strong GDP growth should help to keep the national and Colorado PMI above 50 for the remainder of the year. However, a disruption in oil or a further increase in oil prices could quickly turn purchasing managers' expectations negative. This is a measure worth watching.

Purchasing Managers Index

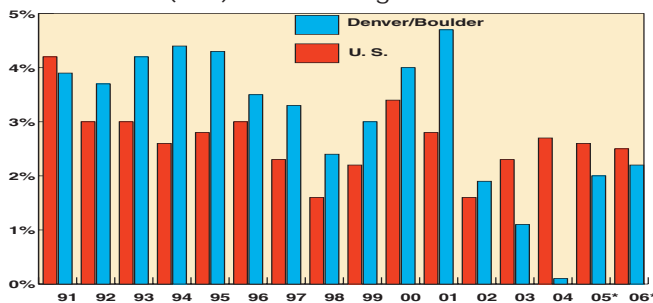


Sources: Institute of Supply Management and Creighton University

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



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



\* SCEF forecast

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

**WHY IS THIS IMPORTANT?**

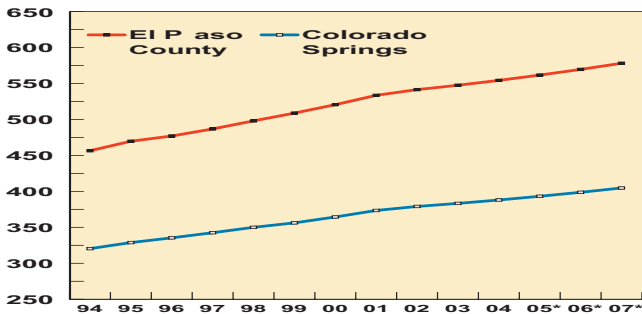
The consumer price index (CPI) measures the average price change (inflation) for a basket of goods and services selected by the U.S. Department of Labor, Bureau of Labor Statistics. The CPI measures the period-to-period loss of purchasing power of a dollar caused by rising prices. The CPI is often used 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/Greeley CPI rose a mere 0.1 percent in 2004 after rising 1.1 percent in 2003. The U.S. urban CPI rose 2.7 percent in 2004 after increasing 2.3 percent in 2003. Consumer price increases remain moderate in the Denver/Boulder/Greeley area. Housing costs which consist of shelter, fuel and furnishings as well as operations will remain moderate due to softness in the shelter component. Energy prices are a big unknown and could affect the CPI forecast. Energy costs affect both the housing component of the CPI as well as the transportation component. Medical costs are expected to rise at a 4.6 percent annual rate.

The Office of State Planning and Budgeting expects consumer prices in Colorado to rise 2.0 percent for all of 2005 and 2.2 percent in 2006, which is in line with the Forum estimates. The Office of Planning and Budgeting forecasts U.S. inflation for 2005 to be 2.6 percent and to increase another 2.5 percent in 2006.

Colorado Springs and El Paso County Population (000s)



**WHY IS THIS IMPORTANT?**

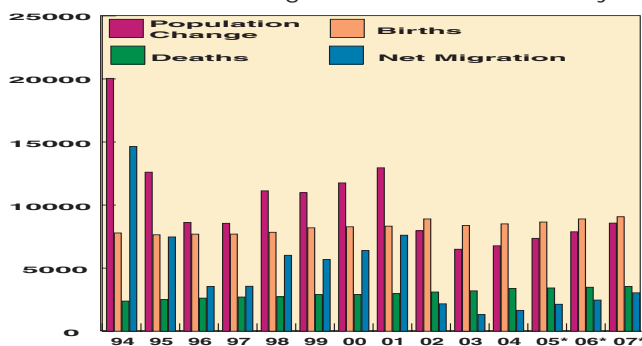
Population growth is important because it influences the labor market and the health of the economy in general. Understanding population trends helps city and county officials, builders, retail establishments and others plan the future. Population estimates are used for planning and evaluation, state 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 the county's population and their impact on the economy.

**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 561,699 in 2005. Forum estimates, based on the number of households and average household size, indicate that the county population may be underestimated by over 28,000 residents.

Births, Deaths and Migration in El Paso County



\* Colorado Department of Local Affairs and SCEF estimates

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

The natural increase in the population (births minus 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 by state demographers. Forum estimates put the in-migration figures considerably higher.

**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 well the region does in providing jobs for the work force.

**HOW ARE WE DOING?**

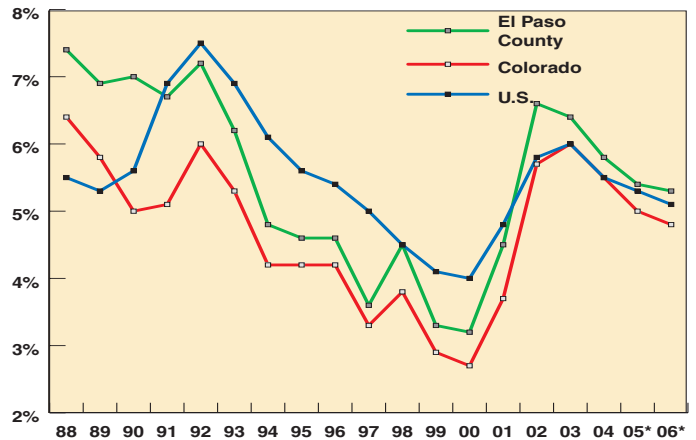
The preliminary June 2005 unemployment rate in El Paso County currently stands at 5.5 percent. Colorado's unemployment rate is 5.2 percent while the U.S. rate is 5.0 percent. All three rates are approximately 0.5 percent lower than last year at the same time which is evidence of an improved economy. The Colorado Office of Budget and Planning estimates that unemployment will be 5.0 percent in Colorado for all of 2005 and drop to 4.8 percent in 2006. The Forum estimates El Paso County unemployment at 5.4 percent for 2005 and a modest improvement to 5.3 percent for 2006.

The employment picture improved in El Paso County last year. Over the course of 2004, the Colorado Department of Labor reported an increase of 3,194 jobs. Average annual ES-202 employment was 235,699, or 1.4 percent above 2003. This compares favorably to the 1.1 percent loss of jobs in 2003. The June 2005 civilian employment figures, based on current employment statistics (CES), are up 2.4 percent compared to year earlier figures. We are seeing gains in professional and business services, local government education, construction, leisure and hospitality, and manufacturing. Losses are occurring in information/telecommunications. The mix of jobs is still good, although the continued loss of jobs in the information sector is a concern.

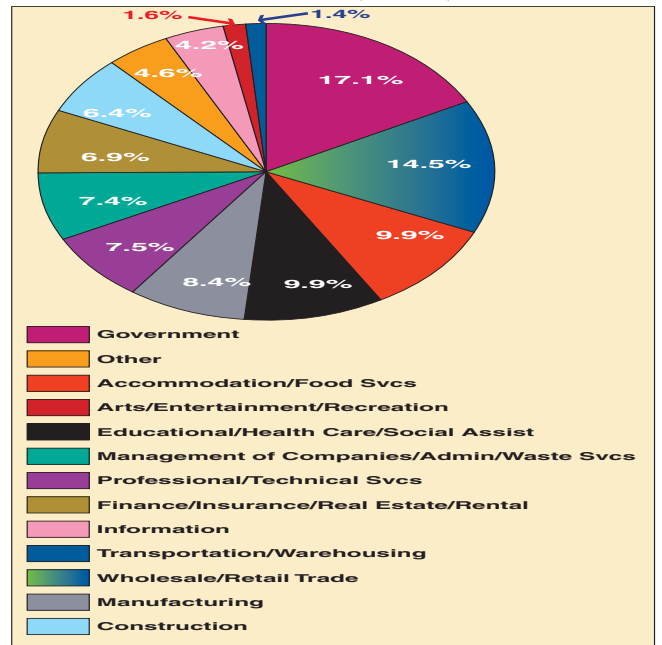
As the employment picture improved, so did wages. Average wages in El Paso County increased 5.4 percent to \$36,556 in 2004. Only four of the twenty 2-digit NAICS sectors saw average wage decreases in 2004. Some of the larger average wage gains were in transportation and warehousing (7.9%), information (7.0%), professional and technical services (6.5%), wholesale trade (5.5%) and construction (4.1%).

Average wages increased in all of Colorado by 3.5 percent from \$38,942 in 2003 to \$40,300 in 2004. Comparing Colorado's average wage to El Paso County's, implies a wage gap of \$3,744. This amount is slightly higher than the wage gap of \$3,551 reported last year. More importantly, the wage gap has grown for two straight years.

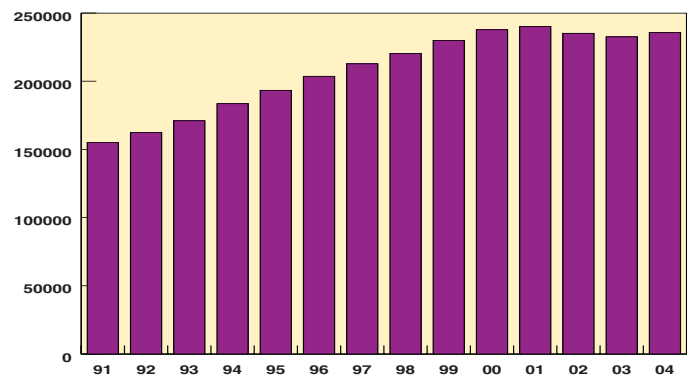
The Unemployment Rate in El Paso County, Colorado, and the U.S.



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



Total ES202 Employment in El Paso County



\* Through July 2005 and estimate for 2006  
Sources: U.S. Department of Labor;  
Colorado Department of Labor and Employment

**El Paso County Average Annual Employment and Wages by NAICS Classification in 2003 and 2004**

NAICS <sup>1</sup>	Title	2003			2004		
		Employment	Percent of Total Employment	Average Annual Wages	Employment	Percent of Total Employment	Average Annual Wages
11	Agriculture, Forestry, Fishing, Hunting	170	0.07	\$24,878	323	0.14	\$22,100
21	Mining	107	0.05	\$80,428	143	0.06	\$89,232
22	Utilities <sup>2</sup>	575	0.25	\$78,658	566	0.24	\$77,480
23	Construction	14,757	6.4	\$37,065	15,177	6.4	\$38,584
31-33	Manufacturing	20,497	8.8	\$49,640	19,893	8.4	\$50,128
42	Wholesale Trade	5,862	2.5	\$43,948	5,957	2.5	\$46,384
44-45	Retail Trade	27,818	12.0	\$23,998	28,375	12.0	\$24,596
48-49	Transportation & Warehousing	3,309	1.4	\$29,206	3,371	1.4	\$31,512
51	Information	10,412	4.5	\$47,320	9,881	4.2	\$50,648
52	Finance & Insurance	12,320	5.3	\$42,013	12,061	5.1	\$42,484
53	Real Estate, Rental & Leasing	4,120	1.8	\$26,813	4,336	1.8	\$27,612
54	Professional & Technical Services	16,754	7.2	\$60,583	17,739	7.5	\$64,532
55	Management of Companies & Enterprises	903	0.4	\$60,232	899	0.4	\$59,696
56	Administrative and Waste Services	15,726	6.8	\$28,033	16,394	7.0	\$28,964
61	Educational Services	3,245	1.4	\$28,200	3,419	1.5	\$28,704
62	Health Care & Social Assistance	19,575	8.4	\$35,656	19,881	8.4	\$36,608
71	Arts, Entertainment & Recreation	3,516	1.5	\$22,327	3,732	1.6	\$16,796
72	Accommodation & Food Services	23,148	10.0	\$13,015	23,416	9.9	\$13,520
81	Other Services	9,835	4.2	\$26,308	9,741	4.1	\$30,004
99	Non-classifiable	3	0	\$37,781	15	0.01	\$23,140
	Government	39,855	17.1	\$38,265	40,381	17.1	\$39,208
	Total All Industries	232,505	100.0	\$35,391	235,699	100.0	\$36,556

<sup>1</sup> - For information on NAICS see [www.census.gov/epcd/www/naics.html](http://www.census.gov/epcd/www/naics.html)

<sup>2</sup> - Does not include Colorado Springs Utilities

Source: Colorado Department of Labor ES202



**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 2001 (2001 = 100). Both indexes in this chart are based on national figures.

The Cost of Business Index (COBI) is compiled 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 a relative measure of business costs and cost changes over time.

**HOW ARE WE DOING?**

The national wage index (top chart) increased steadily over time and stood at 106.4 by the end of 2004. The national benefit cost index rose more rapidly and stood at 119.4 at the end of 2004. Nationally, wages have increased a very modest 6.4 percent since 2001. Benefits have increased 19.4 percent since 2001 or 6.1 percent per year. Wages are expected to increase nationally by 3.2 percent next year while benefit costs will increase 7.1 percent in 2006.

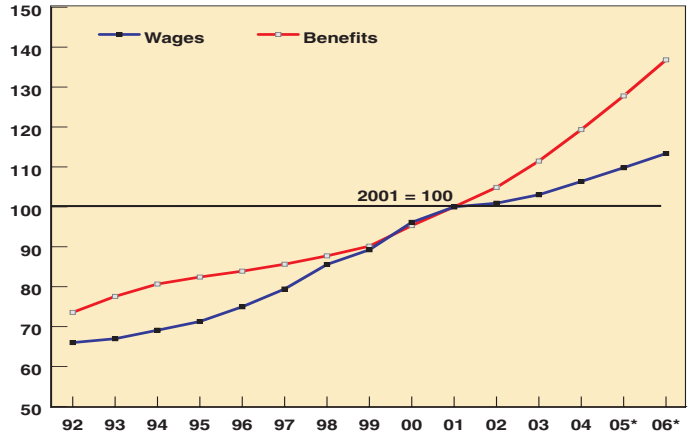
The base year for the COBI is set at 100 in 2001 (2001 = 100). The index stood at 109.7 by the end of 2004 meaning the average cost of business is 9.7 percent higher in 2004 compared to the base year of 2001. The COBI has increased at a 3.5 percent compound annual rate since 1992. The Forum forecasts that the cost of business index will increase 5.8 percent this year to 116.1 and 3.6 percent in 2006 to 120.3.

The final chart on this page provides the average annual increase in the individual components in the COBI since 1992.

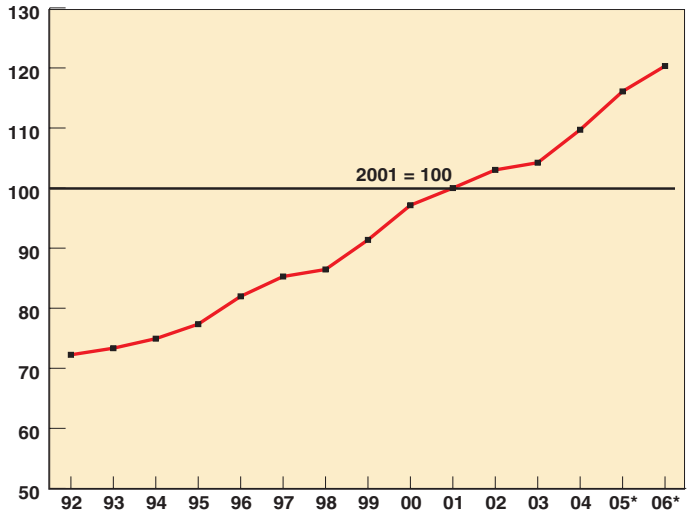
The fastest growing component in the COBI is rents, which increased at an average annual rate of 4.7 percent since 1992. Benefits have increased 4.1 percent per year while wages have increased 4.06 percent. Since 1999, benefit costs have risen approximately twice as fast as wages. Property taxes and electricity costs have increased more modestly since 1992 rising 2.6 and 2.3 percent respectively.

The Forum expects that benefit costs will increase at a higher rate than general inflation. There will also be more pressure on electric rates in the coming years due to higher costs associated with purchasing coal and natural gas. Electric rates are expected to increase 3 to 4 percent in 2006. Rents are expected to increase approximately 1.5 percent in 2006 but will remain below 2001 levels.

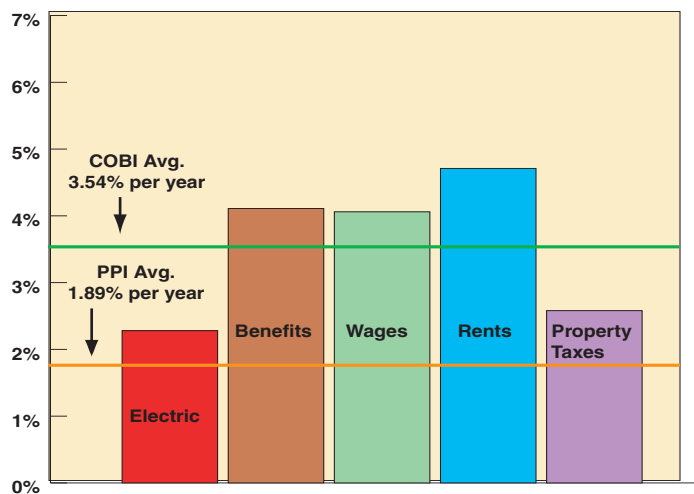
Wage and Benefit Cost Index U.S. Average



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



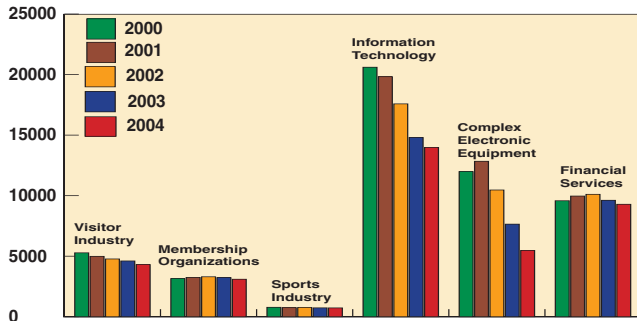
Percent Change in Individual Items in the Cost of Business Index for El Paso County



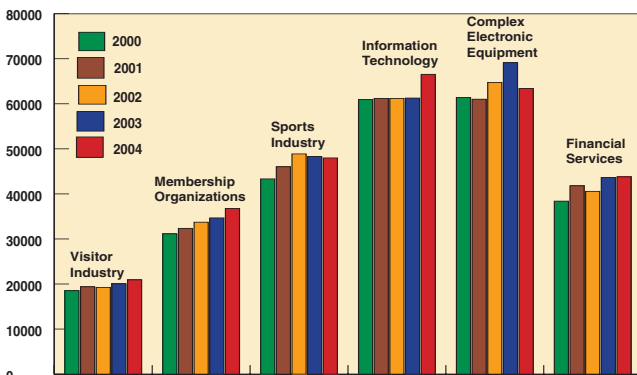
\* SCEF forecast  
Source: Federal Reserve Bank of St. Louis, SCEF

## Key Employers

### 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?

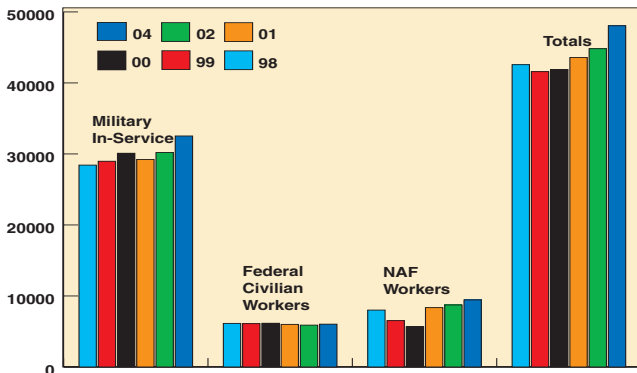
The Economic Development Corporation has identified key industry clusters as targets for economic development. The clusters group industries that complement each other and generate income and wealth for the community by exporting goods and services out of the region. Employment, growth and wages derived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

### HOW ARE WE DOING?

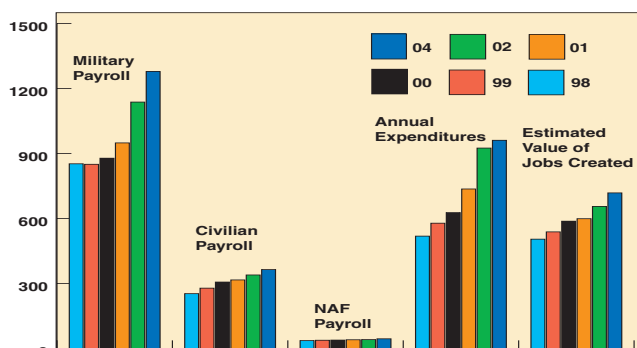
There continues to be a decline in the total number of employees in the cluster industries. In 2004, the clusters accounted for 15.7 percent of the wage and salary labor force in El Paso County. This figure is down from 17.5 percent of the labor force in 2003. The largest losses occurred in complex electronic equipment manufacture (2,173 jobs) and information technology (822 jobs). The remaining cluster realized only modest job losses in 2004. Total 2004 employment in the clusters is estimated at 36,883 which is 3,762 or 9.3 percent lower than 2003. Cluster employment is now down an estimated 14,733 jobs (24.7%) from the high of 51,616 in 2001.

The clusters account for approximately 22.3 percent of the total ES202 wages and salaries in the county, which is down from 25.5 percent in 2003. Weighted average wages in the cluster industries increased by \$586.00 in 2004 to \$52,134. By comparison, average wages for all industries in El Paso County were \$36,556 in 2004. Average wages were \$66,526 for information technology, \$63,369 for complex electronic equipment and \$43,781 in the financial services cluster.

### 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 local economy has diversified 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 44,821 in 2002 to 48,050 in 2004, or 7.2 percent. More troops are on the way. BRAC05 and the redeployment of troops from Korea to Fort Carson is expected to have a positive impact on the economy over the next several years. The series of positive announcements from the military establishment this year will ultimately result in an increase of 12,520 new military related jobs in the community.

Total military employment at the present time represents approximately 20 percent of El Paso County employment. The military's impact on the economy had declined in the late 1990's as other economic sectors increased employment. The expected growth in military employment in the county over the next several years will reverse this trend. This sector will provide a valuable stabilizing effect on the economy.

Payroll to military and civilian employees topped \$1.69 billion in 2004. Annual expenditures by military establishment in Colorado Springs totaled \$960.77 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 \$719.08 million in 2004. Thus, the total estimated impact of the military in El Paso County from all sources was \$3.37 billion in 2004.

**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.

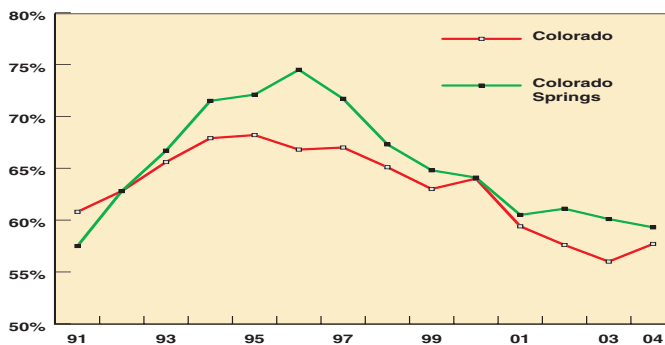
**HOW ARE WE DOING?**

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.

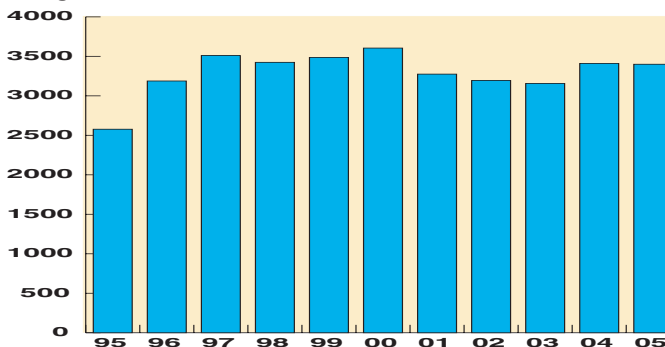
Average annual hotel occupancy rates decreased from 1996 through 2001 because of a hotel/motel building boom, which added to the existing supply of rooms. In 2004, the average hotel occupancy rate in Colorado Springs was 59.3 percent, which is .8 percent lower than 2003. Occupancy in Colorado Springs compares favorably to the Colorado average occupancy rate of 57.7 percent in 2004. The average room rate for Colorado Springs was \$82.24 for level I and \$57.34 for level II rooms.

Lodger and auto rental tax (LART) collections were up 8 percent in 2004 due to a fairly strong summer and early fall. The Forum expects that LART collections are likely to be flat in 2005 compared to 2004.

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 industries. Companies need convenient 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.

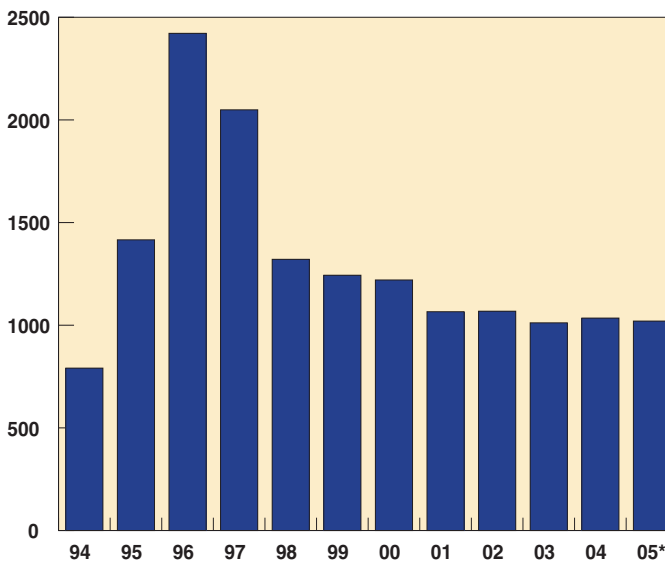
**HOW ARE WE DOING?**

The Colorado Springs Airport continues to be impacted by problems facing the airline industry. High jet fuel prices are threatening the solvency of a number of carriers including Delta, which has an 18 percent share of the Colorado Springs market. In spite of problems in the industry, enplanements at the airport increased by 2.3 percent in 2004. Enplanements totaled 1,034,747 in 2004.

Enplanements through June 2005 are down 2.3 percent at 488,838 from the year earlier figures. Enplanements are forecast to total 1,020,100 for all of 2005. The number of enplanements per departure stands at 52.4 so far this year which is similar to the figure of 52.6 for all of 2004. Freight, cargo and mail landed weight are down 8.3 percent through June.

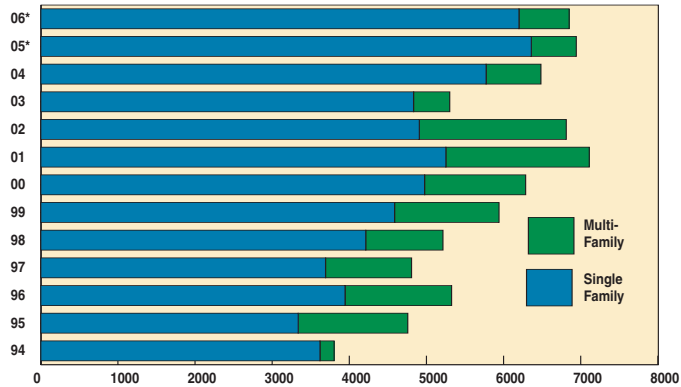
The top carriers and their market share figures in June 2005 are: United/United Express (32%), American/American Connection (20%), Delta/Delta Connection (18%), America West/AW Express (11%), Northwest (8%), Continental/Continental Express (7%), and Allegiant Air (3%).

Colorado Springs Airport Enplanements (000s)

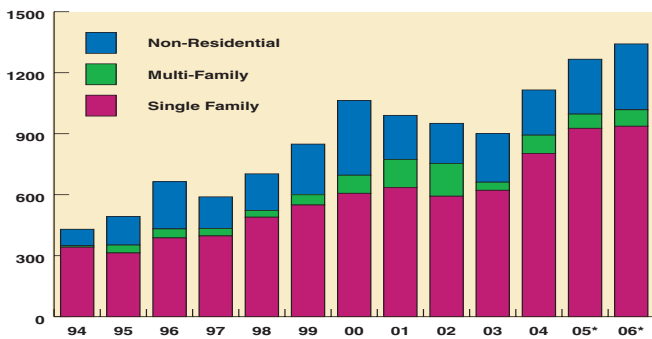


\* SCEF forecast  
 Source: Colorado Springs Airport

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.

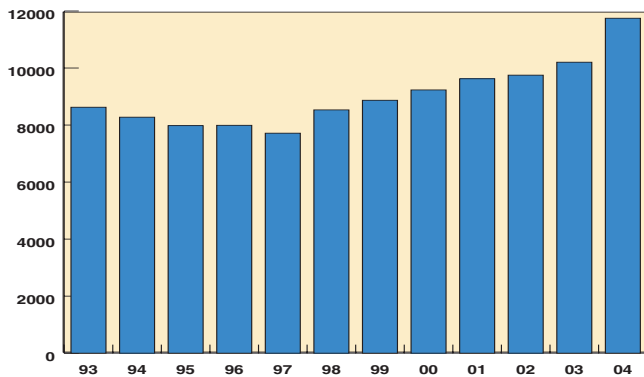
HOW ARE WE DOING?

Thanks again to attractive interest rates, the residential construction market has remained resilient. Single family and town home construction totaled 5,774 units in 2004 for a 19.5 percent increase over 2003. Last year we underestimated the strength in this market. Multifamily construction also ended higher than expected in 2004 at 710 units due to a late-year increase in the number of permits.

Through August of this year, 4,550 single family and town homes have been built which is ahead of last year's pace. At this rate, the Forum forecasts that 6,360 single family units will be built this year. Next year should be another good year in single family housing with as many as 6,200 units constructed. Permits for 348 multifamily units have been pulled through August 2005. The multifamily units are mostly condominiums or buildings with 5 or more units. The Forum forecasts that 580 multifamily units will be built this year. Fort Carson troop arrivals should positively affect this market next year.

The value of nonresidential construction was \$222.4 million in 2004 and is already at \$243.24 million through August 2005. The Forum forecasts nonresidential construction will total over \$270 million for all of 2005. The total value of all new construction in 2004 was \$1,115.25 million. The forecast for total construction value in 2005 is \$1,266.37 million.

El Paso County Home Sales



WHY IS THIS IMPORTANT?

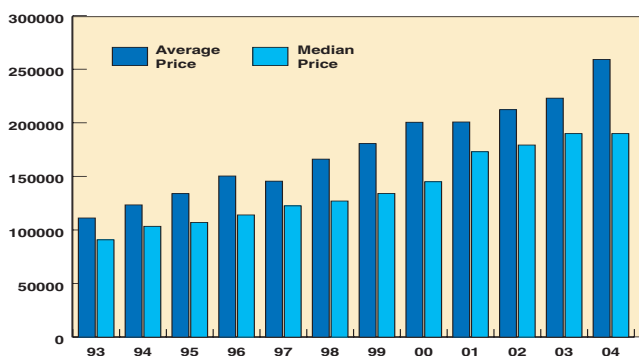
Home sales are an indicator of vitality in the local real estate market. An unusual drop in annual home sales could indicate a problem in one or more economic sectors.

Home values are one of the indicators of the wealth of the community. Home owners want to see an increase in the value of one of 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?

A record 11,746 home sales were reported by the Pikes Peak Association of Realtors in 2004. This was a 15.1 percent increase over 2003. The residential real estate market remains very healthy in the Pikes Peak region. The driving force behind this robust market continues to be low interest rates. At some point, the Federal Reserve's actions to raise short-term interest rates will have an impact on long-term mortgage rates. At that point the Forum expects some moderation in home sales in the area.

Mean and Median Price of Homes



Source: Pikes Peak Association of Realtors

The average price of a home in the Pikes Peak region stood at \$250,504 in July 2005. This represents an increase of 7.2 percent over the year earlier figure of \$233,766. The median home price in July was \$212,750 which is 8 percent above the year earlier figure of \$197,000. Since 1993, the average home price in the Pikes Peak region has increased by 8.1 percent per year while the median home price has increased at an average annual rate of 7.1 percent.

**WHY IS THIS IMPORTANT?**

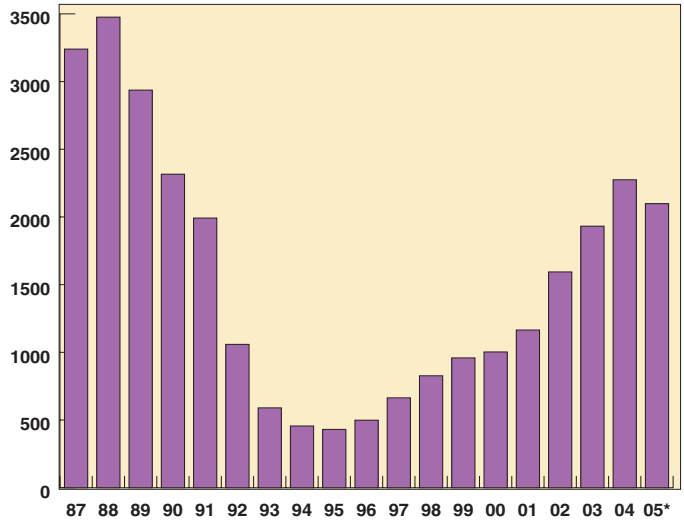
The downside of the housing market is when a foreclosure occurs. Foreclosures are normally used by economists as a lagging indicator, since they tend to peak just about the time an economic recovery occurs.

**HOW ARE WE DOING?**

Foreclosures continued to rise in El Paso County through 2004. Foreclosures totaled 2,275 in 2004 which was 17.8 percent above 2003. The number of foreclosures appears to have peaked this year and is expected to decline in 2005. The Forum estimates that the number of foreclosures will reach approximately 2,100 for 2005.

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 and mortgage interest rates, 2) stagnant or declining job creation, 3) stagnant personal income, or 4) a drop in housing values. Payments on adjustable rate mortgages appear to be the near term threat if interest rates begin to rise. A 50 basis point increase in an adjustable rate mortgage could add 5.8 percent to a mortgage based on the median home price in El Paso County. A 100 basis point rise increases this payment by 11.7 percent. Home owners should pay attention to these factors and adjust their spending patterns accordingly.

Foreclosures in El Paso County



SCEF forecast  
Source: El Paso County Public Trustee

**WHY IS THIS IMPORTANT?**

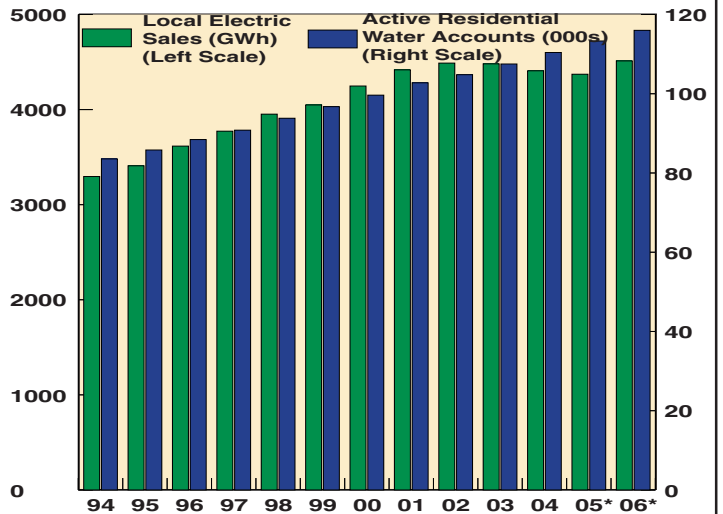
Local electric sales and residential water accounts are good indicators of growth and economic activity. Active residential water accounts correlate with residential construction and housing market activity. Changes in electric sales on system capture both residential and commercial activity.

**HOW ARE WE DOING?**

Since 1992, the number of active residential water accounts has increased at an average annual rate of 2.94 percent. This covered a period of rapid economic expansion in Colorado Springs and El Paso County. A slight slowdown in hookups occurred in 2002, but since then the increase has been close to the average trend. The number of residential water accounts is expected to increase 2.6 percent in 2005 and another 2.4 percent in 2006. This forecast reflects continued strength in the local residential building industry.

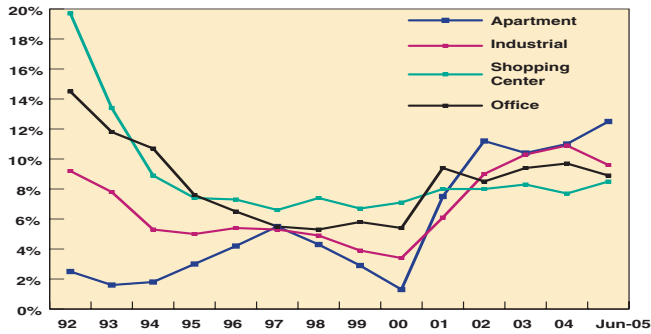
Electric sales grew at an average annual rate of 3.0 percent since 1992. Through much of the 1990's and through 2001 the average rate of growth was much closer to 4.0 percent per year. In 2002, electric sales slowed to 1.6 percent. Electric sales declined in 2003 and 2004 which reflects the economic slowdown experienced in El Paso County over this time. Colorado Springs Utilities forecasts that electric sales will be down .82 percent in 2005 and then increase 3.2 percent in 2006.

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

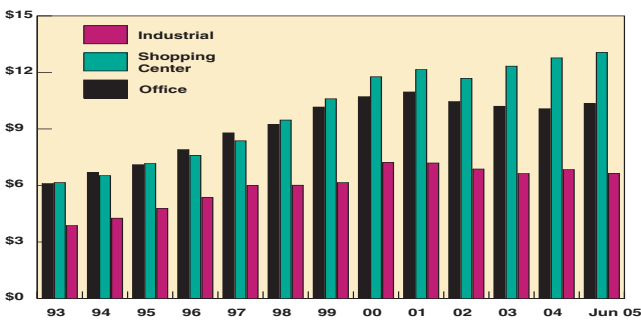


\* Colorado Springs Utilities forecast  
Source: Colorado Springs Utilities

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.

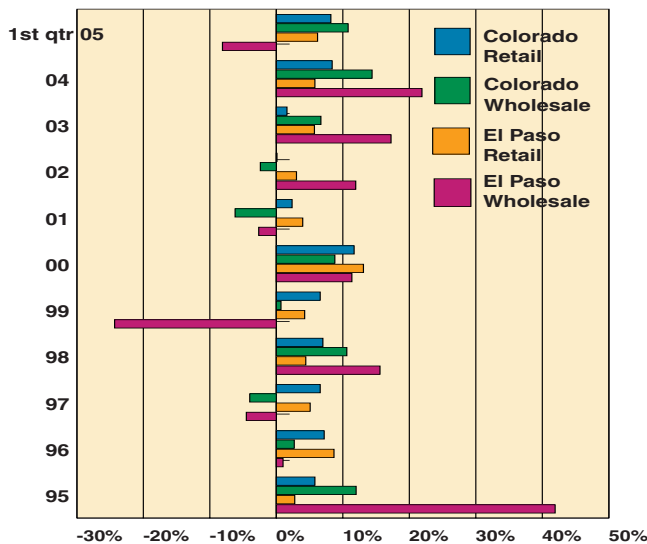
**HOW ARE WE DOING?**

Office and industrial vacancy rates increased throughout 2004. The upward trend appears to have reversed in 2005. The June 2005 office vacancy rate stood at 8.9 percent which compares favorably to the 9.7 percent rate in 2004. Similarly, the industrial vacancy rate was 9.6 percent in June 2005, a full percent below the 2004 rate. The shopping center vacancy rate increased to 8.5 percent in June from the 2004 rate of 7.7 percent.

Triple net lease rates at the end of June 2005 were \$10.35 per square foot for office space, \$13.06 for shopping center space and \$6.64 for industrial space. These rates are similar to the year earlier figures.

Turner Commercial Research reports leasing activity in the second quarter of 2005 in the office market reached 434,733 square feet and absorption was 352,390. Industrial leasing activity amounted to 654,310 square feet in the second quarter, with absorption at 418,109. In retail, 201,374 square feet were leased in the second quarter while absorption was -6,190. The negative absorption was attributed to demolition of the Citadel Convenience Center and transfer of Tiffany Mall to office use.

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 economy.

**HOW ARE WE DOING?**

Retail sales in El Paso County grew 5.8 percent to \$11.0 billion in 2004 after growing 5.7 percent in 2003. This is below the 8.4 percent growth rate in Colorado for 2004. First quarter 2005 El Paso County retail sales were \$2.49 billion, or 6.2 percent above the year earlier figures for the same quarter. Colorado retail sales are also up 8.2 percent for the first quarter of 2005. The rebounding economy and growing consumer confidence is improving the retail sales outlook in Colorado and the U.S. The midsummer employee pricing incentives offered by the big-three auto-makers are expected to help keep retail sales activity strong through at least the third quarter. Locally, the influx of troops returning from Iraq should increase car sales, durable purchases and other retail sales.

Wholesale sales, which tend to be more volatile than retail sales, grew 21.9 percent in El Paso County in 2004. Colorado wholesale sales grew 14.4 percent in 2004. El Paso County wholesale sales were down 8.1 percent in the first quarter of 2005 over year earlier figures. In contrast, Colorado wholesale sales were up 10.8 percent in the first quarter.

**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.

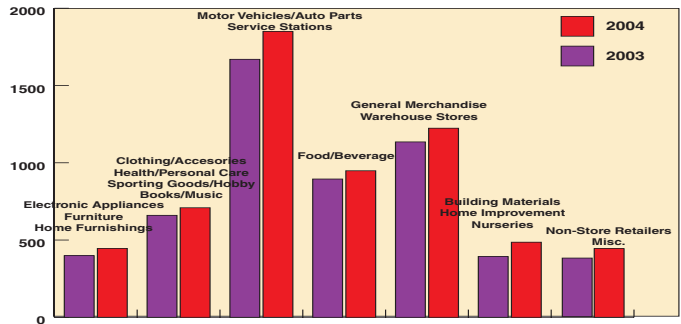
**HOW ARE WE DOING?**

In 2004, retail trade amounted to \$6.11 billion or 55.5 percent of the total retail sales in the county. The biggest portion of retail trade is motor vehicles/auto parts/service stations, which accounted for \$1.849 billion or 30 percent of the total trade in 2004. This sector benefited from another year of low-cost financing and rebates. Returning Fort Carson troops helped bump up auto sales in the first quarter of 2004.

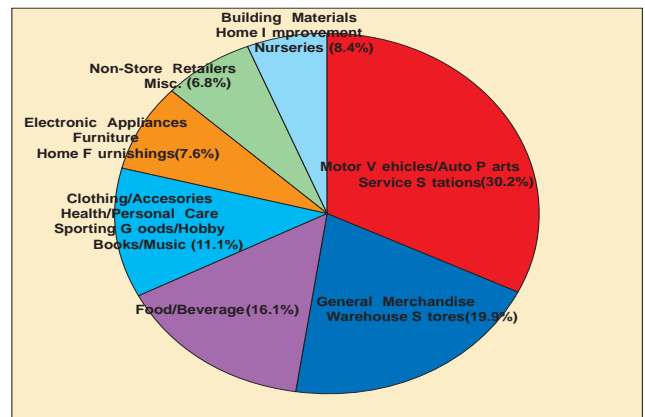
General merchandise/warehouse stores (20.0%), food/beverage establishments (15.5%) and clothing/accessories/sporting goods/hobby/book (11.6%) are other significant contributors to total retail trade sales.

Retail trade was up a strong 9.1 percent in the first quarter of 2005 compared to the same period a year ago. Most trade sectors realized increases over the year earlier figures. Building materials/home improvement/nurseries; gas stations; and food/beverage retailers had an especially strong first quarter in 2005 recording double digit gains.

El Paso County Retail Trade (000's)



El Paso County Retail Trade First Quarter 2005



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 services.

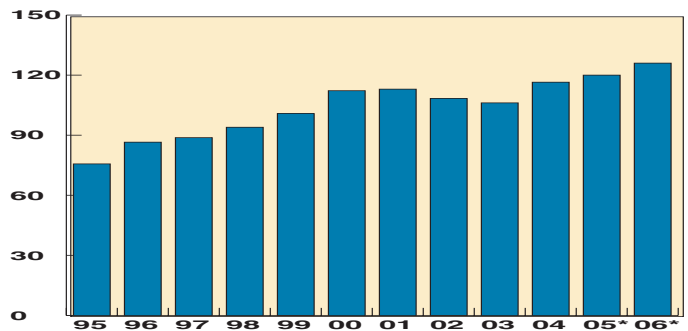
**HOW ARE WE DOING?**

City sales and use tax collections were \$116.5 million in 2004. This amount was up \$10.3 million or 9.7 percent from the prior year. Through June of 2005, combined sales and use tax collections were about even with the year earlier figures. Separately, sales tax collections are up about 1.0 percent, while use tax collections are down 14.0 percent.

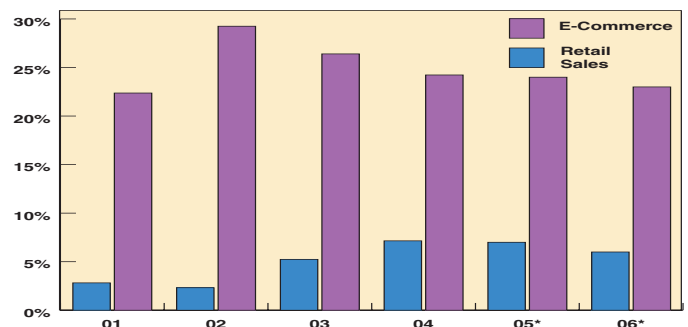
Year to date changes in sales tax revenue in major retail industries is a mixed bag. Building materials; utilities; furniture, appliances, and electronics; and miscellaneous retail are up 12.2%, 7.5%, 3.8% and 3.3% respectively. Auto dealers; department and discount stores are down -11.9% and -4.7% respectively. The drop in auto dealer sales tax revenue should slow or reverse as collections resulting from the "employee pricing" incentives come in. Some of the drop in department and discount stores tax collections may be attributed to big box discounters opening stores outside the city limits. The Forum projects that sales and use tax collections will grow 3 percent in 2005.

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.

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



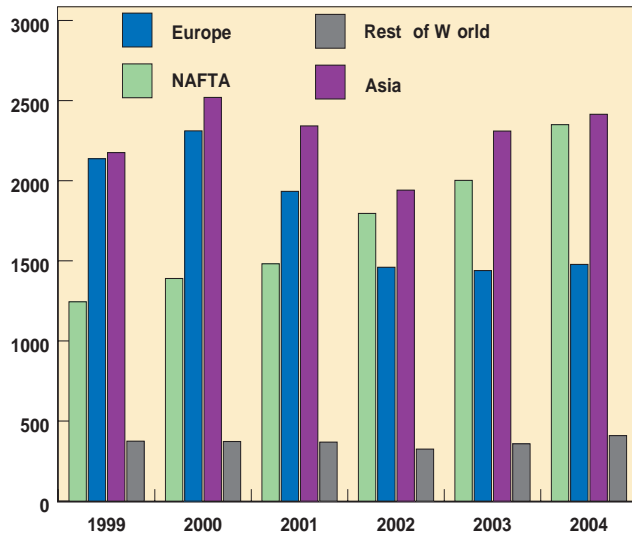
E-Commerce vs. Retail Sales Growth



\* SCEF forecast

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

Colorado Exports to Selected Destinations (\$ millions)



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

**WHY IS THIS IMPORTANT?**

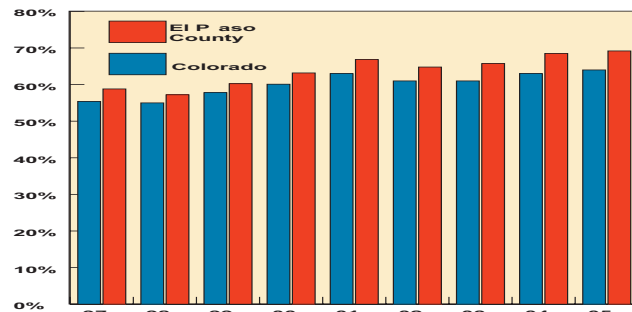
One indicator of the state's competitiveness in a global economy is the ability to export goods and services. A higher level of export activity translates into more jobs in the state and more income and wealth. Colorado and Colorado Springs must continue to grow exports of goods and services in order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

**HOW ARE WE DOING?**

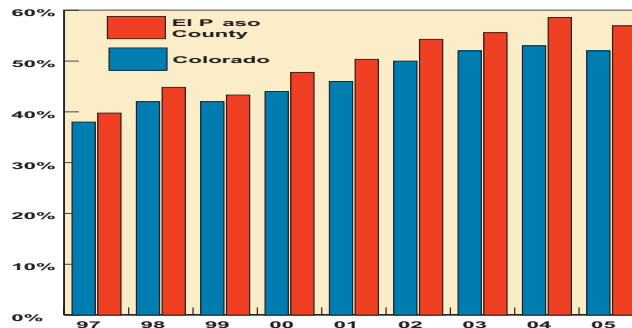
Colorado exports totaled \$6.65 billion in 2004. Exports from Colorado to all parts of the world increased 9.0 percent in 2004. Fully 36.3 percent of all exported goods and services in 2004 went to Asian destinations. Exports to Canada and Mexico accounted for 35.3 percent of total activity in 2004. Europe accounted for 22.2 percent of export activity, with the rest of the world making up the final 6.1 percent. Given a weaker dollar and a stronger global economy, we expect that export activity will remain robust in 2005 and 2006.

The top four export product categories are computer and electronics (58.8%), machinery manufactures (8.3%), processed foods (6.9%) and chemical manufactures (6.4%). The remaining 19.5 percent of exports include fabricated metals, plastics and rubber, printing, paper, waste scrap, crops, leather, beverages and others.

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 Colorado students.

**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, 69.2 percent of El Paso County fourth graders were proficient or advanced in reading. Statewide, 64 percent of the fourth graders were proficient or advanced in reading. Reading scores in El Paso County have improved 10.3 points (17.7 %) over the first administration of the fourth grade reading exam nine years ago.

This year, 56.9 percent of El Paso County fourth graders were proficient or advanced in writing. This is slightly lower than last year. This compares favorably to the statewide proficiency level of 52 percent in 2005. Writing scores in El Paso County have improved 17.1 points (43.1 %) since the inception of the fourth grade writing exam.



**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 21<sup>st</sup> 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 multi-cultural, 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 of success.

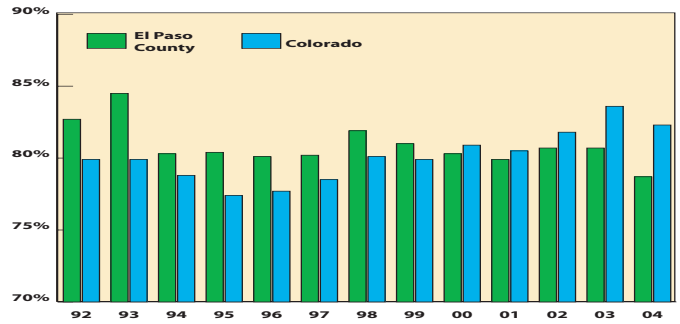
**HOW ARE WE DOING?**

In 2003-2004 Colorado began tracking individual students rather than in the aggregate. The State Assigned Student Identifier (SASID) system is expected to result in a gradual decline in graduation rates for the next several years before they stabilize in 2007.

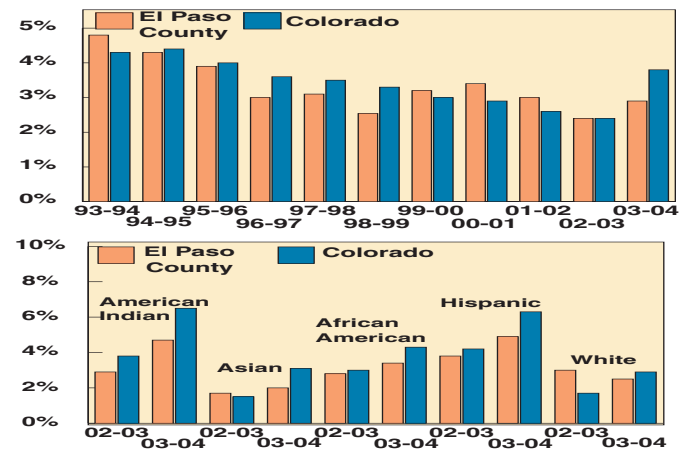
The graduation rates in El Paso County are below Colorado's. The graduation rate in El Paso County was 78.7 percent in 2004 compared to Colorado's at 82.3 percent. Colorado Springs District 11, Manitou Springs, Edison and Miami Yoder have graduation rates below 70 percent.

After a three year decline, the overall dropout rate in El Paso County increased in 2003-04 to 2.9 percent. The Colorado dropout rate increased in 2003-04 to 3.8 percent. Dropout rates in El Paso County are highest for Hispanics and American Indians/Alaskan Natives and lowest for Whites and Asians.

High School Graduation Rates



Grade 7 through 12 Dropout Rates Rates



Source: Colorado Department of Education

**WHY IS THIS IMPORTANT?**

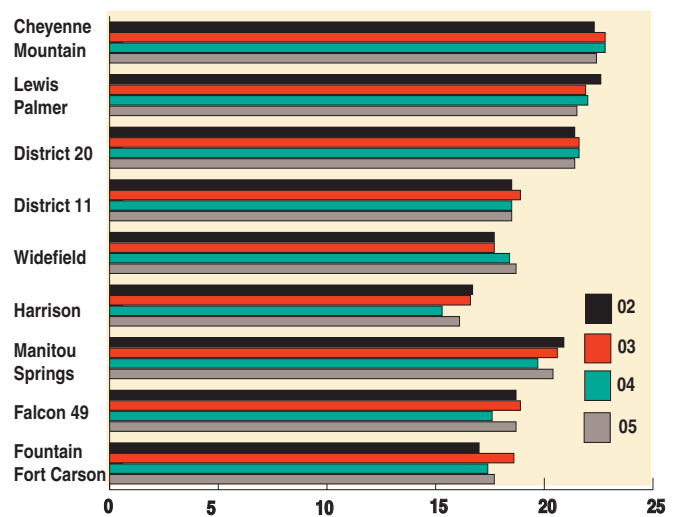
Academic performance of high school students is an important indicator of the knowledge base of the work force of the future. In our high technology economy this is especially significant. The American College Test (ACT) is a comprehensive achievement test designed to predict how well high school graduates 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 juniors to take the ACT.

**HOW ARE WE DOING?**

The statewide average junior ACT score for 2005 is 19.0. Last year the average score was 18.8. Widefield (18.7), Harrison (16.1), Manitou Springs (20.4), Falcon (18.7) and Fountain/Fort Carson (17.7) all improved junior ACT scores in 2005. Scores fell in Cheyenne Mountain (22.4), Lewis-Palmer (21.5) and District 20 (21.4) while scores remained the same in District 11 (18.5).

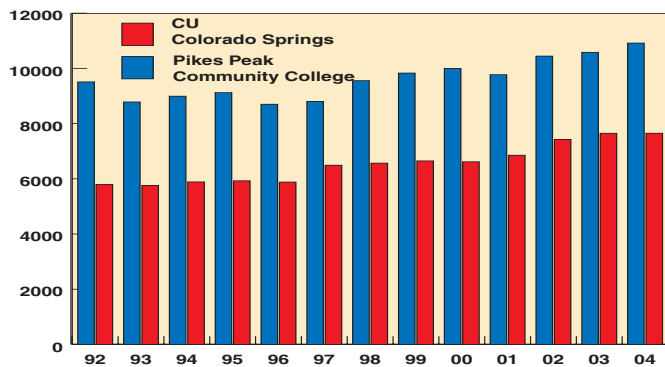
The state creates a systematic downward bias in the ACT results by recording a zero for any high school junior who does not take the exam. The statewide average for all juniors with valid records was 19.7 in 2005. The statewide average scores for the high school juniors is below the average for those students who take the test and graduate from high school. This includes students who take the ACT more than once, mostly in their senior year. In 2005, ACT reported a high school graduating average of 20.2 for Colorado. The U.S. average in 2005 is 20.9.

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

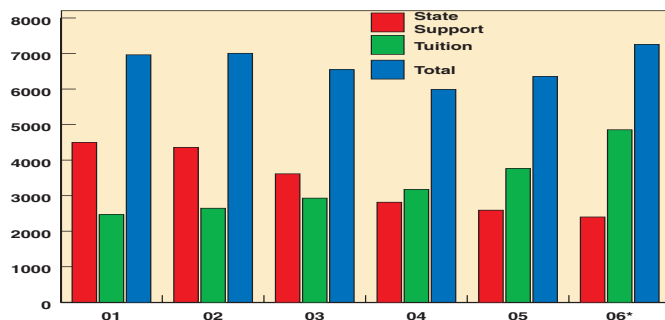


Sources: American College Testing program; Colorado Department of Education; local school districts

Enrollments at Public Institutions of Higher Learning in El Paso County



Funding Sources at UCCS (per FTE)



\* UCCS forecast

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.

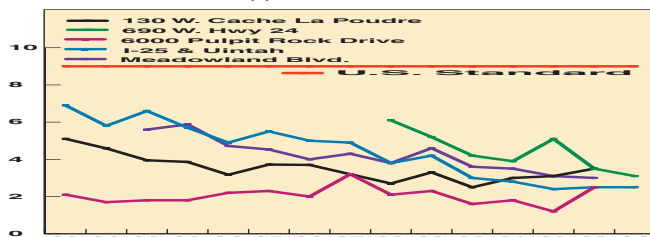
HOW ARE WE DOING?

At UCCS, enrollments surpassed 7,650 in the 2004-2005 academic year. Enrollments this fall are about the same as last year. The campus now has facilities to house 900 students. The average age of the student body continues to drop while the average credit load continues to increase.

Pikes Peak Community College enrollments also continue to grow. Fall enrollments last academic year hit 10,917. PPCC full-time equivalent enrollments are also expected to be up this year.

State support continues to be cut at both institutions. In 2001, UCCS received \$4,498 for each resident undergraduate full-time equivalent (FTE) student. This year UCCS will receive \$2,400 per FTE through a new method of funding higher education, the College Opportunity Fund. This figure represents a 47 percent decrease in state support from 2001. Tuition has increased from \$2,466 in 2001 to \$4,855 this year or 97 percent. Total funding has increased from \$6,964 in 2001 to \$7,255 this year or 4.2 percent over 5 years. This is an .82 percent per year increase in total funding over the 5 year period.

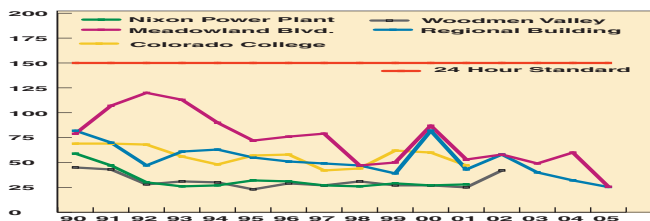
Carbon Monoxide (ppm)



WHY IS THIS IMPORTANT?

Air quality is fundamental to community health, the environment and the economy. There is growing concern over the interdependence between the health of the environment and the 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.

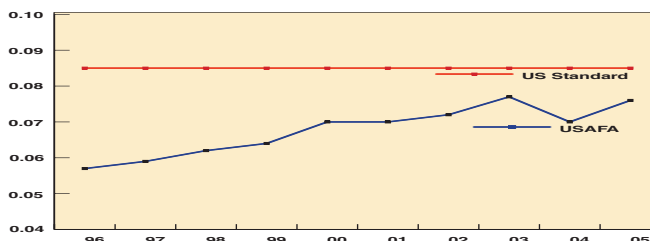
Particulate Matter (10 microns and smaller)



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 also helps to alleviate CO emissions. Overall CO levels have remained steady over the past several years.

Ozone Trends in El Paso County



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 have increased from 69 percent of the standard in 1998 to 89 percent of the standard in 2005.

Sources: Pikes Peak Area Council of Governments

**WHY IS THIS IMPORTANT?**

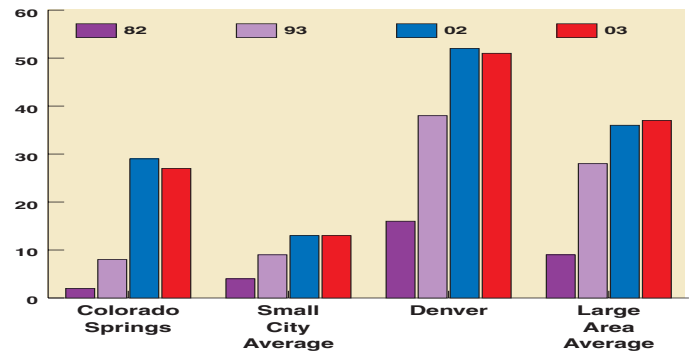
As the city grows, increased traffic leads to congestion, longer travel times, and more pollution. Although roadway improvements may alleviate some congestion, it may not be the total solution. Communities interested in quality of life and mobility will seek alternatives to relieve traffic congestion.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

**HOW ARE WE DOING?**

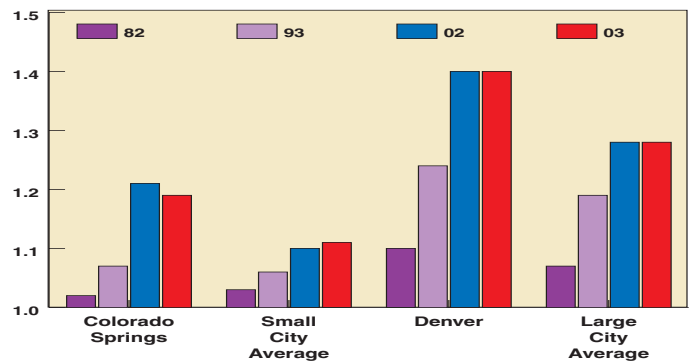
Traffic congestion continues to be an issue facing the community. The 2005 Urban Mobility Report from the Texas Transportation Institute ranks Colorado Springs as the most congested small city in the country. The annual delay per traveler in 2003 was 27 hours. The small area average for comparison is 13 hours. The annual delay estimate is the extra travel time in hours spent in traffic per traveler each year during peak period travel. Peak period travel is defined as occurring between 6 to 9 a.m. and 4 to 7 p.m. Denver had annual delays per traveler of 51 hours compared to the large area average of 37 hours in 2003. Denver was ranked as the fifth most congested city in the large area average.

The travel time index is a ratio of travel time in the peak period to the travel time during free-flow conditions. The value of 1.19 for Colorado Springs in 2003 means that a 30 minute free-flow trip would take 35.7 minutes during the peak period.

Annual Delay per Traveler in Hours for Peak Period Travel



Travel Time Index



Source: The 2005 Urban Mobility Report, Texas Transportation Institute

**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?**

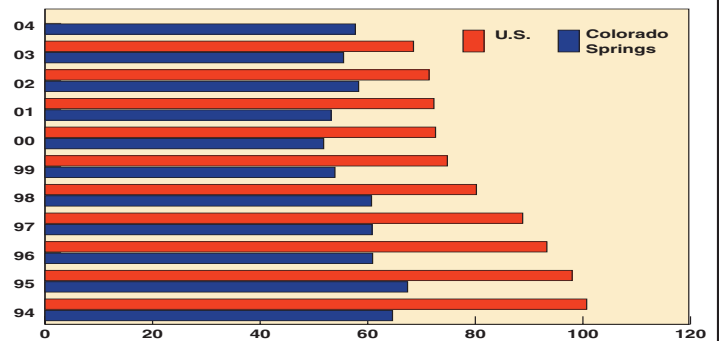
Index crime in Colorado Springs increased 4.0 percent in 2004. Overall, the city remains well below the U.S. average for cities of its size. Violent crimes (murder, rape, robbery and aggravated assault) decreased in 2004 from 4.7 to 4.3 violent crimes per 1,000 population. The violent crime rate remains below national levels for cities with populations between 250,000 - 499,999.

There were a total of 22,020 index crimes reported in 2004. The majority of the index crimes reported involve larceny/theft (66%), followed by burglary (17%), motor vehicle theft (9%), aggravated assault (5%), robbery (1.6%), forcible rape (1.2%) and homicide (.1%).

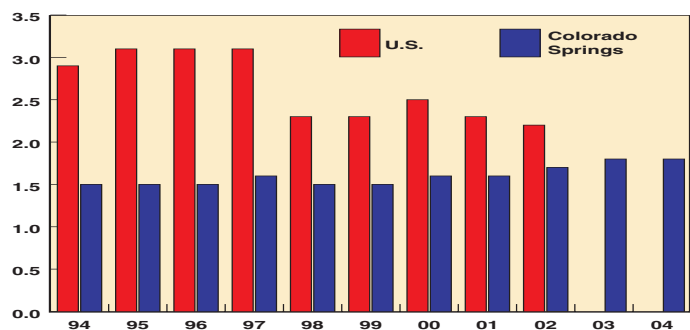
The number of sworn police per 1,000 inhabitants in 2004 was 1.8. This figure is expected to drop to 1.7 officers per 1,000 inhabitants in 2005. The city has collected a total of \$75.9 million to support fire and police department budgets since the 0.4 percent public safety sales and use tax was approved by voters.

U.S. and Colorado Springs Crime Index

(Index per 1,000 inhabitants)



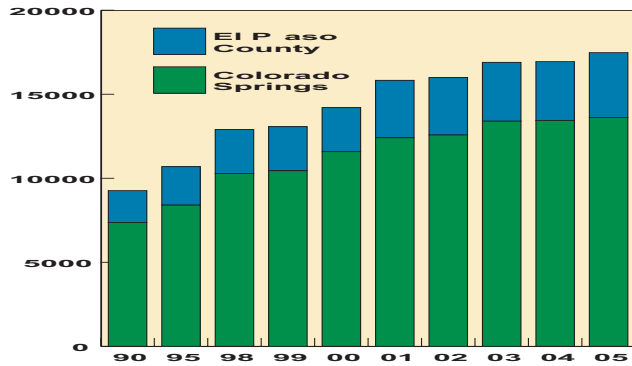
Sworn Police per 1,000 Inhabitants



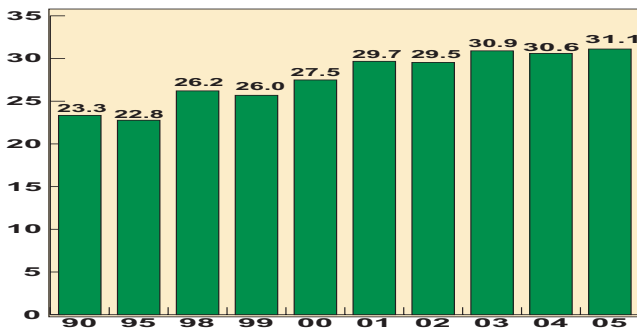
Sources: Colorado Springs Police Department; FBI

## Park Acres and Birth Weight

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?

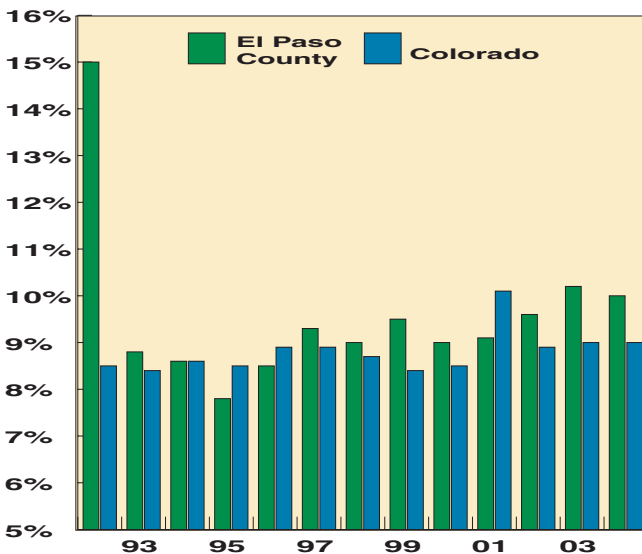
Open space, trails and park land provide important areas for recreation and leisure activity, support natural habitat and enhance the visual appeal of the region. Open spaces have a significant impact on the quality of life in the area. The beauty and attraction of the region is enhanced by parks and 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 17,000 acres of open space and park land or 31.1 acres per 1,000 residents in 2004. The City of Colorado Springs now has 13,612 acres of park and open space under management. The addition of Paint Mines Park near Calhan brings the El Paso County park and open spaces total to 3,864 acres. 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 \$42.6 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 additional open space.

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 12 years 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. The low-weight birth rate was 10 percent in El Paso County and 9 percent in Colorado in 2004. El Paso County has remained about 1 percent above Colorado as a whole over the past decade in the 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. Students are prepared 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. For example, this is the second year that a group of students is participating in the Davidson Student Investment Program. This program is funded through a grant by D.A. Davidson & Co. Students actively manage a \$50,000 portfolio for the year. Last year, under the direction of Fred Crowley, Ph.D., the group earned a 13 percent portfolio return. This is but one 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 and help infuse current business practice into the classroom and ensures 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), the Center for Entrepreneurship and the Southern Colorado Economic Forum by visiting <http://business.uccs.edu>.

### **The Southern Colorado Economic Forum**

**Contact: UCCS 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 fall 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 <http://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](mailto:tzwirlei@uccs.edu) or Fred Crowley, Senior Economist for the Southern Colorado Economic Forum at (719) 262-3531 or [fcrowley@uccs.edu](mailto:fcrowley@uccs.edu).

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