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THE BUSINESS JOURNAL OF THE BOULDER VALLEY AND NORTHERN COLORADO

VOLUME 39 | ISSUE 3 | FEBRUARY 2020

Hard Luck

LUCKY'S SEES FORTUNES TURN AS COMPANY FACES STORE CLOSURES, BANKRUPTCY



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Founder Mueller invests big in future of CBD industry. **PAGE 3**

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740 Front features elaborate, historic bar history at each turn. **PAGE 8**

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Growing older population fuels 55-plus projects

Projects take multiple forms, but amenities feel like resorts. **PAGE 14**

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Boulder municipal power enters new phase

Now it's time to determine cost of buying Xcel assets. **PAGE 26**

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Net Zero Cities
March 5, 2020
The Ranch
Loveland

Northern Colorado Real Estate Summit
April 2, 2020
The Ranch
Loveland

Bravo! Entrepreneur
April 2020
Location TBD

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BW READERS' GUIDE



“No, I’m in my office. I don’t know why everyone thinks I’m at the beach.”

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■ NetZero Cities

Northern Colorado
March 5, 2020
The Ranch, Loveland

■ Northern Colorado Real Estate Summit

April 2, 2020
The Ranch, Loveland

■ Bravo! Entrepreneur

April 2020

QUOTABLE

“We have a strategic plan to continue to grow, open new stores and bring more good food to more people in the years to come.”

Bo Sharon, Lucky's Market.
Page 11



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BW EXECUTIVE PROFILE

Mile High Labs' Mueller sets CBD standards

By Shelley Widhalm

news@bizwest.com

LOVELAND and BROOMFIELD — Stephen Mueller of Loveland left the world of engineering to start Mile High Labs Inc. in the new, unregulated industry of CBD products — and after three years of operations, wants that industry to follow stringent quality and compliance standards.

Mile High Labs, a biotechnology company that has a facility in Loveland, paid \$18.75 million to purchase Sandoz Inc.'s pharmaceutical manufacturing plant in Broomfield that includes the land, labs, building and equipment. As soon as the deal on the facility closed, Mile High Labs began operations of its private-label CBD products in early October and brought its research, production and headquarters under one roof.

"It was really exciting to come into this space and as an engineer to be able to break new ground, really pioneer this industry, especially in the extraction and purification and manufacturing. ... Nobody had done this stuff before," said Mueller, CEO of Mile High Labs. "We had to invent the technology. We had to build the equipment to do what we wanted to do. We really pioneered the industry and built the process and built the equipment."

Mueller, who has a bachelor of science degree in science from the State University of New York at Buffalo, briefly worked in semiconductor research and then in electrical engineering with Agilent Technologies and Teledyne Technologies, where he managed the applications engineering group. He founded his company in 2016 in a 2,000-square-foot lab in Longmont, operating it there for one year before moving to Loveland, where it grew from two to 18 employees.

Mile High Labs started out extracting and purifying CBD ingredients from hemp plants and still sells those as wholesale ingredients. The company wanted to expand into finished products but was limited by its current manufacturing space of 20,000 square feet and began looking for a sizable property. The 400,000-square-foot manufacturing space used by Sandoz had the equipment and infrastructure already in place, including research and development, quality assurance, bottling, filling, packing, warehousing, labeling, shipping and compliance monitoring.

"This has all the clean rooms and infrastructure and equipment and layout that we need to operate that is consistent with our quality values," Mueller said.

Mile High Labs installed a purified water system and brought in steam, cooling water, nitrogen and com-



JONATHAN CASTNER/FOR BIZWEST

Stephen Mueller, CEO of Mile High Labs, wants the industry to take on professional standards, even before the industry is regulated.

pressed air to complete the manufacturing space.

"This was a fully functional plant, and it's never actually been empty," Mueller said. "As Sandoz shut down its operations here, we were starting to move in and take over. ... We are installing new equipment, and we are modifying some things, but we haven't really done any new construction per se."

Mile High Labs now has 234 employees in Colorado, including eight former Sandoz employees, and 22 at the Belfast, London, and Auckland, New Zealand, offices.

"This allows us to really scale up and go after the finished product manufacturing," Mueller said. "It takes a lot more space to make the finished products because there's so much packaging and so on."

The company takes its purified ingredients to manufacture various CBD products, such as tinctures, capsules, tablets, soft gels, gummies and topical products, in addition to creating CBD isolate and distillate ingredients. Its newest product came out in December and will be sold in small batches to test the marketplace.

"We want to supply and make available the highest quality cannabinoid products and make those available to the world," Mueller said. "Our mission is to bring science and engineering to produce very high quality, consistent products for the global market."

Mueller sets his company apart by

focusing on compliance and quality, but the challenge is working in an industry that is not regulated by the FDA, he said. The government does not regulate facilities where CBD products are produced, nor enforce quality standards, resulting in the industry being self-regulated, he said.

Mile High Labs follows FDA's regulations of good manufacturing practices in a landscape where most manufacturers lack the level of compliance and adherence to those practices, Mueller said.

"It's just the right thing to do now, in any case, whether it's enforced or not," Mueller said. "Strong, sensible regulation is the only way to protect consumers and create a pathway for the industry to grow."

Steven Turetsky, managing director of Shi Farms, a national hemp farming cooperative based in Pueblo, sees Mueller as unique to the industry by "doing things the right way." Shi Farms is one of Mile High Labs' first customers and an extraction partner, providing hemp that Mile High Labs extracts into various products.

"I look to him as a guiding light for the industry," Turetsky said, adding that Mueller is a champion of high quality industry and business practices. "He's pushed the industry to grow up fast. ... Quality, transparency and integrity need to keep up, so it's sustainable. ... Stephen had the goal of making a superior product using his

expertise. With that comes a greater chance for success, adding his knowledge and skill set to a space that really needed it."

Mueller would like to see manufacturing practices be enforced, CBD regulated as a dietary supplement and the FDA require new dietary ingredient notifications for product approval (including safety data and processes), he said. He wants products to meet basic level specifications before they are shipped to customers.

"That's very basic in manufacturing," Mueller said, adding that quality and food safety systems should be in place "You want to make sure you're selling what you say you are and you're not having a contaminated product that potentially could get people sick."

Mueller also wants to build a company that is sustainable and to educate the public about manufacturing a safe and consistent product. To do this, the company visits chambers of commerce, cannabis organizations and other community groups, presenting various seminars and presentations to explain the challenges and issues in the industry, especially on how to regulate and test the products.

"Without the FDA regulating this industry, it's up to us to educate the consumers about why they should care about that," Mueller said. "Our mission is to make sure that we're providing a safe, quality, consistent product into the market."

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Bufs' AD backs bill to let athletes profit

What follows is a compilation of recent news reported online at BizWest.com. Find the full stories using the search window at the top of the homepage.

University of Colorado athletic director Rick George told the Denver Post he supports a proposed Colorado bill that would allow college athletes to profit from the use of their names, images and likenesses. We want our student athletes to be able to benefit, just like our regular students are able to benefit, from their name, image and likeness," he said, Posted Jan. 30.

BizWest, Prairie Mountain form content pact

BizWest Media LLC and Prairie Mountain Media signed an agreement whereby BizWest will license its business-news content for publication in Prairie Mountain's regional publications and websites. Prairie Mountain Media, based in Boulder, publishes 22 news publications in Colorado, as well as numerous niche publications and websites. It also operates a commercial printing facility. BizWest Media, based in Boulder and Fort Collins, publishes this regional newspaper, which covers Boulder, Broomfield, Larimer and Weld counties, along with Brighton and Westminster. The agree-

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ment covers all of Prairie Mountain's publications and websites within the BizWest coverage area including the Boulder Daily Camera, Longmont Times-Call, Loveland Reporter-Herald, Broomfield Enterprise and Colorado Hometown Weekly.

Posted Jan. 10.

Fort Collins City Council punts Hughes Stadium rezoning

The Fort Collins City Council delayed final approval for rezoning the Hughes Stadium property on the city's far-west side for a housing development because of a new ethics complaint. The council voted 4-3 to move its discussion to March 17 about the development of an estimated 550 homes on the 165-acre site owned by Colorado State University. Resident Rory Heath filed the new complaint against council members, reiterating previous complaints against Mayor Wade Troxell and

Mayor Pro Tem Kristin Stephens for voting on the proposal while being employed by CSU. He also accused council member Ken Summers of potentially being beholden to outside interests because of his previous lobbying activities.

Posted Jan. 21.

Larimer County proposes new setbacks on O&G sites

Larimer County officials submitted a new round of rules for prospective oil and gas drilling operations, including setbacks from other buildings and additional environmental reports. The draft rules would require drillers to maintain at least 1,000 feet of distance from any residential lot, 2,000 feet from any hospital, school or other high occupancy buildings and at least 500 feet from a body of water. Drillers would also have to file multiple reports on how it would minimize emissions, odors, noise and potential discharge into local sources of water before the county would issue a drilling permit. The county planning commission will hear in-person comments on the proposals during its usual 6:30 p.m. meetings Feb. 19 and March 23 at the Larimer County Courthouse. Officials are also taking comments via email at laffermn@larimer.org.

Posted Jan. 23.

Elevations' bid to buy Cache Bank assets denied

State regulators voted overwhelmingly Jan. 17 against a measure that would have advanced a bid by Boulder-based Elevations Credit Union to purchase the assets of Greeley-based Cache Bank & Trust. The proposed deal, which is opposed by the Colorado Bankers Association, was announced in September and was expected to close in the first quarter of 2020. The acquisition would result in a combined organization with \$2.2 billion in assets and 141,700 members.

Posted Jan. 16.

Google beefs up Boulder presence

Google is expanding its Boulder operation with additional offices and employees at its 3333 Walnut St. facility. The tech giant has been adding operational square-footage at the central Boulder office complex steadily for the better part of a year. Google now leases the entirety of the nearly 160,000-square-foot facility. Google recently leased an additional two floors in the three-floor building and will occupy the new space this summer. Based on real estate norms for tech employers of 150 square feet per employee, that means the added space could accommodate more than 1,000 workers on Walnut Street.

Posted Jan. 15.



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Execs have myriad options for Valentine's



COURTESY LOVELAND CHAMBER OF COMMERCE

The Sweetheart Festival, as shown in 2019, will occur again this year on Feb. 14 and 15.

By Elizabeth Gold
news@bizwest.com

The jury is still out. The root of what turned Feb. 14 into a significant calendar date is as clear as a bar of dark chocolate.

What seems to be widely accepted, of course, is that the day is a celebration of love and romance. And for that reason, the Front Range hub is ready to host your party with plenty of activities, good food, entertainment and get-aways.

Most Colorado residents know about Loveland's Valentine remailing program. Every year, more than 100,000 Valentines are resent with a Loveland postal mark and a hand-stamped Valentine verse.

In addition to the cupid cards, Loveland also hosts a Sweetheart Festival Feb. 14 and 15 with everything from live music and a beer and wine garden to ice sculptures and a Little Miss Valentine and Mr. Cupid Contest.

And if that doesn't say love and romance strongly enough, there's the annual Loveland Valentine's Day Group Wedding to put the icing on your cake. The ceremony takes place at 4:30 at The Foundry where couples can dive right into marriage or renew their vows. The candlelight ceremony includes cupcakes and a custom photo. Registration is required at the Loveland Downtown District Office,



COURTESY LOVELAND CHAMBER OF COMMERCE

The cache with the iconic image of Dan Cupid is stamped on valentines from around the world sent to Loveland for remailing.

and couples getting married must bring a marriage license.

Whether you tie or re-tie the marriage knot, you can take advantage of one of the romance packages offered locally. The Loveland Holiday Inn and Candlewood Suites Hotel packages includes chocolate, of course, and a bottle of wine from Loveland's vineyard — the Sweetheart Winery.

For something a little more off the radar, check out the Sylvan Dale Sweetheart Cozy Cabin Package for an overnight or two, dinner and trail rides by reservation.

If you're in the mood for live music and a meal, head to Longmont's Dickens' Opera House and Tavern. The

Midnight Hour, a classic rock, nine piece horn group aims to get toes tapping and people dancing this year. Reservations at the Tavern are recommended, and seating for the music venue is first-come-first-serve.

In Boulder you can stop by the Boulder Book Store on Valentine's Day at 5:30 to start the night off with a decadent chocolate tasting fair until 8. The upstairs ballroom will host two dozen chocolate companies like Fresco, Chocolove, Coracao, Fruition and Serendipity Confections.

A couple of blocks west will get you to Piece, Love & Chocolate, Boulder's specialty chocolate shop. The shop's housemade chocolates include truff-

fles, bonbons and cut ganache as well as curated items from local, national and worldwide chocolatiers.

If you're in the mood for a little song and dance as well as a meal, BDT Stage, Boulder's Dinner Theater, will thrill you. Reviewers rave about BDT's *Mama Mia!*, the ABBA-driven story of a young girl's search for her father's identity on the eve of her wedding. The Valentine's Day show promises a tasty choice of entrees and a night of entertainment.

Maybe a night of swing dancing appeals to you and your special person? Boulder's Avalon Ballroom will feature an evening of romance put to live music by the Key of She and the Don Elwood Big Band. The spectacular dance floor combined with a pre-dance lesson will set the tone for a Valentine's Day to remember. Light refreshments are provided, and semi-formal, formal or swing-era attire is encouraged to set the mood.

By taking a short drive up the canyon from downtown Boulder, you can spend the evening at a Valentine's Day house concert that includes a five-course French dinner, hosted by local singer-songwriter Wellington Bullings. Address for the party is 66 Gordon Creek Road in Boulder. Space is limited so make reservations at <https://www.eventbrite.com/e/valentines-day-house-concert-dinner-tickets-90025666191>.

If you're looking for a late afternoon activity on the 14th in Louisville, make plans to participate in Ruins of the Mystic Temple — Escape Room. The 60-minute adventure at Rabbit Hole Recreation Services starts at 4:30 with a treasure hunt looking for a lost Mayan temple. The interactive experience features a surround-sound, 4D environment where you'll search for clues, solve puzzles and discover secrets.

Afterward, you could make it to your reservation at the Valentine's Dinner and Dance with the Hazel Miller Band at 7 at Nissi's Entertainment Venue and Event Center in Lafayette. Known as Colorado's Queen of Soul, Hazel Miller takes the stage while you feast on a three-course dinner that includes choices such as lobster bisque, a grilled petite filet Oscar and a tiramisu New York cheesecake.

Five samples of beer paired up with five types of cheese will be one of the Valentine's Day treats you'll find in Broomfield. The Wonderland Brewing Co. plans to round out the tasting with an assortment of appetizers served up with fresh cut flowers, candles and a special Valentine's Day playlist, and the tasting glass is yours to keep.

Enjoy the love — enjoy your celebration!



Net Zero Cities

Coming Soon!

March 5, 2020
The Ranch, Loveland CO

Sponsored by  stōk

About Net Zero Cities

From energy to waste, an increasing number of cities are seeking to achieve aggressive sustainability-related goals. But what does it mean to be “net-zero?” This event will unpack what it means for cities and counties and the reason behind the movement, as well as address implications for the private sector and the regional population at large.

Conference Agenda

This all-day event will consist of seven total sessions, with a plenary breakfast and lunch session flanking two concurrent sessions in between. Each panel session will include four panelists and a moderator. Session topics include: Net Zero Colorado, The Circular Economy, Electrifying Mobility, Climate Change, Business & Industry, Building Smart, The Growing Urgency and Reliability in a Net-Zero World.

Session I | Net Zero Colorado

Colorado could become 100 percent powered by renewable energy by 2040, a desire of Gov. Jared Polis (invited). We'll hear from the governor about his plans, including the costs, strategies for attainment and reasons behind the effort.

Keynote

Governor Jared Polis, State of Colorado (invited)

Session II | The Circular Economy

Municipalities and counties throughout the Boulder Valley and Northern Colorado have embraced ambitious goals to achieve zero waste in the manufacture, use, storage and recycling of materials. But the focus has shifted away from simply recycling to embrace reuse of materials, creating a “Circular Economy” that not only promotes diversion but also reuse of products and materials. What are the advantages of this approach, and how can regional governments and companies collaborate on creating the infrastructure to build the system?

Panelists

Suzanne (Zan) Jones, Executive Director, Eco-cycle
Yvonne Myers, Director of Health Systems, Columbine Health
Jonathan Koehn, Environmental Affairs Manager, City of Boulder

Session III | Electrifying Mobility

Colorado has joined other Western states to increase the number of electric-vehicle charging stations, but the story of electrification goes far beyond EV infrastructure. From electrification of fleets and transit systems to new EV pilots by rideshare companies such as Lyft and the emerging role of micro-mobility solutions such as electric scooters, the electrification of mobility expands daily. What does the big picture look like for electrification, and what are the benefits and risks of these various solutions?

Panelists

Joe Mitchell, President & CEO, UQM Technologies Inc./Danfoss
Tim Reeser, CEO & Founder, Lightning Systems
Jon Walker, Sustainability Policy Manager, Lyft (invited)

Session IV | Climate Change, Business & Industry

Business and industry have long been regarded as part of the problem when it comes to climate change, but many companies are actively working to be part of the solution. Many businesses are adopting corporate mandates for renewable energy and onsite generation, but others are moving beyond just examining their own climate-change policies to focus on their supply chains, ensuring that those companies are working to reduce greenhouse-gas emissions as well. Our panel of industry experts will discuss what industries are doing, and how public-private partnerships can lead the transformation to a renewable-energy future.

Panelists

Zac Swank, Manager, PACE – Boulder County (Moderator)
Jake Arlein, Partner, stok
Mark Stevens, Environmental Initiatives + Activism, Patagonia (invited)
Chuck Kutscher, Fellow, Senior Research Associate, Renewable & Sustainable Energy Institute
Jim Quinlan, President, Jax Mercantile

Session V | Building Smart

Developers and property owners face increasing demands to make their buildings more energy-efficient, with some governments actively enforcing or considering new regulations to force the issue. What are the challenges, opportunities, benefits and emerging trends in building net-zero buildings, as well as transforming existing buildings to net zero? What does it take for a developer or property owner to take that leap and how can government and the private sector support these efforts?

Panelists

Jeremy Attema, Senior Project Manager, stok (Moderator)
Josie Plaut, Associate Director, CSU – Institute for the Built Environment
John Phelan, Resource Conservation Manager, City of Fort Collins
Victor Olgay, Principal, Building, Rocky Mountain Institute
Susan McFaddin, CFO, Solaris Energy

Session VI | The Growing Urgency

The U.N. Environment Program's Emissions Gap Report indicates that even with current commitments under the Paris Climate Accords, temperatures are expected to increase by 3.2 degrees Celsius, creating even more wider-ranging and more-destructive climate impacts. That means that collective ambitions must increase fivefold to address the problem, but is there cause for hope? We'll hear from several experts on how the problem can be solved, including with leadership from state and local governments.

Keynote

Peter Backlund, Associate Director, School of Global Environmental Sustainability (invited)

Session VII | Reliability in a Net-Zero World

As utilities in the Boulder Valley and Northern Colorado shift toward renewables, customers such as high-tech companies, health-care providers, universities and federal laboratories are working to ensure that the shift does not sacrifice one essential element: reliability. How are utilities working to plan and design a reliable system, and how are private-sector companies not only relaying reliability concerns to the region's utilities but also reaping benefits from shifting toward renewable energy themselves?

Panelists

Donald McPhail, Senior Product Marketing Manager, Uplight
Lucas McConnell, Area Manager, Xcel Energy

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BW STEPPING OUT


DALLAS HELTZELL / FOR BIZWEST

Desserts: Bread pudding with ice cream, top, and crème brûlée, bottom.

740 Front blends history, contemporary vibe

By Dallas Heltzell
news@bizwest.com

LOUISVILLE — Like any typical 70-year-old, Fred Burns has an inexhaustible storehouse of stories to tell. It's not surprising, therefore, that his restaurant, located in a 116-year-old building that has been designated a historical landmark, has its tales to tell as well. As noted on 740 Front's website, "the partition walls, ceilings, floors and fixtures all have a story."

But Burns, whose 45-year career in the restaurant business is chock full of new concepts that prospered, doesn't just bask in the past. He knows that to stay relevant, 740 Front can't just embrace its history as the last of the 13 original saloons that lined the old coal-mining town's once boisterous and bawdy Front Street. It has to cater to a wide range of evolving tastes.

"That's the tough part of the business now, trying to figure out what the millennials are going to do, their changing attitudes about things," Burns said. "I have a son who works there who's 25, and I have young

employees, so I just try to pay attention to what their habits are and what they think needs to be done. There's a big conflict between the older generation and the newer generation about how we view the world and do things and what they're used to. So you just try to pay attention and do the best job that you can do."

The voluminous menu and an evolving list of specials — ranging from burgers and salads to small plates, pastas and heavier entrees such as steaks and seafood — reflect Burns' desire to serve a wide range of tastes and evolving preferences.

"That was real, real important to me," he said. "I didn't want it to be where local people with families and kids couldn't go out and eat a reasonably priced meal. But then we have a lot of business travelers and corporate people because of the Colorado Tech Center there in Louisville.

"The menu is much bigger that we'd really want it to be, but we felt we had to try to play both ends of the spectrum to be successful."

Burns met Paul Bourrillion, now

740 Front's head chef, 40 years ago. Bourrillion started in the business as a 15-year-old, washing dishes at the Denver-area location of a Victoria Station chain.

"He's worked for me ever since, and been involved in everything we've done — Florida, Dallas, San Francisco," Burns said. "He's become a self-trained, very talented guy. We've had the fortune of working with some big-name people, so Paul learned from some of the top chefs in the country and had the opportunity to see some things and learn from them.

"Paul and I spent close to 30 years working in Italian food places in San Francisco, and I remembered going to places like the Blue Parrot and Colacci's in Louisville with my parents," he said. Even though 740 Front's building "kind of dictated more of an American theme, we started to add pastas on the specials menu and sold the heck out of them."

A Colorado native, Burns landed in the restaurant business after an injury ended his budding baseball career in the Kansas City Royals' organization.

If you go

740 Front

740 Front St., Louisville
720-519-1972
740front.com

With his arm in a sling, his job opportunities were limited, but some friends helped him snag a gig at that Victoria Station in Glendale, checking bar customers' IDs two nights a week. He met the chain's owners there, and worked his way up through the corporation to become East Coast regional manager. Next came helping expand Garcia's of Scottsdale franchises, partnering with a member of Garcia's board to open restaurants in Florida that they eventually sold back to Garcia's, then spending 25 years operating Italian eateries on the San Francisco peninsula.

"When that business was winding down in 2013, my wife and I decided to move back to Colorado because that's where our grandkids were," Burns

said. “I was going to retire, but a friend said, ‘No, you can’t do that. Do something low-key, like a family hamburger place.’”

“My son-in-law Dave grew up in Louisville. His next-door neighbor, Chuck Sisk, had been the mayor for several terms. I met him at their wedding, and he’s the first one who said we should do something in Louisville because they had made some changes in that downtown with the historic district and all.

“We first went to the place across the street that was the Track Inn,” now Casa Allegra, “but there was no deal to be made there.” However, Burns’ partner Chip Pickard had a friend who was starting a restaurant in Austin, Texas, and had asked him, “Hey, if you see any neat old bars, take a picture of it because I want to try to build one.” There was a nice back bar in the Track Inn, but its young manager told Burns and Pickard there was a much prettier one down the street — in the space that until 2013 had been the Old Louisville Inn. The pair peered in the window and spied the magnificent “Del Monte” back bar built of cut-to-fit cherry, birch and mahogany and assembled without nails in the 1880s by the Brunswick Co. of Dubuque, Iowa. The bar had spent its early life in Leadville but had been transported to Louisville by wagon.

“We were very enamored by that bar because, when you walked in, that’s what you saw,” Burns said. “We realized we could do something neat



DALLAS HELTZELL / FOR BIZWEST

The restaurant was built around a gorgeous, historic bar that was originally placed in Leadville after being built in Dubuque, Iowa.

here,” and the partners made a deal to buy the place.

Below the bar’s row of stools is a trough that had been the receptacle for chewing-tobacco spit and other bodily fluids — only men were allowed in bars at that time. “We put a light in it and covered it,” Burns said.

Close inspection of the bar’s front also reveals a bullet hole.

“When we were remodeling the place, we found more bullet holes and slugs in the front windows and front wall that were rotted out,” he said. Those could have been the result of fights in the bar, he added, but also, “when the coal miners went on strike in the early 1900s, the federal government brought in troops, and I guess they went up and down Front Street and shot the saloons all up.”

Each element in designing the new restaurant had to complement

that room-dominating bar, Burns said. “That bar was the focal point. We didn’t want to do anything that diminished from it. We had to pick the right colors and right lighting to make it work.”

Each piece of décor Burns and Pickard added has its own colorful story, including the custom-built chandelier in the recessed skylight hole above the main dining room, the flooring that resembles dark wood slats, the wood ceiling in the loft room, the hand-cranked elevator that lifts supplies from the basement, the downstairs “Coal Miners Room” that had been a low-ceilinged ice-storage space with a slanted floor for drainage, and the credenza in the adjoining parlor room that was built on what had been a grass lot to the south that was part of the property.

On the next level down is the origi-

nal basement, lined with posts that were supposed to hold up the building but that Burns described as “just looking like branches off a tree. If you bounced too much on the upper floor, one of those beams would just fall over. We had to put in concrete footings and steel beams to support it.”

From that room, now bricked-up tunnels ran across the street and connected to trap doors in other buildings, allowing turn-of-the-century gentlemen from more proper businesses to make discreet trips to the saloon and brothel.

Lurking over the whole place is rumored to be a mischievous ghost named Samantha.

Many of the young staffers of 740 Front are steeped in the place’s history and willing to show off its many attributes. Their input also helps Burns and his chef stay current with changing times and tastes.

“The dilemma is how to pare down the menu but still do different cuisines and make it work,” Burns said. “So much is dictated by what’s available in the market. There’s a price point you want to stay around, but it’s harder especially to find fair-priced seafood without it becoming too expensive. Between minimum-wage increases and the cost of goods going up, it makes it harder to have entrees under \$20.”

But Burns will adapt, as he always has. “I may be 70,” he said, “but I’m not intending on going anywhere for a while.”

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New Mercer Commons – Where Caring is a Calling

It is often said, it is the people who make the place. At New Mercer Commons, we would agree. We truly appreciate our employees and value their commitment and longevity. Quality of care is accomplished by continuity of care.

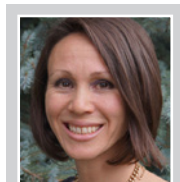
On our Memory Care we make every effort to provide quality care by knowing each resident's routine and by spending time visiting with them. Our staff is trained to figure out what a resident needs not only through words but, also by actions. We encourage them to take the time to show compassion and provide support, so residents feel like they are with family.

When looking for an assisted living for a loved one, we endeavor to provide residents with a quality life in a supportive environment. Teamwork helps residents continue to thrive and maintain what independence they can. The mutual relationship between staff, residents, and families helps to make New Mercer Commons feel like home. We are here to laugh together, cry together, and celebrate moments of joy.

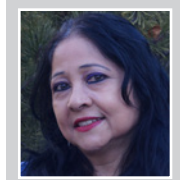
Staff at New Mercer Commons are passionate about the care they give. They choose to work in dementia care because caring is a calling.

In the words of one of our personal care providers, "The meaning of care giving is not just taking care of people, it is about bringing light to them each and every day." Another put it this way, "I like to help people. I can be there to help a resident knowing they can then continue to enjoy their day. They are never alone; they always have people here they can count on and trust."

An activities staff member stated; "I love the residents and learn from them every day. I started this as a summer job and got hooked. I am still here 40 some years later."



Gina Digiallonardo
Administrator



Bandana
Personal Care Provider



Amy
Activity Assistant

Gina Digiallonardo
Administrator
New Mercer Commons
900 Centre Avenue
Fort Collins, CO 80526
970-495-1000



MARKETING

Online reviews can be a key business tool to attract customers

Four or five stars might look good on a consumer review, but businesses must earn the attention of their potential customers.

Consumers want the reviews to be authentic, to see at least 10 of them and to know that the reviews are positive, or the business responded in a positive way to negative feedback from unsatisfied customers. They also want the reviews to be recent to know what they're reading still remains valid.



Shelley Polansky
Better Business Bureau

The Importance of Reviews

How important are these reviews to a customer's purchasing decision? According to Bright Local's "Local Consumer Review Survey 2019," the cohort of respondents reading online reviews for local businesses is 82%.

The annual survey, which explores trends in online reviews, was conducted in November 2019 with a representative sample of 1,005 U.S.-based consumers. It focused solely on local business reviews on sites such as Google, Facebook, TripAdvisor and Yelp.

The Key Statistics of Reviews

According to the survey's key findings, there are some interesting statistics from the past year:

- 76% of consumers trust online reviews as much as personal recommendations.
- 52% of 35- to 54-year-olds always read reviews, compared to 28% last year.
- 97% of consumers read businesses' responses to reviews.
- 91% of consumers are more likely to use a business after reading a positive review.
- 53% of consumers will consider using a business with 3 or fewer stars.

Responding to Reviews

Businesses can respond by asking their customers for reviews to increase review counts, keeping reviews recent, making sure the majority of reviews are positive and replying to any negative reviews. Businesses can seek reviews during a sale, on a receipt or business card, in an email or SMS message, or over the phone.

For any negative reviews, businesses are advised to provide a prompt reply with further details to explain the situation, offer a clear solution and use the comments to improve their overall business.

Businesses also should continue to respond to positive reviews to show they are responsive to all types of feedback.

BBB Reviews

Another avenue for reviews is through the BBB, which helps customers identify trustworthy businesses.

The BBB has steps in place to ensure the reviewer was a customer of a business. The BBB validates the email address or phone number of the reviewer, allows the business to confirm the interaction and to respond to any comments, removes any personal information and does not allow anonymous or compensated reviews. The reviews that meet these criteria are then published to the company's BBB Business Profile.

Start with Trust® For more tips and information, visit bbb.org.

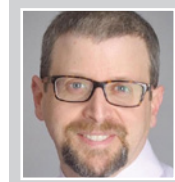


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HEALTH CARE

The Future Of Inpatient Hospice In Northern Colorado

Those of us who work in hospice often say that hospice is not a place, but rather an approach to care that travels to wherever our patients live. Hospice team members can visit as frequently as daily if needed, but sometimes patients experience a symptom crisis that needs more intensive management in an inpatient setting. This level of hospice care is referred to as General Inpatient, or "GIP".



Nate Lamkin
Pathways

GIP can be provided in skilled nursing facilities (SNFs) or in hospitals that contract with hospices to do so, and some hospices have their own inpatient units. For nearly 19 years, Pathways has leased a 6-bed inpatient unit known as Pathways Hospice Care Center (PHCC) from McKee Medical Center in Loveland. While we are proud of the excellent care we have provided to thousands of patients and families at PHCC and are grateful for the close collaboration with our colleagues at McKee, this 6-bed unit is simply too small to sustainably meet the community's growing need for inpatient hospice care. Last year there were many days when every bed at PHCC was full, with additional patients queued up waiting for a bed. We believe the words "hospice" and "waitlist" should never be in the same sentence.

The Colorado State Demographer predicts that the population of Northern Colorado will more than double by 2050. Over the next 20 years, in Larimer County alone, the population of those age 65 and older will grow by 140 percent. We have already seen the impact of this growth as the number of patients we care for each year has been growing consistently by 10 – 15 percent annually.

The need for Northern Colorado to have a freestanding inpatient care center is clear. The time to build it is now.

Pathways is in the advanced planning stages to build a homelike Inpatient Care Center (ICC) on our 3-acre campus a few miles west of I-25 on Highway 392, centrally located within Larimer and Weld Counties. The Pathways ICC will provide the highest level of care in a tranquil, beautiful space intentionally built for this purpose. We are grateful for our continued partnership with McKee Medical Center and will continue to operate PHCC throughout the design and construction of the new building.

Every one of the 12 rooms (with room to expand in the future) will be large enough to accommodate groups of visitors and allow loved ones to comfortably stay overnight. There will be access to outdoor garden spaces where even bedbound patients will be able to enjoy the outdoors from the comfort of their own bed. We will have a spacious lobby; a welcoming chapel; spaces for quiet reflection; a large communal kitchen and dining area; and much more.

For more information on this exciting project and how you can help, please visit:
pathways-care.org/CapitalCampaign



Nate Lamkin, President
Pathways
305 Carpenter Road
Fort Collins, CO 80525
www.pathways-care.org



COURTESY LUCKY'S MARKET

Hard Luck

LUCKY'S SEES FORTUNES TURN AS COMPANY FACES STORE CLOSURES, BANKRUPTCY

By Lucas High
lhigh@bizwest.com

NIWOT—After 16 years of riding a rocketship of growth and expansion, Boulder-born Lucky's Market plummeted back to Earth in January with the announcement of widespread store closures and a declaration of bankruptcy.

Lucky's story is one of entrepreneurial triumph followed by an ambitious — but ultimately doomed — attempt to leverage major corporate backing to transform the company from a beloved regional chain to a nationwide natural-foods powerhouse.

Founded in 2003 by husband and wife duo Bo and Trish Sharon, Lucky's grew from a single grocery store location in north Boulder to a Kroger-backed firm with 39 stores in 10 states and a 200-employee corporate headquarters in Niwot.

As recently as last fall, the Sharons were bullish on their company's potential for continued growth and success.

"We have a strategic plan to continue to grow, open new stores and bring more good food to more people in the years to come," Bo Sharon told BizWest in late 2019.

But rather than opening new stores, the company is shuttering them.

At 7 a.m. on Jan. 21, thousands of Lucky's employees at stores around



COURTESY LUCKY'S MARKET

Lucky's founders Trish and Bo Sharon sought to provide fresh, local products.

the country were called into staff meetings where the news was broken: Lucky's is closing 32 locations over the coming weeks.

"We're all pretty depressed — I know I am," Lucky's Market Longmont employee Jeanne Papish told BizWest the day after the closures were announced to staff.

Over the next week, details of Lucky's demise began to emerge as the company filed for Chapter 11 bankruptcy protection.

The Kroger effect

Lucky's nationwide expansion can be traced back to 2016, when grocery giant Kroger Co. (NYSE: KR) invested

an undisclosed sum in Lucky's to form a "strategic partnership" with the local chain in 2016. Court documents would eventually reveal that Kroger loaned Lucky's more than \$301 million.

Kroger's investment was used to help Lucky's expand its footprint, which included 20 new stores in Flori-

Please see **Lucky's**, page 12

Lucky's Market

by the numbers

\$301 million Amount Lucky's owes to Kroger Co.

\$15 million Cash on hand.

\$425 million Assets.

\$600 million Liabilities.

10,000-25,000

No. of creditors.

10 largest unsecured creditors

1	United Natural Foods Inc.	\$13,262,786.99
2	Black Business Investment Fund Inc.	\$5,944,290.00
3	Sherwood Food Distributors	\$2,124,640.91
4	Snyder Construction Inc	\$1,958,847.73
5	Caito Foods Service	\$1,687,312.09
6	BlueSoho, Quad/Graphics, Inc	\$1,399,704.98
7	Gourmet Foods International	\$962,310.62
8	J Raymond Construction Corp	\$900,649.80
9	Bunzl Holdings, Inc.	\$870,095.63
10	Schmid Construction	\$710,750.59

Source: U.S. Bankruptcy Court filings



LUCAS HIGH / BIZWEST

Lucky's Market in south Boulder is one that is on the closure list.

Lucky's, from 11

da. An additional 19 stores were either planned or under construction in Florida. Those projects will not move forward.

"They opened too many stores too fast in too many markets," Neil Stern, a retail industry analyst and senior partner at Chicago-based consulting firm McMillanDoolittle LLP, told BizWest. Once a company spreads itself so thin, "it becomes really challenging to efficiently run operations."

Bankruptcy documents back up these assertions.

Lucky's "expansion in Florida coincided with, among other things, increased competition in the grocery industry, including expansions from competing chains such as Sprouts Farmers Market, Fresh Thyme Farmers Market and Earth Fare," according to filings. "As a result, notwithstanding the growth in sales, the portfolio of

company stores was unable to achieve sustainable four-wall profitability."

In December 2019, Kroger decided to divest its roughly 55 percent ownership stake in Lucky's.

"The amount of investment that it would take for Lucky's to be a meaningful contributor to Kroger overall and the efforts that it would take, we just didn't think it created a good return for the investments that we needed to be made relative to that," Rodney McMullen, Kroger chairman and CEO, said during a December earnings call with analysts and investors.

That divestiture, combined with slipping sales in many stores, sent Lucky's into a tailspin that led to the store closures and bankruptcy filing, which indicated the company had \$425 million in assets and approximately \$600 million in liabilities.

"Most recently, fiscal year-to-date through Jan. 4, 2020, the company

had approximately \$22 million of store operating losses and approximately \$100 million net loss," according to an affidavit from Lucky's chief financial officer Andrew Pillari. Year-to-date comparable-store sales were down 10.6 percent from the same period a year ago.

"It is very expensive to open new stores," Stern said. Those expenses come from "both the [capital needed] to open them and to fund operating losses as they get to profitability."

Lucky's legacy

The Sharons, both chefs, launched Lucky's with the goal of making organic food and natural products more accessible and affordable for the average consumer.

"We knew we wanted to stock the shelves with better food — food that we would want to eat, food that we would want to serve to our families,

friends and children," Bo Sharon told BizWest last year. "This meant that we worked to source clean, local and delicious foods. Our motto has always been Good Food For All."

Lucky's operates a community-impact program focused on supporting healthy communities and youth education. Every quarter, each of the company's stores partners with a local nonprofit to donate 10 percent of sales on a given day to the organization; Lucky's also provides other giving programs. The company supports its community-impact initiatives with the 10% For Good program, where 10 percent of purchases of Lucky's private label products are reinvested into the communities where the stores are located.

Part of Lucky's mission involved close partnerships with local vendors, many of which debuted products at Lucky's stores.

"They are an important platform for local brands," Boulder Chamber CEO John Tayer said. Lucky's is a "business that represents both Boulder's entrepreneurial spirit and Boulder's commitment to fostering the local natural and organic food industry."

What's next?

"This is one of those significant bumps in the road not just for the business but for the community," Tayer said. "But bumps in the road are part of the entrepreneurial experience."

Despite the bumps, the Sharons appear intent to continue traveling down this particular road. Trish and Bo announced in late January that they have entered into a purchase agreement to buy the seven Lucky's locations that will remain open, including the original north Boulder store and the Fort Collins store. In total, those seven stores employ about 600 people.

"We are grateful to our wonderful team members and customers for all their support, dedication and loyalty over the years," Bo Sharon said in a statement when the purchase agreement was announced. "While this is a difficult situation across our company, we remain passionate and optimistic that we can continue to offer our communities access to healthful foods in this smaller footprint, preserving hundreds of jobs."

Terms of the purchase agreement were not disclosed and have yet to appear in bankruptcy-court filings. The Sharons' acquisition is subject to court approval.

Many of the other Lucky's locations are likely to be converted into other grocery brands.

Aldi has agreed to purchase Florida Lucky's locations in Coral Springs, Oakland Park, Sarasota, Vineland, Colonial Landing (Orlando) and Venice. Publix is buying stores in Naples, Neptune Beach, Clermont, South Orange (Orlando), and Ormond Beach. Southeastern Grocers Inc., which operates grocery store brands in the South such as Winn-Dixie and Bi-Lo, has also expressed interest in taking over Lucky's locations in Florida.



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BW REAL ESTATE & CONSTRUCTION

Migration of baby boomers drives uptick in 55-plus housing projects



KEN AMUNDSON/BIZWEST

Construction continues on the Village Cooperative complex in Loveland that will offer residents shares of the co-op.

By Doug Storum
news@bizwest.com

Real estate developers have found a growing niche market in Northern Colorado: baby boomers who want maintenance-free housing in communities that are near their adult children.

Called many things — active adult, 55-plus, age-restricted or active lifestyle communities — these communities can be made up of larger apartments with upscale common areas or neighborhoods of smaller homes for people over the age of 55 who don't need any assistance in getting along with life.

While these types of neighborhoods have been around for years,

like Anthem Ranch and Skyestone in Broomfield or Affinity at Fort Collins as well others sprinkled throughout the region, there now is a flurry of projects in the construction stage in Northern Colorado capitalizing on the growing, aging population that is evolving here.

Most notable current developers of the 55-plus concept in Northern Colorado are L3 Development LLC based in Timnath and Real Estate Equities Development LL based in Eagan, Minnesota.

L3 Development recently constructed 55 Resort in Windsor and is building a smaller version in downtown Greeley. Real Estate Equities Development recently completed the Village Cooperative in Fort Collins

and has similar projects under construction in Greeley, Longmont and Loveland.

Brad Florin, CEO of L3 Development, told BizWest in November that the company is trying to fill a housing gap for people who are close to retirement age and don't want the responsibilities of maintaining a home, but don't need the support of an independent-living or memory-care facility. Florin added that retirees in particular are relocating to the Front Range to be closer to their children or grandchildren.

Shane Wright, a principal with Real Estate Equities Development LLC, said there has been a large migration of people to the area, many who are in the company's target age group of 60s,

70s and 80s. He attributes this migration to the region's strong economy and growing workforce.

"This region has developed a very diversified and strong workforce, and parents of people who make up that workforce are moving here to be near their children and grandchildren," said Wright, echoing Florin's assessment.

People looking for this type of housing can rent or own.

For example, 55 Resort's rents in Greeley will average \$1,900 per month, with all utilities except for phone landlines included, compared with the \$2,175 average price in Windsor.

Instead of renting, tenants at a Village Cooperative become owners because they are required to buy

Gardens at Springs Creek

Fort Collins, Colorado

The Gardens on Spring Creek's \$6 million dollar expansion doubled its square footage and added five new acres of outside gardens, an events pavilion, a revamped visitors center and gift shop and the construction of a permanent Butterfly House, that spans 1,500 square feet.

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a share in the cooperative. Wright explained that each owner in a 50-unit community would have a 1/50th share of the building and the property it is on. Owners also pay a monthly fee that covers the cost of an administrative staff, activities, and maintenance inside and outside.

In Northern Colorado, the company charges between \$160,000 and \$175,000 per share and between \$1,700 and \$1,800 per month for the monthly maintenance fee.

Wright said the company looks for large, self-contained cities that are well-established. Real Estate Equities Development entered the Colorado market in 2016 when it bought property in Fort Collins for its first community in the state. Wright said that Real Estate Equities Development is proposing to build a Village Cooperative in Grand Junction as it continues to expand its footprint.

Wright had flattering descriptions of the cities in Northern Colorado in which it is developing communities.

“Our research shows that Fort Collins is an eye-popping market for being underserved for our community senior-housing concept,” Wright said, adding that Fort Collins is “a college town with a cute Main Street, Greeley is “charming and affordable with a unique college atmosphere,” and Loveland is a “little gem.” He said Longmont has the demographics and atmosphere the company desires, “but it is a little more difficult to work with because they are proponents of



COURTESY L3 DEVELOPMENT

A rendering shows what the Greeley 55 Resort property was expected to look like.

slow growth.”

The community in Fort Collins opened in 2019 and was sold-out within six months. Wright said communities in Greeley and Longmont that are under construction are already sold-out and waiting lists are growing, and the company’s most-recent project, in Loveland, is close to selling out before construction is complete.

“Most of our projects across the country have a wait-list to buy in,” Wright said. “Our cooperative corporation handles the resale on behalf of an owner.

“Owners can sell their share when they want to. There are always more

people wanting to buy in than want to sell,” he said, adding that the average turnover rate for all of the company’s communities is 5 percent annually.

Each Village Cooperative in Northern Colorado is either a three- or four-story building with 50 to 60 units and underground parking. Each building features community areas, including a community room with kitchen, guest suite for friends and families, club room, reading areas, raised outdoor gardening beds, workshop, fitness center, internal storage area and underground heated parking with a car-wash bay.

Units range in size from approxi-

mately 900 square feet to 1,600 square feet. Options vary from one-bedroom and one-bathroom plans up to two-bedroom and two-bathroom plans with a den. Each home has its own private laundry room, storage area and balcony.

“Our company started developing Village Cooperative communities in 2003 because we saw the demand for this type of dynamic lifestyle,” said Keith Jans, founder of Real Estate Equities Development. “These communities give active adults and retirees an excellent option of home ownership with a hassle-free lifestyle.”

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Boulder Valley real estate: Rear and forward view

The year 2019 was another very good year for residential real estate in the Boulder Valley, but unlike the previous five-plus years, it was marked by slowing appreciation, slightly rising inventory (finally), and longer average time on the market.

In Boulder County, median and average sales prices of single-family homes increased by a very modest 1 percent, while attached dwelling (condos and townhomes) appreciation was essentially flat. In the city of Boulder, the average single-family home sales price increased a modest 2.6



BOULDER VALLEY REAL ESTATE
JAY KALINSKI

percent to an immodest \$1,246,250, while attached dwellings increased 2.4 percent to \$538,360.

Single-family listing inventory in Boulder County reached a peak of 1,058 homes and attached dwellings topped out at 370 units on the market, both reaching their peak in June, and both above the peak inventory of the last several years. To put this in perspective, however, the inventory of single-family homes in 2006 (just before the Great Recession) reached a peak of 2,763, more than two-and-one-half times the peak of 2019. That is, we still have far less inventory available than we used to.

The average number of days homes stayed on the market before closing reached 61 days, an increase over last year by 5.2 percent for single-family homes and 15.1 percent for attached units. The average months of inventory (the time it would take for all existing homes to sell if no additional homes came on the market) rose to 1.8 months, an increase of 6 percent for single-family homes and 28.6 percent for attached units. By traditional standards, this would still qualify as a seller's market (when months' of inventory is in the 5-6 percent range, it is considered a balanced market, and we are still a long way from that). Charts on top show a snapshot of the Boulder County 10 vital statistics we track to gauge the market.

So, what is going on? Why do the months' of inventory indicate that we're in a strong seller's market when many of the other metrics are pointing toward a more balanced market? And what can this tell us about 2020?

Explaining the months of inventory question

There appear to be a couple of key factors keeping our months of inventory much lower than historically. First, the nation as a whole — and Boulder County especially — have been building far fewer new homes that we were building pre-Great Recession. This graph from census.gov illustrates the situation well:

Boulder County Attached

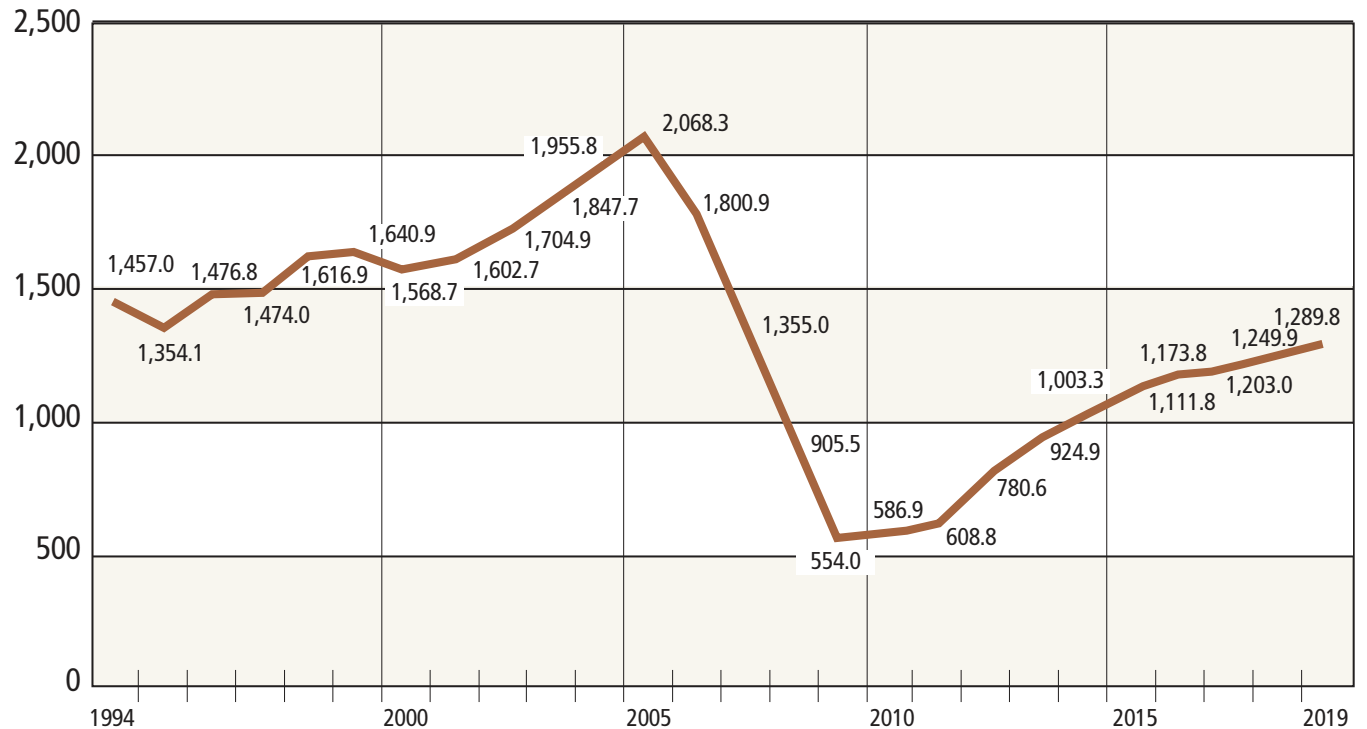
	Year 2018	Year 2019	% Change
Total Active Listings	162	203	25.3%
Median Sales Price	\$385,100	\$385,000	0.0%
Average Sales Price	\$444,600	\$447,000	0.5%
SP/LP Ratio	100.0%	99.1%	-0.9%
Average Market Time	53	61	15.1%
Number of Sales YTD	1351	1379	2.1%
Expired Listings	46	77	67.4%
Months of Inventory	1.4	1.8	28.6%
% Under Contract	41%	45%	9.0%
30 Year Mortgage	4.64%	3.72%	-19.8%

Boulder County Single Family

	Year 2018	Year 2019	% Change
Total Active Listings	450	498	10.7%
Median Sales Price	\$595,000	\$601,000	1.0%
Average Sales Price	\$745,985	\$755,000	1.2%
SP/LP Ratio	98.6%	98.1%	-0.5%
Average Market Time	58	61	5.25%
Number of Sales YTD	3236	3411	5.4%
Expired Listings	91	133	46.2%
Months of Inventory	1.7	1.8	5.9%
% Under Contract	42%	38%	-9.5%
30 Year Mortgage	4.64%	3.72%	-19.8%

Source: IRES MLS 1/10/2020
Data Sharing Stopped March 2, 2017

Total U.S. Housing Starts in 1,000s



Source: Census.gov

In Boulder County, we are getting close to full buildout under our current zoning and land use regulations, meaning that unless they are amended, we will run out of available lots on which to build new housing. (In practicality, this means that neighboring counties will become our bedroom communities, as Boulder still has the lion's share of jobs in our area and people will be forced to commute farther and farther.)

Thus, with people continuing to move into the area at a strong pace while building is lagging behind, demand will structurally continue to outpace supply.

Second, people are staying in their homes longer than they used to. In 2010, homeowners nationwide stayed in their homes an average of eight years before selling. By 2019, that figure had increased to 13 years. With people selling less frequently, inventory goes down and, with strong demand like we have in Boulder, months of inventory stays low, too.

In Boulder, this issue is exacerbated by the fact that a lot of our

homeowners are older (the National Association of Realtors reports that homeowners 73 years and older stay in their homes for an average of 17 years) and many of these Boulderites want to continue to age in place. Moreover, the Boulder Valley does not have a lot of options for the elderly looking to downsize and stay in their current community.

Accordingly, housing turnover is lower than it used to be, and this trend is likely to be even stronger in Boulder, further suppressing inventory.

So what?

For 2020, it appears that our available housing inventory will continue to be reined in by the structural impediments of inability to build sufficient new housing and current homeowners staying in place. That will put upward pressure on prices. Continued migration into our area fueled by our (currently) robust economy will keep demand high and put additional upward pressure on prices. Additionally, our return to very low interest rates will allow

more potential buyers to qualify for our expensive property than would have otherwise been the case.

On the other side of the equation, home prices have risen so high (especially in the city of Boulder) that, even with low interest rates, the pool of buyers able to buy in our area will be relatively small. Moreover, the political uncertainty of election years can cause people to take fewer risks (such as buying a home). The fact that this promises to be an especially colorful election cycle will likely be a drag on demand as we get closer to November.

Based on the foregoing, if I had to make a prediction, I would suspect that the first part of the year will have very strong activity, with prices rising and multiple offer situations being not uncommon. Then, I suspect that the market may cool as we get closer to the election, which may be an especially good time to buy for those with intestinal fortitude.

Jay Kalinski is broker/owner of Re/Max of Boulder.

Outside investors attracted to Northern Colorado

Welcome to the season of annual forecasts, a time when we all attend breakfast, lunch, and dinner events packed with information predicting the economic outlook for Northern Colorado in 2020. The late and great Albert Einstein dissuaded from futurity stating, “I never think of the future — it comes soon enough.” Einstein may have been wiser than us, but where’s the fun in sitting on the sidelines? In the spirit of the season, Waypoint will join the forecasting party for 2020.



NORTHERN COLORADO REAL ESTATE
CAROLINE VELDMAN

What are the story lines for 2020 and how do they impact commercial real estate? We believe they are as follows:

Outside capital will continue to flow into NoCo

As investors realize the benefits of owning real estate, they are increasing investments and this flood of outside capital will drive sales volume for commercial real estate, raising property value and providing stabil-

ity for low cap rates in Northern Colorado. According to the private capital data provider Preqin, private equity fundraising reached an all-time high of \$151 billion in 2019. In addition, Nareit, the National Association of Real Estate Investment Trusts, noted that publicly traded REITs raised \$109 billion in 2019, doubling the amount raised in 2018. As a result, capital will continue to flow into the Northern Colorado market as investors from outside of the area seek investments in our high-growth market and greater yields than what they may see in more primary markets..

High costs will continue to weigh heavy in the market

Elevated construction costs will impede new development in 2020, leading to limited additions of inventory. This lack of inventory, joined with increases in real estate taxes and city fees, will continue to push occupancy costs upward. Financial pressures related to these costs will continue to stress commercial tenants.

2020 is a landlord’s game

The lack of inventory to meet the demand of this high-growth market means it will continue to be a landlord’s market, to a great extent.

“Similar to the obstacles retailers face in 2020, restaurant space turnover will continue as owners adjust to a higher demand for take-out and delivery.”

Current vacancy rates in the greater Fort Collins area are as follows:

Office — 5.2 percent
Industrial — 5.1 percent
Retail — 4.9 percent
Multi-family — 7.2 percent

Increased owner-users in 2020

High rent rates, paired with low interest rates, will continue to drive owner-user demand for owned real estate. Tenants will continue to see the benefits of ownership with banks competing with low interest rate loans and long term fixed rates.

Investors will proceed with caution during the presidential election year

According to Southpace properties, fear of the unknown during the presidential election cycle will

impact the market temperature nationwide, causing investors to take a “let’s see how this all shakes out approach.” The market may slow down in the months leading up to the election as Investors wait for polling results and potential policy changes.

Continued recycling of restaurant and retail space

Some say it’s the retail apocalypse because of the number of retailers closing up shop. However, if we dig deeper, there’s a noticeable shift in the way retailers are using space. In 2020, retailers will continue to downsize store fronts as they learn to navigate the competition brought on by the expanding online retail economy. Similar to the obstacles retailers face in 2020, restaurant space turnover will continue as owners adjust to a higher demand for take-out and delivery.

As Mr. Einstein asserts, 2021 will arrive soon enough, and we’ll know for certain what the real 2020 story lines were. Between now and then, perhaps the predictions above may aid you in making educated and data driven real estate decisions.

Caroline Veldman is a broker with Waypoint Real Estate of Fort Collins. She can be reached at 970-632-5050.

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Private partners to fuel new Ranch complex

By Dan Mika

dmika@bizwest.com

WINDSOR — Larimer County has given its blessing to a multi-million dollar revamp of The Ranch. But how long will it wait to take advantage of a historically rare combination of a strong economy and relatively low interest rates?

In late January, the county Planning Commission approved a multi-building overhaul for the convention center and complex along Interstate 25 in Loveland using \$260 million in county sales taxes drawn until 2037.

It would reroute roads across the site, replace the Budweiser Events Center with a new 10,000-seat arena and build a new hotel, conference center, county fairgrounds and a youth sports complex with an Olympic pool and three ice hockey rinks.

The developer who owns the land around the Ranch is also dreaming big. Martin Lind, owner of Water Valley Development Co. in Windsor and the Colorado Eagles minor league hockey franchise, hasn't been shy to speak about The Brands at The Ranch, an entertainment district that would surround most of The Ranch and span across the highway.

In an interview with BizWest, Lind said he's "giddy like a little kid" at the chance to build a project his consultants estimate could draw as much as \$1 billion in new investment to the region from new development and businesses over its construction lifetime.

But he won't start building until he knows how quickly Larimer County can line up private sector dollars. Until that process ends, one of Northern Colorado's most prolific developers has to wait to start work on one of the largest projects in the region's history.

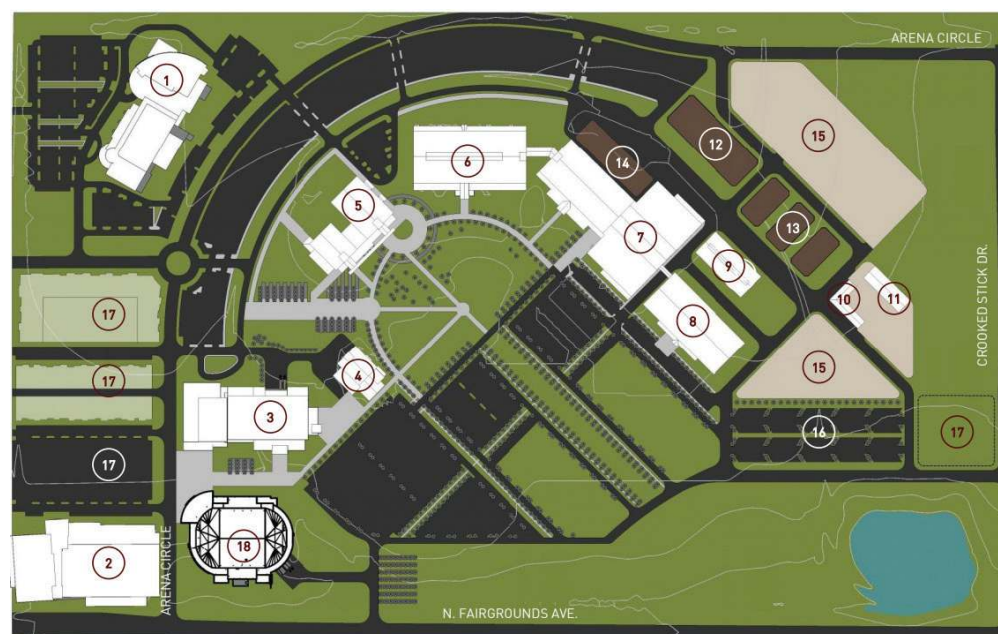
Tourism driven by events, youth sports

Mark Blutstein, an analyst at tourism research firm Phocuswright, said the industry is trending toward locations that offer rare experiences, especially among travelers in the age 18-to-34 range.

"They want to get that picture that they feel none of their friends have," he said. "... I think that would come more from the kinds of shows that the event centers are putting on."

The Ranch's expansion includes more space for local and statewide 4-H and FFA events, and an expanded Budweiser Events Center could draw higher-profile talent for concerts. But one of the largest draws for Lind is the sports complex, which he thinks would have the capability to draw national youth tournaments.

While the concept of youth sports in the U.S. is ubiquitous, the industry has silently grown into a behemoth. Travel teams, where children and teenagers compete outside of their



Legend

1. Embassy Suites
2. Recreational Sports Complex
3. New Exhibition Center
4. McKee Building - Facility Offices
5. 4-H, Youth & Community Building
6. Equine Event Arena
7. Livestock Pavilions (733 Stalls)
8. Equine Event Arena
9. Dedicated 4-H Arena (Add Alternate)
10. Maintenance Building
11. Dirt Storage
12. 150' x 400' Outdoor Arena
13. 100' x 200' Outdoor Arena
14. Cattle Penning
15. Trailer Parking
16. RV Spaces (100 Spaces)
17. Future Development
18. New Event Arena

COURTESY BRANDS AT THE RANCH

Martin Lind, who will develop the Brands adjacent to the Ranch, awaits the final configuration of the county Ranch complex.

school team seasons, are growing in particular as they pit the best teams in the region and the country against one another and give collegiate scouts an easy way to pitch athletic scholarships to kids and parents.

One research firm estimates the market for youth sports in the U.S. is already at \$19.2 billion, while the National Football League made an estimated \$15 billion in revenue in its 2018-2019 season.

Lind is betting that the next wave of tourists will come for youth sports, particularly for hockey tournaments and swim meets. He mentioned how one of his employees recently returned from a four-day hockey tournament trip outside of the area.

"There's nowhere to do it here," he said. "So when they go to a tournament, their disposable income goes to San Antonio or goes to Michigan, where these tournaments are. Just reversing that trend keeps more money in our economy, and if it is truly world-class and we build it right, they're going to want to come here."

However, Blutstein said the vast majority of people taking trips for specific events stay between one to three days unless it's a major travel destination, such as a major city.

"We don't really see that's been changing over the years," he said. "... It tends to be like a long weekend unless it's obviously during the day of the week."

Lind has previously argued that The Brands can recoup its construction costs by convincing visitors already coming to The Ranch for events to stay an extra day for entertainment, and that's before factoring in new visitors.

Public-private processes

The county isn't funding the Ranch's remodel on its own, despite earmarking hundreds of millions in expected tax revenue. Instead, it plans to use public-private partner-

"(There will be) Balloons blowing up, ice cream creaming, beer falling, mixed drinks mixing, that's what's going to be happening out here, music is going to music-ing out there."

Martin Lind

ship agreements, or P3 agreements, to co-finance the project. The Ranch's newly-approved plan calls for a private-sector developer to provide "significant" capital for the events arena replacement and foot almost all of the bill to build an on-site hotel.

At this point, Lind is egging on the county to expedite the P3 process and set its development plans in stone so his company can shape its master plan around it. He thinks the county could publish its requests for proposals as soon as the next 30 days or so and get plenty of bids.

"Hurry up, you know," he said. "Let's get this done because there's an appetite for financing the bond and for the equity."

Ranch director Chris Ashby said the county currently hopes to publish its requests for proposals this summer and start selecting winning bids 60 to 90 days after that initial publish date. Those estimates are partially contingent on input from the county's finance office.

While the county is keeping an eye on how interest rates and other economic factors could affect the final costs for the projects, Ashby said the county would be in a strong position to negotiate terms in a downturn or an

increase in interest rates because of its high credit rating.

Credit rating firm Moody's reaffirmed its triple-A grade for Larimer County last September.

"Obviously we do want to get things done, but at the same time, we also want to make sure it's an absolutely transparent process," he said.

Interest and recession threat

It's a relatively good time to build in the country. Although the tight labor market means a smaller pool of construction workers can demand a higher wage, the U.S. economy has largely hummed along despite worries of a downturn last year.

That resistance to a recession is partly due to the Federal Reserve, which dropped its federal funds target rate from around 2.4 percent in the first half of 2019 to 1.55 percent as of press time. With a lower target rate, the Fed makes more money available within the economy and puts downward pressure on financial institution interest rates, making it easier to take out business loans.

A project of this size will require potentially 20 years to build out completely, all but guaranteeing that construction will go on during the next recession. That poses a risk to make the project far more expensive than projected if interest rates increase or lending declines.

While Lind is optimistic that the next downturn won't come until the end of 2021, he still wants to get to work on The Brands as soon as possible because he believes it can become a hub for entertainment for the entirety of Northern Colorado.

"(There will be) Balloons blowing up, ice cream creaming, beer falling, mixed drinks mixing, that's what's going to be happening out here, music is going to music-ing out there," he said. "And if it can be done right, we will have something world-class."

Don't overthink transportation funding solution

Don't overthink transportation funding solution

At the start of each legislative session, we hear statements about the need for better highways in Colorado and the need for more transportation funding. The predictable arguments emerge: "The state already has enough money!". "New funding is needed!"

Actually, both views have merit.

Those holding the view that the state budget has room to fund transportation are right. Since the

end of the Great Recession, state revenues have soared from \$17 billion in 2009 to \$30 billion in 2019.

Following years of not spending any General Fund money on roads, credit legislators for devoting between \$100 million and \$300 million each of the past four years to transportation.

That sounds great, and it is, until you consider Colorado has a \$9 billion transportation shortfall. A combination of under-funding transportation and a growing

population means the state has significant maintenance and capacity needs. Even when using existing resources, we hardly put a dent in the list.

In short, the state government's budget is growing, providing the state the revenue to put more toward transportation projects, but, at the same time, new funding is still needed to start addressing the long list of unfunded projects.

Assume key state political leaders agreed with that two-part construct of "a growing state budget means more money is available for transportation" but "new revenue is needed." The question then is "How could they make this happen?"

Last summer and fall leaders in Northern Colorado researched how other states fund transportation. We've now done this a couple of times. The quiet hope is some new, magical way of paying for highway projects will be discovered. That did not happen again.

But one key insight from this study is the states that are generating new transportation revenue are getting it from an old source: They increased their state gas tax. (Note: I'm using the common term "gas" tax but mean the tax on fuels for ground transpor-

tation.)

In fact, 26 states have increased their gas taxes since 2013, eight of them in just the last few years. On average, the gas tax was raised by 8.8 cents per gallon amongst these states.

Contrast that to Colorado, which has not raised the gas tax from 22 cents a gallon since 1991. Our state gas tax is the 12th lowest in the nation. And since the tax is not indexed, think of the decline in purchasing power over the past three decades.

A popular argument among some state politicians is that voters will not support transportation tax measures. As evidence, they point to the failures of Propositions 109 (bonding using existing funds) and 110 (a state sales tax increase of 0.62 percent) on the fall 2018 ballot and Proposition CC (retention of TABOR refunds, some for transportation) this past fall.

Viewing it differently, maybe voters support fixing the transportation problem but haven't liked any of the choices offered.

Notably, none of the measures above involved the gas tax. In fact, since it was last raised by the legislature in 1991, Colorado voters have never been asked to consider an

increase in the gas tax. Yet, it's the ultimate user fee. There is a direct correlation between the tax paid and its use.

In December, statewide polling of likely Colorado voters found support for a modest and limited increase in the state gas tax indexed for inflation and even stronger support for increasing fees on electric vehicles.

We've concluded, simple may be better:

- Ask voters to consider a modest increase in gas tax capped and indexed.
- Continue the current legislative commitment of \$300 million from the General Fund.
- Increase the registration fee on electric vehicles.
- Bond the revenue to maximize available funds in a way that is flexible enough for CDOT to handle the workload.

With a package approach, both perspectives — use existing resources and find new ones — are served. It's a commonsense approach that could appeal to Coloradans.

David May is the convener of the Fix North I-25 Business Alliance and president and CEO of the Fort Collins Area Chamber of Commerce.



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(Ranked by number of employees)

Rank	Company	Number of employees Number of electrical contractors	Products/Services	Phone Website	Person in charge, Title Year founded
1	Ward Electric Co. Inc. 3690 Stagecoach Road Longmont, CO 80504	210 ¹ 12 ¹	Full-service electrical contractor. Residential, commercial, industrial, overground & underground, transmission, distribution, substations, renewable energy, boring, fiber optics, engineering.	303-682-0066 www.wardelectriccompany.com	Mark Ward, CEO; Matt Ward, VP 2005
2	Interstates 1409 Duff Drive Fort Collins, CO 80524	120 90	Single-source electrical construction & service, electrical engineering, instrumentation, automation control systems and UL listed panel fabrication services for industrial and commercial facilities.	970-221-1776 www.interstates.com	Joshua Barber, regional director 1953
3	Encore Electric Inc. 225 N. Lemay Ave., Unit 5 Fort Collins, CO 80524	110 600	New construction, service & maintenance, preconstruction services, prefabrication, technology and system integration services.	970-221-3311 www.encoreelectric.com	Andrew Gordon, director of Wyoming and Northern Colorado 2003
4	Barnes Electrical Contracting Inc. 1375 Horizon Ave. Lafayette, CO 80026	100 28	Commercial and residential electrical contracting. Apartment complexes, housing communities, hotels, office and big-box retail.	303-665-6188 www.barneselectrical.com	David Barnes, president 1986
5	Gregory Electric 3317 N. Lincoln Ave. Loveland, CO 80538	95 41	Electrical contracting and service.	970-669-7609 www.gregoryelectricinc.com	Rod Bryant, president 1988
6	Bret's Electric LLC 8312 Raspberry Way, Suite A Frederick, CO 80504	95 25	Electrical contractor for design-build projects, commercial, industrial, multi-family, schools and medical facilities.	720-494-8944 www.bretselectric.com	Janet Martin, vice president 1993
7	Accent Electrical Services Corp. 7223 W. 118th Place, Unit L Broomfield, CO 80020	69 ¹ 26 ¹	Commercial electrical contractor specializing in design-build, new construction, tenant finish and service work. Licensed in Colorado and Wyoming.	303-466-8966 www.accentes.com	Donna Neddeau, president 2003
8	Core Electric Inc. 168 CTC Blvd., Suite A Louisville, CO 80027	65 ¹ 1 ¹	Commercial, industrial, residential and service.	720-887-3877 www.coreelec.com	Wayne Nemitz, president 2001
9	Malm Electrical Contractors LLC 5641 Iris Parkway, Suite A Frederick, CO 80504	50 36	Commercial, industrial, multi-family and design-build services.	970-532-9900 www.malmelectric.com	Trent Malm; Roy Maynes; Chris Raskay, partners 2002
10	Eckstine Electric Co. 13739 Weld County Road 25 1/2 Platteville, CO 80651	30 ¹ 12 ¹	Design-build, industrial and commercial.	970-785-0601 www.eckstineelectric.com	Rick Hiatt, president, owner; Ean Logan, vice-president, owner 1954
11	EMF Electrical Corp. 7240 Weld County Road, No. 1 Longmont, CO 80504	28 ¹ 24 ¹	Power and data distribution.	303-772-2530 www.emfelectrical.com	Joseph Walck, president 1961
12	Conduct All Electric 7352 Greenridge Road, Suite A2 Windsor, CO 80550	20 14	Electrical services for commercial and residential.	970-685-4490 www.conductall.com	Evan Worsley, president 2016

Region surveyed includes Boulder, Broomfield, Larimer and Weld counties and the city of Brighton.
1 2019 data.

Researched by BizWest



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Unemployed stars need next job opportunity

While employment is extremely low here in Colorado, I would argue that it's around 20 percent for the most talented and unusual. We help about 40-60 job seekers monthly, and over half of them are unemployed stars who have an odd combination of skills that are hard to describe on a résumé. I have a pile of possible designers, CFOs, business intelligence gurus, CEOs, metric-driven-operations-people, COOs, sales leaders, and creative marketing executives for hire. They simply cannot find a job with you, and I don't understand why.

I know many of you, and I've called some of you to meet these amazing individuals. But you can't see how they would fit with your companies, so you pass them up. I know you're not short-sighted, but I am also really confused why this equation isn't adding up.

I love what the Boulder Chamber is doing right now to address this. If



KENDRA PROSPERO
ABOUT WORK

you haven't been keeping up with the progressive work that it is doing, you should take a few minutes to read up on its "Boulder Together" planning. It takes into account all the struggles we are having in Boulder County to support the complexity of doing business here — affordable housing, transportation, and fulfilling the demanding need for skilled talent alongside Skillful.

Here is the overarching message that we are trying to communicate: Quit focusing on the specific activities that someone has done on his or her résumé, or in former jobs, and focus on the skills you cannot train. For example, if you need a strong operations leader, stop focusing on whether a candidate has a successful track record of doing this exact work in your exact industry, and start focusing on whether the applicant has the skills and personality to do this job well. I think a good operations person is great with process, details, management, and has high vigor, and they love solving problems. That's all you need. Re-think your recruiting and hiring model and you'll find better people — although possibly unusual.

As you know, I'm passionate about

helping bring out the best in everyone. I've devoted the better part of my life to this, and I am sure that I will spend the rest of my life helping end suffering at work. While I love what the Chamber is encouraging alongside Skillful, I suggest that the business leaders reading this really examine whether they are willing to put this into action. Given my pile of talented résumés, who would be great employees for many of you, I know these people exist. You're losing out if you don't think differently about your job requirements because hiring this unusual talent will require you to have unusual training programs: strong mentoring programs for the younger generations, returnships for the talent that's been out of the market while being a caretaker and need to be "upskilled" into a new type of job they haven't experienced recently, and apprenticeships for the employees who need more on-the-job training. These programs take some time and thought, but they deliver in big ways when implemented correctly.

In this new economy — sharing, artificial intelligence, augmented reality, gig — we are going to have to be more creative with our hiring

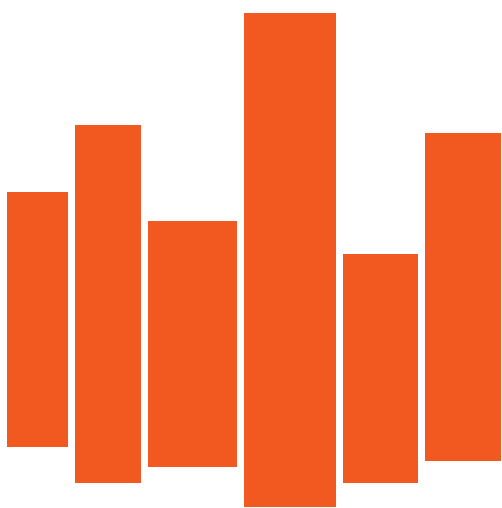
"Re-think your recruiting and hiring model and you'll find better people."

practices and take more risks on people who have the right personality, a persona of grit and resilience, and a willingness to learn. We will have to carve out more of our budgets to train and onboard, but when we do this, I am positive that we will solve our hiring challenges.

Let's do something radical together and follow what our community leaders see we need to do. I challenge you to hire someone who does not have the résumé but does have the personality to do one of your jobs. I challenge you to set up a mentorship, returnship, or apprenticeship program to bring workers like that into your company.

Kendra Prospero is the CEO and founder of Turning the Corner, a Boulder-based organization that does recruiting the way it should be done for job seekers and companies.

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Commercial General Contractors

(Ranked by number of employees)

Rank	Company	Number of local employees	Services provided/	Phone Website Year founded	Person in charge, Title
1	Hensel Phelps Construction Co. 420 Sixth Ave. Greeley, CO 80631	357	Planning and design, construction and facility management.	720-592-2000 www.henselphelps.com 1937	Michael Choutka, president & CEO
2	FCI Constructors Inc. 4015 Coriolis Way Frederick, CO 80504	123	Construction management, design-build and general contracting.	970-535-4725 www.fcicol.com 1978	Jeff Erker, senior vice president
3	Sun Construction & Design Services Inc. 1232 Boston Ave. Longmont, CO 80501	121*	Construction and renovation of industrial and commercial buildings.	303-444-4780 www.sunconstruction.com 1985	Andrew Welch, president
4	The Neenan Co. 3325 S. Timberline Road, Suite 100 Fort Collins, CO 80525-4427	120	Integrated design-build firm specializing in education, health-care, government and commercial buildings.	970-493-8747 www.neenan.com 1966	David Shigekane, president
5	Brinkman Construction 3528 Precision Drive, Suite 100 Fort Collins, CO 80528	112*	Brinkman Construction is a 100% employee owned company providing commercial construction services for a wide range of product types along the Front Range.	970-267-0954 www.brinkmanconstruction.com 2005	Jim Ciesla, president & CEO
6	Roche Constructors Inc. 361 71st Ave. Greeley, CO 80634	71*	Construction manager/general contractor.	970-356-3611 www.rocheconstructors.com 1971	Tom Roche, CEO/president
7	Saunders Heath 1212 Riverside Ave., Suite 130 Fort Collins, CO 80524	69*	Commercial, industrial construction management and general contracting.	970-221-4195 www.saundersheath.com 1977	Dave Sandlin, president
8	Golden Triangle Construction Inc. 700 Weaver Park Road Longmont, CO 80501	67*	Commercial construction, general contractor, including office, medical facilities, retail, educational, parks and warehouse construction.	303-772-4051 www.gtc1.net 1977	Brian Laartz, President; Jeff Nading, CEO
9	Haselden Construction 330 S. College Ave., Suite 300 Fort Collins, CO 80524	56*	General contracting, construction management, design-build, real estate development, on-call/small projects construction	970-232-2096 www.haselden.com 1973	Ken Baumgartner, regional director
10	Dohn Construction Inc. 2642 Midpoint Drive Fort Collins, CO 80525	55*	General contracting and construction management.	970-490-1855 www.dohnconstruction.com 1992	Doug Dohn, president; Connie Dohn, owners
11	Bryan Construction Inc. 4700 Innovation Drive, Building C Fort Collins, CO 80525	55*	Construction management, general contracting, preconstruction services, new construction, design/build, renovations and tenant finish.	970-377-0937 www.bryanconstruction.com 1978	Todd Blanks, executive manager, Northern Colorado group
12	Melton Design Build 3082 Sterling Circle Boulder, CO 80301	49*	Design-build remodeling company for residential and commercial projects, with an in-house architecture and design department.	303-473-9542 www.meltondesignbuild.com 1993	Ty Melton, president
13	ECI Site Construction Management Inc. 2526 14th St. S.E. Loveland, CO 80537	46*	General contractor and construction manager of multi-faceted infrastructure and recreation projects. Typical projects include turn-key public spaces, parks, drainageway and redevelopment construction	970-669-6291 www.ecisite.net 1983	Ted Johnson, president



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(Ranked by number of employees)

Rank	Company	Number of local employees	Services provided/	Phone Website Year founded	Person in charge, Title
14	Hall-Irwin Corp. 301 Centennial Drive Milliken, CO 80543	45*	Vertical construction, water storage and land development construction.	970-587-6928 www.hall-irwin.com 1963	Ed Lafferty, CEO
15	GH Phipps Construction Cos. 4800 Innovation Drive Fort Collins, CO 80525	44	General contracting. Hospitals and other medical facilities, higher-education facilities, K-12, high tech, office buildings, religious facilities and civic buildings.	970-776-5500 www.ghphipps.com 1952	Kurt Klanderud, president
16	Deneuve Construction Services 2344 Spruce St., Suite B Boulder, CO 80302	40	Commercial and multifamily construction, affordable housing	303-444-6633 www.deneuveconstruction.com 1977	David Garabed, president
17	Elder Construction Inc. 7380 Greendale Road Windsor, CO 80550	38	Construction management, general contracting, pre-construction services and design-build.	970-744-4731 www.elderconstructioninc.com 1994	Christopher Elder, president & CFO
18	Symmetry Builders Inc. 5069 Silver Peak Ave., Suite 1 Dacono, CO 80514	34*	Commercial general contractor headquartered in Dacono with projects across the Front Range and Mountain regions.	303-444-1044 www.symmetrybuilders.net 2011	Henry Zurburgg, president; CJ McCray, partner; Andy Wood, vice president; Brad Choep, partner; Jack Hielt, partner; Josh Brasseal, partner
19	McCauley Constructors Inc. 650 Innovation Circle Windsor, CO 80550	32	Commercial and light industrial construction management; general contractor.	970-686-6300 www.mccauleyconstructors.com 2005	Leon McCauley, President & CEO
20	PG Arnold Construction Inc. 3109 28th St. Boulder, CO 80304	30	Commercial general contractor - tenant finish and ground up	303-818-3042 www.pgarnold.com 2015	Paul Arnold, president; Shannon Rogers, executive vice president
21	Evergreen Industrial Ltd. 206 E. Fourth St., Suite 210 Loveland, CO 80537	30	Design/build general contracting and steel erection.	970-461-5799 www.evergreen-ind.com 2014	Curt Brinker, COO & CEO
22	Sampson Construction Co. Inc 4508 Endeavor Drive Johnstown, CO 80534	30*	Construction management, preconstruction services, design-build, general contractor and owner agent.	970-203-1370 www.sampson-construction.com 1952	Thaddeus Lienemann, vice president
23	Krische Construction Inc. 605 Weaver Park Road Longmont, CO 80501	28	Commercial building, municipal and community projects, medical, lab and clean room facilities, educational buildings and upgrades. Pre-construction services, estimating and project management.	303-776-7643 www.krischeconstruction.com 1987	Mark Pilkington, president
24	Coe Construction Inc. 2302 E. 13th St. Loveland, CO 80537	22	Commercial general contractor.	970-663-7636 www.coeconstruction.com 1990	Gregg Meisinger, president
25	Milo Construction Corp. 1898 S. Flatiron Court, Suite 100 Boulder, CO 80301	18*	General contractor, pre-construction services, design services, commercial construction, tenant improvement, structural repairs and historic remodel.	303-444-7775 www.miloconstruction.com 2000	Patrick Minniear, owner

Regions surveyed include Boulder, Broomfield, Larimer and Weld counties and the city of Brighton.

* 2019 data.

Researched by BizWest

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BW REAL DEALS

Boulder office portfolio sells for \$146.7M

By Lucas High
lhigh@bizwest.com

BOULDER — New York-based real estate investment and development firm Clarion Partners LLC has acquired a trio of central Boulder office buildings for \$146.7 million.

The sales, which were recorded the last week of December, included 1050 Walnut St., 1881 Ninth St. and 1900 15th St. The individual buildings sold at \$72.3 million, \$51.5 million and \$27.9 million, respectively.

Private equity firm Blackstone Group entities purchased the proper-

ties from Swedish pension manager Alecta in 2016 for \$92.6 million. The buildings were flipped in 2017 for \$101.3 million to J.P. Morgan. The December sale represents a 44.8 percent increase from the 2017 sale, and 58.4 percent increase since the 2016 sale.

The three Boulder buildings total roughly 221,000 square feet of office space, plus a pair of parking garages.

Clarion has been on a Boulder spending spree. The trio of commercial deals comes roughly a week after Clarion bought the 2121 Canyon apartment community in Boulder for just under \$17.2 million.



DOUG STORUM / FOR BIZWEST

This building at 1050 Walnut St. is one of three downtown Boulder properties that sold in late December.

Housing prices up in 2019, doubled in past decade

By Lucas High
lhigh@bizwest.com

LOVELAND — Average home prices ticked up in 2019 across Northern Colorado and many parts of the Boulder Valley, regions that saw prices come close to doubling over the past decade.

The Group Inc. president Brandon Wells presented a breakdown of annual and 10-year housing trends last month during the firm's annual real estate forecast held at the Embassy Suites Loveland. About 1,000 people attended the event.

When The Group founding partner Larry Kendall predicted massive growth in Northern Colorado and beyond during a 2010 forecast, skeptics scoffed, Wells told BizWest.

"There was a lot of doubt when he said housing prices could double in the next decade," Wells said. "In many cases, they have doubled or come very close. His insights were pretty accurate."

Developing The Group's annual forecast is an all-year process.

"We have 300 Realtors and staff at the Group, and we all live here, we work here and we're steeped in the local real estate environment on a day-to-day basis," Wells said. "We are constantly surveying and taking in insights."

Here are some highlights from those insights:

The average home price in Fort Collins was \$430,887 in 2019, up 2 percent from the previous year. That 2019 price is 86 percent higher than the 2010 average price of \$231,118.

Loveland's 2019 average price was \$409,236, up 5.4 percent from 2018



LUCAS HIGH/BIZWEST

The Group president Brandon Wells presented the firm's annual real estate forecast in Loveland.

and up 91 percent from 2010's \$214,609 average.

The average home price in the Greeley-Evans market grew 4.7 percent in 2019 to \$302,837. That's a 135 percent increase over a 10-year period.

In Longmont, the average home price fell 0.8 percent in 2019 to \$473,442. Wells noted that this drop does not necessarily reflect depreciation of home values. Rather, it indicates that more smaller, less-expensive homes came onto the market during the year. Since 2010, Longmont prices are up 122 percent.

The most expensive real estate in the region was in Boulder, where average prices were \$923,430 in 2019.

That's up 4 percent on the year and 91 percent for the decade.

The Group expects 10,900 total home sales in the region during 2020, up from in 2019. The firm's predictions were roughly 98 percent to 99 percent accurate during last year's forecast.

Wells said he doesn't expect the region's real estate fortunes to reverse course in the coming decade.

"There is going to be continued population increases from people desiring the quality of life we have here in Northern Colorado," he said. "Jobs are still abundant. I don't think growth will necessarily continue at the same rate that we've seen, but we should see very sustained growth."

PROPERTYLINE

Best Western proposes redevelopment for five-story hotel in Fort Collins

FORT COLLINS — The Best Western University Inn hotel across the street from Colorado State University's campus wants to replace itself with a new five-story Best Western.

The plans call to replace the current two-story hotel at 914 S. College Ave. and almost the entire block bordered by South College Avenue. The apartment building at 900 S. College Ave. is not included in the plan.

The properties suggested in the plan all belong to subsidiary companies registered to Ashley and Thomas Sommars. Ashley Sommars lists herself as the owner of the Fort Collins hotel and the Loveland Best Western on her LinkedIn profile.

The proposed development would have 88 rooms in a 51,112-square-foot building, compared with the existing 36-room, 15,688-square-foot structure.

The Group co-founder tapped for Colorado Business HOF

DENVER — Larry Kendall, co-founder of Northern Colorado real estate brokerage The Group Inc., was inducted into the Colorado Business Hall of Fame in January.

The other 2020 Colorado Business Hall of Fame laureates are Jay Cimino, Frank Edbrooke, Gerald Gallegos, Charles "Chuck" Stevinson, Greg Stevinson, Kent Stevinson and Judith Wagner.

Kendall, co-creator of the Ninja Selling System sales method, served for 25 years on the board of directors for FirstBank Holding Co. and was named 2006 Colorado Realtor of the Year, according to a news release from The Group.

"The most important impact he's had on our community comes through his leadership, mentorship, and his contributions to causes near and dear to his and [wife Pat Kendall's] heart," Group president Brandon Wells said in a prepared statement. "They have transformed our region forever and have left a lasting legacy."

Hensel Phelps plans new regional HQ in Broomfield's Baseline development

BROOMFIELD — Greeley-based general contractor Hensel Phelps Construction Co. could become one of the first marquis corporate tenants to set up shop at McWhinney Real Estate Services Inc.'s new Baseline development in Broomfield.

Hensel Phelps has submitted plans to build a new 90,000-square-foot office building that will be home to the construction giant's Plains District operations. That district, which is currently headquartered in Thornton, serves Colorado and surrounding states.

The office is planned for a 5-acre parcel at the intersection of Colorado Highway 7 and Sheridan Parkway, near where McWhinney will build the first Baseline apartment community, dubbed Park 40, at 16705 Sheridan Parkway.

Baseline, a roughly 1,000-acre project formerly known as North Park, is zoned for office, services, retail, manufacturing, and research and development.

Local home sales

This chart compares annual statistics for real estate sales in Northern Colorado from 2018 and 2019:

	Total sales 2018	Total sales 2019	1-year % change ('18-'19)	Avg. Price 2018	Avg. Price 2019	1-year % Change ('18-'19)
Fort Collins	3,081	2,830	-3%	\$422,430	\$430,887	2%
Timnath	256	288	71%	\$609,163	\$571,849	-6.1%
Wellington	310	409	31.9%	\$352,018	\$356,332	1.2%
Greeley/Evans	2,219	2,235	0.7%	\$289,129	\$302,837	4.7%
Loveland	1,726	1,710	-0.9%	\$388,363	\$409,236	5.4%
Windsor/Severance	1,461	1,643	12.5%	\$406,601	\$421,117	3.6%
Berthoud	350	467	33.4%	\$447,680	\$464,121	3.7%
Johnstown	454	408	-10.1%	\$395,183	\$410,905	4%
Ault/Eaton/Kersey/ LaSalle/Mead/Milliken	792	744	-6.1%	\$361,620	\$373,736	3.4%
Totals	10,649	10,734	0.8%	\$408,021	\$415,669	1.9%

Source: IRES

2020 will be a year of opportunity

It seems that even in the best of economies, we hear hollering from the sidelines about what might go wrong in real estate. Despite the noise, there's much to say about what has been going right, and why that bodes well for real estate in Northern Colorado in 2020.

First and foremost, let's look at the state of mortgage interest rates. Last year we saw rates drop well below 4 percent for 30-year loans, ending 2019 at 3.74 percent. And most leading experts tell us that rates will stay below 4 percent through 2020.



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It's difficult to overstate the significance of these low rates, which makes it possible for more would-be homeowners to qualify for housing loans. We felt that impact last year, when total homeownership rates in Colorado increased by 2 percent. Low rates brought about greater affordability (more on that later) which translates to better opportunities for homebuyers.

These interest rates matter even more when we account for local job growth. Last year alone saw nearly 18,000 additional jobs for residents of Larimer, Weld, and Boulder counties combined. And many of these people are potential homebuyers in the coming 12-18 months. With their incomes, they are poised to take advantage of low-cost loans.

Combine these two significant market forces, and that's why we have ample reason to expect total home sales to grow again — albeit slightly — across Northern Colorado in 2020. And home price appreciation should grow in the range of 4-5 percent.

As I mentioned earlier, there's more to say about affordability. While rising home prices are daunting for some, it's apparent that many potential homebuyers are missing an

opportunity because they are misinformed about what it takes to qualify for a mortgage.

According to a recent EllieMae survey, almost 50 percent (48.6) of renters believe they need a down payment of 20 percent or more in order to purchase a home. At the same time, nearly 83 percent (82.7) of renters believe their FICO credit score must exceed 700 to qualify for a mortgage loan.

First, let's address the down payment question. Depending on individual circumstances, programs are in place that shrink down payments to less than 5 percent. Secondly, FICO scores are commonly below 700 for many borrowers in Northern Colorado.

Just looking at purchase loans arranged last year for borrowers in Larimer and Weld counties by Group Mortgage LLC and Cornerstone Home Lending Inc., more than a third (37.4 percent) required down payments of 10 percent or less. At the same time, 17.4 percent of loans were to borrowers with FICO scores less than 700.

Borrowers should also consider that the Federal Housing Administration says it can make loans to homebuyers with a credit score of 560 or higher, and at a down payment as little as 3.5 percent of the loan value. And for military veterans, Veterans Administration loans can also ease the demands for a down payment.

The bottom line: as long you can prove a stable source of income, there may be options for homeownership that haven't occurred to you.

And there's evidence to show that however you land a home loan, it's well worth the effort. A 2017 Federal Reserve Survey of Consumer Finances reports that median net worth for homeowners is 44.5 times that of renters.

Brandon Wells is president of The Group Inc. Real Estate, founded in Fort Collins in 1976 with six locations in Northern Colorado



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Municipalization now at cost-determining phase

By Paula Aven Gladych

news@bizwest.com

The city of Boulder is still trying to form its own power utility, even after more than a decade of trying to purchase the city's existing power company assets from Xcel Energy.

A recent decision by the Colorado Public Utilities Commission paves the way for condemnation, which is a process through which a municipality can condemn assets to bring the current utility provider to the negotiating table.

In October, the PUC determined which assets could be transferred from Xcel Energy to the city of Boulder.

"The matter has moved to the condemnation court to determine the value of the assets and the PUC is no longer involved," said Terry Bote, external affairs manager at the Colorado PUC.

Boulder's City Council began the quest for municipalization in the late 2000s. Xcel Energy at the time was producing 98 percent of its electricity from coal and natural gas and 2 percent from renewables and that didn't fit with Boulder's efforts to reduce greenhouse gas emissions.

"We signed onto the Kyoto protocol," said Emily Sandoval, communications specialist in charge of municipalization for the city of Boulder. "It was clear to us after working on efficiency programs, recycling and composting, it wouldn't be enough to get to our goal unless we added renewables to our electric system. We thought about working with Xcel and finding new agreements with them. But the most viable solution was becoming our own electric utility."

Sandoval said that in Colorado, municipalities don't get a say in how their electric provider produces that energy. Municipal utilities, of which there are 29 in the state of Colorado, are "free to choose their power providers from all over the place. They don't have to purchase from Xcel."

Since that time, Xcel has added renewables to its system.

"Our priority is to ensure that we are protecting the best interest of all our Colorado customers. Xcel Energy is committed to our clean energy leadership—delivering safe, reliable energy that is affordable for our customers—as we continue on the path to achieve carbon emissions reductions of 80 percent by 2030 with a vision to provide our customers with 100 percent carbon-free energy by 2050," said Michelle Aguayo, spokesperson for Xcel Energy.

Sandoval agrees that Xcel has changed quite a bit since the city first began exploring the idea of forming



CHRISTOPHER WOOD / BIZWEST

"We thought about working with Xcel and finding new agreements with them. But the most viable solution was becoming our own electric utility," said Emily Sandoval, communications specialist in charge of municipalization for the city of Boulder.

it own local power utility. "Part of it is economics and part of it is state law and part of it is what makes sense for them as a business," she said.

In 2018, Xcel gleaned 22 percent of its electricity from renewables.

The city of Boulder wants to reach 100 percent renewables by 2030.

The city has put the idea of municipalization before its voters a couple of times and each time they voted to fund the city's efforts. In 2021, the city would like to ask voters one more time if having a local power company is indeed what they want. That's why the condemnation process is so important. That process will determine how much money the city will pay Xcel for its transmission lines and equipment so that voters will know how much a local power company will cost taxpayers.

This is uncharted waters. No city in Colorado has municipalized since 1915. That one happened before the regulatory system existed.

"We're in the middle of defining a path for the city to municipalization. We have taken some guesses to how that should be accomplished," Sandoval said. "This is our third condemnation attempt."

In 2013, the city tried to use eminent domain to condemn the poles and wires in order to purchase them. That attempt was denied because the PUC hadn't approved the plan. Over the next four years, the city worked with the PUC on a separation plan, which was just approved in October 2019, so now the city has filed for condemnation again.

The current condemnation proceeding is pending, said Kathy Haddock, Boulder's condemnation attorney. Xcel was due to respond by Jan. 27. If Xcel doesn't respond or it disputes negotiations the case will go to trial. It is then up to Xcel to "prove that the value of the property is more than we say it is," she said.

"The government has the power to take property from other people for public purposes that are necessary but we have to pay just compensation," Haddock said.

In November, the city offered Xcel Energy \$93.96 million to purchase pieces of its electric infrastructure in the area. The appraised value of the assets, outside substations, is \$62.3 million. The offer is double the original cost of the assets, less depreciation, according to the city of Boulder.

The condemnation proceedings cover everything from the substation to the customer, including transformers, poles and power lines. Those are the items the PUC approved Boulder to acquire.

"It is very common that the property owner doesn't want to sell or they want to get more money than the government is offering," Haddock said.

"If there wasn't this right of condemnation then the landowner could demand an unreasonable amount and add more to the public project," she said. "They balance the interest of the taxpayers and the landowner to make sure the landowner is fairly compensated but the taxpayer is not overpaying for the property."

Ursula Schryver, vice president of

education and customer programs at the American Public Power Association in Arlington, Virginia, said that new municipal utilities form every couple of years but that Boulder's situation is a little more drawn out than some cases.

Most existing utilities faced with this situation "do fight the sale because they lose customers and profits by selling the system to the public community. They fight it pretty strongly. It does drag out the process, increases costs and there are typically lawsuits," Shryver said.

Municipalities go through this process for many reasons. Some want to buy more renewable energy. Others want to reduce costs but much of it comes down to those municipalities gaining local control and decision-making capabilities in that space.

"That's the primary benefit of public power is its ability to make decisions locally, decide where the money is spent, increase reliability and reduce rates," said Shryver.

She added that most of the utilities that have formed a municipal power company were smaller communities.

"The larger communities, the investor-owned utilities are going to fight that effort even harder than would a smaller community because there's a lot more revenue and profits they lose by losing those customers," she said.

If the parties can't agree on a sales price through negotiations, the court will determine the cost, which will be somewhere between what the two parties have proposed.

BW LIST

Utility Providers & Water Districts

Ranked by number of customers

Rank	Company name	No. of customers	No. of employees	% electric % gas	% water % sewer	Website Email Phone/fax	Person in charge, Title Year founded
1	Northern Colorado Water Conservancy District 220 Water Ave. Berthoud, CO 80513	980,000	118	0% 0%	100% 0%	www.northernwater.org contactus@northernwater.org 800-369-7246/970-532-0942	Brad Wind, general manager 1937
2	Platte River Power Authority 2000 E. Horsetooth Road Fort Collins, CO 80525	154,000	251	N/A N/A	N/A N/A	www.prpa.org communications@prpa.org 970-226-4000/970-229-5244	Jason Frisbie, general manager/CEO 1973
3	Xcel Energy 1800 Larimer Denver, CO 80202	100,000	225	51% 49%	N/A N/A	www.excelenergy.com 303-245-2254/303-245-2292	Alice Jackson, president 1869
4	United Power Inc. 500 Cooperative Way Brighton, CO 80603	87,528	171	100% 0%	0% 0%	www.unitedpower.com unitednewsline@unitedpower.com 303-659-0551/303-659-2172	John Parker, CEO 1938
5	Fort Collins Utilities 700 Wood St. Fort Collins, CO 80522	77,301	400	93% N/A	45% 45%	www.fcgov.com/utilities utilities@fcgov.com 970-212-2900	Kevin Gertig, executive director 1882
6	Atmos Energy Corp. 1200 11th Ave. Greeley, CO 80631	52,000	43	N/A N/A	N/A N/A	www.atmosenergy.com darwin.winfield@atmosenergy.com 1-888-286-6700	Gary Gregory, president, Colorado-Kansas division 1942
7	Poudre Valley Rural Electric Association Inc. 7649 REA Parkway Fort Collins, CO 80528	42,000	87	100% 0%	0% 0%	www.pvrea.coop pvrea@pvrea.coop 800-432-1012	Jeff Wadsworth, president and CEO 1939
8	Longmont Power & Communications 1100 S. Sherman St. Longmont, CO 80501	38,753	62	100% N/A	N/A N/A	www.longmontcolorado.gov/lpc lpc@longmontcolorado.gov 303-651-8386/303-651-8796	Susan Wisecup, acting general manager 1912
9	Loveland Water & Power 200 N. Wilson Ave. Loveland, CO 80537	37,186	143	100% 0%	93% 90%	www.cityofloveland.org/lwp sustainloveland@cityofloveland.org 970-962-3000/970-962-3400	Joe Bernosky, director 1887
10	City of Greeley Water & Sewer Department 1001 11th Ave. Suite #200 Greeley, CO 80631	26,688	N/A	0% 0%	100% 100%	www.greeleygov.com/services/ws/home water@greeleygov.com 970-350-9811/970-350-9805	Sean Chambers, water & sewer director 1870
11	Fort Collins - Loveland Water District 5150 Snead Drive Fort Collins, CO 80525	18,000	30	0% 0%	100% 0%	www.fclwd.com mike@fclwd.com 970-226-3104/970-226-0186	Chris Matkins, district manager 1961
12	Town of Estes Park — Water and Electric 170 MacGregor Ave. Estes Park, CO 80517	15,927	36	N/A N/A	N/A N/A	www.estes.org townadmin@estes.org 970-586-5331	Todd Jirsa, mayor; Reuben Bergsten, director 1917

Regions surveyed include Boulder, Broomfield, Larimer and Weld counties.customers.

Researched by BizWest

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SB 181 rule writing dampens merger activity

By Paula Aven Gladych

news@bizwest.com

Colorado's oil and gas industry is struggling. Even with lower development costs compared to other shale deposits across the country, producers in the Denver-Julesburg Basin have been joining forces with other players in the area or selling their assets in the basin to larger U.S. players.

Much of the merger and acquisition activity is being driven by the investment community. Many investors threw money at oil and gas plays across the country expecting high returns that never materialized. Now investors want more accountability for how their dollars are spent.

A recent survey of oil and gas executives by the Fraser Institute, an independent Canadian think-tank, found that Colorado was the last place industry CEOs wanted to invest their money, which "emphasizes the uncertainty around the rulemaking processes we are in the middle of," said Scott Prestidge, a spokesman for the Colorado Oil & Gas Association.

He was referring to Senate Bill 181, which was signed into law by Gov. Jared Polis on April 3, 2019, which ensures that oil and gas development and operations in Colorado are regulated in a manner that protects public health, safety, welfare, the environment and wildlife resources.

Megan Castle, a spokesperson for the Colorado Oil & Gas Conservation Commission, which is tasked with implementing rules that support the mandates of SB 181, said that her agency has until July 1, 2020, to complete 11 rules.

One of the provisions of the bill was that the commission director would develop objective criteria used to guide the permitting process in a manner that is protective of public health, safety and the environment. Because of the rulemaking process, and other factors, drilling permits have dropped.

"There's more than just the permitting. It's also the commodity pricing and the local, state, regional, national and global market and commodity pricing that determines whether or not operators may or may not choose to do drilling," Castle said.

In the Denver-Julesburg basin, the permits being issued are primarily for oil. On the Western slope, the permits are primarily for gas.

Under SB 181, the COGCC is changing from a volunteer commission to a paid commission.

"Having rules in place with a full-time commission will make permitting more predictable," she said.

COGA's Prestidge said that out of the dozen or so rulemakings required by SB 181, "each one takes a significant amount of time to discuss before putting policies in place and then more time to implement in the field. In addition to that, there are a couple dozen communities looking at regulations



CHAD COLLINS / BIZWEST

"The price for gas right now is very low. We are told by operators that the margin is so thin that they are being strategic about what they are doing because of cost," said Megan Castle, a spokesperson for the Colorado Oil & Gas Conservation Commission.

in different ways. Some are making small tweaks. Some are making larger adjustments. Some communities put local moratoria in place. So, I think all of that collectively is a uniquely Colorado story. At least for the investment community right now," he said. "It won't be the case in the long run ... we're focused on seeing our way through those rulemaking stages and regulatory stages and trying to get to a place where there is stability and certainty. But, right now, we have an unfinished product that will take time to complete. The survey reflects that uncertainty."

According to Enverus, an oil and gas SaaS and data analytics company, there were \$96 billion of U.S. oil and gas mergers and acquisitions in 2019. That total was "substantially skewed by Occidental's \$57 billion acquisition of Anadarko, which was also the largest deal of the decade and the fourth-largest oil and gas deal ever," the company found.

Anadarko is the largest player in the Denver-Julesburg Basin. Occidental has said it plans to cut expenditures in the D-J Basin from \$1.7 billion in 2019 to \$1 billion in 2020 to help pay off its debt.

Most of the mergers and acquisitions last year were focused in the Permian Basin of Texas, including Anadarko's assets.

In December, Tulsa, Oklahoma-based WPX Energy announced it would purchase Denver-based Felix Energy for \$2.5 billion in cash and WPX stock. Felix has 1,500 gross drillable locations that compete with the returns from its existing position in the Permian Basin of Texas.

Doug Swanson, managing partner of EnCap Investments L.P., the private equity company that founded Felix Energy, stated in the acquisition

announcement that "the Felix team has worked tirelessly to build what we consider to be a world-class Delaware Basin asset. Given the current market environment, we are strong believers in consolidation and feel that the Felix asset base is a clear strategic fit for WPX."

Enverus said that the Felix acquisition was notable because it "shows there are still exits available for the 'built to sell' model of private equity portfolio companies."

Andrew Dittmar, senior M&A analyst with Enverus, said that in the last decade, U.S. shale upended global energy markets and transformed the U.S. into a net energy exporter.

"We're now at an inflection point where shale matures from a growth industry to one that generates dividends and share buybacks for its investors. Completing that transition and setting the stage for the next 10 years will likely require a round of consolidation, and 2020 sets up the needed pieces for this to occur," he said in his company's year-end analysis.

He said that what drove corporate consolidation in 2019 and will continue to drive it in 2020 is the industry's efforts to get more efficient, improve scale and hit pre cash flow metrics they have been hammering for the last two years.

"We didn't see the bread and butter asset trading that defined deal trading a couple of years ago," Dittmar said. "That is an outgrowth of the industry scaling back, looking to spend less."

In the past, most of the oil and gas mergers in the U.S. were larger competitors swooping in and scooping up smaller shale players, but that didn't happen in 2019. Most of the mergers in 2019 were "mergers of equals or near

equals, companies similarly sized, operating in the same basin with duplicated overhead and central structures, competing for acreage and services," he said. They decided it "would be more efficient and a better deal to roll up and come together as a larger business. No real cash payments. All equity rolled over from one to another."

Dittmar said that on a macro level, companies operating in shale plays can gain ground-level operational efficiencies as a larger organization.

"Shale is capital intensive, even more so than traditional oil and gas development. You have to constantly bring new wells online to offset the decline rates on existing wells," Dittmar said. "Shale players don't have a track record of earning more than they spend. Conventional assets have done that for a long time."

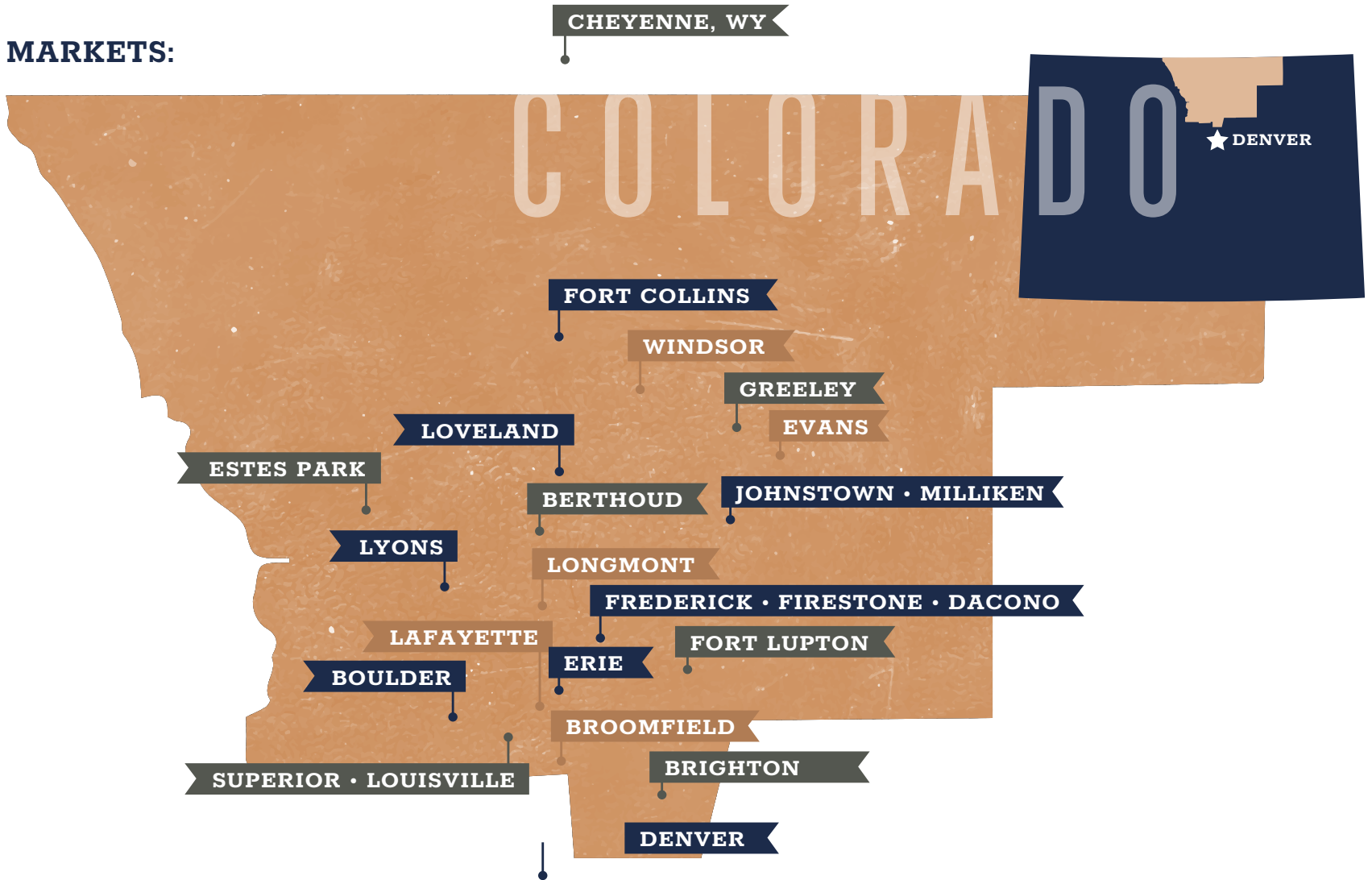
He said that conventional drilling has its own set of problems, which is why many large players want to have a mix of conventional and shale plays in their portfolio.

Concerns about what is going on in the Middle East have greatly impacted the U.S. oil and gas industry in the past. Currently, "the U.S. finds itself in a very useful position for balancing global commodity prices. U.S. companies can produce a little more or less relatively quickly compared to a lot of places around the world and that helps normalize the market," said Prestidge. "Buyers now have options, so when there are hostile situations in other parts of the globe, countries can look elsewhere for their energy, which historically was not always the case. That additional market stability has the benefit of reducing global security threats, while also keeping prices low at the pump."

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PopSockets pops for plenty to protect its brand

By Dallas Heltzell

news@bizwest.com

BOULDER — Facing challenges on multiple fronts, David Barnett is a man caught in the middle.

Barnett, chief executive of PopSockets, the Boulder-based company that makes grips that attach to the back of cellphones and other mobile devices, came to a U.S. House Judiciary antitrust subcommittee hearing at the University of Colorado Boulder law school auditorium on Jan. 17 to accuse dominant online platform Amazon of “strong-arming” it and failing to remove products that impersonated his company’s wares.

Meanwhile, PopSockets remains enmeshed in protracted lawsuits against some online sellers for allegedly selling its products at cut-rate prices and marketing knockoff products that infringe on its trademarks.

At least one of those sellers is vigorously fighting back.

“I’m up there complaining about these strong-arm tactics, but we’re being accused of it by sellers,” Barnett said. The third-party seller “believes what he’s doing is not illegal and we’re contending it is.”

Barnett was a philosophy professor at CU Boulder in 2010 when he gave birth to PopSockets. Annoyed with his iPhone headphone cord always getting tangled in his pocket, he came up with a mechanism for the back of his phone that would solve the problem. With help from a Kickstarter campaign and local investors as well as an insurance payout he received after a wildfire destroyed his home, he founded a company that has sold units numbering in the hundreds of millions, and which Inc. magazine would call the second fastest-growing privately held company in America. Ernst & Young Global Ltd. named Barnett National Entrepreneur of the Year in 2018, the year in which the growing company moved from a 25,000-square-foot space at 3033 Sterling Circle to 46,000 square feet of leased space in the Flatirons Park development at 5757 Central Ave.

Employing more than 200 people, PopSockets recently was named to BuiltInColorado’s list of best mid-size places to work. In late January, at an event hosted by Denver-based ICC: Innovate CoachConsult and sponsored by ColoradoBizMagazine and USI Insurance, PopSockets was named the best company to work for in Colorado in the large-business category. It has launched a charitable giving platform called Poptivism and partnered with Fort Collins-based cell phone accessory maker OtterBox to launch an Otter + Pop product line



ISTOCK IMAGE

“The issue with Amazon and counterfeit tactics is mostly resolved,” said David Barnett, chief executive of Boulder-based PopSockets.

that matches OtterBox cases with PopSockets’ grips.

But with the success came the headaches.

At the hearing, Barnett said Amazon attempted to “bully” PopSockets to lower the price of products it sells on the platform by threatening that if it didn’t, Amazon would source products from third-party sellers instead. He also testified that Amazon threatened to send excess inventory back to his company — at PopSockets’ expense. He described phone calls from Amazon as “bullying with a smile.”

Amazon has responded that PopSockets is free to sell its wares somewhere else, but Barnett said that’s not realistic. He testified that sales of PopSockets on Walmart’s online platform are “1/38th of the sales we had on Amazon when we had a relationship” and that sales through Target account for even less.

“I didn’t go into that hearing with any agenda,” Barnett told BizWest. “I just came in with the goal of describing my story and letting Congress decide whether that constitutes illegal behavior.

“Imagine going to Costa Rica and learning there’s one marketplace bigger than any other,” he said. “Then you learn it’s privately run and dictates pricing and other terms. Congress needs to look at whether that’s healthy for the people.

“Think of Amazon wearing two hats — a retailer that buys wholesale and that runs a marketplace. That’s two different issues. As a retailer, they’re just so big and powerful; it exerts an unnatural pressure to sell to them regardless of the terms, or how they treat a customer.”

Amazon requires some brands to sell to it directly so it can guarantee customers that it’s offering the lowest prices, and thus had refused to let PopSockets sell through a distributor. In response, PopSockets in 2018 decided to stop selling directly to Amazon. Instead it would sell through its own website and on Amazon through a Lehi, Utah-based distributor called iServe. Amazon, however, blocked iServe from selling PopSockets devices on its platform, and Barnett realized unaffiliated sellers of his merchandise, with whom PopSockets has no relationship, could still sell PopSockets gadgets on Amazon — at less than its manufacturers’ suggested retail prices, a practice Barnett called “trademark dilution.”

“There’s a threat that their actions are diluting our strength of brand,” he said. “Imagine if (Italian fashion company) Versace sold stuff on Amazon for 50 cents. It would make customers say, ‘Wait a minute, I thought Versace was a luxury brand,’ and have negative feelings about the brand.”

“It was a lack of a real partnership,” Barnett said. “We’re testing our relationship with Amazon again, though, trying to see what it’s like to try to work with them again.”

Barnett also told the hearing that PopSockets’ brand is harmed by the “enormous amount” of copycat products being sold on Amazon by third-party vendors, claiming that his company was fending off more than 1,000 fake and pirated items a day. Part of the new trade agreement President Donald Trump signed with China in January includes a provision aimed at curbing the sale of counterfeit goods sold on Amazon and other online sites.

“Amazon itself had sourced coun-

terfeit products and was selling it alongside our authentic products,” Barnett told the hearing.

Dealing with that problem proved costly for PopSockets, Barnett told BizWest. “The issue with Amazon and counterfeit tactics is mostly resolved,” he said. “We eventually gave Amazon \$1.8 million in retail marketing dollars. Ultimately after a year and a half, I was willing to pay them \$1.8 million in exchange for their marketing team working to identify the fakes.”

Add that to the money PopSockets has spent to fight its own legal battles against third-party sellers.

“Unfortunately, it’s gotten very expensive,” he said. “We spent \$7 million last year on legal fees to fight really tiny companies” because Amazon doesn’t do enough to police its marketplace. “We work with over 60 law firms around the world. These lawyers work to develop our intellectual-property protections, our trademarks and patents — and defend them.

“I was lucky enough that PopSockets took off the way it did so I could afford to fight these battles. I have lots of friends who couldn’t.”

In December, PopSockets filed a suit in U.S. District Court in Denver against the operators of Amazon e-stores The Savings Center and Crystal Deals, naming three New York residents as defendants. Citing dozens of examples of negative product reviews left by customers who have purchased unauthorized PopSockets, the suit contended that “defendants have sold products through their Amazon storefront that are of poor quality, improperly packaged, and missing components.” The suit claimed that the e-stores had sold more than \$100,000 worth of products since July.

Last April, PopSockets sued an online store hosted on Amazon.com, accusing it of infringing on its trademarks. Named as defendants were Plano, Texas, resident Lora Suzanne Wilcox and 10 individuals identified as John Does 1-10. This suit also cited online reviews in which customers complained of receiving damaged, counterfeit or otherwise low-quality products, flaws the company said its network of authorized sellers would have caught.

In February 2019, the suit said, PopSockets discovered products bearing its trademark being sold by the defendants under the storefront name “Planoseller2,” which the company eventually identified as being operated by Wilcox. When PopSockets sent correspondence to Wilcox at her home address, it alleged, the defendants “changed the name of their Amazon storefront from ‘Planoseller2’ to ‘Tex-

asDeals2,' apparently in order to elude PopSockets' enforcement.

PopSockets accused the defendants of trademark infringement, unfair competition, false advertising, common-law trademark infringement, common-law unfair competition, deceptive trade practices and tortious interference with existing and/or prospective contracts and business relations.

However, Bradley Wilcox, Lora Wilcox's husband, has pushed back, filing suits, complaints and appeals of his own.

"I can object to their use of those online reviews as hearsay because there's no authenticity behind them unless you can give me the name of the witness and how to contact them," Wilcox said. "For all I know, PopSockets could have written those reviews themselves and used them in their litigation."

In an email to BizWest, Wilcox described PopSockets as "a trademark bully. You can't go after sellers who purchase the product legally from a legit retailer via retail arbitrage as they are protected by the Right of First Sale Doctrine," he wrote. That doctrine limits some rights of the owner of a copyright or trademark by enabling entities who bought a product legally to resell those products at their own prices.

PopSockets is represented by Denver-based law firm Groves Law LLC and Vorys, Sater, Seymour and Pease LLP of Cleveland. Vorys' website

says it has "represented nearly 200 brands, several of which are billion-dollar, consumer-product companies. Our approach is to combine several legal disciplines with technology and thoughtful strategies to help companies protect their brands and grow their businesses."

Wilcox, however, sees Vorys as playing a key role in a concerted effort to drive small online resellers out of business, and said he and several other sellers were preparing to file complaints under the Racketeer Influenced and Corrupt Organizations, or RICO, act against PopSockets, Vorys, attorney Matthew Groves and iServe, which has rebranded as Pattern and bills itself as "the world's leading growth intelligence organization for e-commerce." In 2014 iServe created a brand-monitoring software called TriGuardian, which was rebranded as Predict last June. The software aids companies that sell their products online by "combining MAP (Minimum Advertised Price) compliance technology with rules-based advertising capabilities as an all-in-one e-commerce intelligence platform."

Wilcox claimed that Vorys "targets small sellers, most of whom roll over like a dog because they don't have the money to hire legal counsel or don't know the law."

Wilcox wrote to BizWest in an email that, "once you understand the insider relationship between Vorys, TriGuardian and Pattern/iServe and how they engage in anticompetitive

"For all I know, PopSockets could have written those reviews themselves and used them in their litigation."

Bradley Wilcox

behavior, fraud and price fixing, then everything will make sense as will the racketeering element."

Wilcox alleged that TriGuardian runs an algorithm that "goes out and looks on Amazon and gives PopSockets a listing of sellers and inventories. They'll find out I have 50 listings. Now I'm a target. Then they go to Vorys and say, 'They've got a lot of listings. Let's go to PopSockets and say we can get rid of these sellers for you.' So PopSockets retains Vorys, and Vorys makes test buys to get my name and mailing address when the product comes, and then sends me a cease-and-desist letter by FedEx that orders me to stop selling PopSockets. I ignore the letter, and a month later, I get a letter from Vorys telling me they're suing me.

"So I remove the listings. Once they get rid of all those listings, Vorys gets together with iServe/Pattern, and they go to PopSockets and say, 'Now, how about we become your exclusive seller on Amazon. We'll knock any other

third-party sellers off and sell your products.'

"So if I go in and list a new PopSockets item for sale," he said, "iServe is going to tell me they're an agent of PopSockets and I have to take my product down. I think that's wrong. Sellers can't tell other sellers they can't sell; that should violate Amazon's terms of service."

Barnett denied that iServe/Pattern plays the role Wilcox alleged — "Amazon stopped that," he said — and added that the legal actions PopSockets takes are based on the 1946 Lanham Trademark Act, which prohibits a number of activities including trademark dilution.

Barnett said PopSockets has pursued similar legal actions around the world, and also received a "general exclusion order" from the International Trade Commission, which "allows Customs agents to confiscate at the border shipments of fakes, whether they're going by the PopSockets name or not.

"That's why Amazon decided to start enforcing against the knockoffs," he said.

In an interview last year with reporter Rebecca Jennings at Vox.com, Barnett said he saw his first counterfeit PopSockets item in 2016.

"I was pretty upset," he said, "and then I talked to people in the field of brand protection who said, 'Oh, wow, you should be flattered.' They were excited for me.

"I have yet to be flattered."

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BW ONE ON ONE

Jeff Romine: Broomfield city and county economic vitality director

Each month, BizWest asks a business leader to participate in a question and answer feature to help shed light on a business topic, an industry or add insight to a field of endeavor. This month, Ken Amundson, managing editor, posed questions to Jeff Romine, the new Broomfield city and county economic vitality director.

BizWest: You're relatively new in your position at Broomfield. What was the first big observation you made with regard to the local economic picture in Broomfield?

Jeff Romine: My first discovery is the degree that Broomfield's economy is truly global, and on several levels. We are home to a growing number of U.S.-based companies serving global markets — Vail Resorts, Ball Corp., Mile High Labs, Conga, soon Crocs, and the list goes on. At the same time, Broomfield is home to global firms serving the U.S. — such as Danone, Partners Group, Epiroc, Viega, and more. On a daily basis, Broomfield companies and employees are working, meeting and connecting with partners and customers around the world with products, services, and investments competing on nearly every continent.

The global orientation and connections are also within Broomfield's local retail and dining choices. You can shop for global products in our shops and stores, such as Asian foods and products in the Pacific Ocean shopping area, and dine on cuisines from around the world (shepherds pie to pho, gyros to sushi).

Throughout the U.S., we are all talking about being more global connected; recognizing the future economy and opportunities will be built within a global marketplace paradigm. Our educators are asked to ensure our kids will be able to compete in the current and future global economy. Broomfield's economic reality as a global-community provides us, in Broomfield and the north metro area, a foundation to continue to build on to be a leading global-connected community and economy in Colorado and the Mountain West.

Another big discovery was the strength and size of what was Broomfield's original economy. Broomfield's roots are in agriculture and manufacturing/production. Two of Broomfield's leading businesses, Hunter-Douglas and Ball, are manufacturers. These firms are foundations in our local and metro economy — but are



Jeff Romine

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also joined by hundreds of firms producing products here in our community. While we don't have significant agri-operations in Broomfield any longer, we are home to a growing food and beverage cluster including Danone and Noodles which represent the growing number of companies — increasingly focused on healthy food and beverage choices.

BW: Compare and contrast a few of the similarities and differences between the economic opportunities or challenges in Broomfield and Denver, where you had previous experience.

Romine: As you know I had the privilege to serve several mayors in Denver as an economist and overseeing a number of programs and initiatives during my tenure, from business development to housing and neighborhood support. Both communities are striving to encourage reinvestment and reimagining of key areas, such as 120th Corridor and Flatirons Marketplace here in Broomfield. And both communities have future growth areas, such as our Baseline development adjacent to Colorado Highway 7/Interstate 25. At the same time, the marketplace is rapidly changing in both communities — connectiveness, sustainability, and quality of place are essential values and objectives. The marketplace

is increasingly focused on value over transactions; residents are seeking a quality of place to live in, connecting into a community, businesses are seeking and following talent, and shopping and dining have evolved into experiences and value.

Our challenges, while different in specifics, are similar in topics: housing options and access, transportation choices, healthy and active lifestyles, and a changing, diverse population. In the coming month or so, Broomfield will be sharing our economic vitality strategy, which will include specifics on both the challenges and the approaches for addressing them. From my previous experience, I was able to recognize the key way to address the challenges before us is not solely a strategy, but comes from including and listening to others, from supporting and building great partnerships, and from taking steps forward together.

BW: How might Broomfield work collaboratively with metro Denver? With Boulder or Longmont or Brighton?

Romine: Partnerships and collaboration are critical to our shared success; it has always been so, and will increasingly be so in the future. My colleagues here have had and continue to work closely with other

community leaders and stakeholders in Broomfield, the northern metro area, the Denver metro and throughout Colorado. These partnerships have helped address many issues. I, individually, have also worked with other communities in the metro area on economic, housing and community development.

One of my first ToDos starting last summer and into the fall was reconnecting and listening to the priorities of my friends and colleagues in nearby communities. The economy does not have a clean, clear boundary nor do the possible solutions to the challenges. Thousands of Broomfield residents are working in surrounding communities, and thousands of residents in those communities come to Broomfield to work, shop, dine or play. Broomfield is a community of more than 100,000 persons on any given day — between those living and sleeping, working or visiting.

Specifically, we are working with community partners, such as the Broomfield Chamber, Broomfield Foundation, FISH, area school districts, Commuting Solutions,, and regional colleagues in other communities, including Boulder, Louisville, Longmont, Adams County and Westminster (to name just a few). These work efforts include talent development, recruitment and access, housing choices, and transportation mobility issues.

BW: The Arista development in Broomfield has had a big impact on the community. Is it the walkable, urban, mixed-use community that it was advertised to be? What remains to be done to make sure it achieves its full potential?

Romine: You had asked about discoveries earlier; and this is another of those first observations. Arista is one of the premier transit-orientated locations in metro Denver. It truly combines living, working and experiences in a single neighborhood area. There are a range of housing options, parks and access to trails, dining and shopping, and work locations, from co-working to corporate offices. And... Arista is a step further than the "imagined TOD" it includes health care, UCHealth, and an event/entertainment center, 1st Bank Center.

Much has been done, but more is coming soon...more dining options, additional housing choices. A few more things need to happen to achieve the full vision — more business and employment on site and additional

services and shops. Tim, Jordan and Joe have worked tirelessly to make Arista a strong and sustaining mixed-use, transit-oriented neighborhood.

BW: Broomfield has some major employers with Ball, Swisslog, Mile High Labs and a number of others. How do you plan to engage with them and encourage collaboration in the overall economic development mission for the community?

Romine: I, along with other colleagues in Broomfield, continue to talk and listen to business leaders and owners in the community. The engagement and partnership is both strategic and pragmatic. We have been listening as are developing our economic vitality strategy to ensuring Broomfield sustains the high quality of place for leading companies and their employees.

I look forward to meeting and talking with business and community leaders and stakeholders to share both the strategy and the action plan for delivering programs and initiatives. From one-on-one to group gatherings, to informal conversations and advisory groups, a strong economic strategy requires listening as conditions and the marketplace change. I look forward to these conversations, the only way we can do better is to understand the opportunities and challenges and then work together.

BW: Are there opportunities for Broomfield in the hospitality sector — things that the community is not already doing?

Romine: From our residents survey, our listening sessions, the mayor's and city councilmembers insights, to business leaders and employees, one of the most universal focuses is a desire for local, unique shops and dining and, in association, a community core area or downtown. Recently, the city council and our development partner, City Street Investors, took a key step forward toward delivering on this project. The civic center project will be a critical part of realizing this community desire and will be a catalytic driver for the 120th Corridor and the original commercial center of Broomfield.

Flatirons Crossing remains the top shopping draw in the North Metro area, and continues to evolve as new and existing tenants serve the changing marketplace.

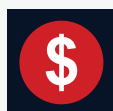
At the same time, the Baseline development is moving forward with both residential and commercial development now starting, the former Flatirons Marketplace is progressing toward a redevelopment, and Arista, as mentioned before, is a successful transit-orientated community. These larger scale developments are creating great "downtown" places for residents, employees, and visitors in our community.



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existence as individuals and as a collective community. On February 16th at the Lincoln Center Performance Hall, doctors from Banner Health and Partners will host a night of fun and entertainment, Dancing with the Docs. A great event to invite family and friends to cheer on these amazing doctors, the event will also have a silent auction and audience participation in voting.

Ten local dance studios partner with doctors to compete for the mirror ball trophy and title of champion. "Dancing with the Docs is not only a great community event but a wellness program for our physicians as well," said **Allis Gilbert**, Executive Director, McKee Wellness Foundation. "Watching our docs risk vulnerability and step outside with comfort zones to support and build community is inspiring."

We believe this event will not only allow family and friends to support the hard-working doctors of Banner Health but for community members and patients to get to know their care providers on a deeper level. "This grassroots event gives our beloved physicians a chance to turn in and take care of themselves and share special time with loved ones." Said **Margo Karsten**, CEO of WR Banner Health Systems. "These physicians are truly inspiring, they are here day in and out for our community, and this is a chance for us to cheer them on and provide them space to take a chance."



For tickets or more details about the event visit
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BW BREWING



Owners of City Star are Whitney and John Way.

DALLAS HELTZELL / FOR BIZWEST

City Star shines as Berthoud gathering place

By Dallas Heltzell
news@bizwest.com

BERTHOUD — In a region where craft-brewery taprooms are almost as prolific as coffee shops, what's the key to success?

For City Star Brewing, said co-owner Whitney Taylor Way, it's "focusing on our community, just being a part of the town. That's part of being a taproom."

It also doesn't hurt that the brewery constantly turns out new beverages, thanks to suggestions from Whitney's husband John Way, lead brewer Scott Clutter, customers and even local farmers. But the Ways also have been growing City Star's historic home as a focal point in the town for live music and charitable events.

"We do beer and food pairings, chocolate and beer pairings on Valentine's Day, a full sit-down beer dinner at the end of March, a Chinese New Year event and a winter solstice event," Whitney Way said. "We also do Flap Jack Day on Labor Day weekend to benefit the Berthoud Historical Soci-

ety. It was a Berthoud tradition, but we kind of reinvented it in 2015 with a breakfast beer flight and made it a throwback with '50s attire.

"We do an annual festival in June called Hops and Harley, which is all about craft beers and dogs. That one benefits Harley's Dream, a nonprofit that works to end puppy mills," she said. "We've coordinated with the Little Thompson Observatory, the Wild-fire Arts studio — there are always little things that pop up."

When BizWest visited the taproom, the Ways were preparing to host a chili cookoff to benefit Rural Alternatives For Transportation (RAFT), a volunteer driver program that provides free rides to older adults and those with disabilities.

The Ways also welcome food trucks that park in front of City Star on Berthoud's main commercial street, Mountain Avenue.

The brewery's original building, built in 1913, started as the City Star Barn livery and stables, one of two in the town at the time. It then housed an auto dealership run by "Sim" Jeffers,

the Lincoln Highway Café, and — for several decades — Dean's Furniture.

Whitney's parents, Dan and Rudi Taylor, bought the building in 2011. Its west side would become Wishful Things, their retail gift shop, with a warehouse in back that stocks imported beads. The Taylors offered to rent the building's other half to Whitney and her soon-to-be husband, John, an aspiring homebrewer who had taken an entry-level job with Oskar Blues' brewery in Lyons but wanted to open his own brewery and taproom. They all then worked to rehabilitate the century-old structure.

"We reused several pieces from the original building," Whitney Way said. "We've made tables with some of the original flooring, and we have a train rail tie along the front of the bar. John designed and made a large chandelier from one oak barrel.

"We've done as much as we can ourselves," she said. "It's like our first child."

The rehab project was so successful that the Jeffers Building won the 2012 Governor's Award for best adaptive

If you go

City Star Brewing

321 Mountain Ave., Berthoud
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citystarbrewing.com

rehabilitation of a historic building, Dan Taylor said, "which, in layman's terms, means that we restored the building and put it to use instead of it just sitting there and looking pretty."

The Ways opened the taproom on May 4, 2012, as Berthoud's first craft brewery, and then were able to expand by purchasing another century-old building to the east. That adjoining space, completed in 2017, now includes a smaller indoor seating area, an expansive back patio and the "Zoller Barrel House," a front room that long ago had housed Jake Zoller's shoe shop and now is lined with beer and whiskey barrels.

The back patio has a stage for live music and features a wooden fence



DALLAS HELTZELL / FOR BIZWEST

Scott Clutter, lead brewer, stands in the brewhouse.

along which hops are grown for the beers. Opposite the fence is a mural by prolific Longmont-based artist Gamma Acosta on the wall of City Star's original building.

Behind that wall is City Star's brewhouse, which features a 3.5-barrel (100 gallon) direct fire brew system, fermentation tanks, a whirlpool vessel, a chilling system, cold rooms and an oak barrel aging program.

The three years it took to expand to the east led the Ways to refocus their energies on their taproom and move away from wholesaling.

"We're constantly changing, evolving," Whitney Way said. "If we upgrade

to a seven-barrel system, we could increase our capacity. That's still small, but it would give us an opportunity to brew a larger variety of beers and experiment."

Variety has never been a problem for City Star, which has released nearly four dozen different brews. Behind the bar are 10 taps featuring five mainstays — Cowboy's Golden, All American IPA, Sim's Red, Bandit Brown and Night Watchman — along with a constantly changing array of brews with names such as Deadwood, Scoundrel and Widow Maker.

"Some of our customers love drinking the same beers all the time and some

want to try new things," she said. "Some of the new ones are from John's initial inspirations and some ideas come from the staff" — which hovers around 10 employees — "or from cooking, or from people who grow locally, like our malt supplier, Root Shoot Malting. We've used local juniper, Colorado peaches, and last year a gentleman came in who had harvested close to 50 pounds of rhubarb that we put into a beer. On St. Patrick's Day we've done Lucky Charms beer flights, using natural adjuncts like hibiscus and cucumbers to achieve different colors. It all comes back to having fun with it, really."

City Star beers have won three medals at the Great American Beer

Festival, including a gold in 2013 for Bandit Brown in the English-style brown ale category, a bronze in 2013 for Mule Kick in the old/strong ale category, and a bronze in 2015 for the Night Watchman robust porter.

Other than eventual expansion of their brewing system, Whitney Way said, City Star's young owners plan to keep "focusing on our community, and just being a part of the town. My husband and I lived in Lyons when we opened City Star, but the brewery really brought us to Berthoud, and now we live a block away.

"We just want to keep an eye on quality, on trends, and on remaining authentic."



BizWest photo/Dan Mika

CEO ROUNDTABLE BW

Boulder Valley economy to grow in 2020, but at slower pace

Participants in BizWest's 2020 Boulder Valley Economics CEO Roundtable. From left to right: **Dryden Dunsmore**, Dean Callan & Co.; **Jim Cowgill**, Plante Moran; **Frances Draper**, CU Boulder; **Clif Harald**, Boulder Economic Council; **Jessica Erickson**, Longmont Economic Development Partnership; **Ed Southwick**, Community Banks of Colorado; **Peggy Shell**, Creative Alignments; **Todd Gullette**, Re/Max of Boulder; **Jeremy Wilson**, Plante Moran; **Rich Wobbekind**, UC Boulder; **Jeff Romine**, City and County of Broomfield; **Chris Barge**, Community Foundation Serving Boulder County.

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Industry strives to get people outdoors

By Lucas High

lhigh@bizwest.com

DENVER — The outdoor industry faces an uphill battle getting kids and adults off the couch and hiking into the mountains.

A critical key to success for the outdoor industry — perhaps the most critical — is encouraging people to get active. That's an increasingly challenging proposition in a country where kids and adults are increasingly content to remain indoors.

Outdoor industry representatives gathered with health-care specialists and conservation experts Jan. 29 at a panel on participation held at the Outdoor Retailer trade show in Denver. The panel corresponded with release of the 2019 Outdoor Participation Report compiled by the Outdoor Industry Association.

The report highlighted some concerning trends and data points for the outdoor industry. For example: Less than 20 percent of Americans participate in outdoor recreation at least once a week, and Americans went on one billion fewer outdoor outings in 2018 than they did in 2008.

Science writer Aaron Reuben, who moderated the panel, noted that evidence suggests participation will get worse “unless we intervene.”

A host of macroeconomic, technological and cultural factors are contributing to keep Americans indoors, said Ben Steele, an executive vice president with outdoor retailer REI.



LUCAS HIGH/BIZWEST

The Outdoor Retailer Snow Show held its annual gathering in Denver in late January.

“People check their phones 120 times a day on average — that wasn't the case 10 years ago,” he said. “... Broadband internet is a thing that a lot more people are exposed to now. A lot more people in the past 10 years have moved into urban centers” where outdoor recreation opportunities can be harder to access.

“If we don't learn from this, [the outdoor industry is] just not going to be relevant 10 years from now,” Steele said.

Shanelle Smith Whigham, a state director for nonprofit conservation group Trust for Public Land, stressed the importance of local outreach from

industry groups to populations that have historically been excluded from outdoor recreation. She cited a statistic that claims 100 million people in the U.S. don't live within a 10 minute walk of a high quality park.

“We know when people have better access to the outdoors, they are better physically and more connected to their neighbors,” she said. “The thing that we need to do as industry is come to the table and figure out what issues we are trying to solve within a neighborhood or community and how we can use our collective voice to solve them.”

The key to encouraging new people

to participate in outdoor activities is “sitting down with people and asking, ‘What do you want to see in your neighborhood?’” Smith Whigham said.

Being inactive and indoors doesn't just hurt outdoor industry profits, it hurts all industries, Blue Cross Blue Shield vice president of corporate citizenship and public affairs Jeff Bellows said.

“It makes sense for other industries to join us,” he said, because a more active workforce translates to lower health-care costs. “There's an incentive for companies to engage because it helps the bottom line.”

Reuben echoed the health benefits of getting outdoors.

Diabetes, obesity and mental health issues are on the rise in America, and “getting more people outside more often makes a difference in those issues,” he said.

In addition to measurables like body weight or blood pressure, outdoor activity is beneficial in more intangible aspects such as “sense of place, sense of meaning and self-confidence,” Reuben said.

A significant challenge for the industry is the perception that people who encourage those who are less active to get outdoors are being overly judgmental or preachy, panelists said.

“People like to be listened to and like to be understood more than they like to be told what to do,” Steele said. It's important for industry representatives to be “a little less assumptive and a little more humble.”

ON THE JOB

PAID ADVERTISING CONTENT

LAW FIRM

William Garcia | Promotion COAN, PAYTON & PAYNE, LLC

Coan, Payton & Payne, LLC is pleased to announce that William Garcia has been promoted to partner in the firm. Mr. Garcia's legal practice focuses on commercial real estate and business law including purchase and sale transactions, land use and development planning matters, as well as general business and corporate transactions, probate litigation and estate planning matters. He is also a distinguished lecturer in real estate and business.

In 2006, Mr. Garcia was elected Weld County Commissioner at-Large, a position he held for eight years. He has served as commissioner coordinator for the Departments of Human and Social Services, Planning, Public Works, Public Health, Agricultural Extension and was twice elected Chairman of the Board. He has served on a number of other boards and commissions, including the Greeley-Weld County Airport Authority. Mr. Garcia also served on the Upstate Colorado Economic Development, East Colorado Small Business Development Center, Evans Economic Development Advisory Committee, Weld Project Connect and the Weld County Board of Equalization. While a Weld County Commissioner, Mr. Garcia drafted, reviewed and participated in the enactment of numerous provisions of the Weld County Code. Mr. Garcia was recognized by the Weld County Farm Bureau for his service to the agricultural



WILLIAM GARCIA



ANDREW PIPES



JORDAN E. WISWELL

related matters including: purchase and sale transactions; business organization and capitalization; corporate M&A transactions; land planning and development; all issues related to financial institutions and lender/creditors' rights involving real estate and commercial loan transactions.

Prior to joining CP2, Mr. Pipes clerked for the Honorable Judge Todd Taylor in Weld County, Colorado where he worked on a wide-variety of civil issues including breaches of contract, judicial foreclosures, personal injury, business disputes, construction defects, and many types of torts.

Mr. Pipes is a graduate of the United States Air Force Academy where he earned his undergraduate degree. He holds an M.B.A from Oklahoma State University and obtained his J.D. from the University of Kansas School of Law with a focus in business where he earned a CALL Award in securities regulation and antitrust law.

Before attending law school, Mr. Pipes spent five years as an active duty Air Force officer and served in Afghanistan. In addition to his work at CP2, he is currently in the Air Force Reserves.

Jordan E. Wiswell | Promotion COAN, PAYTON & PAYNE, LLC

Coan, Payton & Payne, LLC is pleased to announce Jordan E. Wiswell has been promoted to Senior Associate. Mr. Wiswell's legal practice focuses on all areas of real estate, business and banking litigation, including creditors' rights, equitable subrogation issues, judicial foreclosures, business and corporate disputes, insurance coverage, and all real estate related litigation. Mr. Wiswell serves clients throughout Northern Colorado as part of CP2's litigation team. Mr. Wiswell is admitted to practice before all courts in the State of Colorado as well as the United States Federal District Court for the District of Colorado. He is also a member of the Colorado Bar Association as well as the Larimer County Bar Association.

Before joining CP2, Mr. Wiswell had the privilege of serving as the Honorable Judge Todd Taylor's law clerk in Weld County. As a law clerk for Judge Taylor, he was frequently involved with legal issues involving creditors' rights, judicial foreclosures, business disputes, and insurance coverages. Prior to moving to Fort Collins he worked as a law clerk for the Connecticut Superior Court and Alaska Superior Court. In these positions, Mr. Wiswell had the opportunity to work on multi-million dollar oil and gas disputes, complex real estate litigation, and a large variety of breach of contract cases.

Mr. Wiswell graduated with honors from the University of Tulsa College of Law. During law school, he held leadership positions with the Student Bar Association, Delta Theta Phi, and the Public Interest Law Society.

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BRIEF CASE

BRIEFS

Broomfield-based **Ball Corp.'s** (NYSE: BLL) new line of recyclable aluminum cups, which made their public debut last year during the University of Colorado football team's home opener against the University of Nebraska, were used Feb. 2 during the Super Bowl football game at Hard Rock Stadium in Miami. During the game between the Kansas City Chiefs and San Francisco 49ers, 50,000 of Ball's 20-ounce cups were made available. The cups, which can be recycled repeatedly, will then be served at the stadium for future Miami Dolphins games and other concerts and sporting events. Ball spent seven years developing the new cups, which are designed to be more environmentally friendly than the traditional plastic cups typically served at stadiums. Late last year, the company opened a new manufacturing plant in Georgia dedicated to production of the aluminum cups.

Federal officials say they recovered mathematician and World War II-era codebreaker **Alan Turing's** doctoral degree, knighthood medal and other pieces of memorabilia in Colorado in 2018, almost 36 years after they were stolen. In filings in the U.S. District Court of Colorado, federal officials say they seized the British mathematician's Princeton University degree, his Order of the British Empire medal and several photos, school reports and letters from his time at Sherborne School, a boarding school in Dorset, England. According to the seizure notices, Julia Turing approached the **University of Colorado Boulder** in January 2018, saying she wanted to loan Alan Turing's memorabilia to the library. Archivists at the library determined that the items were stolen from Sherborne in 1984. Alan Turing developed several processes for breaking German military ciphers for British intelligence agencies during World War II and is considered a forefather of computer science and algorithmic design. He died by poisoning in 1954. His life story was most recently portrayed in the 2014 film "The Imitation Game."

Vestas Wind Systems A/S, the Danish wind-energy company, will work toward production of zero-waste wind turbines by 2040. The goal will mean changes at both the Windsor blade-production facility and the Brighton nacelle plant. First step will be a focus on improving the recyclability of all wind-turbine blades.

Larimer County health inspectors are now using a simplified system for rating restaurant safety. The change from a five-tiered rating system to three tiers changed earlier this month to conform with state-wide rules, but doesn't change how violations are recorded in restaurants.

"**Cannabis Vaping: Opportunities in an Uncertain Future**," a report released by Boulder-based **BDS Analytics Inc.** and **Arcview Market Research**, found that cannabis vape sales in legal markets in Arizona, California, Colorado, Nevada and Oregon dipped from \$160 million in August 2019 to \$119 million in October. That 25 percent sales decrease, which occurred after the U.S. Centers for Disease Control and Prevention reported about the first death attributable to e-cigarettes in August, reversed a months-long pattern of revenue growth for vape products.

CLOSING

Bin 46, a wine bar and restaurant at 600 Longs Peak Ave. in Longmont, closed after five years in business. Bin 46's ownership hopes to eventually reopen elsewhere. It said in an email.

Tri-State Generation and Transmission Association, the cooperative that supplies wholesale electric power to utilities around the region, will close all its New Mexico and Colorado coal-fired power plants earlier than expected because of pressure from its customers. The co-op said it would close its last New Mexico coal-fired plant by the end of 2020 and its Colorado coal-fired plants and its coal mine by 2030. The closures affect about 600 power plant and mine workers, the company said in its announcement of its plans. It is stepping up efforts to replace the power from those plants with renewable sources, a demand made by multiple member-customers, who threatened to leave the co-op if it didn't increase the speed at which was adding green resources. Tri-State is the wholesale supplier of electricity to the **Poudre Valley Rural Electric Association Inc.** and **United Power Inc.** in Northern Colorado.

The **HobbyTown USA** shop at 3500 S. College Ave. in Fort Collins closed Jan. 31. The store's large footprint combined with the rise of online retailers were factors in the decision to shutter.

Oskar Blues Brewery is in the process of closing its **CHUBurger** restaurants to focus on its other two restaurants in the northern Boulder Valley. The brewery said it would shut down its Longmont burger restaurant Feb. 29, while its location in Denver's River North District closed at the end of 2019. It cited increasing food and labor costs as key reasons for the closures, and said the Longmont location's lease at 1225 Ken Pratt Blvd. is due to expire. Oskar Blues plans to shift its dining focus on **OB Grill & Brew** in Lyons and **Homemade Liquids & Solids** in Longmont with additional menu items and various remodels. About 30 people worked at the CHUBurger locations, but they have been offered opportunities at the other restaurants.

Plexus Corp. (Nasdaq: PLXS), a Neenah, Wisconsin-based designer and manufacturer of electronic products, will close its **Plexus Boulder Design Center** in Louisville, eliminating 104 jobs, just two years after moving into the facility. The closure will take place March 22 and will include engineers (analog, digital, mechanical, product and quality), project managers, and management/administrative personnel.

Kansas City-style barbecue restaurant **The Rib House** closed abruptly in Longmont's Prospect new-urbanism development. Tracy Webb launched The Rib House in 2001 and opened a second location in Boulder in 2009. The Boulder restaurant closed in 2015. The closure represents the second Prospect restaurant to shutter in the last three months; **2 Dog Diner** closed in November.

Schurman Fine Papers Corp., parent company of the **Schurman Retail Group** that operates 254 stores in the United States and Canada under the retail names of **Papyrus**, **Paper Destiny**, **American Greetings** and **Carlton Cards**, filed Chapter 11

bankruptcy and is closing all of its stores. A Papyrus store in the Flatiron Crossing Mall in Broomfield is among the stores closing.

CONTRACTS

San Jose, California-based **Broadcom Inc.** (Nasdaq: AVGO) signed a deal to supply wireless electronic parts to **Apple Inc.** (Nasdaq: AAPL) for the next several years, which could be produced heavily in the Fort Collins plant. Broadcom employs about 1,500 people in Fort Collins and about 500 people in its Broomfield office.

Urban-gro Inc. (OTCQX: UGRO) signed a supplier partnership with Milwaukee-based **Desert Aire LLC** for climate-control equipment. The Lafayette engineering company said Desert Aire will not offer quotes or proposals to indoor marijuana and hemp cultivators except through them, according to filings with the U.S. Securities and Exchange Commission.

ArcherDX Inc. and **illumina Inc.** (Nasdaq: ILMN) added another set of genome tests to their ongoing marketing partnership. The two companies said they would sell ArcherDX's in-vitro genetic disorder tests with illumina's sequencing programs once ArcherDX's tests receive regulatory approval for sale. The two companies have already agreed to develop and market their other genetic testing programs to medical labs and hospitals.

EARNINGS

AveXis Inc.'s parent company said sales of its flagship gene therapy increased by \$26 million over the last quarter, signaling strong demand for the drug due to start production in its Longmont plant this year. **Novartis AG** (NYSE: NVS) said it sold \$186 million worth of doses of Zolgensma, a one-time therapy for young children with spinal muscular atrophy, for the period. It sold \$160 million in the quarter before in its first full quarter on the market, far outpacing analyst expectations at that point. The drug is the world's most expensive at \$2.1 million per dose, meaning Novartis sold an additional 12 doses on top of its previous sales in Q3 2019. AveXis is based in the Chicagoland area but recently began the process of getting federal approval to make Zolgensma at the 692,000-square-foot plant in Longmont formerly owned by AstraZeneca PLC (NYSE: AZN). At full capacity, the plant could produce between 800 and 1,200 doses to treat SMA, which treats a genetic disorder that prevents newborns from developing the strength needed to move body parts unassisted.

CANarchy's beer sales outside bars and liquor stores grew by 14 percent in 2019, while **Oskar Blues'** sales in the same segment rose by a third. The Longmont-based brewery collective said its eight breweries shipped 480,000 barrels last year, up from 420,000 in 2018. It also reported that beer sales in general-purpose grocers and convenience stores rose 22 percent between 2018 and 2019. Oskar Blues Brewery's grocery sales increased by 33 percent in that same timeframe, driven by what it said was a 71 percent increase in sales for its sample packs after shifting from a 12-can box to 15. Salt Lake City's Squatters Craft Beers and Tampa's Cigar City Brewing edged out Oskar Blues, with 36 percent year-over-year sales growth.

Vail Resorts Inc. (NYSE: MTN) said poor snowfall at some of its top destinations is dragging down key metrics halfway through the skiing season. The Broomfield-based ski resort company said overall skier visits fell 7.8 percent in the current 2019-2020 season compared with the number of skiers in the same time period in the 2018-2019 season. Dining revenue at the company's resorts fell 3.6 percent this season compared with the same period last year, while rental and retail sales at its pro shops fell by 1.8 percent. Total lift ticket revenue inched up by 0.4 percent from last season, while ski lesson sales increased by 2 percent compared with the same period last year. Vail did not comment about sales in its five Colorado locations.

KUDOS

Larimer and **Weld** counties have been designated by the U.S. Department of Housing and Urban Development as a continuum of care region, according to a **United Way of Weld County** news release. A continuum of care is a local or regional planning body that is responsible for coordinating the funding and delivery of housing and services for people experiencing homelessness in its service area.

Larry Kendall, co-founder of Northern Colorado real estate brokerage **The Group Inc.**, was inducted Jan. 23 into the **Colorado Business Hall of Fame** during a ceremony in Denver. Kendall, co-creator of the Ninja Selling System sales method, served for 25 years on the board of directors for FirstBank Holding Co. and was named 2006 Colorado Realtor of the Year.

LEGAL

A Windsor man is suing **Clear View Behavioral Health** for allegedly holding him for more than a week against his will as part of ongoing accusations of severe mismanagement at the hospital. In a lawsuit filed late last year in Larimer County District Court, Windsor resident **Angelo Scolari** accuses the Johnstown-based psychiatric hospital of holding him and other patients longer than needed so it could continue to charge Medicare, Medicaid and insurers and charge them for care visits they never provided.

Lake Loveland Dermatology agreed to leave its current address at 776 W. Eisenhower Blvd. by May 31 and pay its landlord \$17,030 as part of a settlement ending several lawsuits, according to filings made in the U.S. District Court of Colorado. The dermatology office, owned by **Dr. Kevin Mott**, and the property owner, former Lake Loveland owners **Dr. Patrick Lillis** and Tracy Amick, have dueled for months over claims arising from its March 2019 bankruptcy.

Lever LLC, a Boulder-based manufacturer of harness-like systems designed to assist treadmill runners, is being sued by a competitor in Minnesota that accuses Lever of patent infringement. **Lightspeed Running & Rehabilitation Systems LLC**, which "manufactures and sells a bodyweight support system branded as the 'LightSpeed Lift,' which is designed to relieve impact forces and enhance natural movement and balance while running on a treadmill,"

Please see **Briefcase**, page 41

NONPROFIT NETWORK

BRIEFS

NoCo foundation taking loan-program applications

The **Community Foundation of Northern Colorado** is accepting applications from eligible nonprofits for financing through the foundation's loan program. Nonprofits serving the residents of Northern Colorado and the eastern plains are eligible to apply. Loan funding is intended to assist nonprofits with timing issues surrounding receivables, payment of an approved government or foundation contract, or some other verifiable form of repayment. The program uses impact investing to creatively support nonprofit projects. The program will consist solely of investments that further the foundation's mission, which is to inspire and unify the communities served. The foundation will generally make strategic investments where its capital is catalytic to success. Loans will generally call for payment in full within five years.

However, repayment may be extended on a case-by-case basis. Preferred loan dollar values are between \$50,000 and \$350,000. Collateral is required for all loans. Eligible collateral includes real estate, assignment of pledges, assignment of deposit accounts or donor-advised funds, and equipment.

FUNDRAISERS

Realities for Children raises NightLights record \$210,000

NightLights is Fort Collins-based **Realities for Children Charities'** largest fundraising campaign, running from Nov. 1 through Dec. 31 each year. The 2019 campaign raised \$210,000, more than any year to date, and kicked off Realities' 25th anniversary. True to the organization's core values, 100 percent of all funds raised will go directly toward meeting the needs of children in Larimer County who have been

abused, neglected or are at risk. The 2019 drive also saw Realities for Children unveil a new blue LED holiday tree during its Nightlights Tree Lighting ceremony at First Presbyterian Church on Dec. 1. The high-tech tree was made possible through the presenting sponsorship of **Blue Federal Credit Union** and sponsorship as well as creative vision of **Blazen Illuminations**.

GRANTS

Nutrien donates \$10M to CSU's College of Agricultural Sciences

One of Northern Colorado's largest agribusinesses will donate \$10 million to **Colorado State University's College of Agricultural Sciences** to help boost research in agricultural technologies and develop a skilled workforce. **Nutrien Ltd.**, the world's largest provider of crop nutrients, inputs and services, will

donate \$1 million annually to the college for 10 years. The money will fund research and teaching initiatives, as well as provide scholarships to students. Nutrien, based in Saskatoon, Saskatchewan, operates Loveland-based **Nutrien Ag Solutions Inc.** The company has more than 800 workers in Northern Colorado, and more than 20,000 worldwide. Its employment base includes more than 600 CSU alumni. Nutrien's donation will fund scholarships for students, focusing on success of women and "students from diverse backgrounds; program enhancements to help students become career-ready, including placement in the industry; funding to attract top talent in applying technology to agricultural problems, including food safety, security and sustainability; and sponsorship of various events, including CSU's AgInnovation Summit and the Nutrien Ag Day BBQ conducted with a home football game. CSU also will rename the College of Agricultural Sciences' Shepardson Building the Nutrien Agricultural Sciences Building.

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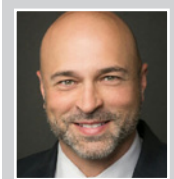
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BUSINESS ANSWERS FROM THE EXPERTS

PAYROLL & WORKFORCE SERVICES

What is up with Colorado and the New W4 Form?

As of this writing, the employer gets to do some of the work when an employee completes a Form W4.



Zane Glover
Payroll Vault

Any employee whose employment starts on or after January 1, 2020 must complete the new 2020 IRS Form W-4. The employer must calculate the required Colorado wage withholding using the Colorado 2020 Income Tax Withholding Worksheet (DR1098_2020). The State of Colorado has created a spreadsheet, which the employer can download to help with completing the Form DR1098.

The spreadsheet is available for downloading at the following web site: www.colorado.gov/pacific/tax/income-withholding-tables

Also, in 2020, cities in Colorado can have their own minimum wage. Denver's minimum wage increased to \$12.85 for non-tipped workers.

Payroll Vault makes it easy for you to stay in compliance, from helpful wage reports and HR audits to electronic onboarding. You will also want to be sure your labor posters reflect the latest changes; our labor poster subscription makes staying in compliance simple. Call us today for a free payroll checkup to find out how we take the stress out of payroll.



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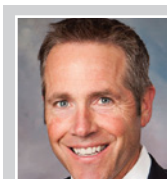
LAW

Revocable Living Trusts for Second Homes

Many residents of Colorado own real estate in other states. If you own a condo, townhome or other piece of real estate in such popular destinations as Florida, Arizona or California, you may want to consider holding the property in a Revocable Living Trust located here in Colorado. While many people will not opt for a Living Trust as their preferred estate planning vehicle for various reasons, if you own property in a different state, you should consider forming a Living Trust for the sole purpose of holding the real estate. The reason is to avoid the necessity of opening a probate proceeding in the different state.

While the Colorado probate system is fairly inexpensive and simple to navigate, other state systems can be more complicated and expensive, not to mention simply the need to hire an attorney and navigate a different state's system.

When you die, someone must have the authority to sell your real property. In Colorado, opening a probate proceeding is required to Personal Representative ("P.R.") being appointed. The P.R. is issued "Letters Testamentary" which provides them the authority to sell property from your estate. If you own property in another state, your estate's P.R. will need to go to Arizona (as an example) and open what is called an "Ancillary Probate" to receive the authority to sell any real property in Arizona. However, if your Arizona property was owned by a Living Trust you established here in Colorado, your successor Trustee has the authority, without the need of opening a probate, to sell any property in the Living Trust – even in Arizona. If you already have a Living Trust as your primary estate planning vehicle, just transfer the property into it. If you do not currently have a Living Trust, but own property in another state, you may want to consider this option to ease administration of your estate after your death.



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TECHNOLOGY

7 Reasons to Outsource Your IT Function

The IT Outsourcing Statistics 2017/2018 study from Computer Economics found that organizations are committing to outsourcing IT at the highest rate since the Great Recession. So why the move to outsource IT, and what are the benefits driving this trend?



Andy Warner
Connecting Point

1. Reduce Costs

Cutting and controlling costs is one of the most common reasons businesses choose to outsource. Utilizing an outside technology partner can help you cut capital costs. More importantly, outsourcing will often reduce labor costs since you don't employ, hire or train the IT employees.

2. Reduce Risk

Markets, technology, compliance and regulatory requirements change rapidly, and there's high risk involved in managing this internally. A trusted IT services partner can assume and manage much of the risk associated with today's technology environment. An outsourced expert will have the knowledge to make informed decisions, provide your business with proper technologies, and ensure risk is reduced.

3. Scalability

Instead of wasting time and money on experimenting, you can leverage an efficient service. Outsourcing might make sense when you're considering expansion, and IT operations cannot keep up with the pace of growth.

4. Access to the Latest Technology

Software and hardware rapidly become obsolete. Outsourcing gives you the benefit of leveraging the technology and tools of the IT service provider that you would otherwise spend thousands of dollars to acquire.

5. Access to Talent

The value received in exchange for dollars invested in IT is often higher when you outsource to an IT services firm. Instead of the knowledge of individual employees, you benefit from the collective experience of a team of professionals. Leading IT service providers require their staff to have proper industry training and certifications.

6. Efficiency and Focus

Businesses should consider outsourcing what is not a core competency of the company. Organizations can enhance their IT service by outsourcing to an IT services firm. This allows them to put more focus on their business and keep their best people working on high impact initiatives.

7. Increased Employee Morale

Handled properly, outsourcing IT can increase employee morale. Offloading IT work lets employees focus on the jobs they were hired to do, while more reliable systems enable them to get more done.

Connecting Point specializes in assessing the potential benefits of outsourcing the IT function. Please contact us at 970-356-7224 to discuss the benefits for your company.



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Here's what alumni are saying about the academy:

"The BizWest Leadership Academy helped me identify key tools to advance my personal growth as a leader. I gained a network of peers that I am comfortable leaning on for advice and support as our careers grow!"

"I would like others to know that it isn't just a class or a lecture. It's a hands-on holistic experience based around the idea of leadership. The content was never stagnant."

"It is an amazing opportunity to learn from extremely knowledgeable and passionate individuals. Material, information and tools that can be immediately implemented. I absolutely loved it."

"BizWest Academy is a leadership course that takes your thinking of leadership to a whole new level! Each session you are guaranteed, yes I said guaranteed, to gain new perspectives and applicable ideas to help your leadership style and your team grow!"

"This is a great opportunity to stretch outside of your comfort zone. It will teach you strategies and ideas that may not have even been considered. The talented presenters, CEOs, and facilitators are incredibly effective at presenting effective, real-world ideas."

FACILITATOR



JESSICA HARTUNG
Founder, Integrated Work

Jessica Hartung of Integrated Work built the course material and facilitated each of the five sessions. Gerry Agnes, President & CEO of Elevations Credit Union, David Barnett, Founder & CEO of PopSockets LLC, Dan Dupuis, CEO & Founder of ECHO Listening Profile, Brook Eddy, Founder & CEO of Bhakti Chai, Adrian Tuck, CEO Uplight were guest speakers for the academy's inaugural year. They spoke on topics ranging from humble leadership, best practices for building a fast-growing company, creating and maintaining company culture, managing through crisis and building a management team you can trust.

BRIEF CASE

Briefcase, from 38

filed suit in U.S. District Court in Denver, court filings show. Lightspeed alleges Lever's running assistance system, which it sells online for \$999, violates Lightspeed's 2016 patent for a "Body Weight Support System for Therapeutic and Physical Training, And Method of Use Thereof."

MERGERS AND ACQUISITIONS

In the latest salvo in its ongoing takeover efforts, **Xerox Holdings Corp.** (NYSE: XRX) submitted 11 executives to replace the board of **HP Inc.** (NYSE: HPQ) later this year. The Norwalk, Connecticut-based printer maker submitted the list of executives, which include alumni from **UBS Group AG** (NYSE: UBS), **Hilton Worldwide Holdings Inc.** (NYSE: HLT), **Praxair Inc.** and other companies that completed major tie-ups in the past several years. Xerox is pursuing a hostile takeover of HP after initially offering to take over the computer maker for \$33.5 billion in cash and stock in November. HP has deep roots in Northern Colorado's tech scene despite shrinking its local footprint in the region for decades. At its peak in the '60s and '70s, it employed more than 3,000 people in its Loveland campus alone and produced the first commercial scanners in its Greeley plant. Today, approximately 600 people work at the Fort Collins office. **HP Enterprise Inc.** (NYSE: HPE) also has offices in Fort Collins and Boulder, but is a separate company from HP Inc. created from a 2015 spinoff. Xerox's takeover efforts would not affect employees at those two sites.

Woodward Inc. (Nasdaq: WWD) CEO **Tom Gendron** pushed a sense of long-term confidence for his company in what could be Woodward's final annual shareholder meeting before it combines with **Hexcel Corp.** (NYSE: HXL). Speaking at the company's annual shareholder meeting in Fort Collins, Gendron said the pending merger with Connecticut-based Hexcel makes sense for investors as it plans to buy back \$1.5 billion worth of its stock after the deal's close, and the new company would have the size to take on the research departments of other aerospace supplier giants. Woodward and Hexcel announced a merger that would create a company with combined revenues of \$5.3 billion in 2019 and \$1 billion of free cash flow for investors.

General Cannabis Corp. (OTCQX: CANN), a Denver-based pot production and sales firm, recently acquired Boulder cultivator **SevenFive Farm**. SevenFive has operated a 17,000-square-foot grow facility for four years, according to a General Cannabis news release.

K12 Inc., a Virginia-based for-profit online education company, acquired coding school and co-working firm **Galvanize** for \$165 million. The all-cash deal closed Jan. 27. Galvanize is headquartered in Denver and operates a campus in Boulder at 1023 Walnut St. The company has additional locations in Los Angeles, San Francisco, New York, Phoenix, Seattle and Austin, Texas.

Galvanize graduates have gone on to work for more than 2,250 companies, including Amazon, Facebook, Google and Apple, according to the press re-

lease announcing the deal.

Boulder-based **Vexcel Imaging Inc.** is set to acquire an aerial-imaging division from **Verisk Analytics Inc.** (Nasdaq: VRSK) in what the companies say will make the largest geospatial image library. Vexcel said it would combine its aerial camera and sensors systems with **Geomni's** aircraft to get more-accurate images around the world. Financial terms of the deal were not disclosed, but Verisk will take a minority stake in Vexcel. Vexcel currently employs about 60 workers in its Boulder offices and has a second office in Graz, Austria.

A Fort Collins-based chain of audiology centers has transitioned to new ownership. **The Hearing Place LLC**, which operates seven locations in northern and eastern Colorado, now is led by former employee **Brittany Mathisen**, taking over for founder **Mike Walker**. It operates locations in Fort Collins, Fort Lupton, Greeley, Loveland, Windsor, Brush and Sterling.

Blue Federal Credit Union is buying out **Liberty Savings Bank's** branches and assets in Colorado, with the deal set to close this month. The Cheyenne, Wyoming-based credit union said it is acquiring \$100 million in deposits and Liberty's branches in Denver and Granby, which services 2,149 customers. Liberty will continue operations with five branches in Florida and a national mortgage division. Blue currently runs eight branches in Boulder, Broomfield, Fort Collins, Lafayette and Wellington.

On the heels of recent news that **The Green Solution LLC** soon will be acquired by a New York cannabis firm for \$140 million, the Denver-based retail pot chain — one of the largest in Colorado — has continued its expansion out from the Denver market with the opening of a new location in Longmont. The city opened its doors to recreational pot sales in late 2018. The Longmont location, TGS' 21st pot shop in Colorado, is at 206 S. Main St. and celebrated its grand opening Jan. 25. When TGS opens in a new community, the firm identifies a local nonprofit organization to support. In Longmont, that group is **Sustainable Resilient Longmont**, which advocates for environmental protection and responsible economic growth. The Longmont location is the second new TGS store to open in the roughly two months since the firm announced plans to merge with **Columbia Care Inc.** (OTCQX: CCHWF).

Points West Community Bank merged its Nebraska and Wyoming charters into its Colorado banking charter. The Windsor-based bank has expanded to 23 locations in three states, including nine locations in Colorado. Points West has locations in Julesburg, Haxtun, Wellington, Loveland and Fort Collins, and two each in Windsor and Greeley.

Shelley and Andrew Dunbar, Boulder locals who have held North American distribution rights for Australian outdoor product maker **Sea to Summit** for more than two decades, sold those rights back to **Sea to Summit Inc.** for an undisclosed sum. The deal, which is expected to close in April, will not impact Sea to Summit's roughly 50 employees in the

Boulder area. The local North American distribution headquarters will not be moved.

Global Healthcare Exchange Inc. acquired Chicago-based **Lumere Inc.**, a provider of data and analytics solutions that enable health-care organizations to build clinically integrated supply chains and optimize medication formulary management. Financial terms of the deal were not disclosed. Louisville-based GHX is a health-care business and data automation company, providing health-care organizations with a cloud-based supply-chain technology platform. The company works with manufacturers and distributors in North America and Europe.

Heska Corp. (Nasdaq: HSKA) closed acquisitions of **CVM Diagnostico Veterinario S.L.** and **CVM Ecografía S.L.**, two sister companies in the veterinary diagnostics industry based in Spain. Loveland-based Heska, which produces its own set of blood tests and imaging tools for animals, said the companies initially agreed to a sale late last year.

MOVES

Silicon Valley Bank (Nasdaq: SIVB) relocated its Broomfield office to downtown Denver. The Santa Clara, California-based bank first opened an office in Boulder in 1996. That operation moved to 380 Interlocken Crescent in Broomfield in 2007, employing about 50. Now, the office has moved once again, to 1200 17th St. in the Tabor Center, which provides room for growth.

Lush Cosmetics LLC, a Vancouver, British Columbia, company with a long-time location at 1312 Pearl St. in Boulder, will relocate this spring to larger quarters at 1215 Pearl St. Nature's Own, the previous occupant of the space, closed Dec. 29. It maintains retail locations in Nederland and Fort Collins and has a wholesale business that sells products to museum gift shops. The Nederland store has been the top performer for the company.

Equinox, the sculpture of three horses visible to northbound Interstate 25 drivers as they exit onto U.S. Highway 34, will be removed and stored to make way for changes to the interchange caused by the expansion of I-25. The sculpture, created by three Loveland residents, will be relocated when a position for it is selected.

OPENING

Torchy's Tacos was to open its first Boulder restaurant Feb. 5, bringing to eight the number of Colorado restaurants for the Austin, Texas-based taco chain. The Boulder restaurant is located in the former Turley's Kitchen space at 2805 Pearl St., at the northeast corner of 28th and Pearl streets. Torchy's, which was founded in a food trailer in Austin in 2006, providing traditional street tacos, also operates restaurants in Fort Collins, Denver, Greenwood Village and Highlands Ranch. The chain operates 73 locations in Colorado, Texas, Oklahoma and Arkansas.

Sportsman's Warehouse Holdings Inc. (Nasdaq: SPWH), which has a location in Colorado, will open a store in Parker this month. It will be the retailer's

seventh location in the state. The company, which sells hunting, fishing, camping, shooting, apparel and footwear merchandise, also is adding stores in Brentwood and Corona, California.

North Range Behavioral Health opened a counseling center in Frederick Jan. 17 after breaking ground on the new building last April. The 12,000-square-foot center at 5901 Majestic St. has room for seven therapists overseeing therapy across age groups and specific needs, such as driving-under-the-influence counseling.

PRODUCT UPDATE

The U.S. Food and Drug Administration is fast-tracking clinical review for Boulder-based **Clovis Oncology Inc.** (Nasdaq: CLVS) as it tries to expand the reach of its flagship drug to treat other types of cancer. Clovis said the FDA approved its application to begin clinical trials for **Rubraca** as a standalone treatment for advanced forms of prostate cancer and granted it priority review. Rubraca, the company's only drug approved for sale in the United States and European Union, primarily is prescribed to ovarian-cancer patients and survivors to lower the chance of relapse, but is thought to help control solid-tumor forms of cancer caused by a specific genetic mutation.

Avery Brewing Co. in Boulder developed a new hard seltzer product line called **Sparkle**, which will be available for purchase throughout the brewery's distribution network this month. Sparkle will be 5 percent alcohol by volume, 100 calories, and 1.5 carbs and will come in cherry lime, grapefruit, and CranRaz.

Little Secrets LLC, a Boulder-based company that produces Fair Trade Certified candy, added cookie bars to its lineup of natural products. The cookie bars are available in both milk and dark-chocolate flavors. Retailers to carry the brand include **Whole Foods, Sprouts, Natural Grocers, Fresh Market, Earth Fare, PCCs, Fresh Thyme** and **Central Market**.

SERVICES

Longmont Power & Communications will continue to provide electric vehicle charging for free at city-owned charging stations. The city has been providing free charging since August. Stations have been used more than 1,100 times, triple the usage in all of 2018. Longmont's city-owned EV charging stations are located at the Longmont Downtown Development Authority, in the 300 E. Main St. parking area; a lot between Third and Fourth avenues; the Longmont Museum, 400 Quail Road; the Longmont Service Center, 1100 S. Sherman St.; and the St. Vrain Memorial Building, 700 Longs Peak Ave.

Zayo Group Holdings, Inc. (NYSE: ZAYO) activated a new wavelength route between Montreal and Albany, New York. From Albany, routes traverse either east to Boston or south to New York City and most other northeast markets. The Montreal area is a hub for technology. This wavelength route provides a differentiated option for carriers, fintech, webscale and other enterprises needing high-speed, dedicated connectivity.

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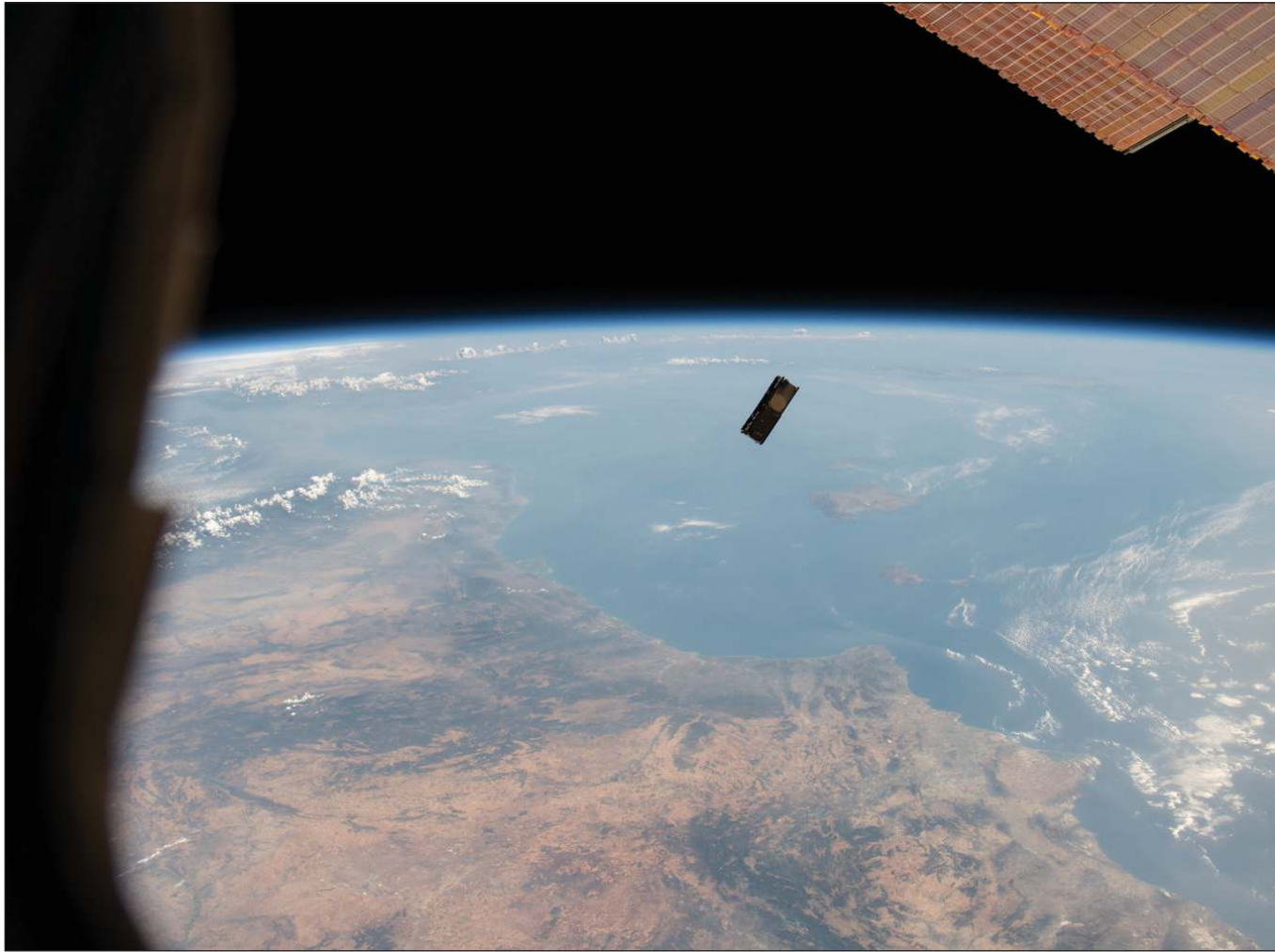


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BW STARTUPS



Orbital Micro Systems first satellite, IOD GEMS-1, is shown as it is launched into orbit from the International Space Station this summer. COURTESY NASA

OMS aims to make weather data more current, more affordable

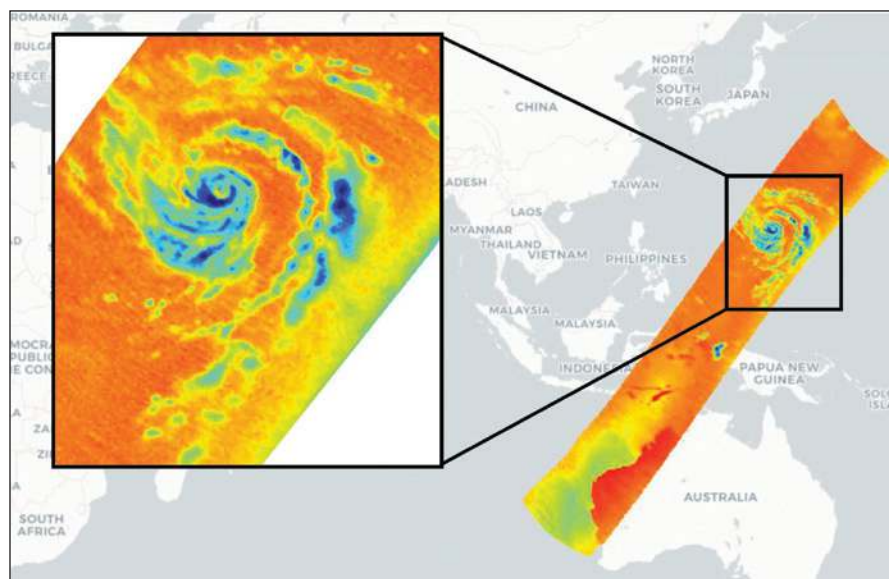
By Dallas Heltzell
news@bizwest.com

BOULDER — Next time you take off for Europe or Asia, consider this: By the time the airliner you're riding in is in mid-ocean, the weather data on which its flight crew relies could well be dangerously out of date.

A young Boulder-based company believes it has the solution through real-time weather information monitored from space.

"One of the really big gaps now is trans-oceanic flight," said Michael Hurowitz, co-founder and chief technology officer at Orbital Micro Systems. "Pilots have pinpoint instrumentation, but they have very limited satellite data. The forecasts they are equipped with when they depart on their flight are six hours old or worse, so they're basically flying blind to the weather. There's a need for a real-time weather observation service that can push updates to pilots en route about changing weather conditions. They can plan a safer, more fuel-efficient route at the same time, and the fuel efficiency is where they have the economic impact.

"But then there's other impacts that



Pictured are passive microwave soundings of Super Typhoon Hagibis as captured using OMS technology. COURTESY OMS

are harder to measure in terms of better passenger safety," Hurowitz said. "If we can prove that we reduce risks, the insurance model can adapt and offer better pricing."

Back on the ground, farmers also can benefit, Hurowitz said, "especially in orchards where a frost can wipe out a whole crop." If farmers can

be provided with up-to-the-minute, hyper-localized data on surface temperature, winds and humidity, he said, "we can predict frost with more accuracy and they have some time to take a corrective action — be it turning on blowers, spraying water on the crops to increase their heat capacity, etc."

OMS' founders knew that such data

STARTINGLINE

Techstars announces Boulder 2020 class

Techstars, a Boulder-based startup accelerator, will welcome 10 new companies into its 2020 Boulder cohort, which is Techstars' 14th class. Participants, according to a Techstars news release, are: Beanstalk, which provides live and on-demand "mommy and me" classes; Charmed, a dating-advice app allowing friends to provide message suggestions; Demoflow, a complete demo-enablement platform to streamline prep, presentation, follow-up and documentation across sales organizations; FITco, a growth-catalyst solution for fitness centers in Latin America; TermScout, data-driven contract intelligence to help businesses review contracts better; The Accessory Junkie, a women's accessories e-commerce platform; Sympatic, which enables health-care companies to safely share valuable data, providing audit logs and preventing data leakage; VideoPeel, which enables brands, retailers and agencies to collect and publish video reviews and testimonials; and Warmly, a platform that connects vetted professionals via actionable business cards.

Longmont EDP spins out local accelerator program

Startup accelerator Innovate Longmont — a public-private partnership among the Longmont Economic Development Partnership, the city, TinkerMill, Boulder County Small Business Development Center, Longmont Area Chamber of Commerce and Startup Longmont — has been spun out of the Longmont EDP and will operate as an independent 501(c)(3) non-profit corporation. Former Longmont EDP director of innovation Sergio Angeles now serves as president and chief executive of Innovate Longmont, according to a Longmont EDP news release.

Boomtown, Comcast team on sports-technology accelerator

Boulder-based startup accelerator Boomtown is partnering with Comcast NBCUniversal LLC to launch SportsTech, a new sports-technology accelerator program in Atlanta. The three-month program will include 10 startups representing industry areas such as media, fan engagement, athlete performance and sports wagering, according to a Boomtown news release. Boomtown has partnered with Comcast since 2015. The accelerator's first expansion outside of Colorado was an Atlanta outpost launched in 2017 at Comcast's regional headquarters.

Made in Loveland expands startup events

In a bid to make scheduling easier for business owners and investors, Made in Loveland is restarting the city's entrepreneurship event as a month-long affair. Instead of condensing speakers and events into a week, Made in Loveland will host all but two of those gatherings on Wednesdays and Fridays at desk chair, a co-working space at 201 E. Fourth St. In an interview with BizWest, desk chair spokeswoman Betty Maisenbach said the goal of spreading out the series is to get people to come in during their lunch breaks and after normal work hours instead of taking time off from their jobs.

has been available in some form since the 1960s — but it's been costly. Their mission: How to make it affordable.

"We've flown some really expensive, exquisite space missions," Hurowitz said. "This type of data proved to be absolutely critical for the global weather-forecast enterprise, but we've never quite broken the cost barrier, so there are lots of things we've not been able to do in the past in terms of real-time weather. Scientists have spent 30 years trying to convince the program managers at NOAA, NASA and other federal agencies of the right way to improve the weather infrastructure through both sensors, spacecraft innovation, weather modeling and advanced atmospheric physics—but, long story short, we could never garner the support."

So, nearly a decade ago, Albin "Al" Gasiewski, a professor of electrical engineering and director of the Center for Environmental Technology at the University of Colorado Boulder, "started up his own effort to do a demonstration mission of putting this capability on a spacecraft at about a thousandth of the cost of the last mission," Hurowitz said. "We all got to talking and said this could be a really interesting business model here, being a data-infrastructure supplier to all these different industries that rely on weather."

Hurowitz, Gasiewski, William Hosack and others spent a few years laying the foundation for the company, commercializing the sensors they developed and getting them ready to be deployed on a spacecraft so they could demonstrate its capability to their first group of customers, mostly government contractors.

OMS was incorporated in January 2015 and signed a technology-transfer license with CU. Hosack is the company's chief executive and Gasiewski is its chief scientist. The startup was fueled by the idea of finding innovative ways for its clients to cut costs.

"Historical microwave sensors have been in the hundreds of pounds and hundreds of millions of dollars," Hurowitz said. "One of the key drivers of our initiative is to use different frequencies than they used in the past so that they reduce the size of the antennas and reflectors they have to use. Our current payload is about 20 by 10 by 10 centimeters stowed, and then we deploy an offset-scanning parabolic reflector similar to the architecture of a DirectTV dish. We receive energy and measure the power in that signal to tell the basic temperature and humidity concentration of the source — which in this case is atmospheric gases."

The data is measured in three dimensions and at varied heights, using a microwave spectrometer, Hurowitz said. "Rather than measuring the total power received across the whole spectrum, we split that spectrum up into subsections and measure the power of each section, and each one correlates to contributions from a range of different atmospheric altitude. We measure temperature at the surface, near the surface and any-

where up to about 45 kilometers. Same with humidity. The bands we build instruments to observe are based on the quantum mechanics of gases, which are very well documented in the scientific literature."

The company opened an office in 2018 in Edinburgh, Scotland. Last September, the International Center for Earth Data (ICED) was opened at the University of Edinburgh as a commercial platform and collaborative project between that school, CU Boulder and OMS. ICED subscribers will have access to timely information from OMS' Low-Earth Orbit satellite technology. OMS' GEMS (Global Environmental Monitoring System) miniaturized passive microwave radiometer was sent aloft in April, deployed from the International Space Station on July 3, and, according to a company news release, "outmatched the best available microwave views of weather structures on earth, showing excellent clarity and detail not previously possible" and "aims to facilitate more accurate weather insights in underserved areas of the world that may not have the resources to process raw data into local models necessary for appropriate forecasting and planning."

OMS' next step was to establish an office and the Global Earth Observation Center of Excellence in Kerala, a state in southwest India — a project in Hosack's wheelhouse.

"Bill has had 30 years in the aviation industry, working his way up from pumping gas, but he's also a professional musician by training — a saxophonist," Hurowitz said. "He has traveled the world building new markets for aviation and aerospace — a lot of hardware deals, data deals for big airlines and prime airline manufacturers but also the after-market parts manufacturers. He's one of the folks who brought a whole new set of suppliers to India and Southeast Asia. I've never met anybody like Bill who just understands how to set up new projects from scratch and international relationships. He has a really special and rare skill set."

Hurowitz, who handles much of OMS' government and military client outreach as well as research and development, attended Colorado School of Mines and has a background in physics and public policy. "I went to work at a semiconductor startup and fell in love with the idea of building cool technology into a business," he said. He also teaches a class in electronics manufacturing at CU, works as a mentor through its technology-transfer office, and for about 12 years has been running an engineering-services consulting company. "I do electronic and product design services and design reviews for clients all the way from Airbus and Boeing to small startup companies here — three to five guys in a garage trying to build a new product," he said.

From its headquarters at 3100 Arapahoe Ave. in Boulder, OMS builds the sensors but buys the space hardware from vendors. "We're sensor experts, not spacecraft experts, although we

do have some great spacecraft people on our team," Hurowitz said, "but we don't actually build satellites because they've gotten to be a commodity. There's a lot of suppliers out there. It may cost a little more, but setting up your whole supply chain manufacturing for spacecraft is just a fundamentally different business model. Our focus is on sensors and to let our partners fill in the rest."

The company has 12 employees in Boulder, including electrical engineers, computer scientists, weather scientists and financial specialists, as well as Jennifer Lane, its director of human resources.

Based on market analysis, OMS aims for a client list that's about 80 percent commercial and 20 percent gov-

ernment, Hurowitz said. "They can get data directly through a web portal. Anybody that wants to put in a credit card and buy data for their region, it's pretty inexpensive. We start at tiers of 100 square kilometers, and for \$5 or \$10 they could buy a 100-square-kilometer data set over a one-month or one-week time period. But our focus is to get a few big anchor clients in place."

The company remains privately owned, he said.

"The exit strategy becomes a lot more clear if you build a good company," he said. "If we build that, there will be multiple ways to exit that may make sense for us. But right now the goal for me is building a great team of people, having fun, and solving some significant problems in the process."



Larimer Leadership Breakfast

Thursday,
March 12, 2020
7:00 AM
Fort Collins Marriott

Keynote Speaker:

TERRY L. FOSSUM

Terry L. Fossom has been active in Scouting more on than off for nearly 50 years. As an officer in the United States Air Force, his military honors include Officer of the Year for Fairchild Air Force Base, Distinguished Graduate from Squadron Officers' School, and Humanitarian of the Year for all of Strategic Air Command. His business career led him to develop sales teams around the globe, where he became a multimillion dollar earner. He has authored four highly-acclaimed books in the self-improvement realm, and performs business training and keynote speaking across the U.S. and in different parts of the world.

Hobbies include martial arts where he's a Black Belt, and, wilderness adventures in places like solo



backpacking deep into the Arctic Circle, treks in Africa, survival in the Amazon jungle and others. Recently, he's represented all of Boy Scouts of America winning Kicking and Screaming, a Survival Reality show pitting 10 Survival Experts against each other in a jungle, while teamed up with a complete novice.

For Sponsorship and additional information contact – Kelly Moll, Development Director, 970-584-2211
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Mission of the Longs Peak Council, BSA

It is the mission of the Longs Peak Council, BSA to develop character, integrity and leadership in today's youth through quality programs, outdoor experiences, and service to community.

Longs Peak Council Background

Currently serves over 8,000 youth through the positive leadership of 3,400 adult volunteers in 26 counties in northern Colorado, southern Wyoming and western Nebraska.



BW ECONOWATCH



CHAD COLLINS/BIZWEST

From left, Dallas Everhart, executive professor, UNC Monfort College of Business; Rich Wobbekind, economist from the University of Colorado Boulder; Pete Schippits, Senior Managing Director, CBRE; Shawn Osthoff, President, Bank of Colorado; Kevin Unger, President & CEO, UHealth North Region; and Amber Duchaine, Business Service Representative, Employment Services of Weld County.

NoCo economy: Slower growth, no recession

By Ken Amundson
kamundson@bizwest.com

GREELEY — Economic prognosticators expect 2020 to be a year of continued growth in the Northern Colorado economy, although growth won't be as rapid as has been the case in recent years.

The bottom line: No recession on the horizon.

"It is difficult to see how we could go into a recession in the near term with the income growth and employment growth that we're seeing," said Rich Wobbekind, economist and associate dean at the University of Colorado Boulder Leeds School of Business.

And at CBRE, the commercial real estate firm, "We do not have a recession in the forecast. This is the first time in my time with the company that that's been the case. And I hate to say it, but I don't think the upcoming election matters as far as the economy is concerned," said Pete Schippits, senior managing director for CBRE.

Presenters at the annual BizWest Economic Forecast, held Wednesday at the DoubleTree by Hilton in Greeley, displayed graph after graph that showed mostly upward rising trend lines, except in cases of unemployment, where they were level or declining further.



CHAD COLLINS/BIZWEST

Wobbekind addresses the Northern Colorado Economic Forecast event Jan. 22, 2020 in Greeley.

Wobbekind said Colorado is at 10th or 11th in the nation in job growth, with states such as Utah doing better and Wyoming performing worse.

Real gross domestic product in the United States was at about 1.9 percent in the United States. In Northern Colorado, which Wobbekind defined as the Greeley and Fort Collins/Loveland metropolitan statistical areas, the GDP was about 7 percent. "I haven't found a 7 percent anyplace else in Colorado," he said.

Most of the U.S. economy is based upon consumption, and for 2020, he predicted that real disposable income would increase 2.1 percent and real personal consumption would increase 2.3 percent. Both were higher in 2019 at 3 percent and 2.5 percent, respectively.

Retail sales continue to grow at 2.7 percent, which is a slower pace than before, but still positive. The same is true of vehicle sales, he said.

Manufacturing, while still rela-

THE TICKER

NoCo, Boulder Valley jobless rate remains low

The jobless rate throughout Boulder Valley and Northern Colorado remained lower in December than both the Colorado and national averages. Boulder and Larimer counties posted the lowest non-seasonally adjusted unemployment rate of 2 percent, according to recently released data from the Colorado Department of Labor and Employment. That's down from 2.1 percent in November. The statewide unemployment rate for December was 2.5 percent and the national figure was 3.5 percent. Broomfield County recorded a December jobless rate of 2.1 percent, down from 2.3 percent in November. Weld County's rate remained unchanged for the month at 2.3 percent. Over the year, the average workweek for all employees on private nonfarm payrolls was unchanged at 33.6 hours and average hourly earnings increased from \$29.88 to \$30.77, according to Colorado Department of Labor and Employment data.

Greeley maintains position atop hotel occupancy statistics

Despite the seasonal downturn experienced each December in hotel-room occupancy, Greeley maintained its position atop the Northern Colorado and Boulder Valley occupancy statistics for the month and also maintained the highest occupancy for 2019 as a whole. Greeley hotel rooms filled to 54.4 percent of capacity during December and 75.4 percent for the year. Its annual average occupancy was exceeded only by hotels in the vicinity of Denver International Airport (81.2 percent) and downtown Denver (79.3 percent). Estes Park had the highest average daily room rate in the region at \$162.79 for December, followed at a distance by Boulder with an average daily rate of \$130.15. Colorado as a whole saw a December occupancy rate of 53.4 percent and an average daily room rate of \$167.38.

Housing prices up a bit in '19 but doubled in last decade

Average home prices ticked up in 2019 across Northern Colorado and many parts of the Boulder Valley, regions that saw prices come close to doubling over the past decade. The Group Inc. president Brandon Wells presented a breakdown of annual and 10-year housing trends during the firm's annual real estate forecast held at the Embassy Suites Loveland. The average home price in Fort Collins was \$430,887 in 2019, up 2 percent from the previous year. That 2019 price is 86 percent higher than the 2010 average price of \$231,118. Loveland's 2019 average price was \$409,236, up 5.4 percent from 2018 and up 91 percent from 2010's \$214,609 average. The average home price in the Greeley-Evans market grew 4.7 percent in 2019 to \$302,837. That's a 135 percent increase over a 10-year period. In Longmont, the average home price fell 0.8 percent in 2019 to \$473,442, likely because more smaller, less-expensive homes came onto the market during the year, not because of depreciation. Since 2010, Longmont prices are up 122 percent. The most expensive real estate in the region was in Boulder, where average prices were \$923,430 in 2019. That's up 4 percent on the year and 91 percent for the decade. The Group Inc. Real Estate expects 10,900 total home sales in the region during 2020, up from in 2019. The firm's predictions were roughly 98 percent to 99 percent accurate during last year's forecast.

tively robust in Northern Colorado, is quite likely in a recession nationwide, he said. But because manufacturing is a smaller piece of the overall economy than it once was, and the growing service sector is larger, manufacturing hasn't had a major impact on the economy overall, he said.

Wobbekind worries about federal deficit spending, but sometimes thinks he's the only one concerned about it. The deficit — federal spending exceeding revenues — increased to \$984 billion for fiscal 2019 and is forecast to exceed \$1.048 trillion in fiscal 2020.

Interest rates are expected to trend up over the next 18 months, he said, although perhaps not in 2020. Mortgage rates may reach 5 percent by mid-2021.

Colorado inflation exceeds the federal inflation rate, which is a concern, Wobbekind said. Colorado inflation was 1.9 percent by the end of 2019, and U.S. inflation was 1.8 percent. Shelter and health-care cost increases drove the inflation rates.

Job growth in Northern Colorado continues strong, with the Greeley MSA leading the state. Jobs in Weld County increased 46 percent since January 2010, and Larimer County jobs increased 33.7 percent, Wobbekind's charts showed. Health care and education added the most jobs over the past five years at 5,600, with leisure/hospitality adding 5,400 in the same period.

"There was some speculation that Weld would slow down because of energy, but that hasn't happened," he said. All employment categories except information industries showed employment growth.

Wages were also up in real terms in Colorado. Statewide, average wages were up 4.3 percent. Because inflation was lower than that, real wage gains were realized.

Agriculture in 2019 was stronger than predicted a year ago. Net farm income is projected to be \$1.6 billion in 2020, which would exceed 2019 numbers.

Crude oil production is projected down for 2020. The state pumped 186 million barrels of crude oil in 2019 and expects to pump 175 million in 2020.

Within the real estate sector of the economy, Schippits said that Northern Colorado is outperforming Colorado Springs and Denver because of the relative affordability of the region. "One out of every four people moving to the state is choosing Northern Colorado," Schippits said.

Multi-family rents remain high at about \$1,250, he said. In the past eight years, rents have increased 57 percent. "We're not overbuilding in this category. The only thing that will bring down rents is oversupply," he said.

Low vacancy rates in the office real estate category are lifting lease rates, and "there aren't a lot of new products out there," he said.

Shawn Osthoff, president of the family-owned Bank of Colorado, said population growth is lifting bank deposits throughout the region. Weld County has seen a 10 percent growth in bank deposits, he said. Larimer is also strong.

Banks are healthy, he said: No banks in Colorado are on the Federal Deposit Insurance Corp.'s problem list, and only 55 nationwide are on the list.

Osthoff said small businesses are negatively impacted by the growing presence of large national banks. He said 75 percent of deposits are controlled by out-of-state banks, compared with 60 percent 10 years ago.

Banks continue to struggle with federal regulations that hinder doing business with marijuana-based businesses, although a legislative fix is currently in the U.S. Senate. He also said federal rules governing doing business with hemp companies are being written and will smooth that growing area of the economy soon.

In the health-care sector, emphasis in 2020 will be on cost controls, said Kevin Unger, president and CEO of UCHHealth North Region, which includes the UCHHealth hospitals in Fort Collins, Loveland, Greeley and Longmont.

UCHHealth is investing in behavioral health care with \$150 million in budgeted spending and grant spending planned.

"Virtual health," which includes

treating patients remotely and monitoring patients in hospitals in a virtual way, will help to drive down costs and blunt the need to find limited numbers of nurses and other health-care providers.

In response to a question about where students and young people should focus their attention for jobs in the Northern Colorado economy, Amber Duchaine, business service representative with Employment Services of Weld County, said health care would be on the list to consider, given that jobs in that sector range from doctors to food service and housekeepers.

She displayed charts showing that the forecasted fastest-growing occupations in the next five years will be in health care (10 percent), material moving (10 percent), maintenance and repair (11 percent), and extraction industries (19 percent).

Because unemployment rates are so low — and therefore the readily available workforce for all industries is thin — she recommends that employers modify their hiring practices to focus more on skills and less on degrees.

As Wobbekind said, "how can you take people who aren't structurally the best fit for a job and retool them to work in those jobs. Tight labor requires you to find new ways to hire. And make sure you retain your people because it's painful if you don't."



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BW COMMENTARY

RTD was right to reject \$400,000 search budget for new general manager

Consider us pleased that the Regional Transportation District backed away from an ill-advised proposal to spend \$400,000 on a search for a new general manager.

The tone-deaf proposal came as the transit agency faces mounting woes — responding to declining ridership and increasing driver and operator vacancies by reducing or eliminating many routes. Interim GM Paul Ballard — who formerly led the transit system in Fort Worth, Texas — faces challenges keeping buses on the street and trains on the track as he fills a vacancy left by Dave Genova, who retired in January.

The very idea that — in this or any environment — the agency would consider spending such an exorbitant sum trying to identify the best person to replace Genova felt like a slap in the face to RTD's restless riders.

And it undoubtedly felt like a face slap to RTD employees. (How many bus drivers or train operators could be hired or retained for such a sum?)

At the same time, residents of Boulder and Longmont continue to fume at decades-long delays — another 30 years? 40 years? — in rail service, even though citizens of those communities have been paying higher taxes to fund FasTracks. (Frustration has even prompted a private group to propose its own rail solution for the northwest corridor.)

It's understandable, with all of these challenges, that the agency would seek to hire a skilled executive to pull the agency out of its doldrums. But \$400,000? It's unbelievable that the agency would have even considered such a sum.

So, kudos to the RTD directors who rebelled at the idea, with the board eventually voting 10-5 to reduce the outlay by half, to \$200,000.

While that amount still seems high, it's at least in the ballpark of other executive searches nationwide and for similar positions around the state.

RTD's executive search comes as state legislators consider measures to increase supervision of the agency, perhaps expanding the board of directors and providing greater ability for RTD to reduce fares.

It's an interesting proposal. But the most important thing is for RTD to spend the \$200,000 search budget wisely. It must identify a visionary leader, one who can right the ship quickly, devising a strategic plan to boost ridership and build a skilled workforce, including bus drivers and train operators. The new executive must rebuild trust with employees, riders and taxpayers.

And it should be someone who would reject out of hand spendthrift proposals.

Future holds key to Lucky's legacy

It's easy to bash entrepreneurs when they're down. But it's how entrepreneurs respond to adversity that should dictate the esteem in which they're held by the public.

The founders of Lucky's Market, Trish and Bo Sharon, have had a difficult few days — and, we suspect, a difficult few months.

The Sharons founded Lucky's in north Boulder, quickly establishing a local icon by providing quality food to customers and helping countless natural and organic companies build a customer base. (Shelf space is an extremely valuable commodity for any retailer, and securing that space can set a new natural and organic company on a path to success.)

Lucky's embarked on a major growth curve in 2016, when it secured a strategic investment from Kroger Co. That investment saw the natural grocer expand from 17 stores to 39, including 21 in Florida alone.

But Kroger's December announcement that it would divest its stake in Lucky's proved the death knell for the company's expansion plans. Barely a month later, word leaked that Lucky's would close 32 of its stores and cancel plans for 19 additional stores.

Company officials were silent at first — too silent, in my opinion — only taking to social media hours later to provide some clarity about what was happening.

Then came Monday, Jan. 27, when Lucky's filed a series of bankruptcy filings with U.S. Bankruptcy Court in Delaware. At the time of the filing, Lucky's had assets of \$425 million

and liabilities of \$600 million. Half of those liabilities — \$301 million — were to Kroger, which had provided a series of loans to fuel its expansion.

With Kroger pulling out of its Lucky's investment, the chain was left with little choice but to close and/or sell the bulk of its stores. And a bankruptcy was an inevitable next step, providing probably the only way to get out of dozens of leases and other contracts around the country.

But Lucky's still might emerge — smaller, but stronger. On Jan. 29, the company announced that the Sharons would purchase the seven Lucky's stores that it had said would remain open, including the original north Boulder location and one in Fort Collins.

That sale, as well as others to Aldi, Publix and Southeastern Grocers, are subject to approval by the bankruptcy court.

Many will fault Kroger for Lucky's travails, arguing that the grocery giant pulled the rug out from under Lucky's. Others will fault the Sharons for growing too big, too fast and accumulating too much debt.

But entrepreneurship inherently entails risk-taking. It entails learning from one's mistakes. It entails overcoming obstacles. Most importantly, it entails not wanting a dream to die and being driven to recover what worked, rebuild and move on.

It would be easy for the Sharons to walk away, to sell or close the remaining stores, to abandon the dream. But that's not what entrepreneurs do.

Good luck, Lucky's.

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Thought leaders, please come home

With grand hopes and innovation bulbs flashing I founded the Quid Novi Innovations conference. We whimsically quizzed people about the Latin term. People thought a quid novi might be a food, a currency or even a disease. As we built our What's New annual conference many guest speakers listed themselves as "Thought Leaders."



LEADERSHIP
RICK GRIGGS

I learned of dozens of competing conferences that enticed the thought leaders to travel to exotic locales to expound on their knowledge. Industry patrons advertise four, seven, even 14-day cruises where you can jam hard in between your doses of thought leadership.

Where are the thought leaders?

In the late 1990s Willie Brown, then mayor of San Francisco and previously a member of the State Assembly, said he would stamp out homelessness

with new and innovative ideas. His bold plan was to corral the 'thought leaders' and fix the problem like cutting the head off a rattle snake sunning in your backyard. Homelessness didn't disappear in San Francisco.

In college I volunteered to collect data for my psychology professor's research on suicide prevention. Leaning into the task at the coroner's office, I collected statistical data on completed suicides. There were images I'll never forget, but I never saw his research conclusions. There is however, an American Association of Suicidology. I'll bet they use terms like ideation and refer to the DSM (Diagnostic & Statistical Manual). Suicide rates have worsened.

Opinions on abortion are as divided as those on beheadings during the French Revolution — those in favor stayed in favor; those opposed lost their heads. Moral arguments fly as the numbers, rates and ratios continue to drop in many states whether or not they enact stricter regulations and/or clinic closures. We wait anxiously for smart thinkers to bring us together and help us uncover reasonable solutions. Abortions have dropped, but the controversy still rages. All sides focus on saving someone's life while paradoxically strain-

ing to rip each others' heads off.

Where are the thought leaders?

Eight people own as much wealth as half the world's population — 3.6 billion people (Oxfam). Not too long ago it took a whopping 60 billionaires to match this feat. Even where economies soar the average worker often sees little benefit. A cynic might deduce that astounding productivity increases have largely funneled to less than a baseball team.

A former Hewlett-Packard director, Guy Mendt, spoke at one of my Quid Novi Innovation conferences. His talk was titled, "The idea is not the innovation." His comments opened our eyes and got rave reviews. Turns out the thinking part is all too common. Everyone has the idea — what comes after all that brilliance is what's missing. There's someone at every dinner party or bar claiming he or she had the original idea for a gadget or

book or solution now gracing the cover of Inc. Magazine.

Another friend who specializes in the healing arts told me the culprit is fear. She believes fear is the enemy we must tackle in all that we do. Worthwhile efforts in life [and communi-

ty] are snubbed when fear flourishes. I interpret this as conquering fear so that ideas can turn into action.

To all thought leaders, please stop thinking — for a while. Spewing out too many ideas from polished stages does more harm than good. Come back to critical thinking before people start believing in sophomoric remedies and cultish slogans. The public deserves to know if you've actually done what you're talking about.

To all thought leaders, please come home. The issue is in your own backyard — not on a cruise ship. Return from your excellent TED adventures and take at least one solution past the start-up phase. Don't quit and ask for more money for a different idea.

Dear thought leaders, come down to earth and join with us to clobber issues like homelessness, suicide, the abortion question, income inequality — we've already wrapped them in enough fear.

Rick Griggs is a former Intel Corp. training manager and inventor of the rolestorming creativity tool. He runs the 10-month Leadership Mastery Academy. rick.griggs83@gmail.com or 970-690-7327.

"Spewing out too many ideas from polished stages does more harm than good. Come back to critical thinking before people start believing in sophomoric remedies and cultish slogans."



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