BizWest

2014 Newsmakers

THE BUSINESS JOURNAL OF THE BOULDER VALLEY AND NORTHERN COLORADO VOLUME 33 | ISSUE 25 | DEC. 26, 2014 - JAN. 8, 2015

Who knew ... that the Boulder Valley and Northern Colorado would lead the country in lobbying the federal government for an open Internet, Aug. 8 dwarfing the response of larger tech-savvy communities such as Silicon Valley, or that home affordability was slipping away Feb. 7 with each passing month, or even that the National Center for Atmospheric Research was struggling to maintain its climate research initiatives in the face of shrinking staff Oct. 17 and a budget that for years remained essentially flat. These and other stories have shaped our lives, our communities and our businesses. With this inaugural edition of Newsmakers 2014, the staff at BizWest has brought you the top news stories of 2014 and the latest updates on where things stand now.

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Front Range wineries outpacing Grand Valley

BY STEVE LYNN


Northern Colorado BUSINESS REPORT $1

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Revised plan heads to FC Council Jan. 14.
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Mortgage loan rules tighten today

BY MOLLY ARMBRISTER
marmbrister@ncbr.com

New federal mortgage underwriting rules going in effect today may cause a slowdown in residential lending and home-buying, two sectors of the economy that saw improvement in 2013.

The rules call for stricter documentation of the borrower's ability to pay and could make loans more expensive as banks cover the costs of the added paperwork, according to the Colorado Bankers Association.

Others, including non-bank lenders and Realtors, believe the new rules impact will be more muted, largely affecting borrowers with weaker financials.

More than a year in the making, the final rule was created in early 2013, and then amended several times

➤ See Lending, 8

IMAGES BY JONATHAN CASTNER

Jack Cantley uncorks a bottle of wine at Loveland's Sweetheart City Winery. The winery is part of a booming wave of winemaking on the Front Range. Below, a cask of Cabernet Sauvignon ferments.

Front Range wineries outpacing Grand Valley

BY STEVE LYNN
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LOVELAND – Wineries in the Front Range for the first time produced more wine than those in Western Colorado's Grand Valley during fiscal 2013, according to the Colorado Wine Industry Development Board.

The Front Range produced 583,000 liters of wine in 2013, outpacing Grand Valley production of 551,000 liters of wine last year. That's a big jump from a decade ago, when Front Range wine production totaled just 118,000 liters, or one third of Grand Valley production of 339,000 liters.

The Grand Valley still produced 80 percent of the state's grapes last year, but more wineries are locating closer to the state's most populated region, said Doug Caskey, executive director of the Colorado Wine Industry Development Board, a division of the state Department of Agriculture

➤ See Wineries, 4

Avago/LSI combo to boost NoCo tech sector

BY STEVE LYNN
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FORT COLLINS – The $6.6 billion acquisition of LSI Corp. by Avago Technologies will play a critical role in shoring up Northern Colorado's ailing technology economy, as Avago moves to nearly double its worldwide market share in the lucrative world of custom networking applications.

Avago (Nasdaq: AVGO), a spinoff of Agilent Technologies Inc. (NYSE: A), will expand offerings for such products as cell phones and tablets to include cloud computing infrastructure provided by LSI (Nasdaq: LSI) in the acquisition.

Avago's largest campus worldwide is located at 4380 Ziegler Road in Fort Collins. The company said in December it would buy LSI, including its Fort Collins operations, for $11.15 per share in a transaction funded with $1 billion in cash, a $4.6 billion term loan from a group of banks and a $1 billion investment from private-equity firm Silver Lake Partners, which once owned Avago before taking the

➤ See Growth, 12

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Wineries in the Front Range for the first time produced more wine than those in Western Colorado's Grand Valley during fiscal 2013, according to the Colorado Wine Industry Development Board.

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The Grand Valley still produced 80 percent of the state's grapes last year, but more wineries are locating closer to the state's most populated region, said Doug Caskey, executive director of the Colorado Wine Industry Development Board, a division of the state Department of Agriculture that promotes the Colorado wine industry.

More than half of the state's 108 wineries now are located on the Front Range, Caskey said. Some of the Grand Valley vineyards have opened locations everywhere from Centennial to Boulder.

Wine drinkers in Colorado are now imbibing 3.1 gallons per capita annually, 24 percent more than the national average of 2.5 gallons.

The state's wineries account for 5 percent of market share in Colorado, according to a recent study done by Colorado State University for the wine industry board. The economic contribution of the state's wind industry, meanwhile, tripled to $144 million from $42 million in 2005 when a similar study was done. About two thirds of the total economic impact came from tourism.

How good is Colorado wine? The state's wineries have won awards in the Jefferson Cup Invitational, a 14-year-old contest in Kansas City, Mo., that honors the best wines nationwide.

UPDATE

A late spring freeze and harsh winter temperatures led to a crop loss of 30 percent to 60 percent in the Grand Valley this year, Caskey said. Merlot was particularly hard hit, though preliminary reports indicate that the grapes the state harvested were of high quality.

The crop loss means that many of the Grand Valley wineries have kept the grapes they normally sell to Front Range wineries, which in turn, have had to look outside Colorado for their grapes.

"Wineries on the Front Range, unless they own a vineyard somewhere, they were scrambling for grapes," he said. "It's going to squeeze the smaller, newer wineries that don't have wineries of their own or don't have longstanding contracts with somebody."

Top stories online:

- OtterBox unveils slimmest case yet
- Arc Thrift Store to relocate to Midtown Commons
- Sunset Events Center building sold for $1.5 million
- DORA: Level of coercion from Udall 'zero'
- Brinkman to build new headquarters

Jan. 17-30

Developer embarks on $180 million multiuse plan

Boulder County
BUSINESS REPORT

SCHOOL GUIDE
BANKING/FINANCE

Developer embarks on $180 million multiuse plan

Sutherlands site sits in transit-village area

COMMERCIAL REAL ESTATE

RESIDENTIAL REAL ESTATE

RETAIL

CYBERSECURITY

FORECAST 2014

The Boulder County Business Report asked people in seven key industries what they expect in 2014.
Stories begin on 6A.

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BIZWEST STAFF

Real estate development firm ElementProperties LLC and Sopher Architects LLC submitted concept plans with the city of Boulder in January for a proposed redevelopment of the former Sutherlands Lumber Co. site that could cost up to $180 million.

The plan called for 680,000 square feet of building space, including room for apartments, office, retail and restaurant uses as well as a 140-room boutique-style hotel. Also included was a large public plaza that could someday serve as a train platform for a FasTracks commuter rail stop.

Dubbed S'Park – short for Sutherland Park in homage to the longtime owners of the site – the original plan covered roughly 8 acres. That included the 5.9-acre parcel at 3390 Valmont Road owned by the Sutherland family that was home to their hardware store and lumberyard. It also included adjacent parcels at 3195 Bluff St., and 3200 Bluff St., homes to Columbine Plastics Corp. and an Airgas branch store, respectively.

The Sutherland family retains ownership of the 3390 Valmont property and is a partner with Element in the redevelopment. They closed the 25,000-square-foot store in 2010, renovated it and leased it to various businesses.

The plan called for a mix of four- and five-story buildings. That included about 248,000 square feet of office space, 6,500 square feet of restaurant space, 12, 610 square feet for retail and about another 61,000 square feet of flexible street-level commercial space. That's in addition to the hotel and 180 apartments.

UPDATE

Developers plan to submit a more formal site review plan sometime in early 2015.

Boulder-based Element's Scott Holton said the plan for S'Park has been refined considerably, taking into account things the public liked and didn't like. The hotel is no longer part of the plan, replaced instead by some additional affordable housing.

The developers also submitted a separate concept review over the summer that covered three additional parcels along Bluff Street that have been added to the project. That plan calls for 24 for-sale three-bedroom townhomes with one-car garages and 45 two- and three-bedroom rental townhomes and flats with one carport per unit.

"Whereas many of the other Boulder Junction projects are marked by their mass and height, we're designing with much more variety and intention to serve our community's needs and aspirations for a creative and inclusive place in Boulder," Holton said recently.

Top stories online:

- Brewer buys more property for expansion
- Council to hear plan for St Julien property
- Construction begins on community in Erie
- Developer adding condos above retail space
- Boulder Outlook hotel sells for $9.3 million

BizWest 2014 Newsmakers

Jan. 24-Feb. 6

Top stories online:

- OtterBox reaches settlement in whistle-blower lawsuit
- Noosa Yoghurt constructing $5M expansion
- Office buildings at MCR sold for $56 million

Otterbox moves to settle suit

BY STEVE LYNN


Northern Colorado $1
BUSINESS REPORT
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AGRICULTURE
Cropland values soar 22 percent.
3

2013			
SALES	AVG. PRICE	% INCREASE SALES	% INCREASE PRICE
4,016	$275,921	14.7%	7.0%
2,373	$276,908	17.1%	4.8%
4,534	$223,864	20.1%	9.5%
10,923	$254,509	17.4%	7.1%

REAL ESTATE
Home demand high as supply shrinks.
7

Volume 19 | Issue 10 | Jan. 24-Feb. 6, 2014

Small businesses shun health exchange

BY MOLLY ARMBRISTER
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Thousands of Colorado small businesses – ineligible for federal subsidies and unable to afford high prices - are shunning the new health-insurance exchange, opting instead to renew existing "grandfathered" plans to avoid what are often double-digit rate increases.

Jim Sampson, employee benefits executive at Flood and Peterson in Fort Collins, said that roughly 70 percent of the companies with which he works opted to renew their plans late last year, worried about projected cost increases that have ranged from 20 percent to 63 percent.

As of Jan. 2, of the thousands of small businesses in Colorado, only about 100 had purchased plans through the exchange. The Small Business Marketplace opened along

➤ See Insurance, 22

JONATHAN CASTNER

Years of drought and declining herds have caught up with beef prices, with shortages causing prices to rise in a good-news/bad-news scenario for ranchers and consumers. Cattle pictured here are owned by Briggsdale rancher Larry Croissant.

Ranchers bullish but consumers may have beef

BY STEVE LYNN
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BRIGGSDALE – Cattle rancher Larry Croissant could see relief this year after tough times of drought and high feed costs, although his improved fortune may not trickle down to consumers.

Croissant had to make a big investment in his 250-head Red Angus herd to keep his operation afloat during last year's dry conditions as other ranchers sent their herds to slaughter.

But his and others' situation has improved since feed prices have dropped and returns on cattle have risen.

"I think everybody's outlook is a little better," Croissant said.

Ranchers are welcoming the higher prices, but those same high prices mean rising food costs for consumers, agribusiness experts said.

High feed and fuel prices as well as prolonged drought combined to create a few difficult years for cattle ranchers, said Kevin Good, senior analyst for Englewood-based beef analyst CattleFax. That led many producers to sell their cattle for slaughter because they could not afford to feed them.

Recently, lower feed costs along with record higher beef values

➤ See Cattle, 24

OtterBox moves to settle suit

BY STEVE LYNN
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FORT COLLINS – OtterBox is negotiating a settlement with a former employee who filed a whistleblower lawsuit alleging the cell-phone case maker underpaid federal import taxes on products it made in China.

Richardson

Fort Collins-based Otter Products LLC, which sells OtterBox, the No. 1-selling smartphone case in North America, is taking steps to resolve the lawsuit filed by Bonnie M. Jimenez of Brighton.

Jimenez, who worked in customs compliance as OtterBox's supply-chain director, contended the company failed to pay customs duties on the full value of its cell-phone cases, violating the False Claims Act.

"The settlement discussions are open and ongoing," an OtterBox spokeswoman said in an email. "It

➤ See OtterBox, 4

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Office furniture and design studios 25

Otter Products LLC, the company that makes OtterBox smartphone and tablet cases, paid $4.3 million to the U.S. government to settle allegations that the company violated federal law by underpaying customs duties, the U.S. Attorney's Office for the District of Colorado said in April.

The settlement stemmed from a whistleblower lawsuit filed in U.S. District Court in Denver by former OtterBox supply chain director Bonnie Jimenez in 2011. Jimenez, of Brighton, was to receive $830,000 in the settlement negotiated by Assistant U.S. Attorney Amanda Rocque.

Whistleblowers with knowledge of fraud against the U.S. can present those allegations to the government. If an investigation confirms those claims, the whistleblower shares in a settlement.

Between 2006 and 2011, privately held OtterBox made many of its products in China, and then imported those products for distribution and retail sale. OtterBox was responsible for the submission of entry documents to U.S. Customs and for the payment of any customs duties owed on those imported products.

OtterBox, however, knowingly omitted a portion of the value of OtterBox cases on imported product documents and made false statements in other documents submitted to Customs and Border Protection, federal authorities alleged. As a result of OtterBox's omissions and false statements, OtterBox knowingly underpaid customs duties it owed and violated the False Claims Act.

OtterBox, which saw rapid global growth during the period, denied that it knowingly underpaid customs duties and noted that the company settled the case without admitting liability. The company corrected payment discrepancies, enhanced its internal controls and paid all duties that it owed, former CEO Brian Thomas said at the time.

UPDATE

U.S. District Judge Raymond Moore dismissed the lawsuit April 28. OtterBox announced in November that Thomas left the company and that chief operating officer Peter Lindgren had succeeded him as CEO.

Meanwhile, OtterBox is embroiled in another lawsuit. California-based consumer products company Belkin International Inc. is suing OtterBox in U.S. District Court in California, seeking damages of $10 million. The suit alleges that OtterBox, which purchased competitor LifeProof in 2013, has been violating an agreement that had granted Belkin exclusive rights to distribute LifeProof cases in Europe, the Middle East and Africa.

The lawsuit comes amid reports that OtterBox is exploring a sale of the company. In August, Reuters reported that OtterBox is exploring a sale valuing the company at more than $2.5 billion. Citing anonymous sources, the report stated that OtterBox has hired investment bank Goldman Sachs Group Inc. to manage the process.

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CORRECTIONS

BizWest will correct any errors that appear in its pages. To suggest a correction or clarification, please contact Executive Editor Jerd Smith at 303-630-1951, or email at jsmith@bizwestmedia.com.

Top stories online:

- Work to begin on Gunbarrel Center in March
- Markel Homes acquires land from hospital
- Investors buy former Sam's site in Louisville
- Institute plans to sue CDOT over U.S. 36
- Avaya may set up shop in Boulder County

Jan. 31-Feb. 13

Mall redevelopment clears hurdle

BY JOSH LINDENSTEIN

Several months of legal wrangling between city of Longmont officials and clothing retailer Dillard's Inc. came to a halt in January, finally clearing the way for redevelopment of the Twin Peaks Mall.

That's when Longmont's city council, acting as the Longmont Urban Renewal Authority, settled its eminent-domain case against Dillard's, agreeing to pay $5 million for the 94,000-square-foot store and 7.1 acres around it at the mall. The city also agreed to pay Dillard's $500,000 to cover legal fees.


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HIGH-TECH MARKETPLACE
Rebound developing nontoxic refrigeration
5A
HEALTH AND WELLNESS
High-tech equipment aiding area hospitals
9A
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Mall redevelopment clears hurdle

BY BETH POTTER
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Work on Village at the Peaks could start as early as February

LONGMONT – The legal wrangling is over and work can begin on transforming the beleaguered Twin Peaks Mall into the open-air Village at the Peaks.

Longmont's elected officials agreed Jan. 21 to pay Dillard's Inc. $5.5 million for its store and property in Longmont, paving the way for an $80 million redevelopment of the mall as early as Feb. 18.

The Longmont Urban Renewal Authority earlier in January reached an agreement to settle its eminent-domain case against Dillard's Inc. (NYSE: DDS) for the 94,000-square-foot store and the 7.1 acres around it.

LURA — which is made up of Longmont's elected city council members — approved measures related to the settlement agreement. The transfer of the Dillard's title to developer

➤ See Mall, 13A

UCAR reups to manage NCAR for 5 more years

Agreement worth about $800 million in funding

BY DOUG STORUM
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The University Corporation for Atmospheric Research will manage the National Center for Atmospheric Research for another five years after renewing its contract with the National Science Foundation.

UCAR and NCAR have a staff of about 1,400 employees. They contributed about $420 million to the state economy in fiscal year 2012, supporting direct and indirect employment of more than 3,100 workers.

The five-year contract is not to exceed $800 million and will run through Sept. 30, 2018. The money comes from the National Science Foundation, as well as money that comes from various federal agencies and passes through the foundation to NCAR.

➤ See UCAR, 22A

Someone's in the kitchen with Sterling-Rice

Advertising agency in Boulder cooking up ideas for its food and beverage clients

PETER WAYNE

Kevin Appel, left, associate culinary director; Christie Wood, accounting director and culinary strategist; and Buddy Ketchner, president of the Sterling-Rice Group in Boulder, stand in the advertising agency's new kitchen where food and marketing ideas are cooked up for its clients in the food and beverage sector. See story, 7A.

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Boulder County's Business Journal

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Fort Collins-based NewMark Merrill Mountain States, developer of the new open-air Village at the Peaks shopping center that will replace the mall, ultimately paid the $5 million purchase price.

The agreement canceled the need for an April jury trial that would have determined the price of the Dillard's store. And it followed a December 2013 decision by a three-member panel that had set a preliminary value of $6.3 million for the property. Longmont officials earlier that year had offered Dillard's $3.6 million, while Dillard's requested $5 million. An appraiser for the city valued the store at $3.03 million, while a Dillard's appraiser had said it was worth $6.3 million entering the eminent-domain case.

NewMark Merrill, which owned all of the mall site except for Dillard's, needed title to the store before work could begin because Dillard's held a reciprocal easement agreement that gave it veto power over any redevelopment at the site. The store was also an unwilling seller.

UPDATE

With the court case in the rearview, the developers broke ground on Village at the Peaks Aug. 1. Ironically, the only portion of the old mall that will remain is the Dillard's building, though it will be divided up among multiple new tenants.

The $85 million, 480,000-square-foot redevelopment, on track to open in the fall of 2015, will be anchored by a Regal Cinemas 12-screen movie theater, Sam's Club, Whole Foods Market, Sports Authority, Gold's Gym and Wyatt's Wine and Spirits. Restaurants like The Melt, Parry's Pizza and Bad Daddy's Burger Bar have also inked leases at Village at the Peaks, along with Verizon Wireless and Pacific Dental. Whole Foods, originally slated to occupy 30,000 square feet, upped the size of its commitment to 40,600 square feet.

The city and its taxpayers are kicking in $27.5 million toward the development, money that will be paid back over the next 23 years through tax increment financing – money generated through the expected future tax revenues from the site.


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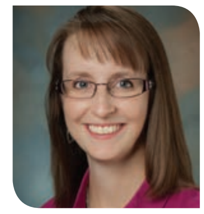
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Feb. 7-20

Top stories online:

- CooperSmith's Pub changing hands after 25 years
- Dean of CSU business school to step down
- Stadium critics create online petition
- Home sales slow in Loveland, Fort Collins
- Loveland's Embassy Suites ranked best in world

NoCo home affordability takes a dive

BIZWEST STAFF


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Key capital levels hit new low, raise red flag.
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World demand for local beef sends exports soaring.
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NoCo home affordability takes a dive

BY MOLLY ARMBRISTER
marmbrister@ncbr.com

Homes for Northern Colorado's middle class are becoming less affordable, according to a key index, which means more people are likely to be priced out of the fast-growing residential market.

A housing affordability index compiled by the Colorado Association of Realtors has dropped by nearly 13 percent in the past two years in Northeastern Colorado. The index is based on data from Realtor associations in Estes Park, Fort Collins, Boulder, Greeley, Loveland/Berthoud and Longmont as well as Logan and Morgan counties.

As of the fourth quarter of 2013, the index was 142 for the northeast Colorado region, compared with 154 two years earlier. Housing affordabili-

➤ See Affordable, 10

Audio alert

Loveland startup tackles booming ear-bud markets

JONATHAN CASTNER

These new ear buds are made from a moldable plastic that is heated and then shaped to each user's ear. **See story, 3.**

Woodward director goes on open-market buying spree

BY STEVE LYNN
slynn@ncbr.com

FORT COLLINS – Paul Donovan, an independent director of Woodward Inc., has spent much of the past 16 months buying thousands of shares of the company's stock on the open market. Analysts call the move a strong vote of confidence in the 150-year-old manufacturer of defense, energy and aerospace components.

Donovan, 66, most recently bought more than 1,100 shares of Fort Collins-based Woodward (Nasdaq: WWD) for nearly $50,000. His purchases spanned three days from Jan. 29 to Jan. 31 as Woodward's stock hovered around $42.

"When I see corporate executives putting their money where their mouth is and investing in their own stock with their own dollars, I tend to view that as a pretty good barometer," said Michael Ciarmoli, vice president of Equity Research for KeyBanc Capital Markets. "It's a very good indicator that there's an internal confidence level, an internal belief in terms of the growth prospects or profitability prospects of the company."

Attempts to reach Donovan were unsuccessful and a Woodward spokesman also declined to arrange an interview with him.

Donovan's purchases, while noteworthy, don't make him the largest shareholder on the board. That honor goes to John Halbrook, who owns nearly 1.3 million shares and controls more than 1.8 percent of all outstanding stock, according to Woodward's latest annual report. Woodward is one of the largest private-sector employers in Northern Colorado with about 1,475 employees in a 2013 tally.

Donovan has done well with the purchases to date. He started buying in September 2012 when shares were

➤ See Donovan, 2

WHO IS PAUL DONOVAN?

Paul Donovan has been a Woodward board member since 2000. He also serves on the board of directors for Clarcor Inc. (NYSE: CLC), which makes industrial water and air filters.

From August 1999 to June 2003, Donovan was executive vice president and chief financial officer of Wisconsin Energy Corp. in Milwaukee. Previously, Donovan worked as executive vice president and chief financial officer of Sundstrand Corp. in Rockford, Ill., from 1988 to 1999.

Woodward paid Donovan $93,750 during fiscal 201, which ended Sept. 30. Donovan received another $84,200 in option awards for a total of $177,950 in compensation.

Source: Woodward Inc.

JBS blazing sustainable-beef trail

BY STEVE LYNN
slynn@ncbr.com

GREELEY – JBS USA is leading a worldwide initiative to define "sustainable beef" as the embattled industry seeks to utilize more environmentally sensitive, humane methods to raise cattle.

➤ See JBS, 11

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An index compiled by the Colorado Association of Realtors in February showed that homes are becoming less affordable for the region's middle class.

The index was based on data from Realtor associations in Estes Park, Fort Collins, Boulder, Greeley, Loveland/Berthoud and Longmont. Information was also compiled from Logan and Morgan counties.

In the fourth quarter of 2013, the index was 142 for northeastern Colorado, down from 154 nearly two years earlier. Housing affordability index levels above 100 indicate that median family income is above what is needed to afford the median-priced home assuming current interest rates. The higher the index, the more affordable are the median-priced homes.

The index is designed to measure how much a family earning the median income can afford assuming it doesn't want its mortgage payment to exceed 28 percent of pre-tax income and that a 20-percent down payment will be made.

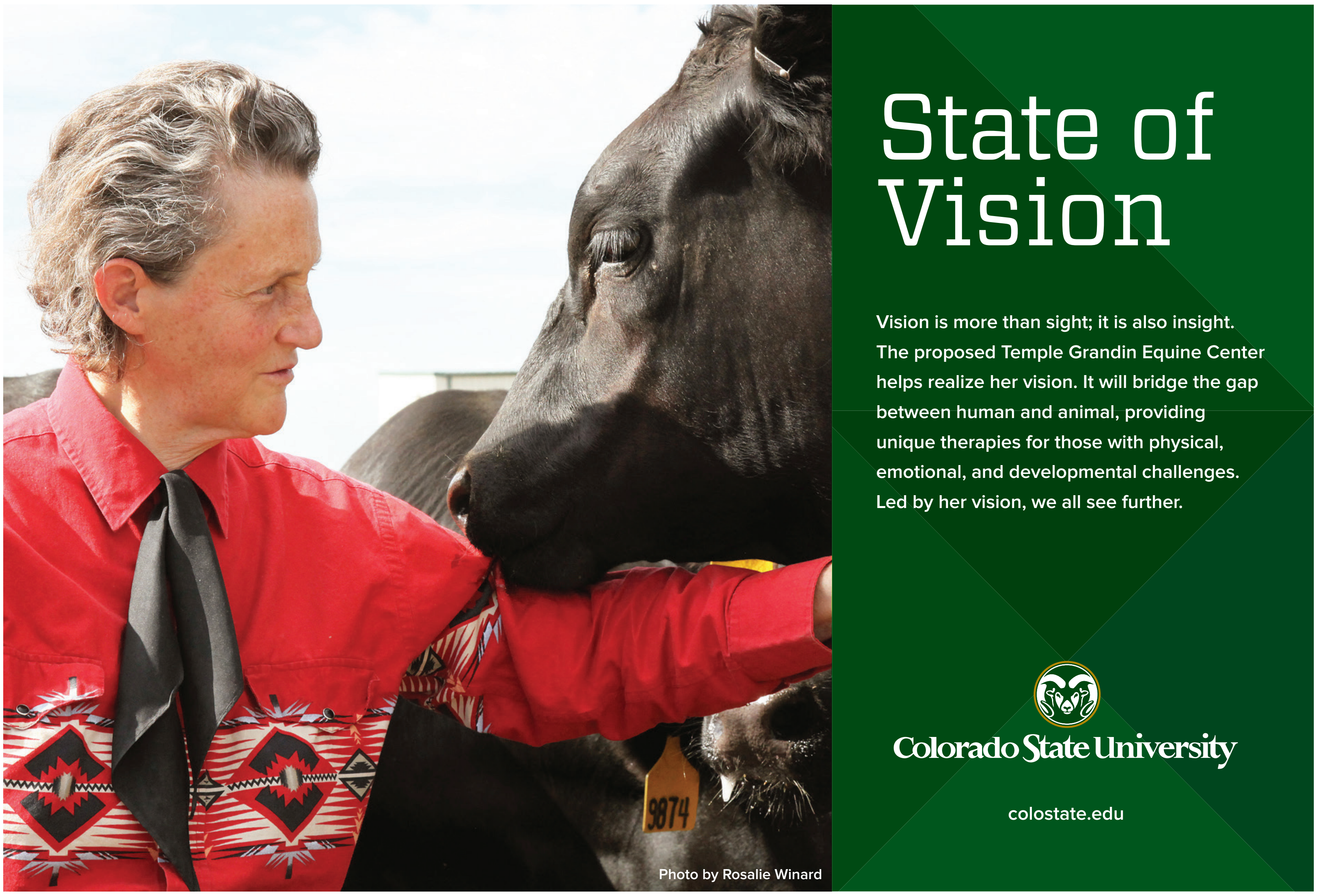
At the time, the median single-family home price in Fort Collins, for example, was $261,000. The median household income in 2012, meanwhile, was $53,359. Twenty-eight percent of that income is $14,941, or $1,245 per month. At 4.5 percent interest, meanwhile, the mortgage payment on that $261,000 home, with a 20-percent down payment, would be $1,058, making it still affordable by the realtors' index standards but less so than two years ago.

UPDATE

Since that time, home prices in the Boulder Valley and Northern Colorado have only risen. The median price in Fort Collins in October was $283,800, up nearly 11 percent from the same month a year earlier. In Boulder, the median single-family home price was $655,000, up 6.5 percent. Greeley's median for October was up a whopping 23 percent from a year earlier, from $165,000 to $203,000. In Longmont, the median was up 2.1 percent to $268,000. And in Loveland/Berthoud, it was up 2.8 percent to $267,250.

By comparison, median household income in Colorado rose by just 2.4 percent in 2013, according to Census Bureau figures. Average mortgage rates for 30-year fixed-rate loans have dropped about half of a percentage point since the early part of this year, according to bankrate.com.

BizWest 2014 Newsmakers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- Falafel King recalls hummus, chili wraps
- Westminster investors buy shopping center
- Buildings under way at Lafayette Crossing
- Boulder's wellness program improving health

Feb. 14-27

Boulder, Xcel feud over system repair

BIZWEST STAFF


Boulder County BUSINESS REPORT

Boulder, Xcel feud over system repair

Utility refutes city's accusation that it is 'running distribution system down'

LAEC, city negotiating on economic development

Economic council might run Longmont's programs

Hub of natural/organic food production

If there was any question over whether emotions were running high over Boulder's municipalization debate, the city answered that by leveling some serious accusations at Xcel Energy Inc. in February.

That's when city officials alleged that they believed the electric company was allowing its distribution system to fall into disrepair because of the city's pending attempt to create a municipal electric utility.

Xcel fired back that the accusations were baseless and that countered that a solution proposed by the city to build a new distribution line serving south Boulder's Shanahan Ridge neighborhood was "inferior from a basic engineering and practical standpoint."

The argument stemmed from a city press release outlining an agreement between the city and Xcel to install the new line to Shanahan Ridge beneath Boulder-owned open space. The work was necessary due to 2013flood damage to a line serving the neighborhood.

But the city also made clear that it had lobbied for a different solution, one that would have run a feeder out of the substation near the National Center for Atmospheric Research, running beneath sidewalks and other pavement along easements.

Instead the city agreed to allow Xcel to bore beneath open space to route the new portion of the old line from the Eldorado Springs substation. The damaged line had previously run through some adjacent private property to which Xcel no longer could gain access.

Xcel argued that the city's solution would have required double the wire distance and cost four times as much, while the city maintained that Xcel's solution did little to mitigate future flood risks.

UPDATE

Xcel moved forward with making the repairs and rerouting the line through the city's open space. But the municipalization debate has gone far beyond trading barbs over system repairs. Three lawsuits are briefed and pending a judge's decisions in district court.

First, Boulder is appealing a ruling by the Public Utilities Commission that the city must clear its municipalization plan with the commission before filing a condemnation suit. As Boulder filed its condemnation suit to acquire Xcel's distribution system anyway, Xcel moved to dismiss that suit, saying the court didn't have jurisdiction without the PUC first approving Boulder's plan. Finally, Xcel filed a suit against the city, saying city council did not meet city charter requirements for forming its own utility.

Those are in addition to a petition filed by Xcel requesting that the Federal Energy Regulatory Commission declare that the city must seek the regulators' approval to acquire the high-voltage transmission loop that serves the city.


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- Fort Collins names new deputy city manager
- Design team picked for Old Town Square
- COO for Banner Fort Collins Medical Center chosen
- Blue Ocean invests $5 million in St. Renatus

NoCo factories slow to add jobs, boost wages

BY STEVE LYNN


Northern Colorado BUSINESS REPORT

NoCo factories slow to add jobs, boost wages

Discoveries: Space sheep

Chambers mull stance on pot-shop membership

Politicians and industry leaders called for a rebirth of American manufacturing this year, but the picture in Northern Colorado's factories remained dismal, with overall manufacturing job numbers remaining largely flat or down.

Northern Colorado's prominent manufacturers had either seen no growth or downsized their operations from 2012 to 2013. Fort Collins-based Woodward Inc. (Nasdaq: WWD) employed about 1,400 in 2013, about the same number of people as in 2012. Fort Collins-based Advanced Energy Industries Inc. (Nasdaq: AEIS) employed about 400 people in the city last year, down from about 500 in 2012 from restructuring.

Vestas Wind Systems saw a steep drop to 1,300 employees in 2013 from 1,700 employees in 2012, also as part of a restructuring. The company struggled when Congress waited until the beginning of 2013 to renew the production tax credit and had to lay off hundreds of workers.

Some manufacturing companies such as Otter Products LLC, which makes OtterBox smartphone and tablet cases, had seen great success, but overall Northern Colorado had seen stronger employment growth in health care, retail and services than in manufacturing.

Woodward also expects hiring to pick up substantially after its new headquarters, at the intersection of Lemay and Lincoln avenues, is complete in 2015.

Advanced Energy, however, confirmed additional layoffs this summer, though the company did not say how many people lost their jobs. The company has outsourced manufacturing on its solar subassemblies from Fort Collins to Shenzhen, China, while also contending with lower sales of solar inverters.

UPDATE

Overall, the manufacturing sector has seen gains in Boulder, Fort Collins, Loveland and Greeley areas, according to data from the Colorado Department of Labor and Employment.

From January 2013 to October 2014, the number of Boulder area manufacturing jobs had grown from 16,900 to 17,800, according to state data.

Fort Collins and Loveland area manufacturing jobs have risen to 12,000 from 11,600 during the period, while Greeley area manufacturing jobs have grown to 11,900 from 11,300.

"That is a substantial growth rate," said Joe Winter, senior economist with the Department of Labor and Employment.

Vestas, for example, has ramped up its hiring due to increased wind turbine orders. The company had a goal to increase its workforce to 2,000 in Colorado, the most it has ever employed statewide.

Statewide, manufacturing employed 140,500 people in October 2014, up from 130,600 in January 2013.

Average weekly income from manufacturing jobs, however, has seen only modest gains. In the Boulder area, the average weekly wage for a manufacturing employee rose to $1,560 during the second quarter from $1,530 during the same period a year earlier.

In Fort Collins and Loveland area, the average weekly wage increased to $1,450 in the second quarter from $1,400 the same quarter last year. The average weekly wage in Greeley for a manufacturing employee rose to $850 from $790.

Feb. 28-March 13

Top stories online:

- City of Boulder-Xcel task force disbands
- 4 restaurants sign on at Lafayette Crossing
- Centura to build 3 health, wellness centers

Group envisions brand for region

JOSH LINDENSTEIN

BOULDER COUNTY BUSINESS REPORT $1

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SBDC's pilot program offers tools for growth
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Group envisions brand for region

BY JOSHUA LINDENSTEIN
jlindenstein@bcbr.com

Economic-development organization wants to aid new, existing businesses

Inside
- Center helps small businesses 12A
- Longmont, LAEC negotiating 13A

BROOMFIELD — One year after rebranding as the Northwest Denver Economic Development Partnership, the former Broomfield Economic Development Corp. continues to evolve as it strives to provide a regional voice for business.

The nonprofit organization has changed its name again – to Northwest Denver Business Partnership. While economic development is still an ancillary goal, the new name helps emphasize that the organization's main objective will be to help companies located in the northwestern portion of the metro area do business and build a business brand for the region.

"The economic development groups are always looking for someone new to come in, but what about all the people already here," said Mike Cienian, a board member of the NDBP and vice president of quality assurance at Hunter Douglas in Broomfield. "We think we can help with the attraction of new business, and help with (the businesses) that are here so they don't feel like they're left out."

The specific functions of the

➤ See Brand, 13A

Climbing the walls at CU

Boulder company creates 7,000-square-foot challenge for students

Eldorado Climbing Walls in Boulder recently finished a 7,000-square-foot climbing wall for the University of Colorado-Boulder's recreation center expansion project. In addition to college settings, the company's markets include municipalities, military, commercial gyms and high-end residential.

See story, 3A

COURTESY ELDORADO CLIMBING WALLS/HEAD RUSH TECHNOLOGIES

Serving Boulder & Broomfield Counties
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One year after rebranding as the Northwest Denver Economic Development Partnership, the former Broomfield Economic Development Corp. continued to evolve as it attempted to provide a regional voice for businesses.

The nonprofit organization changed its name again early in 2014 to Northwest Denver Business Partnership. With economic development still an ancillary goal, the new name was meant to emphasize the organization's main objective of helping companies located in the northwestern portion of the metro area do business and build a business brand for the region.

The NDBP ultimately came about after a 2010 decision by the city of Broomfield to hire its own economic development director and cut its funding to the BEDC from $246,000 per year to $100,000 the next year and zero after that. In March of 2013, the BEDC announced its initial name change and a shift to a more regional focus.

In February of 2014, the NDBP was still refining its specific functions and working hard to build membership and gain feedback from members on what they wanted from the organization.

Covering an area bounded roughly by Interstate 70 to the south, the foothills to the west, Interstate 25 to the east and the northern Boulder County line to the north, specific tasks were to include assisting growth of the area's key industries, doing policy advocacy at the state and local levels, providing networking and educational events and building a business brand for the region that organizers said didn't exist.

The idea was that the NDBP would work with both local and regional organizations to help attract employers but also not to duplicate services.

UPDATE

Building membership didn't go as well as it needed to, however, to keep the NDBP afloat. The organization dissolved in September.

CEO Mike Kosdrosky and board chairman Dave Marusiak couldn't be reached for comment. But NDBP board member Mike Cienian of Hunter Douglas in Broomfield said he thought the idea for the organization might simply have been ahead of its time.

"At the end of the situation, people were joining but it wasn't at a fast enough rate," Cienian said. "We had all kinds of positive feedback saying this is just what the area needs. It just didn't happen in time. It was kind of disappointing because all the indicators had been really positive."

March 21-April 3

FirstNet opens technical HQ in Boulder

BY JOSH LINDENSTEIN


BizWest

FirstNet opens technical HQ in Boulder

Water prices create woes for affordable development

ROBOTICS IN THE FIELD

Bipartisan bill would reward energy efficiency in home loans

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A new federal initiative to create a nationwide wireless broadband network for police and firefighters opened its technical headquarters in Boulder in the spring.

The First Responders Network Authority, or FirstNet, leased a 28,000-square-foot space at 3122 Sterling Circle where it plans to hire 100 employees who will begin designing the groundbreaking system dedicated to public safety.

Congress established FirstNet in 2012, allocating $7 billion for the build-out of a network that would help ensure first responders can communicate during public emergencies, when a surge of cell signals hitting the airwaves can often bog down networks.

FirstNet is an independent authority within the National Telecommunications and Information Administration that is based in Northern Virginia.

But it is in Boulder that engineers and other technical and support staff will work to design, test and set specifications for a nationwide network.

This area was chosen in part because of the proximity to the Public Safety Communications Research lab, a joint effort of the National Institute of Standards and Technology and the NTIA that is located in Boulder. The PSCR already has been focused on research, development and testing to improve first-responder communications. The area's thriving telecommunications industry, meanwhile, could benefit by FirstNet's arrival, as well as provide FirstNet with access to valuable expertise.

Operations in Boulder are expected to take at least a year to ramp up completely. PSCR operations and technical manager Jeff Bratcher led the initial efforts locally as deputy chief technology officer of FirstNet.

UPDATE

The FirstNet technical headquarters in Boulder so far employs about 20 people. That includes FirstNet chief technology officer Ali Afrashteh, who was hired in late April.

Afrashteh will be charged with planning, developing, monitoring and coordinating the implementation of all network activities within FirstNet. The technical office will also be responsible for testing various technologies to ensure that the network is built efficiently.

So far, those in the Boulder office have been largely focused on vendor and market research meetings, developing requests for proposal and providing support for early project builders like Adams County, which is building out its own first responders network that will be interoperable with the nationwide FirstNet network.

FirstNet as a whole has also been busy conducting consultations with public safety officials in all 50 states to understand the needs of each, as well as sending out requests for information to industry to assess the capabilities, opportunities, risks and business partnerships that could support construction of the network.

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- OtterBox settles case with ex-employee
- Six area companies join Innosphere
- World must come to Feld's door – or else
- Department cracks down on employer retaliation
- Court waits to see if Butterball property sells

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- Twitter acquiring Boulder-based Gnip Inc.
- Fort Collins to explore joint agreement with CSU on stadium costs
- Clap along: Fort Collins, Boulder among happiest cities
- Spice of Life Catering managing new events space in Boulder
- VanDyne SuperTurbo raises $15 million

April 4-17

Cash-only pot sales irk state, owners

BY STEVE LYNN


BizWest
BOULDER VALLEY • NORTHERN COLORADO
Cash-only pot sales irk state, owners
Women showing craft breweries: YES, WE CAN
Cities' clout in cable talks questioned as merger looms
Local franchise fees top $3.5 million

Tax collectors have been almost as frustrated as owners of pot shops as they wrestle with how to collect taxes in an ancient way – cash only.

A lack of banking regulations has made paying taxes more difficult for marijuana businesses and just as problematic for cities to collect them.

Still, marijuana tax revenue has poured into state coffers. Despite the added tax revenue, concerns remain about whether the state has received its rightful share from the cash-only operations.

Many medical marijuana businesses have operated as cash businesses for years in Colorado, but cash-only transactions still put businesses at greater risk of being robbed.

The U.S. Treasury and Justice departments issued recent guidelines to increase the availability of financial services to marijuana businesses, but banks felt those advisories did not go far enough in addressing their concerns.

Mark Bower, chief financial officer for Home State Bank, told BizWest he would like to do business with marijuana dispensaries. If he did so, however, he would be violating the Bank Secrecy Act.

"While the Department of Justice said they weren't going to prosecute, it doesn't mean that the (Federal Deposit Insurance Corp.) doesn't have all of their power and authority to fine us and put us in jail," he said. "It's going to take legislation at the federal level to fix this."

Erica Freeman, co-owner of Choice Organics, Larimer County's first retail marijuana store, agreed that federal regulators need to address the situation.

"A cash-only business is ridiculous," she said. "There are many, many, many stores that can't even pay their own taxes because they have to have a bank account to do it."

UPDATE

Colorado has since granted a charter for the first financial institution to serve the marijuana industry, The Fourth Corner Credit Union.

The Colorado Division of Financial Services issued the charter in November to The Fourth Corner Credit Union, which could open in January.

"For now, this has at least the potential to present Colorado with immediate relief," Skyler McKinley, deputy director of marijuana coordination for Gov. John Hickenlooper, told BizWest.

However, before the credit union can open permanently for business, action is also required by the National Credit Union Administration and Federal Reserve.

Fourth Corner must get a master account from the Federal Reserve and insurance from the National Credit Union Administration. Fourth Corner can operate until the NCUA makes a decision on the latter.

Attorney Mark Mason, an organizer of Fourth Corner, said the credit union administration review could take as long as two years.

The Associated Press contributed to this report.

ThoughtLeaders
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HEALTH CARE

What is Assisted Living at Lakeview Commons?

Assisted Living is designed to provide services in between Independent Living and Skilled Nursing Care. It is perfect for those who need more assistance than what they can provide for themselves and who want to safely maintain their independence.

Clinton Dale, Administrator
Lakeview Commons Assisted Living

Staff is available 24 /7 to assist residents with everyday activities such as bathing, dressing, and personal hygiene. LPNs are on staff and provide medical oversight to our residents. With direct access to nurse practitioner services, outpatient therapy, home care, and companion care, we are able to provide individualized attention.

Lakeview Commons offers a multitude of services including; housekeeping, laundry, transportation for medical appointments and outings, and three meals a day served in our restaurant-style dining room with a full time chef on staff.

We provide a varied activity program for our residents' social, recreational, and educational needs. Some of our popular activities include Wii bowling, story time, and bingo.

Clinton Dale, Administrator
Lakeview Commons Assisted Living
1422 W 29th Street
Loveland, CO 80538
970-237-1470

ACCOUNTING

Colorado Child Care Tax Credit

TIMELY REMINDER Tax Savings Tip - Most of us realize and understand the federal tax benefits of charitable donations, but many of us are unaware of the Colorado tax credits that are available when you make donations to promote child care. Earlier this year, we learned that the popular Colorado Childcare Tax credit is not only back, but is now guaranteed from 2013 through 2015 tax years. Essentially, this means that you could recoup your entire state tax liability each year for the next three years through charitable giving to qualified providers.

Ryan Sanger, CPA
Tax Senior Manager
Anton Collins Mitchell

The basics of the credit are that you can make a cash donation to a qualifying organization and receive a 50% CO state tax credit in addition to your federal deduction. The credit is limited to the lesser of $100,000 or your Colorado tax liability, and will carry forward for up to five years. This dramatically increases the amount of impact you're able to make with your contribution.

ACM
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COMMERCIAL REAL ESTATE

Rising Costs Raise Concerns

The recent run up in residential land development costs have caused significant concern among industry leaders that prices are rising faster than the appreciation rate of housing values. Said another way, the cost of building houses going up faster than the value of said houses.

John Baker
Cassidy Turley

With the recent increases in costs for materials, labor, and fees, residential developers are aggressively trying to find alternative cost saving measures in order to deliver an affordable product.

Many creative measures exist including alternative utility providers, phased development, metropolitan districts, etc. However, without a significant decrease, the greatest impact of the rising costs is felt by the landowner in the value of the land.

Identifying efficiencies and alternatives for a site is integral to recognizing the full value of the asset.

Cassidy Turley Commercial Real Estate Services

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Phone: 970.267.7402
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- Low-cost street weed gives legal vendors heartburn
- OtterBox pays U.S. $4.3 million to settle whistleblower lawsuit
- Apartment complex in Fort Collins sells for $39 million
- Hain acquires Rudi's bakery for $61.3 million
- Class A office building set for downtown Boulder

Thousands in area face ACA penalties

BIZWEST STAFF


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Thousands in area face ACA penalties
Drones' use up in the air
Low-cost street weed gives legal vendors heartburn

April estimates by the Colorado Health Institute showed that more than 58,000 people in Boulder, Broomfield, Larimer and Weld Counties would likely remain uninsured despite the Affordable Care Act, and thousands would be subject to penalties.

The Colorado Health Institute's figures showed that by 2016, about 6.4 percent of Larimer County, 7.4 percent of Weld County, 6.6 percent of Boulder County and 4.7 percent of Broomfield County would be uninsured, though not all would be subject to penalties.

The penalties for remaining uninsured under the ACA are significant. In 2014, an uninsured Colorado family of four paid a maximum fee of $285 or 1 percent of income, whichever was greater.

The penalties escalate in subsequent years, topping out in 2017, when the same family would pay a maximum fee of more than $2,000 or 2.5 percent of income. After that, the penalties will be adjusted for inflation annually.

The penalties for 2014 will be enforced when taxpayers file their 2014 tax returns at the beginning of 2015.

Pinning down exactly how many people in Colorado are uninsured is difficult. But an October 2013 survey by the Colorado Health Institute estimated about 640,000 working age Coloradans were without health insurance. That's about 19.6 percent of the population. However, not all are subject to penalties due to various exemptions under the ACA, and one economist estimated that 78 percent of those who remained uninsured after the ACA rollout in Colorado would be able to avoid the penalties.

UPDATE

An August Gallup poll showed that Colorado had enjoyed the fifth-largest percentage drop in uninsured rates nationwide since the ACA rollout, dropping from 17 percent in 2013 to 11 percent in 2014.

Colorado Health Institute senior director of operations and communications Deb Goeken said her organization is working on a project to update its projections of how many Coloradans will remain uninsured by 2016.

She said the April numbers were compiled early in the ACA rollout with the best available data then. But with the first year of the ACA in the rearview, she said her organization is hoping to have some better estimates in about a month.

As for the state's health exchange, Connect for Health Colorado, that organization reported 24,800 health-plan enrollments through the first month of open enrollment, which began Nov. 15. That's compared to 12,700 health-plan enrollments through the first month last year.

Of the 24,800 people who signed up, one third are customers new to the exchange. The remaining two thirds have re-enrolled for coverage for next year.

Top stories online:

- 10 things Boulder can learn from Greeley
- OtterBox tops BizWest's Mercury 100 list
- Fort Collins council approves Foothills amendment
- Developers to present concept plans for Longmont Butterball site
- Potential developer provides glimpse of Butterball project

May 2-15

Private railway wins federal grant

BY STEVE LYNN

As hundreds of Colorado businesses scrambled to get loans to help rebuild their flood-ravaged companies late last year, Pat Broe, one of Colorado's wealthiest businessmen, was slated to receive a nearly $1.7 million federal grant to repair his privately held rail network.

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Private railway wins federal grant

Great Western taps public money for flood repairs

BY STEVE LYNN
slynn@bizwestmedia.com

JOHNSTOWN – As hundreds of Colorado businesses raced to get loans to help rebuild their flood-battered companies late last year, one of Colorado's wealthiest businessmen received a federal grant to repair his privately held rail network.

Great Western was the only railroad in Colorado to receive federal grant money, which doesn't have to be repaid, after last September's devastating floods, according to the Colorado Department of Transportation.

The grant to rail and real estate magnate Pat Broe came after Colorado's Democratic U.S. Sens. Mark Udall and Michael Bennet wrote letters to the Federal Railroad Administration supporting the grant request. The funds were delivered through CDOT. Broe is a modest, although longtime contributor to Udall, among other politicians.

A spokesman for the Federal Railroad Administration and a representative of OmniTRAX did not respond to requests for comment.

Udall spokesman Mike Saccone said the transportation department received the grant to partner with Great Western Railway to complete repairs.

"It wasn't an earmark, it was a competitive grant," he said. "There were no politics involved."

➤ See Railway, 20

JONATHAN CASTNER/FOR BIZWEST

Schaeffer Gast and Lindsay London, both from Denver, try samples at Upslope Brewing in Boulder.

Craft brewers push bills to serve up new tax reduction

BY JOSHUA LINDENSTEIN
jlindenstein@bizwestmedia.com

If passed by Congress, the Small BREW Act could mean more than $1.6 million in annual excise-tax savings for New Belgium Brewing, based on the Fort Collins brewery's 2013 production.

"We could buy a fair amount of capacity for that," said New Belgium chief executive Kim Jordan, noting the increased hiring of brewers, packagers and sales reps that would follow.

Unfortunately for Jordan and others like her, passage of the Small BREW Act probably is a few years off at best, even if the issue is one

➤ See Brewers, 11

Direction change urged for wider I-25

BY STEVE LYNN
slynn@bizwestmedia.com

FORT COLLINS – Local leaders have redoubled their efforts to expand Interstate 25, with calls for the Colorado Department of Transportation to consider adding lanes to the major thoroughfare starting in Fort Collins and working south.

Such a move would reverse the transportation department's plans to expand the interstate from the Denver metropolitan area north to Fort Collins. Local officials see their advocacy as a way to obtain additional, badly needed lanes in both directions from Colorado Highway 66 east of Longmont all the way north to Fort Collins.

Sandra Solin of the Northern Colorado Legislative Alliance, the lobbying arm of the Fort Collins, Loveland and Greeley chambers of commerce,

➤ See I-25, 14

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Great Western was the only railroad in Colorado to be awarded federal grant money, which doesn't have to be repaid, after devastating floods in September 2013.

The company approached the transportation department for its help with submitting the grant to the Federal Railway Administration. Great Western estimated that it had $2.4 million in damages at the time. Broe's company The Broe Group owns OmniTRAX, a network of railroads in North America that includes Great Western.

Great Western qualified for the grant because of its designation as a short-haul railroad, according to the Colorado Department of Transportation, which aided the company in submitting its grant application to the federal government. Other railroads such as BNSF and Union Pacific were ineligible because they are considered long-haul railroads.

The deluge impaired nearly 150 miles of railroad tracks and damaged bridges, leading to millions of dollars in damage. The disaster stymied crude-oil rail shipments for Noble Energy Inc. (NYSE: NBL), among the largest oil and natural-gas companies in Northern Colorado. It also delayed rail shipments of Vestas Wind Systems' (OMX: VWS) wind turbine components.

The grant to Broe, a rail and real estate magnate who owns Great Western Railway of Colorado, came after Colorado's Democratic U.S. Sens. Mark Udall and Michael Bennet wrote letters to the Federal Railroad Administration supporting the grant request. Broe is a modest, although longtime contributor to Udall, among other politicians.

UPDATE

The taxpayer dollars from the Federal Railroad Administration are supposed to reimburse Great Western for reconstruction of railroad track and five bridges in Weld and Larimer counties, said Ken Koff, senior vice president of corporate development for OmniTRAX in Denver. Great Western Railway was to contribute $434,000 in matching funds, though it has not received the federal grant yet.

May 16-29

Top stories online:

- Investor foreclosing on Loveland's Advantage Bank
- Saunders takes 50% stake in Heath Construction
- Marijuana growers can't use water from federal projects
- Longmont eliminates economic-development positions
- Galvanize plans to open location in Fort Collins

Banner Health, others sue MediCare

BIZWEST STAFF

A new rule designed to reduce costs and limit charges to outpatients so irked the hospital community that many institutions – including Banner Health, which has a heavy presence in Northern Colorado – jointly filed suit in April against the U.S. Department of Health and Human Services.

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HEMP FARMS
Region accounts for one-third of registered growers to date. 3A

HEALTH CARE
Hospice mergers on the rise. 7A

EXECUTIVE PAY WATCH
Level 3 CEO top earner. 19A

VOLUME 33 | ISSUE 9 | MAY 16-29, 2014

Floods lower property values, tax revenue

BY MELISSA SCHAAF
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After the waters receded last September in what would become the second most expensive flood in Colorado history, Larimer and Boulder counties saw $420 million in property value evaporate.

Boulder County was hardest hit, losing $320 million in value, while Larimer County lost $100 million.

Property owners in both counties will experience lower tax bills this year as a result of last year's flood. County governments will a see decline in tax revenues as well, with Boulder forecasting a loss of nearly $575,000 and Larimer estimating an overall decline of $700,000 to $1 million.

Although both counties are experiencing a strong rebound in construc-

➤ See Assess, 18A

TECH BACKERS SEE COLO. AS 'SILICON VALLEY OF WEED'

BY STEVE LYNN
slynn@ncbr.com

BOULDER – Tom Bollich sees similarities between the marijuana business and the tech sector in which he saw extraordinary success.

Bollich, co-founder of Zynga Inc. (Nasdaq: ZNGA), the San Francisco-based online gaming company that developed the popular franchise FarmVille, has entered Colorado's fledging legal marijuana industry as chief executive of Surna Inc. (OTCQB: SRNA) in Boulder. With plans to

➤ See Surna, 4A

JONATHAN CASTNER/FOR BIZWEST

Katie O'Block stands in Surna Inc.'s test grow room. The company has developed a new chiller it believes will improve yields from marijuana plants.

Colorado joins quake work group

BY STEVE LYNN
slynn@bizwestmedia.com

Colorado is joining a 10-state working group examining earthquakes caused by disposal of wastewater from hydraulic fracturing into wells thousands of feet underground.

Colorado officials will work with the Interstate Oil and Gas Compact Commission and the Groundwater Protection Council, both based in Oklahoma City, to study links between human-caused earthquakes

➤ See Earthquake, 34A

Banner Health, others sue Medicare

BY MOLLY ARMBRISTER
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A new rule designed to reduce costs and limit charges to outpatients has so irked the hospital community that many institutions – including Banner Health and the American Hospital Association – have jointly filed suit against the U.S. Department of Health and Human Services.

The "two midnights" rule, imposed by the Centers for Medicare and Medicaid Services, changes the way hospitals are paid by Medicare for patients who stay only one night in a

➤ See Medicare, 17A

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Under the "two midnights rule" imposed by the Centers for Medicare and Medicaid Services, Medicare will not reimburse the hospital at inpatient rates unless a patient has stayed for two consecutive midnights. The patients must be classified and charged on an outpatient basis if they stay only one night.

The American Hospital Association led the filing of the lawsuit in U.S. District Court in Washington D.C. to stop the rule because of the short window hospitals were given for implementation and a lack of guidance on the rule. The rule could also prove quite costly for hospitals.

The rule stemmed in part from pressure on CMS to reduce the amount paid to hospitals nationwide as the nation's debt increases and baby boomers age into Medicare. The CMS says it also addresses a growing problem in health care with hospitals, due to uncertainty about payments, implementing long periods of observation care in which patients are kept at hospitals for extended periods of time without ever being truly admitted.

But Banner Health chief financial officer Dennis Dahlen said the rule could mean millions of dollars in lost revenue for hospitals. For example, if a patient is classified as being in observation care as opposed to inpatient, the hospital makes about 80 percent less for the same treatments.

UPDATE

With full enforcement of the rule partially delayed to March 31, 2015, the lawsuit in Washington continues to make its way through the court system.

"It's still in process and we're going to see this process through," Banner Health spokesman Paul Matthews said.

In November, meanwhile, Texas Republican Rep. Kevin Brady, chairman of the Ways and Means Subcommittee on Health, unveiled a discussion draft of the Hospitals Improvements for Payment Act of 2014. The bill is part of the committee's efforts aimed at Medicare reform, and would repeal the two-midnights rule while laying out new solutions for short inpatient stays.

May 30-June 12

Life science VC deals hit post-recession high

BIZWEST STAFF

First-quarter venture-capital deals for life sciences companies were the strongest they'd been since the Great Recession started in 2007, with biotechnology and medical device companies raking in $1.4 billion nationwide.

The figure marked a 15 percent increase over the same period a year earlier.

The numbers came from a report released by PricewaterhouseCoopers LLP and the National Venture Capital Association.


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Organic farms declining, even as sales soar

BY STEVE LYNN
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WELLINGTON – The number of certified organic farms has declined dramatically in Northern Colorado and the Boulder Valley since 2007, driven in part by rising water prices, according to the 2012 Census of Agriculture.

Organic product sales, however, have risen sharply in Weld, Larimer and Boulder counties, according to censuses taken in 2007 and 2012 by the U.S. Department of Agriculture.

First conducted in 1840, the agricultural census is the leading source of facts and figures about U.S. agribusiness. USDA surveys farmers and ranchers, regardless of size or type of operation, for the census every five years.

Weld County had 27 certified

➤ See Organic, 12A

JONATHAN CASTNER/FOR BIZWEST

C2D2 IN DISCOVERIES

Colorado State University's Greg Miknis, associate director of the Colorado Center for Drug Discovery (C2D2), holds one of the powders a joint research group believes holds promise in treating traumatic brain injuries among combat veterans, football players and others. ➤ See Discoveries, 14A

NREL, banks craft plans for solar lending

BY MOLLY ARMBRISTER
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Bankers and energy experts, working in conjunction with the Golden-based National Renewable Energy Laboratory, have formed a new group to help streamline financing of solar projects.

Thomas

Spurred by the rising popularity of solar – the market jumped more than 40 percent from 2012 to 2013 – the group formed earlier this month to begin developing standardized loan documents and underwriting criteria for residential and commercial projects, according to NREL. More than 50 banks and industry organizations are part of the group, including Denver-based Vectra Bank.

"There are specific legal issues, underwriting issues, regulatory issues and a lack of available historical data on this sector, which provides challenges unique to this industry," said Shaw Thomas, senior vice president

➤ See Solar, 2A

Life science VC deals hit post-recession high

BY DOUG STORUM
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BOULDER – First-quarter venture-capital deals backing biotechnology and medical-device companies were the strongest for life-science investments since the Great Recession started in late 2007, with two Boulder Valley companies netting $7.3 million.

The value of life-sciences sector venture-capital deals across the nation in that period increased 15 percent compared with the same period a year ago, according to "Biotech Deals Rising," a report released earlier this month by PricewaterhouseCoopers LLP and the National Venture Capital Association.

There were 173 deals worth $1.7 billion during the quarter, compared with $1.4 billion and the same number of deals during the same period in 2013.

Biotechnology companies attracted $1.1 billion through 112 deals, and medical-device companies attracted $588 million in 61 deals.

➤ See Biotech, 16A

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The $1.4 billion total came on 173 deals. Broomfield-based Accera Inc., which is developing therapeutic drugs for Alzheimer's and Parkinson's diseases, led the way among local companies with $5 million in venture capital, while Boulder-based Mosaic Biosciences Inc. pulled in $2.3 million for its work to create synthetic materials that support tissue regeneration.

Nationwide, biotechnology companies accounted for $1.1 billion through 112 deals, while medical device companies attracted $588 million in 61 deals.

Greg Vlahos, a life-sciences partner at PwC, said the bump early in the year was a good sign for a couple of reasons. For one, the second and fourth quarters historically have produced the largest investments in life sciences companies. For another, he said investors generally shy away from sectors with longer investment durations and higher capital requirements like biotech and medical device companies see.

"We're continuing to see interest in these businesses, especially in the early stages of their development," Vlahos said at the time. "Venture capital's ability to monetize their earlier investments and source early-stage investments is a positive sign for ongoing investments in life sciences."

UPDATE

Right on cue, second-quarter venture-capital investment in life sciences companies was the highest it's been since the PwC series of reports began in 1995, with both biotech and medical devices seeing double-digit growth over the previous year.

Venture capitalists funded 195 deals in the second quarter worth $2.5 billion, compared to $2 billion on 197 deals in the second quarter of 2013. The average deal size cranked up as well, rising 26 percent year over year to $12.8 million.

Third-quarter life-science investment, however, cooled off despite still enjoying a year over year increase. PwC's third-quarter report showed that there were 188 deals totaling $1.6 billion, compared to $1.5 billion on 192 deals a year earlier.

But Vlahos said he believes the overall environment for such deals remains strong, noting that 18 out of 23 initial public offerings in the third quarter were for life sciences companies.

Top stories online:

- Xcel sues city of Boulder, challenges municipal utility
- Koelbel buys land for project in North Boulder
- Group buys Windsor tract for development
- Average rents spike 17% in Fort Collins, Boulder
- Toll Brothers purchases 166 acres in south Fort Collins

June 13-26

Employers shifting health-care costs to employees

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Employers shifting health-care costs to employees

BY MOLLY ARMBRISTER
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Health-insurance costs rose for both employers and their employees in 2014, according to a new analysis, but costs rose faster for employees as employers shifted more of the burden in an attempt to combat ever-increasing premiums.

A new study called the Milliman Medical Index, produced by Seattle-based health-care analytics company Milliman Inc., shows that employees' health insurance costs rose by 6 percent in 2014, while employers' costs rose by 5.4 percent.

At the same time, it costs more than twice as much to insure a family in 2014 as it did in 2004, according to the study. Then, it cost an average of $11,192 to insure one employee and his or her dependents, compared with $23,215 in 2014.

The employer pays $13,250 of that cost, and the employee, through payroll deductions, co-pays and deductibles, pays $9,695, an increase of $1,185 from 2013.

"Even if we are bending the cost curve, there are few other household

➤ See Rate, 24

JONATHAN CASTNER/FOR BIZWEST

CLEAN ENERGY Collective shines on, using community approach to solar.
➤ See Energy & Utilities, 11

Loveland vote pits frack attackers vs. backers

BY STEVE LYNN
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LOVELAND – Sharon Carlisle is deep in campaign mode in a garage in downtown Loveland, which she hopes will become the latest Front Range city to approve a ban on the oil and natural-gas drilling technique known as fracking.

Literature contending that hydraulic fracturing, or fracking, poses risks to health is stacked on a card table in the back of the garage. Large signs leaning against the wall tout a moratorium.

Carlisle, an artist who has lived in Loveland for more than 20 years, founded anti-fracking activist group Protect Our Loveland last year to campaign for a moratorium on oil and gas development in the city. Carlisle said around 200 people have volunteered to campaign for the moratorium, which voters will consider in a municipal election June 24. Ballots were mailed to households earlier this month.

➤ See Loveland, 2

CU technology spinoffs survive at higher rates

BY JOSHUA LINDENSTEIN
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BOULDER – Startups spun out of University of Colorado technology have enjoyed a much higher survival rate than the average small business nationally or statewide, according to figures released recently by CU's technology transfer office.

All but 27 of the 132 companies formed around CU technology since the school's 1994 fiscal year are still operating or have been acquired by companies still operating. That's not counting nine more that have been formed in fiscal year 2014, which runs through June 30. The latest CU figures cover only companies formed through fiscal year 2013.

Impressive as the numbers are on their face, a closer look shows that – of the 83 companies old enough – 68 survived at least five years. That 82 percent five-year survival rate holds true for companies formed from fiscal year 1996 to 2006, the period analyzed by the Colorado Innovation Network for its 2013 Innovation Report. That study

➤ See Tech, 7

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BizWest is an independent, locally owned business journal.

A study produced by Seattle-based health-care analytics company Milliman Inc. last spring showed that employees' health insurance costs rose faster than those of their employers as the employers shifted more of the burden to combat increasing premiums.

The Milliman Medical Index showed that employees' health insurance costs rose 6 percent in 2014 compared to 5.4 percent for employers. The study also showed that it costs more than twice as much to insure the average family in 2014 compared to 10 years earlier, a figure that rose from $11,192 to $23,215.

According to the study, 2014 marked the ninth year in a row in which families' health insurance costs have risen by more than $1,100.

The study came as Colorado and other states launched investigations into why health-care costs continue to increase so dramatically. Colorado lawmakers earlier this year approved creation of the Colorado Commission on Affordable Health Care.

The reason for the shift from employer to employee, according to Scott Rankin of Greeley-based insurance brokerage Leading Edge Financial Group, is that as premiums go up, employers can only afford so much before they're forced to stop providing benefits altogether.

The only solution to slowing premium growth, Rankin said, is to reduce health-care costs. But a U.S. Bureau of Economic Analysis showed that health-care spending rose in the first quarter of 2014 at its fastest pace since 1980. Some of that can be attributed to expanded access to care thanks to the ACA, but it's also due to higher costs at the provider's office.

UPDATE

The 17-member Colorado Commission on Affordable Health Care – a collection of doctors, insurance industry representatives, hospital administrators and health-care policy experts – was officially commissioned in September and has met once per month since.

The ultimate goal is to analyze costs and make policy recommendations to the governor and lawmakers that could help lower those costs in Colorado.

Bill Lindsay, president of Lockton Benefit Group and interim chair of the CCAHC, said most of the work so far has been laying a foundation for the work the commission will do between now and 2017. That includes putting together bylaws and issuing requests for proposal for staff support.

Lindsay expects election of permanent officers and the hiring of staff to be completed by mid-January, when the real work will begin. The commission's first report is due to the legislature in November of 2015.

Top stories online:

- Developers submit plans for armory property
- State stops oil and gas wastewater well activity after earthquakes
- Super-tall climbing gym planned
- Colorado Medicaid enrollees eligible for dental benefits
- Activists concerned about downtown Greeley wells

June 27-July 10

Top stories online:

- Fabled Caribou Ranch sells for $25 million
- Foothills Mall developer lets bond deadline pass
- Restaurant closes due to hepatitis A threat
- Tynan, church propose new construction
- More development planned in Transit Village Area

Gessler rule stifles B corp signups

BY STEVE LYNN


BizWest

Gessler rule stifles B corp signups

Electric-car backers push workplace charging

Workers per barrel slide as brewers grow

Many Colorado companies failed to register as public benefit corporations, despite a new law providing for the socially responsible designation, because Secretary of State Scott Gessler office has said it would require those companies to disclose their financials.

Earlier this year, just 55 companies had registered as public benefit corporations in Colorado, according to Gessler's office. By contrast, 250 businesses registered in the first four months after a similar law was passed in Nevada. Colorado's public benefit corporations law took effect April 1.

The designation, which safeguards businesses from shareholder lawsuits when they engage in socially responsible activities that don't necessarily help maximize profits. In the past, businesses have been legally obligated to maximize shareholder returns and profits. Under this new classification, however, they can do such things as pay higher wages to employees or invest in environmental programs, for example, instead of devoting all their cash to the bottom line.

Under a new law, businesses can register with the Secretary of State's Office to attain recognition as a public benefit corporation. Gessler's office, however, has said it may require companies that register to also file under the state's Charitable Solicitations Act, which forces them to disclose their revenue and charitable contributions.

No other states require companies to register as a charity in order to be designated as a public benefit corporation.

Gessler's rule has dissuaded larger, private companies from registering because they are wary of sharing their financial performance, said Erik Trojian, director of policy for Wayne, Pa.,-based B Lab. The nonprofit certifies what it calls "B Corporations," or companies that meet its standards of social and environmental performance, accountability and transparency.

UPDATE

Gessler decided not to run for a second term as secretary of state, and that's probably just fine with B corps supporters, who likely will look to incoming Republican Wayne Williams for a more favorable interpretation of the B corps law. More than two-dozen states as well as the District of Columbia have authorized B corps.

July 11-24

JBS fine highlights meatpacking dangers

BY STEVE LYNN


BizWest
Northern Colorado faces historic water rate hike
JBS fine highlights meatpacking dangers

JBS USA agreed to pay $100,000 in fines to settle safety and health violations handed down by the Occupational Health and Safety Administration in May, according to federal documents.

The federal agency had accused JBS USA in Greeley of 20 health and safety violations at the company's beef processing plant. JBS, which did not admit to the allegations, also must take steps to make its workplace safer as part of the settlement.

The settlement followed an inspection by OSHA in December 2012 that revealed potential for conditions that could lead to amputations and fall hazards in elevated work areas, among others. The company employs more than 4,200 people in Greeley, where its beef plant's daily processing capacity totals 5,400 cattle.

Despite the settlement and the improved safety measures, JBS employee Ralph E. Horner, 54, of Wellington died in June after becoming trapped in a conveyor. Horner was pronounced dead at the scene after he was found by employees. The Weld County Coroner's Office ruled his death an accident.

The safety violations and Horner's subsequent death underscore the dangers of meatpacking, an industry that involves work with machinery that processes heavy cattle carcasses. The last employee death at the JBS plant in Greeley occurred in 2008 when a worker was hit by a truck outside the plant.

Another worker employed by Pilgrim's Pride Corp. (Nasdaq: PPC), in which JBS USA owns a controlling interest, died when he was struck by a chunk of ice while working at a Pilgrim's Pride chicken processing plant in Mount Pleasant, Texas, in October. Authorities ruled the death of Pablo Lopez Romero, 55, an accident.

UPDATE

Pilgrim's Pride also faces $170,000 in fines for alleged safety violations at its De Queen, Ark., plant. The company was accused in July 2013 of exposing workers to hazardous chemicals, among other allegations. Pilgrim's Pride has disputed the allegations.

Media reports indicate that two other workers have died this year at facilities operated by JBS and Pilgrim's Pride in North America.

The meatpacking industry remains more dangerous than the average across all industries.

In 2012, nonfatal injuries in meatpacking totaled 5.8 cases per 100 workers, according to the U.S. Bureau of Labor Statistics. In poultry processing, workers had 4.9 injuries per 100 workers.

The average across private industry, however, totaled 3.4 cases per 100 workers.

Top stories online:

- District approves historic water-rate increases
- Construction firm shutdown costs local jobs
- Boulder files to condemn Xcel's assets
- JBS fine highlights meatpacking dangers

July 25-Aug. 7

Oil and gas firms dig deep for new water

BY STEVE LYNN

Applications to the state of Colorado to use deep underground aquifers for oil and gas development in Northern Colorado surged, reflecting the new lengths that oil and gas companies have gone to obtain the scarce resource in the South Platte River Basin.


BizWest

Oil and gas firms dig deep for new water

Applications to tap groundwater soar

Loveland kickstarts downtown plan with 15-parcel purchase

WHAT'S NEXT FOR I-25?

More than a dozen distinct parcels of land have applied to withdraw a total of 35,600 acre feet of non-tributary groundwater for potential use in oil and gas development since 2011, according to the state Division of Water Resources. The total nearly triples the 12,700-acre-foot capacity in Lake Loveland.

An acre-foot equals 326,000 gallons, or enough to supply the needs of 2.5 households in one year. Non-tributary means groundwater that is not believed to significantly connect to tributary water that feeds surface water systems such as rivers. The ancient water typically is located hundreds of feet below the surface and derived from glacial melt or prehistoric seawater. Drilling wells to reach it can be costly.

By contrast, the state agency saw no applications for non-tributary water use specifically for oil and gas before 2011, said Kevin Rein, deputy state engineer in the state Division of Water Resources. The present oil boom began in 2009 after EOG Resources Inc. (NYSE: EOG) drilled the Jake well. Last year, oil production set a record at more than 64 million barrels, 80 percent of which came from Weld County.

Unlike rivers and streams where people own water rights in various places, non-tributary water can be diverted by property owners if they can show it would not affect stream and river flows. Applicants must demonstrate through scientific evidence and modeling that the aquifers are in fact non-tributary before they can receive state permits to use the water.

Noble Energy Inc. (NYSE: NBL), among the top oil and natural-gas producers in the region, alone has applied for nearly 4,700 acre feet on the Wells and Ball ranches in Weld County. The company last year said about 80 percent of its water came from wells and ponds, 18 percent came from cities and 2 percent is recycled.

UPDATE

Rein, the deputy state engineer, said that the Division of Water Resources has not approved any additional non-tributary water use for oil and gas development since BizWest first reported the story in July.

Meanwhile, it's unclear how much of the water is being pumped or sold for oil and gas development for applications that the state has approved.

"For those that have been approved, although they are required to keep records of their pumping, at this time we are not requiring submittal of those records," he said. "So I can't answer as to the amount, if any, that is being used or is involved in a sale."

A Noble Energy spokesman did not respond to requests for comment on the company's use of non-tributary water.

Top stories online:

- Amgen shutting down Boulder, Longmont sites
- Hickenlooper to make statement on oil, gas local control
- Two Nine North apartments in Boulder sell for $93.5M
- Judge quashes Fort Collins' fracking ban

Aug. 8-21

Area voice strong for net neutrality

BY JOSH LINDENSTEIN

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Area voice strong for net neutrality

Tech cities hammer FCC; comment rate exceeds U.S. average

BY JOSHUA LINDENSTEIN
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The Boulder Valley and Northern Colorado are making their voices heard in no uncertain terms in the fierce debate over net neutrality, with public comments to the Federal Communication Commission registering at a rate 48 percent higher than the national average, according to an analysis by BizWest.

From the six largest local cities – Fort Collins, Boulder, Greeley, Longmont, Loveland and Broomfield – one comment has been filed with the FCC for every 192 residents. That's roughly one half of 1 percent of the population.

That might not seem significant until you consider the ratio is one comment for every 286 people nationally. In Denver, it's one in 235 and in Colorado Springs it's one in 423. In the tech mecca of San Francisco, it's one in 132.

Boulder's ratio is one comment per 82 residents, with Fort Collins (1/205) and Longmont (1/207) also weighing in heavily.

Good luck finding someone who is on the side of the Internet service providers. Almost all of the comments favor rules that would prevent ISPs from charging content providers for so-called fast lanes to ensure their traffic arrives to consumers efficiently.

It's not just individuals who are raising their voices locally. Broomfield-based Level 3 Communications Inc. (NYSE: LVLT), one of the nation's largest Internet backbone providers, has long been a major force in the debate in Washington as well.

Perhaps it's not surprising given

➤ See Net, 4A

In the rough

JONATHAN CASTNER/FOR BIZWEST
Golfer Ken Brunner of Windsor squeezes in some course time at Pelican Lakes Golf Course. With the exception of 2012, golf course rounds have been declining in the Boulder Valley and Northern Colorado.

Golf courses struggle with sub-par demand

BY YUCHEN WU
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Golf continues to lose its allure, with courses across the Boulder Valley and Northern Colorado witnessing an exodus of players even as the economic recovery has put more recreation dollars back in people's pockets.

Player rounds have been declining in the region during the past five years at public courses in Boulder, Fort Col-

➤ See Golf, 6A

Computer studies attract few women

BY JOSHUA LINDENSTEIN
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Success in luring more female students into computer science programs has proved elusive, with Colorado's largest research universities enrolling far fewer women than men.

At the University of Colorado Boulder, the number of female students in those programs has remained flat, at around 14 percent for more than a decade. At Colorado State University in Fort Collins, the rate has stalled out at about 8 percent.

If left unchecked, experts say the lack of diversity among programming professionals will continue to hinder industry's ability to maximize new technology because the talent pool's range of perspectives is narrower than it could be.

"It doesn't help to have a narrow population of people developing software," said Jim Martin, who chairs

➤ See Women, 9A

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BizWest is an independent, locally owned business journal.

The fierce debate over net neutrality hasn't occurred without plenty of input from Coloradans.

A BizWest report in August revealed that one comment has been filed with the Federal Communications Commission on the issue from residents in Fort Collins, Boulder, Greeley, Longmont, Loveland and Broomfield for every 192 residents in those communities.

In Boulder, that figure was one comment for every 82 residents, compared to Denver where it was one for every 235, San Francisco where it was one for every 132 and nationally where it was one for every 286.

And almost all of the comments are from people favoring rules that would prevent Internet service providers from charging content providers for so-called fast lanes to ensure their traffic arrives to consumers more efficiently. Essentially, network neutrality is the idea that all Internet traffic should be treated equally.

And it hasn't just been residents speaking out on the issue locally. Broomfield-based Level 3 Communications Inc., one of the nation's largest Internet backbone providers, has long been a major force in the debate in Washington.

The outspokenness on the issue locally is perhaps driven by the thriving startup economies in Boulder County and Fort Collins. The tech community, from large companies like Google to small startups, has been a major net neutrality advocate, arguing that an open Internet is essential to the success of innovation.

The deluge of comments to the FCC stemmed from a new set of proposed rules in May that would allow ISPs to arrange some "commercially reasonable" deals in which content providers could pay ISPs for preferential treatment of their traffic. Those proposed rules had come in the wake of a U.S. Court of Appeals decision in January striking down the FCC's rules on net neutrality from 2010, stating that the FCC overstepped its authority in barring ISPs from slowing selected web traffic.

UPDATE

The FCC has since worked to craft a set of rules that is addresses the desires of net neutrality advocates and has the ability to stand up in court.

In October, the New York Times reported that FCC staff were moving toward a sort of hybrid solution in which utility-like regulations would be imposed on the exchange of data from content providers to ISPs but where a "lighter regulatory touch" would be given to the transmission of data from ISPs to the consumers.

A couple of weeks later, President Obama urged the FCC to adopt strict net neutrality rules and regulate the Internet like utilities such as telephone and electric service.

Top stories online:

- CSU athletic director Jack Graham fired
- Google Boulder eyes new offices at Pearl Place
- 30 local companies make Inc. 5000 list of fastest growing
- Bidder for Advantage Bank suing creditor

Top stories online:

- Belkin suing OtterBox over distribution rights; reports indicate smartphone case maker is exploring a sale
- Real estate lawyer among victims of small-plane crash
- Stretch of U.S. 36 to close next week
- Blue Ocean plans mixed-use project in Fort Collins River District
- Magpul nixing Cheyenne construction plans after leaving Erie

More cities eye broadband bandwagon

BY JOSH LINDENSTEIN

Local governments in 2014 stepped up their interest in creating municipal broadband Internet networks that they believe are critical to their communities' economic health.

Longmont began buildout of its fiber-based broadband network that will offer 1-gigabit upload and download speeds to every home and business in town. Fort Collins and Boulder both began their explorations into doing the same.

In addition to providing service they don't believe traditional Internet service providers like Comcast and CenturyLink will provide the majority of their residents for several years, the moves by the cities could help spur competition.

A BizWest analysis in August found that Comcast offered lower prices for its fastest tier of Internet service in cities around the nation where it competes against municipal broadband networks than it does locally.

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More cities eye broadband bandwagon

High-speed networks would compete with private-sector offerings

BY JOSHUA LINDENSTEIN
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Local governments in the Boulder Valley and Northern Colorado are looking at going head-to-head with private Internet service providers to build super-fast broadband networks they say are critical to their communities' economic health and that private companies aren't providing.

But these governments' efforts may do even more, spurring private companies to offer faster service at lower prices in places where cities also are in the game.

Comcast, for instance, promotes lower pricing for its fastest tier of Internet service in cities around the nation, such as Chattanooga, Tenn., and Burlington, Vt., where it competes against municipal broadband networks.

Longmont is building out its own fiber-based broadband network that will offer 1-gigabit data speeds to every home and business in town. Fort Collins is exploring the value of such a publicly owned network. Boulder will ask voters in November to remove legislative barriers put in place by the state that keep municipalities from offering telecommunications services without special approval from voters.

Detractors of municipal broadband say launching such a network

➤ See Broadband, 6

ANN DALLOCCHIO / FOR BIZWEST

Larimer County is proposing an extension of its open-space tax to continue funding acquisition of scenic, high-value landscapes, such as this Horsetooth Mountain Open Space, west of Fort Collins.

Local tax issues head for a ballot box in your neighborhood

Transportation projects, flood-repair work and more in the lineup

BY STEVE LYNN
slynn@bizwestmedia.com

Voters in the Boulder Valley and Northern Colorado on Nov. 4 will decide on numerous requests by local governments to increase sales and use taxes to fund everything from open space to transportation projects and flood-related repair work.

In Larimer County, the Help Preserve Open Spaces sales and use tax of a quarter-cent, if approved by voters Nov. 4, will extend for 25 years beginning Jan. 1, 2019, when the current sales and use tax expires. The amended measure would evenly split proceeds to cities and Larimer County, while cities used to receive a greater share of the tax to divide among themselves.

The county's portion of the tax has conserved about 33,000 acres, as well as 83 miles of trail to date at open spaces. The county maintains open spaces such as Devil's Backbone, Hermit Park, Red Mountain and Horsetooth Mountain.

Also on the ballot will be a citizen-

➤ See Tax, 2

Up to the voters
Tax increases and extensions on the November ballot.

Boulder County
.185-percent sales and use tax, which equals .2 cents on a $10 purchase, for flood recovery.
Extension of a .9 mill ad valorem property tax for another 15 years to help fund social services.

Larimer County
.25-cent sales and use tax extension for 25 years to fund county and city open spaces.
.10-cent sales and use tax for an animal control facility beginning Jan. 1 and ending when debt is paid or by Dec. 31, 2020.
.2-percent sales and use tax to fund operations of Larimer County Jail for 25 years. The percentage equals 1.5 cents on a $10 purchase.

City of Boulder
.3-cent sales and use tax from 2015 to 2018 to fund a variety of capital improvement projects.*

City of Longmont
.75 cent sales and use tax for 10 years to fund transportation maintenance, operations and improvements.

Town of Windsor
.75 cent sales tax increase for 20 years to fund a $16.1 million expansion of the Community Recreation Center.*

*Must first be approved by local governments.
Sources: Boulder and Larimer counties, cities of Boulder and Longmont and town of Windsor.

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BizWest is an independent, locally owned business journal.

Detractors of municipal broadband say launching such a network in hopes of disrupting the market is a gamble given the risks involved for local taxpayers if the new utility doesn't end up supporting itself. But the cities believe they can bring both faster speeds and lower prices – and do it faster than the ISPs would.

Comcast and CenturyLink officials said they're largely taking a market demand approach to adding 1-gigabit service in older areas while making an effort to build it in from the start in newer developments. That left too much gray area for Longmont.

"If Comcast and CenturyLink were going to build a network like this here in the city, we wouldn't have done it," Roiniotis said.

UPDATE

The first Longmont residents were able to begin buying Internet service from the city in early November for a charter member rate of $50 per month for the 1-gig service. The rollout will be phased over the next two to three years, with the entire city to have access to the network by 2017.

In Boulder, meanwhile, voters in November voted overwhelmingly to approve a measure that allows the city to provide high-speed broadband service to residents and businesses. The vote is expected to start the process of exploring the benefits and costs involved in doing such a network.

Fort Collins, meanwhile, is expected to do such studies over the coming year before holding a similar vote.

Those initial votes are similar to the one Longmont held in 2011 that led to that city's move toward its own municipal broadband utility.

Sept. 5-18

A year later, a long road back

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JONATHAN CASTNER/FOR BIZWEST

Vast swaths of asphalt were washed away during last year's flooding. Here, on U.S. Highway 36 north west Lyons, repair work is under way. Repairs are expected to cost $20 million and are scheduled to begin next summer.

THE 1,000-YEAR RAIN | SEPTEMBER 2013

A YEAR LATER, A LONG ROAD BACK

Full recovery from flood will take costly years

BY JOSHUA LINDENSTEIN
jlindenstein@bizwestmedia.com

The Colorado Office of Emergency Management now estimates the damage toll for the September 2013 floods to be $3 billion.

That number is as difficult to track as it is to contain, as property owners continue to see new flood-related issues arise a year after a weeklong, thousand-year rainstorm ravaged much of the Front Range – particularly Boulder County and Northern Colorado.

"The damage estimates keep growing," said Val Beck, communications director for the Colorado Recovery Office.

The disaster took the lives of nine people. Hundreds of residents still find themselves displaced, or perhaps

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Food labels stir debate, naturally

GMO issue heads for ballot

BY JOSHUA LINDENSTEIN
jlindenstein@bizwestmedia.com

Proponents of Colorado's Proposition 105 are girding for an election-season fight similar to the one California saw on a genetically modified food labeling initiative in 2012 that ultimately failed, in part because of heavy corporate spending in opposition.

Colorado's Prop 105, to be voted on in November, would require food manufacturers to label packaged food produced with genetically modified organisms. Proponents argue that the new rule would give consumers more knowledge and choice about what types of ingredients are in the food they're purchasing. Opponents say the initiative is misleading and would drive up costs for producers and consumers alike.

Spending on the debate in Colorado has been tame so far. Right to Know Colorado GMO, the group responsible for gathering signatures to place the measure on the ballot, had raised $117,430 and spent $90,304 as of its Aug. 1 filing with the Colorado Secretary of State's office. The Coalition Against the Misleading Labeling Initiative, meanwhile, has raised $199,150 and spent about $113,000 as of the same

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One year after the historic 2013 floods ravaged Boulder County and much of Northern Colorado, residents and officials were touting local communities' resolve, celebrating the repairs that had been made, and at the same time girding for the long recovery still ahead.

As the anniversary of the floods rolled around in September, the Colorado Office of Emergency Management estimated the damage toll to be $3 million. The number is one that keeps rising as flood-related issues continue to arise for property owners after a weeklong, thousand-year rainstorm swamped much of the Front Range.

Depending on the community, officials expect that full recovery could take two to 10 more years. But there are also those communities – like Estes Park and even Lyons, one of the hardest-hit – where officials were looking back with the belief that things could have turned out much worse for their towns.

Lyons, a town with an annual budget of $1 million, saw $45 million in damage to public infrastructure and 20 percent of its 960 homes damaged or destroyed. And yet, in a town that relies heavily on tourism as a gateway to Estes Park, sales tax revenue through the first eight months of this year was even with the same period in 2013 before the floods hit, despite town officials' initial projections of a 40-percent slide in tax revenues for 2014.

Estes Park, too, was seeing tax revenues rebound more quickly than expected.

One thing that really can't be sped up, however, is reconstruction of the hundreds of miles of roads and thousands of homes that were damaged. Ten thousand homes were affected, with hundreds destroyed, in Boulder County alone. At one point during the flood, 645 lane miles of roads were closed in Weld County. About 118 miles of state and federal highways were damaged.

UPDATE

Colorado Department of Transportation officials have said highway repairs will take about three more years. While CDOT had all of its highways, including U.S. Highways 34 and 36 to Estes Park, opened within a couple of months of the flood with temporary fixes, permanent repairs to 36 didn't finish until this fall. Permanent repairs to 34 and other area highways won't even begin until 2015 or later.

There are also streams to be rerouted and riverbanks to be restored.

"We are sticking with the message that this last year we got through was a sprint," Val Beck, communications director for the Colorado Recovery Office, said as the flood's anniversary approached. "That's the stuff that needed to be repaired as soon as possible. But we're headed into the marathon of all of this. And it's going to be a long haul."

Top stories online:

- CU falls, CSU rises in U.S. News' best public school rankings
- Drillers piling up debt faster than fortunes in shale
- Schlumberger to build $10.5M facility in Windsor
- Luxury apartment complex underway in Johnstown
- Fired Smashburger CEO sues chain, says he's owed millions in severance

Top stories online:

- Homebuilder has 116 acres under contract in Fort Collins
- Coloradoan plans reorg, layoffs to editorial team
- State demographer: Population shifts will alter workforce makeup
- Oilfield executive pays $2M for Berthoud property
- New Belgium Brewing forms political action committee

Sept. 19-Oct. 2

Fort Collins, Loveland eye independent airport commission

BY STEVE LYNN


BizWest

Focus sharpens on end-of-life decisions

Big Apple-style parking in Boulder? Ask the robot

BIOSERVE: LET'S DO LAUNCH

Business people welcomed an effort by the city managers from Loveland and Fort Collins to develop the framework for a new commission that would include residents of the cities to help govern the airport.

Development of the commission comes after Allegiant Air, the airport's sole commercial carrier, departed the airport in October 2012. The company cited too many general-aviation aircraft in the sky as its reason for leaving. The decision to leave came despite higher numbers of passengers boarding airplanes there.

Officials have discussed an airport commission for some time, but only recently have they moved forward with the proposal. The idea to create an airport commission would represent a key change to an intergovernmental agreement between the cities of Fort Collins and Loveland, which jointly operate the facility.

The commission would replace a steering committee made up of the mayors, city council members and city managers of both cities that handles lesser airport matters. The city councils of Loveland and Fort Collins generally decide on more important matters, such as budgets and leases.

The joint ownership of the airport by the cities of Fort Collins and Loveland can create hardships, especially when it comes to doing business at the airport, according to businesspeople.

"The fundamental problem right now is that the airport's owned and operated by two separate cities," said Jim Sampson, founding CEO of Scion UAS LLC, which makes unmanned aircraft and has an office next to the airport. "What that means is it's quite time-consuming and tedious to try to get anything approved. Even something as simple as a lease for a hangar can take quite a long time."

UPDATE

The Fort Collins and Loveland City Councils met jointly on Nov. 3, and city staff members have been following up with the necessary changes to the intergovernmental agreement between the cities, Loveland's city manager Bill Cahill said. He expects a draft agreement for both councils to consider soon.

"The Commission will still have increased powers and authorities beyond what the present steering committee has," Cahill said. However, "The councils broadened the definition of city representatives on the commission so that it is not limited to mayors and city managers, but instead may be any member of the councils or staff."

Reporter Doug Storum contributed to this report.

Oct. 3-16

Recovery spurs cities' spending surge

BY YUCHEN WU

Municipalities across the Boulder Valley and Northern Colorado have spent roughly $2.1 billion in 2014, up about $200 million, or 11 percent, over last year.

The surge in spending is true across the board, from larger communities, such as Louisville, Longmont and Loveland, to small towns such as Wellington, according to an analysis by BizWest.

After years of recession-driven budget cuts, 25 cities are loosening the purse strings this year, with some cities seeing budgets that are more than 50 percent higher than they were in 2008.

Longmont, for instance, has increased its spending dramatically since the recession, laying out $230.5 million last year, up 26 percent from the $182.4 million it was able to spend in 2008.


BizWest

Recovery spurs cities' spending surge

KNOWING THE DRILL

KEEPING FOCUS CLOSE TO HOME FUELS SYNERGY

Tweet or tweak, then send

Twitter map new lobbying tool for bankers

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"The city was hit very hard by the flood in September 2014, and a large portion of the increased budget is for repair and maintenance of infrastructure damaged by the flood," said Barb McGrane, business services and strategic planning manager for the city.

McGrane also said that the city is recovering, but there are some revenues, such as property taxes, that have not come back to pre-recession levels.

Farther North, the economic picture also continues to strengthen. Loveland, for instance, has increased its spending 29 percent since the recession. Tiny Wellington, northwest of Fort Collins, is among the biggest spenders on a percentage basis, with plans to bump outlays by 92 percent, from $17.4 million, up from $9 million in 2013.

UPDATE

City tax revenues are likely to continue growing in 2015, thanks to ongoing strength in the economy. Next year, for example, Longmont is expected to spend $273 million.

Housing continues to improve, which bodes well for growth fees that cities collect and the ongoing recovery in property tax values.

Top stories online:

- Fort Collins' director of sustainability resigns
- Effort underway to form private regional eco/devo group with 'NoCo' brand
- 12 of region's breweries win medals at Great American Beer Fest
- Planners steer all NoCo road funding to Interstate-25
- Landmark Homes to build condos in Fort Collins

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Top stories online:

- BizWest unveils 40 Under 40 for Northern Colorado
- UCHealth enters deal to buy Longmont Clinic
- Tebo Properties plans retail center in Louisville
- Developer eyes restart for Old Town North

As budget stagnates, staff shrinks at NCAR

BY YUCHEN WU

The National Center for Atmospheric Research (NCAR), one of the world's premier climate research institutions, has been struggling to maintain its ground-breaking scientific initiatives in an era of stagnant budgets and a staff that has shrunk to its lowest level in more than a decade.

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THE BUSINESS JOURNAL OF THE BOULDER VALLEY AND NORTHERN COLORADO — VOLUME 33 | ISSUE 20 | OCT. 17-30, 2014

As budget stagnates, staff shrinks at NCAR

BY YUCHEN WU
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One of the country's largest climate research facilities, Boulder's National Center for Atmospheric Research (NCAR,) is struggling to maintain its rich research environment in an era of stagnant budgets and a staff that has shrunk to its lowest level in more than a decade.

"We have to think very strategically about where we invest our money," said Jim Hurrell, director of NCAR. "The reality is we've had staff layoffs because the budget pressures have become higher."

During the past decade, NCAR's headcount has varied dramatically, according to NCAR's budget and planning office. The agency now employs 804 full-time staffers, down from down from its high of 880 in 2009.

"I think all institutions across the country that receive federal funding for research have been experiencing many of these pressures. It's not unique to NCAR," Hurrell said.

In 2013, NCAR spent $165.8 million, down about 3 percent from $171.3 million in 2009, without considering inflation, according to the budget and planning office.

Research power house

Nestled against the foothills just below the Flatirons, NCAR has been an international leader in climate research, as well as meteorology, atmospheric chemistry, and solar-terrestrial interactions.

For decades, NCAR, managed by a consortium of universities, has relied

➤ See NCAR, 8

Dream Chaser rerouted after NASA rebuff

Private-sector space travel potential boon

JOSHUA LINDENSTEIN
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LOUISVILLE - After missing out on a major multibillion-dollar NASA contract, Sierra Nevada Corp. is forging ahead with the Dream Chaser spacecraft program in a way that wouldn't have been possible 20, or even 10, years ago.

SNC had always planned that its versatile space plane could be marketed for a variety of purposes and now, as the market for commercial space transport blossoms, that planning is paying off, in part because of the company's other partnerships.

If a company has developed good private partners, says aerospace analyst Marco Caceres, it can survive a rejection from NASA.

➤ See Dream Chaser, 6

JONATHAN CASTNER / FOR BIZWEST

'COMMUNITY CAPITALISM' Students at Aims Community College will get more scholarship support as part of the city of Greeley's G.Town initiative. Story, page 3

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This year, NCAR has 804 full-time staffers, down from its high of 880 in 2009. In 2013, it spent $165.8 million, down about 3 percent from $171.3 million in 2009, according to its budget and planning office.

However, the agency's headcount and expenditure have varied dramatically during the past decade, according to the NCAR's budget and planning office.

NCAR is an international leader in climate research, as well as meteorology, atmospheric chemistry, and solar-terrestrial interactions.

For decades, the institution has relied on funding from the National Science Foundation (NSF), which is a U.S. government agency that supports fundamental research and education in all the non-medical fields of science and engineering.

However, that funding has been relatively flat or sub-inflationary for much of the past 10 years.

Beside NSF funding, NCAR also receives funding from other agencies, such as the Environmental Protection Agency, the Department of Energy (DOE) and the National Oceanic and Atmospheric Administration (NOAA), and those funding streams have been highly variable as well, NCAR's director Jim Hurrell said.

Linda Mearns, the Director of the Weather and Climate Impacts Assessment Science Program (WCIASP) and a senior scientist at NCAR, said that she's witnessed a decline of NSF funding and a dramatic increase of funding from other sources, which is called "soft money," over the past few years.

"I can't say that the soft funding is dramatically going up… But if you suddenly take out the soft money, NCAR will just collapse," Mearns said.

According to NCAR's budget office, the spending of soft money at NCAR has increased from $61.2 million in 2004 to $69.6 million in 2014. However, its proportion of total spending has remained flat, at about 42 percent.

"If the overall funding situation into NCAR continues to stay flat or decline, we are going to continue to face tough decisions," Hurrell said.

UPDATE

NCAR officials expect to see a small uptick in federal funding next year.

Jim Hurrell, director of NCAR, said that the agency expects to see an increase of 3.2 percent in its federal funding in 2015.

With limited funding, NCAR's management team has attempted to focus on projects with the highest priority, which includes the modeling systems, the data simulation systems and its work in observational science using data collected from radars and satellites.

Oct. 31-Nov. 13

Local clinics snared in DaVita settlement

BY STEVE LYNN


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Local clinics snared in DaVita settlement

BY STEVE LYNN
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BOULDER — DaVita Healthcare Partners Inc. will undo a Colorado joint venture involved in an illegal kickback scheme that included clinics in Boulder and Longmont as part of a $389 million settlement with the Department of Justice in a whistle-blower lawsuit.

Denver-based DaVita (NYSE: DVA), a Delaware corporation, agreed to the settlement to resolve claims that it violated the False Claims Act by paying kickbacks to physicians who referred patients to dialysis centers in which the physicians had an ownership stake. DaVita has dialysis clinics in 46 states and Washington, D.C., and cares for nearly 170,000 kidney patients.

DaVita did not respond to requests for comment. However, in announcing the settlement Oct. 22, the company said it did not knowingly engage in any wrongdoing.

DaVita said in October that it planned to undo 11 joint-venture transactions covering 26 of its 2,119 clinics. One of those joint ventures was Mountain West Dialysis Services LLC, including the Boulder Dialysis Center and the Longmont Dialysis Center, as well as other centers in Lakewood and Arvada.

Between March 1, 2005, and Feb. 1, 2014, DaVita identified physician groups that had significant patient populations suffering renal disease and offered them lucrative opportunities to partner with DaVita by acquiring or selling an interest in dialysis clinics to which their patients would be referred for treatment.

The whistleblower lawsuit was filed by David Barbetta, a resident of Vir-

➤ See DaVita, 6

Rising prices barring debt-burdened college grads from buying homes

DOUG STORUM/ BIZWEST

Recent college graduates in the United States strapped with student-loan debt need to make 34 percent more to buy a median-priced home than do recent grads who don't have student loans, according to RealtyTrac. But those first-time homebuyers in the city of Boulder face a much steeper challenge because its homes cost much more than those in surrounding areas.

BY DOUG STORUM
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High housing costs are locking thousands of young, college graduates and first-time Colorado homebuyers out of the market as wages stagnate and tuition loan payments rise.

In Larimer and Weld counties, where the median home price is $241,750 and $210,000 respectively, some debt-burdened grads can afford homes providing they can come up with a 20 percent down payment and are willing to spend 43 percent of their income on a mortgage payment, according to a new report by RealtyTrac.

In fact, the report concluded that grads meeting those criteria could buy homes in 96 percent of the housing markets RealtyTrac examined.

But it's more difficult in Boulder and Broomfield counties, where the median home price is $350,000 and $306,180, respectively.

The report said first-time homebuyers on average need a minimum income of $37,010 in Weld County, $41,474 in Larimer County, $50,532 in Broomfield County and $56,693 in Boulder County. Those salaries are

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Between March 1, 2005, and Feb. 1, 2014, DaVita identified physician groups that had patients with kidney disease and offered them lucrative opportunities to partner with DaVita by acquiring or selling an interest in dialysis clinics to which their patients would be referred for treatment.

DaVita further ensured referrals of patients to the clinics through a series of secondary agreements with the physicians, who agreed not to compete with DaVita, preventing the physicians from referring their patients to other dialysis providers.

Meanwhile, physicians received an upfront payment and continuous "extraordinarily high returns" of from 120 percent to 220 percent on their investments in the joint ventures, according to the Justice Department.

UPDATE

David Barbetta, of Virginia, will receive a $65 million share of the settlement as part of the lawsuit he filed against DaVita in U.S. District Court in 2009. Whistleblowers with knowledge of fraud against the U.S. can present those allegations to the government. If an investigation confirms those claims, the whistleblower shares in a settlement.

Barbetta's attorney declined to comment.

The government reached an agreement on Barbetta's share of the proceeds on Oct. 16, according to a court filing. DaVita paid the settlement to the government on Oct. 30.

U.S. District Judge William Martinez dismissed the lawsuit Nov. 3. The Justice Department, meanwhile, has indicated it will not investigate doctors involved in the scheme.

Top stories online:

- Longmont United Hospital to join Centura Health
- Report: Boulder most expensive home market in state
- LogRhythm named tech company of the year
- Coloradoan cuts four editorial staffers
- Microlender Accion receives $1 million investment

Nov. 14-27

Top stories online:

- Despite retail failure, GoLite founder hoping for comeback
- Indiana firm plans nursing/rehab facility in Fort Collins
- Galvanize taking 27,000 square feet at Pearl West
- 52-bed hospital proposed for Broomfield's Arista development
- Affordable housing complex sold, renovations in the works

More injections sought despite quakes

BY STEVE LYNN


BizWest
More injections sought despite quakes
Investigation into wastewater well remains open
Analysts are bullish on new telecom merger
3-D KNEE

NGL Water Solutions DJ LLC, the company operating the fracking-fluid disposal well linked to earthquakes near the Greeley Airport late last spring, asked the state of Colorado if it could boost by 20 percent the amount of water it can inject underground despite ongoing low-level quake activity captured by a new state monitoring program.

Since injections were temporarily suspended at the well in June, earthquakes have occurred near the 10,400-foot-deep well, according to documents obtained by BizWest through a Colorado Open Records Act request. At least one was nearly as large as the event that triggered a state investigation.

Last summer, the Colorado Oil and Gas Conservation Commission briefly suspended activity after large quakes struck and a public outcry erupted. Injection activity was then allowed to resume in late July and the state launched an investigation into whether NGL had violated the terms of its disposal permit. The investigation remains open.

The permit, granted in the spring of 2013, allows the company to inject 10,000 gallons of wastewater daily. After the incidents last spring, however, the state required NGL to cut back the amount of water it injected. The amounts injected have been allowed to increase gradually and subsequent small quakes have been documented. NGL declined to comment.

In Northern Colorado, the drilling technique known as hydraulic fracturing generates enormous amounts of wastewater that oil companies typically inject thousands of feet underground. Fracking involves pumping millions of gallons of water mixed with sand and chemicals into a drilled hole to extract oil and gas from dense shale formations. Injection wells such as the one operated by NGL are designated specifically for wastewater and regulated by state authorities. Some 29 permitted disposal wells are operating in Weld County. NGL operated 11 of those wells as of July.

UPDATE

In an Oct. 28 email, NGL told the state oil commission that it was "not aware of any abnormal seismic activity in the area" and asked the agency to increase its maximum daily injection rate to 12,000 barrels of wastewater per day.

The state oil commission has not approved that request, said Matt Lepore, director of the agency.

Meantime, the agency says it a 10,000 barrel per day maximum listed on the permit "is not a binding limit." NGL has said it "vigorously objects" to the state oil commission establishing a daily injection rate limit.

The state oil commission, though it collects monthly reports on volumes of water injected by well operators, has no gauges to monitor exactly how much water a company has injected.

"Most injection well operators have equipment that monitors the injection on at least a daily basis, and we can obtain those records," said Todd Hartman, spokesman for the state Department of Natural Resources, which oversees the state oil commission.

Nov. 28-Dec. 13

Credit cards hacked? Who pays ‘em back?

BY DOUG STORUM


BizWest

Credit cards hacked? Who pays ‘em back?

FALLING COSTS OPEN 3-D PRINTING TO THE MASSES

As credit card breaches at some of the country’s major retailers continued to capture headlines in 2014, the battle between banks, credit unions and retailers over who is responsible for reimbursing consumers whose credit cards have been compromised heated up.

Big data breaches such as those at Heartland, Target, Staples and Home Depot have drawn attention to a problem that has been around for years, but is escalating because of more sophisticated hackers and the millions of consumers whose bank accounts and personal data have been pilfered.

Financial institutions are on the hook for reimbursing their customers for fraudulent charges whether they are responsible for the breach or not. But they want merchants to chip in to cover these costs and help pay for the costs of reissuing cards when data breaches occur through their point-of-sale systems.

While banks are in the process of implementing more secure microchip credit cards, banks believe retailers that fail to make their point-of-sale systems compatible should pay the consequences.

“The cost should be paid by the party whose systems were at fault in a breach,” Shawn Osthoff, president of Bank of Colorado in Fort Collins, told BizWest in November.

Those in the retail industry, however, contend that merchants already pay financial institutions extra fees for data encryption and other services.

UPDATE

All of the bantering comes as a class-action suit filed by a group of banks against Target to recoup millions of dollars from the recent Target breach is playing out in court.

Meanwhile, Visa and MasterCard, along with other credit-card companies, have made clear that “any actor” without chip-based card technology in place by October of 2015 will be forced to bear the cost of fraud.

Reporter Josh Lindenstein contributed to this report.

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Dec. 12-25

Local drillers see shares tumble as oil price drops

BY STEVE LYNN

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Scheme takes Ecrypt stock on wild ride

BY JOSHUA LINDENSTEIN
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BOULDER — Data security firm Ecrypt Technologies Inc. has seen its stock price take a wild ride over the past couple of weeks as the result of what appears to be a paid stock pump-and-dump scheme.

Ecrypt (OTCQB: ECRY) is a 7-year-old development-phase company with registered and legal offices in Boulder whose executives are spread throughout the United States and Canada.

The company's co-founder, Brad Lever, contends that the company is an innocent bystander in the activities that have helped drive its stock price up fourfold since Nov. 20.

"There's not a lot we can do," said Lever, the company's chief operations officer, in a phone interview. "We're working with the exchange commission. Obviously we're just incredibly forthcoming. They ask questions, and we're trying to respond to them."

OTC Markets Group, the operator that oversees the marketplaces for over-the-counter stocks, or those securities that trade off of the New York Stock Exchange or Nasdaq exchange, on Dec. 9 placed a "Caveat Emptor" warning on Ecrypt's stock to alert investors that there may be reason to exercise extra care and due diligence when making decisions related to the security.

Ecrypt, which plans to take its Ecrypt One product to market early in 2015, is trying to use the newfound attention – negative or otherwise – to get the word out about itself.

➤ See **Ecrypt, 6**

CSU STADIUM: GOAL TO GO

Dec. 5, Colorado State University's governing board authorized President Tony Frank to move forward with a controversial plan for a new stadium. In its actions the board:

- Approved construction of a new stadium located on Colorado State University's main campus.
- Authorized Frank to return to the board with a final program and finance plan in February.
- Authorized Frank to select a scope of plan and financing option that minimizes risk to the general fund.

Now the city of Fort Collins is preparing to weigh in. And not everyone's happy.

FULL STORY, PAGE 3

Local drillers see shares tumble as oil price drops

BY STEVE LYNN
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GREELEY — Stocks of companies that operate in Northern Colorado have plummeted with falling oil prices, potentially leading to decreased capital spending next year.

PDC Energy Inc. (Nasdaq: PDCE), which drills oil wells in Weld County, posted among the steepest declines. Company shares sank to a 52-week low of $27.91 in December after reaching a high of $70.44 in June, a 60 percent decline in six months.

Oil prices began falling from around $100 per barrel in July to $67 in December after OPEC said it would not cut production. Energy stocks, meanwhile, have fallen with the decline in oil prices, in some cases losing nearly half their value from highs seen this summer. The downturn in oil prices comes as oil producers plan to announce their capital spending plans for 2015, and some analysts believe those budgets could see cuts.

Moody's Investor Service issued a report last month cutting esti-

➤ See **Oil, 14**

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BizWest is an independent, locally owned business journal.

Stocks of oil companies that drill wells in Weld County have plunged with declining oil prices, potentially leading to lower capital spending in 2015.

PDC Energy Inc. (Nasdaq: PDCE), which drills oil and natural-gas wells in Weld County, has seen among the steepest declines. PDC's stock fell to a 52-week low of $27.91 in December after hitting a high of $70.44 in June, a 60 percent decline in just six months.

Oil prices began falling from around $100 per barrel in July to prices nearing $60 in December after OPEC said it would not cut production. Meanwhile, Northern Colorado oil company stocks have collapsed with the drop in oil prices, with many losing nearly half their value from highs seen this summer.

The oil prices slump comes as oil producers plan to reveal their capital spending plans for 2015, and some analysts say those budgets will face cuts.

Since June, global oil supplies have risen with ballooning production in the United States and as Libyan crude supplies have returned online following conflict in 2011, according to Moody's Investor Service. Growing demand next year, however will slow the fall in oil prices.

In December, PDC Energy said it would slash its 2015 capital budget to $557 million, a 14 percent decline from the company's $647 million capital budget for 2014. The company, however, will increase its spending in the Wattenberg field, which includes territory in Weld County, to $516 million for next year, up from $272 million this year. It has decided to idle a drilling rig in Ohio to focus on higher return projects in the Wattenberg.

UPDATE

Weld County, where companies produced 80 percent of Colorado's record-breaking 64.1 million barrels of oil last year, plans to watch the situation, said county spokeswoman Jennifer Finch.

Property taxes make up the foundation of Weld's budget. Last year, oil and gas accounted for $3.9 billion, or 55 percent of the $7.1 billion of assessed property value in Weld. That's up from $3.4 billion in assessed oil and gas property value, or 52 percent of Weld's $6.5 billion in total assessed property value the year before.

Since the county assesses property values every other year, a downturn that occurs in any year would not be felt through property taxes until two years later.

"The downturn in oil prices, should it remain, would not be felt by Weld County with regard to the county budget for two years," Finch said, "providing time for us to revise, and if needed cut, the budget to handle the financial loss."

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