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Northern Colorado BUSINESS REPORT

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Historic concerns over Engines Lab expansion

LPC to partner with CSU lab on solutions

By Steve Porter
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FORT COLLINS — Historic preservation concerns won't likely deter a plan to expand the Colorado State University Engines and Energy Conversion Laboratory on North College Avenue.

Conceptual plans to expand the city's old power plant — built in 1936 and converted into the Engines Lab in 1992 — originally included a four-story, 50,000-square-foot attached building that would sit slightly in front of the facility on its southwest side.

Those plans also called for a 20-foot by 20-foot Art Deco fountain to be moved to accommodate the expansion. The fountain is part of the Fort Collins Landmark designation granted to the property in 1987.

Karen McWilliams, historic preservation planner for the city of Fort Collins, said CSU officials and design representatives attended a meeting of the city's Landmark Preservation Commission to make an informal presentation on the expansion.

McWilliams said commission members are supportive of the reuse of the historic power plant but were concerned that the expansion would partially block the view of the structure from College Avenue.

Steve Porter, Northern Colorado Business Report

HISTORIC FOUNTAIN – This historic fountain sitting near the Colorado State University Energy Conversion and Engines Laboratory on North College Avenue is expected to be moved to make way for a 50,000-square-foot expansion of the historic former Fort Collins power plant.

McWilliams said the commission proposed moving the planned expansion back to the east so the view would not be impaired.

"The main idea is we want to preserve the historic character of the designated landmark property as much as possible," she said.

The commission also had a concern with the plan to move the historic terra cotta fountain The fountain was sculpted in 1934 by the Works Progress

See EXPANSION, 27

Foothills Mall looks to future

Door opens as GGP comes out of bankruptcy

By Steve Porter
sporter@ncbr.com

FORT COLLINS — Just as the Christmas shopping season raises hopes for the retail sector, hopes are rising that Foothills Mall in Fort Collins may be poised for a revival.

Its owner, Chicago-based General Growth Properties Inc., emerged from bankruptcy last month after filing for Chapter 11 protection in April 2009. The second-largest mall owner in America, GGP owns and operates about 185 malls including Foothills Mall, once Northern Colorado's dominant shopping center.

GGP was able to emerge from bankruptcy after filing a reorganization plan that spun off its real estate development company, Howard Hughes Corp., and by restructuring about $15 billion in debt, recapitalizing with $6.8 billion in new equity investment and paying its creditor claims.

Jim Graham, GGP spokesman, said the recharged company intends to redevelop Foothills Mall, which has suffered from the loss of two of its major tenants — JCPenney and Mervyn's — and a host of new regional retail competitors over the last several years.

But exactly how quickly that redevelopment will occur is a big question mark at this point, he noted.

"We have not finalized a rede-

See FOOTHILLS, 15

Creative investment saves troubled subdivision

Denver company works with banks to salvage assets

By Jessica Centers
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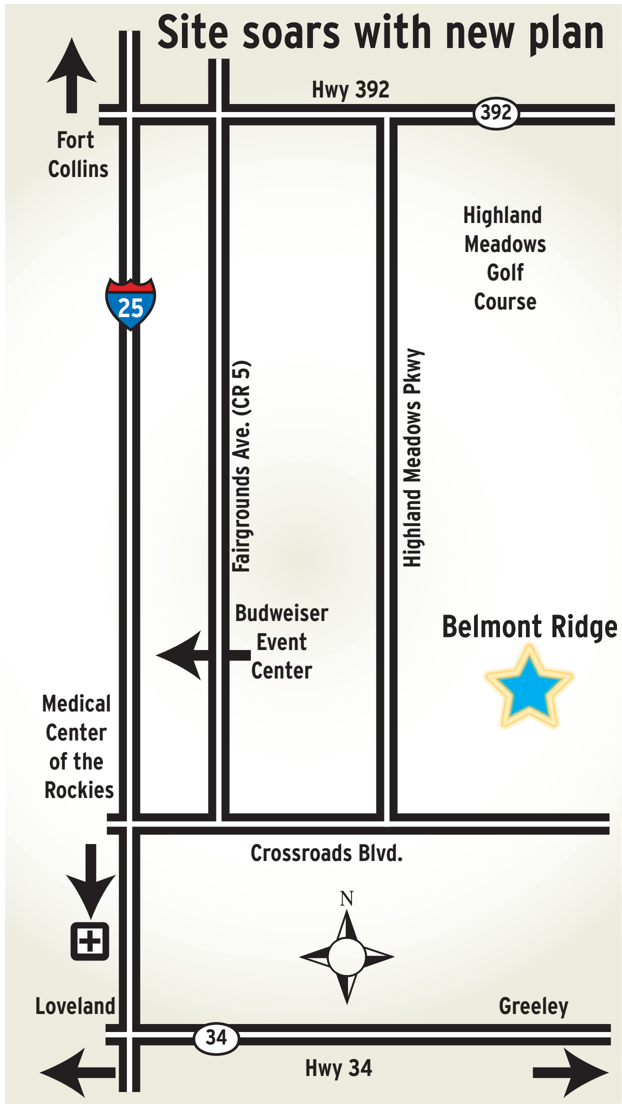
WINDSOR — Once troubled and at risk of bankruptcy, the 160-lot Belmont Ridge residential development in west Windsor is now showing signs of life and traffic. In November, brokers with The Group Inc. Real Estate began showing off a newly constructed model and three spec homes they're advertising as move-in ready before the holidays.

The homes were built by Denver-based Pauls Corp. through its residential division. But the company's involvement goes beyond home construction.

"This was previously a broken, stalled community," said Jodi Thurman, Pauls Corp.'s director in charge of Northern Colorado projects. "Believing that Belmont Ridge is a long-term, quality asset, the Pauls Corp.'s program is to inject new capital and vitality into the development with a new building program that meets the current market demands of product and price."

Home prices at Belmont Ridge start at $255,000. The lots range from 8,000 to 25,000 square feet, and floor plans

See BELMONT, 18



Courtesy Pauls Corp.

Water cluster to unleash flood of ideas

By Joshua Zaffos
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FORT COLLINS — Roughly 70 years ago, local innovators built one of the most ambitious water-development projects in the world.

The Colorado-Big Thompson Project plumbed and piped flows from the Colorado River through the Continental Divide to meet the growing demands of the northern Front Range. The massive transmountain water diversion slaked the needs of the region's agricultural sector and helped reinvent how the West used its water.

Now, members of the newly formed Colorado Water Innovation Cluster are planning to build on that legacy to conceive and implement 21st-century water solutions.

After first convening this past January, CWIC made its public debut in October at the monthly Rocky Mountain Innovation Initiative after-hours meeting. Bringing together staff from local engineering, environmental and manufacturing firms with officials from Colorado State University and local government, the water cluster is rolling out a lineup of objectives and projects, following the lead of other industry clusters to promote the region's competitive advantages on water services and technology.

"These (clusters) are pretty effective at doing job creation and growing our community from within," said Josh Birks, Fort Collins economic advisor and co-chair of CWIC. "We realized there was a rich heritage in the water industry here and some great assets at CSU, and we discovered there's a lot of activity going on and a lot of employment in the industry. Many of the companies really didn't know what the other companies were doing and when we got them all in a room they got excited really quickly."

According to the cluster, there are 36 "water innovation" businesses in the Fort Collins area employing more than 1,425 people. The sector has achieved 11-percent growth in job numbers since 2006, and CWIC board members believe building on collaboration among the firms can boost those figures.

"It truly is a paradigm shift for many of the old-school companies to consider working together," added Forbes Guthrie of Stewart Environmental Consultants, and co-chair of CWIC. "The carrot on the stick

See WATER, 10

THE EYE

Dismount zone usurped by new dining domain

This year, **Old Town Fort Collins** stepped up its efforts to stop cyclists and skateboarders from riding on its sidewalks. Those efforts included attaching "dismount zone" signs directly to the sidewalks at heavily traveled intersections.

But now, the sidewalk signs on the southwest corner of College and Mountain avenues aren't doing anything but keeping cyclists and skateboarders from riding through **Ingredient restaurant's** new outdoor dining space.

The former City Drug location has been undergoing renovations in preparation for the new restaurant; the railings for the patio space were installed just before Thanksgiving.

But the patio footprint is so large that it includes the sidewalk the signs are adhered to, and it now appears both signs are, well, in jail.

It'll be interesting to see what it'll cost to get the two out of incarceration or if Ingredient will just get some throw rugs.

Not that the corner really needs dismount zone signs now since there is hardly any room left to walk, let alone ride, around the enclosed al fresco space.

INSIDE

F O C U S

M & E painting the town with success

Courtesy M & E Painting

BEHIND THE BRUSH – The full-time team at M&E Painting includes, left to right, Nancy Shoup, office manager; Eric Shoup, production manager; TJ Marshall, estimator; Kevin Voorhees, estimator; Oscar Rodriguez, crew foreman; Matt Shoup, president; Dave Sward, crew foreman; Sean Davies, repair technician; Scott Guzman, vice president-Denver; Nick Sok, estimator, and Kim Guskin, finance manager.

Shoup has brush with greatness as business expands

By Luanne Kadlub
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LOVELAND — Matt Shoup was 9 years old when he went into business for himself mowing lawns and shoveling snow. The lesson he learned then has stayed with him: Work hard for what you want — back then a $200 boombox. Twenty years later, he owns a $2 million painting business that transforms homes inside and out.

A New Jersey native, Shoup moved to Colorado as a young boy, but that East Coast swagger continues to serve him well as owner of M & E Painting.

"People have told me if I had stayed in New Jersey, I would have been a great salesman, but I would be selling other things …" He did not elaborate on what those "other things" might be.

Selling does come naturally to Shoup. He double-majored in Spanish and human development and family studies at Colorado State University, where he met his wife-to-be Emily (the "E" in M & E) and where he accepted an internship designed to teach students how to paint houses.

"That helped kick-start my passion for entrepreneurship," he said.

Although he is in the painting business, Shoup has never seen the top of a ladder, even as a college student. It's his job to bring in the jobs for his painting crews. He made $100,000 doing this while at CSU. When he graduated, not a dime of that money was in the bank. But he did have a nice condo and a $30,000 car.

Penniless after college, he got into the

See M & E, 22

Research station eyed for Boxelder flood mitigation

CSU site studied for flood retention facility construction

By Steve Porter
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WELLINGTON — The Boxelder Stormwater Authority may build a new flood retention storage facility at Colorado State University's Agricultural Research, Development and Education Center just northeast of Fort Collins and east of Interstate 25. But that depends on whether the soil conditions are right and an arrangement can be struck for the occasional use of about 250 acres of the 1,000-acre facility.

The Boxelder Stormwater Authority was formed in 2008 through an intergovernmental agreement between the town of Wellington, city of Fort Collins and Larimer County. The authority is charged with developing a flood mitigation plan for the Boxelder Creek watershed that includes Wellington and points south to Colorado Highway 14.

The town of Timnath has also expressed interest in participating in the plan and its structural improvements, estimated to eventually cost about $10.5 million.

Andrea Faucett, a consultant on the project with Ayres Associates, said nine locations have been examined for what was once called the Edson Stormwater Detention Facility but is now known as the Eastside Storage Facility for the Boxelder project.

The project contains three main components: Coal Creek Flood Mitigation Project, to reduce flooding through Wellington in part by enlarging Clark Reservoir; the Eastside Storage Facility, which would include an earthen embankment and be a dry detention facility that could temporarily hold up to 1,700 acre-feet of stormwater runoff on Indian Creek during a 100-year flood; and Middle Boxelder Creek Improvements, which include construction of two storm drainage channels to direct flows to Boxelder Creek.

Prime location

Faucett said the ARDEC location is a prime location for the Eastside Storage Facility. "ARDEC is on Boxelder," she said. "That's one reason why hydrologically it provides more benefit and you get more (flow) reduction downstream."

The Eastside facility would be designed to temporarily hold and slowly release stormwater, reducing peak downstream discharges by 40 percent to 60 percent and minimizing flood damage to about 165 structures in Larimer County and Fort Collins.

Faucett said the ARDEC site is "very conceptual" and must await soil test results to see if the soil has the right amount of clay content to temporarily hold water. And an agreement would have to be worked out with CSU to use the land for the detention facility.

"In terms of a flood mitigation perspective, it is the best location," she said, noting that the facility must be in a finite area. "It provides the greatest reduction in flood flows from Boxelder."

Faucett also noted that working with one landowner rather than several smaller landowners would be preferable.

Lee Sommers, ARDEC director, said siting the facility on ARDEC property has not moved past preliminary discussions. "There's nothing that's been approved at this point," he said. "We've had some preliminary discussions with some of the people from the stormwater authority as to some of the options."

Those options include either buying

See BOXELDER, 30

CORRECTIONS

Merten Inc., the developer of Union Place in north Fort Collins, is based in Boulder, not Berthoud as reported in the Nov. 19 issue of the *Northern Colorado Business Report.*

Also in the Nov. 19 issue, the overview of the 82 original limited edition prints at the Loveland Museum Gallery referred to the prints as "reproducible." However, no further copies can be printed once the edition has been completed and signed by the artist because the plates or other printing elements are defaced or destroyed. The number of artists represented in the show is 10. The Lincoln Center renovation is being done by Bryan Construction Inc. of Fort Collins.

The *Business Report* will correct any errors that appear in its pages. To suggest a correction or clarification, please contact editor Kate Hawthorne at 970-221-5400, ext. 212, or e-mail her at khawthorne@ncbr.com.

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Task force studies how to close ag tax loopholes

Fairness in burden focus of review of land designations

Colorado's system of agricultural property-tax designations is flawed and losing money that could be used to help support struggling county and city governments, a recent state report suggests.

The Agricultural Classification Task Force met last summer and labored over what needs to be done to close some loopholes in state law that are allowing non-farmers and non-ranchers to obtain agricultural property-tax designations, which reduce their tax obligation dramatically.

AGRIBUSINESS
Steve Porter

The task force was created earlier this year by the passage of House Bill 10-1293, which called for an examination of property tax assessment and classification related to land used for both agricultural and residential purposes.

The task force — made up primarily of county assessors and county commissioners — found numerous examples of high-dollar property owners taxed at a low agricultural rate because a few head of livestock graze on the land for a short time each year.

Several egregious examples were cited in the report, including a San Miguel County mansion sitting on 35 acres that saw its taxable value drop from $1.7 million to $6,900 after allowing sheep on the grounds for a few days.

The task force found that state law regarding current ag classification has:

- No minimum acreage requirement;
- No duration requirement for livestock grazing;
- No minimum income for the land;
- No minimum income from the operator of the land;
- No primary purpose criteria;
- No hobby farm classification;
- No mixed-use residential/agricultural classification;
- No federal income tax filing requirements.

Because of these deficiencies, the report concluded that "assessors are having a difficult time applying the agricultural statutes equitably."

"We need to define what should truly qualify (for the ag classification) and what shouldn't," said Brad Hughes, Montrose County assessor and task force chair.

But whether anything will be done with the task force's findings remains an open question. Hughes said the findings are available to any state legislator to use as the basis of a bill that could be carried in the next legislative session.

But so far, no one has expressed any interest, he said.

"We haven't had anyone approach us," Hughes said. "The goal is, if a legislator picks this up there are some recommendations on where to go."

Hughes said the problem is most pronounced in mountain and resort counties, where the line between residential and agricultural can be easily blurred and where there is a stronger incentive to seek a lower tax value on land.

"In most of the eastern counties, it's pretty clear what's agricultural and what's not and the market value is a lot less," he said.

Hughes said ag classifications are watched closely by county assessors, who generally reject such requests from non-farmers and non-ranchers. But those decisions are being taken to boards of adjustment and appeals courts where rulings have often gone in favor of landowners because of a lack of clarity in the law.

"That's why people are winning these cases at upper levels," he said. "It's unfortunate that people fight this all the way to the top."

Understandable, though, because a legal battle could save them a lot on their property taxes.

But that's ultimately not fair to the people who the lower tax values were originally created for, Hughes noted — the state's actual farmers and ranchers.

"We need something to say that if the primary purpose is a residential site, then it would not qualify as ag," he said.

Hughes said the task force did not attempt to estimate how much in potential tax revenue is being lost through the present system.

"We just didn't go down that avenue, but it could be considerable," he said.

According to the 2009 report to the governor from the Colorado Division of Property Taxation, there are about 52,000 agricultural residences in the state with more than 33 million acres listed as agricultural lands.

Hughes said farm groups have generally remained leery of embracing any big changes in the state's current ag land classification system.

"They're worried that any sort of legislation that may come down may hurt legitimate farming and ranching operations," he said. "They kind of like the status quo because they have the low taxes right now."

But Hughes said something needs to change.

"The purpose for why it was originally intended is not being followed," he said. "Is it OK for the president of the local bank to be getting a tax break on his 20 acres?"

Steve Porter covers agribusiness and natural resources for the Northern Colorado Business Report. *He can be reached at sporter@ncbr.com or at 970-232-3147.*

Interviewing requires equal parts preparation, passion

Come armed with accomplishments, enthusiasm for job

THE CAREER ENTHUSIAST
Carrie Pinsky

They say that luck is what happens when preparation meets opportunity. When it comes to interviewing, it quite literally pays to prepare.

The ability to effectively convey our worth during an interview has powerful influence on our careers and our earning power. It is now the norm to change jobs every three to four years — and interview for each one.

People tend to blame hiring managers or the tight job market when they lose out on an opportunity. Instead, candidates should set their bruised egos aside and take a fresh look at why they are not being successful. Recruiters from the front lines say that the vast majority don't come to the table fully prepared to nail the interview.

If you are getting called in for interviews from networking or submitting your resume but you are not garnering offers, you need to face the fact that you need some help. The good news is that interviewing is something we can learn to do better.

Begin by taking a personal inventory

Long before you sit down in an interview, create a list of the top ten skills you enjoy using and then identify two or three accomplishments that highlight each skill in action. Include accomplishments that highlight technical skills pertinent to your industry as well as "soft skills."

A strong accomplishment statement outlines a challenge you faced, actions you took to meet the challenge, and a positive end result. For example, you might describe the macros you built into a spreadsheet to automate a process that saved the company time and money, rather than simply saying that you are an advanced Excel user. Whenever possible, quantify your results.

Take the time to write out your accomplishments. The act of putting pen to paper helps us organize our thoughts and increases our ability to recall rich details during the stress of an interview. It takes us from the employee mindset and gets us thinking more like business owners. It can also boost our confidence as we write about the various ways we have provided value and impacted the bottom line.

Prior to an actual interview, study the job description, read through the company website, and tap into your network to learn as much as possible about the position and culture of the organization. Identify which of your accomplishments are most relevant to the job. Prepare three or four strong accomplishment statements for each essential function of the position. Hiring managers want to know what you have done previously so that they can determine the impact you will have on their organization.

Interview well by listening and talking

Many candidates prep for interviews by answering typical questions found online or in a book. This is not a bad idea but adding detailed personal experiences and accomplishments to enrich your answers will help you outshine the competition.

"Candidates need to really listen to the questions and then keep their answers short, sweet and to the point," said Todd Gorman, senior national recruiter with Oracle. "The questions themselves are clues into what is most important to the hiring manager and to the company. The most successful candidates are those who have learned to tune into the questions and tailor their answers accordingly. Focus on the questions being asked and ensure that you are speaking directly to the hiring manager's greatest needs."

This process works equally well for standard, behavioral and technical interviews. "As hiring managers reflect on the candidates, they will remember those who focused on sharing demonstrated abilities as opposed to the candidates who spouted theory or spoke in generalities," Gorman added.

It is frustrating when a candidate recycles a single accomplishment throughout the interview, no matter what question they are being asked. You don't want to be seen as a one-trick pony. Candidates should also avoid drawing on experiences that are more than five years old. If you have to go too far back in time to come up with examples, the recruiter will wonder if you are the best candidate for the job.

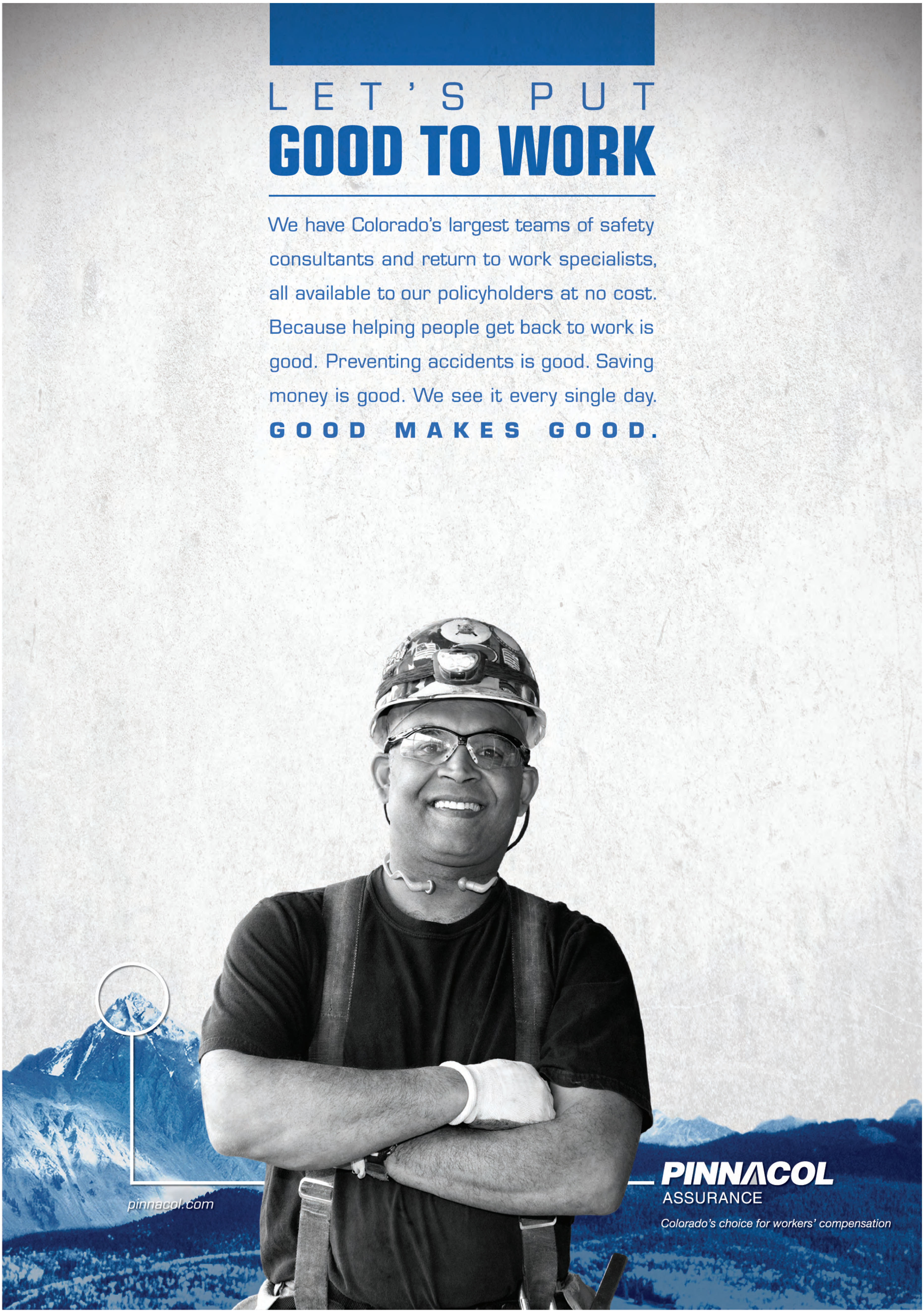
Keep in mind that a long list of accomplishments won't make up for a lack of enthusiasm or a flat personality. Many hiring managers will select a less experienced candidate who exudes passion for the position over a person with years of experience and a dull demeanor.

"Candidates can be poised and professional without being stiff," explained Leslie Sampson, senior vice president of human resources at Home State Bank in Loveland. "I love it when candidates tell me that they are excited about an opportunity."

Sampson offers this advice: "Be real. Show the hiring manager who you are. The more prepared you are, the more you can relax and focus during the interview. This allows you to be fully present and shine in the moment."

If you are lucky enough to land an interview, opportunity awaits — but we have to be willing to do the personal work necessary to create the luck we want.

Carrie Pinsky also writes the Career Enthusiast blog at www.ncbr.com.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Region includes the City of Brighton and Larimer and Weld counties.
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Based upon responses to Business Report survey researched by Ross Manley
To be considered for future lists, e-mail research@ncbr.com

TIME OUT

Snapshots of life outside the office

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Kid tax credit only in timeout

Child care incentive could return for givers in fiscal year 2010-11

By Anne Cumming Rice
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A state tax credit for donations to promote child care is likely to be on hold for 2011, leaving some nonprofit organizations looking to expand their donor base next year.

The Colorado Child Care Contribution Credit is one of six tax credits that the state will probably delay based on the state revenue forecast for 2011.

The forecast isn't due out until Dec. 20, but based on projections over the past six months, revenue isn't expected to grow enough to allow for the tax credits, said Ron Kirk, an economist for the Colorado Legislative Council, which puts together the revenue forecasts.

That leaves organizations like the Boys and Girls Club of Larimer County looking for a bigger base of donors. Everyone who donates to the club is eligible for the credit

See TAX CREDIT, 30

Give for the kids, get the deduction

When an individual or business contributes funds to promote and develop child care activities in the state, the contribution earns a 50 percent Colorado tax credit, in addition to regular state and federal contribution deductions.

Beginning in 2011 the availability of the child care contribution credit for a given tax year will be contingent upon sufficient state revenue growth for that year. If a credit cannot be claimed for the tax year in which it accrued, it may be claimed for the next tax year for which a sufficient growth is anticipated.

Your Gift Amount	$500	$1,000	$5,000	$10,000
Colorado State Income Tax Deduction	$25	$49	$243	$463
Federal Income Tax Deduction*	$68	$135	$680	$1,361
Colorado Income Tax Credit*	$250	$500	$2,500	$5,000
Your Total Tax Savings	$343	$684	$3,414	$6,824
Child Care Federal Matching Funds**	$500	$1,000	$5,000	$10,000
Total for Child Care Organization**	$1,000	$2,000	$10,000	$20,000
Your Total After-Tax Investment	$157	$316	$1,586	$3,176

*Federal tax deduction lowered because of reduced state tax.

**For more information, please refer to www.taxcolorado.com

30 percent tax bracket illustration. Consult your tax advisor.

SOURCE: UNITED WAY OF LARIMER COUNTY

The Godfather of Fort Collins brewing

WHAT'S WORKING
Brian Schwartz

Doug Odell talks about making beer, getting started, running a company, more

In 1989 Doug Odell established Odell Brewing Co., the first independent microbrewery in Fort Collins. Today OBC employs 45 people and is one of the most respected companies in the area.

Odell's beer is currently distributed in eight states: Arizona, Colorado, Wyoming, South Dakota, Nebraska, Kansas, Missouri and New Mexico. For a short time in the late 1970s, Odell worked at Anchor Brewing in San Francisco, where he had held one of the worst jobs in the brewery, cleaning out the mash tubs and brew kettles. And prior to OBC, Doug ran a landscaping business in Seattle.

Doug was first active in the local homebrew club, but when he decided to open the brewery, a couple others took notice and opened their own breweries — the still thriving New Belgium Brewing and the now defunct H.C. Berger — shortly thereafter. Fort Collins has since become one of the hottest spots in the country for microbrewers.

Odell Brewing has been on a hot streak lately, too. In October, the recently completed expansion of the brewery on East Lincoln Avenue took top honors in Colorado Biz magazine's Sustainable Design Awards in the commercial category, and in November the publication named the company its Top Company in the consumer category. That award came with a trip to the Napa Valley of Wine.

See ODELL, 23

WATER, from 3

is to really be able to more effectively land really large projects."

Eight local companies

The cluster is centered around eight local companies — including In-Situ Inc., Stewart Environmental, Riverside Technology Inc., and others — and the city of Fort Collins and CSU. Each entity offers a range of services, from software development and technical expertise to social research and environmental planning.

The mix of concentrations is one of the reasons that water innovation didn't initially draw attention when the city first identified industry clusters, including clean energy and bioscience, in 2005.

As it now stands, CWIC proponents can work off the lessons and achievements of the Clean Energy Cluster, in particular.

"I don't think we could have grown as quickly and collectively if it wasn't for the trailcutting that the Clean Energy Cluster has provided," Guthrie said.

He added that CWIC's organization over the past year has been comparable to the initial progress of the Clean Energy Cluster's first three years, in terms of setting goals and moving forward with proposals.

The water-innovation cluster's first formal project will facilitate a demonstration project for alternative water transfers between agriculture and municipal use.

Transfer of water supplies and rights from farms to cities is a major concern in the state and the West. Since it's cheaper for municipal utilities to buy water

Business Report file photo

SOMETHING IN THE WATER – A consortium of Northern Colorado businesses, including In-Situ Inc., above, are working with Colorado State University on developing a Water Cluster to advance innovative water technology in the same way the Clean Energy Cluster has advanced local renewable energy businesses.

rights from rural land owners than to develop new reservoirs and pipelines, urban and suburban growth mostly proceeds through the purchase of farms' and ranches' water. The transactions reduce the state's agricultural base, a regrettable shift known as "buy and dry."

The cluster propses to create a financially and environmentally viable alternative to the practice, using a mix of policy and technology tools. A pilot project will transfer "wet" water – actual flows – from the Lake Canal system to the Cache la Poudre River during summer months to boost the river's volume and more closely resemble natural conditions when irrigators most need water for crops, according to Birks.

The project, which involves the canal irrigation company, The Nature Conservancy and the city, should demonstrate that technology and targeted management can help meet municipal and conservation demands without permanently snatching water away from farms. Among the cluster's participants, Regenesis Management Group based in Denver, has developed a software tool to aid farmers in "deficit irrigation" practices and guide the temporary transfer of water. Aqua Engineering Inc., of Fort Collins will handle the water accounting, calculating irrigation and other use rates and river flows.

The techniques should enable farmers to use a significantly lower amount of water to grow a slightly lower yield of crops.

The cluster has applied for a grant from the Colorado Water Conservation Board to support the project, since its results could help the state figure out a solution to the looming gap in water for cities, industries, farms and the environment.

CSU's Colorado Water Institute will provide analysis on the social and economic impacts surrounding these types of transfers, which is a key but sometimes overlooked aspect of water projects, said MaryLou Smith, co-founder of Aqua Engineering, who is now on staff as a policy specialist and CSU faculty member through the water institute.

Projects in the pipeline

Other projects are queued up in CWIC's pipeline, and the board will be considering next steps at upcoming meetings. One idea receiving attention is the launch of a Watershed Academy that will use software to build awareness among schoolchildren, politicians and the public about various health measures within the river system. The program would collect real-time data on flows, chemical concentrations and other environmental indicators to help educate and then inform policy decisions.

CWIC board members are also anticipating another project to test graywater reuse within individual buildings. A demonstration would likely try to redirect graywater — flows coming out of sinks and showers — to then flush toilets and safely minimize water use.

The project could utilize anaerobic digester technology being developed by Sybil Sharvelle, a CSU professor, with support from Stewart Environmental.

"Our objective as a cluster is to very directly come out with projects that create jobs at the end of the day," Guthrie said. "These clusters are fantastic catalysts for marketing Fort Collins and this region as a center for excellence. Everything we're starting to do with water — it's really the next opportunity to elevate our visibility nationwide, and worldwide for that matter, as a leader in the ability to think through these infrastructure projects, create jobs, and create some place people want to live."

TIME OUT

HANDS-ON – 1. Orthopedic surgeon Kelly Sanderford demonstrates a total knee replacement to visitors during the North Colorado Medical Center open house on Nov. 13. **2.** Aryn Henneke with G.O.A.L. Academy takes a moment with Erik Truchses with Contemporary Cook at the Greeley Chamber Business Before Hours Nov. 10 hosted by Atmos Energy. **3.** Phil White, left, with Phil's Pro Auto Service; Twyla Coblentz with The Community Foundation; Stephanie Carter with CSU Weld County Extension; and Chalice Springfield with Sears Real Estate chat with Kermit the Frog at the Course to Create Phenomenal Success in 2011. **4.** Cheri Lohnes, Janice Greeno and McKee Medical Center CEO Marilyn Schock get handwarmers ready for the McKee Foundation's Annual Turkey Trot Nov. 25.

E-mail your event photos to Editor Kate Hawthorne, khawthorne@ncbr.com. Include complete identification of individuals.

BRIEFCASE

Nonprofit notes

Over 350 individuals broke out their belt buckles and shined up their boots in October for **Larimer Humane Society**'s 12th annual Top Cat & Tails Gala. This year's event, "Bone-Anza," raised just over $91,000 for the nearly 12,000 lost, stray, orphaned and injured domestic and wild animals that Larimer Humane Society cares for annually – 37 percent more than last year's total.

John and Andrea Agnew, owners of **Breeze Thru Car Wash** in Fort Collins, presented a check to members of **Larimer County Search and Rescue** for $3,107.60 raised by the Haunted Car Wash benefit held on Halloween. The money will be used to fund the seven-day Rigging for Rescue course that will train 11 Search and Rescue members. Larimer County Search and Rescue's mission is to find the lost, rescue the stranded and injured, recover the deceased and educate the public on wilderness and mountain safety. These free services rely heavily on local donations.

KUDOS

Colorado Performance Excellence awarded **Poudre Fire Authority** the Foothills Award for continuous performance improvement. The CPEx awards honor Colorado companies that are on the road to performance excellence using the Baldrige National Quality criteria. The criteria used to determine award recipients at the various levels are based on seven categories: leadership; strategic planning; customer and market focus; measurement, analysis, and knowledge management; workforce focus; process management; and organizational results.

NEW PRODUCTS AND SERVICES

Colorado State University's College of Business is now offering a selection of certificate programs and professional development courses designed for middle managers without committing to a full-time graduate degree program. A complete list of certificate programs and professional development seminars can be found at www.biz.colostate.edu/PDBR/. For more information about the programs offered or to register for courses, contact Jim Francis, director for the Center for Professional Development and Business Research, at jim.francis@business.colostate.edu or call 970-491-6265.

Loveland-based **RoadNarrows LLC**, specializing in robotics for the research and education markets, has acquired a Stratasys brand Dimension Elite 3D printer. In addition to using the Elite 3D for in-house development, RoadNarrows is making this 3D printer available to current and new customers who seek to create prototypes and low-volume production runs. Visit http://www.roadnarrows.com/ for more information.

DEALS

DaVinci Sign Systems recently was awarded a manufacturing contract with the **city of Denver** in partnership with Denver Development and Planning and various downtown owners. The project, 14th Street Denver Streetscape, requires DaVinci to manufacture and install 12 freestanding light sculptures with computer-controlled LED lighting, digital graphics, acrylic lenses and granite bases. The project is scheduled to begin later this fall and will be completed in early 2011.

DEADLINES

Colorado Creative Industries has scheduled a Listening Tour on Jan. 3 from 2 to 4 p.m. at 215 N. Mason in Fort Collins to gather final feedback before publishing the division's new strategic plan and to provide training on the division's largest grant program, Colorado Creates. As part of the Listening Tour, CCI staff will also offer training on how to apply for a Colorado Creates grant. To RSVP, or for questions about the tour, email coloarts@state.co.us.

The **Colorado State Forest Service** is now accepting applications on a first-come, first-served basis for more than 40 varieties of low-cost seedling trees and shrubs from its Fort Collins nursery. Orders will be available for pickup or delivery early next spring. Coloradans who own two or more acres of land and are interested in conservation goals such as creating natural windbreaks, improving wildlife habitat or reforesting properties impacted by wildfire are eligible to purchase the low-cost seedlings. For more information about the CSFS seedling tree program, contact a local CSFS district office, visit www.csfs.colostate.edu or call the CSFS Nursery at 970-491-8429.

ANNIVERSARIES

Fort Collins-based marketing firm **The Mantooth Co.** celebrated 15 years of business in November. In the last 15 years, Mantooth has executed 225 events, which helped to raise over $3 million for area nonprofits; worked with more than 65 clients in developing marketing and PR campaigns; and The Mantooth staff collectively has volunteered for more than 3,000 hours.

MISCELLANEOUS

On Nov. 6, Colorado State University alums Nick Tart and Nick Scheidies delivered a breakout session at the CEO National Conference for young entrepreneurs in Chicago. That same weekend, **Yahoo** re-posted an interview with Tart on their homepage. In July, Tart and Scheidies released their first book "What it Takes to Make More Money than Your Parents" through **50 Interviews**, an independent Fort Collins publisher. The book features interviews with 25 young entrepreneurs, some of whom earn six or seven figures a year from their businesses while still living at home with their parents. Tart founded **JuniorBiz.com** in 2008, which features business articles, a complete start-a-website guide, and interviews with successful young entrepreneurs as young as 12.

If you have an item to share about name changes, new products or business news of note, e-mail it to Noah Guillaume at nguillaume@ncbr.com, or mail it to Briefcase at NCBR, 141 S. College Ave., Fort Collins, CO 80524.

ON THE JOB

FINANCE


SAMPSON

Bank of Colorado appointed **Cindy Sampson** vice president of financial services. Sampson is responsible for managing, implementing and servicing various corporate cash management services, including online access, remote deposit capture and merchant card services for the Northern Colorado area. She will also provide property and casualty insurance options for consumer and business clientele. BoC appointed **Randy Cruz** vice president of lending in Estes Park. Cruz is responsible for all aspects of lending, including consumer, real estate and commercial opportunities for Estes Park. **Chris Leffler** was promoted to Greeley branch manager. Leffler originally joined Bank of Colorado in 2001 and has served as vice president of lending in Windsor for the past six years. He brings over 10 years of executive bank management skills and leadership.


CRUZ


LEFFLER

HEALTH CARE

Team Fort Collins added **Mike Demma** to the Team staff as the new development director. Demma brings a long history of community service and experience. His contribution to Fort Collins and Northern Colorado spans four decades of work ranging from Kodak Colorado to Poudre School District Foundation.

ACADEMICS

The Institute of Business and Medical Careers promoted **Audrey Thrash** to associate director of career services at IBMC's Fort Collins campus. Thrash formerly held the position of Human Resource customer support coordinator at IBMC. In her new role she will be responsible for coordinating student externships and job placement of Fort Collins campus graduates.

TECHNOLOGY


JENSEN

Loveland-based Numerica Corp. hired **Becky Jensen** as marketing manager. Jensen brings more than 15 years of experience in public relations, branding, media relations and marketing strategy. **John Bradbury** joins Numerica as manager of contracts/counsel. As a former associate attorney with Denver-based McKenna, Long & Aldridge LLP, Bradbury gained a strong working knowledge of intellectual property licensure and contract law. **Sabino Gadaleta,** Ph.D., rejoins Numerica as senior research scientist after a five-year hiatus working for EADS Defence Electronics in Unterschleissheim, Germany as a systems engineer. Gadaleta originally worked for Numerica from 2001 to 2005 after defending his Ph.D. in Mathematics thesis at Colorado State University.


BRADBURY


GADALETA

CONSTRUCTION

The Northern Colorado Home Builders Association presented **Bob Peterson**, CGR, CGP, CAPS, of Associates in Building & Design in Fort Collins, with the 2010 Remodeler of the Year award at NCHBA's November meeting. Peterson was recognized by his peers for his contributions to the industry, successful business practices, mentoring and passion for remodeling and home building.

ENGINEERING


BERNHARDT

Eric Bernhardt P.E. joined Terracon's Fort Collins office as a geotechnical department manager. Bernhardt will be responsible for geotechnical operations and will provide engineering consultation. He has more than 10 years experience in geotechnical and construction materials engineering and testing and project management. Bernhardt holds a bachelor's degree in civil engineering from Colorado State University.

ACCOUNTING

Teresa Mueller, a partner at Mueller & Associates CPA LLC in Loveland, has been named to Intuit Inc.'s Accountant and Advisor Customer Council. Mueller is one of 17 council members who will share their insights, experience and expertise to help Intuit develop new products and services for accounting professionals and small business owners. Intuit develops software products, including QuickBooks and Quicken, and services to help accounting professionals and their clients work more efficiently.

GOVERNMENT

Gov. **Bill Ritter** appointed Weld County Court Judge **Timothy G. Kerns** of Greeley to the 19th Judicial District court. His appointment is effective Jan. 1. Kerns has served as a county court judge since 2007. Prior to that, he was a member of the law firms Furman, Kerns & Bauer and Crespin, Kerns & Furman; pro bono counsel for the Lend-a-Lawyer program in Fort Morgan; and general counsel to U.S. Title in St. Charles, Mo. The initial term of office for a district court judge is two years.

BOARDS

The Board of Larimer County Commissioners approved appointments to several citizen volunteer boards and commissions. Board of Adjustment: **Sheri Hofeling** of Bellvue; Community Corrections Advisory Board: **Laurie Barnhill** of Loveland; Office on Aging Advisory Council: **Randy Mergler** of Fort Collins; Weld/Larimer Revolving Loan Fund: **Kathe Mehlbach** of Fort Collins; Agricultural Advisory Board: **LuAnn Goodyear**, **George Reed**, **George Wallace**, **Dennis Goeltl**, **Curtis Bridges**, **Gail Meisner** and **Jon Slutsky**; Estes Valley Planning Commission: **Richard Grabish**; Red Feather Lakes Planning Advisory Committee: **Donald Rogers**.

If you have an item to share about a promotion, job change or career news of note, e-mail it to Noah Guillaume at nguillaume@ncbr.com, or mail it to On The Job at NCBR, 141 S. College Ave., Fort Collins, CO 80524.

CALENDAR

Dec. 4 - Susan Spiritus Natural World Talk, from 1 to 2 p.m., Center for Fine Art Photography, 400 N. College Ave. in Fort Collins. Cost: FREE. Contact: Contact at 720-244-1010 or contact@c4fap.org.

Dec. 4 - Fort Collins Utilities Holiday Lighting and Efficient Lighting Event, from 10 a.m. to 2 p.m., Downtown Ace, Clay's Ace, Drake Hardware, The Light Center, in Fort Collins. Contact: Meagan Peil at 970-221-6700 or mpeil@fcgov.com.

Dec. 4 - 18 - Stretching Your Dollar: Learning to Manage Your Money, from 9 a.m. to noon, Front Range Community College - BP126, 4616 S. Shields St. in Fort Collins. Cost: $55/single, $60/double (includes textbook). Registration Deadline: 12/03/2010. Contact: Laurie Rue at 970-204-8686 or laurie.rue@frontrange.edu.

Dec. 4 - QuickBooks Overview, from 9 a.m. to 1 p.m., Front Range Community College - BP112, 4616 S. Shields St. in Fort Collins. Cost: $59 (includes materials). Registration Deadline: 12/03/2010. Contact: Laurie Rue at 970-204-8686 or laurie.rue@frontrange.edu.

Dec. 6 - NoCoNet presents Networking Success Strategies for the Holidays, from 8 to 10:30 a.m., Faith Evangelical Free Church, 3920 S. Shields St. in Fort Collins. Contact: NoCoNet at noconet info@yahoogroups.com.

Dec. 6 - The Basics of Health Savings Accounts, from 10:30 a.m., Webinar. Contact: Amy Essig at 303-776-3105 or aessig@VBbenefits.com.

Dec. 7 - Board Bank Training hosted by United Way of Larimer County, from 5 to 7 p.m., Good Samaritan Village, 508 W. Trilby Road in Fort Collins. Cost: $20. Contact: Erin Zimmermann at 970-407-7064 or ezimmermann@uwaylc.org.

Dec. 8 - High Performance Building Program presents Daylighting, from 9 to 10:30 a.m., The Neenan Company, 2620 E. Prospect Road, Suite 100 in Fort Collins.

Dec. 8 - Beet Street's Science Cafe, from 5:30 to 7 p.m., Avogadro's Number, 605 S. Mason St. in Fort Collins. Contact: Kerry Miller at 970-419-8240 or info@beetstreet.org.

Dec. 8 - Business Before Hours, from 7 to 8:30 a.m., Lincoln Park Emporium, 822 Eighth St. in Greeley. Contact: Kim Barbour at 970-352-3566 or kim@greeleychamber.com.

Dec. 8 - STIR Loveland Educational - Larry Kendall, Group Real Estate, from 7:30 to 9 a.m., Loveland Chamber of Commerce, 5400 Stone Creek Circle in Loveland. Cost: Free/STIR Loveland members, $10/everyone else. Contact: Nicole Yost at 970-744-4792 or nyost@Loveland.org.

Dec. 10 - Microsoft Project - Level I, from 8 a.m. to 5 p.m., Front Range Community College - BP152, 4616 S. Shields St. in Fort Collins. Cost: $189 (includes textbook). Registration Deadline: 12/09/2010. Contact: Laurie Rue at 970-204-8686 or laurie.rue@frontrange.edu.

Dec. 10 - 11 - Sculpture in the Dark, Downtown Loveland. Contact: Engaging Loveland at www.engagingloveland.org.

Dec. 11 - Hands on QuickBooks, from 9 a.m. to 4 p.m., Front Range Community College - BP112, 4616 S. Shields St. in Fort Collins. Cost: $119 (includes materials). Registration Deadline: 12/10/2010. Contact: Laurie Rue at 970-204-8686 or laurie.rue@frontrange.edu.

Dec. 14 - Business Registration & Entity Selection, from 7 to 9 a.m., SBDC office (Key Bank Tower), 125 S Howes St., Suite 150 in Fort Collins. Cost: $25. Contact: Terri Donovan-Keirns at 970-498-9295 or sbdcadmin@frii.com.

Dec. 15 - Loveland Chamber Business Before Hours, from 7:30 to 9 a.m., FirstBank of Northern Colorado, 225 E. 29th St. in Loveland. Cost: Free/Loveland Chamber investors, $5/preregister, $8/at the door. Contact: Nicole Yost at 970-744-4792 or nyost@loveland.org.

Dec. 16 - Taxes & Recordkeeping, from 8:30 a.m. to noon, SBDC office (Key Bank Tower), 125 S. Howes St., Suite 150 in Fort Collins. Cost: $40. Contact: Terri Donovan-Keirns at 970-498-9295 or sbdcadmin@frii.com.

Dec. 16 - Greeley Weld Chamber of Commerce Business After Hours, from 5 to 7 p.m., Guaranty Bank & Trust Co., 2700 47th Ave. in Greeley. Cost: $10. Contact: Kim Barbour at 9701-352-3566 or kim@greeleychamber.com.

Dec. 16 - Community Character Breakfast, from 6:45 to 8 a.m., The Moot House Restaurant, 2626 S. College Ave. in Fort Collins. Cost: FREE, donations accepted. Registration Deadline: Dec. 15. Contact: Meghan Coleman at 970-266-2671 or mcoleman@characterfortcollins.org.

Dec. 16 - Community Character Lunch, from 11:30 a.m. to 1 p.m., Cache Bank & Trust, 100 S. College Ave in Fort Collins. Cost: FREE, donations accepted. Registration Deadline: Dec. 15. Contact: Meghan Coleman at 970-266-2671 or mcoleman@characterfortcollins.org.

Dec. 16 - Leadership Communication, from 8:30 a.m. to 4:30 p.m., Front Range Community College - LCC , 4616 S. Shields St. in Fort Collins. Cost: $119 (includes materials). Registration Deadline: 12/15/2010. Contact: Laurie Rue at 970-204-8686 or laurie.rue@frontrange.edu.

Dec. 16 - Working Brand-Shop, Fort Collins. Cost: Call for pricing. Contact: Christina Gressianu at 917-328-0664 or info@creativeblackbelt.com.

Dec. 31 - First Night Fort Collins, Old Town Fort Collins. Contact: Peggy Lyle at 970-484-6500 or peggy@downtownfortcollins.com.

Jan. 6 - Business Planning for Success, from 8:30 a.m. to noon, SBDC office (Key Bank Tower), 125 S Howes St., Suite 150 in Fort Collins. Cost: $40. Contact: Terri Donovan-Keirns at 970-498-9295 or sbdcadmin@frii.com.

Jan. 6 - 2011 Northern Colorado Economic Forecast, starting at 11 a.m., University of Northern Colorado University Center Ballroom, 2045 10th Ave. in Greeley. Cost: $39/individual ticket. Contact: De Dahlgren at 970-232-3132 or ddahlgren@ncbr.com.

Jan. 11 - Strategy for High Performance Workshop, from 8:30 a.m. to 12:30 p.m., Monfort Institute at the University of Northern Colorado, 2915 Rocky Mountain Ave., Suite 110 in Loveland. Cost: $399. Contact: Michael Leonard at 970-351-2632 or michael.leonard@unco.edu.

Jan. 12 - Want a Business AND a Life?, from 8:30 a.m. to 11 a.m., SBDC office (Key Bank Tower), 125 S. Howes St., Suite150 in Fort Collins. Cost: $40. Contact: Terri Donovan-Keirns at 970-498-9295 or sbdcadmin@frii.com.

Jan. 13 - Will My Business Make Money, from 8:30 a.m. to noon, SBDC office (Key Bank Tower), 125 S. Howes St., Suite150 in Fort Collins. Cost: $60. Contact: Terri Donovan-Keirns at 970-498-9295 or sbdcadmin@frii.com.

Steve Porter, Northern Colorado Business Report

REVIVAL COMING? — Foothills Mall, once the dominant shopping center in Northern Colorado, has suffered from the loss of two major tenants and the bankruptcy of its owner, Chicago-based General Growth Properties. But the mall may be headed for a revival.

FOOTHILLS, from 1

velopment plan, so we do not yet have a timeline set," Graham said in an e-mailed response to questions. "Market conditions will be among the things that influence timing."

Graham said redevelopment of the mall has begun.

"We have commenced demolition work on the former JCPenney's store to better position Foothills Mall for redevelopment," he said, adding that GGP is working closely with the city of Fort Collins.

"We have worked extensively with the city to formulate a phased redevelopment plan for Foothills that provides the best current opportunity for solidifying Foothills Mall's position within the Northern Colorado retail trade area," Graham said.

Study offers ideas

That opportunity will likely be tied to the city's Midtown Corridor Study, which focuses on economic revitalization possibilities for a swath of retail, office space and housing along the South College Avenue corridor between Prospect Road on the north and Harmony Road on the south.

The study identifies redevelopment of Foothills Mall as a key to the Midtown Corridor's rebirth. But the study, completed by ELS Architecture and Urban Design, Economic Planning Systems and Warren Wilson Advisors in September, notes that steps must be taken soon to ensure the mall's continued viability.

"The mall's condition is precarious and action is required soon," the study said. "Modest improvements are unlikely to achieve long-term success. The best approach for long-term viability and improvement is through significant redevelopment."

GGP officials met with city representatives in a tour of the mall on Nov. 16. Josh Birks, Fort Collins economic development advisor, said the tour was "a continuation of a conversation with General Growth" that's been going on since last summer.

"The tour was to start to talk about what a process would look like in coming to terms with what a redevelopment plan might look like," Birks said.

Birks said GGP officials were impressed with the Midtown Corridor report and expressed support for a proposed Scenario One, which calls for a gradual, phased redevelopment of the mall through a public-private partnership.

The study also calls for a third major anchor at the mall to join Sears and Macy's and an additional 300,000 square feet of mall shops to "provide a good program to ensure a successful redevelopment."

Clearer path ahead

Cynthia Eichler, Foothills Mall manager, said ongoing conversations between the city and General Growth are a positive step.

"The conversations with all of our partners have all been positive and the company coming out of bankruptcy is great," she said. "The path now is a little more clear."

Eichler noted that mall demolition work begun in November signals a move in the right direction.

"While there isn't anything to announce yet, there's continued conversations and we view the demolition of JCPenney as a step forward for what we want to do," she said.

Indeed, that action dovetails with the Midtown Corridor study's recommendations. The study notes that the mall's two remaining anchors – Sears and Macy's – own their buildings and have expressed their desire to remain attached to the mall.

"Retention of existing tenants and department stores is the most critical and urgent first step," the study notes. "To this end, both the city and mall owner should instill confidence among tenants and department stores, communicating the plan to redevelop and by beginning the first steps of redevelopment as soon as possible."

One possible tool for redevelopment of the mall and the Midtown Corridor is the creation of an urban renewal authority, which would allow developers and property owners to qualify for tax increment financing for a portion of the costs.

The city established a URA for an area along North College Avenue that has resulted in several major improvements, including the ongoing construction of North College Marketplace, a King Soopers-anchored shopping center.

The Fort Collins City Council last month approved funding for an "existing conditions study" of the Midtown area to establish whether it might qualify for a URA. Birks said some kind of public investment will be necessary to help GGP achieve a Foothills Mall redevelopment.

"I think one of the things the Midtown study recognizes is these kinds of redevelopments don't happen with private dollars alone," he said. "That's where the public sector comes in. But at this point, we don't know what that public participation will look like."

GGP's Graham echoes that view. "The specific characteristics of our partnership with the city have yet to be decided, but we welcome a discussion of a range of options," he said.

HE SAID HIS HEALTH PLAN WASN'T AS FRESH

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CONSTRUCTION & ARCHITECTURE/ OFFICE DESIGN

NoCo construction fee structure under review

Some changes ahead, others discussed for later

By Michelle LeJeune
news@ncbr.com

Small changes set to go, others under review and one dramatic turnaround are what builders can expect from construction fees in Northern Colorado cities and counties in 2011.

Greeley and Larimer County are looking at small changes to their existing construction fees, while Fort Collins and Weld County are in the preliminary stages of reviewing their fee structures. And Evans tossed its July 2009 fee incentive program out the window last summer, after the permits coming in resulted in a decrease in revenue.

Here's what's coming up:

Greeley

Greeley City Council is still hammering away at proposed changes in fees for storm drainage, transportation and trails projects. In November, the council decided to continue the issue to the December meeting. An increase or decrease in fees probably won't be seen until January.

Greeley's Development Fee Incentive Review Committee, which includes engineering professionals, bankers and economic development professionals, has been hashing out the issue since March, working from a 2007 study by Red Oak Consulting.

The fee review is part of the normal course of things, according to Bruce Biggi, economic development manager. "Every five years we come back to the topic of development fees," he said.

The topic has been a difficult one recently. Proposed changes were turned down by the city council in 2007 and again in October because, given the economy, the council wasn't willing to institute any fee increases.


BIGGI

Loveland

In Loveland, look for a change in capital expansion fees and a few small changes in impact fees. In July 2009, capital expansion fees for multifamily units, excluding the fees for streets, were lowered by 61 percent, but Loveland isn't planning on extending the reduction beyond December.

Since the capital expansion fee reduction, "a couple of large multifamily projects and a few small ones went through," said Alan Krcmarik, executive fiscal advisor. At the beginning of the reduction, "there was the suggestion that many would benefit because of it, but it didn't happen."

Some impact fees for new construction will change in 2011, according to Jim Lees, utilities account manager. The plant investment fee for electric utilities will increase by 2.2 percent. System impact fees for water will decline 2.6 percent, while wastewater system impact fees will decline 1.5 percent.

And the cost to install an electric utility — services from the transformer to the meter box — will change from $485 to $535. The cost to install a new water tap will increase from $235 to $260.

Fort Collins

Fort Collins' current review of development and construction fees, which could lead to increases, is a long time in coming. CD-RW drives and media were just being introduced the last time

See CONSTRUCTION, 26

BELMONT, from 2

start at 1,700 square feet.

Belmont Ridge was initially approved by the town of Windsor in 2004 and was partially developed before the continuing recession brought the project to the brink of foreclosure. Permits had been issued for only 76 lots before the Pauls Corp.'s PREO Fund (Pauls Real Estate Opportunities) took over the project last spring.

The PREO Fund brings together investors and financial institutions to deal with troubled assets through co-investment, note purchases and asset purchases.

Deal unlike any other

Steve Fobes, senior vice president at Home State Bank, said the investment was unlike any deal he's done in 40 years of banking.

FROM THE ARCHIVES

Read more about this story free of charge online at www.ncbr.com.

- "Two subdivisions tell foreclosure tale," May 21, 2010

"The uniqueness comes out of the fact that we have a lot of troubled real estate in all forms in Northern Colorado, on the Front Range and in the United States. There's just a lot of stuff out there," Fobes said. "With real estate going the way it has gone and the value of lots going down, the (original) borrower could not fulfill their obligation and ended up selling it to the Pauls Corp. We never took title; it never went through our hands. But we agreed to stay in the transaction with a certain amount of debt still out there. We're a subordinate lender on the deal. We still have some debt."

The Pauls Corp. invested $3 million in building the model and spec homes, which is called the Derby Collection at Belmont Ridge.

"They're the catalyst," Fobes said. "That's something the banks don't do, to get into the development business and put in bricks and mortar to jumpstart a project. They were willing to do that."

Chris Manley, CFO of Pauls Corp., believes Belmont Ridge would have been developed eventually regardless of his firm's involvement because of the underlying real estate's proximity to Interstate 25 and employment and population centers.

> **"Pauls Corp. saw the value in the location and put a more affordable product in."**
>
> Carole Newberry, broker
> The Group Inc.

"It would have been a success," he said. "It was just a question of how long it would take. We didn't change much. We're building slightly different homes than were originally anticipated, trying to target what's currently in demand. It's a slightly lower price point."

No one at Pauls Corp. wanted to speculate on a timeline for developing Belmont Ridge, but Fobes said three to five years may be realistic.

"If you think about how long it took banks and developers and builders to get into the problem, it's going to take us that long plus to get out," he said.

Affordable homes, large lots

Carole Newberry, broker at The Group Inc., has been on site selling Belmont Ridge to prospective buyers for a couple of weeks now and likes the response she's getting.

"Pauls Corp. saw the value in the location and put a more affordable product in there and the response has been great," she said. "The model is beautiful, really well done, and the neighbors come in and are impressed and happy to see some activity again in their neighborhood."

The community is unique in offering affordable homes with large lots, she added.

"So many homes are so close together, with small lots and yards and no side yards," Newberry said. "These homes have lots of space between you and your next-door neighbor."

The neighborhood boasts wide tree-lined streets and a waterfall entry. Options include fireplaces, full basements and covered patios. The exteriors have stone or brick facades and the homes are energy efficient.

Newberry's seeing interest from both first-time homebuyers and empty nesters and believes the new-home business in Northern Colorado is beginning to turn around. "Builders are building again," she said. "There are options for new homes in various price ranges. Northern Colorado never really saw the low lows like they have in some other markets, but we're definitely stronger now than in the last couple of years."

Pauls Corp. has also purchased Harmony Ridge off of Harmony Road, as well as Longmont's 121-home Clover Basin Homes development and 36-home Maxwell Place.

"We are very excited about our relationship with the Pauls Corp.," said Eric Thompson, president of The Group. "They have an excellent reputation for developing high-quality communities all over the country. They made a smart decision to acquire Belmont Ridge."

Largest Architecture Firms

Ranked by no. registered architects

DataBank
The Vault's Always Open

RANK	COMPANY ADDRESS PHONE/FAX	NO. REGISTERED ARCHITECTS 2010 EMPLOYEES 2010 EMPLOYEES 2009	% TIME SPENT ON: ARCHITECTURE % TIME SPENT ON: PLANNING % TIME SPENT ON: INT. DESIGN	% BUSINESS: GOVERNMENT % BUSINESS: COMMERCIAL % BUSINESS: RESIDENTIAL	% BUSINESS IN REGION % BUSINESS OUT OF REGION	E-MAIL WEB SITE	PERSON IN CHARGE TITLE YEAR FOUNDED
1	**RB+B ARCHITECTS INC.** 315 E. Mountain Ave., Suite 100 Fort Collins, CO 80524 970-484-0117/970-484-0264	13 24 24	85% 5% 10%	75% 25% 0%	75% 25%	contact@rbbarchitects.com www.rbbarchitects.com	Ken F. Field George A. Brelig David Kress Principals 1953
2	**ALLER-LINGLE-MASSEY ARCHITECTS PC** 712 Whalers Way, Suite B-100 Fort Collins, CO 80525 970-223-1820/970-223-1833	8 14 13	85% 10% 5%	55% 25% 20%	90% 10%	office@aller-lingle-massey.com www.aller-lingle-massey.com	David Lingle Michael (Mick) Aller Brad Massey Principals 1986
3	**VFR DESIGN INC.** 401 W. Mountain Ave., Suite 200 Fort Collins, CO 80521 970-224-1191/970-224-1662	5 11 14	70% 20% 5%	15% 70% 15%	85% 15%	robin.pelkey@vfrdesigninc.com www.vfrdesigninc.com	Frank Vaught Principal 1986
4	**ARCHITECTURE PLUS PC** 318 E. Oak St. Fort Collins, CO 80524 970-493-1220/970-224-1314	4 5 13	75% 15% 10%	70% 15% 5%	85% 15%	tomk@aplusarch.com www.aplusarch.com	Jim Cox Tom Kalert AIA, Vice president AIA 1970
5	**KENNEY & ASSOCIATES INC.** 209 E. Fourth St. Loveland, CO 80537 970-663-0548/970-669-2384	3 6 6	90% 5% N/A	0% 80% 20%	95% 5%	betsie@kenneyarch.com www.kenneyarch.com	Roger A. Kenney Principal, owner 1991
6	**THE FWA GROUP** 3665 JFK Parkway, Bldg. 2, Suite 103 Fort Collins, CO 80525 970-232-3125/704-332-7004	3 5 6	100% N/A N/A	90% 10% 0%	100% 0%	r.larsen@fwagroup.com fwagroup.com	Randall E. Larsen AIA LEED AP Principal 1953
7	**THE ARCHITECTS' STUDIO** 151 W. Mountain Ave. Fort Collins, CO 80524 970-482-8125/970-482-8450	3 5 5	N/A N/A N/A	40% 40% 20%	80% 20%	info@the-architects-studio.com www.the-architects-studio.com	Don Bundy Carr Bieker Glenn Konen Jeff Errett Principals 1988
8	**THORP ASSOCIATES PC ARCHITECTS & PLANNERS** 131 Stanley Ave., Suite 100 Estes Park, CO 80517 970-586-9528/970-586-4145	2 5 6	90% 10% N/A	10% 85% 5%	95% 5%	verlene@thorpassoc.com www.thorpassoc.com	Roger M. Thorp AIA, NCARB, LEED AP, President 1976
9	**JCL ARCHITECTURE INC.** 401 S. Mason St. Fort Collins, CO 80524 970-224-5710/970-224-5715	2 4 8	70% 20% 10%	20% 55% 25%	75% 25%	justin@theartofconstruction.com www.theartofconstruction.com	Justin Larson AIA, CEO 2004
10	**HILLHOUSE ARCHITECTS INC.** 8897 Gander Valley Lane Windsor, CO 80550 970-686-0505/970-686-0505	2 4 4	75% 20% 5%	10% 70% 20%	25% 75%	Adam@haiArchs.com www.haiArchs.com	Adam Hillhouse President 1977
11	**FREEMAN ARCHITECTS PC** 2024 Blue Mesa Court Loveland, CO 80538 970-667-3939/970-667-3940	1 4 5	80% 20% 0%	0% 75% 25%	95% 5%	freemanarchts@aol.com www.freeman-architects.com	John Freeman Owner/architect 2003
12	**HAUSER ARCHITECTS PC** 3780 E. 15th St., Suite 201 Loveland, CO 80538 970-669-8220/970-669-8233	1 4 4	N/A N/A N/A	0% 80% 20%	95% 5%	hauserarchitect@aol.com www.hauserarchitectspc.com	Alan L. Hauser President 2003

Region surveyed includes the City of Brighton and Larimer and Weld counties.
N/A - Not Available

Based upon responses to Business Report survey researched by Ross Manley
To be considered for future lists, e-mail research@ncbr.com

Largest Office Furniture and Design Studios

DataBank
The Vault's Always Open

Ranked by sales volume from furniture

RANK	PREV RANK	COMPANY ADDRESS PHONE/FAX WEBSITE	OFFICE FURNITURE SALES 2009 OFFICE FURNITURE SALES 2008	NO. LOCAL EMPLOYEES 2009 NO. EMPLOYEES ELSEWHERE NO. LOCAL SALES STAFF NO. IN-HOUSE DESIGNER	% BUSINESS FROM OFFICE FURNITURE % BUSINESS FROM DESIGN % BUSINESS FROM SUPPLIES % BUSINESS FROM OTHER	MAJOR BRANDS OF OFFICE FURNITURE	SERVICES & SPECIALTIES	PERSON IN CHARGE TITLE HEADQUARTERS YEAR LOCALLY FOUNDED
1	1	**OFFICESCAPES** 4950 S. College Ave., Unit A Fort Collins, CO 80525 970-223-5959/970-223-5858 www.officescapes.com	$5,215,000 $5,704,000	18 280 5 3	95% 5% 0% 0%	Steelcase, Turnstone, Details, Coalesse, National, Gunlocke, OFS/First Office, Global, AIS.	Office, health care and education furnishings, workplace consulting and planning, installation, moves and reconfigurations, cabling, flooring, audio visual.	Sharie Grant President, Northern Division Denver 1969
2	NR	**AMERICAN FURNITURE WAREHOUSE** 625 S.W. Frontage Road Fort Collins, CO 80524 970-221-1981/970-221-2768 www.afwonline.com	$4,583,832 $5,041,513	101 1,249 46 0	10% 1% 0% 90%	Ashley, Sunny Designs Inc., Furniture Values International.	Furniture retail services and accessories.	Jake Jabs Owner Englewood 1975
3	2	**ELEMENTS** 3600 Mitchell Drive, Suite 50-A Fort Collins, CO 80525 970-206-0236/970-206-0276 www.workplaceelements.com	$2,800,000 $3,500,000	2 60 1 1	75% 2% N/A 23%	Knoll, HON, DIRTT, Interface (flooring), Nucraft, Bernhardt, Paoli, Dar-Ran, Howe, Falcon, SpaceCo, Dauphin.	Office furniture, demountable wall and floor covering sales. Also design, installation, inventory storage, reconfiguration, repair, refinish, and moving of office furniture.	Traci Lounsbury Denver 2003
4	NR	**NORTHERN COLORADO PAPER** 295 71st Ave. Greeley, CO 80634 970-353-8787/970-353-2406 www.ncpaper.com	$2,500,000 $1,750,000	120 N/A N/A N/A	N/A N/A N/A N/A	N/A	Distribution for paper products, janitorial supplies, disposable food service products and packaging materials. Office furniture.	Tim Warde President N/A 1978
5	NR	**MY OFFICE ETC.** (1) 671 Academy Court, Unit C Windsor, CO 80550 970-686-5218/970-686-7141 www.myofficeetc.com	$1,900,000 $1,520,000	3 N/A N/A N/A	N/A N/A N/A N/A	HON, Global, National, Abco Office Furniture, Bush Industries, Cramer, Eurotech, High Point Furniture Ind., Ironwood, KFI Seating, Mayline Group, Nightingale Corp., Tennsco Corp.	Office supplies, office design services,printing, business furniture sales and installation.	Ken Knight Owner, President Windsor 1991
6	5	**JUST OFFICE FURNITURE** 825 S.W. Frontage Road, Unit 2 Fort Collins, CO 80524 970-493-9039/970-484-1573 www.justofficefurniture.com	$1,400,000 $1,003,854	9 N/A 3 2	60% 10% N/A 30%	Global, Performance, HON, DMI, Herman Miller, Unisource, Florense, Datum.	New and used commercial furniture. Services consist of asset management, space planning, office design, installation, relocation, and reconfiguration.	Alexa Hepler Mike Hepler Owners Fort Collins 1979
7	4	**CITRON WORKSPACES** P. O. Box 270284 Fort Collins, CO 80527 970-231-4666/303-665-7697 www.citronworkspaces.com	$1,100,000 $1,250,000	1 15 1 4	95% 5% N/A N/A	Teknion, OFUSA, Artopex, HON, Trendway.	New and used office furniture, design and space planning, reconfiguration, proper disposal/recycling of old furniture.	Paul Glick Account Manager Louisville 2004
8	NR	**BCINTERIORS** 1635 Foxtrail Drive Loveland, CO 80538 970-686-1449/970-686-1192 www.bcinteriors.com	$750,000 $900,000	10 N/A N/A N/A	95% 5% N/A N/A	Kimball, HON, La-Z-Boy, Allseating, RFM Seating and many more.	New, used and remanufactured commercial office furniture, cubicles and fixtures. Design, space planning, project management, delivery and installation.	Chris Mabbitt Owner Boulder 1978
9	7	**FORMA FURNITURE** 1001 E. Harmony Road Fort Collins, CO 80525 970-204-9700/970-204-9725 www.formafurniture.com	$250,000 $200,000	7 N/A 3 2	20% N/A N/A 80%	Jesper Office, Legare Bamboo Desks, Office Star.	Full set up and delivery of all home furnishings.	Travis Garrish President N/A 2004
10	NR	**COLORADO LIFESTYLE FURNITURE** 135 N. Cleveland Ave. Loveland, CO 80537 970-669-1451/970-223-9950 www.colifestylefurniture.com	$20,000 $17,500	0 0 1 1	55% 50% 25% N/A	All custom built.	Specializing in custom-designed furniture for offices, bedrooms, and dining rooms. Entertainment centers, tables, built-in furniture, and one of a kind pieces.	Brian DiCiacco Owner Fort Collins 1985
11	NR	**ECO - THRIFT** 208 N. Howes St. Fort Collins, CO 80521 970-484-4224/N/A www.eco-thrift.com	$15,000 $10,000	5 0 1 0	10% 0% 2% 88%	All major brands.	Thrift store-based center for reuse and recycling, selling furniture, appliances, outdoor gear, clothing, electronics, household and other items.	Tony Cooper Owner Fort Collins 2006

Region surveyed includes the City of Brighton and Larimer and Weld counties.
N/A-Not Available
NR-Not Previously Ranked.
(1) Formerly American Business Products.

Based upon responses to Business Report survey researched by Ross Manley
To be considered for future lists, e-mail research@ncbr.com

CONSTRUCTION & ARCHITECTURE/OFFICE DESIGN

Carpet Network doubles capacity in recession

Family embraced change to expand business last year

By Maryjo Morgan
news@ncbr.com

LOVELAND — Monica Graham of Carpet Network in Loveland knew her business faced a serious challenge last year, and responded to it. "We decided not to let a scary economy make or break us in 2009," she said.

Carpet Network had been steadily growing since the local franchise opened eight years ago, with up to 87 percent repeat or referrals and 10 percent from marketing and networking efforts. The company's distinctive vans bring the showroom to the home or office, with samples clients can see in their own space and lighting.

Last year, although Carpet Network had plenty of potential new clients looking, few were going ahead with projects. Monica and her husband Scott did not want to simply "wait and see" what would happen when it was obvious the economy was tanking.

For starters, they both read Michael E. Gerber's "The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It."

"We were impressed," Monica said. "It made us focus on creating a vision, a mission and a purpose. All of our values became the foundation to build upon."

It wasn't easy to do the research and self-appraisal, but the process itself held them accountable. "It should always be a work in progress that you revisit once a week, or at least once a month," Monica said. "You have to do the checks and balances to determine where you are (in the process)."

Despite dire predictions of climbing unemployment rates and a tough economy overall, Carpet Network chose to seize opportunity and take risks, like expanding into property management. Their vendors worked with them so they could buy in volume on better terms.

"A trend we've seen is that management companies are getting top dollar by fixing up their inventory. People who have been homeowners (and are now renters due to layoffs and foreclosure) are accustomed to keeping up a nice home," Monica said.

Next the company added commissioned sales people and another van. Monica's daughter Kandice Muckley jumped in to become her marketing partner.

Those steps successfully moved them forward, but as the business grew, Monica recalls, "We were on top of one another in the office, sharing workspace, desks and even computers, playing musical chairs. There was no conference room for meetings with sales reps or customers. It created chaos and disorganization if someone moved your things or accidentally locked you out of the computer you were using."

Steve Porter, Northern Colorado Business Report

SHOWROOM ON WHEELS – Monica Graham and her daughter Kandice Muckley show off their mobile Carpet Network sample van. The Loveland franchise decided to be proactive in the face of a weakening economy by expanding into property management and restoration work.

Team members and installers would be walking through the warehouse piled nearly to the 30-foot ceilings with huge rolls of carpet. To avoid a safety hazard in the warehouse, Carpet Network moved into a more suitable space on Denver Avenue earlier this year and wound up doubling the square footage for both office and warehouse.

Repeats and referrals

Although retail, residential and Main Street commercial remodels are solid, repeats and referrals also remain strong.

"We might do carpet this year, then they will call us for hard surfaces next," Monica explained.

Another area of growth for the company is in restoration, where jobs come to the company from the insurance industry, and the business can be less predictable. "Restoration is driven not by the economy, but by Mother Nature, fire and flood," she said.

Monica believes a major piece of Carpet Network's design, consultation and traveling showroom paradigm is the installers. "They are our direct contact with clients and go out of their way to be communicative and respectful while working in the client's environment," she said. "They make us shine."

They also receive cross-training to keep up with expanding product lines. They pay attention to details, know how to make seams stronger and give tips on proper care.

Being open to opportunities they might not have considered before has made the difference for the local Carpet Network.

"We didn't know about the property management piece; it was a discovery process," Monica said. "It required research. We had to check it out. One thing led to another — it took time."

Change in general brings challenges, no matter what the economy is doing. "Our industries are changing more rapidly because of consumer knowledge, improvements, and progress in industry," she added. "This change is vital. It is necessary to embrace change to succeed.

M & E, from 3

mortgage business and didn't like what he saw.

"I got fired in March 2005. That was the straw that broke the camel's back," Shoup said.

Or in other words, it was time to do something he knew, and knew well: selling and house painting. He started M & E Painting with $100 in the bank.

"The only reason I didn't open it with less is I had to open the account with $100," he said.

His goal was to make M & E a million-dollar company, a milestone he reached in 2007 with sales of $1.2 million. Two years later he branched out into northwestern Denver where revenues grew 50 percent in one year. This year he expanded to Colorado Springs, a move that negatively affected the company's bottom line. As a result, Shoup is pulling up stakes before the red ink dries.

Surviving rough-and-tumble economy

The rough-and-tumble economy, however, has not played havoc on revenue, Shoup said. While many contractors cut prices to get jobs, M & E didn't — and won't — budge on pricing.

"We want to show everybody that during the hard times we will sustain ourselves and still be around," he said.

Shoup concedes customers are taking longer to decide to paint their homes, and some have postponed the job.

The silver lining? So many painters are out of work as a result of the recession that Shoup said he has been able to hire the cream of the crop. Case in point: Sean Davies, a decorative artist who specializes in faux painting, murals and the like, who moved to Northern Colorado from Florida and now works for M & E. Shoup noted, by the way, that requests for decorative finishes are beginning to pick up again — a positive sign that the worst of the economy may be over.

SHOUP

M & E employs a dozen full-time staff and up to 50 during warm weather months, including painters and sign shakers, many of whom have attracted media attention on their own. Tim Farnsworth, who dances with his sign on 100th Avenue and Sheridan Boulevard in Denver, now has 8,000 Facebook fans and is part of a new M & E marketing campaign to be rolled out next year.

Earlier this year, ColoradoBiz magazine featured M & E as one Colorado's Companies to Watch, a program sponsored by the Colorado Office of Economic Development and International Trade, and then named Shoup one of the state's Top 25 most influential young professionals.

> **"We want to show everybody that during the hard times we will sustain ourselves."**
>
> Matt Shoup, President
> M & E Painting

Shoup's success has not gone unnoticed by other entrepreneurs. It's not unusual to get calls from "random business owners" wanting to take him out to lunch or dinner to discuss his marketing strategies. He unabashedly admits he has a "natural knack to grow businesses."

In addition to business consulting, Shoup's side businesses include RiRy, a startup company with partner David Sward based on a pioneering new device for the painting industry. The company name is derived from the first two letters of the names of Shoup's and Sward's sons, Riley and Ryan, respectively.

The duo are pursuing a patent, manufacturer and distribution channels and expect the product to be in stores in the next three or four years.

Fair and honest

Sward and Shoup have known each other since both were employed by the same college painting business. Sward joined M & E when his own company in Denver folded.

"Matt's the best to work for and with," Sward said. "He's as fair and honest as anybody. We're honest with each other and he never lets money get in the way."

Sward came up with the new painting product and showed it to Shoup. "He just loved it. He showed it to some people in the painting industry, like Sherwin-Williams, who said it's the best invention they've seen in 23 years," he said. They are keeping it under wraps from the general public for now, however.

M & E Painting also gives back to the community by doing what they do best: paint houses. Free house paint makeovers are offered annually to families in need. It began in 2007 when a customer's husband died from a heart attack. Shoup returned the widow's deposit and told her his company would paint her house free of charge.

Another recipient of M & E's largesse was Jay and Carri Luttrell of Loveland, whose house was painted in 2009 as a result of a letter Jay wrote about his son, who had been diagnosed with brain cancer.

With multiple trips to a Denver hospital and escalating medical bills, the Luttrells did not have the time or money to paint their 2,300-square-foot home. And it needed it badly.

"It was such a gift, such a blessing," Jay Luttrell said of the work M & E did.

This year, M & E painted three houses with donated time and materials.

Courtesy Brian Schwartz

FOAM ARRANGER – Doug Odell pours one of his award-winning brews for visitors to the tasting room at the award-winning brewery on Lincoln Avenue in Fort Collins. Odell started the city's first microbrewery in 1989, and recently doubled the size of his facility.

ODELL, from 9

We had some questions about being an entrepreneur for Doug, and he had some answers.

Q: What was the genesis of the idea?

A: My wife, Wynne, and I had decided early on that we wanted to be self-employed. Our thought was that we could either take the landscaping company I already had and build it up or we could take a closer look at this new "craft brewing" movement that was beginning to form in the Pacific Northwest. I was already a home brewer and noticed the powerful impact these new microbreweries were having on people. Initially, we wanted to open a brewery in western Washington, but the area was already fairly saturated with breweries. We looked at Flagstaff, Ariz., and Northern Colorado. My wife's sister lived in Northern Colorado and Fort Collins seemed to make the most sense.

Q: What was your initial startup cost and source of funding?

A: $135,000 which was the proceeds from the sale of our home in Seattle and some angel funding from family and friends. About a year after we opened, we went back and bought out the investors.

Q: How long until there was a positive cash flow?

A: 18 months. Wynne maintained a corporate job to cover my lack of a paycheck during those first 18 months.

Q: Did you use a business plan?

A: Yes, and looking back, it shows how ignorant we were at the time, but it was useful to provide direction and maintain focus.

Q: Looking back now, is there anything you wish you had done differently?

A: The importance of delegating responsibility and doing it as soon as you can was a bit challenging. It's something that was very hard for me. For the first four years, I didn't take more than three business days off. In hindsight, I should have handed over more responsibility to others sooner.

Q: Are there one or two things you can attribute your success to? Was it luck, timing, someone who helped you?

A: Greg Bujak, a homebrew shop owner in Seattle, helped to convince me that I could start a brewery. I remember spending hours with him at his shop talking about brewing. Shortly after I opened the brewery, I invited Greg out to Fort Collins and he brewed a few batches with me. We didn't hire our first employee until May of 1990, and not having a salary to pay helped at the start when money was tight. I don't get very concerned about risk and have plenty of self-confidence in my abilities. We went through a significant shift about five years ago after we realized we had hit a plateau in our business. We hired a sales and marketing manager who knew what to do, and it has made a big difference.

Q: What is your slogan to live by or what it might say on your tombstone?

A: "If you have a dream, take a chance on it." Dreams don't come true by thinking about them, you have to get out there and do it.

Q: Do you have any other wise advice for an aspiring entrepreneur?

A: Be patient. Don't get ahead of yourself. Be self-disciplined enough to do the things that need to get done, even if they aren't the things you want to do. I don't tend to think much about the long term, but I realize that having a five-year plan is important and something we need to do. Also, it is important to recognize when you've reached the limit of your own ability and need to acquire new talent that can take you to the next level.

Brian Schwartz is the author of "50 Interviews: Entrepreneurs Thriving in Uncertain Times," and can be reached at www.50interviews.com. Watch videos of his interviews with other Northern Colorado entrepreneurs at www.ncbr.com.

Corporate catering business in deep holiday slump

Company parties just not catered affairs this year

Perhaps corporate party planners did not get the memo that the recession is over.

STEPPING OUT
Jane Albritton

This year represents the worst holiday party slump ever recorded by Amrop Battalia Winston's annual Survey on Corporate Holiday Celebrations, now in its 22nd year, released in November. Local catering operations confirm the national findings.

"We have seen the same delayed effect of a bad economy that we saw after 9/11," said Paul Pellegrino, owner/chef of **All Occasions Catering** in Fort Collins. "2001 and 2002 were good years for us. Then we had a harsh decline and then a climb back up. Our best year ever for the heart of our catering business was 2008. Our business decreased 40 percent in 2009."

See STEPPING OUT, 25

Kate Hawthorne, Northern Colorado Business Report

WORKING IN THE KITCHEN – Paul Pellegrino, owner of All Occasions Catering, is looking at year-end figures only slightly better than 2006, as a result of a severe drop off in corporate holiday parties.

STEPPING OUT, from 24

Pellegrino anticipated another 25 percent decline for 2010 — back to 2006 levels.

"We met that loss in October," he said. "So we are going to do better than we thought and beat 2006."

Korey Albert of **Albert Pit Barbeque** has faced a similar decline.

"I don't think businesses are using caterers," he said. "We have plenty of weddings, but we really need the corporate catering to make money."

Albert added that for his business, trying to hold on in a lousy economy has been complicated by the arrival of new competition. Within the past two years alone, three locally owned barbecue restaurants and one chain, **Famous Dave's**, have opened. Barbecue tends to be relatively recession proof and, thus, attractive to chefs who want to strike out on their own (**Moe's Original BBQ**) or restaurateurs who want to expand (**Serious Texas Bar-B-Que** and **Nordy's**).

Aside from weddings, the bright spot on Albert's ledger for the holiday season is smoked turkey.

"We are doing better with turkeys than we have in past years," he said. "More people may be cooking for themselves this year, but a nice smoked turkey or turkey breast is so easy to put on the table."

Albert anticipates that the economy will start to loosen up in the spring and summer, traditionally good months for barbecue. Elizabeth McBryde, owner of **Fiona's**, also thinks that corporations will be loosening their purse strings a little next year, but until then things look tight.

"The economy began to hit us at the end of 2008," she said. "I have been doing catering since 1992 and have owned my own business for the last 11years, so I have seen trends. Caterers go through ebbs and flows. One big party can change cash flow completely, and so it is hard to anticipate exactly what a year will bring."

In McBryde's view, the current trend is all about keeping it simple and avoiding the appearance of mass consumption.

"No one is going to throw an over-the-top, fully catered party when their neighbors are in foreclosure," she said. "Big corporations don't want to draw attention to themselves with big holiday parties."

Her observation squares with the ABW survey: Over half (55 percent) of their respondents cited their primary reason for not holding a holiday party as its not being appropriate in these economic times. That compared to 27 percent who said that a holiday party just was not in their budget.

The primary reason given for having a party? Not to schmooze with clients, but to celebrate a good year (assuming that there was one) or to boost company morale. That would account for the finding that most of those companies having parties, most of them were for employees only.

All the downward trends in catered holiday parties have contributed to another ripple in the 2010 catering plunge: the one rocking the nonprofit charity boat.

"When a nonprofit holds a fundraising event, they need to serve food," McBryde said. "You can't raise money for entertainment, and so nonprofits depend on caterers to donate food. But when my profits are down 30 percent, so are my charitable donations."

Although McBryde has had to work hard to remain profitable, she still remains optimistic.

"I am a much better businesswoman than I was two years ago," she said.

Pellegrino shares both the optimism and the sense that in dealing with the punishment of the economic situation and accepting its reality, he has learned to be more creative with holding down expenses and with working with vendors.

"I felt that there was a real synergy in place," he said. "Our vendors want us to be successful."

He also noted the necessity of identifying new markets for the future.

"It takes time and money to move a new idea forward," he said. "So we are waiting for a more fluid part of the year to see how we can fund our ideas. We live in a state of chronically changing priorities, but we know that successful business growth in the future depends on the business you do today. We stand optimistic."

Eat hearty, eat local

If it is true that for most people planning holiday parties, hiring a caterer is not economically feasible, it is at least possible to support the local economy by buying everything from pies to poultry from local producers.

When in doubt, plan dessert first.

Sue Albert, who with her husband Roger owns **Fat Albert's** in Greeley, bakes up a storm — always from scratch — during the holiday season.

"For the Christmas table, cherry pie to go with a ham is very popular," she said. "People also like our pecan Kentucky Derby Pie and the pumpkin streusel with brown sugar, oats and walnuts. Of course, our year-round all-time favorite is our peanut butter pie. You can't get them everywhere."

And for a holiday touch at the breakfast table, Albert bakes cinnamon bread braided wreaths. Just pull off a piece and heat it up on a chilly morning.

Meanwhile, up in Estes, Valerie and Rick Thompson are baking homemade pies and pastries for the holidays at the **Estes Park Pie Shop and Bakery**, a shop they bought two years ago.

"Our coffee cake is my grandmother's recipe," Thompson said. "Our favorites for the holidays are caramel apple pecan and strawberry rhubarb pies."

For the vegetable course, Sari Schauer of **Grant Family Farms** in Wellington said that there are plenty of interesting veggies to choose from, especially at the winter farmers' markets.

"There are some wonderful specialty winter squashes like buttercup as well as the regular acorn and winter varieties," she said. "There are beets, leeks, onions and potatoes. The little cippolini onions that look like UFOs are wonderful roasted whole and served with beef. We also will have ducks available at the farmers' markets."

Aaron Rice, owner of **Jodar Farms** near Fort Collins, will also have ducks, at least into December.

"All our poultry is free range, and so when it gets really cold, we stop," he said. "We had turkeys, but sold them through our CSA."

What a bounty for the holidays! Cook it up, eat it up, and if you need some help, call a caterer and relax.

Jane Albritton is a contributing writer for the Business Report. *Her monthly column features restaurant and hospitality industry news. She can be contacted at jane@tigerworks.com.*

CONSTRUCTION, from 17

development fees and building permit fees were increased in Fort Collins in 1997. Only one other construction-related fee change has been successfully implemented in the 13 years since, in 2006, when Fort Collins instituted a transportation review fee.

A seven-member staff team is working on changes to the development and construction fee structure, but city council won't be looking at their recommendations until the summer.

Ann Turnquist, policy and project manager, said that the city's plan is to get back to the 80 percent cost recovery policy — recovering 80 percent of the cost of issuing permits.

"Currently, we're recovering 50 percent," she said. "Most of that was due to the reduced number of permits issued."

She said that during the review process, builder and developer input is welcomed.

Larimer County

Big changes coming to Larimer County's construction fees? Probably not.

Linda Hoffman, director of the county's planning division said, "In a word, 'no.' We're not looking at any in 2011 and we haven't had any conversations about it. While we have concerns about the sluggish economy, we don't have some sort of building quota."

In 2008, Larimer County commissioners approved a 10 percent increase in building permits fees and also approved a measure to allow the county's building chief to adjust the fees to the annual consumer price index, without having to bring the issue before commissioners. In the last two years, staff for the permit department shrank from 22 to eight due to slow demand.

One construction-related fee, landfill charges, will increase in 2011, but how much is still a matter of debate. In November, a 5 percent increase in landfill charges was pulled off the table. Steve Gillette, director of the Larimer County solid waste department, said that a tiered pricing structure is now under consideration. Mark Glorioso, general manager for Gallegos Sanitation Inc., suggested tiered pricing in November, and commissioners are waiting for more information and possibly a new proposal.

It's certain that landfill prices will go up sometime in 2011 because state surcharges are going up in April. How landfill users are charged, by weight with the landfill's new scales, or cubic yards, is also under consideration.

Weld County

Weld County hasn't made changes in its construction permit fees in over 10 years, and like Fort Collins, a review that may include recommendations is taking place.

The need for a review is clear, according to Building Official Ken Swanson. The cost in the books for a demolition permit is $21. Swanson and Building Director Trevor Jiricek are studying potential changes, but are in the preliminary stages. Oil and gas permits aren't included in the present review and likely will not change.

While in the last two years the permit department cut 11 staff, the department has seen an 18 percent increase in the number of permits issued, from 595 in 2009 to 700 year-to-date. Swanson said that a fee hike proposed two years ago did not take place.

At Greeley city council's November meeting the Weld County Stimulus Committee, armed with a report from John Green, a regional economist whose quarterly Index of Economic Indicators appears in the *Northern Colorado Business Report*, requested development fees waivers for homes priced up to $300,000. The committee is made of individuals from the building industry.

So far, Greeley's Development Fee Incentive Review Committee does not support development fees waivers as a viable or effective economic stimulus tool for the residential development community. Council decided to continue the matter to its December meeting as well.

Evans

TRENT

Reducing permit and plan fees by half in July 2009 didn't work out as planned, according to Sheryl Trent, community and economic development manager for the town of Evans. When a year later it was clear that this gesture of support toward businesses had turned into decreased revenues, Evans' town council pulled the plug.

"We realized that the permits that were coming in would have come in anyway," Trent said. "The permits coming in resulted in a decrease in revenue, damaging the general operation of city, things like police services, fire and water."

The good news is that with the removal of the 50 percent reduction in all residential fees, "we haven't seen a decrease in building permits," she said.

In Evans, a few impact fees changes, all below 5 percent increases, for building permits are set for 2011.

Berthoud

While Berthoud's open-ended incentive plan passed in February 2009 hasn't brought in an avalanche of permit seekers, it "certainly hasn't hurt," said Planner Tim Katers. Last year Berthoud counted 12 permits. Year to date, there are 11.

"On average it is $7,000 cheaper to put up a house in town," he added.

With the incentives, builders don't pay most of the fees until the certificate of occupancy is issued — a savings of 18.6 percent. The incentives are for both residential and commercial developers. The collateral requirement for public improvements was restructured to 25 percent of the value of improvements.

No changes are planned in Berthoud's open-ended incentives, Katers said.

EXPANSION, from 1

Administration and originally planned for a location in Denver's City Park. It was rejected by the Denver Art Board and eventually found a home at the Fort Collins power plant.

McWilliams said the 76-year-old, gargoyle-festooned fountain could be relocated but should not be moved without justification.

"Obviously, it can be moved if that's what it takes to accommodate the best design," she said. "But to move it without justification would not meet the standards we have to meet."

Terrence Hoagland, Landmark Preservation Commission chair, said the commission is waiting to hear back from the Engines Lab.

"They heard our concerns and hopefully they'll come back with some changes," he said.

Back in operation

Bruce Hendee, owner of BHA Design in Fort Collins, is working with the Engines Lab on the expansion project. Hendee, who attended the Landmark Preservation Commission meeting with Engines Lab Director Bryan Willson, said the original conceptual plan called for building the expansion directly east but that would have placed it well within a 200-foot buffer area between the facility and the Poudre River immediately to the north.

WILLSON

Hendee said building the expansion on the south side of the Engines Lab would require moving the fountain to a location more directly in front of the building's west side.

"We said we'd renovate it and put it in operating order again and make it more visible, and the LPC said they'd consider that," he said.

Willson, director of the lab since 1992, said preserving the fountain's historic significance has always been a factor in planning the expansion.

"We've always known that the fountain was an important feature and had historic significance to it," he said. "That was why we wanted to put the (expansion) building on the north side, but that meant putting the building in the river corridor."

Willson said moving the fountain could be a good thing.

"It really needs to be dismantled and go through a major refurbishment," he said. "By moving it to the front of the building, it becomes more visible."

Willson said the fountain could also provide a learning project to power it with solar energy.

"That's the kind of thing we're looking at to preserve its historic character but at the same time add a new energy source to power it," he said.

New building will blend

Willson also noted that plans still being developed for the expansion include making the addition blend as much as possible with the 1936-built power plant without trying to fool the public into thinking it is part of the original structure.

"You could mimic the current façade exactly, but we were actually warned against doing that," he said.

McWilliams said despite the commission's concerns about the expansion project, members are strongly supportive of the old power plant's reuse as a state-of-the-art energy and mechanical engineering laboratory.

Steve Porter, Northern Colorado Business Report

> **"I think we've taken their comments very strongly to heart."**
>
> Bryan Willson, director
> Energy Conversion and Engines Lab

"The commission thinks it's a phenomenal program that's helping the rest of the world," she said.

Since 1992, CSU engineering students have put their classroom instruction into hands-on experiences at the facility, creating innovative products to help solve global energy problems.

Those products have included cleaner-burning two-stroke engines and home cookstoves for the developing world, where energy resources can be scarce and pollution high from inefficient stoves and engines.

The LPC can't veto a development proposal at an historic site but instead makes a recommendation to the Fort Collins City Council, which has the last word on any development project submittal.

"They don't have veto power, but our goal is to look for a solution that works," Willson said. "I think we've taken their comments very strongly to heart."

Willson said he anticipates taking a firm plan for the expansion project back to the LPC in three to four months. He said the project's timetable includes final approval from the city by early summer 2011 and construction completed by late summer 2012.

COMMENTARY

EDITORIAL

Plan to tighten floodplain regs endangers city's vision of itself

For a city on the arid plains, Fort Collins certainly worries a lot about the outside chance of floods.

Since the devastating Spring Creek Flood of 1997, the city has responded on two fronts: with aggressive stormwater management projects to protect property and lives in several drainage basins, and by implementing some of the most stringent floodplain-related regulations in the nation. Anyone wanting to build in or near a floodplain in Fort Collins is already held to a higher standard than elsewhere in Colorado or by the Federal Emergency Management Agency.

So it makes no sense to us that the citizens' advisory Water Board is pushing to ratchet building restrictions up another notch just as the city unveils its future vision of itself, Plan Fort Collins.

What is most distressing is that the proposal that could ban all new construction and additions to existing structures in the 100-year floodplain of the Cache la Poudre River is that it seems to have been developed without the benefit of data-driven analysis.

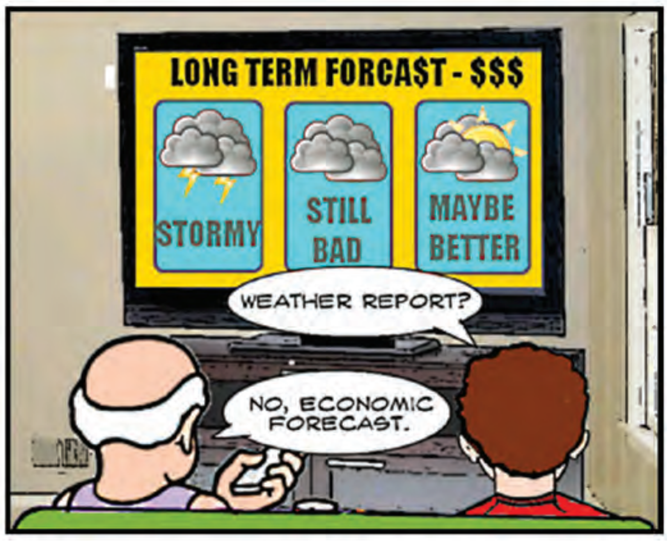
The city has hired Ayres and Associates to assess the economic impact of a 100-year flood event on the area roughly from Taft Hill Road and Willox Lane to Interstate 25 and Harmony Road. They are gathering data about possible damage to private property, cost to the public sector to repair damaged infrastructure, resulting economic slowdown, and similar factors. Results are expected by mid-month.

Another consulting firm, Economic and Planning Systems, is still in the process of analyzing the two proposed alternatives — increasing the reach of the floodway where development is restricted or banning all development in the entire floodplain — to determine the direct and indirect costs of each. The final analysis hinges in part on information gathered by Ayres.

Granted, both studies are trying to quantify big what-ifs, but the results will give council more information to use in its deliberations of the proposal in January than the Water Board used in creating it.

We also urge councilors to look at a map of the Poudre floodplains. Only three downtown areas — North College Corridor, East Mulberry Corridor, and the Link N Greens property — are not already protected by city ownership or existing buffering regulations.

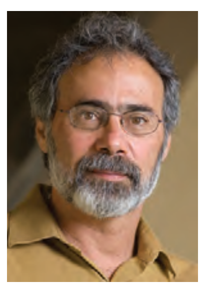
Imposing these too-broad restrictions would freeze those areas as they are today and bring vital infill projects to a grinding halt. That would leave no hope of ever evolving into the kind of city envisioned in Plan Fort Collins.



Of tax revenues, government spending and Herbert Hoover

Long live Herbert Hoover! That should be the rallying cry of all those who demand less government spending as a cure for a weak economy.

You may recall that Hoover tried to balance the budget on the eve of the Great Depression, thereby contributing to the collapse. It was only World War II, and the massive government spending it required, that eventually got the economy going again.



GUEST COLUMN
Steven Shulman

After World War II, government kept growing. Spending by the federal government rose from 16 percent of GDP in 1950 to 23 percent in 1985.

It then fell modestly for the next 15 years, and then started rising again. Today it stands at 25 percent of GDP. So government spending today, relative to the size of the economy, is not much higher than it was a quarter-century ago.

It is true that government borrowing has increased. The national debt doubled from 33 percent of GDP in 1980 to 66 percent in 1993. Government borrowing has grown much more under Republican administrations than under Democratic administrations.

By 2008, the national debt was only slightly higher at 69 percent of GDP. Then it jumped to 83 percent in 2009, and is projected to jump again to 94 percent for this year.

That may seem high, but the U.S. had the same debt-to-GDP ratio in 1950. It then fell sharply as the economy grew.

Thus the real question facing us is not whether government spending has grown too much, but whether the economy will grow enough to reduce the national debt relative to GDP over the next decade.

What has really been driving the national debt is falling tax revenues, not rising government spending. Federal tax revenues fell from 21 percent of GDP in 2000 to 15 percent this year. That is in part because tax revenues naturally fall as the economy slows down, and in part because repeated tax cuts have failed to spur an equivalent growth in GDP.

Tax cuts do little but raise debt

Contrary to popular wisdom, tax cuts for large corporations and the wealthy do little to stimulate economic growth but do much to raise the national debt. Those who call themselves fiscal conservatives, and who also support continued tax cuts for "everyone," are either deluded or hypocritical.

The size of the national debt is also often misunderstood or exaggerated. For example, 45 percent of government debt is held by the government itself. Debt for one government agency is an asset for another. The two cancel each other out.

Unfortunately, concern with the national debt is not matched by a corresponding appreciation of national assets. For example, debt creates assets when the borrowed money is used to build infrastructure, preserve public lands, and otherwise add to the stock of public wealth.

Finally, it is worth remembering that government spending generates economic growth both in the short-term, by increasing incomes and propping up markets, and in the long term, by providing public education, promoting public health, maintaining or expanding transportation and communication systems, and subsidizing technological breakthroughs from jet aircraft to the Internet.

So let's at least get the facts right when we debate the size and role of government. There is good reason why Herbert Hoover is known as a bad model for economic policy.

Steven Shulman is a professor of economics at Colorado State University.

Northern Colorado
BUSINESS REPORT

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LETTERS TO THE EDITOR

The 'in' box is open

Write the *Northern Colorado Business Report* to comment on our content or to raise issues of interest to the business community.

Letters must be limited to 300 words. Longer guest opinions may be considered upon request. Please include address and telephone numbers so that we can verify your submission.

The *Business Report* reserves the right to edit for length, and to reject letters that are potentially libelous.

E-mail letters to Kate Hawthorne, khawthorne@ncbr.com or submit comments through our website, www.ncbr.com. Snail mail to 141 S. College Ave., Fort Collins, CO 80524.

Small business owners go to the polls

All the big political issues weren't decided on Nov. 2. Right now, Colorado small business owners are marking their ballots on five questions that will serve as the official lobbying position of their leading representative group in the State Capitol, the National Federation of Independent Business.

NFIB is one of the few associations that bases its state legislative and congressional advocacy on what its members tell it are the major concerns about the survivability of their enterprises. Each year, NFIB sends out a state and federal ballot to its members asking their opinion on issues expected to surface in the next session.

On this year's Colorado member ballot, NFIB is asking small business owners five questions:

■ Should Colorado impose penalties on employers who knowingly hire illegal immigrants?

■ Should Colorado establish its own health insurance exchange or defer to the U.S. Department of Health and Human Services?

■ Should the Legislature repeal the state sales tax imposed on energy used in manufacturing?

■ Do you support legislation that provides tax incentives and the use of public monies for low-interest loans or grants to businesses to promote economic development and job growth?

■ Should Colorado lease some functions of state government and form more public/private partnerships to create greater efficiencies and reduce state expenditures?

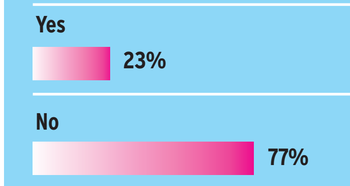
Small business is the indisputable engine of economies worldly, nationally, and locally. What policymakers, however, consistently forget to grasp is that small businesses aren't smaller versions of bigger businesses but instead have different difficulties in remaining solvent. Results from the NFIB-member state ballots help lawmakers realize this and are considered by many legislators to be the true voice of Main Street businesses.

It's important for elected officials to know that our evaluations of them are based upon results, not party. The issues of most concern to small business owners are nonpartisan, such as affordable healthcare, low taxes, and sensible regulation. Our ballot results give them guideposts to follow and give us a start on grading their performance.

Tony Gagliardi, Colorado state director
National Federation of Independent Business
Denver

NCBR poll watch

Is medical marijuana creating problems at your workplace?



These results reflect responses to the online poll at www.ncbr.com Nov. 15 - 29.

Next question:
Will you scale back on your holiday purchases this season?

Answer now at www.ncbr.com. Responses will be accepted through Dec. 13.

State priorities align with federal requirements

(NCBR, Nov. 19, 2010)

Should you trust the Colorado Trust?

Its CEO, Dr. Ned Cologne, repeats a common health-care falsehood: that the cost-shift from the uninsured's outstanding medical bills justifies mandatory insurance. While the cost-shift increases premiums, the amount is small compared to cost-shifting from mandatory insurance and Medicaid.

In Colorado, the cost-shift from the uninsured is just $85 per insured person. This is according to research done for Colorado's 208 Commission, which Dr. Cologne himself praises.

Key findings include that "the uninsured pay for about half of their care out-of-pocket" while only "20 percent is uncompensated care from providers." An Urban Institute study provides further evidence that uninsured cost-shifting is small — at most "only 1.7 percent of private insurance premiums."

By outlawing affordable plans, mandatory insurance increases premiums by much more. Consider the federal health control bill, HR 3590. It requires that all plans include at least 10 mandated benefits, such as maternity care and substance abuse treatment, whether you want them or not. A typical mandated benefit increases premiums by about 0.75 percent, concludes a 2008 MIT study.

By underpaying doctors, Medicaid is also guilty of large cost-shifting. But Dr. Cologne withholds this information when noting that HR 3590 expands Medicaid eligibility. A Milliman actuarial study concluded that the cost-shift from Medicaid and Medicare adds $1,788 to the annual insurance premium for a family of four. The uninsured pay more of their medical bills than Medicaid does for its participants, reported Reuters in 2008. What's more, a CDC study found that people "with Medicaid coverage were more likely to have had multiple visits to (emergency departments) ... than those with private insurance and the uninsured."

Dr. Cologne wants to "promote an honest debate" about health care. But the cost-shift argument for mandatory insurance has no place in one.

Brian T. Schwartz, Ph.D.
Independence Institute
Boulder

TAX CREDIT, from 9

since the organization's sole purpose is to offer child care. It offers after-school programming for kids and all-day programs when school is not in session.

"It will probably lower some people's investment in the club," said Kathi Wright, executive director of the club. "But for others it won't matter whether they get the credit or not."

Economic trigger

Established in 1999, the credit allows taxpayers who make donations to promote child care in Colorado to claim a state income tax credit of up to 50 percent of the contribution. The credit is limited to donations of $200,000 a year, capping the annual credit at $100,000 per taxpayer.

Donations qualify if they go to care provided for children 12 years old and younger, including licensed child care centers, family child care homes, homeless youth shelters, foster care homes, child placement agencies and residential treatment centers.

For fiscal year 2009-10, donations to promote child care in Colorado were estimated at $38 million, according to research by the Mile High United Way. For the first 10 months of that fiscal year, the revenue impact from the tax credit on the General Fund was about $12 million, according to the Colorado Department of Revenue.

During the recession of the early 2000s when state revenue plummeted, the state legislature decided to put a "trigger" on several tax credits that had been enacted in the late 1990s. That trigger is that the state's General Fund must be projected to grow by 6 percent over the previous year for the credits to be in place.

"The Legislature put this trigger in place so that if the economy ever tanked again, they wanted to protect the state's revenues," Kirk said.

This is the first year the trigger has actually been pulled, so to speak. Other income tax credits affected include those for water rights donations, for preservation of historic properties and for taxpayers who hire developmentally disabled people. Two sales tax exemptions also have the trigger – a sales tax refund for clean technology and medical device firms and an exemption for any infrastructure required to create a clean room in a manufacturing facility.

Kirk said he has spent the past few months addressing concerns and misconceptions about the likely delay of the child care credit. One misconception is that the credit is going away for good. But it's authorized by state statute through 2019.

"I've also been asked many times the likelihood of this credit being unavailable for multiple years in a row," he said. "That's not likely to happen."

The credit is still available for 2010, so donations made before Dec. 31 still qualify. Some child care organizations are urging donors to make donations before the end of the year to guarantee the tax credit. Donations made next year could be claimed for a tax credit in 2012, provided the credit is back in place that year.

Looking for more donors

Organizations like the United Way of Larimer County have been trying to educate their donors about what's happening with the credit.

"We're hoping it won't have a huge impact," said Keely Aggers, vice president of resource development for the United Way of Larimer County. "A lot of people do give to get the tax credit, but a lot of donors care more about the mission and not so much about the tax credit."

After having to cut its budget last year, the Boys and Girls Club of Larimer County is prepared to spend time and energy trying to expand its donor base next year.

"One of our strategies is to increase the number of individuals who give," said Wright, who has been with the club for 20 years, 11 as its executive director. "Right now we have a lot of the same people giving. Our programs keep kids from being home alone and getting into trouble. It's really an investment in our community."

BOXELDER, from 4

or leasing land. Sommers said there is still a distance to go before anything might be finalized.

"Whatever is proposed would have to be presented to the university administration and to our governing board as well," he said. "Anything that's done will have to be compatible with our continued use of the facility for crop production and livestock grazing. The ultimate consideration is the impact it could have on the programs we have there."

Own or lease?

Rex Burns, Boxelder Stormwater Authority general manager, said whether a site for the Eastside Storage Facility is owned or leased remains to be determined.

"We need to own the land under a dam embankment, but the area to be inundated by a flood we could very well lease and the landowner could do what they want with it," he said. "We would get an easement that allows us to use it in a flood."

Burns said he could not say exactly how much the detention dam might cost to build. The current design is for an 18-foot-high dam but that's based on participation by the town of Timnath.

"Eighteen feet is the height to detain water to meet the needs of Timnath, but if the town doesn't participate, it won't have to be that high," he said.

Kyle Boyd, spokesman for the town of Timnath, said the town has not yet made a final decision on being part of the Boxelder project.

"At this point, the town is still evaluating all of its options related to this issue," he said, adding that it is not on any upcoming town board agenda.

Burns said the Eastside Storage Facility — wherever it ends up being located — is a critical component of the Boxelder project.

"It's very critical," he said. "It's a system of several parts, and all of the parts are needed to get the entire effect of the improvements."

Burns said it could be up to three or four years before construction of the Eastside Storage Facility begins, given an extensive permitting process from local, state and federal regulators.

Productivity offers states competitive hiring edge

A job is a two-sided quality contract. From the employee's side, the requirements are about salary, benefits, work environment and commute. From the employer's side, it's about a contribution to output. If employees don't contribute enough to the value of output, they're not worth hiring. When the company's output or product is not being purchased, the employer must reduce the number of employees.

During any recession, the employer has time to make the workplace more efficient to produce the same amount or more output without adding employees. The laid-off employee should also retool, learn the skills needed to obtain a position in the new, leaner, more efficient workplace.

ON THE ECONOMY
John W. Green, Ph.D.
Regional Economist

How productive are we in Northern Colorado? The Bureau of Economic Analysis has just released GDP per capita numbers for 2009, compared to five years ago. Colorado is ranked 15th among states, down from ninth in 2004.

From 2004 to 2009, output per worker increased from $36,113 to $41,344, an increase of $1,046 per year, an uncompounded annual increase of about 2.9 percent. That's about 1 percent greater than inflation, but not quite good enough.

In 2004, Colorado productivity was 79.7 percent of the leading state, Connecticut; in 2009 Colorado productivity was 76.0 percent of the leading state, still Connecticut. Obviously, we slipped relative to at least six other states: Wyoming, Alaska, California, Hawaii, Washington and Illinois.

Education, investment key

Northern Colorado has historically had a more highly educated workforce than the state and the nation; therefore, we should be more productive. However, the state is cutting support for both higher and secondary education, and Northern Colorado has been losing high-tech jobs for at least the last decade, also lowering the average productivity of workers.

The Metro Denver Economic Development Corp. recently released its annual report on the state's competitive position using key indicators related to economic vitality and growth. It concludes that the state is becoming a weaker competitor for new jobs and investment.

Colorado has moved from a mid-level to a low-level tax state. Taxes support the education and infrastructure investments necessary to keep our state competitive. Rather than being invested in building blocks of the economy such as an educated workforce, a quality multimodal transportation system and affordable health care, tax funds have been diverted to make the communities where we live better through amenities such as bike trails, parks, open space, and the like.

However, the Metro Denver report concludes that Colorado continues to be a center of innovation that attracts some of the world's brightest minds, especially in aerospace, alternative energy and bioscience. Much of this activity has developed as a result of Colorado State University.

These positive developments have occurred despite Colorado being 48th in both public support per full-time student and public educational support per capita. Colorado's high school graduates are entering in-state colleges and universities at lower rates than students in more than half of U.S. states, dropping from 29th in 2006 to 32nd in 2008.

Recovery depends on adjusting

A recent Kansas City Federal Reserve System report suggests that the strength of any recovery will depend on how well communities adapt to new labor markets. Until the mid-1980s, productivity growth rose and fell with output growth. Since then, the relationship between these two variables has weakened and, occasionally, they move in different directions.

This divergence is the result of a decline in the importance of supply shocks. Increases in the cost of production lead firms to reduce output until they can develop technology that lowers costs of production. Substituting capital for the newly expensive input increases output and productivity.

But the current recession is a demand recession. Consumers have reduced purchases because their balance sheet has weakened, not because input costs have increased dramatically. These changes are structural — consumers feel less rich, quit spending as much, demand shrinks, retail and industrial sectors lay off employees, consumers spend even less, demand shrinks even more, and so it goes.

Transaction costs in the labor market have also come down because of Internet job matching, declining trade union membership, temporary worker agencies, part-time workers, overtime, increasing substitutability of labor and computers, and other factors. This has allowed employers to lay off workers more quickly when demand for their products decreases. The Kansas City Fed's research shows that business cycles with jobless recoveries were cycles in which firms adjusted employment aggressively rather than smoothly.

Productivity growth averaged 7.1 percent in the U.S. in the last three quarters of 2009 but slowed to 1.5 percent in the first half of 2010. The Kansas City Fed concludes that as the productivity-enhancing benefits of investment in information and communication technologies made in the late 1990s diminish, efficiency gains will be even more difficult in the future. The report suggests that better technology and training — supply-side investments — will be necessary to increase productivity.

As we continue recovering from the recession, Northern Colorado needs to attract high-tech, export-based industries and quickly train workers to fill the resulting jobs.

John W. Green can be reached at jwgreen@frii.com.

CPA GUIDE

Your guide to protecting your financial future

COLORADO SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

An advertising supplement to the Northern Colorado Business Report ■ December 3-16, 2010

Summary of the New Financial Reform Law

The financial reform bill recently signed into law is an attempt to address some of the problems that contributed to the 2008 financial crisis. The legislation, officially known as the Dodd-Frank Wall Street Reform and Consumer Protection Act, is considered the most wide-ranging overhaul of the U.S. financial system since the aftermath of the Great Depression. Because the problems it addresses are complex, the legislation itself is complex; much of the real impact will be felt only after regulations are developed to implement the law's provisions. Also, some provisions, such as those dealing with lending practices, will have a direct impact on individuals and investors; others will primarily affect the ways in which Wall Street functions. This is only a brief summary of some key provisions; consult your financial professional to see how these changes may affect you.

Credit and lending practices are revised

The Act requires originators of residential mortgages to disclose any conflicts of interest and compare costs and benefits of mortgages offered to a potential borrower. Lenders also will also be required to verify whether, based on income, credit history, and other data, a borrower has a reasonable ability to repay a loan plus its associated taxes, insurance, and other costs. This could mean that self-employed people and others whose income is undocumented or irregular will need better documentation to qualify for a loan.

Lenders will no longer be able to give loan officers financial incentives that induce them to steer customers to a mortgage with a higher interest rate simply to increase their own commission. Their ability to impose prepayment penalties when a borrower repays a loan early will also be more limited, and a holder of a hybrid adjustable rate mortgage must receive notice of any change in the interest rate six months in advance.

Lenders are prohibited from refinancing an existing mortgage unless the new mortgage offers a net benefit to the borrower, and they may not coerce or induce an appraiser to make a faulty appraisal of a property's value. Loan applicants must receive a copy of the appraisal on the property no later than three days prior to the closing.

High-cost mortgages are subject to special regulations. Any balloon payments on high-cost mortgages cannot be more than twice as large as the average of earlier payments, and a borrower must receive qualified counseling on the advisability of a high-cost mortgage before credit can be extended.

Homeowners who are unable to make mortgage payments as a result of losing their jobs or because of a medical condition may now qualify for up to $50,000 in assistance loaned through HUD's existing Emergency Mortgage Assistance Fund.

Increased protection of bank deposits becomes permanent

During the financial crisis, the Federal Deposit Insurance Corp. (FDIC) temporarily increased from $100,000 to $250,000 the amount it will insure on deposit accounts in FDIC-insured banks. The $250,000 limit is now permanent. That means that a couple who each had separate deposit accounts as well as a single joint account could qualify for up to $750,000 worth of protection on those accounts.

Greater transparency and accountability for investments and related services

Institutional investors' inability to determine the amount of global financial exposure to derivatives—investments based on the value of other investments—contributed to the panic at the height of the financial crisis. Over-the-counter derivatives must now be traded on a public exchange, and trades must be cleared through a registered clearinghouse. Nonstandard derivatives can still be traded privately, but must be reported to a central authority in order to increase regulators' ability to monitor the overall level of activity.

Hedge funds and private-equity advisors will be required to register with the Securities and Exchange Commission (SEC) and disclose to the commission information such as investment positions and the amount of leverage involved. Also, the $1 million minimum net worth required to be accredited investors eligible to invest in such funds will no longer include a principal residence, and that $1 million threshold will be reviewed every four years.

Credit rating firms, which were criticized for being too lax in their evaluations of securities based on subprime mortgages, will be subject to oversight by the SEC, which can fine those that issue too many faulty ratings over time. Also, investors will now have the right to sue an agency for issuing ratings it knew or should have known were flawed.

Shareholders of public companies will have the right to a nonbinding vote on compensation for the company's executives. Also, protections for people reporting securities law violations have been enhanced. Whistle-blowers with information that leads to monetary sanctions of more than $1 million will be eligible for 10 percent to 30 percent of the funds collected from the offender; if an employer retaliates, a whistle-blower can sue without waiting until administrative remedies have been exhausted.

An Investor Advocate office will be established within the SEC to help individual investors resolve significant problems and to promote investor interests.

Risky banking practices are addressed

Banks will be required to hold additional capital to cover potential losses, and some securities are no longer acceptable as vehicles for capital reserves held by large banks. Banks will also be required to retain at least five percent of a loan on their books if the loan is sold and/or repackaged with other loans and securitized. (However, some relatively low-risk mortgages, such as fully documented loans with a fixed interest rate, are exempted.)

Banks will also be more limited in their ability to engage in proprietary trading in their own accounts, which could represent a conflict of interest with their responsibility to their clients. They will also have to set up separate operations to handle their most risky derivative trades, such as swaps. A bank will not be permitted to invest more than three percent of its core capital in hedge funds and private equity, but it may still organize and offer them as long as certain conditions are met.

A Consumer Financial Protection Bureau overseen by the Federal Reserve will be created to regulate consumer financial products and services.

Systemic risk will be monitored, and liquidation of large banks will be overseen

A new Financial Stability Oversight Council is charged with assessing and managing risks that could threaten the entire U.S. financial system. Also, the FDIC will manage the liquidation of a bank whose failure the Treasury Secretary determines would disrupt the stability of the nation's financial system. That will include firing corporate management responsible for the failure and prohibiting any payments to shareholders until all other claims are paid. The FDIC may borrow from an Orderly Liquidation Fund to pay for a liquidation, but those costs must be replenished not from taxpayer funds but from claims on the bank and, if necessary, assessments on large financial institutions. The Act does not permit the Federal Reserve or the FDIC to lend to or provide a guarantee for individual or insolvent companies or banks, but both may lend funds to provide liquidity.

Source:

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Inside

CPA GUIDE

Electronics in the Workplace

In an era where electronic communications are the rule instead of the exception, the line between appropriate and convenient sometimes gets crossed. Can modern technology and old-fashioned manners coexist?

The prevalence of e-mail, and to some extent text messaging, in the business world has thrown the laws of business communication for a loop. Traditional business communication text books that addressed how to write hard copy memos and cover letters have morphed into curricula that address not only e-mail and texting but also social media to help students learn what is appropriate in a professional environment and what is not.

Connie Strain, department chair for Business Administration, Management, Marketing, and Real Estate at Arapahoe Community College in Denver, says first and foremost, she ting section will grow over time. Texting can play a role internally at companies to inform someone you're delayed to a meeting, she says, but it's not really designed for in-depth communication with a client. And, although Strain is a strong advocate for technology, she teaches students there is no place in the professional world for e-mail and text language such as the abbreviation "u" for "you."

Keiko Krahnke, associate professor of management at the University of Northern Colorado's Monfort College of Business, says that while e-mail, texting, instant messaging, and Facebook are a part of students' everyday lives, they haven't learned how to use these tools appropriately in a professional environment.

One of the issues Krahnke covers with her students is security. "Things happen so fast that you need to be very careful with confidential information," she says. "With just one click of a button you may have forwarded something you shouldn't have."

Some people think that texting language hasn't transferred to formal writing in the professional environment. While Krahnke agrees to some extent, she does see signs of texting habits in the e-mails she receives from her students. "I have e-mails that come through with abbreviations and smiley faces," she says. "I also see a lot of informal greetings and short, curt language because people see e-mail as a utilitarian tool." As a result, manners sometimes fall by the wayside.

Krahnke also emphasizes the importance of emotional intelligence because e-mail is such a rapid-fire way to communicate. "Put yourself in the recipient's shoes. How would you feel if you received a one word answer to an e-mail?" she says. "Know your motive for your communication. Are you trying to tell someone how wrong he is? Are you trying to prove you're right? It's so easy to send back angry words. I tell students to spend more time to convey what you mean and to pay attention to the tone of your message."

Chris Wilt, CPA, a partner in Grant Thornton's Denver office, says communication with clients is primarily via e-mail and that it would be unusual to send an external text or instant message. The company provides new hires with training on what kind of communication is most appropriate for certain situations.

Wilt says while e-mail doesn't have the formality of a memo, it still needs to be professional. "It's a reflection on the organization," he says. "People are surprised when they join public accounting because there's more writing, grammar, and communication than they thought," he notes. "You must have good communication skills."

Melody Zorgdrager, human resources manager with Clifton Gunderson's Denver practice, says the majority of the firm's communication is in person, or via phone or e-mail, depending on what works best for the client.

A new hire orientation program helps employees learn the company's client communication policies. "Our main goal is protecting the sensitive nature of clients' information, internally and externally," Zorgdrager says. Policies are reviewed with employees at yearly trainings.

While Clifton Gunderson provides employees with cell phones, the use of them, including texting, is discouraged unless the employee is in a safe work environment.

Krahnke says that more companies are putting policies in place about e-mail and texting, and they're starting to address social media and blogging as well. She adds that good communication skills are still the number one skill employers seek. "We try to emphasize that over and over to students." V.

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Repeal of Death Tax Means Uncertainty in 2010

If there ever was one, this might be the best year to die.

This year, the estate tax, or death tax, is currently nonexistent – meaning there is no level of exemption or tax percentage that will be applied to an estate if the owner passes away in 2010.

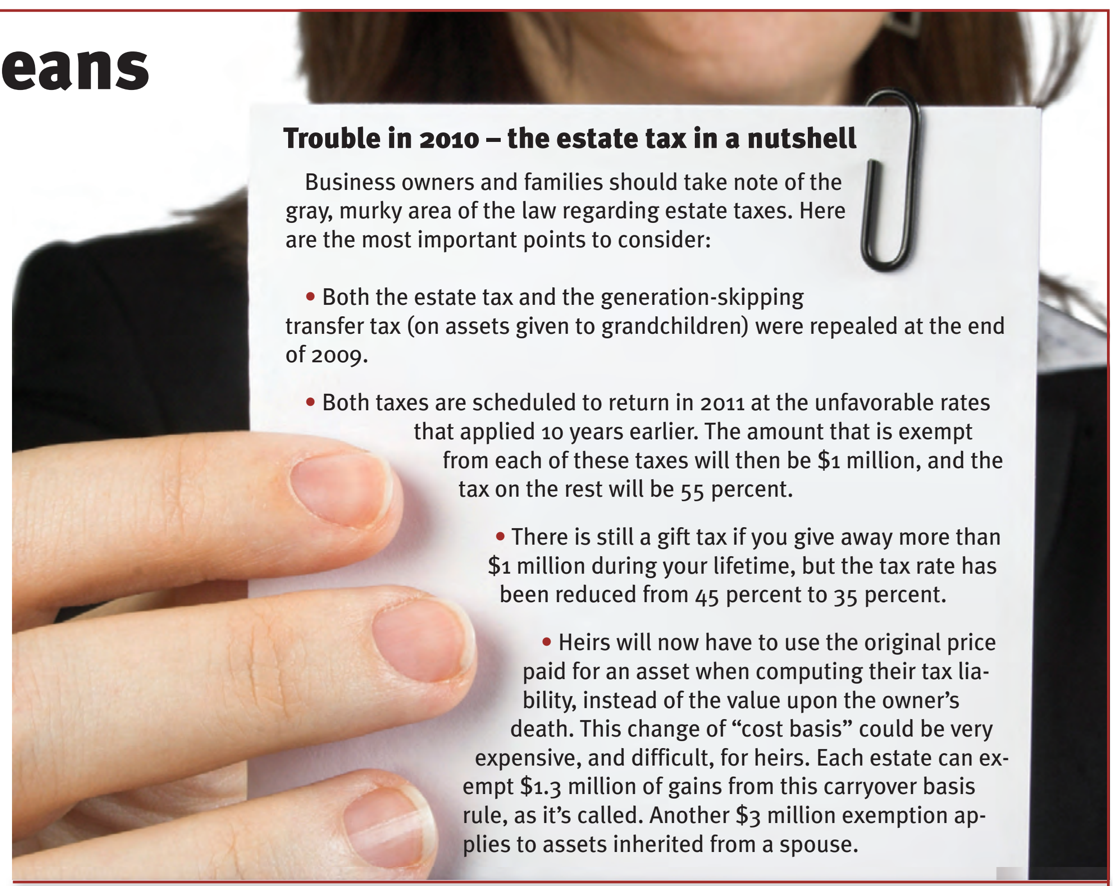
This is an ideal situation for children or heirs of a closely-held, family-owned business. Nine years ago, the Economic Growth and Tax Relief Reconciliation Act launched a plan that increased the exemption and decreased the top tax rates just a bit each year. In 2001, the first $600,000 of a person's assets was excluded from taxes and the remaining assets were taxed at 55-percent. In 2002, those numbers changed to $1 million and 50-percent respectively.

In 2009, the exemption increased to $3.5 million and the rate topped out at 45-percent, a level that benefited Americans most since the 2001 law was enacted. However, this year Congress allowed the death tax and the generation-skipping tax to be repealed, meaning a zero-percent tax rate and no exemption threshold for assets. In addition, the gift tax rate is only 35-percent in 2010.

Many experts who are monitoring Congress believe that retroactive legislation may not occur, which will create planning opportunities for the remainder of 2010. Because the estate and generation-skipping taxes are scheduled to revive on January 1, 2011, this year offers some unique benefits – and traps.

The absence of an estate tax and a generation-skipping tax may mean some of the formula language used in many wills and trust documents is unclear. These ambiguities should be clarified and that a review of estate documents could help take advantage of certain tax planning opportunities that exist only this year.

Sitting still on previously-planned estate documents could mean a person's estate is not divided as they had originally planned. If there isn't retroactive legislation, the complex rules of limited step-up in basis rules will apply. Each estate has a right to increase the decedent's adjusted basis by up to $1.3 million and up to $4.3 million for property passing to a spouse. This increase can help reduce or eliminate future taxes payable by the estate or beneficiary. Wills and revocable trusts should include special provisions regarding such allocations so the full step up is utilized.



How Will the Health-Care Bill Help You This Year?

The health-care bill that became law in March won't be fully implemented for several years. However, by the end of this year, six important measures will take effect.

Your health insurer can't drop you for making a mistake

In some cases, people have filed claims, only to be told that after reviewing their policy, the insurance company has rescinded their coverage because of inconsistencies in the original application. The new law will require insurers to demonstrate fraud or intentional misrepresentation of a material fact—for example, deliberately concealing an existing illness—in order to rescind coverage after a claim is filed.

Child can stay on your health plan longer

If there's a recent high school or college graduate in your family who's struggling to land that first job, you can choose to continue your child's dependent coverage under your plan until his or her 26th birthday. This applies to both individual and group policies (for existing workplace plans, it applies only if your child doesn't have his or her own employer's health plan).

If you or your child has a pre-existing condition, you'll be able to get health insurance

Under the health-care bill, children with pre-existing health conditions may not be denied health insurance coverage. Adults won't have that protection until 2014, but if you have a pre-existing condition, you may be able to obtain coverage beginning this summer through a temporary national high-risk insurance pool. However, only individuals with pre-existing conditions who have been uninsured for at least six months before applying for coverage through this insurance pool will be eligible.

Your total coverage will have no cap

In the past, some people were very happy with their health-care coverage—until they got really, expensively sick. Severe illness or an accident sometimes meant medical bills that exceeded the total amount of coverage their policy provided (so-called "lifetime limits" on coverage). The new law prohibits insurers from establishing lifetime limits on the total dollar value of health benefits that can be paid to any one insured individual.

Rebate for some Medicare drug costs

The health-care bill gradually closes the Medicare prescription drug coverage gap known as the "donut hole." If you're covered by Medicare, you fall into this donut hole once your total prescription drug costs exceed $2,830 a year. Until you've spent an additional $3,610 out of pocket, Medicare won't cover any of your prescription costs (figures are for 2010). If you're affected by this coverage gap this year, you can look forward to a $250 rebate check from the federal government to defray at least part of your drug expenses. Next year's benefit could be even bigger; once you fall into the donut hole, you will receive a 50 percent discount on certain brand-name prescription drugs.

If you're a small business owner, you may receive a tax credit

If you're a qualifying employer who pays at least 50 percent of the cost of your employees' health insurance premiums, you may receive a tax credit to offset up to 35 percent of your premium contribution when you file your 2010 federal taxes. The credit is generally available to employers with fewer than 25 full-time workers with an average annual wage of less than $50,000.

Source:

360DegreesFinancialLiteracy.org. 360 Degrees of Financial Literacy is a FREE PROGRAM offered by the nation's certified public accountants to help American understand their finances through every stage of life.

Understanding Merchant Rewards Programs

Offered by merchants of all types, rewards programs are marketing tools that encourage brand-loyalty purchasing through price discounts, bonus points and/or coupons toward future purchases, donations to your favorite charity and even cash rebates. If you're part of the program, you access it by using a membership card that looks like (and often is) a credit card. The card compiles information about your purchases and the rewards you've earned; it also stores information about you that's useful to the merchant when tailoring advertising that's pitched to your spending preferences.

While many rewards programs offer credit with (and rewards from) a particular merchant, other programs, offered by credit card issuers, may allow you to earn rewards, such as gift certificates, that may be used with a wide variety of merchants. And in most cases, these cards offer the option of earning cash back each time you use the card. A cash back reward can be used anytime, anywhere.

The rules, restrictions, and limitations on what you may earn through a rewards program can be complex. Most programs offer a larger percentage reward for purchasing select products or categories of products than they do for all products. You may have to spend a minimum amount per month, quarter or year to get any rewards, and there are often limits both on the amount of rewards you can earn and on the time allowed for cashing them in. What's more, the originator of the rewards program may change the rules or cancel the program altogether with little notice or recourse.

The prohibition against certain dubious but profitable practices by the Credit Card Accountability, Responsibility, and Disclosure Act of 2009, coupled with the overall tightening of credit, have made the reward card market less lucrative, and credit card issuers with rewards programs may begin to take steps to preserve their profit ratios. Such steps could include higher interest rates and annual fees, restructurings of reward policies that water down the rewards, inactivity fees, and/or reinstatement fees to restore points lost because of late payments.

Source:

360DegreesFinancialLiteracy.org. 360 Degrees of Financial Literacy is a FREE PROGRAM offered by the nation's certified public accountants to help American understand their finances through every stage of life.

What's New for 2010?

With all the commotion of several large bills that passed through Congress this year, many people are wondering, "What does that mean for me?" While the legislation made the news for a great portion of the year, most of the changes won't be effective for several years. However, for 2010 tax returns, here are a few of the changes that may affect you.

- Eligible small businesses who employ 25 or fewer employees (full time equivalents) and whose average wages are $25,000 or less can claim a credit equal to 35% of the employer paid portion of health insurance premiums. The credit is subject to phase-outs for those who fall just over these limits and owner-employees and their family members are not included in the calculations. Tax-exempt employers may qualify for a 25% credit to be taken against payroll taxes.
- Qualified employers may be able to claim a credit for the employer's half (6.2%) of employment taxes on wages paid from March 18th through the end of 2010 to employees newly hired after February 3, 2010 and previously unemployed for at least 60 days.
- Employers may also qualify for a retention credit for employees who stay for at least a full year and hired after March 8, 2010. This credit won't be claimed, however, until 2011 when the first eligible employees reach one full year of employment.

- Self employed individuals may now deduct health insurance premiums paid for their children who have not attained the age of 27. In addition, self-employed health insurance premiums may now be deducted in calculating self-employment earnings for the purposes of calculating self-employment tax.
- The section 179 election to expense depreciable property limit has been increased for 2010 and 2011 to $500,000 with a phase out beginning when the taxpayer has put over $2,000,000 of property into service in the tax year. Up to $250,000 of qualified real property, including leasehold improvements, retail, and restaurant property, may qualify for the election.
- A very narrow opportunity exists for entities, newly incorporated between September 27, 2010 and the end of 2010, to qualify as small business stock. A taxpayer, holding this stock 5 years, would be able to exclude the entire gain on the sale of that stock. Before and after that period 50% of the gain may be excluded.

Call Anderson & Whitney, PC and talk to a tax advisor to take advantage of these opportunities and more. Many of the benefits of the new legislation are short-lived and will expire at year end. Unfortunately, most people won't seek professional advice until it is time to prepare their tax returns for 2010, early in 2011. At that point, many of these opportunities will have already passed.

Anderson & Whitney, PC is a local accounting firm in Greeley, Colorado, dedicated from its inception to serving clients in Northern Colorado in all areas of accounting and taxation, in all stages of a company's growth.

CPA GUIDE

Risky Business!

The era of the small business person successfully wearing all the hats needed to run a business is officially over.

Business risk is increasing and surfacing from different directions—banking regulations, government audits, exposure of personal assets, and rapidly changing rules and laws related to business. If you're a small business owner, it's near impossible to keep up with what you need to know. More importantly, as a small business owner, you don't know what you don't know!

Know your entity!

Are you a sole proprietor, a partner, or a shareholder? Did you know that a limited liability company (LLC) is a state formed entity that also will be a federal entity, such as an S corporation, a partnership, or a sole proprietorship?

Know your correct title (CEO, president, owner) and use that title every time you sign as an agent of the business. You can expose your personal assets if you sign as an individual by not using your title. A partnership does not have a "President"—that is a corporate title.

How you pay yourself depends on your entity type. A partner cannot be paid a salary, and a shareholder should be advised to be paid a salary with distribution guidelines.

Don't comingle your personal and business funds; keep a separate business credit card and banking account. The accusation of comingling is a common legal attempt to get to your personal assets.

Know your banker

Every small business should have access to a line of credit. Develop a relationship with a banker who advises you on what he looks for in your financials and how to use a line of credit. You will have to sign a personal guarantee, and you may have to secure the line with your Accounts Receivable—but that is now a business norm. Manage your money.

Be ready for an audit—It's coming

In the last five years, the number of hours the IRS spends auditing small businesses has increased by 30 percent.

There has been an increase in audits at all levels—local municipalities, Colorado Department of Revenue, IRS, and Colorado Department of Labor (unemployment). Are you recording and reporting your transactions so you can be ready for the inevitable audit?

Independent Contractor vs. Employee This is a hot topic with the Colorado Department of Labor. Make sure your independent contractors get a Form 1099 from you at year end. They must have other clients, have a business card, have a business checking account, have a contract with you, create their own schedule, use their own tools, and be self directed. See IRS Publication 1779 for additional guidance.

Use Tax Know the difference between sales tax and use tax. A municipality or a state audit will almost always result owing use tax (along with penalty, interest, and penalty interest). Use tax is imposed on the consumption of tangible personal property in Colorado or a municipality in which the sales tax for that jurisdiction was not paid. For example: You purchase copy paper in Littleton for your office in Denver. You owe Denver use tax (where it is consumed or used).

The state and some municipalities charge use tax on food items used in the business that are purchased at a grocery store. For example, the grocery store charges no tax on bottled water since a grocery store taxes as if it is selling to consumers only (not to businesses). So, businesses have to track grocery items for use tax purposes.

Occupational Tax Some municipalities charge an occupational privilege tax (head tax) for those who work in that jurisdiction. You could have no payroll and still be subject to filing a return and paying the tax. Denver, Lakewood, Aurora, and Greenwood Village charge this tax.

Personal Property Tax This is a county tax you pay for tangible personal property in your business. This includes your furniture, your computers, your telephones, your artwork, etc.

These are just a few of the areas in which a small business owner can be exposed. To do it all yourself is risky business. You don't know what you don't know. Surround yourself with quality advisor relationships that "have your back." Be ready.

Debbi C. Warden, CPA, MBA, is a member of the Colorado Society of CPAs Financial Literacy Committee. Debbi is owner of The Business Manager, LLC in Centennial, CO. Reach Debbi at (303) 681-2200 or dwarden@TheBusinessManager.com.

COLORADO SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CPA GUIDE

Small Public Company Reporting

Almost eight years later to the day the Sarbanes-Oxley Act of 2002 was passed, President Obama signed into law a major financial regulatory reform package, the Wall Street Reform and Consumer Protection Act of 2010. The legislation created new regulations for companies that extend credit to consumers, exempted small public companies from Sarbanes-Oxley Sec. 404(b), made auditors of broker-dealers subject to PCAOB regulation, and changed registration requirements for investment advisors. Also included were additional regulations for rating agencies, hedge funds, private-equity firms, and the mortgage industry, as well as additional regulatory oversights for many of the financial industries that failed in the prior 24-30 months.

Lost in translation

Interestingly enough in the consumer protection act, there was an "aha" moment when small public companies were officially to become exempt from Sarbanes-Oxley Sec. 404(b), the highly controversial (and some argue) unnecessary and overly expensive section of the legislation passed in 2002. Remember, this was the act which required auditors to assess a registrant's internal control over financial reporting (ICFR). At the time, Wall Street and others in the investment community and the mainstream media concentrated on the quick fixes. What was lost in the shuffle after all these years is that the Sarbanes-Oxley Act of 2002 will not be applied evenly across all public companies.

What follows is a timeline of the birth and death of Sec. 404(b) for Smaller Reporting Companies (SRCs) with market capitalizations (technically "public float") of under $75 million. Public float is market value of stock held by outsiders.

July 30, 2002 – The Sarbanes-Oxley Act is passed, named after Sen. Paul Sarbanes and Cong. Michael Oxley, who were critical in drafting the majority of the Act's provisions. Included in the original Act was Sec. 404(b) whereby all registrants were to file their first 10-Ks with audits of their ICFR for fiscal years ending after Nov. 15, 2003.

2003 and 2004 – Two extensions occurred, moving the deadline to July 15, 2006 for full compliance by SRCs.

Sept. 21, 2005 – Extension of the deadline for SRCs to comply moved to July 15, 2007.

Dec. 15, 2006 – Extension for Non-Accelerated Filers ("NAF") and SRCs to comply moved to Dec. 15, 2007 and Dec. 15, 2008, respectively.

Dec. 13, 2007 – Fresh off the introduction of Audit Standard No. 5 (to replace AS 2), the SEC extended compliance for SRCs (now grouped with NAFs) to fiscal years ending after Dec. 15, 2009.

Oct. 2, 2009 – Approximately 90 days before the implementation requirement for the majority of smaller reporting companies to comply, the SEC announces that its last extension will be granted thus extending the implementation deadline to balance sheets ending after June 15, 2010.

July 21, 2010 – Sec. 404(b) compliance for Smaller Reporting Companies is officially dead.

Many in the accounting community anticipated that the Wall Street Reform and Consumer Protection Act of 2010 would include the provision to exclude compliance from Sec. 404(b) for SRCs. However, the surprise to many was that the Act was passed by Congress so quickly and prior to many of the SRCs with fiscal years of June 30, July 31, or August 31 filing their Form 10-Ks and incurring the (now) unnecessary costs of compliance. Many expected the Act to be passed in October or just prior to what is anticipated to be a highly competitive Congressional mid-term election in November. Had this happened, it would have caused many companies with summer fiscal year-ends, and most likely many SRCs with a September 30 fiscal year-end, to incur unnecessary compliance costs while the December 31 year-ends saved their pennies.

Unfortunately, for many smaller companies with December 31 year-ends, the last extension granted by the SEC could have been handled with a little more warning. Many companies had already expended resources getting ready for compliance. Public accounting firms had already performed the majority of the now unnecessary audit work prior to the Oct. 2, 2009, extension. What we know now (and have suspected since) is that the SEC bought enough time before Congress stepped in and immersed itself in the decision that the costs were too extraordinary for SRCs to bear. The one casualty in the U.S. public markets was the lack, or at least decrease, of public investment in the small entrepreneurial public companies due to costs of compliance.

Note that Congress has called for a study of how the burden of Sec. 404(b) compliance for companies with market capitalization between $75 million and $250 million could be reduced and whether an exemption for them could increase the number of initial public filings in the U.S.

What now?

Management at Smaller Reporting Companies must still assess, document, and test their ICFR. And, auditors will continue to employ many of their "integrated audit concepts" that had been put in place as they prepared earlier for a separate opinion over ICFR. The audit process is still stronger than it was eight years ago even for SRCs which won't have an integrated audit over their financial statements and ICFR. Further, many of the other 10 sections of the Sarbanes-Oxley Act have strengthened corporate governance at SRCs. And, although costs will be reduced with the absence of Sec. 404(b), the costs of being public are still outweighing the costs of a private company. One can only hope this will spur additional investment by investors in the SRCs and use of transactional vehicles like reverse-merger acquisitions through which many SRCs came into being.

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2	2	**EKS&H** 1321 Oakridge Drive Fort Collins, CO 80525 970-282-5400 /970-282-5499	19 187 1 3	29 32	50% 35% 15%	Audit, tax planning and business consulting services, including financial modeling, business valuation, strategic planning, business transition planning and real estate cost segregation.	cotto@eksh.com www.eksh.com	Chris Otto Partner 2005
3	4	**KENNEDY AND COE LLC** 6125 Sky Pond Drive, Suite 200 Loveland, CO 80538 970-685-3500/970-663-0223	17 225 1 8	250 250	N/A% N/A% N/A%	Business consulting, accounting and audit services, estate and retirement planning. Industry expertise in the areas of manufacturing, construction, agriculture, biofuels, financial institutions, and professional services.	pmartin@kcoe.com www.kcoe.com	Jeff Wald Member 1932
4	5	**ANDERSON & WHITNEY PC** 5801 W. 11th St., Suite 300 Greeley, CO 80634 970-352-7990/970-352-1855	13 13 1 1	28 28	N/A% N/A% N/A%	Agriculture, litigation support, small businesses consulting, financial and estate planning, retirement planning, auditing various industries including nonprofit, banking, health care, local government.	larry@awhitney.com www.awhitney.com	Larry Atchison President 1968
5	6	**SOUKUP, BUSH & ASSOCIATES CPAS PC** 2032 Caribou Drive, Suite 200 Fort Collins, CO 80525 970-223-2727/970-226-0813	13 13 1 1	19 19	13% 76% 11%	Tax, business valuation, cost segregation, auditing and accounting.	scott@soukupbush.com www.soukupbush.com	Scott Bush President 1989
6	7	**RICKARDS LONG & RULON LLP** 301 E. Olive St. Fort Collins, CO 80524 970-493-6869/970-484-1992	9 N/A 3 N/A	26 27	N/A% N/A% N/A%	Business consulting, taxes, audits, payroll, accounting systems valuation and litigation support.	info@rlrcpas.com www.rlrcpas.com	A. Scott Rulon Carla Pollock Robert Dickerson Jill Rickards Chris Nickels Partners 1980
7	3	**BROCK AND CO. CPAS PC** 3711 JFK Parkway, Suite 315 Fort Collins, CO 80525 970-223-7855/970-223-3926	7 35 1 5	50 48	N/A% N/A% N/A%	Construction, real estate investors/developers, tax and estate planning, high net worth individuals, business advisory services, audits, reviews and compilations, audits of employee benefit plans.	sjohnson@brockcpas.com www.brockcpas.com	Susan R. Johnson Director 1956
8	13	**KNEZOVICH AND WILLIAMS CPAS LLC** 109 Coronado Court Fort Collins, CO 80525 970-224-9900/970-377-6767	7 7 1 1	7 7	N/A% N/A% N/A%	Business valuations, tax and accounting services for small businesses and their owners and auditing.	paul@kwcpallc.com www.kwcpallc.com	Paul Williams Managing member 1982
9	8	**BARTELS & CO. LLC** 7251 20th St., Bldg. D-1 Greeley, CO 80634 970-352-7500/970-352-2281	6 6 1 1	10 10	30% 60% 10%	Tax planning and preparation, audits, reviews, compilations, bookkeeping; various industries including oil and gas, construction, retail, restaurants, manufacturing, nonprofit agencies, physicians, attorneys, small business, estate planning.	Rich@bartelscpa.com www.bartelscpa.com	Richard J. Bartels Managing partner 1990
10	10	**JOHNSON & ASSOCIATES CPAS PC** 400 S. Division Ave. Sterling, CO 80751 970-522-5762/970-522-5642	5 5 1 1	14 14	25% 60% 15%	Agriculture, family businesses, estate planning, financial planning, succession planning, tax return preparation, audits, reviews and compilations.	russ@jacpa.net www.jacpa.net	Russ Johnson President 1999
11	11	**HUNT, SPILLMAN & ASSOCIATES PC** 125 S. Howes St., Seventh Floor Fort Collins, CO 80521 970-482-2272/970-482-3231	5 5 1 1	9 9	N/A% N/A% N/A%	Business consulting, litigation support, estate planning, auditing, tax planning, preparation and compliance, special services (business irregularities, transaction analysis, forensic accounting, succession planning, etc.)	bobhunt@huntspillman.com www.huntspillman.com	Robert J. Hunt Director 1969

How to Choose a Tax Preparer

When it comes to income taxes, it is crucial to find someone who is trustworthy and competent. How do you find a tax professional? It is best to ask other professionals that you work with already for referrals. It is also important to find out those preparer's credentials.

Certified Public Accountants – are required to have a college degree and pass an exam that covers topics including tax preparation, audit, law, and accounting. Many CPA's will go beyond tax preparation and provide business and professional advice. They are required on average to fulfill an average of 40 hours of continuing education annually, and are authorized to represent you if you are audited.

Enrolled Agents – must have at least five years of relative experience employed with the IRS or have taken an exam administered by the IRS. They are required to fulfill on average 24 hours of continuing education annually and are authorized to represent you if you are audited.

Unlicensed Tax Preparers – Anyone can be a tax preparer. It is important to ask how long they've been preparing income taxes and what types of returns they have been preparing. These individuals typically are not allowed to represent taxpayers in front of the IRS if you are audited.

Once you have several names of different qualified preparers, call to set up an initial interview to discuss pricing and to ask questions.

Also, avoid those preparers who appear to show signs of being fraudulent. Some warning signs may be if the fee is a percentage of your refund, they have you sign blank forms, or they offer to make up tax deductions to boost your refund. Many people have different needs when it comes to a tax preparer so take time to evaluate your tax situation and select someone who is qualified to help you.

In addition, choose a preparer that you will be able to contact after the return is filed and one who will be responsive to your needs. Overall, it is important to choose someone who you get along with, and that you can communicate easily with. As the tax laws get more complicated, it's important to have someone professionally prepare your return, to ensure you are taking full advantage of all those eligible tax deductions and credits.

This article is written by Melissa Clary who is part-owner of Kruger & Clary, CPA's located in Fort Collins, Colorado, (970) 482-6947, www.krugercpas.com. She specializes in tax preparation, strategic planning and accounting services.

12	9	**HALLIBURTON, HOGSETT, SCOTT & ASSOCIATES PC** 873 N. Cleveland Ave. Loveland, CO 80537 970-667-5316/970-667-2269	5 5 1 1	8 8	20% 70% 10%	Audits, financial statements, new business consulting, tax planning and preparation, estate planning.	djh@hhsacpa.com www.hhsacpa.com	Dennis J. Hogsett CPA 1965
13	15	**RUESCH, BIDDLE & LARSON CPAS LLC** 3535 W. 12th St., Suite D Greeley, CO 80634 970-353-1798/970-353-1799	4 4 1 1	7 7	0% 75% 25%	Individuals, agriculture, small business, trusts and estates.	william.ruesch@rblcpasllc.com www.rblcpasllc.com	William R. Ruesch Partner 1981
14	17	**YUDIEN, FRY & ASSOCIATES PC** 117 E. Mountain Ave., Suite 200 Fort Collins, CO 80524 970-484-9655/970-232-1475	3 3 1 1	10 7	0% 80% 20%	Small to medium business, start-ups, restaurants, retail, payroll, profit enhancement, Quickbooks consulting and tax planning.	info@yfacpa.com www.yfacpa.com	Stephanie Kimak Partner 1981
15	NR	**ANTON COLLINS MITCHELL LLP** 3545 W. 12th St., Suite 201 Greeley, CO 80634 970-352-1700/970-352-1708	3 40 1 2	9 7	80% 15% 5%	Audits of governmental entities, nonprofit organizations, and companies in the construction and high-tech industries. Personal and business income tax preparation and consulting.	rwatkins@acmllp.com www.acmllp.com	Dan Schommer Randy Watkins Partners 1978
16	18	**SCHULZ AND LEONARD PC** 200 First St. Eaton, CO 80615 970-454-3371/970-454-3465	3 3 1 1	8 7	0% 70% 30%	Individual and business income-tax preparation and planning, estate planning, agribusiness, QuickBooks and preparation of financial statements.	Roger@SchulzandLeonard.com www.SchulzandLeonard.com	Roger L. Schulz President 1976
17	16	**KRUGER & CLARY CPAS PC** 515 S. Howes St. Fort Collins, CO 80521 970-482-6947/970-472-4061	3 3 1 1	8 8	0% 75% 25%	Income taxes, accounting services, business and personal consulting.	info@krugercpas.com www.krugercpas.com	Melissa Clary Dale Kruger President Vice president 1993
18	20	**ALEXANDER BROUGHTON & CO. CPAS PC** 903 N. Cleveland Ave., Suite B Loveland, CO 80537 970-669-7200/970-669-7211	3 3 1 1	5 4	15% 65% 20%	Small-business consulting, real estate-related tax, accounting, auditing, consulting.	emacpa@frii.com www.alexanderbroughton.com	Mike Alexander President 1980
19	19	**B. SUE WOOD AND ASSOCIATES PC** 527 Remington St. Fort Collins, CO 80524 970-482-5626/970-482-5629	3 3 1 1	5 6	N/A% N/A% N/A%	Accounting services.	N/A www.bswpc.com	B. Sue Wood 1990
20	NR	**DORITY & ASSOCIATES LLC** 155 E. Boardwalk Drive, Suite 436 Fort Collins, CO 80525 970-232-3073/970-223-6513	3 3 1 N/A	3 3	N/A% N/A% N/A%	Individual tax, small business tax, business start-up services, bookkeeping, accounting, retirement planning.	don@dorityandassociates.com www.dorityandassociates.com	Donald Dority CPA 2005
21	22	**RODAHL & CO. LLC** 2038 Vermont Drive, No. 101 Fort Collins, CO 80525 970-207-0747/970-207-0753	2 2 1 1	5 5	18% 72% 10%	Taxation, real estate, construction, agriculture, medical professionals.	dean@rodahlcpa.com N/A	Dean Rodahl CPA, Manager 2000
22	23	**SIEBERT & ASSOCIATES PC** 8219 W. 20th St., Suite B Greeley, CO 80634 970-353-3750/970-353-3752	2 2 1 1	4 4	20% 60% 20%	Individual and business tax planning and preparation, IRS representation, business valuations, management consulting, estate and financial planning.	bill@siebertcpa.com N/A	William J. Siebert President 1990
23	24	**SHINN CONSULTING CPAS PC** 702 W. Drake Road, Bldg. D Fort Collins, CO 80526 970-206-1435/970-494-7979	2 2 1 1	4 4	0% 60% 40%	Small-business consulting, financial planning and estate planning.	ralph@shinnconsultingcpas.com www.shinnconsultingcpas.com	Ralph T. Shinn President 1993
24	NR	**MUELLER & ASSOCIATES** 762 W. Eisenhower Blvd. Loveland, CO 80537 970-667-1070/970-667-1316	1 1 1 1	6 4	0% 70% 30%	Tax planning for closely-held businesses; QuickBooks ProAdvisor on Enterprise and Point-of-Sale versions.	paul@mueller-cpa.com www.mueller-cpa.com	Paul F. Mueller Managing Director 2008
25	NR	**GEOFFREY W. GOUDY CPA LLC** 401 W. Mountain Ave., Suite 101 Fort Collins, CO 80521 970-472-9000/970-472-9025	1 1 1 1	3 1	0% 80% 20%	Accounting and tax services for start ups, self-employed, real estate & other small business ventures.	ggoudy@cspotcount.com www.cspotcount.com	Geoffrey Goudy CPA 2004

Region surveyed includes the City of Brighton and Larimer and Weld counties.
N/A-Not Available.
NR-Not Previously Ranked.
Ranked by no. of local CPAs, no. employees, then total no. CPAs.

Based upon responses to Business Report survey researched by Ross Manley
To be considered for future lists, e-mail research@ncbr.com

The 2010 Small Business Jobs Act (SBJA) was signed into law September 27th and includes a wide-ranging assortment of tax breaks and incentives for businesses. The following are descriptions of some of the most important changes in the Act that will impact businesses.

Enhanced small business (Section 179) expensing - To help small businesses quickly recover the cost of capital outlays, small business taxpayers can elect to write off these expenditures in the year they are made instead of recovering them through depreciation. Under the old rules, taxpayers could generally expense up to $250,000 of qualifying property, such as machinery, equipment and software, placed in service during the tax year. This annual limit was reduced by the amount by which the cost of property placed in service exceeded $800,000. Under the SBJA, for tax years beginning in 2010 and 2011, the $250,000 limit is increased to $500,000 and the investment limit to $2,000,000. The SBJA also makes certain real property eligible for expensing for the first time. Thus, for property placed in service in any tax year beginning in 2010 or 2011, the $500,000 amount can include up to $250,000 of qualified leasehold improvement, restaurant and retail improvement property.

Extension of 50% bonus first-year depreciation - Before the SBJA, Congress already allowed businesses to more rapidly deduct capital expenditures of most new tangible personal property placed in service in 2008 or 2009 by permitting the first-year write-off of 50% of the cost. The SBJA extends the first-year 50% write-off to apply to qualifying property placed in service in 2010. To qualify, property must be new, not used, and have a depreciable life per the modified accelerated cost recovery system (MACRS) of 20 years or less. This would include most machinery, equipment, software, and vehicles (although vehicles can be subject to other limitations).

Boosted deduction for start-up expenditures - The SBJA allows taxpayers to deduct up to $10,000 in trade or business start-up expenditures for 2010. The amount that a business can deduct is reduced by the amount by which startup expenditures exceed $60,000. Previously, the limit of these deductions was capped at $5,000, subject to a $50,000 phase-out threshold. Start up expenses are those incurred in the investigation and acquisition phase before actual business operations begin. They include such items as consulting and professional fees, advertising, travel, and employee training. Without this deduction these costs are required to be written off over a 5-year period.

Deductibility of health insurance for the purpose of calculating self-employment tax - The SBJA allows self-employed business owners to deduct the cost of health insurance incurred in 2010 for themselves and their family members in calculating their 2010 self-employment tax. Previously the deduction was allowed only for income tax purposes.