

Annual Report 2015



2015 Executive Summary:

Castle Rock Economic Development Council's (EDC) mission is to attract and support new job creation and expand the tax base within the Town of Castle Rock. The three fundamental functions of the EDC include:

- New prospect development (primary & retail)
- Business retention and expansion (primary & retail)
- Creation of a business friendly environment

Economic Overview:

Castle Rock continued to experience positive growth across all major indicators in 2015 and remained positive throughout the 4th quarter despite concerns around the greater US and World economy (plummeting oil prices, the Federal Reserve interest rate increases and a downward trending stock market). This is reflected in Castle Rock's sales tax report, which identified an 8% increase year-to-date, and was also supported by the Town's Development Services, which reported a 155% increase in new commercial construction permits to go along with an 8.4% increase in residential activity. Finally, Castle Rock's unemployment rate continued to drop throughout 2015 from 3.4% to 2.9% as reported by the Bureau of Labor and Statistics.

Development was highlighted by the progress of the Promenade retail development, the Meadows Parkway interchange and the opening of Phillip S. Miller Park. Downtown Castle Rock continued the positive trend and has seen the start of what is projected to be \$80-100M of public/private investments in both residential and commercial development within the Downtown Core.

Businesses continue to find Castle Rock attractive. The launch of the "Connexion Spot", Castle Rock's first Co-working environment is an exciting addition to the entrepreneurial network in Castle Rock. We are also pleased to announce Infinity Laboratories, Robots and Pencils and Vista Petroleum as Castle Rock's newest 2015 businesses. Finally, the noted expansions at MyWedding.com, Master Magnetics and the Adventist Health Campus round off what can only be summarized as a stellar year for businesses in Castle Rock.

Economic Development Challenges:

In 2015 Castle Rock's challenges remain unchanged. The most pressing needs include availability of shovel ready ground and demand for industrial flex space. The Industrial flex vacancy rates continue to be below 1%. The risk is that growing Castle Rock companies will not have any space to move into and are at risk of leaving the community in order to grow their company. The lack of available shovel ready sites means that investors, developers and businesses are extremely limited in their options to build and locate to the Castle Rock market. Additionally, upward pressure on wages continues while the job markets remains extremely competitive for employers across Colorado. The lack of available affordable housing continues to be a constraint to many Castle Rock employers. Despite the challenges, Castle Rock remains a thriving and growing community winning the Economic Development Council of Colorado's Award for Economic Development Excellence for the third time in five years. Castle Rock EDC

remains committed to the Town's objectives of attracting and retaining primary jobs, growing the tax base and creating a positive business climate.

Business Attraction

Total Prospects

In 2015 the EDC tracked 155 new business prospects

2015 Prospect Trends by Property Type

Office (15%)

Light industrial (18%)

Retail (12%)

New Development (44%)

New Companies

Connexion Spot - Castle Rock's 1st co-working community designed for independent professionals, entrepreneurs, and remote workers.

Infinity Labs (relocating 2016) – Infinity Laboratories is a leading life-science contract laboratory that specializes in the analysis of medical devices and pharmaceutical drugs. The company currently employs 16 full time employees, which includes a PhD Chemist, PhD Microbiologist, and other chemistry/micro experts.

Robots & Pencils - Robots and Pencils is an app development company known for its top-ranking consumer apps, transformative enterprise apps and gamified learning platforms.

Vista Petroleum (relocating 2016) - Vista Petroleum is a whole sale marketer and rail transportation supplier specializing in petroleum products. Vista recently purchased 18 S. Wilcox and intend to relocate 10 employees to Downtown Castle Rock. They are also planning to add an additional 6-10 employees over the next couple of years.

Business Retention/Expansion

Castle Rock EDC takes a proactive role in meeting with existing businesses and connecting those businesses with valuable resources. As part of the Business Retention/Expansion objective the EDC maintains four formalized programs.

Business Retention Visits

In 2015 the EDC performed 33 employer visits in partnership with its private sector partners resulting in over 145 requests for service.

- Major Expansions Include
 - Mywedding.com (opened 50 new positions to be filled throughout 2016)
 - Digital Globe Services (Headquarters under construction – completion expected in 2016)
 - Master Magnetics (announces 5,000 Square Foot facility expansion for 2016)
 - Rocky Mountain Excavation (added 15 new CR based positions in 2014/2015)
 - Great South West Construction (initiates facility expansion)
 - Pugs Gear (added 9 new CR based jobs in 2014/2015)

- Tripp Construction (building a new Headquarters off of Malibu St.)
- Mirage Dental (new facility under construction in Downtown Castle Rock)
- Restoration Hardware (Expanded from 8,000 SF to 23,000 SF)

CEO Round Table

Each month the EDC meets with our Primary Employers to discuss key issues facing our primary employers and our community. In 2015 the group focused on the following topics:

- Escalating Health Care Costs/Community Wellness
- Employee attraction and retention in Castle Rock
- Entrepreneurship Engagement in Castle Rock (The 104 Initiative)
- Supporting Castle Rock Community Non-Profit Organizations (Farm to Table)

Developer Round Table

The objective of the quarterly Development Roundtable discussion is to foster open and honest communication between the town of Castle Rock and the development community. Throughout this process the group works to create win/win outcomes by communicating directly and respectfully and not shy away from tackling critical development obstacles. It takes into account all participants' perspective for the benefit of the community. The group works on both rapid short term problem solving as well as longer term solutions. The topics addressed, discussed and ultimately agreed upon in 2015 include the following:

- Site Development Plan discussion
- Construction Defects Ordinance Proposal to Council
- Development Reimbursement Agreement
- NEC adoption, Associated costs
- Infrastructure Life Cycle Standards
- Third Party Review Study of the Town's Fee Structure

Comcast Fiber/Coaxial Connectivity

Comcast Proactive Fiber/Coaxial buildout is a first of its kind pilot program. In 2015, as a result of the partnership, Comcast spent \$1.06 million in infrastructure and placed 32 000 feet of Fiber and 34 000 feet of Coaxial. An estimated 393 businesses will now have access and/or were updated free of charge.

Castle Rock wins - Large Community of the Year for Economic Excellence (EDCC)

Criteria for the award included:

- Demonstrated support of economic development – financial, board participation, lobbying, etc.
- Planning and investment in long-term development of the community – infrastructure, permanent financing of economic development, targeted strategies to secure primary jobs, etc.
- Special projects and developments throughout the year

This is the third time Castle Rock Community has received this award in the last five years

2015 Promenade Highlights

- Moved 1.2 million yards of dirt
- Total SF built 51,206
- Tenants Opened
 - Cafe Rio – Tokyo Joe's - Mod Pizza - Jersey Mike's - Mad Greens – Smashburger - Kneaders
- Tenants Signed
 - 24 Hour Fitness -Petco - Sports Authority - TJ Maxx/Homegoods – Ulta – Verizon - King Soopers - T-Mobile - Great Clips - Elements Massage - Waxing the City - Jersey Mike's – Bellco - AT&T - The Joint - Bar Nails & Spa

The Move update

- Broke Ground March 20, 2014
- 50,000 SF of Office Space
- 35% Office Space Currently Leased
- 74 Onsite Parking Spots
- Foundations & Concrete Columns Complete
- Slab Floors, Steel Decking & Alarm Systems (Complete January 2016)

2016 Work Plan

In September of 2015 the Castle Rock EDC board of directors set the 2016 work plan priorities, in addition to the ongoing business retention and primary employment attraction programs. Those priorities are:

- Infrastructure: Encourage strategic infrastructure that maximizes Economic Development impact.
- Business Attraction: Expand higher education opportunities
- Support start up, second stage and entrepreneurial activity
- Positive Business Climate: Reinforce the benefit of public/private partnerships and solution oriented development dialogue.

While additional challenges remain such as, workforce development, attainable housing and escalating development costs the EDC staff will remain focused on four main work plan priorities set by the board.

Frank Gray

A handwritten signature in blue ink, appearing to read 'Frank Gray', with a stylized, flowing script.

President and CEO
Castle Rock EDC

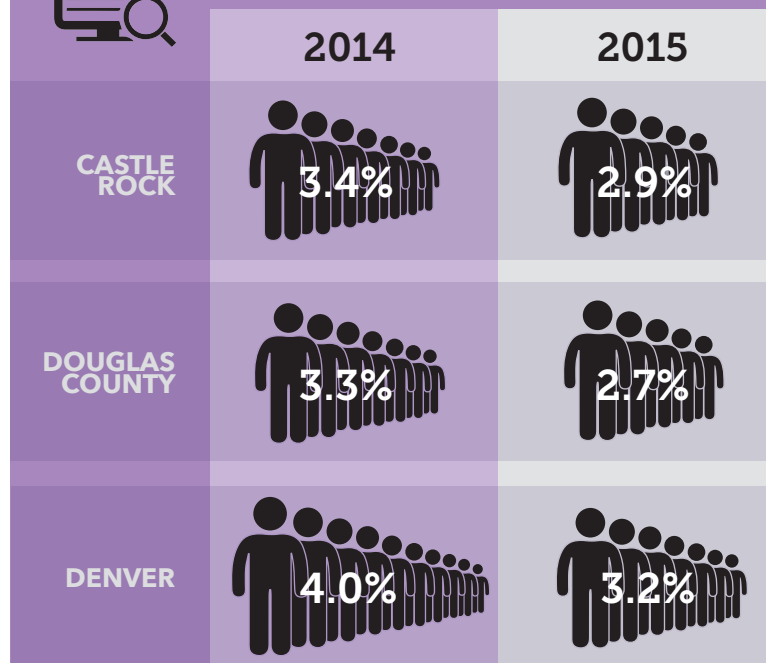
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PRIMARY EMPLOYERS SURVEY HIGHLIGHT DATA



UNEMPLOYMENT COMPARISON

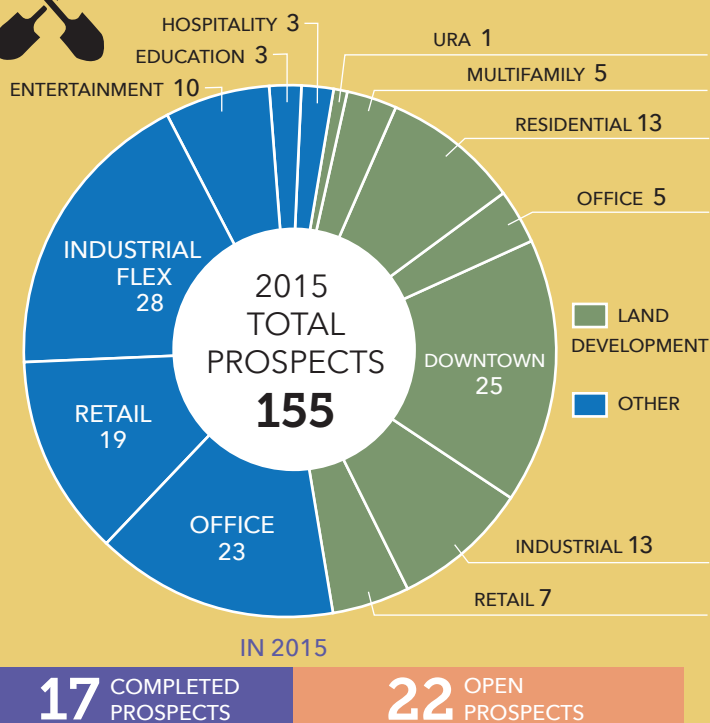


CASTLE ROCK SALES TAX COMPARISON

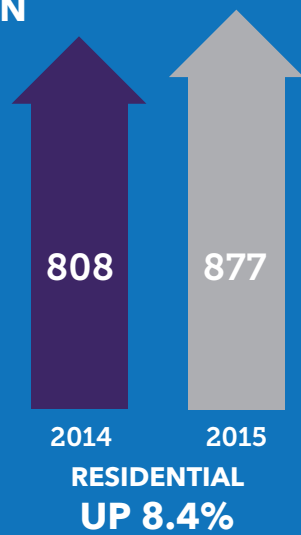
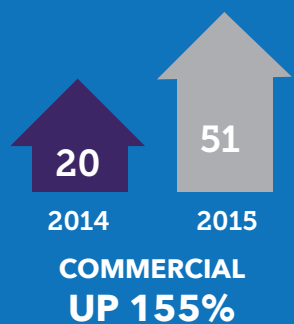
TAXES



DEVELOPMENT PROSPECTS



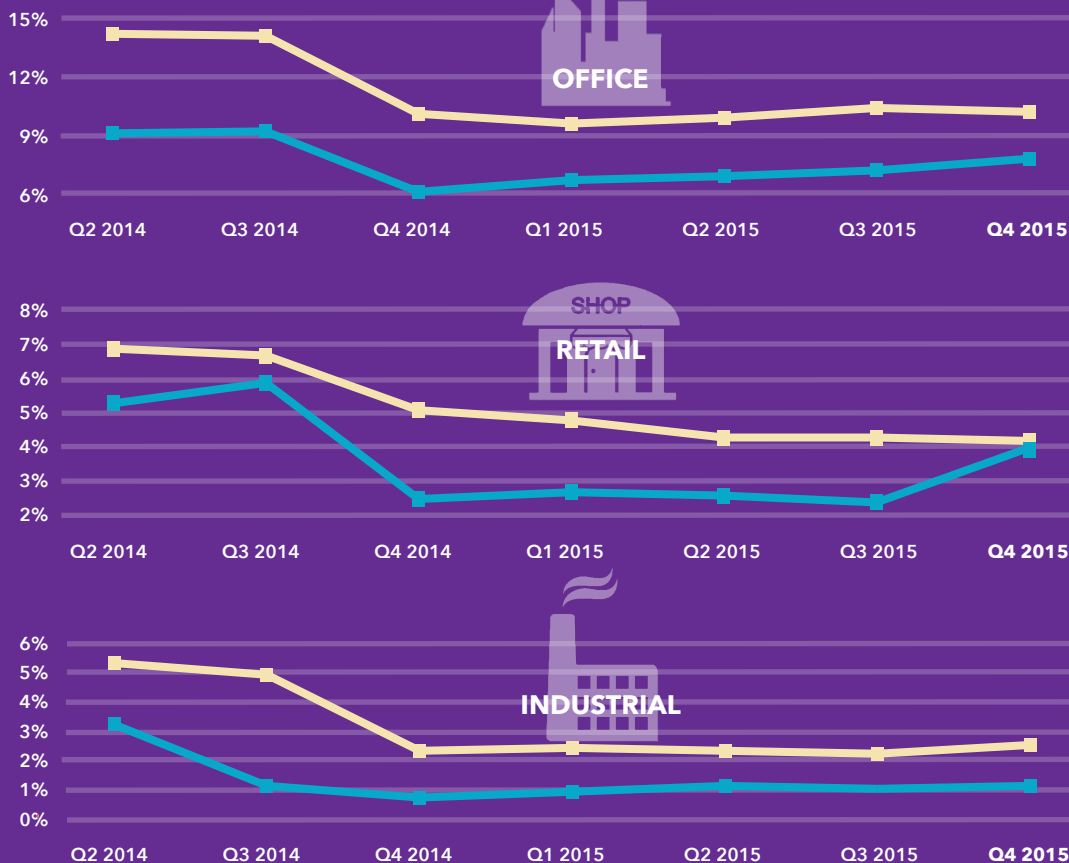
NEW CONSTRUCTION



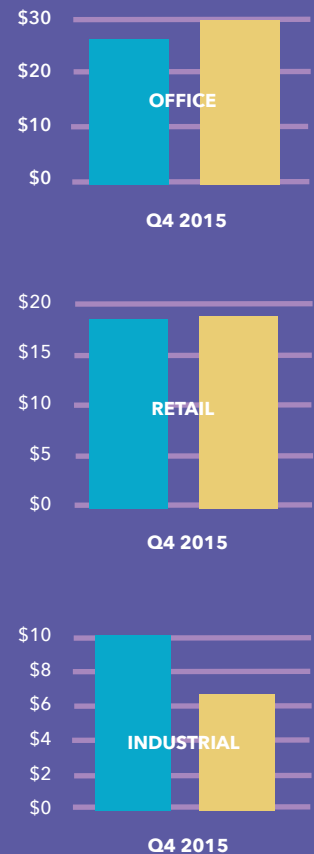
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VACANCY RATES COMPARISON*

DENVER
CASTLE ROCK



LEASE RATES COMPARISON*



*Rates information provided by NavPoint Real Estate Group

INFRASTRUCTURE INVESTMENTS

Comcast launches first of its kind proactive fiber buildout program in Castle Rock – Private sector investment exceeds \$1,000,000

COMCAST FIBER BUILDOUT

Fiber = **32 K ft.**
Coax = **34 K ft.**
Spend = **\$1.06 M**
Businesses effected = **393 est.**



Promenade Update

TENANTS OPENED

Cafe Rio
Tokyo Joe's
Mod Pizza
Jersey Mike's
Mad Greens
Smashburger
Kneaders

TENANTS SIGNED

24 Hour Fitness
Sports Authority
Waxing the City
Jersey Mike's
King Soopers
Elements Massage
TJ Maxx/Homegoods
Bar Nails & Spa
Petco
Great Clips
Ulta
Verizon
Bellco
T-Mobile
The Joint
AT&T

TOTAL BUILT
IN 2015
51,206
SQ FT

1.2
MILLION
YARDS
OF DIRT MOVED
IN 2015

NEW COMPANIES

ROBOTS & PENCILS **INFINITY LABS**
VISTA PETROLEUM **CONNEXION SPOT**

Community Awards CASTLE ROCK

Large Community of the year for **Economic Excellence** (EDCC)
10th Fastest Growing Community in the Nation
2nd Best Suburban Community in the Nation (Sunset Magazine)