

City 'very strong location' for firms Expert calls traffic, lack of incentives detrimental

By RICH LADEN THE GAZETTE

As a 31-year site-selection consultant who helps businesses decide where to expand or relocate, Dennis Donovan puts cities under a microscope to determine their strengths and weaknesses.

And when Donovan looks at Colorado Springs, he sees a great location and quality of life, diverse work force, proximity to Denver and good utility network — among other pluses — that make the city very attractive.

“On balance, Colorado Springs is a very strong location,” he said. “While every area has challenges, Colorado Springs does have some pretty powerful ‘locational’ advantages that appeal to a pretty wide variety of industries.”

But no place is perfect. Growing congestion, outdated tax policies and a lack of incentives and large industrial sites are among flaws that, if not addressed, will prompt businesses to bypass the area, he said.

Donovan’s praise and words of warning came during a Greater Colorado Springs Economic Development Corp. luncheon Thursday at The Broadmoor hotel.

Before speaking, Donovan, of New Jersey-based Wadley-Donovan-Gutshaw Consulting, spent two hours being driven around the Springs. He also did plenty of homework: He said he typically examines the Springs every couple of years on behalf of clients.

Donovan said the time is right to aggressively court businesses. Since the end of the recession in 2003, many companies that had slashed operations are growing again.

And don’t believe all jobs are heading overseas, he said. Industries across the board — including manufacturing and high tech — are expanding, while conglomerates from China and other countries are coming to the United States.

For the Springs, location is its No. 1 asset, Donovan said. The mountains, weather and clean air are part of a quality of life that, in turn, make people want to live here. Businesses, in turn, want to locate where employees want to live.

Being an hour from Denver, its international airport and other amenities also is a plus; few cities have such a nearby “global business platform” from which to draw.

The Springs also has a talented labor pool that runs the gamut from metalworkers to software designers to scientists — a “compelling advantage,” he said. Labor and other business costs are reasonable, too.

But the Springs must act now if it wants to maintain its advantages, Donovan said.

For example, the city has a reasonably good transportation system. But from what he saw of

Interstate 25, Donovan said, the Springs has a well-earned reputation as the nation's most congested small city, and the problem will turn off employers unless it is addressed.

Donovan said the city desperately needs more 50-acre and larger industrial sites for businesses that want to move quickly on new sites.

Colorado also must pump more money into higher education, and the state law that effectively requires commercial property owners to pay significantly higher property taxes than homeowners is a huge disincentive, he added.

Donovan also warned that, like them or not, incentives are a fact of life. Colorado Springs and the state will remain at a disadvantage if they don't offer performance-based tax breaks to businesses creating good jobs.

"If you have elected officials or business leaders that believe there is no role for government (in economic development), then those leaders need to look long and hard about whether or not they should remain as leaders in the community, because it's going to retard the creation of high-quality jobs," Donovan said. "You must have public-private partnerships in everything."

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Pluses:

c Great Front Range location, quality of life, sunshine and clean air c Diverse labor force c Proximity to Denver c Relatively low utility costs c Fairly good transportation network

Minuses:

c Growing traffic congestion c Businesses pay a higher share of property-tax load c A lack of business incentives c A lack of large industrial parks c A lack of air service to East Coast cities