

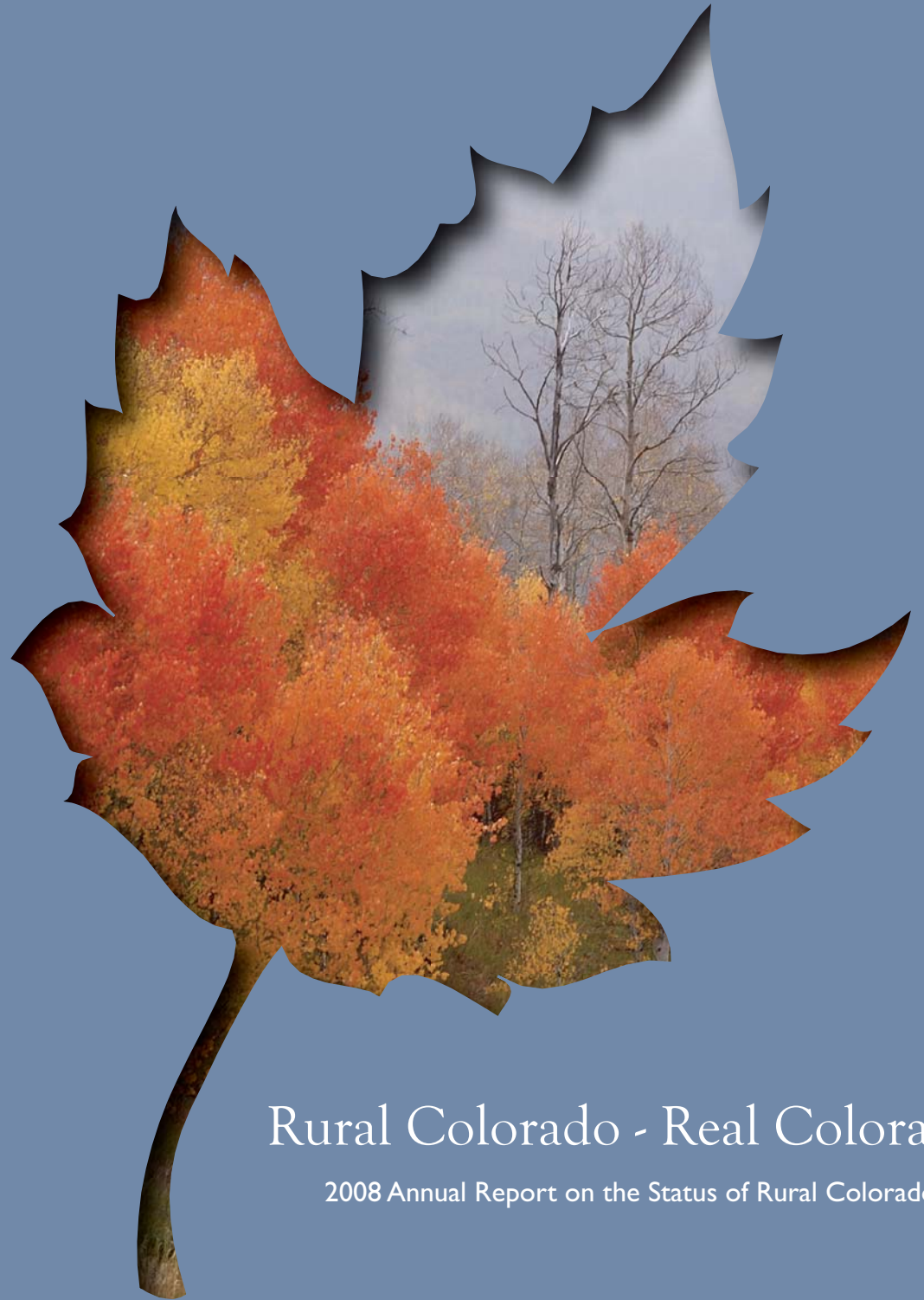


Colorado Rural Development Council



Prepared by  
The Colorado Rural  
Development Council

In partnership with  
The Colorado Rural  
Workforce Consortium



# Rural Colorado - Real Colorado!

2008 Annual Report on the Status of Rural Colorado

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# A Message from the President/CEO



“The future of our state is directly linked to the future of our rural areas.”

In my role as the President/CEO of Colorado Rural Development Council (CRDC) for the past five years, I have been blessed to travel all over this great state - literally to every corner - from Maybell to Dolores - and Ovid to Springfield. I have had the privilege to meet and work with the finest people anywhere, and I know from experience that there are many great success stories throughout rural Colorado. I also know that we are not doing a good enough job of telling those stories to the rest of the state.

The successful farmer understands the concept of cross-pollination. If a neighbor's crop thrives, the more his crop will thrive. Rural Coloradoans also know the challenges of meeting the needs of the people in and around our rural communities. Working together to create a strong and diverse regional economy is as important to the local residents as it is to the entire state. We have to ask the questions: Is the environment conducive to doing business? Is healthcare accessible and available/affordable? Is there housing that is available and affordable for the people who work in the community? Are the schools able to keep up with the demands and needs of today's students? Is higher education accessible within a reasonable geographic area? These are all questions that need to be answered.

Unfortunately, for many rural communities, the most significant export is our youth. Out-migration of the youth, with community affirmation or encouragement of the youth to leave the community for something better, continues to be a huge challenge for much of rural Colorado.

Rural business owners, farmers and ranchers understand the issues that challenge their productivity, from workforce availability to training, housing, technology, and other critical infrastructure issues that impact their daily lives. They also know the importance of community. When we asked, “What makes this home?” the overwhelming responses were “the people” and “the quality of life.” It just doesn't get any better than that!

Why is a report on the status of rural Colorado needed? CRDC understands that the future of our state is directly linked to the future of our rural areas, and it is of paramount importance that we begin to verbalize this connection. The path to the global economy of the 21st century has many risks for rural Colorado. Technology is rapidly moving forward and changing at a lightning-fast pace, and rural Colorado must look for innovative ways to compete while continuing to maintain and improve the high quality of community life that makes living in rural Colorado so special.

Consider that 20% of the population of Colorado is located on 80% of the land in the state. This fact has significant policy implications and leads us to the next question. Why would the information in this report be important? We believe there must be a better working relationship between urban and rural interests. Rural communities MUST do a better job of educating our urban neighbors on the importance of the economy of rural Colorado to the State of Colorado as a whole. There are many exciting and innovative efforts throughout rural Colorado, and this report will be the link that begins to connect the stories with the intrinsic value they hold.

The Annual Report on the Status of Rural Colorado will:

- demonstrate the aggregate impact of the economy of rural Colorado on the state as a whole;
- identify indicators of economic viability, workforce readiness, and social and environmental needs;
- work to develop real solutions to rural Colorado's economic and workforce issues, as well as rural/urban conflicts and;
- illustrate the interdependence of Colorado's urban and rural economies.





In essence, this Annual Report will focus on the importance and value of the economy of rural Colorado to the economy of the entire State of Colorado.

In essence, this Annual Report will focus on the importance and value of the economy of rural Colorado to the economy of the entire State of Colorado.

CRDC conducted eight focus sessions throughout the state in the Spring, 2008, and this report will highlight those recurring themes that surfaced during those focus sessions. In each of the sessions, in addition to other topics, we focused on a workforce availability and comparative analysis vs. a competitive analysis, and learned of many disparities within that one topic. For example, if the unemployment rate in one county or

region is 2.3% and in another county or region it is 6.7%, what does this mean for the individual county, the region, and ultimately, for the state? This report will attempt to compile the raw data from each region and break it down into a usable, “how-does-this-affect-us” format.

Many of the conclusions in this report are the result of important qualitative, topical discussions throughout rural Colorado with well over 200 people from many diverse sectors. This report will define the importance of rural Colorado to urban Colorado. It will look at measures of support and return-on-

investment that will strengthen the economy of rural Colorado, hence, all of Colorado.

Compiling such a report takes a large and capable number of people and organizations. We had to have the right people on the bus and in the right seats, if you will. We received incredible support from Heidi Bimmerle, Director of the Rural Workforce Consortium, and her great staff from throughout rural Colorado. The Colorado Department of Labor and Employment and the Colorado Workforce Development Council were also invaluable partners. They all believe in the need for an effort such as this and have provided immeasurable support.

This report could not have happened without the great dedication of Michelle Alcott, CRDC Business Manager, and her day-to-day commitment to CRDC; Linda Hawkins, Hawkins Strategies Group, and her expertise in developing projects of this scope; Christy Culp with the Department of Local Affairs and Elizabeth Garner in the Colorado State Demographer’s Office, both of whom provided incredible amounts of valuable data for our review; the great support of the CRDC Board of Directors; as well as many, many people throughout Colorado who have willingly shared their insights and stories to support this effort.

To those of you reading or using this document, your feedback regarding this report is encouraged and appreciated. This is the first report of its kind and a baseline for future reports and discussions. Thank you for your interest in these issues and for getting “On Board with Rural Colorado” – Rural Colorado is real Colorado!

Clarke Becker  
President/CEO  
Colorado Rural Development Council



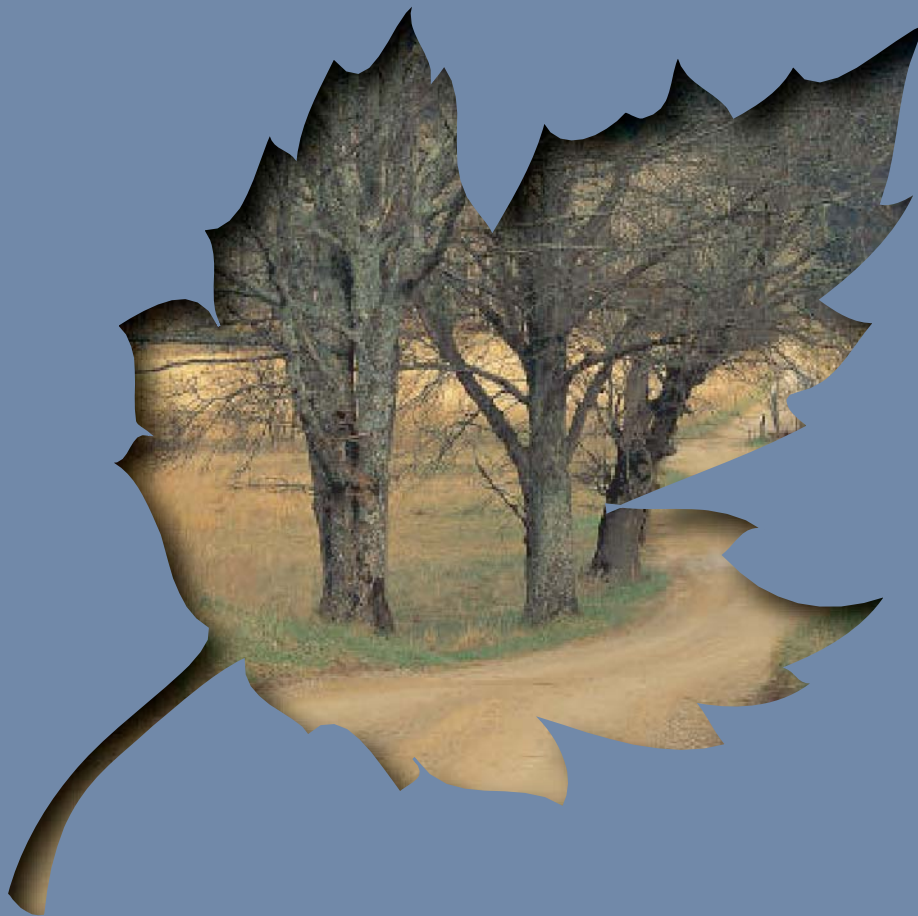
Colorado Rural Development Council



Lucinda “Cindy” Perry, an author and entrepreneur, lives on a ranch outside of Kit Carson, Colorado. Some of her other works include two books, “A Can of Worms in Carsonville” and “Curmudgeon: A Carsonville Christmas Story.” Cindy is presently working on a book of poems about rural life and issues, and “Just Up The Road Apiece” will be one of the featured poems in that book. CRDC would like to thank Cindy for allowing us to share her tremendous talent – and insights on rural life – with you in our first Annual Report on the Status of Rural Colorado. Her message is an important illustration of the goal we have for this report.

# “Just Up The Road Apiece”

By Lucinda Jane Perry



There are a lot of little towns that dot this highway,  
and each of them is thinkin', "It's got to be my way."  
And for the next town over? Not the time of day!  
Just up the road apiece.

So, we've got one town here workin' against the other.  
Could we change all that and make them our brother?  
What's good for one town might be good for another,  
just up the road apiece.

They say there's strength in numbers so do the calculations.  
Add two towns together, both with small populations.  
The sum total is . . . we share the same situations  
just up the road apiece!

Well, what if each town simply changed their courses?  
Started getting together, began joining forces.  
Working side by side and sharing resources  
just up the road apiece.

While each small town had found it hard to get a mention,  
working together began to bring them some attention.  
They've decided they like this new cooperative invention  
with folks just up the road apiece.

Now instead of an old enemy, each town is a new friend.  
To join their hands together everybody's had to bend,  
but they see a brighter future for both towns in the end.  
And now just up the road . . . a peace.

# Introduction



“The vision for this document is that it will evolve into the primary resource that answers the questions of the importance of the economy and the value of Rural Colorado.”

It is generally accepted that 20% of our state’s population is located in 80% of the land of Colorado, and it is a startling fact that 57 of our 100 Colorado state legislators have zip codes in the greater Denver area. Why is this information relevant? The Colorado Rural Development Council recognizes that there must be a good working relationship between urban and rural interests. We, in rural Colorado, MUST do a better job of educating our urban counterparts on the importance of the economy and the value of rural Colorado to the entire state. There are many exciting and innovative things happening throughout rural Colorado and this Annual Report will be an important tool that will tell those stories and frame the issues more effectively.

The Colorado Rural Development Council (CRDC) is a 501c3 non-profit corporation whose goal is to help strengthen rural Colorado communities. CRDC is one of 35 federally-recognized State Rural Development Councils (SRDC), and was formed in 1993 just three years after President George H.W. Bush, by Executive Order, created the opportunity for five pilot State Rural Development Councils to organize.

In 2002, the Farm Security and Rural Investment Act, aka the Farm Bill, changed the structure and opportunities for the State Rural Development Councils, and at that

time CRDC created a new work plan consistent with the expectations of that Farm Bill. That work plan served CRDC well for four years. However, with concerns over the reauthorization of the Farm Bill, and anticipated political changes in Colorado, regardless of who won the November, 2006 election, the CRDC Board of Directors decided to “put CRDC on trial for its life.”

The result of this effort was a newfound enthusiasm for the role of CRDC throughout rural Colorado and all of Colorado. Our Board of Directors’ structure has evolved to better fit the change from a “membership-based” to an “investor-based” organizational format that emphasizes the return on investment. These changes were fundamental components of the new five year strategic plan. These changes are creating many new opportunities for CRDC to respond to the critical needs facing rural Colorado.

The Colorado Rural Development Council (CRDC) is a partnership committed to promoting entrepreneurial growth and advancing rural economic and community development interests by listening to the needs of rural people. CRDC encourages and assists locally defined community development by fostering creative partnerships, knowledge,

communications and resources to effectively implement the vision of the community.

In essence, CRDC works to influence positive economic change throughout rural Colorado. One of the major components of our five year strategic plan is to be the “voice for rural Colorado.” To do that, we are committed to educating the people and policy makers of urban Colorado on the value of the economy of rural Colorado to the entire state.

An exciting partnership was formed when CRDC and the Colorado Rural Workforce Consortium (CRWC), an arm of the Colorado Department of Labor and Employment (CDLE), and the Colorado Workforce Development Council (CWDC), decided to create the first-ever “Annual Report on the Status of Rural Colorado”. In this important venture, CRDC has applied experience in rural communities and access to resources and has gathered and organized the data, and CRWC has evaluated the workforce climate of the rural regions. These combined efforts have produced this first report, which will be updated annually. The goal of the report is to implement strategies aimed at enhancing the economic vitality of the rural regions.





“Get ON BOARD! with Rural Colorado! ... “Rural Colorado – Real Colorado!”

The CWDC exists to provide oversight to the state workforce development system, to determine policy strategies, and to implement statewide workforce investment activities (including the evaluation of Colorado’s rural workforce investment projects). CWDC has approved allocation and the use of the Workforce Investment Act funding for this Annual Report.

The Colorado Department of Labor and Employment is the administrative agency for all Workforce Investment Act (WIA) and Wagner Peyser funds. CDLE has approved this initial allocation

of funds to support the Annual Rural Report project. The Colorado Rural Workforce Consortium is one of the nine federally-designated workforce regions in the State of Colorado. The Consortium includes 11 distinct geographic and economic sub-regions. Rural workforce regions are continually challenged by their geographic size, and yet they continue to attempt to provide services to as many of their remote clients as they can by establishing satellite offices and partnering with other community agencies. The opportunity to partner with CRDC on this much needed effort is just

one more way the Rural Consortium works to provide leadership throughout all of Colorado.

CRDC publishes and distributes this report to its readers as the only available compilation of the information about rural Colorado and its importance to the state. These readers include, but are not limited to, local governments, urban and rural legislators, state agencies, business communities, economic developers, and private citizens. The vision for this document is that it will evolve into the primary resource that answers the questions of the importance of the economy and the value of rural Colorado. The Annual Report will reflect and identify the opportunities and challenges facing rural Colorado.

At the end of the day, it is all about the overall status of life in rural Colorado. This Annual Report will focus on the development of real solutions to the issues of rural economics and workforce availability, as well as rural/urban tensions. The bottom line is that CRDC encourages everyone to “Get ON BOARD! with Rural Colorado! ... “Rural Colorado – Real Colorado!”

# Quantitative General Analysis



“Quality of life begins with a good job!”

The quantitative data for the general analysis was prepared for CRDC by the Colorado State Demography Office (SDO)<sup>1</sup> and the Colorado Department of Labor and Employment.<sup>2</sup> The data for 2007 Base jobs and Income is to be available in mid to late December of 2008. This data is going to be available later than usual for reasons beyond the control of the SDO. However, in a preliminary review of the 2007 data, there are no substantial differences between 2006 and 2007 shares for jobs and income allowing our analysis and assessment in this report to be reasonably accurate. We also recognize that the current turmoil of the United States financial markets will have a significant impact on the 2008 jobs and income data. The 2009 Annual Report will be particularly important as we review and analyze the impact of these difficult financial times.

The quantitative data and analysis in this document needs to be considered carefully. This report and evaluation is intended to develop a baseline or benchmark to measure future efforts in the creation of a more diverse and sustainable economy for each county as well as regionally. This analysis is intended to illustrate the investment opportunities for the public as well as private sectors and stimulate the conversation around opportunities and challenges throughout rural Colorado.

## Base Jobs/Base Industries

A summary explanation of the basis for the SDO data can be found in the Resource Section/Appendix of this document titled: A Framework for the Presentation of Population and Eco-

nomics Data for a Region or County. We have also provided an abbreviated version outlining the descriptions for the base jobs and income used in our analysis. That item will also be found in the appendix of this document titled: Base Industries Defined.

A brief explanation of base jobs would be industries that produce exports or derive their sales or income directly from outside sources, or indirectly by providing supplies to export industries. These activities **bring in outside dollars** to circulate within the local economy. These industries include agriculture, mining, manufacturing, national and regional services, state and federal government jobs, and tourism. Another base industry is created by households that spend money earned elsewhere, for example, a retiree whose income comes from outside of the county is supporting many traditional local resident services jobs; however, since his/her income is basic (from outside the local economy), the local resident service jobs are also considered basic.

The difference between base jobs and base income varies considerably throughout the 49 counties evaluated as well as the entire state as a whole. In many cases, the number of jobs exceeds the comparable level of wages and exceeds the acceptable level within the 60% baseline standard that generally reflects a more diverse economy. The most significant indicator of these combined numbers is that tourism is most often identified as one of the top three categories for the rural regions. However, tourism is not one of the top three indicators in most of the more urban counties. This

confirms what we already believed to be the case. Rural Colorado brings great economic opportunity to the state, particularly in the areas of tourism and agribusiness.

From a sustainability perspective, if the top three (3) base categories are within a 5% range of jobs and income and less than 60% or less of the total, this would generally reflect a more balanced and sustainable local economy. A larger spread would indicate a need to develop greater balance for the local economy.

## Contribution of Rural Colorado to the State of Colorado

One of the biggest challenges facing the creation of an Annual Report of this magnitude will be to most effectively paint a responsible picture of rural Colorado that supports public and private investment in rural Colorado. The report is committed to include accurate information to detail the opportunities and solutions for the issues and problems identified in rural Colorado and to reflect rural Colorado's significant contribution to the State of Colorado.

CRDC is often asked what we consider to be “rural.” We have seen many different and varied breakdowns and definitions. USDA-Rural Development has noted that they have as many as five different definitions, depending on various programs available. The new “Farm Bill,” or “Rural Bill” as we prefer, has yet to determine the definitions of rural as it considers the new regulations for the

<sup>1</sup> <http://www.dola.state.co.us/dlg/demog/index.html>

<sup>2</sup> <http://www.coworkforce.com/>

programs it has created. CRDC has developed a map (noted at the right) that identifies 41 rural Colorado counties, 14 micropolitan or “agurban” counties and 9 urban counties. This map also illustrates that 24 of the 41 rural counties have populations of six people per square mile (or less), and 11 of those 24 counties have two people per square mile (or less), sometimes referred to as “frontier” counties. The surprising truth is that only two Colorado counties have no rural areas at all: The City and County of Denver and the City and County of Broomfield.

When we look at the quantitative data in this report, many different conclusions can be developed. Fundamentally, we looked for indicators of a sustainable local economy as well as their contribution to the state’s economy as a whole. Our premise is that the top three economic drivers/base industry job indicators should reflect a total that is less than 60% of all of the categories for the respective counties to reflect a diverse economy. As a state, it is not responsible to quantify the top three drivers as there are many counties that “cross over” to one another, therefore skewing a statewide total. Therefore, we are trying to focus on individual counties in each region for our conclusions on economic sustainability as well as opportunities and threats.

We further recognize that a compilation of all rural counties does not create an accurate picture of the rural Colorado economy due to the significant diversity of rural Colorado. It is our goal for this report to recognize and celebrate that diversity

and illustrate the strengths and weaknesses available to all of Colorado.

There have been significant changes throughout rural Colorado in the past seven years. Significant data is available, but it would not be accurate or responsible, as indicated earlier, to put all rural counties into one category or “basket” due to the diversity throughout rural Colorado. However, data prepared by the US Department of Commerce has illustrated some interesting trends:

A comparative increase in population from 2000 to 2007 is:

State-wide:	13.0%
Urban:	13.9%
Rural:	7.7%

Population growth has predominately been in urban areas. The diversity of rural Colorado makes it important to focus more on the regional impacts of growth and deal with the issues more specific to those areas, as you will see in the sections for each of the respective regions.

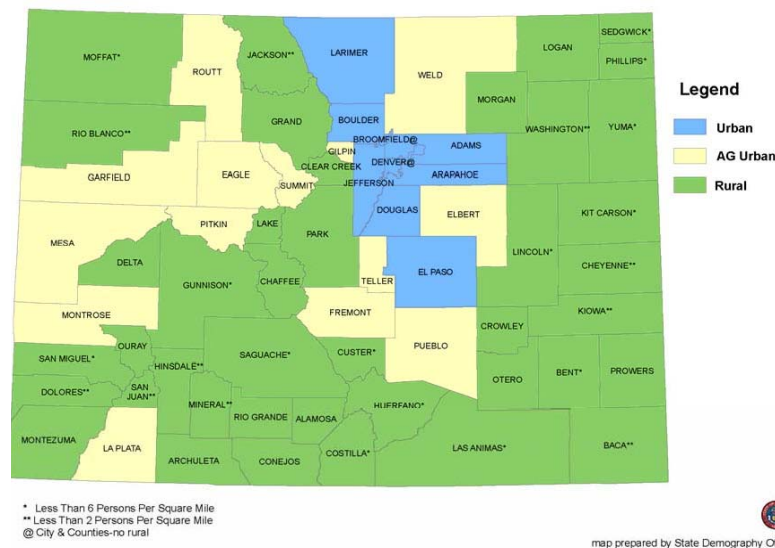
Another significant indicator of the challenges and differences throughout Colorado comes from an evaluation of population base, property values and public lands compared to private (taxable) lands.

### Community Wealth

From one perspective, if it is assumed that “*quality of life is largely determined by community wealth, both public and private,*” we can reach some fascinating conclusions.

One indicator of community wealth would be a county or community’s

## Colorado



assessed valuation. Given the complexity of Colorado’s tax environment, the Gallagher Amendment creates an environment of dependence on commercial value to provide the predominant revenue streams for local governments, such as counties, fire districts, school districts, library and other special districts. Typically, municipalities are not as dependent on property taxes as they tend to generate more revenues from sales taxes.

With this in mind, we developed an evaluation of this community wealth indicator across the state. In evaluating the entire state, we found that the average assessed valuation per square mile across the state was \$707,000. This, in a vacuum, is not a significant piece of information. However, we were able to compare all of the regions of the state and illustrate the opportunities and challenges.

Denver and Broomfield clearly have the most significant assessed valuation per square mile at nearly \$50,000,000. However, with that level of value comes over 3,200 people per square mile. This is in comparison to just over 8 people per square mile in all of the 49 rural consortium counties. There are trade-offs, to say the least.

It is also important to note that the vast majority of public lands in Colorado is found in rural Colorado, and mostly on the Western Slope. Nearly 85% of all of the public land in Colorado is located in the 49 rural counties in the Rural Workforce Consortium, and just over 60% is located on the Western Slope, with significant public lands in the Central Mountains and South Central Regions. We will draw more specific conclusions within each of the regional analysis.



# Qualitative General Analysis

The qualitative data is information collected from the focus group participants from 49 different counties in 8 of the 11 rural workforce consortium regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

## Methodology

The methodology used for developing the qualitative data in this report was to organize and

facilitate eight statewide focus groups, one in each of eight workforce regions identified below.

The goal was:

- to engage business and community leaders in discussions of:
- changing rural dynamics,
- challenges and opportunities for rural sustainability
- and to clearly identify the key issues relating to workforce:
- training

- housing
- and other related economic issues.

We used these linkages to illustrate the interdependence of Colorado's urban and rural economies.

Invitations were sent to hundreds of key business leaders, government staff and elected officials throughout the state. We averaged approximately 30 participants per focus session location and received invaluable information and feedback. The staff of the Colorado Rural Workforce Consortium from all over Colorado

“This process will aid us creating a baseline of conversation and important data that we can build on each year.”

Colorado Rural Development Council's  
Status of Rural Colorado Annual Report Map



map prepared by State Demography Office



Consider that 20% of the population of Colorado is located on 80% of the land in the state.

provided great assistance with the logistics of these sessions and in developing the list of potential invitees. We know we missed some key individuals and organizations, and we are already developing a larger scope of contacts for the follow-up report for next year.

The eight focus sessions were held in Steamboat Springs (Rural Resort Region), Rifle (Northwest Region), Durango (Southwest Region), Las Animas (Southeast Region), Yuma (Northeast Region), Montrose (Western Central Region), Poncha Springs (Central Mountain Region), and Alamosa (South Central Region).

This process will aid us creating a baseline of conversation and important data that we can build on each year. The report is designed to become the “go to document” each year for important information concerning rural Colorado.

We hope that the readers of this document will find this information valuable, and the feedback we gain from this will guide us in creating a stronger and more effective product each year.



# Workforce Availability

Workforce availability is a huge issue for rural Colorado. In many parts of the state, “The pond is about fished out.” For skilled labor, employers often have to bring in workers from outside which creates other issues. It can be a challenge to integrate labor from overseas into a community.

The rural economy seems to be moving toward balancing jobs by more of economic management rather than economic development. In many regions it is not difficult to add more jobs; however, the opportunity costs for business may make it unlikely to expand as they cannot add more people primarily due to the expense of finding the needed workforce. Therefore, there needs to be a focus on retention and turnover costs.

Tourism regions are finding it hard to attract and retain employees and this impacts the level of service. This is a troubling issue as regions dependent on tourism must offer good service to the tourism trade. The trades workforce is serving the needs of second home development, particularly in the mountain areas, and not serving basic community needs.

There are different levels of workforce availability. Businesses suggest that they can hire teenagers, but they cannot hire college-degreed employees and afford to pay them. There is a need for short-term, fast-paced vocational training. The

unemployment rate does not tell the impact of under-employment, especially in the southwest where PhDs can be found waiting tables and a significant number of residents with Master’s degrees are not working in their area of educational training.

Workforce availability is a critical element for rural Colorado business and agriculture climates, also impacted by the threats to water retention. It is impossible to maintain a sustainable agricultural business economy if workers are not available to tend and harvest the crops.

Correctional facilities are one of the larger employers in many regions, and they are helping by providing good-paying jobs. In spite of their efforts, the shortage of workforce is affecting these operations. Also the workforce system is working diligently to identify ways to deal with these challenges in the rural areas. The workforce system is unable to spend the necessary time working on identifying solutions and correcting the issues as they have to spend more time on the day-to-day efforts that consume so much of their time. Their own staffing, budget and workforce challenges are impacting that.


The banking sector echoes the same song, different verse. Bank customers are affected in some manner, either directly or indirectly,

by the workforce issues. In eastern Colorado, the agricultural economy sustains the banking sector. If the water would eventually leave the region, it would have a significant financial impact, raising fears in the banking sector of its ability to adjust to such a decline.

Population decline is a particular workforce concern in eastern Colorado. Retaining workers that have graduated from high school in the region is a significant challenge. Collaborative, distance learning opportunities are an important option as a solution to this issue.

Rural Colorado has complex systemic employee recruitment and retention challenges. Though workforce availability is an issue, it also creates other challenges from education to housing availability. Some suggest that if supply equals demand, contractors will come. The issue seems to be more complex than that. Many employers have difficulty hiring or keeping employees. The inability for many potential employees to pass a drug test further complicates the labor issue.

There is a sound idea that rural Colorado needs to grow its own workforce and provide proper incentives, such as collaborating with local high schools to make incentives available if the fully trained, locally grown, professionals come back home. **“Growing its own” is the long-term solution.**

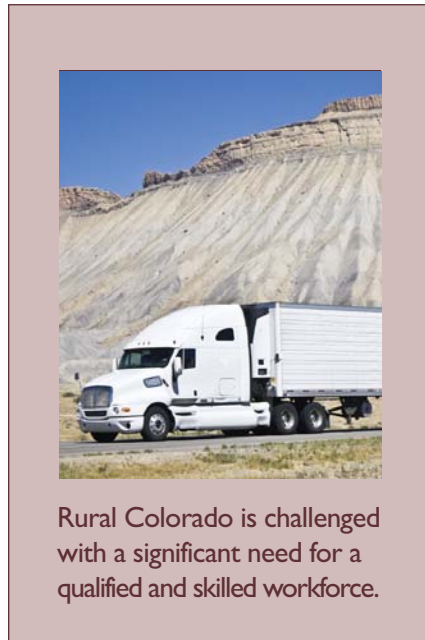


“Growing its own” is the long-term solution and there is a sound idea that rural Colorado needs to grow its own workforce.

A reasonable return on investment model needs to be developed as a potential solution. The idea of “growing its own” is an important beginning. It may be time for local groups, local governments, city, counties, and local entities to start setting aside incentive dollars to bring people back. Rural Colorado can not rely on the state legislature to fix this problem. Private investment will be a key.

It has been said: “If you always do what you’ve always done, you will always get what you’ve already got.” Rural Colorado needs to look at new ways to influence positive economic change. There is engaged leadership in rural Colorado, working to make these changes, but, at times, convincing some of the “old guard” that change needs to occur can be a real challenge.

There is a changing mindset in rural Colorado, and there also needs to be an effort to change the mindset throughout the state. We will continue to identify opportunities and solutions and elevate technology and agriculture as a big part of conversation. We need to recognize the mindset of people within urban communities. Generations of people have been leaving rural areas. As the generations leave, institutional memory changes, and urban culture is all the subsequent generations understand. Working together to create and sustain an available and



job-ready workforce will be critical to the future of our rural areas.

Workforce challenges are a systemic issue within rural Colorado that affects underemployment, the graying of the workforce. Challenges in the agricultural sector are a function of immigration policies, housing affordability, impact on education and youth out migration and these place significant stress on infrastructure including transportation.

Another developing trend in rural Colorado regions occurs when employers recruit a new employee and too often the spouse is placed in

an underemployed or unemployed situation. Some job seekers are actually “dumbing down” their qualifications just to get work. They do this so they do not appear overqualified, thus risking intimidating a prospective employer.

The graying workforce is an issue, and new data from the Bureau of Labor Statistics suggests it is a significant opportunity at the same time, particularly in light of the current economy. Retirees may be returning to the workforce as they are not able to survive on their existing retirement income.

Another concept known as “workforce substitution” is where communities evaluate more of the education level of the current population and seek to develop new business attraction and expansion around that data and those individuals.

The ability to effectively identify lone eagles is limited or missing. One option would be to look at lone eagles as sole proprietors. These jobs represent economic opportunities for the region, but it is very difficult to track this sector.

Other questions and data that is needed:

- How is underemployment defined and can it be quantified?
- Local employers need to identify skilled workers which may be a

- problem that is a function of the cost of housing.
- Retirees are a skilled workforce and what are the opportunities of working with them?
  - Retirees tend to work out of their homes, are active volunteers helping the community, but are generally not considered part of the workforce.
- The youth of the region leave to get college educations and are not available to enter the local workforce, causing significant out migration.
- Higher education opportunities are limited in parts of rural Colorado. The overall education levels of the residents correlate to the average wage, median household income. The higher the education level, the higher the income level is likely to be.

In the end, the key issues are workforce availability and affordable housing (which is a function of the workforce receiving a living wage). Rural Colorado is challenged with a significant need for a qualified and skilled workforce. The ability to pay for the qualified workforce with pay scales that are competitive magnifies the inability to provide housing that is affordable for the local, qualified work force.

# Housing



“There is a clear link between affordability and availability in housing stock and workforce availability throughout rural Colorado.”

The housing issue is a systemic problem directly related to workforce availability. Rural Colorado needs a stable workforce. We need to encourage our children to get a meaningful education, but many regions have limited jobs to keep them in the area or to entice them to come back. If the youth can find jobs that bring them back to the region, housing becomes a new problem. Workforce housing is directly linked to business sustainability. The boomerang effect is related to a desire to return and can be affected by other issues, such as family, lifestyle and history.

There is a clear link between affordability and availability in housing stock and workforce availability throughout rural Colorado. As housing prices increase in many parts of the state, the risk or at least the fear of another economic decline, impacting different parts of the state, creates a need to look at a more sustainable business economy that relates to the global economy over the next twenty years of development.

A significant housing issue relates to people that have been in a region for many years. Many are sitting on so much home equity that they cannot afford to stay in the area. Conversely, many other homeowners cannot leave their house because they are

upside down in their mortgage. Housing affordability continue to be a serious issue and infrastructure needs for rural residents and visitors.

The issues surrounding second home owners or part-time residents continue to be an important discussion in various mountain communities. Considerable research has been completed in this area relative to the impacts to rural communities. Region 9 Southwest Colorado Economic Development District and Region 10 in West Central Colorado have both completed comprehensive studies related to this issue.

Another example of a completed study is the Northwest Colorado Council of Governments:

Phase One – The Study of the Social and Economic Effects of Second Homes

Phase Two – Transitions in Mountain Communities: Resort Economies and their Secondary Effects (an excerpt from the Report)<sup>3</sup>:

## Region-wide

- Across the study region, including all four counties and the City of Steamboat Springs, the percentage of homes owned by second owner decreased slightly, from 59% in 2003 to 55% in 2006.

- Region-wide, second homeowners occupied their properties an average of 64 days a year – most often during ski season and the summer months of July and August.
- Second homeowners visit their properties most frequently during the ski season (an average of 24 days December through March) and in the summer (an average of 20 days in July & August).
- 73% of second homeowners surveyed said they consider their property a vacation home rather than an investment.
- Region-wide, the top three reasons second homeowners purchased their properties were slightly different in 2006 than 2003, with the third and fourth reasons changing places.

Commuting patterns have changed substantially in many rural regions and this impacts housing affordability. The volatile fuel prices at the time of the writing of this report will also continue to influence housing issues. Commuter patterns in rural Colorado need to be reviewed.

Available housing stock is a major issue in many areas of rural Colorado, and new developments are going to be expensive with new infrastructure needs. The related increased transportation costs and



### Social and Economic Effects of Second Homes:

In 2003:

1. Recreational amenities – 83%
2. Proximity to ski resort – 73%
3. Scenery/surroundings – 72%
4. Intend to vacation here for years – 66%

In 2006:

1. Recreational amenities – 81%
2. Proximity to ski resort – 75%
3. Intend to vacation here for years – 71%
4. Scenery/surroundings – 64%

increasing rural travel are all impacted by increasing gas prices. In general, many communities have many “locals” who commute long distances. Existing residents tend not to be used to these commuting patterns and conflicts arise as a result.

Another impact is a result of a loss of a construction workforce which can force residents of some regions to consider more manufactured housing. It is often tough to get electricians/plumbers to some parts of rural Colorado because they are working in other areas which make access to their services highly competitive.

Rural Colorado must remain diligent in providing solutions to housing that is affordable for the people who work in the region. This will only improve the ability to attract workers to move to rural Colorado.

Housing and workforce are critical components to developing a sustainable economy. It is important that the younger workforce have access to affordable housing. Entry level or worker housing is a universal need throughout western Colorado. The “drive until you qualify” situation puts many constraints on infrastructure. There is an “inelastic” supply, and many younger workers are working 3-4 jobs to make a go of it.

Finally, affordable housing can be a sore subject locally. “Do we want to create affordable housing or are we talking about housing that is affordable for the people that work in our counties?” Is there really a difference between the two?

<sup>3</sup>Northwest Colorado Council of Governments, “Transitions in Mountain Communities,” 2006; <http://www.nwc.cog.co.us/Second%20Home%20Study/Second%20phase/2Final%20TMC%20Binder%20May%2007.pdf>



# Immigration

Immigrants to Colorado provide a valuable and needed workforce. However, immigration policies and their impact on farm workers are important issues. There are numerous examples of abuses and challenges, but also successes of this important labor force to rural Colorado.

An example of a real world impact is an Olathe sweet corn farmer that had to leave a significant amount of his crop in the field because he did not have enough workers to pick the crop. Eighty-five percent of the food produced in Montrose County is picked by hand.

Immigration is a significant component of workforce (agriculture, tourism, hospitality, and healthcare). Addressing the immigration issue in an honest and humane way would benefit both urban and rural regions.

In the San Luis Valley, Greeley, and Lamar the amount of petitions to Homeland Security is up 50%. Clearly immigration constraints are a unique and challenging issue in labor and workforce availability in rural Colorado.

There are significant differences in the areas of immigration and the workforce that are often confusing to the average person who does not deal with this on a regular basis.

1. Migrant workers are United State citizens who migrate throughout our country, following growing seasons for various crops and agriculture operations.
2. H2A guest workers are agricultural workers who come into the United States with a visa.
3. H2B guest workers are primarily tourism-industry workers who come into the United States with a visa.

Migrant and guest workers can impact and increase health care needs and other services for a region or county. However, regions can and do legally bring in guest workers, do the necessary drug testing and screening, and the workers return home at the end of the season. The agricultural season is often in sync with school district calendars, so the guest workers and the migrant workers can, but do not necessarily, affect local schools.

However, there are certain areas in the agricultural industry that cannot wait for the H2A issue to be resolved, as it is very sensitive to the timing of the crops. Some of these crops, particularly on the western slope, if not grown this year, will not be able to be grown next year, which represents an even greater opportunity cost/loss. The guest worker issue is not only related to Mexican or Central American

workers, but also with guest European workers working in the tourism industry such as in Telluride or Steamboat Springs. These workers add considerably to the region's diversity.

As reported in the National Conference of State Legislatures article of October/November 2006,

*Politics or Policy?*

*How to deal with the influx of illegal immigrants is a top campaign issue this year.*

*By Chris Frates*

Excerpts from this article follow:

“Immigration bills focusing on everything from employment, trafficking, public benefits, education, identification, voting rights, trafficking and law enforcement passed in 27 states in 2006, but Georgia and Colorado enacted the most comprehensive legislation...

## **The Colorado Case**

It started in mid-June, when the Colorado Supreme Court struck down a proposed constitutional amendment to ban state services to illegal immigrants that would have been on the November ballot. Supporters of the citizens' initiative were livid with the ruling and charged that the court's Democratic-appointed majority ran out the clock by taking three months to rule.

“Immigrants to Colorado provide a valuable and needed workforce.

Addressing the immigration issue in an honest and humane way would benefit both urban and rural regions.”



Proponents had no legal remedy other than to ask the court to reverse its ruling—an unlikely outcome.

The two sides agreed on a solution, modeled after the Georgia law that combined provisions of the defunct ballot and a Democratic-backed proposal to stiffen penalties for employers who don't verify their employees' legal status. The compromise also would list the state services that would be denied to illegal immigrants.

House Bill 1023, which went into effect almost immediately on Aug. 1, forces 1 million people to prove they are legal residents and to sign an affidavit to that effect before collecting public services. Those services include retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefits or similar payment.

The penalty for supplying misinformation is misdemeanor perjury. The law does not apply to children and has several exemptions including treatment for communicable diseases and prenatal care. Federal law requires that the state provide emergency medical care and primary and secondary education.

## WHAT THE LAWS DO

### Colorado

Colorado's package of 12 bills, including two to be placed on the general election ballot, were passed in special session and signed by the governor on July 31, 2006.

**Employment:** The packet of laws requires employers to verify the work status of their employees before applying for economic development incentive awards. They also require repayment and bar awards for five years for those who employ unauthorized workers. Employers are required to withhold 4.63 percent from the wages of an employee without a validated Social Security number, a validated taxpayer ID number or an IRS-issued taxpayer ID for non-resident aliens. Beginning in 2007, employers are required to verify the work status of each new employee within 20 days of hire. Employers who fail to submit documentation or submit false documentation "with reckless disregard" face a penalty of \$5,000 for the first offense and up to \$25,000 for subsequent offenses. Agencies are required to issue and renew business licenses, permits, registration and certificates only to individuals lawfully present in the United States.

**Enforcement:** The laws prohibit extortion based on threats to report a person's immigration status to law enforcement officials. They also prohibit coercion into involuntary servitude by threatening the destruction of immigration or work documents or threatening the notification of law enforcement officials of illegal immigrant status.

**Elections:** The laws create a Class 5 felony for anyone deliberately voting in an election without proper authorization.

**Benefits:** State agencies are required to provide services for the investigation, identification, testing, preventive care, and treatment of epidemic or communicable diseases, including tuberculosis, HIV/AIDS, and venereal diseases to any person regardless of race, religion, gender, ethnicity, national origin or immigration status.

The complete article can be found at: [http://www.ncsl.org/programs/pubs/slmag/2006/06SLOctNov06\\_Politics.htm](http://www.ncsl.org/programs/pubs/slmag/2006/06SLOctNov06_Politics.htm)

However, recent Colorado legislation has further created unintended consequences in that many migrants who have legal status in this country come from families with "mixed status," meaning that although they may have become legal U.S. citizens via the federal

government's amnesty program, years ago they may have siblings, spouses, cousins, uncles or aunts who are undocumented. The unintended effect that the legislative session of 2006 has had is that these migrants who are documented are consciously electing to skip Colorado all together in their migratory pattern in order to save their family members from potential deportation.

The increased number of raids in the state of Colorado by ICE officials, and the combination of Colorado being perceived as an "unfriendly immigration state" has resulted in Colorado seeing a very unique phenomenon. The combination of these two factors has resulted in crops being left unattended in the fields, as U.S. migrants are electing to skip the state of Colorado in their migratory pattern across the U.S.A. The special legislative session of the summer of 2006 was covered extensively by Colorado's Univision channel 50 monolingual Spanish news television station. U.S. migrants are well aware that the risks of working in the state of Colorado outweigh the benefits, especially considering that neighboring states offer as much work with less potential for detrimental effects of their mixed-status family members.

# Economic Development and the Economy



There must be a strong relationship and partnership between rural and urban interests that helps to define “how and why life is better in Colorado because of rural Colorado.”

Community wealth largely determines quality of life, public and private. In this report, we have developed a quantifiable evaluation of jobs and income. We did not develop data specific to public sector wealth, that is, assessed valuation. There is such a broad range of data relating to property values that is impacted by the ratio of commercial property to residential, vacant land. This is further complicated by respective mil levy rates for schools, special districts (hospitals, water/sanitation, libraries, fire, metro districts, etc.) and counties. Municipalities are often more dependent on sales tax revenue, which further challenges a “statewide” analysis of this area.

When asked, “What constitutes a diverse economy for the region or counties?” many areas felt that they had a somewhat diverse economy. The sense that a region is not dependent upon one industry supported that; however, upon further discussion and evaluation, many struggle with peaks and valleys over time, especially in the resort areas.

However, the immediacy of sales tax data may not reflect what is really happening. “If the top three (3) industries account for less than 60% of income and 60% of labor employment numbers, the economy may be diverse.” Three-legged stool analogy assumes that all legs are equal. Is it possible that there is

more data that is not truly economic data that forms the mosaic?

The three-legged stool of economic development:

1. An environment that is conducive to doing business;
2. Housing that is affordable for the people who work in the community;
3. A workforce that is available and job ready.

There must be a strong relationship and partnership between rural and urban interests that helps to define “how and why life is better in Colorado because of rural Colorado.” One example was that at least 25% of the Europeans that travel to Colorado have to stay in Denver at some point which creates a positive economic impact in the urban areas before they even travel to our rural areas.

There needs to be a comparison between incomes and cost of living in a region including an indicator generated in all areas of the average wage as a percentage to cost of living. The goal is to ask: Is it more expensive to make a living in rural Colorado? The region deals with the reality of a society of “haves” and “have-nots” that affects the effectiveness of public agencies.

Amenities are increasingly a major driver of migration and economic activity, particularly in rural

Colorado. Wars between environment and economic development are still being fought but attitudes are changing.

There is a new and exciting opportunity for rural Colorado that we have seen in our travels around the state. Regional competitiveness, that is, partnerships and regional cooperation can strengthen a much broader sector of the economy.

Successful regional economies have a combination of assets that attract and foster creativity:

**Talent**– the presence of other creative people

**Technology**–access to technology, technological advances

**Tolerance**–to diversity and difference.

**But there are “Winners and Losers.”** The modern economic landscape, according to Florida: City regions that generate innovations, there is the capacity to attract global talent, create new products & industries; there can be places that manufacture the world’s established goods, take its calls, support its innovation engines, places with limited or little connection to global economy and few immediate prospects, today.”<sup>4</sup>

<sup>4</sup>Florida, Richard; Creative Class Group; [www.creativeclass.org](http://www.creativeclass.org)

There are many success stories of collaborative regional efforts, such as in Southeast Colorado and SEBREA (SouthEast Colorado Business Retention Expansion and Attraction), The Yampa Valley with Moffat, Routt and Rio Blanco Counties, and Southwest Colorado with Region 9 Economic Development District, to name a few. These are outstanding models of collaboration and are detailed more in their respective regional reports.

The bottom line is that “people and wildlife don’t recognize county lines.” The diversity throughout rural Colorado creates many opportunities for relationships with urban partners as well as with other rural communities.

### **New Market Tax Credits**

The New Markets Tax Credit Program (NMTC) is a community development lending tool designed to stimulate the flow of investment in under served communities by creating new jobs and accelerating economic revitalization. The program was created as part of the Community Renewal Tax Relief Act of 2000 which encourages private capital investment in low income communities by providing a 39% federal tax credit to investors. The program is based on the idea that there are viable business opportunities in low-income communities and that a federal tax

credit would provide attractive incentive to increase the flow of investment capital to such areas.

The Colorado Housing and Finance Authority (CHFA) in partnership with the City of Denver and the Colorado Enterprise Fund (CEF) formed the Colorado Growth and Revitalization (CGR) Fund LLC, a Community Development Entity (CDE) that was awarded \$40 million in tax credits in 2005 of which 80% (\$32 million) of the capital was targeted to major urban communities, and 20% or \$8 million to rural communities.

The CGR Fund was awarded an additional \$35 million of tax credit authority by US Treasury in October of 2008. The credits will be available for deployment in early 2009 and will target investments in every eligible census tract in Colorado. Approximately 50 percent, or \$17.5 million, of the allocation will be targeted to major urban communities. The remaining 50 percent will be divided equally between minor urban and rural areas, allocating roughly \$8.75 million for use in each. The additional credits will support critical projects around the state by offering flexible financing terms for commercial real estate, mixed use development, nonprofit community facilities and renewable energy.

### **How do they work?**

- 39% tax credit is taken over seven years
- Targeted to low-income communities
  - Poverty rate exceeds 20%
  - Area median income is below 80%
- Investor-driven, but the project loan is delivered via a Community Development Entity (CDE)

### **The key benefits of NMTCs are<sup>5</sup>:**

- Below-market interest rate
- Longer than standard interest only period
- Higher than standard loan-to-value
- Equity or equity equivalent structures
- Subordinated debt
- Lower origination fees
- Longer than standard amortization

### **Product features include:**

- 7 year interest only structure
- Senior and subordinated mortgage
- 25 year / 40 year amortization (“near equity”)
- Lower origination fees

### **Investment Focus:**

- Invest in commercial real estate projects, including commercial mixed-use developments
- Targeted opportunities for small businesses, non-profits, educational and child care facilities

- Community impact goals include revitalization of distressed areas, with focus on job creation, job retention, capital investment

### **Current Status:**

- The demand for these funds continues to exceed the allocation, nationally and in Colorado
- Funds are subject to Congress approving the allocation for new market tax credits and determining the amount available nationally

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<sup>5</sup>Colorado Housing and Finance Authority (CHFA); Jaime Gomez phone: (303) 397-7440 or (800) 877- 2432, ext 440; <http://www.chfainfo.com/>

# Water & Agriculture



“All we need is more water in Colorado! Whiskey’s for drinkin’ and water’s for fightin’!”

The 2002 Farm Bill (Farm Security and Rural Investment Act of 2002) expired in the fall of 2007. The reauthorized Farm Bill (The Food, Conservation, and Energy Act of 2008 {H.R. 2419, “The Farm Bill”}) has had a challenging journey through Congress to the President’s desk. The strain on the US economy from the wars in Iraq and Afghanistan, the escalating price of fuel and impacts on our environment, and natural disasters, are all factors in the budget and programmatic discussions in Congress, as well as in our Colorado State Legislature.

The Center for Rural Affairs opposed passage of the new Farm Bill because “it commits the federal government to subsidizing the destruction of family farming for another five years and invests little in the future of rural communities.”

“The bill does have some good provisions – including a rural Microenterprise program, livestock reforms, beginning farmer provisions, grants for value-added agriculture, and strong conservation programs. Those positive features are overwhelmed, however, by subsidies for mega farms to drive smaller operations out of business. Regardless of efforts to reauthorize the Farm Bill, we must move forward.”<sup>6</sup>

Rural Colorado is the biggest keeper of our natural resources, i.e. 70%-80% of the state’s land mass brings value to the entire state, a case we will continue to make throughout this document.

There are nearly 2 billion acres of land in the 48 connected states. Most of that land, 1.4 billion acres, is managed by farmers and ranchers. In Colorado, approximately 30.7 million acres of land are farms and ranches.<sup>7</sup>

**All we need is more water in Colorado!** Whiskey’s for drinkin’ and water’s for fightin’. These are the words too often spoken throughout Colorado when the topic is water. The real problem, more often than not, seems to be a lack of understanding between urban and rural constituencies. Let’s look at some general facts:

Where does Colorado use its “allocation” of water?

• Agriculture	86.5%
• Municipal	6.7%
• Recreation/Fishing	3.0%
• Industrial	1.9%
• Augmentation	1.9%

There have been and are many projects proposed to balance increasing demands, such as:

- Increased Municipal Conservation

- Reservoirs (Expansion and new construction)
- Pipelines
- Transfers from Agriculture to Municipal Use

However, some of the key questions asked by stakeholders include:

- How much water is likely to shift use?
- How important is irrigated agriculture to rural economies, both directly and indirectly?
- What are the property tax implications of reduced irrigated acres?

What is the economic activity associated with irrigated agriculture?

- Direct activity includes crop sales (gross revenues).
- Indirect activity includes fertilizer, seed, and chemical sales.
- Other marginal activity includes transportation, real estate services, and agricultural consultants.
- Induced effects include wages spent with local businesses.

<sup>6</sup>Center for Rural Affairs, Lyons, Nebraska, “June 2008 Newsletter, Overview of the 2008 Farm Bill!”

<http://www.cfra.org/newsletter/2008/05/overview-2008-farm-bill>

<sup>7</sup>Colorado Department of Agriculture, “Colorado Agriculture-A Profile” (National Agricultural Statistics Service), February 2008, [http://www.nass.usda.gov/Statistics\\_by\\_State/Colorado/Agriculture\\_Profile/prof\\_sc.pdf](http://www.nass.usda.gov/Statistics_by_State/Colorado/Agriculture_Profile/prof_sc.pdf)

<sup>8</sup>James Pritchett, Agricultural and Resource Economics, Colorado State University, [James.Pritchett@ColoState.edu](mailto:James.Pritchett@ColoState.edu).



When is generated economic activity high?

- High value crops are sold outside the region, revenues are spent on locally produced inputs and local support industries use local labor and inputs.

It is easily accepted that agriculture plays an important and critical role to the rural economy, but it's not as widely understood that agriculture also plays a critical role to the entire state's economic base.<sup>8</sup>

As implementation of the "new" Farm Bill proceeds, (Rural Bill as we prefer to say) CRDC will report on the progress, options and impacts to our rural Colorado communities, farmers and businesses.

### **Conservation**

Conservation districts in Colorado play a vital role in water and agriculture issues throughout the state. Conservation districts began with the 1937 Colorado Soil Conservation Act which was a result of the "Dust Bowl." The Conservation District is the only grassroots organization serving private lands and is charged with providing stewardship of Colorado's natural resources.

Conservation districts are made up of 400+ volunteer board members dedicating over 35,000 volunteer hours, 77 conservation districts, 10

Watersheds, One State Board (CSCB within the Department of Agriculture) and 1 State Association, the Colorado Association of Conservation Districts, a 501(c)(3) non-profit corporation.

The many issues addressed by conservation districts include:

- agriculture production
- drought mitigation
- water quality
- water quantity
- soil erosion
- weed control
- forestry health
- endangered species
- land use
- growth management
- wildlife habitat & management
- rangeland improvement and management
- riparian issues
- renewable energy and
- carbon sequestration

What difference does irrigated production make? If we compare two counties in eastern Colorado of average farm sizes and equal in number of farms, the main difference between the two is an extra 210,000 acres of **irrigated** ground in one of the counties.

- The result with irrigation:
  - Cattle numbers are increased
  - An extra \$470 million in agricultural sales can be directly

attributed to the presence of irrigation fields in just one county in northeastern Colorado

- An extra \$420 million in agricultural dollars are spent due to irrigation
- The average dollar gets spent 5-7 times in a rural community.

### **Keeping fields in irrigation is important to the overall economy in the state.**

What are some of the urban activities associated with conservation districts?

- Conservation districts are important to the flow of business and community improvements to conservation and community development. They are active in:
  - Performing subdivision reviews
  - Organize tree planting days through local 4-H groups and schools
  - Partner with Special Districts to provide services such as emergency drought relief.

For more information, contact the Colorado Association of Conservation District's (CACD) and the Colorado State Conservation Board (CSCB).

**Resource Conservation and Development (RC&D)** is a unique program that is led by local volunteer councils that help people

care for and protect their natural resources in a way that improves the local economy, environment and living standards. RC&D is a way for people to work together to plan and carry out activities that will make their areas a better place to live.

Each RC&D Council is organized and directed by local people to meet local needs. The RC&D Program identifies and solves problems in rural communities that include human, economic and environmental issues. RC&D addresses local problems by obtaining assistance from the private sector, corporations, foundations and all levels of government.

Resource Conservation and Development is a program of the United States Department of Agriculture. The Secretary of Agriculture gave Natural Resources Conservation Service (NRCS - formerly Soil Conservation Service) responsibility for administering the program. RC&D is based on the assumption that local citizens, with help provided through the USDA, can develop and carry out an action oriented plan for the social, economic and environmental enrichment of their communities.

The purpose of RC&D is to promote conservation, development and utilization of natural resources, to improve the general level of



# Water & Agriculture



“It is too often forgotten that in Colorado, water is a property right..... not “our” or the “region’s” water, but the individual who owns the water rights.”

economic activity, and to enhance the environmental and standard of living in all communities. The aim is to provide a system of rural development, encourage the wise use of natural resources, and improve the quality of life in America.

The RC&D Program is based on a number of concepts that make it a truly unique government program. These concepts include:

- The value of public/private partnerships in making the best use of limited resources.
- The value of grassroots involvement in making decisions about local areas.
- Bringing USDA Agencies together to focus on the same problems and opportunities.
- Leveraging limited federal dollars with private funds to accomplish goals.
- Working toward the goal of community sustainability.
- Achieving a balance between rural economic development and natural resource protection.

For more information on Resource Conservation and Development (RC&D), go to the Western RC&D Association, Inc.

<http://www.westernrcd.org/about.htm>

**“Colorado Food and Ag Policy Council:”** There is a renewed effort to develop a strategic vision and corresponding implementation plan for a food and agriculture policy council for the State of Colorado. The creation or re-creation of the Colorado Food and Ag Policy Council (COFAPC) could develop into a valuable link in mitigating barriers between the farming community and consumers, as well as inform policy makers on a wide variety of issues, many found in this CRDC Annual Report. As that process continues forward, CRDC will provide updated details on the proposed structure and direction.

CRDC supports the fact that a healthy and sustainable food system is critical to supporting statewide quality of life, economic competitiveness and ecological vitality. There is a significant opportunity to develop a state-wide, regionally-integrated food system that contributes positively to our state’s well-being and sets a model for cross-sector collaboration around food systems. More information on this effort will be provided as it becomes available.

**In summary, one of the key principles that many people from all sides of the issue seem to most often forget is that, in Colorado, water is a property right. It is not**

**“our” water, or a “region’s” water, but the individual who owns the water rights. This is a critical factor as we work together for the benefit of ALL of Colorado.**

A powerful and discouraging statement was noted in a recent article relating to the “Top 25 Things Vanishing from America.” The #1 item in this article was “the family farm”. The article, written by Sarah Gilbert, explores aspects of America that may soon be just a memory.

*My mother grew up on her family's dairy farm in central Oregon, and when she was a child she was in 4-H - just like all the kids in her town. I've always admired her way with the "home arts" (she makes a mean jar of cucumber relish, and her embroidery festoons quilts for all my boys) so when I saw her 4-H ribbons I assumed that big purple one must have been for brownies, or jam. "Oh, that was for the pig I raised," she said matter-of-factly.*

*In 1950, it wasn't at all unusual for a bookish little girl like my mother to get a purple ribbon in pig husbandry; after all, our educational system is still organized around the principle that children need to get out to help tend the crops and raise the baby animals in the summers. But, since the 1930s, the number of family farms has been declining rapidly. According to the USDA, 5,382,162*

farms dotted the nation in 1950, but this number had declined to 2,121,107 by the 2003 farm census (data from the 2007 census hasn't yet been published). Ninety-one percent of the U.S. farms are small family farms, but the percentage of crop value produced by these farms is only 27%. Large-scale family farms (those with over \$250,000 in annual sales) represented most of the farm value produced, but it's worth noting that commercial farms make up just 1.7% of the total but 14% of the value.

The plight of the family farm has been much mourned, with many best-selling authors quoting the Farm Aid statistic that 330 farmers leave their land every week. But all is not lost; the decline in family farms has slowed since the 1970s, and due to the aforementioned bestselling authors and changing priorities of many consumers, the small family farm may very well change the tide.

That tide will have to change fast. Due to the great development boom of the 90s and early years of the millennium, and commercial agricultural practices (think: chemical fertilizers and pesticides, poor crop rotations and intensive irrigation), much land is being lost to farmers - 3,000 acres are lost to development each day according to EPA data. A bank can foreclose on a whole subdivision, but it can't turn the land back into carrots, potatoes and lettuces.



A bank can foreclose on a whole subdivision, but it can't turn the land back into carrots, potatoes and lettuces.

In addition, did you know?

- According to the EPA, 3,000 acres of productive U.S. farmland are lost to development every day.
- Between 1974 and 2002, the number of corporate-owned U.S. farms increased by more than 46 percent.
- 82% of Americans are somewhat or very concerned about the decreasing number of American farms.
- 85% of Americans trust smaller scale family farms to produce safe, nutritious food.
- In the US, the average principal farm operator is 55.3 years old.
- Between 2005 and 2006, the US lost 8,900 farms (a little more than 1 farm per hour).

For More Information

Visit Farm Aid at [www.farmaid.org](http://www.farmaid.org). Their web-site outlines the challenges currently faced by family farmers and describes the organization's efforts to assist these farmers in their struggle.

Also go to "the Communities, Workers and Economics sections of Sustainable Table" for more information on the benefits of family farms and the problems with factory farming.

# Energy

Energy exploration and development is critical to the future of our state. It is credited with creating some of the state's highest-paying new jobs, helping America pursue energy independence and generating surging tax revenue to Colorado. Severance tax revenue in 2008 from oil and gas production in Colorado has jumped nearly 20 percent over 2007 to some \$173 million, and in 2009 that figure is projected to more than double to \$356 million.

The governor's budget office released its second-quarter 2008 revenue forecast in June of 2008, projecting an increase of more than \$25 million for the state's operating budget and fully \$110 million more for transportation over and above what the budget office had predicted in March. Much of the increase is attributed to severance tax receipts from energy exploration.

What are the forms of energy produced in rural Colorado?

- Renewables:
  - Ethanol, corn vs. cellulosic, is the biotechnology rush. There are 114 ethanol plants, 80 more under construction, mostly are corn-based
  - Wind farms have the capacity for 3 million households and Texas and California account for 45% of the total.

Renewable energy must be a part of our energy "portfolio." However, we also must remember that the wind doesn't always blow and the sun doesn't always shine. We have to have a balanced energy portfolio that includes non-renewables to provide for the needs of all Coloradoans.

Renewable energy is not always reliable and generally does not produce energy 100% of the time. Wind energy provides 30% and solar (PH photovoltaic) provides around 45%-50% of the renewable energy for Coloradoans. Over the next 15-20 years, generation needs are going to increase at a staggering percentage and renewable energy is not expected to keep pace with the needs. Colorado needs to focus on building a baseline and incorporating renewable energy where it makes sense.

A major constraint for many rural regions is in energy development. For the electric co-ops, there is a considerable disparity on development of renewable energy. In the region, Independent Operating Utilities (IOU, such as an Xcel Energy) and Rural Electric Associations, (REA, non-profits) provide electricity. REAs are generally distribution co-ops and do not have the budget to develop a significant amount of renewable energy capacity. Most co-ops operate on a very thin margin of about 2%.

IOU's have the ability to go out on the open market to acquire funds from

investors to develop large renewable energy projects, which does not affect their operating margins. This puts the IOU's in a very different position to finance renewable energies than distribution coops in the state.

Basically, proponents of renewable energy want Colorado to develop its renewable energy portfolio. However, at \$1 to \$3 million per mile to build transmission lines to outlying renewable energy projects, the cost is prohibitive. REAs need to first deal with fixing and maintaining existing transmission systems and developing new baseline generation to meet future energy needs. Many REA's are currently only covering the basic needs, and with their current rate of growth are quickly approaching an emergency situation.

The history of electric co-ops in America is to provide reliable electricity at a reasonable cost in rural areas. They were not formed to compete with IOU's, who would not build lines in rural areas because there was no profit to be realized. Typically, rural areas have little or no industrial or commercial load. Co-ops typically serve mainly residential classes who are sparsely distributed, making their consumers per mile in the single digits, forcing them to charge much higher rates than IOU's. On the other hand, IOU's serve highly-populated areas with large industrial and commercial bases. Their consumers per mile are double and triple digits, allowing them



Energy exploration and development is critical to the future of our state. Renewable energy must be a part of our energy "portfolio." We have to have a balanced energy portfolio that includes non-renewables to provide for the needs of all Coloradoans.

to realize much greater profits while charging lower rates.

Government mandates that will require certain percentages of margin to be spent on renewable energies will have a huge impact on co-ops across the United States. Co-ops will simply have to pass those costs onto the consumer. Co-ops do not pay federal income taxes, so the federal tax credits are of no benefit. But for IOU's they significantly reduce their cost and basically subsidize renewable energy projects.

In addition, one must consider the cost of legal fees involved with new renewable energy projects. Dealing with easements and NIMBY (not in my backyard) issues will significantly increase the cost as these projects go through their state and local permitting processes.

- Non-Renewables
  - Coal low grade (lignite) (Texas), mid-grade (Wyoming, Montana, Colorado) and high grade (Appalachia)
  - Oil and natural gas exploration and production are a huge economic factor and contributor in Colorado.

For more information in these areas you can visit: Rural Policy Research Institute (RUPRI) [www.rupri.org](http://www.rupri.org)



Government mandates that will require certain percentages of margin to be spent on renewable energies will have a huge impact on Rural Electric Cooperatives across the United States.



# Technology

Change can be traumatic if it is unanticipated, or it can be pleasant if we plan and prepare for it. All successful life forms adapt to change, and those that do not adapt simply cease to exist. The reality is, in today's world, change is coming, with or without you.

If we assume that mankind possessed one unit of knowledge in the year 1 AD, futurists estimate that:

- It took mankind 1500 years to double that unit of knowledge.
- By the 1970s, mankind was doubling knowledge every six (6) years.
- By the year 2012, it is estimated that mankind will double knowledge every year and will continue exponentially.

By the time a 3<sup>rd</sup> grader in 2008 is old enough to enter the work force, it is estimated that nearly 70-80 percent of the jobs that will be available to him/her, do not even exist today!

The United States is facing a crisis in broadband connectivity. The demand for bandwidth is accelerating well beyond the capacity of our current broadband networks, especially as video traffic and home-based businesses become more prevalent. In the very near future, members of a single family will be watching HDTV video at the same time that they engage in remote health monitoring, videoconferencing, gaming, distance education class lectures, and social networking.

Several studies of future Internet growth predict that homes and businesses will need a minimum of 100 megabits per second (Mbps) of capacity within the next three to five years and will need even greater capacity going forward. By today's standards, 100 Mbps is an extraordinary level of broadband connectivity, something that is difficult for many to comprehend today.

While other nations are preparing for the future, the United States is not keeping pace. Most developed nations are deploying big broadband networks (100 Mbps) that provide faster connections at cheaper prices than those available in the United States. Japan has already announced a national commitment to build fiber networks to every home and business, and countries that have smaller economies and more rural territory than the United States (e.g., Finland, Sweden, and Canada) already have better broadband services available.

Why is the United States so far behind? The failure of the United States to keep pace is the direct result of our failure to adopt a national broadband policy. The United States has taken a deregulatory approach under the assumption that the market will build enough capacity to meet the demand. While these steps may have had some positive influence, they are not sufficient. The profit/loss statements of individual firms fail to take into account the positive externalities from a widely deployed broadband network, including


economic growth, lower-cost health care, and higher quality education. In contrast, most other nations treat broadband networks as necessary infrastructure; their governments adopted explicit broadband stimulus plans at the turn of the century, and their countries are now reaping the benefits.

The rural nature of Colorado previously led to a digital divide due to lack of access to technology. In 2001 state government, in partnership with Qwest Communications, launched a public-private program in a wide area, providing broadband, fiber optic-based network spanning 63 of the 64 county seats in the state. The network was completed in 2003. This network, the Multi-Use Network (MNT), should now be used by state government offices throughout the state and by law is available to public sector users, including health care, schools and local government.

What are the impacts and expectations we can expect to see in the near future?

Shifting populations have significant regional implications.

- Outward flows of population from a community or region include:
  - Loss of talented young people
  - Loss of critical infrastructure (health, education)
  - Dwindling tax bases
- Inward flows, however, have a different impact:
  - Wealthy impact:
    - Urban values



“The reality is, in today's world, change is coming, with or without you.”



- Land and house price pressures
- Often “baby boomers” are a source of new entrepreneurial opportunity.
- Impact of the “Poor”:
  - Young children
  - Language and cultural differences
  - Housing pressures (availability and affordability)
  - But they can also be a source of new community energy.

In the book *The World is Flat*, Thomas Freidman identified some fascinating principles to consider. As our economies become more “globalized”, we see certain opportunities and issues.

“There is a new playing field. The Internet allows sharing of knowledge and work in real time, ignoring geography, distance and language (The world is Flat).

There is an amazing emergence of new business practices, new occupations, and new habits.

There is a new cast of players; from China, India, Russia, Eastern Europe, Latin America, Central Asia.

A “flat world” implies that there are no hiding places; everywhere can be impacted by the flattening forces – some places will gain, others will lose, some forces will bring positive effects, others negative.

The real question is, do we embrace or retract from the opportunity? Do we look for ways to engage with the world or seek to raise barriers to protect from these forces? Do we see the decline of

the nation, rise of the region? We certainly control these opportunities, if we are willing to learn and adapt.”<sup>9</sup>

Rural communications companies are concerned about their constituents’ needs, as with a rural electric association. But they face significant economic challenges meeting those needs. How do you justify the investment when the main component of the cost is population density or critical mass? The cost per subscriber is directly linked to density. So, how in the world do we connect these people if the cost is high and the demand is low? There are rural areas where there is 100% wireline connectivity, and if you count satellite services there is 100% coverage everywhere. However, satellite service tends to be inferior to DSL (wireline), but it is all that is available in some areas. Satellite Internet connectivity is available virtually everywhere, but is limited by physics to a given response time. The consensus is that wireline broadband connectivity is more useable, at least until the inherent lag (latency) of satellite service is significantly reduced. The broadband connectivity gap is primarily due to the lack of wireline facilities because of the cost to provide the service and the ability of a provider to recover their cost in a timely manner.

Backhaul is an important issue for all providers - getting people connected between the local community and the high speed “backbones” of the internet at a Point of Presence (POP) or essentially, the “interstate” network. The key question while shopping for

bandwidth is usually where is the nearest node to access? One company owns most of the backbone and can create financial challenges to connecting communities. Therefore, how do we make backhaul more economical to connect? Is it too expensive for the local connector to connect to the backbone? How do we make those backhaul facilities available? Individual companies have a corner on particular markets. Typically, the closest POP is the first choice for local connectivity, even if the cost structure is wrong, because of the even higher cost of a long-haul connection to another POP. “Whoever’s highway is closest gets the service.”

#### “Future of the Internet Economy”

New policies to promote innovation, enhance security, and improve communications infrastructure globally were among the chief priorities outlined at the recent OECD Ministerial Meeting on the Future of the Internet, held in Seoul and hosted by the Korea Communications Commission.<sup>10</sup>

The meeting brought together key stakeholders in the Internet’s future, all with urgent agendas: The technical community called for policies to promote open standards and protocols; civil society urged protections for freedom of expression; and business called for policies that encourage investment.

This confluence of stakeholders enabled the meeting to uncover key new issue areas that will affect future policy making:

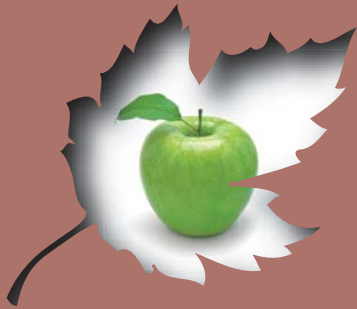
- New communications platforms based on new technologies such as fiber optics that may fundamentally change market dynamics and user behavior.
- The accelerating shift from immobile (PC-based) to mobile access.
- The advent of sensor-based networks that not only require massive new infrastructure capacity, but also raise new privacy and security issues.<sup>11</sup>

On a final and related note, the Colorado Rural Development Council is embracing this constantly changing world of technology. As a part of our process to compile and validate information for this Annual Report, we utilized webinar technology that was made available to us through the Colorado Department of Labor and Employment/Colorado Rural Workforce Consortium. This allowed CRDC to much more efficiently discuss the data and details with individuals from the respective regions, and it was a very well received process. It is the intention of CRDC to continue to utilize this technology to better communicate and inform the people of rural Colorado.

<sup>9</sup>Freidman, Thomas. *The World Is Flat: A Brief History of the 21st Century*, New York, Farrar, Straus and Giroux, 2005.

<sup>10, 11</sup>Organization for Economic Co-Operation and Development, OECD Ministerial Meeting on the Future of the Internet Economy, “Shaping Policies for the Future of the Internet Economy”, Seoul, Korea, June 17-28, 2008, <http://www.oecd.org/dataoecd/1/29/40821707.pdf>, pages 31-32.

# Rural Health Care



“From a competitive perspective, Colorado is behind in offering incentives for rural health care providers to practice in rural areas.”

Issues surrounding healthcare availability and affordability are recognized throughout rural Colorado. Colorado clearly has a significant rural presence—47 of our 64 counties are designated rural and fifty-one of Colorado's counties are in health professional shortage areas (Colorado Department of Public Health and Environment). Forty to sixty percent of Colorado is medically disenfranchised due to lack of access to primary care. (Access Denied: A look at America's Medically Disenfranchised. National Association of Community Health Centers, 2007) These statistics underscore the critical need for remote access to health care services, or telehealth, in Colorado.

The Colorado Health Care Connections Consortium proposes to leverage the Multi-Use Network as the basis of a dedicated health care network for Colorado's public and non-profit health care providers. The "Consortium" was the recipient of a \$4.6 million FCC grant and is made up of the Colorado Hospital Association, Colorado Rural Health Center, University of Colorado at Denver Health Sciences Center and School of Medicine, Denver Health Medical Center, High Plains Research Network, Colorado Regional Health Information Organization and Banner Health. The Consortium is to provide a

collaborative approach to providing the connectivity to enable telehealth opportunities throughout rural Colorado.

By the terms of the grant, this group's objective, over a two year period, is to connect **all rural hospitals and clinics** to a dedicated health care sub-network of the MNT. All major tertiary hospitals will be included in the network through peering at the regional gigabit point of presence, the Front Range Giga-PoP, which will also provide access to Internet2, National LambdaRail, and regional networks in Colorado, Utah and Wyoming.

Many of rural Colorado's communities do not believe they have adequate health care services but do not know what is needed to address the issue. Unfortunately, as a business, the health care industry has the same concerns and is affected by many factors, such as the economy, just like other industries. There is a need to address generational poverty which is significant in rural Colorado and to help make the areas more attractive to people who provide services. Health education in the high schools can work to deal with individual prejudices about accessing medical services and expose students to potential health care careers.

Many hospitals in rural Colorado struggle with cost shifting and availability of workforce. This is such a significant and complex issue that CRDC will be following it and working with the Colorado Rural Health Center, (the State Office of Rural Health) and the Colorado Rural Workforce Consortium to keep this issue out in front.

Amid rising health care costs, there has been a sharp drop in the percentage of micro-business owners offering coverage to full-time employees. This is according to Washington, D.C.-based National Association for the Self-Employed, which recently released results of a survey of nearly 4,000 micro-businesses.

About 19 percent of the respondents said their health care plans are covering full-time employees this year, which is down from 46.2 percent in 2005. A micro-business has 10 or fewer employees. There are 24 million micro-businesses in the U.S., according to the organization. More than 65 percent of the respondents cited health care costs as the most significant barrier to offering their employees insurance. The survey also found that 10 percent of micro-businesses spend 25 percent or more of their revenue on health insurance. That's compared to the

10.1 percent of revenue the small business owners said they spent on health care in 2005.

Attracting and retaining physicians is another significant issue for rural Colorado communities. In an effort to mitigate this situation, it was announced in July of 2008 that primary care physicians will get help paying off their medical-school student loans in exchange for agreeing to practice in rural and under served communities under a new program of the Colorado Health Foundation.

Fifty-seven of Colorado's 64 counties - most of them rural - lack enough primary care physicians to serve local people, state officials say. That's partly because young doctors need the higher salaries and fees available in big cities to pay off their steep student-loan bills. The foundation's new "Physician Loan Repayment Program" is aimed at that problem.

The foundation's program is a partnership with the Colorado Community Health Network and the Colorado Rural Health Center. There are many parts of Colorado that are in desperate need of primary care physicians. Often the communities that are in most need of a physician have the fewest resources to recruit a doctor, leaving individuals to suffer worse health

and making it difficult for communities to attract others to live and work there, which can impact the economy. This is the kind of solution and investment that will directly impact the quality of life for people in the communities that are the beneficiaries of this program.

Colorado faces a critical shortage of primary care providers in many rural communities. According to a released statement, there are more than 85 unfilled positions in freestanding clinics. The state's Federally Qualified Health Centers project 96 openings through 2010.

The state's second-largest foundation, with nearly \$900 million in assets, The Colorado Health Foundation (formerly the HealthOne Alliance) is focused on grants, medical education programs and health policy initiatives.

**"Health costs of illegal immigrants unclear"<sup>12</sup>**

Agencies that provide health care in Eagle County say they don't know how much providing their services to illegal immigrants costs.

Many undocumented residents seek health care at either the Eagle Care Clinic in Edwards or the Vail Valley Medical Center's emergency room, health providers say. The county is prohibited by state law from

providing most health care benefits to illegal immigrants. The county must give immunizations, prenatal care, emergency care, and labor and delivery, said County Health and Human Services Director Jill Hunsaker.

The other option for illegal immigrants is the emergency room. The top emergency room ailments are ear infections, sore throats, respiratory infections and fevers, Hunsaker said. That could mean that the uninsured are using the emergency room as a walk-in clinic, but the hospitals do not know how many of those patients are illegal immigrants, she said. When the patient cannot pay, the hospital and Eagle County split the costs.

Another example of common challenges in rural healthcare is of a pharmacy in an eastern Colorado community that was a very healthy business, but it could not attract a sole practice pharmacist to the community.

In the health care field, hospital boards have discovered the value in hiring a physician as an employee so the physician will not have to deal with Medicare, Medicaid or other paperwork or personnel in order to be profitable. This issue is certainly not unique to one region, but nonetheless an issue.

From a competitive perspective, Colorado is behind in offering incentives for rural health care providers to practice in rural areas. It is often difficult to retain the medical professional to a longer-term contract. The challenges of finding employment for the medical professional's spouse also impacts a higher than normal level of underemployed.

There should be consideration of expanding to other professional service physicians, physician assistants, nurse practitioners, and physician practices such as those in Colorado Springs who rotate calls 24 hours, 7 days a week.

A final downside is when there is little privacy in rural areas for physicians. Too often, they end up being available 24/7. If the physician goes home at end of day, but refers patients to the emergency room after hours, this shifts the burden to community hospitals.

There are new efforts being developed to bring focus to the economic impacts of medical facilities and medical professionals in rural Colorado. That information will be an important component of the 2009 Annual Report on the status of Rural Colorado.

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<sup>12</sup>Vail Daily

# Governance

The Colorado Futures Panel did extensive work evaluating and examining the issue of rebuilding public trust and improving the processes used for public decision-making. Sound governance is fundamental to the long-term economic success of the state. These processes form the framework for decisions that will shape the economic future of Colorado.

Tax policy issues, regionalism, ballot issues, elections, republic vs. a true democracy are all issues of governance. A true democracy has been defined as three wolves and a sheep, voting on what to have for dinner! Our country has succeeded and prospered for the past 232 years because we operate in a republic form of governance. Constitutional changes and the enormity of our State Constitution that changes with each election add to the challenges, beyond just rural Colorado. In reality, the best leaders think beyond their experience and plan beyond their tenure. A commonly expressed concern is “Are these the kind of leaders we have today?”

There are a number of ballot initiatives that are expected to find their way to the 2008 state ballot and most are constitutional amendments. The ability to amend the Colorado Constitution has gotten out of hand.

“The level of governance and leadership that has the greatest confidence of the citizens is county government, that is, the government closest to the people.”



Making fiscal policy by initiative is a process where over-simplification and under-analysis are the established norms and where conflicting policies and unintended consequences are the logical outcomes.

A recent “Citizen’s Poll” conducted by the Economic Development Council of Colorado illustrated for the third year in a row, that the level of governance and leadership that has the greatest confidence of the citizens is county government, that is, the government closest to the people. This is a widely held attitude of the people of rural Colorado.

The complete report from the Colorado Economic Futures Panel can be found at:

[http://www.du.edu/economicpanel/report/pdf/final\\_lowRes.pdf](http://www.du.edu/economicpanel/report/pdf/final_lowRes.pdf)

Additional information can be found on the web site at:

<http://www.du.edu/economicpanel/>

The Citizen’s Poll conducted by the Economic Development Council of Colorado can be found on their website at:

[www.edconline.org](http://www.edconline.org)



# Quality of Life: What Makes This Home?



“terminal uniqueness”

Too many communities are convinced that no other community has their kind of issues.

When this question was asked in each region, the most common and consistent answer was “the people.” Our rural communities and smaller towns allow people to become more involved in the community and in each others’ lives. The sense of support and strength that comes from across rural Colorado is nothing short of inspirational.

Other observations throughout rural communities...

- Rugged individualism
- Smaller populations allowing people more opportunities to affect change
- Love to go to meetings and have long memories
- Too often planning is secondary to crisis management, but seems to be changing...

In reality, “Quality of Life” is largely determined by community wealth, both public and private! Wealth creation is a critical component to maintaining and improving quality of life in rural Colorado.

The City of Steamboat Springs has attempted to quantify this “intangible” of quality of life or livability. Below is an excerpt from their recently released Livability Index Report<sup>13</sup> :

## **Livability**

*“Quality of life.” This is a phrase or concept that is intuitively understood by everyone. It is usually referred to or defined at the personal level, and extends to a more interpersonal level in our communities; it*

*defines how connected the people are to one another. “Livability” expands the notion to an even more general audience, and thus opens the door to more diverse and objective meaning regardless of the size of a given market or community.*

*Several organizations routinely rate the livability of U.S. communities. Money Magazine annually ranks the best places to retire based on “vitality, great quality of life, affordable housing, plenty to see and do,” etc. Many health and social care organizations are also beginning to use the concept of livability as a focus of their interventions. They are viewing health as not only the absence of disease, but also the condition of people’s social networks, job opportunities, and natural environment.*

*One thing is clear about the definition of “livability,” however—there **is no single measure of it.** Planners, citizen groups, social scientists, and politicians usually employ a combination of environmental, economic, social, and civic-related measurements in an attempt to explore and study the quality of life that reflects the overall livability within a community.*

One of CRDC’s conclusions is that underemployment is significant in many, if not most, of Colorado’s rural counties. Is there a way to realistically determine potential home-based businesses? One goal could be to investigate if this is one resource to grow local economies with cottage type of industry including lone eagles or location neutral businesses. (Lone Eagles are “businesses” of one or a few

employees that are not constrained by where they can locate or conduct business. Locations are subject to broadband capacity and transportation needs.)

Since technology is critical to lone eagles and they need high speed internet, perhaps one way to find them is by measuring areas of high speed internet use. Also, many of them are sole proprietors, making them more difficult to track.

A significant handicap throughout rural Colorado is the tendency of many communities to suffer from “**terminal uniqueness.**” Too many communities are convinced that no other community has their kind of issues. In reality, there are many more similarities than differences. The key will be to ultimately find commonality so rural Colorado can cross-pollinate with other comparable counties and situations.

What seems to be missing is the collective voice of rural Colorado. Sometimes it is generational, but rural Colorado is used to the status quo and change can be scary and difficult. Some counties have greater vision than others and some are satisfied with the status quo. The collective voice of Rural Colorado has a leadership role to fulfill.

<sup>12</sup> Routt County Economic Development Council. “Routt County Livability Index,” May 5, 2008, <http://www.yampavalley.info/livabilityindex.asp>

# Rural Resort Region



## Rural Resort Region

The region includes Eagle, Grand, Jackson, Lake, Pitkin, Summit, and Routt Counties. Location of focus sessions was Steamboat Springs, Routt County. Colorado Rural Development Council facilitated focus groups in Steamboat Springs in March, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Quantitative data referenced in this section relates to **2006 Base Jobs and Income as a Percentage of Total Base Income** which was provided by the Colorado State Demographer's Office (SDO). For a detailed explanation of the quantitative data, please refer to the section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

The quantitative data in this section of the report is specific to the counties of the "Rural Resort Region" as noted at the beginning of this section. This data points to a strong regional dependence on Tourism. The majority of the base jobs and base income is a result of base employment from Tourism. Across the region, Tourism and Indirect Basic Jobs and Income are the top two economic drivers for base jobs. Indirect Basic Jobs are directly related to and or support other base industry jobs, such as Tourism in this region. An establishment is assigned as having indirect employment and earnings when a base industry purchases local supplies or services for the operation of their business.

The category known as Total Households makes up another significant number of the jobs & income for the region. There is a considerable percentage of this category that is impacted by non-retirees and Dividends, Interest and Rental Income (DIR). However, Total Household numbers are a distant second to tourism and indirect basic jobs. A close comparison for the 3<sup>rd</sup> base job category was Regional Center/National Services. This category is once again a reasonable conclusion, with construction making up the most significant portion of that sector.

The question of diversity and sustainability for a county or region is at issue when the top three economic sectors' totals exceed 60% of the Jobs and Income. All seven of the Rural Resort Region Counties have ratios for their top three categories that are at or above 80% with the exception of **Eagle County** which is just under 80%. The good news is that the spread between the number of jobs and the amount of income is generally reasonable and provides a good indicator of comparable wages for the number of jobs. The area of concern for the region would be that this high percentage is a threat to economic sustainability. An intentional effort to move toward a more balanced regional and local economy needs to

be created and, in some cases, expanded and strengthened. Some examples of these efforts are illustrated later in this summary.

The lowest percentage of economic impact for the region is agribusiness, mining and manufacturing and is indicative of challenges and opportunities for the region. That is, they had the lowest percentages of jobs & income for the counties in the region.

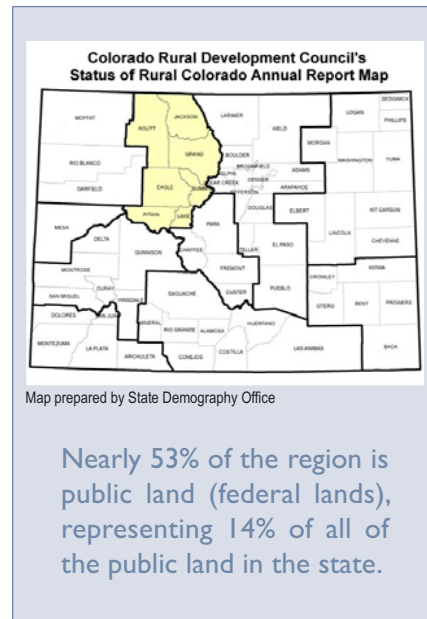
Regionally, base jobs are the more significant indicator with over 78% to 88% of all jobs for most of the counties. However, income from base jobs does not seem to be keeping pace with the income for all jobs. This then implies a deficiency and a challenge in the creation and addition of new dollars to the local economy. Primary jobs that attract new sources of revenue are critical to the local economy. Income levels are significant, with a spread of 25% to 50% difference in these counties, with **Summit County** the highest and **Jackson County** the lowest. There is a common challenge for rural Colorado to attract new dollars to the community.

**Jackson and Lake Counties** appear to be on a bubble compared to the rest of the region and might not be as well positioned to take advantage of the tourism opportunities as their primary driver as with some of the other counties in the region.

**Jackson County** has a significant dependence on agribusiness jobs at 32% of all jobs but a low level of income production at 17%. (It should be noted that this statistic can be misleading as agribusiness data is the most difficult to accurately track.) This would indicate a significant number of jobs but not at significant income levels. The huge issue with the bark beetle damage throughout this region actually represents an opportunity for **Jackson and Grand Counties**, particularly. The challenge is working through the agencies and entities to develop sound and effective use of this “unintended” resource.

It has been suggested that quality of life can be directly related to community wealth, both public and private. If this premise is accepted, at least to some degree, how would we begin to evaluate this wealth opportunity in rural Colorado counties? The Rural Resort Region has interesting contrasts with the state as a whole. The region possesses 9.5% of the state’s total assessed valuation and 9.2% of the land in the state.

Assessed valuation is just one indicator of community wealth. Property values relate to the private sector property values and consequently are a tax base to the public sector. The total assessed valuation in the region is relatively



strong at \$736,234 per square mile, which relates to the statewide average of \$707,574 per square mile. The density of this region is higher than other rural regions. As noted previously, this region has been calculated at 14.01 persons per square mile. A relative lack of critical mass should not necessarily make this a significant concern to this region or any region. This “lack of critical mass” is actually considered a significant contributor to quality of life for many rural Colorado residents. With this density comes economic opportunity that will need to be managed to preserve the quality of life for the people of this region. And, there are sound models that confirm that economic

prosperity and quality of life can be balanced very effectively. We will watch for trends in this area in subsequent annual reports. This region holds some of the more valuable land to the state of Colorado and these statistics bear that out.

To further complicate the community wealth issue, public lands make up a major portion of the region, which has a significant impact on the region’s tax base. Nearly 53% of the region is public land (federal lands), representing 14% of all of the public land in the state. As a result of calculating the impact of public lands on and the relationship with the state and region, we found that the number of people per square mile more than doubles for this region when it is calculated relative to private tax generating property populations, jumping from 14.01 to 29.5 people per square mile (PPSM). The public lands debate changes two numbers significantly. The average assessed value of land in the state without public land jumps to \$1.078 million from \$707,000. However, this region’s value more than doubles to an assessed value of \$1.549 million per acre. It also changes the calculation for people per square mile from 14 to over 29 with only private land as a consideration. The statewide numbers change from 45.7 ppsm to nearly 70 ppsm.

This increases the components of critical mass and represents new economic opportunities for the region. It also provides for significant open space and recreational opportunities for the region. This region is focused to take advantage of that asset, creating the foundation for the strong tourism market.

The most significant opportunities for economic growth in this region would seem to be in the areas related to the use of technology and entrepreneurial development or location neutral business opportunities. Routt County appears to be leading the way in this arena and is becoming positioned to take greater advantage of this in the near future.

A negative factor in **Pitkin County** is that many commuters leave the county for their residences. This is generally considered a result of the high cost of living in **Pitkin County**. This poses a significant challenge to creating a balanced ratio for the top three economic sectors.

A dynamic set of circumstances is seen in **Lake County**. They are challenged by the high number of jobs and income from total households, the biggest part of which is from commuters. With the new activity in the mining of molybdenum, future reports and evaluations should show

# Rural Resort Region



“The regional economy seems to be moving toward balancing jobs by more of economic management rather than economic development.”

considerable economic growth. However, the current global economic situation already appears to be impacting the county.

What we do know is that there is great opportunity for growth in the entire region. A big key to future success will be the level of technology infrastructure that has the capacity for commercial applications. The tools are available; we just need to get them in place. DSL is a valuable resource to rural Colorado but has limited commercial applications, limited availability and limited capacity. Developing economic opportunities around technology and entrepreneurial development will play a huge role in strengthening and sustaining the economy of this region.

Creating new and expanded jobs that bring new, primary revenue into the region is important for future economic success. Return on investment (ROI) opportunities become more significant if the environment for doing business is strengthened. Infrastructure needs to be in place to support economic opportunities that will also benefit the entire state. As is the case with most of rural Colorado, this is the state’s playground. Efforts to balance and nurture a sustainable economic environment is in the best interest of the entire state.

The data and this evaluation are intended to develop a baseline for measuring future efforts for a more diverse and sustainable economy in the region. This analysis is intended to illustrate investment opportunities for the public and private sectors and to stimulate the conversation around opportunities in this region of Colorado.

## Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather, reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

Quantitative data as developed and discussed in the previous section only provides one side of the story. By conducting the focus sessions in the region, we were able to get a closer look at the issues the Rural Resort Region Counties are facing. We heard that the key issues include: workforce availability, housing affordability, immigration complications, state amendments, infrastructure challenges, and changing demographics.

### Workforce Availability

Workforce availability is a huge issue and “the pond is about fished out.” For skilled labor, employers often

have to bring in workers from “outside” which creates other issues. It can be a challenge to integrate labor from overseas into a community. It is estimated that forty percent (40%) of the workforce in **Moffat County** is commuting out of the county. One participant called this model the “serf” model economy, servicing the wealthy from the ground up.

The regional economy seems to be moving toward balancing jobs by more of economic management rather than economic development. In this region it is not difficult to add more jobs; however, the opportunity costs for business may make it unlikely to expand, as they cannot add more people, primarily due to the expense of finding the needed workforce. The area needs to focus on retention and turnover costs. This region is an employee-driven market. There is a sense that the area is seeing a decline in service in the restaurant and trade industries.

In **Grand County**, it is difficult to get and retain employees and this lowers the level of service. This is a troubling issue as the Rural Resort area is very dependent on tourism and must offer good service to the tourism trade. The trades’ workforce seems to be serving the needs of second home development and not serving basic community needs.



There are different levels of workforce availability. Businesses suggest that they can hire teenagers, but they often cannot hire college-degreed employees and afford to pay them. With the energy field booming, there is a need for short term, fast-paced vocational training. Workforce Center staff has indicated that many of their clients do not seek 4 year degrees. The unemployment rate does not speak to the impact of underemployment where PhDs can be found waiting tables and a significant number of residents with Master's degrees are not working in their area of educational training.

Currently, much of the business economy allows people to work in their community of residence, but there is concern that high housing costs may further challenge that in the future. There is a concern about livable wages meeting housing costs.

Employment is growing but the key question is where will the new employees come from and where will they live? There are also concerns regarding the impact on community services/roads and how the community is to financially support the services, including the impact on transportation.

Complex systemic employee recruitment and retention challenges exist. One of big challenges facing rural Colorado and



As the generations leave, institutional memory changes, and urban culture is all the subsequent generations understand.

the region is finding contractors especially in the technical trades (primarily plumbers and electricians). Though workforce availability is an issue, it also creates other challenges from education to housing availability. Some suggest that if supply equals demand, contractors will come. The issue seems to be much more complex than that.

Many employers have a difficulty hiring or keeping employees. It is challenging enough to recruit employees but there is often an inability for many potential employees to pass a drug test which further complicates the labor issue.

The general conclusion is that the region needs to grow its own and provide proper incentives, such as collaborating with local high schools to make incentives available if the fully trained, locally grown professionals come back home. **“Growing its own” is the long-term solution throughout rural Colorado.**

A reasonable return on investment model needs to be developed as a potential solution. The idea of “growing its own” is an important beginning. It may be time for local groups, local governments, cities, counties, and local entities to start setting aside incentive dollars to bring people back. The region cannot rely on the state legislature to fix this problem. Private investment will be a key.

There is a changing mindset in the region, and there also needs to be an effort to change the mindset throughout the state. The region will continue to identify opportunities and solutions and elevate technology and agriculture as a big part of conversation. The region needs to recognize the mindset of people within urban communities. Generations of people have been leaving rural areas. As the generations leave, institutional memory changes, and urban culture is all the subsequent generations understand.

Lack of workforce capability and availability is challenging the region, which needs skilled labor. It can be difficult to get qualified staff, but challenges also exist in retaining the spouse and family of the employee. The area needs business development that also assists the spouse. A likely solution would be for businesses to recruit from rural colleges and not from the Front Range colleges.

The workforce discussion often leads to an immigration discussion as local employers cannot find workers that want to work in many of the local businesses, including agriculture. As a consequence, the area has to deal with illegal immigration issues, straining local services.

For boomerangs, former residents desiring to return home, the key is to develop job opportunities specifically for that sector.

There are pockets of significant diversity that exist in this region. Though the region continues to be tourism-based, there is a high percentage of an educated workforce as well. Workforce challenges are a systemic issue within this region that affects underemployment, the graying of the workforce, challenges in the agricultural sector (which is a function of immigration policies), housing affordability, impact on education and youth out-migration,

# Rural Resort Region

and places significant stress on infrastructure, including transportation.

Job seekers often accept underemployment opportunities in order to remain in the area because of the quality of life in the region. The region is struggling with a classic issue in economic development circles: Which comes first, the chicken or the egg?

There is a local workforce that consists of workers willing to accept a level of underemployment who would be interested in working for Company “X”, considering expanding in or relocating to the region. Another developing trend in this and other rural Colorado regions occurs when employers recruit a new employee and often the spouse is placed in an underemployed or even unemployed situation. Though underemployed data is not available from labor market and demographic sources, one business owner observed that in his business easily 50% of his staff is underemployed. Some job seekers are “dumbing” down their qualifications just to get work. They do this so they do not appear too overqualified, thus risking intimidating a prospective employer.

The graying workforce is also an issue, and new data from the Bureau of Labor Statistics suggests it is a significant opportunity at the same

time, particularly in light of the current economy. Retirees may be returning to the workforce as they are not able to survive on their existing retirement income.

Another concept known as “workforce substitution” represents great opportunities. This concept encourages communities to evaluate more of the education and skill level of the current population and seeks to develop new business attraction and expansion around that data and those individuals.

The lone eagle or location neutral businesses have been successful in the region. The region is also appealing to “boomerangs” who are returning to rural Colorado for quality of life reasons. Identification of lone eagles is difficult, limited or just missing. One option would be to look at lone eagles as sole proprietors. These jobs represent economic opportunities for the region, but it is very difficult to track this sector. One participant, a county commissioner, indicated they had data on local lone eagles. That needs to be developed and confirmed. Lone eagles are also hard to identify because of business licensing issues. Revising the business license forms could assist in quantifying this employment sector. As a positive part of the economy, the community is interested in nurturing the lone eagle.

Other questions and data that is needed:

- How is underemployment defined and can it be quantified?
- Local employers need to identify skilled workers, which may be a problem that is a function of the cost of housing.
- Retirees are a skilled workforce and what are the opportunities of working with them? Retirees tend to work out of their homes, are active volunteers helping the community, but are generally not considered part of the workforce. Many retirees have made money and are well invested. Many are very active in the community.
- The youth of the region leave to get college educations and are not available to enter the local workforce, causing significant out-migration.
- Higher education opportunities are limited in the region. The overall education levels of the residents correlate to the average wage, median household income. The higher the education level is the higher the income level is likely to be.

In the end, the key issues are workforce availability and affordable housing which are a function of the workforce receiving a living wage. Rural Colorado is challenged with a significant need for a qualified skilled workforce. The ability to pay for the qualified workforce with pay



scales that are competitive magnifies the inability to provide housing that is affordable for the locally qualified workforce.

### Housing Affordability and Availability

There is a significant housing issue that correlates to people that have been in the region for many years. They are often sitting on so much home equity that they cannot afford to stay in the area. Conversely, many other homeowners cannot leave their houses because they are upside down in their mortgage. In Eagle County, housing affordability continues to be a serious issue, as do infrastructure needs for the residents and visitors. Lake County has become a prime location for the Eagle and Summit County workforce, creating opportunities and impacts at the same time.

There is a clear link between affordability in housing stock and workforce availability in each of these counties. Commuting patterns have changed substantially and this impacts housing affordability. Rising gas prices at the time of the writing of this report will continue to influence housing issues.

Commuter patterns in the region need to be reviewed and need focus. Available housing stock is an issue and new developments are going to be expensive with new infrastructure needs. The related increased transportation costs and increasing



Housing and workforce are critical components to developing a sustainable economy.

rural travel are all impacted by increasing gas prices. In general, the area has many “locals” who commute long distances. Many existing residents are not used to these commuting patterns.

Affordable housing is a significant barrier to economic development. High rents and home prices, coupled with relatively low wages, make affordable housing a prime concern in most of our towns and rural areas. In order to obtain affordable housing, many people are forced to commute long distances to their workplaces, which increases transportation costs, adds to traffic congestion and air pollution, and takes more time away from their families, as was noted previously.

The housing issue in the region is a systemic problem directly related to workforce availability. The area needs a stable workforce. The region encourages its children to get a meaningful education but has limited jobs to keep them in the area, or to entice them to come back. If the youth can find a job that brings them back to the region, housing becomes a new problem. Workforce housing is directly linked to business sustainability. The boomerang effect is related to a desire to return and can be affected by other issues, such as family, lifestyle and history.

Housing and workforce are critical components to developing a sustainable economy. It is important that the younger workforce have access to affordable housing. Entry level or worker housing is a universal need throughout western Colorado. The “drive until you qualify” syndrome puts many constraints on infrastructure. There is an “inelastic” supply and many younger workers are working 3-4 jobs to make a go of it.

Education and affordable housing are associated with low salaries. These are consistent problems within the region. The region has housing and an economy based on tourism. However, the estimated average home costs exceeds the estimated average income. This translates to the fact that the average home is not affordable for the average income.

Would it be meaningful to develop a comparative analysis of the median cost of housing as it relates to median household income in other parts of the state? The Colorado Department of Housing and the US Housing and Urban Development offices would have much of this data and more specific analysis should occur. Vacancy rates would also be an important gauge. The website for realtors should have this data.

The issues surrounding second homeowners or “part-time” residents continue to be an important discussion in this region. Considerable research has been completed in this area relative to the impacts to rural communities by the Northwest Colorado Council of Governments:

**Phase One** – The Study of the Social and Economic Effects of Second Homes

**Phase Two** – Transitions in Mountain Communities: Resort Economies and their Secondary Effects (an excerpt from the report)<sup>14</sup>:

<sup>14</sup>Northwest Colorado Council of Governments, “Transitions in Mountain Communities”, 2006; <http://www.nwc.cog.co.us/Second%20Home%20Study/Second%20phase/2Final%20TMC%20Binder%20May%2007.pdf>



# Rural Resort Region



“Rural Colorado must remain diligent in finding solutions to housing that is affordable for the people that work in the region. This will only improve the ability to attract workers to move to rural Colorado.”

## Region-wide

- Across the study region, including all four counties and the City of Steamboat Springs, the percentage of homes owned by second homeowners decreased slightly, from 59% in 2003 to 55% in 2006.
- Region-wide, second homeowners occupied their properties an average of 64 days a year – most often during ski season and the summer months of July and August.
- Second homeowners visit their properties most frequently during the ski season (an average of 24 days December through March) and in the summer (an average of 20 days in July & August).
- 73% of second homeowners surveyed said they consider their property a vacation home rather than an investment.
- Region-wide, the top three reasons second homeowners purchased their properties were slightly different in 2006 than 2003, with the third and fourth reasons changing places.

Rural Colorado must remain diligent in finding solutions to housing that is affordable for the people that work in the region. This will only improve the ability to attract workers to move to rural Colorado.



## Social and Economic Effects of Second Homes:

### In 2003:

1. Recreational amenities – 83%
2. Proximity to ski resort – 73%
3. Scenery/surroundings – 72%
4. Intend to vacation here for years – 66%

### In 2006:

1. Recreational amenities – 81%
2. Proximity to ski resort – 75%
3. Intend to vacation here for years – 71%
4. Scenery/surroundings – 64%

Finally, “affordable housing” can be a “sore” subject locally. “Do we want to create affordable housing or are we talking about housing that is affordable for the people that work in our counties?” But, is there really a difference between the two?

## Immigration

Immigrants to Colorado provide a valuable and needed workforce. However immigration policies and their impact on farm workers are important issues to the region. There are numerous examples of abuses and challenges but also

successes of this important labor force to rural Colorado.

Immigration is a significant component to the workforce (agriculture, tourism, hospitality, and healthcare), and addressing the immigration issue in an honest and humane way would benefit both urban and rural regions.

Considerable information was provided in the General Overview portion of this report. The bottom line is not unique to the Rural Resort Region or even to rural



Colorado. This issue needs attention, and solutions must be developed that work to strengthen the overall economy and workforce needs throughout Colorado.

Immigration is recognized as a critical issue relating to workforce availability in rural Colorado. This is not only a federal issue, a rural and urban issue as well. Considerable frustration was related, recognizing that the immediate solutions were not available. Attention needs to continue to focus on viable solutions that respond to the need for workforce and the immigration issues particularly facing rural Colorado.

### Healthcare

The region needs a sustainable economy to support a diversified economy. There may be too many eggs all in one big basket. For example, in health care, a lack of dependability of subcontractors for the energy industry is problematic, as health care costs have risen at local hospitals. Many subcontractors for the energy industry do not have health insurance and use urgent care as an alternative.

The hospitals in the region struggle, much like other rural hospitals, with cost shifting and the availability of workforce. This is such a significant and complex issue and CRDC will be following and working with the

(CRHC) to keep this issue out in front, identify potential solutions and develop processes to implement those solutions.

Most focus group participants agreed that health care access is generally good, but the cost of health care in comparison to wages is an issue. Subsequent discussion indicates that a relatively large number of residents have insurance compared to the urban population. However, many have health insurance with very high deductibles. This means that residents have large out-of-pocket costs, which means they are basically self-insured for less costly health care. Regional health care only recoups 50 cents on the dollar; some of the loss is mitigated with government programs. Another issue is that recruitment and retention of administrative personnel is as difficult as recruitment and retention of health care professionals.

Health care access generally seems to be missing from most community master planning. This is from the perspective of looking at health care not just from the amount of space available for access, but from capacity. There is growth in the health care sector coming from hospitals. The issue is not so much health care access as it is affordability of health care. Health care also represents a significant economic impact with jobs and

income to the region, but little has been done to address this need and opportunity effectively.

Health care access is a complicated issue. Health care providers are forced to charge high rates for services to underwrite the many residents who do not have insurance or are underinsured. If the region does not have a healthy workforce, then the problem is exponentially worsened and expands to what is known as cost shifting.

The region has excellent health care access but access may be constrained when combined with transportation, cost sharing, and ability to pay issues. Health care is not accessible if there is no transportation to get a patient to services and if that patient does not have a way to pay the bill.

### State Amendments

It is particularly difficult for rural communities to create sustainability due to constraints within Gallagher, Amendment 23, and TABOR. Although these are statewide issues, rural communities do not have the votes to impact the needed changes. Gallagher is a barrier to attracting and retaining some businesses because commercial properties carry a 3.6 times higher tax burden. However, a one-size-fits-all solution would significantly hurt a county such as **Moffat County**. As a consequence, for rural regions, it is

more difficult to support residential needs because of the contrast in tax rates with commercial properties. There is a need to engage in a “Gallagher” conversation statewide and identify a responsible and reasonable solution that benefits the entire state.

The focus groups migrated to a discussion of why the State of Colorado and government in general is driven by the initiative process. Gallagher and Tabor Amendments seem to represent citizens’ fundamental mistrust of government. One issue is the citizen’s question of return on investment. “I want to have a say because I didn’t trust the elected officials to do as well with my dollars as I can.”

The Economic Development Council of Colorado’s Citizens’ Survey of voters from October 2007 noted that there is a higher level of confidence at different levels of government. Generally, county commissioners and city councils seem more approachable. Government needs an environment that encourages one to become an elected official. Research has indicated that only half of voters could name their elected officials for the city, county, and school boards. Unfortunately attendees felt this actually could be a high assumption. Rarely could voters name the officials sitting on the water board

# Rural Resort Region



People tend to participate more in governance in rural Colorado because they believe; “this is a place where I can make a difference”

or even who their state legislators are. People tend to participate more in governance in rural Colorado because they believe; “this is a place where I can make a difference”.

## Changing Demographics

Part-time residents (second homeownership) in **Grand County**, as in most of the counties, have a huge impact. There is considerably more detailed information available through the Northwest Colorado Council of Governments studies.

**Eagle County**, as with most of the region’s counties, from an economic driver standpoint, does not have a particularly diverse economy, as its economy is primarily tourism and tourism support industries. The tourism areas continue to work to develop ways to attract visitors during the shoulder season. They continue to plan for growth opportunities.

We heard a broad spectrum of comments throughout the state in the different focus groups. One unique perspective we heard was what we respectfully call the “Wilber syndrome,” “If we continue to attract tourists, they will just like it here and want to move here,” as Wilber, a long time resident of another region, once responded when asked about tourism promotion in his county. It is tough to respond to, that but it is understandable at the same time. Some communities may reflect Wilber’s attitude from a generational

spectrum and the influx of newcomers that clash with the “old timers.” It is important for community leaders to recognize that this mindset often exists.

Newcomers bring an infusion of cash and new ideas. An example is that multi-generational family farmers that have cashed out by selling valuable real estate which is then developed. They have left their communities with their assets and cultural values. This attracts outside interests, causing the influx of newcomers. The group noted that it is possible that more generations down the line might not want to stay. Grand County lost a fifth-generation family because of water rights that went to water two golf courses in **Grand County**.

The focus groups had considerable discussion of how they would define growth. The economic development profession generally defines full employment as 4% per year. However, people think differently about growth. In **Moffat County**, there is a focus on economic diversity and prosperity with an overall comfort level with growth. In the Kremmling area, residents want more growth. In eastern Grand County, they want less. **Routt County** struggles with affordability issues, as many who work in **Routt County** cannot afford to live there.

Policy wise, the issue is trying to manage growth. A comment was shared by one of the participants who recently waited in a grocery store line for 30 minutes to check out. The discussion in the checkout line was about the Peruvian grocery checkers that had worked the winter season and had to leave the US as their work visas required. They ended up leaving just before the Easter rush. This was expected to impact the quality of customer service in local businesses. Workforce issues are the constant theme.

## What makes this home?

When we asked, “What makes the area “home?””, the overwhelming first response was the people. Connections and the social fabric of the communities are different, but it is still the people that make it “home”. Other responses include but were not limited to:

- the environment
- excellent schools
- a rural attitude
- people who care
- blue skies
- clean water
- agricultural landscape
- rural character and characteristics of countryside
- open spaces
- a sophisticated community with all amenities of metropolitan area
- caring residents
- high mountains
- a great mix of people that have good “civil dialogue” to resolve challenges.

There is an eclectic mix of people that will talk to each other. One change is that urbanization in the rural communities is bringing “high octane” folks with plentiful resources. These newer people are at times perceived to be imposing their “will” and bring into communities things they had in their urban community, changing the character of the rural community to which they migrated. Many residents locate in this region because the Front Range has gotten too big for them, and they do not necessarily want the mall and the traffic.

Another impact on the sense of “home” is when 18-25 year olds find it difficult to afford to stay in the region. Their definition of “home” could be in jeopardy, as recent experiences of local organizations indicate a struggle to get younger people to serve on boards and commissions. Aging baby boomers tend to be the ones to serve, because the younger generation is working several jobs and tends to be less involved in community affairs.

Mentoring of the younger generation in some counties, by carefully selecting quality youth to participate, seems to be helpful. Organizations such as the United Way are looking for ways to get younger people into leadership positions. At the high school level, the schools have instituted solid leadership programs to encourage

civic passion. Chambers, Rotary, and Kiwanis organizations are starting to form younger groups, targeting 40 year olds and younger in an effort to develop new leadership.

“Leadership Steamboat” has a model to broaden involvement. It is a program that is easily replicated, and they work through Colorado Mountain College. Many participants have stayed in the community and it creates a mosaic of new leadership.

Part-time residents (second homeowners) tend not to be very engaged in the community, but this is not a consistent theme in other parts of the state.

### **Conclusions & Potential Solutions**

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and development of a plan of action to facilitate successfully influencing positive economic change for the region. Many conclusions and potential solutions are found at the end of this document.



# Rural Resort Region



When we asked, “What makes the area “home?”, Connections and the social fabric of the communities are different, but it is still the people that make it “home”.

## Resources

### Colorado Department of Local Affairs

Jack Kirtland  
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### Colorado Department of Local Affairs

Greg Winkler  
602 Galena Street  
P.O. Box 5507  
Frisco, CO 80443-5507  
(970) 668-6160  
[greg.winkler@state.co.us](mailto:greg.winkler@state.co.us)

### Colorado Mountain College; Aspen Campus

0255 Sage Way  
Aspen, CO 81611  
(970) 925-7740  
<http://www.coloradomtn.edu/>

### Colorado Mountain College; Central Admissions & Administration

831 Grand Ave.  
Glenwood Springs, CO 81601  
(970) 945-8691  
(800) 621-8559  
<http://www.coloradomtn.edu/>

### Colorado Mountain College; Edwards Campus

150 Miller Ranch Road  
Edwards, CO 81632  
(970) 569-2900  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Glenwood Springs Campus  
1402 Blake Avenue  
Glenwood Springs, CO 81601  
(970) 945-7486  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Leadville Campus  
901 South Hwy. 24  
Leadville, CO 80461  
(719) 486-2015  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Roaring Fork Campus  
690 Colorado Avenue  
Carbondale, CO 81623  
(970) 963-2172  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Spring Valley Campus  
3000 County Road 114  
Glenwood Springs, CO 81601  
(970) 945-7481  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Steamboat Springs Campus  
1330 Bob Adams Dr.  
Steamboat Springs, CO 80487  
(970) 870-4444  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Summit Campus  
103 S. Harris St.  
P.O. Box 2208  
Breckenridge, CO 80424  
(970) 453-6757  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

Vail/Eagle Valley Campus  
333 Fiedler Ave.  
P.O. Box 1414  
Dillon, CO 80435  
(970) 468-5989  
<http://www.coloradomtn.edu/>

### Colorado Mountain College;

West Garfield Campus  
3695 Airport Road  
Rifle, CO 81650  
(970) 625-1871  
<http://www.coloradomtn.edu/>

### Colorado Office of Economic Development and International Affairs

Sam Susuras, Western Colorado Business Development Representative; Lead BDR for Community Assessments in the Region; Energy, Manufacturing and Mineral Development Programs  
Counties: Eagle, Garfield, Mesa, Moffat, Pitkin, Rio Blanco, Routt  
[sam.susuras@state.co.us](mailto:sam.susuras@state.co.us)

### Colorado Office of Economic Development and International Affairs

Pete Roskop; Metro Denver and North Colorado Business Development Representative; Lead BDR for Community Assessments in Designated Region; Legislative Liaison and Lobbyist; Colorado First Program; Counties: Grand, Jackson, Summit  
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**Craig Moffat Economic  
Development Partnership  
(CMEDP)**

Darcy Trask  
300 West Fourth Street  
Craig, CO 81625  
(970) 826-2039  
[director@cmdep.com](mailto:director@cmdep.com)

**Hayden Economic Development**  
<http://www.haydenedc.org/>

**Northwest Colorado Council of  
Governments**

P.O. Box 2308  
249 Warren Avenue  
Silverthorne, CO  
(970) 468-0295  
Fax (970) 468-1208  
<http://www.nwc.cog.co.us/>

**REGION 12; Rural Business Loan  
Fund Office**

June Walters; Northwest Loan Fund;  
Moffat, Routt, Jackson, Rio Blanco,  
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Warren Avenue, Suite 201  
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(970) 468-0295  
(800) 332-3669 x119  
Fax (970) 468-1208  
[http://nwc.cog.co.us/Programs/NWLoanFund/northwest\\_loan\\_fund.htm](http://nwc.cog.co.us/Programs/NWLoanFund/northwest_loan_fund.htm)  
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**USDA-Rural Development**

Servicing Counties: Garfield, Grand,  
Jackson, Moffat, Rio Blanco and Routt  
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(970) 824-3476

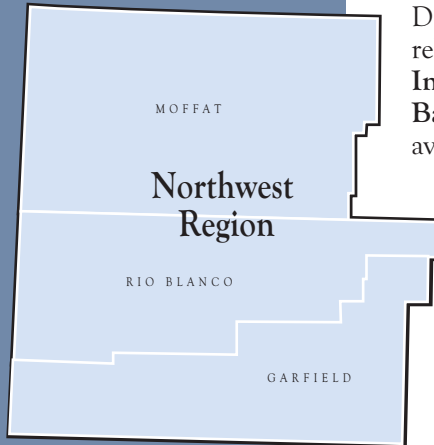
**Yampa Valley Economic  
Development Council**

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# Northwest Region



## Northwest Region

The region includes Garfield, Moffat and Rio Blanco Counties. Location of focus sessions was Rifle, Garfield County in March, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Data referenced in this section relates to **2006 Base Jobs and Income as a Percentage of Total Base Income**. Complete data is available in the appendix of this document. Data was provided by the Colorado State Demographer's Office. Complete data will be available on the Colorado Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

This objective, quantitative data is specific to the Northwest Region and points to a remarkably balanced and diverse regional economy. The top three base job indicators total well below the 60% standard. This is the only rural region in the state where this is the case.

**Garfield County** is the largest county by population in this region and impacts the overall regional numbers the most. It is still impressive that Garfield's top three indicators of Regional National Services, Tourism and Households are all within a little over 1% of each other. The energy sector impacts the county with 10% of the jobs generating 17% of the income. This reflects an expected number of jobs at a high level of wages. It will be

very interesting to evaluate future numbers to compare the long-term effect of energy to the region. At the other end of the spectrum, tourism provides 17.2% of the base jobs and only 12% of the income, but that is more the norm for that sector. There is also a significant impact from construction-related base jobs that is extremely high for the category.

In contrast, **Moffat and Rio Blanco** Counties have very balanced numbers. The differences are anticipated with agribusiness in the top three for **Moffat County** as to jobs, but very low as to income. Mining/energy shows up at a lower number of jobs but high level of income.

**Rio Blanco County** has a very high dependence on the mining/energy sector with 51% of the county's income coming from that sector. Moffat is close behind with 33% of the county's income from base jobs. This validates the concerns of the region and the cautious attitude about this industry. Although the oil and gas industry is much more stable and balanced today than in the early 80's, it would still be devastating to these counties if "the bottom fell out" again. There is still concern over the implementation of regulations of the oil and gas industry that could have an impact on future production. The efforts reflected in the next section to evaluate the socio-economic impacts

on the region are invaluable to the planning for their future.

The assessed valuation impacts are also very telling. The total assessed valuation per square mile (AV PSM) for the region is well below the state average, but more than doubles when public lands are excluded from the formula. Critical mass is impacted as the number of people PSM nearly triples when public land is excluded. All of this is understandable as over 61% of the region is public land and nearly 19% of the entire state. Public lands are great for hunting and fishing and other recreational activities. Generating a comparable level of income is not one of the strengths. Payments in Lieu of Taxes (PILT) become a very important resource to these counties.

Unemployment numbers have significantly changed across the United States and in much of Colorado. However, in this region, there has been very little change and in the case of **Rio Blanco County** there has actually been a drop in the rate of 2.6% in 2006 to an August 2008 rate of 2.4%. Clearly, the impact of the oil and gas industry bodes well for this region.

The data and this evaluation are intended to develop a baseline for measuring future efforts for a more diverse and sustainable economy in the region. This analysis is intended to illustrate investment opportunities for the public and private sectors and to stimulate the conversation around opportunities in this region of Colorado.

### Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

An issue that needs to be evaluated is that this particular region and the relationship with the Rural Resort Region could dictate a different level of assessment in subsequent annual reports.

Consistent with most of rural Colorado, the key issues facing this region are housing affordability, workforce availability, infrastructure needs and challenges, and state amendments/legislative issues. The following context is the result of our qualitative/topical discussions vs. the more analytical information presented above.



At the outset, it is most important to acknowledge great work and research that has been completed relating to this region. A key and critical resource for this region is the recent completion of the “Northwest Colorado Socioeconomic Analysis and Forecasts.” This valuable document includes:

- Socioeconomic Forecasts
- Fiscal Projections
- Model Documentation

It was prepared for the Associated Governments of Northwest Colorado and prepared by BBC Research & Consulting of Denver, Colorado.

### From the Executive Summary of the Northwest Colorado Socioeconomic Analysis:

Northwest Colorado is in the first decade of an extraordinary period of challenges, risks and opportunities. As the focal point of one of the largest “gas plays” in North America—as well as the center of potential U.S. oil shale production further in the future—economic activity in this mostly rural region is rapidly expanding. But the region is severely challenged by the pace, locations and nature of these growth pressures.

County and municipal governments and the private sector are also confronted with many risks—ranging from the uncertainties of national energy markets, and the possibility of changes in state revenue allocations, to the potential implications of failure to keep up with planning and the infrastructure upgrades needed to serve fast growing demands. With proactive regional efforts, local commitment to solving difficult challenges and ongoing technical and financial support from state and federal sources, the region has the potential to capitalize on this extraordinary period, maintain economic diversity and develop high quality, sustainable communities.

In June 2007, the Associated Governments of Northwest Colorado (AGNC) with support from the Colorado Department of Local Affairs (DOLA) retained BBC Research & Consulting (BBC) to analyze existing socioeconomic conditions in northwest

Colorado and forecast how those conditions may change with future natural resource (e.g. natural gas and oil shale) development. The study area focused on Mesa, Garfield, Rio Blanco and Moffat counties while recognizing the influences of major resorts in some adjoining counties and the interrelationship with similar natural resource development occurring in nearby areas of Wyoming and Utah.

“Investigating Regional Collaboration In Northwest Colorado” was an important next step and follow-up to the above mentioned report. Details were developed by Mesa State College Natural Resources and Land Policy Institute led by:

John Redifer  
Georgann Jouflas  
Thea Chase  
Susanna Morris

From the report:

Recently completed studies of the socioeconomic impacts of growth in Northwest Colorado reveal a thriving economy based on traditional agriculture, those seeking a “quality lifestyle” and most recently, the booming mineral resource extraction industry. These three sectors contribute greatly to the economic quality of life in the region; however, the factors that contribute to the success of each of these economic sectors sometimes clash. In addition, the recent rapid growth in the region has created numerous challenges to local governments. Many of these challenges

# Northwest Region

are either similar across local governments or have impacts that carry far beyond any one local government jurisdiction. Consequently, there exists a strong need to investigate the possibilities of developing a regional collaborative effort to help the area successfully meet the challenges of growth.

To this end, the Northwest Regional Council of El Pomar asked Mesa State College's Natural Resources and Land Policy Institute to investigate the possibility of developing collaborative efforts in the region. During the winter and spring of 2008, investigators conducted focus group meetings with community leaders, surveyed area businesses and researched other regional organizations in an effort to determine existing support and barriers for establishing collaboration in the area.

For complete details of these valuable reports, go to:  
<http://agnc.org/reports.html>.

In a conversation with Reeves Brown, President of Club 20<sup>15</sup>:

- The key areas that require focus are opportunities and a comparison of relative costs of retaining and expanding the infrastructure, including technology, transportation and healthcare.
- There are lower economic standards to intergenerational communities and the significant changes that are occurring in rural counties.

- The key issues are oil and gas, tourism, and agriculture. The Western Colorado economy is diverse, but within individual counties, not so much, such as:
  - Rio Blanco County: some agriculture, recreation, hunting and energy boom.
  - Garfield County growth is incredible—the first oil shale boom, housing affordability is just going through the ceiling. World demand is driving this boom; there is a convergence of factors in Garfield County and no other real examples to compare to this.

## Housing, Workforce, and Infrastructure

There is a clear link between affordability in housing stock and workforce availability in each of these counties. As housing prices increase, the risk, or at least the fear, of another economic decline, as that of 1982, creates a need to look at a more sustainable business economy that relates to the global economy over the next twenty years of development. Dips and rises in commodities and the extraction industries suggest that the region, though currently benefiting from an overall up trend in the regional economy, must be careful in dealing with economic dips. There is considerable institutional memory in the region that does not want to put itself into a position of a decline in commodities devastating the region as it did in the 1980s.

Commuting patterns have changed substantially, and this impacts housing affordability and is also discussed in the Workforce Section. The volatile fuel prices at the time of the writing of this report will continue to influence housing issues.

Many people are moving to **Garfield County** because of the oil and gas extraction industry, directly or indirectly. There are a significant number of people moving into the region that further challenge this area. In **Moffat County** there are fewer amenities. **Garfield County** suggests it needs more access to amenities.

Commuter patterns in the region need to be reviewed and need focus. Available housing stock is an issue and new developments are going to be expensive with new infrastructure needs. The related increased transportation costs and increasing rural travel are all impacted by fluctuating gas prices. Changing commuter patterns in **Garfield** and **Rio Blanco Counties** are created with a new workforce from out of area. In general, the area has many “locals” who commute long distances. Long-time residents are not used to these commuting patterns.

<sup>15</sup>Phone conversation, May 2008



“The key areas that require focus are opportunities and a comparison of relative costs of retaining and expanding the infrastructure, including technology, transportation and healthcare.”



Transportation maintenance, keeping the roadways safe for the workforce, residents and visitors, has a major impact. Traffic congestion of the sort seen at the Parachute interchange, as one example, makes this an important issue for the region.

### Governance

Focus group participants had an extensive discussion of governance issues. As a result of citizen initiated governance, unintended consequences have added to the already challenging environment for the region. In general, Colorado tends to be at a competitive disadvantage compared to its neighboring states and in the world economic environment. Colorado's tax structure is a detriment to the local economy and statewide. The initial premise behind the Gallagher Amendment was to balance the disparity of residential and commercial property assessments (55% commercial to 45% residential formula). It has become a significant detriment to commercial development, which makes it a local issue.

Tabor (*a.k.a. The Tax Payers Bill of Rights*) includes a ratcheted effect that impacts local funding. This is primarily a result of the local funding formula for growth in the amendment being based on the Denver/Boulder CPI, not the impacted region. Tabor attempts to dictate how fast the regions throughout Colorado can grow. These amendments grew as a result of a perception of mistrust in state



The pace of life is as important as a sense of place.

government by the tax payers, a legislative body that is out of touch, and a general lack of trust in public officials. (*This issue was referenced at length in the General Overview section of this document.*) The amendment/initiative process in Colorado is not reflective of the problems the rural regions face on a daily basis. It does imply a lack of leadership, governance, and a state government that is too often not civil in its deliberations. The referendum, rather than the initiative process, does provide for public debate and clarification of an issue that might find its way to the ballot, which also requires the Governor's signature AFTER it passes out of the legislature.

The initiative process is proving to be Colorado's Achilles heel and needs to be included in the report as a constraint for growth and opportunities in rural Colorado. Too often this puts rural Colorado in a reactive mode, not in a proactive mode, (that is, never ready, too often reacting to decisions made outside the region with unintended consequences). Northwest Colorado is no different from other regions. Colorado needs to deal with the root cause of these issues, realizing that rural Colorado will think locally but, also needs to understand globally to make appropriate decisions to grow economies and develop healthy, sustainable communities.

### Sustainable Economy

Rural Colorado lives in a "flat world," technologically speaking. This is particularly important in northwest Colorado with its resource base (water and fossil fuels) that is driven by global world issues.

The gross product produced in rural Colorado has significant impact on urban Colorado and the state's economy as a whole. A strong case can be made for focusing on the potential for the state's economy in addressing rural Colorado's primary challenges and opportunities. Any policy official, community leader, chamber, economic or business developer can find information suggesting areas of improvement and help rural and urban citizens gain a better

understanding of the rural economy, including its challenges and opportunities.

Northwest Colorado is working to diversify with more than just the energy industry by attracting people working in business opportunities supporting the industry and the region. A diverse economy equals diverse industry sectors that will not bottom out when one industry dips. There are lessons to be learned from the 1980s when other communities, such as Houston, Texas, figured out how to broaden development after the oil and gas sector cratered. Regardless of the size of a community, there are opportunities to learn from others.

The key is creating sustainable primary jobs. A primary job/employer is a company that creates a product or service that brings new money into the local area. Tourism is a primary driver to this region, though often providing lower wages. The extraction industries bring considerable new dollars to the economy and higher wages. Unfortunately, much of the "new" dollars generated from extraction industries do not stay in the county of origin.

The construction trade follows oil and gas production and tourism. It is not an industry that stands alone but is impacted by many economic drivers. The need for road construction, maintenance, and cement/concrete and asphalt materials are indirect base

# Northwest Region

jobs that are important to this region. One primary or base job creates many ancillary support jobs. Construction is generally a secondary employer. A primary employer is one who will bring new dollars into the region.

From the experience of the 1980s, the region's goal is to ensure a stable local economy that is more diverse than just having energy as the most significant economic driver. To restate, the key is to create an economic environment where the region would not experience affects from the severe downturn as in the early 1980s. Fortunately, there is a remarkably balanced economy, overall, in this region.

## What makes this home?

- The sense of community each person develops by contributing back to the community, making it stronger.
- A sense of attitude and connecting people to each other. Though there is resistance to change, the people make the region home.
- An amazing number of people return to the region, referred to as "boomerangs". They return because they are interested in the familiar sense of comfort they experienced previously living in the region.
- The pace of life is as important as a sense of place
- A relationship with seasons, habitat and wildlife
- Environmental and emotional ties to the land

- Outdoor recreation and opportunities such as fishing and hunting
- Plentiful water
- Quaintness that does not change
- The Roaring Fork Valley has a sense of community, though there are differing attitudes between "down valley" and "up valley"

Some erosion of a sense of community is occurring as older residents, long-term residents, pass on. This is impacting the institutional and cultural memory of the region. There are at times conflicting views about new residents that do not have the older group's sense of community. As a consequence, some newcomers do not feel welcome. Although they work in the region, they do not feel part of the community.

Conversely, there is also an excitement among people moving to the region who have resources and want to work to improve the region. The Chambers of Commerce have a very hands-on approach, encouraging newcomers to become involved.

Challenges continue for the many residents that have to work two or even three jobs to survive in the region, leaving little time to volunteer. This puts pressure on schools to provide after-school programs and opportunities. Many people moving into a community from urban cities have demands for community services, but they tend to not get involved unlike longer term residents. The sense

of community and definition of community is a paradigm shift of what is the new community. The fast pace and global economy is a big part of the discussion.

## Conclusions & Potential Solutions

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and development of a plan of action to facilitate successfully influencing positive economic change for the region. Many conclusions and potential solutions are found at the end of this document.

## Resources

- The Food Bank of the Rockies provided a link to a non-profit report developed by the Colorado Association of Non-Profits. Details of the report are available at: <http://www.coloradononprofits.org/GivingStudy/KeyFindings.pdf>
- Glenwood Springs Chamber of Commerce is actively securing information with a survey and research reporting to the Colorado Tourism Board. Details available at: <http://www.glenwoodchamber.com/Chamber-of-Commerce/Survey-Results.html>
- Colorado Northwestern Community College
  - Rio Blanco, Moffat and Routt county service area
- Colorado Mountain College serves nine communities and is collaborating with other community colleges in states within the Rocky



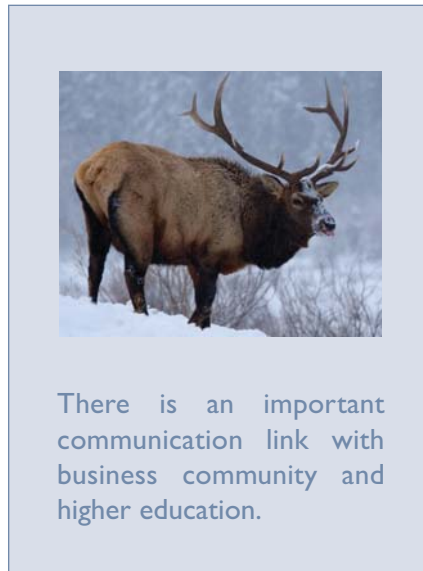
"The key is to create an economic environment where the region would not experience affects from the severe downturn as in the early 1980s."

Mountain region that have an oil and gas industry. They are focused on the kinds of issues relating to oil and gas determining how to educate the workforce for jobs in the oil and gas industry. There is an important communication link with business community and higher education. Community colleges provide valuable training to assist employers with finding and developing workers that are employable. However, rural colleges tend to be at a competitive disadvantage with the urban community colleges for funding and student base.

- Colorado Mountain College's nine locations include the counties of Eagle, Grand, Jackson, Lake, Garfield, Pitkin, Summit, Chaffee and Routt.

A key and critical resource for this region is the recent completion of the "Northwest Colorado Socioeconomic Analysis and Forecasts." This valuable document includes:

- Socioeconomic Forecasts
  - Fiscal Projections
  - Model Documentation
- It was prepared for the Associated Governments of Northwest Colorado and prepared by BBC Research & Consulting or Denver, Colorado.
- Non-profit Report: Regional Food Bank
  - Glenwood Springs Chamber of Commerce



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# Southwest Region

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Quantitative data referenced in this section relates to **2006 Base Jobs and Income as a Percentage of Total Base Income** which was provided by the Colorado State

Demographer's Office (SDO). For a detailed explanation of the quantitative data, please refer to the

section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

CRDC would like to thank the staff of Region 9 Southwest Colorado Economic Development District (Region 9 EDD) for their considerable help in providing the following quantitative analysis of this region.

*"Southwest Colorado sits amidst spectacular mountains, surrounded by vast public lands, Colorado's only two Indian Tribes and 'far away from the Front Range'." In southwest Colorado there are challenges such as no interstate, no rail or air freight service; a population of 88,000 people in 6,584 sq miles; a high cost of living and lack of high*

*paying jobs; and geographic isolation of communities." These timely remarks were made to the Basic Economic Development Course attendees in June, 2008 by Laura Lewis Marchino, Assistant Director: Region 9 Economic Development District of SW Colorado (R9EDD).*

The five counties in the region vary in their composition of base industries. The ideal situation is high employment and income in the base industries and industry diversification. Sustainable economies should be diverse and balanced, so that if one industry declines it doesn't drastically affect the entire economy.

In **Archuleta County**, tourism provides the most jobs and job income of all base industries and generates a lot of support jobs in residential industries. Tourism includes accommodations, second homes (real estate and construction sectors) tourist services and transportation.

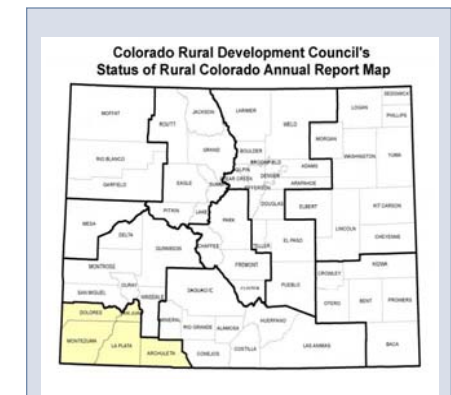
In **Dolores County**, agribusiness provides the most jobs and job income of all base industries. Agribusiness includes services such as processing food products, trucking, storage, sales of farm equipment and supplies. It also impacts credit institutions and commodity brokers.

In **La Plata County** we see the importance of regional services as a base industry. These are establishments that provide services to a region (a group of counties) or the nation. Examples include utility companies, transportation (i.e. airports), construction companies, and some financial institutions. Tourism is also a very important base industry in La Plata County. Another economic driver for the county is the energy industry – primarily natural gas. Jobs in the energy industry generally pay high wages and revenues (taxed at 87.5%) which lowers property taxes.



## Southwest Region

The region includes Archuleta, Dolores, La Plata, Montezuma and San Juan Counties. The location of the focus session was Durango, La Plata County, in March, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.



Map prepared by State Demography Office

*"Southwest Colorado sits amidst spectacular mountains, surrounded by vast public lands, Colorado's only two Indian Tribes and 'far away from the Front Range'."*



2006 Base Industries Southwest Region	Archuleta	Dolores	La Plata	Montezuma	San Juan
Agribusiness	8%	40%	7%	12%	1%
Mining	1%	0%	5%	1%	0%
Manufacturing	2%	2%	2%	6%	0%
Regional Services	9%	8%	24%	14%	4%
Tourism	39%	6%	34%	15%	61%
Government	2%	3%	9%	6%	6%
Households	39%	42%	20%	46%	28%
Total # of jobs in base industries	4,040	677	17,854	7,827	285

A significant question that arose during the focus group was “What happens when gas extraction goes away fifteen years from now?” People will move when the paycheck goes away.

In **Montezuma County** we see that tourism provides the most direct base jobs. However, regional services have a higher multiplier and account for more secondary (supporting) jobs.

In **San Juan County** we see that tourism is clearly the largest base industry. This reflects a very fragile local economy, particularly in light of the current price of gas and the resulting impact to tourism travel.

If the goal is to foster a sustainable economy, there is a need to develop economic diversity to improve the number, quality, and variety of jobs that are available to local residents, particularly in areas that are reliant on one base industry.

An additional resource outlining economic trends for the region from 1980 to 2006 can be found in the Comprehensive Economic Development Strategy (CEDS) at <http://scan.org/2%20-%20Regional%20Overview.pdf>.

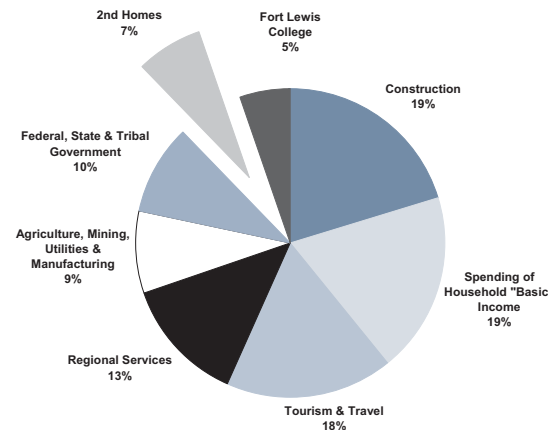
In addition to this analysis, Region 9 EDD has just completed an economic driver study for **La Plata County** as Phase III of its *Second Home Study*. That report found that La Plata County has a wide range of job generating economic drivers in 2006, as shown below. The detailed report is available at

[http://scan.org/LPCReg9EconomicDriversReportFinalRevised1\\_7-24-08\\_.pdf](http://scan.org/LPCReg9EconomicDriversReportFinalRevised1_7-24-08_.pdf).

Payment in lieu of taxes (PILT) is also a significant economic resource to many counties that have federal lands. Western Colorado has a significant amount of public lands that are not taxable but provide

important amenities to local communities. The Assessed Valuation (AV) criterion indicates that almost 47% of the region’s land is public land. This represents 8.4% of all the public land in the state.

The land in this region is very



valuable with the AV per square mile (PSM) at over \$574,000, which is below the state average but still a very sound number. The AV PSM

without public land, however, nearly doubles and exceeds the state average at this point. Public lands are generally assessed at the lowest level, i.e. as agricultural lands. The “real value” of public lands may be the open space that attracts tourists, or in the stewardship and conservation of natural resources such as minerals, water, timber, grazing, etc.

The number of people per square mile (PPSM) changes comparably to the Rural Resort Region from 13.63 PPSM to just over 25 PPSM without public land.

The data and this evaluation are intended to develop a base-line for measuring future efforts for a more diverse and sustainable economy in the region. This analysis is intended to illustrate investment opportunities for the public and private sectors and to stimulate the conversation around opportunities in this region of Colorado.

### Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

# Southwest Region



“The economy is a tapestry, where a decline in one area translates to employee turnover and relocation, reducing school populations, which can lower educational funding and the cycle continues.”

Quantitative data, as developed and discussed in the previous section, only provides one side of the story. By conducting the focus sessions in the region, we were able to get a closer look at the issues the Southwest Region Counties are facing. We heard that the key issues include: workforce availability, housing affordability and availability, education, a sustainable economy, infrastructure and transportation, water, and technology/connectivity.

## **Workforce Availability**

There are different levels of workforce availability. Businesses suggest that they can hire teenagers, but they cannot hire college-degreed employees and afford to pay them. With the energy field booming, as in other parts of the state, there is a need for short-term, fast-paced vocational training. Workforce Center staff indicated that many of their clients do not seek a 4-year degree. The unemployment rate does not tell the impact of regional underemployment, where PhDs can be found waiting tables and a significant number of residents with Master's degrees are not working in their area of educational training.

Currently much of the business economy allows people to work in their community of residence, but there is concern that high housing prices may prohibit that in the future. There is a concern about livable wages that meet housing costs. Further

discussion on livable wages and housing is available at <http://www.scan.org/2008sci.html>

An issue unique to southwest Colorado is a major new casino on the Southern Ute Reservation that is expected to bring in 750 new jobs to Ignacio, a town of 800 people. Employment is growing, but the key question is where will the new employees come from and where will they live? There are also concerns regarding the impact on community services/roads and how the community is to financially support the services, including the impact on transportation. The employment numbers will look great, but the total impact is significant and unknown. Creating a strong collaborative partnership with the Southern Ute Tribe will be critical to dealing with these issues.

## **Housing Affordability and Availability**

Affordable housing is a significant barrier to economic development. High rents and home prices, coupled with relatively low wages, make affordable housing a prime concern in most of our towns and rural areas. In order to obtain affordable housing, many people are forced to commute long distances to their workplaces, which increases transportation costs, adds to traffic congestion and air pollution, and takes more time away from their families. Further discussion on housing is available at <http://www.scan.org/2008sci.html>.

## **Education**

The economy is a tapestry, where a decline in one area translates to employee turnover and relocation, reducing school populations, which can lower educational funding and the cycle continues.

As in many rural areas, keeping graduates working in their community is tough. K-12 education funding is declining in part due to the many retirees moving to the area. They tend to be less likely to vote for school bond issues. Additionally, funding is being reduced at San Juan Technical College, just as the emphasis on workforce training grows. In most cases, jobs in the energy field require highly skilled vocational-technology training rather than college degrees.

There seems to be no working relationship between Fort Lewis College and San Juan Technical College. Fort Lewis is not a presence in workforce training as a result of its mission as a public liberal arts 4-year college. However, Pueblo Community College has developed a presence in the region, and they are working well with San Juan Technical College in the pursuit of a merger of the two schools. It is important to note that there is a broad range of educational opportunities in southwest Colorado and they could be dovetailed to meet the needs of a more diverse economy.

## Sustainable Economy

In looking for a model community that has a sustainable economy, it is very important to identify what makes it sustainable and why. One model is a three-legged stool concept; if a small rural community does not have a bank, healthcare or a school, the community will likely decline.

A sustainable economy includes base industries where products and/or services are exported with “new” dollars returning to the community as a result. Both Cortez and Durango have excellent examples of this concept. Cortez has a premier wood flooring manufacturing mill and Durango has a service company example in Mercury Payment Systems, which sells payment processing software that is directly integrated with a point-of-sale system. These are examples of exporting goods and services and importing cash, which supports secondary jobs.

The southwest region lies at the nexus of four states – the Four Corners of Arizona, Colorado, New Mexico and Utah, which serves to hamper some economic development efforts. Infrastructure such as transportation and telecommunications does not end at county, state or tribal boundaries, although currently the strategic plans to deal with these issues does. High unemployment rates in one

area could resolve labor shortages in adjacent areas if the economic units were viewed collectively to provide cost-effective solutions. Economic development in the rural and isolated portions of the region is constrained by small or untrained labor forces, inadequate infrastructure, and few markets for goods or services. In some portions of the Four Corners the rural, unincorporated areas are seeing the highest population increases. This means that people in the region are often commuting long distances to take advantage of better employment opportunities, better shopping, and lower real estate prices. This pattern has created traffic congestion and transportation safety hazards that will only get worse in the foreseeable future.

Communities in this region draw from different demographic groups than their Front Range urban counterparts. Residents from the two Ute Nations in Colorado (Ute Mountain Utes and the Southern Utes) and southeast Utah, northeast Arizona and northwest New Mexico travel into Cortez and Durango because they are the “metro” area serving the Four Corner region. But many of the jobs’ average incomes are low, which begs the question of sustainability.

Collaborative partnerships between communities in the Four Corners area should focus on a development

strategy that would cut state lines and unify the efforts of local government and other groups in their development strategies. A more detailed analysis can be found at

[http://www.fortlewis.edu/shared/content/san\\_juan\\_forum/4corners\\_regional\\_study.pdf](http://www.fortlewis.edu/shared/content/san_juan_forum/4corners_regional_study.pdf).

Rural Colorado communities have to work harder to attract new businesses, encourage expansion of existing businesses, and provide the information to help them evaluate business decisions. Getting effective data and resources is challenging, depending on the community. For example, there are non-disclosure rules that suppress economic and other information for small communities so that individual businesses cannot be identified. This is extended to demographic information provided by the census and other sources in which towns such as Pagosa Springs have a large enough population to create a detailed social or economic profile, while Silverton struggles to develop any data.

Useful information for businesses might include: access to inventory, relative pricing, workforce availability, workforce housing availability, and a list of, and access to, local/state/federal support programs. This suggests an effort needs to be made to inform businesses about existing resources.

Region 9 Southwest Colorado Economic Development District (Region 9 EDD), La Plata County Economic Development (LEAD), Archuleta Economic Development Association (AEDA), Dolores County Development Corporation, and the Small Business Development Center (SBDC) at Fort Lewis College provide technical and financial assistance to local businesses. Contacts for economic development groups are provided in the resources section of this report.

There also need to be benchmarks, something by which to measure a community, looking for where it ranks and where it needs to put its energies to build a sustainable economy. Benchmark data points might include: jobs vs. income, median income, household income growth, assessed valuations and prospects beyond sustainability. The southwest region has made some headway in this respect. They are continuing to collect data using social, environmental and economic indicators to identify and evaluate trends in the local communities. This publication is currently called the *Southwest Colorado Index*, and is available at

<http://www.scan.org/2008sci.html>

## Infrastructure - Transportation

The most important challenges in transportation are how to move people and goods to and from the region, the condition of the roads,

# Southwest Region



“It is very important to educate our Colorado State Legislators about the economies and issues of each of the state’s regions.”

and rising gas prices. Transportation costs more in rural areas. The cost of goods and services are higher because of location, weather and a lack of transportation options. Rural areas almost seem to be “penalized” because of remoteness, and the regulations that prevent certain products from crossing state lines, such as liquor, vegetables, add to that issue. The region is also geographically constrained in that if Wolf Creek Pass closes, mail cannot be delivered. Wolf Creek Pass closed 18 times in the winter of 2007-2008.

Public or mass transportation would help strengthen the economy by providing job opportunities in the larger towns to residents in outlying areas who may not be able to afford to commute, particularly as gas prices rise. Mass transit would also ease the burden on already poor regional highways.

## Water

Additional infrastructure challenges in the region include the availability and uses of water. Water treatment and sewer systems in remote areas and small towns are lacking. Gas/oil industry impacts include balancing potential environmental impacts with the mineral and resource extraction that is so significant to the region’s economy.

There also needs to be more consideration of local watershed

ordinances that encompass the area. Growth of the urban portions of Colorado will continue to put pressure on water supplies – particularly in agriculture, which uses considerably more water than urban areas, as previously stated. Creative conservation and water planning are keys to balance rural and urban Colorado and will be critical for Colorado’s future.

## Technology / Connectivity

Rural southwest Colorado has limited telecommunications infrastructure. Rico can get DSL but not a radio service or cell coverage, which limits growth opportunities. Complicating this are issues of the un-intended consequences of unfunded mandates on rural regions that impact infrastructure requirements.

Though the region is in Colorado, most media communication comes out of Albuquerque, New Mexico, including “local” news. In addition, television coverage of many sporting events with “local” Colorado teams is not available to the southwest region.

After the “digital divide” has been crossed, one of the greatest opportunities in job creation for the region may be under the auspices of advanced technology. There are already a number of location-neutral businesses and lone eagles

(individuals who migrated to live in a community such as Rico and are able to do business in Australia or Japan or Chicago via the Internet). The area is fortunate that it is a highly desirable area with high migration trends from baby boomers and high-tech mobile residents helping the population to grow, and the economy to diversify.

## What makes this home?

The focus groups identified a number of shared values that make the region “home.”

- Residents enjoy their activities in their free time.
- The quality of having been born and raised in area is as important as is the quality of life.
- Interpersonal relationships are important as well as a feeling of belonging and a shared sense of values.
- The region enjoys proximity to other locations, such as Mancos, and is geographically centered between Phoenix, Denver, Salt Lake City, and Albuquerque.
- There are opportunities to get to know people.
- Though there is always some level of dysfunction, the communities in the region are strong, passionate, agreeing to disagree and still coming together to solve problems.



- Lifestyle is important and a big part of those raised in the region, those who know the life of a gravel road in snow, and what weather is right to grade.

These comments echo shared values that were shaped into a regional vision statement through the Comprehensive Economic Development Strategy process.

*We strive to encourage economic development that preserves our small-town and traditional heritage, takes care of our natural resources, and provides opportunities for our children to stay in southwest Colorado.*

## Conclusions & Potential Solutions

It is very important to educate our Colorado State Legislators about the economies and issues of each of the state's regions. As this report illustrates, communities in the southwest region have a number of shared issues, most of which are concerns at both rural and urban levels across the state.

Future Annual Reports need to identify comparative data that could include:

- tracking the number of college graduates and comparing it to associated higher incomes
- tracking the number of residents that are Colorado natives, staying in Colorado, or returning to their original state (or community)



We strive to encourage economic development that preserves our small-town and traditional heritage.

- situations where a large number of employees work in the region, but the corporate offices are located elsewhere
- Other fundamental economic data, much of which is available, might include:
  - employment base
  - employment pay rate
  - market areas
  - available workforce for specific employers
  - fundamental data to pitch to employer and goods and services provided
  - businesses' production as a percentage of county income
  - targeted industry information.

Region 9 EDD has much of this information, but this report will look for opportunities for comparative analysis with other parts of the state. The analysis can lead to recommendations and proposed solutions including, possible collaborations between communities.

One example of collaboration in the southwest region might be: Rico and the Town of Dolores have combined and shared resources to sweep their streets, a synergistic collaboration because the communities were talking with each other. Neither community alone could have made this happen.

## Resources

*The Southwest Colorado Index* looks at social, environmental and economic data and trends for the region  
<http://www.scan.org/2008sci.html>

*The Social and Economic Impacts of Second Home Owners – Phases I & II.*  
<http://www.scan.org/survey%20analysis-draft%207-10-06.pdf>

Phase III of the Second Homeowners Report, *La Plata County Economic Drivers*, uses the number of jobs as a measure of what drives the La Plata County economy.  
[http://scan.org/LPCReg9EconomicDriversReportFinalRevised\\_7-24-08\\_.pdf](http://scan.org/LPCReg9EconomicDriversReportFinalRevised_7-24-08_.pdf)

*The Region 9 Report* – a snapshot of the demographics and economics of each county in the region - updated annually  
<http://scan.org/REPORT%202007.pdf>

*The Comprehensive Economic Development Strategy (CEDS)* - last updated in 2006. This is the link for the Regional Summary of Issues, but you can also access the individual counties at the scan.org site under publications.

<http://scan.org/2%20-%20Regional%20Overview.pdf>

*Retail Data for Decision Makers*, again this is the regional summary link but a separate report for each county is also available.

<http://scan.org/Regional%20Summary%202006.pdf>

*Four Corners Regional Study – Economics and Issues*, this report considers the Four Corners area as a discrete economic unit.

[http://www.fortlewis.edu/shared/content/san\\_juan\\_forum/4corners\\_regional\\_study.pdf](http://www.fortlewis.edu/shared/content/san_juan_forum/4corners_regional_study.pdf)

Fort Lewis College also provides excellent economic reports for our region. These can be seen at <http://soba.fortlewis.edu/econoweb/index.htm>

Town of Ignacio Economic Report

Town of Rico Master Plan

# Southwest Region



*“If you're lucky enough to live in rural Colorado; you're lucky enough! But, without innovation and rising productivity, that won't be enough!”*

## **Archuleta Economic Development Association**

Bart Mitchell  
P.O. Box 305  
Pagosa Springs, CO 81147  
(970) 264-4171  
Fax: (970) 264-4327

[www.archuletaeconomicdevelopment.org](http://www.archuletaeconomicdevelopment.org)

## **Dolores County Development Corp.**

Dan Fernandez  
(970) 677-2283  
[danfern@coop.ext.colostate.edu](mailto:danfern@coop.ext.colostate.edu)

## **La Plata Economic Development Action Partnership (LEAD)**

Jack Llewellyn  
P.O. Box 3874  
Durango, CO 81302  
(970) 259-5064  
Fax: (970) 385-5005  
[www.laplatacountycolorado.org](http://www.laplatacountycolorado.org)

## **REGION 9; Rural Business Loan Fund Office**

Ed Morlan, Jenny Stollar; Region 9  
Economic Development District of SW  
Colo.; Dolores, San Juan, Montezuma,  
La Plata and Archuleta Counties  
259A Girard St.  
Durango, CO 81301  
(970) 247-9621  
Fax: (970) 247-9513  
<http://www.scan.org>

## **San Juan 2000 Economic Development**

Karen Hoskin  
P.O. Box 117  
Silverton, CO 81433  
(970) 387-5101  
Fax: (970) 387-0282

[www.sanjuan2000.org](http://www.sanjuan2000.org)

## **Small Business Development Center**

Joe Keck  
1000 Rim Dr.  
Durango, CO 81301  
(970) 247-7009  
Fax: (970) 247-7623  
[www.fortlewis.edu/soba/sbdc](http://www.fortlewis.edu/soba/sbdc)

## **Southern Ute Tribe**

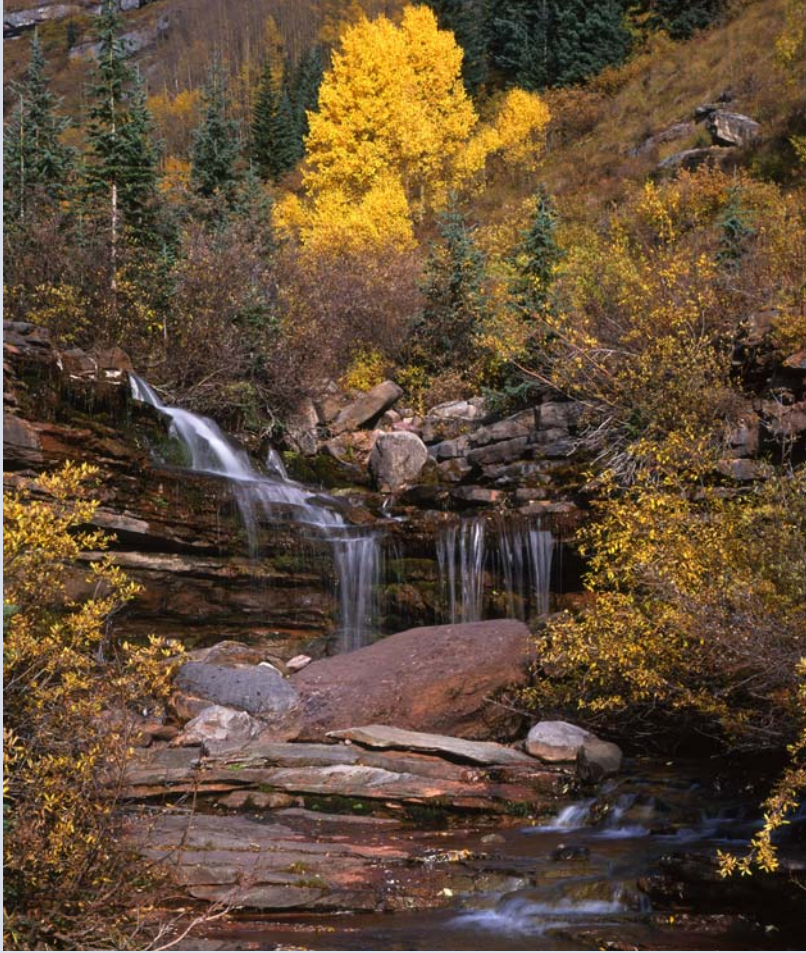
Rodney Class-Erickson  
Judith Miller  
(970) 563-0100 x2270

## **USDA – Rural Development**

Servicing Counties: Archuleta, Dolores, La  
Plata, San Juan, Montezuma and San Miguel  
628 W. 5th Street  
Cortez, CO 81321  
(970) 565-8416 x4

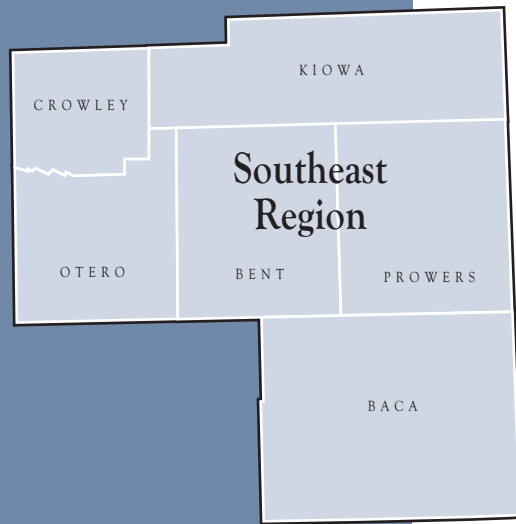
## **Ute Mountain Ute Indian Tribe**

Troy Ralstin  
P.O. Box 52  
Towaoc, CO 81334  
(970) 565-3751  
Fax: (970) 565-7412



# Southeast Region

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO



### Southeast Colorado Region

The region includes Baca, Bent, Crowley, Kiowa, Otero, and Prowers Counties. The location of the focus sessions were the Town of Las Animas, Bent County in April, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.

Quantitative data referenced in this section relates to 2006 **Base Jobs and Income as a Percentage of Total Base Income** which was provided by the Colorado State Demographer's Office (SDO). For a detailed explanation of the quantitative data, please refer to the section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado Rural Development Council Website @

[www.ruralcolorado.org](http://www.ruralcolorado.org)

Objective data relating to this region points to a strong dependence on agribusiness, as would be expected. Across the region, agribusiness and total households are the top two economic drivers for base jobs. Retirees make up over 60% of the economic impact to Total Household Jobs and Income. When considering Base Jobs and Income as a percentage of Total Base Income, the top three business sectors total 77% - 76% jobs-to-income ratio which creates a significant imbalance to the region.

The efforts of the Southeast Colorado Business Retention, Expansion and Attraction (SEBREA) group will be critical to impacting this imbalance in the future. Tourism represents a very low share of the jobs and income for the six southeast counties. We know, however, that Southeast Colorado Regional Heritage Taskforce (SECORHT) is a significant six-county regional effort to strengthen the tourism sector of the region, and that the effort is beginning to benefit the region as it grows and expands.

**Kiowa County** data reflects a major dependency on agribusiness, with 70% - 77% jobs-to-income ratio. The good news is that the income level exceeds the number of jobs. The concern would be extremely high percentage for the agribusiness sector. The second highest sector is Households at 22% - 14% (jobs - income) with 87% being the result of jobs from retirees and a negative impact by Commuters at -12%. This creates a ratio of the top three sectors at 96% - 94%, that well exceeds the 60% benchmark and makes for a very fragile local economy.

**Prowers and Otero Counties**, although somewhat similar, have a more balanced ratio of the top three sectors. Total Households and Agribusiness still have high numbers. **Prowers County** has the

strongest presence of manufacturing in the region, and **Otero County** is second, which could represent a significant opportunity, but the numbers are still low.

The remaining three counties, **Baca, Bent and Crowley**, show similar challenges relating to balance in the economic sectors. We know that there is considerable opportunity for growth in the entire region if certain things happen. A big key will be attainment of a level of technology infrastructure that will allow sufficient capacity for commercial applications. The tools are available; we just need to insure that the region receives access to them.

As for growth, the census data for 2000-2005 indicates that collectively all six counties have lost population with an average annual loss of population across the region of negative .4%, with a range of minus 1.1% in **Baca County** to a plus 1.1% in **Bent County**. This compares to a statewide growth rate during the same period of plus 1.7%. However, in the past two years, **Prowers and Otero Counties** have lost population, likely in large part due to the closure of major employers in the two counties. The unemployment rate for the region is still below the statewide average, at this writing.

This region is a great example of the danger of an evaluation based solely on data. **Crowley County** is the only



county in the region that exceeds the state average unemployment rate. They also have had nearly 33% growth in population in the last two years. Both of these numbers are primarily the result of expansion of the correctional facilities located in the county. That is a significant factor for many of our rural counties with correctional facilities.

Statistics indicate that the southeast region has an older population with an average age of 38.5, compared to the statewide average age of 35.8. An aging population countered with significant out-migration of the youth in the region, continues to be a significant concern and challenge. Developing economic opportunities around technology and entrepreneurial enterprises could play a huge role in reducing that impact in the future.

The land area in the southeast region represents 9% of the entire state, but the total assessed valuation in the region is only .5% of the state total, reflecting \$8,881 per person per square mile. This data indicates that there is a low density of population in the region which, further translates to a low level of critical mass throughout the region. While that factor is a huge plus with regard to the “quality of life” scale and the lifestyle residents of the southeast region enjoy, it does present challenges in creating and sustaining new wealth in the region.



Hence, the creation of new and expanded jobs is very important. Jobs that are created should bring new, primary revenue into the region for future economic success. The return on investment (ROI) opportunity is significant if the region is successful in creating an environment conducive to starting and maintaining businesses. Infrastructure needs will have to be addressed in order to support economic opportunities that benefit the entire state, and not just this area. It is obvious that the area will need a tapestry of collective efforts in order to succeed in the future.

The data and this evaluation are intended to develop a baseline for measuring future efforts for a more

diverse and sustainable economy in the region. This analysis is intended to illustrate investment opportunities for the public and private sectors and to stimulate the conversation around opportunities in this region of Colorado.

### Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

Quantitative data as developed and discussed in the previous section only provides one side of the story. By conducting the focus sessions in the region, we were able to get a closer look at the issues the Southeast Region counties are facing. We heard that the key issues include workforce availability, housing quality and availability, education, health care, infrastructure - transportation, population decline and complex systemic employee recruitment and retention challenges.

Water issues are clearly impacting and affecting all aspects of the economy in the Southeast Region. It should be noted, however, that within this region there are many

individuals holding senior water rights, and this is an invaluable resource and asset to the region.

### Workforce Availability

Workforce availability is a critical element for the southeast Colorado business and agriculture climates, also impacted by the threats to water retention. Though most of the land in the region is best suited for agriculture, it is impossible to maintain a sustainable business economy if workers are not available to tend and harvest the crops.

Correctional facilities are one of the larger employers in the region, and are helping the region by providing good-paying jobs. In spite of their efforts, the shortage of workforce is affecting these operations also. The workforce system is working diligently to identify ways to deal with these challenges in the rural areas. It was expressed that in spite of the workforce efforts, at least to the corrections sector, the workforce system is unable to spend the necessary time working on identifying solutions and correcting the issues, but instead spends more time on the day-to-day efforts that consume so much of their time. Their own staffing, budget and workforce challenges are impacted.

The banking sector echoed the same song, different verse, and concurred with the correctional sector regarding the workforce efforts to

# Southeast Region



“The housing issue in the region is a systemic problem directly related to workforce availability.”

correct employment issues. The bank customers are affected in some manner, either directly or indirectly, by the workforce issues. In Las Animas, the agricultural economy sustains the banking sector. If the water would eventually leave the region, it would have a significant financial impact on the region, raising fears in the banking sector of its ability to adjust to such a decline. The banking sector is going to have to begin looking 20 years down the road to determine how they are going to adapt if, and or when the available water changes.

## Housing Quality and Availability

The housing issue in the region is a systemic problem directly related to workforce availability. The area needs a stable workforce. The region encourages its children to get a meaningful education but has limited jobs to keep them in the area or to entice them to come back. If the youth can find a job that brings them back to the region, housing becomes a new problem. Workforce housing is directly linked to business sustainability. The boomerang effect is related to a desire to return and can be affected by other issues, such as family, lifestyle and history.

The region also needs to create a desire to bring residents back “home.” There is a success story of a new business in Rocky Ford that filled all of the positions from

workers who had been commuting. This is a very effective concept known as “workforce substitution;” working to provide good jobs for the people already living in the community.

A regional housing committee, meeting on a regular basis, recently approached Joe Kost, USDA Rural Development, to help with this issue. This happened as a result of a community assessment completed in the region that identified this potential resource.

The issue of livable housing vs. housing availability is another challenge to parts of the region. There is a need for a housing assessment targeting this issue. The focus groups discussed challenges creating livable housing from the existing housing stock, with which the corrections industry is dealing.

One-third of the corrections employee base in **Bent County** is equally drawn from **Otero** and **Prowers Counties**. The corrections industry has pushed hard to get staff to live near their work, providing car pools and vans from **Otero County**. Employees that have the longest commute are a handful of employees living in Holly to the east and living in Rocky Ford to the west. All employees live within the region.

In **Crowley County**, fifty percent of the employees in that correctional facility live in Pueblo County. It

hurt Lincoln County when the state removed the requirement to live within the county. Now, employees drive from Colorado Springs to Limon. In **Bent** and **Crowley Counties**, livable housing is not affordable but much of the available housing is not livable. This is not a simple issue for the region. Livable housing development and rehabilitation is needed in these areas. There has not been any construction of new homes in Las Animas, **Bent County** in recent years. In Las Animas, as well as in all of southeast Colorado, the cost of construction is often not supported by the market value of the house. The local development foundation used to provide interest subsidies to people who wanted to build a home, as well as land for construction. The current credit crunch is further impacting potential homeowners looking for 100% financing. Ranchers are receiving generally good pricing when selling their land for development. Unfortunately, new homes have been built, but financial benefits have gone to Pueblo.

The loss of a construction workforce has forced residents to consider more manufactured housing. It is tough to get electricians/plumbers to some parts of the region because they are working in other areas making access to their services highly competitive. In general, the

area does not have enough technical and skilled workers in the local workforce. The banking sector noted that occasionally a bank will fund a manufactured home if the customer is not worried about losing equity in the home for 3 or 4 years.

The region must remain diligent in providing solutions to housing that is affordable for the people that work in the region. This will only improve the ability to attract workers to move to the region. In parts of the region where much of the housing stock is aging and considered unlivable, rentals are available. There seems to be an abundance of low quality housing, but no quality housing in the mid to upper levels.

There are low quality or abandoned homes that the region is interested in removing or replacing, but guidelines for asbestos removal are unknown or too expensive to be cost effective to remove. This type of housing takes up space and available taps. The infrastructure is in place, but many residents cannot afford to get to it.

The Colorado Brownfields Foundation, Jessie Silverstein, Executive Director, is a valuable resource for southeast Colorado, not just in these housing discussions, but also to commercial and governmental properties and development. More information on



The region must remain diligent in providing solutions to housing that is affordable for the people that work in the region.

this valuable organization can be found at:

**Colorado Brownfields Foundation**  
<http://www.coloradobrownfieldsfoundation.org/>

Jesse Silverstein, Executive Director  
(303) 962-0942

[jesse@ColoradoBrownfieldsFoundation.org](mailto:jesse@ColoradoBrownfieldsFoundation.org)

### **Education**

Just as in the other areas of the state, there are many educational challenges in the southeast region. There were no major concerns with regard to that element of a student's education, but it was felt that students need to learn and develop stronger fundamentals in the lower

grades and that they need to learn "the basics" that will be used throughout their education

The region is fortunate to have two community colleges available that provide quality and affordable college educational opportunities. Otero Junior College (OJC) in La Junta is providing invaluable resources in many areas throughout the region and is recognized as a quality educational institution. In addition, Lamar Community College (LCC) in **Prowers County** has succeeded in surviving some challenging times and is once again on solid footing with many opportunities for growth. Educational opportunities beyond the junior college level are available, but not close by. Colorado State University-Pueblo offers undergraduate and graduate degree programs, as does Adams State College in Alamosa, both quality higher-education institutions.

A new program known as the "Colorado State University Global Campus" that offers upper-level college classes will be available in the fall of 2008 throughout Colorado, particularly benefiting rural Colorado through technology. These classes are not to be in competition with OJC or LCC, but are an addition to the higher-education opportunities now available to all rural residents. For more information on the CSU Global

Campus, please visit [www.csuglobal.org](http://www.csuglobal.org). Classes are scheduled to begin in the fall of 2008 for online degree programs, thus eliminating the need for travel to Pueblo, Fort Collins, or Alamosa for classes.

It is also the perception that the Colorado State University system does not seem to be training agricultural and vocational technical instructors like they have in the past. There was concern expressed that many rural communities used to have strong vocational education departments in their schools, but due to limited funding - and lack of teachers to teach the subjects - many of the schools are eliminating vocational education departments. As a consequence, these types of employment and skills are disappearing. There is also a shortage of veterinarians in the region, which could partially be the result of a lack of critical mass in the six-county area. There is concern that the requirement by CSU that all extension agents have a master's degree is making it tough to find a new extension agent in **Prowers County**.

There is a need for skilled electricians, plumbers, and mechanics and building contractors. This shortage is due in part to the fact that K-12 teachers have not been encouraging their students to pursue technical/vocational careers. In the

# Southeast Region



“Efforts must be made to get back "balance" in careers between vocational and professional, as there will always be a need for electricians, plumbers, mechanics.”

past, communities recognized the need for vocational/technical education and careers, but it seems that now the focus is on business or technology occupations, rather than jobs that require an individual to use their "hands" and intellect in their work. Efforts must be made to get back "balance" in careers between vocational and professional, as there will always be a need for electricians, plumbers, mechanics, etc. The McClave School District - a small school with outstanding scholastic and sports programs east of Las Animas in **Bent County** had previously had a strong vocational agricultural program at the school, with a shop building that was used by the vocational agriculture students. As the focus has moved from vocational careers to business careers, the shop is used only by returning college students during the summer months.

Two local school districts have begun to focus on this issue and are attempting to coordinate with local businesses to provide job-shadowing opportunities in the vocational careers. For example, the Colorado Hospital Association program for junior/senior high school students is offering a cooperative intern program in collaboration with a local nursing home. However, even those efforts are challenging as society has a great deal of influence on a student and what he/she

interprets as "success." Success comes from within - and because rural communities realize the importance of vocational/technical education and careers, the communities as a whole must do a better job of encouraging students to pursue those careers. It is a very intentional process and schools are going to have to work together cooperatively and put aside rivalries and "turf issues" in an effort to develop creative solutions to this problem.

Community colleges in the area have noticed a higher maturity level of rural students as compared to their counterparts from the city. This is encouraging, and would seemingly indicate that those same students would make excellent workers and a reliable workforce. Local businesses continue to seek prospective employees with an agricultural background due to the work ethic they see exhibited in such individuals. This desired work ethic is a result of many factors learned at an early age living on a farm or ranch. Such factors could include but certainly not be limited to: a responsibility to get domestic livestock fed and watered each day; the obligation to see that crops are planted, watered, tended, and harvested at the right times; the need to take care of and look after large numbers of cattle or sheep as they graze, give birth and nurture

their young until it's time to wean them and individual and community participation in 4-H programs, FFA events, extra-curricular school clubs and organizations, sports involvement, etc.

The topic of 4-H membership and enrollment in the program was discussed. Some felt that young people may not take part in the 4-H or FFA programs because they think that participants must be farm/ranch or agriculture students, and that misconception is one that is difficult to correct. Concerns were also echoed with regard to youth being unable to take part in the programs due to the cost. The 4-H program could collaborate with other agencies or entities to assist young people who cannot afford to be members of the 4-H program. In the past, higher education has supported 4-H with funding, but due to continuing cuts in higher education funding, the 4-H program is also feeling the cut and the lack of money is trickling down to the local programs.

The banking sector does not support the 4-H program like they have in the past. Banks used to loan 4-H and FFA student's money for project needs or to buy steers, lambs or other 4-H exhibit animals, but efforts like that do not seem to be prevalent anymore.



Colorado State University Cooperative Extension recently surveyed Colorado youth and the results are firm evidence that 4-H is important to positive youth development across the state.

Their research shows that 4-H members are getting what young people need to succeed in life: confidence, compassion, and connections with caring adults, and skills and opportunities to make contributions to their communities.

In the spring of 2005, Colorado 4-H agents surveyed students in the 5th, 7th and 9th grades. In a stratified random sample, 15 counties were chosen and four schools within each county were randomly selected for the study. Of the 1,906 students who responded to the survey, 395 were or had been 4-H members. Data was analyzed by the spring 2005 College of Business BK410 Marketing Research class at Colorado State University and reviewed by the university's Department of Statistics for entry accuracy and for further data analysis.

For complete survey results visit [http://www.colorado4h.org/research\\_impact/05impact.pdf](http://www.colorado4h.org/research_impact/05impact.pdf).

Another program that has just recently been implemented in the southeast region, was developed by the Pikes Peak Workforce Center is the *Business and Education Talent Readiness Project (The BETR Project)*.



There needs to be an understanding of the history of changing economic drivers.

The BETR Project has emerged as a multi-fold and deeply pro-partnership project with many actively involved groups and individuals within the southeast region of the state of Colorado. This effort is led by the Pikes Peak Workforce Investment Board. Partnerships include Colorado school districts and pre-schools, Head Start programs, post secondary institutions, businesses in southeastern rural Colorado, various chambers of commerce, economic development entities, Boy Scouts of America, Action 22, Colorado STEM Network (Science, Technology, Engineering and Manufacturing), local government agencies, The Workforce Investment Boards of various sites, students and

parents, Rural Colorado Workforce Centers, The Pikes Peak Workforce Center, and other regional and community resources. Working relationships are being established with Colorado State University - Pueblo, University of Colorado at Colorado Springs, the Pikes Peak Community College, and other post-secondary education providers. The charge is to affect positive change via alliances and action.

The BETR Project creates a link between business community and K-12 education that includes using an educational pipeline with business needed skills that include science, technology, engineering, math (STEM), and certain soft skills. The BETR Project has been formed to "weave a community fabric,". Comprised of business, education, government, and families to assist in overcoming this challenge, it is an initiative that needs a community's input and unique talents. The primary goal is to significantly reduce the leaks in the education pipeline and strengthen the output of skillful workers in the region, now and in the future.

Communities are a key factor in the solution. Success in this initiative is vital to success in the economic viability of the region, the state and the country at large.

The BETR Project  
Randy C. Dalton, Director  
2306 East Pikes Peak Avenue  
Colorado Springs, CO 80909  
(719) 667-3880  
[www.betrproject.org/](http://www.betrproject.org/)

### Sustainable Economy

There needs to be an understanding of the history of changing economic drivers. Over the last 35 years, the region has seen significant change. There are many closed businesses that totally relied on agriculture. The seven-year drought had a significant impact. However, with agriculture, tourism, prisons, and hunting, the area has great opportunity to develop a diverse economy. **Bent and Crowley Counties** have four prisons.

With the loss of the bus manufacturer and pickle plant, the prisons have become big industries to southeast Colorado and are, unfortunately for society, getting larger. Agriculture, as the number one industry, is still very important in southeast Colorado, just as it is in northeast Colorado. Support services to agriculture and the private prison industry are important, but the area needs to look for ways to further diversify. Diversification could include developing "value-added" businesses to these two types of economic drivers, such as agri-tourism where a ranch could promote itself as a working cattle ranch or set up tourism sites for birding.

# Southwest Region



“The “grow your own” philosophy represents a tremendous opportunity for a stronger commitment to entrepreneurship and small business creation.”

The governor and legislature need to look at ways to put more funding into economic development and provide a level of incentives to companies to relocate. This will help people in this area which will sustain the economy. But, what is the return of investment for something like this? It will sustain the schools and keep more of the kids in the community.

Rural southeast Colorado needs to better understand urban Colorado, but urban Colorado also needs to understand rural Colorado. Urban Colorado is running out of land. Colorado needs to grow as a state and a win/win message needs to be crafted with funding to support the message and the growth of the entire state.

The “grow your own” philosophy represents a tremendous opportunity for a stronger commitment to entrepreneurship and small business creation. It was observed that many of the new “metro malls” are trying to look like downtown rural main streets with a small town atmosphere.

Successful economic development is retaining businesses that are already here, while adding new jobs and business. Competition keeps communities balanced and mobile. Rural small towns used to have a Woolworth, Sears, and a five & dime because competition brought more people into the town to shop.

That is what is happening in metro areas. On a smaller scale this used to be the case in rural Colorado.

Tourism is not as significant an economic driver as originally perceived. There has been recent funding for a tourism grant, as southeast Colorado is recognized for tourism opportunities with birding excursions. This funding is bringing outside dollars into the six counties.

SEBREA – (SouthEastern Colorado Business, Retention, Expansion and Attraction) **Crowley, Otero, Kiowa, Bent, Prowers and Baca Counties**, have created a regional organization promoting the region as a whole. The group formed SEBREA with a purpose to retain and help businesses already in the area to expand. The effort has shown that the area could be more successful by banding together.

Another part of the problem is the K-12 educational system. For a generation, the educational system has encouraged too many students not to be workers; but to be “technically” capable. As a consequence, existing businesses are having a hard time finding help for services such as restaurants in need of services required to install fire suppression equipment. Businesses can not get money to pay for the services, and if the services consider coming to the region, the mileage costs are prohibitive as much as the

issues of technical support for commercial inspections.

The general conclusion is that the region needs to grow its own and provide proper incentives, such as collaborating with local high schools to make incentives available if the fully trained, locally grown professionals come back home. **“Growing its own” is the long-term solution.**

A reasonable return on investment model needs to be developed as a potential solution to consider. The idea of “growing its own” is an important beginning. It may be time for local groups, local governments, cities, counties, and local entities to start setting aside incentive dollars to bring people back. The region cannot rely on the state legislature to fix this problem. Private investment will be a key.

The old adage of, “if you always do what you’ve always done, you will always get what you’ve already got,” can create a real challenge. There is engaged leadership in the region working to influence positive economic change, but at times, convincing some of the “old guard” that change needs to occur can be a real challenge.

There is a changing mindset in the region but there also needs to be an effort to change the mindset throughout the state. The region will continue to identify opportunities

and solutions and elevate technology and agriculture as a big part of conversation. The region needs to recognize the mindset of people within urban communities. Generations of people have been leaving rural areas. As the generations leave, institutional memory changes, urban culture is all the subsequent generations understand.

There are unique perspectives in job growth in the region. When the bus manufacturing plant was lost in Lamar, the relative loss to the region was comparable to an impact of over 46,000 jobs lost in the greater Denver area.

The importance of the agricultural business sector to the state's economy is evident. Southeast Colorado must elevate that conversation and the ramifications to the state if the agriculture sector should weaken or disappear. Water rights and absentee land-owners that are not keeping the dollars in the region challenge the region's economy.

Profits from leasing of the land are not staying in the county. Absentee owners do not have the same level of commitment to the communities as resident landowners. This issue limits future generations from being in the business, because the next generation cannot afford the business and the debt to continue in



The importance of the agricultural business sector to the state's economy is evident.

the business. It is spread beyond agriculture and exists throughout other types of businesses. A business owner can make a living, but often cannot sell the business because the potential buyer is unable to take on the debt load from buying the business (building/inventory) and still succeed.

### **Infrastructure - Transportation**

When the topic of infrastructure is raised, it opens up a very broad conversation that includes transportation, water, sewer and telecommunications.

Transportation is a major challenge and requires a comprehensive

discussion. There is great interest in the expansion of the HWY 50 corridor from Pueblo to the Kansas border. This is a difficult issue, especially considering the condition of the state's economy and pressure statewide with transportation funding. Developing a funding formula that will satisfactorily provide resources necessary to impact the Hwy 50 corridor continues to be a major challenge.

A significant transportation opportunity for this region is the Ports-to-Plains Economic Corridor. The Ports-to-Plains Trade Corridor is a planned, multimodal transportation corridor that includes a multi-lane divided highway that will facilitate the efficient transportation of goods and services from Mexico through West Texas, New Mexico, Colorado, and Oklahoma, and ultimately on into Canada and the Pacific Northwest. This has the potential to provide significant benefits to southeastern Colorado. For much for detailed information, go to their website at:

<http://www.portstoplains.com/index.html>

or contact:

Joe Kiely, Vice President  
P.O. Box 9  
Limon, CO 80828  
(719) 775-2346  
Fax (719) 775-9073

[joe.kiely@ports-to-plains.com](mailto:joe.kiely@ports-to-plains.com)

Finally, although we do not have the most current details on this conversation, rail is a significant issue and opportunity for this region. Conversations are ongoing and represent important opportunities for the region. Rail lines already run parallel to Hwy 50, but there is not a current ability to connect and benefit from this transportation source. As information becomes available as a result of discussions concerning this issue, CRDC will make that information available on our web site.

### **Healthcare**

The region does not believe it has adequate healthcare and does not know what it needs to do to get around the issue. Attracting and retaining physicians is a particularly significant issue in this region. Unfortunately, as a business, the industry has the same concerns and is affected just like its neighbors. There is a serious need to address generational poverty, which is significant in southeast Colorado, to help make the area more attractive to service providers. Health education in the high school is working to deal with individual prejudices about accessing medical services.

The hospitals in the region struggle much like other rural hospitals with cost shifting and availability of workforce. This is such a significant and complex issue, CRDC will be

# Southeast Region



“The answer to this issue will be to make a business case for public and private investment in southeastern Colorado.”

following this and working with the Colorado Rural Health Center (the Colorado Rural Health Office) to keep this issue out in front, identify potential solutions and appropriate processes to implement those solutions.

## Population Decline

Retaining workers that have graduated from high school in the region is a significant challenge. A local banker and local school board member expressed concern about the decline of the student population in his southeastern Colorado community. The population in one school district in the region is down 500 students in grades K-12. This is a continual, straight-line decline over the past 30 years. The time has come when local school districts have to develop ways to cooperate among themselves, share resources, and possibly look at consolidating with a neighboring school – even though that could be difficult politically and emotionally. Collaborative, distance-learning opportunities are an important option as a solution to this issue.

**Prowers County** lost approximately 1,000 residents in 2006/2007 presumably due to the closure of a major manufacturing facility in Lamar. That loss of population in Prowers County would be comparable to the greater Denver area losing 145,000 residents. This is a huge impact on the local economy.

In **Crowley County**, the loss of population is attributed to the sale of the water out of the county in the

mid-1970's and early 1980's, forcing people to leave the area. The location of two correctional facilities in the county has provided new jobs and some population growth.

There was frustration with a comparison of how business is conducted in Kansas as opposed to southeastern Colorado. Rural towns in Kansas seem to be growing, while southeastern Colorado towns are losing population and jobs. Renewable energy options may be part of the reason for the growth in Kansas, together with the committed efforts and resources of the Kansas State Assembly, available to small business and industry start-ups in all areas of the state. Some focus group participants felt that, “Until Colorado realizes that there is something that exists besides the Front Range, this area will continue to lose population and continue to lose schools.” Cooperation among schools is going to have to begin.

The answer to this issue will be to make a business case for public and private investment in southeastern Colorado.

If the Pinon Canyon land is lost to the government as proposed, it is predicted that it will likely dry up many small towns in the southeast region. Some participants disagree, as the population density is lower in the Pinon Canyon area; only those in that area would be directly impacted. Regardless, this is an ongoing, spirited debate.

There are ongoing efforts being made to evaluate the impact should the government take the Pinon Canyon land, and some early conclusions indicate that the key counties that would be impacted are **Baca, Bent, Huerfano, Las Animas, Otero** and Pueblo counties, and to a lesser degree, the counties of **Crowley, Kiowa, and Prowers**. A socioeconomic impact study is being developed and should provide valuable insight into the effects of an expansion to the region. Complete information is not available at this time, and thus, cannot be included in this report.

## Renewable Energy

There is considerable construction of wind energy/turbines in parts of the region. The most significant issue impacting wind energy development is the estimated cost of transmission lines at \$1.3-\$1.5 million per mile. Though the potential for renewable energy is huge, the construction of transmission lines or lack thereof, challenges the development which can constrain the potential for renewable energy. There are always energy needs from urban Colorado. Renewable energy sources are an important component of our state's energy portfolio. However, we know that the wind does not always blow and the sun does not always shine. This can create problems for energy needs when any break in power is not acceptable to the end user.



### What makes this home?

This question resonated and illustrated a real passion for the region. Some of the key thoughts that were shared included:

- People are so friendly, hospitable
- “Don’t have to lock our doors”
- Wonderful work hours
- Sunshine
- Open space
- Blue skies
- Small town reality, no or little commute – gives extra hours in a day
- Community minded, folks are always there to help (such as with the Holly disaster when everybody in the valley responded.)

### Conclusions & Potential Solutions

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and the development of a plan of action to facilitate successfully influencing positive economic change for the region needs to be addressed. Many conclusions and potential solutions are found at the end of this document.

### Resources

#### Bent County Development Foundation

Lisa Trigilio, Executive Director  
332 Ambassador Thompson Blvd.  
Las Animas, CO 81054  
(719) 456-0452  
[bcdf@bentcounty.org](mailto:bcdf@bentcounty.org)

#### Colorado Department of Local Affairs

Lee Merkel  
132 West "B" Street, Suite 260  
Pueblo, CO 81003  
(719) 544-6577  
[lee.merkel@state.co.us](mailto:lee.merkel@state.co.us)

#### Colorado Office of Economic Development and International Trade

Darlene Scott: Eastern Colorado Business Development Representative; Primary Contact for Community Economic Development Assessment Programs; Community Economic Development Assessment; Community Action Plan (CAP); Counties: Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Las Animas, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, Yuma  
[darlene.scott@state.co.us](mailto:darlene.scott@state.co.us)

#### Kiowa County Economic Development Foundation

P.O. Box 250  
Eads, CO 80136  
(719) 438-2200  
[kcedf@kcedfonline.org](mailto:kcedf@kcedfonline.org)

#### La Junta Economic Development

Ron Davis, Director  
P.O. Box 487  
La Junta, CO 81050  
(719) 469-1081  
[ron.davis@ojc.edu](mailto:ron.davis@ojc.edu)

#### Lamar Community College

2401 South Main  
Lamar, CO 81052 (719) 336-2248  
<http://www.lamarcc.edu/>

#### Otero Junior College

1802 Colorado Ave  
La Junta, CO 81050  
<http://ojc.edu-info.com>

#### Prowers County Development, Inc.

201 South Main Street  
Lamar, CO 81052  
(719) 336-2384

#### REGION 6; Rural Business Loan Fund Office

Dan Tate, Executive Director;  
Southeast Colorado Enterprise Development; Crowley, Kiowa, Bent, Prowers and Baca Counties  
P.O. Box 1600  
112 W. Elm St.  
Lamar, CO 81052  
(719) 336-3850  
<http://www.seced.net>  
[seced@seced.net](mailto:seced@seced.net)

#### REGION 14; Rural Business Loan Fund Office

Jean Hinkle; Otero/Las Animas Revolving Loan Fund; Otero and Las Animas Counties  
P.O. Box 511  
13 W. 3rd Street  
La Junta, CO 81050  
(719) 383-0183  
(719) 383-3006  
[jhinkle@otero.gov.org](mailto:jhinkle@otero.gov.org)

#### Rocky Ford Growth & Progress, Inc., Office of Economic Development

Julie Worley, Executive Director  
203 South Main Street  
Rocky Ford, CO 81067  
Tele: (719).254.7414  
[jworley@ci.rocky-ford.co.us](mailto:jworley@ci.rocky-ford.co.us)

#### Small Business Development Center; Otero Junior College

La Junta, Colorado  
(719) 384-6959  
[bryan.bryant@ojc.edu](mailto:bryan.bryant@ojc.edu)

#### Southeast Colorado Business Retention, Expansion, and Attraction (SEBREA)

Tandy Parrish, Director  
2401 S. Main St.  
Lamar, CO 81052  
(719) 336-1523  
Cell: (719) 469-7158  
[tandy.parrish@lamarcc.edu](mailto:tandy.parrish@lamarcc.edu)

#### Southern Colorado Economic Development District (SCEDD)

1104 N. Main St.  
Pueblo, CO 81003

#### Trinidad-Las Animas County Economic Development

V. James Davis  
134 West Main Street, Suite 12  
Trinidad, CO 81082  
(719) 846-9412  
[vjamesdavis@yahoo.com](mailto:vjamesdavis@yahoo.com)

#### USDA Rural Development

Servicing Counties: Baca, Bent, Crowley, Huerfano, Kiowa, Las Animas, Otero, and Prowers  
760 Bent  
Las Animas, CO 81054  
(719) 456-0120x4

# Northeast Region



## Northeast Region

The region includes Cheyenne, Elbert, Morgan, Lincoln, Logan, Kit Carson, Phillips, Sedgwick, Yuma and Washington counties. The location of the focus sessions were Yuma, Yuma County in April, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Quantitative data referenced in this section relates to **2006 Base Jobs and Income** as a Percentage of Total Base Income which was provided by the Colorado State Demographer's Office (SDO). For a detailed explanation of the quantitative data, please refer to the section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

This objective, quantitative data is specific to the northeast region of Colorado. This is a very large and diverse region. Subsequent reports should consider examining a broader cross-section of the region by breaking down the region into smaller economic components.

When evaluating the sustainability and diversity of a county and/or region, one frame of reference is the position of the top three base jobs in relation to the total entire jobs to income ratio. An indicator of a reasonably sustainable local or regional economy is when the top three base job indicators total 60% or less of the total base jobs/income.

As would be expected, the top two base jobs sectors are Agri-business and Total Households. Agribusiness is the top base job provider for 8 of the 10 counties. **Elbert County** is significantly impacted by households at a very high 73%-76% of jobs to income ratio. This is further influenced by a very large percentage of commuters from the county.

Agri-business dependent counties include **Cheyenne, Kit Carson and Sedgwick**, with others more in the middle of the pack with reasonably well-balanced wages to jobs. **Yuma County** is the one county where income exceeds the percentage of jobs. Available data does not conclusively point to why this is the case, but it could be a result of the ethanol production and Murphy-Brown, LLC, the livestock production subsidiary of Smithfield Foods, Inc. operations occurring in the county.

Tourism does not surface as a significant base job indicator for any of the northeast Colorado counties. Total Households, Regional/National Services and Government do make a more significant showing. Indirect basic jobs are also a big part of several of the counties.

This region is unique due to its extreme size. There are 10 counties in this workforce region. The region makes up 17% of the total geography of the state, but only 2.3% of the

population of the state. The counties in this region are diverse, but also have many similarities.

The population base across the region averages 6.31 persons per square mile (ppsm), ranging from 1.12 ppsm in **Cheyenne** and 1.92 ppsm in **Washington County**, to a high of 22.08 ppsm in **Morgan County** in 2008. The lower density of population points to a strong quality of life to these residents. It does reflect potential challenges and issues for the smaller communities lacking critical mass.

It has been suggested that one indicator of quality of life is directly related to community wealth, both public and private. Assessed valuation, population and unemployment data impacts that hypothesis. Assessed valuation can be considered an important indicator of community wealth, that is, property values of the private sector generate a tax base to the public sector.

The average assessed valuation, per square mile (psm) statewide, is \$707,574. This number in and of itself is not significant, just an average for purposes of analysis. The northeast region is considerably below that average at \$89,000 per psm. This has implications relating to the local governments ability to collect the funds needed to provide service to the area due to the low

values available to generate tax revenues. This certainly is not the only generator of wealth, but is one of many indicators. In this region particularly, issues surrounding the availability of water have significant impacts on this ratio. It will be important to track this to determine potential trends for the future. Water availability is crucial to this region as was discussed in the general overview of rural Colorado.

There is considerable opportunity for growth and productivity in the entire region. A big key to success will be the level of technology infrastructure with the capacity for commercial applications. The tools are available; they need to get them in place. Developing economic opportunities around technology and entrepreneurial development will play a huge role in sustaining and expanding the economy of this region, as in much of rural Colorado. Transportation infrastructure is also critical to the future of this region. The counties with the most significant challenges in this area appear to be **Elbert** and **Cheyenne**.

It is important to create new and expanded jobs that bring new, primary revenue into the region for future economic success. The return on investment (ROI) opportunity will be significant if the environment for doing business is strong, and the infrastructure is in place to support economic opportunities that benefit



the entire state. As with all of rural Colorado, it is a tapestry of events and efforts that will be needed to succeed.

As with many of the regions of rural Colorado, this is still the state's playground, and efforts to balance and nurture a sustainable economic environment is in the best interest of the entire state.

The data and this evaluation are intended to develop a baseline for measuring future efforts for a more diverse and sustainable economy in the region. This analysis is intended to illustrate investment opportunities for the public and private sectors and to stimulate the conversation around opportunities in this region of Colorado.

## Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

The key issues with which the northeast region is dealing are Workforce Availability, Immigration Issues, Education, Sustainable Economy and Water Issues, Healthcare Access, Economy, Health Care, and Energy. The region needs to engage in a conversation on sustainability and confusing media messages. Successful economic developers are looking at long-term sustainability, including the value of improving local retail, which is an amenity that sustains folks in the community. These challenges are magnified by the lack of critical mass that is often the case in smaller communities. However, these communities are working to make that much more of an asset than a liability.

Northeastern Colorado's primary economic drivers or base jobs include: agribusiness, energy, and government, through ethanol production and oil/gas, and future wind energy projects, all of which can be volatile.

Other issues affecting the economic drivers include:

- Education: School district funding is part of government as a base job/economic driver.
- Agribusiness includes value-added agricultural and businesses supporting agriculture such as industrial shops, manufacturing of agricultural projects and auxiliary services such as bank financing.

## Workforce Availability

Lack of workforce capability and availability is challenging the region in need of skilled labor. As a rule, recruiting professionals is tough. It can be difficult to get qualified staff as challenges exist in retaining the spouse and family of the employee. The area needs business opportunities to assist the spouse. A potential solution would be for businesses to recruit from rural colleges and not from the Front Range colleges.

Northeast Colorado has many residents and returning residents that are well educated, but underemployment is another significant labor issue. This often leads to the immigration discussion as local employers cannot find workers that want to work in agriculture. As a consequence, the area has to deal with illegal immigration issues, both perceived and real, straining local services.

# Northeast Region



“An intentional discussion is needed concerning illegal and legal immigration as distinctly different conversations and impacts.”

**Washington County** has an aging population. **Washington County** is not only rural, but is also considered “frontier.” Frontier is defined as a low population over a large area impacting infrastructure issues. This significantly impacts the importance of job creation, that is; three new jobs in Washington County are comparable to the economic impact of 3,500 jobs in the Metro Denver region.

Of the majority of graduating high school students, it is estimated that 20% go directly into the workforce with the majority leaving the area to work on the Front Range. Morgan County is working with K-12 and higher education for training to retain the young adults and job opportunities in foods and ethanol production. For boomerangs, former residents desiring to return home, the key is to develop job opportunities specifically for that sector.

A secondary issue linked to education, immigration and workforce is the loss of a substantial number of people graduating from local high schools, out migration of the youth, often with community affirmation. These graduates, infants when they emigrated from Mexico, want a job or additional higher education. Many immigrated as infants with their parents and do not have a social security number. They may be forced to return to their country of origin, such as Mexico, in which they did not grow

up and do not know. They may not be “legal” in the United States, but they are often wonderful kids, educated in the United States, with a great future and yet forced to return to Mexico. This situation needs and deserves resolution.

**Elbert County** has a unique issue since the population on the western side of the county tends to be commuters working in the Denver metro area. The eastern side is agricultural. This population shift is a constraint for **Elbert County** because it is mostly residential, and the residential tax base restricts income into the county government, placing constraints on county services. The Gallagher Amendment places a significant burden of property tax on commercial taxes and is dictated by the Denver/Boulder CPI formula. Many areas in Colorado that are heavy in residential units struggle to generate the needed revenues to meet the needs of the citizens.

A rural study was done by Colorado State University on northeast Colorado, surveying households to find out if members are underemployed. There were residents who refused to seek higher education, noting that it is not cost effective to get a degree and have significant student debt only to be underemployed with a bachelor’s degree driving a tractor. With the current data, the report could note

the region’s workforce by education. It is very difficult identifying the lone eagle, location neutral resident who is self-employed or is working for a company in another state or country while located and connected to the Internet in a northeastern Colorado county.

**Lincoln County** is an anomaly to the rest of the region because of its proximity to I-70 and Denver International Airport. Retail and manufacturing support the transportation corridor creating economic opportunity, and is not reflective of many of the issues in the region. Limon had a 14.5% increase in sales tax receipts for the first six months in 2008.

## Immigration

An intentional discussion is needed concerning illegal and legal immigration as distinctly different conversations and impacts. The illegal immigration conversation has federal and statewide safety implications. Legal immigration focuses on opportunities to provide a valuable component to the workforce in rural Colorado. However, the volatility of the illegal immigration discussion has a very negative impact on the important legal immigration discussion and workforce, including migrant workers.

The issues with illegal immigration are collectively “our fault.” The



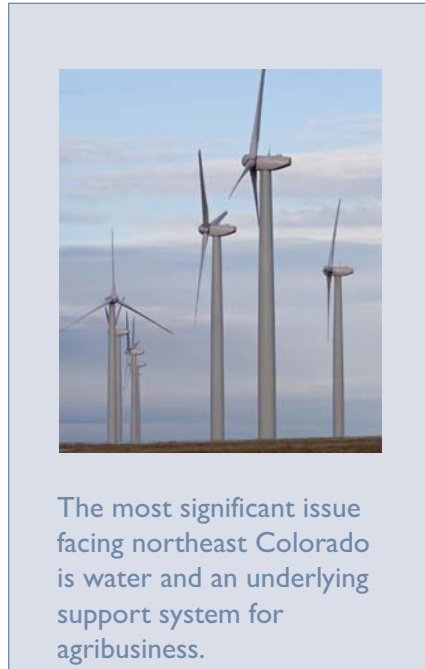
United States collectively wants cheap labor and does not effectively control the borders. Employers have become addicted to workforce supply that shows up and does the hard work that United States residents are not interested in performing.

Immigration is recognized as a critical issue relating to workforce availability. This is not only a federal issue but a rural and urban issue as well. Focus group members are frustrated that immediate solutions are not available. Attention needs to continue to focus on viable solutions that respond to the need for workforce and the immigration issues particularly facing rural Colorado.

There are processes in place to assist immigrants in becoming legal residents. Making that process known to that segment of the community and the employers as well as easing the process for legal immigration would be helpful. The role to help with legal immigration should not be the educational system but should fall on families and the business community as this potential is a profitable potential workforce for them.

### Education

There are pockets of educational diversity that exist in northeast Colorado (which includes Weld County.) Though the region



continues to be agriculturally based, even with changes, rural communities have a high percentage of an educated workforce. In education, Morgan Community College has a satellite office and includes nursing programs. The Town of Limon, in Lincoln County, is working at developing a learning center. Colorado State University works with Morgan Community College and other community colleges so students can get associates and bachelor's degrees to further their education. CSU has created the new Global University Campus that began classes in September 2008. Community colleges help employers and parents

with children. However, higher education in Wyoming and North Dakota is less expensive even with paying out of state tuition and many Colorado students leave Colorado because of that.

Working with USDA Rural Development, Centennial BOCES has developed a very effective Distance Learning and Telemedicine Program. They have developed a much needed plan to extend and deliver network connectivity, high-definition video/audio distance learning equipment and services, and K-12, college level, and faculty-oriented professional development curriculum, to twenty (20) rural school districts and communities located in Larimer County, Morgan County and Weld County, Colorado (DLT Plan).

This strategic rural program also provides additional community benefits to each of the communities by allowing urban and rural medical professionals to deliver remote medical education, training, and urban to rural medical assistance via the high-definition video/audio communications platform proposed. CBOCES currently provides access to Internet services to its member school locations (and utilizes the E-Rate subsidization program for education networks) and is leveraging additional CBOCES partnerships among state regions, to cost share additional educational

and technical resources and network connections for the benefit of these twenty sites.

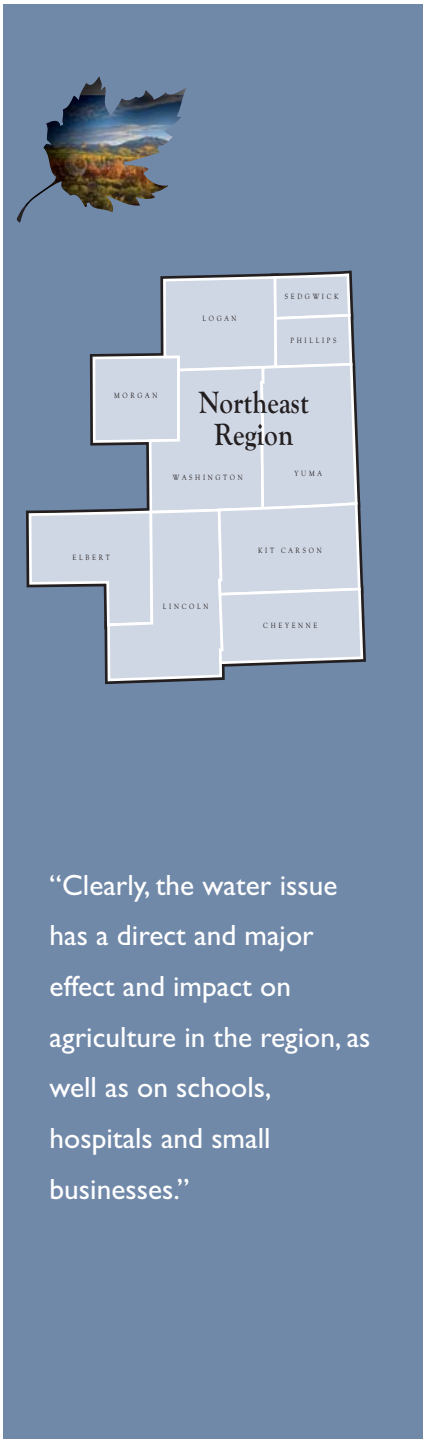
The overall strategic plan and steps to deliver the network connectivity and associated distance learning and telemedicine benefits meet the requirements for the USDA Rural Development Distance Learning and Telemedicine Grant program.

### Sustainable Economy and Water Issues

Data suggests that northeastern Colorado does not have a diverse economy. The region has agriculture and emerging industries, but manufacturing and other economic drivers are not developed enough to support a diverse economy, as is indicated in the jobs and income data.

The land in northeastern Colorado is fragile, with very little topsoil which, in many cases, has been plowed out. The only thing that holds the ground in place is the irrigated grounds that require lots of seeding. Two thousand acres to support a lifestyle with one employee, equates to losing two families and huge quantities of land. (It requires 2,000 acres of land to support a lifestyle with one employee. If this were lost, it would be equal to losing two families and a significant amount of land. This is a major impact on rural northeastern Colorado.) Therefore,

# Northeast Region



the impact of conservation is huge. and that includes an ecological impact.

Clearly, the water issue has a direct and major effect and impact on agriculture in the region, as well as on schools, hospitals and small businesses. In **Yuma County**, there are an estimated \$24 million in agricultural expenses of which it is estimated that 95% is spent locally (a statistic quoted by a focus group participant and not debated nor confirmed).

Sustainability is important, but loss of irrigated farming is a critical threat, particularly to **Yuma County**. It can be a challenge to convince the irrigated producers that water is a limited resource. It is often less expensive to continue running irrigation systems than it is to shut them down and restart them.

There is a huge impact if wells are lost due to an unfavorable court decision and/or impacts from the river basin compacts. This could destroy the underpinnings of the region. The Republican River Water Conservation District, through “Pathways to Market” is seeking ways to succeed and still lower water use in agriculture with high-value cropping. One effort is to increase the supply of water with a pipeline project that has a long term goal to extend the life of the irrigated producers as long as possible. And,

the Republican River compact is more vital than the Platte Valley issue. Urban residents are not aware of what the compact means or its effect on water issues and agriculture and natural gas rules. Water issues are the most critical issue relative to sustaining the level of growth and future of many eastern Colorado counties.

The role of the **Ogallala Aquifer** is critical to northeastern Colorado. It seems to be commonly accepted that the Front Range of Colorado does not have enough water supply to sustain the level of anticipated growth. Northeast Colorado is one source to help meet some of the Front Range water needs. The northeast region is preserving water for agricultural issues (agriculture uses 86% of the water in the state) but is challenged by also saving for population growth along the Front Range. There is only so much stream flow. The Front Range can dam the stream flow and raise water rates, but the individual farmer does not have the capability to pay for this increased water rate. While people perceive agriculture as “water hogs,” many urban industries and residents are large users of water. Colorado water policy should be established as a foundation built on the beneficial use of our water resources throughout the entire state.

Rural areas and agri-business may need to change how water is used. One option is educating the farmers, who use irrigation, to change “grandfathered” attitudes with their water usage. With better management of applied water, yields and economic returns do not have to drop. It just becomes a different way of doing business.

The water issue threat is serious as is its impact on the region’s economic drivers. The most significant issue facing northeast Colorado is water and an underlying support system for agribusiness. It is a huge piece of the economy of northeast Colorado.

As explained by Jenny Thorvaldson and James Prichett, in “*Economic Impact Analysis of Reduced Irrigated Acreage in Four River Basins in Colorado*” (2007),

*“Water is an important natural resource that contributes to Colorado’s economic, cultural and social well-being. But, as recent events have shown, our limited water supply has many competing uses and is undergoing many rapid changes. Water rights are being voluntarily transferred from irrigated agriculture to municipal use, groundwater supplies are diminishing and wells without sufficient augmentation are being retired. Ultimately, this means fewer irrigated acres, and the economic impacts of this reduced activity are a key concern for rural communities.”*

Substantial differences between the regions exist (in NE Colorado), both in terms of impacts and multipliers, and further analysis suggests that differences in multipliers has much to do with differences in the diversity of each region's economic base. In terms of total impact, the South Platte Basin experiences the largest total impact, which is not surprising considering that this basin is projected to experience the largest decrease in irrigated acreage.

The South Platte Basin also has the largest multiplier, meaning that the initial impact will generate more ripple effects within this basin. This can be explained by the greater size and diversity of the East South Platte Basin's economy. At first glance, these results may seem to suggest that the East South Platte Basin will be the area worst hit by the acreage reductions.

### **Economy**

An exciting and unique example of a community working to fulfill a need within their community is described below:

#### **The Corner Closet, Inc.** A Unique Retail Venture

The Corner Closet is a unique retail venture currently being organized in Yuma, Colorado. It is an exceptional business opportunity because it will be locally owned, operated, managed and patronized. This retail store is being organized by a group of



The idea of supporting local retailers, and therefore, the community, is encouraged in rural areas.

community members, will be managed by community members, and is expected to be owned principally by investors who are residents of Yuma County, Colorado, and surrounding Colorado counties. This type of ownership and management will make it possible to launch a much-needed store featuring a full line of clothing, accessories, and shoes for the family, to be located in the community. The store will offer good quality merchandise at competitive prices in the City of Yuma, which has been without a local clothing store since January 2005. This stock company is being modeled after similar situations in

Wyoming and Montana in which a clothing store is considered vital to the community and an asset to the "main street" environment.

The idea of supporting local retailers, and therefore, the community, is encouraged in rural areas. A community-owned clothing store promotes local pride and loyalty. These factors make this store a unique business. Business leaders, local government leaders, investors and the company's management will all have an interest in supporting the store in order to reduce retail leakage from the Yuma area, increase sales tax, improve the local economy, and to provide a return on investment. All of these factors will encourage support for the Corner Closet project.

The organizers of this project began selling shares in the corporation in August of 2007. We have reached the halfway mark in our fund raising efforts. Additional community members have joined the endeavor by holding their own fundraising events. It is our plan to continue until the funds are raised to open the store.

(For additional information; Darlene Carpio, Director, and West Yuma County Chamber of Commerce at: [Darlene@seeyuma.com](mailto:Darlene@seeyuma.com))

### **Healthcare Access**

Focus group participants agreed that healthcare access is generally good, but the cost of healthcare in comparison to wages is an issue. Subsequent discussion indicated that a relatively large number of residents have insurance compared to the urban population. However, many have health insurance with very high deductibles which translates to large out-of-pocket costs. Regional healthcare providers only recoup \$.50 cents on the dollar; some of the loss is mitigated with government programs. Another issue is that recruitment and retention of administrative personnel is as difficult as recruitment and retention of health care professionals. There is little competition for insurance carriers, implicating a lack of health insurance affordability and health insurance for business and the self-employed.

As noted previously, the major portion of the northeast regional economy is dependent upon agri-business as the primary economic driver. When the agribusiness economy is negatively influenced in northeast Colorado, this influence permeates through all sectors in the region.

The region is not alone with this issue, as studies from Louisville, KY, show that healthcare access is the same issue and often a function of low incomes. Healthcare access is directly associated with workforce availability and affordability.

# Northeast Region



“Healthcare access is directly associated with workforce availability and affordability. Affordability, the issue affecting northeast Colorado, is a function of household income combined with the cost of health insurance.”

Affordability, the issue affecting northeast Colorado, is a function of household income combined with the cost of health insurance.

The Colorado Rural Health Center bridges the gap with healthcare to satisfy the population that struggles with healthcare affordability. The Colorado Healthcare Professions Summit is aggressively addressing these important issues and seeking viable solutions.

## Energy

Energy and mining include all mining support and energy with electrical power and renewable energy, including wind generation and ethanol production. In northeast Colorado, the region would suffer if gas production would leave. One effect would translate into loss of local sustainable employment. Though most of the drilling comes from contractors from outside the region, local support services of checking and metering including installation and maintenance are part of the sustainable development. There is the trickle down effect throughout community speculating that it may not have such a great employment effect, but trickle down effect is huge in other areas.

Agricultural producers are hopeful of developing other types of energy to supplement the loss of irrigated water, including opportunities for wind development in northeast Colorado.

The issue related to renewable energy/wind development is access.

This works by getting power into the grid, which needs to be within 3 miles of the grid, at a cost of \$330,000 for individual windmills. For a smaller farmer looking for supplementary income because of access to the distribution system, wind energy is not a viable option. Rural Electric Associations (REAs), who get their energy from more than one source, are working with local banks that are making loans based on 25% grants from USDA Rural Development. REAs get funding from USDA Rural Development that has hundreds of programs for resource development. Examples include the “Bitter route” Pipeline and the Wray School District with funding for a wind turban that also helps electricity needs for the town government. Grants from USDA Rural Development, dealing with some issues with permits and inspections, are looking at ways to put energy back into the grid. There is a big concern that the state will require the permit program for the oil and gas industry, and it will become longer than expected and companies might go elsewhere to drill.

For every challenge, there should be an effort to counter with what the region is doing or could do to create a balanced economy and a balanced report. An important area to evaluate would be to illustrate the regulatory challenges for the region.

Northeast Colorado is stressed and agriculture and energy through ethanol production is intertwined. Cellulosic

ethanol production, using advances in biotechnology to transform straw and other resources into ethanol, is encouraged in many parts of the state.

## What makes this home?

When participants were asked this question, the real pride in the region became most evident. The common themes included:

- The people
- The sense of community, “Everybody knows you.”
- People attend and support events
- Small town environment
- Local ranching
- The community is more of the “German volk culture” where people are connected by the stories and the history that has been passed on through oral traditions that are integrated into the culture
- The aesthetics of living in the region where a resident can look out and appreciate the vast nature of the region and the quiet
- The overall quality of life relevant to economic standing, residents do not have to make \$200,000 a year to have a good quality of life and a great place to raise a family
- Educational system, and trying to stay vested in the youth
- Feeling of being safe
- Home is where you want to make your home; a family connection

It is most difficult to capture the essence of northeastern Colorado without being there.



## Conclusions & Potential Solutions

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and development of a plan of action to facilitate successfully influencing positive economic change for the region. Many conclusions and potential solutions are found at the end of this document.

## Resources

### City of Burlington

Deni Coryell  
340 S. 14th Street  
Burlington, CO 80807  
(719) 346-8652

### Colorado Department of Local Affairs

Greg Etl  
218 State Street, Suite 1  
Fort Morgan, CO 80701  
(970) 867-4961  
[greg.etl@state.co.us](mailto:greg.etl@state.co.us)

### Colorado Office of Economic Development and International Trade

Darlene Scott: Eastern Colorado Business Development Representative; Primary Contact for Community Economic Development Assessment Programs; Community Economic Development Assessment; Community Action Plan (CAP); Counties: Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Las Animas, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, Yuma

### Fort Morgan SBDC Office

The Bloedorn Center  
Fort Morgan  
(970) 542-3263  
[Tim.Edgar@morgancc.edu](mailto:Tim.Edgar@morgancc.edu)

### Lincoln County Economic Development

Patricia Vice, Executive Director  
P.O. Box 70  
Limon, CO 80828  
(719) 775-9070  
Fax: (719) 775-9091  
[lcedc@netecin.net](mailto:lcedc@netecin.net)

### Logan County Economic Development Corporation

Rich O'Connell, Executive Director  
PO Box 72  
Sterling, CO 80751  
(970) 521-7196  
[director@sterling-logan.com](mailto:director@sterling-logan.com)

### Morgan County Economic Development Corporation

Kari Linker, Executive Director  
231 Ensign, Room 202  
Fort Morgan, CO 80701  
(970) 542-3527  
[klinker@morgancountyinfo.com](mailto:klinker@morgancountyinfo.com)

### Phillips County Economic Development Corporation

Nici Bishop, Executive Director  
P.O. Box 424  
Holyoke, CO 80734  
(970) 854-4386  
[pced@pctelcom.coop](mailto:pced@pctelcom.coop)

### REGION 1; Rural Business Loan Fund Office

Dan Simon; Northeastern Colorado RLF;  
Logan, Morgan, Washington, Yuma, Phillips & Sedgwick Counties  
P.O. Box 262  
719 S. Main Street  
Yuma, CO 80759  
(970) 848-3150  
(877) 459-4345  
[nctrlf@centurytel.net](mailto:nctrlf@centurytel.net)

### REGION 5; Rural Business Loan Fund Office

MaryJo Downey; Prairie Development Corporation; Elbert, Lincoln, Kit Carson and Cheyenne Counties  
128 Colorado Avenue  
P.O. Box 28  
Stratton, CO 80836  
(719) 348-5562  
<http://www.prairiedevelopment.com/businessclimate/businessinvestment.htm>  
[jdowney@prairiedevelopment.com](mailto:jdowney@prairiedevelopment.com)

### Sedgwick County Economic Development

Trish Stever  
100 West 2nd Street  
Julesburg, CO 80737  
[sced@kci.net](mailto:sced@kci.net)

### USDA Rural Development

Servicing Counties: Cheyenne, Elbert, Kit Carson, Lincoln, Logan, Morgan, Phillips, Sedgwick, Weld, Washington and Yuma  
247 N. Clay, Suite 2  
Wray, CO 80758  
(970) 332-3107x4

### Washington County

Chris Packer  
482 Adams Avenue;  
Akron, CO 80720  
(970) 345-2262  
[cpacker@co.washington.co.us](mailto:cpacker@co.washington.co.us)

### Yuma County Economic Development Corporation

P.O. Box 244  
Yuma, CO 80759  
(970) 848-3011  
[ycedc@consideryumacounty.com](http://ycedc@consideryumacounty.com)

# West Central Region



## West Central Region

The region includes Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel Counties. The location of focus sessions were the City of Montrose, Montrose County, April, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Quantitative data referenced in this section relates to **2006 Base Jobs and Income as a Percentage of Total Base Income** which was provided by the Colorado State Demographer's Office (SDO). For a detailed explanation of the quantitative data, please refer to the section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

This objective, quantitative data is specific to the West Central Region and points to the top three economic drivers or base job sectors that are consistent with the majority of the rural regions: Total Households, Tourism, and Indirect Basic Jobs.

**Montrose and Delta Counties** have very similar economic structures. Primarily, total households and agribusiness are the top two sectors. **Montrose** has a more balanced economic structure with a job to income ratio of less than 60% for the top three sectors. Reflecting a sound economic base, 58% of the jobs produce 55% of the income in the county. Agribusiness is the one area where the number of jobs produce a low level of income; jobs at 15% with income at 8%. **Delta County** has similarities but is not as balanced with the ratio at 72% of the jobs producing 60% of the income. This represents a significant disparity and implies generally lower wage jobs.

Some of the key indicators for the other counties include:

**San Miguel** has a very high dependence on tourism and the top three sectors are above 80%, which may put their economy at risk.

**Ouray** is similar but reflects a higher ratio for households impacted by retirees and commuters. There is still a very high ratio of the top three

sectors representing over 80% of jobs and income.

**Hinsdale and Gunnison Counties** are unique in that **Gunnison** has a significant mining presence that changes their picture. **Hinsdale** is also unique as 92% of the county is public land with a very small population. This makes it difficult to adequately measure the local economy. The key economic driver in **Hinsdale County** is tourism. (In 2006, 28% of the jobs produces 26% of the income). Retirees in **Hinsdale** also have a significant impact. (Households, which includes retirees: 43% of the jobs and 48% of the income). Region Ten has prepared studies that can provide more detailed information in this area. In **Hinsdale County**, there are no manufacturing/agriculture economic drivers, therefore a diverse economy comes from the forest; homes, BLM and wilderness.

When we attempt to measure community wealth, the assessed valuation formula becomes an interesting analysis. The total assessed valuation per square mile (psm) in the region is just over \$224,000 psm. However, 71% of the region consists of public lands. This is 19.1% of all of the public lands in the state. This significantly impacts various statistics such as the number of people per square mile with public lands included is 10.34 without public lands the number

jumps us over 3 times to 35.7 ppsm. This has significant implications for production of revenue for the counties in the region. The high percentage of public land in the region is a key attraction to visitors of West Central Colorado.

The preceding evaluation needs to be considered carefully. This evaluation is intended to develop a baseline to measure future efforts in the creation of a more diverse and sustainable economy for each county as well as regionally. This analysis is intended to illustrate the challenges as well as the investment opportunities for public as well as private sector investment and stimulate the conversation around opportunities in this region of Colorado.

### Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

Workforce challenges are a systemic issue within this region. The region is dealing with Workforce Availability, Housing Affordability, Immigration, Education, Water, Health Care, and Capital Funding constraints.



### Workforce Availability

Underemployment and the Graying Workforce

Job seekers are accepting underemployment opportunities in order to remain in the area because of the quality of life in the region. The region is struggling with a classic issue in economic development circles. Which comes first, the chicken or the egg? If Company “X” wants to move to a community in the region, but there are not enough “wadget maker” employees available in the area to support company “X.” There is a local workforce consisting of workers willing to accept a level of underemployment and would be interested in working for Company

“X.” Another developing trend in this and other rural Colorado regions occurs when employers recruit a new employee and often the spouse is placed in an underemployed or even, unemployed situation. Though underemployed data is not available from labor market and demographic sources, one business owner observed that in his business easily 50% of his staff is underemployed. Some job seekers are “dumbing” down their qualifications just to get work. They do this so they do not appear too overqualified, thus risk intimidating a prospective employer.

The graying workforce is an issue and new data from the Bureau of Labor Statistics suggests it is a significant opportunity at the same time, particularly in light of the current economy. Retirees may be returning to the workforce as they are not able to survive on their existing retirement income.

Another concept known as “workforce substitution” is where communities evaluate more of the education level of the current population and seek to develop new business attraction and expansion around that data and those individuals.

### Workforce in the Agricultural Sector

The region faces challenging workforce needs in the agricultural sector. The region looks favorably at

migrant workers in the region. It is a perception that the more urban regions do not want to hear this, but it must be addressed in order for much of rural Colorado to survive. Many of the workforce needs are temporary and are also impacted by a lack of seasonal housing for the migrant workers. This has opened the door to discussions of portable structures for seasonal workers. The issue is similar for seasonal workers in the oil/gas industry. The lack of seasonable/temporary housing for migrant workers is important to the community. This imbalance, along with housing affordability, impacts the social service system.

There needs to be significant discussion about why agriculture is important to this area. The area is seeing agricultural lands disappearing for subdivision development. Farmers are struggling because of lack of labor. Having to outsource labor from other countries requires dealing with these immigration challenges. Farmers are almost being forced to sell land for new subdivision development. One participant asked, “Is there the risk of becoming like Japan, which has no land on which to grow crops and has to import food?”

### Housing Affordability

Housing and workforce are critical components to developing a sustainable economy. It is important that the younger workforce has access

# West Central Region



“Unfortunately, decisions regarding schools are made based on more urban population issues which may not be applicable in rural areas.”

to affordable housing. Entry-level or worker housing is a universal need throughout western Colorado. The “drive until you qualify” situation puts many constraints on infrastructure. There is an “inelastic” supply of housing and many younger workers are working three or four jobs to afford acceptable housing.

Affordable housing can be a “sore” subject locally. It would help to define the question. “Do we want to create affordable housing, or are we talking about housing that is affordable for the people that work in our counties?” Is there really a difference between the two?

An issue that is part of the immigration constraints discussed above involves housing standards for H2A visa workers and is having the same impact outside of agriculture including construction, tourism, and hospitality. The region is at a tipping point. If something does not happen soon, the area will have to begin a discussion regarding the value of even planting crops. Some business owners are bringing in people from Europe. An H2A visa for agriculture does not have a cap on workers. H2B has a state-wide cap of 66,000 including the returning workers. It is important to delineate H2A workers who can only work in the field from H2B workers. There are also seemingly difficult regulations requiring housing in Delta and Montrose Counties. Dormitories

can lay empty because state regulations only allow permanent residents in the dormitories. Last year the region almost did not harvest a crop, and grower had to go to Florida to find workers. This year the growers are concerned about even planting corn putting, the fall Olathe Corn Festival in jeopardy.

FHA guidelines for maximum loans in Delta County are different from other areas and can impact local home ownership.

## Immigration

Migrant workers represent a valuable and needed workforce. Immigration policies have a significant impact on farm workers and are critical issues to the region. When an Olathe Sweet Corn farmer had to leave nearly 40% of his crop in the field a year ago because there were not enough workers to pick the crop, solutions need to be created. 85% of the food produced in Montrose County is picked by hand. Addressing the immigration issue in an honest and humane way, recognizing it as a significant component of workforce (agriculture, tourism, hospitality, and healthcare), that would benefit both urban and rural regions.

Migrant and immigrant workers increase health needs for the region. When the region brings in legal immigrant workers, provides the necessary drug testing and other

checks, the workers still return home at the end of the season. Certain areas in the agricultural industry cannot wait for the visa issues to be resolved, as it is so sensitive to the timing of the crops. Some of these crops, if not grown this year, will not be able to be grown next year, which represents a significant opportunity loss for the region. The immigrant worker issue is not only related to Mexican or Central American immigrants but also immigrant European workers working in the tourism industry (such as in Telluride). Immigrant workers add to the region’s diversity.

## Education

Unfortunately, decisions regarding schools are made based on more urban population issues which may not be applicable in rural areas. Rural areas abide by the rules based on these urban issues. If urban Colorado does not understand the rural issues, the situation will keep getting worse. The agricultural season is generally in sync with the school district calendar, so the immigration of migrant workers would not significantly affect schools.

## Youth out-migration

In a discussion of the relationship of the business community and K-12 education, graduates that are the most talented and energetic are the most likely to leave, while those



graduates who are not as motivated tend to remain. This causes a skills and a motivation gap in the workforce, leading to a workforce challenged with communicating to high school graduates so they are prepared to enter the workforce upon graduation.

### Teacher Recruitment

K-12 schools are dealing with challenges from federal and state regulations that impact the region and its ability to find and attract qualified teachers. Montrose competes with Front Range urban counties to recruit and retain teachers at a salary schedule that is difficult for the region to match. The school district is mandated by the legislature as to what kinds of teachers it can hire, meeting the same qualifications but unable to offer as competitive a wage as the Front Range schools. Consequently, there is a lack of local control within the school district, especially in hiring requirements. There is a general lack of support for adequate statewide funding for schools and public services. This continues to be a problem that the legislature struggles with in identifying and implementing appropriate solutions. It seems that we trust our most valuable asset, our children, to the education system but do not seem to provide the necessary resources to get the job done. We should increase teacher pay but also hold

the teachers to a higher level of competency, accountability and expectation.

### Sustainable Economy

There is significant diversity within the region. Telluride is different from Montrose. Gunnison is different from Crested Butte. “If the region was a country, it would be a self-sustainable country.” This statement was not unanimously agreed to by the participants but very insightful.

In order for rural development to be sustainable, planning should include an “in to out” approach, not “out to in.” More housing has an extreme impact on agriculture as developments take away other usable land, oftentimes depleting resources. Quick dollars are exchanged for sustainable dollars. The goal should be to identify what is strong in the community and worth sustaining. Development opportunities become the escape for the farmer/landowner. They are willing to give up that resource as it is becoming much more difficult to make a living as a farmer. In some cases, it is about a lack of succession planning, that is, there is no one to pass on the farm to. Most people do not realize the sacrifice of many Colorado farmers in retaining their farms.

The Montrose/Delta area is experiencing significant growth, and

sound planning is very important. Delta County has no growth management regulations. There is also a challenge for the town of Cedaredge in Delta County. Delta is seeing sprawl occurring outside the city limits, and those areas come to the city asking for services. As the population increases, more land cannot be “created,” but the people have to live somewhere. People are more willing to uproot and move to places that have a high quality of life. Sound master planning can help an area at least keep up and manage the growth as it occurs.

Amenity migration is a significant opportunity and challenge. Recreational amenities have an effect on small businesses relocating to the region and they influence the decision to locate in a particular community. This would imply that in West Central Colorado, many business opportunities exist because of available amenities. There is an opportunity, because of amenities, to attract location neutral/lone eagle businesses, if the infrastructure is in place to support their activities, business and personal. The region is a beautiful place to live with high amenity migration opportunities that impact population growth. This creates an environment for significant underemployment. This too, represents an economic opportunity for the region, along with technological advances.

There seems to be an increase in location neutral lone eagles, but they are difficult to identify, count, or reasonably assess. Steamboat Springs has developed data on lone eagles, but it tends to be a labor intensive process and most rural communities lack the resources to complete an assessment of this type.

Biotech development represents strong possibilities. The region will need to decide to pursue this type of industry and develop the educational resources that provide training for the labor needs and develop the infrastructure. It is an example of a very intentional economic development plan. There are potentially significant costs, but also significant opportunities for return on investment. There are regions that have done it right and are successful as a result, and there are models from which to learn.

In the end, the lack of an available labor force, especially in the construction and agricultural sectors, is a constraint for the rural economy and especially for this region. There is considerable data that need to become available to these local communities and identifying reasonable access to meaningful data would be a tremendous opportunity of this region.

# West Central Region



"Infrastructure is like a spinal column in mammals. Infrastructure in a city or a county holds the body together."

## Data Needs

Some of the data that the region would find useful includes: per capita income; average level of education; data on demographics, age, and marital status; filtered out by the location, migration pattern, healthcare services, schools and information on educational systems; some kind of geographical component, distances, and the impact of immense areas related to issues in providing services in the region; main industries, average pay scale, and primary employers; amenities, shopping entertainment, restaurants; new shopping and providing links to local chambers. This kind of data is generally available through the State Demographers Office and the Bureau of Labor Statistics, but putting it into a useable and meaningful format is the key. Once the data is developed, a plan must be in place to effectively utilize it.

## Transportation - Infrastructure

Infrastructure can include streets, roads, water, electrical and technology. There is a growing need for transportation or movement of information, but the lack of connectivity is an issue. The region often feels it is forgotten by the large communication companies. "Infrastructure is like a spinal column in mammals. Infrastructure in a city or a county holds the body

together." However, legislation created in 2005 limits a community's ability to develop much needed technology infrastructure when the private sector does not see it as a priority. This conversation needs to continue in order to help rural Colorado communities compete.

Downtown Lake City is wired for business, thanks to a rural business opportunity grant from USDA Rural Development. An economic feasibility study was conducted to identify ways to further develop a sustainable economy. A list of core agenda items were suggested by consultants Jay Schlinsog and Lisa Bennett of Downtown Professionals Network, Inc.

A core action item identified the potential for increased telecommuting and online business services for small communities such as Lake City, Colorado in Hinsdale County. Wireless Internet has just been installed in the new "DIRT" (Downtown In.....) office for visiting professionals and residents who may choose this spectacular outdoor office setting. The signal can be accessed in Town Park and the Third Street Market area.

For more information on the study and their progress towards identified goals, please visit [www.lakecitydirt.com](http://www.lakecitydirt.com).

The transportation issue has many perspectives. A county commissioner is thinking about roads, whereas a business thinks about getting products/services/people from one place to another. Public transportation vs. an issue related to street infrastructure, including curbs and drainage, create a challenge to just be certain we are using common language or terms.

Transportation is a significant piece of the workforce issue to agribusiness. From a local perspective, the region needs to find viable ways of moving people from Telluride to Montrose to Delta. This is further complicated as infrastructure investments often do not create an immediate return on investment in many rural areas, compared with the infrastructure impact on urban communities.

Air transportation and railroads are other significant issues. The region needs the capacity to move goods/services. The region is the bread basket of Colorado and is self-sustainable. However, many agricultural properties are transitioning into real estate developments and removing this agricultural land from meaningful production. The region, particularly Montrose, has a great airport which is starting to develop more commercial opportunities. However, having an airport to market

economic development is constrained unless the region has the other needed levels of infrastructure in place to support it.

Regulatory constraints with the Colorado Department of Transportation (CDOT) can be an issue. CDOT needs to develop a better understanding of the needs of rural Colorado communities. One community in the region is very creative with community communications. They have a billboard that announces birthdays/funerals/basketball games, the kind of activities and events that are important to rural communities. However, CDOT does not allow the billboard on the highway. The billboard serves as a way to communicate community awareness. The community only has a weekly newspaper, no television coverage and little radio reception. CDOT rules are a constraint for a smaller community.

### Water

Water shortage is commonly thought of as a statewide issue. This region has water, so the areas regional water issues are thought to be most often related to urban cities “taking” water from rural. “What happens if water in western Colorado is diverted to the Front Range?” Water issues impact water conservation, sustainability, supply, and related energy costs. It is important to look at more than



The issue is not so much healthcare access as it is affordability of health care.

growth at any cost. How is the region growing? This ties into the discussion on growth issues and capacity. This discussion needs to include how subdivisions are created, energy use and the global climate change and land use issues; how rural communities grow and the impact of agricultural uses of water and uses of domestic water. Rural communities are in a perfect situation with opportunities to grow wisely and smarter and avoid the mistakes of the cities in urban areas of Colorado.

### Healthcare

Healthcare access generally seems to be missing from community master planning. This is from the perspective of looking at healthcare not just from the amount of space available for access, but from capacity and workforce development. There is

growth for the healthcare sector coming from growth in hospitals, such as additions to the cancer center and the surgery center in Montrose. The issue is not so much healthcare access as it is affordability of health care. Healthcare also represents a significant economic impact with jobs and income to the region, but little has been done to address this need and opportunity effectively.

Montrose County has been designated as a medically under served area with medical shortages such as Olathe. The designation is further impacted as many of the private sector providers do not accept Medicare and/or Medicaid. The availability of options in the region becomes limited.

### Capital Funding Constraints

Capital funding in the region is a challenge due to the high percentage of public lands. This is noted in the data illustrations at the beginning of this section. With private land, there is more access to capital funding. The Gallagher Amendment, though it is a statewide constitutional amendment, impacts so much of the region and is one of the biggest challenges in efforts to support facilities and infrastructure. The issue is generally not understood by the public and is a significant issue.

### What makes this home?

- People feel comfortable and connected with the community
- A high quality of life with typically short commutes

- Large tracts of public lands with recreational activities
- Small schools and small class sizes
- Not much traffic
- The people are “real,” genuine and sincere
- “We feel safe”
- Many people were born in the region and have stayed
- New members of the community stay for the same reason as those who were born in the region
- A quieter pace of life
- Residents do recognize that the world is moving fast and the region needs to stay competitive
- Friendships
- Family
- Sense of community
- Environment
- Clean air/water
- A place people want to come home to that is safe with a low crime rate
- The opportunity to give back to community and have input into what happens, truly making a difference in the lives of the community



“Buy Local. Eat Local.  
Be Local!”

# West Central Region

## Conclusions & Potential Solutions

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and development of a plan of action to facilitate successfully influencing positive economic change for the region. Many conclusions and potential solutions are found at the end of this document.

## Resources

“Buy Local. Eat Local. Be Local!”  
Go to [www.lakecitydirt.com](http://www.lakecitydirt.com)

## Colorado Office of Economic Development and International Affairs

Sam Susuras, Western Colorado Business Development Representative; Energy, Manufacturing and Mineral Development Programs; Counties: Archuleta, Delores, Delta, Eagle, Garfield, Gunnison, Hinsdale, La Plata, Mesa, Moffat, Montezuma, Montrose, Ouray, Pitkin, Rio Blanco, Routt, San Miguel, San Juan  
[sam.susuras@state.co.us](mailto:sam.susuras@state.co.us)

## Delta Area Development Inc.

Deana Sheriff, Executive Director  
P.O. Box 627  
Delta, CO 81416  
(970) 874-4992  
[deana@deltaareadevelopment.org](mailto:deana@deltaareadevelopment.org)

## Montrose Economic Development Corporation, Inc.

Sandy Head, President  
100 Tessitore Court, Suite  
Montrose, CO 81402  
(970) 249-9438  
Fax: (970) 249-9459  
[sandy@montroseedc.org](mailto:sandy@montroseedc.org)

## REGION 10; Rural Business Loan Fund Office

Paul Gray, Paul Dunford; Region 10 League for Economic Assistance & Planning; Delta, Gunnison, Montrose, Ouray, San Miguel and Hinsdale Counties  
P.O. Drawer 849  
300 North Cascade, Suite  
Montrose, CO 81401  
(970) 249-2436  
<http://www.region10.net/>  
[paul@region10.net](mailto:paul@region10.net);  
[pdunford@region10.net](mailto:pdunford@region10.net)

## USDA Rural Development

Servicing Counties: Delta, Eagle, Gunnison, Hinsdale, Lake, Mesa, Montrose, Ouray, Pitkin and Summit  
(970) 874-5735 x4

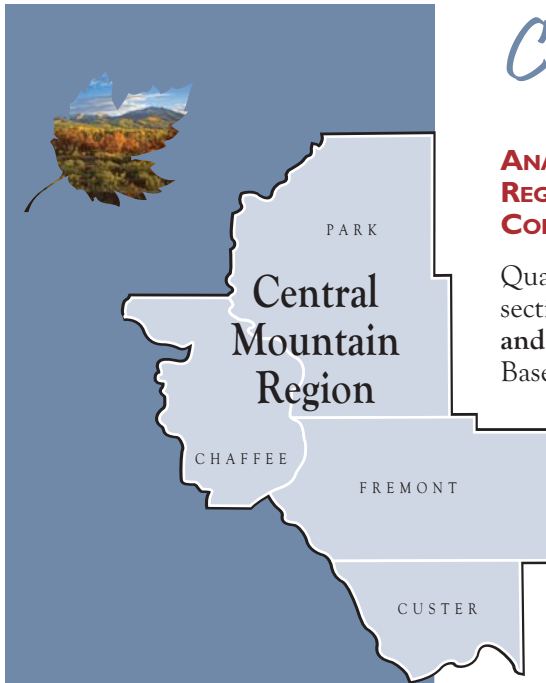
## West Central SBDC

Taylor Hall 3rd Floor  
Gunnison  
(970) 943-3157  
[sbdc@western.edu](mailto:sbdc@western.edu)





# Central Mountain Region



## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Quantitative data referenced in this section relates to **2006 Base Jobs and Income** as a Percentage of Total Base Income which was provided by the Colorado State Demographer's Office (SDO). For a detailed explanation of the quantitative data, please refer to the section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado

Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

This objective, quantitative data is specific to the Central Mountain Region and points to similarities among **Chaffee, Custer and Park Counties**. **Fremont County**, though included in this region, is a substantially different economic base.

**Fremont** has such a significant presence of correctional facilities that the government sector has a major influence producing 20% of the jobs but 36% of the income, implying higher paying jobs than the county average. Total households influenced by a large number of retirees are the number one employment sector, that is, primary jobs created as a result of retirees.

Construction, tourism, and government are significant employers with no true manufacturing. The State Demography Office can measure the current economic drivers, but there is a challenge to effectively measure the impacts of economic drivers in the rural areas.

The August 2008 unemployment rate for the region is consistent with the statewide average. However, individually, **Fremont County** exceeds the statewide average unemployment rate while the other three counties are substantially below the state average.

Additionally, data indicates that there has been virtually no change in population throughout the region in the last two years. The reasons for this would warrant further analysis

**Chaffee County** is on the front end of this tsunami of development, with its demography and the energy driven by being a high amenity area.

**Chaffee County** has the best ratio of jobs to income in the region. All of the counties' top three sectors exceed the 60% baseline for a sustainable local economy. Chaffee County's top three sectors reflect 71% of the jobs and produce 65% of the income. This is not a huge disparity, but it still exceeds a good balance below a 5% spread between jobs and income. It is no surprise that tourism is a key base industry

driver. The impact of total households has a significant impact of retirees and does not reflect a balanced economy.

**Park and Custer** have the highest total for the top three sectors at over 80%. This imbalance makes a more volatile economic environment. None of the counties in this region have a significant level of primary income generated from agribusiness. **Chaffee County** residents believe the region is doing well with agriculture, the tourism industry, strong law enforcement, and good schools. Schools are not generally considered to be an economic driver but are important components of a strong community. The Rural Electric Association also provides important services and jobs but is not a base economic driver. Though agribusiness is a visible part of the region, the data does not point to it as a strong economic contributor. Agriculture is still recognized as an important component of the lifestyle in these counties.

The evaluation of assessed valuation and community wealth indicates that 52.5% of the total land in the region is public land representing 8.1% of the state. The average assessed valuation for the region is lower than the state average at about \$200,000 psm, but more than doubles when public lands are removed from the formula. However, the lack of a strong

## Central Mountain Region

The region includes Chaffee, Custer, Fremont and Park Counties. The location of focus sessions was the Town of Poncha Springs, Chaffee County in April, 2008. Attendees included business and political representatives as well as CRDC staff.

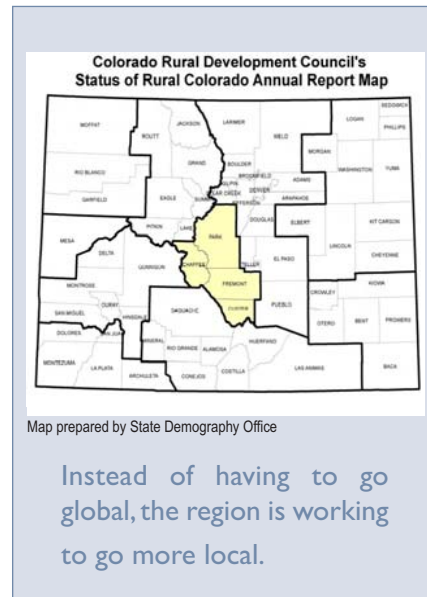
commercial base, other than **Fremont County**, creates challenges in producing the revenue needed for the services to the residents and visitors. Primarily because of the impact of **Fremont County** on the regional data, there are 15.6 people psm. That number nearly triples to 43 when public land is removed. Overall, this region represents a very attractive environment for people in which to live and play.

The preceding evaluation needs to be considered carefully. This evaluation is intended to develop a baseline to measure future efforts in the creation of a more diverse and sustainable economy for each county as well as regionally. This analysis is intended to illustrate the challenges and the investment opportunities for public as well as private sector investment and stimulate the conversation around opportunities in this region of Colorado.

### Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

The key issues in this region, consistent with other rural regions,



are dealing with Workforce Availability, Housing Affordability, State Amendments, Economic Sustainability, Transportation and other Infrastructure Issues.

### Workforce Availability

The top issues are workforce availability and affordable housing, which is a function of the workforce receiving a living wage. The region is challenged with a significant need for a qualified skilled workforce. The ability to pay for the qualified workforce with pay scales that are competitive magnifies the inability to provide housing that is affordable for the locally qualified work force. There are many similar issues throughout this region, but **Fremont** has a significantly different

economic base than **Chaffee, Custer and Park Counties**. This is more specifically outlined in the quantitative section preceding this section.

Underemployment is an issue that continues to surface in rural Colorado, particularly in the mountain and western slope regions. Regions with significant amenities attract more people that consider locating to the region. Businesses and other investors are also more likely to invest in the region. If there were more base industry jobs, it could create opportunities to increase the available wages but would not necessarily solve the housing affordability issue. Many citizens in these counties live below poverty level.

A major question that surfaced in the region related to how to reduce the cost of living or find enough real estate to provide more affordable housing, reduce energy costs, and provide a level of its own food production. Instead of having to go global, the region is working to go more local.

In **Chaffee County**, new jobs are often filled by outsiders. Because of the underemployment environment, it could be very important to identify the local skill levels before attempting to bring in new businesses that are likely to hire the local skilled residents. The downside

of this would be taking the underemployed from an existing employer into new job. The previous job would still need to be filled. A challenge for the region would be to deal with underemployment by working more closely with the local labor market. Good and concise data identifying underemployment is not available without considerable local groundwork.

There was considerable discussion relating to primary jobs in the region. In **Chaffee County**, jobs include working for the government, working in the construction industry, or in the tourism industry. (Note the base industry information in the document). Tourism is a primary employer in **Chaffee County**. The construction trades are generally not considered a primary driver. Construction is a byproduct of the other economic drivers but construction seems to be the largest employer. The region may need to look at retirees as an economic driver, including second homeowners.

### Workforce Retention

The local rural electric coop, Sangre De Cristo Rural Electric Association (SDCREA), creates good jobs and has outstanding employee longevity. When employees do leave, SDCREA typically can refill the positions. However, it is difficult to retain single employees who tend to leave



# Central Mountain Region



“The higher the education level is, the higher the income level is likely to be.”

when they end their apprenticeship as there tends to be little in the area to keep them in the region. If they have a family, the coop has a much better chance retaining them.

The corrections industry has the same challenge. If a single employee gets the training, he/she they tends to leave when offered more money in another location. This is also a double edged sword in that, for recruitment purposes it can be difficult moving a family into the area as employment for the spouse becomes the issue. This does represent significant economic development opportunities by focusing on jobs for spouses.

## Workforce Data

Identification of lone eagles is limited or missing. One option would be to look at lone eagles as sole proprietors. These jobs represent economic opportunities for the region, but it is very difficult to track this sector. One participant, a county commissioner, indicated they had data on local lone eagles. That needs to be developed and confirmed. Lone eagles are also hard to identify because of business licensing issues. Revising the business license forms could assist in quantifying this employment sector. As a positive part of the economy, the community is interested in nurturing the lone eagle.

Other questions and data that is needed:

- How is underemployment defined and can it be quantified?
- Local employers need to identify skilled workers which may be a problem that is a function of the cost of housing.
- Retirees are a skilled workforce and what are the opportunities of working with them? Retirees tend to work out of their homes, are active volunteers helping the community, and are generally not considered part of the workforce. Many retirees have made money and are well invested. Many are very active in the community.
- The youth of the region leave to get college educations and are not available to enter the local workforce causing significant out migration.
- Higher education opportunities are limited in the region. The overall education levels of the residents correlates to the average wage, median household income. The higher the education level is, the higher the income level is likely to be.

## Housing Affordability

Education and affordable housing are associated with low salaries. These are consistent problems within the region. The region has housing and an economy based on tourism. **Chaffee County** is becoming more and more of a resort

community. However, the estimated average home is \$300,000, with an estimated average income of \$40,000. This translates to the fact that the average home is not affordable for the average income.

## Housing Data

California real estate money has come into the area buying local homes and driving up prices. Can there be a comparative analysis of the median average cost of housing related to other parts of the state. The Colorado Department of Housing and the US Housing and Urban Development offices would have much of this data. Vacancy rates would also be an important gauge. The website for realtors should have some of this data. There is a concern that the average wage for the region is skewed because of prison population and/or workforce.

## Sustainable Economy

There are unique issues with commercial real estate in Salida, particularly in the historic downtown area, where commercial rent prices are increasing because of increasing costs. Absentee landlords are using downtown buildings as a tax strategy. This works for the building owners, but is tough for the businesses renting the space.

The area is experiencing many retirees building second homes and retiring to the area. The second



home market is estimated to be about 40% of the construction in the region. (This statistic is an estimate.) The Rocky Mountains are often targeted by the wealthy around the world. **Chaffee County** is in the middle of this region. There has been discussion to change the tax rate on second home, non-primary residences to help pay for the impact of second homes. This would require the passage of a real estate transfer tax, and essentially would require a change in the constitution and a vote on a statewide ballot. Another option suggested was to review the agricultural exemption and examine if there is a sense that absentee owners are taking unfair advantage of this exemption.

Residential development is not paying its way because much of that development is outside the municipalities in rural areas. The region is working on changes to land use regulations.

There is a sense that social service clients are moving away to receive help, better jobs, or a better social service support structure. The number of people taking advantage of social services appears to be decreasing (food stamps). This is also supported by data reflecting insignificant population changes since 2006.



Residential development is not paying its way because much of that development is outside the municipalities in rural areas.

### **Infrastructure - Transportation**

Defining infrastructure is another challenge. To some it means roads, water, sewer, and transportation. Electronic communication and technology is also important.

The region does not have a coalition with water issues and is in conflict with the Front Range. As long as water access and availability are driving growth, rural Colorado does not have the votes to have a measurable impact on the water issue.

### **Transportation**

The cost of transportation is becoming a significant infrastructure challenge. The price of gas has become a factor even for the people in Buena Vista to travel to Salida. There is no public transportation for residents without cars and **Chaffee, Park and Custer Counties** are not pedestrian-friendly areas. Residents can get by with a bicycle, but from an infrastructure perspective, there are few safe crosswalks and this creates constraints.

There is an opportunity to utilize railroads as part of public transit among Leadville, Salida, Buena Vista and Canon City. Rising fuel prices might create an opportunity to encourage evaluating this potential option. Residents can use bicycles or other forms of local transportation; however, the climate limits this use to seasonal. The Colorado Rail Car in Fort Lupton, Colorado, is a self-contained engine/passenger car that functions like a bus on rails. More information is available at:

[www.coloradorailcar.com](http://www.coloradorailcar.com)

Colorado Rail Car could have a tourism component. One participant suggested, though there are extensive rail beds across Colorado, that if the country moves to using more coal for energy, these rail beds will not be available for other uses. It is a very significant conversation.

Between Buena Vista and Salida, there is some congestion with cars, but traffic is more processional. Most cars only have one or two passengers traveling within the region, and there is an effort to develop a ride share program. Rafting busses and school buses increase congestion on the main roads, but this is a seasonal occurrence.

There are perceived and real obstacles to developing a sustainable economy. The experiences in **Chaffee County** are similar to other rural communities. **Chaffee County** is on the front end of this tsunami of development with its demography and by being a high amenity area. However, there is an attitude that there are not any other cities or counties like **Chaffee County** or **Custer** and **Park** for that matter. This is a mountain area without a major ski area. During the recent drought, **Chaffee** also struggled with water rafting issues and fires.

With high gas prices and no public transportation in the region, many local residents do their big shopping on the Front Range or through the Internet. The region has viable exports, but the cost of shipping is a competitive constraint. The transportation issue impacts the area, making it difficult to get people interested in moving here to live or work. Additionally, **Park** and **Chaffee** represent significant travel

# Central Mountain Region



“The history of electric coops in America is to provide reliable electricity at a reasonable cost in rural areas.”

corridors for the central mountains and need to be enhanced for residents and all travelers.

There needs to be more of an attitude of “grow our own” in the region. In rural Colorado, state bureaucracy is not friendly to smaller businesses. In Buena Vista, the city is having problems with CDOT getting cuts to get services into local businesses. Their delays are lost opportunities for local businesses.

These issues are most often a result of state bureaucratic silos not talking to each other. One participant suggested that state bureaucracies need to work to be better partners in rural Colorado. Another suggestion is to empower state agencies to be stronger partners, perceived and otherwise, for rural Colorado. The model of the field representatives in the Department of Local Affairs is the ideal model of working in rural Colorado.

## Telecommunication - Technology

There are needs for better telecommunication and a better telecommunication medium. Cell phone coverage is difficult along the river and in mountain areas. High speed Internet is needed and better coverage for TV/radio would help with economic development. Buena Vista has a public access channel but no satellite. There are six radio

stations controlled by the same company. KRCC has a translator which will add breaking news on its website. Connectivity and cell phone coverage is lacking in this region as it is in many rural Colorado regions with low populations. Connectivity has to be available, which is a real opportunity to encourage high-tech development for firms interested in a more relaxed lifestyle and high amenities found in this region.

## Energy

A major constraint for the region is in energy development. For the electric coops, there is a considerable disparity on development of renewable energy. In the region, the for-profit, independently owned utility (IOU), and the non-profit, Sangre De Cristo Electric Association, Inc., (SDCEA) provide electricity. SDCEA is a distribution coop and does not have the budget to develop a significant amount of renewable energy capacity. Most coops operate on a very thin margin of about 2%.

The IOU has the ability to go out on the open market to acquire funds from investors to develop large renewable energy projects, which does not affect their operating margins. This puts the IOU's in a very different position to finance renewable energies than distribution coops in the state.

Basically, proponents of renewable energy want Colorado to develop its renewable energy portfolio. However, at \$1 to \$3 million per mile to build transmission lines to outlying renewable energy projects, the cost is prohibitive. We need to first deal with fixing and maintaining our existing transmission system and developing new baseline generation to meet our future energy needs. We are currently only covering our basic needs, and with our current rate of growth we are quickly approaching an emergency situation.

The history of electric coops in America is to provide reliable electricity at a reasonable cost in rural areas. They were not formed to compete with IOU's, who would not build lines in rural areas because there was no profit to be realized. Typically, rural areas have little or no industrial or commercial load. Coops typically serve mainly residential areas that are sparsely distributed, making their consumers per mile in the single digits, forcing them to charge much higher rates than IOU's. On the other hand, IOU's serve higher populated areas with large industrial and commercial bases. Their consumers per mile are in the double and triple digits, allowing them to realize much greater profits while charging lower rates.

Government mandates that will require certain percentages of margin to be spent on renewable energies will have a huge impact on coops across the United States. Coops will simply have to pass those costs onto the consumer. Coops do not pay federal income taxes so the federal tax credits are of no benefit. However, for IOU's they significantly reduce their cost and basically subsidize renewable energy projects.

In addition, one must consider the cost of legal fees involved with new renewable energy projects. Dealing with easements and NIMBY (not in my backyard) issues will significantly increase the cost as these projects go through their state and local permitting processes.

**Chaffee County** is one of counties designated by USGS that has been approved for wind generation towers up to 100 feet. The area is putting in solar generation and wind generation systems.

### **What makes this home?**

- The people
- Mountains
- Lots of folks who have lived in **Chaffee County** longer than any other place they have ever lived before
- The environment
- Residents suffer financially in order to live in **Chaffee County**, the lifestyle is worth the sacrifice but it is getting harder to sustain

- The challenges of the economics of living in **Chaffee County** are not balanced, but the strength of why residents sacrifice is much higher than the strength of the economy.
- The region has many people moving from the Front Range after living there for a number of years.
- Residents can build a sense of community with shared joys and struggles.

A new resident will be welcomed and successful unless they come in at a “90 degree angle. If a newcomer to the region tries to force his/her way in, as in many communities, he/she will be met with resistance. Those that become involved and “merge” into the community as with an “on ramp” approach to get up to speed about community issues will meet with greater success and acceptance. (This was a perspective from a relatively new resident and newly elected city councilmember. He felt very welcomed to the community. He got involved and did not try to transform it into the place he left.)

### **Conclusions & Potential Solutions**

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and development of a plan of action to facilitate successfully influencing positive economic change for the region.

Many conclusions and potential solutions are found at the end of this document.

### **Resources**

#### **Chaffee County Economic Development Office**

Salida  
(719) 530-5613  
[eolson@chaffeecounty.org](mailto:eolson@chaffeecounty.org)

#### **Colorado Mountain College**

Timberline Campus  
Chaffee County  
27900 County Road  
319 PO Box 897  
Buena Vista, CO 81211  
(719) 395-8419  
Fax: (719) 395-2173

#### **Fremont Economic Development Corporation**

Edie McLish  
402 Valley Road  
Canon City, CO 81212  
(719) 275-8601  
[edie@piopc.net](mailto:edie@piopc.net)

#### **REGION 13, Rural Business Loan Fund Office**

Jeff Ollinger; Upper Arkansas Area Development Corp; Lake, Park, Chaffee, Teller, Fremont and Custer Counties  
P.O. Box 1212  
Buena Vista, CO 81211  
(719) 395-2602  
<http://www.uaacog.com/uaadevelop.htm>  
[jeffolli@chaffee.net](mailto:jeffolli@chaffee.net)

# South Central Region

## ANALYSIS OF THE VALUE OF THE REGION TO THE STATE OF COLORADO

Quantitative data referenced in this section relates to **2006 Base Jobs and Income** as a Percentage of Total Base Income which was provided by the Colorado State Demographer's Office (SDO). For a detailed

explanation of the quantitative data, please refer to the section titled General Overview of Rural Colorado, Quantitative General Analysis, page 7. Complete data will be available on the Colorado Rural Development Council Website @ [www.ruralcolorado.org](http://www.ruralcolorado.org)

This objective, quantitative data is specific to the South Central Region and points to Agribusiness and Total Households as the key base jobs sectors for this region. Predominately, base jobs created by retirees make up the largest percentage of the Total Household sector. It would be expected that Agribusiness would be a significant driver for this region.

The important factor in these numbers is the relative balance in the economy. There are challenges not illustrated by this data, but there are considerable opportunities available to this region.

**Alamosa County** is the only one of the eight counties with a job to income ratio close to the 60% level, representing a relatively balanced economy. The remaining counties have ratios in the 70s and high 80s. The region reflects a 10 point spread between jobs and income. This would suggest that the wages for the jobs in the region are not keeping pace.

**Mineral County** has the highest ratio at 98% and almost all of that is from tourism~ related jobs.

**Saguache, Conejos and Costilla Counties** also have ratios well above the 60% range. This puts the local economies at risk with an overdependence on fewer sectors.

**Las Animas County** has a reasonable ratio just below the 70% range. The key factor here is a four point spread where income exceeds the number of jobs. This is aided by the influence of energy extraction and the higher paying jobs the industry provides.

Evaluating the level of community wealth is a different situation. The Assessed Valuation psm is below \$100,000. Even when public lands are extrapolated from this formula, the number is just \$127,000, well below the state average. This places great strain on the economy of the region. Communities are struggling to capture the revenue required to provide the services needed by the region. Statistically 35.3% of the

region is made up of public land, representing 14.4% or all the public land in the state. The overall low value of the properties in the region suggests considerable opportunity for investment. It will be very interesting to gauge future levels of growth to truly assess the future of this region.

The population change in the last two years throughout the region has been a little over 3%. **Conejos and Saguache Counties** have lost population, with all other counties showing increases. However, as of August 2008, the unemployment rate for all the counties collectively exceeds the unemployment rate for the State of Colorado by nearly one percentage point. **Saguache County** experienced a 10.1% unemployment rate, ranking the county as the highest in rural Colorado.

San Luis Valley Development Resource Group is engaged in a targeted industry study at the writing of this document. Details on this study are not available but should provide important insight to the opportunities available to the San Luis Valley.

The preceding evaluation needs to be considered carefully. This evaluation is intended to develop a baseline to measure future efforts in the creation of a more diverse and sustainable economy for each county as well as regionally. This analysis is



## South Central Region

The region includes Alamosa, Costilla, Conejos, Huerfano, Las Animas, Rio Grande, Mineral and Saguache Counties. The location of the focus sessions was Alamosa, Alamosa County in April, 2008. Attendees included business and political representatives as well as CRDC and Workforce Consortium staff.



intended to illustrate the challenges as well as the investment opportunities for public as well as private sector investment and stimulate the conversation around opportunities in this region of Colorado.

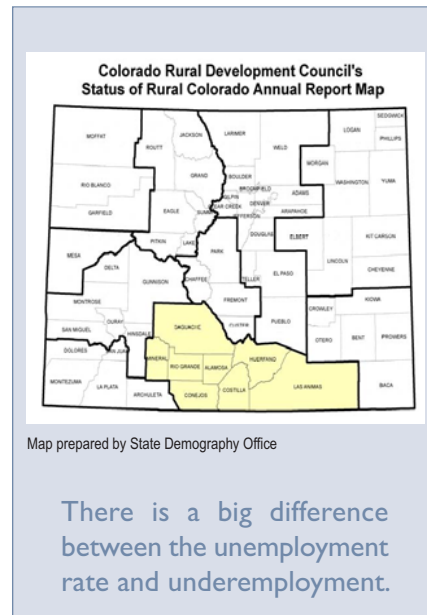
### Topical/Qualitative Issues and Opportunities Affecting the Region

The qualitative data is information collected from the focus groups in the eight regions. The analysis is not intended to be editorial in nature, but rather reflective of the concerns expressed throughout this process and by the participants in the regional focus groups.

Key issues facing this region include Workforce Availability, Sustainable Economy, Retirees, Water, Healthcare Access, K-12 Education, and Housing Affordability. There is interrelatedness among healthcare access, K-12 education, housing affordability, and workforce availability.

#### Workforce Availability

There are two distinct sides and conflicting sides to this issue. The quantitative data discussed above indicates a high level of unemployment reflecting a significant potential workforce. In the focus sessions, it was suggested that a business can be able to grow but are unable to find employees or have had bad experience hiring



locally. At the same time, new graduates from Adams State College are leaving the area and going to Denver or other urban centers to find jobs. These new graduates are not willing to work at entry-level positions and stay in the valley.

A number of factors are affecting workforce issues in this region. Oil and gas positions in **Las Animas** County have helped the area to reduce unemployment from 22% to 4.6% unemployment. The energy sector requires skilled workers who need to pass background checks. Energy companies will provide health benefits which attracts the workforce. Some workers will take less salary to get benefits, although

salaries tend to be higher than the general workforce in the region. In the energy sector, rural jobs can compete with Denver based on salaries, but other employers have trouble meeting minimum wage requirements and/or expectations.

In **Costilla County**, there are employers that are concerned about the cost of energy. Farmers can not grow corn in **Costilla County** and are looking at planting wheat and other crops. Water assessments are skyrocketing. The cost of gasoline creates issues for residents affording to drive to the regional hub because of the distance. There was considerable concern for how the ranchers are going to pay the truckers to haul cattle to summer pasture.

There seems to be a trend of recently released veterans re-enlisting because of the low wages in the region. Some skilled workers are leaving the region because they cannot get the kind of wages they were used to getting. An example is the CDL driver who gets \$10/hour is less than he could make in other areas.

A very recent trend is occurring as local energy workers are being recruited from the San Luis Valley and moved, sometimes permanently with their families, to the Northwest region of Colorado to fill the much needed jobs in that region. This is further creating a void of skilled

workers in the valley.

There is a big difference between the unemployment rate and underemployment.

Underemployment in the valley is almost as significant an issue in the valley as unemployment.

Underemployment is one of the reasons Adams State College graduates leave the area. Teacher education graduates are more likely to stay in the area. Graduates with wildlife, management, marketing or more specialized education and skills are leaving.

There is seasonal employment, but the region needs more year-round employment. Seasonal jobs typically include agriculture, government (BLM, Forest Service) and tourism. As a result of the large number of seasonal jobs, many workers need two to three jobs to make the same amount of money they would with a single, full-time position. This sector does tend to keep family earnings in the valley low and may be a function of the need to have enough employment to go around. There appear to be many underemployed workers in the workforce. These workers are over qualified for the jobs that are available in the region. This can impact available training. This also makes immigration a significant issue in this conversation. The lack of available farm workers for harvesting the potatoes in San Luis Valley is significant. There is

# South Central Region



“There is a gap of over-qualified and under-qualified, under-trained with the gap representing a lack of workforce in the middle.”

recognition of a potential for a workforce from the Denver/urban areas on a seasonal temporary basis. This workforce could be mutually advantageous to both the region and the Front Range.

The lone eagle has been successful in creating businesses in the region. The region is also getting boomerangs who are returning for family reasons.

Retirees are moving back to valley and reentering the workforce, increasing competition in the workforce. Retirees represent a component of transfer payments and are the exception that skews the transfer payment economic discussion.

## Education

In efforts to attract jobs, public education is important. There is a general disappointment with the quality of K-12 education. There is concern over lack of skills in graduating seniors, particularly in preparing them for the workforce and/or higher education.

## Sustainable Economy

The region needs a sustainable workforce, and developing this sustainability is an ongoing challenge. Housing affordability clearly comes into play in workforce issues.

Culturally, if residents do not have entrepreneurial spirit, the San Luis

Valley may not be the place to be. There is a gap of over-qualified and under-qualified, under-trained with the gap representing a lack of workforce in the middle. This issue is prevalent in all South Central Colorado counties.

Absentee landowners and corporate owners of land are not sustainable in the region. In a bad year, absentee and corporate landowners cannot make it. This makes a significant impact on the fulltime residents working on or for the landowners.

The largest source of revenue from outside San Luis Valley is transfer payments. Transfer payments are thought of as an economic driver because of government subsidies, government programs, or outside businesses/income reflecting “new money” entering the economy. The transfer payments are used to sustain the residents in the valley. In reality, transfer payments, as a function of public assistance, provide a significant source of revenue to the region but are not a healthy source of revenue on which to depend. Fundamentally, a transfer payment related to unemployment and welfare is a function of the unemployment rate, which is a negative impact.

In a discussion on primary employers, construction and real estate were named as key economic drivers. Though they represent a

significant contribution to the region’s economy, they are not considered base economic drivers, but generally an outcome/component of other economic drivers.

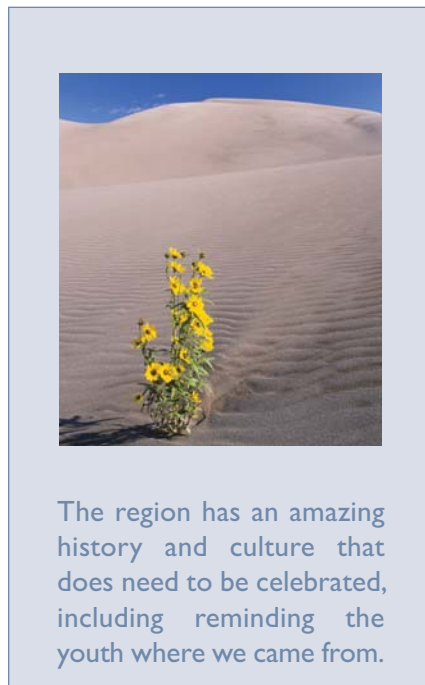
Adams State College employment is a full-time job. The region probably has as many lone eagles as any other area. There are examples such as doctors who read x-rays. However, lone eagles are subject to infrastructure and technology constraints. There is a philosophy of self-sustainability. It is difficult to measure the number of lone eagles in a community or region, but they do have trust fund babies that have migrated from other areas. This tends to be a hidden economy that is not measured.

Transportation costs are a fine line in rural vs. urban and is a divisive issue in the state. Residents need to realize that we are stronger when we partner, as we are all part of Colorado.

- What are the region’s assets, that is, talents, jobs, and needs? What are the opportunities for the region and the state? The region grows starch-related produce. What is the value-added opportunity of using the barley that is grown locally for home brewers? There are opportunities to identify value-added businesses that augment the region’s

economic drivers such as agribusiness and it will ignite innovation.

- There needs to be a push to get away from the concept that a poor San Luis Valley people will work for cheap.
- Supply and demand does work in the workforce and the region exports energy and food, which make the valley valuable.
- **Costilla and Conejos Counties** are seeing growth out of Taos, New Mexico. The counties need to gather as a community and establish how to profit from this trend.
- The region is getting former residents from California who are cashing out and buying in the region where property values are lower, rising the price of housing in the region. Local residents are selling options on land.
- Connecting Colorado is going to open up the eyes of local residents. Increasing internet access makes wages more competitive, thus technology is working against the region which tends to have lower wages.
- It is most important to the State of Colorado for urban and rural communities to work together for a sustainable economy in Colorado.
- If profitability supersedes quality of life for business, at what cost would the state want to be profitable?



### Resistance to Change

This was an important but very sensitive portion of the discussion. The culture of the valley and the region has a need for change. The discussions included issues surrounding K-12 education and the needs to change to increase regional competitiveness. The change should include positive input, vision, compassion, and starts in the family units.

Can the region make needed changes culturally? It was felt that the region needs to get serious about

education. A lack of discipline, partially due to the regional culture, may be putting the region at a competitive disadvantage. Discipline appears to be breaking down in the schools. (Important note: A significant issue to this region, this issue is not exclusive to the Valley, or even exclusive to rural areas, but found in many areas of education.) A big part of the education issue is related to the family. More than anything, there has to be a change in attitudes. Focus group participants felt that education has gotten much better over the years, but the region seems to be programming students toward mediocrity. An example provided was that a generation ago, the Colorado Department of Social Services dealt with truancy. Today they seem to be dealing with child abuse and child neglect. In addition, random drug tests by employers are failing our skilled workforce. This issue is not unique to this region, but this is the only region that intentionally raised the question in any of the focus groups.

More than just in this region, there is a fundamental sense that our society is becoming a self-serving society with an entitlement and a materialistic attitude. There is an expectation that a worker will only work an eight-to-five day. Underemployed and under-skilled employees fill in the gaps. The expectation level has to change. It is

significant that this region is willing to admit to the need to respond to these critical issues, which is what it will take to affect meaningful change.

The region has an amazing history and culture that does need to be celebrated, including reminding the youth “where we came from.” The focus group participants felt the region is careful about changes that may occur affecting the culture of this area. The region has unique places and it should talk about history and the different cultures that make up the region. Some may think the next generation is worse, but in fact, the current generation wants more for the next generation.

Rural communities, such as the Valley, are very good at taking care of themselves. If rural Colorado experiences a disaster, rural Colorado responds more proactively than anyone. A lack of critical mass/density tends to be an asset in rural Colorado as people know each other.

### Water

Retirees are buying property in the region for their retirement. There is a huge question of the state’s philosophy relating to the value of water vs. agriculture vs. development. There needs to be a stronger case for illustrating how to make more valuable use of the water. Urban Colorado believes that

# South Central Region



“A key to this region is developing and quantifying a more valuable use for water, including agriculture. There need to be focused efforts to create productive businesses that are not so dependent upon water.”

water is much more valuable for urban use than rural use. A key to this region is developing and quantifying a more valuable use for water, including agriculture. There needs to be focused efforts to create productive businesses that are not so dependent upon water.

This year, the region has to meter their wells. For the farmer who flood irrigates his crops, is their prior appropriation going to provide enough water to hold its strengths. The flood irrigator could be at odds with those metering the wells.

## Healthcare

Healthcare access is a complicated issue. Healthcare providers are forced to charge high rates for services to underwrite the many residents who do not have insurance or are underinsured. If the region does not have a healthy workforce, then the problem is exponentially worse and expands to what is known as cost shifting.

Healthcare is accessible, but not necessarily available to people who do not have insurance. Also, the region does not have a sustainable healthcare workforce in the administrative and medical fields, including doctors and nurses. Complicating the issue, doctors are referring to out of area physicians and hurting local doctors. Colorado Rural Health Center is working with many partners to address this very important issue, particularly to this region.

There are three good hospitals in this region, but paying for the services is another question. The region has excellent healthcare access, but access may be constrained when combined with transportation, cost sharing, and ability to pay issues. Healthcare is not accessible if there is no transportation to get a patient to services, and if that patient does not have a way to pay the bill.

## Energy

The San Luis Valley Development Resources Group is involved in renewal energy efforts that have the potential of being a significant economic driver for the region. Renewable energy that includes three types of solar energy include: photovoltaic, parabolic trough, and molten salt/power tower. In December 2007, SunEdison announced that the 8.22-megawatt Alamosa, Colorado photovoltaic solar plant was activated. For additional information go to Xcel Energy Company and SunEdison.

## What makes this home?

- Residents can thrive and feel comfortable
- Deep traditions and a familiarity with everything and everyone
- Everybody knows your name
- Residents feel safe
- The air is clean and the region has the most tested water in the state
  - Alamosa quickly and proactively rebounded from a salmonella issue in the spring of 2008 with everybody pulling together. The “family” aspect really paid off.

- Residents have a sense of security, history, and place.
- When you see the valley as you are driving in, you realize that home is the San Luis Valley.
- Family
- Home environment
- Good neighborhoods
- Clean towns to live in
- Churches
- Schools

## Conclusions & Potential Solutions

Many conclusions and suggestions have been identified and included in this section. Each of them warrants greater discussion and development of a plan of action to facilitate successfully influencing positive economic change for the region. Many conclusions and potential solutions are found at the end of this document.

## Resources

### Colorado Department of Local Affairs

Debra Downs

P.O. Box 127

Monte Vista, CO 81144

(719) 852-9429

[deb.downs@state.co.us](mailto:deb.downs@state.co.us)



**Colorado Office of Economic Development and International Trade**

Stephanie Steffens: South Central Colorado Business Development Representative; Lead BDR for Community Assessments in Designated Region; Primary contact for Business Retention Programs - Business Ambassador Program, CEO Exchanges, Business Recognition and Awareness Program, eSynchronist Software Program Implementation, Colorado Companies To Watch Recognition Program ; Counties:Alamosa, Chaffee, Conejos, Costilla, Custer, Femont, Lake, Mineral, Huerfano, Park, Rio Grande, Saguache

**REGION 16; Rural Business Loan Fund Office**

Huerfano Counties; Huerfano County RLF; Huerfano County Commissioners  
(719) 738-2380

**REGION 8, Rural Business Loan Fund Office**

Michael Wisdom, John Stump, Roni (Carr) Wisdom; San Luis Valley Development Resource Group; Saguache, Mineral, Rio Grande, Alamosa, Conejos and Costilla Counties  
P.O. Box 300  
626 4th Street  
Alamosa, CO 81101  
(719) 589-6099  
<http://www.slvdrg.org/>  
[wisdom@slvdrg.org](mailto:wisdom@slvdrg.org)  
[jstump@slvdrg.org](mailto:jstump@slvdrg.org)  
[rwisdom@slvdrg.org](mailto:rwisdom@slvdrg.org)

**San Luis Valley SBDC**

Serving Alamosa, Conejos, Costilla, Mineral, Rio Grande & Saguache Counties  
Kavleys Business & Tech Center  
Alamosa  
(719) 587-5151  
[donna@slv-sbdc.com](mailto:donna@slv-sbdc.com)

**USDA Rural Development**

Servicing Counties:Alamosa, Chaffee, Conejos, Costilla, Custer, Fremont, Mineral, Park, Rio Grande, and Saguache  
101 S. Craft Drive  
Alamosa, CO 81101  
(719) 589-5661x4

# Statewide Recommendations



“It doesn't work to leap a twenty-foot chasm in two ten-foot jumps.”

-American proverb

1. **Develop a greater level of collaboration among state agencies and resources:  
BREAKING DOWN THE SILOS OF STATE GOVERNMENT:**
  - a. It was consistently noted that state agencies are not communicating effectively among each other, and that is having a negative impact on rural Colorado.
  - b. When a community identifies a need where outside resources are necessary or an option, such as state or federal agencies, the effectiveness of providing those resources is diminished if those state agencies are not effectively coordinating or communicating with each other, particularly with the field staff.
    - i. A common example was that workforce centers and the economic development community do not work together effectively. This is a two way street, but still an issue.
    - ii. Workforce and economic development do not seem to associate the needs of housing in a community with the availability of a workforce.
    - iii. The state workforce centers and state of division of housing or even federal agencies such as HUD need to have a more coordinated line of communication to be able to maximize successes in rural communities.
    - iv. One conclusion was that workforce and housing are critically linked to the future of rural Colorado. One of the solutions at a statewide level is that housing resources and workforce resources need to communicate and collaborate in order to meet the needs of those rural communities.
    - v. Statewide organizations must work closely with local governments and local economic development and business organizations in order to satisfy this critical need of workforce and housing availability.
    - vi. There are even more opportunities with the Colorado Office of Economic Development and International Trade (OEDIT), Colorado Department of Public Health and Environment, Department of Agriculture and the Department of Local Affairs.
2. **Cross-Pollenization:** When a business considers locating or expanding to a community, urban or rural, the majority of their research is completed through technology. Prospective businesses will complete as much as 80% of their research toward a decision on a community by the time they actually make contact with a key person in the community or region (economic development, workforce, elected or a local person/business). It is critical that communities' technology improve with interdependence and also to broaden the networks with cross-pollenization among the chambers, economic development groups, healthcare, rural electric, school districts, higher education/community colleges, workforce and other organizations that have an opportunity to influence change within the community and/or organization.
3. **Leadership** – Example: Montrose Economic Development Corporation is succeeding, in large part because of outstanding leadership. There needs to be a greater focus on the characteristics of successful communities and/ or activities.

- a. Although the focus of CRDC is to educate urban Colorado about the value of rural Colorado to the state, we also need to educate “rural Colorado about rural Colorado.” Although we did not directly focus on leadership issues, there were key factors that did show up in the focus groups:
  - 1) The participants in this effort tended to be the individuals that were the leaders in the respective regions. The most significant weaknesses in parts of Colorado are a lack of a correlation to a level of community leadership. If we could identify and direct valuable resources to more of our rural communities, their level of success would grow exponentially. Rural communities have learned to make do with less, therefore giving “more bang for the buck.” Local leadership has shown it has the capacity to be more effective with the resources available to them.

# Next Steps



"Perseverance is a great element of success. If you knock long enough and loud enough at the gate, you are sure to wake up somebody." -Henry Wadsworth Longfellow

- The next step will be to get this important information into the hand of key policy makers with the primary motive to better educate urban Colorado on the importance of the economy of rural Colorado to the entire state of Colorado.
- CRDC will also return to the respective regions to gather feedback on areas that can be improved and capitalized upon in the effort to encourage investment in rural Colorado, both public and private
- CRDC will also follow up with subsequent recommendations and assist with implementation where possible.

The road to completing this first ever Annual Report on the Status of Rural Colorado has been an interesting and productive ride, but not without a few bumps and detours. We began this effort in February of 2008 with the ambition to complete the report by early summer of 2008.

The process has been an important and thorough process. As described in the introduction, the eight focus groups in March and April were a great success. We do recognize that some stakeholders were not able to participate in these sessions. However, we gained significant insight and topical/qualitative data relating to each of the eight regions.

Following the focus sessions that were held in Steamboat Springs, Rifle, Montrose, Durango, Poncha Springs, Alamosa, Las Animas and Yuma, we created an initial summary of each region. With the help of the Colorado Rural Workforce Consortium and the Colorado Department of Labor and Employment, we were able to hold a series of video conferences in which many participated. The purpose of this effort was to gain further clarification and additional insight into each region.

When CRDC began this effort, we were well aware that rural Colorado consists of very diverse economies, communities and environments. We clearly recognize the uniqueness of each region and county. Even with the unique characteristics of rural Colorado, there are many common issues, challenges and opportunities that need attention and need to be developed.

The goal for CRDC on this important project was and still is very clear; "To better educate urban Colorado on the importance of the economy of rural Colorado to the entire state of Colorado!" In essence, we need to make a business case for investing in rural Colorado, public and private investment.

Throughout this process, we heard from many of the participants that

there needed to be more attention to the quantitative data available and evaluate the "where are we now?" question and develop the "where can we be in the future?" as we work to make the business case for rural Colorado.

Additionally, the Colorado State Demographer's Office (SDO) will be releasing the most current jobs and income numbers for all counties late this fall. This Annual Report is a first ever document of its kind for Colorado, and we are committed to incorporating as current and timely a baseline of information as possible to create a sound foundation on which to build future Annual Reports. As a result, we have created a new "production" schedule for release of the document.

As noted above, the process that will follow the release of the full report will include returning to each region to facilitate conversations, discussions and debates surrounding the content and effectiveness of this document. Where technology is an option, we intend to utilize it to gain the greatest participation possible.

It is the commitment of the Colorado Rural Development Council and the Colorado Rural Workforce Consortium for this report to accurately tell the story. It is a tool that we believe will get used. We believe we have balanced the



challenges in rural Colorado with the many successes and the opportunities for success throughout Colorado.

Wherever we go, people are excited that a tool of this type will become available. This is an important document and good things take time to develop. Thank you for your interest, participation, patience and understanding throughout this process.

If you have questions or feedback for us on this process and document, please don't hesitate to contact me.

Thanks for being "on board with rural Colorado!"

Clarke Becker  
[cbecker@ruralcolorado.org](mailto:cbecker@ruralcolorado.org)  
[www.ruralcolorado.org](http://www.ruralcolorado.org)  
(719) 641-1159

# Statewide Resources



“The best public policy is made when you are listening to people who are going to be impacted. Then, once policy is determined, you call on them to help you sell it.”  
-Elizabeth Dole

- Organization for Economic Co-operation and Development [http://www.oecd.org/document/18/0,3343,en\\_2649\\_34487\\_40862162\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_34487_40862162_1_1_1_1,00.html)
- Colorado Association of Conservation Districts (CACD); Phone: 719-686-0020; Address: P.O. Box 4138, Woodland Park, CO 80866; E-mail: [cacd@cacd.us](mailto:cacd@cacd.us) ; Web Page: [www.cacd.us](http://www.cacd.us)
- Colorado State Conservation Board (CSCB); Phone: 303-239-4112; Fax: 303-239-4125; Address: 700 Kipling, Suite 4000, Lakewood, CO 80125; Web Page: [www.Colorado.gov/ag/csd](http://www.Colorado.gov/ag/csd)
- Colorado Rural Health Advocacy Coalition, CoRHAC, a coalition of five organizations, action 22, Club 20, Colorado Rural Health Center, Progressive 15 and Rocky Mountain Farmers Union to develop a structure and voice for rural healthcare needs to Colorado
- The Region’s Changing Economy (2008), <http://www.crmw.org/read/SwansonRapidCityPPMay08.asp> A current report by Larry Swanson of the Regional Economy Program, O’Connor Center for the Rocky Mountain West, University of Montana, lays out a very strong case regarding the decline of rural areas in the Great Plains region that incorporated info about changing demographics and migration patterns, especially for the younger generations who will be doing all the work after the baby boomers are gone.
- Connect Kentucky: Technology: [http://connectkentucky.com/about\\_us/Message\\_from\\_The\\_Executive\\_Director.php](http://connectkentucky.com/about_us/Message_from_The_Executive_Director.php)
- Demography at DOLA: <http://www.dola.state.co.us/dlg/demog/index.html>
- Economic Development Council of Colorado: [www.Edcconline.org](http://www.Edcconline.org)
- Colorado Department of Labor and Employment: <http://www.coworkforce.com/>
- Bureau of Labor Statistics <http://www.bls.gov>
- Yampa Valley Partners Community Indicators Project <http://www.yampavalleypartners.com/cip/index.html>
- Ports-to-Plains Trade Corridor <http://www.portstoplastains.com/index.html>
- Colorado Economic Futures Panel Reports <http://www.du.edu/economicpanel/report/>
- e-Colorado online workforce information system <http://www.e-colorado.org/default.aspx>
- Action 22, Inc <http://action22.org/>
- Club 20 <http://club20.org/>
- Progressive 15 <http://www.progressive15.org/>
- Colorado Oil and Gas Association <http://www.coga.org/mc/page.do>
- Your Economy, <http://youreconomy.org/>, Your Economy is a free resource that enables visitors to take a closer look at business activity in their local communities—and across the country.
- Housing Colorado, Alana Smart [www.housingcolorado.org](http://www.housingcolorado.org)
- Colorado Brownfields Foundation <http://www.coloradobrownfieldsfoundation.org/>

## Rural Resort

- A livability index/study is now available in Steamboat Springs/Routt County.
- Community Indicators Project of the Yampa Valley Partners.
- [www.yampavalleypartners.com](http://www.yampavalleypartners.com)
- Socioeconomic Study completed with the Associated Governments of Northwest Colorado and funded by Department of Local Affairs prepared by BBC Research
- [www.agnc.org](http://www.agnc.org)

- Mesa State College regional socioeconomic study funded by the El Pomar Foundation.
- The issue of big box retail is being evaluated. Club 20 Committees is developing studies. Garfield County has developed a Socioeconomic Development Study.
- Vision 2030 Plan is expecting a first draft in June 2008. Citizen led effort (Yampa Valley 2030) info is available at [www.yampavalley.info](http://www.yampavalley.info)
- Colorado Mountain College serves nine communities (Eagle, Grand, Jackson, Lake, Garfield, Pitkin, Summit, Chaffee and Routt) and is collaborating with other community colleges in states within the Rocky Mountain region that have an oil and gas industry. They are focused on the kinds of issues relating to oil and gas determining how to educate the workforce for the jobs in oil and gas industry. There is an important communication link with business community and higher education. Community colleges provide valuable training to assist employers in finding and developing workers that are employable. However, rural colleges tend to be at a competitive disadvantage with the urban community colleges for funding and student base.

### Southwest Colorado

- The Southwest Colorado Index looks at social, environmental and economic data and trends for the region <http://www.scan.org/2008sci.html>
- The Social and Economic Impacts of Second Home Owners – Phases I & II. <http://www.scan.org/survey%20analysis-draft%207-10-06.pdf>
- Phase III of the Second Homeowners Report, La Plata County Economic Drivers, uses the number of jobs as a measure of what drives the La Plata County economy. [http://scan.org/LPCReg9EconomicDriversReportFinalRevisedl\\_7-24-08\\_.pdf](http://scan.org/LPCReg9EconomicDriversReportFinalRevisedl_7-24-08_.pdf)
- The Region 9 Report – a snapshot of the demographics and economics of each county in the region - updated annually <http://scan.org/REPORT%202007.pdf>
- The Comprehensive Economic Development Strategy (CEDS) - last updated in 2006. This is the link for the Regional Summary of Issues, but you can also access the individual counties at the scan.org site under publications <http://scan.org/2%20-%20Regional%20Overview.pdf>
- Retail Data for Decision Makers, again this is the regional summary link but a separate report for each county is also available <http://scan.org/Regional%20Summary%2006.pdf>
- Four Corners Regional Study – Economies and Issues, this report considers the Four Corners area as a discrete economic unit. [http://www.fortlewis.edu/shared/content/san\\_juan\\_forum/4corners\\_regional\\_study.pdf](http://www.fortlewis.edu/shared/content/san_juan_forum/4corners_regional_study.pdf)
- Fort Lewis College also provides excellent economic reports for our region. These can be seen at <http://soba.fortlewis.edu/econoweb/index.htm>
- Town of Ignacio Economic Report
- Town of Rico Master Plan

### Southeast:

- 4-H Impact Study, CSU Cooperative Extension Completed in 2005, [http://www.colorado4h.org/research\\_impact/index.shtml](http://www.colorado4h.org/research_impact/index.shtml)
- SEBREA Region information and access
- SECORT: Regional Tourism Effort
- Community Assessment access: as available: (Rocky Ford, La Junta, Las Animas, Kiowa County)

# Statewide Resources



“If you want to make  
enemies, try to change  
something.”

-Woodrow Wilson

## **West Central**

- Montrose County Development Growth Plans
- Region 10 Second Home owner Study
- City of Delta Master Plan
- Delta Area Development, Inc:

## **Central Mountains**

- Housing Study for Chaffee and Custer Counties: DOC
- Community Assessment Reports for Chaffee and Custer Counties
- Customer Satisfaction Survey: Salida Chamber
- Chaffee County Ranch Lands: Survey on production of Ag lands

## **South Central**

- Conejos County Community Assessment
- Monte Vista Comm Assessment
- Costilla County Community Assessment
- SLVDRG Targeted Industry Study (Expected release in Fall 2008)
- SLVDRG 2007 Comprehensive Development Strategy



# Organizations

## **Archuleta Economic Development Association**

Bart Mitchell  
P.O. Box 305  
Pagosa Springs, CO 81147  
(970) 264-4171  
Fax: (970) 264-4327  
[www.archuletaeconomicdevelopment.org](http://www.archuletaeconomicdevelopment.org)

## **Associated Governments of Northwest Colorado - AGNC**

Aron Diaz, Executive Director  
P.O. Box 351  
Rifle, Colorado 81650  
(970) 625-1723  
Cell (303) 905-2114  
Fax: (970) 625-1147  
[aron.diaz@agnc.org](mailto:aron.diaz@agnc.org)

## **Bent County Development Foundation**

Lisa Trigilio, Executive Director  
332 Ambassador Thompson Blvd.  
Las Animas, CO 81054  
(719) 456-0452  
[bcdf@bentcounty.org](mailto:bcdf@bentcounty.org)

## **City of Burlington**

Deni Coryell  
340 S. 14th Street  
Burlington, CO 80807  
(719) 346-8652

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"It takes time to succeed because success is merely the natural reward of taking time to do anything well." -Joseph Ross

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“We don't accomplish anything in this world alone ... and whatever happens is the result of the whole tapestry of one's life and all the weavings of individual threads from one to another that creates something.”

-Sandra Day O'Connor

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# Organizations



"It is about the jobs:

"A job is no longer just the roof over your head and the food on your table, it's your health care, your kids education and your retirement." Quality of life begins with a good job!"

-Unknown

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“Collaboration: The act of working together with others to achieve a common goal!”

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# A Framework for Population and Economic Data

(Summary of Information provided by the Colorado State Demography Office (SDO))

## Introduction

The purpose of this information is to provide a brief framework for the presentation of population and economic data for a particular county or region. The data serve to provide a general description of the demographic make-up of the area and of the level and nature of its economy.

However, there are more specific reasons or foci for the presentation of this information. The first has to do with the nature of the economy itself, and with regard to that, there are two specific concerns. One has to do with its (the economy's) effect or ability to provide gainful and meaningful employment and income for the population. The other has to do with the levels and types of activity, their functioning and effectiveness, and the nature of their effects on the natural, physical and social environment.

The second focus is about the population itself, its amount, and its breakdown by age, household type and certain other characteristics. Again, the amounts define the numbers of people and imply a general level of human activity in the area. The breakdown by age, household type, and certain other characteristics define the general features of population that can be

significant for various perspectives about the county.

Third, the interaction of these two variables determine the level of demands and needs for housing, infrastructure, and services – both private and public – that are generated or required within the county. These levels are sometimes determined on the basis of the population itself and other times determined on the basis of numbers and types of households. The Colorado State Demography Office (SDO) produces data on both population and by age, and on households by type – defined by age, number of adults, and the presence of children or not.

The different levels of the economic activity of the area (and nation) determine the incomes of the different households. By relating the two, the SDO is able to provide estimates and short-term forecasts on the numbers of households (by type including single persons living alone) in 10 different income groups. This data is the fundamental starting point for determining demands and needs for housing, infrastructure, and services of an area.

In the analysis or presentation of this economic – demographic data, there are then essentially five main subjects. These are: 1.) the economy, 2.) the population, 3.) the

relationship between the two – the labor market, 4.) households, and 5.) household income. The approaches to these subjects are described below.

1. **The Economy.** The economy is described first because it is commonly the dominant factor in the determination of the elements of the other subjects. The primary variable in the description of the economy is that of jobs, which includes both wage and salary jobs and self-employed persons or proprietors. A second important variable is income. With each of these variables there is some potential confusion as to what it represents and issues as to its degree of accuracy. In general, however, the two together adequately represent the level and nature of economic activity – the activities of persons and the flow of dollars – in an area.
2. **The Population.** Data on the population – its size, age, and other characteristics – is assumed to describe the “social” nature of the county. Data, from an economic perspective, enumerates the number of workers and their associated household members and, as well, the non-workers. From a community perspective, they measure the number of inhabitants of the county, imply a certain level of activities and serve as the basis for estimating their

demands or needs for housing, infrastructure, services, and resources.

3. **Relating the Population to the Economy.** The Labor Market. Next, an attempt is made to relate the population to the economy. This is carried out primarily by way of an analysis of the labor market for non-institutional population over 16. However, it also includes a reporting of populations under 16, institutional populations and those not participating in the labor force.
4. **Households.** The State Demography Office (SDO) prepares demographic data for households as well as for population. The primary purpose for this data is to assist providers of housing and other goods and services that view the clients or customers in terms of their social unit or living arrangement. Further, the population data itself is originally developed – as surveyed by the U. S. Census Bureau – by households (and group quarters). Thus, households, and their relationship to housing units, are a reference for the coverage of population data.

The SDO defines 16 different types of households according to four categories relating to the

# A Framework for Population and Economic Data



"Things may come to those who wait, but only the things left by those who hustle."

- Abraham Lincoln

makeup of the household - a.) with one adult, b.) with two or more adults, c.) with no children, and d.) with children), and four related to the age of the head of the household - i.) age under 25, ii.) age 25 - 44, iii.) age 45 - 64, iv.) age 65 & over. The data is developed on the basis of household participation rates by age groups.

**5. Household Income.** The SDO also prepares data on household income for each of the 16 categories of household type. They are based on data from the 2000 Census as updated in the American Community Survey. They include both worker and non-worker sources of income. The data is presented as the number of households in each of 10 different household income categories.<sup>16</sup>

These data are considered to be most fundamental to establishing the county needs for housing and infrastructure. They are also fundamental in determining the needs for goods and services provided by both the private and public sectors. In absence of these detailed data, providers are limited to estimating demand without any perspective on need or buying power or to using median or averages of income

which do not adequately represent the needs or demands of specific income groups.

The data on household income by type and for ten income groups are limited to the state's 14 planning and management regions. For large counties, and under normal circumstances of modest change, changes in base year data (decennial census or the American Community Survey) on income distribution for the county can be tied to changes in the region. However, for specific problems or concerns, special studies may be needed to estimate and/or forecast income groups (for the county).

*(For complete details of the SDO's process for developing this and other data, contact the Colorado State Demographer's Office which is located in the Division of Local Government, Colorado Department of Local Affairs.)*

## Annual Report on the Status of Rural Colorado

### Base Industries Defined

- **Agribusiness**
  - Activities related to agriculture including agricultural production, agricultural inputs, and agricultural processing. Agricultural production: Raising crops and livestock for

sale. Agricultural inputs: Goods and services that enable production, such as farm equipment manufacture and sales, fertilizer production, or the sale of seeds and feed grains. Agricultural processing: activities that add value to agricultural products and readies them for market, including milling, transportation to market, brewing, curing, packing, food manufacturing or otherwise creating a finished food product.

- **Mining**
  - Includes all of mine operation and mining support activities. Mine operations include establishments operating mines, quarries, or oil and gas wells. Mining support activities include establishments that perform exploration and/or other mining activities.
- **Manufacturing**
  - Manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances or components into

<sup>16</sup>Household income data, as compiled by the U. S. Census Bureau in contrast to the U. S. Bureau of Economic Analysis's personal income series, includes monies from retirement funds, gifts, and savings. However, this source excludes monies such as Medicare, Medicaid and housing assistance monies that do not go directly to households

- new products. The materials, substances or components are raw materials that are products of agriculture, forestry, fishing, mining or quarrying, as well as products of other manufacturing establishments.
- **Government**
    - Includes all government-owned (federal, state, and local) establishments regardless of activity.
  - **Regional Center / National Services**
    - Includes all establishments primarily engaged in providing services to a region (a group of counties) or the nation. Examples of which could include but are not limited to construction, communications, aviation and health services.
  - **Tourism**
    - Includes all establishments with activities related to tourism. Examples include activities at resorts, second homes, tourist services, and tourist transportation.
  - **Households: Retirees**
    - Earnings and employment associated with expenditures made by retirees on local resident services. Retiree income includes transfer payments from the federal government to individuals over age 60 and dividends, interest, and rental income also earned by these consist primarily of

retirement and disability insurance benefit payments, income maintenance, and Veterans payments.

- **Households/Commuters**
  - This data is the earnings and employment associated with expenditures made by households that earned their income outside of their county of residence, but who made local resident service purchases with those outside dollars in their county of residence. For example, this source of income is significant for counties within metropolitan areas and for counties which serve as bedroom communities.
- **Indirect Basic**
  - Indirect basic jobs are directly related to and or support base industry jobs. An establishment is assigned as having indirect employment and earnings when a base industry purchases local supplies or services for the operation of their business from it. The distinction between direct and indirect basic is obvious in some cases, but imprecise in many others. Where a distinction could be made, the indirect activity was assigned to the basic industry, combining both direct and indirect employment. Where a distinction could not be made, but it was obvious that the

establishment was serving a base industry, the employment and earnings were assigned to Indirect.

*Renewable energy development and production is a significant driver to our state's economy. However, components of renewable energy development as an economic driver can be found in manufacturing, national services and agribusiness.*

# “Just Up The Road Apiece”

By Lucinda Jane Perry



There are a lot of little towns that dot this highway,  
and each of them is thinkin', "It's got to be my way."  
And for the next town over? Not the time of day!  
Just up the road apiece.

So, we've got one town here workin' against the other.  
Could we change all that and make them our brother?  
What's good for one town might be good for another,  
just up the road apiece.

They say there's strength in numbers so do the calculations.  
Add two towns together, both with small populations.  
The sum total is . . . we share the same situations  
just up the road apiece!

Well, what if each town simply changed their courses?  
Started getting together, began joining forces.  
Working side by side and sharing resources  
just up the road apiece.

While each small town had found it hard to get a mention,  
working together began to bring them some attention.  
They've decided they like this new cooperative invention  
with folks just up the road apiece.

Now instead of an old enemy, each town is a new friend.  
To join their hands together everybody's had to bend,  
but they see a brighter future for both towns in the end.  
And now just up the road . . . a peace.