

Archuleta County Opportunity Zone

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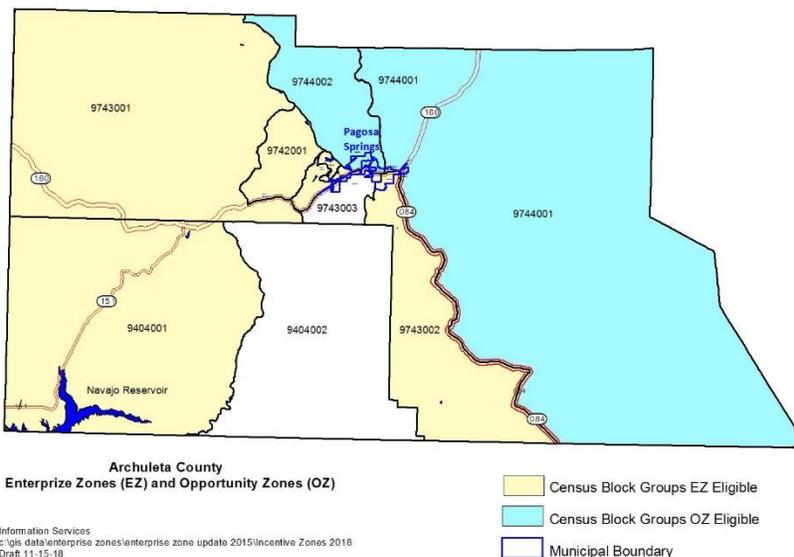
INTRODUCTION

Opportunity Zones – Opportunity Zones (OZ) were enacted as part of the 2017 tax reform package (Tax Cuts and Jobs Act) to address uneven economic recovery and persistent lack of growth that have left many communities across the country behind.

In the broadest sense, the newly enacted federal Opportunity Zone (OZ) program provides a federal tax incentive for investors to invest in low-income urban and rural communities through favorable treatment of reinvested capital gains and forgiveness of tax on new capital gains. Opportunity Zones may help address a number of challenges:

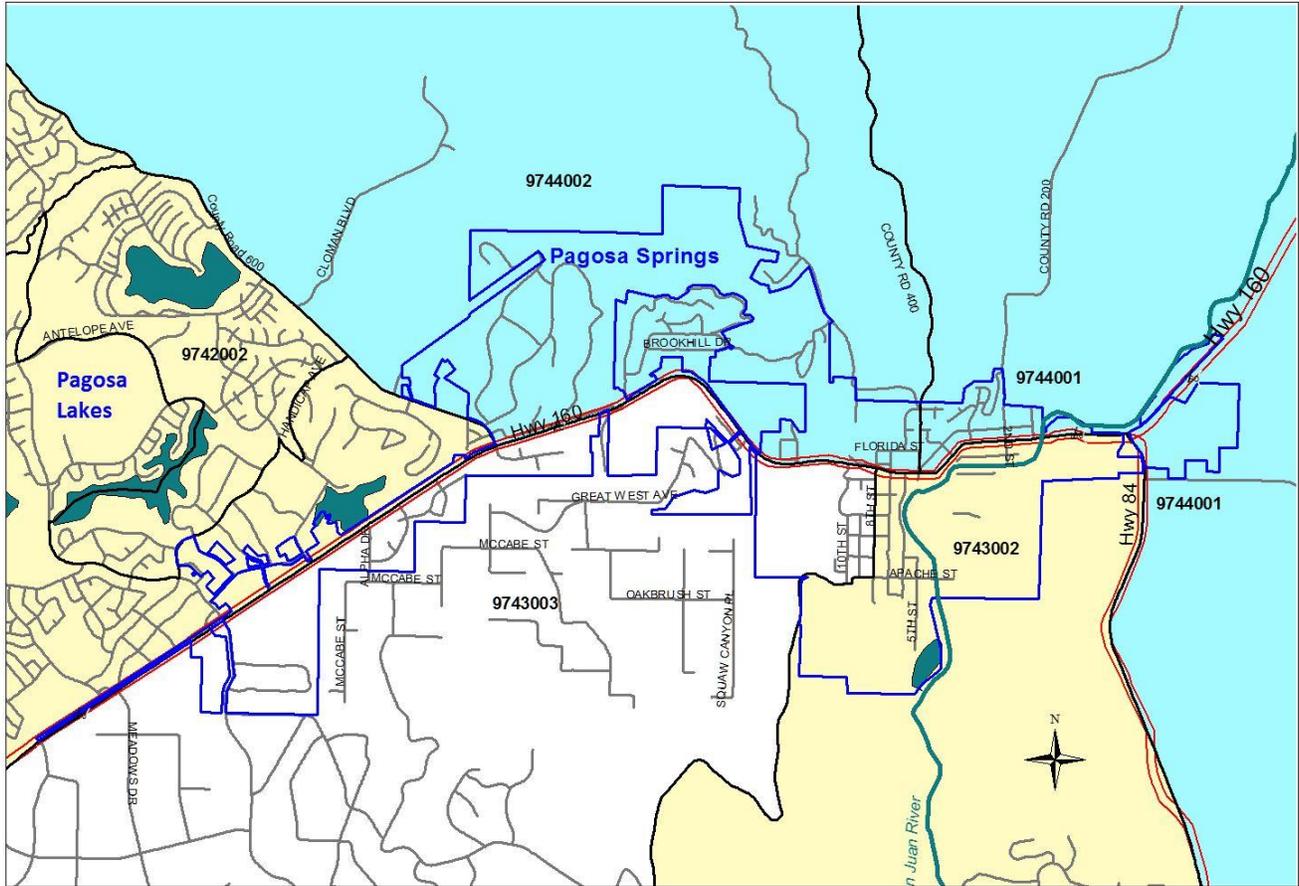
- Promoting economic vitality in parts of the state that have not shared in the general prosperity over the past few years
- Funding the development of workforce and affordable housing in areas with escalating prices and inventory shortages
- Funding new infrastructure to support population and economic growth
- Investing in startup businesses that have potential for rapid increases in scale and the ability to “export” outside the state of Colorado
- Upgrading the capability of existing underutilized assets through capital improvement investments

This economic and community development tax incentive program provides a new impetus for private investors to support distressed communities through private equity investments in businesses and real estate ventures. More details regarding the Opportunity Zone can be found at <https://choosecolorado.com/opportunity-zones/>



Two census blocks are included in the Archuleta County Opportunity Zone, 9744002 and 9744001.

Archuleta County Opportunity Zone



Archuleta County - Pagosa Springs Area Enlarged Enterprise Zones (EZ) and Opportunity Zones (OZ)

Information Services
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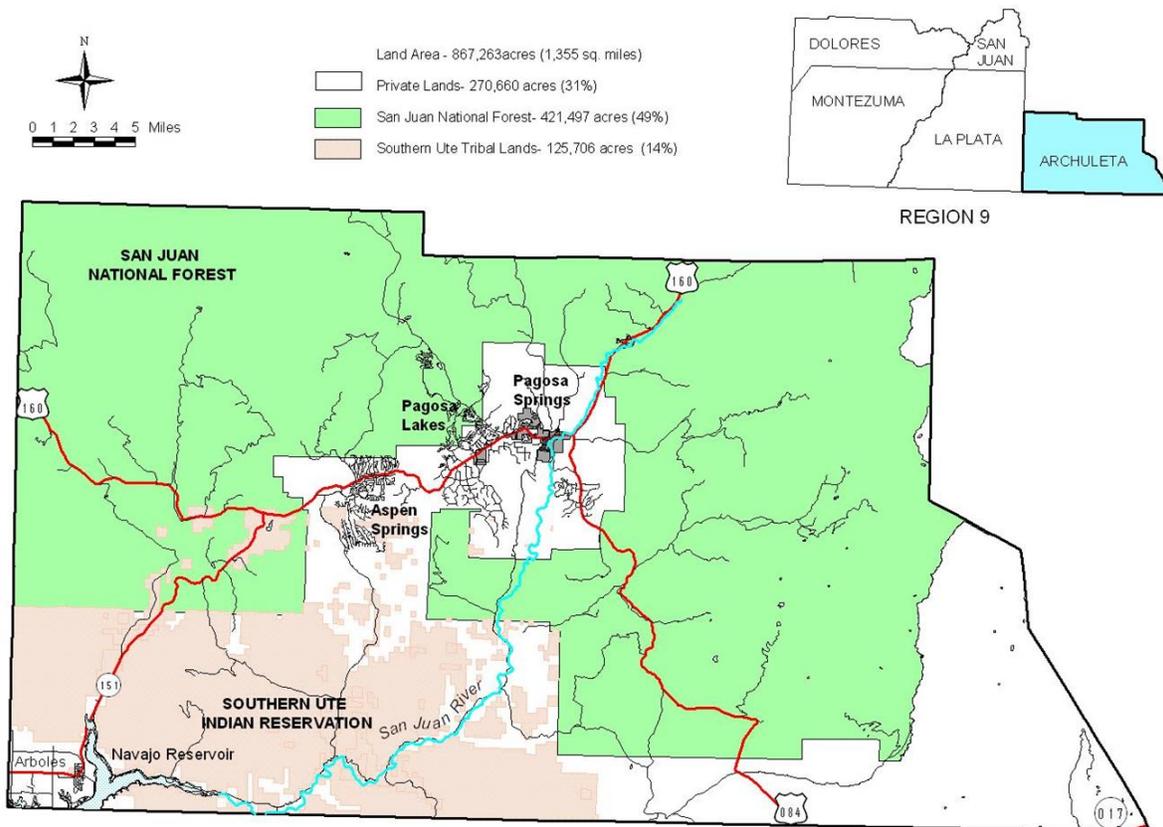
-  Census Block Groups EZ Eligible
-  Census Block Groups OZ Eligible
-  Municipal Boundary

The Town of Pagosa Springs is bisected by the Opportunity Zone and the Enterprise Zone, which is administered by Region 9.

BACKGROUND

Location

Archuleta County, CO is located in the Region 9 Economic Development District of Southwest Colorado (Region 9). Region 9 is situated at the juncture of four states (Colorado, Arizona, New Mexico and Utah – the Four Corners); and three distinct physiographic regions; the Rocky Mountains, the Colorado Plateau and the San Juan Basin. The topography includes high mountain peaks and valleys, towering mesas, deep canyons and deserts.



Demographics

Archuleta County developed as a unique combination of natural resources and natural attributes (i.e. geothermal hot springs located in Pagosa Springs). Initially these resources were "traditional west" commodities such as timber, cattle and minerals. Since the 1970's Archuleta County has been in transition from a traditional rural community to a more urban environment in which tourism is the number one industry.

Population

From 1990 to 2000, the population of Archuleta County grew by 8.5% annually, and was ranked 5th of 64 Colorado counties (14th nationwide) for rate of growth. Since 2010, the estimated annual rate of growth has slowed to about 2.0%.

	2010	2017	Ann. Avg % Change 2010-17
Archuleta	12,060	13,316	2.0%
Pagosa Springs	1,722	1,937	2.4%
Unincorporated	10,338	11,379	1.9%

The majority of the county's population is concentrated within the Town of Pagosa Springs and its subdivisions. These population figures do not reflect the large number of seasonal visitors, many of whom own second homes in the area.

State Demography Office

Population Forecasts

The population is expected to grow at a rate comparable to the rest of the region through 2040.

Archuleta	2020	2025	2030	2035	2040
Population	13,953	15,207	16,942	19,406	21,859
Avg. Ann. % Change		1.7%	2.2%	2.8%	2.4%

Workforce and Income

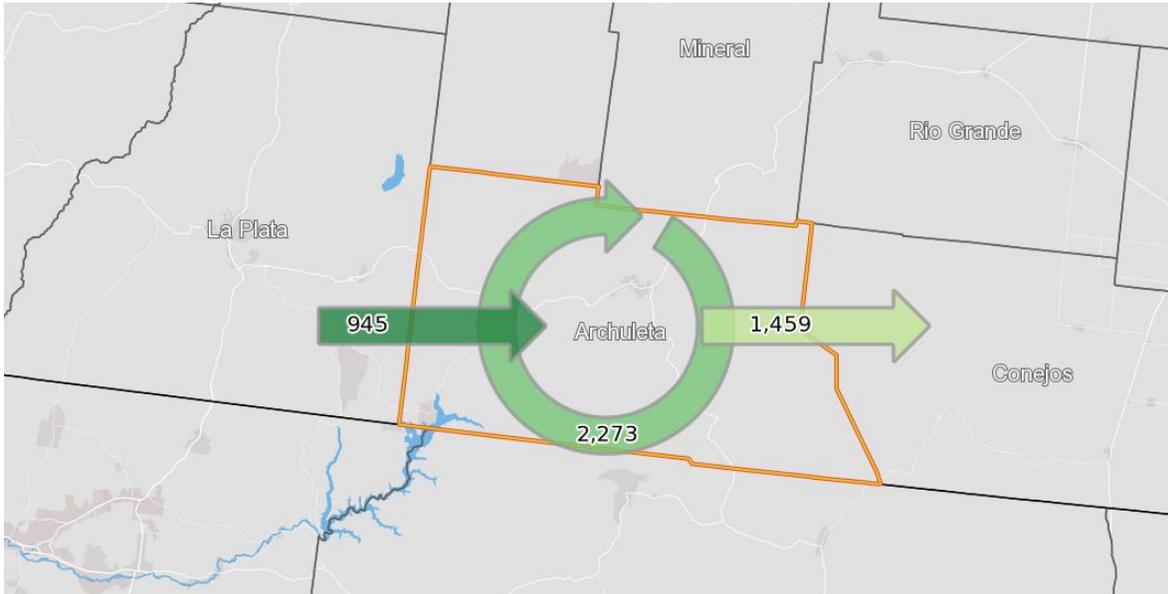
Unemployment Rates 2015, 2016, 2017			
Location	2015	2016	2017
Colorado	3.2%	3.3%	2.8%
Archuleta	4.0%	3.3%	3.0%
Dolores	3.1%	3.9%	3.0%
La Plata	3.5%	2.9%	2.5%
Montezuma	5.6%	5.0%	4.0%
San Juan	4.1%	3.5%	2.2%
USA	5.3%	6.7%	4.4%

In 2017, county unemployment rates (3.0%) were higher than the state (2.8%), and lower than the nation (4.4%).

Source: Colorado Labor Market CDLE-LMI

Commuting

People commute to where the jobs are, but take their paychecks home. This has an effect on how we evaluate employment, whether by place of work or by residence. In 2014 most of the workers commuting out of the county for jobs were going to La Plata County (12%). Most of the workers commuting in to Archuleta County for jobs are also from La Plata County (7%).



Who works in Archuleta?			Where do Archuleta Residents work?		
In Commuters	Count	Share	Out Commuters	Count	Share
Total All Jobs*	3,218	100%	Total All Jobs*	3,732	100%
Archuleta County, CO	2,273	71%	Archuleta County, CO	2,273	61%
La Plata County, CO	218	7%	La Plata County, CO	448	12%
Alamosa County, CO	56	2%	San Juan County, NM	115	3%
San Juan County, NM	48	1%	Denver County, CO	81	2%
Costilla County, CO	47	1%	Jefferson County, CO	69	2%
El Paso County, CO	37	1%	Montezuma County, CO	64	2%
Montezuma County, CO	37	1%	Rio Arriba County, NM	55	1%
Conejos County, CO	32	1%	El Paso County, CO	50	1%
Douglas County, CO	31	1%	Mesa County, CO	48	1%
Montrose County, CO	29	1%	Rio Grande County, CO	35	1%
All Other Locations	410	13%	All Other Locations	494	13%

Source: US Census Bureau LEHD 2014

*Wage and salary employment, proprietors not included

Local Economy

Archuleta County 2017 Total Employment	# of Jobs	% of Jobs	*Avg. ann. wage
Agriculture	357	5%	\$ 42,929
Mining	43	1%	\$ 42,112
Utilities	27	0%	\$ 79,007
Construction	739	11%	\$ 37,703
Manufacturing	152	2%	\$ 26,154
Wholesale Trade	50	1%	\$ 55,981
Retail Trade	904	14%	\$ 27,543
Transportation & Warehousing	59	1%	\$ 56,524
Information	59	1%	\$ 48,917
Finance Activities	128	2%	\$ 55,755
Real Estate	457	7%	\$ 38,801
Professional & Business Services	367	6%	\$ 65,322
Management of companies and enterprises	6	0.1%	\$ 100,551
Administration and waste management	263	4%	\$ 25,494
Education	62	1%	\$ 8,772
Health Services	454	7%	\$ 28,329
Arts, Entertainment, and Recreation	139	2%	\$ 18,762
Accommodation and food	847	13%	\$ 18,732
Other services, except public administration	636	10%	\$ 29,143
Government	883	13%	\$ 50,900
Total	6,632	100%	\$33,944

This table includes wage earners as well as proprietors (owners). About 67% of total employment is by wage earners, while 33% is through proprietors.

The service sector (highlighted) employs about 50% of workers in the county. The service sector is composed of many types of jobs, and very different wage scales. Many of the service jobs in Archuleta County are in accommodation and food services. Retail trade (14%) and Government (13%) were strong employment sectors in 2017.

*Quarterly Census of Employment & Wages (QCEW)

Source:Colorado State Demography Office

Base Analysis

Archuleta County 2017 Base Industries	# of Jobs	% of Jobs
Agribusiness	473	9%
Mining	35	1%
Manufacturing	58	1%
Government	126	2%
Regional Services	520	10%
Tourism	1,544	30%
Households	1,628	32%
Indirect Unassigned	761	15%
Total	5,145	100%

Base analysis distinguishes which industries are responsible for overall growth and change. These activities **bring in outside dollars** to circulate within the local economy. In Archuleta County, the largest base employment industries are tourism and households that spend money earned elsewhere (i.e. retirees). More information on base industries in Archuleta is available at http://www.scan.org/uploads/Base_Analysis.pdf.

Note – the numbers in the following section are currently being updated by Region 9, and will be available by January 2019

Livable Wages

A minimum of \$23,640 annually provided a livable wage in Archuleta County in 2015, if you were a single person renting a one-bedroom apartment. A full report on *Livable Wages* is available at www.scan.org under regional data.

Anchor Institutions

Top Employers - Archuleta County 2016	# of Jobs
Upper San Juan Hospital District	250
Archuleta County School Dist. 50 JT	214
Walmart	157
Archuleta County	150
Visting Angels of the Southwest	131
Springs Resort LTD	125
City Market	107
Wyndam Pagosa	90
Parelli Natural Horsemanship	54
Pine Ridge Extended Care Center LLC	53

Top employers – Employers are ranked based on the numbers of people that they employ. These numbers were collected from each employer if available, estimated based on information collected from past years, or provided by state agencies. Employers include local governments as well as private employers.

Archuleta 2015 Total Personal Income (\$000)		% of Total
Employment Earnings	\$ 242,006	47%
Residency Adjustment	\$ 16,971	3%
Dividends, Interest & Rent	\$ 143,508	28%
Transfer Payments	\$ 112,356	22%
Estimated TPI	\$ 514,841	100%

Total Personal Income (TPI) is the sum of all income paid to residents of Archuleta County from various sources. Retirees brought in \$79 million (15%) of TPI through transfer payments.

Source: Bureau of Economic Analysis

Per Capita Income 2015		
	PCI 2015	% of USA
USA	\$ 48,112	100%
Colorado	\$ 50,899	106%
Archuleta	\$ 40,307	84%

Per Capita Income (PCI) of Archuleta County is 84% of the National PCI and 79% of Colorado’s PCI.

Source: Bureau of Economic Analysis

More detailed information regarding Archuleta County is available at www.scan.org under regional data.

Historic Economic Growth

Archuleta County developed as a result of a unique combination of natural resources and natural attributes (i.e. geothermal hot springs located in Pagosa Springs). Initially these resources were "traditional west" commodities such as timber, cattle and minerals. In 1970, manufacturing (primarily wood products) provided 30% of the county's total work income and generated \$7.4 million in earnings. Over the next 20 years manufacturing wages decreased. The decline of the timber industry in the late 1970's played a large role in this decrease. The 1980's were a time of relative stability in terms of population and economy, reflecting the "flat" state and national economies. Primarily, people moving in for quality of life issues or "amenity migration" drove population growth in the 1990s, and 2nd home ownership became an economic driver. Since that time, Archuleta County has been in transition from a traditional rural community to a more urban environment in which tourism is the number one industry. The designation of the Chimney Rock Archeological Area as a National Monument in 2012 is expected to increase the number of visitors to the area, based on patterns seen at other National Monument sites throughout the west.

Infrastructure and Services

This information was provided through local interviews unless otherwise noted in text.

Electric - The entire county is served by La Plata Electric Association.

Natural Gas - The area is served by SourceGas and various propane distributors.

Water - Most of the area is served by the Pagosa Area Water and Sanitation District (PAWS); others are served by rural water districts or have their own wells.

Wastewater - Most of the area is served by the Pagosa Area Water and Sanitation District (PAWS); others are served by rural water districts or have their own septic systems.

Solid Waste – Solid waste collection is provided by At Your Disposal and Waste Management.

Police & Fire Departments - Pagosa Springs is served by a police department, and along with the County Sheriff's Office provide law enforcement services. Most of the County fire protection is provided by the Pagosa Fire Protection District that has seven rural fire stations. The Sheriff's Office has the statutory designated responsibility for wildland fires.

Telecommunications - The area is served by Century Tel, US Communications and Skywerx.

Medical Facilities - The Pagosa Springs Medical Center is an acute care hospital with a rural health clinic. Axis health has a local office and provides various services including mental health, counseling, and diagnostics.

Business Parks The existing Cloman Industrial Park located northeast of Piedra Road is designated for heavy commercial and light industrial land uses.

Recreation Facilities - (2016) The Pagosa Springs Park and Recreation Dept. has 2 softball fields (2 lighted), 4 soccer fields, and 2 baseball fields. There are also 2 fishing ponds (1 used for ice skating in winter), and a 160 acre Mountain Park used for hiking and biking. Currently there are 1½ miles of River Trail. The Community Center supports other recreational activities. In addition, there are surrounding public lands.

Educational Facilities - Archuleta County Education Center. Archuleta County District 50 JT; K – 12 (Fall 2015 enrollment 1,372) [Colo. Dept. of Education]. Southwest Colorado Community College /Pagosa Springs Campus

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Child Care Availability - 223 Total Slots (Ages 0-5). No Providers offer 24 hour or weekend care. [Early Childhood Council of La Plata County.]

Long term care facilities for Seniors - In 2016 Pine Ridge Extended Care Facility has 60 beds. [San Juan Basin Area Agency on Aging]

Estimated number of persons without health insurance – (2014) 2,776/23% [US Census Bureau]

STRATEGIC ADVANTAGES

The starting point for a credible economic development strategic plan is a SWOT analysis. By working with Archuleta County stakeholders the following was identified:

Strengths

Atmosphere/Ambience

- Casual, family, healing, equestrian, small town, ranching, active
- Pedestrian-friendly historic downtown
- Tourism assets
- Attractive communities and quality of life
- Green energy mentality with leading innovators in geothermal, biomass and solar
- Entrepreneurial culture

Amenities

- Community center
- Historic modernized movie theater
- Center for the arts
- Public library
- Hospital
- Publicly owned general aviation airport
- Brewpubs & restaurants
- Large conventional grocery stores and small organic grocery stores
- Wal-Mart
- Outdoor sporting goods stores
- Proximity to ski areas, national parks, narrow gauge railroads and scenic byways

Physical Attributes

- Geothermal hot springs
- Wide array of recreational opportunities
- Vast public lands
- San Juan River
- Climate
- San Juan Mountains and largest roadless wilderness areas in Colorado
- Chimney Rock National Monument
- Navajo Lake State Park

Economic

- Cost of living compared to other resort communities
- Small business entrepreneurialism

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- Renewable energy potential
- Strong rapidly growing health care facility
- A “Fly to Community” as well as “Drive To Community”
- Large influx of capital from tourism and second home owners
- Quality school system

Socio-Cultural/Population

- Educated population
- Cultural diversity
- Multi-faceted demographics including retirees, second homeowners and young families
- Strong volunteerism in philanthropic and civic organizations
- Social support for aging population
- Strong/growing arts and culture

Opportunities

Economic

- Adding value to existing businesses
- Diversification of economy
- Tourism development
- More events, especially sports/recreation
- Expansion of hotels to include conferencing facilities
- Marketing/development of adventure and motorized sports
- Small technical support call centers
- Available commercial land and buildings
- Growing population
- Southern Ute Indian Tribal land
- Commercial business development at the airport and downtown
- Community Development Corporation Micro-loan program
- Cloman Industrial Park (currently at about 25% capacity)

Governmental

- Unified government and constituency with mission/vision between Town and County
- Streamline building and planning processes for both Town and County
- Strengthen land use regulations
- Development and preservation of healthy downtown core

Socio-cultural

- Number and quality of performing arts venues
- Recreation center
- Recruit a post-secondary educational facility
- Availability of health care

Infrastructure

- Expand and improve reliability and coverage of broadband and telecommunication infrastructure
- Ensure water capacity for growing population

STRATEGIC CHALLENGES

Weaknesses

Economic/Marketing

- Underemployment
- Workforce housing availability
- Access to markets
- Transportation network including commercial air transportation
- Lack of skilled work force
- Lack of higher paying jobs
- Lack of diverse economy
- Geographic isolation of community

Socio-Cultural

- Impacts from aging population and second homeowners
- Lack of activities/programs for youth
- Poverty
- Childcare demands outpace availability

Facilities

- Higher education
- Commercial service airport
- Lack of conferencing facilities
- Lack of childcare facilities

Infrastructure

- Water supply/distribution/waste costs
- Electricity interruptions
- Rough non-paved and paved roads
- Lack of consistent high-bandwidth broadband

Threats

- Land use/zoning decisions
- Natural resource management
- Special district decisions in relation to cost of doing business
- Infrastructure deficiencies
- Rising cost of business
- Aging population resulting in need for increased services
- Seasonality of business cycle
- Dependency on outside dollars from tourism and second homeowners
- Lack of commercial real estate on Main Street

ECONOMIC DEVELOPMENT STRATEGY

“Archuleta County will promote community values and quality of life for our residents. We will retain, grow and support our local businesses, and encourage a diverse economic base. Our mission is to enhance the quality of life for the citizens of Pagosa Springs and Archuleta County by creating jobs; encouraging new capital investment; and creating a business friendly community. In addition, the Pagosa Springs Community Development Corporation (PSCDC) will work closely with existing businesses in order to maximize their profitability and sustainability.”

– Economic vision and mission from the Pagosa Springs Community Development Corporation.

Archuleta County and the Town of Pagosa Springs have identified a number of strategic priorities. These include:

- expansion of broadband capacity
- early childcare and education facilities and programs
- availability of affordable housing
- increasing the vitality of the downtown Pagosa Springs area, and
- diversification of the economic base.

The expansion of broadband is crucial for furthering Archuleta County’s economic and educational growth. Archuleta County participated in the 2010 Southwest Colorado Access Network (SCAN) Project in which some of its anchor institutions were connected to a fiber backbone¹, only 22% of households in the County are served by advanced telecommunications capability. A new regional broadband planning project was just completed by the Pagosa Springs CDC and a business plan and start implementing connections to underserved areas. The Southwest Colorado Council of Governments (SWCCOG) is also involved.

The lack of quality early childhood care and preschool education has been identified as one of their strategic priorities in which to focus resources. The demand for childcare outweighs the supply with only 223 licensed child care slots available for the 0-5 age range, but an estimated 553 children in that age range in 2016. There are also only three preschool facilities serving the entire community, those are filled to capacity with long waiting lists. Data supports that early childhood education in a child’s most formative years will increase high school graduation rates, improve performance on standardized tests, and reduce both grade repetition and the number of children placed in special education. Early childhood education also preemptively closes the

¹ [http://www.scan.org/uploads/DOLA_EIAF_6823 - SCAN Project Final Report 27 May 2014.pdf](http://www.scan.org/uploads/DOLA_EIAF_6823_-_SCAN_Project_Final_Report_27_May_2014.pdf)

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educational achievement gap between low and high-income students before formal schooling begins. Efforts to work on this issue are underway with a newly hired coordinator to identify solutions along with a broad-based group of key community stakeholders.

The lack of work force housing stymies economic growth and diversity when businesses cannot recruit employees because there is no place for them and their families to live. Rising rents, simultaneous increases in vacation rentals by owners and decreases in long-term rentals, a lack of low price housing stock and low wages have been identified as factors contributing to a perceived housing crisis. Housing experts agree that ideally a family should not spend more than one-third of their income on housing costs. Wages and employment is highly dependent on generally lower paying service sector jobs. Many of the jobs in Archuleta County are in accommodation and food services. A housing workgroup has been exploring options for potential solutions.

Improving the Pagosa Springs downtown infrastructure, streetscape and mix of businesses will revive and reinvigorate the downtown core and supporting businesses. Maximizing the San Juan Riverwalk area, and associated parks, as a recreation area and hub of events for both tourists and locals will increase the desirability of downtown as a tourist and shopping destination.

Diversification of the economic base is an overreaching goal in Archuleta County. The extraction of natural resources (such as ranching, mineral production, lumber and recreational attractions), supported Archuleta County up to the mid - to - late 1970s. In 1970, manufacturing (primarily wood products) provided 30% of the county's total work income and generated \$7.4 million in earnings. Over the next 20 years manufacturing jobs decreased, due primarily to the decline of the timber industry. In 2015 manufacturing jobs accounted for 2% of total employment. More recently, beetle killed pines and wildfire risks have presented opportunities for use of biomass from dead trees as a power plant fuel as well as material for manufactured wood products. Geothermal resources are also seen as a potential catalyst for economic diversification and job creation.

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INVESTMENT OPPORTUNITIES

This table provides a summary of the 27 projects listed in the 2018 Archuleta County Community Development Action Plan that are partnership projects expected to be started and/or completed within the next two years.

Project	Rank
Implement Applicable Biomass Utilization Study Recommendations	High
Sustain County-Level Economic Development Organization	High
Implement BEST Grant to Enhance Safe Facilities for Archuleta School District	High
Open an Early Childhood Center Serving up to 40 Toddlers and Preschoolers and Establish a Criteria-Based Tuition-Assistance Program	High
Develop Vocational Training Opportunities at Pagosa Springs High School	High
Update current heating, air conditioning, ventilation, electrical, plumbing and radiological equipment	High
Fund Site Work and Provide Property for a Low-Income Housing Project	High
Complete Town to Lakes Trail	High
Expand Outdoor Recreation Facilities in Veterans' Park and Yamaguchi Park	High
Improve Western Heritage Event Center	High
Complete Courthouse and Justice Center Projects	High
Expand County Landfill	High
Develop Regional Recycling Efforts	High
Address Forest Health, Water and Wildfire Risks	High
Pagosa Broadband Project	High
Implement Recommendations in Downtown Colorado Inc Plan	Med
Implement Parks, Recreation, Open Space, Trails Plan (PROST)	Med
Implement Downtown Riverwalk Master Plan	Med
Implement County-Wide Water Plan	Med
Expand Town of Pagosa Springs Geothermal Heating System	Med
Grow Public, Senior and Wolf Creek Transit Services	Med
Complete intersection improvements at N. Pagosa and County Center	Med
Build a Transportation Center in Pagosa Springs	Med
Establish park and ride utilizing existing parking infrastructure where possible	Med
Build 4 Bus Stop Shelters in Pagosa Springs	Med
Implement Geothermal Greenhouse Project (GGP) Community Garden Dome and Innovation Dome Projects	Low
Utilize 7.5 Acres/Hwy 84 Property Development	Low

Type of Project

Size of Project

Location

Additional Incentives Available

Where to Learn More