

Dolores County Opportunity Zone

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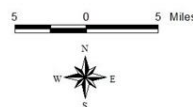
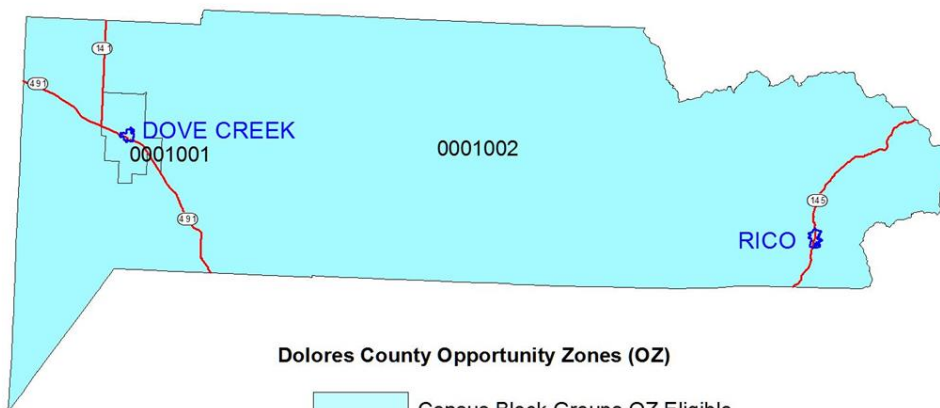
INTRODUCTION

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/>



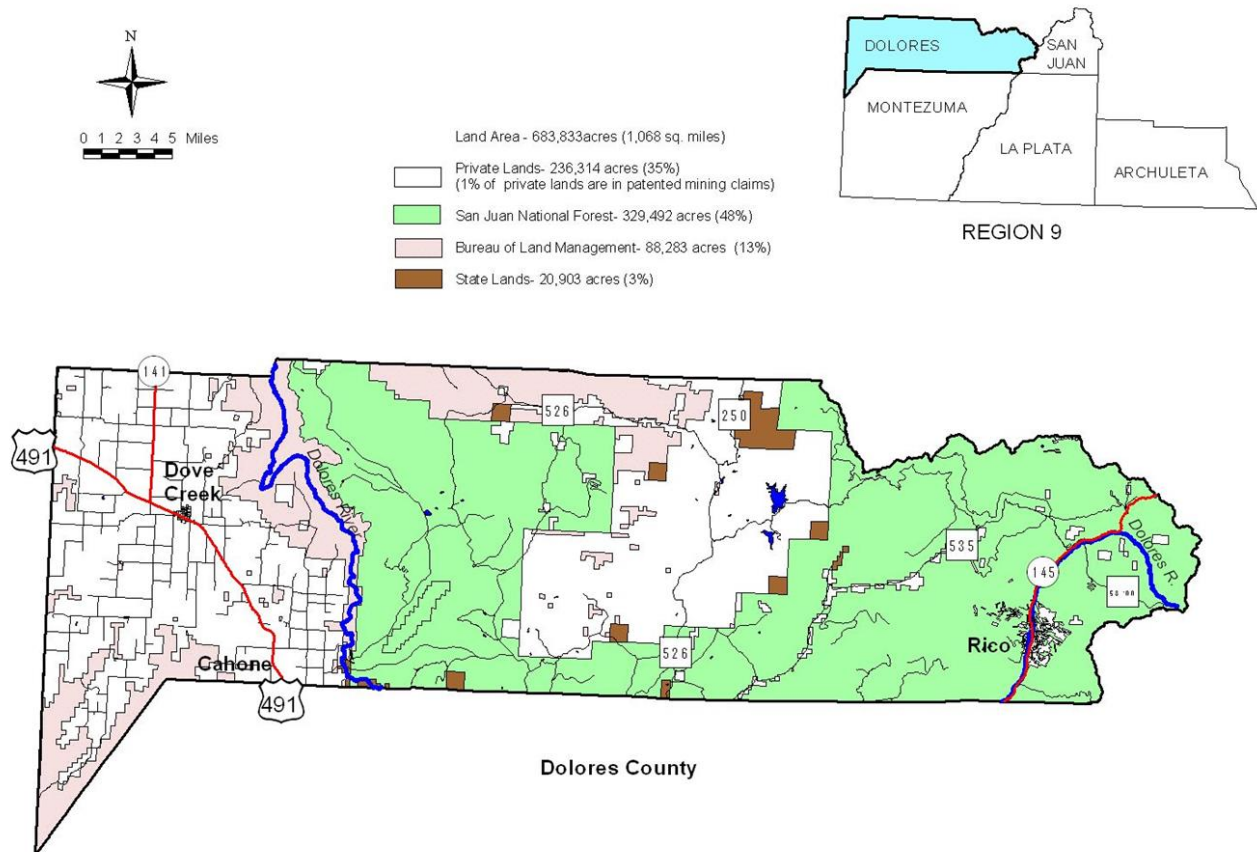
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In Dolores County two census blocks are included in the Opportunity Zone. These overlap the Enterprise Zones administered by Region 9.

BACKGROUND

Location

Dolores 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

The agricultural sector in the western portion of the county, built on the production of dry land crops, was enhanced by the introduction of irrigation from McPhee Reservoir. More recently, the Doe Canyon helium production facility has added to the economic base of the area by creating high-paying jobs. The mountainous (eastern) part of Dolores County (the Rico area) historically supplied a number of small saw mills and was the site of gold, silver, copper, lead, zinc and molybdenum mining in the Rico area. Access to scenic public lands in the across the county provide recreational opportunities, however, the tourist base is served primarily by businesses outside of the county.

Population

From 1990 to 2000, the population of Dolores County grew by 2.3% annually. The population is dispersed within two topographically distinct areas. Dove Creek, the county seat, is primarily within an agricultural area located on the west-side of the county. From 2010 to 2017 Dove Creek’s population declined an average of -0.3%

	2010	2017	Ann. Avg % Change 2010-17
Dolores	2,060	2,040	-0.2%
Dove Creek	734	722	-0.3%
Rico	264	263	-0.1%
Unincorporated	1,062	1,055	-0.1%

annually. Rico, located on the east-side of the county, declined an average of -0.1% annually. Unincorporated areas, particularly around Cahone, have also seen declines. County-wide, slow to moderate growth is forecast for the next several decades.

State Demography Office

Population Forecasts

The population is expected to grow at a moderate rate through 2040.

Dolores	2020	2025	2030	2035	2040
Population	2,065	2,126	2,191	2,284	2,389
Avg. Ann. % Change		0.6%	0.6%	0.8%	0.9%

Source: Colorado State Demography Office January 2017

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%

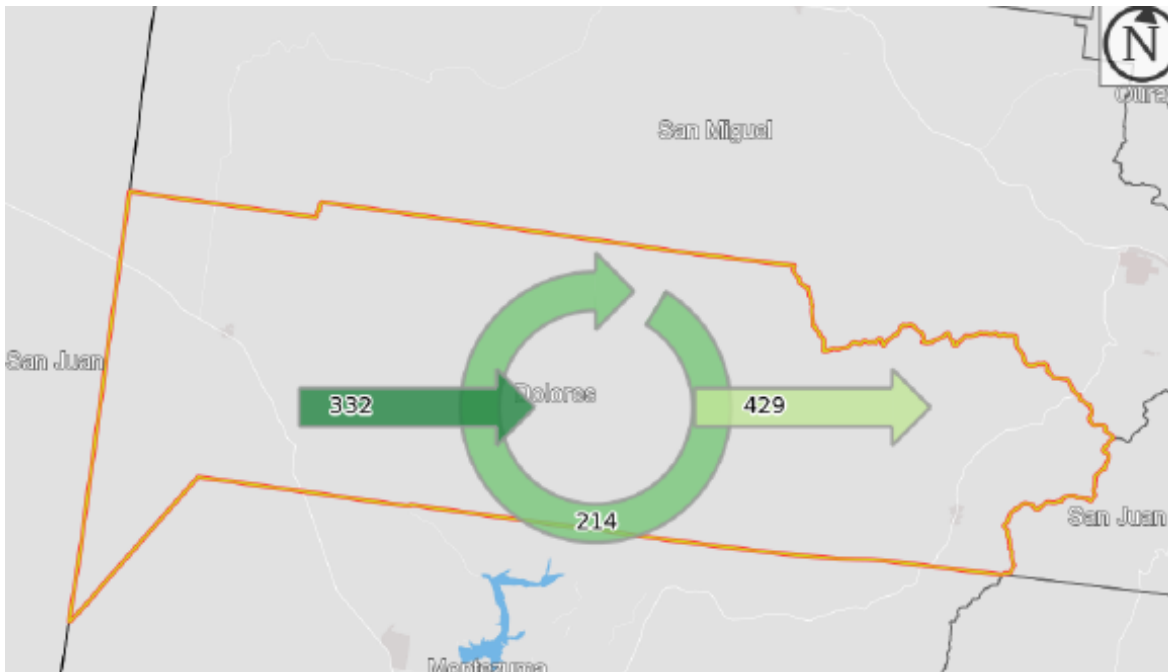
In 2017, county unemployment rates (3.0%) were higher than the state (2.8%), but lower than the nation (4.4%).

Source: Colorado Labor Market CDLE-LMI

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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 are going to Montezuma County (21%). Most of the workers commuting in to Dolores County for jobs are also from Montezuma County (25%).



Who works in Dolores?			Where do Dolores Residents work?		
In Commuters	Count	Share	Out Commuters	Count	Share
Total All Jobs*	546	100%	Total All Jobs	643	100.0%
Dolores County, CO	214	39%	Dolores County, CO	214	33%
Montezuma County, CO	134	25%	Montezuma County, CO	132	21%
San Juan County, NM	54	10%	La Plata County, CO	48	7%
La Plata County, CO	18	3%	San Miguel County, CO	34	5%
Montrose County, CO	13	2%	San Juan County, NM	34	5%
El Paso County, TX	11	2%	Mesa County, CO	25	4%
San Miguel County, CO	9	2%	San Juan County, UT	24	4%
McKinley County, NM	7	1%	El Paso County, CO	11	2%
Delta County, CO	6	1%	Montrose County, CO	11	2%
San Juan County, UT	6	1%	Denver County, CO	10	2%
All Other Locations	74	14%	All Other Locations	100	16%

Source: US Census Bureau LEHD 2014

*Wage and salary employment, proprietors not included

Local Economy

Dolores County 2017 Total Employment	# of Jobs	% of Jobs	*Avg. ann. wage
Agriculture	180	22%	\$ 24,203
Mining	30	4%	\$ 66,588
Utilities	ND	ND	ND
Construction	39	5%	\$ 40,996
Manufacturing	31	4%	\$ 48,746
Wholesale Trade	ND	ND	ND
Retail Trade	71	9%	\$ 21,783
Transportation & Warehousing	32	4%	\$ 33,592
Information	ND	ND	\$ 36,991
Finance Activities	ND	ND	ND
Real Estate	ND	ND	ND
Professional & Business Services	ND	ND	\$ 61,108
Administration and waste management	21	3%	\$ 41,254
Education	ND	ND	ND
Health Services	ND	ND	ND
Arts, Entertainment, and Recreation	ND	ND	ND
Accommodation and food	59	7%	ND
Other services, except public administration	ND	ND	ND
Government	238	29%	\$ 39,038
Sectors Not Disclosed (ND)	123	15%	
Total	824	100%	\$ 33,765

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

Confidentiality concerns related to the small numbers in this county limit the publicly available information about jobs and income in many sectors. Government (29%) and agriculture (22%) were strong employment sectors in 2017, accounting for 51% of jobs.

ND = Not Disclosed. *Quarterly Census of Employment & Wages (QCEW)
Source: Colorado State Demography Office

Base Analysis

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 Dolores County, the largest base employment industries are agribusiness and households that spend money earned elsewhere (i.e. retirees). More information on base industries in Dolores is available at http://www.scan.org/uploads/Base_Analysis.pdf.

Dolores 2017 Base Industries	# of Jobs	% of Jobs
Agribusiness	215	26%
Mining	30	4%
Manufacturing	28	3%
Government	43	5%
Regional Services	75	9%
Tourism	58	7%
Households	300	36%
Indirect Unassigned	73	9%
Total	822	100%

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

Livable Wages

In 2015, a minimum of \$22,428 annually provided a livable wage in Dove Creek, the least expensive community in the region in which to live if you were a single person renting a one-bedroom apartment. Many residents in Rico commute daily to Telluride (San Miguel County) for work, a distance of 56 miles round trip. San Miguel County is one of the most expensive areas of the state in which to live, so many workers find housing in Rico. In 2015, a minimum of \$26,172 annually provided a livable wage in Rico

A full report on *Livable Wages* is available at www.scan.org under regional data.

Anchor Institutions

Top Employers - Dolores County 2016	# of Jobs
Dolores County	52
Dolores County School Dist. RE2J	40
Dunton Hot Springs	31
PCE Constructors	30
Community Health Clinic	26
Dove Creek Superette	25
Dove Creek Implement	14
Adobe Milling	12
Air Products Helium	11
Doves Nest Early Care & Education	10

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.

Dolores 2015 Total Personal Income (\$000)		% of Total
Employment Earnings	\$ 51,440	59%
Residency Adjustment	\$ 2,251	3%
Dividends, Interest & Rent	\$ 15,440	18%
Transfer Payments	\$ 17,610	20%
Estimated TPI	\$ 86,741	100%

Total Personal Income – TPI is the sum of all income paid to residents of Dolores County from various sources. Retirees brought in more than \$12.5 million (14%) 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%
Dolores	\$ 42,715	89%

Per Capita Income – PCI of Dolores County is 89% of the National PCI and 84% of Colorado’s PCI.

Source: Bureau of Economic Analysis

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

Historic Economic Growth

Historically the agricultural sector provided the greatest number of jobs in Dolores County, and was built upon the production of dry land crops. Production crops still focus on wheat, pinto beans, alfalfa and the relative newcomers sunflowers and safflowers. Sunflowers were a direct result of the Oil Crush Plant built in Dove Creek in 2008, but the plant is no longer operating. Most recently, the expansion of Kinder-Morgan to accommodate helium facilities in partnership with Air Products, are expected to add to the population and economic base of the area. Historically, the mountainous (eastern) part of Dolores County (the Rico area) supplied a number of small saw mills and was the site of gold, silver, copper, lead, zinc and molybdenum mining in the Rico area. Access to scenic public lands in the county provide recreational opportunities, however, the tourist base is served primarily by businesses outside of the county. The Rico area does contain geothermal resources, which could provide economic opportunities for the community.

Infrastructure and Services

Business Parks – Weber Industrial Park is just west of Dove Creek.

Major Employers – 2015 Top employers: Dolores County (114), Dolores County School District, Dove Creek Superette, Dove Creek Implement, Dunton Hot Springs, Dolores County Health (2), Adobe Milling Co Inc, Hankins Stone Co Inc, Midland Bean Co, Kinder Morgan and Air Products also employ several Dolores County residents. [Calls to employers by Region 9]

Recreation Facilities – [2015] 5 baseball fields, Dove Creek Community Center, Dolores County Fairgrounds and surrounding public lands (San Juan National Forest, BLM, State Lands). Dolores County has a Seniors Program based in Cahone and offers extensive fitness opportunities for seniors. Dolores County is currently in the process of building a new Senior Center in the town of Dove Creek, CO.

Childcare Availability – In 2015 there were 42 Total Slots (Ages 0-5). No Providers offer 24 hour or weekend care. [Durango 4C Council]. The Doves Nest Early Care and Education Center provides 20+ children from infants to kindergarten day services.

Long term care facilities for seniors – (2015) No facilities, a recognized gap.

Electric – Most of the county, including Dove Creek, is served by Empire Electric Association. San Miguel Power Association serves Rico.

Natural Gas – Natural gas is provided to Dove Creek by Atmos Energy. Rural areas and the Town of Rico rely on propane or other heating, i.e. wood or coal.

Water – Depending on location, the area is served by the Montezuma Water Co., The Towns of Dove Creek and Rico have municipal water. Those who are not on the rural water systems use wells or haul water to below ground cisterns.

Wastewater – In Dove Creek there are municipal sewage treatment facilities. Rico and many rural residents have their own septic systems, although Rico is working towards providing sewer to residents.

Solid Waste – Most of the area is served by Waste Management.

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Police & Fire Departments – The Dolores County Sheriff’s Dept. provides public safety for the entire county. Fire Protection Districts are located in Dove Creek and Rico.

Telephone – Depending on location, the area is served by Century Tel and Farmers Telephone. The Rico area is served by Rico Telephone.

DCTV – Owned by Dolores County and with considerable support from the Southwest TV Translator Association, this broadcasting network transmits a public access community information channel and a classic movie channel covering most of SW Colorado and SE Utah. There is also a fully operational television studio and refeeds of Colorado Public Radio and the major TV networks

STRATEGIC ADVANTAGES

The following are strengths and opportunities in the listed Opportunity Zones as identified by Region 9 EDD and the Dolores County Development Corporation (DCDC).

Strengths

- Vast natural and cultural resources
- Agricultural land and open space
- Renewable energy potential
- Bio-diverse public lands
- Heritage areas/pioneer districts
- Headwater systems/river corridors

Opportunities

- Available land
- Development of niche tourism markets that build on local assets, culture and geothermal resources
- Utilization of natural surroundings/public lands to develop tourism for rafting, mountain biking, hiking, and hunting
- Highway #491 traffic and potential business development along Dove Creek thoroughfare
- Capitalizing on historic preservation opportunities
- Recruitment of people who desire small communities, few regulations, and scenic beauty
- Capitalize on Weber Business Park in Dove Creek and Burley Building in Rico
- Capitalize on extraction industries, gas, oil, CO₂, timber and mining in the region
- Business expansion, retention and diversification
- Expanding services, such as housing, to seniors
- Available facility for seed crush plant in Dove Creek
- Value-added agriculture
- Capitalize on Enterprise Zone designation
- Improve relationships with federal systems and agencies

STRATEGIC CHALLENGES

Weaknesses

- Declining agriculture sector in terms of income and jobs
- Isolation from major interstates and trade centers
- Lack of higher education opportunities
- Inadequate telecommunication infrastructure
- Lack of sewer and water infrastructure in the Town of Rico
- Lack of housing to support worker base
- Shortage of job opportunities and workforce housing
- Public Transportation options, i.e. bus service
- Complex property ownership

Threats

- Declining agricultural sector, aging farmers, lack of succession
- Management of natural resources
- Relationship with federal systems and agencies that are key stakeholders with public lands and natural resource management
- Aging population resulting in increased services
- Drought and other natural disasters
- Out-migration for work
- Funding cuts in transportation, public health and human service programs
- Governmental regulations impacting job creation

ECONOMIC DEVELOPMENT STRATEGY

“Dolores County is endowed with regional beauty and strong ties to our pioneer and agricultural heritage. Dolores County will continue to grow based on the knowledge and skills of our residents, natural resources, tourism, resource management, and agricultural growth and expansion that maintains and enhances the unique character of our county.” – Dolores County Development Corporation (DCDC).

Perhaps more than any other county in Region 9, Dolores County’s economic base and people are closely tied to the lands that surround them, both public and private. This county is unique because there are two geographically and economically distinct communities. The eastern end is home to the small former mining town of Rico. Two hours to the west, near the Utah border, is Dove Creek, a traditional farming/agriculture town. Despite their diversity, both ends of the county have significant amounts of public lands with 329,492 acres owned by the United States Forest Service and 88,283 acres owned by the Bureau of Land Management or the state. Decisions made by these agencies have direct impacts on Dolores County communities. For example, listing the Sage Grouse as a threatened species could impact agriculture, recreation, and development of other natural resources.

Business expansion is limited by the County’s remote location, sparse population and lack of available broadband. The expansion of broadband is crucial for furthering Dolores County’s economic and educational growth. Areas without adequate broadband capacity have fewer opportunities for businesses to start, grow and

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succeed, and are less desirable places to live for employees and families. Dolores County participated in the 2010 Southwest Colorado Access Network (SCAN) Project in which some of its anchor institutions were connected. As a result of the SCAN funds bandwidth at the county courthouse went from 8 Mb to 20 Mb, while the schools went from 10 Mb to 30 Mb. The school connection was noted as a particularly important piece of the project. There are no households in the County served by broadband capability, and due to limitations imposed by SB 05-152 the town is not able to offer open access to its citizens. Dove Creek will vote on SB 05-152 in November 2016. A new regional broadband planning project sponsored by the Southwest Colorado Council of Governments (SWCCOG) is currently underway, with completion anticipated by August 2016. That project has identified a number of objectives, including redundancy, technological solutions and financial sustainability

The provision of senior services is an ongoing concern. Currently there are an estimated 450 seniors in the County, of these 305 (68%) are receiving some level of service. Dolores County Senior Services provides numerous programs within their limited funding. Their mission is to provide services to seniors (age 60+) that enables them to live independently, with dignity, in their homes for as long as possible. There is no independent senior housing or nursing homes in the county, meaning that seniors must leave the community if they are no longer able to age in place.

The location of the Senior Center in Cahone, ten miles from the population center of Dove Creek, means that people, meals and groceries must be transported. However there are plans, and funding in place, to build a new 7,200 sq. ft. facility in Dove Creek. That facility will include a commercial kitchen, a dining area and game room but will not include senior housing. Ground breaking for the new facility is expected to occur in September 2016.

INVESTMENT OPPORTUNITIES

This table provides a summary of the 33 projects listed in the 2018 Dolores County Community Development Action Plan that are partnership projects expected to be started and/or completed within the next two years.

Project	Rank
Create Agri-Business Opportunities in County	High
Develop Emergency Preparedness Evacuation Plan for Livestock	High
Seek Development of Spa & Campground to Utilize Geothermal Resources	High
Recruit Businesses to Dolores County including Weber Business Park	High
Expand Wood Fiber Related Business Opportunities	High
Increase Funding to Maintain Safe Facilities, Equipment & Provide Quality Education Opportunities	High
Provide & Sustain Medical, Dental & Behavioral Health Services in Dolores County	High
Pursue Tele-health & Local Medical services for those with Mental Illness	High
Preserve & Utilize Rico’s Historic Assets	High
Keep Gunnison Sage Grouse off Endangered Species List	High
Reopen Cabin & Ferris Campground at Bradfield Bridge & McPhee Dam	High
Establish a Recreation Center with Community Meeting Facilities in Dove Creek	High
Revamp Water Delivery & Sanitation Systems in Dove Creek	High
Construct a Central Sewer System in Rico	High
Water System Upgrade in Rico	High
Maintain Sustainability of Ponderosa Pine, Subalpine & Pinon Forest	High
Expand Fire Mitigation Program	High
Construct Fire Station in West Fork	High
Expand Broadband Fiber Optic Services to Businesses & Residents Throughout the County	High
Grow Dove Creek Chamber of Commerce	High
Find Location & Funding for Geothermal Community Greenhouse in Rico	Low
Explore Feasibility & Demand for Solar, Wind & Biomass Business Opportunities in County	M to H
Provide Home Care & Medical Assistance Services in Rico	Med
Develop Recreational Opportunities for Youth in Dove Creek & Rico	Med
Develop Designated Trails Around Town of Rico, Dove Creek & Western Dolores County	Med
Maintain Public Land Management Relationships within Dolores District	Med
Equip Emergency Operations Center in Dove Creek	Med
Explore Recruitment of RV Park/Campgrounds near Dove Creek & Rico	Med
Complete Priority Highway & Intersection Projects & Improve Area Roads	Med
Expand Transit Network throughout Dolores County	Med
Coordinate Highway Projects & Maintenance Activities with Dove Creek	Med
Map Area Bike Routes & Recreational Trails	Low
Research Improvements & Sources of Support for the Air Strip	Low

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Type of Project

Size of Project

Location

Additional Incentives Available

Where to Learn More