



SOUTHWEST ENTERPRISE ZONE – 2010 ANNUAL REPORT

Overview

The Region 9 Economic Development District of Southwest Colorado Inc. (Region 9), is a nonprofit, 501 (c) 6 public private partnership that promotes and coordinates economic development efforts throughout southwest Colorado. Region 9 covers five counties, ten municipalities and the two Native American Tribes in Colorado (Ute Mountain Ute and Southern Ute). Incorporated in 1989, Region 9 is led by a 26-member board of directors; 17 from local governmental jurisdictions and 9 from the private sector. Region 9 coordinates with local and county level economic development organizations to create economic development strategies, opportunities, and community projects that enable businesses and workers throughout the region to succeed. Programs include business loans, staffing the Regional Transportation Planning Commission and the Southwest Colorado Council of Governments, and producing the Comprehensive Economic Development Strategy (CEDS) as well as other data reports. Region 9 also serves as the Southwest Enterprise Zone administrator.

Conditions and business environment

Southwest Colorado has been hard hit by the national recession and Region 9 has seen an increasing number of defaults, loan modifications and business inquiries in its Business Loan Program. The numbers of tax credits claimed through the Southwest Colorado Enterprise Zone is down in our three Enhanced Enterprise Zone counties. Enterprise Zones are valuable tools in this business environment and efforts are being made to increase business participation. There are significant amounts of public and tribal lands in our communities, restricting some business opportunities and creating others. The Ute Mountain Ute and Southern Ute Tribes are major economic forces with their diversified enterprises and provide employment for tribal members as well as others within the regional economy.

Archuleta County is comprised of 34% private lands, 14% tribal lands and 52% of the County is within the San Juan National Forest. Archuleta has long been a destination for tourism and an attractive second-home market, although current economic conditions have decimated the real estate, construction, and tourism sectors. The 2010 numbers show a loss of 36 jobs from that total number of businesses (38) claiming tax credits. All of Archuleta County is a designated an Enhanced Enterprise Zone, with the exception of the Southern Ute Reservation lands, which have been excluded following the wishes of the Southern Ute Tribal government.

Dolores County is comprised of 42% private lands and 58% state and federal lands. The county seat is located in Dove Creek in the western portion of the County, and reflects an agricultural economy. The eastern portion of the County includes Rico, which has become a bedroom community for the ski town of Telluride (located in San Miguel County). All of Dolores County is a designated Enhanced Enterprise Zone and consistently has one of the highest unemployment rates in the State. The utilization of Enterprise Zone Tax credits went up between 2008 and 2009, with slower growth seen in 2010. There were no jobs created in 2010.

La Plata County is comprised of 41% private lands, 18% tribal lands, and 41% state and federal lands. La Plata County is the regional job center. Open space has been identified as an important asset to La Plata County residents - therefore agricultural parcels, as well as some distressed census tracts within the county, have been designated as Enterprise Zones. La Plata's tax credits grew from 2009 to 2010. The Southern Ute Reservation lands in La Plata have been excluded from the EZ following the wishes of the Southern Ute Tribal government.

Montezuma County is comprised of 30% private lands, 33% tribal (Ute Mountain Ute), and 37% state and federal lands. All of Montezuma County is a designated Enterprise Zone, with the exception of the Ute Mountain Sacred area, which has been excluded following the wishes of the Ute Mountain Ute Tribal Government. However, based on our most recent data, the County no longer meets distress criteria in which Enterprise Zone designation is measured. This will be looked at when EZ boundaries are reviewed. Montezuma's tax credits grew from 2009 to 2010.

San Juan County is comprised of 12% private lands and 88% state and federal lands. All of San Juan County is a designated Enhanced Enterprise Zone. The utilization of Enterprise Zone Tax Credits increased from 2008 to 2009 but was below 2008 levels in 2010.

2010 Observations and Data

In Region 9, three of five counties meet economic distress criteria making them eligible as Enterprise Zones (per Statute 39-30 C.R.S). According to this statute, to be designated an Enterprise Zone an area must have a population of less than 80,000 and meet one of the following criteria: an unemployment rate at least 25% above the state average; a population growth rate less than 25% of the state average; and a per capita income (PCI) less than 75% of the state average.

County	2009 Unemp. Rate	2004 - 2009 Pop. Growth	2008 PCI
Archuleta	No	No	Yes
Dolores	Yes	No	Yes
La Plata	No	No	No
Montezuma	No	No	No
San Juan	No	Yes	No

Archuleta, Dolores and San Juan Counties are within the guidelines for designated Enterprise Zones. Archuleta, Dolores and San Juan Counties have also been designated as Enhanced Rural Enterprise Zones for calendar years 2010 and 2011.

	2009 Unemp. Rate	EZ Eligible > 9.6%	Objective 1 < or = to State
Archuleta	8.0%	No	No
Dolores	14.1%	Yes	No
La Plata	5.7%	No	Yes
Montezuma	7.8%	No	No
San Juan	7.9%	No	No
Colorado	7.7%		

Unemployment – Four counties do not meet the Unemployment rate criterion for Enterprise Zone status based on unemployment rates for 2009; Dolores County did meet that criterion. Only La Plata County met local Objective 1, of being < or = to the state unemployment rate.

at least 25% above State Avg (7.7%) = 9.6%

Source: Colorado Labor Market Information (1-20-11)

Note: Annual averages are not yet available for 2010

	Estimates		% Change 2004-2009	*EZ Eligible
	2004	2009		
Archuleta	11,394	12,424	9.0%	No
Dolores	1,832	1,953	6.6%	No
La Plata	47,309	51,664	9.2%	No
Montezuma	24,745	25,676	3.8%	No
San Juan	578	560	-3.1%	Yes
Colorado	4,650,126	5,074,528	9.1%	

Population Growth - San Juan County met EZ eligibility criteria for population growth from 2004 – 2009.

* < 25% of State (2.3%)

Source: Colorado Demography Section estimates January 2011

Per Capita Income (PCI) - Archuleta, and Dolores Counties met eligibility criterion for PCI in 2008, the latest available; Montezuma, La Plata and San Juan Counties did not meet this criterion. None of the counties met local Objective 2, of being > or = to the state PCI.

County	2008 Per Capita Income		* EZ Eligible < \$32,266	Objective 2 > or = to State PCI
	PCI	% of State		
Archuleta	\$ 29,206	68%	Yes	No
Dolores	\$ 30,134	70%	Yes	No
La Plata	\$ 40,677	95%	No	No
Montezuma	\$ 32,858	76%	No	No
San Juan	\$ 37,914	88%	No	No
Colorado	\$ 43,021			

*75% of State PCPI= \$32,266

Source: Bureau of Economic Analysis

2010 Efforts to Improve Conditions

Region-wide in 2010 there were 27 projects approved as Enterprise Zone Contribution projects, and these projects generated about **\$4,750,150** in economic activity through direct and in kind contributions. This is up by \$1.2 million from 2009 numbers but still almost \$1 million dollars less than the 2008 levels. The number of EZ Projects declined from 30 to 27. One Contribution project was completed and will not renew in 2011.

Businesses in Enterprise Zone areas claimed **\$45,762,336** in eligible investments, resulting in \$1,368,028 in certified tax credits, and creating 242 jobs. These amounts are very similar to the 2009 numbers with the number of new jobs actually increasing by 10, which is 75 fewer jobs than in 2008.

Region 9 works with the county-level economic development groups to devise strategies for attracting suitable new businesses and helping existing businesses to grow. These strategies include educating elected public officials and tracking legislative changes, as well as informing local businesses, chambers of commerce and accounting firms about the benefits and programs of the Enterprise Zone. Efforts include: newsletter articles on the EZ; presentations to interested groups; and monthly updates to the Region 9 Board of Directors. This year we also experimented in social media outlets such as *Facebook* to provide yet another avenue to reach businesses. We also work to promote the EZ by providing marketing grants to regional events.

2010 Objectives

A number of local objectives have been identified, and are being tracked on an annual basis.

1: Unemployment rates for each of the counties should be equal to or less than the state unemployment rate. Current Status – Only La Plata County has an unemployment rate less than the state unemployment rate in 2009 and 2008.

2: Per Capita Income (PCI) for each of the counties should be equal to or greater than the state PCI. Current Status – None of the five counties had PCI levels less than the state average in 2008 and 2007, the latest numbers available.

3: Each County will have an active economic development organization with staff and funding to focus efforts in each county and assist Region 9 EDD with its delivery of services. Current Status – Each county has a functioning economic development group (two very strong) and three are designated as EZ Contribution projects. There have been resignations in one of the five groups as of the end of 2010, and two in 2009. Region 9 is working hard to mentor new staff.

4: Increase the number of businesses that participate in the EZ in each county using 2005 as a base year. Current status – Base year total is: 228. The total number of participating businesses in 2009 was 232, showing a 1% increase and 247 in 2010, which is an 8% increase since the 2005 baseline.

5. Target all businesses involved in other Region 9 programs and inform them about the Investment Tax credit, and track what number turn in certification forms, using 2009 as a base year. The table below lists the base number of businesses utilizing EZ tax credits in the base year of 2009 that Region 9 closely works with. Added is the number of businesses Region 9 works with by county, now claiming EZ business tax credits in 2010. Any needed reports to support the above numbers are available per your request. We have made sure that the business numbers are not duplicated. For more information contact Region 9 at 970-247-9621

	Archuleta	Dolores	La Plata	Montezuma	San Juan
2009 (base yr)	<u>5</u>	<u>1</u>	<u>18</u>	<u>11</u>	<u>1</u>
36 Businesses					
2010	<u>3</u>	<u>0</u>	<u>3</u>	<u>4</u>	<u>0</u>
10 Businesses					