

# San Juan County Opportunity Zone

## Contents

INTRODUCTION .....	2
BACKGROUND .....	3
Location .....	3
Demographics.....	4
Workforce and Income.....	4
Livable Wages.....	7
Anchor Institutions .....	7
Historic Economic Growth.....	8
Infrastructure and Services .....	9
STRATEGIC ADVANTAGES.....	10
Strengths .....	10
Opportunities .....	10
STRATEGIC CHALLENGES .....	11
Weaknesses .....	11
Threats.....	11
ECONOMIC DEVELOPMENT STRATEGY .....	12
INVESTMENT OPPORTUNITIES .....	14
Type of Project.....	15
Size of Project .....	15
Location .....	15
Additional Incentives Available .....	15
Where to Learn More.....	15

## 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/>

San Juan County Opportunity Zones (OZ)

 Census Block Groups OZ Eligible

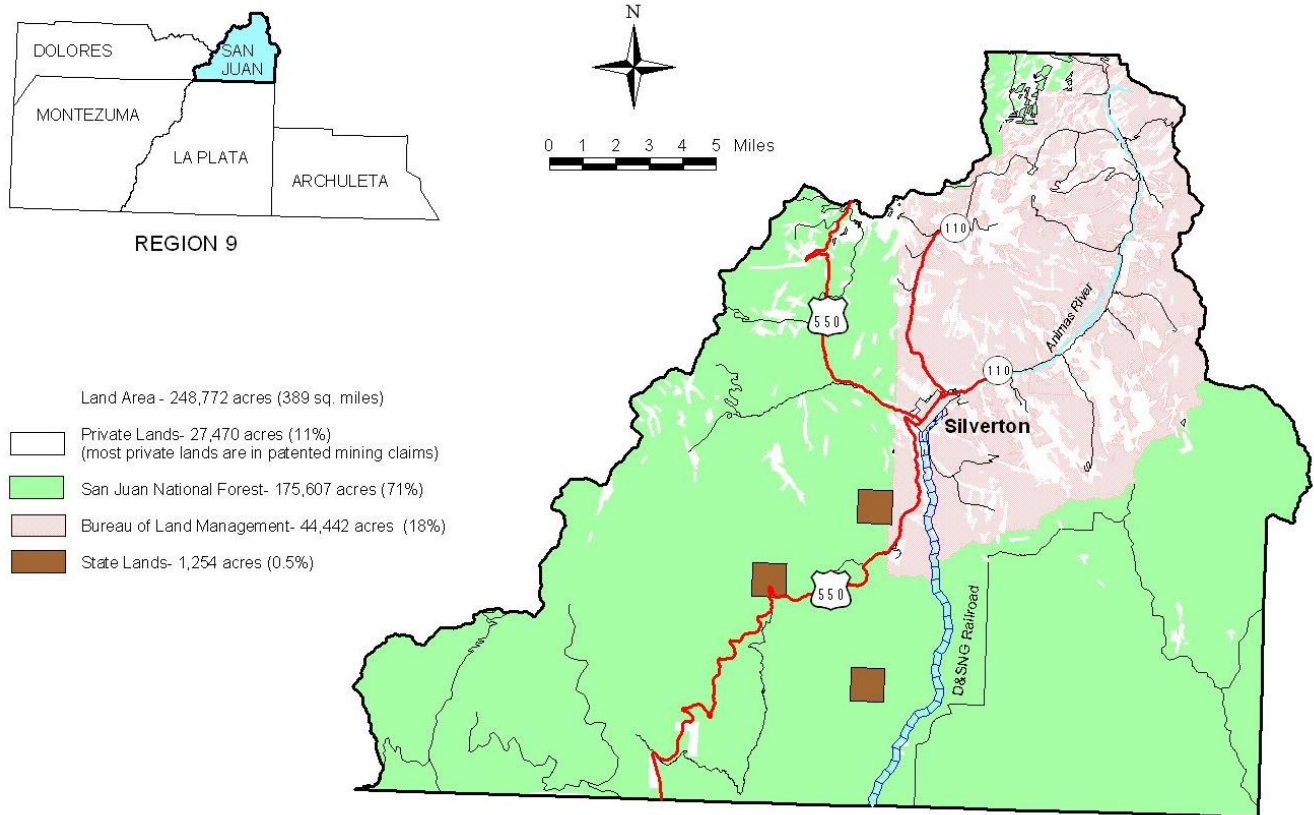
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All of San Juan County is included in the Opportunity Zone, which overlaps the Enterprise Zones administered by Region 9.

## BACKGROUND

### Location

San Juan 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 discovery of gold in the county by Charles Baker in 1860 was followed by a gold rush in the 1870's. With the dedication of the "Million Dollar Highway" in July of 1924 the transportation of gold, silver, lead, copper and zinc began to shift from the narrow-gauge train to trucks using Highway 550, which connects Silverton to Montrose and to Durango. After World War II, the rail line began to carry less freight and more tourists up from Durango to enjoy the spectacular scenery. San Juan County has become almost entirely dependent upon tourism.

**Population**

	2010	2017	Ann. Avg % Change 2010-17
<b>San Juan</b>	709	714	0.1%
<b>Silverton</b>	646	649	0.1%
<b>Unincorporated</b>	63	65	0.6%

In 2010 the county's resident population was 709, and the population has grown very slowly through 2017.

State Demography Office

In the summer there is usually an influx of seasonal residents, many of whom have purchased second homes in the area in order to enjoy the rural amenities of life in the high country. This phenomenon, known as "amenity migration", has produced wide ranging economic impacts on the community. However, seasonal residents are not included in population figures.

County-wide, slow growth is forecast for the next several decades.

**Population Forecasts**

<b>San Juan</b>	2020	2025	2030	2035	2040
Population	720	738	746	753	762
Avg. Ann. % Change		0.5%	0.2%	0.2%	0.2%

**Workforce and Income**

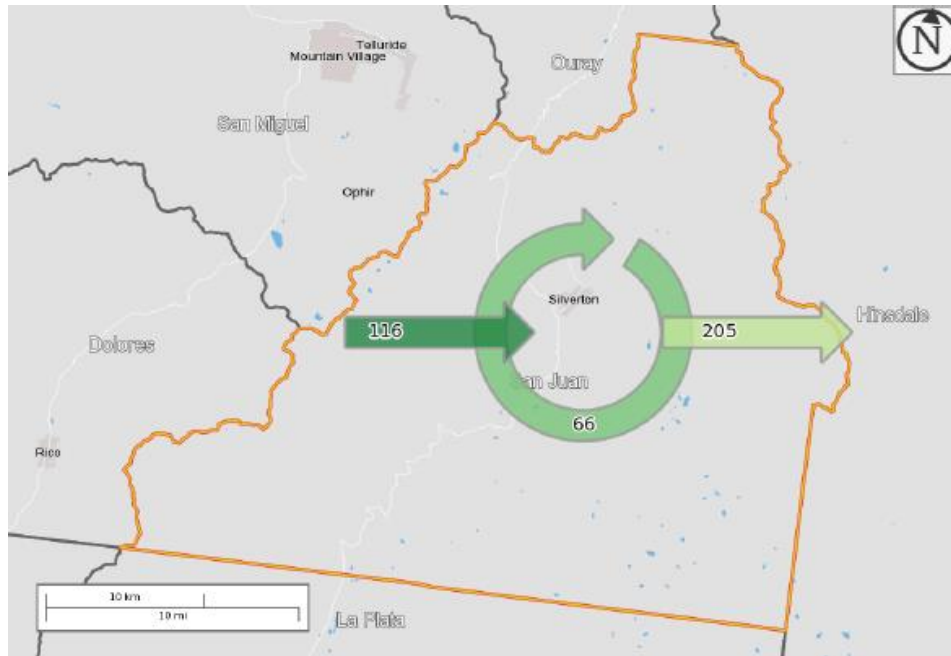
<b>Unemployment Rates 2015, 2016, 2017</b>			
<b>Location</b>	2015	2016	2017
Colorado	3.2%	3.3%	2.8%
Archuleta	4.0%	3.3%	3.0%
Dolores	3.1%	3.9%	3.0%
La Plata	3.5%	2.9%	2.5%
Montezuma	5.6%	5.0%	4.0%
San Juan	4.1%	3.5%	2.2%
USA	5.3%	6.7%	4.4%

In 2017, county unemployment rates (2.2%) were lower than the state (2.8%), and the nation (4.4%).

Source: Colorado Labor Market CDLE-LMI

**Commuting**

People commute to where the jobs are but take their paychecks home. This influences how we evaluate employment, whether by place of work or by residence. In 2014 there was a larger labor force living in San Juan County than there are jobs. Most of the workers commuting out of the county for jobs are going to San Miguel County (11%). Most of the workers commuting in to San Juan County for jobs are from Montrose County (30%).



Who works in San Juan?			Where do San Juan Residents work?		
In Commuters	Count	Share	Out Commuters	Count	Share
Total All Jobs*	182	100%	Total All Jobs*	271	100%
San Juan County, CO	66	36%	San Juan County, CO	66	24%
Montrose County, CO	55	30%	San Miguel County, CO	29	11%
La Plata County, CO	12	7%	Mesa County, CO	26	10%
Delta County, CO	5	3%	Montrose County, CO	24	9%
Denver County, CO	5	3%	La Plata County, CO	21	8%
Mesa County, CO	4	2%	San Juan County, NM	20	7%
San Miguel County, CO	4	2%	Ouray County, CO	18	7%
Eagle County, CO	3	2%	Grand County, UT	6	2%
Ouray County, CO	3	2%	Montezuma County, CO	5	2%
Salt Lake County, UT	3	2%	Archuleta County, CO	4	1%
All Other Locations	22	12%	All Other Locations	52	19%

Source: US Census Bureau LEHD 2014

\*Wage and salary employment, proprietors not included

**Local Economy**

San Juan County 2017 Total Employment	# of Jobs	% of Jobs	*Avg. ann. wage
Agriculture	ND	ND	ND
Mining	ND	ND	ND
Utilities	ND	ND	ND
Construction	33	8%	\$ 36,225
Manufacturing	ND	ND	ND
Wholesale Trade	ND	ND	ND
Retail Trade	52	12%	\$ 18,794
Transportation & Warehousing	ND	ND	ND
Information	ND	ND	ND
Finance Activities	ND	ND	ND
Real Estate	ND	ND	ND
Professional & Business Services	28	6%	\$ 23,795
Management of companies and enterprises	ND	ND	ND
Administration and waste management	ND	ND	ND
Education	ND	ND	ND
Health Services	17	4%	ND
Arts, Entertainment, and Recreation	33	8%	ND
Accommodation and food	124	29%	\$ 21,706
Other services, except public administration	22	5%	\$ 23,957
Government	75	17%	\$ 40,926
Sectors Not Disclosed (ND)	51	12%	
Total	435	100%	\$ 26,729

This table includes wage earners as well as proprietors (owners). About 78% of total employment is by wage earners, while 22% 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 (17%) and accommodation and food services (29%) were strong employment sectors in 2017, accounting for 46% of jobs.

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

**Base Analysis**

San Juan 2017 Base Industries	# of Jobs	% of Jobs
Agribusiness	0	0%
Mining	0	0%
Manufacturing	2	1%
Government	10	3%
Regional Services	40	11%
Tourism	215	59%
Households	84	23%
Indirect Unassigned	13	4%
Total	364	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 San Juan County, the largest base employment industries are tourism and households that spend money earned elsewhere (i.e. retirees). More information on base industries in San Juan is available at [http://www.scan.org/uploads/Base\\_Analysis.pdf](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 \$24,684 annually provided a livable wage in San Juan 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](http://www.scan.org) under regional data.

**Anchor Institutions**

San Juan	# of Jobs
Silverton Outdoor Learning and Rec Center	39
Silverton School Dist 1	25
Cascade Village Resort	25
Town of Silverton	18
Handlebars	16
Bent Elbow Restaurant & Hotel	16
San Juan County	15
Triangle Service Station & Hotel	15
Grand Imperial Hotel	15
Brown Bear Café	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.

San Juan 2015 Total Personal Income (\$000)		% of Total
Employment Earnings	\$ 18,151	58%
Residency Adjustment	\$ 872	3%
Dividends, Interest & Rent	\$ 7,692	25%
Transfer Payments	\$ 4,587	15%
<b>Estimated TPI</b>	<b>\$ 31,302</b>	<b>100%</b>

**Total Personal Income (TPI)** is the sum of all income paid to residents of San Juan County from various sources. Retirees (60+) brought in \$3.1 million (10%) 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%
San Juan	\$ 43,409	90%

**Per Capita Income (PCI)** of San Juan County is 90% of National PCI and 85% of Colorado’s PCI.

Source: Bureau of Economic Analysis

More detailed information regarding San Juan County is available at [www.scan.org](http://www.scan.org) under regional data.

## **Historic Economic Growth**

San Juan County is located high in the San Juan Mountains in Southwest Colorado. The county boasts 12 of the 54 mountain peaks over 14,000 feet in Colorado and has the highest mean elevation of any county in the United States.

In 1861, Captain Charles Baker led a group of prospectors into the upper reaches of the Animas River Basin and thereafter the park-like area became known as "Baker's Park." His discovery of gold was followed by a late-breaking gold rush in the 1870s. More than 1500 mining claims had been staked by 1873.

After the signing of the Brunot Treaty with the Ute Indians in 1874, the Town of Silverton was established in the center of Baker's Park. Silverton became incorporated in 1876. At that time Howardsville, four miles to the northeast, was the county seat. Legend has it that Silverton became the county seat after county records disappeared during an all-night blowout in Howardsville and turned up in Silverton. Today Howardsville is a ghost town with only a few buildings left standing.

Silverton remains the county seat as well as the only incorporated town in San Juan County. In the early days, one of the greatest difficulties was to get supplies across the high mountains into Silverton. The Stony Pass wagon road became a toll road in 1879 and supplies came in over the Continental Divide from Del Norte. The Denver and Rio Grande Railroad reached Silverton from Durango in 1882, allowing for the movement of large quantities of supplies and the transport of ore to the smelter in Durango. The population of San Juan County peaked at about 5,000 in 1910. Since that time the population has followed the boom and bust cycles that are characteristic of mining communities, fluctuating between 750 and 1,000 people from 1960 until the last working mine closed in 1991.

With the dedication of the "Million Dollar Highway" in July of 1924 the transportation of gold, silver, lead, copper and zinc moved from the narrow-gauge train to Highway 550 which connects Silverton to Montrose (60 miles to the north) and to Durango (50 miles to the south). Beginning in the late 1950s the rail line that had carried ore down to Durango began, instead, to carry tourists up from Durango to enjoy the spectacular scenery and the heritage that has made Silverton a National Historic Landmark. Visitors by train are supplemented by people who come to Silverton via Highway 550, which is part of the "San Juan Skyway," one of the premier scenic by-ways in the United States.

At the present time, San Juan County is almost entirely dependent upon tourism, primarily during the summer months when the train is running, though the Silverton Mountain Ski Area has helped to expand economic opportunities during the winter months. In the foreseeable future, the community is expected to undergo tremendous change as a result of the impending Super Fund designation in the wake of the Gold King Mine spill of August 2015. It is expected that several jobs will be created during the mitigation process. How many of these will be filled by locals, and how many will be filled by those living outside of the area is not yet known.



## San Juan County Opportunity Zone

### **Infrastructure and Services**

**Electric** – The County is served by San Miguel Power Association, Inc.

**Natural Gas** – There is no natural gas in Silverton/San Juan County. Silverton LP Gas Co. distributes propane to many of the newer homes that rely on gas for heating and other energy needs. But numerous government offices, commercial spaces and residential dwellings – still rely upon coal as their primary heating source. Wood and biomass pellet stoves are also commonly used for heat in the winter and cooler months.

**Water** – Within the Town of Silverton, water is provided by the town. Outside of Silverton, people use wells or get water from lakes and streams/springs.

**Wastewater** – Within the Town of Silverton, wastewater is handled by the town; septic tanks are used outside of town.

**Solid Waste** – Bruin Waste Management, of Naturita, CO provides for the community's solid waste services, which include commercial collections, operation of the Town-administrated transfer station and recycling.

**Police & Fire Departments** – Police services in both the Town and County are provided by the San Juan County Sheriff's Department. Fire services are provided by Silverton/San Juan County Fire Authority, a local volunteer fire department.

**Telecommunications** – CenturyLink Communications, formerly Qwest, provides local calling services and Brainstorm provides internet services.

**Medical Facilities** – The Silverton Clinic is staffed by a Nurse Practitioner and provides free medical services once a week. The County Public Health department provides limited medical care and vaccinations. Emergency medical services are provided by the Silverton-San Juan Ambulance Association, which has paid Paramedics and EMT volunteers. A local non-profit Search and Rescue team also provides some emergency medical services.

**Educational Facilities** – San Juan County School District #1 (includes the K-12 Silverton School population of 65 students in 2016).

**Business Parks** – The Powerhouse Industrial Park, which includes ten sites developed by the Historical Society, houses a cross country ski manufacturer and a woodworking shop, a snowboard manufacturer, a printing supply business, and a small lumber sawmill. Three sites are occupied by building contractors, and four sites are currently vacant.

**Recreation Facilities** – One baseball field; one gymnasium (at the school); Kendall Mt Ski Area (downhill skiing, ice-skating and ice hockey), and trails for cross-country and snow-shoeing. In Silverton, the Memorial Park has a track, tennis courts, volleyball, soccer and horseshoes. Facilities at Molas Lake include fishing, camping and picnicking. The Silverton Mountain Ski area offers world class back country ski terrain. The surrounding mountains offer many recreational opportunities – 86% of the county is public land!

**Housing** – (2014) Median (\$265,000) and average (\$236,000) sales prices are on the rise in the Town of Silverton for single family residential homes. Townhomes sales are relatively rare, and unit types such as condos or cabins are not common within the town.

**Childcare Availability** – (2016) 26 Total Slots (Ages 0-5). No Providers offer 24 hour or weekend care. [Childcare Resource and Referral]

**Long Term Care for Seniors** – (2016) None. [San Juan Basin Area Agency on the Aging]

**Estimated number of persons without health insurance** – (2014) 168/26% [US Census Bureau]

## **STRATEGIC ADVANTAGES**

The starting point for a credible economic development strategic plan is an assessment of the strengths and weaknesses of the county. By working with San Juan County stakeholders, the following was identified:

### **Strengths**

- Physical attributes of land
- Potential of raw materials and natural resources
- Attractive community
- Tourism assets
- Quality school system
- Strong volunteerism within community
- Government is accessible
- We welcome growth
- Democracy – ability to make a difference

### **Opportunities**

- Revitalization of the San Juan Development Association
- Strong community involvement and success in accomplishing community initiatives
- Natural beauty, surrounding Public Lands, resources and recreation
- Historic structures and cultural amenities that further foster a heritage tourism economy
- Expanding the visitor season to include shoulder seasons and the winter months
- Utilization of the school to promote community vitality and population growth
- Revitalization of mining industries
- Repository for mountain research and field campus', Mountain Studies Institute
- Cottage industries
- Avalanche/backcountry education opportunities
- Packaging the community to tourists
- Marijuana industry

## **STRATEGIC CHALLENGES**

### **Weaknesses**

- Isolation from major markets, interstates and rail lines
- Geographic proximity from state and federal agencies
- Lack of up-to-date telecommunications infrastructure/fiber optic technology
- Affordable/workforce housing is in short supply
- Lack of economic diversification
- Need to diversify the economy and focus on building year-round jobs that pay family wages
- Access to local capital—mortgage banker
- Infrastructure
- Lack of continuing education and job training
- Seasonality
- Low population to support infrastructure, including schools
- Relationship with federal agencies
- Lack of some basic services
- Cheap building permits
- Absentee owners
- Lack of human capital
- Don't always look "open" for business
- Lack of money to fund projects

### **Threats**

- Improper, non-sustainable natural resource management
- Over-reliance on the tourism industry and Railroad
- Funding cuts in federal/state services
- Wildfires
- Bark beetle
- Excessive permitting requirements, a one-size fits all regulatory scheme that works to the detriment of small communities, and a hostile regulatory environment at the state and federal levels
- Volatility of business cycle

## ECONOMIC DEVELOPMENT STRATEGY

***"We work from our strengths as a mountain community to build a year-round, diverse, and prosperous economy."* – Economic vision from the Silverton/San Juan County Master Plan**

San Juan County's location high in the San Juan Mountains, its extensive mining history, and a very limited land base suitable for residential development has resulted in a variety of opportunities as well as challenges. **Key economic development priorities and goals revolve around the environment, housing, infrastructure and telecommunications.**

Within its 389 square miles, San Juan County is home to some of the most stunning mountain vistas in the United States. Only 11% of this county's land is in private ownership while the rest is public land. Consequently, there is a very limited land base suitable for residential and commercial development, and the property tax base for San Juan County is inadequate to fund infrastructure maintenance and improvements or provide some basic services.

The population of San Juan County peaked at about 5,000 in 1910. Since that time the population has followed the boom and bust cycles that are characteristic of mining communities, fluctuating between 750 and 1,000 people from 1960 until the last working mine closed in 1991. San Juan County continues to be the least populated county in the state. The population has stabilized at about 700 year-round residents, primarily within the Town of Silverton (the only town in the county). Maintaining an adequate number of students in the school district continues to be a priority as funding is based on the number of students enrolled; currently there are only about 65 pupils K-12.

Seasonal residents are not included in population figures. Many (65%) of the residential units in the county are owned by people whose primary mailing address is outside of the county – 2nd Homeowners. These part-time residents purchase 2<sup>nd</sup> homes in the area in order to enjoy the rural amenities of life in the high country. This phenomenon, known as "amenity migration" has produced wide-ranging economic impacts on the community.

Tourists and 2<sup>nd</sup> homeowners are drawn to the rugged beauty of the area, as well as the historic structures and cultural amenities that foster a heritage tourism economy. However, the local community has little say in the management of the surrounding public lands and feels constrained by what is perceived as a hostile regulatory environment by state and federal governments. **Preserving and enhancing the natural environment** has reached a critical juncture with the Gold King Mine Release of August 5<sup>th</sup>, 2015 in which about three million gallons of contaminated water was inadvertently released by EPA contractors into Cement Creek; and subsequently impacted the watersheds of downstream communities in three states.

The community is expected to undergo tremendous changes as a result of the Super Fund designation. With the help of Region 9 Economic Development District, San Juan County received funds to support economic development efforts. A Coordinator has been hired to develop a resiliency plan for existing businesses and identify opportunities for economic diversification, made more important with the severe drought and recent 416 fire further impacting tourism and outdoor recreation.

The lack of housing in the County for year-round residents as well as a seasonally transient workforce demands resolution. A lack of developable land, infrastructure costs and a small market due to low population has hindered development efforts. Many of the jobs in San Juan County/Silverton are in accommodation and food services, with an average annual wage of \$21,706. This is only 88% of the estimated livable wage (\$24,684) for

## San Juan County Opportunity Zone

one adult. It is not yet known how the influx of workers required by the Superfund mitigation will affect housing demand and availability.

In an effort to **increase housing opportunities**, the County requested proposals in 2015 to build single and multi-family housing for all or part of the County owned Anvil Mountain property, a 16-acre development that would include affordable/attainable housing. A mix of single family and multifamily units ranging in price from affordable, attainable and market rates is planned. The first apartment units on the site will be completed by the end of 2018.

**Adequate infrastructure** such as roads, water, electricity and fuel are not readily available for residential and commercial expansion. Consequently, it is difficult to recruit and grow businesses, or attract new residents to the County. Transportation is high on San Juan County's priority list. The town has the highest potential for isolation due to avalanche-related road closure of any populated community in the lower 48 United States. With U.S. Highway 550 allowing the county's only paved access to the rest of the region, weather during severe winters regularly closes the highway down in one or both directions, thereby delaying the delivery of mail, goods and services.

Very few households in San Juan County are served by **advanced telecommunications capability**. Due to its geographic isolation, the County and Town has been working hard to on redundant telecommunications connectivity to the rest of the region and the world. One of the highest priority projects identified by the community was the completion of the primary fiber path into and out of Silverton and serve businesses and homes with internet services.

**INVESTMENT OPPORTUNITIES**

This table provides a summary of the 36 projects listed in the 2018 San Juan County Community Development Action Plan that are partnership projects expected to be started and/or completed within the next two years.

Project	Rank
Complete Redundancy Fiber Path into and out of Silverton	Very High
Sustain San Juan Development Association	Very High
Address Upper Animas Water Shed & Water Quality and the Affects of Reclamation on Historic Features	Very High
Develop Anvil Mountain Affordable & Attainable Housing Project	Very High
Complete 12-unit Apartment Complex (Part of #16)	Very High
Rehabilitate Carnegie Public Library	Very High
Complete Silverton Beautification Projects	High
Sustain Summer School & Enrichment Programs	High
Sustain Local Access to Health Care & Mental Health Support Services	High
Complete Master Plan for a Trail System in Silverton and between Silverton & Molas Lake	High
Revise & Update Silverton/ San Juan County Master Plan	High
Complete Comprehensive Planning Process for Conveyance of Bureau of Land Management Parcel	High
Complete Master Plan for Kendall Mountain Recreation Center & Ski Area	High
Molas Lake (a Town of Silverton property) Shall Implement the Adopted Master Plan	High
Complete Silverton Water Security Plan	High
Improve Drainage & Water Flow in Silverton	High
Long Range Management Plan for upper-Animas River & Corridor	High
Expand Promotion of Silverton/San Juan County	High
*Create The Stanley Placer Development for an Education Complex	Med
*Create the infrastructure to support the Science & Innovation Center	Med
Create Local "Farm to School/Community" Programs	Med
Complete Restoration & Improvements at Mayflower Mill	Med
Complete Old Miners Hospital Building Rehabilitation	Med
Restore Lackawana Mill and Bridge	Med
Strengthen Silverton & San Juan County's Historic Preservation Program	Med
Rehabilitate Old Town Hall	Med
Improve Eureka Campground & Facilities	Med
Restoration, Repair & Maintenance of Community Buildings including Visitor Center & Town Hall	Med
Replace Bridge at Cement Creek	Med
Seek Resources for Toilet Facilities along San Juan Skyway	Med
Complete Blair Street Improvement District Projects	Med
Develop Exhibit at either Visitor's Center and/or Museum to highlight Native American Culture	Low
Explore Feasibility of Artist & Business Incubation Center	Low
Approve Westside Improvement District	Low
Replace Lackawana Bridge	Low
Construct Pedestrian Bridges	Low

**\*Stanley Placer Projects divided into two components subsequent to CDAP submittal to Commissioners**

San Juan County Opportunity Zone

**Type of Project**

**Size of Project**

**Location**

**Additional Incentives Available**

**Where to Learn More**