

2017 Colorado Planning & Management Region Report

Region 13 – Chaffee, Custer, Fremont, and Lake Counties

INTRODUCTION

The Upper Arkansas region is located from the headwaters of the basin near Tennessee and Fremont passes in Lake County down to the eastern Fremont County line just above Pueblo Reservoir. Beginning at the top of the basin, the Counties and their cities and towns are: Lake County (Leadville), Chaffee County (Buena Vista, Poncha Springs, Salida), Custer County (Silver Cliff, Westcliffe), and Fremont County (Canon City, Florence, Brookside, Coal Creek, Penrose). The region experienced a population increase of 0.6% between 2010 and 2016, with Chaffee and Custer Counties growing most rapidly.

Population:

County	Census 2010	July 2017	% Change
Chaffee	17,809	19,097	1.2%
Custer	4,225	4,617	1.5%
Fremont	46,824	47,487	0.2%
Lake	7,310	7,595	0.6%
Region 13	76,168	78,796	0.6%
Colorado	5,029,196	5,538,180	1.6%

Source: State Demography Office

JOBS & THE ECONOMY

Jobs in tourism, recreation, health care, construction, government, and services have experienced growth since the nationwide recession. Construction jobs have increased with housing demand from migrating “boomers”, home remodels, and expansions. Summer tourism, rafting, and river recreation revenues and employment have increased along with similar gains Statewide. Plentiful annual precipitation since 2014 and minimal forest fire impacts have boosted regional tourism.

The Climax Molybdenum Mine located in the NW corner of Lake County plans to mine through the next 20 years of supply of identified ore body reserves. Worldwide heavy metals markets have stabilized and slightly increased prices for mined product. Reduced energy pricing does not directly impact the Upper Arkansas since it does not have energy production.

The region’s natural resource-based seasonal tourism and recreation industry typically generate below average per capita income levels for its part-time seasonal and lower hourly wage job workforce.

Unemployment Rate

County	August 2016	August 2017	% Change
Chaffee	2.3%	1.6%	-0.7%
Custer	3.0%	2.3%	-0.7%
Fremont	4.9%	3.3%	-1.6%
Lake	2.6%	1.6%	-1.0%
Colorado	3.2%	2.2%	-1.0%

Source: Labor Market Information

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HOUSING

Workforce housing availability is near-zero while an increased percentage of high-priced homes are for sale in an improving market. Housing start numbers are approaching pre-recession levels while home remodeling, upgrading, and maintenance undertakings compose a significant proportion of construction trade activities. Upper Arkansas area leaders are becoming increasingly aware of the lack of workforce housing and sense the urgency to work on the problem as business leaders describe their difficulty recruiting new qualified job candidates needing local housing. Workforce rental and to-purchase housing is nearly non-existent and/or unaffordable as in-migrating baby-boomers, second home buyers, and short term rentals (FRBO) comprise nearly all available housing units. Local governments are evaluating short term rental impacts on loss of sales tax, reduced quality of residential areas for long term residents, and reduced rental unit availability for the local workforce.

AGRICULTURE

The region's agricultural economy makes up a smaller percentage of the economy compared to past decades. Irrigated hay, alfalfa, and pasture lands continue to produce for local and out-of-region markets. Livestock production is composed primarily of beef and continues as it has historically in the valley. While livestock growers reduced herd size throughout 2012-14 due to below average precipitation, herd numbers have increased in 2016-17 as market demand and pricing has increased. Winter snow-pack and summer precipitation in 2016 and 2017 have improved production potential for agricultural operations. Water storage reservoirs are currently storing more water than in previous years. Locally-grown and greenhouse produce for sale to local consumers increased. Improved greenhouse vegetable production techniques are currently being evaluated. Farmer's markets have become popular in the Region's communities during growing season. Specialty livestock production has increased for more selective consumer markets wanting naturally raised grass-fed livestock, non-beef red meat, and organic products.

CLEAN ENERGY

Improved awareness of clean energy opportunities continues to be the focus of local business and government leaders in the region; several new clean energy design and installation businesses have emerged in the valley. New clean energy project potential is limited, however, due to poor long-term return on capital investment in the current market with reduced tax incentives. Geothermal and solar resources are being evaluated for local base-load electric power for electric associations. The reduction in the market cost of natural gas and propane will curtail motivation to develop alternative renewable energy sources until upward pricing trends return. A few solar array and individual residential and commercial solar installations have been constructed.

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NEW PROJECTS

Several national chain stores and services have located to the region as threshold population and traffic seem to have been met in several communities. Area leaders are trying to re-develop the forest industry to harvest Upper Arkansas and adjoining national forest resources. Additionally, several microbreweries have opened and some existing breweries have expanded production in the region and are popular destinations for locals and tourists. Some local microbreweries have become nationally known and export product outside the region and Colorado.

An ever-expanding calendar of events has increased tourism and recreation activities in all Region 13 communities. Added events include music, beer, and wine festivals; cultural events; a variety of foot, bike, and river-running races; and seasonally focused activities. Peak summer season lodging is at capacity for most of the summer and adjoining shoulder seasons.

Local leaders are investigating broadband infrastructure development with the hope of added business revenue and employment with improved communication. Timely and efficient electronic communication has been a challenge in rural Region 13. A few larger tourist/recreational businesses have succeeded in obtaining broadband services in the current must-have broadband communication market.

GOALS FOR THE UPCOMING YEAR

The region's local governments are working to improve the stability of their operating and capital budgets as sales tax revenues have improved in recent years. The prospect of how a reduced federal budget may impact the local level is a concern. Businesses that are hanging on seek to increase efficiencies and revenues that will lead to improved profitability and increased jobs. Several non-profit and local government efforts are focused on developing affordable workforce housing and regional broadband services to improve the competitiveness of our local business community and for the basic needs of existing businesses.

Chaffee County leaders are looking to create living wage jobs through the expansion and creation of new businesses. In Custer County, Downtown Colorado, Inc. and the newly-formed Custer County Community Development Corp. is working with community leaders to create a viable and sustainable business district along main street and adjacent two blocks through Silver Cliff and Westcliffe. Fremont County wants to increase jobs and diversify their economy by addressing local regulatory concerns and creating a more "business friendly" community. Lake County is focusing on creating new jobs through retention and expansion of existing businesses, as well as improving the reputation of their schools with improved curriculum and academic achievement. Two larger residential and commercial/residential projects are in the permitting phase.

Available and affordable workforce housing is at a crisis level according to nearly all local leaders and economic development practitioners. City, county, regional government (UAACOG Housing), and private developers are collaborating to develop solutions.