

2010 Colorado Planning & Management Region Report

Region 1 – Logan, Morgan, Phillips, Sedgwick,
Washington and Yuma Counties

Introduction

Northeastern Colorado is a 9,300 square mile geographic area. Most of the region is primarily agriculture, but in recent years the counties have been working to diversify their economic base, exploring industries and new jobs that are suited for the area.

The State Demography Office estimates that the population of the region is 72,165 with 13, 699 or 18.9% over the age of 60. In 2000, the median age of the region was 36.2 years, above the state's median age of 34.3 years. In Northeastern Colorado, the 65+ population is greater than the State and US average, including a high of 22% of the total population in Sedgwick County. By the year 2030, the number of residents over the age of 65 is expected to increase by 250% mostly due to the "Baby Boomer" generation.

Our aging population creates the need for senior services including nutrition, transportation and medical. There is potential for new businesses that support the medical hospitals and medical facilities. As an example, the David Walsh Cancer Center has opened in Sterling, and may create the need for support industries in the medical profession. The medical facilities may create a need for transportation and other supportive services from local government.

Cargill Meat Solutions, Inc. is the largest employer in Northeastern Colorado and requires a minimum of 1,996 employees for operation of the meat processing plant in Fort Morgan. In 2009, the corporation invested \$2,886,087 to upgrade the plant. Cargill is a regional employer, and individuals commute from Western Morgan County, Greeley and Sterling to work at the plant.

Due to the number of limited English Proficiency Persons in Morgan County, Cargill Meat Processing Solutions, Inc. sponsors GED/ESL classes at the meat processing plant, diversity training through One Morgan County and provides financial support for the public transportation system.

Jobs & the Economy

Over the next 5-10 years, irrigated cropland in the Eastern South Platte Basin will be reduced by 150,000 acres. This reduction of cropland will have a direct and indirect economic impact of \$77,948,551 on Northeastern Colorado.

The economic impact of this loss of revenue could include fewer employees in agricultural production and fewer employees in the manufacturing plants that are dependent upon agricultural production. The loss of jobs or reduced income in the agricultural sector of the economy could result

in less disposable income for the purchase of goods and services.

In 2009, businesses in Northeastern Colorado made qualified capital investments totaling \$334,495,341. This investment resulted in 2,818 new jobs in the region. Following is the Annual Report of the Northeastern Sub-Enterprise Zone that zone notes the percentage of jobs created by industry:

- 77% of the new jobs were in Agriculture.
- 12% of the new jobs were in Retail/Services.
- 4% of the new jobs were in Tele-Communications.
- 2% of the new jobs were in Healthcare.
- 2% of the new jobs were in Real Estate/Construction
- 1% of the new jobs were in Manufacturing.
- 1% of the new jobs were in Oil and Gas
- 1% of the new jobs were in Renewable Energy.

Housing

In December 2007, a Housing Needs Survey for Logan and Morgan counties was prepared for Northeast Housing, Inc.

Even though housing prices have not increased substantially for a number of years, the major driver of new demand in both counties is an increase in the number of oil and gas industry jobs (including alternative energy). This demand factor is difficult to predict as jobs tend to be transient.

High salaried oil and gas employees are contributing to high rental rates and low vacancies. With strong demand on a limited housing inventory, it doesn't take much to price local wage earners out of that market.

These challenges are being faced by many communities in the western US. Extraction and service industries place heavy burdens on the housing supply and government services needed to support the houses. The boom and bust nature of the resource economy creates high housing prices followed by a surplus of housing when the particular boom subsides. Many westerners are puzzled by expensive building site prices in northeastern Colorado communities when hundreds of miles of vacant land surround the developed areas.

Agriculture

Agriculture is the economic base of our region. It has provided the stability to keep this region going during the tough economic times, but there are concerns as to the future of the industry. We have seen this industry shrink as farmland is "drying up" to take the water for a different use. A lot of these farms and water rights are being purchased by front -range interest groups to serve municipality water

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needs. Also, family farmers have needed to grow their operations to thousands of acres to remain financially viable.

In regards to the livestock side of agriculture our region is a large provider from the beef feedlots, hog farms and dairies. We will see this industry grow if we are able to supply the feed for the growth, in turn this takes water which is a precious resource at this time. The dairy industry will continue to focus on growth and expansion to support the new Leprino plant being constructed in Weld County.

Total Value of Ag Products Sold by County

County	Rank	Value
Yuma	#2	\$542.7 Million
Morgan	#3	\$446 Million
Logan	#4	\$350.1 Million
Phillips	#11	\$89.3 Million
Washington	#15	\$72.2 Million
Sedgwick	#19	\$57.7 Million

Source: USDA, 2002 Census of Ag Report

Clean Energy

Next Era Energy has invested more than \$1B in constructing 427 wind turbines and a 70 mile transmission line on the Peetz plateau in Northern Logan County. BP Alternate Energy/Babcock and Brown have invested millions in the Cedar Creek Wind Project in Northern Weld County. Combined, the 825 mega watts (MW) from these two projects generate power to service 300,000 homes. There will be about 50 permanent wind technicians to maintain the estimated 824 wind towers when the two projects are completed. In addition, Logan County has permitted another 325 turbines which are planned for future years.

Two ethanol plants have been constructed in the City of Yuma and the City of Sterling and currently produce 50 million gallons of ethanol per year. Employment is about 30 per plant or 60 employees.

Facilities to capture wind energy, bio-diesel and other alternate sources of energy have been constructed in Northeastern Colorado. The development of energy alternatives could result in 400-500 construction jobs and the creation of 100 new permanent jobs when the facilities are operational. With the expected future development of wind energy and the transmission grid build-out to export renewable energy to major markets, we also believe solar will be an important source of energy.

Other

Windy Hills Natural Gas Storage LLC is currently testing a geological formation South of Brush for the potential of

natural gas storage facility. If the site is selected, there will be 300 construction employees required in 2011 and 2012. There will be twenty permanent employees required to operate and maintain the gas storage facility. East Cheyenne Gas Storage has received permits to construct an underground storage facility in Northwest Logan County.

New Projects

On September 9th, the David Walsh Cancer Center opened at the Banner Health Hospital Facility in Sterling. This new Cancer Center will attract physicians, technicians, and other medical specialists to the Sterling area and will it support development of medical facilities in Sterling and Northeastern Colorado. With an aging population, the Cancer Center will attract clients and permanent residents seeking lower housing, less congestion, and options to manage medical problems associated with the aging process.

Leprino Foods is constructing a new cheese processing plant in Greeley. The new plant, combined with the existing plant in Fort Morgan, will significantly increase the demand for dairy production. New dairy farms are planned between Fort Morgan and Greeley.

Goals for the Upcoming Year

- The primary goal of Northeastern Colorado is the development of infrastructure, community facilities and related economic activity that addresses the retention of exiting jobs or the creation of new jobs.
- A major goal is the development of a diversified economy with agricultural production as the foundation of the new economy. The goal for the Regional Economic Development Directors is to facilitate increased dairy production in Northeastern Colorado.
- Support the existing agricultural economy through expansion of the meat processing industry in Northeastern Colorado.
- With increased gas production and the emerging renewable energy industry, an important goal is to balance the agricultural economy with renewable energy to insure increased employment opportunities and the resulting increase in population.
- Improve collaboration between government, private sector business and community resources through the creation of an Economic Development District funded through the Department of Commerce.
- Develop attractions to enhance new revenue from individuals passing through the region. Expand local and regional marketing programs to highlight the agricultural production of the region, geography and history of the region, and geological formations of the region.