

# 2010 Colorado Planning & Management Region Report

## Region 7 – Pueblo County

### Introduction

Of the 14 Colorado planning and management regions, Region 7 is the only one which consists of a single entity, Pueblo County. With a land area of 2,400 square miles, Pueblo County ranks 13<sup>th</sup>-largest of the 64 Colorado counties. Of the planning and management regions, it ranks the smallest in geographic size. In terms of total population, Region 7 ranks 5<sup>th</sup>-largest of the 14 regions. The 2000 Census recorded 141,472 Pueblo County residents. Since then, it has seen moderate population growth, with an estimated 2009 population of 158,362 inhabitants. Its 2000-2009 compounded annual population growth rate of 1.3 percent makes it the 8<sup>th</sup>-fastest growing of the state's regions.

### Job Trends

On the basis of preliminary September 2010 data, Pueblo's seasonally-adjusted unemployment rate was 9.9 percent. The rate has been unchanged for the past three months. This compares to 8.5 percent in September of 2009 and 6.2 percent in September 2008. During the 12-month period of September 2009-September 2010, total seasonally-adjusted resident employment grew at a minuscule annual rate of 0.1 percent. During the September 2008-September 2009 interval, employment decreased at an annual rate of -2.2 percent. Examining the trends of job growth by business sector seems to reveal a similar pattern of major job losses followed by a moderate resumption of growth or at least a slackening in the rate of decrease. Construction, retail trade, and manufacturing led the field in the number of jobs lost from September 2008-September 2009, 700, 500 and 400 jobs respectively. Public Administration experienced the greatest numeric growth, 400 jobs. On the other hand, during August 2009-August 2010, no business sector experienced a loss of more than 100 jobs. Professional and business services, educational and health services and public administration each showed a growth of 200 jobs. The growth of public sector jobs can be partially, though not entirely accounted for by the temporary hiring of census workers.

Construction job losses are due primarily to the contraction of the Pueblo housing market and the completion of the Xcel power plant earlier this year. Manufacturing job losses are, for the most part, a reflection of a downsizing of Pueblo's Trane plant, as approximately 320 workers are laid off or relocated to the company's North Carolina operation. The plant, which manufactures commercial air conditioning systems, employed 800 workers in 2008. Perhaps the best news economically that Pueblo has seen during 2010 is the announcement that Vestas Towers, which makes tower sections for wind turbines, will be adding 167 workers, bringing the plant's total employment to 450 by the end of the year. This should ameliorate the recent loss of

manufacturing jobs. Retail job losses have largely been "across the board." Several long established Pueblo restaurants are discontinuing their operations, as households are less likely to spend their recession-limited incomes on eating out. This is reflected in the stagnant growth of eating establishment's retail sales compared to food store sales, which get reported to the Colorado Department of Revenue even though they are not taxed. For the second quarter of 2010, food stores retail sales grew by 41.5 percent compared to the same quarter of 2009. Conversely, eating establishment sales grew by only 2.1 percent.

### Housing

Pueblo's housing market is showing signs of recovery, after a dismal performance in 2009. The number of new single-family dwelling permits issued through the first nine months of the year stood at 168, compared to 148 for the same period of 2009. This translates into a 13.5 percent rate of growth. The local market is still not out of the woods, economically speaking. For the first nine months of 2008, a total of 337 single-family permits were issued. Housing in Pueblo may not return to pre-recession growth levels until 2014, according to Rob Terranova, a Re/Max analyst. With the exception of 17 apartment units being constructed for students attending Colorado State University-Pueblo, new market-based multi-family housing starts in Pueblo have been negligible in 2010. However, work continues on units being constructed at the Villas at Park West complex, where 112 new units have been completed, or are nearing completion. The Primrose Retirement Community, located in Pueblo's Eagleridge neighborhood, was completed this last summer. The complex offers 78 independent and assisted-living apartments in a 5-acre gated community.

The disparity in Pueblo incomes relative to the State of Colorado is somewhat compensated for by the low cost of housing in the region. The 2009 median sales price for existing Pueblo homes was \$127,500, 60 percent of the State of Colorado figure. Apartment rents are similarly low, with an overall median of \$483 according to the Colorado Division of Housing's multi-family vacancy survey for the second quarter of the year. Pueblo's 2009 median household income value of \$38,780 was only 70 percent of the State of Colorado figure of \$55,430. Pueblo has a high rate of home ownership, 68.5 percent of all occupied units according to the Census American Community Survey, but the housing stock is showing its age. Units built prior to 1939 comprised 17.6 percent of all units—twice the State of Colorado value (8.9 percent). A report prepared by the American Chamber of Commerce Researcher's Association (ACCRA) for the second quarter of the year lists Pueblo as having the 10<sup>th</sup>-lowest overall cost of living of 314 U.S. urban areas. Perhaps the best bit of good news related to Pueblo's housing market is the substantial reduction in home mortgage foreclosure

# 2010 Colorado Planning & Management Region Report

## Region 7 – Pueblo County

filings. Pueblo County Public Trustee data reveals a 23.1 percent drop in the number of third quarter filings for this year compared to 2009.

### Agriculture

Agriculture remains an important, though frequently overlooked, segment of the Pueblo economy. Farmland in Pueblo County accounts for over 60 percent of the total county's area. According to the 2007 Census of Agriculture, there were 881 farms in Pueblo County, compared to 801 in 2002. The value of agricultural production was over \$49 million. The value of farm production grew by 18.2 percent relative to the 2002 numbers. Pueblo County ranks 24<sup>th</sup> of the state's 64 counties in the value of its agricultural production. Cattle and calf production, with a value of over \$31 million, accounts for the largest component of Pueblo's agricultural sales. This is followed by the production of vegetables, melons, potatoes and sweet potatoes, which represents a combined value of \$4.7 million.

### Clean energy

Two recent developments enhance Pueblo's integration into an economy oriented increasingly to clean energy production. As noted above, Danish firm, Vestas, has completed its \$250 million wind turbine tower production plant. According to the firm's vice president, Erik Iverson, the plant is the world's largest and most efficient factory for making tower sections for wind turbines. Vestas has the capability of building 1,000 steel towers annually. Within a little over two years of the announcement that Vestas would be locating in Pueblo, the firm had met its commitment to add 450-550 jobs to Pueblo's economy. The official dedication of the new plant occurred on October 13<sup>th</sup> of this year.

The groundbreaking ceremony for the new Black Hills Energy power plant, located northeast of the City of Pueblo took place in August. The \$500 million, natural gas-fired power plant will create 400 new jobs during its construction phase, and eventually employ about 20 permanent workers. The number of new construction jobs could conceivably be higher if the designated contractors opt to use Pueblo area subcontractors to do some of the work. The plant is scheduled to become operational by the end of 2011. The state-of-the-art plant will consist of four separate units which have a total power output of 380 megawatts. In the short run, this plant will provide a much-needed boost to local construction-sector employment. The nearly \$10 million in advance sales tax payments that Black Hills has offered to the City of Pueblo and Pueblo County will be a welcome addition to sagging governmental budgets.

### Other Developments

On October 7<sup>th</sup>, Allegiant Air inaugurated air service from Pueblo to Las Vegas. This is a culmination of efforts by Pueblo's Air Service Task Force to improve airline service from Pueblo. In addition to Allegiant, Pueblo is served by Great Lakes Airlines, which offers 3 flights daily from Pueblo to Denver. Doss Aviation which has a contract with the U.S. Air Force to offer basic flight training to its candidates also utilizes Pueblo's airport.

Development of the Historic Arkansas Riverwalk Project (HARP), located in Pueblo's downtown district continues, with the announcement that local architects Anzuini and Associates in conjunction with Elk Valley Development will be building a \$2.5 million retail/commercial project. The 18,000 square foot, four-story building is slated to be the site for the transplanted Mugsy's Inn, a long-time Bessemer neighborhood watering hole (consistent with the HARP image). Additional space will be used for law offices and a Pilates studio, Farah's Fitness. The "Eco-Walk" building will incorporate the latest energy-saving features. HARP recently celebrated its 10<sup>th</sup> anniversary.

Triumphs and disappointments have checkered Pueblo's economic history. Pueblo has in place an infrastructure that is conducive to clean industry development. It would be a pleasant irony indeed if the recent eco-friendly developments noted above point the way for renewed industrial development that is non-polluting, in contrast to its earlier heavy industrial heritage.