

2010 Colorado Planning & Management Region Report

Region 8 – Alamosa, Conejos, Costilla, Mineral, Rio Grande and Saguache Counties

Introduction

The San Luis Valley in south-central Colorado is the largest alpine valley in North America, bordered on the east by the Sangre de Cristo Mountains and to the west by the San Juans, which mark the Continental Divide. It is about 122 miles long from north to south, and about 74 miles across, covering an area of 8,193 square miles, and is home to the Great Sand Dunes National Park and Preserve.

Within its borders, the Valley holds a great diversity of natural and cultural settings. Landscape on the floor of the valley changes dramatically with the presence of water. Canals and ditches from the Rio Grande and the Conejos River supply one Colorado's most important farming areas, famous for potatoes, beer barley, alfalfa, and other crops. Agriculture continues to be the cornerstone of the region's economy.

Renewable energy production, particularly solar energy, has become important to the region with seven utility-scale solar energy generation plants, totaling over 500 mega-watts, proposed in the Valley. Nearly 40 mega-watts of solar power are already in production or under construction.

Other renewable energy resources in the region, including hydro, biomass and geothermal, hold promise for future development.

With the Valley's natural and cultural attractions, tourism is a major component of the region's economic life. The Great Sand Dunes National Park is a major attraction with about 300,000 visitors annually. Surrounded by the Rio Grande National Forest on three sides, the Valley holds many opportunities for outdoor recreation; camping and hiking, hunting, fishing and recreational vehicles.

Two scenic trains in the San Luis Valley, the Rio Grande Scenic Railroad and the Cumbres and Toltec Scenic Railroad, provide unique views of the region for families and rail buffs. Creede, in Mineral County, is home to the award-winning Creede Repertory Theatre.

The nation's newest heritage area, the Sangre de Cristo National Heritage Area, includes covers territory in Alamosa, Conejos and Costilla counties and presents the Valley as a crossroads of Native American, Hispanic and Anglo cultures with over 20 cultural properties listed on the National Register of Historic Places including historic Fort Garland and San Luis, the oldest town in Colorado.

Jobs & the Economy

Unemployment rates in the Valley are mixed. Compared to the state unemployment rate of 8 percent for July 2010, unemployment rates counties in the San Luis Valley range

from 6.4 percent in Mineral County to 12.4 percent in Costilla County for the same period. The trend in unemployment over the last year shows only slight declines in two counties and increases of 1.2 to 2.5 percent in the other counties in the region. It's important to remember three counties in the Valley – Costilla, Conejos and Saguache – are among the ten poorest in the state according to numbers from the Bureau of Economic Analysis.

Unemployment Rates – San Luis Valley

County	July 09	July 107.2	% Change
Alamosa	7.7	7.2	-5
Conejos	7.9	9.1	+1.2
Costilla	11	12.7	+1.7
Mineral	7.1	6.4	-7
Rio Grande	6.2	8.3	+2.1
Saguache	9.1	11.6	+2.5
Colorado	8.2	8	-2

Source: Colorado Dept. of Labor & Employment

Agriculture is the region's largest employment sector, followed by local government, retail trade, health services and social assistance, and federal and state governments.

The labor force in the region declined over the last year by 1,549, or .94 percent. That was slightly below the state labor force decline of 1.02 percent.

Labor Force – San Luis Valley

County	July 09	July 10	% Change
Alamosa	8,919	8,861	-1
Conejos	3,803	3,849	+98
Costilla	1,423	1,228	-1.16
Mineral	533	466	-1.14
Rio Grande	7,127	6,455	-1.1
Saguache	3,622	3,019	1.2
TOTAL	25,427	23,878	-94
Colorado	2,733,143	2,680,934	-1.02

Source: Colorado Dept. of Labor & Employment

While there has been no loss of a major employer in the region, job numbers do indicate the recession has affected this rural region.

The region's construction industry has been hard-hit by the recession. Nearly all construction work for local contractors in the last 18 months has come from major public sector projects. One major contractor in the Valley said "very little" is happening in residential construction with some remodel work for 1- to 2-man shops. He estimated current residential construction in the Valley at less than \$1 million.

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Future job prospects lie in the construction of utility-scale solar electric generation plants in the Valley and exploration of silver and other mineral resources.

Two years ago, Hecla Mining Co. acquired the right to a majority interest in a joint venture in the Creede Mining District. The company estimates 48 million ounces of silver are available in the resource with a potential for as much as 100 million ounces. Hecla continues to explore veins in old mines to assess the quantity and quality of the ore. If silver prices continue to rise – they are at a 30-year high of over \$20/ounce – mining in Creede could resume providing jobs to one of the state’s least populated counties. Mining in Creede ended in 1985.

Housing

Rio Grande and Mineral counties were hardest hit by drops in new home starts as building of primarily second and vacation homes in the counties fell between 50 and 66 percent from 2008 to 2009. Interestingly, Costilla County, where there are also many vacation and retirement homes, saw a doubling in new home construction, according the number of building permits issued during the same period.

After peaking in late 2008 and early 2009, the number of foreclosure filings has begun to subside in the Valley.

Foreclosure Filings – San Luis Valley

County	2008	2009	2010 Q1 & Q2
Alamosa	57	53	17
Conejos	15	27	10
Costilla	15	16	13
Mineral	4	4	4
Rio Grande	57	86	30
Saguache	30	34	13
TOTAL	178	220	87

Source: Colorado Dept. of Local Affairs – Division of Housing

Clean Energy

Solar plant projects of 30-35 MW will employ 125-150 workers during construction of each project – six months to a year for each project. Four projects of this size have been permitted by Alamosa County. The first will break ground spring 2011, with others expected to follow as project developers secure power purchase agreements with Public Service Company of Colorado. Permanent jobs at the plants, after construction, are estimated between five and ten each.

Two larger solar plants proposed in Saguache County – 200 to 250 MW each – have yet to be permitted by the county but would employ 250 to 450 workers during construction

periods of about 30 months. Permanent jobs are estimated around 50. If the projects are permitted and proceed, construction will begin sometime in 2011.

Agriculture

Agriculture continues to be the driving economic force in the San Luis Valley with the primary crops being potatoes, alfalfa, barley and cattle.

- As farmers try to conserve underground water supplies, acres planted to potatoes declined by about 2% in 2009 from the 56,900 acres planted in 2008. It is expected that this trend will continue as land is taken out of production to conserve water. Potatoes, at \$7.95/cwt., are slightly above the 2009 average annual price of \$6.40/cwt. and substantially below the 2008 average price of \$11.80/cwt. Potato harvest is currently underway.
- Alfalfa continues to be a reliable crop for Valley farmers. Alfalfa from the Valley is considered top quality hay in demand by dairies in Texas and New Mexico and fetches premium prices. Current prices are consistent with previous years at \$120-\$150 per ton for premium or supreme quality. Most growers are finishing their third and final cutting of alfalfa for the season.
- Molson Coors brewing company contracts with many farmers in the Valley to grow barley used to make Coors beer. Barley prices were fairly steady for 2008 and 2009 at \$5.53/bu. and \$5.28/bu., respectively. The number of acres planted to barley for the past two years has been between 55,500 acres and 56,000 acres.

New Schools

In the last two years, 11 school districts in the San Luis Valley have received a total of over \$131M from the state’s Build Excellent Schools Today, BEST, program to build new school buildings in their districts or to pay for major improvements to their facilities. The total cost of the projects is over \$170M.

- Sargent School this summer completed construction on a new junior/senior high school and renovations to the elementary school. The project total was \$22.6M.
- Centennial School in San Luis is building a new k-12 school at a cost of \$14M.
- Alamosa school district is building two new elementary school buildings for grades K-5 at cost of \$39.4M.
- Sangre de Cristo School began construction last spring on a newK-12 school. The cost is \$23.9M.
- Crestone Charter School will build a new K-12 for \$6M.
- Monte Vista School plans to build a high school and addition to an elementary school for \$32.1M.
- Center School will spend \$31.4M to build a new elementary school.