

2015 Colorado Planning & Management Region Report

Region 4 – El Paso, Park and Teller Counties

INTRODUCTION

Region 4 consists of three counties; El Paso, Park, and Teller. Together, El Paso and Teller Counties comprise the Colorado Springs Metropolitan Statistical Area while Park County is the largest county by area in the Denver Metropolitan Statistical Area. Park County is the 17th most extensive county in the State of Colorado and is the geographic center of the state. Teller County is the 24th most populous of the 64 counties in the State of Colorado and contains 557 square miles of land and 2 square miles of water. El Paso County contains slightly more than twice the land area of the state of Rhode Island and has the largest population of any county in Colorado. It is the 96th most populous county in the United States and the only county in Colorado in the top 100 for highest population.

The region has suffered from multiple natural disasters in the past few years. The Waldo Canyon fire and the Black Forest fire combined destroyed more than 800 homes and over 30,000 acres of land. Following these disasters, floods downstream of the burned areas have destroyed homes and businesses while also damaging roads and bridges.

The region experienced 6.5% population growth between 2010 and 2014. El Paso, the largest county, experienced 6.88% growth (a net population gain of 42,807), while both Park and Teller saw more modest gains.

Population:

County	Census 2010	July 2014	% Change
El Paso	622,263	665,070	6.88%
Park	16,206	16,383	1.09%
Teller	23,350	23,394	0.19%
Colorado	5,029,196	5,353,471	6.45%

Source: State Demography Office

JOBS & THE ECONOMY

The region's unemployment peaked in 2010, and started to decline afterwards, although some of this decline is likely due to people dropping out of the labor force. In response to these challenges, the Colorado Springs Economic Development Corporation and Greater Colorado Springs Chamber of Commerce have merged into the Colorado Springs Regional Business Alliance to bring a robust unified approach to growing the region's economy.

Unemployment Rates:

County	August 2014	August 2015	% Change
El Paso	5.6%	4.5%	-1.1%
Park	4.1%	3.3%	-0.8%
Teller	5.3%	4.2%	-1.1%
Colorado	4.6%	3.8%	-0.8%

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The outdoor recreation and a rural lifestyle in Park County are still attractive to second-home buyers. Park County's employment, therefore, is dominated by the services and construction sectors, both of which are influenced by the second home building market and providing services to the individuals buying these homes.

Teller County is the home of the City of Cripple Creek, a historic mining town now home to casinos and tourist attractions. Teller County receives most of its income through gaming, tourist accommodation and food services, all part of the services economic sectors that have been very hard hit by the recession and slow recovery.

In El Paso County, the presence of the military creates almost as many jobs for civilians as it does for its active duty personnel. As such, defense jobs place a close third behind service and retail in El Paso County and the region. Although the military component has provided a stabilizing influence for the region during economic boom and bust cycles affecting other industry segments, the unemployment rate is still high. However, with approximately one-third of the regional economy directly dependent upon federal funds means that the Pikes Peak region is especially vulnerable to the looming threat of "sequestration."

The challenges facing the region include reduced tax collections to support government funding which have directly resulted in cutbacks to local services. The loss of the gaming impact fees has had a significant impact on Teller County.

AGRICULTURE

Due to the challenging terrain in the Pikes Peak region, agriculture consists primarily of limited grazing and hay production. While the number of farms has increased in recent years, the total acreage of the farms has decreased. In addition to land and water problems, farmers find it difficult to keep prices competitive while operating costs rise. To compensate for rising production prices, many small farmers have attempted to capitalize on the market for "organic-grown" produce.

CLEAN ENERGY

Momentum for investing in renewable and clean energy is gaining in the Pikes Peak region. Many organizations, businesses and individuals are pushing for more renewable energy and efficiency technologies for residential, commercial, and community buildings. Such projects will provide more stable and lower cost energy for citizens while contributing to the economic development in the region by creating new business and job opportunities.

Colorado Springs currently relies primarily on coal, providing close to 70% of the city's electricity. While there have been advances in cleaner coal technology, heated debate is currently underway as to the fate of the Martin Drake coal-fired power plant located in downtown Colorado Springs. The Martin Drake Power Plant provides around a third of the power for the region. In May 2014 the power plant caught fire and power had to be rerouted from other power plants to serve the region. Included in these discussions are prospects of retiring the plant or converting it to gas. At stake is providing the cheapest power possible vs. a greener and cleaner city sky. Upgrading the plant will cost around \$350 million. Even with a new emissions-scrubbing technology that would save close to \$100 million, the plant will

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probably have to be retired in a decade. A study is being conducted on the plant's fate, taking into consideration new technologies and economic development. The region's utility companies are also making strides to diversify their energy portfolios to include clean and renewable energy sources. Fountain Utilities, serving an area 6-miles south of Colorado Springs, has 20% of its electricity portfolio from renewable sources and is incorporating smart grid technologies as a part of the American Recovery and Reinvestment Act. Colorado Springs Utilities (CSU), a municipally-owned utility company serving over 600,000 metered customers, has goals of generating 20% renewable energy by 2020, cutting average electric consumption by 10% and maintaining a 20% cost advantage over nearby utilities. CSU plans to achieve this proposed renewable energy goal with 20 megawatts (MW) of woody biomass (wood pulp from beetle-kill pine), 35.4 MW of hydroelectric, increased solar and wind generation and other potential renewable sources and technologies.

MILITARY

In July 2013 Fort Carson became the duty station to a new Combat Aviation Brigade which includes up to 2,700 personnel and 113 aircrafts. All the construction to accommodate the brigade is expected to take four years and cost a total of about \$730 million. The first on-post construction has begun with funding of the \$11 million aviation control tower, a \$45 million aircraft hangar, and \$98 million to build barracks for the brigade. On 25 June 2013, the US Army released its decision regarding the Programmatic Environmental Assessment for Army 2020 Force Structure Realignment to reduce total troop strength from 562,000 to 490,000. As part of this decision, the Army announced that Fort Carson's 4th Infantry Division would be reduced to three brigade combat teams (BCTs) by 2019, by inactivating the 3rd BCT. The three remaining BCTs will be realigned, and approximately 3,000 of the 3,750 Soldiers of the 3rd BCT will be re-assigned to the remaining BCTs. Therefore, the Army projects that Fort Carson troop population will increase by approximately 1,800 Soldiers between now and 2019 because of the reorganization of the BCTs and the ongoing activation of a combat aviation brigade.

The Department of Veterans Affairs has opened a new clinic to expand services to the increasing number of veterans in the Colorado Springs area. The clinic replaced two existing clinics and be able to serve up to 6,000 additional veterans. The clinic construction cost about \$10,000,000 and the facility will be rented by the Department of Veterans affairs for about \$3,000,000 a year.

WALDO CANYON FIRE

The Waldo Canyon wildfire began burning on June 23, 2012 and was declared officially contained July 10, 2012. The fire forced the evacuation of more than 32,000 people, consumed 18,247 acres, destroyed 346 homes, and killed two people. At the end of September 2012 the total cost of fighting the fire and rehabilitating the land was over \$21 million. The destroyed homes were valued at more than \$110 million but this does not include the repair cost of damaged homes, loss of possessions, displacement costs or rebuilding destroyed home at current costs. Total losses from the fire exceed \$350 million. The impact of this fire was immediate; the City of Colorado Springs' sales tax report for July showed that the Lodger's and Automobile Rental Tax collections were down 16.41%, and that includes some support from the families that had lost or had damaged houses staying in hotels. The total loss to small businesses has been estimated to be approximately \$9 million. The Colorado Springs Convention and

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Visitors Bureau was recently awarded two grants in response to the fire — one from the U.S. Department of Commerce’s Economic Development Administration for \$100,000 and one from the Colorado Tourism Office for \$10,000 to increase tourism and promote the region.

BLACK FOREST FIRE

The Black Forest Fire began on June 11, 2013 and was 100 percent contained after burning 16,000 acres in nine days. The state's most destructive wildfire, the Black Forest Fire destroyed more homes than the Waldo Canyon Fire. 486 homes were destroyed, 37 homes were partially damaged, and two people had died. Thousands of people were prompted to flee. The Black Forest Fire caused more than \$85 million in damage, and cost for fighting the fire was estimated at \$9,323,955. The cause of the fire is still under investigation.