

2015 Colorado Planning & Management Region Report

Region 5 – Cheyenne, Elbert, Kit Carson and Lincoln Counties

INTRODUCTION

The East Central region of Colorado (Colorado's Central Plains) is comprised of Cheyenne, Elbert, Kit Carson and Lincoln Counties. Agriculture is the base economic driver in each of the four counties, but the 8,000 square-mile region is very diverse.

Between 2010 and 2014, the population of the overall region experienced a slight increase of 681, or 1.76%. Cheyenne, Elbert, and Lincoln counties each posted modest gains. The majority of this growth took place in the northwest corner of Elbert County, within commuting distance of metro Denver.

County	Census 2010	July 2014	% Change
Cheyenne	1,836	1,870	1.85%
Elbert	23,086	24,144	4.58%
Kit Carson	8,270	7,818	-5.47%
Lincoln	5,467	5,508	0.75%
Colorado	5,029,196	5,353,471	6.45%

Source: State Demography Office

JOBS & THE ECONOMY

The principal employers in all four counties are public: schools, health services, and local and county governments. The Limon Correctional Facility is also a public employer. The Kit Carson County Correctional Facility is the largest private employer in the region with 175-200 full time employees, fluctuating based on the inmate count. The tax base throughout the region is predicated on agriculture. All four counties have a mixture of both farms and ranches. Farming is prominent in Kit Carson County, whereas ranching is primary in the other three.

Like rural plains communities throughout the Midwest, many of Colorado's Central Plains' towns have main streets filled with vacant storefronts. Households are often single older persons whose grocery and basic needs are less. As small "Mom and Pop" stores that have provided basic services for years come up for sale, there are few interested buyers. While such a business may still have cash flow under the original owner, that owner probably also has limited debt. Added debt for the new buyer plus the impact of an ever-declining market means the continued existence of the small hardware stores and grocery stores in towns with a population under 1,000 becomes doubtful. The current economy makes this even more unlikely.

Oil and Gas valuations (impacting Cheyenne County and more recently both Lincoln and Elbert Counties) are unstable. A decrease in drilling activity began in late 2014 and has continued into 2015. New technology (particularly horizontal drilling) will continue to enable old fields to be reexamined and new areas to be developed once oil and gas prices rebound.

HOUSING

Suburban development in western Elbert County is changing the overall housing profile for the region. For the balance of Elbert County and the other counties within this region, housing stock for purchase is affordable but generally older. This available and attainable housing is a leading asset for the region's

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proposed population attraction strategy. Fair market work force rental housing continued to be very limited throughout all four counties and when available, it is more expensive than the market can justify. Other critical infrastructure ranging from water supply to schools has adequate surplus capacity to absorb most levels of growth.

AGRICULTURE

The agricultural economy throughout the region was severely impacted by the 2011-2012 drought. While parts of the region remained under drought conditions through 2013, the region has a whole has seen great improvement through early summer of 2015. The 2015 wheat crop (planted in the fall of 2014) was far above average. 2015 fall crops should be average or above because of adequate moisture during late spring and summer. Cattle herds that were liquidated due to lack of (or high cost of) feed during the two year drought period will continue to take several years to build back up. Crop prices continue to be above average but both corn and wheat are significantly lower than a year ago while the price of cattle, as of the fall of 2015, is high.

CLEAN ENERGY

Significant opportunities exist for the development of renewable energy sources on Colorado's Central Plains. Once the necessary electric power transmission lines are built, wind power will become a reality throughout the region. Farmers or ranchers who own the parcels on which the turbines are placed will benefit annually. The counties' tax bases will increase. Construction jobs related to development of wind farms are substantial but there will be far less permanent jobs once the farms are in operation. Creative strategies must be developed to capitalize on this new industry. Lincoln County currently ranks second in the state with installed production capacity of 852 mw from 510 towers. Four NextEra Energy Resources projects have been developed, permitted and constructed during the past five years. In December of 2014, Lincoln County gave initial permit approval to NEREO for the Arriba Wind Farm. Proposed over two phases, this project would have an installed production capacity of 300.1 mw utilizing 176 1.7mw GE turbines over 25,600 acres. NextEra also began construction in March of 2015 a 150 megawatt wind farm in Kit Carson County utilizing 81 GE 1.7 turbines over 34,000 acres. Solar farms and bio-diesel plants also are realistic industries to capture and develop in the coming years. Ethanol has never been a target industry due to its dependence on corn. As alternatives to corn are developed for Ethanol, it may become an emerging industry, but that is still doubtful due to the high water needs.

FOREIGN TRADE ZONE DESIGNATION

Limon and the surrounding area recently received designation as a Foreign Trade Zone by the U.S. Department of Commerce. The zone means this small eastern Colorado town and surrounding counties can offer incentives to both large and small businesses by allowing companies to defer, reduce, or eliminate tariffs on the parts and supplies they import until the final products are sold in the U.S. market. And if the products are exported, the manufacturer won't pay the tariff at all. Limon's Zone includes Adams and Arapahoe counties and portions of Morgan, Lincoln and Elbert Counties.

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OTHER

The second largest Helium production facility in the nation is located near Cheyenne Wells. As the DCP Midstream Ladder Creek plant is not currently operating at capacity, there still exists the strong possibility that additional helium supplies will be developed, increasing the plant's production.

ECONOMIC DEVELOPMENT PROJECTS

Home Sweet Prairies (www.homesweetprairies.com) continued to be built upon. The four counties are promoting the availability of affordable housing units throughout Colorado's Central Plains. This grass roots economic development effort capitalizes on the homes and the area's traditional and valued rural lifestyle. The target audiences are retirees and "lone eagles" wanting to work from home. A Regional Broadband Plan is nearing completion and the region will be working towards implementing portions of the plan to improve Broadband services. The cooperative region Heritage Tourism marketing effort of the four counties and fifteen towns will also continue to be built upon: www.ourjourney.info

GOALS FOR THE UPCOMING YEAR

The greatest economic development need within the region is economic stabilization and diversification. Each area within the region needs to capitalize on its assets and retention and expansion of existing businesses are the primary goals. Growing from within has a greater chance of success than bringing new business and industry to the area, but efforts to attract new jobs from outside the region must also continue. A new five year regional Comprehensive Economic Development Strategy (CEDS) was completed in 2015 and the region will begin work in 2016 towards implementation of strategies that were identified as priorities.

The area, through its various economic development organizations, will work in 2016 to promote the changes in the new East Central Enterprise Zone boundaries that become effective January 1, 2016 and to increase marketing the availability of the various financing programs for small businesses.

Additional partnerships should be explored among communities within the region. Some of the smallest towns must consider becoming great neighborhoods to the larger communities down the road. Standing and working together is even more important in areas of limited population and services.