

2016 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 including Logan, Morgan, Phillips, Sedgwick, Washington and Yuma Counties and the 22 incorporated municipalities in the region. The region is primarily agricultural, 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 region has a total 2015 population of 72,058, a 0.67% decrease from 2010. Morgan, Washington and Yuma counties saw small gains over the same period.

County	Census 2010	July 2015	% Change
Logan	22,709	22,112	-2.63%
Morgan	28,159	28,275	0.41%
Phillips	4,442	4,331	-2.50%
Sedgwick	2,379	2,376	-0.13%
Washington	4,814	4,839	0.52%
Yuma	10,043	10,125	0.82%
Colorado	5,029,196	5,456,584	8.50%

Source: State Demography Office

JOBS & THE ECONOMY

Over the next five to ten years, irrigated cropland in the Eastern South Platte Basin will be reduced by 150,000 acres; this represents approximately a 19% drop in irrigated acres. This reduction of cropland will have a serious direct and indirect economic impact on Northeastern Colorado. The economic impact of this loss of revenue could include fewer employees in both agricultural production and 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.

The oil and gas sector has recently been a drag on the region's economy as drilling in Denver Julesburg Basin declined throughout 2015 and much of 2016. However, as oil and natural gas prices rise over the next few years, extraction related activity could provide an economic boost. Numerous infrastructure development projects are currently happening in the region in support of this industry including pipelines and gasification plants.

Unemployment is low in every county, which makes meeting workforce needs a challenge for the region. This could be alleviated with workforce and business base housing, which would in turn increase the population.

2016 Colorado Planning & Management Region Report

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

Unemployment Rates

County	August 2015	August 2016	% Change
Logan	3.1%	3.3%	0.2%
Morgan	3.8%	3.5%	-0.3%
Phillips	2.4%	2.3%	-0.1%
Sedgwick	3.1%	2.2%	-0.9%
Washington	2.5%	2.1%	-0.4%
Yuma	2.5%	2.2%	-0.3%
Colorado	3.5%	3.3%	-0.2%

Source: Labor Market Information

HOUSING

Even though housing prices have not increased substantially for a number of years, the major driver of new demand in the region is an increase in the number of oil and gas industry jobs (including alternative energy). This demand abated somewhat in 2015-16 due to job losses in the extraction industries; high-salaried oil and gas employees were contributing to high rental rates and low vacancies. If oil and gas employment begins to grow this could increase demand for limited housing inventory.

NECALG, in partnership with the NE economic developers (NECO), completed an in-depth housing study to better understand the needs and the future demands for housing. This has been a great tool to help attract investment toward housing in the area. The Community Resources and Housing Development Corporation (CRHDC), the Colorado Housing and Finance Authority (CHFA) and the US Department of Agriculture (USDA) recently built Sol Naciente, a 50 unit apartment complex in Fort Morgan to house agriculture and farm workers. They are looking into all of NE Colorado for future opportunities to help meet the housing demand in the area.

Similar 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 the region. It has provided stability and kept this region going during the tough economic times, but there are concerns as to the future. "Dry up" or "buy and dry", the drying up of farmland to provide water for other uses, has become a common occurrence across our region, resulting in a smaller agriculture industry. Farms and water rights are being purchased by Front Range interest groups to serve municipality water needs. At the same time, family farmers have needed to grow their operations to thousands of acres to remain financially viable.

2016 Colorado Planning & Management Region Report

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

The region is also a major provider to beef feedlots, hog farms, and dairies. There is potential for growth if supply increases, but that requires water which is a precious resource at this time. The dairy industry continues to experience growth and expansion in support of the Leprino cheese production plants in both Fort Morgan and Greeley.

CLEAN ENERGY

The Florida Power and Light Company (now Next Era Energy) has invested more than \$1 billion in constructing 427 wind turbines and a 70 mile transmission line on the Peetz plateau in Northern Logan County. British Petroleum Alternative Energy/Babcock and Brown have invested millions in the Cedar Creek Wind Project in Northern Weld County. Combined, the 825 megawatts (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 planned for future years.

CNG fuel stations and fleets are being considered for the North East region as well as waste to energy projects utilizing landfill waste as their main input.

Xcel Energy owned Pawnee Power plant in Brush completed an extensive upgrade of coal scrubbers to meet the new Clean Energy Regulations. This will extend the life of this power plant for many years.

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, solar will also be an important source of energy.

GOALS FOR THE UPCOMING YEAR

Northeastern Colorado Association of Local Governments (NECALG) continues to work on implementation of the Community Economic Development Strategy (CEDS), and the Colorado Blueprint 2.0 regional plan. NECALG will work with local economic development offices, Workforce Centers, Community Colleges, and key businesses to further enhance a regional approach to economic growth. Additionally, NECALG is currently undertaking a strategic study of broadband services within the Region, working towards an overall plan detailing availability versus need and identify gaps in service to foster growth in the area.