

2016 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 2015, the population of the overall region grew by 1,669, or 4.32%. Cheyenne and Lincoln counties each posted modest gains, while Elbert County grew faster than the state as a whole. The majority of this growth took place in the northwest corner of Elbert County, within commuting distance of metro Denver.

County	Census 2010	July 2015	% Change
Cheyenne	1,836	1,846	0.55%
Elbert	23,086	24,694	9.97%
Kit Carson	8,270	8,239	-0.38%
Lincoln	5,467	5,549	1.50%
Colorado	5,029,196	5,456,584	8.50%

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. Before closing in July 2016, the Kit Carson County Correctional Facility in Burlington was 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 2016. 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

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affordable but generally older. This available and attainable housing is a leading asset for the region's 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 droughts. While parts of the region remained under drought conditions through 2013, the region as a whole has seen great improvement through late summer of 2016. The 2016 wheat crop (planted in the fall of 2015) was again far above average. 2016 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 additional time to build back up. Crop prices (wheat and corn) are the lowest they have been in over three decades. Cattle prices are also low. These downward spiraling commodity prices will have significant negative economic impact on the entire region during the coming year.

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 and ranchers who own the parcels on which the turbines are placed will benefit annually. The counties' tax bases will increase. The development of wind farms will create substantial construction jobs, but there will be far less permanent jobs once the farms are in operation. It is important for the region that creative strategies are 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 six 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, although it has yet to begin construction. In 2016, NextEra completed a 150 megawatt wind farm in Kit Carson County utilizing 81 GE 1.7 turbines over 34,000 acres. And Invenergy (Excel) is proposing two projects transcending Elbert and Lincoln counties. This project would consist of 300 Vestas V110 wind turbines with combined output of 600MW. Estimated property tax payments would be 1.6 million a year. Construction could begin by the end of 2016.

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.

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FOREIGN TRADE ZONE DESIGNATION

Limon and the surrounding received designation as a Foreign Trade Zone by the U.S. Department of Commerce in August of 2015. 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.

OTHER

The second largest Helium production facility in the nation is located near Cheyenne Wells. As the DCP Midstream Ladder Creek plant is currently not 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 finally 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. For more information on this project please visit 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 began work in 2016 towards implementation of strategies that were identified as priorities. This will continue into 2017.

The area, through its various economic development organizations, will work in 2017 to promote the East Central Enterprise Zone and to increase marketing the availability of the various financing programs for small businesses. The various economic development interests in Kit Carson and Cheyenne Counties

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will work with the State to develop alternative uses for the recently closed correctional facility near Burlington.

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.