

2016 Colorado Planning & Management Region Report

Region 13 – Chaffee, Custer, Fremont and Lake Counties

INTRODUCTION

The Upper Arkansas region is located from the headwaters of the basin near Tennessee and Fremont passes in Lake County down to the eastern Fremont County line just above Pueblo Reservoir. Beginning at the top of the basin the counties and their cities and towns are: Lake County (Leadville), Chaffee County (Buena Vista, Poncha Springs, Salida), Custer County (Silver Cliff, Westcliffe), and Fremont County (Canon City, Florence, Brookside, Coal Creek, Penrose). The region experienced a population increase of 1.24% between 2010 and 2015, with the only decline occurring in Fremont County.

County	Census 2010	July 2015	% Change
Chaffee	17,809	18,604	4.46%
Custer	4,225	4,464	5.66%
Fremont	46,824	46,559	-0.57%
Lake	7,310	7,483	2.37%
Colorado	5,029,196	5,456,584	8.50%

Source: State Demography Office

JOBS & THE ECONOMY

Since the nationwide recession, jobs in tourism, recreation, health care, and services have experienced growth. Construction jobs have increased slightly with housing demand from migrating “boomers”, home remodels and expansions. Summer rafting and river recreation revenues and employment have been doing well. The region’s premiere tourism attraction at Royal Gorge near Canon City in Fremont County reopened in the fall of 2014 and Fremont area businesses saw a return to the number of visitors and revenue experienced before the fire in 2016.

The Climax Molybdenum Mine located in the NW corner of Lake County plans to mine through the next 20 plus years of supply of identified ore body reserves. Declining worldwide demand and market prices for Climax products may impact mine activity soon. Reduced energy pricing does not directly impact the Upper Arkansas since it does not have energy production, but declining commodity pricing will impact Upper Arkansas heavy metals production and employment.

The region’s natural resource-based summer and winter seasonal tourism and recreation industry typically generate below average per capita income levels for its part-time seasonal and lower hourly wage job workforce and households. The availability of summer work force tightened in the summer of 2015-16

HOUSING

Workforce housing availability is near-zero while an increased percentage of high-priced homes are for sale in an improving demand market. Housing start numbers are lower than pre-recession while home remodeling, upgrading and maintenance undertakings compose most construction trade activities. Upper Arkansas area leaders are becoming increasingly aware of the lack of workforce housing and sense the urgency to work on the problem as business leaders describe their difficulty in recruiting new qualified job candidates needing housing in the area. Workforce rental and to-purchase housing is

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nearly non-existent and/or unaffordable as in-migrating baby-boomers and short term rental (FRBO) purchase nearly all available housing units.

AGRICULTURE

The region's agricultural economy makes up a smaller percentage of the economy compared to past decades. Irrigated hay, alfalfa and pasture lands continue to produce for local and out-of-region markets. Livestock production is composed primarily of beef and continues as it has historically in the valley. While livestock growers reduced herd size in 2012-13 due to below average precipitation and curtailed diversion of water for irrigated pasture with junior water rights, herd numbers have cautiously increased in 2015-16. Winter 2015-16 snow-pack and summer precipitation in 2015 and 2016 have improved production potential for agricultural operations. Water storage reservoirs are currently storing more water than in previous years. Locally-grown produce for sale to local consumers and greenhouse vegetable production techniques are currently being evaluated. Farmer' markets have become popular in the Region's communities during growing season. Specialty livestock production has increased for more selective consumer markets wanting more naturally raised grass-fed and organic products.

CLEAN ENERGY

Improved awareness of clean energy opportunities continues to be the focus of local business and government leaders in the region, and several new clean energy design and installation businesses have emerged in the valley. New clean energy projects potential is limited, however, due to poor long-term return on capital investment in the current market with reduced tax incentives. Geothermal and solar resources are being evaluated for local base-load electric power for electric associations. The reduction in the market cost of natural gas and propane will curtail motivation to develop alternative renewable energy sources until upward pricing trends return.

NEW PROJECTS

Several national chain stores and services have located to the region as threshold population and traffic seem to have been met in several communities. Area leaders are trying to re-develop forest industry businesses harvesting Upper Arkansas and adjoining national forest resources. Additionally, several microbreweries have opened and some existing breweries have expanded production in the region and are popular destinations for locals and tourists. Some local microbreweries have become nationally known and export product outside the region and Colorado.

An ever-expanding calendar of events has increased tourism and recreation activities in all Region 13 communities. Added events include music, beer, and wine festivals, cultural events, a variety of foot, bike and river-running races and seasonally focused activities. Peak summer season lodging is at capacity for most of the summer and adjoining shoulder seasons.

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Local leaders are investigating broadband infrastructure development with the hope of added business revenue and employment with improved communication. Timely and efficient electronic communication has been a challenge in rural Region 13. A few larger tourist/recreational businesses have succeeded in obtaining broadband services in the current must-have broadband communication market.

GOALS FOR THE UPCOMING YEAR

The region's local governments are working to improve the stability of their operating and capital budgets as revenues have improved in recent years after a period of decline. Most recent trends in local government revenues have levelled. Businesses that are hanging on seek to increase efficiencies and revenues that will lead to improved profitability and increased jobs. Several non-profit and local government efforts are focused on developing affordable workforce housing and regional broadband services to improve the competitiveness of our local business community and for the basic needs of existing businesses.

Chaffee County leaders are looking to create living wage jobs through the expansion and creation of new businesses as well as more affordable housing. In Custer County, Downtown Colorado, Inc. and the newly formed Custer County Community Development Corp. is working with community leaders to create a viable and sustainable business district along main street and adjacent two blocks through Silver Cliff and Westcliffe. Fremont County wants to increase jobs and diversify their economy by addressing local regulatory concerns and creating a more "business friendly" community. Lake County is focusing on creating new jobs through retention and expansion of existing businesses, as well as improving the reputation of their schools. The Lake County Economic Development Corp. and the new Executive Director has been effective in initiating improvements in the economic viability of the area.

Available and affordable workforce housing is at a crisis level according to some local leaders and economic development practitioners. No solutions appear on the horizon from state or federal government housing agencies.