

COLORADO BUSINESS REVIEW

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The Region 9 Economic Development District of Southwest Colorado

Jill Seyfarth

Founded in 1989, the Region 9 Economic Development District of Southwest Colorado strives to be a regional leader, working cooperatively with the public and private sectors to improve economic prosperity and to enhance economic conditions in the southwestern corner of the state. The District area includes Archuleta, Dolores, La Plata, Montezuma, and San Juan counties, as well as the Southern Ute and Ute Mountain Ute Indian Tribes, and encompasses 6,584 square miles, or 6.3% of the total land area in Colorado. Region 9's efforts are focused in

Colorado within the broader context of a regional economy that extends across state lines. Locals often commute long distances to a neighboring state to take advantage of job opportunities, better shopping, or lower real estate prices. The resulting interconnected economy extends to the entire "Four Corners" area, including southwest Colorado, northwest New Mexico, northeast Arizona, and southeast Utah.

Environmental considerations play a key role in the area's economic development activities. The residents of the Region 9 District value the high

quality of life, including clean air and water, scenic views, and easy access to public lands. A healthy environment also enhances the region's economic development efforts by providing an attractive place to live and work, and a draw to tourists and outdoor enthusiasts. Land ownership strongly influences the local economy. Publicly managed lands make up 45% of the District, 38% is in private ownership, and 17% are tribal lands. The public lands include the San Juan National Forest, an area of over 1.8 million acres. The 499,771-acre Weminuche Wilderness—the largest designated wilderness area in Colorado—is a part of the forest.

Like much of the state, southwestern Colorado has seen enormous growth and change in recent years, providing a catalyst for new opportunities. Region 9 works within this framework to encourage flexible and resilient economic development strategies that support the strongly held regional vision

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Photo: Region 9 Economic Development District

FROM THE EDITOR

This issue of the *CBR* highlights the economy of southwestern Colorado, which encompasses five counties: Archuleta, Dolores, La Plata, Montezuma, and San Juan, as well as the Southern Ute and Ute Mountain Ute Indian Tribes. While the five counties represent only 1.8% of the state's population, the area makes up 6.3% of the state's total area and includes some of Colorado's richest agriculture, tourism, and industry assets.

The articles in this issue are largely written by business and community leaders and offer insight into the region's economy, focusing on key industries and unique innovations and challenges facing southwestern Colorado communities.

Please contact me at 303-492-1147 with comments or questions.

—Richard Wobbekind



Photo: Region 9 Economic Development District

to preserve our small-town and traditional heritage, take care of our natural resources, and provide opportunities for our children to stay in the area. "Economic development is the epitome of change. It is unpredictable, uncomfortable and challenging but it is also a way to move the needle forward and make a real difference in our communities," says Region 9's executive director, Laura Lewis Marchino.

The District's programs target local assets and build on existing strengths. Region 9 works with and supports small start-up businesses that have the potential to provide quality local jobs via loan programs targeted toward small and start-up businesses that are not yet bankable. Since 1990, Region 9 has disbursed more than \$24.5 million in loans with related cumulative creation of 1,470 jobs. The District recently became one of three entities in Colorado to administer a new Statewide Rural Loan Fund Program of \$1.5 million for the Colorado Office of Economic Development and International Trade (OEDIT).

Strategic initiatives at Region 9 are targeted to build an entrepreneur infrastructure through partnerships with a local accelerator program called SCAPE; ongoing collaboration with the Southwest Colorado Small Business Development Center at Fort Lewis College; the economic development organizations located in each county; and various state and federal programs, such as the Colorado Department of Local Affairs and the U.S. Economic Development Administration (EDA).

Region 9 is also the Southwest Colorado Rural Enterprise Zone Administrator, certifying and processing state tax credits for business investment, vacant building rehabilitation, and job creation in the

state-designated Enterprise Zones in our region. Since 1996, the program has certified Enterprise Zone-eligible business investments totaling more than \$1.2 billion. These investments are associated with the creation of 6,968 jobs, including 488 jobs created in the last year. The District is also working with four counties on the new Jumpstart program, offered through OEDIT, to provide tax credits to unique businesses that choose to locate in southwest Colorado.

The Region 9 Office supplies the administrative support for the Four Corners Film Office, providing resources and support to visiting film, television, and digital media productions. The Film Office offers educational workshops, networking events, and free listings in the online resource directory available to visiting productions that need to hire talent, services, and equipment. In the last year the Film Office supported 23 productions.

As a Colorado Data Center Affiliate, Region 9 provides socio-economic data for policymakers, governments, new businesses, and citizens. A planning grant from the EDA enables Region 9 to work with the five counties to create economic development strategies and action plans and to publish them in the form of the area's Comprehensive Economic Development Strategy (CEDS). The District's various publications, including retail sales data for each county, housing studies, and economic impact studies are available on the Region 9 website at www.scan.org. 

Jill Seyfarth is the Economic Development Planner for the Region 9 Economic Development District of Southwest Colorado. She may be contacted at jill@scan.org.

The Economy of Southwestern Colorado

Jackson Rueter and William Maguire III

Southwestern Colorado represents Region 9 in the state and comprises five counties: Archuleta, Dolores, La Plata, Montezuma, and San Juan. It also includes the Southern Ute and Ute Mountain Ute Indian Tribes. Region 9 refers to the ninth planning and management region created by the Colorado Department of Local Affairs.

The five counties in the region represent 1.8% of the state's population and 6.3% of the state's total area according to data from the U.S. Census Bureau. The majority of Region 9's population resides in La Plata County, which contains 56.7% of the region's total population, followed by Montezuma County, at 27.4%. Southwestern Colorado's population grew by 2.3% in 2016 based on the most recent estimates from the Colorado State Demography Office (SDO), compared to 1.7% for the state; however, the five-year compound annual growth rate (CAGR) of 1.3% is below the 1.6% growth rate for the state. Based on July 2016 SDO estimates, Archuleta County had the highest population growth rate in 2016, at 3.9%, followed by Dolores County (3.2%), Montezuma County (3%), La Plata County (1.5%), and San Juan County (0.3%).

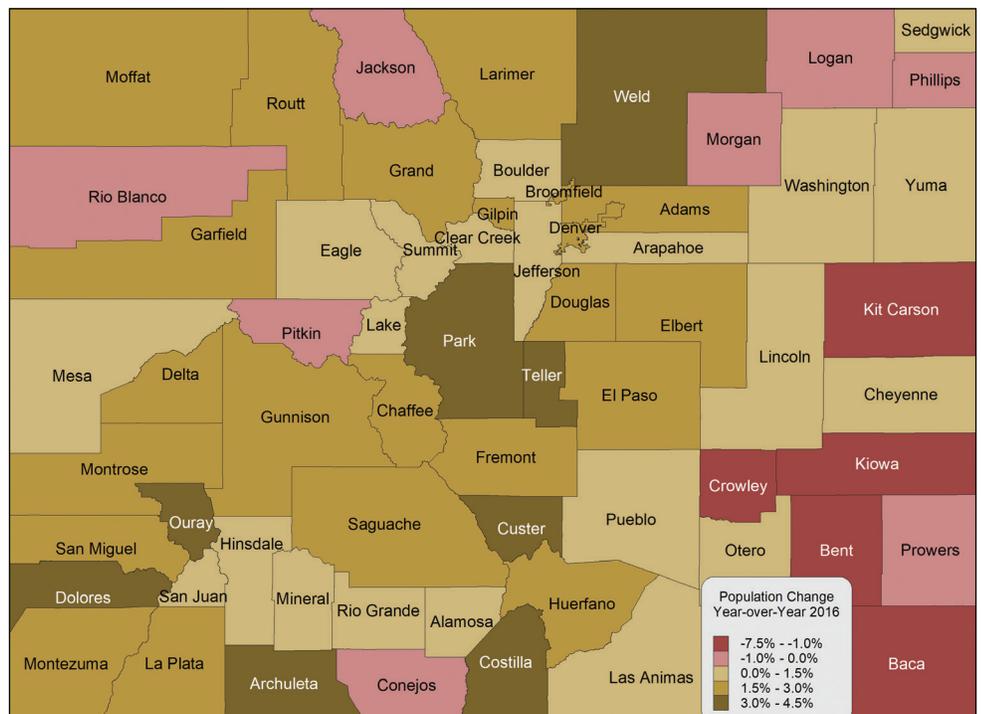
Southwestern Colorado is home to 1.8% of Colorado's population according to 2016 estimates by the SDO and is home to 1.6% of Colorado's wage and salary jobs. Age distribution in the region is skewed older than in the state

as a whole, with lower proportions of people ages 0 to 19 and 20 to 39 than Colorado. The age cohorts 40 to 59 and 60+ represent a greater portion of the area's population than the state, totaling 53.2% compared to the state's 45.6%. Year-over-year in 2016, southwestern Colorado covered employment (excluding proprietors) recorded 2.2% employment growth compared to 2.3% and 1.7% for the state and nation, respectively. Over the last four quarters (Q3 2016 to Q2 2017), year-over-year covered employment growth in southwestern Colorado grew 3.4%,

3.8%, 2.1%, and 1.8%. Unemployment levels through September 2017 were 2.1% (not seasonally adjusted), a year-over-year decline for the 63rd consecutive month. San Juan County had the lowest unemployment rate in the region, at 1.2%, though the county's population accounts for only 0.7% of the total population in southwestern Colorado. Four industries command a majority of the employed workforce in the region: Government, Retail Trade, Healthcare and Social Assistance, and Accommodation and Food Services.

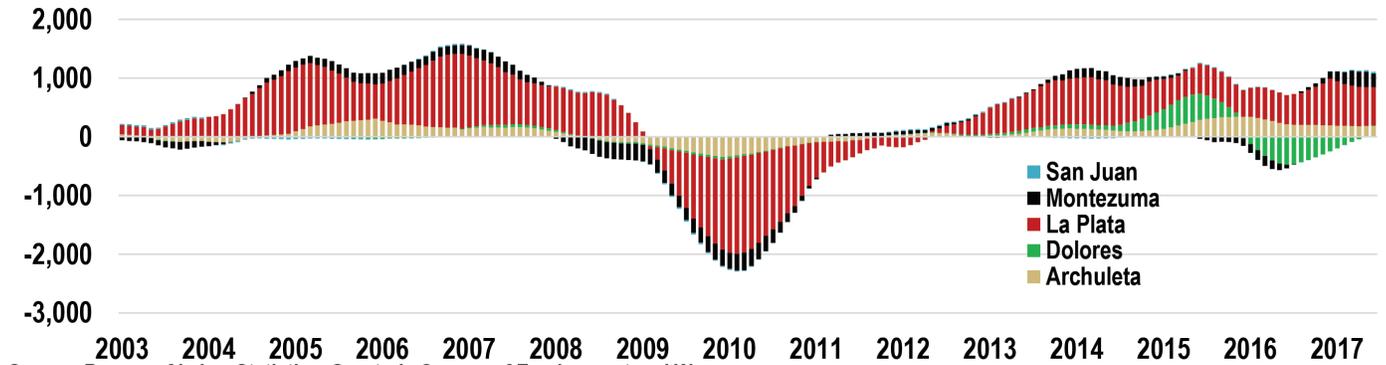
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COLORADO POPULATION CHANGE, 2016



REGION 9 EMPLOYMENT CHANGE, YEAR-OVER-YEAR GROWTH

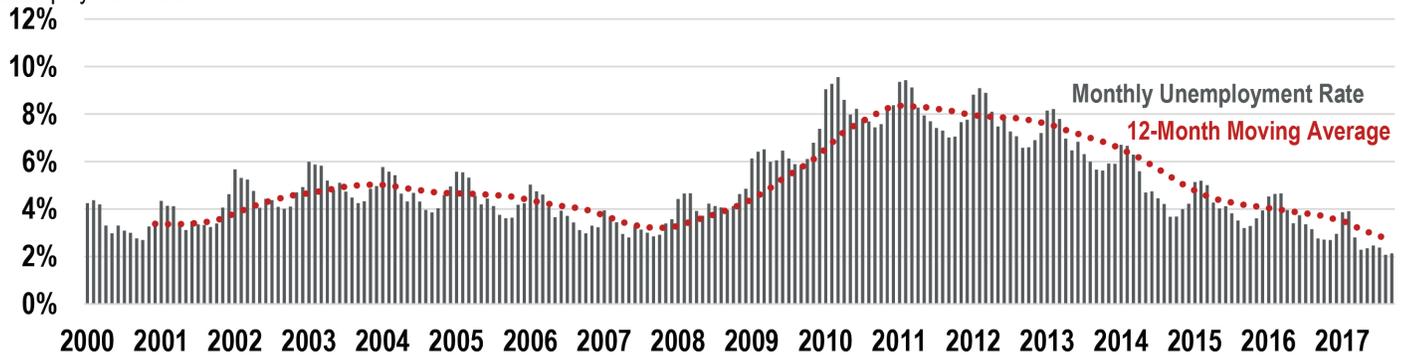
Year-over-Year Growth of 12-Month Rolling Average



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

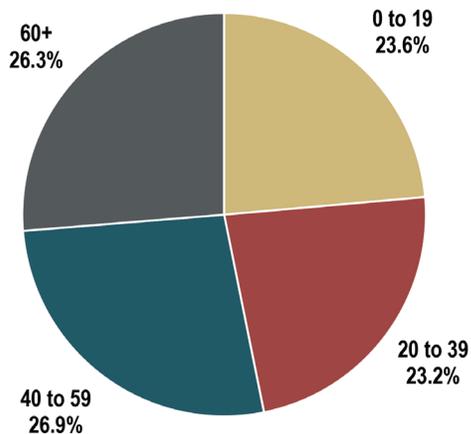
REGION 9 UNEMPLOYMENT RATE (NOT SEASONALLY ADJUSTED)

Unemployment Rate

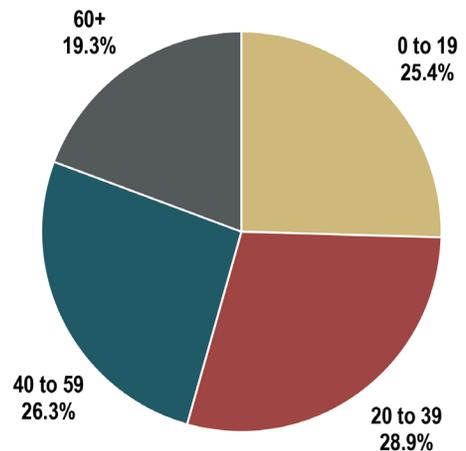


Source: Bureau of Labor Statistics, LAUS.

SOUTHWESTERN COLORADO AGE DISTRIBUTION



STATE OF COLORADO AGE DISTRIBUTION



Source: State Demography Office, July 2016 Estimates.

Employment in the region accounts for 1.6% of total wage and salary employment in Colorado. Year-over-year growth in the region has generally been slower than the state over the past decade, according to data from the Bureau of Labor Statistics' (BLS) Quarterly Census of Employment and Wages (QCEW). However, year-over-year growth rates in the region have been higher than Colorado's for 7 of the last 12 months.

The region also records a large percentage of proprietors. According to data from the Bureau of Economic Analysis (BEA), about 35% of jobs are proprietors. While some proprietors

are farmers, most are nonfarm proprietorships. According to 2016 estimates by the BEA, proprietor employment totaled 13,131 in La Plata; 5,117 in Montezuma; 3,943 in Archuleta; 538 in Dolores; and 263 in San Juan.

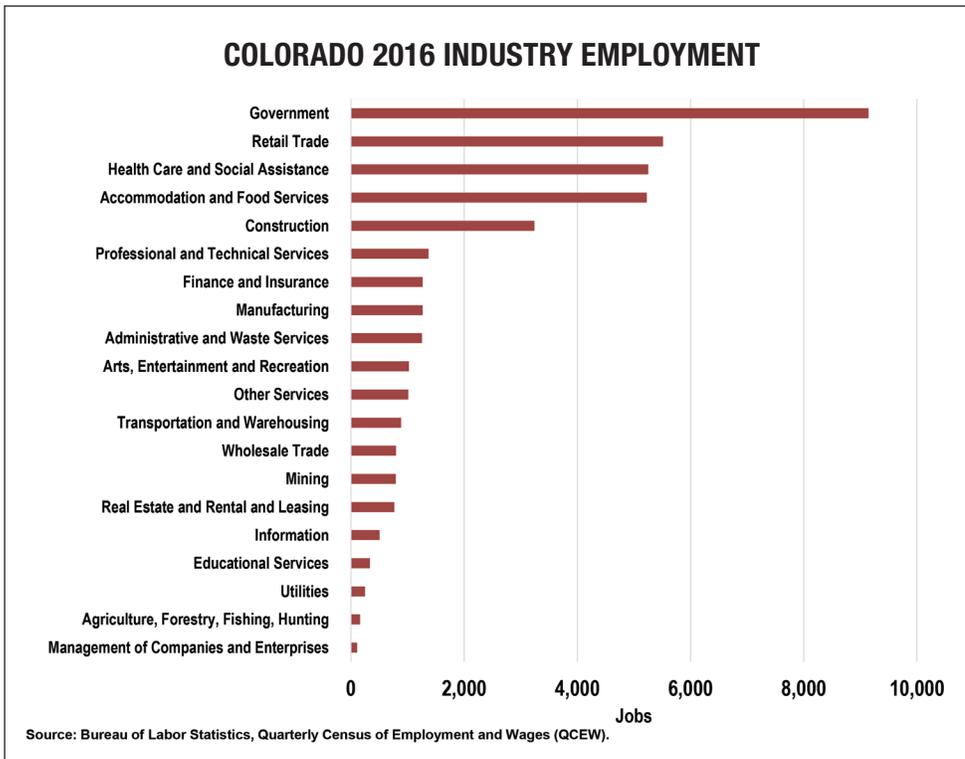
In 2016, the majority (71%) of jobs in Southwestern Colorado were in four industries: Government (9,145); Trade, Transportation, and Utilities (7,445); Leisure and Hospitality (6,251); and Education and Health Services (5,586 jobs). Over the past five years, the four industries recording the fastest CAGR were Government, Manufacturing, Other Services, and Education and Health Services. Only Natural Resources and

Mining posted a decline.

Southwestern Colorado has a greater share of employment in government sectors compared to the state overall. Approximately 22.8% of jobs in the area are government jobs compared to 16% statewide. Local government has a particularly high concentration in the region, representing 18% of total employment, or nearly one in five jobs in the area. Only 10.1% of Colorado's jobs are through local government in comparison, or roughly 1 in 10 jobs statewide. However, federal government jobs are underrepresented in Region 9 relative to the state as a whole, at 1.6% and 2.1%, respectively. Likewise, state government employment is underrepresented in the region compared to the state, at 3.2% and 3.9%, respectively.

Average annual pay in southwestern Colorado was \$40,017 in 2016, or 36.6% lower than the state average of \$54,664. Average wages fell in the region in 2016 by 1.3%, compared to modest growth of 0.9% for the state. Over the past five years, regional compound annual wage growth totaled 2% compared to 2.2% for the state. La Plata County, the most populous county, had the highest average annual pay of all counties in the region, at \$44,745. 

Jackson Rueter and William Maguire III are Student Research Assistants with the Business Research Division. They may be contacted at Jackson.Rueter@colorado.edu and William.MaguireIII@colorado.edu.



SOUTHWEST COLORADO ECONOMIC AND DEMOGRAPHIC METRICS

Metric	Archuleta	Dolores	La Plata	Montezuma	San Juan	Region
Population ^a	12,907	2,035	55,697	26,906	698	98,243
Percent of Region 9	13.1%	2.1%	56.7%	27.4%	0.7%	100.0%
Employment ^b	3,988	508	25,452	8,902	290	39,140
Percent of Region 9	10.2%	1.3%	65.0%	22.7%	0.7%	100.0%
Unemployment ^c	2.2%	2.4%	1.9%	2.7%	1.2%	2.1%
Average Annual Pay ^b	\$33,055	\$32,678	\$44,745	\$34,481	\$26,303	\$40,017
Personal Income (\$000s) ^d	\$516,046	\$62,899	\$2,843,289	\$1,011,949	\$34,106	\$4,468,289
Per Capita	\$40,147	\$30,593	\$51,117	\$37,481	\$49,144	\$45,490

^aState Demography Office, July 2016 Estimates.

^bBureau of Labor Statistics, Quarterly Census of Employment and Wages, March 2017.

^cBureau of Labor Statistics, Local Area Unemployment Statistics, September 2017.

^dBureau of Economic Analysis.

Pagosa Springs and Archuleta County: Rebounding in the Region

Mary Jo Coulehan

Archuleta County, a compilation of economic diversity and ethnic cultures since the mid-1800s, was preceded by the American Indian cultures since the 1100s. Fort Lewis was established in 1878 along the San Juan River to protect settlers from the Indians. Archuleta County had its share of cowboys, Indians, cavalry troops, and ranchers, and embodied the lore of the “Wild West.” The area has seen a change in the economy in these 139 years, experiencing significant economic shifts from cattle and sheep ranching to the timber industry. These industries prompted the extension of the railroad into Archuleta County in 1900, providing a practical way to ship cattle, sheep, and lumber to market.

The town of Pagosa Springs grew up around Fort Lewis; however, when the Fort moved west, the community remained. The area was platted and surveyed in 1883, and the town incorporated in 1891. Pagosa Springs still remains the only incorporated town in Archuleta County, which covers over 1,350 square miles. Throughout the economic booms and busts of the years, one natural resource remained an area attraction—the appeal of the “healing” properties of the natural geothermal hot springs. When timber became over logged, the railroad diminished, and major national events such as the wars and Great Depression hit, Pagosa Springs again experienced another major shift—the creation of a major east-west highway in 1916 over Wolf Creek Pass. Then in the 1970s Pagosa

Springs was “discovered” for its stunning panoramic beauty, acres of natural resources, the desirability of the soothing hot springs, and the availability of its undeveloped land, creating a mecca for land developers and the wave of a new industry—tourism.

Pagosa’s Livability and Growth

In 1969, Ralph Eaton bought a development in the western area of Pagosa Springs from Art Linkletter and John Cameron Swayze. This development expanded into the Pagosa Lakes Property Owners Association (PLPOA), the second-largest property owners association in Colorado, now with 6,600 properties over 21 square miles. Also located within the PLPOA enclave is the Wyndham timeshare facility, with close to 500 vacation units. Wyndham is a significant contributor to the tourism market in Pagosa Springs, offering year-round timeshare opportunities with many repeat customers who love the beauty, weather, charm, and amenities of Pagosa Springs. The Pagosa Lakes area has developed into one of the significant residential areas, bringing with this development the services needed to support the community, including retail shops, grocery stores, restaurants, lodging, and other service industry facilities.

Pagosa Springs saw a huge boom in the construction industry, with the population growth from 1990 to 2000 ranking 5th in the state and 14th nationally. The Archuleta Economic Development Association, formerly the

Archuleta Community Development Corporation, purchased and developed an industrial park, which offers available parcels and excellent infrastructure and is home to commercial development. Nearby Stevens Field Airport has steadily made improvements to its facilities, bringing on a new fixed base operator and an 8,100 x 100 foot runway, and is now known as one of the most beautiful and affordable mountain airports.

Then the 2008 recession occurred. Hardest hit in the community was real estate and construction. Pagosa Springs has a high percentage of second-home owners who enjoy Pagosa’s four distinct seasons and affordability. Housing prices dropped, and the industry was left close to shambles. People who lost their homes in other parts of the country were not able to move to Pagosa or afford a second home with the constriction of the mortgage industry. Construction workers left for other parts of the country where the recession did not hit as hard. With this exodus, a large number of homes came on the market, ranging from foreclosures to higher-end homes. The real estate industry began to climb out of the barrel slowly in 2011–12, much later than many other areas. With the improvement of the economy nationally, Pagosa once again became a community attracting second-home owners. The expansion of some industries also improved the market for home buyers, although currently there is a shortage of inventory in several market strata. Pagosa’s median home price is \$295,000—a tremendous value for a Colorado mountain town.

The one bright spot in the recession for Pagosa was the tourism industry. Despite a dip in the lodging tax collections in 2008, Pagosa's tourism industry has seen a consistent growth in lodging occupancy year after year since 2009. Tourism-related jobs make up about 64% of the job market. A strong tourism board, focused marketing efforts, and the collaborative efforts of both the town and the county has put Pagosa on the map as a hidden gem. The designation by the Guinness Book of World Records of The Mother Spring as the "World's Deepest Geothermal Hot Spring" in 2011, the designation of Chimney Rock National Monument in 2012, and the reputation of "the most snow in Colorado" at nearby Wolf Creek Ski Area has continued to boost Pagosa's popularity. It is these tourism assets that help convert visitors to permanent residents.

Work Where You Play

Community studies show that one of the major reasons people move to a community is the "livability" and character of place. Pagosa definitely has the beauty and has attracted a range of ages to the community. Archuleta County's year-round population is close to 13,000 people. The incorporated town of Pagosa Springs has a population of about 1,800 people. By 2020, the population is anticipated to grow about 2%; however, this figure does not include the large number of second-home owners.

One of the key industries that has been instrumental in the growth of Pagosa Springs has been the health care industry. Taking a risk in 2008, the Upper San Juan Hospital District received a grant and built a Critical Access Hospital with 11 beds and limited services. In 2010, it opened a Rural Health Care Clinic with 8 exam rooms and still limited services—1 day a week by appointment! Fast forward to 2017 and the Pagosa Springs Medical Center underwent a multimillion dollar expansion and now offers 36 exam rooms and many specialized services, including

general and orthopedic surgery, MRI and mammography services, telemedicine, and 24/7 emergency services. Also, Pagosa Springs Medical Center is now Pagosa's major employer. Axis Integrated Health Care also expanded its services in 2017 from a small office facility to a new 10,000-square-foot building to include behavioral health care and primary care services. Two assisted-living facilities and two private practices also complement the health care landscape. Health care professionals, such as nurses and medical assistants, are in demand in Archuleta County. The alternative health care industry is also very prominent.

With the increase in health care services and employment opportunities, other infrastructure needs have also arisen. Archuleta School District, Pagosa's second-highest employer, saw student numbers increase approximately 10% from the 2015 to the 2016 school year. The community also welcomed its first charter school in 2017 with 80 students, K-4 at this time. Although the addition of Walmart in 2015 was controversial, the store is one of the community's major employers and sales tax contributors.

With growth also comes growing pains. The town and county have identified three major initiatives to address the growing needs of the community: broadband, housing, and early childcare and education. Additionally, the chamber of commerce is focusing on workforce development. These challenges are not unusual for rural Colorado towns. Task forces have been created and are actively working on all initiatives.

The terrain and distance of rural neighborhoods creates difficult internet connectivity logistics. New technology by Skywerx, a wireless internet service provider based in Pagosa Springs, and the efforts of the Pagosa Springs Community Development Corporation to bring all of the internet players to the table is facilitating improved broadband services to Archuleta County. An RFP for broadband project coordination will come out in 2018 to speed the process along.

All types of housing, purchase and long-term rental, are needed to keep pace with the employment and population influx. In 2017, the town revamped its comprehensive plan to address density issues, zoning guidelines, and commercial development. It has also focused on improving its multimodal trail and river walk systems, and is finally experiencing momentum and completion after years of planning. Pagosa continues to look for small manufacturing and home-based businesses to even out the seasonal spikes of employment and sales tax. Archuleta County embraces renewable resources development, such as geothermal and biomass industries, and currently has complementary manufacturing, including geodesic growing domes and outdoor apparel design and production. Archuleta County recently adopted and has been approved as a Jump Start community. While the community has kept pace with some of the growth by offering amenities such as a variety of restaurant choices, shopping, live theater, and community events, it lacks conference and meeting facilities to accommodate a variety of tourism and community needs.

Pagosa's economy has come out of the 2008 recession even stronger than before with hard work, focus, a change in government cooperation, and the grass-roots efforts of its residents to create an attractive community, growing smartly and keeping its integrity. Pagosa Springs is strategizing its future population growth by placing emphasis on some key industries in order to attract a younger population while being able to service the needs and high level of activity of an older population. Pagosa Springs and Archuleta County welcome businesses and investors and those who want to make a positive impact in our community to continue our history of economic diversity. 

Mary Jo Coulehan is Executive Director of the Pagosa Springs Chamber of Commerce. She may be contacted at pschamberdirector@gmail.com.



Public Lands Key in Montezuma County Economic Diversity

Donna Graves

In Montezuma County, economic development efforts are focused on diversifying the local economy. The goal is to develop and improve the number, quality, and variety of jobs that are available to local residents through the retention and growth of existing businesses, as well as the recruitment of new businesses. Some strategies being discussed include the introduction of new crops, passing a renewable energy and solar-friendly resolution, and creating higher visibility of the many outdoor recreational opportunities.

Quality of life is paramount to county residents. Local communities are proud of their cultural diversity and unique experiences, and have initiated projects that showcase their towns, resulting in increased sales and lodging taxes. This is especially apparent in Cortez, recipient of a \$100,000 “Heart & Soul” grant from the Orton Family Foundation. Heart & Soul reconnects people with what they love most about their town, and translates those personal connections into a blueprint that serves as the foundation for future community decisions. Community Heart & Soul changed the way Cortez engaged groups that had not been involved in local government,

including the Ute Mountain Ute Tribe, the Hispanic community, and youth.

The local food movement is also thriving with farm to school projects providing fresh local ingredients to school kids, and more restaurants offering locally grown products. Recently, a \$500,000 grant to improve food storage and distribution was awarded to the Southwest Farm Fresh Food Distribution Cooperative, a local community sponsored agriculture (CSA) program that aims to connect growers to consumers.

In Mancos, locals began to work with Colorado Creative Industries in 2014 on becoming a certified Creative District. Today, Mancos is a unique melting pot of artists and artisans, farmers, ranchers, local independent businesses, and visitors, working together to diversify the economic development of the town. Mancos is currently rebounding after a devastating fire in May 2017 at the Western Excelsior Corporation manufacturing plant, the largest employer in the town. The plant supported 127 jobs using timber harvested from logging initiatives aimed at dramatically reducing forest fires in the Rocky Mountains and improving overall

forest health. Rebuilding is slow but the school district has lost few students as townspeople rally to support displaced workers. Currently, sales taxes are up, a new RV park is nearing completion, and short-term rentals are thriving.

A relative newcomer to the plethora of recreational opportunities is mountain biking, with popular trails such as Phil’s World and the proposed Paths to Mesa Verde trail connecting communities in the county and the larger region. The Town of Dolores provides locals and visitors with excellent biking opportunities at nearby Boggy Draw and elsewhere on the public lands surrounding the town. Residents are also passionate about the health and beauty of the Dolores River corridor.

Public lands are an important economic driver for Montezuma County. A variety of activities provide opportunities, including oil and gas development, grazing, minerals extraction (i.e., gravel), timber resources, and recreation. The county covers 2,040 square miles of the Colorado Plateau, and has the distinction of bordering Utah, New Mexico, and Arizona—the Four Corners region. Public lands account for 39% of the county; the Ute Mountain

Ute Indian Reservation, 34%; and private lands, 27%.

Public lands also provide the backdrop for a thriving “heritage” tourism industry. The National Trust for Historic Preservation defines heritage tourism as “traveling to experience the places, artifacts, and activities that authentically represent the stories and people of the past and present.” According to Colorado Preservation, Inc., those visitors spend more money overall during their trips and tend to travel for longer trips than non-heritage tourists. Heritage tourists are also more likely to stay in hotels, shop, dine out, and participate in a variety of activities.

In Montezuma County, many of the tourist attractions are internationally recognized prehistoric landscapes that convey vital chapters of human habitation over thousands of years. These include the Canyons of the Ancients National Monument, Hovenweep National Monument, Mesa Verde National Park, the Ute Mountain Tribal Park, and Yucca House National Monument.

Protected public lands such as national parks and national monuments play an important economic role throughout Montezuma. They provide employment for people who discover, manage, and maintain the resources as well as the jobs that are created as a result of visitor expenditures (tourism). Being listed as a national monument or national park also raises the visibility of the site on the world map. Because visitors travel from areas near and far, these cultural resources support a vibrant tourism sector that is a source of economic opportunity for the local businesses in the gateway communities of Cortez, Dolores, Mancos, and Towaoc (the headquarters of the Ute Mountain Ute Indian Tribe).

In addition, local institutions such as the Anasazi Heritage Center and the Crow Canyon Archaeological Center provide opportunities for visitors to learn more about the cultural resources through exhibits and experiential learning.

Combined, employment and visitor spending related to cultural resources totaled an estimated 1,300 jobs, \$41

million in labor income, \$65 million in value added, and \$109.5 million of economic output in Montezuma County in 2016.

Research by Headwaters Economics (*The Economic Importance of National Monuments to Communities 2017*, Headwaters Economics) shows that conserving public lands helps to safeguard and highlight amenities that draw new residents and businesses to surrounding communities and diversify local economies. Proximity to public lands also helps sustain property values and attract new investment. For people with investment income and many retirees, protected public lands and recreation provide important aspects of a high quality of life. For Montezuma County residents, public lands are also key to economic diversity. 

Donna Graves is a Research Consultant with Information Services, Inc., based in Durango, Colorado, and can be reached at dkgis@frontier.net or 970-385-4897.

Landlocked Rico

Kari Distefano

Like most of the communities in the southern San Juans, precious metals and the lure of easy money brought early Anglo settlers to the Town of Rico. Following the discovery of rich silver ore in 1879, the town quickly grew to accommodate a population of 2,500 that supported two newspapers, a theater, and 23 saloons. Constructed by Otto Mears, the Rio Grande Southern railway arrived in Rico in 1891. This ensured a degree of continuing prosperity until it was abandoned in 1951.

In the mid-1970s when the Argentine Mine closed for good, Rico struggled to redefine itself as a town. The population dropped to 76 and the miners, many of whom were Navajo, left for other jobs. The spectacular beauty, the vibrant big game population, and fishing in

the Dolores River made recreation the obvious choice as a new economic driver. The 1968 decree “In the matter of the Town of Rico etc.” Judge Kempf, when adjudicating rights to the original flume, recognized the recreational potential of Rico. “In this respect the Court Finds that mining is no longer a major factor in the growth of the town, but replacing it is the greatly increasing demand in recent years for recreational facilities in favorably situated mountain areas which have in many places in Colorado already occasioned extremely rapid growth, and the Town of Rico fulfills all the requirements for such development.”

The establishment of the Telluride Ski Resort in 1972 brought a new dimension to Rico’s economy. By the late 1980s, housing in Telluride became prohibitively

expensive. Rico was a place that a person with middle-income job could still buy a home. Today, Rico is, and will likely continue to be, a bedroom community to neighboring Telluride, and the fact that Rico, both by virtue of geography and economy, aligns more closely with San Miguel County than Dolores County presents the Town of Rico with a unique set of challenges.

The configuration of Dolores County reflects the symbiotic relationship between the agrarian west end of the county and the miners in the east end who needed to be fed. That relationship, while necessary in the mining days, has always been troubled. In 1947, the voters of Dolores County, residing mostly

continued on page 10



on the west end of the county, voted to move the county seat from Rico to Dove Creek. Moving the documents and other accouterments of the county seat allegedly occurred in the middle of the night sparking further animosity by the residents of Rico who hadn't liked the change in the first place.

More recently, in 2000, Rico explored the possibility of seceding from Dolores County and becoming part of San Miguel County. The argument for secession included lower property taxes due to the higher assessed value of San Miguel County and better services due to the proximity of Telluride. Secession would have required approval by both Dolores County and San Miguel County. While the voters in Rico and San Miguel County approved the request, the voters in Dolores County did not and the proposal failed.

But the unusual configuration of Dolores County continues to create challenges. It is impossible to drive from Rico to the county seat in Dove Creek without leaving the County entirely. It is impractical for the Dolores County Sheriff's Office, located 71 miles away in Dove Creek, to provide law enforcement. Rico currently uses a deputy employed

by San Miguel County who lives in Rico to provide policing in more serious matters, but she recently resigned. Code enforcement, such as speeding and nuisance complaints, are dealt with by a two-day-a-week deputy subcontracted from the Telluride Marshall's Department. Calls to 911 bring assistance from either San Miguel County or Montezuma County, both of which are closer than the Dolores County sheriff.

Educating the children of Rico presents another difficulty. Rico has an elementary school that can enroll students through third grade but it struggles to sustain a student body. Most parents, themselves working in Telluride, take their children to the Telluride schools where they are more easily collected if they get sick or some other emergency arises. Lacking students, the Rico Elementary School is expensive for the Dolores County School District to maintain but they are obligated by law to educate students within their district. The Telluride School District is not. Further complicating this equation is tax dollars from Rico property owners are going to operate a facility they can't use beyond third grade even if they were inclined to put them in school in Rico, far from their place of employment.

Today, Rico is still striving to recover from the 2008 economic downturn that affected the whole state but hit rural communities harder. The infrastructure is aging. The town lacks a central sewer system, and the water lines are prone to leaks. The current population of 250 people is insufficient to support a grocery store or many other small businesses. Storefronts in the commercial core are shuttered, and the restaurants have difficulty surviving the winter off-season. But there is hope. The Rico Trails Alliance is working on developing more trails for both hiking and mountain biking. The Artists of Rico continues to grow as an organization and attract new members. The spectacular mountain scenery remains unchanged, and the people who live in Rico are energetic and engaged. While Rico will likely remain a bedroom community for the Telluride Resort, we continue to pursue opportunities to develop the town in a moderate, sustainable manner. 🍷

Kari Distefano is the Town Manager for the Town of Rico, and may be contacted at townmanager@ricocolorado.gov.

Tailwind Nutrition

Jenny Vierling

Tailwind Nutrition, a 2017 Colorado Company to Watch, is a fast-growing sports nutrition company based in Durango, Colorado, with manufacturing, office, and warehouse facilities located in Bayfield, Colorado, a Colorado Enterprise Zone. It manufactures and sells endurance sports and recovery drinks for athletes training and competing in 2+ hour sports, with a focus on solving the specific nutrition challenges endurance athletes face: stomach/GI problems and balancing calories, electrolytes, and hydration. From Bayfield, Tailwind sells directly on its website; on Amazon; in 700+ specialty retailers nationwide; and throughout the world via international partners, including Europe, Asia, Australia, and South America.

The phrase, “Necessity is the mother of invention,” captures the birth of Tailwind Nutrition. The business started with its founder, Jeff Vierling, trying to create a sports drink that would power him through the Leadville 100. Hundreds, if not thousands, of dollars are spent on events such as the Leadville 100 in

terms of training, equipment, lodging, and travel. To have a DNF (did not finish; an event for which the participant never finishes) or disappointing finish because of stomach issues, cramping, or hitting the wall (bonking) is heartbreaking—especially when it is due solely to mistakes in fueling. Tailwind was developed to change all that.

Prior to Tailwind, athletes believed that complex carbohydrates in the form of maltodextrin, protein, and separating calories from electrolytes and hydration was the best way to fuel. With Tailwind, that approach is turned upside down. Tailwind uses simple carbohydrates and eliminates protein to solve stomach problems athletes face. Combining calories, electrolytes, and hydration to create a “complete fuel” simplifies the complex calculus of fueling for long events, and enables athletes to run on the same fuel for 24+ hours.

Tailwind Nutrition is growing rapidly not only due to its highly differentiated and effective product, but also because of where it started and continues to

operate—Durango, Colorado. The area offers a superb backdrop for product development and testing, and has business expertise and resources for start-up and first-stage companies.

Originally designed for personal use, the close-knit athletic community in Durango embraced the “all-in-one” endurance fuel, and gave it a platform on which to expand. Mountain Bike Specialists, one of America’s Best Bike Shops as listed by the National Bicycle Dealers Association, gave Tailwind Nutrition its first retail location, thereby legitimizing its entry in the market. Durango DEVO, the largest youth development cycling organization in the country, tested Tailwind’s first flavors and provided critical product feedback. Bouré Bicycle Clothing, a popular bike apparel company for long distance riders, enclosed samples of Tailwind with orders that went out the door. The Hardrock 100, one of the most prestigious ultrarunning events in the world that takes place in Silverton, Colorado, selected Tailwind to be the fuel on the course and in the process introduced the product to avid trail runners around the world.

Today, that same athletic community (and Durango) continues to play an important role in Tailwind’s brand and persona. The “Made in Durango” logo and Colorado flag are on the company’s packaging; the rugged San Juan Mountains are featured on the Tailwind website. An important component of the company’s social media is sharing images from its own backyard where Tailwind employees ride, run, hike, ski, kayak, and more. The stunning backdrop of Durango with its mountains,



Photo: Tailwind Nutrition

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Photo: Gabe Keating Photography

ivers, and trails are an extension of the company and its brand identity. The name Durango conveys a certain ruggedness, “dirt under the fingers” authenticity that reflects Tailwind’s core values and are qualities that its customer base can connect and identify with.

In addition to the athletic community, Durango offers invaluable business resources to support a growing company. The Durango Region 9 Economic Development Office, La Plata County Economic Development Alliance, and the Colorado Small Business Development Center have all played an important role in Tailwind Nutrition’s efforts to build a strong community asset. The role of mentors in developing the Tailwind business cannot be overstated and each of the aforementioned entities provides guidance and serves as a sounding board. From building business models to understanding the competitive framework of the sports nutrition market to marketing and operational strategies, the mentorship and access to programs and services has enabled Tailwind to save several years in planning, avoid costly mistakes, and expedite its entry into key markets.

Tailwind is fortunate to be in a community where there is extensive networking, and where companies support one another. SKA Fabrication, a division of SKA Brewing, was instrumental in designing Tailwind’s in-house production line using a combination of screeners, conveyors, mixers, and filling machines designed for its specific product needs. High Desert Foods, a food manufacturer, shared its commercial kitchen space and employees to manufacture the first batches of Tailwind. GitPrime, a high-tech start-up, and Zuke’s Natural Dog Treats have also shared their knowledge around human resources, operations, and organizational design. Similar to the early pioneering communities, a key benefit of living and working in a smaller community is the relationships and networking opportunities—and most importantly the personal, human connections that are made and serve as a support system to entrepreneurial companies.

No doubt there are challenges in establishing and growing a business in rural Colorado. Space is at a premium. The ability to find adequate warehouse space at a reasonable price is next to impossible. Transportation is always an

issue: shipping costs are high compared to an urban area, and deliveries/ shipments are sporadic so require careful planning. There is also a large pass named Wolf Creek so watching the long-range weather forecast is imperative during winter. Finally, the labor pool is limited. Finding employees with the right skillsets, education, and experience is a challenge. And, despite all the amenities that Durango and the surrounding area have to offer, it is a difficult move for potential employees. It takes a special kind of person.

Ultimately, however, for Tailwind Nutrition the benefits of operating in rural Southwest Colorado far outweigh the challenges, and in the process Tailwind has become a community asset. Producing Tailwind locally creates manufacturing jobs and competitive advantages in consistent supply and quality, scalability, and cost. The company also gives back 1% of its gross revenue to the community—supporting trails, youth development programs, and other services. It’s a win-win. 

Jenny Vierling is co-founder of Tailwind Nutrition. She can be reached at jenny@tailwindnutrition.com.

Pinto Bean Capital of the World

Gus Westerman

Agriculture is not only a way of life in Dolores County; it is a major economic driver. From the lower canyons and mesas on the western side to the high country on the east, agriculture plays a big role. According to the 2017 Economic Snapshot from Region 9 Economic Development, agribusiness accounted for 32% of jobs in 2015 in Dolores County, making this the leading base industry. Agribusiness accounts for all farming and ranching and all related support services, such as farm supply retailers, and product marketing entities, including the three elevators that operate in Dove Creek. Dolores County boasts a very diverse geography. The lowest elevation is 5,900 feet in Disappointment Valley on the west, and the highest is 14,046 feet on top of Mount Wilson on the east. This necessitates diversity in the agricultural enterprises in the county.

According to the USDA 2012 Census of Agriculture, which is conducted every five years, Dolores County had 159,961

acres in farms and ranches. Of these acres, cropland accounted for 45.7%; pasture, 29.5%; woodlands, 21.3%; and other uses, 3.5%. Dolores County showed a total of 283 farms. Of these, 138 of the principal operators reported farming as their primary occupation. The market value of crops sold in 2012 totaled \$10.1 million, up 14% from 2007. Crop sales contributed 63%, and livestock sales contributed 37%. This is an average of \$35,629 in products sold per farm, a gain of 14% from 2007. The average Dolores County farm is 565 acres.

Agriculture taking place on the east side of the Dolores River is limited to livestock grazing. This includes private ranches and federal grazing permits. Many livestock operations that graze the large expanses of rangeland are based in the neighboring counties of Montezuma and San Miguel. Cattle graze much of the mid-section while the higher elevations further east are grazed by sheep.

The products that put Dolores County on the map are produced on the 73,102 acres of cropland that surround Dove Creek. Approximately 7,000 acres are under irrigation provided by the Dolores Water Conservancy District fed from McPhee Reservoir. The irrigated land mainly produces premium alfalfa hay that is primarily grown for the dairy market in other states. The rest of these acres is in dryland production. With an average precipitation of 15 inches per year, most as snow in the winter months, dryland crop production is challenging. The main crops produced are hard red winter wheat, dry beans, oleic sunflower, and safflower. Common crop rotations include some or all of these crops with fallow periods mixed in to store moisture in the soil.

Dove Creek is known as the “Pinto Bean Capital of the World” for a good reason. Dove Creek may not have the level of bean production in other places, but it is able to produce a very special product that is distributed nationwide. The two leading beans from Dove Creek are the pinto bean and the very special anasazi bean. Local legends say that the anasazi bean was collected from ancient ancestral puebloan sites and propagated by early farmers. Today, the anasazi bean is a popular specialty crop available only from Adobe Milling in Dove Creek. Farmers also market crops at the Midland Bean Company and High Country Elevator, also in Dove Creek. Although dry bean production is less common than it used to be, it is still a very important part of the agricultural economy.

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Photo: Gus Westerman



Agricultural producers face many challenges, and the Four Corners region is no different. Many of these challenges stem from the location. Due to the high elevations, the growing season in western Dolores County is short, with 90 to 100 frost-free days, limiting crops that can be produced. Limited access to irrigation and 15 inches of precipitation add further limitations. All dryland crops must be adapted to low moisture conditions. All crops produced rely on winter moisture stored in the soil profile. Dry bean, sunflower, and safflower crops are particularly tricky because they rely on both winter moisture and timely monsoons during the summer season. Other challenges the location presents

is the remote nature of the area. There is no rail or interstate highway access. This means that commodities produced must be shipped out by truck to distant markets, significantly raising marketing costs. Perhaps one of the toughest issues is the average age of Dolores County farmers, which was 59.6 in 2012. It has gone up. One question is, who will take over these farms when the principal operators retire? Some operations have the next generation in place and ready to take over. Many do not.

Dolores County producers face these challenges head-on every year. The 2016 and 2017 seasons have been particularly challenging due to low commodity and high input prices. Producers are adapting

to these challenges in different ways. There is an increase in certified organic crop production because organic crops demand a much higher price compared to crops from conventional production. The downside is that organic crops have fewer marketing options. Farming practices are evolving as well. There is a new focus on soil health. The Colorado State University Southwestern Colorado Research Center is currently working on a project to test the feasibility and advantages of cover crops in dryland crop rotations in southwest Colorado and southeast Utah funded by USDA Western Sustainable Agriculture Research and Education (SARE). The research center is currently applying for an additional three years of funding for this cutting-edge project that has great support from local producers, conservation districts, and agricultural professionals. Producers use many different risk management tools to stay in business.

It is key for producers to be proactive with the issues they face. Succession planning for farms and ranches will prove to be very important in keeping these lands in production. Agriculture has shaped the landscapes and communities in Dolores County. It is a way of life. 📷

Gus Westerman is the Dolores County CSU Extension Director and Chairperson of the Dolores County Development Corporation, and may be emailed at Gus.Westerman@colostate.edu.

Southern Ute Indian Tribe Growth Fund

Patrick Vaughn

The Southern Ute Indian Tribe is a federally recognized Tribe with a Reservation located in southwest Colorado, generally in the southern portions of Archuleta and La Plata counties and bordering New Mexico. The Tribe's headquarters and office campus are immediately north of the Town of Ignacio, Colorado. The Tribe is the largest employer in La Plata County, with over 1,500 employees. Tribal members total 1,508, and approximately 1,000 live on the Reservation.

Governance of the Tribe is through an adopted constitution that sets forth a democratically elected Tribal Council consisting of a chairman and six council members. The Tribal Council serves staggered three-year terms.

The Tribe's economic success comes from its land, mineral estate (the Tribe's Reservation straddles the northern third of the San Juan Basin, underlain by gas-bearing geological formations, including coalbeds), the extraordinary vision of its

leaders, and the efforts and achievements of its employees.

Early efforts to develop minerals under the supervision of the Bureau of Indian Affairs provided moderate economic benefits to the Tribe. However, beginning in the 1980s, the Tribe assumed an active role in managing its resources. The Tribe created a Department of Energy to audit and manage the royalty and severance taxes paid by other operators within the Reservation. In 1992, the Tribe started its own exploration and production company, the Red Willow Production Company, and later, its own midstream company, the Red Cedar Gathering Company (a joint venture with Kinder Morgan).

In the late 1990s, the Tribe estimated that on-reservation gas production would peak within the next decade and determined that other sources of revenue were necessary to sustain the Tribe's future. Actual production in the San Juan Basin peaked in 2004 and has been declining ever since.

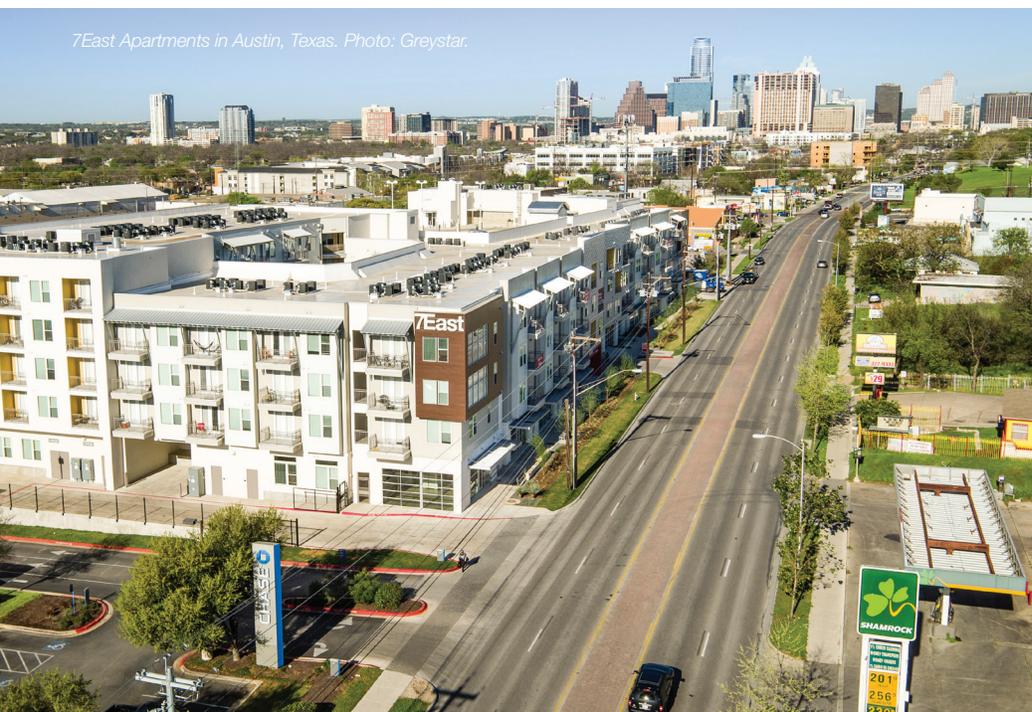
In 1999, the Tribe adopted a financial plan that was unique in Indian Country. The plan separated the government functions of the Tribe (a quasi-sovereign nation) from the business functions. The government division was named the Permanent Fund and was set up to receive a portion of the royalties and severance taxes to fund an endowment to ultimately operate from interest earned on the endowment. The Growth Fund was formed in 2000 to operate Tribal for-profit businesses both on and off the Reservation. In 2001, the Tribe received (and still maintains) a AAA credit rating from S&P and Fitch.

The Growth Fund is charged with making money and paying dividends and elders' pensions, while reinvesting money to grow the businesses to provide for future prosperity for the Tribal membership.

While the Growth Fund started small, it has grown substantially over the last 18 years. It now employs approximately 460 people with holdings and/or operations in 12 states and the Gulf of Mexico.

The Growth Fund now consists of companies operating in oil and gas exploration and production on the Reservation and in the Permian Basin, the Powder River Basin and the deep water Gulf of Mexico (Red Willow Production Company); gas gathering on the Reservation (Red Cedar Gathering Company) and gas gathering and treating off-reservation (Aka Energy); real estate investment in hotel, apartments, industrial buildings, office buildings, and horizontal and vertical development (GF Properties Group); and private equity fund

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7East Apartments in Austin, Texas. Photo: Greystar.

investment (GF Private Equity Group). The market value of the Growth Fund assets today exceeds \$3 billion with very low leverage by industry standards.

Growth Fund oversight is managed by three directors: the operating director—energy; the operating director—non-energy; and the finance director. The president of each business unit or manager of each Growth Fund administration department reports directly to one of these directors.

The directors are also voting members of the Growth Fund Management Committee that provides policy

direction and vets all major acquisitions, dispositions, financings, and other major events for recommendation to the Tribal Council. Other members of the Growth Fund Management Committee include one Tribal Council member, one Tribal Member at Large appointed by the Tribal Council, and the General Counsel for the Growth Fund. Once the Growth Fund has acted on a major topic, it is then reviewed by the Tribal Council. The Tribal Council has final say on major decisions by majority vote.

In summary, the Southern Ute Indian Tribe Growth Fund is the for-profit

investment arm of the Southern Ute Indian Tribe operating both on and off-reservation. It is a substantial, but quiet economic driver for southwest Colorado serving the membership of the Southern Ute Indian Tribe. 

Patrick Vaughn is the Operating Director - Non-Energy of the Southern Ute Growth Fund, and may be reached at pvaughn@sugf.com.

Southwest Colorado Accelerator Program for Entrepreneurs

Elizabeth Marsh

Southwest Colorado is a rural region with a strong entrepreneurial community. Local angel investors and successful business owners collaborated a few years ago with regional economic development groups to tackle local job creation. They formed SCAPE, the Southwest Colorado Accelerator Program for Entrepreneurs. SCAPE's objective is to help create more high-growth and job-creating companies in southwest Colorado by providing access to equity funding, office space, education, and intense mentoring to early-stage companies.

Due to the remote rural location of southwest Colorado, the local economy relies heavily on entrepreneurial businesses for both jobs and tax revenues. SCAPE is an innovative business accelerator building the region's entrepreneurial infrastructure.

Since beginning in 2013, the program has graduated 19 companies headquartered in southwestern Colorado, created 65 local jobs, and raised more than \$4.7 million in capital to grow their

businesses. Graduates of SCAPE have been featured nationally in Product Hunt, Inc.com, and CNBC.

SCAPE is the hub of the regional entrepreneurial ecosystem, and supports many events, including Go Code Colorado, SBA Innovate Her, Colorado Tech Tour, Fort Lewis College Hawk Tank Business Plan Competition, and Entrepreneurs of the Southwest meetups.

The SCAPE Accelerator is built around strong volunteer mentors and subject matter experts. Many of the advisors are company founders, venture investors, and startup consultants willing to contribute their time to mentor the startups and to provide some investment funding. Local angel investors provide seed funding to be deployed in the companies that come out of SCAPE. 

Visit www.goscape.org to learn more.

Elizabeth Marsh is the SCAPE Director in Durango, Colorado. She may be contacted at emarsh@goscape.org.

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For information/address change:

Business Research Division
420 UCB, University of Colorado Boulder
Boulder, CO 80309-0420 • 303-492-8227