

2016 Colorado Planning & Management Region Report

Region 8 – Alamosa, Conejos, Costilla, Mineral, Rio Grande and Saguache Counties

INTRODUCTION

The San Luis Valley in South-central Colorado is the largest alpine valley in North America, bordered on the east by the Sangre de Cristo Mountains and to the west by the San Juan Mountains that mark the Continental Divide. It is about 122 miles long from north to south, and about 74 miles across, covering an area of 8,193 square miles and is home to the Great Sand Dunes National Park and Preserve.

Within its borders, the Valley holds a great diversity of natural and cultural settings. Canals and ditches from the Rio Grande and the Conejos River supply one of Colorado's most important farming areas, famous for potatoes, beer barley, alfalfa, and other crops. Agriculture continues to be the cornerstone of the region's economy.

Region 8 saw a slight population decrease between 2010 and 2015 of 211, or -0.46%. Alamosa, Costilla and Mineral counties saw the only population growth in the region.

Population:

| County | Census 2010 | July 2015 | % Change |
|-----------------|------------------|------------------|--------------|
| Alamosa | 15,445 | 16,008 | 3.65% |
| Conejos | 8,256 | 8,050 | -2.50% |
| Costilla | 3,524 | 3,578 | 1.53% |
| Mineral | 712 | 728 | 2.25% |
| Rio Grande | 11,982 | 11,475 | -4.23% |
| Saguache | 6,389 | 6,258 | -2.05% |
| Colorado | 5,029,196 | 5,456,584 | 8.50% |

With the Valley's natural and cultural attractions, tourism is a major attraction with about 300,000 visitors annually. Surrounded by the Rio Grande National Forest on three sides, the valley holds many opportunities for outdoor recreation, to include camping, hiking, hunting, fishing, and recreational vehicles. The Valley is quickly becoming known for watchable wildlife including birds, elk, deer, and mountain goats.

Two scenic trains in the San Luis Valley, the Rio Grande Scenic Railroad and the Cumbres and Toltec Scenic Railroad, provide unique views of the region for families and rail buffs. Creede, in Mineral County, is home to the award-winning Creede Repertory Theater.

The Sangre de Cristo National Heritage Area includes parts of Alamosa, Conejos and Costilla counties and presents the valley as a crossroads of Native American, Hispanic and Anglo cultures with over 20 cultural properties listed on the National Register of Historic Places including historic Fort Garland and San Luis, the oldest town in Colorado.

JOBS & THE ECONOMY

Unemployment in the valley continues to trend near or above the state average, with the exception of Mineral County. The entire region saw a drop in unemployment between August 2015 and August 2016.

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Unemployment Rates

| County | August 2015 | August 2016 | % Change |
|-----------------|-------------|-------------|--------------|
| Alamosa | 4.8% | 4.3% | -0.5% |
| Conejos | 5.0% | 4.9% | -0.1% |
| Costilla | 5.4% | 4.9% | -0.5% |
| Mineral | 3.1% | 1.7% | -1.5% |
| Rio Grande | 5.7% | 5.1% | -0.6% |
| Saguache | 6.8% | 5.9% | -0.9% |
| Colorado | 3.5% | 3.3% | -0.2% |

Source: Labor Market Information

Slumping silver prices have halted exploration for silver and other minerals in the historic Creede mining district. However, the Rio Grande Silver project, owned by Hecla Mining Company, is still considered a viable project and the company is moving forward with permitting necessary to pursue further exploration in anticipation of a recovery in silver prices. Mining ended in Creede in 1985.

HOUSING

Foreclosures

Foreclosure filings in Region 8 dropped 20 percent from 2014 to 2015 indicating a healthier economy.

Region 8 Foreclosure Filings

| County | 2014 Filings | 2015 Filings | % Change | 2014 Sales | 2015 Sales | % Change |
|-----------------|--------------|--------------|--------------|------------|------------|--------------|
| Alamosa | 31 | 25 | -19.4 | 25 | 27 | 8.0 |
| Conejos | 6 | 4 | -33.3 | 3 | 3 | 0.0 |
| Costilla | 9 | 9 | 0.0 | 4 | 4 | 0.0 |
| Mineral | 4 | 0 | 0.0 | 1 | 0 | -100.0 |
| Rio Grande | 32 | 24 | -25.0 | 19 | 21 | 10.5 |
| Saguache | 12 | 13 | 8.3 | 9 | 13 | 44.4 |
| Region 8 | 94 | 75 | -20.2 | 61 | 70 | -14.7 |

Source: Colorado Division of Housing

Building Permits

According to the Census, permits for new residential construction continue to lag behind 2007 for the region overall, although Costilla County has seen an increase over the same period.

Region 8 Estimated Residential Building Permits

| County | 2007 | 2013 | 2014 | 2015 |
|-----------------|------------|------------|------------|------------|
| Alamosa | 57 | 70 | 52 | 26 |
| Conejos | 30 | 15 | 13 | 21 |
| Costilla | 18 | 27 | 30 | 35 |
| Mineral | 21 | 14 | 6 | 12 |
| Rio Grande | 51 | 12 | 12 | 14 |
| Saguache | 65 | 35 | 32 | 29 |
| Region 8 | 242 | 173 | 145 | 137 |

Source: U.S. Census Building Permit Survey, Estimates with Imputed Values

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AGRICULTURE

Agriculture is the driving force in the San Luis Valley, accounting for over 30 percent of region's base economy. The primary crops produced are potatoes, alfalfa and barley as well as cattle.

Irrigation

Critical to the viability of agriculture as the major economic contributor to the Valley's regional economy is the use of surface and ground water for irrigation. In 2014 alone, the estimated production value of the Valley's top three crops – potatoes, alfalfa and barley – was over \$367 million. Potatoes and barley, particularly, rely upon groundwater irrigation from the Valley's 6,000 high capacity wells, which tap underground aquifers. The aquifers depend on recharge from a natural system, as well as leakage from ditches and canals located throughout the Valley.

However, drought conditions in the last decade have reduced the recharge that occurs with natural runoff, and have reduced the diversions from the Rio Grande that provides additional recharge. Drought, coupled with increased groundwater use, has led to a decline in levels of the aquifers, a condition that will only worsen unless total consumption of groundwater is reduced.

The Colorado Division of Water Resources has promulgated new Rules Governing the Withdrawal of Ground Water in Water Division No. 3. As now proposed, when the rules become effective, groundwater withdrawals from non-exempt wells can only occur if injurious depletions caused by the withdrawal are remedied and the aquifers are sustainable. One way to remedy those depletions is to participate in a recognized sub-district (also known as a special improvement district) with a state- and court-approved groundwater management plan. Well owners outside of a sub-district will have to obtain an augmentation plan if it is determined their wells are responsible for depletions from area streams and rivers otherwise, the wells will have to be shut off.

The San Luis Valley Council of Governments and San Luis Valley Extension just completed an economic impact analysis of the effects of reduced crop production due to reduced pumped irrigation on the region's economy. The study is being conducted by Drs. James Pritchett and Rebecca Hill at Colorado State University.

Ag Prices

- Potato harvest begins September with prices in the range of \$ 6.00 to \$8.00 per 5 10lb. bale, depending on quality and grade. A little higher than a year ago.
- Alfalfa from the valley is considered top quality hay in demand by dairies in Texas and New Mexico and fetches premium prices. Current prices are around \$150/T for premium quality hay, considerably lower than last year.
- Molson Coors brewing company contracts with many farmers in the valley to grow barley used to make Coors beer. Over 75% of the barley grown in Colorado comes from the San Luis Valley and over 80% of that is used by Coors. Barley prices in September 2016 were around \$5.50/bu.

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- Niche operations are getting a start using locally grown products. These include custom malted barley for micro-brewers, hops, custom hay/grass packaging for small animals, goat cheese and other products.

CLEAN ENERGY

Five utility-scale solar electric generation plants in Alamosa County produce 136.7 Megawatts of electricity, enough to power 22,418 homes. All the plants sell power to Xcel Energy under power purchase agreements. Permanent jobs at the plants range from two to ten.

Below is a listing of the utility-scale solar plants in Region 8:

- Alamosa Solar Farm (SunEdison) – 8.2 MW: Built in 2007 by SunEdison, this facility uses single axis tracking arrays, fixed mount arrays, and dual axis tracking arrays with photovoltaic concentrating technology.
- Greater Sandhill Solar Farm (SunPower) – 19 MW: SunPower designed and built Greater Sandhill in 2010 using SunPower T20 Tracker and SunPower PV modules that generate 30% more energy per land area than other technologies.
- San Luis Solar Ranch (Iberdrola Renewables) – 30 MW: Iberdrola used single axis trackers and SunPower flat panel PV modules for this project, which produces power for around 7,500 homes.
- Alamosa Solar Generation Project (Cogentrix Energy) – 30 MW AC: Congentrix began operation of the plant in May 2012. It is the largest concentrating photovoltaic electric power plant in the world. The plant consists of over 500 dual-axis, pedestal-mounted trackers.
- Hooper Solar Project (SunPower) – 49.5 MW: SunPower technology.

Three additional plants have been proposed and permitted by Alamosa County. Those include San Luis Valley Solar (First Solar) at 30 MW, Great Divide Solar Energy Center (Invenergy) at 75 MW, and Blanca Vista Solar Energy Facility (Iberdrola) at 50 MW.

ADAMS STATE UNIVERSITY

Adams State is a significant economic driver in the San Luis Valley providing over \$50M in direct spending in the region with an estimated economic impact of \$86.6M. They have 2,500 students on campus and an additional 10,00 students in Extended Studies.

In 2011, Adams State completed \$62M in campus improvements including a new student apartment/football stadium complex, renovation of the music building and a large classroom building, and expanded campus parking. In 2012, another \$12.7M in additions and renovations was done.

A \$16.9M renovation is underway on historic Richardson Hall, built in 1925 and which, at one time, housed all of the school's classrooms, offices, library and auditorium.