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| **2019 Annual Comprehensive Economic Development Strategy (CEDS) and Progress Report** |
| **Project Number**  **ED16DEN3020023**  **Period Covered by the Report**  **January 1, 2019 – December 31, 2019** |
| **Date of Report**  **December 31, 2019** |

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Annual Comprehensive Economic Development Strategy (CEDS)

**And Progress Report**

# **Section I: Adjustments**

The San Luis Valley Development Resources Group’s primary service area is comprised of six counties: Alamosa, Conejos, Costilla, Rio Grande/Mineral, and Saguache. These counties, commonly known as the San Luis Valley, are located in the south central part of Colorado in the 3rd Congressional District.

Unemployment in the Valley continues to trend above the state average of 2.6%, with the exception of Mineral County. Rates for 2018 ranged from 2.4% in Mineral County, the region’s least populous, to 3.7% in Rio Grande County.

Renewable energy continues to be a bright spot in the region’s economy. Five utility-scale solar plants, all located in Alamosa County, produce 136.7 Megawatts of electricity, enough to power 22,418 home. Three additional solar plants have been permitted by Alamosa County but construction has yet to begin. These proposed plants would generate an additional 155 Megawatts of electricity.

Agriculture is the driving force in the Valley’s economy, accounting for 29% of the region’s base economy. The primary crops produced are potatoes, alfalfa, barley, as well as cattle. In 2015 alone, the estimated production value of the Valley’s top three crops – potatoes, alfalfa and barley – was over $357 million.

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. 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. Groundwater such that 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 special improvement district (or sub-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.

SLVDRG, through the San Luis Valley Council of Governments, commissioned an economic impact analysis of the effects of reduced crop production due to reduced irrigated on the region’s economy. The analysis produced an input/output model that can be used to estimate the economic effects to the regional and county economies of changes in crop production.

Population density is sparse, 5.61 persons per square mile (as of 2010), with 46,027 people calling the San Luis Valley home. This represents a decline of 0.35% since the 2000 census. Only two counties have shown any growth, Alamosa and Saguache, while Conejos, Costilla, Rio Grande, and Mineral counties have declined. Mineral County recorded the largest loss in population over the past decade of 14.32%.

Per Capita Personal Income for 2010 in the Valley was $29,267, about 70% of the state’s PCPI of $42,107. Over 15% of families in the county live under the poverty level. Around 47% of the San Luis Valley population is Hispanic and nearly 30% speak Spanish at home. Over half of the land mass is owned by the federal government and the State of Colorado.

# **Section II: 2018 Governing Board**

**San Luis Valley Development Resources Group Executive Board**

**Ty Coleman** - Chairman, Mayor, City of Alamosa, Rio Grande Savings & Loan

**Mike Yohn** – Vice Chairman, Alamosa County Commissioner, Colorado Rural Workforce Consortium

**Lawrence Pacheco** – Secretary/Treasurer, Costilla County Commissioner

**Ashley Valdez** – Area Manager for Community & Local Affairs, Xcel Energy

**Jack Wiley** – Trinidad State Junior College, Dean of Instruction

**Ken Anderson** – Saguache County Commissioner

**Kent Curtis** – Chief Executive Officer, First Southwest Bank

**Forrest Neuerburg** – City Manager, City of Monte Vista

**Larry Zaragoza** – Mayor, Town of La Jara, retired educator

**Karla Shriver** – Board Member, San Luis Valley Federal Bank

**Ramona Weber** – Mineral County Commissioner

**John Noffsker** – Rio Grande County Commissioner

**Section III: 2018 CEDS Strategy Committee**

**Ty Coleman** – Mayor, City of Alamosa

**Mike Yohn** – Alamosa County Commissioner

**Lawrence Pacheco** – Costilla County Commissioner

**Ashley Valdez** – Xcel Energy

**Jack Wiley** – Trinidad State Junior College

**Ken Anderson** – Saguache County Commissioner

**Kent Curtis** – First Southwest Bank

**Forrest Neuerburg** – City Manager, City of Monte Vista

**Larry Zaragoza** – Trustee, Town of La Jara

**Karla Shriver** – Board Member, San Luis Valley Federal Bank

**Ramona Weber** – Mineral County Commissioner

**Jeff Larsen** – Mayor, Town of Creede

**Darius Allen** – Alamosa County Commissioner

**Michael Carson** – Councilor, City of Alamosa

**Kairina Danforth** – Mayor, Town of Crestone

**Dan Hicks** – Town Manager, Town of South Fork

**Larry Kawanabe** – Trustee, Town of Blanca

**Dennis Koenig** – Town Manager, Town of La Jara

**Tom Monaco** – San Luis Valley Small Business Development Center

**Marty Asplin** – Upper Rio Grande Economic Development

**Bonnie Asplin** – Upper Rio Grande Economic Development

**Kathy Rogers** – City of Alamosa, Economic Development Director

**Jeremy Elliot** – Costilla County Economic Development

**Liza Marron** – Saguache County Sustainable Environment and Economic Development

**Barry Van Sant** – Saguache Chamber of Commerce

# **Section IV: Staff**

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# **Section V: 2019 Scope of Work**

**A. Build a Business-Friendly Environment**

1. Market federal, state and local programs that assist local businesses.
   1. Accomplishments Achieved: Residents and businesses of all six counties of the region are eligible for Colorado Enterprise Zone state income tax credits, and all six counties are now included in the Enhanced Rural Enterprise Zone. Established six designated Opportunity Zones under the federal Tax Cuts and Jobs Act of 2017.
   2. Quantifiable Deliverables: The EZ tax credit program returned $2 million in tax credits to 509 businesses in the region for investments in their businesses and in training of 295 employees. Commissioned and completed the San Luis Valley Opportunity Zone Prospectus as a marketing tool to encourage investment in the Opportunity Zones, and continue to track federal programs that provide program preferences for OZ investments.
   3. Difficulties Encountered: None.
2. Provide conduit for State Department of Transportation to meet regularly with local officials and citizens to discuss and improve the San Luis Valley regional highway network.
   1. Accomplishments Achieved: SLVDRG serves as the planning agency for the San Luis Valley Transportation Planning Region’s regional coordinating council, which includes county and local governments in the seven-county planning area. SLVDRG organized the San Luis Valley Regional Transit Council bringing together local governments, transit agencies, non-profit human service organizations, and the Colorado Department of Transportation (CDOT) to monitor and share transit issues in the region.
   2. Quantifiable Deliverables: SLV TPR met quarterly to review progress on CDOT highway construction projects and receive updates on transportation and agency issues throughout the region and state. SLVDRG was awarded an annual planning grant from CDOT to continue serving as the regional transportation planning agency. The SLV TPR provided direction for development of CDOT’s 24045 Regional Transportation Plan through regular and special meetings with agency planners.

The San Luis Valley Regional Transit Council resumed meetings with financial assistance from CDOT, which is providing two years of funding to seed transit efforts in the region and initiate a planning process for transit development. SLV RTC also was selected to host a VISTA volunteer to assist with transit planning.

The West SLV Transit Committee, a consortium of counties and municipalities was formed to assess potential ridership for intercity bus service commissioned and completed the West San Luis Valley Transit Study.

Working with the Chaffee Shuttle, West SLV Transit continued shuttle bus service once weekly from Del Norte to Monte Vista, Center, Saguache, Villa Grove to Salida and returning. A second route, once weekly, begins in Saguache, goes to Center, Del Norte, Monte Vista, and ends in Alamosa. After about six months, ridership is five to eight passengers per day.

* 1. Difficulties Encountered: None

1. Assist in the development of sector (cluster) strategies for agricultural and health industries
   1. Accomplishments Achieved: None at this time.
   2. Quantifiable Deliverables: None at this time.
   3. Difficulties Encountered: None.

**B. Retain, Grow, and Recruit Companies**

1. Assist businesses develop a relationship with regional markets.
   1. Accomplishments Achieved: Very limited activity.
   2. Quantifiable Deliverables: Continued support and collaboration with the San Luis Valley Local Foods Coalition to provide a local food marketing outlet for food produced in the region.
   3. Difficulties Encountered: None.
2. Focus on businesses which diversify the economy and provide lasting community benefits.
   1. Accomplishments Achieved: Provided loan counseling to 10 businesses in the region.
   2. Quantifiable Deliverables: Made ten loans to nine businesses totaling $2,170,188, leveraged $8,363,000 in private funds, and created or retained 54 FTE jobs.
   3. Difficulties Encountered: None.
3. Assist businesses facing prolonged road construction.
   1. Accomplishments Achieved: SLVDRG has a program and guidebook for local businesses facing road construction in their communities. Entitled “The San Luis Valley *Cone Zone* Survival Guide,” the program gives businesses a pathway for managing the potential disruptions that road construction can bring.
   2. Quantifiable Deliverables: No communities in the region had prolonged road construction during the past year.
   3. Difficulties Encountered: None

**C. Increase Access to Capital**

1. Bridge the gap for businesses to eventually qualify for bank financing and prepare them for traditional bank relationships.
   1. Accomplishments Achieved:  Four loan clients, still in operation, closed out loans with SLVDRG and now can be considered “bankable” with traditional lenders.
   2. Quantifiable Deliverables:  Four loans totaling $1,240,910 at origination were closed out in 2019. Conventional financing for their businesses was not possible at the time the loans made. Those businesses continue to operate providing 216 jobs.
   3. Difficulties Encountered:  None
2. Provide risk mitigation for local lenders.
   1. Accomplishments Achieved:  Originated one loans in 2019 with participation by a regional lenders.
   2. Quantifiable Deliverables: Of the ten new loans made in 2019, one was done in participation with regional lenders, mitigating their risk. The one loans totaled $2,000,000 ($1,000,000 from SLVDRG and $1,000,000 for regional lenders).

Closed one loan in an amount of around $25K each from a new State of Colorado character based loan program. Difficulties Encountered:  None

**D. Create and Market a Stronger San Luis Valley/Colorado brand**

1. Promote tourism through SLV Great Outdoors for the San Luis Valley that highlights the uniqueness and authenticity of the county.
   1. Accomplishments Achieved: SLVGO grew to a staff of three that included and executive director, community engagement coordinator, and a development coordinator. SLVDRG continued to provide office space and support and serve as the group’s fiscal agent. SLVGO became an independent, non-profit organization by gaining 501 (c)(3). Among SLVGO accomplishments are: presentation at Rocky Mountain Land Use Institute on projects; presented at COILS; presented at Adams State University Water Conference; hosted 12 evening bike rides; assisted in organization of 12 Hours of Penitence bicycle race; hosted MountainFilm on Tour; and presented to SLV Community Foundation annual meeting.
   2. Quantifiable Deliverables: Ongoing. SLVGO is a program of the San Luis Valley Council of Governments, and SLVDRG operates the SLVCOG. SLVDRG is the fiscal agent for SLVGO with responsibility for financial management. SLVDRG provided in-kind services to SLVGO by providing office space and support. SLVGO moved into its own office space in December 2019.
   3. Difficulties Encountered: None.
2. Assist in the development of local trails for greater outdoor activities.
   1. Accomplishments Achieved: SLVDRG/SLVCOG continues to serve as the coordinating agency for San Luis Valley Great Outdoors (SLVGO), which is the regional organization responsible for the promotion and enhancement of outdoor recreational opportunities in the San Luis Valley. Outdoor recreation initiatives are occurring throughout the region in Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties. Secured program funding from new sources.
   2. Quantifiable Deliverables: SLVGO continued to meet and plan in 2019 for future development of outdoor recreation opportunities in the region. Among SLVGO accomplishments in developing trails are: worked with City of Alamosa on “Ranch to Refuge” project Toivo Malm Trail; Phase 1 of Rito Seco Trail in Costilla County received funding for completion; built Garden Path at Boyd Community Graden, and assisted local entities with grant applications to fund trail and outdoor recreation programs.
   3. Difficulties Encountered: Securing funding for programs, promotion, and trail development.

**E. Educate and Train the Workforce**

1. Develop strategies to support stronger communication among partners who provide employment education including Workforce, WIOA, TANF, and Adult Education.
   1. Accomplishments Achieved: None.
   2. Quantifiable Deliverables: None.
   3. Difficulties Encountered: The concept of a “professional skills” incubator using a sewing cooperative business model to help TANF clients learn soft skills needed by businesses failed to gain local champions and was dropped.
2. Assist organizations to develop mechanisms to assist businesses to meet their need for quality, trained, and skilled workforce.
   1. Accomplishments Achieved: None
   2. Quantifiable Deliverables: None
   3. Difficulties Encountered: Change in SLVDRG personnel weakened relationship with Workforce agency.

**F. Cultivate Innovation and Technology**

1. Promote SLVDRG as the repository for research, demographic information, federal, and state economic development programs for the San Luis Valley.
   1. Accomplishments Achieved: SLVDRG continues to provide pertinent and up-to-date information on demographics, state and federal government programs, and funding opportunities to local government, non-profits and individuals.
   2. Quantifiable Deliverables:
      1. Provided demographic and economic information to Colorado State Demography Office for annual demography conference.
      2. Attended annual State Demography Conference.
      3. Continue to distribute CEDS to local governments, individuals, and businesses. We constantly promote our CEDS as the definitive resource on the San Luis Valley and refer inquiries to the document.
      4. Certified State tax credits as a result of $88,304 in research and development expenses by private business.
   3. Difficulties Encountered: None encountered.

**G.** **Comprehensive Economic Development Strategies**

1. Complete the CEDS report.
   1. Accomplishments Achieved: 2018 San Luis Valley Comprehensive Economic Development Strategy completed.
   2. Quantifiable Deliverables: 2018 CEDS submitted to EDA regional office April 1, 2019 and approved May 30, 2019.
   3. Difficulties Encountered: None encountered.

# **Section VI: Evaluate**

We have chosen eight performance measures against which to review our accomplishments and judge the effectiveness in meeting our goals:

1. Capital investment by new and existing businesses in the San Luis Valley.
   * During 2019, at least $94M in capital investment was made by 509 businesses in the San Luis Valley.
   * The top investments by sector were:
     1. Agriculture - $52M
     2. Recreation - $7.8M
     3. Retail - $6M
     4. Construction - $3.9M
     5. Finance, Insurance, Real Estate - $6.3M
   * Through the Colorado Enterprise Zone Investment Tax Credit, $2.3M was returned to businesses in the form of state income tax credits to be reinvested in those businesses and their communities.
2. New jobs created in the San Luis Valley.
   * A total of 90 jobs were created as a result of qualified capital investments of $93,974,866, made in 2019.

1. Total jobs created or retained as a direct result of SLVDRG activities.
   * A total of 54 jobs were retained or created through lending by the SLVDRG business loan fund. Ten new loans were made to nine new or existing businesses.
2. Quality of jobs created or retained in terms of wages, occupation, skills, benefits, and other factors.
   * Proximity Malting, a value-added agricultural manufacturing enterprise, financed in 2015 by the SLVDRG, began operation in 2017. Company jobs require advanced skills and offers higher wages estimated to be $67,000/annum. The number of full-time jobs are estimated at 32.
   * Idaho Pacific Colorado, a food processing plant in Center, completed a $7M plant expansion in 2017 that added 35 new jobs to the community. SLVDRG financed $1.5M of the expansion that covers upgrades to the Center Sanitation District’s water treatment facility to expand the water infrastructure and treatment system necessary for the plant expansion.
3. Amount of private sector investment in the region as a result of CEDS implementation.
   * The investment by Proximity Malting of $25,587,532 as a direct result of SLVDRG assistance and activities based on the CEDS strategies. Their investment and activity continued 2017, when the plant began operation.
   * Idaho Pacific’s investment of $7M in plant expansion was made possible by SLVDRG’s loan assistance and is based on CEDS strategies.
4. Notable changes in economic environment of the region attributed to the programs, projects, and activities being carried out.
   * Our activities preserve the economic vitality of the San Luis Valley, which has continued to experience the economic challenges seen in other rural regions of Colorado and the United States. Compared to the state unemployment rate of 3.2 percent for October 2018, unemployment rates for counties in the San Luis Valley range from 2.6 percent in Mineral County to 4.1 percent in Costilla County for the same period. The region’s unemployment continues to be slightly higher than the state rate. There has been no loss of a single, major employer in the region, and job numbers indicate the region has recovered from the recession.
   * Agriculture continues to be the driving economic force in the San Luis Valley with the primary crops being potatoes, alfalfa, barley and cattle. Agriculture accounts for about 29 percent of the Valley’s base employment.
   * Real estate shows a rebound from the recession with the inventory of available residential property very tight, particularly in Alamosa County.
5. Number and types of investments undertaken in the region.
   * The SLVDRG business loan fund made 10 new loans to 10 business in 2019. Those loans totaled $2,170,188 and leveraged $8,363,000 in private funds, and created or retained 54 FTE jobs. The businesses ranged from a motel to a pizza parlor and a pellet producing business.
6. Accomplishments or advancements made in achieving project objectives, and/or successful implementation of strategies and elements listed in the plan of action.
   * Financial Assistance continues to be a very important component of our strategies for economic development in the SLV. The SLVDRG maintains a loan portfolio of $6.2 million and 45 loans. The loan fund is a critical component for funding small businesses as local lending institutions continue to tighten their policies. We are also working with CHFA to use the Collateral Support program to assist lenders with collateral shortfalls.
   * In the agriculture industry, value-added processing has grown with the Proximity Malting beginning production and Idaho Pacific Colorado doubling its production capacity. Both companies received financial assistance from SLVDRG.
   * The region continues to “grow” its tourism economy. The number of visitors to Great Sand Dunes National Park and Preserve is one indicator of that growth. The park had 486,945 visitors in 2017. In 2018, that number will go over 480,000.
   * With funding and assistance from the Colorado Office of Economic Development and International Trade and in-kind support from SLVDRG, a coalition of business and government leaders from the entire region developed a business brand for the San Luis Valley. The new brand name for the San Luis Valley is “Colorado Genuine”.
   * As an affiliate of the Colorado State Demography Office, we attend trainings and annual meetings in order to keep our demographic information up-to-date. Throughout the year SLVDRG provided demographic and economic data to local governments, businesses and non-profits.
   * SLVDRG serves as the coordinating agency for the San Luis Valley Transportation Planning Region, which includes all of the six counties in the region and Chaffee County. We provide local governments and other interests with information from the Colorado Department of Transportation regarding transportation issues. Other responsibilities include holding regular meetings of the TPR and providing regional input into state transportation meetings.
   * SLVDRG has responsibility for the creation and direction of the new San Luis Valley Transit Council and received funding from the Colorado Department of Transportation for two years to achieve that goal.
   * SLVDRG certified six census tracts within the region as Opportunity Zones under the 2017 Tax Act. The tracts are located across three counties in areas most likely for outside investment to occur. The development of investment prospectus for each of the opportunity zone census tracts was funded and solicited for outside consultant to be initiated and completed within the first half of 2019.

**Section VII: Schedule**

**A. Build a Business-Friendly Environment**

1. Market federal, state and local programs that assist local businesses.
2. Provide conduit for State Department of Transportation to meet regularly with local officials and citizens to discuss and improve the San Luis Valley regional highway network.
3. Assist in the development of sector (cluster) strategies for agricultural and health industries.
4. Expand the development of sector (cluster strategies to include the transportation industry.
5. The staff will participate in training offered by various professional organizations including but not limited to EDA, International Economic Development Council (IEDC), Council of Development Finance Agencies (CDFA), American Institute of Certified Public Accountants (AICPA), and National Association for Development Organizations (NADO).

**B. Retain, Grow, and Recruit Companies**

1. Assist businesses develop a relationship with regional markets.
2. Focus on businesses which diversify the economy and provide lasting community benefits.
3. Assist businesses facing prolonged road construction.

**C. Increase Access to Capital**

1. Bridge the gap for businesses to eventually qualify for bank financing and prepare them for traditional bank relationships.
2. Provide risk mitigation for local lenders.

**D. Create and Market a Stronger San Luis Valley/Colorado brand**

1. Promote tourism through SLV Great Outdoors for the San Luis Valley that highlights the uniqueness and authenticity of the county.
2. Assist in the development of local trails for greater outdoor activities.

**E. Educate and Train the Workforce**

1. Assist Workforce through Sectors Strategies to determine workforce needs of San Luis Valley businesses and industry clusters.
2. Develop strategies to support stronger communication among partners who provide employment education including Workforce, WIOA, TANF, and Adult Education.
3. Assist organizations to develop mechanisms to assist businesses to meet their need for quality, trained, and skilled workforce.

**F. Cultivate Innovation and Technology**

1. Promote SLVDRG as the repository for research, demographic information, federal, and state economic development programs for the San Luis Valley.

**G. Opportunity Zones**

1. Implement and promote the results of the Opportunity Zone Prospectus.