



## **SOUTHWEST ENTERPRISE ZONE**

### **2009 ANNUAL REPORT**

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### Overview

Region 9 Economic Development District of Southwest Colorado Inc. (Region 9 or the District), is a nonprofit, 501 (c) 6 public private partnership that promotes and coordinates economic development efforts throughout southwest Colorado. Region 9 covers the counties of Archuleta, Montezuma, La Plata, Dolores and San Juan as well as the Ute Mountain Ute and Southern Ute Indian Tribes. Incorporated in 1989, Region 9 is led by a 26-member board of directors, 17 from local governmental jurisdictions and 9 from the private sector. The District coordinates with local and county level economic development organizations to create sound economic development strategies, opportunities and community projects that enable businesses and workers throughout the region to **succeed**. The District also serves as the Southwest Enterprise Zone administrator.

Sustainable economic development is a high priority for the region. The challenge is to grow our economy in a way that balances the needs of the environment and society with those of economic growth and development. Sustainable economies should be diverse enough so that one industry's decline does not negatively affect the entire economy. In turn, a well trained workforce is essential to provide the necessary skills that will draw and grow desirable employment industry's into the region. Enterprise Zones are valuable tools in this business environment.

### **Conditions and business environment**

Southwest Colorado has been hard hit by the national recession and Region 9 EDD has seen an increased number of defaults and business inquiries in its Business Loan Program. The numbers of tax credits claimed through the Southwest Colorado Enterprise Zone is down overall, though higher in our two smallest counties.

**Archuleta County** is comprised of 1,364 sq. miles, with only **34%** of lands in private ownership. Tribal lands comprise 14.4% of the county and any decisions regarding their development (i.e. mineral and timber resources) could be crucial on county resources and economic development. 51.6% of the County are within the San Juan National Forest and are under the management of the U.S. Forest Service. Federal lands continue to be managed under a policy of multiple-use. All of Archuleta County is a designated Enterprise Zone, with the exception of the Southern Ute Reservation lands, which have been excluded following the wishes of the Southern Ute Tribal government. Archuleta County is currently listed as an Enhanced Enterprise Zone.

**Dolores County** is comprised of 1,052 sq. miles. Of these 58% are state and federal lands. All of Dolores County is a designated Enterprise Zone and meets the criteria of an Enhanced Enterprise Zone. The utilization of Enterprise Zone Tax credits went up between 2008 and 2009.

**La Plata County** is comprised of 1,690 sq. miles. Of these, 41.1% are private lands, 17.8% are tribal lands, and 41.1% are state and federal lands. Open space has been identified as an important asset to La Plata County residents. Therefore, agricultural parcels, as well as some distressed census tracts within the county, have been designated as Enterprise Zones. The Southern Ute Reservation lands have been excluded following the wishes of the Southern Ute Tribal government. In La Plata County, the zone boundaries were amended in 2004 to include the new Mercy Regional Medical Center Site. La Plata County is the regional job center.

**Montezuma County** is comprised of 2,084 sq. miles. Of these, 30% are private lands, 33% are tribal (Ute Mountain Ute), and 37% are state and federal lands. All of Montezuma County is a designated Enterprise Zone, with the exception of the Ute Mountain Sacred area, which has been excluded following the wishes of the Ute Mountain Ute Tribal Government.

**San Juan County** is comprised of 392 sq. miles. Of these, 12% are private lands and 88% are state and federal lands. All of San Juan County is a designated Enterprise Zone, and meets the criteria of an Enhanced Enterprise Zone. The utilization of Enterprise Zone Tax Credits increased from 2008 to 2009.

Tribal populations in the region, the only Tribes in Colorado, include the **Ute Mountain Ute** and the **Southern Ute Indian Tribe**. They are major economic forces with their diversified tribal enterprises and provide employment for tribal members as well as others within the regional community.

### 2009 Observations and Data

In Region 9, four of five counties meet economic distress criteria making them eligible as Enterprise Zones (per Statute 39-30 C.R.S). According to this statute, to be designated an Enterprise Zone an area must have a population of less than 80,000 and meet one of the following criteria: an unemployment rate at least 25% above the state average; a population growth rate less than 25% of the state average; and a per capita income (PCI) less than 75% of the state average.

County	2008 Unemp. Rate	2003 - 2008 Pop. Growth	2007 PCI
Archuleta	No	No	Yes
Dolores	Yes	No	Yes
La Plata	No	No	No
Montezuma	No	No	Yes
San Juan	No	Yes	No

Archuleta, Dolores, Montezuma and San Juan Counties are within the guidelines for designated Enterprise Zones. La Plata County no longer meets these criteria on a county wide level, but has certain eligible census tracts that qualify. Archuleta, Dolores and San Juan Counties have also been designated as Enhanced Rural Enterprise Zones for calendar years 2009 and 2010.

**Unemployment** – Four counties do not meet the unemployment rate criteria for Enterprise Zone status based on unemployment rates for 2008. Only La Plata County met local Objective 1, of being < or = to the state unemployment rate.

	2008 Unemp. Rate	EZ Eligible > 6.12%	Objective 1 < or = to State
Archuleta	5.2%	No	No
Dolores	7.3%	Yes	No
La Plata	3.6%	No	Yes
Montezuma	5.4%	No	No
San Juan	5.5%	No	No
Colorado	4.9%		

at least 25% above State Avg (4.9%) = 6.12%

Source: Colorado Labor Market Information (1-25-10)

Note: Annual averages are not yet available for 2009

**Population Growth** - San Juan County met EZ eligibility criteria for population growth from 2003 – 2008.

	Estimates		% Change	*EZ Eligible
	2003	2008	2003-2008	
Archuleta	11,196	12,704	13.5%	No
Dolores	1,848	2,014	9.0%	No
La Plata	46,790	50,735	8.4%	No
Montezuma	24,551	25,713	4.7%	No
San Juan	570	567	-0.5%	Yes
Colorado	4,586,869	5,011,390	9.3%	

\* < 25% of State (2.3%)

Source: Colorado Demography Section estimates 10-09

**Per Capita Income (PCI)** - Archuleta, Dolores and Montezuma Counties met eligibility criterion for PCI in 2007, the latest available; La Plata and San Juan Counties did not meet this

County	2007 Per Capita Income		* EZ Eligible	Objective 2
	PCI	% of State	< \$32,328	> or = to State PCI
Archuleta	\$ 26,343	61%	Yes	No
Dolores	\$ 28,861	67%	Yes	No
La Plata	\$ 38,263	89%	No	No
Montezuma	\$ 29,796	69%	Yes	No
San Juan	\$ 33,361	78%	No	No
Colorado	\$ 42,985			

\*75% of State PCPI= \$32,238

Source: Bureau of Economic Analysis

criterion. None of the counties met local Objective 2, of being  $>$  or  $=$  to the state PCI.

### **2009 Efforts to Improve Conditions**

Region-wide in 2009 there were 30 projects approved as Enterprise Zone Contribution projects, and these projects generated **\$3,522,468** in economic activity through direct and in kind contributions. This is lower by almost \$2 million dollars from the 2008 numbers, demonstrating a possible decline in donations. Three of the Contribution projects were infrastructure projects that were completed and will not renew in 2010. One project was not renewed, due to having no activity for the past two years.

Businesses in Enterprise Zone areas claimed **\$45,074,741** in eligible investments, resulting in \$1,372,427 in certified tax credits, and created 232 jobs. These amounts are lower than the 2008 numbers by \$11 million in investments, and \$500K in tax credits. The number of new jobs also declined by 85 positions. However, San Juan and Dolores Counties (both Enhanced Enterprise Zones) saw increases in EZ utilization in 2009.

Region 9 works with the county-level economic development groups to devise strategies for attracting suitable new businesses and helping existing businesses to grow. These strategies include educating local businesses about the benefits and programs of the Enterprise Zone. Region 9's efforts include: newsletter articles on the EZ; presentations to interested groups; monthly updates to the Region 9 Board of Directors; and outreaching area CPA firms and small businesses in which we come in contact to make sure that they are aware of the Enterprise Zone tax credits.

In 2010, further efforts will include joining Facebook and Buzztown (a local social media outlet) to provide yet another avenue to reach businesses; outreaching businesses working with Region 9 and through area chambers to provide information; and continuing to notify accounting and bookkeeping firms of available credits. Perhaps most importantly is providing education about the value of our Enterprise Zones to our elected representatives at a state level.

### **2009 Objectives**

A number of local objectives have been identified, and are being tracked on an annual basis.

**1: Unemployment rates for each of the counties should be equal to or less than the state unemployment rate. Current Status** – Only La Plata County has an unemployment rate less than the state unemployment rate in 2008.

**2: Per Capita Income (PCI) for each of the counties should be equal to or greater than the state PCI. Current Status** – All five counties had PCI levels less than the state average in 2007.

**3: Each County will have an active economic development organization with staff and funding to focus efforts in each county and assist Region 9 EDD with its delivery of services. Current Status** – Each county has a functioning economic development group and three are designated as EZ Contribution projects. There have been resignations in two of the five groups as of the end of 2009, and Region 9 is working closely with the groups to mentor new staff.

**4: Increase the number of businesses that participate in the EZ in each county using 2005 as a base year. Current status** – Base year total is: 228. The total number of participating businesses in 2009 was 232 showing a 1% increase.

**5. Target all businesses involved in other Region 9 programs and inform them about the Investment Tax credit, and track what number turn in certification forms, using 2009 as a base year.** Since 2009 is a base year, the number of businesses utilizing EZ tax credits that are involved in Region 9 EDD programs total: 6 Archuleta, 1 Dolores, 18 La Plata, 10 Montezuma, and 1 San Juan County.



Any needed reports to support the above numbers are available per your request. For more information contact Region 9 at 970-247-9621

