



# RURAL ECONOMIC RESILIENCY IN COLORADO

*STUDY OF FACTORS  
IMPACTING RESILIENCY*

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NOVEMBER 4, 2016



**COLORADO**

Office of Economic Development  
& International Trade

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# EXECUTIVE SUMMARY

As Colorado communities around the state continue to confront different economic challenges, certain communities demonstrate a resiliency that others do not. While some communities bounce back quickly from downturns, others lag behind and sometimes never completely recover. Why do some communities recover more quickly, and what assistance can be provided to others? In other words, what makes a community successful? A comprehensive, statewide analysis of factors that affect a community's resiliency is important because it will allow stakeholders to assist struggling communities better, while encouraging communities that are already moving in the right direction.

For this study a research team traveled to select counties to conduct focus groups with community leaders. The goal of these focus groups was to understand other factors promoting or inhibiting resiliency that may not be apparent in the numerical data. The research team also evaluated economic metrics such as population and demographics, employment and industry diversity, value add, educational attainment, and natural and man-made assets.

In order to gain a diverse first-hand perspective of the factors affecting economic resiliency within each community a total of 13 focus groups were conducted in 10 rural Colorado counties: Chaffee County, Rio Grande County, Garfield County, La Plata County, Las Animas County, Moffat County, Montrose County, Morgan County, Routt County, and the representative counties from the Southeast Colorado Business Retention, Expansion & Attraction program (SEBREA), which includes Baca, Bent, Crowley, Kiowa, Otero, and Prowers counties. These 10 rural areas provide a cross-section of county sizes (population and employment), growth rates, growth volatility, employment bases, and age demographics.

In each focus group, community leaders were asked to assess their own county's economic resiliency, and identify certain factors that contributed to or hindered it. After analyzing the conversations, a number of themes discussed in each group emerged. Recurring driving factors that communities found important to their resiliency included:

- ▶ Quality of Life
- ▶ Industry Diversity
- ▶ Community Leadership
- ▶ Education and Healthcare
- ▶ Transportation Access

On the other hand, leaders also assessed certain factors that hindered resiliency. These included:

- ▶ Housing Availability and Supply
- ▶ Labor Market
- ▶ Youth and Family Retention
- ▶ Smart Growth

Following the focus groups the research team traveled to Durango, in La Plata County, and Salida, in Chaffee County, to create case studies and obtain additional information on specific projects that have led to economic resiliency in these areas. In these communities, the research team interviewed community members and business leaders to capture examples of the drivers for and hindrances to resiliency in their communities. Successful strategies for achieving economic resiliency include creating a vision for your community, investing in community assets, taking risks, empowering and engendering leaders, investing in education and healthcare, identifying infill and annexation options, and collaborating regionally.

## PROJECT OVERVIEW

The Colorado Office of Economic Development and International Trade, the Business Research Division (BRD) of the Leeds School of Business at the University of Colorado Boulder and the Colorado Department of Local Affairs, State Demography Office, partnered on an economic resiliency study of Colorado rural communities in order to understand what makes some communities in Colorado thrive while others fail to retain population and sustain economic growth.

The primary purpose of the project was to study identifiable factors that differentiate a path of success for communities. This report details secondary data studied for the analysis and primary research garnered through focus groups in select counties located on the Eastern Plains, Mountain Region, and Western Slope in Colorado.

The following organizations were instrumental in the support of this analysis: Anschutz Foundation, El Pomar Foundation, Gates Family Foundation, and Telluride Foundation.

## METHODOLOGY

This study examines both secondary data and primary data collected in 2015 and 2016. The secondary data, which includes information from federal and state agencies, was evaluated to identify commonalities between expanding economies and between contracting economies. These data are instrumental in identifying the target communities for focus groups.

*Primary Data Collection* - The research team held focus groups which included individuals from different generations—importantly, generations with historical context to describe the people and events surrounding local economic expansion. The focus group moderator facilitated discussions on attributes that have helped or inhibited growth (e.g., leadership), thereby augmenting secondary data findings (e.g., industry growth).

Following the focus groups, the research team traveled to Durango and Salida to interview community members and business leaders. These interviews provide a basis for two case studies and illustrate lessons learned from development in the two communities.

*Secondary Data Analysis* - The secondary data analysis established the benchmark measurement for expanding and contracting communities. It focused on the change in population and industry employment and the composition of county employment (i.e., goods versus services), and examined county characteristics in search of common attributes for thriving communities (i.e., natural resources, physical assets, etc.).

Data from the Bureau of Labor Statistics and from the Colorado Department of Labor and Employment were used to compare employment, firms, total wages, average wages, and location quotients by county. County Business Patterns data from the U.S. Census Bureau were sourced for additional review of economic trends in small areas. Other assets were identified from a variety of sources, ranging from the Federal Aviation Administration to the Colorado Division of Reclamation, Mining and Safety.

## DEFINITIONS

**Gross Domestic Product (GDP)** A measure of economic activity, GDP is the total value added by resident producers of final goods and services.

**Compound Annual Growth Rate (CAGR)** Calculated as  $(\text{Year1}/\text{Year0})^{(1/n)} - 1$

**Employment** Full-time and part-time workers.

**Location Quotient** The relative concentration of an industry. In this report, the location quotient is calculated as  $(\text{IndustryLocal}/\text{TotalLocal})/(\text{IndustryNational}/\text{TotalNational})$ .

**Industry Groups<sup>1</sup>** Industry groups are defined by the Colorado Department of Local Affairs (DOLA), State Demography Office, for the purpose of describing economic drivers as Traditional Basic, Indirect Basic, and Local Resident Services. Data are from various sources, including the Census Bureau “On the Map”) and Bureau of Economic Analysis (BEA). See Appendix 1 for DOLA industry groups definitions.

**Value Added** Value of goods and services produced within a county, less intermediate inputs. IMPLAN explicitly defines value added as “Employee Compensation + Proprietor Income + Other Property Type Income + Taxes On Production & Imports.”

## COLORADO RURAL COUNTY RESILIENCY STUDY FOCUS GROUPS

13 counties were targeted for focus groups: Chaffee, Crowley, Garfield, Kiowa, La Plata, Las Animas, Moffat, Montrose, Morgan, Ouray, Rio Grande, Routt, and Washington. Selecting these counties allowed for a representative sample of planning regions, population and employment bases, industry mixes, and growth rates over the period 1990–2014 and have experienced varying rates of growth and varying levels of volatility in growth. The counties also have a variety of natural resources and human-made assets. The focus groups in these counties provided deeper insight into the factors that have allowed some counties to grow faster than others.

In order to examine the factors that helped or hindered a community’s economic resiliency, each focus group began with the question “what does economic resiliency mean to you?” By answering this question, themes began to emerge about what made a community resilient, and participants described metrics that they would use to measure their own county’s resiliency. Among those metrics participants most frequently identified were:

- ▶ Quality of Life
- ▶ Industry Diversity
- ▶ Community Leadership

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<sup>1</sup>Industry definitions provided by Chris Akers, Colorado Department of Local Affairs, State Demography Office (emailed on February 25, 2016).

- ▶ Education and Healthcare
- ▶ Transportation Access
- ▶ Housing Availability and Supply
- ▶ Labor Market and Wages
- ▶ Youth and Family Retention
- ▶ Smart Growth

Certain metrics, such as population, employment, and wages, are easily measurable, but each focus group provided a deeper insight into the factors that affect these economic measures. Other metrics, such as community involvement, quality of life, and leadership, are less tangible but sparked engaging discussions into how they affect each community.

Throughout all of the communities, a number of themes emerged that highlight the factors that create resiliency within a rural area. Economic diversity was a top response, indicating the importance of maintaining a wide array of different industries within a community. Community leadership was also common, in which communities discussed the key investments and collaborative opportunities that are paying off today. Education and healthcare, considered top factors for community growth as well as the retention of existing residents, and proximity to transportation infrastructure and community location, because they allow for growth in tourism and business, were frequently brought up in discussions. Finally, although intangible, quality of life and community passion were prominent factors noted by counties that considered themselves resilient.

A number of concerns also were commonly discussed, highlighting key areas for improvement. Many communities struggle with providing adequate housing at an affordable price as well as maintaining a quality supply of labor for local businesses. Another concern was retaining youth and families as many are seeing their young populations leave. Finally, the concept of smart growth was discussed, as communities are concerned with how to manage growth in a sustainable manner.

## QUALITY OF LIFE

Although most focus group participants indicated measurable economic metrics when defining resiliency, other factors mentioned were those of an intangible nature. Commonly occurring themes were quality of life and a sense of passion for one's community, two factors that caused people to stay and continue to work even when they could leave to find different opportunities. La Plata County described community pride as one of its biggest assets and county leaders have noticed highest population growth in the 30–55 age category, an age range most commonly associated with families, greater earning potential, and higher spending habits. Even with lower wages compared to an alternative, more urban location, county leaders continue to see people move to the community because they love it, not because it offers the highest wages. Routt County has experienced a similar phenomenon with "location-neutral" residents giving up the opportunity to earn a higher salary in order to enjoy the quality of life provided by a smaller community. As a former mining and ranching community, Routt County leaders also consider their community history as an asset to their resiliency.

Community passion is also observed through a growing retiree community and an expanding second-home market in a number of these locations. Many second-home buyers are purchasing homes with the goal of living in the county full time, and Chaffee County believes that it is gradually becoming less of a second-home community and more of a full-time resident community due to the prevalence of diverse, year-round recreational activities at a fraction of the price of more popular mountain resort towns. Residents are described

as not only physically active but also active members of the community. Chaffee County leaders believe that much of the county is built through volunteer work and In Salida, the volunteer and nonprofit communities have grown and improved due to active seniors looking to give back to the town. Certain communities, like Moffat County, struggle to attract retirees from outside locations but have experienced strong retention when it comes to its existing population. As residents age and exit the workforce, they stay in the community rather than move away.

## INDUSTRY DIVERSITY

When asked to define economic diversity, participants in each focus group responded that having a diverse set of industries within a community is key to making it resilient. Being heavily dependent on a single industry creates economic uncertainty within a community, especially during times of economic downturn. Unlike the metropolitan cities that have employment spread among many different fields of business, many rural communities in Colorado are focused heavily on industries such as mining, energy, tourism, or agriculture. During commodity price downturns or economic recessions, industries often shrink, resulting in workers being laid off and lower household incomes. Other industries exhibit a long-term contraction, such as coal mining, leaving communities to reinvent their primary industry. A key theme highlighted by respondents was that to be resilient, the assets and talent within a community must have multiple industries in order stay strong during an economic downturn and have a solid rebound.

Moffat County strongly articulated this theme. As a primary producer of coal, oil, and natural gas, it was buffered by the early ill effects of the recession, helped by the strength of the energy industry; however, as the energy industry contracted in 2014, so did Moffat County's economy. With this energy environment, Moffat understands that it must diversify to maintain economic viability in the long run..Building employment in other industries, including healthcare, retail, education, and government, can provide a buffer when the primary industry experiences a slowdown. Another primary energy producer, Garfield County, has done just that. While western Garfield County is heavily focused on the oil and gas industry, producing the third-most oil in Colorado and the second-most natural gas, eastern Garfield County, benefits from tourism activities and great potential for outdoor recreation. The recent slowdown in the energy industry dampened Garfield County's oil and gas production, but focus group participants contend that lower gasoline prices incentivized tourists to take more trips. Expansion in the tourism industry helped mitigate the effect of the slowing natural resources industry.

Industries within the SEBREA-associated counties show the dangers of a lack of economic diversity but also provide an example of community resilience. In 2001, a Veterans Administration hospital in Bent County was closed. The hospital was the primary employer for the area's residents, providing over 700 government jobs with high wages. The hospital was then replaced with a low-security correctional facility, which became another significant employer (although it required fewer, less-skilled employees and paid lower wages); it closed in 2011. The facility is currently the Fort Lyon Supportive Residential Community, which assists the state's homeless population by providing support, educational, and vocational services. Another important facility, a pickle manufacturer in La Junta, shut down in 2006, laying off 150 employees. The plant was revived by Durango Brewing, turning the vacant building into a productive property, but it will now require far less human capital, operated by only a few employees. Paired with a decreasing need for human labor in farms, the community has struggled to create jobs as industries have left the area. As major employers closed down, a significant number of families left the area. Baca County currently has a low 1.8% unemployment rate, indicating that residents who want to work have a job; however, there is little industry to create a larger employment base. Nonetheless, county leaders showed optimism as manufacturing begins to come back to the area. Overall, SEBREA participants responded with the second-highest mean rating for economic resiliency, citing their ability to bounce back from these numerous challenges.

None of the rural communities that participated in the focus groups are "perfectly" diverse as some industries



(Tourism, Energy, Agriculture, Regional Services, etc.) act as a primary economic driver in which each area is heavily invested. Most communities expressed a need to become even more diverse than they currently are. However, resiliency was illustrated many times by a community's ability to rebound from a slowdown in its primary industry, and to adapt to take advantage of a changing economic environment.

## COMMUNITY LEADERSHIP

Many communities expressed that strong community leadership was a key factor for long-term economic success. The different types of leadership included political leaders such as mayors and town councils, business leadership, and community collaboration. One focus group participant from Rio Grande County described local cooperation as “the key to everything.” Leadership within communities is often responsible for making strategic investments that pay off for future generations.. The success of Morgan County, an agricultural-based county in northeastern Colorado, is largely dependent on the availability of water for farming. Early farmers worked together to establish a water district in Morgan County, creating water rights and supply for local producers. Similarly, The town of Fort Morgan worked together, with political and business leaders, to vote on building a water pipeline to bring a reliable supply into the area. Decades later, that same community is now working together to create the broadband infrastructure to drive more business growth, which it describes as its next “water project.”

For communities that benefit from tourist activity, leaders have been key in developing the attractions and infrastructure necessary to bring people and money into the area. The development of Wolf Creek Ski Area, in Rio Grande County, was entirely a community effort and is still family owned. In Montrose County, community leadership has supported the development of tourist attractions in nearby Telluride, a popular ski town.

Routt County, home of the Steamboat Springs Ski Resort, depends heavily on sales tax revenue, which historically fluctuates heavily between the busy winter months and the summer offseason. However, in recent years, sales tax collections have become more level across all months, likely due to greater emphasis on year-round attractions for tourists, including camping, fishing, mountain biking, and summer activities at the ski resort.

In order for a community to be resilient, focus group participants expressed that leadership must be forward-thinking and open to change. Within Las Animas County, past leadership was described as “more reactive than proactive” and less open to change. As people have desired more transparency among local political leaders, the town council in Trinidad has become more open to change in order to facilitate growth. There, local leaders have begun spending time reinvigorating their relationships with state leaders, which, in turn, has led to more state support. Leaders from the SEBREA community have acted similarly on the state level, working on state committees and meeting with state legislators in order to have their voice heard.



## EDUCATION AND HEALTHCARE

Education and healthcare systems were frequently discussed as factors necessary for a resilient community. Having quality schools and modern, easy-to-access medical facilities are important to community success, and are key factors in attracting new families to an area. Schools and hospitals are also important employers, providing jobs that

are in demand even during challenging economic times. As one participant from Moffat County contributed, the three keys to a successful community are economics, education, and healthcare.

While some communities admitted that their schools needed improvement, many take pride in the quality of education offered, citing test scores as an example of student success. Certain areas are also forward-looking when it comes to the curriculum that their schools offer, including the Montrose County School District. The district is beginning to emphasize STEM (science, technology, engineering, and math) education, with the goal of being Colorado's first STEM school district within the next three years. Montrose is investing in the future in order to create home-grown skilled labor that benefits the whole community. However, other communities are struggling with their education budgets like Garfield County, for example, where teachers are not paid enough to afford the expensive housing in the area. Schools in the county may experience major negative effects in the next three to five years if the current funding shortage is not addressed, likely an effect of budgetary restraints caused by the recent oil and gas slowdown.

Higher education is another asset of many of these communities. Many rural counties possess or have close access to two-year community colleges and junior colleges (Trinidad State Junior College, Colorado Northwestern Community College, Otero Junior College) as well as four-year colleges (Fort Lewis College, Colorado Mountain College, Colorado Mesa University). Colleges can potentially act as economic drivers for these communities, attracting students from outside communities, some of whom will stay in the area post-graduation. Colleges also encourage local residents to continue their education and become higher-skilled workers. The two-year schools pose a challenge, however, as students must transfer to a university to complete a bachelor's degree, and may not return to the community. Colorado Mountain College, which currently has 11 campuses in rural mountain communities, transitioned from a two-year to a four-year institution in 2012, providing the potential to be a major tool to retain students in the community.

Healthcare is also a major industry within rural communities, providing employment for skilled workers and services to improve the quality of life for community residents. The construction of local hospitals, which has been a significant community investment in a number of locations, has largely been the result of local collaboration. In Rio Grande County, the hospital was originally financed by community members, with doctors' salaries paid by resident donations. Within the local SEBREA communities, property taxes are partially being used to subsidize healthcare as leaders are worried that they may lose infrastructure due to locals using healthcare options in larger cities such as Pueblo.

## LOCATION AND ACCESS TO TRANSPORTATION

Another important asset that numerous communities believe contributes to resiliency is transportation, including the proximity to highways, access to rail lines and airports, and public transportation options. Accessible transportation networks allow for easier access to the community for tourists, as well as an indirect impact from those who pass through to nearby destinations. Transportation (especially rail and air) helps create more opportunities for industry in a community as firms are able to export their goods, and convenient transportation is available for their employees.

Access to transportation infrastructure is important for communities in close proximity to resort and industrial towns to profit as "bedroom" communities, offering more affordable places for people to live who are working in nearby areas. Montrose County benefits greatly from nearby Telluride, a tourist destination that provides jobs for many Montrose residents. The Montrose Regional Airport draws significant tourist traffic through the county, with over 100,000 annual enplanements. Due to the remote location of Telluride, tourists must drive through Montrose, and local leaders believe that air traffic and nearby tourism are the main drivers of growth within Montrose County and help the community recover from recessions. Routt County experiences a similar effect, benefiting from air traffic

through the Yampa Valley Regional Airport in Hayden, which is mainly tourists traveling to Steamboat Springs. Counties with noncommercial, general aviation airports also benefit from air travel, providing locals and businesses with quick access to metropolitan areas. Garfield County's airport, although noncommercial, acts as an economic driver and provides a training location for firefighting crews. Certain communities, including Rio Grande and La Plata counties, believe that having air transportation options can enable growth from outside businesses.

Garfield County is an example of a community whose resilience has benefited from strong highway infrastructure. Close proximity to highways allows for commerce and tourism, as well as easier access to Colorado's metropolitan areas. Garfield County also has experienced success with public transit, providing rapid bus transportation through the Roaring Fork Transportation Authority. Regional bus service has allowed the town of Rifle to become a bedroom community for nearby resort towns, providing convenient transportation for workers in the construction and tourism industries.

While it is an asset for many communities, there are also challenges associated with transportation as evidenced in Las Animas County. While located on an interstate (I-25), Trinidad still struggles to attract and retain visitors, illustrating that highway proximity is not the only key to growing tourism. Trinidad is also an example of negative effects that occur when transportation options leave a community. As BNSF rail traffic has declined, Trinidad's economy has struggled with the decreasing economic benefits from rail.

## KEY HURDLES FOR ECONOMIC RESILIENCY

### HOUSING AVAILABILITY AND SUPPLY

In order to build more economic diversity within a rural county, multiple focus group participants stated the need to grow existing small businesses and attract other businesses to the community. However, certain factors limit these counties from being attractive to outside business. The first major issue that prevents business growth is a lack of affordable housing for employees. Buena Vista (in Chaffee County), for example, currently has very little inventory for home rentals, experiencing a slim 1% vacancy rate. Home prices within many rural communities are reasonable for incoming retirees and second-home buyers but not for low- to mid-wage earners who are needed for many jobs. On the opposite end of the spectrum, other communities have a large inventory of vacant and affordable homes that are in poor condition. In many of the SEBREA communities, homes are uninhabitable and run down due to asbestos concerns and a lack of maintenance. Through the creation of an asbestos abatement team, these communities hope to fix their housing problem to enable growth. Las Animas County has a similar issue. Though the county has a high vacancy rate, the amount of work and money needed to make these dwellings habitable can, in the end, make it cost prohibitive. Most of the focus group participants indicated that a housing shortage was a top problem preventing business and population growth.

### LABOR MARKET

A common issue expressed in nearly every focus group is related to the pool of available labor in each community. Some communities have a significant shortage of skilled workers, while others have the challenge of not having an adequate number of jobs and too many overqualified workers.

As experienced in Montrose County, a lack of skilled labor is often caused by the inability of employers to offer sufficient wages for educated and skilled employees. This causes what town leaders call a "brain drain," an exodus of skilled labor from the area. This results in a gap between business owners and service workers, with little room for the middle class as the lower end of the labor pool has grown more rapidly. Within similar communities,

unemployment may be a less accurate metric to measure economic health as skilled workers without jobs generally move away rather than continuing to look for work in the area. Rio Grande County struggles with this issue as young educated professionals leave the San Luis Valley to pursue higher wages.

Conversely, many communities also struggle to provide jobs for a workforce that is overskilled and overeducated. Within Chaffee County, employers struggle to find workers for low-skill, low-paying service positions, but find candidates for high-level positions at ease. In addition, an inadequate number of workers creates a problem for the community as the number of people working is not enough to support the number of people who want to live in area for recreational purposes and for tourists. Although committed community members may be willing to work for lower wages in order to stay in the area, it is difficult to retain workers and attract new labor when wages are uncompetitive for the skilled and educated part of the labor pool.

The availability of childcare is also difficult for working families as it is either cost-prohibitive or unavailable in many areas. Thus, it makes more economic sense for parents to stay home and care for their children rather than work, thereby lowering income and employment within the community. Challenges associated with childcare were brought up in the majority of focus groups. In the town of Oak Creek in Routt County, nearly half of the population is in the 25–45 age range, resulting in a small “baby boom.” The community does not have an adequate supply of affordable childcare and has challenges staffing existing childcare businesses. The addition of affordable childcare options within rural communities can attract new families to the region, as well as allow parents to join the workforce.

## YOUTH AND FAMILY RETENTION

Rural communities have often had a difficult time retaining younger generations for a number of reasons, including wages, education, and social issues. Communities depend on younger, more educated workers and leaders to grow and survive, this poses a serious risk. Town leaders from Buena Vista stated that the youth population is one of the most important indicators of economic resiliency, believing that a community will die if young people do not move in.

Within many rural counties, a disconnect exists between the skill of the workforce and the type of worker that employers need. While many young people graduate high school in their communities and desire to extend their skills by going to college, there is little to bring them back after graduation. Trinidad struggles to retain students from Trinidad State Junior College, the local community college, likely because there is a lack of demand for skilled workers. Leaders are considering some solutions, such as developing select four-year degree programs to provide an option other than transferring and working with businesses to create internships for students. Local schools are beginning to implement STEM programs, but without local demand for their knowledge, youth are more likely to move elsewhere to earn higher wages with their stronger technical skills. Rio Grande County faces a similar problem as it is unable to offer competitive wages to convince younger generations to stay. Community leaders are beginning to educate youth on the career opportunities that exist without the need for a college education. Another option that is being emphasized is trade schools, including programs at nearby Trinidad State Junior College and Adams State University. Leaders strongly believe that attempts to retain youth must begin at a young age, rather than waiting until they are in high school.

## SMART GROWTH

While most of the communities expressed that they needed to grow to survive, the question of how to facilitate growth is difficult to answer. Common words used to describe the desired type of growth were “slow,” “controlled,” “smart,” and “managed.” Leaders from Rio Grande County expressed a “healthy fear,” desiring only enough growth to be sustainable in the future. Moffat County is experiencing a similar situation, understanding that its tourism

industry provides a growth opportunity. Proximity to resort towns and national parks, access to hunting, and new opportunities for winter activities give Moffat the opportunity to bring in visitors , but community leaders continue to emphasize that they would rather have steady growth in the long term rather than rapid growth immediately.

Along with population and tourism growth, other growth-related challenge is bringing new businesses to communities while convincing existing businesses to stay. The issue of broadband access was addressed in almost every county; many lack current broadband infrastructure, but are in the process of developing comprehensive plans to lay the groundwork for the future. Broadband was mentioned as a top business requirement during many of the discussions; broadband would allow companies to stay connected even in more remote locations and offer an appealing factor to “location-neutral” businesses.

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## CASE STUDY INTRODUCTION

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To gain a better understanding of the perceived drivers of economic resiliency in a rural community, the research team performed in-depth studies on two cities, Salida, in Chaffee County, and Durango, in La Plata County. Various community leaders and key stakeholders were interviewed. During the process, the research team delved deeper into the previously identified drivers of and hindrances to resiliency in a community.

An interesting pattern was discovered during the research: many initiatives that had demonstrated success in increasing resiliency were driven by private leadership in Salida, while in Durango, initiatives were publically-led and grassroots. Despite these differences, it was evident that quality of life was by far the most critical factor for economic resiliency in both communities. To achieve this, members in Salida and Durango developed a vision for their community, encouraged collaboration of community members and local partners, and took the time and energy to invest in their assets. Whether it was developing a natural amenity or a historic district, both cities benefited from the returns of these long-term investments, which helped to attract families and bolster employment.

The following sections describe findings from interviews, supported by industry, employment, demographic, and housing data, which illuminates the economic and social landscape of the two different communities, and the actions taken to preserve and strengthen the region’s vitality.



## CASE STUDY: ECONOMIC RESILIENCY IN SALIDA

### DRIVERS OF RESILIENCY

#### QUALITY OF LIFE: INVESTING IN NATURAL AMENITIES AND PLACEMAKING

Quality of life and local atmosphere, the most important drivers for economic resiliency in Salida, are the principal reasons why community members choose to live in the city. These attributes attract entrepreneurs, creatives and artists, tourists, outdoor enthusiasts and retirees to the town. Long-term, forward-looking investments in the community's natural resources and historic downtown district have created an environment in which people feel a connection to the places they share. Community members interviewed indicated that many people come to Salida as tourists and ultimately return to the community with their families and businesses or to retire.

In Salida, community members feel deeply connected to the natural amenities and businesses. There has been great attention to the physical, cultural, and social identities of the community members through placemaking - the process of creating quality places in which people want to live, work, and play. This placemaking in the community has inspired people to collectively reimagine and reinvent their public spaces now the heart of the community.

#### NATURAL AMENITIES

Salida, known as the "Heart of the Rockies", is located in Chaffee County and anchors the Upper Arkansas River Valley in central Colorado and over the past few decades the community has been focused on investing and creating access to its natural amenities, the most recognizable of which is the Arkansas Headwaters Recreation Area (AHRA). Throughout the 1980s as boating activity increased along the Arkansas River, business leaders, non-profit organizations, and community members collectively solicited donations for river improvements. With these investments, the community transitioned from an extraction based economy to tourism by creating a place in which community members wanted to recreate. These forward-looking investments, made during a period of economic uncertainty, led to the beautification and increased access to the river. In 1989, a Cooperative Management Agreement was signed between Colorado Parks and Wildlife (CPW) and the Bureau of Land Management (BLM) to form the AHRA, one of the nation's premier whitewater rafting rivers that also boasts a multitude of other activities for outdoor enthusiasts of all ages.

Furthermore, Great Outdoors Colorado (GOCO), a non-profit organization that invests a portion of Colorado Lottery proceeds to help preserve the state's natural amenities, provided funds to restore a section along the South Arkansas River, which has helped transform a once-neglected stretch of the river corridor into a recreational resource in downtown Salida.



The Riverside Park, a riverfront park in Salida's historic town district, was initiated by private individuals, nonprofits, and businesses in the community. The park is a large draw to the area and activates the core of the community. Accordingly, numerous public and private events are held each year at this park. Amenities include a bandshell for live music or stage performances, a bouldering wall, restrooms, several picnic tables and trash cans, a sand volleyball court, a playground, and concrete walkways.

The private sector and individuals in the community also played a leadership role in the creation and maintenance of trails throughout Salida. During the most recent recession, volunteers from the city and partners, including the BLM, the City of Salida, Chaffee County, the International Mountain Bike Association, Arrowhead Trials, and various other organizations worked to rebuild and maintain trails. This was especially a benefit to the community during a period when the economy was struggling, as travelers from the Denver Metro region could take short, affordable trips to Salida. Due to these investments and forward-progressive decisions at difficult times, Salida has incredible recreational opportunities throughout the year.

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## DOWNTOWN HISTORIC DISTRICT

When faced with the dissolution of the town's primary industry, the Climax mine, in the 1980's, instead of succumbing to the subsequent economic downturn, the city instead decided to focus its efforts on revitalizing its historic downtown district and the Salida Enterprise for Economic Development (SEED), a private sector driven organization led by Charlie Forester, charged themselves with the task, first by renovating the historic Steam Plant into a multi-purpose community theater. Around the same time a special improvement district was created to improve the lighting, curbs, and gutters of the buildings in the downtown area. Due to these improvements, the historic district has dozens of artist-owned studios and galleries, specialty shops, restaurants, breweries and distilleries, in addition to farmers' markets and festivals. By focusing on the historic district, the community has maintained the "Old West," "Real Town," and "Small Town" feel drawing tourists from across the world and in 2012, Governor John Hickenlooper designated Salida as a "Certified Creative District," giving the community a means of publicizing their thriving creative businesses.

Also, in the 1980s, a special improvement district was created to improve the lighting, curbs, and gutters of the buildings in the downtown area. Due to these improvements, the historic district has dozens of artist-owned studios and galleries, specialty shops, restaurants, farmers' markets, festivals, breweries and distilleries. When Walmart opened in Salida, businesses in the community saw this as an opportunity to find a niche. Shops in the downtown area became more specialized in order to compete with the retailer. Today, shoppers can find unique gifts and diverse products in the historic center.

By focusing on the historic district, the community has maintained the "Old West," "Real Town," and "Small Town" feel drawing tourists from across the world. Additionally, the walkability and bikeability easily attracts people to the town center for events and gatherings, creating a vibrant local atmosphere. Recently in 2012, Governor John Hickenlooper designated Salida as a "Certified Creative District", giving the community a means of publicizing their thriving creative businesses.



## EDUCATION AND HEALTHCARE

Salida community members are very proud of their educational assets and healthcare services. Throughout the 2000s the community invested in their elementary, middle, high schools, in addition to improved community responsiveness by the school board, and built a new hospital.

### EDUCATION

In 2005 and 2008, the Salida School District passed two mill levy overrides to increase teacher salaries by nearly 29 percent and in 2008, with overwhelming support, the community passed a bond and received a BEST grant to replace the high school. Construction of the new two story high school facility began in the summer of 2011 and completed in 2012. Soon after the community began construction of a new two story elementary facility, which was completed in the summer 2014.

The high school offers a career and technical program available for high-ability learners and second-language learners. and the district provides an alternative program for struggling students. A comprehensive academic and activity program is offered with emphasis on the basics in grades K through 8, and the “cutting edge” programs in the high school use state-of-the-art technology. This community investment paid off. In 2012, school district was ranked 23 out of 182 districts in the state and district wide, Salida outperformed the state in 22 of the 27 areas across grade levels and content area.

There are also several alternative educational options in Salida. For instance, the Chaffee County Montessori School (CCMS) is a non-profit school that provides Montessori education to students ages 3 to 10. Additionally, the Salida Christian School operates year-round and is licensed to care for children from 2 1/2 to 12 years of age.

Furthermore, the region is home to a chapter of the Colorado Mountain College (CMC), thirty minutes from Salida to Buena Vista. CMC offers two-year degree programs, courses that transfer to four-year universities, certificates of proficiency, personal enrichment, occupational upgrade offerings and an extensive selection of lifelong learning courses through a partnership with Ed2Go. However, without a main college campus, community members have found it challenging to connect students with the college system and private sector jobs.



### HEALTHCARE

Heart of the Rockies Regional Medical Center (HRRMC), a Critical Access Hospital located in Salida, serves visitors and the residents of the Upper Arkansas Valley. During the early 2000s, the hospital board and the city council collaborated and embraced the opportunity to become a regional healthcare hub. Through community fundraising, a U.S. Department of Agriculture grant, and private sector fundraising, the hospital



moved into a new state-of-the-art facility. Chief Executive Officer Robert Morasko has noted that the high quality of life in Salida allows him to easily attract specialists to the area allowing the center to offer extensive services that include a Family Birthing Center, oncology and chemotherapy, home health, hospice, inpatient and outpatient rehabilitation, and general surgery, in addition to a range of specialty surgeries.

The progressive nature and vision of the hospital board and Chief Executive Officer Robert Morasko has driven Salida to become a regional health hub. In an interview, Morasko noted that the high quality of life in Salida allows him to easily attract specialists to the area. For that reason, the hospital offers Other specialty surgery services include orthopedics, otolaryngology, urology, ophthalmology, foot and ankle surgery, gastrointestinal endoscopy, and plastic surgery. The community acknowledges that for a small community they have a vast array of health services.



## COMMUNITY LEADERSHIP: LEADING DECISIONS AND INVESTMENTS AT DIFFICULT TIMES

Leadership has played a major role in Salida's economic resiliency. During times of economic downturn, private sector leadership with a long term vision has allowed Salida to make major improvements in the community. This is seen by investments and developments along the Arkansas River, in the downtown historic district, the Steam Plant, the school district, and the hospital. For these initiatives, a vision, collaboration, and support from local leaders at the city and county level was necessary for the ultimate success of these projects.

Seizing on their homegrown, "can-do" spirit, the Chaffee County Economic Development Corporation (CCEDC), the Buena Vista and Salida Chambers of Commerce, and Colorado Mountain College (CMC) offer emerging leaders the opportunity to participate in Chaffee County Entrepreneurial Leadership Program, an eight month program that focuses on understanding entrepreneurship and leadership in Chaffee County with the goal of participants developing the confidence and self-awareness to serve the businesses and residents of the County.



## INDUSTRY DIVERSITY

Salida benefits from a diversity of industries with many small business and a few large employers. The location quotient, or the industry percentage of local employment divided by the industry percentage of national employment, is commonly used as a measure of diversity in the economy. A value over a 1 indicates the area has a greater percent of its employment in that industry than the nation as a whole.

Chaffee's economy is concentrated in goods-producing industries such as farming, mining, and construction as shown by the high location quotients (LQ) in the table below. However, the relative diversity of industries in Salida is reflected in the location quotients for entertainment - artists and specialty shops, outdoor recreation, tourism - and real estate which are service-oriented industries.



## INDUSTRY

## LOCATION QUOTIENT

Entertainment, Tourism and Recreation	4.3
Real Estate	4.1
Farming	4.1
Mining	2.6
Construction	2.0

Job growth has been strong since the Great Recession but split between middle and low wage industries. Employment levels in Chaffee County have exceeded the pre-recession levels of 2008 by 556 jobs, an increase of 8.3 percent. Throughout the recovery, the largest increases were in health care and accommodation and food services.

Additionally, Salida has a long history of being a hub for creativity. For the last 25 years galleries and artists have worked together to maintain a creative atmosphere for the community and visitors. Throughout the 1990s, artists found the downtown historic district to be an attractive place to locate given the relatively low cost of real estate, ultimately driving the density of artists in the area.

## TRANSPORTATION ACCESS

Highway 50 and State Highway 285 intersect the community allowing for the transportation of goods. Though community members see themselves as being in a central location being able to ship goods throughout the state. However, being distant from an interstate highway and across several passes from Denver is challenging and shipping goods can prove costly. Admittedly, The community finds transportation difficult, but that is a result of the geographic location.

However, the community champions their town's walkability and bikeability, creating an excellent quality of life. The bike trails throughout the town are not only used for recreation purposes but also for commuting.

The community noted that the two airports in Chaffee County allow for municipal and private flights to and from the area. This is a benefit as wealthy tourists can fly into the county and take advantage of the natural amenities and recreational activities.



# KEY HURDLES TO RESILIENCY

## HOUSING AVAILABILITY AND SUPPLY

The quality of life and the current economic growth of Salida attracts many second home buyers and investors, retirees and early retirees, and location neutral workers to the area. These developments have put pressure on the housing market ranking it the largest barrier to resiliency according to community members. In recent years affordable housing has been a growing concern as the increase in housing costs has outpaced wage increases.

In August 2016, Chaffee County, the Town of Buena Vista, the Town of Poncha Springs, and City of Salida completed the Chaffee County Housing Needs Assessment and Strategy. This study evaluates housing affordability issues, identifies market trends that impact housing affordability, documents the gaps between affordability and the prices of available housing, and makes recommendations to increase the housing supply.

According to the Assessment, price increases have been the highest in Salida and the city also has the highest average price at \$318,500. In the sales market, the average price of a home increased by nearly \$96,500 from 2005 to 2015, or an average increase of 3.7 percent per year. Rising housing costs put pressure on local residents to live outside of the municipality, live in substandard housing, or leave the community.

## LABOR MARKET

A high quality of life, access to a vibrant town center and natural amenities makes Salida an excellent place to live. Workers of all skill levels want to live in Salida; however, housing affordability and supply makes it difficult to attract workers to the area. Business and community members note that the housing market is the largest challenge to Salida's economic resiliency. The town is concerned that unfilled jobs will lead to reduced service quality will negatively impact tourism.

HRRMC CEO Moraska indicated that the quality of life attracts specialist doctors at the pre-retirement stage in their career that would like reduced schedules. Other community members noted that high-skilled technical workers, entrepreneurs, and location neutral workers that have higher wages can be successful in Salida. Moraska remarked that "pioneers come for the life and then create great things."

## YOUTH AND FAMILY RETENTION

A consistent challenge among rural communities is youth and family retention. In Salida, residents discussed how young people leave the city after high school and have a difficult time returning. In 2014 approximately 16.6 percent of Chaffee County's population was between the ages of 20 and 34, and the median age was 48.9, indicating that the population is older than the state's average (21.8 percent of the population is between the ages of 20 and 34, and the median age is 36.2 in Colorado).

Community members indicated that the challenge to retain families and youth is partly due to the limited housing supply and affordability of homes. The community recognizes the risk of having an older population as the community depends on younger, more educated workers and leaders to grow.

## SMART GROWTH

Community members indicated the primary route to reach smart growth is through diversity of industries that bring economic stability to the area during downturns. Second, the challenge of being in a geographically confined area, surrounded by public lands, makes it difficult for the community to grow. Currently, the community is evaluating growth options on the Salida Vandaveer Ranch. The overall master plan development is currently under review by the City Council. Many community members noted that smart growth was a challenge for Salida.

## CASE STUDY: ECONOMIC RESILIENCY IN DURANGO

### DRIVERS OF RESILIENCY

#### QUALITY OF LIFE: INVESTING IN NATURAL AMENITIES AND PLACEMAKING

Quality of life is the most important driver for economic resiliency in Durango, according to community members. In addition to world-class mountain biking, hiking, and kayaking, the town has a vibrant, small town feel with great restaurants, craft breweries, farmers' markets, art galleries, and countless festivals. Surrounded by the San Juan Mountains, deserts, canyons, and national parks, Durango attracts entrepreneurs, tourists, outdoor enthusiasts, students, location neutral workers, and retirees to the city.

#### NATURAL AMENITIES

Community members in Durango have a history of supporting the area's natural amenities, open space, and outdoor activities. In April 2015, Durango voters passed a ballot measure to extend a half-cent sales tax until 2039 to support dedicated parks and recreation funding. The half-cent tax originally was approved in 1999 to fund the Durango Community Recreation Center and expand the Animas River Trail. This trail runs for seven miles along the scenic Animas River following the Durango and Silverton Narrow Gauge Railroad corridor, cuts through several city parks and across five bridges, and is used as a recreation and commuting corridor. The community embraces the outdoors and is willing to pass measures to support Durango's natural assets and provide the residents with the quality of life and lifestyle they expect.

Other investments include the Durango Community Recreation Center, the Chapman Hill Ice Rink and Pavilion, the Animas River Greenway preservation of natural lands, bank stabilization projects and in-stream improvements of the Animas River Greenway, a conditional Recreational In-Channel Diversion water right on the Animas River, and additional multi-use fields at Fort Lewis College. These developments and investments were made through the city adoption of the Parks, Open Space and Trails Master Plan, in 2001 and an updated Master Plan in 2010. Thoughtful planning through community visionary sessions allowed the city to come together and develop in the way that was right for it.

Other large contributors to quality of life are Purgatory Ski Area, national parks and monuments, and forest lands.



## DOWNTOWN HISTORIC DISTRICT

Main Avenue, the core of Downtown Durango, is home to boutiques, restaurants, newsstands, tourist and gift shops, bars and breweries, galleries, and other businesses. The train station downtown is seen by community members as one of the most important economic drivers in the community. The Durango & Silverton Narrow Gauge Railroad provides year-round train service from Durango to Silverton. The locomotives used to transport approximately 200,000 passengers each year are coal-fired and steam-operated. Community members take pride in the train and their historic district and support the beautification and preservation of their city.

In 1997 the Durango Business Improvement District (BID) was funded by a 2 mill levy, an additional property tax constituents in the district assessed on themselves through 2025. BID focuses on the sustainability within downtown Durango and North Main through special event marketing, research on topics of concern to the district, planning and development of new facilities, and providing capital budget for equipment to support businesses in the district. Cultural and social events play a major role within the city, many of which are centered on Main Avenue with the community activating the downtown district, creating a vibrant atmosphere.

The Community Concert Hall (CCH) at Fort Lewis College (FLC) is at the heart of cultural and community performances in Durango. Fort Lewis College (FLC) developed a first class facility available to community groups as well as college music performances. CCH provides Durango and the Four Corners with eclectic programs and a low-cost, high-quality production venue. The mission of the CCH is to support artists who reflect the tastes of the region while educating college and regional audiences about cultures and performance traditions from around the world.



## INDUSTRY DIVERSITY

Community members noted industry diversity as the second most important driver to economic resiliency in Durango and La Plata County. Overall, throughout the entire county, La Plata's high location quotients (LQ) in goods-producing industries such as mining and construction are balanced by high location quotients in real estate, arts, entertainment, and recreation. Similar to Chaffee County, La Plata's employment is most concentrated in tourism (31 percent of employment).

### INDUSTRY

### LOCATION QUOTIENT

Mining

6.5

Real Estate

4.1

Entertainment, Tourism and Recreation

2.6

Construction

2.3

From an industry-specific employment standpoint, the dominant industries in the county include government (14.7 percent of the total employed), accommodation and food services (9.1 percent), healthcare and social assistance (9.7 percent), retail trade (10.1 percent), construction (10.0 percent), professional, scientific, and technical services (6.4 percent), and finance and insurance (4.9 percent).

From 1990 to 2014, the average annual job growth is estimated to be at 1.71 percent. Among Colorado's rural counties, La Plata ranks number 21. Employment levels in the region are close to exceeding pre-recession levels of 2008 (approximately 34,000 jobs). The largest job increases were in health services, gaining about 400 jobs, agriculture, which gained over 200 jobs, and the arts, which gained over 100 jobs.

Given Durango's geographic location, leaders in the community recognized the necessity of broadband in Durango for businesses and location neutral workers. Throughout the 1990s, the Four Corners regional partners both public and private leaders, worked together to successfully connect the area to fiber broadband. Currently, the Four Corners region has a product that now provides bandwidth, unlimited capacity and redundancy. This is extremely important for the region as community members, geographically isolated, have connection to the world. Durango and La Plata County have one of the largest shares of home based workers of any county in the nation, with over 2,300 jobs in the county, according to the La Plata County Economic Development Alliance.

Additionally, the Southern Ute Indian Tribe (SUIT) has a major impact on the economy and community in Durango. The SUIT's business activity generates millions of dollars each year in Southwest Colorado. The Tribe creates and operates new businesses both on and off the reservation in the areas of oil and gas production, natural gas gathering, real estate development, housing construction, and gaming. The Tribe is a large employer in La Plata County and supports many area non-profit organizations.



## EDUCATION AND HEALTHCARE

### EDUCATION

La Plata is home to a highly-educated population, as 94.3 percent of the population has a high school degree or higher and 43.4 percent has a bachelor's degree or higher - both proportions are notably higher than the state average. Because there is a positive relationship between educational attainment and employment growth, La Plata's educated workforce is an asset for the community.

Fort Lewis College (FLC) is a four-year accredited higher education institute and offers 30 bachelor's degrees. Due to its unique origins as a military fort turned Indian boarding school, Fort Lewis College follows a 1911 mandate to provide a tuition-free education for qualified Native Americans, awarding approximately 16 percent of the baccalaureate degrees earned by Native American students in the nation. In 2008, FLC was designated as one of six Native American-serving, non-tribal colleges by the U.S. Department of Education.



With approximately 625 to 650 full-time employees, the college is a steady source of employment and a driver of community engagement. Fort Lewis College's Office of Community Services assists local communities, students, and faculty to improve academic, social, economic, and the ecological well-being of the Four Corners region. Fort Lewis College host concerts, exhibits, plays, speakers, and films open to entire community. Also, the Small Business Development Center (SBDC) housed at the school provides workshops and advising for small and independently owned businesses in the region. Throughout the interviews and focus groups community members highlighted the importance of the college in Durango.

Durango School District 9-R has seven elementary schools, two middle schools and two high schools serving approximately 4,700 students. The community has supported various bonds over the years to financially support capital projects in the school district. Community members noted the high quality of the schools in addition to alternative education options in city. Durango has a charter middle school and high school, a Montessori elementary school, and a pre-k through 8th grade catholic school.

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## HEALTHCARE

The first hospital in the Four Corners region was Mercy Hospital of the San Juans which was started by the Sisters of Mercy in 1882. By the late 1990s, Mercy Regional Medical Center was operating at capacity, unable to expand in the center of downtown Durango. The Southern Ute Indian Tribe purchased a large tract of land off their reservation outside Durango to develop an extensive planned community. Knowing the importance of the hospital to the Tribe and the community, SUIT donated 35 acres to the hospital. The City of Durango annexed the land to the city and Mercy Regional Medical Center opened in June 2006.

The community notes the importance of the hospital as a major employer and talent and retiree attraction tool. The hospital is one of the largest employers in Durango with more than 800 full- and part-time employees. Due to quality of life attributes, Durango is able to attract many doctors, nurses, and specialists to the area.

The Animas Surgical Hospital, established in 2004, is owned and operated by physicians who live and work in the Four Corners area. The hospital provides medical services such as surgery, diagnostic imaging, emergency care, occupational medicine and internal medicine, with specialties in orthopedics, urology, podiatry, physical medicine and rehabilitation, ophthalmology, and gynecology.



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## COMMUNITY LEADERSHIP: GRASSROOTS WITH PUBLIC SUPPORT

Community members stress the "just do it" and "get it done" ethic that permeates the region's strong spirit of cooperation. Public and private leaders with a long-term, regional vision have successfully brought broadband connection to the Four Corners region, developed and built new parks, trails, and recreation areas. By collaborating with neighboring towns in the Four Corners region the community was able to pull

resources, capital, and build capacity. Within Durango, community members and businesses are active in civic life.. Many initiatives begun as grassroots efforts and ultimately gain traction in the community and are presented to the city council.

The Durango Chamber of Commerce sponsors two leadership programs, Young Professionals of Durango (YPOD) and Leadership La Plata (LLP). YPOD's mission is to "connect, empower and engage" young professionals ages 21-39, by providing educational, social, and philanthropic activities that include community and civic involvement while LLP's is to build a cadre of informed leaders who are committed to broadening knowledge of La Plata County and has 400 graduates, including politicians, businesspeople, non-profit directors, involved citizens, and retirees.

Additionally, the Chamber has a Durango Diplomates program with professionals serving as goodwill ambassadors for the Durango Chamber of Commerce and the Durango community as a whole. The organization, made up of 40 members, provides a volunteer base for the community and assists with ribbon cuttings to celebrate grand openings and other special events throughout the year. Its primary purpose is to promote and enhance Durango's spirit of accomplishment and community involvement.



## TRANSPORTATION

The vision of the Durango Multi Modal Transportation Master Plan is to create a fully connected transportation network that provides a public transit system necessary for walking and bicycling community. Many Durango residents desire options that provide the opportunity for automobile-free transportation including public transit, walking and bicycling as safe, enjoyable, and convenient modes of travel.

### MULTI-MODAL TRANSPORTATION

The community recognizes the importance of a multi-modal system as providing a healthier alternative both for individuals and the community by encouraging physical activity and reducing vehicle emissions. Throughout the interviews with community members individuals described the city as internally well connected, though noting the challenges of transportation to large metropolitan areas outside Durango. Many community members discussed the importance of broadband when discussing transportation. Although physically isolated, the community members are connected to the world digitally.



### AIRPORT

Durango is served by a major regional airport for southwestern Colorado. Given the geographic remoteness of Durango, the airport is key in providing access through business and tourism travel as well as being a hub for shipping and receiving goods in Southwest Colorado. Durango-La Plata Regional Airport is serviced seasonally by Frontier Airlines, and serviced year-round by regional carriers United Express, US Airways Express, and Envoy Air.





# KEY HURDLES TO RESILIENCY

## HOUSING AVAILABILITY AND SUPPLY

Many investors, second home buyers, tourists, retirees, location neutral workers, and families are attracted to the quality of life and recreational opportunities in Durango. For this reason, housing affordability and supply is the largest barrier to resiliency according to community members. According to a 2013 Housing Needs Study sponsored by the Regional Housing Alliance of La Plata County and La Plata Homes Fund, 37 percent of households in the region were paying over 30 percent of their incomes for housing costs, signaling the lack of affordable housing.

Affordable housing is a growing concern as the increase in housing prices has outpaced wage increases. The tight housing market is putting pressure on local residents to live outside of the municipality, to live in substandard housing, or leave the community entirely.

Recognizing the need for greater housing supply, the city and the Southern Ute Indian Tribe have taken actions to increase the housing inventory. When the City of Durango annexed the land for Mercy Regional Medical Center, it allowed additional acquired land by the Southern Ute Indian Tribe to be developed. SUIT began construction on Three Springs, a mixed use development with dedicated open space, parks, and trails and connection to the Durango public transportation system. The development has single-family homes, apartments, townhomes, and condominiums in varying price ranges. The community recognizes that this has relieved some of the housing pressures, though more inventory is needed.

## LABOR MARKET

A high quality of life, a thriving mixed-use downtown in Durango, and the proximity to Fort Lewis College and Mercy Hospital attracts high-skilled talent to the area. Durango serves as the hub of commerce, culture, and services for a wide geographic area including the surrounding rural communities and reservations. As discussed, there is a mix of goods and service-producing industries in the region, attracting workers to the region.

Many interviewed employers indicated that it is not difficult to find skilled workers as they can either hire within the community or attract employees to Durango. According to a recent report prepared for the La Plata County Economic Development Alliance, a shift has occurred towards higher-skilled occupations in the labor force in La Plata County. Management, business, science and arts-related occupations comprised more than one-half of the resident labor force growth in La Plata County since 2000.

However, as the housing market remains tight, business owners find it more challenging to find low-skill workers. During interviews, employers noted that many of their workers commute greater distances. Looking at county-level data prior to the Great Recession, a very small percent of service labor was imported from beyond the county (roughly 10 percent). Today, about one-quarter of service labor originates from beyond La Plata County. Community members are concerned that the housing market will negatively impact the ability to attract and retain labor in the city, though remain optimistic about the future with housing units in the pipeline.

## YOUTH AND FAMILY RETENTION

In terms of youth and family retention, interviewed community members were very optimistic as they seen many youth returning to Durango after they spend some time away. They also see their community as an attractive place for families. Demographic data from the U.S. Census Bureau indicates that La Plata's population is relatively young compared to Chaffee County and several other rural counties. 21.1 percent of the county's population is between the ages of 20 to 34, while the median age is 38.5. From 2000 to 2010, there was also an influx of young people (children and adults below the age of 30) and people between the age of 35 and 65 that migrated to the county. As economies depend on young workers for growth, La Plata is performing relatively well in this area.

## SMART GROWTH

In the early 2000s, downtown Durango experienced rapid growth in the form of both small and large scale developments. Due to this growth, Durango commissioned a Downtown Durango Vision and Strategic Plan. In the development of the plan, there was significant stakeholder engagement with several multi-day workshops and focus groups to ensure community support for the recommendations of the plan.

Currently there is also a Comprehensive Plan, Animas River Corridor Plan, East Fassbinder Homestead Neighborhood Plan, Ewing Mesa Area Plan, College Mesa Area Plan, Northeast Quadrant Area Plan, La Posta Road Area Plan and Grandview Area Plan. These plans are used by the City of Durango as guideline documents for their Community Development Department. The community's vision for city has lead to make Durango what it is today - a place with a high quality of life and an attractive place to live.

With the strong focus on planning some businesses find it a challenge to meet the city's code requirements. Today, the City is working towards making the process easier especially infill "opportunity development sites" with the goal of creating density within the city.

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# ECONOMIC METRICS

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## POPULATION

Population is a primary metric measuring county growth. The 47 nonmetro counties may be segmented by county size, growth rates, standard deviation (measuring volatility), adjusted growth, and age demographics (See Table 1).

The national population grew at an average annual rate of 1% from 1990–2014 compared to 2% for the state of Colorado during the same period. However, the pace of growth and absolute growth varied widely by region and by county throughout this period. In comparison to the 1,936 nonmetropolitan ("rural") counties nationally, Colorado rural counties have tended to outperform most of rural America. More than half (55%) of Colorado's rural counties ranked in the top quartile for growth during this period, and more than three quarters (77%) ranked in the top half of counties for growth nationally. Only seven of Colorado's counties were in the bottom quartile for growth.

## AGE DEMOGRAPHICS

The available historical data on age demographics illustrate that Colorado has had a younger population profile than the nation. While the age gap is decreasing, Colorado remains relatively youthful. However, examining two

metrics, the prime working age population (share of individuals between age 30 and 65 to total population) and the old-age dependency ratio (share of individuals over age 65 to total prime working age population) identifies the variation across the state, and how these metrics have been changing over time (See Table 3). The prime working age population ratio is indicative of the most productive working age cohort. The old-age dependency ratio illustrates a cohort that is generally exiting the workforce and demanding a shifting suite of goods, services, and public resources. In Colorado, counties with higher working age populations have statistically measured greater employment growth than counties with lower prime working age populations from 1990–2014.

## EMPLOYMENT AND INDUSTRIES

The employment base and industry composition impact the resiliency of an economy. Various economic shocks impact communities differently, depending on the industry base. For instance, communities with a high concentration of agriculture are particularly affected by drought, and mining and agriculture communities are impacted by commodity prices. Second home markets are impacted by shocks to personal income.

## CONCENTRATION

The diversity of an economy can be studied using the location quotient—a relative measure of industry concentration. The location quotient is calculated as the industry percentage of local employment divided by the industry percentage of national employment. Thus, a location quotient of 1 indicates the same concentration locally as the nation, a location quotient of less than 1 indicates a smaller local concentration of industry employment, and a location quotient of greater than 1 indicates a larger concentration.

Nonmetro counties generally record a higher concentration of goods-producing industries than the nation—particularly in agriculture, forestry, mining, and construction—but lower concentrations of manufacturing. These areas also tend to have higher concentrations of select services sectors—real estate and rental and leasing; and arts, entertainment and recreation—but lower concentrations of wholesale trade and retail trade. The concentration of government employment is generally higher for local government, but lower for state and federal government (Table 5). Segmenting counties by region in the state illustrates the industry commonalities within regions (Table 6). The intensity of agriculture in many rural communities is reflected in various industry concentrations that are many multiples of the national concentration of 0.6% of national employment. Washington, Cheyenne, Dolores, and Baca counties have concentrations of 30.3%, 21.8%, 15.7%, and 28.9%, respectively (Table 7).

## INDUSTRY GROUPS

The Colorado Department of Local Affairs, State Demography Office analyzed a variation of industry groupings that, along with NAICS industries, include additional drivers, such as Retirees and Commuters. Of the 47 counties, Agriculture is the primary industry group in 18, and Tourism is the primary industry group in 13. Of the remaining, 7 focus on Regional Services, 6 on Retirees, and 1 each on Government, Mining, and Commuters. However, the most common secondary driver within the rural counties is Retirees (23 counties), followed by Regional Services (14 counties). See Table 8.

## EMPLOYMENT GROWTH RATES

National employment grew at an average annual rate of 1.2% from 1990–2014 compared to 2.2% for the state of Colorado during the same period. However, the pace of growth and absolute growth varied widely by region and by county throughout this period. In comparison to the 1,936 nonmetro (“rural”) counties nationally, Colorado

counties have tended to outperform most of rural America. Nearly 62% of Colorado's rural counties ranked in the top quartile for growth during this period, and 83% ranked in the top half of counties for growth nationally. Only three of Colorado's nonmetro counties were in the bottom quartile for growth.

Average annual employment growth rates ranged between -0.1% and 4.7% from 1990 to 2014 in nonmetro counties in Colorado (Table 9). Two counties recorded decreasing employment, 9 counties grew an annual average of less than 1%, 18 counties grew between 1% and 2% on average, and 18 counties grew more than 2%.

The fastest regional growth rates were recorded on Colorado's Western Slope. Growth rates varied widely by region and within regions. Five counties recorded average annual growth above 4%—Custer, Archuleta, Hinsdale, San Miguel, and Mineral (Table 9). These five counties represent four planning regions in the state. Only two counties recorded declining average annual employment—Prowers (-0.1%) and Otero (-0.1%)—both in Region 6.

Rural Colorado counties recorded a wide range of volatility in growth (Table 9). A fast pace of employment growth that is accompanied by high volatility (e.g., boom and bust cycles) may threaten economic sustainability.

## VALUE ADDED

Value added is an estimate of gross domestic product (GDP). IMPLAN provides an estimate of value added by county, imputing non-disclosed data, which allows counties to be compared by relative size (Table 11). In the nonmetro counties in Colorado, there is no statistical relationship between the size of the county and the employment growth rate from 1990–2014. This means that the largest value added counties do not exhibit a comparative growth advantage simply for being large.

The research shows a negative relationship between agriculture and employment growth which could be from farm consolidation and productivity. Also, there is a positive relationship between tourism and employment growth which is consistent with economic growth witnessed in Colorado's Mountain Resort communities.

## EDUCATIONAL ATTAINMENT

The U.S. Census Bureau publishes educational attainment by county for all Colorado counties. The 2014 5-year estimates for population 25 years and over show that most rural Colorado counties record educational attainment levels below the state average with higher educational attainment in the metropolitan statistical areas. Of the 47 nonmetro Colorado counties, 37 counties were below the state average for a high school diploma or equivalent (90.4% of population 25 years and over), and 29 counties were below the state average for a bachelor's degree or higher (37.5% of population 25 years and over).

Despite the lower educational attainment in rural Colorado, there remains a significant, positive relationship between educational attainment and employment growth. This is true for the percentage of population 25 and over with a high school diploma or higher, bachelor's degree or higher, and doctorate degree.

## ASSETS

Every county in Colorado has natural resources and human-created assets. This section identifies assets that are unique to a county that may provide a competitive advantage. Identified assets may include energy (fossil or renewable), transportation (airport, interstate, highway), education (university, college, community college), federal or state facilities (e.g., prison), or unique state funding (e.g., DOLA grants). The county may also be considered a central retail district.

The assets identified illustrate the scarcity of many of these resources. Only 12 nonmetro counties record higher education assets, 9 counties have state or federal prisons, and an interstate highway passes through 11 counties. Twenty-eight counties record oil and gas production, 7 have coal production, and 20 record utility renewable energy output in 2014. All but three rural counties have earth or stone products production, and two counties recorded molybdenum and precious metals production. While every county has banking and retail activity, the concentration of these retail and banking varies widely by county. The lack of assets may be the cause and/or the symptom of slower growth in underperforming counties. The impact of these assets vary due to their relative size (e.g., higher education enrollment, oil and gas production, highway miles) and are dependent on the time period examined (e.g., boom and bust energy cycles).

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## ECONOMIC METRICS CONCLUSION

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Focusing on population and employment growth from 1990–2014 in Colorado, the study found that natural resources and man-made resources are impactful on economic sustainability—both positive and negative. Counties that depend primarily on agriculture have exhibited slower growth than counties with a more diverse economic base. Tourism-based counties have exhibited greater economic growth than counties that are more goods-dependent. The positive and negative impact of some natural resources, such as oil and gas, depend on the time period of the study due to the boom (economic stimulus) and bust (economic drag) cycles of commodity industries. Economies with many assets tended to outperform counties with few assets.

In addition to the study of goods, services, and physical community assets, focus group discussions offered insight into the intangible assets that provide marginal benefits (or costs) within a community. Aside from the consensus that economic diversity is important, community focus groups and interviews illustrated how leadership, community amenities, connectivity, and quality of life are attributes that contribute comparative advantages, while housing, labor, demographics, and resistance to growth may be inhibitors to economic growth.

To the extent that communities can diversify their economies to include more services, this will reduce the volatility that is exhibited by many of the goods-producing industries. To the extent that communities can develop their people, establishing a strong base workforce and collaborative leaders, this will lay the foundation for public and private projects that benefit the broader community.



# OBSERVATIONS & ECONOMIC RESILIENCY GUIDE

This study shows that for a community to be economically resilient there needs to be a mix of active community and business leaders with foresight. These individuals must develop and foster a culture of commitment, seizing opportunities and continually building businesses and the assets of a community. A community must identify their assets to build upon in order to attract people to their community. This process occurs over a long period of time and needs continual attention with adjustments and adaptations as circumstances change.

The following section of this report provides a guide for economic resiliency based on observations, trends, and data.

## VISION YOUR COMMUNITY

Over the years Durango developed a clear vision of its future and how the community wanted to grow. Through community engagement and visioning sessions, the city has created and implemented development plans with the support of the community. Every community develops differently; however, it is important that each community has a vision and grows in the most authentic way.

- ▶ Create a development plan with buy-in and input from the community.
- ▶ Think creatively and be authentic to your community's personality when creating a vision for your community.

## INVEST IN COMMUNITY ASSETS

Durango and Salida recognized that their natural amenities and historic downtown districts are their greatest assets. Over the past 30 years both communities have focused resources and energy to building, improving, and maintaining these assets. The natural amenities and historic districts attract people to the region building vibrancy in the community. With a diverse set of amenities across the state (e.g. rivers, hills, mountains, and agricultural lands), Colorado communities have an opportunity to identify and invest in their assets to create place where people want to live, work, and recreate.

- ▶ Identify community assets ideal for community placemaking.

## TAKE RISKS

During an economic downturn with the closure of the Climax mine in the 1980's, leaders in the Salida business community recognized the need for revitalization and stabilization of the local economy. Identifying the old Steam Plant as a potential asset, the businesses acquired the and renovated the building. The risky investment required creativity and a long-term vision for the community. Today, the Steam Plant is the heart and soul of the community.

- ▶ Take risks and invest in your community.

## EMPOWER AND ENGENDER LEADERS

Leadership is different in every community as it may come in the form of grassroots efforts, private sector and board engagement, or from elected officials. Leaders in both Durango and Salida play a major role in gaining public buy-in for development projects, fundraising, and pushing a project to completion. It is important to identify and champion leaders and provide resources and support for emerging leaders and youth in the community.

- ▶ Champion current leaders, making them ambassadors for your community.
- ▶ Develop young professional leadership programs to encourage and support the next generation of leaders.

## INVEST IN EDUCATION AND HEALTHCARE

Both Durango and Salida invested in their local school districts through mill levies and bonds. The communities focused on the importance of the school district as a tool to retain and attract families to the community. Additionally, leadership at the hospitals in both communities identified the expansion of health services as essential to becoming a regional health hub capable of providing excellent service retirees.

- ▶ Consider education and healthcare as a tool for family and labor retention and attraction and invest accordingly.

## INFILL/DENSITY AND ANNEXATION OPTIONS

Durango and Salida face the challenge of having a tight housing market with limited supply. Currently, the two communities are evaluating how to create greater density in the downtown areas. Durango has annexed property to the city to provide the opportunity for multi-use development.

- ▶ Inventory infill and annexation options and evaluate infill and annexation policies.

## COLLABORATE AND WORK REGIONALLY

In small communities, talent, services, and resources are distributed over large geographic areas. To build capacity and achieve their goals, communities must work together and pool resources. Durango leaders collaborated across the Four Corners region to work towards a long-term, regional vision to develop fiber optic infrastructure and access a broadband connection.

- ▶ Pool resources and build capacity by working regionally.



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