



## SOUTHWEST ENTERPRISE ZONE – 2019 ANNUAL REPORT

### Overview

The Southwest Enterprise Zone is administered by the Region 9 Economic Development District of Southwest Colorado Inc. (Region 9) and covers the same five county service area as Region 9. Region 9 is a nonprofit, 501 (c) 6 public/private partnership that works to improve economic conditions and coordinate economic development efforts throughout the five counties, ten municipalities and the only two Native American Tribes in Colorado (Ute Mountain Ute and Southern Ute). 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. Programs include business loan fund of \$6M; producing the Comprehensive Economic Development Strategy (CEDS) as a federally designated economic development district; serving as a State Data Affiliate with the Colorado Demography Office; Southwest Enterprise Zone Administrator; and special programs such as the Southwest Accelerator Program for Entrepreneurs (SCAPE).

The area is known for its scenic beauty, diverse landscapes, cultural resources, National Parks and Monuments, as well as its entrepreneurial spirit and business support. Tourism and outdoor recreation are the number one industry in the region with us having such well-known attractions as Mesa Verde National Park, Chimney Rock National Monument, Purgatory Ski area, and the Durango & Silverton Narrow Gauge Railroad. Agriculture and forestry remain significant sources of employment for Dolores and Montezuma Counties while Archuleta, La Plata and San Juan’s economies are based primarily on tourism and outdoor recreation. The declining energy industry is looking to be somewhat offset by the resurgence in timber, due to some large contracts on National Forest land to improve forest health and fire mitigation. The Southern Ute and the Ute Mountain Ute Indian Tribes are both major economic forces with their diversified enterprises and employment opportunities benefiting the regional economy.

### Past year Observations and Data

Business participation in the EZ Program has been inconsistent in with the number of tax credits, investments and jobs created vary widely each year. Several business high density areas are no longer EZ eligible since the 2016 boundary update, which has impacted participation numbers. However, we are seeing more participation in our small distressed communities.

Region-wide, in 2019 there were 30 designated Enterprise Zone Contribution Projects (4 newly designated and three renewing and two that ended). These Projects generated about **\$4.14 million** in economic activity through direct and in-kind contributions. This is comparable to 28 Projects in 2018 at \$2.8 million; 28 Projects in 2017 at \$3.3 million, and 30 Projects with \$3.7 million in economic activity in 2016.

	Region 9		
	Tax Credits	\$ Invested	Jobs Created
2011	\$ 673,131	\$ 22,501,542	268
2012	\$ 1,648,586	\$ 76,642,252	505
2013	\$ 4,199,768	\$ 183,347,978	(21)
2014	\$ 1,238,773	\$ 46,244,938	461
2015	\$ 2,699,282	\$ 66,073,593	89
2016	\$ 1,321,904	\$ 146,678,225	488
2017	\$ 618,920	\$ 12,568,831	140
2018	\$ 1,111,662	\$ 31,102,433	100
2019	\$ 1,185,896	\$ 34,402,991	(28)

In the Southwest Enterprise Zone, three counties, Dolores, Montezuma and San Juan meet the EZ economic distress criteria on a county level. In the 2016 redistricting, La Plata and Archuleta census tracts were evaluated individually on the economic distress criteria. There are two tracts out of ten that are NOT eligible in Archuleta, and thirteen

County	Population Requirement	2013 - 2018 Pop. Growth	2018 Unemp. Rate	2018 PCI	EZ Qualify
Archuleta	Yes	No	No	Yes	Yes
Dolores	Yes	Yes	No	Yes	Yes
La Plata	Yes	No	No	No	No
Montezuma	Yes	No	Yes	Yes	Yes
San Juan	Yes	No	No	No	No
Data Source	DoLA	DoLA	CDLE-LMI	BEA	*

tracts out of thirty-three in La Plata County that do not meet the distress criteria. However, Archuleta joins Dolores and San Juan Counties as being designated as Enhanced Rural Enterprise Zones (EREZ) through 2020.

### **Past year Efforts to Improve Conditions**

Specific EZ activities included:

- Met with 13 organizations interested in applying as EZ Contribution Projects.
- Four new projects approved and three renewed with new goals. Region 9 distributes press on each new EZ Project.
- Provided EZ Annual Report and county specific EZ data to all Region 9's government jurisdictions.
- Maintained a contact list of regional accountants that is continually updated. EZ information is distributed via email as needed. This included availability of Salesforce, tips, form updates, deadlines and instructions.
- Supplied EZ information packets to the general public and area economic development groups for distribution to businesses.
- Tracked EZ inquiries which totaled 456 in 2019 (previous year was 216). One of our goals was to increase the number of inquiries.
- Cited EZ information in Region 9 brochure and other materials, as well as in monthly updates distributed to our Board of Directors, funders and governments.
- Continually updated the Enterprise Zone Contribution Project email tree and provided information as necessary. This includes forms, deadlines, tips, recertifications, organizational MOUs and reminders.
- Participated in bi-monthly EZ Administrator phone calls as well as peer reviews, trainings and EZ Administrator meetings.
- Provided EZ information on Region 9 website including new homeless policies and maps of eligible areas.
- Made seven EZ related presentations, including two Enterprise Zone project trainings (one with United Way agencies) and two in Enhanced counties. One of our organizational EZ goals was to conduct at least five presentations.
- Completed EZ Program rack card – 2019 goal. Also provided rack card to all EZ projects so they can highlight their individual projects on the back side for marketing purposes.
- Sent letter about EZ tax credits to all area accountants that were not in our salesforce system.
- Sent information about EZ tax credits to all Region 9 loan clients.
- Contacted the eligible top 20 employers in each county to make sure they knew about EZ tax credits.

### **Winning Story**

Our **EZ program success stories** are around homelessness which is a priority throughout the State. First, Aspen House is a new EZ Contribution Project located in the Enhanced County of Archuleta/Pagosa Springs. Aspen House is an infrastructure project with the goal to build and open a home for adults with developmental disabilities, the first such facility in the county. In its 2<sup>nd</sup> year as a Project, the land has been secured and the campaign to build the home is underway.

Another homeless program located in Montezuma/Cortez has successfully constructed a “wet” shelter for homeless. The Bridge Emergency Shelter provides nightly shelter, even for those with alcohol or drug issues, to give them a safe place out of freezing temperatures. This Project also provides day laborer opportunities for residents. Neither of these projects would be possible without the EZ Contribution Status.

### **Objectives Report**

Organizational Enterprise Zone objectives were identified several years ago to make sure Region 9 was doing our part educating the region about EZ eligible areas. We have worked to include them in our EZ goals for 2020.

**Objective #1- Increase the number of EZ inquiries to the Region 9 office which indicates either a direct referral or just interest in the program.** In 2016, we began measuring the number of EZ inquiries received directly by our office. **Those inquiries totaled 456 in 2019, a huge increase over 216 in 2018 and 108 in 2017.**

2019	Region 9			
	# Businesses	Tax	\$	Jobs
	Filing	Credits	Invested	Created
Archuleta	49	\$ 93,963	\$ 1,756,585	23
Dolores	19	\$ 171,448	\$ 5,714,855	8
La Plata	22	\$ 141,820	\$ 4,399,164	-56
Montezuma	128	\$ 778,451	\$ 22,525,254	-3
San Juan	1	\$ 214	\$ 7,134	0
<b>Total</b>	<b>219</b>	<b>\$ 1,185,896</b>	<b>\$ 34,402,991</b>	<b>-28</b>

Year	# Participating Businesses	% change from 2005	% change from Previous
2005	228		
2009	232	2%	
2010	247	8%	6%
2011	249	9%	1%
2012	419	84%	68%
2013	297	30%	-29%
2014	286	25%	-4%
2015	270	18%	-6%
2016	295	29%	9%
2017	227	-0.4%	-23%
2018	200	-12%	-12%
2019	219	-4%	-4%

**Objective #2- Increase the number of businesses that participate in the EZ in each county using 2005 as a base year (228 participating businesses).** We finally saw an increase over the previous year numbers and will continue to provide outreach.

**Objective #3- Target businesses involved in other Region 9 programs. Inform them about all EZ tax credits. Track how many utilize the credits.**

	Archuleta	Dolores	La Plata	Montezuma	San Juan
<b>2009</b> (base yr.) 36 Businesses	<u>5</u>	<u>1</u>	<u>18</u>	<u>11</u>	<u>1</u>
<b>2010 -13</b> 55 Businesses	<u>10</u>	<u>3</u>	<u>25</u>	<u>16</u>	<u>1</u>
<b>2014-17</b> 41 businesses	<u>8</u>	<u>7</u>	<u>14</u>	<u>10</u>	<u>2</u>
<b>2018</b> 8 businesses	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>
<b>2019</b> 10 businesses	<u>3</u>	<u>0</u>	<u>2</u>	<u>5</u>	<u>0</u>

This table lists the number of non-duplicative businesses utilizing EZ tax credits that Region 9 has documented that we worked with through our loan program or individual technical assistance. Businesses that claim EZ business tax credits are tracked annually and by county. (The supporting list of businesses is available by request.) We believe these numbers should be

higher because we consistently inform our loan clients about tax credits and track all inquiries to our office. There is also at least a 2-year lag of when we notify a business about tax credits to when they actually show up as utilizing the credits.

Though Region 9 is fielding an increasing number of enterprise zone related inquiries, we cannot tie those numbers to our direct outreach to our own clients. It appears that even businesses that we can help pre-certify do not have tax credits each year.

## Objectives for Coming Year

Our Enterprise Zone has had numerous internal program goals that we have provided in past reports but moving forward those goals have been included in our new 2020 regional EZ goals below.

- 1. Build the capacities of organizations that are directly cultivating entrepreneurship through the creation of jobs, business supports and economic development activities.** - Our rural region has a strong entrepreneurial ecosystem including the SW Small Business Development Center, and the Southwest Colorado Accelerator Program for Entrepreneurs - both that are EZ Contribution Projects. Region 9 supports “business support” infrastructure because job creation rather than job recruitment has been more successful in our region. We track the number of jobs created through SBDC, SCAPE, EZ businesses, and our own regional loan program and make sure all these businesses are aware of EZ tax credits. **Our measurable goal is to double the number of businesses (from 10 to 20) in which we directly work with through our loan program and partner organizations (SCAPE & SBDC) to claim tax credits (measured by looking at the annual EZ certification list).**
- 2. Ensure that southwest Colorado has the physical infrastructure and job training needed to plan for, compete, and meet economic challenges and workforce needs.** – More than half of our 30 EZ Contribution projects focus on job creation and physical infrastructure. Region 9 will outreach all nonprofits that are looking at capital campaigns to see if they might be appropriate EZ projects. As the job training guidelines are updated, we will look at possible projects around job training that might be a fit. **Our measurable objective is to recruit two more EZ Contribution Projects that focus on job training or infrastructure in 2020.**
- 3. Meet the diverse Housing needs (affordable and workforce) in the five counties of Southwest Colorado.** Eight of our Contribution projects focus on housing programs and service covers all five counties. With the newly adopted EZ policies around homelessness and job training, **our measurable objective is that a Region 9 staff person will serve on a regional housing Board to stay involved and figure out ways to make an impact.**
- 4. Support and assist key industry sectors in southwest Colorado that bring in new money to strengthen the local economy (agriculture, tourism & healthcare).** We have two new EZ Projects that work with the local food movement, three rural healthcare facilities and two visitor attraction Contribution projects that fit this goal. Keeping our healthcare facilities viable is a high priority in our rural region, especially with the number of uninsurable and aging population that results in a higher than average Medicare population. We have four health related projects and **our measurable objective will be to outreach our regional clinics, medical providers and related businesses through a direct marketing effort about EZ tax credits.** Region 9 will also seek to increase the number of our key industry sector businesses (ag, tourism, and healthcare) over the previous year. **Our measurable objectives will be to a) increase the total number of participating businesses, in each county, particularly in our enhanced counties of Archuleta, Dolores and San Juan over this year and b) Make sure our eligible top 20 employers know about EZ credits.**
- 5. Facilitate the creation, enhancement or expansion of community amenities or attractions which make southwest Colorado an attractive place to live and visit.** With the updated EZ policies we have outreached our tourist attractions about their possible fit as EZ Contribution Projects. We currently have two projects that are visitor attractions. **Our measurable goal will be to provide an Enterprise Zone information session in each county.**