Pagosa Springs Community Development Corporation Economic Luncheon May 22, 2019

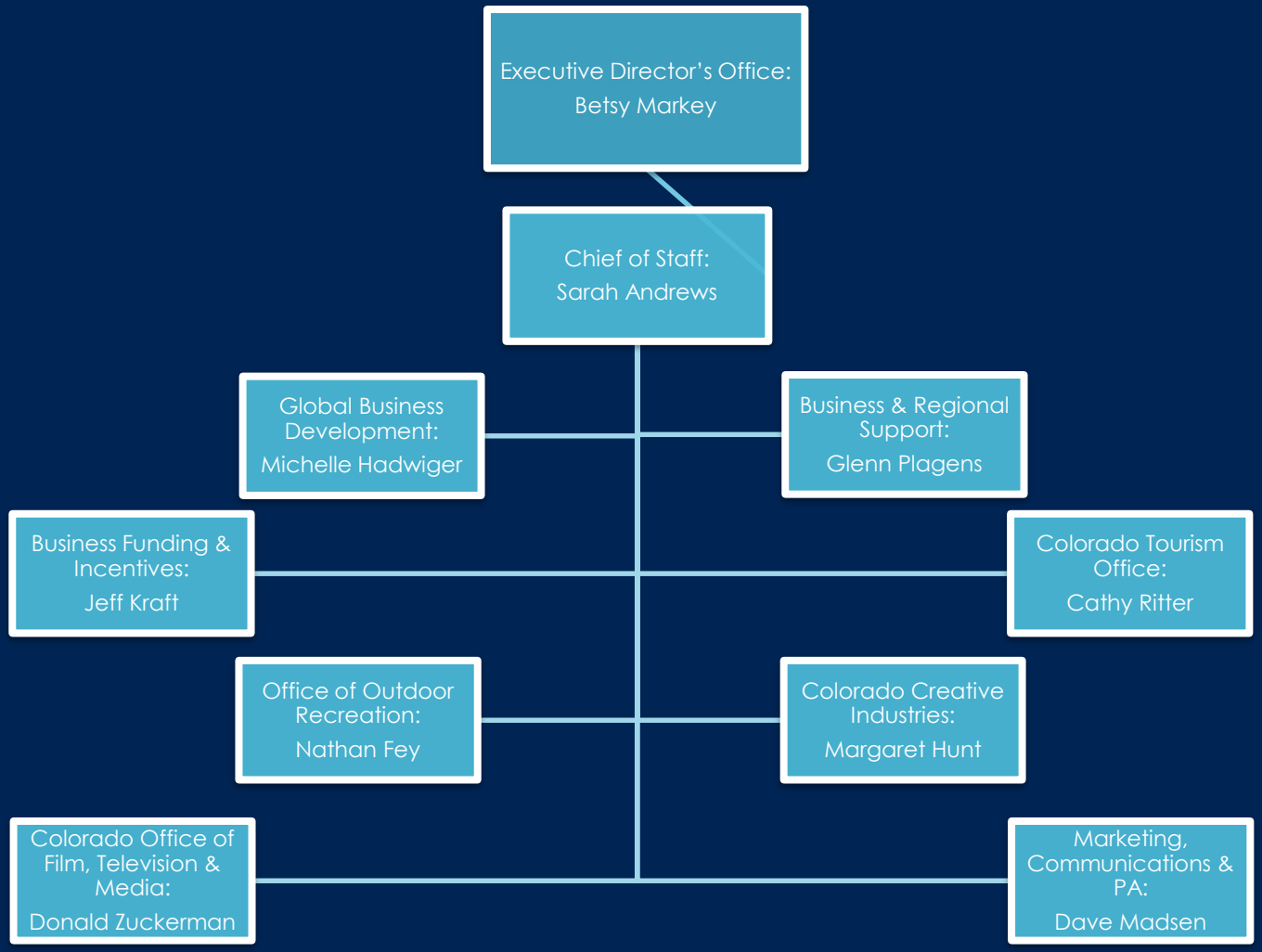
Jeff Kraft
Colorado Office of Economic Development and International Trade

Agenda

- Background on and priorities of OEDIT
- Startup Businesses in Rural America
- Demographic and Economic Trends in Archuleta County
- OEDIT Funding in Pagosa Springs/Archuleta County
- Economic Development Opportunities and OEDIT Programs to Explore
- Questions

What is the Office of Economic Development and International Trade ?

Office of Economic Development & International Trade (OEDIT) Functions and Leadership



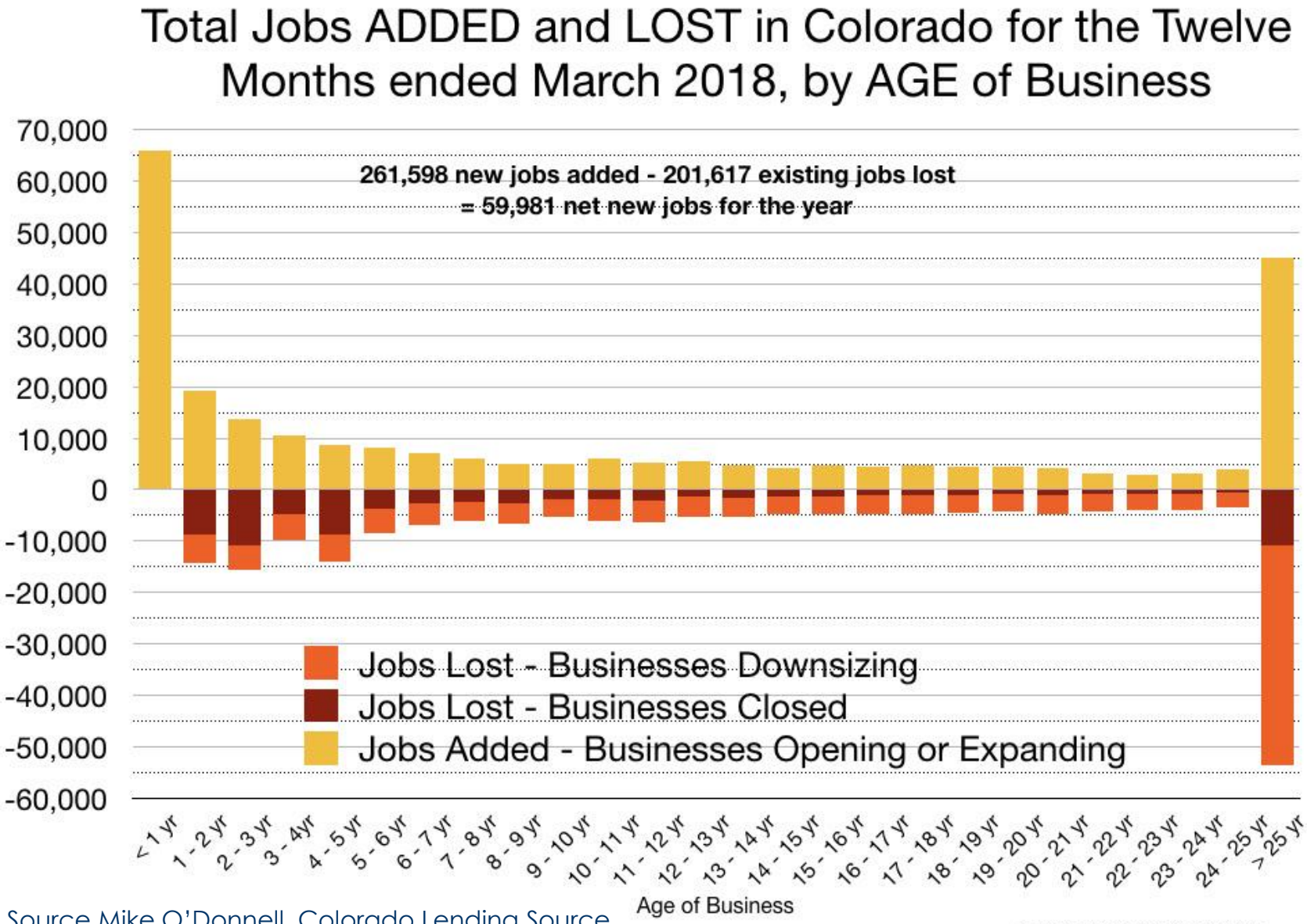
Governor's/OEDIT's Priorities for Economic Development

1) Employee Ownership
2) Rural Prosperity
3) Opportunity Zones (OZs)
4) Hemp
5) Renewable energy

Governor Polis' Key Goals:

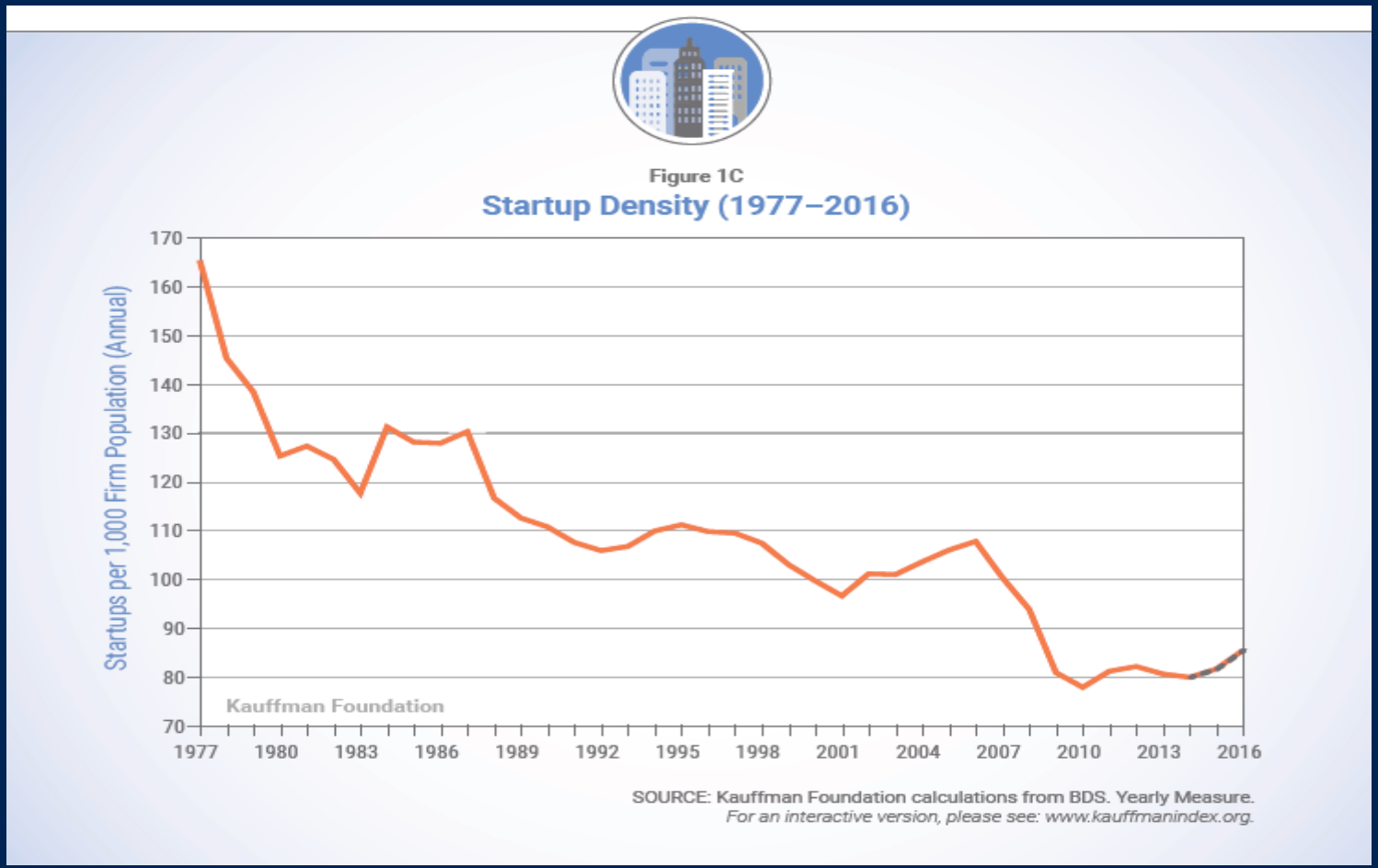
- Free all day kindergarten and early childhood education
- Lowering health care costs for all Coloradans
- 100% Renewable Energy by 2040

Start Up Density: Importance, Trends and Urban Versus Rural

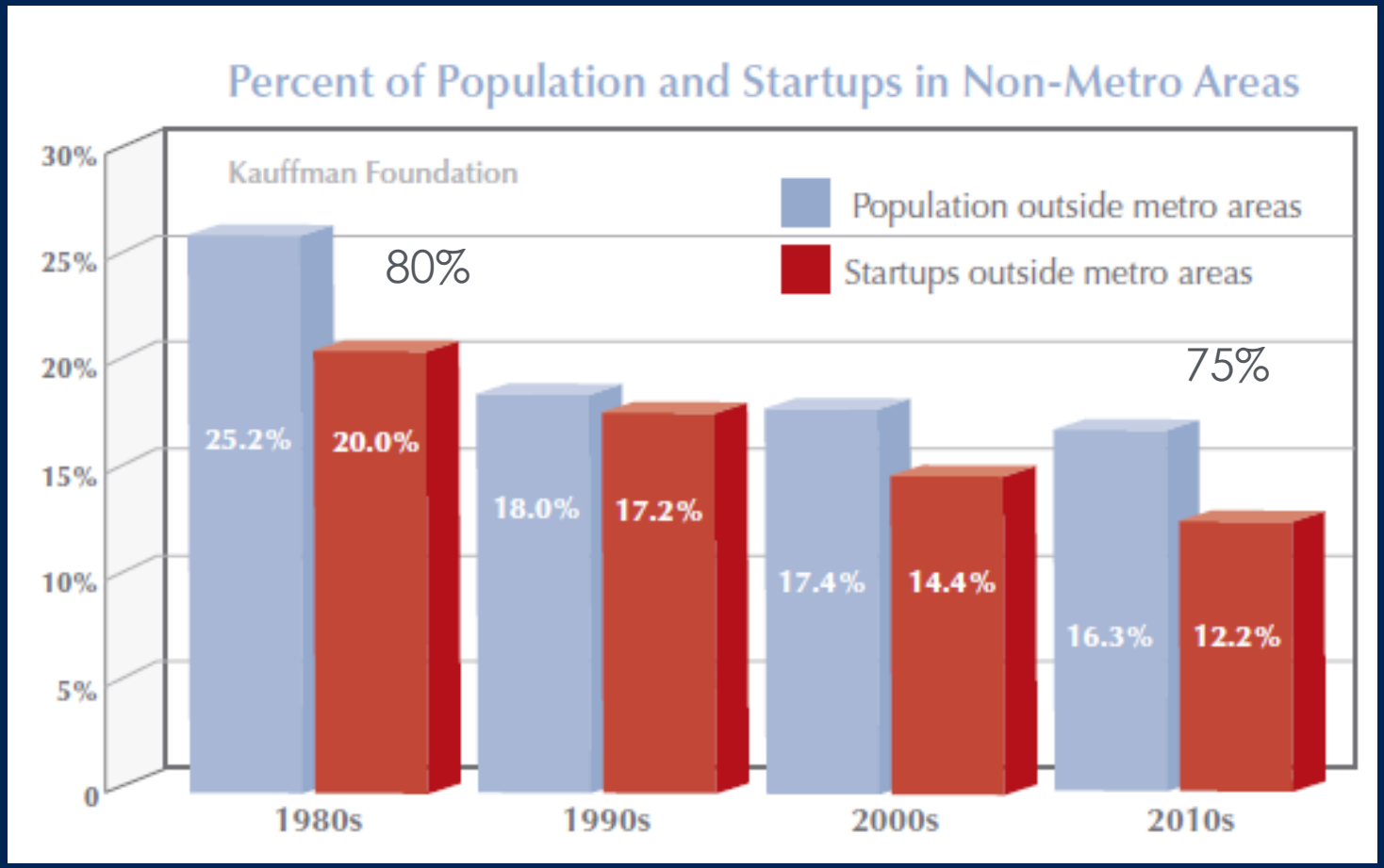


Source Mike O'Donnell, Colorado Lending Source, Mike's Muse March 25, 2019

Kauffman Foundation U.S. Startup Trend



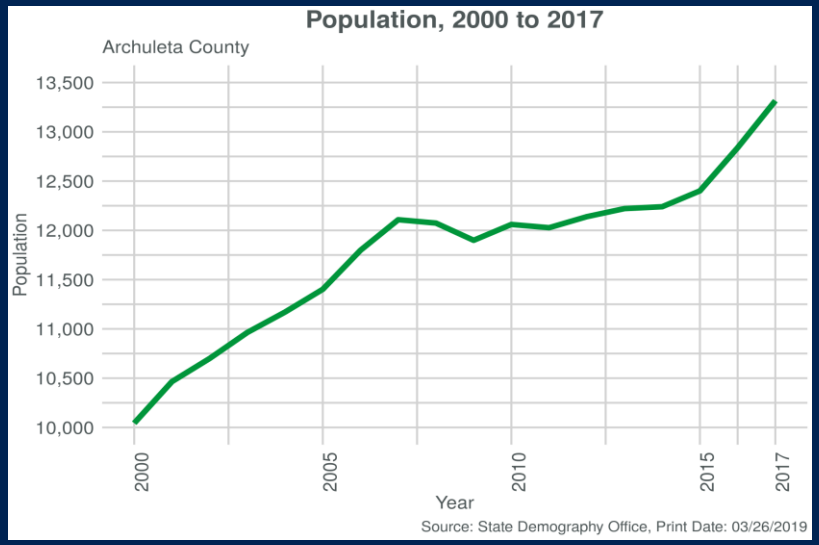
Kauffman Foundation Rural versus Metro Startup Distribution

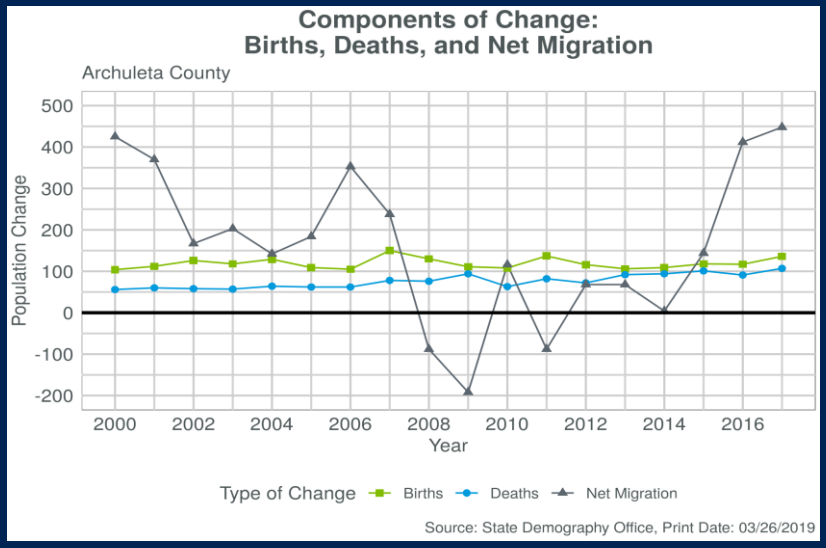


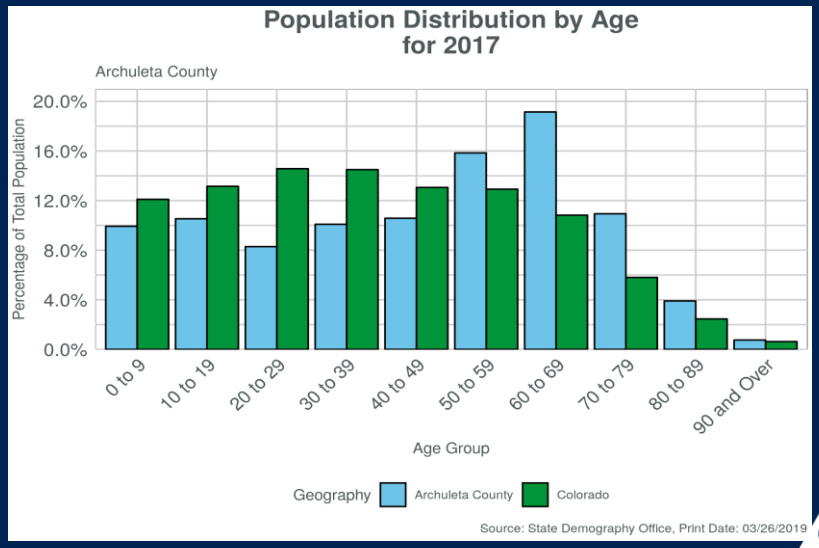
Archuleta County: Key Demographic and Economic Indicators

Archuleta County Population: Characteristics and Trends

- Archuleta's population steadily increasing since 2010
- Net in migration and birth exceeds deaths
- Archuleta's population skews older than Colorado as a whole

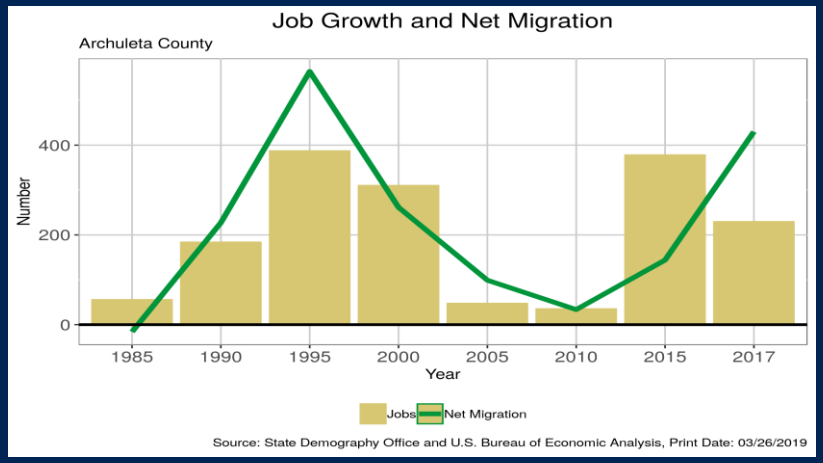


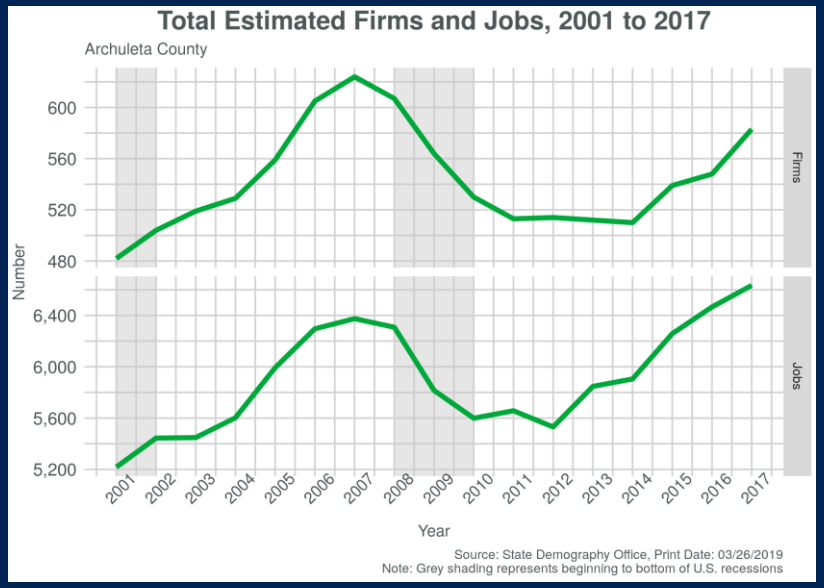


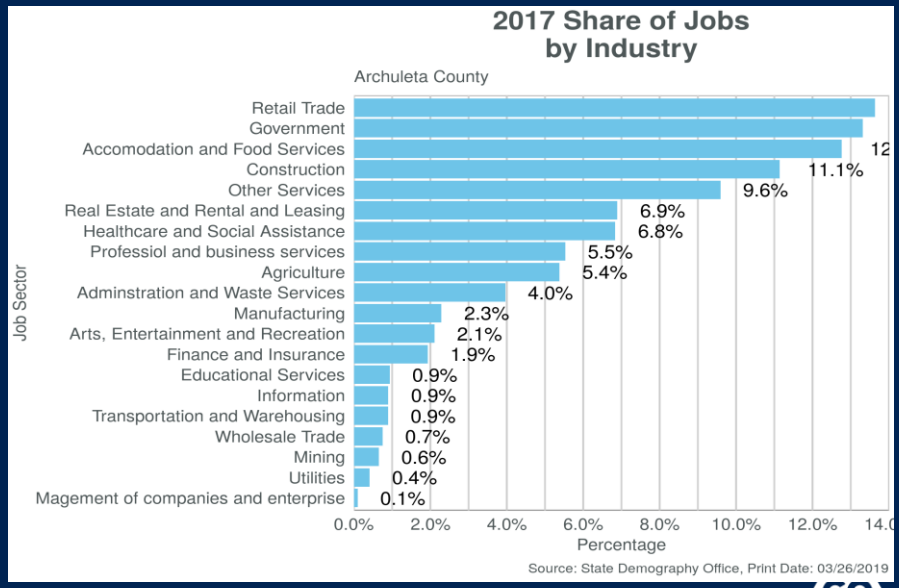


Archuleta County Jobs and Employment

- Job Growth coincides with Net Migration
- Firms and jobs recovering from Great Recession.
- Retail Trade, Government, and Accommodation & Food Services are 40% of jobs.

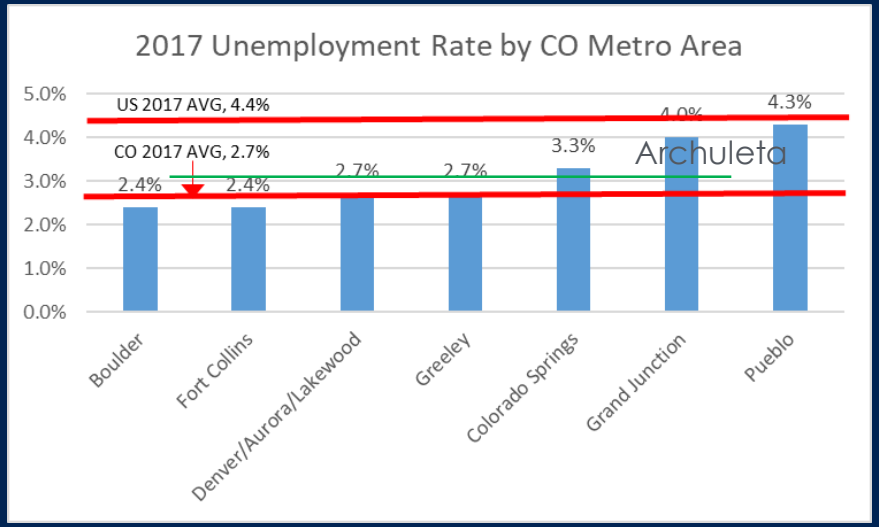


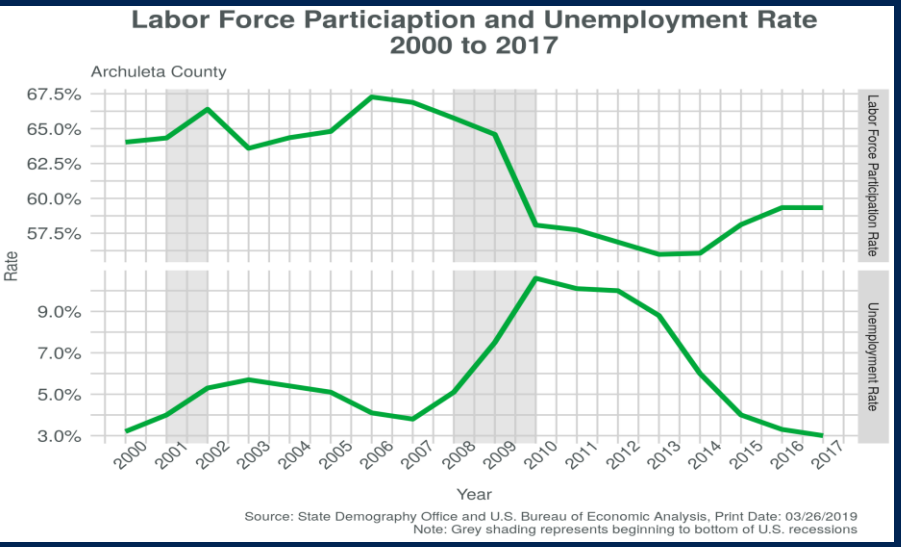


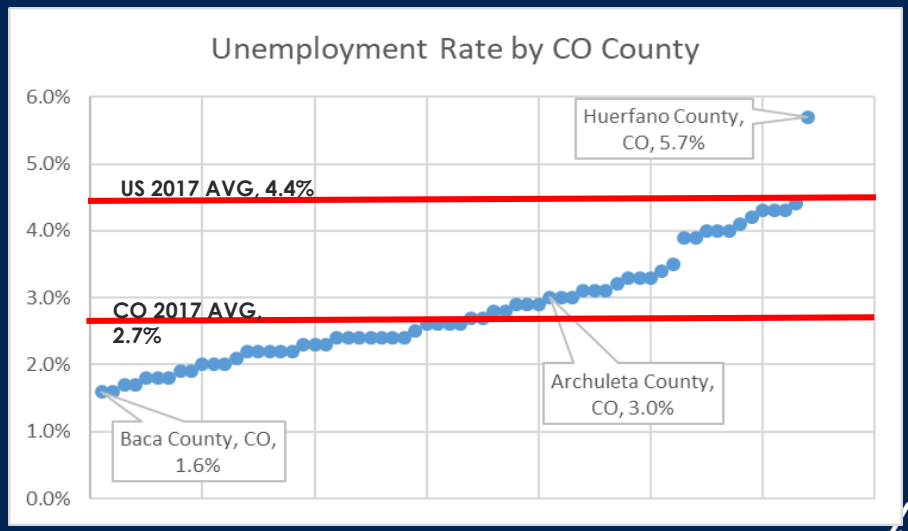


Unemployment in Archuleta versus state and national metrics (2017)

- Archuleta's 3% Unemployment Rate is "middle of the road" compared to other counties in Colorado
- Unemployment rate has decreased significantly since 2010, and the Labor Force Participation rate has increased
- Declining, and relatively low, unemployment rates in Archuleta county signal strong conditions to take advantage of economic development opportunities
- Labor force participation still below Great Recession



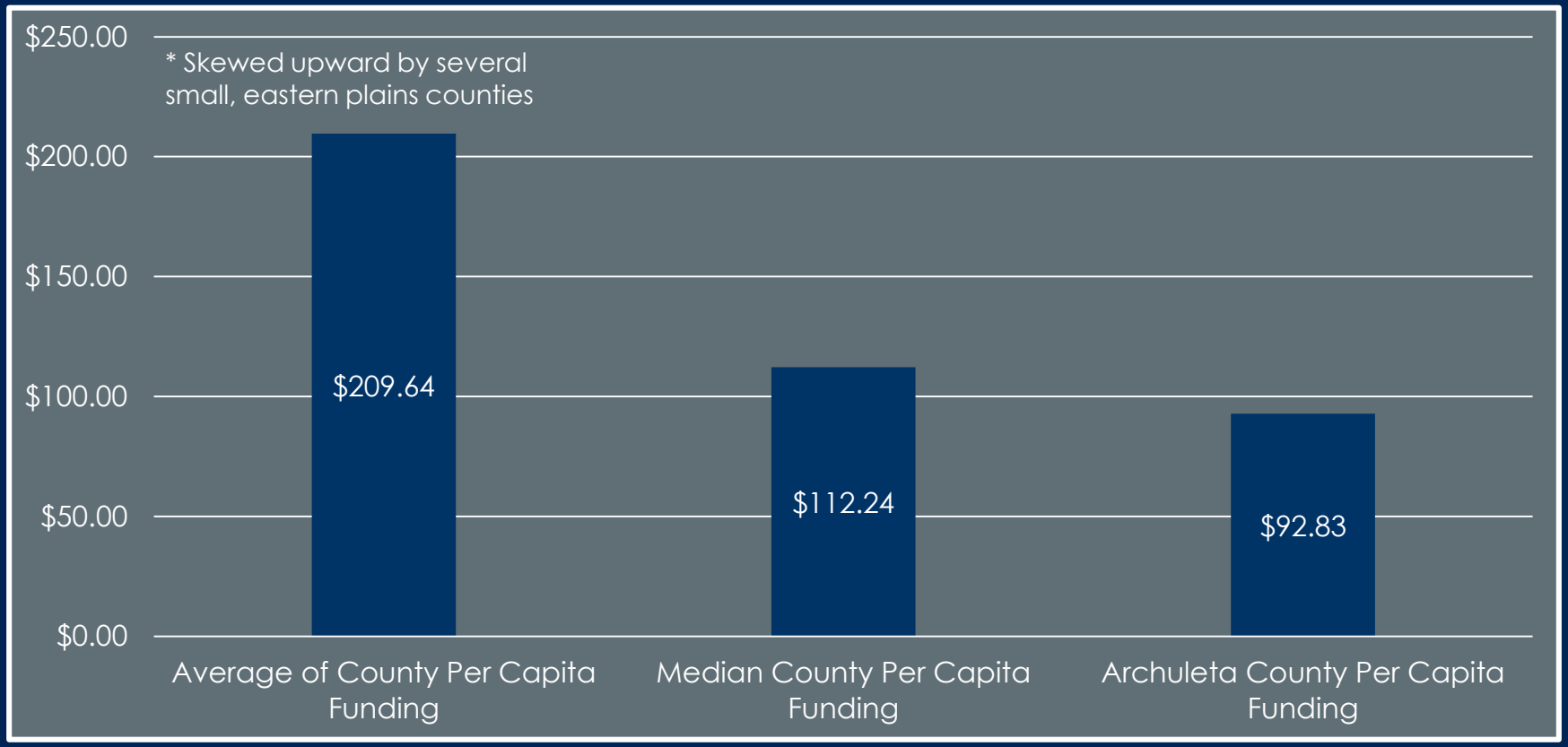




Archuleta County
FUNDING SUMMARY

OEDIT Funding Per Capita

- Based on preliminary data from OEDIT database (subject to future revision)
- Data is based on:
  - 2017 population
  - OEDIT funding from 2010-2019

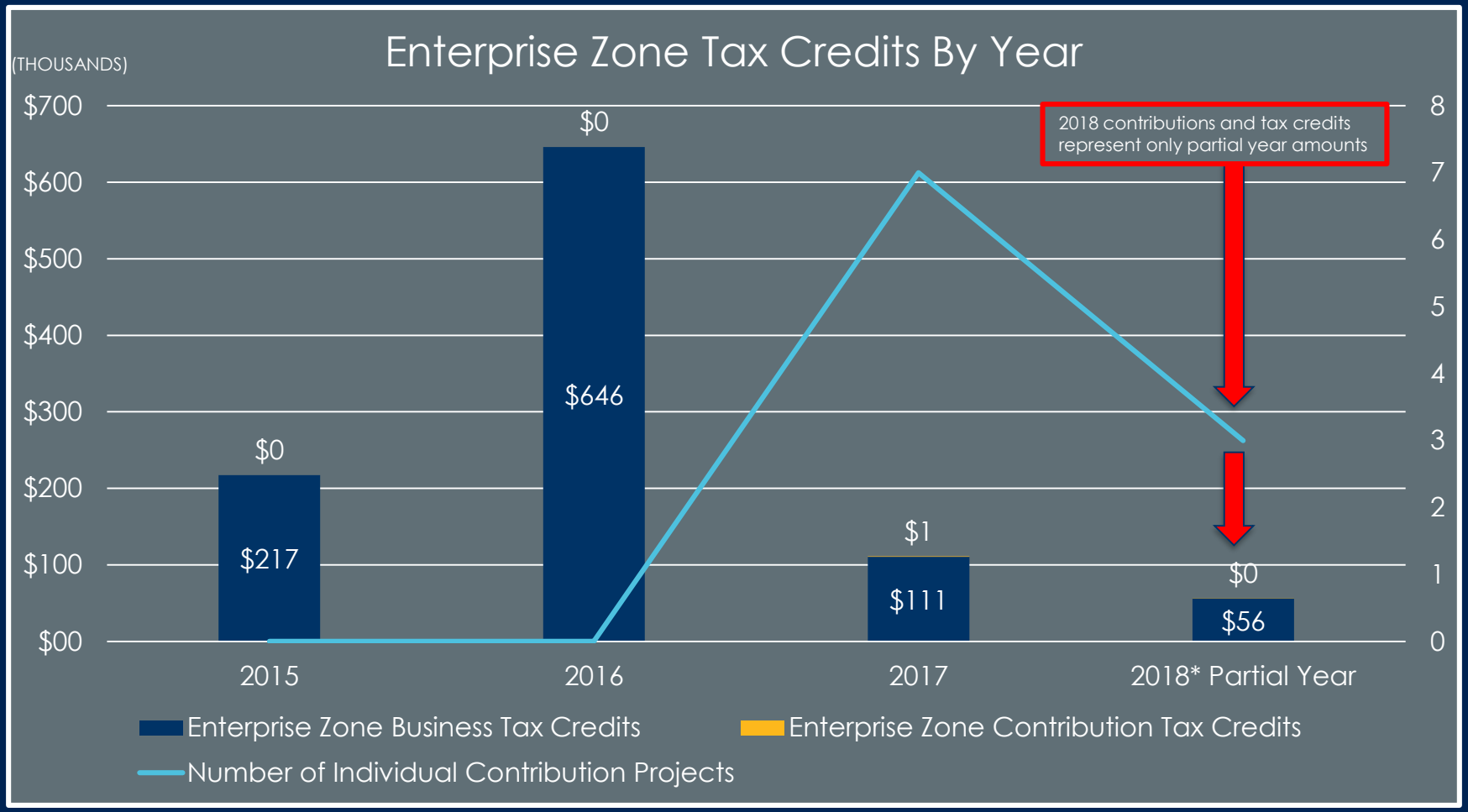


Funding Summary: 2013-2019

- Distinct Entities Supported: ~**187**
- Amount of Capital Approved: **$4,022,741**

Program	Number of Times Capital Approved/Deployed
Enterprise Zone Tax Credit	171
Marketing Matching Grant (Tourism)	6
Colorado Creates (Creative Industries)	4
Destination Development Scholarship (Tourism)	3
Change Leaders (Creative Industries)	1
Cash Collateral Support (CCS)	1
Colorado Credit Reserve (CCR)	64
Colorado Microloans via First Southwest Bank	
Community Development Block Grant (CDBG)	15
Blueprint/Rural Technical Assistance Program (RTAP)	2
Total	**256**

Enterprise Zone Tax Credits in Archuleta County



Support Highlights: 2013-2019

- Largest Individual Awards (>$100k)
  - CCR Loan for $364,00
  - Retailer: Enterprise Zone Tax Credit for $280,210
  - CCR Loan for $205,375
  - CCR Loan for $135,000
  - Educational Entity: CCR Loan for $133,900
  - Retailer: Enterprise Zone Tax Credit for $155,570
  - Outdoor Recreation Entity: CCS Loan for $125,000
  - CCR Loan for $103,000
- Other Support and Investments
  - First Southwest Community Fund Received Colorado Micro-Loan Grant of $500,000 for character loans
  - Provided at least $609k in funding to local restaurants and grocery stores
  - Provided at least $137k in funding to Construction/Engineering/Heavy Machinery companies
  - Provided at least $102k in funding to Healthcare related companies
  - Provided at least $30k in funding to Telecommunications companies
  - Provided around $130k in Tourism-related Grants
  - Provided over $40k in funding to support Creative Industry organizations
  - Blueprint Initiatives:
    - 2016 Tiny Homes Master Plan
    - 2018 Grow your Outdoor Recreation (partnered with CU)

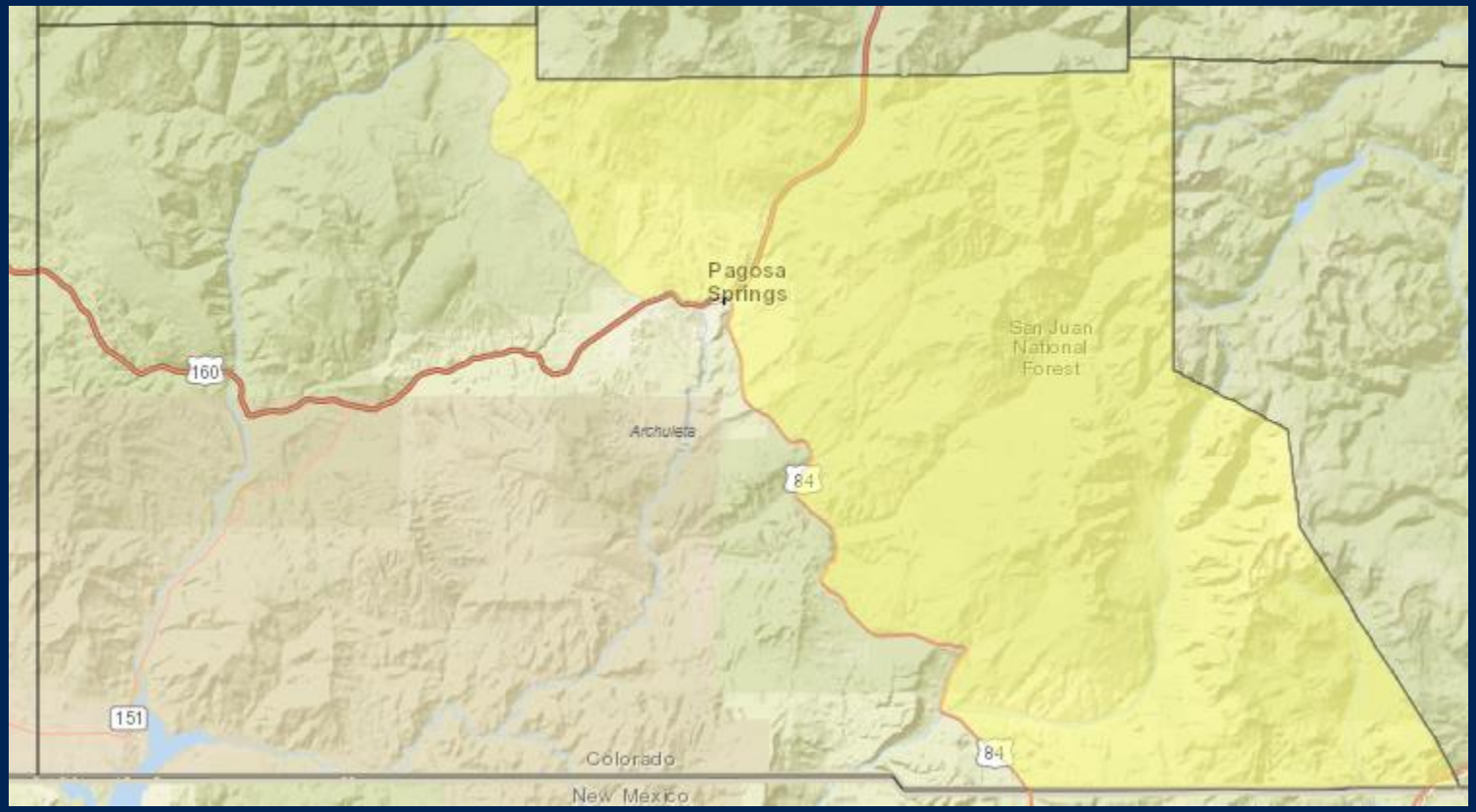
Economic Development Resources to Explore

Economic Development Opportunities for Pagosa Springs

1. Employee Ownership
2. Outdoor Recreation Office (Nathan Fey)
3. Opportunity Zones
4. Enterprise Zone Contribution Projects
5. Creative industries: Change leader training
6. Advanced Industries Accelerator Grants
7. Startup Colorado
8. Greater Colorado Venture Fund
9. Rural Technical Assistance Program (RTAP)
10. Co-working spaces

THINK STARTUP BUSINESSES!

Opportunity Zones: Archuleta County



What are Opportunity Zones?

- New **federal incentive** designated in the 2017 tax reform bill
- Incentive for investors to **support distressed communities** through **long-term, equity investments** in businesses and real estate ventures
- Incentive is **deferral, reduction and potential elimination of certain federal capital gains taxes**
- If properly executed, Opportunity Zones may help address a number of challenges in Colorado:
  - **Promoting economic vitality** in parts of the state that have not shared in the general prosperity over the past few years
  - **Funding the development of workforce and affordable housing** in areas with escalating prices and inventory shortages
  - **Funding new infrastructure** to support population and economic growth
  - **Investing in startup businesses** that have potential for rapid increases in scale and the ability to "export" outside the state of Colorado

How do Opportunity Zones work?

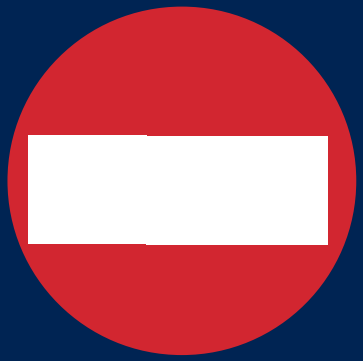
Taxpayers can get capital gains tax deferral (& more)

for making timely investments in

Qualified Opportunity Funds

which invest in

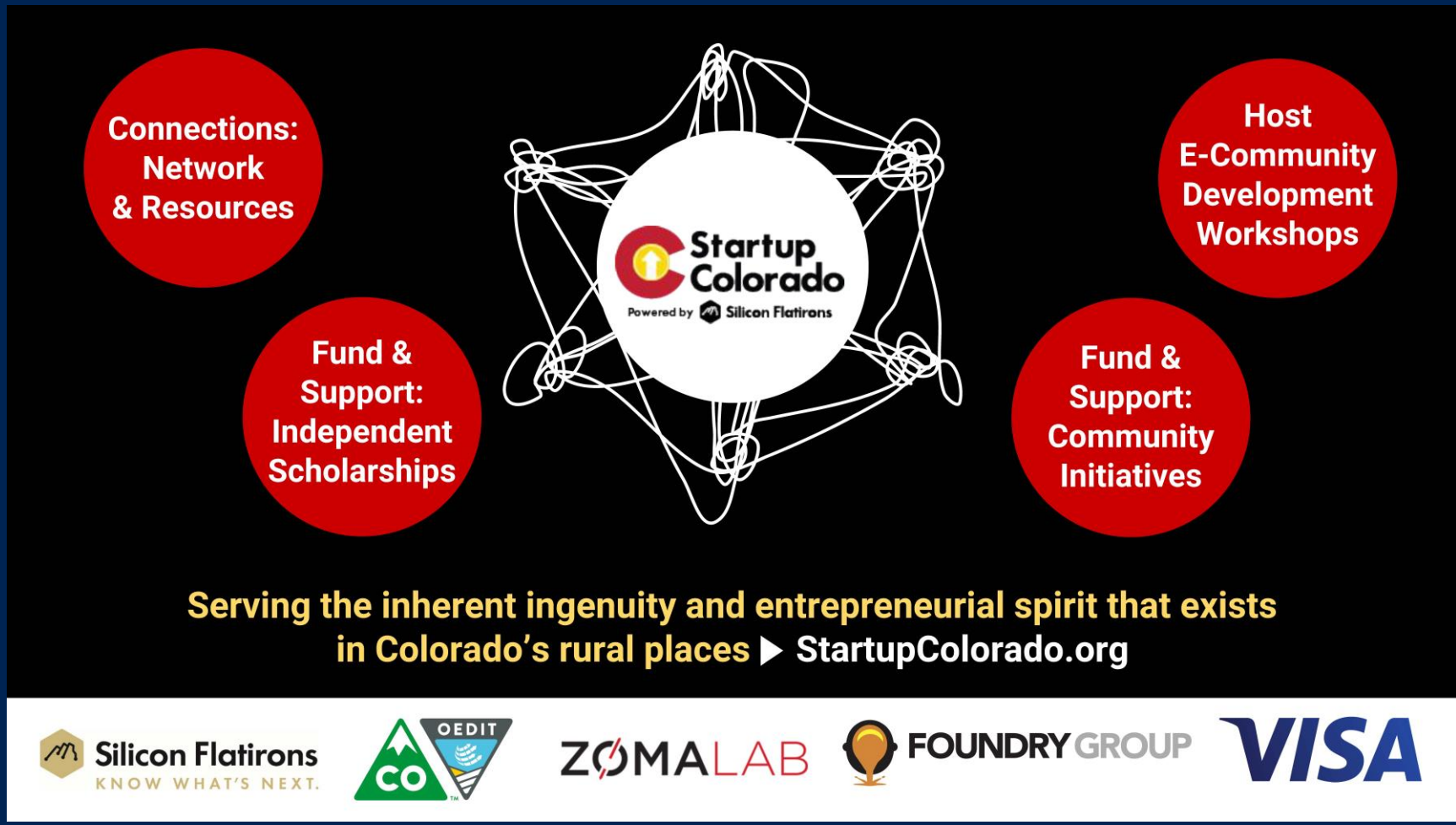
Qualified Opportunity Zone Property
(Primarily real estate or businesses)



OZ Ideas for Pagosa

- Market Rate, Multi-Family Workforce Housing
- Bio-Mass Businesses to Promote Healthy Forests
- Infrastructure Expansion: Roads, Natural Gas, Eletricity
- Outdoor Recreation Businesses
- Leverage your natural assets: hot springs projects
- Local Incentives to support OZ Projects
- What other ideas?

Startup Colorado



Greater Colorado Venture Fund (GCVF)

- GCVF is pioneering venture capital for Rural America, and exists to serve entrepreneurs building growth companies in the rural communities of Colorado.
- The Venture Capital Authority (VCA) (i.e. the State of Colorado through OEDIT) is the largest LP and committed up to $12m. GCVF also raising capital from additional LPs.
- Key Features of the GCVF:
  - Minimum Investment Size: $100k
  - Maximum Investment Size: $300k
  - Total Fund Size: up to $15m
  - Expected number of investments: 40-50
  - Limited Funds reserved for follow on investments
  - Some revenue based investments, particularly good for rural
- Contact
  - Marc Nager, Cory Finney & Jamie Finney
  - partners@greatercolorado.vc

Archuleta County & OEDIT Moving Forward

Additional Ideas

Questions?

Thank You

COLORADO

Office of Economic Development & International Trade

Jeff Kraft
303.892.3845
Jeff.kraft@state.co.us