

Chapter 4 Economic Sustainability

Salida's economy saw major changes with the turn of the 21st Century. Once a center for the mining and rail transport economy of the Central Mountain region, Salida is now faced with redefining its declining industrial economic past. Salida has struggled since the late-20th Century to establish a diverse, sustainable year-round economy. The rich historical past, moderate climate, small town atmosphere, recreation opportunities and centralized location in the Arkansas Valley gives Salida a variety of potential markets on which to expand for its future financial viability and sustainability. To fully understand Salida's economic potential, it is important to understand several key economic indicators that will allow Salida to continue to retain and grow the economic sustainability it enjoys today.

Economic Infrastructure

There are several components that comprise Salida's economic infrastructure. These include the transportation infrastructure, current and future utilities needs, developed and developable lands, and the available workforce.

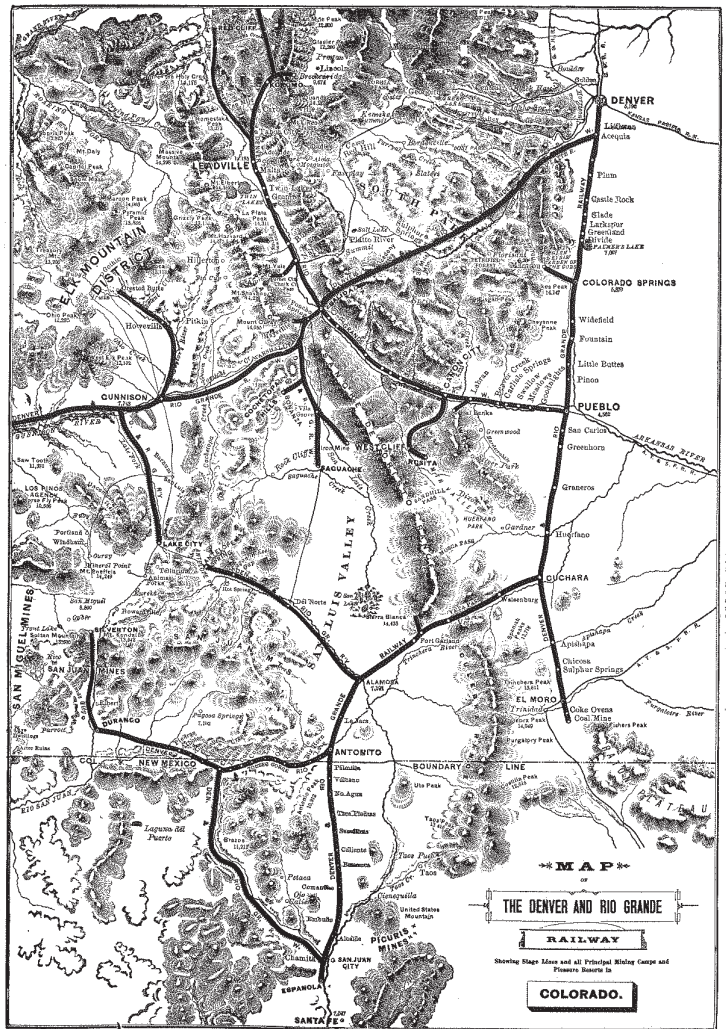
Transportation Infrastructure

Salida is blessed with a rich transportation history that was defined at the turn of the 20th Century. As discussed in previous chapters Salida was founded as a central railroad hub of the D&RGW Railroad which was later bought by Union Pacific. The original rail lines and service connected Salida with Denver, Pueblo, Leadville, and Gunnison. The railroad no longer functions as a mode for transporting goods throughout the region. The once expansive rail yard on the northern bank of the Arkansas River is now vacant in Salida. If regional and national transportation needs in the future expand to once again include rail in this area, significant investment would be needed to rehabilitate the rail infrastructure in the region and bring back rail operations in the valley.

The separation of the railroad yard and the down-

town by the Arkansas River has allowed Salida's road grid to expand without any major interruptions or conflicts allowing the introduction of the automobile to Salida's economy to be seamless in the 1950's. Unlike many historic mining towns of the mountain west, Salida's historic downtown is not divided by a major Highway. Rather the historic built environment has maintained a walkable, viable pedestrian environment that has become a major commodity in the current commercial retail market even with SH 291 in the center of the city.

SH 291 functions as the primary route for commercial freight in and out of the historic district. Alleys allow deliveries to be removed from the highway corridor and directed to the rear of businesses. The traditional neighborhood scale of the highway right-



MAP OF THE DENVER & RIO GRANDE RAILWAY
Showing the Proposed Route Between Acequia (south of Denver) and Salida
The location work was started in February of 1879 and was completed in May of 1879. The final location of the grade ended at Mile 29.7, of which there was grading on the first 25 miles. All work stopped on January 30, 1882.

Map taken from Trails Among the Columbine

of-way allows for safe pedestrian access between businesses along the commercial corridor.

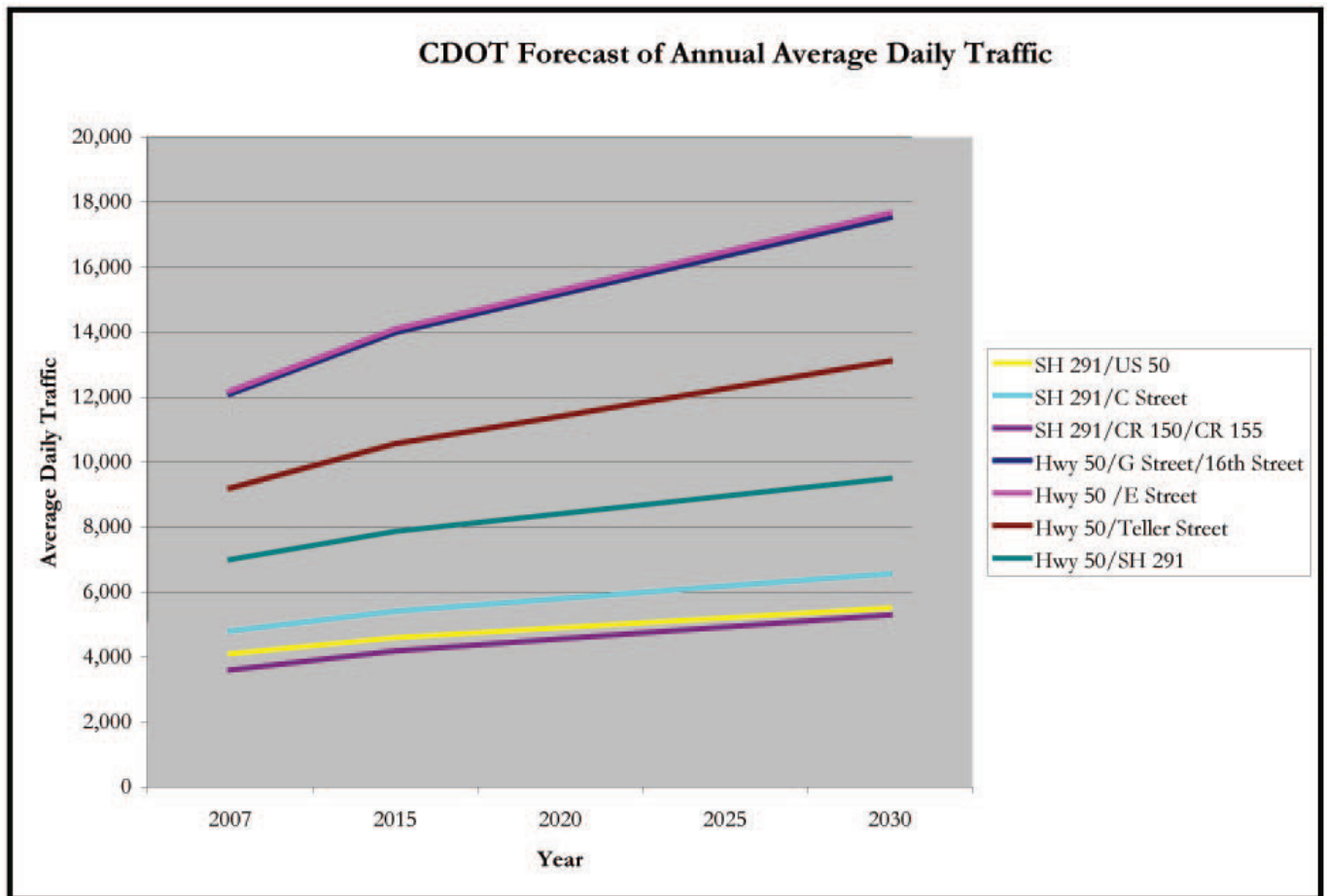
SH 291 serves as a vital transportation connection to US Hwy 50 and SH 285 which lead to urban centers north and east of Salida including Buena Vista, Denver, Canon City, Pueblo and Colorado Springs. Current traffic counts conducted by CDOT total 3,500 daily one way trips along this corridor. Estimates by CDOT for 2015 total 4,190 daily one-way trips along this corridor amounting to a 20% increase in the next seven years. Table 4.1 shows traffic projections for both SH 291 and US Hwy 50 into 2030.

US Hwy 50, the primary artery for commercial freight as well as regional transportation, is on the southern edge of Salida. This corridor continues to grow and receive national attention from many corporate businesses and retailers. The corridor developed to functionally serve the automobile and its users. Implementation of the Highway Improvement Plan, adopted in 2005, has improved access for multimodal transportation options to Salida's traditional neighborhood grid for patrons of this business corridor.

The most recent traffic counts for 2008 provided by CDOT tally over 11,700 daily one way trips along this corridor. Traffic estimates for 2015 indicate an increase to 14,103 daily one way trips, an increase of 21% in the next seven years along this corridor.

The Harriett Alexander Field currently serves a limited clientele of glider and small plane enthusiasts, private jet owners and several commercial interests. At the time of this plan, there are no plans to expand this airport to allow for commercial travel. Studies have shown to allow for this market to be expanded would require heavy subsidization from a variety of interests that do not currently exist.

In 2009, Salida and Chaffee County adopted the Regional Transportation Plan identifying Salida's trail network is a major outlet for both transportation and leisure. The Salida Regional Transportation Plan directs the city and county to include trails and consider multimodal transportation options as development occurs in the planning areas around Salida.



Current and Future Utility Needs

Available utilities play a large role in the future development potential of the Salida regional economy. The city provides and maintains sewer and water utilities for the Salida and the immediate regional area. Salida has a comfortable water portfolio that will accommodate a community of 10,000. The water portfolio, sources and treatment are discussed further in the chapter on Environmental Sustainability. Water treatment falls under the purview of the city's Water Department while the distribution system is the responsibility of the Public Works Department.

Sewer treatment for the Salida area is provided at the Wastewater Treatment Plant on County Road 102. The plant was originally constructed in 1956 with several improvements over the years. In 2011 the city will begin a major overhaul of the plant to modernize treatment to meet current and anticipated regulations. This project will include a modest expansion of the design capacity to a 2.7 million gallon per day capacity.

The city provides wastewater treatment for the Town of Poncha Springs. In 2010, the City of Salida assumed management of the Poncha Springs wastewater system including customer billing and maintenance of the collection system.

Energy needs for the region are currently being met by the local providers Xcel Energy (electric) and Atmos Energy (natural gas). Chaffee County, in conjunction with the Governor's Energy Office, is conducting a study on the potential for alternative energy production. This study will serve as a guiding document for the feasibility for the future expansion of the alternative energy industry in the Salida region. If major industrial or commercial development is proposed, it will be imperative that the city and local energy providers coordinate efforts to ensure that adequate power can be provided to meet the needs of these new economic industries.

Micro energy initiatives have been under way for years in Salida. Solar panels can be seen throughout the city and the city has adopted a sales tax exemption

to encourage the use of this alternative energy.

The continued expansion of the information technology markets in the United States demand a high-tech infrastructure including high speed fiber optic service lines and telecommunication networks. Although there are a variety of service providers locally, currently Qwest Communications controls the one data transportation line in and out of the city. If Salida intends to attract technology dependent types of businesses to the valley, it will need to invest heavily on updating and installing the needed infrastructure to support this industry. Smaller scale businesses can be supported at a local level with the current available services; however future expansion of internet dependent businesses will require upgrades to the current network.

Developed and Developable Lands

Many mountain towns that have seen home and land values skyrocket in the second half of the 20th Century no longer have the means to grow in a substantial manner to produce new economic markets. Salida is an exception to this reality that many mountain recreation destinations face today. Available lands, combined with the livability of the area have placed Salida in a unique position to be a sought after destination for travel and relocation.

Today there are two areas that function as the city's primary commercial commerce districts. Each of these districts has unique characteristics that allowed them to maintain separate identities. These characteristics are important for the economic stability of the city because this helps minimize competition in the market place and has created separate micro economies.

The historic downtown functions as a retail district featuring many local art galleries, small local businesses, entertainment venues and restaurants and bars. This area has experienced a revival over the past ten years from the heydays of the early 20th Century. However, there are still several prominent vacant storefronts in the district. The adoption of the International Property Maintenance Code in 2007 along with a

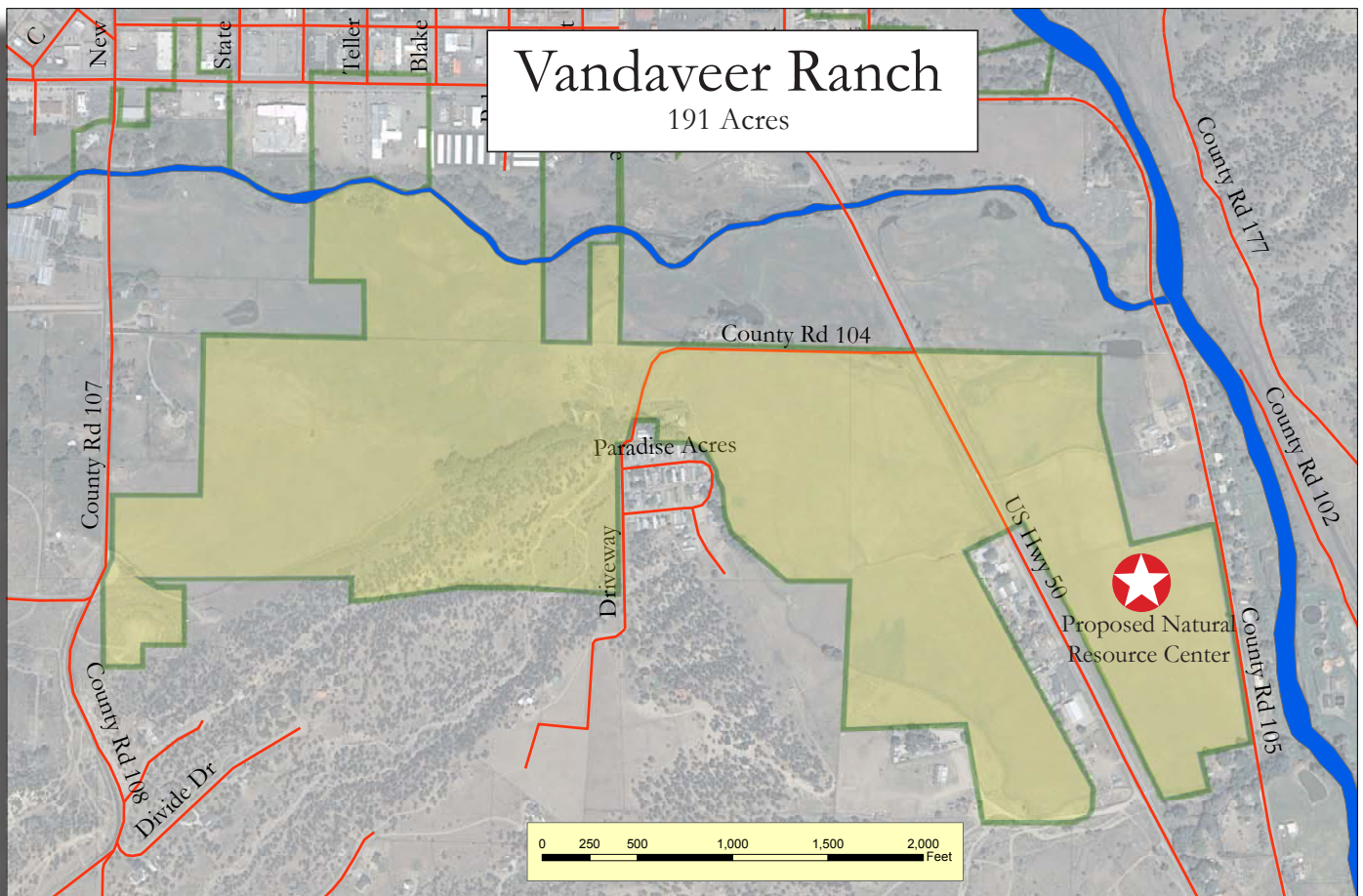
substantial commitment by local property owners has restored the commercial core of the downtown. It is anticipated that this area will continue to see revival and new business with a focus on visual arts, heritage tourism and recreational based tourism. The State Historic Fund and other tax incentives for the downtown's revitalization should continue to be explored to support local business owners' efforts to make this National Register Historic District a regional destination.

The US Hwy 50 corridor is Salida's highest volume retailer's market and functions as a gateway into the city. As a major regional traffic corridor, this area's commercial potential has been recognized by many national retailers and hotels. Available utilities and land along the corridor will allow new businesses to move into this regional market. There are still many residential properties along the corridor with the potential to redevelop as infill commercial properties.

Vandaveer Ranch is a 191 acre site acquired by the city in 2004. This site includes frontage along US Hwy 50 east of the existing commercial core along with additional lands appropriate for residential

and recreation uses. The Vandaveer Ranch property provides the opportunity to create a substantial gateway to Salida and the Arkansas Valley. Efforts are currently underway to locate a multi-agency Natural Resource Center along US Hwy 50. The community has also identified this area as a potential site for an institution of higher education.

Another important economic market in the region is new residential construction. According to the THK Market Analysis, which identified the major sources of employment for Chaffee County and Salida, 28% of employment in the valley is related to either construction or FIRE (Finance, Insurance, and Real Estate). New development in this market has occurred around the periphery of the city and as infill development. Much of this new construction is targeting 2nd homeowners who are buying places in the valley for retirement or as a recreational destination. Salida and Chaffee County have the potential to develop many of the agricultural lands into residential lands. Currently, there are many outlying large parcels of land in the Salida region that are ripe for the future expansion of this market. Demand for new residences competes with community desires to maintain



local agriculture and a pastoral feel in the surrounding undeveloped lands.

There are very few remnants of the industrial businesses of the first half of the 20th Century. However, the infrastructure and land where this large market force once stood still exist today. The out-migration of the industrial age of manufacturing, mining and the railroad left Salida with an abundant infrastructure that could be a viable reuse for another economic activity. To create suitable alternatives at these sites Salida must actively market the reuse of this resource, rather than adjusting to a permanent loss of these economies.

Smelertown located in the Salida Planning Area is one example of where there is an ample amount of developable land that is ripe for new manufacturing or industrial businesses. This area, zoned in the County as industrial, is also home to the historic Ohio-Colorado Smelting & Refining Co. smokestack. This prominent historical feature serves as a lasting reminder of the true potential for new industry in this area. While there are currently no municipal services available to this area, a large scale business locating to Smelertown could extend municipal services. The City's adaptive reuse of these areas once oc-

cupied by the rail industry have become gateways to Salida's new recreational market. The Monarch Spur line has been transformed into the Monarch Spur Trail serving as the backbone of the Salida trail system. The rail yard on the northern bank of the Arkansas River is currently vacant of any industry with the exception of the Calco Plant and provides a buffer to the popular recreational amenities of the Salida Mountain Trails system.

Available Workforce

For Salida to grow existing businesses or attract new businesses to the region, it must be able to provide a workforce to support any possible new industries. The current downturn in the economy has created a shortage of available jobs in the city and county. The unemployment rate for Chaffee County in December 2009 was 7.5%. This is lower than the national average at the time of 10%; however unemployment for the County is the highest it has been in over a decade. A market analysis conducted by THK in 2007 prior to the recession indicated that 10,179 of 19,322 or 53% of Chaffee's County residents were employed in the county. This is an indication that there is a large retirement community in Chaffee County.

While information on the current population is limited to the 2000 Census to determine the actual makeup of the current available workforce, this data is able to help make some generalizations for economic forecasts before results of the 2010 Census are available. According to the 2000 Census 87.5% of Salidans over the age of 25 have received a high school degree. Another 14.8 % have a Bachelors Degree and 6.3% have a Graduate or Doctorate Degree. These numbers are likely to change due to the shift in demographics Salida has seen with the increase in the retirement market.

Many local students currently leave Salida after high school to attend college around the State and Country. Few return to start careers in the valley citing the lack of jobs and low wages along with the high cost of housing. The tourism economy attracts many service industry workers for the winter and summer seasons. However, the lack of employment during the two shoulder seasons makes it hard to retain these



Vacant Industrial Lands Around the Smelertown Smokestack. Photo Courtesy of Alan Robinson

workers for the long term.

Salida's location is ideal for research and development companies that are able to telecommute. The proximity to military installations of the Front Range and the wealth of government lands make Salida an attractive location for research and development.

Research [and Development] and technology production means uses such as medical, optical and scientific research facilities, software production and development, clinics and laboratories, pharmaceutical compounding and photographic processing facilities, and facilities for the assembly of electronic components, optical equipment, and precision instruments. In the mountain west this industry has been expanded to include the development of specialized recreation equipment. These businesses require a specialized work force. Recruiting to the region while providing jobs to those already located in the region will be a crucial component to the success of this new economic market.

Market Factors and Trends



The Salida Railroad was once the largest employer in the valley. Photo Courtesy of Steve Frazee

Two industries have emerged over the last 20 years replacing the railroad as the backbone of the Salida economy. The early half of this decade saw an average increase of around 200 jobs per year in the Salida region. Of these new employment opportunities, the construction and FIRE industries have seen an annual growth of 130 jobs. The services industry has also seen large increases in employment with the

annual average of 55 new jobs. Growth in employment in these two industries has primarily been seen in the creation of a 2nd home residential market that caters towards the recreational tourism economy seen in many Mountain West communities. This market is most prevalent in Colorado in the ski communities of the I-70 corridor.

A study conducted in 2004 by the Northwest Colorado Council of Governments studied the effects that the 2nd home economy has on the communities it has engulfed along this highway corridor over the last 40 years. Conclusions from this study that Salida can use to plan for this future are the demands that this market places for employees in the construction and service industries and the need to retain these workers in the community. As these communities have experienced, this market will cause significant increases in property values in the community limiting housing options for the workers that support this economy. Lastly, this study highlights the disconnect these property owners have with the communities where they purchase these homes, citing an average of only 4% of 2nd homeowners surveyed in many of these communities plan on becoming full time residents in the future.

The reality of the consequences and burdens this market will bring to the valley are contradictory to the vision for the City of Salida to be a place that is affordable for multi-generational population to live, work, play and raise a family. Planning for these second home market shortcomings will allow the city to be proactive in creating opportunities for current and future residents to remain in the community.

As the alternative energy industry continues to evolve, Chaffee County is positioned to utilize the potential natural resources that are available in the valley. A recent study, [EnergyNow](#), revealed that Chaffee County has the potential for producing solar and geothermal power. This study also revealed that wind energy is only potentially effective in the high mountains, which would have negative effects on surrounding viewsheds and create problems for installation and future maintenance. Future studies will need to be conducted to determine if there is a potential for a viable power plant in the Salida region.

Economic Incentives

The cornerstone to any economic development plan is an examination of ways to provide meaningful economic incentives that can be utilized by local businesses to allow them to prosper. These incentives can be provided by a variety of different agencies and governmental policies. Most notably tax incentives provided through the Federal, State and Local governments can be utilized to help cut the costs of starting a new business, expanding resources or upgrading the capital investment of the business. Local municipalities can apply for grants and other matching funds from the State or Federal Government to help with capital improvement projects. Other incentives include strong grassroots campaigns by local organizations that support local business.

At this time there are several tax incentives that local businesses can utilize to help mitigate the costs of doing business in the valley. The Upper Arkansas Enterprise Zone offers tax cuts to businesses opening or reinvesting in the Salida region. This enterprise zone has been established to help local small businesses mitigate start up costs. Income tax credits have been utilized by several businesses located in the historic downtown to offset the expense of repairs and maintenance of their historic structures. In an attempt to encourage the use of alternative energy, the City of Salida has created a sales tax exemption for anyone installing photovoltaic power.

Grants from the State and Federal governments have helped with numerous capital improvement projects in the city. These projects are completed by local contractors, surveyors, engineers, architects and construction companies. These funds are an important tool for helping to improve the municipal infrastructure which serves the businesses of Salida.

Local organizations such as the Salida Business Alliance and the Heart of the Rockies Chamber of Commerce provide support for businesses in the Salida region. Local grassroots campaigns supporting local businesses are provided through these organizations and the recently formed Chaffee County Economic Development Corporation.

Business Retention

The recent economic recession has been exceptionally hard on local businesses. These businesses provide employment and are important contributors to the local economy. Maintaining a local business economy has allowed Salida to have a rich diversity of commerce that has situated Salida in a unique position to serve a variety of clientele. With an economic development plan, emphasis should be placed on supporting local businesses and helping them to grow and expand. As the community looks to bring in new industries, it will be imperative to find businesses that are not in direct competition with the current local businesses that exist in Salida.

Principles/Policy/Action Items

Principle E&S-I. Existing Businesses.

Salida will retain and help expand unique and independent local businesses.

Policy E&S-I. 1 – Buying locally supports local businesses, keeps funds in the community and helps pay for municipal services.



Action E&S-I.1.a – Partner with the SBA, Chamber and others to create an on-going ‘buy local’ campaign and educate the community on the benefits of buying local.

Action E&S-I.1.b – Investigate steps the city can take to foster local markets for regionally and locally produced goods.

Action E&S-I.1.c – Consider enacting regulations limiting the number of national or chain businesses locating in the Downtown or community.

Shopping Local. Photo Courtesy of Kevin Hoffman

Action E&S-I.1.d – Promote retail and service related businesses being open on Sundays and into the evening to help to cater to the growing tourism economy.

Policy E&S-I. 2 – Zoning should not be an impediment to the Downtown and other areas and should not restrict innovative commercial development.

Action E&S-I.2.a – The Planning Commission should review the current zoning map and uses allowed in commercial zone districts to ensure the zoning allows for appropriate new development and redevelopment.

Policy E&S-I. 3 – An understanding of the current businesses will help the city and business owners make informed decisions.

Action E&S-I.3.a –Periodically conduct a retail market demand analysis and make the information available to existing local retailers so they can utilize the information in making business decisions based on information about local demand, retail leakage, market saturation and market opportunities.

Action E&S-I.3.b – Create a system of licensing that enables the city and other economic organizations to track businesses within the city.

Policy E&S-I.4 – Maintain positive relationships with local business development groups.

Action E&S-I.4.a – The city should maintain memberships with the Heart of the Rockies Chamber of Commerce (HRCC) and Salida Business Alliance (SBA) and should appoint a Council member or staff person to regularly attend meetings of these organizations.

Action E&S-I.4.a – Participate in supporting community sponsored economic development efforts such as the Chaffee County Economic Development Corporation and the Small Business Development

Center.

Principle E&S-II. New Businesses

Support new businesses and new employment opportunities that are compatible with our community character.

Policy E&S-II.1 – Direct economic growth in a fiscally responsible way that maintains community character and high service levels for residents.

Action E&S-II.1.a – Review and enhance commercial design standards to ensure that franchises and corporate businesses develop in a manner that fits Salida’s character.

Policy E&S-II.2 – Attract and pursue new green industries and renewable industries to the valley.

Action E&S-II.2.a – Adopt land use policies that allow for development of commercial and industrial sites in the City to attract investment in green renewable industries.

Principle E&S-III. Infrastructure

A strong utility and transportation infrastructure will allow for growth and sustainability of commerce.

Policy E&S-III.1 - Utilities should be adequate to serve existing and desired business opportunities.

Action E&S-III.1.a – Monitor water and sewer treatment capacity to ensure current and future needs can be met.

Action E&S-III.1.b – Promote the expansion of information technology infrastructure to the Arkansas Valley.

Policy E&S-III.2 – Reduction of fluctuation in utility expenses will ensure stability in expenses for businesses and residents.

Action E&S-III.2.a – The city should investigate the feasibility of geothermal electricity generation at the Poncha Hot Springs site.

Principle E&S-IV. Tourism

Salida depends on tourism to support the local economy and will support tourism related land uses, businesses, events and marketing.

Policy E&S-IV. 1 – Work with appropriate entities to attract multiple forms of tourism.

Action E&S-IV.1.a – Collaborate with entities such as CCVB, SBA, CCHAAB, Historic Salida, Inc, Art of the Rockies, the Chamber and others to design a strategy to develop cultural and heritage tourism in the Salida area.

Action E&S-IV.1.b – Work with SPOT, SMT, BLM, AHRA,



Special events bring in tourists and business

USFS, DOW and others to promote Salida as a hub and gateway community to adjacent public lands.

Policy E&S-IV. 2– Continue to look for opportunities to bring small conventions to the City.

Action E&S-IV.2.a – Create a marketing strategy to target Front Range communities to promote Salida as a destination for small conventions.

Principle E&S-V. Workforce

Residents should have opportunities for a high quality education and lifelong learning in the community.

Policy E&S-V. 1 – Opportunities for high quality education are an excellent economic base driver serving to attract new citizens and preparing local residents to enter the workforce.

Action E&S-V.1.a – Look for opportunities to support the R-32-J school district through collaboration and cooperation.



Red Cross Nurses. Photo Courtesy of The Salida Museum

Action E&S-V.2.a – Look for ways to expand the educational infrastructure including the possibility of creating a college district to support the development of higher education in the valley.

Policy E&S-V. 3 – Quality service sector employees and business owners provide a better experience for visitors and enhance sales.

Action E&S-V.3.a – Cooperate with other entities to provide customer service training for local merchants and their employees.

Action E&S-V.3.b – Support access to training and education opportunities for local entrepreneurs and those who would like to

open a new business.

Principle E&S-VI. Financial Strategies

Develop and implement financial mechanisms that encourage the growth of new and existing businesses and enhance the long-term financial health of the community.

Policy E&S-VI.2 – Seek additional financial incentives for new and existing businesses to grow in the Salida community.

Action E&S-VI.2.a – Determine the feasibility of establishing special tax districts or federal and state incentive programs for improving and expanding infrastructure for infill development or lands within Smelertown or the Municipal Services Area.

Action E&S-VI.2.b – Explore modifications to the city’s infrastructure reimbursement policy to allow the city to extend infrastructure and recoup costs from the beneficiaries at a later date.

Action E&S-VI.2.c – Pursue economic development grants from state and federal agencies, such as the Colorado Office of Economic Development and International Trade, Governor’s Energy Office or the

U.S. Economic Development Agency.

Policy E&S-VI.3 – Utilize existing financial incentives for businesses and property owners.

Action E&S-VI.3.a – Promote existing financial incentives such as benefits of the Upper Arkansas Enterprise Zone and state and federal preservation tax credits.

Policy E&S-VI.3 – Promote and support becoming a Home Rule City.