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DRAFT REPORT

ECONOMIC DEVELOPMENT PLAN PAGOSA SPRINGS, COLORADO

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Town of Pagosa Springs, Colorado

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I. INTRODUCTION AND SUMMARY OF FINDINGS

The Town of Pagosa Springs is a vibrant small town that has been transitioning from a resource-driven economy to a service-based economy based, to date, largely on second home development and tourism. As a result, the community is experiencing growth and development pressures that have implications for the character and quality of life in the Town. In response to these and other growth and development issues, the Town of Pagosa Springs, with support from the Community Vision Council, has undertaken an economic development plan and strategy.

BACKGROUND

The first public meeting on the Economic Development Plan attracted more than 150 community residents who provided input on the major goals and issues as summarized below and in more detail in **Appendix A**.

Some long-time community members expressed concerns that the “new economy” will raise housing costs and price them out. Others were more focused on the impacts of the related changes in community demographics and income on the type and location of commercial development in the community, and in particular the impacts from the potential of large national credit retailers moving into the Town. Some considered these changes as inevitable or at least acceptable, as long as a greater number and diversity of jobs can be developed so that all segments of the community can share in the potential for greater wealth and prosperity. The Town government’s greatest concerns are fiscal, particularly with respect to growing capital facilities needs, particularly roads.

There are many definitions of economic development, largely responding to differing community needs. The Town of Pagosa Spring’s Economic Development Plan evaluates opportunities based on the unique economic conditions and assets of the Town and region. This asset based approach identifies resources already present in the community -- including the natural resource base and existing community infrastructure -- as the primary driver of future opportunity. This internal focus is not intended to minimize the role of external forces or neglect opportunities to attract outside investment. Rather, this focus recognizes the greatest opportunities are tied to the existing economic base and competitive advantages already in place.

GOALS AND OBJECTIVES

It is tempting to over-emphasize the influence of local government on economic activities and outcomes as most economic development activity remains outside the control of the municipality. The recommended economic development plan therefore focuses on those areas where the Town has influence. Based on input from the stakeholder interviews and the community meetings, the following goals were established for the study:

- Identify job opportunities for people to live and work in the Pagosa Springs area.
- Provide greater opportunities for asset accumulation and income for local households.
- Ensure that growth (residential or commercial) does not destroy the existing small town feel and character of the Town.
- Identify the most important capital improvements and investments to attract and support desired development.
- Identify opportunities for municipal revenue growth to pay for essential services and needed capital improvements.

PLAN STRUCTURE

The economic development plan is based on an analysis of the primary development issues and concerns including the following:

- An analysis of the existing economic base including trends and forecasts for population, employment, and visitation, and related opportunities for growth in housing and commercial development.
- Commercial development potentials and the impacts of potential large format retail store development on the existing business base and opportunities for other local business growth.
- The potential for growth in tourism and visitation, as well as opportunities for greater economic diversification based on the region's unique natural resources and assets.
- An analysis of municipal revenue potentials for capital improvements based on the sales tax revenues from commercial development as well as consideration of alternative or supplemental revenue sources.

The economic base analysis and identification of opportunities provides a basis for the draft policies and actions included in the economic development strategy in Chapter VII.

SUMMARY OF FINDINGS

The Pagosa Springs area has been "discovered" and will experience a substantial growth in retirement and second home development over the next 15 years.

Over the 1990 to 2003 time period, Archuleta County grew by nearly 5,900 people in 2,500 households which equates to a 6.4 percent annual growth rate. An estimated 88 percent of this growth is in the immediate Pagosa Springs area. Housing unit construction has been even greater fueled by second home demand which now accounts for an estimated 23 percent of the total housing stock. The County is forecast to grow by an

average of 300 housing units per year from 2005 to 2020 to reach 11,800 compared to 6,800 today. Retirement and second home construction is expected to comprise an even greater portion of future growth accounting for 40 percent of the total housing stock by 2020.

Housing prices are expected to undergo rapid price increases due in part to recent land speculation activities and greater marketing of local real estate, particularly on the west coast. Over the 1999 to 2004 time period, residential lot prices in the Pagosa Springs area increased by an annual average of 22.6 percent, far in advance of home prices which increased at an annual rate of 4.0. However, these land price increases are also expected to translate into housing value increases in the near future.

Future employment growth will be concentrated in construction, retail trade and services, and individual entrepreneurships.

The continued growth of retiree and second home construction will fuel growth in the construction trades which now account for 17 percent of total County employment, compared to a statewide average of 7.5 percent. This residential growth along with tourism growth is expected to increase the demand for retail workers that now comprise 12 percent of employment (compared to 10.5 percent in the state), as well as for accommodation employees. The local market is dominated by sole proprietorships comprising 40 percent of employment, compared to 22 percent in the state. This category includes self employed persons including much of the real estate and construction workforce as well as a wide range of individual entrepreneurs (“lone wolfs” or “lone eagles”) working from a home base. A large portion of the future employment in the region will be derived from entrepreneurs drawn to the region for its quality of life, and in particular from the application of this entrepreneurial talent to the abundant local natural resources of the region.

The retail sales flow analysis indicates a “big box” retailer would reduce sales leakage to larger markets, but with significant impacts on existing local retailers and the potential for other store growth.

Total existing retail sales leakage is significant at approximately 47 percent of total retail expenditures by Pagosa Springs’ area residents. Outflow is particularly high in general merchandise stores at 75 percent. An analysis of future retail development scenarios indicates that development of a large format superstore of 100,000 square feet would allow the Town to reduce general merchandise leakage to an estimated 25 percent. However, the introduction of a large superstore would also result in losses of sales to existing grocery, apparel, furniture, hardware and building materials businesses. The expected capture of grocery store sales of 40 percent of expenditure potentials is expected to eliminate the potential for another supermarket store to enter the local market.

The introduction of a “big box” retailer would generate a modest increase in annual sales tax revenues from retail stores compared to other development options.

The big box retail scenario generates an increase of \$518,000 per year in sales tax revenues to the Town by 2020 compared to the base case and a net increase of \$391,000 over a modified development program that accommodates medium box retailers. The estimated increase is a 13 percent increase over the base figure of \$4.0 million per year. Based on a fiscal impact analysis of associated revenues and costs, the big box development alternative generates a net fiscal benefit to the Town of \$717,000 per year which is \$261,000 more than the base case surplus of \$456,000 and \$196,000 more than the mid box scenario surplus of \$521,000.

The Town of Pagosa Springs has a number of options available for generating additional revenues for operations and capital improvements.

The Town of Pagosa Springs is currently engaged in a capital planning process to estimate future CIP needs. These needs are expected to exceed available revenues even under the most optimistic development forecasts. However, the Town has a number of options available to generate additional revenues including a sales tax increase and impact fees. A 1/2 cent sales tax, imposed to fund improvements to address existing deficiencies in the Town and County, would raise approximately \$1.0 million per year. A road impact fee averaging \$2,000 per unit and \$5.00 per square foot of commercial space (subject to a future nexus study) could be used to fund improvements to serve future growth. A combined County and Town impact fee is estimated to generate \$730,000 to \$830,000 per year in revenues.

The Town of Pagosa Springs can be most effective in promoting economic development by focusing on community development issues.

The key to economic success will continue to lie with the attractiveness of Pagosa Springs first as a place to live, and second as a place to work. The Town should therefore focus its efforts on community development issues including basic infrastructure (roads, water, sewer, and drainage) and community amenities (parks, libraries, schools, shopping, affordable housing, culture and the arts). As the area evolves from an isolated rural community to a more well-known tourism and second home destination, greater attention to community amenities including downtown and the river corridor should be elevated in importance.

The proposed economic development strategy balances opportunities for existing residents and businesses with the potential for growth and diversification.

This economic development study identifies economic development opportunities for real estate, retail trade, tourism, and entrepreneurial business development. It also suggests a number of policy changes related to growth and development to balance the interests of existing residents and businesses with future growth and diversification, and also provides direction on future public investment priorities. The draft policies and

actions in Chapter VII are presented to the community and by the Town Board of Trustees for their consideration as a viable course of action to meet the goals and objectives outlined for this Plan.

II. ECONOMIC AND DEMOGRAPHIC FRAMEWORK

This section of the report describes economic and demographic trends and forecasts for Pagosa Springs and Archuleta County, as well as data on development activity and real estate market conditions. This economic base information provides a basis for later analysis of retail potentials, visitation potentials, fiscal needs, and economic development opportunities.

POPULATION CHARACTERISTICS

The Town of Pagosa Springs lies within Archuleta County in southwestern Colorado. The U.S. Forest Service or Bureau of Land Management owns or manages approximately 50 percent of the land within the county. An additional 15 percent of the land within the county is owned by the Southern Ute Indian Tribe. The Town of Pagosa Springs and the area immediately adjacent to the incorporated Town comprise a majority of the remaining 35 percent privately owned land.

Pagosa Springs grew from 1,207 in 1990 to 1,618 in 2003, which equates to an annual growth rate of 2.3 percent, as shown in **Table 1**. The Town population represents 14 percent of Archuleta County's population of 11,196. The unincorporated county is growing faster than the Town increasing from 4,138 in 1990 to 9,578 in 2003, which equals an average of 418 new residents per year or a 6.7 percent annual growth rate.

Within Archuleta County, private development activity has focused around Pagosa Springs and the nearby environs. According to data from the Pagosa Springs Water and Sanitation District (PAWS), approximately 88 percent of the total county population is in the Pagosa Springs urbanized area. Therefore, a large portion of the growth within the unincorporated county has been located in the immediate area surrounding the Town.

Table 1
Population Trends
Pagosa Springs Economic Development Plan

Area	1990	2000	2003	Change 1990 - 2003		
				Total #	Ann. #	Ann. %
Pagosa Springs						
Population	1,207	1,591	1,618	411	32	2.3%
Households	451	633	644	193	15	2.8%
Remainder of County						
Population	4,138	8,307	9,578	5,440	418	6.7%
Households	1,559	3,347	3,861	2,302	177	7.2%
Archuleta County						
Population	5,345	9,898	11,196	5,851	450	5.9%
Households	2,010	3,980	4,505	2,495	192	6.4%

Source: CO Dept. of Local Affairs, Economic & Planning Systems

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According to the 2000 Census, over 1,450 units were dedicated to seasonal use out of the 6,200 total units within Archuleta County, which is 23 percent of the total housing stock. This number has been growing by 2.4 percent annually since 1990. Although, the total number of seasonal units within the Town of Pagosa Springs represents a smaller percentage of the total (6 percent, or 45 units out of 746 units), seasonal units have been growing more rapidly in Pagosa Springs (9.6 percent annually) than within the county.

Table 2
Seasonal Housing Units, Pagosa Springs
Pagosa Springs Economic Development Plan

Type	1990	2000	Change 1990-2000	
			Total #	Ann. %
Pagosa Springs				
Seasonal Units	18	45	27	9.6%
All Housing Units	543	746	203	3.2%
Archuleta County				
Seasonal Units	1,153	1,456	303	2.4%
All Housing Units	3,951	6,212	2261	4.6%

Source: US Census; Economic & Planning Systems

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According to the 2000 Census 2000, 37 percent of the Town's population is less than 25 years old and only 33 percent between the ages of 35 and 54 years old. However, the RRC community survey conducted in the summer of 2004 indicates the bulk of full-time residents are between the ages of 35 and 54 years old (51 percent) and a small portion of the second homeowner or part-time residents (38 percent). The second homeowner (or part time) population is older than the permanent population according to the survey. The majority of second homeowners (55 percent) are over the age of 54 years old, as shown in **Table 3**.

Table 3
Age by Resident Status
Pagosa Springs Economic Development Plan

Age	Census 2000	Residents	
		Full-Time	Part-Time
Under 25	37%	11%	5%
25 - 34	10%	9%	3%
35 - 44	17%	21%	13%
45 - 54	16%	30%	25%
54+	21%	29%	55%

Source: RRC Survey

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The same survey asked participants about household income. The results are presented in **Table 4**. The survey data identified significant differences between the permanent population and the seasonal population. Only 14 percent of full-time residents have annual incomes higher than \$75,000 compared to 65 percent of the part-time population.

Table 4
Income by Resident Status
Pagosa Springs Economic Development Plan

Income	Residents	
	Full-Time	Part-Time
Under \$25,000	34%	3%
\$25,000 - 49,999	29%	17%
\$50,000 - \$74,999	23%	14%
\$75,000 - \$149,999	12%	41%
\$150,000+	2%	24%

Source: RRC Survey

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Table 5 shows that recent arrivals are concentrated at both the upper and lower ends of the economic spectrum. Long-term residents, those residing in the area for more than four years, are concentrated in the middle of the spectrum with 45 percent earning between \$50,000 and \$99,999 as compared to 26 percent of recent arrivals.

Table 5
Income by Length of Tenure
Pagosa Springs Economic Development Plan

Income	< 4 Years	> 4 Years
Under \$50,000	47%	38%
\$50,000 - \$99,999	26%	45%
\$100,000+	26%	17%

Source: RRC Survey

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The composition of households varies little between new and long time residents. The percentage of families is slightly higher amongst new residents (31 percent) than long time residents (26 percent), as shown in **Table 6**. Otherwise, the population is largely made up of non-family households.

Table 6
Household Composition by Length of Tenure
Pagosa Springs Economic Development Plan

	< 4 Years	> 4 Years
Single, no children	14%	13%
Couple, no children	26%	22%
Families	31%	26%
Empty Nester	29%	39%

Source: RRC Survey

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EMPLOYMENT TRENDS

Employment data from two sources was used to track employment trends. Bureau of Economic Analysis (BEA) employment data includes government and sole proprietors and is reported at the county level only. The definition of proprietor used by BEA is an inclusive definition that can include partnerships, and other business entities that are not typically included in employment figures. ES-202 is state employment data that includes wage and salary jobs covered by unemployment insurance. It is the only data source that reports employment at the local level. It excludes sole proprietors, domestic workers, and most government employment. It typically accounts for 80 to 85 percent of total employment, however, in small communities in rural settings, accounts for even less.

The BEA data indicates that employment grew from 2,783 in 1990 to 5,977 in 2000, which is an annual growth rate of 7.9 percent. Several economic sectors out-performed employment growth during the same time period, including Retail Trade (8.4 percent), and Finance Insurance and Real Estate (FIRE, 13.4 percent). However, employment growth tailed off between 2000 and 2002; total employment grew from 5,977 to 6,405 in 2002 an annual growth rate of 3.5 percent. Growth tapered off due to losses in several key sectors, these sectors include Agriculture (-28.7 percent), Manufacturing (-26.7 percent), Retail Trade (-18.8 percent) and Transportation and Public Utilities (-10.5 percent). However, during this time period, proprietor employment (4.8 percent) continued to grow more rapidly than wage and salary employment growth (2.5 percent).

Table 7
Employment by SIC Sector, Archuleta County, 1990-2002
Pagosa Springs Economic Development Plan

Economic Sector	1990	1995	2000	2002	Avg. Annual Change			
					1990-2000		2000-2002	
					#	%	#	%
Agricultural	67	87	124	63	57	6.3%	-61	-28.7%
Mining	34	51	49	59	15	3.7%	10	9.7%
Construction	D	D	983	1,083	D	D	100	5.0%
Manufacturing	71	91	132	71	61	6.4%	-61	-26.7%
Transportation and Public Utilities	80	119	121	97	41	4.2%	-24	-10.5%
Wholesale trade	D	D	52	71	D	D	19	16.8%
Retail trade	525	860	1,179	778	654	8.4%	-401	-18.8%
FIRE	268	491	939	976	671	13.4%	37	2.0%
Services	D	1,143	1,568	2,011	D	D	443	13.2%
Government	<u>409</u>	<u>453</u>	<u>586</u>	<u>638</u>	<u>177</u>	<u>3.7%</u>	<u>52</u>	<u>4.3%</u>
Total	2,568	3,949	5,733	6,163	3,165	8.4%	430	3.7%
Wage & Salary Employment	1,773	2,268	3,328	3,495	1,555	6.5%	167	2.5%
Proprietor Employment	1,010	1,904	2,649	2,910	1,639	10.1%	261	4.8%
Total Employment	2,783	4,172	5,977	6,405	3,194	7.9%	428	3.5%

Source: Bureau of Economic Analysis; Economic & Planning Systems

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ES-202 data indicates wage and salary employment accounted for 58 percent of Archuleta County total in 2002. Pagosa Springs area ES-202 employment was 65 percent of the County ES-202 total in 2002, as shown in **Table 8**.

The 2,202 wage and salary jobs in Pagosa Springs are virtually the same as the 2,198 total for 2000. While some sectors grew (FIRE & nonclassifiable) others declined. Wage and salary employment in Pagosa Springs grew by 1,316 jobs between 1990 and 2000 at an annual growth rate of 9.6 percent, which was higher than Archuleta County at 7.6 percent. The hardest hit sectors include Mining (-100 percent), Manufacturing (-19.5 percent), Services (-6.7 percent), and Wholesale Trade (-5.9 percent).

Table 8
Employment by SIC Sector, Pagosa Springs, 1990–2004
Pagosa Springs Economic Development Plan

Sector	1990	1995	2000	2002	2004	Avg. Ann. Change	
						90-00	00-04
Pagosa Springs							
Agriculture	23	41	64	65	69	10.8%	1.9%
Mining	0	0	3	5	0	---	-100.0%
Construction	65	241	351	372	277	18.4%	-5.7%
Manufacturing	50	30	74	62	31	4.0%	-19.5%
TCU	37	53	35	39	30	-0.6%	-3.8%
Wholesale Trade	11	15	23	34	18	7.7%	-5.9%
Retail Trade	289	560	694	664	555	9.2%	-5.4%
FIRE	70	101	116	162	142	5.2%	5.2%
Services	206	430	618	604	468	11.6%	-6.7%
Public Administration	131	161	220	234	234	5.3%	1.6%
Other ¹	0	0	0	4	378	---	---
Total	882	1,632	2,198	2,245	2,202	9.6%	0.0%
Archuleta County	1,806	2,313	3,269	3,473	3,376	6.1%	0.8%

¹ Includes businesses fitting more than one category or those which self selected as other

Note: All numbers represent 3rd quarter figures from the respective year

Source: CO. Dept. of Labor; Economic & Planning Systems

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In conjunction with strong overall employment growth between 1990 and 2000 in Archuleta County, the composition of the employment market has been shifting. BEA data provides both an estimate of wage and salary employment and proprietor employment. **Figure 1** illustrates the shift occurring between proprietor and wage and salary employment within Archuleta County. The figure shows proprietor employment growing as percentage of total employment between 1990 and 1997. During the same time period wage and salary employment decreased as a percentage of total. Throughout the entire time period, 1990 to 2002, proprietor employment has constituted over 40 percent of total employment. Proprietor employment within Archuleta County is atypical, as proprietor employment typically accounts for 15 to 20 percent of total employment.

Figure 2 describes the seasonal nature of employment within Pagosa Springs, based on ES-202 data, which is particularly evident in the Retail Trade, Services, and Construction sectors. These sectors reach a peak annual employment level in the third quarter. This peak coincides with the height of the tourist season. In addition, the figure illustrates the downturn in these employment sectors between 2001 and 2004 and the growth in nonclassifiable employment.

Figure 1
Employment Composition, Archuleta County, 1990–2002
Pagosa Springs Economic Development Plan

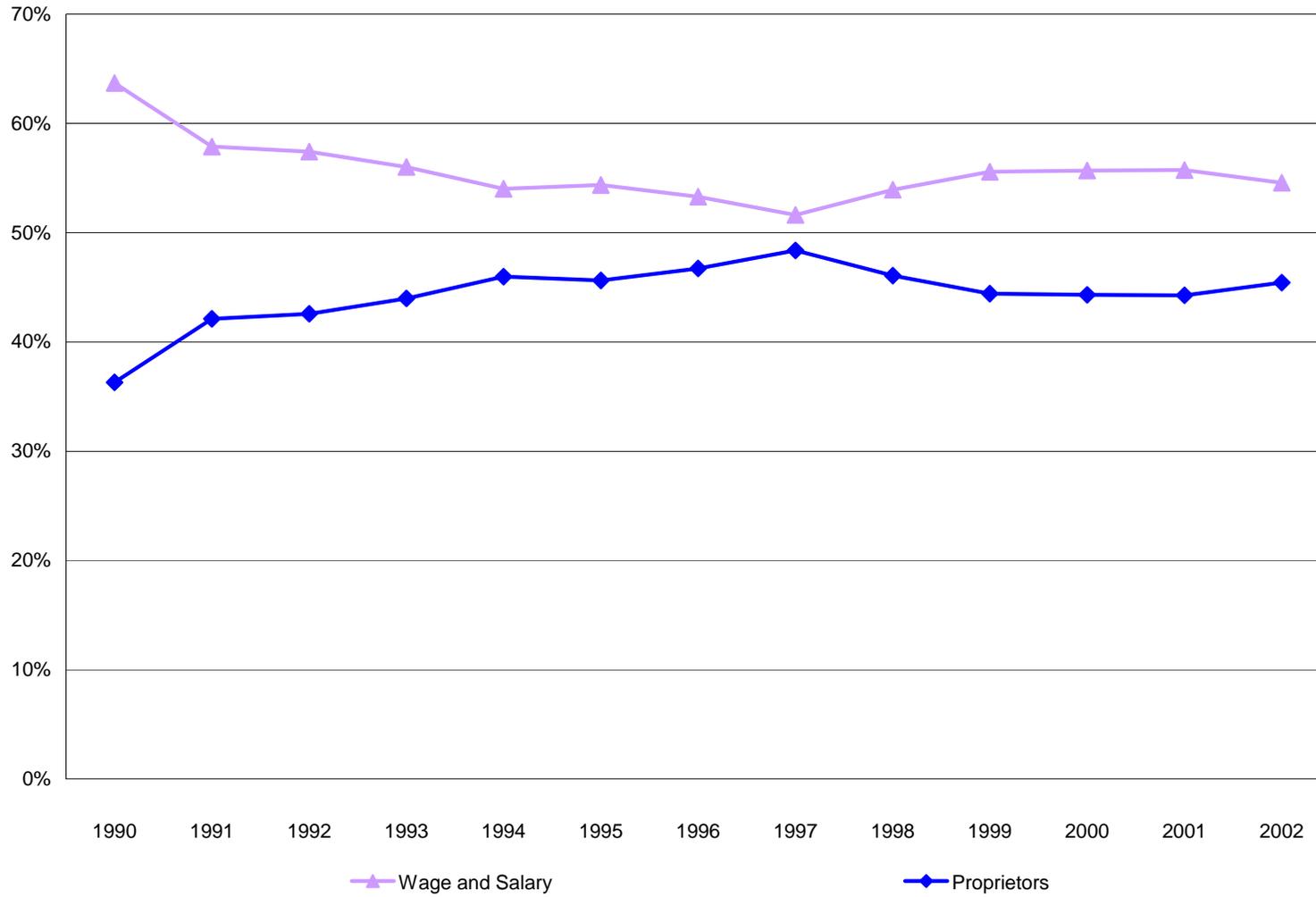
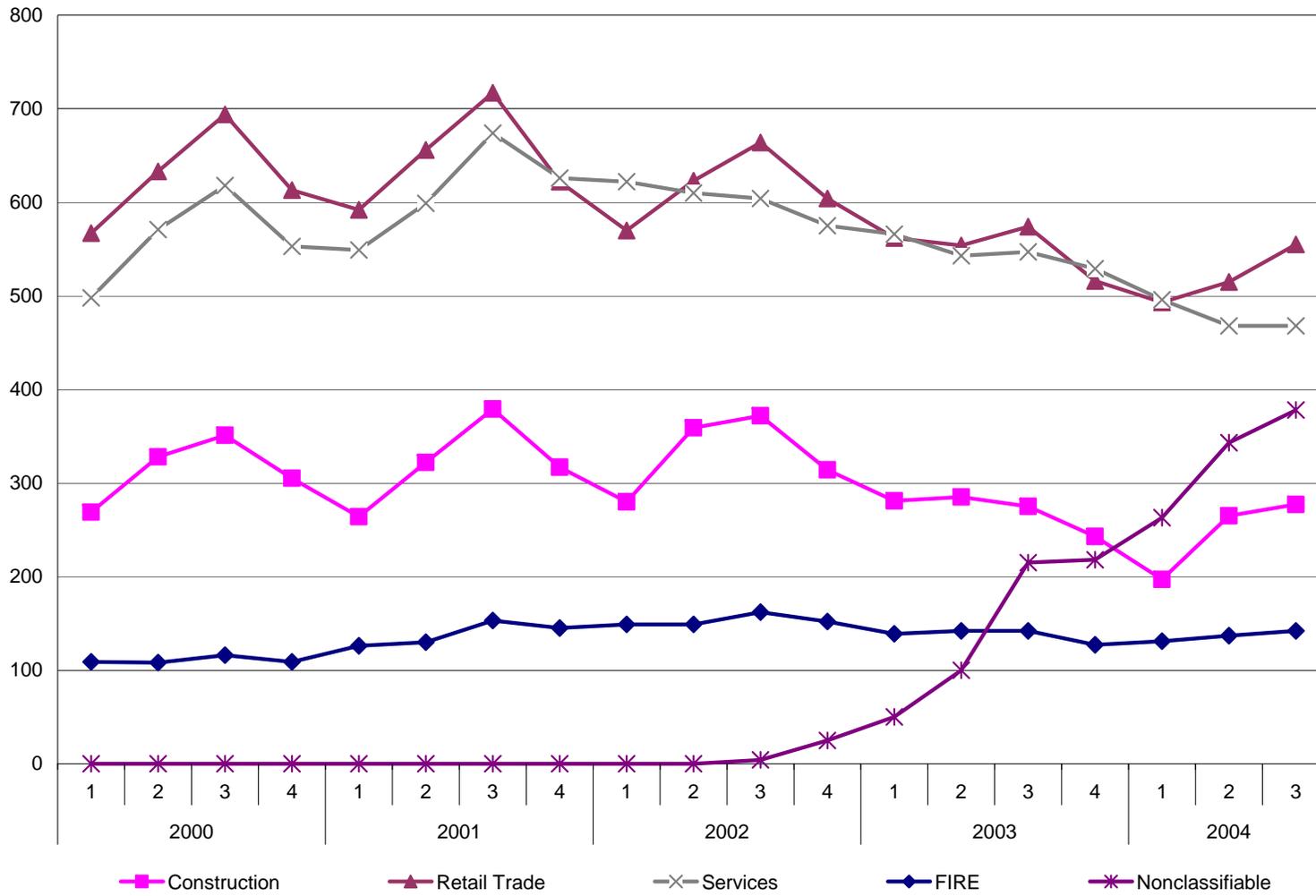


Figure 2
Employment by Key Sector, Pagosa Springs
Pagosa Springs Economic Development Plan



DEVELOPMENT ACTIVITY

This section analyzes the permit trends for both Pagosa Springs and Archuleta County for commercial and residential uses. These trends provide the basis for a forecast of future population and household growth.

Archuleta County and Pagosa Springs averaged 313 residential permits per year between 1999 and 2004. Permit activity reached a higher of 388 in 2000 declining to 247 and 249 in 2002 and 2003. With the strengthening regional and national economy, residential permits within the region are beginning to increase reaching 280 in 2004, as shown in **Table 9**. Single family permits account for an average of 76 percent of total activity over the last six years with mobile homes and multi-family units comprising the remainder.

Table 9
Regional Permit Trends, 1999-2004
Pagosa Springs Economic Development Plan

Type	1999	2000	2001	2002	2003	2004	Average
Pagosa Springs							
Commercial	2	10	3	10	13	8	8
Mobile Home	2	2	2	0	0	0	1
Multi Family	0	0	0	1	0	3	1
Single Family	6	10	5	5	4	12	7
Misc	<u>37</u>	<u>35</u>	<u>37</u>	<u>33</u>	<u>36</u>	<u>34</u>	<u>35</u>
Total	47	57	47	49	53	57	52
Archuleta County							
Commercial	0	0	0	0	0	0	0
Mobile Homes	98	57	49	19	14	25	44
Multi Family	22	23	21	52	28	37	31
Single Family	233	296	274	170	203	203	230
Timeshares	<u>48</u>	<u>49</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
Total	401	425	344	241	245	265	320
Regional Totals							
Mobile Home	100	59	51	19	14	25	45
Multi Family	22	23	21	53	28	40	31
Single Family	<u>239</u>	<u>306</u>	<u>279</u>	<u>175</u>	<u>207</u>	<u>215</u>	<u>237</u>
Total	361	388	351	247	249	280	313

Source: Archuleta County; Town of Pagosa Springs; Economic & Planning Systems

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Commercial development within the Town of Pagosa Springs has been strong in the past eight years. In particular, retail growth has approached 15,000 square feet annually (Retail and Mixed Use), as shown in **Table 10**. Finally, a significant amount of civic construction (classified as other) has occurred in the past eight years, with the construction of a community center and a new town hall. Only Town permit data is presented based on the assumption that the majority of the commercial development has and will continue to occur within the boundaries of Pagosa Springs.

Table 10
Commercial Development Net New Square Feet
Pagosa Springs Economic Development Plan

Type	1997	1998	1999	2000	2001	2002	2003	2004	Avg. Annual Net New
Lodging	0	0	0	7,564	3,861	0	0	0	1,428
Office	0	11,172	0	19,095	0	2,928	5,000	12,242	6,305
Retail	21,760	5,309	17,750	25,500	0	0	7,502	32,246	13,758
Mixed Use	0	0	0	4,194	0	3,000	9,086	0	2,035
Warehouse/Storage/Manuf.	0	0	0	2,700	0	33,316	0	0	4,502
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,020</u>	<u>20,000</u>	<u>4,110</u>	<u>9,890</u>	<u>4,170</u>	<u>9,774</u>
Total	21,760	16,481	17,750	99,073	23,861	43,354	31,478	48,658	37,802

Source: Town of Pagosa Springs; Economic & Planning Systems

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REAL ESTATE MARKET CONDITIONS

This section reviews the market conditions within Pagosa Springs and Archuleta County. This review includes a tabulation of residential sales volumes and prices for both improved and vacant lots. The review provides a context for estimated growth within the region.

A large portion of the residential real estate market in and around Pagosa Springs consists of residential lot sales. Over the past six years, total sales volume of residential lots has been 2,869 compared to 1,145 for homes. The average price for a vacant lot has increased by an average of approximately \$11,000 annually, as shown in **Table 11**. The most significant increase occurred in one-half- to one-acre lots. Despite a few outliers the table illustrates an increasing trend in average vacant lot sales price from \$31,000 in 1999 to \$86,000 in 2004 an average annual growth rate of 22.6 percent.

Table 11
Vacant Residential Sales Price by Lot Size, 1999-2004
Pagosa Springs Economic Development Plan

Lot Size	1999	2000	2001	2002	2003	2004	Annual Change	
							\$	%
< 0.25	\$35,377	\$19,064	\$23,178	\$27,341	\$63,092	\$88,969	\$10,718	20.3%
0.25 - .5	\$22,630	\$42,092	\$33,137	\$40,338	\$51,113	\$92,420	\$13,958	32.5%
.5 - 1	\$20,840	\$36,404	\$27,747	\$42,857	\$34,368	\$77,113	\$11,255	29.9%
1 - 5	\$39,590	\$44,128	\$52,556	\$52,129	\$55,239	\$97,869	\$11,656	19.8%
5 - 10	\$55,781	\$66,933	\$78,496	\$86,195	\$93,773	\$93,347	\$7,513	10.8%
> 10	\$86,747	\$98,946	\$126,035	\$161,085	\$170,375	\$230,909	\$28,832	21.6%
Total	\$31,275	\$37,458	\$40,024	\$43,016	\$48,778	\$86,637	\$11,072	22.6%

Source: Archuleta County Assessor; Economic & Planning Systems
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Over the past six years, residential housing unit sales prices have grown by an average of over \$6,000 annually. In most cases, the sales price has increased over time for a particular lot size, as shown in **Table 12**. The broadest category parcels, over 10 acres, have seen decreasing sales prices of nearly \$8,000 per year. Lot prices have risen steadily in the smallest two lot sizes (less than .25 and .25 to .5 acres). The most drastic increase in price has occurred for 5 to 10 acre lots, sale prices in this category have gone up by almost \$20,000 annually.

Table 12
Residential Sales Price by Lot Size, 1999-2004
Pagosa Springs Economic Development Plan

Lot Size	1999	2000	2001	2002	2003	2004	Annual Change	
							\$	%
< 0.25	\$131,347	\$124,213	\$138,423	\$144,300	\$162,990	\$181,503	\$10,031	6.7%
0.25 - .5	\$141,381	\$166,373	\$154,011	\$189,443	\$214,336	\$203,488	\$12,421	7.6%
.5 - 1	\$149,155	\$150,623	\$156,990	\$143,864	\$186,888	\$157,137	\$1,596	1.0%
1 - 5	\$155,372	\$163,445	\$164,189	\$170,077	\$163,917	\$219,296	\$12,785	7.1%
5 - 10	\$236,376	\$297,281	\$328,966	\$302,700	\$313,481	\$336,308	\$19,986	7.3%
> 10	\$325,041	\$386,269	\$280,385	\$267,813	\$255,611	\$284,440	-\$8,120	-2.6%
Total	\$145,527	\$155,099	\$159,665	\$160,925	\$174,391	\$176,718	\$6,238	4.0%

Source: Archuleta County Assessor; Economic & Planning Systems
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As illustrated above, sales prices for housing units have increased over the past six years. However, the increase in improved lots has been significantly less than the growth in the value of vacant lots. The aging housing stock is appreciating but not as rapidly as land alone. **Table 13** illustrates the relationship between improved lots and vacant lot sales prices since 1999. For nearly every lot size the improved lots have appreciated by single digit factors since 1999, while vacant lots have appreciated by double-digit factors.

Furthermore, the ratio between improved and vacant lot sales prices has grown significantly over time. In 1999, the ratio between vacant lot and improved lot sales price for lots less than a quarter acre in size was 27 percent. In 2004, the same ratio increased to 49 percent. The same ratio, vacant lot to improved lot sale price, for lots between one- and five-acres was 25 in 1999. By 2004 the ratio had increased to 49 percent. The same increase occurs at every lot size; in some case the increase is not as significant.

Table 13
Ratio Housing Unit to Vacant Sales Price, Archuleta County
Pagosa Springs Economic Development Plan

Lot Size		1999	2000	2001	2002	2003	2004	Annual % Change
< 0.25	Ratio	0.27	0.15	0.17	0.19	0.39	0.49	12.7%
0.25 - .5	Ratio	0.16	0.25	0.22	0.21	0.24	0.45	23.2%
.5 - 1	Ratio	0.14	0.24	0.18	0.30	0.18	0.49	28.6%
1 - 5	Ratio	0.25	0.27	0.32	0.31	0.34	0.45	11.9%
5 - 10	Ratio	0.24	0.23	0.24	0.28	0.30	0.28	3.3%
> 10	Ratio	0.27	0.26	0.45	0.60	0.67	0.81	24.9%

Source: Archuleta County Assessor; Economic & Planning Systems

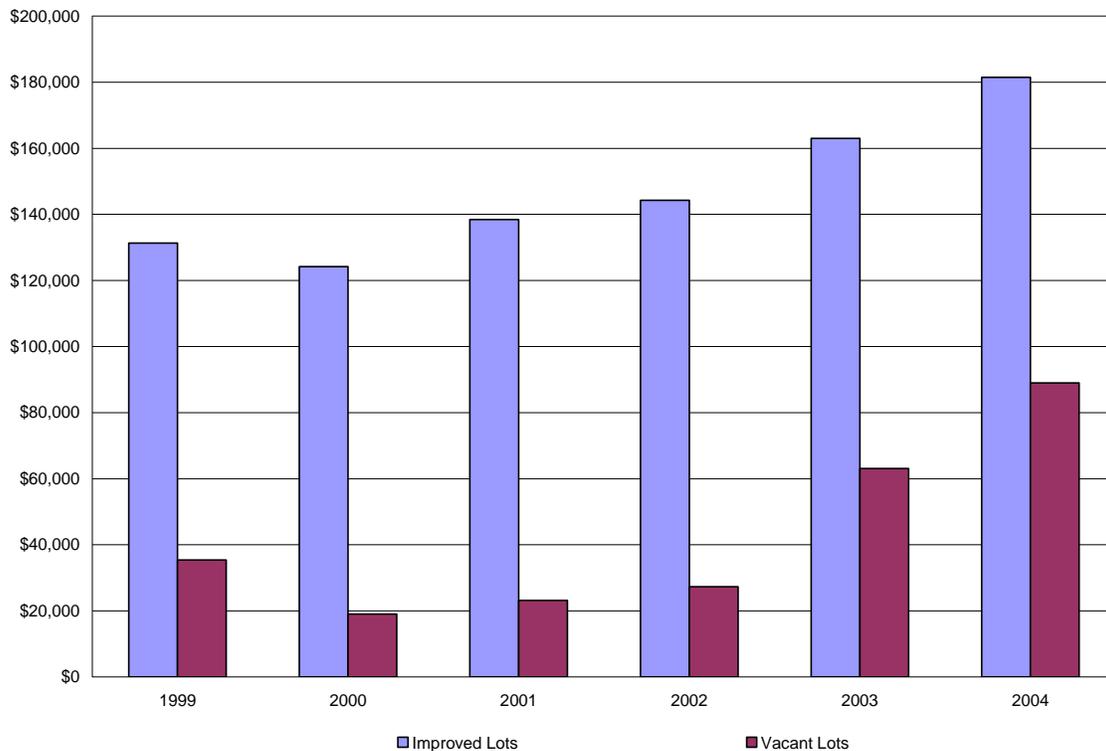
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Figure 3 illustrates the relationship between improved lot sales price and vacant lot sales price for lots less than .25 acres in size. Over the past six years improved lots have appreciated slightly, while vacant lots have grown significantly. The result is land value increasing rapidly while the housing stock (or improvements) is appreciating gradually. In addition, the ratio between improved and vacant lots has been shifting. In 2004, vacant lots had reached the highest average sales price of the past six years. As of 2004, vacant residential lots of a quarter acre or less sold at almost half the price of lots with residences.

The rapid increases in residential lot costs is at least partially due to the assembly of lots for resale by national firms, including most prominently National Recreation Properties. This recreational property sales company relies heavily on telemarketing in the Southern California market. According to assessor records, National Recreation Properties purchased 320 lots in Pagosa Lakes in 2004 and 2005 alone.

These higher residential land values are expected to have an equally inflationary impact on housing prices in the near future. With lots selling at a higher value, new buyers will be expected to build comparably more expensive houses. The higher land values will also translate to higher sales prices on existing housing because the value of the lot upon which the house is situated will also increase over time.

Figure 3
Average Lot Sale Price Improved vs. Vacant, Less than .25 Acres
Pagosa Springs Economic Development Plan



In 2004, there were 436 residential sales, which is an increase of 20 sales over the previous year. Residential sales volume has been increasing in the past two years climbing up from a low in 2002 at 369 sales per year. Annually there has been an average of 402 sales per year for the past six years, or 1.2 percent growth, as shown in **Table 14**. All the growth has occurred in single family sales (3.4 percent annually), while multi-family sales have fallen (-9.3 percent) and mobile home sales have remained relatively stable (-1.0 percent).

Table 14
Residential Sales Volume, Archuleta County, 1999-2004
Pagosa Springs Economic Development Plan

Use	1999	2000	2001	2002	2003	2004	Average Annual	
							#	%
Single Family	301	292	328	298	351	356	321	3.4%
Multi Family	70	58	55	43	44	43	52	-9.3%
Mobile Home/Other	39	23	25	28	21	37	29	-1.0%
Total	410	373	408	369	416	436	402	1.2%

Note: Excludes Vacant Parcels

Source: Archuleta County Assessor; Economic & Planning Systems

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The average sales price for a single family residence was \$201,303 in 2004. In the same year, the maximum sales price for a single family residence reached \$1,040,000. Average sales prices for single family residences have risen by 3.8 percent annually in Archuleta County, as shown in **Table 15**. In particular, the highest sales prices for single family residences have risen by 8.2 percent annually. Average sales prices for multi-family housing have remained stable with 0.8 percent growth annually. During the same time period, average sales prices for mobile homes have dropped significantly, -19.3 percent annually.

Table 15
Residential Sales Price, Archuleta County, 1999-2004
Pagosa Springs Economic Development Plan

Use	1999	2000	2001	2002	2003	2004
Single Family						
Min Price	\$5,500	\$1,500	\$5,000	\$5,700	\$2,000	\$2,499
Max Price	\$700,000	\$1,250,000	\$1,210,000	\$895,000	\$765,000	\$1,040,000
Avg Price	\$167,125	\$179,031	\$177,793	\$178,945	\$192,415	\$201,303
Multi-Family						
Min Price	\$24,000	\$1,250	\$12,500	\$42,000	\$23,000	\$43,000
Max Price	\$330,000	\$204,800	\$243,000	\$372,500	\$278,000	\$241,500
Avg Price	\$106,781	\$83,092	\$108,105	\$115,577	\$94,718	\$111,002
Mobile Home/Other						
Min Price	\$1,000	\$1,000	\$2,000	\$100	\$100	\$400
Max Price	\$195,000	\$185,000	\$177,000	\$375,000	\$255,000	\$69,000
Avg Price	\$48,378	\$32,850	\$35,259	\$38,786	\$39,386	\$16,542

Note: Excludes Vacant Parcels

Source: Archuleta County Assessor; Economic & Planning Systems

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ECONOMIC FORECASTS

Forecasts for housing units and population and households were developed based on trends in population and households, regional permits, and real estate sales. Relying on recent permit trends (313 residential permits annually), 300 new housing units are assumed to be constructed annually in Archuleta County until 2010. After 2010, the number of new housing units is expected to increase each year. The average number of new units per year between 2010 and 2020 will be 347 units, as shown in **Table 16**.

Development activity is expected to be concentrated in Pagosa Springs and the area within the county immediately adjacent to Pagosa Springs. This area, within the county, is proximate to the Pagosa Springs Water and Sanitation District (PAWS) boundaries. In addition, it was assumed that the number of second homes would increase rapidly over the next fifteen years. By 2020, the overall split between primary and secondary homes within the area adjacent to the Town is estimated to be 60 percent primary and 40 percent second residence, up from a 77 percent primary 23 percent second home split in 2003.

Table 16
Housing Unit Forecast, 2005-2030
Pagosa Springs Economic Development Plan

	2005	2010	2015	2020	Avg. Annual Change			
					05-10		10-20	
					#	%	#	%
Pagosa Springs								
Housing Units	898	943	993	1,048	9	1.0%	11	1.1%
Local	692	726	765	807	7	1.0%	8	1.1%
Second	207	217	228	241	2	1.0%	2	1.1%
County Adj. to Pagosa Springs								
Housing Units	5,079	6,409	7,865	9,458	266	4.8%	305	4.0%
Local	3,809	4,487	5,112	5,675	135	3.3%	119	2.4%
Second	1,270	1,923	2,753	3,783	131	8.7%	186	7.0%
Remainder of County								
Housing Units	781	906	1,050	1,217	25	3.0%	31	3.0%
Local	586	634	683	730	10	1.6%	10	1.4%
Second	195	272	368	487	15	6.8%	22	6.0%
Total Archuleta County								
Housing Units	6,759	8,259	9,909	11,724	300	4.1%	347	3.6%
Local	5,204	6,359	7,630	9,027	231	4.1%	267	3.6%
Second	1,554	1,899	2,279	2,696	69	4.1%	80	3.6%

Source: Economic & Planning Systems

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Overall, Archuleta County is expected to grow by 4.1 percent per year between 2005 and 2010 and 3.6 percent between 2010 and 2020. Pagosa Springs is forecast to grow at a rate of 1.0 percent annually in the initial time period increasing to 1.1 percent between 2010 and 2020. The most rapid growth is expected to occur within the County adjacent to Pagosa Springs at 4.8 percent between 2005 and 2010 and 4.0 percent between 2010 and 2020.

The housing unit forecast drives the population and household growth estimates. An estimated additional 144 households will move to Archuleta County annually between 2005 and 2010, the number is expected to decrease to 130 annually between 2010 and 2020, as shown in **Table 17**. A 5 percent vacancy rate was assumed throughout the time period. Thus the number of housing units will be higher than the total number of households moving to the region.

The household and population forecast results in an annual population growth rate of 2.8 percent in the initial time period and 2.1 percent between 2010 and 2020. The population growth rate is lower than the development forecast as it only accounts for the permanent population and does not account for second homeowners or seasonal residents. The Colorado Department of Local Affairs (DOLA) estimated a 3.0 percent annual growth rate between 2005 and 2030. The lower growth rate is justifiable based on historical permit records from the past six years.

The population estimate is based on the projected number of households multiplied by an average household size of 2.49 persons held constant throughout the time period. The bulk of the new households and population will move to the portion of Archuleta County adjacent to Pagosa Springs.

Table 17
Population and Household Forecast, 2005-2030
Pagosa Springs Economic Development Plan

	2005	2010	2015	2020	Avg. Annual Change			
					2005-2010		2010-2020	
					#	%	#	%
Pagosa Springs								
Population	1,633	1,715	1,807	1,906	16	1.0%	19	1.1%
Second Home Pop.	123	129	136	144	1	1.0%	1	1.1%
Households	657	690	727	767	7	1.0%	8	1.1%
County Adj. to Pagosa Springs								
Population	8,994	10,592	12,071	13,398	320	3.3%	281	2.4%
Second Home Pop.	757	1,147	1,642	2,256	78	8.7%	111	7.0%
Households	3,619	4,262	4,857	5,391	129	3.3%	113	2.4%
Remainder of County								
Population	1,384	1,496	1,610	1,725	22	1.6%	23	1.4%
Households	557	602	648	694	9	1.6%	9	1.4%
Total Archuleta County								
Population	12,011	13,806	15,488	17,029	359	2.8%	322	2.1%
Households	4,833	5,555	6,232	6,852	144	2.8%	130	2.1%
Persons per Household	2.49	2.49	2.49	2.49				

Note: Based on a constant household size

Source: Economic & Planning Systems

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Employment growth within Archuleta County and Pagosa Springs was estimated assuming 3.3 percent annual growth used by the Colorado Department of Local Affairs (DOLA). The DOLA growth rate is significantly lower than the historic 7.9 percent rate between 1990 and 2000. However, the reduced rate of 3.3 percent is inline with the recent growth rate between 2000 and 2002 of 3.5 percent and accounts for the recent flat employment growth, as reported by ES-202 data. **Table 18** shows the results from the projection. From 2005 to 2010, the region will see 198 new jobs annually, increasing to 253 annually from 2010 to 2020. According to the estimate, Construction, Retail Trade, and Services will contribute the most new jobs over the next 15 years.

Table 18
Employment Forecast, 2005-2030
Pagosa Springs Economic Development Plan

Sector	2005	2010	2015	2020	Annual Change	
					2005-2010	2010-2020
Agriculture	306	360	423	497	11	14
Mining	0	0	0	0	0	0
Construction	616	725	852	1,003	22	28
Manufacturing	120	142	167	196	4	5
TCU	32	38	45	53	1	1
Wholesale Trade	24	28	33	39	1	1
Retail Trade	831	978	1,150	1,353	29	38
FIRE	442	520	612	719	16	20
Services	779	916	1,077	1,267	27	35
Government	<u>484</u>	<u>570</u>	<u>670</u>	<u>788</u>	<u>17</u>	<u>22</u>
Pagosa Springs Jobs	3,635	4,275	5,029	5,915	128	164
Archuleta County Jobs	5,607	6,596	7,758	9,125	198	253

Source: CO Dept. of Local Affairs; Economic & Planning Systems

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III. RETAIL POTENTIALS

Pagosa Springs is the primary retail trade center for Archuleta County, with most of the population centered in the area surrounding the incorporated Town. The growth forecasts described in Chapter II indicate continued strong growth over the next 15 years, which will also result in related growth in retail expenditures by area residents. The increase in expenditure potential will drive demand for additional retail stores. This chapter focuses on the current expenditure patterns of residents, visitors, and all others (including second homeowners and regional inflow) to estimate future retail potentials for the Pagosa Springs trade area.

RETAIL SALES FLOWS

This section estimates retail sales inflows and outflows to the Pagosa Springs trade area. First, the expenditure patterns of Pagosa Springs residents are estimated, specifically the total amount of retail purchases made by store category and the portion of these purchases made in the Town. The portion of purchases not made locally is retail outflow or leakage. Second, the distribution of Pagosa Springs retail store sales is estimated. In addition to sales to local residents including residents from the adjacent unincorporated county (local expenditures), visitor purchases, and sales to second homeowners comprise major portions of existing store sales as further described below.

RETAIL DEFINITIONS

For purposes of analysis, retail stores are categorized based on shopping and trade area characteristics listed below. Each is described with examples to clarify the types of retail stores included in each of the categories.

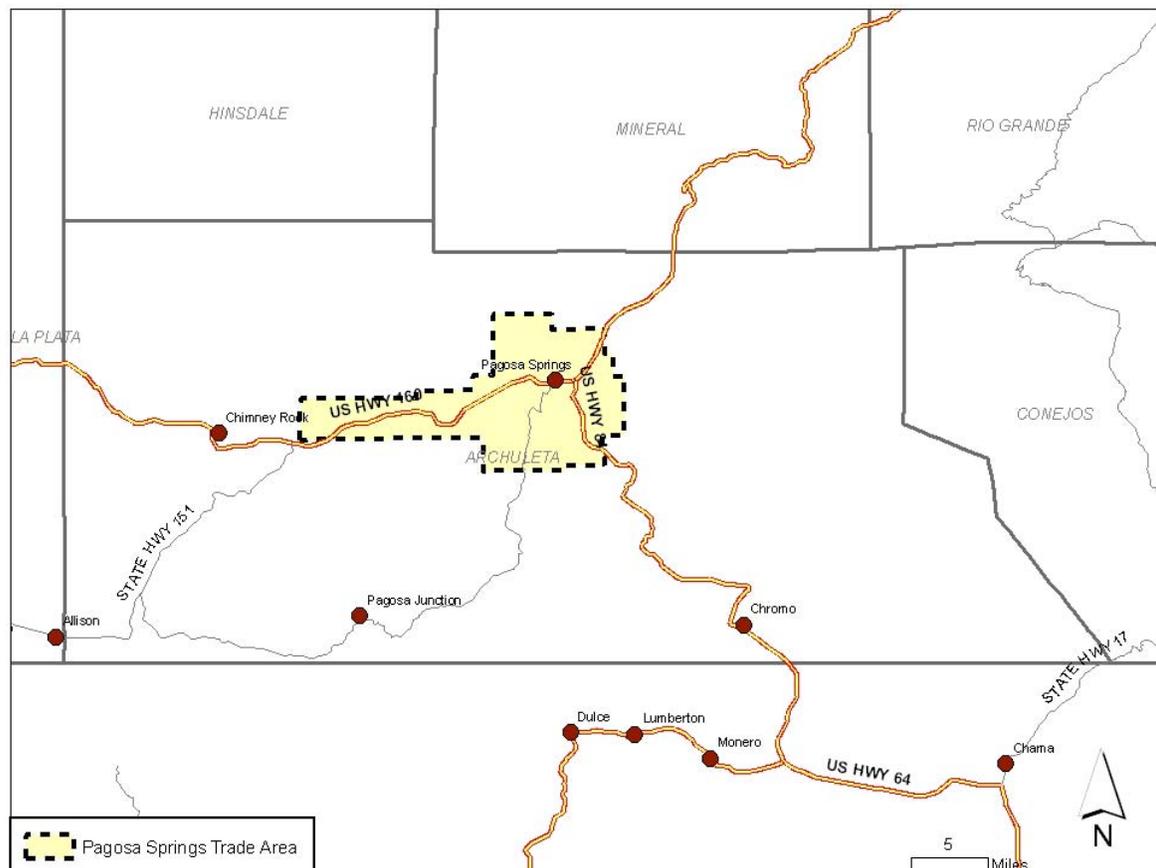
- **Convenience Goods** - This category includes supermarkets and other grocery stores, convenience stores, as well as liquor, drug, and other specialty food stores. These stores generally sell frequently purchased, low cost items with little product identification. The primary locations for convenience goods stores are the supermarket-anchored neighborhood shopping centers and smaller convenience centers, as these items are most often bought close to home.
- **Shoppers Goods** - This category includes general merchandise, apparel, furniture, appliance, and specialty goods stores. General merchandise stores include traditional department stores (such as JCPenney) as well as discount department stores (Wal-Mart, Target, and Kmart). The product lines of these stores are generally more expensive, less frequently purchased items. In general, people are more likely to comparison shop for shoppers goods, and are often more willing to travel further to buy them. The primary locations for regional shoppers goods are traditional downtown shopping districts, regional shopping centers, free-standing discount department and membership warehouse stores, and power centers dominated by mass merchandise tenants.

- **Eating and Drinking Establishments** – This category includes restaurants, including conventional sit-down and fast food, and bars. Businesses in this category exhibit some of the characteristics of convenience stores as many restaurant expenditures are made at establishments close to home on a frequent basis. However, some higher quality restaurants, more unique in the marketplace, can have a regional draw.
- **Building Materials/Garden** – This category is made up of stores selling lumber, paint, glass, hardware, plants and garden supplies, and other retail items related to home improvement. Home improvement centers such as Ace Hardware and Home Depot (in Durango) are the largest stores in this category.

RETAIL TRADE AREA

The retail trade analysis focuses on an area surrounding the Town of Pagosa Springs, which is defined as the trade area for this analysis. The trade area is approximately equivalent to the Pagosa Springs Water and Sanitation District (PAWS) boundaries, as shown in **Figure 4**. Approximately 88 percent of the population within Archuleta County resides within the trade area.

Figure 4
Pagosa Springs Primary Trade Area
Pagosa Springs Economic Development Plan



RESIDENT EXPENDITURES

Retail expenditures can be estimated based on the percent of total personal income (TPI) spent by store type. Total 2005 personal income for the trade area is estimated at \$304.6 million, based on 4,276 local households multiplied by the average household income (for the Town or County, respectively) as shown in **Table 19**. The average household income in the County (\$61,018) is nearly 40 percent higher than that of the Town (\$43,197).

Table 19
Current and Future Household Income
Pagosa Springs Economic Development Plan

	2005	2010	2015	2020
Pagosa Springs				
Households	657	690	727	767
Avg. HH Income	<u>\$43,197</u>	<u>\$45,400</u>	<u>\$47,716</u>	<u>\$50,150</u>
Subtotal Income (\$000)	\$28,380	\$31,326	\$34,690	\$38,465
County Adj. to Pagosa Springs				
Households	3,619	4,262	4,857	5,391
Avg. HH Income	<u>\$61,018</u>	<u>\$64,131</u>	<u>\$67,402</u>	<u>\$70,840</u>
Subtotal Income (\$000)	\$220,824	\$273,326	\$327,372	\$381,898
Total Households	4,276	4,952	5,584	6,158
Total Income (\$000)	\$249,204	\$304,652	\$362,062	\$420,363

Source: Claritas, Inc.; Economic & Planning Systems

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The percent of TPI spent on average by store type is then applied to the Pagosa Springs trade area TPI to estimate resident expenditure potentials by store category. A total of 31.9 percent of TPI is estimated to be spent in the retail store groups listed, resulting in \$76.7 million in retail expenditure potential by Pagosa Springs area residents as shown in **Table 20**.

Table 20
Retail Expenditure by Location
Pagosa Springs Economic Development Plan

Store Type	A	B	C		D		E	F
	Pct. of TPI	Pagosa Springs Resident Expend. Poten. (2004)	Pct. of Expenditures	Resident Expenditures	Local Capture Pct. of Expenditures	Resident Expenditures	Outflow/Leakage Pct. of Expenditures	Resident Expenditures
Convenience Goods								
Supermarkets/Grocery	6.0%	\$14,426,000	80%	\$11,540,800			20%	\$2,885,200
Convenience Stores	0.1%	240,000	85%	204,000			15%	36,000
Beer, Wine, & Liquor Stores	0.8%	1,924,000	70%	1,346,800			30%	577,200
Health and Personal Care	<u>1.4%</u>	<u>D</u>	<u>25%</u>	<u>D</u>			<u>75%</u>	<u>D</u>
Total Convenience Goods	8.3%	19,956,000	70%	13,933,100			30%	\$6,022,900
Shopper's Goods								
General Merchandise								
Department Stores	1.1%	2,645,000	D	D			D	D
Discount Department Stores	1.6%	3,847,000	D	D			D	D
Warehouse Clubs & Supercenters	3.5%	8,415,000	D	D			D	D
Other General Merchandise Stores	<u>0.4%</u>	<u>962,000</u>	<u>D</u>	<u>D</u>			<u>D</u>	<u>D</u>
Total General Merchandise	6.6%	15,869,000	25%	3,967,250			75%	11,901,750
Clothing & Accessories	2.1%	5,049,000	28%	1,413,720			72%	3,635,280
Furniture & Home Furnishings	1.6%	3,847,000	28%	1,077,160			72%	2,769,840
Sporting Goods, Hobby, Book, & Music Stores	1.5%	3,607,000	50%	1,803,500			50%	1,803,500
Electronics & Appliances	1.3%	3,126,000	28%	875,280			72%	2,250,720
Miscellaneous Retail	<u>1.5%</u>	<u>3,607,000</u>	<u>65%</u>	<u>2,344,550</u>			<u>35%</u>	<u>1,262,450</u>
Total Shopper's Goods	14.6%	35,105,000	33%	11,481,460			67%	23,623,540
Eating and Drinking	5.2%	12,503,000	70%	8,752,100			30%	3,750,900
Building Material & Garden	3.8%	9,137,000	70%	6,395,900			30%	2,741,100
Total Retail Goods	31.9%	\$76,701,000	53%	\$40,562,560			47%	\$36,138,440

Note: D denotes data suppressed for confidentiality

Source: 2002 Census of Retail Trade; Town of Pagosa Springs; Economic & Planning Systems

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The estimated portion of resident expenditures made locally in Pagosa Springs stores is shown as local capture. Based partially on the previous intercept survey conducted by RRC, as well as the comparison of area retail sales with resident expenditure levels, the estimated local capture ranges from 80 percent for grocery/supermarkets to 25 percent for health and personal care stores. Most other store categories range between 25 to 70 percent local capture. Retail outflow or leakage is estimated by subtracting Local Capture (Column D) from Resident Expenditures (Column B) as shown.

The total retail leakage for the trade area is significant at approximately 47 percent of total retail purchases. Outflow is particularly high in the comparison shoppers goods store categories, with 67 percent of sales made outside the Pagosa Springs trade area. This significant outflow/leakage indicates that the trade area is significantly under-stored, particularly in specific store categories, including apparel, furniture, and electronics.

Retail outflow of 20 to 25 percent for comparison shoppers goods is normal for a small town market like Pagosa Springs that lacks department stores and regional retail centers. Some amounts of purchases, particularly for Shoppers Goods, are made in larger markets with an array of regional and specialty goods. However, outflow levels of 50 to 75 percent may indicate opportunities for new store development or attraction.

RETAIL SALES

The distribution of Pagosa Springs retail store sales by market segment is shown in **Table 21**. Actual store sales for the retail categories are shown in Column A and reflect 2004 sales tax records. (Stores were only identified by category and each includes a minimum of five stores.) Retail sales totaled \$77.3 million in 2004. Sales to residents (Column C) shows the portion of total store sales made to Pagosa Springs residents (determined in Column D in **Table 20** above). Overall, an estimated 53 percent of Pagosa Springs retail sales are made to local residents, but there is considerable variance by store type as shown. Grocery/supermarket store sales are estimated to be 78 percent local compared to only 29 percent for Building Material and Garden stores.

The remaining portion of retail sales is sales inflow from visitors, second homeowners, and local households located outside the immediate Pagosa Springs trade area as shown in Column E. Overall, 47 percent of retail sales are made to non-residents as shown. With 71 percent of the total, Building Materials and Garden stores have the largest amount of inflow, nearly \$16.0 million, primarily reflecting purchases by second homeowners.

About 39 percent of total shoppers goods purchases were made by non-residents. This includes approximately 35 percent of Total General Merchandise Store purchases, 26 percent of Clothing & Accessories purchases, 53 percent of Furniture & Home Furnishings purchases, 39 percent of Sporting Goods, Hobby, Book and Music Store purchases, 14 percent of Electronics and Appliance purchases, and 47 percent of Miscellaneous Retail store purchases.

Table 21
Retail Sales by Store Type
Pagosa Springs Economic Development Plan

Store Type	A	B	C	D	E
	Pagosa Springs Store Sales	Sales to Residents % of Sales	Sales	Inflow and Visitor Sales % of Sales	Sales
Convenience Goods					
Supermarkets/Grocery	\$14,735,000	78%	\$11,540,800	22%	\$3,194,200
Convenience Stores	1,768,000	12%	204,000	88%	1,564,000
Beer, Wine, & Liquor Stores	4,291,000	31%	1,346,800	69%	2,944,200
Health and Personal Care	D	86%	D	14%	D
Total Convenience Goods	21,773,000	64%	13,933,100	36%	\$7,839,900
Shopper's Goods					
General Merchandise					
Department Stores	D	D	D	D	D
Discount Department Stores	0	D	D	D	D
Warehouse clubs & supercenters	0	D	D	D	D
Other General Merchandise Stores	4,465,000	D	D	D	D
Total General Merchandise	6,098,454	65%	3,967,250	35%	2,131,204
Clothing & Accessories	1,923,000	74%	1,413,720	26%	509,280
Furniture & Home Furnishings	2,282,000	47%	1,077,160	53%	1,204,840
Sporting Goods, Hobby, Book, & Music Stores	2,942,000	61%	1,803,500	39%	1,138,500
Electronics & Appliances	1,023,000	86%	875,280	14%	147,720
Miscellaneous Retail	4,416,000	53%	2,344,550	47%	2,071,450
Total Shopper's Goods	18,684,454	61%	11,481,460	39%	7,202,994
Eating and Drinking	14,421,000	61%	8,752,100	39%	5,668,900
Building Material & Garden	22,381,000	29%	6,395,900	71%	15,985,100
Total Retail Goods	\$77,259,454	53%	\$40,562,560	47%	\$36,696,894

Note: D denotes data suppressed for confidentiality

Source: 2002 Census of Retail Trade; Town of Pagosa Springs; Economic & Planning Systems

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RETAIL DEVELOPMENT POTENTIALS

This section evaluates potential changes in retail outflow and inflow and growth in TPI with respect to supportable retail space in the Pagosa Springs trade area. The demand for commercial space is based on capturing retail sales leakage and TPI growth. The household survey along with the retail inflow/outflow analysis above indicates a large amount of retail leakage occurs particularly in shoppers goods and building materials. The household and population forecasts presented in Chapter II indicate the Town of Pagosa Springs and the portion of Archuleta County adjacent to Pagosa Springs are both estimated to grow significantly over the next 15 years.

The analysis utilizes three potential scenarios to illustrate the range of potential impacts as describe below. The final section of this chapter compares the scenarios and the implications of each on the future retail development within Pagosa Springs. The three scenarios include:

- **Scenario A: Baseline** - A scenario illustrating retail development at approximately the current pace and of a nature consistent with retail development in the recent past.
- **Scenario B: Large Format Retailer** - A scenario describing the potential impacts of introducing a large format discounter superstore on future retail development.
- **Scenario C: Alternative Retailers** - A scenario describing the attraction and development of at least two alternative mid-box retailers.

All three scenarios assume some percentage of the current leakage and future growth in resident expenditure potential will be captured by retailers within the trade area of Pagosa Springs. In addition, each of the three scenarios relies on a set of assumptions about achievable sales per square foot levels by store category. These sales per square foot figures are higher than those currently reported by Pagosa Springs stores. However, these figures are indicative of the sales per square foot values that national retailers would require from a new store to cover the costs of developing and operating new space.

Due to the residential growth, each scenario includes between 349,000 and 395,000 square feet of additional floor area. Based on building permit records for the past eight years, there has been a total of 126,000 square feet of retail floor area permitted in the Town, or 15,000 per year. Under the forecasted scenarios, the annual increment of new retail floor area ranges from 22,000 to 25,000 square feet.

Other Shoppers Goods is expected to support between 78,000 and 107,000 square feet of additional development. This category includes apparel, furniture and home furnishings, and specialty retail, which are typically concentrated in downtown settings. It can be assumed that approximately 50 percent of other shoppers goods would locate in downtown Pagosa Springs. Given the supportable floor area projections, each of the scenarios assume substantial support for downtown redevelopment, if adequate public improvements are made to address deficiencies and enable the area to achieve a new

level of critical mass and synergy. It should be noted that Scenario B generates the lowest level of supportable floor area in this category (78,000 square feet) while the first and third scenarios generate the same level (107,000 square feet).

SCENARIO A: BASELINE

The first scenario describes the future retail development potential assuming the Town of Pagosa Springs does not take any steps to change the current retail environment over the next 15 years. The baseline scenario assumes existing or new retailers will capture between 55 and 90 percent of the existing leakage and future growth. These assumptions generate enough net new supportable square footage (approximately 54,000 square feet) in the grocery category to attract an additional supermarket retailer to the trade area, as shown in **Table 22**. Purchases within the General Merchandise category are expected to remain stable at 25 percent capture (75 percent leakage) between 2005 and 2020 due to the lack of major new stores and continued leakage to Durango and Farmington. The result is an additional 24,000 square feet of store space. The Other Shoppers Goods category will remain stable at a 65 percent capture rate. An additional 107,000 square feet of store space in these store categories could be expected to be developed even assuming the continued leakage of a large portion of sales due to the lack of department stores.

Table 22
Scenario A: Baseline
Pagosa Springs Economic Development Plan

Store Type	Capture		2004 Outflow/ Leakage Sales	Sales			Total 2005-2020
	Existing	Future		2005-2010 Total Growth	2010-2015 Total Growth	2015-2020 Total Growth	
Convenience Goods							
Supermarkets/Grocery	80%	90%	\$2,596,680	\$5,871,177	\$6,327,551	\$6,899,246	\$19,097,974
Other Convenience Goods	70%	80%	<u>2,510,160</u>	<u>1,999,999</u>	<u>2,155,103</u>	<u>2,349,278</u>	<u>6,504,380</u>
Total Convenience Goods			5,106,840	7,871,176	8,482,654	9,248,524	25,602,354
Shopper's Goods							
General Merchandise	25%	25%	3,306,000	1,495,097	1,611,225	1,757,026	4,863,348
Other Shopper's Goods	65%	65%	<u>7,619,164</u>	<u>4,918,742</u>	<u>5,270,232</u>	<u>5,741,920</u>	<u>15,930,894</u>
Total Shopper's Goods			10,925,164	6,413,839	6,881,457	7,498,946	20,794,242
Eating and Drinking	70%	70%	2,625,630	\$3,957,059	\$4,264,286	\$4,651,218	\$12,872,563
Building Material & Garden	70%	60%	1,644,660	\$1,834,329	\$1,950,441	\$2,120,745	\$5,905,515
Total Retail Goods Sales			\$20,302,294	\$20,076,403	\$21,578,838	\$23,519,433	\$65,174,674

	Supportable Sq. Ft.				Total 2005-2020
	2004 Leakage Capture	2005- 2010 HH Growth	2010 - 2015 HH Growth	2015 - 2020 HH Growth	
Convenience Goods					
Supermarkets/Grocery	6,492	14,678	15,819	17,248	54,237
Other Convenience Goods	<u>7,699</u>	<u>6,510</u>	<u>7,014</u>	<u>7,646</u>	<u>28,869</u>
Total Convenience Goods	14,191	21,188	22,833	24,894	83,106
Shopper's Goods					
General Merchandise	9,721	4,395	4,738	5,166	24,020
Other Shopper's Goods	<u>34,270</u>	<u>22,505</u>	<u>24,112</u>	<u>26,270</u>	<u>107,157</u>
Total Shopper's Goods	43,991	26,900	28,850	31,436	131,177
Eating and Drinking	8,752	13,190	14,214	15,504	51,660
Building Material & Garden	5,482	6,114	6,501	7,069	25,166
Total Retail Goods	72,416	67,392	72,398	78,903	291,109

Source: Economic & Planning Systems

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SCENARIO B: LARGE FORMAT DISCOUNTER

Scenario B describes the future retail development potential assuming the Town of Pagosa Springs lifts the moratorium on large format retail development. The scenario assumes that a large format national retailer develops a 100,000 square foot supercenter including approximately 60,000 square foot of general merchandise goods and 40,000 square feet of grocery store goods. The large format retailer is assumed to capture 75 percent of the current leakage and future sales expenditure potential in the general merchandise category (currently 25 percent) with the continued leakage of 25 percent to larger markets.

Based on an evaluation of the existing store mix and sales levels, it is assumed that the large format discounter will derive a large portion of its sales by taking sales away from existing stores in other retail categories. Specifically, it will result in a reduction of the retail sales by existing stores in the convenience goods, other shoppers goods, and building material and garden categories. The analysis assumes that 40 percent of supermarket/grocery expenditure potential will shift to a large format general merchandise retail, as well as 40 percent of convenience goods, 40 percent of other shoppers goods, and 20 percent of building materials and garden. Based upon these estimates, there is a total of \$17.8 million in large format store sales that would have otherwise been captured by other retail stores. Eating and drinking was not included in this analysis as it will be the least affected.

Under these assumptions an estimated 122,000 square feet of general merchandise retail space would be supportable over the 15 year time period, as shown in **Table 23** (of which 100,000 would be built is one store). However, the large format discounter is expected to account for 40 percent of the supportable supermarket square feet. As a result, the supportable square feet do not justify a new supermarket in addition to the large format discounter. Thus, lifting the moratorium on big box development will likely accommodate the development of a supercenter with a grocery store, but is likely to preclude the attraction of a second, separate supermarket to the area.

Table 23
Scenario B: Large Format Discounter
Pagosa Springs Economic Development Plan

Store Type	Capture			Sales			Total 2005-2020
	Existing	Future	2004 Outflow/ Leakage Sales	2005-2010 Total Growth	2005-2010 Total Growth	2005-2010 Total Growth	
Convenience Goods							
Supermarkets/Grocery	80%	90%	\$2,596,680	\$5,871,177	\$6,327,551	\$6,899,246	\$19,097,974
Reduction by Large Format Discounter	0%	-40%	\$0	<u>-\$2,348,471</u>	<u>-\$2,531,020</u>	<u>-\$2,759,698</u>	<u>-\$7,639,189</u>
Total Supermarkets			\$2,596,680	\$3,522,706	\$3,796,531	\$4,139,548	\$11,458,785
Other Convenience Goods	70%	80%	2,510,160	1,999,999	2,155,103	2,349,278	3,902,628
Reduction by Large Format Discounter	0%	-40%	0	<u>-800,000</u>	<u>-862,041</u>	<u>-939,711</u>	<u>-\$2,601,752</u>
Total Other Convenience Goods			<u>2,510,160</u>	<u>1,199,999</u>	<u>1,293,062</u>	<u>1,409,567</u>	<u>1,300,876</u>
Total Convenience Goods			5,106,840	4,722,705	5,089,593	5,549,115	12,759,661
Shopper's Goods							
General Merchandise	25%	75%	9,918,000	4,485,294	4,833,674	5,271,078	14,590,046
Capture of Sales from other Categories			0	<u>5,482,833</u>	<u>5,891,241</u>	<u>6,420,326</u>	<u>\$17,794,400</u>
Total General Merchandise			9,918,000	9,968,127	10,724,915	11,691,404	32,384,446
Other Shopper's Goods	65%	65%	7,619,164	4,918,742	5,270,232	5,741,920	\$15,930,894
Reduction by Large Format Discounter	0%	-40%	0	<u>-1,967,496</u>	<u>-2,108,092</u>	<u>-2,296,768</u>	<u>-\$6,372,356</u>
Total Other Shopper's Goods			<u>7,619,164</u>	<u>2,951,246</u>	<u>3,162,140</u>	<u>3,445,152</u>	<u>9,558,538</u>
Total Shopper's Goods			17,537,164	7,436,540	7,995,814	8,716,230	41,942,984
Eating and Drinking	70%	70%	2,625,630	3,957,059	4,264,286	4,651,218	\$12,872,563
Building Material & Garden	70%	60%	1,644,660	1,834,329	1,950,441	2,120,745	\$5,905,515
	0%	-20%	0	<u>-366,866</u>	<u>-390,088</u>	<u>-424,149</u>	<u>-\$1,181,103</u>
			1,644,660	1,467,463	1,560,353	1,696,596	\$4,724,412
Total Retail Goods Sales			\$26,914,294	\$17,583,767	\$18,910,046	\$20,613,159	\$72,299,620

	Supportable Sq. Ft.				Total 2005-2020
	2004 Leakage Capture	2005- 2010 HH Growth	2005- 2010 HH Growth	2005- 2010 HH Growth	
Convenience Goods					
Supermarkets/Grocery	6,492	8,807	9,491	10,349	35,139
Other Convenience Goods	<u>7,699</u>	<u>3,907</u>	<u>4,209</u>	<u>4,587</u>	<u>20,402</u>
Total Convenience Goods	14,191	12,714	13,700	14,936	55,541
Shopper's Goods					
General Merchandise	29,162	13,188	14,213	15,498	72,061
Cannibalization		<u>15,665</u>	<u>16,832</u>	<u>18,344</u>	<u>50,841</u>
Total General Merchandise		<u>28,853</u>	<u>31,045</u>	<u>33,842</u>	<u>122,902</u>
Other Shopper's Goods	<u>34,270</u>	<u>13,504</u>	<u>14,467</u>	<u>15,762</u>	<u>78,003</u>
Total Shopper's Goods	63,432	42,357	45,512	49,604	200,905
Eating and Drinking	8,752	13,190	14,214	15,504	51,660
Building Material & Garden	5,482	4,892	5,201	5,655	21,230
Total Retail Goods	91,857	73,153	78,627	85,699	329,336

Source: Economic & Planning Systems
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SCENARIO C: ALTERNATIVE RETAILERS

Scenario C describes a scenario by which the Town is able to attract at least two mid-box size retailers (in the general merchandise and home furnishings categories) to capture a portion of the shoppers good leakage in lieu of a large format retailer. These two mid-box retailers together are estimated to capture 40 percent of the general merchandise leakage and sales expenditure potential growth. The result is a total of approximately 48,000 square feet of supportable general merchandise. The evaluation justifies two new stores at or about 20,000 square feet as shown in **Table 24**.

Table 24
Scenario C: Alternative Retailers
Pagosa Springs Economic Development Plan

Store Type	Capture		2004 Outflow/ Leakage Sales	Sales			Total 2005-2020
	Existing	Future		2005-2010 Total Growth	2010-2015 Total Growth	2015-2020 Total Growth	
Convenience Goods							
Supermarkets/Grocery	80%	90%	\$2,596,680	\$5,871,177	\$6,327,551	\$6,899,246	\$19,097,974
Other Convenience Goods	70%	80%	<u>2,510,160</u>	<u>1,999,999</u>	<u>2,155,103</u>	<u>2,349,278</u>	<u>6,504,380</u>
Total Convenience Goods			5,106,840	7,871,176	8,482,654	9,248,524	25,602,354
Shopper's Goods							
General Merchandise	25%	50%	6,612,000	2,990,196	3,222,449	3,514,052	9,726,697
Other Shopper's Goods	65%	65%	<u>7,619,164</u>	<u>4,918,742</u>	<u>5,270,232</u>	<u>5,741,920</u>	<u>15,930,894</u>
Total Shopper's Goods			14,231,164	7,908,938	8,492,681	9,255,972	25,657,591
Eating and Drinking	70%	70%	2,625,630	\$3,957,059	\$4,264,286	\$4,651,218	\$12,872,563
Building Material & Garden	70%	60%	1,644,660	\$1,834,329	\$1,950,441	\$2,120,745	\$5,905,515
Total Retail Goods Sales			\$23,608,294	\$21,571,502	\$23,190,062	\$25,276,459	\$70,038,023

	Supportable Sq. Ft.				Total 2005-2020
	2004 Leakage Capture	2005- 2010 HH Growth	2010 - 2015 HH Growth	2015 - 2020 HH Growth	
Convenience Goods					
Supermarkets/Grocery	6,492	14,678	15,819	17,248	54,237
Other Convenience Goods	<u>7,699</u>	<u>6,510</u>	<u>7,014</u>	<u>7,646</u>	<u>28,869</u>
Total Convenience Goods	14,191	21,188	22,833	24,894	83,106
Shopper's Goods					
General Merchandise	19,441	8,793	9,475	10,332	48,041
Other Shopper's Goods	<u>34,270</u>	<u>22,505</u>	<u>24,112</u>	<u>26,270</u>	<u>107,157</u>
Total Shopper's Goods	53,711	31,298	33,587	36,602	155,198
Eating and Drinking	8,752	13,190	14,214	15,504	51,660
Building Material & Garden	5,482	6,114	6,501	7,069	25,166
Total Retail Goods	82,136	71,790	77,135	84,069	315,130

Source: Economic & Planning Systems

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CONCLUSIONS AND RECOMMENDATIONS

This section evaluates the positive and negative impacts of the three scenarios in order to provide decision makers with greater information to make a policy decision on big box development. The section also addresses existing retailers and describes potential alternative mid-box retailers the Town and County might consider recruiting in the future.

SCENARIO EVALUATION

Understanding the implications of inflow and outflow and capture rates will enable the community to select the optimal scenario. The baseline provides an image of the future retail sales and development activity in Pagosa Springs with little change to the current environment. This status quo picture of the future provides a useful backdrop to analyze the remaining two scenarios, which provide estimates of future retail sales and development potentials for the two alternative courses of action.

Each of the three scenarios projects different total retail sales growth figures. The Scenario A - Baseline projects future retail sales growth of nearly \$65.2 million. The Scenario B - Large Format option projects 11 percent more future retail sales growth or \$72.3 million. The Scenario C - Alternative Retailer scenario projects 7 percent more retail sales growth than the Scenario A at \$70.0 million.

In addition to differences in projected total retail sales growth, the three scenarios also project different levels of supportable square footage. Supportable square footage is determined by dividing the total retail sales growth in a store category by a specified sales-per-square foot figure. The result is the amount of new retail floor area that can be supported by the growth in retail sales potential. The inflow/outflow analysis estimates that in both the Scenario A - Baseline and Scenario C - Alternative Retailer a new supermarket will be supportable. However, the Scenario B - Large Format Discounter does not generate enough supermarket/grocery store retail sales growth to justify a new supermarket. These sales would flow to grocery items within a large format supercenter.

It should be noted that eating and drinking remain the same over the three scenarios. It has been suggested that these sales will increase under the third scenario, as the community will draw more visitation without big box retailers. This may be true, which would make the analysis conservative. However, the potential factor for increase is not sufficiently clear to estimate sales and supportable floor area.

Table 25
Scenario Comparison
Pagosa Springs Economic Development Plan

Store Type	2004 Actual Sales	2005 - 2020 Net New Sales		
		Baseline	Large Format ¹	Alternative
Convenience Goods				
Supermarkets/Grocery	\$14,735,000	\$19,097,974	\$11,458,785	\$19,097,974
Other Convenience Goods	<u>7,038,000</u>	<u>6,504,380</u>	<u>1,300,876</u>	<u>6,504,380</u>
Total Convenience Goods	21,773,000	25,602,354	12,759,661	25,602,354
Shopper's Goods				
General Merchandise	6,098,454	4,863,348	32,384,446	9,726,697
Other Shopper's Goods	<u>12,586,000</u>	<u>15,930,894</u>	<u>9,558,538</u>	<u>15,930,894</u>
Total Shopper's Goods	18,684,454	20,794,242	41,942,984	25,657,591
Eating and Drinking	14,421,000	12,872,563	12,872,563	12,872,563
Building Material & Garden	22,381,000	5,905,515	4,724,412	5,905,515
Total Retail Goods	\$77,259,454	\$65,174,674	\$72,299,620	\$70,038,023
		Net New SqFt		
		Baseline	Large Format ¹	Alternative
Convenience Goods				
Supermarkets/Grocery		54,000	35,000	54,000
Other Convenience Goods		<u>29,000</u>	<u>20,000</u>	<u>29,000</u>
Total Convenience Goods		83,000	55,000	83,000
Shopper's Goods				
General Merchandise		24,020	123,000	48,000
Other Shopper's Goods		<u>107,000</u>	<u>78,000</u>	<u>107,000</u>
Total Shopper's Goods		131,020	201,000	155,000
Eating and Drinking		52,000	52,000	52,000
Building Material & Garden		25,000	21,000	25,000
Subtotal		291,020	329,000	315,000
Additional Retail Service Space ²		58,204	65,800	63,000
Total Retail Goods		349,000	395,000	378,000
Average Growth per Year		22,000	25,000	24,000
Average Growth per Year (excluding discounters)		22,000	18,000	24,000

¹ Assumes a 100,000 SqFt Discounter

² Assumes retail services comprise 20 percent of total retail space

Source: Economic & Planning Systems

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DEVELOPMENT SCENARIO RECOMMENDATION

The sales flow analysis performed above suggests that the large format discounter scenario will stimulate the most retail development, approximately 395,000 square feet, as shown in **Table 25**. In addition, Scenario B (Large Format Discounter) generates the most potential retail sales growth. However, Scenario C (Alternative Retailers) supports over 378,000 square feet of new retail development. The result is a difference of only 17,000 square feet between scenario B and C. The sales per square foot vary, and the corresponding impacts to sales tax revenue are more fully evaluated in Chapter V, Fiscal Analysis.

A summary of factors that should be considered is listed below.

- **Support for downtown revitalization** – The current downtown plan does not specify the amount of new floor area that could be introduced, as parcels redevelop. A general estimate, based on other successful mountain towns, is that downtown could accommodate an additional 50,000 and 100,000 square feet of retail-type space (in addition to the existing 70,000 square feet of retail, 60,000 of office, and 12,000 of miscellaneous floor area.) Assuming that 50 percent of other shoppers goods would locate downtown, the first and third scenarios would generate approximately 54,000 square feet of redevelopment. The second limits downtown oriented retail to approximately 39,000 square feet, as a single large format discounter will cannibalize or take sales away from the forecasted Other Shoppers Goods retail growth.
- **Preservation of a heterogeneous mixture of retailers** – The development of alternative mid-box retailers allows the Town to maintain the heterogeneous character of its retail sector. The variety of retailers has become a tourism asset in rural communities.
- **Capture of general merchandise retail sales leakage** – The mid-box retailers provide residents, second homeowners and visitors with a wider array of general merchandise goods and will lead to higher capture rates in this category.

Scenario C (Alternative Retailers) will provide the Town with continued retail expansion and support downtown revitalization without compromising the current character of the Town's retail sector.

ALTERNATIVE RETAILERS

Several alternative mid-box retailers currently operate within the larger region around Pagosa Springs. These retailers, either individually or grouped, provide an alternative to a single large format discount retailer. Many of these retailers provide goods similar to a large format discount retailer. Some specialize in western or ranching merchandise. The formats range, but most look for store sizes of 20,000 to 30,000 square feet, with growth potential up to 40,000 square feet. Listed below in **Table 26** is a list of possible retailers that fit this category.

Table 26
Alternative Retailers
Pagosa Springs Economic Development Plan

Store Name	Store Type	# of Stores	Locations
Dunlap Company	Junior Department Store	40	Alabama, Arizona, Arkansas, Colorado, Kansas, New Mexico & Virginia
Big R Hardware	Hardware - Full Service	4	Lamar, La Junta, Pueblo, Trinidad - Colorado
Murdoch's Ranch & Home Supply	Ranch & Home Supplies	13	Bozeman, MT , Cheyenne, WY, Clifton, CO, Helena, MT, Kalispell, MT, Littleton, CO, Longmont, CO, Mead, WA, Miles City, MT, Montrose, CO, Moses Lake, WA, Salida, CO, Scottsbluff, NE
Corral West Ranchwear	Western & Work Wear	92	Washington, Idaho Montana, North Dakota, South Dakota, Oregon, Wyoming, Nebraska, Colorado, Nevada, California, Arizona, New Mexico, Oklahoma, Georgia, Texas, Alaska
Heilig-Meyers & The RoomStore	Home Furnishings & Bedding	906	872 stores are located in 30 southeastern, mid-atlantic and southwestern states and 33 are located in Puerto Rico

Source: Economic & Planning Systems

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DOWNTOWN RETAILERS

Downtown Pagosa Springs is currently home to a wide variety of retailers including clothing stores, home furnishings, real estate, restaurants, services, and gift/books. The majority of downtown businesses are Gift/Book retailers (23 percent), as shown in **Table 27**. Services and restaurants also comprise a large portion of downtown retailers (13 percent and 10 percent respectively). Downtown Pagosa Springs has one department store, one pharmacy, and one movie theatre. A full list of downtown businesses is included in **Appendix B Table 1**.

Table 27
Downtown Business Inventory by Type, Pagosa Springs
Pagosa Springs Economic Development Plan

Store Type	Count	Percent
Antique Shop	1	2%
Audio Store	1	2%
Auto Shop	3	6%
Clothing Store	4	8%
Department Store	1	2%
Home Furnishings	2	4%
Newspaper	1	2%
Pawn Shop	1	2%
Pharmacy	1	2%
Photography	1	2%
Real Estate	5	10%
Restaurant	6	13%
Service	9	19%
Entertainment	1	2%
Gift/Book	<u>11</u>	<u>23%</u>
Total	48	100%

Source: Town of Pagosa Springs; Economic & Development Systems
 H:\14867-Pagosa Springs ED Strategy\Data\14867-DTown Businesses.xls]DTown Retail Type

Despite the dominance of downtown by Gift/Book retailers, the downtown retail market provides a healthy mix of local and tourist serving retailers. Some downtown retailers cater to both locals and tourists, these retailers comprise the largest portion of downtown at 35 percent, as shown in **Table 28**. Local service retailers comprise the smallest portion of the market at 32 percent and tourist servicing makes up the difference at 33 percent.

Table 28
Downtown Retailer Inventory, Pagosa Springs
Pagosa Springs Economic Development Plan

Store Type	Count	Percent
Local	15	32%
Tourist	16	33%
Both	<u>17</u>	<u>35%</u>
Total	48	100%

Source: Town of Pagosa Springs; Economic & Planning Systems
 H:\14867-Pagosa Springs ED Strategy\Data\14867-DTown Businesses.xls]Sum Table

IV. TOURISM AND VISITATION

This chapter summarizes existing tourism attractions and infrastructure and quantifies current visitation patterns to determine the role visitation plays in the existing economic base of the region. It also addresses ways to expand visitation, increase visitor expenditures, and achieve higher utilization rates of the existing guest-related infrastructure.

TOURISM INFRASTRUCTURE

The region's tourism infrastructure consists of a variety of elements that include the dispersed recreation attractions in the area, fixed tourism facilities, as well as the lodging and commercial facilities that serve the visitor population.

- **Natural Attractions** – Pagosa Springs is central to the San Juan National Forest, San Juan Wilderness Area, and the San Juan River, providing a wide range of recreation opportunities including fishing, rafting, biking, horseback riding, hiking, camping, and backpacking.
- **Built Attractions** – The hot springs that give the Town its name have been developed into a hot springs pool and hot springs spa that are an attraction in their own right, as well as part of a larger group of tourism support facilities. The hot springs spa is estimated to account for 100,000 visits per year (local and out-of-town) with the hot springs pool attracting a smaller but still significant level of visits. The nearby Wolf Creek Ski Area and Fairfield Pagosa Golf Course are additional tourism attractions in the Pagosa Springs area.
- **Hospitality Facilities** – There are 1,115 rooms (or units) in the lodging inventory as shown on **Table 29** with approximately 50 percent in individual motels and hotels, 43 percent at the Fairfield development, and 7 percent as motel rooms operated in conjunction with campgrounds. In addition, there are individual homes/cabins rented through management agencies. The 14 area campgrounds also play a significant role with a total capacity to house 521 parties.

**Table 29
Pagosa Springs Trade Area Lodging Inventory, 2004
Pagosa Springs Economic Development Plan**

Property	Units	Pct. of Total
Fairfield Resorts	475	43%
Pagosa Lodge	101	9%
Best Western Oak Ridge	80	7%
Holiday Inn	60	5%
The Springs	50	4%
Econo Lodge	46	4%
Sky View	36	3%
Best Value	35	3%
First Inn	35	3%
Super 8	31	3%
Pinewood Inn	25	2%
Inn and Suites	21	2%
Other Lodges	41	4%
Motel plus RV sites	79	7%
Total	1,115	

Source: Pagosa Springs Chamber; Town of Pagosa Springs;
Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867 - Visitors-DG edits.xls\Room Inv

TOURISM IMPACTS

The importance of tourism in the local economy is a central question in this economic analysis. It is difficult to estimate visitation expenditures without accurate lodging data. A number of lodging providers were interviewed to estimate existing visitation occupancy by month and by type of property. Visitor expenditures were estimated by multiplying lodging occupancy against daily expenditures for restaurants and shopping from the RRC survey data as shown in **Table 30**.

The region illustrates a similar pattern of seasonal occupancy fluctuation present in most Colorado resort communities. Summer occupancies are the highest with average overall lodging occupancy in the 75 percent range in July and August, followed by June and September in the low 60 percent range. The ski season averages 30 to 40 percent with lower figures in the spring and fall shoulder seasons. The total annual occupancy level is estimated at 44 percent as shown.

There is significant variation in occupancy by property with hotels at the hot springs exhibiting the highest occupancy levels. The overall monthly variations are lower than some communities due to the Fairfield Pagosa time-share units, which exhibit lower seasonal fluctuations than a typical hotel.

The number of overnight visitors in the Pagosa Springs region is estimated at approximately 350,000 based on the lodging occupancy multiplied by a persons per unit average of 2.5 per condo unit, 1.5 per hotel/motel unit, and 2.5 per campground space.

The RRC survey data estimates an average of \$76 per day per visitor in local expenditures comprised of \$28 for restaurants, \$21 for entertainment, and \$27 per day for shopping. Using these figures for lodging and timeshare visitors, discounting the numbers by 50 percent for campground visitors, results in a total of \$29.9 million in annual visitor expenditures.

Comparing the estimated \$20.0 million in dining and shopping expenditures to total retail store sales shows that overnight visitors account for about 26 percent of total retail sales of \$77.3 million (the entertainment sales are not part of the taxable retail sales base). On a monthly basis, overnight visitors account for about 40 to 45 percent of sales in the summer peak months and about 15 to 20 percent in the winter and shoulder seasons as shown.

Table 30
Composition of Visitor Economy
Pagosa Springs Economic Development Plan

Month	Occup. Rate	Number of Visitors	Daily Expenditures				Visitor Sales as Percent of Total	Total Retail Sales
			Entertainment @ \$21.00	Dining @ \$28.00	Shopping @ \$27.00	Total Taxable Sales \$55.00		
January	30%	16,535	\$347,235	\$462,980	\$446,445	\$909,425	12%	\$7,736,000
February	30%	16,535	\$347,235	\$462,980	\$446,445	\$909,425	19%	\$4,825,000
March	30%	16,535	\$347,235	\$462,980	\$446,445	\$909,425	21%	\$4,299,000
April	28%	13,880	\$291,480	\$388,640	\$374,760	\$763,400	16%	\$4,753,000
May	29%	13,068	\$274,428	\$365,904	\$352,836	\$718,740	15%	\$4,800,000
June	61%	48,510	\$1,018,700	\$1,358,266	\$1,309,757	\$2,668,023	41%	\$6,429,000
July	75%	63,156	\$1,326,276	\$1,768,368	\$1,705,212	\$3,473,580	45%	\$7,762,000
August	75%	63,156	\$1,326,276	\$1,768,368	\$1,705,212	\$3,473,580	42%	\$8,255,000
September	61%	48,487	\$1,018,227	\$1,357,636	\$1,309,149	\$2,666,785	34%	\$7,873,000
October	33%	18,098	\$380,058	\$506,744	\$488,646	\$995,390	13%	\$7,501,000
November	31%	17,577	\$369,117	\$492,156	\$474,579	\$966,735	14%	\$6,861,000
December	40%	28,840	\$605,640	\$807,520	\$778,680	\$1,586,200	26%	\$6,169,000
Total	44%	364,377	\$7,651,907	\$10,202,542	\$9,838,166	\$20,040,708	26%	\$77,261,000

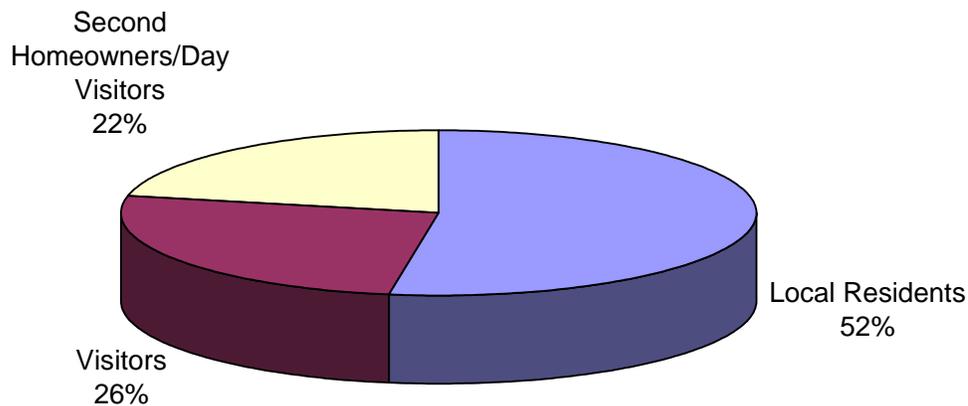
¹ Assumes a bed base of 1,115 units

Source: Pagosa Springs Chamber of Commerce; Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867 - Visitors-DG edits.xls\Visitor Model with Camping

In **Figure 5** below, the composition of the economy is shown identifying the source of sales by segment. Total sales for the trade area are estimated to be \$77.2 million based on 2004 sales tax records. Local residents account for approximately \$40.5 million, or 52 percent. The figure is based on the inflow/outflow analysis provided in Chapter III and represents purchases made by year-round residents on merchandise (or food and beverage) purchased within the Pagosa Springs trade area.

Figure 5
Composition of Pagosa Springs Economy
Pagosa Springs Economic Development Plan



Visitor sales, as discussed above, are based on per capita daily expenditure data collected through an intercept survey in the summer of 2004. When applied to the accommodations inventory, adjusted by estimated monthly occupancy rates, the total reflects the contribution made by overnight visitors to the local economy of \$20.0 million or 26 percent.

SECOND HOMEOWNERS

The balance of \$16.6 million, or 22 percent, is derived from all other purchases that are a combination of day visitors, second homeowners, and Archuleta County residents living outside the Pagosa Springs region. Because the local trade area includes nearly 90 percent of all Archuleta County residents, most of these sales are attributable to day visitors and second homeowners.

There is insufficient data to accurately split out the second homeowner and day visitor totals. Research conducted in other Colorado communities helps to clarify the significance of second homeowners to the local economy. Recent research conducted by the NWCOG identified the significance of second homeowners in the Pitkin, Eagle, Summit, and Grand County economies. Overall, second homeowners averaged about 91 days occupancy or about 25 percent annual occupancy.

Based on a total of about 1,500 existing seasonal housing units in Archuleta County, there are approximately 1,300 in the Pagosa area (based on the 88 percent overall housing unit total from PAWS data). Applying the 25 percent annual occupancy figure and an average of 2.5 persons per unit, there would be approximately 330 year-round equivalent units and about 300,000 visitor days accounted for by the second home base. These 300,000 visitor days by second homeowner are about 82 percent of the estimated 364,000 annual overnight visitors.

Second homeowner retail spending patterns vary greatly by community based on the affluence of the homeowners and the location of the housing units compared to restaurant and shopping opportunities. Overall, second homeowners spend more per day on restaurant and discretionary shopping purchases than year-round residents but somewhat less than overnight visitors staying in transient lodging units.

Based on this information, second homeowners are estimated to account for somewhere between 10 and 15 percent of total retail sales with day visitors making up 5 to 10 percent of the total. Additional household survey research focused on the second homeowner could help quantify the importance of this sector to the overall economy. Additional intercept survey work could help identify the significance of day visitors.

TOURISM AND VISITATION POTENTIALS

With tourism accounting for a significant portion of the economy, the potential for future growth is a concern. Certainly the lodging and recreation industries depend on visitation for nearly all their business, and retailers depend on visitors for more than a third of total sales (overnight and day visitors). Future growth will depend on a number of interrelated factors including the following:

- The ability of existing recreation and tourism attractions to attract additional business.
- The development of additional tourism attractions or events.
- The success of marketing and advertising programs to attract a greater number of visitors.
- Improving the quality of the visitor infrastructure and the overall guest experience.

There is no one “silver bullet” that has been identified as the key opportunity for the region. The greatest chance of future success will result from addressing all of these potential opportunities.

EXISTING TOURISM GROWTH

Although the primary economic development goal of the community may be to diversify the economy, the fact remains that the economic base already has a tourism orientation with the potential for greater growth and expansion. Highly successful amenities attract guests and the greatest growth potential is likely to come from expanding and improving these resources. Expanding an existing successful industry is a basic premise to any economic development plan, and developing the hot springs attraction is one way to improve the region’s most compelling and unique attraction.

The community's prime tourism attraction that differentiates it from many other mountain destinations is the hot springs spa and pool. Some community members believe that the current spas are near capacity now. Development plans for a new upper-end resort south of the existing hot springs facility have been approved by the Town. This new development can help diversify the existing visitor mix and attract a different demographic and income group.

The Town may also be able to support additional spa capacity using municipal land and water rights. The previous proposal to develop a spa on the Town park site should be reconsidered in the future. Because the Town's current geo-thermal heating system cannot use water below 120 degrees, water remains adequately hot for recreational soaking. The resources required are available, although the engineering, funding, and management challenges are significant. The added capacity and separate facility is also needed to enable the Town to establish a niche as a healing center.

MARKETING

The Chamber of Commerce funded the development of a marketing plan for Pagosa Springs that is intended to promote the area's attractiveness. The plan, developed by Hill & Company, attempts to consolidate the activities and character of the region around hiking, fishing, skiing, rafting, etc., into marketable images and statements with strategies for image identification, outreach, planning, and programming.

A positioning study, funded by the CVC offered a recommendation to link spa activity with healing events as an opportunity that capitalizes on the region's unique asset with potential national appeal to aging, wealthy baby boomers looking for this type of experience. The plan references the Native American local resource as an important angle to healing, which may or may not be available through the local Southern Ute tribe. This type of event (or ongoing activity) is unique from some of the other branded activities as the application links local resources to a market sector willing to pay for them.

A key to success of increasing marketing activity will be identification of a reliable and ongoing funding source for future marketing and advertising activities. One potential option would be to increase the existing lodging tax from 1.9 percent to 4 percent to fund this activity. This would raise approximately \$200,000 per year that could be spent on marketing and promotion activities.

EVENTS

Pagosa Springs has a small but significant event base. The Four Corners Folk Festival is a successful weekend event over Labor Day attracting 3,500 visitors per day, which is by far the largest existing event. The Parelli National Convention attracts an estimated 2,000 participants for the week-long event in September. The former Galles Horse Cutting competition also attracted an even greater number of visitors and participants.

The Parelli and Galles events suggest a potential emerging equestrian cluster that could be capitalized on with additional events. The major challenge is identifying the individuals or organizations with the interests and expertise to develop individual events.

Some communities have a more fully developed event program that is the focus of their economic development or economic diversification efforts. Telluride is well known for its summer festival season. The town started with the Bluegrass Festival and has added the Film Festival, Wine Festival, and others that fill the town's lodging nearly every weekend in the summer. The festivals were developed as a way to increase summer occupancy in a lodging base oriented to a peak winter season. Given that summer is the peak season in Pagosa Springs, any festival development should be oriented towards improving visitation in the shoulder or winter seasons.

There is also a potential to generate additional events around the focus areas of the marketing campaign. The high levels of attendance provide opportunities to market the region's assets and generate return visitation. More importantly, the community should focus on establishing new events, focusing on shoulder seasons and using the region's branded activities.

TOURISM INFRASTRUCTURE

Tourism, like most industries, is increasingly competitive with more and more communities and resorts competing for a finite amount of businesses. Tourism visitation is growing, but not as fast as growth in the number of attractions and the capacity of existing facilities to accommodate this growth. Pagosa Springs will need to invest in the quality of its facilities and infrastructure if it is to compete with the other communities in the state and region.

The community has historically been a moderate to middle income destination for auto-oriented travelers from Texas and Oklahoma and other southern states. The marketing efforts of Fairfield and the overall competitiveness of housing prices in the area have expanded the region's draw into the California and Arizona markets for timeshare visitors and related sales of residential lots and housing for second home and retirement. In order for the overnight visitor market to expand its draw to a wider geographic area and a higher income demographic in a similar manner, the quality of the lodging and related restaurant and retail shopping facilities will also need to improve.

The historic downtown area has the potential to be a greater tourism attraction by developing a critical mass of restaurant, bar, entertainment, and specialty retail businesses that appeal to the visitor market. Any quality business will appeal to locals and visitors alike. However, to be a significant tourism draw, downtown needs to develop a critical mass of space that provides a range of dining opportunities and a range of specialty retail businesses that allow for browsing and comparison shopping.

Other small communities with successful downtowns that are part of the tourism draw include Creede, Crested Butte, Basalt, and Carbondale.

The public investments in the Riverwalk and recreational improvements to the river channel for rafting and kayak activities will create an additional amenity and visitor draw in downtown. The development of other improvements in the Downtown Vision Plan that improve the climate for infill commercial development and the renovation and revitalization of existing building properties should also be considered. This would include streetscape, urban design, and parking improvements.

V. OTHER SECTORS

This chapter of the report evaluates economic conditions and opportunities in other sectors of the economy not covered in the previous retail and tourism sections. Following the asset-based approach, the economic opportunities are identified based on the community's existing natural resources and local entrepreneurial talent.

NATURAL RESOURCES

WATER

The hot springs water is one of the most significant natural resources in the region, as noted by the name of the Town, drawn from the Native American term for healing waters, "PagOsah". In addition to the opportunity for additional hot springs spa development previously covered, there may be additional applications for use of the water and/or its allure to develop other types of businesses.

For example, consumer demand for bottled water is expected to grow at an annual rate of about 15 percent over the next five years, according to Beverage Marketing Corporation, a New York-based research and consulting firm. Bottled water sales in the U.S. rose 9.3 percent in 2000 to \$5.7 billion, the most recent year of available data.

The challenges associated with expanding the local economy are numerous, including water rights acquisition, capital for plant development, operations and marketing, integration into a competitive field of production and distribution, and shipping costs from a remote location. Nevertheless, the existing resource represents an opportunity to utilize the indigenous natural resources of the region in the new economy if a business development niche can be identified.

TIMBER

One of the more prominent reminders of past economic activity has been the timber mills. The former mills speak to the vast timber reserves that covered the region. Locals report that the timber industry was highly active from as early as 1850, peaking around 1920, with continued activity until approximately 15 years ago.

Due to US Forest Service cutbacks in logging, the future for this industry is limited. However, the production of log homes is a growing timber related industry that requires less logging production but still provides employment opportunities for the former logging workforce. There are several local craftsman operations generating two to three homes per year. In addition, there is a log home manufacturing plant with capacity for 75 to 100 homes per year. It currently processes logs for 20 to 25 homes per year with four employees. The plant uses timber shipped from the northwest (Oregon and Idaho) and processes the material locally, then ships the home-kits across the

country. Average wages fall in the range of \$15 to \$20 per hour. The plant was built in 1999 and the owner plans for significant expansion, with a corresponding increase in employees.

Pagosa Springs' remote location does not diminish demand or impact overall feasibility. Local demand is expected to grow, tied to the growth in second home development in the region.

REAL ESTATE

Land is the region's primary asset. Unlike many Colorado mountain communities, Pagosa Springs has a substantial supply of private land in an attractive setting with appeal for retirement and second home development. Over a five-year period, local housing production has averaged 320 units for the Town and the County combined. An additional 4,500 housing units are expected to be built over the 2005 to 2020 time period of which the majority will be second homes or retiree housing both of which can be considered to generate primary employment because these users are importing dollars into the region.

RANCHING

The region has a long history of ranching and agriculture. The ranching character has remained in the community and attracted current owners to purchase and preserve extensive tracts of land as ranches. New owners emphasize the ranching character, but the ranching activity is limited. Nevertheless, there are new variations on this historic business activity including:

- Parelli Natural Horsemanship ranch and training center is located in Pagosa Springs along with its business headquarters employing over 25 people. It is a thriving business and local economic development success story with 230,000 clients worldwide.
- The Galles Ranch has held a national cutting horse event in Pagosa Springs in past years. The event drew approximately 1,500 participants and 500 horses to Pagosa Springs. (The event was canceled for this past year due to traffic impacts on the local community that could not be mitigated.)
- The Sunnyside Meat processing plant in nearby Bayfield processes meat from locally grown sheep and cattle, as well as wildlife from hunting. It is the largest in the area and is the only plant in the region to be USDA approved. Although not located in Pagosa Springs, the operations can be tailored to local need and can process individual animals for single customers as well as larger orders. More importantly, the plant has the capability and flexibility to handle organic beef and deliver product to the market in conformance with all organic standards.

ENTREPRENEURSHIP

The above examples are the most visible examples of local economic development successes tied to local entrepreneurial talent and the region's natural resource base. The local economic base also includes other small businesses started by local entrepreneurs (also called "lone eagles or lone wolves") who have chosen the Pagosa Region as a place to live and therefore also as a place to work. Most of these businesses are sole proprietorships. However, some successful entrepreneurs generate sufficient business volume to necessitate support staff or a professional associate. While most businesses remain solo enterprises, a few end up employing one, two, or more employees, and a very few (maybe one out of 100) may turn into a larger business like Parelli employing 25 or more employees in the local economy.

It is impossible to determine exactly which entrepreneurships, if any, will turn into larger businesses. Certainly there are some areas of local clustering, including the equestrian and log home sectors. None however, are very large, and none represents a critical mass capable of synergistic growth. The keys to success therefore continue to lie with the attractiveness of Pagosa Springs first as a place to live, and second as a place to work.

This requires looking at economic development in a broader context. In traditional economic development, the importance of location factors such as labor force, utilities, and transportation costs have diminished in importance for many industries, particularly those tied to information and technology. The importance of a community as an attractive place to live for the business owner or the individual entrepreneur generally plays a larger or even deciding role in the business location decision. Economic development opportunity therefore requires an equal if not greater emphasis on the community development factors such as infrastructure (roads, water, sewer, drainage); community facilities and amenities (parks, libraries, shopping, recreation, and the arts); education and schools; and quality and diversity of housing, as shown in **Figure 6**.

Figure 6
Economic/Community Development Balance



KEY FACILITIES AND INFRASTRUCTURE

In addition to the elements that make a community desirable, what other elements do entrepreneurs look for and how can the region make itself more desirable? There are two key projects that will reduce the area's isolation and improve its ability to accommodate new economy industries: the airport improvements and additional water capacity.

AIRPORT

The Archuleta Regional Airport is currently a general aviation airport with one primary runway that has recently been upgraded by the FAA from a B-2 to a C-2 rating. The new rating will accommodate larger aircraft, up to four times the weight of the previous rating, that seat eight to ten passengers. There are 43 flights per day, based on the average of transient and local air traffic.

In the spring of 2005, the Fixed Base Operations Lease was purchased by Avjet Corporation for ten years, with an option to renew for another ten years. Avjet plans to provide charter service as well as manage the upgraded facility for jet owners. Avjet and the County are currently reviewing terms of the lease that included requirements that the County and FAA fund and build an expanded runway, provide a new fuel farm, and build a new hanger with offices.

WATER

Pagosa Springs must increase the quantity and quality of its traditional infrastructure to enable the community to develop its economic infrastructure. As noted frequently in a community meeting, water is the dominant issue. Based on interviews with Pagosa Area Water and Sewer (PAWS) board members, water storage is the priority at this time. Since 1987, PAWS has evaluated 13 reservoir sites and has narrowed the analysis to three. A single site has emerged as the optimal choice, based on topography, proximity, elevation relative to the supply network, and price. If a reservoir can be constructed at this site, the 37,000 acre-feet supply will far exceed demand over the next 40 years. Without this solution, current capacity can serve approximately 15 years of growth, or approximately 4,500 units based on an average rate of development of 300 units per year. The community has already recognized this issue as a priority. It must come together to ensure that a solution can be implemented.

VI. FISCAL IMPACTS AND NEEDS

This chapter addresses fiscal needs and potential revenue sources for the Town. A fiscal model is developed to evaluate the fiscal implications for the retail scenarios established in Chapter III. Iterations of each scenario are provided in **Appendix C, D, and E**. The final application of the model is to identify the fiscal differences between the options. Alternative revenue mechanisms have been tested to show what options are available to cover the difference between scenarios. The information is intended to inform policy makers about development options, their impact on Town funds, and steps that can be taken to increase Town resources.

FISCAL MODEL

METHODOLOGY

EPS developed a fiscal model for the Town to measure the estimated impacts of future development scenarios on the Town's budget. The model evaluates these fiscal impacts for three snapshots in time: 2010, 2015, and 2020. All revenues and expenditures are in constant 2005 dollars. The estimating methodologies used in the analysis are outlined below:

- **Case Study** - This refers to a specific calculation of the marginal revenues or expenditures derived from the scenarios based on detailed data. Case studies have been developed for revenue and expenditure sources when refined calculation methods are available (i.e., property taxes based on market value multiplied by the assessment ratio, multiplied by the applicable mill rate).
- **Per Capita** - This is an average revenue or expenditure measure based on existing levels of revenues or expenditures. The Town's 2004 budget is divided by the 2004 population to derive an average per capita multiplier.
- **Per Person Served** - This is an average revenue or expenditure measure based on the daytime population of a jurisdiction, accounting for the entire residential population and 50 percent of the non-resident employees working in the Town. The assumption is that a portion of the non-resident employment base impacts some services such as public safety. The Town's 2004 budget is divided by the estimated 2004 population served to derive an average persons served multiplier.

SCENARIOS

The following provides a brief description of each scenario developed for evaluation:

- **Scenario A (Baseline)** - Assumes a continuation of existing growth trends.

- **Scenario B (Large Format Discounter)** - Assumes a continuation of existing growth trends and the addition of a large format discount retailer of approximately 100,000 square feet.
- **Scenario C (Alternative Retailers)** - Assumes the Town recruits alternative mid-box retailer(s).

The amount of residential development and the resulting population was held constant in each of the scenarios as shown on **Table 31** based on the forecasts provided in Chapter I. By 2020, the Town is estimated to have a total 2,050 residents and approximately 1,048 residential units.

Scenario A (Baseline) has the smallest amount of non-residential development with 739,808 total square feet, of which 482,379 square feet is in the General Retail category. Scenario B (Large Format Discounter) has the largest amount of non-residential development with 779,808 total square feet of non-residential development of which 422,379 square feet of space is in the General Retail category, and 100,000 square feet of space is in the Large Format category. Scenario C (Alternative Retailers) has 769,808 total square feet, with 512,379 square feet as General Retail category.

Table 31
Development Scenario Summary, 2020
Pagosa Springs Economic Development Plan

Land Use	Scenario A (Baseline)	Scenario B (Large Format Discounter)	Scenario C (Alternative Retailers)
Population			
Permanent ¹	1,906	1,906	1,906
Seasonal ²	<u>144</u>	<u>144</u>	<u>144</u>
Subtotal	2,050	2,050	2,050
Residential (Units)			
Permanent	807	807	807
Seasonal	<u>241</u>	<u>241</u>	<u>241</u>
Total	1,048	1,048	1,048
Non-Residential (Sq. Ft.)			
Retail			
General Retail	482,379	422,379	512,379
Large Format	0	100,000	0
Non-Retail	<u>257,429</u>	<u>257,429</u>	<u>257,429</u>
Total	739,808	779,808	769,808

¹ Assumes a 5 percent vacancy (95 percent of units are occupied).

² Assumes seasonal residents occupy their seasonal homes 12.5 weeks or 24 percent of the year.

Source: Economic & Planning Systems

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REVENUES

Annual revenue for 2020 is shown in **Table 32** for each of the three scenarios and range from \$4.8 million to \$5.4 million. Property tax revenues were estimated based on a market value of \$300,000 per new residential unit, \$125 per square foot for retail, and \$75 per square foot for non-retail development. In addition to the additional revenue for new development, there are existing revenues associated with the existing level of development has been assumed to continue indefinitely in each of the three scenarios. The scenarios highlight different approaches to growth, moving forward. Using the 2004 certified assessment rates and mill levy, the property tax revenues range from \$85,809 for Scenario A (Baseline) to \$88,066 for Scenario C (Alternative Retailers) by 2020 as shown.

Sales tax revenues were estimated using sales factors of \$220 per square foot for general retail and \$400 per square foot for large format, based on the retail analysis described in the previous chapter. Existing sales and tax revenues are held constant in future years. By 2020, sales tax revenues are estimated to range from \$4.2 million for Scenario A (Baseline) to \$4.8 million for Scenario B (Large Format Discounter) as shown. The remaining revenues were estimated using standard per capita multipliers (Note: CDOT CMAQ Grant was conservatively held constant at its current level). Other Grants were not estimated due to the irregular and volatile nature of these revenues. Other Revenues are not estimated because they are primarily offset by related expenditures.

In total, Scenario A (Baseline) produces an estimated \$4.8 million in total annual revenues in 2020 compared to Scenario B (Large Format Discounter) with \$5.4 million in total revenues, and Scenario C with \$5.0 million in total revenues. The difference in total revenues produced by each scenario is largely attributable to the sales tax generation potential for each alternative, reflecting different levels of floor area and sales per square foot.

Table 32
Annual Revenue Summary, 2020
Pagosa Springs Economic Development Plan

Item	Scenario A (Baseline)	Scenario B (Large Format Discounter)	Scenario C (Alternative Retailers)
Revenues			
Taxes			
Property Tax	85,809	88,066	87,502
Sales Tax	4,041,284	4,559,596	4,168,928
Franchise Tax	67,190	67,190	67,190
Other Taxes	51,743	51,743	51,743
Subtotal	4,246,026	4,766,596	4,375,363
Licenses & Permits	48,215	48,215	48,215
Intergovernmental	0	0	0
County Road Funds	35,279	35,279	35,279
Sanitation Fees	71,735	71,735	71,735
Highway User Fees	69,126	69,126	69,126
CDOT CMAQ Grant	175,000	175,000	175,000
Other Grants ¹	0	0	0
Subtotal	351,140	351,140	351,140
Charges for Services	140,823	140,823	140,823
Fines & Forfeits	94,078	94,078	94,078
Other Revenues ²	0	0	0
Total Revenues	\$4,880,282	\$5,400,852	\$5,009,619

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

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EXPENDITURES

The annual expenditure forecast is provided in **Table 33** and ranges from \$4.4 million to \$4.7 million. The most significant finding is that the Town will benefit from surpluses in each of the three scenarios. Based on the Town's existing practices, the analysis assumed that 50 percent of sales tax revenues were spent on future capital improvements. These capital expenditures are estimated as a level of revenue available to be spent on capital items. Actual capital needs are expected to exceed available revenues. The Town is currently in the process of developing a capital improvement program (CIP) to identify these capital needs. As a result, estimated capital revenues range from \$2.0 million in Scenario A (Baseline) to \$2.3 million in Scenario B (Large Format Retailer).

The remaining expenditures were estimated using standard per capita and per person served multipliers. One-time grants such as the Court and LEAF Grants and Reserve expenditures were not estimated due to the irregular nature of these expenditures. Other Expenses were not estimated because these expenditures were directly offset by related revenue.

In total, Scenario A (Baseline) will require an estimated \$4.4 million in total expenditures in 2020. Scenario B (Large Format Discounter) will require an estimated \$4.7 million in total expenditures. By 2020, Scenario C (Alternative Retailers) will require an estimated \$4.5 million in total expenditures. The difference in total expenditures produced by each scenario is attributable to the difference in capital improvement expenditures, which are estimated based on sales tax revenues generated for each alternative.

Table 33
Expenditure Summary, 2020
Pagosa Springs Economic Development Plan

Item	Scenario A (Baseline)	Scenario B (Large Format Discounter)	Scenario C (Alternative Retailers)
Expenditures			
Administration			
General Government	832,639	832,639	832,639
One-Time Court Grant ¹	0	0	0
Planning	120,509	120,509	120,509
One-Time Historic Grant ¹	0	0	0
Subtotal	953,148	953,148	953,148
Public Safety	551,487	551,487	551,487
One-Time LEAF Grant ¹	0	0	0
Public Works	0	0	0
Streets	467,649	467,649	467,649
Other Divisions	<u>62,327</u>	<u>62,327</u>	<u>62,327</u>
Subtotal	529,976	529,976	529,976
Park & Recreation			
Park	173,932	173,932	173,932
One-Time Grant/IGA Expenditures ¹	0	0	0
Recreation	<u>195,508</u>	<u>195,508</u>	<u>195,508</u>
Subtotal	369,440	369,440	369,440
Capital Improvement	2,020,642	2,279,798	2,084,464
Reserve ¹	0	0	0
Other Expenses ²	0	0	0
Total Expenditures	\$4,424,693	\$4,683,849	\$4,488,515

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

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NET FISCAL IMPACT

Based on the amount and type of growth (large sales tax generating uses) anticipated, each of the scenarios produces a balanced net fiscal impact as shown on **Table 34**. Scenario B (Large Format Discounter) generates a net increase of \$261,000 more than Scenario A and \$196,000 more than Scenario C.

Table 34
Net Fiscal Impact, 2020
Pagosa Springs Economic Development Plan

Item	Scenario A (Baseline)	Scenario B (Large Format Discounter)	Scenario C (Alternative Retailers)
Total Revenues	\$4,880,282	\$5,400,852	\$5,009,619
Total Expenditures	\$4,424,693	\$4,683,849	\$4,488,515
Surplus/Deficit¹	\$455,589	\$717,003	\$521,105

¹ Not including future CIP needs.

Source: Town of Pagosa Springs; Economic & Planning Systems

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ALTERNATIVE REVENUE OPTIONS

As stated above, the Town’s CIP now under development is expected to identify capital needs in excess of future revenues, even under the most optimistic scenario. The fiscal impact analysis included a review of the Town’s existing and potential revenues sources. Based on this review, several alternative revenues options are described in **Table 35** that could become supplemental sources of revenue for CIP needs. The sales, property, and use tax alternatives as well as the activity fees and business licenses fees would be recurring revenue sources. However, impact fees would be a one-time revenue resource.

The alternative revenue options are a menu of possibilities to bridge the gap between the greater revenues in Scenario B and to generate additional revenue for CIP needs.

Table 35
Summary of Alternative Revenues Mechanisms
Pagosa Springs Economic Development Plan

Options	Factor	Description	Revenue
Sales Tax	N/A	Increase current rate from 2.0% to 2.5% (increase of 0.5%)	\$1,010,000
Property Tax	N/A	Increase current rate from 1.557 Mills to 10.000 Mills (increase of 8.443 Mills)	\$463,000
Use Tax	N/A	Impose a 2.0% Use Tax	\$79,000
Activity Fees	40,000	\$0.50 Activity fee assuming each visitor engages in one activity	\$20,000
	80,000	\$0.50 Activity fee assuming each visitor engages in two activities	\$40,000
Business Licenses	1,712	\$100 per business per year	\$171,000
Impact Fees ¹	N/A	Impose a roadway impact fee of \$2,000/residential unit and \$5.00/SF of non-residential space	\$829,102

¹Figure represents the annual average for these one-time revenues. Includes Town and Pagosa Area fees.

Note: All figures included are based on Scenario A (Baseline) development alternative for 2020.

Source: Economic & Planning Systems

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Sales Tax

Increasing the Town's sales tax rate by 0.5 percent (from 2.0 percent to 2.5 percent) could result in an additional \$1,010,000 of new annual revenues by 2020. **Table 36** illustrates this calculation in detail. This alternative option would equally impact existing and future Town and County residents and business that shop in Pagosa Springs as well as visitors to the Town.

Table 36
Sales Tax Increase, 2010-2020
Pagosa Springs Economic Development Plan

Land Use	Factors	2010	2015	2020
Taxable Sales				
General Retail	\$220 \$/SF	31,294,120	24,200,000	24,200,000
Large Format	\$400 \$/SF	0	0	0
Net-New Future Sales		\$31,294,120	\$24,200,000	\$24,200,000
Cumulative Future Sales		\$31,294,120	\$55,494,120	\$79,694,120
Annual Sales Tax Revenues - Rate Increase				
Existing	0.50% Tax Rate	646,329	646,329	646,329
Future Development	0.50% Tax Rate	156,471	277,471	398,471
Total Additional Tax Revenues		\$802,799	\$923,799	\$1,044,799
Proceeds to Town¹	96.70% Effective Rate	\$776,307	\$893,314	\$1,010,321

¹ Accounts for 3.3 percent discount given to merchants for prompt filling of sales tax returns.

Source: Economic & Planning Systems

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Property Tax

Increasing the property tax mill levy from 1.557 mills to 10.000 mills would result in an additional \$460,000 of new annual revenues by 2020 as shown on **Table 37**. This alternative would generate 46 percent of the revenue in the sales tax increase option. The net impact of a \$150,000 home would be about \$100 per year and about \$200 on a \$300,000 home.

Table 37
Property Tax Increase, 2010-2020
Pagosa Springs Economic Development Plan

Description	Market Value	Factors ¹	Assessed Values & Revenues		
			2010	2015	2020
Future Residential Assessed Value	\$/Unit \$300,000	Assess. Rate 7.96%	1,289,520	1,194,000	1,313,400
Future Non-Residential Assessed Value					
Retail	\$/SF	Assess. Rate			
General Retail	\$125	29.00%	5,156,418	3,987,500	3,987,500
Large Format	\$125	29.00%	0	0	0
Non-Retail	\$75	29.00%	1,571,264	1,305,000	1,305,000
Subtotal			\$6,727,681	\$5,292,500	\$5,292,500
Net-New Future Assessed Value			\$8,017,201	\$6,486,500	\$6,605,900
Cumulative Future Assessed Value			\$8,017,201	\$14,503,701	\$21,109,601
Annual Property Tax Revenues		Mill Levy			
2004 Existing Base		8.443	284,966	284,966	284,966
Future Development		8.443	<u>67,689</u>	<u>122,455</u>	<u>178,228</u>
Total			\$352,656	\$407,421	\$463,195

¹ Assumes 2004 assessment and mill levy rates.

Source: Economic & Planning Systems

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Use Tax

Imposing a use tax on building materials and garden retail purchases of 2.0 percent would result in an additional \$77,365 of new annual revenues by 2020. A use tax charges individuals for the use of materials purchased outside of Archuleta County but used within Archuleta County. The use tax allows the Town to recapture some of the lost revenue from building materials and garden retail sales leakage to other communities (e.g., Durango's Home Depot).

A use tax proposal was defeated in a recent election, in spite of the fact that it would have only minimal impacts on local residents. Any future efforts to pass the tax will need to include a program to educate voters about the benefits and impacts of imposing this tax.

Activity Fee

Imposing an activity fee of \$0.50 per activity per visit could result in an additional \$40,000 of new annual revenues by 2020. The new annual revenue is calculated based on two scenarios: (1) each visitor only engages in one activity per visit and (2) each visitor engages in two activities per visit. An activity fee charges visitors for use of municipal activities (e.g. hot springs or visitor center).

Business License Fees

Charging businesses an average of \$100 business license fee each year could result in an additional \$171,200 of new annual revenues by 2020. Based on the projected increase in retail square footage (114%) the total number of business should grow from 800 to 1,712 by 2020. This figure is an estimate based on an average fee per business. Typically, business license fees are calculated based on the number of employees.

Impact Fees

Imposing an impact fee could provide one-time revenues for large capital improvements. Impact fees typically cover the capital costs for infrastructure to serve new development potentials including water, sewer, roadway, parks, open space, and recreation. Supportable impact fees will be determined in a later study based on a specified capital improvement plan. Implementing a Road Impact Fee estimated at \$2,000 per residential unit and \$5.00 per square foot of non-residential space (comparable to other communities) would produce an estimated \$730,000 to \$830,000 in annual revenues as shown on **Table 38**. Based on the location of growth, 77 percent of the resources (\$637,000 per year in 2015–2020) would be in the County and 23 percent of the revenues (\$192,000 per year in 2015–2020) would be in the Town.

Table 38
Estimated Roadway Impact Fees
Scenario A - Baseline
Pagosa Springs Economic Development Plan

Land Use	Factors	Annual Average		
		2010	2015	2020
Pagosa Springs				
Net New Residential (Units)		9	10	11
Net New Non-Residential (Sq. Ft.)		35,748	34,000	34,000
County Adjacent to Pagosa Springs				
Net New Residential (Units)		266	291	319
Pagosa Springs				
Residential Fees	\$2,000	18,000	20,000	22,000
Non-Residential Fees	\$5.00	<u>178,740</u>	<u>170,000</u>	<u>170,000</u>
Subtotal		\$196,740	\$190,000	\$192,000
County Adjacent to Pagosa Springs				
Residential Fees	\$2,000	\$532,932	\$582,293	\$637,102
Total Fees		\$729,672	\$772,293	\$829,102

Source: Economic & Planning Systems

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Based on this analysis, a 0.5 cent sales tax increase and a \$2,000 per unit Road impact fee have the ability to generate significant annual revenues dedicated to capital needs. Sales tax revenues could be dedicated to any specified capital need while impact fees would be restricted to financing capital costs associated with new growth only.

VII. ECONOMIC DEVELOPMENT STRATEGIES

This section of the report presents a series of preliminary recommended policies and actions to implement the overall goals and objectives and the economic development opportunities identified in the previous chapters. The recommended policies and actions will be reviewed with the community in a public meeting format.

The Plan goals and objectives emphasize the importance of a healthy economy -- including growth in employment and income, retail and lodging sales, and tourism and visitation. A healthy economy also generates the sales taxes and other governmental revenues that support the community facilities and services needed and desired by residents.

1. Maintain and expand downtown Pagosa Springs as a community asset and tourism attraction.

The historic downtown business district is the focal point of the community and location of important government, civic, and business functions. It is also an important retail commercial district that is in the process of evolving from a traditional shopping area to a more specialized restaurant, entertainment, and specialty retail area. These commercial functions, including the restaurants and shops, and the hot springs spa and pool, serve both the local and visitor markets.

The economic analysis indicates that an improved historic downtown commercial district is an essential element of future tourism growth in Pagosa Springs. The recently completed *Downtown Pagosa Springs Conceptual Master Plan* provides a long range vision for the revitalization and expansion of downtown. This economic development plan endorses the concept of downtown revitalization and investment as beneficial to the Town's economic and fiscal health and opportunities for economic growth and expansion.

The Downtown Conceptual Master Plan also suggests some early actions or implementation steps that can help achieve the vision including improvements Lewis Street, parking improvements, and river corridor restoration. The Economic Plan is broader in scope and does not evaluate or endorse specific improvements for downtown. It recommends that the Town engage in further community input to identify and prioritize specific downtown improvements and investments, identify costs for recommended improvements, develop a public financing strategy, and develop a long-term management entity, such as a Downtown Development Authority, Business Improvement District, or the Main Street Program.

Actions:

1. Based on community input, adopt a downtown master plan outlining a long term vision for downtown revitalization and investment.
2. Develop a more specific short term implementation strategy identifying project priorities, responsibilities, and funding.
3. Identify an ongoing downtown management organization and structure.

2. Balance commercial development in the uptown and downtown areas.

The “uptown” commercial area has become the primary location for community-serving convenience and comparison goods stores. Over the last 20 years, it has captured the majority of the new commercial development, and given the recent approval of the Aspen Village project, has the potential to capture significant additional development. The commercial market is likely to continue to concentrate in uptown due to the presence of City Market as the largest commercial anchor and the critical mass of complementary space. Left unchecked, uptown commercial development could be detrimental of downtown, unless the community actively attempts to balance these commercial development opportunities. The Town should try to direct specialty retail, restaurant, and entertainment uses to downtown and community serving retail uses to uptown.

The Town should also monitor existing and new commercial activity to understand the level of success each area is achieving. The Town should develop a business license program as a method to provide a statistical database on commercial development and as a revenue source.

Actions:

1. Adopt and implement a business license program collecting data on commercial operations by size, type, location, and employment level.
2. Provide quarterly sales tax analysis by type of business and geography with business license data to track economic trends.
3. Modify commercial zoning in uptown and downtown to influence the type and mix of development in each area.

3. Manage and control the development of “big box” and other mass merchandise retailers and promote local retailers and regional retailers in scale with the community.

A major focus of the economic development study addressed the economic and fiscal effects of a potential large format big box retailer on the Town. The findings indicate a big box retailer would generate a net increase of 57 percent higher sales tax revenues over the next 15 years compared to continuing the current store mix. However, this would be at the expense of a considerable loss of business to existing Pagosa Springs retailers. It would also result in the loss of an opportunity to attract a second supermarket chain to the area.

The alternative to large box retailers is to support the development and expansion plans of local retailers and to target and recruit alternative general merchandise retailers that provide similar community benefits to large-format retailers at a scale more compatible with local conditions. There are several retailers that operate in western communities like Pagosa Springs that provide general merchandise, furniture and home furnishings, and electronics and appliances, but operate at a scale that is compatible with small towns.

Actions:

1. Enact a permanent ordinance with a maximum individual retail store size cap of 55,000 square feet.
 2. Require an economic impact report (EIR) on retail stores of 25,000 to 55,000 square feet to demonstrate the business positively contributes to the economic health of the community.
 3. Develop a retail marketing and recruitment plan to pursue mid-box regional retailers compatible with the existing retail mix.
- 4. *Expand tourism business through additional development of the Town's hot springs and promotion of the area's natural recreational resources.***

The tourism analysis indicates a potential for additional tourism growth by diversifying the visitor mix to Pagosa Springs. The demographic mix of second homeowners is already increasing through higher land and housing costs and greater exposure to the California market. The high potential opportunities include a more exclusive spa development and more equestrian oriented events and activities.

There is also potential for additional visitation and better utilization of the existing fixed assets of the community, including the hot springs spa and pool, and area lodging and shopping facilities, through additional promotions and marketing. This will require a funding source to implement the marketing program.

Actions:

1. Promote additional private and/or public development of the hot springs resources for additional tourism.
 2. Promote existing equestrian events and develop additional equestrian oriented events.
 3. Increase the lodging tax from 1.9 percent to 4.0 percent to raise an additional \$200,000 for marketing and advertising to target out of state markets.
- 5. *Capitalize on the region's attractiveness as a place to live and on its natural resource base to promote "new economy" businesses and industries.***

The region's historic economic base is centered on timber and ranching. A number of new businesses have been successfully developed by combining local entrepreneurial talent to the natural resources of the region including Parelli Natural Horsemanship. The new economic base also includes other small businesses started by local entrepreneurs who have chosen Pagosa Springs as a place to live and therefore also as a place to work. It is impossible to determine exactly which entrepreneurships, if any, will turn into larger businesses. The keys to success therefore continue to lie with the attractiveness of Pagosa Springs first as a place to live, and second as a place to work.

The importance of a community as an attractive place to live for the business owner or the individual entrepreneur generally plays a larger or even deciding role in the

business location decision. Economic development opportunity therefore requires an equal if not greater emphasis on the community development factors such as infrastructure (roads, water, sewer, drainage); community facilities and amenities (parks, libraries, shopping, recreation, and the arts); education and schools; and quality and diversity of housing.

Actions:

1. The Town should develop a capital improvement program (CIP) identifying the most important infrastructure improvements needed to support Pagosa Springs as a high quality place to live and work.
2. These improvements should include streets and roads, but should also include amenities that support the other economic development goals including downtown and the airport.

6. *Identify and implement additional funding sources for capital needs.*

The Town currently funds capital improvements with a discretionary allocation of 50 percent of sales tax revenues. The CIP is likely to identify needs in excess of existing funding capabilities. A 1/2 cent sales tax increase and the implementation of road impact fees are preliminarily identified as potential ways to address these projected revenue needs. Because most of the residential development is expected to continue to occur in the County, the imposition of impact fees will require the cooperation and participation of Archuleta County.

Actions:

1. Evaluate the feasibility of increasing the Town/County sales tax by ½ cent to fund the improvement of capital facilities in the already developed areas of the community.
2. Impose road and potentially also affordable housing impact fees to address the capital needs and impacts of new development.
3. Evaluate the feasibility of creating a consolidated Town and County government.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX A:
COMMUNITY MEETING COMMENTS

Community Meeting Summary January 2005

Describe a success story in Pagosa Springs from the recent past

- Four Corners Folk Festival, Music in the Mountains
- Parelli and Galles horse businesses and related events
- Paving roads in Town of Pagosa Springs
- River restoration/The Springs Resort
- New High School and Community Center
- Strong support for the arts
- Prospect of a successful planning/visioning process
- Successful local businesses: Wolftracks Coffee and Book Shop, Ace Hardware expanding into full service home improvement center, Hart Construction
- Cleanup of sawmill property
- Upgrading/renovation of many older downtown buildings

What are the top three economic issues Pagosa Springs is facing?

- Water, infrastructure and community service needs, and money to pay for them
- Preserving/protecting natural resources, impact of development on resources
- Low wages, rising cost of living and taxes, housing costs, gap between rich and poor
- Big Box retail development and impact on local businesses
- Impact of growth on community services, e.g. health care, schools, infrastructure
- More diversity in new businesses, larger economic base, less dependence on tourism

What type of commercial growth best reflects the community character you would like to see?

- Competing grocery store
- Small, owner operated businesses with local identity as distinguished from national franchises
- More competition among businesses so overall prices go down (e.g. gas and groceries specifically)
- Jobs that will allow young people to move back to Pagosa
- Light manufacturing, more diverse employment, white collar professional/intellectual jobs, and jobs using intellectual capital
- Outdoor education, retreats, study centers

Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

- Traffic through downtown, truck bypass
- Water, sewer, roads, etc.
- Some type of land use control or zoning
- Combine municipal services, reduce duplicate efforts of Town and County governments
- Trails, parks, recreation facilities, youth facilities, cultural facilities
- Replace aging school facilities
- Better health services and facilities for aging population

1. Describe a success story in Pagosa Springs from the recent past.

2. What are the top three economic issues facing Pagosa Springs?

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Too many people only concerned about making a lot of money. The Chamber of Commerce is trying to get everyone to move here. People will stop coming in when the quality of living goes down.

I am building 5 townhomes. They were all sold before ground was broken. And we have 2 reservations on future phases. My teenagers have good friends, other parents help build relationships with my kids, give them jobs, look out for them.

Cost of development in impact fees. Struggling retail business-Seasonality. Lack of labor force and opportunities for younger people. Anticipating growth that outpaces similar communities – raising money for it and maybe not seeing it materialize.

Definitely protected local business (retail small). Professional services and/or satellite businesses without need of product inventory necessarily, without need of airport and trucking so much.

Trails. Sports facilities (ice skating rink, kayak course), music venues

Successes involving students in the schools in many fields. Generosity of businesses for charitable events.

*4-corners folk festival. Combination success/failure - bowling alley in a strange building with terrible management. Still a big need unfulfilled and a missed resource. Victoria's Parlor - consistency and care which is not always found here-except in food service.

c/c economic growth with safety and "small town" qualities. Benefits!! And reasonable employment. Employment which is broader than tourism/service. Increase light and clean manufacturing. Wages vs. cost of living.

Local businesses where we know the owners and we have a relaxed, informal atmosphere for shopping, etc.

Local businesses professionally run. And increase light manufacturing - not so tourist dependent as long as it is clean and healthy for environment.

*Control traffic through downtown. More user-friendly trails, parks as the CVC plan proposes.

Diversity of population and involvement in community.

The development of our real estate and the impact on our natural resources. "Big box" stores and their possible impact on our town. The impact resort properties purchase of 250-300 lots will have on our town. Re: real estate prices, impact on resources, ability to service the additional population. *Housing costs for the working population.

I would like to see the preservation of local and small business and the support and development of these businesses. I have lived in Denver, Phoenix, Vail and Breckenridge. I have left these areas because of the over-development of the large commercial ski resorts. I like the small town business and decisions made on a local level for the benefit of the business owner and the community as a whole.

We absolutely most preserve our natural environment! This must be a priority in our decisions.

1. Describe a success story in Pagosa Springs from the recent past.

Parelli savvy conference 2000 visitors, 3 nights, weekend after Labor Day. Galles cutting horse competition speech team. Folk festival. Music school programs. Generosity of local business. 4 traffic lights. Clean up of sawmill property children in community.

Can't say, only been here a year.

The CVC is a success story. It has made us think about who we are and what we want to be as a community. As in the recent movie "The Village" we still need the greater world community - we can not keep out growth. The CVC has made us face that issue.

The wonderful development of the "Springs" to please its customers.

Election of two new county commissioners. City Market expansion.

2. What are the top three economic issues facing Pagosa Springs?

Water. Health care. Roads. Affordable housing. Police. Deputies. Jobs above minimum wage. Professional jobs. Social infrastructure. Master plan town and county. Commercial travel. Broadband infrastructure.

If big boxes come in it will drive out local businesses. Increased people increased problems, i.e. Denver, Aspen! If McCoo? comes in it will ruin our way of life, the tourists won't come to Pagosa at all. Fear of increased taxes. We have limited water resources - we have to think about that!

Water resources are probably the most pressing issue. Secondly would be medical services for an aging population. A living wage would be 3rd. If that issue is not addressed, we will see a two class society - "Rich man-poor man."

Recovery from 9/11/01. Ability to make a living. To properly manage its inevitable growth.

We do not have the infrastructure to support our needs or income to improve infrastructure. Any influx of school age kids from proposed Wolf Creek development would create economic problems for our schools. Utilities, water, sewer.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Joy automotive. Farmer markets, arts, cultural. Commercial growth should be special, not national retailers of franchises. Outdoor retailers. Activities hiking, skiing, US Olympic team. Specialty fields. Small conventions, outward bound. Outdoors education. Small locally owned business entertainment. Light industry tortilla factory.

A competing different grocery store so prices decrease. Not become another pricey millionaires club like Aspen! No big boxes. No bed 'n bath stores. Cheaper gas prices; cheaper in Del Norte than here! No further "development: cause ugliness sprawl and block open space.

If we expect to compete with online shopping and other communities I believe we have no choice but to accept big boxes. Keep the tax dollars here.

Local small business who can compete with "Big Box".

Create incentives for more art-related activities to attract tourist. Pagosa as an Arts Destination. Service-related companies in the Tech Area, or Service in the Communications Area.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

River walk area. Open space. Reservoir Hill. Folk Fest. Balloon Rally. Combine municipal services. Postal facilities. Library.

Consider the larger senior population. Home healthy. Better health services.

Replacement of aging school facilities. Infrastructure - roads, water, sewer, electric, phone, internet, etc. Law enforcement must grow as well, with increasing population, increasing crime.

Develop the geothermal natural resource.

Strong communication backbones. Tax incentives for targeted companies.

1. Describe a success story in Pagosa Springs from the recent past.

The EPA came "down" on town to pave roads. This cleaned our environment here at town center. Also, many grants for projects such as River walk, river restoration has also improved town without raising taxes. I have been here for 25 years. We used to have a 6 mo. business and had a home here and a home in New Mexico.

I lived here in 98 and 1999 and moved away in 2000. I bought a house in 2003 as my main residence. 4 signals in town and Fairfield. A safe town. It's early to say, but I'm optimistically assuming this CVC/Town/County visioning/planning process is on course to be a huge success. The initial meeting have at least served to get much of the community off-center and in motion. There is momentum to direct how.

Young couple moved to Pagosa, found jobs at Parelli, purchased a comfortable home and take their horses riding and established horse shoeing business first summer.

2. What are the top three economic issues facing Pagosa Springs?

I know of a tired couple that tried to find skilled labor to make home and yard improvements and became so frustrated with those who came to do jobs (unqualified) that they are selling and leaving for Ohio. Very dependent on state and federal economy (tourism base). Need more diversity in what business comes to Pagosa. Keep out big boxes. Water is a major factor for all of this. Consider the large senior population in your study.

An enlarged economic base, not just tourism and realty companies. Small town feel or big run of the mill city. Keeping the living cost reasonable to keep a work force here. Hospital. Roads. County zoning.

Direction (type of) growth. Water supply to support more growth - or not. Identify and implement a sustainable economic model/plan.

Regulations house values and cost of living. Lack quality employment (wages). Leakage (minimum options, unaccountable/unprofessional business in town. Lack of tax base resulting in infrastructure (roads, parks).

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

We need more competition, another grocery store. Our gasoline prices are always higher than the national average. We are 20 cents/gallon higher than Farmington, NM right now. I think we need to encourage low impact, clean industries to come here to support our tax base.

Small local business with an individual feel, not Wal-Mart, Marshalls, Dillons, etc.

Limit franchises based upon incoming growth (population). Prefer private businesses - large concerns like Wal-Mart kept at bay. Only "clean" enterprises. Excellent communications infrastructure (broadband) to support "lone eagle" home-based businesses.

Small to medium business, low industry, moderate commercial.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

We need better health services and "home health" for sure for the seniors. County road maintenance.

Road and water.

Analyze water availability allowing a ceiling and growth and building permits issued. Pagosa to include PLPOA and Fairfield. Water storage and better roads. I can't imagine 30,000 people driving on gravel roads without creating huge and horrible dust clouds that blur out the beauty of the mountains.

Roads, zoning, new driver's license guy. More grocery competition. Improved river walk. (Tech) utility upgrades: cell service. No centurytel, better access to modern amenities.

1. Describe a success story in Pagosa Springs from the recent past.

My own: I lived here 3 years, moved away for 1 year and returned 7 months ago. City Market addition (Big Box?). We need a competitor. New high school and community center. 4 Corners Folk Festival.

I moved here in 83, at that time the only paved road in town was Hwy 160. Now most roads are paved in town. Gradually most buildings have been upgraded. The old sawmill was at Jct of 160 54 was an eye sore and was finally cleaned up a couple of years ago.

Stopping Piano Creek development which would have devastated our natural river flow and natural environment.

The continual development of the arts.

Born and raised here. Worked as teacher aide, substituted at public school and Head Start. My husband was county commissioner for 19 years. Two children graduated from CSHS. My husband and I owned a grocery store and locker plant. My son would like to live here if there were something for him to do.

2. What are the top three economic issues facing Pagosa Springs?

Controlled growth. Keep it the way it is vs. "develop" it to bring in high end tourist and part time residents. Water Hospital. Broader economic base.

Increase housing cost, largest increase in last 6 months than in past 2 years combined. Water supply xxx. Keeping up with road improvements. Sales leakage to Durango and Farmington.

Jobs creation. Livable wage. Continual increase in tourism. Preservation of our small, natural resources.

Creating job opportunities. Growth management. Stable tax base.

No jobs for young kids and other. No discount stores. No transportation to Durango and other.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Local business - owned by people who live here.

We need restaurants that will be open from 6am to at least 10pm and during Christmas for our tourist along Furniture store. A second grocery chain store. A 500 seat convention center allowing for groups like lions club or midsize conventions to come in.

Local business, opportunities or businesses to support tourism, recreational opportunities, small unique restaurant.

Small local business. Lodging.

Job opportunities so that my son can move back to Pagosa.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Adequate tax base. Town boundaries to include PLPOA+D27 and Fairfield. One "community".

We need some type of zoning. Cleaning up our main highway corridors. Combining town and county government services so we speak with one voice and eliminate duplication.

Bike trails, recreational opportunities, public swimming, trails and parks around river way. Bypass for trucks.

Development of parks and open space while it is still possible to do so. Plan for parking. Development of a master plan.

Improve and add to the progress for downtown.

1. Describe a success story in Pagosa Springs from the recent past.

Handcrafted Interiors - a high quality handcrafted interiors gallery now 8 years old. New community center. New high school. New on-line daily newspaper - "Pagosa Daily Post"

The Southwest Land Alliance assisting landowners who protect open space using conservation easements. Archuleta County providing the development process of Rural Cluster Development.

His 'n Hers truck accessories retail store (relatively new to area - 1^{1/2} years).

Hart Construction moved into town, built Hart's Rock Mountain Retreat and Hart Construction. Fast growing clean businesses with a high degree of customer satisfaction. Employs over 100 people, non-polluting and highly visible.

Development of Town Hall and Community Center. Music In the Mountains Summer Classical Music.

4 Corner Folk Festival!!!! Notwithstanding the controversy CVC has brought forth an integrated plan (possibility) into pretty much a vacuum. Now there's LOTS of community interest. Downtown business owners - lots of beautification on Pagosa St/Louis St. Archuleta County Education Center - Alternative High School.

2. What are the top three economic issues facing Pagosa Springs?

Big service sector equates to lowest average income, highest demand on social services, health services, housing, court system - all under pressure from state and federal funding cuts.

Taxes, taxes, taxes. Who pays for the increased cost of services that come with growth and development? Most areas have increasing taxes. Can impact fees prevent these tax increases?

Resources (water, etc.). Affordable housing. Decent paying jobs with benefits.

Reliance on tourism and its inherent peaks and valleys both seasonal and otherwise. Lack of diversity of business opportunities. Lack of reliable employment pool.

Growth management. Job opportunities. Stable tax base.

Affordable housing. Living wage. Lack of medical insurance. Aging population.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Local business - outdoors, nature-oriented retail and NPOS, and educational organizations, conservation orgs., environmental orgs. - this is the setting for all 'green orgs and compatriots, e.g. Parelli e.g. research.

Small local family owned - can provide personal service.

Local businesses that can offer the same options as national retailers.

Local businesses epitomize our unique character. Chains or national retailers need to be forced to meet our "vision" requirements.

Local business - restaurants, shops, entertainment, lodging.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Better pay a lot of attention to the sociological fallout of growth - the lowest 1/3 of income families.

Aome way to make it possible for growth and development to pay its own way, to pay for all of its impacts rather than be a burden on the community and taking away our small town and open space.

Traffic control. More effective snow plowing. Better road maintenance.

Traffic control. And rerouting to be our priority. Paving and maintenance of county roads.

River trail system. Tourist-oriented enterprises - lodging, restaurants, boutiques. Parks and recreation. Public Parking. Trolley System. Parking and traffic management.

Concern? Water availability (limited) affecting growth. Appropriate medical services - medical health service needs analysis.

1. Describe a success story in Pagosa Springs from the recent past.

Big Box Moratorium. CVC bringing knowledgeable experts into the planning process. School board being brought into the process of future planning.

1) Renovation of businesses along Pagosa and Lewis Streets 2) Jann Pitcher Real Estate internal and external remodel of a previously unattractive building. 3) Town Hall & Community Center. 4) Continued upgrade of The Springs. 5) Development of Riverwalk.

1) Development of rec department in town - began in '79-'80 with one part time employee 2) Chamber of Commerce in 1978 was 1 pt. time employee (\$100 per month) located in the present arts building in park.

The liberty theater in downtown Pagosa has been in business for over 85 years. Recent improvements and upgrades have kept the business thriving and growing despite the growth of competing theatre business in Durango and other surrounding large communities.

The Unfortunate Sausage - good food for locals - a place for a hot breakfast and community

Wolftracks Coffee & book Shop

2. What are the top three economic issues facing Pagosa Springs?

Revenues to pay for increased demand for services - police, medical. Wages and attracting higher paying "clean" jobs.

1) Impact of Big Box, 2) Uncontrolled Growth 3) Lack of Impact fees 4) Survival of local businesses 5) Affordable housing for families & workforce 6) Need for Zoning

Employment. Maintaining affordable housing for "working" population. The historical and continued tension between what we call the 269 and the 731 prefix communities. The impact upon those that founded this community & area, the Hispanic population as a work force and their lifestyles as well as taxation

Lack of diversified economic base. Seasonality of economy. Remote location limiting manufacturing and mainly cost of goods shipped in or out.

People working four jobs just to get by. No commerce base. Few professional well paying jobs outside of government, which is very political. Worker base - not skilled, insecure. Retirees as growth industry

Water

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

1) light manufacturing 2) Warp to support and encourage local businesses and entrepreneurship 3) No franchises or big box 4) Aesthetically pleasing commercial construction 5) Employment that provides a living wage & benefits 6) Employment beyond tourism

Well planned mix plus intentional "destination" businesses (recreation, big outlet mall like Silverthorne, Costco - good employer & only one for 250 miles), etc. Need light industrial business for under skilled workers to develop indigenous product -> tortilla factory?

A managed and controlled local/small business atmosphere providing a good diversity of ownership and broad customer base.

More access to the mineral springs - more spa facilities. Value added industries in agriculture & recreation - mostly local businesses with a few national retailers

moderately priced better quality restaurant. No big boxes - maybe Target.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

* Facilities for children and youth. Skate parks, recreation center, swimming. Not enough focus on youth!

1) Schools 2) Medical services including specialists 3) Recreation Center 4) Arts/cultural performing center

Basic services - road, water, sewer, & trash

Infrastructure improvement - roads, water, sewer. Built to sustain growth without constant upgrade and continued as growth continues.

More/better traffic lights. Water everywhere - no one should have to haul. Performing arts center. Schools cater to a wider range of students. Better police force.

Better roads.

1. Describe a success story in Pagosa Springs from the recent past.

All the people that have moved here and stayed. All of us who have chosen to live here and will retire here consider ourselves successful. Why in the last three years, you don't get it (history, family, community, etc)
Cleanup of sawmill property

Good man's. San Juan Labor Company the only industry we've ever had closed by the environmentalists.

Development and expansion of the spa.

Ace Hardware - small business - lumber and logs expanded with success as full service construction & home improvement store

Taught at Pagosa Springs High School for 28 years. Four of my children graduated from there. Five did well in college. My husband retired from the USFS after 30 years

2. What are the top three economic issues facing Pagosa Springs?

Not enough certified licensed quality workers
gas prices, parking

Low sales tax revenue, job creation, creating larger economic base.

When all this growth comes to Pagosa, what happens to the local people that have lived here all their lives, will we be able to pay our own taxes? All this fancy talking amounts to one thing only, they want to turn Pagosa into another Vail. We don't want that!

Low wages. Lack of hard-core industry. High dollar changes and improvements paid for by tax payers living on Pagosa's wage scale

Growth of retail establishments and control of them. Sufficient health care facilities. Development of Hot Springs Blvd.

affordable housing competitive living wages and affordable health care

No jobs for young kids No commercial travel facilities for seniors and others. No industry for jobs - lumber mill shut down.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

quality

franchising, indoor arena

national retailers and anyone who generates large sales tax revenue & jobs

More ranching. More timber harvest mature and dead trees. Less development due to water availability

Local small businesses. Small national retailers (i.e. Trader Joe's).

Health care facilities.

Discount stores. Some kind of industry/chain store - maybe Penney's?

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Dam

city water, sewer

hospital, paved streets, reliable water supply

Remove tall trees & shrubs East 160 improve sight distance 8th St.

Community College - more park/green space. Hiking and bike trails. More recreation facilities. Art museum. Performing arts center. Larger airport. Improved health care services.

Out-of-town shopping centers. Out-of-town housing. Keep downtown pretty. Better roads. Traffic control. Keep our Junior High and 5th/6th grade buildings - just fix.

1. Describe a success story in Pagosa Springs from the recent past.

Maybe this town or county planning. Been here 6 years and the county was just starting vision committees for county plan. Chimney Rock archeological area is a partnership with the FS to provide archeological tours to the public with volunteer help only. The volunteer, nonprofit group received a permit from the Forest Service last year to operate this program, which would otherwise be unavailable to the public.

Three seems to be more interest in the performing arts. A new large format (cultural center theater, art gallery, building needs to be considered). The high school is too busy to handle it all

Great development of the Chamber of Commerce. Individual "resident" interest in community growth/direction

The upgrading of almost all of the older downtown buildings. I assume a business is doing well if it can expand or remodel

2. What are the top three economic issues facing Pagosa Springs?

Saving local businesses. Encourage light industry in bus. Parks. Stop strip mall highway businesses that stretch from Pagosa Springs to Durango
Because the community is so heavily weighted with retirees we may not have adequate workforce. Because the community is seasonal, it is difficult to maintain stable living, successful wages. Because of the small community size, our government officials are very influenced by the construction/real estate segment and they have thus been able to avoid paying for the impacts of their actions - no impact fees. Water availability.

The huge prices David Brown is paying for local property are going to elevate all realistic prices and consequently our own property taxes!!

Water. Water. Water.

Living Wage. Deteriorating infrastructure (roads, bridges, lack of money to upkeep fire/police/courts/medical services). Rising cost of housing and land

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Local businesses. Small businesses. Light industry in industrial parks

Locally owned business. We need a community "grand image" and should then require conformance to same

Local business, especially art galleries! I don't think franchises or national retailers will help our town's spirit or its character. Growth is fine, but keep it on a small scale - Wal-Mart's, etc. would destroy that.

No big box. Local business. Need to keep feeling and appearance of a small mountain town.

Local businesses, owner operated. Recreational opportunities. Environmentally sound (clean) small manufacturing. Cultural events center. Expanded recycling.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Emergency hospital care 24/7 and performing arts center.

Strong land use regulations. Pave & improve roads and bridges. Provide emergency medical services. Better sheriff's dept. coordination or consolidation for special districts.

Small businesses that can survive more than a year or so. An improvement in park areas - in size and appearance.

Retention of historical buildings. Little change in downtown building appearance due to their quaint small town appearance. Retention of Mary Fischer clinic. More open/public spaces without expropriating homes or land for public use.

Downtown parking. Cultural arts center with theatre, gallery, classrooms, etc. Extended public transportation.

1. Describe a success story in Pagosa Springs from the recent past.

The four corners folk festival grew from small event to drawing from further in 4 corners/Santa Fe/Denver/Colorado Springs. Would help if not on Labor Day weekend, as this is busy for lodging and restaurants. Need more "events" in shoulder season to even out economy.

Living in a small town - low crime - family oriented events - personal touch New High School. New community center. The springs resort. The new uptown grocery store

Riverwalk. Springs Expansion. High school and theatre/stage. Schools in general. Use of downtown for kids - skating, pond, tubing, skateboard park. Community Center/Teen center.

Defeat of Wolf Creek Valley development. West fork project

Hot springs. Parelli

Affordable housing both ownership and rental has been built with reasonable community support and financed by USDA, HUD, & CHFA

2. What are the top three economic issues facing Pagosa Springs?

Stable incomes. Better funded public services - parks, etc. Better taxing from outside sources - raise lodging tax? Get more ad \$ for tourism from state. Downtown parking spaces

Water. Hospitals Roads. Property Taxes Too fast of growth. Lack of zoning. HWY 160 needs truck by-pass

Cost of living. Effect of national economy on tourism. Comprehensive planning.

Roads. Excessive taxes with nothing to show for them. The proposed Economic projects will benefit a few. I do not foresee the middle income and the fixed income individuals gaining. They stand to lose more than gain. Leave Pagosa alone.

Economic and age diversity. Job creation

Professional job opportunities outside real estate, schools, and government. When some goes to college, where or what is there to come back to.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Continue small local businesses. Have chamber of Commerce aid in "Special group" advertising of local businesses and special sales, etc. Get some training for restaurant, motel, and retail employees to improve relations with visitors so they feel welcome and will return.

No Wal-mart. Costco and Target okay.

Small owner-occupied businesses. Small owner occupied manufacturing/internet businesses. Cater to retirees more than tourists. Keep the Downtown "local oriented" over "resort oriented." We have too many ugly gas stations.

For downtown Pagosa, local business serving the local community seems to be the healthiest and most viable for stability. For example, barbershops and drug stores keep locals coming downtown. Reasonably priced restaurants, the movie theatre, all keep downtown alive

I like to see small businesses encouraged. Assembly type employment that can be done by people that otherwise would not be employable.

Well-regulated mixture

White collar professional jobs. Consulting others. Intellectually based employment.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Better roads, more parking in town, more cultural events.

Roads. Hospitals. Preserve natural wild life as it is. Re-route 160. Limit strip development. A natatorium/health center. Parking improvements downtown and a comprehensive parking plan. Limited parking in front of stores.

Roads and parking. Open spaces and parks. River access.

Small town character. Better roads.

Parks. River amenities. Hike/bike. Swimming pool. Healthcare. Swimming pool. Teen rec center. New Jr High and middle school. Public transit to Durango. Regional 6 out wider communication area.

1. Describe a success story in Pagosa Springs from the recent past.

Kids from our public schools are allowed 3 ski days a year. The biology class can walk down to the river to do projects. People on limited budgets can enjoy Wolf Creek in various spots for sledding. Children can still walk downtown, ride their bikes, skateboard, and visit the candy shop. Parents appreciate this.

Parelli International Study Center Natural Horsemanship - grown from a small school to an international study center. Hundreds if not thousands of people come to Pagosa for their courses/training every year and they are still growing

My two daughters (24 and 21) who were raised here and are currently kicking up their hills in Laguna, CA. They are immersed in Orange County but still have the wisdom to see what a small mountain town like Pagosa can offer. They love to come back several times a year. Keep this a place that allow others to make memories.

2. What are the top three economic issues facing Pagosa Springs?

Road and bridge needed more. Deputies sheriffs department. Hospital services

Lack of employment opportunities with reasonable wages and benefits. Seasonality of employment.

Small businesses don't seem to be able to make it here. I don't feel they do a business case/economic feasibility study for market analysis. There doesn't seem to be a plan for types of businesses to attract. A town/county master plan needs to be created.

Water. Refuse. Medical. Water. Water. Water. Water. Water.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Local businesses. Constrained franchises. Riverwalk left open. No condominiums. Keep in cultural character in all buildings. No drive-thru windows at restaurants.. Use existing buildings for office business settings.

Small businesses of all types and varieties. Smaller, light industry. Clean industry.

As a previous survey indicated, education/training for outdoors is a top economic producer. How about attracting "outward bound"/Girl Scout/Boy Scout Retreats/Management Conference Retreats/Fishing Schools/US Olympic team training/Covered arena with fairgrounds to attract numerous horsemanship activities/art classes/writing classes/photography for a week/skiing/snowboarding school/Naturalist study center.

The big box. Local business.

Local businesses. Clean industry. Outdoors, arts, and music.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Improved roads. More traffic control. Business services expanded major buildings outside. The immediate town area. Nothing over 2 stories to block views.

More focus on benefits for youth and seniors. Help for families living on edge. Plan for growth, but let the plan reflect a small town look and style, not a "planned community" look.

Expand postal services. Expand library facilities and move to where municipal complex will be relocated. Create heavy truck bypass at 6th Street to Hwy 84.

Adequate medical.

The improvements in artchitecture should reflect our moutnaing community. Not Aspen or Vail. We are not a resort but community.

1. Describe a success story in Pagosa Springs from the recent past.

I think Parelli making their world headquarters in Pagosa is a great asset. It was a good combined effort with Region 9, the Town, the state, some help with HEDA. If 30 new excellent jobs are formed, that would be great.

The expansion and development of the hot springs/The Spring Spa area along Hot Springs Blvd. Pagosa County Center on the west end of Pagosa Springs has a positive economic influence and the architectural side is a step above what is currently available in the town.

2. What are the top three economic issues facing Pagosa Springs?

Making sure that there is a fair regulation on Big Box stores as it might be beneficial for the town if properly regulated. Space for small businesses with reasonable lease rates. Trying to diversify the economy and have less dependency on tourism and construction.

Availability of quality paying jobs. Unavailability of job pool. If growth continues at this rate, what will happen to property taxes?

Balanced economy. Work force quality and quantity. We need impact fees to new businesses along the HWY 160 corridor.

3. What type of commercial growth best reflects the community character you would like to see? (For example, franchises, national retailers, local business, etc.)

Some national retailers with cosmetic regulations. With these retailers, the prices should be lower than a high end mom & pop.

Local businesses. Businesses that have low environmental impact - i.e. research, computer

We need to encourage small businesses within a balanced business profile with larger businesses. Provide incentives in the form of tax and partnerships to encourage new businesses which bring new jobs to this community.

4. Because of its strong setting and sense of community, Pagosa Springs is likely to attract growth. What public improvements would you like to see to prepare for that growth?

Take advantage of the river corridor and add more trails. However, we need to make sure that the current residents here can afford to stay.

Ability to provide water to all areas - especially if Village at Wolf Creek is developed. Road maintenance. Traffic through town.

Water supply. County maintained collector and arterial roads. River corridor and trail development.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX B:

PAGOSA SPRINGS DOWNTOWN RETAILERS

**Appendix B Table 1
Pagosa Springs Downtown Retailers
Pagosa Springs Economic Development Plan**

Business	Type	Business	Type
Antique Shop	Antique Shop	Pagosa Sun Newspaper	Newspaper
audio store	Audio Store	Diamond Dave's	Pawn Shop
Car Quest	Auto Shop	Jackish Pharmacy	Pharmacy
Joy Automotive - empty	Auto Shop	Pagosa Photography - empty	Photography
Old Chevron	Auto Shop	United Country Real Estate	Real Estate
Ler'er Rip	Clothing Store	Paul Nobels Real Estate	Real Estate
Cool Heads	Clothing Store	Pagosa Land Company	Real Estate
Happy Trails	Clothing Store	Four Seasons Real Estate	Real Estate
Switchback Mountain Gear	Clothing Store	Jim Smith Realty	Real Estate
Goodman's	Department Store	Pagosa Bar	Restaurant
Movie Theater - recently sold	Entertainment	Victoria's Parlor	Restaurant
Moonlight Books	Gift/Book	The Rose Restaurant	Restaurant
candy store	Gift/Book	Elkhorn Cafe	Restaurant
Edelweiss	Gift/Book	Lewis Street Subway	Restaurant
Taminah Gallery	Gift/Book	Tortillas	Restaurant
Agape Gifts	Gift/Book	Mullins Barber Shop	Service
Neon Sun Monograms Plus	Gift/Book	A Smile by Design	Service
Christmas in Pagosa Old Town Village	Gift/Book	Shear Talk	Service
Victoria's	Gift/Book	Pagosa Insurance	Service
Silver Mine	Gift/Book	Laundromat	Service
Treasures of the Rockies	Gift/Book	Touch of the Tropics	Service
Kid and Kaboodle	Gift/Book	FDR South Survey	Service
Home Again	Home Furnishings	Pagosa Ski Rental	Service
Classic Stoves	Home Furnishings	Pagosa Skin Therapy	Service

Source: Town of Pagosa Springs; Economic & Planning Systems

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**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX C:
SCENARIO A (BASELINE)
FISCAL ANALYSIS

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Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Table # Name

Fiscal Impact Analysis

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Table 1
Budget Trends, 2002-2004
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Item	2002		2003		2004	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues						
Taxes						
Property Tax	48,136	1%	49,723	2%	52,941	1%
Sales Tax	2,565,427	53%	2,423,377	75%	2,500,000	66%
Other	<u>88,629</u>	2%	<u>98,352</u>	3%	<u>101,000</u>	3%
Subtotal	2,702,192	55%	2,571,452	80%	2,653,941	70%
Licenses & Permits	28,662	1%	40,800	1%	41,000	1%
Intergovernmental	457,048	9%	457,648	14%	827,932	22%
Charges for Services	66,365	1%	11,984	0%	119,750	3%
Fines & Forfeits	87,068	2%	78,000	2%	80,000	2%
Other Revenues ¹	<u>1,527,831</u>	<u>31%</u>	<u>67,039</u>	<u>2%</u>	<u>79,000</u>	<u>2%</u>
Total Revenues	\$4,869,166	100%	\$3,226,923	100%	\$3,801,623	100%
Expenditures						
Administration	737,723	13%	821,083	25%	850,017	22%
Public Safety	391,581	7%	423,857	13%	420,938	11%
Public Works	465,827	8%	493,539	15%	450,669	12%
Park & Recreation	311,436	5%	358,995	11%	659,156	17%
Capital Improvement ²	2,415,019	41%	1,202,400	36%	1,250,194	33%
Reserve	0	0%	-32,806	-1%	91,650	2%
Other Expenses ³	<u>1,552,416</u>	<u>26%</u>	<u>59,855</u>	<u>2%</u>	<u>79,000</u>	<u>2%</u>
Total Expenditures	\$5,874,002	100%	\$3,326,923	100%	\$3,801,624	100%
Surplus/Deficit (Before Reserves)	-\$1,004,836	---	-\$100,000	---	-\$1	---

¹ Includes \$1.3 million in loan proceeds for the community center in 2002.

² Includes \$1.2 million in expenditures related to the town hall construction project in 2002.

³ Includes \$1.3 million in expenditures related to the community center construction project in 2002.

Source: Town of Pagosa Springs; Economic & Planning Systems

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Table 2
Development Forecast, 2004 - 2020
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Land Use	2004	2010	2015	2020
Residential (Units)				
Permanent	685	726	765	807
Seasonal	<u>205</u>	<u>217</u>	<u>228</u>	<u>241</u>
Total	889	943	993	1,048
Non-Residential (Sq. Ft.)				
Retail				
General Retail	120,133	262,379	372,379	482,379
Large Format	0	0	0	0
Non-Retail	<u>65,187</u>	<u>137,429</u>	<u>197,429</u>	<u>257,429</u>
Total	185,320	399,808	569,808	739,808

Source: Economic & Planning Systems

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Table 3
Demographic & Employment Data, 2004 - 2020
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Item	Factors		2004	2010	2015	2020
Population						
Permanent ¹	2.49	95%	1,621	1,715	1,807	1,906
Seasonal ²	2.49	24%	<u>122</u>	<u>129</u>	<u>136</u>	<u>144</u>
Subtotal			1,743	1,844	1,943	2,050
Employment³						
Resident Employees	---	20%	706	855	1,006	1,183
Non-Resident Employees	---	80%	<u>2,823</u>	<u>3,420</u>	<u>4,023</u>	<u>4,732</u>
Subtotal			3,528	4,275	5,029	5,915
Persons Served⁴						
Population	---	---	1,743	1,844	1,943	2,050
Non-Resident Employees ⁵	---	50%	<u>1,411</u>	<u>1,710</u>	<u>2,012</u>	<u>2,366</u>
Subtotal			3,155	3,554	3,955	4,416

¹ Assumes a 5 percent vacancy (95 percent of units are occupied).

² Assumes seasonal residents occupy their seasonal homes 12.5 weeks or 24 percent of the year.

³ Split based on EPS' estimate.

⁴ Persons served is defined as population plus 50 percent of employees.

⁵ To avoid double counting people, only non-resident employees were included.

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceA4-15.xls\Pop-Emp

Table 4
Budget Summary & Estimating Methodologies, 2004
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Item	2004 Budget	Factor	Description
Revenues			
Taxes			
Property Tax	52,941	---	Case Study
Sales Tax	2,500,000	---	Case Study
Franchise Tax	57,000	\$64.09	Per Unit
Other Taxes	<u>44,000</u>	\$25.24	Per Capita
Subtotal	2,653,941		
Licenses & Permits	41,000	\$23.52	Per Capita
Intergovernmental			
County Road Funds	30,000	\$17.21	Per Capita
Sanitation Fees	61,000	\$34.99	Per Capita
Highway User Fees	58,782	\$33.72	Per Capita
CDOT CMAQ Grant	175,000	---	Case Study - Held at 2004 Amount
Other Grants	<u>503,150</u>	---	Not Estimated ¹
Subtotal	827,932		
Charges for Services	119,750	\$68.69	Per Capita
Fines & Forfeits	80,000	\$45.89	Per Capita
Other Revenues	79,000	---	Not Estimated ²
Total Revenues	\$3,801,623		
Expenditures			
Administration			
General Government	708,041	\$406.17	Per Capita
One-Time Court Grant	10,500	---	Not Estimated ¹
Planning	102,476	\$58.78	Per Capita
One-Time Historic Grant	<u>29,000</u>	---	Not Estimated ¹
Subtotal	850,017		
Public Safety	393,938	\$124.88	Per Person Served
One-Time LEAF Grant	27,000		
Public Works			
Streets	397,669	\$228.12	Per Capita
Other Divisions	<u>53,000</u>	\$30.40	Per Capita
Subtotal	450,669		
Park & Recreation			
Park	147,904	\$84.84	Per Capita
One-Time Grant/IGA Expenditures	345,000	---	Not Estimated ¹
Recreation	<u>166,252</u>	\$95.37	Per Capita
Subtotal	659,156		
Capital Improvement	1,250,194	---	Case Study - 50% of Sales Tax
Reserve	91,650	---	Not Estimated ¹
Other Expenses	79,000	---	Not Estimated ²
Total Expenditures	\$3,801,624		

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscal\ScenA4-15.xls\Budget

Table 5
Property Tax Revenues, 2004 - 2020
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Description	Market Value	Factors ¹	Assessed Values & Revenues			
			2004	2010	2015	2020
Future Residential Assessed Value	\$/Unit \$300,000	Assess. Rate 7.96%	---	1,289,520	1,194,000	1,313,400
Future Non-Residential Assessed Value						
Retail	\$/SF	Assess. Rate				
General Retail	\$125	29.00%	---	5,156,418	3,987,500	3,987,500
Large Format	\$125	29.00%	---	0	0	0
Non-Retail	\$75	29.00%	---	1,571,264	1,305,000	1,305,000
Subtotal				\$6,727,681	\$5,292,500	\$5,292,500
Net-New Future Assessed Value			---	\$8,017,201	\$6,486,500	\$6,605,900
Cumulative Future Assessed Value			---	\$8,017,201	\$14,503,701	\$21,109,601
<hr/>						
Annual Property Tax Revenues		Mill Levy				
2004 Existing Base		1.557	52,941	52,941	52,941	52,941
Future Development		1.557	0	<u>12,483</u>	<u>22,582</u>	<u>32,868</u>
Total			\$52,941	\$65,424	\$75,523	\$85,809

¹ Assumes 2004 assessment and mill levy rates.

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceA4-15.xls\Prop Tax

Table 6
Sales Tax Revenues, 2004 - 2020
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Land Use	Factors	2004	2010	2015	2020
Taxable Sales					
General Retail	\$220 \$/SF	---	31,294,120	24,200,000	24,200,000
Large Format	\$400 \$/SF	---	0	0	0
Net-New Future Sales			\$31,294,120	\$24,200,000	\$24,200,000
Cumulative Future Sales			\$31,294,120	\$55,494,120	\$79,694,120
Annual Sales Tax Revenues					
Existing	2.00% Tax Rate	2,500,000	2,500,000	2,500,000	2,500,000
Future Development	2.00% Tax Rate	0	625,882	1,109,882	1,593,882
Total Tax Revenues		\$2,500,000	\$3,125,882	\$3,609,882	\$4,093,882
Proceeds to Town^{1&2}	96.70% Effective Rate	\$2,500,000	\$3,105,228	\$3,573,256	\$4,041,284

¹ Accounts for 3.3 percent discount given to merchants for prompt filling of sales tax returns.

² \$2.5 million in existing revenues includes the vendor discount (represents the effective revenues).

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalScenA4-15.xls\Sales Tax

Table 7
Net Fiscal Impact, 2004 - 2020
Scenario A - Baseline
Pagosa Springs Fiscal Impact Analysis

Item	2004	2010	2015	2020
Revenues				
Taxes				
Property Tax	52,941	65,424	75,523	85,809
Sales Tax	2,500,000	3,105,228	3,573,256	4,041,284
Franchise Tax	57,000	60,461	63,665	67,190
Other Taxes	44,000	46,549	49,043	51,743
Subtotal	2,653,941	3,277,662	3,761,488	4,246,026
Licenses & Permits	41,000	43,375	45,699	48,215
Intergovernmental				
County Road Funds	30,000	31,738	33,439	35,279
Sanitation Fees	61,000	64,534	67,992	71,735
Highway User Fees	58,782	62,188	65,520	69,126
CDOT CMAQ Grant	175,000	175,000	175,000	175,000
Other Grants ¹	503,150	0	0	0
Subtotal	827,932	333,460	341,950	351,140
Charges for Services	119,750	126,688	133,476	140,823
Fines & Forfeits	80,000	84,635	89,170	94,078
Other Revenues ²	79,000	0	0	0
Total Revenues	\$3,801,623	\$3,865,821	\$4,371,784	\$4,880,282
Expenditures				
Administration				
General Government	708,041	749,063	789,198	832,639
One-Time Court Grant ¹	10,500	0	0	0
Planning	102,476	108,413	114,222	120,509
One-Time Historic Grant ¹	29,000	0	0	0
Subtotal	850,017	857,476	903,420	953,148
Public Safety	393,938	443,872	493,854	551,487
One-Time LEAF Grant ¹	27,000	0	0	0
Public Works				
Streets	397,669	420,709	443,250	467,649
Other Divisions	53,000	56,071	59,075	62,327
Subtotal	450,669	476,780	502,325	529,976
Park & Recreation				
Park	147,904	156,473	164,857	173,932
One-Time Grant/IGA Expenditures ¹	345,000	0	0	0
Recreation	166,252	175,884	185,308	195,508
Subtotal	659,156	332,357	350,165	369,440
Capital Improvement	1,250,194	1,552,614	1,786,628	2,020,642
Reserve ¹	91,650	0	0	0
Other Expenses ²	79,000	0	0	0
Total Expenditures	\$3,801,624	\$3,663,100	\$4,036,392	\$4,424,693
Surplus/Deficit (before reserves)	-\$1	\$202,721	\$335,391	\$455,589

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceA4-15.xls\Net Fiscal



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX D:
SCENARIO B (LARGE FORMAT DISCOUNTER)
FISCAL ANALYSIS

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Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

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Table 3 Demographic & Employment Data, 2004 - 2020
Table 4 Budget Summary & Estimating Methodologies, 2004
Table 5 Property Tax Revenues, 2004 - 2020
Table 6 Sales Tax Revenues, 2004 - 2020
Table 7 Net Fiscal Impact, 2004 - 2020

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Table 1
Budget Trends, 2002-2004
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Item	2002		2003		2004	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues						
Taxes						
Property Tax	48,136	1%	49,723	2%	52,941	1%
Sales Tax	2,565,427	53%	2,423,377	75%	2,500,000	66%
Other	<u>88,629</u>	2%	<u>98,352</u>	3%	<u>101,000</u>	3%
Subtotal	2,702,192	55%	2,571,452	80%	2,653,941	70%
Licenses & Permits	28,662	1%	40,800	1%	41,000	1%
Intergovernmental	457,048	9%	457,648	14%	827,932	22%
Charges for Services	66,365	1%	11,984	0%	119,750	3%
Fines & Forfeits	87,068	2%	78,000	2%	80,000	2%
Other Revenues ¹	<u>1,527,831</u>	<u>31%</u>	<u>67,039</u>	<u>2%</u>	<u>79,000</u>	<u>2%</u>
Total Revenues	\$4,869,166	100%	\$3,226,923	100%	\$3,801,623	100%
Expenditures						
Administration	737,723	13%	821,083	25%	850,017	22%
Public Safety	391,581	7%	423,857	13%	420,938	11%
Public Works	465,827	8%	493,539	15%	450,669	12%
Park & Recreation	311,436	5%	358,995	11%	659,156	17%
Capital Improvement ²	2,415,019	41%	1,202,400	36%	1,250,194	33%
Reserve	0	0%	-32,806	-1%	91,650	2%
Other Expenses ³	<u>1,552,416</u>	<u>26%</u>	<u>59,855</u>	<u>2%</u>	<u>79,000</u>	<u>2%</u>
Total Expenditures	\$5,874,002	100%	\$3,326,923	100%	\$3,801,624	100%
Surplus/Deficit (Before Reserves)	-\$1,004,836	---	-\$100,000	---	-\$1	---

¹ Includes \$1.3 million in loan proceeds for the community center in 2002.

² Includes \$1.2 million in expenditures related to the town hall construction project in 2002.

³ Includes \$1.3 million in expenditures related to the community center construction project in 2002.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceB4-15.xls]Budget Summary

Table 2
Development Forecast, 2004 - 2020
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Land Use	2004	2010	2015	2020
Residential (Units)				
Permanent	685	726	765	807
Seasonal	<u>205</u>	<u>217</u>	<u>228</u>	<u>241</u>
Total	889	943	993	1,048
Non-Residential (Sq. Ft.)				
Retail				
General Retail	120,133	242,379	332,379	422,379
Large Format	0	100,000	100,000	100,000
Non-Retail	<u>65,187</u>	<u>137,429</u>	<u>197,429</u>	<u>257,429</u>
Total	185,320	479,808	629,808	779,808

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceB4-15.xls\Buildout

Table 3
Demographic & Employment Data, 2004 - 2020
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Item	Factors		2004	2010	2015	2020
Population						
Permanent ¹	2.49	95%	1,621	1,715	1,807	1,906
Seasonal ²	2.49	24%	<u>122</u>	<u>129</u>	<u>136</u>	<u>144</u>
Subtotal			1,743	1,844	1,943	2,050
Employment³						
Resident Employees	---	20%	706	855	1,006	1,183
Non-Resident Employees	---	80%	<u>2,823</u>	<u>3,420</u>	<u>4,023</u>	<u>4,732</u>
Subtotal			3,528	4,275	5,029	5,915
Persons Served⁴						
Population	---	---	1,743	1,844	1,943	2,050
Non-Resident Employees ⁵	---	50%	<u>1,411</u>	<u>1,710</u>	<u>2,012</u>	<u>2,366</u>
Subtotal			3,155	3,554	3,955	4,416

¹ Assumes a 5 percent vacancy (95 percent of units are occupied).

² Assumes seasonal residents occupy their seasonal homes 12.5 weeks or 24 percent of the year.

³ Split based on EPS' estimate.

⁴ Persons served is defined as population plus 50 percent of employees.

⁵ To avoid double counting people, only non-resident employees were included.

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceB4-15.xls\Pop-Emp

Table 4
Budget Summary & Estimating Methodologies, 2004
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Item	2004 Budget	Factor	Description
Revenues			
Taxes			
Property Tax	52,941	---	Case Study
Sales Tax	2,500,000	---	Case Study
Franchise Tax	57,000	\$64.09	Per Unit
Other Taxes	<u>44,000</u>	\$25.24	Per Capita
Subtotal	2,653,941		
Licenses & Permits	41,000	\$23.52	Per Capita
Intergovernmental			
County Road Funds	30,000	\$17.21	Per Capita
Sanitation Fees	61,000	\$34.99	Per Capita
Highway User Fees	58,782	\$33.72	Per Capita
CDOT CMAQ Grant	175,000	---	Case Study - Held at 2004 Amount
Other Grants	<u>503,150</u>	---	Not Estimated ¹
Subtotal	827,932		
Charges for Services	119,750	\$68.69	Per Capita
Fines & Forfeits	80,000	\$45.89	Per Capita
Other Revenues	79,000	---	Not Estimated ²
Total Revenues	\$3,801,623		
Expenditures			
Administration			
General Government	708,041	\$406.17	Per Capita
One-Time Court Grant	10,500	---	Not Estimated ¹
Planning	102,476	\$58.78	Per Capita
One-Time Historic Grant	<u>29,000</u>	---	Not Estimated ¹
Subtotal	850,017		
Public Safety	393,938	\$124.88	Per Person Served
One-Time LEAF Grant	27,000		
Public Works			
Streets	397,669	\$228.12	Per Capita
Other Divisions	<u>53,000</u>	\$30.40	Per Capita
Subtotal	450,669		
Park & Recreation			
Park	147,904	\$84.84	Per Capita
One-Time Grant/IGA Expenditures	345,000	---	Not Estimated ¹
Recreation	<u>166,252</u>	\$95.37	Per Capita
Subtotal	659,156		
Capital Improvement	1,250,194	---	Case Study - 50% of Sales Tax
Reserve	91,650	---	Not Estimated ¹
Other Expenses	79,000	---	Not Estimated ²
Total Expenditures	\$3,801,624		

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscal\ScenB4-15.xls\Budget

Table 5
Property Tax Revenues, 2004 - 2020
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Description	Market Value	Factors ¹	Assessed Values & Revenues			
			2004	2010	2015	2020
Future Residential Assessed Value	\$/Unit \$300,000	Assess. Rate 7.96%	---	1,289,520	1,194,000	1,313,400
Future Non-Residential Assessed Value						
Retail	\$/SF	Assess. Rate				
General Retail	\$125	29.00%	---	4,431,418	3,262,500	3,262,500
Large Format	\$125	29.00%	---	3,625,000	0	0
Non-Retail	\$75	29.00%	---	1,571,264	1,305,000	1,305,000
Subtotal				\$9,627,681	\$4,567,500	\$4,567,500
Net-New Future Assessed Value			---	\$10,917,201	\$5,761,500	\$5,880,900
Cumulative Future Assessed Value			---	\$10,917,201	\$16,678,701	\$22,559,601
<hr/>						
Annual Property Tax Revenues		Mill Levy				
2004 Existing Base		1.557	52,941	52,941	52,941	52,941
Future Development		1.557	0	16,998	25,969	35,125
Total			\$52,941	\$69,939	\$78,910	\$88,066

¹ Assumes 2004 assessment and mill levy rates.

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceB4-15.xls\Prop Tax

Table 6
Sales Tax Revenues, 2004 - 2020
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Land Use	Factors	2004	2010	2015	2020
Taxable Sales					
General Retail	\$220 \$/SF	---	26,894,120	19,800,000	19,800,000
Large Format	\$400 \$/SF	---	40,000,000	0	0
Net-New Future Sales			\$66,894,120	\$19,800,000	\$19,800,000
Cumulative Future Sales			\$66,894,120	\$86,694,120	\$106,494,120
Annual Sales Tax Revenues					
Existing	2.00% Tax Rate	2,500,000	2,500,000	2,500,000	2,500,000
Future Development	2.00% Tax Rate	0	1,337,882	1,733,882	2,129,882
Total Tax Revenues		\$2,500,000	\$3,837,882	\$4,233,882	\$4,629,882
Proceeds to Town^{1&2}	96.70% Effective Rate	\$2,500,000	\$3,793,732	\$4,176,664	\$4,559,596

¹ Accounts for 3.3 percent discount given to merchants for prompt filling of sales tax returns.

² \$2.5 million in existing revenues includes the vendor discount (represents the effective revenues).

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalScenB4-15.xls\Sales Tax

Table 7
Net Fiscal Impact, 2004 - 2020
Scenario B - Large Format Discounter
Pagosa Springs Fiscal Impact Analysis

Item	2004	2010	2015	2020
Revenues				
Taxes				
Property Tax	52,941	69,939	78,910	88,066
Sales Tax	2,500,000	3,793,732	4,176,664	4,559,596
Franchise Tax	57,000	60,461	63,665	67,190
Other Taxes	<u>44,000</u>	<u>46,549</u>	<u>49,043</u>	<u>51,743</u>
Subtotal	2,653,941	3,970,681	4,368,283	4,766,596
Licenses & Permits	41,000	43,375	45,699	48,215
Intergovernmental				
County Road Funds	30,000	31,738	33,439	35,279
Sanitation Fees	61,000	64,534	67,992	71,735
Highway User Fees	58,782	62,188	65,520	69,126
CDOT CMAQ Grant	175,000	175,000	175,000	175,000
Other Grants ¹	<u>503,150</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	827,932	333,460	341,950	351,140
Charges for Services	119,750	126,688	133,476	140,823
Fines & Forfeits	80,000	84,635	89,170	94,078
Other Revenues ²	79,000	0	0	0
Total Revenues	\$3,801,623	\$4,558,840	\$4,978,578	\$5,400,852
Expenditures				
Administration				
General Government	708,041	749,063	789,198	832,639
One-Time Court Grant ¹	10,500	0	0	0
Planning	102,476	108,413	114,222	120,509
One-Time Historic Grant ¹	<u>29,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	850,017	857,476	903,420	953,148
Public Safety	393,938	443,872	493,854	551,487
One-Time LEAF Grant ¹	27,000	0	0	0
Public Works				
Streets	397,669	420,709	443,250	467,649
Other Divisions	<u>53,000</u>	<u>56,071</u>	<u>59,075</u>	<u>62,327</u>
Subtotal	450,669	476,780	502,325	529,976
Park & Recreation				
Park	147,904	156,473	164,857	173,932
One-Time Grant/IGA Expenditures ¹	345,000	0	0	0
Recreation	<u>166,252</u>	<u>175,884</u>	<u>185,308</u>	<u>195,508</u>
Subtotal	659,156	332,357	350,165	369,440
Capital Improvement	1,250,194	1,896,866	2,088,332	2,279,798
Reserve ¹	91,650	0	0	0
Other Expenses ²	79,000	0	0	0
Total Expenditures	\$3,801,624	\$4,007,352	\$4,338,096	\$4,683,849
Surplus/Deficit (before reserves)	-\$1	\$551,488	\$640,482	\$717,003

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceB4-15.xls\Net Fiscal



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX E:
SCENARIO C (ALTERNATIVE RETAILERS)
FISCAL ANALYSIS

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Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

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Table 6 Sales Tax Revenues, 2004 - 2020
Table 7 Net Fiscal Impact, 2004 - 2020

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Table 1
Budget Trends, 2002-2004
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Item	2002		2003		2004	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues						
Taxes						
Property Tax	48,136	1%	49,723	2%	52,941	1%
Sales Tax	2,565,427	53%	2,423,377	75%	2,500,000	66%
Other	<u>88,629</u>	2%	<u>98,352</u>	3%	<u>101,000</u>	3%
Subtotal	2,702,192	55%	2,571,452	80%	2,653,941	70%
Licenses & Permits	28,662	1%	40,800	1%	41,000	1%
Intergovernmental	457,048	9%	457,648	14%	827,932	22%
Charges for Services	66,365	1%	11,984	0%	119,750	3%
Fines & Forfeits	87,068	2%	78,000	2%	80,000	2%
Other Revenues ¹	<u>1,527,831</u>	<u>31%</u>	<u>67,039</u>	<u>2%</u>	<u>79,000</u>	<u>2%</u>
Total Revenues	\$4,869,166	100%	\$3,226,923	100%	\$3,801,623	100%
Expenditures						
Administration	737,723	13%	821,083	25%	850,017	22%
Public Safety	391,581	7%	423,857	13%	420,938	11%
Public Works	465,827	8%	493,539	15%	450,669	12%
Park & Recreation	311,436	5%	358,995	11%	659,156	17%
Capital Improvement ²	2,415,019	41%	1,202,400	36%	1,250,194	33%
Reserve	0	0%	-32,806	-1%	91,650	2%
Other Expenses ³	<u>1,552,416</u>	<u>26%</u>	<u>59,855</u>	<u>2%</u>	<u>79,000</u>	<u>2%</u>
Total Expenditures	\$5,874,002	100%	\$3,326,923	100%	\$3,801,624	100%
Surplus/Deficit (Before Reserves)	-\$1,004,836	---	-\$100,000	---	-\$1	---

¹ Includes \$1.3 million in loan proceeds for the community center in 2002.

² Includes \$1.2 million in expenditures related to the town hall construction project in 2002.

³ Includes \$1.3 million in expenditures related to the community center construction project in 2002.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceC4-15.xls]Budget Summary

Table 2
Development Forecast, 2004 - 2020
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Land Use	2004	2010	2015	2020
Residential (Units)				
Permanent	685	726	765	807
Seasonal	<u>205</u>	<u>217</u>	<u>228</u>	<u>241</u>
Total	889	943	993	1,048
Non-Residential (Sq. Ft.)				
Retail				
General Retail	120,133	272,379	392,379	512,379
Large Format	0	0	0	0
Non-Retail	<u>65,187</u>	<u>137,429</u>	<u>197,429</u>	<u>257,429</u>
Total	185,320	409,808	589,808	769,808

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceC4-15.xls\Buildout

Table 3
Demographic & Employment Data, 2004 - 2020
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Item	Factors		2004	2010	2015	2020
Population						
Permanent ¹	2.49	95%	1,621	1,715	1,807	1,906
Seasonal ²	2.49	24%	<u>122</u>	<u>129</u>	<u>136</u>	<u>144</u>
Subtotal			1,743	1,844	1,943	2,050
Employment³						
Resident Employees	---	20%	706	855	1,006	1,183
Non-Resident Employees	---	80%	<u>2,823</u>	<u>3,420</u>	<u>4,023</u>	<u>4,732</u>
Subtotal			3,528	4,275	5,029	5,915
Persons Served⁴						
Population	---	---	1,743	1,844	1,943	2,050
Non-Resident Employees ⁵	---	50%	<u>1,411</u>	<u>1,710</u>	<u>2,012</u>	<u>2,366</u>
Subtotal			3,155	3,554	3,955	4,416

¹ Assumes a 5 percent vacancy (95 percent of units are occupied).

² Assumes seasonal residents occupy their seasonal homes 12.5 weeks or 24 percent of the year.

³ Split based on EPS' estimate.

⁴ Persons served is defined as population plus 50 percent of employees.

⁵ To avoid double counting people, only non-resident employees were included.

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalScC4-15.xls]Pop-Emp

Table 4
Budget Summary & Estimating Methodologies, 2004
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Item	2004 Budget	Factor	Net	Description
Revenues				
Taxes				
Property Tax	52,941	---	---	Case Study
Sales Tax	2,500,000	---	---	Case Study
Franchise Tax	57,000	\$64.09	\$64.09	Per Unit
Other Taxes	<u>44,000</u>	\$25.24	\$25.24	Per Capita
Subtotal	2,653,941			
Licenses & Permits	41,000	\$23.52	\$23.52	Per Capita
Intergovernmental				
County Road Funds	30,000	\$17.21	\$17.21	Per Capita
Sanitation Fees	61,000	\$34.99	\$34.99	Per Capita
Highway User Fees	58,782	\$33.72	\$33.72	Per Capita
CDOT CMAQ Grant	175,000	---	---	Case Study - Held at 2004 Amount
Other Grants	<u>503,150</u>	---	---	Not Estimated ¹
Subtotal	827,932			
Charges for Services	119,750	\$68.69	\$68.69	Per Capita
Fines & Forfeits	80,000	\$45.89	\$45.89	Per Capita
Other Revenues	79,000	---	---	Not Estimated ²
Total Revenues	\$3,801,623			
Expenditures				
Administration				
General Government	708,041	\$406.17	\$406.17	Per Capita
One-Time Court Grant	10,500	---	---	Not Estimated ¹
Planning	102,476	\$58.78	\$58.78	Per Capita
One-Time Historic Grant	<u>29,000</u>	---	---	Not Estimated ¹
Subtotal	850,017			
Public Safety	393,938	\$124.88	\$124.88	Per Person Served
One-Time LEAF Grant	27,000			
Public Works				
Streets	397,669	\$228.12	\$228.12	Per Capita
Other Divisions	<u>53,000</u>	\$30.40	\$30.40	Per Capita
Subtotal	450,669			
Park & Recreation				
Park	147,904	\$84.84	\$84.84	Per Capita
One-Time Grant/IGA Expenditures	345,000	---	---	Not Estimated ¹
Recreation	<u>166,252</u>	\$95.37	\$95.37	Per Capita
Subtotal	659,156			
Capital Improvement	1,250,194	---	---	Case Study - 50% of Sales Tax
Reserve	91,650	---	---	Not Estimated ¹
Other Expenses	79,000	---	---	Not Estimated ²
Total Expenditures	\$3,801,624			

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscal\ScC4-15.xls\Budget

Table 5
Property Tax Revenues, 2004 - 2020
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Description	Market Value	Factors ¹	Assessed Values & Revenues			
			2004	2010	2015	2020
Future Residential Assessed Value	\$/Unit \$300,000	Assess. Rate 7.96%	---	1,289,520	1,194,000	1,313,400
Future Non-Residential Assessed Value						
Retail	\$/SF	Assess. Rate				
General Retail	\$125	29.00%	---	5,518,918	4,350,000	4,350,000
Large Format	\$125	29.00%	---	0	0	0
Non-Retail	\$75	29.00%	---	1,571,264	1,305,000	1,305,000
Subtotal				\$7,090,181	\$5,655,000	\$5,655,000
Net-New Future Assessed Value			---	\$8,379,701	\$6,849,000	\$6,968,400
Cumulative Future Assessed Value			---	\$8,379,701	\$15,228,701	\$22,197,101
<hr/>						
Annual Property Tax Revenues		Mill Levy				
2004 Existing Base		1.557	52,941	52,941	52,941	52,941
Future Development		1.557	0	13,047	23,711	34,561
Total			\$52,941	\$65,988	\$76,652	\$87,502

¹ Assumes 2004 assessment and mill levy rates.

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalSceC4-15.xls\Prop Tax

Table 6
Sales Tax Revenues, 2004 - 2020
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Land Use	Factors	2004	2010	2015	2020
Taxable Sales					
General Retail	\$220 \$/SF	---	33,494,120	26,400,000	26,400,000
Large Format	\$400 \$/SF	---	0	0	0
Net-New Future Sales			\$33,494,120	\$26,400,000	\$26,400,000
Cumulative Future Sales			\$33,494,120	\$59,894,120	\$86,294,120
Annual Sales Tax Revenues					
Existing	2.00% Tax Rate	2,500,000	2,500,000	2,500,000	2,500,000
Future Development	2.00% Tax Rate	0	669,882	1,197,882	1,725,882
Total Tax Revenues		\$2,500,000	\$3,169,882	\$3,697,882	\$4,225,882
Proceeds to Town^{1&2}	96.70% Effective Rate	\$2,500,000	\$3,147,776	\$3,658,352	\$4,168,928

¹ Accounts for 3.3 percent discount given to merchants for prompt filling of sales tax returns.

² \$2.5 million in existing revenues includes the vendor discount (represents the effective revenues).

Source: Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\lModels\14867fiscalScC4-15.xls\Sales Tax

Table 7
Net Fiscal Impact, 2004 - 2020
Scenario C - Alternative Retailer
Pagosa Springs Fiscal Impact Analysis

Item	2004	2010	2015	2020
Revenues				
Taxes				
Property Tax	52,941	65,988	76,652	87,502
Sales Tax	2,500,000	3,147,776	3,658,352	4,168,928
Franchise Tax	57,000	60,461	63,665	67,190
Other Taxes	<u>44,000</u>	<u>46,549</u>	<u>49,043</u>	<u>51,743</u>
Subtotal	2,653,941	3,320,775	3,847,713	4,375,363
Licenses & Permits	41,000	43,375	45,699	48,215
Intergovernmental				
County Road Funds	30,000	31,738	33,439	35,279
Sanitation Fees	61,000	64,534	67,992	71,735
Highway User Fees	58,782	62,188	65,520	69,126
CDOT CMAQ Grant	175,000	175,000	175,000	175,000
Other Grants ¹	<u>503,150</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	827,932	333,460	341,950	351,140
Charges for Services	119,750	126,688	133,476	140,823
Fines & Forfeits	80,000	84,635	89,170	94,078
Other Revenues ²	79,000	0	0	0
Total Revenues	\$3,801,623	\$3,908,933	\$4,458,008	\$5,009,619
Expenditures				
Administration				
General Government	708,041	749,063	789,198	832,639
One-Time Court Grant ¹	10,500	0	0	0
Planning	102,476	108,413	114,222	120,509
One-Time Historic Grant ¹	<u>29,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	850,017	857,476	903,420	953,148
Public Safety	393,938	443,872	493,854	551,487
One-Time LEAF Grant ¹	27,000	0	0	0
Public Works				
Streets	397,669	420,709	443,250	467,649
Other Divisions	<u>53,000</u>	<u>56,071</u>	<u>59,075</u>	<u>62,327</u>
Subtotal	450,669	476,780	502,325	529,976
Park & Recreation				
Park	147,904	156,473	164,857	173,932
One-Time Grant/IGA Expenditures ¹	345,000	0	0	0
Recreation	<u>166,252</u>	<u>175,884</u>	<u>185,308</u>	<u>195,508</u>
Subtotal	659,156	332,357	350,165	369,440
Capital Improvement	1,250,194	1,573,888	1,829,176	2,084,464
Reserve ¹	91,650	0	0	0
Other Expenses ²	79,000	0	0	0
Total Expenditures	\$3,801,624	\$3,684,374	\$4,078,940	\$4,488,515
Surplus/Deficit (before reserves)	-\$1	\$224,559	\$379,068	\$521,105

¹ Irregular or volatile source of revenues/expenditures.

² Revenues offset by service costs.

Source: Town of Pagosa Springs; Economic & Planning Systems

H:\14867-Pagosa Springs ED Strategy\Models\14867fiscalScnC4-15.xls\Net Fiscal