



**US 50 Corridor
Pueblo To Kansas**

Economic Conditions



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& COMPANY**

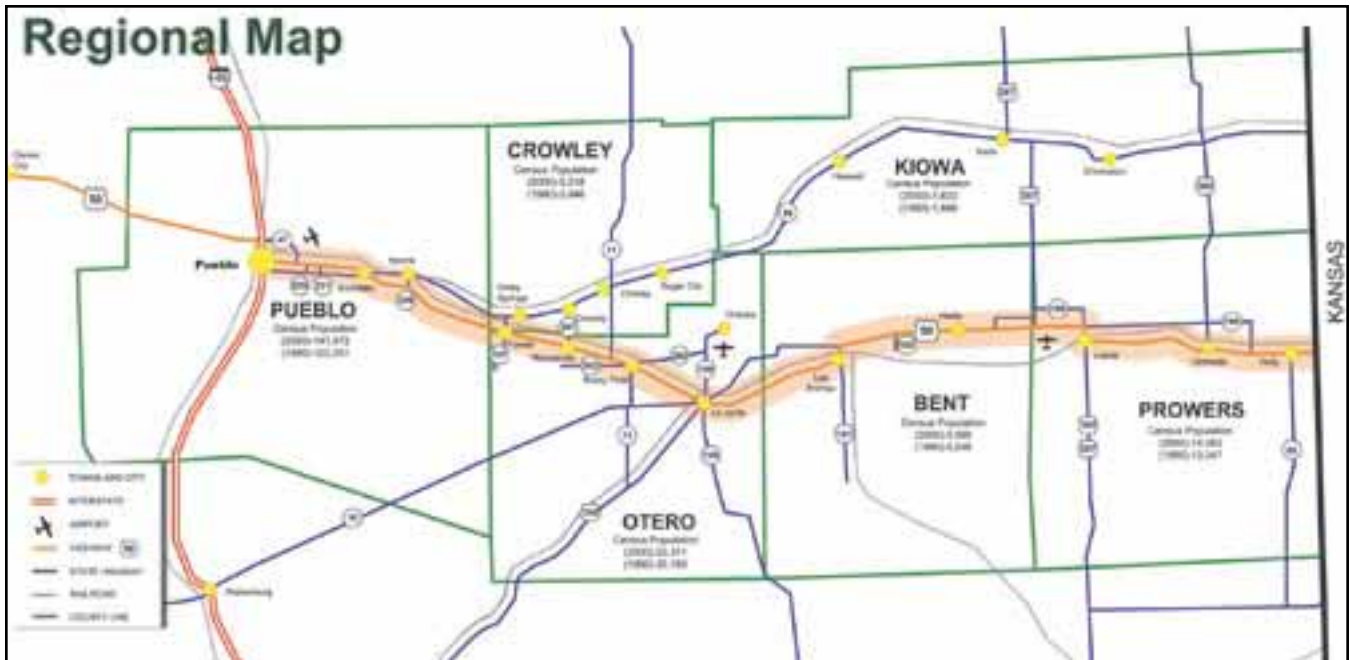
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Introduction

As part of the Corridor Selection Study, the economic conditions of the four counties traversed by US 50 from Pueblo, Colorado, to the Kansas State Line were reviewed. It is anticipated that this information will be used to determine the potential economic affects that could occur with construction of regional and local bypasses.



Regional Bypass

For the purposes of this review, it was assumed that the regional bypass would be four-lanes with controlled access, constructed the length of the corridor, and parallel US 50 at a distance of up to 12 miles from the existing corridor from Pueblo, Colorado, to the Kansas State Line.

Local Bypass

The local bypasses would also be four lanes and follow the existing corridor, bypassing individual cities locally. Specific alignments were not identified for this analysis. The scope of the economic conditions review precluded examining in detail the specific impacts on communities and individual businesses until more specific corridor alignments are chosen.



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Literature Search / Review

The literature search resulted in a review of 20 bypass studies of corridors in rural communities throughout eight states and Canada. (For a completed list of the studies, please refer to the bibliography section of this document.) These studies served to provide useful background and examples of methodologies to examine economic effects of bypasses. Specifically, the focus of the research was to examine the effects of bypasses on small to medium size communities in rural areas. No research specific to Colorado communities was identified. The US 24 bypass of Limon was considered but was rejected because it was built in the 1960's and a case study was not performed. It is noted that regional bypasses, of the nature under consideration for the US 50 Corridor, have not been undertaken in Colorado since the interstate construction era. Numerous local bypasses have been constructed, but reports detailing the economic effects of such projects have not been identified.

Regional Economic Conditions

The economic conditions of the four counties traversed by US 50 from Pueblo, Colorado, to the Kansas State Line were gathered and are presented in this report. US 50 roughly follows the course of the Arkansas River and a portion of the historic Santa Fe Trail, an important trade route in the nineteenth century. The Arkansas River also marked the southern border of the United States until 1846. The Lower Arkansas Valley has a long-standing agricultural base made possible by abundant irrigation water from the river and fertile soil in the valley (major agricultural products include sorghum, winter wheat, corn, and beef production). Changes in the agriculture market and sale of water rights to urban areas along the Colorado Front Range have contributed to a slow decline of the role of agriculture in the region. A multi-year drought beginning in 1998 has also taken its toll on the area, leaving many area producers in a precarious condition. The entire state of Colorado was declared a disaster area after losing 50 percent of 2000's winter wheat crop, the largest loss since 1969.

The majority of the tourism-related activity in the region is related to serving automobile travelers passing through the area. Bent's Old Fort National Historical Site, John Martin Reservoir State Park, Koshare Indian Museum, and Boggsville Historic Site each draw a large number of visitors. Growth in the prison industry, both in government and private contractor jobs, has become a major component of the regional economy. There are two colleges in the region, Lamar Community College and Otero Junior College. Additionally, the growth of housing and services for workers commuting from the western portions of the region to Pueblo, Canon City, and to some extent Colorado Springs, contributes to the economic environment.

While several communities continue to act as regional centers for services, other smaller communities have emerged as bedroom communities for larger cities. Other communities still remain in relative economic decline and, while continuing to see agriculture as a major component, seek new avenues for economic development to complement the historic base. In general, the regional economy remains stagnant.



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Exhibit 1 presents a summary of socioeconomic data for the four-county region as available from the 2000 US Census, the Bureau of Economic Analysis and the Colorado Department of Local Affairs. The table is followed by a series of graphs presenting the data from the table.

Exhibit 1 - Economic Overview by County

	Bent	Otero	Prowers	Pueblo
Population				
1990	5,048	20,185	13,347	123,051
2000	5,998	20,311	14,483	141,472
2025	6,679	23,166	17,012	191,942
Percent Worked in County of Residence	70.3%	84.0%	93.4%	89.7%
Per Capita Personal Income	\$16,984	\$22,003	\$23,355	\$22,174
State Rank	60	39	31	37
Percent State Average (\$32,434)	52%	68%	72%	68%
Average Annual Growth 1990-2000	1.6%	4.7%	4.2%	4.4%
Total Employment				
1991	2,099	9,692	6,922	54,892
2000	2,560	10,548	8,470	70,273
2025	2,795	15,574	11,362	114,427
Unemployment Rate				
2000	7.8%	11.2%	6.3%	9.3%
2025	5.8%	8.4%	4.7%	7.0%
Total Taxable Assessed Value 2000	\$49,531	\$94,515	\$88,050	\$895,220
Mill Levy 2000	30.089	19.692	25.67	28.289
State Sales Tax Paid 2000	\$408,135	\$3,822,296	\$3,446,070	\$38,246,934
Sales Tax Rate 2000	1.0	1.0	1.0	1.0
Retail Sales 2000 (\$000)	\$30,224	\$317,186	\$399,907	\$2,323,671

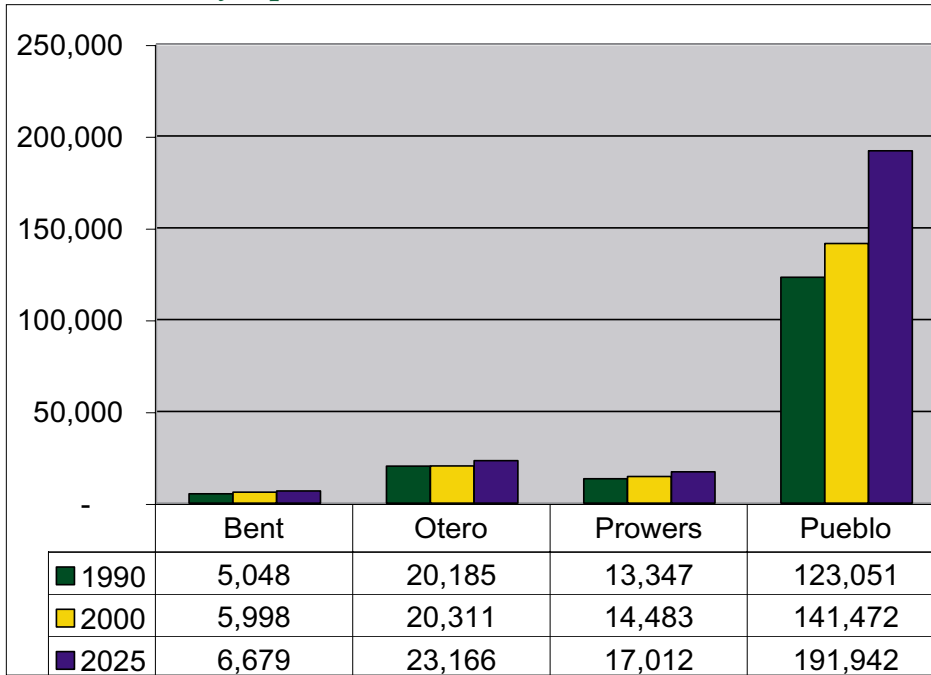


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Population

The population counts from the 2000 US Census show a wide diversity across the region. Bent County is the smallest, with 5,998 residents. Otero and Prowers Counties, with the larger communities of La Junta and Lamar anchoring the population base, have 20,311 and 14,483 residents, respectively. Pueblo County contains the City of Pueblo, a metropolitan area of 102,000, and has a total population of 141,472 residents.

Exhibit 2 - County Population 1990-2025



The population of the State of Colorado grew at an annual rate of 2.7 percent from 1990 to 2000 and is projected to grow 1.6 percent annually from 2000 to 2025. In contrast, much of the study area has grown at a slower rate than the State as a whole and is projected to continue that trend during the current slowing economy and throughout the planning period. The trend will be accentuated in the region due to a lack of economic diversity. Only Pueblo (1.2 percent) is expected to sustain an annual growth rate exceeding 1.0 percent.

Exhibit 3 - Average Annual Population Growth Rates 1990-2025

County	1990-2000	2000-2025
Bent	1.8%	0.6%
Otero	0.1%	0.6%
Prowers	1.0%	0.7%
Pueblo	1.5%	1.2%



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Employment

Total employment figures similarly reflect a diverse picture across the region as shown in the graph below. In 2000, Bent County had a relatively small employment base with 2,560 employed workers. Otero and Prowers had 10,548 and 8,470 employed workers, respectively. Pueblo, with its much larger population base, had 70,273 employed workers. Employment growth rates over the past decade and projected to 2025 indicate a relatively measured growth in employment.

Exhibit 4 - Total Employment by County

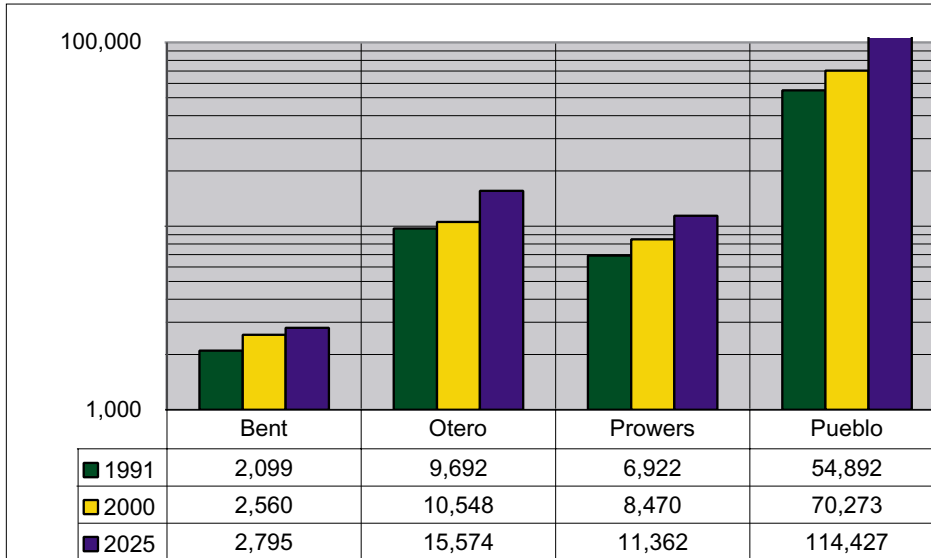


Exhibit 5 - Average Annual Employment Growth Rates 1990-2025

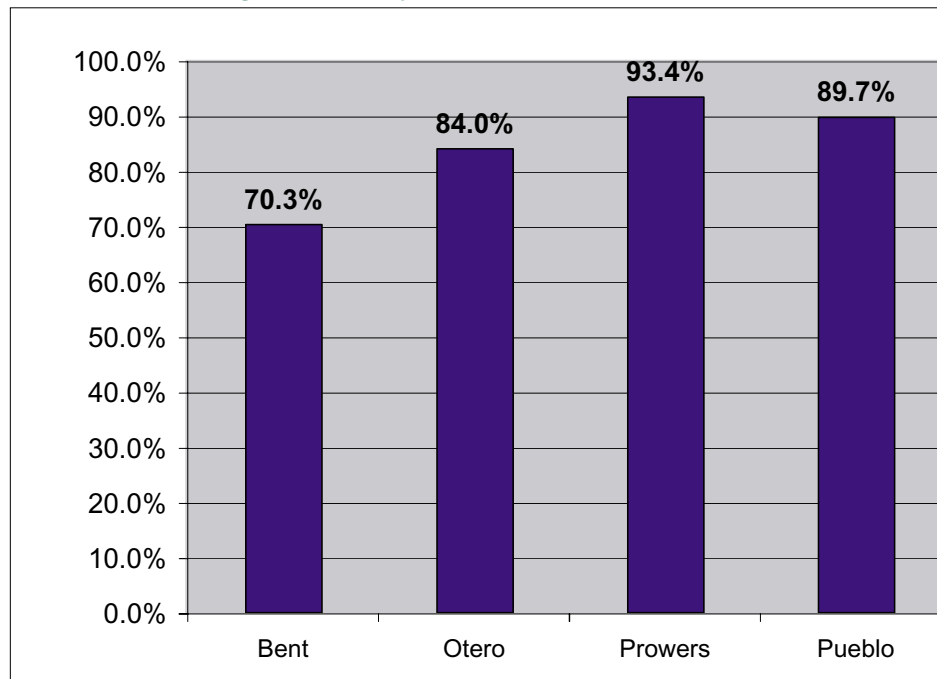
County	1990-2000	2000-2025
Bent	2.0%	0.4%
Otero	0.8%	1.6%
Prowers	2.0%	1.2%
Pueblo	2.5%	2.0%



Commuting Patterns

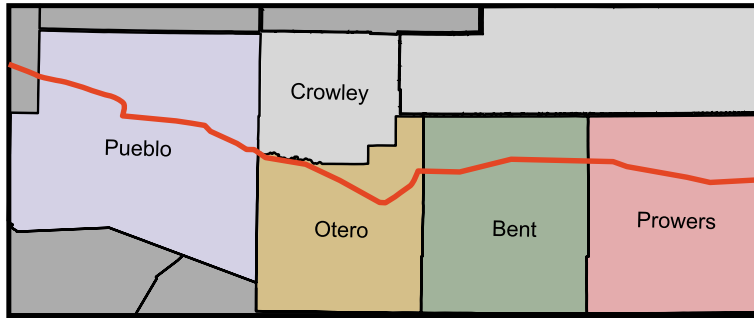
The following graph represents the percentage of workers who work in the county of residence. This information begins to show us which counties serve the region as employment centers. Prowers (93.4 percent), Pueblo (89.7 percent), and Otero (84.0 percent) have the most workers living and working in the same county. In contrast, Bent (70.3 percent) has the fewest workers living and working in the same county. Workers throughout the region routinely travel to Otero, Prowers, and Pueblo Counties for employment, with additional commuting for some to Colorado Springs, a larger city north of Pueblo, or to Fremont County, west of Pueblo and the location of numerous state and federal correctional facilities.

Exhibit 6 - Working in County of Residence



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Exhibit 7 - Year 2000 Census Results for Commute Trip Origins and Destinations



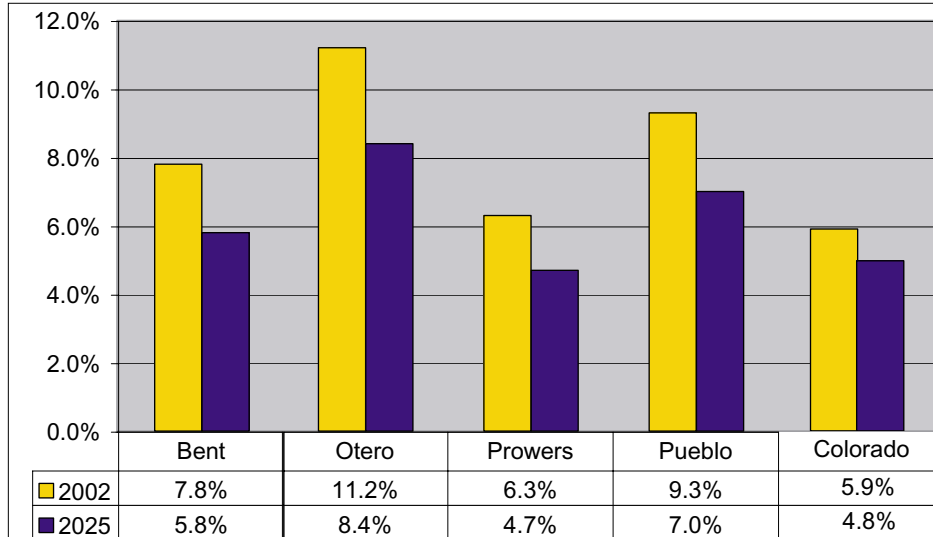
	PUEBLO	OTERO	BENT	PROWERS
Daily Work Trips		Internal 6,893	Internal 1,517	Internal 6,136
Eastbound	290 → 0 → 23 →	0 → 23 → 248 → 144 →	23 → 144 → 267 →	
Eastbound Totals	313		415	434
Westbound	17 ← 21 ← 499 ←	12 ← 17 ← 296 ← 21 ←	119 ← 12 ←	
Westbound Totals	537	346	148	
Total Commuters	850		761	582
Total Trips A.M. & P.M.	1,700		1,522	1,164



Unemployment

Current Department of Local Affairs unemployment estimates indicate a generally higher level of unemployment across the study area than the state as a whole. The state unemployment rate was 5.9 percent for 2002 and is projected at 4.8 percent for 2025. In 2002, the unemployment rate ranges from 6.3 percent in Prowers County to 11.2 percent in Otero County. The employment situation is projected to improve slightly by 2025 but reflects a struggling regional economy.

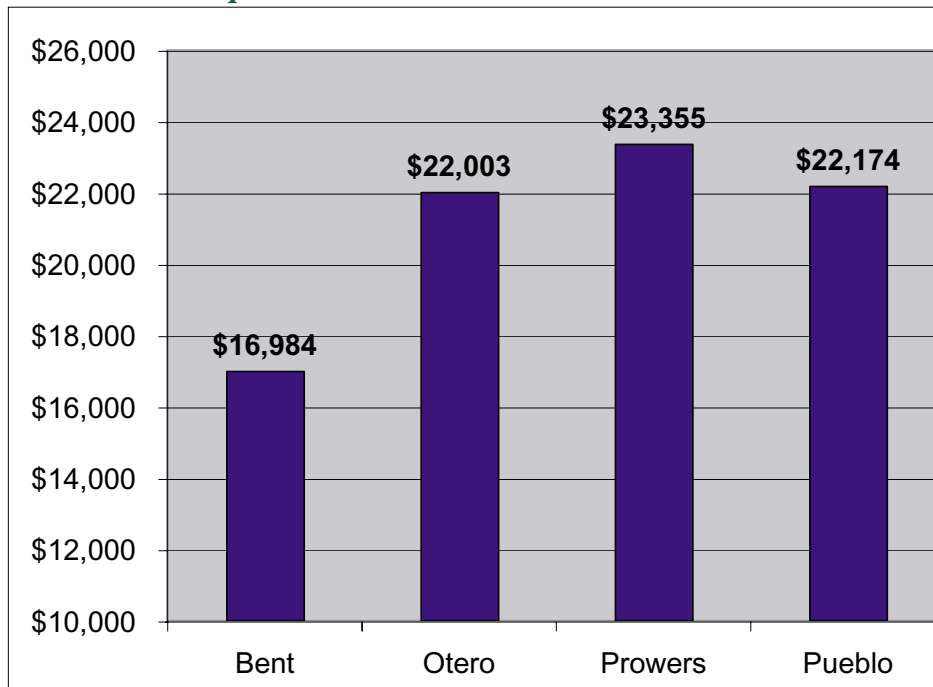
Exhibit 8 - County Unemployment Rates



Per Capita Income

Per capita income also reflects low income in the region relative to Colorado as a whole. The state average income is \$32,434. All counties in the study area are significantly below that amount. Bent County ranks 60th in the state with only 52 percent of the statewide average per capita personal income. Otero County ranks 39th with 68 percent of the statewide average. Prowers County ranks 31st with 72 percent of the statewide average. Pueblo County ranks 37th with 68 percent of the statewide average.

Exhibit 9 - Per Capita Income

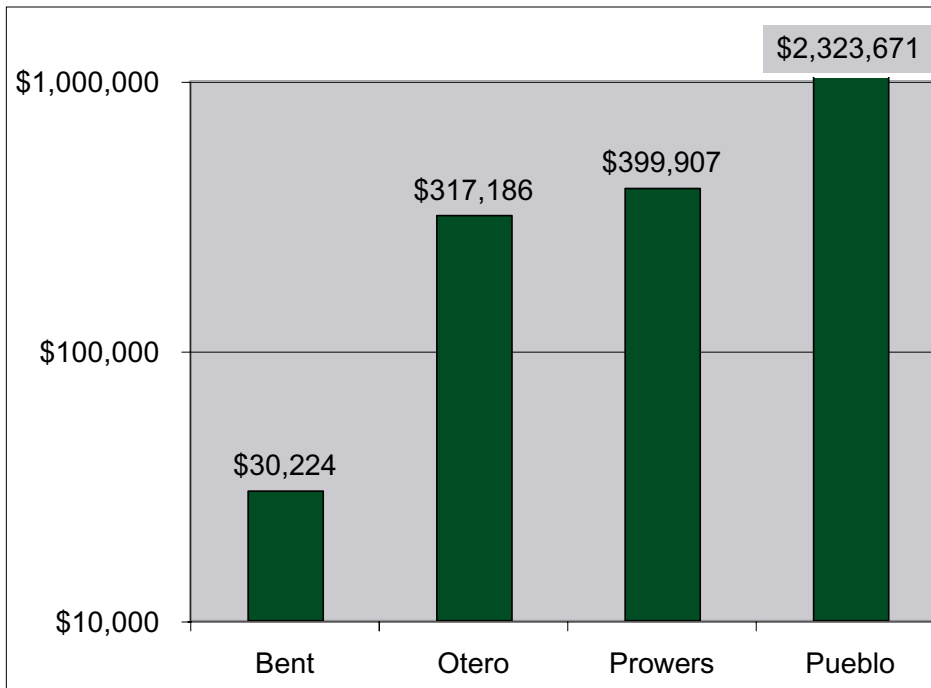


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Retail Sales

In the following graduated-scale graph, retail sales can be compared for counties across the study area. Total retail sales range from \$30.22 million in Bent County to \$2.3 billion in Pueblo County.

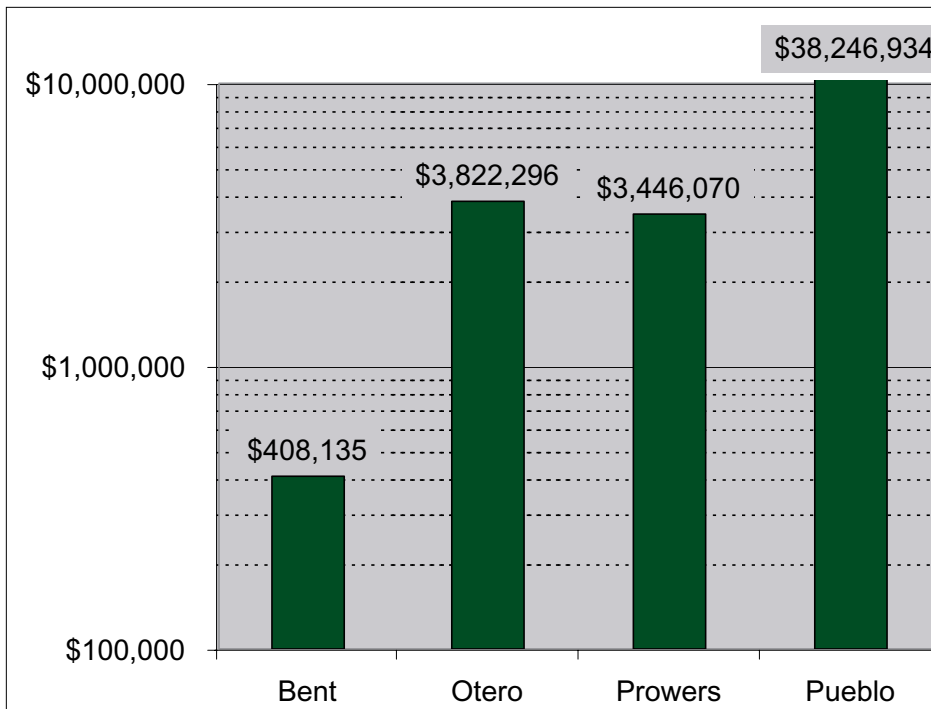
Exhibit 10 - Retail Sales 2000



State Sales Tax

The following graduated-scale graph shows state sales tax paid in each county in 2000. Receipts range from \$408,135 in Bent County to \$38.2 million in Pueblo County. All counties have a 1.0 percent local tax rate.

Exhibit 11 - Sales Tax Paid 2000



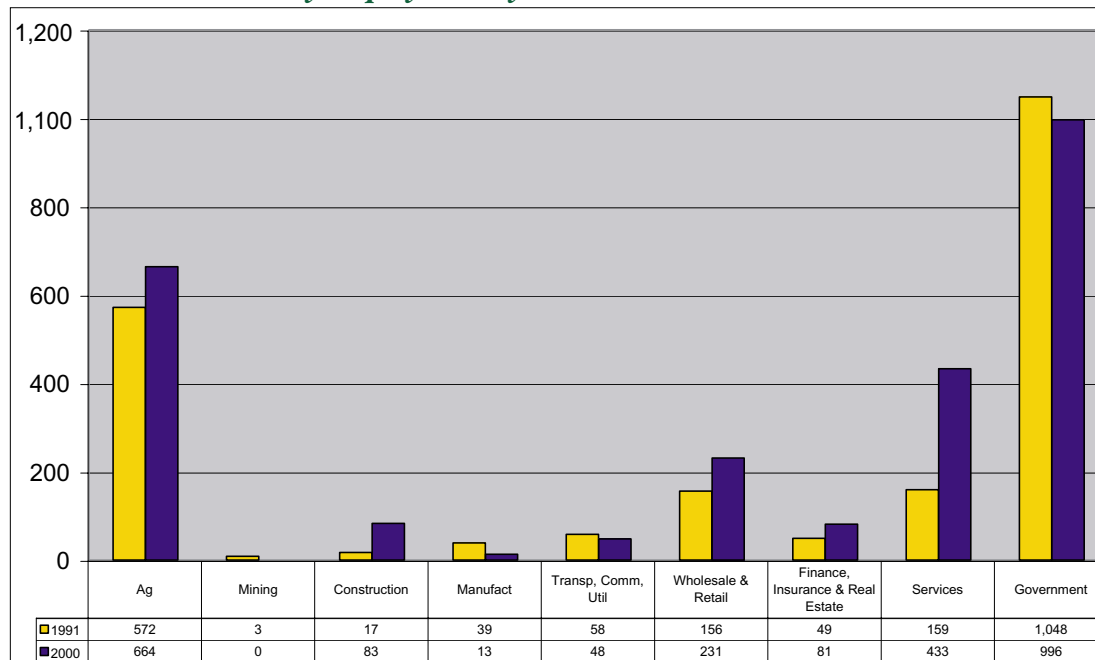
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County Employment by Sector

This section shows employment in each county by industrial sector for 1991 and 2000 as reported by the Colorado Department of Local Affairs. This information provides detail on employment trends across the region during the last decade as well as a comparative analysis of the relative importance of commercial activity within each individual county.

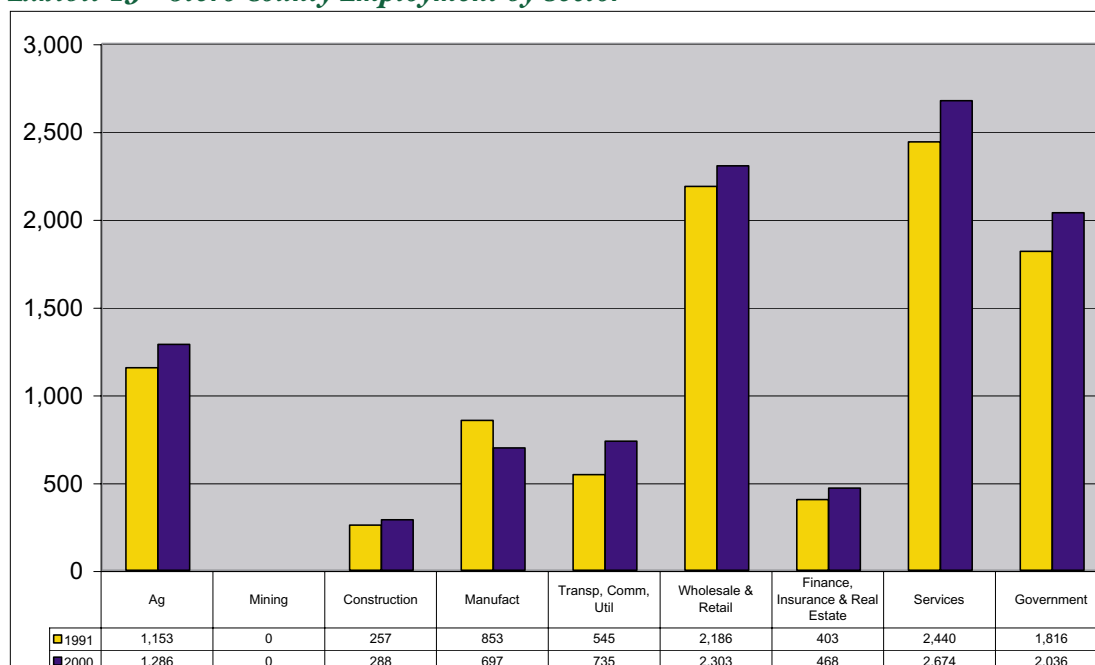
Bent County - Government and agriculture are the largest employers in Bent County and have remained steady through the last decade. The services sector has seen significant recent growth, largely the result of new employment at the Fort Lyons Correctional Facility. The lower level of other commercial activities is consistent with the county's rural agricultural base. Many services are typically obtained in neighboring counties.

Exhibit 12 - Bent County Employment by Sector



Otero County - The leading sectors in Otero County are services, wholesale & retail, and government. Agriculture is a close fourth in the number of jobs. Together, these industries provide a more diverse and stable economy and anchor the City of La Junta as one of the region's primary centers, the largest between Lamar and Pueblo.

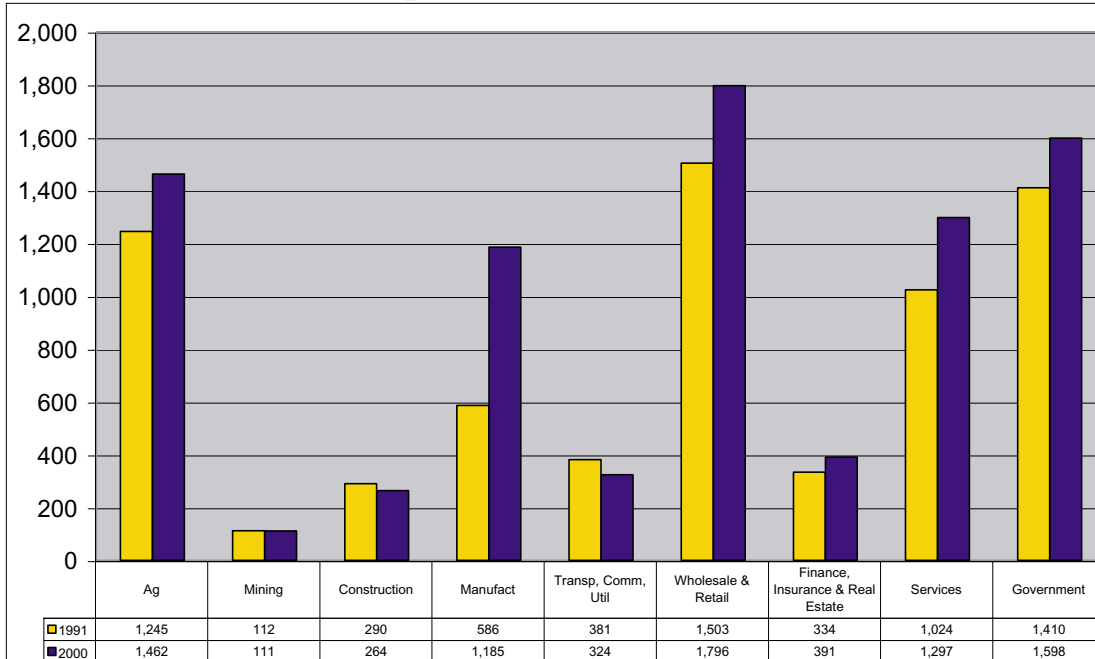
Exhibit 13 - Otero County Employment by Sector



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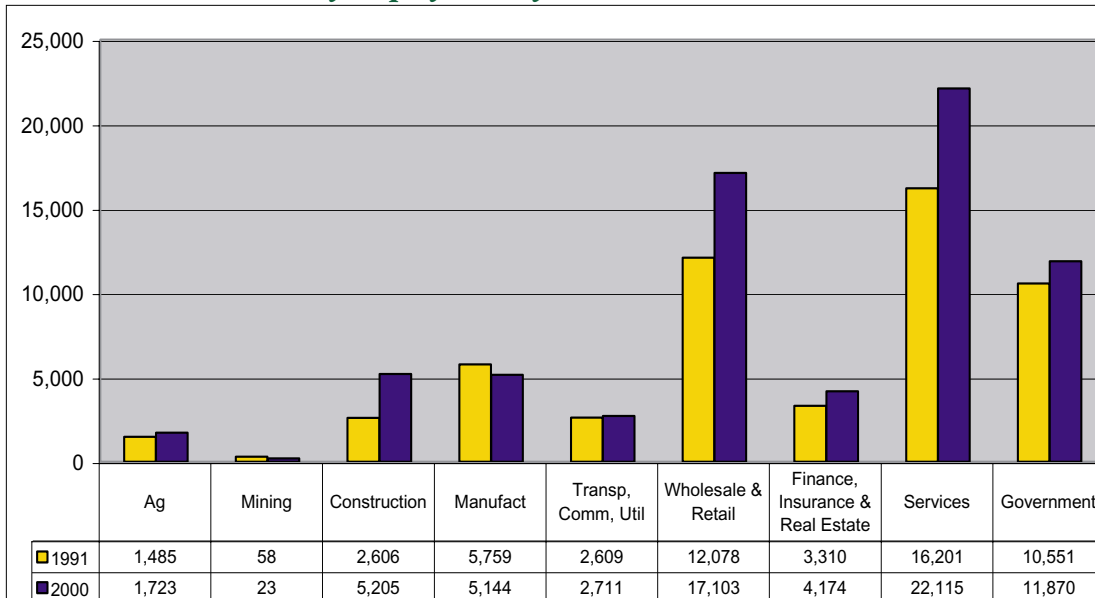
Prowers County - Prowers County, with Lamar as the county seat, also has a diversified economy, adding manufacturing to its wholesale & retail, government, agriculture, and services industries. Manufacturing doubled in size from 1991 to 2000 with the addition of several medium-sized employers. This regional center is the largest on Colorado's eastern plains, providing services and shopping to the agricultural community and other residents, including some from western Kansas.

Exhibit 14 - Prowers County Employment by Sector



Pueblo County - Pueblo County anchors the western end of the study area, with the City of Pueblo as the county seat and one of Colorado's major urban areas along the Front Range. Services, wholesale & retail, and government sectors dominate the local economy. Services and wholesale & retail grew significantly during the 1990's. The city attracts workers and business from throughout the region.

Exhibit 15 - Pueblo County Employment by Sector



Factors That May Affect the Degree of Impact to a Community

Many factors can affect the type of impact a bypass may have.

These include:

- Access control (the number, frequency, location, and design of access points, including frontage roads)
- Visibility from the bypass
- Annexation status of land where the bypass would be constructed
- Whether the community is a shopping or tourist destination
- External factors (such as a large retail center being constructed in local community)
- Whether services (utilities) are provided and controlled by the local community both in the existing town and along the proposed bypass
- Size of the community
- Proximity of small or medium size towns
- Proximity to a larger community

Potential Effects of a Regional Bypass

Based on the review of the 25 bypass studies, a regional bypass located 6-12 miles from US 50 could affect the economic conditions of the communities along the corridor. Effects would likely be more adverse than if communities along US 50 were individually (locally) bypassed. This is because access from a future four-lane regional bypass highway to US 50 communities would be limited, out of direction for long-distance travelers, and unreasonably time consuming. Access would be via existing US or state routes, such as State Highway (SH) 71 to Rocky Ford, SH 109 to La Junta, SH 101 to Las Animas, US 287 to Lamar, US 385 to Granada, and SH 89 to Holly.

Soon after construction of a four-lane regional bypass highway, it is expected that new gasoline stations, fast-food retail establishments, and motels would be built near principal intersecting US or state routes. Local control over such development outside the jurisdiction would be minimal or non-existent. This would make it unlikely that many motorists or commercial vehicles would make the trip to existing communities for such services.

The following summarizes the types of specific economic effects that have been experienced by others with a long distance regional bypass, as determined by the research gathered in the review of 20 similar bypass studies.

- A reduction in pass-through traffic
- Decline in existing retail sales (especially gas stations, motels, and other retail)
- Potential local business closures
- Potential local employment reduction
- Potential declining population
- Potentially lower property values within existing town limits
- Less new local construction
- Potential decline in local sales tax revenues
- Potential decline in local property tax revenues

Benefits of a Regional Bypass

The benefits of a regional bypass to US 50 communities would be related to traffic reductions in the community and associated safety, noise, and pollution improvements. The reduced regional travel time could also provide benefits to larger shippers and manufacturers that might consider relocation to the region. A short-term benefit could also be expected during actual construction.

While there may be some benefits to a regional bypass primarily due to short-term construction activities and potential shifts in types of business and location, the overall effects on the economic health of most local communities along the corridor could be appreciable. To determine the mitigation activities that would work best for the communities along US 50, specific alignment options must be developed and assessed.



Potential Effects for a Local Bypass

The economic effects of bypasses vary considerably by the community. However, based on the literature review, the following general effects have often occurred.

- Local bypasses tend to have little long-term adverse affects on overall economic activity in most communities. This is particularly true if the community has a strong economy.
- Medium and large bypassed communities often continue to have relatively high traffic volumes along the original route. This can provide the incentive for downtown businesses to avoid relocation to the bypass. Commercial growth along the bypass may be introduced from outside the local area and would not necessarily occur at the expense of downtown businesses.
- Compared to medium and large communities, small bypassed towns may experience a greater percentage reduction in traffic volume along the original route. In general, the economies of smaller communities have a greater chance of being adversely affected by a bypass.
- Construction of a bypass tends to exaggerate ongoing economic trends. For example, a bypassed community with a declining economy will likely experience a continued rate of decline. The opposite is also often true for a strong and growing economy.
- In most case studies, bypassed communities did not experience a decrease in population.
- The most pronounced negative economic affects normally occur to restaurants, gas stations, and motels because they are directly dependent on pass-through traffic. Some studies have shown that such businesses may initially lose from 10 to 50 percent of sales following bypass construction.
- Total retail spending in a bypassed community may not change substantially but can shift from one economic sector to another as businesses react to changes in consumer demand. Businesses that survive the initial transition period following bypass construction are often those that have invested in a new location or a shift in the customer focus.
- Long term economic effects to bypassed communities may include the growth of “basic” industries due to the creation of an improved transportation system. Basic industries produce goods that are sold outside the local area.

Benefits of a Local Bypass

The following summarizes the benefits that have been experienced according to the research gathered in the review of 20 similar bypass studies.

- Reduced traffic congestion
- Better air quality
- Improved safety
- Less noise in the downtown areas

Although local bypasses are expected to nominally affect communities, there are still factors that must be considered. Again, the specific alignment of the local bypass must be developed and assessed to determine mitigation activities that would work best for the communities along US 50.



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What's Next?

The purpose of this document is to provide a baseline of information to be used in later planning phases and to present the economic effects that have been experienced by others with the construction of regional and local bypasses. In order to evaluate the effects of constructing a regional or local bypass, employment, new commercial development, population, property values, retail sales, sales tax, and construction must be used as criteria for the analysis.

The information presented in this document includes examples of what could happen with construction of a regional or local bypass based on data gathered from other similar projects to that of US 50. To determine specific impacts or benefits of constructing a regional or local bypass along US 50 from Pueblo, Colorado, to the Kansas State Line, detailed surveys and studies will be necessary for each of the communities along the corridor.



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Collected Data

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3. Colorado County Assessed Value, Mill, Sales Taxes, Sales Tax Rate, Colorado Department of Local Affairs
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5. Total Personal Income 1990 & 2000 by county, Bureau of Economic Analysis
6. Earnings by Industry 1990 & 2000 by county, Bureau of Economic Analysis
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