

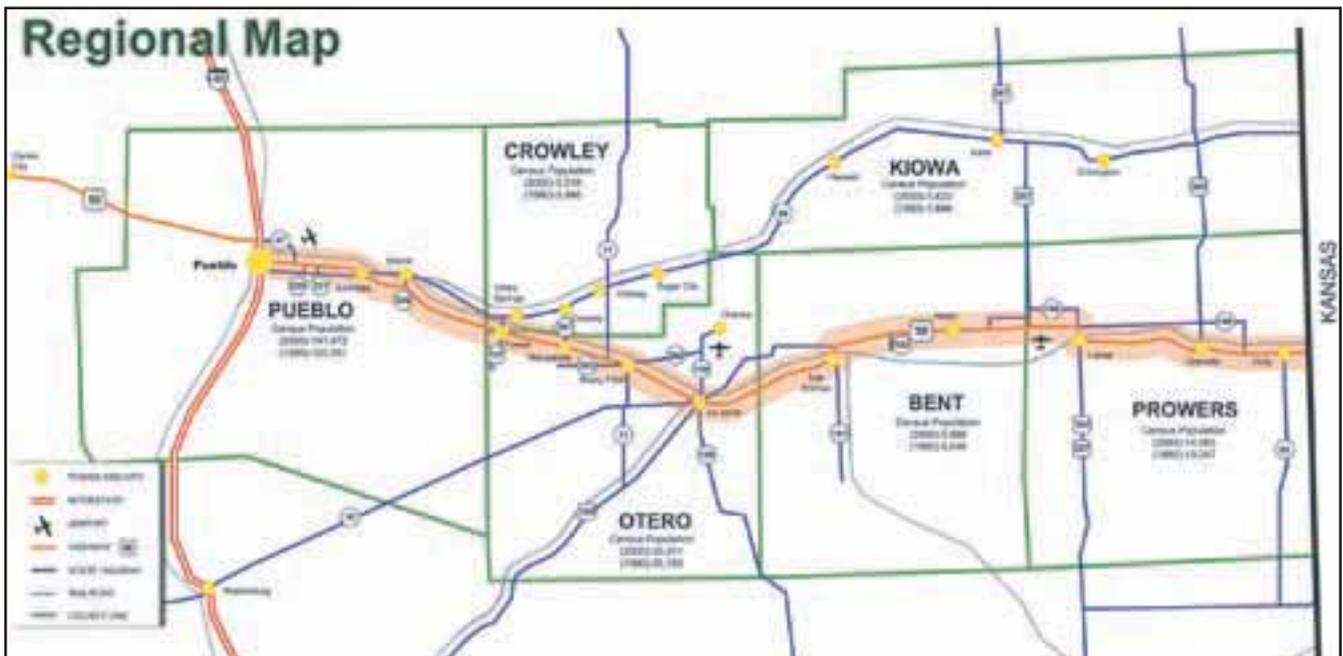
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US 50 Corridor - Pueblo to Kansas
Economic Conditions

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 benefits and impacts that could occur with construction of regional and local bypasses. For the purposes of this review, it was assumed that the regional bypass would be four-lanes with controlled access, would be constructed the length of the corridor, and would parallel US 50 at a distance of up to 12 miles from Pueblo, Colorado, to the Kansas State line. The local bypasses would also be four lanes, and would 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. However, the purpose was to examine the potential for economic impacts, examine potential mitigation activities, and recommend the economic advisability of proceeding with the construction of a regional bypass.



In order to visually demonstrate the terms corridors and alternatives used in this document, please refer to the map and corresponding graphic on the following page.



Methodology for Economic Analysis

Although there are no similar regional bypass projects to what is proposed for US 50, more than 25 bypass studies throughout eight states and Canada were used for the review of this project. No case studies on recent bypass projects were identified in Colorado. The US 24 bypass of Limon was considered, but rejected because it was built in the 1960's and a case study was not performed. Therefore, data on the effects of the Limon bypass are unavailable and many persons living in Limon in the 1960's may have moved away or are no longer living.

Benefits and adverse impacts of a regional bypass may be similar to those of a local bypass. However, the economic impacts associated with a regional bypass are expected to be more adverse, with fewer beneficial effects.

Literature Search

More than 25 bypass studies throughout eight states and Canada were reviewed. These studies served to provide useful background and examples of methodology to examine economic impacts of bypasses. The majority of research in the field has been to examine the effects of single bypass projects on local communities. The literature search resulted in research that applied to small and medium sized communities, especially in rural areas. Additional research is available that examines the effects of bypasses in urban areas, but was not considered applicable to this project, and is not included as a primary source. In addition, research dating from before 1994 was considered outdated and was not included as a source of reliable information. No research specific to Colorado communities was identified. It was 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.

The Literature search was useful for identifying specific types of impacts, their potential severity, and successful mitigation activities where regional or local bypasses have been constructed.

Regional Economic Conditions

The study area for this analysis consists of four counties traversed by US 50 from Pueblo, Colorado, to the Kansas State Line. 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 19th 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 has been declared a disaster area, losing 50 percent of 2000's winter wheat crop, the largest loss since 1969.

While most 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 significant number of visitors. Growth in the prison industry, both in government and private contractor jobs, has become a significant 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



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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, along with the rest of the state.

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

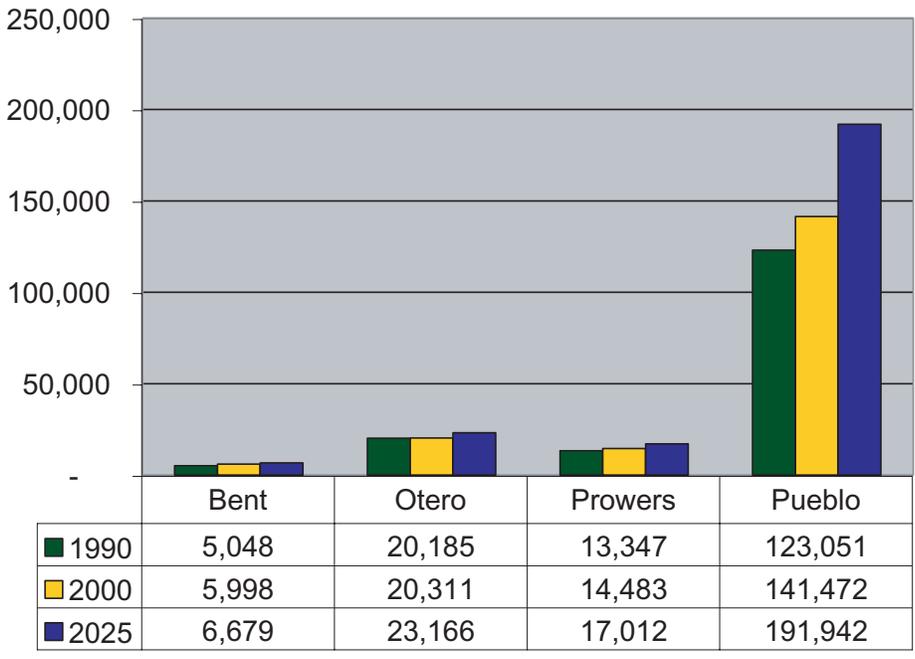
	Bent	Otero	Powers	Pueblo
Population				
1990	5,048	20,185	13,347	123,051
2000	5,998	20,311	14,483	141,472
2025	6,679	23,166	17,012	191,942
Percent Worked in County of Residence	70.3%	84.0%	93.4%	89.7%
Per Capita Personal Income	\$16,984	\$22,003	\$23,355	\$22,174
State Rank	60	39	31	37
Percent State 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



Population

The population counts from the 2000 US Census show a wide diversity across the region. Bent 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	200-2025
Bent	1.8%	0.6%
Otero	0.1%	0.6%
Prowers	1.0%	0.7%
Pueblo	1.5%	1.2%



Employment

Total employment figures similarly reflect a diverse picture across the region as shown in the graph below. In 2000, Bent County had 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

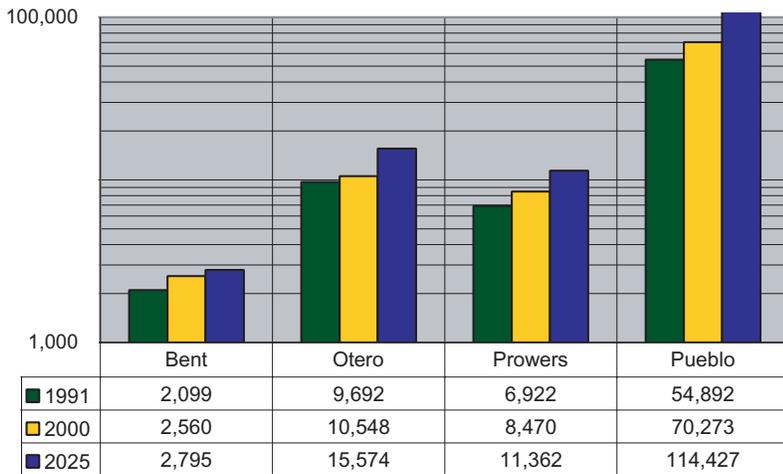


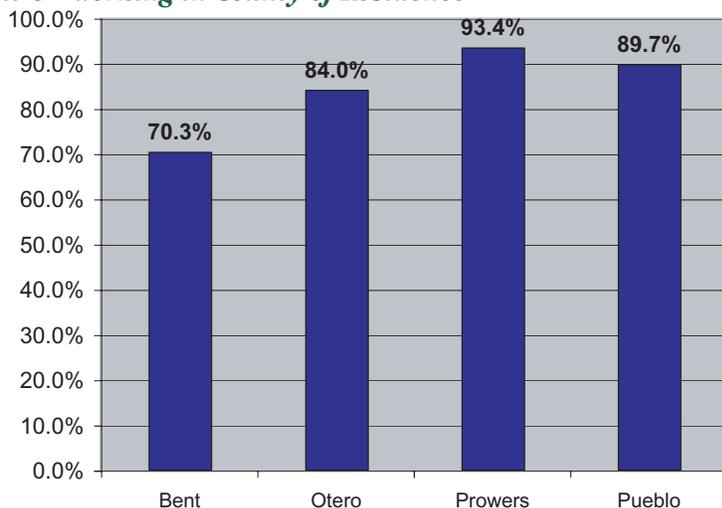
Exhibit 5 - Average Annual Employment Growth Rates 1990-2025

County	1990-200	200-2025
Bent	2.0%	0.4%
Otero	0.8%	1.6%
Prowers	2.0%	1.2%
Pueblo	2.5%	2.0%

Commuting Patterns

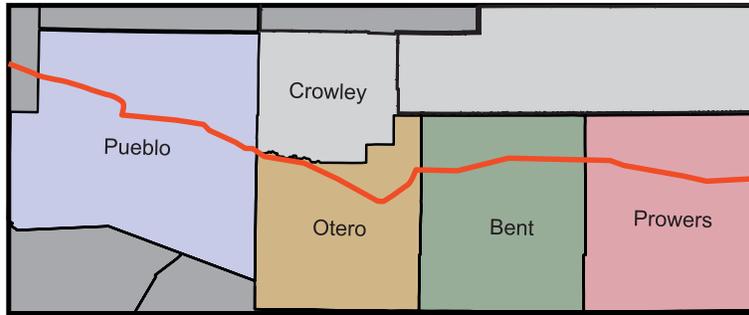
The following graph represents the percentage of workers who work in the county of residence. This information begins to show us which counties serve the region as employment centers. Prowers (93.4 percent), Pueblo (89.7 percent), and Otero (84.0 percent) have the most workers living and working in the 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 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



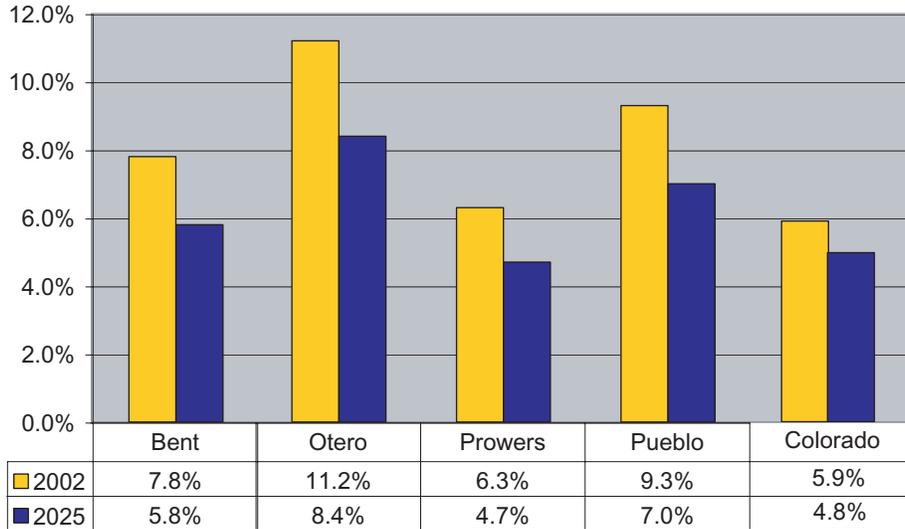
	PUEBLO	OTERO	BENT	PROWERS
Daily Work Trips		Internal 6,893	Internal 1,517	Internal 6,136
Eastbound	290 →			
	0 →		0 →	
	23 →		23 →	23 →
		248 →		
		144 →		144 →
			267 →	
Eastbound Totals	313		415	434
Westbound				119 ←
			12 ←	12 ←
	17 ←		17 ←	17 ←
		296 ←		
	21 ←	21 ←		
	499 ←			
Westbound Totals	537		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 estimates of unemployment 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 ranks 39th with 68 percent of the statewide average. Prowers ranks 31st with 72 percent of the statewide average. Pueblo ranks 37th with 68 percent of the statewide average.

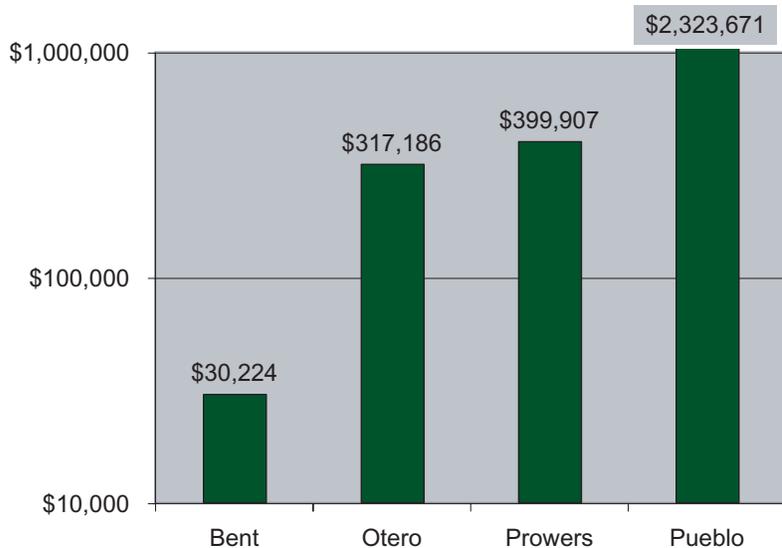
Exhibit 9 - Per Capita Income



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.

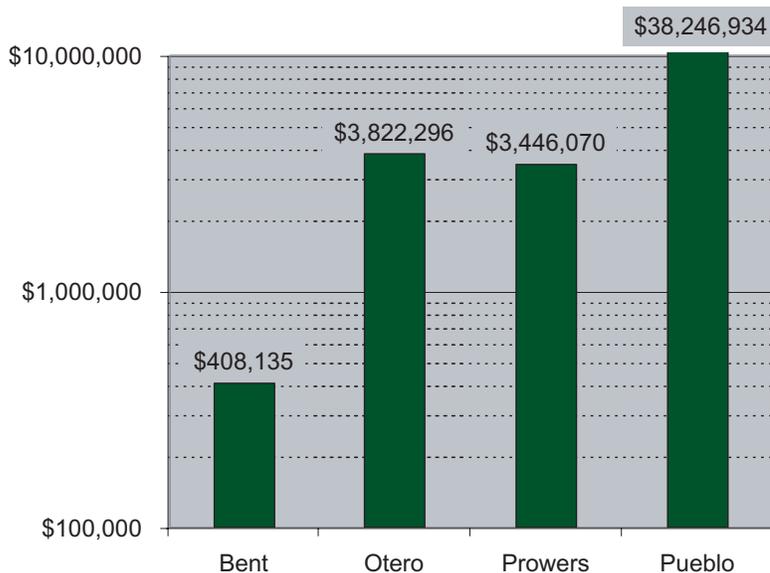
Exhibit 10 - Retail Sales 2000



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



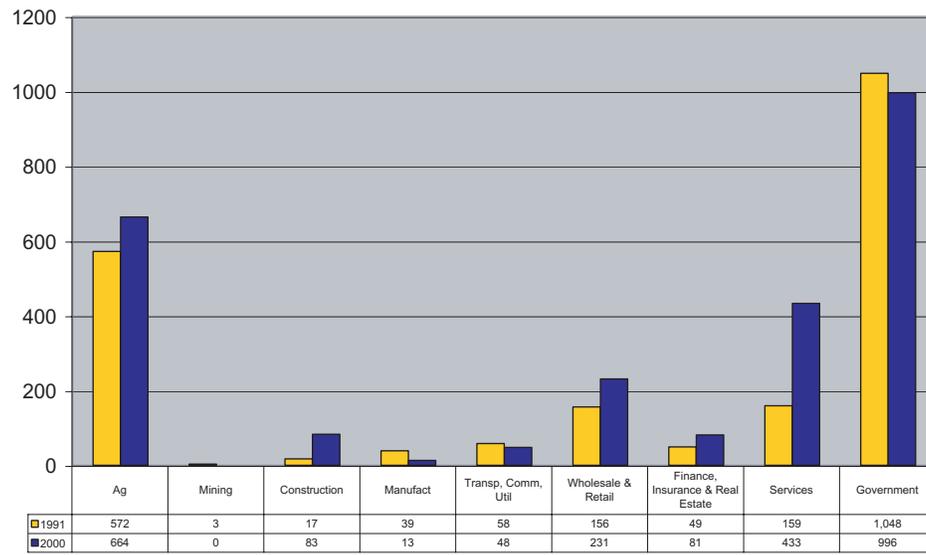
County Employment by Sector

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 and is 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.

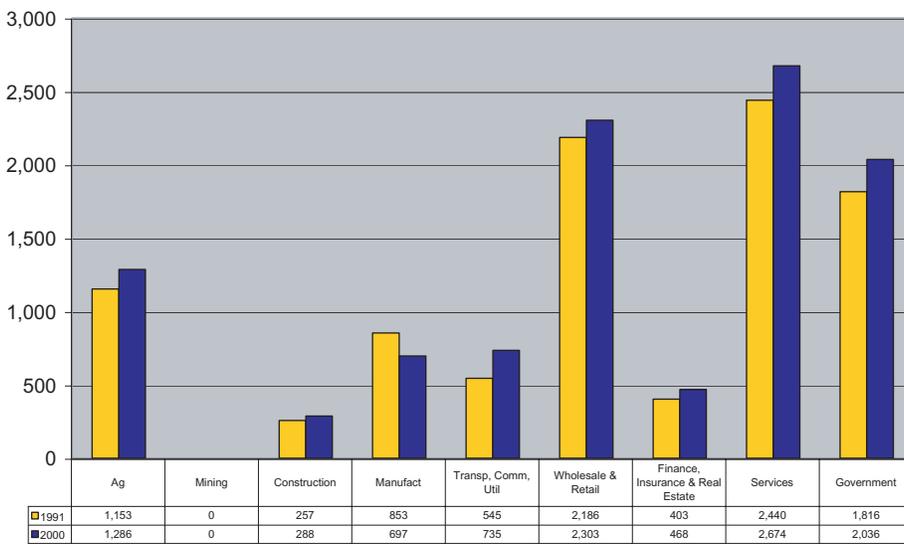
Exhibit 12 - Bent County Employment by Sector



Otero County

The leading sectors in Otero County are Services, Wholesale & Retail, and Government. Agriculture is a close fourth in 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.

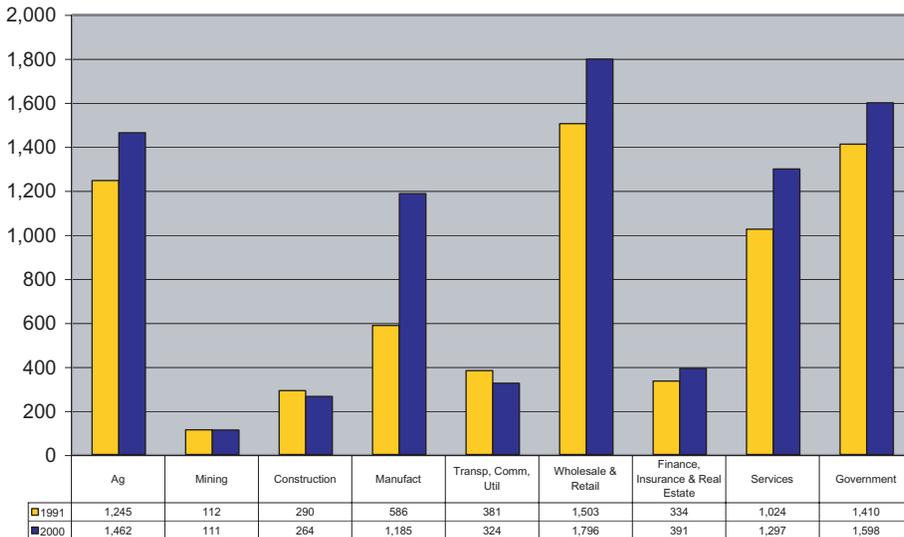
Exhibit 13 - Otero County Employment by Sector



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 from western Kansas.

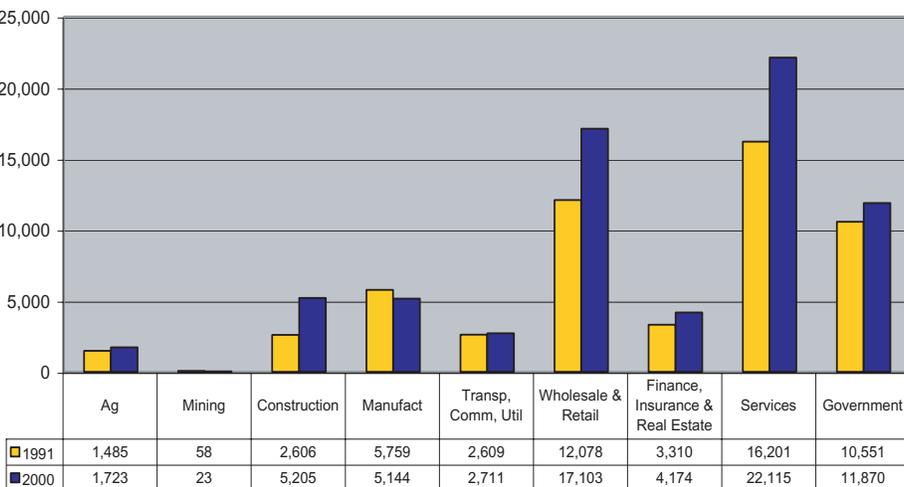
Exhibit 14 - Prowers County Employment by Sector



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



Expected Impacts for a Regional Bypass

A regional bypass located 6 to 12 miles from US 50 would create adverse economic effects to communities along US 50. Such 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 Colorado 71 to Rocky Ford, Colorado 109 to La Junta, Colorado 101 to Las Animas, US 287 to Lamar, US 385 to Granada, and Colorado 89 to Holly.

Soon after construction of a future 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 impacts to US 50 communities that would probably be associated with a regional bypass.

- Significant 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

Mitigation for Regional Bypass Impacts

Mitigation could be expected to partially compensate for the adverse economic impacts of a regional bypass. It is not expected that such mitigation would offset all adverse impacts to US 50 communities.

Mitigation could include:

- Minimize distance from the new route to bypassed US 50 towns
- Develop a uniform corridor signage strategy to advertise local communities
- Provide incentives for at-risk business to relocate to new route
- Limit development of competing services on new route through zoning or other land use controls

Benefits of a Regional Bypass

The benefits of a regional bypass to US 50 communities would be similar to the description of local bypasses. These would be related to traffic reductions in the community and associated safety, noise, and pollution improvements that could lead to more amenable access to local businesses. The reduced regional travel time could also provide benefits to larger shippers and manufacturers who might consider relocation to the region. A short-term, but significant, construction benefit would also be expected during actual construction.



Expected Impacts 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 effect 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 impacts 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 which have invested in a new location or a shift in the customer focus.
- Benefits of bypasses can include reduced traffic congestion, better air quality, improved safety and less noise in the downtown area.
- 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.

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 Wal-Mart 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 community
- Proximity of small or medium size towns
- Proximity to a larger community



What's Next?

The purpose of this document was to provide a baseline of information to be used in later planning phases in evaluation of the potential economic impact, possible mitigation activities, and the economic advisability of constructing regional or local bypasses. In order to evaluate the economic benefit and impact 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.

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 detrimental impacts on the economic health of most local communities in the corridor would be significant. However, the information presented in this document are examples of what may or may not 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 the constructing a regional or local bypass along US 50 from Pueblo, Colorado, to the Kansas State line, detailed surveys and studies would be necessary. These economic impacts will be considered in a later phase of this corridor analysis.



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The following data was collected and analyzed in support of this project.

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