

The Village at Wolf Creek's Jobs Impact

A discussion of the benefits to area workers and businesses



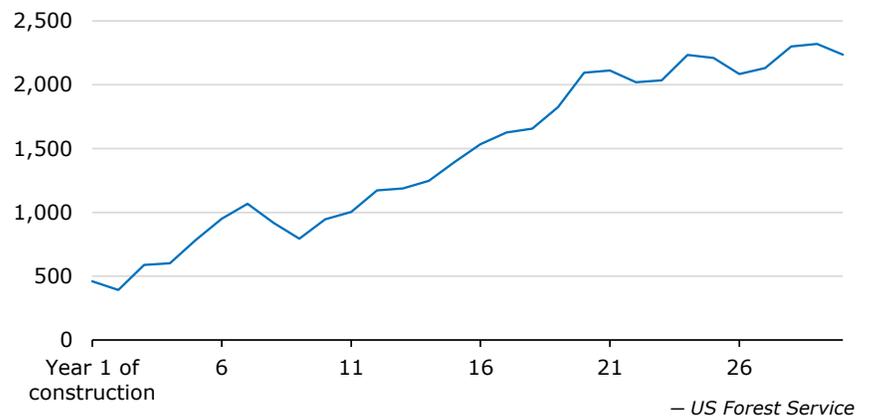
Summary

The Village at Wolf Creek will be an economic boost to a rural corner of Colorado that has struggled to fully recover from the Great Recession. The project will bring needed construction, retail, and hospitality dollars and create confidence for other business owners to move forward on expansion projects. The Village will benefit businesses catering to tourists and seasonal residents while also generating demand for restaurants, personal services, groceries, gas and other services that full-time residents desire.

The Village at Wolf Creek will include homes, hotels and shops on 325 acres adjacent to the Wolf Creek Ski Area in Mineral County. It will complement and dramatically enlarge the region's core business, attracting visitors to the area's streams and slopes.

The project will generate more than 400 jobs in the first year of construction, according to a comprehensive analysis of the impacts conducted by the US Forest Service. After the first decade of construction, the project will consistently produce more than 1,000 jobs. These figures include people working in construction and operations at the Village, as well as the people whose livelihoods will be boosted indirectly by the project and its workers: a worker who manufactures building beams and lights, a car salesman in Alamosa, a hairdresser who sees an expanded customer base.

Jobs produced by project



*8 in 10 jobs
are local jobs*

The project will provide immediate construction jobs as well as ongoing jobs to run the resort area. Designers, electricians, shopkeepers, and restaurant servers are among those who will be employed. The great majority of the jobs, more than 8 in 10, would be available locally, in Mineral, Archuleta and Rio Grande counties, where more than 500 people were unemployed in January of 2017, the month when job losses in this area typically peak.¹

¹ US Department of Labor Bureau of Labor Statistics. Retrieved from <https://www.bls.gov/data/#unemployment>

2,100 jobs annually after construction complete

After construction is complete, the project will generate 2,100 jobs annually, with a little less than half of those in the village itself. These salespeople, hotel clerks, waiters, and maintenance workers would have a livelihood long after the construction crews leave.

“These (jobs) would continue into the future for as long as the Village maintains operations,” according to the Forest Service’s Final Environmental Impact Statement for the project.

Background

The Village at Wolf Creek has been blocked in the courts by environmental groups who prefer the area to remain undeveloped. This despite the fact that the project backers have followed a meticulous process to ensure their proposed development is sensitive to the interests of current residents and to environmental concerns.

The government’s first approval of development on the Village site dates to 1986. The federal government approved a land exchange of private and public property aimed at giving the owner a connection to the highway.

The Forest Service’s impact statement summarizes why that did not happen:²

“The parcel was adjusted based on: 1) the need to reduce the size of the Federal parcel due to appraised values, and 2) a need to tract the land because of an erroneous survey. This resulted in the Federal exchange parcel being unintentionally left without the legal access as all parties had initially intended. Furthermore, as a result of the land exchange, the Rio Grande NF anticipated that the private land would be developed for residential/commercial use to complement (Wolf Creek Ski Area).”

Longtime community residents remember this initial approval and recall that a large resort development was proposed for the land, the first of what would be many outreach efforts to inform and engage the community. Project developers laid out plans for a destination resort at Wolf Creek of more than 2,000 units. In the late 1980s and early 1990s they secured water rights and approvals from county planners.

2 US Department of Agriculture Forest Service (2014, Nov. 18). Final Environmental Impact Statement, Village at Wolf Creek Access Project, p. 1-2. Retrieved from http://a123.g.akamai.net/7/123/11558/abc123/forestservice.download.akamai.com/11558/www/nepa/78763_FSPLT3_2387249.pdf

By 2001, developers had asked the U.S. Forest Service's Rio Grande National Forest to assist them in getting road access by approving an extension of an existing road 250 feet — less than the length of a high school football field. The law required the Forest Service to first conduct a lengthy, multi-year review and produce an Environmental Impact Statement before making a decision.

The Forest Service issued its decision in 2006, proposing access to the land via two roads. Opponents of the project — Colorado Wild and the San Luis Valley Ecosystem Council — sued the forest service. Two years later the legal parties entered into a settlement agreement that required another round of environmental reviews, which the head of Colorado Wild said he would agree to abide by. At a 2010 meeting with Congressman John Salazar, Colorado Wild Executive Director Ryan Bidwell said if the review process “was open and transparent, Colorado Wild would accept its findings,” according to the *Valley Courier*.³

Bidwell's successor, Paul Joyce, made the same promise.

“All we want is a fair and transparent and honest appraisal” of the project, Joyce told the *Land Letter* in 2011.⁴ “If at the end of the day they get their deal, then they get their deal. So be it.”

The second round of environmental reviews incorporated public hearings and meticulous study of the development's potential impact on streams, air quality, trees, fish and birds. The study's consultants drilled down to the level of individual species: the Northern leopard frog, the mule deer, and the Canada lynx. The review also looked at impacts on human population, traffic, and recreational use in nearby public lands, as well as the project's potential economic effects.

The study weighed a new option, a proposed swap of federal and private lands that would give the developer, the Leavell-McCombs Joint Venture, access to Highway 160. The land swap offers the federal government 177 acres east of the ski base in exchange for 205 acres of national forest land farther northeast that abuts Highway 160. For the public, the swap would yield a net increase in streams, springs and wetlands, including a net increase of more than 22 acres of highly diverse wetlands called fen wetlands.

3 Heide, R. (2010, Feb. 18). Salazar hosts Wolf Creek parley. *Alamosa Valley Courier*, retrieved from <https://alamosanews.com/> and <https://www.waterinfo.org/node/3711>

4 Streater, S. (2011, March 10). USFS to study impacts of proposed Colo. resort development. *Land Letter*, retrieved from <https://www.eenews.net/landletter/stories/1059946263/search>

The second environmental analysis reached the same conclusion as the first review: that the proper decision was to grant the owner road access. The Forest Service issued its second Environmental Impact Statement in 2014 and a final Record of Decision in 2015 approving the land exchange.

Contrary to their earlier promise to abide by the second review,⁵ Colorado Wild (now called Rocky Mountain Wild)⁶ and other environmental groups in 2015 sued the federal government again. Opponents of the project, organized as the Friends of Wolf Creek coalition, have argued it would adversely affect recreation, water quality, wetlands, and local business. They have prevailed to date. In May 2017, U.S. District Court Judge Richard Matsch overturned the Forest Service's decision, writing that the Forest Service's process was faulty and that officials did not consider relevant factors in their review.⁷ In September Matsch denied a motion to reconsider his decision.

What started as a clerical error in a survey has morphed over the years into a bureaucratic and legal maze. Project owners have invested millions of dollars to navigate a government process that has failed to serve the public interest.

Local residents whose economic fortunes are at stake should be given consideration. Their comments follow below:⁸

"I am a self employed individual and do excavating work in the construction business. In the last few years it has been a very tough market. Very little construction is taking place in the South Fork area."

"My business depends on tourism."

"I own the Boogies Restaurant in Del Norte and the Hungry Logger in South Fork. ... My businesses are successful when people come into the restaurant, and the Land Exchange will help move the Village project forward and that will bring more people to the area."

5 Streater, S. (2011, March 10). USFS to study impacts of proposed Colo. resort development. *Land Letter*, retrieved from

<https://www.eenews.net/landletter/stories/1059946263/search>

Heide, R. (2010, Feb. 18). Salazar hosts Wolf Creek parley. *Alamosa Valley Courier*, retrieved from <https://alamosanews.com/> and <https://www.waterinfo.org/node/3711>

6 Rocky Mountain Wild was formed in 2011 from a merger of the Center for Native Ecosystems and Colorado Wild.

7 Rocky Mountain Wild et al v. Dallas et al. Retrieved from <https://www.pacer.gov/>

8 These excerpts are from the public comments sent to the US Forest Service in 2012.

'Much of our population is without any employment'

"I have lived in South Fork for 8 years and own a business there. The last 5 years have been a real struggle to stay in business."

"Our area is among the poorest in the state of Colorado and much of our population is without any employment ... full time or part time."

"This area needs jobs. Many of the counties and towns are suffering for tax revenue. Businesses are closing and people are leaving. The area needs a shot in the arm."

"When I return home from my Armed Services commitment I would like to stay in the South Fork area with my family and raise a family. This will take a job. I feel the Land Exchange and the Development of the Wolf Creek Project will help in this regard."

Elected officials have also offered their support for the project:⁹

Mineral County board of county commissioners: "We believe the general consensus of the public is that a land exchange proposal is preferred over any present approvals for the Village at Wolf Creek."

Rio Grande County board of county commissioners: "We have received numerous letters of support from residents within our county in support of this land exchange, including support from residents who were opposed to the originally proposed development. ... We are well aware of the past challenges presented by road access, potential environmental impacts and protracted special interest litigation. We feel the most challenging of the issues have been addressed and a positive plan has been put forth with the current proposed land exchange."

Archuleta County board of county commissioners: "Archuleta County would be in support of the (land) exchange being facilitated through a legislative process if the following criteria were met" related to completing the environmental impact statement, capping the development at 750 units including no more than 70 hotel rooms, and setting up a special taxing district.

⁹ These excerpts are from letters sent to Congressman John Salazar in late 2009. Salazar represented Colorado's Third District in the US House of Representatives from 2005 to 2011.

Demographics

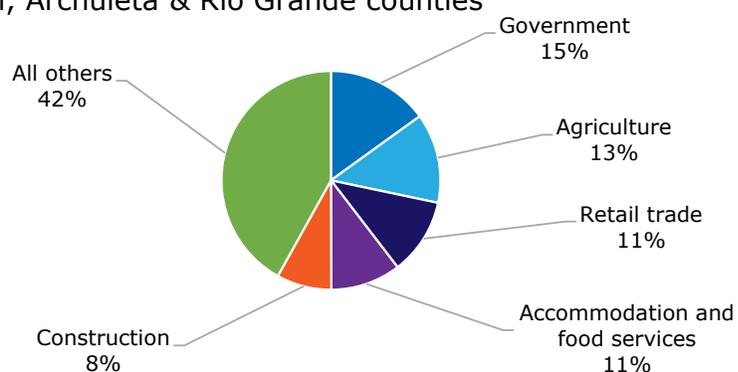
Residents of the three counties surrounding the Village are generally older and poorer than the typical Coloradan. While Archuleta County has seen population growth, Mineral and Rio Grande counties are losing population.

Community profile, by county

	Population			Median household income, 2015 \$	Median age, 2015	Population below poverty level, 2015
	2000	2010	2015			
Mineral	831	712	733	48,125	60.9	7.6%
Archuleta	9,898	12,084	12,174	46,646	49.6	11.7%
Rio Grande	12,413	11,982	11,745	39,672	40.9	19.2%
Colorado	4,301,261	5,029,196	5,278,906	60,629	36.3	12.7%

Source: US Census Bureau

Jobs by sector, 2015 Mineral, Archuleta & Rio Grande counties



— Colorado State Demography Office

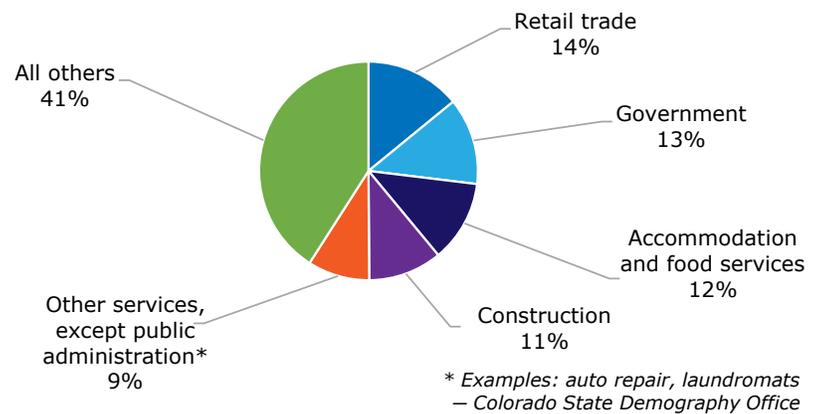
Most available jobs are in government, with agriculture, retail and accommodation and food services also comprising a significant share of employment.

Past industries of mining and logging are no longer viable. The Summitville Mine in Rio Grande County, a gold mine known as the highest mining camp in the state, closed in 1991,¹⁰ six years after the Bulldog Mine in Creede, a rich deposit of silver, closed.¹¹

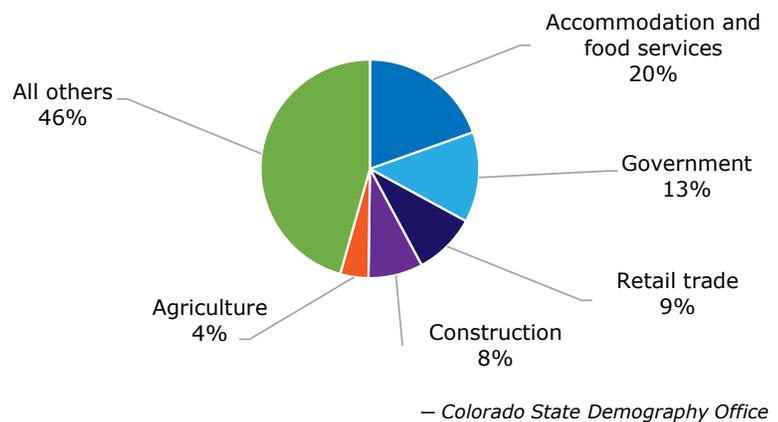
¹⁰ Ketellapper, V. (2013). The mining history and environmental clean-up at the Summitville mine. Retrieved from <http://coloradogeologicalsurvey.org/wp-content/uploads/2013/08/38.pdf>

¹¹ Creede Underground Mining Museum & Community Center. Retrieved from <http://www.undergroundminingmuseum.com/history.html>

Archuleta County jobs by sector, 2015



Mineral County jobs by sector, 2015



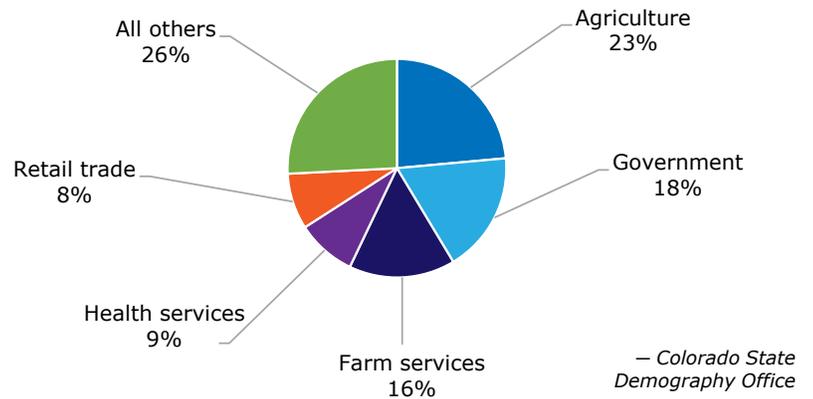
Recent surveys put the number of people employed in mining at 50 in the three-county area. The area's population is around 25,000.

Logging is also an industry whose heyday is past. Since the mid-90s beetles have laid waste to once-thriving stands of pine, spruce and fir trees statewide. Lush green landscapes are marred by stripes of steely gray, the dead and dying trees. The most widespread beetle scourge, the type that eats spruce, has affected 1.7 million acres statewide.¹² The epidemic remains active on 93,000 acres in the Rio Grande National Forest.

Most of the affected trees will likely decay over decades, instead of being

12 Colorado State Forest Service. (2017, January 22). Aerial survey highlights for Colorado, 2016. Retrieved from <https://csfs.colostate.edu/2017/01/25/spruce-beetle-epidemic-expands-in-colorado/> and <https://csfs.colostate.edu/media/sites/22/2017/01/2016COFHADSPressHighlights-CSFS.pdf>

Rio Grande County jobs by sector, 2015



culled in the short term to make way for new growth. Such projects are expensive for the federal government to undertake, and the state's processing capacity is limited, according to a *Sky-Hi News* article.¹³

“The state has some of the largest volumes of salvageable beetle-killed timber, but it doesn't have the mill capacity to process a large influx of timber. If wood floods the local market, it drives down lumber prices. Then the amount of revenue mills generate can't cover the costs of buying timber contracts, harvesting trees and transporting wood.”

Farming thrives in the area surrounding the Village. The San Luis Valley's potato farms are second only to Idaho, and farmers also grow alfalfa and barley. The three crops are worth about \$376 million¹⁴ to a seven-county region that encompasses Mineral and Rio Grande. But production has been strained by drought and increased groundwater use. Some small farms have been purchased by larger operators.

Tourism a major driver for local economy

Tourism remains the best long-term economic bet for the area.

Tourism brings in more dollars from outside the area than any other sector, a pattern that dates at least to 1980.¹⁵ It funds government, the largest

13 Larsen, L. (2013, December 9). Beetle aftermath: new forestry. *Sky-Hi News*, retrieved from <http://www.skyhinews.com/news/beetle-aftermath-part-2-new-forestry/>

14 San Luis Valley Development Resources/San Luis Valley Council of Governments. (2017). 2016 Colorado Planning & Management Region Report. Retrieved from <http://www.slvdr.org/wp-content/uploads/2017/05/2016-Region-8-Report.pdf>

15 US Department of Agriculture Forest Service (2014, Nov. 18). Final Environmental Impact Statement, Village at Wolf Creek Access Project, p. 4-236. Retrieved from http://a123.g.akamai.net/7/123/11558/abc123/forestservic.download.akamai.com/11558/www/nepa/78763_FSPLT3_2387249.pdf

employer in the area. It can be managed with a light footprint on the environment and in such a way that encourages conservation as more visitors are exposed to the area's natural resources.

"If tourism goes away, so do we," Mineral County administrator Janelle Kukuk said.

An uneven recovery



Pagosa Springs' main thoroughfare, Pagosa Street, is busy on a weekday.

The area's recovery from the Great Recession has been uneven, marked by prosperity to the west, struggles to the east. While Mineral and Archuleta counties have seen some economic indicators return to pre-recession levels, Rio Grande County has not bounced back.



A 79-room hotel and spa in Pagosa Springs encompass the springs and a segment of the San Juan River.

Southwest of Wolf Creek Pass, the town of Pagosa Springs bustles on weekdays and weekends, anchored by the hot springs that give the town its name. A 79-room hotel and spa encompass the springs and a segment of the San Juan River. A visitor to Pagosa Springs can purchase a hunting license or fly fishing rod, walk to lunch at a spot along the San Juan, then soak up the sulphurous healing properties of the springs. The downtown still features a working movie theater.

Drive 40 miles northwest, over the Continental Divide, to the town of South Fork, and a visitor encounters an area that could hardly feel more different. South Fork seems to lack something so compelling, so easy to sell, as the healing waters of the springs. The



A gas station is being torn down in South Fork.



Rail cars are stored along the Denver & Rio Grande Railroad (D&RG) in South Fork.



'Biggin,' the mascot for the Hungry Logger in South Fork. The restaurant has been for sale for years.



For sale signs are common in South Fork.

commercial section of town consists of spaced-out tracts along a two-lane highway, a dollar store among a graveyard of empty storefronts, a gas station being torn down, and railcars stored on the San Luis & Rio Grande track.

The South Fork community's most lucrative enterprise, a golf course development surrounded by multimillion-dollar homes, is situated outside the town and its tax base.

The most recognizable landmark in the area, a 20-foot sculpted logger called "Biggin," stands watch out front of a restaurant that has been shuttered for years. The owner cycled through a series of lessees, then shut down for weeks during the historic West Fork Complex fire in 2013.¹⁶ The 9,000-square-foot Hungry Logger restaurant has been up for sale since then.

"We've never on an annual basis made money. We've lost money every year," owner Keith Nichols said.

Nichols estimates that over those years he's had six serious inquiries on the property, and all of the potential buyers walked away because they felt the space was too big.

16 The 2013 West Fork Complex fire burned through 109,049 acres, second only to the 2002 Hayman fire in terms of burn area. The cost to fight the fire was estimated at \$2.2 million. Colorado's largest wildfires (burn area). *Denver Post*, retrieved from <http://www.denverpost.com/2012/06/25/colorados-largest-wildfires-burn-area/>

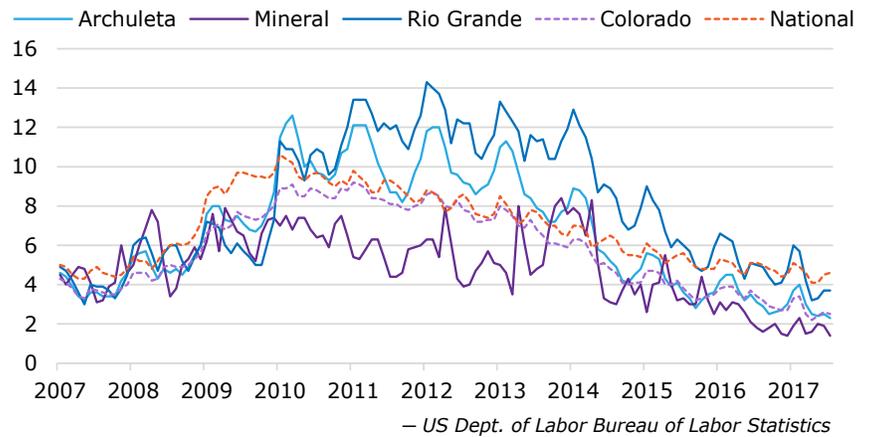
Nichols hopes a successful Village development will boost interest in all of his properties. He hopes to profit from a building behind the restaurant and other undeveloped commercially-zoned land. For some properties, he has plans drawn up.

“Basically, I’m just sitting pat and hoping Red’s able to get his deal done,” Nichols said, referring to project owner Billy Joe “Red” McCombs.

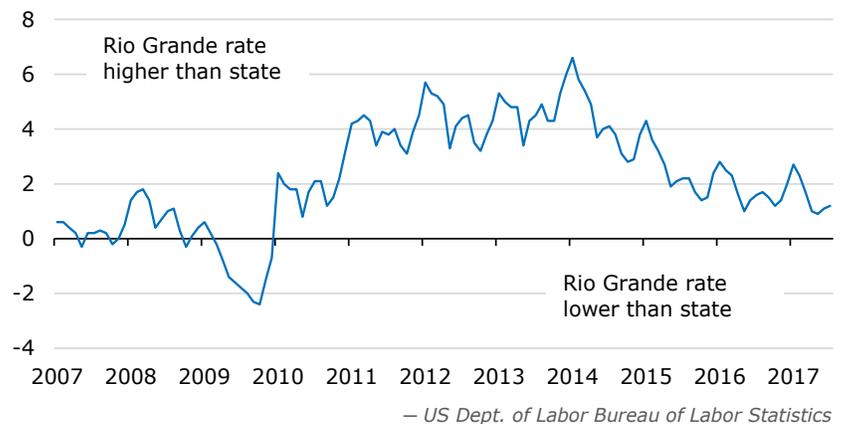
Economic data for the region illustrate why Rio Grande County, where the Hungry Logger is located, has failed to generate enough interest for a new restaurant.

- ◆ Unemployment in Rio Grande County has remained persistently high. The rate has been higher than statewide unemployment since the beginning of 2010.

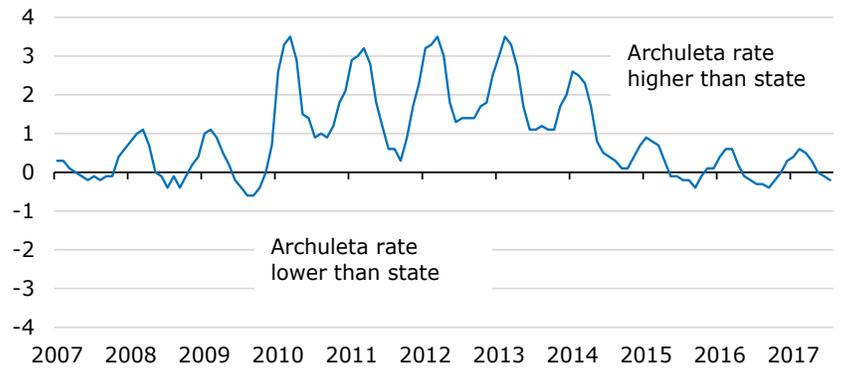
Unemployment rate by county, %



Difference in unemployment rate, Rio Grande County to Colorado, percentage points

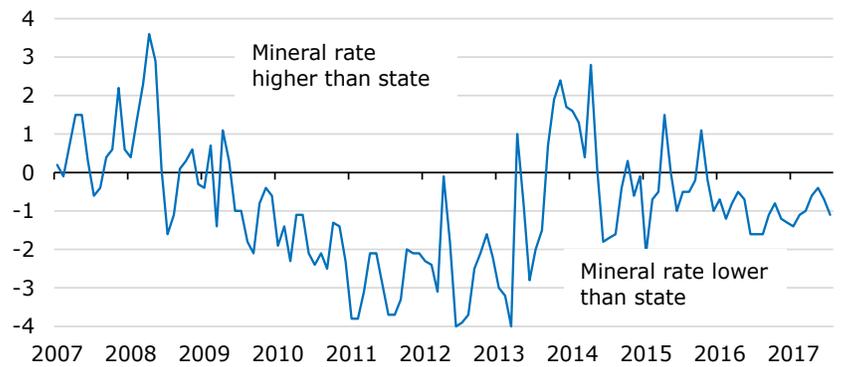


Difference in unemployment rate,
Archuleta Co. to Colorado, percentage points



— US Dept. of Labor Bureau of Labor Statistics

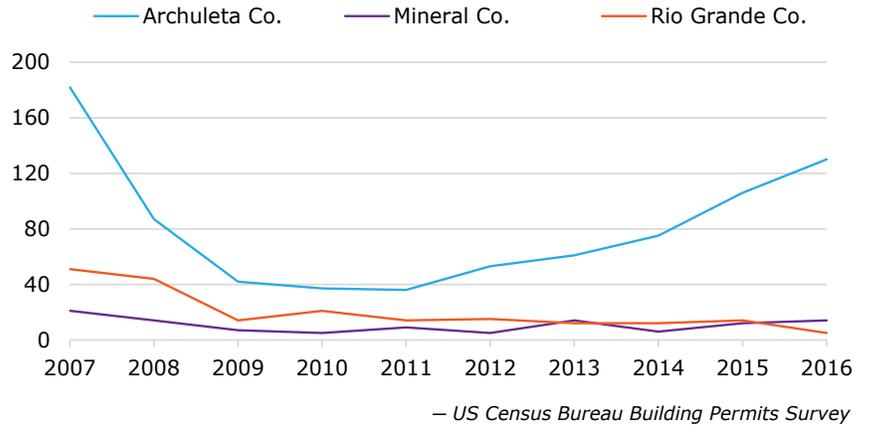
Difference in unemployment rate,
Mineral Co. to Colorado, percentage points



— US Dept. of Labor Bureau of Labor Statistics

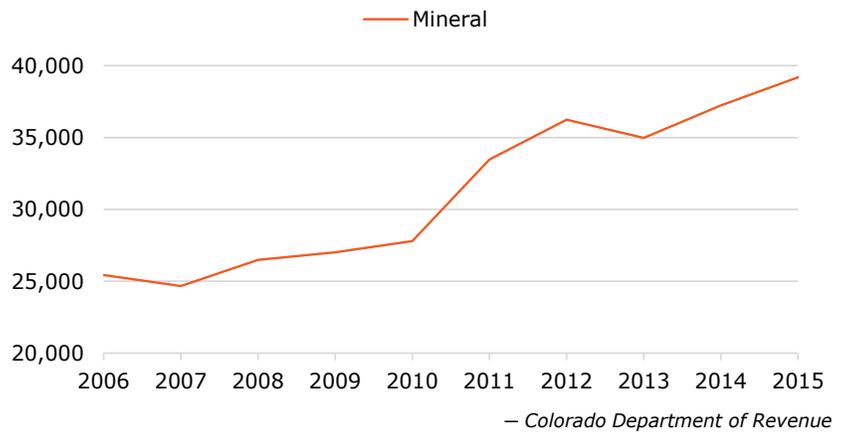
◆ Building permits in the three-county area have not returned to pre-recession levels. In 2007, there were 254 permits issued. In the most recent year the figure was 149. The most severe decline was seen in Rio Grande County, which issued just 5 building permits last year compared to 51 in 2007.

Building permits

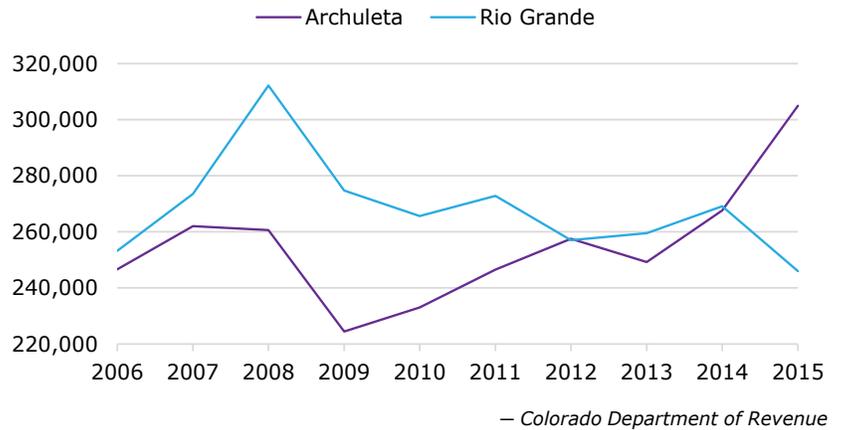


◆ Retail sales have recovered in Archuleta and Mineral counties, but Rio Grande's sales are actually down from levels seen 10 years ago.

Retail sales by county, \$thousands

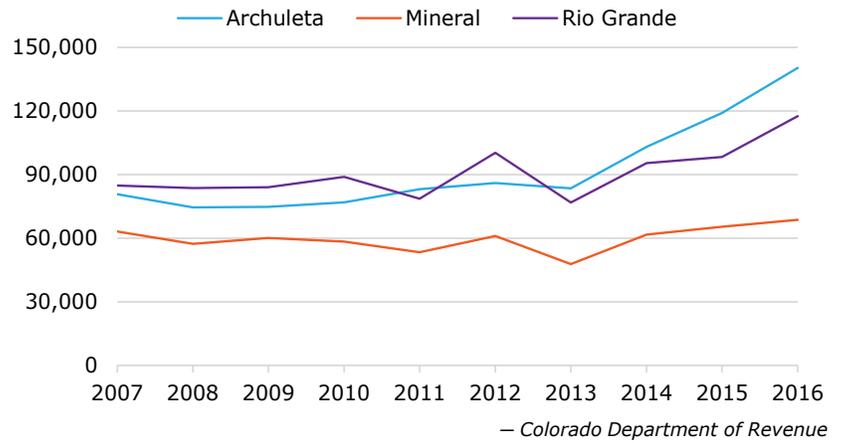


Retail sales by county, \$thousands

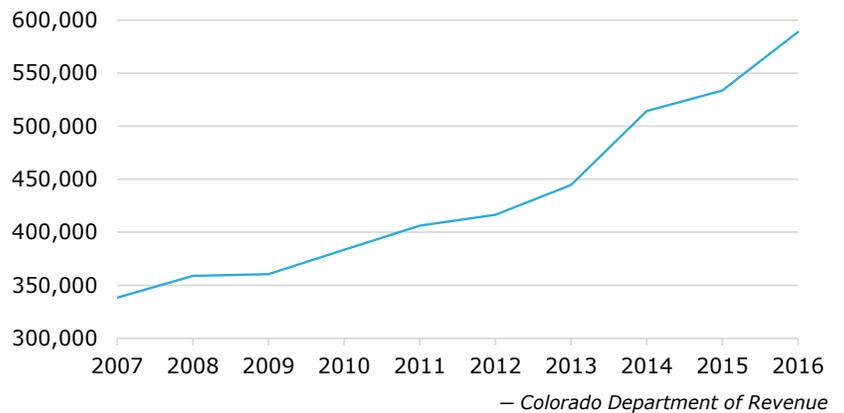


◆ Lodging tax collections showcase the region’s relatively resilient sector of tourism, increasing in each of the last three years. The leader is the town of Pagosa Springs, which through the depths of the recession never saw its lodging tax decline year over year.

Lodging taxes collections by county, \$



Lodging tax collections for Pagosa Springs, \$



Locals see the economy in more personal terms, in the number of youth who see no opportunities to make a home or build a life in rural southwestern Colorado. While the state's population has been majority-urban for almost 100 years, the shift to city life accelerated in the second half of the 20th century. Fewer than 1 in 7 Coloradans lived in a rural area at the time of the last decennial census.

The demographics trend toward a smaller, aging population erodes political clout for rural areas and has set up a sometimes adversarial relationship with the state's urban centers.¹⁷ For the area around the Village, it adds urgency to the need to identify long-term drivers for the local economy.

The Village at Wolf Creek epitomizes just such an opportunity.

The Village would boost demand for high-paying construction jobs, some of which can command six-figure salaries. The construction sector has faced a shortage of skilled labor in recent years.

"There are a lot of things to build and too few people to build them," according to the *Denver Post*:¹⁸

"In 2007, before the recession, the median hourly wage for construction and related workers in Colorado was \$13, and construction managers made \$77,720 per year. Nine years later, in May 2016, median hourly wages were \$16.17, and construction managers made an average of \$92,370 per year."

In southwestern Colorado, construction jobs pay on average \$46,590,¹⁹ or 12% more than the average pay for all jobs. In eastern and southern Colorado, construction jobs pay \$40,420, or 6% more than the average job.²⁰

17 Simpson, K. and Brown, J. (2017, July 21). Colorado Divide: Seismic shifts create rural-urban chasm in the culture, economy and politics of the state. *Denver Post*, retrieved from <http://www.denverpost.com/2017/07/21/colorado-divide-rural-urban-chasm/>

18 Douglas, E. (2017, July 2). Colorado faces massive shortage of construction workers. A fix won't be easy. *Denver Post*, retrieved from <http://www.denverpost.com/2017/07/02/colorado-massive-shortage-construction-workers/>

19 US Department of Labor Bureau of Labor Statistics. Retrieved from https://www.bls.gov/oes/current/oes_0800002.htm

20 US Department of Labor Bureau of Labor Statistics. Retrieved from https://www.bls.gov/oes/current/oes_0800001.htm

\$151 million
in annual
visitor spending

Average annual salaries by region of state, 2016, \$

Job	Eastern and Southern (includes Mineral, Rio Grande)	Southwest (includes Archuleta)
Construction and extraction occupations	40,420	46,590
First-line supervisors of construction trades and extraction workers	63,560	69,230
Carpenters	38,500	47,110
Construction laborers	29,380	37,450
Electricians	45,760	54,990
Plumbers, pipefitters, and steamfitters	48,160	46,930
All occupations	38,260	41,640

Source: Bureau of Labor Statistics

The Village will impact workers one step removed from the actual construction work: people who supply asphalt and glass, broker the sales of new condos, and sell the new residents curtains and couches. But its effects will also be felt by people who provide unrelated services to the workers and residents at the village: grocers, dog groomers, nurses and teachers.

The Village development will add to the area's overnight guest count, generating 830,000 overnight guest stays per year (A family of four staying three nights counts as 12.) The nearby Wolf Creek Ski Area produces less than one-third that number.²¹ Those visitors will spend more than \$151 million each year in the area once the project is complete.

The Village at Wolf Creek will be a net contributor to property taxes in Mineral County and the Creede School District. Taking into account both collections and costs from an increased population, the Village would yield \$9 million more in local property and sales taxes than its population would require in services from the county and school district once the project is fully built. The increased tax revenue from the Village would lead to lower taxes for all residents in the county.²²

21 US Department of Agriculture Forest Service (2014, Nov. 18). Final Environmental Impact Statement, Village at Wolf Creek Access Project, p. 2-45. Retrieved from http://a123.g.akamai.net/7/123/11558/abc123/forestservic.download.akamai.com/11558/www/nepa/78763_FSPLT3_2387249.pdf

22 US Department of Agriculture Forest Service (2014, Nov. 18). Final Environmental Impact Statement, Village at Wolf Creek Access Project, p. 4-222 - 4-223. Retrieved from http://a123.g.akamai.net/7/123/11558/abc123/forestservic.download.akamai.com/11558/www/nepa/78763_FSPLT3_2387249.pdf

Many locals believe the project would be the boost needed to jumpstart other dormant projects. Property owners near the Village are hoping that the project boosts their values and in some cases creates enough interest for them to sell or develop their own property.

“To make something happen, you have to invest and advertise to bring people in, because once people get here, they like it,” said Jack Martz, a Realtor in South Fork who was born and raised in the area. Martz is hoping to sell a 5,000-square-foot restaurant property adjacent to a motel. Martz and his partners have allowed a church to use the building rent-free for five years but now need to divest the property. Martz said he has had no serious inquiries.

Conclusion

The Village at Wolf Creek will bring thousands of jobs that will enhance southwest Colorado’s primary industry of tourism. It will be particularly helpful to Rio Grande County, which has struggled to recover from the recession. The Village at Wolf Creek will yield significant economic benefits to the surrounding area and will kickstart other projects that raise the general prosperity level in the community. The project developer has responded to environmental concerns and offered prime land from a biological perspective in trade for land that would give the project needed road access. The Village has broad local support and should be approved.