



# SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS 2005-2009 CONSOLIDATED PLAN ECONOMIC DEVELOPMENT 2007 UPDATE

## **EVALUATION OF ACCOMPLISHMENTS:**

The following section outlines economic development goals identified by the 2005-09 Consolidated Plan, and the accomplishments of the various economic development organizations throughout the district in meeting these goals during 2006.

### **1. Multiple Use Land Planning And Coordination With District Economic Development Practitioners:**

A. SEUALG/SEUEDD staff continued to met regularly with various organizations and land management agencies to participate in decisions about land management policies and issues related to wilderness and other land set-asides. Information regarding these issues was made available to local elected officials and concerned citizens. As the resource extraction industries are once again becoming a major contributor to the district's economies, this activity has become even more important.

B. During the last year, SEUALG/SEUEDD staff continued to met regularly with the economic development practitioners, chambers of commerce, and travel councils, etc. in each county. The SEUALG/SEUEDD increased its participation with state level organizations such as the Governor's Office of Economic Development, Utah Small Cities, Inc., and the Economic Development Corporation of Utah, and the Utah Alliance for Economic Development.

### **2. Operate And Expand The Business and Technical Assistance Center (BTAC):**

A. During 2006, nine new businesses became tenants of the BTAC. Eight of these business are still operating and have created 6.5 new full-time jobs. Also during 2006

technical assistance was provided to twenty-seven existing or potential businesses in the areas of business planning, business management, contracting, and basic operating practices. Services were coordinated with the Small Business Development Centers and the local economic development practitioners.

### 3. Operate The District Revolving Loan Funds:

A. During 2006 four loans totaling \$179,000 were made. Loan amounts ranged from \$3,500 to \$80,000. The average loan was \$44,750. Eighteen permanent jobs were created by both the new loan clients and the existing clients. Although no loans were made, seventeen additional clients were provided with business planning and financing assistance. At least four of these clients are still active and loans may be made in the future. SEUALG/SEUEDD staff coordinated financing assistance with other RLF funds, SBA, and Utah Business Lending, etc.

### 4. Provide Technical Assistance To Low Income And TANF Eligible Clients:

SEUALG/SEUEDD staff continued to work with the local SEUSIBF board to secure ongoing funding for the program that provided grants to cover business start-up costs to income eligible clients who completed the NEXt Level training course and submitted a comprehensive business plan.

### Economic Development Needs Analysis:

The communities in the southeast district generally did not participate in the economic expansion experienced by the rest of the nation and the State of Utah in the nineties. However, the recent rise in energy costs have brought increased economic activity and opportunity to the district. The balance of this report will look at the

<b>Unemployment Rates For the Southeast District<sup>1</sup></b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Carbon	7.0	7.8	6.3	4.7
Emery	9.8	11.0	7.0	5.2
Grand	7.4	7.3	6.7	5.8
San Juan	9.0	10.2	9.1	7.6
State	6.1	5.6	5.0	4.3

Table EP1

potential opportunities and pitfalls the increased expansion of the energy and resources extraction industries is expected to present.

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<sup>1</sup> Source: Department of Workforce Services

As can be seen from Table EP1, the employment rate in the southeast district, while still higher than the state average, has been catching up over the last two years.

The current unemployment rates in the southeast district are:

<b>Unemployment Rates as of September 30, 2006<sup>2</sup></b>					
	<b>Carbon</b>	<b>Emery</b>	<b>Grand</b>	<b>San Juan</b>	<b>State</b>
U.I. Rate	2.8	3.0	3.8	5.1	2.5

Table EP2

During 2006 the district's unemployment rates saw a major decrease especially when compared to previous periods. While all sectors showed job growth, significant increases were experienced in the mining, construction, and transportation/utilities sectors, especially in Carbon and Emery Counties.

<b>Southeast District - Average Annual Household Incomes<sup>3</sup></b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Carbon	\$33,115	\$33,058	\$33,025	\$34,982
Emery	\$33,594	\$34,429	\$34,690	\$35,940
Grand	\$23,150	\$23,742	\$24,218	\$25,614
San Juan	\$26,774	\$26,994	\$28,052	\$29,313
State	\$37,221	\$36,702	\$36,506	\$37,737

Table EP3

While the average monthly wages are also generally lower than for the state as a whole, again the gap between the district wage and

<b>Southeast District - Average Monthly Wage<sup>4</sup></b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Carbon	2241	2287	2407	2500
Emery	2931	2831	2883	3084
Grand	1653	1699	1843	1965
San Juan	1833	1894	2030	2074
State	2510	2551	2641	2735

Table EP4

<sup>2</sup> Source: Department of Workforce Services

<sup>3</sup> Source: Utah State Tax Commission, Federal Return Data, Median Values for Returns and Households

<sup>4</sup> Source: Department of Workforce Services, County Facts, July 2006

the state wage continues to narrow. This is especially true in Carbon and Emery Counties where low-paying service sector jobs are not the majority of available jobs.

Southeast District Job Growth <sup>5</sup>								
	Carbon		Emery		Grand		San Juan	
	2004	2005	2004	2005	2004	2005	2004	2005
Non-Farm Jobs	8550	8947	3739	3805	4163	4401	3936	3919
Mining	706	791	701	826	81	98	163	155
Construction	285	293	314	266	242	293	230	246
Manufacturing	302	403	29	22	53	103	95	49
Trade/Trans/Utilt	1992	2202	1009	1049	795	808	459	447
Information	113	108	152	139	45	39	8	8
Financial Serv	255	248	60	56	168	209	52	57
Prof & Bus Serv	617	618	87	87	195	210	87	97
Ed/Health/Soc Serv	969	987	65	58	264	315	380	405
Leisure/Hospitality	746	741	281	284	1406	1415	593	541
Other Services	359	335	152	157	68	68	81	79
Government	2206	2220	890	860	848	8	1791	1736

Table EP5

Job growth district wide for most of the decade prior to 2004 was usually a negative number in all sectors except Leisure/Hospitality and Other Services. Job growth between 2004 and 2005 averaged 2.9% even with San Juan County's slight dip. Most importantly, this recent job growth has generally been in the higher paying sectors while job growth in retail and other service industries has remained level.

However, the high percentage of low paying jobs in the various service sector industries in Grand and San Juan Counties contributes to the much lower wages and per capita income available to households in those counties. This wage disparity is demonstrated in Table EP6 below.

<sup>5</sup> Source: Department of Workforce Services, Labor Market Information

<b>Average Monthly Wage by Industry Sector - 2005<sup>6</sup></b>				
	<b>Carbon</b>	<b>Emery</b>	<b>Grand</b>	<b>San Juan</b>
Mining	\$5,829	\$4,785	\$3,898	\$4,256
Construction	\$3,155	\$3,037	\$2,309	\$2,048
Manufacturing	\$3,191	\$2,495	\$2,733	\$1,348
Trade/Trans/Util	\$2,543	\$3,660	\$1,938	\$1,470
Information	\$1,683	\$2,416	\$1,892	\$838
Financial	\$2,021	\$1,565	\$2,072	\$1,764
Prof & Bus Serv	\$1,892	\$2,269	\$2,184	\$1,559
Ed & Health Serv	\$1,990	\$1,415	\$2,409	\$2,330
Hospitality/Leisure	\$745	\$817	\$1,134	\$1,134
Other Services	\$1,819	\$2,415	\$1,620	\$1,532
Government	\$2,240	\$2,064	\$2,727	\$2,329

Table EP6

The majority of employers in the district are very small businesses, employing fewer than twenty employees. A significant number of these businesses are one-person operations and employ only the owner.

<b>Number of Establishments and Number of Employees - 1<sup>st</sup> Qtr 2005<sup>7</sup></b>								
	0 Empls	1-4 Empls	5-9 Empls	10-19 Empls	20-49 Empls	50-99 Empls	100- 249 Empls	250+ Empls
Carbon Estbl	69	265	141	101	66	29	8	3
Emery Estbl	33	103	50	39	29	5	7	0
Grand Estbl	56	191	111	81	43	6	3	0
San Juan Estbl	34	113	73	46	37	17	0	0

Table EP7

While small business is the fuel that drives the economies of the southeast district, as is true in other areas, generally, the district's small businesses don't offer health insurance or offer only limited plans. With the rising costs of medical care and health insurance, even larger businesses are dropping or reducing their health-care plans

Small businesses usually have lower average wages than do larger companies. The fact that a large percentage of the district's small businesses are in the Leisure/Hospitality and Retail Trade sectors and many of the jobs offered in these sectors are seasonal or part time

<sup>6</sup> Source: Department of Workforce Services, County Economic & Demographic Profiles

<sup>7</sup> Source: Department of Workforce Services, Economic Data and Information

contributes to the overall lower wage. Although, wages in these sectors have increased in the last two years because of the lower overall unemployment rates.

<b>Average Monthly Wage Compared to Establishment Size-1st Qtr 2005<sup>8</sup></b>								
	0 Empl	1-4 Empl	5-9 Empl	10-19 Empl	20-49 Empl	50-99 Empl	100- 249 Empl	250 + Empl
Carbon Avg	\$14,575	\$1,996	\$1,925	\$1,852	\$2,283	\$2,306	\$4,215	\$2,112
Emery Avg	\$909	\$1,972	\$1,660	\$1,588	\$2,195	\$2,010	\$4,639	\$0
Grand Avg.	\$2,144	\$1,938	\$1,819	\$1,754	\$1,534	\$1,889	\$2,745	\$0
San Juan Avg	\$3,858	\$2,078	\$1,618	\$1,792	\$2,159	\$1,942	\$0	\$0

Table EP8

As mentioned earlier, not only has there been a significant increase in the number of jobs available, the district on average has seen a 6.5% increase in the number of businesses/employers. Many of these new establishments are the result of classic entrepreneurship efforts.

<b>Total Number of Employers 2002 through 2006 (2<sup>nd</sup> Qtr)<sup>9</sup></b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Carbon	652	665	681	686	695
Emery	257	255	266	273	277
Grand	469	485	491	502	520
San Juan	329	334	340	346	355

Table EP9

While entrepreneurship is risky, if successful, operating a small business can be a good way for district residents to work their way out of un and under employment and low wages. As can be seen from Table EP8, the wages of sole proprietor or owner-operated businesses can be quite high. However, taking a business from start-up to successful usually requires several years of training and support for the new entrepreneur

Most of the larger employers in the southeast district are in the one of the service sectors or government (including the school districts).

<sup>8</sup> Source: Department of Workforce Services, Economic Data and Information

<sup>9</sup> Source Department of Workforce Service, County Facts

Largest Employers <sup>10</sup>					
Carbon County			Emery County		
School District	Education	500 - 999	School District	Education	250 - 499
Canyon Fuels	Mining	250 - 499	Energy West	Energy West	250 - 0499
Castleview Hospital	Health	250 - 499	Pacificorp	Utilities	250 - 499
Utah State	Gov't	250 - 0499	CW Mining Co	Mining	100 - 249
College of Eastern Utah	Education	250 - 499	Emery County	Gov't	100 - 249
Wal-Mart	Retail	250 - 0499	Genwal Resources	Mining	100-249
Andalex Resources	Mining	100 - 249	Neilson Leasing	Constr	100 - 249
Carbon County	Gov't	100 - 249	UDOT	Govt	100-249
Discovery Phone Center	Tele/Markt	100 - 249	E.C. Nursing Home	Health	50-99
Joy Mfg. Co.	Mining Support	100 - 249	Emery Telcom	Telecom	50-99
Pacificorp	Utilities	100-249	State of Utah	Gov't	50-99
Price City	Gov't	100-249	West Winds Truck Stp	Gas/Conv	50-99
West Ridge Resrc	Mining	100-249	XL Construction, Inc.	Elec Conctrct	50-99

Table EP10

Largest Employers					
Grand County			San Juan County		
Allen Memorial Hospital	Health	100 - 249	School District	Education	500 - 999
Grand County	Gov't	100 - 249	Aramark Svcs Mgmnt	Tourism	100-249
School District	Education	100 - 249	College of Eastern UT	Education	100 - 249
Nat'l Park Serv	Gov't	100 - 249	San Juan County	Gov't	100 - 249
Quinstar	Hospitality	100 - 249	San Juan Co Hospital	Health Svc	100-249
Bureau of Land Mgmt	Gov't	50 - 99	Utah State	Gov't	100 - 249
City Market	Retail	50 - 99	Blanding Grocery	Retail	50 - 99
Moab Brewery	Hospitality	50 - 99	4Corners Reg Care	Health	50 - 99
State of Utah	Gov't	50 - 99	Gouldings, Inc.	Hospitality	50 - 99
Zax Pizza	Hospitality	50 - 99	Indian Affairs	Gov't	50-99
22 Serv Sector Est.	Hsp/Retail	20-49	Montezuma Health	Health	50 - 99
			Montezuma Head Start	Education	50 - 99
			Monument Vly Lodge	Hospitality	50 - 99
			Navajo Nation	Gov't	50 - 99

Table EP11

<sup>10</sup> Source for Tables EP10 and 11: Department of Workforce Services, Economic Data-Largest Employers Annual Averages for 2004

As can be seen from comparing Table EP6 with Tables EP10 & 11, the highest wages are found in the counties where the largest employers are in the mining or utilities industries. The lowest wages are found in the counties where most of the employers are in the government and hospitality industries.

As detailed in the "Evaluation of Accomplishments" section at the beginning of this chapter, the emphasis for the district's economic development practitioners and agencies has been on providing technical assistance and support to small business and entrepreneurs. This will continue to be a high priority for both the district and local economic development practitioners.

A major component of that support system has been the district's Revolving Loan Fund Program which was formed in 1990 and is now worth:

<b>SEUALG Revolving Loan Fund Values as of 6/30/06</b>							
Fund	EDA	CDBG	SJ Co. CDBG	EDA Recap	Rural Develop	Monticello CDBG	Forest Partnership
Loaned	\$450,873	\$171,055	\$57,453	\$108,909	\$13,713	\$36,034	\$15,436
Cash	\$150,477	\$138,927	\$90,178	\$158,124	\$133,950	\$31,505	\$32,614

Table EP12

During the last year two loans totaling approximately \$82,000 had to be written off.

Because of the very low market rates the last few years, the Revolving Loan Fund Program has been utilized much less than during the late 1990's. However, with the rise in interest rates and the business opportunities the expanding economy will bring, it is expected that there will be a corresponding increase in interest in the revolving loan fund programs.

Another major provider of services to the district's small business clientele are the four SBA/Small Business Development Centers.

<b>Small Business Development Centers and SBA Hub Zones</b>				
	Carbon	Emery	Grand	San Juan
Hub Zone	Yes	Yes	Yes	Yes
SBDC Office	Yes <sup>11</sup>	Visiting	Visiting	Yes

Table EP13

<sup>8</sup> The SBDC located in Carbon County also serves clients in Emery County. The San Juan SBDC also serves Grand County.

All four counties are designated as Enterprise Zones and all four counties have designated Smart Site communities and have businesses that have met the Smart Site criteria. The SEUALG/SEUEDD works closely with both the SBA and Federal Procurement programs to provide a comprehensive package of business training and financing opportunities to the district's entrepreneurs. On average joint services are provided to 58 clients annually.

### **Comprehensive Economic Development Strategy Mission Statement**

It is the mission of the Southeastern Utah Economic Development District to:

- Provide a regional clearinghouse for economic development data and information and a means for efficient use of the data and information
- Provide an effective comprehensive Economic Development District functional document to provide guidance to district efforts and resources
- Provide a forum for personal and commercial concerns to make their needs known to economic development practitioners
- Provide support to increase district job and employment opportunities and availability
- Provide support to increase the average wages received by district workers, increasing the per-capita and household income for district residents
- Provide support to decrease out-migration while increasing in-migration with attention to demographic population trends
- Provide a means to identify the strengths, weakness, opportunities and tactics faced by individual counties and the district as a whole
- Provide a forum for multiple land use in terms of environmental and natural resources issue presentation
- Provide a basis for improving the quality of life in southeastern Utah

- Provide support to improve and add to district infrastructure capacity

### **Key Economic Development Issues**

For the first time in well over a decade, the economic outlook throughout the district is bright and optimistic. The recent upturn in the district's economies does bring a whole new set of opportunities, issues, and concerns that district entities have not had to address in a very long time.

#### **Opportunities:**

1. As detailed in the charts on the previous pages, after years of business and job decline, there has been a significant increase in the number of higher end jobs in the mining, mining support, construction, transportation/utilities and professional services sectors.

2. The job growth in these higher paying sectors has created many more employment opportunities for those with the right qualifications. Many district residents who accepted "under-employment" for years in order to live in rural Utah now have the option of changing jobs and/or careers.

3. The wage pressure caused by the job growth, and the types of new jobs developed has also increased the wages of the service, hospitality, and tourism sectors.

A. In many communities, jobs that paid barely \$6.00 per hour two years ago are now paying up to \$10.00.

B. Many more high paying jobs are now available in fields that don't require college degrees. The Department of Workforce Services predicts increased need for electricians, computer technicians, auto/diesel mechanics, welders and machinists

4. The increasing world demand for energy resources probably means that the current "boom" in resource extraction activity, jobs and firms won't be hit by a corresponding deep "bust" cycle as has happened in the past. While all economies must deal with cyclical markets, a more stable district economy would foster the development of regional cluster industries that have both a direct and indirect tie to mining, gas/oil drilling and energy production activities.

With increased economic development opportunities, communities could begin attracting other industries and businesses into the area in the fields of:

- A. Sports equipment manufacturing
- B. Travel/tourism programs for people interested in studying paleontology, archeology, geology, cultural history, etc.
- C. Medical supply and equipment manufacturing

6. Several county and city level economic development offices are actively researching and instituting programs and services to provide expansion possibilities to existing businesses. These services include production efficiency, customer service, and inventory control efficiencies, training for day-to-day operations, and coordinating additional business and employee training opportunities with the SBDC's Applied Technology College, College of Eastern Utah, Western Energy Training Center, and the Department of Workforce Services

7. The increased revenues into the Permanent Community Impact fund could provide communities with the funding they'll need to develop additional infrastructure, housing and community facilities.

### **Issues and Concerns**

1. Because of the stagnant and negative economic growth during the previous fifteen years, the district's population has decreased significantly. Many skilled workers had to leave the region in order to find acceptable employment. Currently, the district's workforce is older, less well trained, and a significant percentage of working age adults are not employable and/or are permanently disabled. The result of this out-migration and loss of population is:

- A. Not enough workers at any skill level
- B. Not enough workers with the specialized skills needed for today's "high-tech" jobs
- C. Many training, intern, and apprentice programs were discontinued or significantly reduced because of lack of job placement opportunities and/or student base, so in-migration will have to be encouraged in order to keep this economic boom running.

2. There has been little real housing development within the district in the last fifteen to twenty years.

- A. Much of the district's housing stock is fifty or more years old, in serious disrepair, and not suitable or acceptable for/to today's families.
- B. There is very little multi-family rental housing available, especially for larger families.

C. Much of the existing rental capacity has been taken up by temporary workers who have moved into the area to work on a number of large, but relatively short-term projects.

D. Low income and disadvantaged residents are being pushed out of the housing market by the economic up turn.

E. It will be increasingly difficult to encourage new business investment and population growth without adequate workforce housing.

3. Along with housing, over the years many community development and infrastructure projects have been postponed, severely scaled back or eliminated altogether. For over ten years most community development planning and infrastructure project development has been based on stagnant population growth or geared only to immediate community needs. Unless future housing and community development needs can be adequately identified and met it will be very difficult to attract the needed in-migration of new workers and their families.

A. Declining enrollments have forced the closure of schools, and a reduction in the types of educational programs that can be offered. "Good" schools" are one of the primary features families, and the companies they work for, look at when deciding whether to relocate to a new community. There is a concern that tax base needed to construct new schools and expand programs will significantly lag behind costs.

B. There are several major but short-term projects (retrofitting the scrubbers at the power plants in Emery County, removing a uranium tailings pile in Grand County, and a Highway 6 interchange project in Carbon County) going on throughout the district that are putting unexpected pressures on housing (including motel/hotel availability), employee pools, and transportation.

C. Many of the smaller communities in the district have no police or professional fire/emergency services or staff. As the population grows, and in order to facilitate growth, these services may have to be increased.

E. There are a number of very expensive projects that are needed on a regional basis to enable communities in this district to take advantage of projected short and long-range economic opportunities.

I. Expansion of Highways 6 and 191 to at least four lanes

II. The development of new highways between the Uintah Basin and Carbon/Emery and Grand/San Juan Counties. Develop and/or improve highways between Emery and Sevier Counties.

- III. Major increases to electrical generating capacity and distribution systems
- IV. The development of natural gas distribution systems to communities that are not currently served
- V. Redundant telecommunication distribution systems and extension of broadband services into communities not currently served.
- VI. Development of rail service in un/underserved counties, especially into Emery County
- VII. Develop additional water sources and storage facilities.

4. Reconciling the activities and effects of expanding resource extraction industries with environmental and tourism industry concerns could become a major issue in all four district counties. Finding a balance between protecting sensitive lands while allowing for growth and reasonable multi-use land policies is critical to future economic development throughout the district.

### **Economic Development Needs and Goals:**

In conjunction with the goals, objectives, and work plan of the Southeastern Utah Economic Development District and the Comprehensive Economic Development Strategy (CEDS) the following economic development needs priorities have been established for the Consolidated Plan:

- 1. Maintain existing and find additional sources of low-cost capital, especially for entrepreneurs and small businesses
- 2. Foster private investment in both business and community/housing development by creating a user friendly business environment.
  - A. Simplify licensing and approval processes
  - B. Simplify funding application processes
- 3. Expand the micro enterprise loan program for very small and owner-operated businesses. Develop a “mini-micro loan program.”
- 4. Identify and plan for critical infrastructure needs and the funding necessary to address these needs.
  - A. Water systems
  - B. Sewer/run-off/storm drain systems
  - C. Highways and transportation
  - D. Increased electrical generating/distribution capacity
  - E. Redundant broadband and other telecommunications systems

- G. Improved public schools and higher/continuing education opportunities.
- H. Community and quality of life facilities such as recreational facilities, parks and sports facilities, etc.

5. Increase the availability of affordable and workforce housing through out the district

- A. Continue to operate and expand home-buyer programs and efforts.
- B. Continue and expand programs to rehabilitate existing housing stock, especially for the district's special needs and elderly populations.
- C. Increase the number of multi-family rental units throughout the district

6. Develop and/or expand existing programs that offer business training and start-up capital to the district's low-income and disadvantaged residents.

7. Increase the skill levels of the district's workforce by increasing the availability of on-the-job training programs and custom-fit training programs,

8. Identify and plan for regional infrastructure projects that provide benefit across county and district geographies

### **Economic Development Activities and Actions**

1. Foster coordination between communities and across county lines.

- A. County and district economic development practitioners will work closely with all district economic development boards, chambers of commerce, and state economic development organizations.
- B. Elected officials, economic development practitioners and community planners will continue to participate in the decision making processes of the various state and federal public land management agencies.

2. Provide increased business/entrepreneurial training and resources in the areas of:

- A. Customer Service
- B. Computer accounting programs
- C. Day to day business management
- D. Coordinate these training services between local economic development offices and the Small Business Development Centers.

3. Increase the coordination of services between the district's revolving loan fund programs and other lending programs.
  - A. Provide capital for larger projects
  - B. Provide more flexible lending program policies and procedures
  - C. Adapt RLF program policies to provide more practical business management and oversight.
  
4. Work with the Department of Workforce Services to institute job development and job training programs for district low-income residents.
  - A. Address issues with under/unemployable populations.
  - B. Pursue reactivation of the Southeastern Utah Small Business Development and Investment Fund program
  
5. Coordinate with community planners, housing authorities, affordable housing boards, planning and zoning committees, potential developers, etc. to ensure the availability of affordable workforce housing and increase the number of rental units available through out the district.