Huerfano County Retail Support and Entrepreneurship Action Plan

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Introduction

This project carries forward a vision to expand and diversify retail and hospitality businesses in Huerfano County. Huerfano County Economic Development participates in a Colorado Workforce Council Sector Partnership with a focus on retail, hospitality, food & beverage. During the summer music event series, "Fridays in Huerfano," and at regional farmers markets, Huerfano County Economic Development staff noted strong interest by small scale sellers who do not have a brick and mortar location. Staff continued to learn of people who have retail business ideas that could be formalized or who make products that they want to retail. The directive from Huerfano County that initiated this project was to explore the retail, hospitality, food & beverage markets and to develop an action-oriented implementation guide. In this spirit, the project culminates with a feasibility analysis of a proposed pop up retail business incubator and makerspace.

The market analysis started with a discovery of <u>customer segments</u>. In Huerfano County, year-round residents and visitors are two distinct customer segments and part-time residents share characteristics with each of these. These customer segments have their own expenditure patterns that sometimes overlap.

The <u>market opportunity</u> analysis highlights opportunities in various sectors to better serve the customer segments. The retail, food services, and arts, entertainment and recreation sectors serve local residents as well as visitors and are therefore considered to be key sectors in this investigation of market opportunities.

The <u>entrepreneurship ecosystem assessment</u> organizes review and recommendations around elements of the ecosystem to support small business and entrepreneurship. This is a map of current conditions of the ecosystem to support business that identifies areas where communities can proactively impact the attractiveness of the region for business startup and growth.

The <u>action plan</u> builds on the market opportunity analysis and charts strategies, action items, resources and priority level for the following goals:

Goal 1 Diversify the retail shopping market and fill market gaps with local, independentlyowned businesses and startups: 1) Stores that will serve both residents and visitors, 2) Stores oriented toward visitor recreational/leisure shopping

Goal 2 Establish and sustain a selection of restaurants that meet the needs of locals and visitors and that are located to serve the entire geography of the county.

Goal 3 Increase the capacity of overnight visitor accommodations with facilities that meet customer expectations of quality, cleanliness and consistency.

Goal 4 Diversify and expand recreation, entertainment and other leisure activities.

Goal 5 Implement local workforce development services that meet the needs of job seekers, employees and employers.

Goal 6 Make downtown public infrastructure improvements that encourage visitors and passersby to stop and explore.

Goal 7 Establish and sustain a business-friendly environment in Huerfano County and its municipalities.



Goal 8 Ensure that Huerfano County and its partners have the capacity to implement this action plan and future initiatives.

Goal 9 Foster a culture that supports and celebrates small business_and entrepreneurship The retail pop up business incubator and makerspace feasibility study begins to implement the action plan. The study describes the proposed facility, programming, resources, partners and target markets. It charts costs, revenues, performance tracking metrics and other objective measures to inform the development of the incubator and makerspace.

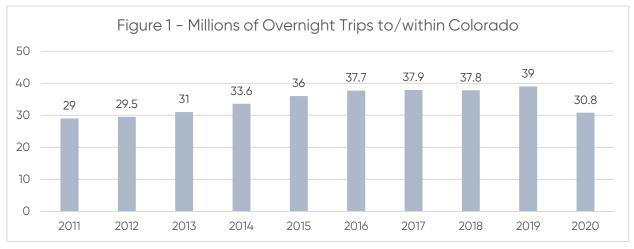


Customer Segments

Customer segments represent different components of the demand side of the market. In Huerfano County, year-round residents and visitors are two distinct customer segments and part-time residents share characteristics with each of these. These customer segments have their own expenditure patterns that sometimes overlap as further described in the "market opportunity analysis" below.

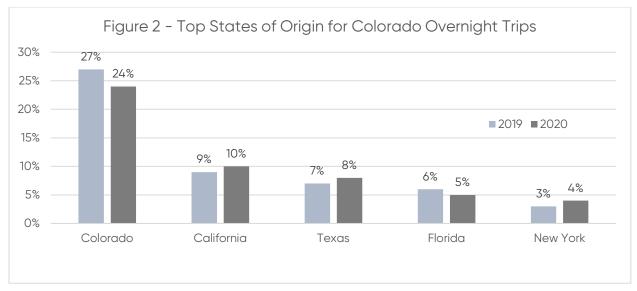
Tourism markets

Overnight visitors are the most valuable visitor customer segment because they spend more money across a wider array of sectors compared to any other type of visitor. Overnight visitation increased substantially as the economy began to recover from the 2008 financial crisis and recession and grew again in 2019. COVID resulted in about eight million fewer overnight trips in 2020 compared to 2019, down to levels not seen since before 2014 when the economy began to pick up in Colorado.



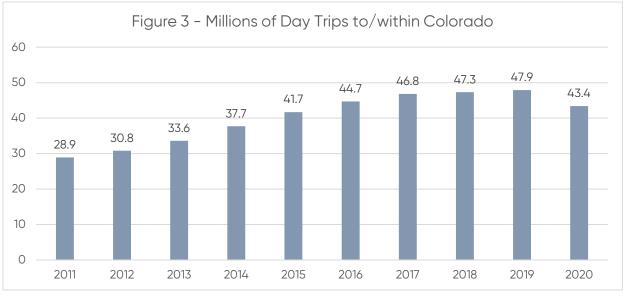
Source: Colorado Tourism Office, Colorado Travel Year 2020, Longwoods International About one in four overnight visitors to destinations in Colorado are Coloradans. Long established markets such as California and Texas contribute substantially, but the in-state market is incredibly important for the overall health of the tourism industry. The percentage of out-of-state visitors increased in 2020, which was likely a result of COVID.





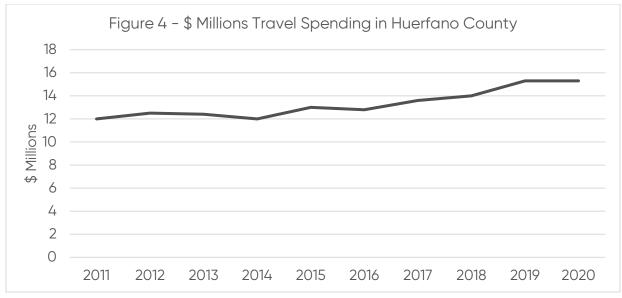
Source: Colorado Tourism Office, Colorado Travel Year 2019 and 2020, Longwoods International

In 2011, there were about the same number of day trips as there were overnight trips. From then-on, day trips grew at a faster rate than overnight trips and peaked at 47.9 million in 2019 before falling off by 4.5 million trips in 2020 due to COVID. In 2019, 60% of day trips were in-state residents and 15% were from the Pueblo Colorado Springs area.



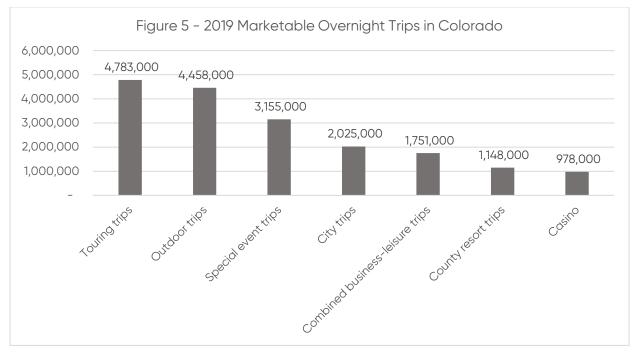
Source: Colorado Tourism Office, Colorado Travel Year 2020, Longwoods International The annual Economic Impact of Travel Spending by Colorado Tourism Office is one of the few sources of information that shows local level travel and tourism industry trends. Research by Dean Runyan Associates shows about 25% growth in travel spending in Huerfano County since 2014. It appears that travel spending in Huerfano County held steady in 2020 despite the restrictions and risks posed by COVID.





Source: Colorado Tourism Office, Economic Impact of Travel Spending in Colorado, Dean Runyan Associates

The drive touring market is of particular relevance to Huerfano County, accounting for 26% of all marketable overnight trips in Colorado in 2019. Twenty-five percent (25%) of leisure trips by in-state residents were drive touring trips.

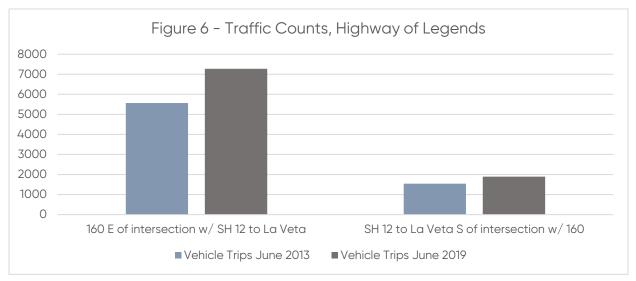


Source: Colorado Tourism Office, Colorado Travel Year 2019 and 2020, Longwoods International



The Highway of Legends Scenic Byway connecting Walsenburg, La Veta, Chuchara, Gardner, Trindad and Aguilar is an attraction for the drive tour market. According to CDOT counts, average daily traffic increased 31% on Hwy 160 just East of the intersection with Hwy 12 in six years and traffic just south of the same intersection in Hwy 12 increased 23% during the same six years.

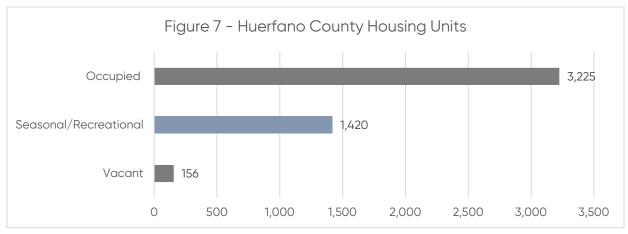




Source: Colorado Department of Transportation (OTIS Query Tool)

Part-time resident market

Vacation/seasonal homes in Huerfano County are an additional market segment that has economic effects similar to the visitor market. The American Community Survey classifies 30% of the housing units in the county as seasonal/recreational. While not all of the 1400+ units are typically occupied at once, they have capacity for three to four thousand part-time residents. In addition to fueling the resident services sectors, part-time residents are typically either retired or vacationing so they have a significant effect on the arts, entertainment and recreation industries.



Source: Economic Profile System, 2021, Headwaters Economics



Local resident market

The visitor markets are extremely important and make it possible for many to be in business, but there is no mistaking that local residents are the main drivers of the local economy. Total travel spending across all sectors in Huerfano County was estimated at \$15.3 million in 2019 (Economic Impact of Travel Spending in Colorado, Dean Runyan Associates) while annual retail spending by county residents is estimated at \$89 million (ESRI Business Analyst Online, 2021). Non-labor income including investment income, transfer payments and hardship related payments amounted to 63% of total personal income in 2019, meaning that most of the money circulating in the county originates from households.

Households are the main economic drivers in the local economy, but demographic and economic trends indicate some areas of significant concern with this market. The population declined -3.9% between 2010-2019 and various economic indicators show that many Huerfano County households struggle financially. The median age in the county is nearly twenty years older than the state as a whole and three quarters of households receive some form of retirement income. Retirees are an asset in the economy in that they spend money, but by definition, they do not fully participate in the workforce.

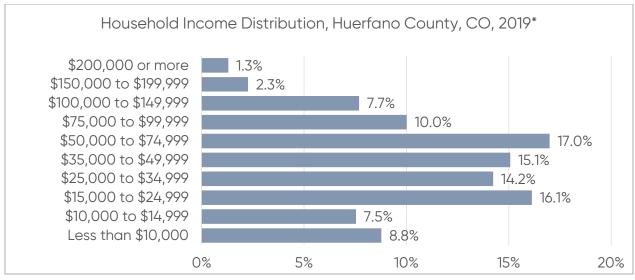
	Huerfano County	Colorado
Population 2019	6,679	5,610,349
Population Growth (% change, 2010-2019)	-3.9%	14.8%
Median Age (2019)	55.0	36.7
Percent of Households with Retirement and Social Security Income (2019)	75.1%	43.6%
Median Household Income (2019)	\$38,137	\$72,331
Percent Individuals Below Poverty (2019)	15.8%	10.3%
Percent Families Below Poverty (2019)	12.4%	6.6%
Percent of Households with Public Assistance Income (2019)	26.9%	12.9%

Table 1 – Demographic Indicators

Source: Economic Profile System, 2021, Headwaters Economics

A significant challenge from a retail perspective is that household incomes span a wide range, with about one-third of households making less than \$25,000 per year, one-third making between \$25,000-\$50,000 and about one third making over \$50,000 per year. This poses significant challenges for retailers and restaurants in identifying target markets and setting price points.



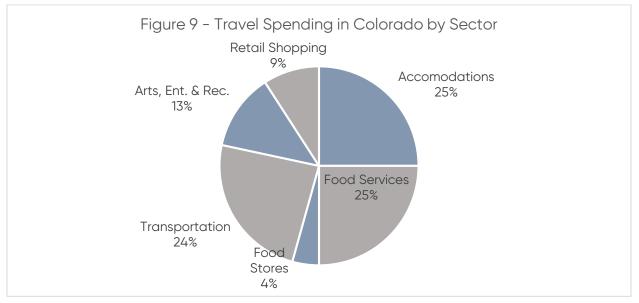


Source: Economic Profile System, 2021, Headwaters Economics



Market Opportunity Analysis

The market opportunity analysis highlights opportunities in various sectors to better serve the customer segments described above. Just over half of Colorado travel spending is for food and accommodations, and the other half is spent on transportation, entertainment and shopping. The retail, food services, and arts, entertainment and recreation sectors serve local residents as well and are therefore considered to be key sectors in this investigation of market opportunities.



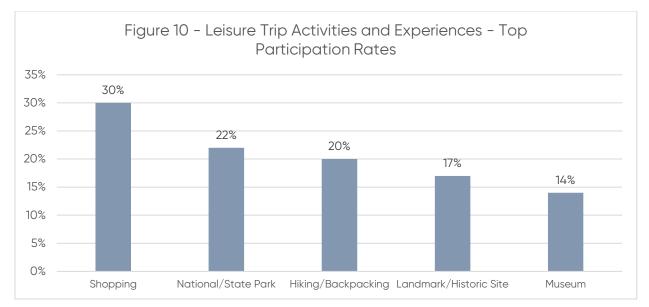
The market opportunity analysis has been performed on these key sectors:

- Retail/Shopping
- Overnight Accommodations
- Food and Drink
- Arts and Entertainment
- Outdoor Recreation

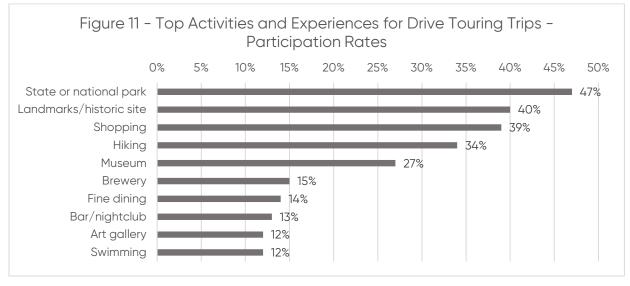
Retail/Shopping

The retail/shopping market serves visitors and residents. For residents, retail shopping is day to day goods such as groceries, home and garden, with an occasional gift or other special purchase. For many visitors, retail shopping is one of the main activities of the trip. Nearly one in three Colorado leisure trip parties went shopping (2019). Shopping ranked as more popular than going to a national or state park, hiking or visiting a museum or landmark.





Source: Colorado Tourism Office, Colorado Travel Year 2019, Longwoods International Shopping is among the most common activities among drive touring parties, only the main destinations along the tour rank higher than shopping. The shopping opportunities along the Highway of the Legends Scenic Byway most certainly adds to the appeal.



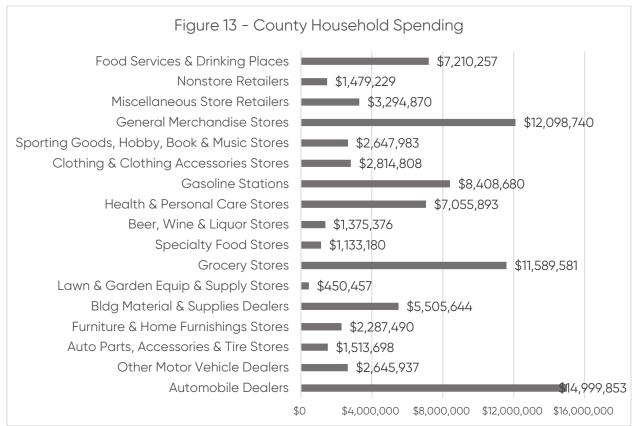
Source: Colorado Tourism Office, Colorado Travel Year 2019, Longwoods International One of the ways to better understand the impact of visitors on retail markets is to look at "surplus sales" which are sales over and above estimated sales to local residents. In Huerfano County, the surplus would include sales to tourists, part-time residents as well as sales to those passing through on the way to other destinations. ESRI Business Analyst estimates that there are \$17.7 million in annual surplus sales, with the gasoline stations subsector exhibiting the highest surplus sales.





Source: ESRI Business Analyst Online, 2021

ESRI models estimate that Huerfano County households spend \$89 million annually on retail goods. As would be expected, the highest sales are for day to day goods such as groceries, automobiles and household supplies.



Source: ESRI Business Analyst Online, 2021

Forty-five million dollars of annual resident spending occurs at businesses located outside of Huerfano County, with the highest leakage in the general merchandise and automobile



sales sub sectors. Some of the subsectors that are exhibiting leakage serve both residents and visitors who are purchasing supplies for their trip or leisure shopping.

Retail Category	Retail Leakage	Target Market
Automobile Dealers	\$14,999,853	Residents
Other Motor Vehicle Dealers	\$2,645,937	Residents
Auto Parts, Accessories & Tire Stores	\$1,199,461	Residents
Furniture & Home Furnishings Stores	\$2,143,387	Residents & Visitors
Bldg Material & Supplies Dealers	\$4,187,563	Residents
Grocery Stores	\$2,748,392	Residents & Visitors
Specialty Food Stores	\$1,133,180	Residents & Visitors
Health & Personal Care Stores	\$1,351,256	Residents
Clothing & Clothing Accessories Stores	\$1,410,050	Residents & Visitors
Sporting Goods, Hobby, Book & Music Stores	\$992,744	Residents & Visitors
General Merchandise Stores	\$10,649,480	Residents & Visitors
Miscellaneous Store Retailers	\$2,087,601	Residents & Visitors

Table 2 – Huerfano County Retail Leakage Analysis

Source: ESRI Business Analyst Online, 2021

There are over seventy retail businesses in Huerfano county covering a variety of subsectors. The inventory shows why there is higher leakage in some sectors and lower leakage or suplus sales in others. For example, the surplus sales in the home and garden subsector are explained to some extent by the six stores in the category, including a Big R in La Veta and the one-hundred years old Sporleder Feeds in Walsenburg. On the other hand, the \$1 million in leakage in the sporting goods, hobby, book & music store subsector is explained by the absence of stores in this category.

	Walsenburg	La Veta	Cuchara	Sum by Type
Art retail	7	12		19
Shopping	12	6	4	22
Marijuana	4			4
Convenience/gasoline	5	1		6
Liquor	2	1		3
Grocery	2	1		3
General merchandise	2			2
Home and garden	5	1		6
Specialty retail	7			7
Sum by Place	46	22	4	72

Table 3 – Retail Business Inventory

Source: Huerfano County Economic Development

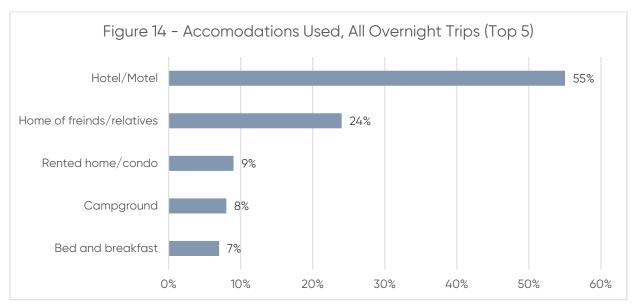
The sectors that currently show leakage of resident sales and that could also better serve visitors are immediate opportunities. For example, the miscellaneous retail subsector and



the sporting goods, hobby, book & music store subsectors both exhibit considerable leakage and could also serve the visitor market. Walsenburg is well-served by used merchandise and antique stores but a wider variety of quirky and interesting stores would appeal to the drive touring visitors who are attracted to the art galleries in the area. Crafted in Colorado is an example of a successful specialty retail and gift store that is situated among the galleries in La Veta.

Overnight Accommodations

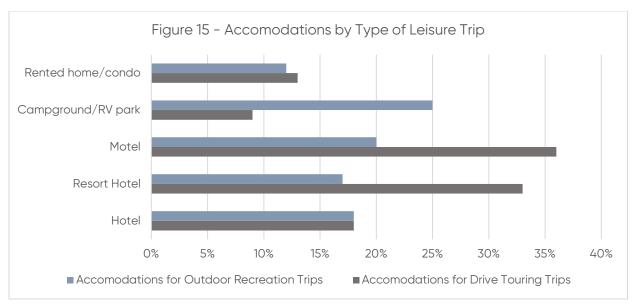
Most overnight visitors in Colorado stay in traditional hotels/motels. Short-term rental by owner options are more available than ever before, but the market is fluid and can be unpredictable because it is up to the owners about when their properties will be available to rent. Attracting traditional hotels/motels is by far the most common and reliable strategy for increasing overnight visitor capacity.



Source: Colorado Tourism Office, Colorado Travel Year 2019 and 2020, Longwoods International

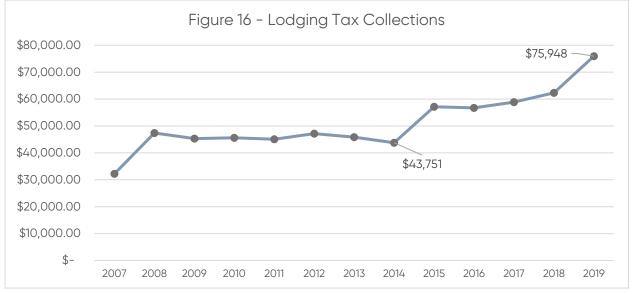
Most drive touring overnight visitors stay in traditional lodging. While camping is more common for those on outdoor recreation trips, traditional lodging remains the most popular type of overnight accommodation for outdoor recreation visitors.





Source: Colorado Tourism Office, Colorado Travel Year 2019 and 2020, Longwoods International

Huerfano County lodging tax revenues grew 74% between 2014-2019. Many of the stays are by those passing through on the way to other destinations. A continuous traffic counter on I-25 at Walsenburg registered 23% growth in average daily traffic between 2014-2019. Growth in traffic does not explain the increase in lodging sales. An increase in overnight destination visitors is surely a driving factor behind the large increase in Lodging Tax revenues.

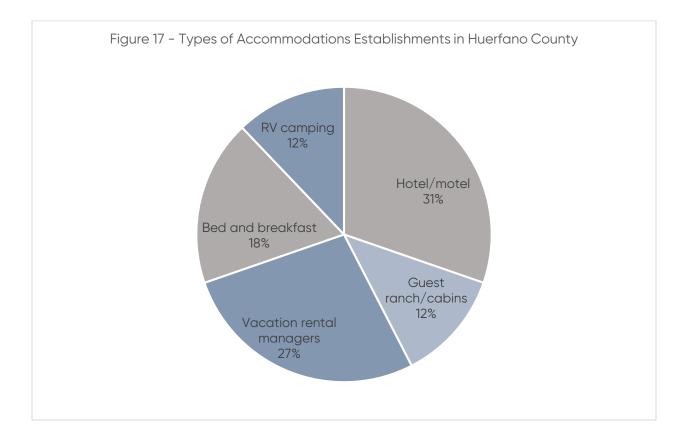


Source: Huerfano County

The Huerfano County business inventory lists a diverse array of 33 overnight accommodations establishments. The type of lodging available varies by community. Walsenburg has the majority of hotels/motels, La Veta has the most bed & breakfasts and



commercial campgrounds while Cuchara has the highest number of vacation rentals and companies that manage vacation rentals.



Some of the older hotels/motels are inactive or used as housing for rent and their condition and appearance continue to decline. Others vintage hotels, such as the Anchor Motel in

Walsenburg, have been well-maintained and remain successful as overnight visitor accommodations. Most new hotels in Colorado tend to be national chains or franchises and the owners most often live in a different community. The Lofts, which is the newest lodging option in Walsenburg, is a locally owned hybrid hotel/vacation rental facility with private rooms and suites and a common living room, guest kitchen, and conference room that is booked via Airbnb. The Lofts represents a new model for locally-owned modern lodging.



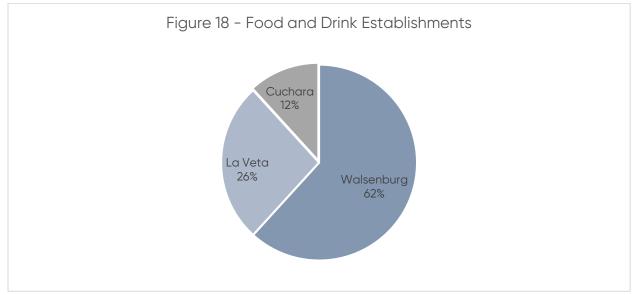
The market for overnight accommodations in Huerfano County is multi-faceted and there is much to learn about the supply and demand, such as number of rooms/beds, occupancy rates by season and sales metrics such as revenue per available room (revpar). A supply and demand study by a lodging specialist would be a valuable investment. The sense among tourism leaders is that there is a need for more overnight visitor capacity. An



empirical study that specifies how much of what type of lodging and the best locations would provide crucial background information and reduce risk for future investors.

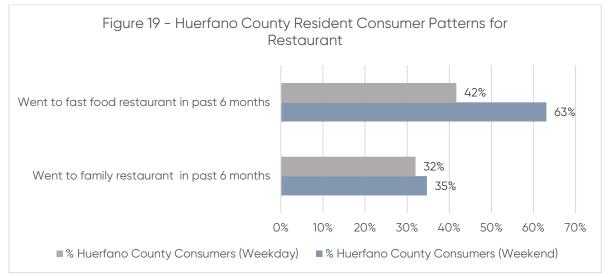
Food and Drink

The Huerfano County business inventory shows 34 food and drink establishments offering a wide range of options including: bakeries, coffee shops, bars, brewery, family restaurants, fast food and grocery markets. Walsenburg has far more food and drink establishments than either La Veta or Cuchara, but all three have food service options.



Source: Huerfano County Economic Development

According to ESRI Business Analyst models, Huerfano County residents spend \$7.2 million annually on "food services and drinking places" with an average annual expenditure per household of \$2,240 on "food away from home". About 2 out of 3 adult residents go to fast food restaurants and about 1 out of three go to family restaurants within a 6-month period.



Source: ESRI Business Analyst Online, 2021



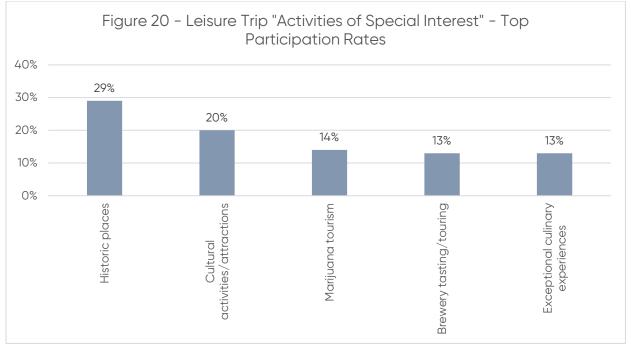
According to Colorado Tourism Office, 25% of travel spending is on food and there was \$15.3 million in travel spending in 2019 (Economic Impact of Travel Spending in Colorado, Dean Runyan Associates). So there should be between \$3 million and \$4 million in food services sales to visitors in Huerfano County. However, ESRI Business Analyst estimates that residents



Arts and Entertainment

spend about \$7.2 million per year and that sales are about \$7.7 million per year, meaning there is only about \$500k in surplus sales to visitors. This mismatch means that food service sales are not as robust as they should be. This conclusion meshes with a common sentiment in the community that most restaurants underperform and that there is a significant amount of unmet demand for food service from both resident and visitor customer segments.

Although Colorado's identity is strongly tied to outdoor recreation, our visitors are equally interested in our people, our communities, our history and culture. According to research by Colorado Creative Industries, music, theater, dance and visual arts is a \$58.2 million/year business in Southeast CO and generates 1,088 jobs. Twenty percent (20%) of leisure trip visitors engage in a cultural activity.



Source: Colorado Tourism Office, Colorado Travel Year 2019 and 2020, Longwoods International

The long-established arts and entertainment industry in Huerfano County attracts this customer segment. There are about twenty arts and entertainment businesses and organizations, including several La Veta art galleries. Some of these businesses produce and/or teach visual arts.



	Walsenburg	La Veta
Gallery or Studio	3	7
Non-Profit/Museum	1	1
Performance Venue	1	3
Other Art	2	3

Table 4 – Arts and Ent	ertainment Business Inventory
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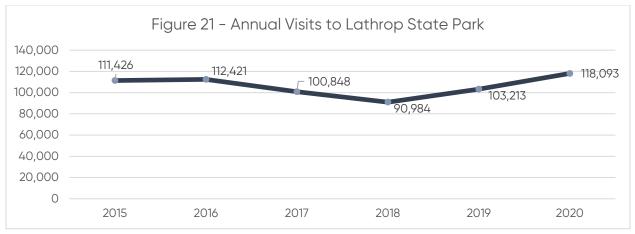
There are performance venues as well including the Fox Theater and the Miners Plaza in Walsenburg and the Francisco Center for Performing Arts, La Veta Mercantile and Deer Print in La Veta. It has long been a community goal to host events during the colder months to generate much needed revenue and these performance venues could play a central role in that effort.



Outdoor Recreation

Colorado is known for outdoor recreation and many communities have gone "all-in" on the outdoor recreation economy. Huerfano County has some important outdoor recreation assets that complement its scenic and cultural resources. According to Colorado Tourism Office, 24% of all overnight trips in Colorado were "outdoor trips."

Lathrop State Park brings in over 100k visitors per year and has a long season. About half of those visits are by locals (within 15 miles), a quarter are regional residents (15-60 miles) and the remaining 23% are visitors from 60 or more miles away (Lathrop State Park Management Plan).



There are numerous trails in and near the Huerfano County including: Indian Creek, Trinchera Peak, Spring Creek, Dikes, Bonnett Creek, Cuchara Mountain Park, Baker Trail, N. Fork of the Purgatory, Farley Overlook, Vista Point Trail, and Wahatoya. The Cuchara Mountain Park will soon be more than summer and winter trails because plans include chairlift operations and a lodge.



The reason that communities are keen on attracting outdoor trips is that outdoor recreation generates good revenue. The 2019 SCORP includes an expenditure survey that shows expenditures starting at about \$50 per participant per day for various activities that are available in Huerfano County.



Table 5 – Outdoor Recreation Trip Expenditure Patterns

Activity	Trip-Related Spending per Day per Participant
Powerboating	\$50
Sailing	\$49
Standup paddleboarding	\$56
RV Camping	\$71
Hiking/backpacking	\$47
OHV, motorcycling	\$45
Snowshoing/cross country skiing	\$87

"2019 Statewide Comprehensive Outdoor Recreation Plan" Colorado Parks and Wildlife

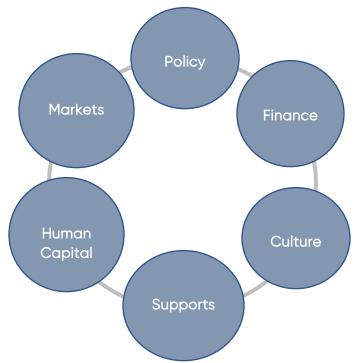
One of the main challenges with outdoor recreation is the amount of competition posed by other communities in the state. It would be wise to develop a strategic outdoor recreation niche analysis so that offerings are unique and so that investments result in increased visitation.



Ecosystem Assessment

The following section organizes review and recommendations around elements of the ecosystem to support small business and entrepreneurship. This framework was developed by Daniel Isenberg at Babson College, and provides an excellent tool to map current conditions of the ecosystem to support business and dive deeper into areas where communities can proactively impact the attractiveness of the region for business startup and growth.

Figure 22 - Domains of the Entrepreneurship Ecosystem



The ecosystem assessment rests on a series of 26 interviews with people who are participants in the ecosystem or who are in a position to make observations about it. Interviews included individuals representing a broad range of business sectors and organizations:

- **Retail Businesses**
- Food/Beverage Service Sector
- Office Rentals Sector
- Visual Arts Sector
- Lodging Sector
- Light Manufacturing Sector
- **Entertainment Sector**
- Spanish Peaks Chamber of Commerce
- Southern Colorado Small Business
- Development Center

Colorado Workforce Development Council Spanish Peaks Library District City of Walsenburg Huerfano County Government Huerfano County Economic Development Southern Colorado Innovation Link Huerfano RE1 School District Spanish Peaks Business Alliance



Policy

The Policy section describes efforts by government and leadership to clear the pathway for business to operate successfully. It includes evaluating overall business friendliness, incentives, and the degree to which leadership represents and champions businesses and entrepreneurship.

Observations

<u>County support.</u> Huerfano County actively encourages business growth and new businesses in a number of ways:

The county provides leadership for economic development, with county commissioners and management staff that are actively engaged, especially in response to COVID. The county applies for and most often is awarded grants and manages the projects. The county has also productively engaged VISTA program participants.

The county provides funding, facilities and general support for Huerfano County Economic Development Inc.. whose charge is to "increase economic activity by supporting local businesses, working to improve housing conditions, recruiting new businesses, promoting the region, seeking opportunities for advancement, and encouraging greater collaboration between governmental and civic organizations" (hurafano.org).

The Huerfano County Tourism Board is funded by a county lodging tax which is used to promote and market tourism via the Spanish Peaks Country website and other advertising. The Tourism Board often leverages its tax collections with grants.

The county encourages housing development through various projects such as the 2019 Housing Needs Assessment and by partnering on housing development projects and other initiatives.

<u>Regulatory.</u> The perception and experiences of those who interface with land use, development and building regulations and processes varies among jurisdictions and varies from person to person.

Neither the municipalities nor the county are widely perceived as business friendly.

Interviewees consistently cited the need for more consistent enforcement of the codes and regulations that are in place.

There is a concern by some La Veta residents that too much tourism could overwhelm the community and degrade the quality of life at some point in the future.

<u>Incentives.</u> Colorado Enterprise Zone – Huerfano county is an "Enhanced Enterprise Zone" which offers additional tax credits for new employees, investment, job training, health insurance, vacant building rehabilitation, commercial vehicles and other qualified activities.

Opportunity Zone - The Walsenburg Census Track is a "qualified opportunity zone" which is designed to spur economic development and job creation in distressed rural and urban communities by providing federal capital gains tax benefits for appropriate investments.

Rural Jump Start Program - Huerfano county is in this program which offers additional state income tax and personal property tax credits for startups and businesses moving to the county. The program also offers grants up to 20k. m



State Historic Preservation Office Certified Communities – La Veta and Walsenburg are certified, bringing them a step closer to grant state and federal support and grant resources. Grants and tax credits can also be utilized for rehabilitation project.

Recommendations

Improve the business friendliness of municipal and county governments. This includes a deliberate review of regulations, codes and processes as well as the image and perceptions of each jurisdiction as business friendly.

<u>More consistent enforcement of existing regulations and codes</u> would solve issues and improve the perceived effectiveness of local governments.

<u>Fully utilize incentive programs and publicize them through all channels available</u> - websites, social media and traditional media. These challenging programs are coordinated by the regional ED organizations, but it is critical for each county and municipality to have enough of an understanding to fully utilize the benefits.

Culture

A culture that supports and celebrates small business and entrepreneurship is selfperpetuating. It is characterized by visible successes and encouragement of risk taking and innovation. The essence of an entrepreneurial ecosystem is its people and the culture of trust and collaboration that allows them to interact successfully. An ecosystem that allows for the fast flow of talent, information, and resources helps entrepreneurs quickly find what they need at each stage of growth. As a result, the whole is greater than the sum of its separate parts.

Observations

There is left over distrust and hesitancy due to somewhat recent economic shocks for example; closing the private prison and the end of coal mining.

There is some cultural clash between the old and the new.

Some characterize farming and ranching practices and culture as conservative and risk adverse.

The region experiences challenges with drug use and poverty and many utilize social assistance.

News coverage and content highlighting success stories does occur although it is not promoted to maximize the positive impact that success stories have on entrepreneurial culture.

Even with the historical challenges and aversion to risk taking, there appears to be a new momentum to try new things and a tipping point with many businesses starting.

The Business Alliance, Chamber, Tourism Board and Huerfano County Economic Development are partnering on numerous events and networks that support and provide market opportunities including: ribbon cuttings, Fridays in Huerfano, Murals and Miners plaza the La Veta Creative District, Fox Theatre expansion and Reopening of Cuchera Mountain Ski Hill.

One Hour Office, which is a privately owned coworking space in downtown Walsenburg, is strongly promoting SBDC resources along with the Chamber and Business Alliance.



Recommendations

<u>Amplify success stories.</u> Utilize all forms of media radio, paper, social media, websites, and blogs to amplify the successes of local businesses and human-interest stories. Highlight businesses and entrepreneurs located throughout the county, large and small, well established and startups from all sectors.

<u>Engage a group of content creators for success stories.</u> Gather individuals and organizations already doing some of this work and encourage sharing and collaboration. Funding for content creation or advertising dollars for media buys is important for a sustained effort.

<u>Encourage locals to support local.</u> Households are the biggest economic driver. Explore incentives and education campaigns that have been effective at encouraging residents to support local businesses.

<u>Record the vision.</u> Many ideas, dreams and opportunities are discussed by local leaders, businesses and citizens. Capture and share this enthusiasm and creativity through video. What businesses does the community think will thrive locally? What does the community want to see from their local restaurants and how will they help restaurants make that happen?

<u>Engage K-12.</u> Establish a County-wide Maker Faire. Maker Faires celebrate innovation, spark creativity, enable skill sharing. These events can start out small involving a particular grade level across districts or just one school. Eventually, there can be many categories for entries, competitions and programming. Having the private sector involved from the beginning is key, especially involving parents with interest and expertise which can support the effort. The Maker faire would be an excellent project for the Makerspace Consortium.

Get more cool things happening.

- Through the Pop-up Business Incubator
- Through the Makerspaces and Maker Fair
- Through Competitions

Finance

A variety of financial capital instruments and technical assistance with securing funding for businesses is a key element of a steady economy. Huerfano County has a small population compared to its neighbors – Pueblo and Colorado Springs to the north and Trinidad to the south. Although the community development financial Institutions (CDFIs) and revolving loan in the region technically provide coverage in Huerfano County, there is a lack of dedicated, consistent staffing presence by the lending institutions.

Observations

Paycheck Protection Program loan activity was high because of personal outreach by County Staff to the businesses in Huerfano County to help facilitate the loan process with local banks. The County had been compiling business listings with contact information which was instrumental in completing this task.



There are limited Bank branches serving the region and those Banks don't appear to be involved in ED efforts – boards, sponsorships and other leadership is not evident. However, they are responsive with existing products.

Huerfano County Economic Development used 25k to start a micro loan program. Initially the goal was to use funds to help attract business, but it was quickly used by existing business. The funds were distributed in \$5k increments.

NeighborWorks Southern Colorado, based in Pueblo, is a nonprofit that offers small business loans between \$5,000 - \$250,000 to meet needs of businesses that might not qualify for traditional loans. These services are available to businesses in Huerfano County.

HC has adopted Commercial Property Assessed Clean Energy (CPACE) program, a financing structure in which building owners borrow money for energy efficiency, renewable energy, or other projects and make repayments via an assessment on their property tax bill.

HC applied for Main Street: Open for Business (MSOB) grant in 2021. Although not approved in the first round, Governor Polis on a recent visit to Huerfano indicated that there would be more funding available for the program and expressed support for Huerfano's application.

Local investors are active especially in real estate supporting renovation of commercial space and connected through personal networks.

Outside investors are looking and purchasing commercial properties in Huerfano County.

SOCO Angels is an angel investment group active mostly in Colorado Springs and Pueblo, but willing to look at Huerfano County.

The Greater Colorado Venture Fund GCVF is provided by the State Venture Capital Authority to be deployed in rural areas. They provide traditional equity investment and revenue share products for growth companies. They are connected to Huerfano County Economic Development and are anxious to look at deals in Huerfano County.

The Southern Colorado Innovation Link (SCIL) and the Colorado Small Business Development Center (SBDC) have expertise and services to help companies become investment ready. Based in Pueblo out of the Pueblo Community College (POCC), these publicly funded resources are available to businesses in Huerfano County.

Recommendations

<u>Identify and Train Navigators</u> (detailed in Supports). The Navigator strategy to be detailed in the "Supports" section of the ecosystem assessment ensures that the first point of contact for businesses has the knowledge to direct businesses to capital resources and to assist with financial readiness.

<u>Work Partnerships.</u> Partnerships with organizations listed in the observations above need to be cultivated to increase awareness of funding sources and resources to opportunities in Huerfano County. This should be an intentional and consistent effort facilitated by networking and pitch events. Ultimately, staff level positions within Huerfano County Economic Development or other empowered organization need to have capacity, consistency and responsibility to build these partnerships.

<u>Raise additional funds and establish policies for Microloan program.</u> There is demand for microloans in Huerfano County and an investigation of the options is warranted. Generally,



operational funds can be paired with investment in order to support staffing and operational costs. This could include seed funding for the position dedicated to building relationships and partnerships mentioned above. Other project-based funding could be raised for Idea stage, business plan and pitch competitions which are a great way to excite the entrepreneurial community. Small awards go a long way.

<u>Connect to regional angel groups and statewide venture capital.</u> As ecosystems evolve, organizing angel investors and connecting with regional funds and angel groups will benefit growth orientated businesses in the region. Pueblo and Colorado Springs have burgeoning activity. Local investors can be connected to the regional investors to expand this resource and leverage other funds.

Supports

The Supports domain encompasses the infrastructure needed to support business startup and growth including broadband, utilities, professional services, non-governmental organizations, networking and support functions needed to support a healthy business sector.

Observations

Housing quality and quantity is an issue for workforce recruitment. Huerfano Economic Development is active in trying to address these issues through public private partnerships including developing lots in the Northlands area, investigating buildings for redevelopment and working directly with developers on infill opportunities.

Broadband affordability and accessibility are an issue in many commercial areas.

Water utilities require upgrade in Walsenburg.

Flood zones in downtown Walsenburg are a concern for redevelopment.

Main street in Walsenburg is main thoroughfare for truck and thru traffic. Being a pedestrian is challenging. Lack of easy parking and traffic decrease the appeal of downtown for tourists to stop and shop.

Empty storefronts in Walsenburg ~20-30% with some blight.

There are some professional services providers available in the area although there does not appear to be active engagement in the ecosystem.

Lots of opportunities and creative ideas, but lack the help to plan, guide, write grants and manage projects.

"Same 10 people" phenomenon.

Coworking space in Walsenburg is active and serves both miscellaneous walk in traffic for business services, provides space for tenants and connects with SBDC out of Pueblo.

No coworking spaces available outside of Walsenburg.

Funding is set aside for a Makerspace in Walsenburg Elementary school.

There is an abundance of idle 3D printers throughout the County mostly acquired in conjunction with PPE plans during Pandemic.



Although there are a variety of business support organizations serving Huerfano County, the resources are extremely constrained. The resources outside the County do not have consistent and visible presence.

Need to do more with limited resources.

The Spanish Peaks Business Alliance is active and supporting new initiatives.

Demand for SBDC services is light and events are sparsely attended.

The Chamber in La Veta/Cuchara now combined with Walsenburg but resources are constrained.

Southern Colorado Economic Development District (SCEDD) is spearheading the CEDS for the region and expanding staff, potentially looking at building loan program.

Southern Colorado Innovation Link (SCIL) is funded by an EDA i6 grant set to end 12/31/21 and is seeking extension and follow-on funding.

Recommendations

<u>Create a Trusted Connector Network (TCN)</u> of navigators giving people already in place the knowledge and skills to facilitate connections to existing resources. The TCN should provide:

- Identification of front-line navigators where new and existing businesses go for information. Examples include County, Cities, Banks, Accountants, Attorneys, Insurance agents, Chambers, Business Alliance, Utilities, and Rental agencies.
- Prepare of materials and training programs (in person and virtual) to support Navigators.
- Brand TCN and practice effective outreach and marketing to reach target populations. Facilitate connections to existing technical assistance and work to add additional resources as needed.
- TCN development can be funded by onetime grant such as the Rural Economic Development Initiative (REDI) program through the Department of Local Affairs (DOLA), https://cdola.colorado.gov/funding-programs/rural-economic-development-initiative, then rolled into the Business Incubator operations.

<u>Establish a regular schedule of Technical Assistance programs</u> through the SBDC, SCIL, Department of Revenue, OEDIT and other Regional Partners (see below). Technical assistance encompasses diverse topical areas that can serve a range of business sizes and needs. Services can include assistance in areas such as marketing, management, finance and strategic planning. Key aspects include;

- Consistency and patience understanding that it will take time to get businesses to use services
- Rotate throughout the county
- One-on-one coaching
- Mentoring
- Training
- Access to networks including peer to peer create fun events by and for entrepreneurs



- Guidance on capital resources and assistance in accessing necessary capital for business growth
- One-time start-up can be funded through the REDI program but ultimately these relationships and support for the program itself will require staffing and can be rolled into the Business Incubator.

<u>Work partnerships.</u> Engage SCEDD in planning for larger projects and raising funds for projects and business recovery.

Southern Colorado Innovation Link (SCIL) – assist in extension of grant and services. Execute events in Walsenburg and attract regional participants.

SBDC out of Pueblo – conduct regular events, have office hours – need consistency and promotion.

Establish alliances with regional players: Emergent Campus in Florence, CO for business incubation and technology sector development; Pikes Peak Makerspace in Colorado Springs for Makerspace programming and organization.

<u>Build local capacity to support businesses and market opportunities within Huerfano County.</u> Clarify roles and responsibilities with ED related groups – Business Alliance, Chamber, HC Economic Development, Creative District in La Veta, Tourism Board, etc. There are many groups and individuals working hard to improve the business ecosystem in Huerfano County. All of these groups struggle with capacity and sustainability. Consolidation may be necessary, but a logical first step is to clarify roles and collectively discuss capacity and sustainability plans.

<u>Agree on physical infrastructure improvement action plan to support commercial</u> <u>development.</u> Many projects are in various states of consideration and implementation. Prioritization and resources are key to completion. Some elements like CPACE are in place and require little beyond publicizing the opportunity and facilitating connections. Other projects are more complex and require significant fundraising planning and implementation.

Huerfano County Economic Development is in the best position to take the lead on economic development infrastructure projects in partnership with the county and municipalities. Projects include broadband, workforce housing, improvements to commercial corridors and downtowns, improvement to lodging inventory.

Investigate demand for cowork space in La Veta There is interest in exploring demand for a coworking space in LaVeta. 30% of the housing stock in the county is seasonal or recreational and most part time residents are in the La Veta and Cuchara area. The most appropriate model for this area is privately owned or a public/private partnership (public building ownership), since the functions would be primarily services for full and part time residents rather than economic development. Users of the space could be excellent candidates as mentors, investors and possibly partnering on business ideas, therefore networking and connections can be cultivated.

Human capital

The Human Capital domain looks at the composition of the labor force as well as presence and alignment of the education systems to the entrepreneurial ecosystem - k-12, vocational



and trades, community colleges and 4-year institutions. We look to the labor force for talent that can help companies grow and leaders to start and grow companies.

Observations

The local office of the Colorado Workforce Development Center has had spotty coverage. It is unclear if it is staffed, by whom and how much, where and how to access resources.

Initiatives are intermittently introduced from outside and although well meaning, they rarely get traction.

Library provides general help getting online. Most job seekers have email and the library primarily helps job seekers find job applications. The library is not equipped to assist with preparation of job application and resumes, career counseling or job seeking.

Most companies advertise through indeed.com, craigslist and specific company websites with options to fill out applications online. No single place to look for local jobs or post. Local job boards and newspapers don't really play a role.

There are many jobs available in Huerfano County which offer/require diverse pay and skills. Employers estimate that they are @100 people short (workforce) in La Veta/Cuchara area which has led to reduced hours and closures.

Shortage is especially apparent in the low wage categories. Required drug testing further reduces the eligible workforce.

There are 2 school districts in the County, both with significant building projects which are demanding their attention. There is little programming in the maker and entrepreneurship space. However, both the Gardner Charter school and Re-1 are talking about makerspaces and have some momentum toward starting.

K-12 students are excited and would jump at new opportunities both in curriculum and extracurricular activities.

Recommendations

Push commitment from the state for a full-time workforce development office. Workforce service needs to be accessible, consistent and visible in the community and cannot stop and start. Basic services should include assistance with applications and resumes and help finding available jobs and matching skills to available jobs. An expanded suite of services could be directed at both employees and employers. For employers, assistance in identifying the areas where they need to hire, compiling these into logical jobs and upskilling and training people with the best foundational skills and talent. Workforce Development Centers often have access to state and federal programs that can help subsidize wages and training for upskilling. For job seekers, provide services and guidance to help them envision and start on desired career pathways through formal and informal education. Employers, job seekers and economic development partners should have input about the type of workforce services established in the county.

<u>Create local job board.</u> Create a portal that is easy to use and known throughout the community and that also lists local jobs seen on Indeed, Craigslist and other large platforms.

<u>Create a local workforce council.</u> Although this may have existed at one time, a renewed effort to build a functioning council with diverse employer, education, economic



development and workforce resource participation can guide local efforts and have influence with state and federal resources.

<u>Partner with school districts on makerspaces.</u> The Makerspace Consortium is discussed in the feasibility section. Makerspaces and Maker Faires are a growing trend in k-12 tapping into the creativity and experiential learning opportunities for youth.

<u>Develop internships and apprenticeships.</u> Internships and apprenticeships are excellent opportunities for students and job seekers to explore careers and provide employers the opportunity to try to match positions and people. The internship program at the Emergent Campus in Florence is an excellent model.

Markets

The Markets domain includes early customers and networks that facilitate intersections for the interaction of people, ideas, and resources. Early customers provide sales opportunities and feedback for product and service improvement. Networks act as diasporas or think tanks for entrepreneurs where informal connections can lead to great things. Accessible onramps (or access points) to the Markets domain of the ecosystem are key so that anyone and everyone can participate.

Observations

Huerfano County tourism board is funded through lodging taxes. "Spanish Peaks Country" was developed to bring the region together in coordinated marketing and branding efforts. The website is well done and current.

Tourism is a key customer segment for the County, with Walsenburg at the intersection of I25 an U.S. 160 and as destination travel to La Veta and Cuchara. There are limited options for "quirky" or interesting stores in downtown Walsenburg. Many food options and restaurants have unreliable schedules.

La Veta and Cuchara are heavily impacted by the shortage in labor force available in the service industries and as a result have limited hours and days of operation or have closed entirely.

Most part-time residents have homes in the Cuchera and La Veta areas. Part-time residents are long established in the area with a good portion coming from Texas. They have higher incomes and are an important customer base for the retail and restaurant sectors.

Local residents travel or order online for essential retail goods and general merchandise.

Some business networking events are held by the Chamber of Commerce and Spanish Peaks Business Alliance. The regular events tend to be sparsely attended and by the same people. Some of the periodic or "call to action" meetings get higher participation.



Fridays in Huerfano gained some traction in 2021 but was a labor intensive for the organizing groups. It was difficult to get business owners to stay open past their normal hours.

Lodging tax receipts are growing nicely through 2019 and still steady although some properties are in need of upgrading and others have shut down during the pandemic.

The Fox Theatre project has been conceptualized and involves significant expansion. This is a primarily public sector project with fundraising currently underway. It will greatly increase the opportunity for arts and cultural events in Walsenburg.

La Veta has been named by the state as a designated Creative District which paves the way for access to funding and resources.

The golf course and the tourist train in La Veta are two assets that remain idle but have significant community interest.

Some interest in growing the outdoor industry sector.

Recommendations

<u>Communicate what is already available.</u> As discussed in the Culture section, locals and tourists need and want to know what is already available in communities. There are a number of websites in the tourism and business arena. The challenge, as with deciphering roles and responsibilities in the ED space is to identify the source location for types of information and have each website "point" to that source. Using this strategy makes the process of updating most efficient, minimizes overlap of efforts and maximizes the quality and quantity of relevant data. However, posting on a website is clearly not enough and comprehensive marketing campaigns are warranted.

<u>The "bones" are there and focus can be on filling out the offerings.</u> Experimentation can be fostered through the pop-up retail business incubator and makerspaces. Competitions and maker-fairs can inspire creativity and risk-taking. The business development services to help turn ideas into reality and the financing component are equally important.

<u>Bring the "cool factor."</u> Entrepreneurs rarely respond to traditional events and marketing. Edgy, experimental content is the recommended path. For entrepreneurs, there has to be a willingness to try and fail. Elements to embrace include;

- Intentional networking for organic connections
- Bringing attention to cool stuff happening in the region
- Instigate and test nontraditional events and meetups
- Events & Meetups require staffing and can be rolled into the Business Incubator.



Action Plan

RETAIL SHOPPING MARKETS

Goal 1 – Diversify the retail shopping market and fill market gaps with local, independently-owned businesses and startups: 1) Stores that will serve both residents and visitors, 2) Stores oriented toward visitor recreational/leisure shopping

Strategies and Action Items	Resources	Priority (1–3)
 Strategy 1.1 – Encourage and support retail start-ups. Develop a business plan and feasibility study for downtown retail pop-up space(s) coordinated with business incubation services. 	Huerfano County Economic Devt. (lead) Huerfano County Colorado Workforce Council (funding)	1
Strategy 1.2 – Support adaptation and innovation among existing retailers.	Huerfano Tourism Board (lead on tourism market data)	2
 Procure retail market data annually from an online platform and share with existing and prospective retailers. Periodically consolidate visitor spending data held by Colorado Tourism Office, Colorado Parks and Wildlife and other state agencies and share with existing and prospective retailers. Explore regional partnerships to combine resources to procure primary visitor market data for this area. Explore cost effective methods to collect visitor data such as travel route apps. Maintain a retail and hospitality industry business inventory which includes business name, location, contact info and types of goods/services offered and share with existing and prospective retailers. 	Huerfano County (lead on business inventory, host web pages) Huerfano County Economic Development (lead on outreach and consultation) State of Colorado OEDIT (resources for succession planning)	
 Compile this data into summary for businesses and startups. 		



٠	Provide regular outreach and consultation to business owners	
	to help them utilize the information for business planning and	
	operations.	
٠	Research best practices for business succession planning.	

HOSPITALITY MARKETS

Goal 2 – Establish and sustain a selection of restaurants that r are located to serve the entire geography of the county.	neet the needs of locals and visito	ors and that
Strategies and Action Items	Resources	Priority (1–3)
Strategy 2.1 – Identify gaps in the range from fast and inexpensive to fine dining; gaps in hours and days per week open and restaurant needs in specific communities and areas.	Huerfano County Economic Development (lead needs assessment)	2
 Conduct a countywide restaurant service needs assessment. Develop and implement an outreach strategy to share results of the restaurant needs assessment with existing and prospective restauranteurs and offer consultation. 	Huerfano Tourism Board (assist with outreach and consultation)	
 Strategy 2.2 – Encourage and support restaurant start-ups. Conduct a business plan and feasibility study for restaurant business incubation services to test food service business ideas and launch new businesses. 	Huerfano County Economic Development (lead) Colorado Workforce Council (funding)	3
Strategy 2.3 – Research best practices for business succession planning.	Huerfano County Economic Development State of Colorado OEDIT Small Business Development Center	2

Goal 3 – Increase the capacity of overnight visitor accommodations with facilities that meet customer			
expectations of quality, cleanliness and consistency.			
Strategies and Action Items	Resources	Priority (1-3)	



Strategy 3.1 – Engage a lodging industry consultant to conduct an overnight accommodations supply and demand study that estimates current and future demand by price point and format and that includes a one-page summary handout to be used in a pitch to lodging companies and entrepreneurs.	Huerfano Tourism Board (lead) Huerfano County Economic Development Huerfano County	3
Strategy 3.2 – Create a 'how to' hand-out and pitch for owners of vintage hotels/motels to encourage them to reactivate their property as clean and comfortable overnight accommodations.	Huerfano County Economic Development (lead) Huerfano County City of Walsenburg Town of La Veta	3
Goal 4 – Diversify and expand recreation, entertainment and a	other leisure activities.	
Strategies and Action Items	Resources	Priority (1-3)
 Strategy 4.1 – Fully activate and promote the existing performing arts venues for smaller scale year-round events. Develop a coordinated marketing strategy for Huerfano County's performing arts venues including the Fox Theater and Miner's Plaza in Walsenburg and La Veta venues such as Francisco Center for Performing Arts, La Veta Mercantile and Deerprint Wine and Bistro. Prominently post information onsite and online about the procedures for using the Miner's Plaza in Walsenburg. 	Huerfano County Tourism Board Fox Theater Board of Directors Francisco Center for Performing Arts Board of Directors City of Walsenburg	2
 Strategy 4.2 – Identify market opportunities for outdoor recreation businesses such as guide services, equipment rentals, and shuttle services. Compile an outdoor recreation infrastructure asset inventory Inventory local businesses serving outdoor recreation markets 	Huerfano County Economic Development Huerfano County Tourism Board Cuchara Foundation Colorado Department of Local Affairs	3

Conduct an outdoor recreation business market niche assessment.	San Isabel National Forest	
	Colorado Outdoor Recreation Industry Office	
	Colorado Tourism Office	
Strategy 4.3 – Discover and post special events that are of interest to both visitors and locals on a single website/webpage(s) and perform search engine optimization accordingly.	Huerfano County Tourism Board (takes lead, hosts events webpage on Spanish Peaks Country website)	2

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WORKFORCE DEVELOPMENT

Goal 5 –Implement local workforce development services that meet the ne employers.	eeds of job seekers, employees	and
Strategies and Action Items	Resources	Priority (1–3)
Strategy 5.1 – Establish workforce development and career coaching	Huerfano County	2
services with regular hours and a consistent commitment to Huerfano County.	Huerfano County Economic Development	
Establish a local point person who can help job seekers and	Governor's Office	
 employers navigate multiple agencies providing a workforce services such as job finding, career planning and skills training. Set regular office hours for onsite career coaching in Huerfano 	Colorado Department of Labor and Employment	
County.	Colorado Workforce Council	
 Augment and complement career coaching services with an online, self-directed platform that provides a step-by-step job search pathway and consolidates state and informational resources. Support upskilling for retail and hospitality workers who want to apply their acquired skills to jobs in other industries using the MyColoradoJourney.com platform to augment in-person career coaching. 	OEDIT	
 Design and implement an ongoing communications and outreach program to inform job seekers, employers and school districts about available workforce development opportunities and services. 		
Strategy 5.2 – Address the ongoing worker shortage.	Huerfano County Economic	2
 Create an up-to-date, consolidated and well-advertised jobs post specifically for Huerfano County using existing jobs posting resources such as Connecting Colorado. Facilitate gig-work with gig aps such as "Gig Pro" or "Stint". Explore options for providing transportation to and from work for 	Development Colorado Department of Labor and Employment OEDIT	
 Explore options for providing transportation to and norm work for workers living in Huerfano County who do not have their own transportation. 		



 Strategy 5.3 – Help public schools and local businesses coordinate to create more career pathways for youth within the retail and hospitality industries including internships and apprenticeships. Establish a south-central regional partnership to fund and support an entrepreneurship coordinator who would organize entrepreneurship fairs, and coordinate partnerships with local businesses and facilitate tours, internships and apprenticeships. 		3
 Strategy 5.4 – Establish a vision and conceptual business model for a maker-space or consortium of maker spaces. Convene a coordinating committee to guide the development of the makerspaces and oversee operations. Evaluate public and private facilities for makerspaces in La Veta, Walsenburg and Gardner including public school facilities. Outline the programming associated with each of the makerspaces and describe the intended users. 	Huerfano County Huerfano County Economic Development School districts Spanish Peaks Business Alliance	1
Strategy 5.5 – Create a local workforce council with diverse employer, education, economic development and workforce resource participation to guide local efforts and have influence with state and federal resources.	Huerfano County Economic Development Colorado Department of Labor and Employment Colorado Workforce Council	3

PUBLIC INFRASTRUCTURE

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Goal 6 – Make downtown public infrastructure improvements t and explore.	hat encourage visitors and po	assersby to stop
Strategies and Action Items	Resources	Priority (1–3)
 Strategy 6.1 – Ensure an adequate supply of obvious and easily accessible parking in Downtown Walsenburg capable of accommodating RVs and passenger vehicles pulling trailers. Design and construct signage directing motorists to existing public parking. Conduct a parking audit including an inventory, empirical observation of parking supply and peak demand, and recommendations for optimizing existing parking and creating new parking. 	City of Walsenburg	1
Strategy 6.2 – Create countywide visitor-oriented directional signage	Huerfano County	1
to business districts, historic landmarks, key services, major attractions, trailheads and the scenic byway.	City of Walsenburg	
• Establish and implement a countywide wayfinding masterplan.	Town of La Veta	
	Colorado Department of Transportation	

PUBLIC POLICY

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Goal 7 – Establish and sustain a business-friendly environment	in Huerfano County and its mun	icipalities.
Strategies and Action Items	Resources	Priority (1–3)
Strategy 7.1 – Conduct zoning and development code assessments in	Town of La Veta	3
the county and each municipality focused on evaluating how well regulations align with economic development goals.	City of Walsenburg	
Assess how well codes align with comprehensive plans and other strategic plans.	Huerfano County	
 Assess the degree of user-friendliness: clarity, predictability, fairness, consistency, and timeliness. 		
Consider the realistic capacity for enforcement.		
Strategy 7.2 – Promote the business friendliness of the county and	Town of La Veta	1
each municipality.	City of Walsenburg	
 Create a business resources web page in a prominent location on the official town/city/county websites: A letter from the mayor or board of county commissioners chair welcoming businesses FAQs for businesses and startups List of utility providers Contact list for economic development and workforce development resources Catalogue of incentives 	Huerfano County	
Strategy 7.3 – Begin the process of defining the community carrying capacity for visitors and tracking key indicators to ensure that the tourism industry does not degrade quality of life for residents.	Town of La Veta	3

ECONOMIC DEVELOPMENT AND BUSINESS SUPPORT CAPACITY

Goal 8 – Ensure that Huerfano County and its partners have the future initiatives.	ne capacity to implement this action	on plan and
Strategies and Action Items	Resources	Priority (1–3)
Strategy 8.1 – Evaluate the capacity of economic development,	Huerfano County	1
workforce development and business support organizations to serve Huerfano County.	Huerfano County Economic Development	
 Map the services provided of each organization actively working on diversifying and sustaining the economy in 	Tourism Board	
Huerfano County.	Spanish Peaks Business Alliance	
 Chart the capacity of each of these organizations to serve Huerfano County using metrics such as FTEs, hours, and 	Spanish Peaks Chamber of Commerce	
expenditures.Identify service gaps.	Southern Colorado Economic Development District	
 Identify overlap and redundancy. 	Southern Colorado Innovation Link	
	Small Business Development Center	
	Colorado Workforce Development	
Strategy 8.2 – Document the economic development and business	Huerfano County	2
support needs assessment and develop a plan for fulfilling the needs.Present the needs assessment to state and regional partners.	Huerfano County Economic Development	
 Develop a business plan, strategic alliances and a funding strategy to increase local capacity. 	Tourism Board	
strategy to increase local capacity.	Spanish Peaks Business Alliance	
	Spanish Peaks Chamber of Commerce	
	Southern Colorado Economic Development District	
	Southern Colorado Innovation Link	
	Small Business Development Center	

	Colorado Workforce Development	
 Strategy 8.3 – Evaluate the content and intended audience for each of the economic development-oriented websites and consolidate and revise as needed to speak to these key audiences: Start-ups and entrepreneurs Existing business owners Employers/managers Job seekers Educators Visitors and other customers 	Huerfano County Huerfano County Economic Development Tourism Board Spanish Peaks Business Alliance	1
 Strategy 8.4 – Establish a regular schedule of technical assistance programs. Key aspects would include: Navigators that provide connections to existing resources One-on-one coaching Mentoring Training in marketing, management, finance Access to networks and events for entrepreneurs Guidance on capital resources necessary for start-up and growth. Events, competitions, brainstorming. Utilize incentives and publicize them through all channels available 	Huerfano County Huerfano County Economic Development Tourism Board Spanish Peaks Business Alliance Spanish Peaks Chamber of Commerce Southern Colorado Economic Development District Southern Colorado Innovation Link Small Business Development Center Colorado Workforce Development	3
 Strategy 8.5 – Establish a microloan program. Raise funding Establish policies 	Huerfano County Economic Development Southern Colorado Economic Development District	1



Goal 9 – Foster a culture that supports and celebrates small business and entrepreneurship.		
Strategies and Action Items	Resources	Priority (1–3)
 Strategy 9.1 – Emphasize and promote success stories. Engage qualified individuals to create content for business 	Huerfano County Economic Development	1
success stories and human-interest pieces.	Tourism Board	
 Amplify success stories using all forms of media radio, paper, social media, websites. 	Spanish Peaks Business Alliance	
	Spanish Peaks Chamber of Commerce	
	Local media	
Strategy 9.2 – Develop, market and implement a shop local	City of Walsenburg	3
campaign.	Huerfano County	
 Work with business owners to offer special promotions for the campaigns. Track usage in order to show engagement levels. Place shop local campaign and seasonal promotion information on the centralized website and other stakeholder websites, where possible. Market the campaign in multiple media formats (radio and newspapers). 	Huerfano County Economic Development	

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Retail Pop Up Business Incubator Feasibility Study

Pop Up Business Incubator Description

Goal number one of the Huerfano County Retail Support and Entrepreneurship Action Plan is to diversify the retail shopping market and fill market gaps with local, independently-owned businesses and startups. The most promising market opportunities are stores that will serve both residents and visitors and stores oriented toward visitor recreational/leisure shopping. Community leaders hope that encouraging small business development, entrepreneurship and innovation in the retail sector will result in company formation, job creation, increased sales, and growth of the tax base.

The Pop-Up Retail Business Incubator will launch new or early stage retail businesses. The incubator will be located on Main Street or otherwise prominently visible to state highway traffic in downtown, Walsenburg. The intent is that the Pop-Up Incubator will boost downtown activity while also renovating a downtown building.

Popup retail has its roots in malls at Christmas, festivals and fairs and farmers markets. Generally, they offer retailers short-term, low cost, low-risk opportunities to get in front of numerous customers through collective marketing and promotion. The trend gained momentum in 2018-19 with mainstream retailers using the pop-up model to experiment with new products and sales strategies. The pop-up model seeks to add energy to downtown retail with exciting, changing, interactive experiences for customers. Communities throughout the US are utilizing pop-up retail as a retail revitalization strategy. The activity it creates gets attention while the support and space to experiment offers an important bridge for startups to progress to permanent retail locations.

The Pop-Up and Makerspace Business Incubator and Makerspace is proposed at 512 Main street in Walsenburg, CO. It will feature "cubbies and mini-cubbies" and business development services. The business incubator program will be 24-months with the

opportunity to graduate early. A competitive application process will select businesses in the target markets identified to fit the key opportunities in Huerfano County. The business incubator will nurture concepts from idea stage through business launch. As a result, the impact to the community will be much greater than the companies inside the building. Not only will more business-inclined residents be given access to programming but also the expertise necessary to support the business incubator businesses will benefit all retailers in Huerfano County through training and on-on-one direct support and energizing retail the sector. For Huerfano County retail startups, the pop-up space provides a low



cost, low risk, opportunity to try their business concept while the business incubator program supports implementation of successful and sustainable business models.



Maker Space Description

Makerspaces are collaborative workspaces for making, learning and exploring using shared technology and no tech tools. Maker equipment can include 3D printers, laser cutters, CNC machines, soldering irons, sewing machines and be organized in stations such as wood shop, metal work and print making or fabrication. The hope is by making access to and training on this equipment students, entrepreneurs, inventors and tinkerers can be encouraged to play and make. K-12 schools are adding makerspaces to support experiential learning. In an economic development setting, makerspaces are promoted as innovation spaces and coupled with business development resources can encourage makers to think of their innovations as potential new startups and breed the next generation of entrepreneurs. The The Pop Up Incubator and Makerspace at 512 Main will have a fabrication workspace with 3D printers and open areas for additional shared equipment and a shared commercial kitchen with basic cooking, prep and assembly areas including class 1 hood system. The program (beyond the 512 Main space) aims to form a consortium of Makerspaces throughout the County offering a diverse collection of equipment and programming to ignite a maker community. This robust collaborative could include K-12 schools, Museum of Friends, and La Veta Creative District.

Target Markets

A competitive application process will select businesses in the target markets identified to fit the key opportunities in Huerfano County.

Retail Startups

Retail offering interesting or "quirky" products ideal for tourism and "Absent retail" identified in the Opportunity analysis which includes areas such as; hobby, book and music stores and sporting goods.

Retail Makers

Makers that are also selling their products direct. This includes creative products such as jewelry, clothing, crafts, pottery and packaged, shelf stable food items. There are two Maker areas identified in 512 Main, the shared kitchen and the fabrication space. Items can be manufactured on-site or at other locations including home-based operations.

Makers

Inventors, students and existing businesses needing access to machinery and equipment. The makers may progress to retail makers.

Target Sectors

According to results of the Market Opportunity Analysis portion of the Huerfano County Retail Support and Entrepreneurship Action Plan, there is retail leakage among several retail sectors that serve both local residents and visitors and many are well suited for a downtown location.

Table 6 – Huerfano County Retail Leakage Analysis

Retail Category	Retail Leakage	Target Market
Furniture & Home Furnishings Stores	\$2,143,387	Residents & Visitors
Specialty Food Stores	\$1,133,180	Residents & Visitors



Clothing & Clothing Accessories Stores	\$1,410,050	Residents & Visitors
Sporting Goods, Hobby, Book & Music Stores	\$992,744	Residents & Visitors
General Merchandise Stores	\$10,649,480	Residents & Visitors
Miscellaneous Store Retailers	\$2,087,601	Residents & Visitors

Source: Market Opportunity Analysis portion of the Huerfano County Retail Support and Entrepreneurship Action Plan

The miscellaneous retail subsector and the sporting goods, hobby, book & music store subsectors both exhibit leakage and could also serve the visitor market. Locally owned stores cannot carry the inventory of a national general merchandise retail chain, but they can carry some of the products. Walsenburg is well-served by used merchandise and antique stores, but a wider variety of quirky and interesting stores would appeal to the drive touring visitors who are attracted to the art galleries in the area.

Demand for the Pop Up Business Incubator and Makerspace

Interest in the Pop Up Retail Business Incubator and Makerspace has been building over the course of the past couple of years. During the summer music event series, "Fridays in Huerfano," and at regional farmers markets, Huerfano County Economic Development staff noted strong interest by small scale sellers who do not have a brick and mortar location. Staff continued to learn of people who have retail business ideas that could be formalized or who make products that they want to retail. The 2021 draft Community Economic Development District also signals the need for the business incubator. The draft CEDS calls for:

- strengthening the entrepreneurial ecosystems as a top priority
- downtown revitalization, adaptive reuse and getting vacant buildings occupied
- expansion and diversification of downtown retail
- innovation spaces
- exploring opportunities for food manufacturing

Market demand for retail startups and retail makers was further tested using an online survey distributed to participants in the four regional farmers markets and through formal and informal business networks. Twenty-five responses were received with approximately 20% in the idea and planning stage and 30% expanding/growing.



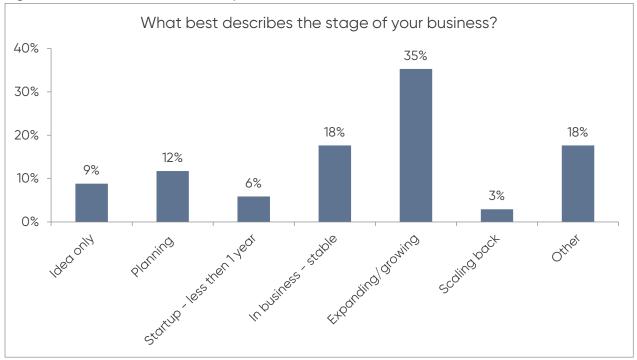


Figure 23 – Market Demand Survey Results

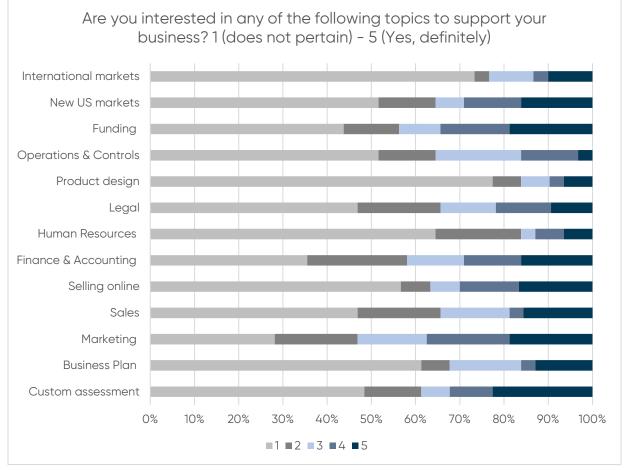
Source: Business Incubator Needs Assessment Survey

Survey results indicated that services offered by the proposed business incubator would be in demand by entrepreneurs, startups and other early stage businesses. Approximately 19% of respondents described their industry as Retail, 13% Food, 3% Manufacturing and 22% Leisure and Hospitality. Almost one third (31%) of respondents were operating or planning to operate out of their home, although the majority were operating or planning to operate from from rented commercial space (22%) or owned commercial space (28%). Thirty percent (30%) of respondents are interested in space either now, within 6 months or within a year, and an additional 13% in 1–3 years.

On average one-third of survey respondents showed interest in each of area of technical assistance, support or training that the business incubator would provide. Interest in assistance with marketing, finance and funding topped the list.



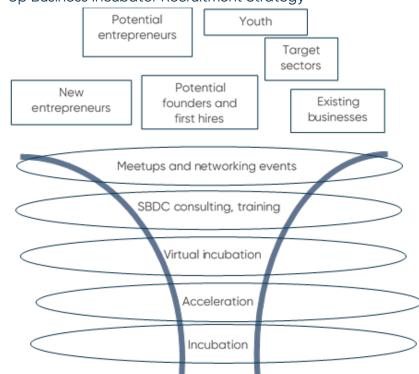




Source: Business Incubator Needs Assessment Survey

The recruitment strategy is designed to capture as many people/ideas as possible in as many ways as possible. The navigator is critical to the "funnel" recruitment strategy (navigator is further discussed in the Management and Operations section). At the top of the funnel, meetings and events are orchestrated to get people interested and engaging. The business incubator will work with public, nonprofit and private partners to offer a variety of fun, valuable and engaging events on a regular and consistent basis. The business incubator itself will host periodic events, at least one event per month, which will be primarily focused on relevant content for the target market. As ideas develop into business concepts and business models and as businesses launch, the navigator will be instrumental in offering training, coaching and technical assistance for potential business incubator applicants.

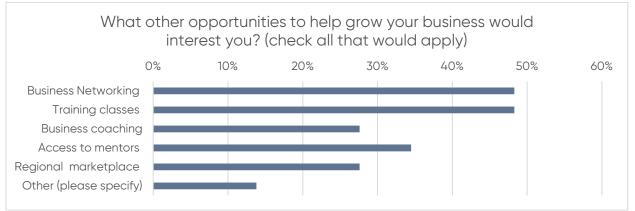






Nearly half of survey respondents expressed interest in both business networking and training classes. Regardless of whether individuals who come to an event, are interested in the business incubator or would fit the criteria, the funnel strategy will direct them to the most effective resources.





Source: Business Incubator Needs Assessment Survey



Facility

During an exploration process during which several buildings were identified and toured, the project team identified the preferred location for the business incubator. 512 Main Street, Walsenburg has unique features making it ideal for the Pop Up Business Incubator, however other downtown locations could be considered as well. Some of the attractive features of 512 Main Street include:

- High traffic Main Street location
- Large, open, finished area in front
- Counter space for transaction and communal use
- Back area somewhat separate and ideal for Makerspace activities
- Commercial kitchen allowing integration of food into Maker options
- Shipping and receiving area in rear
- Large cooler and freezer space and potentially dry good storage
- Upstairs has 2 apartments to house staff, entrepreneurs in residence, offices, storage

Pop up cubbies will be located throughout the open area on the ground floor. Startup expenses include purchase of furniture, equipment and fixtures so that the cubbies can be assembled, disassembled and reassembled as business incubator clients graduate and others are accepted.



Figure 27 – Front Area of 512 Main Street with Example Cubbies

The makerspace on the ground floor includes both a fabrication/assembly area where 3D printers and other shared equipment will be located as well as a commercial kitchen. The survey responses indicated interest in access to 3D printers (18%). Huerfano County and Huerfano County Economic Development have 3D printers which will be located in the makerspace for use by members. The survey signaled interest in other equipment that could be located at other makerspaces that are part of the consortium such as wood working equipment (9%), metal working (9%) and laser cutter (14%).



Management/Operations Plan

Programming

The Navigator role is critical to the success of the recruitment strategy and the greater impact of the program on the business climate and community in Huerfano County. The staffing plan provides for a designated navigator in the administrator position and the business incubator itself will act as the primary navigator for business development in the service area. By establishing strong collaborative relationships with the resources and community partners mentioned as well as other statewide groups, the business incubator can inform and recommend pathways and resources to businesses and people with ideas. Key to this approach is establishment of a navigation network which seeks out the "first points of contact" for businesses – banks, accountants, lawyers, realtors who direct people to the business incubator so that the navigator can point them to the resources they need. The idea is that if a potential new business contacts anyone in the navigation network, they should be efficiently directed to people, places and resources that can add value to their business concept.

Business incubator shared services include:

- Retail cubby
- Common area including; refreshment bar, checkout space, restrooms and storage
- Access to makerspace equipment and programming
- Promotion

Business development program services include:

- Intake, milestone setting and action plan
- Frequent meetings/consultations and quarterly financial review
- Retail specific technical assistance to include display design, pricing, supply chain
- Capital readiness preparation and assistance in accessing capital
- Assistance to graduate to new space
- Procurement and client-specific application of retail and tourism market research

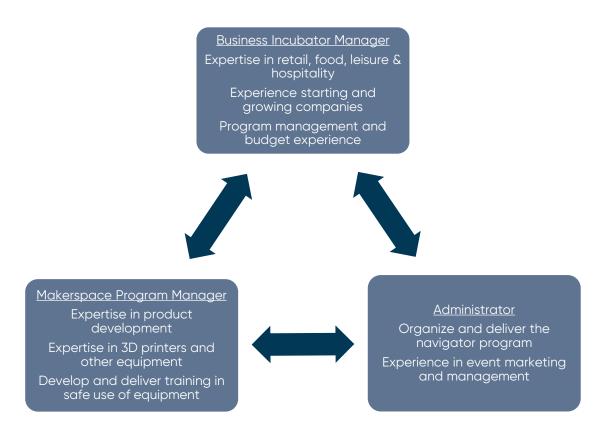
Table 7 – Pop Up Business Incubator Program Focus Areas by Phase

Months 0-3 \rightarrow	Months 4-18 →	Months 18-24
Product design, prototyping,	Business plan development	Soft landing
development	Funding and access to	Growth strategies
Retail display and design	capital	Succession planning
Sales: pricing, margins and	Customer development	
sales strategies	Product testing	
Customer service	Accounting	
Promotion	Operations and legal	
Business model	Human resources	
	Online selling	



Operating the programs and facility will require three full time employees. Each would have a unique role, but all would work together to yield new businesses and support business growth in the community.

Figure 28 – Pop Up Business Incubator and Makerspace Staffing Plan



Timeline

Operations of the business incubator will commence within 3 months of funding and begin with establishing an advisory board sub-committee.

EDA grant item B.7. Identify the proposed time schedule for the project

Huerfano County has agreed to be the fiscal agent for the project and Huerfano County Economic Development will manage staff and operations. Within 3 months, staff will be hired and partners will be engaged to implement the recruitment strategy.

Agreements

The <u>tenant/client selection policy</u> outlines the types of businesses being recruited for the program and why. It outlines the value proposition for clients and the benefits for clients to participate. How clients are selected, submission requirements, timing and the business incubator due diligence process is discussed here as well. It is recommended that the business incubator practice rolling admissions whereby applications are considered continuously. Once the space is full, clients can be placed in a queue and be offered services to facilitate their business concepts moving forward. The <u>tenant lease or license agreement</u> is the legal agreement laying out the terms of the relationship – duration,



conditions, graduation policy and procedure, reporting requirements, and costs. A two-year incubation program is proposed with graduation based on custom developed milestones that can include measures of size and stability such as sales, employment, and growth rates. The <u>business assistance policy</u> will cover services to be provided to the client including the provision of management, technical, and training assistance.

Budget

The purchase and upgrades to the building are the primary start-up costs. The apartment remodel costs are separated because the apartment could be completed after the ground floor is complete, allowing the business incubator to begin operations while the apartment is completed.

STARTUP EXPENSES	
BUILDING/REAL ESTATE	AMOUNT
Purchase	\$183,000
Total	\$183,000
BUILDING IMPROVEMENTS	AMOUNT
Ground floor remodel	\$50,000
Apartment remodel	\$50,000
Total	\$100,000
CAPITAL EQUIPMENT LIST	AMOUNT
Furniture	\$10,000
Equipment	\$10,000
Fixtures	\$5,000
Machinery	\$2,000
Total	\$27,000
ADVERTISING AND PROMOTIONAL EXPENSES	AMOUNT
Advertising And Promotional Expenses	\$1,000
Signage	\$1,000
Printing	\$500
Total	\$3,500
	40,000
STARTUP EXPENSES SUMMARY	TOTALS
Building/real estate	\$183,000
Building improvements	\$100,000
Capital equipment	\$27,000
Advertising/promotional expenses	\$3,500
Grand Total	\$313,500

Table 8 – Startup Expenses



NNUAL EXPENSES	
STAFFING	AMOUN
Business Incubator Manager	\$70,00
Makerspace Program Manager	\$55,00
Administrative	\$45,00
Taxes and benefits	\$42,50
Total	\$212,50
OPERATIONS	AMOUN
Events & Marketing	\$24,00
Research & Consulting	\$50,00
Memberships, Meetings & Travel	\$5,00
Building Maintenance	\$6,00
Materials and Supplies	\$3,60
Technology	\$10,00
Utilities	\$6,00
Total	\$104,60
Grand Total	\$317,10

Table 9 - Annual Operations Expenses



Incubator Performance Plan

The incubator will track the following measurements for program activities and client-level information. Program activities will be tracked real time and client information will be collected every six months during the incubation period and annually thereafter for a minimum of five years. Keeping in mind that real impact is historically seen after graduation

and keeping touch with graduates is key for impact tracking and to have them engaged in supporting the program long term.

EDA grant item B.8. Economic impacts of the project

Table 10 – Popup Business Incubator Program Activities Performance Metrics

Metrics	Year 1	Year 2	Year 3	Total	Justification
# of business concepts reviewed	16	4	16	36	Yr 1 applications = 2X number of cubbies; Yr 2 = 2 companies drop and 4 reviewed for cubbies; year 3 6 new companies with 3X applicants to slots
# of entrepreneurs/startups					
participating in BI program	8	8	8	24	8 cubbies remain full
# of outreach events	12	12	12	36	1 per month
# of participants in outreach events	120	120	120	360	10 new participants in each event

Table 11 – Popup Business Incubator Client-Level Performance Metrics

Metrics	Year 1	Year 2	Year 3	Total	Justification
Total amount of capital raised through loans, grants and investment	\$40,000	\$160,000	\$80,000	\$280,000	Year 1 average \$5k per company; Yr 2 6 graduating companies raise \$25k per company and 2 new companies raise \$5 per company; Year 3 2 graduating companies raise \$25k per company and 6 new companies raise \$5k each on average
Total business sales	\$200,000	\$350,000	\$250,000	\$800,000	Companies in first year average \$25,000 (100sq.ft*\$250), Graduating companies \$50,000(100sq.ft*\$500)
Total # of jobs created or retained	8	14	10	32	Companies in first year average 1 owner/employee; Graduating companies average 2 owner/employee
Total # of mentoring & coaching sessions	192	192	192	576	2 per month per company



Estimated Revenues

The business incubator is seeking grants to operate for the first three years through the Economic Development Administration. The incubator is designed to provide a low risk, low cost opportunity for retail businesses to launch. Given that the incubation period is 2 years, the real growth of these companies will be post incubation when they have transitioned to other spaces within the County. Revenue projections for the project for the first 3 years show a total income of \$21,000. With annual operating expenses estimated at 317k, expected revenues will have a minimal impact on covering expenses.

Source	Revenues, First Three Years
5 Large Cubbies	\$9,000
3 Small Cubbies	\$4,000
1% of Sales	\$8,000
Total	\$21,000

Table 12 – Business Incub	ator Revenue, First Three Years
0	

The economic return for the community in the long-term view is job creation, increased sales tax, igniting the retail sector and filling vacant spaces in commercial corridors. Additionally, successful retail establishments will have online strategies to bolster their brick and mortar sales. The business incubator will need to pursue additional revenue opportunities. Nonetheless, continual reliance on grants is expected and warranted.



Resources

Huerfano County is 50 miles away from the closest resources for business support. The coronavirus pandemic has only made that distance greater. Even though resources are available online, consistent physical presence is key. Recognizing this, regional organizations have voiced interest in partnering with Huerfano County for this project. This project could serve as a catalyst to activate these relationships. Partnership opportunities include:

Southern Colorado Economic Development District (SCEDD) SoCo Rises SBA Navigator

SCEDD was awarded a \$1 million grant in August of 2021 from Small Business Administration for delivery of their navigator program. The provision of services for this new program are described in their application as, " The Hub and the Spokes, as a collective, will provide relevant, timely, and effective services to underserved small businesses and businesses impacted by the Covid-19 pandemic, including 1) assistance with access to capital including loans, grants, and crowdfunding; 2) loan packaging assistance; 3) technical assistance, training, mentoring, and coaching in areas including, but not limited to, financial management, bookkeeping, legal matters, marketing and communications; 4) masterminds or communities of practices in which businesses in the same sector can learn together and share best practices and successful strategies. Because of the size of the SoCo Rises geographic area, our service provision strategy will include both live in-person training and technical assistance resources on the SoCo Rises web page."

The <u>Southern Colorado Small Business Development Center</u> is described on their webpage offering "business consulting and training that maximizes the economic potential of entrepreneurs within our region. Our mission is to help existing and new businesses grow and prosper. Our goal at the Small Business Development Center is to help emerging and existing entrepreneurs gain control of their business operations. We provide free guidance and counseling in all aspects of funding and developing small business. We strive to help grow and start businesses. While we cannot eliminate risk, we work to minimize it by helping clients write comprehensive business plans, conduct financial forecasts, strategize marketing tactics, apply for funding, and improve operations."

The <u>Southern Colorado Innovation Link's (SCIL)</u> is an EDA-funded technology accelerator formed in 2019. They are part of Pueblo Corporate College and have 20 partners in the counties within the PCC catchment area. They mentor entrepreneurs in the tech, scalable product, and intellectual property sectors. They are the go-to source for monetizing ideas, products, and tech businesses. SCIL's mission is to leverage a robust innovation and entrepreneurial ecosystem to encourage the development and commercialization of intellectual property, to support innovators, entrepreneurs, creatives, and makers (IIECM), to promote the success and growth of commerce, and to foster sustained regional prosperity. SCIL helps the Startup and Maker Community;

- Connect to one another
- Locate the resources they need
- Incubate and grow innovative ideas, products and businesses



- Start and grow businesses that create jobs
- Build prosperity in the region"

Regional Incubators, Innovation and Makerspaces: My One Hour Office, Walsenburg;

Emergent Campus, Florence and Canyon City; Pikes Peak Makerspace, Colorado Springs; Project

Inspire, Pueblo; Fuel & Iron, Pueblo.

EDA grant item ED900 B.5. List and describe the <u>strategic partners and organizations</u> to be engaged in this project.

Table 13 - Strategic Partners and Organizations		be engaged in this project.
Name	Туре	Relationship
Southern Colorado Economic	nonprofit	Direct services to clients and assistance
Development District (SCEDD) SoCo		with organizations advancement and
Rises SBA Navigator		regional ecosystem building
Southern Colorado Small Business	government	Direct services to clients
Development Center		
Southern Colorado Innovation Link's	nonprofit	Direct services to clients and regional
(SCIL)		ecosystem building
My One Hour Office	private	Referrals, funnel strategy partner and
		regional ecosystem builder
City of Walsenburg	government	Support for organization, business
		incubator companies and support for
		general business climate
Town of La Veta	government	Support for organization, business
		incubator companies and support for
		general business climate
Spanish Peaks Business Alliance	nonprofit	Ecosystem builder and funnel strategy
		partner
Spanish Peaks Chamber of	nonprofit	Ecosystem builder and funnel strategy
Commerce		partner
La Veta Creative District	nonprofit	Referrals and ecosystem builder
Museum of Friends	nonprofit	Makerspace partner
Vegan Cooking School	private	Referrals, funnel strategy partner and
		ecosystem builder
School districts and Gardner charter	government	Referrals and makerspace partner
school		

