

Chapter 5

Economic Development

Delta and the Regional Economy

The City of Delta has historically been a regional service center supporting the needs of the nearby communities and agricultural operations. Livestock, field crops, and other agricultural uses continue to support the local and regional economy.

With the construction of several hundred new housing units during the past decade and more now being built or recently approved, Delta continues its role as a regional retail and business center.

While local businesses provide services such as groceries, restaurants, convenience stores with gasoline pumps, a newspaper, dental, pharmaceutical and banking services, and many residents travel to Montrose or Grand Junction for other, usually more expensive items and services, such as restaurants, and entertainment. See Chapter 3 for a detailed analysis of commercial and industrial land use in Delta and the plan area.

The economic information presented below comes primarily from data regarding Delta County which is the market area.

Colorado Dept. of Labor statistics reflects the following:

The 2006 population of Delta County was estimated at 30,676. This represents an 18.0 % increase from 1996. Table 5-1 shows the Delta County Average Labor Force 2001-2007. Employment by economic sector has shifted since the mid 1980s, with significant growth in construction, manufacturing and services and a decline in mining and agriculture. Table 5-2 shows employment by economic sector for Delta County in 2006.

Table 5-1

Delta County Labor Force Averages 2001-2007							
	2001	2002	2003	2004	2005	2006	2007
Labor Force	10,713	12,105	12,683	18,182	14,255	15,886	15,829
Number Employed	10,273	11,510	12,226	17,439	13,597	15,243	15,252
Unemployed	440	595	457	743	658	643	577
Unemployment Rate	4.10%	4.90%	3.60%	4.10%	4.60%	4.00%	3.60%

Table 5-2

Average Employment and Wages by Sector (Annual 2006 (latest data))				
Sector	Average Quarterly Employment		Average Annual Wages	
	Colorado	Delta County	Colorado	Delta County
Agriculture Forest Fish Hunt	12,706	352	\$24,336	\$18,408
Mining	18,994	D	\$93,028	D
Utilities	7,982	73	\$82,108	\$47,424
Construction	159,322	441	\$42,068	\$23,868
Manufacturing	148,905	528	\$56,524	\$27,976
Wholesale Trade	94,384	226	\$62,920	\$30,732
Retail Trade	243,554	1,235	\$25,584	\$19,760
Transportation & Warehousing	61,438	69	\$41,132	\$34,632
Information	75,715	115	\$89,960	\$22,776
Finance & Insurance	108,611	268	\$74,568	\$31,824
Real Estate Rental & Leasing	47,275	99	\$41,860	\$23,556
Professional & Technical Services.	160,642	200	\$68,900	\$22,568
Management of Companies	26,273	7	\$129,012	\$58,604
Administrative & Waste Services	131,333	275	\$31,720	\$25,896
Educational Services	25,537	D	\$31,876	D
Healthcare & Social Assistance	199,616	762	\$38,740	\$21,684
Arts, Entertain & Recreation	45,243	39	\$30,004	\$85,904
Accommodation & Food Services.	214,963	726	\$15,808	\$9,360
Other Services	64,705	177	\$29,536	\$21,112
Non-classifiable	287	0	\$39,104	\$0
Government	348,781	2,305	\$42,068	\$20,888
Total All Industries	2,196,268	8,153	\$44,616	\$26,156

Note: 'D' indicates suppressed data due to disclosure of confidential information. All industries are included in the total.

Delta's Revenue Base

City of Delta Information

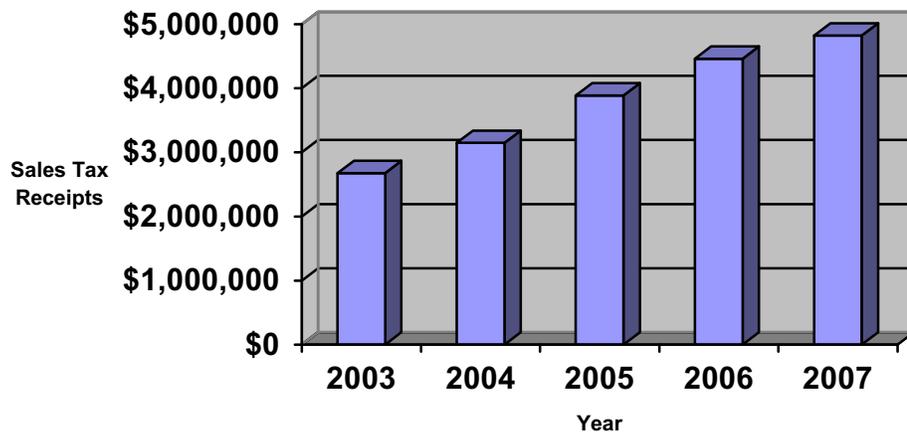
The City of Delta is a home rule city that collects and administers its own sales and use tax which is currently 3%. City voters recently overwhelmingly approved extending the $\frac{3}{4}\%$ sales and use tax to 12/31/2020 for operating and maintenance of the Bill Heddles Recreation Center.

The total City of Delta revenue budget for 2008 is \$22,986,154 (*from City of Delta Budget—page 2*). Figure 5-1 illustrates sales tax revenue for 2003 through 2007.

The City "debruced" sales tax revenue, non federal grants, and daily admissions for parks and recreation.

Figure 5-1
City of Delta Sales Tax Receipts 2003-2007

2003	2004	2005	2006	2007
\$2,673,988	\$3,148,089	\$3,887,132	\$4,462,259	\$4,820,170



Delta County Information

The County sales tax rate is 2.0%. There is also a county lodging tax of 1.9%.

Actual revenue for 2007 was \$4,408,045. The projection for 2008 collections provides for a 2.5% increase over 2007 sales tax revenues in anticipation of sales tax revenues “leveling off” in 2008 given projected national and regional economic trends.

In 1995, the voters of Delta County approved a ballot initiative that excludes sales tax revenues and non-federal grant revenues from the revenue limitations of Amendment One (Tabor).

Property tax revenues for 2008 in the amount of \$ 5,465,732 are estimated on a mill levy of 18.162 (18.057 mils plus .105 mils for value of abatements/refunds). In November 2004, the voters of Delta County approved a ballot initiative that allows the County of Delta, without any increase in the property tax mil levy of 18.057, to collect, retain, and spend or reserve all revenues from its property tax, effective January 1, 2005 and expiring December 31, 2009.

In accordance with the ballot question, the property tax revenues in excess of the more restrictive of either the statutory (5.5% limit) or constitutional (Tabor) property tax revenue limitation imposed upon Delta County are to be appropriated to the Capital Projects Fund/Special Road Projects to expedite major road improvement projects listed on the Delta County 2005-2009 Major Road Improvement Plan. The mil levy of 18.162 represents the 13.098 more restrictive mil levy, 4.959 mils for the major road improvement projects in the Capital Projects Fund, and 0.105 mils for the value of tax abatements/refunds. Highway Users Tax Fund (HUTF) revenues to the Road and Bridge Funds are estimated from current collections and projections of revenues to be derived from the first tier funding formula for 2008 as provided by Colorado Counties, Inc. based on information received from the Colorado Department of Transportation.

The County continues to benefit significantly from federal Mineral Leasing Funds that are paid on coal production on federal lands in Delta County and severance taxes paid by the coal mines in the North Fork Valley. The County is receiving property taxes from the production of gas development activities within the County.

(Source: Delta County web page.)

Major Employers in Delta County (from: Delta Area Development)

Business	Industry	Number of Employees
Business Name Address City, State Zip Phone	Industry	# of Employees/Comment
Adult Home Care Services 550 Palmer Ste 102 Delta, CO 81416 970-874-0136	Healthcare	50
Bowie Resources, Ltd. PO Box 1488 Paonia, CO 81428 970-527-4135	Coal Mining	255
City Market, Inc. 122 Gunnison River Dr Delta, CO 81416 970-874-9718	Grocer	68 2 locations in Delta County
City of Delta 360 Main St Delta, CO 81416 970-874-7566	Government	185
Del Mesa Farms 11359 2100 Rd Austin, CO 81410 970-835-3412	Poultry Producer	80
Delta Correctional Facility 1140 E.10 Rd Delta, CO 81416 970-874-7614	Correctional Facility	134
Delta County 501 Palmer St Delta, CO 81416 970-874-7566	Government	227
Delta County Memorial Hospital 1501 E. 3rd St. Delta, CO 81416 970-874-7681	Hospital & Trauma Center	490
Delta County School District 50J7655 2075 Rd Delta, CO 81416 970-874-4438 7655 2075 Rd Delta, CO 81416 970-874-4438	School System	900
Delta-Montrose Electric Assn. 21191 H75 Rd Delta, CO 81416 970-874-8081	Utility	113

Meadow Gold Dairy Products 124 W 4th St Delta, CO 81416 970-874-4471	Dairy Product Distribution	60
Red Hat Produce, Inc. PO Box 37 Austin, CO 81410 970-835-3704	Produce Distributor	65
Safeway 1550 Hwy 92 Delta, CO 81416 970-874-9032	Grocer	54
SOS Staffing Services 326 Main St. Delta, CO 81416 970-874-9334	Temporary Labor	335 Provides temporary and permanent labor Within Delta County
USC, Inc. 320 N Palmer Unit D Delta, CO 81416 970-874-3549	Mining Labor	250
U.S. Forest Service 2250 Hwy 50 Delta, CO 81416 970-874-6600	Government	107
Wal-Mart 37 Stafford Ln Delta, CO 81416 970-874-1585	Retail	260
WeatherPort 1860 1600 Rd Delta, CO 81416 970-874-6373	Portable Structure Manufacturer	190
West Elk Mines 5174 Hwy 133 Somerset, CO 81434 970-929-5015	Coal Mining	344 Located on the Western edge of Gunnison County. Majority of employees live in Delta County.



Tax Incentives to Attract New Businesses

The City of Delta participates in the County Enterprise Zone, through which a variety of tax incentives are offered.

Types of Tax Incentives

Two working definitions of incentives excerpted from the professional literature are:

1. Incentives are programs with budgeted and allocated public dollars that are directly or indirectly invested in activities of businesses.
2. Incentives are economic development programs that assist businesses without providing direct financial assistance. Examples could include provision of public infrastructure or tax policies.

More specific examples of indirect incentives include tax incentives and grants or loans from state and federal agencies (such as the Colorado Office of Economic Development and International Trade or the U.S. Economic Development Agency) to local governments to support business investment and development. For instance, the City of Fruita and Mesa County were awarded a \$15,000 EDA grant in 2000 to prepare an economic development plan for the obsolete shale oil refinery west of Fruita. On the basis of the plan's recommendations, EDA then awarded a grant for \$50,000 to prepare a detailed engineering design of water and sewer extensions to the refinery area, which led to a \$500,000 grant to actually install the infrastructure.

Perhaps the most commonly used incentives are tax incentives. All of Delta County is an Enterprise Zone, which qualifies certain eligible businesses for tax credits and other incentives, which are explained in detail at <http://www.advancecolorado.com/enterprise-zone/EZ-Tax-Credits.cfm> Examples include:

1. **Investment tax credits:** Businesses making investments in equipment used exclusively in an enterprise zone may claim a credit against their Colorado income taxes equal to 3 % of the amount of the investment.
2. **\$500 job tax credit:** Businesses hiring new employees in connection with a "new business facility" located in an enterprise zone may claim a tax credit against state income taxes of \$500 for each such employee. An expansion of an existing facility may be considered a "new business facility" if the expansion adds at least 10 employees or a 10 percent increase over the previous annual average, if it is at least \$1 million in investment, or, if less, at least doubles the original investment in the facility.
3. **Double job tax credit for agricultural processing:** An additional credit of \$500 per new business facility employee may be claimed by businesses which add value to agricultural commodities through manufacturing or processing.
4. **Credit to rehabilitate vacant buildings:** Owners or tenants of commercial buildings in an enterprise zone which are at least 20 years old and which have been vacant for at least 2 years may claim a credit of 25 percent of the cost of rehabilitating each building. The credit is limited to \$50,000.
5. **Local government tax incentives:** Any city, county, or special district within an enterprise zone is authorized to negotiate with individual taxpayers who have qualifying new business facilities (a) an incentive payment or property tax credit equal to not more than the amount of the increase in property tax liability over pre-enterprise zone levels; and (b) a refund of local sales taxes on purchases of equipment, machinery, machine tools, or supplies used in the taxpayer's business in the enterprise zone.

Public Opinion about Tax Incentives and the Economy

The only community survey question dealing with economic development asked about the quality of shopping in the City of Delta. Of the respondents, 61% believed it was poor to fair.

Desired Future Condition, Policies and Action Items

Desired Future Condition

Retail, manufacturing, agriculture, tourism and recreation are major components of a strong and sustainable year-round economy that is maintained through cooperation between local businesses, the City of Delta, Delta County and state and federal agencies. Anchored by a healthy, vibrant downtown, the local economy enhances City tax revenues, serves basic needs of residents and provides goods and services that attract tourists while maintaining Delta's historic Main Street atmosphere.

Policy and Action Items

Policy 1--Work with the Chamber of Commerce and other economic development groups to attract new businesses and to improve promotion of Delta, including downtown festivals. Action items to implement this policy include:

- a. Create additional events/festivals to be held at Delta Parks to attract more tourists to downtown.
- b. Prepare a detailed downtown development plan.
- c. Encourage new retail businesses.
- d. Encourage new tourism/lodging businesses.
- e. Encourage existing businesses to expand.
- f. Encourage new agri-business.
- g. Encourage agri-tourism (tours of orchards, farms).
- h. Encourage new buildings and major renovations of existing buildings (particularly industrial/distribution facilities) along the railroad tracks to function as "liner buildings" to mitigate the visual and audio impacts of trains.

Policy 2-- The City of Delta could choose to (1) give extra special tax treatment to new production manufacturing businesses, rather than to new retail businesses; or (2) it could favor existing businesses that expand; or (3) provide special treatment to all three.

Delta Comprehensive Plan 1997

Economic Development	Status
	C=completed, I=incomplete, P=in progress
Goals	
Work with various community organizations and individuals to establish a proactive economic development program	P
Balance the need to draw businesses to our community with the need to have those businesses that best work within the community fabric and infrastructure	P
Provide the proposed tools for the economic development lead person to give good, professional answers in a clear and concise manner	P
Objectives	
City maintains representation at whatever final form the program becomes, and equal to existing levels found at local civic, organizations, such as the Delta Area Chamber of Commerce	P
Be constantly aware of the need to enhance and encourage expansion of existing businesses and industry as one means of economic development	P
Provide economic incentives for enhancement and/or beautification of commercial buildings	P
Encourage and become an active participant in the orderly growth that occurs within the City limits while maintaining a more passive role in developments occurring outside and recognizing the benefits to the residents of the City	P
Look for synergy between existing businesses. Look for someone coming in that could use a by product or create a waste product that would be useful to one of our existing businesses	I
Actions	
Continue relationship with local school districts, including the area Vo-Tech to develop job	P

Economic Development	Status C=completed, I=incomplete, P=in progress
training and awareness programs	
Develop an educational program to work with the commercial vendor and/or property owners to articulate the City's need for and process of collecting sales and use taxes	P
Analyze City's role in private sector development projects, both commercial and housing	P
Coordinate with or act as a part of a larger plan for the County. Aid and assist the County in growing to be what it wants to be. Coordinate with Grand Junction, Montrose, and all of the cities in our area	P
Evaluate the performance of our efforts. Quantify the benefits. Look at what we put into an effort and what was derived from it, then use this library of information to make decisions on future opportunities	P