



**Above:** Paonia business district c.1930's. Photo most likely taken from top of Miller's Mercantile-2nd and Grand SW corner, (currently the Learning Council Building), looking NE up the 200 block of Grand. The building on the far right is currently where the NIDO restaurant resides. **Photo credit:** North Fork Historical Society.

## ECONOMIC DEVELOPMENT

### OVERVIEW

A strong local economy is critical to Paonia's future - it provides good job opportunities for locals, a robust tax base for the Town and the repair and improvement of its infrastructure systems, and overall, a desirable and liveable community. This element focuses on strengthening our local economy, supporting local businesses and local agriculture, maintaining a vibrant downtown, balancing tourism benefits with impacts, and encouraging a workforce that is skilled in needed and applicable areas.

### VISION

Paonia's resilient, regenerative, localized economy meets community needs by providing desired goods and services as well as reliable job opportunities that pay living wages. Our economy emphasizes the production of healthy local food and is known for its emphasis on human health and wellbeing, unique educational opportunities, and the creative and trade industries. Our economy attracts and serves visitors in a way that supports locals. The Town's revenue is strong and steady and the quality of life among residents is constantly improving.

### VALUES

- Economic development that balances and aligns with preserving our community's rural and agricultural character.
- Local, independent businesses that build community wealth, care for our natural resources, care for our elderly and those in recovery, offer opportunities to our children and to young families, and increase economic equity.
- A vibrant and beautiful downtown commercial district with locally-owned businesses.
- Economic diversity and resilience where the local economy is not overly reliant on one industry, and provides access to goods and services that meet real community needs

## **POLICIES**

**POLICY ECON-1:** Take a proactive approach with local partners in nurturing a diverse and resilient economy that prioritizes local needs and is centered in: agriculture and health and wellness tourism, arts, music and other creative industries, and skilled labor and trades.

**POLICY ECON-2:** Support the retention and expansion of locally owned businesses and increase support for entrepreneurship with a focus on encouraging young locals to stay in the area and open small businesses.

**POLICY ECON-3:** Create and maintain a healthy, vibrant, and beautiful economic downtown corridor on and around Grand Avenue.

**POLICY ECON-4:** Ensure an integrated and balanced role for tourism and remote workers in the local economy to allow local businesses, community members, and the ToP to receive the economic benefit of tourism and remote worker spending while balancing this against housing affordability and the development of year round, well paying, place based jobs for local residents.

**POLICY ECON-5:** Focus on building a younger and more skilled workforce through the support of skill-based education programs and other efforts that build the local capacity to meet more of the community's basic needs like food production, food service, housing construction, energy production, education and health care.

**POLICY ECON-6:** Support the continuation of local agriculture and farmer and farm worker housing, education, and value added processing infrastructure to enable the continuation and growth of local food production, food service and agricultural based business.

**POLICY ECON-7:** Consider annexation of properties leading up to and along Highway 133 corridor to increase Town revenue from sales tax and build relationships with other key neighborhoods and water districts to enable and incentive annexation where appropriate.

## **BACKGROUND (COULD BE AN APPENDIX)**

### **Income, Jobs and Workforce**

The 2022 median household income in Paonia was \$53,646, median earnings per worker was \$49,625 and 8.4% of the population is below the federal poverty line. These figures are far below both Colorado and national averages: the 2022 Colorado median household income was \$89,930 and US was \$74,580. Residents are increasingly in need of good jobs to keep up with rising costs of living, and in particular the cost of housing. According to the 2023 Paonia Housing Needs Assessment, one in five Paonia households is burdened by housing costs, meaning they spend more than 30% of their income on housing. Of these over 50% are extremely cost burdened, meaning they spend over 50% of their income on housing. Lack of affordable housing has been identified as a challenge by local business owners who have trouble recruiting and retaining employees in large part due to limited and costly housing stock.

**BREAKOUT BOX:** "Jobs and housing are interconnected. The economic success and mix of jobs in a region informs the amount, type, and price point of housing needed to sustain the local economy. Likewise, a sufficiently diverse housing supply is needed to attract and keep quality employees that are invested in the community."- Paonia Housing Needs Assessment, 2023.

Due to the nature of the food, agricultural and entertainment businesses located here, and the associated increase in tourists that these businesses also bring in, many of Paonia's current wage jobs are seasonal. During the public process for this plan, it was clear that the community is motivated to diversify its economic functions.

The age of residents is important to the local economy. The share of residents who are in their prime working years, those aged 25 to 54 as defined by the Colorado Department of Labor and Employment, has declined from 37% in 2010 to 33% in 2020. The aging of both the population in the state and in the Town of Paonia population is pronounced. The median age of residents was 41 in 2000, 44 in 2010, and 49 in 2020. This same trend is occurring in Delta County at large. A decline in the prime working age cohort coupled with an increase in seniors creates a challenging economic environment, and local employers report difficulty recruiting and retaining workers. At the same time, industries aimed at supplying the goods and services required by a retired population are primed to thrive if they can be successfully cultivated. Housing access is another factor contributing to labor availability and is discussed in detail in the Town of Paonia Housing Needs Assessment and Housing Action Plan, an element of this Master Plan.

### **Economic Development Capacity & Planning**

Beginning in 2015 Delta County commissioned several studies and initiatives to better understand how to adapt to a changing economic climate, including the Delta County Economic Assessment, Delta County Market Assessment, Delta County Economic Development Strategy, and Delta County Tourism Board Marketing Plan. Consistent with the recommendations of the Region 10 Regional Economic Development Strategy, the Delta County Economic Development Strategy argues for focusing on export-oriented sectors including organic agriculture, manufacturing, and to a lesser degree tourism.

Until recently, Paonia did not have a functioning Chamber of Commerce or co-working space, though in 2023 the Hotchkiss Chamber of Commerce rebranded as the North Fork Chamber of Commerce to serve Hotchkiss, Crawford and Paonia. In addition, several industry-specific groups exist, including the Creative Coalition and new Pollinate Paonia shared art studio space, the Valley Organic Grower's Alliance, and the West Elks American Viticultural Area. Existing county-level economic development efforts like One Delta County and Delta Area Chamber of Commerce have offered little support to Paonia businesses to date, though some Paonia businesses take advantage of business development opportunities through Region 10. The North Fork Chamber of Commerce may be a future resource for our area businesses if engaged with regularly by Paonia leadership.

### **Fossil Fuel Extraction**

Historically, coal mining was a major local employer and economic driver. The Town experienced significant economic impacts with the closure of two of the area's three mines in 2004 and 2014. The economic impact of coal mines closing has been at least partially offset by the growth of other industries, particularly remote work (supported by the introduction of high-speed internet in 2017) and tourism. The remaining West Elk Coal Mine in neighboring Somerset remains one of the most productive mines in the country and has no known plans to scale back. This mine is also the largest single industrial point source of methane emissions in Colorado, while upstream fracking for natural gas has been shown to be increasing negative impacts on local water quality. The importance of the fossil fuel industry for our economy and its simultaneous negative impacts on other industries that are dependent on stable climate and ample clean water access—in particular farming and ranching—is an ongoing tension within the economic fabric of the Paonia community.

## **FUTURE ECONOMIES**

### **AGRICULTURE, ARTS & TOURISM**

Paonia is known throughout the state for its excellence in organic, regenerative and biodynamic agriculture and many of our area growers travel across the state and the Rocky Mountains to reach farmers markets in communities with higher income. Agritourism is any recreational or educational activity on a working farm or ranch which consumers pay for and its success is dependent upon place based

factors, primary access to agricultural lands and other natural resources such as clean water. Agrotourism is a nationally recognized entrepreneurial activity that can diversify market outlets for local agricultural businesses and simultaneously stimulate rural development of surrounding communities. The average agro tourist visit provides a surplus from \$93 to \$164 per person per trip for primary purpose travelers according to data from Colorado State University. With this and other factors in mind, the Delta County Economic Development Strategy calls for the county to rebrand its economy as an Organic Center of Excellence. Local businesses like Elk Mt Pharmacy, Breadworks, Mountain Oven Bakery & Mill, Western Culture, Nido, surrounding vineyards and a handful of caterers and pop-up restaurants are positive examples of farm-to-table enterprise and retail manufacturers that serve locals and attract tourists to enjoy the rural aesthetic and purchase organic value-added agricultural products. Agritourism creates economic opportunity rather than competition for agricultural producers, and an agritourism destination attracts visitors that will likely want to visit other agritourism destinations.

### **Wellness Tourism & Retirement Services**

Tourism is a large and fast-growing industry, however unbalanced by regular year round well paying and placed based jobs, deplete a community and lock out locals from housing. This is a major challenge for many communities in Colorado. However, a rapidly growing subset of tourism called, “wellness tourism” offers a less extractive and more beneficial impact on the communities that develop it. Unlike traditional tourism, wellness tourism is largely based on the authenticity of a place and the continuation of natural local attributes that our community values such as dark skies, clean water and local food. Furthermore, it has been shown to bring in more revenues and create more permanent jobs for the local population than regular tourism. Wellness tourists are high-yield tourists who bring greater economic impacts than traditional tourists and their desire for local healthy food as part of their experience can be a compliment to our focus on sustaining and growing local agriculture.

Colorado has the fourth fastest growing 65+ age group in the U.S and Paonia over the past several decades has become known as a retirement community. This is also a potentially important source of future economic activity for the Town and relates to the wellness industry with regards to trained services providers in both allopathic and complementary medicine and the food service industries. Retired seniors consume large amounts of local goods and services, and thus require a year round workforce to support their needs. The growth in retirees will impact every age bracket in the labor force, causing robust demand for replacement workers and increased need for caregiving occupations such as direct care workers. The population of the greater Paonia CCD is also aging. Just under half (48%) of residents in this part of the valley are aged 55+, a much higher share of residents than in 2000 (29%) and 2010 (40%). Paonia currently lacks several key services that would benefit this population, including a pharmacy, walk-in clinic, and in-home care services. These services would also generate stable, year-round jobs.

### **Downtown & Creative District**

In 2013, Paonia became a Certified Colorado Creative District with a unique emphasis on arts and agriculture. A primary goal of this designation is to attract more tourists. Several organizations exist to support the arts and agriculture and to connect these sectors with the tourism industry, including the North Fork Valley Creative Coalition (which manages the Creative District designation), Valley Organic Growers Alliance, and the West Elks American Viticulture Association. The North Fork Valley Creative Coalition has contributed to the vitality of the downtown economic corridor through creative placemaking, wayfinding and signage, events and programming. In recent years new businesses, workspaces, boutiques and galleries have also opened downtown, yet as of January 1, 2024 there are approximately eight empty commercial locations along Grand or are in the downtown core. At the same time, there are days when downtown food trucks’ average wait times for food range between 20-40 minutes, suggesting strong demand.

In recent years the growth of music events and festivals has grown with Big B’s summer music series and Pickin in the Park. These events bring out locals and bring in tourists from the area and around the state. They can also attract other business to come and vend in town, however, Paonia does not currently collect sales tax for vendors who are selling in Town limits but not registered here.. Lodging businesses

see boosts during these times, however the overuse of short term rentals, especially in summer months to accommodate visitors has presented a challenge for both year-round Paonia residents and seasonal workers in need of housing.

### **Trades & Skilled Labor**

The absence of a business that provides year-round jobs to the area such as the coal mines is felt in the area. Nationally, skilled tradespeople are declining and the increased cost of higher education creates a unique need for this type of labor.

Skilled labor is generally characterized by advanced training (expertise attained through experience and certifications or licenses in their specific fields) and likewise generally corresponds with higher wages. Three converging factors—an aging workforce (both Paonia and Colorado have a majority of workers in the aging category), the rural nature of the Town, and what is projected to a rapid rise in automation of the US workforce by AI technology—provide a background for a focus on developing trade and skilled labor education. Solar Energy International (SEI) offers an excellent example of this with their training program. SEI also is an example of the kind of business that brings in people year round for training.

The State of Colorado has emphasized the need to invest in the infrastructure workforce, advanced manufacturing workforce, medical workforce to support an aging population, and rural workforce. These careers can be stable and lucrative. According to the Bureau of Labor Statistics (BLS), many of the fastest-growing career fields in the US are skilled trades.

### **Construction**

Since 2020, housing construction has been constrained by the moratorium on water taps. Despite the moratorium, General Contractors, carpenters, electricians, plumbers and other related trades are in demand. The Town of Paonia Housing Action Plan calls for 100 new homes to be built in and around Paonia over the next five years, with 25-35 units built “as quickly as possible” after the moratorium is lifted. Further, much of Paonia’s housing stock is considered “extremely old” and will require repairs. Skilled tradespeople will be increasingly needed as construction accelerates over the coming decades.

**BREAKOUT BOX:** “Rural communities have often had a difficult time retaining younger generations for a number of reasons, including wages, education, and social issues. Communities depend on younger, more educated workers and leaders to grow and survive, this poses a serious risk.” Report: Rural Economic Resiliency in Colorado (CO Office of Economic Development & International Trade)

### **Challenges**

Central to the continued sustainable development of the art, service and tourism sectors will be policies aimed at regulating short term rentals and the creation of affordable housing to ensure that artists and wage workers can continue to reside within the community. The tension between growth in tourism and housing for locals due to the rise of short-term-rentals is detailed in the Housing Needs Assessment and Action Plan.

The success of export industries such as agriculture, industries that rely on the import of tourists depend largely on macro economic and ecological trends. Both the Delta County Tourism Board Marketing Plan and the Region 10 Economic Development Strategy point to the negative economic impacts of natural disasters (fire, drought, fluvial hazards, etc.). Pollution from fossil fuel extraction and other heavy industries could seriously damage the region’s reputation for organic excellence. Thus, protecting and caring for the watershed and ecosystems that underpin Paonia’s economy, as detailed in the Infrastructure Element of this Plan, is an essential strategy for economic resilience.

## BREAK OUT BOX: RESOURCES

Delta County is designated an enhanced rural enterprise zone by the State of Colorado. This designation allows local businesses to receive state income tax credits and sales and use tax exemptions for specific business investments. Taxpayers who contribute to enterprise zone projects may also earn income tax credits. Taking advantage of these tax credits and exemptions could help existing businesses become more viable as well as incentivize and lower the barrier to entry for new businesses.

The Colorado Rural Resiliency and Recovery Roadmaps program provided technical assistance and grants for regional teams of rural communities to drive economic relief, recovery, diversification, and long-term resilience.

The Rural Technical Assistance Program (RTAP), formerly known as Colorado Blueprint 2.0, provides free technical assistance, consulting, and funding to help rural communities create economic development strategies

The Career Development Incentive Program, or Career Development Success Program, provides financial incentives for school districts and charter schools that encourage high school students, grades 9-12, to complete qualified industry credential programs, pre-apprenticeships and apprenticeships, and internships.

The Northwest and Rocky Mountain Regional Food Business Center supports a more resilient, diverse, and competitive food system. This Center is designed to be a node for our region's small and mid-tier food and farm businesses and local and regional food sector development initiatives by supporting cross-regional collaboration, providing and analyzing relevant and timely data, and serving as a gateway for USDA programs and other third-party funding opportunities, with a focus on underserved farmers, ranchers, and food businesses.

ACTION ITEMS	TIMING
ACTION ECON-1: Analyze if the ToP should have a staff position focused on economic development and if so, identify funding.	Medium-term (3-5 yrs)
ACTION ECON-2: Work with the Rural Technical Assistance Program (RTAP) and other partners to develop a Local Economic Development Strategy focused on agriculture, arts & music, and skilled labor training programs in construction, health care, and rural services.	Medium-term (3-5 yrs)
ACTION ECON-3: Work with the State of Colorado, University of Colorado Agricultural Extension and other appropriate parties to explore the creation and location of a soil health and regenerative agricultural workforce training program in Paonia.	Short-term (1-2 yrs)
ACTION ECON-4: Work with Region 10 and other appropriate parties to explore the development of skilled labor training locations programs focused on health care, construction, rural services and culinary arts.	Short-term (1-2 yrs)
ACTION ECON-5: Support efforts to create local economic catalysts: Chamber of Commerce, economic hub, business incubator, coworking space, retailers that meet local needs, trade school, Community Development Corporation, and/or networking or educational events.	Medium-term (3-5 yrs)
ACTION ECO-6: Add amenities downtown like trees, benches, bike parking and public art that enhance the attractiveness for businesses, locals and visitors. Consider allowing parklets, sidewalk dining and other temporary uses downtown.	Ongoing

ACTION ECON-7: Develop a signage and wayfinding plan for the Town that focuses on attracting visitors downtown and helps visitors navigate around Town. Once developed, implement the plan.	Medium-term (3-5 years)
ACTION ECON-8: Work with partners to create an accessible community calendar of special events.	Short-term (1-2 yrs)
ACTION ECON-9: Work with partners to inform local businesses of festivals and other events encouraging them to be open for business.	Short-term (1-2 yrs)
ACTION ECON-10: Support arts, wellness, agricultural, recreational, eco- and “Dark Skies” tourism, educational tourism events and conferences.	Medium-term (3-5 years)
ACTION ECON-11: Create clear guidelines for "pop up" shops and require sales tax submission for all such temporary vendors, like during festivals and other special events.	Short-term (1-2yrs)
ACTION ECON-12: Update requirements for food trucks including sales tax and proof of health inspection. Consider if a county-wide regulations could work. See Denver's toolkits for foodtrucks as an example.	Short-term (1-2 yrs)
ACTION ECON -13: Revisit business licensing (for property owners/landlords) Provide a Q&A on the town website.	Medium-term (3-5 years)
ACTION ECON-14: Work with local economic development groups to share regional resources, and connect local businesses with relevant technical assistance for economic and business development.	Medium-term (3-5 years)

# GOVERNANCE & COMMUNITY PARTICIPATION

## OVERVIEW

Good governance and informed community participation are essential to the Town of Paonia's civic health and sense of community. This element addresses general Town governance like building capacity and engaging with regional partners in addition to the community's role in town governance.

## VISION

Paonia's governance processes and operations are effective and efficient, breeding trust and buy-in from Town residents. Town residents are able to access relevant information easily to help them engage regularly and in a way that is constructive. The Town practices responsible regionalism, regularly engaging with regional partners.

## VALUES

- A culture of respect, healthy communication, cooperation, transparency and integrity within and between Town staff, elected and appointed officials, and community members.
- Constructive and informed community engagement & partnerships.
- Regional cooperation and coordination.
- Effective and efficient professional town staff.

## POLICIES

**POLICY GOV-1:** Prioritize implementation of adopted community plans.

**POLICY GOV-2:** Proactively engage with regional, state and federal partners including but not limited to those below. Ensure local plans and policies account for and are coordinated with relevant partners.

- Delta County
- Private water companies who contract with the Town for water
- North Fork Chamber of Commerce
- Delta County School District
- Delta County Libraries
- One Delta County
- Delta County Tourism Cabinet
- Region 10
- All Points Transit
- Delta Montrose Electric Association (DMEA)
- Gunnison Basin Roundtable
- Colorado Department of Transportation (CDOT)
- Bureau of Land Management (BLM)
- United States Forest Services

**POLICY GOV-3:** Build Town capacity by maintaining adequate and qualified staff, ensuring proper funding and resources.

**POLICY GOV-4:** Ensure planning and budgeting processes are transparent and informed by professionals to appropriately plan and prepare for the future.

**POLICY GOV-5:** Provide accessible information to the public on key issues, such as larger infrastructure projects and discussions on policy, to promote effective participation.



**POLICY GOV-6:** Build citizen capacity through well-managed community engagement and providing volunteer pathways for interested citizens. Prioritize filling any vacant elected and appointed positions such as the Planning Commission and Tree Board.

**POLICY GOV-7:** Maintain a police department that has the staff, resources and training necessary to provide the community with the desired level of public safety services.

**OVERVIEW:** Good governance and informed community participation are essential to the Town of Paonia’s ability to implement the Comprehensive Plan. Critical themes that have emerged through this comprehensive planning process are the professional development of directors and staff, modernization of internal business practices, increased transparency in budgeting, dedicated public communication, and transparent planning and execution of public projects. Management of the Town’s human resources, including updated job descriptions, professional licensure, incentivizing performance, and ensuring accountability all can further improve the effectiveness, efficiency, and reputation of the Town. Consistent enforcement of existing laws, codes and regulations will work to build trust in Town governance and accountability. Maintaining fully staffed and operational bodies such as the Planning Commission and Tree Board will support ongoing implementation and project execution.

**COMMUNICATION:** Regular and professional communication outwardly to citizens via news letters and text messages, social media, local print media and other means of direct contact will help to counteract an old culture of the “rumor mill” as the primary source of information regarding Town workings, plans and other formal processes. Consistent management of Town logo’s, letterhead and announcements will further help to solidify what is official Town business and what is not. Direct outreach to stakeholders for key Town Business planning and policy implementation will work to build trust and achieve desired outcomes.

**CITIZEN ENGAGEMENT:** Throughout the community engagement process for this Plan the community expressed its desire to support key areas where they have expertise or passion. The City of Fort Collins offers an outstanding model for formal citizen engagement which the Town of Paonia could explore adopting or adapting: through a strategic process working with a qualified 3rd party and the community, the Town of Fort Collins identified a mission to “promote volunteer involvement to improve services and create community” and created a Strategic Plan for Volunteer Engagement.

**INTERGOVERNMENTAL COLLABORATION:** Effective regionalism requires ensuring local plans and policies account for and coordinate with adjacent jurisdictions and other relevant regional stakeholders. To achieve the goals identified in this plan, to continue to develop our local capacity, and to take on the challenges associated with the restoration of Paonia’s watershed, ToP should seek to designate official representatives to collaborate regularly with, and participate in, regional planning efforts.

<b>GOVERNANCE AND COMMUNITY PARTICIPATION</b>	
<b>ACTION ITEMS</b>	<b>TIMING</b>
ACTION GOV-1: Track implementation of this Plan and other Town Plans.	Ongoing
ACTION GOV-2: Designate official representatives from the ToP to collaborate regularly with, and participate in, regional governance efforts.	Ongoing
ACTION GOV-3: Add or restructure staff positions as needed to achieve the goals of this Plan and to maintain required public services.	Ongoing

<p>ACTION GOV-4: Host community-wide discussions on important or controversial issues to provide an opportunity for all to participate.</p>	<p>Ongoing</p>
<p>ACTION GOV-5: Create and maintain an accessible and transparent budgeting process that promotes investment in community priorities and ensures the budget is adequate to cover the cost of existing and desired services provide by the Town.</p>	<p>Ongoing</p>
<p>ACTION GOV-6: Determine a method to regularly share pertinent information with the public. This could be a monthly manager's report, a quarterly newsletter, a regularly updated page on the Town's website, or other method.</p>	<p>Short-term (1-2 yrs); Ongoing</p>
<p>ACTION GOV-7: Support/expand volunteer opportunities for residents. Consider utilizing Fort Collins Strategic Plan for Volunteer Engagement as a model to empower and engage citizens.</p>	<p>Ongoing</p>