



AGENDA
TOWN OF PARACHUTE
SPECIAL MEETING
BOARD OF TRUSTEES / GARFIELD COUNTY BOARD OF COUNTY
COMMISSIONERS
AUGUST 20, 2015

222 GRAND VALLEY WAY, PARACHUTE, CO
6:00 P.M.

(A) ROLL CALL

(B) PLEDGE OF ALLEGIANCE

(C) APPROVE AGENDA

(D) COMMENTS FROM CITIZENS REGARDING ITEMS NOT ON THE AGENDA

The Board of Trustees welcomes you and thanks you for your time and concerns.

If you wish to address the Board of Trustees, this is the time set on the agenda for you to do so. When you are recognized, please step to the podium, state your name and address then address the Board. Your comments will be limited to **three (3) minutes**. The Board may not respond to your comments this evening, rather they may take your comments and suggestions under advisement and provide direction to the appropriate member of Town Staff for follow-up. Thank you.

(E) DISCUSSION REGARDING OVERWEIGHT PERMITS FOR COUNTY ROAD 215

STAFF: STUART McARTHUR, TOWN MANAGER

(F) REVIEW OF COMMUNITY COMPREHENSIVE PLAN UPDATE

STAFF: STUART McARTHUR, TOWN MANAGER

(G) MOTION TO ADJOURN

Adjourned at: _____ p.m.



Parachute - Battlement Mesa: Comprehensive Economic Development Strategy

Phase II – Land Use Plan

Prepared by: Better City

TABLE OF CONTENTS

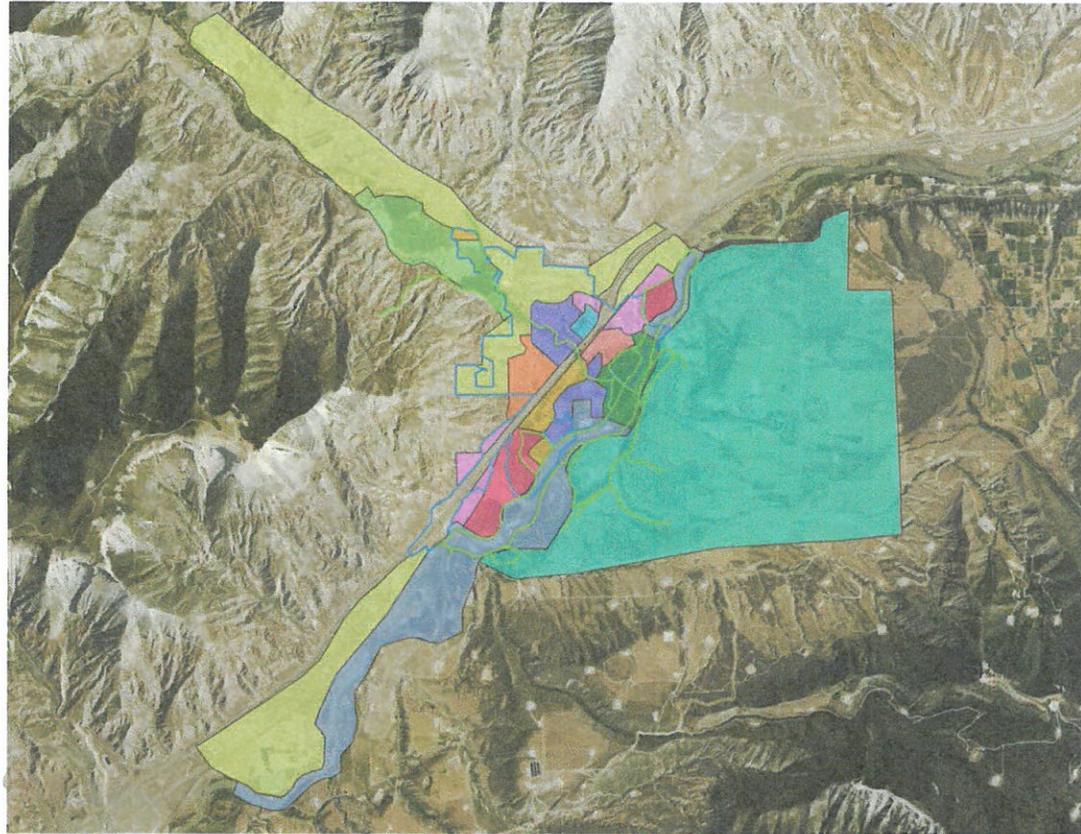
LAND USE ZONES	2
NORTHEAST	3
DOWNTOWN	4
WEST CENTRAL.....	6
NORTHWEST.....	7
SOUTH CENTRAL.....	8
SOUTHWEST.....	9
BATTLEMENT MESA	10
TRAILS AND TRANSPORTATION	11
TRAILS	11
TRANSPORTATION	13
CONCLUSION	14

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LAND USE ZONES

Land use planning is an important aspect to community development as it sets the framework for future growth in the Community. The adage that “early decisions cast long shadows” is especially applicable to community development, because the useful life of buildings usually extends forty years or more. Many communities don’t realize that indecision in terms of land use planning is in fact a decision to allow sprawl to enter a community, which can take a generation or more to remedy.

The land use zones designated herein are done in accordance with the economic diversification strategy completed in Phase I. It also takes into consideration current land use, and in some cases discusses a transition from the current use into the most appropriate use for future generations.



Map 1: Planning Area and Land Use Overview

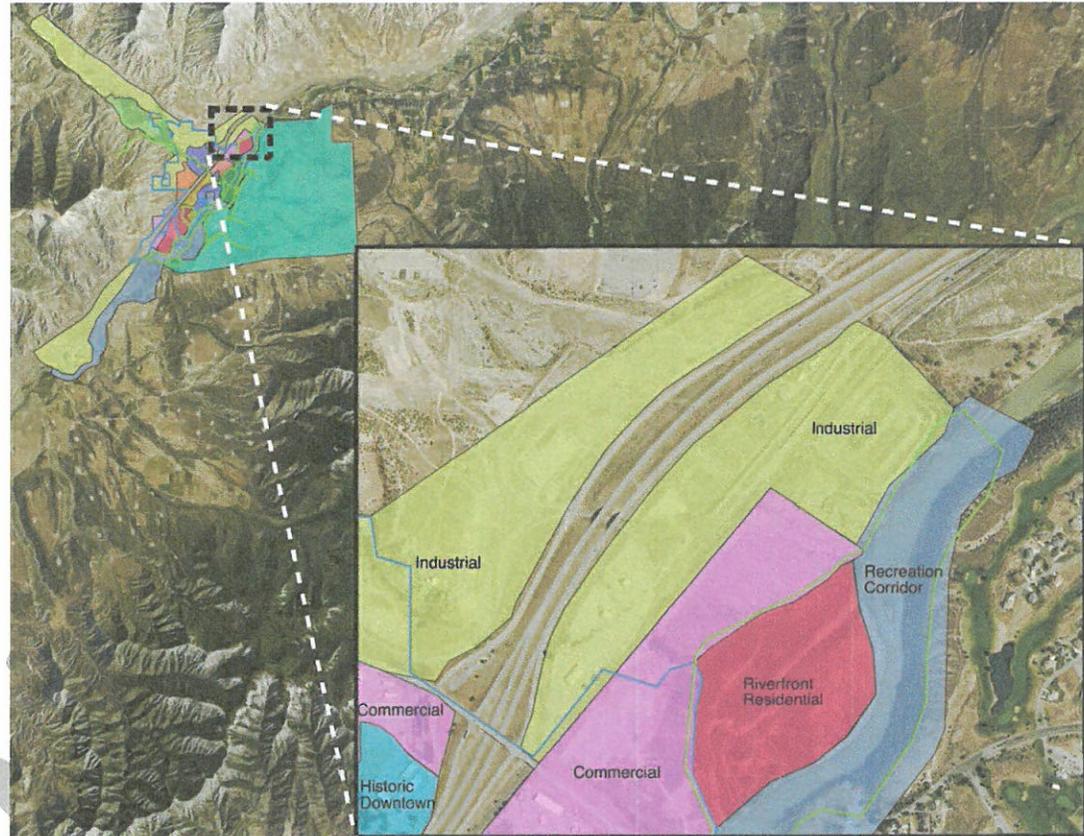
Map 1 shows the planning area, which includes Parachute’s current Town limits, and extends 2.5 miles to the southwest along I-70, nearly three miles to the northeast along County Road 215, and includes the community of Battlement Mesa. The light blue line designates the current Town boundaries. The green lines are pedestrian and biking trails that will be discussed in greater detail in subsequent sections.

NORTHEAST

The northeast section of Town begins with an Industrial zone on the north, and transitions into Commercial uses as you move south toward the northeast I-70 interchange and the downtown section of the Town. The Industrial zone is compatible with current uses for the land, and would make an excellent location for industrial manufacturing due to its prime location near I-70 and the Union Pacific and Burlington Northern Railroads

The Commercial zone adjacent to the industrial zone will play a role in enticing travellers on I-70 to stop and shop within the Community.

As discussed in the Phase I report, the Colorado River is a tremendous asset for the Community, and the Riverfront Residential zone will be a prime location for new and attractive housing developments. The homes will have beautiful views near the river, and will have easy access to commercial amenities.



Map 2: Northeast Parachute

The recreation corridor mentioned in the Phase I report extends along the Riverfront Residential zone. The green lines represent future biking and walking trails that will connect the Commercial and Riverfront Residential zones to the

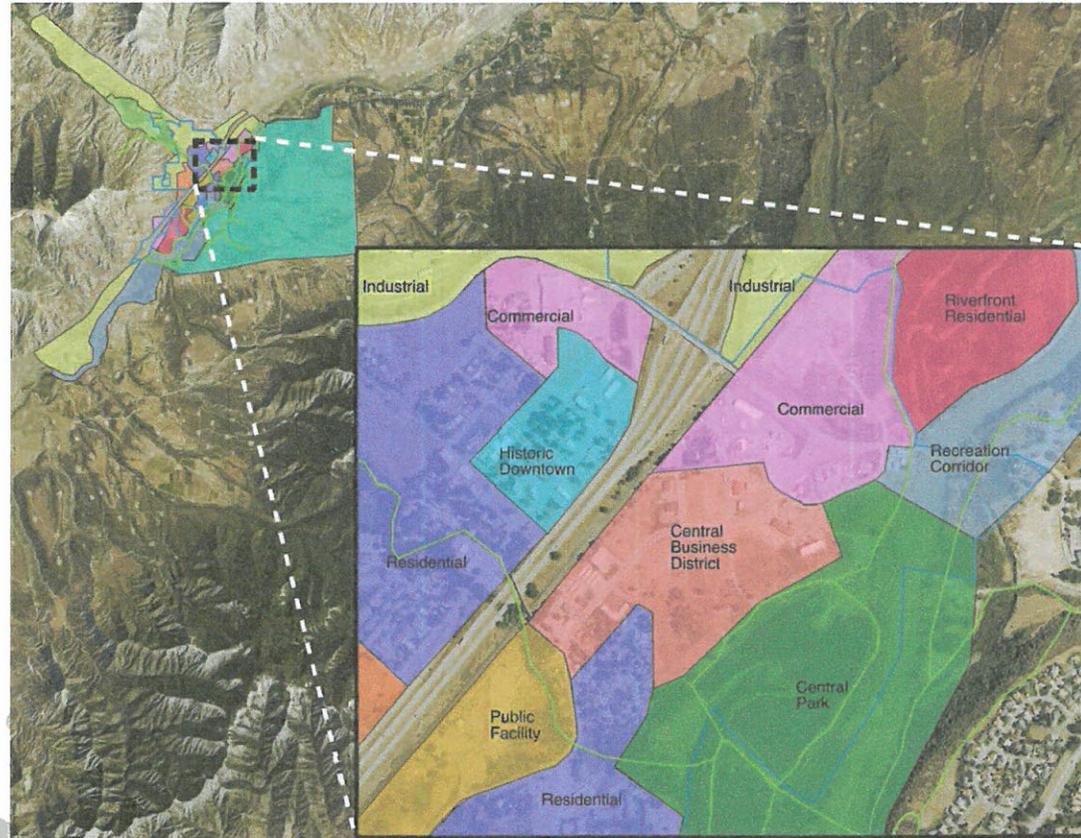
river. Part of these zones lie outside current Town boundaries, and should be considered for inclusion in the annexation plan.

DOWNTOWN

A downtown is the defining symbol of a community and can be a source of pride and activity for residents and memorable vacations for visitors. To accomplish this, the downtown needs to be inviting and clearly demonstrate sophisticated and deliberate development. The Historic Downtown is an important component of the Town's history, but the best opportunity to build a unique and unforgettable center of activity lies on the other side of I-70.

The newly designated Central Business District (CBD) will serve as the new center of commercial activity for the Town, and will provide permeable access for vehicles and pedestrians to go from shopping and entertainment venues within the district, to the adjacent

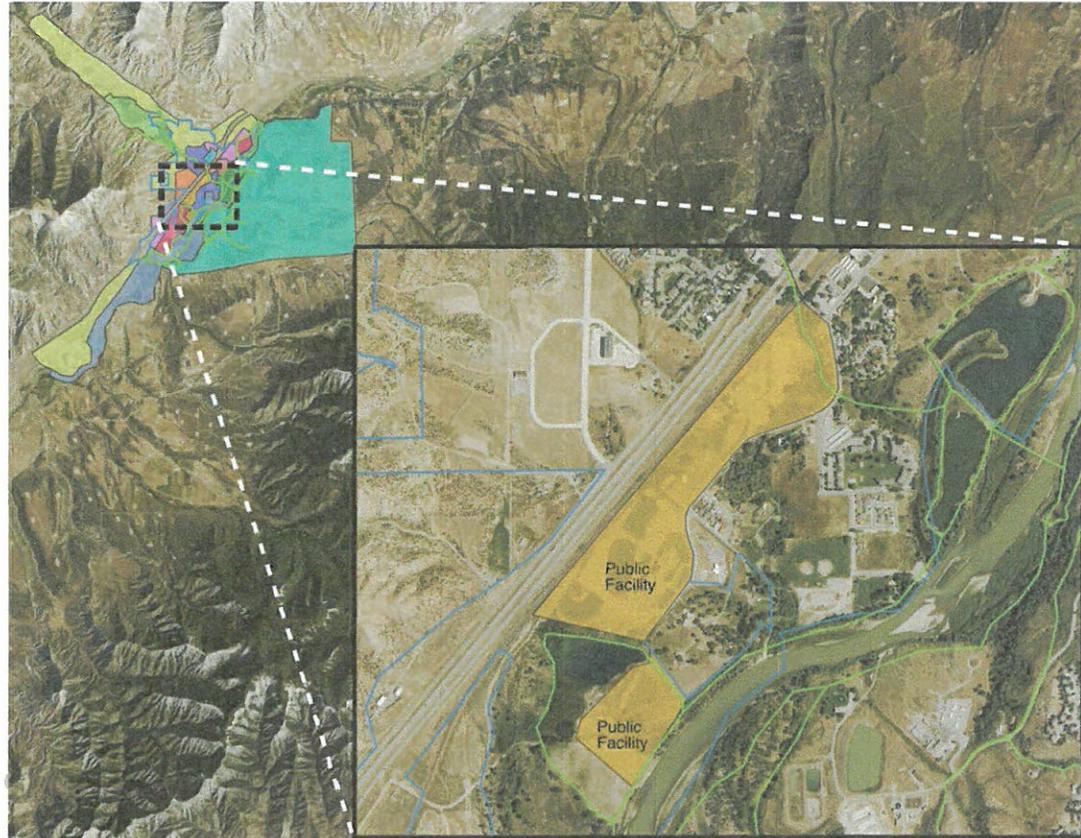
Recreation Corridor and Central Park.



Map 3: Downtown Parachute

Massing considerations should be provided to these zones, whether through signage or vertical construction guidelines, that allow recreation developments to be highly visible from the freeway to attract and entice travelers to the recreational amenities. Attracting traffic into the Recreation Corridor is central to the success of the strategy and visibility from the freeway will be key.

The CBD is adjacent to the Commercial zone mentioned in Map 2 on the north, and Residential and Public Facility zones to the south. The residential section should be zoned to allow multi-family near the CBD that transitions into single-family attached and single-family detached homes near the river and recreation corridor. The Public Facility zone is a potential location for the multi-use recreational facility and sports complex described in the Phase I report. The site would allow for approximately 33 acres of new development, and would convert an under-developed portion of the Town into an attractive and unique venue. Signage and façade requirements will be important within this zone because it is highly visible to travellers. Grand Valley High School is also currently located within this Public Facility zone, just to the south of the potential sports complex site (see Map 4).



Map 4: High School and Potential Sports Complex Site

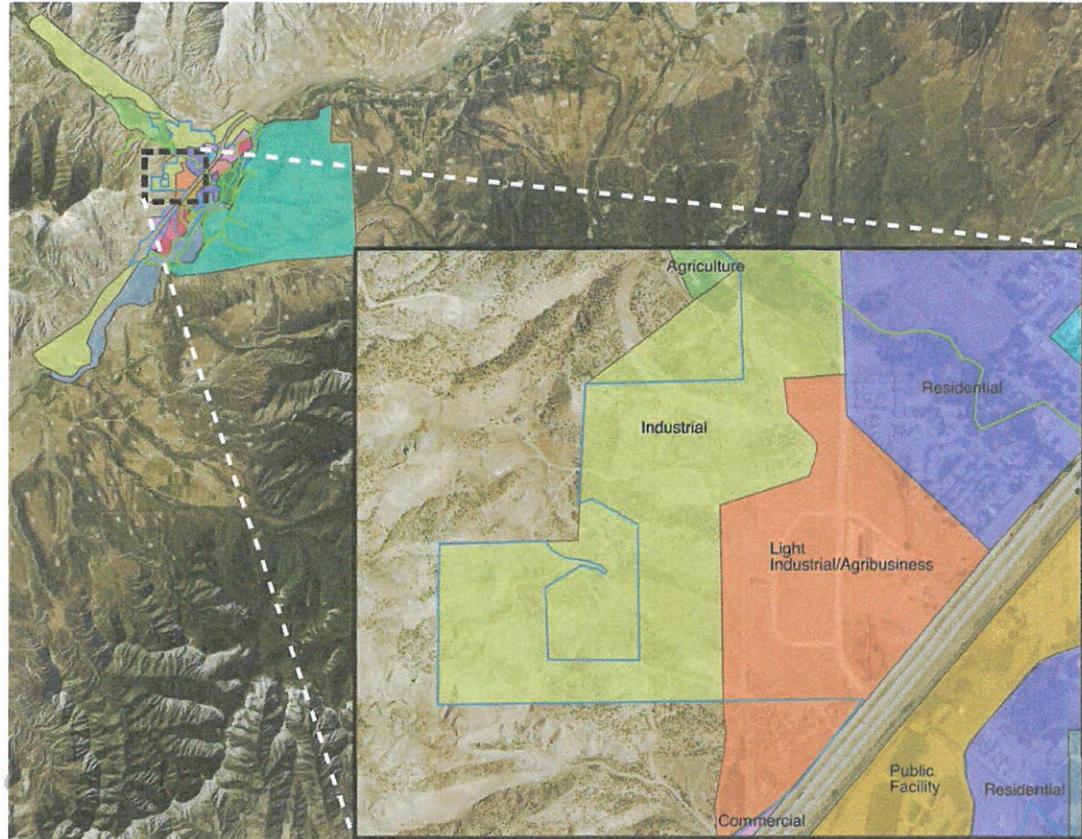
The Historic Downtown and adjacent rest stop, located in the Commercial zone, will continue to play a role in the Community even if the future commercial development moves to the CBD. For example, the rest stop and nearby businesses will continue to attract travelers, and the Historic Downtown can be an area with cultural and historical uses. Additionally, it will be an ideal location for neighborhood commercial and “mom and pop” type stores.

The Residential zone that borders the Historic Downtown will continue to serve as the location for a large share of the Town's core population.

WEST CENTRAL

The west central section of Town will serve as the site for future Light Industrial, Agribusiness, and Industrial development. Convenient access along Parachute Park Blvd. will be a major benefit to new businesses in this region of Town. The Light Industrial/Agribusiness zone will be most appropriate for light manufacturing, business parks, and agribusiness related industries. Development of new businesses in the Industrial zone to the west will be difficult due to unfavorable slope.

Part of the land for the proposed Light Industrial/Agribusiness and Industrial zones are currently located outside Town limits. These sections should be considered for inclusion in the Town's annexation plans.

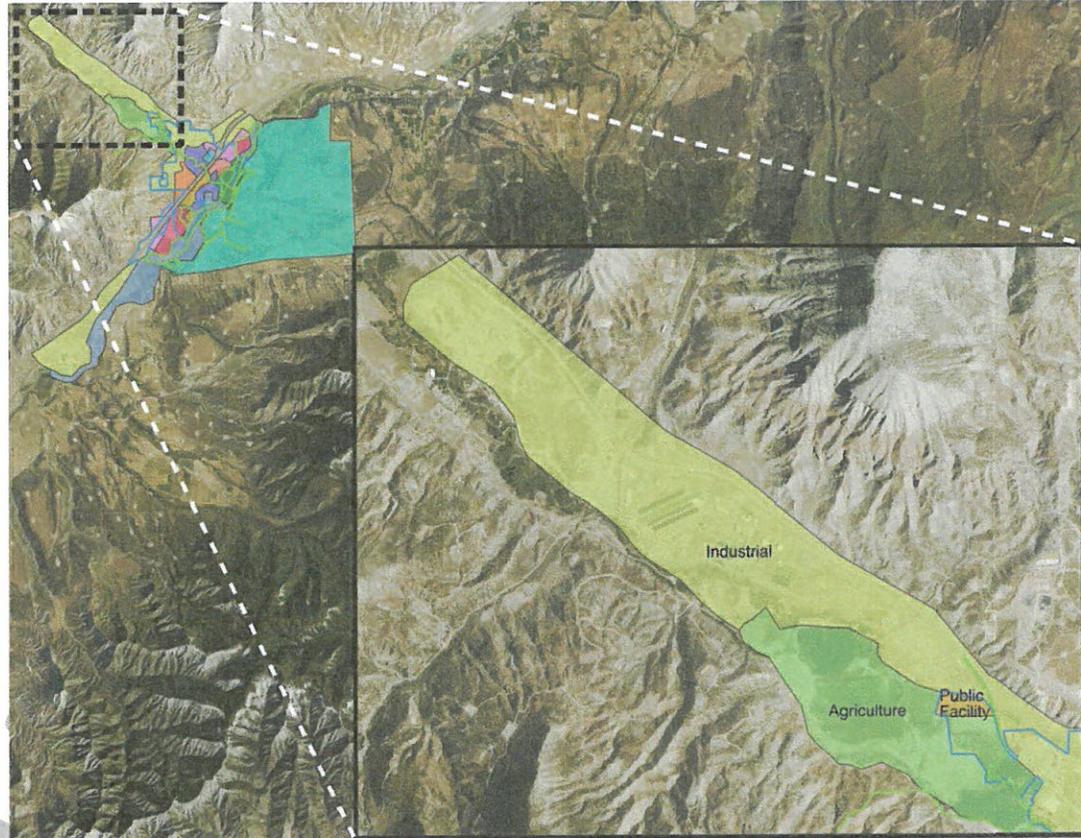


Map 5: West Central Parachute

NORTHWEST

The Town boundary on the northwest end of town currently extends just over one mile beyond the Historic Downtown. As was mentioned in the Phase I report, there are several major employers located up the canyon just beyond the Town boundary such as Solvay, Williams, and the Encana Oil and Gas plant. Extending the Town boundaries an additional 2.5 miles to the northwest will encompass these employers and will provide property tax benefits to the Town, and the businesses will benefit from the Town's infrastructure connections and potential cost saving.

The section of land to the south of the Industrial zone is currently being used for Agriculture and Residential purposes, which uses should be maintained after annexation into the Town. Residential units should be included as a permitted use in this zone.



Map 6: Northwest Parachute

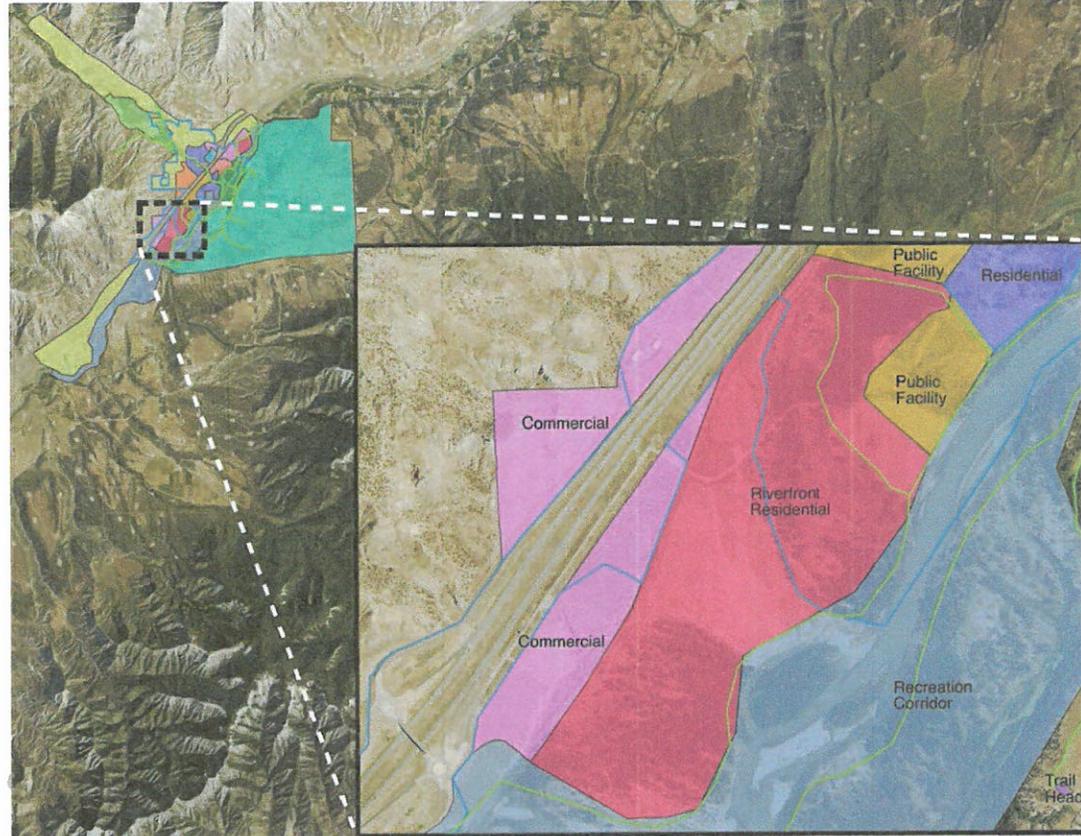
Nestled between the Agriculture and Industrial zones is a small area that has been considered for the future development of a multi-use public entertainment venue such as rodeo grounds, concert venue, outdoor spectator activities, etc. This venue could be beneficial to the Community, but priority should be placed on development near the CBD first.

SOUTH CENTRAL

The south central section of Town has the potential for commercial, residential, and recreational development. Riverfront Residential zoning will make up the majority of this section of Town and should include multi-family housing, with single-family homes being located along the Recreation Corridor.

The Public Facility zone near the middle of the map is another possible site for the sports/cultural complex. The Residential zone at the top of the map is not part of the Town's boundaries, but should be included for consideration in the annexation plan.

The land adjacent to the southwest interchange has been designated as Commercial, and is a prime location for a truck stop, and other traveller focused commercial development. The Commercial zones on either side of the freeway will serve as the gateway to the Community from the south, and as a reminder to stop and shop for travellers coming from the North.



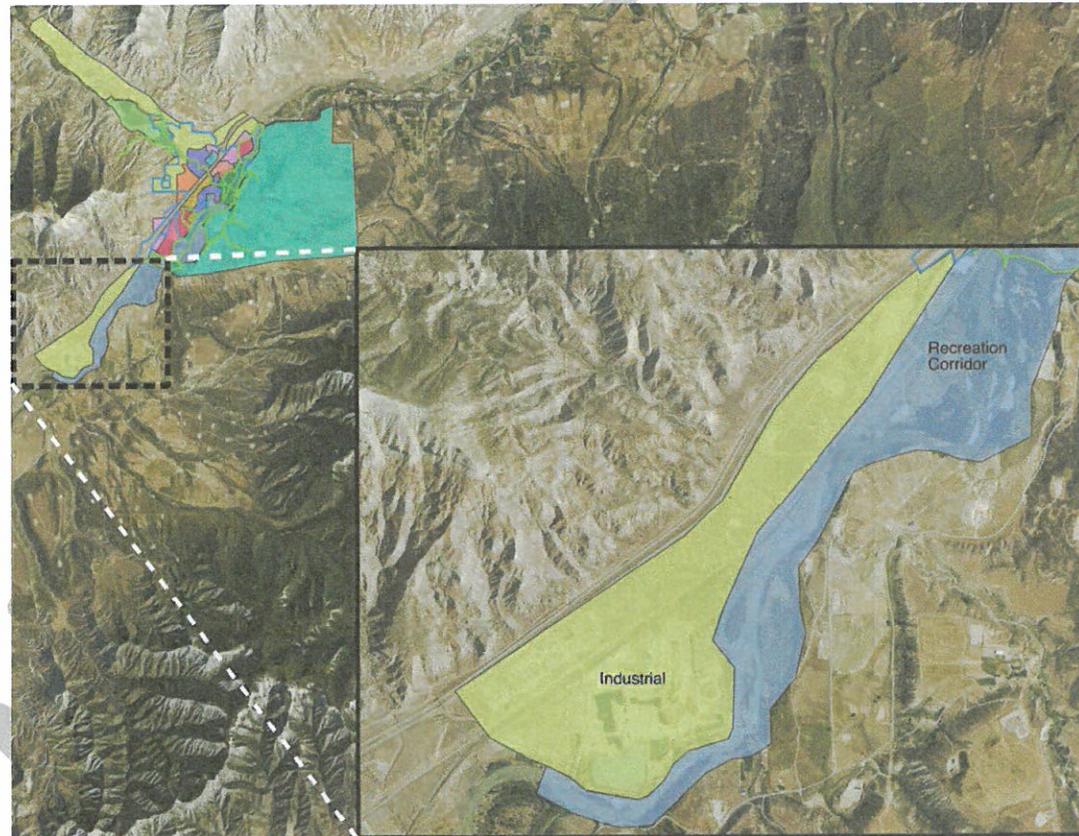
Map 7: South Central Parachute

SOUTHWEST

The Town's boundary currently only extends approximately a quarter-mile past the southwest interchange. Several employers and gas wells are located slightly further to the south and should be considered for inclusion in the Town's annexation plans. The land's topography and current uses will limit what can be considered in this area, but different uses are possible in the future.

Specifically, the Recreation Corridor should extend along the Colorado River to provide additional outdoor recreation opportunities. The remaining land should be initially designated for Industrial use. The narrow section of land between I-70 and Old Highway 6 has several gas wells, which will provide property tax benefits to the Town in the short run. In the long run, this land would be ideal for additional commercial and light industrial development due to its visibility and potential access from the freeway. The southernmost tip of the planning area has potential to transition from its current use to

Riverfront Residential. Care must be taken to delicately approach possible transition plans. The current landowners and facility operators should be allowed to continue their operations until the end of their economic life, at which point transition plans can be explored in greater detail.

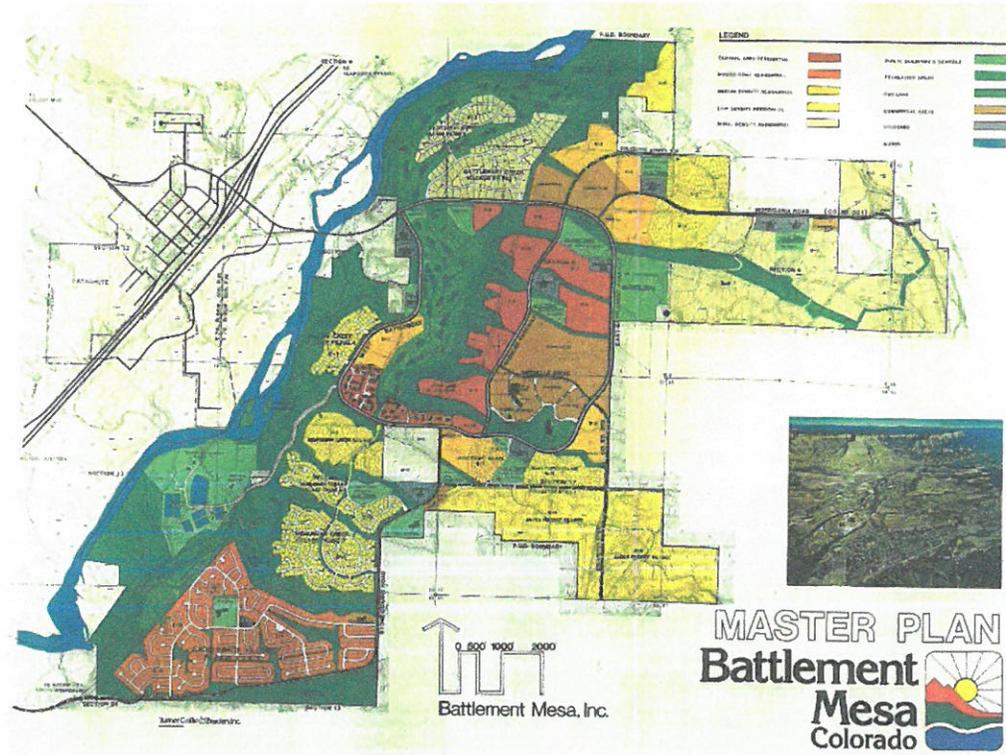


Map 8: Southwestern Parachute

BATTLEMENT MESA

The zoning and land use designations in Battlement Mesa were set when the PUD was initially established. Recommendations for potential modifications of the zoning designations are not included within the Phase II scope of work.

As was previously discussed in the Phase I report, Battlement Mesa does have additional Commercial designated sections of land that should be developed to service neighborhood commercial needs. Additional retail development beyond what currently exists is not warranted at this time in Battlement Mesa due to its distance from I-70.



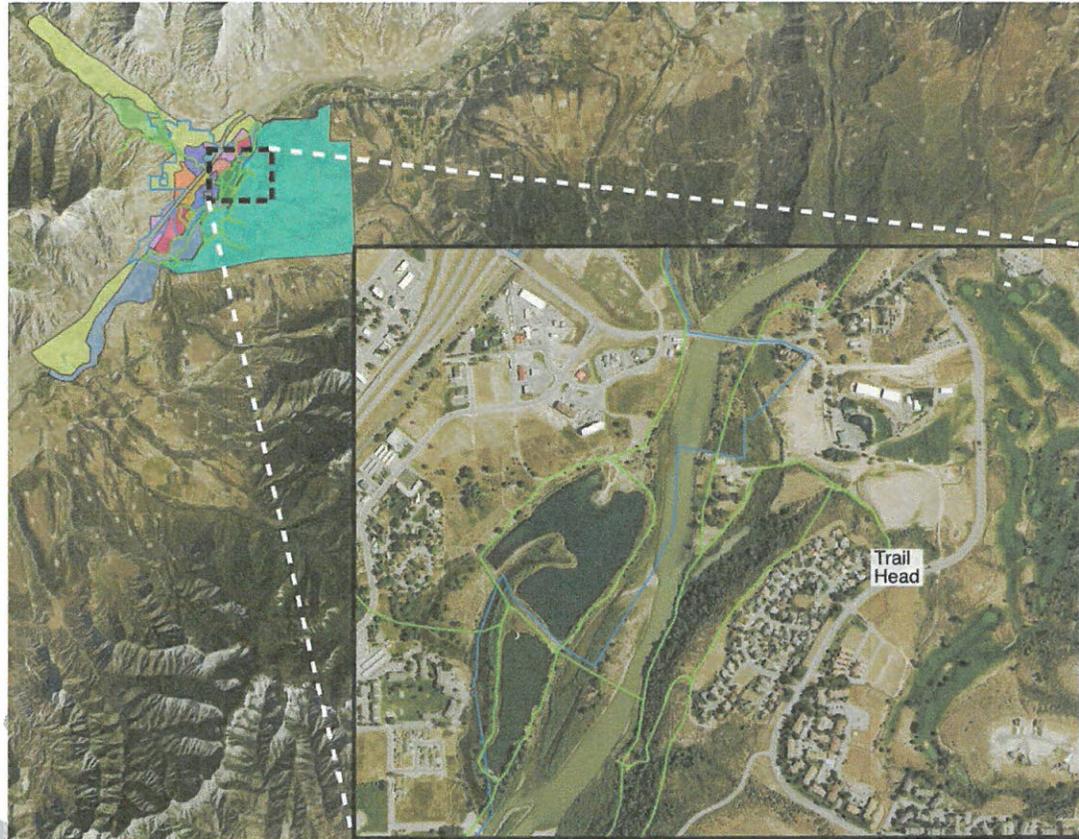
TRAILS AND TRANSPORTATION

TRAILS

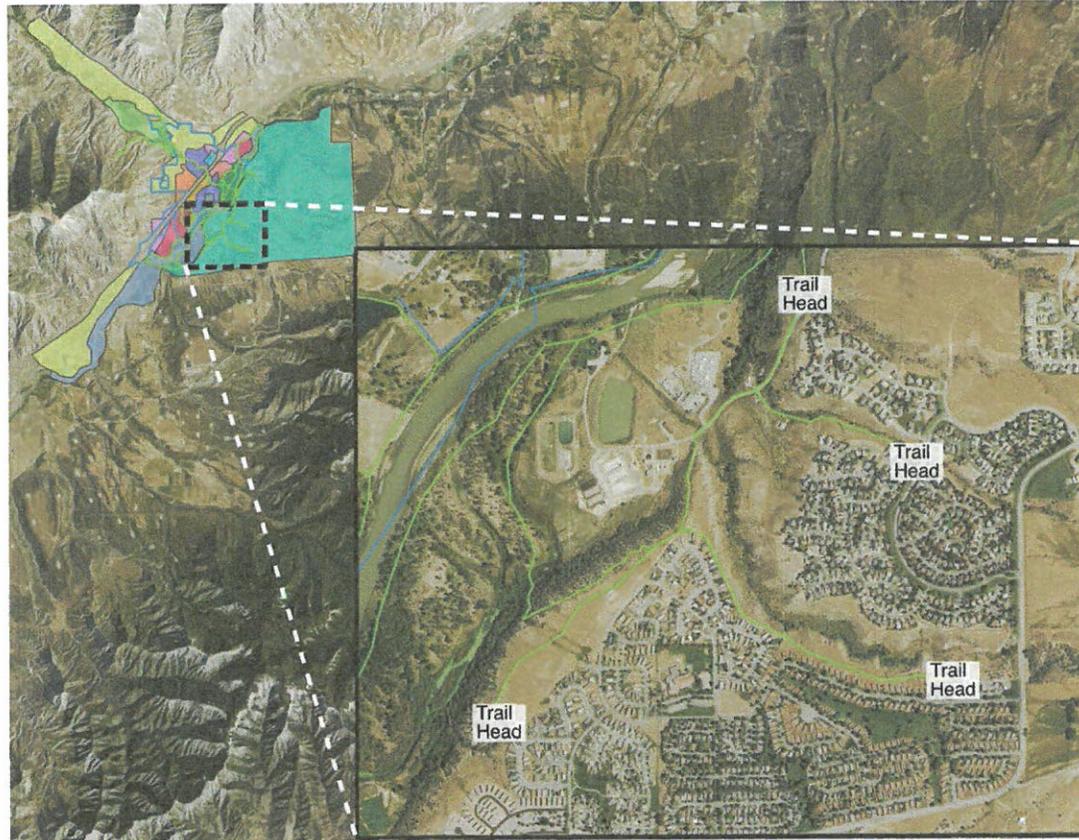
As described in the Phase I report, outdoor recreation is important for the Community, not only for attracting outside visitors, but also important in order to provide quality of life assets for residents. Biking trails are an excellent way of accomplishing both goals, and are becoming increasingly valuable in attracting members of the “Millennial” generation. As has been described previously, the green lines through the planning area represent conceptual pedestrian and bicycle paths that have the potential of connecting Community residents with entertainment and recreation activities.

The pathways also have the potential of better connecting the Town of Parachute to Battlement Mesa. The development of trails and trailheads should be explored in collaboration with the leadership of Battlement Mesa to identify the best possible routes and trailhead sites. Potential

sites have been identified and are shown in Map 9 and Map 10.



Map 9: Potential Trailhead Site



Map 10: Potential Trailhead Locations

TRANSPORTATION

The new developments recommended in the Phase I report and the land use plan will create additional strain on the Town's roads and streets, particularly those that will service the CBD and Recreation Corridor. Also, Cardinal Way will need to be extended further to the south to allow it to connect to the southwest interchange. Map 11 shows the sections of road that will receive the most additional traffic due to new development, and it also designates a potential route to extend Cardinal Way. Additional transportation improvements for Battlement Mesa will be considered as development occurs and population warrants.

Current traffic counts along these major arterials was obtained from the Colorado Department of Transportation ("CDOT") and was analyzed to determine the potential need for future infrastructure improvements or possible roadway expansions. Peak traffic flow rates

were determined and are reported in Table 1.

A full transportation plan should be developed for the Community.



Map 11: Transportation Corridors

Road	Current Peak Flow Rate	Maximum Stable Flow Rate
Southbound 215	444	900
Northbound 215	417	900
215 Max	665	1,800
Eastbound Cardinal Way	59	900
Westbound Cardinal Way	206	900
Cardinal Way Max	254	1,800

Source: CDOT

Table 1: Traffic Corridor Analysis

Peak flow rates in each lane don't necessarily add up to the peak flow rate for the road as a whole. For example, both Northbound and Southbound 215 reach peak flow rates in excess of 400 cars per hour, but they don't peak at the same time. Northbound 215 peaks in the morning when residents from Battlement Mesa are leaving for work, and Southbound 215 peaks at the end of the day when they are returning home. At any given time, the total traffic on the road does not exceed 665 cars per hour.

1,800 cars per hour is the generally accepted stable flow rate for a two-lane road. Flow rates above 1,800 are considered unstable and communities should invest in infrastructure improvements to widen the road or provide alternative routes. As shown in Table 1, current traffic on the major transportation corridors has a lot of room for growth before congestion becomes an issue from a traffic-engineering standpoint.

CONCLUSION

The proposed economic diversification recommendations from the Phase I report align with the proposed land use plan. In some cases, annexation of nearby parcels will allow the Town to expand its tax base, and will provide beneficial support to Community employers. The recommended land use plan contained herein will provide a framework for future generations of growth and prosperity.



Parachute - Battlement Mesa: Comprehensive Economic Development Strategy

Phase I – Economic Diversification

Prepared by: Better City

TABLE OF CONTENTS

EXECUTIVE SUMMARY	6
COMMUNITY ASSESSMENT	7
ECONOMIC HISTORY AND RECENT TRENDS.....	7
GOALS AND IDEAS OF THE COMMUNITY	8
ASSET INVENTORY	9
STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS	10
STRENGTHS.....	10
<i>Piceance Basin Kerogen / Oil Shale Deposits.....</i>	<i>10</i>
<i>Piceance Basin Natural Gas Deposits</i>	<i>11</i>
<i>Piceance Basin Nahcolite / Soda Ash Deposits.....</i>	<i>11</i>
<i>Natural Assets.....</i>	<i>11</i>
<i>Battlement Mesa Capacity.....</i>	<i>12</i>
<i>Colorado Mountain College.....</i>	<i>12</i>
<i>Town Leadership</i>	<i>12</i>
<i>Other</i>	<i>12</i>
WEAKNESSES.....	12
OPPORTUNITIES	13
<i>Soda Ash – Solvay / Enirgi Joint Venture (JV).....</i>	<i>13</i>
<i>Sodium Bicarbonate End Users.....</i>	<i>13</i>
<i>Shale Oil.....</i>	<i>14</i>
<i>Liquefied Natural Gas Exports.....</i>	<i>14</i>
<i>Business District Development</i>	<i>14</i>
<i>Recreational Assets.....</i>	<i>14</i>
<i>Neighborhood Commercial Development.....</i>	<i>15</i>
<i>New Housing Stock.....</i>	<i>15</i>
<i>Re-approach Prior Opportunities.....</i>	<i>15</i>
<i>Marijuana</i>	<i>15</i>

THREATS	15
<i>Commodity Prices / Extraction Technology</i>	15
<i>Competing Formations</i>	16
ECONOMIC ASSESSMENT	17
COMMUNITY RESIDENTS.....	17
<i>Median Age</i>	18
<i>Ethnic Diversity</i>	20
<i>Non-Farm Employment</i>	21
<i>Labor Force</i>	23
<i>Educational Attainment</i>	24
BUSINESS REVENUE AND TAX COLLECTIONS.....	24
<i>Sales and Use Tax</i>	25
<i>Property Tax</i>	26
REAL ESTATE.....	27
BUSINESS AND INDUSTRY	28
<i>Industry and Employment Concentration</i>	28
<i>Business Startups</i>	30
<i>Natural Gas Industry</i>	31
INDUSTRY CLUSTER ANALYSIS	34
SHIFT SHARE ANALYSIS	34
<i>Methodology</i>	34
<i>Analysis</i>	34
EMPLOYMENT LOCATION QUOTIENT ANALYSIS.....	36
<i>Methodology</i>	36
<i>Analysis</i>	36
INDUSTRY CLUSTER MATRIX ANALYSIS	37
<i>Methodology</i>	37
<i>Analysis</i>	38
RECOMMENDATIONS.....	41



#1 – RECREATIONAL ASSETS	41
<i>Action Steps</i>	41
#2 – CENTRAL BUSINESS DISTRICT.....	41
<i>Action Steps</i>	42
#3 – RECREATIONAL SPORTS COMPLEX.....	42
<i>Action Steps</i>	42
#4 – TRUCK STOP.....	43
<i>Action Steps</i>	43
#5 – SODIUM BICARBONATE	43
<i>Action Steps</i>	43
#6 –MANUFACTURING	44
<i>Action Steps</i>	44
#7 – LNG EXPORT	44
<i>Action Steps</i>	44
#8 – CALL CENTER IN BATTLEMENT MESA	44
<i>Action Steps</i>	44
#9 – OTHER DEVELOPMENT IN BATTLEMENT MESA	45
<i>Action Steps</i>	45
ADDITIONAL STAKEHOLDERS	45
VISIONARY PLANNING	45
COMMUNITY FEEDBACK.....	45
CONCLUSION.....	46

DRAFT



Figure 1: Community Word Cloud.....	9
Figure 2: Parachute – Battlement Mesa Population Overview 2009-2015.....	17
Figure 3: Population Change by Location 2010-2015.....	18
Figure 4: Garfield District 16 Enrollment 2001-2014.....	18
Figure 5: Median Age Comparison.....	19
Figure 6: Community Population by Age Group 2009-2015.....	19
Figure 7: 2015 Community Population Breakdown.....	20
Figure 8: Colorado Population Breakdown.....	20
Figure 9: Community Ethnic Diversity 2013.....	20
Figure 10: Garfield County Ethnic Diversity 2013.....	20
Figure 11: Colorado Ethnic Diversity 2013.....	21
Figure 12: Community Employment and Unemployment 2010-2015.....	21
Figure 13: Colorado Employment and Unemployment 2010-2015.....	22
Figure 14: Garfield County Employment and Unemployment 2010-2015.....	22
Figure 15: Community Population vs. Employed Individuals 2010-2015.....	22
Figure 16: Community Labor Force Participation 2010-2015.....	23
Figure 17: Colorado Labor Force Participation 2010-2015.....	23
Figure 18: Community Educational Attainment, 2013.....	24
Figure 19: Educational Attainment Comparison, 2013.....	24
Figure 20: Parachute Gross Sales 2009-2013 (000s).....	25
Figure 21: Sales Tax Collections, 2007-2015.....	26
Figure 22: Property Tax Collections, 2007-2014.....	26
Figure 23: Parachute Single Family Home Transactions, 2002-2014.....	27
Figure 24: Battlement Mesa Single Family Home Transactions, 2002-2014.....	27
Figure 25: Community Housing Estimated Market Values, 2014.....	28
Figure 26: Employment Numbers by Industry, 2013.....	29
Figure 27: Business Establishments by Industry, 2013.....	29
Figure 28: Parachute Net Change in Business Establishments.....	30
Figure 29: Battlement Mesa Net Change in Business Establishments.....	31
Figure 30: Age of Business Establishments, 2015.....	31



Figure 31: Drilling Activity vs. School Enrollment 32

Figure 32: Drilling Activity Garfield County vs. Weld County 33

Figure 33: Natural Gas Production Garfield County vs. Weld County (000s MCFs) 33

Figure 34: Parachute/Battlement Mesa Shift Share 2009-2015 35

Figure 35: Parachute/Battlement Mesa Regional Share 2009-2015 35

Figure 36: Parachute/Battlement Mesa Location Quotient 2015 37

Figure 37: Better City Industry Cluster Matrix Variables 37

Figure 38: Industry Matrix Quadrants 38

Figure 39: Parachute/Battlement Mesa Cluster Matrix 2009-2015 39

Table 1: Business Startups per Capita, 2010-2015 31

Map 1: Drilling Map for Garfield County 32

DRAFT



EXECUTIVE SUMMARY

In an effort to diversify the local economy and create a path to economic prosperity, the Town of Parachute (the “Town”) has engaged Better City to develop a Comprehensive Economic Strategy Plan (the “Project”).

The Town neighbors the unincorporated development of Battlement Mesa (“BM”). The two communities are economically linked and have prospered and struggled together through boom and bust cycles. For the purposes of the Project, the Town and BM are referred to collectively as the “Community”.

Phase I of the Project (this report) addresses concepts and topics pertaining to historic and projected economic trends, strengths, weaknesses, opportunities and threats (SWOT), industry and cluster analysis, recommendations and action steps to create new economic opportunities, and a plan to diversify and recruit additional employers.

Subsequent phases of the project will address land-use, retailer recruitment, and a feasibility study and action plan regarding the viability of combining Parachute and Battlement Mesa into a single incorporated municipality.

Opportunities for new development have been identified and include a river corridor with recreational assets, a Central Park, a Central Business District, a sports complex, a truck stop, and a call center. In addition, industry expansion in soda ash extraction and value-added end users should be explored.

The export of natural gas by pipeline to ports in the Gulf of Mexico, Oregon, and the Atlantic Coast could provide a significant economic boon to Parachute and surrounding communities. Efforts are underway by oil industry companies to connect by pipeline the Piceance Basin to these ports. Additional due diligence should be conducted to determine the role the Community and other public sector entities can play in catalyzing the development of these gas pipelines.

COMMUNITY ASSESSMENT

ECONOMIC HISTORY AND RECENT TRENDS

The history behind the name of Parachute has been recognized as having a dual significance. The more commonly accepted meaning can be traced back to when the Ute Indian Tribe inhabited most of the State of Colorado. The Ute Indians saw Parachute Creek, which divides the two peaks that lie just North of the Town of Parachute. Due to the resemblance of these peaks and the division employed by the river between them, the Utes named the area "pahchouc," meaning "twins." The other possible meaning for the Town's name dates back to the late 1800's, when it was noted that the watershed patterns of the Roan Plateau (North of Parachute), resembled the lines and canopy of a parachute.

Although the area was initially known as Parachute, the Town was incorporated in 1908 as the Town of Grand Valley. It remained as Grand Valley until the 1980's when the name was changed back to the Town of Parachute.

The first recorded natural gas well in the County was drilled in 1924, but it would take another 30 years before drilling activity picked up. By the end of the 1950's, the first of many future boom and bust cycles was underway. The massive influx of extraction-related businesses and their employees allowed the Parachute area to experience dramatic growth and prosperity. The community of Battlement Mesa was established during the height of one of the natural gas booms

as gas companies, and specifically Exxon, built the development to provide housing to the gas industry workforce.

The local economy has always relied heavily upon the land and natural resources to provide economic growth and stability. As a result, the region is highly dependent upon global natural gas demand and is susceptible to boom and bust cycles. During one particularly difficult bust during the early 1980's, Exxon pulled out of the area in a single day, leaving Battlement Mesa to be acquired by private investors that continue to own the development today.

The residents of the Community feel a deep connection to the landscape and have learned to live with the challenges that come with the boom and bust cycles that are common to the extraction industry. However, a growing concern among the residents, particularly business owners, is the immense difficulty of running and growing a private enterprise in the midst of fluctuations of global commodity prices. Change and growth, which have been avoided for years by a vocal subset of the local population, is now being considered and embraced by many.

Unlike other surrounding cities such as Rifle and Grand Junction, the Community does not have a diversified economy, and a major percentage of its labor force are employed by the natural gas industry. As a result, much of the local economy and labor force is directly exposed and impacted by natural gas-price slumps and economic downturns.

The lack of diversity in the Community's economy continues to produce results that lie below the real economic potential of the area. The current economic and political climate within the region appear to be ready for change and growth into new diversified industries, which will provide new opportunities for employment, security and stability from future economic downturns.

GOALS AND IDEAS OF THE COMMUNITY

Several key themes surfaced through interviews with community stakeholders. Among them was the desire to:

- 1) Create and attract new skilled primary jobs that are preferably manufacturing-related;
- 2) Re-design and enhance the overall appearance and function of the downtown;
- 3) Create and promote recreational resources & opportunities;
- 4) Provide additional resources such as a supermarket, and
- 5) Introduce entertainment-related amenities to provide quality of life for residents, visitors, and employers.

Manufacturing jobs are typically more stable than gas and oil jobs and are an important aspect in diversifying the local economy. The Community is currently home to very few manufacturing companies, the largest being the Solvay sodium bicarbonate plant. However, the proximity to two major railroads (Union Pacific & Burlington Northern) and an associated rail spur makes Parachute an optimal location

to perform light and niche manufacturing.

The Colorado Mountain College (15 minutes East of Parachute) currently offers multiple 2- & 4-year degrees, some of these relating to applied-technology. Many of the oil & gas related employees have already received specialized training in subject areas such as instrumentation, solar, and welding. All of these aspects indicate that manufacturing would be feasible and would aid Parachute in its goal to diversify the local job market.

The downtown area, centered along 1st Street, includes a mixture of businesses and residential properties, but the businesses have typically struggled due to the lack of foot traffic, or any traffic along the street. Interstate 70 runs parallel, just south of First Street. The freeway is consistently busy, but there is little incentive to draw travelers, or even local residents beyond the rest stop and into the historic downtown core. Many of the interviewees expressed the desire to see a museum, a town center, and/or a cultural event-center along First Street. They also expressed an interest in a new development that would include trees, flowers, and an attractive freeway exit ramp to help attract additional traffic into the downtown area.

The downtown area is lacking a sense of place or an amenity that serves as a unique focal point and gathering place for the Community. Future sections of this report will be centered on developing a new Central Business District that will accomplish the goals of the Community in terms of creating a sense of place and identity, and will still allow the



that collectively employ over 16 million people. To date, the Community has not captured its share of this economic impact.

The close proximity to majestic mountains near the Community is an asset that should be leveraged to further expand the outdoor recreation sector of the economy. Trails and maps would need to be created in order to fully leverage this asset. The value of this asset, similar to the water recreation opportunities, would extend beyond tourism, and would have the potential to provide a quality of life asset for employers and their respective workforce.

Traffic counts along I-70 exceed 32,000 cars per day, and nearly 10,000 of those travelers stop at the rest stop in Parachute every month. Most rural communities can only dream of such exposure to outside visitors and potential patrons. However, the Community is not capturing the full potential benefit from these visitors, as there are few attractions or amenities to keep them here. In this regard, the lack of additional attractive amenities is a liability that will continue to prevent growth unless it is addressed.

As described previously, railroad access is a tremendous asset for a rural community and it opens the door to manufacturing and distribution industries.

The lack of sophisticated development in the Community is a liability that will affect that ability to attract new employers to the area. Additionally, the downtown area feels like any other street in the Community, rather than a central hub with substantial activity. The lack of activity is a

symptom of the existing built environment. These liabilities need to be addressed to ensure that the Community stays relevant for the next generation.

STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS

This strength, weaknesses, opportunities, and threats (SWOT) analysis for the Community considers only those drivers within the local economy that are considered highly impactful. Although a more extensive and comprehensive SWOT list would highlight additional elements, these have been deemed insufficient to drive economic change within the local economy and as such are excluded for the purposes of this analysis.

STRENGTHS

The Community's greatest strength has been its close proximity to the Piceance Basin (the "Basin"), which contains oil shale, natural gas, and nahcolite deposits. The Community is also located along the I-70 corridor and rail lines operated by Union Pacific and Burlington Northern. These assets have been the primary economic drivers for the community.

Piceance Basin Kerogen / Oil Shale Deposits

The Piceance Basin contains one of the nations' largest deposits of oil shale and has attracted exploratory interest from major oil companies. Oil shale or kerogen is a mixture of organic chemical compounds that make up a portion of



organic matter in sedimentary rocks. When heated to the right temperatures, some types of kerogen release crude oil or natural gas.

Piceance Basin Natural Gas Deposits

WPX Energy is a publicly traded energy company that specializes in producing natural gas, natural gas liquids, and oil from non-conventional resources such as shale formations. The company has operated in the Basin since 1986 and has an office in Parachute. WPX Energy is the largest producer of natural gas in Colorado with over 4,700 natural gas wells in the Basin and 2.5 trillion cubic feet equivalent of proven reserves.

Encana Corporation is the second largest producer of natural gas in the State and produces 456 million cubic feet per day from its approximately 3,000 wells in the basin.

The workforce required to support the almost 10,000 wells in Garfield County is considerable.

Piceance Basin Nahcolite / Soda Ash Deposits

In November 2000, American Soda LLP, a joint-venture partnership with Williams Soda Products Co., which was a wholly-owned subsidiary of The Williams Companies, Inc. (60%), and American Alkali, Inc. (40%) initiated commercial operations of a nahcolite solution mine in the Piceance Creek Basin in Rio Blanco County that was designed to produce between 800,000 to 1 million tons per year of soda ash. The plant leveraged infrastructure that had been developed by Unocal as part of a previous oil & gas project.

The mine was supported by an upper plant located in Rio Blanco County, and a \$300 million lower plant located near Parachute in Garfield County capable of producing 896,000 tons per year of soda ash equivalent. Two 44-mile insulated pipelines, one for product and the other for return water, connected the two plants with the final product being shipped from the lower plant via rail. The upper plant encountered production problems early on and had been operating at roughly 50 to 60 percent capacity since it began production.

Solvay Chemicals purchased American Soda from the Williams Companies in 2003. In March 2004, American Soda announced that it was mothballing the upper plant due to high energy costs and continuing losses, and effectively removed 300,000 tons of soda ash per year from the market. Much of the upper plant was torn down and the insulated pipelines were sold to Encana. The lower plant and manufacturing facility in Parachute continues to operate and is supplied by Solvay Chemicals' mine near Green River, Wyoming. The Parachute facility produces food-grade sodium bicarbonate.

Natural Assets

Additional strengths include natural assets such as the Colorado River and several small lakes within a half-mile of the highway. The Community is also situated next to the Battlements, Roan Plateau, and Bookcliffs rock formations. These natural assets provide ample opportunities for fishing, hunting and outdoor recreation. Local natural gas companies have created a vast network of roads in the



wilderness areas surrounding the Community that could be converted and subsequently used as trails.

Battlement Mesa Capacity

Battlement Mesa was designed to accommodate up to 25,000 residents and much of the infrastructure needed for full build-out has been installed. They also have water rights and three square miles of land for development with many shovel ready sites available.

Colorado Mountain College

Colorado Mountain College (“CMC”) is a tremendous strength to the community due to its ability to provide workforce training and development for the local residents. CMC strives to offer programs that fit well with local employment needs, and local businesses have reported that the training provided at CMC meets and sometimes exceeds the training provided at other institutions of higher education across the country. The Community may be able to leverage CMC to help recruit industries and employers that require specialized workforce training.

Town Leadership

Town leadership, including the current Town Manager and Mayor, have been a tremendous benefit, and are a real strength when it comes to making progress and producing economic development results. The leadership team’s keen attitude toward attracting new development is uncommon in rural communities, and will make progress occur more

quickly, and in a much more sophisticated manner than what has happened in the past.

Other

Each year the Town hosts an Oktoberfest and last year nearly three thousand people came for the festival. This year the Town is anticipating between 7,500 and 10,000 people. Other community events, both current and planned for the future, include Grand Valley Days and Ride, Run, and Raft.

WEAKNESSES

The Community has an undiversified economy that is heavily concentrated in the shale oil, natural gas, and nahcolite extraction industries. Much of the oil and natural gas workforce is transient and will relocate to other communities where oil well drilling jobs are available. This creates significant stress on local community services, skews workforce and unemployment data, and negatively impacts local businesses.

Furthermore, many of the employees in the oil, gas, and nahcolite industries choose to live in Grand Junction rather than Parachute or Battlement Mesa, because of the lack of amenities. Although the Parachute employment base in these industries may be relatively large, the Community does not maximize its benefit from these jobs because the vast majority of the worker base is choosing to live elsewhere. Rental property occupancy, retail sales, home ownership, and the community’s tax base all suffer from this dynamic. Furthermore, existing housing stock and housing



demand in the two communities reflects these economic challenges.

A small population size and narrow workforce skillset limit the opportunities for attracting new businesses that can diversify the economy. There is also a lack of educational opportunities and workforce development assets within the Community that can be leveraged to retrain the existing workforce in other industries.

It is also challenging to attract and retain teachers, police officers, and other supportive positions, because of the population size and limited budgets. Incentives may be needed in the future in order to attract qualified individuals to locate to the community.

Off-highway amenities such as the existing hospitality and retail establishments may have been overbuilt to accommodate the transient workforce during the last oil and gas boom cycle. Current occupancy rates in existing hospitality product are very low and unsustainable.

Although I-70 serves to support the highway retail, this retail corridor has not been developed in the most productive manner. Vacant lots and distressed properties comprise most of the existing commercial uses.

OPPORTUNITIES

Soda Ash – Solvay / Enirgi Joint Venture (JV)

In comparison to the fluctuations in oil and gas commodity prices, soda ash is a relatively stable commodity with very

few producers. Expansion in this commodity industry would greatly benefit the local economy due to its relative stability.

Natural Soda, Inc. is an extraction company that operates a natural sodium bicarbonate resources and production facility in the Piceance Creek Basin in Rio Blanco County that is capable of reliably producing 125,000 tons of sodium bicarbonate per year.

Natural Soda, Inc. is a wholly owned subsidiary of Natural Resources USA Corporation, formerly AmerAlia, Inc. Natural Resources is in turn wholly owned by Enirgi Group Corporation, a private Canadian company that is wholly owned by a private equity group, The Sentient Group.

Solvay and Enirgi have recently announced a 50-50 joint venture called SOLVair Natural Solutions, which could have positive implications for the soda ash operations and processing facilities in Parachute.

Solvay is not within the Parachute Town limits and an opportunity may be present to annex the property into the Town.

Sodium Bicarbonate End Users

Consideration should be given to recruiting in intermediate processors and end users of sodium bicarbonate in the food and baking, personal care & pharmaceutical, animal nutrition, pool & water treatment, and air quality industries.

Particular focus should be given to Solvay and Natural Soda clients that use sodium bicarbonate as a primary raw



material for intermediate product and end users with distribution needs throughout the Intermountain West.

Shale Oil

Despite Exxon's failed attempt in the early 1980's, research & development efforts in oil shale extraction technologies continue. There is great speculation as to when or if oil shale extraction technology will align with global oil prices to warrant significant additional investment in the Basin. Should additional investment occur, the Community will have the opportunity to capture significant job growth.

Liquefied Natural Gas Exports

LNG, or liquefied natural gas, is a clear, odorless, noncorrosive, nontoxic liquid that is formed when natural gas is cooled to around -260 F. The cooling process shrinks the volume by about 600 times, making the resource easier to store and transport through marine shipments.

LNG exports present a significant opportunity for the natural gas industry, if commodity prices increase. In addition to Gulf of Mexico and Atlantic Coast ports that have been approved for LNG exporting by the Department of Energy, there are two port facilities in Oregon (Oregon LNG and Jordan Cove LNG) that are in the planning stages. Pipelines could transport the natural gas from the Basin to these port facilities. The Basin is approximately 1,000 miles from the Gulf Coast and 900 miles from the Oregon Coast. Most of the infrastructure necessary to transport natural gas from the Basin to one of the ports is already in place.

Business District Development

Cardinal Way, between Battlement Parkway and Looney Drive represents a prime opportunity for the development of a Central Business District. As previously mentioned, the lakes and river along this corridor should be developed into recreational assets and integrated with the business district by permeable pedestrian and bike corridors. The entire business district area should be master planned in concert with existing landowners and the private development community.

Recreational Assets

The newly proposed Central Business District is located in close proximity to the Colorado River and several small lakes that could be leveraged for recreational opportunities. Riverfront amenities should be developed to create quality of life assets that are interconnected by pedestrian and bike paths to the business district. These assets will provide a quality of life asset for employers and their workforce.

Grand Valley High School has been approached by various sports teams that have requested access to facilities to host sporting competitions. A sports complex visible from the highway would be able to provide a quality of life asset for residents, and would act as a destination attraction for visitors. Another potential recreational asset is a multi-use community event center to the north of Town that has received some support from local residents.



Neighborhood Commercial Development

Battlement Mesa has additional land allocated for commercial development that is not currently utilized. The potential exists for additional “neighborhood commercial” development such as dental, medical, and professional offices. Employers that are interested in part-time work from the senior population, such as a call center, may also be a potential opportunity.

New Housing Stock

As will be described in greater detail later in this report, the Community has a high percentage of housing stock that is relatively low valued, along with a low number of quality homes in an affordable range. The opportunity exists to develop additional high quality, yet affordable housing to allow those who would like to live within the Community, but have located elsewhere due to issues in the housing market, the opportunity to do so.

Re-approach Prior Opportunities

A truck stop operator as well as a retail outlet developer had approached the Town years ago, but were turned away. These developments should be reconsidered and the Town should pursue re-establishing a dialogue with the parties.

Marijuana

The medical and recreational use of marijuana in the State of Colorado was legalized through a vote of the electorate in November 2012. However, approval for opening and operating dispensaries and grow houses must be obtained

at the local level by subdivisions of the State government. The Town of Parachute Board of Trustees approved an ordinance in June 2015 that would allow for marijuana businesses to be located within the Town.

These businesses include, but are not limited to: operation of retail marijuana cultivation facilities, testing facilities, product manufacturing facilities, and stores. Support businesses for the marijuana industry are also a potential, including kitchens, transportation hubs, supply stores, etc.

As the sale of marijuana is still an illegal activity under Federal law, banks are forbidden to serve businesses in the industry. As such, marijuana businesses are forced to transact solely in cash in order to avoid money-laundering charges. However, the State is working on a solution, and marijuana specific credit unions are a possibility.

THREATS

Commodity Prices / Extraction Technology

The Community is heavily dependent on the natural gas extraction industry, which is subject to fluctuations in global commodity prices. This results in boom and bust cycles that greatly impact the local economy.

To further exacerbate the local economy’s sensitivity to these fluctuations, oil shale presents a high risk for oil companies. Due to the additional heat and pressure required in the extraction process, oil shale fields are more expensive to develop than traditional crude oil, as it requires additional energy and pressurized water. As such, these extraction



efforts are typically pursued aggressively only when oil prices increase to a point that oil shale becomes economically feasible.

In the early 1980's, Exxon and The Oil Shale Company (Tosco) planned to develop the 22-square mile Colony Oil Shale Project north of Parachute. The project was projected to cost \$5 billion. Citing cost concerns and immature extraction technology, Exxon closed the plant on May 2nd, 1982, and laid off over 2,000 employees. Exxon had just acquired the Colony project from the Atlantic Richfield Company (ARCO) in May 1980 for \$400 million.

In addition, declines in commodity prices have resulted in a dramatic decrease in new natural gas well development. In 2014, Encana Corporation announced that it would not drill any new wells in the Basin due to low commodity prices. WPX Energy followed suit and halted completion on newly drilled wells, cut the number of drilling rigs it operates, and downsized much of its workforce within the Community.

Competing Formations

Other formations compete with the Piceance Basin for exploration dollars. For example, Weld County, Colorado has continued to see oil well drilling activity despite falling commodity prices.



ECONOMIC ASSESSMENT

Gathering baseline economic information and conducting an economic assessment provides a framework from which industry and cluster expansion opportunities can be explored. The most reputable sources for economic baseline data, namely the Bureau of Labor Statistics (BLS), and the Bureau of Economic Analysis (BEA) do not provide granularity down to the individual community level. These data sources aggregate data at the County level, which typically masks and may not correlate with the performance of the County's smaller communities, such as Parachute and Battlement Mesa.

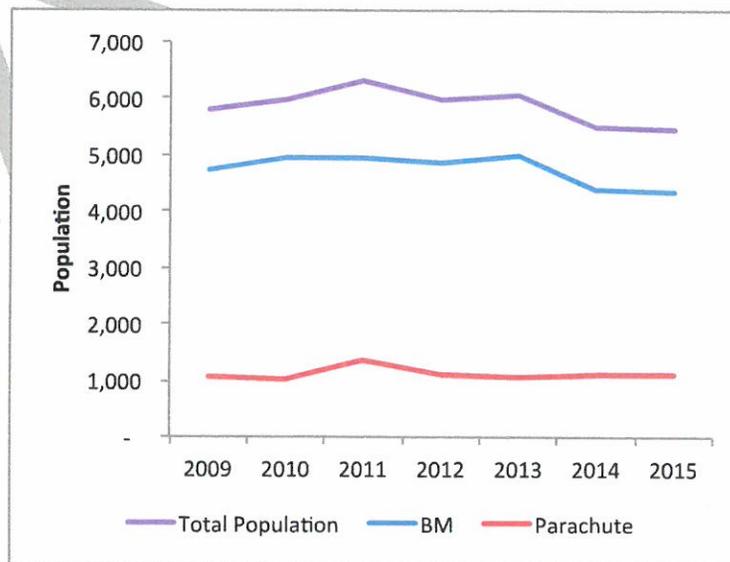
The next most comprehensive data set can be found through a combination of Census data and ESRI, a private company, which specializes in geographical and community research. The ESRI data utilizes Census data as a baseline, and then performs additional analysis to produce estimates for intercensal years. The Census and ESRI methodology is sometimes slow to capture changes in real-time, such as population changes due to employment losses between survey periods. As a result, the analysis contained in this section is accurate insofar as the estimates provided by third parties are accurate. Additional footnotes will be contained throughout this section to highlight potential discrepancies and issues that may be an artifact of the dataset, rather than an actual trend.



COMMUNITY RESIDENTS

The size and makeup of the Community's population is an important indicator of the potential productive capacity of the local economy. Overall population trends can signal positive or negative momentum in the Community, and specific demographic data can provide additional insights into the types of industries that would be best positioned to succeed based on the available labor pool.

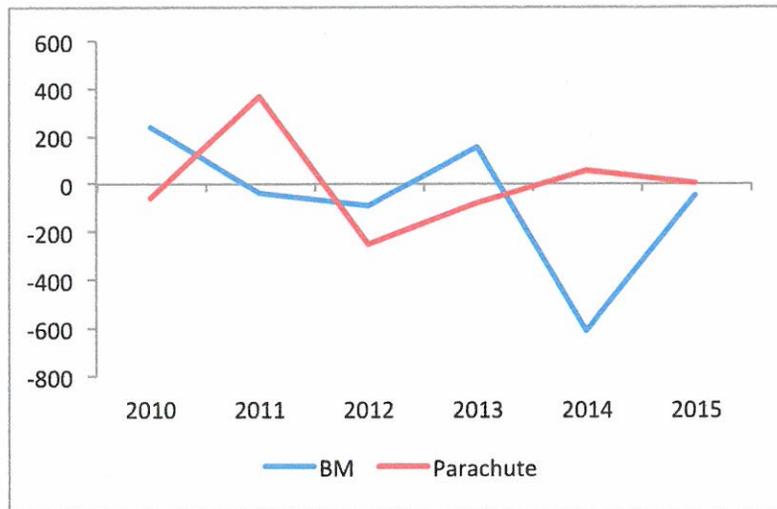
Population for the Community in 2015 is estimated at 5,446 with 1,109 living within the Town of Parachute, and the remaining 4,337 living in Battlement Mesa (see Figure 2). Reported population in the Community reached its peak in 2011 and has declined through 2015.



Source: ESRI, ACS 5-year Estimates

Figure 2: Parachute - Battlement Mesa Population Overview 2009-2015

The population in the Town has been slightly less volatile than the population of BM (see Figure 3). Anecdotal evidence from stakeholder interviews supports this observation in the data, as most of the transient work force has historically chosen to live in BM where housing is available in greater abundance.



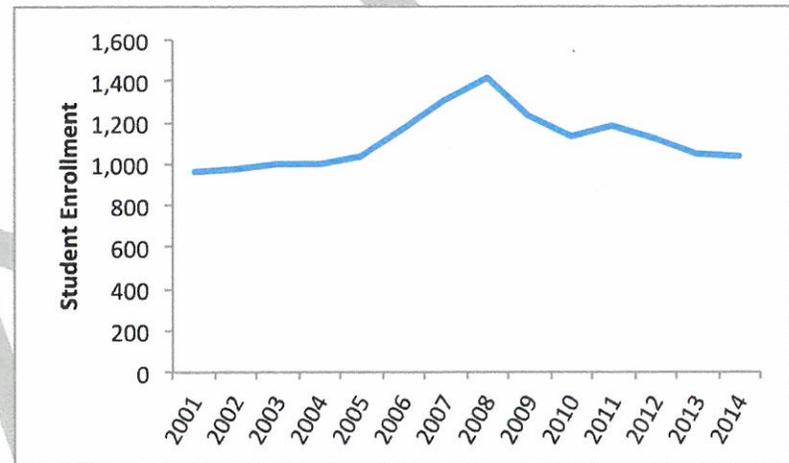
Source: ESRI, ACS 5-year Estimates

Figure 3: Population Change by Location 2010-2015

School district enrollment can serve as a proxy for longer-term population trends. One advantage of enrollment data vs. Census data is that the student population is typically less sensitive to fluctuations in the transient workforce. For example, transient gas workers will often leave their families behind in another city as the wage earner travels to where the work is. These workers can sometimes show up in population data and it skews the total population upwards.



Figure 4 shows that school district enrollment increased slightly through the mid 2000's and peaked in 2008 during the height of the area's natural gas boom. In this regard, enrollment data demonstrates that unlike other oil and gas communities, changes in natural gas activity are also reflected in student population growth. Additional analysis on this topic will be addressed later in this report.

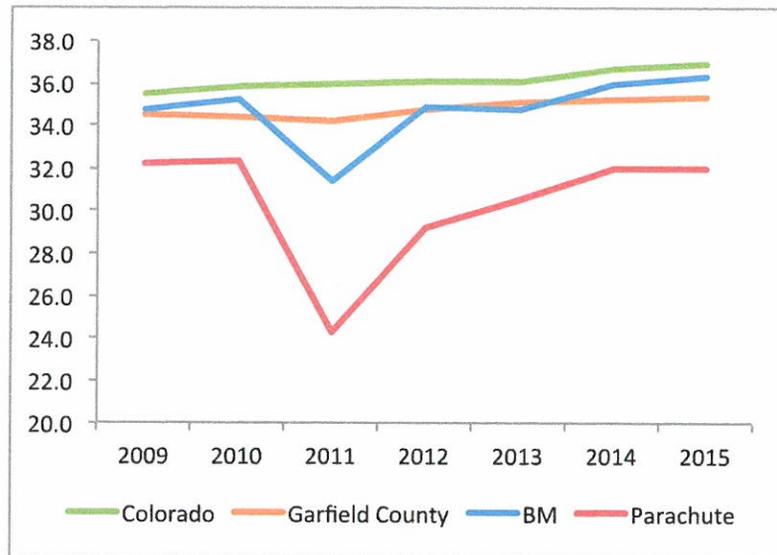


Source: Colorado Department of Education

Figure 4: Garfield District 16 Enrollment 2001-2014

Median Age

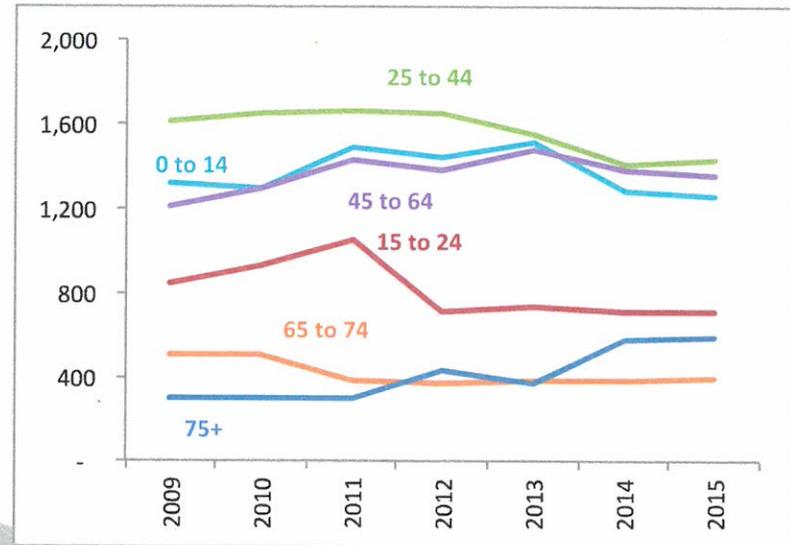
The median age in the Community increased from 34.3 in 2009 to 35.4 in 2015. Figure 5 shows that while the median age in BM is similar to Garfield County and the State of Colorado, the median age in Parachute is significantly less.



Source: ESRI, ACS 5-year Estimates

Figure 5: Median Age Comparison

The decrease in median age during the year 2011 is attributed to an increase in the population of individuals under the age of 20, and a decrease in the number of individuals between the ages of 65 and 74 (see Figure 6). However, it is very uncommon for the makeup of a community to change so dramatically in one year, and it is likely that the actual change was less than reported. The subsequent increase in median age during 2012 supports the likelihood of the 2011 data point being an anomaly.

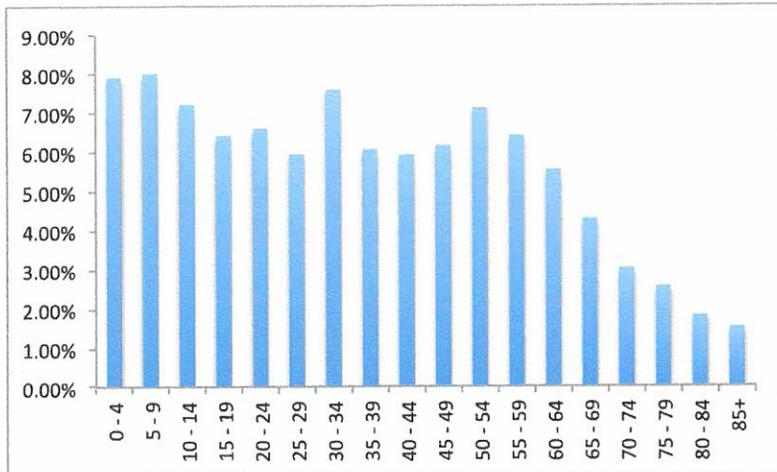


Source: ESRI, ACS 5-year Estimates

Figure 6: Community Population by Age Group 2009-2015

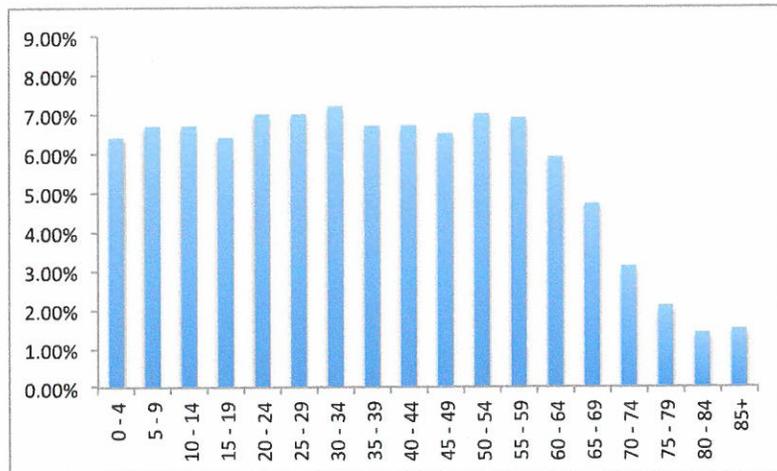
A breakdown of age groups within the Community adds additional detail in the makeup of the population. Figure 7 and Figure 8 show the relative contribution of each age group within the Community and the State, respectively. The Community has a slightly higher percentage of retirees than the State with 13.2% rather than 12.8%. However, the Community still has a lower median age than the State due to a greater presence of individuals under the age of 20. It is important to note that while some stakeholders have expressed the opinion that BM by is made up of mostly retirees, the data suggests that BM is on track with County and State averages.





Source: ESRI

Figure 7: 2015 Community Population Breakdown

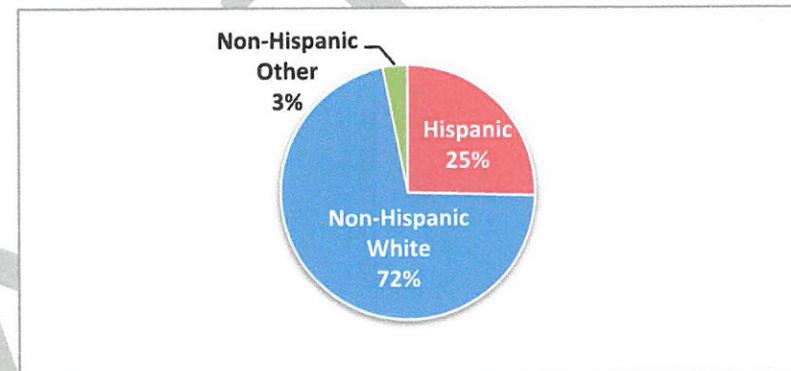


Source: ESRI

Figure 8: Colorado Population Breakdown

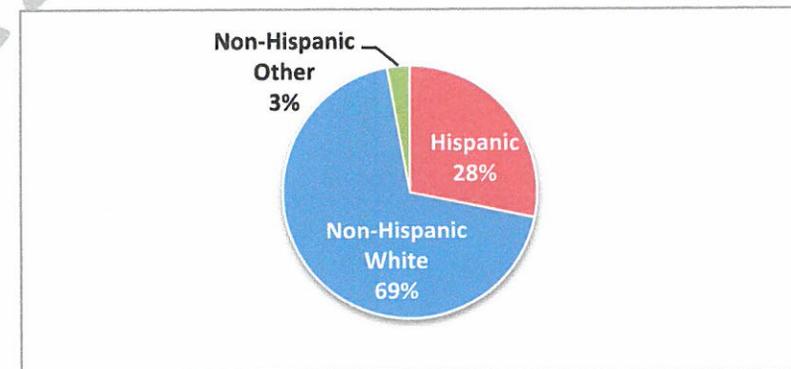
Ethnic Diversity

The Community is slightly less ethnically diverse than the County and the State (see Figure 9, Figure 10, and Figure 11). Both the County and the Community have a higher Hispanic population than the State, but a lower percentage of individuals from other ethnic backgrounds.



Source: ACS 5-year Estimates

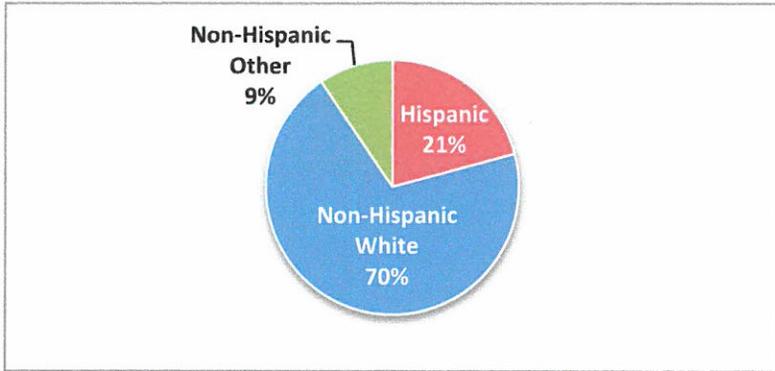
Figure 9: Community Ethnic Diversity 2013



Source: ACS 5-year Estimates

Figure 10: Garfield County Ethnic Diversity 2013





Source: ACS 5-year Estimates

Figure 11: Colorado Ethnic Diversity 2013

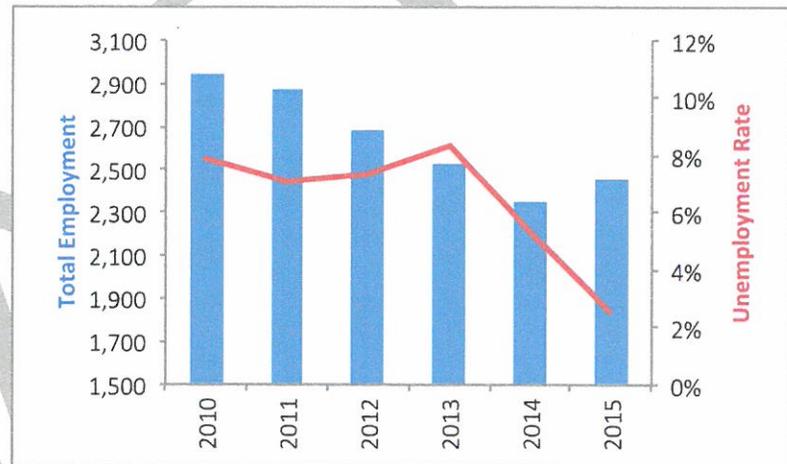
Non-Farm Employment

As described previously, the most reliable sources for employment and unemployment data do not provide information at the municipal level. The alternative economic data provided by ESRI and the ACS only goes back to 2010, does not include farm related employment, and may contain sampling errors.

The number of employed individuals in the Community decreased from 2,940 in 2010 to 2,461 in 2015 (see Figure 12). The corresponding unemployment rate increased slightly from 7.9% in 2010 to 8.4% in 2013 before falling again to an estimated rate of 3.8% in 2015.

During the same time period, the number of employed individuals in the State increased while the unemployment rate fell from 6.8% to 3.8% (see Figure 13). County unemployment trends align very closely with the

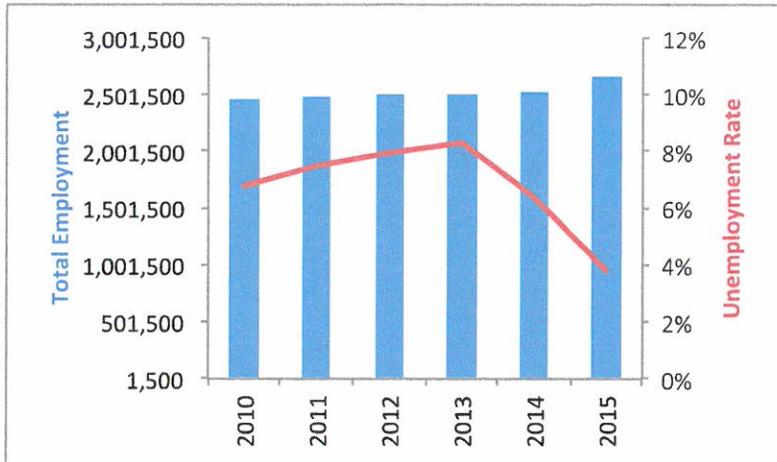
Community between 2013 and 2015 (see Figure 14). While some correlation is expected, the close alignment may indicate that sampling methods are masking the true employment trends within the Community. Anecdotal evidence from stakeholder interviews suggests that the 2014-2015 unemployment rate in the Community is higher than reported due to job losses from several major employers in the natural gas industry.



Source: ESRI, ACS 5-year Estimates

Figure 12: Community Employment and Unemployment 2010-2015

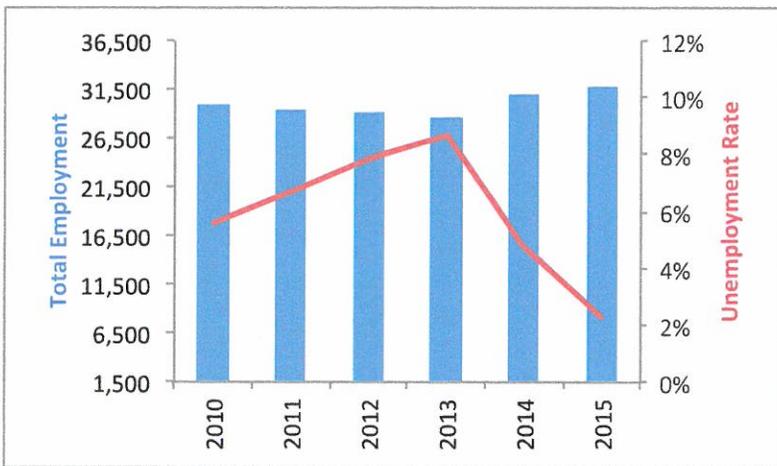




Source: ESRI, ACS 5-year Estimates

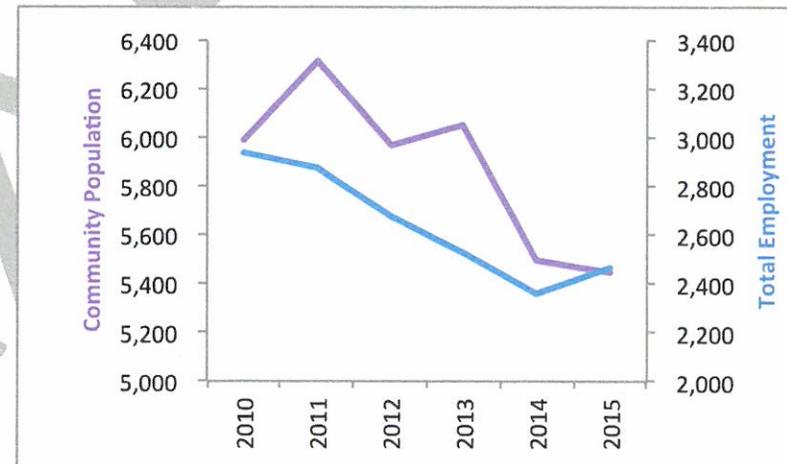
Figure 13: Colorado Employment and Unemployment 2010-2015

Total employment data correlates with population trends for the Community and suggests that the employment figure is likely an accurate representation (see Figure 14). For ease of comparison, the axis scales in Figure 15 are equivalent and show that both total population and employed individuals decreased by approximately 600 from 2010-2015. The correlation combined with anecdotal stakeholder information confirms that job losses in the community results in an almost immediate out-migration as oil & gas industry workers seek employment opportunities in other locations.



Source: ESRI, ACS 5-year Estimates

Figure 14: Garfield County Employment and Unemployment 2010-2015



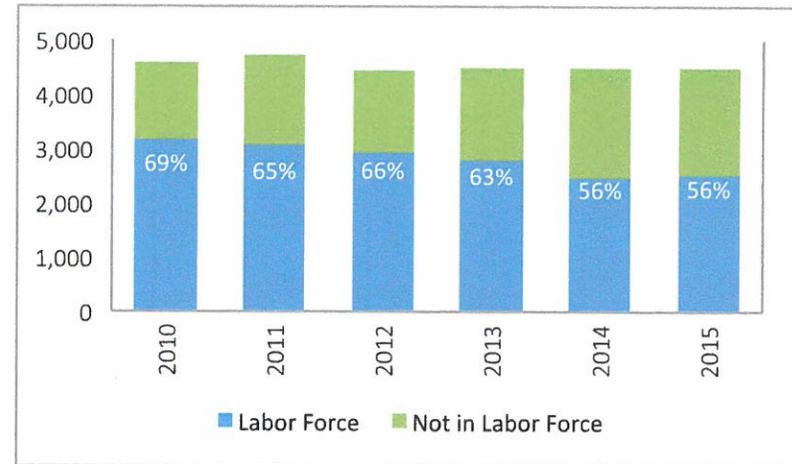
Source: ESRI, ACS 5-year Estimates

Figure 15: Community Population vs. Employed Individuals 2010-2015



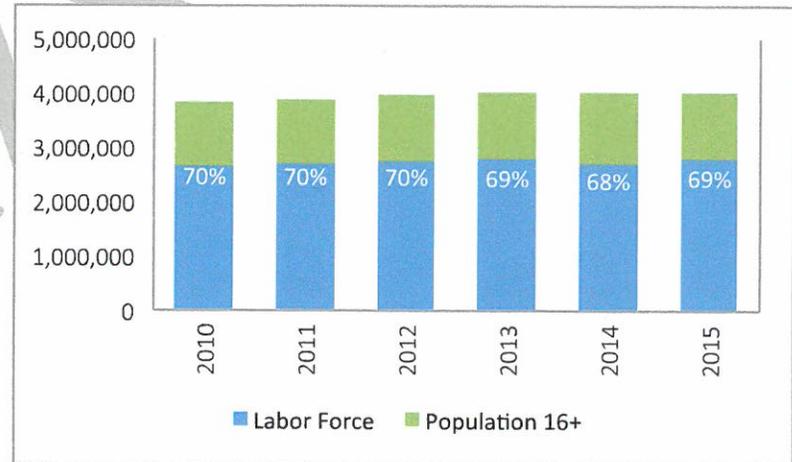
Labor Force

Labor force is defined as the population of individuals over the age of 16 that are either employed, or are actively seeking employment. The Community's reported labor force declined by approximately 600 between 2010 and 2015. The decrease can be explained by the approximately 600 individuals shown in Figure 15 who lost a job, subsequently dropped out of the local labor force, and likely sought work elsewhere (see Figure 16). The labor force participation rate of 69% in 2010 was slightly less than the State average, but the Community has lost significant ground in recent years (see Figure 17). However, it is likely that the participation rate is understated, because the population declines described above are not reflected in the ACS and ESRI data for eligible working population, as the available data shows that it has held relatively constant.



Source: ESRI, ACS 5-year Estimates

Figure 16: Community Labor Force Participation 2010-2015



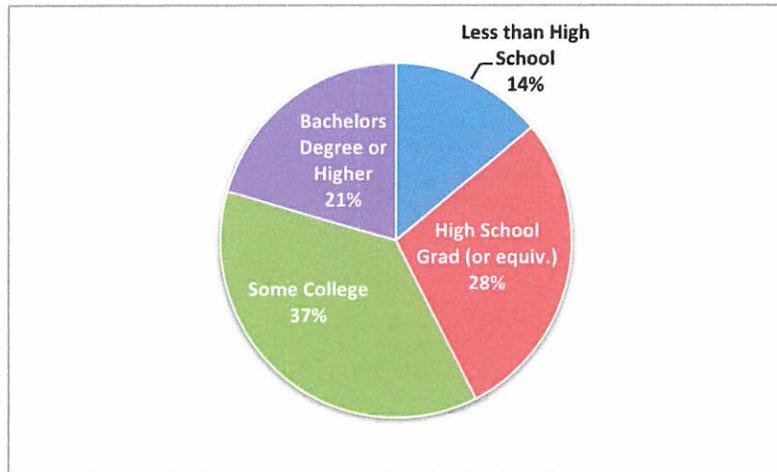
Source: ESRI, ACS 5-year Estimates

Figure 17: Colorado Labor Force Participation 2010-2015



Educational Attainment

As shown in Figure 18, approximately 37% of the Community residents over the age of 25 have attended some college, and nearly 21% have received a bachelor's degree or higher.

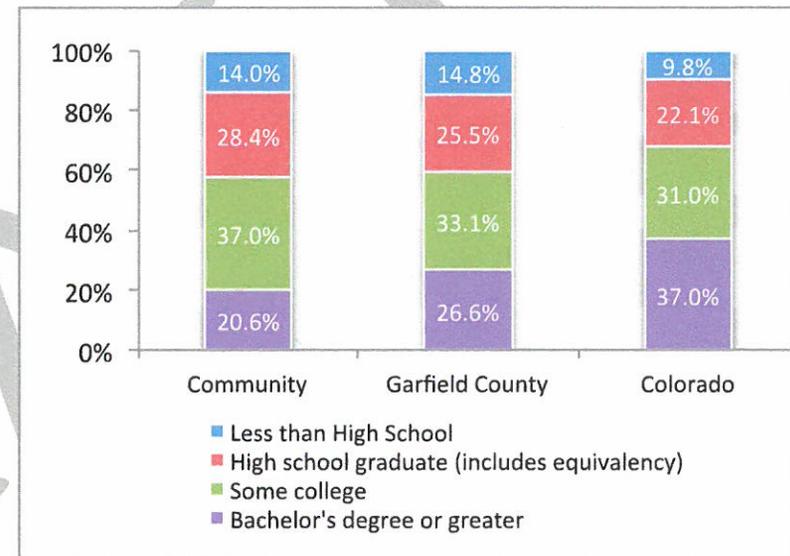


Source: ACS 5-year Estimates

Figure 18: Community Educational Attainment, 2013

The educational attainment levels for the Community are on par with County averages, but both the Community and the County are lagging behind State levels (see Figure 19). In particular, approximately 42% of the Community's residents have a high school education or less, compared to 32% for the State. To date, the lower levels of educational attainment has not been much of an issue because many of the jobs within the Community, including high paying natural gas jobs, do not require advanced degrees. It is important to note

however, that while many of these individuals may not have a college degree, they do have specialized training and certificates from the natural gas industry that may be applicable in other industries such as manufacturing. These skills can be leveraged as part of the Community's economic diversification efforts.



Source: ACS 5-year Estimates

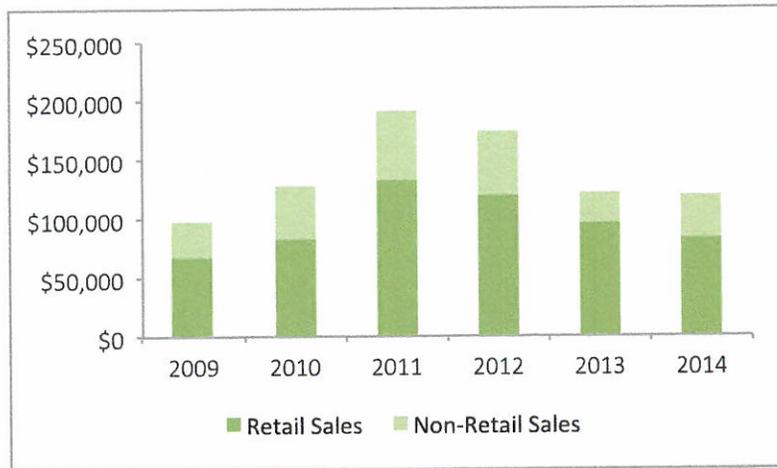
Figure 19: Educational Attainment Comparison, 2013

BUSINESS REVENUE AND TAX COLLECTIONS

Figure 20 shows the total gross revenue generated for all businesses located within the Town of Parachute as reported by the Colorado Department of Revenue (CDOR).



CDOR only provides details of revenue by municipality; therefore BM is not represented specifically and is aggregated together with the other unincorporated areas of Garfield County. It is not possible to extrapolate the data to obtain information for BM, but as will be described later in this report, BM represents a small portion of the total Community business activity.



Source: Colorado Department of Revenue
 Figure 20: Parachute Gross Sales 2009-2013 (000s)

Retail sales make up the majority of total sales from within the Town, and generated more than \$132M for local businesses during the peak in 2011. Retail and non-retail sales have declined recently and total sales were just over

¹ The Colorado Department of Revenue has not yet released 4th quarter data for 2014. 4th quarter sales were estimated based on Q1-Q3 performance.



\$119M in 2014.¹ The declines are consistent with decreases in employment and population described previously.

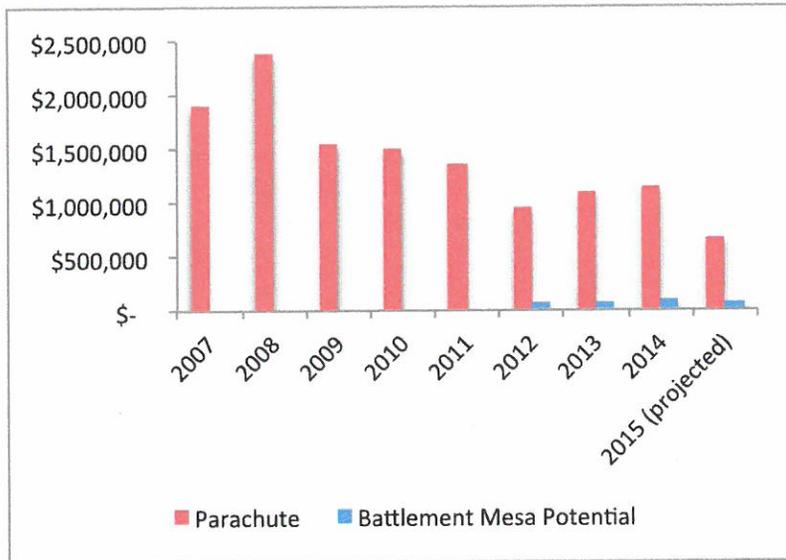
There are several major employers in the Community, such as Williams and Solvay that are not represented in Figure 20, because they are located outside Town limits.

Sales and Use Tax

Sales and use tax collections for the Community have taken a significant hit from the 2008 peak. As would be expected, drilling activity increases retail sales, which results in greater sales tax revenue for the Community. Currently, only the Town receives a portion of collected sales tax back. BM collects the County and State portions of sales tax, but does not have the ability to collect a local sales tax. However, based on information obtained from the County Treasurer, if BM were to have collected a local sales tax, it would only have contributed a minor amount compared to what is currently being collected in the Town (see Figure 21).² Potential BM revenue was only available for years 2012-2015 as reflected in the figure.

Performance for the first half of 2015 is up slightly for BM when compared to the previous three years, but is down approximately 40% in the Town. 2015 estimates are based on the assumption that the trends observed in the first six months of the year will continue for the next six months.

² Potential sales tax collections for BM assumes that BM would collect taxes at a similar level as what is currently collected in the Town.

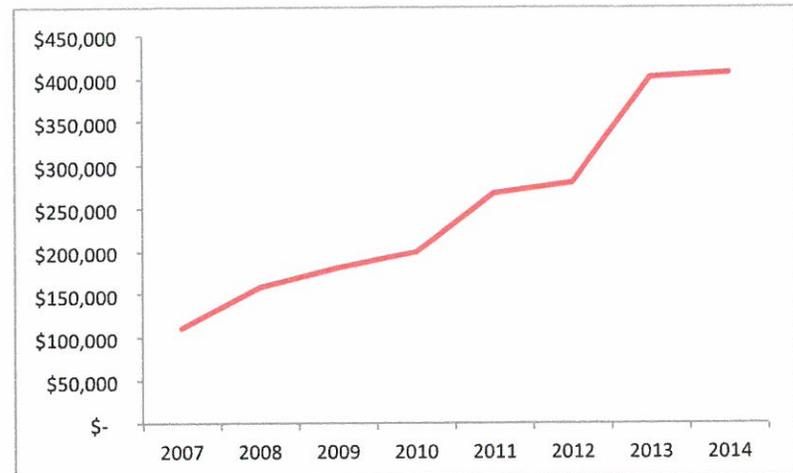


Source: Town of Parachute Finance Department, Garfield County Treasurer, Colorado Department of Revenue

Figure 21: Sales Tax Collections, 2007-2015

Property Tax

Property tax collections for the Town have fared better than sales tax collections and were at their highest level in 2014 (see figure). The County as a whole gathers over 70% of its property tax from the oil/gas industry.



Source: Town of Parachute Finance Department, Garfield County Assessor

Figure 22: Property Tax Collections, 2007-2014

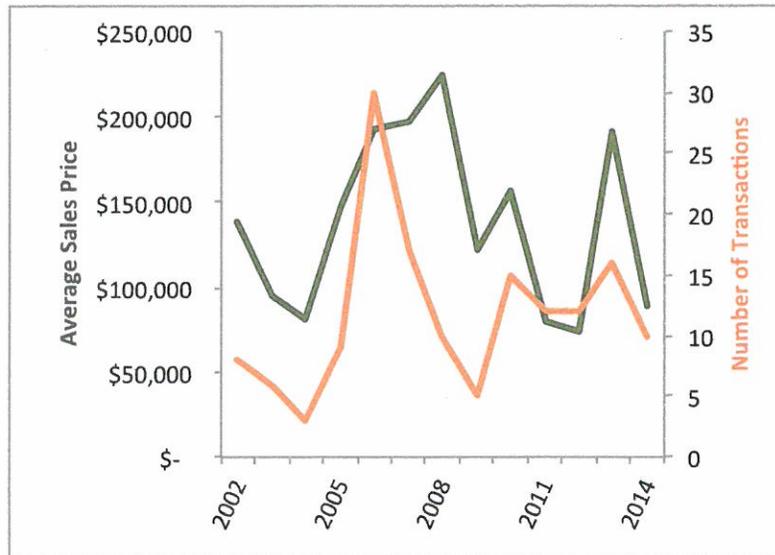
The State of Colorado uses a complex method of collecting property taxes from the oil and gas industry. In summary, companies are allowed to use local property taxes paid as a deduction against state severance taxes. However, it often takes at least two years for the value of property taxes paid to catch up to increases in drilling and gas production. For most gas wells, production and therefore value is greatest for the first few years of operation and then it tapers dramatically. As a result, severance tax and property tax are highest when new wells are being explored and during the first few years of operation. When new drilling ceases, local governments can see a dramatic drop in severance tax revenues, as well as gas property tax revenues.



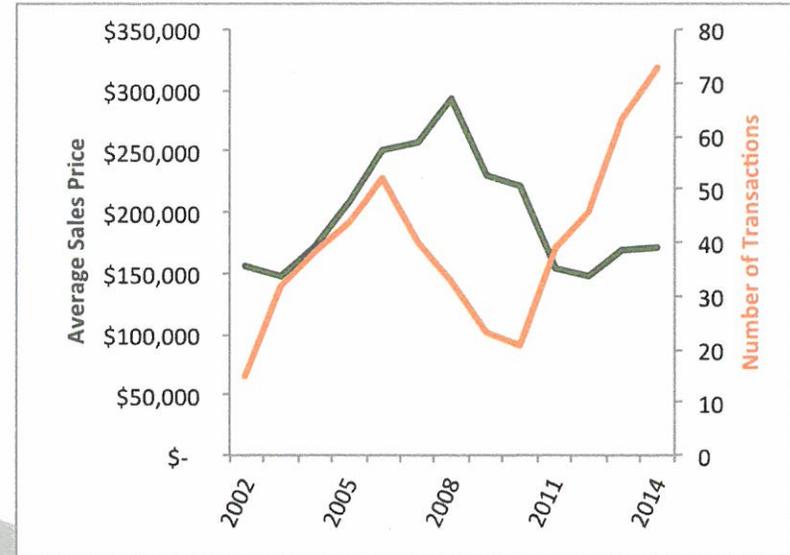
BM does not currently receive property tax revenues. Potential amounts of property tax will be analyzed as part of Phase IV of the Comprehensive Plan.

REAL ESTATE

The real estate market is an important indicator of the overall health of the local economy. Due to the differences in the availability and type of housing available in the Town vs. BM, the two areas were analyzed separately. Figure 23 and Figure 24 show that the number of single-family home transactions peaked in 2006 for both the Town and BM, while the average sales price peaked two years later in 2008.



Source: Garfield County Assessor
 Figure 23: Parachute Single Family Home Transactions, 2002-2014



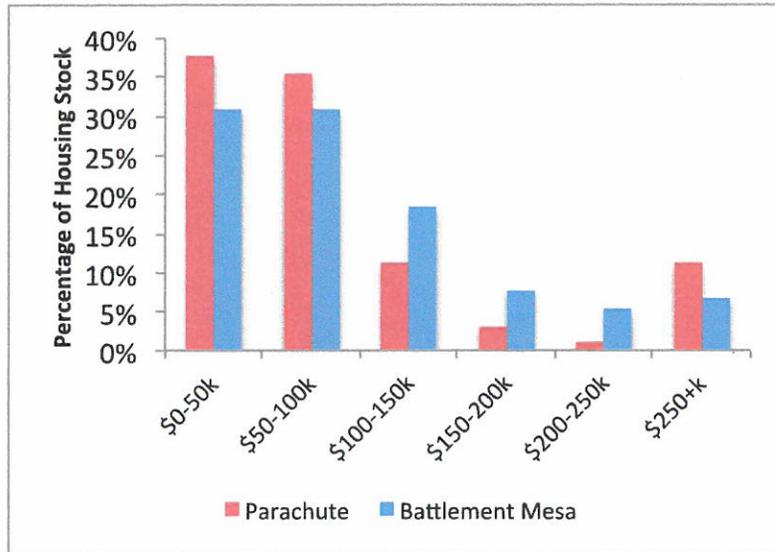
Source: Garfield County Assessor
 Figure 24: Battlement Mesa Single Family Home Transactions, 2002-2014

Average sales prices peaked in 2008 at \$292,000 in BM and \$225,000 in the Town. The average sales price in BM during 2014 was less than 60% of the peak price, and was less than 40% for the Town. Average sales prices in the Town have been very volatile, partially due to the small number of transactions. The number of transactions in BM has recovered and surpassed pre-2008 levels in 2014.

The current housing stock is old, and is dominated by low-valued homes (see Figure 25). Relatively few homes are valued in the \$100-150k range, which is the sweet spot



based on the reported Community median income of \$36,016.³



Source: Garfield County Assessor

Figure 25: Community Housing Estimated Market Values, 2014

Employees in the natural gas industry and other high paying industries in the Community would be able to afford homes in the \$150-250k range, which are scarce in number. Various stakeholders stated that the lack of quality affordable housing has led potential residents choosing to live in other communities. Specifically, one natural gas employer stated that approximately 70% of their gas employees live in Grand Junction because of housing issues. The company would like

more of the employees to live in the Community, and expressed great interest in the development of new and good quality housing.

As stated previously, housing prices are still low compared to pre-recession levels, and represent a great investment opportunity. The Community should consider investing now in new housing because it will be a key component of economic diversification. Specifically, the investment and development process will create economic churn that will be beneficial to the local economy, and the new housing stock will allow the Community to attract more residents to live where they work. Retail sales and local establishments will benefit as the result.

BUSINESS AND INDUSTRY

Industry and Employment Concentration

The top five industries within the Community in terms of the number of employees include construction, retail trade, mining and oil/gas, accommodation and food, and public administration (government, including public education and fire district). These five industries account for more than 50% of all the jobs held by Community residents (see Figure 26).

Several of the major industries also have a significant share of the total number of business entities (see Figure 27). Industries that are concentrated in number and in

³ Median income based on 2013 ACS data.

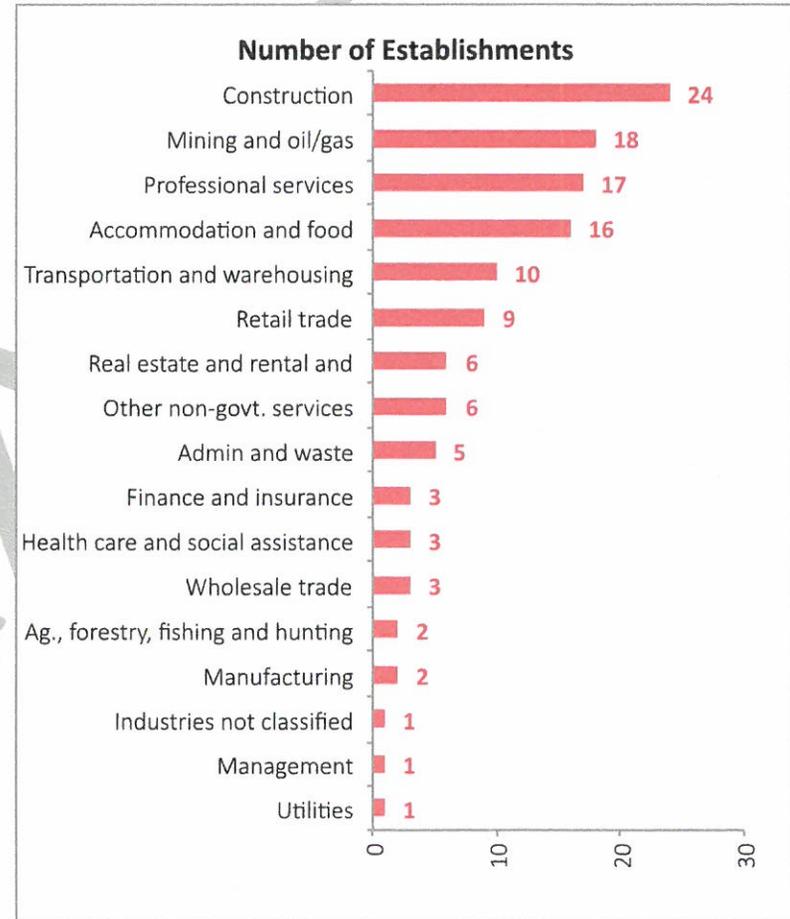


employment, such as construction, demonstrate that there may be a regional advantage for that particular industry. Additional industry and cluster analysis will be explored later in this report.



Source: ACS 5-year Estimates

Figure 26: Employment Numbers by Industry, 2013



Source: ACS 5-year Estimates

Figure 27: Business Establishments by Industry, 2013

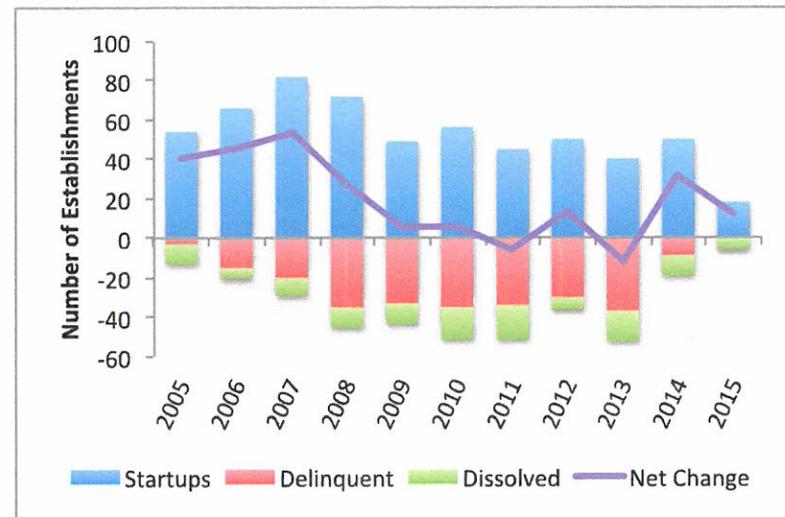


Business Startups

In addition to the presence of existing companies, the entrepreneurial activity and the net increase in new business entities is an important indicator of confidence in the local economy. Figure 28 and Figure 29 depict entrepreneurial activity by contrasting the number of new business startups to those that have ceased to operate. As defined by the Colorado Secretary of State, a “Delinquent” business is one that is six months or more behind on annual report filings. The entity will eventually be “Dissolved” if the late reports are not taken care of. Businesses can also be voluntarily “Dissolved” when owners report that they are no longer running the business.

The Town had a very robust startup ecosystem leading up to the 2008 recession and added between 40 and 50 net new entities each year from 2005-2007. The 2008 recession had a big impact as the number of new startups declined, but more significantly the number of failed entities increased. 2014 brought a net increase, and 2015 has the potential to repeat the growth as long as delinquent businesses, which are updated once each year, doesn't jump back to 2008 levels.⁴

BM has had limited entrepreneurial activity since the peak in 2007. On a per capita basis, the number of new startups in BM is significantly less than in the Town and could be an area for future growth and improvement (see Table 1).

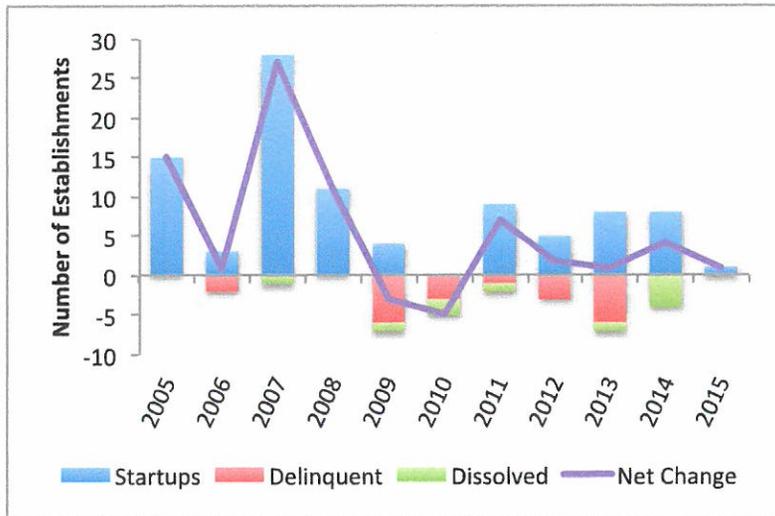


Source: Colorado Secretary of State

Figure 28: Parachute Net Change in Business Establishments

⁴ 2015 data includes January through June 2015.



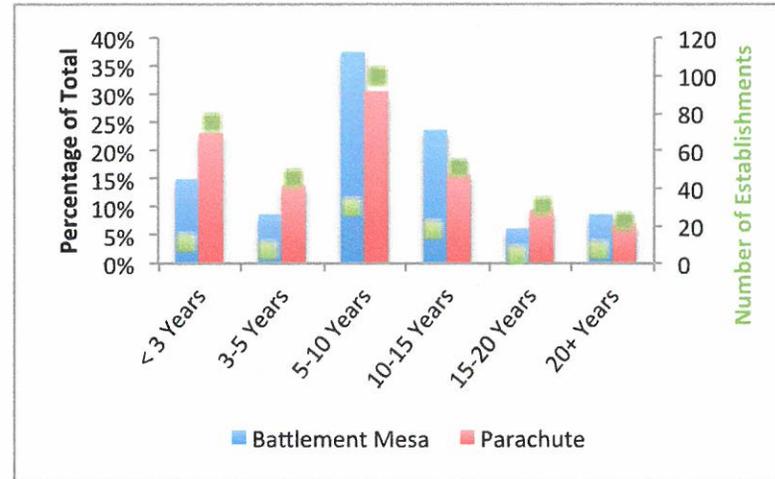


Source: Colorado Secretary of State
 Figure 29: Battlement Mesa Net Change in Business Establishments

Business Starts per Capita	2010-2015 Average
Parachute	0.0386
Battlement Mesa	0.0011

Source: Colorado Secretary of State
 Table 1: Business Startups per Capita, 2010-2015

Business that are less than five (5) years old are at highest risk of default, so in addition to a robust startup community, it is important to ensure that new businesses are maturing into established enterprises. Figure 30 shows that the largest percentage of active businesses in the Community are 5-10 years old. The overall distribution is typical and is not an area of concern.

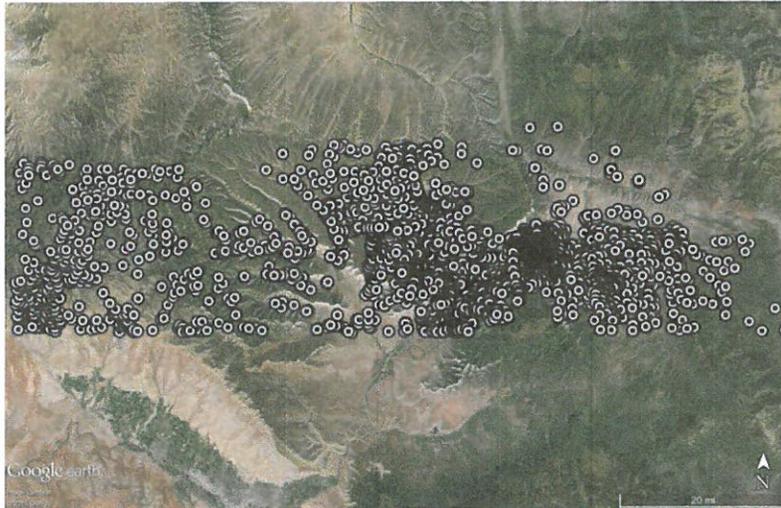


Source: Colorado Secretary of State
 Figure 30: Age of Business Establishments, 2015

Natural Gas Industry

The natural gas industry has been the dominant force in the Community. The industry provides many high paying jobs directly, and also indirectly through support industries such as construction, accommodation and food, and transportation/warehousing. Historically, employment spikes in all of these industries during periods of heavy drilling activity. To date, more than 15,000 wells have been drilled in Garfield County. Map 1 shows the locations for every well that has been drilled in Garfield County. Drilling activity has been concentrated in the Parachute – Battlement Mesa region, which accounts for more than half of all the wells drilled.





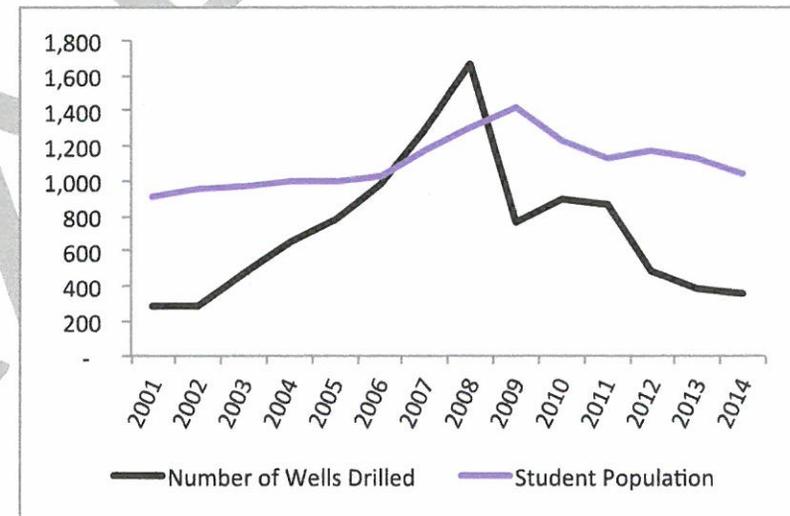
Source: COGCC

Map 1: Drilling Map for Garfield County

Drilling activity in the County increased rapidly starting in 2002 and reached its peak in 2008 with over 1,600 wells being drilled in a single year (see Figure 31). Student enrollment, serving as a proxy for total population, grew over the same time period and peaked a year later in 2009. Population and employment trends described previously have all declined from 2009, coinciding with the decrease in drilling activity.

As described previously, other oil and gas communities in the region do not see the same tight correlation between enrolled student population, which is used as a proxy for community population, and drilling activity. For example, in the Towns of Rangely and Meeker in neighboring Rio Blanco County, there is no statistically significant correlation

between drilling activity and student population (data not shown). The presence of this correlation in the Community may indicate that quality of life assets are sufficient to entice a greater portion of natural gas workers to bring their families with them than what occurs in neighboring regions. Adding additional quality of life assets and permanent employment opportunities may be sufficient to convince those that have brought their families to stay and continue living in the Community.



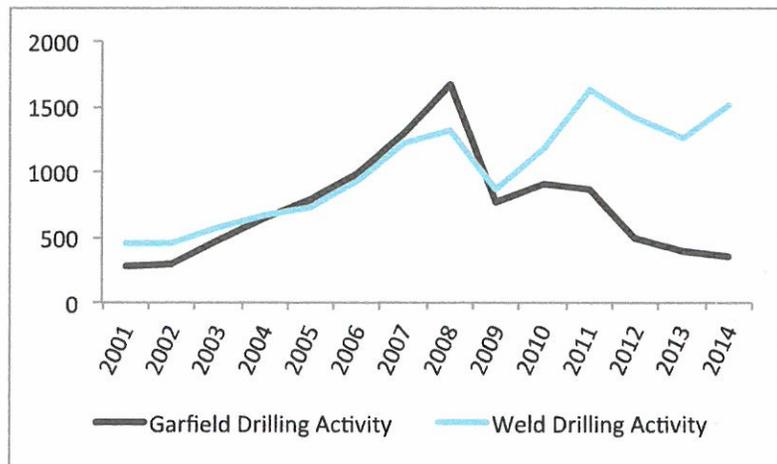
Source: COGCC

Figure 31: Drilling Activity vs. School Enrollment

In addition to the world market, the biggest threat to natural gas activity in Garfield County is the success of the oil and natural gas industry in Weld County, Colorado. Similar to



Garfield County, Weld County experienced a run-up in drilling activity to 2008 followed by a sharp decline in 2009. However, unlike Garfield County where drilling activity has declined since 2010, drilling in Weld County has increased and surpassed 2008 levels every year since 2011 (see Figure 32).

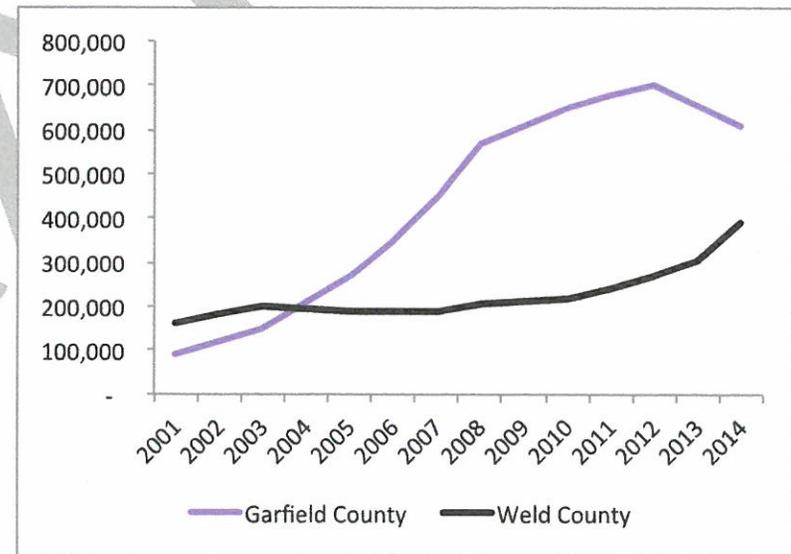


Source: COGCC
 Figure 32: Drilling Activity Garfield County vs. Weld County

Representatives from the Colorado Oil and Gas Conservation Commission (COGCC) confirmed the trend of drilling activity shifting to Weld County from other areas in the State and added some additional insight. Specifically, the Western Slope, and Garfield County in particular, have very dry gas, meaning that only small quantities of liquids can be obtained from the wells. This is a problem when the price of natural

gas slumps, because operators rely on multiple revenue streams to justify continued investment in drilling. Weld County, and other regions of the Country that have wet gas or oil, have continued to see drilling activity because operators can obtain multiple revenue streams from a single well.

In essence, operators in these areas drill for oil, and get natural gas as a bonus (see Figure 33). As a result, natural gas production in Garfield County is much more sensitive to global commodity prices than other regions, which explains the decrease regionally, while the State as a whole has not felt the effects.



Source: COGCC
 Figure 33: Natural Gas Production Garfield County vs. Weld County (000s MCFs)



INDUSTRY CLUSTER ANALYSIS

The local economy was analyzed using shift share and location quotient methodologies to identify industry clusters as shown in the following sections.

SHIFT SHARE ANALYSIS

Methodology

Shift share analysis is a method of dissecting job growth into its component parts to better detect the factors contributing to growth. The following three components are identified through this analysis:

State Share

This is the portion of job growth that can be attributed to overall economic growth in the larger reference area (statewide). It is calculated by multiplying the number of jobs in the local area at the beginning of the time period by the reference area growth rate.

Industry Mix

Industry mix represents the portion of an industry's job growth in an area due to that industry's nation or statewide expansion or contraction. It is calculated by multiplying the number of jobs in the local area at the beginning of the time period by the reference area growth rate for the specific industry and subtracting state share.

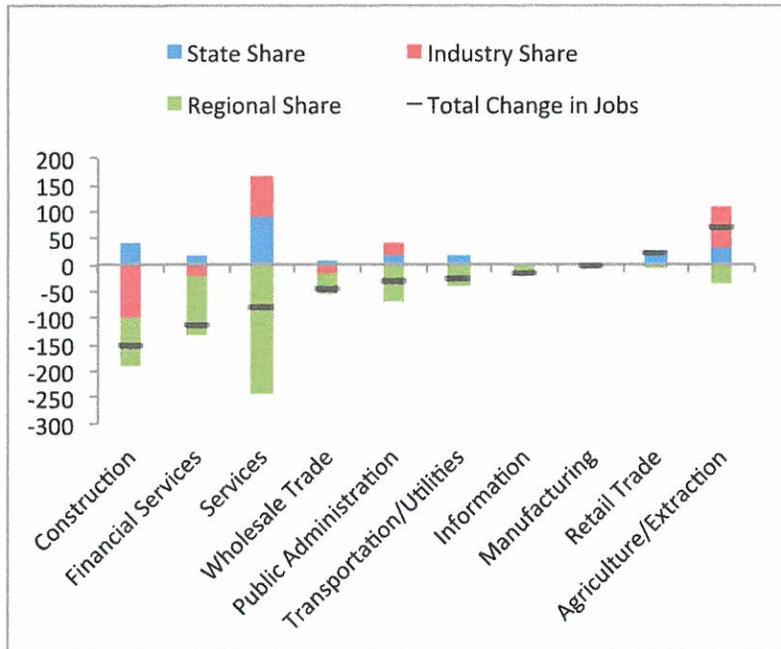
Regional Shift

This is the most important component of job growth for local economic development. It highlights the change in employment that is due to an area's competitive advantages in a particular industry. It is calculated by subtracting industry mix and state share from the total number of jobs gained or lost in the selected local industry.

Analysis

Figure 34 depicts the shift share analysis for the Community from 2009 to 2015. The industries with the highest total job growth over this period as seen by the black lines are agriculture/extraction (includes natural gas), and retail trade. In the case of agriculture and extraction, the growth mirrored growth across the State and industry as seen by the blue and red sections. Retail trade growth was driven primarily by statewide economic growth as illustrated by the blue portion of the bar. Over this period, the industries that suffered the greatest job losses in the County include construction and financial and other services.

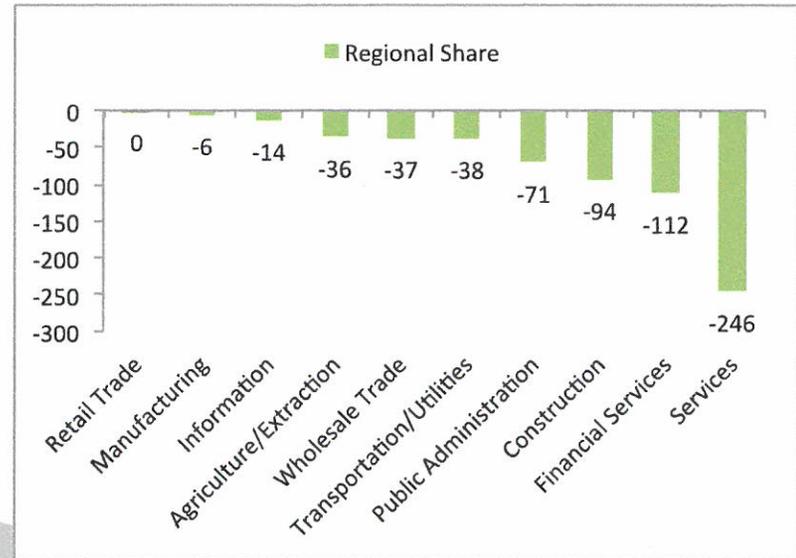




Source: ESRI, US Census

Figure 34: Parachute/Battlement Mesa Shift Share 2009-2015

Figure 35, which illustrates the regional shift component for each industry from 2009 to 2010, highlights a lack of growth in all industries due to local factors. Job growth in retail trade and manufacturing has remained close to State and industry averages, but other industries have lagged behind these averages. This reinforces the need to alter the dynamics of the local economy to capture, at a minimum, the area's fair share of statewide and industry growth that is occurring.



Source: ESRI, US Census

Figure 35: Parachute/Battlement Mesa Regional Share 2009-2015

The "Services" category in the cluster analysis is very broad and includes business and professional services, health and education services, accommodation and food services, entertainment and recreation, and other non-governmental services. The category cannot be broken down further due to the lack of available data.



EMPLOYMENT LOCATION QUOTIENT ANALYSIS

Methodology

Employment location quotient (LQ) is a method of quantifying the concentration of an industry cluster in an area when compared to a national or state average.

LQ's are calculated as shown below.

$$\text{Location Quotient (LQ)} = \frac{\text{Local Proportion}}{\text{State Proportion}}$$

$$\text{Local Proportion} = \frac{\text{\# of Employees in Industry X in Community}}{\text{Total \# of Employees in Community}}$$

$$\text{State Proportion} = \frac{\text{\# of Employees in Industry X in State}}{\text{Total \# of Employees in State}}$$

For example, in 2015 Parachute and Battlement Mesa had 2,461 estimated jobs and 436 jobs in the agriculture and extraction industry resulting in a local proportion of 17.7%. For the same period, Colorado had 2,666,309 total jobs and 69,324 jobs in the mining industry for a state proportion of 2.6%. The LQ is derived by dividing the 17.7% local proportion by the 2.6% state proportion resulting in an LQ of 6.81 for the mining industry. This indicates that the concentration of mining jobs in the local area is almost seven times greater than the state as a whole. An LQ of 1.0 would mean that the local concentration of an industry was the same as the statewide concentration.

Industries with high LQ's (above 1.25) are typically export-oriented industries that are beneficial to a local economy because they bring money into the region. High LQ

industries may also indicate a higher than average demand in an area. Industries that have both high LQ's and high job numbers typically form a region's economic base. Such industries not only provide jobs directly, but also have a multiplier effect, creating jobs in other dependent industries like retail trade and food services. Industries that are unable to support local demand typically have an LQ below 0.75.

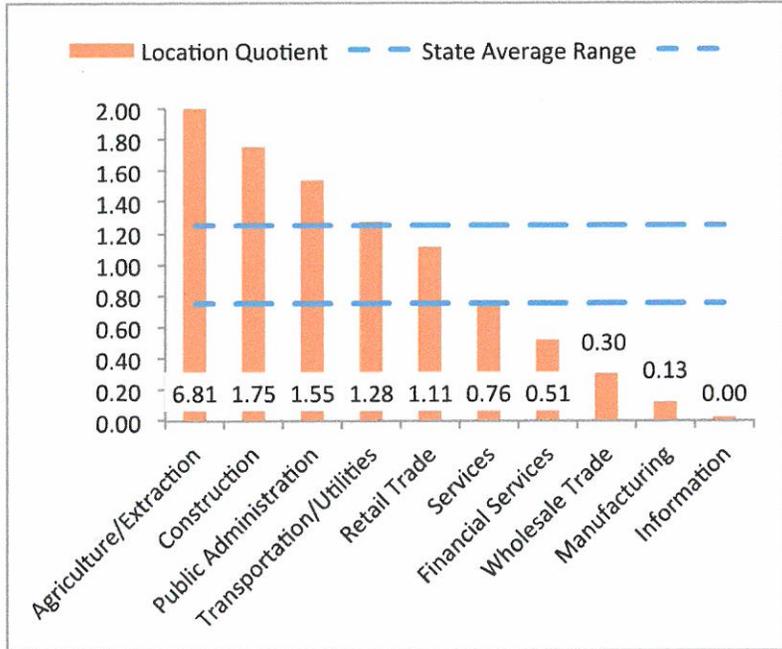
Analysis

Figure 36 shows the LQ calculations for the Community. The most concentrated industries in the Community are agriculture/extraction, construction, and public administration. The agriculture and extraction industry is a key source of outside revenue and its concentration is due to the abundant natural gas available in the area. Construction and public administration may or may not provide outside revenue depending upon the types of jobs found in the Community in those sectors. Road construction and other jobs catering to customers outside of the local area as well as federal and state administration jobs do bring money into the region. However, home building and local government jobs simply recirculate money inside the local economy.

Industries that are less concentrated in the Community than across the State include information (including media, telecommunications, and information technology) manufacturing, wholesale trade, financial services, and other professional and technical services. These industries may be less concentrated because of a strategic disadvantage, or this may be a sign of industries with



potential to grow. Combining shift share analysis with location quotient can help determine which of these cases is occurring.



Source: ESRI

Figure 36: Parachute/Battlement Mesa Location Quotient 2015

INDUSTRY CLUSTER MATRIX ANALYSIS

Methodology

Shift share and location quotient measures can be combined into a matrix analysis to provide a more comprehensive view of the economy. This analysis plots industries in a two-by-two matrix with the natural logarithm of location

quotient on the x-axis and job growth as represented by regional shift on the y-axis. The size of each industry bubble in the matrix represents total number of jobs in the industry. Similar analysis can be performed using other measures for job growth and industry size; however, regional shift and total payroll provide advantages over other variables. These advantages are shown in Figure 37.

Other Variables	Better City Variant
Y-Axis: Industry Job Growth Rate	Y-Axis: Regional Shift as calculated using Shift Share Analysis. Advantage: This method shows the growth that is due to inherent strengths in the region, excluding growth due to statewide and industry trends.
X-Axis: Location Quotient	X-Axis: Natural Logarithm of Location Quotient Advantage: Large outliers can cause apparent clustering of other industries. This variable depicts the differences between LQs, but on a comparable scale. With this measure, an industry with a concentration equal to the state average would have a value of 0 rather than 1.

Figure 37: Better City Industry Cluster Matrix Variables



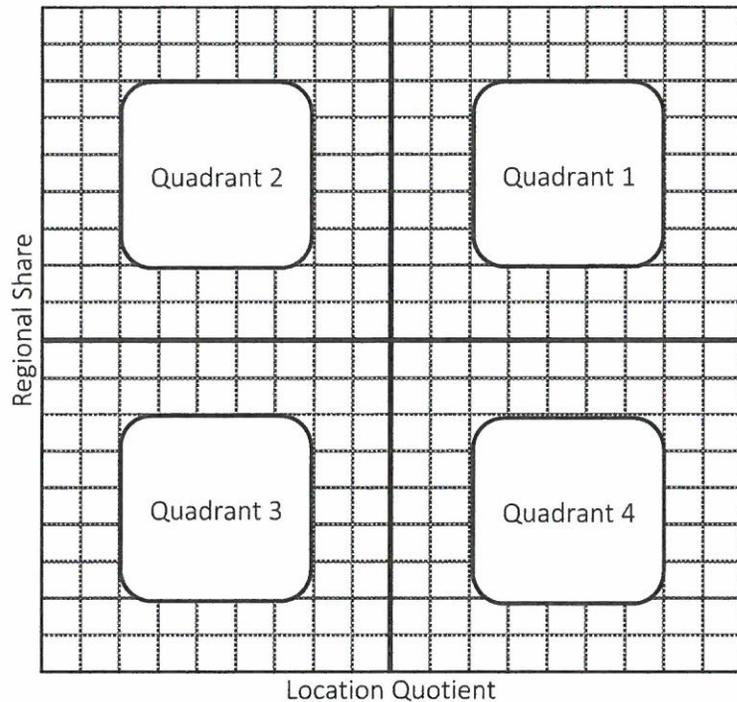


Figure 38: Industry Matrix Quadrants

In this analysis, industries will fall into one of four quadrants, as shown in Figure 38.

Quadrant One: Industries in this quadrant are concentrated in the region and growing due to local advantages. Large industries in this quadrant distinguish the regional economy as they increase workforce demand. Small industries in this quadrant are possibly emerging exporters that should be developed.

Quadrant Two: Industries in this quadrant are growing over time but are still less concentrated than the state average. Depending on the industry, they may settle at the state average or continue to grow and move into Quadrant One.

Quadrant Three: Industries in this region are less concentrated than state averages and are losing ground. Such industries may face significant competitive disadvantages in the area.

Quadrant Four: Industries in this quadrant are declining, but are still more concentrated than the national average. If a large industry is in this quadrant, the region is often losing its export base. The region should plan and invest accordingly.

It is important to also note the size of an industry to identify short-term economic impacts. Growth or contraction in industries with high numbers of jobs will have a large impact on the local economy. Small industries may be important for an economy's future but will take time to have a significant impact.

Analysis

Figure 39 shows the results of the Better City Industry Cluster Matrix analysis for the period from 2009-2015.

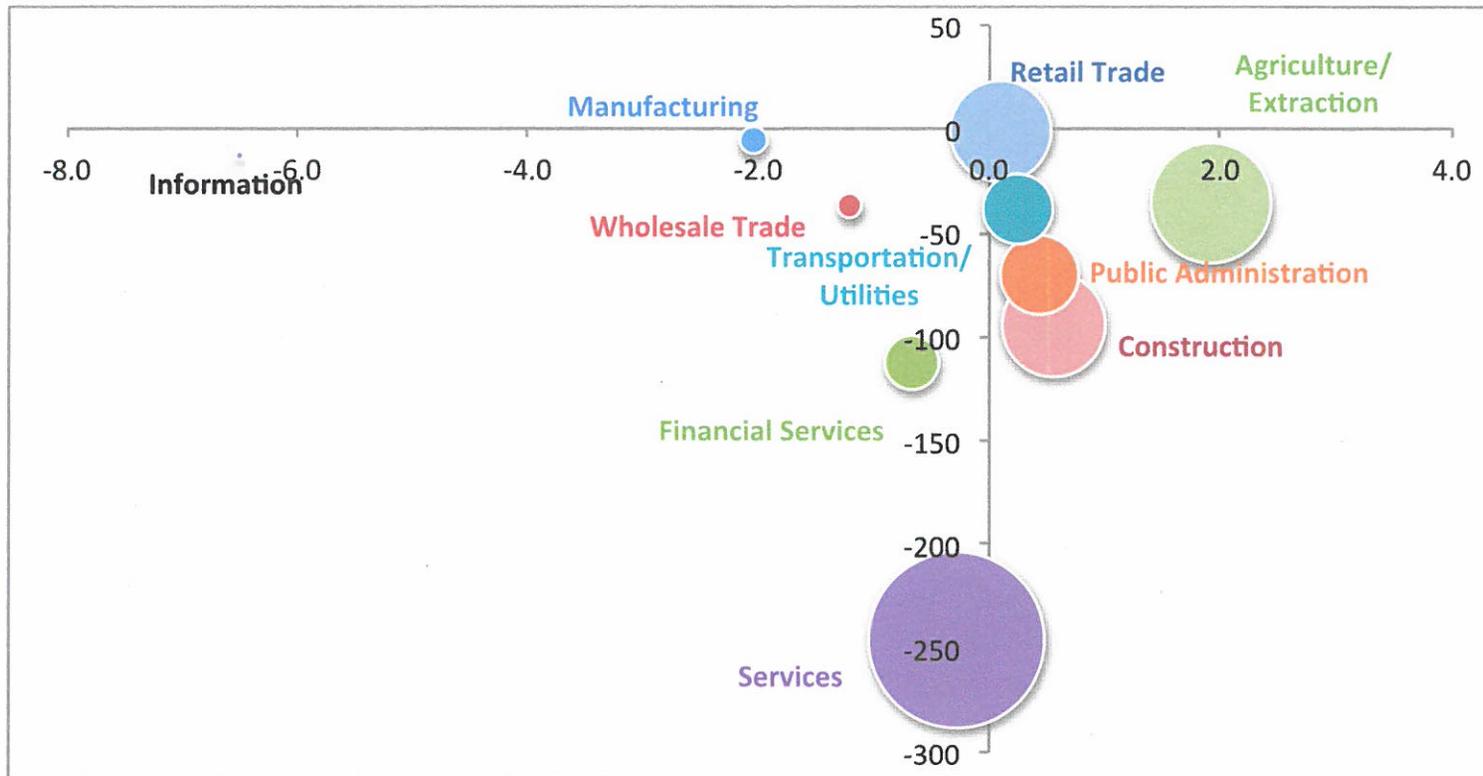


Figure 39: Parachute/Battlement Mesa Cluster Matrix 2009-2015

Quadrant One: There are no industries that fall in quadrant one since regional share of job growth is negative in all sectors. Retail trade is the closest to this quadrant, but in order for it to move up, the area will need to identify ways to help local retail sales outpace state averages. The town's location along I-70 provides one avenue to attract a higher than average level of retail activity through the development of a travel plaza or similar facility. Other venues that bring people into the Town and give them a chance to spend time and money locally will also help to increase the potential of the retail industry.

Quadrant Two: Similar to quadrant one, negative regional share numbers keep quadrant two empty; however, manufacturing is on the border of the quadrant. Manufacturing likely has room to grow as it has maintained growth rates on par with state and industry averages, but remains less concentrated in the area than statewide. Likely contributors to growth in this industry would include Solvay and potentially smaller manufacturers taking advantage of the Town's excellent freeway access.

Quadrant Three: Wholesale trade, financial services, and other services fall into this quadrant indicating low concentration and low growth. One key competitive disadvantage these industries face is a small local population.

Quadrant Four: The industries in this quadrant are potential areas of concern because of their concentration and declining growth. Extraction falling into this quadrant is especially concerning due to its size; however, the external

factors driving that industry leave few options for local intervention to address the situation. Construction, public administration, and transportation also fall into this quadrant. Of these sectors, transportation (including trucking and warehousing), likely has the greatest potential to become a strength to the area given the excellent freeway access.



RECOMMENDATIONS

The following, in order of priority, are recommendations based on the Community and Economic Assessments:

#1 – RECREATIONAL ASSETS

The river, lakes, and geography that surround the Community have been largely ignored in the past. As a result, the Community has limited access to natural assets that have the potential to improve quality of life by providing recreation opportunities to local residents. New recreation assets also have the potential to serve as an attraction that can be leveraged when recruiting in visitors and businesses alike.

The millennial generation will comprise 75% of the nations' workforce within the next decade. This demographic prefers communities with recreational opportunities. By continuing to ignore these assets, the Community risks alienating itself from this demographic.

Improvements along the river and lakes should be pursued as a critical project that will reposition the Community to attract millennials and their employers. These improvements should focus on the river corridor beginning north of County Road 300/Battlement Parkway and terminating south of the southwest interchange. A portion of the recreation of the corridor, including the area near the spring-fed lake that is southwest of the Town Hall, could be specifically designated

as “Central Park” and would serve as a primary gathering place for residents and visitors.

Improvements should include bank stabilization and beautification, bicycle/walking paths along the river and around the lakes, pocket parks with picnic tables and landscaping, aquatic wading areas, splash pads, river water features that can support a kayak or surf park, etc. A number of pedestrian bridges located along this river corridor will connect to trails that extend eastward up through Battlement Mesa and westward over the highway to the other side of Town.

Action Steps

1. Solicit and obtain support of landowners along the river corridor;
2. Identify and secure funding for master planning the river corridor improvements;
3. Procure the services of a third-party consultant to complete the master plan and provide cost estimates for the improvements;
4. Identify and secure funding for the river improvements, ongoing maintenance, and capital improvement requirements;
5. Procure the services of a contractor to complete the river corridor improvements.

#2 – CENTRAL BUSINESS DISTRICT

Once the recreational asset master plan has been completed, the private development community should be approached



to participate in retail, multi-family, and office developments in the business district. Potential retailers include Shopko and other types of soft goods discount stores. Multi-family could include mixed-use and live/work product type. Dedicated office space could include shared workspaces, a business incubator, or corporate headquarters for a recruited business in a targeted industry cluster.

The outlet mall developer that had expressed interest years ago in developing a project in Parachute should be re-approached to see if they'd have renewed interest in developing in the community and in particular, within the business district.

As previously mentioned, the business district should be connected to the river through thoughtful planning and the creation of development and pedestrian corridors that lead patrons, employees, and visitors to the river.

Action Steps

1. Complete the master plan for the river corridor improvements (see recommendation #1 above);
2. Perform feasibility studies and solicit input from the development community regarding the future business district;
3. Determine financing gaps, create capital stacks, and identify funding sources for projects determined to be economically feasible;
4. Obtain initial commitments from public financing sources, as needed;
5. Recruit businesses, including retailers, and real estate developers;

6. Form public-private partnerships, as needed, to facilitate development in the business district.

#3 – RECREATIONAL SPORTS COMPLEX

Stakeholders have repeatedly indicated that there is market interest in a sports facility that can accommodate competitive sporting events. This facility should be positioned as a destination attraction to bring in visitors, as well as provide a quality of life asset for local residents.

The ideal area for the project would be in the periphery of the business district, in close proximity to the high school, and accessible to and from the planned river corridor improvements. One potential site would be on the northwest side of Cardinal Way where maximum visibility from the freeway can be achieved.

In addition, the indoor sports facility/multi-use community center should be co-located with outdoor fields that can accommodate competitions. The comparatively mild winters position the Community as a preferred location for regional competitions.

The sports complex will help drive demand for hotels in the business district that currently suffer from low occupancy rates. The outdoor fields will drive demand during the summer months and the indoor facility will drive demand during the winter months.

Action Steps

1. Conduct a feasibility study for an indoor sports



- facility and outdoor fields;
- 2. If the project is determined economically feasible, obtain support and participation from the Community and existing landowners;
- 3. Recruit potential developers and operators;
- 4. Determine financing gap and structure a financing strategy that includes grants, low interest loans, and tax incentives.

#4 – TRUCK STOP

The southwest interchange near Parachute is a prime location for commercial development. A truck stop would be an excellent first project that would help seed additional development. Several truck stop operators have expressed preliminary interest in the site.

Action Steps

1. Confirm interest with the potential operators and determine site requirements;
2. Finalize a location based on the site and infrastructure requirements;
3. Determine financing gap and structure a financial plan;
4. Assemble property and build out necessary infrastructure. Depending on the projected success of the development, the operator may require the local government to help cover some of the infrastructure cost.

#5 – SODIUM BICARBONATE

As has been described previously, Solvay is a significant player in the local economy and has the potential to expand operations as part of the recently announced joint venture with Enirgi. It is likely that Solvay will be able to add 1-2 additional employees as a result of the joint venture. Additional tax incentives or strategic support may allow Solvay to further expand operations to create new employment opportunities for residents of Parachute and Battlement Mesa.

Additionally, the products produced at the Solvay facility are shipped all over North America for use in various products. The potential exists to recruit some of these end-users into the Community, thereby reducing the logistics costs for both companies.

Action Steps

1. Feasibility study to determine strategic opportunities for cluster expansion;
2. Identify and recruit specific businesses that would benefit from locating near the Solvay facility;
3. Work with Solvay to develop a strategy and incentives to annex the facility and operations into the Town;
4. Structure an incentive package to close the financing gap.

#6 – MANUFACTURING

As has been described previously, the Community has a major strategic advantage in shipping due to I-70 and railroad access. These assets are not currently being used at their fullest potential. Manufacturing is a great opportunity for the Community, because it will leverage these transportation assets and create stable employment opportunities

Action Steps

1. Conduct a feasibility study to determine which specific products would gain a strategic advantage by moving production to the Community;
2. Contact potential manufacturers to determine interest and requirements in locating to the Community;
3. Structure an incentive package that is sufficient to attract attention of potential manufacturers.

#7 – LNG EXPORT

As has been described previously, the Piceance Basin is a major natural gas production region, and has the excess capacity to export natural gas to overseas markets. The export opportunity will be largely dependent upon Federal, State, and regional government approval, but the impact of an export project would be very significant.

Action Steps

1. Determine the political will of Garfield County and



Associated Government of Northwest Colorado (AGNC) officials to lobby the State for funding and support;

2. Conduct targeted interviews with the current natural gas producers to determine production and export capabilities and additional infrastructure needs;
3. Reach out to Williams and other regional pipeline operators to determine needs and requirements for transporting natural gas to the Oregon or Gulf Coasts.

#8 – CALL CENTER IN BATTLEMENT MESA

As previously mentioned, Battlement Mesa has significant excess capacity in existing infrastructure and shovel ready sites for commercial development. Several stakeholders expressed the desire to open a call center within Battlement Mesa to provide consistent employment opportunities for the working class, but also to provide part-time work opportunities for the retired population. Call centers typically have a broad mix of full and part time positions, which would provide a significant benefit to the local population.

Action Steps

1. Reach out to call center operators to discuss the opportunity and gauge interest in the location;
2. Identify potential sites based on Internet capacity and redundancy;
3. Structure an incentive package to recruit a developer and operator.

#9 – OTHER DEVELOPMENT IN BATTLEMENT MESA

Battlement Mesa has served as the primary residential base for the Community, and is well suited to continue with this role. Battlement Mesa is too far removed from I-70 to justify significant retail development, but the opportunity does exist to develop service and neighborhood based commercial amenities. Examples of this type of development would include business offices, medical offices, etc.

Action Steps

1. Conduct a feasibility study that will determine the demand and the type of neighborhood commercial development that would be best suited to succeed;
2. Approach potential developers with the opportunity and potential sites;
3. Structure a financing plan.

ADDITIONAL STAKEHOLDERS

In addition to the stakeholders mentioned within the specific recommendations, there are additional stakeholders that have unique assets that need to be more fully leveraged to bring the projects and recommendations to fruition.

For example, the Puckett Land Company, which owns a large amount of land near the southwest interchange, has expressed interest in participating with a major

development and will be a key player for the truck stop project, the sports complex, a trail system, and additional commercial development.

In addition to the Town, the Parachute Battlement Mesa Parks and Recreation District will be a key player for the river recreation projects, as well as the sports complex. The recreation district may be able to participate financially to help launch the recreation projects. The Garfield County 16 School District is also a natural partner for the sports complex project as well, because it will benefit from having access to new state-of-the-art facilities.

VISIONARY PLANNING

A community visioning and planning meeting was held in Parachute, Colorado on May 13th, 2015. In attendance were representatives and stakeholders from various organizations within the Community. During the meeting, topics and concepts contained in this report, as well as some preliminary land-use concepts, were presented to the group for feedback and discussion. The purpose of the meeting was to ensure that the Community is involved in the planning process, and to create channels of communication to allow the Community to provide the vision for their future.

COMMUNITY FEEDBACK

Feedback from the Community regarding the economic diversification concepts was very positive. Many attendees



expressed excitement about the idea of bringing in additional manufacturing jobs, and offered suggestions of specific industries that may thrive in the area. A lot of the discussion with attendees surrounded the need to appropriately size buildings and operations to fit the culture and character of the Community.

The preliminary land-use concepts presented during the meeting were met with great excitement. Specifics of the land-use plan fall within the second phase of this project and will be discussed in detail in a subsequent phase of this report. However, in summary the Community grasped the need to do a large and significant development to catalyze future investment, rather than a small project that would only have a marginal impact.

CONCLUSION

Although lackluster performance in the local natural gas sector has created downward pressure on all business and government activities in the Community, the assets and strengths of the Community and its residents can be leveraged strategically to regain lost ground through diversification into new industries. Job creation in manufacturing and recreation, combined with new quality of life assets, will create synergy to attract entrepreneurs and new families that will help stabilize the local during future fluctuations in the natural gas industry.

