Is Colorado Springs ignoring the latest ‘Gold Rush’?

July 7, 2015 Contributing Writer

Walt Hecox

Colorado Springs has an economic developer’s dream as its backdrop: the iconic mountain Pikes Peak. The target audience: those seeking recreation and tourism, employers looking for high quality of life, employees keen on the outdoors.

The three counties that touch Pikes Peak — El Paso, Teller and Fremont — can use tourism as a sustainable way to grow their economy, giving the area a new story to tell.

The region can use its vast open spaces and natural resources as a means to diversify its economy, while allowing us to protect and enhance this set of natural assets.

In fact, we already have. Tourism is just the latest “Gold Rush” for the Pikes Peak region, easily beating out the historic gold rush that brought thousands to the region.

Before we look at the present, a quick look back.

“Pikes Peak or Bust” is a widely used, but often misunderstood, phrase. From 1858 to 1861 some 100,000 gold seekers came west, but not initially to Cripple Creek. Instead, they swept past Pikes Peak, their sentinel standing up from the plains, as the easternmost 14,000-plus-foot mountain in the Rockies. These “Fifty-Niners” headed on north toward what is now the Denver area and up the drainages to the west. Gold mining in Cripple Creek was just beginning during the 1890s, reaching its peak early in the new century.

And what a boom!

By 1900 there were more than 500 mines operating in the Cripple Creek district, turning it into a bustling and prosperous city of more than 35,000 people.

Wealth abounded; in 1897, 500,000 troy ounces of gold with a price of $18.93 per ounce were mined, valued at $266 million in today’s current dollars.

For comparison, today’s Cripple Creek and Victor Gold Mine in 2013 mined 231,000 troy ounces of gold valued at $1,180 per ounce for a total current value of $272 million.

But tourism and recreation provide a far greater opportunity.

The new Gold Rush can be a sustainable enterprise, much different from mining gold. That opportunity is based on natural amenities of open space, clean air and water. If carefully nurtured,
economic activity from tourism will generate significant economic opportunity each year. And the Pikes Peak region can share in this continuing flow of benefits from nature.

Analysis of U.S. Census Bureau and Colorado Tourism Office data reveal a large — but too often not very visible — recreation and tourism sector of our Pikes Peak regional economy.

First, using the broad measure of civilian employment in the sector “arts, entertainment, recreation, accommodation and food” in 2013, this sector was 10.5 percent or 29,320 employees in El Paso County. This share of the local economy is fourth largest in civilian employment after education, professional jobs and retail trade.

Second, total direct spending in 2013 in the county was $1.2 billion, 4.5 times larger than the current dollar value of gold mined in the Cripple Creek area.

Analysis of Census Bureau data provides a more refined measure: “travel and tourism related employment” that registered 16.6 percent of total private employment in 2012, with average wages in the travel and tourism sector ranging from $45,530 for passenger transportation to $17,025 for retail sales and restaurants.

Tourism has another benefit: It attracts people with disposable income, who are affluent enough to still travel during economic downturns.

As you can see, tourism is a significant part of the regional economy. But it requires proper structure and management to continue to become a diverse driver of investment, employment and income.

Today’s recreation-tourism activities exist on a foundation built in past decades. Gen. William Jackson Palmer founded the city based on a “Little London” theme, while recovery from pulmonary diseases and rail-based tourism further expanded the growing city. Spencer Penrose, Charles Tutt and their business associates grew rich on mining activity in Cripple Creek and other mineral development, with Colorado Springs sharing heavily in the resulting wealth and business activity.

Penrose’s Broadmoor and Pikes Peak-oriented tourism activities complemented General Palmer’s early efforts and went on to make the region world-famous as a destination spot.

And currently Philip Anschutz, beyond purchasing the Penrose-Gaylord-El Pomar tourism complex and The Broadmoor hotel, is revitalizing and strengthening the Palmer-Penrose dream.

If these three world-renowned and shrewd entrepreneurs can devote capital and effort to the region’s recreation and tourism dimension, we are on sound footing in strengthening and expanding tourism as a vital dimension to our regional economy and prosperity.

Editor’s Note: Walt Hecox is a former Colorado College professor of economics. In the coming months, he’ll continue to explore topics about tourism: the tough reality of competition; tourism tactics in other regions; region-wide seasonal passes and promotions; packaged “safaris;” options for creative tourism-recreation experiences using public land long-term leases with private concessionaire operations; and examples of tourism regions partnering with their adjacent public lands and environmental agencies to protect and manage natural amenities.