



4th Quarter 2010  
Volume 1, Issue 3

### Newsletter Advisory Board

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## Local Economy is in Tough Time

We were comfortable with being optimistic in the first and even into the second quarter, however, we cannot deny the recent numbers and trends. Our Northwest counties are having a tough economic time.

The gross retail sales forecast is showing a small gain ranging from 2.8 in October to 1.3 in December. Consumer daily spending trends are weakening and have been running in the low fifties versus in the seventies last quarter.

We use an economic stress indicator to determine unemployment stress on our economy. Learn more about how this is calculated and what this means to our local economy in the 4th quarter on page five. Although the unemployment rate in all the counties in Northwest Colorado (Moffat, Rio Blanco and Routt) declined a little, the economic stress caused by unemployment increased. This means that change grew in the balance between available jobs and workforce. This is not a great trend. The competition for existing jobs will likely increase at a greater rate than jobs are being created in either Moffat or Routt counties

The number of homes listed for sale in all three counties remain at historic highs at:



Moffat = 270, Rio Blanco = 63, Routt = 1,332. However, in Routt county, for the first time this year, the inventory of homes for sale did not increase. In August there were 20 single family homes sold. This represents 1.5% of the existing inventory. Any hope in an increase in residential construction remains far into the future. The construction predictor developed by Yampa Valley Partners needs to see a sustainable level of sales in the 2 to 2.5% of existing inventory for 12 to 15 months before construction activity will begin increase.

In energy, our 4 coal mines in Northwest Colorado continue to produce the lion's share of Colorado coal. Our market share percentage last quarter has ranged from 54 to 78% depending on the activity of other mines in the state. Our mines are consistent and reliable in coal production. More coal facts can be found on page 10. Natural gas production remains flat to last year. We had approximately 3700 oil and gas wells producing last quarter. To wrap up our 4th quarter sentiment: Hang on tight and shop local.

More economic data is available at [www.yampavalleypartners.com](http://www.yampavalleypartners.com)

Email [kate@yampavalleypartners.com](mailto:kate@yampavalleypartners.com) to subscribe and receive this newsletter each quarter

# Gross Retail Sales

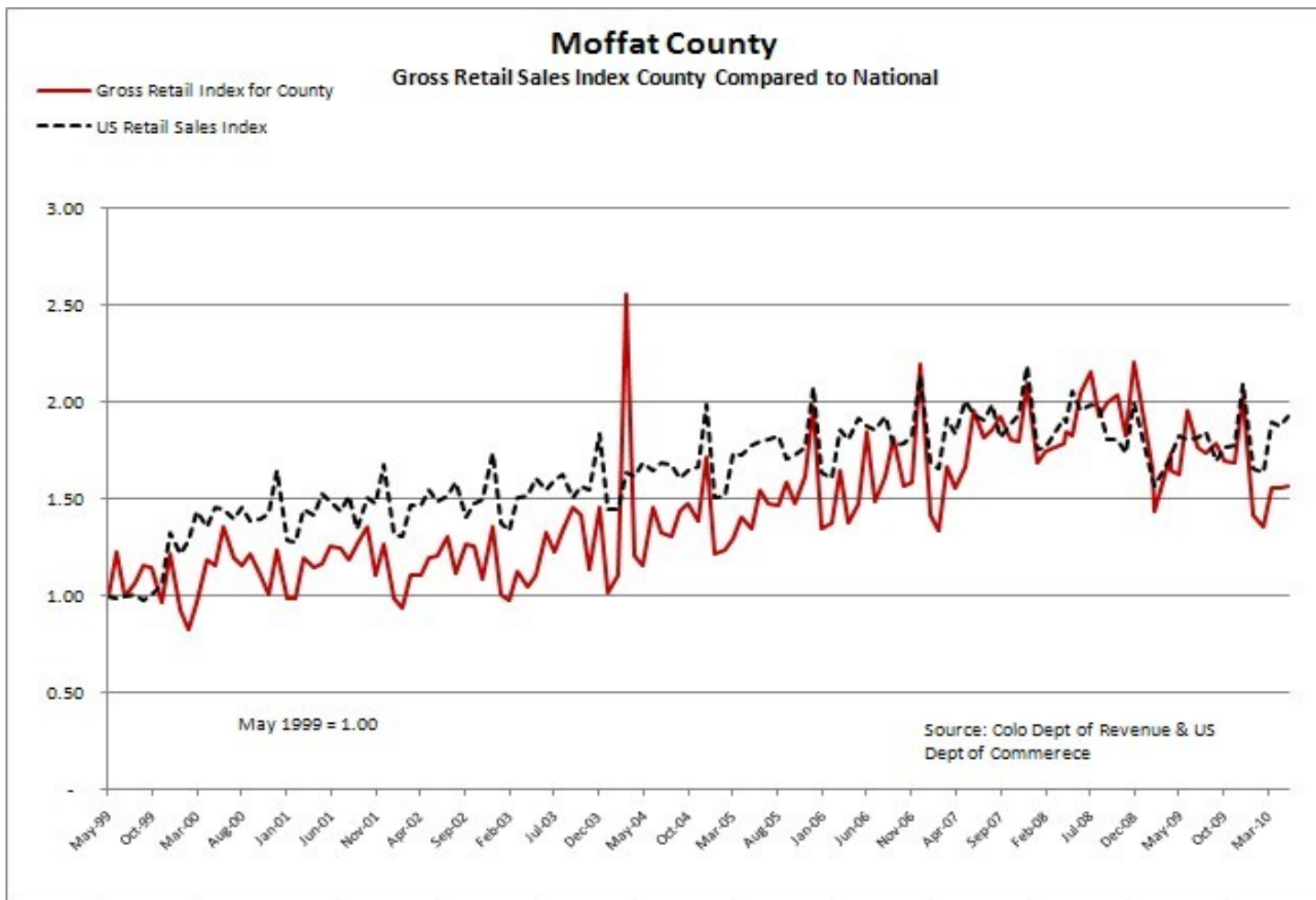
Both Moffat and Routt Gross Retail Sales have strong to moderate correlation to Retail Sales performance on the national level. Nationally retail sales are projected to decline from a 2.8% forecasted increase in October to only 1.3% by December.

Gallup Poll is reporting that daily consumer spending has fallen to \$55 per day as of the end of September. We have not seen these levels since March of 2009. Spending at these levels are a good indication that consumers are in no mood to open their pocket books and begin or continue spending.

The Yampa Valley is not isolated from the weakness in retail sales that is being experienced nationwide. In the 2nd quarter forecast, we were hopeful that the improvements forecasted for July would continue into the fall. Our optimism is quickly fading.

It looks like the final quarter of the year will be at least 5% to 7% lower in Moffat County than the same period last year and Routt County will likely see sales that are flat or only slightly above (1% to 2.5%) last year's gross retail levels for the same period.

*In the final quarter of the year we will be at least 5% to 7% lower in Moffat County Gross Retail Sales than the same period last year. Routt County will likely see sales that are flat or only slightly above (1% to 2.5%) last year's gross retail levels for the same period.*



# Gross Retail Sales

## Routt & Moffat County Gross Retail Sales Forecast

Month	Date	Forecast Value	50% Correct +/-	80% Correct +/-
1	Oct 2010	<b>2.8</b>	2.1	4.8
2	Nov 2010	<b>2.2</b>	2.4	5.5
3	Dec 2010	<b>1.3</b>	2.7	6.0

*Moffat & Routt retail sales are closely correlated to national retail sales*

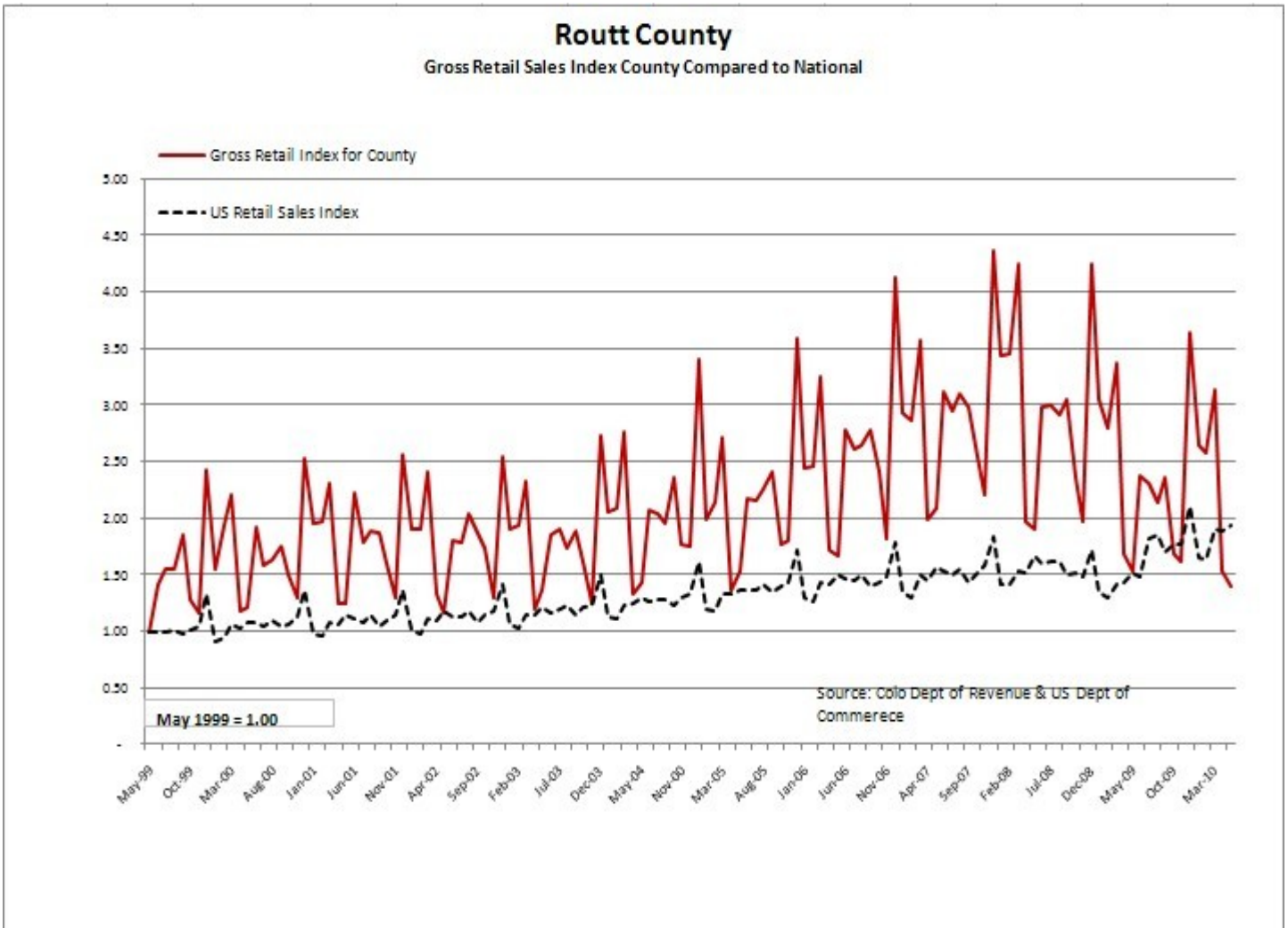
### Calculating Confidence Range for Gross Retail Sales Forecast

At the 50% Correct value, there is a 50/50 chance the forecast value will be within this margin of error.

At the 80% Correct value, there is a 80% chance the forecast value will be within this margin of error.

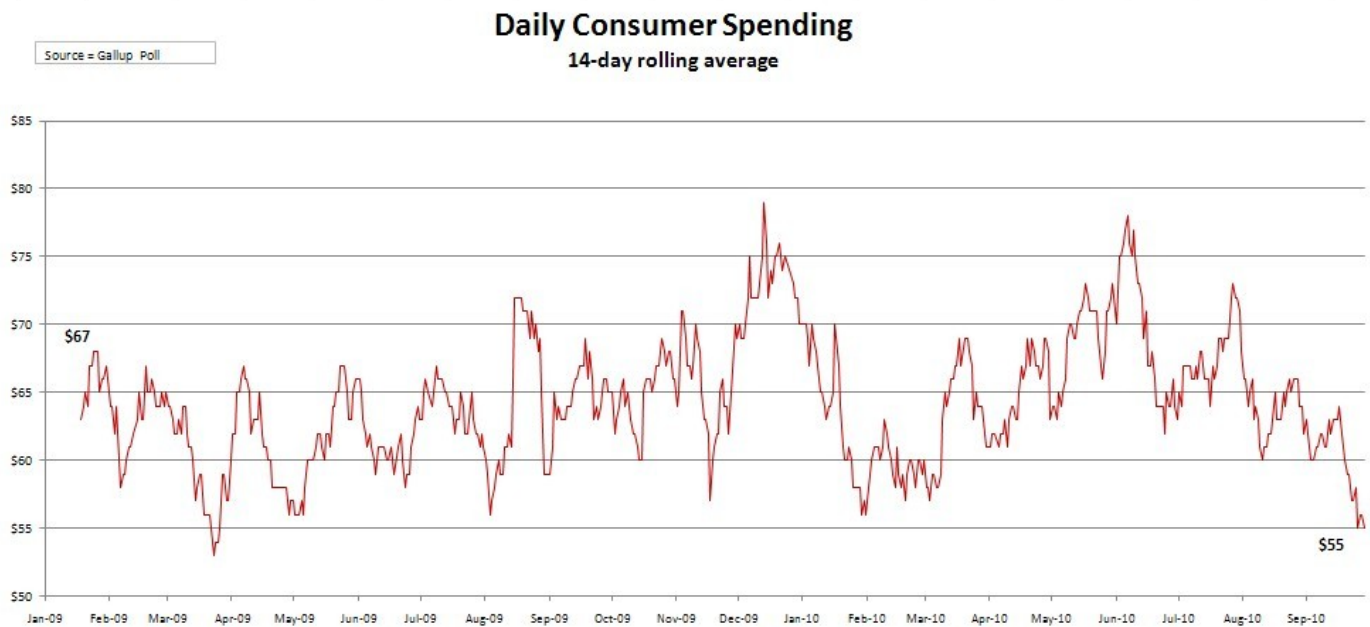
For Example:

Forecast Value = 100, 50% Correct Value = 10, 80% Correct Value = 15, There is a 50% Chance the actual value will be between 110 and 90. There is a 80% Chance the actual value will be between 115 and 85.



# Consumer Spending

*Looking at daily consumer spending helps us identify emerging consumer trends. Consumers have tightened their belt and we might expect this trend to continue into 4th quarter. Consumer spending has dropped from a high of \$77 in late August to \$55 in the end of September*



# Employment

Forecasting unemployment rates is far from an exact science. Because of the relative small numbers that exist in both Moffat and Routt counties, small changes in either the numerator or the denominator result in wide swings in the unemployment percentage. This makes trying to forecast a specific unemployment percentage more of a guessing game than something meaningful.

We have opted to do analysis that correlates national unemployment percentages to unemployment percentages in both Moffat and Routt counties. A moderate correlation does exist in both counties

Moffat County = 0.614379891

Routt County = 0.656807027

These correlations are likely strong enough to identify trends, however, they are not strong enough to use for meaningful predictions. Therefore, county specific unemployment rate forecast are not included in this newsletter. National unemployment forecast is shown on the following page.

# Employment & Economic Stress

## Economic Stress Indicator Due to Unemployment

In small population counties, unemployment is calculated by the number of active unemployment claims divided by the workforce. What this number neglects is the number of people that have exhausted unemployment benefits and are still unemployed. So our unemployment percentage looks like it is improving but actually it doesn't reflect folks that are still unemployed. A better way to look at how unemployment affects us is by looking at the number of jobs and the number of workforce. This is what we call our economic stress factor. Think of this factor as a teeter totter where workforce is on one end and number of jobs is on the opposite end. More jobs than workforce equal a positive, more workforce than jobs equals a negative. When you have more workforce than jobs this results in intense competition for any available job.

The economic stress forecast for the 4th quarter will be growing more negative. We have not seen the negative depth of this number since 2nd quarter 2009, one of our darkest periods in recent years. When people do not have a job, they choose not to spend. When unemployment continues for a long period of time in a household, and you find families have exhausted all of their resources, choices need to be made in terms of how much they spend and where they live. We will see this economic stress impact consumer spending and housing in the 4th quarter. This could also affect our migration where people need to move out of the area to find work or find places to live more cheaply.



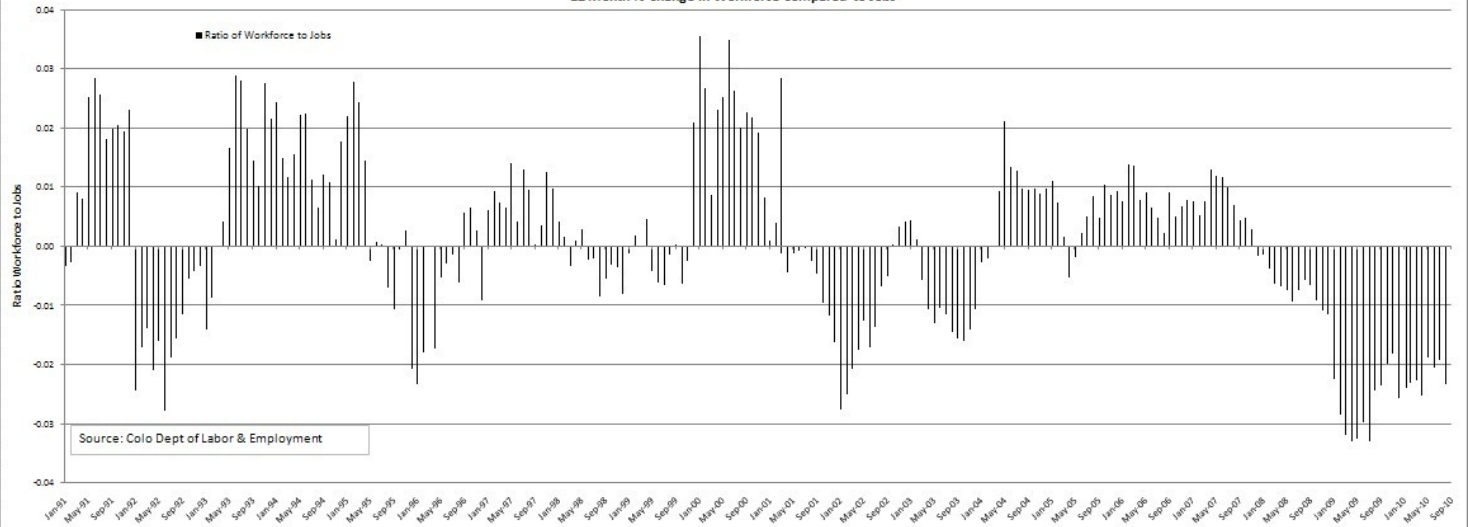
**U.S. Civilian Unemployment Rate Forecast**  
Percent Unemployed Seasonally Adjusted.

Month	Date	Forecast Value	50% Correct +/-	80% Correct +/-
0	Aug 2010	<b>9.60</b>	0.0	0.0
1	Sep 2010	<b>9.6</b>	0.2	0.4
2	Oct 2010	<b>9.6</b>	0.2	0.5
3	Nov 2010	<b>9.5</b>	0.2	0.5
4	Dec 2010	<b>9.5</b>	0.3	0.6
5	Jan 2011	<b>9.6</b>	0.3	0.6
6	Feb 2011	<b>9.7</b>	0.3	0.7
7	Mar 2011	<b>9.8</b>	0.3	0.7
8	Apr 2011	<b>9.8</b>	0.3	0.8

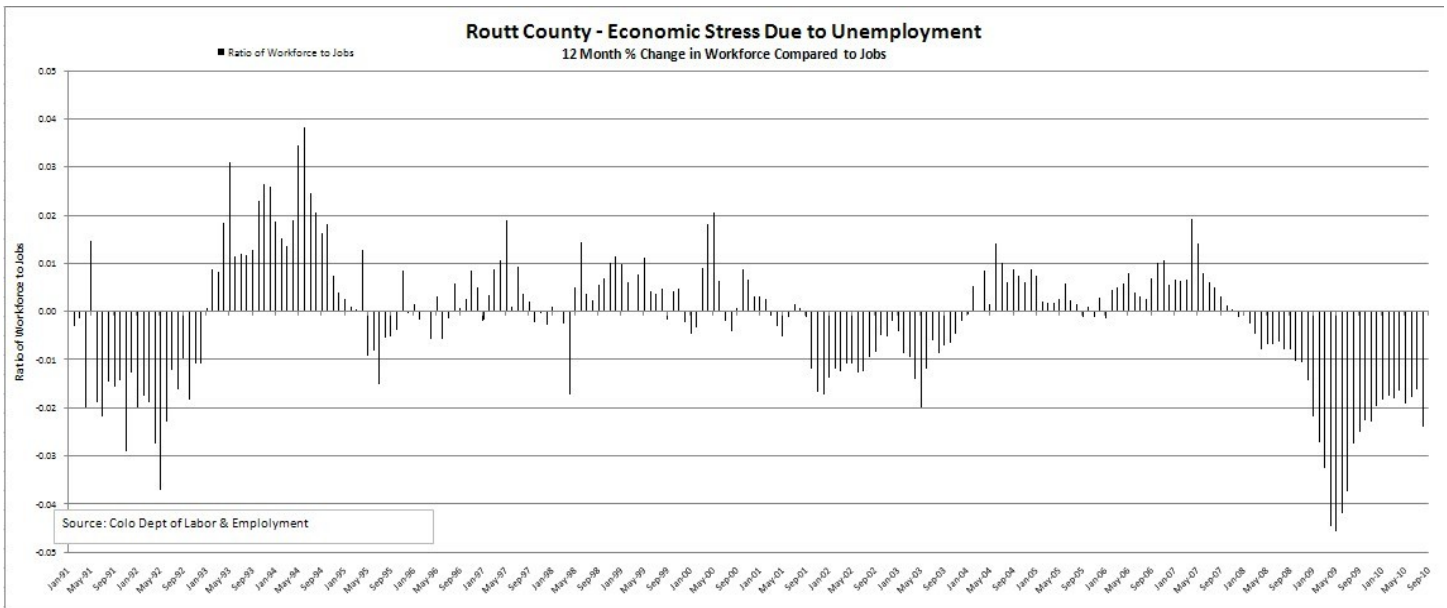
Updated Wednesday, September 22, 2010

**Moffat County - Economic Stress Due to Unemployment**

12 Month % Change in Workforce Compared to Jobs

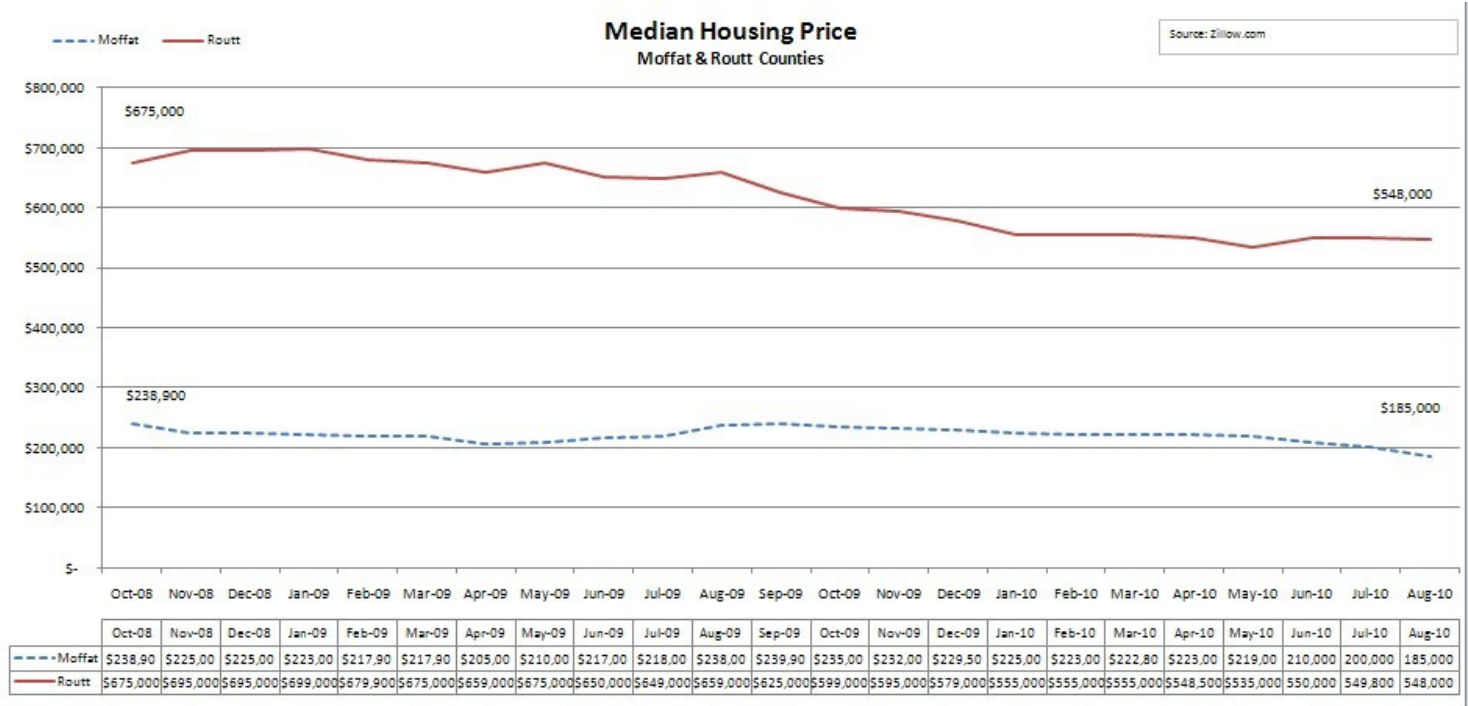


# Employment



*Our economic stress indicator has dipped to the same levels as March 2009*

# Real Estate

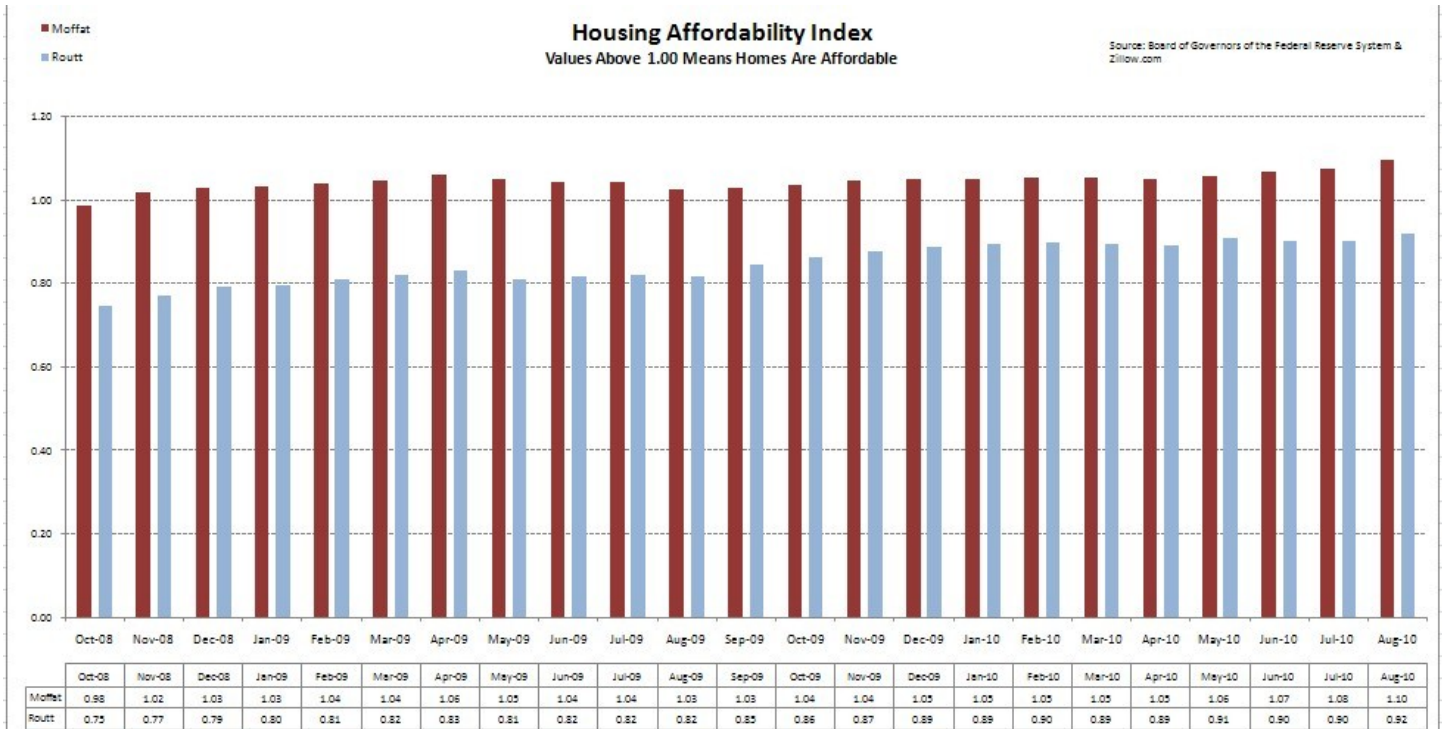


# Real Estate

Here are the changes in median housing price in Moffat and Routt counties as of 9/20/2010. You can attain this monthly data through [Fast Facts](#) on the Yampa Valley Partners website anytime for your convenience.

County	Month over Month	Quarter over Quarter	Year over Year	Median Listing Price
Routt	+4.6%	- 4.4%	- 15.6%	\$548,000
Moffat	- 2.1%	- 14.0%	-21.6%	\$185,000

Source: Zillow.com



## Homes that Received a Foreclosure Notice in 2010

Routt County

May-10	1 in 375
Jun-10	1 in 440
Jul-10	1 in 1038
Aug-10	1 in 484

Colorado Rate in Aug 2010 - 1 in 381

Nationwide Aug 2010 - 1 in 368

Median Listing Price There is mixed news in this category. The rate of decline in median listing prices accelerated in Moffat County where the year over year is currently down 21.6%. However, the rate of decline in Routt has improved to -15.6% and the month over month and quarter over quarter have improved by about 5%. This is the first time an improvement has been seen in this measurement in 18 months. It is too early to identify this as a trend but this movement is in the right direction. Median listing prices in comparable Colorado Counties

Eagle = \$595,000

Garfield = \$289,500

Gunnison = \$349,000

La Plata = \$369,900

Summit = \$449,900

# Cost of Living Index

This index is updated quarterly. As of July 1, 2010 the cost of living in all three Northwest Colorado counties improved when compared to the national index . National Average = 100.

Craig = 95

Meeker = 99

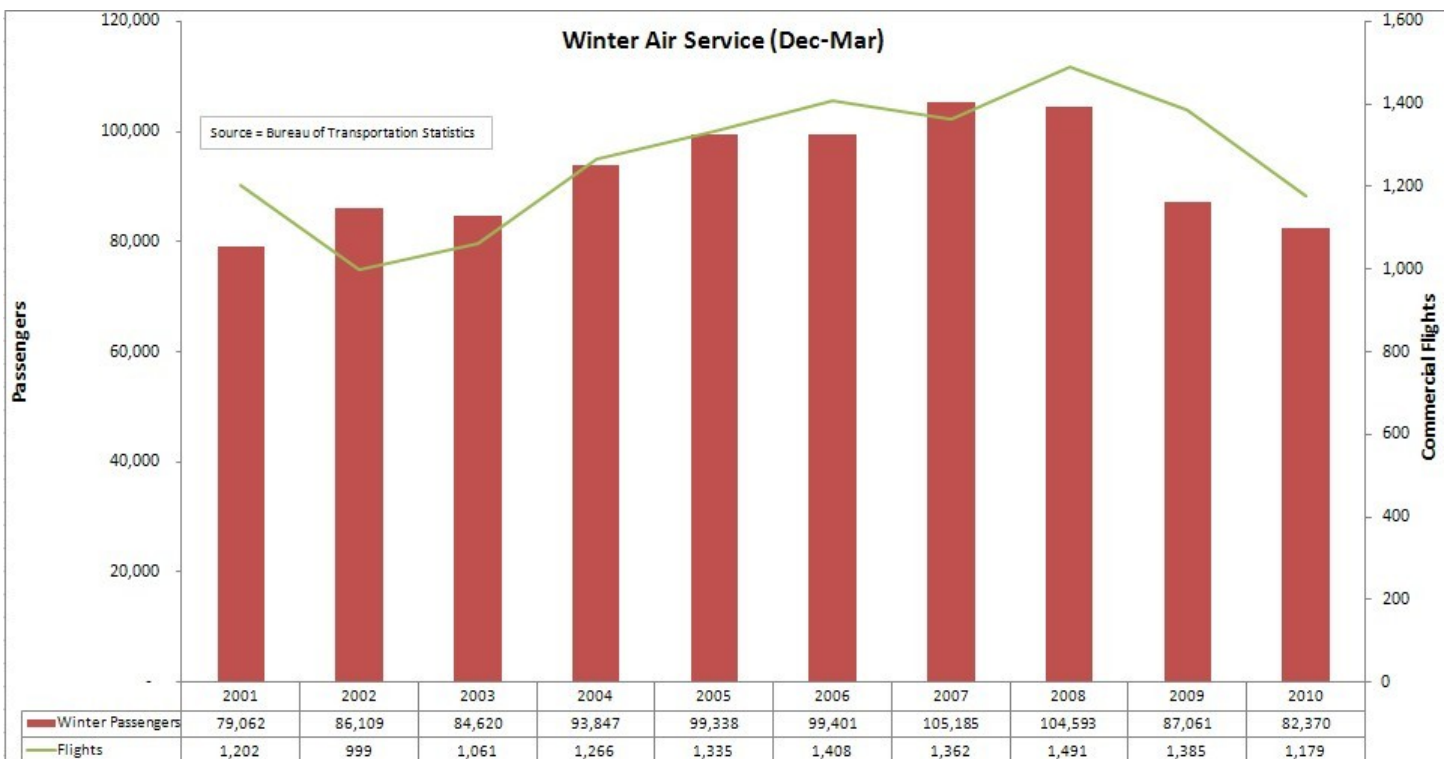
Steamboat Springs = 153

*Interested in Sponsoring your company here?*

*For rate information contact Kate at 970-824-1133 or [kate@yampavalleypartners.com](mailto:kate@yampavalleypartners.com)*

## Transportation

The Yampa Valley Regional Airport is a critical economic infrastructure. It supports those segments of the economy dependent upon the destination resort visitor and it supports an increasing number of residents whose business activities extend beyond the confines of the Yampa Valley. Recognizing the importance of reliable and consistent service, the following economic trends are tracked; passengers and number of planes. This past winter season we see that the number of flights were down as well as number of passengers.



# Construction - Routt

In Routt County over the past 10 years, 2,656 residential building permits were issued. Permits associated with single-family detached and single-family attached (duplex) homes accounted for 97% of the permits and 72% of the total dwelling units. The remaining 28% of the dwelling units were associated with multifamily condominium and town-home units.

The numbers of permits for new residential housing remain at historic lows. In July of 2010, only 2 permits were issues for a combined construction value of \$ \$1,642,682. For the same period the last year 6 permits were issued for a value of \$1,640,328.

Any hope in an increase in residential construction remains far into the future. The construction predictor developed by Yampa Valley Partners needs to see a sustainable level of sales in the 2 to 2.5% of existing inventory for 12 to 15 months before construction activity will begin increase.

## Check out our on-line community indicators

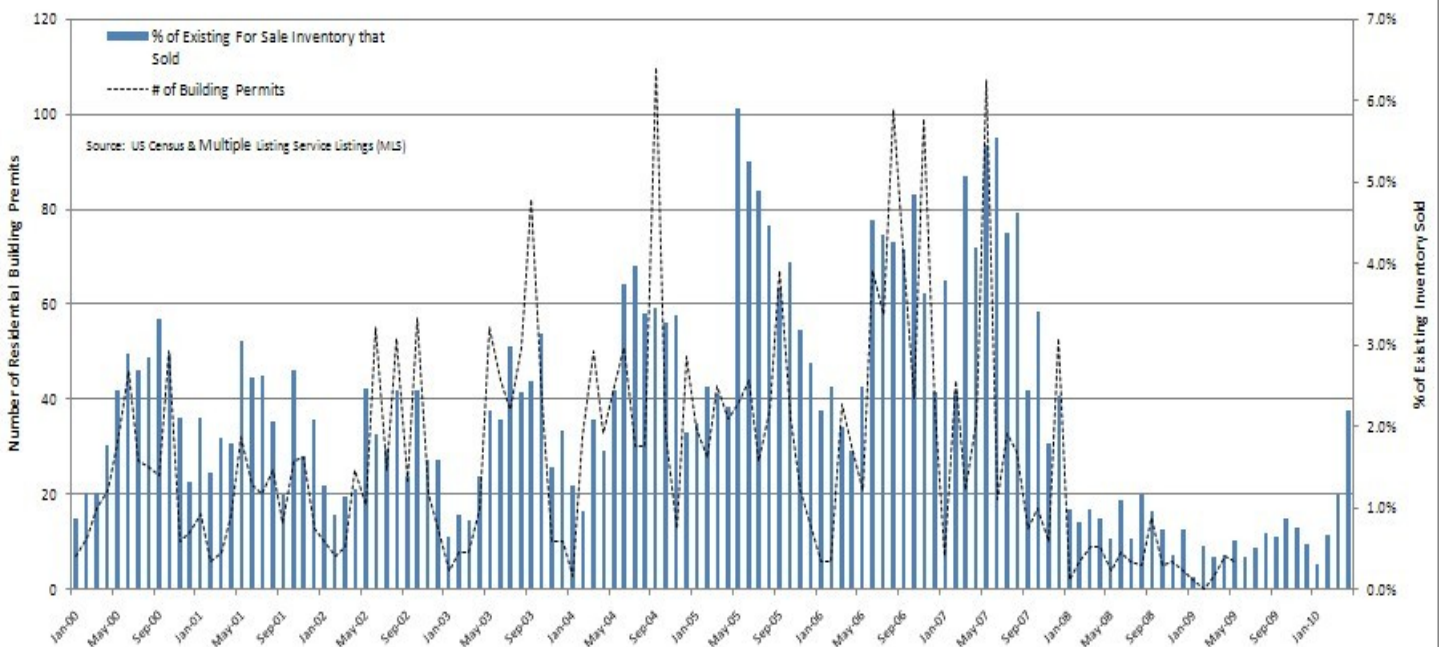
*Strengthening our community through data and collaboration.*

[yampavalleypartners.com](http://yampavalleypartners.com)



### Routt County

% of Existing Housing Inventory Sold compared to the Number of Building Permits Issued (offset by 12 months)



# Energy—Coal

Education on one of our largest economic industries in Northwest Colorado is important. 92% of all coal production in the United States is used by electric utilities. 98.7% of the coal mined in Colorado is used by electric utilities. At least 50% of our base load power comes from coal. All Three NW Counties Combined (Moffat/Rio Blanco/Routt) produce approximately 55% of Colorado’s coal. Coal mines pay higher wages than most industries in our area.

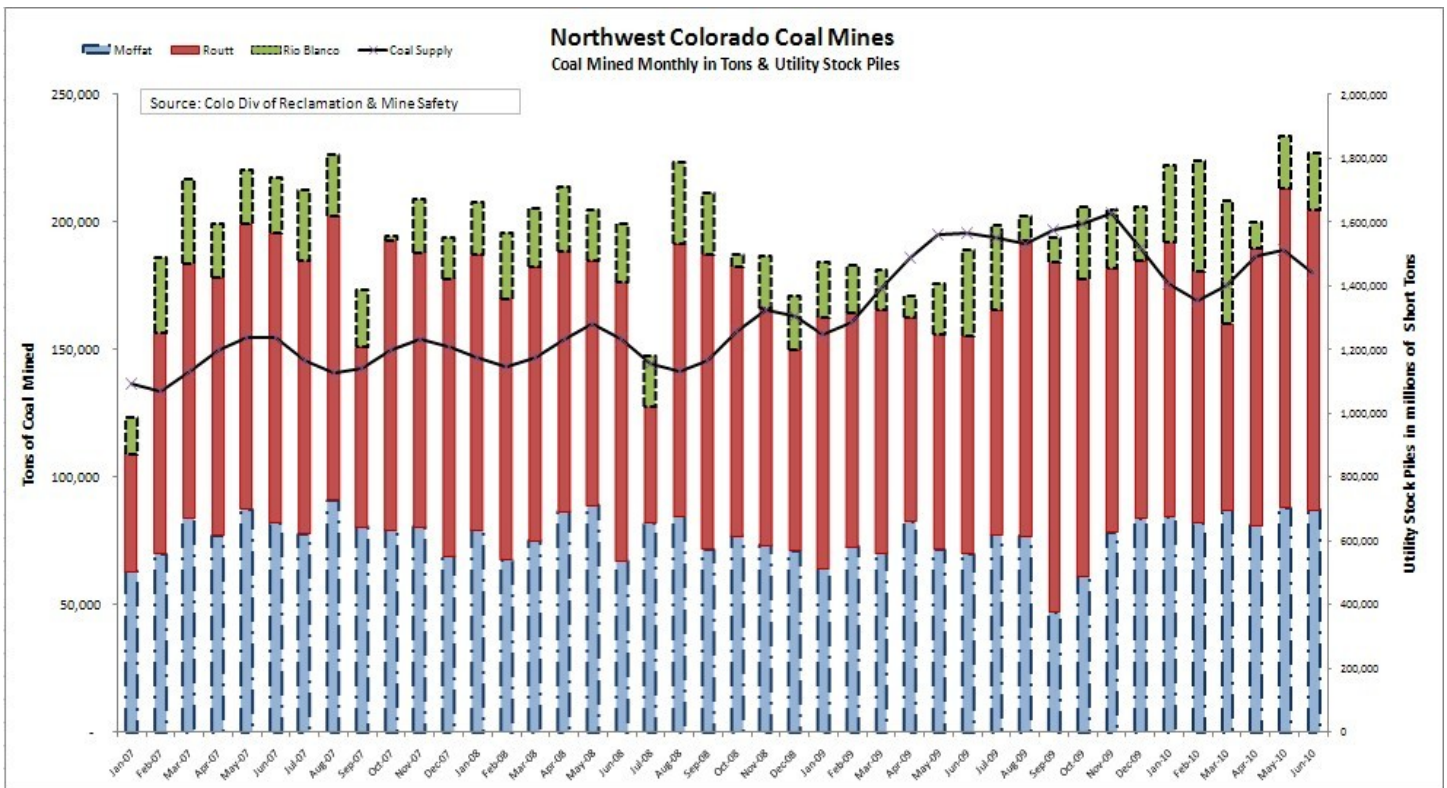
Moffat employment in the mining industry sector (coal and natural gas) is distributed as follows:

- 1% Self-employed
- 16% Working in establishments that have between 2 and 9 employees
- 13% Working in establishments that have between 19 and 99 employees
- 70% Working in establishments that have between 100 and 499

In all three NW Counties combined (Moffat/Rio Blanco/Routt) 16% of Private Sector Earnings came from mining (14% of total earnings when government is included) The four mines in Northwest Colorado employ approximately 1,031 miners last quarter: Moffat = 398, Rio Blanco = 166, Routt = 467

Source: Bureau of Economic Analysis

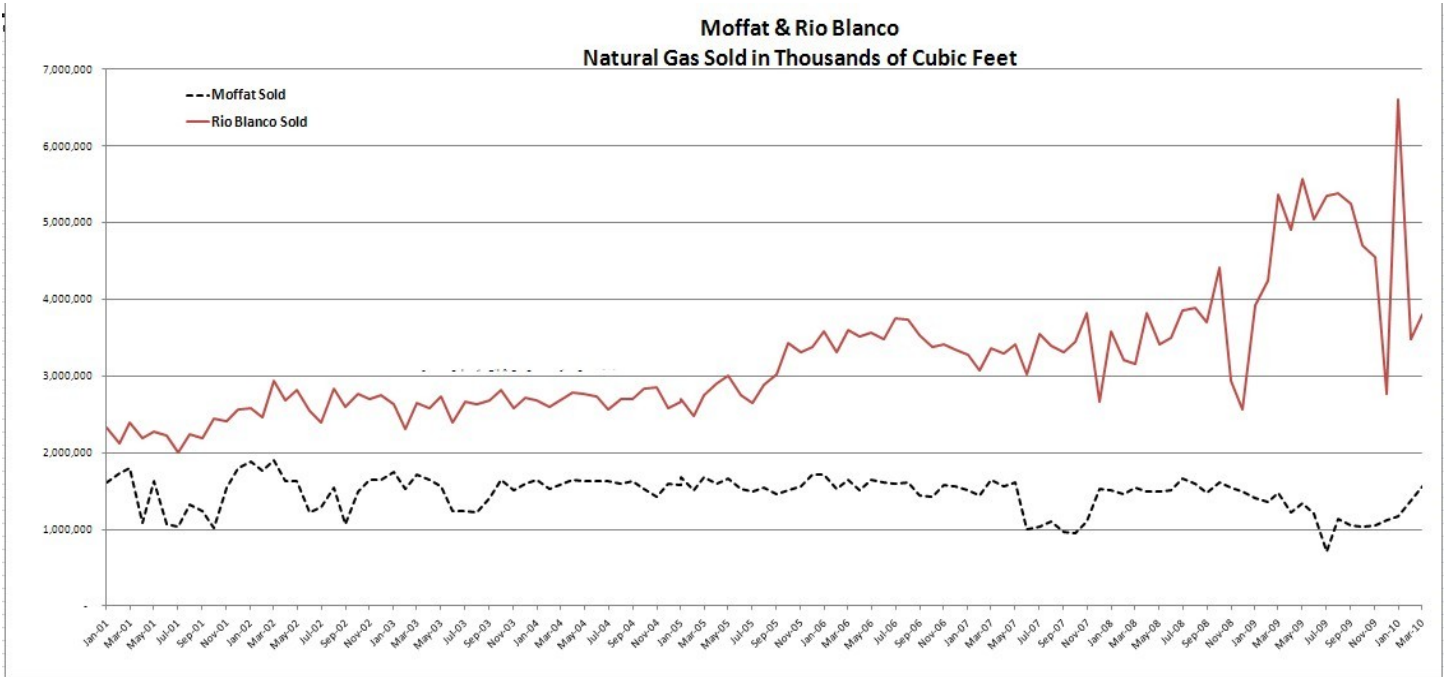
**Outlook Coal** The three counties combined account for 55% of coal production in the state of Colorado. The chart below shows the 3 main mines in our area by coal production. The solid horizontal line depicts the utility stockpile number. Coal production remain strong in our region.



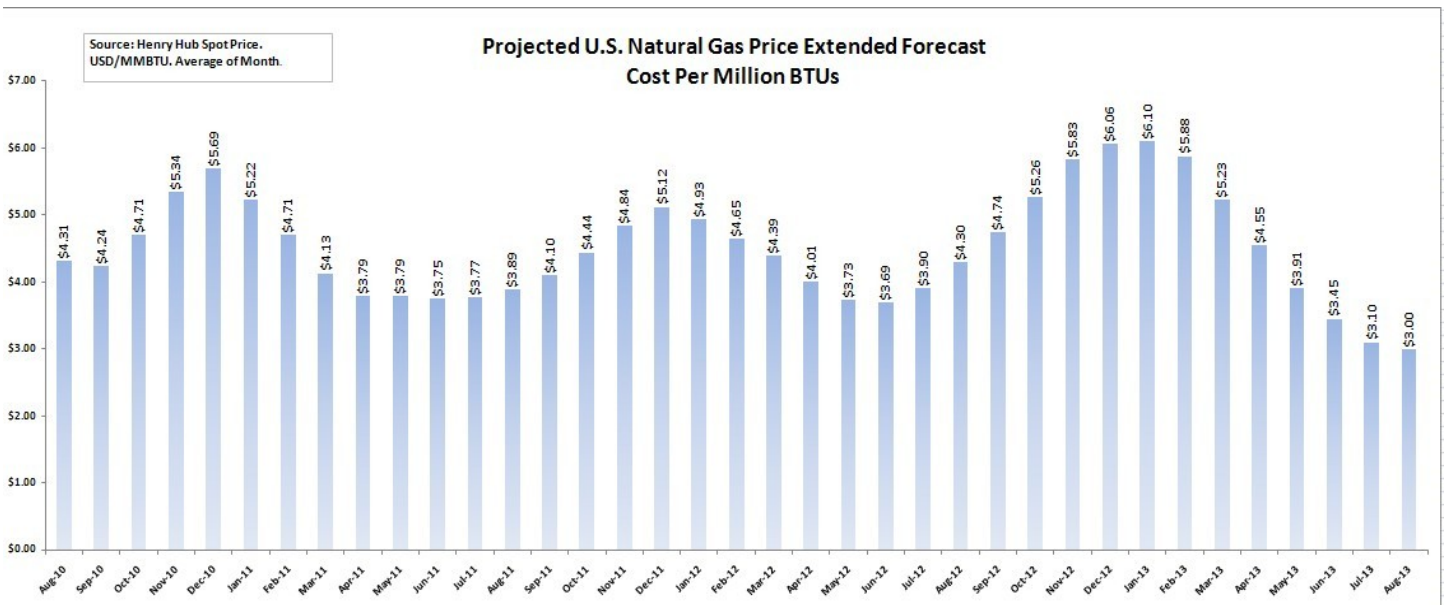
Find environmental, civic, social and economic data on-line at the community indicator tool found at [www.yampavalleypartners.com](http://www.yampavalleypartners.com)

# Energy- Natural Gas

**Outlook Natural Gas** Over the past 10 years Rio Blanco has accounted for 68% of the total natural gas production sold in the state of Colorado.



Natural gas production is going to exceed demand and we'll see this reflected in pricing. Nationally it is projected that production of natural gas will exceed demand until the 1st Qtr of 2013. Of natural gas users, the largest decline will take place amongst the residential user during this period.



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**Yampa Valley Partners Vision**

Yampa Valley Partners is recognized by our community and its leaders as a vital resource and partner for collaborative work among local government, citizens, voluntary civic groups, the business community and philanthropic organizations in communicating and addressing critical issues of regional concern.

*Yampa Valley Partners is a 5013c non-profit organization and appreciates donations.*

## Recharge Colorado Website a Wealth of Information

The all encompassing energy efficiency website, [www.rechargecolorado.com](http://www.rechargecolorado.com) lists all available tax incentives, rebates, contractors, grants for the state of Colorado. By entering your zip code and choosing either residential or commercial, you can find what is available locally here in northwest Colorado.

With the weather changing now is the time to consider getting an qualified home energy auditor to assess the efficiency of your home. The Recharge Colorado website is offering rebates on home energy audits. The tiered rebate is between \$25 to \$100 depending on cost of audit.

If job cost is \$76 to \$124, is \$25

If job cost is \$125 to \$184, then \$50

If job cost is \$185 to \$239, then \$75

If job cost is \$240, then \$100

Atmos Energy is offering rebates on home energy audits and you can use the Recharge Colorado rebates too. See chart below.

	Option 1	Option 2	Option 3
Audit Cost	\$200	\$250	\$300
Atmos Rebate	\$124	\$100	\$100
Subtotal	\$76	\$150	\$200
Recharge Colorado Rebate (While Available)	\$25	\$50	\$75
Your Cost	\$51	\$100	\$125

## Several Simple Ways to Save Money for Your Home's Energy Costs

### Air seal and insulate your attic!

**Insulation** More than 50% of the energy used in a typical American home is for space heating and cooling. Much of that conditioned air escapes through poorly sealed, under-insulated attics. Only 20% of homes built before 1980 are well insulated. Properly sealing and insulating your attic can save you up to 10% annually on energy bills. You can also save by insulating your home's ventilation ducts.

### Duct Insulation

Properly insulating air ducts located in unconditioned spaces such as attics, crawl spaces, garages, or unfinished basements can help improve your home's energy efficiency.

Air ducts supply conditioned air from your space heating and cooling equipment to your living spaces. They also return an equal volume of air back to the equipment to be conditioned again.

Ducts are typically made out of thin metal materials that easily conduct heat. Therefore, uninsulated or poorly insulated ducts in unconditioned spaces can lose through

conduction 10%–30% of the energy used to heat and cool your home. The heating and cooling equipment then has to compensate for the heat loss and gain by conditioning additional air. This added conditioning raises a homeowner's energy bills. In addition, when ducts lose heat through conduction, rooms served by long duct runs can experience "cold blow" during the winter because they usually have lower heating-supply temperatures.

Ducts in conditioned spaces experience minimal conductive losses and gains since they are exposed to indoor air temperatures. However, these ducts may also require some insulation to prevent condensation on duct walls and to ensure that conditioned air is delivered at the desired temperature.

### Air Sealing

Air leakage, or infiltration, occurs when outside air enters a house uncontrollably through cracks and openings. Properly air sealing such cracks and openings in your home can significantly reduce heating and cooling costs, improve building durability,

and create a healthier indoor environment.

It is unwise to rely on air leakage for ventilation because it can't be controlled. During cold or windy weather, too much air may enter the house. When it's warmer and less windy, not enough air may enter. Air infiltration also can contribute to problems with moisture control. Moldy and dusty air can enter a leaky house through such areas as attics or foundations. This air in the house could cause health problems.

The recommended strategy in both new and old homes is to reduce air leakage as much as possible and to provide controlled ventilation as needed. Most experts agree that caulking and weatherstripping—two simple air sealing techniques—will pay for themselves in energy savings within one year. Applying these techniques will also alleviate drafts and help your home feel warmer when it's cold outside. Information for this article came from [www.energysavers.gov](http://www.energysavers.gov).

Kate Nowak is the regional Community Energy Coordinator for the area as well as the executive director for Yampa Valley Partners. Contact Kate with questions at [Kate@yampavalleypartners.com](mailto:Kate@yampavalleypartners.com)