



Yampa Valley Partners Regional Economic Forecast

Moffat, Rio Blanco and Routt Counties

New Regional Forecast Newsletter

2nd Quarter 2010
Volume 1, Issue 1

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The purpose of the Yampa Valley Partner Economic Forecast Newsletter is to provide businesses, government officials and nonprofit management with updated data and forecasting to help manage their respective businesses. We have targeted the top industry sectors in the valley such as Retail Sales,

Real Estate, Construction and Energy. Statistics from the top, local industries along with some key information on consumer confidence, unemployment, and retail sales will give a well-rounded picture of our local economy. The newsletter will be published on a quarterly basis. Look for the next issue to be published the end of June.

We are interested in provided the information you need so please give us your feedback to info@yampavalleypartners.com. Thank you and let us know your thoughts!

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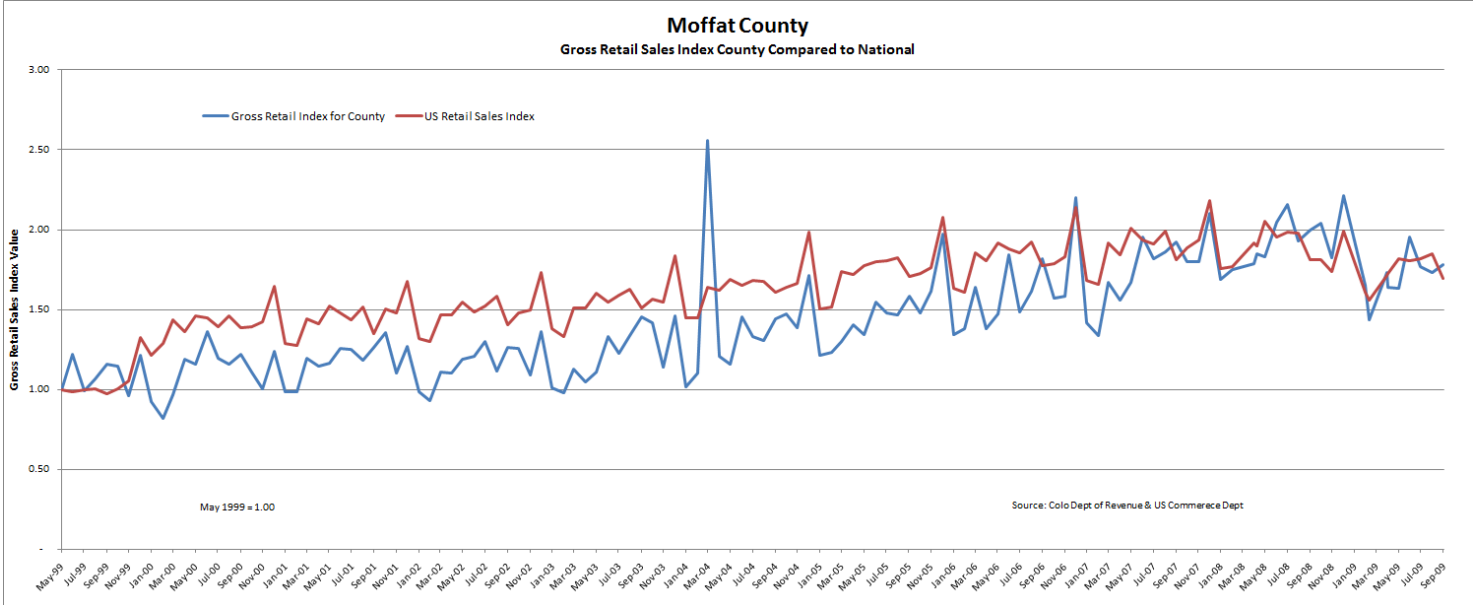
Retail Sales

In this first newsletter, a comprehensive analysis of gross retail sales was made for both Moffat and Routt counties. Monthly gross retail sales data for over 10 years from the Colorado Department of Revenue was used to do this analysis. State data was used since the basis of reporting is the same for both counties. For each county this data was correlated with population increases for the same period, national retail sales and Consumer Confidence Index. The purpose for doing this level of analysis was to determine a reasonable way to forecast retail sales at the county level. This newsletter contains a

monthly gross retail sales forecast for April – June of 2010.

For both counties very modest gains in retail sales are being projected for the coming quarter. The projected gains in April-June of 2010 will be in the 4.5% range over 2009 results. The decline in first quarter of 2009 compared to the first quarter of 2008 was 13.8%. As a region, we are climbing out of a hole. Projected gross retail sales for the next 90 days will be very similar to sales levels of 2006.

Retail Sales - Moffat County



Moffat County Gross Retail Sales Forecast

Forecast Confidence
Range

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

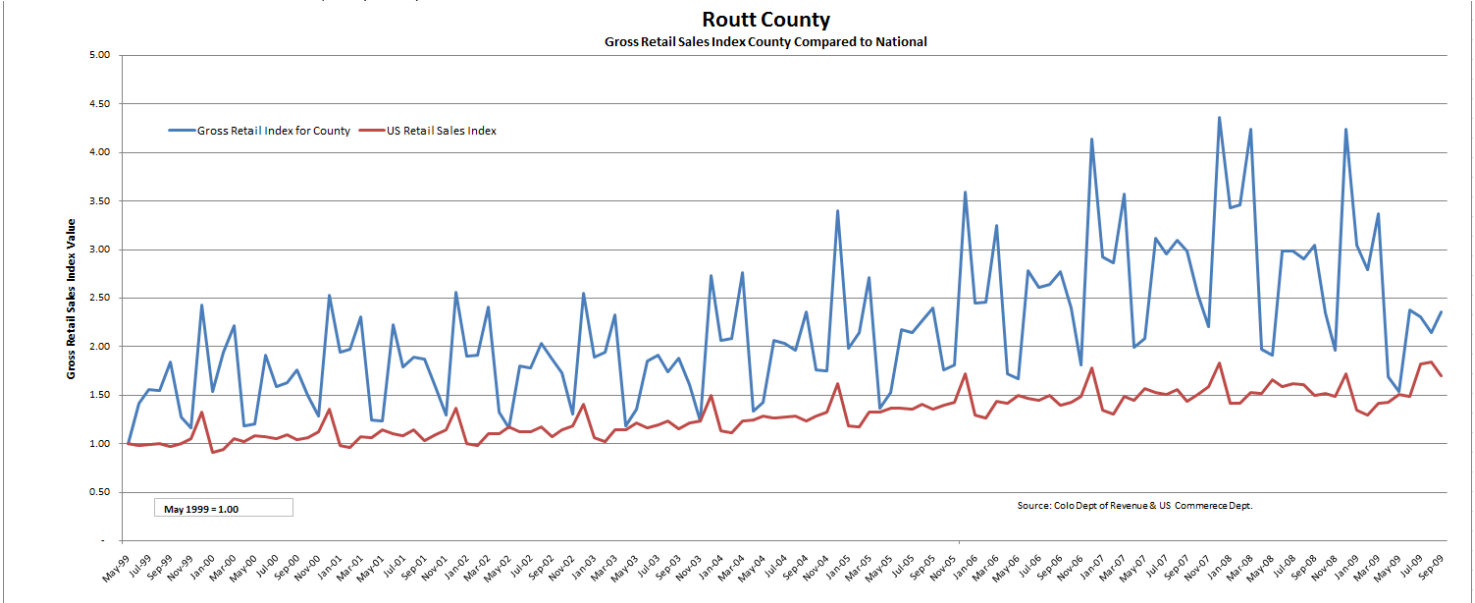
50% Correct Value = 10

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.

Month/Yr.	Year over Year Change in Gross Retail Sales, Projected Percent.	Projected Gross Retail Sales	50% +/-	80% +/-
Apr-10	4.8%	\$30,094,000	1.9%	4.2%
May-10	5.3%	\$30,033,000	2.2%	4.8%
Jun-10	4.1%	\$35,620,000	2.4%	5.3%



Retail Sales - Routt County

Routt County Gross Retail Sales Forecast

Forecast Confidence
Range

Month/Yr.	Year over Year Change in Gross Retail Sales, Percent.	Projected Gross Retail Sales	50% +/-	80% +/-
Apr-10	4.8%	\$54,068,000	1.9%	4.2%
May-10	5.3%	\$49,479,000	2.2%	4.8%
Jun-10	4.1%	\$75,627,000	2.4%	5.3%



Employment

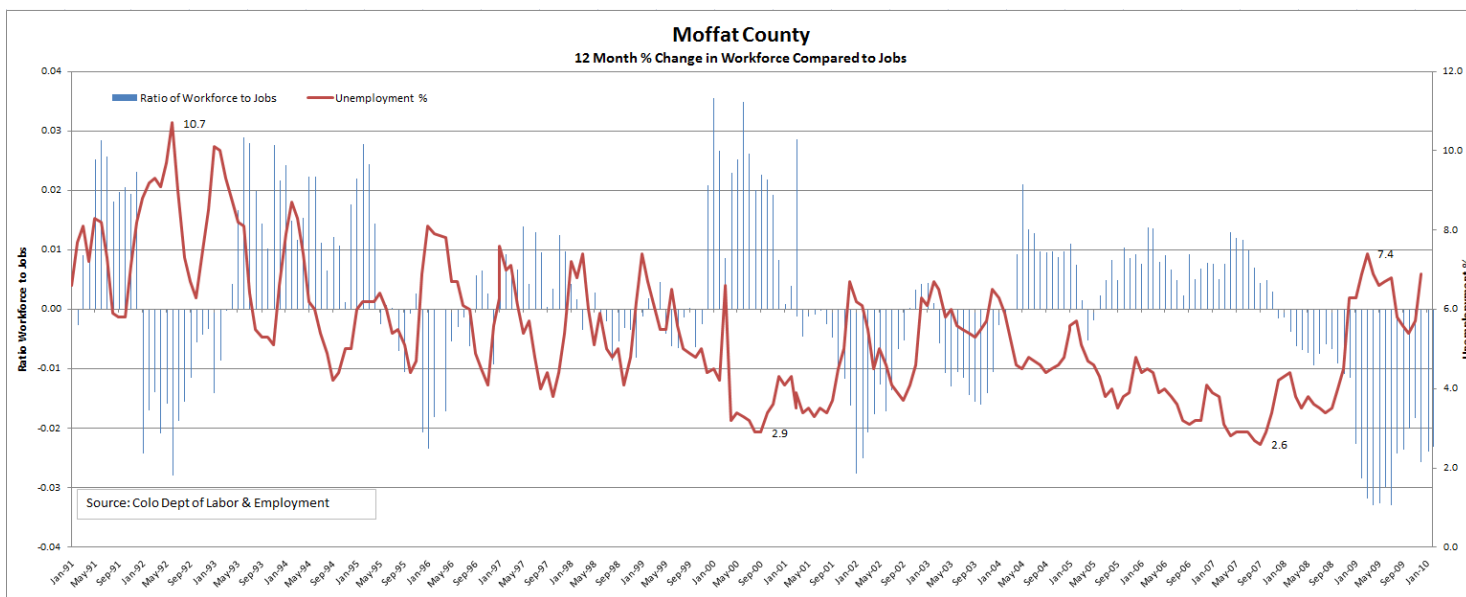
Although often the most visible and heartfelt in any area, the percentage of employment is a trailing economic indicator. This simply means that during a recession it will lag behind other economic indicators. It is typically the last major economic indicator to recover. In addition, there is a fluid nature to employment. This means that as jobs are created or loss in an area the civilian workforce will expand or contract. As jobs are created people flow into the area and as jobs are loss people will eventually move or flow out of the area needing to seek employment in other areas.

Because it is visible and heartfelt, there is a great temptation to focus solely on the percentage of unemployment. Although this is an important number, it does not tell the full story because it does not recognize the fluid nature of employment. To recognize the fluid nature a useful assessment is to graphically compare the twelve-month percentage change in the number of employed persons with the twelve-month percentage change in the civilian labor force.

This method is proposed by Robert J. Fountain, California State University, of Sacramento., as a means to help government and business at the county level to have a more accurate assessment of the employment situation locally. The theory suggests that as long as the percentage change in the Number of Persons Employed is larger than the percentage change in the Civilian Labor Force, for that area, that the county is in good economic health. The reverse is true as well. A negative number indicates that the area is under economic stress. This approach is simply known as the "Predictor Indicator."

The Predictor Indicator is far more useful than tracking only the unemployment percentages month to month. This is particularly true in counties with populations less than 50,000 because small changes in either the numerator and/or the denominator used to calculate the unemployment percentage can result in wide swings in the unemployment percentage reported by state agencies.

Employment - Moffat County



February 2010 was the 27th consecutive month where the Predictor Indicator for Moffat County has been negative. The largest negative month in the current pattern occurred in July 2009 with a value of (-.0329). The trend in Moffat County is toward the positive. If the current trend continues it is forecasted that the Predictor Indicator will be positive in the 4th quarter of 2010.

Revised data 4/2/2010

Unemployment Forecast for Moffat County (Next 3 months)

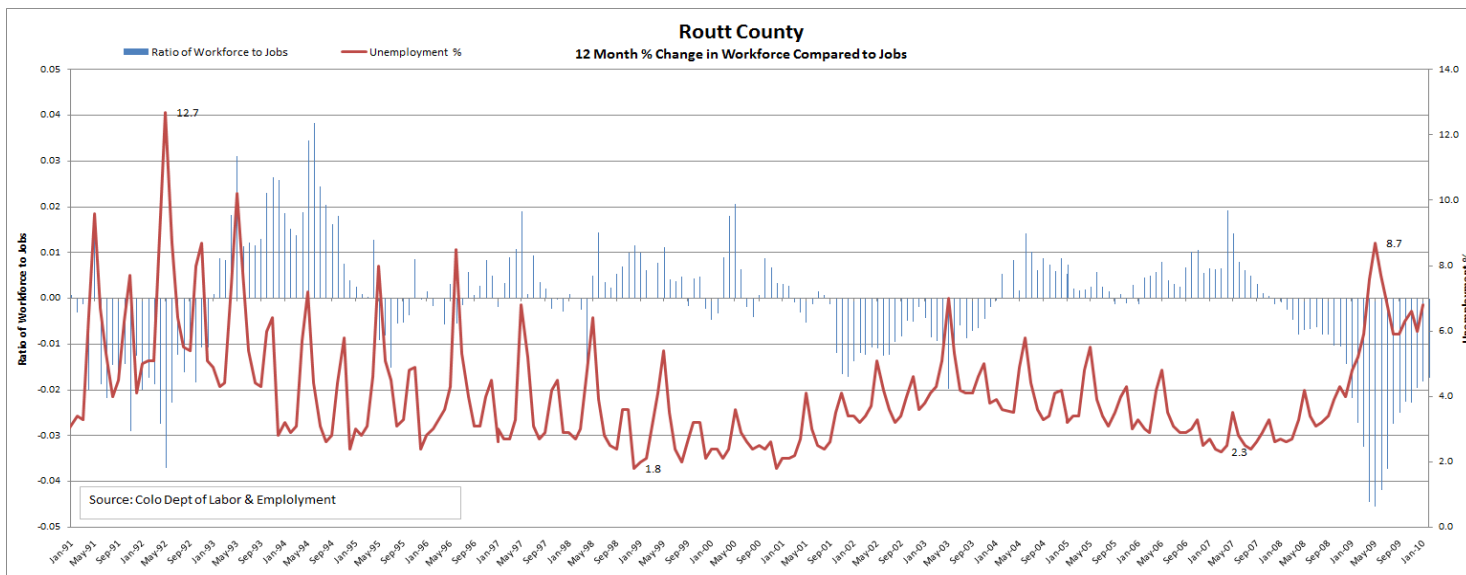
Unemployment Forecast for Routt County (Next 3 months)

Month	Confidence Factor		
	Projected Unemploy %	50%	80%
		Correct +/-	Correct +/-
Apr-10	9.3%	0.30%	0.60%
May-10	8.9%	0.30%	0.60%
Jun-10	9.1%	0.30%	0.70%

Month	Confidence Factor		
	Projected Unemploy %	50%	80%
		Correct +/-	Correct +/-
Apr-10	10.8%	0.30%	0.60%
May-10	11.8%	0.30%	0.60%
Jun-10	10.9%	0.30%	0.70%

Employment - Routt County

February 2010 was the 27th consecutive month where the Predictor Indicator for Routt County has been negative. The largest negative months in the current pattern occurred in May 2009 with a value of (-.0456). The trend in Routt County is toward the positive. If the current trend continues it is forecasted that the Predictor Indicator will be positive in the 4th quarter of 2010.



Thank you to
 Mountain Learning Network
 and Scott Ford for his economic insights in
 developing this
 newsletter

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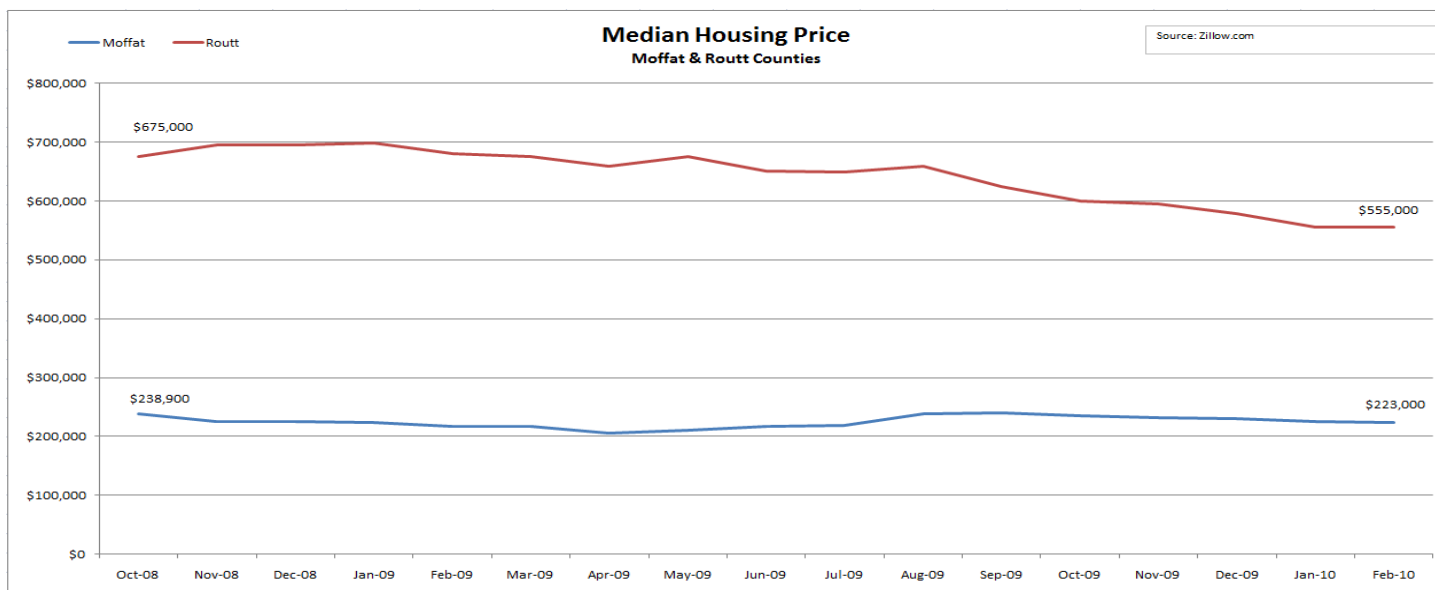
Contact Kate at 824-1133 or kate@yampavalleypartners.com

Real Estate

Here are the changes in median housing price in Moffat and Routt counties. You can attain this monthly data through Fast Facts on the Yampa Valley Partners website.

County	Month over Month	Quarter over Quarter	Year over Year	Median Price
Routt	No change	- 7.6%	- 19.1%	\$550,000
Moffat	- 0.9%	- 3.9%	+ 2.3%	\$223,000

Source: Zillow.com



Foreclosure Activity

Housing units that received a pre-foreclosure or foreclosure notices during 2010.

Month	Moffat	Routt	Colorado	Nationwide
January	1 in 779	1 in 984	1 in 422	1 in 405
February	N/A	1 in 447	1 in 417	1 in 418

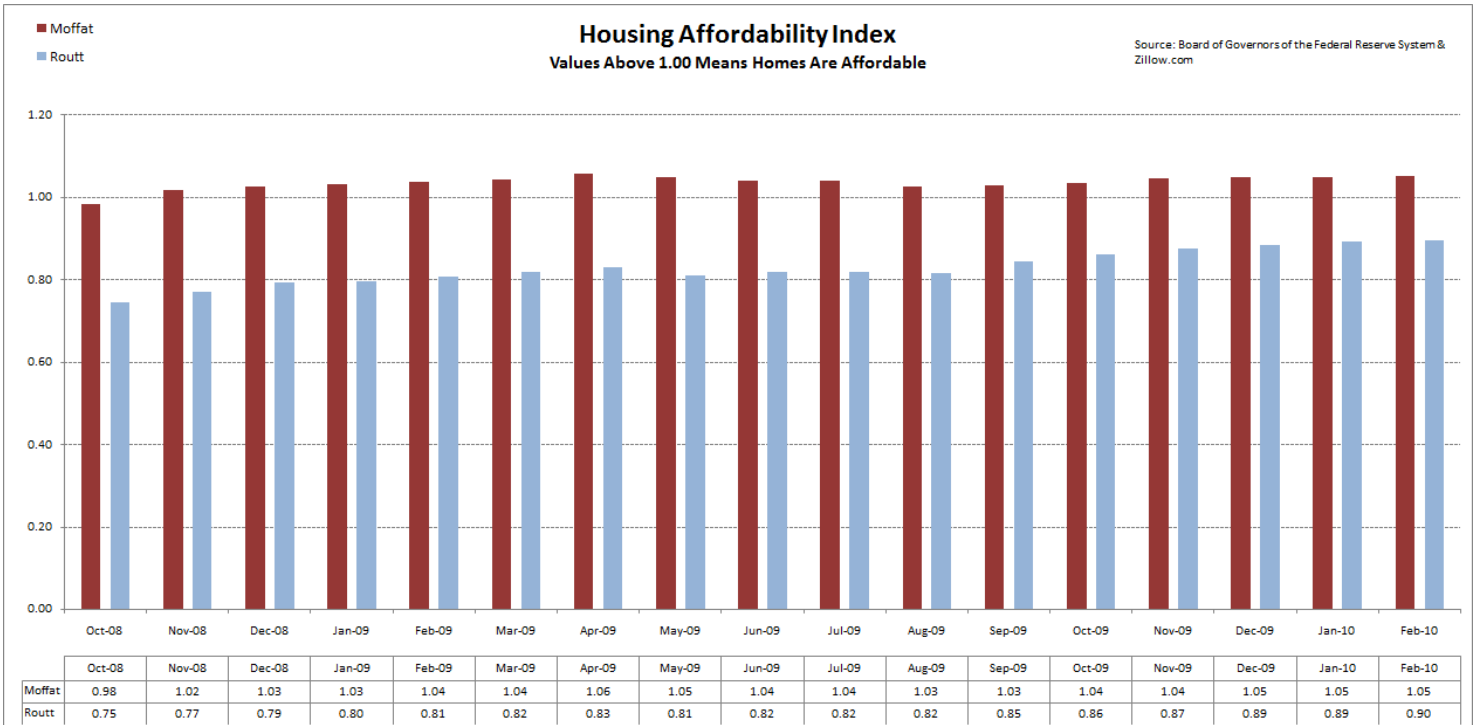
Source: Realtytrac as of 03/01/2010

Housing Affordability

The Housing Affordability Index is a calculation modeled after an index calculated monthly by the National Association of Realtors (NAR). The NAR index measures whether or not a family could qualify for a mortgage loan on a typical home. A typical home is defined as the median listing price during the month for an existing single family home. The typical family is defined as a family of four earning the area median income as reported by the US Census Bureau. To interpret the indices, a value of 1.00 means that a family earning at least the area median income has exactly enough income to qualify for a 30 year fixed mortgage on a median-priced home. An index above 1.00 signifies that a family earning the median income has enough income to qualify for a mortgage loan on a typical family home. The calculation assumes a down payment of 20 percent of the home price and it assumes a qualifying ratio of 25 percent. That means that the monthly payment (P&I) cannot exceed 25% of the monthly median family income.

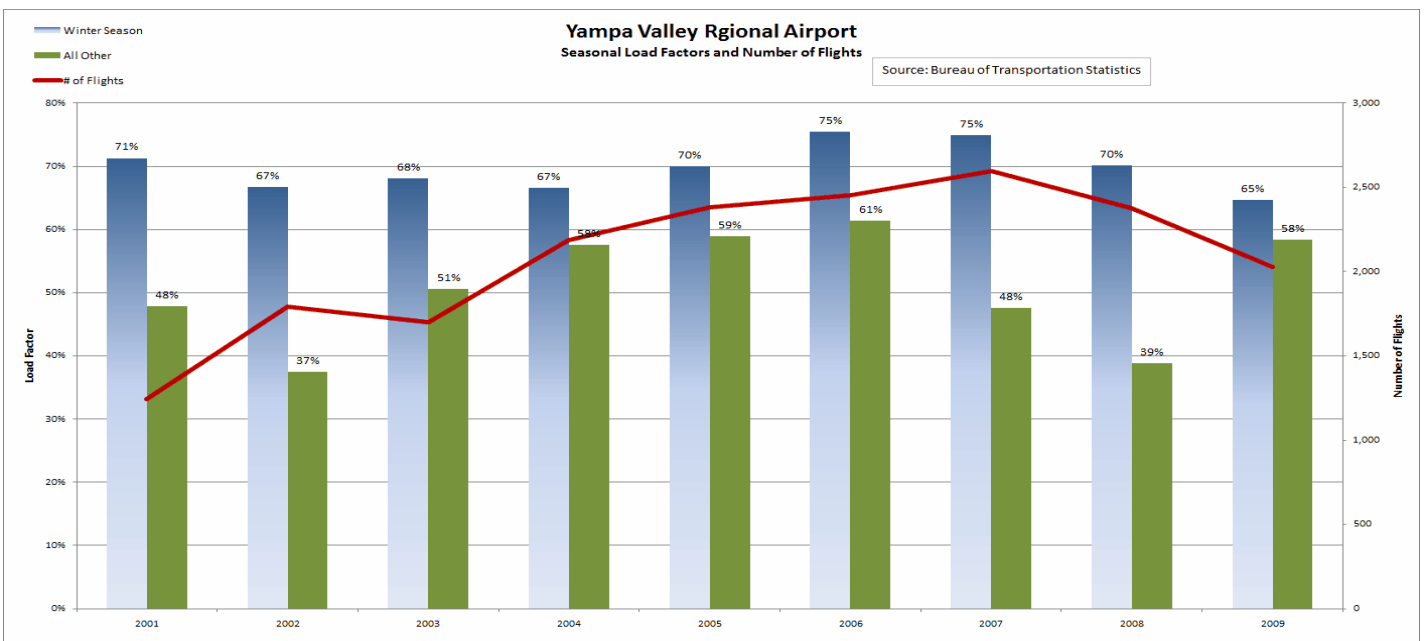
Real Estate

The following local modifications that have been made: All data is on the county level. We used Median List Price (Data Source = Zillow.com). Mobile Homes were excluded in the Median Listing Price. Homes Included single family duplex, multi-family, townhome/condo, median family income at the county level by US Census Data, actual 30 year fix mortgage rate by the Federal Home Loan Mortgage Corporation.



Transportation

Reliable and consistent year-round air service into and out of the Yampa Valley 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.



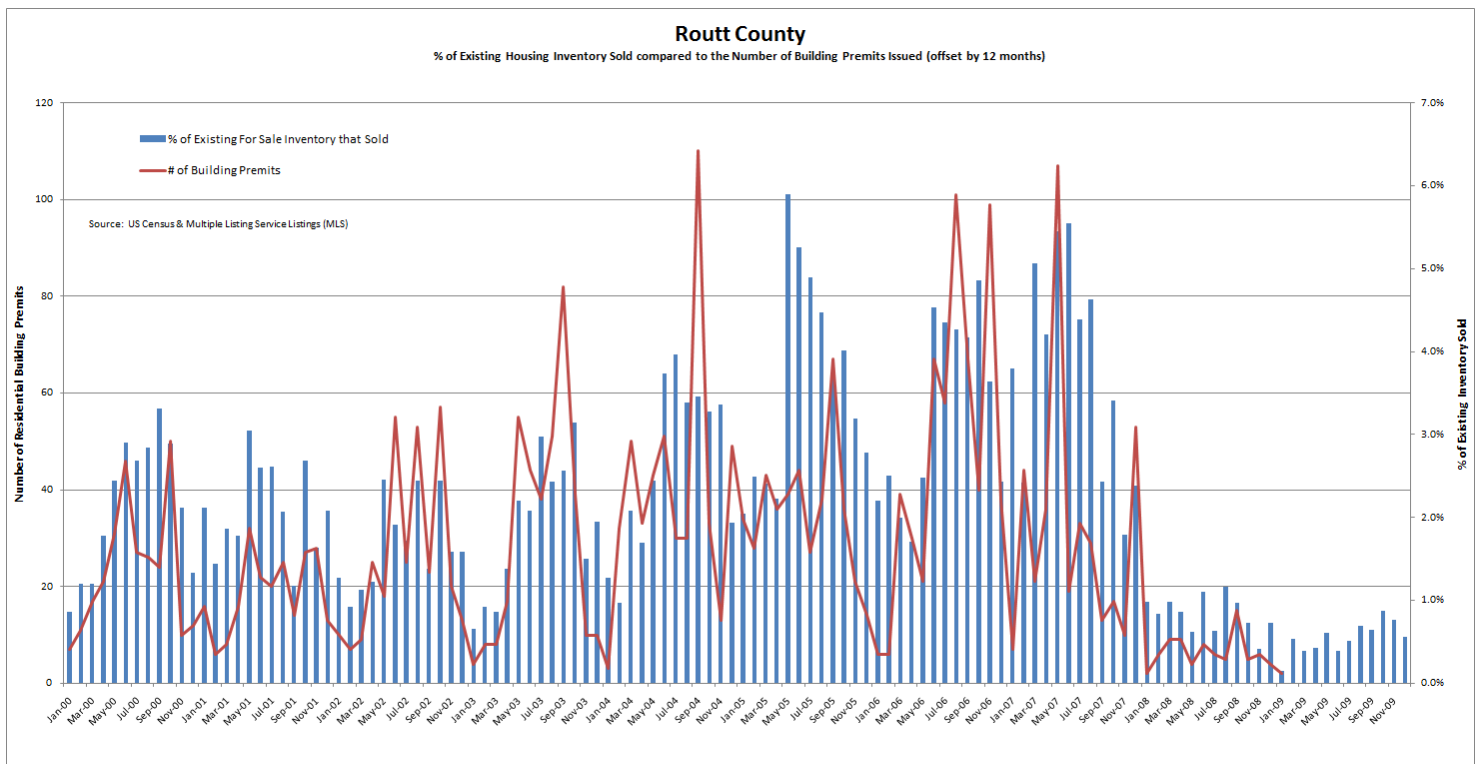
Construction - Routt

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.

Predicting trends in construction is no easy task. The challenge was to find a strong predictive correlation across diverse sets of data. We believe we found one that correlates building permit data and percent changes in existing for sale inventory. A very strong predictive correlation exist between the ratio of single family homes sold to the total for sale inventory compared to the number of building permits issued. The predictive correlation is made stronger by offsetting the number of permits issued by 12 months. This offset recognizes the lag that would logically occur when buyers faced with an increasingly limited inventory make the decision to build vs. buy an existing home.

From a predictive perspective locally, we should not expect any meaningful increase in residential building permits until the ratio of sold homes to existing inventory begins to exceed 2%. This simply means when sales of existing homes exceeds 2% of available inventory we can reasonably predict that building activity will follow in roughly the same order of magnitude in 12 months.

As of the end of January 2010, the Routt County Predictive Housing Construction Ratio was 0.3%. Recognizing the important role construction activity plays in the economy, this ratio will be calculated quarterly to help forecast construction activity in the next 12 month period.



Energy

This industry sector is influenced by national/global energy commodity pricing. For this reason, the newsletter will focus on both local production and national supply and price. 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. The coal mined in Colorado during 2008 represented 2.7% of nation's total coal production.

The summer months are typically the peak months for coal consumption by the utility companies. The summer of 2009 was cooler than many of the previous summers. As a result, utilities used less coal.

In 2007 the mining industry sector, which includes oil and gas and actual mining activities accounted for approximately 10% of the personal income, generated in the three northwest Colorado Counties.

Mining Contribution to Personal Income

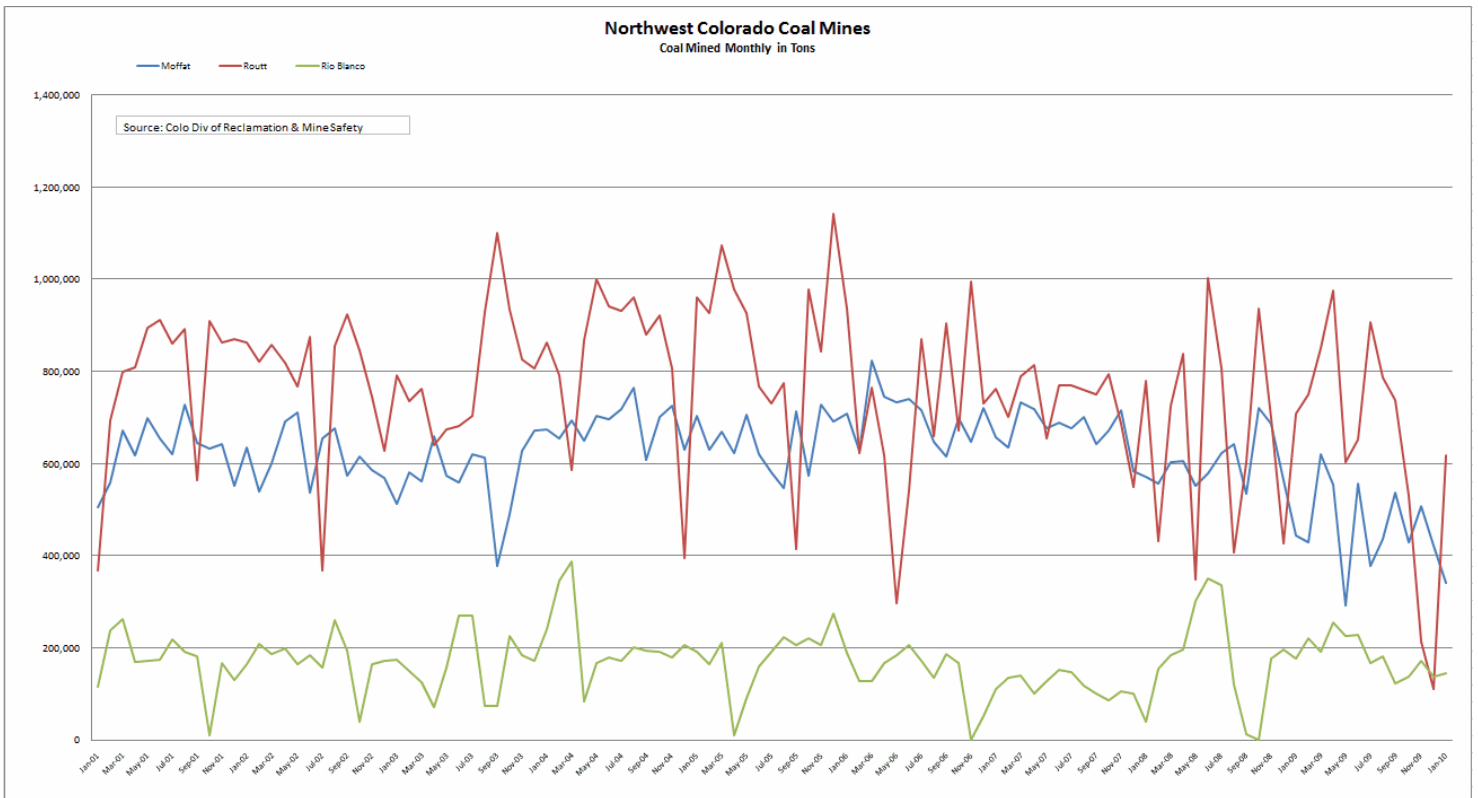
Moffat = 12%

Rio Blanco = 28%

Routt = 6%

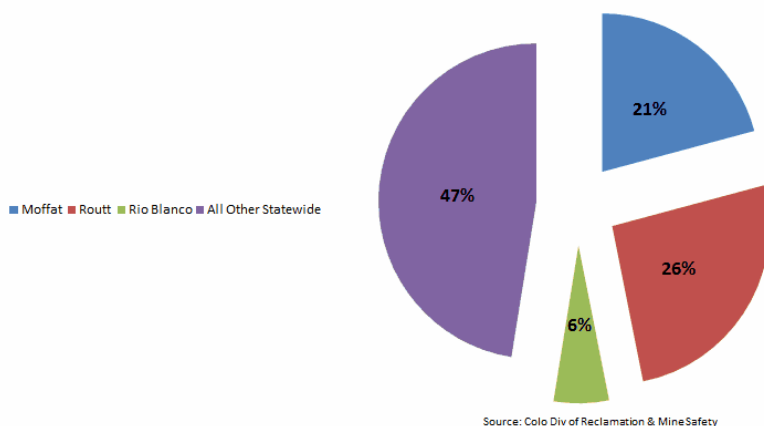
Source: Bureau of Labor Statistics

Outlook Coal The three counties combined account for 53% of coal production in the state of Colorado.



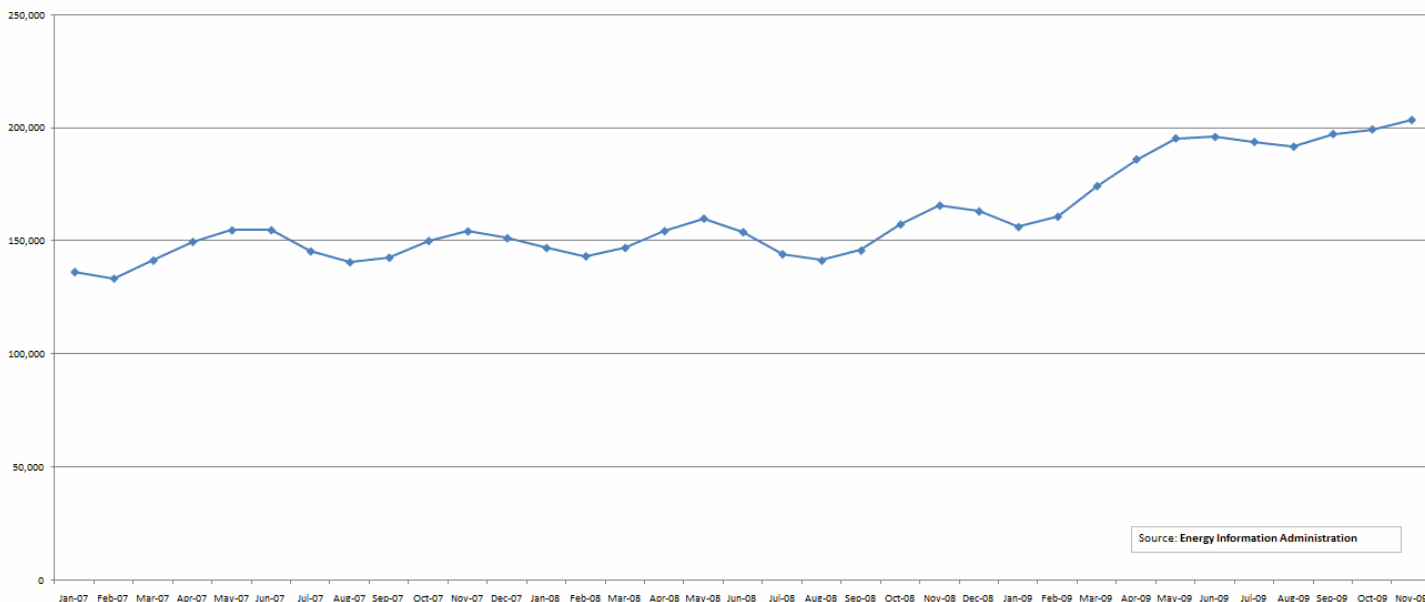
Energy

Tons of Coal Mined by Northwest Colo Coal Mines by County
As % of State Total (2001 - 2009)

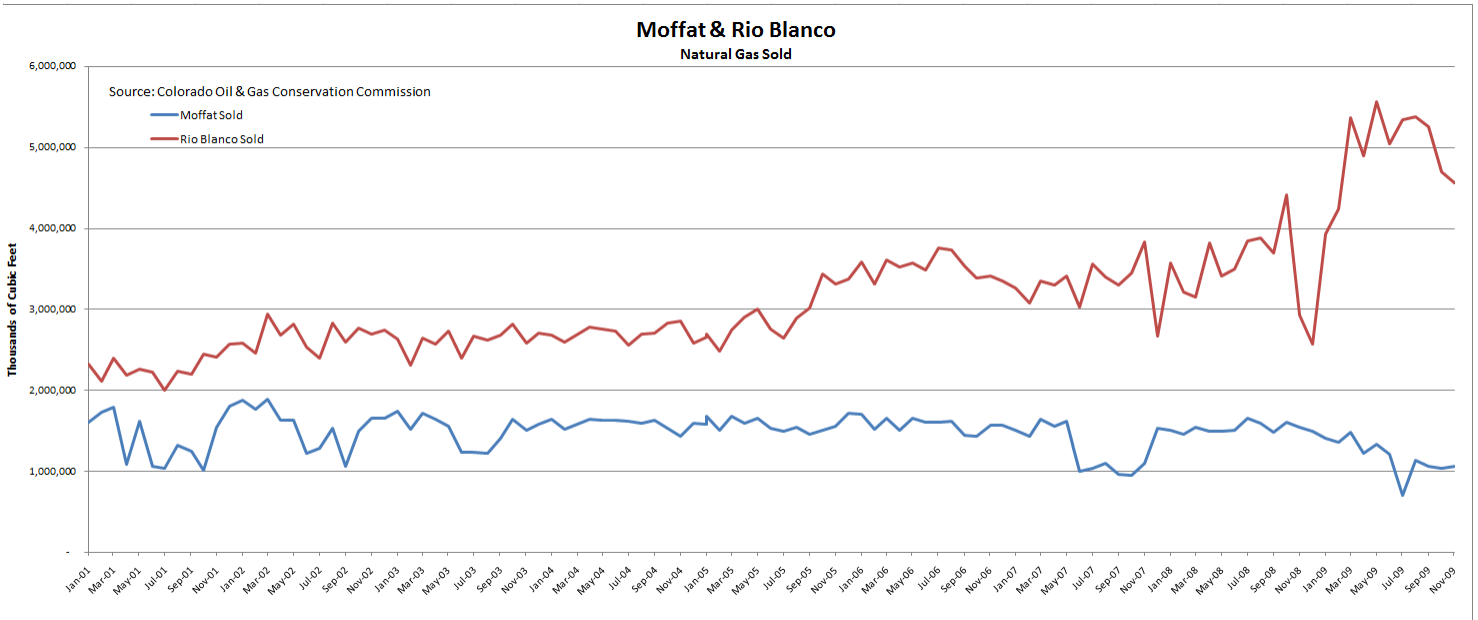


Compared to the prior two years coal consumption by utilities in July and August of 2009 was down 12%. In anticipation of typical summer usage that did not occur, currently utility stockpiles of coal are high. Until existing stockpiles of coal are drawn down, the US Department of Energy is forecasting a slight decrease in the need for additional coal production for most of 2010 compared to recent years. This newsletter will monitor the utilities stockpiles of coal to anticipate changes in production demand.

United States Electric Utilities
Utility Companies Coal Stock Piles in Thousands of Tons



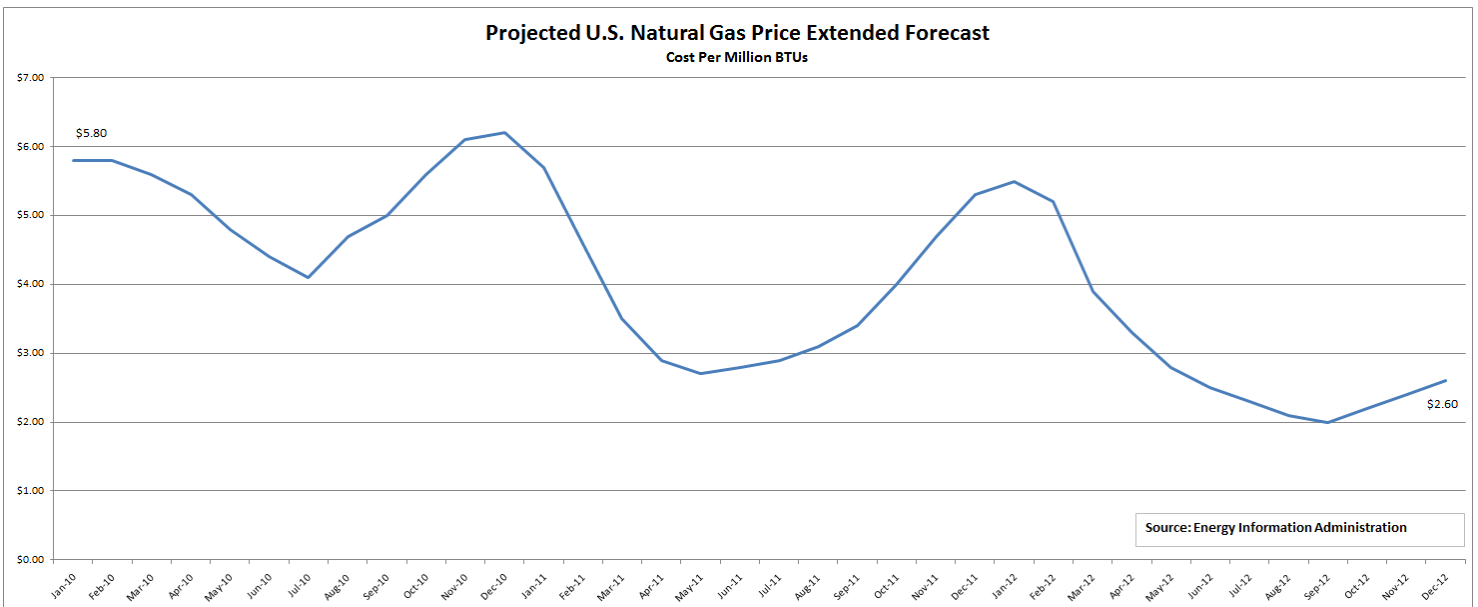
Outlook Natural Gas In the three counties of Moffat, Rio Blanco and Routt, over the past 10 years Rio Blanco has accounted for 68% of the total natural gas production sold in the state of Colorado.



The US Department of Energy is forecasting that as of December 2012 the cost for natural gas will average about \$2.60 for million BTUs. This will represent over a 50% decline from January 2010 pricing. The confidence factor for December 2012 pricing is:

50% Correct +/-	80% Correct +/-
\$.70	\$ 1.50

Nationally it is projected that production of natural gas will exceed demand until the 1st Qtr of 2013. Of the users of natural gas, the largest decline will take place amongst the residential user during this period.





YAMPA VALLEY PARTNERS

Strengthening our community through data and collaboration

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Looking for unemployment numbers? School figures? Real estate facts? Fast Facts are on-line at yampavalleypartners.com

Community Indicators tool is live on-line at yampavalleypartners.com or the Steamboat Pilot or Craig Daily Press websites

Purpose

Yampa Valley Partners is a non profit organization of Routt and Moffat counties that provides community information in the form of Community Indicator Reports and regional summits. YVP facilitates community discussions and regional forums based on indicator data and issues critical to the community.

Mission

Yampa Valley Partners will support healthy communities in Routt and Moffat counties through development and analysis of community indicators, anticipating emerging regional issues and facilitating communication, cooperation and collaboration among valley communities to address these emergent challenges.

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 Receives Governors Energy Office CEC Grant

On December 14, 2009, Yampa Valley Partners was informed that the Community Energy Coordinator (CEC) grant of \$120,000 over two years was awarded to the organization. The CEC will be the liaison between the GEO office and the three county area of Routt, Moffat and Rio Blanco. The main responsibility besides informing the community about grants, financing and programs will be to develop a three to five year regional sustainability plan for the three county area. Key community members will be involved in this process which will span several months.

The GEO web site has a wealth of information on programs for commercial and public buildings, electric utilities, performance contracting for greening the government, renewable energies and residential buildings. Each month new rebates, financing and grants are available in the above sectors. The GEO web site is one that you'll want to add to your fa-

vorites and check often. <http://www.colorado.gov/energy/>

In April, GEO is launching a Main Street program for small and large businesses in cities and town. There are two programs 1) grant opportunities 2) Main Street in a Box that has a myriad of resources for small businesses to become more energy efficient. "Main Street Efficiency in a Box" is a road map and basic training on how a community can develop and run its own main street program.

The program is founded on seven primary components which are thought to be most important elements to developing and implementing successful local programs for reducing energy, utility costs and carbon in small businesses throughout Colorado. The seven components are as follows:

1. Program Goal & Outcomes - Setting specific, measurable goals to save energy, money and jobs

2. Energy Data Management - Tracking what comes in and what goes out, just like financial resources
3. Outreach, Education and Recognition - Engaging the community, continuing education and recognizing achievement
4. Facility Assessment - Identifying cost effective solutions to realizing high performance buildings
5. ECM Implementation - Implementing solutions with thoughtful expertise
6. Project Financing - Identifying and securing additional funding sources and alternative financing
7. Measurement & Verification - Verifying performance for the life of the building

Kate Nowak, is the regional Community Energy Coordinator for the area. Contact Kate with questions at Kate@yampavalleypartners.com