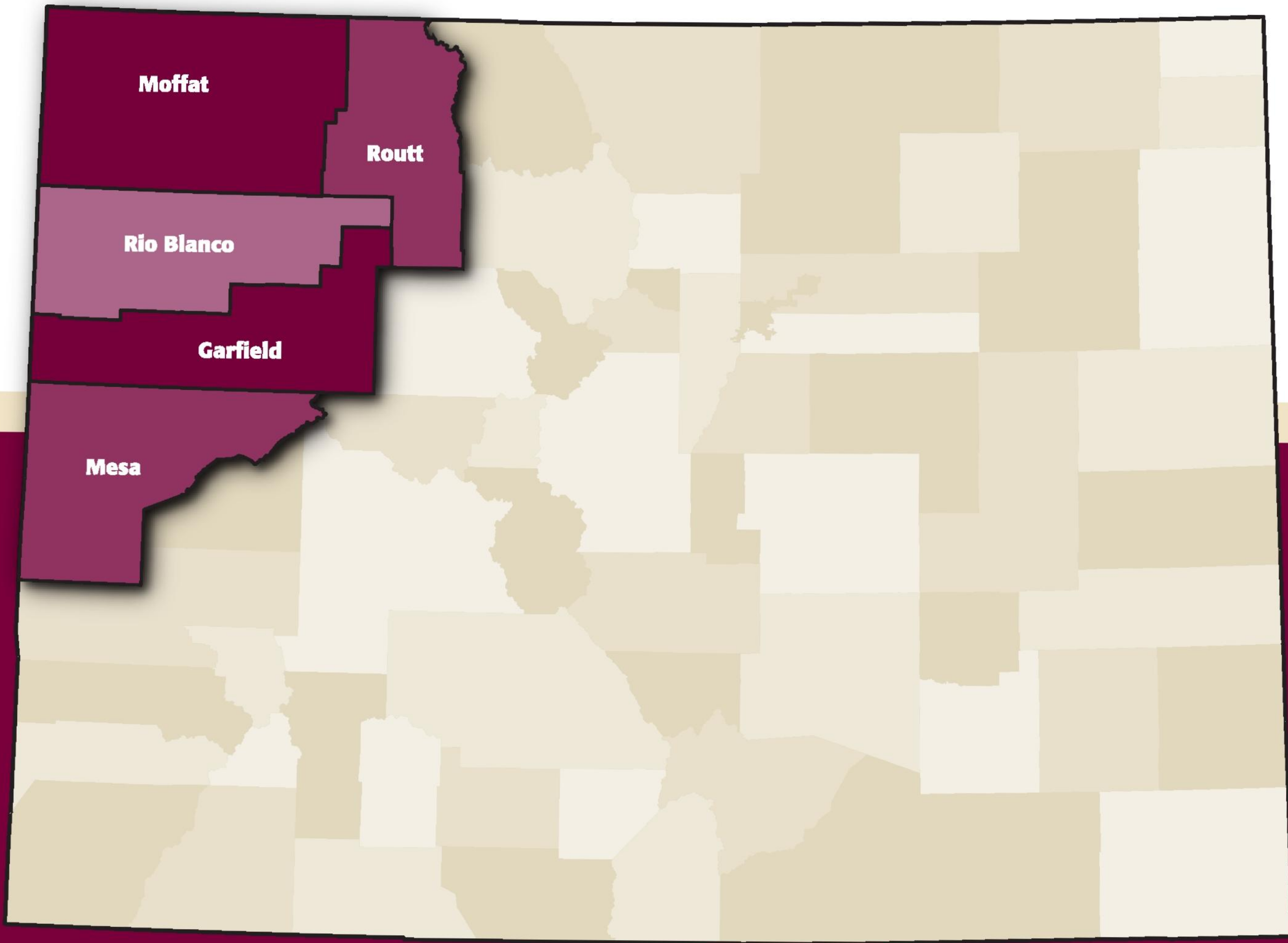
MESA STATE COLLEGE

Socioeconomic Impacts of Growth

Mesa State College Natural Resource and Land Policy Institute



A Study by the Mesa State College
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Executive Summary

This report provides a snapshot of the impacts of growth on the economic, social, physical and human infrastructure of five counties located in western Colorado. The counties of Mesa, Moffat, Rio Blanco, Routt, and Garfield have recently been experiencing a period of accelerated growth resulting from the addition of substantial energy industry activity to an already expanding economy. Efforts have been made to identify changes that have occurred over the past seven years to both the area's economy, as well as its environmental and social well being. While it is not difficult to document these changes, it was not within the scope of this study to demonstrate that all these changes are caused by growth. What this report does do is identify the benefits and challenges facing the communities located within the five counties during this period of economic expansion.

To identify the benefits and challenges facing these communities investigators collected both qualitative and quantitative data from a variety of sources during the summer of 2007. Impressions of the impacts of growth on the area were gathered from community leaders through a limited number of focus group meetings and interviews. This effort was not intended to be either exhaustive or scientific, rather its purpose was to get an idea of what various public officials and business lenders believe is happening in their communities. This approach was supported by an examination of the data provided in various reports and studies conducted by federal, state and local governments over the past several years.

In order to fill in the data gaps from the studies, numerous efforts were made to collect relevant data from federal, state, and private web sites. Data was also collected from numerous local government agencies throughout the area. One problem, identified very early in the process, was how quickly information becomes outdated in the rapidly changing environment of these five counties. Every effort was made to include the most recent data as it became available.

Analysis of the data was conducted primarily at the county level. Some areas of this investigation lend themselves more readily to a regional analysis. Among these are the institutions of higher education in the region which have found it challenging to maintain enrollment, obtain adequate state funding, and provide additional training to meet the demands of the diverse economic drivers in the five counties. The expanding energy industry has increased concerns over the health of the region's environment. To date there has been little documentation of wide spread degradation to the area's wildlife, air or water quality. There have been reports of isolated damage but considerably more monitoring of the environmental effects of growth in the region is needed. In the face of the substantial growth of the energy industry and a distrust of the industry fed by the history of extraction in the area, it becomes easy in today's polarized political environment to make allegations of widespread environmental degradation. The temporary impairment of the view shed where drilling operations occur and the extensive road network created to get to drilling operations increases these fears. Promises by the

industry to reclaim the land are not believed by many environmental groups. Better monitoring and more transparent planning are needed to build confidence that future energy development can be done with minimal environmental damage.

The impacts of growth on each county are described below.

Mesa County

The Mesa County economy has grown steadily since the late 1980's. The uranium mill tailings clean up and promotion of the area as a retirement community were two early economic drivers. The successful efforts of the Grand Junction Economic partnership to first attract new industry to help diversify the economy and then later to assist in promoting the expansion of existing businesses added to the economic momentum. The designation in 2000 of Grand Junction as a metropolitan statistical area encouraged national retail and restaurant chains to locate in the area. This helped expand the county's role as a regional retail hub. As the county expanded its offerings of special events and became better known for its recreational opportunities, tourism became an increasingly important economic driver.

Following a small flattening of the economy after the national recession of 2001, Mesa County's growth accelerated primarily through growth in the natural gas industry. Today most residents agree that the natural gas industry is having the greatest impact on economic activity in Mesa County. However, it is not the only economic driver in the community. Population growth rates, retail sales tax trends and the number of building permits issued are just a few variables whose trends indicate that growth has been occurring in Mesa County at a steady rate for the past fifteen years. The addition of the energy industry has taken the county from a long period of steady growth to a period over the last three years of accelerated growth.

The recent period of accelerated growth has provided many economic benefits as well as contributed to the social well being of the community. Accelerated growth is also hard to manage, consequently it produces a variety of problems that challenge local government officials. In Mesa County efforts to plan proactively for growth have been hampered by inadequate funding, poor land use decisions, citizen's negative attitude towards government in general and taxes in particular, and an inability to forecast the impact of worldwide events on the local economy.

The Taxpayers Bill of Rights (TABOR) is a good example of resident's distrust of government as well as an example of how limiting spending and revenue contributes to the problems posed by accelerated growth. During an economic downturn when spending should be increased to put in place the infrastructure that will be needed in the next economic expansion, TABOR makes bonding difficult and increasing taxes impossible forcing spending to be slashed to meet available revenue. During a period of economic growth TABOR limits government spending increases by forcing local governments to refund excess revenues despite the need for maintaining and increasing infrastructure to meet the impacts of growth.

Consequently, as Mesa County sees record increases in sales tax revenue, business personal property tax, and a variety of taxes collected from the energy industry it is forced to refund money to tax payers while arguing with the state government that it needs additional resources to help maintain infrastructure and to build reserves so there will be money on hand to offset the impacts of an inevitable economic decline. None of those interviewed foresees another Black Sunday but many expect the economy to level off and eventually decline as the drilling phase of energy development is completed.

The accelerated growth rate of the economy assisted by the increase in energy extraction activity has increased the wealth of many county residents working both in and out of the natural gas industry. Wages in all sectors of the economy are up. Median household income and per capita income have both increased. Home owners have seen their property values increase significantly. Unemployment has dropped to the point that the county is virtually at full employment. The county economy is growing at the fastest rate in the state and the workforce is at an all time high.

The expanded work force and continued growth has placed the demand for skilled workers at a premium. However the high cost of housing and the low vacancy rate for rentals along with the inability to help skilled workers move into the community has created competition between industries for employees. Many employees have left the construction industry to go to work in the gas fields. It is becoming increasingly difficult to find contractors to build new projects. Fast food outlets are offering bonuses to new employees.

Competition for workers is not the only thing placing a drag on further expansion of the economy. Increased traffic volume and the sheer number of vehicles now registered in the county is rapidly congesting the main arterials in the valley. Prior land use decisions have added dramatically to the east-west traffic as population increases in the eastern part of the valley while retail outlets continue to be added in the west.

In the midst of all this wealth is a portion of the population that is not benefiting from the increase in personal income. Although the percentage of families living below the poverty line has decreased to 10% and the number of clients receiving cash assistance from the Colorado Works program is at its lowest level in years, the county's largest school district still has 35% of its students receiving free or reduced lunches. Food stamp levels have remained fairly constant with 2003 rates. The demand for affordable housing now includes a demand for attainable housing. The retail trade in Mesa County provides for almost 15% of employment in the county. The traditionally low wages in this sector have improved but the increases don't make up for the increase in prices for groceries and housing.

This class of working poor generally has no health insurance as they make too much money to qualify for Medicaid but not enough money to purchase insurance through work. To this class of uninsured has been added the employees of subcontractors in the energy industry who pay high wages but offer few benefits. Consequently, there has been an increase in the number of visits to emergency wards and health clinics.

Perhaps the biggest problem in healthcare is not the number of uninsured so much as it is the lack of primary care physicians. Since the fastest growing segment of the population is the aged and most of them are on Medicare or Medicaid, most doctors have a patient load that consists of high numbers of these government insured patients. Neither Medicare nor Medicaid pay rates adequately cover the cost of most services. Young doctors with high student loans cannot afford to work in Mesa County.

It is more difficult to measure the impacts of growth on public safety. Creation of Special Crime Units that focus on habitual criminals and the efforts of the new Meth Task Force have resulted in an increase in felony drug cases with a corresponding drop in serious crime. The Sheriff's Office, understaffed by national standards but equally staffed in relation to other Sheriff Offices across the state, have managed to maintain good response rates to 911 calls. Court cases, both criminal and civil, have increased and the county jail has passed its capacity for holding prisoners.

The largest school district in the county, SD51, is also one of the lowest funded school districts in the state. The district has added about 1,000 students in the past year and expects to add another 3,000 in the next three years. Poorly maintained buildings, the result of years of underfunding, have resulted in the need for massive renovations as well as the addition of new schools to meet enrollment increases.

As the population grows and more residents migrate into the county concerns over the environment have gained greater attention. Despite the increase in people, vehicles, and energy activity, there remains little data identifying any significant deterioration of the environment. That doesn't mean there may not be problems. What it does suggest is that the county needs help acquiring and using more monitoring equipment to get an accurate assessment of the impacts of growth on the environment. Still the rapid growth of the energy industry in Mesa County has many residents worried about the potential impacts of future drilling activity.

Garfield County

Garfield County, Colorado is physically and economically diverse. There are three distinct socioeconomic regions; the far western region is sparsely populated, arid and contains mostly public land, the eastern half along the I-70 corridor contains the five major municipalities and the majority of the population and economic activity for the county. The southeastern portion containing Carbondale and Glenwood Springs is closely aligned with the resort communities of Pitkin County. The geographic size of the county is 1,226,118 acres with 60% of the land owned by the federal government. Glenwood Springs is the county seat and serves as the regional retail and service center for west central Colorado.

Growth is defined by community leaders and local government officials as: an increase in population, increased diversity with an influx of illegal immigrants, booming economy, escalating demand for government services, housing shortage, labor force shortage, increased crime, demand on infrastructure including roads and bridges and waste water treatment, and the negative impact on "quality of life". Growth in the southeastern portion of the county has been steady for many years. Tourism, the ski industry and second homes are the economic drivers. The work force for Pitkin and Eagle County find more affordable homes in this area of Garfield County. Affordability has driven development as far as New Castle, Silt and even Rifle for the resort workforce. The eastern half of the county is impacted by a mix of the resort and energy industries. The energy industry is the primary economic driver in the remaining western region of the county. Technology has facilitated growth in population throughout the county because of the desirability of the area and people's independence from having to live where they do business.

The average annual increase in population between 2000 and 2005 was 2.97%. The largest increases have been in the west central section of the county along I-70. Population projections for the county are 4.9% for 2006 jumping to between 5% and 7% annually through 2015, (BBC Research and Consulting, 2007). The number of residents is expected to increase from approximately 50,000 in 2005 to 89,000 in 2015. The greatest increases are anticipated in the Colorado River Valley between New Castle and Parachute.

Employment is heaviest in the government sector, employing 17.2% of the workforce followed by construction at 15%, retail trade at 13.6%, accommodation and food at 11.2% and mining at 6.7%. Jobs by sector are expected to be similarly distributed in 2030 projections. Garfield County has developed as the residential alternative for Eagle and Pitkin counties, where many of the County's residents are employed. Forty three percent of jobs created between 1990 and 2000 in Pitkin County went to Garfield County residents as did 10% of new jobs in Eagle County. Out-commuting to Pitkin and Eagle Counties is expected to continue to increase. Unemployment rates have declined since 2003 and are less then 3%.

The tight labor market has had a significant impact on existing businesses which can not keep employees or get new ones and there is an upward pressure on wages. New businesses are hesitant to come to the area due to the lack of an available workforce. Service businesses are "locked up" not taking new clients. Positive impacts from upward movement in wages has been the decrease in the poverty rate and increase in per capita income. The poverty rate increased from 2000-2003 (7.8%-8.5%) then decreased in 2004 to 8.2%. Per capita income decreased from 2000-2003 then increased in '04-'05 to 91% of Colorado's average.

Based on projections by BBC Research the natural gas related workforce is expected to peak in 2017 with 5300 workers and then decline and stabilize to approximately 2900 maintenance workers. Only half of these workers are expected to be Garfield County residents with the balance commuting from adjacent counties or other energy regions of the country. Even though half of the energy workforce lives outside the county there are significant impacts on Garfield County services such as health care and roads.

Garfield County daily miles of travel have gone from just shy of 1,500,000 to over 2,000,000 miles from 2000 to 2006, a 33% increase. Rising costs for labor and raw materials have plagued road and bridge projects. Efforts to keep up with maintenance are further hampered by the shortage of funds at CDOT to participate in projects. There is difficulty in planning for maintenance projects since energy companies' plans are not generally shared and change frequently. Mass transit, although present, is geared toward moving skier traffic and workforce to the ski resorts and is not coordinated on a regional basis.

Between 1990 and 2000 income levels kept pace with rental and mortgage rates. Recently, there has been a steep curve in assessed valuation of homes in Garfield County with median single family home prices increasing by 48% between 2000 and 2005. Average wages however, increased by only 18%. This trend is expected to continue. There is a large variation in housing pricing throughout the county. Affordability increases as you move west in the county, which contributes to the significant population growth in towns such as Silt, New Castle and Parachute.

Building is being impacted by the cost of tap fees which reflect the crisis in waste water treatment facilities in the Parachute, Rifle, Silt and New Castle corridor. Rifle is in the process of building a new facility which should be on-line in one-year however with just the projects the town is aware of now, the new facility will be at capacity in 10 years. Battlement Mesa is the only community in that region with adequate capacity due to the build out in the 1980's boom. Another issue facing housing is the speculation and investor activity in the housing market. People are coming in from outside the county with cash and purchasing up the more affordable units to turn them into lucrative rentals. There is some concern over the structure of lending practices particularly in condominium complexes where the number of rental units impacts residents ability to qualify for favorable mortgages.

A significant and growing proportion of the population has limited capabilities in reading and speaking English. The 2000 census estimated 3200 residents had limited capabilities, BBC Research now estimates that number to be 3500 residents. Additionally it is suspected that between 10,000 and 12,000 undocumented workers live in the county, most of which would also have limited capabilities in reading and speaking English. The hospitals have observed that the largest increase in families is Hispanic corresponding to the biggest increase in demand in care for patients under 18 or pediatric care.

The Grande River Hospital District is experiencing huge growth in emergency room visits increasing by 1000 from 2005 to 2006 and expected to increase by another 1000 from 2006 to 2007. Growth in all procedures was approximately 30% over the past year. Two unmet needs include mental health services and indigent care. Mental Health services are very limited and there is increased incidence of drug and alcohol use and need for treatment.

Other public infrastructure projects include a new 60 bed jail unit which just opened, 48 beds are full and it is near capacity. Many of the beds are being occupied as "ice holds" or temporary immigration holds. Enrollment in K-12 has been increasing and the school districts continue to build to catch up with demand. Enrollment in Colorado Mountain College has declined and appears to be affected by the low unemployment rate.

Stated as a definition of growth, "Quality of Life" means different things to different people. There were many observations falling into this category that were both positive and negative from the view point of the observer. On the positive side the expansion of the economy in Garfield County has lead to expansion of the Service and Retail sectors. Development of shopping centers and an influx of chains and big box retailers have provided greater availability and selection of goods closer to home. The slow down of retail leakage has provided local governments with extra sales tax revenue to provide additional services to residents. Legislative Council reports that mineral property tax revenue in the county has increase to over $70 million in 2006. Also an enhancement in the quality of life is the availability of high paying jobs with benefits to residents and their children. The challenge to the historical agricultural base was noted as a negative impact to quality of life resulting from community growth. Other comments expressed concern over the cultural changes that manifest in lack of craftsmanship and pride and the conflict between "natives" and newer residents.

With an increase in scale, county infrastructure has experienced benefits. The county is operating more efficiently through investment in information systems and staff and better equipment for various departments. Wages and benefits have also increased for public sector employees as revenues have increased and public entities have strove to maintain competitiveness. Garfield County has invested significant resources in understanding the impacts of growth and taking a proactive approach to maintaining services for its residents. Much evidence of public and private partnerships exist which have successfully addressed issues identified as impacts of the current accelerated growth period.

Moffat County

Moffat County has experienced waves of growth over the past 20 years primarily due to mining-based employment. The most recent wave of growth began in 2005, with the increase in workforce brought in for the construction of natural gas pipelines and natural gas processing plants in neighboring Rio Blanco County. This growth was also compounded by a surge in service and construction jobs in Routt County in combination with an increase in homes prices in the county.

The geographic positioning between two high economic activity regions with limited workforce housing has created an interesting growth phenomenon in Moffat County. Population estimates do not necessarily reflect the growth that the economy is feeling. Many of the workers that are living and purchasing in Moffat County are transient and/or undocumented and, therefore, not subject to census count. An estimated 5 to 9 busses per day transport workers from Craig to work on the Rio Blanco gas processing plants or to Steamboat Springs to work in the service industry.

This phenomenon is confirmed when comparing statistics. Though population increased only 1 to 1.5% per year, sales tax revenue increased over 10% per year in 2005 and 2006. With retail growth limited in neighboring counties, Moffat County is seeing more retail development. Major chains like Walmart and Walgreens have chosen to locate in Craig to service the northwest region.

The limited growth and high cost of housing in neighboring counties has also put pressure on the real estate market in Moffat County. Residential personal property tax values increased over 158% from 2002 to 2006—most of this between 2005 -06. Commercial property increased only 14% in this same time period. Personal property tax figures also reveal increase oil and gas exploration activity in the region with a 270% increase in assessment in that sector. Though total property tax assessment has increased 14.25% (2004-05), because of the Taxpayer Bill of Rights (TABOR) the county can only retain 5.5% percent of the increase. This resulted in a $970,389 refund in 2007.

An increase in residential permits also reflects the increase in real estate activity, with a 55% increase in permits between 2005 and 2006. The value of the building permits increased 17% as well, primarily reflecting inflation in building costs. Rental rates and home prices have also increased significantly since 2000. Since a large number of the workers are transient, hotels rates have increased significantly with many workers being housed at Craig hotels.

The increase in housing costs caused by neighboring markets is negatively impacting the availability of workers for Moffat County industry. Employers can't bring employees in because there is no place to live. Employers cannot compete with wages when compared with the oil and gas industry. Local employees without housing cannot afford the increased cost of housing.

This wage pressure has caused a 24 % increase in median family income since 2000 and an 8-9% annual increase in per capita income in 2004-05. Other benefits to growth include an increase in sales for most retail and service businesses. County systems and infrastructure are seeing more usage and becoming more efficient. With added population and amenities recruitment of higher paying jobs becomes easier.

Increased wages has decreased the number of Colorado Works cases since 2002. Yet, this statistic does not necessarily tell the whole story. The Moffat County school system has experienced declining enrollment since 2002; but in the same time period they have seen a 3% increase in free lunches and a 20% increase in subsidized lunches. These statistics indicate both the transient workers are not permanently moving their families to the area, and the families moving to Moffat County to service the tourism industry in Steamboat are the lower income workforce that cannot afford to live in Routt County.

This increased transitory workforce has increased traffic on Moffat County roads. While this causes increased maintenance, the significant issue is in the dramatic worldwide increase in the cost of gravel and asphalt combined with the decrease in state funding for roads. Increased taxes (severance and property) could mitigate these cost pressures, but TABOR limitations reduce the amount of money the county can keep.

Healthcare is also impacted by the type of growth Moffat County is seeing—temporary/transient pipeline and construction and low income service workers. Both these types of workers are traditionally underinsured. Many of the workers do not have access to physicians willing to take Medicaid; therefore the county has seen an increase of individuals with health conditions that would be preventable with proper early preventative care. The housing shortage has also affected the number of doctors available in the community. As older doctors retire, younger physicians cannot afford to locate in a rural community with a high Medicare/Medicaid dependant population.

Most of those interviewed do not see this current growth cycle as a boom/bust phenomenon. Due to diversification of the economy, growth is viewed as more sustainable. This current wave of growth is cause by several somewhat unrelated sectors. While Moffat County has a large employment base in the coal mining sector, growth in the energy sector has diversified into the oil and gas industry due to leases in Moffat County as well as workforce spill over from Rio Blanco County. Moffat County is also feeling significant growth pressures from the Tourism and Construction industry in Routt County.

Current growth in Moffat County can be viewed as the result of a perfect storm; a combination of growth factors that make for a unique impact

- Tourism from the east
- Energy from the south and north
- Construction from all sides

The growth in these areas has caused a significant increase in the cost and availability of housing. Moffat County having comparatively lower costs and more availability is now housing its neighboring counties' workforce. Due to the transience and undocumented nature of this workforce, they do not necessarily show up in population counts. They do show up in the increased need for certain services. Increased services are becoming more difficult for government and business to provide due to a limited workforce and wage and housing competition, thus lowering the overall quality of services in the area.

Government is finding it more difficult to provide services and to provide and maintain infrastructure for this growing population due to TABOR limitations. The increased workload of the public and private sector is also causing polarization due to lack of long term planning and little coordination between public and private sectors.

Routt County

Routt County encompasses 2,231 square miles of mountains and ranchlands in northwestern Colorado. Steamboat Springs, the county seat, has grown into a world-class ski resort. More recently Steamboat has grown into a summer destination as well. Ranching, agriculture, forestry, mining and power generation provide year-around diversity to the economy. About 50% of the land in Routt County is publicly owned. The City of Steamboat Springs is the largest municipality with 9,315 people, though this population is estimated to increase substantially on a daily basis due to commuters. Hayden at 2,443 and Oak Creek at 791 are other major towns in Routt County.

The county has experienced several rounds of growth in the past decade:

- In 2000 with major hotel and hospital projects,
- In 2003 when temporary construction workers were imported from the Front Range and immigrant workers.
- In 2004 growth accelerated with the construction of big homes
- In 2005, West Steamboat, a major development on the western edge of town was in its beginning phases.

The 2005 population of Routt County is estimated at 21,580 showing a 9.6% increase since 2000; or between 1 to 2 % per year for the past five years. Most of this population gain has been in the working ages – 25 to 64 years old. The proportion of the population under 25 shrank by 6.5% and the percent over 65 decreased by 4.3% since 2000. The median age of the county is 32.4 below the Colorado median of 34.3 years old.

While population numbers show mild growth--at less than 2% per year, more recent tax revenue numbers reflect more accelerated growth. Sales tax revenue posted a 14% increase from 2005 to 2006. This growth continues with a 10% increase in sales tax collected so far this year. Building permits increased 21% from 2004 to 2006. The number of permits issued in 2007 has grown 40% since 2006.

There are several issues that make the exact volume of growth in Routt County difficult to pinpoint. The most current census figures are from 2005, other indicators of growth—sales tax and building permits-- are more recent, indicating the more accelerated growth began in 2005. Secondly, traditionally Routt County's economy has been based on agriculture, mining, and tourism. This new phase of growth includes a second home industry. This type of growth does not necessarily show up in population counts.

The benefits of growth include the increased job market, added diversity, and more amenities in terms of arts, shopping, and business services.

The type of growth Routt County is seeing also provides challenges. Second home ownership is pushing up the cost of housing. Contractors coming from Denver are renting long term condominiums for their workers, thus reducing the availability of existing housing. Many of the Steamboat employees are choosing to live in Hayden, Oak Creek, or Craig. The rental rates saw between a 50 and 60% increase between 2001 and 2005. The median home cost increased 17% between 2000 and 2005.

Young families are moving to outlying areas, yet there is a trend for parents who work in Steamboat and live in outlying school districts to bring their kids to Steamboat for school and day care so they are close in case of emergency. Daycare providers in Steamboat are at capacity; yet 2005 population numbers show a decrease in younger population.

Many of those moving into the area due to second home purchases or "lifestyle" relocation are accustomed to urban amenities. They expect roads, hospitals, schools, recreation facilities, even grocery store service levels to be the same as what they left in the city.
This service and infrastructure is becoming more difficult for the county to provide for several reasons. First, those that provide the services cannot afford to live in the community. Second, government funding is complicated by Colorado property tax structure which puts the larger proportion of the tax burden on commercial properties; therefore growth in residential units does not necessarily provide the income to fund the increased service level and infrastructure demanded by this new population.

Steamboat Springs built a new hospital 2 years ago. This hospital is currently considering expanding their surgery areas. This is not necessarily due to community need but community lifestyle qualities have attracted high-quality surgeons to this area and they want to develop their own ambulatory surgery center hospital. Other aspects of growth have also affected the number of primary care doctors available in the community. Service and construction workers are typically underinsured. Physicians cannot afford to locate in a community with a high cost of living coupled with a high Medicare/Medicaid dependant population.

The increase commute required of the workforce has increased use of Routt County roads. While this causes increased maintenance, the significant issue is in the dramatic worldwide increase in the cost of gravel and asphalt combined with the decrease in state funding for roads. Increased taxes could mitigate these cost pressures, but TABOR limitations reduce the amount of money the county can keep

Agriculture has been a consistent segment of the Routt County economy. The rural agricultural community is one element that attracts "lifestyle" home buyers. Increased development also increases the value of land, But this growth also threatens the agriculture economy through urbanization and increased land values.

Energy development was not discussed as a growth issue in any of the focus groups held in Routt County. Oil production and wages from mining have both increased since 2000; yet they are a consistent component of the economy and this growth does not seem to be putting undue stress on the community.

Historically, Routt County has had three parts to the economy: mining, tourism, and agriculture. In the past several years another component has been added-- lifestyle economy. This sector includes second home buyers in addition to non location specific businesses and baby boomers with sufficient wealth that they can choose to live in the community. This growth has been encouraged by the excellent air service the community has. The lifestyle economy is the economic driver that is currently making the biggest impact; yet it is the most difficult to measure and plan.

How to plan for growth without losing community character seems to be causing anxiety and polarization in community leaders. Both business and government sectors are dealing with increased workload with a limited staff, planning in both sectors is difficult due to the lag time in collecting and reporting data; these conditions, in a high growth environment, tend to limit communication and thus increase anxiety and polarization.

Rio Blanco County

Rio Blanco County is located in northwest Colorado and borders Utah on the west. It is a sparsely populated rural county. There are two major population centers Rangely and Meeker which are fairly equivalent in population size. Rangely is located in the northwest section of the county with a 2005 population of 2068, historically it has a resource-based economy most recently supported by coal and oil extraction. Meeker is located in the east central portion of the County and is the closest town to the Piceance Basin, the site of extensive natural gas development. It is the County seat with a 2005 population of 2273. It has traditionally been a ranching and tourism based economy. Both communities have a significant government workforce and are supported by construction, service and retail components. The geographic size of the county is 2,061,420 acres, 75% is public land.

Growth is defined by community leaders and local government officials as; increase in population, increase in the number of housing units, increase in Average Daily Trips (ADT) on roads, a booming economy, increased demand for services, housing shortage, labor force shortage, increase in school enrollment, increased crime, demands on public infrastructure, inflation, negative impact on “quality of life”, and, in general, change.

County population in 2005 estimated by the state demographer was 6072. There have been modest gains and losses of population since 2000. The state Demographer estimates a 1-2% projected growth rate per year going forward. RPI Consulting Inc. has prepared a series of recent studies for Rio Blanco County and projects population growth at about 3% per year average or 45% by 2022. Although many suspect the demographers estimates to be low, the most significant story regarding population in Rio Blanco County is the transient population. Beyond drilling and maintaining wells, pipelines and gas processing facilities have generated large amounts of temporary jobs which are generally filled by workers who move in and out of the area to perform these projects. It is almost impossible to count the total number of workers in the County at any given time.

The county is experiencing overall wage and employment growth. Employment grew by 22% between 2005 and 2006, median family income jumped from the low $40k's to $54k in 2007, earnings from people employed increased 15.4% from 2004 to 2005, per capita income increased 10.3% from 2004 to 2005 over 2 times the growth increase of both state and national PCI ,and unemployment rates have fallen below 3%.

Employment is heaviest in the government sector representing 26% of the workforce in 2004, mining represented 15% of total employment, Construction 8% and Retail 8%. The largest gains in employment since 2001 were seen in mining, administration and waste, transportation, warehousing and construction. In-migration for the energy industry in the Meeker area is estimated at half of the workforce and up to 80% of workers at the gas plants. During the summer of 2007, 11 buses per day were bringing workers into the Piceance area. Oil and gas represents 39% of all taxable assets in the county and represents 41% of total personal income. The number of existing active natural gas wells in Rio Blanco County in July 2006 was 2542. The projected number of wells in 2022 is 19,045. These projections were reported by RPI Consultants using information gathered by the White River office of the BLM.

The greatest number of business establishments in the County is in retail, accommodations and food services, construction and mining industries. Sixty-one percent of these businesses have less then 4 employees. With a very small historical base of businesses even the smallest increase in demand throws the local economy out of its natural equilibrium. Services are not easy to access and businesses can't keep employees or get new ones. It was expressed that the business community is tired. This is especially true in the Meeker area where hunting season brings an influx of people but then they leave. This recent period of accelerated growth has not let up and residents are concerned about the ability of businesses to withstand the pace. Rangely, however, has historically relied on natural resource extraction for a major portion of its economy, which has not changed. The declines in oil and coal production have been replaced by natural gas and. although there is a lot of residential building activity, there appears to be a substantial difference in impacts in these two communities.

There is concern about energy impact on tourism from both the availability of rooms to the visual impact of energy development. Reportedly, large numbers of hunters who traditionally use public land are not coming back. Hotels and motels are vacating rooms for hunting season in an effort to sustain the hunting business long term. There are economic benefits to growth manifested in housing values, restaurants, camper park, and associated businesses. The public sector has also grown through an increase in sales tax revenue. There is concern over maintaining diversification in the economy, but there isn't the workforce to support new ventures.

Heavy truck traffic is causing extensive damage on roads and highways, bridges, and safety controls such as guard rails. The County owns and manages 921 miles of roads of which only 173 miles are paved. The majority of the impacts occur on the west end of the county, which is the center of energy development. Ninety eight percent of additional impacts over the next 15 years are projected to be the result of oil and gas axle-loads.

There is already difficulty entering state highways from side roads which is a major contributor to the increase in the number of traffic accidents. The County has only recently begun tracking traffic counts and studying the traffic generated by the energy industry. One road that has been observed is Road 5, a major collector for the Piceance area which had a 160% increase in traffic in 2 years. RPI Consultants projects an increase in traffic County-wide of 700% over the next 15 years. The County has expressed frustration in their ability to establish adequate management plans since it is difficult to receive traffic projections from energy companies and information they do receive is subject to change as markets dictate.

The non-resident workforce component is a major contributor to the impacts of growth in Rio Blanco County such as transportation infrastructure; however the County is experiencing a housing crisis as well. Average rents jumped dramatically from 2004 to 2005; with a 40% increase in one-bedroom and 24% increase in two-bedroom rental rates. There are no vacancies in Meeker and all available spare rooms are rented. Rental rates are claimed to be as high as $1100-$1500 a month for a shack. Rangely is at 100% occupancy as well, Rangely has seen a sharp increase in housing starts. County-wide housing stock is expected to increase by nearly 1113 units before 2022. Assessed values of real estate in the County jumped by 26% from '04-'05 and 11% from '05-'06. There is some investor activity but a very small amount of inventory. The median price of a new home was $94,700 in 2000 and $135,344 in 2006, an increase of 43%. Housing prices in Meeker are 30 to 50% higher then in Rangely. Recreation in the White River area north of Meeker has started to drive up land values and demand for services in the area. The area is being developed with expensive homes.

There are social impacts caused by the stresses of accelerated growth. Crime has sharply increased and demands in general on the Sheriffs department have risen because of the increase in traffic. The Sheriff's Department issued $84,000 in traffic tickets in 2006 and until recently the State patrol has not been present. The 18 bed County Jail facility often has 30 inmates. There has been a strain on the public schools, with enrollment growth of 80% in 5 years. Impacted by low unemployment rates, Northwest Community College in Rangely has seen dramatically reduced enrollments and has focused on building programs for industry that provide skills useful for alternative careers. Demand for some Human Services programs has declined and others increased. There are no Colorado Works clients but the Child Welfare case load has gone up and is more complex. Child care is also a major issue as is the availability of low income housing for lower paid workers. The demand for health care services has increased dramatically. Emergency room visits were up by 40% last year and the Hospital is opening a satellite clinic in the Piceance area. There is a significant rise in uninsured patients further creating a strain on the hospital's resources. There has been an increase in all types of incidents as well as home care. Potential negative impacts to quality of life especially in the southeastern section of the County where energy development is exploding have been expressed. The County is concerned over maintaining acceptable levels of service (LOS) for its residents and projects a 10-35% shortfall if increase in population and oil and gas development holds.

There is some evidence of public/private partnerships in Rio Blanco County, de-Brucing measures have passed, there have been some cooperative measures to replace and repair roads and requirements for "man camps" have been changed. The relatively small size of the population and resources in county government has a dramatic affect on Rio Blanco County's ability to address the impacts of growth. There is a strong feeling that the State needs to be at the table and that roundtable regional discussions are needed. Rangely and Meeker are experiencing different impacts and their cultures equip them with different tools to harness the winds of change. Meeker appears to be more in crisis yet county-wide there is a desire to look at growth in new ways.

Conclusions and Recommendations

Much of the area has been experiencing relatively steady growth since the 1990's. There have been a few periods when the economy was flat, but overall the economy has performed well. Since 2004 the substantial increases in natural gas development has led to a period of accelerated growth. Other important economic drivers have been tourism and recreation, construction, non location specific business, development of retirement communities, diversification of the economy into other manufacturing industries, and increased retail trade.

There is nothing surprising about the economic benefits of growth throughout the region. Workforce size is increasing, unemployment is dropping, and wages are up as is per capita income and median family income. The number of clients in the Colorado Works program is dropping as TANF and Children Assistance reserves are increasing. Home owners are quite happy with the ever increasing value of their homes. The robust increase in retail sales tax revenue is indicative of the increased wealth and disposable income of area residents.

As the private sector has grown so has the public sector. Local governments have benefited from substantial increase in revenue primarily from increased sales taxes, severance taxes, federal mineral leasing revenue, mineral property taxes and lodging taxes. Money has been used to improve institutional capacity and build cash funds in anticipation of the days when the economy once again flattens. No one expects another "Black Sunday" but most recognize that the current level of natural gas development will decline once drilling is complete. Unfortunately not all local government in the area have been able to benefit equally from enhanced revenue. TABOR limitations have forced many to refund money that could otherwise be used to meet the infrastructure needs of their communities.

The accelerated growth of the past three to four years has presented local community leaders with several challenges. The workforce is more or less at full employment. Affordable and attainable housing is at a premium. Increased reliance on transient workers has increased the demand for more temporary housing. The number of workers without health insurance is increasing. The healthcare system is in need of more doctors, nurses and increased capacity. The transportation infrastructure strains under the stress of more traffic leading to more congestion and deteriorating roads and bridges. Concern for environmental degradation is on the rise. Inflation in the area appears to exceed the inflation rate in the rest of the state. Many area school districts need to expand to meet the needs of growing and changing school enrollment.

There is growing concern about the quality of life in the area. Increased land values and urbanization has reduced the feasibility of agriculture, thus changing the culture of the area long term residents miss the “small town atmosphere” of the past. Many of these same residents are finding it increasingly difficult to hunt and fish in their favorite places as development encroaches into wildlife areas. The natural beauty of the area is disrupted as view sheds are marred by drilling rigs and the extensive road networks required to reach them.

The various economic drivers compete for many of the same resources. Chief among this is the competition for available workers. High wages in the energy industry attract able workers from the construction industry. Demands for more housing, public infrastructure, and retail and commercial capacity have driven up the cost of materials. The lack of skilled construction workers has limited the ability of some companies to bid on new jobs. Hotel space is at a premium as the tourism industry competes with the energy industry for available rooms. Second home owners, retirees, owners of non location specific industries drawn to the area by its natural beauty compete with the natural gas industry over view sheds, with local government over extending infrastructure out into less populated areas of the county and with traditional users of the land over hunting and fishing rights as well as the foul odors of agricultural activity.

The concern over the future of the region is magnified by the lingering fear of another “Black Sunday”. Most community leaders recognize that the current boom is very different then the oil shale boom of the past, but the fear of another bust prevents many from enjoying the current prosperity. The past history of environmental damage and the forecast of future substantial development of the energy industry makes it easy for preservationists to encourage distrust of energy industry operations and anyone who supports it.

In this polarized political environment it becomes easy to blame the energy industry for all the challenges created by accelerated growth. But the simple answer is, as often is the case, not the whole story. A long history of inadequate funding for transportation, K-12 education, higher education, housing and environmental protection has made it difficult for communities to keep pace with the demands of the variety of diverse economic drivers fueling our current economic growth. Proactive planning has been further hampered by a distrust of government in general and taxes in particular. In many communities TABOR forces local governments to return tax money to citizens while arguing with the state for additional revenue to support current infrastructure needs.

Planning has also suffered from an inability to predict the impact of worldwide events on the local economy. The polarized environment has made it difficult for many industry officials to have forthright communication with government officials over their plans for future activity in the region. Consequently, government must plan without complete information. Driven by the demands of current residents to have growth pay its own way increasing pressure is being put on the energy industry to pay more taxes and to contribute more money to area community needs whether it is related to energy development or not.

The challenges associated with growth in the region are real. Local government officials must develop and implement strategies that will meet the immediate needs for infrastructure in the region. Additionally, community leaders must plan for the future to ensure a smooth transition to an economy that eventually will not be as heavily impacted by growth in the energy industry. This study has identified a number of issues that impede proactive planning. Additional studies currently being conducted by various entities in the region will supply additional information. The next step in this process should be the development of a public-private partnership to create a transparent process that will assist local officials in meeting the current and future needs of area residents.

Fortunately there exist previous models of such partnerships and processes. The Overthrust Industrial Operation is one such model that warrants closer attention. Created to address the impacts of energy development in Uinta County, Wyoming and the Evanston area it provides five steps that, modified to fit the five counties in this study, could prove to be an effective start towards addressing the challenges facing the region.

> Step One: Bring officials from other industries involved in the economic growth in the area into a process to develop a formal association to address the impacts of growth in the region.
>
> Step Two: Determine the most pressing needs that demand immediate attention and determine an appropriate level of funding to provide as assistance for alleviating these problems. Use this funding to involve local officials and to ensure that cost effective solutions are developed.
>
> Step Three: Undertake a full study to provide a reasonable estimate of growth, and a more accurate understanding of the impacts of growth, especially on the environment. Use this study to develop with local officials a well-planned, cost effective comprehensive mitigation program.
>
> Step Four: Address the current polarized political environment and reduce the political pressure on local officials by bringing key area opinion leaders into the process.
>
> Step Five: Undertake an aggressive communication strategy to inform area residents and state and national officials on the progress being made to address regional concerns.

Introduction

This report provides a snapshot of the impacts of growth on the physical and human infrastructure of five counties located in Colorado's western slope: Mesa, Garfield, Moffat, Routt and Rio Blanco. All of these counties have been more or less experiencing steady growth over the past fifteen years. Despite a mild national recession from 2001 to 2003 that had harsh impacts on the State of Colorado, these counties survived with relatively mild consequences. Since 2004 the region's economy has been expanding at an accelerated pace as substantial development of natural gas reserves has become the dominant economic driver in an already diverse and successful economy.

Overview

The region is predominantly rural in nature with the vast majority of residents located in urban population centers in each county. The Grand Junction Metropolitan Statistical Area is the most densely populated area in the region. It serves as a retail and services hub for much of the study area as well as other regions of western Colorado and eastern Utah. Agriculture and mining have been a long standing part of the economy of the region. More recently tourism and recreation have grown in importance as has the contributions of senior citizens attracted to the area for its offerings as a retirement community. The natural beauty of the area has also attracted many wealthy second home buyers. Technology advances have increasingly allowed owners of location neutral businesses to move to the area as well. Finally, efforts to diversify the economy through attracting and expanding existing manufacturing industries have met with some success.

"Black Sunday", May 2, 1982, the date that Exxon pulled out of its commitment to the area's oil shale industry provided the motivation for area planners to diversify the region's economy. But the hangover from "Black Sunday" is also providing the caution and concern of many residents for the future of all energy resource development in the area. Most community leaders recognize that natural gas development is very different than the risky oil shale programs of the past. None fear another "Black Sunday" although many expect the current rate of growth to slow over the next ten to fifteen years. Current oil shale research projects are being watched but it is too early in the process to determine what if any impact oil shale will have on the future of the region.

The world demand for additional energy is fueling the substantial growth of energy development activity in the region. Existing resources of natural gas, oil and oil shale are not the only areas of energy development. Existing coal operations in the area are being expanded. Even old uranium operations may be reopened as the cost of ore has increased as world wide uranium reserves have dwindled. Yet this rosy economic picture is clouded by memories of "Black Sunday" and distrust of the energy industry in general. As one official put it "Black Sunday" is preventing us from enjoying the positive benefits of growth.

Scope of work
This report provides data on the economic, social and environmental impacts of growth from both qualitative and quantitative sources. A series of focus group meetings, interviews and e-mailed questionnaires sent to various government and community leaders provided impressions of the impacts of growth on each of the counties. This process was intended to be neither exhaustive nor scientific in its approach. Rather it was an effort to identify through community leaders how residents in the region view both the benefits and the challenges associated with growth. Through this process data on the causes of growth and the different ways to measure the impacts of growth were gathered. Strategies for meeting the demands of growth and the role of government and the private sector in planning for growth were also discussed. In order to encourage candor in the discussion participants were promised their responses would remain anonymous.

Additional information was collected through an examination of data contained in Federal, State, or local studies conducted in the region over the past two years. Attempts to fill in data gaps identified from these reports were made by visiting numerous websites of government and private organizations to collect missing data. In some cases visits were made to local government offices to search for more information. Despite the best efforts of investigators some studies may not have been found and data from some of the counties was not collected. One additional difficulty associated with the collection of data in an area experiencing accelerated growth is how quickly the information becomes outdated. Every effort was made to update data as more information became available. As a result, sufficient data was collected to present a very clear picture of the impacts of growth on the five counties in the study.

This report provides a great deal of data on the current well being of communities in the five county region. However, it is hard to identify that in all cases either the benefits or challenges currently facing these communities are the result of growth in the area. To more clearly understand the relationship between growth and existing conditions within each county the information, where possible, is presented as trend data starting in 2000 and extending through 2007. At a minimum this approach helps to distinguish the impacts of growth from the impacts of accelerated growth which began in 2004.

For the most part the study examines the impacts of growth using the county as its unit of analysis. Some regional impacts are discussed in the rest of this section. Sections II through VI focus on growth impacts in each of the five counties in the study. Finally, in the last section efforts are made to draw some conclusions from the findings and make recommendations about the future.

Regional Impacts
Several issues are more regional in scope and are not easily analyzed through an examination of impacts at the county level. Among these issues are the future of higher education in the area and the impact of growth on the environment. The rapid expansion of the natural gas industry presents challenges to higher education officials to meet new demands for services while coping with declining enrollments in an era defined by inadequate funding. Fear of the future and distrust of the past provide the background in

which many area residents evaluate the natural gas industry's impacts on water quality and availability, air quality, land use and wildlife protection. Before examining the specific impacts of growth on each of the five counties an examination of these regional impacts is warranted.

Higher Education - The area is served primarily by three institutions of higher education. Colorado Mountain College (CMC) is a two year institution with branch campuses located throughout the region. It offers a variety of programs, offering forty-two different certificates and thirty-two Associate of Applied Science degrees. Like CMC, Colorado Northwestern Community College (CNCC) is also a two year institution providing training that leads to forty-nine different certificates and thirty-four different associate degrees. Mesa State College is the only college in the five county region that offers four year degrees and some post graduate education. However, unlike most four year colleges, Mesa State also provides both two year and certificate programs through their Western Colorado Community College branch. Currently Mesa State offers training leading to twenty different certificates, fifteen different associate degrees, twenty eight bachelor's degrees and two master's degrees (Colorado Department of Higher Education).

The area colleges face three challenges that are not entirely caused by growth but are certainly exacerbated by it. First is encouraging area residents to go to college. Area residents twenty-five years and over are significantly behind the rest of the state in educational attainment (Table 1.1). In Colorado almost a third of its adult population has a bachelor's degree or higher. Only Routt county residents exceed that percentage.

EDUCATIONAL ATTAINMENT BY COUNTY IN MSC REGION*			
County/Area	Population Age 25 and Over	Bachelor's or Higher	
	#	#	% of Total
5 COUNTY REGION			
Garfield	27,884	6,645	23.8%
Mesa	76,358	16,764	22.0%
Moffat	8,404	1,047	12.5%
Rio Blanco	3,857	752	19.5%
Routt	13,267	5,640	42.5%
5 County Total	129,770	29,801	22.9%
Colorado Total	2,776,632	907,755	32.7%

Table 1.1
Source: Mesa State College Office of Institutional Research

The lack of educational attainment is certainly not caused by economic growth; however, it does lead to the second challenge. The recent expansion of the energy industry and its high paying jobs has lured many recent high school graduates and unemployed adults to go to work in the extraction industry. Consequently, it has been difficult for area colleges to maintain enrollments (Table 1.2)

Fall Enrollments (Undergraduates)							
Institution Name	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Mesa State College	5092	5253	5513	5699	6192	6034	5923
Colorado Mountain College	7407	6618	6817	6247	6361	5682	5508
Colorado Northwestern Community College	1834	2109	2052	2242	2201	1518	1338

Table 1.2
Source: Colorado Department of Higher Education

While falling college enrollment is not in and of itself a problem, the concern is over what these workers will do after the drilling phase of the natural gas extraction process is completed. As the workforce is reduced many of these young men will be both unemployed and unprepared to seek employment in a different field. This is not a problem peculiar to the energy industry. It occurs every time any area experiences economic change. The cost of retraining is expensive for both the individual as well as the community which pays the social costs of this transition.

Falling college enrollment contributes to the third problem – funding. Inadequate funding of higher education is certainly not caused by either economic growth or activity in the energy industry, but decreased enrollment reduces funding because of the way the state provides resources for higher education. Table 1.3 shows the funding for the three area colleges since the 2001-02 academic year. Funding numbers for CMC during 2001-02 were not available. E & G revenues include federal, state and local grants, other operating sources, state and local appropriations, gifts and investment income. The dramatic change in tuition in the 2005-06 school year was caused by a change in the way schools report college opportunity funds (COF) monies.

		Tuition and Fees	E&G Revenue	Total
MSC				
	01-02	7,898,783	25,355,856	33254639
	02-03	7,928,148	25,037,166	32965314
	03-04	7,826,106	27,109,231	34935337
	04-05	10,031,948	27,222,885	37254833
	05-06	20,600,043	21,166,051	41766094
CMC				
	01-02	0	0	0
	02-03	5,825,409	37,822,415	43647824
	03-04	6,108,691	37,450,898	43559589
	04-05	6,486,285	39,733,004	46219289
	05-06	6,662,787	47,020,018	53682805
CNCC				
	01-02	1,431,035	7,782,231	9,213,266
	02-03	1,567,447	6,907,730	8,475,177
	03-04	1,879,952	7,305,449	9,185,401
	04-05	1,913,813	7,014,029	8,927,842
	05-06	2,857,730	4,352,878	7,210,608

Table 1.3
Source: Colorado Department of Higher Education

There appears to be little relationship between enrollment figures and revenues from tuition and fees. In some years when enrollments have gone up revenue from tuition and fees have gone down or vice versa. Part of this is accounted for by increases in tuition that were allowed to offset the hefty reduction in state funding of higher education caused by the state recession and complicated constitutional requirements limiting how the legislature allocates funding. Colorado Mountain College with only slightly more students than Mesa State College is the best financed of the three institutions with total appropriations that exceed Mesa State by roughly $10 million a year. This is due primarily to local appropriations which accounted for 70.4% of CMC's E & G revenue in 2005-06. Increases in Mesa State College's total revenues the last couple of years were caused by changes the state has made to its formula for funding higher education. Colorado Northwestern Community College has experienced the most significant decrease in funding, losing $2 million since the 2001-02 academic year. Economic growth has added considerably to the costs of operation for the regional colleges. As the economy expands and diversifies the demand for different skills in the work force emerges. Responding to this need, institutions of higher education add new programs that create additional costs for new facilities, equipment, and instructional staff. Since 2000-01 Mesa State College has added thirteen new certificate programs, four new associate programs, seven new bachelor's degrees and one new master's program.

Data on new programs added at the other two schools was not available; however, both CMC and CNCC, as well as Mesa State, have recently added new courses that focus on the needs of the energy industry. The energy industry has supported these efforts with contributions of $1 million to CNCC to assist in the development of its Petroleum Technology program and $4.6 million to CMC for construction of new facilities in Rifle that will house a number of new energy industry related programs.

Water Quantity - In the arid west human activity is ultimately limited by the availability of water. Population growth and the expansion of the economy anywhere in the state will be determined by how water resources are managed. The five counties lie within two river basins: the mainstem of the Colorado and the Yampa/White, with a small portion of the Green River running through Moffat County. Fed primarily by snow melt, these rivers provide much of the water needs not only of area residents but of many other Coloradoans and residents in other Colorado basin states. In addition to these surface waters, there are significant aquifers throughout the region. Growing concerns about the future availability of water have led to many studies to determine future water availability and demands. Since so many people within the basin and without, rely on the Colorado River and its tributaries this issues has become highly politicized.

The first comprehensive statewide study of water supply and demand in Colorado was completed in 2004. The Statewide Water Supply Initiative (SWSI) implemented by the Colorado Water Conservation Board produced a report that projected the ability of each basin's water providers to meet the needs of their basin. According to SWSI there is enough water in the Colorado mainstem as well as the Yampa, White, and Green Rivers to meet the needs of area residents through 2030, if currently identified projects and processes are completed. Figure 1.1 shows the existing gap between future supply and demand in each of Colorado's major river basins. The five percent gap in the Colorado mainstem affects headwater counties that are not a part of this five county study.

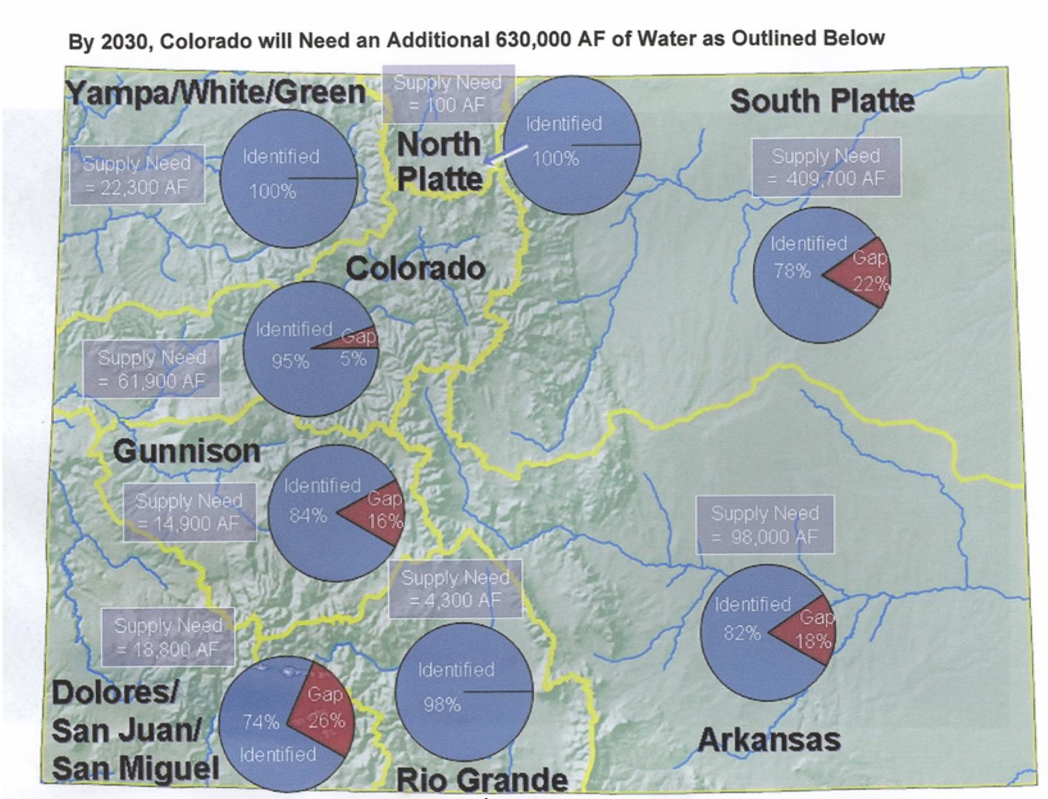


Figure 1.1
Source: Statewide Water Supply Initiative

The SWSI report was immediately criticized for its failure to properly account for recreational and environmental needs as well as the needs of the expanding energy industry. Since the SWSI findings have been published the Colorado Water Conservation Board has undertaken several new efforts to better clarify the state's consumptive and nonconsumptive water needs. SWSI II and the Colorado Water Availability study are two on going efforts designed to do just this. In addition stake holders in each basin are meeting as part of the Colorado Roundtable process (created by HB 1177) in consumptive and non consumptive needs assessment groups to assist in identifying future water demands. Finally, the Colorado River Water Conservation District (CRWCD) is studying the future water needs of the oil shale industry.

The SWSI report did identify the significance of the extraction industry in the region noting coal, oil shale, and natural gas reserves are found in great abundance. But SWSI did not foresee the increase in world demand for energy and the far reaching impacts it would have on the development of the energy reserves on the western slope.
The most significant challenge to water availability in the region from the extraction industry lies in the development of its vast oil shale reserves. Unfortunately, it is difficult if not impossible at the current time to predict what if any water will be needed to develop this reserve. Industry officials are hopeful that a cost effective, environmentally

safe method of extracting the resource can be developed. Current research suggests that it might be possible, but commercial production is not expected for another twenty years.

Since an extraction process has not been identified it is difficult to know how much water will be required for operations. Figure 1.2 provides some analysis of water requirements based on the ratio of water needed to produce one barrel of oil from oil shale. By any estimate the amount of water required for a fully developed oil shale industry will be significant. New methods of extraction such as Shell's in situ process may require less water than the old retort method but no one knows for sure. Assuming that a viable extraction process is developed and that this process will require a significant amount of water, then the extraction industry will find itself competing with others seeking to utilize whatever remains of Colorado's available compact water. The energy industry already holds many conditional water rights to assist it in securing water for its future needs. Regardless, pressure to develop Colorado River water for transbasin diversions, concerns over providing water to protect habitat and endangered species and demands for water to meet both the recreational and consumptive needs of the region's growing population will make development of these conditional rights challenging.

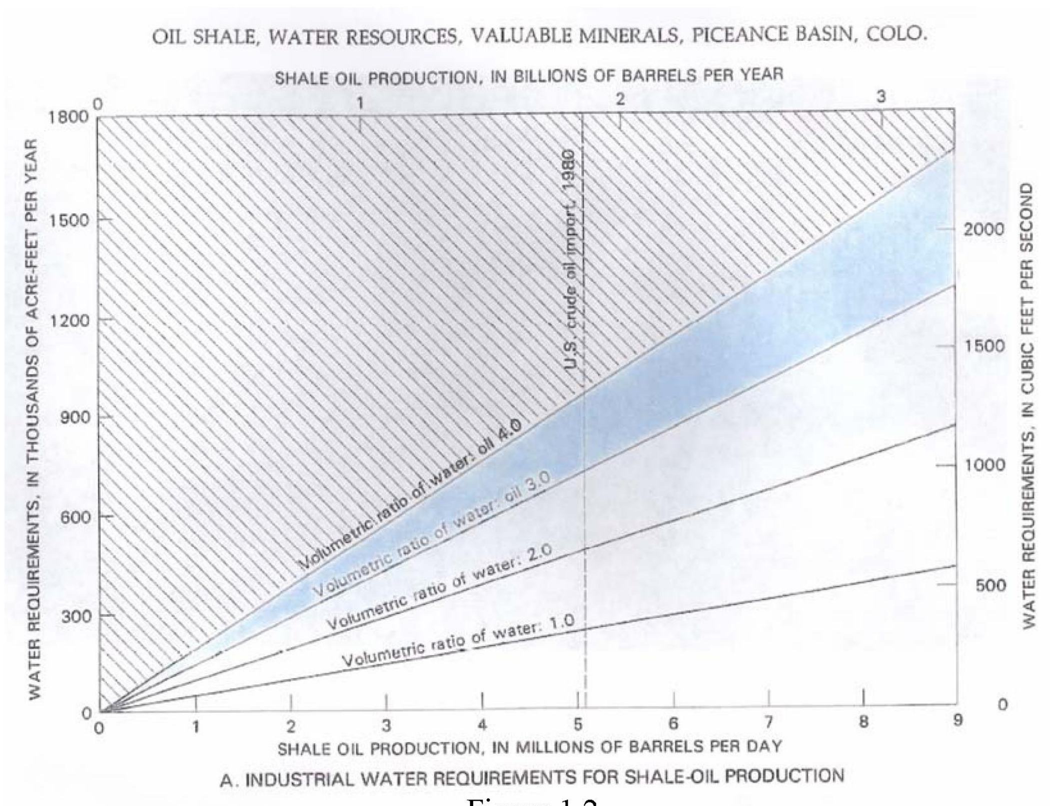


Figure 1.2

Source: U.S. Geologic Survey

The ability to satisfy all these demands depends on how much water remains available for use in the Colorado River after the state meets its compact obligations. The analysis of available water is complicated by the uncertainty of the effects of global climate change on weather patterns affecting the region. In a report produced by the CRWCD, Executive Director Eric Kuhn argues that the state must weigh any analysis of available water against the risk that climate change will affect water supply and the degree to which the supply will be impacted. He claims that the degree of risk the state is willing to accept is the fundamental question underlying decisions to develop new major transbasin diversion projects, anyone of which could divert all of Colorado's remaining water supply. That same concern must be considered when examining the development of water resources to meet the needs of the oil shale industry.

Water Quality - To date there is very little documented evidence that recent growth in the area has adversely impacted water quality to any significant degree. Nearly all the water in the Yampa, White, and Green river basins has been identified by the Colorado Department of Public Health and Environment (CDPHE) as fully supporting their designated use (SWSI, 2004). Tributaries in the Piceance Creek Basin located in Rio Blanco County have poor water quality due to streams fed by groundwater that comes in contact with oil shale. Other limited stream segments will be monitored for ph and selenium.

Water quality in the upper Colorado River basin is being affected by population growth as sediment and nutrient loading to streams is occurring from run off at construction sites for residential and commercial development. However, naturally erosive soils also contribute to the problem (CDPHE 2002 in SWSI 2004). Salinity is a major problem in the Colorado River. Nearly half the salinity in the Colorado River comes from natural sources with irrigation and reservoir evaporation accounting for much of the rest. The water quality of the streams that feed the Colorado is affected by the decrease in dilution capability caused by interbasin water transfers (SWSI 2004). Selenium is also a major concern in the Colorado River. Finally, a number of stream segments have been impaired by the presence of metals such as copper, cadmium, lead, and zinc coming from past mining activities.

Historic poor mining practices in the area, that have led to pollution emanating from abandoned mines; contribute to the concern among residents of the region over the potential development of the vast natural gas and oil shale reserves in the area. To date there has only been isolated incidents of contamination of either surface or groundwater from natural gas drilling in the region, but fear of the past and the sheer volume of current and future drilling activity have many concerned about future environmental impacts. These fears have not been abated by the initial resistance of the energy industry to comply with national storm water run off regulations from which they were exempted. Subsequent requirements by the state to comply are being met, but many remain skeptical of how well compliance is being monitored.

Air Quality - Like water quality there is little data available to support concerns over deteriorating air quality in the region resulting from growth. But as with water quality, this may result more from a lack of monitoring then from the lack of actual contamination. In an effort to get a better understanding of air quality, the state, federal and local governments are implementing several new monitoring programs to establish baseline date on the effects of growth in the region on air quality.

The state Air Quality Control Commission is particularly concerned about the impacts on air quality from the substantial growth of oil and gas production in the past few years. Most of their concern has been focused on the front range but there is growing interest in potential increase in ozone levels on the western slope particularly in Garfield County which is one of the most active counties in number of well permits issued (AQCC Report 2006). New requirements will attempt to reduce both volatile organic compounds (VOCs) and nitrogen oxides (NOx) which react to create ozone. However, it is important to note that much of the ground level ozone found in Colorado is transported here form outside the area.

Ozone is a summertime pollutant. Naturally occurring biogenic emission from vegetation is the primary source of VOCs, followed by point and mobile sources. The primary sources of NOx are motor vehicles and point sources such as factories and oil and gas activities. The substantial increase in vehicle traffic through the five county area is a cause for concern about ozone levels. Garfield County is partnering with the U.S. Forest Service to measure ozone levels near wilderness areas along the Colorado River between Glenwood Springs and Battlement Mesa.

Regional haze is also a growing concern in the area. The EPA reports that in the west the visual range has decreased on average from 140 to 35-90 miles (AQCC Report 2006). The haze is caused by fine particulates produced by power plants, industrial sources, motor vehicles, fires, and wind blown dust and dirt carried by the wind over hundreds or thousands of miles. Power plants in the regions have substantially reduced emissions contributing to regional haze since 2000. The impacts of oil and natural gas operations on regional haze is not currently being monitored but new modeling expected to be completed soon will include these activities in future assessments (CDPHE).

A major contributor to regional haze is particulate matter measuring .1 to 1.0 microns in size. The EPA provides standards for both fine particulate matter (PM 2.5) and coarse particulate matter (PM10). The PM 2.5 standard is for particulate matter ranging in size up to 2.5 microns. Coarse materials up to 10 microns in size are measured against the PM10 standard. The region has been considered an attainment area by the EPA for PM 2.5 since 1999 and with the exception of Steamboat Springs for PM10 since 1998. Steamboat Springs came into compliance with the PM10 standard in 1996 and regained attainment area status in 2004.

Wildlife - Increases in human population and the physical infrastructure needed to support growth inevitably create negative impacts on area wildlife. Worldwide demand for energy only increases the potential for greater habitat destruction. The epicenter for natural gas production on the western slope is the Piceance Basin and this also happens to be the location of the winter grazing range for some of the largest migratory elk and deer herds in the nation. Figure 1.3 provides a visual image of the concern the Colorado Division of Wildlife (CDOW) has for the future of deer and elk habitat in the region.

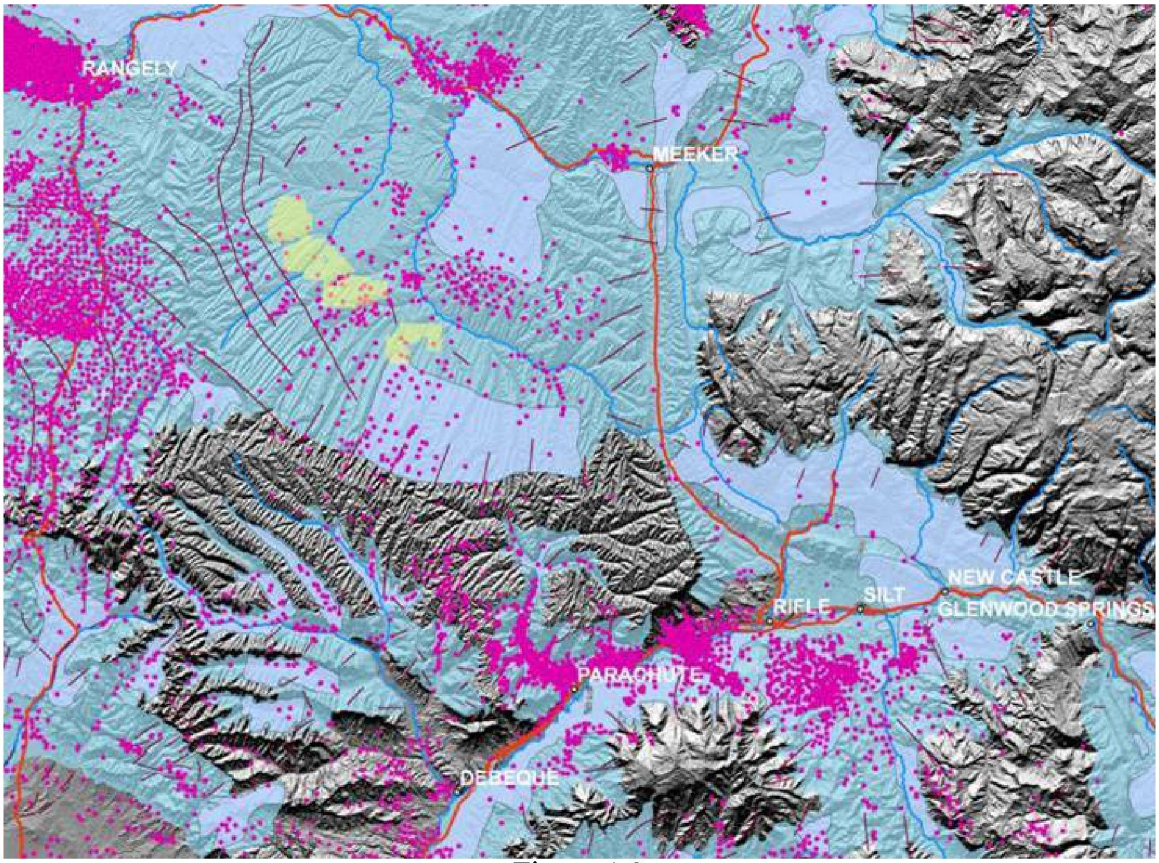


Figure 1.3
Source: Colorado Division of Wildlife

The blue area reflects winter range for deer and elk, the yellow is oil shale research areas and the pink is natural gas well locations as of November 2006. Officials are concerned that future natural gas development will further reduce deer and elk access to relatively uninhabited parts of the winter range. They point to reports of a 40% reduction of the mule deer herd in Pinedale Wyoming resulting for oil and gas activity as an example of what could happen in this region.

Currently there is little evidence to indicate that the increase in natural gas production in the area is having the same impact identified in the Pinedale study. Table 1.4 shows trends in population for deer and elk herds in northwest Colorado since 2006. Data Analysis Units (DAU) is used by CDOW to define a herd by the geographical territory where it spends the entire year. For example DAU E-6, the White River elk herd is the largest migratory elk herd in North America. Its summer range is on the flat tops and it winters northwest of Meeker. The White River deer herd DAU D-7 is the largest deer herd in the United States and winters in the Piceance Basin, home to substantial energy development in coming years.

Elk DAU	2000 Post Hunt	2006 Post Hunt
1	1,030	2,260
2	30,190	25,760
47	200	170
21	1,950	2,050
10	9,620	9,010
6	49,710	39,020
19	2,370	3,890
14	11,060	11,490
Elk NW Total	**106,130**	**93,650**
Deer DAU		
1	13,720	2,450
2	41,630	43,030
6	7,310	7,190
7	74,090	95,980
11	10,710	9,910
41	13,230	12,380
18	7,370	7,490
12	30,180	33,190
Deer NW Total	**198,240**	**211,620**

Table 1.4
Source: Colorado Division of Wildlife

As Table 1.4 shows since 2000 the deer herd in northwest Colorado has increased. While there has been a decrease in the elk population, CDOW officials claim this is due more to changes in the way elk licenses have been issued then to energy industry activity. In fact more recent counts suggest that the northwest elk herd may be larger than first thought. A Spring 2007 survey in the Craig area shows that the elk herd around Craig could be twice as large as originally anticipated.

The CDOW concerns focus on the urban wildlife interface. Animals can live around the addition of one new subdivision or one additional natural gas rig. It is the cumulative effect of multiple subdivisions and energy activity that negatively impacts wildlife. Increased incidents of bears in communities in 2007 serve to highlight the problem, but don't fully help explain what is happening. Inadequate food supplies brought on by natural causes forced bears to seek food in locations where humans are not prepared to interact with them. Better training of the human population can help reduce the negative consequence of human activity on wildlife.

The benefits of growth to communities on the western slope require efforts be made to minimize and mitigate the effects of growth on wildlife. The need for energy worldwide will preclude consideration of strategies to avoid drilling altogether. Growth has some benefits to wildlife in that it increases the awareness of hunters and fishermen of the importance of protecting wildlife. Working with the energy industry to protect wildlife during future drilling operations will be paramount to preserving the future of recreational activity in the area long after the extraction industry completes operations. Attention now turns to the more specific impacts of growth on each of the five counties in the region.

Mesa County

The 2006 Mesa County annual Finance Report provides the following county profile.

"**Geography -** Mesa County is located in western Colorado in the drainage basins of the Colorado and Gunnison Rivers, approximately 250 miles west of Denver. The landscape of Mesa County has many unique features as it is located in a river valley surrounded by contrasting natural landmarks such as the Colorado National Monument to the west and the Grand Mesa National Forest on the east. These natural wonders provide diverse and abundant year-round recreational activities for all to enjoy. The county encompasses 3,309 square miles, of which approximately 72% is publicly owned and is controlled primarily by the U.S. Forest Service and the Bureau of Land Management. The county seat, the City of Grand Junction, is the largest city in western Colorado. The Grand Junction area serves as the banking center, health care services provider and retail trade center for a large geographical area in western Colorado and eastern Utah. Mesa County enjoys a mild climate with January lows averaging only 14°F (-10°C) and enjoys year round-low-humidity levels.

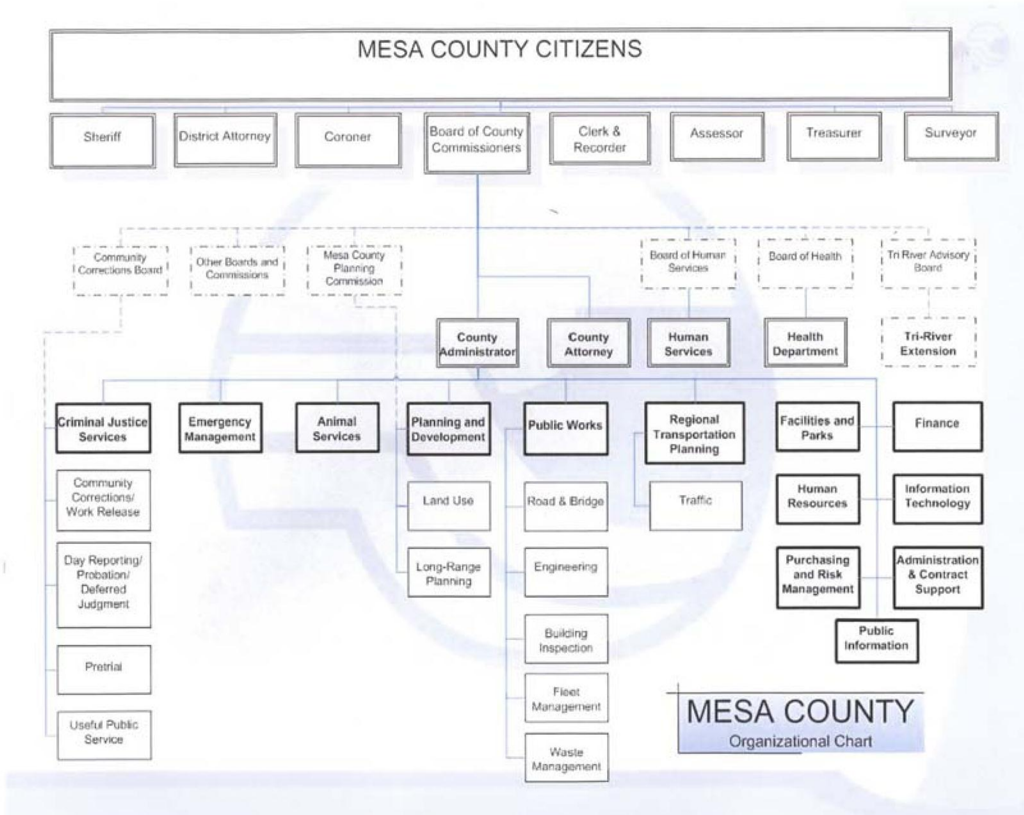
Government Structure - Mesa County, incorporated February 11, 1883, is a statutory county, defined as a service arm of the state, and derives its elected official structure and its powers from the state through enabling legislation. The three-member Board of County Commissioners serves as the legislative, policy-making and administrative body governing the unincorporated area of Mesa County. Commissioners are elected at large from one of three geographical districts and serve staggered four-year terms. In addition to having the power to levy taxes, the authority to represent the county, the responsibility for the care of county property and the management of its affairs, the Board has the exclusive responsibility and power to adopt the annual budget for operation of county government, including all offices, boards, commissions, and other spending agencies funded in whole or in part by county appropriations, (See attached organizational chart).

Services - Mesa County provides the full range of services contemplated by State statute.

These include:

- General government functions
- Public protection and safety
- Road and bridge operations
- Public health
- Human services
- Culture and recreation
- Planning and zoning"

(Source: Mesa County Financial Services Division)



Source: Mesa County Financial Services Division

Population - The vast majority of Mesa County's citizens live on the valley floor in the cities of Fruita, Grand Junction, the town of Palisade or the unincorporated lands in and around these municipalities. According to the Colorado Department of Local Affairs (DOLA), Mesa County's current population in 2007 is 135,989. Roughly 55% of these citizens live in unincorporated Mesa County challenging county government to provide both rural and urban services to its residents. According to county officials much of the residential growth in the area is continuing to occur in unincorporated areas putting further stress on county government for services.

From 1990-2000 the county population grew 24.8% (Mesa County). The population continues to increase steadily from the 2000 census (see Figure 2.1 population forecast).

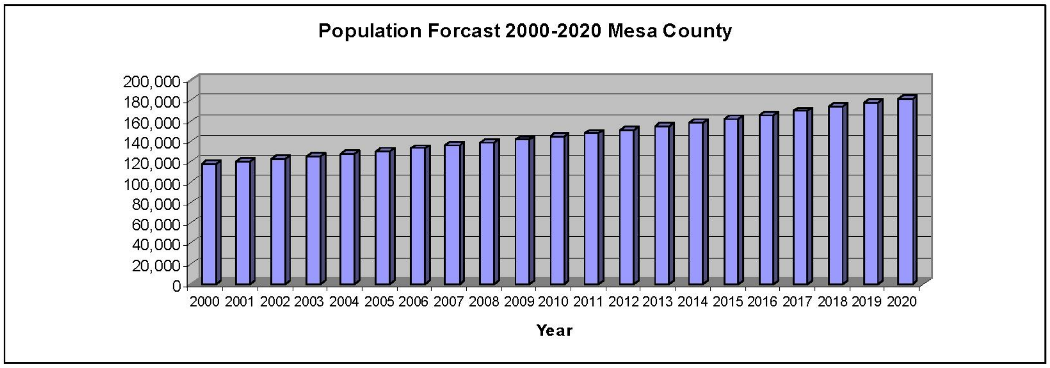


Figure 2.1
Source: Colorado Division of Local Government

According to DOLA this increase will continue well into the future averaging 2.1% a year through 2010. The projected population for 2020 is over 180,000 people. County officials believe these estimates are too low especially with the growth of the energy industry and the possibility of a viable oil shale industry in the next twenty years. County officials expect that growth during the current ten-year period will exceed 3.1%. Much of the growth in population is due to migration into the county. (Fig 2.2) Since 1996, net migration has exceeded 2,000 people in all but four of those years. The number of births in Mesa County has also shown a steady increase, outpacing the rise in recorded deaths during the same sixteen year period. (Fig. 2.3)

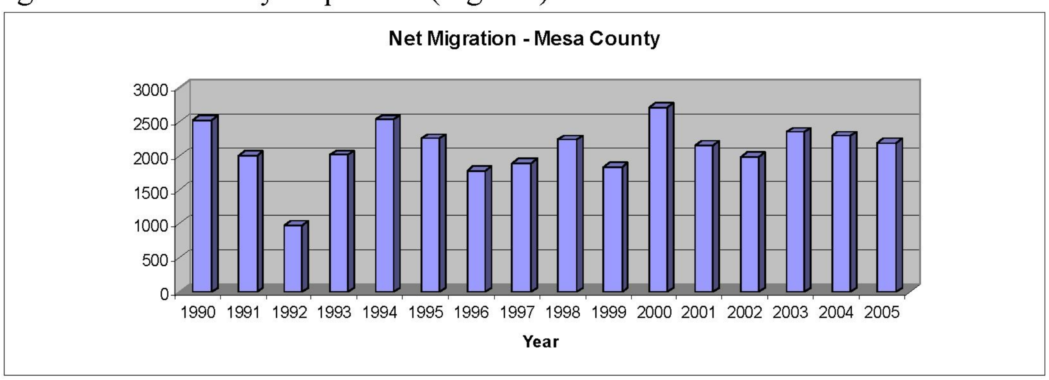


Figure 2.2
Source: State Demographers Office

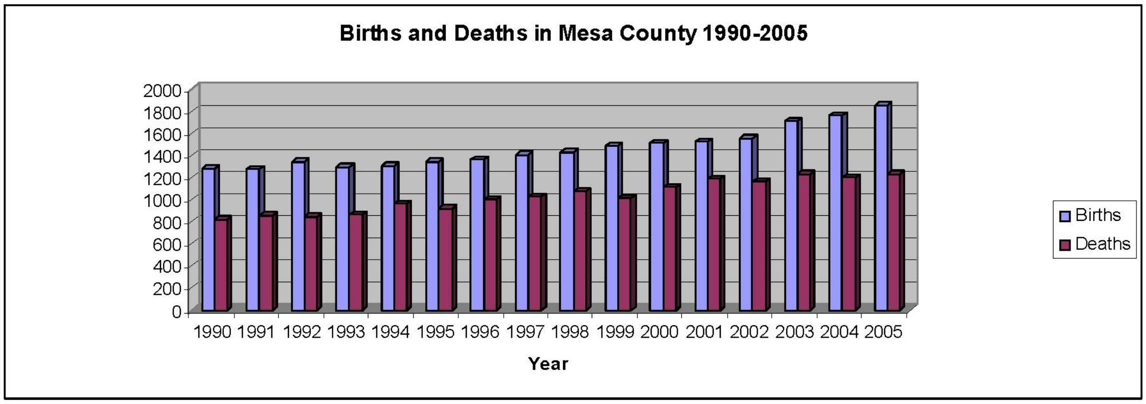
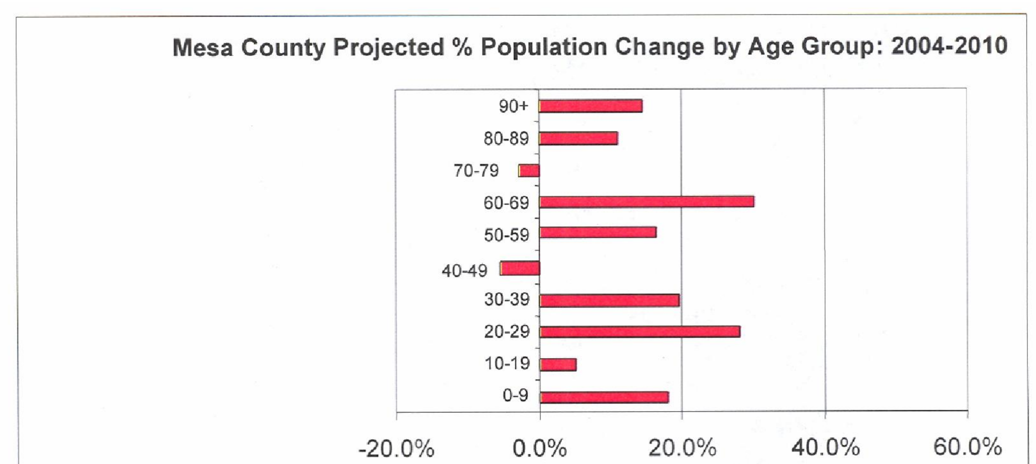


Figure 2.3
Source: State Demographers Office

With the exception of 40-49 year olds and 70-79 year olds all other age groups in Mesa County will increase through 2010. The 60-69 year old age group will increase the most followed by the 20-29 age group. (See figure 2.4 attached below)



	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90+
Projected growth 2004-2010	18.4%	3.8%	27.7%	19.8%	-4.8%	18.3%	29.17%	-	6.1%	14.8%

Figure 2.4
Source: Mesa County 2006 Annual Finance Report

By 2010 the total population of retirees will be over 30,000 representing a little more than 20% of the total projected population. While the number of retirees is growing, they have consistently composed roughly 20% of the county population since 2000.

The U.S. Census Bureau places the current average household size from 2000-2006 at slightly less than 2.5 people which is consistent with the rest of the state. The census bureau also estimated that the 2005 population consisted of 51% females with a median resident age of 38.1 years which is slightly older (almost four years) than the state median age. The population is comprised of 87% white non-Hispanics with Hispanics forming the largest minority at 10%. Other races account for the remaining 3-4% of the population.

Growth – With some relatively small downturns, most officials in Mesa County agree that the county has been experiencing steady economic growth since the end of the 1980's. During the late 80's the recovery from the oil shale bust was aided by the effort to clean up uranium mill tailings left over from the days when uranium mining had provided its own economic boom. In the early 1990's expansion continued as the availability of cheap land and a favorable climate assisted the promotion of Mesa County as a retirement community. Later in the decade the Mesa County Economic Development Council was successful in helping to diversify the Mesa County economy by encouraging a number of firms to relocate to the Mesa County area. These efforts continued into the new century and the GJEP mission was expanded to include a role in encouraging the expansion of existing business.

Throughout the 90's and the into 2000's, tourism played an important role in the economic expansion of the area. Increased recreational activities, new golf courses, the natural beauty of the surrounding area as well as a growing wine industry encouraged many to visit Grand Junction. The county's growing role as a regional hub for retail trade, healthcare, and other services also provided incentives for visitors to come and stay for a night or two or maybe just the day. In 2000, Grand Junction was designated as a metropolitan statistical area. This designation has encouraged many national retail and restaurant chains to locate within the county.

Like the rest of the state and nation, Mesa County felt the negative economic impact of 9/11 and the dot.com bust but the county was not affected as severely as other areas. While the county economy slowed there was still continued growth. The biggest problem facing area residents was the significant reduction in state funding. Starting in 2004 the county has been growing at an accelerated rate as the already healthy economy has been further boosted by the growing energy industry.

All of those interviewed agreed that good long-term planning would allow for government to build cash reserves during periods of growth and spend down those reserves during economic downturns in order to build infrastructure to assist development when economic growth returns. Efforts to plan for growth in this manner have been hampered by a lack of funding, an inability to forecast the impact of world wide events on the local community and citizen attitudes toward government. As a result, local governments find themselves reacting to the impacts of accelerated growth while also trying to prepare for the next economic slow down. No one anticipates another Black Sunday but many offer reasons to expect growth to slow.

Two different scenarios have been suggested that would cause economic growth to slow down at least temporarily. First, there is concern that the lack of capacity in outgoing gas pipelines will drive the price of natural gas down to the point that companies will slow or stop production while awaiting more pipeline capacity to be built. This would create a temporary slow down in economic activity. Some say the evidence of this can be seen this year in that drilling activity has been relatively flat in comparison to last year. Greater concern lies in the argument that within the next ten to twelve years the gas fields in the area will be fully developed and only half the work force will be needed to maintain the wells while resources are extracted. Some do not see either of these futures happening and expect continued drilling to happen well into the future or oil shale production to become a reality. To prepare for any of these scenarios requires government and industry to work closely together.

Funding has also hindered planning. The Taxpayer's Bill of Rights (TABOR) has reduced the size of the county budget during economic slow downs and forced refunds during periods of economic growth even though the need for infrastructure repairs are obvious to all. In Mesa County the accelerated growth has created a need for additional funding for bridges, housing, schools, utilities, policing, even animal services and landfill operations. In 2006, growth in the oil and natural gas industries resulted in roughly $3 million being paid in severance taxes. Since revenues exceeded allowable TABOR spending limits the Board of County Commissioners find themselves providing a TABOR refund of $3 million dollars to Mesa County residents through a property tax reduction. Most of this money will go to a few very large landowners in the county. Some will go to the very oil and natural gas companies that paid severance taxes. It is hard to justify the need for additional severance tax dollars to help cover the costs of growth caused by extraction industries when that money is simply given back to tax payers as a refund.

TABOR restrictions cause two additional funding problems for Mesa County and its municipal governments. First the calculation for allowable spending under TABOR is based on the Denver Boulder CPI. This CPI does not accurately reflect inflation in Mesa County. In the past the Denver Boulder CPI was higher than the cost of living in Mesa County allowing county and municipal governments to raise spending limits higher than they probably should. Since 1994 the county more often than not has failed to increase actual spending to the limits imposed by TABOR. On the other hand since 2002 the Denver Boulder CPI has been under the cost of living in Mesa County as the economy on the Front Range suffered while Mesa County continued to grow. As a result county government and municipalities have not been able to expand government services to meet existing needs as the allowable spending limits dictated by TABOR have been artificially low.

A second problem with TABOR limitations and potential revenue sources occurs when different elements of local government seek funding opportunities for specific purposes through state grants. State grants count against a local government's TABOR limitations. Consequently, state money that may be available for a specific purpose will not be pursued because it may force the receiving government entity to refund to taxpayers other general fund monies if total revenues exceed the TABOR limit on spending. In many cases this forces government officials to walk away from readily available state funding for local problems. This concern becomes even greater as both federal and state government shift cost for services to local governments through unfounded mandates and reduced funding for required essential services. Examples of unfounded mandates include the Clean Water Act and the Help America Vote Act. Reduction in funding for essential state programs include restaurant inspections which are now totally funded with local dollars.

Citizen distrust of government also makes it hard to plan long term in Mesa County. Projects to expand road capacity because it will be needed in the future have not been well received in the past. Rainy day funds are more likely to be seen as an argument to reduce taxes rather than a prudent choice by planners to save for the future. Efforts to remove TABOR limits have met with limited success. Some believe this attitude against government may be changing. This belief will be tested as groups within the community will be asking residents to support new bonds for a community recreation center and another for additional schools.

Lack of faith in government is more prevalent among long term residents than newer residents. Rapid development, more traffic congestion, and increased concerns about safety have many long term residents missing the small town atmosphere so prevalent as little as ten years ago. Newer residents, many of whom have migrated from larger urban areas do not see the changes that have occurred more recently. In fact their perception, based on where they moved from, is that Mesa County has a high quality of life. The latest Mesa County Citizen's Attitude Survey showed a 20 percent difference between long term residents and new residents on satisfaction with government services.

Economic Impacts - There are a number of indicators that help demonstrate the economic impact of growth in a community. They range from tax revenues to personal income from property values to construction activity.

Tax Revenues - One of the best measures of a region's economic health is to measure the change in its retail sales tax collections (Fig 2.5). Mesa County has experienced an increase in its sales tax revenues every year since 2000. That percentage increase dipped slightly from 2002 to 2004 but the increase still averaged 4.5%. Since 2004, the percent increase has been in double digits and currently is 17.31% year to date for 2007. The dramatic increase reflects the impact of the energy industry on an already healthy Mesa County economy.

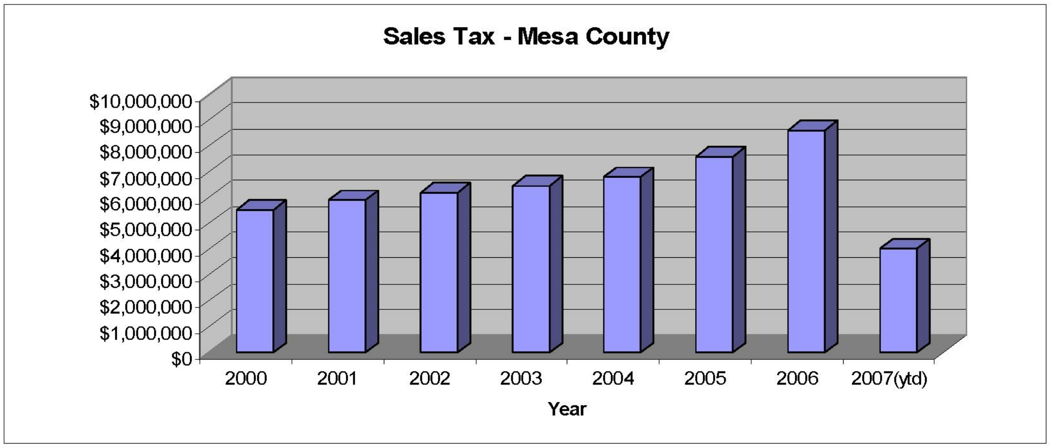


Figure 2.5

Source: Mesa County

According to projections by the county, sales tax revenue will continue to increase through 2012.

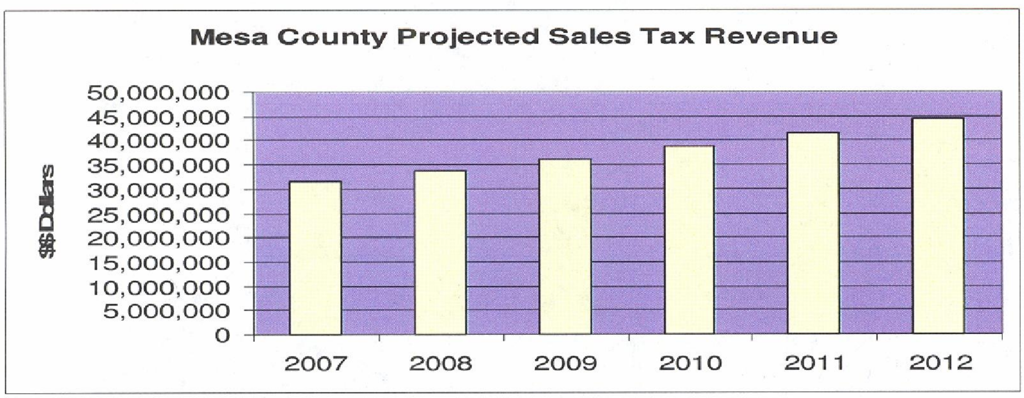


Figure 2.6

Source: Mesa County Environmental Scan

Mesa County severance tax revenues were about $3 million in 2006 and are also projected to continue growing in the near future (Fig 2.7). Clearly, as many of those interviewed have said, "when the private sector grows the public sector grows with it."

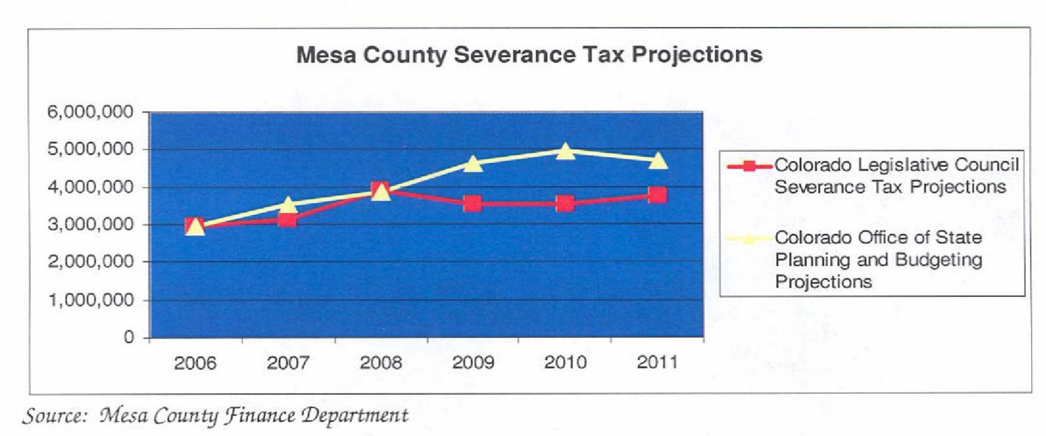


Figure 2.7
Source: Mesa County Environmental Scan

Mineral property taxes from oil and gas properties (Fig 2.8) have also grown dramatically. Colorado Legislative Council estimates that these revenues have more than doubled in Mesa County in the past three years.

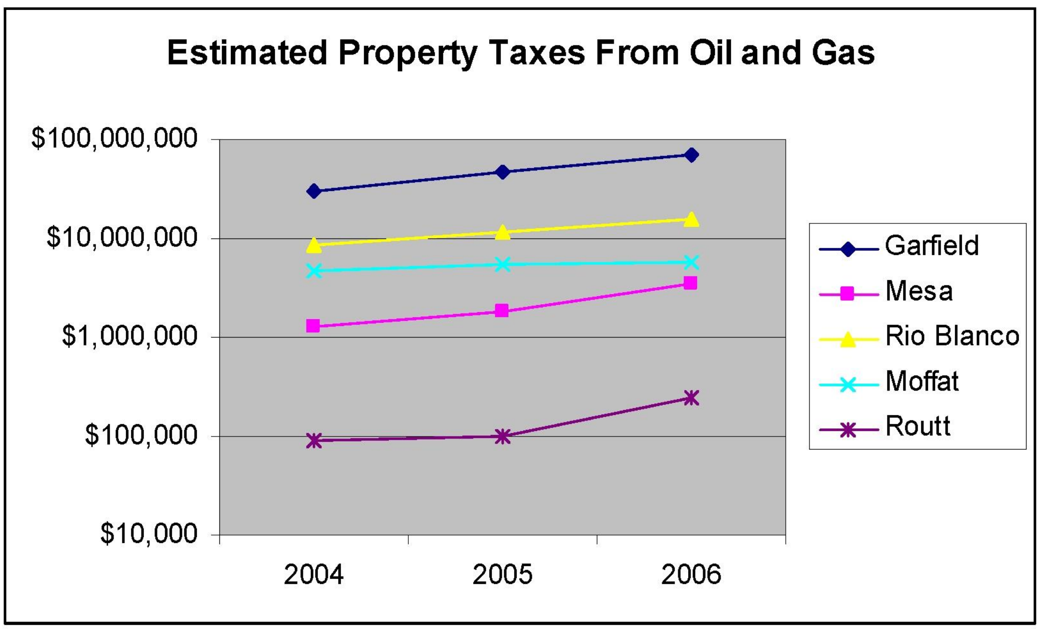


Figure 2.8
Source: Colorado Legislative Council

Federal mineral lease payments to Mesa County and towns and school districts within it rose 163% from 2004-2006 (Fig 2.9). Through the second quarter of 2007 it appears that income from mineral leases will continue to increase this year.

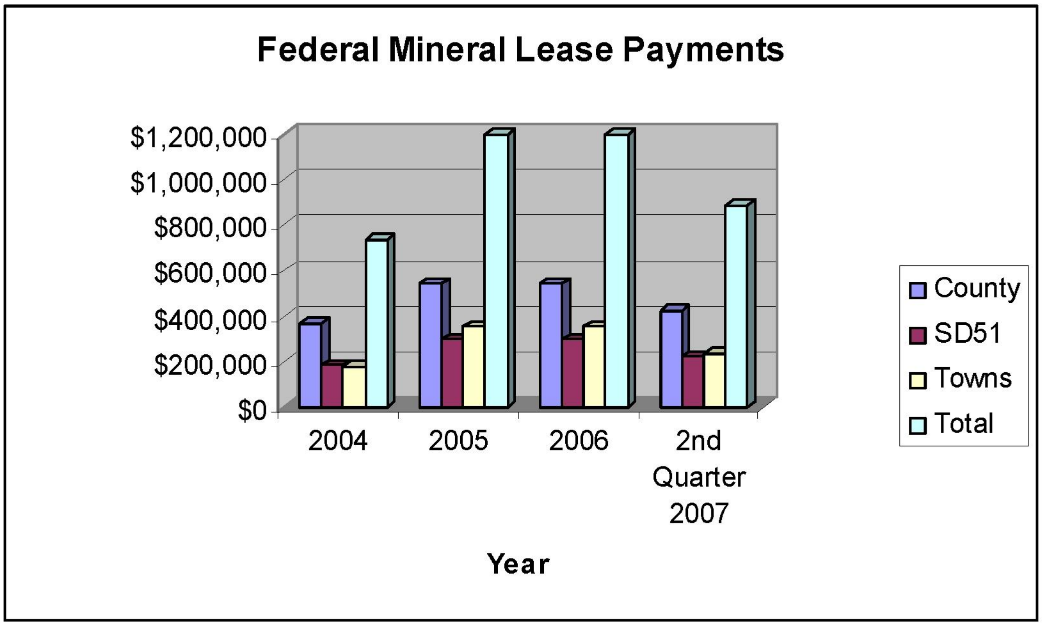


Figure 2.9
Source: Colorado Treasurer's Office

Planning Development – Part of the growth in county revenue has been driven by land development, both residential and commercial. Building permits issued over the past seven years show a steady increase although residential permits fell in 2006.

Year	Residential	Commercial	Total
2000	1816	1731	3547
2001	1690	1752	3442
2002	1805	1760	3565
2003	1960	1818	3778
2004	1818	1907	3725
2005	1944	1954	3898
2006	1758	1970	3728

Table 2.1
Source: Mesa County Planning Department

The assessor's office reports that new land parcels are being added at the rate of 2400 per year. Each parcel generally means a new building. Business personal property tax is experiencing a 25% growth rate with approximately 5,000 documented businesses on file paying this tax.

The increase of wealth in the community can also be captured by looking at the increase in the value of real property over the past seven years. (Fig 2.10)

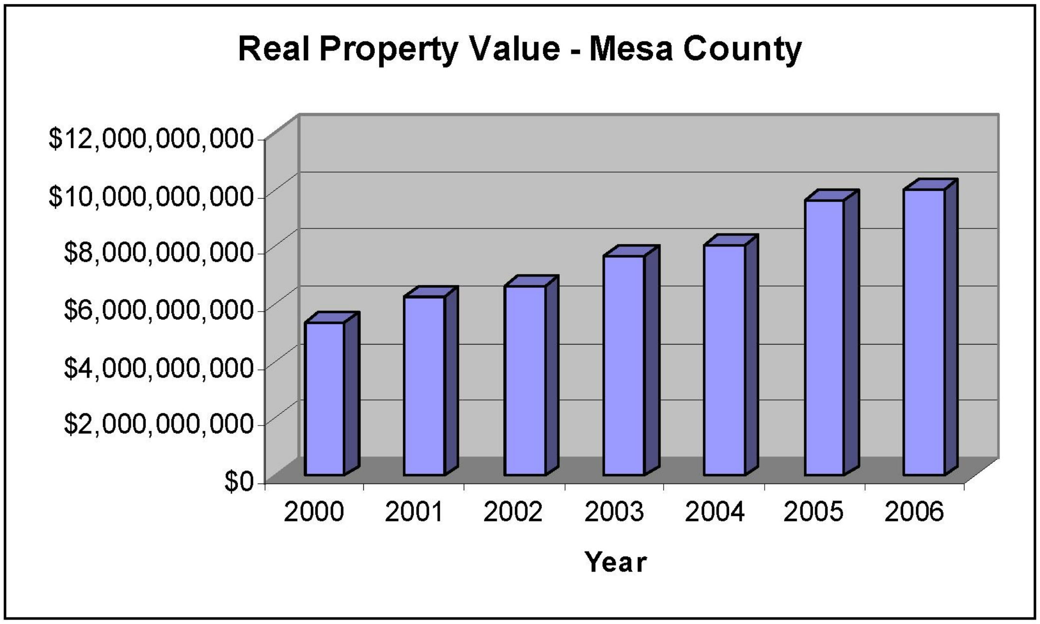


Figure 2.10
Source: Mesa County Assessor's Office

The value of real property in Mesa County has almost double in seven years!

The Mesa County Planning Department reports an average of 1700 development applications have been processed annually for the past several years (Mesa County Strategic Planning Program Drivers 2008). Building permits (Fig 2.11) issued in Mesa County have also increased since 2002.

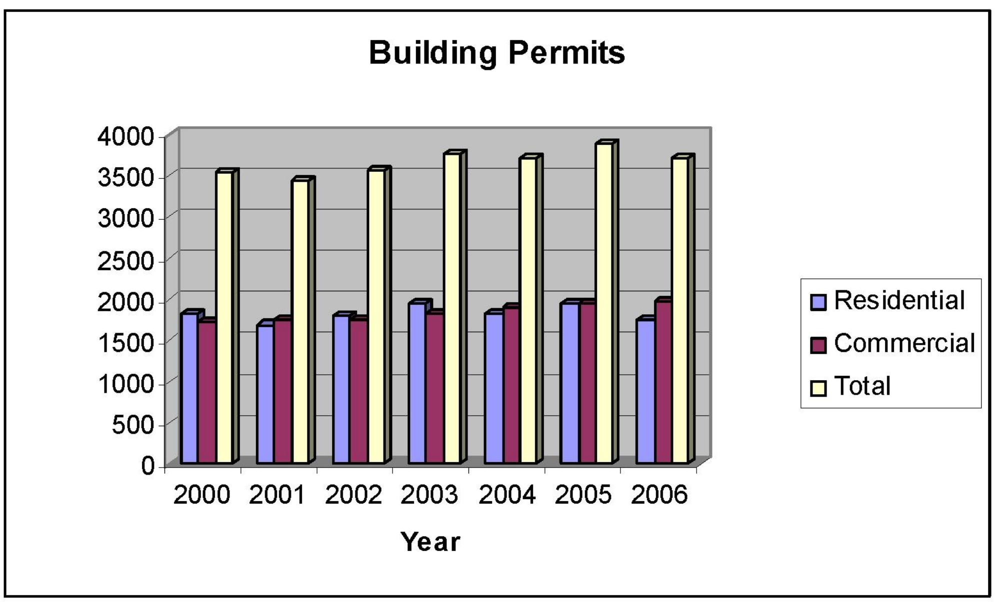


Figure 2.11
Source: Mesa County Planning Department
Growth has led to an increased capacity for code enforcement (Fig 2.12).

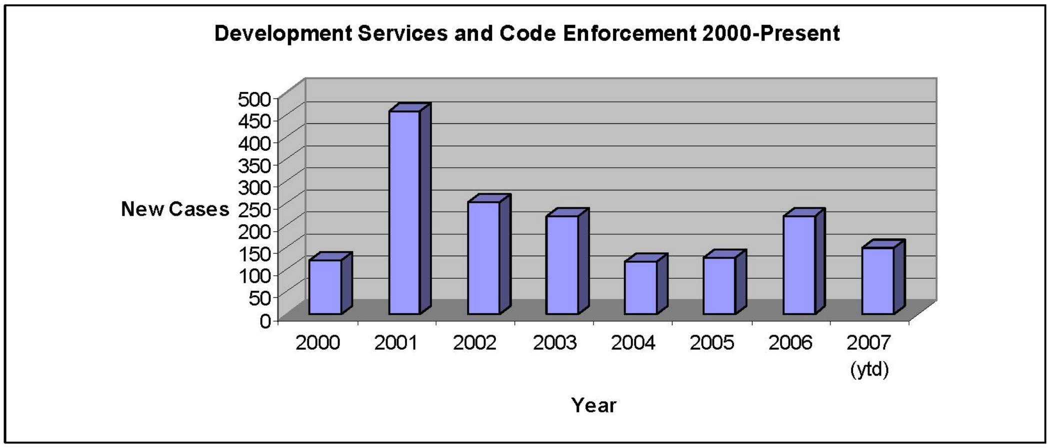


Figure 2.12
Source: Mesa County Planning Department

Code enforcement was identified as an area of concern by citizens in the Mesa County community survey done in 2007 and is on pace this year to far surpass the number of citations issued in 2006.

Workforce - The positive impacts of growth are most evident in the trends in Mesa County's workforce and wages. After the economic bust in the 1980's, efforts to recover focused on diversifying the economy. Today no single industry commands even 15% of the total workforce (see Table 2.2)

EMPLOYMENT BY INDUSTRY – 3RD QUARTER 2006

Industry	Percentage of total Work Force
Government	14.6%
Retail Trade	14.3%
Health Care and Social Assistance	14.0%
Accommodation and Food Services	10.2%
Construction	8.6%
Manufacturing	6.2%
Waste Management and Remediation	5.3%
Wholesale Trade	3.7%
Finance and Insurance	3.6%
Transportation and Warehousing	3.6%
Professional, Scientific and Technical Services	3.5%
Other Services	2.9%
Mining	2.2%
Real Estate	1.9%
Information	1.7%
Arts, Entertainment and Recreation	1.7%
Agriculture, Forestry, Fishing and Hunting	1.0%
Education	0.4%
Utilities	0.4%
Management	0.2%
	100%

Table 2.2

Source: CDLE, Quarterly Census of Employment and Wages (QCEW)

However, there is some reason for concern as the top five largest employers in Mesa County are either government entities or non-profit health care providers. (Table 2.3)

Employer	Industry	Employees
Mesa County School District #51	School	2,600
St. Mary's Hospital and Medical Center	Service	2,000
Mesa State College	School	1,250
State of Colorado – All Departments	Government	982
Mesa County	Government	925
Wal-Mart/Sam's	Retail	910
City of Grand Junction	Government	808
Halliburton	Service	700
City Market, Inc.	Retail	589
Star Tek	Service	580
Hilltop Community Resources	Service	490
Veterans' Health Administration	Service	425
Choice Hotels	Service	400
Community Hospital	Service	392

Table 2.3
Source: Grand Junction Economic Partnership 2006

Not only is Mesa County a regional hub for health services, it has developed into a regional hub for retail shopping opportunities for citizens throughout western Colorado and eastern Utah. This sector comprises almost 15% of the county work force but theses jobs pay low wages. (Fig 2.13)

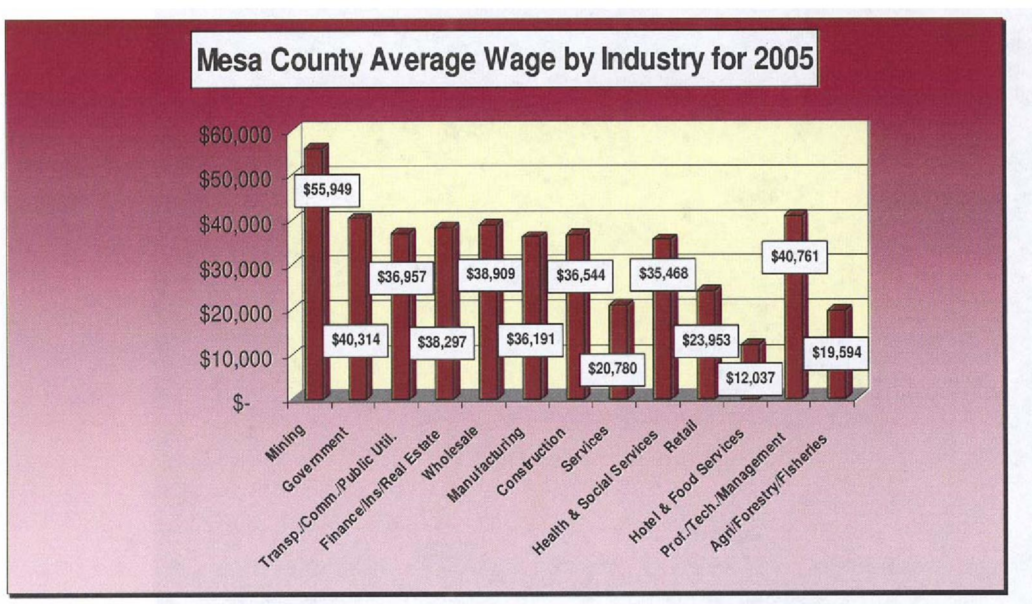


Figure 2.13
Source: Mesa County Environmental Scan

Wages - The recent surge in economic activity since 2004 brought on by the increase in activity from the energy industry has helped increase wages in all areas of employment in Mesa County (Table 2.4)

Annual Average Wage
Colorado and Mesa County
1995 - 2006

	Colorado		Mesa County		
Year	Average wage	Percent change	Average wage	Percent change	Ratio to State Avg.
1995	$27,122	na	$22,180	na	0.82
1996	$28,517	5.1%	$22,715	2.4%	0.80
1997	$30,057	5.4%	$23,609	3.9%	0.79
1998	$32,257	7.3%	$24,557	4.0%	0.76
1999	$34,189	6.0%	$25,313	3.1%	0.74
2000	$37,160	8.7%	$26,224	3.6%	0.71
2001	$37,960	2.2%	$27,404	4.5%	0.72
2002	$38,012	0.1%	$28,340	3.4%	0.75
2003	$38,948	2.5%	$29,068	2.6%	0.75
2004	$40,300	3.5%	$29,952	3.0%	0.74
2005	$41,600	3.2%	$31,616	5.6%	0.76
2nd Qtr 2005	$39,988	na	$30,628	na	0.77
2nd Qtr 2006	$41,288	3.3%	$32,240	5.3%	0.78

Table 2.4
Source: Colorado Department of Labor and Employment

Mesa County's role as a regional hub for retail and other services increases its dependence for economic success on the economic success of outlying communities. But as these communities grow they become attractive locations for their own retail service outlets. This presents new challenges to Mesa County to create new reasons for non resident western slope and eastern Utah citizens to come visit. Currently this does not appear to be a problem as both Mesa County and surrounding communities are adding new retail outlets without any signs of competition driving down profits. What this retail growth has done along with growth in the construction and extraction industry is create competition for available workers.

The difficulty in hiring new employees has led one fast food restaurant to advertise a $300 signing bonus for new hires. Figure 2.14 shows the changes in the size of the work force in the Grand Junction metropolitan area and the unemployment rate from 2000 through November of 2006. Since then the unemployment rate has continued to hover at 3%. The county is at full employment.

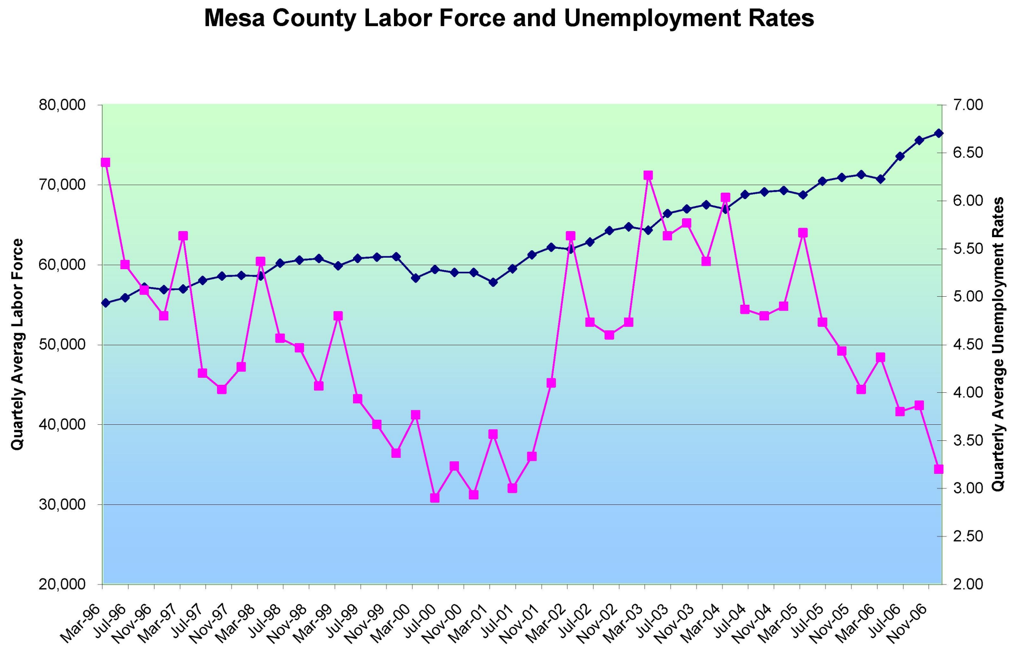


Figure 2.14
Source: Mesa County Department of Human Services

Another indicator of the success of the Mesa County economy is to compare the county's unemployment rate with the state and the country (Fig 2.15). Since 2000 the county has out performed both the state and the nation. This was true even during the four years prior to the ramping up of the extraction industry on the western slope.

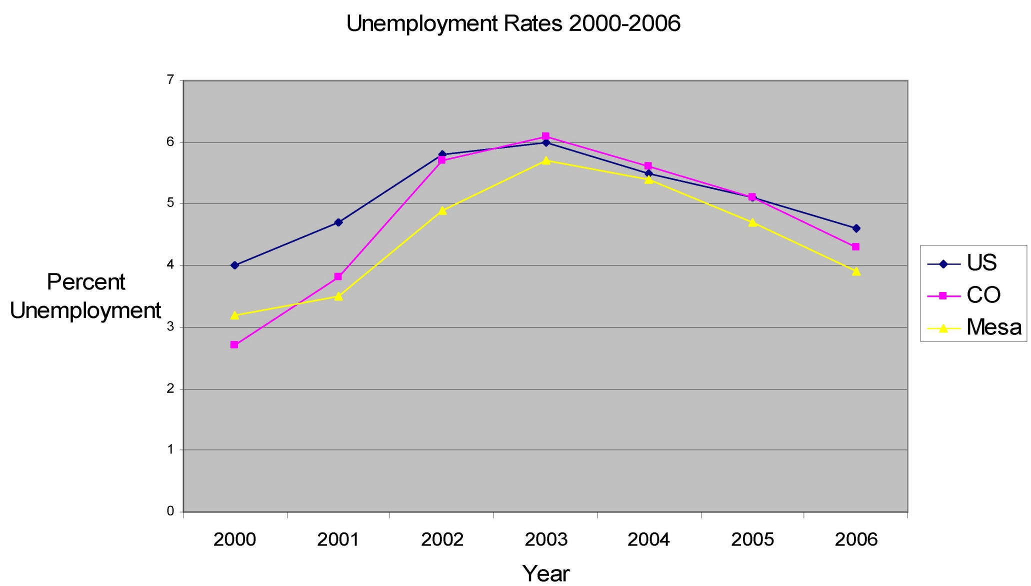


Figure 2.15
Source: Colorado Department of Labor and Employment

Income - Low unemployment and subsequent pressure on wages has had a positive impact on family income. The median household income has increased steadily through 2007 (Fig 2.16). Since 2004 median household income has gone up by almost 25%.

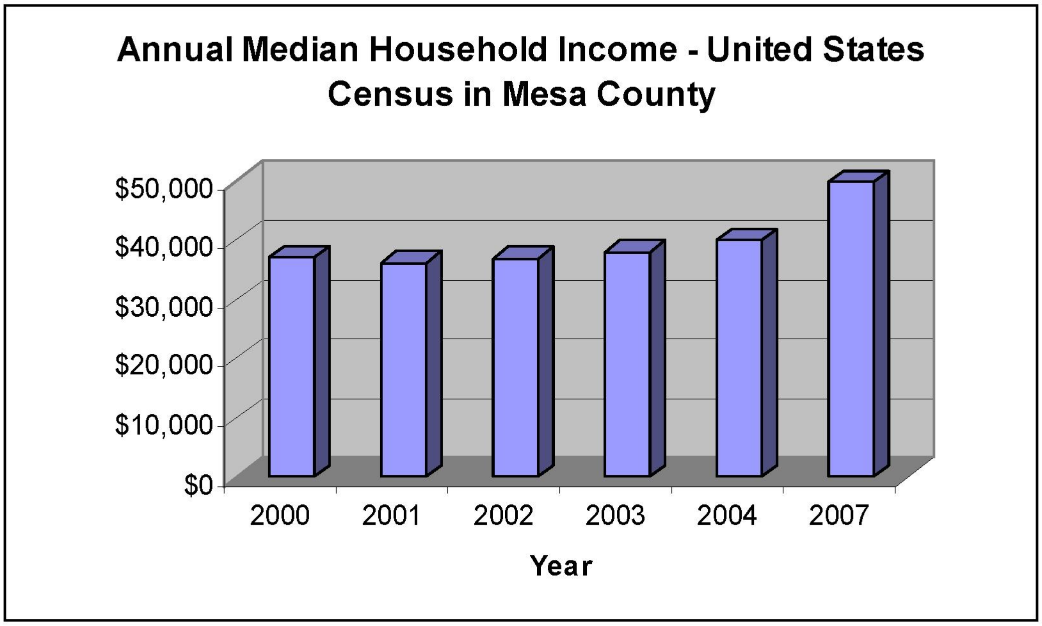


Figure 2.16
Source: U.S. Census Bureau STF
2007 Source: www.huduser.org

Likewise per capita income in Mesa County has experienced similar growth (Fig 2.17), increasing by roughly two-thirds since 1999.

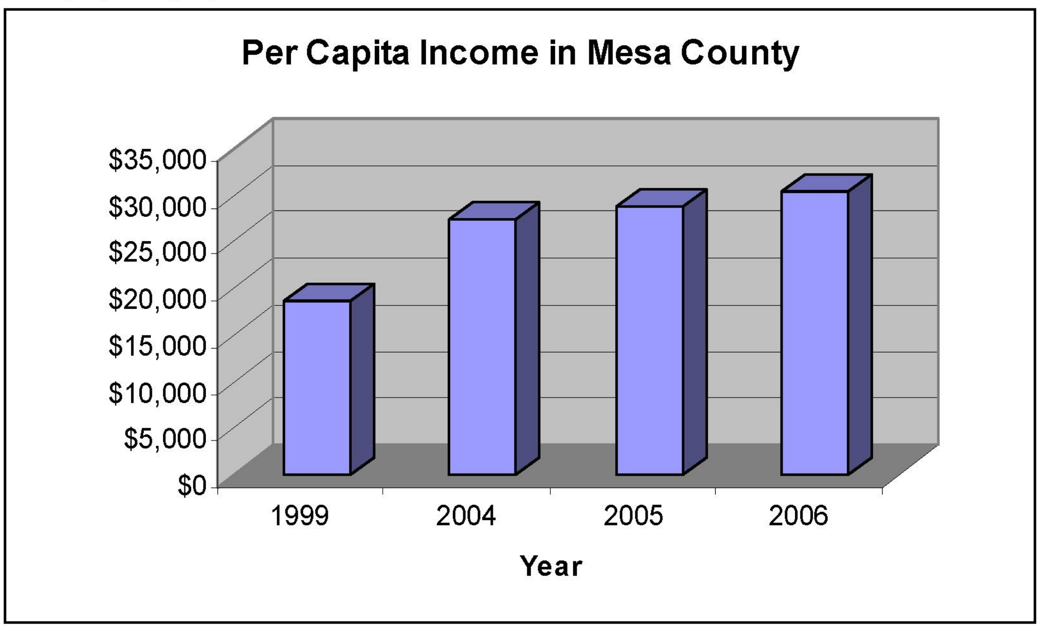


Figure 2.17
Source: U.S. census Bureau of Economic Analysis

Somewhat disconcerting is that through 2005, available data suggests that Mesa County's per capita income is still lagging behind the nation. Given the dramatic increase in median household income over the last two years this gap may be rapidly closing. Further evidence of this comes from available data on the percentage of Mesa County residents living below the poverty line (Fig 2.18).

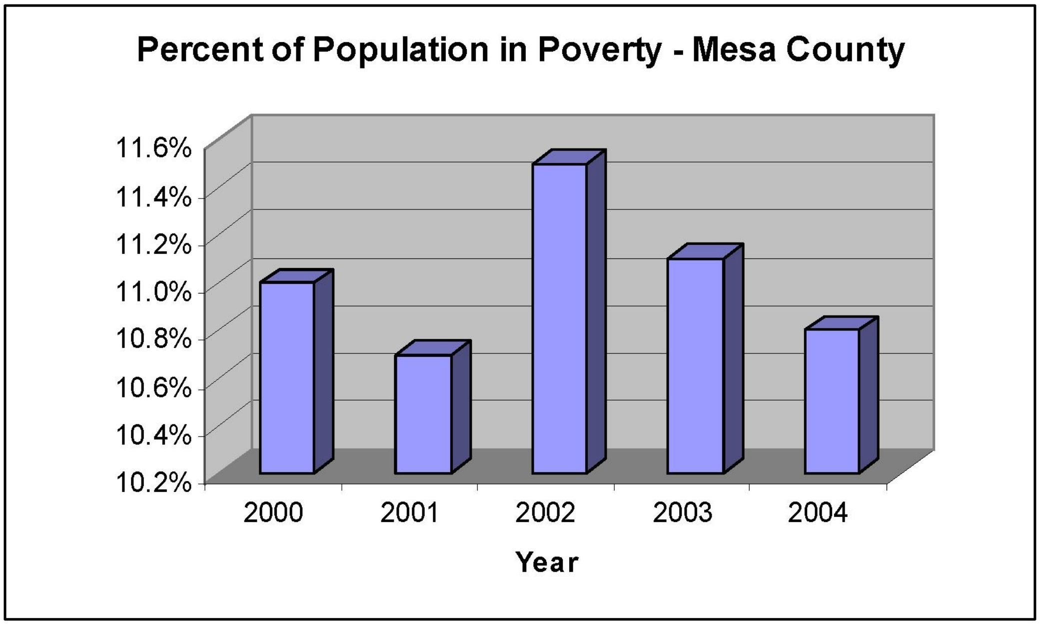


Figure 2.18

Source: U.S. Census Bureau

After spiking at 11.5% in 2002 this percentage has dropped by .7% in 2004. Data just released by the U.S. Census Bureau shows that the percentage of families living in poverty in Mesa County in 2006 has further dropped to 10%. This is well below the national rate of 12.3% and the state rate of 12%. While the state rate has gone up from 9.3% in 2000, Mesa County has seen the reverse. Unfortunately, the impacts of poverty fall the hardest on children where roughly 35% of School District 51 children qualified free or reduced lunches.

Inflation - As seen, low unemployment and increased wages provide greater family income but this positive outcome of growth also can lead to inflation. There are no accurate measures for inflation in Mesa County. The standard cost of living index used by the state government is based on the Denver Boulder CPI. However, there is little proof to suggest that changes in prices for Mesa County are similar to the greater Denver Boulder metropolitan area. In an effort to better understand the impacts of inflation on the community many researchers have turned to the ACCRA Cost of Living Index produced by the Council for Community and Economic Research.

The ACCRA Cost of Living Index measures regional differences in the cost of consumer goods and services in six different areas – housing, utilities, grocery items, transportation, healthcare, and miscellaneous services. By averaging the price of goods in these various areas a baseline is established and compared to the cost of goods in a community. If the cost of goods in a community exceeds the average cost then it is assumed that the cost of living is higher in that community. This is a very questionable way of measuring inflation which should be determined by the historic cost of goods in the community and not on the cost of similar products in other locations. With that caveat it appears that the cost of living in Mesa County for housing, transportation and groceries were above the ACCRA average for 2006, while prices for utilities and miscellaneous goods and services were below average.

The expansion of Mesa County's economy can be attributed to efforts to diversify the economy following the energy bust of the 1980's. More recently the dramatic growth in the extraction industry has accelerated the growth of an already healthy economy. Over half the workforce is concentrated in four industries: retail trade, health care, leisure and hospitality, and government. (Mesa County Environmental Scan). While agriculture continues to play an important role in the economy, much of the efforts to diversify have focused on attracting new or expanding existing manufacturing and technology industries promoting tourism and capitalizing on the Grand Junction metropolitan area's role as a regional hub for retail trade and services. Earlier successful efforts in the 1980's to promote the area as a retirement community have contributed to the expansion of a variety of healthcare and assisted living facilities. The need for infrastructure as well as housing for employees has helped expand the construction industry as well.

Table 2.5 demonstrates these changes in industry employment from 2005 to 2006. While jobs in manufacturing remain stable, there were significant increases in construction and mining 18.5%, leisure and hospitality 4.8% and education and health services 2.2%. The Colorado Department of Labor projects that by 2014 the construction and mining industry will add over 1,500 more jobs while the entire labor force will grow to almost 86,500 (Table 2.6).

Nonfarm Jobs by Industry Grand Junction Metro Area 2005 & 2006 (average for 12 months ending November)				
	Number of Jobs		Change	
Industry	2005	2006	Number	Percent
Total Nonfarm	56,400	58,800	2,400	4.3%
Construction & Mining	5,900	6,900	1,000	18.5%
Manufacturing	3,500	3,500	0	-0.5%
Trade, Trans. & Utilities	12,500	12,600	100	1.4%
Information	900	900	0	-0.9%
Financial Activities	3,200	3,300	100	3.4%
Prof. & Business Services	5,000	5,400	400	8.2%
Educ. & Health Services	8,000	8,200	200	2.2%
Leisure & Hospitality	6,700	7,000	300	4.8%
Other Services	2,200	2,300	100	3.8%
Government	8,600	8,700	100	1.1%

Note: Numbers are independently rounded and may not add to totals.
Percentages computed from unrounded numbers
Source: Colorado Department of Labor and Employment

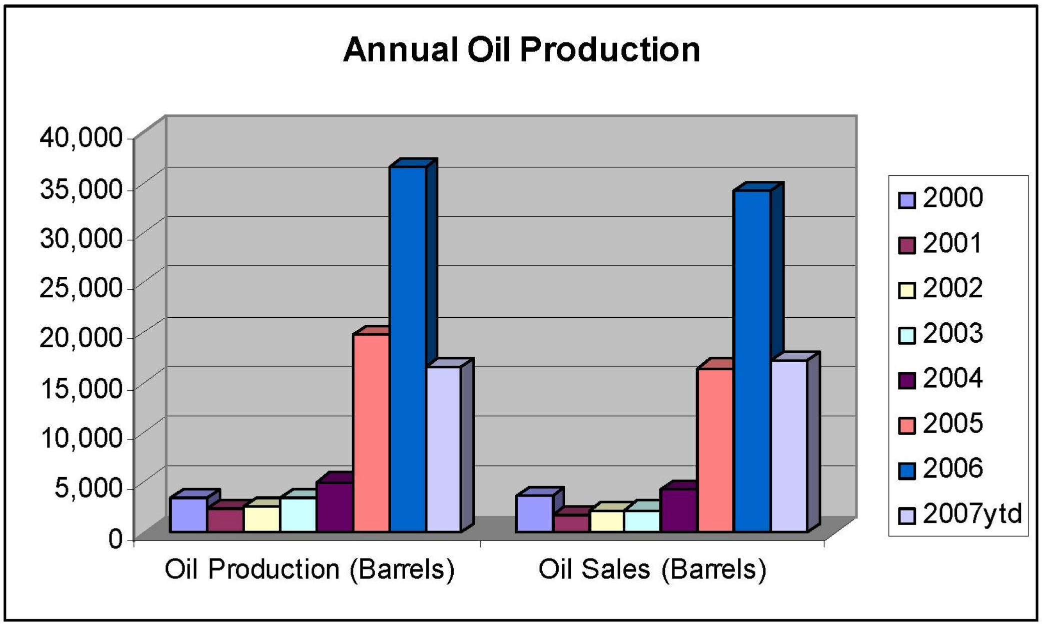
Table 2.5

Occupation Groups in Mesa County 2004-2014		
Occupation Group Title	2004 Estimated Number of Employed	2014 Projected Number of Employed
Total All Occupations	74,190	86,495
Sales and Related Occupations	10,615	12,180
Office and Administrative Support Occupations	10,200	11,450
Construction and Extraction Occupations	6,795	8,350
Management Occupations	5,280	6,035
Food Preparation and Serving Related Occupations	5,175	6,445
Transportation and Material Moving Occupations	4,475	5,250
Healthcare Practitioners and Technical Occupations	4,080	5,025
Installation, Maintenance, and Repair Occupations	3,885	4,545
Production Occupations	3,670	4,130
Personal Care and Service Occupations	3,205	3,760
Education, Training, and Library Occupations	3,110	3,405
Building and Grounds Cleaning and Maintenance Occupations	2,975	3,325
Business and Financial Operations Occupations	2,625	3,155
Arts, Design, Entertainment, Sports, and Media Occupations	1,935	2,080
Healthcare Support Occupations	1,770	2,240
Architecture and Engineering Occupations	1,000	1,170
Community and Social Services Occupations	940	1,125
Protective Service Occupations	695	825
Life, Physical, and Social Science Occupations	660	725
Legal Occupations	590	670
Computer and Mathematical Occupations	435	525
Farming, Fishing, and Forestry Occupations	*Confidential*	*Confidential*
Source: Colorado Department of Labor		

Table 2.6

According to a survey of stakeholders completed by the Grand Junction Economic Partnership the energy industry was seen as having the greatest impact on the Mesa County community over the next five years. Existing data supports this view. From 2003 to 2006 applications for permits to drill (APDs) in Mesa County grew from 27 to 265 (COGCC). As of August 8, 2007 another 186 drilling permits had been issued. This represents 5% of the total permits issued statewide. With 593 active wells, Mesa County ranks eighth in the state for active oil and gas wells. In 2006 a total of 1611 oil and gas employees lived in Mesa County (JCRC Housing Market Analysis 2007).

Another way to capture the growth of the oil and gas industry in Mesa County is to look at the increase in annual oil and gas production (Fig 2.19). Since 2000, oil production has increased over 10 times to 36,548 barrels in 2006. Likewise natural gas production has almost tripled during that same time frame to 14.7 mcf.



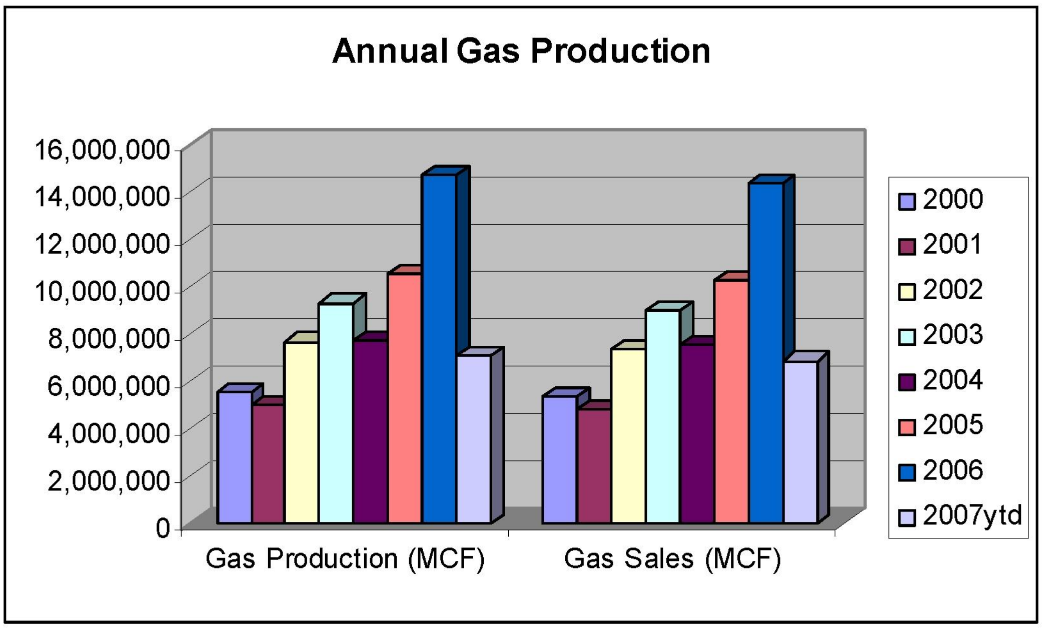


Figure 2.19

Source: COGCC

Recreation and tourism is another economic area that has experienced considerable growth since 2000. The area's many natural attractions have also been supplemented by efforts to encourage visitors to come to Grand Junction. Special events like the Palisade Peach Festival, Country Jam and the Junior College World Series have been supplemented with the growing popularity of the fall Wine Festival and Rock Jam. Recreation and tourism has also increased with the promotion of new and existing mountain bike trails, hiking, and white water activities.

The increase in recreation and tourism is best captured in the increase in hotel occupancy rates. Since 2000 the occupancy rate has grown to over seventy percent (Fig 2.20). That's the highest the occupancy rate has been since 1994 when the county had 800 fewer rooms. Another two hotels are planned over the next eighteen months.

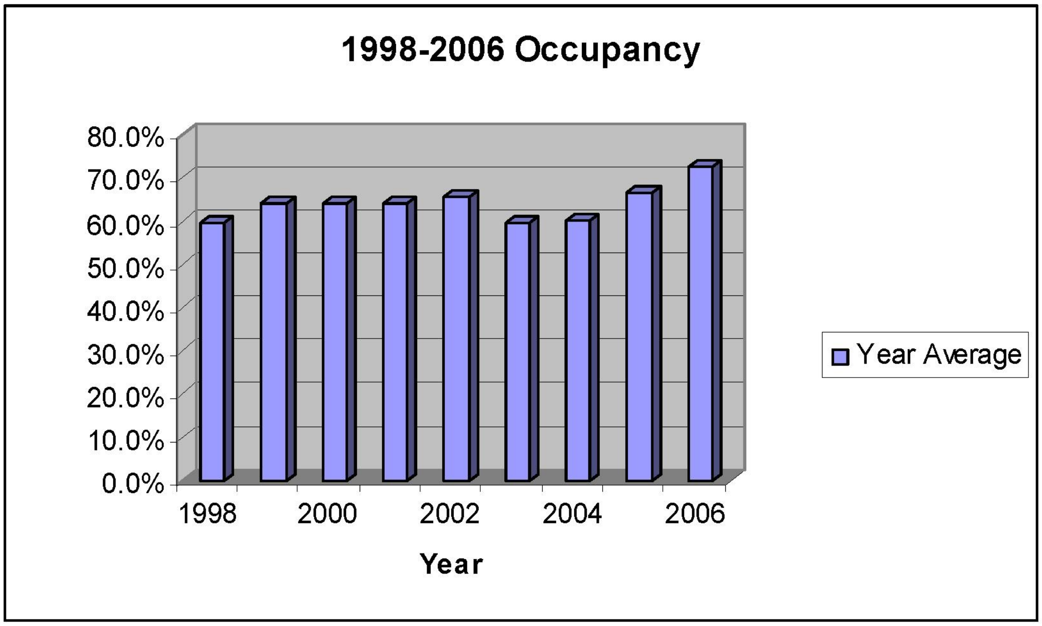


Figure 2.20

Source: Hill & Company

Fewer available rooms has resulted in higher average daily rates (Fig 2.21). Daily rates are up almost 15% since 2000. New record highs for occupancy rates and daily average room rates were set in July 2007 when the occupancy rate topped 90% with an average room rate of $87.24

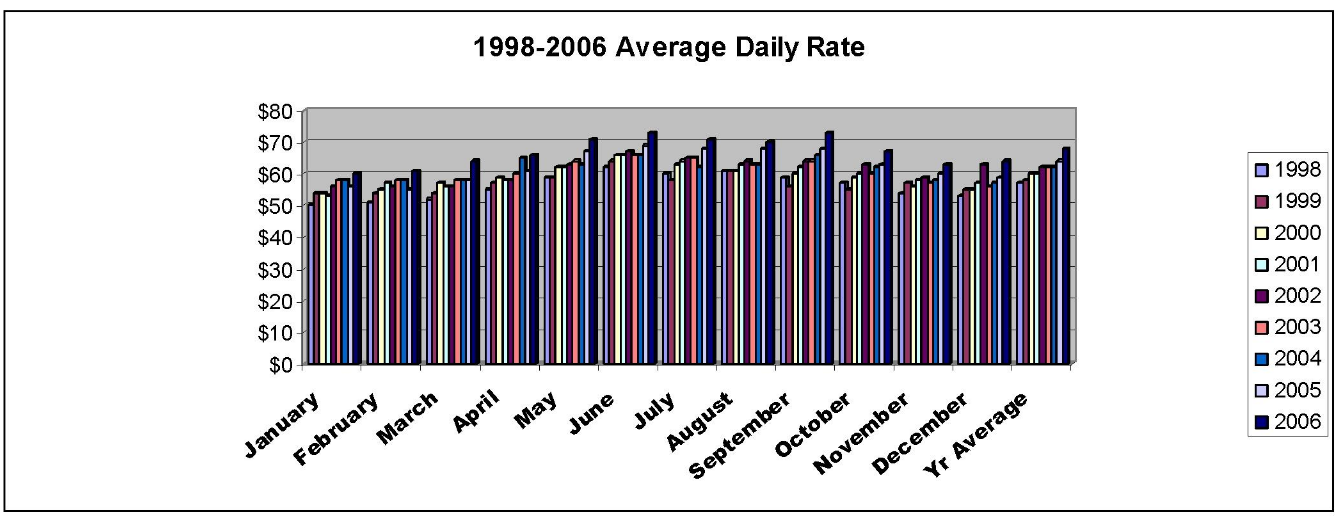


Figure 2.21

Source: Hill & Company

With more hotel rooms, higher occupancy rates and higher daily room rentals, it is only natural that lodging taxes would increase as well (Fig 2.22).

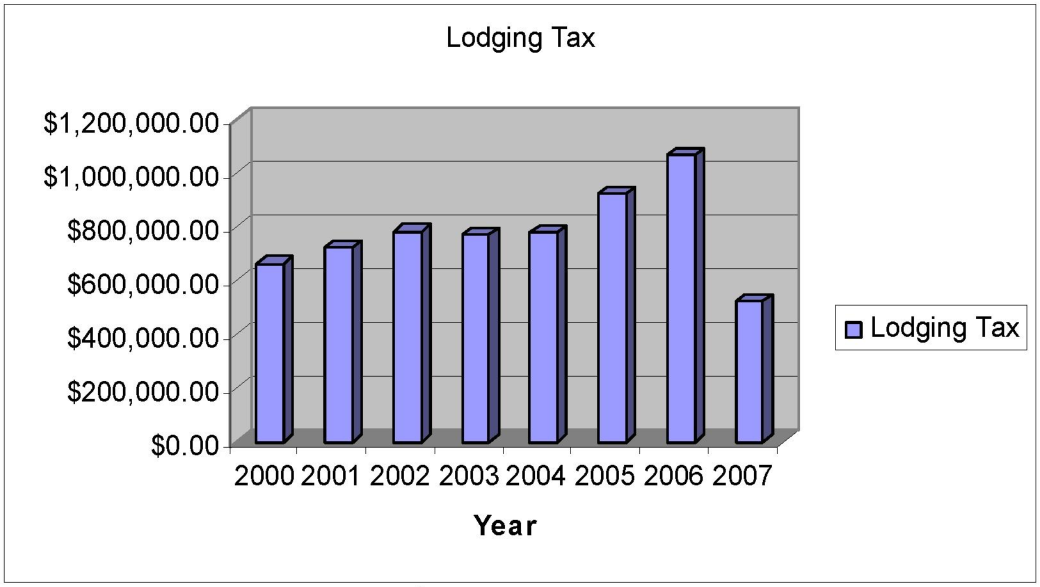


Figure 2.22
Source: Grand Junction Visitor and Convention Bureau

Since 2000 lodging taxes are up about 40%. So far 2007 looks as though it will be another record setting year. Evaluating growth in tourism and recreation through occupancy rates and lodging taxes can be somewhat risky as it is difficult to know if room rentals are being made by tourists or corporate travelers which historically make up 50% of a hotel's business. Some hotels average closer to 60-70% as they cater to the business traveler.

However, the growth of the energy industry has also increased the number of long term occupants in many of the region's hotels. It is hard to separate these occupants from tourists but many in the tourist industry worry that they are losing customers because of both the increased cost and the lack of available rooms. This is not a problem during big events like the Wine Festival as hotel owners make long term occupants check out for the weekend. Another way to judge the increase in tourism is to examine the changes in the number of recreational visitors going to national parks in the area. Since 2000, the Colorado National Monument (Fig 2.23) has seen an increase of 23% in annual recreation visitors. This is down from its peak in 2004 which provides some support to the concern of those who depend on tourism for their living that lack of available hotel rooms is impacting their business.

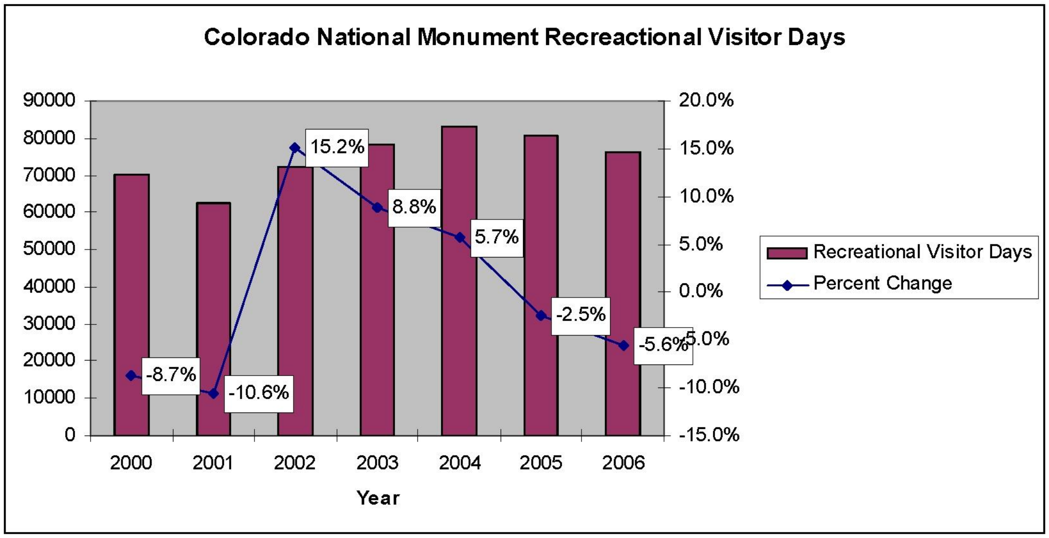


Figure 2.23
Source: U.S. National Parks Service Annual Abstracts

Housing - The expansion of the economy has helped maintain a robust real estate market in Mesa County. While higher interest rates and rising defaults on mortgages are driving down housing prices nationally, the median price of a home in the Grand Junction metropolitan area continues to increase (Fig 2.24)

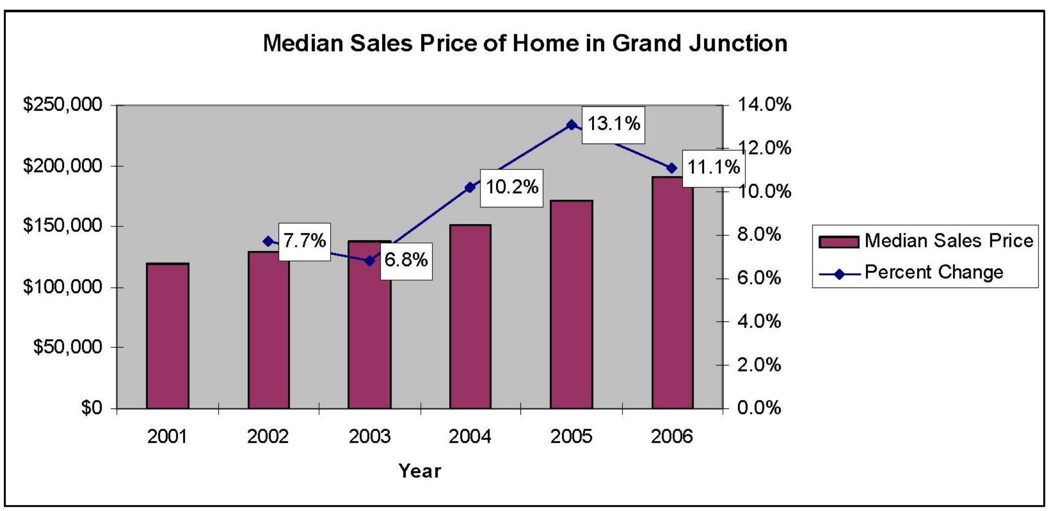


Figure 2.24
Source: JCRC Housing Market Analysis Report, 2007

According to the zillow.com report the median price of a home in second quarter 2007 has increased again to $206,173. While the average home price has remained consistently below the state average, it is still becoming more difficult for a family in Mesa County with a median income to qualify for a median price home (Table 2.7).

Median Income Affordability Index
Grand Junction Area
2001 - 2006

Year	Median Sales Price	Interest Rate	Qualifying Income	Median Family Income	Index
2001	$119,800	7.03%	$30,699	$44,800	145.9
2002	$129,000	6.55%	$31,473	$45,600	144.9
2003	$137,800	5.74%	$30,846	$46,200	149.8
2004	$151,800	5.73%	$33,943	$47,000	138.5
2005	$171,700	5.91%	$39,149	$48,500	123.9
2006	$190,700	6.57%	$46,623	$50,100	107.5

Source: JCRC

Table 2.7

According to James Coil Research and Consulting the most widely recognized affordability indexes for housing are produced by the National Association of Realtors and the National Association of Home Builders. It involves computing a monthly payment and an annual income needed to purchase a median priced house and comparing that income to the median income in the area. An index of 100 (far right column of Table 2.7) means that a family with a median income can afford a median priced home. As Table 2.7 suggests, the Grand Junction area has had an affordable housing market since 2001 but it is becoming less so every year. Many suspect that the index for 2007 will dip below 100 indicating that a family with a median income will not be able to purchase a median priced home. In seven years the Grand Junction metropolitan area has gone from a very affordable housing market to one where only about half of the homes sold were affordable for a median income family.

The severity of the problem becomes more clear when you look at the distribution of single family home sales with listings. Through June of 2007 homes priced in the median price range or below are selling at a much faster pace than homes above the median price yet more expensive homes are being listed much more frequently (Fig 2.25). Consequently, homes priced at or below $200,000 are selling in a matter of days while more expensive homes on average may take up to five months to sell.

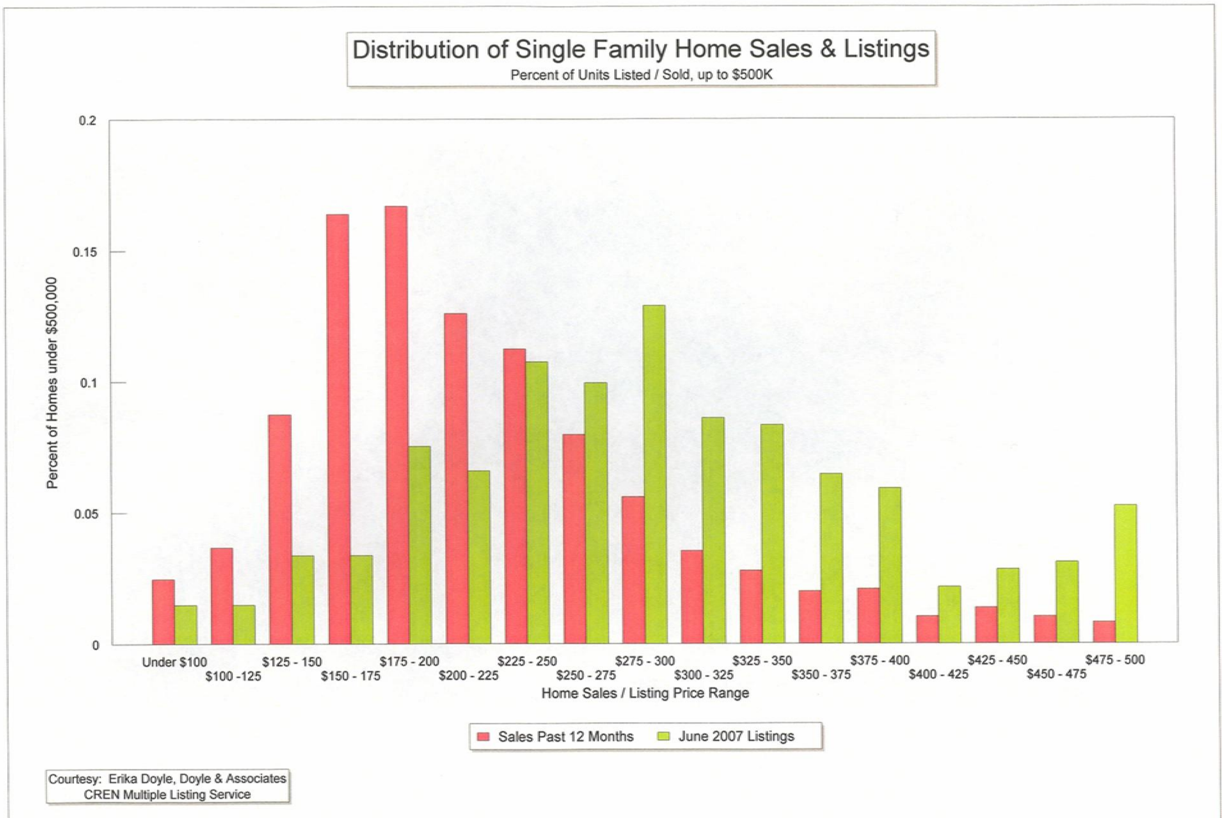


Figure 2.25

The increased cost of housing has also made it more difficult for the local government to attract and retain employees. Mesa County government is currently operating with an almost 20% turnover rate. Mesa State College is also finding it difficult to attract new faculty and the professionals necessary to perform its mission due to the increased cost of housing in relation to the wages it can afford to pay.

The Grand Junction economy weathered the 2001 recession better than the Front Range and most of the rest of the state. Its rental market did not experience the dramatic increase in vacancies typical of Front Range markets. The local market remained balanced to moderately soft until 2006, when vacancy rates dropped precipitously. The trend in the apartment vacancy rate in Grand Junction and Colorado is shown in Table 2.8 (JCRC).

Apartment Vacancy Rate
Grand Junction Area and State of Colorado
2000-2006

Survey Date	Grand Junction	Colorado
1st Quarter 2000	5.4%	4.9%
3rd Quarter 2000	4.7%	3.5%
1st Quarter 2001	3.5%	4.3%
3rd Quarter 2001	6.3%	6.2%
1st Quarter 2002	7.1%	8.4%
3rd Quarter 2002	5.5%	9.1%
1st Quarter 2003	10.1%	11.6%
3rd Quarter 2003	8.7%	11.1%
1st Quarter 2004	4.9%	11.2%
3rd Quarter 2004	6.3%	9.8%
1st Quarter 2005	8.7%	10.4%
3rd Quarter 2005	5.4%	8.6%
1st Quarter 2006	3.0%	7.7%
3rd Quarter 2006	2.8%	7.2%

Table 2.8

Source: Gordon e. Von Stroh, Ph.D.
Colorado Division of Housing

The rental market does not provide much of an alternative for those who can't afford to buy a home. While the housing market was very affordable until 2004 there was very little incentive to rent so very few new rental units were built. As the housing market became less affordable the vacancy rate for apartments has dropped dramatically. Table 2.8 compares vacancy rates in the Grand Junction area to the state since first quarter of 2000. After reaching a zenith in first quarter 2003 the vacancy rate has plummeted in comparison to the state rate. (JCRC) Recent reports from the Colorado Division of Housing indicate the vacancy rate for the first three months of 2007 has dropped to 1.5%

Rents since 2000 have remained relatively stable until 2006. According to a housing market analysis prepared by James Coil Research and Consulting LLC, there was little movement in the average rent until 2006 when an expanding economy created a dramatic drop in the area's vacancy rate and corresponding increase in the cost of especially two bedroom, two bath units. While Coil cautions us not to put too much importance in this quarterly change in rent for a single unit size, they do suggest that this is the beginning of an increase in rents for all size units.

Increasing rents are a mixed blessing. On the one hand they will add to the difficulty for families to find attainable housing but on the other hand rents must increase before developers will become interested in building more apartment units. Currently the cost of land and materials are too high when compared to the return on rents from an apartment complex. The profits for developers are much higher for building high end housing, even though it takes longer to sell these units (Fig 2.25). According to Coil the declining affordability in the housing market will increase the demand for more rental units. The potential of rents reaching the $880 to $1,000 range are both likely and affordable to families with incomes of $35,000 to $40,000 who can not afford to purchase a home.

Transportation -Another indicator of growth is the impact of the economy on the transportation system. The maps in Figure 2.26-2.28 show the changes in projected levels of service in the past two years. Figure 2.26 shows actual service levels in 2005. Despite rising levels of complaints expressed about traffic the model shows only minimal stretches of roadway that are considered congested. The 2030 map based on projections done in 2005 shows a valley floor with moderate to heavy congestion in the downtown Grand Junction area and along most of the east-west routes. The 2035 projection done two years later in response to the accelerated growth since 2004 shows a road system that has failed. The projections are based on traffic counts, growth plans which indicated where commercial and residential growth is both zoned and expected to occur and projected population growth.

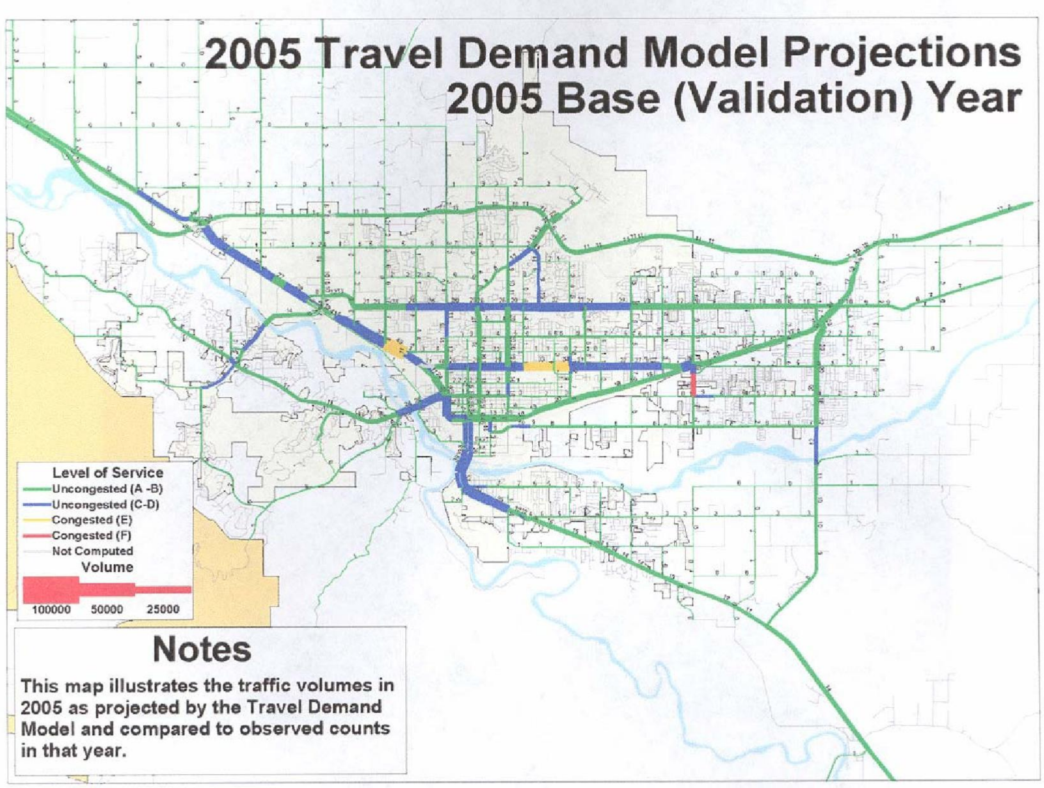


Figure 2.26
Source: Mesa County Traffic Planning Office

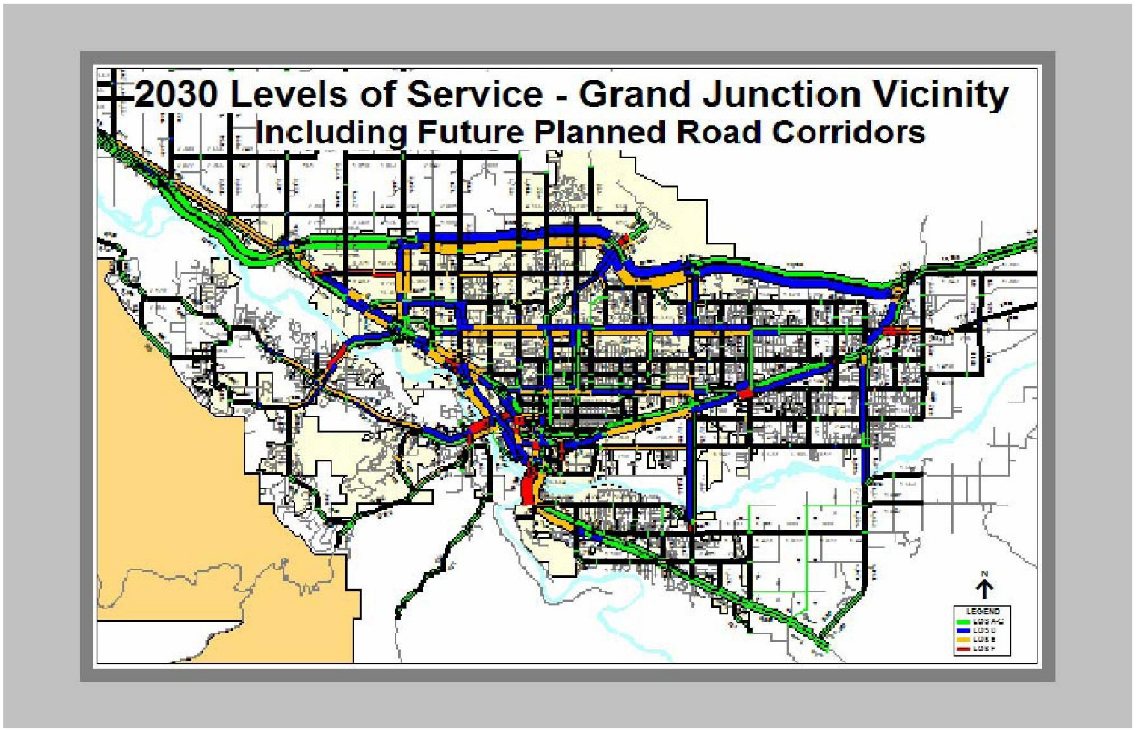


Figure 2.27
Source: Mesa County Traffic Planning Office

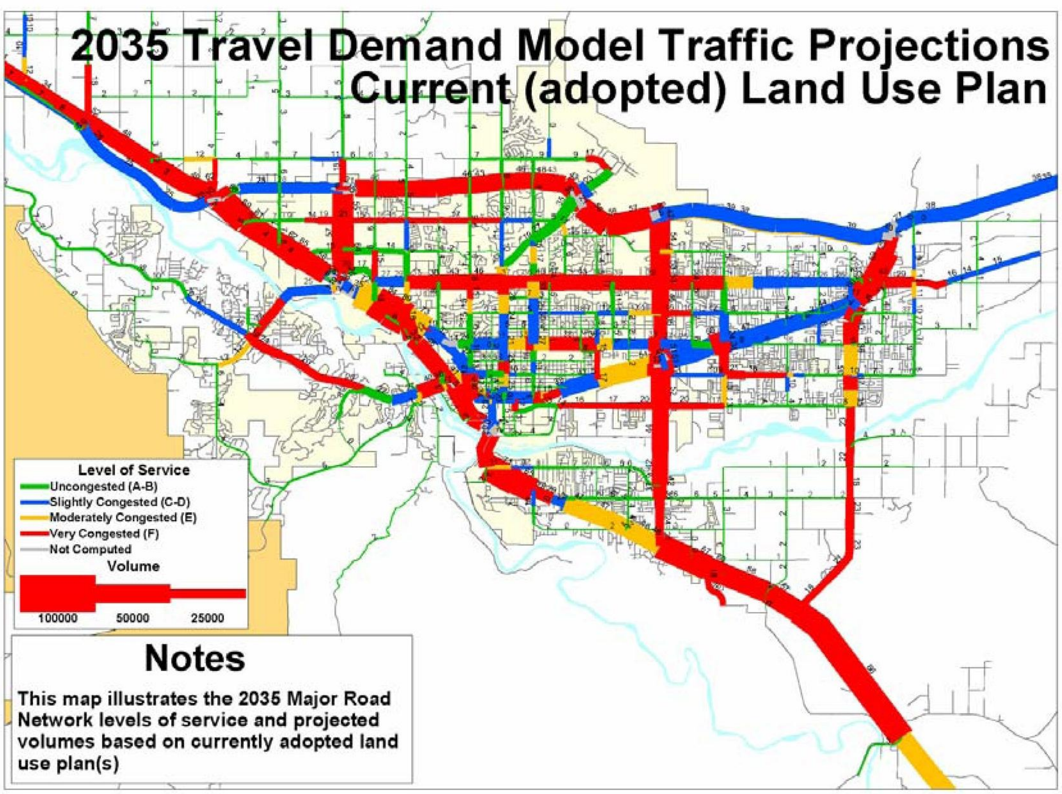


Figure 2.28
Source: Mesa County Traffic Planning Office

The projected problems with congestion are not simply caused by growth in the energy industry. Although the accelerated growth of the economy is a significant factor, previous planning decisions and inadequate funding for transportation play a large role as well. Land use decisions that place the vast majority of the county's retail industry on the western edge of Grand Junction place a great deal of stress on the county's four east-west routes, particularly Patterson Road and the I-70 Business Loop. Policy makers and citizens must better understand the implications of land use decisions on transportation. Like all of Colorado, transportation funding is inadequate to meet the needs of future growth in Mesa County. Right now most of the available federal funding is being spent on I-70B but projections indicate that more will be needed. The 24 Road project is short $24 million and there is no funding available for the I-70/29 Road interchange needed to complete the loop on the Riverside Parkway Project.

Mass transit needs to be part of the solution to congestion but this will be difficult. The increase in wealth has provided many residents with the opportunity to buy a car so fewer people are utilizing the Grand Valley Transit (GVT) system. Figure 2.29 shows a 22% increase in the number of vehicles registered annually since 2000.

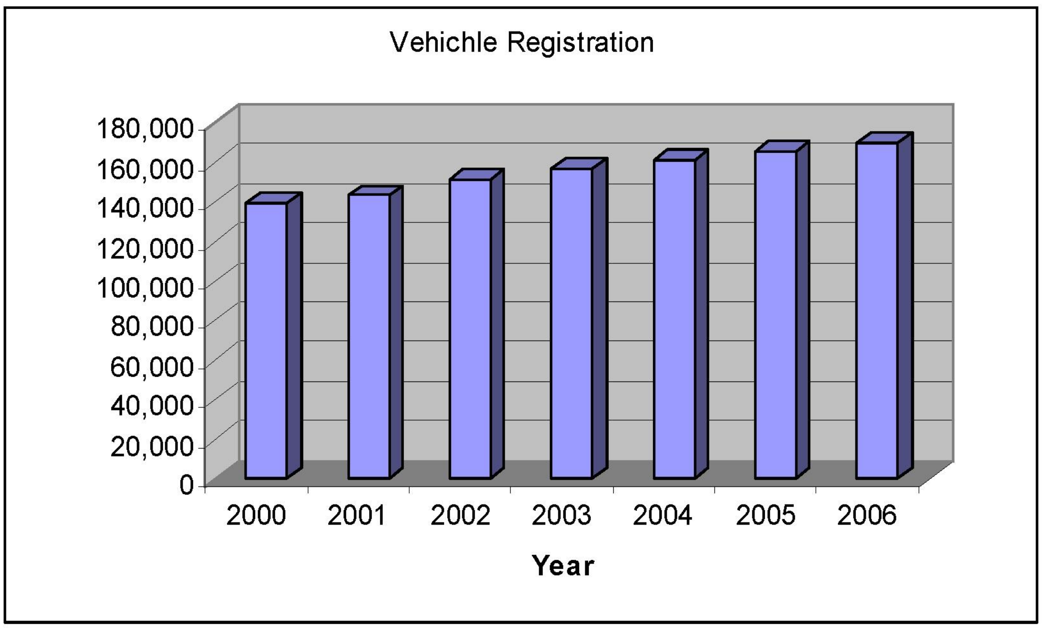


Figure 2.29
Source: Mesa County Clerk and Recorder

Changing the transit hub from Mesa State College to downtown has also hurt ridership. This was done to accommodate growth at Mesa State but is has hurt GVT ridership as it has decreased the frequency of use along some routes and created a need for new routes as well. The decrease in ridership may not be as bad as the numbers indicate as last year's increase in ridership may have been inflated. Future funding for mass transit in the valley is problematic as well. Local governments who currently provide subsidies are anxious to see GVT achieve financial independence. There is some consideration being given to asking the voters to create a transportation district with its own taxing authority.

Increased population and vehicle registration raises concern over the maintenance of county road and bridges. Limited funding and increased use has made many wary of the safety of county bridges as well as increasing concern for the cost of auto repairs caused by deteriorating road conditions. Table 2.9 shows the increase in average weekday traffic for several key locations in Mesa County. An annual growth rate (AGR) of 5% is considered to be accelerated growth and difficult to manage. At 5% AGR the base number will double in about 13 years. A 2% AGR is much more manageable but according to Table 2.9 only two of the roads that were measured either met or were below this AGR.

Average Weekday Traffic Volume

Location	2000 Volumes	2006 Volumes	# of Years of Growth	AGR
Hwy 50 @ Colorado River	28566	37300	6	4.55%
Redlands Parkway E. of South Camp Road	5581	6616	6	2.88%
K Road W. 21 Road	1134	1511	6	4.90%
Monument Road W. of Glade Park Road	2771	3041	6	1.56%
I-70B West of 30 Road	16738	23600	6	5.89%
S.H. 340 west of Colorado River	21853	21618	6	-0.18%
I-70B West of 25 Road	34500	40200	6	2.58%
I-70 West of 24 Road	13500	18000	6	4.91%

Table 2.9

Source: Mesa County Traffic Planning Office

The Colorado Department of Transportation provides data on total daily vehicle miles traveled (Fig 2.30) as well as truck vehicle miles traveled (Fig 2.31). This data is collected on interstates, U.S. highways, toll roads, and numbered Colorado highways. It does not include either county or city roads. The Annual Growth Rate (AGR) over the seven year period for total daily vehicle miles is 3.57 while it is 2.60 for daily truck vehicle miles. Both AGRs indicate a substantial increase in both automobile and truck traffic on Mesa County roads.

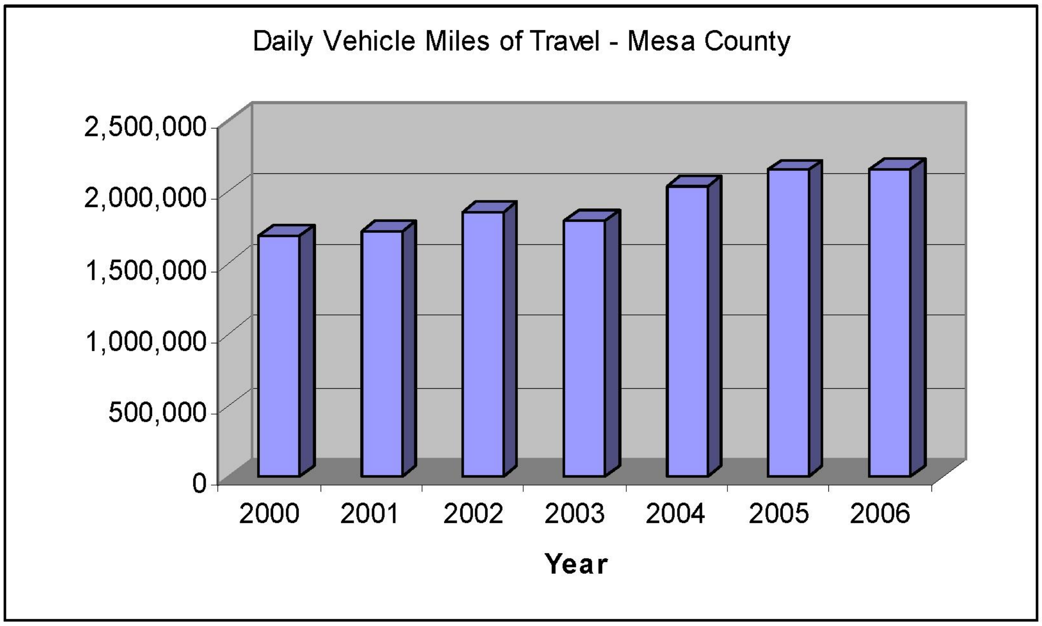


Figure 2.30
Source: Colorado Department of Transportation

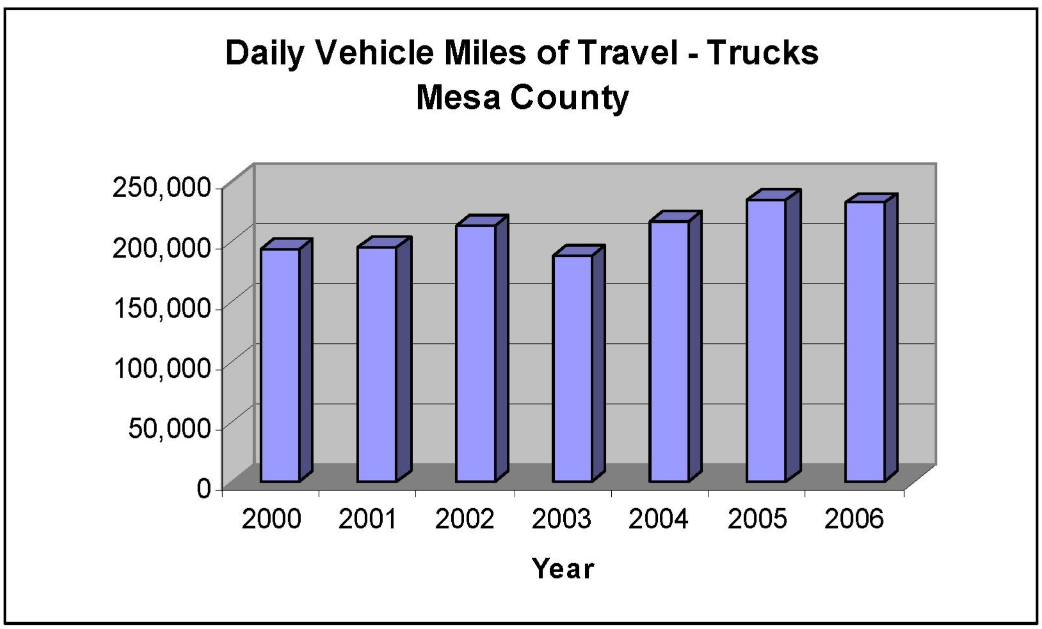


Figure 2.31
Source: Colorado Department of Transportation

Along with the increased traffic, there has also been a substantial increase in extra-legal transport permits. These are permits that allow vehicles to exceed either weight or size requirements. Figure 2.32 shows the increase in all annual extra-legal permits issued since 2003 while Figure 2.33 shows the increase in oil field related (OFE) annual permits for the same period. Both total annual permits as well as oil field related permits have increased substantially since 2004. Almost two-thirds of the increase in total permits is oil field related.

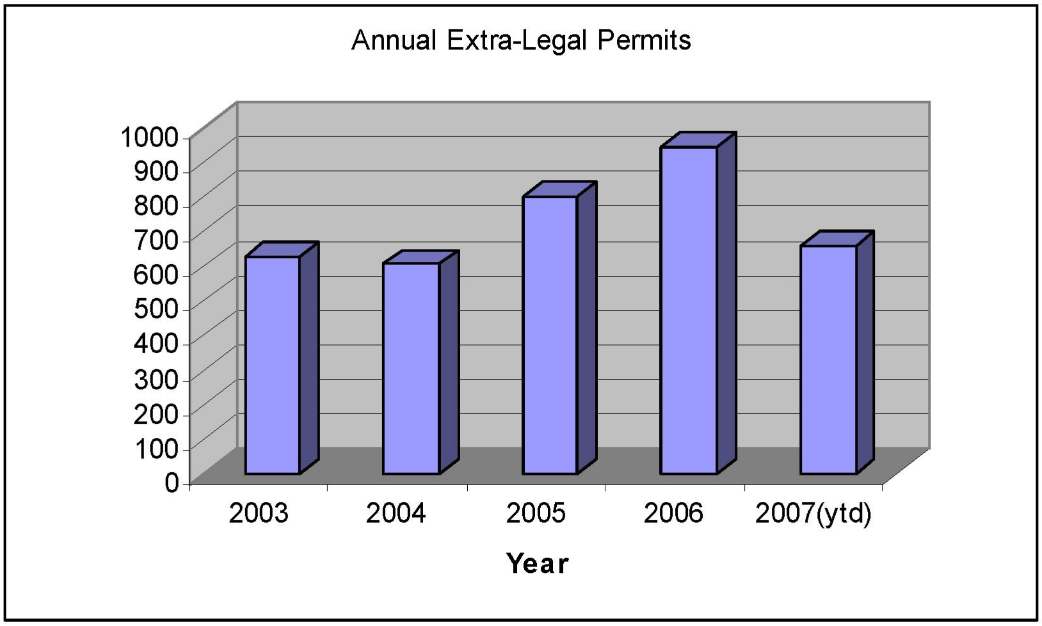


Figure 2.32
Source: Mesa County Planning Department

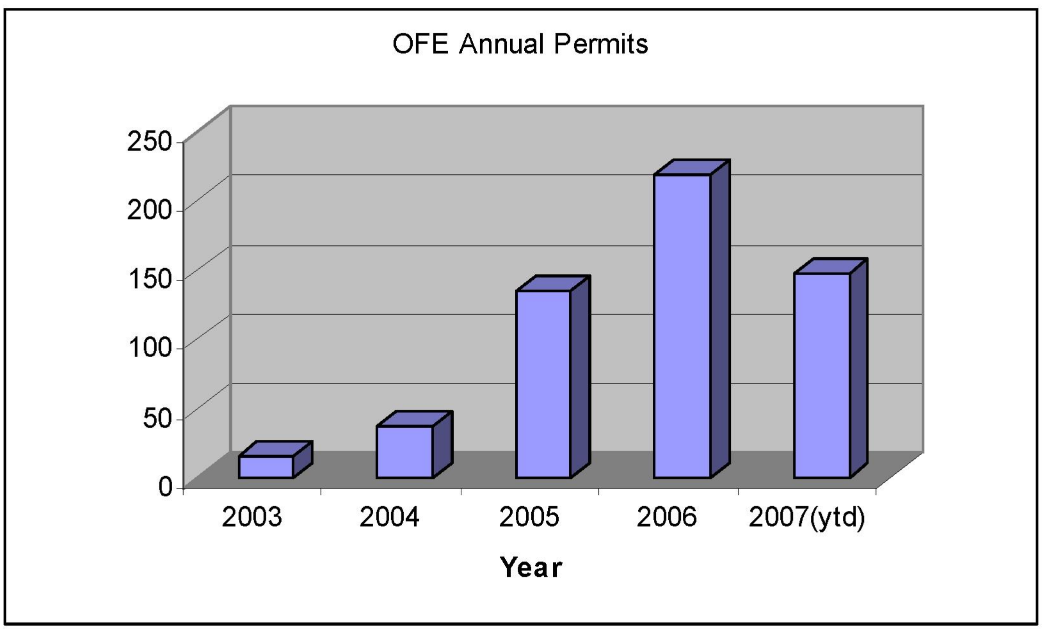


Figure 2.33
Source: Mesa County Planning Department

More volume and greater loads mean more rapid deterioration of roads and bridges. Consequently, there have been reports of more road rutting and two bridges have been scheduled for replacement, one in DeBeque and the other on 7th Street where it crosses the Grand Valley Canal. However, despite the extra wear and tear most bridges remain in good shape with only a few rated fair. Road maintenance also has been able to keep pace with increased use so far. Again, funding is an issue. Available funds for bridge repairs has cut work in half and the cost of a ton of asphalt has essentially doubled since last year. Another problem that will impact the cost of road maintenance and bridge repair is the lack of available contractors. The increased demand for construction projects and the competition for workers with the energy industry is reducing the ability of contractors to bid on road projects. This will only add to the costs of future projects.

Another aspect of transportation affected by growth is the Grand Junction Regional Airport. Figure 2.34 shows the increase in enplaned passengers from 2000 through April of 2007. Through 2006, passenger traffic has increased by eighteen percent. The same trend continues during 2007 with passenger traffic in June up 12.6% over June of last year. July's passenger count increased by an even greater amount, up 16.2% over last year. Airport officials indicate that the lack of capacity at the airport is the only thing holding these numbers down.

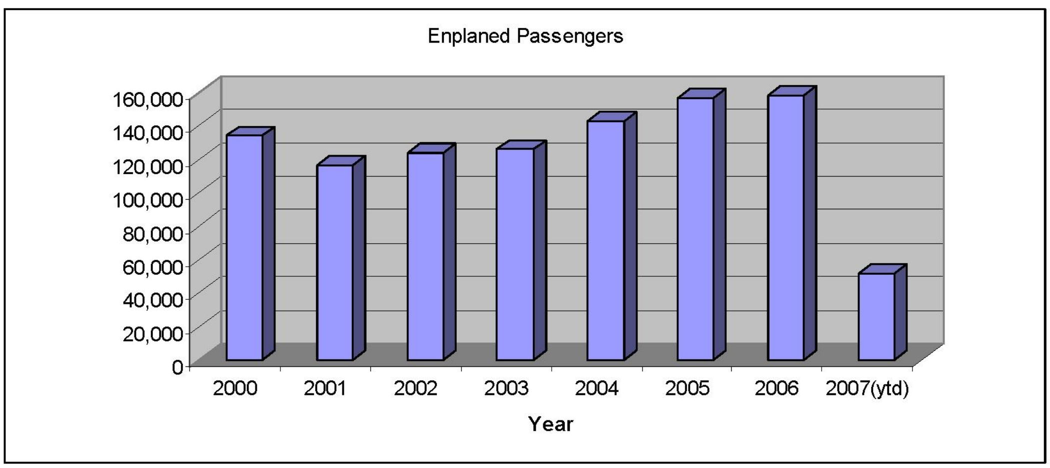


Figure 2.34
Source: Grand Junction Regional Airport Authority

Currently the airport is undergoing a major facelift designed to increase its parking lot size, ease traffic flow and improve the image of the airport grounds. This is part of a $107 million capital construction plan that will include reconstructing runways, adding taxi ways, rebuilding the air carrier apron and fencing the perimeter. Efforts are ongoing to increase jet service to the area. While commercial traffic is up, general aviation traffic is down as much as twenty percent in recent years. Much of this decrease may be caused by the increased cost of flying.

Social Impacts

The growth of the economy since 2000 and particularly the accelerated growth since 2004 have had both positive and negative impacts on a variety of areas that measure the social well being of Mesa County. These areas include public safety, education, the demand for services for the disadvantaged and efforts to protect the community's health.

Crime – The impacts of growth on law enforcement and other emergency services is best reflected on the demand for services. Figure 2.35 shows the increase in 911 calls to the Grand Junction Regional Communications Center. Since 2000 there has been an increase of 32% in 911 calls. The Mesa County Sheriff's Department has seen a similar increase. In 2000, roughly 26,000 of the 911 calls were directed to the County Sheriff. In 2006 this number had risen to about 37.000 (Fig. 2.36). So far the figures for 2007 are down slightly from last year.

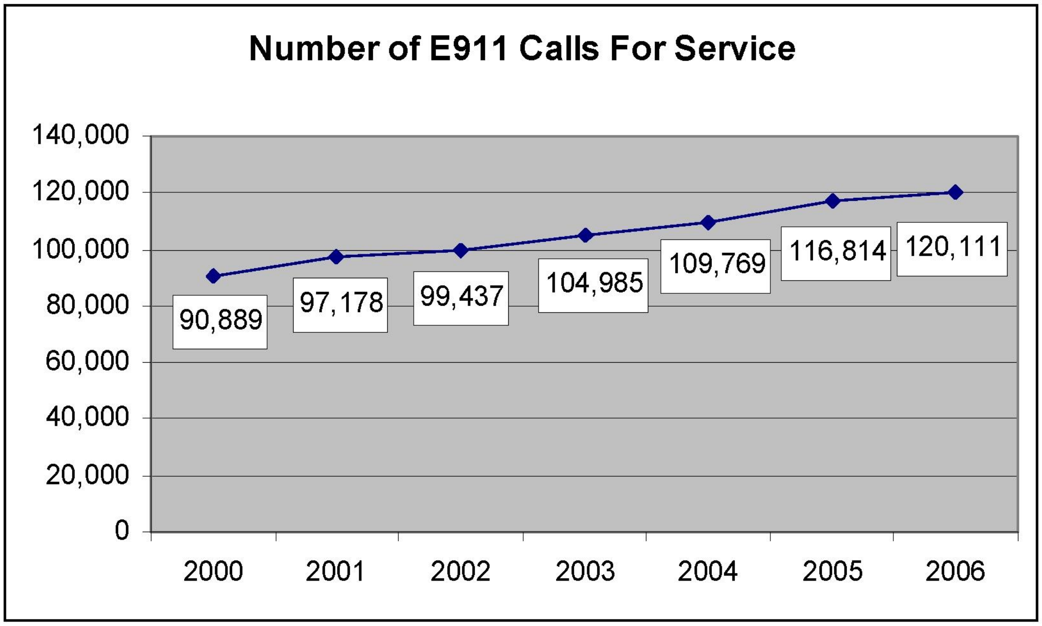


Figure 2.35
Source: Grand Junction Regional Communication Center

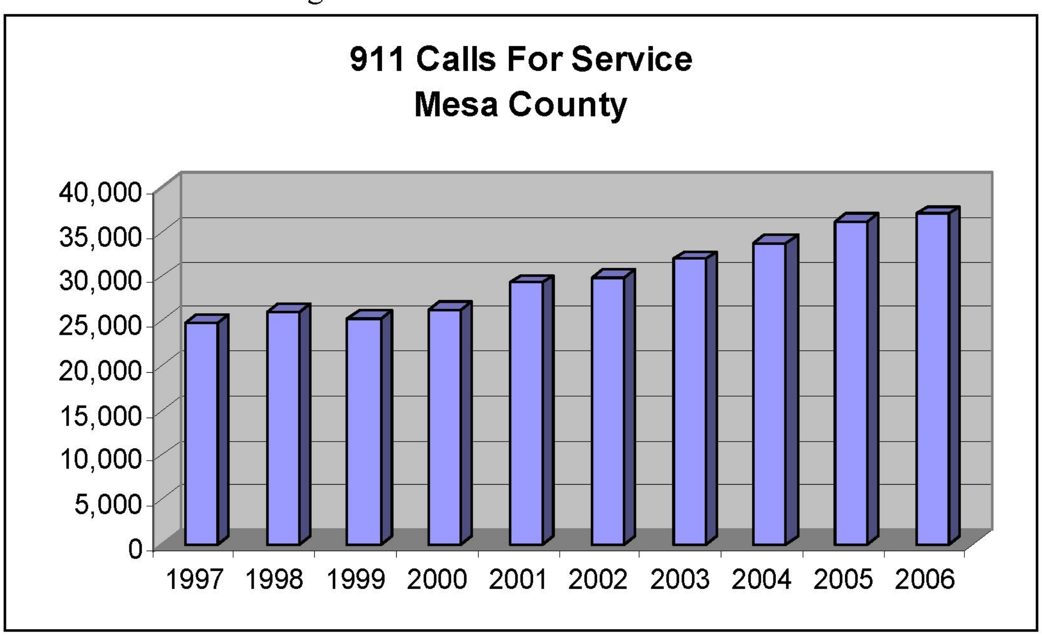


Figure 2.36
Source: Mesa County Sheriff's Office, Mesa County Environmental Scan

Despite the minor drop in demand for services this year, the Sheriff's Department is still significantly under staffed in comparison to the U.S. Justice Department's national standard which suggests two officers per 1,000 residents. Mesa County has a population of roughly 140,000 of which over half live in unincorporated areas. In 2001 the county had .98 officers per 1,000 residents, the national average was 1.9 officers. Grand Junction's Police Department is right at the national standard. As a result of this discrepancy the Mesa County Commissioners authorized an additional fourteen full time employees for the Sheriff's Department in the 2007 budget. Nine of these employees will respond to 911 calls.

According to the Justice Department, Mesa County has 105 deputies and commanding officers responding to 911 calls. This works out to about .08 deputies per 1,000 population which is slightly above the Colorado average of .07 per 1,000 residents. Despite understaffing, the Sheriff's Department still responds quickly to 911 calls with 2007 response times of 4.6 minutes for priority one calls and 20.9 minutes for priority two calls. Quite a feat given the geographic size of the county.

While the demand for services has increased through 2006, felonies reported have declined since 2003.

Reported Felonies in Mesa County

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Criminal Homicide	6	2	2	1	2	1	2	3	3	5
Forcible Rape	6	5	5	4	10	6	9	78	87	80
Robbery	6	17	14	12	5	14	19	7	1	4
Assaults	468	501	480	481	535	495	516	542	537	558
Burglary	404	384	390	318	360	369	374	120	91	70
Larceny-Theft	1,250	1,303	1,154	1,093	1,185	1,143	1,256	1,019	1,044	1,009
Motor Vehicle Theft	97	118	78	73	128	109	119	171	143	174
Arson	26	33	22	11	20	38	33	26	31	34
Total	**2,263**	**2,363**	**2,145**	**1,993**	**2,245**	**2,175**	**2,328**	**1,966**	**1,937**	**1,934**

Table 2.10

Source: Mesa County Sheriff's Office

Bookings into Mesa County detention facilities (Fig 2.37) decreased significantly in 2006 from a high of 8142 in 2005.

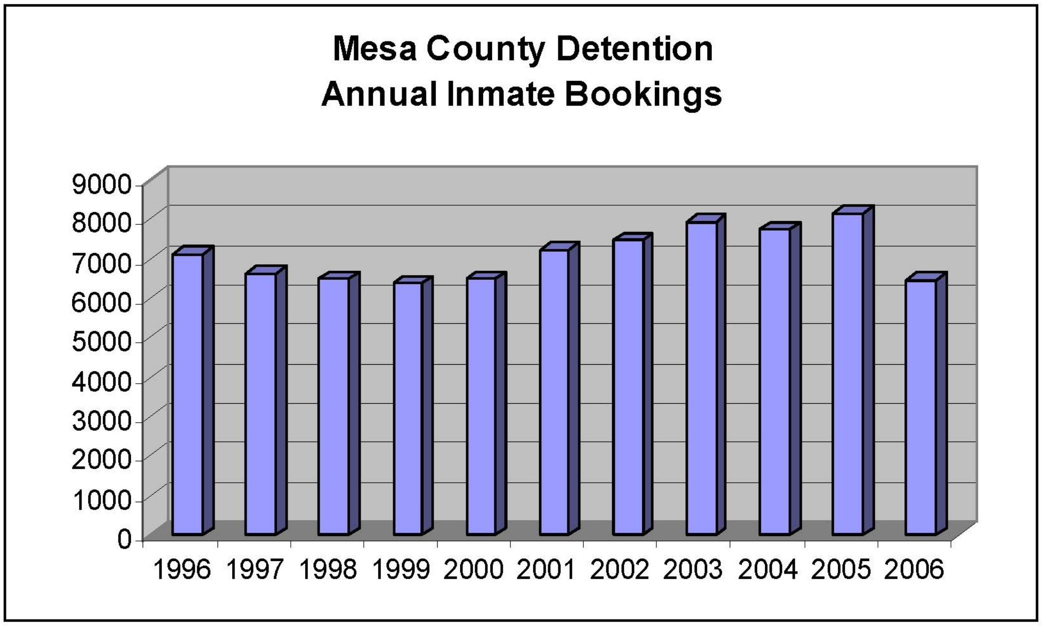


Figure 2.37
Source: Mesa County Sheriff's Office

Despite the decrease in bookings in 2006, the average daily jail population still continues to increase (Fig 2.38). The jail was built to hold 375 prisoners, currently in 2007 it regularly exceeds 400 prisoners with many being held in other county facilities as well.

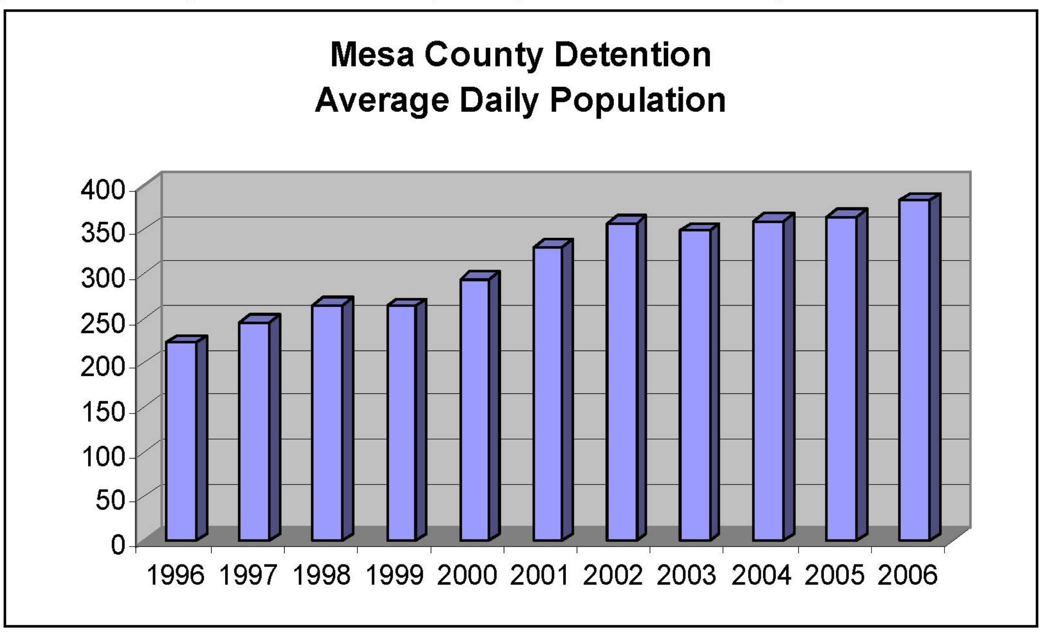


Figure 2.38
Source: Mesa County Sheriff's Office

Growth has also impacted the caseload for the 21st Judicial District which consists of all of Mesa County. Case filings increased 29% since 2000 (Fig 2.39). Case terminations also increased by 27%. While the increased caseload has been steady, it increased significantly from 2004.

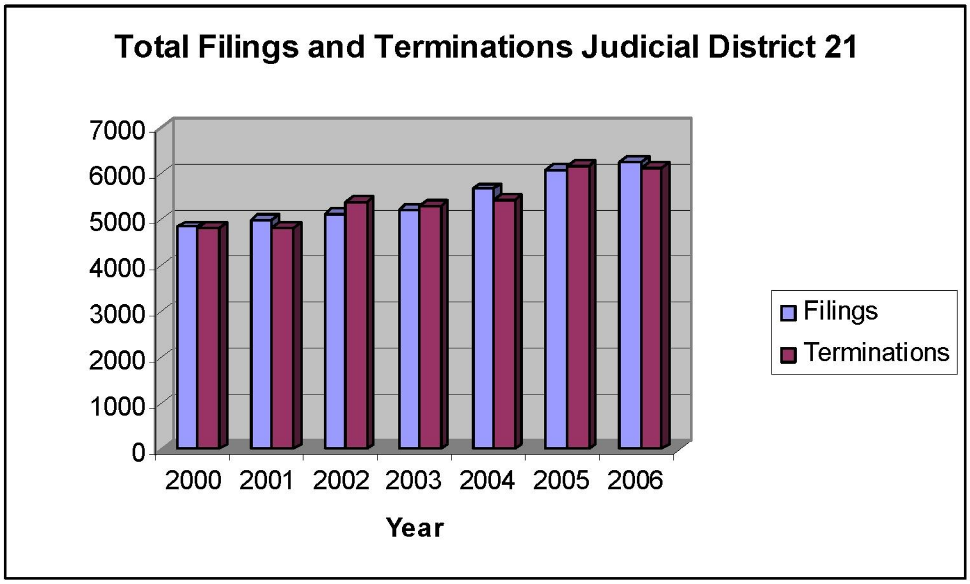


Figure 2.39
Source: Colorado Judicial Branch

Civil cases have also increased since 2000 with filings up 12% and terminations increasing by 15%

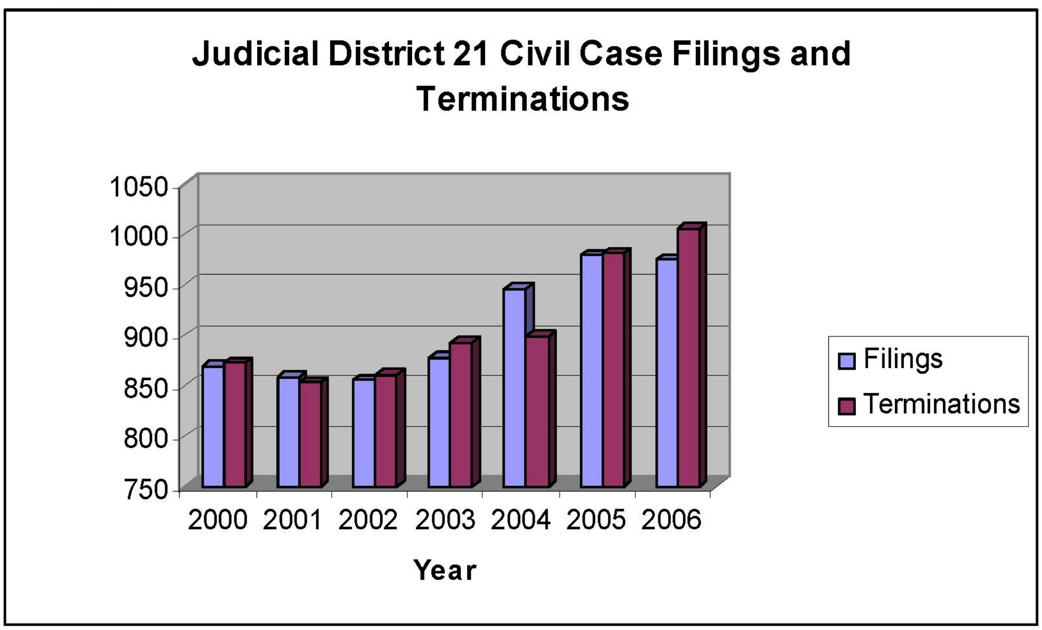


Figure 2.40
Source: Colorado Judicial Branch

The stress on the judicial system can not be attributed entirely to population growth. While the population has grown, demands for service also rose until dropping slightly this year. While bookings dropped the average jail population increased. Felonies are down but court caseloads have increased. These changes may be more easily understood by looking at efforts in the community to reduce substance abuse. Mesa County has made significant efforts to reduce substance abuse, while evidence of success in reducing the number of drunk drivers is mixed, it appears that the war on meth may be producing positive results. Drunk driving filings in District Court (Fig 2.41) have remained relatively unchanged since 2000. Cases spiked in 2005 before dropping in 2006. When compared to the state, Mesa County has a relatively flat caseload despite its population increase. This does not seem very impressive as the state's caseload is down during the same time period by 12%.

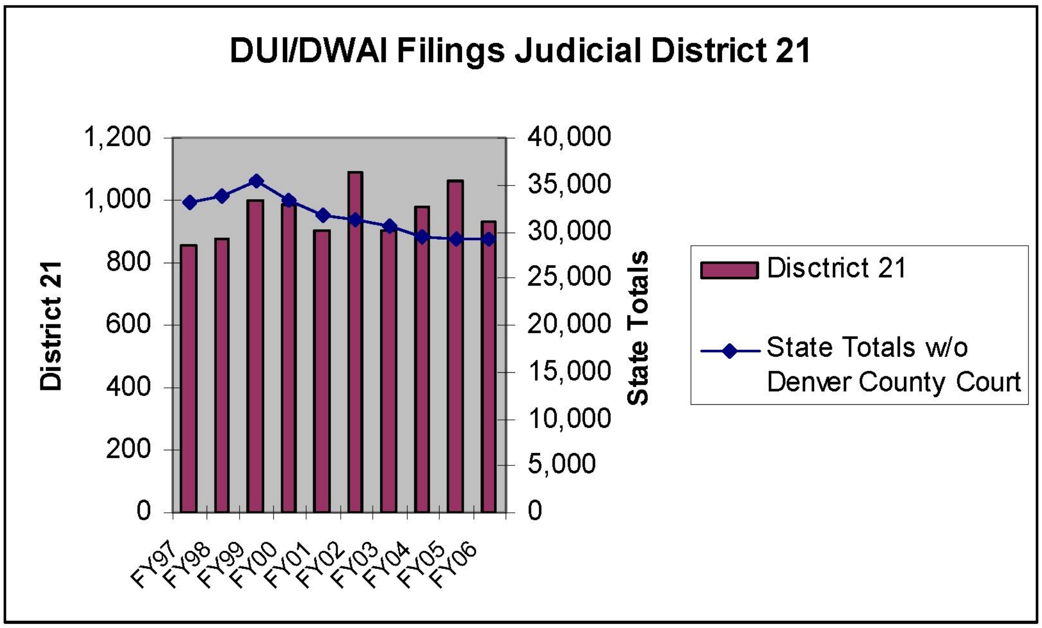


Figure 2.39

Source: Colorado Judicial Branch

Denver County Court omitted as their figures are based on a calendar year, 2005

Filings do not include DUI charges filed with Misdemeanor or Criminal Case classes

The war on meth is a different story. Allegations that the problem of methamphetamine in Mesa County is a result of increase natural gas extraction and the long hours worked by their employees is largely unsubstantiated. Methamphetamine has long been a problem in Mesa County. Figure 2.42 shows the increase in both the number of felony drug cases and the percent of total court cases that concern felony drug charges for both state and Mesa County. Statewide and in Mesa County drug abuse is on the rise.

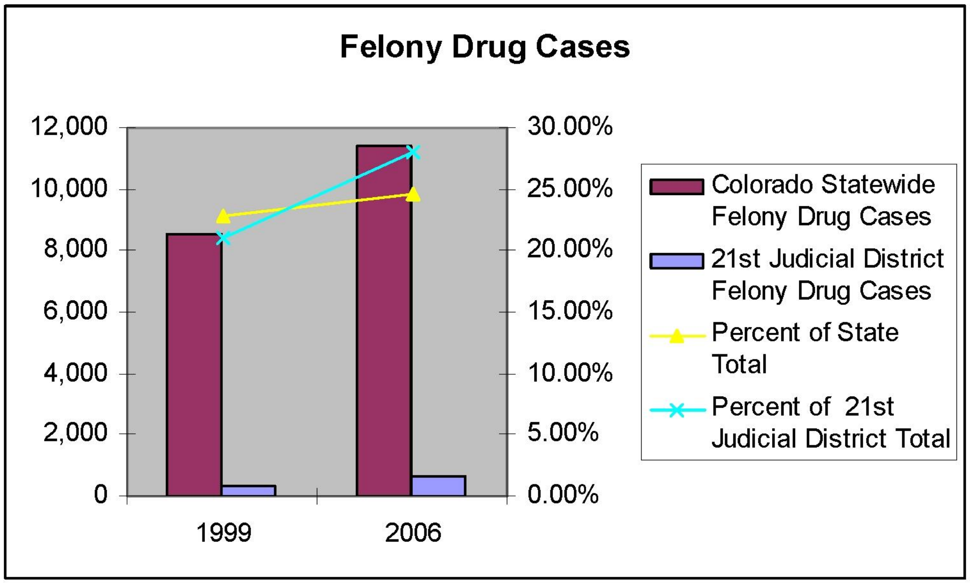


Figure 2.42
Source: Western Colorado Methamphetamine Research Center

Of the felony drug caseloads in 2006 in Mesa County, 89% of the cases were related to meth. That is up 10% since 2003 (Fig 2.43).

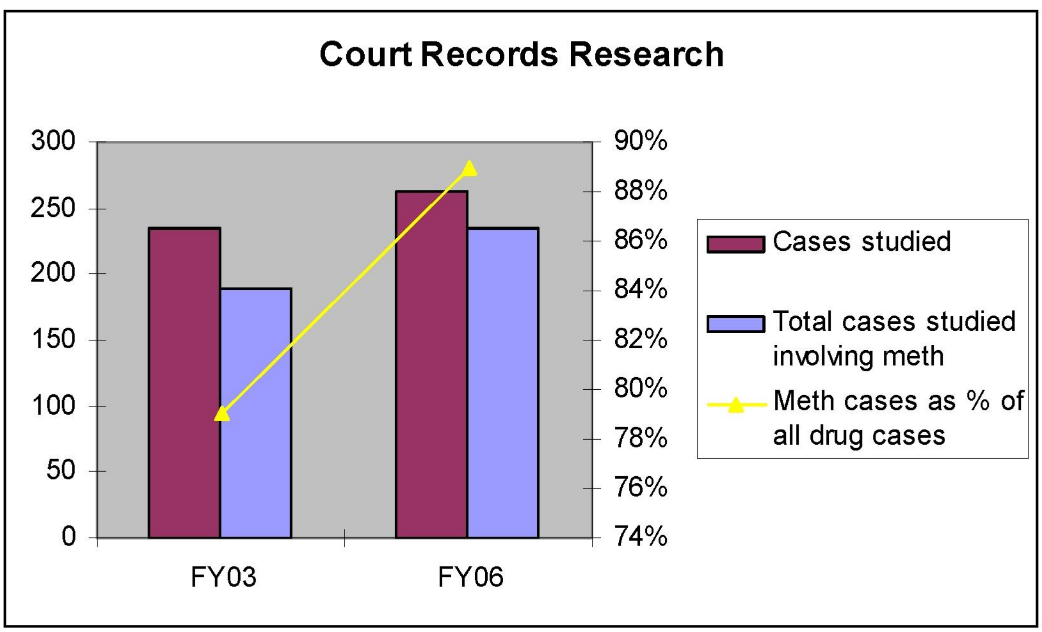


Figure 2.43
Source: Western Colorado Methamphetamine Research Center

In response to the increased concern over the use of methamphetamine in Mesa County the Meth Task Force was formed with an emphasis on education, prevention and treatment. As part of this effort law enforcement officials established Street Crime Units that target known criminals. Grand Junction police report that since January of 2007 there has been a 28% drop in property crimes and a 12% increase in drug crimes as more users are taken off the street. The decrease in felonies since 2005 is also credited to the Street Crime Units. The new meth treatment facility is now opened and its patients are showing signs of successful treatment.

A final concern for the Sheriff's Department that relates to population growth is the increased number of resident who recreate in Mesa County's back country. Many do not have the proper survival training and often get into trouble. Since 2000 the Sheriff's Office reports that the Search and Rescue Team has seen calls increase from 10-15 per year to 55 calls last year. This is attributed to more inexperienced recreators and the increased capacity of the rescue unit. As the unit's success increases so does the community's expectations of its performance.

K-12 Education – The children of Mesa County are served by three school districts; DeBeque 49JT, Plateau Valley 50, and Mesa County Valley 51 (SD51). By far the vast majority of students attend SD51 schools. The school district has 25 elementary schools, eight middle schools and four high schools. In addition the district has a number of other alternative learning sites. Table 2.11 shows the change in enrollment for each district and the cumulative county total.

K-12 School Enrollment

	2001	2002	2003	2004	2005	2006
Debeque	200	205	202	201	194	178
Plateau Valley	526	471	497	485	470	485
SD51	20,040	20,084	20,187	20,130	20,578	21,173
Total	20,766	20,760	20,886	20,816	21,242	21,869

Table 2.11

Source: Colorado Department of Education

After three years of flat enrollment, the county schools have started keeping pace with overall population growth after 2004. In the past two years the schools have added over a thousand students. In the next three years SD51 alone expects to add over 3,000 more students. A new elementary school is being added with a 2008 fall opening date. SD51 has also purchased land as possible sites for new schools including the addition of a fifth high school The master plan for SD51 is being updated to reflect the accelerated growth in enrollment and the need for more and newer facilities.

Funding has always been an issue for SD51 which has consistently been at the bottom of the list for per pupil funding. Figure 2.44 provides the trend in per pupil funding for the last six years. During this time SD51's funding has increased only forty seven dollars per student. While to some this may seem to be a lot the school district is one of the least funded school districts in the state. The 2007 session of the General Assembly provided some relief to the district in that an additional $6 million dollars was made available to the eleven lowest funded districts in the state. As a result School District 51 expects an additional $2.9 million dollars will be made available to assist them in meeting the needs of their growing student population.

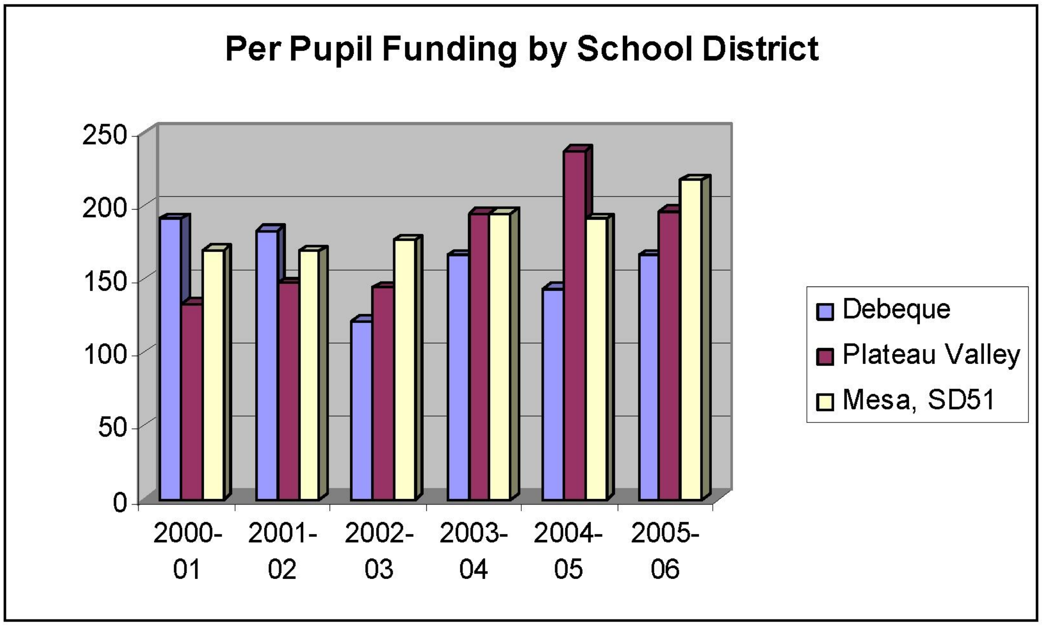


Figure 2.44
Source: Colorado Department of Education

Funding for new facilities and additional funding to recover from historically low revenue for operations are only part of the difficulties SD51 faces in meeting the challenges of educating today's youth. According to SD51 statistics nearly 35% of its student population qualify for free or reduced lunches. Many of the parents of these children are also unable to purchase the basic school supplies their children need to be successful. Despite the growing economy these children are being left behind.

Human Services – The impacts of growth on the Mesa County Department of Human Services (MCDHS) have caused some changes in approach and decreased expenditures in several areas. One constant readily seen when looking at the 2006 Department budget (Fig 2.45) is that health care remains the most significant cost. Medicaid expenditures comprise almost three quarters of the total department budget. In Mesa County the Medicaid caseload is comprised of 68% children and parents and 32% elderly and disabled. But children and parents account for only 28% of the cost while the elderly and disabled account for 74%. Sixteen percent of the elderly and disabled population is developmentally disabled and they alone account for two-thirds of the 74% cost. So you have 6.5% of the Medicaid population spending 69% of the Medicaid budget.

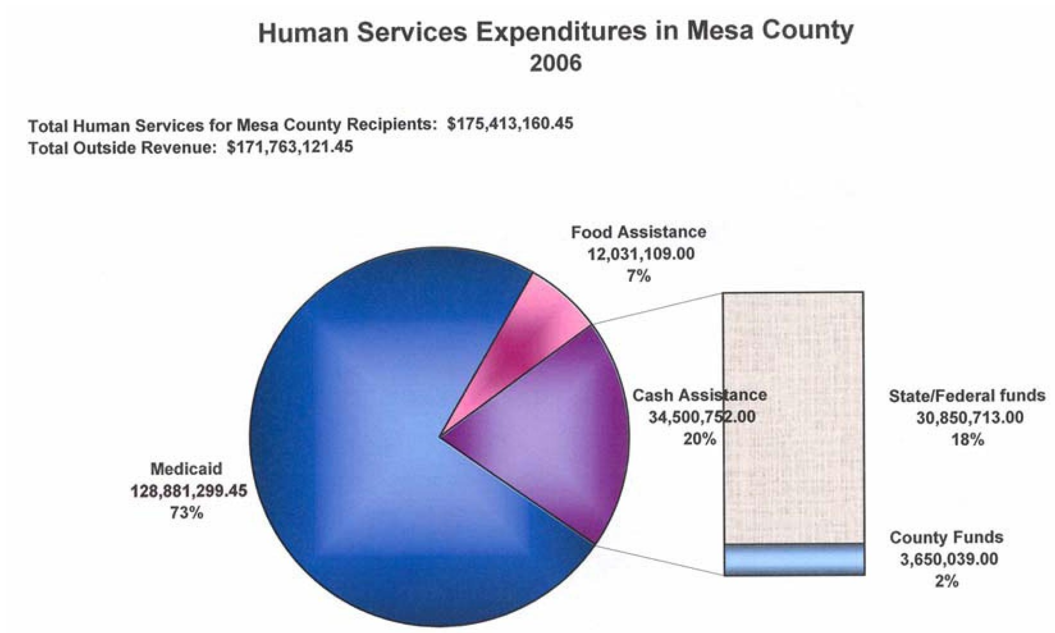


Figure 2.45
Source: Mesa County Department of Human Services

Efforts since the 1980s to promote Mesa County as a retirement center are increasing the pressure on MCDHS to provide more services. The county's aging population continues to grow, many who retired to the area are living longer than expected and are having more medical bills forcing them eventually into the Medicaid caseload. Other services are required as well. Figures 2.46 and 2.47 show the increase in long term care and adult protection cases and referrals.

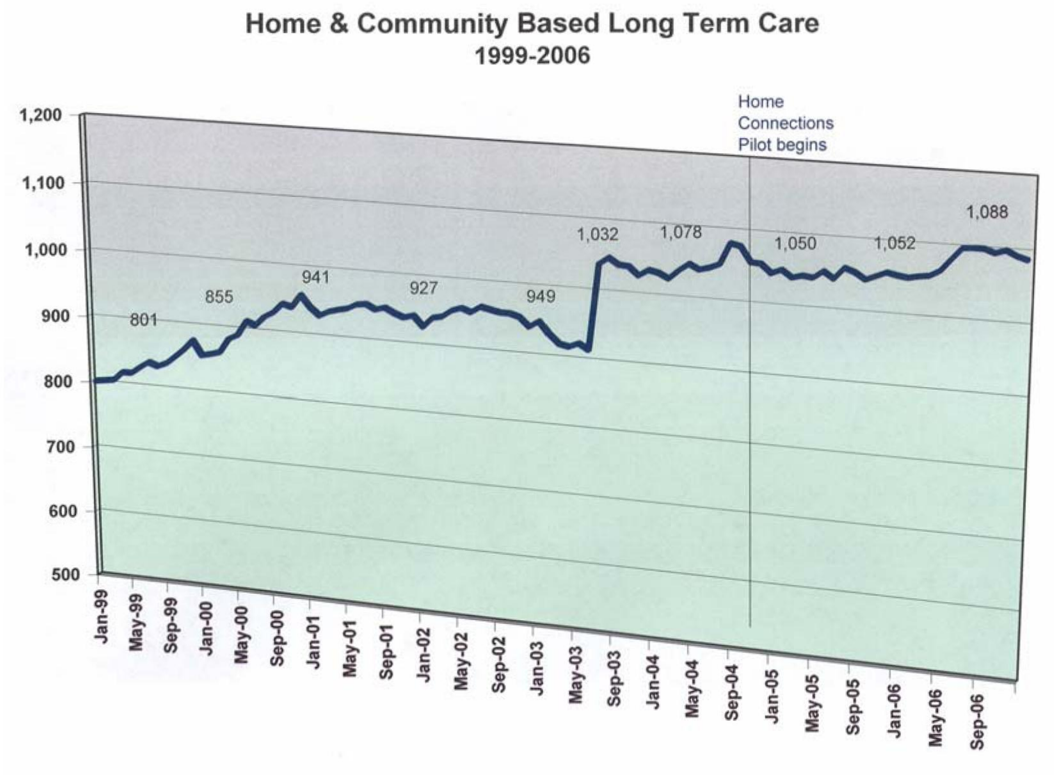


Figure 2.46
Source: Mesa County Department of Human Services

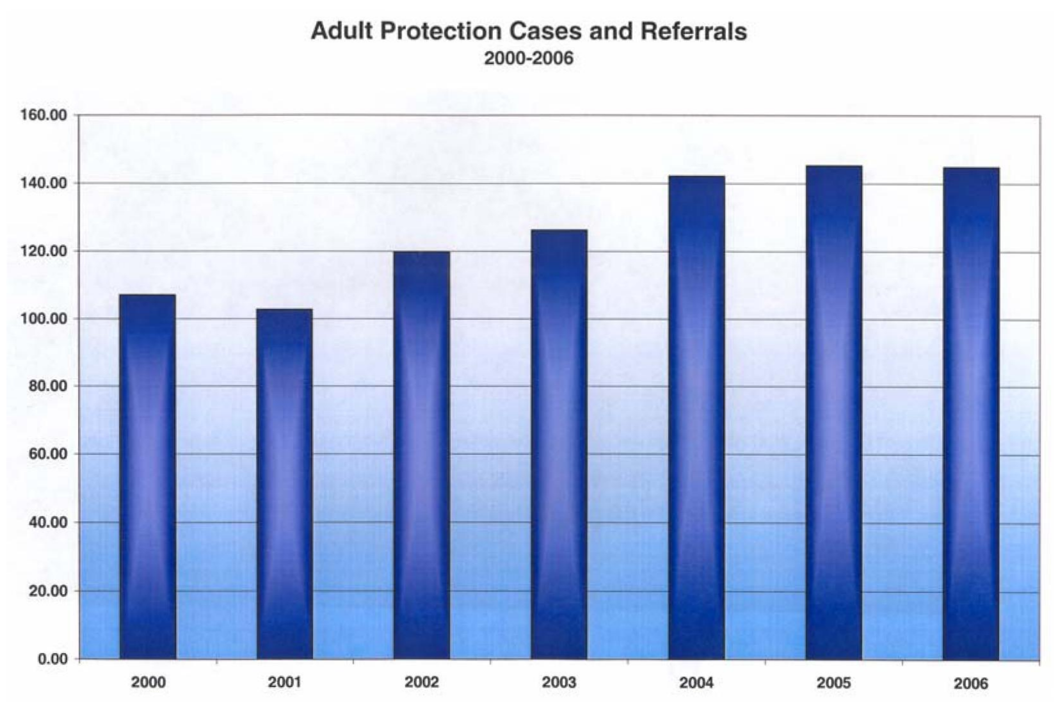


Figure 2.47
Source: Mesa County Department of Human Services

Residents needing long term care is up over 35% since January 1999. Incidents of adult protection cases seem relatively small but have increased steadily since 2000. Most of these cases are due to self neglect and the referrals are usually opened and closed within a month. Consequently the workload for these cases is much higher than it appears. About 45% of this population is under age 60 and have mental health issues.

The improving economy has had a positive impact on the caseload for "Colorado Works" the state's program to replace the old welfare system. The program was adopted in 1998 (Fig 2.48) to help implement statewide the new federal Temporary Assistance to Needy Families (TANF) program, this welfare reform replaced the already successful Mesa County CPREP program which had reduced welfare rolls in Mesa County by over a third before "Colorado Works" was implemented. As the economy grew through September of 2001 the "Colorado Works" caseload continued to drop. With the downturn in the national economy after 9/11 the caseload grew to its highest level since welfare reform began. Since the beginning of 2005 the caseload has steadily dropped to its lowest levels yet.

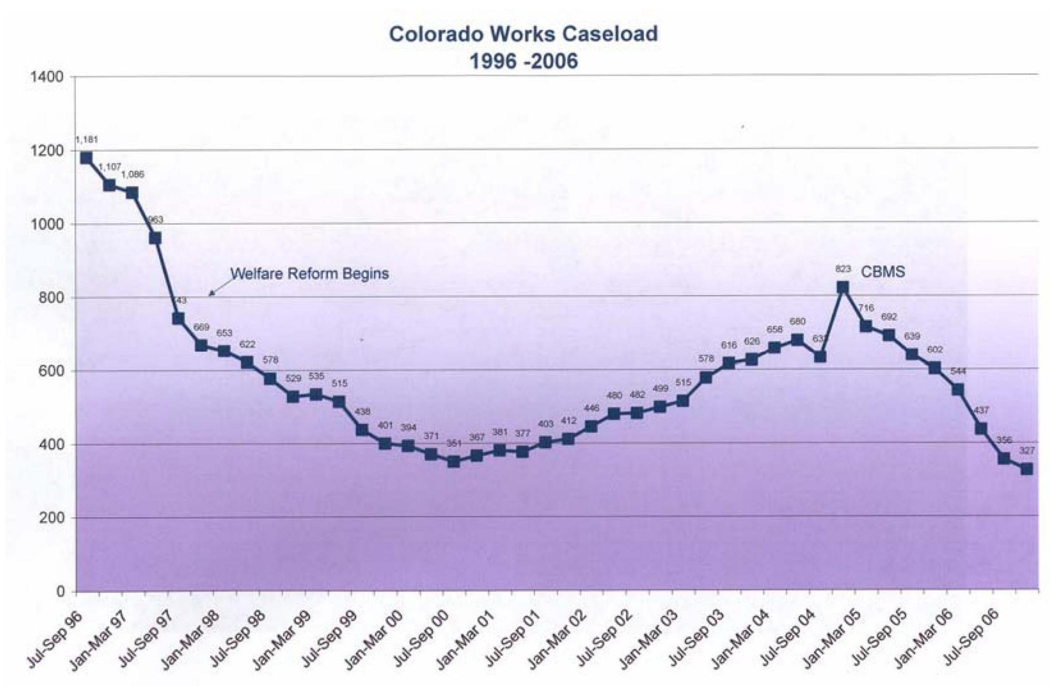


Figure 2.48
Source: Mesa County Department of Human Services

It is important to recognize that this data is not entirely accurate as the switch to a new computer system (CBMS) in 2005 has changed the way Colorado computes its caseload. The new system allows one person to be counted more than once based on the number of programs they are participating in. So the higher numbers reflect differences in data collection as much or more so than it shows increased caseload.

Food stamp assistance (Fig 2.49) after spiking in 2004 has dropped to 2003 levels. Since the working poor still qualify for food stamps, reductions in this caseload have not been as significant as the decrease in the "Colorado Works" program.

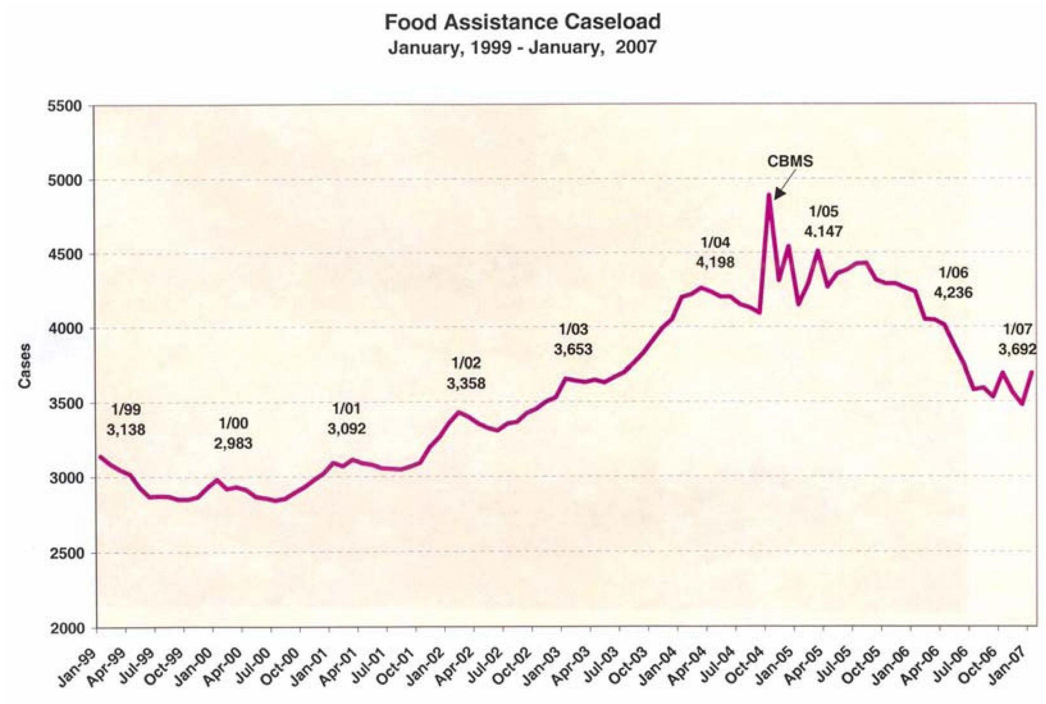


Figure 2.49
Source: Mesa County Department of Human Services

The food stamp program along with the high percentage of students receiving free or reduced lunches suggests there is still a good portion of Mesa County residents who are not reaping the benefits of economic growth. In fact, rising inflation, the high cost of housing and the lack of adequate skills may put this segment of the population at an even greater risk. County officials report higher rates of domestic violence, drug and alcohol abuse, and homelessness (Table 2.12). Some of this, they speculate, is due to people migrating into the county with expectations of finding high paying jobs in the county's booming economy. Without needed job skills, poorly educated and unprepared for the high cost of housing as well as its unavailability many families end up homeless.

Mesa County Homeless Count

Category	Number	Percentage
Total Homeless	293	NA
Number of Households with Children	113	40.1%
Number of Households with out Children	169	59.9%
Number of Sheltered Homeless	208	72.7%
Number of Un-Sheltered Homeless	78	27.3%
Newly Homeless	89	30.4%
Have Been Homeless Before	204	69.6%

Table 2.12

Source: The Colorado Statewide Homeless Count

The healthy economy and increased efforts to collect child support payments has reduced the number of children receiving childcare assistance to levels below January 2000 (Fig 2.50). Since Mesa County provides childcare assistance to families whose income is less than 225% of the federal poverty guideline, this data indicates that many parents formerly receiving assistance are now working jobs where the pay is too high to qualify for assistance.

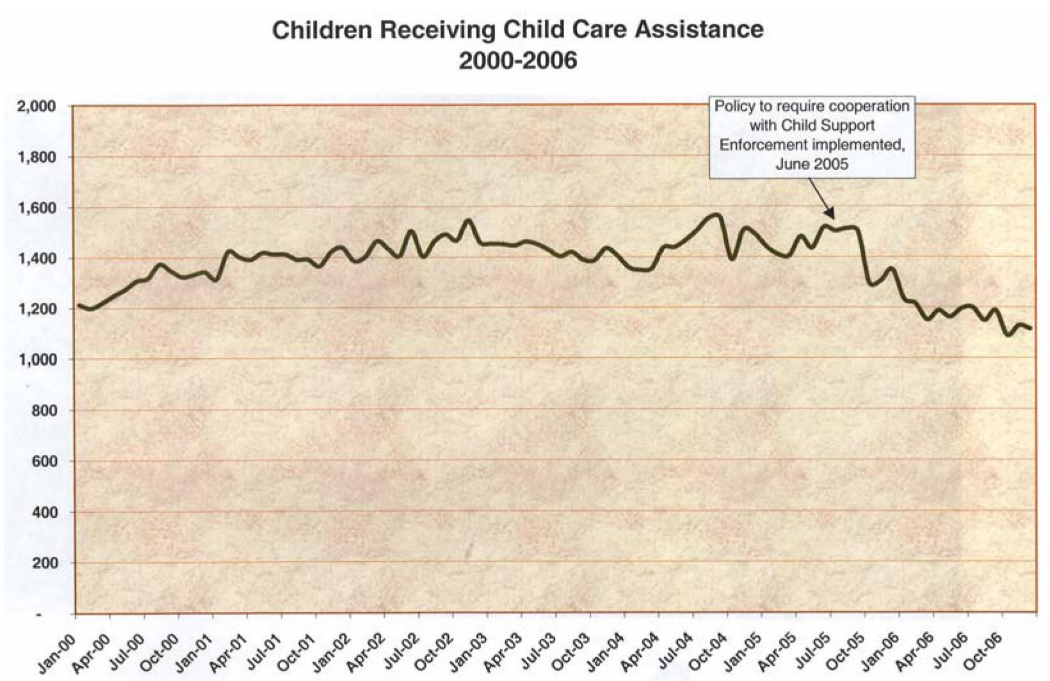


Figure 2.50

Source: Mesa County Department of Human Services

One final concern for children is that the number of licensed childcare providers is declining forcing many working parents to take their children to unlicensed facilities that the county will not pay for care. This may also account for the drop in assistance.

Workforce Center clients continue to remain fairly stable since November of 2004 (Fig 2.51). This is due largely to a shift in the reason clients go to the Workforce Center. Up until the last months of 2004 most clients at the Workforce Center were unemployed workers seeking a job. As the economy accelerated in 2004 many workers still come to the Workforce Center but they are now seeking better paying jobs. As we reached full employment many more employers are looking to the Workforce Center to help them both find and train new employees. As a result the Workforce Center has taken on many more characteristics of an employment center.

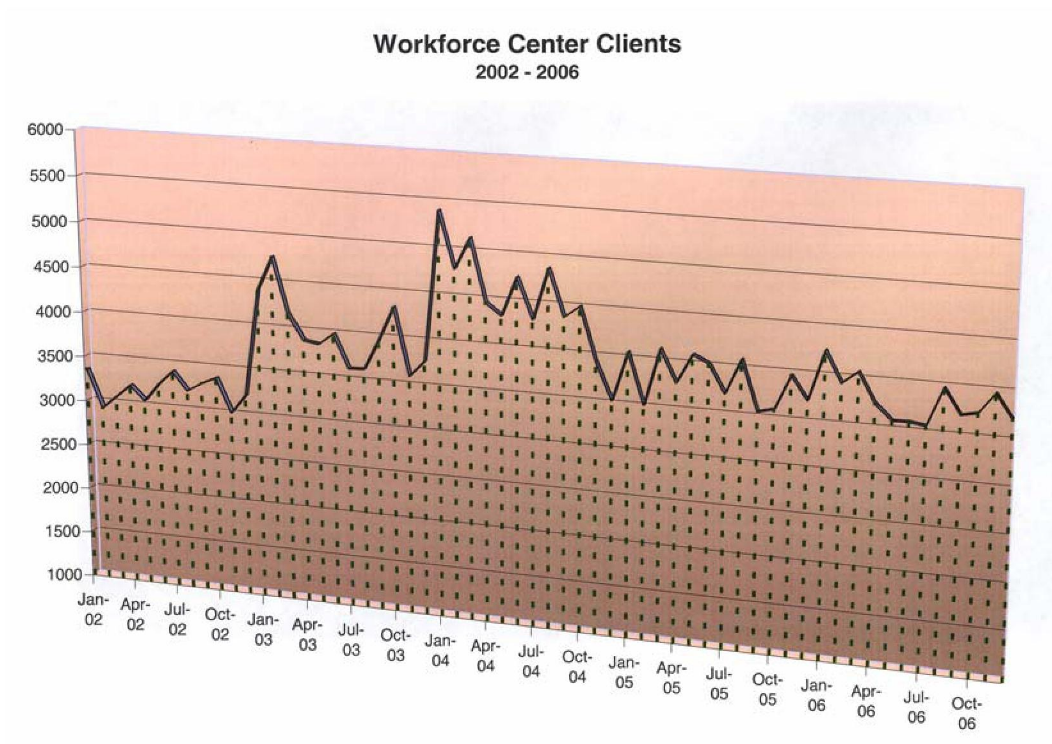


Figure 2.51
Source: Mesa County Department of Human Services

This creates an interesting dilemma for Workforce Center employees. To help assist employers find trained staff the center is engaged in training potential employees to acquire certifications such as LPNs, CNAs and to get their CDL licenses. In other instances the Workforce Center may try to find out of area workers with needed skills to move to Mesa County where work is readily available. The cost of moving and the high cost of housing make it difficult to obtain much success in these efforts. It seems that money is readily available to help the unemployed pay their living expenses but little funding is available to help relocate workers from areas of high unemployment to areas where workers are needed.

The healthy economy has allowed Mesa County to begin to build reserves in both their TANF account as well as their childcare assistance account. Historically monies were shifted from TANF to children assistance to help pay the high cost of childcare so it is impressive to see Childcare Assistance reserves accruing. Money in both these accounts could be used to relocate workers and help with housing expenses but only if the workers qualify for the "Colorado Works" program. Since those who qualify for this program usually lack the skills needed for jobs in Mesa County, there is little benefit to using money this way. It is better to start to bankroll this money for the inevitable day that the economy falters and the "Colorado Works" and Childcare Assistance rolls begin to rise once again. Unfortunately, as these reserves increase statewide a cash strapped state government starts to identify this money and consider shifting the funds to other areas.

Health Services – Perhaps the greatest impact of growth on the physical well being of county residents is the increased demand on the medical community for more and more health care services and its rising inability to meet those needs. This is caused not only by the population increase but by the success of the efforts to promote the region as a retirement community. Since Mesa County serves as a regional hub for medical services, the increasing age of the population has placed even greater stress on health care providers and facilities. One of the two major hospitals in the county, St. Mary's, has been increasing capacity over the last several years and is currently undergoing its largest renovation to date adding a seven story wing to its main hospital. Community Hospital is prepared to build a whole new hospital as it plans for future demands.
The shortage of primary care physicians, nurses and other health care providers such as LPNs and CNAs is critical. Currently, efforts are being made to get Mesa County recognized as a Health Professional Shortage Area (HPSA). This designation will help reduce the shortage of primary care physicians as an HPSA is given funding to attract doctors by offering to pay their education loans. Typically these loans can run into the hundreds of thousands of dollars.

There are several reasons why primary care physicians find the area unattractive for private practice. One of the most significant is the high number of patients whose health insurance is either Medicaid or Medicare. Reimbursement rates under both these government insurance plans are too low to cover the cost of either primary care or many follow up procedures. Since the county and its surrounding communities have been so successful attracting retirees to the community the patient load for the average primary care physician has too many Medicare and Medicaid payees to provide the income necessary for a doctor to live and retire their student debt. If successful in achieving HPSA status, it is hoped that the offer of student loan forgiveness will attract new doctors to the area.

Mesa State College has recently expanded its offerings in the Nursing program to include more openings in the RN program as well as LPN and CNA programs. Scholarship money is needed to help encourage students to pursue careers in these fields. The pay that nurses with an advanced degree can receive working in the field makes it hard to attract qualified instructors.

The lack of medical insurance by many county residents as well as the lack of primary care physicians has created over use of both emergency room services as well as area health clinics. Even family planning centers are experiencing increased numbers of their patients seeking acute care rather then the standard neo-natal or childcare offered. The lack of insurance by the working poor has long been a problem not just in Mesa County but across the country. In addition to this problem Mesa County is hampered by energy industry subcontractors who typically pay high wages with few if any benefits. This encourages their employees to stay away from routine patient visits and rely on clinics and the emergency room for treatment when they or a family member is taken ill.

Another impact of growth for the county Health Department is the increase in restaurants in the area. As the population grows and disposable income increases, more restaurants are needed to provide for the needs of more diners. This means more restaurant inspections as state law requires all restaurants to be inspected twice a year. The successful increase in tourism has encouraged local communities to sponsor more and more special events. It is not unusual for more than one special event to occur every weekend. All the food vendors at these events must also be properly inspected.

Finally, although most recent numbers are not available there has been an increase in sexually transmitted disease throughout the beginning of the century (Fig 2.52). Almost all of these cases (95%) in 2003 were Chlamydia. Officials indicate that more recent data would show that the problem of STDs is increasing.

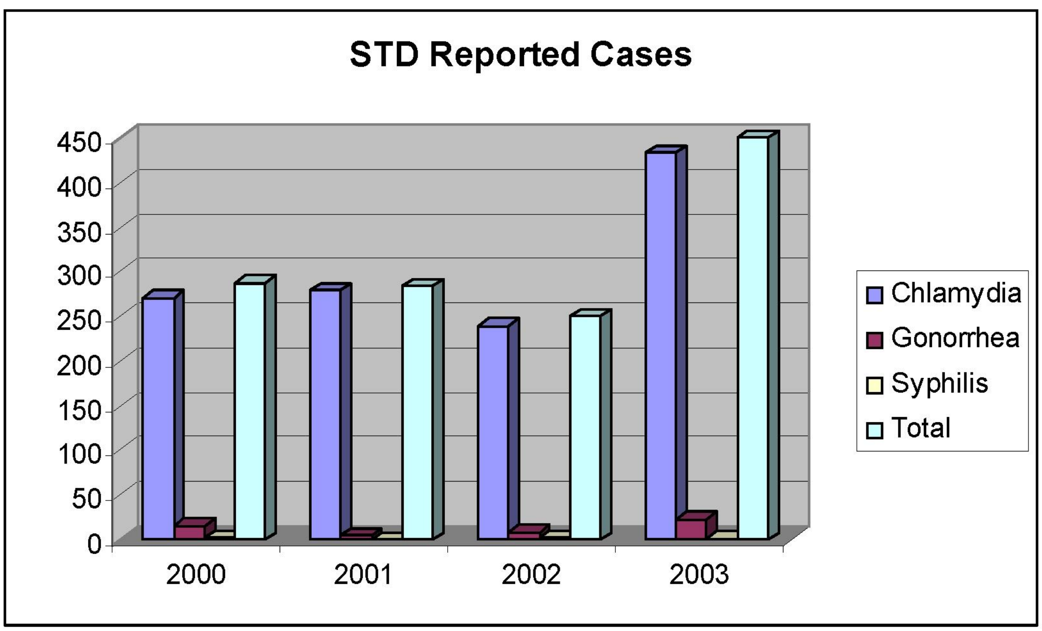


Figure 2.52

Source: CDPHE

Animal Services – According to the Mesa County Strategic Planning Program Drivers 2008 the community population growth will also drive up pet ownership. Officials estimate that by 2010 over 79,200 cats and dogs will be living in Mesa County. As the county transforms from a rural to a more urban county the demand for more services will increase. Currently the lack of shelter capacity and sufficient staff is making it difficult for Animal Services to meet existing demands.

Non-Profit Support – While growth provides many economic benefits, it is not without its costs. Many of the problems associated with growth are met by non-profit organizations within the community that rely on two primary sources for funding: grants and donations. Contributions to the Mesa County United Way (Fig 2.53) over the past seven years have, with the exception of the years when the economy slowed, shown steady increases.

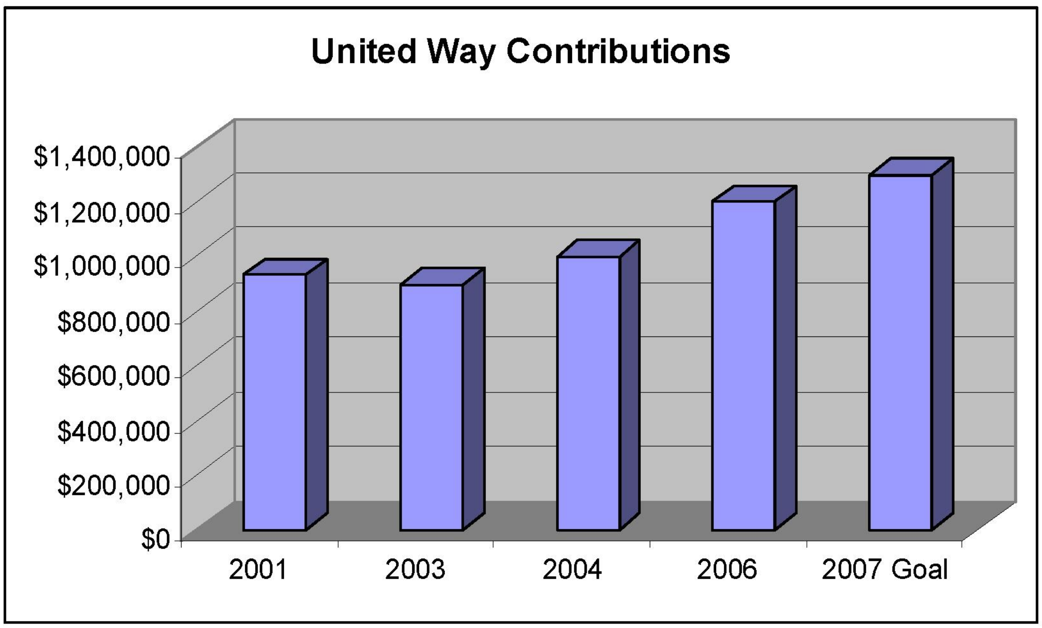


Figure 2.53
Source: Daily Sentinel August 2, 2007

The recent growth within the energy industry may help account for some of this. But much of the contributions come from the participation of long standing county employers and their employees.

Several officials have remarked that energy industry officials have been most willing to volunteer their services on a variety of community organizations and their participation has helped energize these organizations as well as provide good ideas. However, many other officials are waiting to see if the energy industry is willing to make significant financial contributions to the well being of the Mesa County community as well. In fairness to the industry, they have been deluged with requests for funding and can not possibly satisfy all these demands.

Environmental Impacts -The increase in population, as well as the growth of the extraction industry within the county as well as its surrounding areas has created a much greater awareness of environmental issues. While the concern is real, to date there has been very little hard data to indicate that problems exist. This could be as much a function of little to no monitoring being done in the valley as it could be that growth has not yet reached that critical point where problems become obvious. To be sure there have been isolated incidents that may serve as warnings of larger problems to come, but so far existing data indicates that the crisis many claim we are in has not yet arrived.

In response to these concerns the county has initiated the development of an energy master plan. The initial reaction to the plan at a series of public meetings has not been positive. County officials are now in the process of further developing these plans. Both Grand Junction and the town of Palisade have adopted ordinances to protect their watersheds in the event natural gas leases are developed within them. Some of the regulations developed to enforce these ordinances raise questions about primacy and whether or not they are legally enforceable.

Air pollution – Concerns about air pollution focus on ozone, particulate matter, foul odors and airborne toxins. Air pollution may be generated from either mobile or stationary sources but by far the greatest concern for air pollution in Mesa County is mobile sources. Increased traffic volume and congestion, as well as refueling operations all contribute to concerns over rising ozone levels. Some stationary sources such as flaring of gas wells, may also add to the problem.

Currently, Mesa County simply does not have sufficient monitoring stations to accurately detect existing ozone levels. One monitoring site on the Colorado National Monument helps to measure ozone blowing into the valley from outside sources but many more stations are needed on the valley floor before any accurate data can be collected.

Where ozone is a concern in the summertime, particulate matter is a concern in the wintertime as more people use wood burning stoves. Growth may have helped to lower county levels of particulate matter as many new residents are less inclined to use wood stoves. Additionally, in the springtime these new residents are also less likely to take advantage of the open air burn period. Despite these positive benefits, particulate matter at the 2.5 micron level or less is increasing slightly. Every spring there is at least one day where large particulate matter (10 microns) exceeds standards but this is always a natural occurring event as winds kick up dust. Dust on dirt roads leading to energy operations have not been a problem. Spraying the roads with mag chloride helps hold down the dust.

The EPA has begun monitoring air toxins. Current studies will be used to establish baselines to help determine what if any standards should be established. Some of the toxins being measured are benzene and formaldehyde. Early results indicate that smaller towns like Grand Junction have similar amounts of air toxins as larger metropolitan areas.

Finally, concern over foul odors is on the rise as increased population encourages development into rural areas. New residents are complaining about the foul odors associated with agriculture. This increases as the urban rural interface increases. Another source of foul odors and potentially harmful ones at that come from evaporative pits used by the energy industry to store waste products from drilling activities. The Black Mountain Disposal site in DeBeque is one of seven sites on the western slope that will be monitored by the state to determine if stricter regulation of evaporative pits is necessary. This site has already been cited for violating its permissible levels of noxious volatile organic compound (VOC) emissions. Despite these violations, the county has received few complaints from area residents about the site. Pollution odors from truck traffic to the site seems to be a much bigger concern.

Water – There are two concerns that arise over water in the arid west. The first is quantity and the second is quality. Mesa County residents are currently blessed with both. The Statewide Water Supply Initiative has determined that Mesa County has sufficient water to meet its needs through 2030. However, the recent rise in population, compiled with the future water needs of the energy industry have many concerned about water availability.

Much of the valley's drinking water comes from the top of the Grand Mesa. Ute Water, serving over 75,000 customers, is one of the primary providers of drinking water to the residents of Mesa County. In 2006 they went the whole year without a single water quality violation. Again, like air pollution the concern over water pollution stems mostly from the potential damage that more drilling could have particularly in the community's watershed. Genesis Oil, who holds leases in both the Palisade and Grand Junction watershed just completed a development plan with local stake-holders that addresses how drilling operations will occur in the watershed.

A final concern with water is implementation of the new federal storm water run off regulations. Difficult to monitor without sufficient resources this program will only get bigger as development continues in order to meet the needs of a growing population. Concerns also exist over how well the energy industry will comply with these new regulations.

Solid Waste – Increased growth increases demands on the county landfill for services. Residential customers are increasingly disposing of electronic waste in the land fill. The sheer size and volume of trash at the land fill will require the county to address the issues of methane gas production. Transfer stations in Fruita, Molina, DeBeque and Gateway need significant infrastructure repairs just to maintain existing operations.

Public Lands – The growth in population has placed additional stress on public lands. The Colorado National Monument is experiencing more incidents of drug use, speeding and large parties forcing them to manage the park more like parks in an urban setting. The Bureau of Land Management is experiencing similar problems on the large tracts of land they manage in Mesa County. This takes resources away from the traditional mission of the BLM. Like other federal land agencies, the BLM has suffered from a lack of funding. Many trails were not designed for their current use. Fires are an increasing concern and the cost of fire prevention is way up.

New residents to the area present two problems for the BLM. First, they do not understand the mission of the BLM so they expect agency personnel to behave more like park rangers. Second, newer residents are poorly prepared and ill-trained to recreate in the back country. Coming to their rescue increases the strain on existing resources.

Garfield County

Geography - Garfield County, Colorado is physically and economically diverse. There are three distinct socioeconomic regions, the far western region is sparsely populated, arid and contains mostly public land; the eastern half along the I-70 corridor contains five major municipalities, and the majority of the population and economic activity for the County. The southeastern portion containing Carbondale and Glenwood Springs is most closely aligned with the resort communities of Pitkin County including the town of Aspen. The geographic size of the County is 1,226,118 acres with 60% of the land owned by the federal government. Glenwood Springs is the County seat and serves as the regional retail and service center for west central Colorado.

Government Structure – Garfield County is governed by three elected commissioners and several other elected officials. Garfield County is administered by a County Manager form of government with the employees and staff of Garfield County. The County Manager is selected by the Board of County Commissioners and serves at the pleasure of the Board.

Services – Garfield County Services include; Airport Services, Building and Planning Services, Community Corrections, Elections and Voter Registration, Emergency Management, Fairgrounds, Motor Vehicle Registration, Noxious Weeds, Oil and Gas, Property Valuation, Property Tax Payment and Sheriff.

Population - The average annual increase in population between 2000 and 2005 was 2.97%, with the highest growth occurring between 2000 and 2001. The largest increases have been in west central section of the county along I-70, where New Castle grew by 69%, Parachute by 37% and Silt by 33% during the five year period. Population growth is attributed to rising housing costs in the Roaring Fork Valley and energy development. According to BBC Research, population projections for the county are 4.9% for 2006 jumping to between 5% and 7% annually through 2015. The number of residents is expected to increase from approximately 50,000 in 2005 to 89,000 in 2015. The greatest increases are anticipated in the Colorado River Valley between New Castle and Parachute.

The median age was 32.8 in 1990 and has increased to 35 in 2005. It is expected to decline over the next 10 years to 34.9 in 2010 and 34.5 in 2015. However there is growth in the aging section of the population attributable to baby boomer retirement. BBC Research projects that the proportions of the County population under the age of 20 and between the ages of 60 and 79 will increase by 2030 and between the age of 20 and 60 will decline.

US Census data showed an increase of 336% from 1990-2000 of individuals of Hispanic origin in Garfield County. There seems to be a growing hidden population of undocumented workers, estimated to be as high as 10,000-12,000 individuals county-wide. This number is expected to grow to 30,000 undocumented workers by 2025.

Growth in other ethnic sectors such as Asian and African American has also been observed. There is a general opinion that the state demographers population numbers and projections are low, partially because of the large number of undocumented workers in Garfield County.

Population Trends: Garfield County 2000-2005

	2000	*2001*	***% change***	*2002*	***% change***	*2003*	***% change***	*2004*	***% change***	*2005*	***% change***	*Ave. Annual Change*	***5 Year change***
GARFIELD COUNTY	43,791	46,173	**5.44%**	47,441	**2.75%**	48,396	**2.01%**	49,325	**1.92%**	50,673	**2.73%**	2.97%	**15.72%**
Carbondale	5,196	5,509	**6.02%**	5,565	**1.02%**	5,689	**2.23%**	5,767	**1.37%**	5,881	**1.98%**	2.52%	**13.18%**
Glenwood Springs	7,736	8,135	**5.16%**	8,301	**2.04%**	8,406	**1.26%**	8,517	**1.32%**	8,603	**1.01%**	2.16%	**11.21%**
New Castle	1,984	2,268	**14.31%**	2,604	**14.81%**	2,825	**8.49%**	2,949	**4.39%**	3,148	**6.75%**	9.75%	**58.67%**
Parachute	1,006	1,269	**26.14%**	1,297	**2.21%**	1,320	**1.77%**	1,338	**1.36%**	1,360	**1.64%**	6.63%	**35.19%**
Rifle	6,784	7,079	**4.35%**	7,349	**3.81%**	7,541	**2.61%**	7,760	**2.90%**	8,118	**4.61%**	3.66%	**19.66%**
Silt	1,740	1,901	**9.25%**	2,039	**7.26%**	2,089	**2.45%**	2,184	**4.55%**	2,319	**6.18%**	5.94%	**33.28%**
Unincorp. Area	19,345	20,012	**3.45%**	20,286	**1.37%**	20,526	**1.18%**	20,810	**1.38%**	21,244	**2.09%**	1.89%	**9.82%**

Table 3.1

Source: Colorado State Demographer

Growth - Growth is defined by community leaders and local government officials as: an increase in population, increased diversity with an influx of illegal immigrants, booming economy, escalating demand for government services, housing shortage, labor force shortage, increased crime, demand on infrastructure including roads and bridges and waste water treatment, and the negative impact on "quality of life". Growth in the southeastern portion of the county has been steady for many years. The tourism, ski industry and second home economic engine are the primary drivers. The work force for Pitkin and Eagle County find more affordable homes in this area of Garfield County. Affordability has driven development as far as New Castle, Silt and even Rifle. The eastern half of the county is impacted by a mix of the resort and energy industries. The energy industry is the primary economic driver in the remaining western region of the county. Technology has facilitated growth in population throughout the county because of the desirability of the area and people's independence from having to live where they work.

Growth has been continual in Garfield County and attributable to the growth in the neighboring resort counties, Eagle and Pitkin. The community has embraced the 3% annual population increase as normal. The period of hyper-growth has occurred in the last two years and is fueled by the energy industry. Garfield County and the cities and towns within the County were not prepared for accelerated growth although the local governments' ability to accommodate the impacts has been mixed. The county has taken leadership to understand the impacts and to work with the private sector to keep up with infrastructure. Municipalities have reacted as well although in the towns along I-70 to the west of Glenwood Springs the rate of growth has been astronomical and in many cases, infrastructure is at capacity before it is completed.

Garfield County conducted a "Socio-Economic Impact Study" whose final report was dated January 17, 2007. This report was prepared by BBC Research and Consulting who performed a comprehensive analysis of socio-economic trends past and future through use of a model to project growth patterns. Through use of this tool, Garfield County officials have been able to answer "what if" questions to examine alternative future scenarios. Other studies used in this report include but are not limited to; "Garfield County Housing Assessment", February 2006, "Garfield County Land Values and Solutions Study", June 2006 and "Rural Resort Region 2005 Benchmark Report".

Economic Impacts

Tax Revenues - Retail Sales have had steady increases over the last 7 years. In some areas, growth has been significant especially as commercial building has increased in Rifle and Glenwood Springs where shopping centers and big box stores have provided additional revenues to municipalities and decreased the leakage of retail dollars outside of the community. Retail leakage was 85-90% in Rifle in 2000. The retail sector has been stimulated by the entry of Wal-Mart and leakage has decreased.

Property taxes paid from oil and gas properties to Garfield County have been estimated by the Legislative Council.

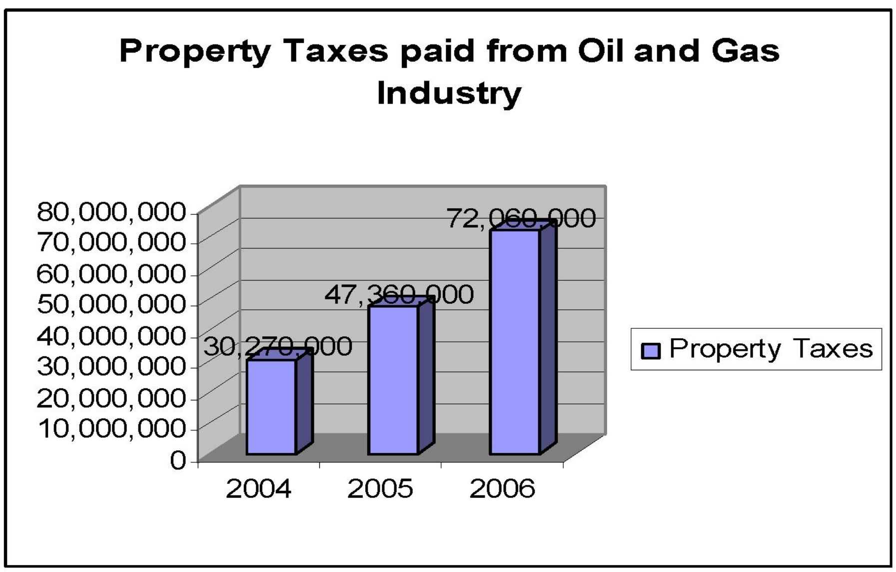


Figure 3.1

Source: Legislative Council

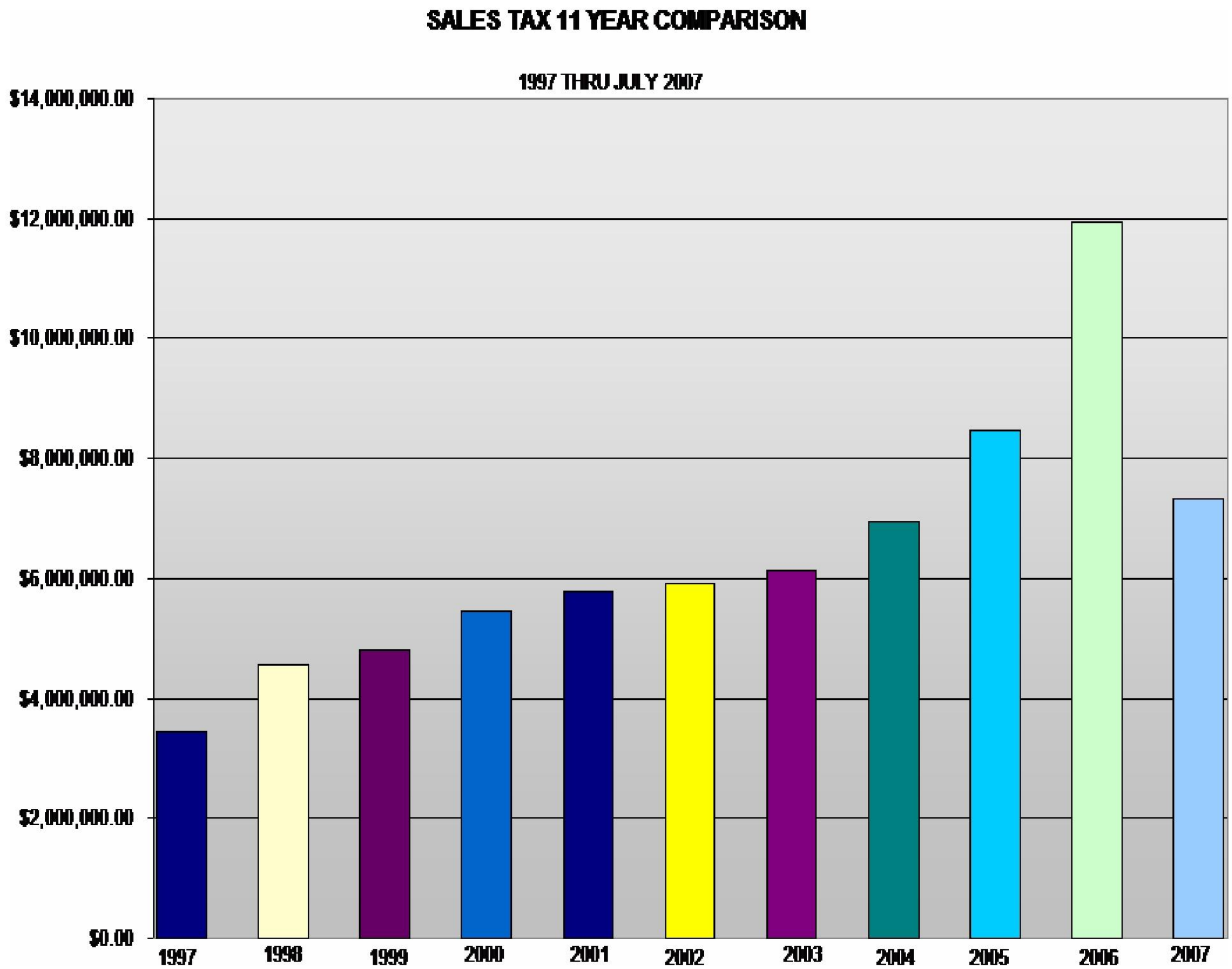


Figure 3.2

Source: Garfield County web site

Planning Department - Residential Building Permits in the County decreased by 25% from 2002-2003 then rose 25%, 38% and 37% in subsequent years through 2006.

Building Permit Activity: 2000 through Sept. 2005*

Permit Year	*Uninc. County*	*Carbondale*	*Glenwood Springs*	*New Castle*	*Silt*	*Rifle*	*Parachute*	*Total*
2000	256	89	81	60	58	85	4	633
2001	220	21	87	95	64	111	13	611
2002	210	47	77	86	31	87	13	551
2003	170	23	39	53	26	85	11	407
2004	208	25	34	64	34	136	10	511
2005*	186	42	25	nd	57	84	15	409
Total	1250	247	343	358	270	588	66	3122

Table 3.2

Source: Garfield County Housing Assessment 2005 (building department records)

Building Permits Garfield County

Year	*Residential*	*Commercial*	*Other*	*Total*
2002	156	49	118	323
2003	117	40	156	313
2004	146	56	166	368
2005	202	60	104	366
2006	270	60	113	443
2007YTD	131	41	57	229

Table 3.3
Source: Garfield County Planning Department

Workforce - Employment is heaviest in the government sector, employing 17.2% of total people employed as compared to 15.8% throughout the state, construction is the next highest segment employing 15% as compared to 7.3% throughout Colorado, retail trade employs 13.6% and 11.2% in Colorado, accommodation and food 11.2% with Colorado at 9.8% and mining 6.7% and Colorado 0.8% for 2005. Jobs by sector are expected to be similarly distributed in 2030 projections. Tourism and regional services comprise approximately ½ of Garfield County's economic base (primary jobs).

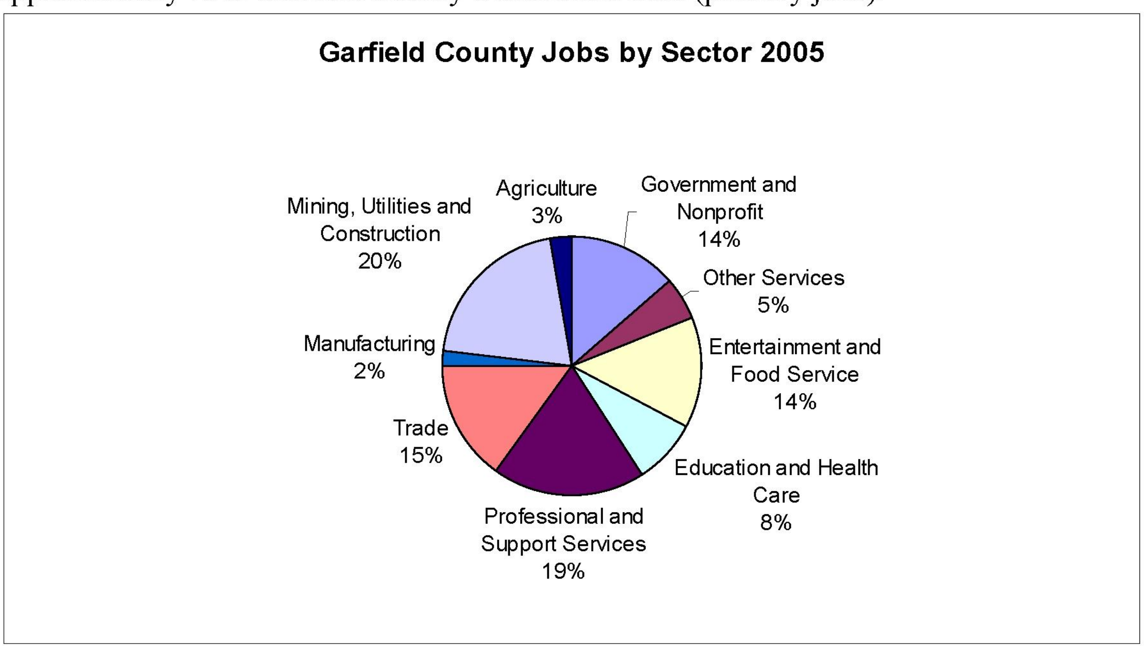


Figure 3.3
Source: BBC Research and Consulting, 2006

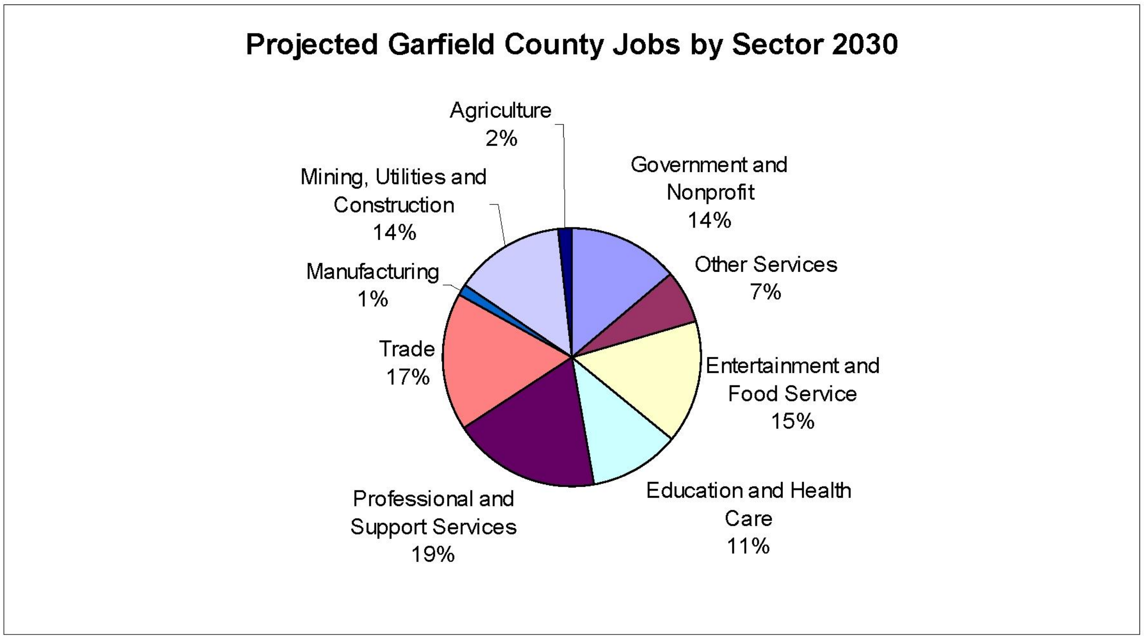


Figure 3.4

Source: BBC Research and Consulting, 2006

Garfield County has developed as the residential alternative for Eagle and Pitkin counties, where many of the County's residents are employed. Forty-three percent of jobs created between 1990 and 2000 in Pitkin County and 10% of new Eagle County jobs went to Garfield County residents. Out-commuting to Pitkin and Eagle Counties is expected to continue to increase. In 2015, 55% of Pitkin County's labor force is projected to commute into the County. Ninety percent of the commuters will be from Garfield County. Each day eleven busloads of workers are being transported to the Piceance area to work in the oil and gas fields (half of which originate in Rifle). Within Garfield County 4000 natural gas wells were completed as of mid-2006 and approximately 4000 people were working in gas development in 2005, half based in Garfield County. Glenwood Springs and Pitkin County have historically provided most of the jobs for Garfield County residents. As natural gas activity continues to grow Garfield County residents are increasingly employed in the western section of Garfield and commuting into Rio Blanco County.

Wages and Income - Positive impacts from upward movement in wages have been a decrease in the poverty rate which increased from 2000-2003 (7.8%-8.5%) then dropped in 2004 to 8.2%. Per capita personal income in 2005 was $31,460 which was 24th in the state and 84% of the state PCPI and 91% of the national rate. Garfield County's PCPI increase of 5.7% from 2004 is just slightly greater then the state and national increases for the same period. Earnings from persons employed increased 14.1% from 2004 to 2005 which was twice the rate of change for the state and nation. The increase in jobs in the Mining and Construction sectors will most likely push the wages for the County higher and improve the PCPI. Unemployment as of 2006 was below 3% creating a "full employment" condition. The total jobs in Garfield County in 2005 were 31,122 and are expected to grow to 56,491 in 2030.

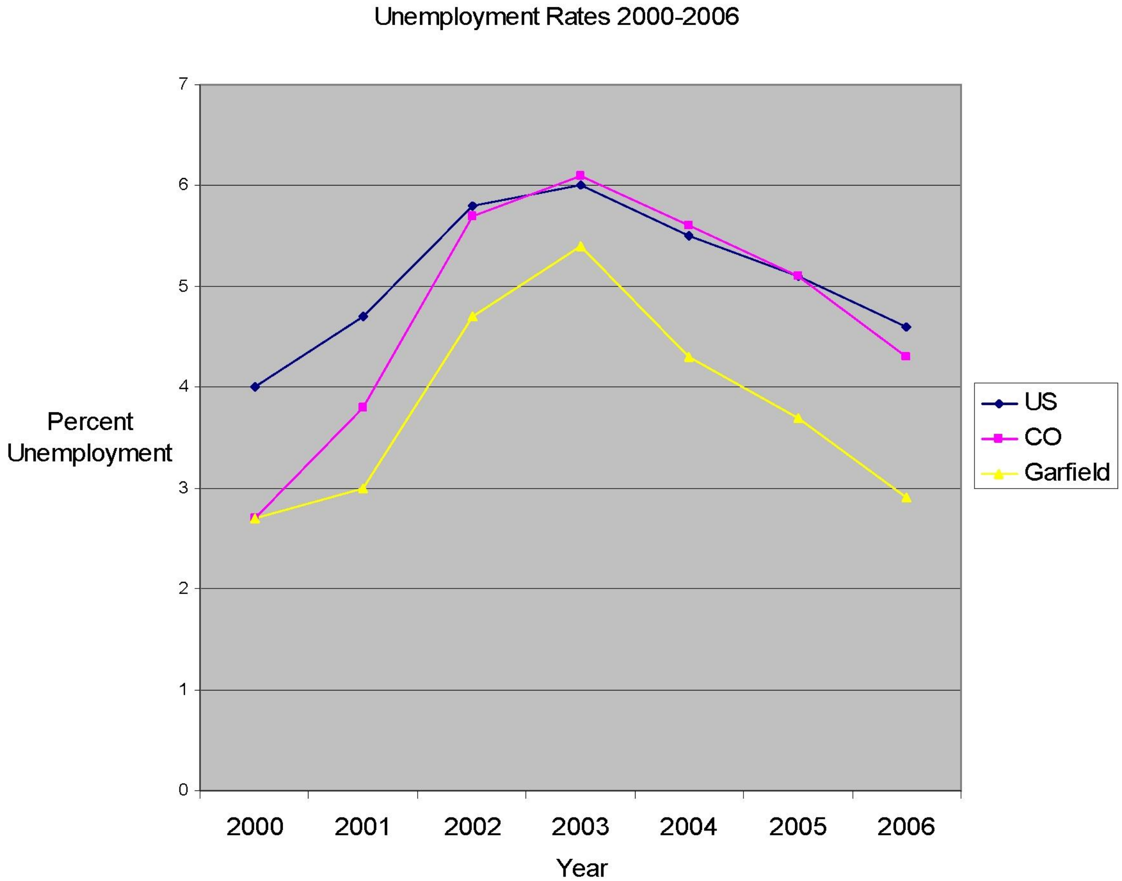


Figure 3.5
Source: Colorado Department of Labor and Employment

Oil and Gas Production - Natural gas related workforce is divided in two phases, drilling and maintenance. Based on projections by BBC Research the number of workers directly employed by the natural gas development companies in 2005 was 4000. The workforce is expected to peak in 2017 with 5300 workers and then decline and stabilize to approximately 2900 maintenance workers. One-half of these workers are expected to be Garfield County residents with the balance commuting into the County. Even though half of the energy workforce lives outside the County there are significant impacts on Garfield County services, such as health care and roads, not reflected in population increases.

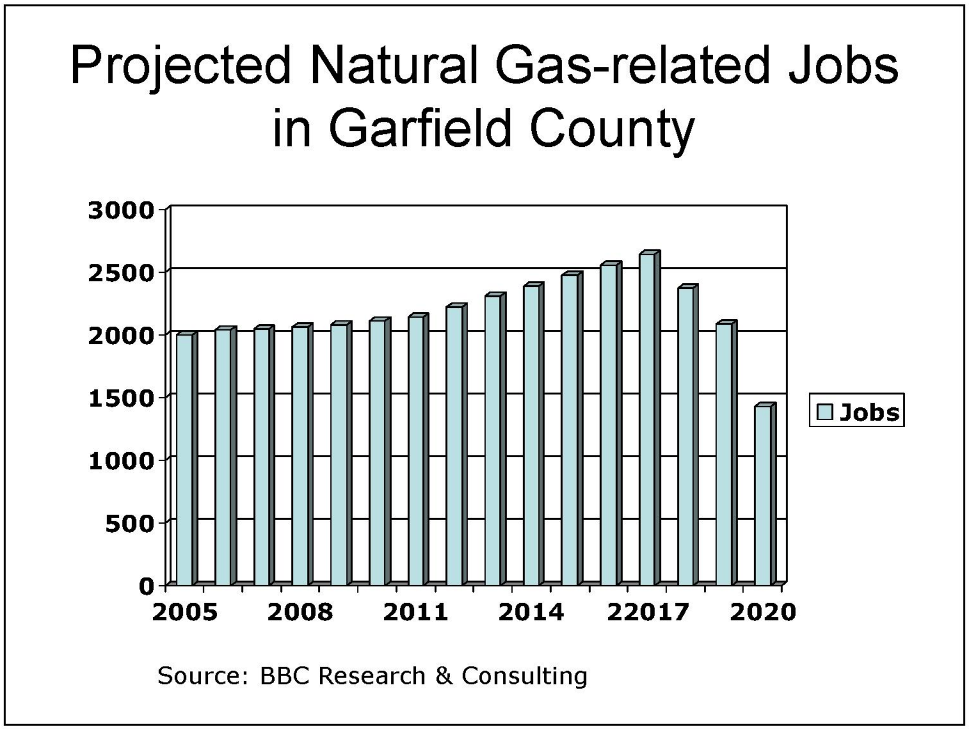


Figure 3.6

Garfield County's economy and employment is tied to tourism, regional services and gas development. More then half of the jobs in the County are generated by tourism and regional services. Retail Trade and Services jobs tend to be lower paying. The higher paying employment sectors are Mining, Utilities and Construction, Professional Support Services, Manufacturing and Government. As gas development continues to grow, the upward pressure on wages will push existing businesses to rethink their business models. The tight labor market has had a significant impact on existing businesses which can not keep employees or get new ones. New businesses are hesitant to come to the area due to lack of workforce. Service businesses are "locked up" not taking new clients.

Recreation and Tourism - There is a concern over the potential negative impact on tourism from this growth period, both from the unavailability of rooms to the visual impact of energy development. Hotel and motel rooms are practically at capacity which discourages seasonal tourism. There are a growing number of workers camping on public lands. The BLM and Forest Service don't have adequate resources to control the use of public lands which further discourages the general publics' uses of public lands for tourism. As the population grows there is a need for additional recreation activities for residents especially during the winter months. The Rifle/Silt area has no recreation center which limits options for youth.

Housing - Between 1990 and 2000 income levels kept pace with rental and mortgage rates. Recently, there has been a steep curve in assessed valuation of homes in Garfield County with median single family home prices increasing by 48% between 2000 and 2005. Average wages however, increased by only 18%. This trend is expected to continue. New units were disproportionately being built in Rifle, New Castle and

Unincorporated Garfield County from 2000-2005 to respond to the demand, however the strain on public infrastructure such as waste water treatment facilities is limiting future growth, driving costs up and delaying projects. A higher percentage of growth in residential building from 2000-2005 relative to the proportion of housing units was exhibited west of Glenwood Springs pointing to accelerated growth in the region. This growth occurred prior to the upsurge of energy activities and was primarily driven by affordability and growth in the resort industry.

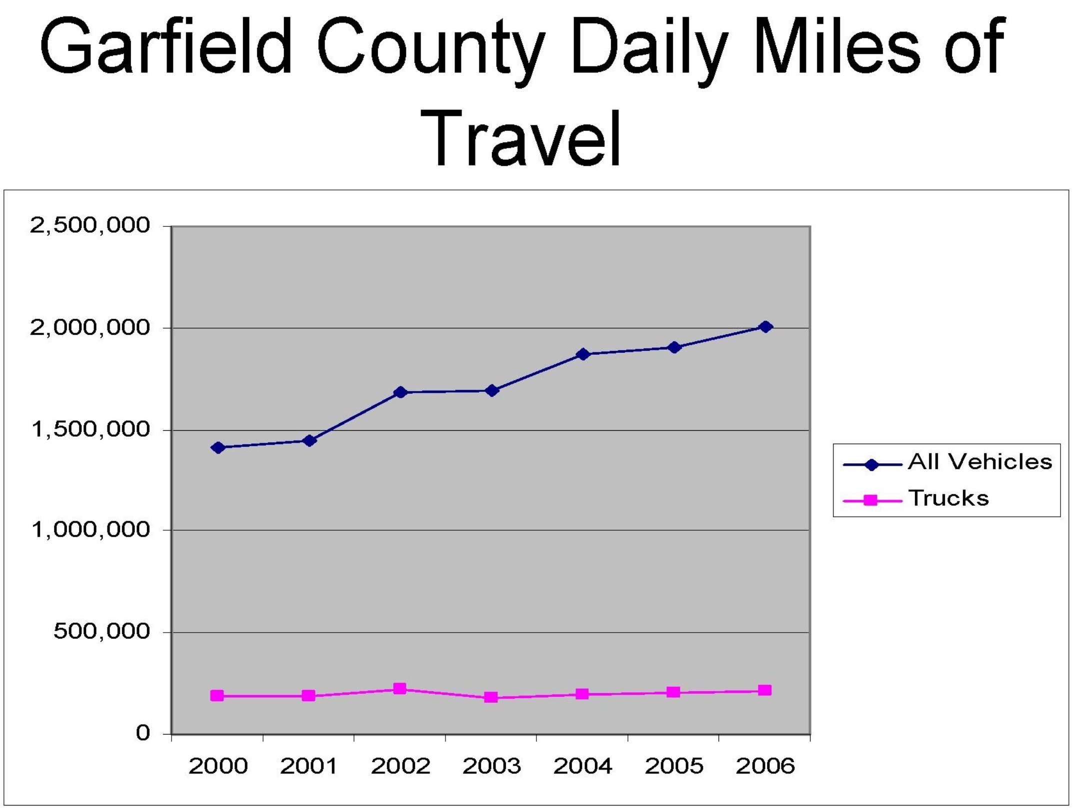
Building is being impacted by the cost of tap fees which reflect the crisis in waste water treatment facilities in the Parachute, Rifle, Silt and New Castle corridor. Rifle is in the process of building a new facility which should be on-line in one-year however with just the projects the town is aware of now, the new facility will be at capacity in 10 years. Battlement Mesa is the only community in that region with capacity due to the build out in the 1980's boom.

There is a large variation in housing pricing throughout the county. In 2005, 50% of the homes sold in the southeastern section of the County were sold for $500,000 or greater. The average value of property sales in the Colorado River Valley average sales price increased steadily since 2000 while Roaring Fork property sales decreased slightly from 2002-2004. Affordability increases as you move west in the County, which contributes to the significant population growth in towns such as Silt, New Castle and Parachute. As of October 2005 residents occupied 88% of all homes in the County. There are a growing number of second home owners in the County but this number is still believed to be relatively insignificant. Reviewing the price distribution of housing units sold between January 2003 and September 2005, homes sold for less then $300,000 were purchased by Garfield County residents. As the value of the homes increased a higher proportion were purchased by out-of-area residents. In fact 13% of the homes purchased by out-of-area residents sold for $650,000 or higher, where only 3% of the homes purchased by residents where sold for $650,000 or higher. Overall County-wide, residential real estate sales were up 26% in 2006.

A phone survey conducted by RRC Associates for the Garfield County Housing Assessment in 2006 found that of the 1657 apartments in Garfield County, 75% were free market, 9% income restricted and 17% were income and age restricted. About 40% of the rental units were located in Battlement Mesa, Rifle with 16% and Glenwood Springs with 22%. There were waiting lists for the units in Battlement Mesa at the time of the study in 2005. Rental housing was soft with increased vacancies and reduced rents for the past several years. As of 2006 reported vacancies are below 2% and rents are beginning to rise. Currently, it is estimated that there is a 0% vacancy rate and one realtor has a waiting list of 200 people waiting for a house to rent or purchase. Energy workers have begun to practice "hot bunking" where residents will shift every 12 hours.

The housing shortage and increase in housing cost has hurt the County's ability to recruit and retain quality workers. The school district is also experiencing this problem. In Rifle, a coalition of public/private employers is looking into leasing apartments and condominiums in order to provide worker housing. Another issue facing housing is speculation and investor activity in the housing market. People are coming in from outside the county with cash and purchasing up the more affordable units to turn them into lucrative rentals. There is some concern over the structure of lending practices particularly in condominium complexes where the number of rental units impacts residents ability to qualify for favorable mortgages.

Transportation - Garfield County daily miles of travel have gone from just shy of 1,500,000 to over 2,000,000 miles from 2000 to 2006, a 33% increase. Rising costs for labor and raw materials have plagued road and bridge projects. Efforts to keep up with maintenance are further hampered by the shortage of funds from the Colorado Department of Transportation (CDOT) to participate in projects. There is difficulty in planning for maintenance projects since energy companies plans are not generally shared and frequently are changed.



Source: Colorado Department of Transportation

Figure 3.7

Mass transit, although present, is geared toward moving skier traffic and workforce to the ski resorts and is not coordinated on a regional basis. RAFTA, the regional mass transit system is a private entity and does not have a public mission or public control. County job growth is projected to increase by 31% between 2005 and 2015. Given the estimates on out-commuting to Pitkin and Eagle Counties and that 83% of the new employees will live in Garfield County, 6,217 workers are expected to be commuting into Garfield County by 2015. These estimates do not capture the impact of the recent increases in employment inside the County and demands for workers in neighboring counties created by the energy boom.

Jobs and Workforce Projections: 2000 to 2015

	2000	*2005*	*2010*	*2015*
Total Garfield County jobs	26,091	28,260	34,000	37,000
Jobs held by residents	26,896	30,337	44,109	53,016
Multiple job holding rate	1.15	1.15	1.15	1.15
Residents holding jobs	23,386	26,380	38,356	46,101
Residents commuting out	-6,000	-6,704	-14,236	-20,143
Remaining local employees	17,386	19,676	24,120	25,958
Employees needed to fill jobs*	22,686	24,574	29,565	32,174
Workers commuting in	5,300	4,898	5,446	6,217

*Assumes a 1.15 multiple job holding rate

Table 3.4

Source: Garfield County Housing Assessment 2005 (DOLA; RRC Associates)

Garfield County Regional Airport in Rifle, CO is owned and managed by Garfield County. It is a general aviation airport with no commercial flights. Growth in volume is measured by aviation fuel sales which have experienced double digit growth over the last five years with 23% growth last year. Garfield County has identified the Airport as its focal point for economic development. This strategy is based on aviation related business and traffic being for the most part independent from oil and gas development. Growth at the Airport will contribute to diversification of the economy.

Social Impacts

Crime - Historically the County had a 35 bed unit jail. A new 60 bed unit just opened, 48 beds are full and it is near capacity. Many of the beds are being occupied as "ice holds" or temporary immigration holds. Sheriff department activity has increased significantly in certain segments, traffic accidents being cited as the area with the largest increase.

K-12 Education - Funding levels for K-12 have been stagnant for RE-1, increasing for RE-2 and Garfield 16. Enrollment has been increasing and the school districts continue to build to catch up with demand. Trailers are being used for temporary quarters and once a new school is built it is full. The school districts are major land owners in the County. Projected growth patterns depict RE-2, based in Rifle as doubling RE-1 in size by 2030.

Enrollment - Garfield County K-12

		Enrollment	
School District	Enrollment Adjustment Factor	**2005**	**2030**
Roaring Fork RE-1	1.15	4990	8915
Garfield RE-2	1.04	4005	16,602
Garfield 16	.83	1037	4084

Table 3.5

Source: BBC Research and Consulting, 2006

Enrollment in Colorado Mountain College 2001 was 6618 peaking at 7274 in 2003 and declining in 2004 and 2005 to 5682. Community College enrollment appears to be affected by the low unemployment rate. New programs have been developed and continue to be developed to meet the needs of the changing workforce and the employers in the region. Significant financial investments have been made by energy companies to CMC in order to facilitate these changes.

Human Services – A significant and growing proportion of the population has limited capabilities in reading and speaking English. The 2000 census estimated 3200 residents had limited capabilities, BBC Research now estimates that number to be 3500 residents. Additionally it is suspected that between 10,000 and 12,000 undocumented workers live in the county, most of which would also have limited capabilities in reading and speaking English. The hospitals have observed that the largest increase in families is Hispanic corresponding to the biggest increase in demand in care for under 18 or pediatric care. Another residual of the low unemployment rate is that the demand for the Colorado Works program is declining.

Child care is very difficult to find. Centers have gone out of business and the county is focusing on facilitating the start-up of small home day care centers. The county is having difficulty licensing child care providers fast enough to keep up with the demand.

Health Services - The Grande River Hospital District is experiencing huge growth in emergency room visits increasing by 1000 from 2005 to 2006 and expected to increase by another 1000 from 2006 to 2007. Growth in all procedures was approximately 30% over the past year. One energy company's example showed one in four workers were injured in one year period. This experience is suspected to be consistent throughout the industry. The District is addressing the demand increases; an Occupational Health facility has recently been built in Battlement Mesa, the facility in Rifle has been doubled in size and there are plans to expand in Parachute.

Two remaining unmet needs in the Health Care sector include mental health services and indigent care. Mental Health services are very limited and there is increased incidence of drug and alcohol use and need for treatment. The quantity of uninsured is increasing and there is no clinic available. There is some discussion with another provider partnering with the County to start a new facility.

Conclusions - Quality of life is a non-measurable character of an area meaning different things to different people. There were many observations falling into this category that were both positive and negative from the view point of the observer. On the positive side the expansion of the economy in Garfield County has lead to expansion of the Service and Retail Trade sectors of the economy. Development of shopping centers and an influx of chains and big box retailers have provided a greater availability and selection of goods closer to home. The slow down of retail leakage has provided local governments with extra revenue to provide additional services to residents. Property tax income from oil and gas properties has also provided additional resources for local government (estimated at $72m in 2006). The service industry expansion creates an enhancement of quality of life through expanded health care and business services. The availability of high paying jobs with benefits to residents and their children was another positive outcome mentioned.

Noted as a negative impact to quality of life was the challenge to the historical agricultural base of the community evidenced by development pressures on land, the Co-op and the John Deere distributorship closing. Other comments expressed concern over the cultural changes that manifest in lack of craftsmanship and pride and the conflict between "natives" and newer residents.

With an increase in scale, county infrastructure has experienced benefits. The County is operating more efficiently through investment in information systems and staff and better equipment for various departments. Wages and benefits have also increased for public sector employees as revenues have increased and public entities have strove to maintain competitiveness. Garfield County has evidence of many public/private partnerships, examples include the following: the County with help from the private sector, successfully "de-Bruced" allowing it to maintain the financial benefits of economic expansion, road projects where some or all of the costs have been born by energy companies, the Community Integration Initiative has worked towards integrating the large number of immigrants into the community, Rifle public entities such as the school district are delving into the new arena of public housing, private investment into hospitals and the community college have helped these institutions keep up with changing demand, the County Commissioners have established an Energy Contingency Fund to reserve financial resources to address future impacts and the community created the Economic Development Corporation in Rifle looking for ways to maintain economic diversity.

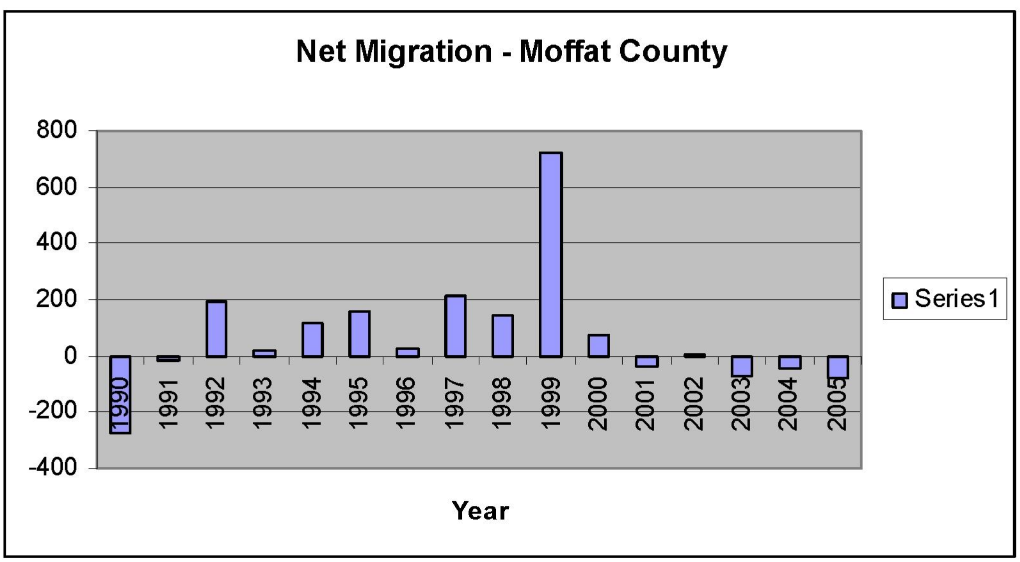
Garfield County has invested significant resources in understanding the impacts of growth and taking a proactive approach to maintaining services for its residents. Much evidence of public and private partnerships exist which have successfully addressed issues identified as impacts of the current accelerated growth period. The major issues identified throughout this report include the influx of undocumented workers, infrastructure crisis, housing affordability and availability and health care. One issue not addressed is growth's impact on the environment. Garfield County has contracting a study to look at environmental impacts, which should provide very valuable information not only for Garfield County but also for the region.

Moffat County

Geography - Moffat, County is located in the northwest corner of Colorado with Wyoming to the north and Utah to the east. The county is 93 miles long and 52 miles wide with the county seat, Craig, centrally located. Forty-nine percent of the county is owned and controlled by the federal government. Moffat is known for its wide-open spaces and diverse geography as seen in the Yampa and Snake River valleys, the Black Mountains, the canyons of Brown's Park, and the high plains desert. The county also hosts some of the largest deer and elk herds in North America.

Government Structure– Moffat County is governed by three elected officials, each representing a geographic district, but all of whom are elected at large. As the governing body of the county, the Board of County Commissioners performs legislative, budgetary and policy-making functions. The Board of County Commissioners is also responsible for strategic planning.

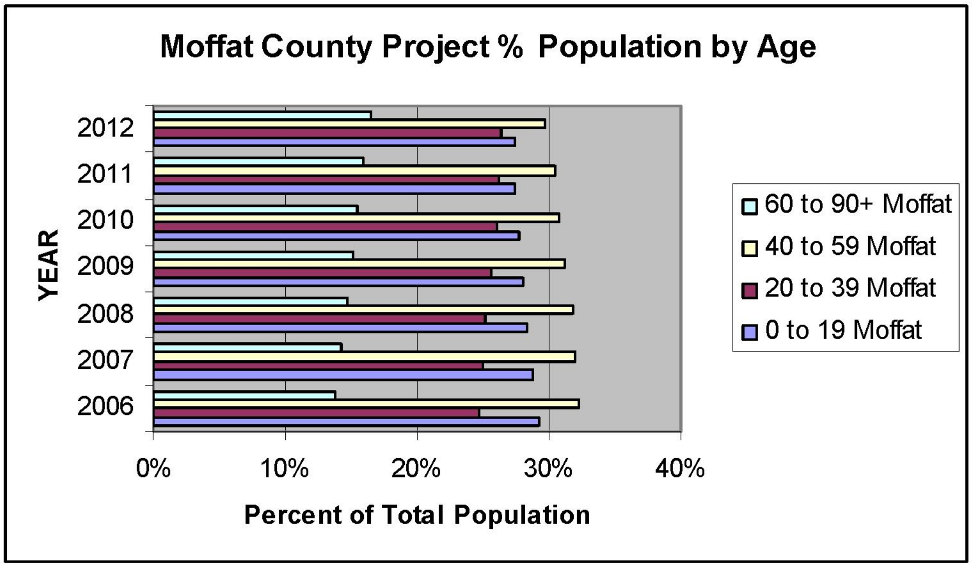
Population: Of the 13,750 county population, 69 percent (9500) live in Craig. The population has grown about 2% from 2000 to 2005 (a little less than 1% per year); the Department of Local Affairs (DOLA) projects the growth rate to jump to 6% from 2005 to 2010 (a little over 1 % per year). A population of 14,215 is projected for 2010.
The number of births has significantly outpaced the number of deaths in the county for the past decade. The county has lost population for the last several years through net out-migration.



Source: State Demographer's Office

Though not tremendous growth, a 1 percent annual increase in population is also affected by the large number of temporary/transient workers that live in the community and are employed in Rio Blanco county building gas plants or in Routt County working in the service industry. Those interviewed in the community questioned how this transient population was included in the projections.

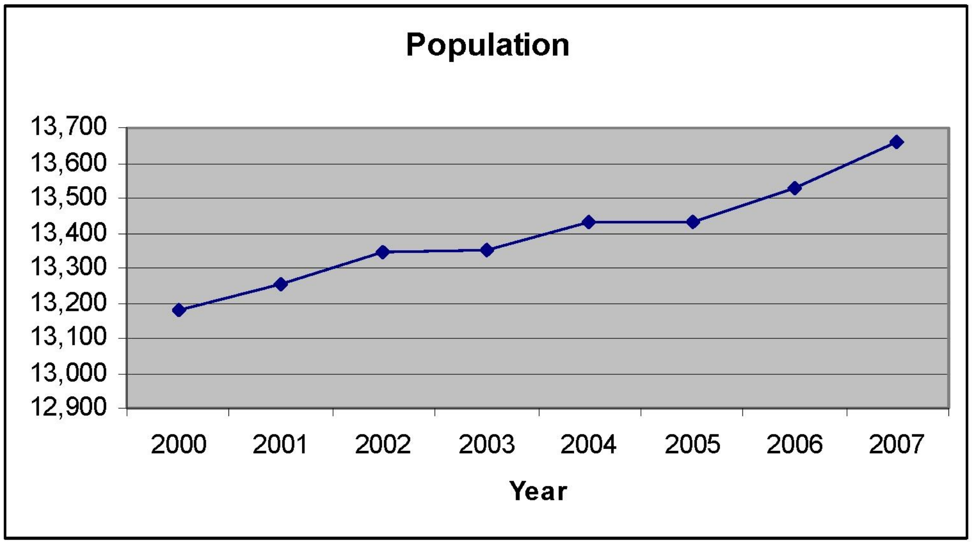
DOLA projects a 2% decrease in the percentage of population in the 0 to 19 and 40 to 59 year old age groups. The young working age – 20 to 39 is projected to increase 1 % in the next five years. The fastest growing segment of the population is expected to be retirees-- 60 plus—seeing a 3% increase by 2012.



Source: Colorado Division of Local Affairs

The median age in the county is 32.4, slightly younger than the Colorado median age of 34.3. The county is 88.2% White Non-Hispanic. The Hispanic population is estimated between 9.5% and 12.7% in 2005. The number of people who speak a language other than English in home jumped from 7.1% in 2000 to 8.4% in 2005. The average household size is 2.58 people with no significant change in recent years.

Growth- Though the statistics don't show an extreme growth rate in population, most of the community leaders interviewed saw this phase of accelerated growth starting a year and a half ago (2005) when the pipeline came through. This growth was seen in terms of new subdivisions and an increase in building permits. Another key indicator mentioned was the addition of new industry, specifically the new Wal-Mart and Walgreens coming to town.

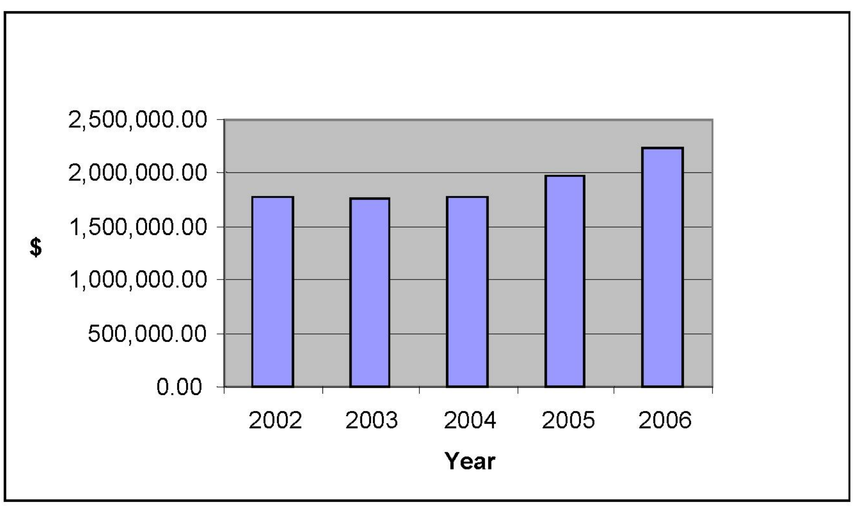


Source: Colorado Division of Local Affairs

It is important to note that though the usual indicator of growth—population—did not show an extreme increase, economic indicators—such as sales tax and real estate values—showed double digit growth. This could confirm the assumption stated in the focus groups that the transient and undocumented populations do not get counted in traditional census numbers.

Economic Trends

Sales Tax Revenues: Historically sales tax increased by an average of 3% annually in Moffat County. In 2005 sales taxed increased by 10%, in 2006 by 11%. Sales tax revenues have leveled off to 3% growth through July 2007.



Source: Moffat County 2007 Budget

Planning Development – The statistics for building permits do show significant growth in Moffat County in terms of the number of building permits being issued until 2005. Again growth began in 2005 with a 55% increase in the number of permits issued. The value of projects has also been increasing. The county has seen an increase in the size and value of projects, though some of this value can be attributed to inflation in building cost. Almost all of the building permits issued in the county are residential. The number of code inspection violations has also increased with this building activity.

	2002	2003	2004	2005	2006
Residential Permits	119	170	174	184	286
Assessed Value		3.9 M	5.6 M	8.3 M	9.7 M

Property Tax -- Though tax revenue for the Moffat County budget is projected to decrease in 2007, there is a significant increase in the amount of revenue coming from Property Taxes (14.6%). This increase is due to an increase in Oil & Gas and Natural Resource properties. Due to TABOR restrictions, Moffat County is still limited in the amount of property tax revenue it may collect and retain; therefore the county refunded over $900,000 last year.

Class of Property	2005 Assessment	2006 Assessment	% Increase (Decrease)
Vacant	$6,026,584	$6,031,783	0.09%
Residential	$40,116,268	$41,612,348	3.73%
Commercial	$23,692,015	$24,809,436	4.72%
Industrial	$1,166,310	$1,394,850	19.60%
Agriculture	$7,083,700	$7,137,848	0.76%
Natural Resources	$48,809,046	$52,935,005	8.45%
Oil & Gas	$95,184,569	$120,832,808	26.95%
State Assessed	$168,263,200	$163,345,100	-2.92%
Total	**390,341,692**	**418,099,178**	**7.11%**

Source: Moffat County Planning Department

Not only is the increase in property tax significant, but also the make up of major industries paying property tax. Over the past five years, oil and gas extraction has increased tremendously, though coal mining still remains the biggest contributor apart from state assessed property.

Personal Property – Moffat	**2002**	**2003**	**2004**	**2005**	**2006**	**CHANGE 2002-06**
Residential	22450	27140	18434	23872	57835	158%
Commercial	3534490	3308850	3408103	3581487	4035294	14%
Industrial	742330	788270	715463	380307	823080	11%
Coal Mining	15341710	14478750	15344507	16592416	15009580	-2%
Metal Mining	56030	63420	10688	10405	2884	-95%
Gravel Mining	107630	108720	122567	208736	197632	84%
Oil & Gas Extraction	1735600	1929100	2846481	4345580	6423131	270%
State Assessed	118742384	115659969	120454731	128951650	125095929	5%

Source: Moffat County 2007 Budget

Seventy percent of the total assessed property value of the county in paid by ten taxpayers, as shown below. Since all of these property owners are energy based companies, any fluctuation in energy prices could seriously impact the county's ability to function, especially in light of TABOR restrictions. Moffat County is planning to establish an emergency reserve in the General Fund of 10% of its general operating budget.

Name	Assessed Value	Tax Dollars
Tri-State Electric Assoc.	*$90,938,400*	*$4,903,552*
Wexpro Company	*48,310,284*	*2,666,965*
Colowyo/Kennecott	*36,698,392*	*1,792,462*
Chevron	*28,523,130*	*1,390,156*
Pacificorp - Electric	*23,582,700*	*1,272,758*
Salt River Project	*19,467,500*	*1,050,661*
Western Gas Resources	*13,234,988*	*720,668*
Trapper Mining Inc	*12,530,142*	*676,213*
Public Service	*12,187,640*	*655,485*
Whiting Petroleum	*6,347,139*	*309,531*
Totals	*291,820,315*	*$15,438,451*

Source: Moffat County 2007 Budget

Gas and oil production trends

The increase of property tax paid by the oil & gas industry does not necessarily indicate an increase in oil and gas production. In fact, production has declined in the past three years. The property tax increases most likely indicate transmission right of ways, since there has been significant pipeline activity in the regions over the past three years and increase in lease holdings.

Annual Production

Year	**Oil Production**	**Gas Production**
	Barrels	MCF
2000	346,885	19,534,283
2001	344,561	17,486,064
2002	344,947	19,177,153
2003	307,182	18,503,174
2004	280,083	19,515,631
2005	258,660	19,565,540
2006	241,622	19,296,068

Source:COGIS

Workforce –Total Moffat County work force is estimated at 8464 with approximately 3.8% unemployed. When looking at the change in the types of employers, it is the service industries that are seeing the most growth, followed by construction and mining.

	Change 2001-2005
Proprietor's	8%
Farm	-2%
Non farm	10%
Mining	10%
Construction	12%
Retail Trade	-3%
Accom & Food Ser	0%
Administrative & waste services	49%
Professional & technical Services	20%
Real estate & rental & leasing	22%
Finance and insurance	17%
Arts, entertainment, & recreation	30%
Government	3%

Source: US Bureau of Economic Analysis

Examining the breakdown in types of employment in 2005, Trade, Transportation, and Utilities dominate the number of establishments and employees. Natural Resources and Mining continue to pay the highest wages and contribute the most payroll dollars to the economy. Two things are significant about the available wage data. First, the data is for 2005, and as pipeline work is completed this segment of the employment base will diminish. Second, the data is reported by *employers* in the county, it does not take into account the number of county residents that commute to other counties for employment. According to the Yampa Valley Partners approximately 17.2 % of Moffat County residents began commuting to Routt County to work between 1990 and 2000. In the last five years, a significant number of employees are commuting to Rio Blanco County as well. Traditional Employment and Wage information does not necessarily capture this commuting population, especially when the commuters are transient and/or undocumented.

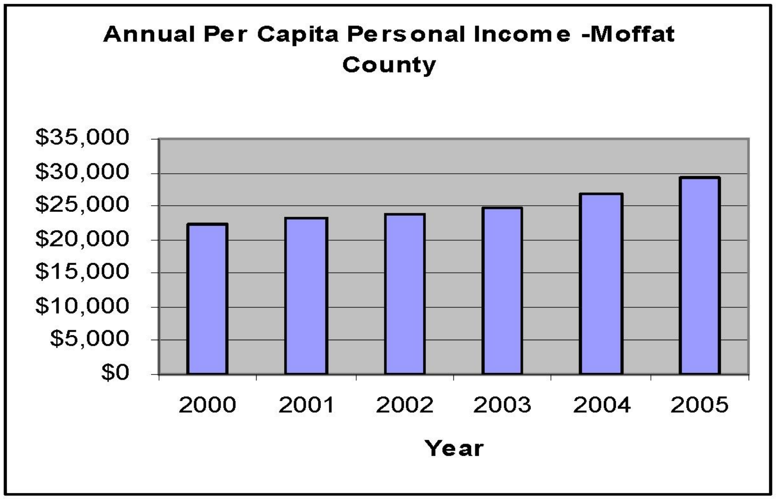
2005 Annual Quarterly Census of Employment And Wages Super Sector data for Moffat County , Private

Industry	Average Establishments		Average Employment		Total Wage		Average Weekly Wage	
Natural Resources and Mining	27	6%	594	18%	$31,735,016	31%	$1,028	18%
Construction	53	12%	198	6%	$5,473,586	5%	$531	9%
Manufacturing	15	4%	64	2%	$2,389,098	2%	$718	12%
Trade, Transportation and Utilities	121	28%	936	28%	$28,604,320	28%	$588	10%
Information	9	2%	54	2%	$1,922,135	2%	$688	12%
Financial Activities	29	7%	135	4%	$4,863,388	5%	$693	12%
Professional and Business Services	43	10%	198	6%	$3,574,776	4%	$347	6%
Education and Health Services	40	9%	457	14%	$12,823,508	13%	$539	9%
Leisure and Hospitality	54	13%	554	17%	$5,949,498	6%	$207	4%
Other Services	35	8%	143	4%	$3,963,343	4%	$534	9%

Source: Colorado Dept. of Labor

Wages – The chart above illustrates the huge discrepancy between the wage rates paid by the different industry sectors. The Leisure and Hospitality industry needs almost as many workers at $207 per week as the Mining industry needs at $1028 per week. With an unemployment rate below 4% plus the availability of employment in neighboring counties, the overall wage rate has increased. The low unemployment rate has put pressure to increase the overall wages for the community. Yet this pressure makes it very difficult for the base employers in service and government to compete for employees

Income - The median family income estimated for 2007 is $53,577, this number has grown 24% since 2000. Most of this growth has been since 2004. The per capita income has grown 30% since 2000, again most of the growth occurring since 2004. At $29,133 the per capita income is still well below the $34,283 state average. Even with this increase in income, the percent of the Moffat County population below the poverty line has remained consistent at near 9.5 percent. This data is also influenced by several factors: the number of residents commuting to lower paying service industry jobs in Routt County, the growth in the retirement age segment of the population, and the relatively high wages of the energy sector which bring the median wages up.



Source: U.S. Census Bureau STF

Inflation -- Low unemployment and increased wages has caused inflation pressure as evidenced by the per capita wage increase outline above and the housing cost increase described below. There is no specific measure of inflation for any western Colorado community. The standard cost of living index used by state government is based on the Denver-Boulder area. This standard is extremely misleading since that area has extremely different economic conditions. Though somewhat diversified a large segment of the workforce is employed in traditionally lower paying service jobs sector. Any cost of living increase will greatly affect this group of people

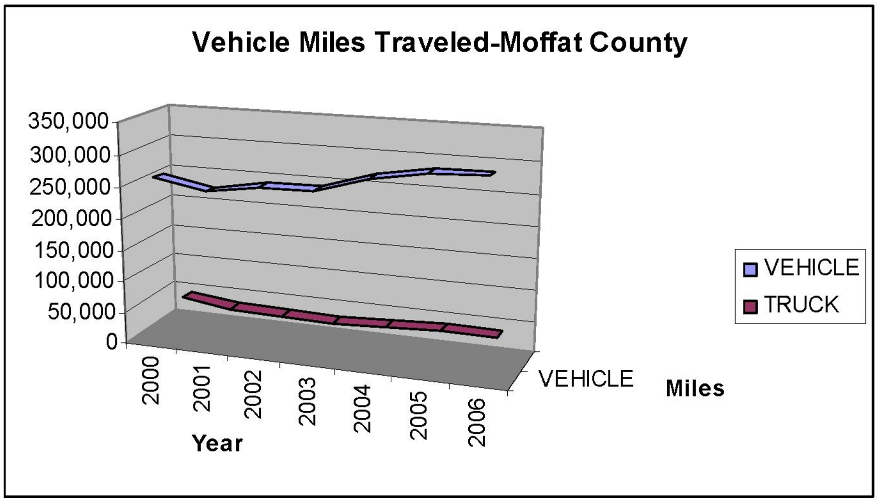
Housing – As discussed in the Planning and Development section of this report, the number of residential permits issued by Moffat County increased by 55% percent in 2005. The City of Craig reported a 150 unit subdivision being currently discussed within the city limits. The number of units available is therefore increasing; though there was quite a bit of discussion regarding the actual availability of housing for young families.

There are several factors influencing the affordability of the Moffat County housing market. First, rising cost of building materials and land values, and second, the lack of available/affordable housing in Rio Blanco and Routt Counties has forced a number of workers to locate in Moffat County increasing the price and decreasing the availability of rental units.

The average rental price for a four-bedroom unit has increased by 14% from 2001 to 2005. Smaller units saw a 4% increase in the same time period. The median cost of a new home increased by 58% from $104,600 in 2000 to $165,000 in 2006. Most of that increase has been since 2005.

Recreation— Moffat County employment in Arts, Entertainment, and Recreation grew 30% from 2001 to 2005. In 2005, 17% percent of the jobs were in the Leisure and Hospitality industry. With abundant public lands and private leases, there is ample opportunity for hunting, fishing, and other outdoor activities. Growth in other areas of the economy was not perceived to compete or complement the recreation industry. The most significant issue was the availability of lodging especially during summer rafting and fall hunting seasons. Hotel vacancy rates were estimated at 5% for the last several years due to the influx of energy workers staying in hotels

Transportation-The total number of vehicles registered increased 6% from 2002 to 2006, only slightly higher than population growth. The number of daily miles traveled by vehicles on Moffat County roads increased 17% in the same time period. These statistics could again reflect the increased transient and undocumented population. Truck daily miles has actually decreased since 2000



Source: Colorado Department of Transportation

With this increased traffic, maintenance cycles increase as well. The traffic increase in combination with significant increases in asphalt and gravel costs and decreasing highway user tax funds makes road maintenance a concern for county road and bridge staff.

Airport – Though in a remote region of Colorado, Moffat County has become one of the more easily accessible counties. Yampa Valley Airport provides jet service direct to several major cities consistently during winter months. Between 2004-2006 Yampa Valley Regional Airport saw a 9% growth in emplanements and a 5% growth in de-planements.

Social Impacts

Crime – According to City-data.com the City of Craig's crime index went up 26% from 2001 to 2005, yet it is still below the national average. Most of the increase was in the category of thefts and industrial crimes (business theft). This increase was attributed to growth in the energy sector. Though the Sheriff's department does not report directly on response times, they felt their response times had increased because they are down 2-3 officers. County funding has been re-stabilized so they should be able to increase personnel and equipment.

Education K-12 – The Moffat County School District actually has declining enrollment. They do have a bond issue in the next election to build a new middle school due to aging facilities. This will increase their entire capacity because of restructuring. The decline in enrollment is consistent with population growth numbers. A more telling statistic is in the increase in free and subsidized lunches. The school district has experienced a 3 % increase in free lunches and a 20% increase in subsidized lunches from 2005-06. This trend indicates a growth in the proportion of students from lower income families.

Higher Education – Only 12.5% of Moffat County has a college degree or higher, as compared to 32.7% for Colorado. Enrollment trends for Colorado Northwestern Community College are declining. Many of the higher paying jobs in the county do not require more than an Associates degree. Higher education is attempting to offer programs relevant to the growing job market.

Human Services – One of the benefits of growth has been a decrease in the numbers of individuals needing assistance. The Colorado Works participation rate has decreased 10% since 2002. The number of child care providers increased 20% with a significant shift towards licensed providers. There has also been a 44% decrease in Human Service expenditures for childcare.

The lack of "family housing" shows up in decreasing school enrollment, increase in availability of day care, and decrease in population. This trend could also be causing the increase in crime activity. Due to lack of housing, families are not moving here. So it ends up being guys living in hotels. There is concern that there will be activity for the next six months with the bars and restaurants doing really well and then one day they are going to wake up and there will be no more permanent residents left.

Health Care -- The increase in temporary/transient pipeline and construction and low income service workers is impacting the healthcare system in Moffat County. These types of workers are traditionally underinsured. Many of the workers do not have access to physicians willing to take Medicaid; therefore the county has seen an increase of individuals with health conditions that would be preventable with proper early preventative care. The housing shortage has also affected the number of doctors available in the community. As older doctors retire, younger physicians cannot afford to locate in a rural community with a high Medicare/Medicaid dependant population.

Most of those interviewed do not see this current growth cycle as a boom/bust phenomenon. Due to diversification of the economy, growth is viewed as more sustainable. This current wave of growth is caused by several somewhat unrelated sectors. While Moffat County has a large employment base in the coal mining sector, growth in the energy sector has diversified into the oil and gas industry, due to leases in Moffat County as well as workforce spill over from Rio Blanco County. Moffat County is also feeling significant growth pressures from the Tourism and Construction industries in Routt County.

Current growth in Moffat County is not necessarily reflected in traditional population counts, though it does reveal itself in sales tax and housing data. This growth can be viewed as the result of a perfect storm; a combination of growth factors that make for a unique impact

Tourism from the east

Energy from the south and north

Construction from all sides

The growth in these areas has caused a significant increase in the cost and decrease in availability of housing. Moffat County having comparative lower costs and more availability is now housing neighboring counties' workforce. Due to the transient and undocumented nature of this workforce, they do not necessarily show up in population counts. They do show up in the increased need for certain services. Increased services are becoming more difficult for government and business to provide due to a limited workforce and wage and housing competition, thus lowering the overall quality of services in the area.

Government is also finding it more difficult to provide services and to provide and maintain infrastructure for this growing population due to TABOR limitations and a reduction in the tax base in 2003. The increased workload of the public and private sector is also causing polarization due to a lack of long-term planning and little coordination of public and private sectors.

Routt County

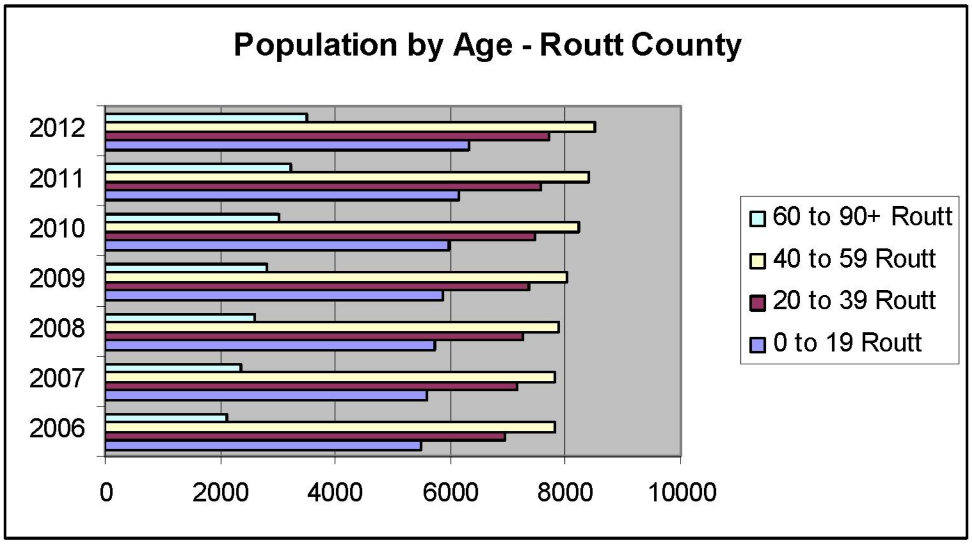
Geography-- Routt County encompasses 2,231 square miles of mountains and ranchlands in northwestern Colorado. Steamboat Springs, the county seat, has grown into a world-class ski resort. More recently, Steamboat has grown into a summer destination as well. Ranching, agriculture, forestry, mining and power generation provide year-around diversity to the economy. About 50% of the land in Routt County is publicly owned. The City of Steamboat Springs is the largest municipality with 9,315 people, though this population is estimated to increase substantially on a daily basis due to commuters. Hayden at 2,443 and Oak Creek at 791 are other major towns in Routt County

Government Structure –Routt County is governed by an elected three-member board of county commissioners with staggered four-year terms. These elected officials set property tax rates and oversee the county budget. Routt County recently eliminated term limits so commissioners can run as many times as they wish. A county manager is appointed by the Board of Commissioners, as are members of the Planning Commission and individual department heads,

County income is derived from property, use and sales taxes, as well as various state and federal revenue sources. The county provides services such as: law enforcement and jail, planning, building inspection, environmental health, road and bridge, clerk and recorder, motor vehicle, treasurer, assessor, agricultural extension office, county and district courts, regional airport, multi-agency emergency communications center, coroner, district attorney and health and human services.

Population – Fifty-one percent of Routt County's population lives in urban areas, specifically Steamboat Springs with a population of 9,351, Hayden with 1765 residents, Oak Creek with 940, and Yampa with 768. Census data from 2005 puts Routt County's total population at 21,580.

The county population has grown between 1 to 2 % per year for the past five years, with a total increase of 9.6% increase since 2000. Most of this population gain has been in the working ages – 25 to 64 years old. The proportion of the population under 25 shrank by 6.5% and the percent over 65 decreased by 4.3% since 2000. The median age of the county is 32.4 below the Colorado median of 34.3 years old.



Source: Colorado Division of Local Affairs

The Department of Local Affairs estimates a 2-3% annual increase for the next 5 years, yet community leaders spoke of the State Demographers office predicting a "tsunami" of people moving to the area.

Growth--The County has experienced several rounds of growth in the past decade:

- In 2000 with major hotel and hospital projects,
- In 2003 another building boom brought temporary construction workers from the Front Range and immigrant workers as well.
- In 2004 growth accelerated with the construction of big homes
- In 2005, West Steamboat, a major development on the western edge of town was in its beginning phases

The most recent growth phase is attributed to the construction of homes and housing developments. It is caused by several factors. First, Steamboat's popularity as both a summer and winter tourist destination has grown giving the area more exposure. Second, the area's cost of living is lower than other resort communities. Third, the aging baby boomers have acquired wealth. Fourth, Yampa Valley Regional Airport makes the area accessible with direct jet flights to several major cities for most of the year. These factors together have made the area very attractive to second home buyers and those moving to the area because they enjoy the "lifestyle". These individuals are not necessarily dependent on the local economy to make their living.

Growth in the second home industry and "lifestyle" brings very real issues, yet the increase in population does not necessarily show up in the census data or provide the tax base to build needed infrastructure.

Many of those moving into the area are second home or "lifestyle" relocation and are accustomed to urban amenities. They expect roads, hospitals, schools, recreation facilities, even grocery store service levels to be the same as what they left in the city.

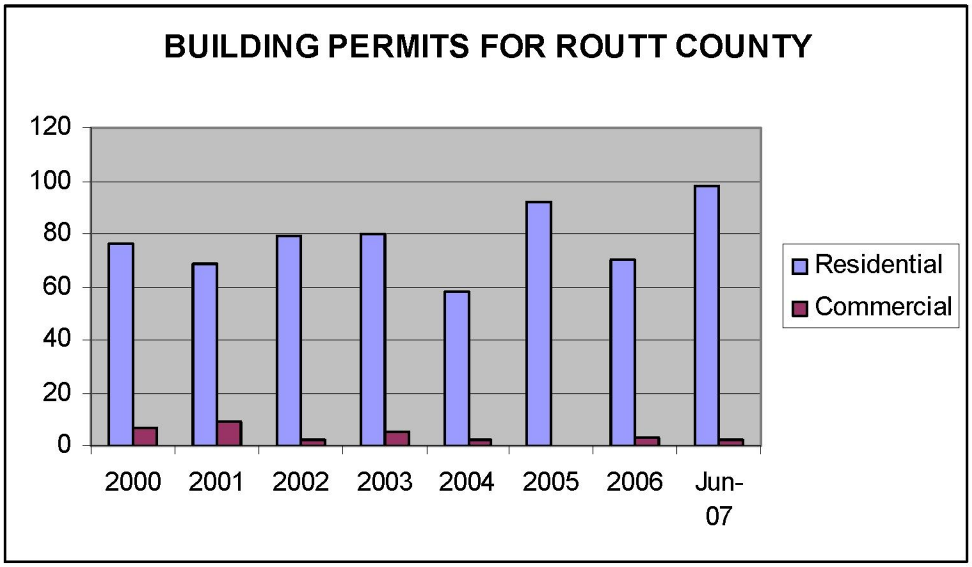
This service and infrastructure is becoming more difficult for the county to provide for several reasons. First, those that provide the services cannot afford to live in the community. Second, government funding is complicated by Colorado property tax structure which puts the larger proportion of the tax burden on commercial properties; therefore, growth in residential units does not necessarily provide the income to fund the increased service level and infrastructure demanded by this new population. Businesses having to bear the larger proportion of the tax-base must charge higher prices, thus raising the cost of living for the area, again making it difficult for "working class" to live in the area they work.

In terms of infrastructure growth, the county has set two priorities. The first priority has been to fund the replacement of existing capital assets and the second priority is to build additional infrastructure to provide the service level needed for their growing community. A new Justice Center and an addition to Yampa Valley Regional Airport have been budgeted for the first priority. It is questionable whether funds will be available for the second priority.

Economic Trends – While population figures lag behind and also fail to reflect actual growth, economic data paints a different picture.

Tax Revenues – Sales tax revenue jumped 14% from 2005 to 2006. With a 10% increase already posted for 2007, this growth does not seem to be slowing. Property tax increased 17% from 2005 to 2006 partially due to increased
construction and economic activity, and also due to two voter-approved mill levies for the protection of open space and to provide services for the developmentally disabled. Though property represents a large source of revenue for the county government, growth in this area is limited by TABOR restrictions.

Planning Development – Building permit activity emphasizes again the strong growth in the residential market as compared to commercial. Though commercial activity is increasing with the sale of the ski area and building activity on the ski mountain.



This chart can be misleading in terms of level of commercial activity. The Routt County budget reports a surge in commercial activity with 500,000 square feet planned for downtown Steamboat and 3,000,000 square feet being built on the mountain at Steamboat Mountain Resort. While the number of permits is not great, the size of the projects is large. This chart also does not reflect the actual level of real estate activity with the county reporting that clerk fees related to real estate are 82% percent higher in the first quarter of 2007 as compared to 2006.

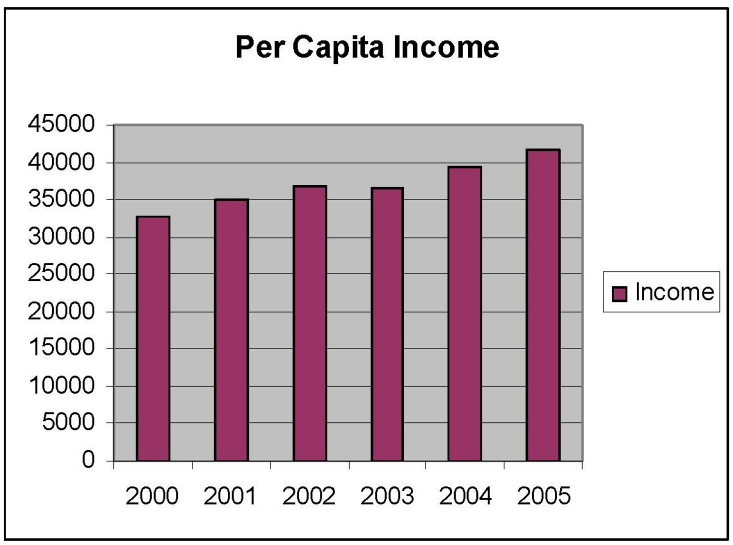
Workforce –The change in breakdown of employment shows the greatest growth in business support services -- Administrative & Waste Services and Professional & Technical Services – growth in this sector in combination with growth in Real Estate services employment without specific growth in other industries confirms that the influx of individuals that are moving to the area are not necessarily depending on the local economy for wages, but work in non-location specific businesses (NLS). Income is earned from work done outside the county and the individual can choose to live in an area that supports the lifestyle they want. Non-Location Specific businesses and their employees are estimated to account for as much as $13,000,000 in local spending, or about 2% of sales tax revenues.

ROUTT COUNTY WAGE BREAKDOWN	
	Change 2001-2005
Proprietor's	15%
Farm	-1%
Non farm	17%
Mining	15%
Construction	4%
Retail Trade	6%
Accom & Food Ser	2%
Administrative & waste servic	34%
Professional & technical Servi	20%
Real estate & rental & leasing	21%
Other servics	13%
Government	0%

The largest employer in Routt County is the Steamboat Ski & Resort Corp., with nearly 1,800 wintertime employees. Seventy-eight percent of Routt County firms have fewer than 9 employees. The high growth in business support services (administrative and waste services) employers, traditionally smaller companies, supports this statistic.

Though not necessarily the high growth sector, the energy sector is still experiencing healthy growth. Peabody's Twenty Mile Coal Mine in Routt County is the largest coal-producer in Colorado. Peabody Coal Mine employs 515 people and produced 9,700,000 tons of coal in 2005, and 8,549,245 tons in 2006, more than 25 percent of Colorado's total coal production.

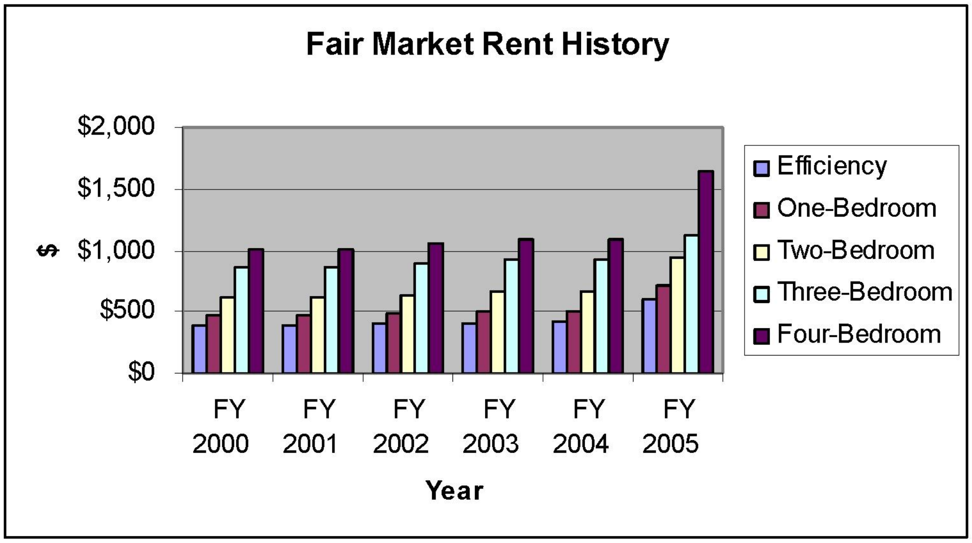
Income -- One of the benefits of growth is the increase in jobs and wages. US Census data projects median family income is to grow to $73,599 in 2007, a 35% growth rate from 2004 to 2007. Routt County median family income in 2005 was $57,529 which is higher than the Colorado median of $50,652. At $41,558 in 2005, per capita income has grown 27% since 2000.



The unemployment rate has been below 4% since 2004, indicating a sustained health economy. The average level of residents classified at the poverty level is fairly stable around 6.1 % and relatively low compared to the 9.3% Colorado state average.

Housing – As discussed in the Planning and Development section of this report, the number of residential permits issued by Routt County increased by 59% percent between 2004 and 2005. Though this count dipped in 2006, the number of permits issued to-date in 2007 already outpaces the number of residential building permits issued in 2005. The issue in Steamboat becomes whether these residences are built for second homes or to house year-round residents. Steamboat West is a new subdivision being developed just outside the city limits that is projected to provide 200 homes. The number of units available is therefore increasing; though there was quite a bit of discussion in the focus groups conducted for this study regarding the actual availability of housing for young families.

There are several factors influencing the affordability of the Routt County housing market. First, the rising cost of building materials and land greatly increases the base cost of a home. Second, the lifestyle factors are making Routt County a desirable place to purchase a second home or relocate for those with non-location specific business. These two factors make new units coming on the market in Routt County not affordable to the average worker in the community.



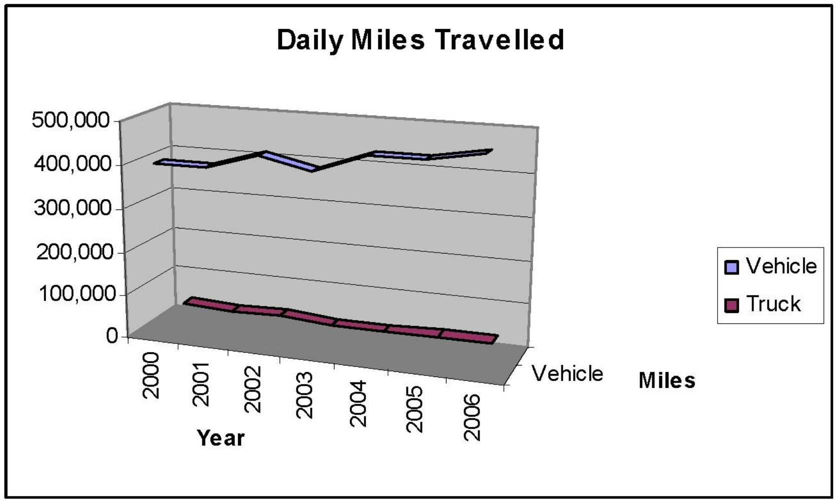
Source: US Housing and Urban Development

The average rental price for a four-bedroom unit has increased by over 50% from 2001 to 2005. The median cost of a new home increase by 17% from $308,100 in 2000 to $359,600 in 2006. Not as steep an increase as seen in the other communities in this study; but the starting and ending values are much higher resulting in the same lack of affordability.

Inflation -- Low unemployment and increased wages has caused inflation pressure as evidenced by the per capita wage increase outlined above and the housing cost increase described below. There is no specific measure of inflation for either western Colorado or any specific county therein. The standard cost of living index used by state government is based on the Denver-Boulder area. This standard is extremely misleading since that area each area has extremely different economic conditions. Inflation pressures in Routt County are causing concern about the polarization of the workforce. While a segment of the population has a higher income not necessarily dependant on the local economy; a large segment of employees work in the tourism industry with traditionally lower paying service sector jobs. Inflation will greatly affect this group of people causing them to find housing in other areas and commute back to the area for work.

Recreation – While Steamboat Ski Resort has grown over the past two decades into a world-class ski resort, skiing is not causing growth. The number of skier days has remained relative flat over the past decade. Growth in the recreation sector comes more from developing a year-round tourism base. This development includes a 2007-08 hot springs pool remodeling, Triple Crown baseball facilities, as well as traditional hunting and river sports. Again the impact of year around tourism is not necessarily reflected in hotel occupancy rates with the increase in the second home market.

Transportation – More commuters and expanded tourism has increased the daily vehicle miles driven on county roads. Passenger vehicle usage increased by 19% from 2000 to 2006, while truck usage decreased by 24% in the same time period. This increase in vehicle usage has caused increased maintenance, and the county shortened the cycle of chip and seal for roads from seven years to five years. The significant issue in road and bridge maintenance is in the dramatic worldwide increase in the cost of gravel and asphalt combined with the decrease in state funding for roads. Increased taxes could mitigate these cost pressures, but TABOR limitations reduce the amount of money the county can keep.



Airport – Though in a remote region of Colorado, Routt County has become one of Colorado's more easily accessible counties. The county-owned Yampa Valley Regional Airport is located 22 miles west of Steamboat Springs, near Hayden, and saw a major $13,000,000 expansion of the terminal and ramp area in 2006. Yampa Valley Airport provides jet service direct to several major cities consistently during winter months. Between 2004-2006 Yampa Valley Regional Airport saw a 9% growth in emplanements and a 5% growth in de-planements. The increased accessibility to major metropolitan areas has enhanced the areas appeal to those choosing the Routt County "lifestyle" yet have their income base elsewhere.

Social Impacts

Crime – Overall crime has actually decreased in Routt County since 2002, though there have been increases in certain categories. Most of the increase was seen the category of thefts and assault (basic fighting).

Education K-12 – All of Routt County's three school districts have remained fairly stable in enrollment since 2001. This statistic is contradictory to population numbers that show the school-age segment of the population to be declining. Those in the county focus group meetings explanation that there is a trend for parents who work in Steamboat and live in outlying areas to bring their kids to Steamboat for school and day care so they are close in case of emergency.

	Student:Teacher		Funding per stdt	
	2001	**2005**	**2001**	**2005**
HAYDEN RE-1	13.6	12.07	7,770	10,202
STEAMBOAT SPRINGS RE-2	15.4	13.54	7,469	8,715
SOUTH ROUTT RE 3	14	18.3	7,883	9,079

Source: Colorado Department of Education

Higher education – Forty-two percent of Routt County residents hold a bachelor's degree or higher. Ten percent higher than the Colorado average of 32.7% and thirty percent higher than the 12.5% in neighboring Moffat. Enrollment trends for Colorado Northwestern Community College are declining. Many of the residents that move to the county are already educated and are not relying on the local community to provide education.

Human Services -- Routt County's overall budget for Human Services has increased due to additional personnel to deal with alternative juvenile sentencing. Staffing has been added for Child Welfare due to increased caseload and complexity of cases. Drug and alcohol issues, especially methamphetamine, are identified as an issue in 75% of these cases. Federal funding is increasing for an increased Low Income Energy Assistance Program LEAP caseload.

Healthcare -- Steamboat Springs built a new hospital 2 years ago. This hospital is currently considering expanding their surgery areas. This is not necessarily due to community need but community lifestyle qualities have attracted high quality surgeons to this area and those physicians want to develop their own ambulatory surgery center hospital. Other aspects of growth have also affected the number of primary care doctors available in the community. Service and construction workers are typically underinsured. Physicians cannot afford to locate in a community with a high cost of living coupled with a high Medicare/Medicaid dependant population.

Historically, Routt County has had three parts to the economy: mining, tourism, and agriculture. In the past several years another component has been added-- lifestyle economy. This sector includes second home buyers in addition to non location specific businesses and baby boomers with sufficient wealth that they can choose to live in the community. This growth has been encouraged by the excellent air service the community has. The lifestyle economy is the growth that is currently making the biggest impact; yet it is the most difficult to measure and plan.

How to plan for growth without loosing community character seems to be causing anxiety within and polarization between community leaders. Both business and government sectors are dealing with increased workloads with a limited staff. Strategic planning in both sectors is difficult due to the lag time in collecting and reporting data; these conditions, in a high growth environment, tend to limit communication and thus increase anxiety and polarization.

Rio Blanco County

Geography - Rio Blanco County is located in northwest Colorado and borders Utah on the west. It is a sparsely populated rural county. There are two major population centers, Rangely and Meeker which are fairly equivalent in population size. Rangely, historically a resource based economy, is located in the northwestern section of the county with a 2005 population of 2068. Meeker is located in the east central portion of the county and is the closest town to the Piceance Basin, the site of extensive natural gas development. It is the County seat with a 2005 population of 2273. Historically, it has been a ranching and tourism based economy. Both Meeker and Rangely have a significant government workforce and are supported by construction, service and retail components. The geographic size of the County is 2,061,420 acres, 75% is public land.

Government Structure – Rio Blanco County is managed by three County Commissioners supported by a County Coordinator. From the County web-site, "The mission of the Board of County Commissioners is to provide the necessary guidelines for the Rio Blanco County Government. The Board adopts the budget, sets the Mill Levy and approves all County cash disbursements. The Board is responsible for keeping the County in compliance with Federal and State regulations and statutes. The Board acts as the Board of Equalization and the Board of Social Services."

Services – County Departments include: Meeker and Rangely Airports, Assessor, Building Department, Clerk and Recorder, Community Resources, Development, Detention Center, Extension Office, Fairgrounds, Landfill, Public Health, Road and Bridge, Sales and Use Tax, Sheriff, Social Services, Surveyor, Treasurer and Weed Control.

Population - County population in 2005 estimated by the state demographer was 6072. There have been modest gains and losses of population since 2000. The state Demographer estimates a 1-2% projected annual growth rate. RPI Consulting Inc. has prepared a series of recent studies for Rio Blanco County including "Fiscal Impact Analysis: Existing Conditions & Year 2002", "Rio Blanco County General Fund Administrative, Law Enforcement/Justice Facility, & Road & Bridge Capital Facilities Plan 2007-2022", "Rio Blanco County Public Mitigation Fee Support Study" and "Road & Bridge Department Impact Fee Support Study." They project population growth at about 3% per year average or 45% by 2022. The ethnicity is primarily white; however, there are an increasing number of persons with Hispanic background filling open positions. Although many suspect the demographers estimates to be low, the most significant story regarding population in Rio Blanco County is the transient population. Beyond drilling and maintaining wells, pipelines and gas processing facilities have generated large amounts of temporary jobs which are most often filled by temporary workers who move in and out of the area to work on these projects. It is almost impossible to count the total number of workers in the County at any given time.

Population Trends: Rio Blanco County 2000-2005

	2000	*2001*	*Chg*	*2002*	*Chg*	*2003*	*Chg*	*2004*	*Chg*	*2005*	*Chg*	*Ave.*
County	5986	5986	0	6063	1.29%	6033	-.49%	6102	1.14	6073	-.48%	.29
Meeker	2242	2234	-.36%	2272	1.7%	2263	-.4%	2291	1.24	2273	-.79%	.28
Rangely	2096	2096	0	2108	.57%	2088	-.95%	2099	.53	2068	-1.48%	-.27
Unincrp.	1648	1656	.49%	1683	1.63%	1682	-.06%	1712	1.78	1732	1.17	1

Table 6.1

Source: Colorado State Demographers Office

Growth - Growth is defined by community leaders and local government officials as: increase in population, increase in the number of housing units, increase in Average Daily Trips (ADT) on roads, a booming economy, increased demand for services, housing shortage, labor force shortage, increase in school enrollment, increased crime, demands on public infrastructure, inflation, negative impact on "quality of life" and in general, change.

The Rangely area has experienced fluctuations in their economy based on their reliance on natural resources. The Meeker area has historically relied on tourism and agriculture. This current period of hyper-growth has been heating up for the past two years. Rangely had some capacity to absorb the growth while Meeker did not. Both communities are now being impacted; however, Rangely appears more accustomed to and prepared for these cycles.

Economic Impacts

Tax Revenues – Sales tax revenues are increasing as businesses experience greater volumes. Oil and gas activity represent 39% of all taxable assets in the county and 41% of total personal income. Property taxes from oil and gas properties have been estimated by the Legislative Council.

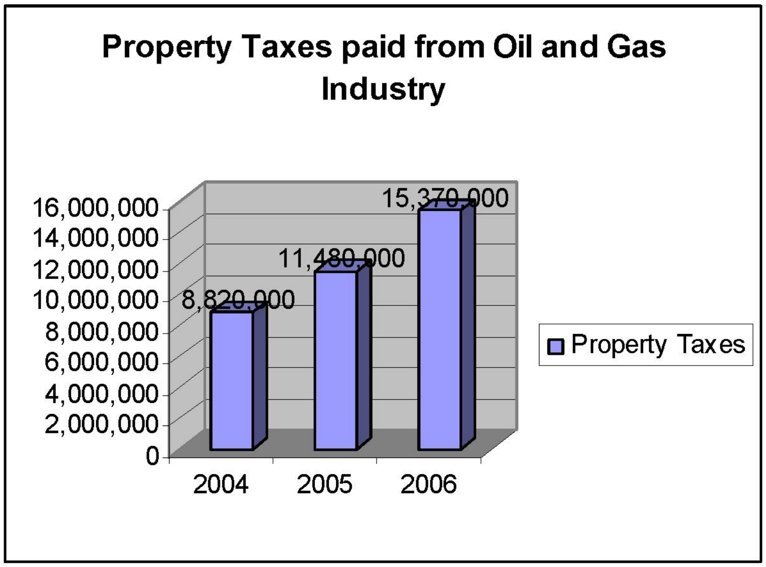


Figure 6.1
Source: Legislative Council

Planning Development - Building permits have increased by over 50% from 2002 to 2005. County-wide housing units are expected to increase by nearly 1113 units between 2006 and 2022. Currently, there is an 84 unit apartment complex in the planning stage.

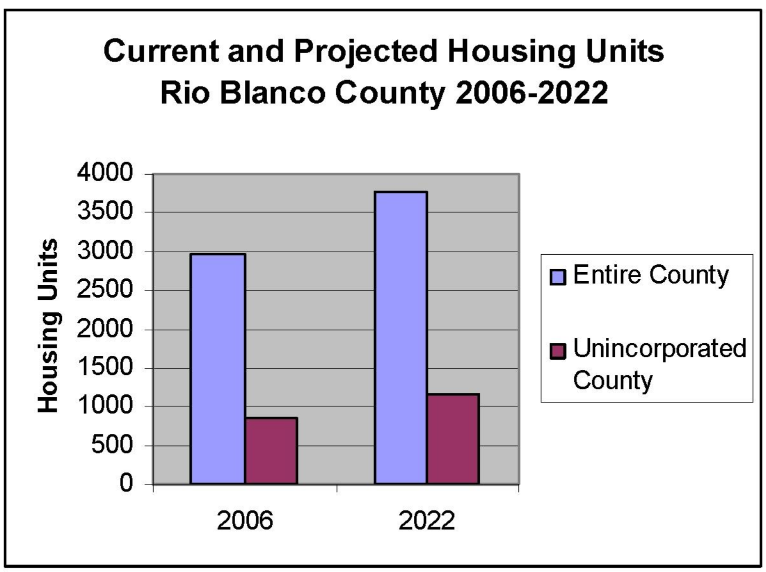


Figure 6.2
Source: Road and Bridge Department Impact Fee Support Study, RPI Consulting Inc., May 2007

Workforce – Rio Blanco County is experiencing wage and employment growth. Overall employment growth accelerated in 2006 from previous annual growth averaging in the range of 5-7% to 22% between 2005 and 2006. Wages have also been increasing with median family income in the low $40k's and fairly flat with modest changes from 2000 through 2006, then jumping in 2007 to $54k. Workforce earnings increased 15.4% from 2004 to 2005 while the state only increased by 6.5% and nation by 5.6%. Per capita personal income (PCPI) was in decline from '00-'01, then began a steady increase. In 2005 PCPI was $32,993, ranking 22nd in the State. It increased 10.3% from 2004, over 2 times the growth increase of both state and national PCPI. The percent of the population living below the poverty line has been in decline from 10% of the population in 2000 to 9% in 2004. Unemployment rates have fallen below 3%.

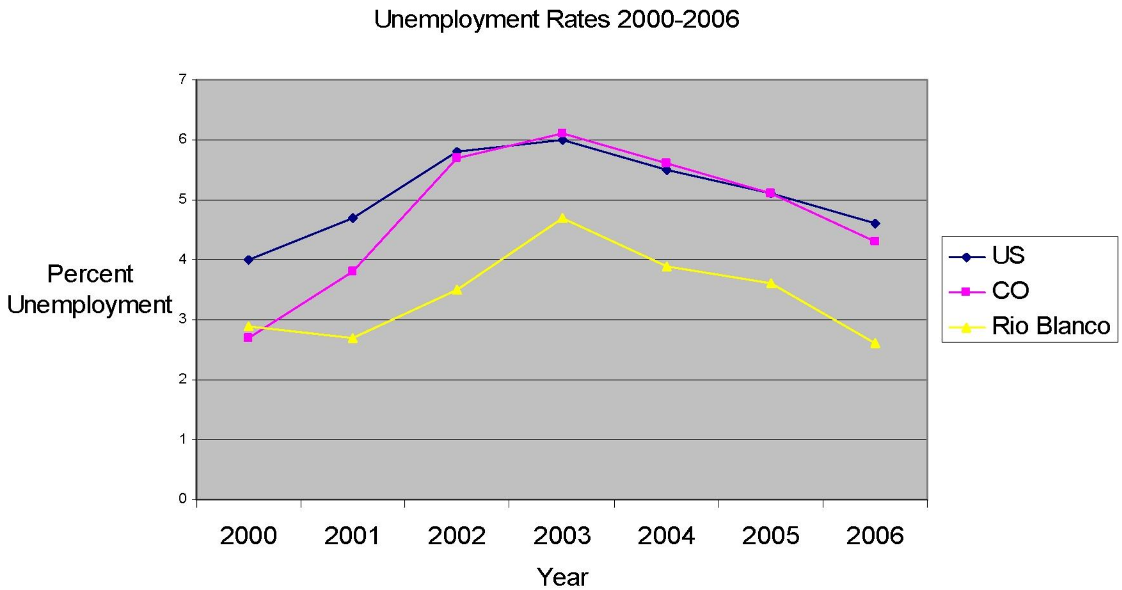


Figure 6.3
Source: Colorado Department of Labor and Employment

Employment is heaviest in the government sector representing 26% of the workforce in 2004, mining represented 15% of total employment, Construction 8% and Retail 8%. The largest gains in employment since 2001 were in mining, administration and waste, transportation and warehousing and construction.

The greatest number of businesses in Rio Blanco County is in the retail, accommodations and food, construction and mining sectors. Sixty-one percent have less then four employees. With a very small historical base of businesses even the smallest increase in demand throws the local economy out of its natural equilibrium. Services are not easy to access and businesses can't keep employees or get new ones. It was expressed that the business community is tired. This is especially true in the Meeker area where hunting season brings an influx of people but then they leave. This recent period of accelerated has not let up and residents are concerned about the ability of businesses to withstand the pace. Rangely, however, has historically relied on natural resource extraction for a major portion of its economy, this trend has not changed. The decline in oil and coal production has been replaced by natural gas, and although there is a lot of residential building activity, there appears to be a substantial difference in impacts in these two communities.

Oil and Gas - In migration for the energy industry in the Meeker area is estimated at ½ of the energy workforce and up to 80% of workers at the gas plants. During the summer of 2007, 11 buses per day were bringing workers into the Piceance area. The number of existing active natural gas wells in Rio Blanco County in July 2006 was 2542. The projected number of wells in 2022 is 19,045. These projections were reported by RPI Consultants using information from White River BLM.

2007-2022 Projected Oil & Gas Wells and Employment

Year	*New Wells Drilled*	*Cumulative Wells*	*Cumulative Total Required Maintenance & Rig Workers*	*Cumulative Total New Oil & Gas Residents*
2007	265	3059	1373	61
2012	653	5241	2603	410
2017	1217	10,059	4,313	497
2022	2271	19,045	9,162	1050

Table 6.1

Source: Rio Blanco County Public Facilities Mitigation Fee Support Study, May 2007

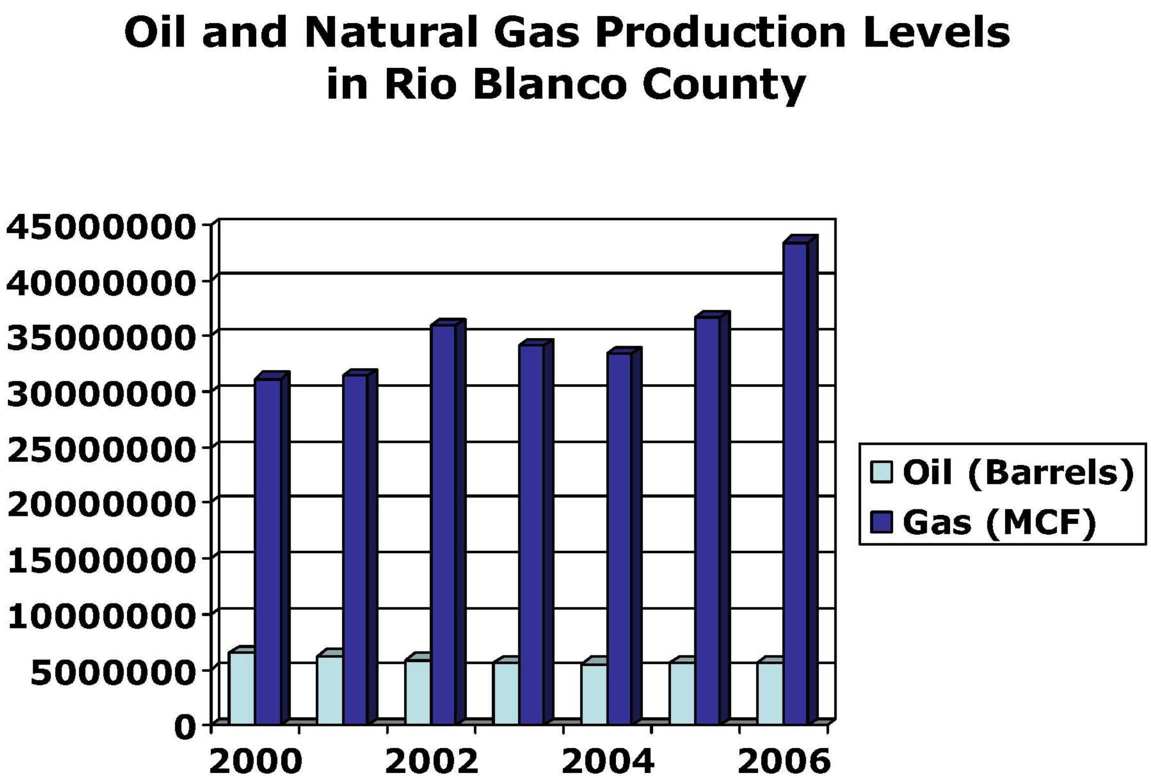


Figure 6.4

Source: Colorado Oil and Gas Association

Recreation and Tourism - There is concern about energy impact on tourism from both the availability of rooms to the visual impact of energy development. Reportedly, large numbers of hunters who traditionally use public land are not coming back. Hotels and motels are vacating rooms for hunting season in an effort to sustain the hunting business long term. There is concern over maintaining diversification in the economy but there isn't the workforce to support new ventures.

Housing - The non-resident workforce component is a major contributor to the impacts of growth in Rio Blanco County. Consequently, the County is experiencing a housing crisis. Average rents saw modest increases from 2000 to 2004 but jumped dramatically from 2004 to 2005 with a 40% increase in one-bedroom and 24% increase in two-bedroom rates. There are no vacancies in Meeker and all available spare rooms are rented. Rental rates are claimed to be $1100-$1500 a month for a "shack". Rangely is at 100% occupancy as well, where there is a sharp increase in housing starts. Assessed values of real estate in the County declined from '00-'01 and in '03-'04 then jumped by 26% from '04-'05 and 11% from '05-'06. There is some investor activity, but a very small amount of inventory. The median price of a new home was $94,700 in 2000 and $135,344 in 2006, an increase of 43%. Housing prices in Meeker are 30% to 50% higher than in Rangely. Recreation in the White River area north of Meeker has started to drive land values and demand for services in the area. This area is being developed with expensive homes.

Transportation - Heavy truck traffic is causing extensive damage on roads and highways, bridges, and safety controls in Rio Blanco County. Rio Blanco County contains 921 miles of roads owned and managed by the County, 173 miles are paved. The majority of road impacts occur on the west end of the county, which is the center of energy development. The County has expressed frustration in their ability to establish adequate management plans since it is difficult to receive traffic projections from energy companies and information they do receive is subject to change as markets dictate.

There is already difficulty entering the state highways from side roads, this is a major contributor to the increase in number of traffic accidents. The County has only recently begun tracking traffic counts and studying the traffic generated by the energy industry. One road that has been observed is Road 5, a major collector for the Piceance area which had a 160% increase in traffic in 2 years. RPI Consultants project an increase in traffic county-wide of 700% over the next 15 years. The lack of available and affordable housing near Piceance exasperates the impact on the roads. Only one-half of the regular drilling and maintenance workforce and 20% of the gas facility workforce are estimated to be Rio Blanco County residents. This transient workforce is bused and drives from adjacent counties. Where the accommodations for temporary workers are is not clear; although, speculation is that they are finding ways to camp and rent rooms on a temporary basis. The county is working with industry representatives to rewrite the rules for "man camps" to provide opportunities for worker housing close to the development and processing facilities. The hospital has located a satellite facility in the Piceance area to facilitate care.

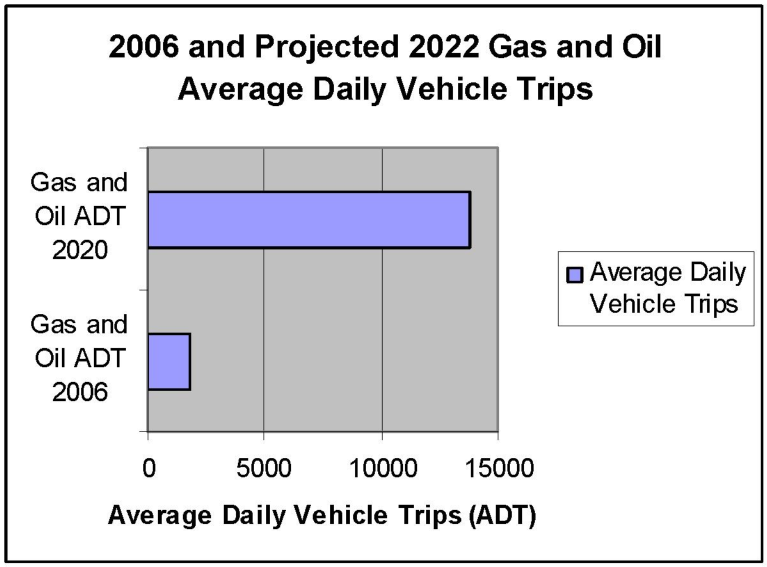


Figure 6.5
Source: Road and Bridge Department Impact Fee Support Study, RPI Consulting Inc., May 2007

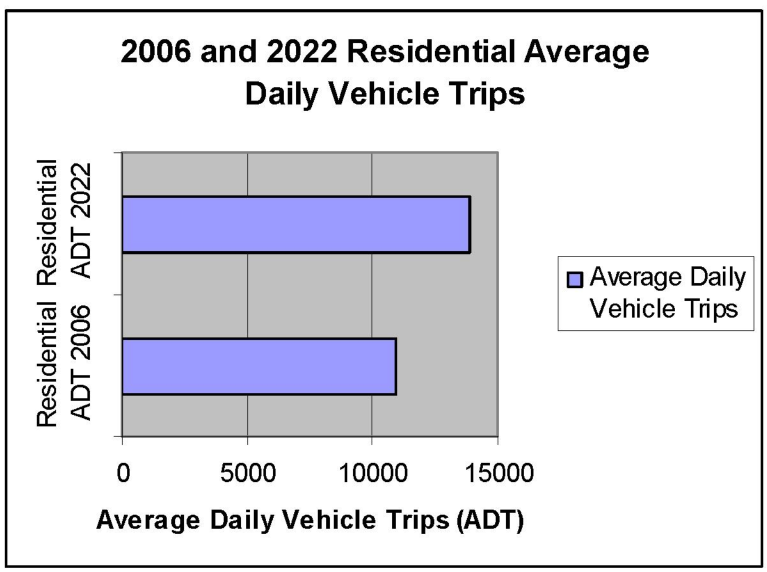


Figure 6.6
Source: Road and Bridge Department Impact Fee Support Study, RPI Consulting Inc., May 2007

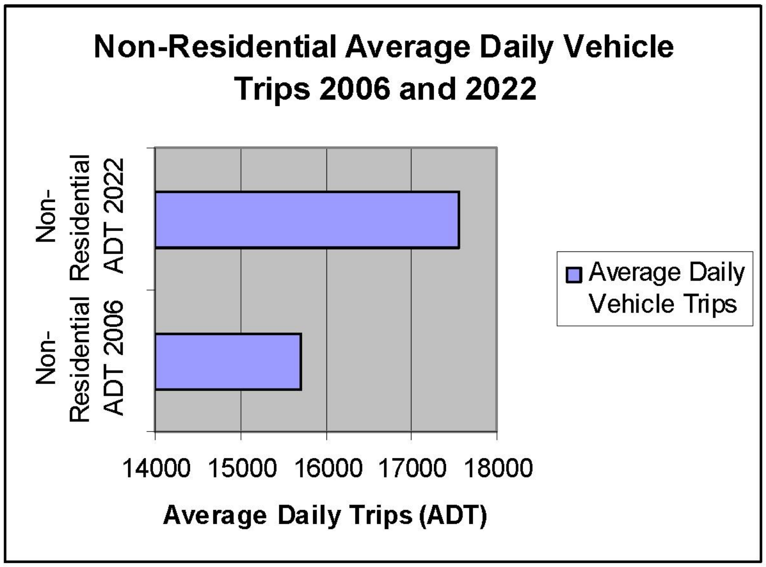


Figure 6.7
Source: Road and Bridge Department Impact Fee Support Study, RPI Consulting Inc., May 2007

Rio Blanco County Daily Miles of Travel

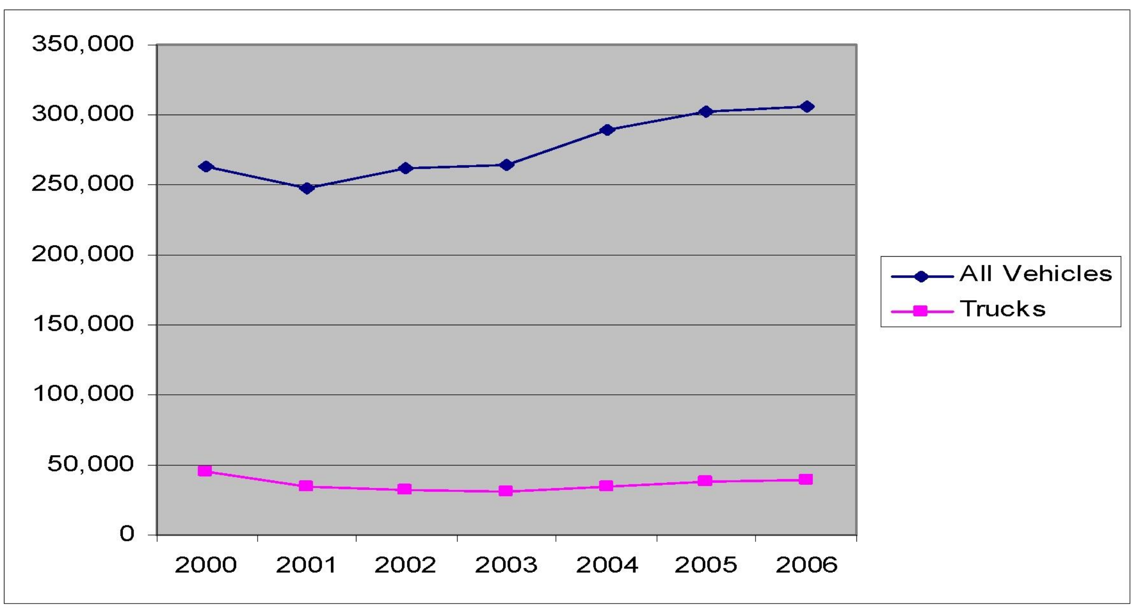


Figure 6.8
Source: Colorado Department of Transportation

As demonstrated by the graphs above, daily miles of traffic for all vehicles have been increasing since 2000, truck traffic declined slightly. Projections by RPI Consulting Inc. indicate substantial increases in average daily trips due to oil and gas, residential and non-residential activity over the next 15 years.

The Road and Bridge Department study prepared by RPI Consulting Inc. uses "equivalent single axle loads" (ESAL) to measure the impact on roads of various loads from commercial truck and passenger traffic. RPI estimates that 98% of additional impacts over the next 15 years are projected to be the result of oil and gas axle loads.

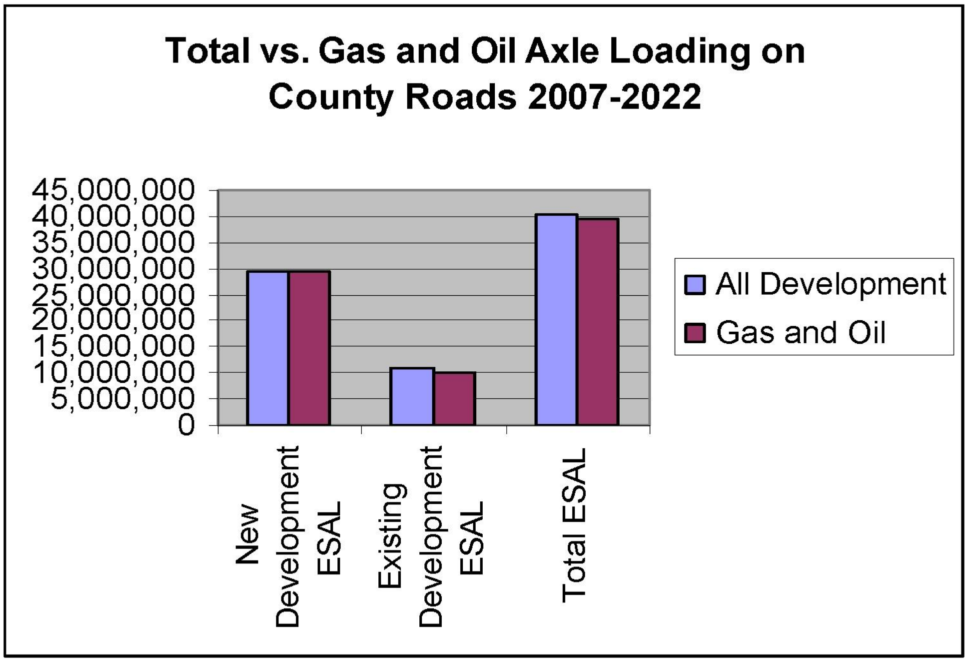


Figure 6.9
Source: Road and Bridge Department Impact Fee Support Study, RPI Consulting Inc., May 2007

Social Impacts

Crime - Crime has sharply increased and demands in general on the Sheriffs department have risen because of the increase in traffic. The Sheriff's Department issued $84,000 in traffic tickets in 2006 and until recently the State Patrol has not been present. The 18 bed county jail facility often has 30 inmates.

Education - There has been a strain on the public schools, with enrollment growth from 2000 of 643 to 1156 in 2005, an 80% increase. Enrollment in Northwest Community College in Rangely in 2001 was 2109 students peaking at 2261 students in 2004 and declining in 2005 to 1518. Impacted by low unemployment rates, NWCC has focused on building programs for industry with long term focus. Programs such as Process Technology are useful for current employment but also provide skills useful for alternative careers.

Human Services - Demand for some of the Human Services programs has declined and others increased. There are no Colorado Works clients but the Child Welfare case load has gone up, is more complex, and is experiencing an increase in walk-ins. The state allocation for the Child Welfare Department was 200k short due to TABOR restrictions. Child care is also a major issue as is the availability of low income housing for lower paid workers.

Health Services - The demand for health care services has increased dramatically. Emergency room visits were up by 40% last year and the hospital is opening a satellite clinic in the Piceance area. There is a significant rise in uninsured patients further creating a strain on hospital resources. There has been an increase in all types of incidents and home care demand. The satellite clinic will help to free up space at the main facility, handle some pre-employment screening and emergency care. Emergency medical services are at capacity and are difficult to continue to staff with volunteers.

Conclusions - There is concern over potential negative impacts to quality of life in Rio Blanco County, especially in the southeastern section of the county where energy development is exploding. Nostalgic comments such as wanting to protect our "western way of life," and continue to "push your sheep through the middle of town," were heard from residents. The county is concerned over maintaining acceptable levels of service (LOS) for its residents and projects a 10-35% shortfall if increase in population and oil and gas development continues. Increasing demand for Rio Blanco County services has led to increased staffing and a shortage of space. Space constraints are further limiting the county's ability to maintain adequate LOS.

There is some evidence of public/private partnerships in Rio Blanco County, de-Brucing measures have passed, there have been some cooperative measures to replace and repair roads, and requirements for "man camps" have been changed. Comments such as, "How do we collect more data? We don't have the time or the researchers… "We need Velcro gloves to catch the benefits of growth," and "there is a lack of warning or heads up on projects. What can we do when 500 to 600 people arrive overnight," demonstrate the general feeling of being overwhelmed just trying to keep up and not able to be proactive. The relatively small size of population and resources in county government has a dramatic affect on Rio Blanco County's ability to address the impacts of growth. There is a strong feeling that the state needs to be at the table and that round-table regional discussion is needed. Rangely and Meeker are experiencing different impacts and their cultures equip them with different tools to harness the winds of change. Meeker appears to be more in crisis, yet county-wide there is a desire to look at growth in new ways. The most critical issues identified in this report include temporary or transient workforce, strained county government, housing shortage and health care.

The Future

Conclusion

Much of the area has been experiencing relatively steady growth since the 1990's. There have been a few periods when the economy was flat but overall the economy has performed well. Since 2004 the substantial increases in natural gas development has led to a period of accelerated growth. Other important economic drivers have been tourism and recreation, construction, non location specific business, development of retirement communities, diversification of the economy into other manufacturing industries, and increased retail trade.

There is nothing surprising about the economic benefits of growth throughout the region. Workforce size is increasing, unemployment is dropping, and wages are up as is per capita income and median family income. The number of clients in the Colorado Works program is dropping as TANF and Children Assistance reserves are increasing. Home owners are quite happy with the ever increasing value of their homes. The robust increase in retail sales tax revenue is indicative of the increased wealth and disposable income of area residents.

As the private sector has grown so has the public sector. Local governments have benefited from substantial increase in revenue primarily from increased sales taxes, severance taxes, federal mineral leasing revenue, mineral property taxes and lodging taxes. Money has been used to improve institutional capacity and build cash funds in anticipation of the days when the economy once again flattens. No one expects another "Black Sunday" but most recognize that the current level of natural gas development will decline once drilling is complete. Unfortunately not all local government in the area have been able to benefit equally from enhanced revenue. TABOR limitations have forced many to refund money that could otherwise be used to meet the infrastructure needs of their communities.

The accelerated growth of the past three to four years has presented local community leaders with several challenges. The workforce is more or less at full employment. Affordable and attainable housing is at a premium. Increased reliance on transient workers has increased the demand for more temporary housing. The number of workers without health insurance is increasing. The healthcare system is in need of more doctors, nurses and increased capacity. The transportation infrastructure strains under the stress of more traffic leading to more congestion and deteriorating roads and bridges. Concern for environmental degradation is on the rise. Inflation in the area appears to exceed the inflation rate in the rest of the state. Many area school districts need to expand to meet the needs of growing and changing school enrollment.

There is growing concern about the quality of life in the area. Increased land values and urbanization has reduced the feasibility of agriculture, thus changing the culture of the area. Long term residents miss the "small town atmosphere" of the past. Many of these same residents are finding it increasingly difficult to hunt and fish in their favorite places as development encroaches into wildlife areas. The natural beauty of the area is disrupted as view sheds are marred by drilling rigs and the extensive road networks required to reach them.

The various economic drivers compete for many of the same resources. Chief among this is the competition for available workers. High wages in the energy industry attract able workers from the construction industry. Demands for more housing, public infrastructure, and retail and commercial capacity have driven up the cost of materials. The lack of skilled construction workers has limited the ability of some companies to bid on new jobs. Hotel space is at a premium as the tourism industry competes with the energy industry for available rooms. Second home owners, retirees, owners of non location specific industries drawn to the area by its natural beauty compete with the natural gas industry over view sheds, with local government over extending infrastructure out into less populated areas of the county, and with traditional users of the land over hunting and fishing rights as well as the foul odors of agricultural activity.

The concern over the future of the region is magnified by the lingering fear of another “Black Sunday”. Most community leaders recognize that the current boom is very different than the oil shale boom of the past but the fear of another bust prevents many from enjoying the current prosperity. The past history of environmental damage and the forecast of future substantial development of the energy industry makes it easy for preservationists to encourage distrust of energy industry operations and anyone who supports it.

In this polarized political environment it becomes easy to blame the energy industry for all the challenges created by accelerated growth. But the simple answer is, as often is the case, not the whole story. A long history of inadequate funding for transportation, K-12 education, higher education, housing and environmental protection has made it difficult for communities to keep pace with the demands of the variety of diverse economic drivers fueling our current economic growth. Proactive planning has been further hampered by a distrust of government in general and taxes in particular. In many communities TABOR forces local governments to return tax money to citizens while arguing with the sate for additional revenue to support current infrastructure needs.

Planning has also suffered from an inability to predict the impact of worldwide events on the local economy. The polarized environment has made it difficult for many industry officials to have forthright communication with government officials over their plans for future activity in the region. Consequently, government must plan without complete information. Driven by the demands of current residents to have growth pay its own way, increasing pressure is being put on the energy industry to pay more taxes and to contribute more money to area community needs whether it is related to energy development or not.

The challenges associated with growth in the region are real. Local government officials must develop and implement strategies that will meet the immediate needs for infrastructure in the region. Additionally, community leaders must plan for the future to ensure a smooth transition to an economy that eventually will not be as heavily impacted by growth in the energy industry. This study has identified a number of issues that impede proactive planning. Additional studies currently being conducted by various entities in the region will supply additional information. The next step in this process should be the development of a public-private partnership to create a transparent process that will assist local officials in meeting the current and future needs of area residents.

Recommendations

To assist in the promotion of the benefits of growth and to minimize the challenges associated with its impacts, a public-private partnership should be established that will assist local government officials in developing and funding strategies that will alleviate the most pressing problems. In addition, this partnership can help lay the foundation necessary for future transition to an economy that includes a reduced role from natural gas development. Beyond help with funding, the region can not depend on either the state or federal government to fix their problems. Solutions to the challenges of economic growth should be determined within the region.

There are five reasons why energy related industries should participate in a comprehensive public-private partnership to address the impacts of growth in the region. First, industry officials are being buried under large requests for funds to help offset the impacts of growth. By working with local government officials, programs acceptable to both local communities and company management can be adopted. Second, by participating in efforts to mitigate the problems caused by growth, energy industries can improve their image in the community. Third, by making the process as transparent as possible the energy industry can reduce the rising level of distrust held by many residents. Fourth, by participating in a process that includes both industry and local government officials, company management can ensure that all tax money it pays to local government as well as any additional contributions is going to alleviate the impact of growth related to the energy industry. Finally, open communication on the success of the partnership in mitigating the impacts of growth will relieve pressure from area resident on government officials to “do something” to address their concerns.

Fortunately, there exist previous models of such partnerships and processes. The Over-thrust Industrial Operation is one such model that warrants closer attention. Created to address the impacts of energy development in Uinta County, Wyoming and the Evanston area it provides five steps that modified to fit the five counties in this study could prove to be an effective start towards addressing the challenges facing the region.

> Step One: Bring officials from other industries involved in the economic growth in the area into a process to develop a formal association to address the impacts of growth in the region.
>
> Step Two: Determine the most pressing needs that demand immediate attention and determine an appropriate level of funding to provide as assistance for alleviating these problems. Use this funding to involve local officials and to ensure that cost effective solutions are developed.

> Step Three: Undertake a full study to provide a reasonable estimate of growth, and a more accurate understanding of the impacts of growth, especially on the environment. Use this study to develop with local officials a well-planned, cost effective comprehensive mitigation program.
>
> Step Four: Address the current polarized political environment and reduce the political pressure on local officials by bringing key area opinion leaders into the process.
>
> Step Five: Undertake an aggressive communication strategy to inform area residents and state and national officials on the progress being made to address regional concerns. (The Overthrust Industrial Association)

It may also be worthwhile to expand participation in a public-private partnership such as this to include industry representative from other economic drivers in the community depending on their level of commitment to mitigating problems caused by growth in the region.

The success of such an endeavor depends upon the willingness of participants to openly communicate with each other. Industry must be able to freely discuss its projection for growth and its impacts without fear of being attacked by those opposed to any development of natural resources. Local government officials must clearly articulate how much tax money from the extraction industry is currently available to local government and how that money is spent. Finally, strategies must address both the immediate impacts of growth as well as future anticipated changes.

While the five step short term plan is being initiated, steps should be taken to create a more formal long term organization with processes that would help mitigate problems associated with growth. The direction of the new partnership should mirror the Overthrust Industrial Association. The purpose of this organization should be to:

- Assist local communities in planning for growth.
- Assist government in meeting the demands for increased public services as a result of growth.
- To inform the public about industry plans to develop resources.
- To collect data and provide information to help communities make decisions about the future.

The Overthrust Industrial Association (OIA) adopted a philosophy to guide its actions. Several points seem worth repeating here to provide an idea of how the organization would operate.

- Growth should pay its own way.
- Funds should be leveraged to the maximum extent possible.
- Mitigation programs should be directly related to the impacts of growth, addressing needs not wants.
- Efforts should not be wasted on placing blame but on fixing problems.
- Local government and local organizations should take the lead in developing and implementing mitigation programs.

A formal structure would have to be created. Some of the questions to be addressed in determining structure would be the size and make up of the Board of Directors. Who would serve on such a Board? How would directors be selected? What kind of support staff would be needed to conduct operations? Should there be an Executive Director? Should a limit be placed on the life of the organization?

During the first phase of operation the OIA placed a great deal of significance on conducting a thorough socio-economic study of the region to form a basis for the development of any mitigation plans. This does not seem to be a necessary first step in the current situation. The impacts of growth in the region have been and will continue to be studied to death. Many of the participants in this study complained about going through another study to identify the same problems only to do nothing to help solve them. Currently there are at least four ongoing studies in various degrees of complete that will provide additional information on the impacts of growth.

Other initial objectives of the OIA do seem applicable to the current situation. Efforts need to be expended to gain commitment to such an organization from the oil and gas companies operating in the area. As many companies as possible, both large and small, should be members in the organization and make some financial contribution to it. Consideration should be given to including industries outside the extraction industry as other economic drivers have contributed to the impacts of growth in the area.

Efforts need to be made to address the polarized political situation that currently exists in the region. The creation of a transparent process with the involvement of key opinion leaders in the community is critical. The creation of an organizational culture where blame is not the goal, denial of problems and delay are not strategies, and a commitment by all to solve legitimate problems will be paramount to gaining community buy-in to the efforts of the organization.

Efforts should be expended on gaining support for the organization from corporate management, local government officials and key community leaders within the region. State government officials as well as state congressional leaders should be briefed on the process. Additional non corporate funding sources should be identified and pursued. Significant efforts should be made to keep the public informed of the progress of the organization to include public meetings and media briefings. To earn trust a good communication plan must be developed.

Finally, a process needs to be developed to determine how the organization will distribute the funds it raises. How will it determine which problems are legitimately caused by growth? Will a proposed mitigation plan help resolve the problem it is intended to address? Have all other funding sources been exhausted? How will this process maintain community trust? Who will be involved in making these decisions? How will the whole community be involved in managing growth?

This proposal is not an easy undertaking but it is a necessary one. The current political environment encourages avoidance as a solution instead of problem solving. Delay, objection and denial become strategies in the policy making process. Accusations, exaggerated claims, and the unwillingness to share information have become the preferred method of communication. A better environment for decision making can and must be developed.

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Focus Group Questions

1. How do you define growth?

2. How do you recognize growth in your community? Specific indicators? Specific Measurements?

3. What are the causes of growth in your community?

4. What are the benefits of growth your community is experiencing? Problems?

5. When do you think your community first experienced its most recent period of growth?

6. Colorado in general and the western slope in particular, are categorized as boom and bust economies. Do you think your community is experiencing a boom cycle that will necessarily lead to another bust? Why or why not?

7. If so, should the community be actively planning for the bust cycle? What are/should we be doing?

8. What is government's role in planning for growth?

9. What is the role of the private sector in anticipating and solving problems caused by growth?

10. What studies are you aware of that may provide data that would help identify impacts of growth? Any internal reports. May we have copies of these reports?

11. What are we missing that we should be looking at for this study?

Department Head Meeting Questions

12. How do you define growth?

13. How do you recognize growth in your department's area of responsibility? Specific indicators? Specific Measurements?

14. What are the causes of growth in your functional area?

15. What are the benefits of growth? Problems?

16. At what point in recent history has growth accelerated?

17. What strategies has your department employed to address growth issues?

18. Should the community be actively planning for the bust cycle? What are/should we be doing?

19. Are there performance measurements for your department? If so, what are they and how do they relate to the impacts of growth?

20. What studies/data sources/internal reports are you aware of that may provide information that would help identify impacts of growth?

21. How has Tabor and/or severance tax issues impacted your departments ability to address the growth issue?

22. What are we missing that we should be looking at for this study?

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MESA STATE COLLEGE

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