



1st Quarter 2011
Volume 2, Issue 1

Newsletter Advisory Board

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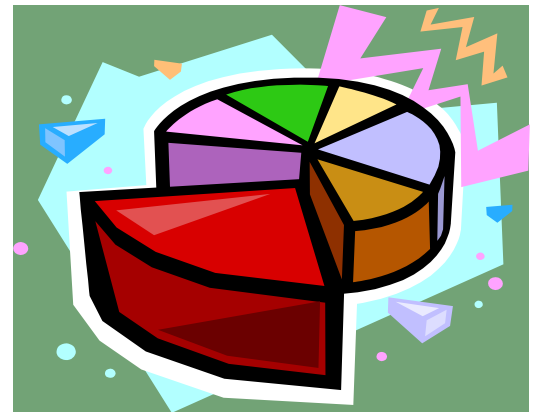
Local Economy is Chugging Along

The economy in the last third and fourth quarters was tough for our region. The gross retail sale forecast was showing a small gain ranging from 2.8 in October to 1.3 in December. We were pleased to see the holiday sales period brighten an otherwise a pretty dark quarter. The gross retail sales forecast will range between 6.1% and 3.0% over the next three months. Consumer daily spending trends also picked up in December reaching a nice high of \$81. We'll see consumer spending continue through mid-January and then begin to drop through the first quarter.

Unemployment and the availability of jobs continue to put stress on our economy. Behavior changes when work is difficult to find. Unemployment benefits eventually run out. People choose to stop spending or spend very little, look for work in other parts of the country or begin to think about getting re-trained in a different skill set. Learn more about this and the department of labor forecast for unemployment through July 2011 on pages 4 and 5.

The median home listing price in Routt has dipped to 14.5% less than last year this time and only 6.7% less in Moffat County. Read the charts on page 6 and 7 for a better picture. *New* this issue is an explanation of the cost of living index and what it includes, page 7. Learn how your county rates to Denver in a comparable cost of living analysis. In transpor-

tation we have charted the on time arrivals and see improvement over time. Find out what are the causes for airplane delay out of our Yampa Valley Regional Airport on



page 9. Our partner in developing this newsletter, Scott L. Ford from the Routt County Economic Development Cooperative, has found new coal and natural gas data to share with us in his special article. I asked him a simple question—what is the price of coal? Now we are much smarter due to Scott's analysis on pages 10 and 11.

We are cautiously optimistic for the first quarter in terms of gross retail sales and our energy picture. Housing and unemployment will be two indicators that will continue to slow down recovery. Patience might be our theme in 2011.

Kate Nowak

More economic data is available at www.yampavalleypartners.com

Email kate@yampavalleypartners.com to subscribe and receive this newsletter each quarter

Gross Retail Sales

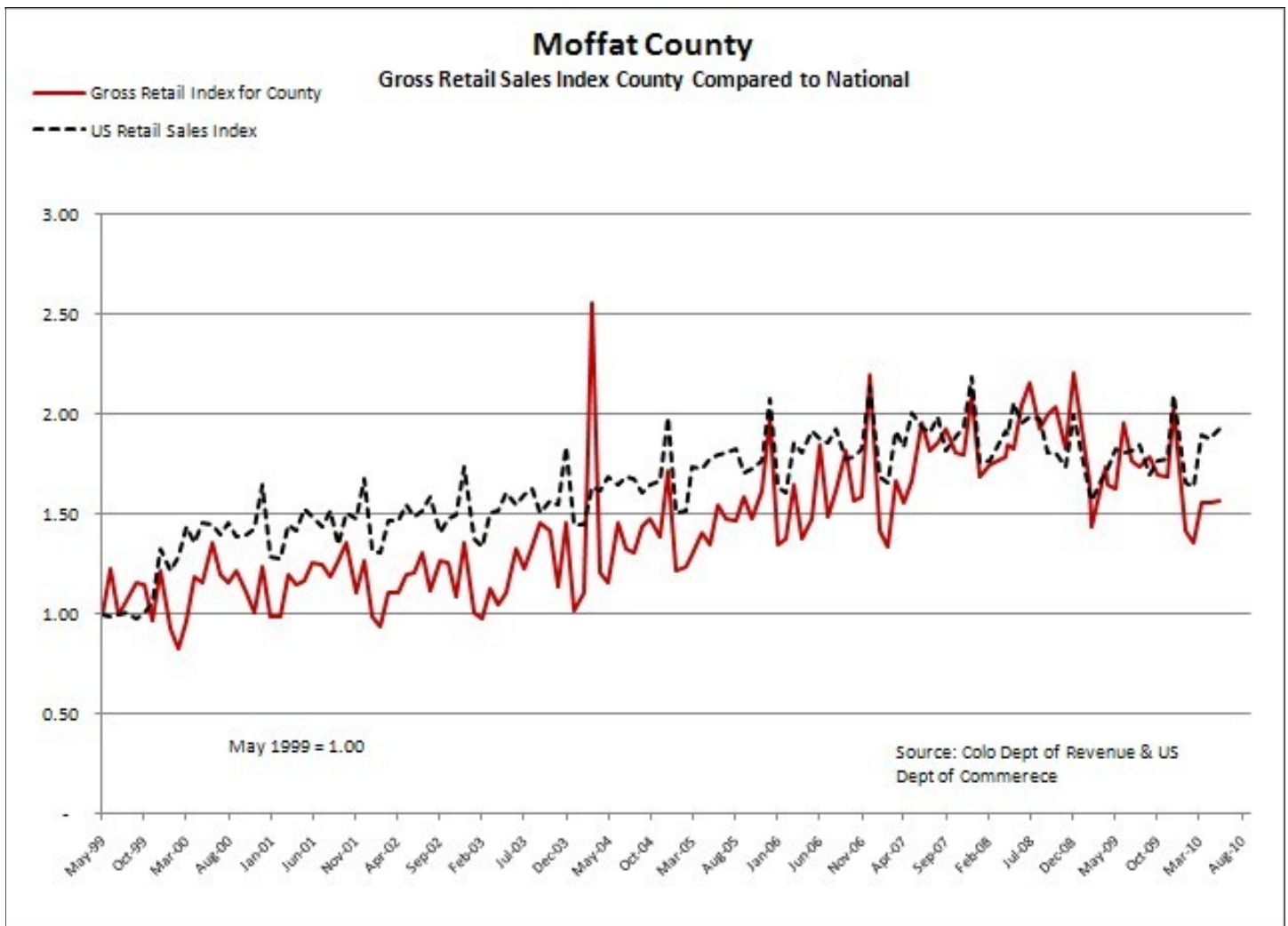
The good news is nationally retail sales are projected to increase at 6.0% in January, hold steady at 5% in February and then dip to 3% increase in March compared to last year. Since both Moffat and Routt counties closely correlate to national sales, we can expect between 3 and 6 percent increase in gross retail sales in the first quarter 2011.

Gallup Poll is reporting that daily consumer spending has increased to \$81 per day as of the middle of December reflecting the surge of holiday sales. Spending at these levels are a good indication that consumers are tired of having a closed pocketbook and are loosening up a bit for

the holiday season. Gross retail sales in 2010 has surpassed over 2009 every month but May and June. We will watch to see how the rest of 2010 pans out to see if month over month sales increased or decreased over 2009.

Having such a strong consumer spending number is encouraging as we approach the new year. We also note that consumers are saving more of their income and perhaps, paying down some of their debt. Households strive for a balance between getting what they need and saving for the future.

The retail sales prediction for 1st quarter 2011 is from 3 to 6 percent increase over last year's sales.



Gross Retail Sales

Month/Yr.	Year Change in Retail Sales,	\$ in thousands Projected Retail Sales	Forecast Confidence Range	
			50% +/-	80% +/-
Jan-11	6.1%	\$ 26,284	2.4%	5.3%
Feb-11	5.0%	\$ 28,823	2.7%	6.1%
Mar-11	3.0%	\$ 28,100	3.0%	6.7%



Month/Yr.	Year over Year Change in Retail Sales, Percent.	\$ in thousands Projected Retail Sales	Forecast Confidence Range	
			50% +/-	80% +/-
Jan-11	6.1%	\$ 85,518	2.4%	5.3%
Feb-11	5.0%	\$ 82,608	2.7%	6.1%
Mar-11	3.0%	\$ 98,926	3.0%	6.7%

Calculating Confidence Range for Gross Retail Sales Forecast

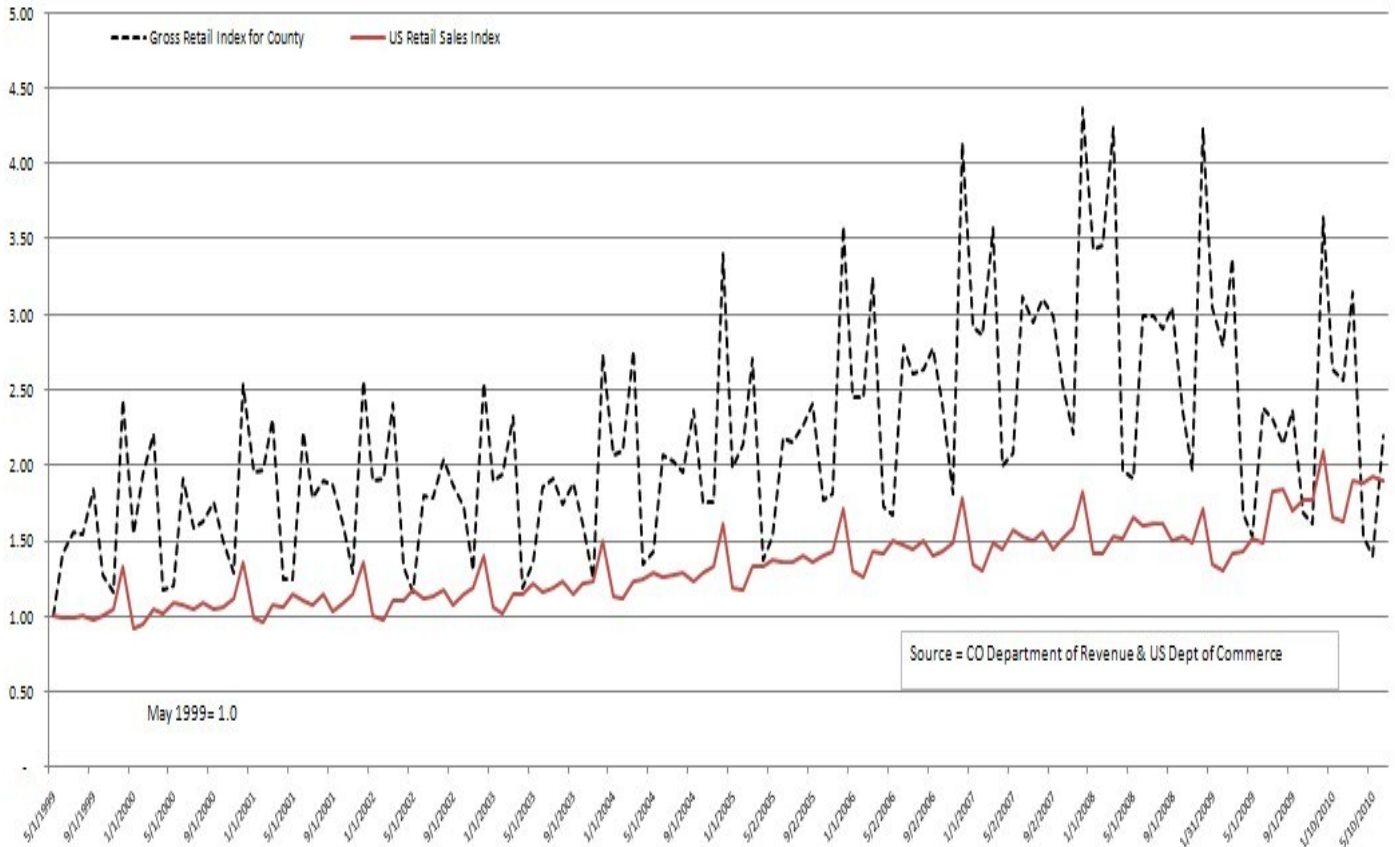
At the 50% Correct value, there is a 50/50 chance the forecast value will be within this margin of error.
 At the 80% Correct value, there is a 80% chance the forecast value will be within this margin of error.

For Example:

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

Routt County

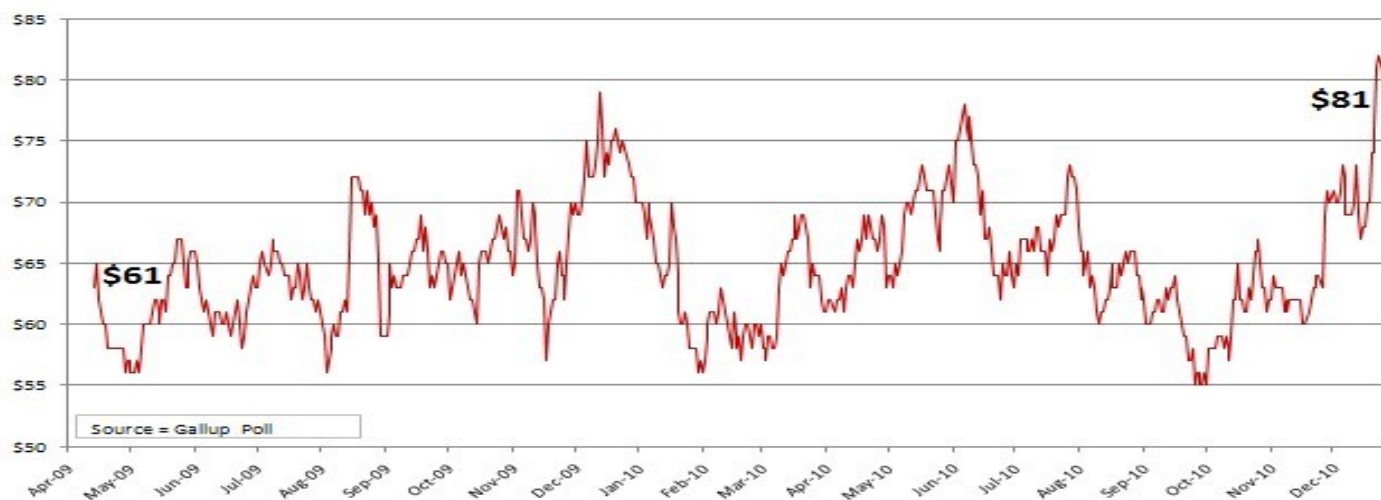
Gross Retail Sales Index County Compared to Index



Consumer Spending

Looking at daily consumer spending helps us identify emerging consumer trends. Consumers have loosened up a bit and we might expect this trend to continue into the first part of January. Consumer spending has increased from a low of \$55 in September to \$81 in time for the holiday season in December. Historically we will see the consumer spending rate drop into February not picking up until April.

Daily Consumer Spending
14-day rolling average



Employment

National unemployment rates will remain high into the first half of 2011. The US Department of Labor is forecasting a slight decline in the 2nd quarter. All predictions say that employment will be the slowest to recover in this economy.

When people cannot find employment in our region, typically they would move to another part of the state or country. However, jobs are not available in other places just like in Northwest Colorado. To conserve resources, people tend to stay put and hope the job market will open up.

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

Month	Date	Forecast	50% Correct	80% Correct
		Value	+/-	+/-
0	Nov-10	9.8%	0	0
1	Dec-10	9.7%	0.2	0.3
2	Jan-11	9.6%	0.2	0.4
3	Feb-11	9.6%	0.2	0.5
4	Mar-11	9.5%	0.2	0.5
5	Apr-11	9.4%	0.3	0.6
6	May-11	9.3%	0.3	0.6
7	Jun-11	9.3%	0.3	0.6
8	Jul-11	9.3%	0.3	0.7

Updated Wednesday, December 15, 2010 Source = US Department of Labor

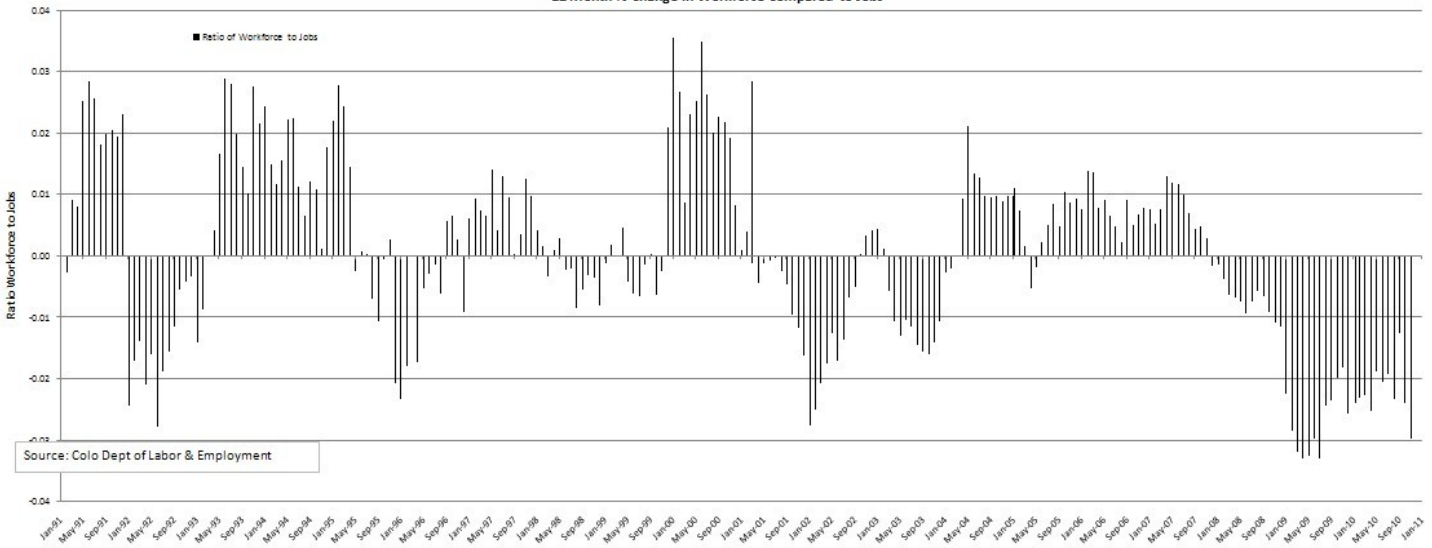
Employment & Economic Stress

By now our readers should know that we have been preaching the economic stress indicator (ratio of workforce to number of jobs) as a much better forecasting “reality” tool for our counties. The economic stress forecast for the 1st quarter will be growing more negative. We have not seen the negative depth of this number since July/August timeframe in 2009.

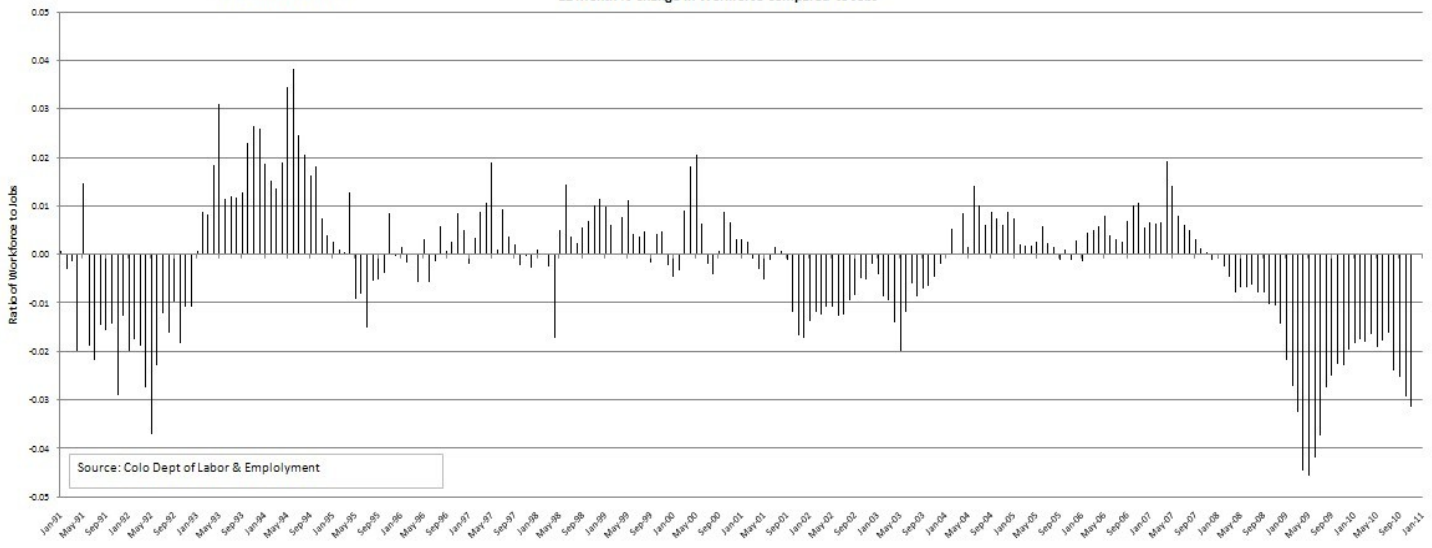
Both counties are still experiencing economic stress due unemployment. When unemployment claims run out, people have no choice but to either migrate out of the county, reinvent themselves by learning a new skill set, taking a job out of their field of expertise or stay unemployed a bit longer.

Fortunately in Northwest Colorado, there are a number of resources people can and should take advantage of when unemployed. Our community colleges offer a variety of courses to get re-skilled and services to help people go into business (SCORE). The Colorado Workforce has programs to help people find employment, enter into the green jobs market, get necessary testing accomplished or learn basic computer skills.

Moffat County - Economic Stress Due to Unemployment
12 Month % Change in Workforce Compared to Jobs



Routt County - Economic Stress Due to Unemployment
12 Month % Change in Workforce Compared to Jobs



Real Estate

Moffat County median listing price is at 210,000. Only 3 months since April 2009 has the price been this low or lower. The movement of price has stayed fairly steady with the exception of the past summer months of July and August where the listing price dipped as low as \$185,000.

Routt County's listing has dipped below the \$500,000 mark for three consecutive months this past quarter. Some of our comparable counties has seen a slight increase in listing prices.

We forecast a steady median listing price within \$10,000 increase or decrease for the next quarter. Median listing prices in comparable Colorado Counties are as follows:

Eagle = \$695,000 Garfield = \$315,000
 La Plata = \$349,000 Summit = \$443,900
 Nationwide \$195,500 Colorado \$259,000

Routt Homes that Received Foreclosure Notice in 2010

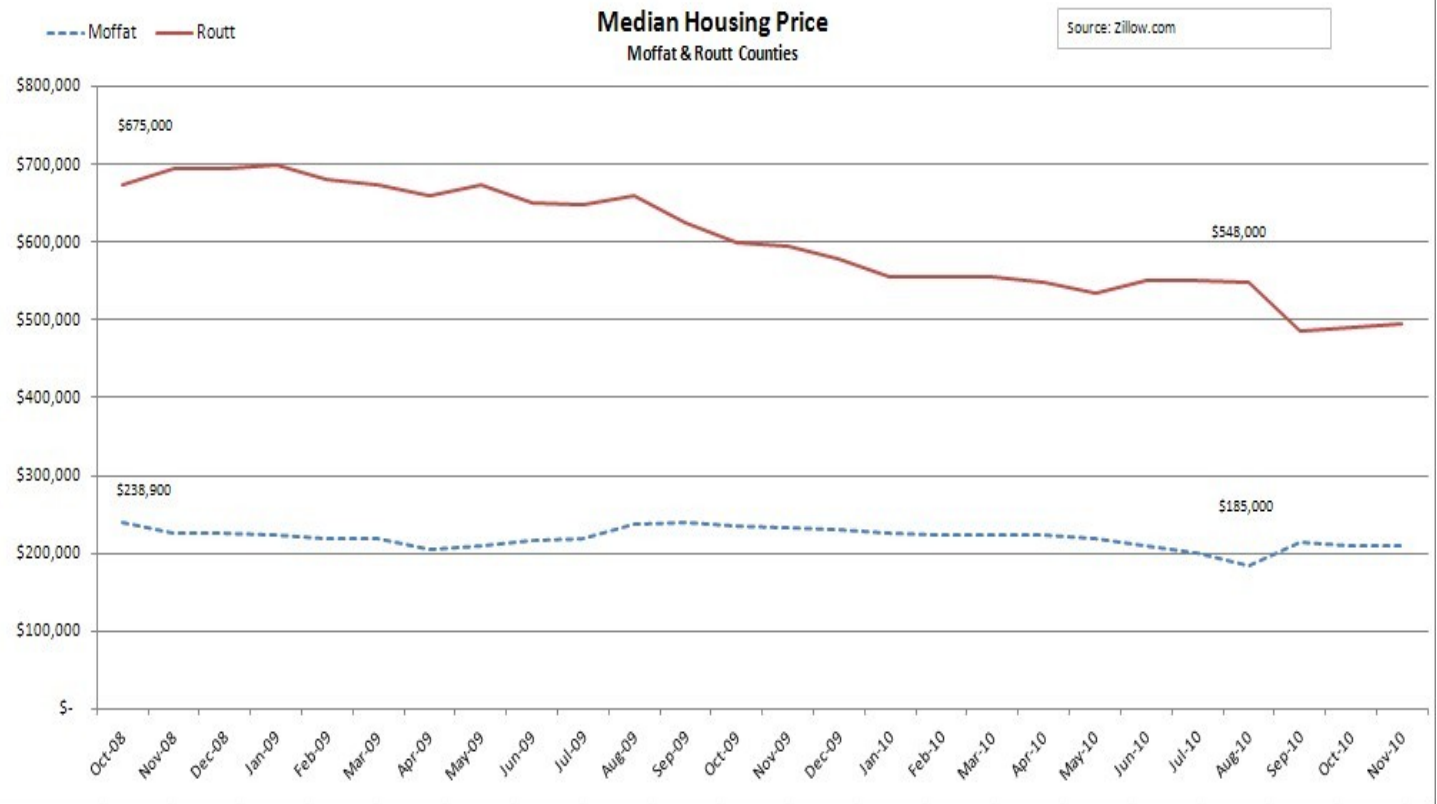
Sept-10 1 in 174
 Oct-10 1 in 351
 Nov10 1 in 476

Colorado in Nov 2010 - 1 in 433
 Nationwide Nov 2010 - 1 in 492

Source = Realtytrac

Here are the changes in median housing price in Moffat and Routt counties as of 12/27/2010. You can attain this monthly data through [Fast Facts](#) on the Yampa Valley Partners website anytime for your convenience. *source: Zillow.com*

County	Month over Month	Quarter over Quarter	Year over Year	Median Listing Price
Routt	+1.0%	- .01%	- 14.5%	495,000
Moffat	0%	5.1%	-6.7%	210,000



Real Estate

Housing Affordability Index

Values Above 1.00 Means Homes Are Affordable



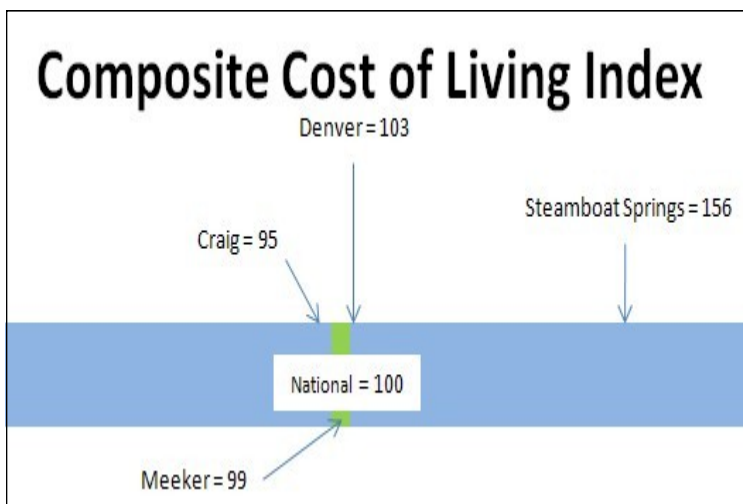
Over the past two years, the affordability index in both counties has improved as home prices and mortgage interest rates have gone lower. The affordability gap in Routt still exist, however it has been steadily narrowing. The rate of improvement in Routt County has occurred at a tempo twice as fast as Moffat County.

The affordability index used in this newsletter is modeled after the national index developed by the National Association of Realtors. It provides a means of comparing both Moffat and Routt counties on a comparable basis. It measures whether or not a typical family could qualify for a mortgage loan on a typical home. To interpret the indices,

a value of 100 means that a family with the median income for the county has exactly enough income to qualify for a mortgage on a median-priced home.

Note: A typical home for the purposes of this newsletter is defined as the median-priced home in Moffat or Routt County. The typical family is defined as one earning the median family income as reported by the U.S. Department of Housing and Urban Development. The prevailing mortgage interest rate is the effective rate on 30-year loans as reported by the Federal Reserve.

Cost of Living Index



Cost of Living	Craig	Meeker	Steamboat Springs
Denver (103)	95	99	153
Food (105)	111	110	110
Housing (111)	88	97	254
Utilities (100)	91	89	88
Transportation (88)	93	95	92
Health (104)	102	101	105
Miscellaneous (98)	98	100	97

Construction - Routt

The numbers of permits for new residential housing remain low although we did see a slight pick up in October (2) and November (5). Both number of permits and construction costs remain different in October than the prior 2009 year; a difference of 2 building permits and 2.4 million in costs versus 5 permits and 9.1 million in construction costs. November closed the gap a bit at 5 permits this year versus 6 last year and construction costs only having a 7.8% decline from last year.

In the last quarter, the level of sales ranged 1.4 to 1.5% of existing sales inventory. The construction predictor developed by Yampa Valley Partners needs to see a sustainable level of sales in the 2 to 2.5% of existing inventory for 12 to 15 months before construction activity will begin increase.

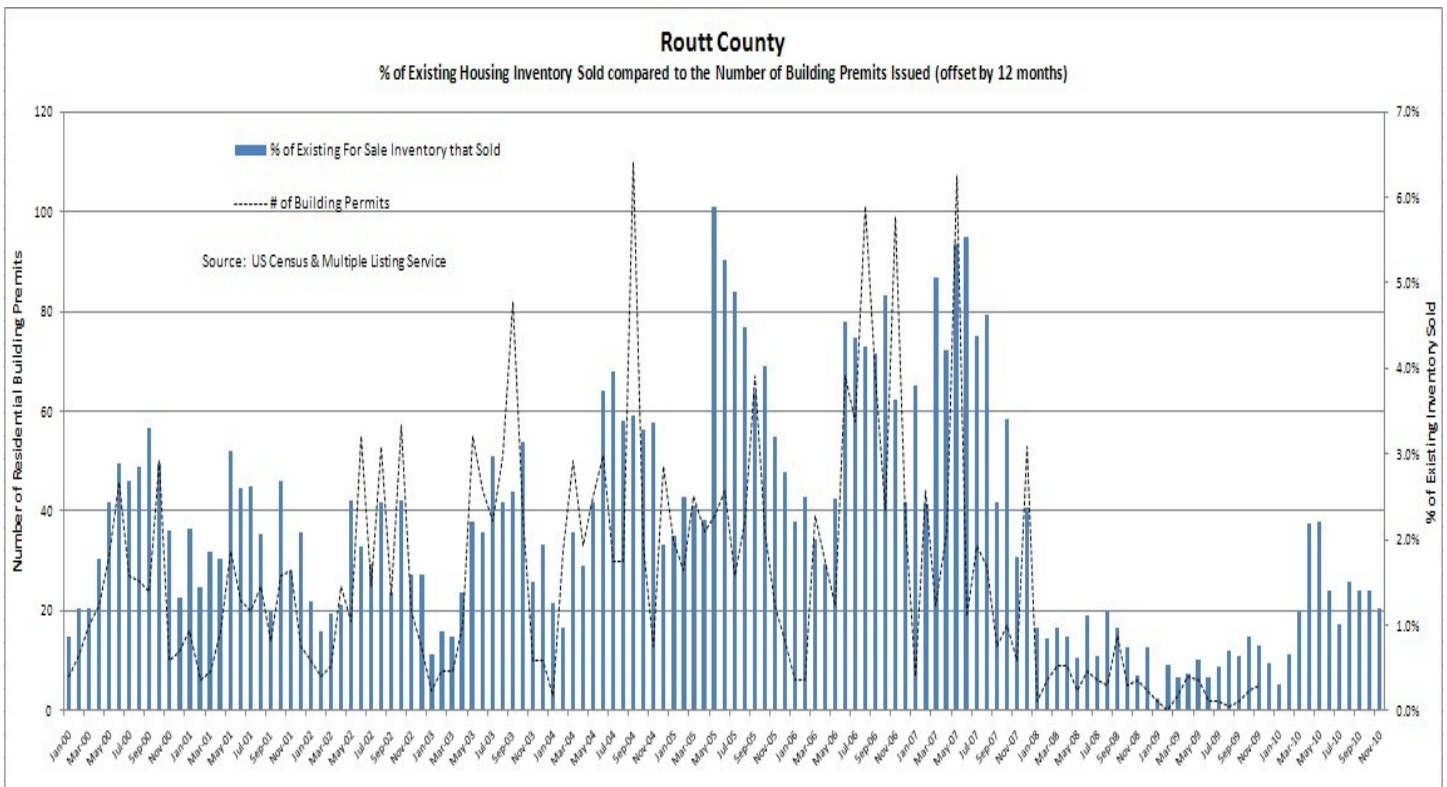
We predict slow construction for the first quarter of 2011. Predictably we should see numbers move in a positive direction in the second quarter of 2011.

Check out our on-line community indicators

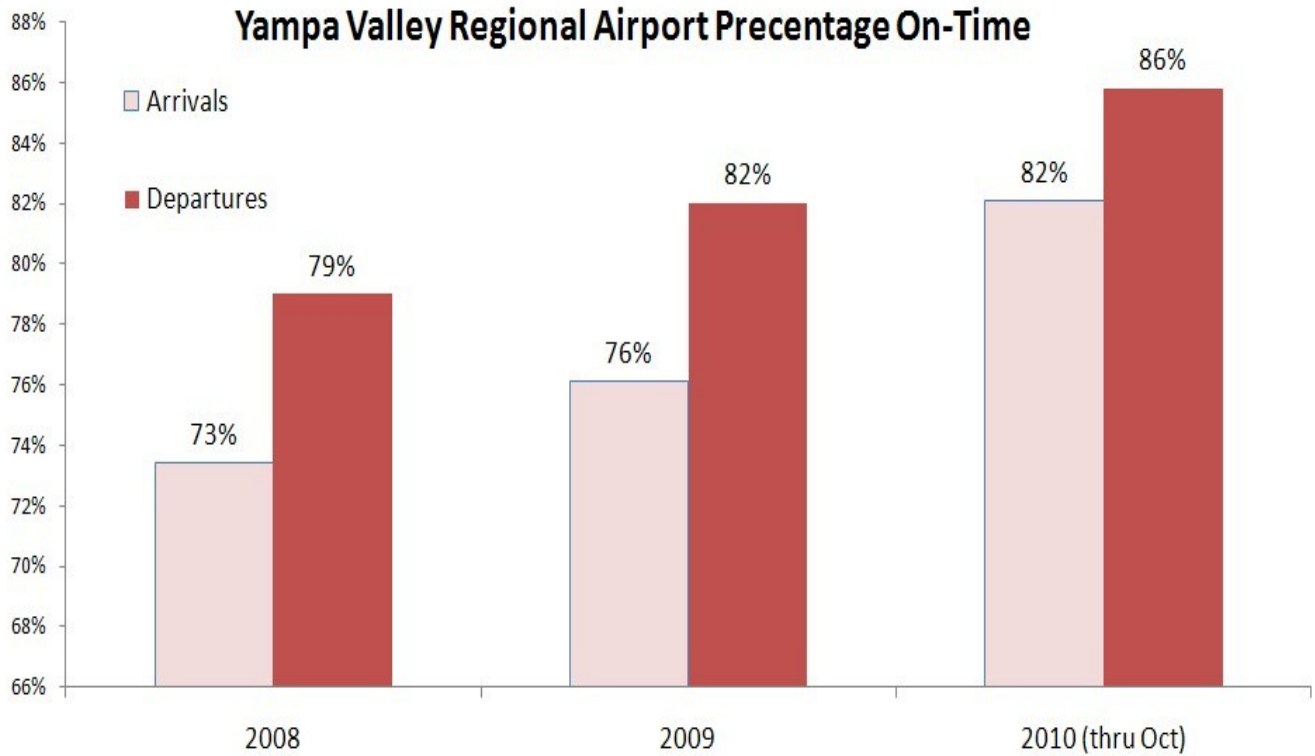
Strengthening our community
through data and collaboration.

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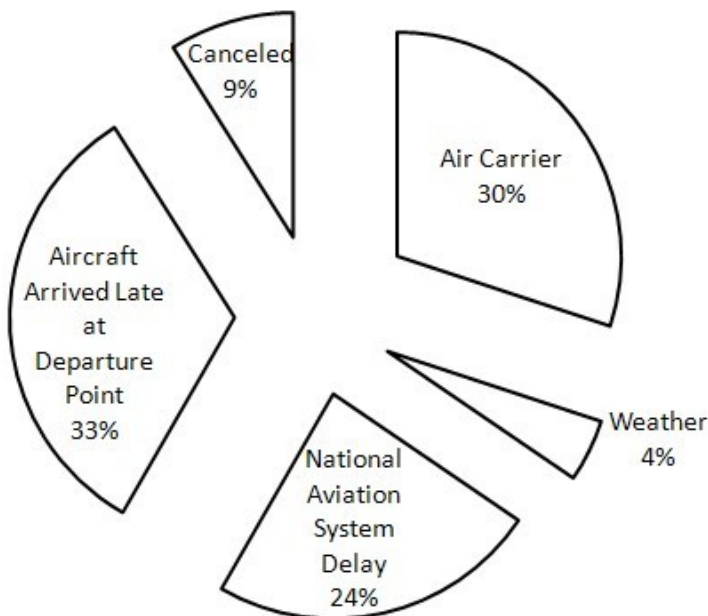




Transportation



YVRA Cause of Arrival Delay Jan 2008 - Oct 2010



Reliable and timely air transportation is important to the regional economy. Over the past three years the “On-Time” arrival and departure performance at Yampa Valley Regional Airport (YVRA) has improved.

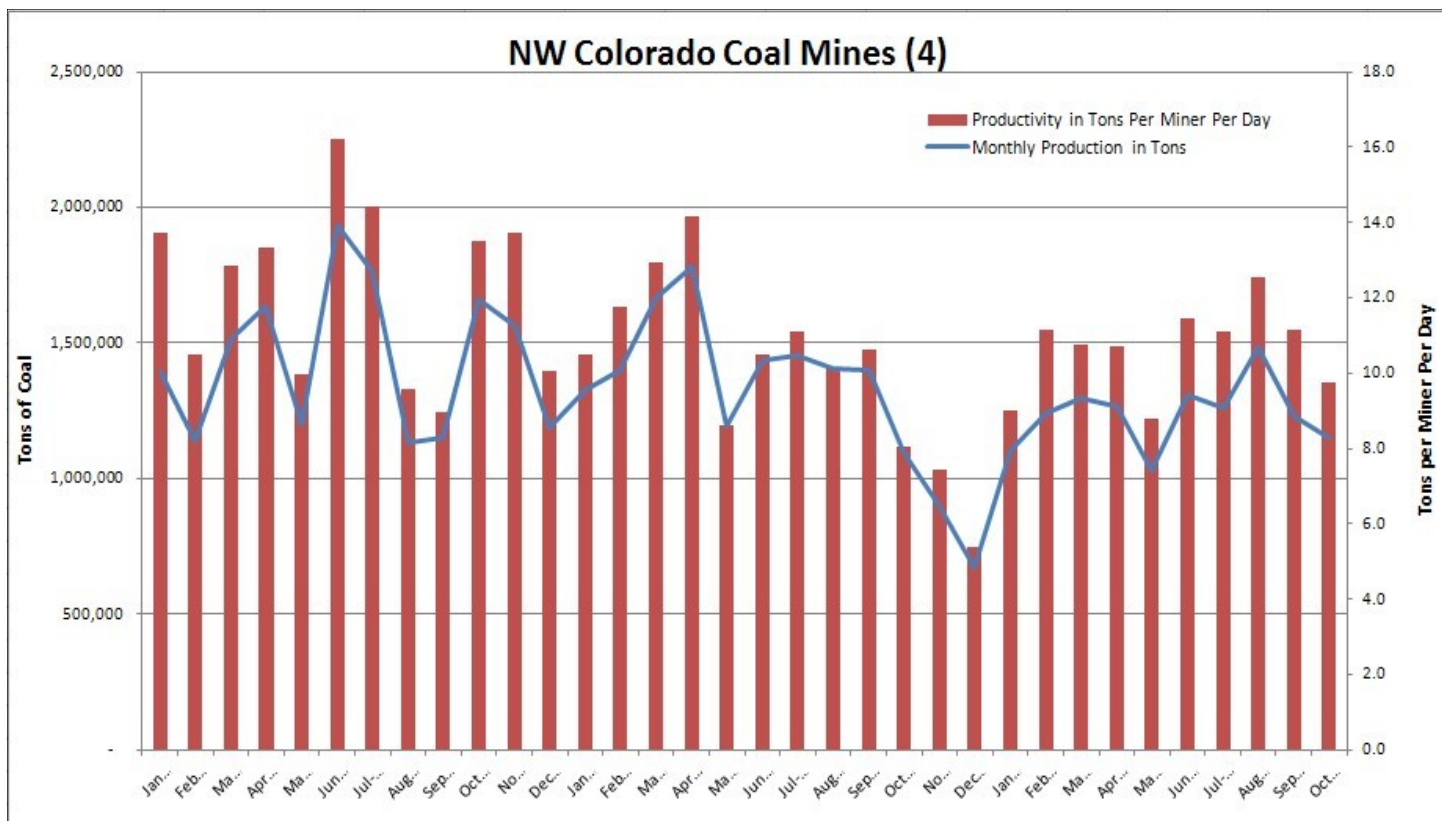
If a flight is delayed, over 60% of the time this delay will be as a result of an operational decision made by the air carrier or the equipment scheduled for the flight was delayed in arriving at the origination point prior to flying to YVRA.

If you are interested to learn carrier by carrier on time and departure performance, contact Yampa Valley Partners at 970-824-1133 or info@yampavalleypartners.com.

For detailed county statistics visit www.yampavalleypartners.com

Energy—Coal

This is a new chart to the Quarterly Economic Forecast Newsletter. This chart is a measurement of production and coal mine per miner per day. If the bar measuring production is higher than the tons of coal mined per day the mines are operating efficiently. Collectively the four coal mines in NW Colorado are consistently efficient in their utilization of labor. Data for each mine separately is available by contacting Yampa Valley Partners.



Special Energy Article by Scott L. Ford

New this newsletter is comparable October 2010 spot pricing for both coal and natural gas. Coal is sold by the ton and natural gas at the wholesale producer level is sold per thousand of the cubic feet.

Since the units of measurement are so very different, the challenge is to put these two widely available energy sources in NW Colorado on a comparable price basis.

The way the experts in the energy commodity trading businesses do this is to price them in Millions of Btus or MMBTU. Why the “M”? The Roman numeral system is used where "M" stands for one thousand – two Ms simply

mean one thousand units of one thousand each. (1,000 x 1,000 = 1 million).

This MMBTU approach makes sense because regardless of the form the energy it is in we expect it to perform "work". How much "work" it can perform is dependent on how much "energy" can be released.

The release of energy is measured in British Thermal Units (Btu). This is a well understood unit measurement of energy that has been around for a couple of hundred years. A Btu is the amount of energy needed to heat one pound of water one degree.

Energy– the price of coal and natural gas

COAL

The coal in Northwest Colorado essentially is located in a very big bowl. The mines in Moffat County (Trapper and Colo/Wyo) are surface mines that have been mining along the rim of the bowl. Twenty Mile in Routt County has already mined the rim and has gone underground in order to mine the sides and base of this huge bowl of coal.

According to Peabody Energy's web site Twenty Mile Coal is mining the "Wadge Seam". The Wadge Seam is the coal seam all the mines in Moffat and Routt counties are mining. This coal seam averages 9 feet thick and contains on average coal that yields 11,350 Btu per pound. At this level of energy, one ton of coal (2,000 lbs) would equal approximately 22,700,000 Btus.

The October 2010 spot price for coal was \$2.27 per million Btus.

$22,700,000 / 1,000,000 = 22.7$ units of 1,000,000 Btus.

22.7 units of 1,000,000 Btus priced at \$2.27 each = \$51.53 per ton. (This does not include transportation cost.) This would mean that one-ton of Moffat or Routt coal sold on

the spot market in October 2010 would cost \$51.53 per ton.

NATURAL GAS

One cubic foot of natural gas has 1,020 Btus. Natural gas at the producer wholesale level is typically priced in units of one thousand cubic feet. This unit of natural gas is expressed as MCF. This means that one MCF of natural gas would contain 1,020,000 Btus (1,020 X 1,000). The spot price for MMBTU of natural gas in October 2010 sold to utility companies was \$3.43. This would mean that one MCF of natural gas sold to utility companies on the spot market would cost \$3.50 per MCF.

October 2010. $(1,020,000 / 1,000,000 = 1.02)$

1.02 units of MMBTUs @ \$3.43 per unit = \$3.50 per MCF.

In the January 2011 version of Fast Facts we will begin to carry the spot price for these two energy commodities expressed in MMBtus for both coal and natural gas. This is how the US Department of Energy forecast their pricing forecast. This will add quantifiable data to the discussion surrounding energy and its uses.

Routt County Coal Trivia	
October 2010 Spot Price for a Ton of Coal	\$ 51.53
Tons per Rail Car	100
Value of Coal Per Rail Car	\$ 5,153
Rail Cars Per Train	110
Value of Coal Per Train	\$ 566,830
Avg. Number of Coal Trains Per Day	2.00
Value of Coal Passing Through Steamboat Springs Each Day	\$ 1,133,660
Number of Days in a Year	365
Value of Coal Passing Through Steamboat Springs in a year	\$ 413,785,900
Note: Very little coal is actually sold at the spot price. Most coal is sold based on a contracted price which may be lower or higher than the spot price depending on market conditions at the time.	
Yet more Coal Trivia to pressure test assumptions	
Twenty Mile Coal Production in Tons in 2009	7,827,079
Average tons of coal per train	11,000
Est. Number of coal trains per year	711.55
Number of days per year	365
Coal trains per day	1.95



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Yampa Valley Partners Strengthens Community Through Data

Yampa Valley Partners Vision

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

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

Listening to our customers helps us determine what products and services to offer and how frequently we need to deliver them. The monthly Fast Facts is a list of real estate, population, retail sales, employment figures that you can access on a monthly basis. The monthly Fast Facts is published shortly after the month's employment numbers are available—usually around the 20th of the month.

The next product that can help you make some decisions and understand our economy is our quarterly forecast newsletter. As you can see from this issue, we go into depth in several areas. Retail sales, em-

ployment, energy, real estate, transportation and more. If there is some data that you are looking for that we do not write about, please send your requests to us and we would be happy to either integrate the data into our next newsletter or send you the information you are looking for. Finally, we have a comprehensive economic, civic, social and environmental data online at our community indicators tool. We welcome you to explore, chart a graph or decipher data that you need. You may subscribe to any of our data products by emailing kate at kate@yampavalleypartners.com. We'll put you on the distribution list.

Regional Energy Plan

A group of interested community members from Rio Blanco, Moffat and Routt have convened for six months to create a regional energy education plan. The four areas that are covered are buildings, transportation, water and waste minimization. We are in the process of getting feedback from our government officials and welcome your input. To view the plan as it is written today, please visit the Yampa Valley Partners website or call Kate at 824-1133.

The committee and Yampa Valley Partners will collaborate with various entities in the region to accomplish the goals. If you are interested in volunteering, please contact Kate Nowak, Director, for ideas on how to help increase our knowledge on energy efficiency in the region.

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

5:05 Drinks Program

The 5:05 Drinks Program is a monthly educational and networking opportunity for folks in the Craig and Moffat County area. Held on the second Thursday of every month, different cost-saving, energy efficient topics are covered by local area experts.

January 13 will be at the Golden Cavy Restaurant featuring keynote speaker Dave DeRose of Masterworks Mechanical. Dave will share with us ways in which we can maintain our heating units in our homes and businesses to save money and check for safety. Dave will also cover some new ways to test your equipment to assess the efficiency of your unit.

Join us for a free drink and bite to eat as we learn more about heating in our homes and businesses.

Rebates Available

Rebates for energy efficiency and renewable energy are still available for customers statewide! Visit www.RechargeColorado.com for more information. Then, once you're done reducing your energy consumption on your own, donate to the Colorado Carbon Fund to offset the rest. Calculate your carbon footprint and make a tax-deductible donation at www.ColoradoCarbonFund.org.

YVP Seeks Directors

Yampa Valley Partners has several board member positions open. If you are a strategic thinker, want to be a part of a successful organization and want to volunteer your time between 2 and 4 hours a month, please submit a letter of interest and resume to Yampa Valley Partners attn: Terry Carwile, president. We are particularly in need of representatives from the financial and healthcare industries.