

GUNNISON COUNTY ECONOMIC

INDICATORS REPORT AUGUST 2014



ECONOMIC INDICATORS REPORT AND ONLINE RESOURCES

The purpose of this report is to provide accurate and current data is critical in understanding the strengths, weaknesses and needs of the community. The goal of this report is to provide economic and demographic information to the Board of County Commissioners (BOCC), citizens, businesses and other organizations that will assist in making informed decisions. This is an evolving project and additional areas of analyses may be included in the future to address carrying capacity of the County, sustainability and other relevant issues. [Gunnison County Community Development](#) and [Geographic Information Services](#) have prepared this Economic Indicators Report for the purpose of creating a comprehensive source of information.

Comparison data can be a useful tool to determine the significance of trends when compared with a competitive region. For the purpose of this report the Counties of Eagle, Grand, La Plata, Montrose and Routt have been used as comparable counties. These counties were chosen for their similarities to Gunnison County. Staff utilized data from Headwaters Economics, U.S. Census, Colorado Department of Local Affairs, the 2013 Gunnison County Community Survey and [2005 Gunnison-Crested Butte Corridor Plan](#) in preparing this report. Although the data is somewhat dated, it provides useful data on community values which have likely not changed dramatically.

GUNNISON COUNTY VISION STATEMENT

The Gunnison County Board of Commissioners had developed a [Strategic Plan](#) for the County based on the following vision statement.

[Gunnison County](#) cherishes its sense of community and place. We strive to preserve and promote the well-being of the County's citizens, natural environment and rural character. We will deliver services and set standards that reflect our values and preserve our unique quality of life for present and future generations to enjoy.

Introduction

Gunnison County is a large, geographically diverse county. Much of the County population lives in the area between the City of Gunnison and the Towns of Crested Butte and Mt. Crested Butte. There is a rich ranching and agricultural heritage in the County that is still present and visible. The preservation of open space and agricultural land throughout the County is a distinctive feature that differentiates us from competitors. The economic data in this report demonstrates the interconnectedness of the Gunnison Valley and suggests that greater regional cooperation would enhance the economic prosperity for all in Gunnison County.



Interconnected Community

Gunnison County is an interrelated and interdependent community. The major hubs of the County—the city of Gunnison and the towns of Crested Butte and Mt. Crested Butte, make up most of the year-round population of citizens. The County is also made up of smaller, diverse communities including Marble, Pitkin, Ohio City, and Somerset. The County is connected by:

- Western State Colorado University
- Crested Butte Mountain Resort
- Gunnison-Crested Butte Regional Airport
- Gunnison Valley Regional Transportation Authority
- Gunnison Valley Hospital
- RE1-J School District
- Outdoor recreational amenities
- Tourism in all areas

There does appear to be a shift in the attitudes of government agencies, citizens and businesses in the past several years toward more collaborative working relationships. It will be critical moving forward that the communities, organizations, businesses and citizens acknowledge, understand and enable the connectivity and relationships that can make the County thrive.

The Colorado Department of Transportation (CDOT) and U.S. Census data show that nearly equal numbers of residents commute up or down valley—residents living in Crested Butte South commute to Gunnison for work, just as residents in Gunnison commute to Crested Butte for work. Gunnison’s importance to Crested Butte will continue to grow, as a hub for employment and a lower cost

alternative for housing. Gunnison is also the entrance point for visitors to Crested Butte, whether it be the airport or the highway, the look and feel of Gunnison matters to visitors and businesses in Crested Butte. Similarly, the success of Western State Colorado University (WSCU) is important to Gunnison and Crested Butte. Stable and/or increasing populations of students is beneficial in present economic conditions because the students are an economic driver and WSCU is a significant employer. WSCU students also lead to future residents, business owners and visitors in Gunnison County.

Crested Butte, Mt. Crested Butte, and Crested Butte Mountain Resort (CBMR) will continue to be critical players in the upper East River valley but also in Gunnison. Students attending WSCU are certainly influenced by the proximity of CBMR and the amenities of Crested Butte. Residents and visitors of Crested Butte and Mt. Crested Butte also visit Gunnison for the amenities that it offers—the airport, larger grocery retailers, recreation center facilities, and other year round amenities that may not always be available in the upper valley.

Location neutral businesses are an emerging trend in resort communities. These are businesses that can locate anywhere with good internet access, airline service and are often associated with amenity-rich communities (arts, culture, recreation, scenery, shopping and dining).

In Gunnison County the connectivity of the municipalities, County, businesses, non-profits, residents and visitors is a critical component of economic prosperity. It is important to note that visitors to area do not see political boundaries and experience the Valley as a whole. Cooperation and collaboration are critical to future success in Gunnison County.



Gunnison County Biennial Citizen Survey

Gunnison County began conducting a biennial [Citizen Survey](#) in 2009. Key indicators of note:

- In 2013, only 31% of respondents rated economic development services as “excellent” or “good,” up from 21% in 2009, **both were much below the national comparison and western region comparison.**
- In 2013, 88% of respondents said job growth was too slow and 60% said retail growth was too slow.
- From 2009 to 2013, 80%-85% of survey respondents identified Gunnison County as having an “excellent” or “good” quality of life for each year the survey was conducted.
- From 2009 to 2013, 88%-91% of respondents said that Gunnison County was an “excellent” or “good” place to live in each of the three years.
- In 2013, 85% of survey respondents said they planned to remain in Gunnison County for the next five years, up from 73% in 2009.
- In 2013, 78% of respondents felt that Gunnison County had an “excellent” or “good” sense of community which is much above the national average.
- Only 43% of respondents in 2013 felt that the overall direction that Gunnison County is taking is “excellent” or “good” which was much below the national average. However, 83% felt that the overall image or reputation of Gunnison County was “excellent” or “good” which was much above the national average.



Demographic Introduction

Demographic data is a useful tool for comparing changes over time. It also allows for comparative analysis of other communities. For purposes of this report demographic data has been collected from U.S. Census and Headwaters Economics.

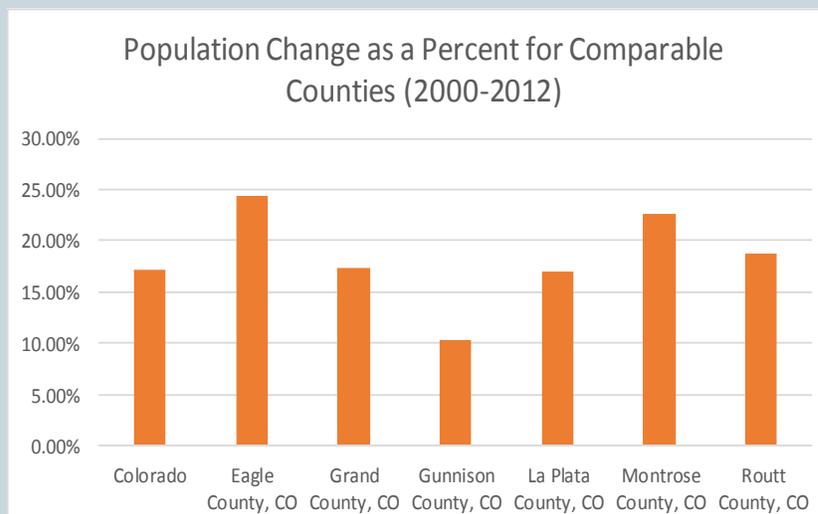
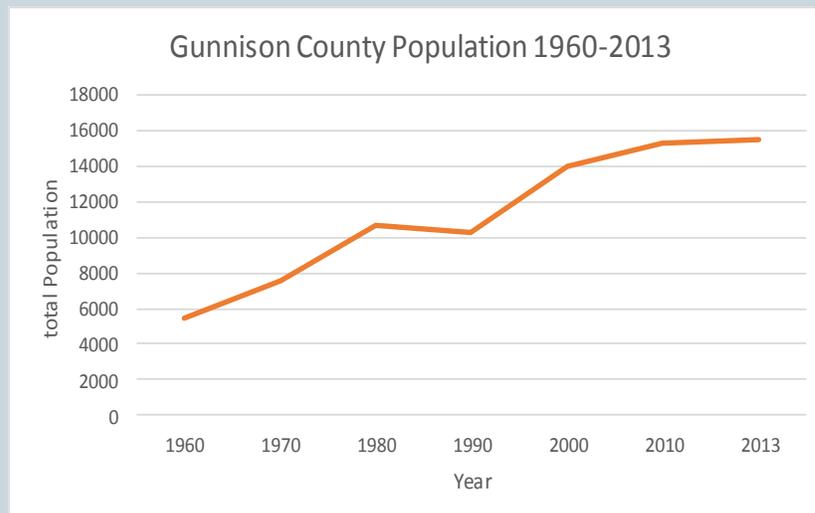
Demographic Summary

The current 2013 population of Gunnison County was 15,507 people. Since 2000 the population of Gunnison County has grown 10%. The population of Gunnison County has increased by 10,030 people since 1960 (183% increase). In the 2013 Gunnison County Biennial

Citizen Survey 12% of respondents felt that population growth was too fast, down from 29% in 2009, both percentages are much less than the national average.

Population Growth Comparison

The population growth of Gunnison County has been the slowest of the comparable counties (Eagle, Grand, La Plata, Montrose, Routt). The population growth of Gunnison County was also less than the State average from 2000 to 2012. The State average is 17.24%, **Gunnison County growth is 42% less than the State average.**



Source: Headwaters Economics and U.S. Census Bureau

Ethnic Diversity

The ethnic diversity of the Gunnison County population is low, approximately 89% of the population is non-Hispanic white, with the Hispanic/Latino population making up the next largest portion of the population at 8%. In the Biennial Survey, 64% of respondents felt that Gunnison County was “excellent” or “good” relative to “openness and acceptance of the community toward people of diverse backgrounds.” Routt and Grand Counties have similar populations of Hispanics/Latinos living in the counties, whereas in Eagle and Montrose counties the Hispanic/Latino populations are between 20 and 30 percent of the total population.

Retired Age Residents

The number of retired-age residents (65 and older) doubled between 1990 and 2010, from 650 people (6% of population) in 1990 to 1,351 people (8.7% of population) in 2010; this is lower than the State

average of almost 12%. **Gunnison County ranked first nationally for highest life expectancy for men (82 years old) and fourth nationally for women (84 years old)**, according to data from the U.S. Health Map, Institute for Health Metrics and Evaluation and Business Insider. In the Biennial Survey, 71% of respondents felt that Gunnison County services for seniors were “good” or “excellent.” 64% of Gunnison County residents said Gunnison County was a “good” or “excellent” place to retire.

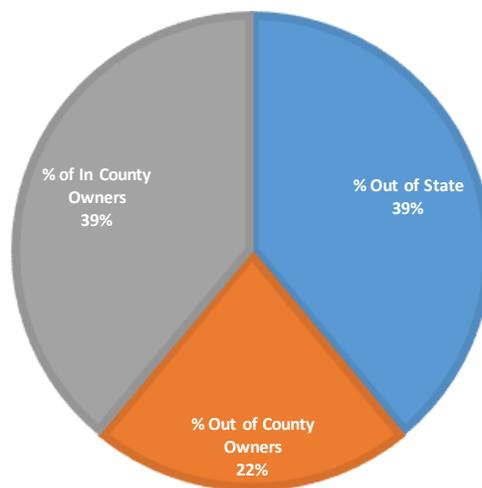
Out of County Property Owners

In 2014, **61% of Gunnison County’s residential property owners property tax bill is mailed to an out-of-county address**—a significant portion of the population. This statistic is similar to other resort communities (Grand, 63%; Eagle, 49%) Many property owners do not live in Gunnison County year round but do contribute significantly to County’s economy. A report titled, “[The Social and Economic Effects of](#)



[Second Homes](#),” prepared for the Northwest Colorado Council of Governments (NWCCOG) found that second homes account for the largest driver of outside dollars (34%), with winter tourism second at 28%, in the counties of Eagle, Grand, Pitkin and Summit. Second homeowners also increase the price of housing due to supply and demand, as noted in NWCCOG report. In the City of Gunnison, many out-of-county property owners have rental properties that are primarily rented to college students. The number of property owners living outside of the County has remained relatively consistent since 2000.

2014 PROPERTY OWNERS LIVING IN GUNNISON COUNTY VS. OUT OF COUNTY

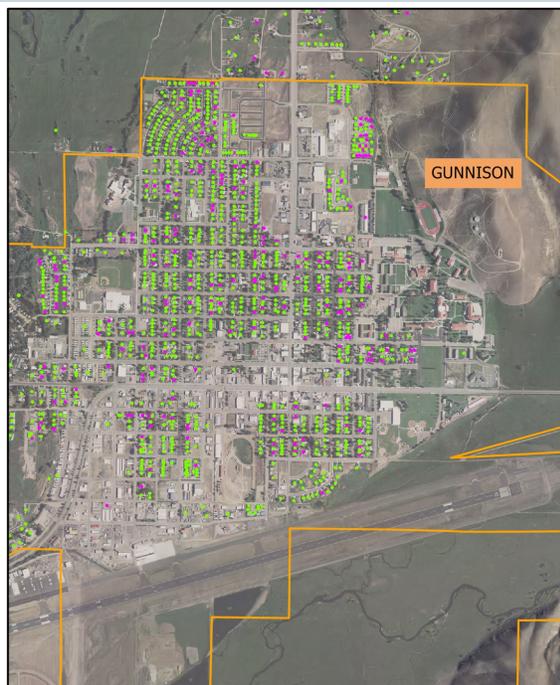


Source: Gunnison County Assessor

Out of County Property Owners

The maps show the location of out-of-County property owners (pink dots). The green dots show the location of property owner that receive their property tax bill at a Gunnison County address.

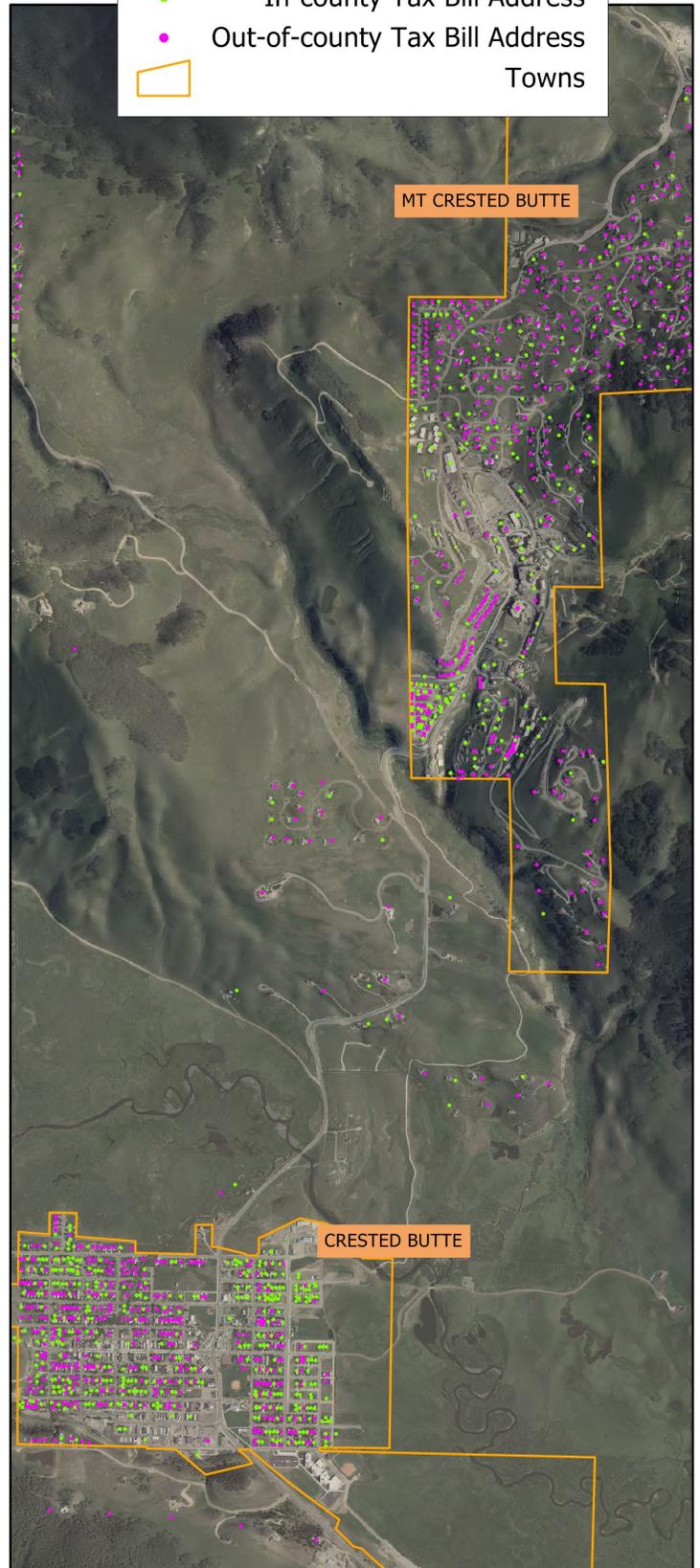
In 2004, the [Northwest Colorado Council of Governments](#) report analyzed data for the participating counties (Eagle, Grand, Pitkin, and Summit) and found that second homes bring 34% of outside dollars to the region. The report notes, "Second homes take up large amounts of land in Colorado mountain resort areas where developable land is already in short supply. As a result, the second homes' values and the land surrounding them rises above that normally paid for worker housing. As their numbers increase, and the land available for development decreases, a dilemma is created. Second homes have generated the need for more workers, but the rise in property values and subsequent housing costs have made it difficult for the workers to live within a reasonable distance of their place-of-work."



2nd Home vs Local Home

- In-county Tax Bill Address
- Out-of-county Tax Bill Address

Towns



Income

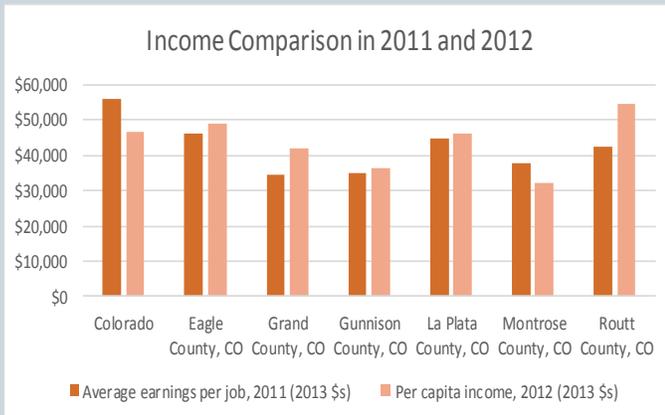
Per capita income rose 25% from 2000 to 2012 in Gunnison County which is the same **as the inflation rate during that period** and the per capita income in Gunnison County is lower than other comparable communities. Gunnison County residents are losing ground, as the cost of living continues to increase and income essentially stays flat. In a bright spot, the unemployment rate in Gunnison County in 2012 was 6.6%, this was also lower than comparable communities. The 2013 Biennial Survey ask respondents to reflect on their economic prospects in the near term. 15% of Gunnison County residents expected that the coming six months would have a “somewhat” or “very” positive impact on their family; this response was lower than comparison jurisdictions and the national average. In the 2002 Gunnison County Community Survey, 20% of respondents considered their personal situation as “economically insecure.”

Income Comparison

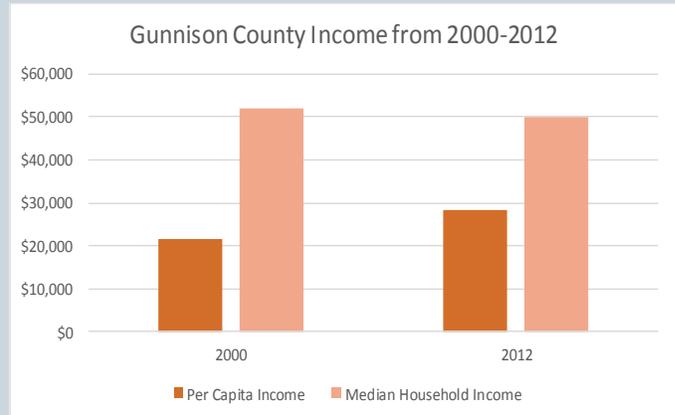
Income in Gunnison County, including average earnings per job and per capita income, **are lower than comparable counties**. The category of “average earnings per job” underscores the need for many residents in Gunnison County to work

more than one job to earn a living. It’s also important to note that while income and earnings in Gunnison County are not the lowest of the comparison counties, it is less expensive to live in Montrose County.

According to a 2007 report from the Department of Local Affairs (DOLA) and Colorado State University (CSU), Gunnison County is in the top 1/3 of Colorado counties relative to cost of living. DOLA has indicated that they are updating this data and anticipate that it will be released in 2014. The report also analyzed the effect of cost of living on purchasing power, including an analysis of median family income. **The purchasing power of residents in Gunnison County is negatively impacted by the higher than average cost of living and the lower, than State average, median family income.** DOLA notes that these communities attract retirees with higher incomes who are willing to pay more goods and services and also drive up the cost of housing. Local residents experience this as a lack of purchasing power, impacting the County as a whole— reducing sales tax revenues, proprietor incomes and the ability of small businesses to grow. The resort economy has an annual boom/bust cycle of the high season (winter/summer) and the off-season (spring/fall) which makes it difficult for residents and businesses to have a sustainable income.



Source: Headwaters Economics and U.S. Census Bureau



Source: Headwaters Economics and U.S. Census Bureau

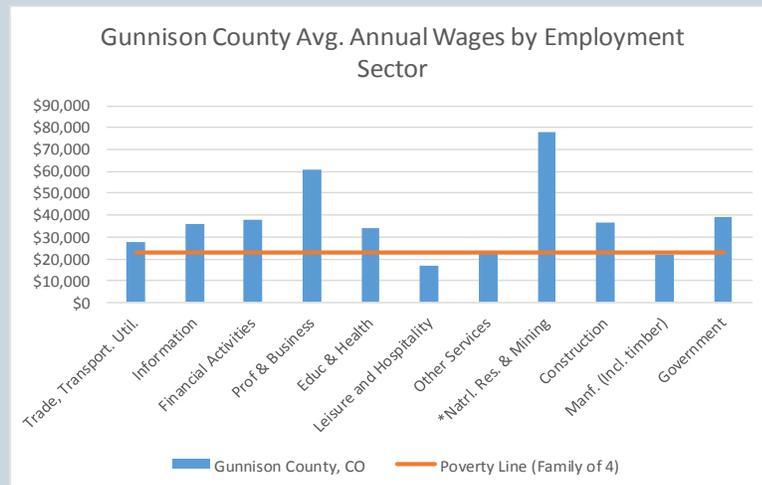


Employment

According to Paul Holden of The Enterprise Research Institute, the County economy is heavily dependent on construction and tourism; those industries are heavily dependent on the strength of the regional and national economy and fluctuate based on that strength. That fluctuation leads to unreliable employment and income in Gunnison County and contributes to an overall lack of diversity of employment sectors. In the first chart on wages, it is important to note that while the wages for the natural resources and mining industry are high, many of those jobs were terminated in 2013. Also, **25% of Gunnison County employment is in the Leisure/Hospitality sector, which have the lowest annual wages at approximately \$17,000 per year.**

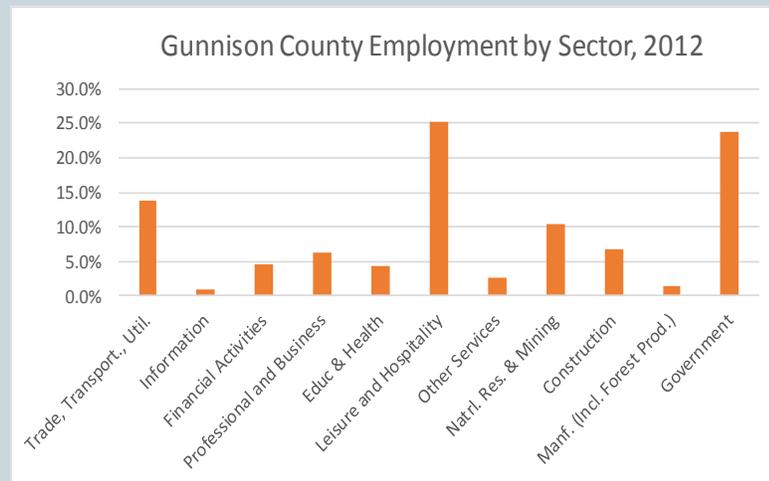
In the [2013 Biennial Survey](#), 16% of respondents felt that employment opportunities in Gunnison County were “good” or “excellent,” which is much below the national average but similar to other western region communities. 40% of respondents said Gunnison County was a “good” or “excellent” place to work which was much below the national average and western re-

gion average. **88% of respondents felt that job growth was too slow, while 60% of respondents felt that retail growth was too slow** which were both much higher than the national and comparable community averages.



* Natural Resource and Mining jobs have been cut dramatically since 2012

Source: Headwaters Economics and U.S. Census Bureau



Source: Headwaters Economics and U.S. Census Bureau

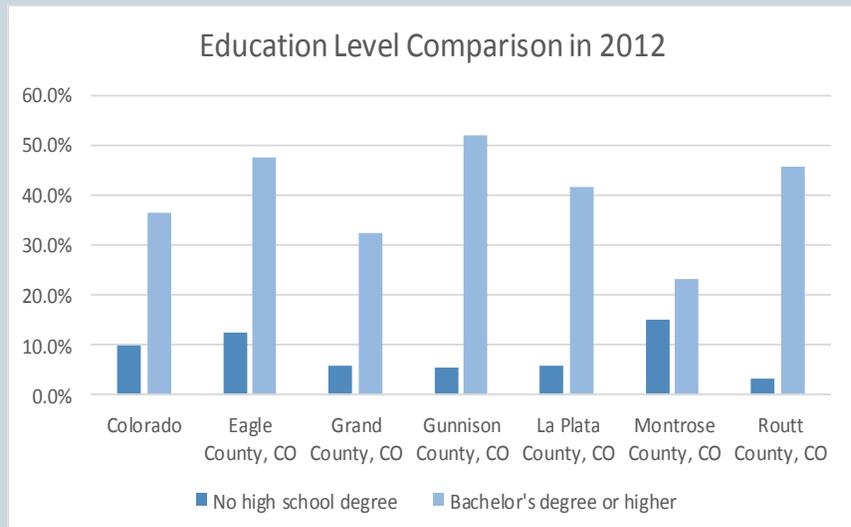
Education Level Comparison

Gunnison County has a highly educated population, **approximately 52% of the population (age 25 and over) has obtained a Bachelor's degree or higher**, this is higher than all comparison counties. Only 5.7% of the population does not have a high school degree. In the 2013 Biennial Survey, 76% of respondents felt that educational opportunities in Gunnison County were "good" or "excellent," which is much above the national and comparable communities average.

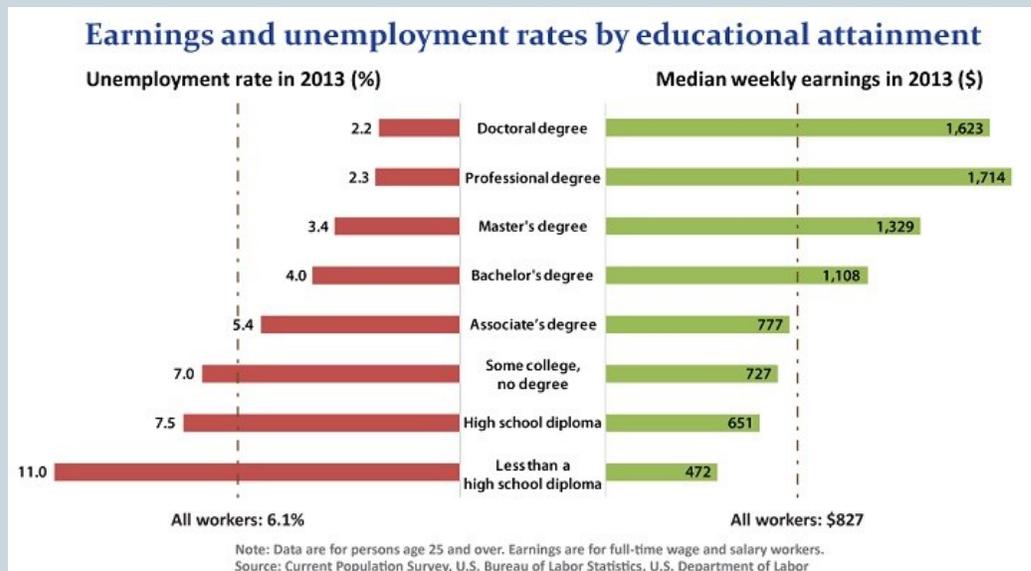


The [Bureau of Labor Statistics](#) collects data identifying median weekly earning and education level. **The national median weekly earnings for an individual with a Bachelor's degree is \$1,108 (\$57,616/yr).** In Gunnison County, the weekly earnings, based on per capita income, is \$668. **Why does Gunnison County have such an educated population and such low earnings?**

A well educated population is common in resort communities. Anecdotally, it appears that residents tend to be less career mobile in Gunnison County. People may be willing to sacrifice better paying jobs for the quality of life offered in the County. Residents in other Counties, and particularly along the I-70 corridor may have more career opportunities and thus more competition amongst employers to provide better wages, whereas in Gunnison County that appears to be lacking.



Source: Headwaters Economics and U.S. Census Bureau



Source: U.S. Bureau of Labor Statistics

Economic Drivers Introduction

Gunnison County has several key economic drivers that are not only larger employers in the region but attract new residents and visitors. These are important community institutions that can have significant impact on the local economy. These institutions are amenities that serve as attractors for new residents and businesses that are seeking a vibrant community with high quality of life.

- [Western State Colorado University](#) (WSCU), 311 employees, 2,404 enrolled students in 2013-2014
- [Crested Butte Mountain Resort](#) (CBMR), 250 employees, 400,000 winter/summer user days in 2013-2014
- [Gunnison Valley Hospital](#) (GVH), 215 employees
- [Oxbow Mining](#) (Elk Creek Mine), 20 employees (250-300 employees were laid off in 2013. A fire in the long wall resulted in closure of the mine due to dangerous working conditions and the loss of approximately \$80 million of equipment). The impacts of the mine closure are most severe in Delta County, impacting local families, schools, etc. Gunnison County has been mostly impacted through the reduced property tax revenue.
- [Arch Coal](#) (West Elk Mine), 314 employees, as of 4/22/14 Arch Coal reported a net loss of \$124.1 million in the first quarter of 2014. Revenues totaled \$736 million in the first quarter of 2014 and adjusted earning represented \$27.6 million. Arch Coal has been seeking to expand the West Elk Mine but was sued by Wild Earth Guardians, a CO federal judge stopped the expansion claiming that the agencies involved had not worked hard enough to account for climate impacts, either in the mine's operation or in the amount of emissions that could come from burning coal.
- [REI-J School District](#), 250 employees, 1,934 students enrolled in 2013/2014.
- [Rocky Mountain Biological Laboratory](#) (RMBL), 70 employees (9 full time, year round), 207 visiting scientists, professors and students in 2013. There were 1,645 contact days through informal educational programs. 10,292 use days (student or scientist using facility, not including informal education programming). Revenue of \$4.523 million and total net assets of \$10.275 million.
- Tourism in 2012, according to [Gunnison- Crested Butte Tourism Association](#), resulted in total direct spending by visitors of \$150.6 million dollars, generating more than \$5.5 million in local taxes and 1,870 tourism related jobs.

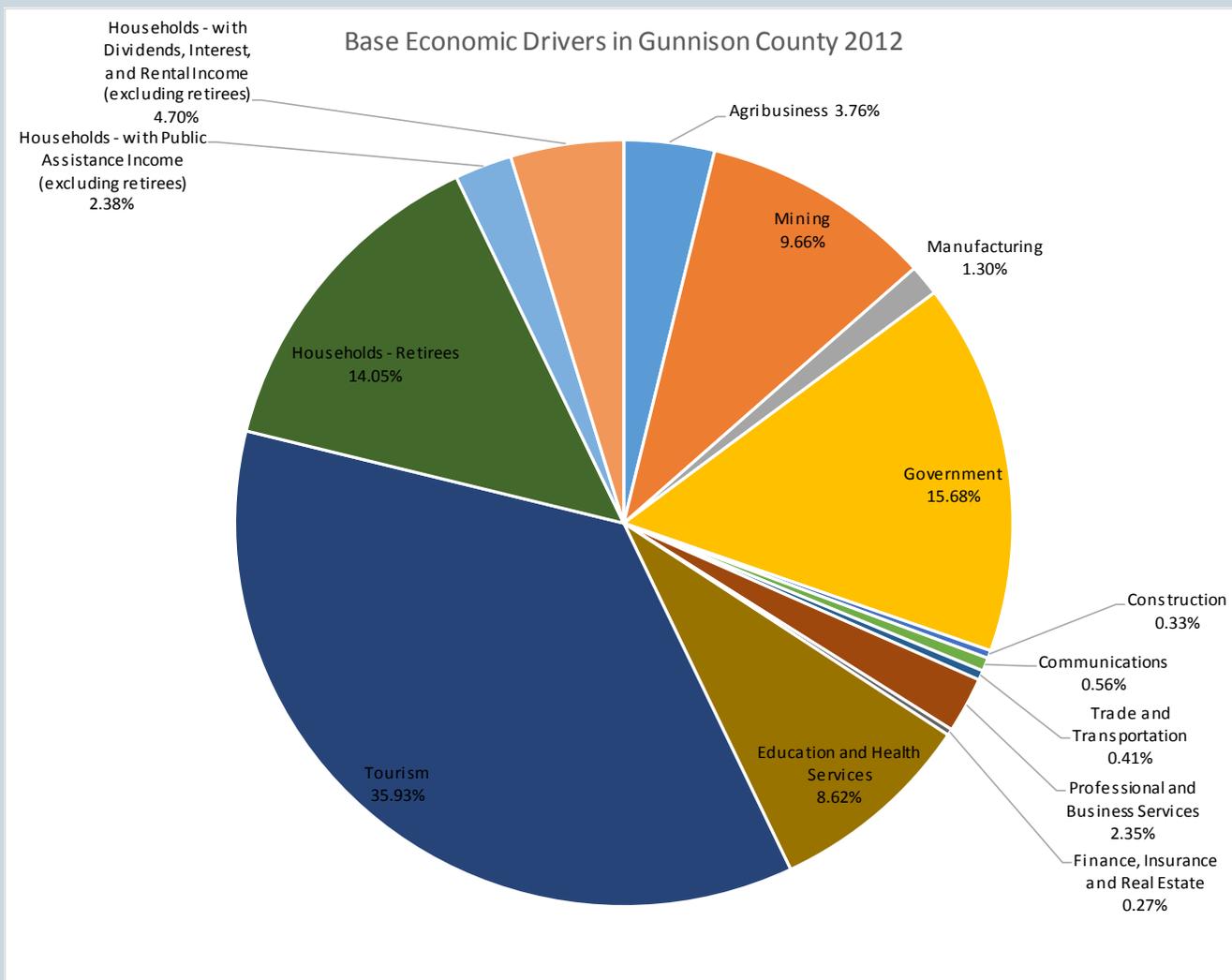
Natural resources and amenities are also economic drivers for tourism and residents in Gunnison County. Activities such as skiing, fishing, hunting, boating, biking, off-road vehicles, equine activities, hiking, etc. all rely on the pristine environment and natural landscapes of Gunnison County. In a 2004 report funded by Colorado State University Extension titled, "[Economic Development Report: Winter Tourism and Land Development in Gunnison County, Colorado](#)," authors Orens and Seidl noted that "winter tourists do value private ranch lands, even in the presence of substantial public open space, and that they would decrease their visitation were all ranch open space converted to residential and commercial tourism infrastructure. Our estimates indicate that this effect is on the order of \$14.5 million and 350 jobs per year."

Non-profit groups that support the community and also draw visitors are an additional component of the economy in Gunnison County. There are a plethora of events which bring numerous visitors to the County. Currently, there are multiple groups and agencies creating, marketing and implementing all of the special events. There are also multiple event calendars that can be found through different entities. There are some special events that overlap between up valley and down valley but many are segregated as Gunnison events or Crested Butte events. More synergistic partnerships would likely benefit all parties.



Economic Drivers

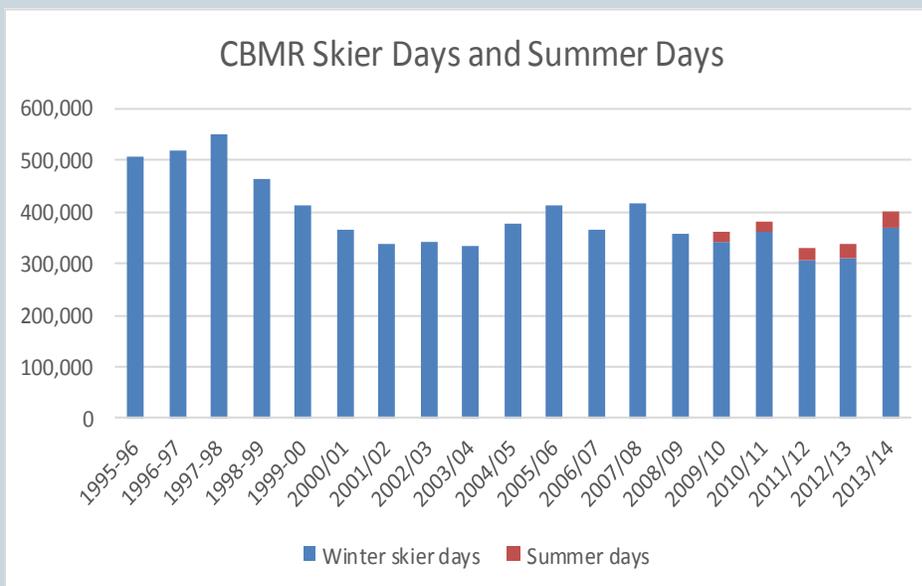
The Colorado Department of Local Affairs (DOLA) has published [Economic Base Analyses](#) for all Colorado counties. Base industry economic drivers are defined by industries such as mining, manufacturing, agriculture, national and regional services, government and households—these industries draw money into the area from other regions. Tourism is the largest base industry (as measured by jobs) in Gunnison County. Interestingly, the “Households-Retirees” category is significant at 14%. The mining base industry will likely decrease as the data is updated. These base industries spend money in the local economy to create “indirect basic industries” such as metal fabricators, office supply stores and professional services. Spending by direct and indirect basic industries leads to spending on local residence services including: retail, local business services, banks, utilities, and doctors/dentists.



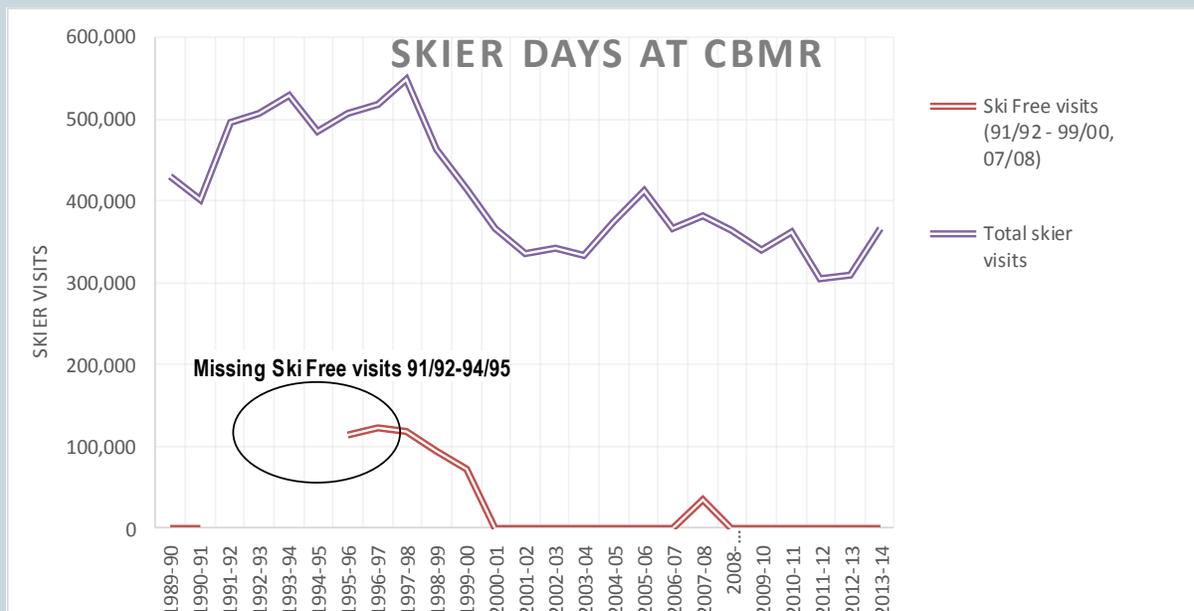
Source: Colorado Department of Local Affairs

Crested Butte Mountain Resort

[Crested Butte Mountain Resort](#) (CBMR) is a major employer in Gunnison County. Paul Holden notes that it was one of only three firms in the County that had more than 250 employees (one of those firms is the mining company whose numbers have dropped dramatically in the past year). The number of skier days in the winter and user (lift rides) days in the summer are indicators of the fiscal health of CBMR. John Sale, Director of Planning and Sustainability noted that “free-ski” ended in 2001 which may account for some drop in total skier days. Sale also explained that 2009 is the first year that CBMR started tracking summer numbers and began developing more trails at the resort for mountain biking and summer activities.



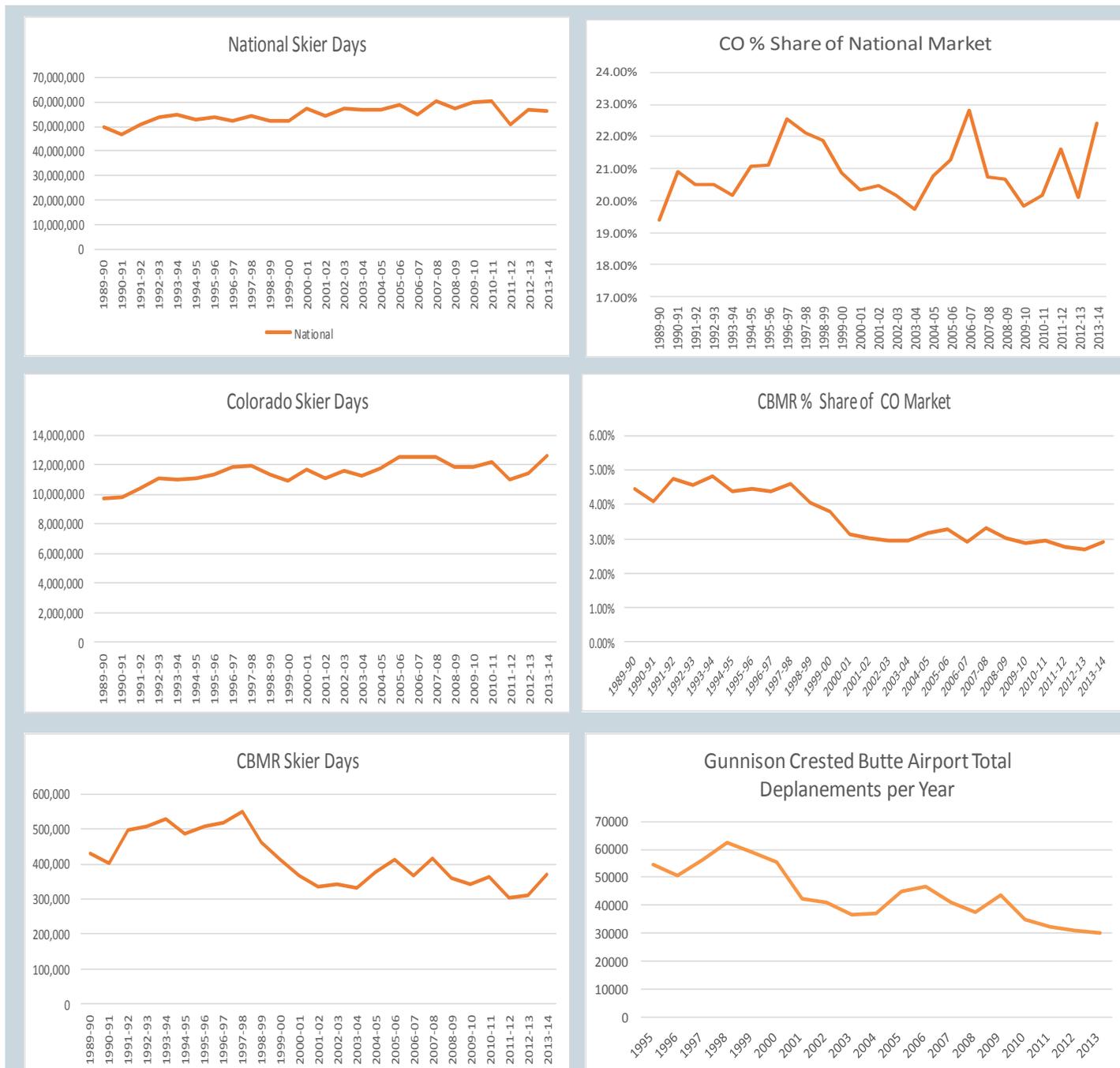
Source: Crested Butte Mountain Resort



Source: Crested Butte Mountain Resort

Crested Butte Mountain Resort continued

Skier days at CBMR have declined since the late 1990's. The charts below illustrate the national, state and local trends and also include deplanements at Gunnison-Crested Butte Regional Airport to illustrate the similarities in declines between deplanements and skier days.



Source: Crested Butte Mountain Resort and Gunnison Valley Rural Transportation Authority

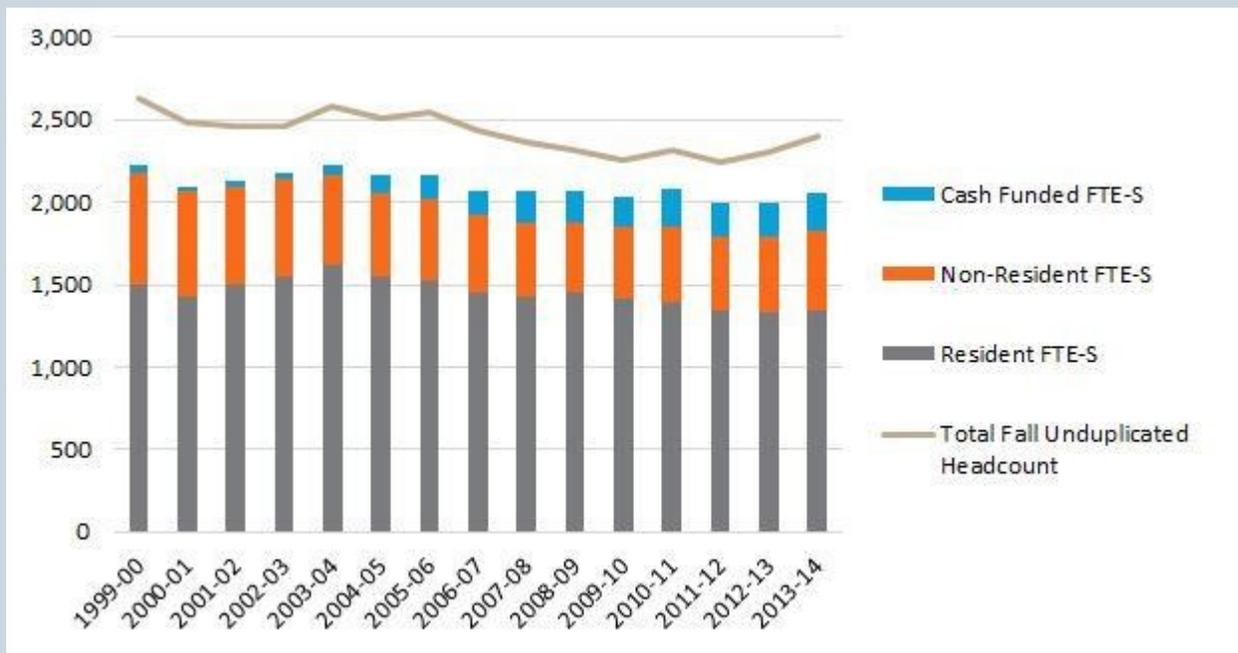
Western State Enrollment

[Western State Colorado University](#) (WSCU) is a major employer in Gunnison County, employing approximately 310 people. Enrollment at WSCU was at 2,404 students in 2013-2014, which marked an increase over each of the previous five years. However, this is a 9% decrease from 1999-2000 enrollment. Julie Feier, Associate Vice-President for Finance and Administration, said they're aggressively adding graduate programs and are still at same enrollment numbers, but with fewer freshman. Fewer freshman is problematic because graduate students are only enrolled for two years and generally do not live on campus. Retention rates are up at WSCU, which formerly had one of worst retention rates in country. Feier said they recruit from out of state which can add to local economy because those kids choose Gunnison based on the amenities and tend to want to come back here either to live or visit; approximately 300 students per year are from out of state.

The chart below is from WSCU. Cash funded FTE-S are extended studies students. FTE is a Full Time Equivalent student which may be many people taking a few classes or a few people taking many classes—it equates a full course load for a full time student.



Western State Colorado University Enrollment

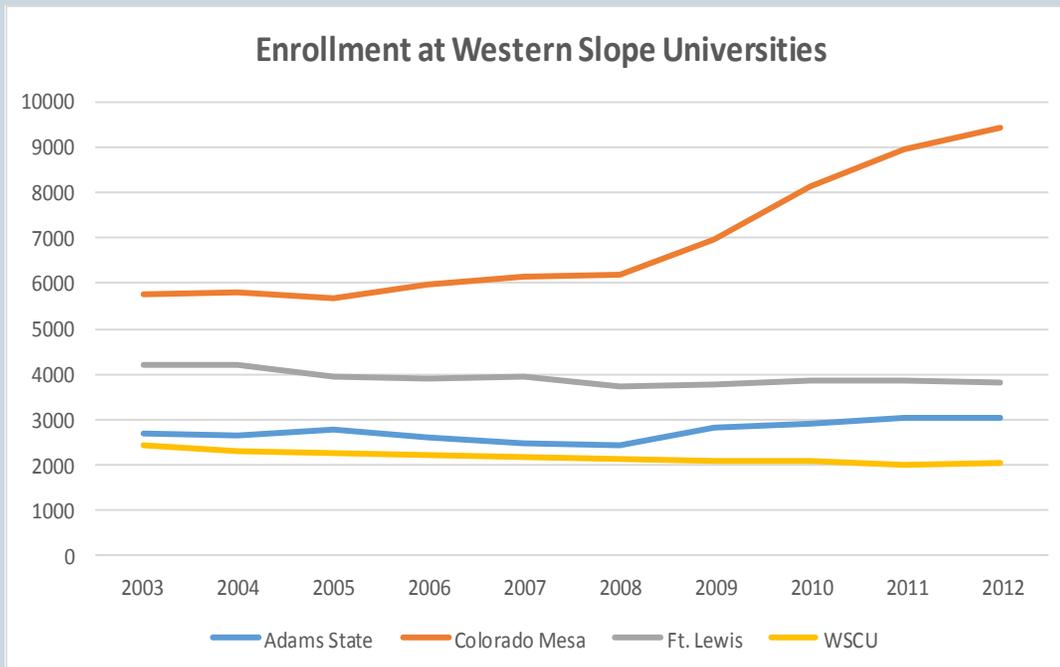


Source: Western State Colorado University

Enrollment Comparison

WSCU competes for students with many other universities—universities on the western slope of Colorado are a useful comparison for enrollment numbers. WSCU has the lowest enrollment numbers compared to Adams State College, Colorado Mesa University and Ft. Lewis College.

Ft. Lewis College had a high of 4,065 students enrolled in 2013-2014 up 4% from 2012 and a low of 3,685 students in 2004. Colorado Mesa University in Grand Junction had 9,369 students in 2013, a 3.6% increase over 2012. Adams State enrollment has been increasing each year since 2008. WSCU enrollment has hovered around 2,000 students for the past six years down from a high of 2,410 students in 2003.



Source: Colorado Department of Higher Education

Gunnison Valley Hospital

Gunnison Valley Hospital (GVH) employs 215 people in the Gunnison Valley. They are one of the largest employers in the County. A hospital is an important economic driver in any community—it is an important employer and is a resource for residents and visitors but can also draw new residents that are looking to live in a resort-type community but also want excellent health care and the amenities that a hospital can provide.

Gunnison Valley Hospital, CEO, Rob Santilli provided the following information on the hospital based on a patient satisfaction survey:

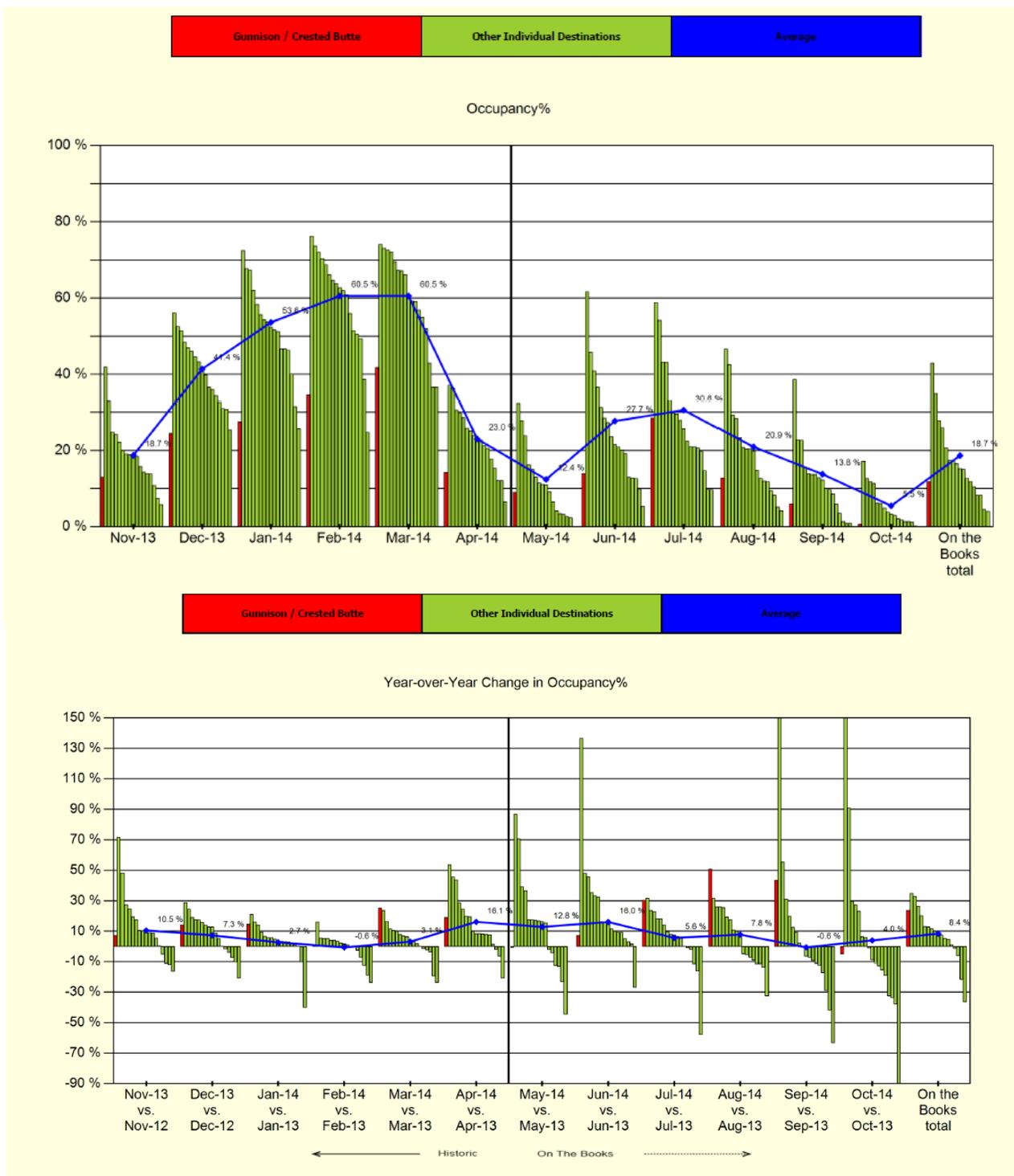
- GVH ranked in the Top 100 Rural Hospitals in the nation for the past 2 years (2012-13)
- Gunnison Valley Hospital received national accreditation by the Joint Commission on Accreditation of Health Care Organizations (JCAHO)
- GVH has received top scores for Trauma accreditation in the State of Colorado
- GVH has received a 5-star rating for the Senior Care Center by the Center for Medicare and Medicaid Services (CMS). The Senior Care Center was rated “Best Nursing Homes 2014” in U.S. News and World Report.
- GVH Home Health Services exceeds the National averages for Patient Quality and Satisfaction
- GVH’s Emergency Medical Services has been ranked best in the State of Colorado
- The GVH Laboratory has received national accreditations by the College of American Pathologists (CAP)

Metric	GVH	National Average
Overall Rating	81.21%	70%
Communications with nurses	82.96%	79%
Communications with doctors	91.62%	82%
Responsiveness of hospital staff	82.45%	67%
Discharge information	94.46%	85%



Lodging Occupancy Data

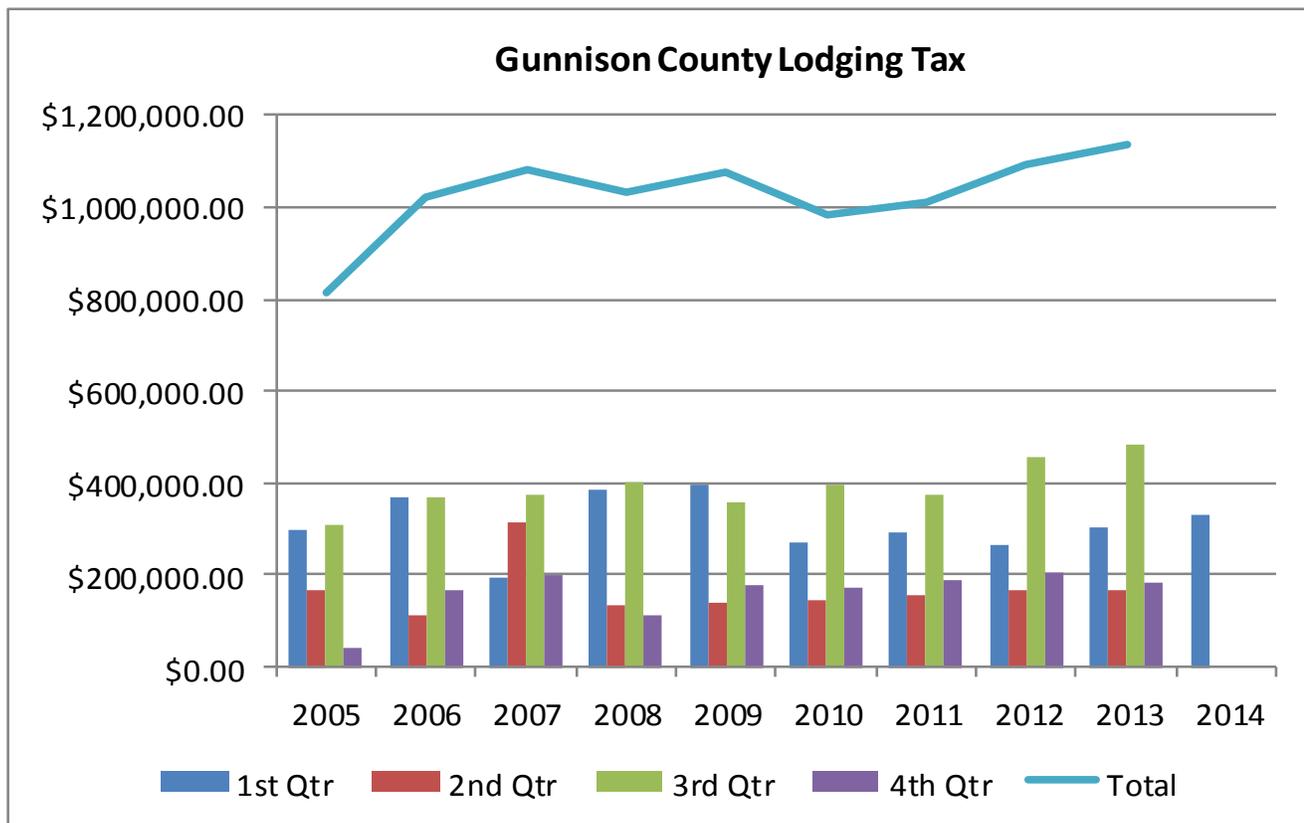
DestiMetrics, LLC provides lodging data for seventeen resort communities in the Western U.S. The information is reported in a way that maintains confidentiality for all resorts but allows an individual member to understand how it compares with other resorts. The following charts show Gunnison-Crested Butte (in red) and how we compare to other resort communities in lodging occupancy rates and change in lodging occupancy from 2013 to 2014. The average rates are depicted as the blue line on each graph. **Gunnison County occupancy rates are below average.** Note that the **lodging occupancy is highest in the late winter, where-as sales tax revenues are highest in summer.**



Source: DestiMetrics, LLC: Resort Intelligence

Lodging Tax

Gunnison County Local Marketing District was approved by voters in 2005 and authorized a 4% sales tax on all lodging rooms in Gunnison County. Winter and summer (first and third quarters) are the highest tax generators. Numbers have been improving since 2010. Data from Destimetrics will contribute more information in the future to understanding why lodging tax numbers change—(i.e. due to increased/decreased numbers of visitors and/or higher/lower room rates). **There was a 29% increase from 2005 to 2014 in lodging tax, the inflation rate during that period was 19%.**



Source: Gunnison County Finance Department



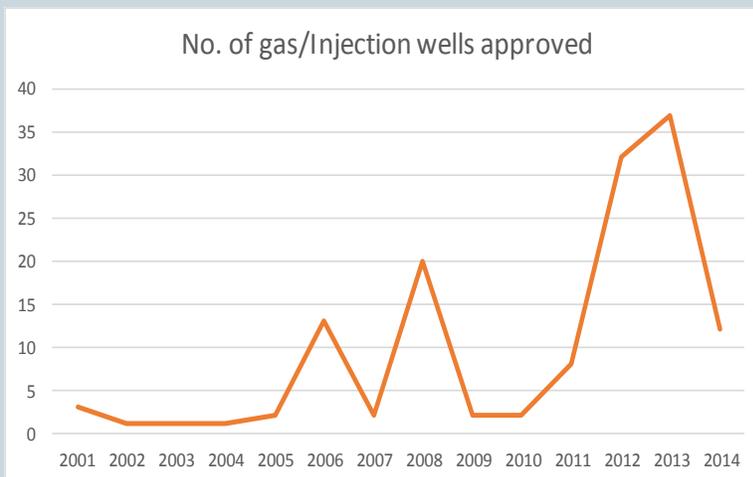
Oil and Gas Data

Gunnison County adopted Oil and Gas Regulations in 2002 and began requiring permits for oil and gas wells. Of the permits issued, 139 are for gas wells and five are injection wells. SG Interest I Ltd, was one of the top five highest property tax generators in 2012 and 2013.

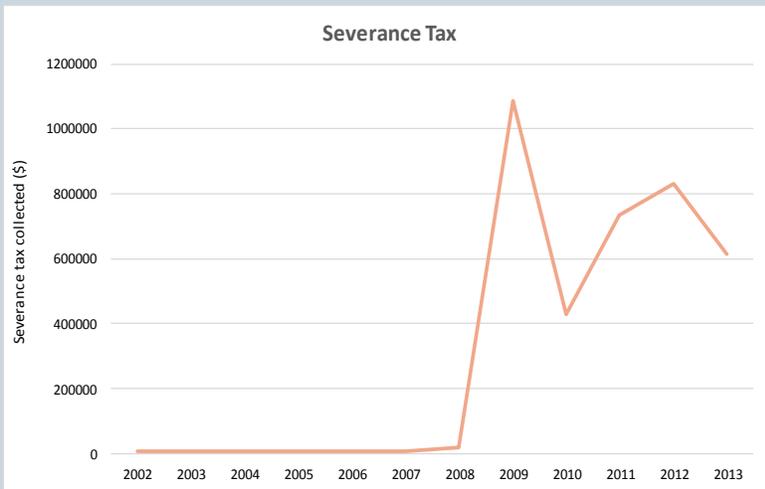


Severance Tax from Oil and Gas Drilling

Gunnison County collects severance tax from the development and installation of oil and gas wells within the County. The amount collected spiked in 2009 and has decreased since then. Producers reduced the amount of gas being extracted beginning in 2012 because of the overabundance of supply on the market. According to Linda Neinhueser, Gunnison County Director of Finance, Colorado severance tax is imposed on nonrenewable natural resources that are removed from the earth. Increased production volumes, higher commodity prices and distribution law changes resulted in an unprecedented increase in receipts in 2009. In 2010, production and prices stabilized, but the change in distribution formulas held the Gunnison County share at \$428,094 and then \$734,415 in 2011. It is anticipated that 2014 returns will be similar to 2013.



Source: Gunnison County Community Development

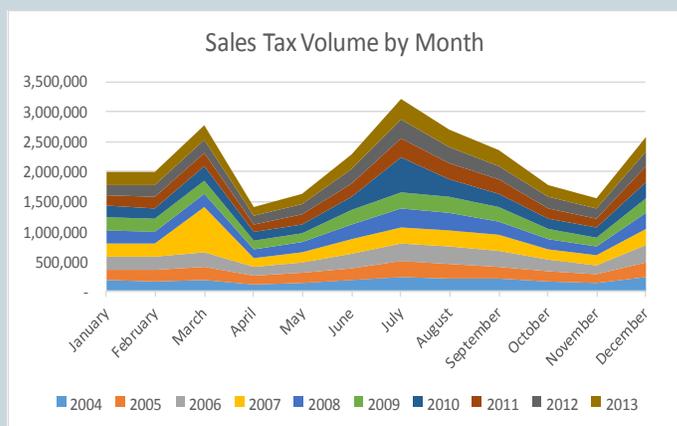
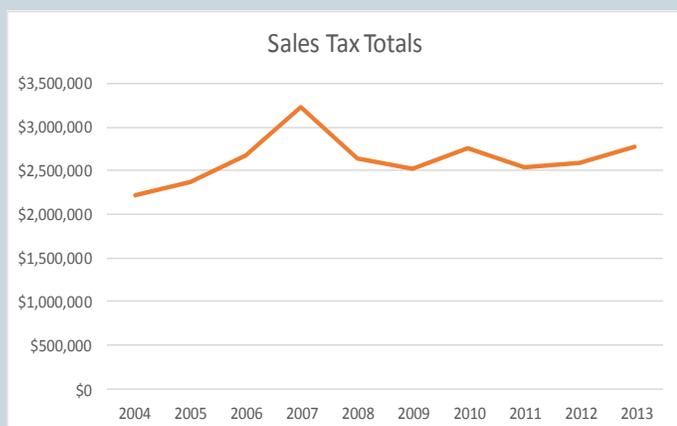


Source: Gunnison County Finance Department

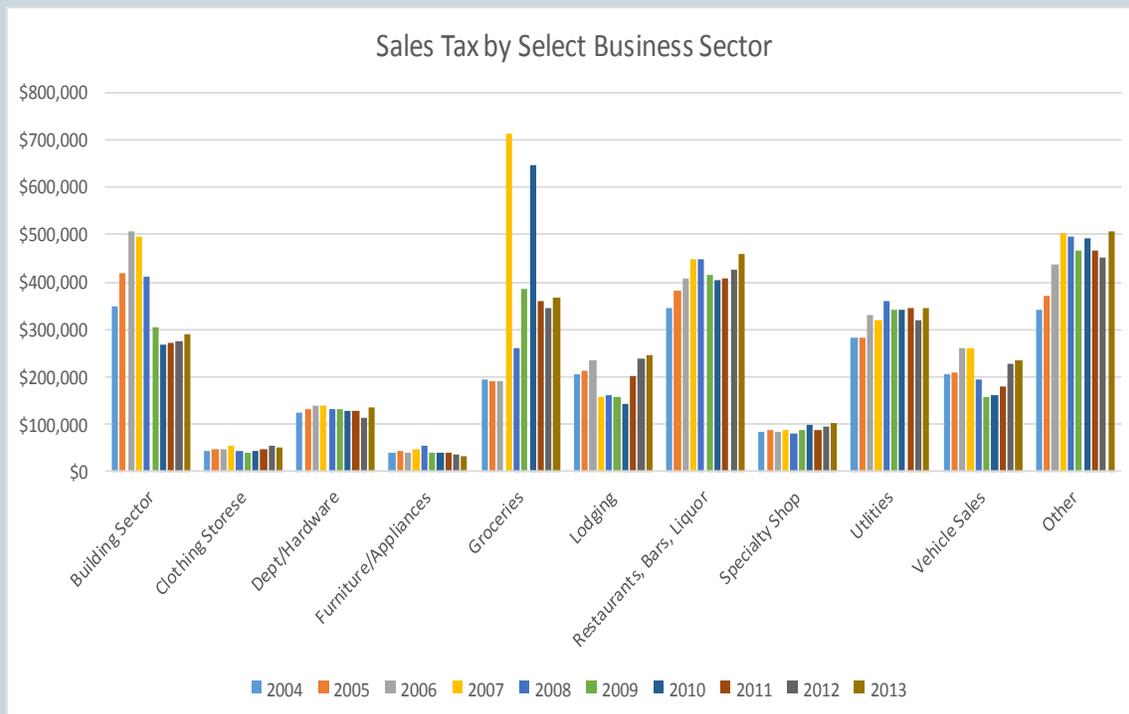
Sales Tax Data by Industry

Gunnison County sales tax collection has been increasing slowly since 2011. Sales tax spikes in 2007 and 2010 in the grocery sector were due to audits that resulted in back payment of sales taxes. Sales tax revenues have remained somewhat flat, with exceptions in 2007 and 2010 due to audits of the grocery sector. “Sales Tax Volume by Month” below shows some artificial peaks in March and July which are a result of the grocery audits. When those audits are averaged, July still remains the highest volume month, followed by December and then March. Restaurants, bars and liquor sales are among the highest sales tax generators in the past three years. The “other” category includes businesses such as manufacturing, ranching and agriculture, and amusement and entertainment (a category that fluctuates seasonally).

It is noteworthy that July is the highest sales volume month but lodging occupancy rates are highest in March. This may suggest that there are more second homeowners and/or campers here in July, impacting sales tax, but not necessarily staying in hotels.



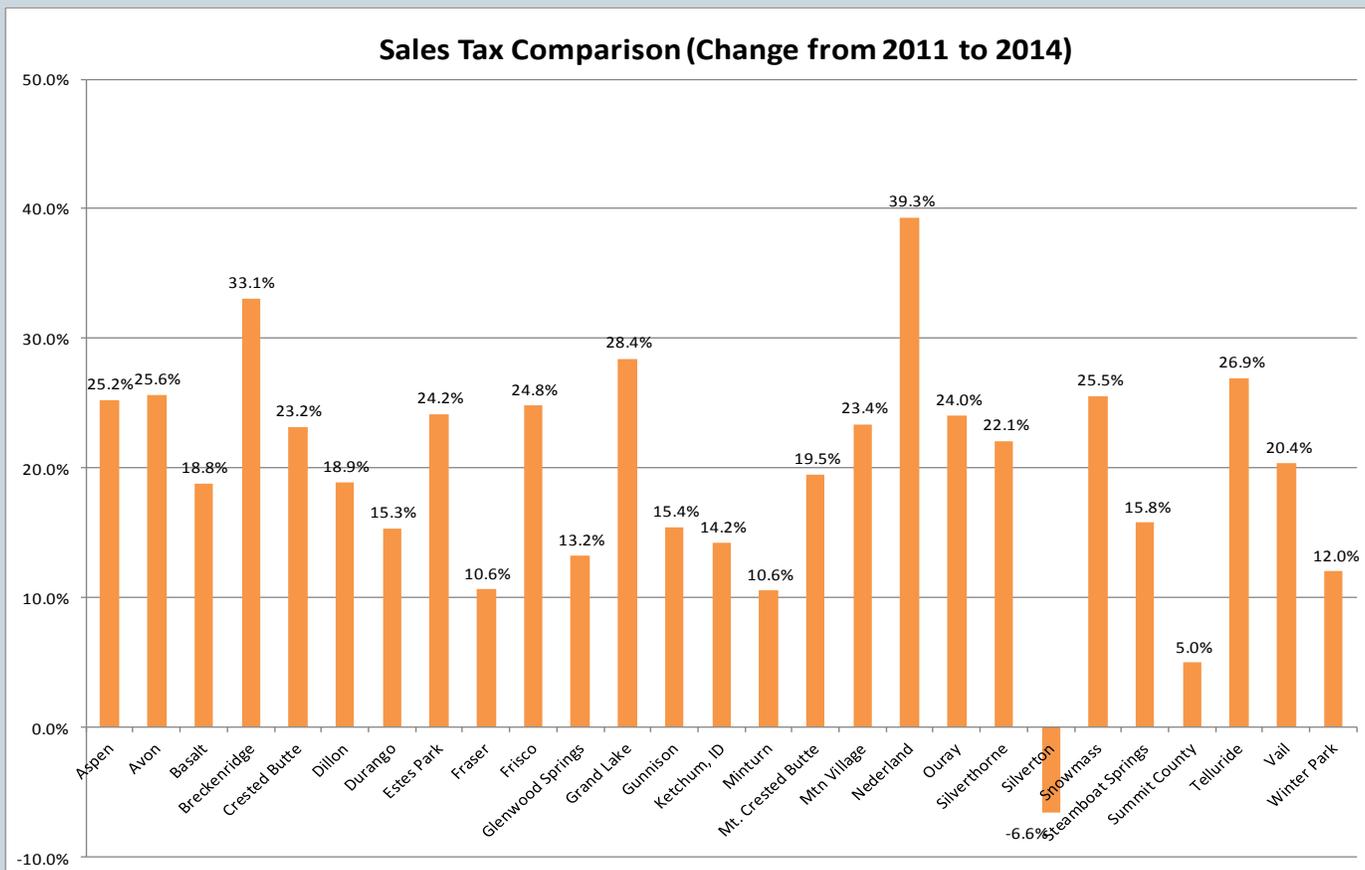
Source: Gunnison County Finance Department



Source: Gunnison County Finance Department

Sales Tax Continued

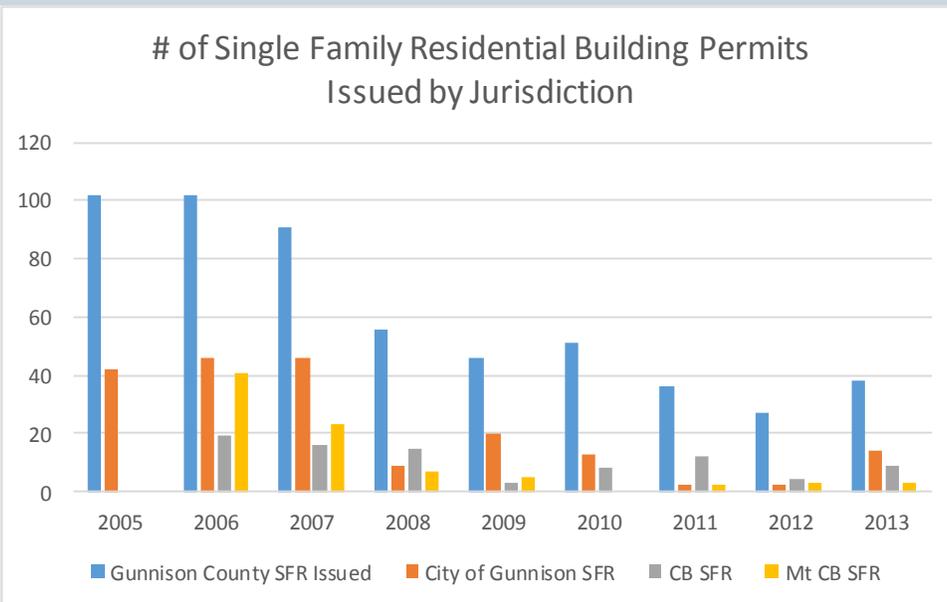
Sales tax comparison is useful in understanding how our county and municipalities compare with other communities in Colorado. Crested Butte had a 23.2% increase from 2011 to 2014, Mt. Crested Butte a 19.5% increase and Gunnison had a 15.4% increase. The overall average during that timeframe was 19.5%.



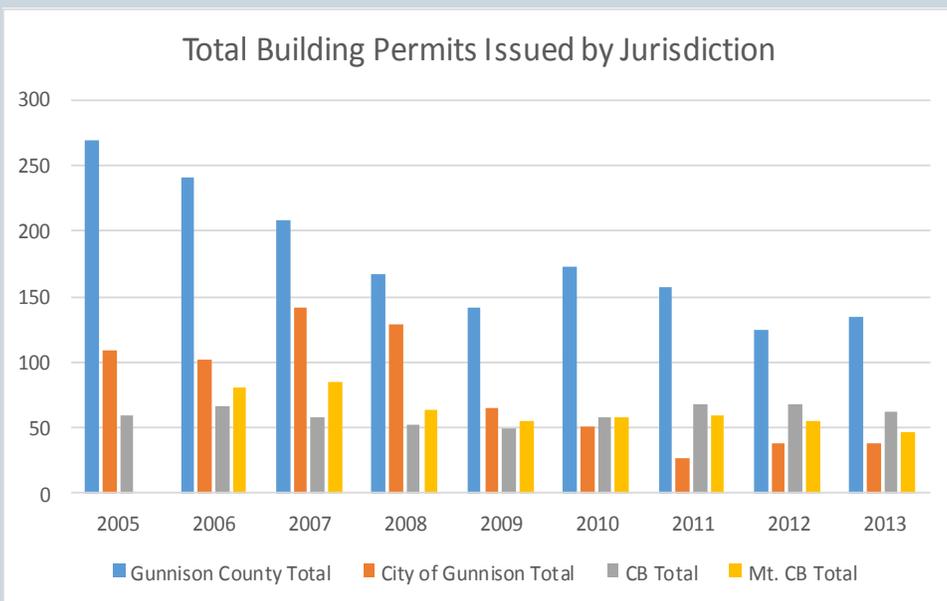
Source: Colorado Association of Ski Towns

Building Permit Data

Building permit issuance reflects the national economy relative to the boom of the mid-2000's and the recession beginning in late 2008. Total permit issuance and permits issued for single-family residences was high from 2005-2007 and dropped significantly beginning in 2008. The County building permit numbers were somewhat inflated from 2010-2012, when approximately 62 building permits were issued to the Bear Ranch Development on the west side of Kebler Pass. Numbers of permit issued began rising again in 2013.



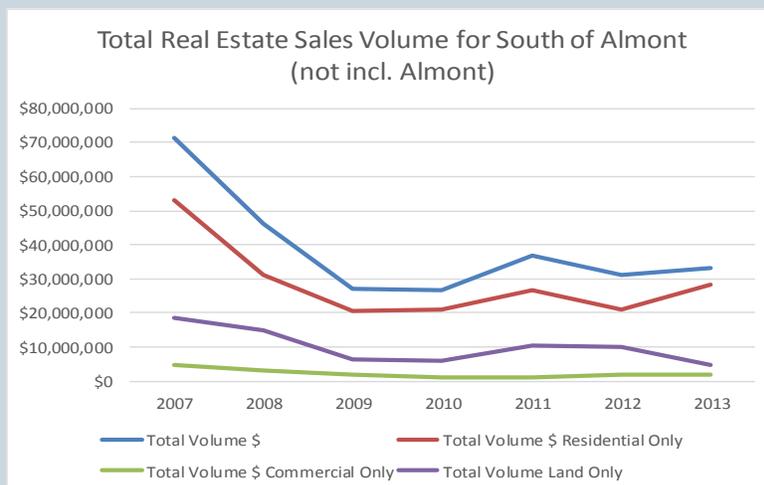
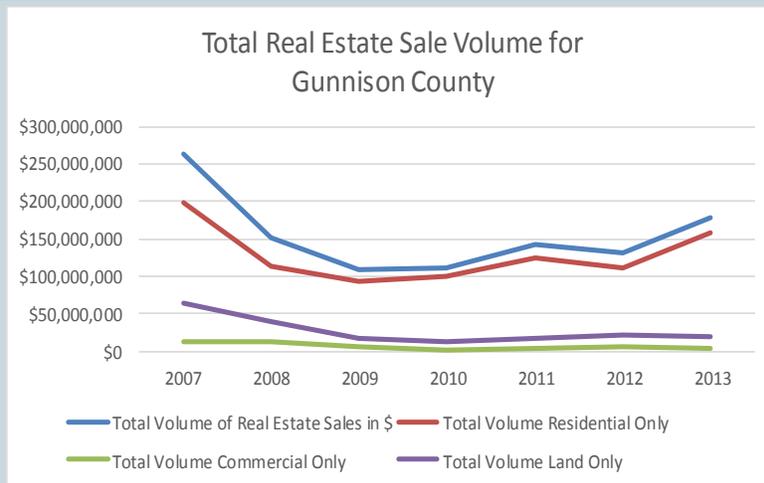
Source: Gunnison County Assessor



Source: Gunnison County Assessor

Real Estate Sales Volume

Sales volumes in Gunnison County were high in 2007, prior to the recession and have shown an uptick in the north end of the valley and flatter sales in the south end of the valley.



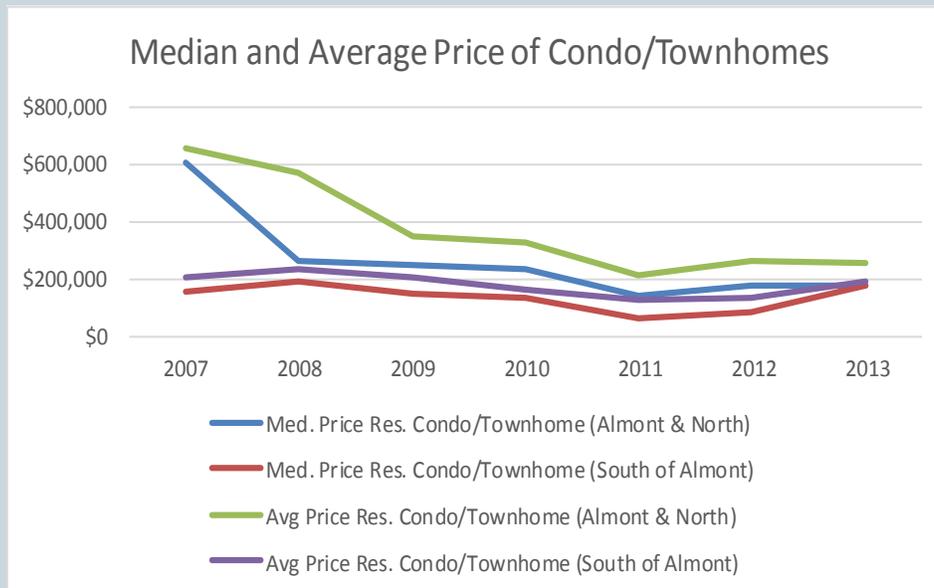
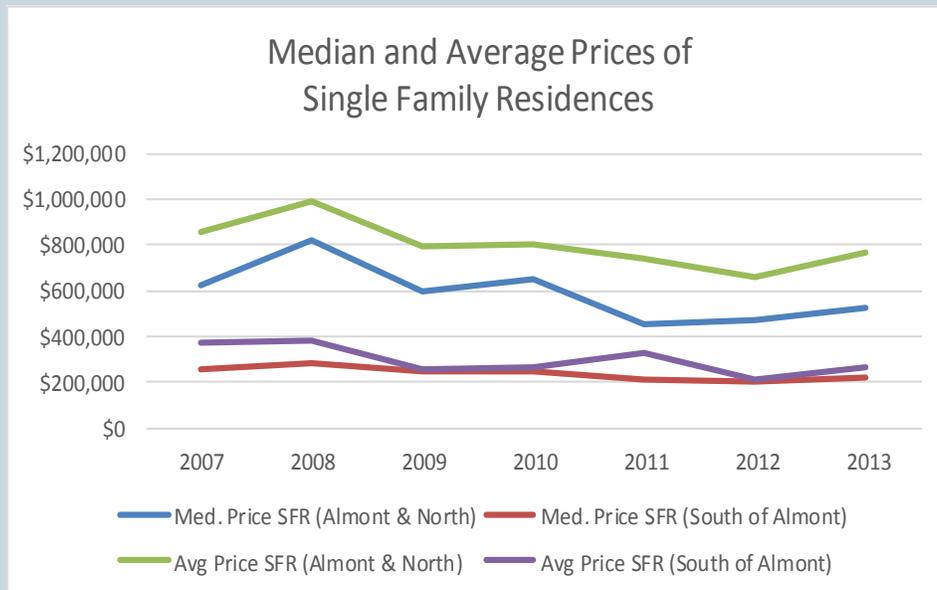
Source: Chris Kopf, Coldwell Banker Bighorn Realty (970) 209-5405, chriskopf@bighornrealty.com, www.chriskopf.com

Data Source: Gunnison County Multiple Listing Service - Data accurate but is not guaranteed

Land includes Mining Claims, Mobile Homes not included. Gunnison Includes: Arrowhead, Powderhorn, Quartz Creek.

Real Estate Sales Volume Continued

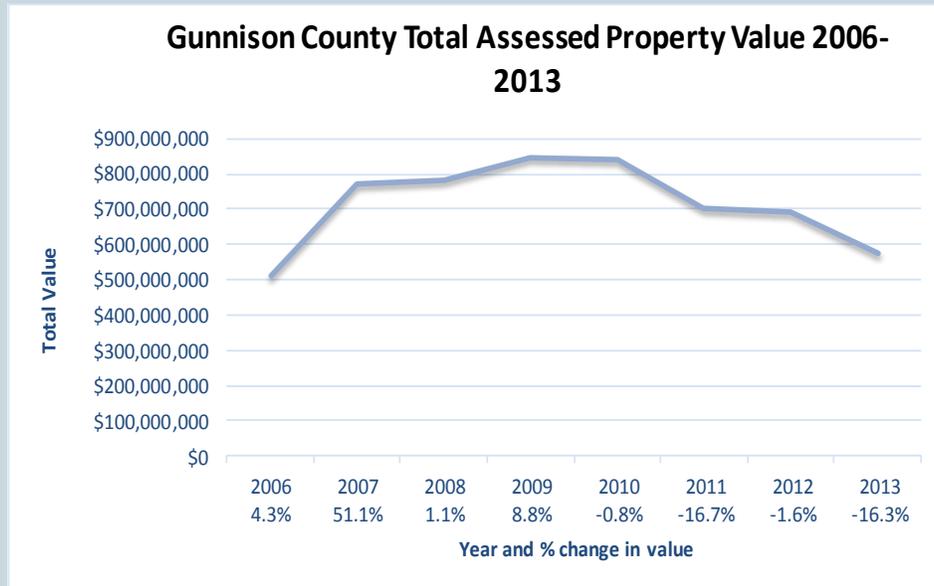
Single family residential home prices began to increase in 2013 across the County, while condo and townhome prices are still relatively flat.



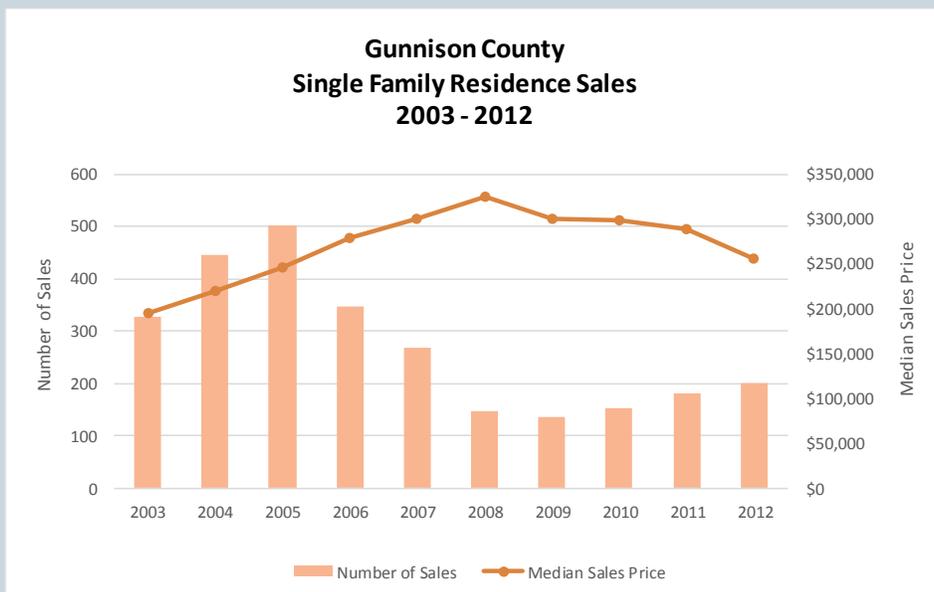
Source: Chris Kopf, Coldwell Banker Bighorn Realty (970) 209-5405, chriskopf@bighornrealty.com, www.chriskopf.com
 Data Source: Gunnison Country Multiple Listing Service - Data accurate but is not guaranteed
 Land includes Mining Claims, Mobile Homes not included. Gunnison Includes: Arrowhead, Powderhorn, Quartz Creek.

Total Assessed Property Values in Gunnison County

Data from the Gunnison County Assessor’s office depicts the change in total assessed property value from 2006 to 2013. In a 2013 report, the Gunnison County Assessor noted that: “Median sales prices for single-family residences appear to have stabilized after the boom-and-bust cycle of 2007 through 2011, and are now generally in line with longer term trend of steady but moderate growth experienced during the preceding decade. Gunnison County’s trends are consistent with other western slope and ski area counties.



Source: Gunnison County Assessor



Source: Gunnison County Assessor

Property Tax in Gunnison County

Property tax is generated largely by the coal and extraction industry in Gunnison County. Mountain Coal Company, LLC which operates West Elk Mine in Somerset is the largest property tax generator, paying nearly 11% of the total County property tax, Oxbow Mining, LLC is the next largest contributor and paying 1.42% of total County property tax. After the coal companies, the Elevation Hotel, SG Interests, and utility companies are in the top ten property tax payers. William Spicer, Senior Assessment Analyst, noted that estimates for 2014 show that SG Interests may be back in the top 10 and the two coal companies will likely remain in the top ten despite the closures, lawsuits and issues they have faced in the past two years.

2013 TOP TEN TAXPAYERS		
NAME	ASSESSED VALUE	% OF COUNTY TOTAL
MOUNTAIN COAL COMPANY LLC	68,171,790	11.83%
OXBOW MINING LLC	24,148,380	4.19%
BOXER F2 LP (Elevation Hotel)	5,423,650	0.94%
SG INTERESTS I LTD	4,803,480	0.83%
CNL INCOME CRESTED BUTTE LLC (CBMR)	4,219,200	0.73%
QWEST CORP	2,975,700	0.52%
GUNNISON COUNTY ELECTRIC ASSOCIATION	2,964,800	0.51%
VERZUH RANCH INC	2,256,600	0.39%
PENNBRIDGE GUNNISON 17 LLC ETAL	1,919,800	0.33%
CB COMMERCIAL PROPERTIES 07 LLC	1,876,470	0.33%
2014 TOP TEN TAXPAYERS (ESTIMATED)		
NAME	ASSESSED VALUE	% OF COUNTY TOTAL
MOUNTAIN COAL COMPANY LLC	59,207,620	10.84%
OXBOW MINING LLC	7,765,370	1.42%
BOXER F2 LP (Elevation Hotel)	5,257,110	0.96%
CNL INCOME CRESTED BUTTE LLC (CBMR)	3,728,690	0.68%
QWEST CORP	2,975,700	0.55%
GUNNISON COUNTY ELECTRIC ASSOCIATION	2,964,800	0.54%
CB COMMERCIAL PROPERTIES 07 LLC	2,154,940	0.39%
VERZUH RANCH INC	2,049,970	0.38%
PENNBRIDGE GUNNISON 17 LLC ETAL	1,919,800	0.35%
ELK AVENUE PARTNERS LLC	1,654,750	0.30%

Source: Gunnison County Assessor

Social Indicators Introduction

Measurement of social indicators is important for understanding the overall economy of Gunnison County. Social indicators such as school enrollment, poverty rates, children receiving free school lunches are important benchmarks in demonstrating how vulnerable populations are impacted by the overall economy.

While Gunnison County residents have responded that the County is an excellent and safe place to raise children, it is also a place with the high poverty rates as compared with other comparable counties. There are certainly many assets relative to quality of life in Gunnison County but not all of our residents are able to take advantage of those assets because of their economic circumstances.

Education

In the 2013 Biennial Survey 83% of respondents rate Gunnison County as a “good” or “excellent” place to raise children. In 2014, the **Crested Butte High School was rated as a Gold Medal School** by U.S. News and World Report, and ranked ninth of 333 high schools in Colorado by ColoradoSchoolGrades.com

According to school Superintendent, Doug Tredway, enrollment in the RE1-J School District is the largest since district creation in 1965. Tredway noted that the Gunnison schools population continues to be stable. Tredway also said that numbers in Crested Butte have increased for the past seven years, he expects Crested Butte numbers to go up slightly in 2014-2015. The Marble Charter School has had a stable population of 40 students and they are proposing to increase the capacity to accommodate 60 students.

Tredway also noted that the population of students that are English language learners (ELL) has grown significantly. Fifteen years ago 5-10% of the students in the Gunnison Elementary school were ELL, now it is approximately 22%. Tredway said he’s heard that Crested Butte has become a draw for families relocating because of the ranking and quality of the school.

Tredway noted that the school system is stressed due to a \$2.1 million shortfall in the budget from State cutbacks. This shortfall results in cutting employees and programs and has significant impacts on education, according to Tredway.



Education Continued

Tredway stated that, “Funding for K-12 education in Colorado is near the bottom in the nation, 42nd out of the 50 states. Under the state school funding formula, funding for Gunnison schools (\$6622.19 per student per year) ranks close to the bottom in the State, almost \$2,000.00 dollars below even Colorado’s low state average. **This year’s state cuts in Gunnison Watershed School District funding are \$2.3 million or approximately 15% of the school district budget. This has caused a dramatic reduction of student services, including:**

- Increasing the class size across the district
- Cutting courses at each school
- Closing Gunnison Valley School
- Eliminating the Director of Curriculum and Instruction
- Down-sizing our certified librarians to one for our three school libraries
- Cutting 33% of the Counselors in the district
- Eliminating several bus routes
- Failing to fund reserves for maintenance, bus replacement and technology replacement
- Eliminating free fieldtrips and activities
- Unless the state restores funding and keeps up with inflation, the District will continue to make cuts, which will seriously erode the excellent education system we have in the Gunnison Valley.

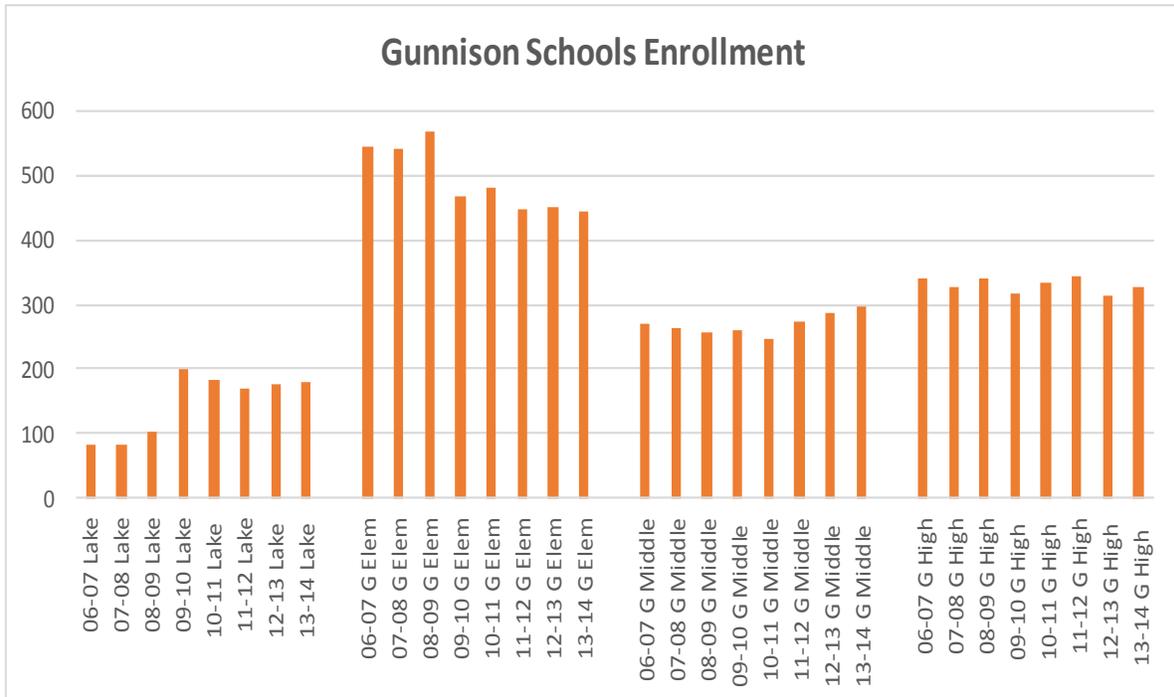
In July, 2014, the Gunnison Watershed School Board of Education has approved a request made by the Mill Levy Study Committee for a mill levy override ballot initiative, to improve school funding. Three priorities were established to be addressed by a mil levy override:

- Maintaining infrastructure
- Supporting a strong curriculum
- Implementing successful learning through programming

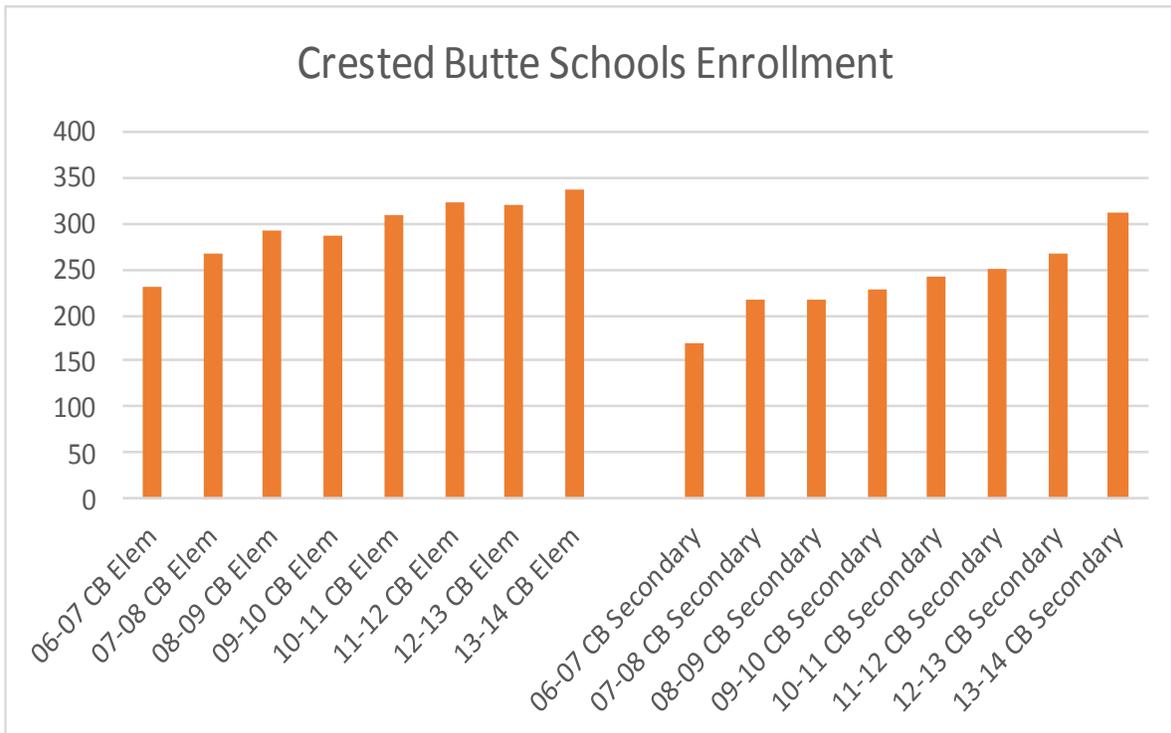


RE1-J School District Enrollment

Enrollment in Crested Butte schools has been increasing and is expected to be stable in 2014-2015. Enrollment in Gunnison Schools has been stable and is expected to remain stable.



Source: RE1-J School District



Source: RE1-J School District

Poverty Rates

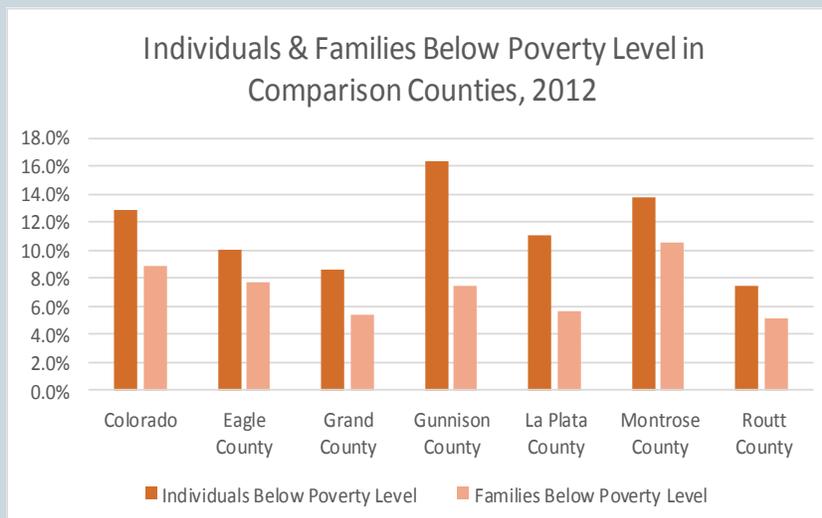
Gunnison County poverty rates are an important indicator of social and economic health. **16.3% (2,324 people) of the Gunnison County population lived below the poverty level in 2012; of that 16.3% or 485 are children and 255 are senior citizens.** The federal poverty level for a family of four in 2014 is \$23,850. According to Kids Count Colorado and the Colorado Center on Law and Policy, in Gunnison County it costs more than two and a half times the Federal Poverty Level to meet basic needs for a two-parent family with an infant and a preschooler. **Since 2001 the number of children living in poverty in Gunnison County has increased 29%. Gunnison County has the highest number of individuals living below poverty among all of the comparison counties. For a four person family the federal poverty level in 2012 was \$23,050, for a person household the poverty level was \$11,170.**

Social Indicators

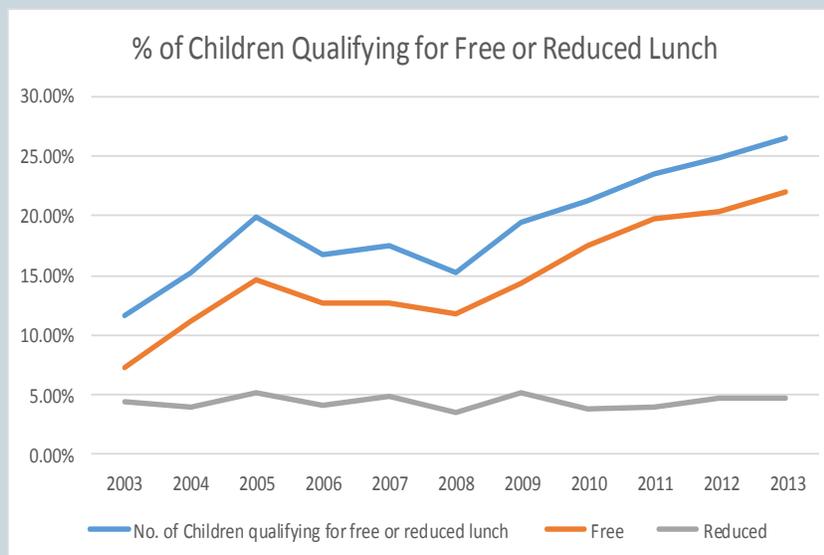
The **number of students qualifying for free or reduced price lunches increased 43% in Gunnison County between 2003 and 2013.** Children qualifying for free or reduced lunch fall at or below the federal poverty level guidelines.

Doug Tredway noted that most free/reduced lunches are at the Gunnison Elementary School and the population continues to grow. Approximately 11% of the free/reduced lunches are at the Crested Butte Community School. There is currently no lunch service available at Gunnison High School but the District is trying to offer lunch in 2014-2015.

59% of respondents also ranked Gunnison County services to low-income people as “good” or “excellent,” up from 38% in 2009, in the 2013 Biennial Survey. However, only 32% of respondents felt there was “good” or “excellent” availability of affordable, quality child care which is much lower than the national and comparable community average.



Source: Headwaters Economics and U.S. Census



Source: State of Colorado

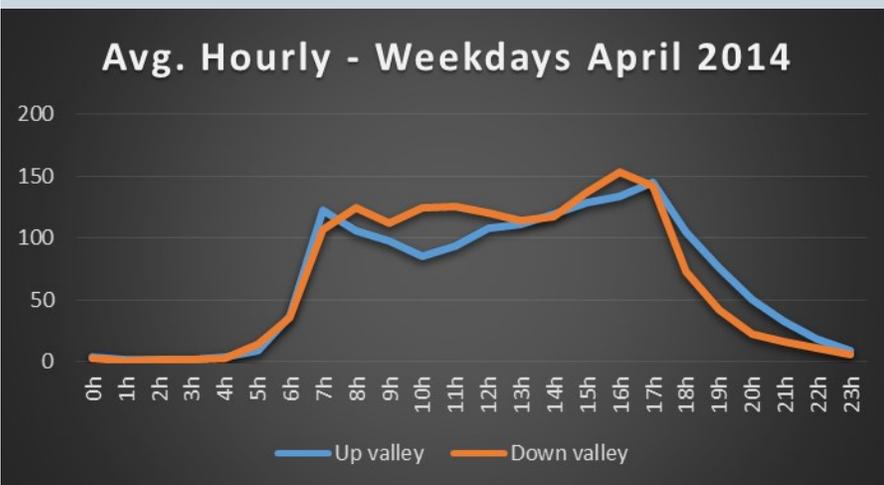
Infrastructure Introduction

Availability of quality infrastructure is an important component of a sustainable, healthy economy. Roads, traffic, internet, schools, transportation and land use planning all contribute to the overall perception of quality of life. Infrastructure can also be an attractant or detractor for prospective new residents and visitors.

Traffic, Commuters, Roads

In the 2013 Biennial Survey, 83% of residents responded that ease of car travel in the County was “good” or “excellent,” which is much above the national and comparable community average. Colorado Department of Transportation (CDOT) round traffic counter in Gunnison County, 1500 feet north of Ohio Creek Road on Highway 135 providing information related to tourism and daily commutes. The first graph shows the summer season is twice as busy as the off-season and that winter season is not much busier than off-season. For 2013, the average monthly traffic count was 3,659 vehicles. The second graph shows that hourly counts going up valley versus down valley on weekdays in April 2014 were relatively equal. This off-season time period provides a good indication of commuter traffic patterns.

The average annual growth between 1992 and its peak in 2006 was 2.5% and since 2007 it has reduced by negative 1.5%. The table shows annual average daily traffic counts in Gunnison County are significantly less than comparable locations in Colorado. Traffic can have a big impact on quality of life and the tourist experience. While these figures do not correspond directly to traffic delays at intersections or when making left turns onto highways, they do provide an indication of the likely user experience.



Commuter data from the U.S. Census shows that the mean travel time to work in Gunnison County is 13.1 minutes. 46% of workers commute nine minutes or less while 31% commute ten to nineteen minutes. Per CDOT data it appears that equal numbers of commuters go up and down valley, identifying a link of interconnectedness.

Broad-band

Internet connectivity in Gunnison County is reliant on one line of fiber connectivity coming from Montrose, which is extremely vulnerable and fairly common on the Western Slope. Century



Housing

Affordable housing in relation to income is a concern in Gunnison County, as it is in most resort communities. Home and rental prices are higher in the Crested Butte area than Gunnison but both rental markets seem to have less available product in 2014. The median value of owner occupied housing in Gunnison County from 2008-2012 was \$327,400, which is 28% higher than the State value. Per capita income from 2008-2012 was \$28,280 in Gunnison County, while the median household income was \$50,091. According to Kent Fulton of Universal Lending Corporation, an individual or family making approximately \$50,000 per year may qualify for a mortgage on a home valued at \$250,000 (there are, of course, many variable when qualifying for a mortgage but this is a general estimate). This indicates that many residents cannot afford the homes that are available in the County.

Karl Fulmer, Executive Director of the [Gunnison Valley Regional Housing Authority](#) (GCRHA), said during the summer of 2014 there is a lack of affordable rental units in the north end of the Gunnison Valley. He also said that the rental shortage seems to be more pronounced this year and that he's heard from property management companies that the Gunnison rental market is also feeling pressure from the Crested Butte market. GVRHA has proposed Caddis Flats, a 30-unit affordable housing complex (one and two bedroom rental units) in Crested Butte which has received approval from the Crested Butte Town Council and is moving forward. A report from February 2014, prepared by Rees Consulting for Caddis Flats in Crested Butte, notes average rents in the Crested Butte area are \$836 per month for one bedroom units and about \$1,112 for two-bedroom units, not including utilities. Caddis Flats proposes rents at 60% of the area median income (\$740 for a one bedroom and \$880 for two bedrooms). Rees' report also noted that property managers described the rental market in late 2013/early 2014 as very strong, with only five vacant properties (of 169 total).



RTA

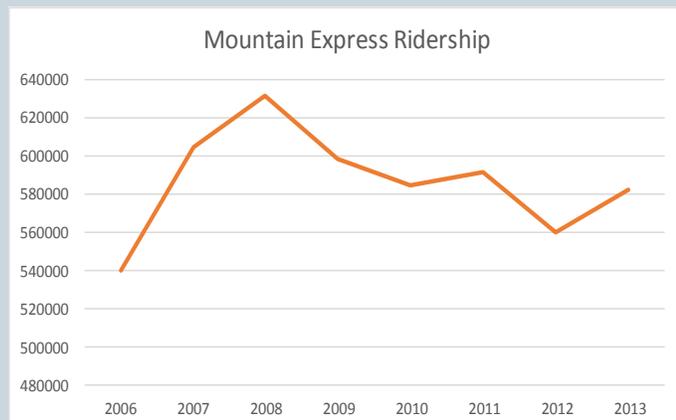
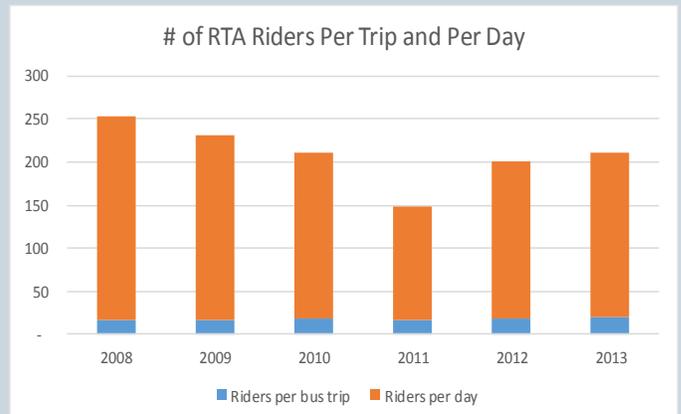
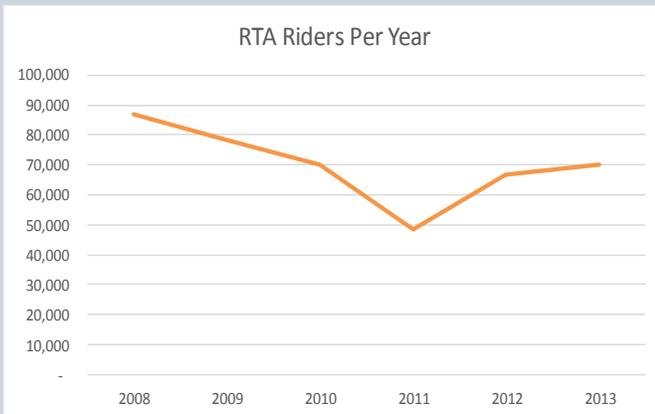
The [Gunnison Valley Rural Transportation Authority](#) (RTA) provides free bus service between Gunnison and Mt. Crested Butte. RTA is funded by sales tax and has two missions—to provide bus service and air service to the Gunnison Valley. When the average riders per trip approaches twenty-two passengers that indicates buses are full going at least one direction, usually full going south to north in the morning and the reverse in the evening. Scott Truex, Executive Director of the RTA said that payouts for airline services in 2010 caused budget deficit issues forcing RTA to cut the number of bus trips in 2011 and also charge riders \$2 per trip.

Truex expects bus service to get back to 2008 numbers in 2014-2015. In the summer of 2014, RTA will be running six round trips for six weeks and may increase for rest of summer, depending on demand. In the winter of 2015, Truex expects bus trips to increase to twelve roundtrips per day up from eight last winter. Ridership doesn't necessarily equal demand it's based on what RTA can provide. Truex explained that the

demand for seats on the bus does exceed the supply. In 2014, he said, they often left riders behind on the morning trip from Gunnison to Crested Butte. Truex anticipates increasing the number of bus trips 45% in 2015.

RTA has a budget of just over \$1 million dollars, approximately 60% is for air service and 40% is for ground transportation. The Summit Stage, which is public bus service in Summit County has a budget of \$4.25 million dollars, funded by a 2.75% portion of County sales tax and serves 1.75 million riders annually. The Roaring Fork Transportation Authority (RFTA) has a budget of \$18 million and operates over 82 vehicles and carries about 4.5 million passengers annually.

[Mountain Express](#) bus service is a good indicator for the north end of the valley, according to Truex. Chris Larson, Transit Manager for Mountain Express noted that, through April 2014, Mountain Express rider numbers are up 15% from last year. He anticipates numbers to continue increase in the summer of 2014.



Source: Gunnison Valley RTA and Mountain Express

Gunnison-Crested Butte Airport

Total deplanements at the Gunnison-Crested Butte Airport have declined since 1995. In 2014 the Airport is beginning a master planning process. Overall, the airport industry has changed over the past 20 years making it more difficult to bring flights to smaller airports. Scott Truex, Executive Director of the [Gunnison Valley Rural Transportation Authority](#) (RTA) noted that the airline industry has changed dramatically over the past decade and that fewer people flying is a stress on the local economy. Truex said the airline mergers have decreased options for partners to work with to bring flights to Gunnison County. Nationally, airlines have cut capacity significantly. Load factors (percentage of seats sold) has increased which has the effect of increased prices and larger planes to serve customers. Since airlines now generally use fewer, larger planes there is less frequency and fewer flight connections making it difficult to get passengers to

smaller destinations. Truex said the airline industry is phasing out the 50-seat plane and that a 70-passenger plane will be the smallest size going forward which causes the ticket price to increase because of the higher cost of fuel.



Truex said 2014 was a good winter and we are on track for a good summer. He anticipates expanding the air program next year. Additional data on the economic impact of the Gunnison-Crested Butte Airport and other Colorado airports are highlighted in the [2013 Economic Impact Study for Colorado Airports](#) from the Colorado Department of Transportation and the Colorado Aeronautics Division.

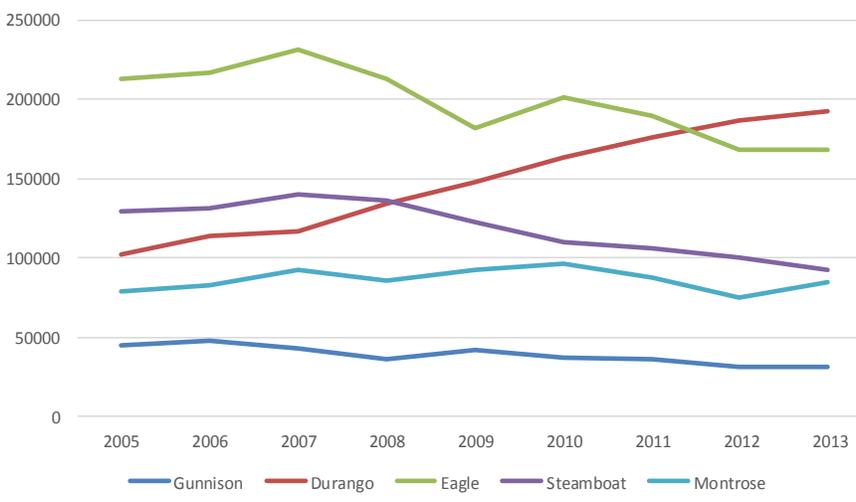
The decline in airport deplanements mirrors the decline in skier days at Crested Butte Mountain Resort.

Gunnison Crested Butte Airport Total Deplanements per Year



Source: Colorado Department of Transportation

Enplanements at Comparable Airports



Source: Federal Aviation Administration

Land Use

Gunnison County is a large, rural county made up of approximately 80% Federal land. In 2012, Gunnison County staff prepared a Land Use Analysis for the Board of County Commissioners identifying existing land use. As of 2012, there are 16,908 total parcels, 5,684 of those are vacant or undeveloped parcels. The majority of residential parcels are located within population centers (areas within three miles of Gunnison, Crested Butte, Mt. Crested Butte, and Crested Butte South, Almont, Pitkin, Ohio City, Marble, and Somerset). If seasonal access parcels (primarily second homes) are removed from calculation then almost 74% (versus 60% if included) of all residential parcels are within population centers. In addition, 35% of the lots in Gunnison County are vacant or undeveloped; 22% of the lots within population center areas are vacant.

Based on a 20-year historic county-wide growth average, the current number of residential vacant parcels will allow for a 26-year growth supply. This value rises to a 44-year supply if planned lots within the municipalities are included, such as Gunnison Rising, West Gunnison, and Mt CB's North Village. Gunnison County has a large number of vacant platted parcels.

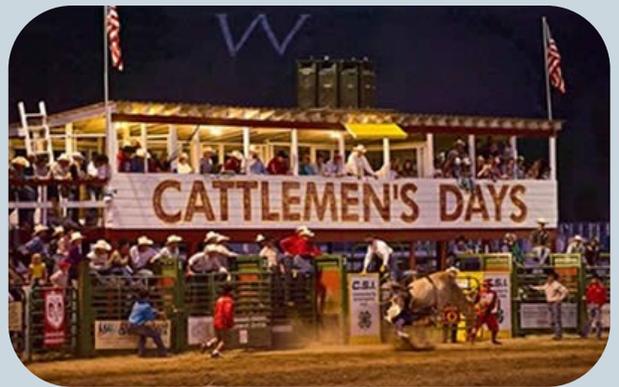
Land Ownership in 2012

	Acres	Percent
Gunnison County (3,259 square miles)	2,091,997	100.0%
Total Public	1,687,546	80.9%
Total Federal land	1,655,441	79.4%
State Land	23,672	1.1%
Other Exempt	5,763	0.3%
Right-of-way*	5,649	0.3%
State Assessed	17	0.0%
Total Private**	404,435	19.4%
Residential	34,855	1.7%
Vacant Land	49,612	2.4%
Agriculture:	311,955	15.0%
Agriculture: < 70 acre	34,147	1.6%
Commercial:	2,163	0.1%
Natural Resources	5,834	0.3%
Industrial:	16	0.0%
Private open spaces***	62,203	3.0%

* Includes some privately held right-of-way

** Based on highest assessed value

*** 52,236 acres in conservation easement.



Land Ownership in Comparison Counties

Source: U.S. Census

Land Ownership in Comparison Counties	Eagle	Grand	Gunnison	La Plata	Montrose	Routt
Total acreage	1,079,105	1,180,503	2,091,997	1,087,823	1,434,170	1,496,333
% Private	20.0%	26.7%	19.4%	41.0%	31.0%	50.1%
% Federal	78.6%	68.4%	80.9%	38.7%	68.3%	45.3%
% State	1.2%	4.8%	1.1%	2.1%	0.7%	4.5%

Rural Ranching Character

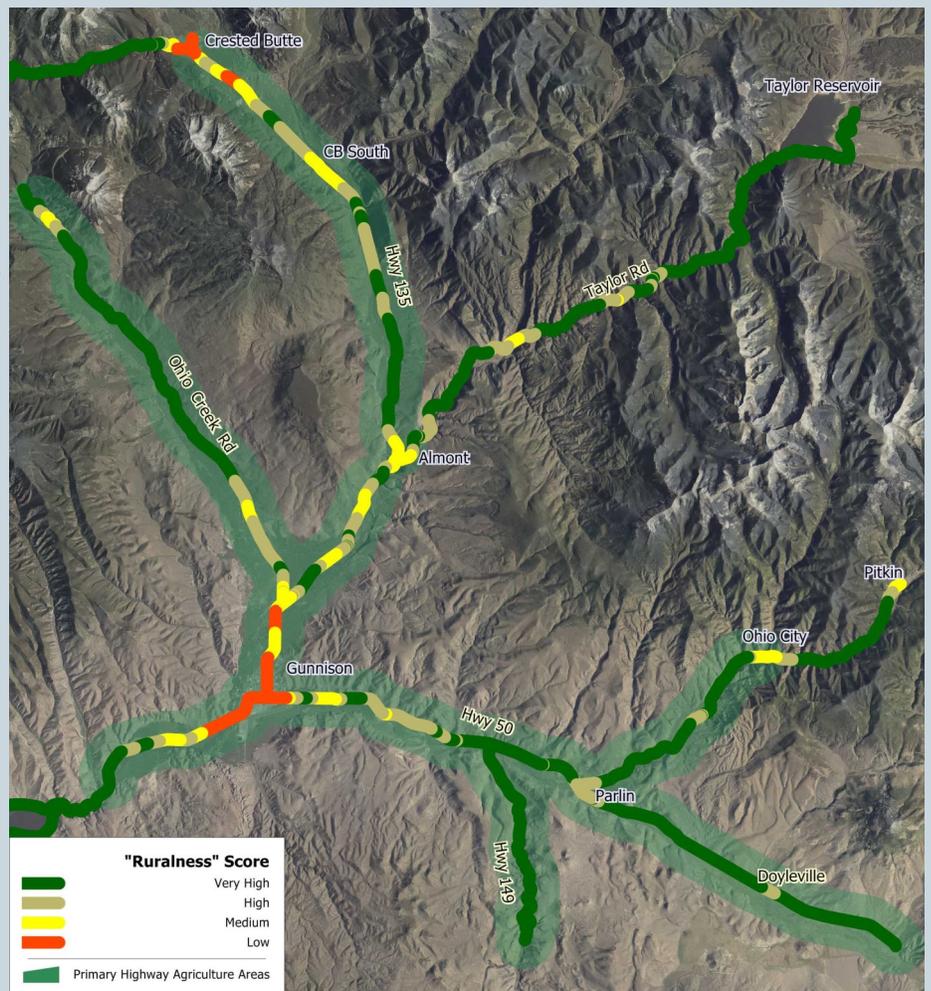
Agriculture and ranching are one of Gunnison County’s most important assets. Most of Colorado counties with major ski resorts have lost their agricultural character to development. Given the County’s rural character and the desire to maintain an authentic ranching community as part of the character and brand of Gunnison County, agriculture has a significant economic value. A 2004 report prepared by Orens and Seidl from Colorado State University, [“Winter Tourism and Land Development in Gunnison, Colorado”](#), quantified the value of agricultural lands on winter tourism.



Residents and visitors place a high value on the spectacular open vistas in Gunnison County created by ranching. The Orens and Seidl report found that 58% of the survey respondents would decrease their visits to Gunnison County if all ranchlands were developed. In 2012 the Gunnison Valley Land Preservation Fund (a redistribution of monies from the 1% County sales tax) was reauthorized by over 80% of voters, another strong indicator of the community’s value on agricultural lands. While difficult to monetize, the rural character and authentic ranching community is part of the character and brand of Gunnison County and has a significant economic value.

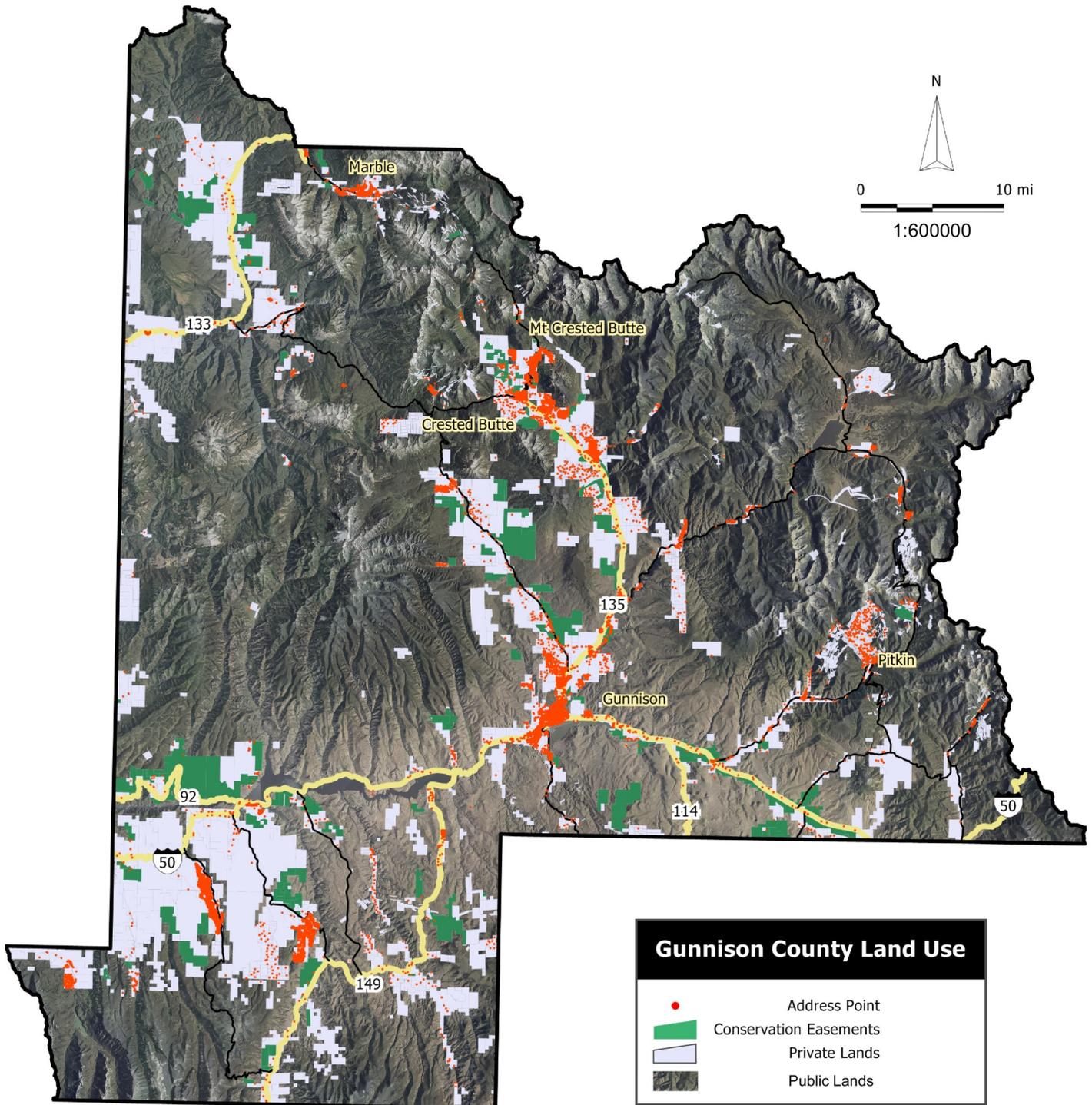
The map provides some insight into how much development has impacted the ranching areas along the main highways. The ranching areas are shown in green and the development intensity as viewed from the highway was scored from low (black) to high (red). Address points closer to the highway were given higher weight in the scoring process. Those further than one mile away were not used. Clustered address points were scored lower on a per point basis.

The consistent method employed provides a useful measure to the very subjective term of a “rural highway.” If an individual considers their actual driving experience in the various areas shown, the map helps illustrate the importance of clustering, screening, and creating breaks between developments along a highway.



Land Use

Land Use in unincorporated Gunnison County is regulated by the [Land Use Resolution](#). The BOCC has also set a [strategic goal](#) to continue to increase conserved lands in the County with the intent of preserving the County’s ranching and agricultural heritage. The following map depicts conserved lands, private lands and parcels with an associated address (that are typically developed).



Gunnison County has an incredible wealth of resources, preserved open space, agricultural lands, educated residents, and loyal visitors. Gunnison County residents have indicated a strong preference for the quality of life in the community and would recommend the community as a place to live.

However, there are issues in the community that must be addressed. Key summary points include:

- Slow population growth
- Large population of second homeowners
- Highly educated population
- Low diversity of jobs
- Low wages, high cost of living
- Higher than average poverty
- Stable, good quality schools
- Large number of vacant lots
- Declining skier numbers, student enrollment numbers at WSCU and enplanements
- Appears to be significant opportunity in and around City of Gunnison—housing, visitors, business, special events, etc.
- Have all economic engines amenities but lack synergy



Photo: Allan Ivy for WSCU

The intent of this report is to provide a broad scope of information to decision makers, business owners, and residents so that there is an understanding about our current baseline. This data is intended to inform current and future policy decisions.

There are many data sources and information related to this document. For additional resources please visit www.gunnisoncounty.org/749/community-builders-task-force and see the links for related information.

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