

Northwest Colorado Council of Governments
Department of Local Affairs' Annual Demography Meeting
Regional 12 Update
November 6, 2009

Overview

Region XII is located in North Central Colorado just west of the Front Range and the Continental Divide. It is in the heart of the Rocky Mountains, and includes the counties of Eagle, Grand, Jackson, Pitkin, and Summit as well as the 22 municipalities within these counties. Region XII is characterized by its mountainous terrain and very high overall altitude. Our region is home to 8 major destination resorts that attract visitors from all over the world. NWCCOG's 5 county region accounts for 13% of all travel spending in Colorado. Our high country landscapes are instrumental in drawing 20 million visitors annual to all of Colorado. As such, the most dominant economic driver in our region is recreation-based tourism.

Population

NWCCOG's region is a growing area. The most recent forecast from the State Demography Office shows a population of 120,000 for 2010. The total population is forecasted to increase 55% over the next 20 years, to reach almost 190,000 by 2030.

Economy

The dominant economic driver for NWCCOG's region is recreation-based tourism and visitors. 70% of the jobs in the region are in the tourism-related sectors, and are largely dependent on outside dollars. NWCCOG's five county region accounts for 13% of all travel spending in Colorado. Our high country landscapes are instrumental in drawing 20 million visitors annual to all of Colorado.

Tourism

The current economic downturn has had a significant affect on discretionary purchases such as leisure travel and the mountain resort industry. Thus, Region 12 has been very hard hit in these tough economic times, particularly in terms of significant reduction in the number of destination visitors. From a recent press release reporting fiscal results from 2009 from Vail Resorts, operators of 4 major destination resorts in NWCCOG's region:

- Estimate that total Destination (out-of-state and international) visitation declined by approximately 15% for the 2008/2009 ski season.
- Ancillary business revenue lines, including ski school, dining and retail/rental, experienced greater percentage declines than our lift ticket revenue variance due to the combination of lower Destination visitation and lower average guest spend during their stay.
- Properties continued to experience a much closer-in booking window - hard to predict outlook for 2010.

This summer the Eisenhower Tunnel broke new records, and our summer events saw record crowds. The trend we are seeing is the increase in the day-visitor and "staycations". That is, we have a huge population base in the Front Range that is in close proximity to our region - i.e. within 1 to a 3 hour drive. The number of visitors hasn't declined, but they just aren't spending money in our towns.

Our towns and counties are highly dependent on sales tax revenue, and as such, the downturn in the economy has resulted in significant reductions in sales tax revenues in NWCCOG communities in the 15 - 25% range.

Construction Industry / Real Estate Industry

Related to our region's tourism is the second major economic driver in our region: construction and real estate development. An improving national economy in the first half of the decade and increasing numbers of baby-boomer retirees contributed to the substantial increase in the quantity of new home construction in 2005 and 2006. The construction industry, providers to the construction industry, and real estate and property management companies have, in the last decade, have been significant employers in NWCCOG's region.

Slow down in the construction of new homes

Towns and counties are seeing significant losses in the construction and real estate sector in the way of significant reductions in revenues related to this sector including reductions in building permit fees, impact fees, water and sewer tap fees, RETT's, and inspection fees. Some of these losses have been reported as upwards of 70% in some of our towns.

Reduced number of real estate transactions

This economic downturn has resulted in a reduced number of real estate transactions. The statistics are consistent with the conventional wisdom: Typically affluent property owners are not compelled to sell during slumps, and are able to wait for expected market recovery and price appreciation. Also, the recent dramatic decline in the stock market and of other asset values has temporarily halted this high income growth trend seen over the last decade, and the Wall Street mortgage crisis has severely and internationally are typically the market for high end, high cost homes in the luxury second home markets of Region 12's mountain resort communities.

Pursuance of Economic Development District Status

The need for economic diversity away from tourism and construction in this region is more evident than ever. In response to this, NWCCOG will be pursuing Economic Development District (EDD) status through the U.S. EDA. We are seeking a planning grant where by we will embark on an effort to develop a Comprehensive Economic Development Strategy (CEDs) for the region and apply for EDD status whereby, if granted, NWCCOG communities will have access to capital available to fund infrastructure that supports economic development and diversification in our region.

Pine Beetle Epidemic

Another issue Region 12 communities are currently facing is the mountain pine beetle epidemic. Anyone who has visited our region recently has seen that entire hillsides that once were green, have now turned a rusty- red color, and eventually (as currently being seen in some areas) will turn a gray color and become what is called "ghost forests". While the spreading of the pine beetle is part of the natural progression of an aging forest, it impacts our communities a great deal. The most recent aerial surveys have shown that up to 2 million acres in Region 12 have been infested with pine beetle, and it is still spreading. A lot of our areas are up to 95% dead in mature stands. It's very difficult to tell how this epidemic has impacted real estate values, because there are so many other factors that affect these values in light of the economic recession. In some cases it has served to increase values due to more view corridors opening up from clearing being done on private and public lands. Fire would obviously change this significantly, as our region is currently greatly susceptible to wildfire due to the amount of dead trees. In terms of its affect on tourism, ski areas are doing a good job of removing hazardous trees

within the ski area boundary, and NWCCOG has been successful in securing funding and working with the USFS to clear trees in picnic areas, and national forest campgrounds to keep these areas open during busy summer and holiday times.

In response to the Pine Beetle Epidemic, in 2005, NWCCOG began the Colorado Bark Beetle Cooperative (CBBC), which is a collaboration of representatives from local government, industry, conservation organizations and land management agencies in beetle-affected counties.

The CBBC's Priority Focus is to:

- Protect human life, property and communities
- Protect watersheds and water supplies
- Protect infrastructures and other important resource
- Develop community resilience to adapt to disturbance driven ecosystems

The CBBC has been and will continue to work with federal and state legislators to originate and support legislation that serves to re-direct as much funding as we can to forests here in Colorado to address this epidemic.

The good news is that the new forest is already starting to be seen in certain areas. Further, through the eventual establishment of an EDD, we hope to assist our communities in securing capital to re-build a wood products industry in the NWCCOG region to utilize the millions of acres of dead trees that now exist in our region due to the pine beetle epidemic. Currently have:

- A pellet plant in Walden
- A pellet plant in Kremmling
- Mountain Parks Electric in Grand County will be having a grand opening on November 16 featuring their new biomass boiler
- The use of blue stain wood for trim, doors, floors, cabinets

Through the EDD, hopefully we can further develop the wood products industry which will provide a financial incentive to clear more of the dead forest, thereby reducing fire danger and also helping to diversify our economy.

Seniors Project

Still, In light of the challenges presented by the economy and natural forces, Region 12 still remains a very desirable place to live, particularly for retiring baby boomer population.

Population Forecasts from the State Demography office show that this segment of the population (i.e. those 45 - 65 in 2010) is the fastest growing segment of the population in our mountain communities. Recent data from the State Demography Office reports that statewide, over the next 20 years - population of the 65 and over age group is expected to increase 149%. In NWCCOG's region, this same age group is forecasted to increase 272%. Two counties will experience substantial growth in this age group - Summit (336%) and Eagle (377%) are forecasted to more than triple in this age group.

This trend is due to the fact that the mountains are very attractive to baby boomers given the amenities the region has to offer, including the low crime, fresh air, clean water, little traffic and abundant outdoor activities. Also, our region has pretty well-established health services. Eagle County is home to VVMC and the Shaw Cancer Center in Edwards; Pitkin County has Aspen Valley Hospital; Summit County

citizens welcomed their first hospital, the St. Anthony Summit Medical Center, which opened December 7, 2005. The state of the art 25-bed facility has a full range of diagnostic, surgery, and treatment options. Summit Medical Center also has an adjoining medical office building which houses doctor's offices and other ancillary medical services. Summit Medical Center recently recruited a cardiologist, which is another sign that our medical faculties are getting ready for this increase in our older population. Also, after being opened for less than 4 years, the hospital is already planning an expansion.

Also, many Region 12 communities have a large percentage of second homes. A 2006 NWCCOG Study entitled "Transition in Our Mountain Communities" reports that between 50% - 60% of housing units in the four "ski resort" counties are second homes. These communities are now working on trying to assess whether or not these second homes will turn into primary residents as their owners retire and decide to live there full time. This will impact demand for services in our communities to a great deal.

It is a common misconception in many cases that folks, when they reach that 65+ age group, leave the mountain communities, due to the long winters, high altitude, they no longer ski, etc. However, a recent survey commissioned by the Summit County Seniors (conducted in February of 2009) dispels this misconception. The survey included responses from 404 age 45+ individuals living full-time in Summit County and 268 homeowners, including 183 second homeowners. The purpose of this study was to understand retirement trends and plans so that appropriate actions might be taken to provide housing and care options. The most striking finding from the survey was that the vast majority of seniors already living in Summit County plan to retire here – 70% of those now age 65 to 74 and 87% of those now age 75 or over!

In analyzing these demographic trends, and realizing that this "silver tsunami" is inevitably coming our way, NWCCOG Rural Resort Region Program has embarked on a year-long project entitled "Seniors in Our Mountain Communities". Over the course of 2009 we have been convening elected officials, town and county administrators, human services providers, as well as the business community in examining our strengths and challenges in preparing for this increased population segment in our communities. We've been examining the areas of housing, healthcare, workforce & volunteerism, and transportation to see where are the gaps, and what policies might we want to try to further with the help of our state and federal representatives. We are holding a Policy Symposium this coming Thursday, November 12th in Frisco, where we will be embarking on a collaborative process to decide which policies and action plans related to seniors in our mountain communities we want to further in 2010.

The NWCCOG region faces a lot of challenges, but we are developing strategies to meet these challenges, through the Seniors project, the CBBC, and the pursuance of EDD status to help us diversify our economies away from the resort and tourism-related sector. The NWCCOG region still remains a wonderful place to live and visit, and we have a lot of strengths on our side. And a little help from Mother Nature in the way of abundant snowfall this winter wouldn't hurt, either!