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National Economy

The nation is entrenched in an economic slowdown, as inflation-adjusted **gross domestic product** (GDP) increased 1.3% in the first quarter of 2001, a downward revision from the previous estimate of 2.0%. Consumers were slightly less resilient than previously thought, with consumer spending increasing 2.9% in the first quarter, revised down from a 3.1% increase. Lower inventory accumulation by businesses was a substantial drag on growth, indicative of the inventory correction ailing the manufacturing sector. Meanwhile, business investment in equipment was revised downward from a 2.1% decline to a 2.6% decline. Indeed, concerned with ailing business investment in capital equipment, the Federal Reserve lowered interest rates by 50 basis points in mid-May for the fifth time in as many months, bringing the federal funds rate down to 4.0%.

"Employment news has become increasingly negative over the past few months."

Employment news has become increasingly negative over the past few months. After declining by a revised 53,000 jobs in March, the employment level declined by another 223,000 jobs in April. The **unemployment rate** rose to 4.5% in April, up from 4.3% in March, and up substantially from the 30-year low of 3.9% in October 2000. The slowdown in employment is becoming increasingly broad based; the unemployment rate for college-educated workers has risen from 1.6% in January to 2.3% in April. Although job losses occurred in many sectors, the tech-manufacturing and business services sectors were particularly hard hit.

"...consumer confidence seems to be stabilizing from its steep decline of late 2000 and early 2001."

Despite job losses, the **consumer sector** was strong in April, with *retail sales* increasing 0.8%. Meanwhile, consumer confidence seems to be stabilizing from its steep decline of late 2000 and early 2001. The consumer confidence index has shown a see-saw pattern since February; after an initial rebound in March, consumer confidence fell in April and recovered again in May. While consumers are more secure about future economic conditions, they remain uncertain about the timing of the economy's recovery. *Personal income* has grown steadily in recent months. Personal income increased 0.3% in April, after increasing 0.5% in March. Meanwhile, the *saving rate* remained negative for the seventh consecutive month in April, at -0.7%. The negative saving rate implies that many households are borrowing to finance their spending, and household debt has been climbing for several years. Indeed, aided by the possibility that Congress may pass a strict new bankruptcy law, bankruptcy filings increased at a near-record pace of 17.5% during the first quarter.

The **manufacturing** sector continues to languish in recession. The *National Association of Purchasing Managers' Index* indicated contraction for the ninth consecutive month in April. The index increased slightly from 43.1% in March to 43.2% in April. An index value below 50% indicates that the sector is contracting. *Factory orders* increased 1.8% in March, buoyed by strong increases in orders for transportation equipment. Excluding the volatile transportation equipment sector, factory orders declined 1.2%, with significant declines in orders for semiconductors and computer and communications equipment. *Durable goods* orders declined 5.0% in April after increasing 2.2% in March. The broad-based decline in April was much larger than had been expected. Meanwhile, *business inventories* declined 0.3% in March and indicated that the inventory correction in the manufacturing industry is not yet over.

The **construction** and **real estate** sectors, the last stalwarts of the economic expansion, continued to be healthy in March but showed signs of slowing in April. *Construction spending* increased 1.3% in March, fueled by increases in nonresidential building activity. Construction spending increased for the fifth consecutive month. Despite robust *housing starts*, consumers pared down their demand for homes in April; new home sales declined 9.5% in April, a larger drop than had been expected. The decline was strongest in the South and Midwest, while new home sales were flat in the West. In addition, existing home sales declined 4.2% in April. Meanwhile, mortgage rates remain close to a 30-year low of 7% and applications for mortgages continue to show no signs of slowing, indicating that the decline in demand during April may be short-lived. Although not immune from the economic slowdown, the construction and real estate markets should continue to remain a source of strength for the economy.

Inflation remained under control in April, as both *consumer* and *producer* prices increased at a lower-than-expected rate of 0.3%. Core consumer and producer prices both increased 0.2%. Year-to-date through April, consumer prices are increasing at an annual rate of 3.8%, compared with an inflation rate of 3.4% for 2000. Meanwhile, one important factor that allowed wages to increase without inflation pressure in years past disappeared during the first quarter: productivity declined 0.1%. Productivity increases are strongly linked with increases in business investment in capital equipment, which has suffered during the current economic slowdown. The Federal Reserve's recent interest rate cuts have been targeted at increasing productivity by attempting to reignite business investment.

The slowdown in the national economy will probably persist throughout much of the remainder of the year. While the level of uncertainty in the stock market seems to have abated and consumers remain resilient, uncertainty exists in the labor market and the real estate markets may be softening somewhat. Meanwhile, the manufacturing and technology sectors continue to suffer. Benign inflation remains the economy's strongest hope of avoiding a recession, as it allows the Federal Reserve Board plenty of room to cut interest rates. However, the effects of the interest rate cuts have yet to be felt by the economy.

Colorado Economy

Colorado's economy remains strong, despite the slowing national economy. Although the unemployment rate rose to 2.9% in March, employment growth is robust at 4.2%. Retail trade sales increased 5.6% through February, although the figure is unadjusted for last year's additional trading day due to the leap year. Mirroring a national trend, venture capital devoted to Colorado businesses decreased by 61.4% during the first quarter of 2001, compared with the same period last year.

Colorado's Economy at a Glance

Key Indicators	*Direction*	*Assessment*
Nonfarm Employment Growth		Good
Unemployment Rate		Good
Mortgage Rates		Good
Retail Trade Sales		Good
Home Prices		Neutral
Nonresidential Construction		Good
Colorado Inflation Rate		Bad
Overall Rating		**Good**

Employment

Colorado's employment picture continues to be mixed. Although Colorado's unemployment rate rose from 2.7% in February to 2.9% in March, overall employment in the first quarter was still up 4.2% compared with a year ago. Data from the Colorado Department of Labor and Employment shows that the unemployment rate rose due to a combination of layoffs and more typical winter weather, however the rate continues to be low at less than 3.5% for 28 consecutive months.

"Colorado's employment picture continues to be mixed."

More than 40 companies made announcements on job gains and losses during the past month. Job gains totaled over 600, while job reductions totaled more than 2,700. The two-month total of announced job losses is more than 6,700. Information on employment gains and losses may be found in the regional sections.

The job losses have not materially changed Colorado's unemployment rate thus far. Some workers likely found work immediately at other companies. Many of the announced layoffs were for some time later this year. Finally, workers cannot file for unemployment benefits until all severance pay has been exhausted. Many companies are giving generous severance packages to their terminated employees.

Residential Construction

Total housing permits decreased 2.9%, or 485 units, through April, according to the U.S. Census Bureau. Single-family permits increased 6.8%, while permits for multi-family dwellings dropped 26.4%.

"...home prices are at record levels even as the number of unsold homes continues to increase."

According to Coldwell Banker, home prices are at record levels even as the number of unsold homes continues to increase. The average sales price in May for a single-family home reached a record of $258,226, 10.9% higher than May 2000. Meanwhile, May's median price of a single-family home also reached a record high of $214,900, an increase of 13.2% from last year.

The vacancy rate for the apartment rental market was the lowest first-quarter rate since 1995. Metro-Denver area rates fell to 4.3%, compared with 5.1% a year ago. The average monthly rent of $797 was only $4 higher in the first quarter of 2001 as compared with the same period last year. The highest vacancy rate is in Douglas County which has 14% of its units available.

Nonresidential Construction

According to F.W. Dodge, the value of nonresidential construction permits increased 1.1% through April. The percentage change in nonresidential construction has fallen steadily throughout the year and is partially attributable to increased vacancy rates in the office sector.

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Due to the turbulence within the technology sector, many office spaces are now vacant. According to Grubb & Ellis Co., vacant office space in the southeast suburbs, Denver's biggest real estate market, jumped to 12.8% during the first quarter of 2001.

Denver's overall office vacancy rate rose to 9.2% in the first quarter of 2001 from 7.5% in the fourth quarter of 2000. In comparison, the national rate increased at a much slower rate with a report of 7.5% at the end of the first quarter compared with 7.3% at the end of 2000. However, builders are now more cautious and fewer speculative building projects will be undertaken.

Transportation

Denver International Airport's passenger traffic was down 1% in March and totaled 9.23 million passengers through the first quarter of 2001. Thus, the city may get bumped by Las Vegas' McCarran International Airport from being the sixth-busiest airport to being the seventh. Las Vegas' airport logged 9.33 million passengers in the first quarter this year. The decrease is attributed to the softening economy which is affecting business travel.

Agriculture

The number of Colorado farms and ranches has remained unchanged since 1999 at 29,000 operations, even as the U.S. numbers are declining, according to the U.S. Department of Agriculture-National Agricultural Statistics Service 2000 survey of farms and ranches. Colorado also continues to surpass all but eight states in the average size of a farm at 1,090 acres. The national average was 432 acres in 2000. However, Colorado's total area in agricultural operations declined by 200,000 acres in 2000.

In crop news, potato prices are so low that some growers are changing over to small grains and alfalfa. The April potato prices were $2.40 per cwt, 15 cents lower than March and $2.05 lower than April of the year before. On the other hand, barley, at $2.16 per bushel, was 19 cents higher than March and 28 cents higher than the previous year. Alfalfa, at $109.00 per ton, was $3.00 higher than last month and $43.00 higher than April last year. Low prices are affecting beet plantings as well. Due to the low sugar prices for the past three years, the acreage for sugar beets is expected to be down 22,000 acres, or 30.8%, from the 71,500 acres planted last year. Instead, it is expected that many acres will go to alfalfa or other forage crops since their prices are currently high.

Corn and dry bean plantings are also down from last year. 1,130,000 acres of corn are intended to be planted in 2001, a 16.3% decline from last year. 30,000 fewer acres of dry beans will be planted this year leading to the lowest acreage planted since 1921. On the upside, sunflower plantings will be up this year by 10.7%, with a total of 205,000 acres to be planted. Also, although the winter wheat harvest numbers were down, growers expect to plant 52,000 acres of spring wheat this year, which is 4,000 acres, or 8.3%, more than planted in 2000.

Tourism and Gaming

Although Colorado's tourist visitation decreased from 20.0 million in 1999 to 19.8 million in 2000, Colorado was rated as the third-most desirable tourist destination in the United States, coming in behind California and Florida, according to a survey performed by the Yankelovitch Brothers Travel Monitor. The Colorado Tourism Board is attributing the discrepancy to the fact that although the brand is strengthening, the number of tourists booking travel did not keep pace. The survey also revealed that tourism accounted for about $6.9 billion in revenue for Colorado in 2000, a decline from $7.2 billion in 1999. The decline was attributed to decreased spending by business travelers for food and entertainment.

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On the other hand, the number of tourists in Denver increased from 9 million in 1999 to 9.6 million in 2000. Business travelers accounted for 2.7 million of the total. Denver also accounted for $2.2 billion of the total $6.9 billion in tourism revenue.

Colorado's gaming towns brought in $54.6 million in adjusted gross proceeds (AGP) in April, a 6.4% increase from April 2000. Fiscal year-to-date AGP increased 9.8% through April 2001. Black Hawk generated 70.0% of the total AGP in Colorado, while Cripple Creek brought in 20.0%, and Central City brought in the remaining 9.7%.

Business

According to a PricewaterhouseCoopers MoneyTree survey, Colorado's venture capital investments decreased 61.4% during the first quarter of 2001. Companies garnered $373 million, compared with $966 million during the first quarter of 2000. However, Colorado is still ranked at number five nationwide behind California, Massachusetts, Texas, and New York.

According to Newsweek magazine, Denver was listed as one of the top 10 high-tech cities in the

United States. Newsweek also reported that even though there is a national economic slowdown, Colorado continues to rank among the top states in online users and venture capital investment.

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Energy

Tri-State Transmission & Generation is planning to build a $1.3 billion coal-fired electrical generation plant southeast of Pueblo by 2007. The plant will be capable of generating 1,200 megawatts of electricity. The facility will provide electricity to Colorado based on the state's needs, but will also sell power to outside buyers after the state's needs are met. Approximately 1,000 workers would be employed to build the plant, and up to 350 permanent positions would be created for operations.

Colorado retail gasoline prices reached record highs across the state, according to an AAA survey. As of May 10, statewide prices averaged $1.767 per gallon, up from $1.475 a year ago. The highest gas prices were surveyed in Vail at $2.059 per gallon, compared with $1.696 a year ago. The state's lowest prices surveyed were in Durango at $1.696.

The Bureau of Land Management has announced a long-range plan to develop federal gas leases on 15,000 acres of public lands in western Garfield County. The plan proposes up to 50 new surface locations to be drilled over a three-year period beginning in early 2002.

Metro Denver

Several Denver-area businesses have succumbed to the slowdown in the technology sector. Avolent Inc., an electronic billing systems provider, laid off an undisclosed number of employees at the Westminster branch in order to focus on core markets and to increase profitability. Requisite Technology, located in the Westmoor Technology Park in Westminster, eliminated 50 positions at the end of April due to market conditions and restructuring. Restructuring also caused Arapahoe County-based application services provider, Agilera Inc., to lose about 80 employees or 32% of its work force. Agilera reduced the number of computer applications it made available via the Internet which affected positions within the company's business development unit. J.D. Edwards, a Denver software maker, laid off 128 local employees at the beginning of May in an effort to reduce operating expenses. Overall, layoffs totaled 374 or 7% of the company's nationwide work force. The company plans to streamline its business operations and realign its sales force to increase market penetration. Relera Inc., an Internet start-up service, laid off 60 employees at the beginning of May, including 40 at its Denver headquarters. The company discontinued all construction and eliminated jobs related to the expansion. Denver-based Verado Holdings, a data-center company, will be reducing its local work force by 64. The layoffs are a result of cutting costs and will only affect non-core business operations.

Ereo Inc., a company which created a technology for searching images on the Web, laid off 40 employees when the company closed its Westminster office due to a loss of online advertisers and investors. In closing its Castle Rock plant, Entegris Inc. will eliminate about 170 full-time positions as of June 1, although eight employees will be offered the chance to transfer to the Colorado Springs plant.

ExciteAtHome Corp., a high-speed internet access provider, laid off 380 workers in May. The figure included an undisclosed number at the company's Westminster office. The layoffs were due to the fallout in Internet advertising. In a related layoff, MatchLogic, which is a subsidiary of ExciteAtHome Corp., cut 60 jobs at the company's headquarters in Westminster. The broadband Internet access provider had to implement cost-cutting procedures due to the downturn in the Internet advertising market.

Layoffs also occurred in the telecommunications industry in the metro-Denver area. AT&T Broadband in Arapahoe County laid off 80 local employees at the end of April and beginning of May in order to reduce costs. Some of the layoffs were due to duplication of jobs after the merger with MediaOne last year. Due to a tumultuous telecommunications market, New Global Telecom Inc. underwent a second round of layoffs in April since the beginning of the year, culminating in the elimination of 46 worldwide positions. An undisclosed number of employees were laid off from the headquarters in Golden, although the number of remaining employees has decreased from 160 in January to less than 100 in May.

Layoffs have occurred in various other industries in the metro-Denver area, including insurance and mail services. MassMutual Life Insurance will close its Greenwood Village call center by the end of August in order to centralize its operations in Springfield, Massachusetts. Some of the 60 laid-off workers will be offered the opportunity to transfer to Springfield or other company locations. Safeco, an insurance provider, will cut about 60 positions at its Lakewood commercial and business insurance underwriting operations by the end of the year as part of a national consolidation that will eliminate a total of 450 jobs nationwide. Charles Schwab Corp., the nation's largest discount brokerage, laid off 395 jobs in Colorado in its service operations. Schwab operates six retail brokerage locations along the Front Range and one regional service center. Fiserv Inc., a data and management services provider, will eliminate 200 jobs by March 2002 when the Wisconsin company closes its Denver unit. The layoffs are due to a slowdown in its securities processing business and will be conducted in two phases. The first phase will occur in September and the second in March 2002. Employees will have the opportunity to transfer to positions in the company's other offices. U.S. Bancorp will merge with Firstar Corp. leading to the elimination or transfer of about two dozen local jobs. However, Colorado could ultimately gain jobs from Salt Lake City or Idaho later this year.

"...First Data Corp. will move its corporate headquarters from Atlanta to northern Douglas County."

In more positive news, First Data Corp. will move its corporate headquarters from Atlanta to northern Douglas County. First Data will be housed at its current location in Greenwood Village until the first of five buildings in Douglas County is completed next year. Currently, the company employs about 2,600 people in Colorado, but the base should grow at about 20% per year over the next few years. In Westminster, Global Healthcare Exchange, a business-to-business e-commerce company that links healthcare suppliers with buyers, will open an office in the Westmoor Technology Park and plans to employ 250 workers by the end of 2001. The company will announce its first Denver hospital member this summer.

"...affordable housing is undergoing a growth spurt in the metro-Denver area."

In residential construction news, affordable housing is undergoing a growth spurt in the metro-Denver area. Rocky Mountain HDC, Inc. will begin construction on a 60-unit townhome-style development in Arapahoe County. Units will be rented to families making less than 60% of the area median income, with 30% of the units to be rented to people who were recently homeless. Burgwyn, Perry & Rose is renovating a turn-of-the-century building in north Denver into 12 condominiums. Half of the units will be available at below-market interest rates with down payment assistance to families making up to 80% of the area median income.

Two upscale condominium developments in the metro-Denver area began construction in mid-May. In Uptown Denver, Greystar Real Estate Partners LLC began construction on a $35 million project, consisting of 116 units in a four-story structure and a seven-story structure built to complement the current architecture in the area. Units will be priced from $185,000 to $700,000. On East Colfax Avenue, Steele Street Associates LLC is building Chamberlin Heights, a 72,000-square-foot, four-story building which will include 48 condominiums in the first phase of the 56-unit development. The units will be priced from $220,000 to $310,000. The second phase will consist of eight townhomes added to the four-story building at prices up to $425,000. The project will include 800 square feet of retail space on the ground floor.

In nonresidential news, **Westminster** has several projects underway. The Westminster Building Authority and the Westminster City Council approved the development of a public safety center which will consist of a 73,000-square-foot, $18.8 million facility that will house the Westminster Fire Department's administrative offices and the Westminster Police Department. Construction will begin in June and will be completed by November 2002. The Westminster City Council also approved the 120-acre Bradburn "New Urbanism" mixed-use project. The project will include 157,000 square feet of retail, office, and restaurant space, 805 residential units, public parks, and open space.

In **Douglas County**, three nonresidential developments have been approved. In Lone Tree, a 24-hour emergency hospital and medical campus will open in summer 2003. Construction of the $147 million project began at the end of May. The seven-floor, 106-bed hospital may eventually expand to 355 beds. A seven-lot commercial development on 65 acres is planned near Castle Rock. Construction is slated to begin in early summer with a completion date of fall 2001. In Parker, an autoplex project proposed by Burt Automotive Network has been approved on 140 acres near the Parker Gateway Center. The development will consist of car dealers, auto parts stores, gasoline/convenience stores, restaurants, and car washes. Construction will begin this summer with completion in May 2002.

Brighton will be the location of a 1,400-acre mixed-use development that includes 3,000 housing units, 8-million-square-feet of offices, parks, and a major mall. Construction on Prairie Center will begin later this year beginning with water lines, roadways, and other infrastructure. The $1 billion development should be complete within 10 to 20 years.

Boulder County

A softening economy has caused many businesses in Boulder County to consider bankruptcy or restructuring. Louisville-based AtLink Networks Inc. filed for Chapter 11 bankruptcy in April and laid off about 50 local employees in response to the bankruptcy of its largest client. AtLink provides point-to-point Internet connections and high-speed Internet access through digital subscriber-line technology. Although 50 employees will remain employed locally, the company will continue to serve customers in only Wisconsin and Illinois.

In the manufacturing industry, Boulder-based MED-tech, which builds medical devices, eliminated 27 regular positions and reduced its contract work force by another 27 workers. The company anticipates that this move will eliminate redundant manufacturing operations and inefficient contract manufacturing accounts.

Several tech companies announced layoffs due to restructuring or the slowing economy. PlanetCAD, which makes software for the manufacturing industry, reduced its work force by 15%, or seven employees, in order to streamline its operations. Metzger, a public relations firm for the high-tech sector, also eliminated 15% of its work force, or seven employees, at the end of April due to the slowing economy. NetLibrary, an electronic book company, laid off 90 workers due to the company restructuring in such a way as to include outsourcing work to other vendors. Ecrix Corp., a tape-drive maker, laid off 24 employees in mid-May. Nupremis Inc, a network services company with data centers in Boulder and London, cut more than 40% of its worldwide work force at the end of April as the result of the economic slowdown and the company's inability to obtain additional funding. Most of the 60 positions were cut from the Boulder-based office, although enough staff was retained to maintain the current customer base. GE Access laid off an additional 15 workers above previously announced plans to reduce its work force by 55.

Superior-based MessageMedia Inc., specializing in permission-based e-mail marketing, laid off 46 employees at the end of April due to a major slump in online spending and cuts in marketing budgets.

In more positive news, several businesses are assisting job growth in the Boulder County area. Boulder-based Benchmark Storage Innovations expanded its work force from 85 to more than 100 in the past few months. Turquoise Technology Corp., a software firm that provides appliances which manage large amounts of data, recently moved its headquarters from Lafayette to Boulder. The company anticipates increasing its staff from 15 to 200 by the end of 2002.

Several medical and hospital buildings are being constructed or expanded. In Louisville, Avista Adventist Hospital is planning a $32 million expansion which will nearly double the size of the current building. Construction will begin at the end of May and is anticipated to be completed by the fall of 2002. Boulder Community Hospital is planning to add a 150,000-square-foot east campus and an additional emergency room. Construction of the $18 million, 107,000-square-foot Longmont Medical Center should be complete by February 2002. The joint venture of Longmont United Hospital, Front Range Orthopedic Center, and Neenan Co. will add 10 to 12 employees to the current staff of seven. Paradigm Health Club plans to open an 85,000-square-foot health facility near the Interlocken Business Park in Broomfield. The facility will include a child-care center and two medical office buildings.

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In mixed-use construction, Preble Creek received approval from the **Broomfield** City Council to proceed with the largest development ever proposed to the city. The development will consist of five districts connected by a central parkway, each of which will contain residential neighborhoods and village centers with individual themes. The plans include two school sites, three primary retail centers, three smaller village centers, 112 acres of community parks, 549 acres of open land, and a 188-acre golf course. Ultimately, the development should provide 50,000 jobs, 17,000 new residents, 4,000 homes, and 2,900 apartments over the next 25 years.

In **Boulder**, One Boulder Plaza will begin construction this summer on a multi-million dollar, 395,000-square-foot, mixed-use development which will be the first major residential development in the downtown area. Four new structures housing condominium apartments, offices, and shops will be built in two square blocks over the next three to four years. In the Flatiron area, Greystar Real Estate Partners LLC plans to complete a mixed-use community by 2002. The $120 million Summit at MainStreet development will include 500 luxury apartment units wrapped around same-level parking, offices, and a central park.

In **Longmont**, Golden Bear will be developing a 30-acre community with a mix of housing types, including 74 patio homes, 68 townhomes, and 48 condominiums.

El Paso County

"Construction began on 517 single-family homes in April…"

The Pikes Peak Regional Building Department released figures showing that housing starts through April were up 23.2% over the same period last year for El Paso County. Construction began on 517 single-family homes in April which led to a huge 21.4% gain compared with the same month last year.

Through March 2001, nonagricultural employment increased 2.9%, compared with last year. The unemployment rate was 3.4% in March, compared with 3.2% for all of 2000. ChoiceNet, a third-party administrator (TPA) between doctors and employers' health plans, anticipates employing about 15 people when it opens in Colorado Springs. The company plans to increase to 40 employees by the end of the year.

However, layoffs continue to occur in El Paso County, particularly in the technology sector. Minnesota-based Compaq Computer Corp. announced layoffs of an undisclosed number of the Colorado Springs staff which had a total work force of 1,600. The company cited weakness in the U.S. economy as the reason for the global layoffs which will total 5,000 of its 67,000 employees worldwide.

Several other Colorado Springs tech companies announced layoffs. Mobilize, a software developer, cut its work force nearly in half at the end of April, with layoffs of 21 employees. The layoffs will allow the company to operate without having to raise additional funds. Alliente, an e-procurement business, laid off 18 employees from its Colorado Springs branch in mid-April. The company is attempting to strengthen its financial position and increase operational effectiveness. Vitesse Semiconductor Corp. will lay off about 25 employees by June 30 due to a slowdown in chip sales for communications and data storage. Upper management salaries will be cut by 10% to 15% as a further response to current market conditions. In mid-May, USA.Net, an e-mail provider, laid off 60 employees as part of a restructuring effort to streamline business. Agilent Technologies Inc. is not experiencing any layoffs; however, the company is temporarily cutting wages and salaries by 10% in order to avoid the possibility of layoffs.

Three companies outside of the technology sector announced layoffs as well. In May, Checks Unlimited, a direct-mail check marketing branch of Deluxe Corp., announced that 50 permanent employees would be laid off and 20 contract employees terminated immediately. Current Inc., a greeting card publisher, announced layoffs due to declining sales. 170 local employees were laid off at the beginning of May. Western Forge laid off 120 local employees and terminated about 100 temporary staff because of declining sales.

Eastern Plains

Homestead Meadows LLC revealed plans for a 72-unit affordable housing development near **Brush**. The subdivision will feature an energy efficiency package and will be built in two phases, with the first phase completed by the end of 2002.

Sonic will begin construction in May on a drive-in restaurant in **Trinidad**. Completion of the project is expected to be near the end of summer. 60 employees will be hired initially with up to 40 being retained after the sales volume of the restaurant has been determined.

Northern Region

The unemployment rate for the Greeley/Weld County area increased from 2.7% in February to 3.5% in March. The increase can be attributed to a combination of layoffs in the area and more typical winter weather, according to the Colorado Department of Labor and Employment. Meanwhile, the March unemployment rate in the Fort Collins area was 2.9%.

Two **Fort Collins** businesses reported layoffs in April. CyberCrop.com sold its name to Farms.com at the end of April, resulting in the layoff of 15 employees. None of the employees were transferred to Farms.com. Advanced Energy cut 59 full-time positions from its worldwide work force. No announcements were made regarding the number of Colorado positions that will be eliminated. However, the company will implement additional cost-cutting procedures, such as a general wage freeze and graduated pay reduction, which will affect all U.S. salaried and hourly workers. **Loveland**-based Duke Communications, a technology and business publisher, has laid off 14 employees since the beginning of the year due to the slowing economy, product repositioning, and process restructuring.

Other businesses in the Northern region avoided layoffs by implementing cost-cutting procedures similar to Advanced Energy. Hewlett-Packard Co. requested employees to take an additional six days of vacation time by the end of October. Agilent Technologies Inc. has announced that its Electronic Products Solutions Group in Loveland will be shut down during the first week of July in order to meet budget constraints. Agilent's Semiconductor Products Group in Fort Collins will also shut down during the same week. Agilent has also cut salaries by 10% companywide and halted renovations to its Loveland campus. However, Agilent's Workplace Services Division in Colorado did not fare as well with the loss of 25 jobs. Another 145 temporary employees and 85 permanent employees will be lost when the company’s printed circuit board assembly operations are moved from Colorado to Spokane, Washington.

In more positive news, Vision Graphics, Northern Colorado's largest sheet-fed printing business, will be moving its Cheyenne, Wyoming operations to Loveland this fall. The company did not disclose how many local people would be hired; however, the number won't be significant as many of the 25 Cheyenne employees will commute to Loveland. The company currently has 25,000 square feet in Loveland and plans to add 22,000 more. Construction will be completed by October. EagleSpan Steel Structures, a manufacturer of metal building materials, will be moving from Loveland to Fort Collins in June. The company will double its current space and anticipates hiring 10 more production workers during the next year. Aurora-based Wagner Equipment Co. announced plans to open one of its largest branches in **Windsor** at the Highlands Industrial Park. Tentative plans have been made to hire up to 30 workers. Wirestone LLC, a Fort Collins-based marketing and technology consulting firm, has acquired $20 million in venture capital to support its plans for increased acquisitions and improvements in its technology infrastructure.

"...the population growth in the Northern region should continue to fuel development in the area..."

Although there have been layoffs and a slowing economy, the nonresidential construction sector in the northern region is not expected to slow much during the next year. Currently, although the number of building permits for the first quarter of 2001 has decreased to 291 from 298 permits for the same period last year, the value of the permits issued has increased considerably from $28.5 million in the first quarter of 2000 to $39.9 million in the first quarter of 2001. Also, the population growth in the Northern region should continue to fuel development in the area, according to Realtec Commercial Real Estate Services.

In nonresidential construction, an office park is planned near Loveland with construction to begin in July. The Nosello Office Park will feature four 10,000-square-foot buildings and will offer businesses the opportunity to lease or own. Also in Loveland, American Eagle Distributing, a regional beer wholesaler, will build a 120,000-square-foot warehouse to replace the facilities currently in Fort Collins and Greeley. Construction will begin in early July with a completion date of March 2002. Seven employees will be added to the current staff of 100 with the opening of the Loveland plant.

Several residential construction projects have been approved. Loveland is prepared for significant growth in the apartment sector with 471 units under construction and 472 planned. Macy Development will start construction on a 220-unit apartment complex in June. The complex will include 11 three-story buildings to built on 12 acres. Meadowbrook Ridge has been approved to construct a 450-dwelling unit housing development on 123 acres in Loveland. The development will include 210 single-family homes, 47 duplexes, and 150 townhomes. A housing development project proposed by Catholic Charities in Greeley will incorporate 42 single-family homes intended for migrant farm workers. The plans consist of 24 four-bedroom and 18 three-bedroom homes with a 3,200-square-foot community center and a gathering plaza.

Southern Region

Teleperformance, a Georgia-based telemarketing firm, shut its doors in April, laying off 200 employees at its **Pueblo** branch. No reason was given for the sudden closure.

The Pueblo Mall will be losing two of its national chain stores within the next two months. Northern Reflections will close its doors at the end of May. Athlete's Foot will close its doors at the end of June.

Pueblo Associates LLC will break ground this fall in northern Pueblo on a $30 million power center that will offer 400,000 square feet of retail space.

"The Pueblo Housing Authority announced its biggest project in a quarter century…"

The Pueblo Housing Authority announced its biggest project in a quarter century, which will consist of a tract of 50 single-family, low-income homes to be built east of Belmont. The project provides that the units will be rentals for 15 years at which time, if the tenants have remained in the units the full 15 years, the authority will transfer the deeds to the tenants. If tenants have not resided in the units for the full 15 years, tenants will have the option to buy the house by making up the difference. Construction should be completed by October 2001.

Mountain Region

Please refer to the Regional Economic Review for a detailed overview of the economy for the Mountain Region.

Western Region

The unemployment rates for March in the Western region rose in several counties. Mesa County's rate rose to 3.7% from 3.0% in February; Montrose, 5.3% from 4.1%; Delta, 4.9% from 3.5%; Ouray, 3.6% from 2.9%; and Garfield, 2.5% from 2.2%. Rio Blanco was the only county for which the rate decreased — from 2.5% in February to 2.4% in March.

The unemployment rate was reflected in the closures of two businesses in the Western region. In Montrose, the Heilig-Meyers furniture store will close by mid-summer, eliminating nine positions. Other Heilig-Meyers stores will be closing in **Cortez** and **Grand Junction**, although no further information was released regarding those closures. Louisiana-Pacific Corp. temporarily closed its **Olathe** wafer board plant at the end of April, resulting in layoffs of half of the facility's 77 hourly employees. The closure is due to weak market prices for oriented strand board and the high cost of wood. The company plans to implement an improvement project to increase the mill's operating efficiency during the shutdown. Reopening of the plant should occur early this summer.

In more positive news, Alpine Bank will be opening a branch in November in **Montrose** with plans to hire up to seven employees. In **Clifton**, the current branch is moving to another location with plans to expand its current staff of 12 when it reopens in September.

Air Wisconsin announced that it will purchase 51 jets by 2003. Grand Junction will possibly benefit from the regional jet service in the next few years. The airline operates as United Express and works in conjunction with United Airlines to provide service from regional airports to United hubs in Denver and Chicago. The jets will be implemented in addition to the turboprop planes currently utilized by Air Wisconsin.

Many nonresidential projects have been approved in the Western region. Montezuma County commissioners approved the construction of a women's adventure ranch to be developed near **Mancos** on 141.7 acres. The ranch will consist of a main lodge, four cabins, three staff cabins, five outbuildings, and two false-fronted buildings with shops and guest suites. The ranch anticipates hiring 30 to 40 employees. Construction will begin in early summer with completion in 18 months. Phase one of a mixed-use development, Animas Village Park, has been approved by the Durango Planning Commission. The project includes 30,000 square feet of commercial development with 10 apartments incorporated above the commercial space. The other two phases will call for 167 residential units on 14.5 acres. In **Ignacio**, a new tribal community center is scheduled to open in mid-September. The 49,000-square-foot center will house a recreation-sports facility, a baseball field, meeting rooms, and a powwow area.

In residential construction news, the Idarado Legacy Project received approval for a mixed-use development in **Telluride**. The project will include a six-unit condominium, 66 units of affordable housing, 59 free-market housing units, 3,600 acres of public lands, 526 acres of historic/scenic parks, and a trail system featuring historic exhibits. In Purgatory Village in **Durango**, construction began in May on 14 townhomes in a two-story building and should be complete by April 2002. The prices for the townhomes will range from $575,000 to $750,000.

Regional Growth
Cumulative Year-to-Date Growth Rates

	Alamosa	Boulder	Colorado Springs	Metro Denver	Durango	Fort Collins	Grand Junction	Greeley	Lamar	Montrose	Pueblo	Ski Counties (Eagle, Pitkin, and Summit)	Steamboat Springs	Sterling
Employment Growth (through March 2001)	0.9	7.4	2.9	4.1	4.2	5.2	2.7	4.0	-1.9	4.0	0.2	2.4	2.4	4.2
Unemployment Rate (not seasonally adjusted) (in March 2001)	5.9	2.4	3.4	2.5	3.7	2.9	3.7	3.5	2.9	5.3	4.5	1.7	1.5	2.9
Retail Trade Sales Growth (through February 2001)	4.2	10.8	2.1	4.9	12.5	7.8	8.6	8.1	-4.2	15.8	-2.6	10.7	1.7	-11.3
Growth in Value of Non-residential Construction* (through April 2001)	①	15.8	-14.0	8.9	-90.3	②	③	33.6	④	⑤	-86.9	-93.9	-77.5	⑥
Housing Permit Growth * (through April 2001)	25.0	-35.5	-0.9	0.9	-1.6	-3.1	5.5	34.9	21.1	-6.7	95.9	57.0	43.9	20.0

Actual level not growth rate.
Colorado Department of Labor and Employment data.
* F.W. Dodge data.
Colorado Department of Revenue data.

① $372,000 was contracted in 2001, while nothing was contracted in 2000.
② $39.9 million was contracted in 2001, while $18.4 million was contracted in 2000.
③ $12.4 million was contracted in 2001, while $2.0 million was contracted in 2000.
④ Nothing was contracted in either 2000 or 2001.
⑤ Nothing was contracted in 2001, while $500,000 was contracted in 2000.
⑥ $2.1 million was contracted in 2001, while nothing was contracted in 2000.

Colorado Indicators
Year-to-Date Growth Rates

Indicator	March 2001	February 2001	2000 Annual Average
Nonfarm Employment Growth ¤	4.2%	4.3%	3.9%
Unemployment Rate ¤ ‡ (seasonally adjusted)	2.9	2.7	2.6
Housing Permit Growth ~	-2.9	0.9	9.0
Single family	6.8	5.6	-1.9
Apartments	-26.4	-9.2	47.2
Growth in Value of Nonresidential Construction §	1.1	27.4	-14.2
Retail	28.1	28.1	-12.8
Offices	-32.7	-22.1	22.9
Factories	442.7	637.0	-71.7

¤ Colorado Department of Labor and Employment data.
‡ Actual level, not growth rate.
~ U.S. Census Bureau data.
§ F.W. Dodge data.
Housing permit and nonresidential data are for April and March.

Note: An inflation rate is not calculated for the state. The Denver-Boulder-Greeley inflation rate is often used as a proxy for Colorado's inflation rate. The Denver-Boulder-Greeley inflation rate was 4.0% in 2000, following a 2.9% rate in 1999.

A decade of strong growth in Colorado's mountain region continued during the last year. The region, which at one time was primarily dependent on mining, is now heavily dependent on tourism. Skiing, summer activities, and gambling make up the bulk of the region's job growth and income gains. While the mining sector is still important, it takes a back seat to the well-developed tourism industry. The mountain region is divided into three sections for this analysis: the ski counties (Eagle, Grand, Gunnison, Pitkin, Routt, and Summit); the gaming counties (Gilpin and Teller); and the counties that are less dependent on tourism (Clear Creek, Chaffee, Jackson, Lake, and Park). Table 1 compares growth in the mountain region to that of the state during the last year and the last decade.

Ski Counties (Eagle, Grand, Gunnison, Pitkin, Routt, and Summit)

The release of census data for 2000 showed that Eagle and Summit counties were the fourth- and sixth-fastest growing Colorado counties. Eagle County's population soared 90.0% during the decade, while Summit County's population increased 82.8%.

Meanwhile, much of the subregion's housing is devoted to seasonal, recreational, or occasional use. While the statewide use of housing for these purposes is only 4.0%, 36.3% of ski county housing is for such purposes. More than one-half (54.7%) of Summit County's housing is for seasonal use, while only 17.6% of Routt County's housing is used for these purposes.

Of course, the economic boom of the 1990s greatly increased the number of second homes in Colorado's ski resorts. The high demand for second homes had a great influence on housing prices.

An indication of the subregion's high housing costs is a cost of living study released by the Northwest Colorado Council of Governments. The study found that most costs in the counties studied (Eagle, Garfield, Grand, Pitkin, and Summit) approximated the national average except for housing. Housing costs in these counties significantly outpaced the national average. Excluding Garfield which is not included in our mountain region, the costs of *renting* ranged from 130% of the national average in Grand County to 272% of the national average in Pitkin County. The cost of *home ownership* was even more skewed,

Table 1. Mountain Region Economic Indicators at a Glance

	Mountain Region	Colorado
Population Growth		
2000 Compound Average Annual Growth Rate (CAAGR)	4.4	2.7
Nonfarm Employment Growth		
1990-99 CAAGR	5.7	3.8
3Q99 - 3Q00 Growth Rate	2.2	3.7
Unemployment Rate (Regional data not seasonally adjusted)		
1990-2000 Average	4.4	4.2
2000	2.6	3.7
Retail Trade Sales Growth		
1990-02 CAAGR	8.0	7.7
1990-2000 Growth Rate	8.9	11.5
2000 Nonresidential Construction Growth*	100.5	-14.2
2000 Residential Construction Growth*	-14.4	-4.2

** F.W. Dodge data. Only includes data from Eagle, Pitkin, Routt, and Summit counties.*

ranging from 187% of the national average in Grand County to 819% in Pitkin County for a representative family in these counties.

A booming economy during the 1990s in the state's ski counties caused growth in construction **employment** to significantly outpace employment growth in other sectors of the local economy as the demand for housing, commercial space, and improvements at ski areas increased significantly. Construction increased at an average annual rate of 10.6% from 1990 to 1999 and increased 7.4% during the year ended in the third quarter of 2000. Construction accounted for 9.4% of the ski counties' employment base in 1999, up from 3.7% in 1990. The largest employment sector in the economy is services, employing 36.7% all workers in 1999, followed by the trade sectors, which employed 29.9% of the workforce. Government is also fairly important to the ski counties, providing 9.1% of their employment base. Overall, the ski counties experienced a healthy 5.1% annual average employment growth rate between 1990 and 1999. As would be expected with such healthy employment growth, the unemployment rate in the ski counties is very low, averaging just 2.6% during 2000. The only ski county with an unemployment rate above 2.6% in 2000 was Gunnison, at 4.5%. However, it should be noted that Gunnison is the least dependent on skiing and tourism and as such has not reaped as many of the growth benefits that the tourism boom during the 1990s brought to the other ski counties. In fact, only 24.5% of Gunnison County's work force is employed in the service industries, while 18.4% are employed by the government as the result of the strong influence of Western State College on the county.

Retail trade sales in the ski counties have shown strong growth throughout the 1990s as well. Between 1990 and 2000, the region experienced average annual growth of 8.0 percent. In fact, every county in the region grew at an average pace between 8.0% and 9.0% per year except for Pitkin County, which grew at an average annual rate of just 5.1% over the period. Despite the overall slowdown that started in the state's economy in late 2000, retail trade sales growth remained strong in most of the ski region. Sales increased 13.3% in Eagle County, 10.0% in Routt County and over 9.0% in Gunnison and Grand Counties. Growth was significantly slower in Pitkin (4.6 percent) and Summit (4.4 percent) counties, however.

As was previously mentioned, the ski counties are primarily dependent on **tourism** for economic growth. While summer tourism is a growing source of business for these counties, the primary tourism driver is still **winter** visits and **skiing**. Fortunately, better snow conditions, discounted lift tickets, and a record number of skiers nationwide caused a 5.8% increase in skier visits to Colorado resorts during the 2000-01 ski season. Growth was lead by the state's front range destination resorts, Arapahoe Basin, Beaver Creek, Breckenridge, Copper Mountain, Keystone, Vail, and Winter Park, which experienced a 9.0% increase in skier visits. While those resorts experienced significant growth, increases at the other resorts in the state increased less than 1.0% for the season.

"...better snow conditions, discounted lift tickets, and a record number of skiers nationwide caused a 5.8% increase in skier visits to Colorado resorts during the 2000-01 ski season."

Additional skier visits also led to more **condo rentals and lodging sales** in the ski counties. Table 2 shows the percentage change in condo rentals and lodging sales in five of the ski counties between the November 1999 through February 2000 period compared with the November 2000 through February 2001 period. As can be seen, Routt, Eagle, and Summit counties experienced significant lodging growth during the latest ski season, while Gunnison County exhibited very slow growth and Pitkin County had a slight decline.

Table 2. Condo Rentals and Lodging Sales

County	Ski Resorts	Total Change from 1999-00 Ski Season*
Eagle	Vail, Beaver Creek	19.8%
Gunnison	Crested Butte	3.0
Pitkin	Aspen, Snowmass	-2.0
Routt	Steamboat	35.9
Summit	Breckenridge, Keystone, Copper Mountain	16.3

** November 1999 through February 2000 data compared with November 2000 through February 2001 data.*

In an attempt to keep winter tourism growing, resorts have spent hundreds of millions of dollars during the last half decade on **capital improvements**. The trend continued during the 2000-01 ski season and additional improvements are planned for the 2001-02 season. Like the economy, however, capital spending at the resorts is slowing down. After building 20 new ski lifts for the 1999-00 ski season, 11 were built for the just-ended season and eight are planned for next year. The 1997-98 ski season found 29 new lifts on the slopes, followed by 30 new lifts for 1998-99. One new lift will be built at Arapahoe Basin, two at SolVista, three at Telluride, one at Breckenridge, and the last one is a used lift being installed on a ski bum-entrepeneur's steep land outside Silverton. The resorts spent $111 million on the lifts and other capital improvements last season.

On the negative side, the high cost of upgrades and reduced revenue from discounted ski tickets has caused layoffs at many resorts this spring. Crested Butte and SolVista both eliminated positions and reduced hours this year. Winter Park cut 6 full-time and 30 part-time positions in April as well as reducing hours for other jobs. Aspen cut 25 workers in April from its planning and marketing departments. The company will also hire fewer seasonal workers for the next ski season. Vail Resorts began elimination of 37 administrative and management positions in May. The job reduction will be accomplished through layoffs, attrition, and not filling vacant positions.

Other construction projects include a new western Eagle County combined community and government building on a former tree farm in **El Jebel**. The 14,750-square-foot building will combine offices for the courts, sheriff's department, and health and human services department. The project, to be completed by March 2002, will cost $2.4 million.

"Avon...was reported as the high country's fastest growing town in the 2000 census."

Avon, located at the bottom of Beaver Creek Mountain, was reported as the high country's fastest growing town in the 2000 census. The city is poised to continue its fast growth over the next two decades with plans for the Village at Avon. The development will line both sides of I-70 east of town and will include a shopping plaza and over 2,400 homes on 1,800 acres. This summer could see the preliminary work begin on the 650,000 square feet of shopping space and some affordable housing units. Avon also has a 120-room Sheraton Hotel under construction on a parcel of land that will include 125 time-share units and 30,000 square feet of retail space.

A 960-acre golf course and housing project is being planned near **Gypsum**. The community will include 535 upscale homes on lots ranging from one-quarter to two-acre lots. Prices for the houses will range from $550,000 to $775,000. Construction on the 27-hole golf course will begin this fall.

Over $53 million of development is underway on recreation and affordable housing projects in **Aspen**. A new pro shop and restaurant will be built at Aspen Golf Course along with 58 units of affordable housing along the course. An 80,000-square-foot recreation center is under construction that will include an NHL-sized ice rink, two swimming pools, and a youth center. Also, the city is refurbishing its existing ice rink

Aspen is also the site of a $40 million high school to be built this summer. The Colorado Department of Transportation will continue the $12 million highway widening project on Highway 82 between the Aspen Airport Business Center and the Maroon Creek Bridge throughout the summer. In downtown Aspen, the Grand Aspen Hotel will be demolished and a new hotel with over 115,000 square feet of space will replace it.

Snowmass Village is building 16 affordable housing units approved by voters. The two- and three- bedroom units will be priced between $190,000 and $250,000 each and the project will cost $6 million to complete.

A $60 million residential construction project to include 100 patio homes and 45 condominiums has been approved for an area just north of downtown **Breckenridge**. The 33-acre development will have patio homes ranging from $400,000 to over $600,000 and condos for less than $200,000. Units went on sale June 1 and it is expected to take around three years to sell out. Another residential project is being undertaken in Breckenridge by Vail Resorts, the ski area's owner. The five-building lodge area located on 11 acres will include 150,000 square feet of space with the first two buildings being completed in August 2002. Those buildings will have 80 suites at a cost of $32 million. The other three buildings in the complex will bring the total cost to $80 million.

"Copper Mountain unveiled its new pedestrian base village in November 2000."

Copper Mountain unveiled its new pedestrian base village in November 2000. The new village includes a 42-foot climbing spire, a slope-side lodge, a 40,000-square-foot conference center and a restaurant. New condominiums have also been developed over the past two years and over 3,000 units will have been constructed when the area is built out.

A couple of projects are under construction in **Steamboat Springs**. The Mountaineer at Steamboat will include 28 high-end units in 14 buildings that range in size from 2,655 to 2,963 square feet. Also under construction is a mixed-use building called One Alpine Plaza that will have 9,000 square feet of office and retail space with four 950-square-foot condominiums.

Winter Park will have a $74 million residential and commercial development in Pole Creek Valley. The area will have 25,000 square feet of commercial space, 106 homesites, 56 townhomes and 104 condominiums. The homesites range in price up to $100,000 and the townhomes will sell for an average of $300,000.

A $200 million resort project near **Granby** will include more than 600 homes. The site includes 441 acres between the SolVista ski resort and the town of Granby. When completed, the development will include homes, condos, townhomes, cabins, a golf course and clubhouse, swimming pools, an ice skating rink, and thirteen acres of retail space.

The base village for the **SolVista** Golf and Ski Ranch is also beginning sales and construction this year. The Twin Saddles Lodge project will be the first phase of a 650-unit community at the base of the ski area. The lodges will contain 110 ski-in, ski-out condominiums, shops, and other amenities around an open plaza and swimming pool.

Construction of a new subdivision in **Crested Butte** caused the closure of the upper valley's only airstrip. There was insufficient space for the new housing and the airport to safely coexist. The development will include 200 multi-family units and 32 affordable-housing units.

Gaming Counties (Gilpin and Teller)

Teller and Gilpin counties have enjoyed explosive growth since the voter authorization of limited stakes gaming in Cripple Creek, Black Hawk, and Central City in 1991. An initial wave of construction took place to get gaming underway, and it has given way to a new wave of construction to build ever bigger and more glamorous casinos in the gaming towns.

Because of the addition of gaming to these counties' economies, **employment** in Gilpin and Teller counties increased at an average annual rate of 18.8% between 1990 and 1999. In fact, the number of employees working in the cities of Black Hawk and Central City are even greater than the official numbers show, as many construction employees are based in the metro-Denver area and are not counted in the Gilpin County work force where they are currently building casinos. With the addition of gaming to the counties' employment bases, services represented 60.4% of employment in 1999, up from 17.1% in 1990. Unemployment in the gaming counties was a low 2.5% in 2000. In 1990, when the state's economy was in recession and prior to the passage of limited stakes gaming, these counties sported a 5.3% unemployment rate. **Retail trade sales** in the gaming counties increased at an average annual pace of 10.3% between 1990 and 2000. Teller County's annual average sales were up a strong 11.0% to lead the way. While sales in Gilpin County slipped 5.2% in 2000, sales in Teller County grew at an amazing 19.8% clip.

Adjusted gross proceeds (AGP) from gambling in Teller and Gilpin counties continue to increase in FY 2000-01 after jumping significantly in the previous fiscal year. Table 3 displays the AGP, taxes paid, and employees by gambling town for FY 1999-00. Gaming taxes are also growing quickly, despite reduced tax rates put into effect last year. Most of the growth in gaming is now occurring in the city of Black Hawk. During the last fiscal year, AGP in Black Hawk increased 25.0% and it is up another 15.8% through April of the current fiscal year. AGP in Cripple Creek increased 12.2% last fiscal year and 4.6% through April of the current fiscal year. Central City has seen significant decreases in AGP as it has been unable to grow and support its casinos in competition with Black Hawk. AGP in Central City fell 14.7% during the last fiscal year and another 13.8% through April of the current fiscal year. Central City currently has 5 casinos, down from a high of 25 in 1992.

"Gaming taxes are also growing quickly, despite reduced tax rates put into effect last year."

As previously mentioned, the trend is to larger casinos in Colorado. Fall 2001 will find the opening of a new largest casino in Colorado when the Hyatt opens in Black Hawk. The first phase of the project, which will cost $150 million, includes a 1,450 car parking garage and a 123,000-square-foot casino, restaurant, and retail area. The second phase of the project, slated to begin within six months of the casino's opening, will be a 350-room hotel. The combined casino/hotel should employ 600 workers. Later phases of the project may include an ice rink, gondola, mountaintop park, stables, and a winery.

Other Mountain Counties (Clear Creek, Chaffee, Jackson, Lake, and Park)

"Perhaps the most notable change is the increasing status of Park and Lake counties as bedroom communities."

The economies of the other counties in the mountain region have not changed significantly over the past decade. Perhaps the most notable change is the increasing status of Park and Lake counties as bedroom communities. Park County had the third-fastest growth in population during the 1990s. It serves as a bedroom community to metro Denver on the eastern edge of the county and to Summit County on the western edge of the county. Additionally, Park County has a high percentage (40.5%) of second home usage for seasonal, recreational, or occasional use. Lake County's population growth rate matched the statewide growth rate (2.7%), despite the decreasing influence of mining in the county, and serves to point out the increased influence of the county as a bedroom community that supplies workers to the neighboring ski counties of Eagle and Summit. Chaffee County saw an explosion of second homes and retirement homes, particularly in the Buena Vista area, that drove area home prices sky high. Meanwhile, Jackson County was one of only six counties in Colorado that lost population during the 1990s. Clear Creek County continues to service the Interstate-70 traffic between the metro-Denver area and the mountains and is also a bedroom com-

Table 3. Gaming Statistics by Community

	1999-00 AGP *(in millions)*	**Percent Change**	**1999-00 Taxes Paid** *(in millions)*	**Percent Change**	**Employees on July 1, 2000**	**Percent Change**
Black Hawk	$394.8	25.0%	$57.8	12.9%	4,105	22.2%
Central City	69.8	-14.7	9.3	-16.7	798	-5.0
Cripple Creek	130.7	12.2	9.4	-20.9	2,766	16.8
State Total	**$595.4**	**15.8%**	**$76.5**	**3.1%**	**7,669**	**16.8%**

Source: Colorado Division of Gaming

munity to metro Denver and, to a lesser extent, the other neighboring mountain counties.

While the service economy drives activity in most of the region, it ranks third in **employment** in these mountain areas. In 1999, employment was led by governments, which employed 27.5% of the employees. The trade sector was next, employing 26.0% followed by services at 21.1%. The biggest changes since 1990 have been to mining and construction employment. The mining sector shrank from 10.1% of the employment level in 1990 to 5.8% in 1999. The construction sector, meanwhile, increased its share of employment from 3.8% in 1990 to 8.9% in 1999 as construction throughout the state expanded significantly during the period. The unemployment rate was a low 2.8% in these counties in 2000. Despite a lack of major driving factors such as skiing or gaming in these counties, they still managed an average annual increase in **retail trade sales** of 7.6% between 1990 and 2000. The strong growth continued in these areas during 2000, with trade sales in Park County jumping 21.9%, Clear Creek County up 13.8%, and Jackson County growing a robust 11.4%.

Summary

The economy of the mountain region performed admirably in 2000, just as it did throughout the mid-to-late 1990s. A better ski season during 2000-01 helped the ski areas continue to grow despite significant financial investments over the past several years. Gaming has been a nonstop driving force in Gilpin and Teller counties and the other counties have maintained strong growth without a single driving force. The concentration throughout the mountain region on tourism should allow continued growth over the next few years, especially as the region improves its marketing towards year-round events.