

Econometer

**A Newsletter of Economic Indicators in Southwest Colorado
from the Fort Lewis College School of Business Administration
Volume 14, Number 4 • Fall 2004**

LOCAL ECONOMY CONTINUES TO GROW IN SECOND QUARTER OF 2004

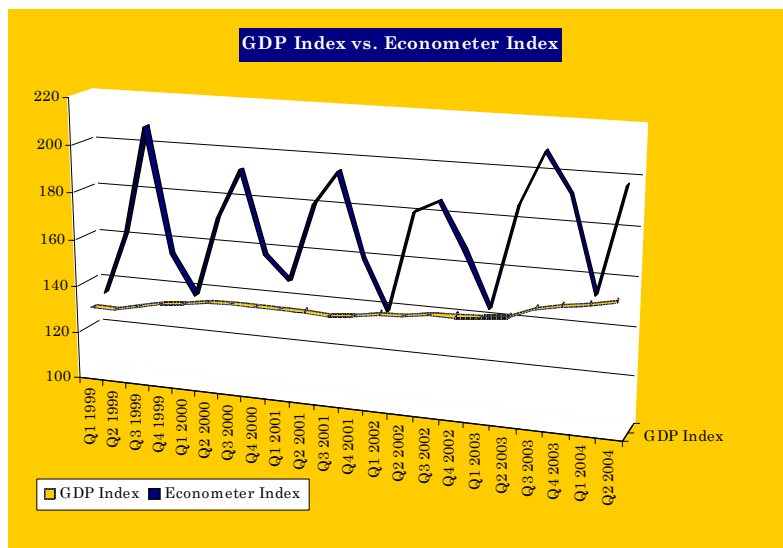
The La Plata County economy continued growing during the second quarter of 2004. The Econometer Index, which includes several sectors of the local economy, increased by 5.7 percent over the second quarter of 2003. There was also a seasonal increase of 28.4 percent in growth from the first quarter of 2004.

The national economy continued to grow during the second quarter of 2004. Real or inflation-adjusted Gross Domestic Product (GDP) increased at an annual rate of 3.3 percent in the second quarter of 2004. This is a decrease from the first quarter growth rate of 4.5 percent. The unemployment rate of the nation's labor force was 5.4 percent in September 2004 (the most recent statistic available from the Bureau of Labor Statistics). The nation's unemployment rate remained fairly steady for the first few months of 2004. The annual average unemployment rate for the U.S. in 2003 was 6.0 percent, so there has been a drop in unemployment thus far this year. An unemployment rate of 5.0 percent is widely believed to be desirable and attainable. If growth in output continues then the unemployment rate is likely to fall, or at least remain pretty steady, over the next several quarters. The Consumer Price Index (CPI), the most widely followed measure of inflation at the retail level, increased by 1.1 percent during the second quarter of 2004. Due to this recent increase in prices, the Federal Reserve increased the target for the federal funds rate (the rate banks charge one another for short-term loans) a quarter of a percent June 30. This is designed to pull in credit expansion and therefore keep inflation from continuing upward.

If the national economy continues to improve, Colorado's economic climate should follow suit. The state's unemployment rate was 5.2 percent in June 2004. However, the most recent (August's preliminary rate) unemployment rate for the state of Colorado was reported to be 4.9 percent. Most economic indicators show modest growth for the state of Colorado this year.

The following graph compares the Econometer Index of the local economy with the GDP of the United States. The graph clearly illustrates the seasonal change of the local economy from quarter to quarter. The year-to-year change of the local economy may be seen by comparing the index for the second quarter of 2004 to the index for the second quarter of 2003. Both the Econometer Index and the GDP Index are based on 1990, with an average value of 100 for that year.

The following graph compares the Econometer Index of the local economy with the GDP of the United States. The graph clearly illustrates the seasonal change of the local economy from quarter to quarter. The year-to-year change of the local economy may be seen by comparing the index for the first quarter of 2004 to the index for the first quarter of 2003. Both the Econometer Index and the GDP Index are based on 1990, with an average value of 100 for that year.



On a year-to-year basis (compared to the second quarter of 2003), most of the sectors of the local economy were improved during the second quarter of 2004. Sectors that were stronger on an annual basis included tourism, retail sales, employment, calf prices, alfalfa hay prices, industrial activity, population, energy prices, and residential real estate prices. Decreased on an annual basis were college enrollment, bank deposits and construction.

GRAPH ECONOMETER INDEX (cont) _____

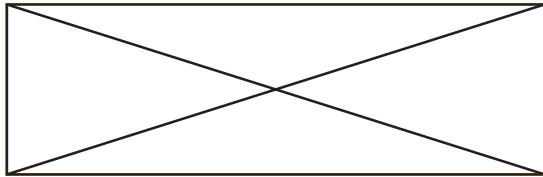
The La Plata County economy is very seasonal, so that some sectors of the local economy fluctuate significantly during the course of the year. This is especially true of tourism and college enrollment. Sectors of the local economy that expanded from the first quarter of 2004 to the second quarter of 2004 included tourism, retail sales, employment, calf prices, alfalfa hay prices, industrial activity, population, construction, residential real estate prices and energy prices. Declining seasonally were college enrollment and bank deposits.

ECONOMIC INDICATORS _____**Tourism**

As expected, tourism measures increased seasonally from the first quarter of 2004 to the second quarter of 2004. Furthermore, on a year-to-year basis, ridership on the Durango & Silverton Narrow Gauge Railroad and enplanements at Durango-La Plata County airport increased. Ridership on the Railroad increased 11.2% over the second quarter of 2003 and enplanements increased 19.8% over the second quarter of 2003. Visitors to Mesa Verde National Park decreased 1.4 percent from the second quarter of 2003 to the second quarter of 2004.

Retailing

Retail sales, after adjustment for inflation, increased seasonally from the first quarter of 2004 to the second quarter of 2004 by 19.9 percent. Also, comparing the second quarter of 2003 to the second quarter of 2004, retail sales increased by 14.9 percent.



The Econometer is a newsletter on economic indicators of Southwest Colorado published by the Office of Economic Analysis and Business Research in the Fort Lewis College School of Business Administration. For information, contact:

Dr. Deborah Walker, Director
Office of Economic Analysis & Business Research
E-mail: walker_d@fortlewis.edu



School of Business Administration
1000 Rim Drive, EBH Building
Durango, Colorado 81301-3999
Web Address: soba.fortlewis.edu
Phone: (970)-247-7624

Tourism Indicators

Second Quarter 2004

| Indicator | Number | % Change from Previous Year's Second Quarter |
|---|---------|--|
| Mesa Verde Nat'l Park | 153,067 | -1.4% |
| Durango & Silverton Narrow Gauge Railroad | 46,917 | 11.2% |
| Durango-La Plata County Airport | 21,701 | 19.8% |

Employment

Employment in La Plata County is estimated by the Colorado Department of Labor and Employment. These estimates are subject to significant revisions. According to state estimates, employment in La Plata County during the second quarter of 2004 increased by 3.2 percent from the first quarter of 2004 and increased by 5.8 percent from year to year. The unemployment rate of the labor force in La Plata County was estimated to be 4.2 percent in June 2004. This rate is below the state's estimated rate of 5.2 percent.

Agriculture

Agricultural prices increased during the second quarter of 2004. Calf prices, after adjustment for inflation, increased 5.4 percent from the first quarter of 2004, and increased 15.8 percent from the second quarter of 2003. Alfalfa hay prices increased by 16.5 percent from the first quarter of 2004, and increased by .18 percent as compared to the second quarter of 2003.

Industrial Activity

Industrial kilowatt-hours used increased by 3.3 percent from quarter to quarter and increased by 11.1 percent from the second quarter of 2003 to the second quarter of 2004. Most industrial usage of electricity in La Plata County is to compress natural gas for transmission through gas pipelines.

Population

The number of residential electric meters in La Plata County increased by .48 percent on a quarterly basis and increased by 3 percent from the second quarter of 2003 to the second quarter of 2004. The annual increase in the number of residential electric meters suggests that the population of La Plata County is continuing to grow. The average growth rate for the past 8 years (1995-2003), as estimated by the installation of new residential electric meters, is 3.07 percent. The population of La Plata County was estimated to be 46,281 in July, 2002 (the most recent number available). The Colorado Department of Local Affairs estimates that La Plata County will have a population of 54,881 by 2010 and of 68,385 by 2020.

ECONOMIC INDICATORS (cont)

Finance

After adjustment for inflation, bank deposits in La Plata County decreased by only 1.8 percent from the first quarter of 2004 to the second quarter of 2004 and decreased by 17.2 percent from the second quarter of 2003 to the second quarter of 2004. Bank deposits are an important indicator of the economic health of the community as well as an indicator of the ability of local banks to make loans to consumers and business borrowers.

Fort Lewis College

Enrollment at Fort Lewis College showed a seasonal decrease during the second quarter of 2004 (from the winter trimester enrollment to summer enrollment) of 55.2 percent. Enrollment also decreased on an annual basis by 4 percent. This decrease is most likely due to a gradual improvement in admissions standards. Several studies have shown that the college is responsible for about ten percent of the economic activity in La Plata County. The college also stabilizes the local economy on a seasonal basis because most spending by students occurs during the September through April time frame while tourism activity peaks during the summer months.

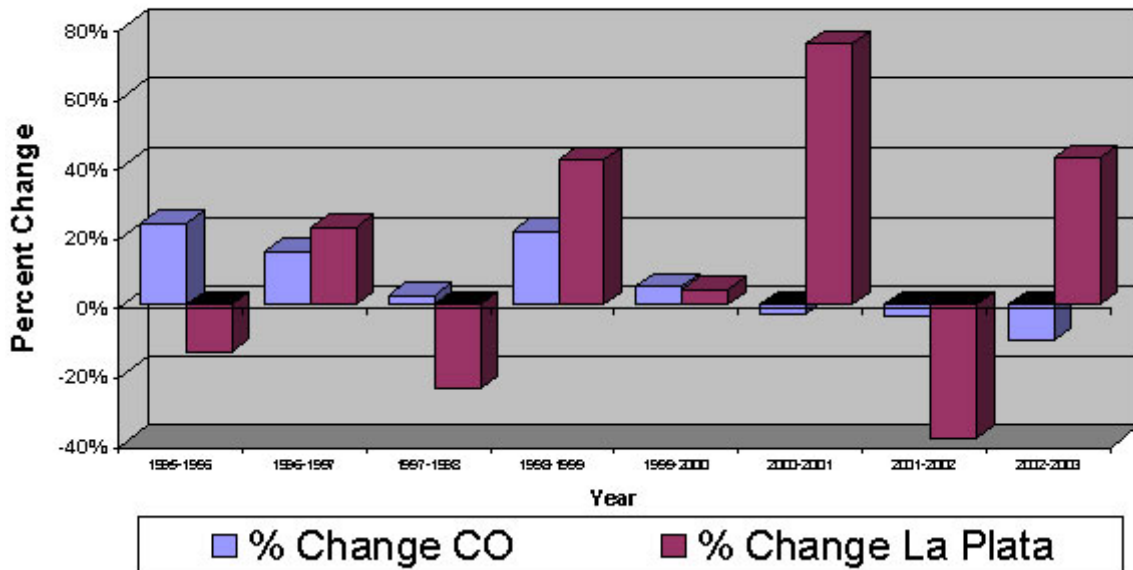
to the second quarter of 2004 by 95.6 percent, but it decreased by 3.1 percent from the second quarter of 2003 to the second quarter of 2004. The strong activity in the construction sector in recent years has helped to boost the local economy and has helped to offset the decline in tourism. Although construction activity in the state of Colorado in general has seen a steady decline in recent years, La Plata County has seen steady growth. As the graph shows there has been a steady year-to-year growth (with a couple of exceptional years) in the construction industry in La Plata County since 1995.

Energy Prices

Due to the increase in petroleum prices, the federal government's energy price index (adjusted for inflation) increased by 6.3 percent from quarter to quarter. On an annual basis the energy price index increased by 10.1 percent. Energy prices are highly volatile. Energy prices are very important to La Plata County because the county is a major producer of natural gas. Rents and royalties, as well as property tax revenues associated with natural gas production, are significant sources of income to La Plata County.

Colorado Construction vs. La Plata County Construction

(Yearly % Changes)

**Construction**

Construction activity in La Plata County continues to remain strong. After adjustment for inflation, construction increased from the first quarter of 2004

Real Estate

The median price of residential real estate in La Plata County, after adjustment for inflation, increased by 0.1 percent from the first quarter of 2004 to the second quarter of 2004, and also increased by 25.3 percent from the second quarter of 2003 to the second quarter of 2004.

Optimizing Your Web Site

by Larry S. Corman, Ph.D.

So . . . you want to be #1. Isn't that what many of us say at work or at home or on a sports team. Don't look to this author for advice if this is what you wish to accomplish. However, if you want advice on how you can get your business website to have a higher ranking, you've come to the right place, so keep reading. I make no promises that you will have a #1 ranking on Google or MSN but if you follow the advice contained in this article, you should notice that your site does get closer to the top.

Many factors determine how a website gets ranked. Some factors are beyond a business' control and will not be dwelt with in this article. The two primary factors that are not controllable are link popularity and site popularity. Some sites try to improve their link popularity by advertising link exchanges (you link to me and I will link to you). This is typically something that most businesses do not pursue although it might be appropriate in cases of suppliers and retailers exchanging links, affiliate referral services (e.g. a hotel and car rental have mutually linked to each other due to the nature of the business). For a site to rise in ranking due to popularity is difficult at best unless you have a unique niche or other scenario which drives traffic to your site. Rather than concentrate on these two factors, the remainder of the paper will elaborate on techniques that are controllable by the business.

Table 1: <http://www.searchengines.com/searchEnginesRankings.html>

Optimizing Your Web Site

Some of the major elements that are controllable by the designer of the website are:

- Design
- Keywords
- HTML Title
- Metatags
- URL keywords

Table 1 reflects how each of the above factors is included in the search engine ranking criteria.

Design: This aspect involves the graphics, layout, the download time, fonts and ease of navigation of the site. For example, using “light” graphics, can improve the overall load time of a page. To test for the load time and graphics size, netmechanic.com is an excellent site for monitoring this information.

Keywords: Keywords that might be used by “searchers” should be on the first page of the site; preferably close to the top of the page. It is important to place yourself in the “shoes” of your visitors; think about which words they might use in searching for your site. You can also determine currently which words are being used to find your site if you have access to your website logfiles. If you don’t, an easy interim fix is to put a “tracker” on your site that will capture the keywords that were entered in search engines. The author uses [Extreme Tracking](#) for this purpose on some of his sites.

HTML title: This is not the title of the page; rather this is the title that is placed between the <title></title> tags of the document. The text of this title should also include keywords that might be used by “searchers.”

Metatags: Although the table above does not reflect this, my belief is that metatags should always be included in webpages. Very few sites that get ranked at the top of a search engine’s listing do not have metatags. What are metatags? Metatags are simply lines of code that are in the web page’s HTML but are not viewable to the user (the metatags are placed between the <head></head> tags). Metatags, at a minimum, should include a description and keywords of the site. An excellent resource on Metatags

URL keywords: These are words that are part of the web address. “Resume” would be a keyword that could be included in a search based on the URL of <http://www.larry.com/resume.html> (note: this is a fictitious URL).

As shown above, there are other factors that can influence a site’s ranking. Take the time and browse through the resources listed at the end of this article for further details on how to improve your site’s ranking. As a last comment, be sure to register your site with various search engines. You can do this by going to the specific site and entering the necessary information. For example, to register with Google, you would go to this address: <http://www.google.com/addurl.html>. Good luck and we look forward to seeing you at the top of the list!!



Resources of Interest for Search Engine Optimization

1. Add your URL to Google. <http://www.google.com/addurl.html> (accessed October 14, 2004).
2. HTML code check by NetMechanic, <http://netmechanic.com/toolbox/html-code.htm> (accessed October 21, 2004).
3. <http://extreme-dm.com/tracking/?home> (accessed October 18, 2004).
4. Learn about Meta tags and how to effectively use them in your web pages, http://www.bearzweb.com/meta_tags.html (accessed October 21, 2004).
5. Search Engine Marketing: Optimization, Ranking, Promotion Services, and SEO Tools, <http://www.bruceclay.com/> (accessed October 3, 2004).
6. SearchEngines.com - search engine rankings and search engine optimization tips. <http://www.searchengines.com/> (accessed October 10, 2004).

ABOUT THE AUTHOR

Dr. Corman received his Ph.D. in Business Computer Information Systems from the University of North Texas. He has taught at Fort Lewis College since 1982; prior to that he was employed by a Fortune 500 firm. His teaching interests are in information systems, MS Office applications, web development, small business development, and managerial accounting.

Visit the Econometer on the web at
<http://soba.fortlewis.edu/soba/pub/econo.htm>

Methodology

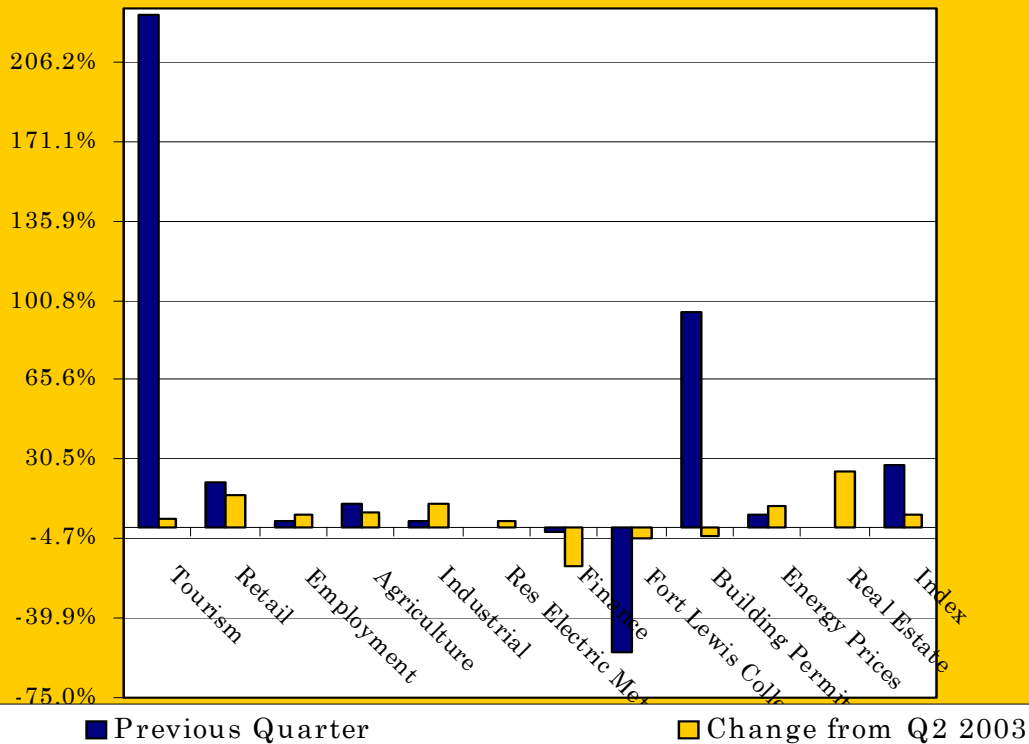
The base period for the Econometer Index is 1990. Data is developed on a quarterly basis, usually from monthly sources. Monetary data are adjusted to the 1990 price level so that analysis may be done in real terms. Weights used in the Index are: Tourism(.325), Retail Sales(.25), Employment(.05), Agriculture(.05), Industrial Kilowatt Hours(.025), FLC Enrollment(.10), Building Permits(.075), Energy Prices(.025), Residential Real Estate Prices(.025), Residential Electric meters(.025), Bank Deposits(.05).

Tourism includes train ridership, Mesa Verde visitors, and airport passenger activity. Agriculture includes calf and alfalfa hay prices.

The index is revised periodically to ensure that it accurately reflects the developing economy of Southwest Colorado.

| Indicator | Previous Quarter | Change from Q2 2003 |
|--------------------|------------------|---------------------|
| Tourism | 227.2% | 4.2% |
| Retail | 19.9% | 14.8% |
| Employment | 3.20% | 5.8% |
| Agriculture | 10.6% | 7.2% |
| Industrial | 3.3% | 11.1% |
| Res Electric Meter | 0.4% | 3.0% |
| Finance | -1.8% | -17.2% |
| Fort Lewis College | -55.2% | -4.0% |
| Building Permits | 95.6% | -3.1% |
| Energy Prices | 6.3% | 10.1% |
| Real Estate | 0.1% | 25.3% |
| Index | 28.4% | 5.7% |

Growth in Economic Indicators



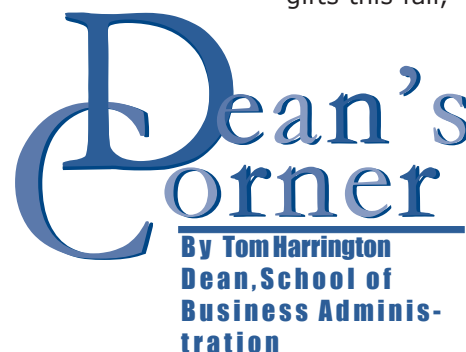
While you read about a less than exciting prediction for modest growth for Colorado this year, these are exciting times at the Fort Lewis College School of Business Administration! Here is a snap shot of what has been going on at SOBA this fall.

We just completed co-hosting our region's first Family Business Forum for multi-generational ranch, farm, and other closely held family businesses. Thanks to the generosity of the Durango Herald and the vision of its publisher, Richard Ballantine, we gathered family members representing 20 closely held family businesses to learn about succession planning, family participation policy, leadership development planning, family mission statements, business continuity planning, communication, and other topics of unique interest to the 50 attendees. Our speaker was Kent Lutz, Director of the Family Business Center at the University of Cincinnati, a national expert on these topics. Because of the success of the first forum, we are planning the next event in March 2005 – this time expanding our invitation list to first generation family businesses.

Thanks to the generous support and funding of one of our business partners, the 1st National Bank of Durango, our entrepreneurship program got off to a great start this fall with the program's flagship course - New Business Venturing. This course takes students through idea generation, business plans, market planning, business financing, and business registration – all items necessary to starting a business. The highlight of the course is the actual starting and running of the business before semester end! Kent Curtis, First Vice President and Business Banking Manager provides students first hand knowledge on business financing, and arranges for local business professionals to mentor students on management and strategic issues. The 1st National Bank Entrepreneurship Program will provide scholarships to entrepreneurship students along with textbook support. In addition, this funding will provide additional resources for the Small Business Development Center that is directed by Mr. Joe Keck. These resources will be available to all business students, the regional business community, and aspiring entrepreneurs. We sincerely thank Steve Short, Kent Curtis and Angie Beach for their leadership in making the 1st National Bank Entrepreneurship Program a reality.

Speaking of Joe Keck – our now *famous* SBDC Director was selected as the SBDC Network's 2004 State Star. Joe was presented his award at the National Conference of the Association of SBDCs Sept 26-29, New Orleans, in recognition of truly outstanding client assistance to start-up businesses. Since Joe's arrival two year's ago, the SBDC client service base has doubled along with expansion of access to capital programs and

the creation of web-based information resources to assist new and expanding small businesses in Southwest Colorado. As state funding of higher education continues to decrease, the College is preparing to significantly expand its non-state government funding base. A new Vice President for Institutional Advancement and Sponsored Research will be hired within six months to guide expanded fund raising, grants and sponsored research programs. We have already begun some advance efforts in this regard with new scholarship and gifts this fall, business partner and by participating in our first major entrepreneurship program grant effort. SOBA joined regional economic development and education partners under the umbrella of the San Juan



Forum by responding to a request for a proposal for one of four \$2 million dollar Kellogg Foundation grants to rural collaborative groups that show potential for creating Entrepreneurship Development Systems (EDS). The resulting Four Corners EDS, which is designed to greatly expand training, mentoring and networking for existing and aspiring entrepreneurs; increase access to capital for entrepreneurs; and advocate for policy changes that increase entrepreneurship opportunity, will serve the ten counties and four tribes of the Four Corners region. Out of 180 plus proposals, our grant submission was selected as one of 12 finalists – the four award winners will be announced in December.

FUTURE EVENT: Mark your calendars for the thirteenth Annual Southwest Business Forum, 7:30 a.m. – 11:30 a.m., Thursday, January 6, 2005, Fort Lewis College campus. Thanks to the generosity of another one of our excellent business partners, Wells Fargo Bank, this popular conference will bring together three experts in business and economics to talk about the current status of our economy and give their predictions for the future. We are sincerely grateful to Patty Burkholder, President of Wells Fargo, for being the driving force to ensure the annual continuation of this very popular regional economic event.

Thanks to all of our business partners for another exciting semester of student-focused projects. We are running another 40+ interns through college-to-career directed learning experiences, as well as teaming with you in business research and consulting projects based in courses such as Senior Seminar in Strategic Management, Management Consulting, and Marketing Research. One of our points of pride continues to be active learning opportunities for our students in actual business settings.



Fort Lewis College
School of Business Administration
1000 Rim Drive
Durango, Colorado 81301-3999
Return Service Requested

Non-Profit
Organization
U.S. Postage
PAID
Durango, Colorado
Permit No. 78