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LA PLATA COUNTY'S 2006 ECONOMY

According to the Econometer Index, in the first quarter of 2006 La Plata County's economy increased by 4.8 percent over the first quarter of 2005. As usual, there was a seasonal decrease in growth of 16.4 percent from the fourth quarter of 2005 to the first quarter of 2006. (Note: building permit value information has not been available since the third quarter of 2005. Valuation from the first quarter of 2005 was used for the current index. As soon as the information becomes available, the index will be updated).

National, State, and Local Comparisons

When comparing La Plata County with the national and Colorado economies with respect to unemployment and personal income, the local economy fares very well. La Plata County's unemployment rate continues to remain below both the national and the state's rates (see Table 1).

TABLE 1 – Comparison of Unemployment Rates – National, State, Local

Area	June 2005 Unemployment Rate	June 2006 Unemployment Rate (Preliminary)
United States	5.0%	4.6%
Colorado	5.1%	4.5%
La Plata County	4.1%	3.6%

Sources: U.S. Department of Labor, Bureau of Labor Statistics and Colorado Department of Labor and Employment, Labor Market Information

Along with employment and unemployment numbers, per capita personal income is also used as a standard measure of economic well-being. Preliminary 2005 per capita personal income in Colorado is \$37,946, which is the eighth highest in the nation (following Connecticut, Massachusetts, New Jersey, Maryland, New York, New Hampshire and Virginia). The preliminary per capita personal income for the United States in 2005 is \$34,586. Although remaining below both the national and state numbers, per capita income in La Plata County has improved over the last few years, both absolutely and relative to national per capita personal income. Unfortunately per capita personal income numbers for 2005 for La Plata County are not yet available. According to the Bureau of Economic Analysis, the 2004 per capita personal income for La Plata County is \$31,887.

Regional Comparisons

The following data reports information on the local regional economy by looking at some statistics for six local counties (counties are presented in alphabetical order).

TABLE 2 – Selected Statistics for Local Counties

County	Population*	Per Capita Personal Income / Rank in State	Unemployment Rate, June 2006 (preliminary)	Net Sales Tax Revenue, First Quarter 2006 / % Change from First Quarter 2005
Archuleta	11,610	\$21,639 / 56	3.8%	\$869,434 / +19.4%
Dolores	1,810	\$ 24,937 / 43	7.2%	\$52,681 / +17%
Hinsdale	790	\$26,938 / 32	2.6%	\$33,127 / +3.5%
La Plata	46,621	\$31,887 / 20	3.6%	\$4,665,429 / +6.9%
Montezuma	24,681	\$24,958 / 42	4.7%	\$1,459,000 / +9.8%
San Juan	580	\$26,133 / 39	4.0%	\$42,326 / -3.8%

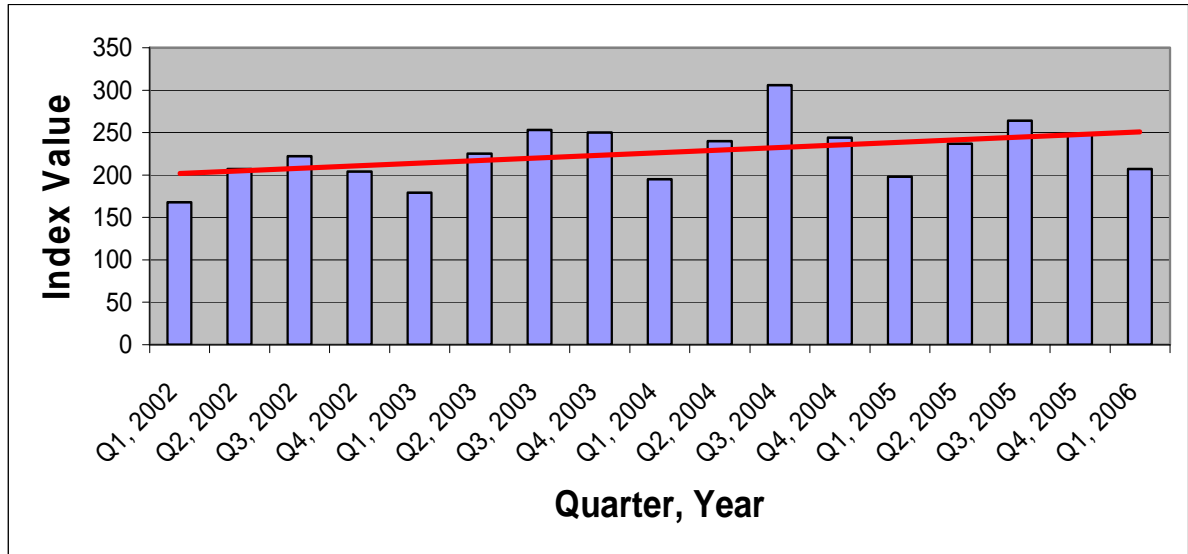
*Census Bureau midyear population estimates. Estimates for 2000-2004 reflect county population estimates available as of April 2006.

Sources: Bureau of Economic Analysis and Bureau of Labor Statistics

THE ECONOMETER INDEX FOR LA PLATA COUNTY

Graph 1 illustrates the changes in the quarterly Econometer Index from quarter one of 2002 to quarter one of 2006. The graph clearly illustrates the seasonal change of the local economy from quarter to quarter. The linear trend line also shows a stable climb in the local economy from Quarter 2 of 2004 to Quarter 1 of 2006.

GRAPH 1 – Quarterly Econometer Index, Quarter 1, 2002 – Quarter 1, 2006



The Econometer Index uses 1990 as its base year, meaning that the index equals 100 for that year. Changes in the statistics used then are compared to the statistics of 1990 in determining the index. All dollar values are put in 1990 dollars, adjusting for overall price changes.

Quarter One 2006 Index

On a year-to-year basis (compared to the first quarter of 2005), eight of the twelve economic indicators for La Plata County increased during the first quarter of 2006. Indicators that increased from quarter one 2005 to quarter one 2006 include retail sales, calf prices, alfalfa hay prices, residential electric meters installed (population), the median real estate price, bank deposits, industrial activity, and energy prices. Tourism, employment and college enrollment decreased on an annual basis. Construction information is not available at this time.

The La Plata County economy is very seasonal, so that some economic indicators fluctuate significantly during the course of the year. This is especially true of tourism and college enrollment. All of the indicators decreased on a quarterly basis except industrial activity, residential electric meters installed (population), and the median real estate price. Construction information is not available at this time.

ECONOMIC INDICATORS

Tourism

Quarter to Quarter - All four sectors of the tourist industry decreased on a quarter to quarter basis. Ridership on the Durango & Silverton Narrow Gauge Railroad decreased by 53.2%, visitors to Mesa Verde decreased by 48.9%, enplanements at the Durango-La Plata County Airport decreased by 3.5% and lodger's tax revenue (adjusted for inflation) decreased by 50.7%.

Year to Year - On a year-to-year basis, the tourism index decreased by 0.8%. Visits to Mesa Verde National Park increased by 17.3% over the first quarter of 2005, ridership on the Railroad increased by 27.3%, enplanements increased 16.4%, but lodger's tax revenue (adjusted for inflation) decreased on an annual basis by 20.6%.

Retailing

Quarter to Quarter - Retail sales, after adjustment for inflation, decreased from the fourth quarter of 2005 to the first quarter of 2006 by 14.9%.

Year to Year - Comparing the first quarter of 2005 to the first quarter of 2006, retail sales, after adjustment for inflation, increased by 9.5%.

Employment

Quarter to Quarter - 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 in the first quarter of 2006 decreased by 3.7% from the fourth quarter of 2005.

Year to Year - Employment decreased by 1.5% from year to year. As noted earlier, the preliminary unemployment rate of the labor force in La Plata County was estimated to be 3.6% in June 2006. This rate is below the state's estimated rate of 4.5%. The unemployment rate represents the number of unemployed as a percent of the total labor force.

Agriculture

Quarter to Quarter - Calf prices, after adjustment for inflation, decreased 0.4% from the fourth quarter of 2005 to the first quarter of 2006, while alfalfa hay prices decreased 6.9% during the same time frame.

Year to Year - On an annual basis, calf prices (adjusted for inflation) increased 4.6%, while alfalfa hay prices increased 1.7%.

Industrial Activity

Quarter to Quarter - Industrial kilowatt-hours used increased by 2% from the fourth quarter of 2005 to the first quarter of 2006.

Year to Year - On an annual basis, industrial kilowatt-hours used increased by 4.6%. Most industrial usage of electricity in La Plata County is to compress natural gas for transmission through gas pipelines.

Population

Quarter to Quarter - The number of new residential electric meters in La Plata County increased by 0.4% from the fourth quarter of 2005 to the first quarter of 2006.

Year to Year – On an annual basis the number of new residential electric meters increased by 1.9%. The annual increase in the number of residential electric meters suggests that the population of La Plata County is continuing to grow. The population of La Plata County was estimated to be 46,229 in 2003 (the most recent number available from the Census Bureau).

Finance

Quarter to Quarter - After adjustment for inflation, bank deposits in La Plata County decreased by 5.5% from the fourth quarter of 2005 to the first quarter of 2006.

Year to Year – On an annual basis, bank deposits increased by 8.6% from the first quarter of 2005 to the first quarter of 2006. 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

Quarter to Quarter - Enrollment at Fort Lewis College decreased from the fourth quarter of 2005 to the first quarter of 2006 (from the fall term to the winter term) by 7.5%.

Year to Year - Enrollment on an annual basis decreased by 2.4%. The college 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.

Construction

Quarter to Quarter – Permit value information has not been available since the third quarter of 2005. When this data becomes available, the index will be adjusted accordingly. Construction activity in La Plata County can show volatility on a quarter to quarter basis due to permits being issued to very large projects in one month that actually contribute to the local economy over a long period of time.

Year to Year – Data not yet available.

Energy Prices

Quarter to Quarter - The federal government's energy price index (adjusted for inflation) decreased by 20.1% from quarter to quarter.

Year to Year – On an annual basis the energy price index increased by 25.9%. Energy prices can be highly volatile from one quarter to the next. However, there has been an overall increase in energy prices since the beginning of 2002. 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.

Real Estate

Quarter to Quarter - The median price of residential real estate in La Plata County, after adjustment for inflation, increased by 4% from the fourth quarter of 2005 to the first quarter of 2006.

Year to Year - The annual increase in the median residential real estate price (adjusted for inflation – in 1990 dollars) in La Plata County was 18.2%, to a non-adjusted price of \$329,900.000.

TOURISM INDICATORS

First Quarter, 2006

<u>Indicator</u>	<u>Number</u>	<u>Percent Change From Previous Year's First Quarter</u>
Mesa Verde National Park	26,939	+17.3 percent
Durango & Silverton Narrow Gauge Railroad	8,579	+27.3 percent
Durango-La Plata County Airport	25,619	+16.4 percent
Lodger's Tax Revenue Dollar Amount In 1990 Dollars	\$81,261	+5.3 percent