

Labor Force Jobs Income

LABOR FORCE AND EMPLOYMENT

Garfield County has seen strong job growth and historically low unemployment rates over the last decade. However, with gas drilling reductions, in combination with the reduced area tourism and second home development, the county's employment outlook began to change drastically in 2008. There was a significant reduction in both jobs and the available labor force (approximately 14 percent over a two year period) and the unemployment rate spiked, reaching a peak of 11.7 percent in March 2010. Since then, there has been a steady drop in unemployment, and as of September 2015, Garfield County's unemployment rate was 3.3 percent, both of which are significantly below the national rate at 5.1 percent. Today, there is an estimated civilian labor force of 32,600 people in the county. (Source: naco.org).

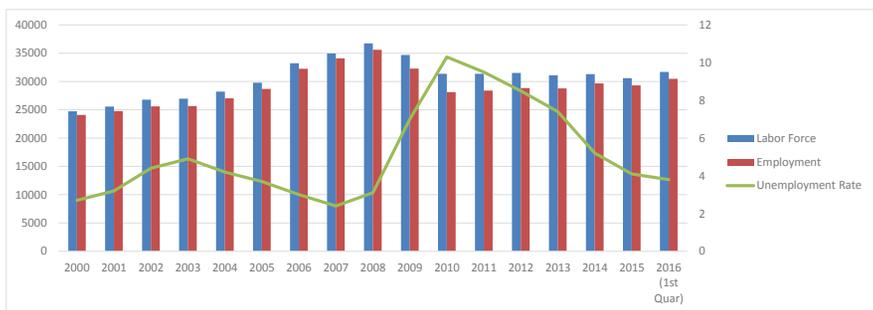


Figure 22: Labor, Employment and Unemployment Rate
Source: Colorado Department of Labor and Employment (CDLE)

At the end of 2014, the estimated average annual wage in Garfield County was \$44,408, up from \$43,628 in 2013, and remains consistent at 89 percent of the Colorado average, according to the Colorado Department of Labor and Employment www.colmigateway.com. Garfield County wage ranks as the 10th highest in the state. Wage growth between 2012 and 2013 was 1.9 percent. (source: Naco.gov)

Steady growth in per capita personal incomes took place until 2008, peaking at \$41,890. In 2009, per capita personal income for the County declined by 11.5 percent, followed by another drop of 3 percent in 2010. Moderate but steady growth as returned to per capita income since 2011.

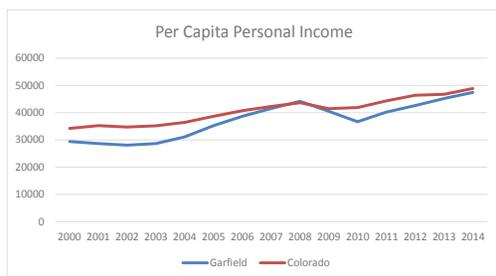


Figure 23: Garfield County Per Capita Personal Income
Source: U.S. Bureau of Economic Analysis

WAGES AND INCOME

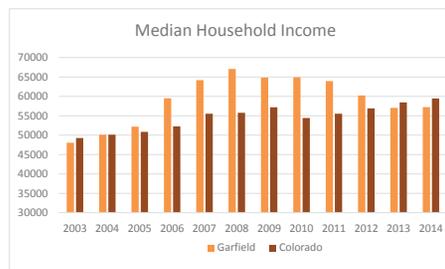


Figure 24: Median Household Income Colorado and Garfield County
Source: American Community Survey, U.S. Census Bureau

JOBS AND MAJOR EMPLOYERS

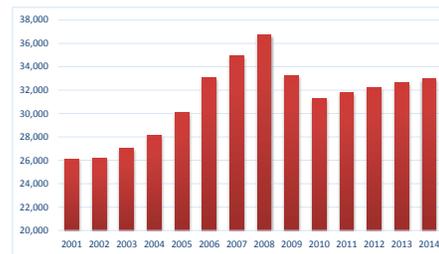


Figure 25: Total Jobs in Garfield County from 2001-2013
Source: Colorado Department of Local Affairs

During the period 2000-2010, median household income grew significantly. In 2000, county median household income was slightly below the statewide average. By 2010, every community in Garfield County, with the exception of Parachute and Glenwood Springs, reported median household income in excess of the statewide average. The median household income of Garfield County is \$64,902 in 2010 (U.S. Census Bureau), higher than the state median of \$54,411 and the national median of \$50,046. Subsequently the median household income of Garfield County has dropped since then to \$57,022 in 2013, but rose in 2014 to \$57,214.

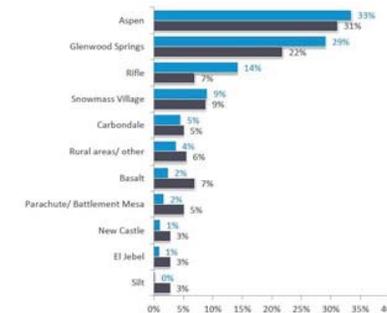


Figure 26: Where the regions workforce works
Black: 2004, Blue: 2014
Source: 2015 RFTA Travel Patterns Study

Between 2003 and 2008, Garfield County employment experienced strong growth, increasing by 10,500 jobs, or about five percent per year. Since the recession ended in 2011, the county has been steadily adding jobs by approximately 1.5 percent per year.

During this same period, there was a significant shift in employment patterns. The largest increase in employment share by category occurred in the mining and natural resources industry, which includes oil and gas production activities. It should also be noted that many natural resource extraction-related jobs occur

in other employment categories, such as construction and transportation. The downturn in resort-related real estate construction, beginning in about 2009, had a major impact on Garfield County, which was home to a large share of contractors, fabricators and suppliers that support the second home industry in both Eagle and Pitkin Counties. Since 2010, Garfield County has seen a rise again in the construction industry. At the end of 2014, the construction industry and retail trade were the second and third leading employers respectively.

NEW ENERGY IN THE WILD WEST

An emerging trend over the last ten years has been the concentration of jobs in three primary employment centers within the region. About 75 percent of the region's 2014 workforce indicated they work in Aspen, Glenwood Springs, or Rifle, an increase from 60 percent in 2004. An additional 14 percent indicated they work

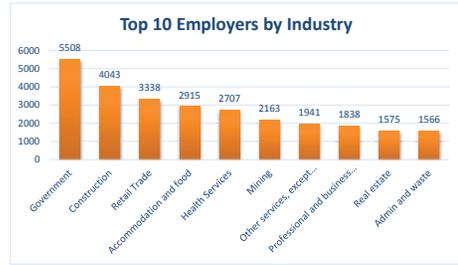


Figure 27: Top 10 Employers by Industry Type (NAICS) 2013
Source: Colorado Department of Local Affairs

in Carbondale or Snowmass Village. While Aspen has been a significant employment center within the region for a number of years, Glenwood Springs and Rifle are also emerging as major regional nodes, a trend that is expected to continue (RFTA Regional Travel Patterns Study 2014).

Employer	Rank	Type of Business	Number of Employees	Percentage of Total
Valley View Hospital	1	Healthcare	1176	4.03%
Roaring Fork School District RE-1	2	Schools	1061	3.64%
Garfield County School District RE-2	3	Schools	793	2.72%
Colorado Mountain College	4	College	559	1.92%
Grand River Health	5	Medical	512	1.75%
Garfield County	6	Government	496	1.70%
Wal-Mart	7	Retail	383	1.31%
Glenwood Hot Springs Lodge & Pool	8	Lodge & Pool	265	0.91%
WPX Energy	9	Oil & Gas	212	0.73%
Garfield County Sheriff's Office	10	Protection	165	0.57%
Total employed by principal employers			5,622	19.27%
Employed by other employers			20,283	80.73%
Total employed in Garfield County			25,905	100%

Figure 28: Principal Employers in Garfield County, 2015
Source: Garfield County Finance Department

As of October 2015, there are three active natural gas drilling rigs in Garfield County. The number in Garfield County has continued to decrease over the past several years and is at the fewest number of drill rigs in over 20 years.

In addition to the local economy, the natural resources industry also has a significant impact on Garfield County taxes and revenues. In 2014, 72.9 percent of total property tax assessed values were accounted for by the oil and gas industry. After a substantial drop in value between 2010 and 2011, assessed values increased in 2011 and 2012, and then dropped again in 2013. In 2014, a modest increase occurred in assessed valuations.

Company	Assessed Value
WPX ENERGY ROCKY MOUNTAIN, LLC	182,602,750
ENCANA OIL & GAS (USA) INC.	175,409,980
VANGUARD OPERATING LLC	164,624,980
ENCANA OIL & GAS (USA) INC	158,484,810
WPX ENERGY ROCKY MOUNTAIN, LLC	155,487,140
WPX ENERGY ROCKY MOUNTAIN, LLC	114,593,460
URSA RESOURCES GROUP II LLC	109,423,850
ENCANA OIL & GAS (USA) INC.	92,701,090
WPX ENERGY ROCKY MOUNTAIN, LLC	92,113,270
OXY USA WTP LP	91,971,000
ENCANA OIL & GAS (USA) INC.	90,867,690
WPX ENERGY ROCKY MOUNTAIN, LLC	72,159,630
CAERUS PICEANCE LLC	67,142,180
ENTERPRISE GAS PROCESSING LLC	59,799,260
ENCANA OIL & GAS (USA) INC.	56,315,600
BARGATH, INC.	43,267,680
CHEVRON NORTH AMERICA EXPLOR & PROD CO	36,655,150
HUNTER RIDGE ENERGY SERVICES, LLC	30,229,010
WPX ENERGY ROCKY MOUNTAIN, LLC	29,882,230
PUBLIC SERVICE COMPANY OF COLORADO	29,757,300

OIL AND NATURAL GAS INDUSTRY

Natural resource development, specifically natural gas, has had the most dramatic economic influence on Garfield County over the last decade. Garfield County is the leading producer of natural gas in the state, with over 11,000 producing wells. As of 2008, nearly one-third of all mining industry employment for the state of Colorado was located in Garfield and the neighboring Mesa and Rio Blanco counties. Between 2004 and 2005, Garfield County experienced a rapid increase in its share of statewide mining employees, which then leveled off and modestly declined between 2006 and 2009. The industry slowed dramatically in 2009 as gas prices fell and operators began pulling drilling rigs to pursue emerging gas prospects elsewhere in the U.S.

The natural gas boom, which spurred Garfield County's economy in the 2000s, was driven in part by a rapid escalation in gas prices. Since 2012, gas prices have been declining, which has had a direct impact on the total natural gas and oil production in the county. Garfield County, however, continues to dominate regional gas production. In 2014, Garfield County produced 1.57 million barrels of oil and 512 billion cubic feet of natural gas. Garfield County's energy production represents a significant share of the statewide totals. Prices however, continue to be

low, as of October 2015 were at \$2.66 per million Btu.

Natural Gas Liquids (NGLs), which are often a byproduct of gas well production, are used to produce lower grade liquid fuels and NGL values typically follow crude oil prices. As the price of natural gas has declined, the value of NGL products have become a more important element of the overall economics of well drilling and production. The price of NGLs mirrors the price of crude oil which, although experiences price fluctuations, currently remains at high levels, and boosting the value of gas production within Garfield County.

Prospects for future growth in northwest Colorado gas drilling have been bolstered by the completion of the \$6.7 billion Rockies Express pipeline, which has alleviated some well to market shipping constraints that had previously restricted local natural gas distributions. Although the growth in production has been notable, the decline in drilling activity has become even more pronounced with declining drill rig numbers. In 2014, 25 percent of Colorado's drilling permits were for projects located in Garfield County. Eighty-seven percent of Colorado's 53,026 wells are located in six counties (Source: COGCC).

NEW ENERGY IN THE WILD WEST





Figure 31: Annual Natural Gas Production: Total Production in Billion Cubic Feet (BCF)
Source: Colorado Oil and Gas Conservation Commission

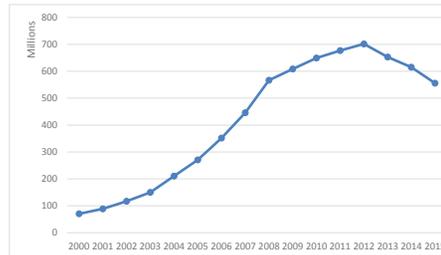


Figure 32: Annual Oil Production: Total Production in Thousand Barrels (MBL)
Source: Colorado Oil and Gas Conservation Commission

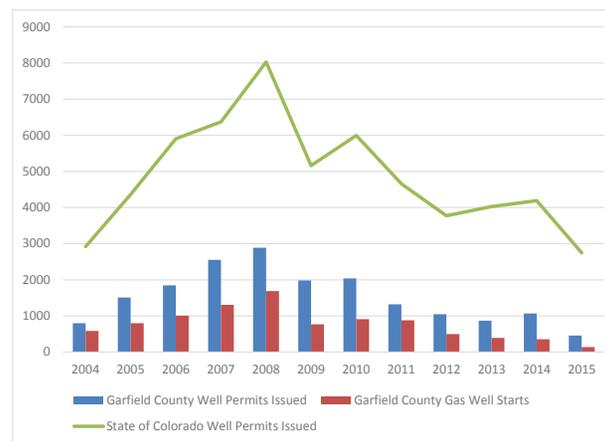
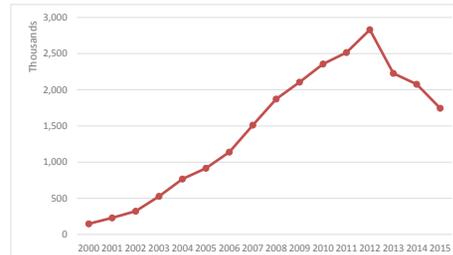


Figure 33: Annual Drilling Permits
Source: Colorado Oil and Gas Conservation Commission

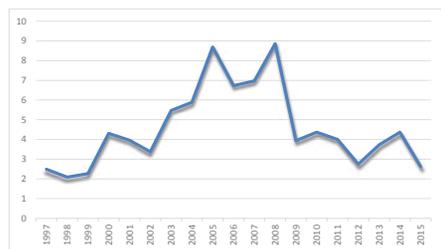


Figure 29: Annual Average Henry Hub Natural Gas Spot Price: Dollars per Million Btu
Source: U.S. Energy Information Administration

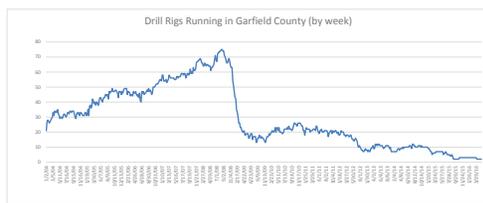


Figure 30: Drill Rig Count by Week
Source: Colorado Oil and Gas Conservation Commission (COGCC)

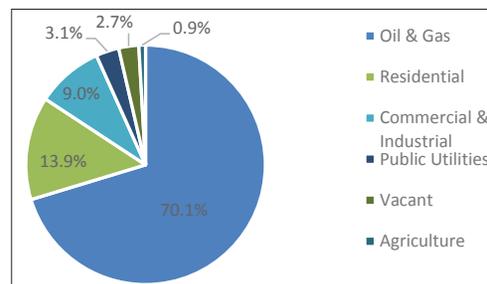


Figure 34: Assessed Value Distribution 2015
Source: Garfield County Assessor

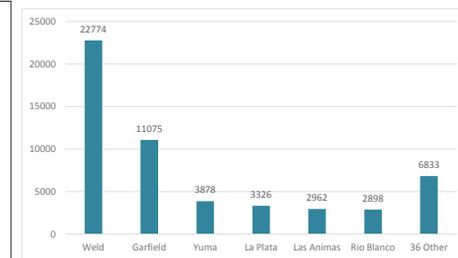


Figure 35: Number of Active Wells by County: 2015
Source: Colorado Oil and Gas Conservation Commission (COGCC)

ENERGY EFFICIENCY AND RENEWABLE ENERGY INDUSTRY



NEW ENERGY IN THE WILD WEST

Publicly Developed and Owned Solar Power Generation							
CARBONDALE	GLENWOOD SPRINGS	NEW CASTLE	SILT	RIFLE	PARACHUTE	BATTLEMENT	
1.192 MW	20.5 kW	80.5 kW	291 kW	3+ MW	32.5 kW	435 kW	

Through the Garfield Clean Energy partnership, 10 local governments in Garfield County work together to achieve targets for energy efficiency, renewable energy and petroleum independence. Garfield Clean Energy provides programs and services to help households, businesses, and local governments become more energy efficient and reduce energy costs.

From 2010 to 2015, Garfield Clean Energy has helped nearly 700 businesses, households, and government buildings make energy upgrades that are saving more than \$603,000 per year. These projects boosted the local economy with investments of \$7.3 million in materials purchased from retailers and work by 169 contractors.

Garfield Clean Energy works for petroleum independence through the Western Slope Compressed Natural Gas (CNG) Network. The project is building market demand for locally produced natural gas

as a transportation fuel. By 2016, the public CNG fueling station in Parachute will be joined by stations in Rifle and Glenwood Springs. The Roaring Fork Transportation Authority (RFTA) uses 24 CNG transit buses to serve routes from Rifle to Aspen.

Garfield County is also a great place for solar energy, with more than 300 days of sunshine per year. It has the first two community solar gardens built on the Western Slope, and all 10 government members of Garfield Clean Energy have solar arrays that offset their electric usage. These arrays range from Holy Cross Energy's (a public utility company) new 1.9 megawatt solar farm near Carbondale to Parachute's 3.6 kilowatt solar flowers at the I-70 Rest Area. The City of Rifle leads the way with 3 megawatts of solar capacity, making the city net-zero for electricity use and the nation's leader in solar power per capita.

RETAIL AND TOURISM INDUSTRY

In addition to the natural resources industry, retail and tourism are an important part of the Garfield County economy. The previously noted "boom" period (2002 to 2008) is evident in retail sales trends (indicated by sales tax collection), as is the sharp economic decline beginning in 2008. Though some retail recovery was seen in 2011 and 2012, another substantial decrease was seen in 2013, but it has been followed by an increase in 2014. In Garfield County, total sales tax collection exceeded expenditures by nearly 55 percent in 2013, which equates to a total of over \$970 million spent by non-residents.

It is also noteworthy to document the location of sales. As to be expected, Glenwood Springs and Rifle account for 79 percent of the sales tax income. While the remaining communities and unincorporated areas make up the remaining 20 percent.

Annual sales revenues in Glenwood Springs show positive trends reflecting an increase in retail sales in the city. Sales tax revenues rose by 7 percent between

2010 and 2012. In 2014, increases in sales tax collection every month occurred, (except for the first two months of the year), averaging 4.5 percent increases per month over the prior year collection (source: City of Glenwood Springs). Countywide, accommodation and food services make up 16 percent of the sales tax collection, while retail trade makes up 48 percent of sales tax collection. Manufacturing collects 5.5 percent of the sales tax and wholesale trade 7.7 percent (Source: Garfield County Treasurer)

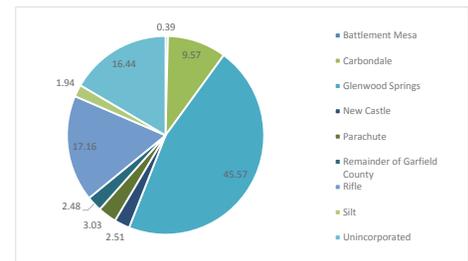


Figure 36: Sales tax income (2015)
Source: Garfield County Treasurer



Garfield County is a right to farm County. Given their importance to the County, agricultural lands and operations are worthy of recognition and protection. The County has adopted a vision that includes preserving its rural character and agricultural heritage by encouraging the retention of agricultural lands, working farms, and ranches. Ranching, farming,

and all manner of agricultural activities throughout the County continue to help define the County's history, economy, landscape, lifestyle, and culture. Landowners, residents, and visitors must be prepared to accept the activities, sights, sounds and smells of the County's agricultural operations as a normal and necessary aspect of living in a county with a strong rural character and a healthy agricultural sector.

AGRICULTURAL



Agriculture accounts for approximately two percent of county employment and contributes approximately \$22 million to the economy annually. The County has a thriving agricultural community that ranges from a plethora of community gardens to large commercial farms and greenhouses. Almost every community within the County has at least one community garden, community supported agriculture businesses, and seasonal farmers markets to bring locally grown food to the table.

Garfield County has been home to national events such as the National Sheep Dog Trials. The trials are held at a large ranch outside of Carbondale and are a test of a dog's agility to maneuver sheep in a calm, controlled manner. The trials event is held over six days and attracts participants and spectators from around the country.

National Resource Conservation Service (NRCS), a department of the United States Department of

Agriculture, is active in the County with a field office located in Glenwood Springs. The NRCS partners with local conservation districts to provide support to local ranchers and farmers on topics such as natural resource assessment, conservation planning and ecological science. The County supports agricultural based programs such as 4-H and Future Farmers of America which are an important part of growing up for youth in Garfield County.

It is Colorado's land – its beauty, clear air, and clean water – that attracts visitors and residents, resulting in strong communities and prosperous economies. Losing this open land is a direct threat to our economy and way of life. Located in Carbondale, the Aspen Valley Land Trust (AVLT) has been working in Garfield County to permanently preserve open lands for agriculture, wildlife, habitat, scenic enjoyment, and recreation. AVLT has successfully conserved over 38,000 acres of important properties throughout the area including several working ranches.

HUMAN SERVICES

The demand for economic security support has progressively increased since 2008. The county's economic security total cases per year increased 18 percent between 2014 and 2015 and has increased an overall 33 percent since 2010. These cases include, services for cash assistance, medical assistance, food assistance and child care. Garfield County does however, have a lower poverty rate of 11.9 percent than the state at 13.2 percent (Source: Garfield County Department of Human Services).



Figure 37: Garfield County Economic Security Cases
Source: Garfield County Human Services

CONSTRUCTION INDUSTRY

One of the best indicators of construction activity is the number of building permits, and the value thereof, issued by the Garfield County Community Development Department. These have declined significantly in recent years, though 2011 saw a temporary improvement in the number of building permits issued. Many of these permits were for small home improvement projects. The years 2012 and 2013 showed a decline once again in total permits, though 2014 saw a modest increase from previous years, as construction in single family homes picked up as a reflection of the local economic conditions.

In 2013, valuations showed the first increase since it peaked in 2007. Valuations declined slightly again in 2014 due to contraction in valuation for commercial permits. Valuations are spread relatively equally between commercial and residential construction and a small portion to other types.

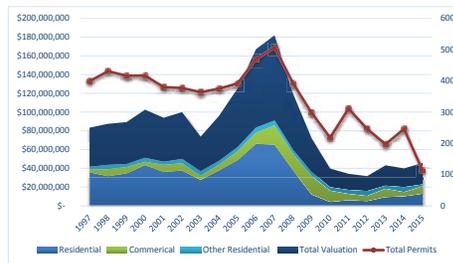


Figure 38: Building Permit Valuations 2005-2011
Source: Garfield County Community Development Department



NOTABLE NEW EMPLOYER

The Center of Excellence for Advanced Technology Aerial Firefighting was created in Senate Bill 14-164. During the legislative session, proponents of the center explained that there is currently no mechanism for determining the efficacy of aerial firefighting, and the need exists for an innovative, science and data focused research entity. For this reason, the center was held up as an integral part of ensuring the successful implementation of Colorado's own aerial firefighting fleet.

"In short, the Center of Excellence will research, test, and evaluate existing and new technologies that support sustainable, effective, and efficient aerial firefighting techniques," said Colorado Division of Fire Prevention and Control Director Paul Cooke.

Garfield County, specifically the Rifle Garfield County Regional Airport, was selected in April 2015 as the site for the Center of Excellence, as recommended by the Division of Fire Prevention and Control (DFPC). As home to the Upper Colorado River Interagency Fire Management Facility, and with its proximity to the Colorado Army National Guard High Altitude Aviation training site, the center will be well positioned for success in Rifle, and will benefit all of Colorado. The Rifle/Garfield County location offers DFPC the ability to pair its currently existing resources (Fire Management Officer and Engine Crew) with the Center of Excellence staff. As noted by Governor John Hickenlooper, the decision to locate the center in Rifle will "serve as the best way forward to meet our shared goal of protecting lives, property and our natural environment from devastating wildfires."

"The Center of Excellence will research, test, and evaluate existing and new technologies that support sustainable, effective, and efficient aerial firefighting techniques."
— CDFPC Director, Paul Cooke

