



2007 Corporate Annual Report

Table of Contents

	<u>Page</u>
Letter from the President.....	3
2007 Board Members & Officers.....	4
Mission Statement/Services.....	5
2007 Membership.....	6
2007 Accomplishments.....	7
2007 Economic Report.....	9
Population.....	9
Land Ownership.....	10
Housing.....	10
Healthcare.....	11
Employment and Income.....	12
Livable Wages.....	13
Base Analysis.....	14
RIMS II Economic Model.....	15
Total Personal Income.....	16
Per Capita Income.....	17
Retail Sales.....	17
Conclusion.....	18





Letter from the President

This is definitely a good time not to be in the construction or real estate business. Not that several other businesses aren't suffering as a result of this national recession. Yes, the mortgage industry triggered an avalanche of economic disaster. It's a shame the 'powers to be' didn't see it coming, or maybe they did! So many lives have been and will be affected by these times.

We will survive, as we do all hard hits. Especially those of us that don't have all our eggs in one basket. We've been told over and over again to diversify our portfolio and those who did that with their stocks are probably in better shape than those who didn't.

When it comes to our community, we've been told the **exact same thing**. Economic diversification is absolutely our key to survival. Do you see the parallel? Do you see what sub-prime lending has done to one of the largest income producers to our local economy? Suppose we didn't get any snow this year and gas went to \$5.00 a gallon and tourists stop coming.

Without a diversified business and job base, things could get real interesting around here! Your economic development association is working extremely hard toward making our community economically secure by doing just that and a host of other challenges. There are numerous issues and tasks we have on our plate these days but with limited funds and resources we obviously have to prioritize such. Please know that **all** business and development is important to us. We hope to see you at the annual luncheon meeting on March 27th and at the AEDA Home and Garden Show booth on May 16th & 17th where you can hear our accomplishments and express your opinions and concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Horning".

Tim Horning
President, Archuleta Economic Development Association



2007 Board Members & Officers

Officers

Tim Horning – President
Southwest Custom Builders

Briana Jacobson – Vice President
The Real Choice Realty

Carrie Campbell – Treasurer
Pagosa Area Water and Sanitation District

Bob Eggleston – Secretary
Bank of the San Juans

Board of Directors

City Representative – Ross Aragon
Mayor of Pagosa Springs

County Representative – Ronnie Zaday
County Commissioner

Financial Institution Rep. – Marion Francis
1st Southwest Bank

Utilities Representative – Carrie Campbell
Pagosa Area Water and Sanitation District

Chamber Representative – Mary Jo Coulehan
Pagosa Springs Area Chamber of Commerce

Realtors Association Rep. – Briana Jacobson
The Real Choice Realty

Builder's Association Rep – Tim Horning
Southwest Custom Builders

Lodgers Association Rep – Bob Hart
Hart Construction, Co.

Butch Mackey
NCFI Polyurethanes

Jack Delange
Pagosa Area Water and Sanitation
District

Mike Alley
La Plata Electric Association

Bob Eggleston
Bank of the San Juans



Who We Are

Archuleta Economic Development Association is a 501c(6) non-profit organization whose sole purpose is to enable, grow and sustain economic development in Archuleta County. Because we are not tied directly to any government authority, we are able to independently help businesses in the County.

We also serve to bridge the gap between business and government entities by helping both achieve the necessary goals to ensure quality of life and economic vitality in the community.

AEDA Mission Statement

The mission of the AEDA is to provide business development and support in Archuleta County in order to nurture a diverse, local year-round economy that supports the needs, values and quality of life of our community.

AEDA Services

Business Mentoring – Along with the Small Business Development Center (SBDC), we offer business plan development, relocation services, business expansion and individualized coaching to help you reach your goals.

Business Training – We offer the NxLevel Leading Edge Entrepreneurial course that helps the new or existing business owner put together a proper business plan so he/she is prepared for running a profitable business.

Business Financing – From working with Region 9 Economic Development District to SBA loans, USDA Rural Development loans or local banks, AEDA assists the business owner in receiving the proper financing they need.

Business and Economic Data – Whether you need demographics, retail sector, local industry, employment, income or other data, we give you the strategic information necessary to make informed business decisions.

Business Incentives – AEDA will work hard to ease the burden of starting, relocating or expanding your business through Enterprise Zone incentives, state grants, or local business incentives.

Business Advocacy – AEDA supports our local businesses by making sure the business environment in our County is enabling your business.





2007 AEDA Members

Ist Southwest Bank	NCFI Polyurethanes
4M, LLC	Pagosa Area Water & Sanitation District
Alley House Grille, LLC	Pagosa Springs Area Association of Realtors
Archuleta County	Pagosa Springs Area Chamber of Commerce
Azure Engineering	Pagosa Springs Lodging Association
Bank of Colorado	Re/Max Eagle's Nest
Bank of the San Juans	San Juan River Villas, LLC
Bootjack Management	San Juan Water Conservancy District
Builder's Association of Pagosa Springs	Shadow Mountain Studios, LLC
Centurytel	Southwest Custom Builders
Circle T Lumber/Terry's Ace	Summit Ski
Citizens Bank of Pagosa Springs	The Lindblad Group
Community Banks of Colorado	The Real Choice, LLC
Elk Meadows River Resort, LLC	The Spa at Pagosa Springs
Elmer Schettler	Timberline Builders
FolkWest, Inc.	Town of Pagosa Springs
Galles Properties	Vorhies & Associates, Inc.
Gustafson Consulting Group	Wells Fargo Bank
La Plata Electric	Whispering Pines Company
Merrion Family Limited Partnership	



2007 Accomplishments

“Your Investment Dollars at Work”

- Executive Director nominated Economic Development Council of CO “Rookie of the Year” for the state of Colorado.
- Completed the 3rd amendment for the Cloman POA CC&Rs to ratify the covenants so that 65% of the owners would pass any changes to CC&Rs and completed a change to enable the addition of other industrial parks to the Cloman CC&Rs.
- Assisted Cloman Phase IV with recording amendment to add them to the Cloman Phase I-III CC&Rs.
- Held the 2nd AEDA Annual meeting, with approximately 120 people in attendance. Speaker Michelle Templin gave the address on the book “Who Moved My Cheese”. AEDA profited \$7648.69 from the meeting, and received 13 new memberships.
- Held High School job fair on May 11th with around 30 companies in attendance.
- Assisted Quest Aerospace with securing a temporary building for their business location and helped them with their relocation to Pagosa Springs by donating my time to help them move.
- Created the Targeted Industry Identification Team to form the Targeted Industry Plan for Archuleta County. Hired CO Rural Development Council’s president Clarke Becker to lead the effort. Presented to Town and received a \$2000 grant, which was matched by DOLA for a total of \$4000. Began analysis of existing industry benchmarking. Expect completion of Targeted Industry Plan in January 2008.
- Executive Director appointed to the Region 9 board of directors and the Region 9 Executive Committee
- Updated the AEDA website from 12 to 60 pages to improve content and change the layout to be more suited for business owners and potential site selectors. The site includes several new sections, from Why Archuleta County to Relocation/Expansion and even a section on Business mentoring, where owners can get information on finances, incentives, creation of business plans, etc. The site also includes a new data section that houses the AEDA’s new data warehouse for business owners to utilize, saving them time. Site was selected as OEDIT “best practice” by state of Colorado.
- Worked with Tom Thorpe and AEDA board to create initial site drawings and cost estimations for an AEDA building on Cloman Lot 2. Submitted RFP via Pagosa SUN to get proposals from builders on the building. Worked with Cloman Phase IV owner T. Greg Merrion to potentially secure a lot for the AEDA that is larger or more suitable for our needs.
- Received 19 new memberships for 2007 by speaking at local organizations, doing the AEDA Annual meeting and working with local business owners. Increased membership by 116%. Created \$67,422 in membership income.

- Held first “Marketing for Smarties” training course for business owners in partnership with the Chamber of Commerce and the Fort Lewis SBDC. Class helps business owners create a solid marketing plan for their business. Trained 2 new instructors, and had 10 attendees.
- Held first “Starting Your Own Business” course for business owners in partnership with the Chamber of Commerce and the Fort Lewis SBDC. Class was held on September 25th with 8 attendees.
- Assisted airport manager George Barter with the Stevens Field Airport business plan.
- Worked with Ed Morlan and Region 9 on the Growth Company Initiative and CEO Network, which provides mentoring and business services to select growth companies in Archuleta County. To date, Parelli Natural Horse-man-ship is a member.
- Presented to the following organizations: “Saving the Ranch” seminar with Southwest Land Alliance, Pagosa Springs Area Association of Realtors, Rotary Club, Region 9 Archuleta County public meeting on CEDS, Business Bites – did EZ presentation
- Member of the Regional Parks Plan committee, assisted with creation of parks plan
- Member of the Post-Secondary Education Task Force, assisted with the beginnings of creating a plan to provide post-secondary education options to Archuleta County residents.
- Utilized the Fort Lewis College marketing students and Professor Simon Walls to help create and execute a Business Retention survey for Archuleta County businesses.
- Created AEDA membership packets to give to new members so they are informed of our board meetings, what we do, how they can become involved, etc.
- Submitted application to USDA Rural Development for the RBEG (Rural Business Enterprise Grant) to assist with funding for professional ED training for executive director.
- Trained 2 new instructors on the Leading Edge Entrepreneurial class to help reduce executive directors time.
- Attended the Fly Fishing World Trade Show in an effort to attract fly fishing manufacturers to Archuleta County. Met 2 contacts that show potential for relocation.
- Assisted 30 companies with business mentoring, business creation and business relocation. Handled 6 requests for potential business relocations. Assisted 6 new startup companies, which have now started their businesses. Created 14 new jobs.
- Assisted 12 companies with Enterprise Zone Tax Credits, saving them a total of over \$100,000 in state tax credits.





2007 Economic Report

In 1970, manufacturing (primarily wood products) provided 30% of the county's total work income and generated \$7.4 million in earnings. Over the next 20 years manufacturing wages decreased. The decline of the timber industry in the late 1970's played a large role in this decrease. The 1980's were a time of relative stability in terms of population and economy, reflecting the "flat" state and national economies. Since that time Archuleta County has been in transition from a traditional rural community to a more urban environment in which tourism is the number one industry. The natural environment, and the amenities it provides, are behind much of the growth and have become the larger region's chief economic asset.

The AEDA is working hard to diversify the economy, and bring in more industries that will create higher paying jobs. To that end, in 2007 AEDA succeeded in attracting its first direct-based company to Archuleta County. Quest Aerospace, a toy model rocket manufacturer, moved to Pagosa Springs and is now open for business. They brought 5 new jobs to the County, and provide an average salary of \$44,000 per job. The AEDA assisted Quest with a temporary office location until the company can move its headquarters over to Cloman Industrial Park, which will probably occur in 2009.

Archuleta County is comprised of 872,960 acres (1,364 sq. miles). Only 34% of lands in Archuleta County are in private ownership. Although Archuleta County is technically not zoned, the county controls the use of land through its recently adopted (September 2003) conditional use process. Tribal lands comprise 14.4% of the county and any decisions regarding their development (i.e. mineral and timber resources) could be crucial to impacts on county resources and economic development. Most of the northern and eastern portions of the county (51.6%) are within the San Juan National Forest and are under the management of the U.S. Forest Service. Federal lands continue to be managed under a policy of multiple use.

Population

In 2000 the county's population was 9,898. According to the 2000 Census the median age was 40.8, but this number is expected to decrease to 38.6 by the year 2010. Males comprised 51% and females comprised 49% of the total population. The average household size was 2.47 people. From 1990 to 2000, the population of Archuleta County grew by 8.5% annually, and was ranked 5th of 64 Colorado counties (14th nationwide) for rate of growth. Since 2000, the estimated rate of growth has slowed down to about 3.8% annually, with most of the growth in the unincorporated areas of the county. The estimated population in 2005 was 11,716. Most of the population growth is from people moving into the County, but this trend has been decreasing in percentage since 2000. Of the 268 estimated total population increase for 2004, an estimated 122 people were born (45.52%), there were 64 deaths, and 211 people moved into the County from other places. See table below.

	Census 2000	Estimates					Avg Annual % Change 2000-2005
		2001	2002	2003	2004	2005	
Archuleta	9,898	10,548	10,912	11,196	11,464	11,716	3.7%
Pagosa Springs	1,591	1,621	1,621	1,618	1,620	1,640	60.0%
Unincorporated	8,307	8,927	9,291	9,578	9,844	10,076	4.3%

Source: Colorado Demography Section Estimates 8-06

Forecasts						
Archuleta	2005	2010	2015	2020	2025	2030
Population	11,716	14,108	16,621	19,546	22,880	30,538
Avg. Annual % Change		3.8%	3.3%	3.3%	3.2%	3.2%

Source: Colorado Demography Section Estimates 8-06

These population figures, however, do not reflect the large number of seasonal residents in the area. A local study on 2nd homes (in progress) indicates that 60% of residential properties are owned by people that live outside of the county. The social and economic impacts of these 2nd homes are still being assessed.

Land Ownership

From the local 2nd home study that is still in progress, we find that there are 14,992 private properties in Archuleta County. 8,847 or **59% are owned by people not living in the County**. These properties include parcels with some type of housing (improved), vacant lands (unimproved), and agricultural lands. Over half of these properties are owned by people living in Texas, other Counties in Colorado, or California.

Non-local states of origin	Number	%
Texas	1923	21.74%
Colorado	1598	18.06%
California	1308	14.78%
Others	1278	14.45%
New Mexico	1058	11.96%
Arizona	683	7.72%
Oklahoma	366	4.14%
Florida	266	3.01%
Illinois	136	1.54%
Kansas	128	1.45%
Nevada	103	1.16%

Data taken from Archuleta County Tax Assessor's office - 2004

Housing

Housing is a growing concern in Archuleta County, not just rising prices, but also part-time residents. A three-part study, financed by Region 9 and conducted by Donna Graves of Information Services, wanted to look at the impacts of part-time residents and second homes. Second homes have generated the need for more workers, but the rise in property values and subsequent housing costs have made it difficult for the workers to live within a reasonable distance of their place-of work. This is of particular concern in areas where developable land is in short supply.

According to the latest Colorado Demography Office housing data, there were 7,459 housing units in Archuleta County in 2004. Of these units, 62% were occupied, and 38% were vacant.

If we look at the Archuleta County Tax Assessor's data, we can see the average actual price of homes in the County, as rated by the Assessor's office. From the table below, you can see that most homes fall in the \$100,000 to \$199,999 range.

Actual Home Prices	Non Local	Local	# of Housing Units	% of Homes	% 2nd Homes
<100,000	781	1,020	1,801	27.80%	43%
100,000-199,999	891	1,649	2,540	39.21%	35%
200,000-299,999	428	793	1,221	18.85%	35%
300,000-399,999	184	315	499	7.70%	37%
400,000-499,999	81	148	229	3.54%	35%
500,000-599,999	38	50	88	1.36%	43%
600,000-699,999	18	21	39	0.60%	46%
700,000-799,999	11	11	22	0.34%	50%
800,000-899,999	6	4	10	0.15%	60%
900,000-999,999	2	8	10	0.15%	20%
1,000,000-1,999,999	11	6	17	0.26%	65%
2,000,000-4,999,999	1	-	1	0.02%	100%
\$5 million +	1	-	1	0.02%	100%
TOTAL	2,453	4,025	6,478	100.00%	38%

Data taken from Archuleta County Tax Assessor's office - 2004

Looking at the type of units gives us the ability to understand what type of residential buildings is most common in the area. From the table below, you can see that single family home by far is the largest type of residential home.

Type of Unit	Non Local	Local	# of Housing Units	% 2nd Homes
Condo	334	440	774	43%
Mobiles & Modulars	77	183	260	30%
Multi Family	28	52	80	35%
Single Family	2,014	3,346	5,360	38%
Total	2,453	4,021	6,474	

In 2003, the median price of a home was \$181,000, and 42% of the population could not afford a home at that price. [Source: Operation Health Communities (OHC)]

If we take a look at rent and required income for 2003, we find that the average rent for a 1 bedroom apartment was \$700/month. To afford a 1 bedroom, a person would require an income of \$28,000.

The 2 bedroom apartment average rent was \$900/month, with a required income of \$36,000, and a 3 bedroom was \$1,100/month, with a required income of \$44,000.

Health Care

Archuleta County is home to over 11,000 residents. The Colorado Rural Health Center reports that this county's uninsured rate ranges between 13.3% - 18.7% depending on the criteria used. A full 32.8% of the children in the county qualify for free and reduced lunches as compared to the State percentage of 28%, and the poverty rate is 11.7% with Colorado's rate pegged at 9.3%. This is attributed to the seasonal and service aspects of the local economy. Archuleta County qualifies both as a federal HPSA (Health Professional Shortage Area) and Medically Underserved Area/Population (MUA/MUP). These two designations are defined by the Federal Department of Health, Education and Welfare, and make this county eligible for certain federal resources such as higher reimbursements for Medicare and Medicaid, and professionals working off loan repayment.

Archuleta County recently has made important strides in dealing with its health care challenges. In May of 2006, through a special election, the voters passed an initiative that allows the already- existing

Upper San Juan Health Service District (USJHSD) to float revenue bonds to pay for a Critical Access Hospital (CAH). A CAH is a federal designation that brings benefits to the community such as higher reimbursements for Medicare and access to grants only available to communities with this designation.

Construction of the CAH was completed on January 7, 2008. The Pagosa Mountain Hospital now provides 24/7 Emergency Room services, 11 private inpatient hospital rooms for routine nursing care, a full-time laboratory, CT digitized scanning, radiology, EKG and EEG services. Other services are expected to be provided as the need grows.

Employment and Income

One of many ways to analyze an economy is to look at employment and income. If unemployment is low, average salaries are high and there is a balance of strong growth across sectors, you know the economy is doing well. If we look locally at Archuleta County, although there is a low unemployment rate (4.8% in 2005), wages and employment are highly dependent on generally low paying retail and service sector jobs driven primarily by the tourist and resort industry.

Unemployment Rates Compared 2000-2005						
	2000	2001	2002	2003	2004	2005
Archuleta	3.7%	4.3%	5.7%	5.5%	4.9%	4.8%
State Unemployment Rate	2.8%	3.7%	5.7%	5.7%	5.2%	5.0%
National Unemployment Rate	4.0%	5.3%	5.8%	6.0%	5.5%	5.1%

Source: Colorado Dept of Labor

Unfortunately, there is a data lag of about two years in the Bureau of Economic Analysis (BEA) employment and income statistics, thus 2005 is currently the latest year available for review. If we take a look at the 2005 employment and income chart below, we see the service sector provides 38% of jobs and 32% of employment income. Construction is the 2nd highest sector, providing 16% of the jobs, and 18% of the income. The retail trade sector is 3rd, accounting for 15% of jobs and 13% of the income.

Archuleta County 2005 Total Employment	# of Jobs	% of Jobs	Income (\$000)	% of Total Income	Avg. Annual Wage
Agriculture	259	4%	\$ (4,048)	-3%	\$ -
Mining & Utilities	76	1%	\$ 4,099	3%	\$53,934
Construction	966	16%	\$ 29,511	18%	\$30,052
Manufacturing	85	1%	\$ 1,793	1%	\$21,094
Transportation & Warehousing	45	1%	\$ 1,069	1%	\$23,756
Retail Trade	901	15%	\$ 21,762	13%	\$23,941
Wholesale Trade	57	1%	\$ 3,225	2%	\$56,579
Finance, Insurance & Real Estate	638	11%	\$ 25,315	16%	\$39,066
Services	2271	38%	\$ 51,997	32%	\$22,896
Government	650	11%	\$ 26,853	17%	\$41,312
Total	5950	100%	\$161,576	100%	

Source: CO Demography Section 11/06

The service sector is composed of many types of jobs, and very different wage scales. These include highly paid professionals as well as entry level wage earners. Most of the service jobs in Archuleta County support the tourism industry, in accommodation and food services.

Archuleta County 2005 Service Sectors	# of Jobs	% of Jobs	Total Income (\$000)	% of Income	Avg. Annual Wage
Information	69	3%	\$ 5,838	11%	\$84,609
Professional, Scientific, Technical	469	21%	\$ 10,709	21%	\$22,834
Education, Health, Social Assistance	314	14%	\$ 6,570	13%	\$20,924
Arts, Entertainment, Recreation	239	11%	\$ 8,731	17%	\$36,531
Accommodation, Food Service	659	29%	\$ 10,518	20%	\$15,961
Other Services	521	23%	\$ 9,631	19%	\$18,486
Total	2271	100%	\$ 51,997	100%	\$22,896
Source: CO Demography Section 11/06					

From the table below, we can get an indication of job growth in the different sectors. We see here that the manufacturing sector has the highest growth with 33% from 2001 to 2005, indicating a potential diversification trend away from tourism.

	Job Growth 2001 - 2005					% Change 2001 - 2005
	2001	2002	2003	2004	2005	
Agriculture	266	266	262	260	259	-3%
Mining & Utilities	79	81	78	77	76	-3%
Construction	917	982	937	948	966	5%
Manufacturing	64	51	59	72	85	33%
Transportation & Warehousing	40	52	60	57	45	12%
Retail Trade	795	804	811	840	901	13%
Wholesale Trade	64	63	55	49	57	-11%
Finance, Insurance & Real Estate	539	552	562	564	638	18%
Services	2045	2156	2166	2179	2271	11%
Government	622	652	664	648	650	5%
Total Employment	5431	5659	5654	5694	5948	10%
Source: CO Demography Section 11/06						

In 2007, the AEDA launched a Targeted Industry Study, to identify what potential industries are direct-based in nature, would succeed in our environment, and would help diversify the industry in Archuleta County. 14 industries were identified as having potential and already existing in Archuleta County. Several other industries were identified that do not currently exist, but could have the potential to diversify the economy. The AEDA is working now to identify the factors that will help us understand which of the industries will best help us grow. The hope is that by the end of 2008 a full plan will come to fruition that will allow for diversification of the economy.

Livable Wages

Operation Health Communities (OHC) has determined that in 2003 a minimum of \$10.36/hr provided a livable wage in Archuleta County, if you were a single person living in a 1 bedroom apartment. The average weekly wage of all jobs for Archuleta County in 2005 was \$25,636. [CO Dept of Labor ES202 report]

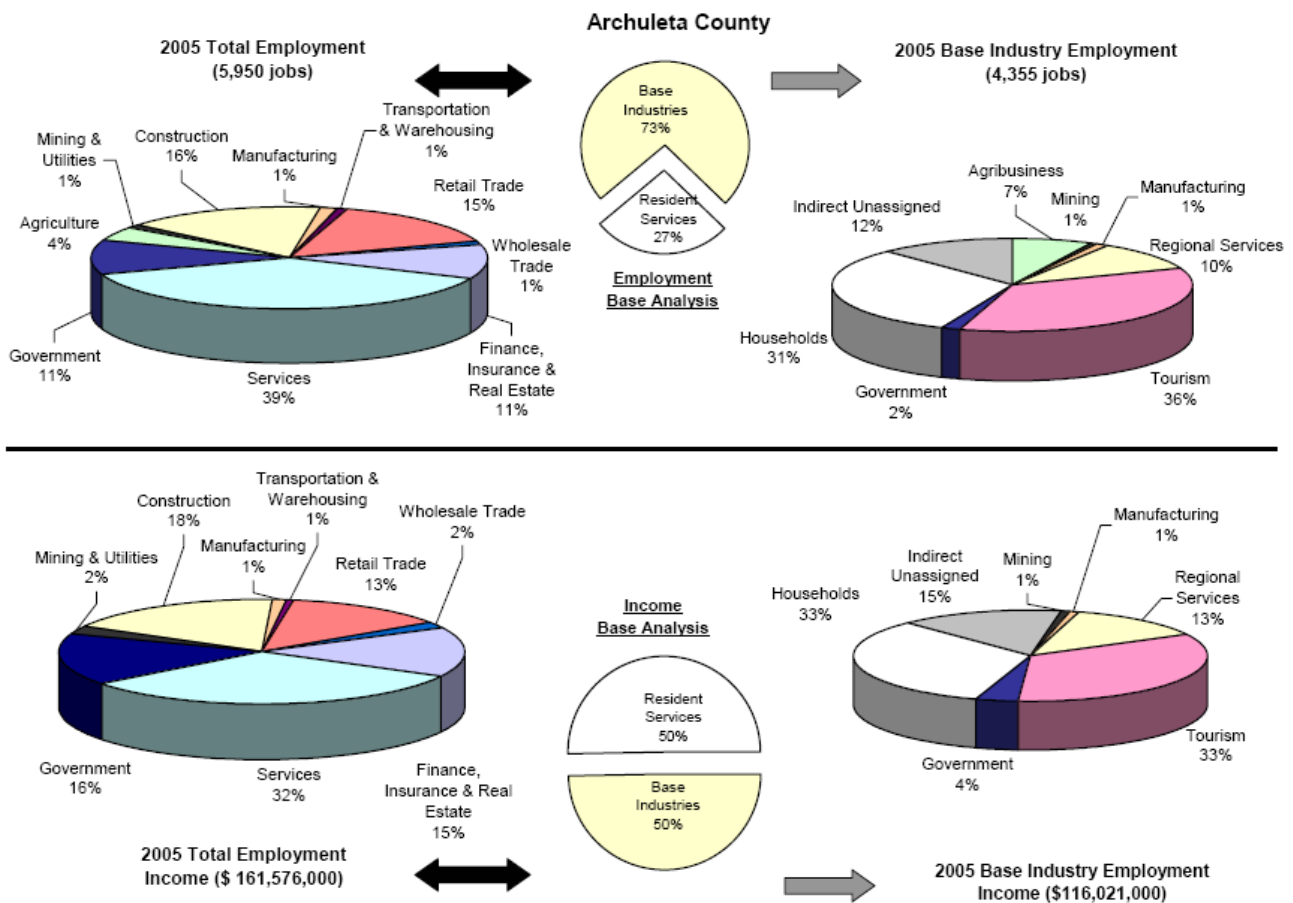
Base Analysis

Now that we have an understanding of the industry sectors with employment and income, another way to segment the same data is by looking at what businesses cause the economy to grow, and what businesses merely circulate the same dollars in the local economy. This is called Base Analysis. Base Analysis distinguishes which industries and factors are basic to the economy and are responsible for overall growth and change. The businesses are broken up into 2 main categories:

Base industries produce exports or derive their sales or income directly from outside sources, or indirectly by providing supplies to export industries. These activities bring in outside dollars to circulate within the local economy. These industries include agriculture, mining, manufacturing, national and regional services, state and federal government jobs, and tourism.

Local resident services provide services to local residents and also re-circulate dollars within the local economy. Resident services include industries that take care of the local community, such as health services, education, and employment at the local grocery store. Residential industries are industries because they create jobs . . . which, in turn, create demands for worker housing and services.

The following chart illustrates the proportions of these two industries in the local economy, starting with total employment and employment income, and then isolating the estimated numbers of jobs and income within the base industries:



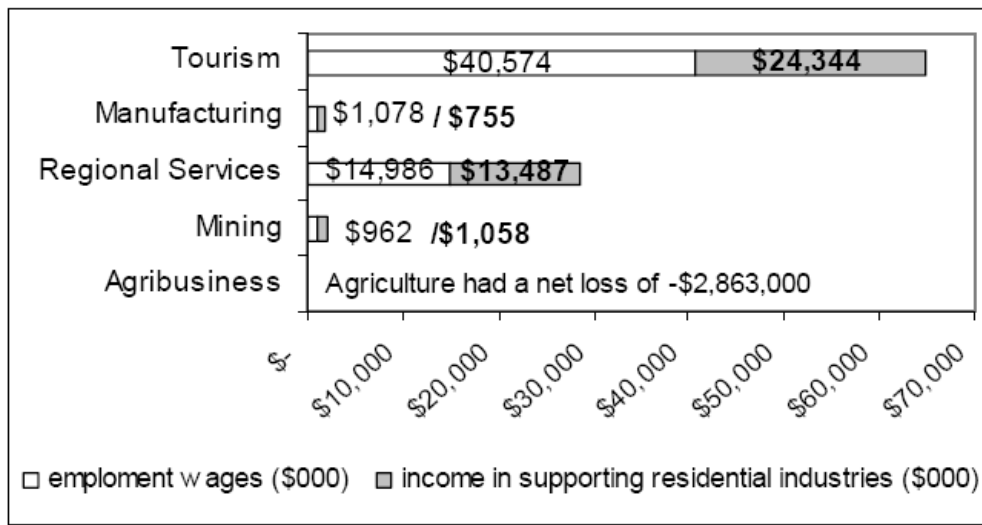
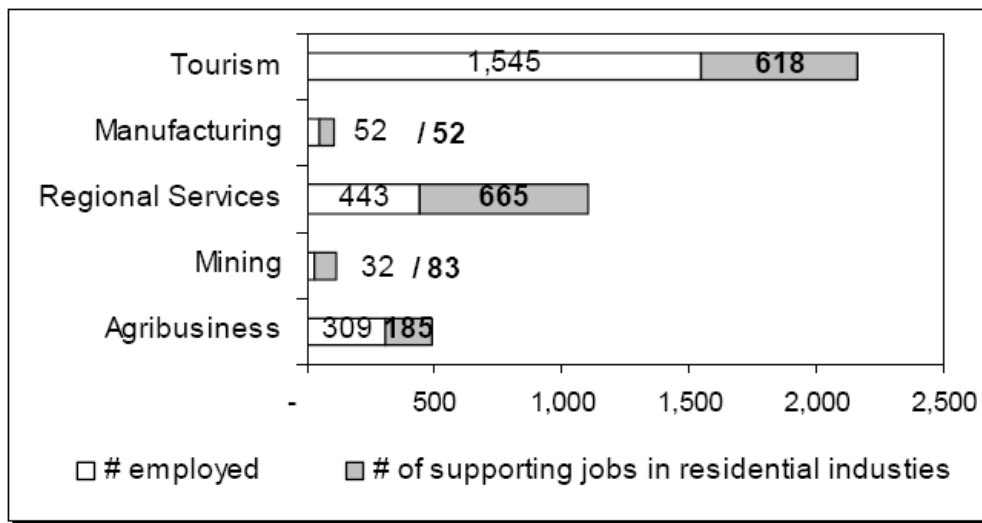
We see from this analysis that 36% of the total base jobs, and 33% of the total base income comes from the Tourism industry in Archuleta County. The next closest category is households, which are

earnings and employment associated with expenditures made by retirees, commuters, households with public assistance, and households with dividends, interest and rent.

RIMS II Economic Model

In the 1970's, the Bureau of Economic Analysis (BEA) of the U.S. Dept. of Commerce developed a regional input-out model for the United States known as the Regional Industrial Multiplier System (RIMS). The model was developed so that the regional effects of policy changes could be evaluated. In 1986, this model was refined and renamed the Regional Input-Output Modeling System, known as RIMS II. This model is available for evaluating regional impacts across the country and is arguably the best-known and most widely applied forecasting model for assessing economic impacts.






Using a series of multipliers provided by the Colorado Demography Section, we can look at the direct base jobs and job income in our local area in 2005. The RIMS II model also allows us to see how many supporting in-direct jobs and income there are that support the direct base jobs. We can also measure the relative strength of our direct base activities, as shown below.

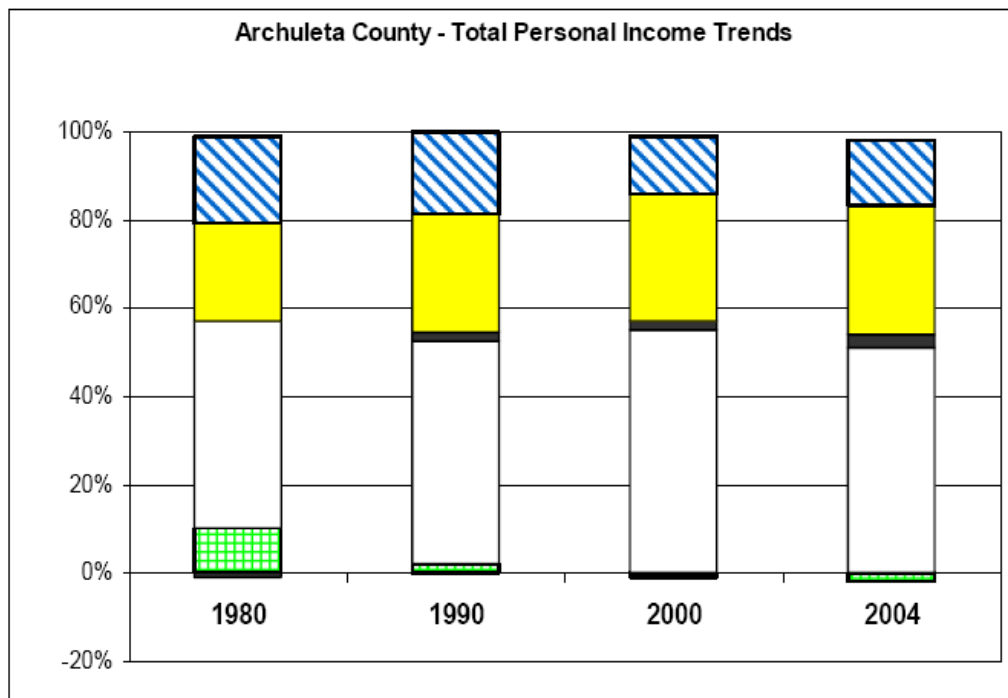


In Archuleta County we see that tourism provides the most base industry jobs (those that bring in money from outside the area). Sustainable economies should be diverse and balanced, so that if one industry declines it doesn't drastically affect the local economy. As you can see, Archuleta County is not balanced, and needs to work hard to bring in more companies that can help balance out the Tourism industry.

Total Personal Income

In addition to employment income, money enters the local economy from other sources. Total Personal Income (TPI) is the sum of all personal income that flows into the county. The following chart examines the components of TPI and how the proportions of this income have changed over time.

-  Transfer payments consist primarily of retirement and disability benefit payments, medical payments (i.e. Medicare and Medicaid), income maintenance benefits, unemployment insurance, veteran's benefits and payments to nonprofit institutions.
-  Dividend income is income that is paid in cash or other assets to stockholders by corporations in the U.S. or abroad. Interest income consists of monies received from money market mutual funds and interest from other sources. Rental income consists of income from the rental of real property, the net income of owner - occupants of non-farm dwellings, and the royalties received from patents, copyrights, and from the rights to natural resources.
-  Residency adjustments are made when a person receives income for work performed and paid for from outside their place of residency, i.e. commuters. Negative numbers mean that more people were coming into the county for work than were commuting out.
-  Non-Farm earnings are derived from (non-agricultural) employment within the region.
-  Farm earnings are from agriculture production within the region (farming, ranching).



Generally, we see a trend of decreasing employment income, and increasing income from dividends, interest and rent, and transfer payments. TPI in 2005 was \$293,705,000. The chart below shows the breakdown by income type.

Estimated 2005 Total Personal Income		% of Total
Employment Earnings	\$ 161,575,000	55%
Residency Adjustment	\$ 8,607,000	3%
Dividends, Interest & Rent	\$ 79,661,000	27%
Transfer Payments	\$ 43,862,000	15%
Estimated TPI	\$ 293,705,000	100%

Source: Colorado Demography Section 11/06

Per Capita Income (PCI)

Total personal income divided by the total number of residents in the county gives us an estimate of per capita income (PCI). The chart below shows that Archuleta County's PCI is lower than state levels, but is on the rise.

	Per Capita Income					% change
	2000	2001	2002	2003	2004	2003-2004
Archuleta	\$ 19,156	\$ 19,769	\$ 20,055	\$ 20,122	\$ 21,639	7.5%
Colorado	\$ 33,370	\$ 34,491	\$ 34,228	\$ 34,561	\$ 36,113	4.5%
USA	\$ 29,845	\$ 30,575	\$ 30,804	\$ 31,472	\$ 33,050	5.0%

Source: Bureau of Economic Analysis

*Not adjusted for inflation

Retail Sales

The last type of analysis worth looking at deals with retail sales. By understanding leakage and surplus areas of the retail industry, as well as understanding total sales, we can arrive at where there might be areas of focus to ensure a well balanced retail sales industry that can provide all the necessary services and products that Archuleta County residents require.

By looking at the overall year to year trend, we see that Archuleta County has consistently shown an overall surplus of sales. This means that there are more actual retail sales than what our residents could potentially create; indicating people are coming from outside the County to purchase their goods.

Calendar Year	*Potential Sales	*Archuleta County Total Retail Sales	Surplus or Leakage	Surplus or Leakage as % of Potential
1999	\$ 111,366,755	\$ 140,607,744	\$ 29,240,989	26.3%
2000	\$ 122,590,499	\$ 164,647,072	\$ 42,056,573	34.3%
2001	\$ 133,152,198	\$ 170,572,635	\$ 37,420,437	28.1%
2002	\$ 146,358,836	\$ 176,396,062	\$ 30,037,226	20.5%
2003	\$ 151,719,415	\$ 172,966,000	\$ 21,246,585	14.0%
2004	\$ 168,899,753	\$ 184,432,248	\$ 15,532,495	9.2%
2005	\$ 186,839,243	\$ 221,062,836	\$ 34,223,593	18.3%

*adjusted to 2003 constant dollars

Unadjusted Actual Sales for 2004 = \$184,248,000; 2005 = \$216,516,000

If we look at the retail sectors in greater detail we can see that some groups have a surplus (drawing in shoppers for these items from outside of the area), while others show leakage (purchases of these goods are being made outside of the county). The sectors with negative numbers are not meeting their sales potential, and a closer look at them could provide opportunities for new businesses or expansion of existing businesses.

Archuleta County Retail Trade Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Motor Vehicles/Parts	6	\$ 714,833	\$ 4,289,000	\$ 19,903,932	\$ (15,614,932)	-78%	4%
General Merchandise	10	\$ 721,400	\$ 7,214,000	\$ 14,325,489	\$ (7,111,489)	-50%	6%
Electric/Appliances	4	\$ 388,000	\$ 1,552,000	\$ 2,798,013	\$ (1,246,013)	-45%	1%
Clothing	13	\$ 187,769	\$ 2,441,000	\$ 3,775,265	\$ (1,334,265)	-35%	2%
Sport/Hobby Shops	16	\$ 160,375	\$ 2,566,000	\$ 3,490,692	\$ (924,692)	-26%	2%
Health Care Products	3	\$ 647,000	\$ 1,941,000	\$ 2,544,998	\$ (603,998)	-24%	2%
Furniture, etc.	9	\$ 353,889	\$ 3,185,000	\$ 3,478,675	\$ (293,675)	-8%	3%
Misc Retail Stores	30	\$ 170,833	\$ 5,125,000	\$ 3,488,774	\$ 1,636,226	47%	5%
Non-store Outlets	41	\$ 110,829	\$ 4,544,000	\$ 2,269,620	\$ 2,274,380	100%	4%
Bldg Materials/Garden	11	\$ 2,672,000	\$ 29,392,000	\$ 8,154,735	\$ 21,237,265	260%	26%
Gas Stations	NA	NA	NA	\$ 6,363,679	NA	NA	NA
Food/Beverage Stores	NA	NA	NA	\$ 15,295,351	NA	NA	NA
*Confidential Sectors	22	\$ 2,335,773	\$ 51,387,000	NA	NA	NA	45%
Total	165	\$ 688,703	\$ 113,636,000				100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

From this chart we see that several sectors have leakage, with motor vehicles/parts and General Merchandise showing the largest amounts of leakage. These areas should be focused on to help level out the retail sectors, and minimize leakage.

Conclusion

It is our hope that this corporate report has helped you gain a better understanding of what role Archuleta Economic Development plays in the economy here. We also hope that the economic analysis provided helped you get a general understanding of the status of our economy. The AEDA is truly thankful for all of the supporters it had in 2007. Without you, we would not exist.

Our hopes for 2008 are to continue our business attraction efforts by completing the Targeted Industry Study that was started this year. From this study, we will have the knowledge we need to intelligently move forward with attracting the right industries we need to diversify our economy. We have also finished the update to our new 60 page website, which provides site selectors and business owners the necessary data, site selection tools and other information they need to make more informed business decisions. And with the work we are currently doing towards identifying what workforce training opportunities we can provide in association with the Archuleta Education Center, we know that the future is bright for ensuring our workforce is up to speed and available for the new opportunities we bring through business attraction.