

Workforce Report

2012 Report on the Eagle County Workforce

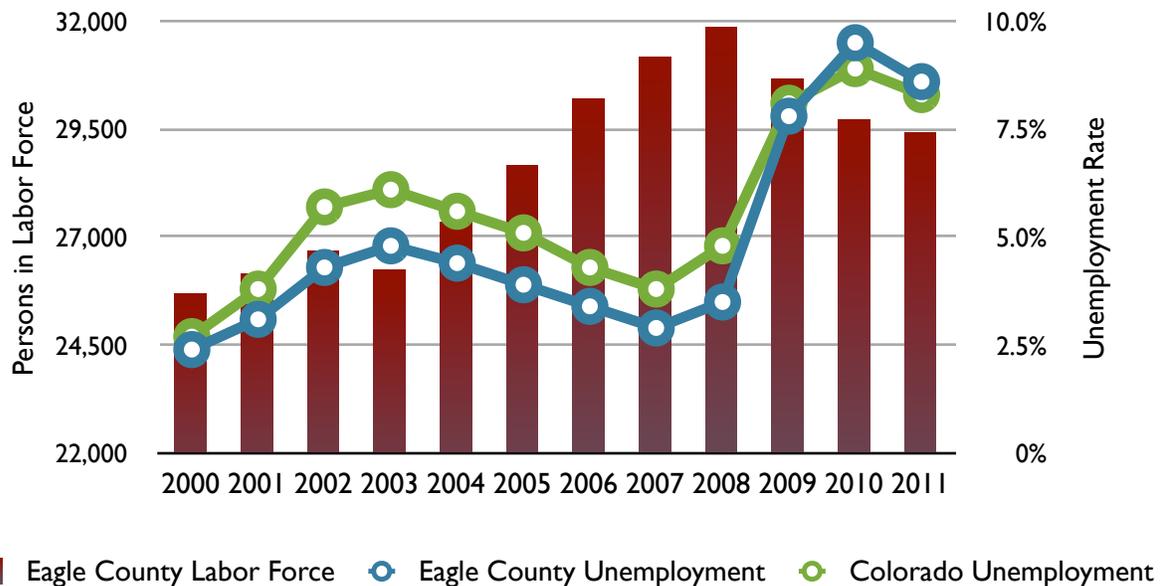
ECONOMIC COUNCIL OF EAGLE COUNTY



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Eagle County's Labor Force: Emerging from the Recession?

After a run of full employment, and even scrambling for workers in Eagle County, the picture began to change in late 2007. Unemployment started to rise, reaching levels not seen in recent memory. Unemployment rates of 9.5% in 2010 and 8.6% in 2011 topped the statewide unemployment rate for the first time in a decade.



Along with the rising unemployment, the County experienced a shrinking of the labor force, from a high of nearly 32,000 in 2008 to 29,425 in 2011. The number of employed people dropped by 4,000 in that time period (a drop of 12.5%). The number of businesses went from a high of 3,611 in 2008 to about 3,200 in 2011, a decline of just over 11%. Construction was particularly hard-hit; according to the Bureau of Labor Statistics, 5,000 people held construction jobs in 2008 compared to less than half that in 2011 (estimates of construction employees for 2011 are at 2,300 - final figures not yet available). About a quarter of construction industry businesses disappeared: 883 were operating in 2008, and only 663 in the 3rd quarter of 2011. The average weekly wage in Eagle County fell from a high of \$786/week (W2 jobs) in 2008 to an estimated \$755/week in 2011 (the Statewide average weekly wage in 2011 was \$948).

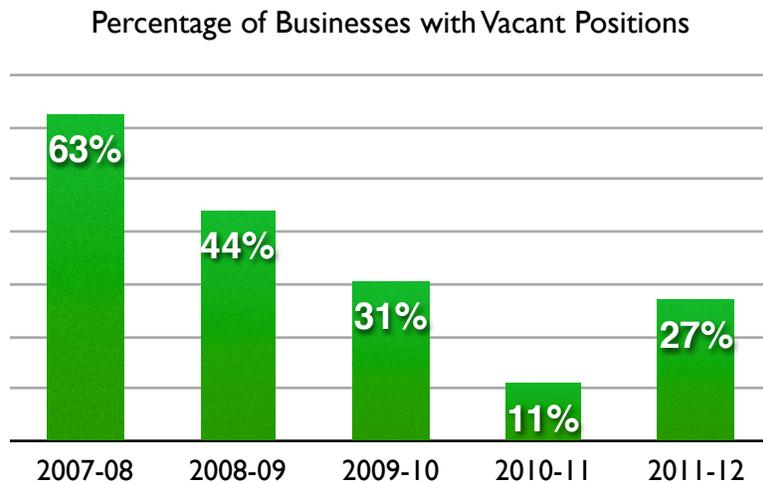
That's a lot of bad news to start with. Is there any relief in sight? According to the businesses surveyed for this year's Workforce Report, things just may be starting to look up.

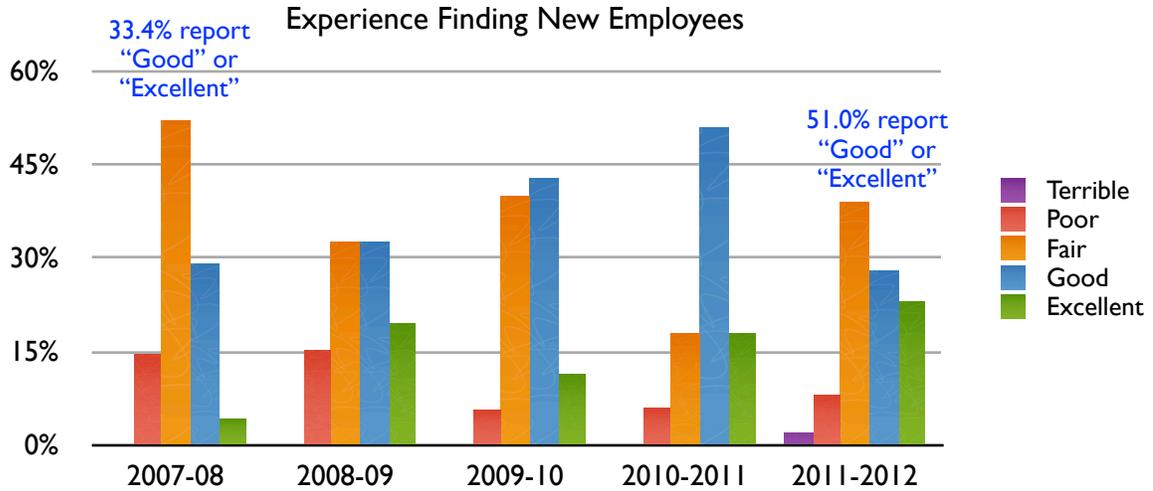
6th Annual Workforce Survey

Since 2006, the Economic Council of Eagle County has asked employers about their business outlook, their employees, and their forecasts for the future. Complete results of this year's survey are available at www.vailvalleypartnership.com. In 2012, 77 businesses responded to the Workforce Survey. This summary report compares those responses with data from prior surveys.

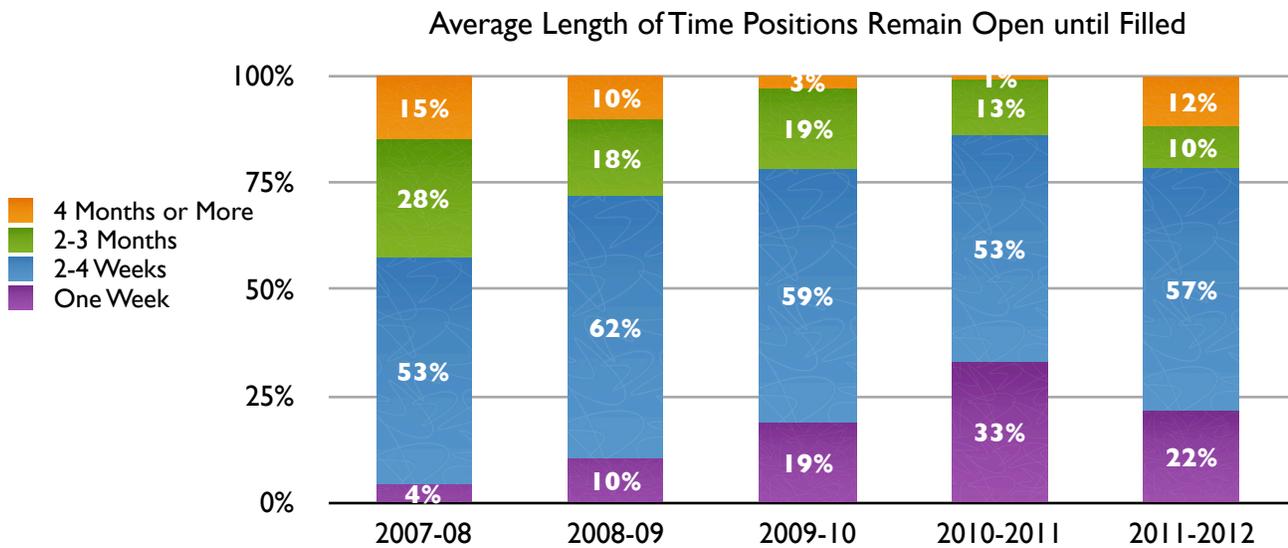
Hiring New Employees

The chart below shows the percentage of responding businesses with current vacant positions. For the first time since 2007-08, businesses are seeing an increase in the number of vacancies.





Respondents were asked to rate their company's experience in finding the employees it needs. Only a third of businesses reported "good" or "excellent" experiences in hiring new employees in 2007-08; that number jumped to just over half in the most recent survey.



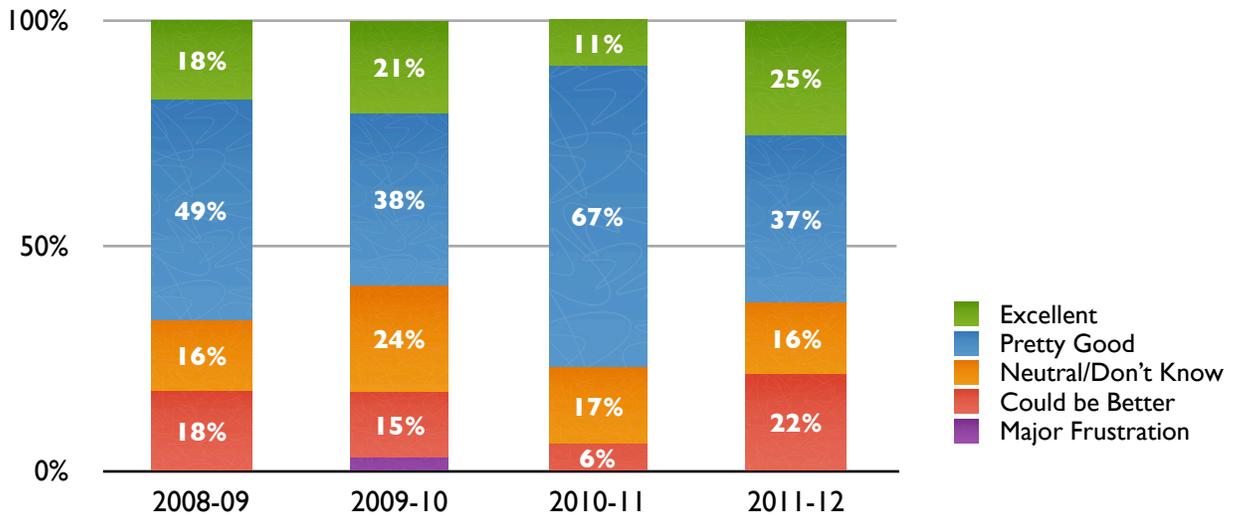
While none of the respondents is seeing a return to the difficulties of hiring workers in 2007-2008, there is an increase in the time it takes to find someone for a position. Last year seems to be the peak of easy hiring; about 1/3 of businesses reported being able to find an employee in a week. That has dropped to one in five now being able to hire within a week, with the same number reporting two or more months required for hiring.

Employee Experiences with Housing and Transportation

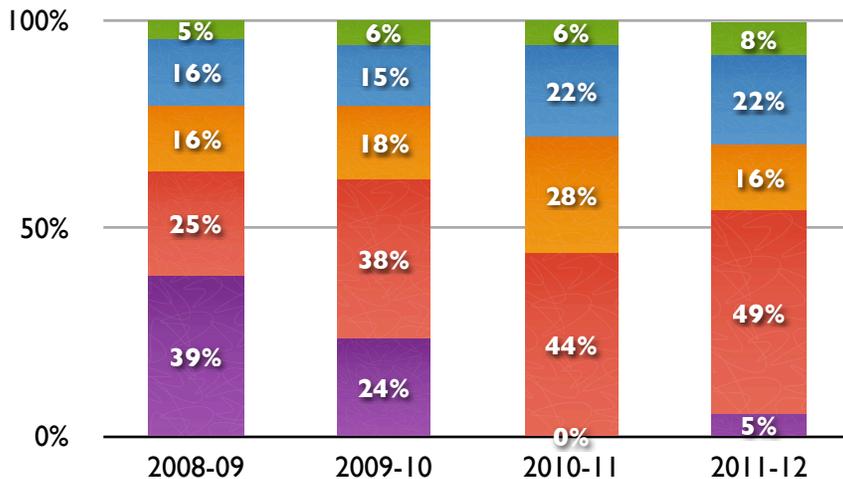
About two-thirds of respondents (64%) think transportation options for their employees are “pretty good” or “excellent”. Although transportation is not a major frustration, about one in five say it “could be better.”

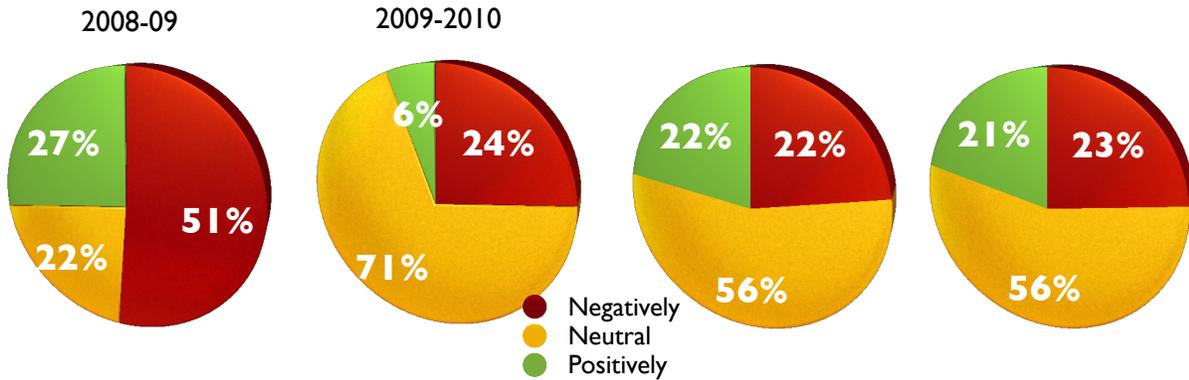
In 2008, respondents indicated serious problems for employees looking for housing. Frustration with housing hit an all-time low in 2010-11, but those numbers are starting to climb again. Housing is a “major frustration” for employees in 5% of the businesses surveyed, while almost half say the housing situation “could be better”.

Rate Your Employees' Experience Finding Reliable Transportation to and From Work



Rate Your Employees' Experience Finding Housing they Desire at an Affordable Price



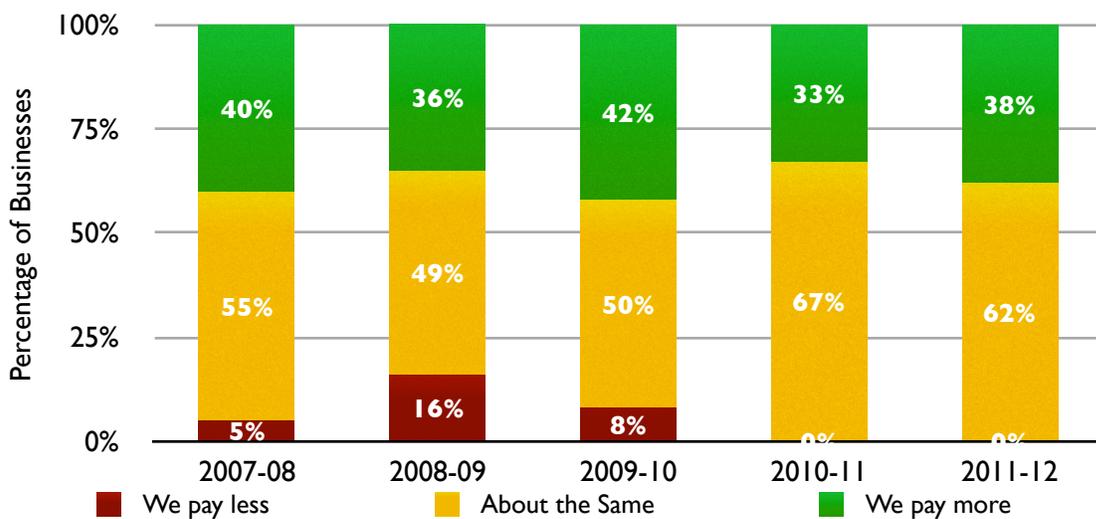


How does housing affect your ability to attract, hire and retain employees?

The pie charts above show a dramatic change in the number of businesses reporting negative impacts from housing on their ability to attract, hire and retain employees. The picture has been fairly consistent the last two years. One company reported that "it was an easier year for employee housing due to the drop in home values. More second home owners or landlords dropped rents to cover mortgages." Companies report that their employees find affordable housing in Leadville, Eagle and Gypsum. Another stated, "We have had to buy and provide our own employee housing to attract quality employees."

Pay and Benefits

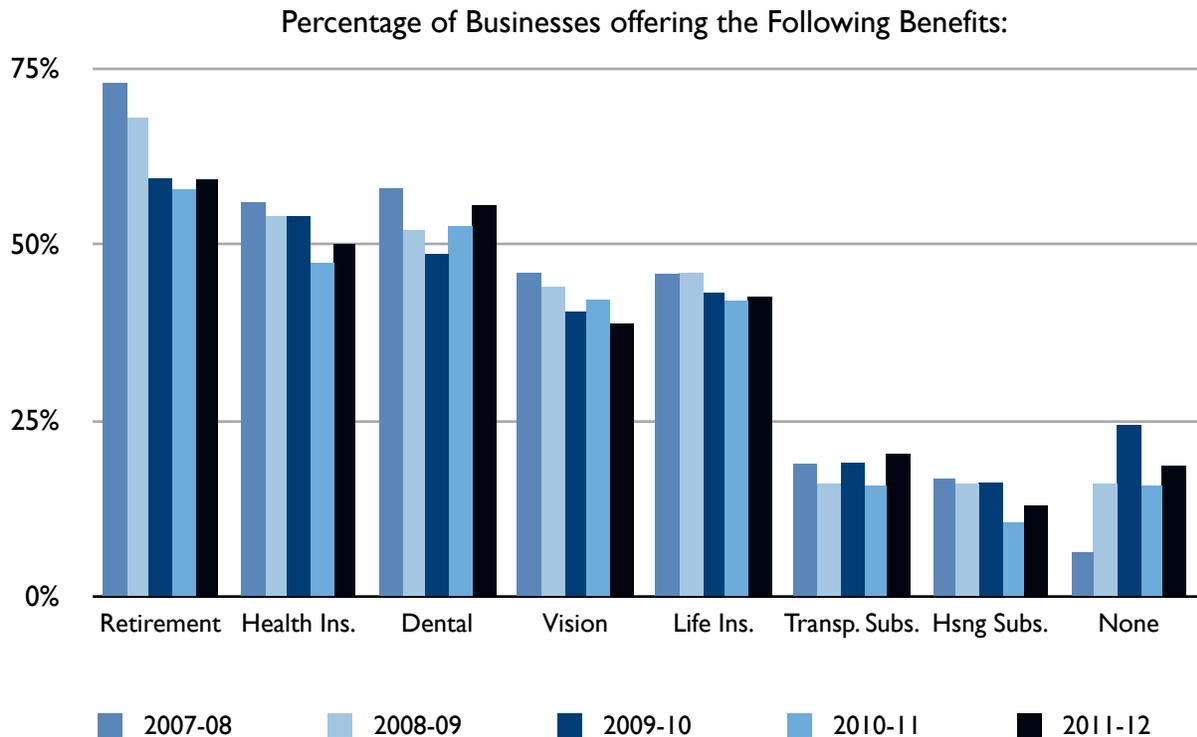
We asked employers about their pay scale, and about benefits they provide. Companies in Eagle County tend to pay the same, or more, than similar businesses in other parts of the state. "We want to attract



the most qualified employees.” (Note that the driving factor behind Eagle County’s lower-than-average weekly wage is the larger percentage of jobs in the accommodations and food services sector.)

We asked employers to explain why their company pays more than similar businesses in other parts of the state. Here’s what they said:

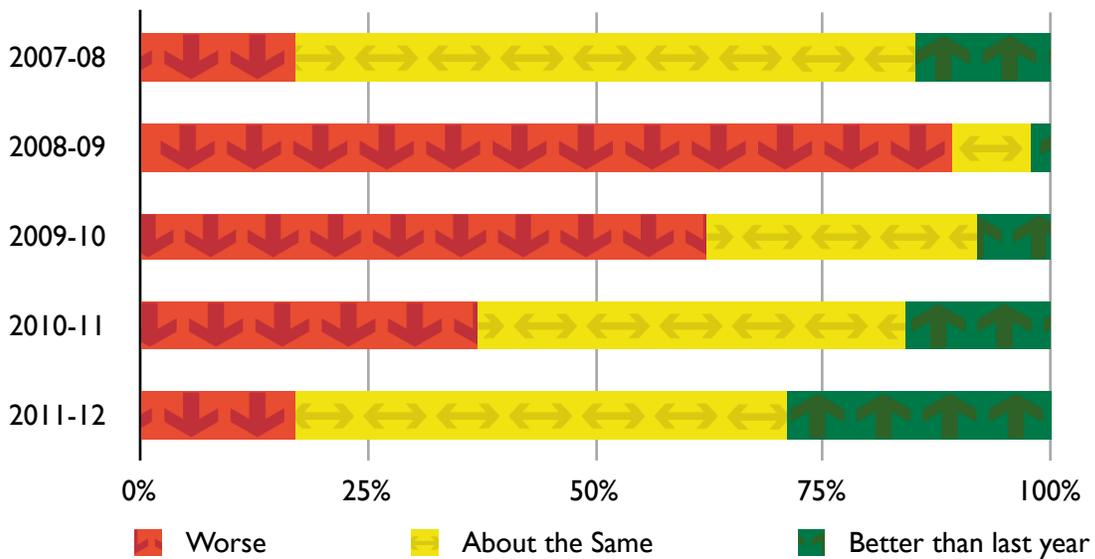
- The cost of living in Eagle County.
- We want to attract the most qualified employees.
- Our per hour rate is competitive with the market, but our overall benefits package is more than the industry standard as we offer health, dental, life insurance, flexible spending accounts, retirement plan, and paid time off.
- Cost of living is high.
- We try to get the best people.
- I pay for quality. Dedicated staff with a strong work ethic and loyalty are hard to come by. I reward top quality people.
- We pay more to retain better employees.
- I pay more because I don’t offer medical benefits, and it’s really a driving force of keeping people long-term.



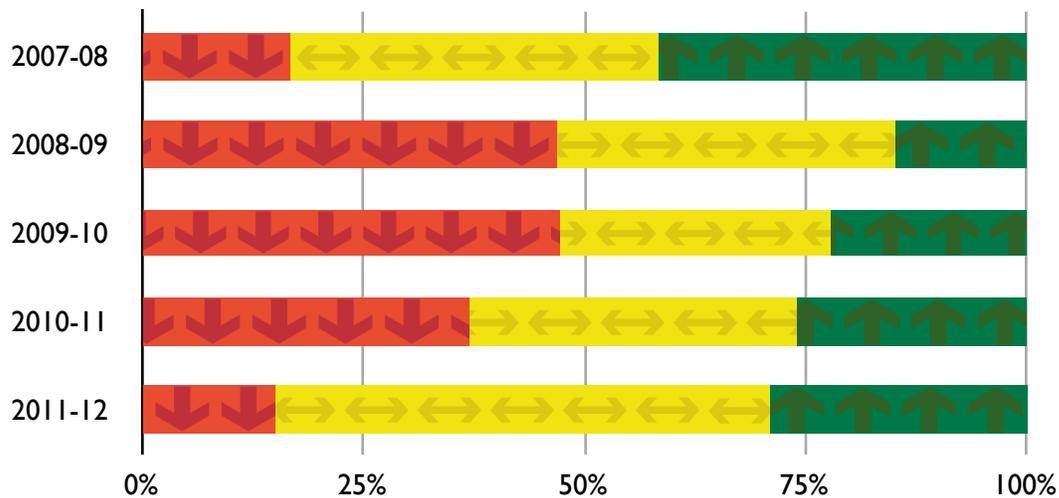
The drop in benefits seems to have leveled off. While 18% of businesses offer no benefits, up from only 6% in 2007-08, the number offering insurance, retirement, and transportation/housing benefits has increased since last year.

What about the Economy?

This is where we get to the optimism of County businesses. Nearly a third (30%) of respondents think the County economy is better off than last year, quite a change from the 2008-09 survey, when only 2% said the economy was better (and 89% said things looked worse). Respondents are feeling more



optimistic about their own businesses too - 86% say the outlook is “about the same” or “better”, compared to 63% who gave that economic outlook last year.



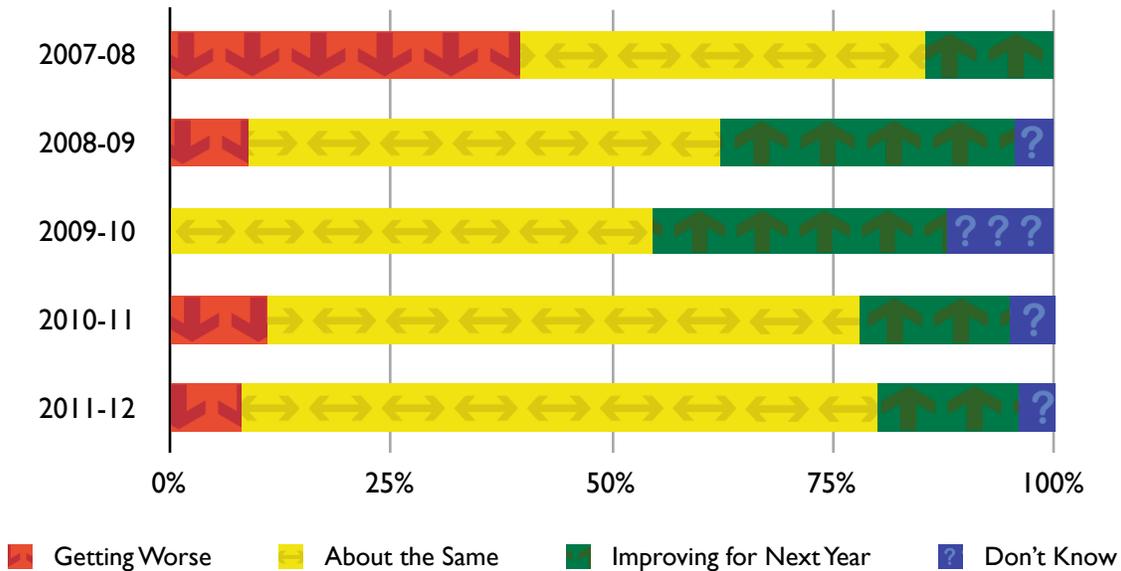
Thinking of the economy in general, would you say Eagle County is worse off, about the same or better off than last year?
Thinking specifically about your business, would you say you are worse off, about the same or better off than last year?

Comments from survey respondents included the following:

- I hear more small business owners with upbeat news and business increases.
- Sales tax revenues are up in Vail, the hub of the County. Real estate transactions are starting to increase. Destination visits are up in summer and winter.
- Slightly better, but only slightly. Something like \$4 or \$5 gas would HURT right now, and the lack of snow hasn't helped.
- Every year since 2008, when we lost 20% of our business, we have grown by 2% each year.
- Improving only slightly, not because of the economy, but because of the poor snow conditions through mid-January.

Finding and Keeping Employees

The outlook for finding and keeping employees has remained fairly constant the last two years, with 88%



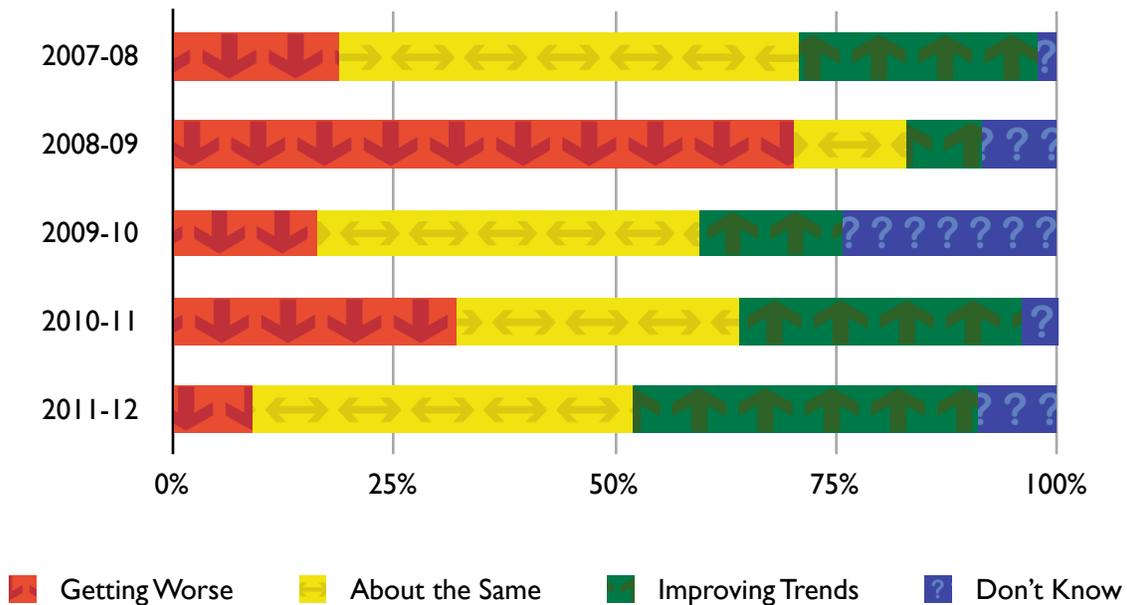
expecting the outlook to be “about the same” or “improving” for 2012-2013.

What are your predictions for your ability to hire and retain employees in the coming year?

Predicting the Future

Employers have done a pretty good job over the last few years forecasting Eagle County's economy. There is a sense of cautious optimism, with 39% seeing improving trends, and another 43% thinking that the economy will be about the same. Only 9% say "things are getting worse," and the same number aren't venturing any guesses (9% "Don't Know").

What are your predictions for Eagle County's economy for the coming year?

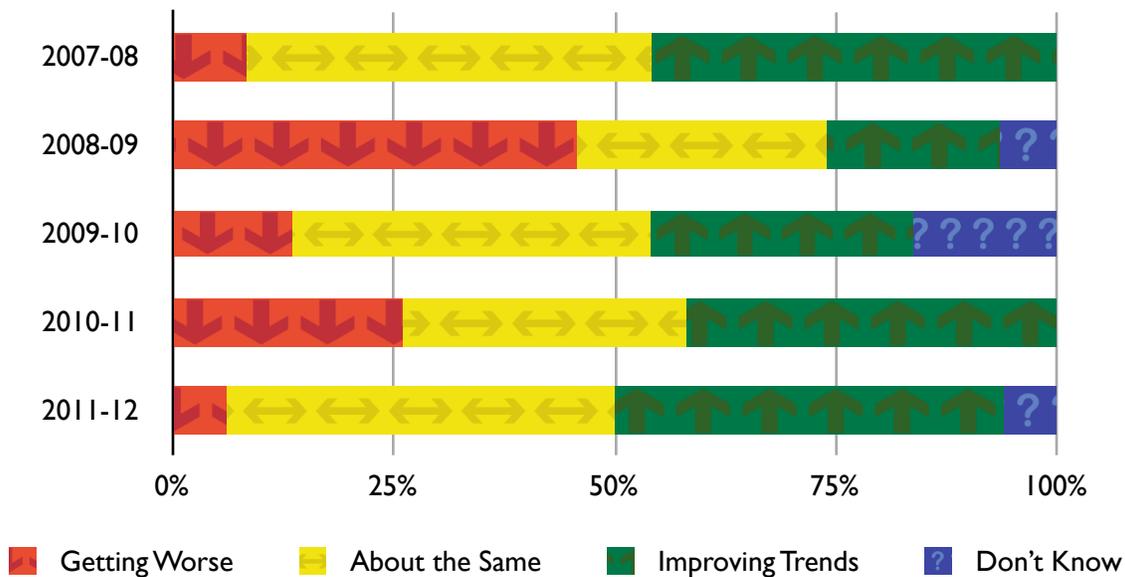


Comments reflect a mix of opinions. The theme of down-valley towns suffering the effect of the recession in higher proportion show up here too:

- We'll stay flat for another year or two.
- I use my business as a gauge for other businesses in Eagle County. Since people are spending \$\$ in my store they are in town and have extra cash flow.
- Vail is faring well. Eagle and Gypsum are suffering.
- It would be nice to see all entities of Eagle County work together to create more summer business. It takes the whole team to make that happen, not just individual towns. We have so much to offer in Eagle County as a whole and need to look at that for future revenues.
- Bad snow year, low consumer confidence index. Increased fuel costs, increase in the number of foreclosures.

We asked employers, “What are your predictions for 2012, specifically for your business?” There’s still some lingering uncertainty; 6% say they don’t know what next year will bring. About the same percentage think their business will be worse off next year, the lowest rating since we began asking this question. Two in five are predicting “the same,” and another 2 in 5 say they predict improving trends for 2012-13. According to one respondent, “offering a value is important right now to create return customers.”

What are your predictions for your business for the coming year?



Dealing with the Recession

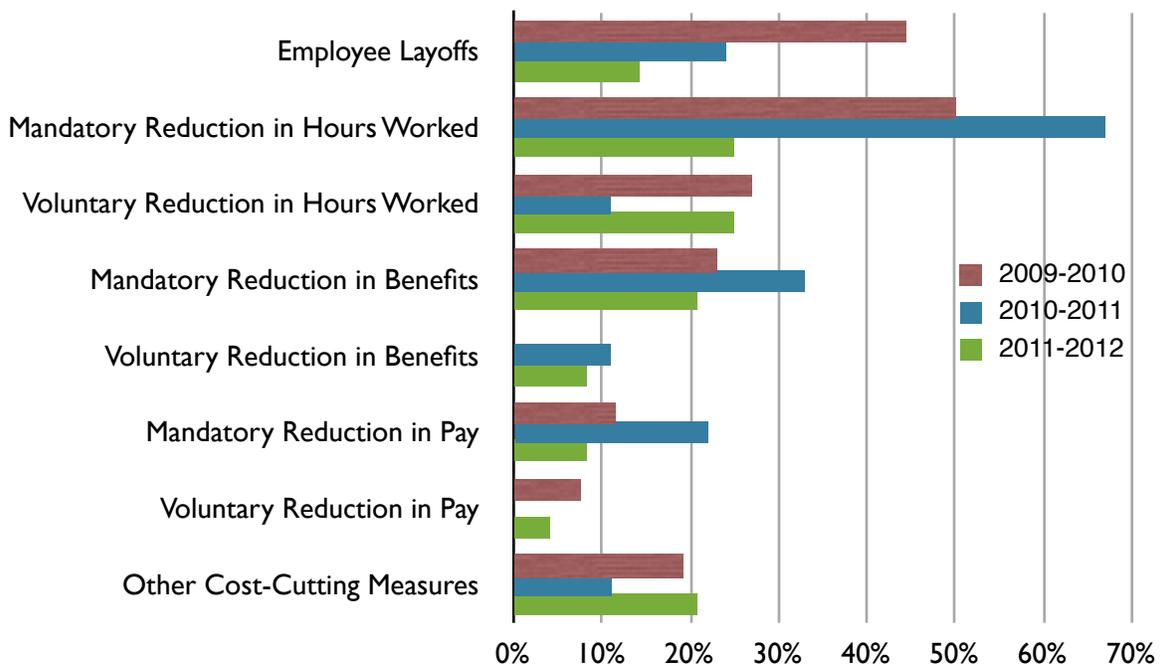
Only 14% of respondents say they are considering expanding or diversifying into a different service or industry, down from 25% two years ago. Some have already diversified; some report that they are expanding into the special events areas. When asked what resources might be beneficial for business owners/managers during these challenging economic times, the responses included:

- A listing of resources to give employees regarding where to get assistance for financial help, health coverage, etc.
- Affordable employee housing to RENT.
- Offering incentives (tax reduction or low interest loans) for new business to come to the valley.
- Lower advertising costs.
- Ways to control health insurance costs. (mentioned by several respondents)
- Continued support of towns and County resources to economic drivers such as funds for marketing, events, Eagle County Airport support of additional destination flights. Continue to protect open space and wilderness, our natural capital.
- Cheap place for job postings and employee searches.
- Small business consulting.

- Payroll tax consultant.
- Human resources assistance.
- It would be nice to have the business associations create a health insurance plan as a group to offer to any employee employed by a member of that association. The volume would lower the cost and make better health plans available.
- Late night ECO buses. Charge another \$2 after 12 per ride or \$20 more a month per pass to cover costs. People would pay it We would even consider subsidizing the program.
- Affordable employee housing
- Community outsource programs to put qualified applications that are on unemployment in job positions.
- Wage and compensation analyses; COLA in the Eagle County.
- Businesses who are willing to hire local youth 16-24 who desire seasonal work, part-time or full-time work, and who plan to live here.
- Eagle County employee relocation and intern assistance program.
- Banks making loans.
- We need to shift emphasis to increasing revenues through new businesses, tourism, medical, and construction.

Employers have dealt with the recession by making some hard choices: layoffs, as well as reductions in hours, pay and benefits. Layoffs and mandatory reductions decreased significantly in 2011-12 over the prior two years.

Actions taken by Eagle County Businesses Percentage of respondents taking the following actions:



Survey Methodology

The Economic Council invited employers to participate in this research by sending them an email link to an online survey. The Vail Valley Partnership and its member associations included information and the survey link in their online newsletters, and area non-profit organizations were invited to weigh in.

The survey was designed and tested by Economic Council research staff, and distributed through Constant Contact, an internet-based survey tool. Data was tabulated and analyzed using SPSS, the Statistical Package for Social Sciences.

This was an opt-in rather than a random sample or census survey, so a margin of error cannot be calculated. However, survey respondents represented small and large businesses of different types employing a large number of workers throughout the valley, and results can be used to assess trend in the Eagle County workforce.

Conclusions

Some conclusions from the 2012 Workforce Survey:

- ✓ Employers are cautiously optimistic. They see improving trends both for their own businesses and for the county as a whole.
- ✓ Housing is starting to be on the radar again as a workforce issue. Employers believe that as the economy ramps up again, the need for workforce housing will too.
- ✓ Providing health insurance for employees is a major challenge.
- ✓ Layoffs have slowed down, it's a little harder to find employees, and there are some vacant positions.
- ✓ The H2B Visa program is no longer an effective source for hiring employees.
- ✓ Transportation should stay on the “watch list” as a potential difficulty for employees.
- ✓ There is a growing appreciation of the interconnectedness of towns in the valley, and the potential benefits of working together to strengthen the economy.

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