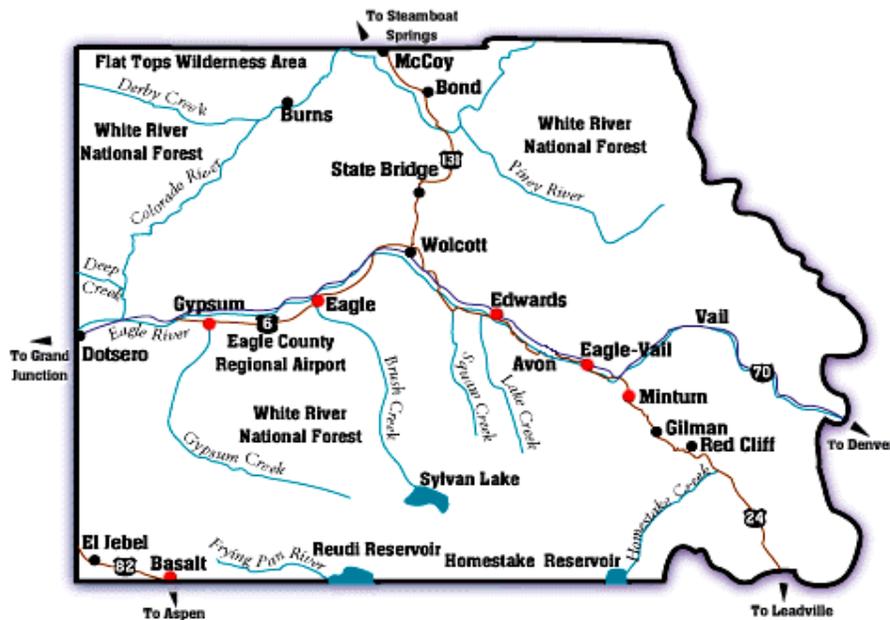




## EAGLE COUNTY WORKFORCE REPORT 2007



### Eagle County's Workers: Demand Increases

This was the news 30 years ago, reported in the February 2, 1978 Eagle Valley Enterprise:

*Vail reported a winter labor shortage — a new phenomenon in the valley. Several reasons were cited for the employee shortage, most notably the lack of affordable local housing.*

It's not news anymore. Hardly a week goes by without a mention in the press of the lack of workers. The same news stories cite the "lack of affordable local housing" noted in the 1978 report. And it's not just an Eagle County issue. Other resort areas are feeling the pinch: a story titled "Vail's Labor Crunch Not Unique," details the woes of Jackson Hole employers who "can't find enough hired hands to clean the sheets, wash the dishes and do all the other tasks in a service-oriented tourism economy." ([VailDaily.com](http://VailDaily.com), February 4, 2008)

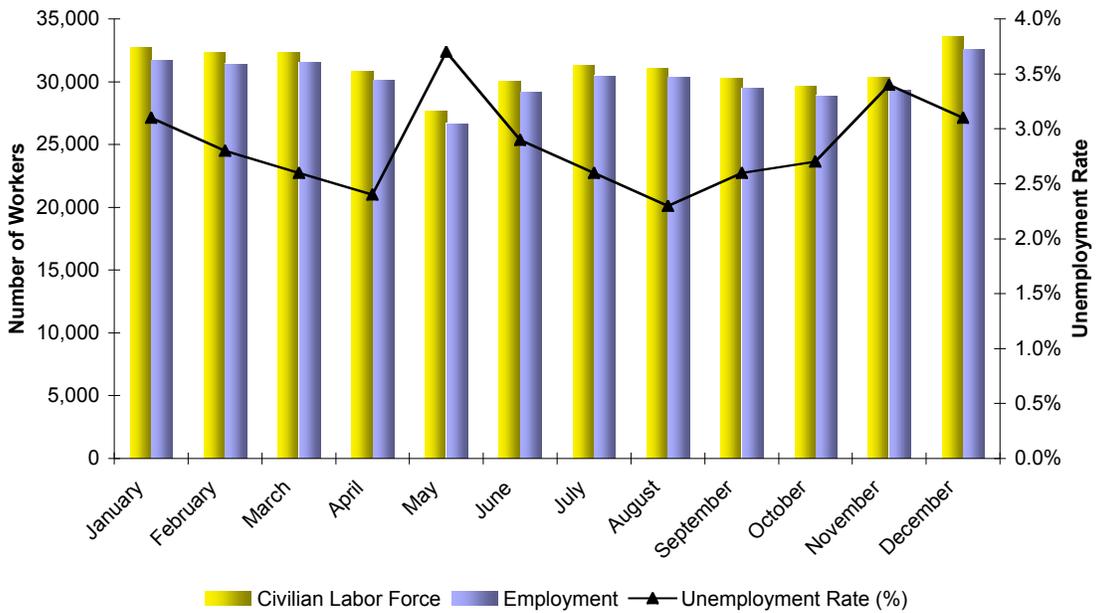
In 2006 the Economic Council of Eagle County decided to attach some numbers to this familiar tale, to go beyond the anecdotal evidence to an analysis of Eagle County's employers and workers. Using the 2006 Workforce Report as a baseline, the Economic Council expanded the 2007 Workforce Survey to include 48 businesses employing 12,241 workers. We asked if local businesses are facing labor shortages, how long it takes them to find workers, what wages and benefits they offer to attract and retain employees, and what their outlook is for the future of the local economy and their own business establishments.

This report takes a quick look at the "big picture" of labor and employment in Eagle County, then delves into the results of the 2007 Workforce Survey.

### The Big Picture: Eagle County's Labor Force

According to the Colorado Department of Labor and Employment, during 2007 Eagle County had an average monthly workforce of 31,033 persons, with 30,147 of them employed. The resulting unemployment rate of 2.9% is about one percent lower than the statewide rate of 3.8% (and a half percent lower than last year's low of 3.4% unemployment rate).

Monthly fluctuations in the labor force and unemployment rate are shown below:



YEAR	Number of Employers	Persons in Labor Force	Unemployment Rate
2003	3,115	27,004	4.8%
2004	3,209	27,075	4.4%
2005	3,410	28,018	3.9%
2006	3,442	29,989	3.4%
2007	3,559 (2nd Qtr.)	31,033	2.9%
<i>5-Year Change</i>	+14.3%	+14.9%	-39.60%

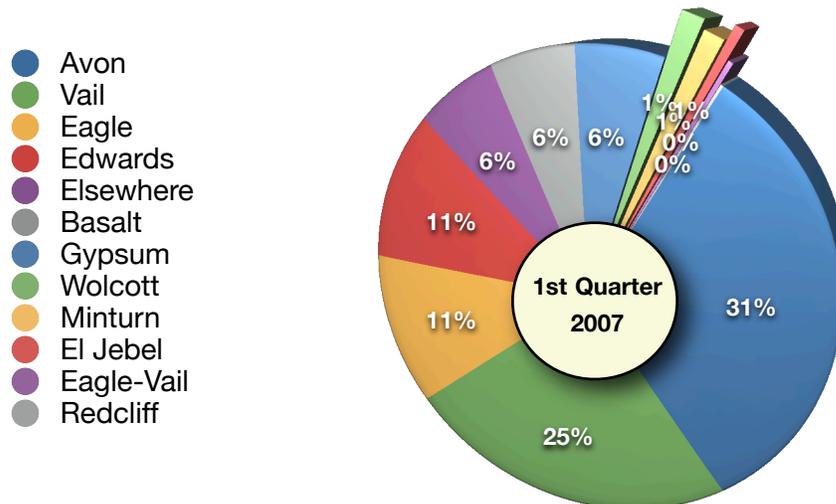
Over the last five years, Eagle County has seen a steady and comparable increase in the number of employers and persons in the workforce, and a sizable decrease in the unemployment rate. This means the County is effectively at full employment. The pool of new workers to draw from adjoining counties is limited due to geography, lack of housing, and competition from growing economies in Lake, Garfield and Summit Counties.

### Eagle County Employers

What is the composition of Eagle County employers? The charts below give an overview: most of the County’s businesses are small, but most workers are employed by large companies. Over half of the County’s wages are generated by companies with their address in Avon or Vail.

Over half (56%) of the W2 wages paid in the County come from businesses located in Avon or Vail. Another 12% of wages are paid from mid-valley businesses, with Eagle and Gypsum businesses accounting for 17% of W2 wages.

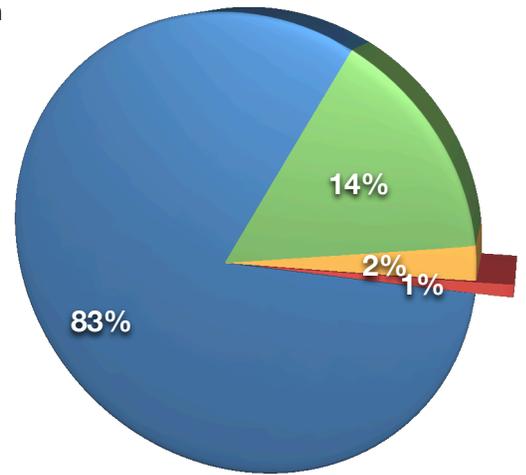
**Percentage of W2 Wages Paid by Business Location**



### Businesses by Size

Looking at businesses by size, we see that only one percent of the County's companies employ 100 or more people. Another one in six businesses hire between 10 and 99 workers. By far the biggest category is small business: 83% of the County's businesses have fewer than ten employees.

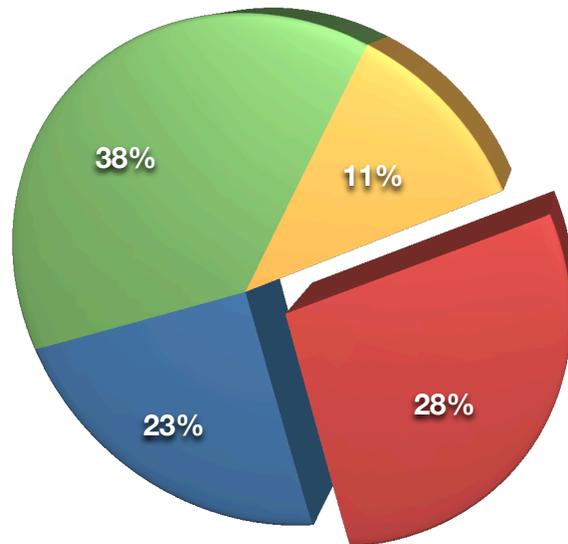
- 0-9 Employees
- 10-49 Employees
- 50-99 Employees
- 100 or More Employees



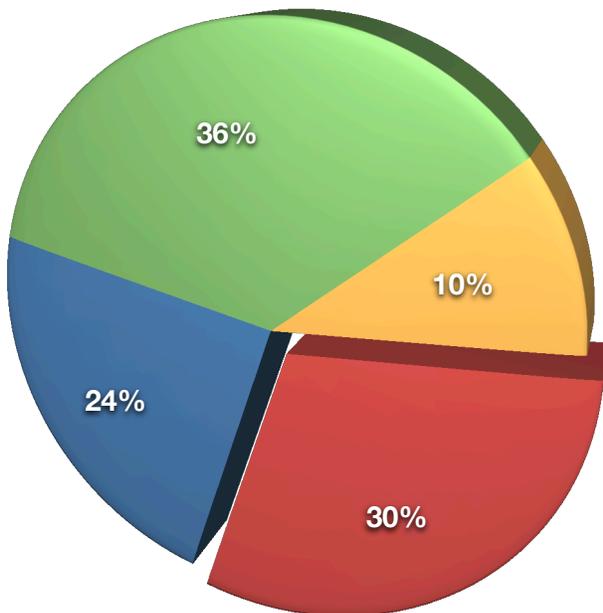
The largest businesses (1% of the total) employ over a quarter of all employees and pay 30% of wages. Small businesses (under 10 employees) account for a little under a quarter of workers and wages.

- 0-9 Employees
- 10-49 Employees
- 50-99 Employees
- 100 or More Employees

Percentage of Workers by Size of Business



Percentage of Wages Paid by Business Size



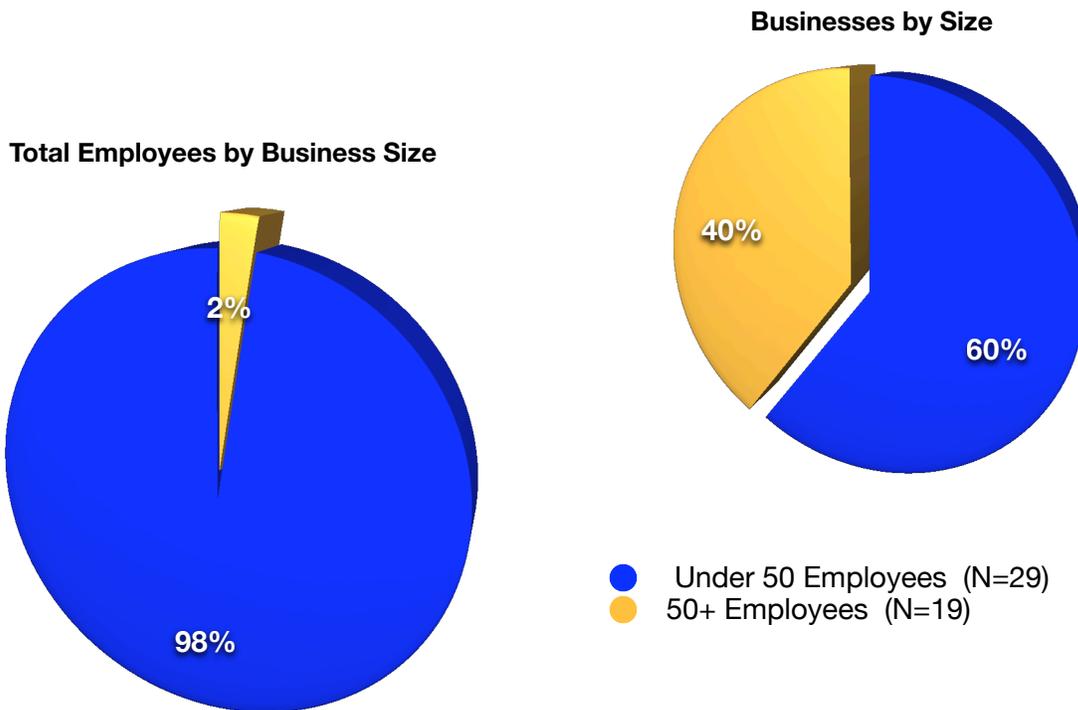
SOURCE: Quarterly Census of Employment and Wages, Bureau of Labor Statistics, 2007

## The 2007-2008 Workforce Survey

Armed with the overview of our County's workers and businesses, we asked employers about their experiences through a web-based survey. We expanded the study this year by inviting smaller businesses and non-profit organizations to participate. Employees included in the participating companies account for 41% of all workers in the County.

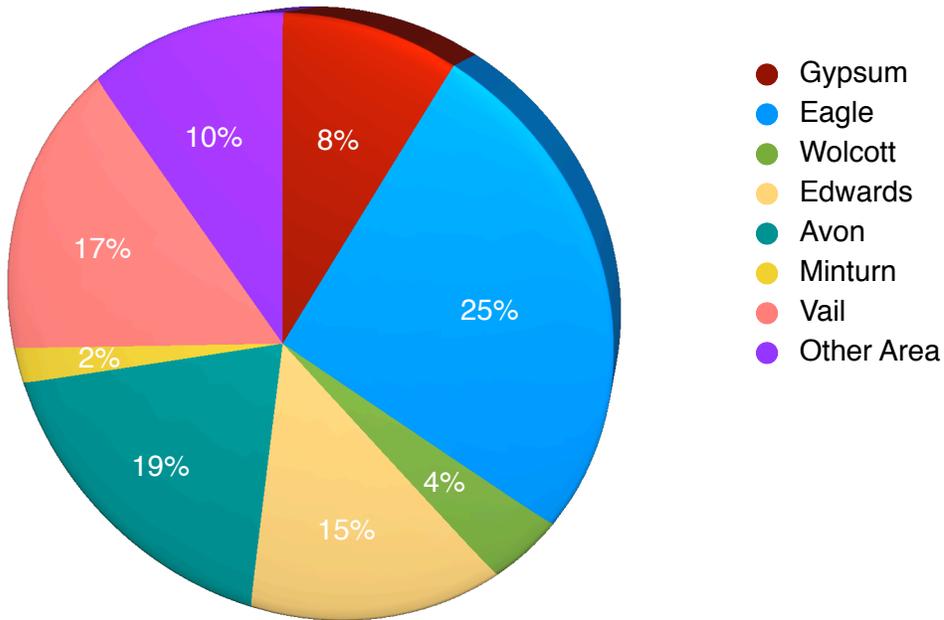
Businesses represented a range of industries, with the most from Retail Trade (15%), Accommodations and Food Services (15%), Construction (13%), and Finance and Insurance (10%).

Sixty percent of participating businesses were small, with 50 or fewer employees. Those businesses employ 296 employees. Large (50+ employees) businesses account for 40% of the employers and 60% of the employees in the sample. Because large businesses are over-represented in our sample compared to the County at large, we have separated results by business size. This allows for separate consideration of each sector.



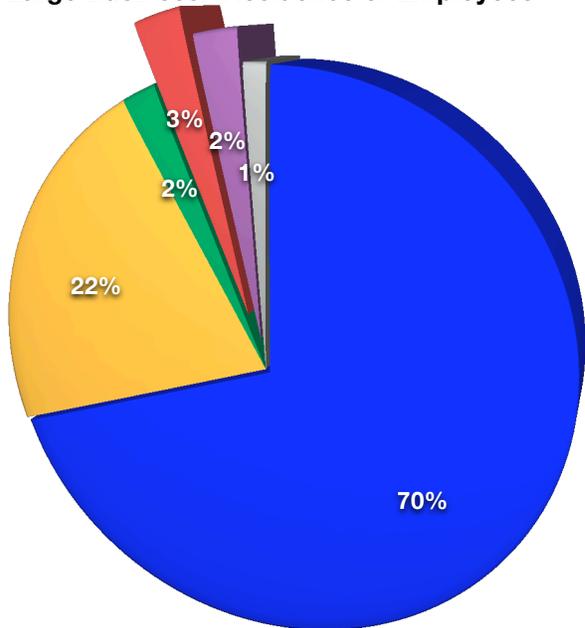
Participating businesses were located throughout the Eagle River Valley: 37% from Eagle, Gypsum and Wolcott; 38% from Avon, Minturn and Vail; 15% from the mid-valley Edwards area, and 10% from other locations (central offices in Glenwood Springs, El Jebel, and Denver).

**Location of Businesses in Workforce Survey**

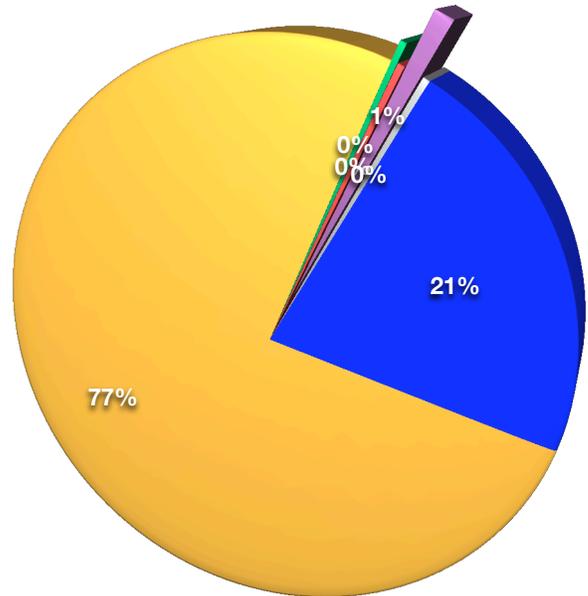


The pie charts below show where employees live. Small business employees in the survey tended to live in the western end of the County while the majority of people who work for the larger businesses in the survey pool live in eastern Eagle County.

**Large Business: Residence of Employees**



**Small Business: Residence of Employees**



- Eastern Eagle County
- Western Eagle County
- Garfield County
- Lake County
- Summit County
- Other Area

### Vacancies

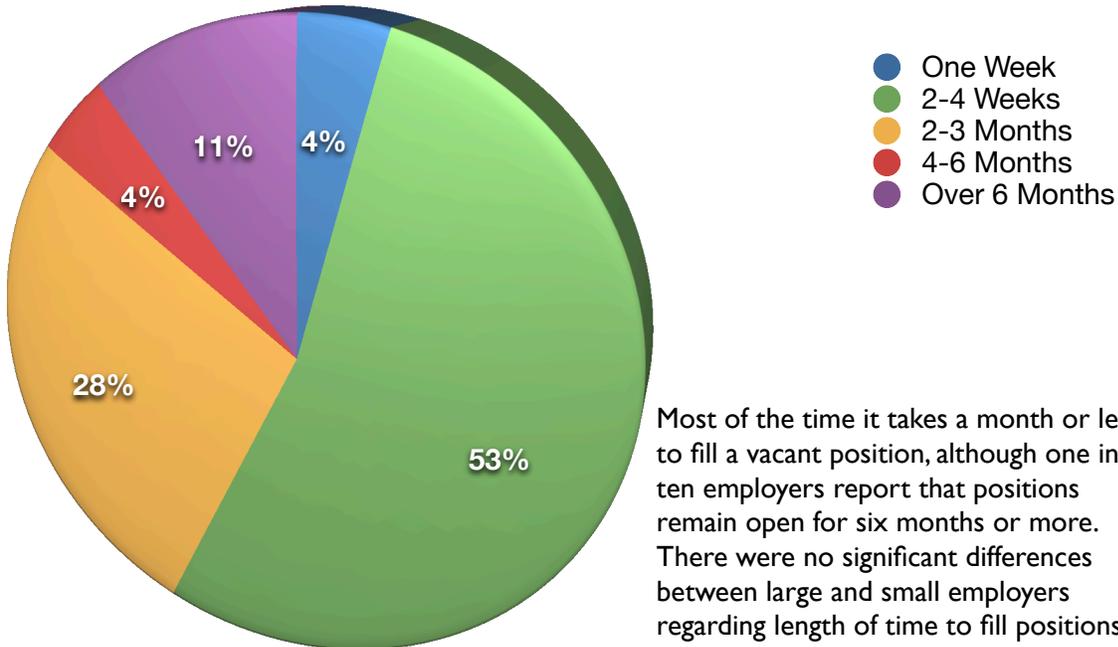
We asked businesses about their open positions. Vacancies are created as employees move away or go to other jobs in the area, and as companies grow and add positions. Asking about these

Business Size	Number of Businesses	Number of Employees	Vacancies from Turnover	New Positions 2008
< 50 Employees (N=29)	29	296	28	100
50+ Employees (N=19)	19	11,945	187	229
<b>TOTAL</b>	<b>48</b>	<b>12,241</b>	<b>215</b>	<b>329</b>

two events uncovered the following:

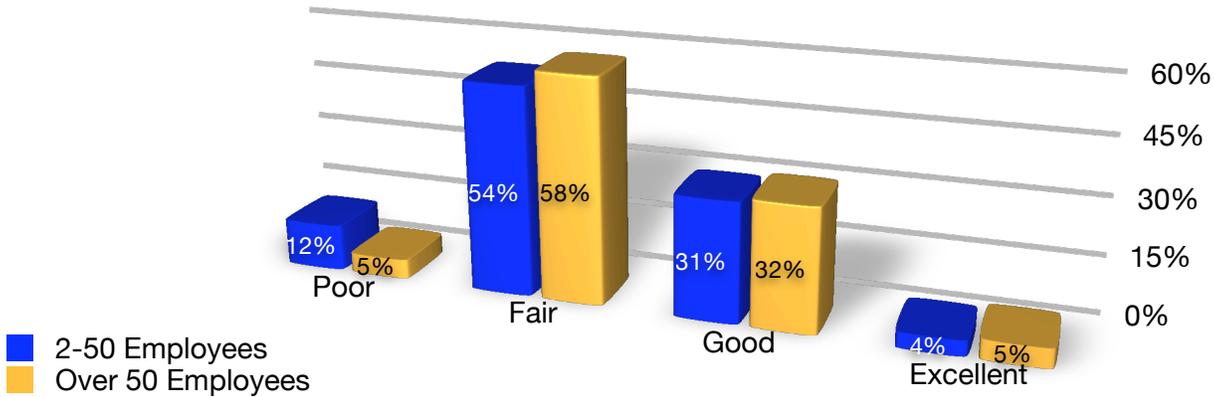
Small businesses in the survey are planning to increase their size by a third this year, while the large companies plan to add another 2% to their workforce 2008. Small businesses see almost a 10% turnover rate, while it is much lower among large employers (about 1.5%).

#### Length of Time to Fill Positions - All Employers



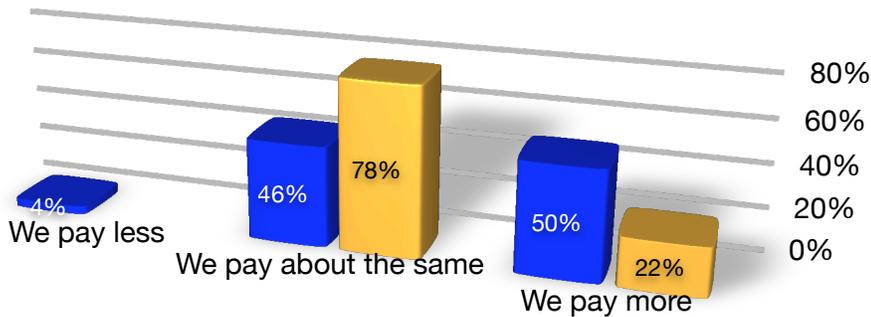
Small businesses are more likely to rate their experience finding new employees as poor: "Potential employees don't have the training we need." About half of all employers say their experience is fair: "We occasionally find just the right employee for an open position." Thirty percent rate their experience as good: "We usually have more than one qualified candidate for a position." Only 4% report an excellent experience: "We always have a number of qualified candidates from which to choose."

### Experience Finding New Employees

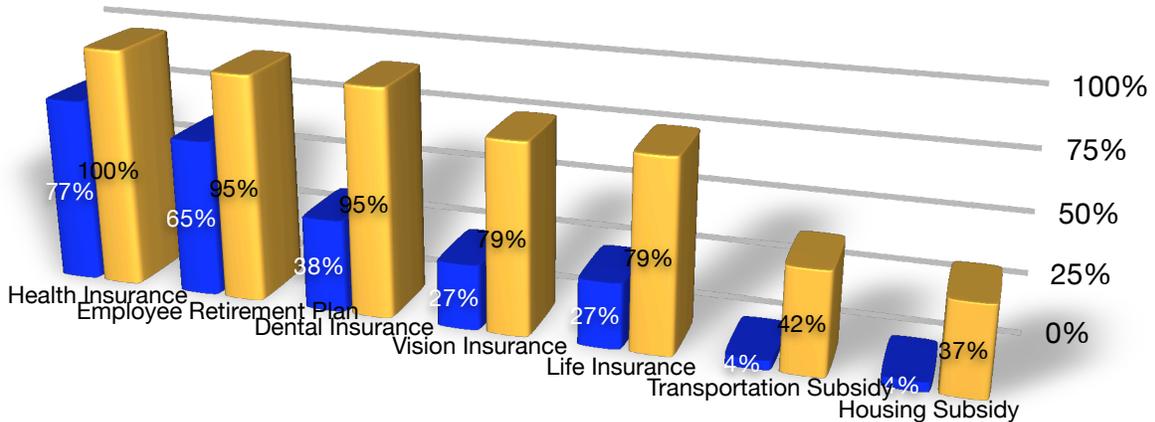


### Pay and Benefits

When asked, “How does your company’s pay scale compare with similar businesses in other parts of the state?,” 50% of small businesses report that they pay “more than the industry standard.” Larger businesses are more likely to “pay about the same as the industry standard” (about 3/4 of large businesses selected this response).



Benefits differ markedly between small and large employers as well. While every large employer offers health insurance (employee and/or employee and family), only 2/3 of smaller employers



do so. Retirement plans are offered by 95% of large employers and 65% of small. Other benefits such as dental, vision and life insurance; transportation or housing subsidies, are almost entirely the province of large employers.

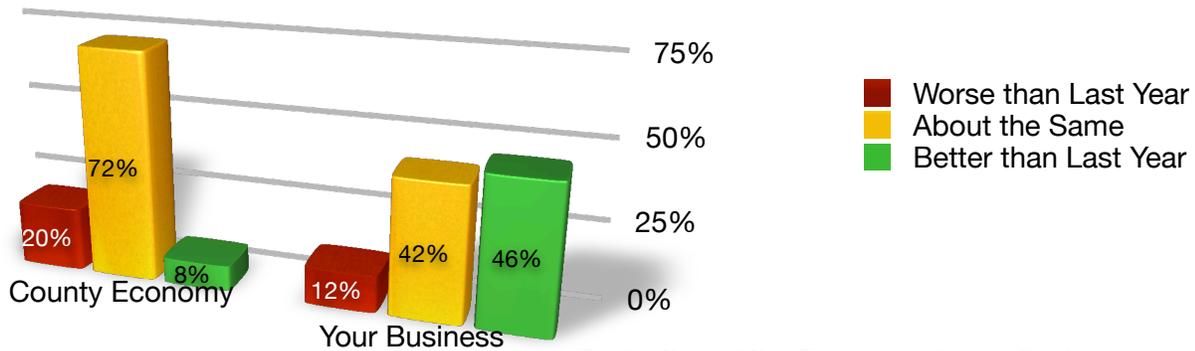
### The Local Economy

We asked respondents a series of three questions:

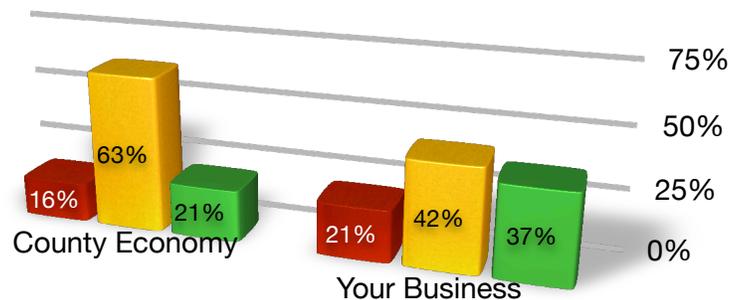
1. Thinking of the economy in general, would you say Eagle County is worse off, about the same, or better off than last year?
2. Thinking specifically about your business, would you say you are worse off, about the same, or better off than last year?
3. What are your predictions for 2008: (a) for Eagle County's economy, (b) for your business in general, and (c) for your ability to hire and retain employees?

Small business owners are more positive about their operations: 46% say they are “better off than last year,” compared to just 37% of large business respondents. Larger businesses, however, think the County economy is stronger than last year: 21% rate it as “better off” compared to 8% of small business owners.

#### Evaluation of the Economy: Small Businesses

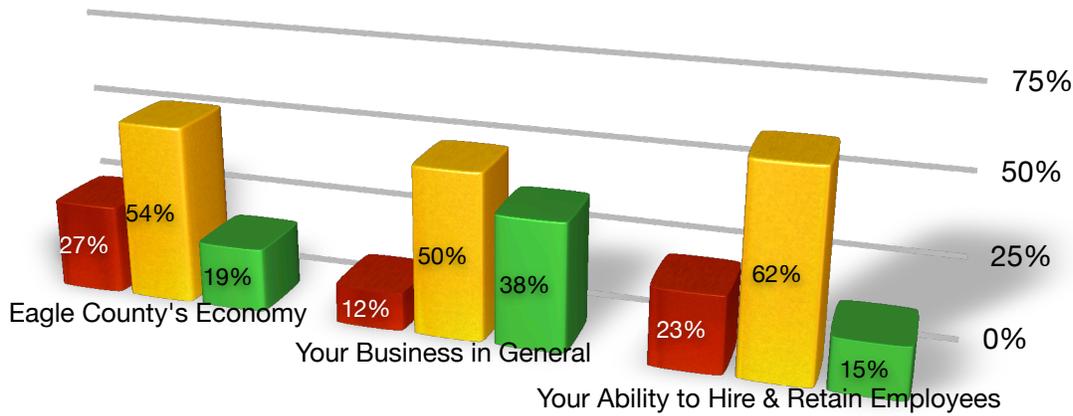


#### Evaluation of the Economy: Large Businesses



When asked to predict 2008, small businesses tend to see the County's economy as staying "about the same" (54%); their businesses in general "about the same" (50%), and not much change in their ability to hire and retain employees (62%). Large business respondents, while more positive about the County's economy (37% see improving trends, compared to 19% of small business respondents), are quite pessimistic about their hiring ability in 2008: almost 60% predict the "situation is getting worse." The human resource challenges felt the last several years by small employers seem to be moving to the larger companies.

**Predictions for 2008: Small Businesses**



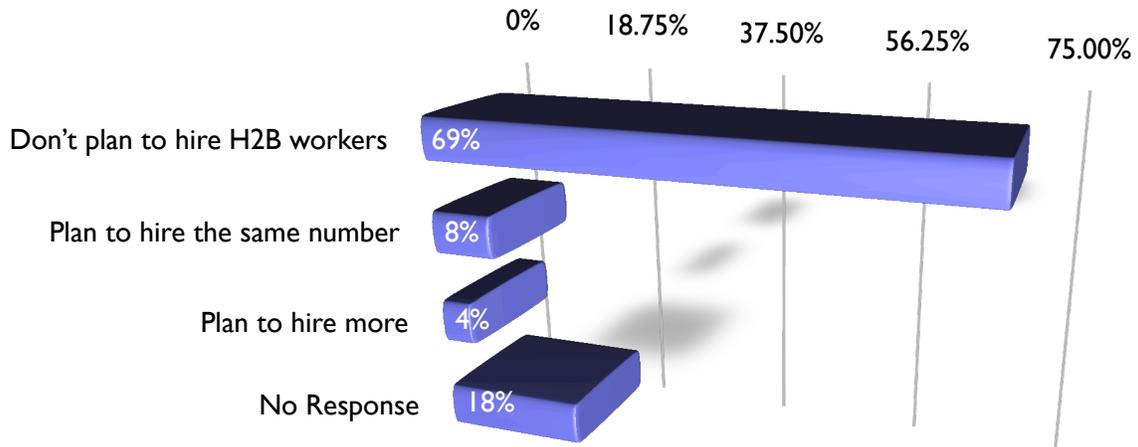
- Situation is Getting Worse
- About the same as 2007
- Improving Trends for 2008

**Predictions for 2008: Large Businesses**



## H2B VISAS

H2B Visas allow US employers to hire foreign workers for unskilled positions in non-agricultural industries, when the employer has a temporary need for extra workers. These Visas are used to help fill critical positions in the resort industry, such as bus drivers for the Town of Vail. Nine companies reported having a total of 1,694 employees with H2B Visas (one company has 1,200). Over two-thirds of respondents (69%) do not plan to hire H2B workers in 2008, and a small number plan to hire the same or more. Eagle County typically requests almost 6% of the total



number of H2B Visas granted nationally. The increasing difficulty of getting these Visas has some employers looking elsewhere for employees, in places such as Puerto Rico where workers can come to the US without a Visa.

### Employer Comments: A Sampling

Survey respondents were asked to comment on their pay scale (particularly if they pay more or less than similar businesses in other parts of the state), and to comment generally on their experiences or challenges as employers of Eagle County's workforce. Their comments are listed below:

Pay Scale: We pay more because:

- ✓ Eagle County's/mountain resort region's cost of living. (6 mentions)
- ✓ We want to attract and retain the best employees. (7 mentions)
- ✓ To get employees and keep them, and because you can't live in this Valley for less.
- ✓ We pay more for critical and hard-to-fill jobs.
- ✓ We offer high commissions.
- ✓ Competition for workers drives our labor cost. (2 mentions)

- ✓ There is such a shortage of workers in the County that the construction trades must pay more and offer benefits to find and retain employees. Even then it's tough.

Pay Scale: We pay the same because:

- ✓ Pay is average to above average. Our benefits are extraordinary. Full health care for employee, 2 weeks paid vacations, 1 week personal sick time, 10-11 paid holidays, ESOP, 401K, job advancement training, college education help (money), ski pass benefit, \$1200 wellness benefit, etc.

Pay Scale: We pay less because:

- ✓ Pay for the nonprofit sector is often below the private sector, though we can offer more.
- ✓ We are an average payer in the resort comparisons and below average when compared to the Front range. The main reasons are due to our ability to pay (having the \$ to pay).
- ✓ Lack of funding (2 mentions)

Do you have anything else you'd like to add concerning your workforce challenges/experiences?

- ⊙ We try to keep expanding our existing housing program and will continue to justify the need to be progressive with our compensation and benefits strategies.
- ⊙ I see big challenges in recruiting over 100 people for the 2008 Winter Season; however, it is a challenge that is not unique in Vail with all of the new construction.
- ⊙ We need affordable housing, taxi service and a better down valley bus system.
- ⊙ It is tough to find housing for employees.
- ⊙ Cost of living continues to be the major challenge for getting and retaining good employees.
- ⊙ Qualified candidates would love to live and work here, however, many simply cannot afford to make the move. We desperately need to be able to bring "new blood into the valley;" otherwise one employer will be prone to simply steal employees from another--- a vicious cycle that will perpetuate turmoil within an employee pool that is already too small and too unstable.
- ⊙ Employee Housing and Affordable Housing are the biggest issues and with the growth in employers in Eagle County this will only get worse. The economy is sure to continue to improve with new businesses and more taxes, but the employment situation is headed in the opposite direction.
- ⊙ Employee Housing is an issue and will continue to be one until something changes.
- ⊙ Difficult environment in which to hire. Not a lot of workers available even fewer with skills. Many cycle through employers there.
- ⊙ We are currently considering increase the pay scale for our very part-time employees (8 hours per week), but we are concerned that those that work more hours will have a mutiny and they will demand increases also-blowing our non-profit budget out of sight.
- ⊙ The biggest challenge here is cost of living and being able to afford buying housing or even renting. We need to address this to retain quality employees.
- ⊙ Pay is too low to afford anything here. There is a major gap between seasonal, young workers and middle age professionals. The young professionals have few entry level, meaningful jobs, and no first-time homes to choose from.

- ⊙ We are fortunate to get tenured, skilled professionals due to the type of business we have- others are not so fortunate. I hear all the time how most retail-oriented businesses are increasingly finding it harder to find "good" people- if any!
- ⊙ There is definitely a lack of affordable housing, this includes rentals.
- ⊙ There are more jobs than workers, and no place for new workers to live. It's a crisis for the small businesses!
- ⊙ Housing is the biggest issue
- ⊙ It's difficult to get qualified people to even apply. Most applicants are just seeing what is out there, there's not a high level of commitment.
- ⊙ In Eagle, many people don't want a part time job or can only work when their children are at school (summer is tough.)
- ⊙ Housing is a huge issue, it is impossible as an employer to pay valued employees nearly enough to live here. My home and my business real estate are valued the same, yet the business taxes are four times more. Give some of that money to the employee housing assistance or something.

## **How the Survey was Conducted**

The Economic Council invited large employers to participate in this research by sending them a link to an online survey. The Vail Valley Partnership and the Eagle Valley Chamber of Commerce included information and the survey link in their online newsletters, and area non-profit organizations were also invited to weigh in. A total of 48 businesses and organizations participated, a 66% increase over the number of participants in 2006.

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

Because of the strong participation from large employers (and the 12,241 workers included in the survey results), the data reasonably represent the experiences of all large companies in the study area. The expansion of the report to include small businesses and non-profits in 2007 gives us an indication of the stresses these organizations are facing. Although data from the smaller businesses are limited, the results show some differences from larger companies, and give Economic Council the opportunity to follow up with more in-depth analysis in next year's report.

---

## **Conclusions**

The workforce/housing link comes through loud and clear in this year's survey. The lack of housing limits employers' abilities to find and keep workers. Smaller businesses feel the impacts more than larger companies, who are able to offer larger benefit packages. Large businesses, however, have a gloomy outlook for 2008: while optimistic about the economy in general, 58% of them predict hiring and retaining employees will be harder in 2008.

The Economic Council will continue to monitor both macro- and micro- level data, including trends in vacancy rates, migration of workers in-county and cross-county, changes in benefits packages to attract workers, and number of requests for H2B Visa workers.

Maintaining a strong workforce is a broad challenge. It's a regional issue that we share with our neighboring counties and other resorts, and is inclusive of other hot topics such as transportation, housing, and land use pressures. The Economic Council of Eagle County will continue to analyze workforce issues, with updates and additional information available on its website throughout the year. The next Workforce Report is scheduled for Fall 2008.

© 2008 Economic Council of Eagle County  
[www.economiccouncil.biz](http://www.economiccouncil.biz)  
Don Cohen, Tori Franks, Kathy Chandler-Henry