

Workforce Report

2009 Report on the Eagle County Workforce

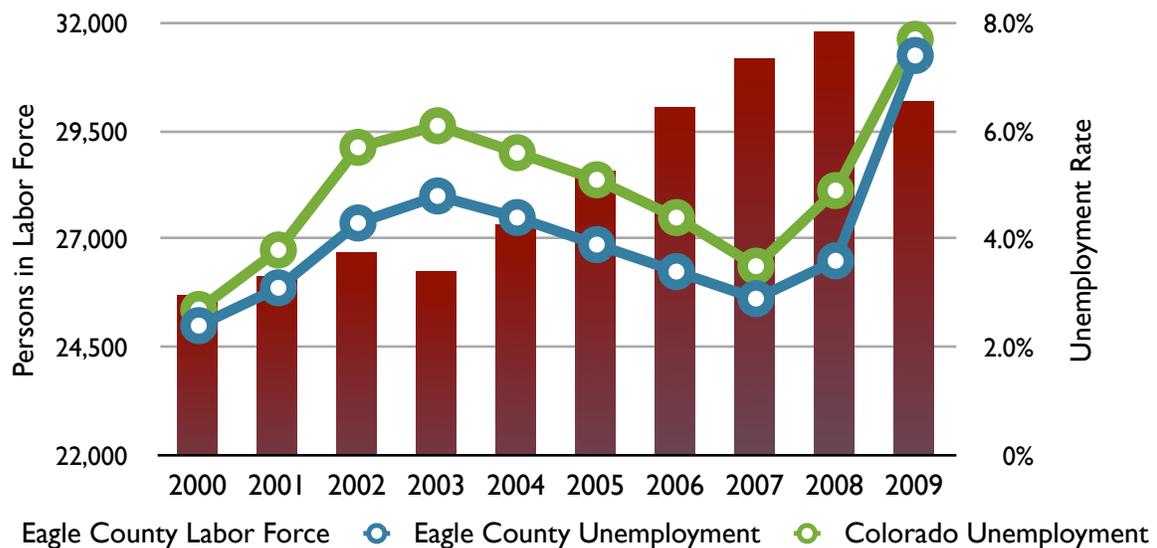
ECONOMIC COUNCIL OF EAGLE COUNTY



PO Box 1705 • Edwards, CO 81632 • 970.328.8774. www.economiccouncil.biz

Eagle County's Labor Force: A New Story

For at least the last decade, the story in Eagle County has been plentiful jobs and full employment. Employers scrambled to find workers, and the County's unemployment rate remained below Statewide levels. By the end of 2008, that story started to change and by the time of the 2009 Workforce Survey businesses were feeling the full impact of the national recession. Eagle County's workforce, which had grown steadily since 2000, declined 5% from 2008 to 2009, and unemployment shot up from 3.6% to 7.4%, almost matching the Statewide rate of 7.7%.

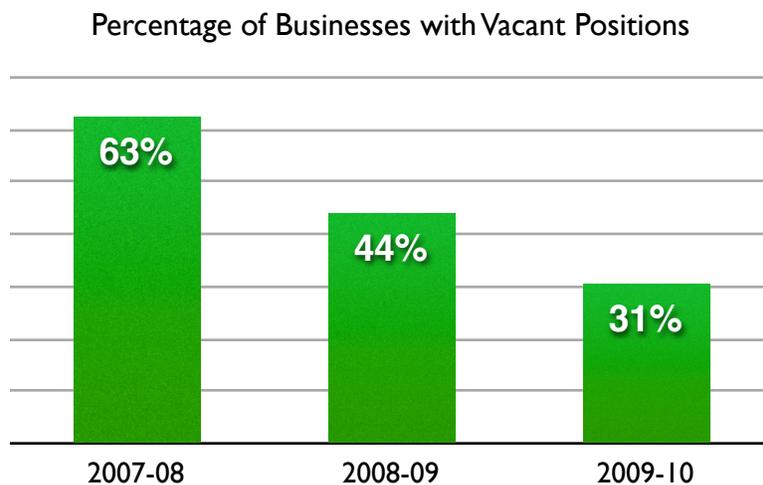


4th Annual Workforce Survey

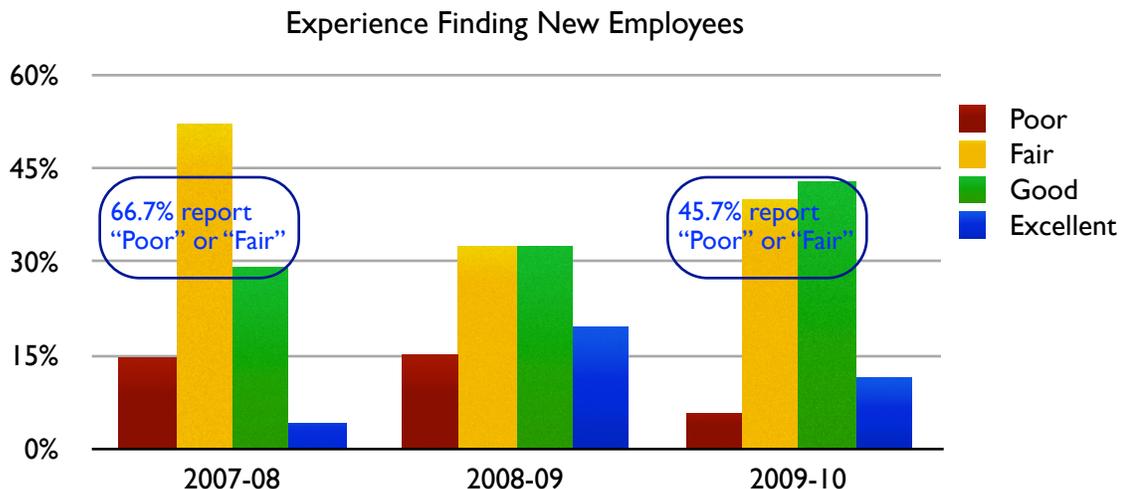
Since 2006, the Economic Council of Eagle County has asked employers about their business outlook, their employees, and their forecasts for the future. Complete results of this year's survey are available at www.economiccouncil.biz. In 2009, 40 businesses employing nearly 9,000 workers responded to the Workforce Survey. This report compares those responses with data from the prior two years.

Hiring New Employees

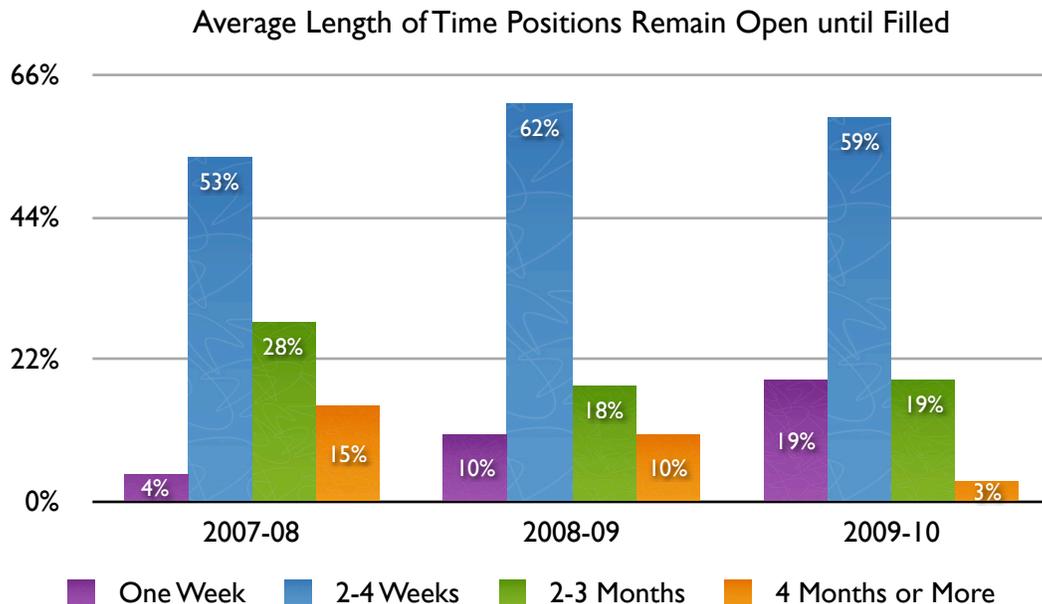
The chart below shows the percentage of responding businesses with current vacant positions. The higher 2009 unemployment rate reflects this decline in vacancies.



Respondents were asked to rate their company's experience in finding the employees it needs. It's easier now: those reporting "fair" or "poor" experiences dropped from 2/3 of businesses to fewer than half.



Not only is it easier for businesses to find the employees they need, they are finding them quicker. In the 2007-2008 survey, 15% of employers reported that it took them 4 months or longer, on average, to fill an open position. Only 3% of employers reported that length of time in the current survey. In 2009, 19% of companies could find an employee within a week, compared to only 4% two years earlier.



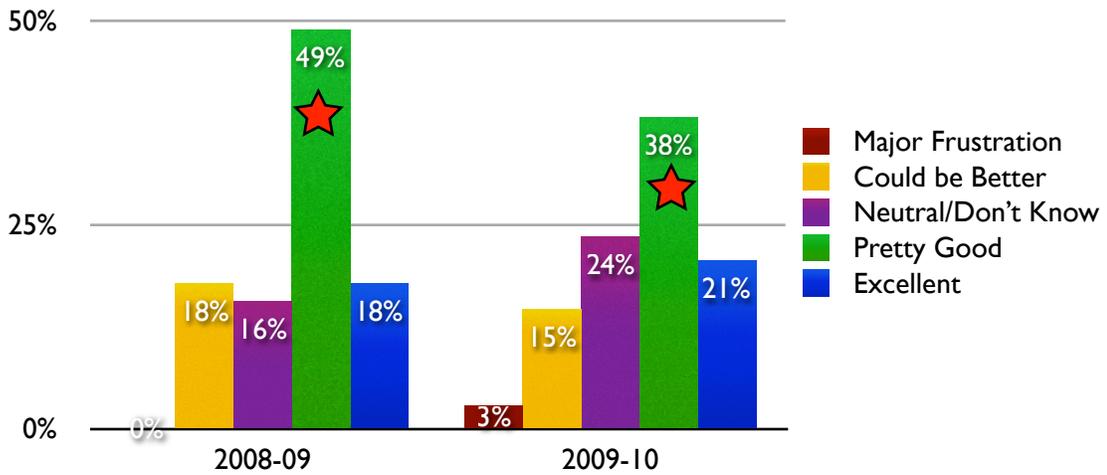
Comments from employers include:

- This year positions have filled much more quickly due to the number of qualified personnel looking for work.
- It is easier now than in prior years.
- Recruiting has been relatively easy since the start of the recession, though still difficult for certain specialized jobs.
- The current economic environment has made the applicant pool much better than in years past.
- This is VERY different from years past.

Employee Experiences with Housing and Transportation

Last year’s survey indicated serious problems for employees finding housing, with fewer companies reporting employee difficulties with transportation (those questions were not asked in 2007). This year’s respondents indicate fewer problems with housing (24% reported housing as a “major frustration”, compared to 39% the year before). Those reporting that their employees have a “pretty good” experience finding reliable transportation to and from work declined, however, and 3% of employers said that transportation is a “major frustration” for their workers.

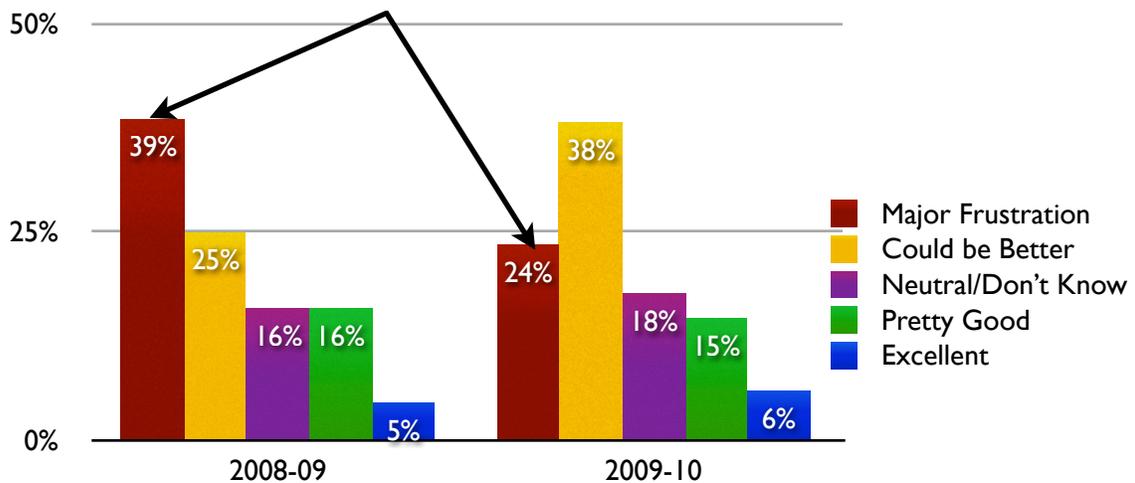
Rate Your Employees' Experience Finding Reliable Transportation to and From Work



Employer comments:

- It's not cheap. We're buying about \$12,000 of ECO passes annually.
- Bus schedules are not efficient for our organization's work schedules.
- It might be less costly in the long run for the County to pursue a rail system similar to the city of Charlotte, NC and run it along Highway 6.

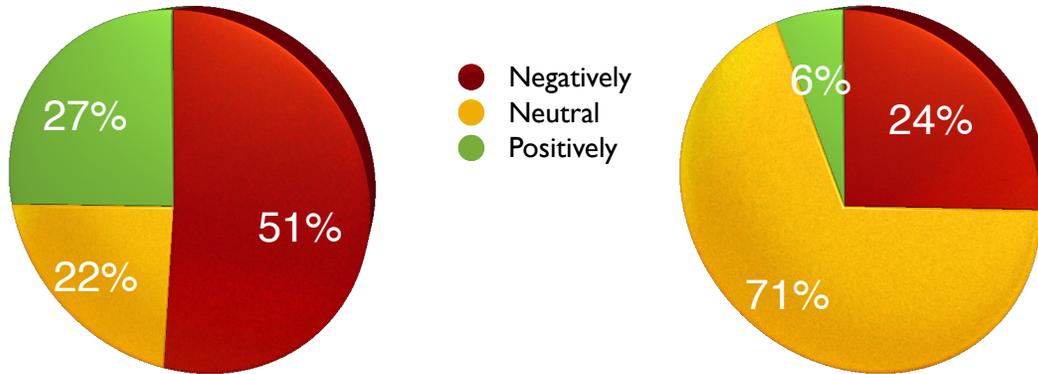
Rate Your Employees' Experience Finding Housing they Desire at an Affordable Price



Employer comments:

- Very different than in the past.
- For new arrivals it is always challenging to find housing they can afford, based on the type of jobs we can offer them.
- Our biggest issue is with employees who want a non-deed restricted house, as the prices are not reasonable compared to wages.

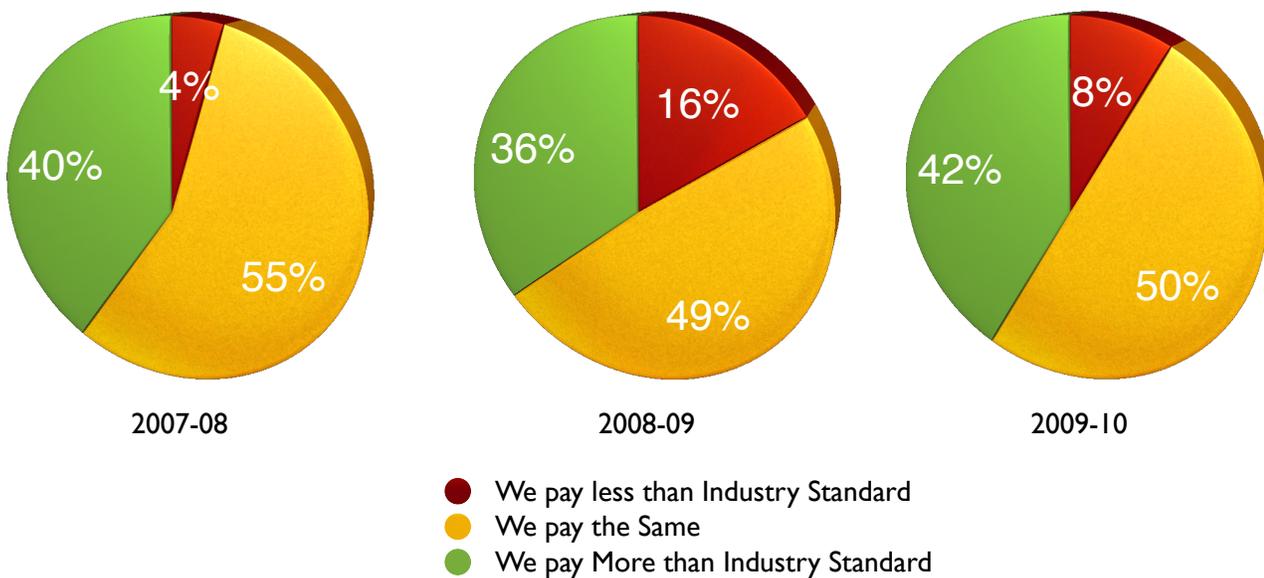
How does housing affect your ability to attract, hire and retain employees?



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. Interestingly, the number reporting housing’s positive impact also declined. It may be that employees are more able to find housing on their own, and a businesses ability to provide housing is not as strong an impact as it was in prior years. One company reported that individuals must be willing to downsize if they relocate to the valley, “because open market single family homes are not affordable at all. Projects like Stratton Flats have helped.”

Pay and Benefits

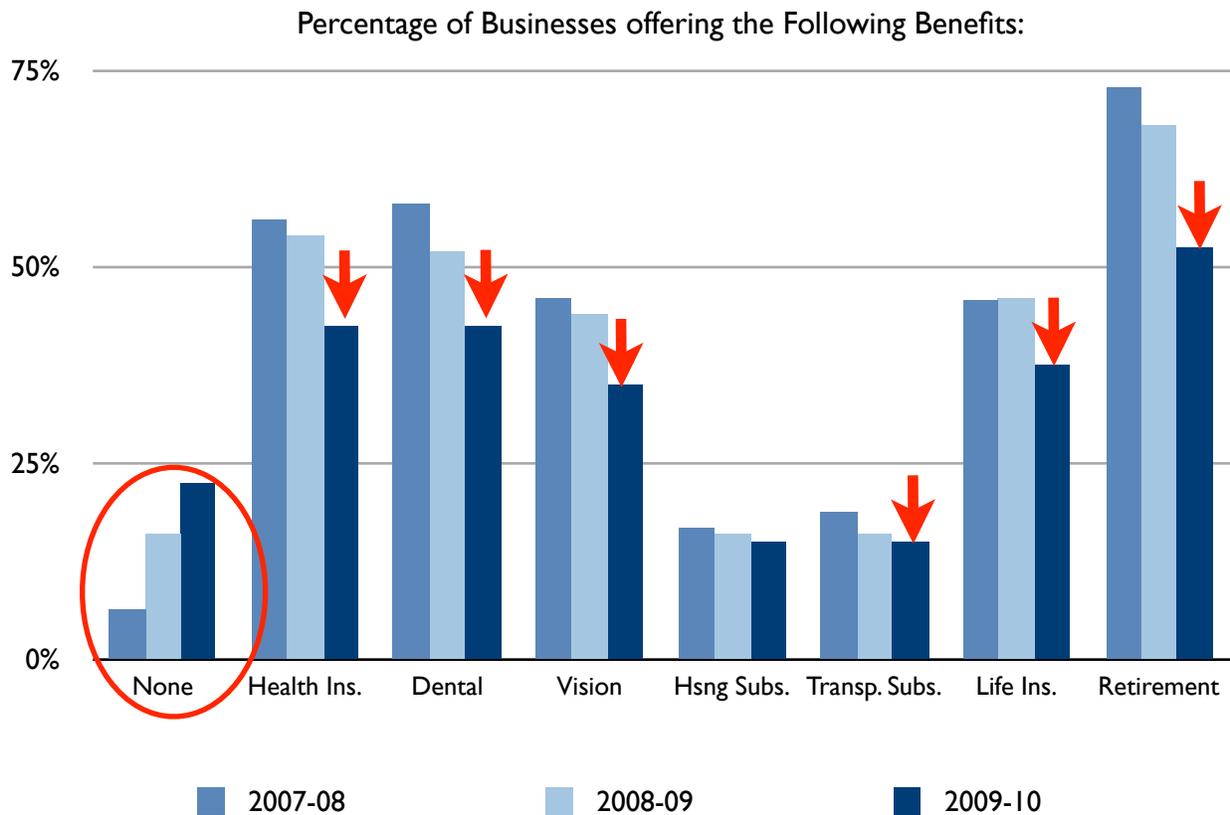
We asked employers about their pay scale, and about benefits they provide. We found that although employers are reducing benefits, about 4 in 10 pay more than similar businesses in other parts of the State.



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, and the belief that, for quality employees, we are not competing with other nonprofits but with all other businesses.
- The cost of living, mostly housing for purchase.
- In order to retain good loyal trained staff we have to pay more.
- It costs so much more to live here.
- It is more difficult to attract and retain candidates in resort communities than in larger areas such as on the front range.
- We have to pay at a higher rate to retain quality employees who will be able to afford the high housing prices.
- We want to retain good people,

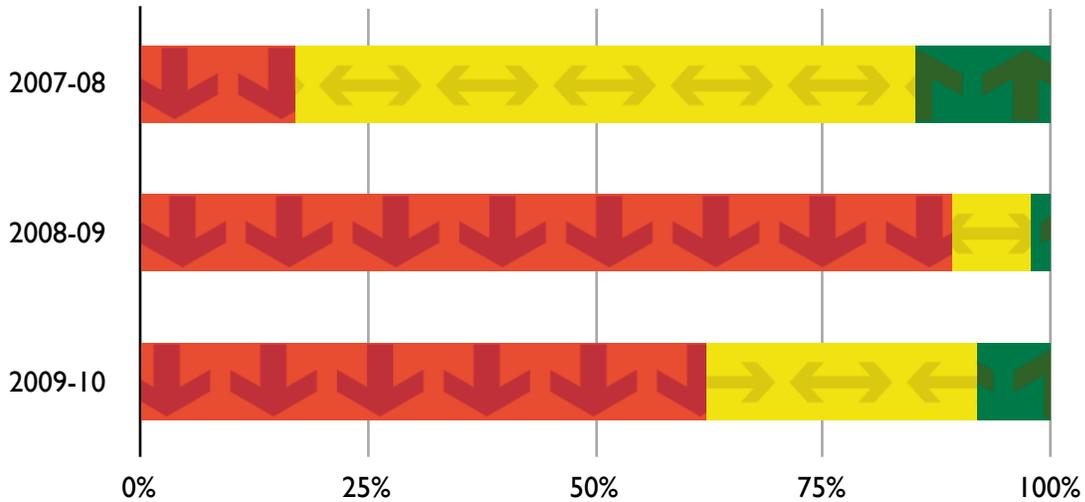
While employers seem to be paying at similar rates as in prior years, they are cutting benefits. The number of employers who offer no benefits has increased from 6% to 23% over the past 3 years, and declines are apparent in every benefit category. The cost of health care was reported as a “hurdle”



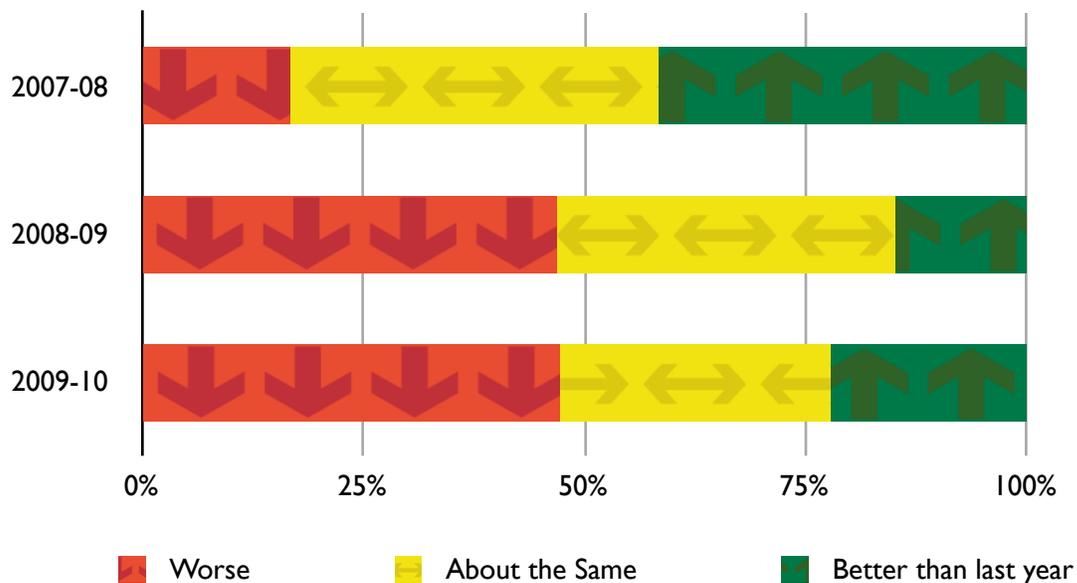
Comparing 2009 to 2008

We asked respondents to compare 2009 with 2008, for the Eagle County economy in general and for their business in particular. Although 2009 was a rough year, respondents felt things were looking up a bit from the prior 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?



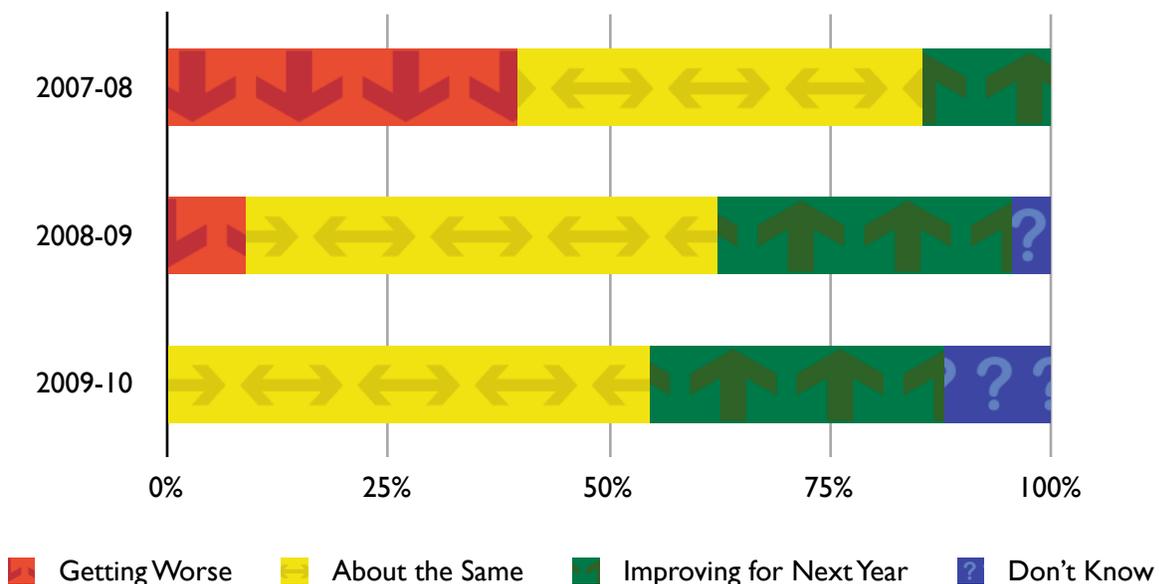
Comments from survey respondents included the following:

- Better than this time last year, but the entire year was definitely worse than the year before.
- I feel like Eagle County has lagged behind the rest of the country and have still not felt the worst of the effects yet.
- I think we are about a year or two behind the national economy. I think our housing is still going to depreciate. Eagle is particularly hard hit.
- Mostly construction and real estate. I believe it is a natural correction and we need to redefine our employer base, broaden it.
- We see the impact to construction/real estate continuing to escalate.
- Better business controls are a positive result of tougher times. Challenges make some businesses better and some fail.

Finding and Keeping Employees in 2010

Employers are predicting an easier time finding and keeping employees in 2010. No one believes the “situation is getting worse,” and about a third see improvement for 2010 (the same number that predicted improvement for 2009). More employers are uncertain about the future: 12% said they “don’t know” what will happen with recruiting and hiring, up from 4% in 2008 and 0% in 2007.

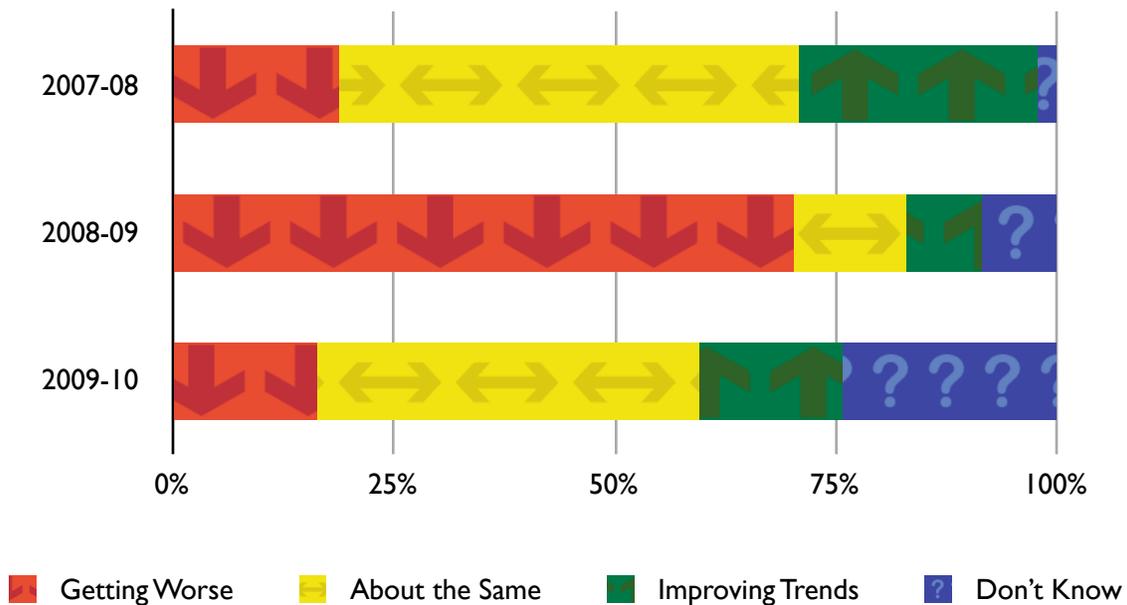
What are your predictions for your ability to hire and retain employees in the coming year?



Predicting the Future

Predicting the future is challenging, but Eagle County employers have done a pretty good job the last few years. In 2007, 79% thought the next year's economy would be "about the same" or "improving" over the current year. By 2008, 70% thought the coming year would be worse, and indeed it was. This year, employers are less certain. While they're more optimistic (only 16% think 2010 will be worse than 2009), they are cautious. About 43% think 2010 will be about the same, and a quarter (24%) don't know what to expect.

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

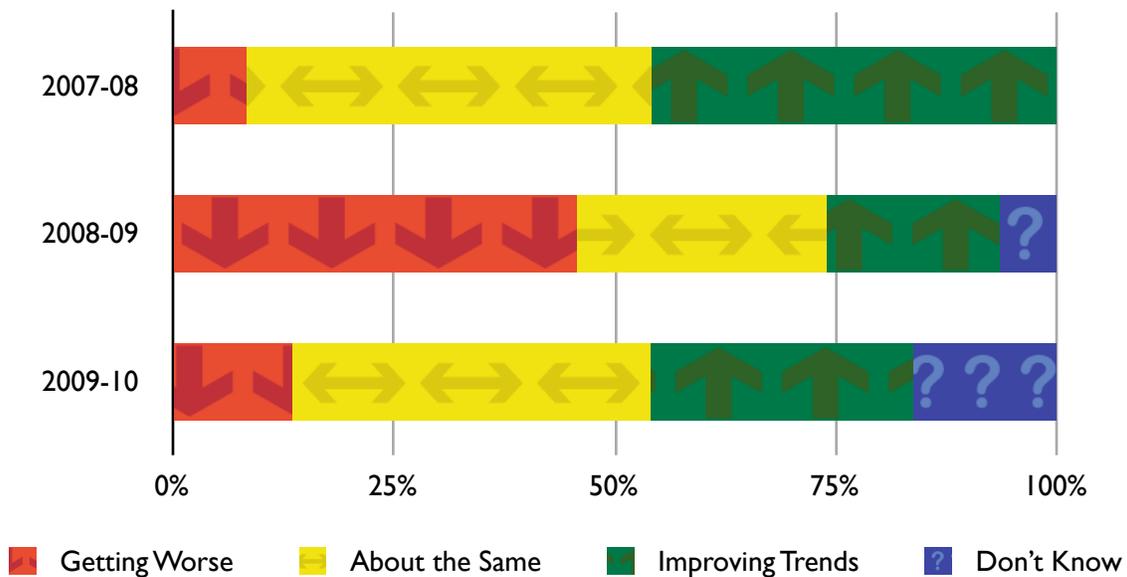


Comments again focused on problems in the construction trades and real estate, the bedrock of Eagle County's economy for so long. Employers said:

- I believe we will continue to see a correction in real estate and the construction industries.
- It is unrealistic that many people think we will return to 2007 soon. That may take 10 years or never.
- I do not see the construction industry getting better in 2010 and Eagle County relies heavily on that industry. However, other parts of the economy appear to be stabilizing or even improving a bit.
- We see improvement, but not until the second half of the year.
- I am hopeful that things are improving, but still have yet to see the proof in Eagle County.

We asked employers, “What are your predictions for 2010, for Eagle County’s economy?” Eagle County employers tend to be optimistic about their own businesses. Almost a third (30%) feel like things are looking up, compared to 16% who see improving trends for Eagle County’s economy as a whole. Employers are predicting a brighter 2010, but again there’s uncertainty - one in six say they “don’t know” what 2010 will bring.

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



Dealing with the Recession

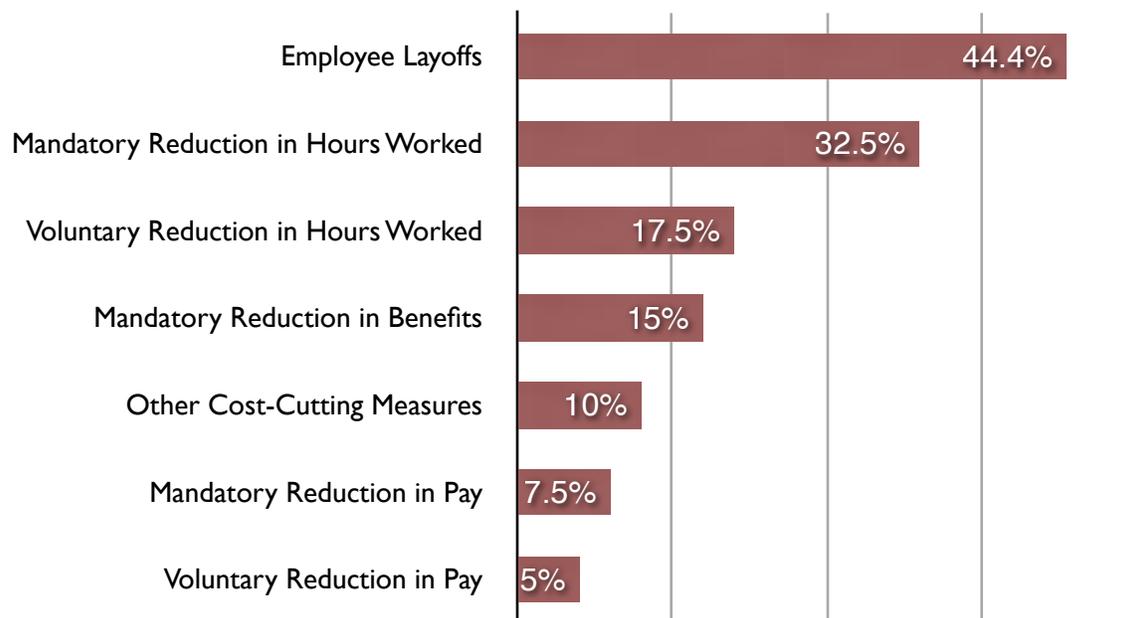
About a quarter of businesses report that they are considering expanding or diversifying into a different service or industry. When asked what resources might be beneficial for business owners/managers during these challenging economic times, the responses included:

- 401K plans and insurance benefits. Good programs for long-term employees.
- Accurate numbers of folks leaving the valley for employment elsewhere.
- Access to decent health care at an affordable price.
- Better, more reliable broadband capacity.
- Financing.
- Hiring of only local firms for government projects.
- More options for benefits. More options for housing.
- Public and private cooperative investment in economic diversification. We have always, and continue to, try to pay for 12 months of expenses with basically 4-6 months worth of income. Until that changes, our challenges (housing, transportation, etc.) will remain fairly status quo.
- Recruiting sources for bilingual (Spanish speaking) applicants.
- Small business administration.
- Technology resources. Cash

- Keep construction jobs in Eagle County for local trades and not out-of-state or front range companies.
- Use the local work force. Try to give the work to companies that live here.
- We need access to quality, affordable health insurance for ourselves and our employees. Our individual health insurance rates have tripled in three years, which is a disturbing indicator of how price increases may continue. We fear that health insurance will become unaffordable for ourselves and our employees, negatively impacting our profitability and our retention of employees.
- Within the next 1-2 years, many of our employees will be in the market to purchase a home. If our employees are unable to purchase affordable homes, we may have a problem retaining those employees.

Employers are also dealing with the recession by making some hard choices: layoffs, and reductions in hours, pay and benefits.

Actions taken by Eagle County Businesses in 2009 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 the Eagle Valley Chamber of Commerce 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 as an indicator of overall stressors in the Eagle County workforce.

Conclusions

Some conclusions from the 2009 Workforce Survey:

- ✓ There are some signs of life, and employers predict some improvement in 2010 compared to 2009. The overall trend may be “holding pattern.”
- ✓ Construction, real estate and finance are hard-hit sectors of the economy. These are historical economic drivers in Eagle County; downturns in those industries have wide-ranging consequences.
- ✓ There’s a widespread feeling that we need to diversify the economy.
- ✓ Businesses are cutting hours and benefits. Affordability of health care insurance is a major concern.
- ✓ It was easier to find qualified employees in 2009, and that trend will continue through 2010 -- but there aren’t many vacant positions.
- ✓ Affordable housing is still a concern, although not as critical as in the recent past. Employers believe that as the economy ramps up again, the need for workforce housing will too.
- ✓ Transportation emerged as a potential area of concern and should be monitored during the coming year.