



Northwest Colorado Socioeconomic Analysis and Forecasts

Presented by:



Doug Jeavons
Managing Director

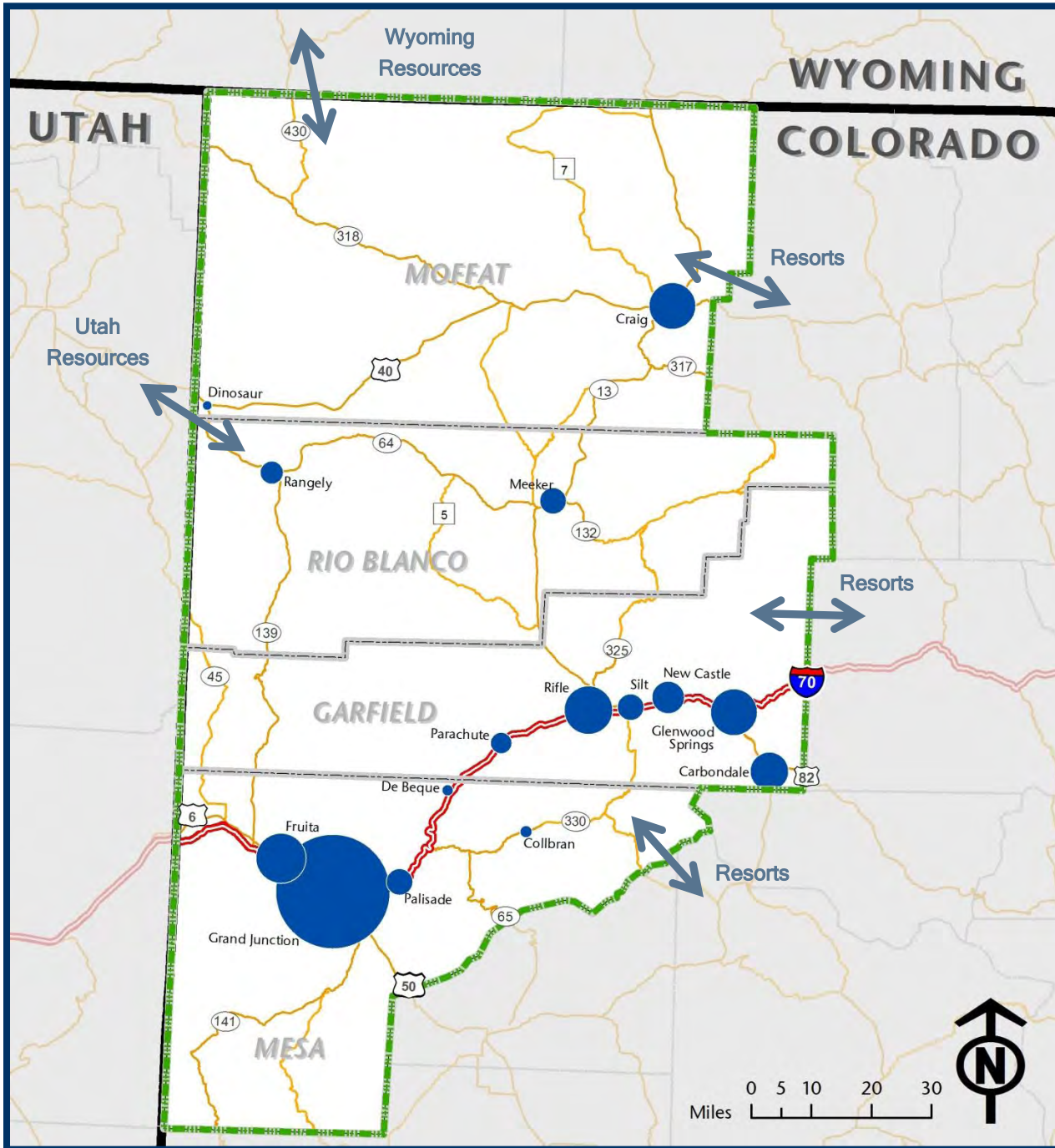
BBC Research & Consulting
3773 Cherry Creek N. Dr. Suite 850
Denver, CO 80209-3868

Summary Presentation

Northwest Colorado Socioeconomic Analysis

- Evaluation of cumulative effects of growth in Northwest Colorado
- Collaborative local and state government effort
- Initiated to respond to federal oil shale plans
- Includes:
 - Scenarios for natural gas and oil shale
 - Economic and demographic forecasts
 - Fiscal analysis





Northwest Colorado Study Area

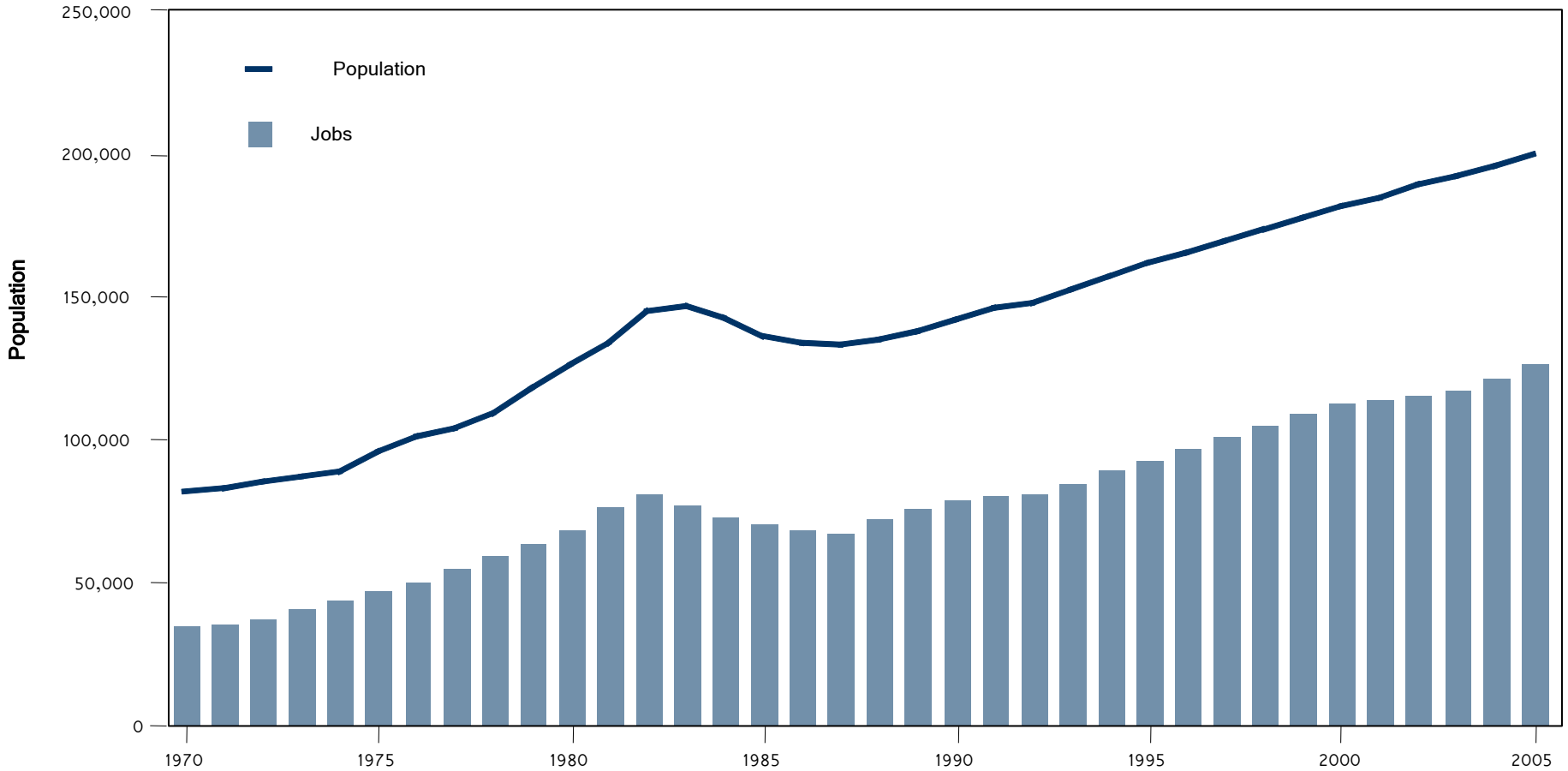
- Very rural area
- Economically diverse
- I-70 / Grand Junction dominate
- Extensive natural resources

Remember 2007–2008?

- DJIA over 14,000
- Over 1,000 gas wells were being drilled each year in Garfield County alone
- Garfield, Mesa, Moffat and Rio Blanco Counties were adding five or six thousand jobs each year
- Study area unemployment rates were between two and four percent
- The major issue confronting local governments in NW Colorado was how to accommodate rapid growth and expansion

Population and Employment Growth, 1970-2005

Generally steady growth since 1980s oil shale "bust"



Baseline Scenario Forecasts *(Without Commercial Oil Shale)*



Baseline Energy Activity

Stable, traditional components:

- Electric generation
- Coal mining
- Rangely oil field
- 900 workers in region;
1,400 workers nearby

Fast growing component:

- Natural gas

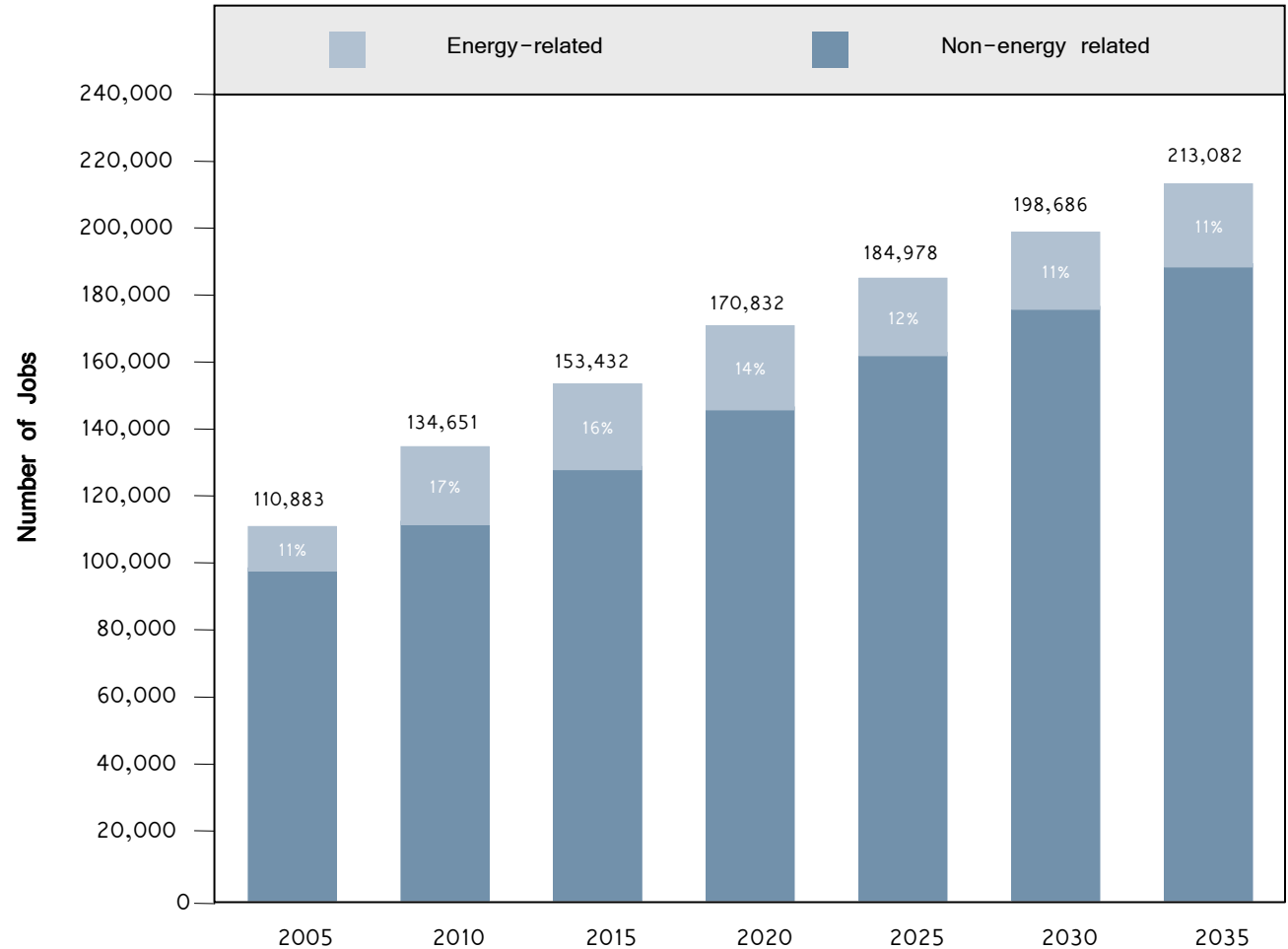
Prospective components:

- Oil shale (RD&D underway)
- Uranium



Total Jobs, 2005–2035 (Baseline Scenario)

- Employment doubles by 2035
- Energy's share peaks in 2010–2015
- Energy remains a key component
- Does not capture sub-regional variations



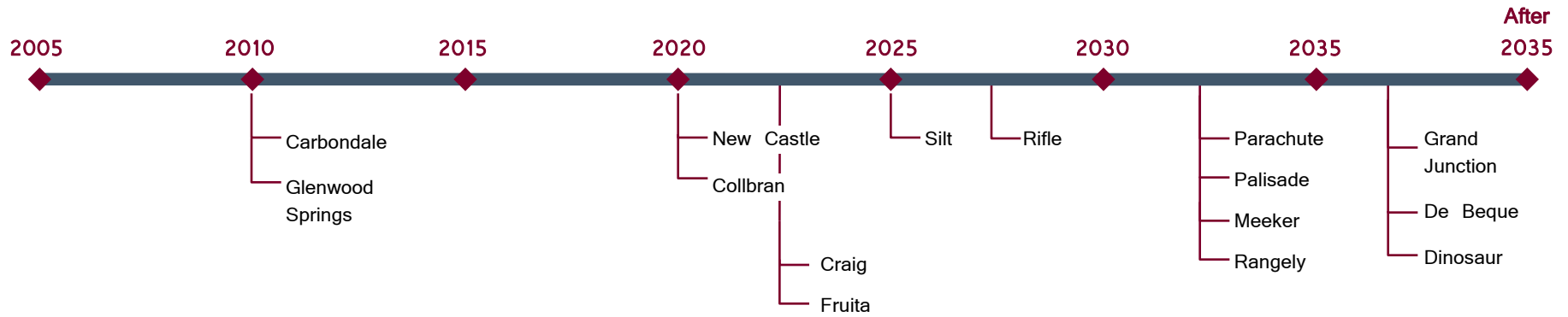
Projected Population by County—Baseline Scenario

- Mesa County will add over 100,000 residents
- Fastest growth rates in Rio Blanco and Garfield counties

County	Projected Population			Annual Growth Rate
	2005	2020	2035	
Garfield	50,673	95,860	136,697	3.4%
Mesa	130,662	182,170	235,272	2.0%
Moffat	13,426	22,014	26,356	2.3%
Rio Blanco	6,073	13,055	18,624	3.8%
Total	200,834	313,099	416,949	

Dates When Communities Begin to Approach Build Out*

Limited capacity for growth in existing communities



Note: * Approximate dates when communities are projected to reach 80% of capacity.

Source: Northwest Colorado Socioeconomic Projection model, BBC Research & Consulting, 2008.

Commercial Oil Shale Scenario Forecasts



Commercial Oil Shale Scenario

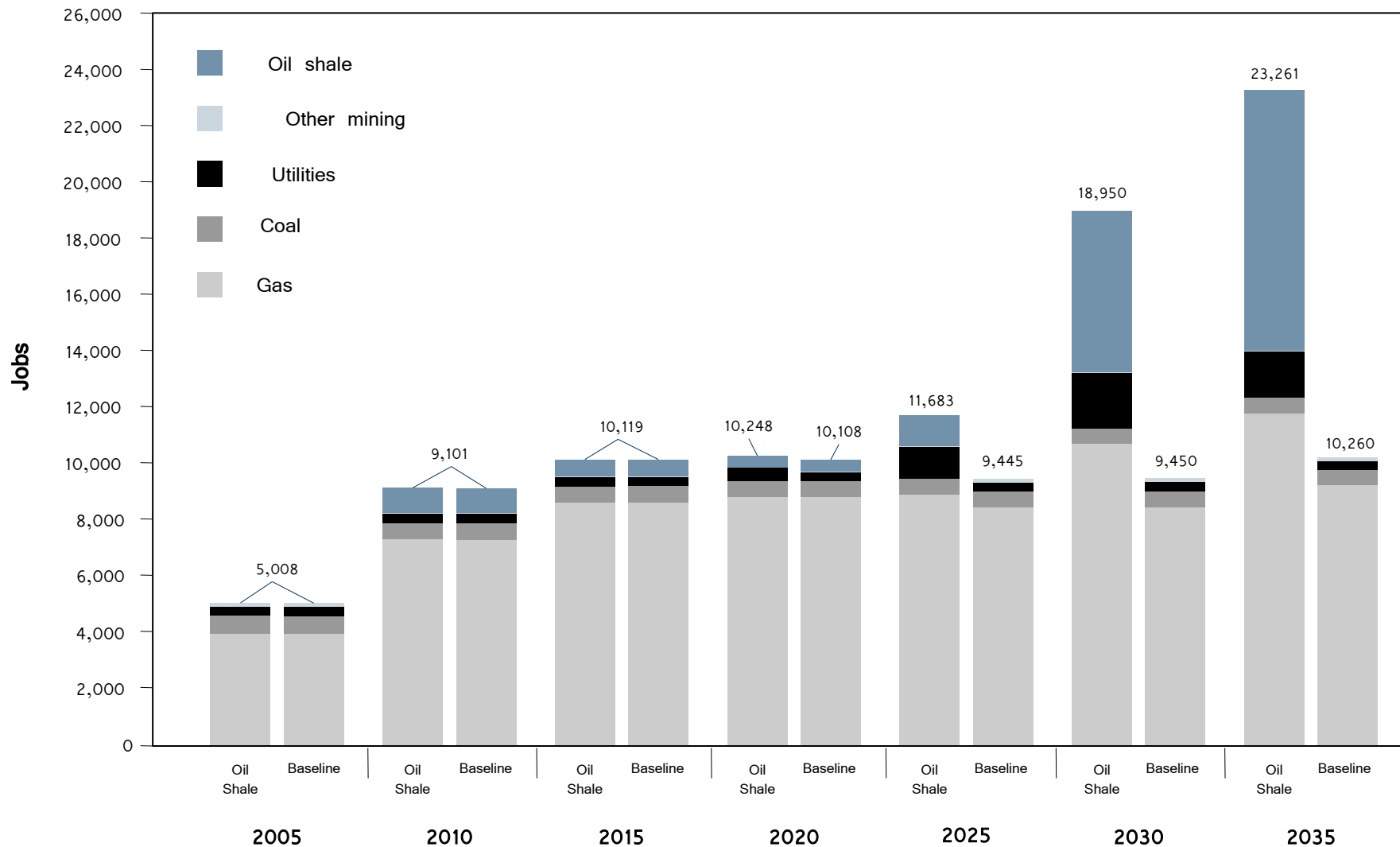
■ Three critical factors:

- Growth/decline in existing supplies
- Global oil demand and politics
- RD&D projects must overcome technical, economic and environmental challenges

■ BBC scenario based on BLM timing, Alberta oil sands experience:

- Small scale production begins 2021
- Production rises to 550,000 bpd by 2035

Direct Energy Jobs by Subsector, Commercial Oil Shale Scenario vs. Baseline Scenario, 2005–2035



Projected Population— Commercial Oil Shale Scenario

- Rio Blanco and Garfield counties would experience greatest impact

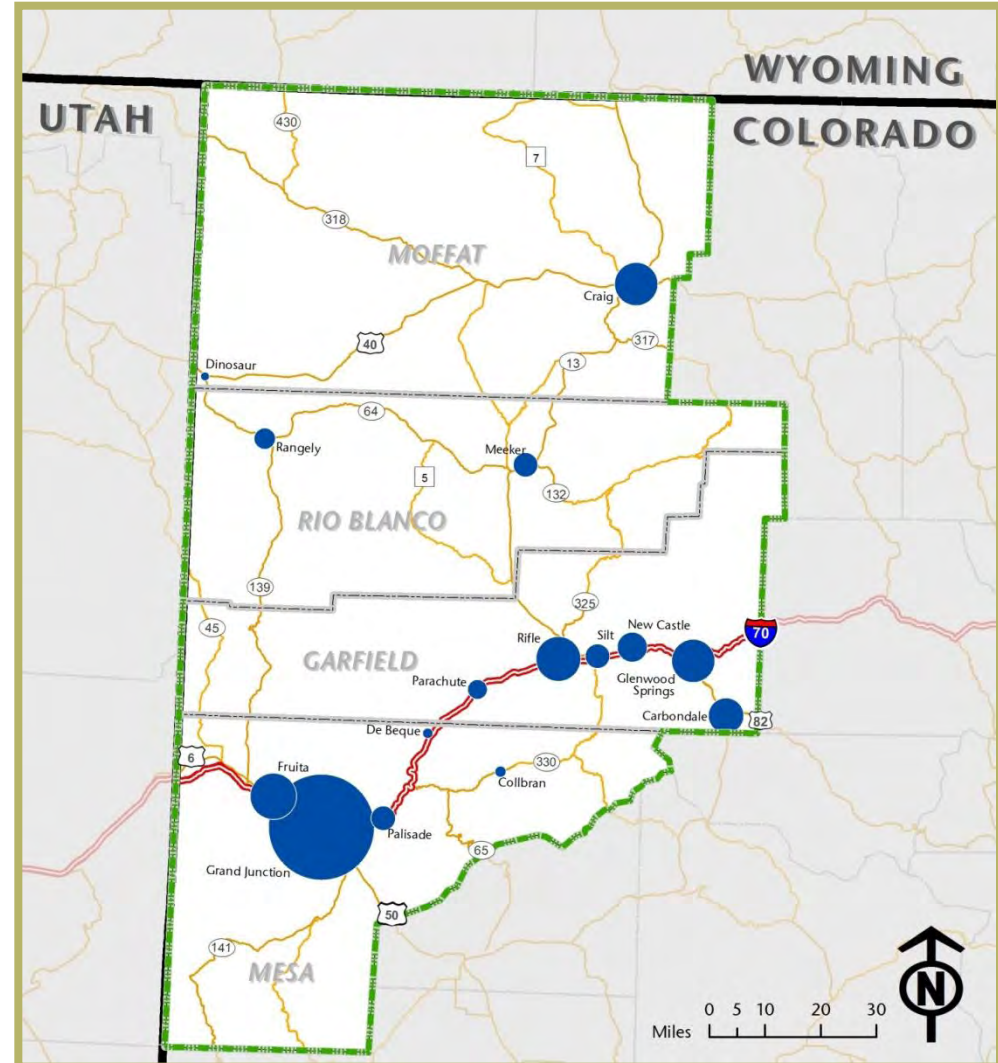
	2005 Population	2035 Population		Difference
		<i>Baseline</i>	<i>Oil Shale</i>	
Garfield County	50,673	136,697	154,301	17,604
Mesa County	130,662	235,272	241,746	6,474
Moffat County	13,426	26,356	31,487	5,131
Rio Blanco County	6,073	18,624	39,013	20,389
Total Region	200,834	416,949	466,547	49,598

Fiscal Analysis



NW Colorado—Fiscal Challenges

- Very rural location
 - Small towns, minimal infrastructure
 - Housing shortage
 - Competition for workers
 - Limited road network
- Difficult Topography and abundant public land
- Except for Grand Junction, average town is less than 6,000 persons



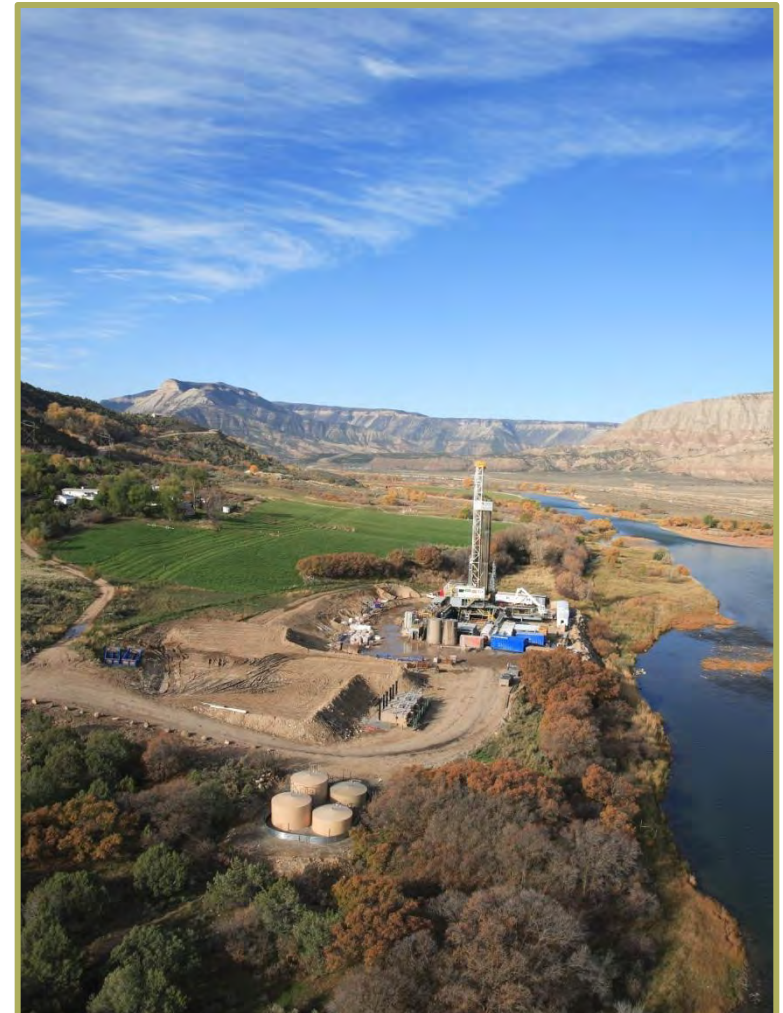
NW Colorado—Fiscal Challenges

■ Jurisdictional Financial Imbalances

- Sales tax to large towns, housing to rural areas
- Property tax to counties, service demand to towns
- TABOR limitations

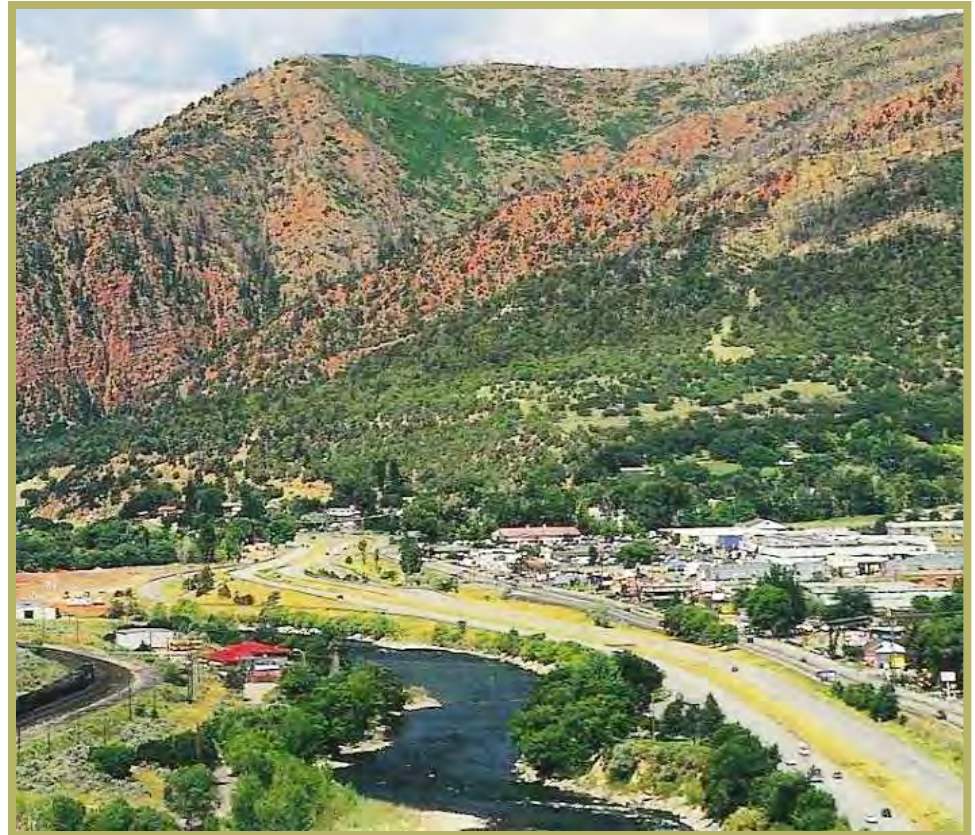
■ Demand/Revenue Uncertainty

- Severance/mineral lease taxes to state
 - DOLA grants
 - Worker-based redistributions
- Uncertain federal policy



NW Colorado—Fiscal Consequences of Oil Shale

- Uncertainty dominates
- Baseline population projections already strain most municipalities
- Federal tax support is unknown
- Demands clearly exceed institutional capacity
- Will likely require new towns—or similar private investment



Final Thoughts and Next Steps (as of 2008)

- **NW Colorado has entered a period of rapid change**
 - Many risks and challenges
 - Also substantial opportunities

- **Capitalizing on this challenge will require:**
 - Proactive regional efforts
 - Local, state, Federal and private commitment

- **Collaborative Task Force is willing to continue work on potential strategies and solutions**



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For copies of the report please see:

www.AGNC.org