

Addendum to the Technical Memorandum “U.S. 287 at Lamar: Economic Analysis” dated October 6, 2003

PREPARED FOR: U.S. 287 at Lamar - CDOT Region 2

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Introduction

This addendum memorandum updates the Technical Memorandum “U.S. 287 at Lamar: Economic Analysis” dated October 3, 2003 with new data. It is not the intent of this memo to recreate data previously presented or to reanalyze data obtained through Dunn and Bradstreet (2002) and subsequent business owner surveys. The data presented in this addendum memorandum does not change the conclusions of the original economic analysis.

Updated Existing Conditions

The following text reflects the updated existing conditions data made available since the original Technical Memorandum publication.

Population

In Table 1, the population of Lamar is compared to that of Prowers County and the State of Colorado. As shown, the estimated population of Lamar was 8,605 in 2005, which is 62 percent of the population of Prowers County. Over the past 15 years the population of both Lamar and Prowers County grew more slowly than the population of the state of Colorado (3 percent and 5 percent versus 43 percent, respectively).

TABLE 1
Population Trends for Lamar, Prowers County, and the State of Colorado

	1990	2005 ^a	Change	% Change
Lamar	8,343	8,605	262	3%
Prowers County	13,347	13,973	626	5%
Colorado	3,294,394	4,722,755	1,428,361	43%

^aEstimate

Sources: U.S. Census Bureau, 2007; Colorado State Demography Office, 2007.

Business and Economic Conditions

Prowers County Employment by Sector

It is useful to investigate the structure of the local economy to understand what industries are of relative importance to an area. Employment data by business location and sector are not published in a useable form for small cities such as Lamar, thus comparisons are best conducted at the county level. However, using Prowers County as a basis for comparison will be a good proxy for Lamar because nearly all of the economic activity in Prowers County occurs within the City of Lamar. For example, 90 percent of all employment and 84 percent of all firms in Prowers County are located within the 81052 zip code, which approximates the city limits of Lamar (U.S. Census Bureau, ZIP Code Business Patterns, 2005).

Data from the Colorado Department of Labor and Employment indicate that Prowers County covered employment (workers covered by employment insurance) was 5,438 in 2000. The distribution of employment among industry sectors for Prowers County is shown in Tables 3 and 4. In Table 3, this distribution is compared to the distribution for eight other southeast Colorado counties (Baca, Bent, Cheyenne, Crowley, Kiowa, Kit Carson, Las Animas, and Lincoln). Table 4 compares the distribution of employment to industry sectors for Prowers County to that of the State of Colorado.

TABLE 3

Composition of Prowers County Employment Compared to 8 Southeast Colorado Counties

Industry Sector	2005 Employment ^a		Percent of Total		
	Prowers County	SE Colorado Counties	Prowers County	SE Colorado Counties	Variance County to SE Counties
Agriculture, Forestry, Fishing, Hunting	530	404	10%	3%	7%
Mining	86	412	2%	3%	-1%
Utilities	33	48	1%	0%	0%
Construction	117	656	2%	5%	-2%
Manufacturing	828	268	15%	2%	13%
Wholesale Trade	175	579	3%	4%	-1%
Retail Trade	758	1,798	14%	13%	1%
Transportation & Warehousing	61	221	1%	2%	0%
Information	63	100	1%	1%	0%
Finance & Insurance	216	524	4%	4%	0%
Real Estate, Rental & Leasing	44	106	1%	1%	0%
Professional & Technical Services	79	158	1%	1%	0%
Company/Enterprise Management	0	0	0%	0%	0%
Administrative & Waste Services	71	148	1%	1%	0%
Educational Services	0	28	0%	0%	0%
Health Care & Social Assistance	356	889	7%	6%	0%
Arts, Entertainment & Recreation	17	53	0%	0%	0%

Accommodation & Food Services	427	1,338	8%	9%	-2%
Other Services	94	293	2%	2%	0%
Government	1,483	6,186	27%	44%	-16%
Total	5,438	14,209	100%	100%	0%

^aCovered employment.

Source: Colorado Department of Labor and Employment. Labor Market Information-ES202, 2007.

TABLE 4

Composition of Prowers County Employment Compared to the State of Colorado

Industry Sector	2005 Employment ^a		Percent of Total		
	Prowers County	State	Prowers County	State	Variance County to State
Agriculture, Forestry, Fishing, Hunting	530	14,963	10%	1%	9%
Mining	86	17,007	2%	1%	1%
Utilities	33	7,949	1%	0%	0%
Construction	117	160,102	2%	7%	-5%
Manufacturing	828	150,586	15%	7%	8%
Wholesale Trade	175	93,781	3%	4%	-1%
Retail Trade	758	246,048	14%	11%	3%
Transportation & Warehousing	61	61,103	1%	3%	-2%
Information	63	77,438	1%	4%	-2%
Finance & Insurance	216	106,823	4%	5%	-1%
Real Estate, Rental & Leasing	44	46,854	1%	2%	-1%
Professional & Technical Services	79	155,997	1%	7%	-6%
Company/Enterprise Management	0	24,900	0%	1%	-1%
Administrative & Waste Services	71	135,276	1%	6%	-5%
Educational Services	0	24,823	0%	1%	-1%
Health Care & Social Assistance	356	197,134	7%	9%	-2%
Arts, Entertainment & Recreation	17	43,212	0%	2%	-2%
Accommodation & Food Services	427	214,191	8%	10%	-2%
Other Services	94	65,132	2%	3%	-1%
Government	1,483	345,972	27%	16%	11%
Total	5,438	2,189,291	100%	100%	0%

^aCovered employment.

Source: Colorado Department of Labor and Employment. Labor Market Information-ES202, 2007.

The information in Tables 3 and 4 shows that Prowers County has a much greater proportion of jobs in manufacturing and agricultural services, and a much lower proportion of jobs in construction and other categories. There are relatively fewer employees working for federal, state, and local government sector in Prowers County compared to the other SE

Colorado counties, but the converse is true when compared to the state as a whole. This is not too surprising because government employment is typically a relatively large employer in smaller counties with a less diverse economic base than more populated counties. Thus, we can conclude that the Prowers County economy is more diverse than the typical SE Colorado County, and is driven in part by a large manufacturing and agricultural services sector. However, it should be noted that Neoplan, a major manufacturing employer in Prowers County, has closed since the publication of the 2005 employment data which will likely result in lower manufacturing numbers in future reporting.

The retail trade sector is also of interest because concern has been expressed about the potential for lost income and jobs in the retail sector as a result of the build alternatives rerouting traffic away from the businesses along Main Street. These data show that the retail sector employs slightly more persons in Prowers County, as a percent of total employment, than in other SE Colorado counties (one percentage point), and more than the state average (three percentage points).

Unemployment

Table 5 presents a comparison of the Prowers County unemployment rate to the state average in 1990, 1995, 2000, and 2005. In recent years, Prowers County's unemployment rate has been slightly higher than that of the State of Colorado, however, the County has fared a bit better than the rest of the state during the recent recession. Since 2000, Prowers County's unemployment rate has increased from 2.9 percent to 4.8 percent, whereas the State's unemployment rate has increased from 2.7 percent to 5.1 percent. As mentioned previously, the closure of the Neoplan facility could result in higher unemployment levels in data reported after 2005.

TABLE 5
Unemployment Rate Trend

	1990	1995	2000	2005
Prowers County	6.4	4.4	2.9	4.8
Colorado	5.7	4.2	2.7	5.1

Source: Colorado Department of Labor and Employment, 2007.

Local Government Revenue Sources

Both the City of Lamar and Prowers County derive significant revenues from sales tax collections. In 2007, Lamar received 33 percent of its revenues from sales tax collections compared to 7 percent for Prowers County. The City of Lamar projected property tax collections of \$ 411,415 for 2007, or 7 percent of total revenue, compared to Prowers County's projected property tax collections of \$3,380,901, or 16 percent of total county revenues.

TABLE 7
Local Government Revenue Sources, 2007 Budget

Description	Prowers County Budget	Percent of Total	City of Lamar Budget	Percent of Total
Property taxes	\$3,380,901	16%	\$411,415	7%
Sales Taxes	\$1,525,000	7%	\$2,066,422	33%
Other Taxes, Licenses, and Permits	\$16,672,148	77%	\$3,750,922	60%
Total	\$21,578,049	100%	\$6,228,759	100%

Source: Prowers County, 2207; City of Lamar, 2007; Fairbevin, *personal communication*, 2007.

Impacts

Potential Development at Interchanges

It is common that when a new freeway is built around the outskirts of a town, development gradually occurs in the vicinity of the freeway interchanges. The type of development that occurs usually is targeted to serve through-stop travelers (e.g., gas stations and convenience stores, restaurants, hotels and motels, and supporting retail businesses). During our interviews with local businesses, considerable concern was expressed about the potential for businesses moving from downtown to locations in the vicinity of the proposed project interchanges. At the time of this addendum, there appears to be support among local agencies to limit development in the vicinity of the interchanges as supported by the Lamar Comprehensive Plan. The long-term success of any such limitations requires continued, ongoing support from local elected officials and planning commissions.

Conclusion

The data presented above do not change the conclusions in the original economic technical memorandum. Impacts and mitigation measures as detailed in the Environmental Assessment remain unchanged.

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