

La Paz County

FOCUS FUTURE

Economic Overview



Summary of Economic Indicators



- The economic overview includes a variety of topic areas and benchmarks of economic performance over the past six years
- Data is indexed based on 2005 county data relative to statewide trends in order to simplify comparisons
- La Paz County's population and labor force have remained relatively unchanged since 2005. The population significantly older than the state as a whole.
- The recession has brought about a reduction in construction employment and declines in retail sales and corresponding tax revenues, but the impacts in La Paz County have been less severe than in urban areas of the state.



Index	2005	2006	2007	2008	2009	2010
Population	100.0	96.6	94.9	93.0	92.5	92.0
Labor Force	100.0	100.3	99.8	99.3	111.0	110.5
Income	100.0	99.8	102.5	103.6	104.6	104.2
Economy	100.0	100.2	98.9	97.6	92.8	97.1
Construction	100.0	122.2	111.4	131.5	71.6	50.8
Assessed Value	100.0	114.1	117.0	101.0	100.7	112.5
Municipal Revenues	100.0	109.8	112.1	124.1	100.8	113.5
Overall Index	100.0	104.6	105.3	104.0	100.8	106.2

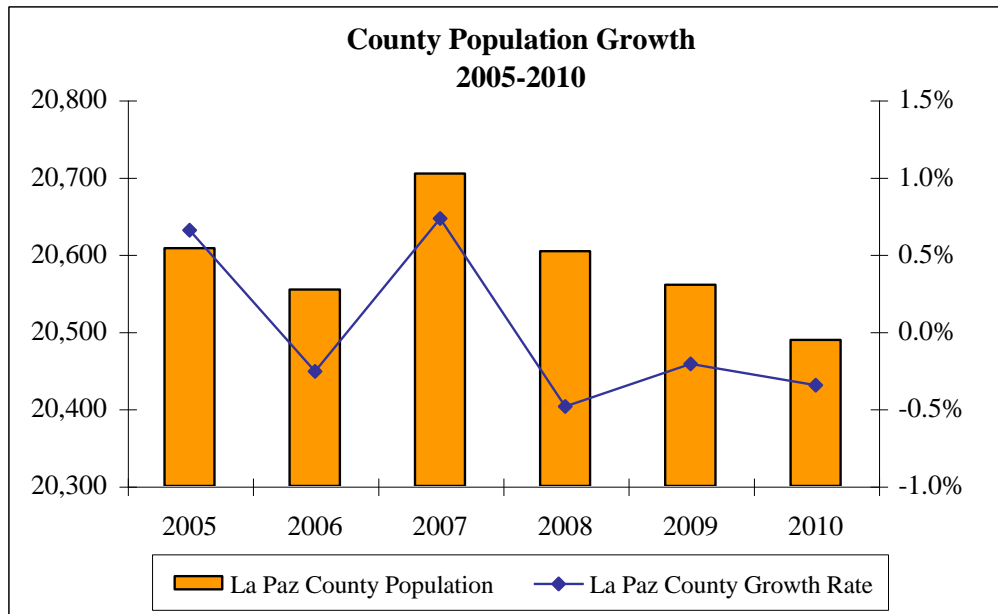
Population

Population Trends

	2005	2006	2007	2008	2009	2010
Town of Quartzsite	3,570	3,612	3,626	3,640	3,672	3,677
Town of Parker	3,164	3,131	3,234	3,195	3,175	3,083
La Paz County	20,608	20,554	20,704	20,604	20,561	20,489
State of Arizona	5,924,476	6,116,409	6,274,981	6,368,649	6,389,081	6,401,569
La Paz Index *	100.0	96.6	94.9	93.0	92.5	92.0
<i>Annual Growth Rate</i>						
Town of Quartzsite	2.2%	1.2%	0.4%	0.4%	0.9%	0.1%
Town of Parker	0.2%	-1.0%	3.3%	-1.2%	-0.7%	-2.9%
La Paz County	0.7%	-0.3%	0.7%	-0.5%	-0.2%	-0.3%
State of Arizona	3.5%	3.2%	2.6%	1.5%	0.3%	0.2%

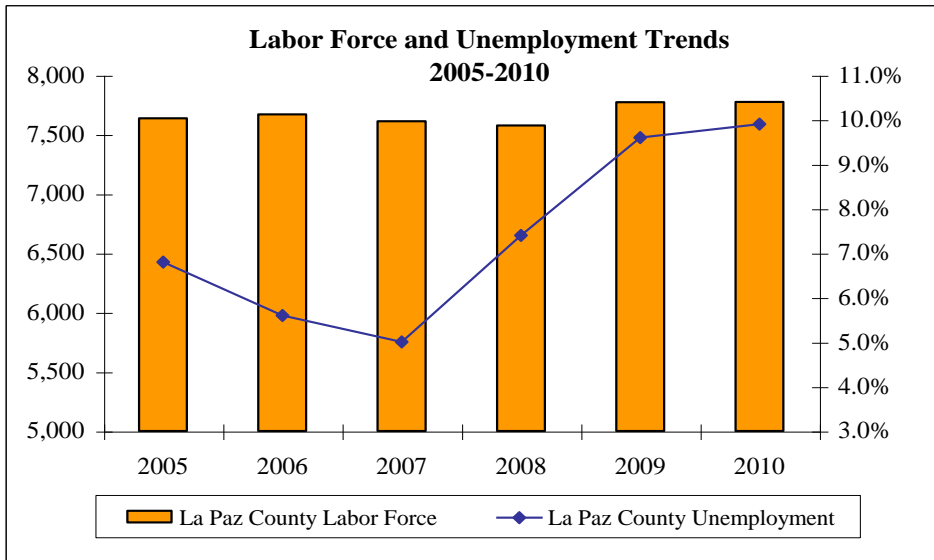
Source: Arizona Department of Administration.

* La Paz County compared to Arizona in 2005 = 100.



La Paz County's population has remained relatively constant with less than a one percent annual change since 2005. Overall, the population of La Paz County is down 1 percent since 2005, compared to growth of 8 percent statewide. Population growth in Parker and Quartzsite has also been minimal. In terms of demographics, the county's share of population under 18 significantly lower than the state at 18 percent versus 25 percent. In contrast, the share of population over 64 is more than twice the state average at 33 percent versus 14 percent. These figures do not include seasonal residents that increase the local population in the winter months. Given the aging of the overall population, it is not surprising that public school enrollment has decreased nearly 7 percent in the county since 2005, with declines of 14 to 15 percent over the past five years in the Quartzsite Elementary and Bicentennial Union High School Districts.

Labor Force and Unemployment



Labor Force and Unemployment

	2005	2006	2007	2008	2009	2010
<i>Labor Force</i>						
Town of Quartzsite	699	703	699	692	706	706
Town of Parker	1,654	1,662	1,650	1,639	1,679	1,679
La Paz County	7,637	7,670	7,612	7,576	7,773	7,774
State of Arizona (000)	2,859	2,958	3,018	3,117	3,157	3,176
La Paz Index *	100.0	97.1	94.4	91.0	92.2	91.6
<i>Annual Growth Rate</i>						
Town of Quartzsite	0.4%	0.6%	-0.6%	-1.0%	2.0%	0.0%
Town of Parker	0.5%	0.5%	-0.7%	-0.7%	2.4%	0.0%
La Paz County	0.5%	0.4%	-0.8%	-0.5%	2.6%	0.0%
State of Arizona	2.5%	3.5%	2.0%	3.3%	1.3%	0.6%
<i>Unemployment Rate</i>						
Town of Quartzsite	5.4%	4.4%	4.0%	5.9%	7.6%	7.9%
Town of Parker	6.3%	5.2%	4.7%	6.8%	8.9%	9.2%
La Paz County	6.8%	5.6%	5.0%	7.4%	9.6%	9.9%
State of Arizona	4.7%	4.1%	3.8%	5.9%	9.7%	10.0%
La Paz Index *	100.0	106.3	109.8	115.3	146.5	146.1

Source: Arizona Department of Administration.

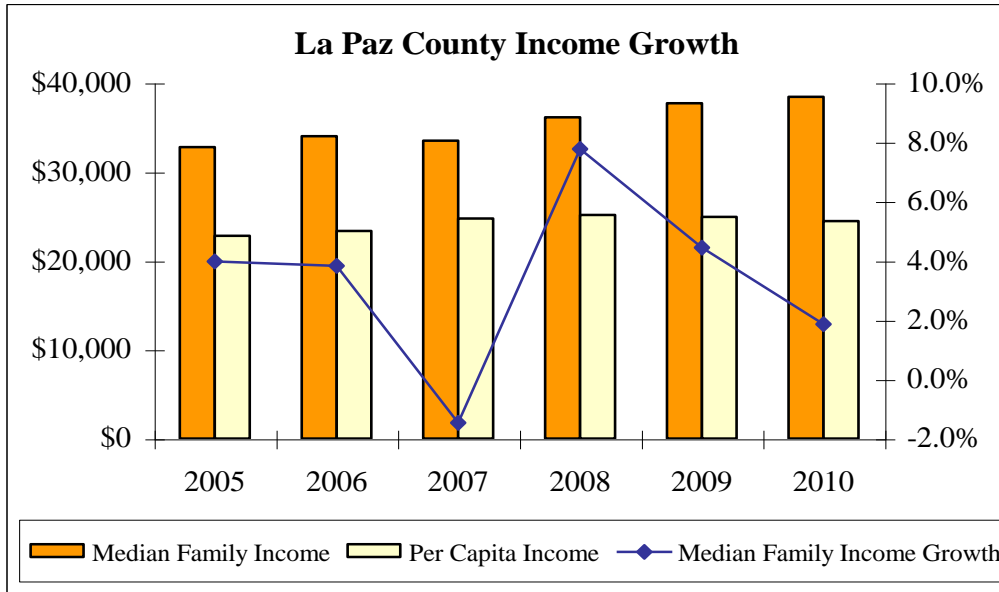
* La Paz County compared to Arizona in 2005 = 100.

The labor force in La Paz County has not changed significantly since 2005, increasing by only 137 people over this time period, although it has been consistent with population growth. Employment over this same time period is down 119 people. The pattern has been similar but at a smaller scale in Parker and Quartzsite. Labor force participation in the county has remained steady at about 37 percent, compare to just over 50 percent for the state.

Following some slight declines in 2007 and 2008, the total labor force in the county grew by 2.6 percent in 2009 and currently exceeds 2005 levels by about 1.7 percent. In contrast, the state realized 11 percent growth in its labor force from 2005 to 2010, although employment increased by only 5 percent.

Similar to the state, La Paz County's unemployment rate has increased significantly since 2007. The state went from a low of 3.8 percent unemployment in 2007 to a high of 10 percent in 2010, while La Paz County went from 5.0 to 9.9 percent during that time period. Unemployment is generally lower in Quartzsite but much higher on the reservation, compared to the county overall. As of Sept. 2011, the county's unemployment rate was 10.7 percent overall or 7.8 percent without the reservation, compared to 8.9 percent statewide.

Median Income



The most valid available measure of income at the local level is per capita income. Despite recent minor declines, per capita income levels in the county increased 7 percent from 2005 to 2010, which is considerably more than the 3 percent increase experienced statewide. However, per capita income in La Paz county is still only 75 percent of the state average. Median family income in La Paz County increased by 17 percent during the 2005 to 2010 period, compared to 15 percent statewide. Median family income in La Paz County is only about 62 percent of the state average in 2010. Income data is not available at the city level for cities in La Paz County.

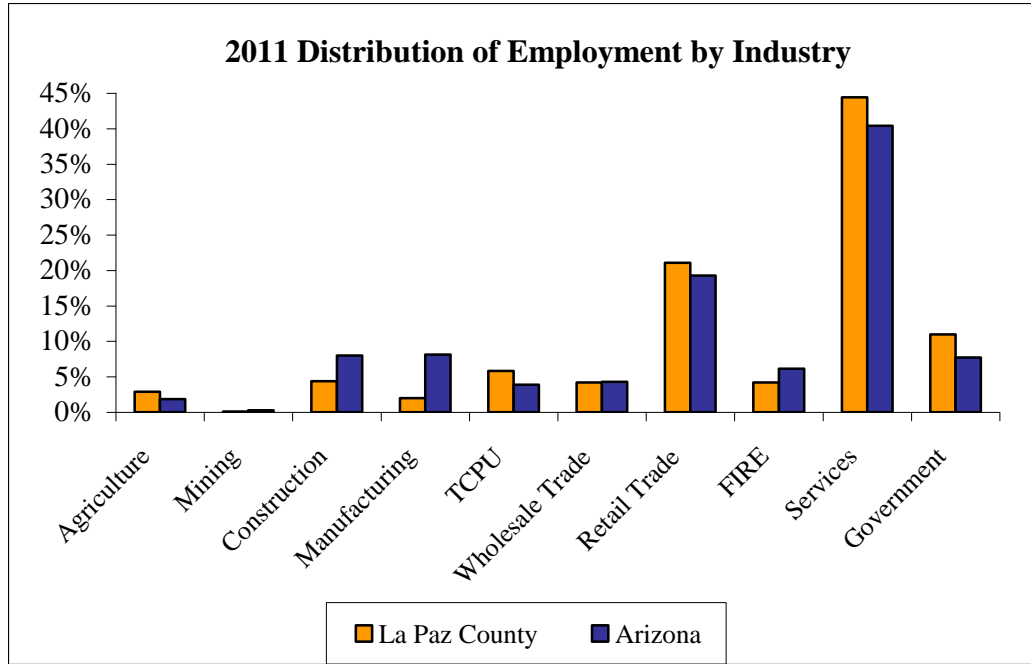
Income Growth

	2005	2006	2007	2008	2009	2010
<i>Per Capita Income</i>						
La Paz County	\$22,793	\$23,319	\$24,721	\$25,141	\$24,897	\$24,444
State of Arizona	\$31,491	\$33,423	\$34,365	\$34,339	\$32,943	\$32,359
La Paz Index *	100.0	96.4	99.4	101.2	104.4	104.4
<i>Annual Growth Rate</i>						
La Paz County	3.7%	2.3%	6.0%	1.7%	-1.0%	-1.8%
State of Arizona	6.7%	6.1%	2.8%	-0.1%	-4.1%	-1.8%
<i>Mean Household Income</i>						
La Paz County	\$63,151	\$64,471	\$68,046	\$68,961	\$68,008	\$67,263
Annual Growth Rate	3.2%	2.1%	5.5%	1.3%	-1.4%	-1.1%
La Paz Index *	100.0	102.1	107.8	109.2	107.7	106.5

Source: U.S. Census Bureau; Woods & Poole, 2011.

* La Paz County compared to Arizona in 2005 = 100.

Economy



During the last 5 years, the county has seen a decrease in overall employment and in the number of establishments through 2010, and very limited growth in 2011. La Paz County has a somewhat higher share of its employment base in retail trade, services and government than the state, and a much lower share of employment in manufacturing and construction. Services make up the largest share of total employment locally at 44%, followed by retail at 21%. The share of people employed in basic industries, those that bring in wealth from outside the area, has declined from nearly 9% in 2005 to 5.0% in 2011, excluding retail and services, compared to roughly 11% for the state. However, unlike some communities a sizeable portion of the retail and services base is serves tourists and winter visitors and can actually be considered a basic industry.

Industry Employment

	2005	2006	2007	2008	2009	2010	2011
<i>Total Industry Employment</i>							
La Paz County	5,840	5,398	5,761	5,966	5,796	5,483	5,492
<i>Total Establishments</i>							
La Paz County	805	769	830	964	807	743	792
<i>Basic Industry Employment</i>							
La Paz County	511	438	425	407	358	359	272
Basic Industry Share	8.8%	8.1%	7.4%	6.8%	6.2%	6.5%	5.0%
La Paz Index *	100.0	97.1	96.1	94.4	86.6	85.3	73.7

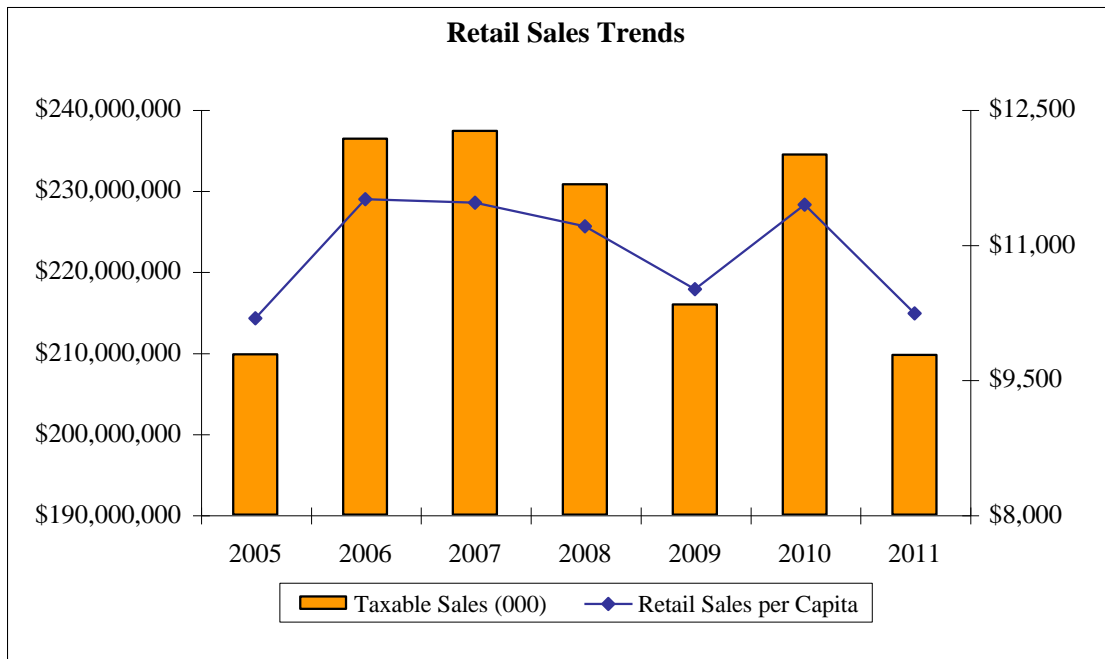
Source: Dun & Bradstreet, 2004-2010.

* La Paz County compared to Arizona in 2005 = 100.

**Basic sectors include agriculture, mining and manufacturing.

The Town of Quartzite is dominated by retail which accounts for 40% of local employment, followed by services which accounts for 35%. Parker has only 17% of its employment base in retail, close to the state average, and 47% of its employment in services. Parker also has a large share of employment (17%) in government. Both lack basic employment outside of tourism.

Retail Sales



After rising sharply in 2006, taxable sales have generally declined since 2007. The only exception is a spike in retail sales in 2010 when a new Wal-Mart opened. Although this increase in retail sales was sustained in 2011, drops in restaurants and bars, contracting and other taxable activities offset the gain in retail sales from Wal-Mart resulting in declining sales overall. Taxable sales in 2011 fell to their lowest level since 2005. Overall, taxable sales and sales per capita have dropped by roughly 12 percent in the since their peak in 2007. Statewide sales have dropped 23 percent since 2007. The level of taxable sales per capita in 2011 is roughly 73 percent of the statewide figure, up from 65 percent in 2005. The drop in per capita sales locally since 2007 has been less given that population has not grown. Taxable sales from establishments other than retail represent about 40 percent of 2011 sales in the county which generally provide some stability. Contracting sales represent nearly 9 percent of total taxable sales, down from 15 percent in 2007.

Economic Indicators

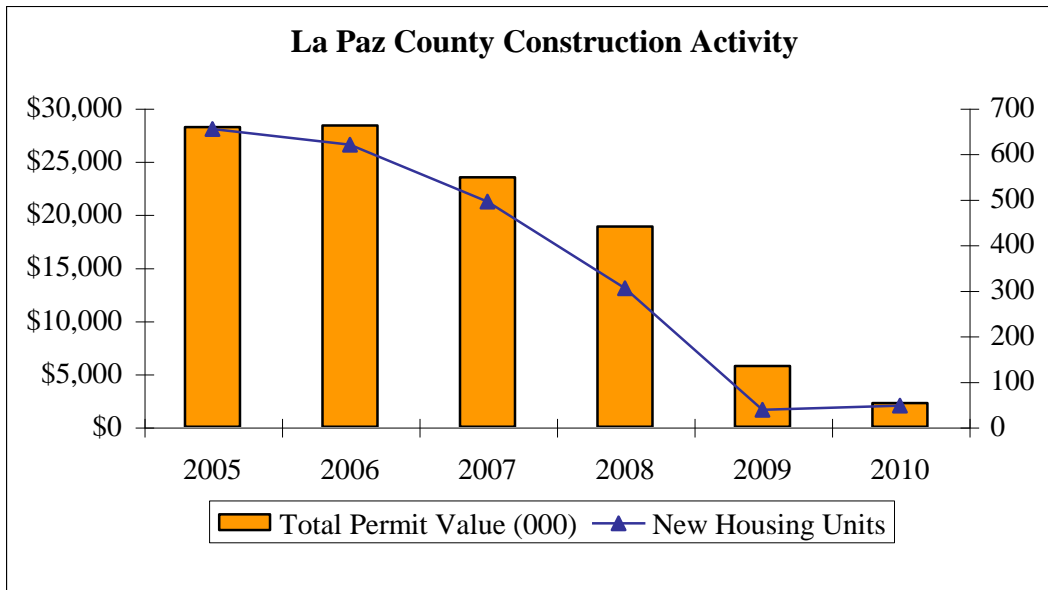
	2005	2006	2007	2008	2009	2010	2011
<i>Total Tax Collections (000)</i>							
La Paz County	\$209,765	\$236,383	\$237,331	\$230,752	\$215,917	\$234,422	\$209,693
Non-Retail Share	42.1%	45.4%	46.1%	46.4%	46.3%	46.0%	40.6%
Growth Index **	100.0	112.7	113.1	110.0	102.9	111.8	100.0
<i>Taxable Sales per Capita</i>							
La Paz County	\$10,179	\$11,500	\$11,463	\$11,199	\$10,501	\$11,441	\$10,234
State of Arizona	\$15,710	\$17,774	\$18,372	\$17,633	\$15,076	\$13,657	\$13,938
La Paz Index *	100.0	99.9	96.3	98.0	107.5	129.3	113.3

Source: Arizona Dept of Revenue.

* La Paz County compared to Arizona in 2005 = 100.

** County growth rate compared to AZ growth rate.

Construction



Total permitting activity is down significantly from the peak in 2006 and dropped to its lowest level for the entire period in 2010. It is important to note that permit valuations include additions and alterations, as well as new structures. The total value of permits issued has fluctuated from a high of \$28.3 million in 2006, to a current low of \$2.2 million, which is a decline of roughly 92 percent; this compares to a 77 percent drop in total permit valuation for the state during the same period. The decline in the county's total valuation figure has been driven by losses in both residential and commercial permits which dropped by 95 percent and 86 percent, from the peak in 2006. The number of new housing units in the county peaked in 2005 at 654, and then declined sharply to 37 in 2009 and 46 new units in 2010.

Construction Activity

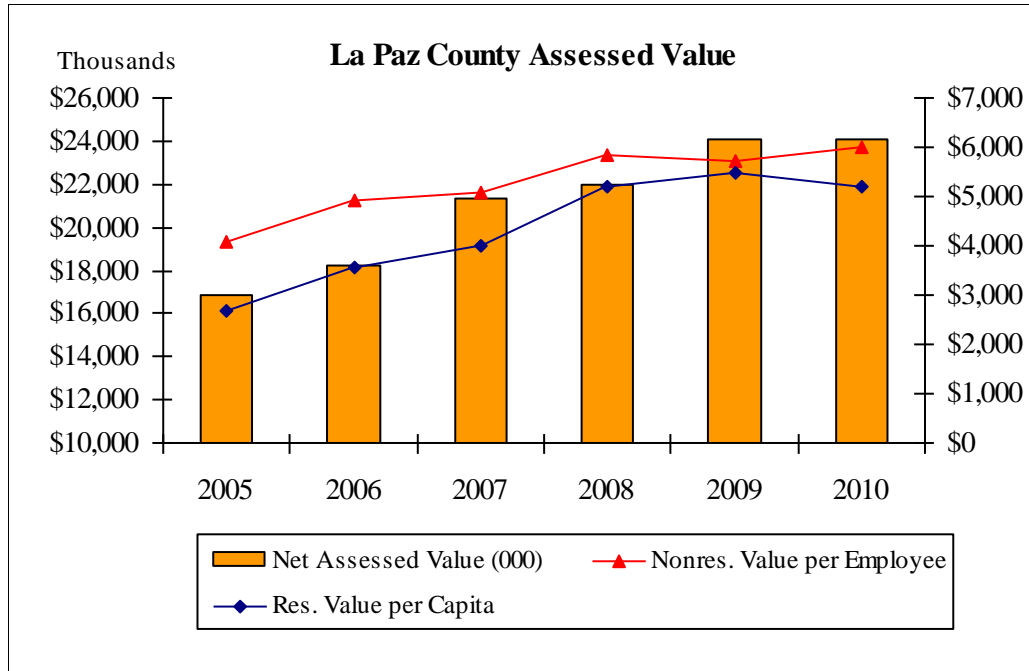
	2005	2006	2007	2008	2009	2010
Total Permit Value (000)	\$28,207	\$28,340	\$23,462	\$18,839	\$5,708	\$2,235
Residential	\$22,671	\$20,616	\$18,239	\$13,146	\$1,780	\$1,114
Commercial	\$5,536	\$7,724	\$5,223	\$5,693	\$3,928	\$1,121
La Paz Index *	100.0	118.8	109.2	115.8	62.6	40.9
New Housing Units	654	619	494	304	37	46

Source: Arizona State University, College of Business, Construction Activity Reports.

* La Paz County compared to Arizona in 2005 = 100.

Permitting activity in Quartzsite remained fairly strong through 2009, but dropped off significantly in 2010. Parker experienced a drop off in both residential and commercial activity between 2008 and 2009, but then saw a jump in residential activity with 25 new housing units in 2010.

Assessed Value



Total assessed value in La Paz County has risen steadily, increasing by 66% from 2005 to 2010, although the majority of that growth occurred prior to 2009. Statewide assessed value increased 55% during the same period. Despite a decrease in 2010, residential properties in the county have seen substantial valuation increases since 2005, growing by more than 92% during the period. This compares to an increase of 54% for the state during the same period. Commercial and industrial assessed values also grew during this period but at a slower rate, increasing nearly 45% in the county and 54% statewide.

Residential values in the county currently represent about 44% of the total assessed value, up from 38% in 2005. Despite a small decrease in 2010, the average value of residential property has increased with per capita residential valuation increasing 94% since 2005, compared to only 43% statewide. Commercial/industrial assessed value per employee has also risen steadily since 2005 and is up 47% for both the state and the county.

Assessed value in both Parker and Quartzsite has grown more slowly than in the county overall, with overall growth rates ranging from 34 to 43 percent. Per capita residential values are also significantly lower than the county average.

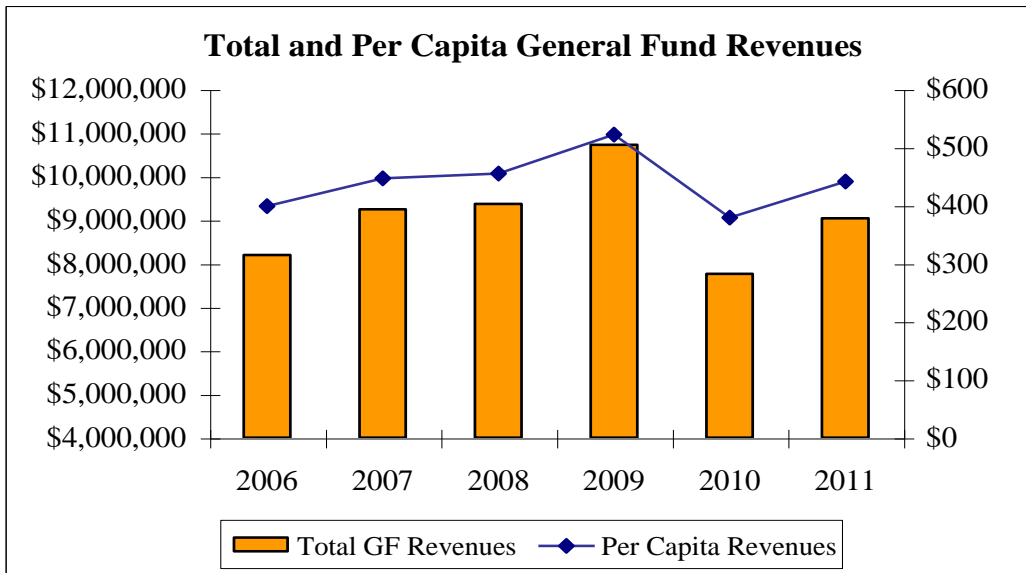
Assessed Value

	2005	2006	2007	2008	2009	2010
Total Net Value (000)	\$147,448	\$172,148	\$200,054	\$235,122	\$244,806	\$245,133
Growth Rate	-0.6%	16.8%	16.2%	17.5%	4.1%	0.1%
La Paz Index *	100.0	105.0	92.4	90.5	93.9	107.5
Residential Net Value (000)	\$55,428	\$73,047	\$83,043	\$106,851	\$112,755	\$106,926
Per Capita Value	\$2,690	\$3,554	\$4,011	\$5,186	\$5,484	\$5,219
La Paz Index *	100.0	124.4	125.8	107.7	120.0	135.9
Comm/Ind Net Value (000)	\$29,105	\$35,689	\$36,754	\$41,006	\$40,227	\$42,047
Per Employee Value	\$4,088	\$4,929	\$5,084	\$5,845	\$5,727	\$6,006
La Paz Index *	100.0	111.7	126.7	107.8	91.8	100.2

Source: Arizona Department of Revenue, Abstract of the Assessment Role, 2005-2010.

* La Paz County compared to Arizona in 2005 = 100.

Municipal Revenues



Total county general fund revenues increased modestly from 2006 to 2009, dropping significantly in 2010 but increasing again in 2011. In total, general fund revenues grew by 10 percent from 2006 through 2011.

In terms of local tax collections in the general fund, property taxes make up about 75 percent and sales taxes make up most of the remainder. County tax collections increased modestly throughout the six year period, despite declines in sales tax revenues. Sales taxes represent about 11 percent of general fund revenues in 2011, compared to about 14 percent in 2006. Given that population in the county has not grown, per capita general fund revenues have remained fairly steady, increasing about 11 percent over the past six years, despite significant declines in 2010.

For the Town of Quartzsite, which is largely reliant on sales taxes, general fund revenues grew by only 2.5 percent since 2006, peaking in 2008. Per capita revenues increased significantly from 2006 to 2008, but are now back at 2006 levels.

La Paz County Municipal Revenues

	2006	2007	2008	2009	2010	2011
Local Tax Collections (000)	\$4,397	\$4,593	\$4,752	\$4,866	\$4,949	\$5,257
Annual Change	na	4.5%	3.5%	2.4%	1.7%	6.2%
Growth Index*	100.0	104.5	108.1	110.7	112.6	119.6
General Fund Revenues (000)	\$8,194	\$9,244	\$9,366	\$10,726	\$7,764	\$9,040
Annual Change	na	12.8%	1.3%	14.5%	-27.6%	16.4%
Growth Index*	100.0	112.8	114.3	130.9	94.8	110.3
Per Capita GF Revenues	\$399	\$446	\$455	\$522	\$379	\$441
Annual Change	na	12.0%	1.8%	14.8%	-27.4%	16.4%
Growth Index*	100.0	112.0	114.0	130.9	95.1	110.7

Source: La Paz County Annual Budget

* La Paz County compared to Arizona in 2006 = 100.