

Appendix B

Demographics and Trends Analysis

Section 1 – Demographic Analysis

The Demographic Analysis provides an understanding of the population of the City of Durango. This analysis demonstrates the overall size of total population by specific age segment, race and ethnicity, and the overall economic status and spending power of the residents through household income statistics.

1.1 Summary

Durango was founded in 1880 by the Denver and Rio Grande Railroad, when they extended their line from Durango to Silverton in order to haul precious metals from high country mines. A flourishing adventure, arts and entertainment culture that includes Ski Resorts, Casinos, Archeological Sites, Museums, Hot Springs, Hunting, Rock Climbing, Canoeing and Kayaking further reinforce the image of Durango as a destination offering something for everyone.

The Durango & Silverton Narrow Gauge Railroad, in proximity to Mesa Verde National Park and the picturesque topography serve as the key attractions to potential residents and hundreds of tourists year round.

That these attributes have succeeded in drawing more people to Durango can be attested to by the continued population growth in the City. From 2000 to 2008, the City population has grown by 10.9%. This translates into a population increase of about 1,710. Projecting ahead, the City's growth rate is expected to continue, though, at a slightly decreasing rate. The projected population in 2023 is expected to be approximately 19,094.

The City of Durango population by major age segment demonstrates a significant proportion of youth and early working age professionals (ages 18-34). Currently two out of five individuals (41%) fall within this age segment, and this is expected to stay relatively consistent through 2023. The next highest growing age segment is expected to be the active adult population (55+) that is projected to comprise 25% of the total population in the next fifteen years.

The City of Durango is primarily homogeneous with a small minority of American Indian and people describing themselves as Some Other Race. In 2000, over eighty-five percent (86.8%) of the City is classified as white only, accounting for approximately 12,090 total persons. The next largest single race is American Indian (5.51%; 767 persons).

The gender composition is marginally in favor of males (51%) and this trend is projected to remain constant over the years.

Currently, there are an estimated 6,298 households in the City of Durango with an average household size of 2.26 persons. The income characteristics are similar to national averages and marginally below those for the State of Colorado. However, future projections do exhibit positive growth trends with the service area median household income poised to grow from \$48,529 in 2008 to \$79,808 by 2023. This represents more than a 100% increase from the 2000 median income (\$34,916). The per capita income too is expected to increase significantly from \$19,353 in 2000 to \$44,001 in 2023.

1.2 Methodology

Demographic data used for the analysis was obtained from Environmental Systems Research Institute, Inc. (ESRI), the largest research and development organization dedicated to Geographical Information Systems (GIS) and specializing in population projections and market trends. All data was acquired in August 2008, and reflect actual numbers as reported in the 2000 Census and demographic projections for 2008 and 2013 as estimated by ESRI; straight line linear regression was utilized for projected 2018 and 2023 demographics. The City of Durango was utilized as the demographic analysis boundary (Figure 1).

1.3 Demographic Profile and Analysis

Population

The City of Durango has grown at a moderate pace over the last several years. From 2000 to 2008, the population has grown by 10.9%. This translates into a population increase of about 1,710. Projecting ahead, the City’s growth rate is expected to increase at a slightly decreasing rate from 2008 to 2023 when the population is expected to be 19,094. The growth rate is expected to be 7.5% from 2008 to 2013, 6% from 2013 to 2018 and 5.9% from 2013 to 2018.

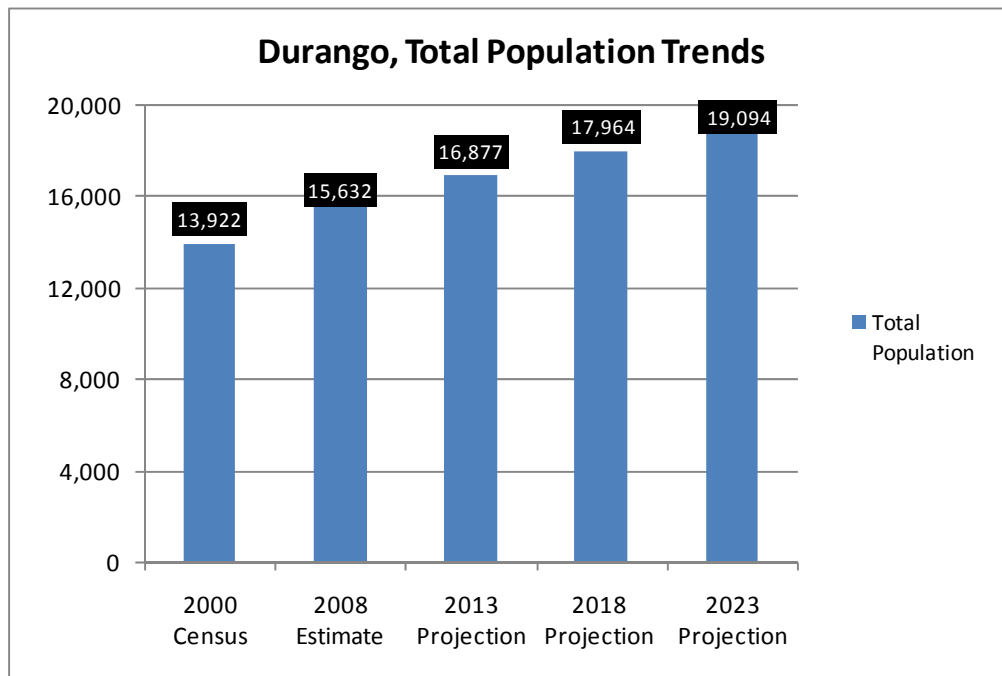


Figure 1 – City of Durango, Total Population Trends

Based on the projections, the City is expected to have approximately 7,897 households by 2023.

Age Segment

The City of Durango population by major age segment demonstrates primarily a huge proportion of youth and early working age professionals (ages 18-34). Currently, over 40% of the population falls within this age segment and this is expected to stay relatively consistent through 2023. There is also some evidence of an aging trend in the population (see Figure 2). This is similar to nationwide trends that point to a growth pattern in the 55+ age group as a result of increased life expectancies and the baby boomer population entering that age group.

As Figure 2 demonstrates, in 2000, the 55+ population comprised 16% of the population and it is projected to make up almost 25% of the population by 2023. Essentially by 2023, one out of four residents will be over the age of 55.

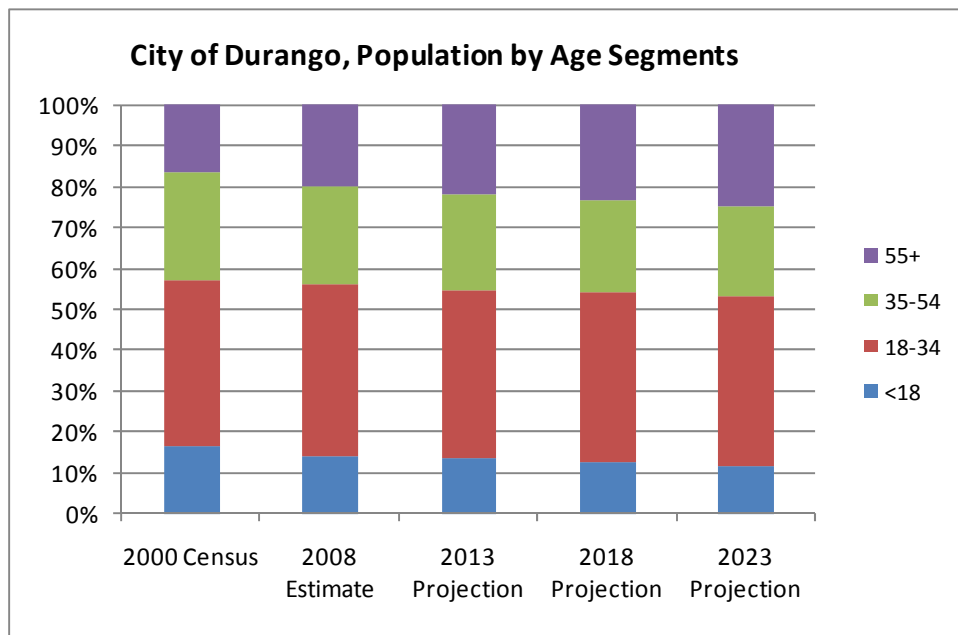


Figure 2 - Population by Major Age Segment

This population composition will require the City to provide a wide variety of recreational, health and wellness, adventure sports, educational and entertainment options focused on family activities, youth, and active adult programming. These could include programs that will place a heavy emphasis on community - wide special events, performing arts, therapeutic recreation programs, life skill programs, family activities such as biking, walking, and swimming, and general entertainment and leisure activities, among others.

Gender

The gender distribution for the City of Durango is slightly skewed towards the male population, which accounts for approximately 51% of the population in 2000 (Figure 3). This distribution is projected to remain constant throughout the next five, ten, and fifteen year study periods.

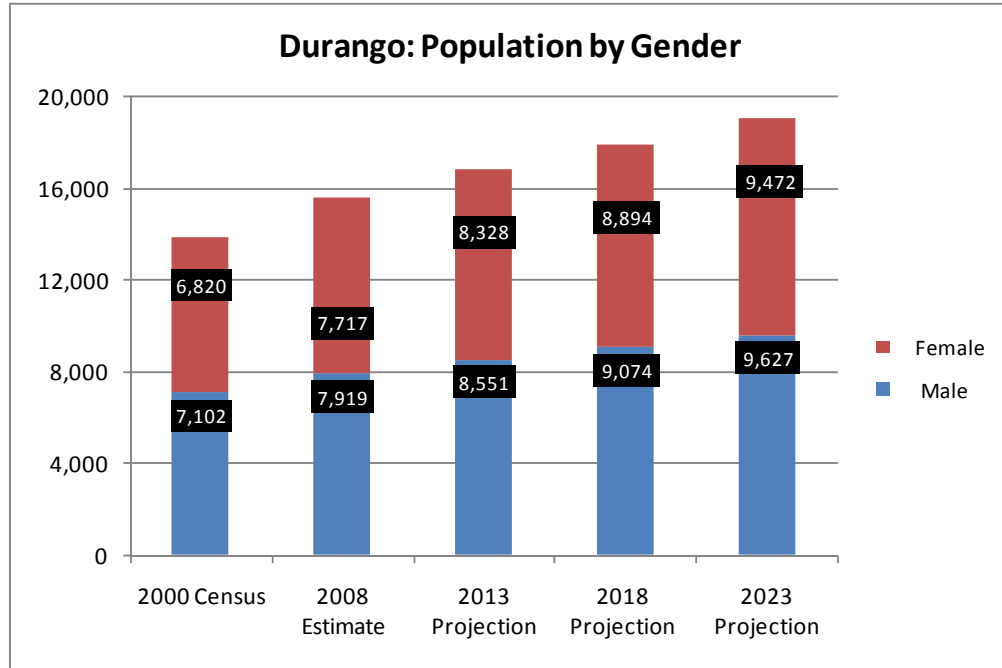


Figure 3 – City of Durango Population by Gender

National recreational trends indicate that Americans participate in a sport or recreational activity of some kind at a relatively high rate (65%). Female participation rates, however, are slightly lower than their male counterparts – 61% of women participate at least once per year in a sport or recreational activity compared to a 69% participation rate of men. According to recreational trends research performed in the industry over the past twenty years, the top ten recreational activities for women are currently:

- | | |
|--------------------|-----------------|
| Walking | Basketball |
| Aerobics | Lifting weights |
| General exercising | Golf |
| Biking | Swimming |
| Jogging | Tennis |

The top ten recreational activities for men are:

- | | |
|------------|-----------------|
| Golf | Jogging |
| Basketball | Biking |
| Walking | Lifting weights |

Football

Fishing

Hiking

Hunting

While men and women share a desire for six of the top ten recreational activities listed above, men claim to participate in their favorite activities more often than women in any ninety-day span. With more women not only comprising a larger portion of the general populace during the mature stages of the lifecycle, but also participating in recreational activities further into adulthood, a relatively new market has appeared over the last two decades.

This mature female demographic is opting for fewer team oriented activities which dominate the female youth recreational environment, instead shifting more towards a diverse selection of individual participant activities, as evident in the top ten recreational activities mentioned above.

Race and Ethnicity

The City of Durango is primarily homogeneous with a small minority of American Indian and people listing themselves as Some Other Race (not including Black Only, Pacific Islander or

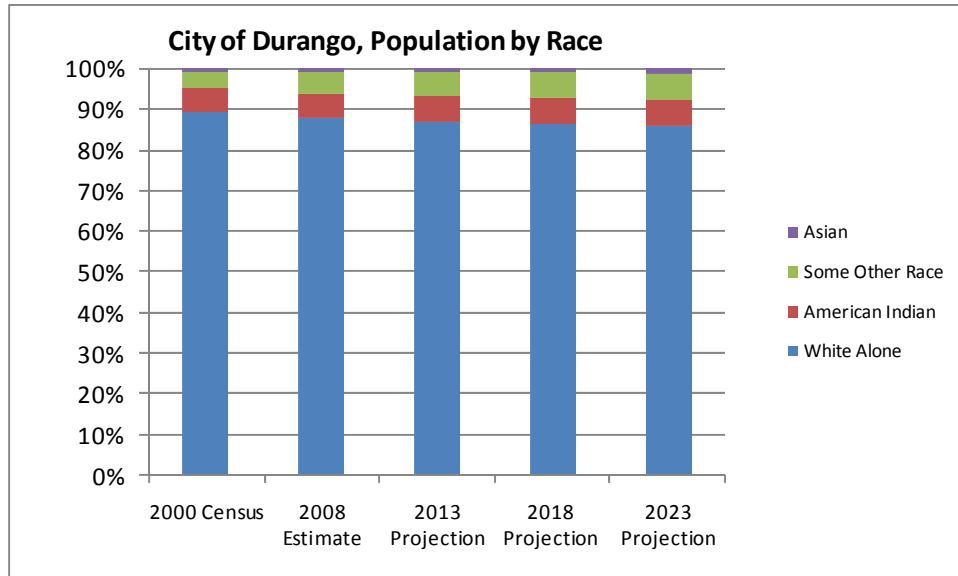


Figure 4 - Population by Race/Ethnicity

Asian). In 2000, over eighty-five percent (86.8%) of the service area was classified as white only, accounting for approximately 12,090 total persons. The next largest single race was American Indian (5.51%; 767 persons), as shown in Figure 4.

Projecting ahead, the City is expected to see some increase in diversity. The White alone population is projected to decrease to 82% by 2023 while the Some Other Race population will increase to 6.5% overtaking the American Indian population which is projected to be 6.1% by 2023.

Persons of any race in combination and classified as being of Hispanic or Latino origin accounted for about 10.3% of the population in 2000 and they are projected to increase to 16.1% by 2023.

National Participation Trends by Race/Ethnicity

The white population as a whole participates in a wide range of activities, including both team and individual sports of a land and water based variety; however, the white populace has an affinity for outdoor non-traditional sports, many of which are offered in great variety in Durango.

Ethnic minority groups in the United States are strongly regionalized and urbanized, with the exception of Native Americans, and these trends are projected to continue. Different ethnic groups have different needs when it comes to recreational activities. Ethnic minority groups, along with Generations X and Y, are coming in ever greater contact with white middle-class baby-boomers with different recreational habits and preferences. This can be a sensitive subject since many baby-boomers are the last demographic group to have graduated high school in segregated environments, and the generational gap magnifies numerous ideals and values differences which many baby-boomers are accustomed to. This trend is projected to increase as more baby-boomers begin to retire, and both the minority and youth populations continue to increase.

Hispanic and Latino Americans have strong cultural and community traditions with an emphasis placed on the extended family, many times gathering in large recreational groups where multiple activities geared towards all age segments of the group may participate. Large group pavilions with picnicking amenities and multi-purpose fields are integral in the communal pastime shared by many Hispanics.

The Asian population is a very different yet distinct ethnic group compared with the three main groups in the U.S. – white, black, and Hispanic. The Asian population has some similarities to the Hispanic population, but many seem to shy away from traditional team sports, and outdoor and water based activities.

Utilizing the Ethnicity Study performed by American Sports Data, Inc., a national leader in sports and fitness trends, participation rates among recreational and sporting activities were analyzed and applied to each race/ethnic group.

A participation index was also reviewed. An index is a gauge of likelihood that a specific ethnic group will participate in an activity as compared to the U.S. population as a whole. An index of 100 signifies that participation is on par with the general population; an index less than 100 means that the segment is less likely to participate while more than 100 signifies the group is more likely than the general public to participate.

The most popular activities for those classified as white alone in terms of total participation percentage, the percentage by which you can multiply the entire population by to arrive at activity participation of at least once in the past twelve months, are:

- Recreational Swimming – 38.9% participation rate (38.9% of the population has participated at least once in the last year);
- Recreational Walking – 37.0% participation rate;
- Recreational Bicycling – 20.6% participation rate;
- Bowling – 20.4% participation rate;

- Treadmill Exercise – 19.1% participation rate;

High participation percentages in freshwater fishing (17.3% participation rate), hiking (17.2% participation rate), and tent camping (17.2% participation rate) demonstrate the high value that the white population places on outdoor activities. Sailing (Index of 124), kayaking (Index of 121), and golf (Index of 120) are three activities that the white population is more likely to participate in than the general public.

The top five recreational activities for the Asian populace in regards to participation percentages are:

- Recreational Walking – 33.3% participation rate;
- Recreational Swimming – 31.9% participation rate;
- Running/Jogging – 21.6% participation rate;
- Bowling – 20.5% participation rate;
- Treadmill Exercise – 20.3% participation rate;

The Asian populace participates in multiple recreational activities at greater rate than the general population with lacrosse being the activity boasting the greatest index of 615. Squash (Index Of 414), mountain/rock climbing (Index of 262), yoga/tai chi (Index 229), martial arts (227), artificial wall climbing (224), badminton (222), and rowing machine exercise (206) each represent an activity that Asian's are more than twice as likely to participate in than the general public.

The five most popular and most participated in activities for those of Hispanic descent are:

- Recreational Swimming – 33.2% participation rate;
- Recreational Walking – 31.2% participation rate;
- Recreational Bicycling – 19.7% participation rate;
- Bowling – 18.5% participation rate;
- Running/Jogging – 18.0% participation rate;

In terms of participation index, the Hispanic populace is more than twice as likely as the general population to participate in boxing (Index of 264), very likely to participate in soccer (Index of 177), and more likely to participate in paintball (Index of 155) than any other ethnic group. For comparison reasons, although Hispanics are nearly twice as likely to participate in soccer as any other race, only 9.0% of the Hispanic population participated in the sport at least once in the last year.

Households and Income

Currently, there are an estimated 6,298 households in the City of Durango with an average household size of 2.26 persons.

The City's median household income is currently at \$48,529 and is projected to increase significantly to \$79,808 by 2023 (see Figure 5). This represents more than a 100% increase from the 2000 median income (\$34,916). The median household income represents the earnings of all persons age 16 years or older living together in a housing unit. The per capita income, too, is expected to increase significantly from \$19,353 in 2000 to \$44,001 in 2023.

Additionally, as the Comparative Income Characteristics in Figure 6 demonstrate, the City of Durango is comparable to national averages and is marginally lower than the income figures for the State of Colorado.

Durango's median household income (\$48,529) is similar to the national average (\$48,451) while Colorado's median household income is \$54,262.

These marginally below average income characteristics combined with the tough current economic conditions put greater emphasis on the City to provide affordable and quality recreational offerings that cater to the diverse age groups and varying segments in the community.

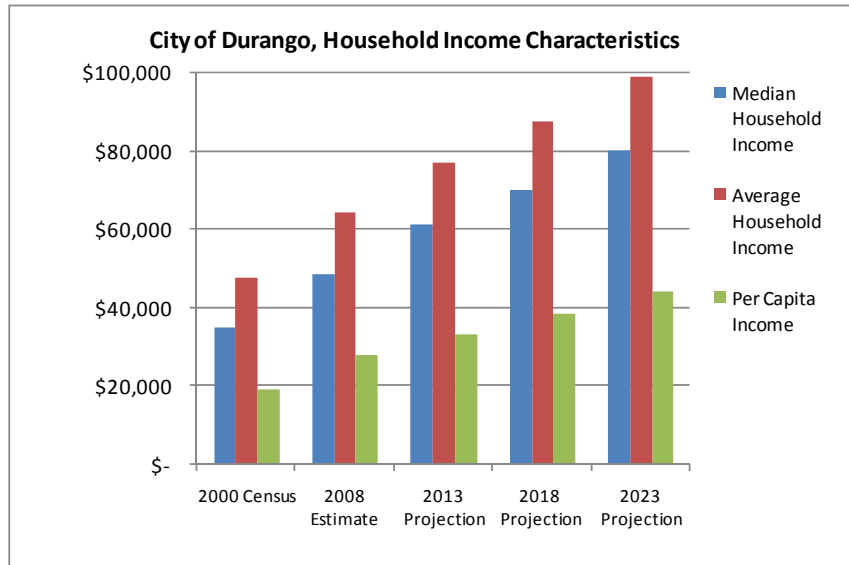


Figure 5 – City of Durango Service Area Income Characteristics

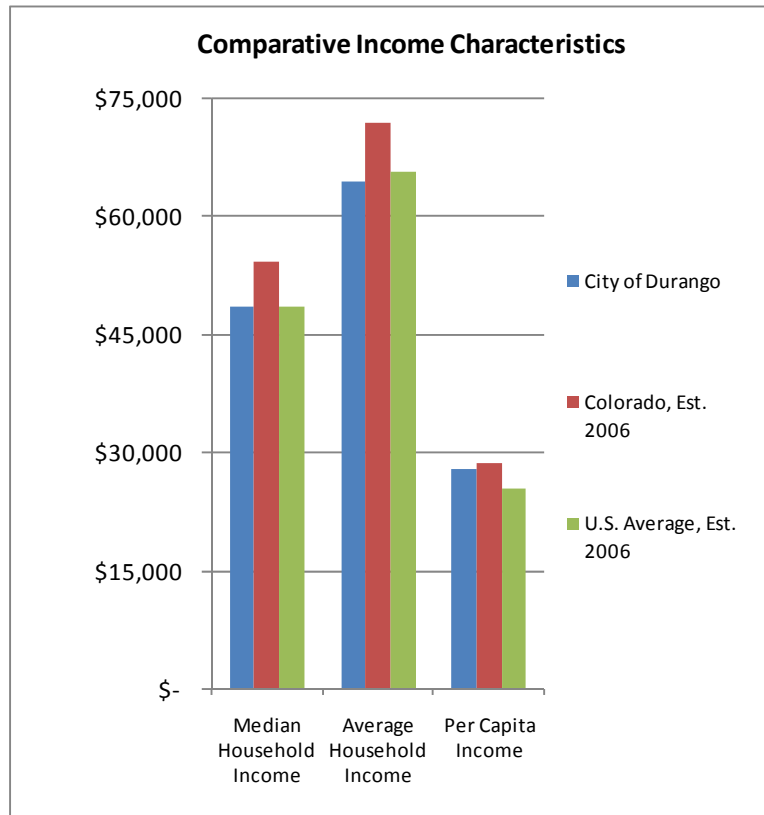


Figure 6 – City of Durango Comparative Income Characteristics

Section 2 – National and Colorado Participation

The data for this analysis is obtained from the American Sports Data (ASD) 2007 – 2008 SUPERSTUDY®. The SUPERSTUDY® is an annual syndicated tracking study which presents a comprehensive overview of sports participation in the United States based on responses obtained from over 15,000 statistically -valid surveys nationwide. The study identifies and analyzes general patterns, trends, and relationships within a full range of 103 sports and activities. Participation trends for some key sports and recreation activities popular in the Denver MSA and the State of Colorado are presented. The index of participation indicates the popularity of that activity in comparison to a national index of 100.

The following tables demonstrate the notable participation trends for a variety of recreation activity areas within the State of Colorado and the Denver Metropolitan Statistical Area (MSA). While these trends may not be identical to the Durango area, it would be safe to assume that the general popularity of most of these activities would be reflected.

Figure 7 demonstrates the participation trends by Fitness Activities. As can be seen, a large percentage of participants within the Colorado area fall within the Denver MSA. Fitness bicycling, pilates training and stationary cycling are among the most popular fitness activities, which is unsurprising considering Colorado’s reputation as being among the fittest states in the country.

Fitness Activities	Total U.S. (000)	Colorado (000)	Denver MSA (000)	CO Participants / 100 people	Denver MSA Participants / 100 people	CO Index	Denver MSA Index
Fitness Bicycling	10601	323	232	7.6	8.1	192	205
Pilates Training	10232	265	230	6.2	8.1	163	211
Stationary Cycling (NET)	29859	596	464	14	16.2	126	146

Figure 7 – Fitness Activities Participation Trends

Figure 8 shows the trends for Team Sports and all but baseball have high participation rates in the State and the MSA. Baseball participation rates seem to be very high within the state but are below average within the Denver MSA. Given the year - round programming ability of the sport, indoor soccer seems to be a popular sport within the region. However, from a participation index standpoint, volleyball ranks among the highest. It is also interesting to note that though softball as a whole ranks very high, the participation rate is primarily driven by regular softball and not fastpitch. In fact, fastpitch softball has among the lowest participation rates of any sport in the region (Colorado Index – 24; Denver MSA Index – 14).

Team Sports	Total U.S. (000)	Colorado (000)	Denver MSA (000)	CO Participants / 100 people	Denver MSA Participants / 100 people	CO Index	Denver MSA Index
Volleyball (NET)	19793	597	506	14.1	17.7	190	239
Softball (NET)	15224	456	344	10.7	12	189	253
Baseball	9162	263	64	6.2	2.2	181	65
Football	18211	479	88	11.3	3.1	166	132
Lacrosse	1590	37	37	0.9	1.3	147	219
Soccer (Indoor)	4819	99	81	2.3	2.8	130	158

Figure 8 - Participation Trends Team Sports

Figure 9 shows the participation trends for racquet / personal contact sports and skating sports. Tennis and skateboarding both seem to be popular participation activities in the region. However club / team wrestling seems to be preferred less in the Denver MSA as compared to the Colorado region.

	Total U.S. (000)	Colorado (000)	Denver MSA (000)	CO Participants / 100 people	Denver MSA Participants / 100 people	CO Index	Denver MSA Index
Racquet / Personal Contact Sports							
Wrestling (Club / Team)	2362	123	13	2.9	0.4	327	51
Tennis	18201	371	290	8.7	10.1	128	149
Skating Sports							
Skateboarding	11470	244	131	5.7	4.6	134	107

Figure 9 - Participation Trends Racquet / Personal Contact Sports and Skating Sports

Trends for Other Recreational Activities as well as Outdoor Activities are shown in Figure 10. It comes as no surprise that a variety of hiking, biking and camping activities figure high on the list of activities in this region. The culture of fitness coupled with adventure, topographic diversity and a love for the outdoors are prime reasons for the high participation indices for these activities.

Mountain biking and rafting in particular have significantly higher participation rates, though, in terms of participants / 100 people, recreational bicycling, hiking and camping are more pervasive with over 25% of the total population partaking in those activities.

	Total U.S. (000)	Colorado (000)	Denver MSA (000)	CO Participants / 100 people	Denver MSA Participants / 100 people	CO Index	Denver MSA Index
Other Recreational Activities / Outdoors							
Bicycling (BMX)	2554	87	52	2	1.8	215	190
Bicycling (Recreational)	48979	1044	664	24.6	23.2	134	127
Mountain Biking	5760	404	275	9.5	9.6	441	448
Mountain / Rock Climbing	2225	65	50	1.5	1.8	185	211
Hiking (NET)	38596	1096	752	25.8	26.3	179	182
Camping (Recreational Vehicle)	18430	508	340	11.9	11.9	174	172
Camping (NET)	48412	1128	721	26.5	25.2	147	139
Rafting	4781	200	111	4.7	3.9	264	218
Fishing	5819	147	84	3.5	2.9	160	136

Figure 10 - Participation Trends Other Recreational Activities and Outdoors

It goes without saying that the state perceived as the ‘Snow Capital’ of the country would boast high participation rates for Snow Sports. The participation trends for snow sports shown in **Figure 11** bear ample testimony to that fact. Downhill or Cross Country Skiing, Snowboarding, and Snowshoeing have a high participation index. Even Scuba Diving (a water sport) is extremely popular.

	Total U.S. (000)	Colorado (000)	Denver MSA (000)	CO Participants / 100 people	Denver MSA Participants / 100 people	CO Index	Denver MSA Index
Snow Sports							
Skiing (Downhill)	10822	768	625	18.1	21.8	447	540
Skiing (Cross-Country)	2305	104	57	2.5	2	285	230
Snowboarding	7076	449	262	10.6	9.2	400	347
Snowshoeing	2683	158	131	3.7	4.6	370	457
Scuba Diving	2763	84	59	2	2.1	191	200

Figure 11 - Participation Trends Snow Sports

Other notable mentions particularly for the Denver MSA include Elliptical Motion Trainer and Upright Bike (Spinning) that have indices of 193 and 155 respectively. Overall, the Colorado region and the Denver MSA have a resident base that has an affinity for sports and recreation - be it fitness activities, team or snow sports or outdoor recreation activities. These naturally translate into high participation trends across the region and it is important to ensure adequate programming opportunities to meet the need of this growing participant base.

2.4 Conclusion

The City of Durango's population is generally active in a variety of outdoor recreational activities including bicycling, hiking, camping, rafting/kayaking and fishing. Participation in organized adult and youth team sports has remained strong over the past 10 years, with hockey and lacrosse being emerging sports. Individual activities including swimming, skiing and fitness programs have a high participation rate in the City of Durango.

Based upon the Demographics and Trends Analysis, there is every indication that the active lifestyle commonly found in Durango will continue in the foreseeable future.