



Cost of Living Study

Northwest Colorado
Council of Governments

Outline

- Study Purpose
- Study Area
- Major Project Phases
- Household Profiles
- Standard of Living Discussion
- Cost of Living Analyses

Study Purpose

- The goal of this project was to conduct **accurate, fair, and defensible** cost of living analyses for each of the 23 communities included in the study.
- A cost of living index is the percent change in expenditures needed to maintain a particular standard of living.
- The communities included:

Study Communities

NWCCOG participating communities

1. Aspen
 2. Avon
 3. Basalt
 4. Breckenridge
 5. Carbondale
 6. Dillon
 7. Eagle
 8. Fraser
 9. Frisco
 10. Glenwood Springs
 11. Granby
 12. Grand Lake
 13. Gypsum
 14. Hot Sulphur Springs
 15. Kremmling
 16. Minturn
 17. Silverthorne
 18. Steamboat Springs
 19. Vail
 20. Walden
 21. Winter Park
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Comparison Communities

22. Denver
23. Grand Junction

Study Area



Major Project Phases

1. Define reference households
2. Get pattern of expenditures for each reference household from the BLS's Consumer Expenditure Survey
3. Identify items to represent purchases in each spending category ("market basket")
4. Gather prices for each of the identified items in each community
5. Compare prices in each community to a baseline community (Denver)

Reference Households

- **Profile 1:** 1 person, \$20K income, renter
- **Profile 2:** 2 person, \$45K income, condo owners
- **Profile 3:** 4 person, \$72K income, single-family homeowner

Profile 1 Standard of Living

■ Spending Pattern

Food	13%
Alcohol	3%
Housing	33%
Clothing	4%
Transportation	16%
Healthcare	2%
Entertainment	5%
Personal care	1%
Tobacco	1%
Income tax	3%
Other	19%

■ Total Annual Expenditures: \$24,692 (Annual debt of \$4,692)

■ Housing Specs:

- Rent an apartment with:
- 1 bedroom;
- 1 bathroom;
- A square footage range of approximately 500 to 1000.

Profile 2 Standard of Living

■ Spending Pattern

Food	12%
Alcohol	1%
Housing	33%
Clothing	3%
Transportation	17%
Healthcare	9%
Entertainment	5%
Personal care	1%
Tobacco	1%
Income tax	2%
Other	15%

■ Total Annual

Expenditures: \$41,327

(Annual savings of \$3,673)

■ Housing Specs:

- Own a condo with:
- 2 bedrooms;
- 1-2 bathrooms;
- A square footage range of approximately 900 to 1500.

Profile 3 Standard of Living

■ Spending Pattern

Food	14%
Alcohol	1%
Housing	32%
Clothing	4%
Transportation	19%
Healthcare	5%
Entertainment	5%
Personal care	1%
Tobacco	1%
Income tax	3%
Other	16%

■ Total Annual

Expenditures: \$64,429

(Annual savings of \$7,571)

■ Housing Specs:

- Own a single-family home with:
- 3 bedrooms;
- 1.75-2.5 bathrooms;
- A square footage range of approximately 1500 to 3000.

Designing the Market Basket

- Key characteristics:
 - Apples to Apples – Goods / Services the same in each community
 - Accurately represent items purchased by reference households
 - Accurately represent spending patterns within communities
 - Prices dependent on market factors
 - Based on major categories of spending detailed in the Community Expenditure Survey (CES)

The Market Basket

Expenditure Category	Market Basket Items
Food at Home	
Cereal	White bread, Spaghetti
Meat	Ground beef, fryer chicken
Dairy	Milk
Fruits and Vegetables	Potatoes, Bananas, Canned Green Beans, Canned Peaches
Other	Coffee, Soupe, Frozen Waffles
Food Away From Home	Lunch: Cheeseburger Meal
	Dinner: Pepperoni Pizz
	Dinner: Spaghetti Meal
	Dinner: NY Strip Steak Meal
Alcoholic Beverages	Beer
Apparel and Services	
Men	Men's Dress Shirt, Men's T-shirts
Women	Women's Pantyhose, Women's T-shirt
Footwear	Men's Cross Trainer Shoes
Entertainment	
Fees	Movie (first run, full length)
Equipment	DVD Player
Pets	Pet food
Other	Batteries (AA)

The Market Basket (Continued...)

Expenditure Category	Market Basket Items
Housing	
Shelter	
Mortgage Interest	Mortgage Payment
Property Taxes	Property Taxes
Maintenance, Repairs, Insurance	Homeowners' insurance, home maintenance and repairs
Utilities	
Natural Gas	Natural Gas
Electricity	Electric
Telephone Service	Telephone
Water	Water and Sewer
Household Operations	Daycare Services
Household Supplies	Laundry Soap
Household Furniture	Mattress
Transportation	
Vehicle	Car Payment / Auto Financing
Gas	Gas: 85 unleaded
Vehicle Finance Charges	Interest rate - Full purchase price
Maintenance and Repairs	Oil Change, Front-end alignment
Vehicle Insurance	Insurance Premiums
Healthcare	
	Health insurance premium
Personal Care	
	Women's/Men's Haircut, Tampons, Shaving Cream, Toothpaste
Tobacco	
	Cigarettes

Data Collection Methods

Expenditure Category	Data Collection Methods
Food at Home	
Cereal	On-Site
Meat	On-Site
Dairy	On-Site
Fruits and Vegetables	On-Site
Other	On-Site
Food Away From Home	On-Site
	On-Site
	On-Site
	On-Site
Alcoholic Beverages	On-Site
Apparel and Services	
Men	On-Site
Women	On-Site
Footwear	On-Site
Entertainment	
Fees	Telephone
Equipment	On-Site
Pets	On-Site
Other	On-Site

Data Collection Methods (con't)

Expenditure Category	Data Collection Methods
Housing	
Shelter	
Mortgage Interest	Secondary Data Analyses
Property Taxes	Online Resources
Maintenance, Repairs, Insurance	Database (Census & OES)
Utilities	
Natural Gas	PUC database
Electricity	PUC database
Telephone Service	PUC database
Water	Telephone survey
Household Operations	Database (by county)
Household Supplies	On-Site
Household Furniture	On-Site
Transportation	
Vehicle	Vehicle Payment / Telephone
Gas	Telephone
Vehicle Finance Charges	Telephone
Maintenance and Repairs	Telephone
Vehicle Insurance	Telephone
Healthcare	Database
Personal Care	Telephone / On-Site
Tobacco	On-Site

Data Collection Logistics

- For in-person items:
 - Business sample selection
 - Programming handhelds
 - Train data collectors
 - Route mapping & other logistics

- For phone call items:
 - Business sample selection
 - Template for data entry
 - Train data collectors

- For “mini-project” items:
 - Varies

Data Collection

Market Basket Item	N (Observations Collected)
Potatoes	68
Bananas	56
Canned Green Beans	67
Canned Peaches	62
Ground Beef	49
Chicken, Whole Fryer	46
Milk	68
White Bread	66
Spaghetti	69
Coffee	68
Soup	70
Frozen Waffles	69

Other Housing Pricing Details

- Apartments
 - Rental Prices obtained via secondary data resources
 - Apartment management companies contacted in areas with little secondary data information
 - Used the median apartment rent in each town
- Condos & Houses
 - Condo & home prices obtained from recent sales data gathered from individual counties for towns in Grand, Summit, Pitkin Counties & Steamboat Springs
 - Online resources for recent sales data used for towns in Eagle County & Walden, Carbondale, Glenwood Springs, Grand Junction, Denver
 - Used the median sales price in each town

Data Analyses

- Data preparation
 - Normalize prices for quantity/sizing
 - Identify & evaluate outliers
 - Add appropriate sales tax
 - Calculate the average price for each item in each town
 - Identify towns with missing items & fill-in item price from nearest town where item was priced

Data Analyses

- Cost of Living Calculation
 - For each item & each town, calculate ratio of the price of item in that town to the price of item in baseline town (Denver)
 - Multiply ratio by CES spending for item to get town's yearly spending on category represented by that item
 - Add yearly spending for all items to get total spending in each town
 - Divide town's total spending by Denver's total spending to get index

Cost of Living Findings

Cost of Living: Household Profile 1

City	Index	Total	Rank
Denver	100	\$24,692	~
Grand Junction	96.3	\$23,789	~
Aspen	137.1	\$33,858	1
Avon	116.3	\$28,720	11
Basalt	126.0	\$31,109	2
Breckenridge	121.1	\$29,907	5
Carbondale	118.4	\$29,240	7
Dillon	116.7	\$28,811	10
Eagle	118.3	\$29,207	8
Fraser	110.1	\$27,193	15
Frisco	118.1	\$29,164	9
Glenwood Springs	109.2	\$26,971	16
Granby	103.3	\$25,501	19
Grand Lake	111.9	\$27,635	14
Gypsum	106.2	\$26,220	18
Hot Sulphur Springs	107.2	\$26,471	17
Kremmling	103.1	\$25,462	20
Minturn	123.0	\$30,361	4
Silverthorne	120.0	\$29,626	6
Steamboat Springs	116.3	\$28,707	12
Vail	125.4	\$30,957	3
Walden	101.9	\$25,162	21
Winter Park	112.2	\$27,707	13

1 person
\$20K income
renter

Cost of Living Findings

Cost of Living: Household Profile 2

City	Index	Total	Rank
Denver	100	\$41,327	~
Grand Junction	97.7	\$40,362	~
Aspen	219.5	\$90,731	1
Avon	119.3	\$49,283	11
Basalt	136.4	\$56,365	3
Breckenridge	137.5	\$56,843	2
Carbondale	125.2	\$51,727	8
Dillon	110.5	\$45,671	18
Eagle	113.7	\$47,003	14
Fraser	107.7	\$44,496	20
Frisco	126.5	\$52,258	6
Glenwood Springs	111.1	\$45,926	16
Granby	112.3	\$46,411	15
Grand Lake	120.8	\$49,934	10
Gypsum	114.1	\$47,151	13
Hot Sulphur Springs	110.8	\$45,809	17
Kremmling	110.2	\$45,560	19
Minturn	125.2	\$51,738	7
Silverthorne	118.7	\$49,057	12
Steamboat Springs	121.0	\$49,993	9
Vail	128.0	\$52,904	4
Walden	102.9	\$42,536	21
Winter Park	127.3	\$52,588	5

2-person
\$45K income
condo-owner

Cost of Living Findings

Cost of Living: Household Profile 3

City	Index	Total	Rank
Denver	100	\$64,429	~
Grand Junction	103.6	\$66,736	~
Aspen	393.3	\$253,378	1
Avon	145.2	\$93,549	6
Basalt	166.4	\$107,182	3
Breckenridge	141.3	\$91,043	7
Carbondale	134.2	\$86,471	11
Dillon	132.3	\$85,239	12
Eagle	134.5	\$86,688	10
Fraser	130.6	\$84,169	14
Frisco	152.7	\$98,364	4
Glenwood Springs	122.1	\$78,667	16
Granby	109.9	\$70,804	20
Grand Lake	129.6	\$83,504	15
Gypsum	121.6	\$78,356	17
Hot Sulphur Springs	114.4	\$73,693	18
Kremmling	112.9	\$72,765	19
Minturn	135.6	\$87,374	9
Silverthorne	140.0	\$90,221	8
Steamboat Springs	145.9	\$94,026	5
Vail	188.5	\$121,434	2
Walden	107.8	\$69,445	21
Winter Park	131.3	\$84,625	13

4-person
\$72K income
home-owner