

THE UNIVERSITY OF KANSAS
Institute for Public Policy and Business Research
ECONOMIC ANALYSIS REPORT

Performance of the Economy
Lawrence / Douglas County, Kansas
1999

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- Kansas Department of Revenue
- Lawrence Convention and Visitors Bureau
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- Lawrence Building Inspection Department
- Douglas County Public Works, Zoning Division
- Lawrence Board of Realtors
- Western Resources (Kansas Power and Light)
- American Chamber of Commerce Researchers Association (ACCRA)
- U.S. Bureau of Economic Analysis
- U.S. Bureau of the Census
- Cities of Baldwin, Eudora, and Lecompton
- City of Lawrence Planning Department

ABOUT THE REPORTS

The individual report sections follow the same sequence as the annual and quarterly data tables at the rear of the report. Although the annual tables show a basic graph of the movement of year-end figures, these highlighted sections contain additional data that the tables do not include, yielding a different or more detailed perspective on the specific category. As in the previous report, this year's report also includes comparisons between 1999 data and averages for the past three years, 1996-1998, referred to as the three-year average.

All of the data are subject to revision and may not match the numbers in previous reports. For example, historic data on prices for AACRA-defined homes were reviewed this year; employment information for the past three years was updated once again, as the new data became available from the Kansas Department of Human Resources. Also, a large portion of the Lawrence Job Service Center data were removed because the shift toward posting the number of job openings and placements on the Internet made it very difficult to track them accurately. A separate section was added for the average wage per job.

ABOUT THE ECONOMY

State sales tax revenue information is available only for the first eight months of 1999, but the available data show an increase over a comparable period of 1998. Local sales tax revenue collections increased in both Lawrence and Douglas County but at a rate lower than in the previous year.

The population of Douglas County is growing at a considerably higher annual rate than both state and national averages. The unemployment rate is at an all-time low. This year the employment growth rate was considerably lower than a year ago. However, while employment is growing at a higher annual rate than in the state of Kansas, the average wage per job is lower and is growing at a lower rate than both the state and national averages.

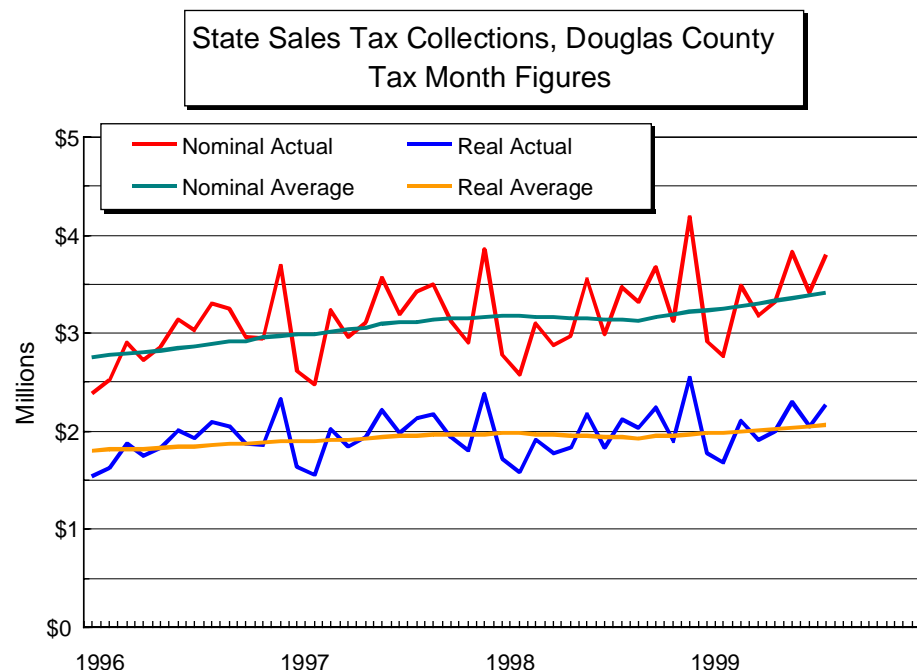
In local financial institutions, annual average loans and deposits have increased over last year's numbers, but the rate of increase is lower than in previous years. As interest rates have increased, the number of single-family homes sold in Lawrence has decreased compared to both last year and the three-year average, 1996-1998. Construction activity is slowing compared to previous years.

Overall, economic growth in the Lawrence / Douglas County area in 1999 was positive but slower than in 1998.

STATE SALES TAX REVENUE

Due to implementation of the new sales tax processing system by the Kansas Department of Revenue in October, 1999 the data on the state sales tax revenue collections are now available only from January through August, 1999. In the first eight months of 1999, \$26.7 million were collected in state sales tax revenues, which is an increase of 9.9 percent compared to state sales tax revenues collected in the first eight months of 1998.

The graph shows monthly state sales tax collections from January, 1996 to August, 1999. Monthly sales tax revenue collections in Douglas County were adjusted for inflation using the U.S. Consumer Price Index. Both nominal and real numbers show similar annual patterns. Twelve-month rolling averages were added to take out the seasonal effects. After these

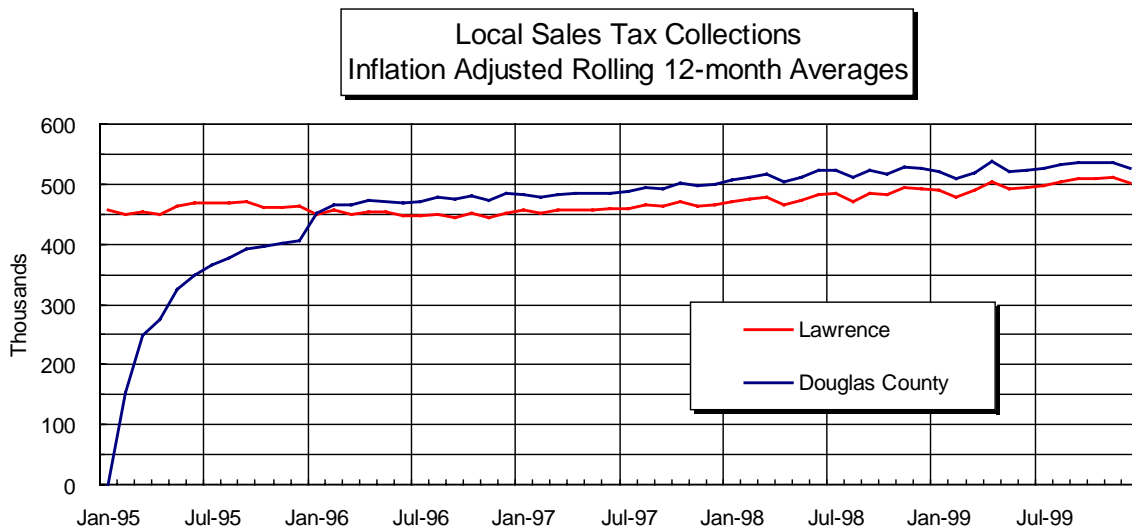


adjustments the graph shows that both real and nominal revenue collection averages increased at almost the same rate between 1996 and 1998. Beginning in the second half of 1998 the graph shows an increase in both real and nominal revenue collections, but the real average was increasing at a lower rate than the nominal average.

Real adjusted state sales tax revenue collections in the first eight months of 1999 increased by 6.9 percent over the first eight months of 1998 and by 11.3 percent compared to the first eight month of 1996.

LOCAL SALES TAX REVENUE

In the fourth quarter of 1999 in Douglas County \$2.468 million were collected in local sales tax revenues, which is 15.5 percent less than in the third quarter of 1999 and 5.4 percent less than in the fourth quarter of 1998. This apparent sudden drop in the amount of the local sales tax revenue collections was due in part to an implementation of the new sales tax processing system by the Kansas Department of Revenue in October of 1999. During this change in processing systems revenues collected in the first ten days of October were allocated to September of 1999. This resulted in an exceptionally high amount of sales tax revenues reported in the third quarter of 1999 (\$2.9 million, the highest quarterly result since 1995, when the county sales tax was implemented). However, annual sales tax revenue collections were not affected by the changes in the processing system, and were reported close to \$10.7 million in 1999, which is 3.4 percent higher than in 1998 and 20.2 percent higher than in 1996. This is a moderate annual increase compared with the 8.2 percent increase between 1997 and 1998.



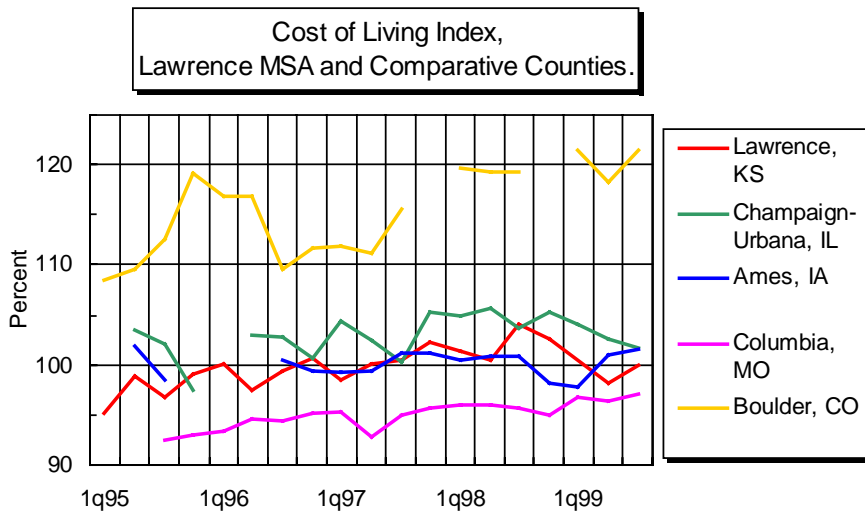
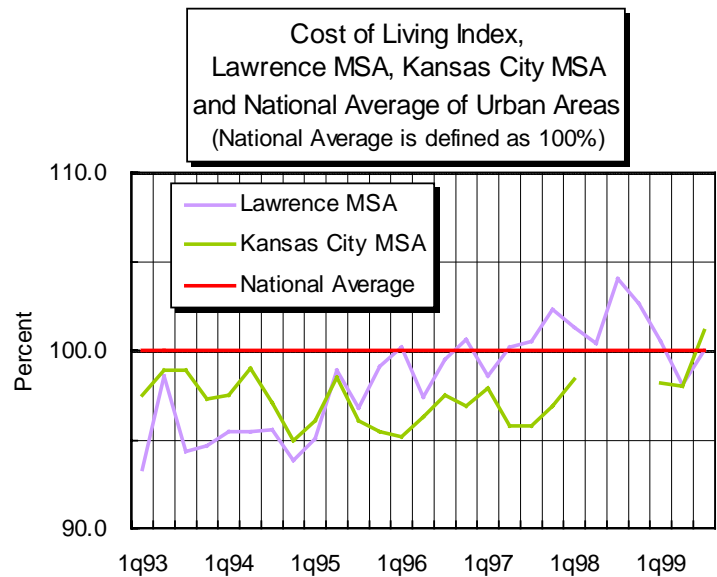
In Lawrence \$2.471 million were collected in local sales revenues in the fourth quarter of 1999, which is 2.8 percent lower than in the fourth quarter of 1998. Annual sales tax revenues in Lawrence amounted to slightly over \$10 million in 1999, which represents a 4.1 percent annual increase in revenues compared to a 7.1 percent annual increase in 1998.

To account for inflation, local sales tax collections were adjusted using the U.S. Consumer Price Index. To take out the effect of seasonal deviations, a 12-month rolling average of local sales tax

revenue collections for Lawrence and Douglas County was used. As the result of these adjustments, real adjusted revenue collections for 1999 increased by 0.3 percent in Douglas County and 2.1 percent in Lawrence, compared to the increases of 5.5 percent and 4.9 percent for the city and county, respectively, in 1998.

ACCRA COST OF LIVING INDEX

The American Chamber of Commerce Research Association (ACCRA) National Average of Urban Areas survey done on a quarterly basis calculates the Cost of Living Index. The Cost of Living Index represents a price level for goods and services in the Lawrence MSA. The average for all participating metropolitan and non-metropolitan places is counted as 100. Each participant's index is calculated as a percentage of the total average. The index data from different quarters should not be compared because the number and mix of survey participants changes quarterly. The following graphs illustrate the correlation between the Cost of Living index (COLI) in Lawrence MSA, Kansas City MSA, the national average and four comparative counties - homes to one or more universities. These comparative counties are Champaign-Urbana, IL (University of Illinois), Ames, IA (Iowa State University), Columbia, MO (University of Missouri), and Boulder, CO (University of Colorado).



In the third quarter of 1999 the index in Lawrence was 100 percent, the same as the national average. At the same time the housing component, which is a major part of this index, was 5.7 percent higher than the national average.

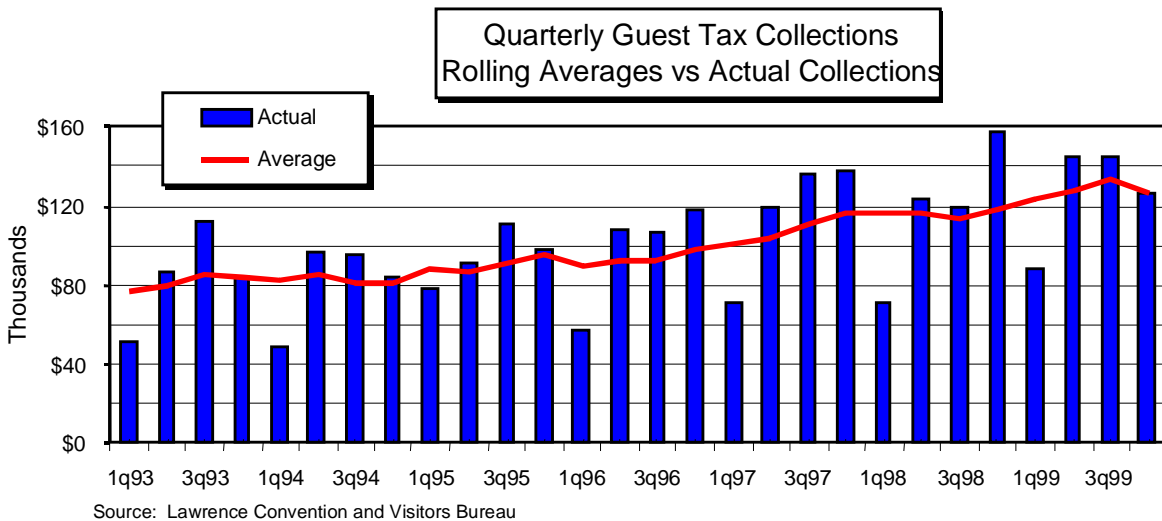
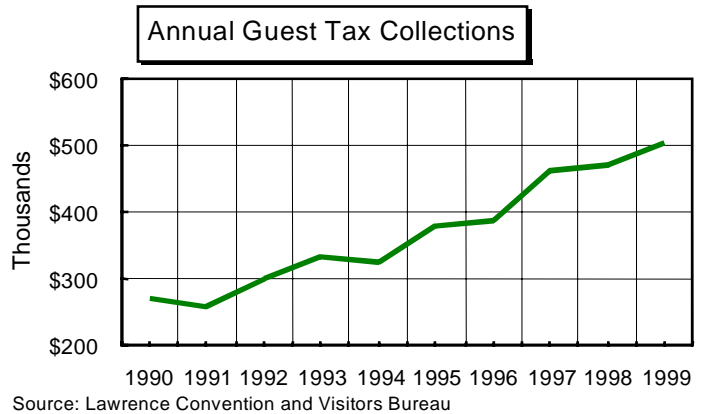
Among the comparative counties Lawrence is the closest to the national average level in the past five years.

The lowest COLI among the comparative counties in the third quarter of 1999 was 97.1 in Columbia, MO, and the highest COLI was 121.4 in Boulder, CO. Breaks in both graphs account for the periods when there was no local data available.

TOURISM AND CONVENTIONS

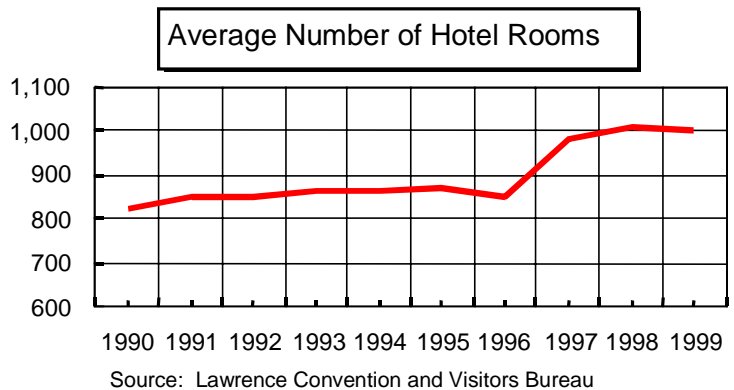
In 1999 \$504,983 were collected in guest tax revenues, 7.2 percent more than the \$471,136 collected in 1998. In the past ten years the guest tax revenues have steadily increased. The total increase since 1990 was 87.4 percent, or an average of 8.7 percent a year.

Quarterly changes in guest tax collections are shown on the graph below. Guest tax revenues are highly seasonal; every year guest tax revenues decrease sharply in the first quarter then rebound and increase rapidly through the second and third quarters. Collections are affected by the timing of payment made to the state and by how soon they are processed. To show the general trend in guest tax revenue collections the twelve-month rolling quarterly average was added to the graph.



The annual average number of rooms decreased by almost 1 percent between 1998 and 1999; however the comparison between 1996 and 1999 yielded an 18.4 percent increase in the number of hotel rooms, leading to a total 5.9 percent increase over the three-year average.

According to the 1999 Visitor Economic Impact Report provided by the Lawrence Convention and Visitors

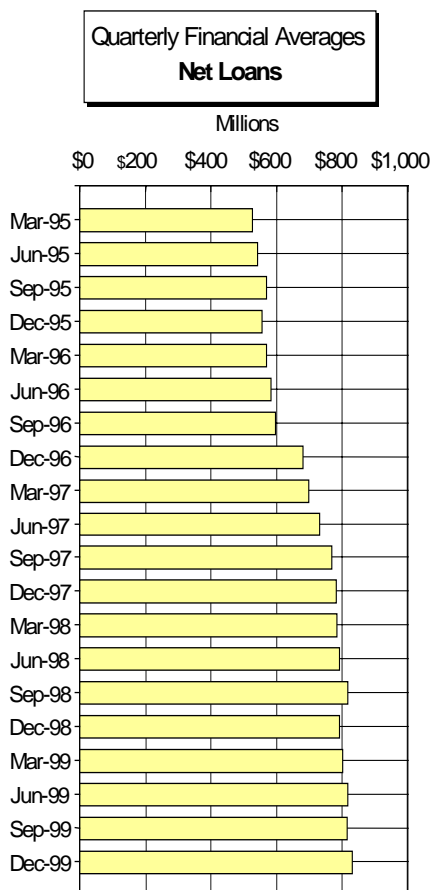


Bureau 817,964 people visited Lawrence in 1999, with total direct spending by visitors of \$45.9 million. These visitors generated \$919,000 in local sales taxes (not including transient tax). These numbers represent a 17.2 percent increase in the number of visitors to Lawrence, a 12.5 percent increase in direct expenditures by visitors and an increase in local sales taxes generated by visitors of more than \$100,000 compared to 1998. The Lawrence Convention and Visitors Bureau reported also that the highest number of visitors to Lawrence came from Missouri, Texas, California, Illinois, Colorado, and Minnesota.

FINANCIAL INSTITUTIONS

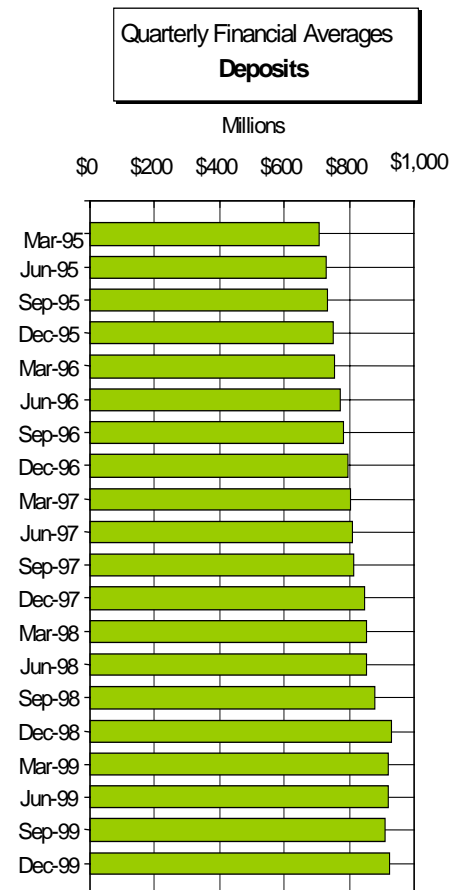
The net loans and deposits data are provided by eight financial institutions in Lawrence. Graphs below show quarterly changes in loans and deposits for the past five years.

In 1999 net loans amounted to \$817.9 million, which is 2.6 percent higher than in 1998. This was a modest annual increase compared to 7 percent annual increase reported for 1998 and a 22.8 percent annual increase reported in 1997, but this was to be expected with an increase in interest rates. Quarterly comparisons show that the largest decrease in loans since March 1995



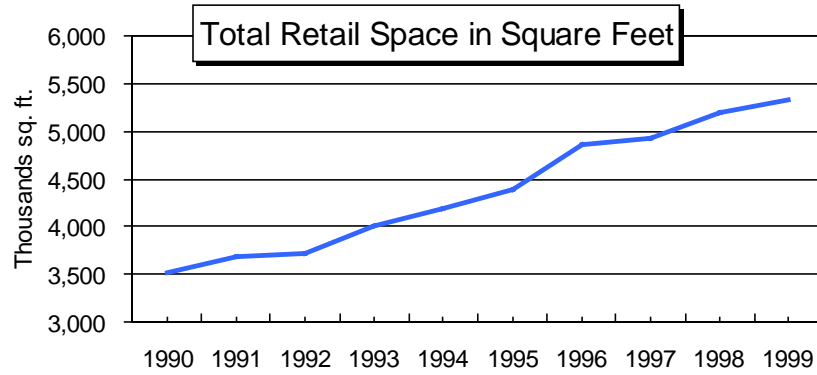
was a 3.1 percent decline in December of 1998. After that the amount of loans went up again with a slight decrease of less than half-a-percent in September of 1999, which was followed by a 2.2 percent quarterly increase in December of 1999.

Deposits in 1999 outweighed the loans. This year \$920 million were reported in deposits in local financial institutions, 4.6 percent higher than in 1998. This is the second year in a row that the growth rate of deposits is higher than loans, and if in 1998 the difference was a fifth of a percent, this year deposits increased at a rate 2 percent higher than loans.

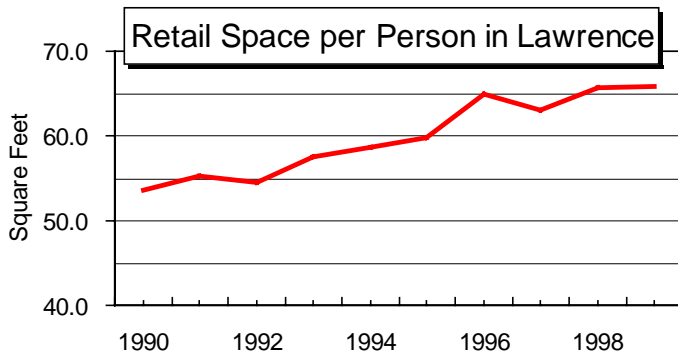


RETAIL SPACE

Currently Lawrence has close to 5.2 million square feet of retail space. In 1999 retail space in Lawrence increased by 2.5 percent compared to a 4.7 percent annual increase in 1998. In the past ten years the amount of retail space in Lawrence increased by 51.5 percent, the most rapid increase being between 1992 and 1996.



Source: Douglas County Planning Department

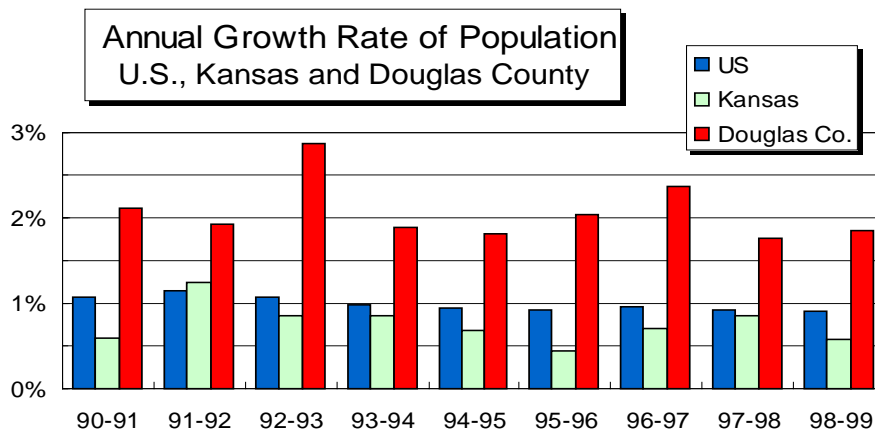


The amount of retail space per person is also growing. In the past ten years the retail space per person had increased by 22.9 percent, or 2.3 percent annually, from 53.6 sq. ft. per person to 65.9 sq. ft. per person. In 1999, however, the growth slowed down to less than half a percent per year.

Source: Douglas County Planning Department

POPULATION

Between 1990 and 1999, the Douglas County population, as estimated by the U.S Bureau of the Census, increased 20.2 percent, which is double the average national population growth rate and almost three time as high as the population growth rate in the state of Kansas. The graph below shows the year-by-year comparison to the population growth rates in Douglas County, the state of Kansas and the U.S. The annual growth rate of the population in Douglas County was



considerably higher than in both the state of Kansas and the U.S. throughout the past decade.

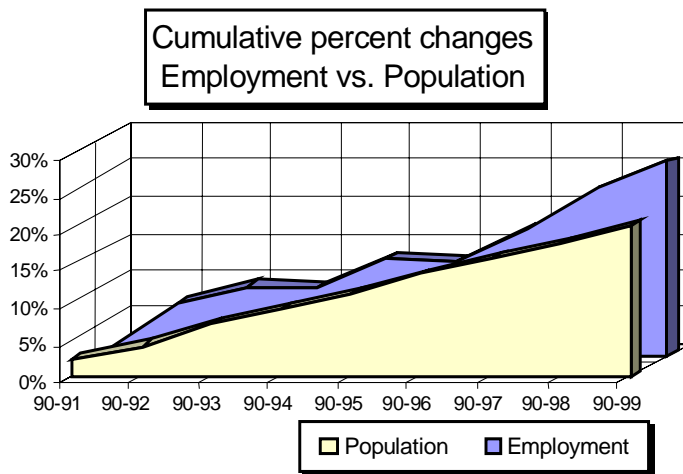
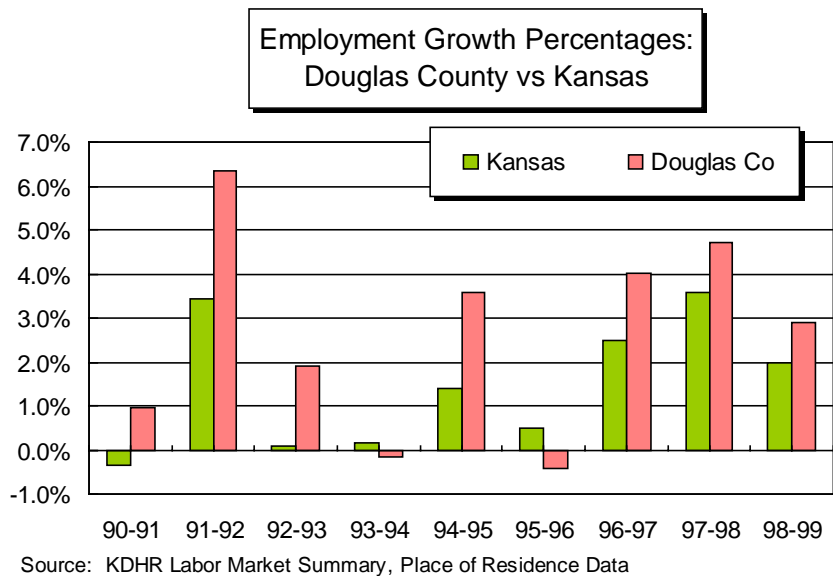
The City of Lawrence population according to the Planning Department estimates increased by 2.1 percent from a year ago and by 23.2 percent from 1990 census.

The data on Douglas County, the state of Kansas and the U.S. population are the updated population estimates from the U.S. Bureau of the Census web page. The city of Lawrence population data were provided by the City of Lawrence Planning Department and were based on the increase in the number of the housing units.

CIVILIAN LABOR FORCE AND EMPLOYMENT

The employment situation can be determined through the analysis of a number of indicators such as the employment growth rate, total labor force, and the unemployment rate. Employment by industry gives us an insight into which industries provide what share of jobs to the local community. This information will also lead to the better understanding of wages and income in the area.

In the past three years the rate of employment growth in Douglas County was higher than in the state of Kansas. In 1999 employment by the place of residence data showed that 53,941 persons were employed in Douglas County and 1,391,000 in Kansas. The annual employment growth rates in 1999 were 2.9 percent in Douglas County and 2.0 percent in Kansas. In 1998 the growth rates were 4.7 percent and 3.6 percent in Douglas County and Kansas, respectively.



In the past decade the employment growth rate in Douglas County was higher than the growth rate of the population. Between 1990 and 1999 employment increased by 26.2 percent while Douglas County population increased only 20.2 percent. The strong economy of the past few years led to a tight labor market and a high demand for skilled workers. The labor force, which is one of the key measurements of the employment situation, is also growing at a rate

higher than the population of the county (26.0 percent vs. 20.0 percent, respectively).

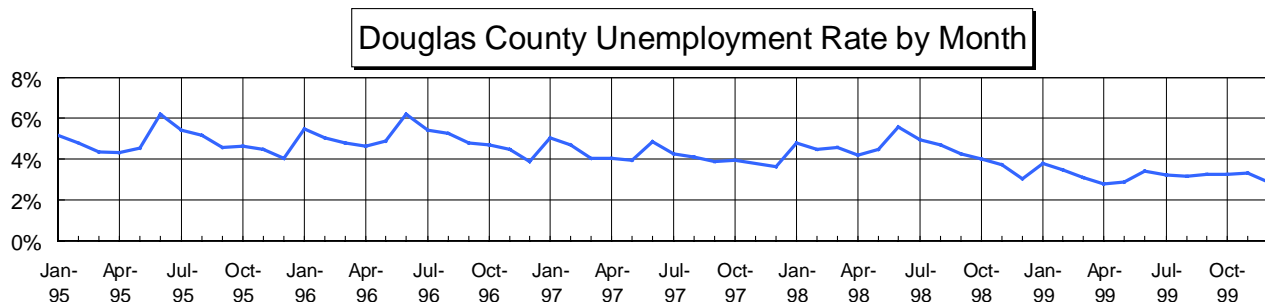
Employment information was provided by the Labor Market Information Services of the Kansas Department of Human Resources. These data reflect employment as “place of residence” data. Population data were obtained from the U.S. Bureau of the Census web page. Kansas Department of Human Resources also provides the “place of work” data for the non-farm wage and salary employment and farm employment categories. “Place of work” figures represent an actual number of jobs in Douglas County.

Employment Data for Douglas County, 1995-1999

	1995	1996	1997	1998	1999	1995-99 Percent Change
Employment, place of residence data	48,349	48,251	50,072	52,425	53,941	11.57
Number of jobs, place of work data	44,242	44,692	46,458	47,983	49,200	11.21

Comparison between employment numbers as “place of work” vs. “place of residence” shown in the table above show that employment as “place of residence” numbers are higher than the “place of work” numbers, which means that a significant number of Lawrence residents commute to work. According to the recent Retail Preferences Survey of Lawrence residents, 24 percent of respondents reported that at least one member of the household commutes to work out of the county. The most frequently commuter destinations were Johnson County (mentioned by 39 percent), Topeka (mentioned by 29 percent), and Kansas City MSA (mentioned by 22 percent).

Employment in Douglas County increased by 2.9 percent from 52,425 in 1998 to 53,941 in 1999. At the same time, the labor force increased by 1.6 percent from 54,825 in 1998 to 55,730 in 1999. As the result of employment growing faster than the labor force the annual unemployment rate in Douglas County decreased from 4.4 percent in 1998 to 3.2 percent in 1999, which is the lowest unemployment rate in the past ten years. The graph below shows the monthly fluctuation of the unemployment rate for the past five years. Within each year the unemployment rate decreases in the first quarter, increases in the second quarter, reaches its peak in the month of



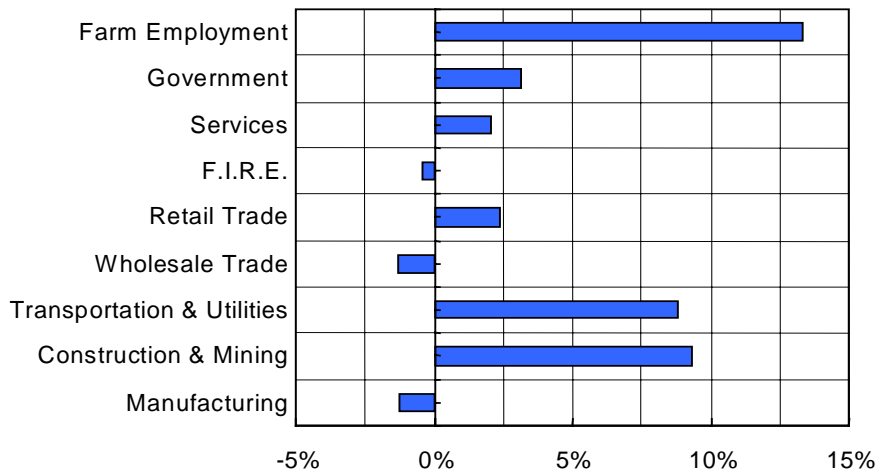
June and decreases for the next six months. This year, however, the level of unemployment in Douglas County stayed almost even throughout the year, with the most noticeable decrease in the first quarter and a lower than usual increase in June and almost no decrease until the very end of the year.

EMPLOYMENT BY CATEGORIES

Employment data by categories are provided by the Labor Market Information Services of the Kansas Department of Human Resources. These data reflect employment as “place of work” figures that is, the number of jobs in Douglas County.

In 1999 non-farm wage and salary employment increased by 2.4 percent from 47,843 in 1998 to 48,663 in 1999, which is a lower growth rate than 3.3 percent and 4.1 percent in 1998 and 1997, respectively. However, compared with the three-year average (1996-1998) non-farm

Comparative Employment Growth Rates since 1998



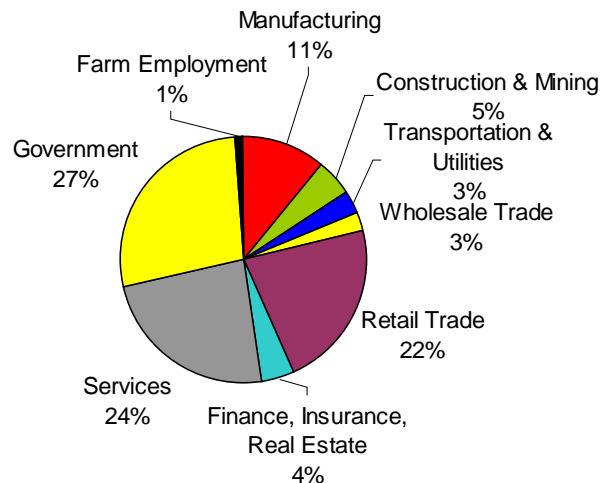
employment increased in 1999 by 5.8 percent. Within the non-farm category, the highest increase was posted by government, with 417 new employees, followed by retail trade, and services with 250 and 233 new employees, respectively. Construction / mining category with 209 new jobs and 9.3 percent increase from 1998 had the highest percent increase among non-farm

employment categories. Manufacturing, wholesale trade, and F.I.R.E. categories posted a decrease in employment of 1.2 percent, 1.3 percent and a half a percent, respectively, from 1998. Farm employment is on the rise with a 13.3 percent annual increase and 10.3 percent increase over the three-year average.

This picture represents the distribution of the job “pie” in Douglas County in 1999. The table below shows percentages of each industry in total non-farm and farm employment.

According to these data even though the total employment increased in the past five years, the share in the total job pie of such categories as government employment, manufacturing, and wholesale trade is decreasing. At the same time employment categories like retail trade, transportation/utilities, and construction/mining are increasing their shares.

1999 Total Employment Distribution



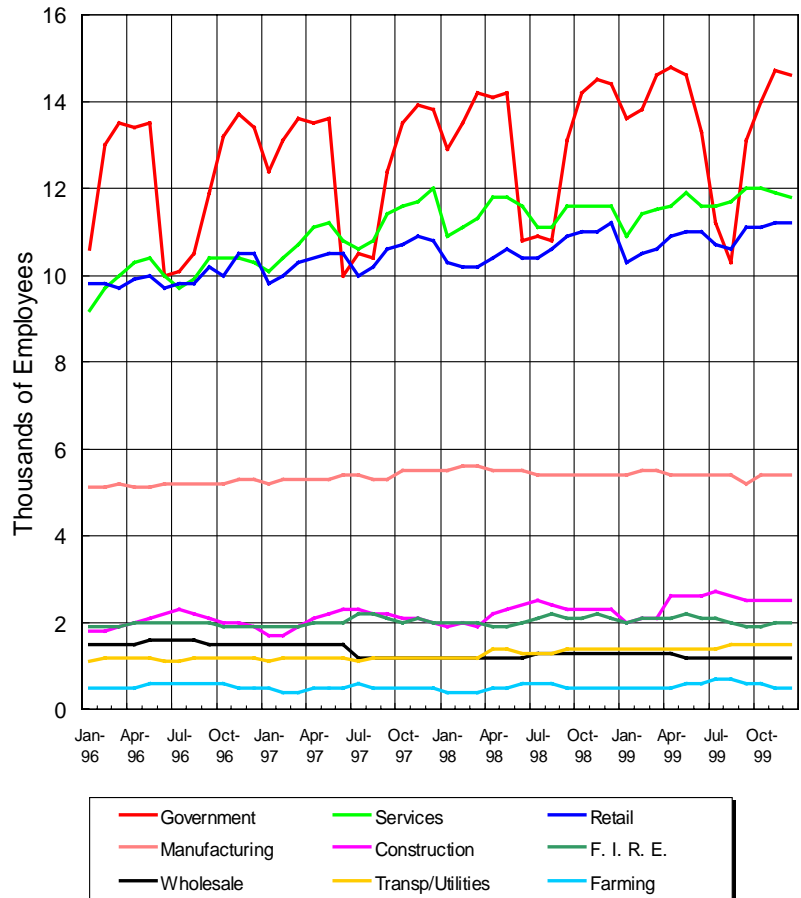
Percentage of each employment category in the total non-farm and farm employment, in Douglas County, 1995-1999

Year	Manufacturing	Construction & Mining	Transportation & Utilities	Wholesale Trade	Retail Trade	F.I.R.E.	Services	Government	Farm
1995	11.6%	4.2%	2.6%	3.5%	21.5%	4.1%	22.2%	29.0%	1.4%
1996	11.6%	4.5%	2.6%	3.4%	22.3%	4.4%	22.5%	27.4%	1.2%
1997	11.5%	4.4%	2.5%	2.9%	22.4%	4.4%	23.7%	27.0%	1.1%
1998	11.4%	4.7%	2.8%	2.6%	22.1%	4.3%	23.8%	27.4%	1.0%
1999	11.0%	5.0%	2.9%	2.5%	22.1%	4.2%	23.7%	27.5%	1.2%

This graph shows the monthly changes in employment by categories. Annual patterns in employment by categories are similar from year to year. Government employment, retail trade, and the service sector are the three largest employment categories. These categories employ a large number of students, which explains significant fluctuations within a year, corresponding with an academic year. These fluctuations are most visible in the government sector, which includes university and school districts employees as well as students working for the University of Kansas. Average annual employment numbers in the government sector, retail trade and services indicate an upward trend.

The majority of other employment categories were relatively stable within the past four years. An exception was the construction/mining category with a significant increase in the number of employed in the past year, mainly due to the construction segment of this category. Manufacturing and wholesale trade showed 1.2 percent and 1.3 percent decreases in employment in the past year, respectively.

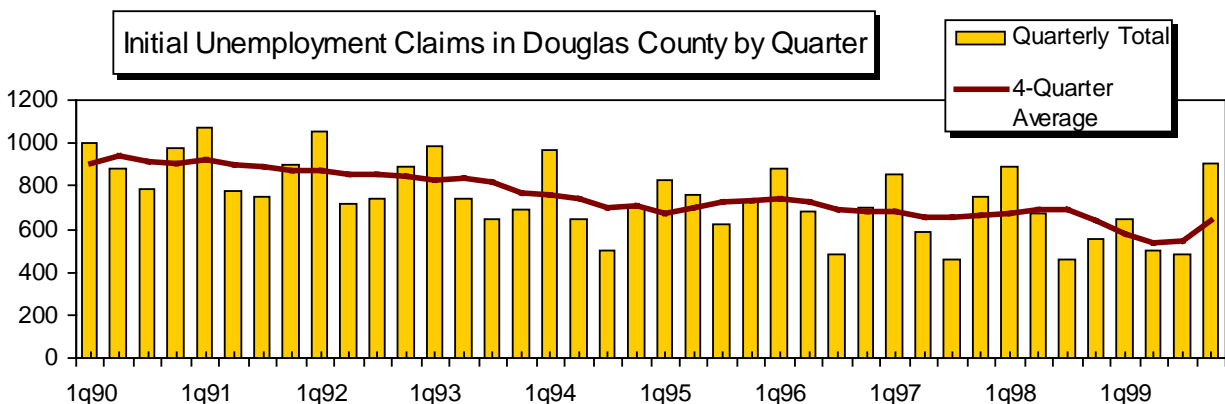
Monthly Employment Cycles by Category over Four Years



JOB SERVICE CENTER INFORMATION

In the beginning of 1999 the Lawrence Job Service Center underwent a major changes on its operating and reporting systems. Now all people looking for Job Service help in finding employment can access their information and job orders on the Internet. Similarly, companies looking for employees, that previously went through the Job Service Center, are now encouraged to place orders on the Internet also. This made it very difficult to track the number of people who found employment through the Job Service Center. As a result there was a sharp decrease in the number of job orders received and job placements in the second quarter of 1999 making it a somewhat irrelevant number, incomparable to the previous year's data.

The changes towards a self-help Job Service Center did not affect the initial unemployment claims data. Initial unemployment claims are recorded for each unemployed person once in 52 weeks and reflect the real number of unemployed. The number of initial unemployment claims in Lawrence decreased in 1999 by 1.2 percent over 1998. The number of claims varies widely from quarter to quarter, so the four-quarter rolling average was used to show that the general trend in the past decade was towards a decrease in the number of initial unemployment claims.



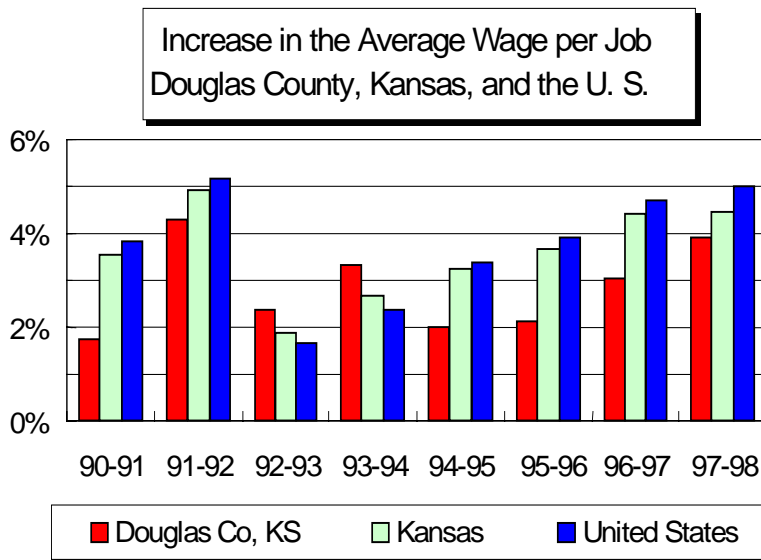
AVERAGE WAGE PER JOB

Average wage per job data were obtained from the U.S. Bureau of Economic Analysis web page. At present data are available only through 1998. Average wage per job data for Douglas County, the state of Kansas, and the United States from 1990 to 1998 are shown in the table below.

	Average Wage per Job United States, State of Kansas and Douglas County									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	
United States	\$23,322	\$24,216	\$25,468	\$25,888	\$26,507	\$27,400	\$28,469	\$29,805	\$31,299	
State of Kansas	19,790	20,493	21,498	21,899	22,486	23,216	24,071	25,132	26,250	
Douglas County	16,625	16,915	17,639	18,061	18,660	19,034	19,440	20,032	20,815	

The average wage per job in Douglas County in 1998 was \$20,815, which is 33.5 percent lower than the national average and 20.7 percent lower than the average wage per job in the state of Kansas. Between 1990 and 1998 the average wage per job in Douglas County increased by 25.2 percent while the national and state of Kansas averages grew by 34.2 percent and 32.6 percent, respectively.

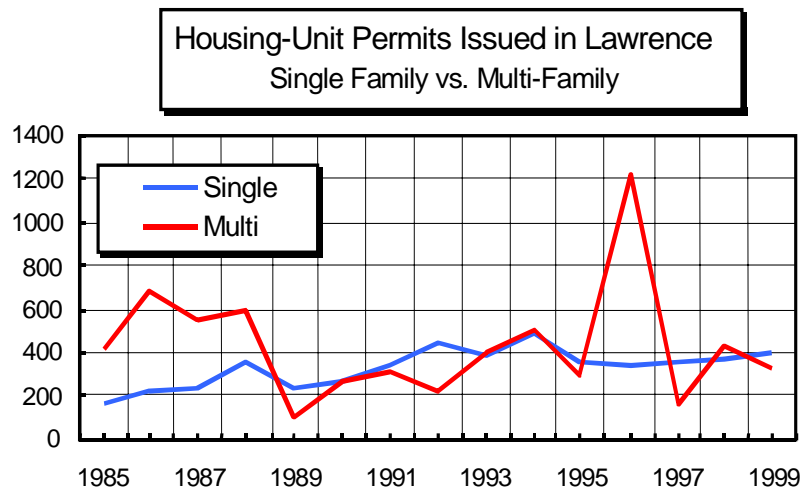
Annual growth rates of the average wage per job in Douglas County, Kansas and the United States are shown on the graph below.



States are shown on the graph below. With the exception of 1993 and 1994 the annual growth rate of the average wage per job in Douglas County was lower than in the state of Kansas and in the U.S. This situation can be explained in part by a high number of students holding part-time jobs employed by the three major employment categories: government, service sector and retail trade. These three categories together represent more than 70 percent of total non-farm and farm wage and salary employment.

RESIDENTIAL CONSTRUCTION

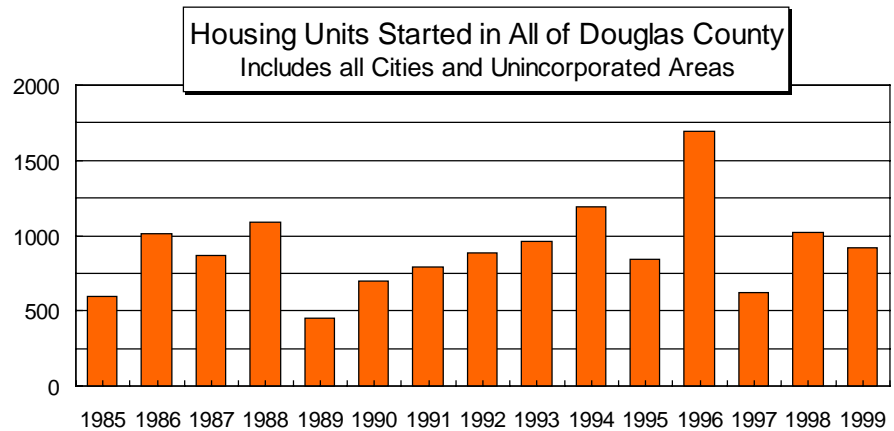
The City of Lawrence represents a large part of the total residential construction going on in Douglas County each year. The number of single family building permits issued in 1999 was 8.9 percent higher than in 1998 and 12.6 percent higher than the three-year average that included 1995, the peak year for single family house construction. The value of single-family housing permits increased in 1999 by 10.1 percent and 27.8 percent compared with 1998 and the three-year average, respectively. Multifamily housing is measured through both the number of permits and the number of units.



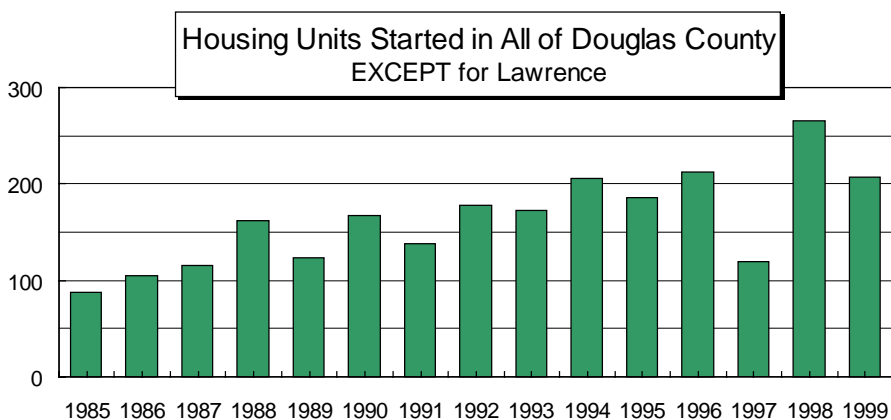
This year the number of units had decreased by 24.8 percent from 412 in 1998 to 319 in 1999. The value of multifamily permits decreased by 28.9 percent from \$24.1 million in 1998 to \$17.5 million in 1999. The single largest project in the residential construction in 1999 was an apartment complex on West 27th with 128 units and total value of permit of \$4.8 million. Data on the number of residential building permits were provided by the City of Lawrence Building Inspection Department.

In the unincorporated part of Douglas County in 1999 the number of residential building permits decreased by 10 percent and 25.5 percent compared to 1998 and the three-year average, respectively. The value of residential building permits in the unincorporated part of Douglas County in 1999 decreased by 8.7 percent and 22.9 percent compared to 1998 and the three year average, respectively. Both number and value of residential permits in the unincorporated part of Douglas County decreased in the past three years.

Countywide, new residential building permits decreased in 1999 compared to 1998 by 9.8 percent in the number of units and by 4.5 percent in the total value of permits. Lawrence has by far the largest number of residential building permits each year and the peaks in the countywide numbers always correspond with the peaks of residential construction in Lawrence.



To give a better picture of the residential construction in the other parts of the county, the Lawrence numbers were excluded and the results were presented on the graph below.



Information on the countywide residential building permits before 1999 came from the U.S. Bureau of the Census. Data for 1999 are the estimated 1999 numbers provided by the Douglas County, Lawrence, Eudora, Baldwin, and Lecompton City planning offices.

EW BUSINESS / COMMERCIAL CONSTRUCTION

In Lawrence in 1999 commercial construction increased over 1998 by 40.7 percent in the number of permits (from 27 to 38 permits) but less than 1 percent in the value of permits (from \$37.9 million to \$38.2 million). At the same time new commercial construction in the unincorporated part of Douglas County decreased by 38.5 percent (from 13 to 8) in the number and by 55.1 percent (from \$2.2 million to less than \$1 million) in the value of commercial permits. As a result, the value of commercial permits for the combined Lawrence/Douglas County area decreased by 2.5 percent from \$40.2 million in 1998 to \$39.2 million in 1999.

The total value of new commercial building permits fluctuates greatly from quarter to quarter. To take out the quarterly fluctuation and show the general trend the four-quarter rolling average was added to the graph.

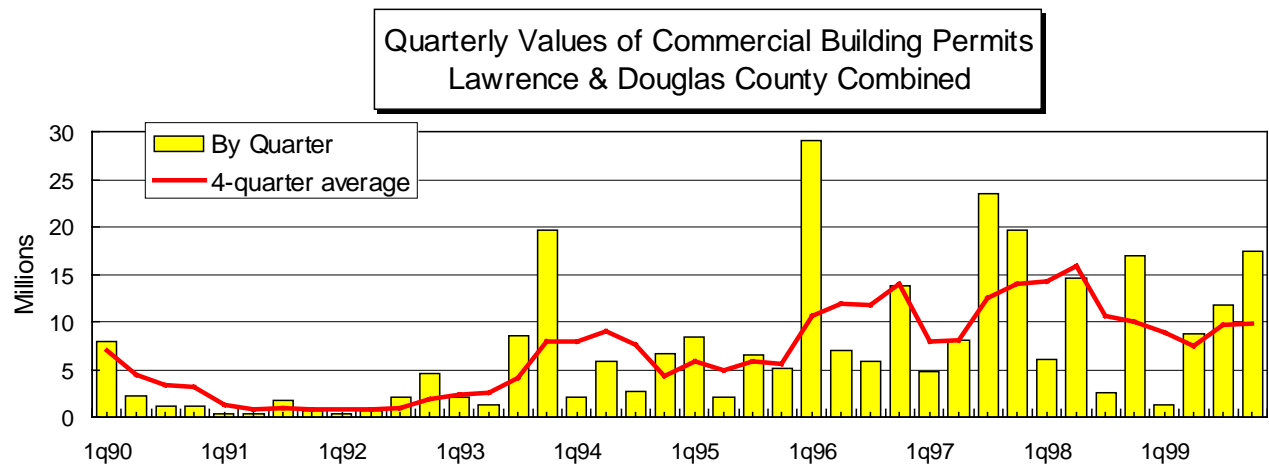
The largest commercial building projects in 1999 were:

Aquatic Center, \$8.25 million

Retail Office Building, \$2.7 million

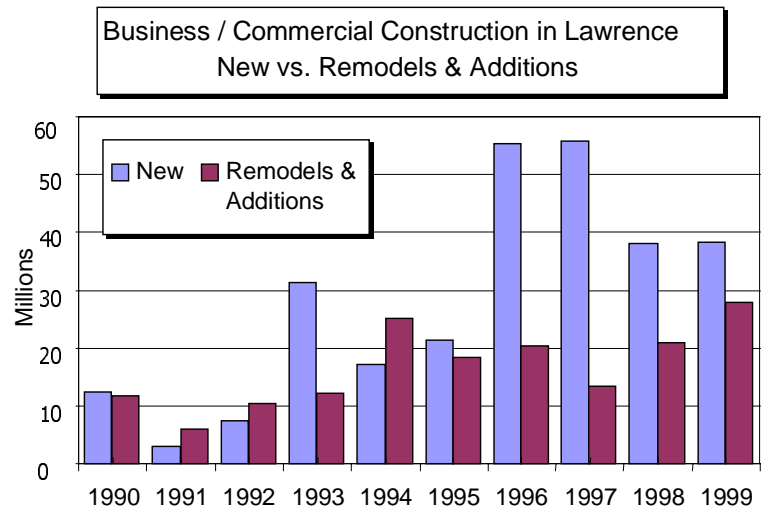
Lawrence Public Schools, 5.3 million

Shell Retail Center, \$2.5 million



There appears to be some trade-off between new commercial construction and remodeling in Lawrence. Although the value of new commercial permits has fallen from its peak value of \$55.7 million in 1997, the value of commercial remodels and additions has risen steadily from \$13.3 million in 1997 to \$27.8 million in 1999.

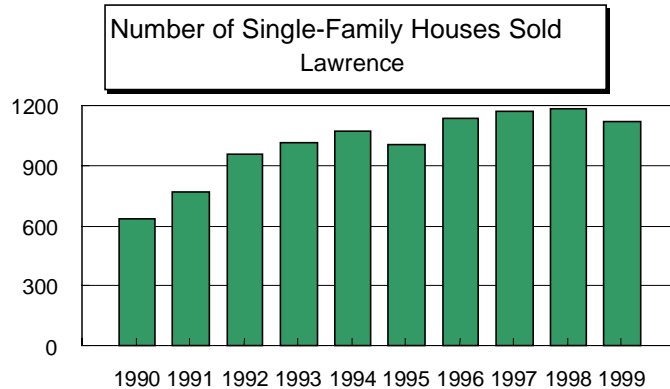
Looking at the location of most additions one can conclude that the existing small or medium sized business would rather improve and expand the existing facilities, especially those close to the downtown area, than relocate to the newly developed areas.



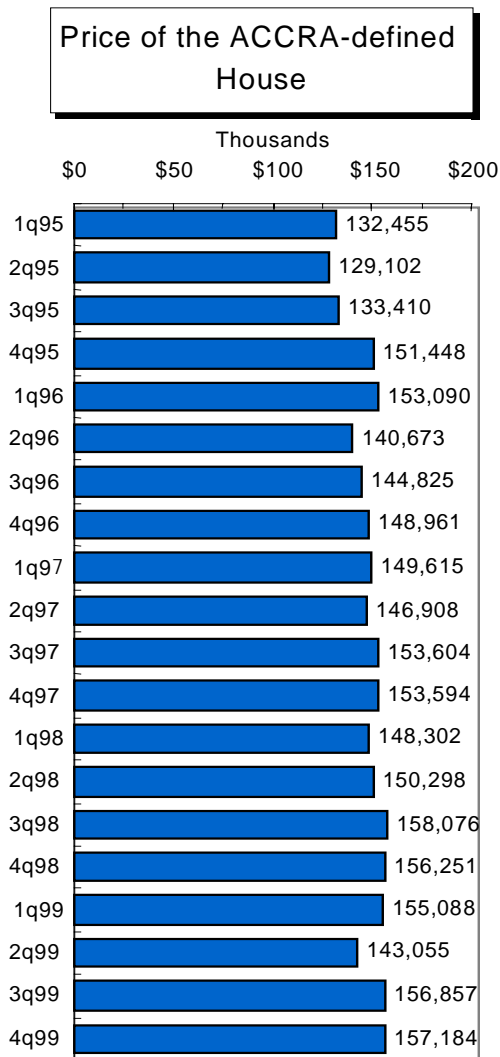
NEW AND EXISTING HOME SALES

In the past decade the number of single-family homes sold each year in Lawrence almost doubled, increasing from 629 in 1990 to 1,185 in 1998. In 1999, however, the number decreased by 5.2 percent to 1,123 homes sold. The decrease in the number of home sales can be attributed to an increase in interest rates.

The Lawrence Board of Realtors provided the information on the sales of the new and previously occupied homes.



ACCRA HOUSE PRICE



Source: ACCRA

Each quarter IPPBR collects the information for the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index survey for metropolitan statistical areas. The housing price is the second largest component of this index. To be included in this survey, a house must satisfy the nationally unified definition: newly constructed three-bedroom, two-bath house with an attached two-car garage, and a full, finished basement. House prices reported to ACCRA are the prices for houses sold in the previous three months; thus prices reported here reflect the selling prices in the previous quarter. For example, the \$157,184 reported as an average price for an ACCRA-defined home in Lawrence in the fourth quarter of 1999 represents an average price of the ACCRA-defined homes sold in the third quarter of 1999.

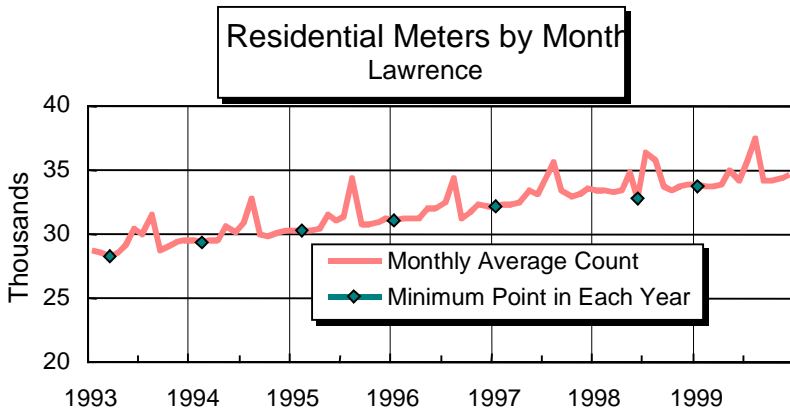
The national average price of the ACCRA-defined home in the fourth quarter of 1999 was \$144,820. At the same time the price of the ACCRA-defined home in Lawrence was \$157,184, which is 8.5 percent higher than the national average.

ACCRA data are collected on the same dates in all participating locations, making them comparable. The number and mix of respondents changes from quarter to quarter. This year's data were revised and updated in accordance with the historic data from the ACCRA Cost of Living survey reports and may not match the previous reports.

ELECTRIC UTILITIES

The annual average number of residential electric meters in Lawrence in 1999 was 34,630, which is 1.8 percent higher than in 1998 and 4.7 percent higher than the three-year average (1996-1998).

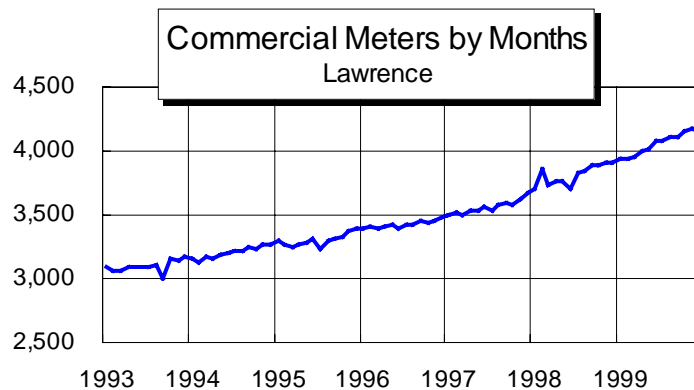
Monthly average number of residential electric meters reaches its peak in the summer months due to the high turnover of the rental properties, which are recorded by KPL as separate meters.



Source: KPL

To take out the effects of the summer turnover, the minimum number of residential electric meters in service for each year was calculated. The comparison of the annual minimum number of meters showed the trend towards the increase in the number of residential meters.

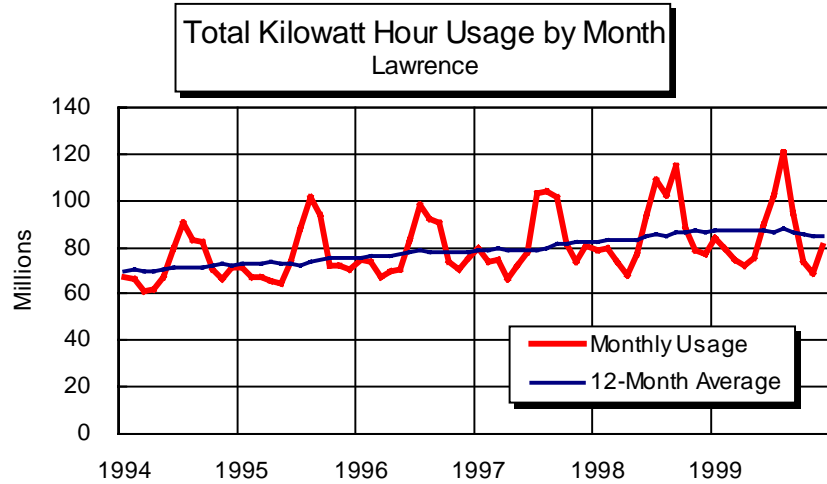
Commercial meters are not affected by the summertime turnover. In 1999 commercial meters increased by 6.3 percent compared to 1998 and 12.5 percent compared to a three-year (1996-1998) average. This increase in the number of commercial electric meters should be partially attributed to the change in the recording system: starting in the end of 1998 general electric meters in new apartment complexes were recorded as commercial meters, not residential as before.



Source: KPL

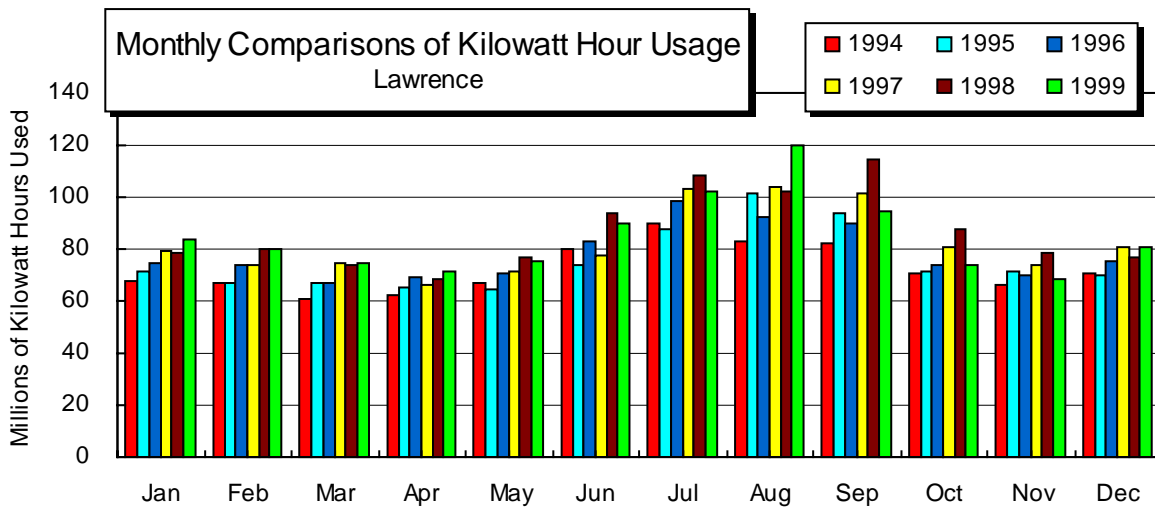
Quarterly numbers of industrial meters in both the first and the second quarter of 1999 decreased by nearly 5 percent, did not change in the third quarter, and increased by 9.8 percent between the third and the fourth quarters of 1999. As a result the annual number of industrial meters stayed the same as in 1998: slightly over 28 meters.

Total kilowatt-hours used in 1999 decreased by 2.6 percent compared to a 5.4 percent increase in 1998. This is the first decrease in the total kilowatt-hours since 1992. Mild winters of 1998 and 1999 led to a decrease in the residential electric usage and even the record-high electricity consumption in the late summer and early autumn months did not bring the total number of kilowatt-hours used in 1999 above the last-year level.



Source: KPL

Graph below shows month-by-month changes in the use of electricity for the past six years.



Source: KPL

Lawrence/Douglas County Economic Indicators
Annual Report, 1999

	1996	1997	1998	1999	Graph	Percent Change From:		
						Last Year (1998)	3 Years Ago (1996)	3 Year Average (1996-1998)
SALES TAX REVENUE (thousands)						%	%	%
State Sales Tax Collections (Jan-Aug '99)	\$35,712	\$37,971	\$38,621	\$26,731		<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Douglas County Sales Tax Collections	\$8,889	\$9,548	\$10,336	\$10,686		3.4	20.2	11.4
Lawrence Sales Tax Collections	\$8,521	\$8,984	\$9,626	\$10,034		4.2	17.8	10.9
ACCRA COST OF LIVING INDEX (note1)								
National average of urban areas = 100%	99.5%	105.0%	4.0%	100.0%		--	--	--
TOURISM & CONVENTIONS								
Transient Guest Tax Collections	\$388,960	\$463,147	\$471,136	\$504,983		7.2	29.8	14.5
Number of Rooms (annual average)	847	985	1,010	1,003		-0.7	18.4	5.9
FINANCIAL INSTITUTIONS (thousands) (note2)								
Bank & S&L Net Loans Annual Average	\$606,948	\$745,155	\$797,155	\$817,952		2.6	34.8	14.2
Bank & S&L Deposits Annual Average	\$777,401	\$820,677	\$879,967	\$920,006		4.6	18.3	11.4
RETAIL SPACE								
Total Space in Lawrence (000 sq ft)	4,860	4,928	5,196	5,327		2.5	9.6	6.7
POPULATION								
Douglas County estimated, revised 3/00	92,695	94,886	96,554	98,343		1.9	6.1	3.8
Lawrence City estimated (note 3)	74,780	78,128	79,186	80,839		2.1	8.1	4.5

note 1: Reported figures are from the 3rd quarter of each year. See text for further explanations.

note 2: Banks, Savings & Loans and Credit Unions have been combined in this category, with 8 local institutions reporting.

note 3: Numbers from the City of Lawrence Planning Department population estimation and are based on the increase in number of housing units.

**Lawrence/Douglas County Economic Indicators
Annual Report, 1999**

	1996	1997	1998	1999	Graph	Percent Change From:			
						Last 3 Years Year (1998)	3 Years Ago (1996)	3 Year Average (1996-1998)	
CIVILIAN LABOR FORCE (note 4)	Annual Averages								
Total Civilian Labor Force	50,765	52,257	54,825	55,730		1.6	9.8	5.9	
Total Employment	48,251	50,072	52,425	53,941		2.9	11.8	7.3	
Unemployed	2,514	2,184	2,401	1,789		-25.5	-28.8	-24.4	
Civilian Unemployment Rate	5.0%	4.2%	4.4%	3.2%		-26.8	-35.3	-29.4	
EMPLOYMENT (note 5)	Annual Averages			Revised 3-99		%	%	%	
Nonfarm Wage & Salary Employees	44,142	45,967	47,483	48,633		2.4	10.2	6.0	
Manufacturing	5,183	5,358	5,467	5,400		-1.2	4.2	1.2	
Construction & Mining	2,025	2,067	2,233	2,442		9.3	20.6	15.8	
Transportation & Public Utilities	1,175	1,183	1,325	1,442		8.8	22.7	17.5	
Wholesale Trade	1,533	1,350	1,250	1,233		-1.3	-19.6	-10.5	
Retail Trade	9,975	10,392	10,600	10,850		2.4	8.8	5.1	
Finance/Insurance/Real Estate	1,950	2,025	2,050	2,042		-0.4	4.7	1.7	
Services	10,058	11,033	11,425	11,658		2.0	15.9	7.6	
Government	12,233	12,558	13,133	13,550		3.2	10.8	7.2	
Farm Employment	550	492	500	567		13.3	3.0	10.3	
JOB SERVICE CENTER	Annual Totals								
Initial Unemployment Insurance Claims	2,741	2,656	2,571	2,539		-3.2	-12.5	-4.4	
AVERAGE WAGE PER JOB									
Average Wage per Job (see text)	\$19,440	\$20,032	\$20,815	n/a		n/a	n/a	n/a	

note 4: Place of Residence figures.

note 5: Place of Work figures. Monthly numbers received from KDHR are rounded off; these calculated annual averages are not.

Lawrence/Douglas County Economic Indicators
Annual Report, 1999

	1996	1997	1998	1999	Graph	Percent Change From:		
						Last Year (1998)	3 Years Ago (1996)	3 Year Average (1996-1998)
CONSTRUCTION (Lawrence)								
Total # Building Permits	2,526	2,442	2,853	2,811		-1.5	11.3	7.8
Single Family	338	346	360	392		8.9	16.0	12.6
Multifamily	226	55	108	85		-21.3	-62.4	-34.4
Number of Units	1,216	163	424	319		-24.8	-73.8	-46.9
New Business/Commercial	50	46	27	38		40.7	-24.0	-7.3
Total Value of Permits (thousands)	\$167,505	\$127,423	\$141,065	\$149,743		6.2	-10.6	3.0
Single Family	\$36,759	\$38,808	\$47,692	\$52,525		10.1	42.9	27.8
Multifamily	\$45,010	\$8,768	\$24,081	\$17,154		-28.8	-61.9	-33.9
New Business/Commercial	\$55,363	\$55,738	\$37,998	\$38,217		0.6	-31.0	-23.1
Business Remodels/Additions	\$20,298	\$13,344	\$20,944	\$27,843		32.9	37.2	53.0
Other (note 6)	\$10,075	\$10,765	\$10,349	\$14,001		35.3	39.0	34.7
CONSTRUCTION (Douglas County unincorporated)								
Total # Building Permits	259	226	238	338		42.0	30.5	40.2
New Residential	117	119	90	81		-10.0	-30.8	-25.5
New Business/Commercial	4	3	13	8		-38.5	100.0	20.0
Total Value of All Permits (thousands)	\$16,672	\$16,403	\$16,630	\$14,494		-12.8	-13.1	-12.5
New Residential	\$13,513	\$13,979	\$10,768	\$9,828		-8.7	-27.3	-22.9
New Business/Commercial	\$375	\$200	\$2,218	\$996		-55.1	165.6	7.0

note 6: Includes signs, plumbing, electrical, demolition, etc.

Lawrence/Douglas County Economic Indicators Annual Report, 1999

	1996	1997	1998	1999	Graph	Percent Change From:		
						Last Year (1998)	3 Years Ago (1996)	3 Year Average (1996-1998)
COUNTY-WIDE NEW RESIDENTIAL BUILDING PERMITS								
Number of Housing Permits	674	514	661	656		-0.8	-2.7	6.4
Number of Housing Units	1692	619	1018	918		-9.8	-45.7	-17.3
Value of Housing Permits (thousands)	\$90,752	\$59,248	\$93,866	\$89,599		-4.5	-1.3	10.2
NEW & EXISTING HOME SALES								
Single Family Numbers (note 7)	1,136	1,171	1,185	1,123		-5.2	-1.1	-3.5
Price of ACCRA Defined Home (see text)	\$148,961	\$153,594	\$156,251	\$157,184		0.6	5.5	2.8
ELECTRIC UTILITIES (Meters)								
Lawrence Residential annual average	31,913	33,255	34,017	34,630		1.8	8.5	4.7
Lawrence Commercial annual average	3,423	3,561	3,818	4,051		6.3	18.5	12.5
Lawrence Industrial annual average	27.5	28.2	28.5	28.5		0.0	3.6	1.5
Total Kilowatt Hours Usage (millions)	1,009	1,063	1,121	1,092		-2.6	8.3	2.6

note 7: Home sales through Multiple Listing Service only.

Sources:

Labor Market Review, Kansas Department of Human Resources
Lawrence Convention and Visitor's Bureau

Banking information from a survey of 8 local institutions.
Building Inspection Department, City of Lawrence
Planning Department, City of Lawrence
American Chamber of Commerce Researchers Association

U. S. Bureau of the Census

Kansas Department of Revenue
Kansas Power & Light
Lawrence Board of Realtors

Office of the Zoning Division, Douglas County Public Works
University of Kansas School of Architecture and Urban Planning