

Economic Base Analysis

Base analysis distinguishes which industries are responsible for overall economic growth and change. Base industries are composed of related groups of economic activities, and are known as economic “drivers”. These industries produce exports or derive their sales or income *directly* from outside sources, or *indirectly* by providing supplies to export industries. These activities **bring in outside dollars** to circulate within the local economy. Local economic development efforts work to achieve diversity among key local base industries. The successful result of this objective is to minimize the relative impact of any sudden change in fortunes, and hence employment, of any one (large) firm or industry.

Region 9 2017 Total Employment	# of Jobs	% of Jobs	Average Ann. Wage**
Agriculture	2,312	4%	\$ 30,320
Mining	913	2%	\$ 73,835
Utilities	264	0.5%	\$ 74,470
Construction	4,794	9%	\$ 40,466
Manufacturing	1,494	3%	\$ 38,036
Wholesale Trade	994	2%	\$ 53,629
Retail Trade	6,300	11%	\$ 25,286
Transportation & Warehousing	1,128	2%	\$ 49,404
Information	606	1%	\$ 47,968
Finance Activities	1,475	3%	\$ 60,344
Real Estate	2,140	4%	\$ 41,743
Professional & Business Services	3,098	6%	\$ 52,059
Management of companies and enterprises	149	0.3%	\$ 90,397
Administration and waste management	1,875	3%	\$ 31,051
Education	844	2%	\$ 27,835
Health Services	6,474	12%	\$ 37,961
Arts, Entertainment, and Recreation	1,700	3%	\$ 80,082
Accommodation and food	5,667	10%	\$ 19,184
Other services, except public administration	3,205	6%	\$ 27,656
Government	9,963	18%	\$ 46,781
Sectors Not Disclosed (ND)	174	0.3%	
Total	55,569	100%	\$ 34,843

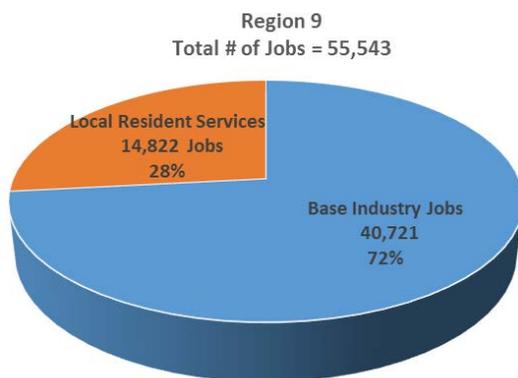
In 2017, there were an estimated 55,569 total jobs in the region. Jobs in this chart include proprietors (owners) as well as wage and salary employees.

The service sector (highlighted) provided the highest percentage of jobs (42%) in the region. These service jobs include highly paid professionals as well as lower paying unskilled labor. The fastest growing service sectors since 2007 are the management of companies (153%), private education (66%), and health services (38%).

Retail trade employment is substantial in most of Region 9, comprising 11% of total employment, though retail is one of the lowest paying sectors. Government sector jobs are also important in the regional economy, providing 18% of jobs.

* Includes wage and salary jobs as well as proprietors (owners)

** Average annual wages are from QCEW (Dept. of Labor)



In Region 9, 72% of the total number of jobs are in **base industries** (40,721 jobs). An estimated 28% of the total number of jobs (14,822 jobs) are **local resident services**. These jobs do not bring outside dollars into the economy but exist to meet the needs (grocery, clothing, and personal services) of the local population.

Each county in the region has varying numbers of jobs in base industries.

Region 9 - Percentage of Jobs in Base Industries						
2017	Archuleta	Dolores	La Plata	Montezuma	San Juan	Region 9
Agribusiness	9%	32%	7%	11%	0%	8%
Mining	1%	1%	4%	2%	0%	2%
Manufacturing	1%	2%	1%	3%	1%	2%
Government	2%	6%	10%	5%	4%	8%
Regional Services	10%	21%	16%	18%	14%	17%
Tourism	30%	8%	26%	15%	52%	24%
Households	32%	22%	18%	36%	26%	25%
Indirect Unassigned	15%	8%	17%	9%	3%	14%
Total # jobs	5,145	822	24,836	9,554	364	40,721

Montezuma and Archuleta Counties rely heavily on household spending to provide jobs in the local economy.

The La Plata and San Juan County economies are supported primarily by tourism. Agriculture related services and forestry remain the most significant sources of employment for Dolores County.

The base industry in our region with the highest percentage of jobs (25%) is created by **households** that spend money earned elsewhere (commuters), or at a different point in time (retirees). Household income includes money from transfer payments to retirees (such as Medicare), and public assistance to the unemployed and disabled.

Region 9 Base Industries 2017	# of Jobs	% of Jobs
Agribusiness	3,373	8%
Mining	988	2.4%
Manufacturing	636	1.6%
Government	3,100	8%
Regional Services	6,954	17%
Tourism	9,624	24%
Households	10,165	25%
Indirect Unassigned	5,881	14%
Total	40,721	100%

Dividends, interest, and rent that come from outside of the local economy (including royalty payments from oil and gas leases) are also important sources of household income.

Spending by households supports jobs in the local economy. Those jobs might be the local barber, a nurse, or a clerk in the supermarket where a retiree or commuter shops.

2017	# Jobs from Household Spending				Total # Jobs	Total # Jobs	% of Total # Jobs
	Commuters	Retirees	Public Assistance	*DIR	Households	Base Industries	from Households
Archuleta	148	884	281	315	1,628	5,145	32%
Dolores	69	135	52	44	300	822	36%
La Plata	(510)	3,335	635	1,428	4,888	24,836	20%
Montezuma	720	1,475	569	499	3,265	9,554	34%
San Juan	7	48	10	20	84	364	23%
Region 9	434	5,877	1,547	2,306	10,165	40,721	25%

*DIR = Dividends, Interest and Rent

If the number of commuter jobs is a negative, as it is in La Plata County, it means that more people are entering the county for work than are leaving.

Base Industry Components – We have drilled down into some of the base industry categories to separate out their most important components, based on which employment sectors are interacting to produce goods and services.

	Total # Jobs Agribusiness	Total # Jobs Base Industries	% of Total # Jobs in Agribusiness
2017			
Archuleta	473	5,145	9%
Dolores	215	822	26%
La Plata	1,681	24,836	7%
Montezuma	1,004	9,554	11%
San Juan	-	364	0%
Region 9	3,372	40,721	8%

For example, to provide a more accurate picture of the agricultural sector we can link agricultural production to other segments of the economy that directly and indirectly support agriculture. **Agribusiness** encompasses the traditional farm production of commodities such as wheat, hay, and livestock with

linkages to the agricultural inputs necessary for their growth. Agricultural inputs include such items as chemicals, seed, fertilizer, feed, fuel, and machinery. Agribusiness also includes the processing and marketing necessary to bring the final goods to the consumer.

Mining includes all mine operation and support activities. Mine operations include establishments operating mines, quarries, or oil and gas wells. Mining support activities include establishments that perform exploration

	Total # Jobs Mining Industry	Total # Jobs Base Industries	% of Total # Jobs in Mining
2017			
Archuleta	35	5,145	1%
Dolores	30	822	4%
La Plata	720	24,836	3%
Montezuma	203	9,554	2%
San Juan	-	364	0%
Region 9	988	40,721	2%

and/or other mining activities. For example, the oil and gas industry employs heavy construction and excavation firms to clear sites, trucking and pipeline companies to transport products, chemists, electricians, welders and a complex supply chain to support that industry.

Manufacturing is the production of finished goods that may also be used for manufacturing other, more

	Total # Jobs Manufacturing Industry	Total # Jobs Base Industries	% of Total # Jobs in Manufacturing
2017			
Archuleta	38	5,145	1%
Dolores	10	822	1%
La Plata	249	24,836	1%
Montezuma	254	9,554	3%
San Juan	3	364	1%
Region 9	553	40,721	1%

complex products. Or they may be sold to wholesalers, who in turn sell them to retailers, who then sell them to end users – the "consumers".

Government jobs in base industries includes all Federal and State governmental activities because it is assumed that the dollars for these programs either came from outside the county or are controlled by sources located outside the county. This includes all Federal employees including military and defense-related civilian workers, all Federal government program staff and administrators, and some postal service employees. It also includes most State funded employees because the location of these employees is generally outside of local control and in response to regional needs. Finally, this basic industry group includes those local government employees who are funded by Federal or State grants-in-aid or subsidies.

2017	# Jobs in Regional Services (RS)						Total	Total # Jobs	% of Total
	Business	Communications	Construction	Education	FI&RE	Trade	# Jobs	Base Industries	# Jobs in RS
Archuleta	25	3	74	382	13	24	520	5,145	10%
Dolores	0	2	25	47	-	1	75	822	9%
La Plata	1,057	107	279	2,350	135	381	4,310	24,836	17%
Montezuma	264	3	389	1,252	21	80	2,009	9,554	21%
San Juan	17	-	8	15	0	-	40	364	11%
Region 9	1,363	115	775	4,046	169	486	6,954	40,721	17%

Regional services encompass a variety of economic sectors, including Business, Communications, Construction, Education, Finance, Insurance and Real Estate, as well as Trade. Some examples of these services include hospitals, airports, telecommunications systems and colleges.

There are many types of businesses that support the **tourist** industry, including Resorts (lodging), 2nd Homes (construction and real estate sectors), Services (restaurants, wholesale and retail trade, entertainment venues), and Transportation (airlines, car rentals, guide services, etc.).

2017	# Jobs in Tourism Industry				Total # Jobs	Total # Jobs	% of Total # Jobs
	Resorts	2nd Homes	Services	Transportation	Tourism Industry	Base Industries	in Tourism
Archuleta	677	598	234	35	1,544	5,145	30%
Dolores	49	6	1	2	58	822	7%
La Plata	3,445	1,352	1,353	200	6,351	24,836	26%
Montezuma	798	209	323	126	1,456	9,554	15%
San Juan	138	36	37	4	215	364	59%
Region 9	5,107	2,202	1,948	366	9,623	40,721	24%

Employment generated by occupants of second homes is dispersed over a large number of industries. For example, second home visitors eat in restaurants like traditional visitors. However, because second-home owners have relatively high disposable incomes, they tend to generate greater employment in sporting goods, clothing shops and numerous services than do traditional tourists. Real estate sales and property management jobs are also generated by second home activity. Second homes also have a direct effect on the use of utilities including gas, electric and communication services.

Some jobs cannot be directly assigned to these categories, but do support the base industries, these are designated as **indirect unassigned** jobs. The reason why many indirect basic jobs are unassigned is due to the fact that they can provide support or business services to a number of different industries. A good example of this is an accountant who might provide accounting services to a mining firm, a hotel, and also to retirees in the area. If it were not for these basic industries being located in the region, the accountant would have no reason to be there either. Since these suppliers and service providers often cross a number of industries, it is difficult to assign the proportion of each basic industry that they support so we lump them into the "Indirect Basic" category.

From this discussion of economic base analysis we see that each of the counties in the region has varying numbers of jobs in base industries. Region 9 hopes that this information will provide a starting point for public discussions to review the data and plan for the future – for each county and the region – of the potential strengths, weaknesses, opportunities and threats accompanying each economic driver.