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 2015 Total Employment*	# of Jobs	% of Jobs	Avg Ann. Wage**
Agriculture	2,307	4%	$ 27,546
Mining	1,039	2%	$ 93,559
Utilities	256	0.5%	$ 71,783
Construction	5,106	9%	$ 51,971
Manufacturing	1,291	2%	$ 37,738
Wholesale Trade	1,007	2%	$ 53,310
Retail Trade	6,109	11%	$ 27,717
Transportation and Warehousing	1,063	2%	$ 52,898
Information	676	1%	$ 61,027
Finance Activities	1,447	3%	$ 79,000
Real Estate	2,088	4%	$ 39,882
Professional and Business Services	3,046	6%	$ 60,533
Management of Companies and Enterprises	109	0.2%	$ 105,466
Administration and Waste Services	1,875	3%	$ 31,206
Education	766	1%	$ 34,561
Health Services	5,867	11%	$ 42,369
Arts	1,539	3%	$ 22,478
Accommodation and Food	5,372	10%	$ 17,603
Other services, except public administration	3,173	6%	$ 30,039
Government	9,674	18%	$ 46,024
Total	53,810	100%	$ 41,345

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

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

In 2015, there were an estimated 53,810 total jobs in the region. Jobs in this chart include proprietors (owners) as well as wage and salary employees.
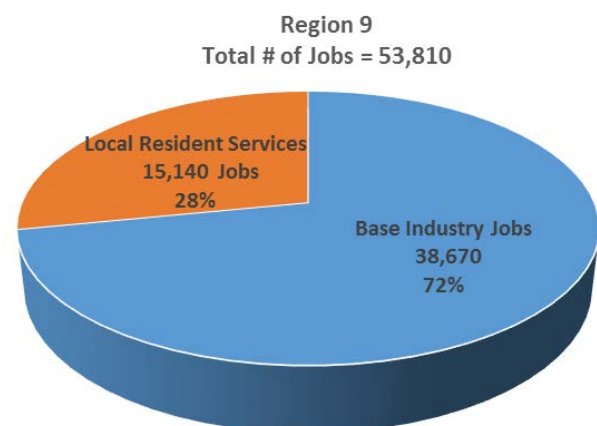
The service sector (highlighted) provided the highest percentage of jobs (40%) in the region. These service jobs include highly paid professionals as well as lower paying unskilled labor.

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.

In Region 9, 72% of the total number of jobs are in **base industries** (38,670 jobs). An estimated 28% of the total number of jobs (15,140 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.

Region 9
Total # of Jobs = 53,810

Local Resident Services
15,140 Jobs
28%

Base Industry Jobs
38,670
72%

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

Region 9 - Percentage of Jobs in Base Industries						
2015	**Archuleta**	**Dolores**	**La Plata**	**Montezuma**	**San Juan**	**Region 9**
Agribusiness	9%	32%	7%	11%	0%	9%
Mining	1%	1%	4%	2%	0%	3%
Manufacturing	1%	2%	1%	3%	1%	1%
Government	3%	6%	10%	5%	4%	8%
Regional Services	11%	21%	16%	18%	14%	16%
Tourism	29%	8%	26%	15%	52%	24%
Households	32%	22%	18%	36%	26%	25%
Indirect Unassigned	14%	8%	17%	9%	3%	15%
Total # jobs	4,889	655	23,610	9,186	330	38,670

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) the unemployed and disabled.

Region 9 Base Industries 2015	# of Jobs	% of Jobs
Agribusiness	3,288	9%
Mining	1,126	3%
Manufacturing	554	1%
Government	3,067	8%
Regional Services	6,255	16%
Tourism	9,182	24%
Households	9,490	25%
Indirect Unassigned	5,707	15%
Total	**38,670**	**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.

2015	# Jobs from Household Spending				Total # Jobs Households	Total # Jobs Base Industries	% of Total # Jobs from Households
	Commuters	**Retirees**	**Public Assistance**	***DIR**			
Archuleta	153	849	292	290	1,584	4,889	32%
Dolores	14	77	29	24	144	655	22%
La Plata	(471)	2,973	608	1,250	4,360	23,610	18%
Montezuma	779	1,465	592	478	3,314	9,186	36%
San Juan	8	49	13	18	88	330	27%
Region 9	**483**	**5,413**	**1,534**	**2,060**	**9,490**	**38,670**	**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.

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.

2015	Total # Jobs Agribusiness	Total # Jobs Base Industries	% of Total # Jobs in Agribusiness
Archuleta	453	4,889	9%
Dolores	209	655	32%
La Plata	1,618	23,610	7%
Montezuma	1,008	9,186	11%
San Juan	-	330	0%
Region 9	**3,288**	**38,670**	**9%**

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 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.

2015	Total # Jobs Mining Industry	Total # Jobs Base Industries	% of Total # Jobs in Mining
Archuleta	38	4,889	1%
Dolores	7	655	1%
La Plata	857	23,610	4%
Montezuma	224	9,186	2%
San Juan	-	330	0%
Region 9	**1,127**	**38,670**	**3%**

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

2015	Total # Jobs Manufacturing Industry	Total # Jobs Base Industries	% of Total # Jobs in Manufacturing
Archuleta	38	4,889	1%
Dolores	10	655	1%
La Plata	249	23,610	1%
Montezuma	254	9,186	3%
San Juan	3	330	1%
Region 9	**553**	**38,670**	**1%**

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.

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.

2015	# Jobs in Regional Services (RS)						Total # Jobs	Total # Jobs Base Industries	% of Total # Jobs in RS
	Business	Communications	Construction	Education	FI&RE	Trade			
Archuleta	38	19	68	365	13	21	524	4,889	11%
Dolores	2	3	95	39	-	-	138	655	21%
La Plata	1,003	138	226	2,174	116	211	3,868	23,610	16%
Montezuma	244	26	329	967	19	83	1,668	9,186	18%
San Juan	23	-	8	16	0	-	47	330	14%
Region 9	1,309	186	727	3,561	149	315	6,246	38,670	16%

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).

2015	# Jobs in Tourism Industry				Total # Jobs Tourism Industry	Total # Jobs Base Industries	% of Total # Jobs in Tourism
	Resorts	2nd Homes	Services	Transportation			
Archuleta	614	565	210	36	1,425	4,889	29%
Dolores	42	10	1	2	55	655	8%
La Plata	3,168	1,400	1,307	273	6,147	23,610	26%
Montezuma	760	189	304	130	1,382	9,186	15%
San Juan	116	30	24	3	173	330	52%
Region 9	4,700	2,193	1,846	444	9,182	38,670	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.