Delta County Economic Assessment

Prepared by: Better City
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Executive Summary

In the past year, Delta County (the “County”) has seen slight improvements to its economy following several years of little to no growth. In 2009, along with much of the nation, many local jobs were lost and output declined. Additionally, recent declines in mining reduced a major source of high paying jobs for the County. During this time agriculture has been a key driver of the local economy, remaining relatively consistent despite declines in a number of other industries. A viable economic strategy for the County will need to identify the best ways to leverage the strength of the agriculture industry to provide additional, higher wage jobs and identify other areas to diversify the local economy.

This report provides an assessment of the current state of the County’s economy. Subsequent reports will include forward-looking market analysis, in depth comparisons between the County and other comparable counties in the region, and recommended action items.

Demographics and Employment

The County experienced steady population growth until 2010 primarily driven by migration, but large out-migrations in 2011 and 2013 countered some of that growth. The annual population growth rate for this period was 0.4% while the statewide growth rate was 1.5%. The median age in the County increased from 42.7 in 2000 to 46.9 in 2013 and is significantly higher than the state average of 36.8.

Labor force participation in the County of 65% is on par with the statewide level of 66%. Unemployment has steadily declined from a high in 2010 of almost 10% to approximately 6% today. This is higher than the statewide average of 5.2%.

The most prominent industries in the County in terms of number of jobs are public education, agriculture, retail trade and health services. Industries that require easy access to thoroughfares such as transportation and warehousing and wholesale trade are poorly represented in the County. Other industries that employ few residents include information and arts, entertainment, and recreation.

Agriculture provides the largest number of direct basic jobs, which bring in revenue from outside the County. Mining, retail trade, and health services also provide a number of direct basic jobs to the County.

Revenues and Wages

Revenues for local businesses declined slightly between 2010 and 2011 and have since remained flat. The most prominent industries in the County based on payroll are government (including public education) and mining. Health services and retail trade also play a significant role. Although agriculture provides a large number of jobs to the region, its contributions to payroll are far less significant.

Exports of goods and services (including tourism) are estimated to contribute $287M to the local economy. Personal transfers such as social security benefits and investment income are estimated to contribute another $483M. Social security comprises 41.6% of these transfers in the County versus 34.3% for the state as a whole. Net commuter income is a $131M inflow to the County due to a large number of residents who commute out of the County to work at the West Elk mine and elsewhere. Wages and personal transfers combine for a total personal income of $604M, or $19,729 per capita.
Industries
The industries that have been key drivers for the economy from 2001-2013 have been agriculture, government, including public education, and mining. Government and mining were especially important from 2001-2010 due to their job growth and above average total payroll. Both of these industries declined from 2010-2014, which is concerning, as it likely put significant strain on the economy. Potential emerging industries with room for growth include information and recreation. An economic development strategy for the County should address the declining employment in major industries by expanding emerging industries and identifying ways to increase the economic impact of the agriculture industry.
Local Economic Model

A simplified model of a local economy identifies the key flows of labor, capital, and goods and services. The figure below depicts those flows, and quantifies those for which data is available. The local residents (D) provide labor (F) to local industries (H, I) and receive wages (E) in return. In addition to those who live and work in the County, some labor commutes into (K) or out of (B) the County in exchange for wages that flow out of (L) or into (C) the County respectively. Local industry can be separated into two groups: Direct Basic industries (H) that export goods and services outside of the County and Non-Basic Industries (I) that primarily provide goods and services to local residents. Basic industry exports are the key source of outside revenue (J) for the local economy. Such revenue is necessary for the local economy to be able to import goods and services that are not produced inside the County. Finally, transfers of capital (A) into the economy include government transfers such as Social Security and investment income. Transfers out of the economy include savings, contributions for government social insurance, and taxes.
County Residents

Population is a key component of a local economy’s productive capacity. An increase in the size or skill level of the local labor force typically increases the output of the economy. However, because the local population also represents the consumers of economic output, an increase in population size does not necessarily equate to a betterment of local economic conditions. For this to occur, output needs to outpace population growth.

The population of Delta County is estimated to be 30,595 (See item D on Page 4). The County experienced steady population growth until 2010 primarily driven by migration increase as shown in Figure 1 below. Two recent years had significant out migration, 2011 with over 500 residents leaving and 2013 with over 100 residents leaving.

Figure 2 depicts net migration and the net increase or decrease in jobs. Net migration mirrored job change until 2005, when the two moved in opposite directions. It is unclear what caused the significant drop in migration in 2005. After that point, net migration has tended to lag job change by one or two years.

Figure 3 below depicts population change by community. Most of the growth in recent years has occurred in Paonia, with the city of Delta and unincorporated parts of the County seeing population declines.
Delta County’s median age has increased from 42.7 in 2000 to 46.9 in 2013 and is well above the state average as shown in Figure 4 below. As shown in Figure 5, this increase in median age is primarily tied to the increase in people aged 45-74.
The median age is significantly higher than that of the State due to a high concentration of individuals aged 50-69 as shown in Figure 6 and Figure 7 below. This is coupled with a low concentration of individuals aged 20-49. These demographics are a potential area of future concern because as individuals in the County retire, there are currently not enough new workers to replace them. However, as has already been discussed, net migration has tended to follow job growth, so an increase in available jobs could attract new residents to the County.

Source DOLA

Figure 6: Delta County Population by Age 2014

Source DOLA

Figure 7: Colorado Population by Age 2014
As shown in Figure 8 and Figure 9, the County population is more ethnically homogeneous than the State as a whole. As shown in Figure 10 below, the working age population is evenly split between males and females.
Workforce

The County labor force consists of those individuals (typically 16 or older) who are either employed or actively seeking employment. As shown in Figure 11 below, the portion of the County population in the labor force is an estimated 65% in 2014. This is higher than the 10 year low of 62% in 2004, but lower than the high of 69% in 2009. Delta County labor force participation is on par with statewide averages.

As shown in Figure 13, 56% of the County’s labor force, has attended at least some college and 21% have earned a bachelor’s degree or higher. These levels of educational attainment are below than state averages of 73% and 41% respectively (Figure 14). Educational attainment levels are slightly higher in Paonia and Cedaredge than the rest of the County as seen in Figure 15.
Figure 13: Delta County Labor Force Educational Attainment 2013

Source: ACS 5-year Estimate

Figure 14: Colorado Labor Force Educational Attainment 2013

Source: ACS 5-year Estimate

Figure 15: Educational Attainment by Community 2013

Source: ACS 5-year Estimate
Employment

While the size and makeup of the labor force can illustrate the potential of an economy, indicators such as the number of people employed and the unemployment rate illustrate the current state of an economy. Delta saw a significant decline in the number of people employed from 15,984 in 2007 to an estimated 14,487 in 2013, as depicted in Figure 16. There was an uptick in employment of almost 700 individuals between 2013 and 2014 according to the Bureau of Labor Statistics. There was a sharp increase in the unemployment rate between 2007 and 2010, but since that time the unemployment rate has slowly declined. In contrast to the rest of the State, which saw steady employment growth from 2010 to the present, the County has had a much slower recovery from the recent recession. The unemployment level in the County has been higher than the state average since 2010 as shown in Figure 18. Changes in the unemployment level have moved in parallel with state and national trends.

Source: BLS
Employment statistics provide a useful metric to assess how well the economy is utilizing its labor potential, and the reduction in unemployment since 2010 is a positive sign. Several other components of the labor market not captured in employment data can also provide insight into the health of the local economy.

Figure 19 depicts the percentage of employed individuals in the County who work from home. The decline in working from home over this period is not mirrored statewide. It is difficult to draw conclusions from this data because the total numbers involved are small, so small changes can inaccurately appear to represent large trends. Additional research would be needed to determine the full extent of telework and location neutral employment in the County.

![Figure 19: Delta County Work from Home 2009-2013](Source: Source: ACS 5-year Estimate)

**Total Jobs**

Employment data does not capture the impact of workers commuting into or out of the County. It also does not take into account individuals who work multiple jobs. In order to identify the total number of jobs in the County, these additional components must be considered. Table 1 incorporates data and projections from the State Demography Office, the Department of Reclamation and Mining Safety, the Census Bureau, and the Bureau of Labor Statistics to provide an estimate of the number of commuters into and out of the County, the number of multiple job holders, and the total number of jobs in the County. The County has a larger number of employed residents than jobs. This gap is explained by a significant net outflow of commuters primarily to neighboring counties.

<table>
<thead>
<tr>
<th>Delta County</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>30,595</td>
<td></td>
</tr>
<tr>
<td>Population 16+</td>
<td>24,917</td>
<td>81.4%</td>
</tr>
<tr>
<td>Labor Force</td>
<td>16,111</td>
<td>64.7%</td>
</tr>
<tr>
<td>Employed</td>
<td>15,133</td>
<td>93.9%</td>
</tr>
<tr>
<td>Commute Out (see Item B on Page 4)</td>
<td>-3,586</td>
<td>-23.7%</td>
</tr>
<tr>
<td>Commute In (see Item K on Page 4)</td>
<td>696</td>
<td>4.6%</td>
</tr>
<tr>
<td>Net Commuters</td>
<td>-2,890</td>
<td>-19.1%</td>
</tr>
<tr>
<td>Multiple Job Holders</td>
<td>330</td>
<td>2.2%</td>
</tr>
<tr>
<td>Jobs</td>
<td>12,572</td>
<td></td>
</tr>
</tbody>
</table>

Source: DOLA, BLS, ACS 5-year Estimate, Dept. of Reclamation and Mining Safety

Table 1: Delta County Employment Overview 2014

Since a peak in 2008, the total number of jobs in the County declined sharply until 2010 followed by very slight growth to the present as shown in Figure 20.

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1 DOLA projections for 2015 jobs were used to estimate 2014 jobs. Straight-line growth was assumed between 2013 and 2015. The resulting estimate was adjusted downward using mine specific data from the Department of Reclamation and Mining Safety to account for recent job losses at the Elk Creek mine.
Figure 21 depicts the total number of active business registrations and number of business registrations per capita by the primary location of business. As one would expect, the majority of the businesses in the County are concentrated in the city of Delta; however, the city of Delta has one of the lowest levels of business licenses per capita. Hotchkiss has the highest number of businesses per capita. Figure 22 shows the number of active business licenses by the initial year of registration. The increase in registrations in recent years is a positive sign, but is partially explained by the fact that expired registrations are not included in this data increasing the expected number of registrations closer to the present.
Industry

An economy needs a diverse mix of industries that both provide for local residents' needs and are able to attract outside sources of revenue to be robust, stable, and vibrant.

The most prominent industries in the County in terms of number of jobs are public education, agriculture, retail trade, and health services. Figure 23 shows the number of jobs across all major industries for employers located in the County. Industries that require easy access to thoroughfares such as transportation and warehousing and wholesale trade are poorly represented in the County. Other industries that employ few residents include information and arts entertainment and recreation. These industries do not face the same obvious impediments and may have room for growth.

Industries that export goods and services outside of the County or are able to attract buyers from outside of the County are the key source of external capital for the economy. These direct basic industries typically include natural resource extraction, large-scale...
manufacturing, accommodation, and non-local government. Non-basic industries that cater to local residents include personal services such as barbers and dry cleaners, grocery stores, primary and secondary education, and local government services. There are a number of hybrid industries that provide goods and services to both local and external customers, such as restaurants that cater to both tourists and locals.

Figure 24 depicts estimates of the number of basic and non-basic jobs in each industry. The total number of direct basic jobs (see Item H on Page 4) is estimated to be 4,865 and the number of non-basic jobs (see Item I on Page 4) is estimated to be 7,708. Agriculture, mining, retail trade and health services provide the largest number of basic jobs in the County. Agriculture is by far the largest direct basic job producer in the County highlighting its key role in bringing outside revenue into the County. Retail trade and health services are typically not large contributors to direct basic jobs and may indicate some individuals commute to Delta County to purchase goods or healthcare. Additional research would need to be conducted to identify the scope of this activity.

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1 Direct basic job numbers are derived from job estimates described in footnote 1 and DOLA economic base analysis.

2 Direct basic job numbers are derived from job estimates described in footnote 1 and DOLA economic base analysis.
The primary industries in the City of Delta are retail trade, public education, and health services. Agriculture, accommodation, food services, construction and other services are also significant employers in the City.

Real estate, professional services, and public education are the primary employers in Cedaredge.
Orchard City jobs primarily come from public education, agriculture, and public administration.

The economy in Hotchkiss/Crawford is dominated by agriculture, followed by public education, health services, and retail trade.
Revenues, Wages, and Transfers

Export revenues, net personal transfers including government transfers and investment income, and net commuter wages are the three sources of external revenue for the local economy. Net commuter wages, net transfers and payment for imports are the sources of capital outflows. Therefore, the primary strategies to increase the flow of capital to local residents include:

- Expand or add exporting industries
- Attract individuals to the community with positive net personal transfers (retirees, investors)
- Attract commuters to live in the community
- Reduce imports

Identifying the size and relationship of these inflows and outflows is important in determining the impact of each of these strategies.

Revenue

Figure 30 shows gross sales for all industries in the County according to Colorado Department of Revenue data. Revenues for local businesses declined slightly between 2010 and 2011 and have remained flat since.

Paonia jobs are concentrated in miscellaneous services, public education, and agriculture.
Wages and Other Transfers

Figure 31 depicts the total payroll by industry for the County, which equals approximately $500M. The most prominent industries in the County based on payroll are government (including public education) and mining. Health services and retail trade also play a significant role. Although agriculture provides a large number of jobs to the region, its contributions to payroll are far less significant.

Table 2 estimates the portion of revenues attributable to direct basic industries (see Item J on Page 4) and non-basic industries (see Item G on Page 4) based upon the percentage of total payroll associated with direct basic jobs.

<table>
<thead>
<tr>
<th>Industry</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales</td>
<td>$635,295</td>
</tr>
<tr>
<td>Basic Industry Payroll - % of Total</td>
<td>45.1%</td>
</tr>
<tr>
<td>Export Sales</td>
<td>$286,728</td>
</tr>
<tr>
<td>Local Sales</td>
<td>$348,567</td>
</tr>
</tbody>
</table>

Table 2: Delta County Export/Local Gross Sales 2013 (000s)

The percentage of total payroll associated with direct basic jobs is the sum of the products of the percentage of each industry’s jobs that are direct basic and that industry’s payroll as a percent of total payroll.

Source: Colorado Department of Revenue

Figure 30: Delta County Gross Sales 2009-2013

Source: BEA

Figure 31: Delta County Total Payroll by Industry 2014
Table 3 below identifies the how local industry payroll is distributed to individuals inside and outside of the County (see Items E and L on Page 4). It also identifies wages for local residents who work outside of the County (see Item C on Page 4). Due to the large number of workers who commute out, net commuter wages are positive, representing an inflow of approximately $104M.

Table 3: Delta County Income from Work 2014 (000s)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Payroll</td>
<td>$382,498</td>
</tr>
<tr>
<td>Proprietor Income</td>
<td>$117,054</td>
</tr>
<tr>
<td><strong>Total Payroll</strong></td>
<td><strong>$499,553</strong></td>
</tr>
<tr>
<td>Wages to local commuters</td>
<td>$130,678</td>
</tr>
<tr>
<td>Wages to external residents</td>
<td>($26,634)</td>
</tr>
<tr>
<td><strong>Net commuter wages</strong></td>
<td><strong>$104,044</strong></td>
</tr>
<tr>
<td><strong>Local area employment income</strong></td>
<td><strong>$603,597</strong></td>
</tr>
</tbody>
</table>

Table 4 below lists personal transfers (see Item A on Page 4) including government transfers such as social security, non-profit transfers, and business transfers such as company retirement plans. It also lists investment income including dividends, interest, and rent. These transfers are a significant driver in the local economy amounting to approximately $483M, which is approximately 2/3 the size of local employment income. Social security comprises 41.6% of these transfers in the County vs 34.3% for the state as a whole.

Table 4: Personal Transfers and Other Income 2013 (000s)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from government</td>
<td>$244,430</td>
</tr>
<tr>
<td>Transfers from non-profit</td>
<td>$3,770</td>
</tr>
<tr>
<td>Transfers from business</td>
<td>$2,554</td>
</tr>
<tr>
<td>Investment income</td>
<td>$232,476</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td><strong>$483,230</strong></td>
</tr>
</tbody>
</table>

Table 3: Delta County Income from Work 2014 (000s)
Industry Cluster Analysis
The local economy was analyzed using shift share and location quotient methodologies to identify industry clusters as shown in the following sections.

Shift Share Analysis

Methodology
Shift share analysis is a method of dissecting job growth into its component parts to better detect the factors contributing to growth. The following three components are identified through this analysis:

State Share
This is the portion of job growth that can be attributed to overall economic growth in the larger reference area (statewide). It is calculated by multiplying the number of jobs in the local area at the beginning of the time period by the reference area growth rate for the specific industry and subtracting state share.

Industry Mix
Industry mix represents the portion of an industry’s job growth in an area due to that industry’s nation or statewide expansion or contraction. It is calculated by multiplying the number of jobs in the local area at the beginning of the time period by the reference area growth rate for the specific industry and subtracting state share.

Regional Shift
This is the most important component of job growth for local economic development. It highlights the change in employment that is due to an area’s competitive advantages in a particular industry. It is calculated by subtracting industry mix and state share from the total number of jobs gained or lost in the selected local industry.

Analysis
Figure 32 depicts the shift share analysis for the County from 2001 to 2014. The industries with the highest total growth over this period as seen by the purple lines include health services, mining, government, and agriculture. In the cases of mining, health services and government, the growth mirrored growth across the industries as seen by the red sections. State job growth also explains a portion of the increase in health services, government, and agriculture as seen by the state share. Over this period, the industries that suffered the greatest losses in the County include construction, wholesale trade, and administrative and professional services.
Figure 3.2: Delta County Shift Share 2001-2014
Figure 33, which illustrates the regional shift component for each industry from 2001 to 2010, highlights growth in construction, manufacturing, and real estate due to County specific factors. County industries that have lagged behind statewide and industry trends include administrative services, accommodation and food services, professional services and wholesale trade.
Figure 34 depicts regional share for the period from 2010 to 2014. It highlights a decrease in competitiveness for most industries across the County in recent years. The greatest region specific job losses during this period were in construction, government, and retail trade. Agriculture and information exhibited gains in regional share over this period, highlighting the important role agriculture is playing in the economy, and potentially identifying a future opportunity in the information industry.
Employment Location Quotient Analysis

Methodology
Employment location quotient (LQ) is a method of quantifying the concentration of an industry cluster in an area when compared to a national or state average.

LQ’s are calculated as shown below.

\[
\text{Location Quotient (LQ)} = \frac{\text{Local Proportion}}{\text{State Proportion}} \\
\text{Local Proportion} = \frac{\text{# of Employees in Industry X in County}}{\text{Total # of Employees in County}} \\
\text{State Proportion} = \frac{\text{# of Employees in Industry X in State}}{\text{# of Employees in State}}
\]

For Example, in 2014 the County had 12,572 estimated jobs and 1,470 jobs in the agriculture industry resulting in a local proportion of 11.7%. For the same period, Colorado had 3,061,583 total jobs and 46,309 jobs in the agriculture industry for a state proportion of 1.5%. The LQ is derived by dividing the 11.7% local proportion by the 1.5% state proportion resulting in an LQ of 7.73 for the mining industry. This indicates that the concentration of agriculture jobs in the County is almost eight times greater than the state as a whole. An LQ of 1.0 would mean that the local concentration of an industry was the same as the statewide concentration.

Industries with high LQ’s (above 1.25) are typically export-oriented industries that are beneficial to a local economy because they bring money into the region. High LQ industries may also indicate a higher than average demand in an area. Industries that have both high LQ’s and high job numbers typically form a region’s economic base. Such industries not only provide jobs directly, but also have a multiplier effect, creating jobs in other dependent industries like retail trade and food services. Industries that are unable to support local demand typically have an LQ below 0.75.
Analysis

Figure 35 shows the LQ calculations for the County. The most concentrated industries in the County are agriculture, mining and utilities. The first two of these industries are key sources of outside revenue and their concentration is due to the abundant natural resources, quality farmland, and concentrated agricultural experience in the County. Some industries that fall below the average range such as wholesale trade and manufacturing may highlight a disadvantage of the area such as its distance from major freeways. Others not facing obvious disadvantages, such as information and recreation, may be indicative of industries with room to grow.

![Figure 35: Delta County Location Quotients 2014](image-url)
Industry Cluster Matrix Analysis

Methodology
Shift share, location quotient, and wealth creation measures can be combined into a matrix analysis to provide a more comprehensive view of the economy. This analysis plots industries in a two-by-two matrix with the natural logarithm of location quotient on the x-axis and job growth as represented by regional shift on the y-axis. The size of each industry bubble in the matrix represents total payroll. Similar analysis can be performed using other measures for job growth and industry size; however, regional shift and total payroll provide advantages over other variables. These advantages are shown in Figure 36.

<table>
<thead>
<tr>
<th>Other Variables</th>
<th>Better City Variant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y-Axis: Industry Job Growth Rate</td>
<td>Y-Axis: Regional Shift as calculated using Shift Share Analysis. Advantage: This method shows the growth that is due to inherent strengths in the region, excluding growth due to statewide and industry trends.</td>
</tr>
<tr>
<td>X-Axis: Location Quotient</td>
<td>X-Axis: Natural Logarithm of Location Quotient Advantage: Large outliers can cause apparent clustering of other industries. This variable depicts the differences between LQs, but on a comparable scale. With this measure, an industry with a concentration equal to the state average would have a value of 0 rather than 1.</td>
</tr>
<tr>
<td>Bubble Size: Number of Jobs</td>
<td>Point Size: Wealth creation as measured by total payroll per industry. Advantage: This method gives credit for industries with higher paying jobs and better describes economic impact of an industry.</td>
</tr>
</tbody>
</table>

Figure 36: Better City Industry Cluster Matrix Variables
In this analysis, industries will fall into one of four quadrants, as shown in Figure 37.

Quadrant One: Industries in this quadrant are concentrated in the region and growing due to regional advantages. Large industries in this quadrant distinguish the regional economy as they increase workforce demand. Small industries in this quadrant are possibly emerging exporters that should be developed.

Quadrant Two: Industries in this quadrant are growing over time but are still less concentrated than the state average. Depending on the industry, they may settle at the state average or continue to grow and move into Quadrant One.

Quadrant Three: Industries in this region are less concentrated than state averages and are losing ground. Such industries may face significant competitive disadvantages in the area.

Quadrant Four: Industries in this quadrant are declining, but are still more concentrated than the national average. If a large industry is in this quadrant the region is often losing its export base. The region should plan and invest accordingly.

It is important to also note the size of an industry to identify short-term economic impacts. Growth or contraction in industries with high payrolls will have a large impact on the local economy. Small industries may be important for an economy’s future but will take time to have a significant impact.

Analysis
Figure 38 shows the results of the Better City Industry Cluster Matrix analysis for the period from 2001-2010 and Figure 39 depicts the period from 2010-2014.
Figure 38: Delta County Cluster Matrix 2001-2010
Figure 39: Delta County Cluster Matrix 2010-2014
Quadrant One: The only industry that has remained in quadrant one from 2001-2014 is agriculture, again highlighting the key role it plays in the local economy. Construction, mining, health care, retail trade, other services and government also fall into this quadrant from 2001-2010 with some growth due to local factors and above average concentration. Government and mining were especially important from 2001-2010 given the high location quotient, regional shift, and above average total payroll. These factors make their declines from 2010-2014 especially concerning as they put significant strain on the economy. The decline in other industries that started in quadrant one such as retail trade and health care is likely tied to losses in the previously mentioned basic industries.

Quadrant Two: The information industry, which includes publishing and software development, fell in this quadrant from 2001-2014. Arts entertainment and recreation is also on the cusp of quadrant two for the period from 2010-2014. These industries may represent emerging opportunities for the local economy.

Quadrant Three: There are several industries in this quadrant including transportation/warehousing, wholesale trade, and professional and business services that are underrepresented due to its distance from major transportation nodes and relatively small population. Accommodation and food services is an industry that falls in this category, but should have the potential to at least match statewide levels of concentration and maintain steady job numbers.

Quadrant Four: The industries in this quadrant are potential areas of concern because of their concentration and declining growth. No major industries fell into this quadrant from 2001-2010. However, as mentioned above, several industries including mining and government contracted from quadrant one to quadrant four in 2010-2014. If these industries continue to decline new industries will need to emerge to create balance.

Industry Detail
Figures 34 to 45 depict cluster matrices of individual industries broken down to the sub-sector level.
Crops and livestock production have remained a key component of the local economy over the past 15 years. Value added activity such as food processing has declined in recent years. A notable example of this is the recent loss of a Meadow Gold facility to the Front Range. Agricultural support industries have seen some growth due to local factors since 2010. Both of these agricultural sub-sectors have the potential to play an important role in future economic growth.
Between 2001 and 2010, specialty trade contractors and building construction were strong contributors to the economy, but dropped into quadrant four between 2010 and 2014. Food and wood product manufacturing declined from 2010-2014, but other manufacturing saw some region specific growth for both periods. This sectors somewhat low concentration in the area may indicate room for additional growth in the future.
Between 2010 and 2014 most retail and wholesale sectors have seen declines in regionally driven growth. This decline may be due to a decline in the basic sector industries upon which retail trade relies.
Both accommodation and recreation have performed moderately well in recent years. Their low concentration in the County may indicate room for growth. Food services and drinking places are less concentrated in the County than statewide averages and are losing ground. It is expected that such an industry should be able to keep pace with statewide averages.
Government employment, including public education, has been steady across federal, state, and military jobs; however, local government saw significant growth from 2001 to 2010, but lost those gains between 2010 and 2014. This may be a reflection of the rest of the economy as population shifts due to job losses and gains elsewhere impact the demand for local government services.
Social assistance has remained in quadrant one since 2001. This, and the high concentration of nursing and residential care facility jobs may be due in part to the above average age of the County population. Aging demographics often lead to an increase in all healthcare services, however, other health care services have declined due to regional factors in recent years. This may be a trend that can be reversed.
Publishing industries including software publishing have seen regional driven growth since 2001 and could provide future opportunities. Much of the decline in other finance activities since 2010 is likely tied to reduced mortgage lending during the recent recession.
Conclusion

This analysis identifies three key industries: agriculture, mining, and government services that have provided much of the County’s economic activity over the past 15 years. Agriculture has been a consistent performer in terms of job growth, while government and mining have seen recent declines. This is concerning due to the above average payrolls found in both of these industries. Meanwhile, despite agriculture’s leading role in providing jobs, it lags behind several industries in terms of payroll. An economic development strategy for the County should address the declining employment in these major industries, and identify ways to increase the economic impact of the agriculture industry.

The mining industry is driven by global commodity market prices and national politics and there is little that can be done to influence these underlying factors. Efforts to identify opportunities in other industries that provide a diverse employment base could help mitigate the boom bust cycle associated with extractive industries.

Government jobs in the County are primarily local government and public education. These jobs are non-basic, and their growth or contraction will largely follow trends in the local economy as a whole.

The agriculture sector is a key source of outside revenue for the County and is a promising area for future growth. Crop and livestock production has remained an active part of the local economy, and agricultural support services are growing. Measures to reclaim some of the losses that have occurred in food manufacturing may help to further enhance this sector and bring additional prosperity to the region.

Other potential growth areas include recreation and information industries. Identifying avenues to support the development of these industries could provide additional diversification to the local economy.

In addition to these industry factors, the County has an older population, which brings with it some workforce concerns as many of these individuals approach retirement, but also brings significant personal income transfer. This provides additional outside revenue to the County and increases local economic activity. Going forward, all of these aspects of the local economy are important considerations for the development of the County’s economic development strategy.
Appendix A: Stakeholder Interviews

In addition to the quantitative assessment provided above, a number of interviews with key community stakeholders were conducted to develop a qualitative picture of the local economy. Key economic strengths, challenges and opportunities were identified and are described in Figure 54, Figure 55 and Figure 56 below.

The key economic strengths identified centered around outdoor recreation and agriculture. The inclusion of agriculture is expected, but the emphasis on outdoor recreation is surprising given the small size of the industry in the data above. This may indicate untapped potential in outdoor recreation.

Challenges identified include limited government engagement and support, declining population and lack of skilled labor, and poor broadband access.
Stakeholders identified potential for future growth in food processing, sporting events, outdoor recreation, agriculture, and retirement communities.

Figure 57 below is a word cloud depicting the stakeholder interviews. Word size corresponds to its frequency during the interviews.
Figure 57: Delta County Stakeholder Interview Word Cloud