
N. OTHER INDUSTRIES

1. Mining (Table N-1)

The map indicates location of the Valley's mining districts. Mining operations in recent years have focused on gold, turquoise, perlite, and volcanic scoria (lava rock). Silver mines in Creede closed over 20 years ago when silver prices fell below production costs.

Heap leach gold mining has left its scars on the Valley, as witnessed by the Summitville cyanide spill in Rio Grande which cost nearly \$100 million to clean up. This is also true to a much lesser extent of the Battle Mountain Gold Mine north of San Luis, which is now off the Superfund list. During the time of operation, these projects provided significant job and economic benefits which diminished quickly after the gold was extracted and the companies moved on. Some potential may exist in re-working the tailings of former mine operations, and the rising prices for gold and silver may present some new opportunities for more traditional forms of mining.

Perlite, a mineral used for drywall and other construction products, is mined in New Mexico and hauled by truck to Antonito for preparation and rail shipment. An increasing portion of the perlite activity was relocated to Socorro, New Mexico south of Albuquerque, resulting in some layoffs of the workers in Colorado. Deposits of lava rock, located near Mesita and across the state line south of Antonito, are being utilized for landscaping and gas grille briquettes. Colorado Aggregate's lava rock operation was recently sold off to a Missouri firm, but the company is still operating its line of aquarium gravel for fish tanks near San Acacio.

Oil and natural gas deposits exist in small quantities, and at least one low volume well was discovered northwest of Del Norte. The escalating cost of oil and natural gas is focusing more attention on these small deposits, and plans for exploratory drilling on public lands has become a controversial issue.

Table N-1 indicates that most of the region's mining activities today are focused on excavation of crushed and broken stone (including the lava rock), sand and gravel, and perlite. A few individuals representing gold mining interests and other mining support activities are still here. At the regional level, the basic income from mining is only a little over \$5.8 million, or 1.5% of all the basic income. The greatest shares of base income are in Conejos County (39.5%); Alamosa (28.2%); Rio Grande (20.9%); and Costilla (8.0%). Wage & Salary employment is highest in Alamosa and Conejos, and estimates of total jobs by industry Table D-7 show a -23.9% loss for mining from 2001-2006.

Map 16

San Luis Valley Region – Mining Areas and Districts



Source: San Luis Valley GIS/GPS Authority.

2. Manufacturing (Table N-2)

Table N-2 provides a similar summary on manufacturing, with a listing of subsector activities. Unfortunately, we cannot provide additional detail for the subsectors due to disclosure prevention requirements from the source. While manufacturing covers a much greater diversity of activities than mining, the 2005 base industry total for the region of \$6.3 million (1.7%) is not much more significant as a driving force in the economy.

Rio Grande County has the largest share of base income (35.1%), followed by Saguache (24.7%); Alamosa (20.4%); Costilla (12.2%); and Conejos (6.8%). Some notable manufacturing subsectors include bottled water; pre-fabricated wood buildings; cut & sew apparel; fertilizer; concrete; sheet metal; machine shops; kitchen cabinets; furniture; jewelry; sawmills; potato starch; dehy potato processing; truck trailers; and meat processing.

The largest employer is the Idaho Pacific/Otter Tail dehy plant in Center with over 60 employees; followed by Mountain Valley sawmill in Saguache; Rustic Log Furniture in Alamosa; and KZee Manufacturing in Center. All the rest have less than 20 employees. We would note that Brimhall Industrial in Monte Vista which fixes heat exchangers for utility companies and other large equipment, is classified under the NAICS codes with "Other Services." Alamosa Newspapers, formerly considered as part of manufacturing under publishing, is now coded by the NAICS as part of the Information sector.

3. Retail Trade Trends (Table N-3)

Table N-3 shows that the region's total annual retail sales of \$738,298,000 in 2006 represented an annual average change of 5.1% from 2000, very close to the State's 5.4% pace. In the portion of the decade from 1992-2000, sales averaged 7.4% compared with Colorado's 10.9%.

Counties with faster annual rates than the region from 2000-2006 were Conejos (11.3%); Saguache (8.0%); Mineral (7.1%); and Alamosa just slightly better with 5.2%. Over half the region's retail sales in 2006 were concentrated in Alamosa County (\$416.9 million), followed by Rio Grande (\$253.3 million); Saguache (\$57.7 million); Conejos (\$48.7 million); Mineral (\$25.4 million); and Costilla (\$21.2 million).

Most of the counties have been gradually losing shares of the retail pie to Alamosa, where the Regional Hospital, clinics, college, Wal Mart, supermarkets, and other retail and services are located. Except for basic and practical items monopolized by the discounters, sales leakage, or spending circulated dollars outside the Valley, is not being significantly reduced. Opportunities to provide a local convenience for specialized items and quality lines of merchandise are generally not being pursued.

Many cities and towns are initiating improvements to make their downtowns more attractive places to shop and friendlier to tourists. This generally requires a sustained effort to bring to fruition, which many have started but not finished.

4. Retail Sales by Industry (Table N-4)

A view of retail trends by industry group in the 5-year period from 2002-2006 is presented in Table N-5. Because of data suppressions at the county level, we cannot get a regional overview for important retail groups such as auto dealerships, building supplies, health care, and general merchandise stores, but we do have a few.

Starting with the totals, we note a slower growth for the Valley in overall sales of 19.1% from 2002-2006, compared with 28.5% for Colorado statewide. The reverse happens when we look at the retail trade subgroup for the Valley which is showing a gain of 28.5%, compared with the State's 16.5%. When viewing some of the industry groups where we do have regional totals, we note a slower trend for food and beverage stores (6.9% Valley vs. 17.5% State); and somewhat better with lodging and accommodations (18.0% Valley vs. 26.5% State).

Due to the escalation of gasoline prices which started to pick up in 2004, the retail sales for gas stations in the Valley hit \$82.9 million in 2006, up from \$39.4 million in 2002. This was an increase of 110.3%, compared with 42.1% for the State. Saguache County was up by 290.4%, followed by Conejos (172.1%); and Alamosa (108.0%).

Alamosa followed closer to the State on building materials, food and beverage stores, and sporting goods. Rio Grande did better than the State on auto dealership and parts sales (27.8% Rio Grande vs. -2.2% State), and phenomenally better on food and beverage stores (75.0% Rio Grande vs. 17.5% State).

General merchandise had a very good gain at the State level of 25.5%, but we can't get a reading from the source on Alamosa, where Wal-Mart and others are concentrated. The source does report for Saguache County, showing an incredible 282.9% increase for general merchandise, and 7.9% for Rio Grande County where it was also reported.

Discounting the changes in mining, finance, government, and a few other industries where retail sales are minimal, the Valley's largest sales growth from 1995-2000 occurred in other services (10.4%); furniture stores (9.9%); and automotive dealers and gas stations (9.4%). Unfortunately, we do not have a picture of retail sales by industry for the full year of 2007, and the University of Colorado Business Research Division which provides the data is discontinuing the service.

5. Retirees (Table N-5)

It may come as a surprise to many that the largest contributions of basic income to the economy are in the form of retirement income, government payments, dividends, and sources other than jobs. Retirees for base analysis

purposes are persons age 60 and over relying on this type of income. Spending by the retirees creates economic activity and jobs, and base income reported for retirees represents the portion of their income they spent and introduced into the economy --- not the amount they received.

Table N-6 shows that retiree spending contributed \$81.4 million (21.4%) to the regional economy, ranking it second to agriculture as the most important source. When all of the components of household income (including Public Assistance and the dividends/interest group) are added together, this represents 36.2% of base income, and a near tie to agriculture's 37.9%. With the aging of population, base income from retirees is likely to become an even more important driver of the economy.

Retiree contributions to base income are most important in Costilla County (24.9%), followed by Mineral (24.9%); Conejos (21.9%); Alamosa (15.9%); Saguache (15.2%); and Rio Grande (14.7%). The largest shares of the region's retiree total of \$81.4 million, however, go to Rio Grande, \$25.9 million (31.9%), followed by Alamosa, \$23.9 million (29.4%); Conejos, \$13.4 million (16.4%); Saguache, \$8.5 million (10.4%); Costilla, \$7.4 million (9.1%); and Mineral, \$2.3 million (2.8%).

Public Assistance at \$43.5 million (11.5%) of the base income, is tied with tourism as the third most important driver. Counties most dependent on Public Assistance are Conejos (15.1%); Costilla (14.1%); Alamosa (9.3%); and Saguache (8.1%). The largest share of the region's \$43.5 million in Public Assistance goes to Alamosa, \$14.1 million (32.4%), followed by Rio Grande, \$11.1 million (25.5%); Conejos, \$9.2 million (21.2%); Saguache, \$4.5 million (10.4%); and Costilla, \$4.1 million (9.3%).

Greater detail provided in the 2002 base industry analysis showed that Social Security, disability, and government retirement income (34.5%) is the largest segment of retiree funds, followed by dividends, interest, and rents (28.8%); Medicare payments (18.7%); and other public assistance (18.1%). Retiree spending on local resident services such as health care, restaurants, local government services, membership organizations, and construction maintenance create a demand for workers in these sectors similar to tourism. This generates an estimated 1,846 jobs, and ranks retiree spending as the Valley's 3rd largest source of basic employment after agriculture and tourism.

Table N-1
Mining Data Summary

County/Subsector	2005 Base Income	% Total Base Income	% Regional Base Income	2006 W & S Empl.	% Region W & S	2006 Total Jobs	% change 2001-06
Alamosa Crushed and broken stone Sand & Gravel	\$1,655,000	1.1%	28.2%	56	49.1	x	x
Conejos Crushed & Broken Stone Perlite preparation	2,321,000	3.0	39.5	48	42.1	x	x
Costilla Gold ore mining Mining support activities	467,000	1.6	8.0	*	-	x	x
Mineral	73,000	0.8	1.2	0	0	x	x
Rio Grande Mine Reclamation Mining support activities	1,224,000	0.7	20.9	*	-	x	x
Saguache Gold ore mining Sand & Gravel	129,000	0.2	2.2	*	-	x	x
San Luis Valley Region	5,869,000	1.5	100.0	114	100.0	191	23.9%

Source: Data sourced from ES-202 from listings, December 2007.

*Data withheld to avoid disclosure. Data for total mining employment not available at the county level.

Table N-2

Manufacturing Data Summary

County/Subsector	2005 Base Income	% Total Base Income	% Region Base Income	2006 W & S Empl.	% Region W & S	2006 Total Jobs	% change 2001-06
Alamosa	\$ 1,304,000	0.9%	20.6%	135	36.7%	xxx	xxx
Dried Food Mfg., Bottled Water, Cut & Sew Apparel, Apparel Accessories, Pre-Fab Wood Building, Commercial Printing, Fertilizer Mfg., Ready-Mix Concrete, Concrete Products, Sheet Metal Work, Machine Shops, Kitchen Cabinets, Wood for Household Furniture, Dental Supplies Mfg., Dental Laboratories, Sporting Goods Mfg., Sign Mfg.							
Conejos	\$426,000	0.7	6.8	25	6.8	xxx	xxx
Animal Slaughtering, Cut & Sew Apparel, Quick Printing, Jewelry Mfg., Engineering Work, Lapidary Work.							
Costilla	\$773,000	2.7	12.2	*	*	xxx	xxx
Aquarium Gravel.							
Mineral	\$35,000	0.4	0.6	*	*	xxx	xxx
Sawmills.							
Rio Grande	\$2,220,000	1.3	35.1	150	40.7	xxx	xxx
Potato Starch Mfg., Dehydrated Potato Mfg., Meat Processing, Retail Bakeries, Ice Mfg., Canvas Products, Sawmills, Fertilizer Mfg., Bag Mfg., Cement Mfg., Cut Stone Products, Machine Shops, Truck Trailer Mfg., Wood Household Furniture.							
Saguache	\$1,563,000	2.8	24.7	42	11.4	xxx	xxx
Tortilla Mfg., Sawmills, Truss Mfg., Commercial Printing, Earthenware & Pottery, Fabricated Metal Products, Kitchen Cabinets, Toy Mfg.							
San Luis Valley Region	\$6,321,000	1.7%	100.0%	368	100%	430	16.2%

Source: Data sourced from ES-202 firm listings, December 2007.

*Data withheld to avoid disclosure. Data for total manufacturing employment not available at the county level.

Table N-3
Retail Sales Trends, 1992 - 2006

Total Annual Retail Sales (\$ Thousands)

	Annual Ave Percent Change						
	1992	2000	2005	2006	1992-2000	2000-2006	2005-2006
Colorado	\$53,863,200	\$100,659,859	\$123,430,970	\$133,609,142	10.9%	5.4%	8.2%
Alamosa County	187,230	317,976	369,699	416,891	8.7%	5.2%	13.2%
Conejos County	29,059	40,781	47,760	48,693	5.0%	11.3%	2.0%
Costilla County	9,318	12,868	17,819	21,250	4.8%	3.2%	19.3%
Mineral County	9,012	17,850	21,375	25,440	12.3%	7.1%	19.0%
Rio Grande County	135,562	203,037	232,828	253,260	6.2%	4.2%	8.8%
Saguache County	26,215	39,049	50,171	57,716	6.1%	8.0%	15.0%
San Luis Valley	\$ 396,396	\$ 631,561	\$738,298	\$ 823,250	7.4%	5.1%	11.5%

Source: Colorado Department of Revenue/CU Business Research Division annual reports. Table arranged by San Luis Valley Development Resources Group, 7/17/07.

Retail sales are the gross sales reported by the business less any wholesale sales.

Table N-4
Total Annual Retail Sales by Industry, 2002-2006
(Thousands of current \$)

	Alamosa			Conejos			Costilla			Mineral		
	2002	2006	Pct. Chg.	2002	2006	Pct. Chg.	2002	2006	Pct. Chg.	2002	2006	Pct. Chg.
Total Retail	\$354,763	\$416,891	17.5%	\$40,514	\$48,693	20.2%	\$14,553	\$ 21,250	46.0%	\$21,276	\$25,440	19.6%
Retail Trade Subtotal	211,216	268,704	27.2%	24,014	32,988	37.4%	6,479	9,218	42.3%	4,723	5,782	22.4%
Motor Vehicle/Auto	41,936	41,472	-1.1%	1,789	1,975	10.4%	*	*	N/A	*	*	N/A
Furniture / Furnishing	5,950	7,189	2.8%	*	*	N/A	*	*	N/A	*	*	N/A
Electronics/Appliance	*	2,038		72	0	N/A	*	*	N/A	-	-	N/A
Building Materials	9,379	12,021	28.2%	5,576	*	N/A	49	*	N/A	*	*	N/A
Food / Beverage	38,963	46,113	18.3%	9,792	7,506	-23.3%	2,597	3,006	15.7%	*	*	N/A
Health / Personal	*	*	N/A	*	*	N/A	*	*	N/A	-	-	N/A
Gas Stations	18,247	37,956	108.0%	4,067	11,065	172.1%	2,425	4,082	63.3%	-	-	N/A
Clothing/Accessories	2,441	2,201	-9.8%	*	*	N/A	*	4	N/A	*	*	N/A
Sporting Goods	5,739	7,091	23.6%	63	110	74.6%	*	*	N/A	426	361	-15.3%
General Merchandise	78,874	*	n/a	*	*	N/A	*	955	N/A	60	*	N/A
Miscellaneous Stores	6,339	4,386	-30.8%	248	301	21.4%	208	259	24.5%	1,453	1,462	0.6%
Non-Store Retailers	1,776	1,777	0.0%	172	1,368	695.3%	558	859	53.9%	240	120	-50.0%
Accommodations	6,299	6,513	3.4%	1,738	2,025	16.5%	812	945	16.4%	*	4,305	N/A
Food/Drinking Services	17,232	21,426	23.3%	1,582	1,302	-17.7%	836	1,093	30.9%	629	1,128	79.3%

	Rio Grande			Saguache			San Luis Valley			Colorado
	2002	2006	Pct. Chg.	2002	2006	Pct. Chg.	2002	2006	Pct. Chg.	Pct. Chg.
Total Retail	\$217,602	\$253,260	16.4%	\$42,295	\$57,716	36.4%	\$691,003	\$25,440	19.1%	28.5%
Retail Trade Subtotal	67,516	82,487	22.2%	20,152	22,785	13.1%	328,268	5,782	28.5%	16.5%
Motor Vehicle/Auto	11,459	14,644	27.8%	*	2,988	N/A	1)	1)	N/A	-2.2%
Furniture / Furnishing	3,085	2,222	-26.8%	*	172	N/A	1)	1)	N/A	14.6%
Electronics/Appliance	*	*	N/A	*	150	N/A	1)	1)	N/A	23.9%
Building Materials	6,478	11,339	75.0%	*	*	N/A	1)	1)	N/A	31.0%
Food / Beverage	19,767	18,655	-5.6%	4,919	4,319	-12.2%	76,038 ²⁾	81,311 ²⁾	6.9%	17.5%
Health / Personal	*	*	N/A	*	10	N/A	1)	1)	N/A	49.7%
Gas Stations	11,579	20,766	79.3%	3,120	9,059	290.4%	39,438	82,928	110.3%	42.1%
Clothing/Accessories	*	87	N/A	177	134	-24.3%	1)	1)	N/A	21.8%
Sporting Goods	*	1,015	N/A	427	*	N/A	1)	1)	N/A	16.9%
General Merchandise	3,883	4,191	7.9%	461	1,304	282.9%	1)	1)	N/A	25.5%
Miscellaneous Stores	1,861	1,506	-19.0%	813	392	-51.8%	10,922	8,306	-24.0%	-25.8%
Non-Store Retailers	3,066	3,112	1.5%	201	218	8.4%	6013	7,454	24.0%	107.2%
Accommodations	8,661	10,977	26.7%	588	901	53.2%	18,098	21,361	18.0%	26.5%
Food/Drinking Services	7,686	8,210	6.8%	1,799	1,584	-12.0%	29,764	34,743	16.7%	25.1%

Source: Colorado Dept of Revenue/CU Business Research Div., 2006 Annual Report.

* Data Suppressed by source to avoid disclosure. 1) Cannot add to regional total due to suppression in county data. 2) Total for region excludes Mineral County.

Table N-5
Retirees and Other Household Subsectors

County/Subsection	2005 Base Income (\$ thous)	% Total Base Income	% Regional Base Income
Alamosa			
Households	\$29,711	19.7%	-
Retirees	23,948	15.9	29.4
Commuters	-12,146	-8.0	-
Public Assistance	14,093	9.3	32.4
Dividends, interest, rent	3,816	2.5	30.5
Conejos			
Households	\$34,480	55.9%	-
Retirees	13,373	21.9	16.4
Commuters	10,199	16.7	-
Public Assistance	9,206	15.1	21.2
Dividends, interest, rent	1,301	2.1	10.4
Costilla			
Households	\$16,735	58.9%	-
Retirees	7,370	25.8	9.1
Commuters	4,471	15.6	-
Public Assistance	4,040	14.1	9.3
Dividends, interest, rent	854	3.0	6.8
Mineral			
Households	\$2,654	28.6%	-
Retirees	2,315	24.9	2.8
Commuters	-735	-7.9	-
Public Assistance	537	5.8	1.2
Dividends, interest, rent	537	5.8	4.3
Rio Grande			
Households	\$40,131	22.8%	-
Retirees	25,904	14.7	31.9
Commuters	-1,525	-0.9	-
Public Assistance	11,105	6.3	25.5
Dividends, interest, rent	4,647	2.6	37.1
Saguache			
Households	\$20,238	36.2%	-
Retirees	8,495	15.2	10.4
Commuters	5,856	10.5	-
Public Assistance	4,521	8.1	10.4
Dividends, interest, rent	1,366	2.4	10.9
San Luis Valley			
Households	\$137,428	36.2%	-
Retirees	81,405	21.4	100.0%
Commuters	-	0.0	-
Public Assistance	43,502	11.5	100.0%
Dividends, interest, rent	12,521	3.3	100.0%

Source: State Demography Office, *2005 Base Industry Analysis, 11/15/06.*

*Inter-county commuting, results in base losses to some counties, and increases to others. Theoretically, these cancel out at the regional level.