

Economic Contributions of the Western Excelsior Corporation to Montezuma County, CO

Background

Western Excelsior Corporation (WEC) manufacturing facilities are located in Mancos, Colorado and Macon, Georgia; and the corporate offices are located in Evansville, Indiana. Utilizing timber harvested from logging initiatives aimed at dramatically reducing forest fires in the Rocky Mountains, and improving overall forest health, Western Excelsior has been manufacturing machine-produced excelsior (curled wood shavings) since 1977. In addition to excelsior, WEC produces a wide variety of Rolled Erosion Control Products (RECPs), sediment control products and mulch.

This report examines the economic contributions of the Western Excelsior Corporation (WEC) facilities located in Montezuma County, CO, in the Town of Mancos. Economic contributions are defined here as the consequences of spending by the manufacturing facility and its employees on the local area. This report provides information on employment, payroll, and other operational spending at WEC, and how these contribute to additional jobs and earnings throughout Montezuma County.

The Western Excelsior Corporation is a significant contributor to the economic well being of Montezuma County. Payroll and operations supported an estimated 127 jobs, and contributed about \$3.7 million to the local economy from January through October 2015. Other contributions include payments for medical services, life insurance and taxes to local governments.

Economic contributions have two parts, *direct* and *secondary*. **Direct** contributions in this report are spending by the facility for payroll and purchases of goods and services from local vendors. **Secondary** contributions include *indirect* and *induced* effects. **Indirect** contributions consist of the additional jobs and income created when WEC purchases goods and services from the many diverse businesses that provide immediate support to the facility. The indirect effect also includes the income and jobs of businesses that are further down in the local supply chain. **Induced** contributions consist of income and jobs created throughout the economy when employees of WEC, and all businesses that support the facility, spend their personal incomes on consumer goods, other property, services and taxes in the region.

In this report we use the IMPLAN[®] System to estimate secondary contributions of spending by the facility. The IMPLAN[®] System is a general input-output modeling software and data system. Sources for creation of the background IMPLAN data include Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA) and the Census. WEC provided information on payroll and expenditures associated with the facility.

Payroll

WEC provided payroll information covering January through October 2015. During this time period they employed 150 workers and spent \$3.2 million on payroll in the Four Corners area, which includes portions of Arizona, Colorado, New Mexico and Utah. Regional payroll is projected to total \$3.9 million though year end 2015. Dollar amounts have been rounded to the nearest \$100 in the following tables.

	# of Employees	Payroll
Arizona	9	\$ 99,300
Colorado	112	\$ 2,734,600
New Mexico	17	\$ 223,300
Utah	12	\$ 167,400
Total	150	\$ 3,224,600

Many of the workers are commuters to the facility in Mancos, CO. Although they are not spending paychecks on housing or property taxes in Montezuma County, it is likely that they are making local purchases of goods and services during the work week.

Montezuma County Payroll

Through October 2015, WEC employed an average of 100 workers in Montezuma County, 42% of these were from the Town of Mancos. Based on information from the Department of Local Affairs (DoLA) this constituted an estimated 14% of all jobs in the Town. WEC payroll totaled \$2.24m through October 2015, with \$963k (43%) of this disbursed to employees living in the Town of Mancos.

Spending by WEC employees supports an additional 11 jobs (i.e. waitresses at the local restaurant, doctors or dentists, clerks in the local supermarket, etc.) and generates an estimated \$328k in labor income in the county. This creates a “ripple effect” as these earnings then re-circulate through the local economy. Total direct and indirect impacts are estimated to be about \$2.6 million, as shown in the table below.

		WEC Payroll 2015					
		Number of Jobs			Labor Income		
Location	Payroll	Direct Effects	Indirect Effects	Total Labor	Direct Effects	Indirect Effects	Total Labor Income
Montezuma County	\$ 2,240,000	100	11	111	\$ 2,240,000	\$ 328,000	\$ 2,568,000
Town of Mancos	\$ 963,000	42	5	47	\$ 963,000	\$ 141,000	\$ 1,104,000

Other Employee Benefits

Other benefits include **Medical** (Employee Portion Only) - Through October 2015, 58 of WEC's Montezuma County resident employees participated in their medical plan at some point during the year. Of those, 22 are residents of Mancos. WEC pays \$110 of the \$194 total per month, per employee premium for medical insurance. This amounts to \$56,530 paid so far this year for Montezuma County residents, \$20,596 of which was paid for employees residing in Mancos.

Life Insurance - Through October 2015, WEC has paid 100% of the cost of life insurance for employees within Montezuma County. The cost for this life insurance for Montezuma County residents as a whole thus far is \$2,617, of which \$1,102 was paid for employees residing in Mancos.

Operational Expenditures

Payments to vendors for goods and services in 2015 are estimated at about \$2.4 million by WEC. These include payments to local logging companies, expenditures for services such as transportation, food and beverages, safety and sanitation, plumbing, utilities and other expenses. These expenditures support an estimated 15 jobs and \$1.1 million in labor income in the local economy.

		WEC Local Expenditures 2015					
		Number of Jobs			Labor Income		
Activity	Expenditure	Direct Effects	Indirect Effects	Total Labor	Direct Effects	Indirect Effects	Total Labor Income
Payments to Logging Companies	\$ 804,200	10	2	12	\$ 268,000	\$ 47,400	\$ 315,400
Various Services	\$ 1,545,400	4	3	7	\$ 735,000	\$ 102,300	\$ 837,300
Supplies	\$ 20,000	1	0	1	\$ 2,700	\$ 500	\$ 3,200
Total	\$ 2,369,600	15	5	20	\$ 1,005,700	\$ 150,200	\$ 1,155,900

Western Excelsior also pays taxes to local governments, which supports jobs and infrastructure as well as programs in the community. Through October 2015, WEC has paid \$69,270 to Montezuma County.

End Note: This analysis is provided through technical assistance funds from the Region 9 Economic Development District. This report was prepared by Donna K. Graves - Information Services. Information Services is located in Durango, CO. Donna can be contacted at 970-385-4897 or at dkgis@frontier.net.