



The Region 9 Economic Development District of Southwest Colorado provides economic and community development services to a five county area, which includes Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties. For more information about this report, or other programs, contact Region 9 at (970) 247-9621. Or visit us on the web at www.scan.org.

Retail Data for Decision Makers Montezuma County Colorado

This report uses retail sales data to provide insights for decision making regarding business expansion, relocation, marketing, government finance, and community development. County-wide many of the retail sectors are strong (exceeding their sales potential), particularly those sectors that benefit from tourism. Other sectors (such as building materials, food/beverage stores and motor vehicles/parts probably gain their strength by providing goods to the larger region, which is very rural. Because of its location within the Four Corners area Cortez has developed as a tourist crossroads and regional trade center for surrounding communities and unincorporated areas, including nearby Indian reservation lands (Ute Mountain Utes and the Navajo Nation). Cortez also serves as the county seat. The Town of Dolores is located near McPhee reservoir, which was built in the 1980's, allowing increased agricultural production and enhanced recreational opportunities for locals and tourists. The Town of Mancos, located near Mesa Verde National Park, retains a heritage based on ranching and the manufacture of timber products as well as nearby recreational opportunities.

Total Retail Sales

Using "pull factors" we see that Montezuma County has had an increasing pull factor, compared to the state average, since 2001. A pull factor shows the relative strength of the retail sales sector in the county, as compared to the state. Pull factors are good measures of sales activities because they reflect changes in population, inflation, and the state economy.

The pull factor is derived by dividing the county's per capita sales by the state's per capita sales.

Calendar Year	*Montezuma County Total Retail Sales	Estimated Number of Retail Firms	*Sales per Firm	County Per Capita Sales	State Per Capita Sales	Pull Factor
1999	\$ 330,331,684	670	\$ 493,032	\$ 14,042	\$ 19,228	0.73
2000	\$ 359,780,074	704	\$ 511,051	\$ 15,098	\$ 21,576	0.70
2001	\$ 377,207,424	778	\$ 484,842	\$ 15,718	\$ 21,646	0.73
2002	\$ 410,076,982	852	\$ 481,311	\$ 16,934	\$ 22,765	0.74
2003	\$ 458,481,000	906	\$ 506,050	\$ 18,675	\$ 23,000	0.81
2004	\$ 613,951,338	881	\$ 696,880	\$ 24,730	\$ 24,588	1.01
2005	\$ 698,374,210	868	\$ 804,579	\$ 28,090	\$ 26,414	1.06

Pull factors greater than 1 represent retail sector strength, while pull factors less than 1 show sector weakness.

*adjusted to 2003 constant dollars

Unadjusted actual sales for 2004 = \$613,338,000; 2005 = \$684,010,000

Potential Sales

Using "potential sales" we see that Montezuma County has had a surplus of retail sales since 1999, with a fairly dramatic rise in 2003. Potential sales are an estimate of the amount of money that could be spent on retail goods and services by residents of the county, based on the county's income and population.

A "surplus" indicates that residents from outside of the county are coming in to shop, while a "leakage" indicates that sales are leaving the county.

Calendar Year	*Potential Sales	*Montezuma County Total Retail Sales	Surplus or Leakage	Surplus or Leakage as % of Potential
1999	\$ 319,588,116	\$ 330,331,684	\$ 10,743,568	3.4%
2000	\$ 346,558,026	\$ 359,780,074	\$ 13,222,048	3.8%
2001	\$ 351,929,539	\$ 377,207,424	\$ 25,277,885	7.2%
2002	\$ 385,334,080	\$ 410,076,982	\$ 24,742,902	6.4%
2003	\$ 394,700,684	\$ 458,481,000	\$ 63,780,316	16.2%
2004	\$ 421,867,596	\$ 613,951,338	\$ 192,083,742	45.5%
2005	\$ 453,854,293	\$ 698,374,210	\$ 244,519,917	53.9%

*adjusted to 2003 constant dollars

Unadjusted actual sales for 2004 = \$613,338,000; 2005 = \$684,010,000

Potential sales are the product of the county population (24,862), state per capita sales (\$26,614), and the index of income (0.69). Index of income is county per capita income (\$24,958) divided by state per capita income (\$36,113). Please note that the 2004 per capita income figures are used for 04 and 05, as 2005 is not yet available.

Montezuma County potential sales by merchandise category 2005

If we look at the retail sectors in greater detail we can see that some groups have a surplus (drawing in shoppers for these items from outside of the area), while others show leakage (purchases of these goods are being made outside of the county). The sectors with negative numbers are not meeting their sales potential, and a closer look at them could provide opportunities for new businesses, or expansion of existing businesses.

Montezuma County Retail Trade Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Electronics/Appliances	3	94,333	\$ 283,000	\$ 6,958,847	\$ (6,675,847)	-96%	0%
Furniture, etc.	8	\$ 234,625	\$ 1,877,000	\$ 8,642,716	\$ (6,765,716)	-78%	1%
Clothing	13	\$ 234,385	\$ 3,047,000	\$ 9,398,739	\$ (6,351,739)	-68%	1%
Misc Retail Stores	27	\$ 149,630	\$ 4,040,000	\$ 11,086,068	\$ (7,046,068)	-64%	1%
Sport/Hobby Shops	18	\$ 267,722	\$ 4,819,000	\$ 8,694,263	\$ (3,875,263)	-45%	2%
Motor Vehicles/Parts	25	\$ 2,451,360	\$ 61,284,000	\$ 49,536,682	\$ 11,747,318	24%	21%
Gas Stations	11	\$ 1,968,545	\$ 21,654,000	\$ 15,842,116	\$ 5,811,884	37%	7%
Food/Beverage Stores	24	\$ 2,204,708	\$ 52,913,000	\$ 38,024,515	\$ 14,888,485	39%	18%
Bldg Materials/Garden	18	\$ 1,612,722	\$ 29,029,000	\$ 20,292,342	\$ 8,736,658	43%	10%
Non-store outlets	81	\$ 427,235	\$ 34,606,000	\$ 7,222,409	\$ 27,383,591	379%	12%
Health Care Products	NA	NA	NA	NA	NA	NA	NA
General Merchandisers	NA	NA	NA	NA	NA	NA	NA
*Confidential Sectors	16	\$ 5,287,938	\$ 84,607,000	NA	NA	NA	28%
Total	244	\$ 1,221,963	\$ 298,159,000				100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Retail sales can be broken down into 2 main categories; retail trade and retail services. Retail trade is composed of merchandise sectors such as food stores, hobby shops, etc. Retail services are businesses that provide a service, and also sell products in the course of that service. One example might be a movie theater, categorized as an arts/entertainment service, that provides entertainment and also sells drinks and popcorn. The proceeds of the snack bar are reported as retail sales revenue (of course it is way more complicated than this). Non-store outlets include catalog and internet sales, businesses that come to you, as well as traveling sales, i.e. festivals and art shows. General merchandisers include retail giants such as Walmart. For Montezuma County these are included in the confidential sectors. These stores sell many of the goods (such as electronics/appliances) that are not meeting their potential at other outlets.

Montezuma County Retail Service Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Health/Social Assistance	9	224,222	\$ 2,018,000	\$ 15,608,305	\$ (13,590,305)	-87%	1%
Admin/Support/Waste	9	135,000	\$ 1,215,000	\$ 6,519,925	\$ (5,304,925)	-81%	0%
Agricultural	4	39,750	\$ 159,000	\$ 635,747	\$ (476,747)	-75%	0%
Professional/Technical	35	184,857	\$ 6,470,000	\$ 25,596,743	\$ (19,126,743)	-75%	2%
Finance/Insurance	20	94,150	\$ 1,883,000	\$ 6,366,257	\$ (4,483,257)	-70%	0%
Real Est/Rentals	48	153,604	\$ 7,373,000	\$ 14,071,623	\$ (6,698,623)	-48%	2%
Arts/Entertainment	13	145,615	\$ 1,893,000	\$ 3,578,275	\$ (1,685,275)	-47%	0%
Information	157	107,274	\$ 16,842,000	\$ 26,255,321	\$ (9,413,321)	-36%	4%
Wholesale	68	411,162	\$ 27,959,000	\$ 40,412,861	\$ (12,453,861)	-31%	7%
Eating/Drinking Services	54	478,630	\$ 25,846,000	\$ 31,348,327	\$ (5,502,327)	-18%	7%
Lodging	27	398,407	\$ 10,757,000	\$ 10,559,205	\$ 197,795	2%	3%
Other Services	63	246,397	\$ 15,523,000	\$ 14,620,438	\$ 902,562	6%	4%
Mining	9	609,556	\$ 5,486,000	\$ 5,103,155	\$ 382,845	8%	1%
Construction	36	408,278	\$ 14,698,000	\$ 9,725,204	\$ 4,972,796	51%	4%
Manufacturing	NA	NA	NA	NA	NA	NA	NA
Education	NA	NA	NA	NA	NA	NA	NA
Transp/Warehousing	NA	NA	NA	NA	NA	NA	NA
Utilities	NA	NA	NA	NA	NA	NA	NA
Confidential Sectors	72	3,440,681	\$ 247,729,000	NA	NA	NA	64%
Total	624	618,351	\$ 385,851,000				100%

Town Retail Trade

We can also look at how retail trade is distributed among the towns in Montezuma County. From the table below we see that Cortez pulls in the majority (83%) of sales and has most of the retail firms (47%).

Towns	Population Estimate 2005	Total Retail Sales	Estimated # of Retail Firms	Average Sales per	Per Capita Sales	% of Sales	% of Firms
Cortez	8,550	\$ 565,515,000	409	\$ 1,382,677	\$ 66,142	82.7%	47.1%
Mancos	1,222	\$ 25,418,000	116	\$ 219,121	\$ 20,800	3.7%	13.4%
Dolores	901	\$ 14,607,000	126	\$ 115,929	\$ 16,212	2.1%	14.5%
Unincorporated	14,189	\$ 78,470,000	217	\$ 361,613	\$ 5,530	11.5%	25.0%
Total	24,862	\$ 684,010,000	868	\$ 788,030	\$ 27,512	100.0%	100.0%

Actual versus Expected Sales

Expected sales are an estimate of the sales level a town would achieve if it were performing on par with Colorado towns of a similar size. This provides a means of comparing what is expected for a town of a certain size to what is actually happening. *Expected sales is the product of town population, state per capita sales, the index of income, and the typical pull factor.* We selected 10 towns from Western Colorado for comparison to calculate a "typical" pull factor, as shown on page five

Actual Sales \$565,515,000	Actual Sales \$25,418,000	Actual Sales \$14,607,000
Expected Sales \$218,370,818	Expected Sales \$32,968,760	Expected Sales \$13,126,531
Cortez 159% above expected	Mancos -23% below expected	Dolores 11% above expected

Cortez captures many of the sales related to tourism as well as those from surrounding communities in the Four Corners area, including adjacent Indian reservations which are in unincorporated areas. Dolores is probably capturing sales relating to recreation at nearby McPhee Reservoir.

Mancos appears to be losing many of its retail sales to nearby communities such as Cortez and Durango (in La Plata County).

City of Cortez potential sales by merchandise category 2005

From this analysis we see that many Cortez retail trade sectors, such as gas stations, are very strong, and probably reflect Cortez's benefit from tourism. Other sectors (such as building materials, food/beverage stores and motor vehicles/parts probably gain their strength by providing goods to other towns in the county, as well as nearby communities in Utah and New Mexico.

Potential sales are the product of Cortez's population (8,550), state per capita sales (\$26,067), and the index of income (0.69)

Cortez Retail Trade Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Misc Retail Stores	13	\$ 122,692	\$ 1,595,000	\$ 3,812,480	\$ (2,217,480)	-58%	1%
Sport/Hobby Shops	10	\$ 165,900	\$ 1,659,000	\$ 3,820,030	\$ (2,161,030)	-57%	1%
Furniture, etc.	6	\$ 302,667	\$ 1,816,000	\$ 3,797,381	\$ (1,981,381)	-52%	1%
Clothing	8	\$ 365,250	\$ 2,922,000	\$ 4,129,558	\$ (1,207,558)	-29%	1%
Gas Stations	7	\$ 1,735,143	\$ 12,146,000	\$ 6,960,607	\$ 5,185,393	74%	5%
Bldg Materials/Garden	9	\$ 1,877,333	\$ 16,896,000	\$ 8,915,919	\$ 7,980,081	90%	7%
Non-store outlets	25	\$ 268,760	\$ 6,719,000	\$ 2,483,774	\$ 4,235,226	171%	3%
Food/Beverage Stores	13	\$ 3,502,077	\$ 45,527,000	\$ 16,706,967	\$ 28,820,033	173%	20%
Motor Vehicles/Parts	19	\$ 3,179,632	\$ 60,413,000	\$ 21,765,109	\$ 38,647,891	178%	26%
Electronics/Appliances	NA	NA	NA	NA	NA	NA	NA
Health Care Products	NA	NA	NA	NA	NA	NA	NA
General Merchandisers	NA	NA	NA	NA	NA	NA	NA
*Confidential Sectors	NA	NA	\$ 81,979,000	NA	NA	NA	35%
Total	110	\$ 2,106,109	\$ 231,672,000	\$ 72,391,825	\$ 159,280,175		100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Service sectors such as construction may also serve 2nd homeowners, as 21% of private properties in the county are owned by non-locals, according to a recent study.

Cortez Retail Service Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Health/Social Assistance	7	\$ 286,429	\$ 2,005,000	\$ 5,367,670	\$ (3,362,670)	-63%	1%
Professional/Technical	18	\$ 264,889	\$ 4,768,000	\$ 8,802,677	\$ (4,034,677)	-46%	1%
Information	42	\$ 146,167	\$ 6,139,000	\$ 9,029,161	\$ (2,890,161)	-32%	2%
Arts/Entertainment	6	\$ 148,167	\$ 889,000	\$ 1,230,563	\$ (341,563)	-28%	0%
Wholesale	32	\$ 728,500	\$ 23,312,000	\$ 17,756,343	\$ 5,555,657	31%	7%
Real Est/Rentals	24	\$ 276,042	\$ 6,625,000	\$ 4,839,207	\$ 1,785,793	37%	2%
Eating/Drinking Services	35	\$ 475,486	\$ 16,642,000	\$ 10,780,637	\$ 5,861,363	54%	5%
Lodging	11	\$ 594,545	\$ 6,540,000	\$ 3,631,293	\$ 2,908,707	80%	2%
Mining	4	\$ 1,069,750	\$ 4,279,000	\$ 2,242,191	\$ 2,036,809	91%	1%
Other Services	38	\$ 271,079	\$ 10,301,000	\$ 5,027,944	\$ 5,273,056	105%	3%
Construction	16	\$ 633,625	\$ 10,138,000	\$ 4,272,998	\$ 5,865,002	137%	3%
Manufacturing	NA	NA	NA	NA	NA	NA	NA
Agricultural	NA	NA	NA	NA	NA	NA	NA
Finance/Insurance	NA	NA	NA	NA	NA	NA	NA
Education	NA	NA	NA	NA	NA	NA	NA
Admin/Support/Waste	NA	NA	NA	NA	NA	NA	NA
*Confidential Sectors	66	NA	\$ 242,205,000				73%
Total	299	\$ 4,894,678	\$ 333,843,000	\$ 72,980,684	\$ 260,862,316		100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Data Sources - This report is patterned after a series of studies done by the Office of Social and Economic Trend Analysis at Iowa State University (available on the web at www.seta.iastate.edu). We have used their definitions of terms, calculations, and methods of analysis. We thank them for their assistance in the preparation of this report.

Retail sales data was provided by the Colorado Department of Revenue – Office of Research and Analysis. We appreciate their assistance in breaking out the numbers for our region, a very time consuming task. This was complicated by the fact that in Colorado businesses can file reports monthly, quarterly or annually. Thus, the numbers of filings within a calendar year are divided by 10.5 to approximate the number of firms. Confidentiality is also a concern, particularly in small areas where individual businesses (and their revenues) might be easily identified. Confidentiality (non-disclosure) occurs when there are less than 3 companies reporting and/or one company controls 70% of the retail sales in that jurisdiction. Sectors are presented using the North American Industry Classification System (NAICS).

The Colorado Demography Section provided population estimates as well as adjustment factors to convert current dollars into constant dollars. Current dollar sales are sales as reported by the state, no adjustment has been made for price inflation. Constant dollar sales reflect changes in price inflation by adjusting current dollar sales with the Consumer Price Index (Denver-Boulder CPI). This is a more realistic method of evaluating sales over time as it converts all sales to a base year, in this case 2003.

Information regarding 2nd homes is drawn from a Region 9 study, *The Social and Economic Effects of Second Homes in Southwest Colorado*—Draft July 3, 2006 (available at www.scan.org).

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Comparable Towns - Western Colorado

Town	County	05 Population	05 Total Retail Sales	Town Per Capita Sales	State Per Capita Sales	Pull Factor
Small Towns (Population 0-999)						
Creede	Mineral	417	\$ 8,588,000	\$ 20,595	\$ 26,067	0.79
Naturita	Montrose	657	\$ 10,728,000	\$ 16,329	\$ 26,067	0.63
Lake City	Hinsdale	390	\$ 9,672,000	\$ 24,800	\$ 26,067	0.95
Ridgway	Ouray	866	\$ 25,834,000	\$ 29,831	\$ 26,067	1.14
Ouray	Ouray	858	\$ 26,099,000	\$ 30,418	\$ 26,067	1.17
Red Cliff	Eagle	312	\$ 1,349,000	\$ 4,324	\$ 26,067	0.17
Crawford	Delta	376	\$ 2,083,000	\$ 5,540	\$ 26,067	0.21
Norwood	San Miguel	490	\$ 11,756,000	\$ 23,992	\$ 26,067	0.92
Poncha Springs	Chafee	563	\$ 26,672,000	\$ 47,375	\$ 26,067	1.82
Saguache	Saguache	564	\$ 4,196,000	\$ 7,440	\$ 26,067	0.29
Average (Typical) Pull Factor for Comparable Small Towns						0.81
Dolores	Montezuma	901	\$ 14,607,000	\$ 16,212	\$ 26,067	0.62
Dove Creek	Dolores	684	\$ 24,504,000	\$ 35,825	\$ 26,067	1.37
Ignacio	La Plata	752	\$ 16,784,000	\$ 22,319	\$ 26,067	0.86
Rico	Dolores	238	\$ 2,837,000	\$ 11,920	\$ 26,067	0.46
Silverton	San Juan	548	\$ 16,458,000	\$ 30,033	\$ 26,067	1.15
Medium Towns (Population 1,000-5,000)						
Minturn	Eagle	1,138	\$ 31,551,000	\$ 27,725	\$ 26,067	1.06
Cedaredge	Delta	2,124	\$ 26,642,000	\$ 12,543	\$ 26,067	0.48
Olathe	Montrose	1,693	\$ 27,601,000	\$ 16,303	\$ 26,067	0.63
Paonia	Delta	1,546	\$ 118,063,000	\$ 76,367	\$ 26,067	2.93
Crested Butte	Gunnison	1,572	\$ 73,862,000	\$ 46,986	\$ 26,067	1.80
Vail	Eagle	4,785	\$ 488,497,000	\$ 102,089	\$ 26,067	3.92
Mountain Village	San Miguel	1,161	\$ 51,228,000	\$ 44,124	\$ 26,067	1.69
Telluride	San Miguel	2,339	\$ 121,125,000	\$ 51,785	\$ 26,067	1.99
Palisade	Mesa	2,842	\$ 27,188,000	\$ 9,567	\$ 26,067	0.37
Orchard City	Delta	2,947	\$ 11,712,000	\$ 3,974	\$ 26,067	0.15
Average (Typical) Pull Factor for Comparable Medium Towns						1.50
Bayfield	La Plata	1,728	\$ 52,152,000	\$ 30,181	\$ 26,067	1.16
Mancos	Montezuma	1,222	\$ 25,418,000	\$ 20,800	\$ 26,067	0.80
Pagosa Springs	Archuleta	1,640	\$ 111,444,000	\$ 67,954	\$ 26,067	2.61
Large Towns (Population 5,001- 20,000)						
Montrose	Montrose	16,070	\$ 739,819,000	\$ 46,037	\$ 26,067	1.77
Alamosa	Alamosa	8,488	\$ 319,678,000	\$ 37,662	\$ 26,067	1.44
Delta	Delta	7,711	\$ 259,707,000	\$ 33,680	\$ 26,067	1.29
Fruita	Mesa	9,393	\$ 119,491,000	\$ 12,721	\$ 26,067	0.49
Gunnison	Gunnison	5,303	\$ 217,314,000	\$ 40,979	\$ 26,067	1.57
Carbondale	Garfield	5,881	\$ 174,578,000	\$ 29,685	\$ 26,067	1.14
Avon	Eagle	6,753	\$ 325,348,000	\$ 48,178	\$ 26,067	1.85
Rifle	Garfield	8,118	\$ 306,575,000	\$ 37,765	\$ 26,067	1.45
Steamboat Springs	Routt	10,846	\$ 297,060,000	\$ 27,389	\$ 26,067	1.05
Glenwood Springs	Garfield	8,603	\$ 489,096,000	\$ 56,852	\$ 26,067	2.18
Average (Typical) Pull Factor for Comparable Large Towns						1.42
Cortez	Montezuma	8,550	\$ 565,515,000	\$ 66,142	\$ 26,067	2.54
Durango	La Plata	15,878	\$ 982,239,000	\$ 61,862	\$ 26,067	2.37