

## Economic Impacts of the Proposed Montezuma County Heritage Museum

### Background

The Montezuma County Historical Society (MCHS) is fundraising for a new Heritage Museum Project, which will focus primarily on the Spanish, Native American, and Pioneer history of the County. The County has donated a lease on a building adjacent to the Court House in Cortez, and have worked with an Architect on to develop plans for the renovation. The MCHS has raised \$ 150,000 out of a goal of \$275,000. They recently applied for (in conjunction with the County) an Energy Impact grant to try and raise \$100,000 from the grant to help them launch the renovation. They are currently trying to respond to a question from the Department of Local Affairs (DOLA), regarding how many jobs will be created by the project. As is the case with many similar facilities, most of the jobs in the Museum will be handled by volunteers, thus not many (direct) jobs will be created or sustained during the operations phase of the project.

However, there will be some local economic impacts during the renovation of the building. The construction budget is approximately \$ 200,000 which includes \$ 184,550 for construction, \$ 2,650 for Architectural/Owner's Representative during the construction, \$ 4,800 for Building Permits and insurance during construction, and an \$ 8,000 contingency. The estimated total **Output** of the initial \$200,000 spent during renovation is estimated at **\$295,721**, as shown in the following table. This analysis is drawn from IMPLAN economic modeling – see end notes.

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	1.17	\$92,267	\$103,115	\$200,000
2 - Indirect	0.33	\$10,247	\$17,995	\$37,322
3 - Induced	0.47	\$15,863	\$30,714	\$58,399
<b>Total</b>	<b>1.98</b>	<b>\$118,377</b>	<b>\$151,824</b>	<b>\$295,721</b>

- *Employment* is measured as annualized full and part time jobs that are related to the renovation of the building.
- *Labor Income* includes employee wages, salaries and payroll benefits, as well as the incomes of sole proprietors that are supported by the renovation.
- *Value Added* measures the contribution of the renovation to the Gross Domestic Product (GDP) of the local regional economy. Value added is equal to the difference between the amount an industry sells a product for and the production cost of the product.
- *Output* is a measure of the total estimated value of the production of goods and services supported by the renovation. Output is the sum of all intermediate sales (business to business) and final demand (sales to consumers and exports).

*Direct Impacts* are the sales, income and employment resulting from the renovation. Secondary Effects are estimated using *economic multipliers*. These include *indirect impacts*, which are the result of local businesses buying goods and services from other local industries, and *induced impacts*, which are the result of their employees spending their incomes in the local economy.

Other types of spending (and job creation) are realized when visitors are drawn to the attraction. In 2016, more than 731,000 visitors spent an estimated \$68.6 million in southwest Colorado while visiting selected prehistoric cultural resources. These expenditures supported a total of 1,037 jobs, \$27.9 million in labor income, \$48.6 million in value added, and \$86.2 million in economic output.<sup>1</sup>

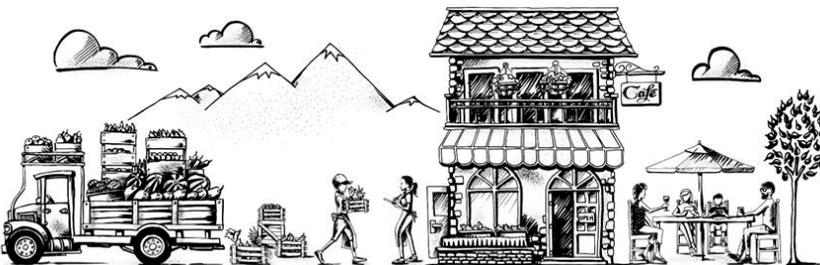
### How Visitor Spending Supports Jobs and Business Activity in Local Economies



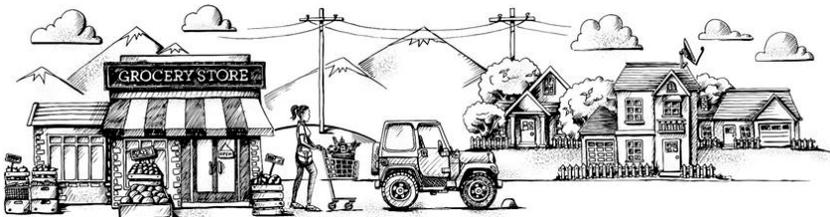
More than 730,000 people visited cultural sites in southwest Colorado in 2016.



Visitors spend money in local communities. The sales, income and jobs resulting from these purchases represent the **direct effects** of visitor spending.



Additional jobs and economic activity are supported when businesses purchase supplies and services from other local businesses, thus creating **indirect effects** of visitor spending.



Employees use their income to purchase goods and services in the local economy, generating further **induced effects** of visitor spending.

<sup>1</sup> [https://www.scan.org/uploads/Economic\\_Contributions\\_of\\_CRM\\_2016\\_\(Final\\_Report\\_August\\_2017\).pdf](https://www.scan.org/uploads/Economic_Contributions_of_CRM_2016_(Final_Report_August_2017).pdf)

## Heritage Tourism is Big Business

Although there will not be a lot of jobs created as a direct result of the operations of the museum, there will be the potential benefits of attracting more heritage tourists to the area, and keeping them there longer. The National Trust for Historic Preservation defines heritage tourism as “traveling to experience the places, artifacts, and activities that authentically represent the stories and people of the past and present.” The definition of a heritage tourist is broad, and includes any tourists who incorporate at least one visit to a historic site or landmark in their activities.

According to the U.S. Travel Association, 76 percent (or 129.6 million) of the 170.4 million leisure travelers in the United States participated in some sort of cultural or heritage activity in 2013.<sup>2</sup> Those visitors spent more money overall during their trips and tended to travel for longer than did non-heritage tourists. Heritage tourists were also more likely to stay in hotels, shop, dine out, and participate in a variety of activities.

This same report found that, among all travelers surveyed (including both heritage and non-heritage tourists), 72 percent said that they “seek travel experiences where the destination, buildings, and surroundings have retained their historic character,” demonstrating the important role historic preservation plays in promoting all forms of tourism, not just heritage tourism.

Tourism (including heritage and non-heritage tourism) is big business in Colorado. According to a 2017 report prepared for Colorado Preservation, Inc., the benefits of historic preservation in Colorado extend beyond just preserving places that are meaningful to the history of the state and its residents.<sup>3</sup> While that report focused on the economic benefits of the preservation of historic landscapes and properties, their findings can be extended to include prehistoric landscapes as well.

Around 73.3 million overnight (43 percent) and day (57 percent) leisure trips took place in Colorado during 2015. These tourists spent over \$19.1 billion on travel that year, supporting over 160,000 jobs throughout the state. In addition, tourism activities generated \$1.1 billion in state and local taxes, not including property taxes. Spending generated by overnight travel in particular accounted for approximately \$17.1 billion.

The activities Colorado visitors said they engaged in provide some clues as to the role heritage tourism plays in the state’s tourism industry.<sup>4</sup> For instance, Colorado overnight leisure trips in 2015 were more likely to include visits to landmarks or other historic sites (21 percent) than the norm for all overnight leisure trips taken in the United States (15 percent). The 2015 rate was also higher than that reported nationally (27 percent). Furthermore, 21 percent of overnight leisure trips in 2015 also noted cultural activities/attractions as a specific interest on the trip.

---

<sup>2</sup> “The Cultural and Heritage Traveler – 2013 Edition”, Mandala Research, LLC.

<http://mandalaresearch.com/downloads/2013-cultural-heritage-traveler-report>

<sup>3</sup> “Preservation for a Changing Colorado, the Benefits of Historic Preservation, 2017 Edition”, Colorado Preservation, Inc. <https://www.preservationbenefitscolorado.com>

<sup>4</sup> “Colorado Travel Year 2015”, Longwoods International.

<http://industry.colorado.com/sites/default/master/files/Colorado-2015-Visitor-Final-Report.pdf>

In southwest Colorado there are many types of businesses that support the tourist industry, including Resorts (lodging), 2<sup>nd</sup> Homes (construction and real estate sectors), Services (restaurants, wholesale and retail trade, entertainment venues), and Transportation (airlines, car rentals, guide services, etc.).

2017	# Jobs in Tourism Industry				Total # Jobs	Total # Jobs	% of Total # Jobs
	Resorts	2nd Homes	Services	Transportation	Tourism Industry	Base Industries	in Tourism
Archuleta	677	598	234	35	1,544	5,145	30%
Dolores	49	6	1	2	58	822	7%
La Plata	3,445	1,352	1,353	200	6,351	24,836	26%
Montezuma	798	209	323	126	1,456	9,554	15%
San Juan	138	36	37	4	215	364	59%
Region 9	5,107	2,202	1,948	366	9,623	40,721	24%

In Montezuma County, 1,456 jobs (15% of all jobs in base industries) were attributed to tourism in 2017 according to the Region 9 Economic Development District. <sup>5</sup>

**In summary, although the proposed Montezuma County Heritage Museum is not expected to provide many direct jobs in the local economy, it has the potential to enhance the overall amenities offered in the region.**

**End Notes:**

The framework for this analysis is the IMPLAN software and data system developed by the IMPLAN Group LLC. IMPLAN is a widely used input-output modeling system. This analysis uses IMPLAN version 5 software with 2017 county, state, and national-level data. The underlying data drawn upon by the IMPLAN system are collected from multiple Federal and state sources including the Bureau of Economic Analysis, Bureau of Labor Statistics, and the U.S. Census Bureau. Economic effects are reported in 2019 dollars (\$2018).

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, Inc. Information Services, Inc. is located in Durango, CO. Donna can be contacted at 970-385-4897 or at [dkgis@frontier.net](mailto:dkgis@frontier.net).

<sup>5</sup> <https://www.scan.org/uploads/Final - Economic Snapshot 2019-4.pdf>