

## Business Diversity & Sustainability

### KEY PERFORMANCE MEASURES

- Aspen economic activity level
- Total number of business licenses
- Seasonal business sales activity
- Mix of top business types

While providing a positive business environment during its traditional winter-season, Aspen also is able to sustain events and businesses that lead to strong year-round economic health. Commercial/retail spaces at a variety of price points exist, providing space for start-ups, businesses that cater to basic living needs, and businesses that cater to a variety of visitors. Businesses focused on recreation find the city an attractive center for product design, development and testing. Partnerships with other jurisdictions in the valley lead to a stronger ability to attract and retain key businesses and events. Because it has a diverse economic base, Aspen, as well as the Roaring Fork Valley, is capable of withstanding changes in the popularity of visitor activities, economic downturns and other challenges such as climate change.



Figure 1. Map of the Roaring Fork Valley<sup>19</sup>

The Roaring Fork Valley is home to the communities of Aspen, Snowmass Village, Basalt, Carbondale, and Glenwood Springs, among smaller ones.

It has a population of approximately 30,265, which contributes to an economically vibrant and dynamic region of the Colorado Western Slope.<sup>20</sup>

Aspen is a significant contributor to the region's economic activity. This is largely due to its world class ski resort and celebrated summer events.

As a renowned resort destination, the City of Aspen's economy is largely seasonal and visitor-based. When speaking of business viability, it is important to recognize the community's attentiveness to uphold a healthy economy year-round.

This is evidenced in the *2012 Aspen Area Community Plan*, which commits to:

<sup>19</sup> Google Maps. 2016. Web. July 2016. <<https://goo.gl/maps/cyufyTZ8xKp/>>.

<sup>20</sup> "Population Estimates." U.S. Census Bureau. Web. July 2016. <<http://www.census.gov/popest/data/cities/totals/2015/SUB-EST2015.html/>>.

“[Achieve] sustainable land use practices that support a healthy year-round community a thriving, vibrant visitor-based economy.”<sup>21</sup>



Figure 2. Winter and Summer Events; Owl Creek Chase (left)<sup>22</sup>; Race (right)<sup>23</sup>

Visitors contribute largely to the local business community. According to a report commissioned by the Colorado Tourism Office entitled *Economic Impact of Visitors 1996-2014p*, the following economic indicators are represented for Pitkin County:

Figure 3. Pitkin County Overnight Travel Impacts 2000-2014p

(\$M)	2000	2002	2004	2006	2008	2010	2011	2012	2013	2014
Direct Travel Spending	385.3	392.0	428.6	517.7	552.7	586.6	539.7	584.9	619.5	668.0
Industry Earnings Generated	135.5	139.2	149.5	176.6	193.6	193.4	193.9	206.9	225.9	246.2
Local Taxes Generated	11.9	13.0	16.0	19.8	21.3	24.0	22.7	24.8	26.4	28.9

\*Table was adapted from: *Economic Impact of Visitors 1996-2014p*<sup>24</sup>

This data gives a relatively good idea of the visitor-based economy of the region. To put these figures in context, they represent approximately 18-22% of the Colorado Mountain Resort numbers in 2014.<sup>25</sup> The Mountain Resort region includes Eagle, Grand, Gunnison, La Plata, Montrose, Pitkin, Routt, San Miguel, and Summit counties.<sup>26</sup>

To support this level of economic activity, the region, and specifically Aspen, requires a stable and diverse business base. Businesses supply consumers with everything from basic goods and services to world-class shopping and dining.

This business base needs to be suitably adapted for both peak winter and summer seasons, as well as an off-season economy year-round.

<sup>21</sup> “Aspen Area Community Plan.” City of Aspen and Pitkin County, 27 Feb. 2012. Mar. 2016. Web. <[http://www.aspencommunityvision.com/media/uploads/FINAL\\_AACP\\_2272012\\_reduced.pdf](http://www.aspencommunityvision.com/media/uploads/FINAL_AACP_2272012_reduced.pdf)>.

<sup>22</sup> Babbie, Sheila. 2009.

<sup>23</sup> Babbie, Sheila.

<sup>24</sup> Dean Runyan Associates. “Colorado Travel Impacts 1996-2014p.” prepared for the Colorado Tourism Office, June 2015. May 2016. Web. <[http://www.deanrunyan.com/doc\\_library/COImp.pdf](http://www.deanrunyan.com/doc_library/COImp.pdf)>.

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

Particularly in times of fluctuating visitor numbers, economic downturn, and other challenges, a diverse business environment is necessary to sustain through the seasonal nature of the community.

A diverse commercial mix encourages local access and inclusivity to all and preserves the small-town vibrancy that reveals during the quieter seasons.



Figure 3. Downtown Galena St. in Winter<sup>27</sup>

The key performance measures that provide perspective on these areas include:

- *Aspen economic activity level*
- *Total number of business licenses*
- *Seasonal business sales activity*
- *Mix of top business types*

The center of downtown commercial property is the 500 block of Galena Street and two blocks of South Mill Street. Both streets get large amounts of foot traffic and point to Aspen Mountain.

Commercial property availability and accessibility are key contributors to business sustainability and diversity. A robust business environment requires a balance of occupied and vacant space, where the latter is available on a competitive basis to long-term businesses and start-ups, and creates opportunities for relocation. Likewise, a diverse and sustainable business community offers a range of price options for commercial rental spaces.

The Aspen commercial market offers three primary types of business space: retail/restaurant, office, and industrial. Within these categories, rental rates vary from affordable to exclusive to accommodate for different price points. Rental rates for office and industrial space may prove more available and affordable in other locations throughout the valley.

The key performance measures that provide perspective on these areas include:

- *Commercial vacancy rates*
- *Commercial rental rates*

While these commercial space viability measures are important to track, the data is not readily available at this time. Data for both measures may be pursued in future iterations of the report.

The listed measures are presented on the respective dashboards at the end of the section. Each highlights the key data/trends with a discussion about current/proposed actions to follow.

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<sup>27</sup> Babbie, Sheila.

## **Current & Proposed Actions**

- **Aspen Area Community Plan**
- **Aspen Commercial Core and Lodging Commission**
- **Aspen City Council Top Ten Goals**
- **City of Aspen Business Navigator**

## Aspen Economic Activity Level

### What is it? Why is it important?

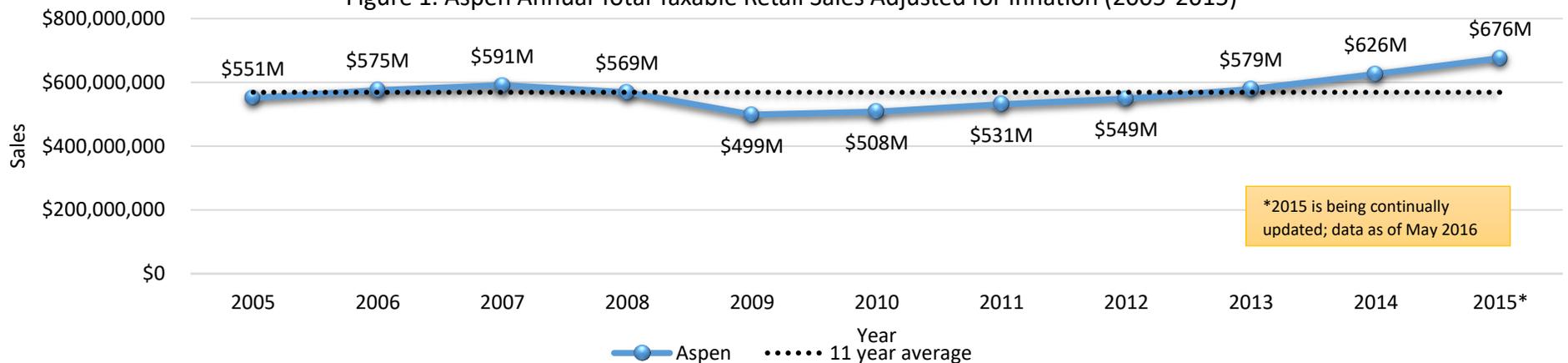
Economic activity is an indication of a region’s productive capacity. Since an absolute value for a regional GDP is not readily available, annual taxable retail sales totals offer a relative proxy for showing economic activity level in Aspen. Taxable retail sales equal gross sales for goods purchased or consumed within the City, less any deductions such as refunds, bad debt, interest and finance charges. Retail sales tax is collected on the sale of all goods. Aspen’s economic activity is largely a reflection of Aspen’s tourist-based economy. Annual retail sales tax numbers give insight into the level of economic activity in the area since sales are a significant contributor of economic exchange. Examining taxable retail sales numbers reported year-on-year is an indication of how well Aspen’s tourist-based economy and business base are performing and their contributions to economic sustainability.

### What does the data/trend say?

The City of Aspen Finance Department provided total taxable retail sales numbers for the period from 2005-2015 (Figure 1).<sup>1</sup> These numbers have been inflation adjusted to 2015 dollars. During this period, Aspen’s taxable retail sales as a reflection of economic activity show an increase of 22.6%. Year-on-year, there is an average change of 2.2%. Overall, taxable retail sales numbers hover around the inflation-adjusted eleven-year average of approximately \$568,555,078. In 2009, there was an observable decrease of -12% in taxable retail sales related to the economic downturn. In 2015, taxable retail sales were \$676,119,911 following steady growth from 2009.



Figure 1. Aspen Annual Total Taxable Retail Sales Adjusted for Inflation (2005-2015)



### Targets

There is currently no target set for this measure.

### Data Sourcing & Considerations

Note that taxable retail sales are updated up to 12 months following the initial reporting date to reflect late filings. Data from 2015 is as of May 2016 and is subject to change. Total taxable retail sales are not a total representation of economic activity.

Sources: [1] City of Aspen Finance Department [Photo] Babbie, Sheila. 2016.

## Total Number of Business Licenses

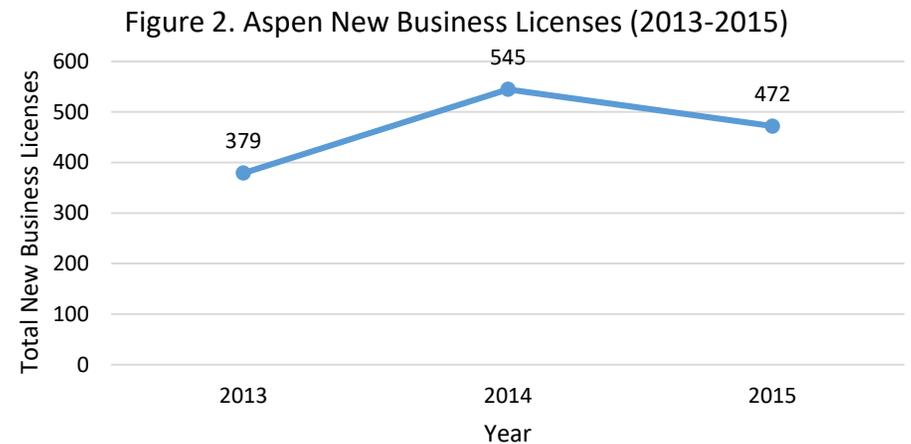
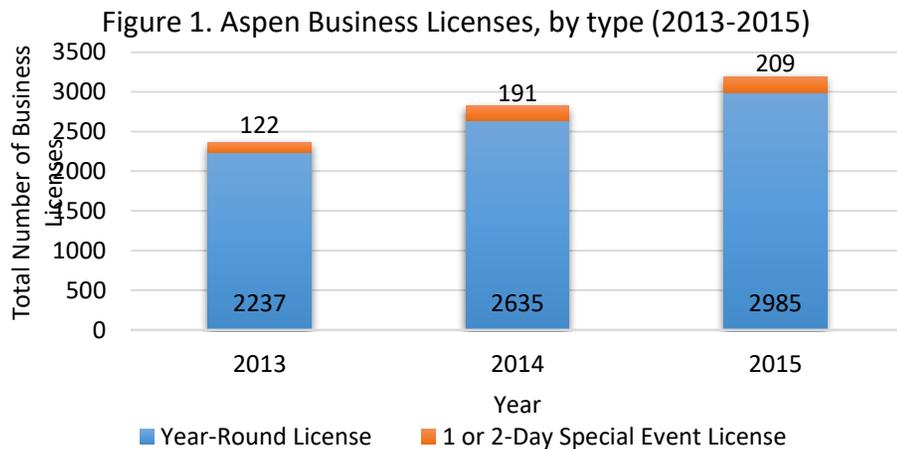
### What is it? Why is it important?

The total number of business licenses consists of those businesses that have paid license fees in Aspen and registered for a given calendar year. This includes businesses that have a physical presence within the City limits and contractors located outside of the limits who conduct business in Aspen. Two types of business licenses exist: the year-round and the 1 or 2-day special event licenses. Short-term licenses are for those businesses that participate in the Aspen Saturday Market and the Arts Fair. The number of licenses gives insight into the volume of commercial and thereby economic activity in Aspen each year. An economically sustainable Aspen requires a stable and diverse business base that is properly licensed and registered.



### What does the data/trend say?

From 2013 to 2015, licenses have increased on average 16% year-on-year (Figure 1).<sup>1</sup> In general, 1 and 2-day special event licenses make up 6% of the total business licenses per year.<sup>2</sup> Figure 2 shows new business licenses to the City.<sup>3</sup> The overall increase of licenses from 2013 to 2015 is 35%. With the influx of the residential rental sharing economy, the City began an initiative to increase residential vacation rental business licenses.<sup>4</sup> Tourist accommodations account for 3.8% of new licenses from 2013-2015 on average. Construction has also increased over the years. During the 2013-2015 period, contractor licenses account for 21% of new licenses.



### Targets

There is currently no target set for this measure.

### Data Sourcing & Considerations

Data was sourced via a specific query of the City of Aspen Finance Department Innoprise system. Without use of this same protocol, numbers may not match year-on-year. This data excludes businesses that are not registered to conduct business within the City. In 2012, the Finance Department began using a new sales tax collection system. Due to transition of data between systems, data from this year and prior years is not usable.

Sources: [1] City of Aspen Finance Department [2] Ibid. [3] Ibid. [4] Wackerle, Curtis. "More short-term rentals on city of Aspen's radar." Aspen Daily News, 3 February 2014. Web. 3 May 2016. <<http://www.aspendailynews.com/section/home/161115/>>. [Photo] Babbie, Sheila. 2016.

## Seasonal Business Sales Activity

### What is it? Why is it important?

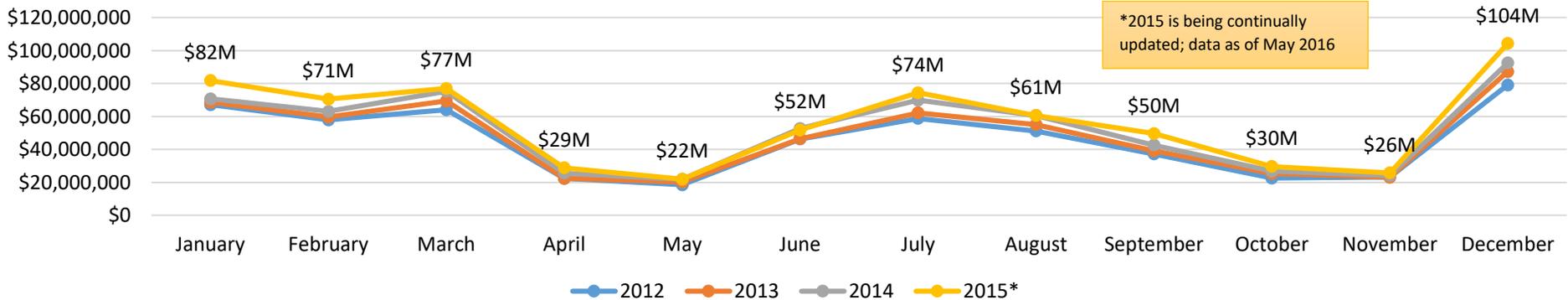
Seasonal business sales activity gives an indication of the level of economic activity in Aspen during peak and off seasons. Aspen total taxable retail sales numbers reported monthly are used as a proxy to look at such economic activity. Taxable retail sales equal gross sales for goods purchased or consumed within the City, less any deductions such as refunds, bad debt, interest and finance charges. Retail sales tax is collected on the sale of all goods. The Aspen community serves both visitors from around the world and local residents. By observing year-round business sales activity, one can better understand the economy that is fueled by both groups. Tracking the Aspen retail sales activity (total taxable sales) during each month provides a glimpse of the local economy and businesses that primarily serves residents (during the low, off-season months) and the economy that primarily serves tourists (during the high, on-season months). This metric helps to enlighten the viability of the tourist-based economy and the local economy and whether the business base and mix is appropriate for both.



### What does the data/trend say?

Figure 1 shows total taxable retail sales figures for 2012-2015, which have been inflation adjusted to 2015 dollars.<sup>1</sup> To measure seasonal business activity, this metric reports monthly retail sales activity data for comparison. Off-season sales months (April, May, October, November) differ considerably from on-season months (January, February, July, August, December). During the off-season months in 2015, retail sales activity ranges from \$21,916,899 to \$29,615,548. On-season numbers in 2015 range from \$60,570,914 to \$104,321,504. Historically, the data shows that the lowest level of retail sales activity is in May. Both on and off-season retail sales activity shows an increase at an average rate of 6.9% over the 2012-2015 period.

Figure 1. Aspen Retail Sales Activity During On and Off-Season (2012-2015)\*



### Targets

There is currently no target set for this measure.

### Data Sourcing & Considerations

To measure seasonal business activity, this metric considers retail sales tax data throughout the year as a proxy for business activity (e.g. open/closed). Note that taxable retail sales are updated up to 12 months following the initial reporting date to reflect late filings. Data from 2015 is as of May 2016 and is subject to adjustments.

## Mix of Top Business Types

### What is it? Why is it important?

Business types are reported in NAICS<sup>1</sup> form, the Federal standard used to describe industries. In this measure, top business types are equated to top business industries. Aspen’s mix of top business types is represented by City industry retail sales data averaged over three-year periods. Data was consolidated into these three-year averages due to the similarity of industry retail sales year-on-year and to simplify presentation of the data. The City’s mix of top business types helps to tell the story of Aspen’s business diversity and sustainability. A diverse industry base provides businesses that cater to the two types of economy: visitor and local. Business diversification also provides resiliency especially in the face of varying economic dynamics, visitor levels and preferences, among other factors. A diverse commercial mix encourages access and inclusivity and preserves the small-town vibrancy that reveals during the quieter seasons.

### What does the data/trend say?

Top business type data has been adjusted for inflation to 2015 dollars. Figure 1 shows average retail sales for each industry category, consolidated into two groupings (2010-2012; 2013-2015).<sup>2</sup> Industry retail sales were relatively consistent between the 2010-2012 and 2013-2015 groupings. Accommodations reflects an exception; total retail sales increased 10.2% on average from 2013-2015 compared to the 3.8% change from 2010-2012. Figure 2 shows the total earnings of each industry in 2015, ranked in order.<sup>3</sup>



Figure 1. Total Industry Retail Sales Over 3-Year Averages (2010-2012) & (2013-2015\*)

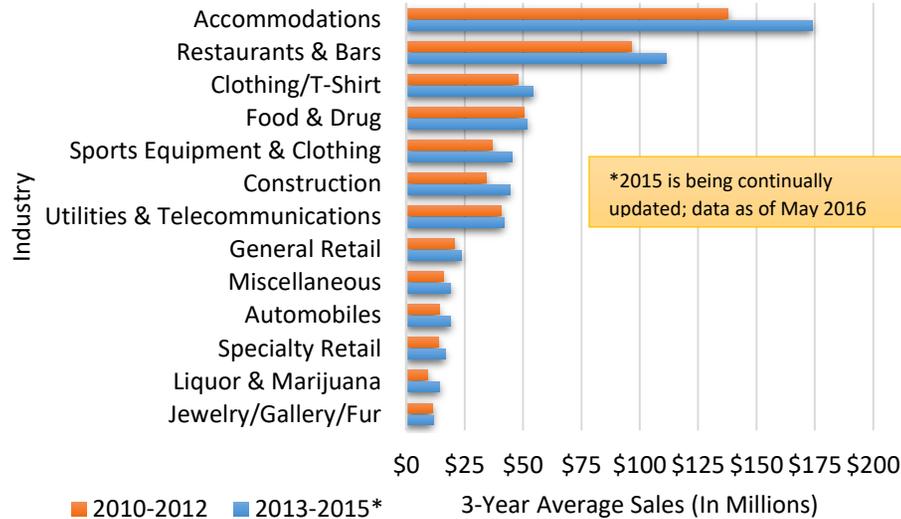
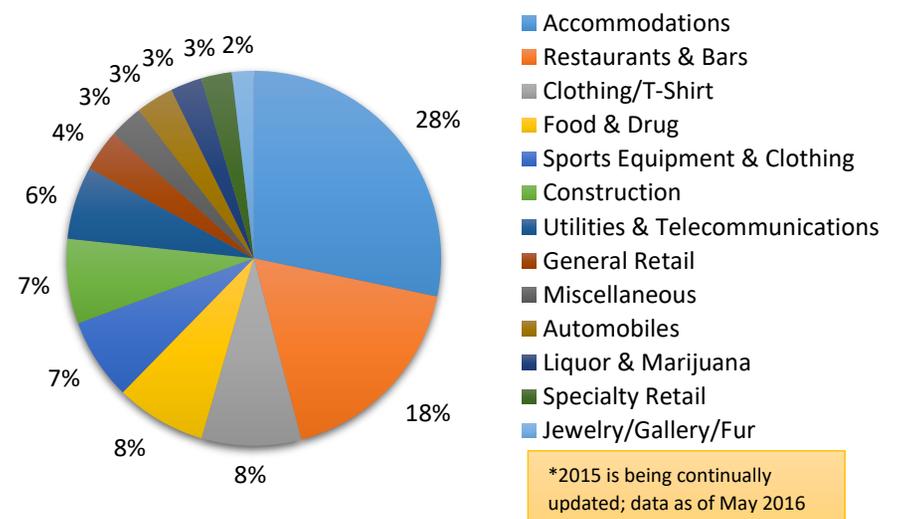


Figure 2. Total Taxable Retail Sales by Industry (2015\*)



### Targets

There is currently no target set for this measure.

### Data Sourcing & Considerations

Note that taxable retail sales are updated up to 12 months following the initial reporting date to reflect late filings. Data from 2015 is as of May 2016 and is subject to adjustments.

Sources: [1] North American Industry Classification System. See more at <<http://www.census.gov/eos/www/naics/faqs/faqs.html#q1/>>. [2] City of Aspen Finance Department [3] Ibid. [Photo] Babbie, Sheila. 2016.