2015 Pueblo Economic Outlook and Industry Analysis

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ASPEN FRYBERGER, HEALY FELLOW, CSU PUEBLO
Pueblo Employment 2005 – August 2015

Source: BLS
PUEBLO COUNTY INITIAL JOBLESS CLAIMS

Source: Colorado Dept. of Labor
Pueblo County Establishments
2005-Q1 2015

3467 establishments
Q3 2007

3100 establishments
Q1 2015

Source: BLS
Pueblo County Number of Retail Establishments
2004-2014


535
525
515
505
500
495
485
475
465
Pueblo Retail Employment

Source: BLS
Retail Sales
2008-2014
(Thousands)

Source: CDOR
### Pueblo Employment Recovery, 2008 – March 2015 - By Industry and Average Salary

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment Change</th>
<th>Average Annual Salary (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All industries</td>
<td>1416</td>
<td>$38,901</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>254</td>
<td>$57,357</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>1621</td>
<td>$42,680</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>1017</td>
<td>$37,646</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>215</td>
<td>$14,940</td>
</tr>
<tr>
<td>Other Services</td>
<td>1</td>
<td>$25,920</td>
</tr>
</tbody>
</table>
Change in Number of Business Establishments in Pueblo and Colorado: 2012 to QI, 2015

<table>
<thead>
<tr>
<th>Industry</th>
<th>Change in Pueblo</th>
<th>Change Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>-1.49%</td>
<td>6.74%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10.20%</td>
<td>5.98%</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>-3.72%</td>
<td>5.35%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>-2.79%</td>
<td>4.57%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>-.67%</td>
<td>9.57%</td>
</tr>
<tr>
<td>Other Services</td>
<td>-5.81%</td>
<td>9.70%</td>
</tr>
</tbody>
</table>
Regional Change - Number of Business Establishments, Employment 2010-2015:Q1

<table>
<thead>
<tr>
<th>County</th>
<th>Establishment Change</th>
<th>Employment Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crowley</td>
<td>-12.5%</td>
<td>-6.89%</td>
</tr>
<tr>
<td>Custer</td>
<td>-16.07%</td>
<td>-7.25%</td>
</tr>
<tr>
<td>Fremont</td>
<td>-4.02%</td>
<td>-1.71%</td>
</tr>
<tr>
<td>Huerfano</td>
<td>-14.42%</td>
<td>-7.64%</td>
</tr>
<tr>
<td>Las Animas</td>
<td>-11.41%</td>
<td>-7.65%</td>
</tr>
<tr>
<td>Otero</td>
<td>-6.10%</td>
<td>-7.40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Colorado City</th>
<th>2014 Rank (Out of 379)</th>
<th>2015 Rank (Out of 379)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Greeley</td>
<td>70</td>
<td>4</td>
</tr>
<tr>
<td>Boulder</td>
<td>30</td>
<td>9</td>
</tr>
<tr>
<td>Ft. Collins - Loveland</td>
<td>43</td>
<td>20</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>315</td>
<td>129</td>
</tr>
<tr>
<td>Pueblo</td>
<td>243</td>
<td>215</td>
</tr>
<tr>
<td>Grand Junction</td>
<td>304</td>
<td>227</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>2014 Ranking (of 379)</th>
<th>2015 Ranking (of 379)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp; Goods as a % of Population</td>
<td>29</td>
<td>272</td>
</tr>
<tr>
<td>Wage Growth</td>
<td>48</td>
<td>224</td>
</tr>
<tr>
<td>Employment Growth as a % of Population</td>
<td>111</td>
<td>200</td>
</tr>
<tr>
<td>Prime Workforce</td>
<td>169</td>
<td>136</td>
</tr>
<tr>
<td>Economics Strength</td>
<td>265</td>
<td>238</td>
</tr>
</tbody>
</table>
Area Development On Line: Rankings for Pueblo

<table>
<thead>
<tr>
<th>Category</th>
<th>2014 Ranking (of 379)</th>
<th>2015 Ranking (of 379)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Force with BA</td>
<td>280</td>
<td>375</td>
</tr>
<tr>
<td>BA In-Migration</td>
<td>315</td>
<td>312</td>
</tr>
<tr>
<td>Per Capita GMP</td>
<td>328</td>
<td>325</td>
</tr>
<tr>
<td>Area Unemployment</td>
<td>328</td>
<td>241</td>
</tr>
</tbody>
</table>
Comparison of % BA in population to Median Income

<table>
<thead>
<tr>
<th>Community</th>
<th>% BA or Higher</th>
<th>2013 Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Springs</td>
<td>37.1%</td>
<td>$53,550</td>
</tr>
<tr>
<td>State of Colorado</td>
<td>36.7%</td>
<td>$58,823</td>
</tr>
<tr>
<td>Grand Junction</td>
<td>30.8%</td>
<td>$44,240</td>
</tr>
<tr>
<td>Greely</td>
<td>29.4%</td>
<td>$50,484</td>
</tr>
<tr>
<td>Pueblo</td>
<td>19.1%</td>
<td>$33,784</td>
</tr>
<tr>
<td>Canon City</td>
<td>17.4%</td>
<td>$37,255</td>
</tr>
<tr>
<td>Lamar</td>
<td>13.5%</td>
<td>$31,523</td>
</tr>
</tbody>
</table>

Source: CityData.Com
Is Any Job a Good Job?  
Chips are Chips, Right?

- Tortilla chips, or micro chips?
- College graduates earn $17,500 more annually than individuals with only a high school diploma
- Disposable income of college grads positively impacts the local economy
- CONCLUSION: Net decline of BA degrees in our population hurts our local economy and our chances of attracting higher paying jobs

Source: Pew Research Center 2/11/2014
Pueblo Building Permits (# Units)
2007-August 2015

Source: U.S. Census

12 singles
August, 2015
Arrest Rates for Violent Crimes - All

Source: Colorado Division of Crime and Justice
Arrest Rates for Property Crimes - All

Source: Colorado Division of Crime and Justice
Graduation Rates

Source: Colorado Dept of Education
Marijuana Tax Revenue

Source: Pueblo County Clerk
# Indigent Needs Increasing in Pueblo?

Number of people seeking aid at Posada

<table>
<thead>
<tr>
<th>Year</th>
<th># individuals</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,444</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>3,767</td>
<td>54%</td>
</tr>
</tbody>
</table>

Source: KOAA.com
Pueblo County Industry Strategic Evaluation
<table>
<thead>
<tr>
<th>Assessment</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate -25/Hwy 50</td>
<td>Great North/South and East/West access</td>
</tr>
<tr>
<td>Rail</td>
<td>Very good access</td>
</tr>
<tr>
<td>Water Availability</td>
<td>Current availability is good</td>
</tr>
<tr>
<td>Utilities Cost</td>
<td>80.1% of average – (Source: infoplease.com)</td>
</tr>
<tr>
<td>Air Transport</td>
<td>Great resource, but significant underutilized capacity. Very limited commercial service. Climate is beneficial to air traffic.</td>
</tr>
<tr>
<td>Available Labor Pool</td>
<td>Unemployment moderately low, education levels below state average, some difficulty with drug testing.</td>
</tr>
<tr>
<td>Building Availability</td>
<td>Large inventory and selection of building space</td>
</tr>
</tbody>
</table>
# INFRASTRUCTURE/SITUATION (2)

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner City Transport</td>
<td>Bus service limited. No regular service to airport, Pueblo West, or County destinations.</td>
</tr>
<tr>
<td>Higher Ed</td>
<td>PCC and CSU-Pueblo offer a range of educational alternatives. Potential for more integration in community, economic development.</td>
</tr>
<tr>
<td>Arts/Music</td>
<td>Lots of traction with Creative Corridor, Sangre de Cristo, Memorial Hall, State Fair, Hoag Hall, etc.</td>
</tr>
<tr>
<td>Cost of Living</td>
<td>85.6% - (Source: infoplease.com)</td>
</tr>
<tr>
<td>Recreation</td>
<td>Plentiful. 3 municipal golf courses, Pueblo reservoir, Arkansas River, kayak course, hiking, biking, gateway to Royal Gorge, mountains, etc.</td>
</tr>
<tr>
<td>Climate</td>
<td>4 mild seasons. Lots of sun, some wind.</td>
</tr>
</tbody>
</table>
Overall Infrastructure Assessment

- Pueblo infrastructure is good, many components are excellent
- Weaknesses include City transportation and available labor pool concerns
Colorado Blueprint - Suggested Foci

Colorado Blueprint 2.0 under development

From first Colorado Blueprint, key Pueblo County industries to support:

- Manufacturing (primary jobs)
- Tourism
- Expand existing industry, encourage small business
- Health Care – Promote as regional destination
- Improve Ag Economy
- Higher Education Partnerships – Especially engineering, ag, hospitality, and entrepreneurial studies

Source: Colorado Blueprint, Oct 18, 2011
## Selected Professions – Growth and Salary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2022</td>
<td>Number</td>
</tr>
<tr>
<td>Total, All Occupations</td>
<td>00-0000</td>
<td>145,355.8</td>
<td>160,983.7</td>
</tr>
<tr>
<td>Personal care aides</td>
<td>39-9021</td>
<td>1,190.6</td>
<td>1,771.4</td>
</tr>
<tr>
<td>Registered nurses</td>
<td>29-1141</td>
<td>2,711.5</td>
<td>3,238.4</td>
</tr>
<tr>
<td>Home health aides</td>
<td>31-1011</td>
<td>875.1</td>
<td>1,299.3</td>
</tr>
<tr>
<td>Nursing assistants</td>
<td>31-1014</td>
<td>1,479.8</td>
<td>1,792.0</td>
</tr>
<tr>
<td>Customer service representatives</td>
<td>43-4051</td>
<td>2,362.8</td>
<td>2,661.4</td>
</tr>
<tr>
<td>Construction laborers</td>
<td>47-2061</td>
<td>1,071.1</td>
<td>1,331.0</td>
</tr>
<tr>
<td>Medical secretaries</td>
<td>43-6013</td>
<td>525.6</td>
<td>714.9</td>
</tr>
<tr>
<td>Licensed practical and licensed vocational nurses</td>
<td>29-2061</td>
<td>738.4</td>
<td>921.3</td>
</tr>
<tr>
<td>Medical assistants</td>
<td>31-9092</td>
<td>560.8</td>
<td>723.7</td>
</tr>
<tr>
<td>Software developers, applications</td>
<td>15-1132</td>
<td>613.0</td>
<td>752.9</td>
</tr>
<tr>
<td>Production occupations</td>
<td>51-0000</td>
<td>8,941.9</td>
<td>9,017.5</td>
</tr>
</tbody>
</table>

Footnotes:
Expansion Opportunities
Low Hanging Fruit Tied to Blueprint

Manufacturing
- Do more of what has been done
  - PEDCO recruiting
  - PCC training programs

Tourism
- Increase promotion of existing attractions

Small Business Opportunities
- Increase support of SBDC, SCORE, Pueblo Entrepreneurship Competition
Expansion Opportunities
Low Hanging Fruit Tied to Blueprint (2)

Health Care

◦ Critical shortage of MDs and nurses – significant opportunity

◦ Nursing programs at PCC and CSUP at capacity

◦ Jobs are available... trained, qualified workers are not

* Community, Health Care and Higher Ed must ensure adequate resources are allocated to meet this need
Expansion Opportunities
Low Hanging Fruit Tied to Blueprint (3)

Agriculture
- Critical to keep water in the region, for more than Ag
- Promote efficient use of water
- Partner with CSU Extension, CSUP to maximize farm productivity
Blueprint Emergent Opportunities – Phase 2 Examples

Tourism

- Reposition Pueblo
  - Capitalize on “Home of Heros” theme, extend to other events, attractions
  - “Gateway to the Southwest” - History and Geographic significance
- Significant tourism expansion requires “anchor” attractions
  - Theme park
  - Unique offerings, e.g., interactive STEM museum, IMAX, indoor ski slope, zip lines over Arkansas River, Mars Biosphere Living Module... something SPECTACULAR!
- Explore developing tourism studies at PCC and CSUP

Small Business, Expanding Businesses

- Expand entrepreneurial studies at PCC and CSUP
- Create an entrepreneurial culture: develop “maker’s space” in the community
Blueprint Emergent Opportunities –
Phase 2 Examples (2)

MFG - Expand PEDCO latitude
- “Economic gardening” – invest in promising start-ups, growth companies in strategic industries
- Target jobs that require some college education

Agricultural Expansion
- Develop “Food Hubs”
  - Purchase small lot production
  - Increase local processing activities, build commercial kitchens (value added)
  - Provide distribution channel to local cafeterias and restaurants
- Water Management Strategies
  - Create regional Water Center
  - Testing, water management practices, water law, water economics
- Hemp R&D
Blueprint Emergent Opportunities – Phase 2 Examples (3)

Renewable Energy Research Center
- Solar, Wind, Hydro, Algae Bio-Diesel, Other Bio-Mass

Active Retirement Community
- Combines positioning of tourism, life style opportunities, health care
- Attracts retirees, semi-retirees and their investment income

Organic pharmaceutical research
- NOT related to retail MMJ sales or recreational use
- Embracing cannabis research can counter negative image of current marijuana culture
- Pursuit of patents, research jobs
- Ties to Ag, byproducts of algae-biodiesel
Strategic Industry Clusters
Phase 3 - Fruit on Higher Branches

Diversification of Industrial Base Needed
- Industry diversification insulates from economic shock of any one industry

Concentric Diversification
- Synergies created through shared:
  - Technologies
  - Resources
  - Distribution channels/customers
  - Use of byproducts (sustainable operations)
- Results can include:
  - Shared research applications
  - Shared worker training
  - Shared resources, byproducts
  - Attraction for similar or related firms to the area
Synergies Among Emergent Energy, Pharmaceutical and Ag Industries

Each intersection in the diagram represents an opportunity for synergy.
Another Example of Industry Clusters That Can Produce Synergy

These industries create an important “quality of life” foundation to attract educated individuals for other jobs.
Significant Strategic Issues

Low percent of 4 year college degrees in population
  ◦ Brain Drain Conundrum – Most college graduates leave Pueblo County

Positioning Pueblo as a low wage county is a double edged sword
  ◦ Makes us attractive for businesses locating here
  ◦ It exerts pressure to keep wages low
  ◦ Lower wage jobs do not require bachelor degrees, exerting further downward pressure on the economy.

Pueblo Transit system must expand
Significant Strategic Issues (2)

Manufacturing is not likely to carry us into the future
- Automation, robotics decrease available manufacturing jobs
- Low projected job growth and income in manufacturing
- Are we on the right path with the jobs pursued with ½ cent sales tax?

We have a perception and story telling problem
- Excessive focus on the retail Marijuana culture
- We haven’t done a good job telling our story... getting the right message to the right people
- Affects Tourism... people’s perceptions are based on freeway views
- We need to get out the good news
Significant Strategic Issues (3)

Capitalize on regional resources and history

- Home of Heroes – Celebrate Medal of Honor recipients, consider other “Heroes”
  - Can this idea be echoed through the arts, appearance of our city from the highway, our attitudes about our own community?
- PBRA – Little has been done vis-à-vis the community
- History of region - Native Americans, Bat Masterson, Kit Carson (Bent’s Fort), immigrant laborers, etc.
- Consider other unusual industries/ideas - Space Tourism, Mars Biosphere Living Module, Theme Park, “Branson on the Arkansas,” Indoor Ski Slope, Extreme Sports, Gateway to the American Southwest, etc.

Pueblo needs a strong, unified vision driving strategic industry development

- We have nicknames. What shall we rally around? Steel? Heroes? Chile? Or??
- Great clusters and pieces of industries are in place, but more coordination is needed
- More collaboration needed between business, government, education
  - Unified City/County government may be helpful - many details to work through
Wednesday Morning “to do” list

Work on “telling our story”
- Crime rates down, HS grad rates up, many great things about life in Pueblo

Work on key infrastructure issues:
- Transportation systems
- Available labor pool (publicize the number of graduates from PCC and CSU-Pueblo) – expand key programs at each institution, e.g. nursing, to reduce BA/BS migration.
- Continue to support the Creative Corridor and River Walk expansion - critical for tourism and quality of life to attract other industries

Expand efforts to develop tourism, ag, entrepreneurial, manufacturing, and health care
- Mentoring tied to more intensive internship programs
- Pursue businesses that require educated workers
- Expand nursing programs at PCC and CSUP
- Develop entrepreneurial and tourism programs at PCC and CSUP (consistent with Blueprint)
Wednesday Morning “to do” list (2)

Diversify our industrial base
- Note projected low increase of manufacturing jobs, extremely high increase in health care
- Attract/create jobs that require college degrees
- Consider expanding search latitude for PEDCO – refine investment parameters for ½ cent sales tax

Explore viable emerging industries, integrate partnerships with PCC and CSU-Pueblo
- Renewable energy research and production – Wind, Solar, Hydro, Biotech
- Organic pharmaceutical research
- Active senior living

Develop 10-year, 25-year, and 50-year plans to create a UNIQUE Pueblo draw
- Space tourism, theme park, Mars biosphere living module, or ???
The best way to predict the future is to create it.
- Peter Drucker

Questions for Norman or Mike?

For a copy of today’s presentations, please email:

michael.wakefield@csupueblo.edu