

Business Diversity & Sustainability

KEY PERFORMANCE MEASURES

- *Aspen economic activity level*
- *Total number of business licenses*
- *Seasonal business sales activity*
- *Mix of top business types*
- *Commercial vacancy rates (*)*
- *Commercial rental rates (*)*

Desired Outcome: *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.*

Learn more about [Business Diversity & Sustainability](#) as a key economic sustainability theme for the community.

() Measures under development*

Aspen economic activity level

What is it? Why is it important?

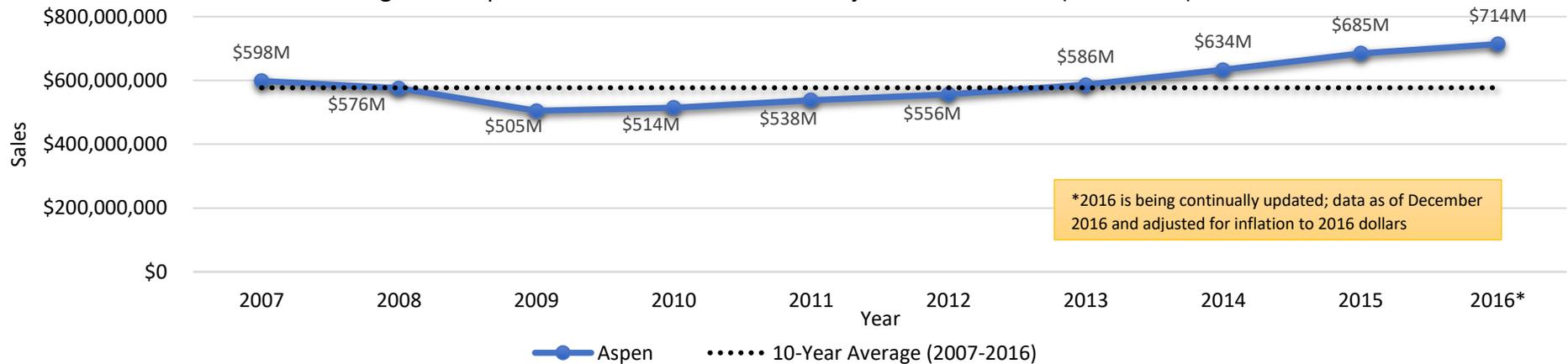
Economic activity is an indication of a region’s productive capacity. Since an absolute value for a regional GDP is not readily available, annual taxable retail sales totals offer a relative proxy for showing economic activity level in Aspen. Taxable retail sales equal gross sales for goods purchased 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 2007-2016 (Figure 1).¹ These numbers have been inflation adjusted to 2016 dollars. During this period, Aspen’s taxable retail sales as a reflection of economic activity show an increase of 19.3%. Year-on-year, there is an average change of 2.2%. Overall, taxable retail sales numbers hover around the inflation-adjusted ten-year average of approximately \$576,888,100. In 2009, there was an observable decrease of -12% in taxable retail sales related to the economic downturn. In 2016, taxable retail sales were \$713,876,169 following steady growth from 2009.



Figure 1. Aspen Annual Total Taxable Sales Adjusted for Inflation (2007-2016)



Targets

A target for this measure has not been set by Council. The historical data (2007-2016) generates an average annual total taxable sales level of \$576,888,100 (in 2016 dollars).

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 2016 is as of December 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. "Taxable Sales through Dec 2016." 2017. [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).¹ In general, 1 and 2-day special event licenses make up 6% of the total business licenses per year.² Figure 2 shows new business licenses to the City.³ 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.⁴ 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.

Figure 1. Aspen Business Licenses, by type (2013-2015)

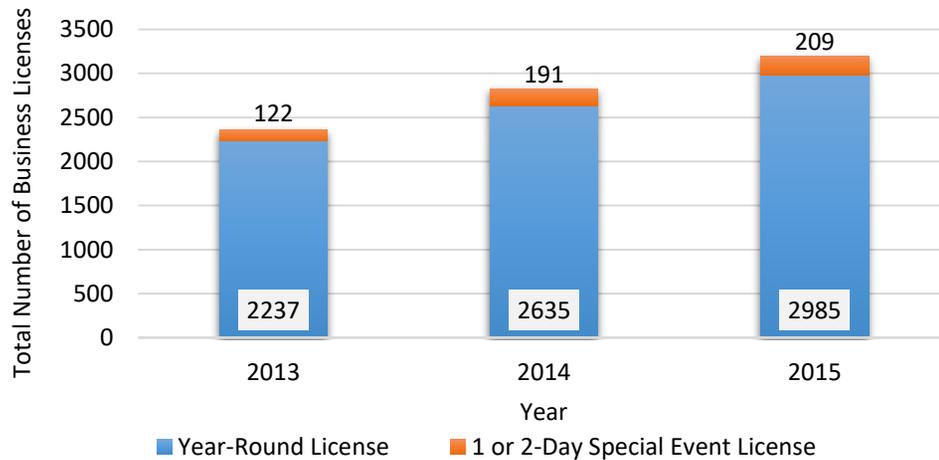
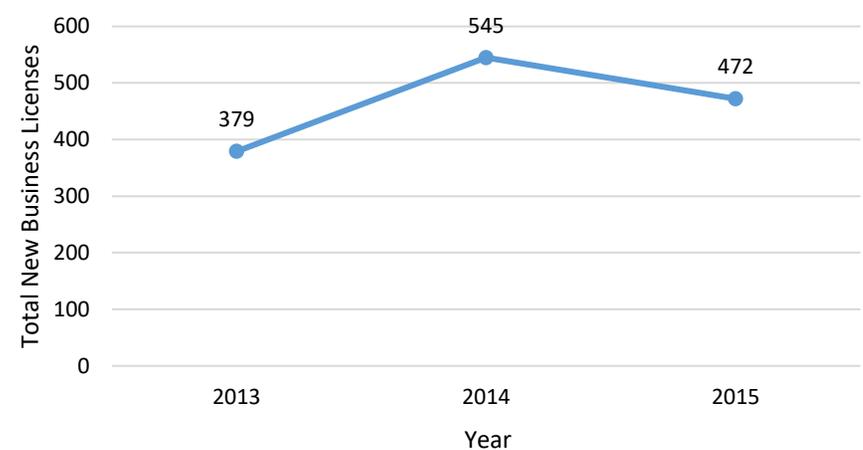


Figure 2. Aspen New Business Licenses (2013-2015)



Targets

A target for this measure has not been set by Council.

Data Sourcing & Considerations

Data was sourced via a specific query of the City of Aspen Finance Department Innoprise system. This data excludes businesses that are not registered to conduct business within the City. In 2012, the Finance Department began using a new software system. Due to transition of data between systems, data from this year and prior years is not usable. Data was not updated in 2017, as a more robust methodology for tracking is in progress.

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?

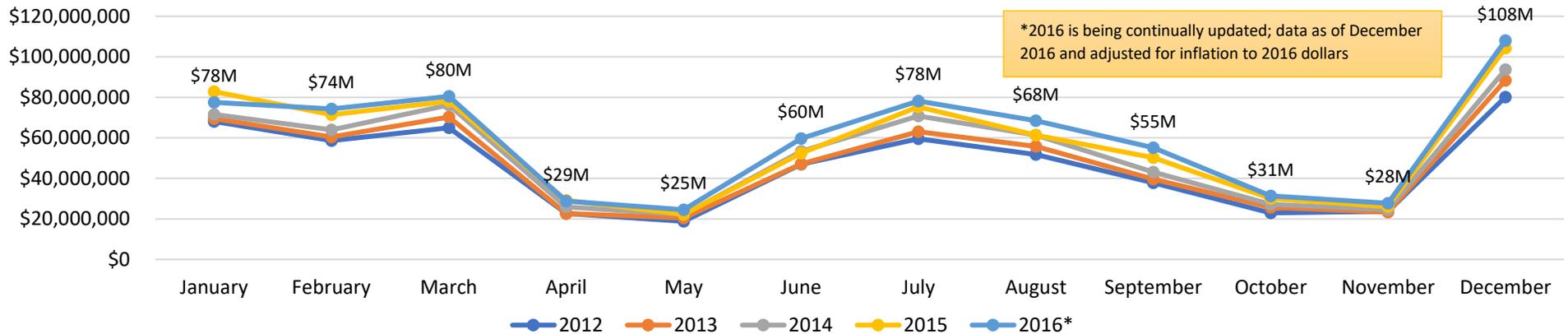
Seasonal business sales activity gives an indication of the level of economic activity in Aspen during peak and off seasons. Aspen total taxable retail sales numbers reported monthly are used as a proxy to look at such economic activity. Taxable retail sales equal gross sales for goods purchased or consumed 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 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 2012-2016, which have been inflation adjusted to 2016 dollars.¹ 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 2016, retail sales activity ranges from \$24,510,001 to \$31,290,356. On-season numbers in 2016 range from \$68,459,043 to \$107,980,269. Historically, the data shows that the lowest level of retail sales activity is in May. Over the 2012-2016 period, on-season retail sales activity shows an increase at an average rate of 6.2% while off-season activity shows an average increase of 6.9%.



Figure 1. Aspen Sales Activity During On and Off-Season (2012-2016*)



Targets

A target for this measure has not been set by Council.

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 2016 is as of December 2016 and is subject to adjustments.

Sources: [1] City of Aspen Finance Department. "Taxable Sales through Dec 2016." 2017. [Photo] Babbie, Sheila. 2016.

Mix of top business types

What is it? Why is it important?

Aspen's mix of top business types is represented by City industry taxable retail sales data. Business types are reported in NAICS¹ form, the Federal standard used to describe industries. In this measure, top business types are equated to top business industries. Data was consolidated into 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 2016 dollars. Figure 1 shows average retail sales for each industry category, consolidated into two groupings (2011-2013; 2014-2016).² Industry retail sales were relatively consistent between the 2011-2013 and 2014-2016 groupings. Accommodations and Restaurants & Bars reflect an exception. For Accommodations, total retail sales increased 9.6% on average from 2014-2016 compared to the 5.2% change from 2011-2013. For Restaurants & Bars, retail sales increased 6.6% on average from 2014-2016 compared to the 3.3% change from 2011-2013. Figure 2 shows the total earnings of each industry in 2016, ranked in order.³

Figure 1. Total Industry Sales Over 3-Year Averages (2011-2013) & (2014-2016*)

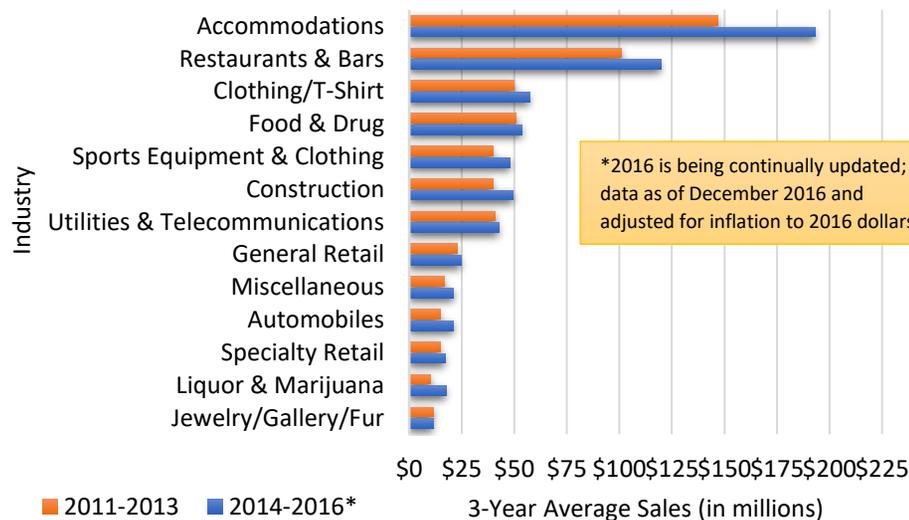
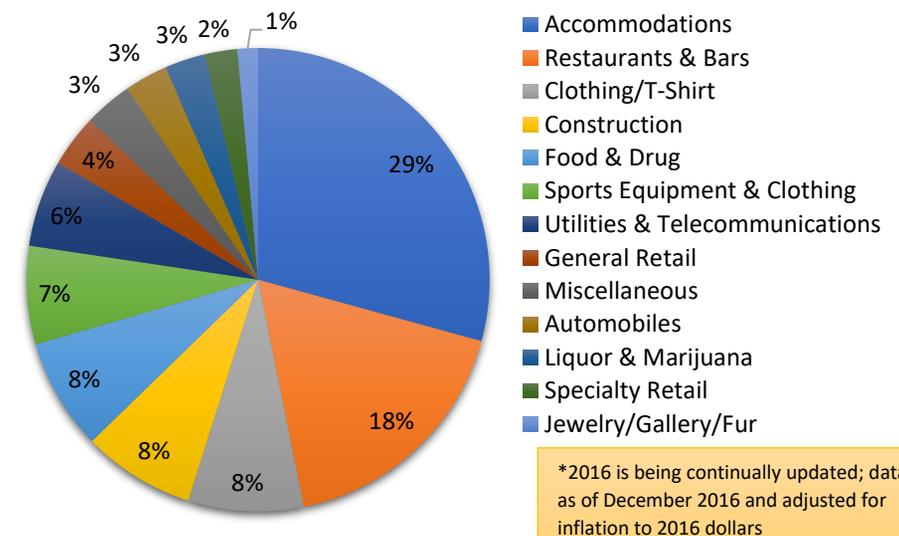


Figure 2. Total Taxable Sales by Industry (2016*)



Targets

A target for this measure has not been set by Council.

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 2016 is as of December 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. "Taxable Sales through Dec 2016." 2017. [3] Ibid. [Photo] Babbie, Sheila. 2016.