

Summary and Update of Socioeconomic Conditions

The *Socioeconomic Baseline Report* (BLM 2012) provides information on social and economic conditions and the values associated with uses of BLM public lands for the socioeconomic study area (Grand and San Juan counties, Utah). The report focuses on information that is most relevant to the scope of the current BLM planning effort for development of the MLP. This information will be used for social and economic impact analysis of the management alternatives that will be considered in the impacts analysis phase of the planning process, and will be supplemented with additional data and information as needed at that time.

The information presented here summarizes and updates the conclusions of that report (written in May, 2013) to the present (April, 2014).

The socioeconomic study area has many significant economic and social conditions that affect the uses and values of BLM public lands and mineral estate in the MLP planning area. The two counties of the study area are considerably different both demographically and economically.

Some basic but important characteristics of the socioeconomic study area are as follows:

- A large majority of the land in the socioeconomic study area is federally owned (72 percent overall). BLM manages the largest amount of land (49 percent), followed by tribal ownership (20 percent), all other federal agencies (16 percent), the State of Utah (9 percent) and private ownership (7 percent).
- The socioeconomic study area had a 2010 Census population of over 23,971, with 9,225 people living in Grand County and 14,746 living in San Juan County.
- The socioeconomic study area is very sparsely populated, with a few small population centers. The population density is 2.1 persons per square mile, compared to figures of 33.6 for the state of Utah and 87.4 for the nation.
- The socioeconomic study area is located at considerable distance from any large urban areas.
- The history of the socioeconomic study area is primarily a story of the native Indian cultures, settlement by Mormon pioneers, agricultural use, development of mineral resources, and recent influxes of residents and tourists attracted by the visual and recreational resources of the region.

Some important demographic and social conditions and trends in the socioeconomic study area include the following:

- The study area as a whole grew from 16,300 persons in 1970 to 23,971 persons in 2010, a gain of 7,671 persons, or 47 percent.
- From 1970 to 1980, both counties grew significantly. This largely reflects an upsurge in mineral exploration and development during the 1970s. In the 1980s, San Juan County's population held steady, but Grand County's population (and the population of Moab) dropped significantly. This is attributed to the collapse of the uranium mining industry in the 1980s. Both counties (and Moab) grew in the 1990s. In the 2000s, Grand County had stronger growth than San Juan County—9 percent across the decade compared to 2 percent.
- The Governor's Office of Management and Budget projects modest amounts of growth to 2020 and from 2020 to 2030 in both counties and in all the sub-county geographies for which the state makes projections. At present, no foreseeable changes are likely to increase the growth rates in the study area to rates similar to the fastest growing communities in the state.
- Housing growth in the socioeconomic study area in the 2000s was actually stronger than population growth. This reflects the attractiveness of the study area to second home owners.

- The components of population change in the 2000s varied considerably. Natural change (births over deaths) was much larger in San Juan County. Grand County had modest net migration from both domestic and international immigrants to the county. San Juan County had substantial *negative* net migration, led by domestic *out-migration*.
- The Grand County population is predominantly White—89 percent. The proportion of all minorities (i.e., all persons except non-Hispanic Whites) in Grand County is 15.9 percent. This is a smaller percentage of minorities than for the state as a whole, and much smaller than for the nation. In San Juan County, the percentage of Whites is much lower—45.8 percent. Minorities, particularly Native Americans, make up 56.1 percent of the county's population.
- The age profile in Grand County is generally older than in San Juan County. The median age in Grand County, 40.5 years, is considerably greater than in San Juan County, 30.0 years.
- A very high proportion (compared to Utah and the nation) of the population of San Juan County speaks a language other than English at home.
- The median family income in Grand County is over \$10,000 lower than that of Utah, and the median family income in San Juan County is nearly \$20,000 lower than that of Utah. Per capita income in Grand County, however, is slightly higher than that of the state, but in San Juan County is considerably lower than the state average (source: Utah Department of Workforce Services 2011 data, accessed April 1, 2014, at <http://jobs.utah.gov/wi/pubs/wni/index.html>). Factors contributing to these differences include the rural nature of the study area, lower education levels, the younger population profile of San Juan County, high minority and reservation populations in San Juan County, and other factors.
- Grand County has a significantly higher percentage of multi-unit housing structures than San Juan County, but a significantly lower percentage than the state. Both counties have significantly higher percentages of mobile homes than the state.
- The average household sizes for both owner- and renter-occupied units in Grand County were considerably lower than the corresponding figures for San Juan County and the state. Low household sizes are typical of areas where the population of adults is skewed toward younger (pre-child-raising) and older (post-child-raising) cohorts.
- County and local governments in the socioeconomic study area provide a wide range of public services.
- Many types of stakeholders to BLM public lands exist. At a high level, key types of stakeholders include Habitat and Resource Conservation Stakeholders, Recreation Stakeholders, Mineral Development and Production Stakeholders, and Visual Resource Stakeholders. These categories are not mutually exclusive; many specific individuals or organizations have multiple interests and have views that place them in more than one stakeholder category.
- None of the identified places in Grand County meet the thresholds to qualify as a potential Environmental Justice population. A number of places in San Juan County have minority populations and/or populations in poverty that may qualify as Environmental Justice populations. These places are primarily smaller communities. All but Blanding are located at considerable distance from the MLP planning area. These communities have been identified for further consideration in the impacts analysis phase of the planning process.

Some important economic conditions and trends in the socioeconomic study area include the following:

- Unemployment rate changes in the two counties generally mirrored state and national trends from December 2008 to December 2011. In Grand County, the unemployment rate has been about 2 to 4 percentage points higher than the statewide rate, which peaked at just over 8 percent in early 2009. The Grand County rate peaked later, at about 11.5 percent in mid-2011. Rates in San Juan County were at essentially the same level (approximately 8 percent) in December 2008 as in Grand County, but rose to over 13 percent in late 2009 and stayed at or near that level until mid-2011, when the unemployment rates began to come down. As of February, 2014, unemployment

in Grand County stood at an estimated 6.9 per cent and San Juan County at an estimated 9.0 per cent. The estimate for the state as a whole was 3.9 per cent (Source: Utah Department of Workforce Services 2011 data, accessed April 1, 2014, at <http://jobs.utah.gov/wi/pubs/une/season.pdf>). For Grand County, employment data tends to be highly seasonal, with employment rates increasing during the tourist season (typically March through October).

- Based on employment, the largest industries based in Grand County as of June, 2013, were *Accommodation and Food Services* (1,795 jobs, or 32.5 percent of all non-farm employment), *Government* (19.3 percent), and *Retail Trade* (14.6 percent). The largest industries in San Juan County in 2009 were *Government* (1,599 jobs, or 38.2 percent of all non-farm employment), *Education, Health and Social Services* (15.1 percent), and *Accommodation and Food Services* (13.1 percent). *Mining* (all types, including minerals) comprised 2.0 percent of jobs in Grand County and 8.8 percent of jobs in San Juan County¹.
- From 2000 to 2012, the industries experiencing the greatest numerical growth in jobs in Grand County were *Leisure and Hospitality* (218 jobs added), *Local Government* (143 jobs added), and *Education and Health Services* (111 jobs added). The San Juan County industries experiencing the greatest numerical growth in jobs in this period were *Education and Health Services* (238 jobs added), *Natural Resources and Mining* (162 jobs added), and *Professional and Business Services* (138 jobs added)
- Based on earnings, the three largest industries in Grand County in 2012 were the same as the three largest industries by number of jobs. These are *Leisure and Hospitality*, *Trade, Transportation, and Utilities*, and *Local Government*. In San Juan County in 2012, the three largest industries by employment were *Local Government*, *Education and Health Services*, and *Leisure and Hospitality*. In terms of total wages, the three largest industries were *Local Government*, *Natural Resources and Mining*, and *Education and Health Services*.
- In terms of earnings growth, in Grand County, *Leisure and Hospitality* had the largest numerical gain in earnings from 2000 to 2012 followed by *Trade, Transportation, and Utilities* and *Local Government*. In San Juan County, the largest numerical increases in earnings from 2000 to 2012 were in *Natural Resources and Mining*, *Education and Health Services*, and *Local Government*.
- The average annual wage in Grand County in 2012 was \$ 28,772. In San Juan County, the average annual wage in 2012 was \$ 32,651. These figures compare to an average annual wage in Utah of \$ 41,301. It is typical for wages in rural counties to be lower than the state average, which includes large populations in high-wage urban areas.
- The highest average wages in Grand County in 2012 were in the *Natural Resources and Mining* sector at \$67,740, followed by *Federal Government* (\$52,580), and *State Government* (\$45,530). The highest average wages in San Juan County in 2012 were in the same industries: *Natural Resources and Mining* (\$54,678), *Federal Government* (\$49,017), and *State Government* (\$33,953). (Source for the above five paragraphs: U.S. Bureau of Labor Statistics, CEW, accessed April 1, 2014, at <http://www.bls.gov/cew/datatoc.htm>)
- From 1970 to 2012, the percentage of total personal income in Grand County from labor earnings declined from 85 percent to 53 per cent and in San Juan County from 70 percent to 56 percent. These trends generally correspond to national trends, reflecting the aging U.S. population, who rely more on non-labor income than do employed persons.
- In Grand County in 2012 the dividends, interest, and rent component of non-labor income was much larger than the transfer payments component. In San Juan County, the pattern was reversed, with transfer payments being 140 per cent as large as dividends, interest, and rent. This is probably due to two main factors. One is the older population profile, including retirees, of Grand County—older persons tend to have more assets that provide dividends, interest, and rent. The

¹ Utah Department of Workforce Services 2011 data, accessed April 1, 2014, at <http://jobs.utah.gov/jsp/wi/utalmis/countyprofile.do>

second is the large Native American population of San Juan County, both on and off the reservation. This population tends to receive more government assistance than non-minority populations.

- Analysis of local government revenue data for FY2013² shows that in Grand County tourism-related tax revenues³ totaled \$5,976,088, while natural resources-related tax revenues⁴ totaled \$3,067,331. In San Juan County this pattern was reversed: tourism-related tax revenues totaled \$654,241, while natural resources-related tax revenues totaled \$8,725,678.
- Management of BLM-administered land may affect state and local expenditures for maintenance of roads, law enforcement and emergency response services, and other services.

The biological and physical characteristics of BLM-managed surface lands and BLM-managed federal mineral estate lands in the planning area, coupled with social and economic conditions and trends within the socioeconomic study area (e.g., mining industry trends, local recreation demand, broader tourism patterns), together strongly affect the many uses and values of BLM public resources. Particularly notable aspects of those uses and values include:

- The potash resources of the socioeconomic study area are relatively unique. The Intrepid Potash mine near Moab (located on private property) is one of three locations for potash production in Utah, which is one of only three states in the nation that produce potash.
- The Intrepid Potash mine currently employs 50 persons. For the 2013 tax year, Grand County levied a total of \$1,106,152 in property taxes on the Intrepid operation. For 2013, San Juan County levied \$333,440 in property taxes on the Intrepid operation. Intrepid Potash paid no federal mineral royalties as it does not operate on federally owned mineral estate. The State of Utah has no severance tax for potash.
- Applications for permits to drill oil and gas wells in the two counties decreased significantly after 2008, but have rebounded through 2013. Over this same period, oil production increased substantially in Grand County (primarily due to Fidelity's production in the Big Flat area of Grand County), and increased somewhat in San Juan County. Gas production decreased in both counties.
- As of early April, 2014, there were 24 producing oil and gas wells on federal minerals in the MLP planning area. Although these wells represent a relatively small percentage of all wells in the two counties, they represent a substantial share of production and associated mineral lease payments, especially in Grand County. For the twelve month period ending February, 2014, mineral lease payments to Grand County totaled \$2,100,958, an increase of 218 per cent over the prior equivalent period. Almost all this increase in production and mineral lease payments is associated with recently developed wells in the Big Flat area of Grand County, which is located within the MLP. San Juan County experienced a 3 per cent decline in mineral lease payments to \$1,172,675, with most production occurring outside the MLP area.
- Estimates of employment and income effects of the development (drilling and completion) and production phases for oil and gas wells are possible using basic assumptions on development costs and production values along with the IMPLAN economic impact model. A range of estimates for the economic impacts of drilling one well are provided in the report. Economic impacts of both phases will be addressed in the impacts analysis phase of the planning process.

² Source for data in this paragraph: *Utah State Tax Commission Annual Report 2012 - 2013 Fiscal Year* (accessed April 15, 2014, at <http://tax.utah.gov/commission/reports/fy13report.pdf>)

³ *Tourism-related revenues exclude property taxes levied on tourism-related properties and most sales taxes levied on purchases by tourists. Included are transient room taxes, resort community taxes, restaurant and car rental taxes.*

⁴ *Natural resource related revenues include mineral lease payments and centrally assessed property taxes levied on natural resource properties. Not included are centrally assessed taxes on utilities or severance taxes on minerals remitted directly to the State's General Fund.*

- In general, visitation at major natural resource sites (e.g., national parks) in the socioeconomic study area increased through the period from 2005 to 2013. This indicates that visitation to major natural resource-based attractions provides a relatively recession-proof base of economic activity for the study area.
- Based on BLM data, estimated recreational visitation to BLM-administered lands in the MLP planning area in 2011 totaled 803,636 visits, or 568,837 visitor days.
- The economic impacts of this level of recreation use were estimated using market segment and visitor expenditure data from a NVUM study of the Moab Field Office, and the IMPLAN model. The day use market segment for visitation to BLM MLP lands generated an estimated 19 jobs and \$0.7 million in labor income. The non-local camping market segment generated 101 jobs and \$4.4 million in labor income. The non-local lodging market segment generated 781 jobs and \$20.9 million in labor income. Not all of these economic impacts, particularly for the camping and lodging segments, should be attributed to BLM public lands only. Visitors to BLM sites in the socioeconomic study area often visit other attractions (such as national parks) on the same trip⁵.
- Socioeconomic impacts of the MLP alternatives to the BLM lands and realty program are likely to be limited. One activity that could be impacted is commercial filming permits. This activity is economically important; across the Moab Field Office in 2010, it generated an estimated 98 jobs and \$1.2 million in labor income.
- BLM public lands in the MLP planning area undoubtedly have nonmarket values that, while difficult to quantify, are important to recognize in making planning decisions about BLM public lands management.
- Tribal uses of BLM lands in the MLP planning area exist and are important to recognize in planning.

The various factors and characteristics noted above are key drivers that affect management of BLM public resources. Many additional factors addressed in this *Socioeconomic Baseline Report* also impact use and management of these resources. Analysis of the MLP management alternatives will take into account these many considerations in order to assess the potential social and economic impacts of the alternatives.

⁵ This analysis is based on 2011 data; economic impacts of recreation and tourism with updated data will be addressed further in the impacts analysis phase of the planning process.