

Economic Development Working Group

Working group name/topic: Sustainable Economic Development

Overarching Goals and Objective – In what ways does this topic area need to progress to achieve greater sustainability?

Develop an economy that is thriving, resilient, and equitable.

Overview – Background information that could provide history, recent context (facts/figures), relevance for a sustainable community, strengths/weaknesses/opportunities/threats (SWOT) analysis.

A sustainable economy can be described as one that produces goods and services in a way that maintains or improves the sources of capital that drive the economy, while contributing to the overall wellbeing of the community. This means that people are able to access quality education and healthcare, meaningful work opportunities, enjoy recreation, and raise families in ways that also improve the well being of their neighbors and contribute to a society and environment that will support greater opportunities for future generations.

Capital is usually defined as something that can be used to produce other goods or services demanded within an economy. Five types of capital are: financial, produced, natural, human, and social. We are most familiar with financial capital, which are the monetary assets that can be used to pay for goods or services. In Santa Fe, this is the money held by households, government, and businesses. Produced capital refers to the goods that we create, such as food, artwork, roads, cars, and houses. Natural capital is the resource base of the natural environment, like clean air and water, forests, and animals that contribute in both obvious and subtle ways to our economy. Human capital is the knowledge and capabilities of our community members and social capital is the trust, shared values, and ability to cooperate that can facilitate the creation of goods and services in an economy. All of these resources can be valued, supported, and utilized to create a sustainable economy.

It is important to also understand that the classical economic principle of “more is better” is not a foundation for a sustainable economy, even though we still hear the rate of growth of an economy as a metric that is often cited to indicate the “health” of an economy. Our stocks of physical capital (natural and produced) are finite, indicating that sustained growth will lead to the degradation of these resources. Instead we should think about sustainable economic development, which means things are improving, though not necessarily growing. This also indicates that to address the inequities that exist in our communities, reallocation of

resources is necessary.

Unlocking the potential for an economy and community to thrive requires a deep understanding of the history, geography, and culture of place. The following are some general principles that sustainable economies recognize and address.

1. Our local economy is a system of interconnected, complex social, natural, and economic relationships. We must understand that changing individual relationships/parts may have unforeseen impacts for the economy as a whole.
Business activity should maintain or improve human, natural, and built resources. This means that businesses do not exploit human labor or overuse or damage natural resources, while functioning to remedy social inequities and environmental damage.
2. **Plans and strategies cannot be rigid or static, but must have mechanisms for feedback and revision.** An economic development strategy in 1998 may not be relevant for an economy in 2015, given the rapid advance of technology and information access, changes in resource availability, and economic changes at the national and global levels.
3. **Diverse systems are inherently more stable and resilient. A diverse local economy is one that is composed of a variety of dissimilar or different types of business activities, as opposed to a small number of industries or large businesses.** The semiconductor manufacturing giant, Intel, has been a keystone of Rio Rancho's economy since 1980, but reduced its employment from 3,300 in 2013 to 1,900 in 2015, partially due to reduced competitiveness in the global market. If Intel shuttered its doors, it could result in a loss of 7,500 direct and indirect jobs in the area.
4. **Interdependent relationships have the potential for mutual benefits, as opposed to dependence or isolation.** Interdependence can mean turning waste streams into resources. The local non-profit Reunity Resources collects food waste from local schools and businesses, turning it into both biodiesel and compost.
5. **People and businesses must have free and accurate information about the social and environmental impacts of their economic choices.** Individuals and businesses may make different purchasing decisions if they are aware of the environmental and social costs used to produce goods or services. Communities have found thriving industries in organic foods and locally made goods because of the perceived health and economic benefits.
6. **Unlocking the potential for an economy and community to thrive requires a deep understanding of the history, geography, and culture of place.** Localization of the economy is healthy when it leads to reduced environmental impacts, costs to consumers, and job creation.

7. **We should focus on sustainable economic development, which means things are improving, though not necessarily growing. To address the inequities that exist in our communities, reallocation of resources is necessary.**

Challenges/unanswered questions.

- What does Santa Fe have in its traditions and people to support work?
- What is the catalyst that gets a project started?
- There is a lot of talk about entrepreneurialism but... nationally only 4% of people in the US own their own business, 95% of entrepreneurs have college education, 90% of all new businesses fail, 43% of them fail because of no market demand.

Resources – Organizations, Services, Documents

Organizations

- Santa Fe Green Chamber of Commerce
- Santa Fe Chamber of Commerce
- [Santa Fe Office of Economic Development](#)
- Santa Fe Business Incubator
- Biz MIX

Existing Plans:

- [2004 Economic Development Strategy for City of Santa Fe Angelou Economics](#)
- [2008 Regional Economic Development Initiative \(REDI\)](#)
- [2014 Santa Fe County Economic Development Plan](#)
- [2017 Economic Development Strategy Crossroads for City of Santa Fe](#)

Summary of Goals/strategies/principles from prior economic development plans

[2004 Economic Development Strategy for City of Santa Fe Angelou Economics](#)

I. Workforce Development and Education

Goal One: The community will place an increased value on education, realizing that education performance increases the quality of life for all Santa Fe residents and makes the community better able to retain a talented workforce. Pre-K - 12 education will be as strong as possible because the community invests in it. (p.15)

- Help parents place a greater value on education.
- Promote the value of quality education within the community. Turn Pre-K - 12 education into a “cause” around which the community can rally.

Goal Two: Educational and workforce development programs will be well-coordinated and in tune with the needs of the city’s targeted business sectors. (p.19)

- Develop an inventory of all workforce training programs in Santa Fe that prepare individuals for skills demanded by the city's targeted business sectors.
- Closely link local Workforce Development One-Stop Centers with economic development efforts.
- Enhance Santa Fe Community College's existing programs and start new programs aimed at the needs of Santa Fe's targeted business sectors.
- Ensure the College of Santa Fe, the Institute of American Indian Arts, St. John's College, the University of Phoenix and branches of Highlands University and UNM are kept up-to-date and involved in economic development.

II. Entrepreneurship

GOAL: Infrastructure, capital, and educational resources for entrepreneurs will be well networked both at the local and state level. (p.24)

- Financially support the Santa Fe Business Incubator. Help the Incubator expand by offering more customized business resources. Help start-up companies by linking them to local and state financial capital.
- Make information and training about starting businesses widely available. Celebrate entrepreneurial success stories as inspiration to potential entrepreneurs.
- Motivate Santa Feans to start new companies.
- Keep Santa Fe's existing small businesses strong.

III. Sites and Infrastructure

GOAL: Improvements to sites and infrastructure will consider the long-term needs of Santa Fe's targeted business sectors and small, entrepreneurial businesses. (p.32)

- Take steps to make Santa Fe the water conservation and clean energy capital of the U.S.
- Provide better infrastructure and processes to support creative activities.
- Partner with Santa Fe County to solve infrastructure and site issues.
- Approve and construct a new convention center that showcases the unique character of Santa Fe.

IV. Community Development

GOAL: Santa Fe's community and economic development activities support an environment that is favorable to (1) talented residents, (2) small, locally-owned businesses, and (3) targeted business sectors. (p.39)

- Adopt a more business friendly attitude within City government.
- Santa Fe's City Council should set goals for future development and allow those goals to drive decisions.
- Provide greater support to the Community Development Division, and, particularly the Economic Development section.
- Recognize the importance of arts and culture to Santa Fe's economy. Involve arts and culture in economic development.
- Ensure that Santa Fe contains an atmosphere that is fun and attractive to young, creative people.

V. Marketing and Public Relations

GOAL: Santa Fe will engage in a targeted marketing campaign that builds local and national awareness of the city as a place to do business. (p.46) Strategies:

- Establish specific marketing roles for each organization currently involved in economic development.
- Create and adopt a single economic development brand.
- Better understand the target audiences.
- Gain local media support.
- Launch internal marketing.

- Implement external campaigns.

2014 Santa Fe County Economic Development Plan

GOAL 1: Stimulate entrepreneurial activity in Santa Fe County.

- Streamline business licensing and registration processes and reduce the registration fees to an amount comparable with neighboring governmental entities.
- Foster active partnerships with local business support programs to enhance target industries.
- Collaborate to enhance the Santa Fe brand to include both City and County, and feature their distinctive assets and attributes for entrepreneurial growth.
- Work with SF County Procurement staff to explore any additional innovative means to support County businesses with local preferences.

GOAL 2: Catalyze new capital flows into SFC through innovative financing and grants.

- Explore potential allocation of County investment corpus and/or bonding capacity for community investment.
- Explore viability of establishing a Local Option Gross Receipts Tax for Economic Development projects
- Explore how available financing mechanisms can be used to enable the Community College District and other projected high growth areas to achieve Economic Development objectives.
- Allocate funds to a small-grants and sponsorship pool for targeted ED.
- Hire contract grant writers to catalyze local applications for large philanthropic and federal grants.

GOAL 3: Maintain a strong workforce to attract/retain businesses.

- Engage Internship, apprenticeship, and entry-level professional programs; support SFCC and SER Jobs for Progress training programs.

GOAL 4: Make critical infrastructure improvements and capitalize on the existing built environment for economic development goals.

- Support establishing ubiquitous, affordable high-speed broadband county-wide, and particularly in targeted ED areas.
- Actively work to increase availability of affordable housing in SFC.
- Support increased activity at and improvements to the SFC airport.

GOAL 5: Maintain safe, continued use of lands for agricultural purposes, increase access to healthy foods by eliminating "food deserts," and provide more markets for local farmers/ranchers.

- Support expansion and availability of local food and local farmers markets in SFC.
- Pursue land restoration activities for agriculture, including forest rehabilitation/thinning, and capitalize on SFC as a leading "Fire Resistant Community" and "wild land-urban interface community."

GOAL 6: Cultivate the growth and success of arts and culture related entrepreneurial efforts County-wide in unincorporated areas of the county.

- Support development of a cultural corridor from Albuquerque to Taos.
- Explore how SFC can better support artists outside the City, e.g., marketing galleries and destinations other than Canyon Road, business training for artists, etc.
- Map the arts sector. Partner with Creative Santa Fe and the City of Santa Fe for an update to the Bureau of Business and Economic Research study on Arts and conducted in 2004.

GOAL 7: Grow the ecotourism and outdoor recreation sector through partnerships and responsible development of County lands as recreational opportunities.

- Support organization of and promotion for tourism shoulder season activities, initially surrounding a specific event.
- Explore joint efforts and potential combined marketing efforts between City and County.
- Improve way finding along trail networks, inter-connectedness between trail networks, and increased multiple use of trails.
- Support establishment of expanded RV infrastructure in the County.
- Support national sporting events and gatherings in SFC.

GOAL 8: Leverage SFC's reputation and quality of life to attract and recruit businesses that add to the triple bottom line economy, such as building the outdoor recreation cluster and bicycle supply chain.

- Support growth of recreational experience and equipment companies.

GOAL 9: Develop a thriving independent and local Film/Media Sector while growing the core studio business and diversifying into post- and digital production.

- Develop post-production capabilities.
- Form a “co-op” production entity with SFCC/SFUAD/IAIA for production of local content, such as governmental PSA’s and informational programming, local promotional and tourism programming, etc.
- Explore, with Shoot Santa Fe, co-funding a film/media coordinator focused on the Santa Fe region, with range of skills to grow all aspects of the industry, and help facilitate financing, production, and distribution for independents and locals.
- Work with appropriate stakeholders to evaluate costs and benefits of establishing a northern New Mexico PBS TV broadcast station.

Goal 10: Make sustainable conservation and efficiency improvements such that green energy is more accessible and affordable for all.

- Allow for repayment mechanisms for financing (County or third-party) for water efficiency, recycling, construction, energy efficiency and renewable energy generation improvements.

GOAL 11: Reduce the energy footprint of SFC’s building stock.

- Make green, affordable housing available throughout the County.
- Evaluate feasibility of a mandate that Santa Fe County Buildings develop a pathway to energy self-sufficiency by incorporating solar and other renewables.
- Encourage retrofits of existing housing stock, to develop Green Building sector.

GOAL 12: Achieve energy independence and a thriving economy based on renewables.

- Support, in concept, continued research into the viability and feasibility of a publicly owned and operated electric utility in the Santa Fe region, including an outreach campaign to the public and funding for further studies.
- Provide Phase 2 Funding for Microgrid Systems Lab.
- Support SFCC’s Training Center Corporation programs.
- Apply Qualified Energy Conservation Bond ED investments in renewable energy.
- Pursue utility-scale renewables generation and transmission development in environmentally appropriate areas.

GOAL 13: SFC becomes a leader in water conservation, efficiency, and recycling.

- Create a "Decentralized Regional Water Authority."
- Include the Economic Development Manager in planning discussions for the Pojoaque Basin Regional Water System (Aamodt), so that ED opportunities, in support of the County’s Green Water sector goals, can be identified and explored at the earliest possible stage of development.
- Maximize the capture and use of rain and grey water through favorable codes and policies.
- Develop showcase events around water conservation.

GOAL 14: The County should facilitate an environment that produces healthy residents and grants access to care for all who need it.

- Convene a focus group to determine feasibility of SFC as a health and wellness destination and explore ways to grow this target industry as an integrated cluster.

[2017 Economic Development Strategy Crossroads for City of Santa Fe](#)

Principles suggested in the 2017 Crossroads report from City of Santa Fe’s Office of Economic Development (OED):

- Fund pilot programs to test new approaches
- Embrace data driven decision-making.
- Focus on “what chose us” (bottom-up) rather than what we might choose (“top-down”) when looking to support industries or opportunities.
- Value the City’s role as convener and catalyst.
- Have a bias towards a “grow your own” approach to the economy rather than a reliance on recruiting

businesses from outside the area.

- Support all local businesses, but prioritize “economic-base” businesses because they have a greater impact on the local economy.

Review of critical areas/best practices

Entrepreneurial & Business support

- Currently funded in this arena: OED’s Office of Business Growth (OBG), Santa Fe Business Incubator (SFBI), bizMIX, MIX, SCORE, co-working space feasibility study.
- OED believes that supporting entrepreneurs, startups, and existing businesses is a core function, and anticipates continuing to fund partner organizations that provide services (such as mentorship or training) to these groups.

Industry clusters

- Currently funded in this arena: OED currently funds the SF Film Office. OED staff plays a role in organizing the High-Technology Roundtable.
- By placing too much emphasis on industry clusters, the region also risks telegraphing that certain types of companies are more viable or preferred over others. As Daniel Isenberg, a professor at Babson College, “It is the entrepreneur’s job, not City Hall’s or that of a consulting firm, to learn how to identify opportunity, usually where most people think it doesn’t exist.” However, examples of clusters of strength include technology and creative-based businesses, and possibly small manufacturing (technology-based, food/beverage, artisanal products), healthcare, location-neutral businesses, solo workers, and exported services.
- One role a government entity can play to support a cluster is in convening the participants, so folks in the same industry ecosystem get to know each other, learn, collaborate, and grow their businesses.

Financing/access to capital

- Currently funded in this arena: Venture Acceleration Fund, MIX’s bizMIX competition
- In general, the City should not substitute for (or compete with) financing mechanisms that already exist, but may have a role to play when institutions are not meeting local needs. This is the rationale behind OED funding the bizMIX business competition (which awards cash prizes donated by local businesses) and the Venture Acceleration Fund (which provides non-equity funding to growth oriented companies that are too early for—or don’t need—venture backing but are not ready for debt financing). Both programs fill a gap in the local financing ecosystem and avoid appearances of conflict of interest or favoritism by relying on funding decisions made by a panel of business owners and experts.

Marketing

- Before the city can launch an effective economic development campaign - whether its focus is local entrepreneurship, expanding current businesses, or recruiting new ones - all organizations related to economic development must commit to a single strategy for the community. Communities benefit from a well-orchestrated marketing strategy that is managed by one organization.

Convening

- Currently funded in this arena: Technology Roundtable;
- The convening role acknowledges the fact that OED does not and cannot perform all tasks that advance economic development. In many cases OED can add more value by bringing the right organizations together to craft strategies and actions informed by awareness of local conditions and knowledge of best practices nationally.

Recruiting

- The original Angelou Report from 2004 recommended that Santa Fe abandon active efforts to recruit

companies.

- Assisting 50 local companies to create 2 jobs each will ultimately have a greater positive local economic impact if the firms succeed—and a less disruptive impact if they fail—than will recruiting one company that adds 100 jobs but who could leave the area (or go out of business) in an instant.

Data Driven Decision Making

- Currently funded in this arena: OED is currently funding a contractor to gather more detailed data on the entrepreneurs and startups assisted by City-funded EDOs in order to better understand current trends.
- Data will help identify what conditions we actually have on the ground as this can inform more “bottom up” programming that meets the current needs of businesses and entrepreneurs.

Workforce

- Currently funded in this arena: Youthworks! Siete del Norte mentoring program, Make Santa Fe Makerspace.
- Developing the right workforce, attracting the right talent, and providing job opportunities for citizens is a vitally important role of economic development. However, the problem is so large and there are so many other organizations dedicated to workforce development that it is time to define the correct role for the City to play, in order to focus and leverage scarce resources. For the last several years, more than 29% (or approximately \$240,000 annually) of OED contracts have gone to support workforce efforts.

Localism

- A relatively new approach to ED emphasizes “localism”—the attempt to encourage more local spending. A localism strategy could encompass anything from encouraging schools to buy locally-produced food, to beefing up local preference clauses in government contracts, to getting more workers employed in Santa Fe to live here rather than commute in from other counties.
- A local non-profit, Impact Network SF, recently funded a study of the SF economy that concluded that 48 cents of every dollar that residents spend “leaks out” of the local economy when goods and services are purchased from outside the region. According to this study, Santa Fe County overall could add over 4600 jobs and \$214 million in new wages if only 10% of this trade deficit was converted to local purchasing.

Education

- A well-educated population forms the basis for a local workforce and education is an aspect of “quality of life.”

Business Climate

- Santa Fe’s perceived “business unfriendliness” is an issue that comes up repeatedly, and most of the prior ED strategies have identified this as a key weakness.
- The issues—which include high impact fees, inconsistent zoning decisions, slow approval processes, and a general “tin ear” when the City makes decisions that impact the business community—stem from multiple decisions made by a variety of players. Solutions can range from the complex, such as making legislative changes, to the relatively simple, like translating key documents into Spanish or making process checklists for agencies that administer approvals.
- All too often good ideas disappear into the “recommendations graveyard” where solutions go to die because there is no structure or policy in place to take responsibility for them. An attempt to identify and implement structural “fixes” to the key business climate problems could be a useful place to start in the effort to establish accountability and drive change in areas that span several City departments. A new citywide Enterprise Resource Planning software system currently in the planning stages may address some of the problems, but if the underlying organizational systems are weak, software will not be a complete fix.

Infrastructure

- Infrastructure includes elements such as land, real estate, transportation, utilities, and internet. Clearly infrastructure is a key component of economic development and the OED has been involved over the last four years in efforts to enhance broadband services in Santa Fe.

Tourism

- Tourism contributes directly to the economic health of the community

Quality of Life

- Quality of life elements such as affordable housing, recreation, libraries, parks, and trails contribute to economic development

Targets - Quantifiable, time-bound, and reasonable goals that will support the over-arching objective. Each target should define the timing for achieving it. Timing should be Immediate, Near Term (within 2-3 years), Medium Term (by 2020) and Long Term (by 2030 and beyond) (e.g., average MPG of community vehicles are 25+ MPG within the Medium Term)

TBD

Actions – These actions are recommendations. For the economic development group, many of these recommendations should be high level – providing guidance on how to analyze the economic impact of the many actions/goals from other working groups, and developing recommended processes to ensure that the actions can be synthesized into broader economic development strategies at the county/city, as well as ensuring that other economic development strategies support the many recommended actions.

TBD

Examples - Include any descriptions and links to case studies or best practices that are being done in other cities and would provide an illustration of some/any of the proposed actions.

What are some past large and small economic development projects and/or policies in Santa Fe that have exemplified core principles of sustainable economic development?

- Homewise – example of loans, construction, energy efficiency
- International Folk Festival
 - Could reduce their local consumption, not plastic bottles
 - Shares diversity, new cultures
 - Tourist dollars
- Bicycle Technologies International (BTI)
- Santa Fe Brewing Company
- Tall Foods
- Meow Wolf
- Positive energy