Mayor's Report on Job Creation



Job Creation

Innovate and Thrive

Enhancing Community

Diverse Economy





ECONOMIC EVOLUTION

TOTAL JOBS CREATED: 2513

UNEMPLOYMENT IN SANTA FE COUNTY:

February 2011 – 7.2% March 2011 – 6.7% February 2010 – 6.9% March 2010 – 6.9%

The Past Year:

The good news is that Santa Fe's economy is creating jobs; the bad news is that some jobs are still being lost and that many of the jobs being created are not permanent. Over the past year, we saw brisk job creation - almost surprisingly so - however, there were also many jobs that disappeared. In fact, if the rate of job creation had not been as strong as it was, we would have seen a much greater rise in the local unemployment rate.

"The Santa Fe job market has been weak for over two years but appears to be showing some signs of improvement," said a recent analysis by the New Mexico Department of Workforce Solutions.

Santa Fe's economy is evolving. There is weakness in construction, which continues to create short-term jobs. However, new industries are getting stronger and hiring more people all the time; industries like technology (and biotech), media, green energy and healthcare. The City continues to focus its economic development efforts on these growing sectors which will diversify Santa Fe's economy and make our community better able to weather any future recessions.

It's been a rough few years for the job market in Santa Fe. The stability of government jobs at the national labs, as well as the federal, state and city governments, has made a tremendous difference in minimizing what could have been a far worse job market. Some of the jobs that were created over the past year were seasonal positions that come and go with the summer tourist season; others were construction jobs that last while a project is being built. There were even temporary jobs created in technology and other industries that sometimes hire freelance work but not full-time employees.

Our homegrown Santa Fe businesses have always been our greatest asset, and now, as the economy evolves we are working to create the right environment for entrepreneurs to be successful. The City remains committed to doing its part in making sure there is good support, advice and assistance for businesses; and to nurturing the entrepreneurial networks and environment that will help companies grow, innovate and thrive in Santa Fe.

Each project featured in this report is creating jobs in this community and enhancing the development of our economy in a unique, sustainable way. It's through projects like these that Santa Fe can advance to becoming a stronger and more diverse economy.

MARCH 2010 - MARCH 2011

PROJECT

NUMBER OF JOBS CREATED

CleanAIR SYSTEMS / Caterpillar Expansion	21
Solar Projects (wastewater, buckman)	60
Film	150
SFCC Bond	434
Santa Fe Complex	24
Civic Housing Authority	130
H <mark>omewise</mark>	76
Christus St. Vincent Expansion	352
Santa Fe Business Incubator	30
Santa Fe Public Schools Bond	294
Procurement Policies	N/A
Tourism Businesses	192
Public Works Projects	58
Presbyterian Medical Services Headstart Expansion	101
Airport	7
YouthWorks	15
Buckman Direct Diversion Project	192
Villa Real Program	142
Santa Fe University of Art and Design	235
TOTAL	2503

CleanAIR SYSTEMS / Caterpillar Expansion

CleanAIR Systems makes products which reduce emissions from internal combustion engines. Founded in 1993, this green company grew up in Santa Fe with support from City Economic Development funds. The CleanAIR Systems relationship with the community goes back a long way. CleanAIR won the City of Santa Fe's Small Business of the Year Award in 2009. In 2006, the City of Santa Fe awarded CleanAIR Systems a loan of \$100,000 and an economic development grant of \$200,000. The loan plus interest was fully repaid on June 25, 2010.

These initial investments set the foundation for CleanAIR Systems to be acquired by Caterpillar, Inc. in July 2010. Further, as part of the purchase agreement, CleanAIR required that the company's operations continue in Santa Fe for a minimum of ten years.

Now, with the new investment and international profile of Caterpillar, CleanAIR Systems is undergoing a \$2.5 million local expansion. This expanion will add approximately 24,720 sq ft to its manufacuring capabilities and mean hiring 70 additional people over the next three years.



"Support from the City of Santa Fe was instrumental both in the acquisition of CleanAIR Systems by Caterpillar and as a determining factor for Caterpillar to remain in the city. This decision to continue operations locally as well as expand the facility, brings employment and economic diversity to Santa Fe." - Michael Roach, President, CleanAIR Systems.



CleanAIR SYSTEMS ground breaking

Solar Arrays

Solar power is now a key part of both the Wastewater Treatment Plant and the Buckman Direct Diversion Project. Each had a one-megawatt system installed last year which is equivalent to 500 home systems.

The Wastewater Solar Array is on roughly 11 acres of airport land and generates around 40% of the power for the Wastewater Plant from the sun. The Buckman Direct Diversion Array occupies about 8 acres of land and generates about 1/3 of the power used by the Buckman Water Treatment Facility. These solar systems reduce emissions and offer a secure source of power for critical infrastructure. Also, they mean saving money on utility bills through agreements to pay a fixed rate for electricity for 20



years. Together, these systems generated around 60 jobs last year.

"Installing the solar arrays was a cost-effective way to move towards meeting the goals outlined in the US Mayors' Climate Protection Agreement. They will save money on electricity and make Santa Fe a cleaner, greener place." Nick Schiavo, Energy Specialist, City of Santa Fe



Film

True Grit, Bless Me Ultima, Thor, Cowboys & Aliens, Tiger Eyes; these are just some of the films that were based in and around Santa Fe last year. This area has become a favorite destination for films working on-location. This is largely because of the film incentives plus our talented population of film professionals. Over the years, the local crew base has grown to be one of the best outside of Los Angeles.

There are many more reasons to come here - our relatively dependable, sunny weather, beautiful landscapes, and proximity to California. Also, because this is a top travel destination, actors, producers and directors want to visit Santa Fe. All of the film action last year amounted to between 150 and 200 direct, full time jobs, plus hundreds more indirect jobs created by spending at local businesses.



"Santa Fe continues to be a very desirable destination for filmmakers and the economic benefit to the area is clear. Not only are hundreds of people hired for a big production, but the spending at local businesses on catering, set dressing and other production needs pumps even more into the economy. We also benefit from the promotional value for tourism of high-profile films like Crazy Heart being set in Santa Fe." -- Lisa Van Allen, City of Santa Fe, Film Liaison



Santa Fe Community College

The City and community supported the Santa Fe Community College bond campaign in 2007 resulting in the Health and Sciences Building (\$15.7 million) and the Trades and Advanced Technology Center (\$11.8 million).

The Health and Sciences building houses educational laboratories and state of the art classrooms for nursing education, EMT training, and other medical and dental-related education. The students trained are generally expected to stay in Santa Fe and be the workforce in our clinics and hospitals. They are also the people who answer the call when an ambulance is needed.



The Trades and Advanced Technologies Center

(ATC) is an educational and training facility for renewable energy and green jobs. Its programs are designed to help further develop and expand the renewable energy industry in the Santa Fe region. The focus is on training for high-skill/high-wage jobs in a variety of fields, including biomass, algae/biofuels production, solar and small wind technologies, and trades with related applications like green construction, welding, plumbing, electrical, water management, and more.

"Students of SFCC acquire the skills to succeed in the new economy. The new Trades and Advanced Technologies Center, especially, is helping support new entrepreneurial business ventures, and creation of long-term economic growth in clean and sustainable industries," says Sheila Ortego, President of the Santa Fe Community College.



The Santa Fe Complex

Santa Fe Complex works to diversify our local economy by encouraging collaboration across art, science, and technology. In 2008, the City seeded the investment in the Complex so that they could launch their innovative approach. With a focus on project work and the emerging area of complexity science, the Complex targets knowledge workers and technology specialists.

The Complex also puts an emphasis on education and workforce development. The professionals there engage local youth through hands-on workshops and activities that lets them explore a project through interactive technology. Making technology easier to interact and communicate with is a focus of the work at the Complex which



targets new industries like complexity science and ambient computing.

Last year, contracts at the Santa Fe Complex brought more than \$1.2 million into the local economy. Also, five start-up companies emerged from the Complex and dozens of projects took root there. All in all, the work at the Complex totaled the equivalent of 24 full-time, high wage jobs.

"Many people see project work as an important part of our economic future. This means a highly-skilled, well-paid, flexible, independent and efficient workforce. The Santa Fe Complex is at the forefront of the project economy evolution." – Roy Wroth, Executive Director, The Santa Fe Complex



Civic Housing Authority

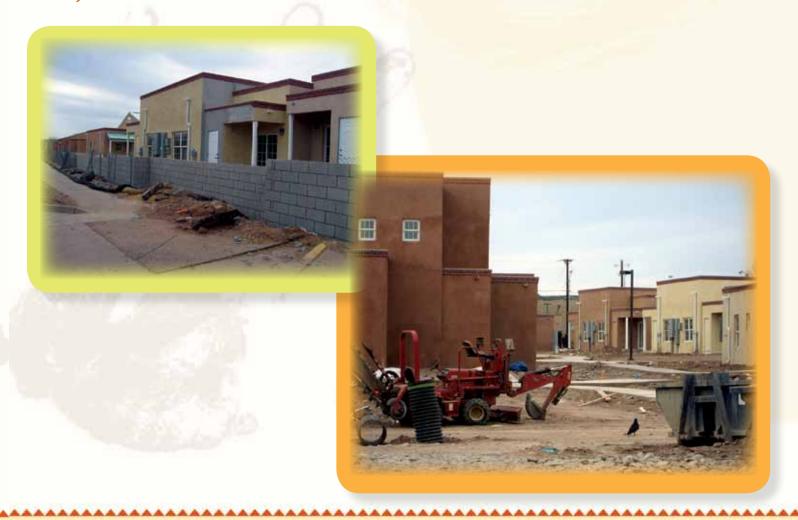
Affordable housing is one key part of making Santa Fe a place where everyone can live and work. When people can afford to live here it creates a stronger, healthier community. It's also better for the economy because the money earned in Santa Fe stays in Santa Fe.

The Villa Alegre project on West Alameda was originally built in the sixties making it one of the oldest affordable housing developments in Santa Fe. Last year, construction began to make the old neighborhood new again. Two phases of building are almost complete which means more than 100 new units will be available for families and seniors. Many of the former residents are eligible to return to the new units.

This LEED certified project includes many green features like water cisterns, solar panels and low-impact landscaping. Much of the workforce for the first two phases (\$24 million) has come from the local area, creating an estimated 130 jobs.

"This is an important development for Santa Fe. The new units will set a new benchmark for affordable housing in this community with the downtown location and the green building features." -- Ed Romero, Civic Housing Authority





Homewise

Homewise helps modest-income Santa Feans purchase their first home, make improvements on a home they already own, and builds new, affordable homes. The City of Santa Fe supports these efforts by supporting down payment assistance, low-interest energy conservation loans, and infrastructure for new homes.

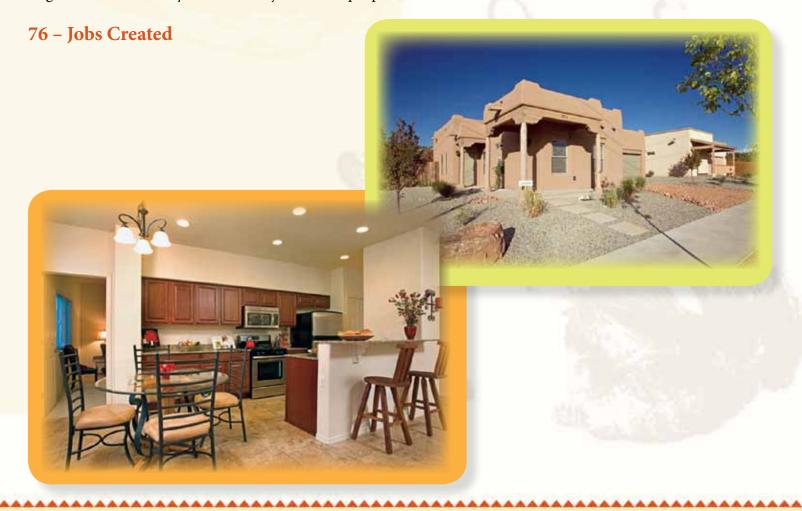
Last year, Homewise helped 118 families buy homes in Santa Fe. The total invested to purchase these homes was \$25,514,460. These purchases generated transaction costs (real estate agents, title companies, insurance companies, etc.); also new homeowners make significant purchases for items like drapes, appliances, and furniture. The transaction costs and purchases for 118 buyers represented nearly \$2.4 million in spending in our local economy, generating an estimated 56 new jobs.

Homewise also built 24 homes in three new developments: Old Las Vegas Place, Vista Jemez (in Tierra Contenta) and the Sanchez subdivision (near Museum Hill). The investment in the construction of these homes and their infrastructure (roads, sewer lines, etc.) in Old Las Vegas Place was \$3.6 million which created 54 jobs.



Also, Homewise financed 86 home improvements last year totaling \$1,460,320 in local investment which created 22 construction jobs. In addition, most of these home improvement projects helped homeowners reduce their energy use keeping even more money in the local economy.

"These investments in affordable housing have made it possible for many people to live, work and spend their wages in the community. This creates jobs for the people of Santa Fe. " – Mike Loftin, Executive Director, Homewise



Christus St. Vincent Expansion

Established in 1865, Christus St. Vincent Regional Medical Center is the oldest hospital in New Mexico. It is also the largest private employer in Santa Fe. Christus St. Vincent employs more than 2,000 people who provide medical care and support to 300,000 people across Northern New Mexico. In the area around the hospital it's clear that Santa Fe has become a healthcare industry center for the entire region.

Recently, Christus St. Vincent spent \$13 million expanding its services to include sports medicine, sleep studies, surgical services and other areas. The sports medicine program is housed in a 10,000 square-foot complex where professionals provide physical, occupational, hand and speech therapy, and integrated medicine. The expansion created 187 direct jobs and 165 construction jobs.



"Christus St. Vincent is most pleased to be a major employer in North Central New Mexico. Our growth is dynamic as we work to assure we are taking care of the health care needs of our citizens in Santa Fe and Northern New Mexico. Our staff work tirelessly to provide great care to our patients and our families and we look forward to continuing to provide exceptional service. Not only are we a major employer, we are a significant supporter of other businesses and not for profit groups in our community. This is our corporate responsibility and we are pleased to fulfill it." Alex Valdez, CEO Christus St.Vincent Regional Medical Center



Santa Fe Business Incubator

The Santa Fe Business Incubator (SFBI) began in December 1997 with a vision for economic development and a partnership between the City of Santa Fe and the Santa Fe Chamber of Commerce. Originally a 10,000 square foot facility, SFBI tripled in size four years later to its current 30,000 square feet. Since the beginning, SFBI client companies have created over 750 new jobs, the majority of which are permanent, high-paying jobs. The City continues to invest annually in SFBI successes in company and job creation.

With office, lab and light manufacturing space, SFBI offers affordable, short-term leases and entrepreneurial support services tailored to emerging companies in a wide range of industries. Ultimately, SFBI has created an entrepreneurial community from its network of client



companies and members of the local business community who volunteer their expertise to provide clients with free business and technical assistance.

"The Santa Fe Business Incubator continues to see an increase in entrepreneurial activity, especially among innovative technology companies which are helping to diversify our economy. We know that the overwhelming majority of new jobs in the US are created by start-up firms and the Incubator is committed to continuing to enhance our services as a vibrant hub for business development and growth in Santa Fe." – Marie Longserre, President, Santa Fe Business Incubator



Santa Fe Public Schools Bond

Another critical piece of the economy is our schools. Supported by the City and the community, the 2009 bond for Santa Fe Public Schools has made possible many important upgrades to student facilities. So far, the school district has spent just over \$18 million on 44 projects ranging from building new schools, to improving sports fields and doing general repair.

The total bond was approved by voters for \$160 million, so many more improvements are still in the pipeline. Education is crucial in preparing members of our community for quality jobs in the future. It's an important cycle, because the more Santa Fe has a well-educated workforce, the more high-wage businesses are able to be successful here.

One line from the popular TV show the West Wing put it like this: "Our schools should be like cathedrals." These important bonds won't fix everything in the public schools, but they will help improve many school facilities. While the work is being done to give educators and students a better environment, jobs are being created. These projects have already created an estimated 294 direct construction jobs.

"The school construction and related projects have allowed for local subcontractors, architects and contractors to benefit. I am actively encouraging contractors to hire local sub-contractors to work on our projects. I feel it is very important for SFPS to encourage the hiring of local professionals and trade and crafts workers as much as possible. These are the parents of the children who attend our schools, and who contribute to the economic vibrancy of our community." – Barbara Gudwin, School Board President



Procurement Policies

Improvements in how the City of Santa Fe buys goods and services have been made in the past year in an effort to keep more money in the local community. One successful change has been to raise the staff approval threshold to \$50,000. This has meant that departments can better break-up and distribute projects in smaller amounts in order to keep them in the area.

Also, the local-preference requirement has been enhanced for projects over \$50,000. Now, companies getting the local-preference weighting on a bid are required to have their principal office in Santa Fe County. This has resulted in recent projects totaling more than \$5 million going to local companies. These include the Nava Ade North Park Development awarded to Lockwood Construction, the Santa Fe River Trail Construction Phase 3 awarded to RL Leeder Company and the Southwest Tank Supply Pipeline awarded to Sasquatch Inc. Together these projects are estimated to create at least 30 jobs.

"By working on our procurement policies, we've managed to keep more City money in Santa Fe. This helps our local contractors and contributes to the local economy when that money is re-circulated and its effect multiplies." -- Robert Rodarte, City of Santa Fe Purchasing Officer



Tourism Businesses

Santa Fe is fortunate to have captured the hearts and minds of many visitors who have made tourism a key piece of our economy. Unfortunately, it's also a sector that suffers when there's an economic downturn, thus it's been a tough few years for tourism in Santa Fe. The good news is the trend is turning around. Last year, Santa Fe had both better occupancy numbers and slightly higher than average room rates than the year before.

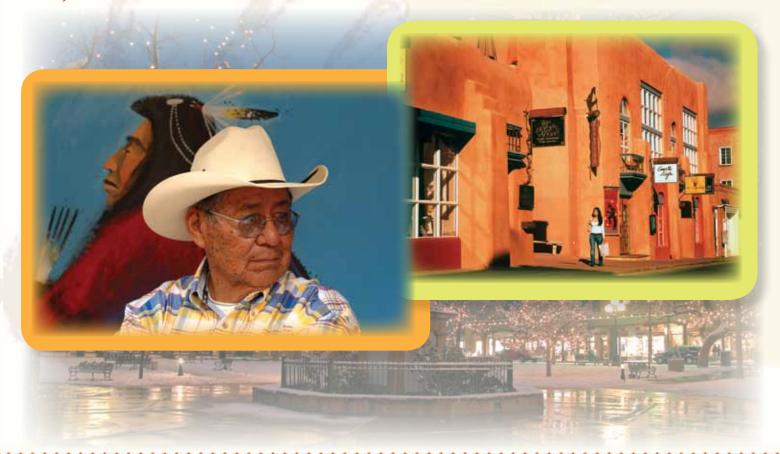
Creative tourism is only one of many growing areas of interest by tourists. The New York Times recently mentioned taking a class with an artist as an activity to consider during a visit to Santa Fe. The City's Arts Commission has held classes in creative tourism business development for artists and a number of them have



since made teaching workshops a part of their business. The City's creative tourism website is leveraging the marketing efforts of artists' small businesses.

Santa Fe tourism businesses shared information on whether they hired anyone last year including, full time, part time and temporary help. When added all together according to the equivalent of full-time jobs, tourism businesses in Santa Fe created at least 192 jobs last year.

"Creative tourism is becoming more popular because travelers want to have a hands-on experience when they visit a place. We're working to give our local artists the tools they need to make workshops a successful part of their business." Sabrina Pratt, Director, City of Santa Fe Arts Commission



City of Santa Fe Public Works Projects

Parks and trails make it possible for everyone in Santa Fe to enjoy the outdoors. These are places that help knit our community together. Places that add to the fabric of Santa Fe and where we can bring visitors and meet our friends and neighbors. Plus, being able to walk and play outdoors means we are happier and healthier.

\$30 million was approved for parks projects in 2008 and is being spent on local parks and trails. This money has meant improvements for many different places including: the Santa Fe River Park (El Parque del Rio), the Acequia Trail and the La Tierra Trail to name just a few.

"These infrastructure improvements will mean better quality of life for many in Santa Fe for years to come. The bond has also injected money into the economy and provided jobs for construction workers and project managers." - Isaac Pino, Director of Public Works, City of Santa Fe



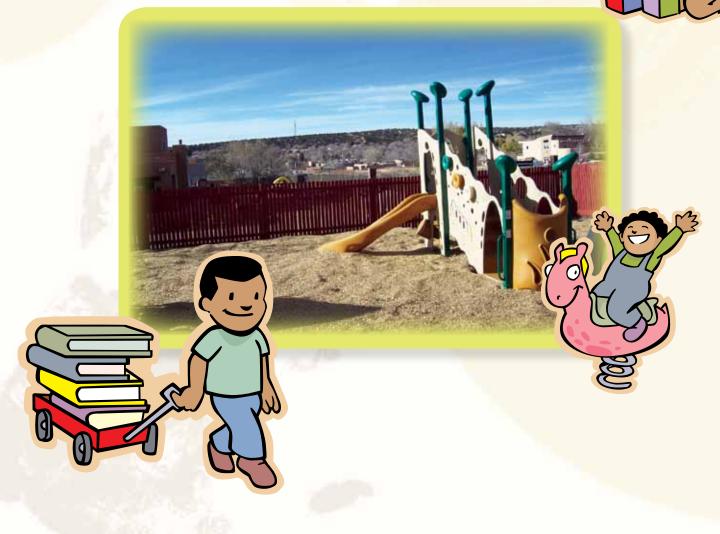


Presbyterian Medical Services Headstart Expansion

In 2010, federal stimulus money helped support a number of expansions at several Presbyterian Medical Services (PMS) Head Start sites including: IAIA, Capital High School, Ramirez Thomas Elementary and Santa Fe High School. PMS also built Villa Amanacer Head Start on Agua Fria in 2010 with stimulus funds.

As a result of expedited permitting by the City of Santa Fe, PMS was able to complete the expansions and ultimately fill 131 Head Start slots in 2010. This greatly expanded the early child-hood services offered in this community. Also, the PMS projects created 48 long-term jobs and 53 construction jobs.





Santa Fe Airport

Last year more people flew into the Santa Fe airport than ever before. This year will likely set another new record. American Eagle is adding a flight this summer for the busy season which means there will be five flights in and out of the airport this year. This means business people and tourists alike can get to Santa Fe faster and easier than in years past.

Commercial aviation is only around 8% of the traffic at the airport. General aviation has also been increasing. Rough estimates are that the airport is bringing more than \$50 million in economic benefit to the area. In order to better serve all customers, the airport has worked with the Federal Aviation Administration (FAA) to upgrade facilities. Last year, that meant building a new \$4 million radar tower. The FAA estimates that this construction directly created 7 jobs.

"The Santa Fe Airport offers convenient access for business people and tourists alike. We plan to continue working with the FAA to improve our facilities and grow aviation for Santa Fe." – Jim Montman, Manager, Santa Fe Airport



¡Youth Works!

¡YouthWorks! is a community development organization that helps disconnected youth in Santa Fe access education and job training. They work to engage young people who may be at risk for criminal and gang activity by providing free education, life skills, leadership development training and work experience.

The programs at ¡YouthWorks! are designed to be entrepreneurial in order to provide real-world business experience and exposure. Recently, ¡YouthWorks! has been recognized as a national leader in green job training by both the Environmental Protection Agency and by the Institute for Sustainable Communities.



Over the past year, ¡YouthWorks! hired 109 young people who worked more than 32,000 hours, and created the equivalent of 15 full-time jobs. The impact of ¡YouthWorks! will continue to grow this year with a federal grant of almost a million dollars to establish the Santa Fe YouthBuild project. In addition, they have moved into a new location on Cerrillos Road. This Youth Workforce and Education Center will serve as a permanent home for expanded job training, alternative education and entrepreneurial projects.

"¡YouthWorks! is going to have a big year. With the YouthBuild grant and a new permanent home, we're going to be able to better engage more young people in Santa Fe. We will continue to develop our job training and entrepreneurial ventures and to be a national leader in workforce development." – Melynn Schuyler, Executive Director, ¡YouthWorks!



Buckman Direct Diversion Project

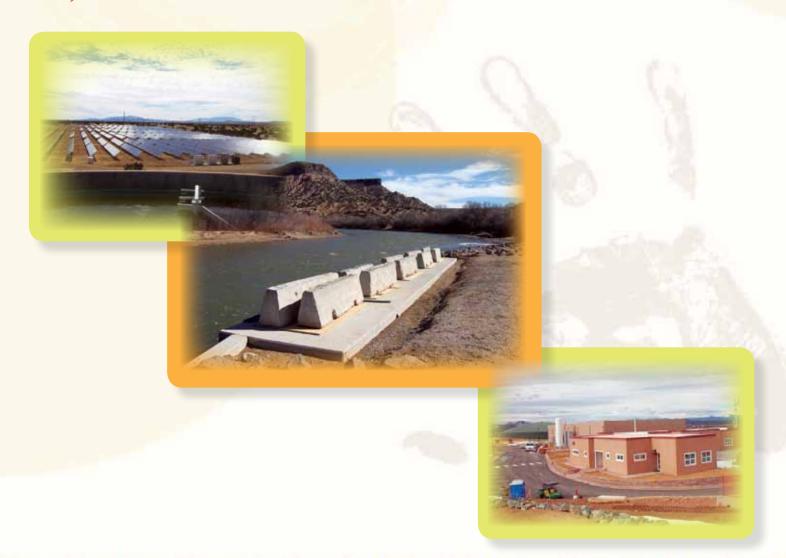
The Buckman Direct Diversion (BDD) Project is co-owned by the City of Santa Fe and Santa Fe County and will bring quality drinking water from the Rio Grande to Santa Fe. This will make water available to Santa Fe which it already owns but cannot access through groundwater pumping.

Water conservation remains crucial for the long term. While Santa Fe is a leader in water conservation and has reduced total water use by 40 percent over the past 10 years, groundwater pumping still occurs at an unsustainable rate. The BBD Project will diversify Santa Fe's water sources and replace groundwater pumping, making it possible to have a drought reserve. Currently, water comes from three sources: the city well field, the Buckman



well field, and the Canyon Road Water Treatment Plant. This will add a fourth water-supply source.

Almost 200 construction jobs were created last year in order to build the BDD Project. Also, there are 33 permanent positions for the project including mechanics, electricians and operations staff.



Villa Real Advantage Program

The City's Villa Real Advantage Program is designed to provide customized assistance to local businesses. Through one-on-one meetings, Santa Fe's entrepreneurs can confidentially discuss the unique strengths and challenges for their individual company. Villa Real representatives can then help firms access no-cost and low-cost resources, which include financing options, tax incentives and other technical assistance. By assisting with access to these resources, Villa Real spurs business expansion and job creation.

Through a partnership between the City of Santa Fe and the Santa Fe Community College, the Villa Real has become a successful, pro-active business retention and expansion program. In 2010, the team visited 131 businesses, assisted 111 of those with business services and helped in the creation of 142 new jobs.

"The Villa Real Advantage Program has been incredibly valuable to my business. The team helped me access the JTIP (Job Training Incentive Program), which made it possible for my business to grow and hire one new employee. I would recommend other Santa Fe businesses take advantage of the expertise available through the Villa Real." -- Tom Jensen, President and CEO, Flow Science





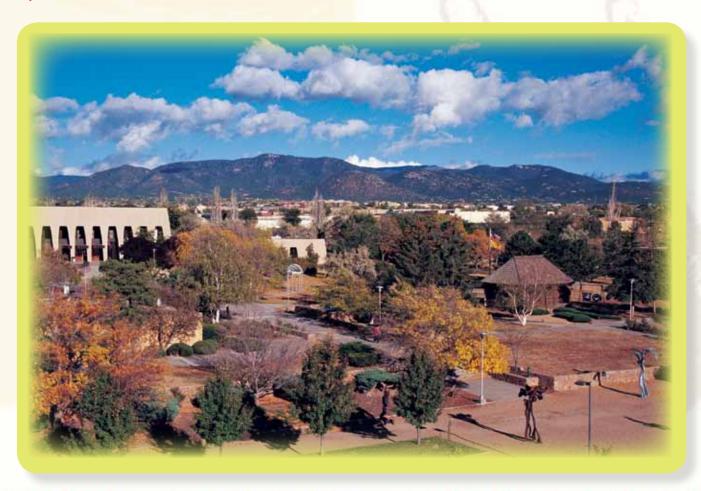
Santa Fe University of Art and Design

The roots of Santa Fe University of Art and Design (SFUAD) grow directly from New Mexico's oldest chartered college, St. Michael's College, which was founded in 1859 and granted a charter for higher education in 1874. Saint Michael's College changed its name to the College of Santa Fe in 1966. On August 30, 2010, after the City of Santa Fe purchased the property and leased it to Laureate Education, the name of the college was changed to Santa Fe University of Art and Design. Through Laureate, SFUAD is part of a global network of more than 50 accredited institutions offering undergraduate and graduate degree programs to more than 550,000 students across 21 countries.



Santa Fe Univeristy of Art and Design is actively growing enrollment and has already spent around \$10 million on infrastructure improvements. Programs at the university combine practical experience with theory, allowing students to develop a complete understanding of their professional aspirations in contemporary music, creative writing, theatre, art, graphic design, moving image arts (film/video), photography, business, and education. This integrated approach is a key part of the university's interdisciplinary curriculum and puts students on the path to becoming well-rounded, creative problem-solving professionals.

"The graduates of SFUAD will help transform Santa Fe's economy with their advanced skills. They will be the entrepreneurs and staff of media, art and design businesses of the future. Also, as the university grows it will be an engine of economic activity and more jobs will be created." -- John Gordon, President, SFUAD



Conclusion

The Year Ahead:

Looking at the year ahead, job creation should continue at a good pace and even improve from last year. Our hope is that, as more of the economic development efforts by the City and our partners take root, we'll see fewer jobs being lost, and more permanent jobs beings created.

One key initiative continues to be our effort to build a broadband network. With our partners at Santa Fe County, the Santa Fe Community College and others, we are pursuing a variety of options to install the infrastructure that will form the backbone for new access to broadband.

Also, two working sub-groups of the Business and Quality of Life Committee (BQL) recently mapped out a more focused strategy for economic development. The Existing Economy Sub-Committee recommended actions to help businesses support each other and to better access resources. The recommendations include an expansion of the Villa Real Advantage Program and roundtable discussions among business and industry leaders

The Future Economy Sub-Committee focused on laying the foundations and mapping out an action plan to facilitate the best possible future economy for Santa Fe. The recommendations include supporting MIX - the collaborative effort to retain talent in Santa Fe - and facilitating the use of a funding mechanism for innovative projects.

The Santa Fe Business Incubator continues to adapt to the demands of entrepreneurs, including applying for a grant of over a million dollars to install a wet lab for biotech companies. This would mean that firms developing in the fast-growing biotech sector would be able to share expensive machines and equipment for experimentation and analysis. This shared equipment would not only make it possible for companies to do more advanced work, but it would also make them more attractive for investors.

Another exciting economic development grant application is being submitted by the Santa Fe Art Institute. This project is for a community dialogue around St. Michael's Drive and will bring in business people, students, residents and anyone else who would like to work on revitalizing the area.

We are committed to continuing our work to create jobs and leverage partnerships throughout the community to move towards a more diverse, resilient economy. We will keep pushing towards a future where everyone in Santa Fe can find fulfilling, well paid work.