

# ECONOMIC DEVELOPMENT DEPARTMENT

The mission of the Economic Development Department is to enhance the City's sustainable economic growth and to maintain the unique and rich cultural heritage of Santa Fe for residents and visitors. The department works to create high-quality career and workforce development opportunities and infrastructure, and to foster a business climate that helps local small businesses succeed. The department also aims to improve the local economy by increasing individual and group tourist and business visits to Santa Fe and ensuring a visitor-friendly environment. Finally, the Economic Development Department provides support for arts education programs and oversees the incorporation of artistic elements in city capital improvement construction projects in order to preserve and enrich the cultural heritage of Santa Fe.

The Economic Development Department was created as part of a city-wide reorganization beginning in FY 2006/07. The Enterprise & Workforce Development Division and the Arts & Culture Division were split from the former Community Development Division of the Community Services Department. The Convention & Visitors Bureau was transferred from the General Government Department.

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<b>Administration</b>	<b>Appropriation: \$ 582,598</b>
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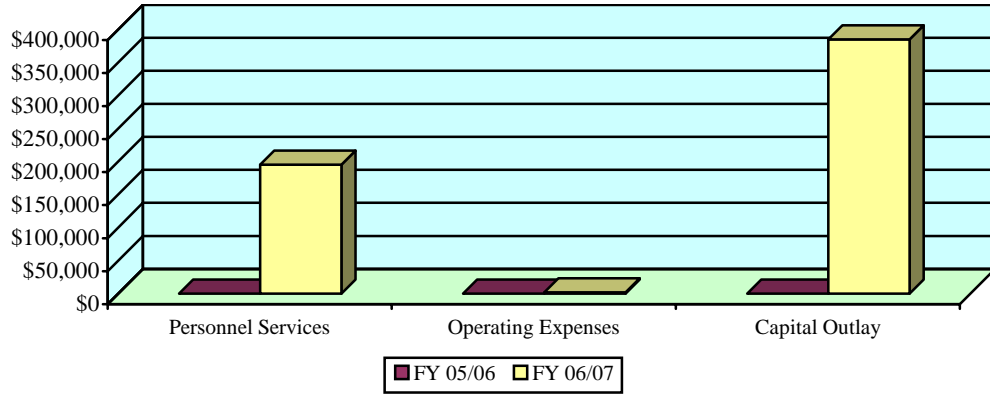
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The Administration Division is responsible for overseeing the operations of the Enterprise & Workforce Development Division, the Arts & Culture Division, and the Convention & Visitors Bureau.

The Economic Development Administration FY 2006/07 operating budget is supported by the General Fund and includes the salaries and benefits for the Director and one staff member, organizational membership fees for the North Central New Mexico Economic Development District (NCNMEDD), and a transfer of \$385,165 to the Economic Development Fund (2117) to support enterprise/workforce development activities. Staffing for this new division is comprised entirely of positions reclassified and transferred from other General Fund divisions; hence, no new General Fund positions were created in this process.

<u>POSITION/CLASSIFICATION</u>	<u>FY 05/06 ACTUAL</u>	<u>FY 06/07 BUDGET</u>
Department Director	0 – EX	1 – EX
Office Manager	<u>0</u> – EX	<u>1</u> – EX
<b>TOTAL:</b>	<b>0</b>	<b>2</b>

EXPENDITURE CLASSIFICATION



	<u>FY 05/06</u> <u>REVISED</u>	<u>FY 06/07</u> <u>APPROPRIATION</u>
Personnel Services	\$ 0	\$ 195,333
Operating Expenses	0	2,100
Transfer to Other Funds	<u>0</u>	<u>385,165</u>
 TOTAL:	 \$ 0	 \$ 582,598

The Enterprise and Workforce Development Division is charged with implementing the City of Santa Fe's Economic Development Plan, which was adopted in June 2004. The main focus of the plan is to implement community development activities that improve the local workforce, infrastructure, and business climate to help entrepreneurs and small businesses succeed.

2005/06 Operational Highlights:

- Completed a record number of loans through the Santa Fe Small Business Development Loan Fund.
- Initiated an innovative and highly successful adult education/workforce development project called Prospero.
- Supported local businesses and non-profit organizations through the Santa Fe Alliance and Locals Care Program.
- Assisted in the Santa Fe Business Incubator expansion project, which doubled the size of the facility.
- Initiated numerous programs in the arts, cultural and design industries, including Santa Fe Design Week 2006 and Creative Santa Fe.

2006/07 Goals and Objectives:

- Continue efforts to implement the Economic Development Plan through expanded programs and community outreach, with an emphasis on education, workforce development and targeted industry development.
- Expand the Santa Fe Small Business Development Loan program.
- Initiate operations at the Santa Fe Airport's Aviation Business Center (ABC), formerly known as the Airport Industrial Park.
- Support efforts to implement the Santa Fe Light Trail fiber optic project.
- Implement phase II of the Prospero education project.

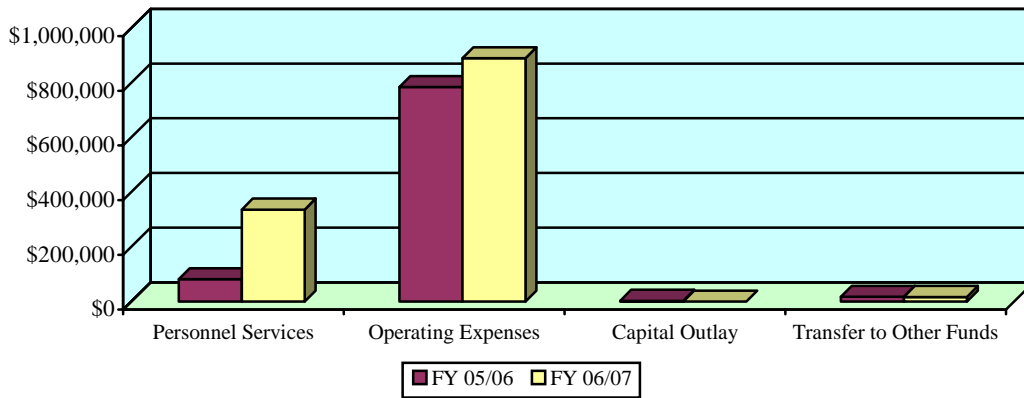
Budget Commentary:

The FY 2006/07 General Fund operating budget for the Enterprise & Workforce Development Division is \$251,913, which includes salaries and benefits for the division director and two staff positions.

Additional funding to support division activities is provided in the Economic Development Fund (2117), which provides \$989,998 to fund one staff member, associated operating costs and contracted services to support economic development activities in the City of Santa Fe, including business loans, supportive services, and other information and assistance for local businesses and employers. This fund also includes a transfer of \$16,776 to the HUD Section 8 Loan Guarantee Fund (4203) to pay outstanding repayment requirements. The Economic Development Fund is partially supported by a transfer of \$385,165 from the General Fund.

<u>POSITION/CLASSIFICATION</u>	<u>FY 05/06 ACTUAL</u>	<u>FY 06/07 BUDGET</u>
Division Director	1 – CLFT	1 – CLFT
Planner Senior	<u>3</u> – CLFT	<u>3</u> – CLFT
TOTAL:	4	4

EXPENDITURE CLASSIFICATION



	<u>FY 05/06 REVISED</u>	<u>FY 06/07 APPROPRIATION</u>
Personnel Services	\$ 81,122	\$ 335,635
Operating Expenses	784,368	889,500
Capital Outlay	2,531	0
Transfer to Other Funds	<u>16,803</u>	<u>16,776</u>
TOTAL:	\$ 884,824	\$ 1,241,911

The mission of the Arts & Culture Division is to provide leadership for the City of Santa Fe in supporting arts and cultural affairs, and recommending programs and policies that develop, sustain and promote artistic excellence in the community. The division works toward this goal by providing staff support to the Arts Commission, which provides direction for division activities; providing contract management and oversight; and working with community organizations and foundations to garner additional support for the arts in Santa Fe.

2005/06 Operational Highlights:

- Presented the fifth annual ArtWorks Program, a year-round initiative to integrate arts education into the public school curriculum, which includes seminars, work with professional artists, and field trips to view art performances and exhibits.
- Distributed funding totaling \$942,305 to 51 arts organizations in the community, and provided four grant-writing technical assistance workshops.
- Continued efforts to bring arts to the community, including 10 new murals by youth artists on traffic signal boxes; dedication of the Cerrillos Road bus shelter plaza stela featuring "Cuentos del Camino" by Mary Antonia Wood and Christopher Gibson; and dedication of artworks carved from tree trunks in the Santa Fe River Park.
- Co-sponsored the Santa Fe Bandstand concert series on the Plaza in July and August.
- Provided resources and information for local artists, including an updated schedule of Plaza arts events.
- Conducted the annual City of Santa Fe poster competition and exhibit, and the Mayor's Recognition Awards for Excellence in the Arts.

2006/07 Goals and Objectives:

- Continue to support non-profit arts and cultural organizations through funding and other forms of assistance, showcasing Santa Fe's diverse cultural voices in order to build community connections through the arts.
- Contract with a cultural anthropologist for a cultural survey, and develop initiatives and events based on the results of the survey.
- Facilitate economic development efforts to strengthen the arts and cultural sector of the city in partnership with other agencies, businesses and non-profits.
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- Increase the visibility and effectiveness of the Arts Commission to increase public participation in its activities by developing a marketing/public relations plan, linking with national arts campaigns, and enhancing the Arts Commission web site.
- Develop the Arts Commission's organizational infrastructure through existing and new resources in order to maximize service delivery to the community, arts organizations and artists.
- Continue to develop and build the Art in Public Places Loaned Art Program.

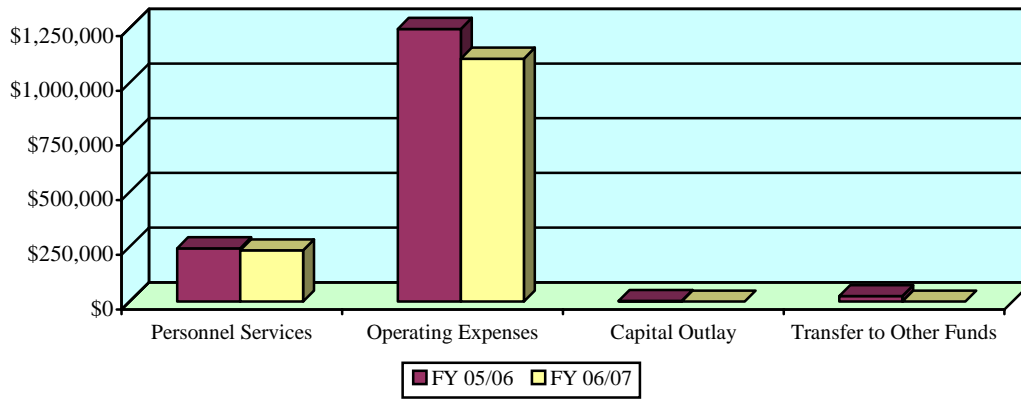
Budget Commentary:

The FY 2006/07 operating budget for the Arts & Culture Division is supported by an appropriation of \$1,157,104 from the 1% Lodgers Tax Fund (2112), which provides funding for two staff members and 85% of the Arts Commission Director's salary, contracted educational programming for the ArtWorks Program, and related administrative expenses. The remaining 15% of the Director's salary is funded by the Art for CIP Projects Fund (3708), with a total budget of \$117,220.

The City of Santa Fe is also a recipient of several grants from individuals and organizations to support youth arts education. The amount allocated for FY 2006/07 is \$56,499 for the Arts Education Grants Program (2714). The Arts & Culture Division also oversees an appropriation of \$12,000 in the Quality of Life Fund (2505) for FY 2006/07, which provides contracted operational expenses for the Community Youth Mural Program (CYMP).

<u>POSITION/CLASSIFICATION</u>	<u>FY 05/06 ACTUAL</u>	<u>FY 06/07 BUDGET</u>
Arts Commission Director	1 – CLFT	1 – CLFT
Planner Senior	1 – CLFT	1 – CLFT
Project Specialist	<u>1</u> – CLFT	<u>1</u> – CLFT
TOTAL:	3	3

EXPENDITURE CLASSIFICATION



	<u>FY 05/06</u> <u>REVISED</u>	<u>FY 06/07</u> <u>APPROPRIATION</u>
Personnel Services	\$ 242,986	\$ 233,427
Operating Expenses	1,245,358	1,109,396
Capital Outlay	2,900	0
Transfer to Other Funds	<u>24,595</u>	<u>0</u>
 TOTAL:	 \$ 1,515,839	 \$ 1,342,823

Tourism is the second-largest industry in Santa Fe, and the Convention and Visitors Bureau (CVB) is the city organization responsible for attracting visitors to the city. The average number of visitors to Santa Fe is 1.6 million annually; these visitors generate approximately \$5.4 million in lodgers tax each year and provide a significant contribution to gross receipts tax revenues as well. Tourism also creates many jobs in the city, thereby stimulating the local and regional economy.

CVB staff work closely with local hotels and other tourism-related businesses to promote Santa Fe as a culturally and historically significant visitor and conference destination. Through advertising and promotional efforts, CVB generates visitor interest in Santa Fe and fulfills all visitor inquiries. The Bureau also coordinates with the local tourism industry to promote Santa Fe through advertising, direct mail, sales blitzes, familiarization tours and trade shows, in accordance with the CVB marketing plan.

#### 2005/06 Operational Highlights:

- Confirmed a total of 18,227 group hotel room nights in Santa Fe.
- Implemented an extensive direct sales program via CVB-organized "Sales Blitzes."
- Successfully completed architectural and contracting plans for the new Civic Convention Center and attached parking structure.
- Demolished the Sweeney Convention Center building in February 2006, making way for construction of the new Civic Convention Center.

#### 2006/07 Goals and Objectives:

- Increase the number of visits to the CVB website to 1,900,000 user sessions; redesign/redevelop the site for greater impact and ease of use; provide support for the new on-line booking engine; and upgrade the website server.
- Implement a Request For Proposals (RFP) process for new/updated advertising, media and website contracts.
- Deliver 500,000 visitors guides for potential visitors to Santa Fe.
- Generate and maintain 300,000 leads through media placement.
- Increase the number of rooms booked annually by actively promoting Santa Fe as a destination.
- Enhance lodgers tax revenue by pursuing groups having the potential to meet in Santa Fe; with the goal to raise annual lodgers tax revenue performance to \$8 million.
- Increase lodging room occupancy rates in the city by 3%.

- Complete construction and commence operation of the city's new Civic Convention Center and parking garage to assist in making Santa Fe a world-class convention destination.

### Budget Commentary:

The FY 2005/06 operating budget for the Convention and Visitors Bureau (CVB) is \$2,398,363, which is supported by the Marketing Lodgers Tax Fund (2115). This provides funding for the salaries and benefits of 16 staff members, an advertising budget of \$933,827 that is used for promotion purposes, and miscellaneous contracted promotional services (including website development) totaling \$206,674.

The primary resource used by the Bureau to support its activities is the Lodgers Tax. The Lodgers Tax derives its revenue from the collection of an occupancy tax imposed on lodging within the municipality. The tax is restricted as to use, and may only be expended for advertising, publicizing and promoting tourist facilities and attractions, the cost of safety and sanitation services, for special events, administrative costs, constructing and operating convention halls and similar facilities, and for payment of principal and interest on revenue bonds issued for construction or acquisition of these facilities. However, in July 1996 the State Legislature approved legislation to provide more flexibility in use of the tax. The city of Santa Fe has imposed an increment at 5% of the authorized tax for utilization as follows:

3% - For advertising, publicizing and promoting the city of Santa Fe, including Sweeney Convention Center and tourist facilities and attractions, and for operating and improving the convention center. Of the 3%, at least one-half must be expended on advertising and promotion.

1% - This increment, imposed effective July 1987, is dedicated to the promotion and advertising of non-profit performing arts and attractions that promote tourism and enrich the entire community. By state law, of the 1%, at least one-fourth must be expended on advertising and promotion.

1% - This increment, imposed effective May 1999, is dedicated for the new convention center (or major improvements to the former convention center). Although at least one-fourth must be expended on advertising and promotion for the two 1% increments combined, all of the first 1% increment is expended for those purposes so the city continues to meet or exceed the state requirement.

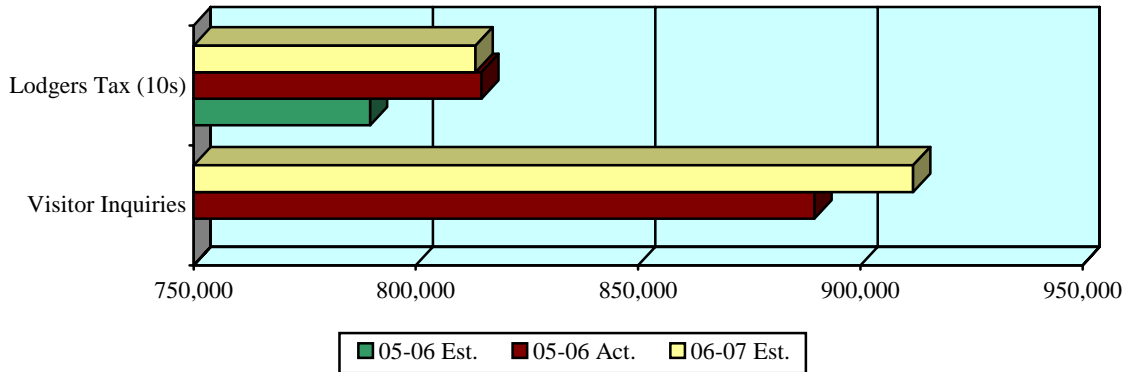
2% - These increments (one imposed effective February 2004 and one imposed effective July 2004) are dedicated for a new convention center and adjoining parking facility. It is technically a convention center fee, however, it is administered similar to a lodgers' tax increment. A bond issue has been approved for the project using these funds for debt service; however, any remaining funds may be used for operations and/or a capital reserve fund.

Total Lodgers Tax collections for FY 2006/07 are projected at \$8,134,322. All funds are deposited into the Lodgers Tax Fund (2114) and distributed to support various citywide activities.

The City of Santa Fe is currently constructing a new Civic Convention Center, which is scheduled for completion in July 2008. Convention Center operations will remain under the oversight of the Convention & Visitors Bureau, and personnel, operations and other expenses will be appropriated upon completion of the facility. Though eight positions are still authorized in this fund, they will be temporarily reassigned and paid under different funds for FY 2006/07 while the Convention Center is being completed.

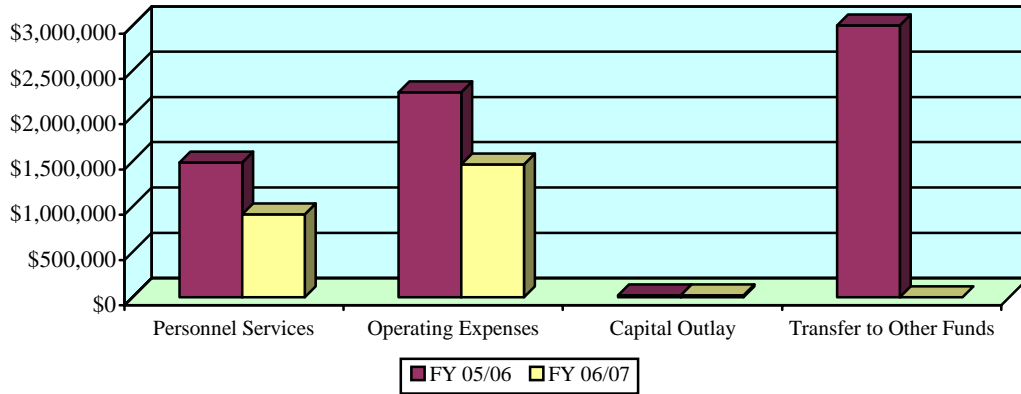
<u>Standard Program Measurements:</u>	<u>05/06</u> <u>EST.</u>	<u>05/06</u> <u>ACTUAL</u>	<u>06/07</u> <u>EST.</u>
1. Lodgers tax collected	\$7,897,400	\$8,147,740	\$8,134,322
2. Santa Fe visitor inquiries	N/A*	889,660	911,902
3. Lodging—group room nights	25,000	20,000	25,000

\*Program measure updated to include web inquiries – no previous estimate provided



<u>POSITION/CLASSIFICATION</u>	<u>FY 05/06</u> <u>ACTUAL</u>	<u>FY 06/07</u> <u>BUDGET</u>
Convention & Visitors Bureau Director	1 – EX	1 – EX
Administrative Assistant	2 – CLFT	2 – CLFT
Administrative Secretary	1 – CLFT	1 – CLFT
Convention Center Operations Supervisor	1 – CLFT	1 – CLFT
Convention Service Supervisor	1 – CLFT	1 – CLFT
Convention Specialist	5 – CLFT	5 – CLFT
Convention Specialist Lead Worker	2 – CLFT	2 – CLFT
CVB Mail/Duplicating Technician	3 – CLFT	2 – CLFT
Information Specialist	4 – CLFT	3 – CLFT
Mailroom Specialist Lead Worker	1 – CLFT	1 – CLFT
Planner Senior	1 – TCF	1 – TCF
Project Manager	1 – CLFT	1 – CLFT
Sales & Marketing Assistant	1 – CLFT	1 – CLFT
Sales & Marketing Manager	<u>2</u> – EX	<u>2</u> – EX
<b>TOTAL:</b>	<b>26</b>	<b>24</b>

EXPENDITURE CLASSIFICATION



	<u>FY 05/06</u> <u>REVISED</u>	<u>FY 06/07</u> <u>APPROPRIATION</u>
Personnel Services	\$ 1,485,522	\$ 912,873
Operating Expenses	2,263,041	1,463,490
Capital Outlay	22,700	22,000
Transfer to Other Funds	<u>3,000,000</u>	<u>0</u>
 TOTAL:	 \$ 6,771,263	 \$ 2,398,363