



Agenda

Economic Development Review Sub-Committee

Market Station at the Railyard
500 Market Station, Suite 200

Round House Conference Room
Tuesday, August 7, 2018
4:00 PM

I. PROCEDURES

- A. Roll Call
- B. Approval of Minutes – June 11, 2018
- C. Approval of Agenda

II. ACTION ITEMS

- A. Request for review and approval of two (2) contract renewals for the FY-2018-2019 economic development portfolio as awarded through RFP to provide workforce development, business development, and other support for economic development in Santa Fe for a total funding amount of \$170,000 as identified (Matthew Brown):

- 1. Professional Services Agreement, Amendment No. 2 – Santa Fe Business Incubator RFP 16/38/P;
- 2. Professional Services Agreement, Amendment No. 5 – Santa Fe Chamber of Commerce after assignment by Andrea Romero Consulting – MIX.

III. DISCUSSION ITEMS (None)

IV. REPORTS (None)

V. ITEMS FROM THE COMMITTEE

VI. ITEMS FROM STAFF

VII. NEXT MEETING DATE – **September 4, 2018 at 4:00 PM**

Persons with disabilities in need of accommodation, contact the City Clerk's office at 955-6520, five (5) working days prior to meeting date

RECEIVED AT THE CITY CLERK'S OFFICE

DATE: 8/1/18
TIME: 10:50 AM

**SUMMARY OF ACTION
ECONOMIC DEVELOPMENT REVIEW SUBCOMMITTEE
MARKET STATION AT THE RAILYARD
500 MARKET STATION, SUITE 200
ROUND HOUSE CONFERENCE ROOM
TUESDAY, AUGUST 7, 2018, 4:00 PM**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER		1
ROLL CALL	QUORUM	1
APPROVAL OF MINUTES	APPROVED	1-2
APPROVAL OF AGENDA	APPROVED	2

ACTION ITEMS

**REQUEST FOR REVIEW AND APPROVAL
OF TWO (2) CONTRACT RENEWALS FOR
THE FY 2018-2019 ECONOMIC
DEVELOPMENT PORTFOLIO AS
AWARDED THROUGH RFP TO PROVIDE
WORKFORCE DEVELOPMENT,
BUSINESS DEVELOPMENT, AND OTHER
SUPPORT FOR ECONOMIC
DEVELOPMENT IN SANTA FE FOR
A TOTAL FUNDING AMOUNT OF
\$170,000 AS IDENTIFIED.**

PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 2 SANTA FE BUSINESS INCUBATOR RFP 16/38/P;	APPROVED	2-6
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PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 5 SANTA FE CHAMBER OF COMMERCE AFTER ASSIGNMENT	APPROVED	6-8
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**BY ANDREA ROMERO
CONSULTING - MIX**

DISCUSSION ITEMS	NONE	8
REPORTS	NONE	8
ITEMS FROM THE COMMITTEE	NONE	8
ITEMS FROM STAFF	NONE	8
NEXT MEETING DATE	SEPTEMBER 4, 2018	8
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**ECONOMIC DEVELOPMENT REVIEW SUBCOMMITTEE
MARKET STATION AT THE RAILYARD
500 MARKET STATION, SUITE 200
ROUND HOUSE CONFERENCE ROOM
TUESDAY, AUGUST 7, 2018, 4:00 PM**

I. PROCEDURES

CALL TO ORDER

The meeting of the Economic Development Review Subcommittee was called to order by Councilor Signe Lindell, Chair, at 4:00 pm, on Tuesday, August 7, 2018, at the Market Station at the Railyard, 500 Market Station, Suite 200, Round House Conference Room, Santa Fe, New Mexico.

ROLL CALL

MEMBERS PRESENT

Councilor Signe Lindell, Chair
John Feins
Buddy Roybal
(Vacancy)

MEMBERS ABSENT

Kathy Keith, Excused

OTHERS PRESENT

Matt Brown, Economic Development Director, City of Santa Fe
Fabian Trujillo, Economic Development, City of Santa Fe
Alex Padilla, Board Chair, Santa Fe Business Incubator
Marie Longserre, CEO, Santa Fe Business Incubator, Telephonically
Bob Gallatin, SCORE
Kate Noble, Mix
Andrea Romero, Mix
Elizabeth Martin, Stenographer

**APPROVAL OF MINUTES
JUNE 11, 2018**

MOTION A motion was made by Mr. Roybal, seconded by Mr. Fiens, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote.

APPROVAL OF AGENDA

MOTION A motion was made by Mr. Roybal, seconded by Mr. Fiens, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

II. ACTION ITEMS

A. REQUEST FOR REVIEW AND APPROVAL OF TWO (2) CONTRACT RENEWALS FOR THE FY 2018-2019 ECONOMIC DEVELOPMENT PORTFOLIO AS AWARDED THROUGH RFP TO PROVIDE WORKFORCE DEVELOPMENT, BUSINESS DEVELOPMENT, AND OTHER SUPPORT FOR ECONOMIC DEVELOPMENT IN SANTA FE FOR A TOTAL FUNDING AMOUNT OF \$170,000 AS IDENTIFIED.

1. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 2 - SANTA FE BUSINESS INCUBATOR RFP 16/38/P;

Mr. Brown said this is an amendment to an existing contract and is a budget adjustment downward. We made the same commitment to Mix and the Incubator for a mid year review of the contract and for a good faith effort by us.

Mr. Padilla said he has been with the Santa Fe Business Incubator Board for 10 years and has had the opportunity to see the interworkings. Thank you to the City for 20 years of supporting us. It has been a fun ride. We have had one person as CEO, Marie Longserre, in our 20 years of operations. For the record, we are an organization located on the southside in a 30,000 square foot building. We support entrepreneurship, businesses and business growth. We have a staff of 3 and a budget of \$800,000. The City has, in the past, supported us with \$200,000 annually which has been reduced by \$50,000 this year. We receive \$300,000 in rents and Marie raises the rest. That is who we are. As far as how we go about doing it, we spend a lot of time working with new companies and entrepreneurs and have several programs with partners such as SCORE and WEST, who reside in the Incubator, and other partners. We have 21 clients housed in the 30,000 square feet. The State did an economic impact study in 2011 regarding the contribution of the Incubator to local government. A copy of this study is incorporated herewith into these minutes as Exhibit "1".

Mr. Padilla said in 2011 the Incubator contributed \$1.44 million to local

government. 40% of that went to the City. That is \$560,000. For a \$200,000 investment that is a good rate of return. We have issues with the reduced funding. We did not know until the last minute and so we asked for a 9 month contract. The new contract says 12 months. He feels that we should trust one another so we will accept the 12 months and go down that path.

Mr. Brown said they did request a 9 month contract in order to keep the same run rate. This contract anticipates that the entire \$150,000 could be invoiced within a 9 month period.

Mr. Roybal asked the last 4 months they would not have money coming in.

Mr. Brown said 3 months.

Mr. Roybal asked could they reapply sooner.

Mr. Brown said no, not reapply. We will do a mid year review.

Mr. Roybal asked does this Committee have the authority to change that.

Mr. Padilla said this commits us to a contract for a year. We have been told that Matt will help us find funding.

Mr. Roybal said maybe that 9 month period will open up some other doors for you.

Mr. Padilla said it might. Trust has to start somewhere so we are prepared to sign this. As a businessman it goes against every business practice he has every had. We will hope for a good mid year review.

Chair Lindell asked you have had a conversation with Mr. Brown and you have come to an agreement and we know we will have a mid year review.

Mr. Padilla said yes. He would like to say that there is a breakdown in communications between the 2 organizations. These things crop up and there is an inclination is to ask why. Are we supporting the City where you want us to support it. He does not have that answer and would like to have that. If this continues to go down it will be difficult to raise that much money. Hopefully we will get it in back in the mid year review. The communications have to improve. It starts with him. He will do whatever it takes to get it done.

Mr. Roybal asked were they not notified of the amount.

Mr. Brown said they were notified in early March. We could have communicated earlier and that is on him. Since then we have had numerous conversations. We are

talking and communicating going forward. He believes in their constructive. At the first meeting Alex and Marie said what they would like to do and we are committed to help them on a path for the Incubator to be self sustaining. He applauds that commitment. It will not happen over night. He introduced someone to the organization who can help make that happen. It goes both ways. We are all working harder to communicate better and understand each other. The exact strategic fit that the Incubator has in the entire ecosystem he cannot answer right now, but we are committed to its success. Our obligation and responsibility is developing a new strategic plan for economic development. Everything has to be considered as a part of that and the Santa Fe Business Incubator is included. As we do that over the next couple of months they will be part of that.

Mr. Roybal said the Incubator is a very important part of the City. It should be priority.

Mr. Brown said regardless if it is in the authority of the subcommittee or not, as to the termination of the contract date, if they prefer 9 months that is fine with him. He put on 12 months because he thought it would be helpful to them. If it is a liability he can change the termination date. It does not effect him or the work we will do.

Mr. Fiens said he wants to support Mr. Roybal's statement on how important it is that the Santa Fe Business Incubator succeed and that small businesses succeed in our community. We don't have large educational facilities here. That can be changed. The Santa Fe Business Incubator, with 20 years experience, is a place that can help make that happen. We support the work you are doing. \$50,000 may be a lot in Santa Fe, but \$800,000 is not much for the country. Are there not Federal, State and private programs who support incubators.

Ms. Longserre said the monies available are for infrastructure. They do not, by and large, support operations. We have received money for infrastructure. When the opportunities come up we do apply. When Matt, Alex, Tomas and she met on May 18th and were notified of the cut one reason it was such a shock was that we have fixed costs. There is a critical mass of what we are trying to do. She has been looking for other sources of money for over 20 years. The model of the incubator is a nonprofit helping all types of businesses. We are right there with what all the others around the country and the world are doing. She doesn't think it is as important to talk about the money as it is if we can change that model. She doesn't know if can be changed to a for profit. We received \$5 million in Federal money for infrastructure that came to us because of the model we have. The fear is of being less supported by the City. We may be able to change a bit but there are limitations. We need to decide if this is the right thing for the strategy going forward.

Chair Lindell asked how long have you been in business.

Mr. Padilla said 20 years.

Chair Lindell asked how many businesses have graduated out.

Ms. Longserre said 168.

Chair Lindell asked do you fundraise with people who have completed the program and is it successful.

Mr. Padilla said we do and they participate to a small degree.

Chair Lindell said she would think some of them should be inclined to support an organization that helped them get a start.

Ms. Longserre said we have had companies who have given back in volunteer time and dollars. They are part of all the pieces we put together every year. The monies we get we have to raise every year from various individuals and private sources and is not the sustainable base that allows us to have the infrastructure costs we need. We have to have a base of operating expense.

Chair Lindell said thank you.

Mr. Brown said Marie sent him an email a couple of days ago that said 74% of the companies are still in operation. That is 120 something companies.

Chair Lindell asked are you requesting to change the term of the contract.

Ms. Longserre said no. We are requesting to enter into a conversation with the City, that Matt has already offered to do, so that we can know what our role is going to be and how we fit in going forward. If the stated goal from the City is to give us less and less support and we have to become more self sustaining we will try that, but she doesn't know that will be successful. Our request is to accept the \$150,000 with a review at mid year and to have ongoing communications about how the Incubator can and should fit into the future. Our Board members are business people. They don't want to look at long term obligations if we are not sure we will have the ability to provide the activity we do.

Chair Lindell said this is not a public hearing, however, she will allow Mr. Gallatin to speak and then she asks that we make a decision on this.

Mr. Gallatin said the reduction in monies for the Incubator has a direct impact on SCORE. They do a tremendous job for us with 3 people. We rely on them for space to hold seminars and workshops. It is a domino effect. It effects us as well.

MOTION A motion was made by Mr. Roybal, seconded by Mr. Fiens, to approve the amendment with a mid year review, the urging that it does not have a domino effect and asking that where the Incubator fits into the plan be

figured out.

VOTE The motion passed unanimously by voice vote.

Ms. Longserre said she appreciated the opportunity to call into the meeting.

**2. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT
NO. 5 - SANTA FE CHAMBER OF COMMERCE AFTER
ASSIGNMENT BY ANDREA ROMERO CONSULTING -
MIX**

Mr. Brown said there has been some stuff in the media that we have tried to respond to. From a tactile standpoint the contract was assigned to the Santa Fe Chamber of Commerce Opportunity Fund which had been the fiscal agent all along the way. The assignment happened in June. This is the same contract and provides the authority to assign it to someone else. It has been assigned and picked up. Now we are recommending an amendment between the City and the Santa Fe Chamber of Commerce Opportunity Fund of \$20,000.

Ms. Romero handed out a summary document about Mix. This document is incorporated herewith into these minutes as Exhibit "2".

Ms. Romero reviewed the document and added that the budget from the City is decreasing by 50%. That is alarming. We are grateful to the City for the support of Santa Fe's only entrepreneurial accelerator. We build every year. Our alumni continue to give back to the program.

Mr. Roybal asked does your data reporting go to Economic Development.

Mr. Brown said we receive their reports and all of it is accessible on the website. The 31% data point of new attendees through the course of the year is a really good number. In relative terms he sees the business community needing a lot more network connections. He is on the record saying the proposed budget was the hardest on Mix at a 50% cut. He learned more about that in talking to them and seeing that is hard for them to get operational costs. We are making efforts to support them in other ways and will do the mid year review.

Chair Lindell said your graphics are terrific. Clever. One of the things that is hard to quantify about Mix is how Mix builds community with new business owners. They have enough face time with each other that they gain a comfort with each other. It is not competitive and it is helpful. It would be interesting to her to know how many people have been through this program and end up reaching out to other people they do the

program with. Having someone to call up and say this is a tough day for me, talk me off the ledge like they do with this program offers a meaningful way to work together because you do not goad people into competing with each other.

Ms. Noble said we are seeing it layer year after year. We are seeing learning among the mentors as well. One of the unexpected outcomes is the igniting of the passion of the seasoned business owners. We see a lot of the businesses working together.

Mr. Fiens said you founded this at a hard time. He is interested if you have noticed any trends in your 6 years.

Ms. Noble said the retention trend is a powerful one. Family, friends, someone they are dating and a job is why people stay in a community. This was begun as a talent retention project. We came at it from a holistic human trend. This is the only active accelerator in Santa Fe. We have seen the savvy growing and the food thing explode and the design business is popping.

Ms. Romero said in the data are young professionals who always have something else in their back pocket. Bootstrapping is key in Santa Fe. The City is getting younger with an increase in the job pool. It is exciting. We are attracting young talent.

Ms. Noble said we have seen an increase when we ask people what they want in people wanting the connections. It is not just about the money.

Mr. Fiens said this is a terrific connection in our little town. The process with the Chamber, how did that happen and how do you see that working out.

Ms. Noble said this was originally begun as a City project. The Chamber was always a partner and fiscal sponsor for sponsorships to land. Now that a founder is no longer working within the City it makes sense for us to get our own 501c3 and streamline everything in the interim. The Chamber has been so good to us.

Ms. Romero said it is an alignment and cross pollination in the process.

Mr. Brown said the trends we saw were 3 clusters, food, tech and design/creative. Food in particular. We are talking with a foundation who initiated a multi year program and have selected us to participate. It will be regional with us, Albuquerque, Espanola and Los Alamos. The objective is to develop a model entrepreneur ecosystem. We told them ours will be built around consumer packaged goods and agriculture technology. We are already taking action on data and insights.

MOTION A motion was made by Mr. Fiens, seconded by Mr. Roybal, to approve the amendment.

VOTE The motion passed unanimously by voice vote.

III. DISCUSSION ITEMS

None.

IV. REPORTS

None.

V. ITEMS FROM THE COMMITTEE

None.

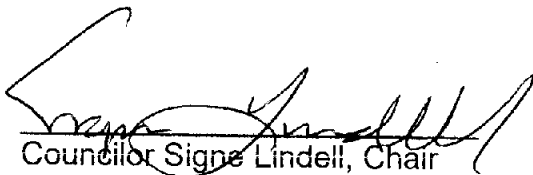
VI. ITEMS FROM STAFF

None.

**VII. NEXT MEETING DATE
SEPTEMBER 4, 2018**

VIII. ADJOURNMENT

There being no further business before the Committee the meeting adjourned at 5:02 pm.



Councilor Signe Lindell, Chair



Elizabeth Martin, Stenographer

The Economic Impact During 2011 of the Santa Fe Business Incubator

April 16, 2012

Prepared for:
Santa Fe Business Incubator
3900 Paseo del Sol
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Prepared by:
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EXHIBIT 1

ImpactDataSource

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EXECUTIVE SUMMARY

The purpose of the analysis was to estimate the annual economic impact during 2011 of the Santa Fe Business Incubator -- one of six certified business incubators in New Mexico.

The economic impact of (1) the operations of the incubator was projected, along with (2) the impact of the firms assisted by the incubator, once they graduated from the incubator and became self-supporting companies.

About the Incubator

The Santa Fe Business Incubator, founded in December, 1997, is a non-profit corporation that helps entrepreneurs grow and succeed in their business. The 30,000 square foot facility offers office and production spaces for technical firms, service companies and manufacturing businesses.

The incubator provides a wide range of business services including on-site technical assistance, training workshops, shared equipment, community resources and access to capital.

Over the past five years, the incubator received \$4.4 million in funding for their operations.

Tenants

During 2011, 16 tenants were assisted by the incubator. In addition, during the year, tenants reported funding of \$18.7 million, including equity injections, revenues, grants and contracts, and research and development grants and contracts.

Graduates Over the Past Five Years

Forty-five firms graduated from the incubator over the past five years. An estimated 78% of these companies are still operating.

Types of Economic Impacts Generated by Tenants and Graduates

Incubator tenants and companies graduating from the incubator generate economic impacts, including jobs, salaries and business revenues.

Further, there are three types of economic impacts of tenants and graduates -- direct, indirect and induced -- and regional economic multipliers were used to determine indirect and induced impacts.

Economic Impact During 2011 of Tenants and Graduates of the Incubator

Some of the estimated economic impacts that the incubator generated for New Mexico during 2011 are shown below.

Economic Impact During 2011 of Tenants and Graduates of the Incubator			
	Tenants	Graduates	Total
Number of direct businesses operating during the year as a result of incubator activities	16	37	53
Annual revenues generated by businesses (increase in gross state product):			
Direct	\$6,336,000	\$20,350,000	\$26,686,000
Indirect and induced	\$3,390,394	\$10,889,285	\$14,279,679
Total	\$9,726,394	\$31,239,285	\$40,965,679
Jobs created and supported by businesses:			
Direct	80	185	265
Indirect and induced	53	122	175
Total	133	307	440
Annual salaries paid to workers:			
Direct	\$2,960,000	\$11,100,000	\$14,060,000
Indirect and induced	\$1,443,000	\$5,411,250	\$6,854,250
Total	\$4,403,000	\$16,511,250	\$20,914,250
Property added to tax rolls:	\$6,800,000	\$15,725,000	\$22,525,000
Annual taxable gross receipts generated on:			
Revenues of direct, indirect and induced businesses	\$7,294,795	\$23,429,464	\$30,724,259
Taxable spending by direct, indirect and induced workers	\$1,761,200	\$6,604,500	\$8,365,700
Taxable spending by businesses	\$800,000	\$2,839,935	\$3,639,935
Total gross receipts	\$9,855,995	\$32,873,899	\$42,729,894

Revenues Generated During 2011 for the State and Local Taxing Districts by Tenants and Graduates of the Incubator

Economic impacts generated by incubator tenants and graduates translate into revenues for the State and local taxing districts. These estimated revenues for 2011 are shown on the following page.

**Estimated Revenues Generated during 2011 for the State and Local Taxing Districts
by the Incubator Tenants and Graduates**

	State	Local Taxing Districts	Total	
Gross receipts taxes	\$1,209,790	\$1,113,648	\$2,323,438	\$0
Property taxes	\$10,124	\$329,204	\$339,328	\$0
State income taxes:				
Corporate	\$131,090		\$131,090	#REF!
Personal	\$494,099		\$494,099	\$0
Total	\$1,845,104	\$1,442,852	\$3,287,955	

Return on the State's Investment in the incubator

State Funding for the New Mexico Business Incubator Program During Fiscal Years 2007-2010

During fiscal years 2007-2010, the New Mexico Economic Development Department provided \$639,500 in funding for the New Mexico Business Incubator Program, including \$25,000 for the Santa Fe Business Incubator.

Rate of Return on Investment Over Four Years

These funds may be considered a state investment in the state's economic growth and the returns on that investment are the additional revenues that the incubator tenants and graduates and their workers generate for the State and local taxing districts, including cities, counties, school districts and special taxing districts.

If this is the case, a rate of return on investment may be calculated on this investment. The average annual rate of return on investment on the State's funding for the Santa Fe Business Incubator is shown on the next page.

**Estimated Revenues Generated Over a Four-Year Period for the State and Local
Taxing Districts by Incubator Tenants and Graduates**

The state's total investment in the Santa Fe Business Incubator over four years	\$25,000
Taxes to be received from tenants and graduates over four years:	
By the state of New Mexico	\$7,380,414
By the local taxing districts	\$5,771,407
Total	\$13,151,821
Rate of return on investment:	
For the state only	29522%
For the state and local taxing districts	52607%
Cost benefit ratio for the state funding compared to additional returns for the state	1 to 295.22

As shown above, for every dollar of funding that the state provided to the Santa Fe Business Incubator over four years, tenants and graduates of the program may return \$295.22 to the state during a four year period.

Details of this economic impact analysis are on the following pages.

The Economic Impact During 2011 of the Santa Fe Business Incubator

INTRODUCTION

This report presents the results of an analysis performed by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm. The purpose of the analysis was to estimate the economic impact during 2011 of the Santa Fe Business Incubator.

The economic impact of (1) the operations of the incubator was projected, along with (2) the impact of the firms assisted by the incubator, once they graduated from the incubator and became self-supporting companies.

This report includes the following components:

- Description of the incubator,
- Funding received by the incubator for their operations,
- Tenants funding and annual operations,
- Graduates' operations,
- Types of economic impacts that the incubator and its graduates provide and multipliers used in this analysis,
- Economic impact during 2011 of tenants and graduates of incubator,
- Revenues generated during 2011 for the state and local taxing districts by tenants and graduates of incubator,
- Rate of return on the state's investment in the incubator program, and
- Conduct of this analysis.

DESCRIPTION OF SANTA FE BUSINESS INCUBATOR

The Santa Fe Business Incubator, founded in December, 1997, is a non-profit corporation that helps entrepreneurs grow and succeed in their business. The 30,000 square foot facility offers office and production spaces for technical firms, service companies and manufacturing businesses.

The incubator provides a wide range of business services including on-site technical assistance, training workshops, shared equipment, community resources and access to capital.

In 2011 the facility had 16 tenants and over the past five years has had 45 graduates.

Funding that the incubator received for their operations and construction is discussed next.

FUNDING RECEIVED BY THE INCUBATOR FOR ITS OPERATIONS AND CONSTRUCTION

The incubator received the following funding over the past five years -- 2006 - 2011:

Funding Received by the Incubator for Construction and Operations over the Past Five Years				
	Funding Received			Types of Funding
	Total	For Operations	For Construction	
Santa Fe Business Incubator	\$4,420,400	\$3,746,400	\$674,000	Funding for construction and other external funding

An estimated 55% of the \$3.7 million in funding for the operations of the Santa Fe Business Incubator, shown above, is internally generated. The remaining 45% is funded from external sources.

Funding received by tenants during 2011 and some information on their operations are discussed next.

TENANTS' FUNDING AND ANNUAL OPERATIONS

Funding Received by Tenants during 2011

Tenants at the incubator received the following funding during 2011:

Funding Received by Tenants During 2011	
Equity capital	\$10,924,000
Sales revenues	\$7,527,000
Grants and contracts	\$0
Research and development grants and contracts	\$250,000
Debt financing	
Total	\$18,701,000

Characteristics of Tenants' Operations

Average tenants at the incubator in 2011 had the following characteristics:

Characteristics of an Incubator Tenant in 2011	
Annual revenues	\$396,000
Property added to local tax rolls:	
Real property improvements	\$250,000
Business personal property	\$175,000
Number of employees	5
Average annual salaries	\$37,000
Estimated annual local purchases of supplies, materials and services	\$50,000

Total Annual Revenues, Property Added to Tax Rolls, Jobs, Salaries and Local Purchases

Total Revenues for Tenants

Total revenues, property added to tax rolls, jobs, salaries and local purchases for tenants at the incubator in 2011 are shown below.

Tenants' Total Revenues, Property Added to Tax Rolls, Jobs, Salaries and Local Purchases in 2011	
Number of tenants	16
Annual revenues	\$6,336,000
Property added to local tax rolls:	
Real property improvements	\$4,000,000
Business personal property	\$2,800,000
Number of employees	80
Annual salaries	\$2,960,000
Estimated annual local purchases of supplies, materials and services	\$800,000

Some information on graduates of the incubator is presented next.

GRADUATES' OPERATIONS

Number of Graduates over the Past Five Years

The following number of firms graduated from the incubator over the past five years:

Number of Graduating Firms Over the Past Five Years	
Agriculture	
Construction	
Manufacturing	3
Utilities and/or Energy	1
Retail Trade	5
Information	1
Information Technology	4
Financial Activities	3
Prof. & Business Service	11
Health Care & Social Assistance	1
Leisure	1
Technology	6
R&D	5
Non-Profits	2
Non-Profits Services Providers	2
Total	45

Number of Graduates over the Past Five Years Still Operating in 2011

An estimated 78% of companies graduating from the Santa Fe Business Incubator were still be in business during 2011.

If this is the case, the following estimated number of graduate companies (over the past five years) were still operating in 2011:

Estimated Number of Graduating Firms Over the Past Five Years Still Operating in 2011	
Agriculture	0
Construction	0
Manufacturing	2
Utilities and/or Energy	1
Retail Trade	4
Information	1
Information Technology	3
Financial Activities	2
Prof. & Business Service	9
Health Care & Social Assistance	1
Leisure	1
Technology	5
R&D	4
Non-Profits	2
Non-Profits Services Providers	2
Total	37

Annual Revenues, Property Added to Tax Rolls, Jobs, Salaries and Local Purchases

Annual Averages for Graduates

Average revenues, property added to tax rolls, jobs, salaries and local purchases in 2011 for graduates of the incubator are shown below.

Graduates' Average Annual Revenues, Property Added to Tax Rolls, Jobs, Salaries and Local Annual Purchases	
Number of graduates	45
Average annual revenues	\$550,000
Property added to local tax rolls:	
Real property improvements	\$250,000
Business personal property	\$175,000
Number of employees	5
Average annual salaries	\$60,000
Estimated annual local purchases of supplies, materials and services	\$50,000

Annual Totals for Graduates Still Operating

Estimated total annual revenues, property added to tax rolls, jobs and salaries for all graduates still operating are shown below.

Graduates' Average Annual Revenues, Property Added to Tax Rolls, Jobs, Salaries and Local Annual Purchases		
	Average	Total
Number of operating graduates		37
Annual revenues	\$550,000	\$20,350,000
Property added to local tax rolls:		
Real property improvements	\$250,000	\$9,250,000
Business personal property	\$175,000	\$6,475,000
Number of employees	5	185
Annual salaries	\$60,000	\$11,100,000
Estimated annual local purchases of supplies, materials and services	\$50,000	\$1,850,000

The types of economic impacts generated by tenants and graduates of the incubator are discussed next, along with regional economic multipliers used in this analysis.

TYPES OF ECONOMIC IMPACTS THAT THE INCUBATOR AND ITS GRADUATES PROVIDE AND MULTIPLIERS USED IN THIS ANALYSIS

Types of Economic Impacts

Incubator tenants and companies graduating from the incubator generate economic impacts, including jobs, salaries and business revenues.

Further, there are three types of economic impacts: direct, indirect and induced.

First, direct economic impacts are those that are generated directly by tenants in the incubator and by firms after they graduate.

Second, indirect revenues, jobs and salaries are created in new or existing firms in the state, such as maintenance companies, distributors, and service firms, that may supply goods and services to the tenants and graduate firms.

Third, induced revenues, jobs and salaries are created in new or existing businesses in the state, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to employees of the tenants and graduate firms and their families.

New revenues of direct, indirect and induced firms increase New Mexico's gross state product -- a measure of the economic output of the state in a year. It is the sum of all values added by industries within the state and serves as a state-equivalent to the national gross domestic product or GDP.

Regional Economic Multipliers

To estimate the indirect and induced economic impact of the business incubator on the state, regional economic multipliers were used. Regional economic multipliers for New Mexico are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis: an output multiplier, an employment multiplier and an earnings multiplier.

An output multiplier was used to estimate the indirect and induced output or revenues created and supported in the state. An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the state. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs.

The multipliers show the estimated indirect and induced revenues of other companies in the state for every dollar of revenues generated by tenants and graduates. An employment multiplier shows the number of indirect and induced jobs created for every direct job at the tenants and graduates and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facilities. The indirect and induced multipliers shown on the following page were used in this analysis:

Regional Economic Multipliers Used in this Analysis

	Total	Indirect and Induced
Output multiplier	1.5351	0.5351
Employment multiplier	1.6597	0.6597
Earnings multiplier	1.4875	0.4875

The above multipliers are averages for several industry groups in which tenants and graduates operate.

Some of the estimated economic impacts that the incubator generated for New Mexico during 2011 are presented next.

ECONOMIC IMPACT DURING 2011 OF TENANTS AND GRADUATES OF THE INCUBATOR

Some of the estimated economic impacts that the incubator generated for New Mexico during 2011 are shown below.

Economic Impact During 2011 of Tenants and Graduates of the Incubator

	Tenants	Graduates	Total
Number of direct businesses operating during the year as a result of incubator activities	16	37	53
Annual revenues generated by businesses (increase in gross state product):			
Direct	\$6,336,000	\$20,350,000	\$26,686,000
Indirect and induced	\$3,390,394	\$10,889,285	\$14,279,679
Total	\$9,726,394	\$31,239,285	\$40,965,679
Jobs created and supported by businesses:			
Direct	80	185	265
Indirect and induced	53	122	175
Total	133	307	440
Annual salaries to workers:			
Direct	\$2,960,000	\$11,100,000	\$14,060,000
Indirect and induced	\$1,443,000	\$5,411,250	\$6,854,250
Total	\$4,403,000	\$16,511,250	\$20,914,250
Property added to tax rolls	\$6,800,000	\$15,725,000	\$22,525,000
Annual taxable gross receipts generated on:			
Revenues of direct, indirect and induced businesses	\$7,294,795	\$23,429,464	\$30,724,259
Taxable spending direct, indirect and induced workers	\$1,761,200	\$6,604,500	\$8,365,700
Taxable spending by businesses	\$800,000	\$2,839,935	\$3,639,935
Total gross receipts	\$9,855,995	\$32,873,899	\$42,729,894

Estimates of revenues generated during 2011 by the incubator tenants and graduates for the state and local taxing districts are presented next.

REVENUES GENERATED DURING 2011 FOR THE STATE AND LOCAL TAXING DISTRICTS BY TENANTS AND GRADUATES OF THE INCUBATOR

Some Tax and Other Rates Used in this Analysis

Some tax and other rates used in this analysis are shown below:

Some Tax and Other Rates Used in this Analysis	
Gross receipts tax rates:	
Percentage retained by the state after distribution to cities	3.775%
Average local rate with state distribution	3.475%
Property tax rates:	
State debt service	1.362
Average combined local rate	44.288
Estimated effective state income tax rate for these companies:	
Corporate	4%
Personal	3.15%
Estimated percent of the gross salaries a typical worker spent on taxable goods and services	40%
Estimated percent of business revenues subject to gross receipts tax	75%
Estimated percent of business revenues subject to state corporate income taxes	8%
Workers' estimated adjusted gross or taxable income as a percent of salaries	75%
Taxable value of property as a percent of assessed value	33%

Revenues during 2011 for the State of New Mexico and Local Taxing Districts

Economic impacts generated by incubator tenants and graduates translate into revenues for the State and local taxing districts. These estimated revenues for 2011 are shown on the following page.

**Estimated Revenues Generated during 2011 for State and Local Taxing Districts
by Incubator Tenants and Graduates**

	State	Local Taxing Districts	Total
Gross receipts taxes	\$1,209,790	\$1,113,648	\$2,323,438
Property taxes	\$10,124	\$329,204	\$339,328
State income taxes:			
Corporate	\$131,090		\$131,090
Personal	\$494,099		\$494,099
Total	\$1,845,104	\$1,442,852	\$3,287,955

A discussion of the rate of return on the state's investment in the incubator is next.

RETURN ON THE STATE'S INVESTMENT IN THE INCUBATOR

State Funding from the New Mexico Business Incubator Program During Fiscal Years 2007-2010

During fiscal years 2007-2010, the New Mexico Economic Development Department provided the following funding for the New Mexico Business Incubator Program:

**State Funding Provided for the New Mexico Incubator Program
During Fiscal Years 2007-2010**

Year	Capital Outlay	Special Appropriation	Recurring Special (EDD Budget)	Total
2007	\$395,000			\$395,000
2008		\$110,000		\$110,000
2009			\$104,500	\$104,500
2010			\$30,000	\$30,000
Total	\$395,000	\$110,000	\$134,500	\$639,500

Of this amount, the Santa Fe Business Incubator received \$25,000.

These funds may be considered a state investment in the state's economic growth and the returns on that investment are the additional revenues that the incubator tenants and graduates and their workers generated or may generate for the State and local taxing districts, including cities, counties,

school districts and special taxing districts.

If this is the case, a rate of return on investment may be calculated on this investment.

State and Local Revenues Generated by Incubator Tenants and Graduates over a Four-Year Period

Using estimated revenues generated by the incubator tenants and graduates during 2011 to estimate revenues over a four year period -- a period of time for which state funding was provided -- estimated revenues over four years for the state and local taxing districts are shown below.

Estimated Revenues to be Generated Over a Four-Year Period for the State and Local Taxing Districts by Incubator Tenants and Graduates			
	State	Local Taxing Districts	Total
Gross receipts taxes	\$4,839,160	\$4,454,591	\$9,293,752
Property taxes	\$40,496	\$1,316,815	\$1,357,311
State income taxes:			
Corporate	\$524,361		\$524,361
Personal	\$1,976,397		\$1,976,397
Total	\$7,380,414	\$5,771,407	\$13,151,821

Rate of Return on Investment on the State's Investment in the Business Incubator Program

As stated before, if (1) the state's funding for the Santa Fe Business Incubator is considered a state investment in the state's economic growth and (2) the returns on that investment are the additional revenues that the incubator tenants and graduates and their workers generate or may generate for the State and local taxing districts, including cities, counties, school districts and special taxing districts, then this four year investment will have the rate of return over four years of the operations of incubator tenants and graduates as shown on the following page.

**Estimated Revenues Generated Over a Four-Year Period for the State and Local
Taxing Districts by Incubator Tenants and Graduates**

The state's total investment in Santa Fe Business Incubator Program over four years	\$25,000
Taxes to be received from tenants and graduates over four years:	
By the state of New Mexico	\$7,380,414
By the local taxing districts	\$5,771,407
Total	\$13,151,821
Rate of return on investment:	
For the state only	29522%
For the state and local taxing districts	52607%
Cost benefit ratio for the state funding compared to additional returns for the state	1 to 295.22

As shown above, for every dollar of funding that the state provided to the Santa Fe Business Incubator over four years, tenants and graduates of the program may return \$295.22 to the state during a four year period.

A discussion of the conduct of this analysis is next.

CONDUCT OF THIS ANALYSIS

This analysis was conducted by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm.

The Santa Fe Business Incubator provided information on data sheets provided by Impact DataSource on the operations of its facility and on current tenants and graduates of the incubator over the past five years.

Using this data, as well as some estimates, assumptions and regional economic multipliers, Impact DataSource estimated the economic impact during 2011 of tenants and graduates.

From these estimated 2011 economic impacts, Impact DataSource estimated revenues that the tenants and graduates of the incubator generated for the State of New Mexico and local taxing districts in 2011.

Impact DataSource is an 18-year old firm specializing in economic and fiscal impact analysis. The firm has conducted over 2,500 economic impact analyses of projects in 26 states, included New Mexico. Overall, the firm has conducted economic impact analyses of over 200 projects in New Mexico for the New Mexico Economic Development for over the past twelve years. The firm's other clients in New

Mexico include the City of Santa Fe, Otero County, Lea County and others.

The firm's Principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.



MIX Santa Fe (founded 2009) + bizMIX (founded 2012)

Report for the City of Santa Fe - August 2018

MIX was **retaining and attracting young professionals and creative entrepreneurs** before it was cool. Beginning in late 2009, MIX Santa Fe was born as a collaboration between the City of Santa Fe's Economic Development Team, the Santa Fe Chamber of Commerce, and a few committed community members.

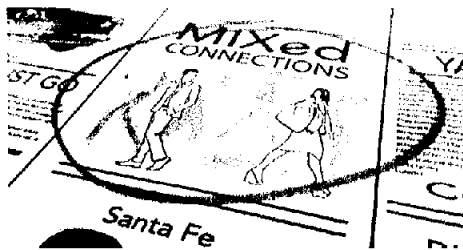
The goal has always been to **connect people to jobs, friends, collaborators, people to date, so that they will stay in our community**. In 2012 as an effort to promote entrepreneurship and cultivate community-centric businesses, we launched bizMIX, a startup accelerator and business plan competition. The foundational principles of MIX include crowdsourcing as a way of identifying problems, revealing solutions and directing our community work, activating and connecting passionate people, highlighting vacant and underutilized venues and businesses, showcasing local creative talent, and building social capital. In 2015, MIX was recognized with a "Bright Idea" award for **Innovations in Government from the Harvard Kennedy School**.

- MIX OUTCOMES FY 2017/18 -

- MIX/bizMIX hosted **nine events** (five large networking events, and five bizMIX focused events), with total **annual attendance of more than 1,800**.
- Attendance at MIX networking events averaged 338; with roughly **60% being under forty**, and 31% being new attendees, according to survey data.
- Total community sponsorship and leverage (not including volunteer time) amounted to roughly **\$110,000 between MIX and bizMIX**.
- bizMIX has been growing and gaining steam. In 2017, **17 teams graduated**, the largest class ever. Some highlights of recent graduates:
 - 2017 Grand Prize winner **Paeteria Oasis opened a new location** in July 2018
 - Cash prize winner One For Neptune, maker of sustainable and healthy seafood jerky, was recently **featured in a Forbes Magazine** article titled 'The Five Biggest Startup Opportunities In Agtech Today'

- MIX SNAPSHOTS -

- **FACT - 102 MIX/bizMIX networking events** have brought the community together since 2009. A majority of MIX event attendees are consistently under the age of 40.

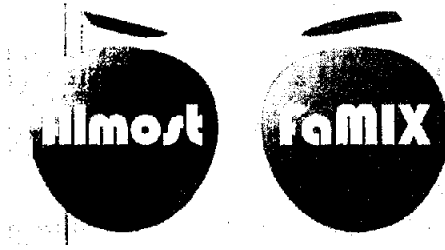


17 **MIXed Connections**
Tumbleroot Brewery and Distillery
MIX

✓ Going

Thursday, May 17 at 6 PM - 8 PM

Tumbleroot Brewery and Distillery



16 **Almost FaMIX**
Second Street Brewery - Rufina
MIX

✓ Going

Thursday, November 16, 2017 at 6 PM - 8 PM

Second Street Brewery - Rufina



21 **Alt-MIX**
MIX - IALA Museum of Contemporary Native Arts

✓ Going

Thursday, September 21, 2017 at 5 PM - 8 PM

IALA Museum of Contemporary Native Arts

Go to Map

- At the **May 2017** event at Tumbleroot Brewery and Distillery, the new CEO of Christus St Vincent brought members of her team and mingled with City of Santa Fe staff plus the owners of Paleteria Oasis (bizMIX winner 2017), musicians and artists from Zephyr Community Art Studio, Descartes Lab staff, young lawyers, service workers, a few parents with kids, and many more.
 - Everyone was encouraged to think about trails, transportation, and connectivity (get it? MIXed Connections?) with a giant map of Santa Fe on which people could draw their routes. Also, to spark conversations, affordable housing facts were on display with MIX survey results showing **53% responding that in addressing the housing issue, the Mayor and City Council should focus on affordable housing for middle and low-income people.**
 - May 2018 survey results include 55% of respondents saying they have started a business, and 36.7% saying they are likely to start a business in Santa Fe. 70.9% said you can't have a strong economy without entrepreneurial support (like bizMIX).

- bizMIX FACTS -

- **FACT: 74 teams of entrepreneurs have been trained** through the bizMIX accelerator since 2012. In 2017, \$24,000 in cash and more than \$30,000 in prizes was awarded.

- 2017 bizMIX cash winner **One For Neptune** was featured in **Forbes Magazine's** July 2018 article titled 'The Five Biggest Startup Opportunities in Agtech Today.'
- 2015 graduate, **Squash Blossom Foods**, won the **2018 City of Santa Fe Small Business of the Year Award** and **NMSBA Business of the Year Award**.
- **Paper Dosa**, 2014 bizMIX winner and graduate continues to shine as an mentor-alumni and ongoing food sponsor of bizMIX, and has won extensive accolades including:



One For Neptune
July 29 at 10:38 AM +00

Woah! We are excited to be included in Forbes' article, "The Five Biggest Startup Opportunities In Agtech Today" by Michael Heimstetter. "Focused on optimizing ...

See More



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The Five Biggest Startup Opportunities In Agtech Today

Learn More

- MIX IMPACTS -

- **FACT:** Often unexpected and long-term outcomes have been the most powerful. For example, the **2012 RE:MIKE Festival** (a MIX special project) surveyed more than 2,500 people and attracted around 3,000 attendees.



- The crowdsourced information from RE:MIKE has **informed the Local Innovation Corridor (LINC) Overlay District**, adopted by the City of Santa Fe in October 2016 and the 2018 community engagement work to program the College of Santa Fe/SFUAD property.
- MIX recently completed production of **three mobile parklets** (small seating area and green space created as a public amenity) made possible by a PNM Power-Up grant. The parklet (pictured above, right) was built by a dynamic Meow Wolf team who were commissioned by MIX to design and build a guerilla gathering place capable of being carted to different locations around town.
- MIX builds capacity and gets businesses open.
 - **MIX was featured on CNN in 2010** as something working during the recession. Greg Menke of The Beestro saw the segment from Hawaii and decide to return home to start a business.
 - The fence for the courtyard at Duel Brewery was built by the MIX team for an event and withstands the test of time to date.
 - MIX has provided **product and market testing** with a key demographic for gluten free cupcakes, housing development, philanthropy, mezcal and more.
- In February 2015, roughly 200 surveys were completed. 75% of respondents answered the question, **“As a result of MIX I...stayed in Santa Fe.”**

MIX has been Retaining, Attracting, and Developing talent in Santa Fe for nearly a decade.