



Agenda

Economic Development Advisory Committee

Market Station at the Railyard
500 Market Station, Suite 200

Wednesday, March 13, 2019
11:00 AM – 1:00 PM

- I. PROCEDURES
 - A. Roll Call
 - B. Approval of Minutes
 - 1. February 13, 2019
 - C. Approval of Agenda
 - D. Approval of Consent Agenda
- II. CONSENT AGENDA (None)
- III. ACTION ITEMS (None)
- IV. INFORMATIONAL ITEMS
 - A. Review Draft Economic Development Plan for Feedback – Matt Brown, Director of Economic Development, mpbrown@santafenm.gov, 955-6915.
- V. ITEMS FROM THE COMMITTEE
- VI. ITEMS FROM STAFF
- VII. ITEMS FROM THE CHAIR
- VIII. ITEMS FROM THE PUBLIC
- IX. ITEMS NEXT MEETING DATE – **April 10, 2019**

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RECEIVED AT THE CITY CLERK'S OFFICE

DATE: March 5, 2019

TIME: 4:42 PM

**SUMMARY OF ACTION
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE
MARKET STATION AT THE RAILYARD
500 MARKET STATION, SUITE 200
WEDNESDAY, MARCH 13, 2019, 11:00 AM**

<u>ITEMS</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER		1
ROLL CALL	QUORUM	1
APPROVAL OF MINUTES	APPROVED	2
APPROVAL OF AGENDA	APPROVED	2
APPROVAL OF CONSENT AGENDA	NONE	2
CONSENT AGENDA	NONE	2
ACTION ITEMS	NONE	2
<u>INFORMATIONAL ITEMS</u>		
REVIEW DRAFT ECONOMIC DEVELOPMENT PLAN FOR FEEDBACK	INFORMATION/DISCUSSION	2-11
ITEMS FROM THE COMMITTEE	NONE	11
ITEMS FROM STAFF	NONE	11
ITEMS FROM THE CHAIR	NONE	11
ITEMS FROM THE PUBLIC	INFORMATION/DISCUSSION	11-12
NEXT MEETING	APRIL 10	12-13
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**ECONOMIC DEVELOPMENT ADVISORY COMMITTEE
MARKET STATION AT THE RAILYARD
500 MARKET STATION, SUITE 200
WEDNESDAY, MARCH 13, 2019, 11:00 AM**

I. PROCEDURES

A. CALL TO ORDER

The meeting of the Economic Development Advisory Committee was called to order by Councilor Roman Abeyta, Chair, at 11:00 am on Wednesday, March 13, 2019 at Market Station at the Railyard, 500 Market Station, Suite 200, Santa Fe, New Mexico.

B. MEMBERS PRESENT

Councilor Roman Abeyta, Chair
Holly Bradshaw-Eakes
Kate Kennedy
John Fiens
Tamara Duran
Dr. Camilla Bustamante
Robert Lurcott
Helen Brooks
(1 vacancy)

MEMBERS ABSENT

Sean O'Shea, Excused

OTHERS PRESENT

Matt Brown, Economic Development Department (Mr. Brown)
Rich Brown, Economic Development Department (Mr. R. Brown)
Fabian Trujillo, Economic Development, City of Santa Fe
Jim Lodes
Bruce Bradford
Kevin McBride
Marie Longserre, Santa Fe Business Incubator
Jodie Larson, League of Women Voters
Elizabeth Martin, Stenographer

B. APPROVAL OF MINUTES

MOTION A motion was made by Ms. Duran, seconded by Mr. Lurcott, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote

C. APPROVAL OF AGENDA

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

VOTE The motion passed unanimously by voice vote.

D. APPROVAL OF CONSENT AGENDA

None.

II. CONSENT AGENDA

None.

III. ACTION ITEMS

None.

IV. INFORMATIONAL ITEMS

A. REVIEW DRAFT ECONOMIC DEVELOPMENT PLAN FOR FEEDBACK

Mr. Brown gave an update on Legislation for the film industry and the Airport.

Mr. Brown stated that his power point presentation on the draft Economic Development Plan is in the meeting packet. The meat of the conversation is from slide 19 on. He will review the plan slide by slide.

Mr. Brown said the spirit of this is that we want feedback that helps us strengthen and build this out. Ask questions any time during his presentation. We want to build and strengthen this and not tear this apart. He welcomes constructive criticism and can't wait to get it. Sean sent him and copied all of you an email and he responded. Fabian gave his some good council earlier.

Mr. Brown continued, we relied on a lot of prior work and research that for this. Some things identified in a plan five years ago are still not accomplished. Other things

are consistent goals that we will continue to have. We are saying we need to take an active role in recruiting businesses and we have already begun to do that.

Mr. Brown continued, this is the first group of people outside of staff to see City level strategic framework that is proposed by the City and the guiding principals. To the extent of how it effects the City framework, he facilitated this through the City Manager and had a series of meetings to put that piece together with other departments so all our work moves up to support an enterprise level of goals for the City. This has been signed off by the City Manager and the Mayor. If you have questions about that part of it and if he cannot answer them he will collect them and get back to you with the answers. We started our work, did the City stuff and then came back to our work so it is one document.

Mr. Lurcott asked what is the game plan.

Mr. Brown said we want to build this as a website. It is a public document for Council and for our department. The objective is that this document is designed in a way that is useful and that we can constantly update. We want to make sure as we track the success of the initiative that information is on the website for the public to see.

Mr. Brown said this begins with the City goals and guiding principals.

Mr. Brown began the review of the Plan with questions, answers and comments throughout as follows:

Ms. Brooks asked is this an analysis of the City or Economic Development.

Mr. Brown said it is orientated toward Economic Development.

Ms. Kennedy said she wonders about the word silos. In terms of an analysis would someone know what that means. Maybe add something in explanation.

Mr. Fiens said in opportunities, add that there are a lot of untold stories about our economic success and our untapped potential.

Dr. Bustamante said she wants to make sure under strengths and untapped opportunities we include the Community College and the Higher Education Center. With the Higher Education Center we are leveraged to be able to bring in those higher education initiatives.

Mr. Brown said he loved all three of these opportunities for inclusion.

Mr. Brown said we are having a challenge with our data coding. At South By Southwest last weekend, the problem we found is the way in which data is coded it does not allow us to represent our economy as we think about it. We all say we are the third

largest art market in the United States. We can't actually go into the Bureau of Labor Statics and pull out how many people are working in the arts. That not a category. We know we are strong in this area and have some data that suggests that, but for us to get discrete comparable data we don't have that yet. That is an objective we have to do. We have an open position. One of the criteria for that position is someone who is strong in economics and economic analysis to help us analyze ourselves.

Mr. Brown noted it appears healthcare, which is huge, is primarily a local industry here. Is that correct and are there intentions to have healthcare tourism in any way.

Ms. Brooks said our currently goal is to retain the healthcare within our community and attract regionally to the community and within the State. People don't necessarily come from outside the State. We do see some opportunities for that long term. We are not there yet. Early on we identified the idea of integrated medicine and that Santa Fe is a special place for holistic medicine.

Mr. Brown asked are there specific needs you have that the City or educational entities can help and support with by investing in that. The Community College has helped a lot with their nursing program.

Ms. Brooks said one of the challenges is experienced nurses. You can't staff a hospital with all new nurses. It is a national issue.

Mr. Fiens said he did not see in here much of a comprehensive plan primarily around social media. You could take a modest amount of money and put out ads specifically for nurses with a certain amount of experience and do an ad campaign regarding employment with a link to relocation. Test them in different markets and based on the response fine tune it. We have to be real about issues that have been a head wind for generations.

Ms. Brooks said thank you for saying that. That is exactly what we need.

Dr. Bustamante said this is a place of wellness overall and in general. She appreciates that. We do have alternative medicine. This has long been one of those places. That is an opportunity. Santa Fe is a place of wellness.

Ms. Brooks said sometimes medical tourism refers to people coming to a place that to see specialists in certain areas of medicine and sometimes it is you come for a joint replacement and you stay at a resort as a package deal.

Mr. Brown said that and integrative ideas as well.

Ms. Bradshaw-Eakes said in tandem with that would be some of our producers such as the food industry. Companies starting up who want to have alternative medicine as part of their businesses.

Ms. Bradshaw-Eakes said the outdoor economy opportunity is not in bold where healthcare is. There might be in bold and a focus as well. There is the Governor's bill referring to recreation and the fact that Santa Fe is the gateway to northern New Mexico. Building up the Airport is part of that and companies we want to set up here to serve that industry.

Mr. Brown said the reason that it is not bold is bandwidth, not value. We just don't have the bandwidth right now to put the resources to that like we do others. When we get a new person on board we hope to be able to do more there. We are relying, in part, on tourism efforts in the City and County trying to market for outdoor tourism. The primary thing is bandwidth. It is a great need.

Ms. Bradshaw-Eakes said one is economic based and the other is not.

Mr. Brown said he understands that. This is a spread sheet we built using all the goals and priorities at the City and for us and we evaluated all these projects and others and we ranked those things based on that. We did another analysis looking at balancing the portfolio. Everything could not be economic based. You make an excellent point and worthy of an ongoing discussion to rebalance our portfolio. Behind the words was a lot of analysis.

Mr. Fiens said he hears what you are saying is one of his biggest concerns is bandwidth. We need to take a hard look on why we have not progressed more than we have. Why haven't we attracted more businesses for example. Where you put your budget and bandwidth has to be extremely brutal and cutthroat. Don't we have a lot of important outdoor based business in Santa Fe. Shouldn't we put a footnote.

Mr. Brown said there are a lot more jobs in food than outdoor. Food is huge. The scale is enormous on that. A footnote is a good idea. This is super helpful.

Mr. Brown said lets move on to recruitment. In the pipeline we have three to four companies looking to move her. We had zero last year. Descartes is recruiting. They moved from Los Alamos to here. Our number one recruiting opportunity is probably Los Alamos. Pebble Labs, from the New Mexico Consortium, built a facility outside the boundaries of the Lab. It is a biotech lab. Pebble Labs is so successful they are buying the entire consortium site. Other companies are moving out. Pebble moved their corporate headquarters here and are building another 50,000 square feet in Los Alamos. These are conversations we are just starting to have. How do we build an easy on ramp for companies spitting out of Pebble Labs. It takes years, but we are in the best position we have been in in a long time do to that recruiting. The momentum of Meow Wolf and Descartes Labs is helping with that. The numbers in here are sober and represent what we think we can pull off.

Ms. Duran asked with tourism and the hospital as big as it is, is there a way to attract into that. Than when they come here they find out about opportunities.

Mr. Brown said yes, we are having those conversations with our Tourism Department to use some of their work to say come visit, enjoy, learn about opportunities and stay.

Mr. Fiens asked how do we get visitors here to understand products made locally and order them when they get home.

Mr. Brown said there is a site that went up several months ago to do that.

Ms. Duran asked do we do anything for conferences that come here. That is a great way to introduce the products.

Mr. Brown said his guess is not enough.

Ms. Kennedy said it was done well at a recent conference she attended.

Ms. Duran asked who is the contact for that.

Mr. Brown said Randy Randall.

Ms. Kennedy said that would be really cool. Suppliers for goody bags from the Convention Center.

Dr. Bustamante said when we talk about opportunity, real opportunity, she would like us to think more systematically about the native definition of sustainable which is healthy environment, healthy community, healthy people. An integrated approach. Do something conceptually with art or whatever at the core. Why people have lived here and the value over the years. Its just a concept to throw out there. Lets not think just linear. There are ways to see the synergy in things.

Mr. Brown said that is a good reminder. Our team believes very much in the system solution. To do the systems is figuring out how we bring people together. We are finding our way to operate in City government as a whole integrated enterprise. We have not had that. We are just beginning on that journey. We hope we get halfway to the vision you shared for us. It is so much more productive and in harmony with the community. If he had one goal for government it would be to build trust. He is a contributor to the issue, but he is trying to do more on that. It is not us and them.

Ms. Brooks suggested changing the wording on page 25 to say sustainable growing to keep it more consistent.

Mr. Fiens said getting more concise is important.

Ms. Kennedy said small business funding for a specific project is tough. That is why we see creative people owning a business with twenty employees and working at

Walgreens to support the expenses.

Dr. Bustamante said for creative that is everywhere. To support a creative economy we have to subsidize from one to the next. Incubators are an example. They don't make money on their own. They have to be supported. Overhead is huge. They have to have a system support approach.

Ms. Kennedy said you can't get funding without having proof in numbers of what you have done or can do.

Mr. Brown said the takeaway from this discussion is can we help mobilize financing sources for multi-use local businesses.

Ms. Kennedy said that would be a gem.

Mr. Fiens said the Palace just closed. There is no where to go. Everything closes at 9. This not an area to focus on. Think dead horse. Downtown is dead at night. We don't have the population to support it.

Mr. Brown said lets see how the bowling alley does. They are trying to do this exact thing. A bowling alley with other activities as well.

Mr. Brown said the Midtown Plan is one of our five missions. It is a priority activity for the City and that is why you see an emphasis on it in the Plan.

Mr. Brown said as to incubation, there is a piece of work we are starting on under incubation. It is building a new website and inside of that is mapping the ecosystem such as the Incubator has done some of, but for us to be able to activate it. He will send a link out to all of you about an initiative that was started fifteen months ago in Flint, Michigan. It is kind of an accelerator and is a very clear way of assessing their work. They have seen 450 ideas so far, evaluated 350 and launched over 40 businesses or products. We want to build a similar model. We should be able to see who is contributing what at each milestone. We will see ideas from where, who is generating the ideas and how they are being assessed. How many were piloted and how many launched. So we know how those players are contributing. We are embarking on that right now. Hopefully we will have it at end of the fiscal year.

Ms. Brooks said in your plan one of the challenges in incubation is resistance from the Incubator. She would like to know more about that.

Mr. Brown said the resistance has to do with one specific thing which is taking some specific actions to become self sufficient. We have talked over the last six months about what actions we can take so that over time the Incubator needs less money coming from the City. Marie can speak for herself.

Ms. Longserre said the Business Incubator model in the United States and around the globe is when you have infrastructure partnered with programs and special equipment as we do, when you have that kind of overhead and infrastructure which helps attract and launch companies it does not pencil out as a real estate deal. It never has. The only one she knows of that is self sufficient is one in Salt Lake City that was given a huge endowment and a couple owned by private institutions. It is typically an investment that a community makes in order to get back the value of jobs created, companies started and attraction of companies. That investment is supposed to pay back. According to studies it pays back about 40 to 45 times over in terms of economic activity. For the last several years our Incubator has created 45 jobs a year, generating gross receipts and activities. The Incubator already, in order to sustain itself, has to be out and raise \$150,000 to \$175,000. The amount the City invested over a decade ago was \$200,000 annually with one year that was at \$210,000. Our costs are \$750,000 to \$800,000 a year. The investment from the City is a smaller and smaller portion of what we have to get every year. That amount we have to raise grows. Entrepreneurship sometimes loses in comparison to babies and families for foundation funding. We have looked at three initiatives over the past few years. In all three cases they were not feasible. We look at how to fund ourselves every day. Her goal is to get up every day and raise money. Without the City foundation of funding we do not have the core that allows us to keep the doors open. We only have three staff people to run the whole thing. We are getting Federal funding to do a new roof that was predicated on that we are part of the City economic plan. The idea of resistance is a fact. We do everything we can to be financially and fiscally responsible. We have a small reserve for emergencies. Every year we have had a perfect audit. It is a reality not resistance.

Mr. Brown said he does not think this is the time for an ongoing conversation on this. It is for he and Marie to talk about off line. He concurs with all she said except the last sentence. The Incubator has provided benefits over the last twenty years. He believes the Incubator can get better. He believes government can do better. We have to talk about this issue of self sustainability, not about raising money. He hopes that over time the Incubator need less from the City. This past year they received \$150,000. \$200,000 is 25% of our entire operating budget. So a challenge for him to say that 25% of the City Economic Development budget is going to go to one entity. That is a challenge we have to grapple with. How do we maximize and get more out of it. We are still in conversations that we have get square on together about what tactical thing can be done to help the Incubator become more self sufficient. He knows there are things that can be done.

Mr. Feins said the problem is not that the money is a lot to go to the Incubator, it is that your budget is ridiculous.

Mr. Brown said correct.

Mr. Fiens said we can talk about all this stuff, but the fact is that we need to put some money into economic development. If we have to nudge up taxes a bit lets

address that. It is a reality. We should not have to have a discussion about \$200,000 being 25% of your budget.

Ms. Bradshaw-Eakes said maybe we should take this to another meeting to get into this more and how we are looking at this overall. CDFI provides more than money. Their costs are way higher than a bank. We need to look at that. Why do they need to be sustainable. It was a partnership from the get go. As we go through some of these things instead of saying cut the budget why not support them in other ways. I goes back to you saying what is the one thing you would like to do, create trust. What she is seeing in this one is the vernacular needs to be changed before it leaves this Committee and goes anywhere else. She also sees you need to build trust with the Incubator.

Dr. Bustamante said when the Incubator came in she was working at Los Alamos Lab. One thing that was said that is not correct is that one entity is getting the funds. It was established in the first place to support a multitude of entities and businesses. Businesses that open because of all the support of the Incubator. it is not one entity getting 25% of the budget it is a whole bunch of start ups. It is a misstatement and not accurate. SCORE and the Incubator work to support other entities. You can defend it, but the reality is she is holding on to that until sees otherwise.

Mr. Brown said he appreciates that, but lets clarify something. MIX took a 50% cut. Mix launches more companies than the Incubator does. It is an institution and supports multiple parties. He hears that and is attuned to that. Other organizations took cuts as well. At the end of the day it is still the same thing. We have a tight budget and it is hard to parcel out. The challenge is for this to be helpful in building trust. The Incubator may never be able to be self sufficient, but as it is currently designed it will never be, ever. The question is, is there something we could do so that it could be in the future. He wants to see if we can figure that out. The City will continue to invest in it. That is a commitment and will happen if it never can become self sufficient. It is prudent of us to see if there is a way to see if it can be less dependent on the City. There is a way for the Incubator to have a for profit entity built into it so if a business gets sold or goes public some of that money ges back into the Incubator. The City made a commitment to the Incubator and it is worth trying some things to help it become that.

Ms. Bradshaw-Eakes said maybe this a good discussion to have Committee wide. Your dashboard idea for instance, we can see where businesses are falling out. The equity piece is a bit of concern. What do we do with small companies that cannot feed funds back into the Incubator. The emphasis would be to bring in only companies that can give back. The Navigator is something to look at. That could be in cooperation with the Incubator instead of something separate.

Mr. Brown said we were thinking the Navigator information would feed back into the Incubator rather than run the program through the Incubator.

Ms. Bradshaw-Eakes said they are located in the Airport area and if you are

targeting businesses there such as Spanish speaking businesses that is a perfect match.

Mr. Brown said Fabian will be piloting this. He is getting trained on the program out of Albuquerque,

Ms. Bradshaw-Eakes said the idea is more of a collaboration.

Mr. Brown said yes. In Albuquerque the City Navigator Program is run out of the Community Foundation. That is how they are operating it. We are trying to pilot their model. It will start here and maybe someone else gets the home of it eventually.

Ms. Longserre said as to the idea of setting up a for profit Business Incubator, we have to be careful of losing our nonprofit status. The cost could take five years and half to \$1 million to do it. We have a group of our Board members involved in equity programs in other states. To say \$10,000 of next years money we receive has to be used to set up a for profit could damage the program we have. Also she does not understand why bio tech is not here. We have one of the few shared bio labs in the country at the Incubator. This whole process of creating a strategic plan without input from all of the entities that are a part of the City now or later is new. We all have to show we are aligned with the strategic plan. She has been involved with these plans for over 25 years. Generally they come from the bottom up. This seems very top down. She doesn't know if this document would support us going forward over the next years to get the other monies we need. She does not understand this being formed by City Goals and not by Community goals and input.

Chair Abeyta said we have ten minutes left. He wants to give some time for public comment if there is anything.

Mr. Brown asked if there were any other questions.

Mr. Lurcott said in line with tight budgeting he is wondering what the secondary initiatives are.

Mr. Brown said we did not show you the secondary stuff.

Mr. Lurcott asked are there priorities within the top priority maybe.

Mr. Brown said we did look at that and he hears what you are saying. We can do force ranking.

Mr. Lurcott said it seems a big agenda for a small group.

Mr. Fiens said he agrees. He believes in aiming big and thinking big. He is a big believer of that. At the same time a lot of realism has to come into play. What if the

energy is put into five person companies. Go to the universities and say this is what we can do. A series of small successes in a short time will lead to more successes. Use social media more. He does not know your charge from the Mayor and Council. You have to take a big swing at a full comprehensive plan. When it gets down to budget what are the small achievable direct hits we can have over twelve to eighteen months for a foundation. It is nice to have this big appetite, but not if you are not able to digest it. Think big, but act small. Be nimble.

Mr. Brown said thanks John.

V. ITEMS FROM THE COMMITTEE

None.

VI. ITEMS FROM STAFF

None.

VII. ITEMS FROM THE CHAIR

None.

VIII. ITEMS FROM THE PUBLIC

Mr. Lodes said back to strengths and weaknesses. One weakness is the limited amount of population here. Another item is that this is the first Economic Development Plan he has seen that does not discuss developing new sites for things or contains an inventory of available buildings and properties. We have a tendency to build housing all the way to the interstate. Most other areas have industrial areas along the major highways. We don't have that here. He doesn't know if we need that here. It does have an effect on our ability to attract or expand businesses. When he was involved in economic development work he spent a lot of time on expansion and retention. The only difference between that and the Navigator Program is he focused on businesses with the ability to expand. SBDC was involved. We would go to major employers and see what can be done to stimulate employment in the community. Businesses that conduct most of their business beyond the confines of the City. Those are people who might expand.

Mr. McBride asked Mr. Brown to talk about the Kaufman grant.

Mr. Brown said the Kaufman Foundation wants to finance a project with local communities to build model entrepreneurial ecosystems. They want to create a play book and best practices they can take to other communities and replicate with data validated. There is a pilot in Kansas City right now. They have selected three other

locations to build proposals to be involved. Santa Fe is one of them for a regional project. We have been working with Los Alamos, Espanola and Las Vegas for the last year on this. We are working forward with these cities to build proposals that the staff at Kauffman will present to their Board in June to secure the funds to bring the other locations into the program. It is a three year program. They pay for a program manager full time on site. There are secondary funds around research. We are working in preparation of this and have decided as a team to focus on a sector rather than an abstract sense of entrepreneurship. We are calling it Food, the Intersection of Traditional Farming, Technical and consumer packaged goods or value added. Food service and the Farmers Market are second tier. Even if we don't get it the collective work in building this is really important and good value work. Everyone wants to do to this regardless of if we receive the funds or not. We are not alone in this.

Mr. Fiens said there must be a huge world of funding and economic programs out there. Do you have the team and the bandwidth to apply to all of them. Have you surveyed that landscape.

Mr. Brown said we do apply for grants. We have put in for I 6 and are waiting. There is another one from Forbes that we are going to apply for. There is also a Public Works and Economic Development grant we are collaborating on. A couple a year is what we can do right now. There is a conversation going on trying to hire grant writers on staff. We need to build up that capacity so we can take advantage of opportunities. We are opportunities on the table.

Mr. Fiens said getting grant writers on staff, lets rock that.

Mr. Brown said they have a full time person for Public Works. We are using him to help some.

Mr. Brown said thank you. He appreciates the conversation and the feedback and challenges. It will make this stronger and better.

Mr. Lurcott said as a new member it would be helpful to go through some of these projects at future meetings.

Mr. Brown said thank you for that suggestion.


Dr. Bustamante said we have wisdom and smart people around here. Things are invented here and we need to see why they go somewhere else.

IX. NEXT MEETING April 10

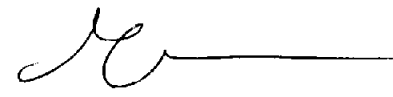
Chair Abeyta said thank you Matt and staff for all the work and for the presentation. Our next meeting will be April 10th.

X. ADJOURN

There being no further business before the Committee the meeting adjourned at 1:05 pm.



Councilor Roman Abeyta, Chair



Elizabeth Martin, Stenographer