



Town of Taos
2013 UPDATED

Community Economic Development
Strategic Foundational Plan

&

Community Economic Development
Element

of the Taos Comprehensive Plan

Presented by LeapPartners to the
Taos Town Council for Adoption by
the Town of Taos

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2013 Updated Community Economic Development Strategic Foundational Plan/Element

INTRODUCTION

The Town of Taos has been working toward a Strategic Plan for Community Economic Development (CED) since the Vision 2020 Master Plan was adopted in 1999. In 2005 the Town of Taos adopted the Local Economic Development Ordinance (LEDO) for Taos which comported with §5-10-1 *et seq* NMSA 1978 as amended and in haste the Ordinance included a section containing a few paragraphs that was then accepted as the Town's required Economic Development Plan under §5-10-4 NMSA 1978 as amended. Today this section of the original Ordinance as the Town's Economic Development Plan is wholly inadequate.

On October 26, 2010 an interim plan/element was adopted and was intended to bridge from October 2010 until June 30, 2011 to allow the Town to participate in immediate economic development opportunities and to allow the Town, together with the community, to have the time to develop the full plan. The interim plan was intended to allow the Town to apply for recertification as a Certified Communities Initiative Participant to the State Economic Development Department. Taos did not complete its recertification at that time and additional changes have been made to how the State assists with economic development, including a revamping of the Certified Communities Initiative.

It should also be noted that the Interim Plan and any additional updates, are not intended to limit how the community might approach community economic development but are instead meant to focus the community on work in key areas that are likely to have the greatest yield. New and previously unrecognized opportunities may arise and the community should remain flexible and avail itself to those new opportunities but not to the detriment of projects already underway. In other words, broadening the focus for community economic development may be appropriate and necessary, but refocusing and losing sight of progress and projects already underway, or successful areas of development that promise more future benefits is not advisable.

NOTE: APPROACH TO THIS FOUNDATIONAL PLAN AND UPDATES:

During the 2013 update to this plan, it was determined that this original plan should remain intact as the "Foundational Plan" with appropriate updates and revisions at frequent intervals to keep the foundational plan relevant. However no changes should be made to the essential core foundation of this foundational plan as determined at the time of its adoption such as the basis of approach and the use of a strategic planning method. The goals listed within this foundational plan mostly pertain to the public sector and defining its role and participation in Community Economic Development. Since the public and the private non-profit sectors are the primary actors within the Community Development or non-basic economy for creating and being the stewards of the quality of life it makes sense for this plan to contain those goals while the updates and action plans address more of the private and public/private actions that are necessary to address basic economic concerns.

Basis of Approach

It is important to note that the Town of Taos has chosen to pursue its development from the perspective of community economic development rather than pursuing community development and economic development as separate disciplines. In large metropolitan areas the two are often separated due to overwhelming workload and to manage resources. However, community economic development professionals argue that the two have never been completely separate disciplines and that they are inseparable. Community economic development views these two disciplines as heavily intertwined economic forces; the results of community development, which most specifically addresses quality of life issues and non-basic economic activities, affects the results of economic development which focuses on basic economic activities. Therefore no community can afford to focus solely on one or the other. Recognizing this interconnectedness is especially important in small communities where non-basic and basic economic interaction is more highly pronounced and visible in the local economy.

The Town of Taos is also pursuing community economic development from an industry cluster approach. Industry clusters are groups of businesses that use similar workforce, infrastructure, and support services and also provide a certain synergy and collegial environment that can lead to new business ventures and collaborations. Most business clusters will require a regional approach to achieve a sufficient number of similar businesses to reach a dominant and stable position in the economy, which is also referred to as a critical mass. Once an industry cluster reaches its critical mass, the attraction of new businesses to the area can become self-perpetuating or at least require less effort.

Non-Basic Economic Activities or Community Development

Non-basic economic activity includes both public and private goods and services that are consumed entirely or almost entirely by the local community and support basic economic activities. The community economic development approach assumes that the community must have an essential foundation from which it can grow: housing must be affordable; goods and services such as groceries or a dry cleaner must be available within a reasonable distance; quality education must be available and accessible to the average citizen; health care needs must be met; streets must be maintained; public safety must be adequate; and other essential services must be in place before a community can grow its economic base. These essential services are major components of the quality of life in a community and make up the non-basic portion of the economy. Taos enjoys a fairly robust quality of life for a community that is isolated and has a relatively small population. Because of the high levels of visitation and influx of tourism dollars, Taos has been able to provide amenities that rival much larger communities, but with the current downturn in the economy, Taos' ability to maintain these amenities has been brought into question as tax revenues plummet alongside business revenues. The Town Council has pledged to maintain this level of quality of life and continues to look at efficiencies and new revenue sources so that other quality of life initiatives can be pursued.

Basic Economic Activities or Economic Development

Basic economic activities are those activities that add to the economic base of the community. These basic goods and services are mostly if not entirely privately produced within the community and consumed outside of the local community or by those visiting from outside the community. Therefore those basic goods and services become a net importer of new revenue, bringing new money into the community. Growth of the basic economic sector creates new jobs in both the basic and non-basic sectors. Each new basic economic job creates a new source of demand for goods and services from the non-basic sector and in turn, with sufficient demand and new tax revenues, the community can provide a quality of life that is equal to or better than the quality of life prior to the creation of that job. Because the basic economic sector can drive the demand in the non-basic economic sector, many communities have pursued development of the basic sector without focusing on the non-basic foundation of their economy, assuming that the public and private non-basic sectors will simply meet the demands of the new basic employment. This assumption is blind to the need for a significant foundation that must be present in the non-basic sector if development of the basic sector is to succeed. Community economic development (CED) practitioners and those communities that adopt the more holistic CED approach, focus equal attention on the development of the non-basic foundational sector and the growth and stability of the basic sector.

ORGANIZATION OF THIS FOUNDATIONAL PLAN/ELEMENT

This CED Plan/Element uses the terms “non-basic” and “community development”; “basic” and “economic development” interchangeably. While some of the goals of the community could arguably impact both the non-basic and basic sectors they are organized by their major contribution to the community, be it non-basic or basic, but both their non-basic and basic impact, if it is a permanent and continuous impact, will be noted. Both non-basic and basic actions and projects are also split into their regional and local implications. For the purposes of this plan, local is considered any economic activity occurring within three (3) miles of the municipal boundary. Regional is, at a minimum, the “Enchanted Circle” and at its maximum includes Taos County, Los Alamos County, Rio Arriba County, and Santa Fe County as defined in the Regional Economic Development Initiative (REDI) Plan. When viewing the Taos economy from a regional perspective it is most appropriate to focus no larger than the Enchanted Circle, other than how our basic economy connects to and is in general alignment with the direction of the greater REDI region.

The primary focus of this plan and the subsequent 2013 update is on those actions that the Town of Taos can undertake immediately and that generally affect the local economy and quality of life. A full plan, when it can be funded for completion, will need to include more medium and long term projects and goals and include more regional projects and goals but that more complete plan should not be funded solely by the Town of Taos, despite how much it is needed. Instead it is a regional effort that needs regional participation and regional funding by the public and private (for profit and non-profit alike) sectors.

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This foundational plan provides statements of general focus for the non-basic and basic goals and the general methods used to develop the economy; followed by a preliminary strategic analysis; specific focus areas and their potential impact; CED goals and policies; financing options; state incentives; local incentives; application, review, cost-benefit, and review criteria; and attachments. The biggest weakness with this foundational plan was a lack of public participation in the development of the foundational plan. The 2013 update resolved this by providing extensive public involvement and this foundational plan has been updated to reflect the public perspective. Those changes are minor in nature but needed to be vetted with the public in order to ensure that the community supports the approach as stated herein.

Community Development

Non-basic or community development goals include, but are not limited to affordable housing, education, parks, recreation, public transit, public parking, traffic management, energy independence, food security, medical services, spiritual/religious institutions, natural resource conservation, open space, art and cultural facilities, historic and cultural preservation. Some of these community development activities will directly affect economic development activities but the root impetus for pursuing these projects is to improve the quality of life in the community. For example, tourism can be directly affected by the community's historic and cultural preservation activities, but these activities are deeply rooted in a preservation of the unique identity of the community. Another example is the construction of a sporting venue that fulfills not only a community need but, if done correctly, exceeds the local need and can be leveraged to broaden the attractiveness of the community to outside users of the sports facility.

Economic Development

Basic or economic development activities include business retention, expansion, and incubation (BRE & I); and attraction. Taos has a number of basic economic drivers including, but not limited to, art and craft production; custom furniture manufacturing; alternative energy research and development; gourmet and organic food production; personal care product manufacturing and formulation; publishing; software development and services; tourism; events and festivals.

Business Retention and Expansion: Retaining and expanding businesses tends to get less attention and emphasis than it deserves. Winning the relocation or attraction of a large, location dependent, new business tends to get more press and political fanfare. However, retaining and assisting with the expansion of local businesses tends to have a greater return on investment for a community. Relocating and attracting location dependent businesses is often a very expensive undertaking and often requires incentives and concessions by the local community that will take years if not decades for the community to recoup. Community economic development emphasizes the growth and retention of local businesses over attracting location dependent businesses and generally accomplishes its retention and expansion goals by addressing the

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improvement of the business climate and quality of life of the local population. Business attraction becomes a byproduct of those initiatives.

Taos has intrinsic geographic, artistic, historic, and cultural advantages and for many years has relied on tourism as its main economic engine with little planning or organization. Those same advantages that worked in Taos' favor for years in the tourism industry have also created a unique and high quality of life that has attracted and retained generations of entrepreneurs and creative individuals. Until recently, Taos saw continual growth in both population and economic production. Then in 2006, two years ahead of the Nation, Taos slipped into recession and has been continuously in recession since that time. With the decline in revenues and visitation, many businesses have closed or soon will close and for the first time the community must seriously consider what it can do to prevent further business closures and relocations.

A substantial tool for business retention and expansion was developed with the writing of this foundational plan; a business retention and expansion survey originally called *Maintain Taos* that has yet to be implemented and there is some desire to rename it. The intent was for the survey to be conducted by a third party that was preferably a private non-profit that could ensure the privacy of proprietary information that was collected. To be effective the program would begin with a baseline survey of all basic businesses within the local limits of this Plan by an economic development entity that focuses on the Enchanted Circle Region. To remain relevant and accurate the survey should be conducted annually. The results of the survey will allow for the development of interventions that will retain or assist in the expansion of local businesses. A draft of the survey is attached at the end of this plan. It would be appropriate to also survey the non-basic businesses with the same survey but addressing the needs of those businesses falls to the Taos County Chamber of Commerce and to date there is little capacity or desire by the Chamber to undertake this important task.

Business Incubation: Taos County Economic Development Corporation (TCEDC) operated a very successful business incubator from the late 1980s to the late 1990s. Since then, TCEDC's mission has shifted from general economic development to a focus on community development and the preservation of land, water, people, and agriculture. TCEDC continues to incubate value added agricultural production and food production businesses through their community commercial kitchen and mobile matanza. Today there is no formal business incubation in the Taos area and starting a business incubator from scratch is cost prohibitive in the current economic climate. The Town and the County, however, own under-utilized facilities that could be leveraged to incubate new businesses.

Business Attraction: Because Taos is isolated by having only a commuter quality airport, no rail service, and over an hour's drive to a major interstate over rural state and federal highways that wind through tight mountain curves or the Rio Grande River canyon, standard methods for business attraction are not productive. Business attraction for Taos instead should focus on the marketing of its quality of life, the non-basic economic environment that it seeks to build, to attract new or relocating businesses and entrepreneurs. In addition Taos' electric cooperative, Kit Carson

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Electric, has invested substantial funding received in American Reinvestment Act grant and a low interest USDA Rural Utilities loan to build a region wide fiber optic network that will be accessible by 2015. This investment by the Cooperative can provide a major change for the economic structure of the Enchanted Circle if leveraged properly and marketed in conjunction with the New Mexico Partnership.

The Town of Taos has elected to concentrate on community economic development where the emphasis is placed on creating a community that has such a high quality of life that it will attract small entrepreneurial businesses that are "location neutral", meaning that the type of business that they are involved in can be done in a location of their choosing. These businesses are typically small, as small as a sole proprietor to typically no more than 30 employees and these businesses are almost always knowledge and intellectual property driven; they include editing, technical writing, software development, medical transcription, legal transcription, film production/editing, import and export management, back office support, etc.

Taos' approach for business attraction is to create an environment that is supportive of the creative economy and entrepreneurial development. Once the essential support structures are in place and the creative and entrepreneurial business environment is stabilized, the community will need to market its advantages to key demographic groups. Location neutral entrepreneurs typically come out of three (3) age cohorts that are experiencing a life changing event:

- age 20 to 25 where the young adult is typically graduating from college or graduate school with a degree in a specialized area such as engineering, computer science, art studio, or film or other technical skill and are looking to start their own business or work for a small firm with the intention of eventually becoming a partner or branching out to eventually start their own business;
- age 35 to 40 adult with substantial experience who is starting a family and desires a less formal working arrangement or wants to start their own business continuing to work in their field;
- Age 55 to 60 senior adult with significant experience and industry contacts, has become an "empty nester", is able to typically go into semi-retirement and work for themselves or start a small firm providing services to the industry that they exit from.

The common personality trait for entrepreneurs from each of these age cohorts is a high tolerance for change. Unlike most people, major life changing events that occur outside of the entrepreneur's control is embraced as an opportunity for additional change and makes them less resistant to other changes. It is also common for entrepreneurs to be less risk adverse.

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STRATEGIC ANALYSIS

A standard and useful tool in strategic planning is to perform a SWOT analysis, or **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats analysis that succinctly provide a snapshot of the likely environment for any undertaking. The following is a preliminary SWOT analysis that was revisited during 2013 update of this foundational plan and was not altered significantly. The results of the more recent SWOT can be found in the appendix of the 2013 update.

Preliminary SWOT Analysis	
Strengths	Weaknesses
Natural Beauty History Culture Architectural Integrity Artistic Notoriety Diversity Taos Pueblo Rio Grande River and Gorge Kit Carson National Forest Variety of Restaurants Holy Cross Hospital Altitude Youth and Family Center Community Commercial Kitchen Kit Carson Park Festivals Art/Craft Events	Traffic Congestion Narrow or No Sidewalks Poor Parking Management No Parking Plan High Land Prices Isolation Lack of Affordable Housing Public and Private Maintenance Dominant Service Based Economy Unstable Public Education System Incomplete Way Finding Plaza Economic Mix Lack of Broadband Access Private Investment Inconsistent Electric Power Delivery
Opportunities	Threats
Northern Rio Grande National Heritage Area Art & Cultural District New Mexico MainStreet Eco Park Convention Center Metropolitan Redevelopment Area Tax Increment Financing District Tax Increment Development District Taos Community Auditorium Solar Center Kit Carson Electric Fiber to Home Project Regional Collaboration REDI Historic Taos County Courthouse Police Station Redevelopment Town and County Land and Facilities	Vacant Buildings Absentee Landlords Cannon AFB Low Altitude Training Flights Competing Communities Changes in Spending Patterns Demographic Changes High Rents Declining State and Federal Resources High Land Costs Tight Credit Markets Changes in Travel Choice

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The purpose of the SWOT is not to limit the development of the community and is not an exhaustive list but is meant to provide focus and clarity to a particular undertaking and to ensure that the community will have a full understanding of the range of influences that can affect the undertaking. It can also provide a focus for community economic development and assist with the prioritization of actions.

FOCUS AREAS

Focus areas are determined by examining the SWOT analysis and priority is given to the relative perception of success and logical order of implementation. The focus areas are broken into community development, hybrid, local economic development, and regional economic development focus areas and projects. The focus areas have been further refined through the public process during the 2013 update and have been assigned priority during that process. These focus areas continue to be relevant but should be looked at for future reprioritization as the 2013 Action Plan is completed.

Community Development Focus Areas/Projects

This section examines the most immediate areas of the non-basic sector that the community should focus on. This is not an exhaustive list, but it is meant to identify those areas that can realistically be improved or are in such a critical condition that action must be taken immediately to stabilize that aspect of the community.

Affordable Housing:

2013 Update:

In 2005, similar to the passage of LEDA in 2000, the Town of Taos adopted Ordinance 05-03, the general affordable housing ordinance, and Ordinance 05-04, the Chamisa Verde project specific plan which was also to be considered the Town of Taos' Housing Plan.

The Town has amended these ordinances to comply with the amended Affordable Housing Act Statute and the rules promulgated by the New Mexico Mortgage Finance Authority (MFA). The original project specific Ordinance for Chamisa Verde was not only flawed in its approach to affordable housing, it is wholly inadequate as a Housing Plan for the community.

In September of 2012 the Town adopted a new Affordable Housing Plan. While there is legitimately a concern over developing the economy while continuing to have housing that is not affordable, this plan is not seeking to address the affordable housing issue and instead will defer to that plan and simply recommend that it be fully implemented with all due haste. .

Retail leakage: The Town of Taos commissioned a retail leakage study from the University of New Mexico's Bureau of Business and Economic Research in 2007. Anecdotally the community was aware that most major purchases were being made outside of the Town of Taos. The study confirmed this pattern of behavior however the

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leakage was far greater than anticipated. Local purchases of retail goods was as low as 44%, meaning a 66% leakage of sales of electronics, office supplies, and clothing to the surrounding communities of Espanola, Santa Fe, and Albuquerque. Communities that have healthy local retail markets capture between 75% and 85% of the retail sales for most goods. It is unreasonable to expect purchases to be made 100% locally in any community as it is not uncommon for consumers to occasionally combine shopping with other activities at a travel destination, but the level of leakage in Taos far exceeds the norm. Internet purchases have further complicated these leakage patterns in recent years since internet retailers have lower overhead, inexpensive shipping, and do not charge sales tax (or gross receipt tax) providing them with the ability for a larger profit margin and/or better pricing, and each transaction can be completed in a manner of minutes without leaving the home or office.

It is believed that this leakage continues and has been exacerbated by an increase in online sales. However the data on the leakage is old enough to be considered completely unreliable. Growth or decline in the retail sector should be left to the private sector without government intervention. Retail is primarily a non-basic activity and low wage job producer therefor a greater community benefit will be generated by focusing on the creation of basic economic jobs which in turn will increase the local demand for non-basic goods and services, particularly at the retail level.

Education: There are two critical distinctions in the area of education: primary/secondary which focuses on preschool to high school graduation and higher education that includes post-secondary technical/vocational training as well as college and university based education. Primary/secondary education is governed by the school board of Taos Municipal Schools and the Governing Councils of Charter Schools. Although primary/secondary education is not controlled by the Town, its successes and failures greatly impact the non-basic sector of the economy and can often be the deciding factor in attracting workforce and businesses as well as retaining them.

As a municipal government, the Town can do very little to directly correct the inadequacies of the school district. The Town can and should pursue open communication with school administration and the school board. There may be opportunities to partner on projects with the schools that may help to improve the condition of the schools. Given that the Taos Municipal School Board been willing to work with the Town on the use of school property for the construction of the Eco Park, there may be an opportunity to move forward additional positive collaborations that will improve our primary/secondary education system.

Some steps have been taken to increase collaboration between UNM – Taos and Taos High School to offer more vocational and technical courses as well as college credit courses to high school students. While neither is sufficient to prepare a high school

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student for immediate entry into higher paying employment upon graduation from high school, they do provide a solid foundation for additional higher education or an entry level position that includes additional on the job training.

Higher Education has been growing in Taos, especially for the University of New Mexico at Taos, due in no small part to the leadership of Dr. Kate O'Neil. Southern Methodist University has also grown in recent years with the winterization of the historic Fort Burgwin campus to allow for year round classes. Other colleges and universities have looked at potentially developing specialized campuses and there may be opportunities for expanded higher educational offerings in Taos.

UNM – Taos is the predominant higher education institution in Taos but development of a four year campus has been stalled and no longer appears to be under consideration. Continued collaboration with UNM Taos by the Town to develop a degree conferring campus is advisable although it may rely more on the use of technology than traditional bricks and mortar development to be feasible.

Infrastructure: The Town of Taos provides a commuter airport, water, sewer, roadways, and downtown public parking and has been working to continually upgrade and provide better infrastructure to the community and the region. The wastewater treatment plant operates on a regional basis and is located nearly eight miles from the Town's border. The Town also manages the regional landfill and the regional airport located approximately four (4) miles north of the Town. There are multiple jurisdictions that use the airport, wastewater treatment plant, drinking water, and with the exception of the landfill these facilities are managed and funded entirely by the Town of Taos and state and federal grants.

The policy of the Town has been to allow properties outside of the municipal boundaries to receive water and/or sewer service provided that the Town Council approves the connection and that the recipient pay a fifty percent premium on the service or 1.5 times the standard rate. This practice does not capture the true costs of providing the service outside of the municipal boundary. A better practice would be to require annexation or approval of an annexation development agreement that includes a premium payment until the property can be annexed, prior to receiving Town services. A pre-annexation development agreement functions as a deferred annexation petition that guarantees that the property will annex to the Town once the Town limits reach the property and requires that any development on the property meet the Town standard.

Annexation is a concern in the community and has not been supported by a very vocal portion of the community and aggressive annexation should not be pursued, however the practice of providing services to properties outside of the municipal boundary without requiring annexation or an annexation development agreement should be reconsidered. Recently certain properties that were on the border of the Town were annexed in to clean up the Town boundaries and adequately include properties receiving Town service but not technically within the Town's boundaries.

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Transportation is a major challenge for the community. A state and federal highway bisect the community and are not well maintained by the New Mexico Department of Transportation (NM DOT). These highways, as they are currently used, cause severe traffic congestion during peak visitation periods. The Town is often supplementing the maintenance of these highways at its own cost. One potential resolution would be to request a turn back agreement from the US Department of Highways and NM DOT. Such a turn back agreement would require the state and federal governments to bring the roads into compliance with an acceptable level of improvement prior to the Town assuming all maintenance responsibilities.

Given the current condition of state and federal funding, they are unlikely to have the funds to make the necessary improvements in the immediate future to execute a turn-back agreement. This is also likely the reason why the Town has not been approached by state in particular for a turn back agreement. Furthermore the Town lacks defined construction standards and the delay will allow for a complete standard cross section to be developed that will hopefully include landscaping, at-grade and raised medians and special crosswalk treatments within the historic districts, etc. It is anticipated that this will be addressed in the Infrastructure Element of the Comprehensive Plan although that plan has not been funded.

Public safety: Public safety is comprised of three major activities: police; fire protection; and emergency medical services. The County provides emergency medical services within the Town and surrounding areas in exchange for the provision of fire protection by the Town in partnership with the Taos Volunteer Fire Department.

The Town of Taos Volunteer Fire Department is well staffed with both full-time Town employees and volunteers and is well equipped.

The Town of Taos also has a well-equipped police department that is currently short officers which is causing required overtime and increased officer stress due to a precipitous rise in calls for service. In order for the police to become pro-active in enforcement and to increase community based policing, not to mention the reducing the over-time requirements and stress on its current officers, the Town will need to consider adding additional officers.

Library: The Town of Taos operates the largest public library in the region. This critical cultural and educational asset is heavily used by the Town and the region and is in need of expansion. Due to its regional impact, the Town should not be responsible for the entire cost of providing the library or its needed expansion. Any expansion of the library should be undertaken as a regional partnership and the cost of the ongoing operations should be shouldered by the same regional partnership.

Hybrid Focus Areas/Projects

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This section focuses on areas that can be most immediately pursued and will affect the entire Taos economy and cannot be ascribed to just non-basic or basic sector impact. This list, unlike the other sections, is meant to be comprehensive as true hybrid or holistic activities are rare but can be very effective if executed well. If other true hybrid areas are discovered they should be added only after careful consideration of their cost and likely return on investment. Most holistic projects can be very costly and realistic cost-benefit analysis should be undertaken before embarking on any costly projects.

Eco Park: Today the first FIFA regulation sized soccer field of the three (3) field Eco Park complex is complete and has been in operation for just over two years.

The Eco Park is the second step toward creating Taos as a high altitude training destination and for hosting sports tournaments, in this case a focus on field sports. The ice hockey rink at the Taos Youth and Family Center and the tournaments that they have hosted since 2004 was the first step and it has proven that Taos can position itself as a destination for sports tourism. The construction of the Eco Park, in addition to meeting local needs, was predicated on the potential of similar success for attracting field sports to Taos for tournaments and high altitude training. The field is currently operated by the Taos Sports Alliance with a marginal budget and with similarly marginal success.

Of concern is the lack of cost-benefit analysis used prior to initiating this project. It is very important that the Town, if it truly wants to leverage this asset, develop a plan for the fields operations and maintenance. It is impossible for the current operator to be given any sort of objective performance measures if the minimum requirements are unknown. For this project to be productive beyond just a community entity and fulfill its potential as a stabilizing force in the tourism sector it must be able to generate sufficient tax revenues to cover the debt service on the loan used for construction and the funding needed to cover its operations and maintenance costs. Any operational plan must also include replacement costs for the field based on the expected life span of the artificial materials and the term of the lease with Taos Municipal School District.

Prior to any additional investment of public money to construct the remaining fields, the operations of the first field must be at a breakeven point and demonstrate substantial demand for additional fields that will generate public revenues equal to or in excess of the additional debt service, operations and maintenance costs of a second or third field. The first and most important analysis should address the economic reality of how much public revenue will be required to offset the \$2.6 million public investment in the first field and its ongoing operations and maintenance.

Regardless of the results of the baseline economic analysis of the first field, the public sector should not be the sole funder of any additional fields. Other funding collaborations with the private and philanthropic sectors should be explored and public funding of additional fields should be no more than 50% of the total cost.

Youth and Family Center: The Youth and Family Center has an additional acre or more of land available for development. A number of concepts have been forwarded for

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the build out of the property but all of the scenarios involve enclosing at least one sheet of ice so that year round ice time is available. The current environment allows for ice from approximately November 1 until March 31. Due to only a single sheet of ice, tournaments have been constrained, but a second sheet of ice will take time to develop and funds will need to be raised. The most likely scenario is for the current rink to be enclosed while funding for the remainder are raised with the goal of building a new sheet of ice that is fully enclosed. Once the second sheet is constructed the original rink, or perhaps the new facility, would become a convertible space, allowing for arena football, soccer, lacrosse, and other sports to be played in addition to providing a second sheet of ice during major tournaments such as the Thanksgiving Hockey Tournament, High School All-Stars, and the Coyote Classic. A year round skating facility would allow for the community to host training camps in the off-season, including coaching and referee clinics, and would also allow for pre-season high altitude training for teams.

Unlike the first phase of the Eco Park, which was built entirely with public funds, the major source of funding for the skate rink at the Youth and Family Center was private donations and philanthropy. The public investment was minimal. It makes sense for the public sector to fund the interim measures, such as enclosing the existing rink, and fund the design of the new improvements. It would then be appropriate for the community and the Town government to work together to identify capital sources, both public and private, for the construction of any new improvements.

Prior to pursuing any of these improvements, including the most immediate improvement by enclosing the ice rink for year round use, a realistic cost-benefit analysis needs to be done which should include, at a minimum, the likely time it will take for the public investment to see a positive return. This is the same analysis as is recommended for the existing Eco Park field and future fields (if any).

Higher Education: Working with UNM – Taos and potentially other schools such as Southern Methodist University to develop a four-year campus that will allow students to pursue their entire educational career in Taos is important for the community, but more importantly would provide a university atmosphere that could positively influence Taos Municipal Schools and attract new youth to Taos who are pursuing a Baccalaureate degree. These new college students will demand a certain level of housing, goods, and services not to mention providing new depth to the local work force. A constant issue for northern New Mexico is the lack of a qualified workforce to meet even existing local demands. The lack of a qualified workforce can make attracting even small startup firms with minor personnel needs difficult.

The Town should continue to support and assist UNM – Taos with its goal of becoming a complete four-year degree conferring satellite campus for UNM, but the emphasis should not be on bricks and mortar construction. Instead the focus should be building career paths that include certificates, associates and Baccalaureate degrees without leaving Taos. This would be best accomplished by leveraging the KCEC fiber optic network to allow for distance participation in classes held at the main UNM Campus in

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Albuquerque and thereby eliminating the geographical barriers to higher education that location dependent education creates.

Taos Community Auditorium: The Taos Community Auditorium (TCA), operated by the Taos Center for the Arts, is an artistic and cultural cornerstone for the community and a draw for visitors. The TCA hosts national touring companies; live high definition simulcasts of the Metropolitan Opera; theatrical productions; high definition movies; and community events. The TCA not only meets the local need for artistic and cultural shows and events, it draws visitors from as far away as Dallas, Texas.

The master plan for the TCA property includes a smaller theater and a “black box” theater that will allow for additional performances and film work including editing and post-production. These additional spaces are designed and a capital campaign will begin once the economy stabilizes and begins to show at least moderate growth.

Local Economic Development Focus Areas/Projects

This section examines the areas of basic economic sector activities that hold the greatest potential for positive results. This is not an exhaustive list just as the areas listed in the previous section regarding the non-basic economic sector are not exhaustive. However these areas have the greatest promise for a significant return on investment for the community and are most likely to expand the basic economic sector of Taos.

Location Neutral Business Attraction: Standard business attraction often involves a significant investment in staff, outreach and marketing, and eventually concessions and investment by the community in order to attract a business that is interested in relocating. It is not unusual for large location dependent companies that can provide significant jobs and/or contribution to the tax-base to receive millions in incentives and local concessions. In some cases communities have invested so much into attracting a particular business to the community that they may not see a return on their investment for a decade or longer.

Standard business attraction also uses key elements to put a community on the “radar” for site location consultants. These key elements include many things that an isolated community like Taos could never provide; namely easy interstate access, rail and air transportation, and reasonable land, utility and development costs. Standard business attraction which is supported by the state through the New Mexico Partnership is rarely workable for a community like Taos.

Instead Taos has chosen to pursue the attraction of “location neutral businesses” which are those businesses, be they composed of a single entrepreneur or a firm of thirty (30) that can, by the nature of their work, be located anywhere in the US or even the world. These businesses often rely on broadband and technology for their work and/or,

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especially in the case of artistic and craft goods production, they rely a network of support for the creative economy including a collegial atmosphere, educational opportunities and quality primary/secondary schools, affordable and quality housing choices, significant amenities and natural beauty. Taos is well suited to meet most of the needs of these location neutral businesses and can take steps to improve in the areas that can be improved such as education.

As mentioned in the introduction the typical personality trait of location neutral entrepreneurs is a high tolerance for change. Unlike most people, major life changing events that occur outside of the entrepreneur's control is embraced as an opportunity for additional positive change which tends to make them less risk adverse. Most location neutral entrepreneurs that will relocate and therefore can be attracted to Taos generally come out of three (3) age cohorts that are experiencing a life changing event:

- age 20 to 25 where the young adult is typically graduating from college or graduate school with a degree in a specialized area such as engineering, computer science, art studio, or film or other technical skill or creative endeavor and are looking to start their own business or work for a small firm with the intention of eventually becoming a partner or branching out to eventually start their own business;
- age 35 to 40 adult with substantial experience who has or is starting a family and desires a less formal working arrangement or wants to start their own business continuing to work in their field;
- Age 55 to 60 senior adult with significant experience and industry contacts who has become an "empty nester" and typically is able to go into semi-retirement and work for themselves or start a small firm providing services to the industry that they exit from.

There is a sort of infrastructure, or in this case support structure, that is required for location neutral businesses (LNB). Perhaps the most important part of the support structure is an essential service provider (ESP) who provides support functions and services such as accounting or bookkeeping, legal advice, mailing, mail delivery, fax service, copying, conference space, a gathering spot such as a coffee shop or deli, video conferencing, and occasional "heads down" space when collaboration is needed, all in a single physical location. Unlike the typical business incubator that provides subsidized office space and comingled services in a public facility, the ESP is a private sector business that operates, ideally, a public-private partnership facility that makes services and spaces available on an a' la carte basis after paying a basic membership fee. In addition to basic business services and facilities on an on-demand basis that allow for close control of overhead, the ESP is also needed to address another very real need for LNBs – human contact. The need for human contact comes from the relatively isolated nature of LNBs where most of their work is done at their home. Studies have shown that most workers who base their business out of their home need to get out and socialize about every third day or their productivity will suffer.

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Another common need, regardless of the type of LNB, is sufficient business class broadband availability at a reasonable price. Taos currently has minimal broadband availability with broadband available primarily within two (2) to four (4) miles of the Century Link switch located on Civic Plaza Drive in downtown Taos. Standard business class broadband access through the sole provider, Century Link, is expensive with very little choice; a T-1 line which averages 3 Mb up and down load speeds is \$500 per month after installation costs and a DS3 line with averages of 15 Mb up and down load speeds is \$5,000 a month after the cost of initial installation. The lack of choice and high cost for effective business bandwidth and the limited geographical reach of these services have hindered Taos' ability to be competitive in attracting LNBs.

LNBs need a local workforce as well as one that is remote. Support can be best provided to this sector by encouraging local educational institutions to provide programs that offer industry standard and recognized certifications in areas of direct need for technology based businesses. Most often a four-year degree is not a necessary credential in the technology world. Practical, focused and hands-on education that can result in industry standard certification in a specific field of technology are in demand by Location Neutral Businesses.

Very recently the Regional Economic Development Initiative (REDI), a regional partnership sponsored mostly by funding from Los Alamos County, was able to secure funding for the construction of middle mile service in Santa Fe, Rio Arriba, and Los Alamos County with some last mile construction, and Kit Carson Electric Cooperative in conjunction with REDI secured combination grant and loan financing to provide last mile development of the fiber optic network in Taos. The award for both projects through REDI is critical for Taos; without the funding and deployment of REDI Net, Kit Carson would not have been able to deploy their last mile development plan because the network would not be able to reach the point of presence in Albuquerque. Since the network is being deployed with American Recovery and Reinvestment Act (ARRA) money the network will be an open network instead of a proprietary network. This means that the access to the network must be broadly available to any internet service provider. This will introduce competition to the currently uncompetitive broadband market and that competition should increase the quality and choice of service for residents and businesses. Kit Carson's portion of the network is also unique in that the fiber will be deployed to every home and business that Kit Carson services to make the deployment of smart grid technologies possible. Since the smart grid application will only occupy a small portion of the data capacity of the fiber, each business and home will be able to receive additional information technology services. The deployment of REDI Net and the Kit Carson fiber optic network is critical to Taos' attraction of LNBs.

UPDATE: Kit Carson's fiber optic network is approximately eighteen months from being completed. The project has suffered a number of delays and little is known about the project and Kit Carson has not been forthcoming with pricing, access, etc. despite numerous inquiries by local internet service providers. Furthermore there has been little to no planning regarding how to leverage this major infrastructure investment to the benefit of the communities within the Kit Carson service area.

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Air service is often another requirement for a LNB. By providing goods and services outside of the state these businesses require occasional to frequent air travel. The Taos Regional Airport has been trying to get clearance for the construction of a cross-wind runway for over twenty years (20 +) to improve the capacity and safety for air travel to and from Taos but the project has been stalled in the Environmental Impact Statement process, specifically centered on concerns relating to the historic preservation aspects or section 106 compliance as it relates to Taos Pueblo, the cultural gem of the southwest if not the United States. Recently Taos Pueblo and the Town of Taos have made progress toward a resolution to the Pueblo's concerns and the EIS may come to a close in the near future allowing for the construction of the long awaited cross-wind runway. The next most available airport is the limited commercial airline service out of Santa Fe or full air service through the Sunport in Albuquerque.

UPDATE: The FAA, Taos Pueblo and the Town of Taos reached agreement on the final disposition of the Environmental Impact Study and the required mitigation of the potential impacts. The US Transportation Secretary has signed the Record of Decision, opening federal funding for the construction of the long awaited cross wind runway. However the project is now stalled as the Town seeks a method to fund the 10% match requirement of approximately \$2.4 Million.

Another common need of LNBs is reasonably affordable high quality homes with a layout conducive to or designed to accommodate the needs of those engaged in a live-work lifestyle. Some of Taos' historic housing stock lends itself well to a live-work lifestyle if more modern amenities can be brought to those homes. Taos has many accomplished designers and general contractors who can certainly design speculative, standard plan, and custom homes that can meet the needs of LNB entrepreneurs, but affordability will continue to be a concern with continuing high land costs. Although ideal housing might be able to be provided to LNBs in sufficient quantities, the natural beauty and community amenities will need to continue to provide a high value to these businesses in order to overcome the high price of housing for newly attracted LNBs.

Taos has made some key investments toward a LNB attraction strategy and as the remaining support structures are developed, the community will need to market to this demographic. The Community Economics Lab has been working with the state on a statewide LNB attraction strategy and has several pilot programs in place. It is advisable for the Town to consider entering into the state program as a pilot community and develop the necessary partnerships to be successful and receive state assistance with marketing and evaluation.

Areas where Taos can begin immediately to grow local LNBs include medical transcription, technical writing, editing, and legal transcription. Taos contracted with AIS Development to complete an economic development feasibility study for medical transcription in the fall of 2009. The results show that these jobs, which can be located anywhere in the US but must be provided on US soil, pay well and are in high demand. The Town of Taos should continue to pursue local LNB creation through medical transcription and similar industries to jump start LNB attraction. The same support

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systems that will be needed by locally created LNBs are the same as those that may relocate to Taos and local LNBs may be able to support a startup ESP so that support network will be in place and operational, furthering Taos' competitive position for attracting new LNBs to the community.

Business Retention and Expansion Program: Taos has never undertaken a formal business retention and expansion (BRE) program. Businesses have generally been able to thrive or at least limp along sufficiently in the past with no formal support or intervention. Today the loose, disorganized, and reactionary approach to BRE is insufficient. Taos has lost a number of emerging companies to competing larger cities who have provided support to their growing business and in some cases provided incentives for them to grow their business in their new location.

First and foremost Taos must execute a baseline survey of all businesses, basic and non-basic alike to understand the condition of the total local economy. The baseline survey instrument has been created and is an attachment to this plan. The survey can be self-administered or can be taken by interview. Interviewing a survey respondent is often preferable but is time consuming and manpower dependent. This survey, if completed correctly, would provide valuable information for following up with those businesses that show signs of relocation, shutdown, expansion, or stabilization assistance. The results of the survey must be kept confidential and should be used only by qualified economic development entities and personnel such as the Town Manager, Community Economic Development Director, Taos County Chamber of Commerce personnel, Taos Entrepreneurial Network Coordinator, economic development contractors, etc. To keep the data relevant and current the same survey should be completed on an annual basis but may be limited to basic industries and distressed segments of the non-basic sector.

The baseline survey can be accomplished in several ways including a sole contractor, sole staff member, or a group of volunteers and staff. The single staff member or contractor approach removes the need for training and keeps the data collection consistent but will also be very time intensive and will take much more time to complete. Using volunteers to collect the data will require training of the volunteers, coordination, and management and data collection is likely to be inconsistent although it will likely take less time to complete the survey. The method that will likely yield the best results is a combination of interviews and self-administered surveys using a single staff member or contractor who delivers the survey and arranges with the owner or manager of the business a time to either administer the survey by interview or to be collected from the business allowing them to self-administer the survey.

BRE requires actions both by qualified individuals and by groups of qualified people and organizations depending on the severity and breadth of the business concern. A task group of qualified professionals that can address BRE should be formed. This task group would most likely form out of a subset of the Taos Entrepreneurial Network and the Taos County Chamber of Commerce along with a Town staff member or contractor. The Town staff member or contractor would be responsible for administering and maintaining the BRE survey database and would be the point of

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contact for any BRE action or recommendation by the task group. The task group will need to be able to meet on short notice and act quickly either individually or by bringing the appropriate entities to the table to take action to retain or assist in the expansion of local businesses.

BRE is not glamorous. BRE rarely grabs headlines or even thanks beyond the business that is saved, retained, or expanded. But although it lacks the glitz and fanfare of business attraction it is the most effective of all basic economic development actions.

Business Incubation: Business incubation is similar to but more resource intensive than business retention and expansion (BRE) efforts. It also generally has a high fail rate given that many startups cannot survive more than 24 to 36 months on average. But business incubation can yield huge results, creating growing businesses that are a part of and committed to the community that supported their start. What distinguishes BRE from incubation is the maturity of the business. Most businesses that are younger than five years can benefit from an incubation approach while those businesses older than five years are most likely to benefit from a BRE approach. Businesses that can be incubated are generally split into two maturity categories: startups and mid-development. Startups are usually at the very beginning of their development to around two years of operation. This is the most unstable time for a business and where the most business failures occur and successful interventions are the most difficult to create. Mid-development businesses generally have at least two years of operating history but less than five years of operation. While the business can still be volatile there is some track record of the business to evaluate to determine what will be the best intervention for the business.

The Taos Entrepreneurial Network (TEN) is one of the most effective tools for incubating startup businesses. TEN is a collaborative network of professionals that meet on a monthly basis to provide support and networking opportunities to new business ventures. Members of TEN's network of professionals will often give up to an hour of assistance to a startup or mid-development business in the hopes that they will succeed and eventually become clients. TEN also provides a facilitator who helps connect businesses with the help they need to stabilize or grow their business or even help to gracefully shutdown a business that is failing. The Town should avoid direct incubation of startup businesses and instead should provide TEN with monetary support to ensure that the program continues to meet the needs of startups with little risk or exposure to public assets and funding.

Taos County Chamber of Commerce is an evolving entity that is moving away from its historic emphasis on Fairs, Expos, tourism marketing, visitor information and basic advocacy toward developing educational forums, workshops, and business and economic development services in addition to targeted advocacy and continuing community political forums and networking opportunities. Many Chambers of Commerce have lost their relevancy in the US and the new leadership of the Chamber has moved the organization forward. The Chamber can and should play a role in incubation, alongside TEN, and as a key partner in BRE efforts and a collaborative role in LNB attraction. The Chamber can be most helpful to its startup and mid-

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development members by matching them to experienced and long standing members that are willing to share their understanding of the Taos business environment.

The biggest role that the public sector can play in business incubation, besides supporting TEN and working collaboratively with the Chamber, is to consider the adaptive reuse of underutilized public assets, particularly the Town of Taos' Convention Center and Taos County's Historic County Courthouse. Often the biggest impediment to a growing business is to stabilize its working capital needs and exponential growth. This is usually evident in mid-development businesses that need assistance with cost reduction in order for receivables to be converted into cash and meet working capital demands. Stabilization can usually be achieved within five to seven years of business operation. One of the easiest ways for the public sector to assist these growing businesses is provide a facility for the business at an initially greatly reduced or abated rental amount and slowly increase the rent over a five year period. After the fourth or fifth year of assistance the business needs to be charged a market rental rate and thereafter be charged a market rental rate plus a rapidly escalating premium to encourage the business to relocate to a private property. Incubation needs to be short term and needs to be firmly managed in order for businesses to become self-sufficient and for new growing businesses to have access to the same assistance. Just as any basic economic development action must demonstrate net public benefit through a realistic cost-benefit analysis, any abatement or subsidy of rent must be secured and show that the community will be able to recoup its investment within a reasonable time period either through additional tax base and/or employment.

Tourism Diversification/Stabilization: Tourism has long been the mainstay of the basic economic sector of Taos. Visitors come to enjoy the stunning natural beauty, experience the authenticity of the living cultures, and to be inspired by and a part of the intense creative environment of Taos. The prior success of Taos has been organic and unorganized often fueled by word of mouth, history, and reputation. In the current travel climate Taos cannot remain competitive for tourism dollars without organization and effort to make the visitor experience not only seamless and simple but remarkable.

Tourism and its associated retailing and services are at its heart firmly rooted in the basic economic sector. Instead of exporting goods and services and importing revenues, the lodging industry, and associated tourism retailing and service industries import visitors who consume locally produced goods and services and leave their revenues behind in the community. Other communities have become well organized and make the visitor experience seamless and easy making the current difficulty in visiting Taos less attractive and therefore less competitive.

The highest grossing and growing sectors of the travel industry revolve around four key areas: heritage/cultural tourism; eco-tourism; adventure/experiential tourism; and sporting tourism. All of these tourism interest areas share in common some general demographic traits – these tourist are generally well educated, stay longer or make repeat visits, are willing to spend more for authenticity and unique experiences, and appreciate a strong environmental ethic. The heritage or cultural tourist generally wants to stay in an upscale historic hotel, eat at local restaurants offering traditional

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local cuisine, and tour and experience authentic historic sites and interpretation. The eco-tourist generally values the opportunity to stay in unusual accommodations that support sustainability and conservation and to participate in activities that allow the tourist to interact with the natural environment in a memorable way and leave no trace of their visitation. The adventure or experiential tourist is less concerned with accommodations and is mostly concerned with having an experience that they can never have anywhere else and are able to take back the thrill, the knowledge, and the skills that they acquired from their visit. The sporting tourist is similar to the adventure or experiential tourist in their focus on the activity that they will be engaged in during their visit be it a tournament or training camp, or other activity. Most importantly they may need sports related medical services and/or equipment during their trip in order for the experience to be positive.

The one attribute that all of these types of tourism exhibit is these tourists have a deep passion for the interest that motivates them to travel. When a person becomes passionate about an experience, they become what is known as “price insensitive”, which simply means that they will scrimp, save, and sacrifice in order to follow their passion and are willing to pay a premium for the highest quality, most authentic, and/or impactful trip.

The public sector’s role in this area is to facilitate organizing of the private sector tourism industries and forming partnerships among private, public and non-profit sectors that will support an overall effort to increase, diversify, and stabilize Taos’ tourism industry. A very key component of that support is the creation of a tourism portal website that will act as a trip planner for visitors that want to travel to Taos. In addition, the designation of Taos as an ACD has created a natural partnership between the state departments of tourism, cultural affairs, and economic development, the Town of Taos, and all segments of the creative economy that is heavily engaged in heritage or cultural tourism and adventure or experiential tourism. The state has also designated Taos as a pilot eco-tourism program and the Northern Rio Grande National Heritage Area is in its final Management Plan Approval stages and will provide yet another non-profit entity and the National Park Service to the enhancement, support, and organization of the heritage and/or cultural tourism segment. Taos is also organizing itself through the Taos Sports Alliance to address the organization of sporting tourism. The Town’s role should be to bring these diverse resources together in one virtual location and make it easy for the traveler to not only visit but to have an exceptional experience on their visit. The best way to do this is to create and maintain a portal website that also provides a trip planner.

The need for providing an organized portal with a trip planning function is based on the fact that one of the largest growing segments in travel is family vacations. The tendency is for families to try to combine multiple interests into a single trip where everyone has an opportunity to participate in something meaningful for them. For example, a son may travel to participate in a summer athletic competition, the daughter may take advantage of the opportunity for high altitude training for an upcoming competition while the mother takes a series of art classes from Taos artists and the father takes advantage of the opportunity to fish the Chama River with his son

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and watch his son's games. Modern family vacations often have multiple purposes and the wider the variety of offerings that can be conveyed the more likely you are to get the tourist to not only come, but to stay longer and make repeat trips.

Perhaps the most important physical improvement that the public sector can make in Taos is the rehabilitation of the Historic County Courthouse on the Taos Plaza and the installation of a heritage and cultural interpretive center in the historic courtroom where the WPA murals are located. Although Taos County owns the building, the County does not have the capacity to make the needed improvements to the building. Instead it will take a partnership effort between Taos County, Town of Taos, Northern Rio Grande National Heritage Area, National Park Service, Taos ACD, and the community to make it possible.

Art/Craft Production: The production of art and crafts, ranging from classical visual arts, to healing arts, to performance arts, to pottery, to jewelry making, to literary arts and all points between, has been a basic economic engine for Taos since its establishment as an art colony and a writer's colony starting with the establishment of the Taos Society of Artists in 1915.

With the continually increasing cost of living and sky rocketing home prices in Taos beginning in 2003, many artists have been priced out of the community and live and work outside of the local area of this plan. Part of the results of the Artist Housing Market Survey indicated a significant interest in the construction of affordable studio space. While some additional studio space may be included in a future Artspace project, it is unlikely that the Artspace building will provide enough affordable studio space to meet the current and hopefully growing demand. The Town should give consideration to assisting with the development of additional affordable studio space to retain and attract artists to Taos. In addition to making it possible to retain and attract artists, a development of this type would also provide a natural gathering place for artists to socialize and collaborate and could lead to informally structured mentorships among experienced and inexperienced artists working in similar or the same medium.

The sale of art has also changed dramatically in the last few years. Galleries are no longer limited to their physical location. To be competitive galleries are creating an internet presence, and may even participate in open air fares and events. This is particularly true of artist owned and operated galleries. Cultural markets and artist cooperative galleries are beginning to become more viable. Changes to the function and regulation of uses on the Taos Plaza have been forwarded through the recent work completed by the Taos ACD, which if implemented could add the Plaza to the list of available venues for selling art and crafts produced in Taos County. What is clear from the Artist Housing Market Survey is that not only are affordable studio spaces needed and desired, but accessible and reasonably priced venues for the sale of art and crafts is a need of the emerging artist.

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Specific Areas of Emphasis for Growing and Diversifying Taos' Basic Economic Sector: In addition to the previous mentioned general areas of focus for economic development in Taos, there are specific areas of basic economic activity that should be considered for support to expand their cluster size in Taos at a minimum on a local level and in most cases as a part of their expansion on a regional level. The areas of specific industry cluster focus include: organic and non-toxic personal care product formulation and manufacture; software development and services; publishing, editing, and transcription; and gourmet and organic food production.

- *Organic and Non-toxic Personal Care Product Formulation and Manufacture*

As one of the few viable areas for possible manufacturing in Taos, organic and non-toxic personal care product formulation and manufacture is small but potentially growing industry cluster. Three significant businesses were established in Taos that form the beginnings of a cluster; Vapour Beauty and Private Label Select, both organic and non-toxic cosmetics formulators and manufacturers and Desert Blends, a body and bath product formulator and manufacturer. As of this update, Desert Blends has ceased operations but both Vapour Beauty and Private Label Select continue to grow. This industry cluster should be defined and their infrastructure needs identified if the Town wishes to support attracting such businesses to the area and developing it as a local cluster. Unlike some cluster focuses, this cluster can be supported by a local approach.

Despite the manufacturing aspect of this cluster, this specific subset of the personal care product industry is unique and is somewhat location dependent. Shipping costs are nominal with most products being small quantity containers and easily sent via UPS or similar parcel service. The location dependency of the business involves wild harvesting of certain materials that are present in the Taos region. Other materials are generally light weight and have low shipping costs. A value chain analysis may be useful to fully develop it as a cluster in a deliberate fashion but at a minimum a cluster definition should be made prior to pursuing attraction of new businesses in this sector. These two businesses and other unidentified businesses working in this economic sector should be targeted for retention and expansion efforts at the very least.

- *Software Development and Services*

Taos has had limited success in attracting information technology businesses due to two key limiting factors: marginal, expensive, and limited choice for broadband; and electrical supply instability. The issues surrounding broadband have been the most limiting, but with the broadband deployment through Kit Carson Electric Cooperative in partnership with REDI Net, this critical infrastructure barrier will be greatly reduced if not eliminated. The instability of power is another concern that still needs to be addressed but is less severe of an impediment than broadband. Software companies and service providers need consistent power to keep servers functional and at the correct temperature to ensure they are able to provide their products and services any time of day or night. This is particularly true with the increased globalization and interconnectedness of the world through the internet. With electrical instability comes

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the need for backup power and depending on the need the cost of devices that will provide sufficient power during an outage have a wide range in price from hundreds of dollars for individual battery backups that provide up to an hour of power to backup generators that run well into the thousands of dollars.

Taos, despite these deficits, has been able to retain and grow Siriusware, a provider of ticketing, point of sale, and resort management software and services. Siriusware has quietly become a significant local employer providing well-paying technically related jobs and contributing to the basic economic sector of Taos. To continue to grow this business and to be able to attract and incubate similar businesses, the deployment of the Kit Carson fiber optic network must be done in a timely fashion and the electrical instability issues must be addressed. Siriusware should be emphasized in the any BRE efforts to identify and implement improvements that will ensure the local community takes steps to become more information technology friendly. Currently Siriusware has almost as many remote workers as local workers due to a variety of factors but mostly centered on quality of life issues.

The new access to the super computer in Albuquerque via the new fiber optic network and easy access to Los Alamos National Laboratory should also be factored in when pursuing growth in this segment both locally and regionally.

- *Publishing, Editing, and Transcription*

The Town of Taos commissioned a study on the viability of organizing an effort to train and then move into contract employment individuals in medical transcription. During that study it was discovered that in addition to the high demand for medical transcription there is a high demand for editing of technical material, legal transcription, text book editing, etc. that can be done remotely. This area has a huge potential for local incubation with very low costs to the community. The needs of those engaged in these areas, because they are independent contractors working from home, are very similar to the needs of other location neutral businesses (LNB). If the Town were to implement the actions recommended in the AIS study, it would potentially jump start the LNB attraction strategy by providing a sufficient demand to drive the startup of a private essential service provider (ESP).

Publishing is another possibility if the community can meet the needs of independent presses such as Red Wing Book Company, an independent press for professionals engaged in eastern and western traditional healing arts. Small presses are another LNB that can benefit from the creation of a business cluster approach. Determining the needs of Red Wing may enable it to grow while also highlight the needs of similar sized publishers that the community might be able to attract. Publishing is a very intellectually intensive industry and with the ever expanding potential for internet and multi-media publishing, the need for a fixed location is rapidly fading. Red Wing Book Company is another potential strong growth business that should receive priority in the implementation of any BRE effort.

- *Gourmet and Organic Food Production*

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Taos County Economic Development Corporation (TCEDC) opened a community commercial kitchen to allow for value added agricultural businesses to develop. Constructing and equipping a commercial kitchen is a very expensive venture for any startup company. By providing this community commercial kitchen TCEDC has started many fairly successful food businesses including Pepe's Salsas, Antonio's Salsas, Tina's Burritas, Arabian Nights, and Cooking Studio Taos' Caleb and Milo brand products. The kitchen is at full capacity and is limited in what it can provide for any growing business. In order for these companies to make the transition from production for local distribution to regional distribution and eventually into interstate and national distribution, they will eventually need additional space, either shared or solely occupied by them. The problem is the high cost of the transition. Fortunately the Town of Taos has a commercial kitchen that is underutilized that could be made available for that interim step provided that the Town has a reasonable expectation of receiving benefits in excess of the costs to the public. Other commercial kitchens may also be available from private sources, but the Town is most likely the only entity that can reduce and even abate rent in order for a growing business to have the greatest chance of success in transitioning from the community kitchen to a new facility of their own.

Regional Economic Development Focus Areas/Projects

2013 Update: This section will need to be updated in future planning efforts and must incorporate the rest of the Enchanted Circle region in its completion. The clusters identified below are drawn directly from the REDI Plan and remain relevant to economic development in the Enchanted Circle.

Film and Media

Alternative Energy

Solar

Research and Development

Installation, Maintenance, and Repair

Value Added Agriculture

High Altitude/Hypoxic Training

Community Economic Development Goals and Policies

Non-basic Economic Sector Goals and Policies (Community Development):

- Goal: Implement the adopted Affordable Housing Plan in a timely fashion to ensure that the community is provided housing that is safe, decent, and affordable
- Goal: Support educational improvement for Taos Municipal Schools
 - Policy: Form a work group between Town of Taos Staff, Taos Municipal Schools and interested non-profit institutions to form partnership efforts to improve public school performance
- Goal: Support the development of a four-year degree conferring college or university
 - Policy: The Town of Taos will examine the potential adaptive reuse of underutilized Town owned buildings where UNM – Taos may be able to hold classes
 - Policy: To the extent applicable, the Town will explore the possibility of combining Town sponsored affordable housing development with the development of student housing for higher education institutions
 - Policy: Support and actively assist UNM – Taos with the development of a four year degree conferring campus relying on the installation of the KCEC fiber optic network to expand educational offerings and access rather than the traditional bricks and mortar approach.
- Goal: Enact common sense annexations
 - Policy: The Town of Taos will examine the possibility of annexing those properties where services are provided by the Town in order to capture the revenues generated on those sites that will directly support the provision of said service
 - Logical annexations, if possible, include the waste water treatment plant and associated land, regional airport, and regional landfill
- Goal: Improve transportation throughout the central business district
 - Policy: The Town of Taos will examine the possibility of a turn-back agreement from the New Mexico Department of Transportation and the US highway Department provided that all said highways meet a specific standard prior to the turn-back
 - Policy: The Town of Taos will actively pursue improvements to the traffic flow along Paseo del Pueblo from Los Pandos north to the intersection with Camino de la Placita with a focus on converting Camino de la Placita to one-way south bound and Paseo del Pueblo to one-way north bound
- Goal: Provide a proactive community oriented police force
 - Policy: The Town of Taos will examine the benefits of adding additional officers in order to shift from reactive policing to proactive community involvement
- Goal: Expand the Taos Public Library to meet current and future needs of the region

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- Policy: Formation of a regional partnership to fund the expansion and operations of the Taos Public Library which should include the possibility of housing the UNM – Taos library
- Create a regionally based Library District that fairly distributes the cost burden of the Library among public entities in the region that use the Library's services through the Intergovernmental Council (IGC)
- Goal: Regionalize all regional services currently funded solely by the Town of Taos
 - The Airport and the Youth and Family (Y&F) Center both provide services to the region and are solely funded by the Town. The formation of a regional aviation district and a regional recreation district through the IGC will fairly distribute the cost burden of the airport and Y&F Center among public entities in the region that use their services

Combined Non-basic and Basic Economic Sector (Hybrid) Goals and Policies

- Improve athletic facilities and opportunities to host sporting events
 - Policy: Make key investments in existing facilities
 - Examine the true productivity of the Eco Park prior to additional public investment in building out the facility
 - Engage the community in actively funding the development of the remainder of the Eco Park
 - Examine and determine the likely pay off period for enclosing the existing ice rink and for building a new enclosed ice rink
 - Make public improvements to the existing ice rink if positive return is possible
 - Publicly fund the master plan of the development of the Youth and Family Center Property and full design of a new ice rink if a positive return is possible in a reasonable time period
- Build out the master plan for the full development of the Taos Community Auditorium
 - Policy: The Town of Taos will actively support the fund raising efforts of the community to construct the remainder of the master plan for the development of the Taos Community Auditorium

Local Basic Economic Sector Goals and Policies (Economic Development):

- Provide performance based assistance to basic economic sectors
 - Policy: The Town of Taos will only participate in performance based assistance to basic economic companies using objective benchmarks to ensure fair and accurate performance evaluation
 - Policy: Any economic development assistance provided by the Town of Taos must show a positive return on the investment of public funds, property, or other public asset within ten years of the provision of public assistance

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- Attract location neutral businesses and industry clusters to the Town and the region
 - Policy: The Town of Taos will actively engage in improving the quality of life in Taos
 - Policy: The Town of Taos will work with the New Mexico Partnership to identify specific sectors that the Partnership can effectively market the community to in order to attract location neutral businesses to Taos
 - Policy: The Town of Taos will continue to support Kit Carson Electric Cooperative with the deployment of the Kit Carson fiber optic network
 - Policy: The Town of Taos will develop and adopt a live-work ordinance to allow for mixed use buildings and dwelling units.
 - Policy: The Town of Taos will implement the recommendations of the AIS Development Study regarding the development of remote medical transcription and similar location neutral business on the local level to jump start the attraction of other location neutral businesses
- Retain and Expand local businesses
 - Policy: The Town of Taos will support a third party that will annually conduct the Business Retention and Expansion Survey included as an appendix to this plan
 - This survey must be done in an interview method by trained economic development professionals in order to be effective
 - Policy: The Town of Taos will create and staff a Business Retention and Expansion Task Group to create recommendations for Town Council action and to create individual and group intervention strategies to retain and to assist in the expansion of local businesses
- Incubate local businesses
 - Policy: The Town of Taos will avoid directly incubating startup companies (those companies with less than three (3) years of successful operating history) but will continue to support Taos Entrepreneurial Network to provide support to startup companies
 - Policy: The Town of Taos will consider the use of existing public assets to assist in or directly incubate mid-development companies
 - Policy: The Town of Taos will, to the extent the Taos County Commission desires and the Town Council approves, assist in the renovation of the Taos County Courthouse with the specific goals of developing a heritage and cultural interpretive center in the historic courtroom where the Taos WPA murals are located and development of the remainder of the building as a location for business incubation or other use as determined by the community and supported by the Taos County Commission
- Diversify and stabilize the tourism sector
 - Policy: The Town of Taos will continue to provide appropriate marketing of the community using lodgers tax funds
 - Policy: The Town of Taos will facilitate an effort to develop a tourism portal site with a trip planner to assist in the organization and marketing of the growing segments of the travel industry, specifically focusing on heritage/cultural, eco, adventure/experiential, and sporting tourism

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- The Town of Taos will assist in locating funding to design and establish the internet portal site and trip planner and will contribute to maintaining the portal site and trip planner
- Reinvigorate the production of art and crafts in Taos
 - Policy: The Town of Taos will explore ways that the Town can assist with the development of affordable studio space
 - Policy: The Town of Taos will pursue live-work zoning code amendments to increase the availability of affordable live-work space
- Emphasize the definition of and direct assistance with the development of a local cluster for the areas of organic and non-toxic personal care product formulation and manufacture; software development and services; publishing, editing, and transcription; and gourmet and organic food production
 - Policy: The BRE Survey will place emphasis on these key areas and other basic industries to identify the needs of these clusters and the BRE Task Group will make recommendations for steps the community can take to make the expansion, retention , and attraction of these key industry segments in Taos

Regional Basic Economic Sector Goals and Policies (Economic Development):

- These goals and policies should be developed under a regional effort.

FINANCE

The Town should develop an economic development financing plan that will examine the full range of options available to the Town for financing public support of economic development. The Town should fund assistance or internally further examine the following potential funding methods, which should also be examined as a part of the Downtown Master Plan as funded by a State Grant that was secured through New Mexico Main Street – Arts and Cultural District:

Metropolitan Redevelopment Area: This requires a declaration of blight which is most likely unpalatable to the community and local leadership and should be only pursued if there is unanimous agreement that it is necessary.

Tax Increment Finance: This may be a feasible option but more in depth analysis is needed.

Tax Increment Development Districts: This may be a feasible option but more in depth analysis is needed.

Business Improvement Districts: This is a very possible source of not only funding but a way to provide cohesion for local retailers, especially those located in the downtown. This will also shift much of the economic development funding burden to the private sector and will convey greater private sector control than other financing options. This may be a feasible option but more in depth analysis is needed.

Economic Development Local Option GRT (ED LOGRT): Currently the Town is effectively blocked from using this tax. This tax must be approved by an election and it must have access to the local infrastructure related GRT. Currently the Town has maximized its infrastructure tax to the limits of New Mexico Law and further more cannot meet the essential test for electing to use this tax as the General Fund Tax, which may be approved by a simple declaration by the Town Council, is not at its statutory limit. The Council can, in its discretion, raise the General Purpose tax by .5%. Doing so would allow for a restructuring of the infrastructure tax which could then be taken to the public for a vote to enact an ED LOGRT. Those funds would be authorized for use only for specific purposes identified in the ballot measure that is approved by election in the community. These funds are also restricted to basic economic activities and cannot (and should not) be used for any retail venture or other non-basic activity. This may be a feasible option but more in depth analysis is needed.

Quality of Life Local Option GRT: This may be a feasible option but more in depth analysis is needed.

STATE INCENTIVES

The Town should fund assistance or internally further examine funding methods including State incentives, which should also be examined as a part of the Downtown Master Plan as funded by a State Grant that was secured through New Mexico Main Street – Arts and Cultural District

LOCAL INCENTIVES

The Town should fund assistance or internally further examine the use of local incentives in addition to other funding methods, which should also be examined as a part of the Downtown Master Plan as funded by a State Grant that was secured through New Mexico Main Street – Arts and Cultural District.

APPLICATION, REVIEW, COST-BENEFIT, AND PUBLIC SAFEGUARDS

Per the New Mexico Local Economic Development Act and the Taos Local Economic Development Ordinance, collectively referred to as LEDA, the Town of Taos shall:

1. At an initial intake interview the Town or the Town’s representative shall determine if the potential applicant is a qualifying entity as defined in §4.20.040 of LEDA.
2. An application shall be prepared with assistance from the Town or the Town’s representative only if the potential applicant is determined to be a qualifying entity under LEDA.
 - a. The application must contain all required information as set forth in the Town of Taos Application for Economic Development Assistance and LEDA
3. Upon completion and submission of a complete application by the applicant, the Town or the Town’s representative shall review the application and perform an independent cost-benefit analysis
 - a. Multiplier effects above three (3) shall not be considered.
 - b. All multiplier effects must be reasonably associated with the direct impacts of the proposed project. Indirect effects will not be considered.
 - c. The National Development Council’s standard analysis methods or Town approved equivalent shall be used to evaluate the solvency and growth potential of an applicant.
4. Upon completion of the review and analysis of the application, Town Staff or the Town’s representative shall forward the application and review to the Town Council for review and approval. Project participation agreements will only be considered for Town Council approved applications.

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5. Upon Town Council approval of an application, Town Staff or the Town's representative shall prepare a Project Participation Agreement (PPA) for Town Council consideration.
 - a. All PPAs must be performance based and must include sufficient objective measures to determine performance.
 - b. All PPAs must demonstrate a positive return on the public investment within ten (10) years of the adoption of the ordinance approving the PPA.
 - c. All PPAs must include safeguards for the public investment as required by LEDA.
 - d. All PPAs must contain, at a minimum, the contents required by LEDA.
 - e. A draft of all PPAs shall be made available through the Town Manager to the Town Council prior to adoption.
 - f. All PPAs shall be approved by ordinance by the Town Council.

ATTACHMENTS

Annual Business Retention and Expansion Survey

Application for Economic Development Assistance

Standard Review Criteria for Applications for Economic Development Assistance

Model Ordinance for Adopting a Project Participation Agreement

Model Project Participation Agreement

State of New Mexico's Local Economic Development Act

Town of Taos' Local Economic Development Act Ordinance

Business Retention & Expansion Survey

The purpose of this survey is to learn more about companies in the Taos area and about ways the Community can best support our existing companies. In addition to learning information that will help in planning programs and services for area companies, your responses will enable us to identify ways in which we can support your specific company. This survey is being conducted as a part of a business expansion and retention program. All individual responses to this survey will be held in strict confidence.

Business Profile

Company Name: _____

Contact Person: _____ Title: _____

Address: _____ Phone: _____

Email: _____ Website: _____

Product/Service(s): _____

NASIC code: _____ Number of Employees: _____ Years at Location: _____

Site Size (acres): ____ Building Size (sq. ft.): _____

Parent Company?: Yes No Name: _____

Other Locations: _____

Corporate Contact Person: _____ Title: _____

May we contact him/her?: _____ HQ Phone: _____

Markets/Products

What markets does your company serve? (indicate % of total sales in each market)

____ Local ____ County (outside of town) ____ State (outside of county)

____ National (outside of state) ____ International (Total should equal 100%)

Please provide some information about up to four of your top products:

1. _____

2. _____

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3. _____

4. _____

Product Customers (Industry or demographic type)

1. _____

2. _____

3. _____

4. _____

Outlook for new or additional markets:

1. _____

2. _____

3. _____

4. _____

Would you be interested in assistance in locating local customers? Yes No

If yes, what assistance would you require? _____

Raw Materials/Suppliers

Consider your company's major raw materials. Which goods or services purchased from outside the area would you prefer to purchase locally if available at a comparative price?

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Personnel/Labor

Total Employees: _____ % Union : _____ Union Name(s): _____

What percentage of your labor force is: Skilled ____ Semi-Skilled ____ Unskilled ____
 Clerical ____ Management ____

What approximate percentage of your employees live within (miles) ____ 0-5 ____ 6-15
 ____ 16+

Current employment status: ____ Hiring ____ Stable ____ Downsizing

What demand do you anticipate for additional work force during the next five (5) years?

2014 ____ 2015 ____ 2016 ____ 2017 ____ 2018 ____

Number of hourly skilled _____ Number of hourly unskilled _____

Number of clerical _____ Number of supervisory/technical _____

Availability of Workers

Consider the following labor-skill classes, and circle the number that best represents your opinion of their availability for employment locally and the quality of basic skills possessed by new employees:

5=Excellent 4=Good 3=Average 2=Poor 1=No Opinion

	Skill Class Availability	Quality of Skills
Professional/Management	1 2 3 4 5	1 2 3 4 5
Skilled	1 2 3 4 5	1 2 3 4 5
Semi-Skilled	1 2 3 4 5	1 2 3 4 5
Unskilled	1 2 3 4 5	1 2 3 4 5
Clerical	1 2 3 4 5	1 2 3 4 5

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Have you worked with any of the following to provide customized training for your employees? (check all that apply)

___ UNM Taos ___ SMU in Taos ___ Highlands University ___ Northern NM College

Would you be interested in job training programs designed to meet your needs? Yes No

If yes, what specific types of training? _____

Community Services/Assistance

Please rate the following community resources for the community in which your facility is located according to their quality and cost, circling the response which best matches your opinion:

1= Excellent 2=Good 3=Average 4=Poor 5=No Opinion

	Service Quality	Cost Rates
<i>Utilities</i>		
Water Sewer	1 2 3 4 5	1 2 3 4 5
Electric	1 2 3 4 5	1 2 3 4 5
Gas	1 2 3 4 5	1 2 3 4 5
Telecommunications	1 2 3 4 5	1 2 3 4 5
Internet	1 2 3 4 5	1 2 3 4 5
<i>Transportation</i>		
Air	1 2 3 4 5	1 2 3 4 5
Public Transportation	1 2 3 4 5	1 2 3 4 5
Truck	1 2 3 4 5	1 2 3 4 5
<i>Community Services</i>		
Health Care	1 2 3 4 5	1 2 3 4 5
Entertainment/Recreation	1 2 3 4 5	1 2 3 4 5

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Education (K-12)	1 2 3 4 5	1 2 3 4 5
Higher Education (colleges, etc)	1 2 3 4 5	1 2 3 4 5
Police Protection	1 2 3 4 5	1 2 3 4 5
Fire Protection	1 2 3 4 5	1 2 3 4 5
Paramedic/EMT Service	1 2 3 4 5	1 2 3 4 5
Streets & Highways	1 2 3 4 5	1 2 3 4 5
Other _____	1 2 3 4 5	1 2 3 4 5

Comments: _____

Business Activity/Business Climate:

Please list or describe the greatest advantages of operating your business in the following areas?

Town of Taos _____

Taos County _____

State of New Mexico _____

Please list the greatest disadvantages of operating your business in the following areas?

Town of Taos _____

Taos County _____

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State of New Mexico _____

What recommendations do you have for improving the business climate or quality of life in these areas?

Town of Taos _____

Taos County _____

State of New Mexico _____

Does your company plan to establish new or expanded operations outside the Taos County area? Yes No

If yes, where/why? _____

Does your company anticipate a need to reduce or phase out a local facility? Yes No

If yes, when/why? _____

In which of the following areas has your company expanded in the past year? (check all that apply)

___ Facility Approximate Investment: \$_____

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___ Equipment Approximate Investment: \$_____

___ Employment # new employees: _____

In which of the following areas do you anticipate growth in the next year? (check all that apply)

___ Facility Approximate Investment: \$_____

___ Equipment Approximate Investment: \$_____

___ Employment # new employees: _____

At what percent of production capacity is your local facility operating? ___%

Are you planning an expansion or new facilities within the area within the next five years? Yes No

If yes, please explain: _____

Business Assistance

Is your company currently challenged by any of the following issues? (check all that apply)

___ Utilities ___ Physical Space ___ Vandalism ___ Capital Financing

___ Labor ___ Transportation ___ Safety ___ Taxes

___ Government Regulation ___ Environmental Issues

___ Business Mgmt. ___ Drainage ___ Marketing ___ Other (specify) _____

Please describe the most critical issue currently facing your company: _____

How can the community help? _____

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Are there any specific challenges your company is facing which the community can assist in resolving?

Are there any additional industry or other support services that you feel are needed in the area?

What else can the community do to enhance your company's effectiveness or profitability in the Taos area?

Would you like any information regarding any of the programs listed below? (check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Federal Financing Programs | <input type="checkbox"/> Worker Training Programs |
| <input type="checkbox"/> State Financing Programs | <input type="checkbox"/> Industrial Revenue Bonds |
| <input type="checkbox"/> State Incentive Programs | <input type="checkbox"/> Technical Assistance |
| <input type="checkbox"/> Other: _____ | |

Thank you for completing our survey. Your assistance in this project is critical as we develop new programs to help make your company more successful. A member will visit your office in the near future to discuss the results of the survey with you and to obtain any additional input you may wish to provide. In the meantime, if you have any questions, please contact X by telephone at 575.xxx.xxxx or by email at [X](#).

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Town of Taos
Economic Development Assistance Application

The Town of Taos has adopted an ordinance for local economic development that comports with the Local Economic Development Act (LEDA) of the state of New Mexico. The Town of Taos is committed to diversifying, stabilizing, and growing the economic base employment sector of the Taos economy. In order to receive economic development assistance from the Town of Taos, an interested party must complete this application. The application will then be reviewed and if the Town of Taos believes that the application has merit, a Taos Economic Development Project Participation Agreement will be prepared for Town Council consideration.

Please provide the following information:

1. Identification information:

- a. Complete name and address of the qualifying entity;
- b. Incorporation papers with bylaws;
- c. List of board of directors and executive directors, with addresses; and
- d. Resumes of all directors and officers.

2. Evidence of financial solvency (personal statements of principals):

- a. Financial statements (income statements and balance sheets) for the past three (3) years;
- b. Federal tax numbers, New Mexico state taxation and revenue number and town's business license;
- c. Projected income statement for at least three (3) years.

3. Evidence of organizational capacity:

- a. Brief history of the qualifying entity;
- b. Organizational chart of the qualifying entity;
- c. Business plans for the qualifying entity and proposed project (including cash flow analysis);
- d. Evidence of ability to manage the project, such as, but not limited to:
 - (1) List and description of previously completed projects; and
 - (2) Resumes of key staff involved with project;
- e. The qualifying entity shall disclose the following information (if the answer is yes, the entity shall attach a written explanation):
 - (1) Has the qualifying entity or any of its officers ever been involved in a bankruptcy?
 - (2) Has the qualifying entity or any of its officers ever defaulted on obligations on which payments are not current?

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(3) Does the qualifying entity have any loans or other financial obligations on which payments are not current?

4. Funding sources for the proposed economic development project:
 - a. Equity investment of qualifying entity;
 - b. Specific assistance being requested of the town (e.g., specific parcel of land, applicable fees, etc.), with the estimate of value; and
 - c. Funding sources other than the town with letters of commitment of intent to fund.

5. A complete and specific description of the proposed economic development project, including, but not necessarily limited to:
 - a. Business activities to be conducted;
 - b. Management and staffing requirements;
 - c. Property and equipment requirements;
 - d. Markets;
 - e. Transportation requirements;
 - f. Utility requirements, including, but not limited to, electric, gas, and water;
 - g. Solid and liquid waste disposal requirements;
 - h. Infrastructure requirements;
 - i. Regulatory compliance requirements; and
 - j. Environmental assessment.

6. A complete and specific cost benefit analysis. The source and rationale for any multiplier effects shall be identified. The cost benefit analysis shall show that the town will recoup the value of its donation within a maximum period of ten (10) years.

7. A complete and specific description of the proposed economic development project's substantive contributions to the town including, but not limited to, such factors as in-kind services to the town, jobs, expanded tax base, property or other thing or service of value for the expansion or improvement of the economy.

8. A complete and specific description of the employee job training and career development plan for the proposed economic development project.

9. Any other information necessary for the town to make a determination as to whether or not the applicant is a qualifying entity.

10. Any other information required of the applicant by the governing body. (Ord. 00-22 § 7, 2000)

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Town of Taos
Economic Development Assistance Application Review

All applications to the Town of Taos shall be reviewed under the following criteria:

1. Compliance with all requirements for an "economic development project" and a "qualifying entity";

ECONOMIC DEVELOPMENT PROJECT: The provision of direct or indirect assistance to a qualifying entity and includes the purchase, lease, grant, construction, reconstruction, improvement or other acquisition or conveyance of land, buildings or other infrastructure; public works improvements essential to the location or expansion of a qualifying entity; payments for professional services contracts necessary for local or regional governments to implement a plan or project; the provision of direct loans or grants for land, buildings or infrastructure; loan guarantees securing the cost of land, buildings or infrastructure in an amount not to exceed the revenue that may be derived from the municipal infrastructure gross receipts tax or the county infrastructure gross receipts tax; grants for public works infrastructure improvements essential to the location or expansion of a qualifying entity; purchase of land for a publicly held industrial park; and the use or construction of a building for use by a qualifying entity.

QUALIFYING ENTITY: A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

A. An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;

B. A commercial enterprise for storing, warehousing, distribution or selling products of agriculture, mining or industry, but other than provided in subsection D or E of this definition, not including any enterprise for sale of goods or commodities at retail or for the distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;

C. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than provided in subsection D of this definition, not including businesses primarily engaged in the sale of goods or commodities at retail;

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- D. A telecommunications sales enterprise that makes the majority of its sales to persons outside of New Mexico; or
 - E. A facility for the direct sales by growers of agricultural products, commonly known as farmers' markets.
2. Feasibility and substantive contribution of the proposed economic development project;
 3. Evidence of financial solvency and financial ability to undertake and complete the proposed economic development project;
 4. Qualifications of the principals to undertake and complete the proposed economic development project;
 5. Stability of the qualifying entity and organizational capacity to undertake and complete the proposed economic development project;
 6. Cost benefit analysis that includes:
 - a. The number and types of jobs to be created both temporary construction jobs and permanent jobs (by New Mexico department of labor job category);
 - b. Pay scales of jobs;
 - c. Determination of which jobs are expected to be filled locally and which will be filled by transfers from other facilities or recruited from outside the Taos area;
 - d. Total payroll expected at startup and after one year;
 - e. Anticipated impact of project on local tax base; and
 - f. Anticipated impact on local school system; and
 - g. Anticipated impact on regional environment; and
 - h. Anticipated impact on utilities, water, and other infrastructure; and
 - i. Anticipated impact on the community socioeconomic structure and cultural and historical heritage.
 - j. Benefits derived by the Town through a Project Participation Agreement must demonstrate a net benefit to the Town within the required ten year period of the Project Participation Agreement.



ORDINANCE 1X-XX

AN ORDINANCE OF THE TOWN OF TAOS APPROVING A LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN THE TOWN OF TAOS AND XXXXXXX FOR ECONOMIC DEVELOPMENT ASSISTANCE FROM THE TOWN OF TAOS IN THE FORMS OF XXXXXXX IN RETURN FOR THE PROVISION OF THE FOLLOWING ECONOMIC BENEFITS TO THE TOWN IN THE FORMS OF XXXXXXX.

WHEREAS, the Town Council met in Regular Session this ____ day of _____, 201X; and,

WHEREAS, the Town Council concludes that the attached Project Participation Agreement will stimulate economic development in a manner consistent with the Town's adopted Interim Community Economic Development Strategic Plan and Comprehensive Plan Element; and,

WHEREAS, the Town Council pursuant to the New Mexico Local Economic Development Act, NMSA 1978 §§ 5-10-1, *et seq.*, and the Town's Economic Development Ordinance §§ 4.20.020, *et seq.*, believes it is in the best interest of the Town of Taos and in the interests of economic development to enter into the attached Project Participation Agreement;

NOW, THEREFORE, BE IT ORDAINED, The Town of Taos Council hereby adopts and approves the Project Participation Agreement entered into by and between the Town of Taos and XXXXXXXXXX for the XXXXXXX and the provision of economic benefit to the Town in the forms XXXXXXX and the safeguarding of public resources, and dated XXXXX in substantially the form attached.

This ordinance shall become effective as provided by law.

ORDAINED, ADOPTED, APPROVED, AND RATIFIED this XXXXX day of XXXX, 201X by the following vote:

Councilman Rudy Abeyta _____

Councilwoman Amy Quintana _____

Councilman Eugene Sanchez _____

Councilman Michael Silva _____

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MAYOR

ATTEST:

TOWN CLERK

APPROVED AS TO LEGAL FORM:

TOWN ATTORNEY

Project Participation Agreement
PROJECT PARTICIPATION AGREEMENT
BETWEEN THE TOWN OF TAOS AND
XXXXXXXXXXXXXX

This Local Economic Development Project Participation Agreement (the “Agreement”) is entered into as of this XXXX day of XXXXX, 201X, by and between the Town of Taos, New Mexico (the “Town”), an incorporated Municipal entity of the State of New Mexico and XXXXXXXX (the “Company”).

WHEREAS, the Town has adopted Ordinance 00-22 implementing the Local Economic Development Act of the State of New Mexico pursuant to §5-10 NMSA 1978; and,

WHEREAS, the Town has approved and adopted the Town of Taos Interim Community Economic Development Strategic Plan which meets the requirements of the Local Economic Development Act (LEDA) §5-10-6 NMSA 1978 which includes the assistance of economic development projects in any legally permissible manner; and,

WHEREAS, XXXXXXXXXX has been determined to be a qualifying entity as required under LEDA and Taos Town Code §4.20.040; and,

WHEREAS, the Town of Taos intends for XXXXXXXXXX provided within this Agreement to be used to generate additional XXXXXXXXXX for the Town of Taos; and,

WHEREAS, the application for economic development assistance has been completed by the Company and reviewed and approved by the Taos Town Council; and,

WHEREAS, the Town and the Company desire to enter into this Agreement without which said economic benefits would not otherwise be possible.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

Section 1: Contributions:

- 1.1 The Town of Taos agrees to provide XXXXXXXXXX
- 1.2 The Company agrees to provide XXXXXXXXXX

Section 2: Performance: The Company shall meet the following performance measures over the ten (10) years that this agreement is effective:

Section 3: Performance Schedule, Review, and Temination: The Company shall meet the following benchmarks by the dates listed in the schedule below:

The Town shall annually review the performance of the Company to the above performance schedule to ensure that the Company is satisfying its obligations set forth in this agreement. If

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the Company fails to meet its obligations, the Town may require the Company to take corrective action according to a schedule as set by the Town at the Company's sole expense. If the Company fails to meet its obligations or take the actions necessary to meet its obligations, then the Town may at its sole option proceed to terminate this Agreement.

Section 4: Security of Public Investment: The Company agrees to the following methods of securing the interest of the public proportionate to the investment of public funds, property, or other means of assistance:

Section 5: Dispute Resolution: The parties will work in good faith to resolve any disputes that arise hereunder. In the event of a dispute by the parties, the President of the Company or a designee and the Director of Community Economic Development or a designee shall meet and attempt in good faith to resolve the dispute. If the dispute remains unresolved the Company representative shall meet with the Town Manager and attempt in good faith to resolve the dispute. Nothing contained in this Agreement constitutes a waiver of any party's right to seek judicial relief.

Section 6: Force Majeure: Neither party shall be liable to the other party for any failure to perform any provisions of obligations of this Agreement if such failure is caused by or results directly or indirectly from Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a party affected, including but not limited to, any acts of God, fire, flood, storm, strike, riot or civil disturbance, war, earthquake, lightning, epidemic, labor disturbance, sabotage, or restraint by court or public authority, or any other cause beyond the reasonable control of a party affected whether similar or dissimilar to the ones listed, which makes it impossible or unreasonably difficult for a party to perform its obligations under this agreement. Nothing contained in this paragraph shall be construed to require either party to prevent or settle a strike against its will. The party unable to perform its obligations due to Force Majeure will provide written notice to the other party within five (5) working days of its becoming aware of the Force Majeure or its inability to perform and its expectations as to when, if ever, it will be able to resume its obligations. "Business Climate Changes" are not within the definition of Force Majeure.

Section 7: Notices: All notices or other written communications, including requests for disbursement, that are permitted to be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by a recognized overnight delivery service, by fax, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown in this Agreement. If notice is mailed, it will be deemed received on the earlier of actual receipt or on the third business day following the date of mailing. If notice is hand delivered or sent by overnight delivery service, it will be deemed received upon actual delivery. If any written notice is facsimile or electronic mail, it will be deemed received when printed or written confirmation of the transaction. A party may change its notice address by written notice to the other party to this Agreement. The initial notice addresses for the parties are as follows:

If to the Town of Taos:

Office of the Town Manager

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400 Camino de la Placita
Taos, New Mexico 87571
Tel. (575) 751-2000
Fax: (575) 751-2026
e-mail:

If to the Company:

XXXXXXXXXX
XXXXXXXXXX
XXXXXX, XXXXXXXX XXXXXX
Tel. (XXX) XXX-XXXX
Fax: (XXX) XXX-XXXX
e-mail: XXXXXXXX@XXXXXXXX.XXX

Section 8: Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico. In the event and to the extent (and only to the extent) unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable the remainder of that provision or part of a provision of this Agreement. The parties agree that should judicial action invalidate this Agreement or related agreements, or any provisions thereof, the parties shall have no further obligation or liability to any other party with respect to the invalidated provisions.

Section 9: Headings: The heading and captions contained in this Agreement are included for convenience only and shall not be considered a part of this Agreement or affect in any manner the construction or interpretation of this Agreement.

Section 10: Counterparts: This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures hereto and thereto were upon the same instrument.

Section 11: Successors and Assigns: This Agreement binds and inures to the benefit of the Town and the Company and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-signing party.

Section 12: Entire Agreement: This Agreement represents the entire agreement of the parties on the subject hereof and supersedes all prior agreements or understandings between the parties, whether written or verbal. This Agreement may be amended or modified only in writing duly executed by both parties and the performance by any party of its obligations under this Agreement may be waived only in a written instrument duly executed by both parties.

Executed by the parties hereto as of the date first above written.

Town of Taos, New Mexico
An incorporated Municipality of the State of New Mexico

Town of Taos
2013 Updated Community Economic Development Strategic Foundational Plan/Element

By: _____
X, Mayor

The Company

By: _____

Its: _____

**State of New Mexico's
2010 Local Economic Development Act
Refer to Statutes for Any Amendments**

5-10-2 Purpose

A. The legislature finds that:

- (1) development of the New Mexico economy is vital to the well-being of the state and its residents;
- (2) it is difficult for municipalities and counties in New Mexico to attract and retain businesses capable of enhancing the local and state economy without the resources necessary to compete with other states and locales;
- (3) municipalities and counties may need to be able to provide land, buildings and infrastructure as a tool for basic business growth and the introduction of basic business ventures into the state;
- (4) it is in the best interest of the state, municipalities and counties to encourage local or regional solutions to economic development; and
- (5) the access to public resources needs to be carefully controlled and managed for the continued and future benefit of New Mexico citizens.

B. The purpose of the Local Economic Development Act is to implement the provisions of the 1994 constitutional amendment to Article 9, Section 14 of the constitution of New Mexico to allow public support of economic development to foster, promote and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. Further, the purpose of that act is to allow municipalities and counties to enter into joint powers agreements to plan and support regional economic development projects, including investments in arts and cultural districts created pursuant to the Arts and Cultural District Act [15-5A-1 NMSA 1978].

5-10-3 Definitions

As used in the Local Economic Development Act:

A. "arts and cultural district" means a developed district of public and private uses that is created pursuant to the Arts and Cultural District Act [15-5A-1 NMSA 1978];

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B. "cultural facility" means a facility that is owned by the state, a county, a municipality or a qualifying entity that serves the public through preserving, educating and promoting the arts and culture of a particular locale, including theaters, museums, libraries, galleries, cultural compounds, educational organizations, performing arts venues and organizations, fine arts organizations, studios and media laboratories and live-work housing facilities;

C. "department" means the economic development department;

D. "economic development project" or "project" means the provision of direct or indirect assistance to a qualifying entity by a local or regional government and includes the purchase, lease, grant, construction, reconstruction, improvement or other acquisition or conveyance of land, buildings or other infrastructure; public works improvements essential to the location or expansion of a qualifying entity; payments for professional services contracts necessary for local or regional governments to implement a plan or project; the provision of direct loans or grants for land, buildings or infrastructure; technical assistance to cultural facilities; loan guarantees securing the cost of land, buildings or infrastructure in an amount not to exceed the revenue that may be derived from the municipal infrastructure gross receipts tax or the county infrastructure gross receipts tax; grants for public works infrastructure improvements essential to the location or expansion of a qualifying entity; grants or subsidies to cultural facilities; purchase of land for a publicly held industrial park or a publicly owned cultural facility; and the construction of a building for use by a qualifying entity;

E. "governing body" means the city council, city commission or board of trustees of a municipality or the board of county commissioners of a county;

F. "local government" means a municipality or county;

G. "municipality" means an incorporated city, town or village;

H. "person" means an individual, corporation, association, partnership or other legal entity;

I. "qualifying entity" means a corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two or more of the following:

(1) an industry for the manufacturing, processing or assembling of agricultural or manufactured products;

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(2) a commercial enterprise for storing, warehousing, distributing or selling products of agriculture, mining or industry, but, other than as provided in Paragraph (5) or (6) of this subsection, not including any enterprise for sale of goods or commodities at retail or for distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;

(3) a business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in Paragraph (5) of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;

(4) an Indian nation, tribe or pueblo or a federally chartered tribal corporation;

(5) a telecommunications sales enterprise that makes the majority of its sales to persons outside New Mexico;

(6) a facility for the direct sales by growers of agricultural products, commonly known as farmers' markets;

(7) a business that is the developer of a metropolitan redevelopment project; and

(8) a cultural facility; and

J. "regional government" means any combination of municipalities and counties that enter into a joint powers agreement to provide for economic development projects pursuant to a plan adopted by all parties to the joint powers agreement.

5-10-4 ED Spending Limitations

A. No local or regional government shall provide public support for economic development projects as permitted pursuant to Article 9, Section 14 of the constitution of New Mexico except as provided in the Local Economic Development Act or as otherwise permitted by law.

B. The total amount of public money expended and the value of credit pledged in the fiscal year in which that money is expended by a local government for economic development projects pursuant to Article 9, Section 14 of the constitution of New Mexico and the Local Economic Development Act shall not exceed ten percent of the annual general fund expenditures of the local government in that fiscal year. The limits of this subsection shall not apply to:

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- (1) the value of any land or building contributed to any project pursuant to a project participation agreement;
- (2) revenue generated through the imposition of the municipal infrastructure gross receipts tax pursuant to the Municipal Local Option Gross Receipts Taxes Act [7-19D-1 NMSA 1978] for furthering or implementing economic development plans and projects as defined in the Local Economic Development Act or projects as defined in the Statewide Economic Development Finance Act [6-25-1 NMSA 1978]; provided that no more than the greater of fifty thousand dollars (\$50,000) or ten percent of the revenue collected shall be used for promotion and administration of or professional services contracts related to the implementation of any such economic development plan adopted by the governing body;
- (3) revenue generated through the imposition of a county infrastructure gross receipts tax pursuant to the County Local Option Gross Receipts Taxes Act [7-20E-1 NMSA 1978] for furthering or implementing economic development plans and projects as defined in the Local Economic Development Act or projects as defined in the Statewide Economic Development Finance Act; provided that no more than the greater of fifty thousand dollars (\$50,000) or ten percent of the revenue collected shall be used for promotion and administration of or professional services contracts related to the implementation of any such economic development plan adopted by the governing body;
- (4) the proceeds of a revenue bond issue to which municipal infrastructure gross receipts tax revenue is pledged;
- (5) the proceeds of a revenue bond issue to which county infrastructure gross receipts tax revenue is pledged; or
- (6) funds donated by private entities to be used for defraying the cost of a project.

C. A regional or local government that generates revenue for economic development projects to which the limits of Subsection B of this section do not apply shall create an economic development fund into which such revenues shall be deposited. The economic development fund and income from the economic development fund shall be deposited as provided by law. Money in the economic development fund may be expended only as provided in the Local Economic Development Act or the Statewide Economic Development Finance Act.

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D. In order to expend money from an economic development fund for arts and cultural district purposes or cultural facilities, the governing body of a municipality or county that has imposed a municipal or county local option infrastructure gross receipts tax for furthering or implementing economic development plans and projects, as defined in the Local Economic Development Act, or projects, as defined in the Statewide Economic Development Finance Act, by referendum of the majority of the voters voting on the question approving the ordinance imposing the municipal or county infrastructure gross receipts tax before June 30, 2007 shall be required to adopt a resolution. The resolution shall call for an election to approve arts and cultural districts as a qualifying purpose and cultural facilities as a qualifying entity before any revenue generated by the municipal or county local option gross receipts tax for furthering or implementing economic development plans and projects, as defined in the Local Economic Development Act, or projects, as defined in the Statewide Economic Development Finance Act, can be expended from the economic development fund for arts and cultural district purposes or cultural facilities.

E. The governing body shall adopt a resolution calling for an election within seventy-five days of the date the ordinance is adopted on the question of approving arts and cultural districts as a qualifying purpose and cultural facilities as a qualifying entity eligible to utilize revenue generated by the Municipal Local Option Gross Receipts Taxes Act or the County Local Option Gross Receipts Taxes Act for furthering or implementing economic development plans and projects as defined in the Local Economic Development Act or projects as defined in the Statewide Economic Development Finance Act.

F. The question shall be submitted to the voters of the municipality or county as a separate question at a regular municipal or county election or at a special election called for that purpose by the governing body. A special municipal election shall be called, conducted and canvassed as provided in the Municipal Election Code [3-8-1 NMSA 1978]. A special county election shall be called, conducted and canvassed in substantially the same manner as provided by law for general elections.

G. If a majority of the voters voting on the question approves the ordinance adding arts and cultural districts and cultural facilities as an approved use of the local option municipal or county economic development infrastructure gross receipts tax fund, the ordinance shall become effective on July 1 or January 1, whichever date occurs first after the expiration of three months from the date of the adopted ordinance. The ordinance shall include the effective date.

5-10-5 Technical Assistance

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At the request of a local or regional government, the department shall provide technical assistance in the development of an economic development plan or economic development project or technical assistance to cultural facilities with respect to economic development projects.

5-10-6 ED Plan Contents

A. Every local or regional government seeking to pursue economic development projects shall adopt an economic development plan or a comprehensive plan that includes an economic development component, and an economic development plan or comprehensive plan may include an analysis of the role of arts and cultural activities in economic development. The plan may be specific to a single economic development goal or strategy or may include several goals or strategies, including any goals or strategies relating to economic development through arts and cultural activities. Any plan or plan amendment shall be adopted by ordinance of the governing body of the local government or each local government of a regional government proposing the plan or plan amendment.

B. The economic development plan or the ordinance adopting the plan may:

(1) describe the local or regional government's economic development and community goals, including any economic development goals with an arts and cultural component, and assign priority to and strategies for achieving those goals;

(2) describe the types of qualifying entities and economic activities that will qualify for economic development projects;

(3) describe the criteria to be used to determine eligibility of an economic development project and a qualifying entity to participate in an economic development project;

(4) describe the manner in which a qualifying entity may submit an economic development project application, including the type of information required from the qualifying entity sufficient to ensure its solvency and ability to perform its contractual obligations, its commitment to remain in the community and its commitment to the stated economic development goals of the local or regional government;

(5) describe the process the local or regional government will use to verify the information submitted on an economic development project application;

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(6) if an economic development project is determined to be unsuccessful or if a qualifying entity seeks to leave the area, describe the methods the local or regional government will use to terminate its economic assistance and recoup its investment;

(7) identify revenue sources, including those of the local or regional government, that will be used to support economic development projects;

(8) identify other resources the local or regional government is prepared to offer qualifying entities, including specific land or buildings it is willing to lease, sell or grant a qualifying entity; community infrastructure it is willing to build, extend or expand, including roads, water, sewers or other utilities; and professional services contracts by local or regional governments necessary to provide these resources;

(9) detail the minimum benefit the local or regional government requires from a qualifying entity, including the number and types of jobs to be created; the proposed payroll; repayment of loans, if any; purchase by the qualifying entity of local or regional government-provided land, buildings or infrastructure; the public to private investment ratio; and direct local tax base expansion;

(10) describe the safeguards of public resources that will be ensured, including specific ways the local or regional government can recover any costs, land, buildings or other thing of value if a qualifying entity ceases operation, relocates or otherwise defaults or reneges on its contractual or implied obligations to the local or regional government; and

(11) if a regional government, describe the joint powers agreement, including whether it can be terminated and, if so, how the contractual or other obligations, risks and any property will be assigned or divided among the local governments who are party to the agreement.

C. The economic development plan shall be printed and made available to the residents within the local or regional government area.

5-10-7 Regional ED Plans

A. Two or more municipalities, two or more counties or one or more municipalities and counties may enter into a joint powers agreement pursuant to the Joint Powers Agreements Act [11-1-1 NMSA 1978] to develop a regional economic development plan which may consist of existing local plans. The

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parties to the agreement shall be deemed a regional government for the purposes of the Local Economic Development Act.

B. The joint powers agreement shall require that the governing body of each local government approve each economic development project. The agreement may also provide for appointment of a project manager who shall be responsible for the management of projects and project funds. The agreement may provide for a regional body consisting of representatives from the governing bodies of each local government that is a party to the agreement and may determine the powers and duties of that body in implementing the regional government's plan and projects.

5-10-8 ED Project Applications

A. After the adoption of an economic development plan by a local or regional government, a qualifying entity shall submit to the local or regional government an economic development project application.

B. The application shall be on a form and require such information as the local or regional government deems necessary.

5-10-9 Project Evaluation

A. The local or regional government shall review each project application, and projects shall be approved by ordinance.

B. The local or regional government's evaluation of an application shall be based on the provisions of the economic development plan, the financial and management stability of the qualifying entity, the demonstrated commitment of the qualifying entity to the community, a cost-benefit analysis of the project and any other information the local or regional government believes is necessary for a full review of the economic development project application.

C. The local or regional government may negotiate with a qualifying entity on the type or amount of assistance to be provided or on the scope of the economic development project.

5-10-10 Project Participation Agreement

A. The local or regional government and the qualifying entity shall enter into a project participation agreement.

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B. The local or regional government shall require a substantive contribution from the qualifying entity for each economic development project. The contribution shall be of value and may be paid in money, in-kind services, jobs, expanded tax base, property or other thing or service of value for the expansion of the economy.

C. The participation agreement at a minimum shall set out:

(1) the contributions to be made by each party to the participation agreement;

(2) the security provided to the local or regional government by the qualifying entity in the form of a lien, mortgage or other indenture and the pledge of the qualifying business's financial or material participation and cooperation to guarantee the qualifying entity's performance pursuant to the project participation agreement;

(3) a schedule for project development and completion, including measurable goals and time limits for those goals; and

(4) provisions for performance review and actions to be taken upon a determination that project performance is unsatisfactory.

5-10-11 Project Revenues

A. Local or regional government revenues dedicated or pledged for funding or financing of economic development projects shall be deposited in a separate account. Separate accounts shall be established for each separate project. Money in the special account shall be expended only for economic development project purposes, which may include the payment of necessary professional services contract costs.

B. In the case of a regional government, revenues of each local government dedicated or pledged for economic development purposes shall be deposited in a special account of that local government and may be expended only by that local government as provided by the regional government's economic development plan and joint powers agreement.

C. The local or regional government shall provide for an annual independent audit in accordance with the Audit Act [12-6-1 NMSA 1978] of each special fund and project account. The audit shall be submitted to the local or regional government. The audit is a public record.

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5-10-12 Plan and Project Termination

A. At any time after approval of an economic development plan, the governing body of the local government or the governing body of each local government in a regional government may enact an ordinance terminating the economic development plan and dissolving or terminating any or all projects. An ordinance repealing an economic development plan shall not be effective unless the ordinance provides for satisfying existing contracts and the rights of the parties arising from those contracts.

B. Any unexpended and unencumbered balances remaining in any project fund or account upon repeal of a plan and termination or dissolution of a project may be transferred to the general fund of the local government holding the fund or account. In the case of funds or accounts of a regional government, the unexpended and unencumbered balances shall be divided among the local governments as provided in the joint powers agreement.

5-10-13 Limitations

Nothing in the Local Economic Development Act shall be construed to affect any other requirements of the constitution or other laws regarding local government debt, issuance of bonds, use of tax revenues or the grant, lease or sale of land or other property.

**Town of Taos
Local Economic Development Ordinance**

4.20.020: AUTHORITY:

This chapter is enacted pursuant to the express statutory authority conferred upon municipalities to allow public support of economic development¹. This chapter is adopted as part of the town's economic development plan. (Ord. 00-22 § 2, 2000)

4.20.030: PURPOSE:

The purpose of this chapter is to allow public support of economic development projects to foster, promote, and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. Further, the purpose of this chapter is to allow the town of Taos to enter into one or more joint power agreements with other local governments to plan and support regional economic development projects. (Ord. 00-22 § 3, 2000)

4.20.040: DEFINITIONS:

As used in this chapter:

ECONOMIC DEVELOPMENT CONTRACTOR: One or more individuals, corporations, associations, partnerships or other legal entities with whom the town has entered into a written agreement for recruitment of new businesses and job opportunities, the expansion of existing business and industry, and other related services to preserve, promote, diversify, and strengthen the business and general economic base of the town of Taos and its environs.

ECONOMIC DEVELOPMENT PROJECT: The provision of direct or indirect assistance to a qualifying entity and includes the purchase, lease, grant, construction, reconstruction, improvement or other acquisition or conveyance of land, buildings or other infrastructure; public works improvements essential to the location or expansion of a qualifying entity; payments for professional services contracts necessary for local or regional governments to implement a plan or project; the provision of direct loans or grants for land, buildings or infrastructure; loan guarantees securing the cost of land, buildings or infrastructure in an amount not to exceed the revenue that may be derived from the municipal infrastructure gross receipts tax or the county infrastructure gross receipts tax; grants for public works infrastructure improvements essential to the location or expansion of a qualifying entity; purchase of land for a

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publicly held industrial park; and the construction of a building for use by a qualifying entity.

GOVERNING BODY: The town of Taos council.

PERSON: An individual, corporation, association, partnership or other legal entity.

PROJECT PARTICIPATION AGREEMENT: An agreement between a qualifying entity and the town whereby the town provides assistance to an economic development project in exchange for the benefits received as set forth in this chapter.

QUALIFYING ENTITY: A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

A. An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;

B. A commercial enterprise for storing, warehousing, distribution or selling products of agriculture, mining or industry, but other than provided in subsection D or E of this definition, not including any enterprise for sale of goods or commodities at retail or for the distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;

C. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than provided in subsection D of this definition, not including businesses primarily engaged in the sale of goods or commodities at retail;

D. A telecommunications sales enterprise that makes the majority of its sales to persons outside of New Mexico; or

E. A facility for the direct sales by growers of agricultural products, commonly known as farmers' markets. (Ord. 00-22 § 4, 2000)

4.20.050: ECONOMIC DEVELOPMENT PLAN:

A. The governing body may assist economic development projects in any legally permissible manner including, but not limited to, provision of land, buildings and infrastructure provided that all the requirements of this chapter are met. The town may provide land, buildings, or infrastructure that it already owns, or it may build, purchase or lease the facilities needed for an economic development project. The town, at its sole discretion, may bear the full cost or

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contribute a portion of the costs including the waiver of applicable fees. The town, at its sole discretion, may also contribute to the payment of costs for professional service contracts such as industry feasibility studies and planning and design services needed to implement a project.

B. The governing body may consider offering all forms of assistance allowed under this chapter and any other legally permissible forms of assistance; however, this does not establish any obligation on the town's part to offer any specific type or level of assistance.

C. The money expended by the town of Taos in any one fiscal year shall not exceed five percent (5%) of the annual general funds expenditure by the town of Taos during that fiscal year. The limits of this section shall not apply to:

1. The value of any land or building contributed to any project pursuant to a project participation agreement;
2. Revenue generated through the imposition of the municipal infrastructure gross receipts tax pursuant to the municipal local option gross receipts taxes act² for furthering or implementing economic development plans and projects as defined in the local economic development act; provided that no more than the greater of fifty thousand dollars (\$50,000.00) or ten percent (10%) of the revenue collected shall be used for promotion and administration of or professional services contracts related to the implementation of any such economic development plan adopted by the governing body;
3. The proceeds of a revenue bond issue to which municipal infrastructure gross receipts tax revenue is pledged;
4. Funds donated by private entities to be used for defraying the cost of a project.

D. The town of Taos shall maintain an economic development fund into which it shall deposit the revenue for economic development to which the limits of subsection C of this section do not apply. (Ord. 00-22 § 5, 2000)

4.20.060: ECONOMIC DEVELOPMENT CONTRACTOR:

At its sole discretion, the governing body may assign to one or more of its economic development contractors the following responsibilities with regards to the economic development plan of the town of Taos:

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- A. Reviewing and making recommendations to the governing body on applications for assistance for economic development projects;
- B. Reviewing and making recommendations to the governing body on applications for industrial revenue bonds (IRBs); and
- C. Performing such other tasks as the governing body may determine necessary or desirable to further the economic development projects contemplated herein. (Ord. 00-22 § 6, 2000)

4.20.070: APPLICATION REQUIREMENTS:

- A. Any "qualifying entity" meeting the definition set forth in section [4.20.040](#) of this chapter may propose an economic development project to the town. Meeting the definition of a "qualifying entity" does not create any obligation on the part of the town.
- B. Applications from qualifying entities shall be submitted to the office of the town manager.
- C. Applications shall contain at least the following information organized in the order listed below:
 - 1. Identification information:
 - a. Complete name and address of the qualifying entity;
 - b. Incorporation papers with bylaws;
 - c. List of board of directors and executive directors, with addresses; and
 - d. Resumes of all directors and officers.
 - 2. Evidence of financial solvency (personal statements of principals):
 - a. Financial statements (income statements and balance sheets) for the past three (3) years;
 - b. Federal tax numbers, New Mexico state taxation and revenue number and town's business license;
 - c. Projected income statement for at least three (3) years.
 - 3. Evidence of organizational capacity:
 - a. Brief history of the qualifying entity;
 - b. Organizational chart of the qualifying entity;
 - c. Business plans for the qualifying entity and proposed project (including cash flow analysis);

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- d. Evidence of ability to manage the project, such as, but not limited to:
 - (1) List and description of previously completed projects; and
 - (2) Resumes of key staff involved with project;
 - e. The qualifying entity shall disclose the following information (if the answer is yes, the entity shall attach a written explanation):
 - (1) Has the qualifying entity or any of its officers ever been involved in a bankruptcy?
 - (2) Has the qualifying entity or any of its officers ever defaulted on obligations on which payments are not current?
 - (3) Does the qualifying entity have any loans or other financial obligations on which payments are not current?
4. Funding sources for the proposed economic development project:
- a. Equity investment of qualifying entity;
 - b. Specific assistance being requested of the town (e.g., specific parcel of land, applicable fees, etc.), with the estimate of value; and
 - c. Funding sources other than the town with letters of commitment of intent to fund.
5. A complete and specific description of the proposed economic development project, including, but not necessarily limited to:
- a. Business activities to be conducted;
 - b. Management and staffing requirements;
 - c. Property and equipment requirements;
 - d. Markets;
 - e. Transportation requirements;
 - f. Utility requirements, including, but not limited to, electric, gas, and water;
 - g. Solid and liquid waste disposal requirements;
 - h. Infrastructure requirements;
 - i. Regulatory compliance requirements; and
 - j. Environmental assessment.
6. A complete and specific cost benefit analysis. The source and rationale for any multiplier effects shall be identified. The cost benefit analysis shall show that the town will recoup the value of its donation within a maximum period of ten (10) years.
7. A complete and specific description of the proposed economic development project's substantive contributions to the town including, but not limited to, such factors as in-kind services to the town, jobs, expanded

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tax base, property or other thing or service of value for the expansion or improvement of the economy.

8. A complete and specific description of the employee job training and career development plan for the proposed economic development project.

9. Any other information necessary for the town to make a determination as to whether or not the applicant is a qualifying entity.

10. Any other information required of the applicant by the governing body. (Ord. 00-22 § 7, 2000)

4.20.080: APPLICATION REVIEW PROCESS:

A. The governing body shall review each project application in accordance with the criteria set forth hereinafter and all applicable laws, rules, regulations, and policies and shall determine whether the entity and the proposed project qualify pursuant to this chapter and all applicable state laws and regulations.

B. If requested to do so by the governing body, the town's economic development contractor shall review and make recommendations to the governing body regarding the proposed project or projects. (Ord. 00-22 § 8, 2000)

4.20.090: APPLICATION REVIEW CRITERIA:

A. Applications for economic development projects requesting economic assistance from the town shall be evaluated by the following criteria:

1. Compliance with all requirements for a "qualifying entity" and an "economic development project";
2. Feasibility and substantive contribution of the proposed economic development project;
3. Evidence of financial solvency and financial ability to undertake and complete the proposed economic development project;
4. Qualifications of the principals to undertake and complete the proposed economic development project;

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5. Stability of the qualifying entity and organizational capacity to undertake and complete the proposed economic development project;
6. Cost benefit analysis:
 - a. The number and types of jobs to be created both temporary construction jobs and permanent jobs (by New Mexico department of labor job category);
 - b. Pay scales of jobs;
 - c. Determination of which jobs are expected to be filled locally and which will be filled by transfers from other facilities or recruited from outside the Taos area;
 - d. Total payroll expected at startup and after one year;
 - e. Anticipated impact of project on local tax base; and
 - f. Anticipated impact on local school system; and
 - g. Anticipated impact on regional environment; and
 - h. Anticipated impact on utilities, water, and other infrastructure; and
 - i. Anticipated impact on the community socioeconomic structure and cultural and historical heritage. (Ord. 00-22 § 9, 2000)

4.20.100: PUBLIC SAFEGUARDS:

A. All economic development projects receiving assistance from the town shall be subject to an annual performance review conducted by the governing body or its designee. The review shall evaluate whether the project is attaining the goals and objectives set forth in the project participation agreement. This review shall be presented to the governing body for their consideration. The governing body at a public meeting, in a manner consistent with law, may terminate assistance to the economic development project by enactment of an ordinance which terminates the agreement and specifies the disposition of all assets and obligations of the project.

B. The town shall retain a security interest which shall be specified in the project participation agreement. The type of security given shall depend upon the nature of the economic development project and assistance provided by the town. Types of security may include, but are not limited to:

1. Letter of credit in the town's name;
2. Performance bond equal to the town's contribution;
3. A mortgage or lien on property or equipment;
4. Prorated reimbursement of donations if a qualifying entity reduces its work force or leaves the community before the end of the agreed upon term; and
5. Other security agreeable to both parties.

C. Should a qualifying entity move, sell, lease or transfer a majority interest in the economic development project before the expiration of project participation agreement, the town retains the right to deny any and all assignments, sales, leases or transfers of any interests in the economic development project until adequate assurances are made that the transferee, assignee, or lessee is a qualifying entity and that the terms of the agreement will be satisfied by the transferee, assignee, or lessee. At its sole discretion, the town may choose to deny said assignment, lease, or transfer or may negotiate a new agreement with the new operator, or the town may reclaim the facility and enter into an agreement with a new qualifying entity.

D. Any qualifying entity seeking assistance from public resources shall commit to operate in accordance with its project participation agreement for a minimum of ten (10) years from the date the ordinance adopting the project participation agreement is passed by the governing body. (Ord. 00-22 § 10, 2000)

4.20.110: PROJECT PARTICIPATION AGREEMENT:

A. The qualifying entity shall submit to the town manager for review by the governing body a draft project participation agreement which states the contributions and obligations of all parties in the economic development project. The agreement must clearly state the following items:

1. The economic development goals of the project;
 2. The contributions of the town and the qualifying entity;
 3. The specific performance objectives;
 4. A schedule for project development and goal attainment;
 5. The security or securities being offered for the town's investment;
 6. The procedures by which a project may be terminated and the town's investment recovered; and
 7. The time period for which the town shall retain an interest in the project.
- Each project agreement shall have a "sunset" clause after which the town shall relinquish interest in and oversight of the project.

B. After reviewing the draft, the governing body or its designee may negotiate any final terms and conditions of the agreement for final approval by the governing body.

C. Each project participation agreement shall be adopted as an ordinance and enacted by the governing body at a public meeting. (Ord. 00-22 § 11, 2000)

4.20.120: PROJECT MONIES:

All project monies shall be kept in a separate account by the entity and the town, with such accounts clearly identified. These accounts shall be subject to an annual independent audit. (Ord. 00-22 § 12, 2000)

4.20.130: TERMINATION:

At any time, the governing body may terminate this chapter, the town's community development plan, and any or all projects. Termination shall be by ordinance. An ordinance repealing an economic development plan shall provide for satisfying existing contracts and rights of the parties arising from those contracts. Upon the repeal of a plan and termination or dissolution of a project, any unexpended and unencumbered balances remaining in any project fund or account may be transferred to the town's general fund. In the case of funds or accounts of a joint or regional government project, the unexpended and unencumbered balances shall be divided among the local governments as provided in the joint powers agreement. (Ord. 00-22 § 13, 2000)

4.20.140: JOINT OR REGIONAL PROJECTS:

The town may engage in economic development projects involving one or more other governmental entities for projects, which encompass more than one municipality or county. In such instances, a joint powers agreement shall be adopted by the relevant governing bodies. This agreement will establish the application criteria and the terms of all project participation agreements. Criteria established under a joint power agreement shall be consistent with the provisions of this chapter. (Ord. 00-22 § 14, 2000)