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The mission of Santa Fe Economic Development, Inc., a New Mexico non-profit corporation, is to provide leadership and the forum to promote the creation of jobs, economic development, and opportunities for the people in our community, while maintaining Santa Fe's distinctive character.

To further this mission, the Corporation will:

1. Create and manage programs designed to retain and expand existing businesses;
2. Promote a positive community climate;
3. Identify and advocate the community's work force needs;
4. Identify and advocate the community's technology and infrastructure needs (both physical and social); and
5. Recruit companies from targeted industries.

With analysis and promotion of Santa Fe's businesses cluster by cluster, SFEDI is affecting change and economic growth.

Clusters are geographic concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. The firms included in the cluster may be both competitive and cooperative. They may compete directly with some members of the cluster, purchase inputs from other cluster members, and rely on the services of other cluster firms in the operation of their business.

The cluster framework involves mobilizing stakeholders, assessing existing industry clusters, fostering collaboration by bringing together participants from key industries and institutions in the region. The clusters implement the actions identified as a result of the collaborative process. The framework is a valuable tool for improving economic conditions because it is market-driven, inclusive, collaborative, strategic, and value-creating for Santa Fe.

Background: The New Economy and Economic Gardening

In 1997, Santa Fe Economic Development adopted the Economic Gardening strategy. Since then, we have learned a great deal about how the garden grows.

In Santa Fe, we have moved from mechanical models to biological models to help us understand the nature of local economies and the businesses that inhabit them. With assistance from other leading communities in economic gardening, we have come to a sobering conclusion: economies are massive biological organisms and not very amenable to control by anyone. Neither economic gardeners, nor economic recruiters nor politicians nor anyone else is running them. At best, we are adapting to everyone else's adaptations. Much of this philosophy has been developed by work on complex adaptive systems from the Santa Fe Institute.

We do have some insight into what makes a vibrant economy. We know specific entrepreneurial temperaments, defined as NTJ and STJ by Meyers-Briggs analysis are important in high growth companies but so is temperament diversity (fire and ice). We know community development is economic development and a sound infrastructure is the starting point. We know the best opportunity to move up is during periods of chaos caused by technological change.

We also know complexity science contends you can't control or predict complex adaptive systems to any great degree. The goal is no longer control, it is adaptation. When organizations and local economies move toward the edge of chaos, adaptation and competition improve and the chances for survival improve. Hence, anything which increases the flow of information and ideas and anything that increases the number of connections is worth undertaking.

We by no means have solved the economic development riddle. We cannot patent it, put it in a jar and take it to any community and guarantee results. But we do think we are closing in on the answer. We think it involves slow, painstaking community development with an eye on the innovators. We think the 3% are critical drivers. We think increasing connections and the flow of information helps and we think the greatest opportunity is during periods of chaos.

And next year we will know even more.

The following is a series of measures and analysis for interest and discussion on economic development topics. The methodology for measures SFEDI uses is based on companies gathered in critical mass focused on promotion, expansion, and retention of other businesses in their clusters. SFEDI creates opportunities for those clusters that diversify the economy from tourism, as that is one of the strongest income generators and most well-organized for the Santa Fe economy.

Background: Where We Are Now

Statistics are important for baseline figures. Recently (June 2003), the Office of Management and Budget has changed the way population is counted. For the purposes of this report, the old definitions will be used:

Santa Fe City

Santa Fe County

Santa Fe MSA (Metropolitan Statistical Area) – Santa Fe and Los Alamos Counties

Population and General Information

Santa Fe is one of 33 counties in New Mexico. Its 2001 population of 131,413 ranked 3rd in the state.

Santa Fe is one of 318 Metropolitan Statistical Areas (MSAs) in the nation. Its 2001 population of 149,146 ranked 242nd in the nation.

Census 2000 Population

City	62,203
Urban Area	78,976
County	129,292
Santa Fe MSA	142,509

Population Growth Projections—Santa Fe County

2005 142,792 2010 157,925

Source: US Bureau of the Census, April 2002 release. The Bureau of Business and Economic Research at the University of New Mexico has released information that indicates this growth estimate is conservative.

Age

Median Age—Santa Fe County 37.9 (2000 Census)

Median Age—City of Santa Fe 39.8 (2000 Census)

Studies indicate that we are, as a community, continuing to age. This is unlikely to change in the near future.

Race and Ethnicity – Santa Fe County 2000 Census

Race		Ethnicity	
White	77%	Hispanic (any race)	49%
Black	1%	Non-Hispanic	51%
American Indian	3%		
Asian/PI	1%		
Other	18%		

While the County of Santa Fe remains balanced in ethnicity, there is a trend in the City of Santa Fe for an increasingly white, non-Hispanic population. Estimates are for a decrease in the Hispanic population to 30% by the year 2025 with current housing and economic policies.

Household Types—Santa Fe County

Single, no children	38%	Married, no children	45%
Single, with children	7%	Married, with children	20%

Source: US Bureau of the Census, 2000

As the community ages, the number of children as a percentage of the community decreases.

Median Household Income (city):	\$ 44,000 (2001)
Median Household Income (county):	\$ 36,948 (2001)
Median Home Price (city):	\$209,000 (2001)
Median Home Price (county):	\$248,495 (2001)

Source: US Bureau of the Census; Santa Fe Association of Realtors

In addition, the price of homes as a percentage of income also increases dramatically each year. As indicated by ACCRA statistics, the average home price is now 55.6% more expensive in Santa Fe County than the national average.

Economic Indicators

The following are a series of income and employment statistics over time that aid in determining the overall economic health of a community.

Cost of Living Index

ACCRA Reports are based on information collected by Santa Fe Economic Development, Inc. under contract by the City of Santa Fe. It is based on measures of relative price levels for consumer goods and services in around 300 urban areas. For perspective, the average for all urban areas on the measures is 100.

ACCRA Report – County of Santa Fe

	2 nd Quarter 2002	3 rd Quarter 2002	4 th Quarter 2002	1 st Quarter 2003
Composite Index	111.8	112.2	112.5	116.4
Housing	133.1	134.0	137.8	155.6
Groceries	101.3	102.3	109.4	104.8

Utilities	89.2	88.8	85.8	87.0
Transportation	104.3	101.6	100.1	101.8
Health Care	116.0	122.5	108.0	110.2
Misc. Goods/Services	105.9	105.8	103.4	101.0

Santa Fe County is now 55.6% above the national average for the cost of housing. This drove the Composite Index to over 116, equivalent with 1998 levels. However, the cost of living in Santa Fe continues to be above the national average, and significantly above the national average in housing. Wages, incidentally, hover around the national average, but above the average for the State of New Mexico.

Consumer Price Index

Recently, the Consumer Price Index has been increasing by approximately 1.9% annually.

Per Capita Personal Income

In 2001 Santa Fe had a per capita personal income (PCPI) of \$31,568. This PCPI ranked 2nd in the state and was 137 percent of the state average, \$23,081, and 104 percent of the national average, \$30,413. The 2001 PCPI reflected an increase of 4.6 percent from 2000. The 2000-2001 state change was 5.9 percent and the national change was 2.2 percent. In 1991 the PCPI of Santa Fe was \$20,257 and ranked 2nd in the state. The 1991-2001 average annual growth rate of PCPI was 4.5 percent. The average annual growth rate for the state was 4.0 percent and for the nation was 4.3 percent. (US Bureau of Economic Analysis 2003)

Per Capita Personal Income, Santa Fe County and New Mexico 1990-2001

	Santa Fe	New Mexico
2001 (preliminary)	\$31,568	\$23,081
2000 (revised)	\$30,186	\$21,788
1999 (revised)	\$28,364	\$20,865
1998	\$27,975	\$20,551
1997	\$25,972	\$19,641
1996	\$25,108	\$18,964
1995	\$24,524	\$18,435
1994	\$23,383	\$17,636
1993	\$22,520	\$16,999
1992	\$21,372	\$16,274
1991	\$20,257	\$15,661
1990	\$19,505	\$14,944

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis. Data released May 2003.
Table Prepared by: Bureau of Business and Economic Research, University of New Mexico, Santa Fe Economic Development, Inc.

Personal Income and Average Wages

Rank of 2000 to 2001 Percent Changes - Santa Fe County:

Total Personal Income:
2000-2001 % Change: 5.8 (for New Mexico, 6.5)
Rank: 18 out of all NM Counties

Wage/Salary Per Job:
2000-2001 % Change: 5.3 (for New Mexico, 4.3)
Rank: 9 out of all NM Counties

Ranks are based on unrounded numbers.

Average wage and salary per job is calculated as total wage and salary disbursements divided by all full- and part-time wage and salary workers. The data are by place of work rather than by place of residence.

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data released May 2003.

Total Personal Income

In 2001 Santa Fe had a total personal income (TPI) of \$4,148,384. This TPI ranked 2nd in the state and accounted for 9.8 percent of the state total. In 1991 the TPI of Santa Fe was \$2,077,060 and ranked 2nd in the state. The 2001 TPI reflected an increase of 5.8 percent from 2000. The 2000-2001 state change was 6.5 percent and the national change was 3.3 percent. The 1991-2001 average annual growth rate of TPI was 7.2 percent. The average annual growth rate for the state was 5.7 percent and for the nation was 5.5 percent. (US Bureau of Economic Analysis 2003)

2001 Personal Income and Average Wage/Salary per Job, Santa Fe County.

Per Capita, Santa Fe County Ranks 2nd in the state for personal income (Los Alamos County is first) at \$31,568.

This is categorized by place of work rather than by place of residence.

All numbers are prior to living wage ordinance or any of the other legislated impacts by the City of Santa Fe.

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data released May 2003.

Total Personal Income, Santa Fe County 1990-2001 (\$000)

	Santa Fe
2001 (preliminary)	\$4,418,385
2000 (revised)	\$3,919,315
1999 (revised)	\$3,629,669
1998	\$3,523,608
1997	\$3,224,946
1996	\$3,038,887
1995	\$2,905,199
1994	\$2,664,391
1993	\$2,475,611
1992	\$2,266,113
1991	\$2,077,060
1990	\$1,942,430

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data released May 2003.
Table Prepared by: Bureau of Business and Economic Research, University of New Mexico. Santa Fe Economic Development, Inc.

Components of Total Personal Income

Total personal income includes net earnings by place of residence; dividends, interest, and rent; and transfer payments received by the residents of Santa Fe. In 2001 net earnings accounted for 62.6 percent of TPI (compared with 64.4 in 1991); dividends, interest, and rent were 27.4 percent (compared with 27.0 in 1991); and transfer payments were 10.0 percent (compared with 8.6 in 1991). From 2000 to 2001 net earnings increased 5.6 percent; dividends, interest, and rent increased 4.9 percent; and transfer payments increased 10.5 percent. From 1991 to 2001 net earnings increased on average 6.9 percent each year; dividends, interest, and rent increased on average 7.3 percent; and transfer payments increased on average 8.8 percent.

Employment

2002 Civilian Labor Force, by County (Annual Averages)

	Civilian Labor Force	Unemployment	Rate %	New Mexico Rate %
Santa Fe	68,836	2000	2.9	5.4

Estimates made in accordance with the U.S. Department of Labor.

Source: New Mexico Department of Labor, Economic Research and Analysis Bureau, Table A. Released March 11, 2003.

Earnings by Place of Work

Earnings of persons employed in Santa Fe increased from \$2,284,427 in 2000 to \$2,405,530 in 2001, an increase of 5.3 percent. The 2000-2001 state change was 6.4 percent and the national change was 2.5 percent. The average annual growth rate from the 1991 estimate of \$1,283,975 to the 2001 estimate was 6.5 percent. The average annual growth rate for the state was 5.6 percent and for the nation was 5.6 percent.

Note: All income estimates with the exception of PCPI are in thousands of dollars, not adjusted for inflation.

Covered Wage and Salary Employment, by Major Industrial Sector Santa Fe County, NAICS Classification System 1/

Sector	2001
Grand Total	57,949
Total Private	41,332
Agriculture, Forestry, Fishing and Hunting	184
Mining	169
Utilities	*
Construction	4,389
Manufacturing	1,403
Wholesale Trade	834
Retail Trade	8,342
Transportation and Warehousing	526
Information	984
Finance and Insurance	1529
Real Estate and Rental and Leasing	1059
Professional and Technical Services	2589
Management of Companies and Enterprises	195
Administrative and Waste Services	1,685
Educational Services	1,323
Health Care and Social Assistance	5,151
Arts, Entertainment and Recreation	1,051
Accommodation and Food Services	7,525
Other Services, ex. Public Administration	2,225
Unclassified	23
Total Government	16,617
Federal	1,358
State	9,373
Local 3/	5,888

* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals. Therefore, the individual industries may not sum to the totals.

- 1/ Data by industry from 2001 forward are not generally comparable with industry data for prior years. Prior to 2001, industry categories are based on the Standard Industrial Classification (SIC) system. This system was replaced with the North American Industry Classification System (NAICS). The "Grand Total", along with the "State Government" and "Federal Government" sectors are the exceptions. Data for these three categories are comparable from 1990 forward.
- 2/ The unclassified category may include data for other industries that were withheld for reasons of confidentiality.
- 3/ Beginning in 2001, employment in Native American enterprises and Tribal Government were included in the Local Government sector. Prior to 2001 they were classified by kind of business, primarily in the services sector.

Note: Figures shown here are annual averages of quarterly data.

Source: New Mexico Dept. of Labor, Economic Research and Analysis Bureau.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico, Santa Fe Economic Development, Inc.

2001 Business Establishments 1/, Employees and Annual Payroll in Santa Fe County

	Santa Fe County
Total Number of Establishments	4,730
Total Number of Employees	44,482
Annual Payroll (\$000)	1,204,599
Payroll per Employee	\$27,081
Number of Establishments by Employment-size Class	
1-19	4,245
20-49	350
50-99	90
100 or More	45

1/ These counts of businesses include only those establishments that had employees. Businesses are defined as establishments rather than firms. An establishment is a single physical location where business is conducted or where services or industrial operations are performed. In general, the following types of establishments are excluded: government (except for government operated hospitals), railroads, those businesses consisting only of self-employed persons and agricultural production. Additionally, domestic servants are excluded.

Source: U.S. Department of Commerce, Bureau of the Census, County Business Patterns 2001.
Table Prepared by: Bureau of Business and Economic Research, University of New Mexico, Santa Fe Economic Development, Inc.

Businesses with 25 or More Employees (3rd Qtr 1999 data, most recent available)

Air Conditioning and Heating Service Co.
Akai Security Inc.
Albertson's Food and Drug Center
Alltel Communications
Alternative Business Systems
American Country Collection
American Home Furnishings
American National Insurance Company
American Surety Title Company of Santa Fe
Archtectural Ironworks Warehouse
Aromaland Inc.
August Construction Services
Bagelmania
Ballew Constrction Company
Bank of America New Mexico
Bank of Santa Fe
Beesleys Services, Inc.
BGK Equities
BiosGroup
Bishops Lodge
Brewer Oil Company

The Bull Ring
Burger King
Walter Burke Catering, Inc.
Café San Estevan
Caliente Construction Group
Capital City Cab
Capitol City Title Services
Capitol Ford
Carl's Jr.
Casa Rael Nursing Center
Cassidy's Landscapintg
Celebrations Restaurant
Century Bank
Challenge New Mexico
Check 'N Go
Chrysler Plymouth Jeep Eagle
Cloud Cliff Bakery and Café
Coca Cola Bottling Company
College of Santa Fe
Comcast Cable (formerly Santa Fe Cablevision)
Comfort Inn
Comfort Suites
Courtyard by Marriott

Cowgirl Hall of Fame
Coyote Café
Davis and Associates
Davis Selected Advisors
Deb Shop
Denny's Restaurant
Diego's Café and Bar
Dillard's Department Store
Earth and Water Inc.
Earth Stone International
Eberline Instruments
Eden Landscapes
Eker Brothers Inc.
El Castillo Residences for Retirement
El Comedor
El Farol Restaurant and Lounge
El Rey Inn
El Sueno Del Corazon, Inc.
Eldorado Acupuncture and Herb Center
Eldorado Hotel
Esparanza Battered Families
Europa International

First National Bank of Santa Fe
Frank's Plumbing and Heating
Furrs Family Dining
Garrett's Desert Inn
Genzyme Genetics
Geronimo
Giant Gasoline and Convenience Store
Gil-Men Electric Company
Group Powell One
Haagen Dazs Ice Cream
Hastings Books Music and Video
Hilton of Santa Fe
Holiday Inn
Holiday Inn Express
Home Depot
Horace Santa Fe Dodge-KIA
Hotel Loretto
Hotel Santa Fe
Hotel St. Francis
Roger Hunter Builder
Il Vicino Wood Oven Pizza
Industrial Asphalt, Inc.
Inn of the Anasazi
Inn of the Governors
Institute of American Indian Arts
Intermountain Center for Human
Development
International Institute of Chinese
Medicine
Inter-Tel Technologies, Inc
JC Penney
Jackalope Pottery
Mervyn's California
Michael Hunter Painting
Montgomery and Andrews
Museum of New Mexico Foundation
Nambe Mills Industries
National Center for Genome
Resources
The Nature Conservancy
Navarro Oldsmobile Cadillac
The New Mexican
New Mexico Beverage Company
New Mexico Municipal League
New Vistas
Newman's Nursery
Oilstop Drive Thru Oil Change
O'Keefe Café
Old Mexico Grill of Santa Fe
Open Hands, Inc.
Ore House on the Plaza
Ortiz Transportation Company
Outside Magazine
Palace Restaurant
Paper Tiger
Copying/Printing/Graphic Design
Paramount Lounge and Night Club
Pasqual's
Pathways, Inc.
Payne's Nurseries
PCI Contractors Inc.
PC's Restaurant and Lounge
Pecos Trail Inn
Pep Boys Automotive Services
Pepsi-Cola Bottling Company
Peters Corp.
Peyote Bird Designs
Phase 1 Molecular Toxicology, Inc.
Pizza Hut
Pizzeria Espiritu

Plaza Café
Plaza Mercado Management and
Leasing Office
Ponce de Leon Retirement Center
Pranzo Italian Grill
Prediction Company
Premier Distribution
Premier Motorcars of Santa Fe
Presbyterian Medical Services
Professional Health Services Inc.
Professional Home Health Care Inc.
Public Service Company of New
Mexico
Quail Run Association
Quality Concepts
Qwest Communications (formerly US
West)
Radisson Hotel and Suites on the
Plaza
Recovery of Alcoholics Program
Incorporated
Red Lobster Restaurant
Red Mountain Engineers, Inc.
Residence Inn by Marriott
Rio Grande School
Rocky Mountain Business Systems
Inc.
Rocky Mountain EMS
Rocky Mountain Framing Company
Ross Dress for Less
Sage Bakehouse
Sam's Club
Santa Fe Bar and Grill
Santa Fe Abstract Limited
Santa Fe Boys and Girls Club
Santa Fe Care Center
Santa Fe Children's Museum
Santa Fe Community Guidance
Center
Santa Fe Concrete
Santa Fe Country Club
Santa Fe County Youth
Development Program
Santa Fe Dining
Santa Fe Family Health Center
Santa Fe Greenhouses
Santa Fe Head Start
Santa Fe Health Care
Santa Fe Heritage Door and
Furniture Company
Santa Fe Institute
Santa Fe Jet Center
Santa Fe Jobs for Progress
Santa Fe Mazda-Volvo-Suzuki
Santa Fe Natural Tobacco Company
Santa Fe Nissan
Santa Fe Pontiac-Buick-GMC
Santa Fe Preparatory School
Santa Fe Radiology
Santa Fe Reporter, Inc.
Santa Fe Services
Santa Fe Ski Area
Santa Fe Underground, Inc.
Santa Fe Waldorf School
Santa Maria El Mirador
Santacafe
Schepps New Mexico Development
Corp.
School of American Research
Sears Roebuck and Company

Second Street Brewery
Security Capital Group
SED Medical Laboratories
Seeds of Change Inc.
Silva Lanes
Simons Cuddy and Friedman
Smallwood, Inc
Smith's Food and Drug Centers
Sonic Drive In
Souper Salad
Southwestern Ear Nose and Throat
Spanish Pueblo Doors
Squeaky Clean Car Wash
St. Elizabeth's Shelter
St. Vincent Hospital
State Employees Credit Union of
New Mexico
Swerdfeger Construction
Taco Bell
Target Stores
Taylor Made Construction
Ten Thousand Waves Japanese
Health Spa
Territorial First American Title
Company
The Pink Adobe
The Shed
Thornburg Management Company
Titan Auto Insurance
Tomasita's Restaurant
Tortilla Flats
Toys-R-Us
United Parcel Service
Upper Crust Pizza
Valdez Builders
Village Inn Pancake House
Villas de Santa Fe
Vista de Santa Fe
Walgreen Drug Stores
Wal-Mart
Wendy's Old Fashioned Hamburgers
Western Elite Security
Western Temporary Services
White, Koch, Kelly and McCarthy
Whole Foods Market
Wild Oats Community Market
Wind River Trading Company
Wood Financial Products, Inc.
Zia Diner

New Mexico State Government
Santa Fe County Government
Santa Fe City Government
United States Government
Santa Fe Public Schools
Santa Fe Community College

New Mexico Department of Labor
Economic Research and Analysis
Bureau

Economic Strength Rankings

Policom Corporation - America's Strongest Local Economies

Economic strength is a weighted measure combining social, political and economic issues in a weighted average. For example, voting records of a city council are evaluated for policies that encourage greater economic strength. This includes programs such as Incubators (1995) or inhibitors such as regulated wages (will impact 2003 rankings).

Rankings, New Mexico Metropolitan Statistical Areas (out of 318)

	2002	2001	2000	1999	1998	1997	1996	1995
Albuquerque	37	28	20	22	18	15	13	15
Las Cruces	281	280	253	259	278	275	272	252
Santa Fe	84	98	89	69	54	25	17	8

Top 10 Economies in the Nation:

Austin-San Marcos, TX
Denver, CO (PMSA)
Atlanta,GA (MSA)
Phoenix-Mesa, AZ (MSA)
Dallas, TX (PMSA)
Raleigh-Durham-Chapel Hill, NC (MSA)
Salt Lake City – Ogden, UT (MSA)
Fort Collins-Loveland, CO (MSA)
Seattle-Bellevue-Everett, WA (PMSA)
Minneapolis-St. Paul, MN (MSA)

In the course of determining the strongest economies, the following are generally recommended as priority industries in rank order:

1. Manufacturing of high value, high bulk products
2. Manufacturing of high value products
3. Sophisticated intellectual creative activity
4. Transportation of products
5. Research and development
6. Wholesale distribution
7. Federal government
8. Corporate headquarters
9. Manufacturing of mid value products
10. State government
11. Back room operations
12. Manufacturing of low value products
13. Retirement
14. Tourism

The first set of industries, contributory industries, generate most of the high-paying jobs in a community, through corporate headquarters. Industries such as retirement, tourism, and local municipalities (not listed because of the effect) increasingly have a larger drain on an economy than business based on sophisticated intellectual creative activity. For those communities in regional areas, such as Austin, Fort Collins, and other neighboring states, wages are now growing exponentially faster than they are in Santa Fe. Until 1997, the growth in Santa Fe MSA's wages were keeping pace. Texas, Arizona, and Colorado all have advantages over Santa Fe when it comes to wage issues.

The size of growth in a community depends on the amount of money flowing into the area, quality of growth depends on the wage level of the primary industries. With tourism and state and local governments as primary industries in Santa Fe, the wage level remains low.

Site Selection Process – Economic Strength

Site Selection professionals look for communities that have favorable costs, time, and positive attitudes about themselves. The communities with the fastest response times maintain a competitive edge in bringing new businesses to their communities.

In addition, one of the key components of analysis is to analyze voting records of local municipalities to determine whether they are business friendly or business averse. This puts the City of Santa Fe at a distinct disadvantage when recruiting even the most desirable businesses with low economic impact and high paying jobs.

Taxes – State and Local

The following is a report, including trend data of taxes and tax receipts for Santa Fe County. Some MSA data is included to add perspective to current taxes.

Corporate Income Tax

4.8% on the first \$500,000 of taxable income, 6.4% on the second \$500,000 and 7.6% of excess over \$1,000,000. This will change for 2003.

Franchise Tax

\$50.00 per year is paid when filing a corporate income tax return.

Gross Receipts Tax Rates

Edgewood	6.00%
Española (Santa Fe)	6.9375%
Nambe Pueblo (pueblo entities)	6.125%
Nambe Pueblo (non-pueblo)	6.125%
Santa Clara Pueblo (pueblo entities)	6.125%
Santa Clara Pueblo (non-pueblo)	6.125%
Santa Fe (city)	6.6875%
Santa Fe Airport	6.125%
Remainder of County	6.125%
Los Alamos City and County	6.0625%

Effective January 1, 2003 through June 30, 2003

The City of Santa Fe's tax rates are higher than many of the surrounding communities, and have been increasing, indicated that while Gross Receipts Tax receipts may be increasing, it could be due to the increases in the rates, rather than an increase in local sales and services.

Total Reported Gross Receipts from Retail Trade 1/, by Metropolitan Portion – Santa Fe and Los Alamos Counties (\$000s)*

Year	Santa Fe MSA
2001	\$1,853,319
2000	\$1,804,458
1999	\$1,634,884
1998	\$1,539,476
1997 (estimated)	\$1,432,982
1996	\$1,386,857
1995	\$1,331,119
1994 (estimated)	\$1,316,829
1993	\$1,206,191
1992 2/	\$1,068,540
1991	\$998,380
1990	\$919,596

1/ Gross receipts reported are for gross receipts tax purposes, which do not include all retail sales. For example, the gross receipts tax is not applied to a portion of the receipts from gasoline service stations and motor vehicle dealers.

2/ The New Mexico figure for 1992 includes receipts from the "leased vehicles" and "governmental gross receipts" categories. These two groups are not shown separately. The volume of receipts attributed to these categories is relatively small, about \$1.7 million for the year for the entire state. From 1993 forward, "leased vehicles" and "governmental gross receipts" are not included in the totals.

Note: Figures shown in this table are derived by summing data from quarterly New Mexico Taxation and Revenue Department (NMTRD) reports. Programming anomalies affect the comparability of quarterly and annual reports. However, the NMTRD has determined that the quarterly documents are the most accurate.

Source: New Mexico Taxation and Revenue Department, Analysis of Gross Receipts Tax by Standard Industrial Classification, Quarterly Summary, RP-80.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico, Santa Fe Economic Development, Inc.

Gross receipts taxes are still increasing for Santa Fe, but have slowed in their growth rate.

Gross Receipts from Retail Trade 1/, Santa Fe County (\$000s), 1990 – 2001

Year	Santa Fe County
2001	\$1,712,850
2000	\$1,685,102
1999	\$1,534,341
1998	\$1,432,840
1997 (estimated)	\$1,342,748
1996	\$1,297,961
1995	\$1,245,785
1994	\$1,229,501
1993	\$1,112,425
1992	\$975,476
1991	\$894,606
1990	\$835,547

1/ Gross receipts reported are for gross receipts tax purposes, which do not include all retail sales. For example, the gross receipts tax is not applied to a portion of the receipts from gasoline service stations and motor vehicle dealers.

Note: Figures shown in this table are derived by summing data from quarterly New Mexico Taxation and Revenue Department (NMTRD) reports. Programming anomalies affect the comparability of quarterly and annual reports. However, the NMTRD has determined that the quarterly documents are the most accurate.

Source: New Mexico Taxation and Revenue Department, Analysis of Gross Receipts Tax by Standard Industrial Classification, Quarterly Summary, RP-80.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico, Santa Fe Economic Development, Inc.

In Santa Fe County, the slowing growth rate is more apparent, indicating a need to more closely monitor what is happening with retail trades.

Reported Lodger's Tax Receipts, by City or County of Santa Fe -- FY 2003

	City of Santa Fe Tax Rate 5.0%	County of Santa Fe Tax Rate 4.0%
4th Quarter 2002	\$1,603,409	\$81,616
3rd Quarter 2002	\$1,974,155	\$145,024
2nd Quarter 2002	\$1,240,472	\$76,023
1st Quarter 2002	\$882,609	\$52,449
4th Quarter 2001	\$1,473,492	\$83,646
3rd Quarter 2001	\$1,817,639	\$154,879

* Tax rates as shown are effective as of 4Q02.

Note: Local governments in New Mexico have the option of imposing a lodgers tax on rentals of motel and hotel rooms, trailer camps, etc. Receipts from the tax are used to promote tourist attractions and facilities within the state. The laws were amended in 1983 to include use of proceeds to defray operating costs of such facilities and to include performing arts facilities.

Source: New Mexico Department of Finance and Administration, Local Government Division.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico, Santa Fe Economic Development, Inc.

Lodger's Tax Receipts are lower than they have been in the past for a variety of economic and social reasons. As is indicated in the Policom studies, an overdependence on tourism as an industry can lead to dramatic fluctuations in the ability of a community to respond.

The State of the State

The State of New Mexico has implemented a number of initiatives to grow existing businesses and attract complementary businesses to the state. Many of the programs are underutilized, but the following are the incentives that currently exist:

Agriculture-Related Tax Deductions/Exemptions

Tax deductions/exemptions for agriculture-related production in New Mexico.

Aircraft Manufacturer Tax Deduction

Provides a gross receipts tax deduction from the sale of aircraft manufactured in New Mexico.

Business Bonds

An investment of up to \$20 million in bonds, notes or debentures rated BAA or BBB or better of any corporation organized and operating within the US, excluding regulated public utility corporations to finance plant and equipment. Also referred to as the BBB Bond Program.

Business Inventory Tax Exemption

Business inventories are exempt from all taxation until sold.

Film Investment Program

Investment in films to be produced in New Mexico: Up to \$7,500,000 can be invested in any one New Mexico film private equity fund or New Mexico film project that are filmed wholly or substantially in New Mexico, have shown to the satisfaction of the New Mexico film division that a distribution contract is in place, have agreed that, while filming in New Mexico, a majority of the production crew will be New Mexico residents, and have posted a completion bond.

Film Tax Credit

Providing a tax credit for a portion of direct film-production expenditures for films made in New Mexico.

Filmmaker's Gross Receipts Tax Exemption

Qualified production companies filming in New Mexico may purchase certain services and materials and not pay the State's gross receipts tax on such services and materials.

Gross Receipts and Compensating Tax Credit

When property is purchased with proceeds of an industrial revenue bond, the government unit sponsoring the IRB takes the title. Sales of tangible personal property to a government are deductible from gross receipts and use of tangible personal property by a government is exempt from the compensating tax.

Industrial Development Training Program

Pays up to 50% of employee training costs and wages for an expanding or relocating business for up to a six-month period, either at a state educational institution or tailored to meet specific business needs.

Industrial Revenue Bonds

The IRB program offers property and gross receipts tax relief to a company.

Interstate Telecommunications Gross Receipts Tax Exemption

Exempts receipts from the provision of WATS and private communications services from the interstate telecommunications gross receipts tax. Other similar exemptions may apply.

Investment Tax Credit

A manufacturing operation may claim up to the amount of the compensating tax (currently 5%) on the value of qualified equipment introduced into a new or expanding manufacturing operation in New Mexico. The company must create new full time jobs based on the level of investment.

Preferential Tax Rate for Small Wineries and Breweries

There is a reduction on the basic tax rate for microbreweries producing less than 5,000 barrels of beer annually, and small wineries producing less than 220,000 liters of wine per year.

Private Activity Bonds for Manufacturing Facilities

There are tax-exempt IRBs for the construction, acquisition, or renovation of manufacturing facilities.

Property Tax Abatement

For industry financed with industrial revenue bonds, a local government may offer a real and personal property tax exemption of up to 30 years. This is done through a number of state laws: IRB projects; construction or rehabilitation of non-speculative office buildings, warehouses, manufacturing facilities, and service-oriented facilities not primarily engaged in the sale of goods or commodities at retail; pollution control projects; metropolitan redevelopment projects; new business facilities. *All are at the discretion of the city or county government.*

Research and Development Gross Receipts Tax Exemption

Any service that is exported from the state, including research and development services are not charged gross receipts tax.

Technology Jobs Tax Credit

A taxpayer doing qualified research and development at a facility in New Mexico (other than one operated for the U.S. government) may claim a credit equal to 4% of qualified expenditures.

Venture Capital Investment Program

Make investments in qualified New Mexico based venture capital funds.

Current Conditions and New Changes: Where We Are Going

The following are a series of changes that will have an impact on the Santa Fe economy in the next year. In addition, statistical reports will be as follows:

Santa Fe Metropolitan Statistical Area – Santa Fe County

Santa Fe-Española Combined Statistical Area – Santa Fe Metropolitan, Española
Micropolitan Statistical Area

Los Alamos County will be a separate Micropolitan Statistical Area

The change was based on work migration patterns and recommendations from the New Mexico congressional delegation.

Local changes in 2002-2003

In 2003, Santa Fe Economic Development, Inc. produced a preliminary analysis of the economic impact of the living wage. The following is derivative of that information, and shows that SFEDI made every effort to educate the governing body on the impact. Despite SFEDI's efforts, anecdotal information continues to flow regarding the number of successful businesses moving outside of the city limits to avoid the negative impact of the living wage not merely in dollars, but in the now highly negative national publicity the City of Santa Fe has received as a result of the decision. The long term effects of policy-making resulting in the elimination of jobs due to out-migration remains to be seen.

As noted later in this section, Policom Corporation expects an additional drop in the City of Santa Fe's economic strength.

Living Wage Analysis

For Santa Fe MSA June 2002

All Occupations

Estimated Employment: 70,980

Mean Wage	\$36,874	\$17.73 per hour
Entry Wage	\$16,371	\$7.87 per hour
Experienced Wage	\$47,125	\$22.66 per hour
25 th Percentile	\$18,622	\$8.95 per hour
Median Wage	\$28,340	\$13.63 per hour
75 th Percentile	\$45,026	\$21.65 per hour

Economic Impact (Salary Dollars)

Those Falling Below the 25th Percentile (current wage \$8.95/hour)

	Current Starting Wage	Estimated Number of Employees Affected	Hourly cost to Santa Fe Employers for Wage Adjustment	Annual Hours Worked	Cost to Employers	Total Employer Impact
2003	\$7.87	8872 (12.5%)	\$0.63	2080	\$11,626,524	\$11,626,524
2005	\$8.50	17745 (25%)	\$1.00	2080	\$36,909,600	\$48,536,124
2007	\$9.50	17745 (25%)	\$1.00	2080	\$36,909,600	\$85,445,724

With no growth in the labor force, excluding benefits. This also does not include the impact of the change in the minimum wage for restaurant employees, which would exceed \$0.63 the first year, making the first year impact optimistic.

These numbers do not include increases in payroll taxes and benefits encumbered by the businesses with increases in wages.

Due to the prevalence of part-time and seasonal work, however, living wages do not always amount to living incomes. In addition, projections for labor force estimates, particularly in the City of Santa Fe, indicate the labor force will continue to stagnate.

Impact to the City of Santa Fe

No study has yet been presented to demonstrate the impact on City of Santa Fe contractors or loan recipients, nor has language been introduced to determine whether or not grandfathering current city contractors and loan recipients have been factored into the equation.

Statewide Changes in 2002-2003

On a more positive note, the State of New Mexico is encouraging diversification of the economy on a much broader scale. The following are the incentives offered at the state level. While some require the cooperation of the local municipalities, and therefore more difficult to implement in the City of Santa Fe, others may be enacted with direct involvement with the State of New Mexico.

As a state, we are number 2 in the nation in per-capita PhD Scientists and Engineers, SBIR Grants, and Federal Research and Development, but we are 42nd for high school graduation, 47th for digital infrastructure, 45th for uninsured low-income children, and 50th for Employer Health Coverage, to name a few issues. (The Corporation for Enterprise Development, 2002) We still have progress to make on a number of issues, but changes are beginning to take shape.

Bill Summaries – 2003 New Mexico Legislative Session

Adapted from ACI's 2003 Focus Report Scorecard

In-Plant Training

Designates funding for in-plant training, with 2/3 for eligible urban areas (such as Santa Fe).

Taxpayer Bill of Rights

Provides protections to individual and business taxpayers when they contest matters before the NM Taxation and Revenue Department. Expands the use of managed audits.

Unemployment Compensation Law

Expands unemployment benefit eligibility and increases benefits while decreasing the level of employer contributions.

Reduce Income Tax Rates

Lowers the top marginal rate from 8.2 to 4.9 percent over a five-year period. Cuts the capital gains tax by 50% by 2007.

Amend Development Incentive Act

Allows municipalities and counties to grant property tax exemptions for the commercial personal property (equipment) of certain business facilities.

Amend Investment Credit Act

Lowered the number of new hires required for a manufacturer to be eligible to claim a credit under the Investment Credit Act.

Economic Development Corporation Act

Creates a nonprofit corporation to carry out economic development activist, including business recruiting and marketing.

PRC Hearing Provisions

Allows parties in a PRC case to consult with the PRC advisory staff. Requires at least one commissioner to be present at certain hearings.

Dynamic Forecasting Pilot Project

Creates a two-year pilot project to evaluate the pros and cons of economic incentive bills that have a fiscal impact of \$10,000,000 or more on a dynamic basis.

Public School Reforms

Enacts the Assessment and Accountability Act to comply with federal requirements and hold schools accountable for student success. Establishes a minimum teachers' salary of \$30,000 effective July 1, 2003.

Amend Incorporation Procedures

Makes several clarifications and modifications in the filing procedures required for associations and corporations.

Changes in Policy for State Economic Development

The following are a series of new efforts on behalf of the State of New Mexico to stimulate economic development, along with further details on legislative actions.

New Effort to Transform New Mexico Research Into High-Tech, High-Wage Jobs

Governor Bill Richardson joined New Mexico's 12 premiere research facilities in signing an historic memorandum of agreement (MOA) creating the "New Mexico Technology Research Corridor", a place where both new funding for increased research is maximized, and a place out of which commercial ventures and new jobs will be generated.

Currently, New Mexico's 12 research institutions have collective overall research budgets totaling approximately 4.8 billion dollars. Places like North Carolina's Research Triangle Park, one of the best examples of a planned economic collaborative in the U.S. have been very successful with a similar approach to technology commercialization - and as a state they currently dedicate only 1 billion dollars to research and development for their effort.

The following are the institutions who have signed the MOA:

- ?? Air Force Research Laboratory, Space Vehicles Directorate - Joseph Sciabica, Deputy Director
- ?? Air Force Research Laboratory, Directed Energy Directorate - Mark Stephen, Acting Director
- ?? Los Alamos National Laboratory - Donna Smith - Division Leader
- ?? National Center for Genome Resources - Miguel Rios, Interim President and CEO
- ?? New Mexico State University - Dan Dwyer, Vice Provost for Research
- ?? New Mexico Tech - Daniel H. Lopez, President
- ?? Sandia National Laboratories - Joan Woodard, Executive Vice President and Deputy Director
- ?? Santa Fe Institute - Ellen Goldberg, President
- ?? The MIND Institute - Kathy Burrows, Executive Director

- ?? University of New Mexico - Terry Yates, Vice Provost for Research
- ?? University of New Mexico Health Sciences Center - R. Philip Eaton, Vice President for Health Sciences
- ?? White Sands Missile Range - Col. Lawrence Sowa, Commander

Targeted areas for collaborative efforts:

Imaging/remote sensing includes the acquisition and interpretation of digital images whether obtained locally from dedicated scanners (imaging) or remotely from sources such as satellites (remote sensing)

Optics includes methods and devices used to produce, acquire and process light, or which use light to affect measurement and control. In the case of directed energy, this includes laser and microwave technologies.

TRC members will encourage collaboration among themselves to leverage useful synergies in various categories of research in New Mexico that include high-performance computing, modeling and simulation, imaging and remote sensing, optics, and distributed control systems, as well as environment, ecology, medicine, computation, algorithms, genetics, cellular biology, materials, semiconductors, high-energy physics and astronomy.

New Mexico Cut Taxes in 2003

New Mexico has put in motion a five year plan to cut the top rate of personal income tax by 40 percent - taking it down to 4.9 percent - along with a 50 percent cut in capital gains taxes over five years. It has also established a blue-ribbon tax reform commission to make New Mexico's entire tax code more business-friendly and competitive, with its recommendations to be tackled by the legislature as early as this fall.

The state has permanently cut 100 percent of gross receipt taxes for space related activity, bolstering the attractiveness of New Mexico to remain a leading state among technology, space, military, and related business. It is also establishing an inland spaceport for the next generation of reusable space vehicles, and has added biomass to solar and wind power for renewable energy tax credits.

New Mexico has appropriated millions in new funding for workforce training programs specifically tagged to actual on-the-ground jobs including those in the film, technology and manufacturing industries, millions in direct investment funds for qualified businesses wanting to locate or expand in the state, and an easing of Industrial Revenue Bond (IRB) stipulations so that smaller New Mexico communities and smaller businesses, including manufacturing companies, can take advantage of this lower cost financing.

As "Hollywood's back lot" New Mexico has included tax incentives and appropriations for the film industry in its recent legislative actions, establishing and funding a Film Advisory Board to develop a strategic plan for the New Mexico Film Industry, including

infrastructure, digital technology, workforce training, marketing, and new financial incentives. The legislature has also passed a 15 percent tax credit for production companies filming in New Mexico, which gives them more up-front capital with which to work.

Renewable Energy Production Tax Credit

Increases the amount of renewable energy eligible for a \$.01 per kilowatt hour corporate income tax credit from 800,000 Kilowatt hours to 2,000,000 Kilowatt hours.

The interest is in starting renewable energy businesses, particularly those using biomass to produce electricity. Biomass is defined as forest thinnings, sawmill wastes, salt cedar and other such material removed from river basins. Environmental groups support biomass-fired power plants because the high-efficiency process burns as cleanly as natural gas.

State-Wide Infrastructure Issues Update

Taxes

In October, a special session will be held to revise the state's tax structure. Close monitoring will be needed to determine the impacts of changes on the tax structure, both for Gross Receipts Tax and other types of taxes.

Telecommunications

Qwest has scheduled additional DSL rollout for a variety of communities, but has no additional services scheduled for Santa Fe in 2003. START, the Strategic Telecommunications Alliance and Resource Team has almost completed the statewide inventory of the telecommunications infrastructure. The information will be publicly available by late summer 2003.

Santa Fe has not yet published a comprehensive telecommunications strategy, but has made great strides by appointing ITEC. The focus of this organization appears to be primarily services for the employees and services of the City of Santa Fe, but has not yet focused on the needs of our high-tech communities.

In the gap, wireless services, primarily from Working Wild, have worked their way across the city. Since the market in the area is limited, this Santa Fe-based company is currently expanding primarily out of state.

Recommendations

Following the gardening principles that maintain and enhance key characteristics vital to creating a vibrant community, the following are recommendations from Santa Fe Economic Development, Inc.

Community – Create and preserve our sense of uniqueness, attractiveness, history and cultural and social diversity.

- ?? Many safeguards are in place, but the City of Santa Fe needs to re-examine the infill policies to preserve the ethnic balance of the city. Many Hispanic locals and natives are leaving the city in search of affordable housing, redefining the community.
- ?? Continue to cultivate and emphasize quality of life issues, including low light pollution, clean air, and other policies that keep Santa Fe a great place to live.

Environment – Acknowledge our responsibility to be stewards of the environment. Residential and commercial development should maintain or improve, not harm the environment and public health.

- ?? Continue to promote and expand our knowledge of water conservation and strategic water use.
- ?? Encourage policies that allow residents and wildlife to live harmoniously, rather than at odds.

People – Target efforts to promote jobs that match the skills of existing residents and improving the skills of individuals seeking to enhance their economic situation. Address the needs of families through affordable child care, transportation, education, and affordable housing.

- ?? A number of national entities are now able to derive statistics such as underemployment. Santa Fe needs data to understand how this important issue is affecting its economy.
- ?? Encourage efforts to bring additional and improved educational programs to Santa Fe.
- ?? Maintain efforts for appropriate transportation.
- ?? Affordable housing continues to be an issue, as programs to maintain the character of Santa Fe are underfunded.
- ?? Affordable housing should not be emphasized at the expense of cultivating high-paying jobs. Efforts to take money away from job creation for housing needs should stop.

Economy – Support existing enterprises, entrepreneurship, and homegrown activities, as they are the best source of business expansion and local job growth. Communities, governments and the private sector should create regional structures that respect local character and identity.

- ?? Since baseline information is scarce and derived, a contract should be drawn with an educated local entity, such as the University of New Mexico's Bureau of Business and Economic Research, to update and develop the statistics necessary to better analyze Santa Fe's Economy.
- ?? Continue the efforts to cultivate the creative class by encouraging and stimulating the local economy, particularly in areas that are enhanced by Santa Fe's environment.



Government – Evaluate publicly supported economic development programs, investments, and subsidies for their long term benefits and impacts on the whole community, not just on short-term job or revenue increases. Public investments and subsidies should support community-wide goals, and prioritize infrastructure and services that will promote the vitality of all local enterprises.

- ?? Our local governing bodies need to be further educated on what it means to be an economically vibrant community.
- ?? Local governing bodies continue to de-emphasize high-paying jobs by implementing strategies only aimed at diminishing the ability to do business in Santa Fe.
- ?? Efforts to upgrade and improve the infrastructure: roads, data delivery systems, and other issues need to continue and improve.

Our Report Card

The following information is designed to provide information on the key industries identified by Santa Fe's Community Economic Development Plan and how SFEDI has assisted the Santa Fe economy along the way. In addition, SFEDI has gone beyond the plan to improve the Santa Fe economy following the precepts of economic gardening. We have also identified additional clusters that will be the future of Santa Fe and look forward to working with them.

Cluster Cultivation Progress Report

Identified Santa Fe Clusters	Identification	Activation	Support	Expansion
Biotechnology [?]				
Publishing*				
Information Technologies*		 Re-named Informatics		
Film/Video Production*		 Re-named New Media		
Medical Practitioners (Traditional and Alternative)*				
Indigenous Art*		Category split: See also Non-Profit Arts		
Light Manufacturing*				
Furniture Manufacturing/ Home Furnishing*				
Specialty Agriculture/Food Processing*				
Outdoor Recreational Equipment*				
Non-profit arts				

In late 2002, The City of Santa Fe contracted with an outside entity to re-write the Community Economic Development Plan. The results are anticipated in September of

[?] As identified in the 1996 Santa Fe Community Economic Development Plan

2003, but current strategies will remain in place due to their success in similar communities across the nation.

New information has been accumulated on additional clusters, and the measures of effectiveness, job creation and additional wages are now coming to fruition. Next year, data should be available that will not compromise the confidentiality of Santa Fe businesses.

Biotechnology Progress Summary

Updates are in italics.

Santa Fe Economic Development, Inc. (SFEDI), in redefining the clusters to ensure an inclusive approach, has identified the Biotechnology Cluster to include biomedicine; the spin-offs from the Los Alamos National Laboratory (LANL), the National Center for Genome Resources (NCGR), and the Santa Fe Institute (SFI); and other businesses that develop, manufacture, or sell products which are based on "the direct modification of biological processes". SFEDI has identified 24 biotechnology companies including research and consulting. SFEDI concluded that this cluster should receive economic development support because it adds to the diversity of the Santa Fe business community, it has the ability to bring dollars into the region, it provides quality jobs, and it maintains the special character of Santa Fe. (2000)

For internal and external reporting, the Biotechnology Cluster has been merged with the Information Technology Cluster to form a new cluster, Informatics.

Through the ongoing efforts of the operating committees and staff, SFEDI has agreed to

- ? ? Assist in the creation and organization of the Santa Fe Chapter of the New Mexico Biotechnology and Biomedical Association with the first meeting to be held in June, 2000,
 - o *SFEDI continues active membership in NMBBA (www.nmbio.org). While the organization has grown, the size of the number of biotechnology companies in Santa Fe has diminished. Current projections place the number of companies of half the number originally reported, primarily due to the downturn in the national economy and the decrease in capital investments in Santa Fe area companies. Efforts are currently underway at SFEDI to improve that environment for companies in our area. In addition, LANL and Sandia National Laboratory continue to spawn new developments in this area.*

- ? ? Support TRADE in the process of developing a shared research library,
 - o *TRADE is in the process of reorganizing, and the shared research library has moved to NMBBA. Current information may be found at www.biotechmesa.net, the research resource supported by both NMBBA and SFEDI.*

- ? ? Coordinate with the recruiters in the biotechnology companies to develop a one-stop web page for spousal employment opportunities in Santa Fe,
 - o *Efforts in this area have been stymied by the rapid decline of many entities in this area. NMBBA has a minor effort underway, but this continues to be an issue.*

- ? ? Create a Quality of Life brochure and offer it at cost to the biotechnology companies to be used in their employee recruitment efforts,
 - o *Current changes in the quality of life climate enacted in the City of Santa Fe by the governing body hamper this effort dramatically.*

- ? ? Work with members of the biotechnology cluster who have agreed to help market Santa Fe to attract other biotechnology companies to the region by displaying relocation materials at industry trade shows, and

- ? ? Work to keep SFEDI informed of technology transfer projects in the area (amended 2003).
 - o *SFEDI works with all potential organizations to promote the creation of new companies based on local research. Since 2000, the efforts underway have changed dramatically, adjusting to the new environment. Support continues for all companies, particularly those involved with complexity science as our new environment continues to evolve.*

Publishing Progress Summary

Updates are in italics.

The publishing cluster is comprised of newspaper publishers, book publishers, magazine publishers, periodical publishers, printers, book binders, book distributors, bookstores, literary agents, publicists, writers, photographers, and illustrators. As a starting point to understanding the needs of this cluster, SFEDI began a dialogue with the book and magazine publishers in Santa Fe through Roundtable discussions held in April and May, 2000. SFEDI has identified and contacted 19 magazine and 29 book publishers. SFEDI concluded that this cluster should receive economic development support because it adds to the diversity of the Santa Fe business community, it has the ability to bring dollars into the region, it provides quality jobs, and it maintains the special character of Santa Fe. (2000)

Somehow, in current economic conditions, this sector continues to survive and thrive. The Publishing Cluster has merged with the New Mexico Book Association, which is currently undergoing an expansion through the addition of affiliates with products other than books (such as those identified in the cluster above).

Through the ongoing efforts of the operating committees and staff, SFEDI has agreed to

- ? ? Host an E-Publishing Seminar in July, 2000 to address directly some common concerns of the local publishers of the impact of e-publishing on their businesses,
 - o *Completed.*
- ? ? Hold additional roundtable discussions in August with the magazine publishers to help determine their interest and participation level in the creation of a local magazine publishing association,
 - o *Completed.*
- ? ? Continue the discussion of the building of a Publishers Square—where interested publishing companies could be located together and share both knowledge and, for example, T-1 trunk lines,
 - o *Investigation into the possibility of a community network continues.*
- ? ? Identify members of the remaining segments of the cluster (i.e., newspapers, book distributors) to increase our understanding of the support needed for a strong, competitive publishing cluster, and
- ? ? Collect baseline data from the members of the cluster to track annual growth in the cluster.
 - o *Several attempts have been made to collect this data with minimal success. Since the number of jobs generated by this cluster falls below the Department of Labor reporting standards, SFEDI is dependent on individual reports from the individual companies. Currently, only a handful have responded to requests for information. Efforts will continue.*

Information Technologies (Informatics) Progress Summary

All information in this section is current. While SFEDI released a white paper on the cluster prior to this publication, it has not been included in this report prior to this date.

One of the most complex clusters Santa Fe offers, the Information Technologies cluster includes companies that develop manufacture, or sell products which are based on the acquisition, processing, storage, and dissemination of information in all its forms (auditory, pictorial, textual, and numerical) through a combination of computers, telecommunications, networks, and electronic devices. In addition, the 2001 SFEDI “white paper” on Information Technology segregated the industry further by defining it as: internet businesses, telecommunications companies, software developers, and informatics companies. However, in the true spirit of complexity theory, the cluster self-organized under one cluster, “informatics.”

- ? ? Assist the informatics cluster to create an informatics trade association to serve their specialized interests.
 - o While SFEDI was intensely involved in the formation of the society, The International Informatics society has become its own entity and more information can be found at **www.internationalinformaticssociety.org**.
 - o The following is the mission:

~~✍~~ The International Informatics Society is dedicated to the advancement of the applications of informatics, Complexity Science and data mining in business and government settings. Understanding the complex adaptive system, assisting in the creation of wealth in today's networked economy and charting patterns of behavior that result in everyday solutions compose the basis of the organization's charter.

- ? ? Work with other organizations to create a national informatics conference to be held in Santa Fe in order to increase national awareness of our informatics companies
 - o The society hosts an international conference each year called High Altitude Thinking: The International Informatics Summit. Speakers attend from all over the world, but the overall presentation has a strong Santa Fe bias due to the number of associations with scientist in the area working on informatics, particularly affiliated with the Santa Fe Institute.
- ? ? Determine workforce development initiatives, including job shadowing and internships in Santa Fe to increase the number of local hires and bring this information to the Santa Fe Workforce Development Alliance for action
 - o The informatics cluster is an active participant in recruiting and training high school students in this arena. SFEDI maintains the bookwork and sponsors each student with a \$500 stipend. The success of this cluster has encouraged other clusters to participate, hopefully in the summer of 2003.
- ? ? Collect baseline data from the members of the cluster.
 - o This effort continues. With many changes in personnel and the size of the companies, combined with recent events, the effort will begin again in the summer.

With the merging of the cluster, some attention has been focused away from the efforts of the IT industry. While NMIPA, the New Mexico Internet Professionals Association has shown an increase in activity on this front, some of the spirit of innovation has not been collaboratively tapped in the Internet arena. In addition, NMITSA, the New Mexico Information Technology and Software Association, has not been as active as it has in the past. It may be that Information Technology will again meet as a separate cluster, but that has not been determined at the time of this publication.

Film/Video Production (New Media) Progress Summary

All information in this section is current. While SFEDI released a white paper on the cluster prior to this publication, it has not been included in this report prior to this date.

The New Media Crossroads has begun a networking and marketing campaign under the title “Media Crossroads Santa Fe.” With increasing interest on film, digital, and voice production in New Mexico, the cluster has increased its profile. One of the primary goals of the group is to diligently market the skills and talents of its members to the professional community. The members can be any individual, company, or organization involved in the creation of original digital media content or those requiring professional digital media support.

- ? ? Host networking events to facilitate activity in the media cluster.
 - o Networking events are happening once each month at a local restaurant. While well attended, efforts are being made by this cluster to increase the attendance.
 - o Some collaboration is currently underway from these events (ie. Sourcing films for distribution).
- ? ? Initiate marketing plan for all of the participants in new media.
 - o The primary focus of this organization is creation of a web site and a separate directory from the New Mexico Film Directory.
 - o Media expositions are being planned to promote member’s products and services to the professional community.
 - o A marketing and publicity campaign is being discussed. Logos have been presented to the cluster for consideration by Cisneros Design.
- ? ? Support legislative initiatives to encourage film and video production in Santa Fe.
 - o Lobbying by individual members is encouraged to improve the business environment for new media professionals. Tax incentives and investment funds are available on a state level, and recent legislation continues to support and augment these initiatives.
- ? ? Encourage the formation of local chapters of national organizations.
 - o Cisneros Design has initiated the formation of a local chapter of the American Institute of Graphic Artists.
 - o JEIle continues work to start a New Mexico Chapter of the National Association of Recording Artists.
- ? ? Collect baseline data from the members of the cluster.
 - o The industry, in this case, is growing rapidly and it is difficult to keep up with new initiatives and companies in the area. A list of members and contact information has been compiled and is consistently being updated.

Crossover occurs in this category with Internet-based businesses, but not to the extent that this cluster is solely supported by them. With digital formats increasing in acceptance world wide, the emphasis on this medium will continue as an industry. Some of the members of the cluster support this trend, but others are still focused on traditional methods of work.

Medical Practitioners Progress Summary

All information in this section is current. An update has not been published in this report prior to this date.

The medical practitioners in the Santa Fe area are quite diverse. With both traditional and alternative practitioners in the area, this cluster is one of the most complex. Support exists in the industry to blur the lines in health care, but it is not a universally accepted practice, even in a community as supportive as Santa Fe. A few key initiatives may cause this industry to work collaboratively, however.

The practitioners identified two issues that could be areas for collaboration: reform of gross receipts tax law and the promotion of Santa Fe as a destination for healing. Both efforts have garnered some support, but without a central organization seem stagnated.

In the mean time, SFEDI continues to study this cluster, with mixed results on how many practitioners there are in the area and what they are doing. Of interest, Santa Fe houses some of the leading authorities of the merging of traditional and alternative healing methods and the editor of one of the leading magazines. Perhaps through a “Santa Fe Institute” – type approach this project will become a reality.

Light Manufacturing Progress Summary

All information in this section is current. An update has not been published in this report prior to this date.

This cluster, due to the size of the market, has been re-categorized into other categories by the type of product.

Indigenous Art Progress Summary

All information in this section is current. An update has not been published in this report prior to this date.

Work is just beginning on identification and organization of this cluster. With strong organizations such as SWAIA, IAA, The Institute for Spanish Arts, and the Spanish Colonial Arts Society, they have self-organized as a tourism-based industry. SFEDI’s role is yet to be defined, but will emerge as more investigation is done on this cluster.

As for individual artists and artisans, there are a variety of mechanisms for promotion in the Santa Fe market. Some interest in organization has been indicated, but many of the artists are less interested in promotion and more interested in production.

Furniture Manufacturing/Home Furnishing Progress Summary

All information in this section is current. An update has not been published in this report prior to this date.

The Woodworker’s Guild is an active and thriving organization primarily through the efforts of TRADE, the Tri-Area Association for Economic Development. As most of the manufacturing takes place in Rio Arriba County and the sales in Santa Fe County, Santa Fe is the showroom for the efforts of local artisans. SFEDI supports the organization through a variety of efforts, primarily in facilitating the work of the Guild. In addition, SFEDI continues to promote and support this industry.

Specialty Agriculture/Food Processing Progress Summary

All information in this section is current. An update has not been published in this report prior to this date.

New Mexico's Own and the Santa Fe Area Farmer's Market are successful at the promotion and maintenance of this cluster. SFEDI will continue to support their efforts.

Outdoor Recreational Equipment

All information in this section is current. An update has not been published in this report prior to this date.

As of 2003, there are very few outdoor recreational equipment manufacturers remaining in Santa Fe. While SFEDI supports a number of retail establishments with equipment, this cluster has diminished.

Additional Cluster Identification

Non-Profit Arts

Through a series of requests, SFEDI continues to promote the Non-Profit Arts as a cluster. As a partially tourist-based cluster, they have been successful in contributing over \$223 million to the economy annually. SFEDI continues to collect information on the industry and promote it to businesses interested in locating here – and eventually contributing to preservation of the non-profit arts.

Additionally, SFEDI has produced a study sheet with detailed information on the contribution non-profit performing arts make in the area.

Environmental Technologies

Solar products, wind-based technologies, environmental clean-up, and other green products are choosing to locate in this area due to their ability to be off the grid and the lack of light and other types of pollution in the area. While all of the different businesses have not been identified, Santa Fe is rapidly becoming a leader in environmental technologies and world-wide interest increases in preservation of the planet.

Financial Services

In the active pursuit of quality of life, a number of financial services companies, both in traditional investment and venture capital, have come to Santa Fe. With the recent changes in the stock market, a number of these firms have altered their strategies, but continue to exist and potentially thrive. SFEDI will continue to monitor this trend for potential identification as a separate cluster.

Part of what attracts financial services to Santa Fe is the work being conducted on financial markets by informatics companies. Applications of complexity theory to financial markets have met with various degrees of popularity in the past few years, but some of the models predicted the changes in the markets and have met with increasing interest.

Optics

The state of New Mexico has identified optics as a cluster. SFEDI has identified only a few firms in Santa Fe County in this industry, but with the proximity to both Sandia National Laboratory and Los Alamos National Laboratory, the potential exists for more companies to grow in Santa Fe.

Nanotechnology

National media attention is focused on laboratory work in nanotechnology. Collaborative work continues between SNL and LANL, and the potential for technology commercialization in this area exists. SFEDI will monitor this industry as it encroaches on the Santa Fe County borders.

Telecommunications

Mountains, vistas, and other key geographic characteristics are attractive to wireless telecommunications equipment manufacturers for testing the latest technologies. In addition, as the need for bandwidth grows and the migration toward more rural communities increases, New Mexico will see more activity in this industry.

Strategies for Economic Gardening

SFEDI implements the following strategic plan for economic gardening.

Focus on Growing Existing Industry Clusters:

Based upon complex networks of businesses that share information, ideas, and resources., SFEDI will continue to:

- ?? Organize industry cluster networks, increase communication between and within the clusters, and identify needs.
- ?? Pursue opportunities for targeted recruitment of businesses enhancing or complementing identified clusters.

Support Business Growth and Development:

Businesses go where they are wanted and stay where they are appreciated. Santa Fe has much to do to create a positive environment around entrepreneurialism, and the following recommendations are being implemented:

- ?? Assist businesses, local governments, and organizations supporting businesses to develop a customer service orientation.
- ?? Provide a wide range of first class, customer focused business support services including specific programs and services for identified business clusters.

Enhance our Competitive Edge:

Our community, schools, and businesses must use the newest technologies, best practices and most up-to-date information to increase competitiveness. At SFEDI, we are working on the following:

- ?? BART—Business Advisory Response Team provides Santa Fe businesses with a team of experts to work with individuals and businesses for expansion.
- ?? Increase technology utilization by businesses for financial management, marketing, and research, including provision of wireless access to the Internet.
- ?? Develop better linkages between industry and the workforce development system to enhance workforce skills through the Workforce Alliance.

Enhance Regional Quality of Life:

Businesses locate here because it is a great place to live. It is imperative that economic gardening efforts preserve the enchanted landscape and character,

enhance social capital, and provide the amenities necessary to keep Santa Fe and the surrounding area unique. SFEDI:

- ?? Supports comprehensive countywide land use strategies that support cluster growth and enhance quality of life.
- ?? Supports sufficient affordable housing to accommodate residents.
- ?? Continues to improve education and expand the interaction between business and education, including involvement with apprenticeship programs.

Invest in Our Existing Businesses:

Santa Fe and the region's economic competitiveness depends on wise resource investments in the infrastructure necessary to support and expand businesses. SFEDI encourages and participates to:

- ?? Develop and support local venture capital funds, angel funds, and alternative financing programs including Santa Fe Access and Direct.
- ?? Explore infrastructure developments that enhance industry clusters such as telecommunications.
- ?? Support transportation improvements critical to continued economic success and regional quality of life.
- ?? Increase the number of properties ready for utilization in cluster development without negatively impacting the quality of life.
- ?? Invest in the restoration of our natural resources.
- ?? Support efforts for water conservation and appropriate use in the region.
- ?? Create a program to recognize and promote our existing industry clusters and community leadership.

For more information on the activities of the clusters or economic gardening, contact SFEDI.

Business Assistance Agencies

1. *The Santa Fe Business Incubator helps to grow business in our community. Starting with 10,000 square feet of office/production space, it has now expanded to 30,000 square feet. Businesses located in the Incubator are assisted with all start-up aspects of their businesses and, at the end of 3 years, should be ready to go into the general marketplace.*
2. *The Santa Fe Chamber of Commerce offers benefits to the many small businesses in Santa Fe. With over 1,200 members, the Chamber has a strong voice in dealing with legislation and local promotion that directly and positively affects all businesses in Santa Fe.*
3. *Santa Fe Economic Development, Inc., has adopted the Cluster Approach to Economic Gardening model, offering strong support to the local entrepreneurs in the community while working with businesses interested in relocating to Santa Fe. SFEDI works with both the City and the County as well as local commercial real estate brokers and developers to ensure that a relocating business fits the community and will become a strong community supporter. The BART (Business Advisory Response Team) team, all volunteers, works directly with businesses in need.*
4. *The Small Business Development Center, located on the campus of the Santa Fe Community College, is a strong advocate for the growth and development of local businesses, providing one-on-one business advising.*
5. *SCORE (Service Corps of Retired Executives) works to provide counseling and ongoing support to local businesses.*
6. *TRADE, the Tri Area Association for Economic Development, has taken a lead position on the growing need for telecommunications capability in Northern New Mexico. TRADE has also worked to organize the Woodworkers Guild in Northern New Mexico.*
7. *New Mexico Community Development Loan Fund is the new purveyor of Santa Fe Direct and Santa Fe Access Loans.*
8. *RDC (Regional Development Corporation), formed by the DOE (Department of Energy) after the downsizing at The Los Alamos National Laboratory, has the mission to strongly support economic development initiatives in the three county area near LANL (Santa Fe County, Los Alamos County and Rio Arriba County). The RDC works with other economic development organizations.*
9. *Los Alamos National Laboratory (LANL) supports economic development initiatives through the Technology Commercialization Office at the lab.*