

Aztec, New Mexico Economic Development Strategy



Prepared For:

City of Aztec, New Mexico

Prepared By:



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Section 1: Introduction and Methodology

The following Report summarizes the findings and recommendations pursuant to an economic profile and strategic action plan conducted by the firm of BBP & Associates LLC (BBP LLC) for the City of Aztec in Spring 2010. The City commissioned the economic development profile and strategic action plan to guide the development and implementation of policies for the City, as well as actions of the Economic Development Advisory Board and the City Commission. Over the course of the four-month Study, BBP LLC staff conducted meetings and interviews with key stakeholders in Aztec and the surrounding region, including public sector officials, economic development professionals, and business/property owners, including:

- Dale Anderson, President, Aztec Museum Association
- Mayling Armijo, Business Development Team Leader, New Mexico Economic Development Department
- Sam Blue, President, Ace Development
- Tracy Bodnar, Park Ranger, Aztec Ruins National Monument
- Sally Burbridge, Mayor, City of Aztec
- Jim Crowley, Mayor Pro-Tem, City of Aztec
- Eugene Current, Commissioner, City of Aztec
- Joe Delmagori, MPO Planner, Farmington Metropolitan Planning Organization
- Clancy Donnelly, Associate Planner – San Juan County Area, Northwest New Mexico Council of Governments
- Debbie Dusenbery, Director, Farmington Convention & Visitors Bureau
- John Faverino, Owner, Hiway Grill
- Jeff Kiely, Interim Executive Director, Northwest New Mexico Council of Governments
- Tiffany Karlin, Manager – Aztec Branch, Four Corners Community Bank
- Ed Kotyk, Interim Planning Director, City of Aztec
- Kathy Lamb, Finance Director, City of Aztec
- Michael Larsen, Extension Associate (Ag Agent), New Mexico State University, San Juan County Extension Office
- Carmen Martinez, Director, San Juan College Small Business Development Center
- Margaret McDaniel, Director, San Juan Economic Development Service
- Diana Mesch, Commissioner, City of Aztec
- Roshana Moojen, Planning Director, City of Aztec
- Joshua Ray, City Manager, City of Aztec
- Jason Sandel, Vice President, Aztec Well Servicing Company
- Eileen Shelton, Assistant Director, San Juan Economic Development Service
- Sherri Sipe, Commissioner, City of Aztec
- Linda Thompson, Assistant CEO, San Juan County

Relevant reports were reviewed, and data and information regarding the local economy were collected and analyzed from a quantitative and qualitative perspective.

The report is organized into nineteen (19) sections:

1. Introduction

2. Economic and Demographic Profile: assesses current and projected trends in demographics, educational attainment, business and employment characteristics, and the labor force.
3. Industry Profile and Cluster Analysis: evaluates Aztec's economic base as illustrated by gross receipts tax revenues. The industry cluster analysis identifies target industries for Aztec.
4. Business Resource Analysis: profiles economic development organizations (local, regional and state), and existing business development programs and incentives.
5. Retail Analysis: assesses opportunities for retail expansion as based on local spending power.
6. Recent Economic Development Activities: inventories the substantial investments made by the public and private sectors over the past ten years.
7. Downtown Aztec: assesses the current condition of the historic center of the Aztec community.
8. Asset Mapping: highlights Aztec's many accomplishments in as well as resources for economic development.
9. Land Development: analyzes the availability of land for industrial, office and commercial use.
10. Higher Educational Institution and Training Assessment: profiles higher educational offerings available in the region.
11. Agricultural Industry Assessment: describes programs available for agriculture and rural development.
12. Tourism Industry Assessment: assesses cultural and natural resources, lodging offerings, and current initiatives to support tourism.
13. Gateways Assessment: evaluates major gateways to the community, summarizes initiatives underway to enhance gateways, and provides suggestions for additional enhancements.
14. Residential Housing and Development: Examines the local residential marketplace and relative proportions of employees to residents.
15. Strengths, Constraints and Opportunities Analysis: strategically evaluates factors influencing Aztec's economic development potential, as informed by the preceding assessments.
16. Summary Observations: offers a number of conclusions about Aztec's current economic climate.
17. Economic Development Activities: offers actions for enhancing Aztec's economic development potential.
18. Economic Development Action Items: a list of action items oriented to economic development that the City can undertake in sequence or concurrently.
19. Economic Development Implementation Plan: A list of tasks to be undertaken in Year 1 by quarter, and additional and ongoing tasks to be undertaken over the next five years. This section also recommends performance measures to track the success of the City's efforts.

Section 2: Economic and Demographic Profile

Demographic Summary

A summary of selected demographic and economic data is shown in the table below. Between 2000 and 2009 Aztec's population grew by 329, or 5.2 percent, and is projected to increase an additional 3.9 percent by 2014. Other jurisdictions experienced population growth between 2000 and 2009 as well: Bloomfield, 13.7 percent; Farmington, 10.3 percent; San Juan County, 15.9 percent, and; the State of New Mexico, 13.2 percent. Aztec has a higher proportion of population with bachelor's degrees or higher than either the county or Bloomfield, but a much lower proportion than the state.

Table 1

Selected Demographics, 2009					
	Aztec	Bloomfield	Farmington	San Juan County	State of New Mexico
Population (2000)	6,378	6,417	37,844	113,801	1,819,046
Population (2009)	6,707	7,296	41,760	131,889	2,058,296
Population (projected 2014)	6,970	7,829	44,175	142,220	2,187,927
Labor Force (16+)	3,061	2,665	18,211	48,994	835,197
At-Place Employment (Employees)	4,162	3,594	30,023	53,431	845,066
At-Place Employment (Businesses)	470	306	3,011	4,981	80,521
Bachelor's Degree or Higher	15.6%	10.40%	21.1%	14.3%	24.90%
Median HH Income	\$44,296	\$45,078	\$50,673	\$43,361	\$44,681
Median Age	34.0	33.3	35.0	31.8	35.5

Source: ESRI Business Services; BBP 2010

Educational Attainment

The table below exhibits the educational attainment of residents 25 and older in the city, county, and state. The City of Aztec has a higher proportion of high school graduates than the county or state at 37.8 percent. The proportion of Aztec residents with a bachelor's degree or higher is 15.6 percent, compared to 24.9 percent for the state overall.

Table 2

2009 Population 25+ by Educational Attainment			
	City of Aztec	San Juan County	State of New Mexico
Total	4,272	78,846	1,317,379
Less than 9th Grade	0.4%	8.4%	8.3%
9th - 12th Grade, No Diploma	10.5%	12.0%	10.1%
High School Graduate	37.8%	32.4%	28.0%
Some College, No Degree	24.8%	24.8%	21.6%
Associate Degree	7.2%	8.0%	7.0%
Bachelor's Degree	10.4%	9.2%	14.3%
Graduate/Professional Degree	5.2%	5.1%	10.6%

Source: ESRI Business Services; BBP 2010

Business and Employment Characteristics

The table below categorizes at-place employment by number of businesses and employees for both the City of Aztec and San Juan County. At-place employment comprises employees who work in Aztec, but may reside elsewhere. At-place businesses are those within Aztec. Among business categories located in Aztec, construction employed the highest number in 2009 with 706, followed by public administration at 586 (reflecting both city and county offices located in Aztec), manufacturing at 573, educational services at 394, accommodations and food at 350, and retail trade at 306. Other business categories employed less than 300.

Table 3

Business Summary - At Place Employment 2009								
Business Category	City of Aztec				San Juan County			
	Businesses		Employees		Businesses		Employees	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture	2	0.4%	1	0.0%	21	0.4%	261	0.5%
Mining/Oil & Gas	5	1.1%	66	1.6%	64	1.3%	3,454	6.5%
Utilities	3	0.6%	12	0.3%	28	0.6%	1,877	3.5%
Construction	68	14.5%	706	17.0%	639	12.9%	7,565	14.2%
Manufacturing	16	3.4%	573	13.8%	174	3.5%	2,620	4.9%
Wholesale Trade	25	5.3%	256	6.2%	261	5.3%	2,831	5.3%
Retail Trade	44	9.4%	306	7.4%	685	13.8%	5,984	11.2%
Transportation	8	1.7%	187	4.5%	132	2.7%	1,687	3.2%
Information	4	0.9%	8	0.2%	88	1.8%	607	1.1%
Finance & Insurance	26	5.5%	72	1.7%	271	5.5%	1,156	2.2%
Real Estate	21	4.5%	168	4.0%	203	4.1%	1,008	1.9%
Professional Services	27	5.8%	70	1.7%	364	7.3%	1,735	3.2%
Management	0	0.0%	0	0.0%	1	0.0%	0	0.0%
Admin & Support	18	3.8%	38	0.9%	181	3.6%	862	1.6%
Educational Services	13	2.8%	394	9.5%	140	2.8%	4,842	9.1%
Health Care	22	4.7%	192	4.6%	374	7.5%	5,494	10.3%
Arts & Entertainment	12	2.6%	21	0.5%	99	2.0%	1,159	2.2%
Accomodations & Food	28	6.0%	350	8.4%	264	5.3%	3,742	7.0%
Other Services	65	13.9%	156	3.7%	587	11.8%	2,230	4.2%
Public Administration	61	13.0%	586	14.1%	358	7.2%	4,229	7.9%
Unclassified	1	0.2%	0	0.0%	27	0.5%	88	0.2%
Total	469	100.0%	4,162	100.0%	4,961	100.0%	53,431	100.0%

Source: ESRI Business Services; BBP 2010

Labor Force

The following tables show employment for the resident population of Aztec, San Juan County, and the State of New Mexico. Relative to the state, Aztec has a significantly higher population in the Agriculture/Mining category, which includes fossil fuels extraction (oil and natural gas). Less than one percent of the population is employed in Manufacturing, compared to 2.4 percent in the county and 3.9 percent in the state. The Retail Trade employment of 14.2 percent is proportionally higher in Aztec than the county or state, likely due to the close proximity of the Farmington retail cluster. The broad Services sector employs 47.5 percent of the Aztec workforce, and includes the

following subsectors: Hotels and Lodging, Automotive Services, Motion Pictures and Amusements, Health Services, Legal Services, Educational Institutions and Libraries, and Other Services (personal and professional). See Table 4.

Table 5 shows the 2009 employment by occupation by category (bold italics) and subcategory. White Collar jobs account for 51.9 percent of employment compared to 60.3 percent for the state, and Blue Collar jobs account for 27.2 percent of employment compared to 20.5 percent for the state. Service occupations that do not fall under White or Blue Collar categories account for 21 percent of employment of the Aztec workforce, compared to 19.2 percent for the state.

Tables 4 & 5

2009 Employed Population 16+ by Industry			
	City of Aztec	San Juan County	State of New Mexico
Total	2,930	52,945	883,176
Agriculture/Mining	8.4%	6.8%	2.9%
Construction	8.3%	9.7%	8.5%
Manufacturing	0.9%	2.4%	3.9%
Wholesale Trade	3.6%	3.3%	2.4%
Retail Trade	14.2%	12.3%	11.0%
Transportation/Utilities	6.5%	7.5%	4.3%
Information	0.2%	1.1%	1.9%
Finance/Insurance/Real Estate	4.3%	4.5%	5.2%
Services	47.5%	46.9%	52.0%
Public Administration	6.1%	5.4%	7.9%

Source: ESRI Business Services; BBP 2010

2009 Employed Population 16+ by Occupation			
	City of Aztec	San Juan County	State of New Mexico
Total	2,930	52,945	883,176
White Collar	51.9%	52.2%	60.3%
Management/Business/Financial	8.3%	7.7%	11.0%
Professional	18.7%	20.9%	25.6%
Sales	10.4%	11.1%	10.6%
Administrative Support	14.6%	12.5%	13.1%
Services	21.0%	18.8%	19.2%
Blue Collar	27.2%	29.0%	20.5%
Farming/Forestry/Fishing	0.3%	0.6%	0.9%
Construction/Extraction	10.7%	11.5%	7.3%
Installation/Maintenance/Repair	5.5%	5.6%	3.9%
Production	3.9%	4.5%	3.5%
Transportation/Material Moving	6.8%	6.7%	4.8%

Source: ESRI Business Services; BBP 2010

Employment Projections

The Farmington Metropolitan Planning Organization (MPO) is the regional planning forum responsible for transportation planning for the Cities of Aztec, Bloomfield and Farmington, and the urbanized areas of San Juan County. The MPO, in cooperation with its entities, NMDOT, transit operators, and the general public, develops long and short range transportation plans. The MPO projects employment in Aztec to increase by 263 jobs or 6.2 percent from 2008 to 2015, 446 jobs or 9.9 percent from 2015 to 2020, and 946 jobs or 19.1 percent from 2020 to 2030. Overall, employment is projected to increase by 1,655 jobs or 38.9 percent from 2008 to 2030.

Table 6

Employment Projections				
Jurisdiction	2008	2015	2020	2030
Aztec	4,254	4,517	4,963	5,909
Bloomfield	4,229	4,490	4,933	5,874
Farmington	36,324	38,566	42,374	50,452
San Juan County (within the MPO)	12,781	13,570	14,910	17,752
MPO Total	57,588	61,143	67,180	79,987

Source: Farmington Metropolitan Planning Organization; BBP 2010

Based on the 2030 Long Range Forecast Land Use Quantities for the Farmington MPO Regional Travel Model, employment will be distributed within four major categories as such: industrial manufacturing, 1,518; retail, 1,307; office/service, 2,563; medical, 521. Of course, a broad range of external forces can, and most likely will, ultimately impact employment by 2030. These include, but are not limited to, national economic conditions, technological advances in all aspects of the energy sector, the regulatory environment, and a host of other factors. The effectiveness of proactive economic development efforts will also most certainly impact the economic profile of the City of Aztec by 2030 as well.

Unemployment Rates

The New Mexico Department of Workforce Solutions, Economic Research and Analysis unemployment rates for March, 2010 are as follows:

United States	9.7%
New Mexico	8.8%
Farmington MSA	11.3%

Section 3: Industry Profile and Cluster Analysis

Gross Receipts Tax Revenues and Sales

Gross Receipts Tax (GRT) revenues are fairly reliable indicators of business trends in the local economy, and can even mark significant economic activity of local or regional impact in a given year. As the following table shows, GRT revenues increased steadily from 2005 through 2009 from approximately \$3.97 million to \$5.62 million, respectively, for a total increase of 41.6 percent over five years. Aztec's most significant increases in GRT revenues in real dollars occurred in the Mining/Oil and Gas and Construction sectors. Public works projects, including the new wastewater treatment plant, accounted for the boost in Construction output. In the Health Care category, the introduction of a new sports medicine and physical therapy facility in Aztec accounted for the increase in output starting in 2007. Overall, GRT trends indicate a healthy and growing local economy over the past five years.

Table 7

City of Aztec Gross Receipts Taxes						
	FY05	FY06	FY07	FY08	FY09	*FY10
Agriculture	\$384	\$600	\$264	\$1,212	\$576	\$672
Mining/Oil & Gas	414,612	491,724	859,512	742,104	855,828	547,788
Utilities	46,176	80,076	73,836	111,540	65,640	35,628
Construction	326,760	313,944	354,768	482,748	895,188	832,788
Manufacturing	160,032	117,996	126,852	147,336	213,996	139,212
Wholesale Trade	103,344	98,400	121,512	706,284	450,384	198,168
Retail Trade	775,356	666,348	737,232	762,876	688,824	675,192
Transportation	0	4,188	10,584	2,508	6,132	8,220
Cultural Industries	128,640	126,804	128,712	152,376	172,056	203,628
Finance & Insurance	10,212	7,632	13,056	18,048	14,664	10,656
Real Estate	95,304	132,228	199,368	146,868	176,052	103,992
Professional Services	77,784	110,628	133,704	110,112	148,224	107,412
Admin & Support	8,424	4,164	11,892	8,916	14,532	31,032
Educational Services	264	156	48	264	996	816
Health Care	45,012	37,116	65,124	66,792	73,776	77,652
Arts	720	1,428	1,956	780	6,228	7,860
Accommodations & Food	331,764	340,536	360,456	389,076	412,536	401,400
Other Services	571,356	636,144	663,708	687,012	734,064	532,980
Public Administration	0	29,232	27,432	46,152	10,008	35,028
Food Distribution	380,532	448,992	454,548	577,884	505,332	447,324
Medical Distribution	19,872	25,272	33,732	38,868	42,300	42,408
Unclassified	470,316	398,796	105,420	211,764	130,932	112,956
Total	\$3,966,864	\$4,072,404	\$4,483,716	\$5,411,520	\$5,618,268	\$4,552,812

Note: Annual GRTs calculated based on average monthly revenues

*Annual GRTs imputed from 8-month monthly average

Source: City of Aztec; BBP

Using a gross receipts tax rate of 7.625 percent applied to average taxes over the period of Fiscal Year 2005 through the third quarter of Fiscal Year 2010, average taxable sales by industry sector can be calculated. Table 8 ranks Aztec’s industry sectors by taxable sales. Retail sales ranked highest with over \$10 million in average annual sales, followed by mining/oil & gas, other services, construction, and distribution in the top five.

Table 8

City of Aztec Taxable Sales by Industry Sector Annual Average FY05 through Q3 FY10	
Retail Trade	\$10,072,964
Mining/Oil & Gas	\$9,132,643
Other Services	\$8,931,636
Construction	\$7,416,078
Food Distribution	\$6,561,843
Accomodations & Food	\$5,203,991
Wholesale Trade	\$3,924,660
Unclassified	\$3,355,017
Cultural Industries	\$2,116,046
Manufacturing	\$2,111,710
Real Estate	\$1,996,290
Professional Services	\$1,603,998
Utilities	\$968,050
Health Care	\$848,490
Medical Distribution	\$470,129
Public Administration	\$342,601
Admin & Support	\$180,728
Finance & Insurance	\$173,353
Transportation	\$73,166
Arts	\$43,351
Agriculture	\$8,630
Educational Services	\$5,856

Source: City of Aztec; BBP 2010

Business Trends

Analysis of business trends by type and employment is a key element for assessing future business development needs. The following Tables 9 and 10 show employment trends from 2005 through the first quarter of 2010 (second quarter data). Industry sectors are sequenced by actual employment numbers, from highest to lowest. Top five industry sectors by gains in employment are oil and gas extraction, construction – special trade contractors, business services, administration of human resource programs, and food stores. Top five industry sectors by losses in employment are heavy construction, general government, justice and public safety, administration of economic programs, and wholesale trade.

Table 9

City of Aztec Employment Growth Industries by SIC Code (2005- Q2 2010)					
SIC	Industry	2005	Q2 2010	Change	% Change
13	Oil and Gas Extraction	266	433	167	63%
17	Construction - Special Trade Contractors	103	232	129	125%
73	Business Services	760	860	100	13%
94	Administration of Human Resource Programs	16	107	91	569%
54	Food Stores	26	104	78	300%
87	Engineering Accounting Research Management & Related Svcs	55	90	35	64%
55	Automotive Dealers and Gasoline Service Stations	50	75	25	50%
50	Wholesale Trade - Durable Goods	42	64	22	52%
86	Membership Organizations	63	83	20	32%
82	Educational Services	229	248	19	8%
28	Chemicals and Allied Products	6	21	15	250%
15	Building Cnstrctn - General Contractors & Operative Builders	92	106	14	15%
35	Industrial and Commercial Machinery and Computer Equipment	25	37	12	48%
80	Health Services	154	165	11	7%
78	Motion Pictures	0	9	9	-
38	Mesr/Anlyz/Cntrl Instrmnts; Photo/Med/Opt Gds; Watchs/Clocks	1	8	7	700%
52	Building Matrials Hrdwr Garden Supply & Mobile Home Dealrs	4	11	7	175%
27	Printing Publishing and Allied Industries	2	7	5	250%
61	Nondepository Credit Institutions	13	18	5	38%
32	Stone Clay Glass and Concrete Products	0	4	4	-
62	Security & Commodity Brokers Dealers Exchanges & Services	4	8	4	100%
81	Legal Services	2	6	4	200%
57	Home Furniture Furnishings and Equipment Stores	5	8	3	60%
37	Transportation Equipment	1	3	2	200%
48	Communications	6	8	2	33%
56	Apparel and Accessory Stores	0	2	2	-
67	Holding and Other Investment Offices	6	8	2	33%
24	Lumber and Wood Products Except Furniture	5	6	1	20%
84	Museums Art Galleries and Botanical and Zoological Gardens	2	3	1	50%

Source: Dunn & Bradstreet, 2010

Table 10

City of Aztec Employment Loss by SIC Code (2005- Q2 2010)					
SIC	Industry	2005	Q2 2010	Change	% Change
16	Heavy Cnstrctn Except Building Construction - Contractors	387	157	-230	-59%
91	Executive Legislative & General Government Except Finance	321	147	-174	-54%
92	Justice Public Order and Safety	363	234	-129	-36%
96	Administration of Economic Programs	99	12	-87	-88%
51	Wholesale Trade - Nondurable Goods	111	58	-53	-48%
95	Administration of Environmental Quality and Housing Programs	174	140	-34	-20%
58	Eating and Drinking Places	352	323	-29	-8%
75	Automotive Repair Services and Parking	80	54	-26	-33%
49	Electric Gas and Sanitary Services	39	14	-25	-64%
70	Hotels Rooming Houses Camps and Other Lodging Places	21	7	-14	-67%
72	Personal Services	50	38	-12	-24%
83	Social Services	53	41	-12	-23%
42	Motor Freight Transportation	99	88	-11	-11%
59	Miscellaneous Retail	82	72	-10	-12%
65	Real Estate	73	63	-10	-14%
47	Transportation Services	7	1	-6	-86%
02	Agricultural Production - Livestock and Animal Specialties	10	5	-5	-50%
34	Fabricated Metal Prdcts Except Machinery & Transport Eqpmnt	11	6	-5	-45%
60	Depository Institutions	17	12	-5	-29%
79	Amusement and Recreation Services	31	26	-5	-16%
64	Insurance Agents Brokers and Service	20	16	-4	-20%
76	Miscellaneous Repair Services	35	31	-4	-11%
07	Agricultural Services	43	41	-2	-5%
44	Water Transportation	2	0	-2	0%
01	Agricultural Production - Crops	6	5	-1	-17%
23	Apparel Finished Prdcts from Fabrics & Similar Materials	1	0	-1	-100%
89	Services Not Elsewhere Classified	7	6	-1	-14%

Source: Dunn & Bradstreet, 2010

Location Quotient

The Location Quotient (LQ) for a given industry sector is a measure of its concentration relative to the concentration of that sector in the United States. The LQ compares the local economy to the national economy to identify specializations in the local economy. Any employment over and above the expected percentage is therefore considered to consist of basic sector jobs because these workers are assumed to be exporting their goods and services to non-local areas. The LQ's shown in the following table are derived from the numbers of employees for each industry sector. If the percentages are identical or if the local percentage is less than the reference percentage, then the local area has no basic sector employment for that industry as the area can only, at best, meet their local demand and not export these goods and services.

Based on the LQ methodology, it can be concluded that Aztec's basic sector industries are comprised of Mining/Oil & Gas, Construction, Manufacturing, Transportation, Real Estate, and Public Administration.

Table 11

Location Quotient		
Business Category	LQ	
	City of Aztec	San Juan Co.
Agriculture	0.06	1.23
Mining/Oil & Gas	5.98	24.40
Utilities	0.73	8.90
Construction	3.37	2.81
Manufacturing	1.46	0.52
Wholesale Trade	1.13	0.98
Retail Trade	0.57	0.87
Transportation	1.68	1.18
Information	0.08	0.47
Finance & Insurance	0.39	0.49
Real Estate	1.53	0.71
Professional Services	0.27	0.53
Management	0.00	0.00
Admin & Support	0.32	0.57
Educational Services	1.19	1.14
Health Care	0.34	0.75
Arts & Entertainment	0.24	1.04
Accommodations & Food	1.02	0.85
Other Services	0.69	0.77
Public Administration	2.06	1.16
Unclassified	0.00	0.28

LQ < 1.0: local employment is less than expected for a given industry

LQ = 1.0: local employment is exactly sufficient to meet the local demand for a given good or service

LQ > 1.0: local employment is greater than expected, these extra jobs must export their goods and services to non-local areas

Source: ESRI Business Services; BBP 2010

Industry Cluster Analysis

Introduction

An important component of the City of Aztec's vision for economic development is a focused effort to attract, retain, and expand firms in target industry clusters within the greater region. As such, BBP has prepared an industry cluster assessment that targets industries that demonstrate a competitive advantage to the region, in terms of economic development importance.

Method of Analysis

The method of analysis to assess industries includes both quantitative and qualitative evaluations. Location quotient and shift-share analyses are key quantitative methods employed to initially understand industries, while stakeholder interviews and public meetings are used to obtain qualitative insight into local strengths and preferences.

As part of the industry target assessment, BBP evaluated all industry clusters and implemented the following screening process to identify key target industries within the City of Aztec:



➤ **Is the industry a local specialization?**

Methodology: Examined the location quotient of each industry to quantify the level of concentration in the region (City of Aztec) when compared to the nation (United States). To identify whether or not an industry cluster represents a local specialization, location quotient (LQ) analysis was conducted. Location quotients compare the proportion of local employment in an industry to the proportion of national employment in an industry. Those industries with proportionately more local employment relative to the nation are local specializations (LQ > 1.0).

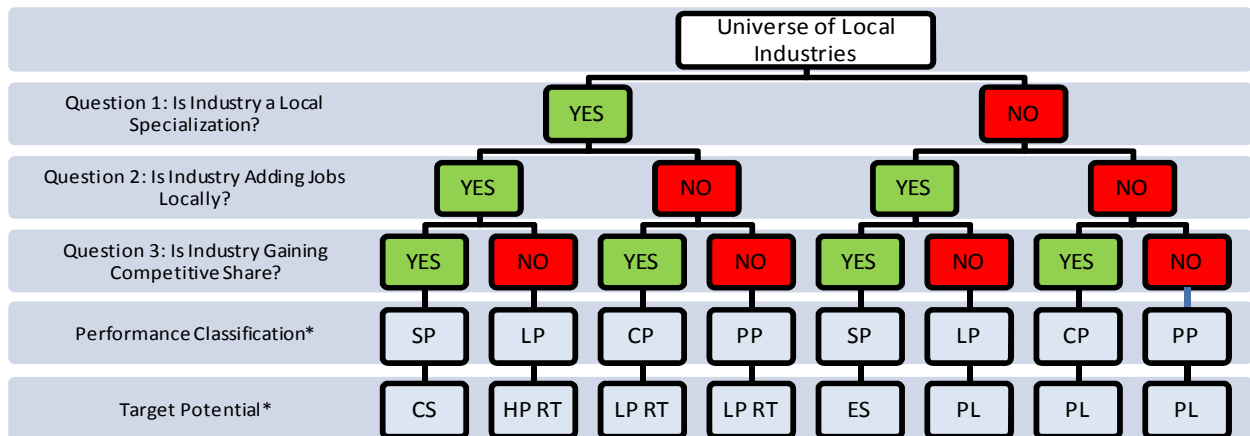
➤ **Is the industry experiencing employment growth locally?**

Methodology: Calculated the employment growth rate of each industry between the years of 2005 and 2008 to determine whether local employment in the City of Aztec has experienced an increase or decrease. Local job growth or job loss is another important dimension of industry cluster evaluation. Trends in employment help to identify which local specializations are twice as strong as growing fields, and these trends also help identify industries that may not be local specializations yet, but are nevertheless adding local jobs and could therefore serve as emerging economic engines.

➤ **Is the industry gaining a competitive share over the state?**

Methodology: Determined whether the City of Aztec or the State of New Mexico experienced a higher employment growth rate between the years of 2005 and 2008. An industry that is locally gaining competitive share is defined as one that is either adding jobs faster locally than in other parts of the state, or that is losing jobs less rapidly locally than in other parts of the state.

A more detailed illustration of the quantitative processes (which address the first three steps in the above illustrated process) is provided in the following ‘Decision Tree’ diagram.



From the results of these evaluations, the performance of industries may be classified into four categories:

- Strong performers

- Lagging performers
- Constrained performers
- Poor performers

Then, industries can be further classified based on their potential as local targets, with five potential categories:

- Current strengths
- High priority retention targets
- Lower priority retention targets
- Emerging strengths
- Prospects limited

Findings

BBP examined all eighty-one (81) 2-digit industries identified by the U.S. Census Bureau Standard Industry Classification (SIC) System. Analyzing these industries through the quantitative screening process / Decision Tree diagram, BBP identified key industries that are current strengths, high priority retention targets, low priority retention targets, and emerging strengths of the City of Aztec on the local economy.

Current Strengths	High Priority Retention Targets	Low Priority Retention Targets	Emerging Strengths
<ul style="list-style-type: none">• Local Specialization• Experiencing Employment Growth Locally• Gaining Competitive Share over the State	<ul style="list-style-type: none">• Local Specialization• Experiencing Employment Growth Locally• Losing Competitive Share over the State	<ul style="list-style-type: none">• Local Specialization• Experiencing Employment Loss Locally• Gaining / Losing Competitive Share over the State	<ul style="list-style-type: none">• No Local Specialization• Experiencing Employment Growth Locally• Gaining Competitive Share over the State

Table 12

Strong Performer - Current Strength			
<u>SIC</u>	<u>Industry</u>	<u>Performance Classification</u>	<u>Target Potential</u>
13	Oil and Gas Extraction	Strong Performer	Current Strength
17	Construction - Special Trade Contractors	Strong Performer	Current Strength
42	Motor Freight Transportation	Strong Performer	Current Strength
54	Food Stores	Strong Performer	Current Strength
89	Services Not Elsewhere Classified	Strong Performer	Current Strength
94	Administration of Human Resource Programs	Strong Performer	Current Strength

Strong Performer - Emerging Strength			
<u>SIC</u>	<u>Industry</u>	<u>Performance Classification</u>	<u>Target Potential</u>
24	Lumber and Wood Products Except Furniture	Strong Performer	Emerging Strength
27	Printing Publishing and Allied Industries	Strong Performer	Emerging Strength
28	Chemicals and Allied Products	Strong Performer	Emerging Strength
35	Industrial and Commercial Machinery and Computer Equipment	Strong Performer	Emerging Strength
37	Transportation Equipment	Strong Performer	Emerging Strength
38	Mesr/Anlyz/Cntrl Instrmnts; Photo/Med/Opt Gds; Watches/Clocks	Strong Performer	Emerging Strength
48	Communications	Strong Performer	Emerging Strength
50	Wholesale Trade - Durable Goods	Strong Performer	Emerging Strength
52	Building Matrials Hrdwr Garden Supply & Mobile Home Deals	Strong Performer	Emerging Strength
55	Automotive Dealers and Gasoline Service Stations	Strong Performer	Emerging Strength
57	Home Furniture Furnishings and Equipment Stores	Strong Performer	Emerging Strength
59	Miscellaneous Retail	Strong Performer	Emerging Strength
61	Nondepository Credit Institutions	Strong Performer	Emerging Strength
64	Insurance Agents Brokers and Service	Strong Performer	Emerging Strength
65	Real Estate	Strong Performer	Emerging Strength
80	Health Services	Strong Performer	Emerging Strength
81	Legal Services	Strong Performer	Emerging Strength
84	Museums Art Galleries and Botanical and Zoological Gardens	Strong Performer	Emerging Strength
86	Membership Organizations	Strong Performer	Emerging Strength
87	Engineering Accounting Research Management & Related Svcs	Strong Performer	Emerging Strength

Lagging Performer - High Priority Retention Target			
<u>SIC</u>	<u>Industry</u>	<u>Performance Classification</u>	<u>Target Potential</u>
15	Building Cnstrctn - General Contractors & Operative Builders	Lagging Performer	High Priority Retention Target
51	Wholesale Trade - Nondurable Goods	Lagging Performer	High Priority Retention Target
73	Business Services	Lagging Performer	High Priority Retention Target

Poor Performer - Low Priority Retention Target			
<u>SIC</u>	<u>Industry</u>	<u>Performance Classification</u>	<u>Target Potential</u>
16	Heavy Cnstrctn Except Building Construction - Contractors	Poor Performer	Low Priority Retention Target
43	United States Postal Service	Poor Performer	Low Priority Retention Target
58	Eating and Drinking Places	Poor Performer	Low Priority Retention Target
75	Automotive Repair Services and Parking	Poor Performer	Low Priority Retention Target
76	Miscellaneous Repair Services	Poor Performer	Low Priority Retention Target
91	Executive Legislative & General Government Except Finance	Poor Performer	Low Priority Retention Target
92	Justice Public Order and Safety	Poor Performer	Low Priority Retention Target
95	Administration of Environmental Quality and Housing Programs	Poor Performer	Low Priority Retention Target

In order to shift from a quantitative evaluation to a qualitative evaluation of Aztec's strengths in relation to these industry clusters, each industry should be assessed in terms of its ability to perform in the context of other factors including demographic, economic, and trade area characteristics, and most importantly, real job creation. For example, the *Communications* industry experienced a 33 percent increase in employment from 2005 to 2010, from 6 to 8 workers, an increase of 2. Health Services grew from 154 employees in 2005 to 165 in the second quarter of 2010 although, anecdotally, local demand could support higher employment. The *Automotive Dealers and Gasoline Service Stations* category classifies as a Strong Performer/Emerging Strength, but the retail market analysis in Section 5 of this report suggests that the market dynamics would not support strong growth. Therefore, based on the analysis above and additional analysis conducted in the course of the work program, BBP has classified target industries as follows:

Current Strengths (Local Specialization, Adding Jobs, Gaining Competitive Share)

- Oil and gas extraction
- Construction – special trade contractors
- Services not elsewhere classified

Emerging Strengths (Not a Local Specialization, Adding Jobs, Gaining Competitive Share)

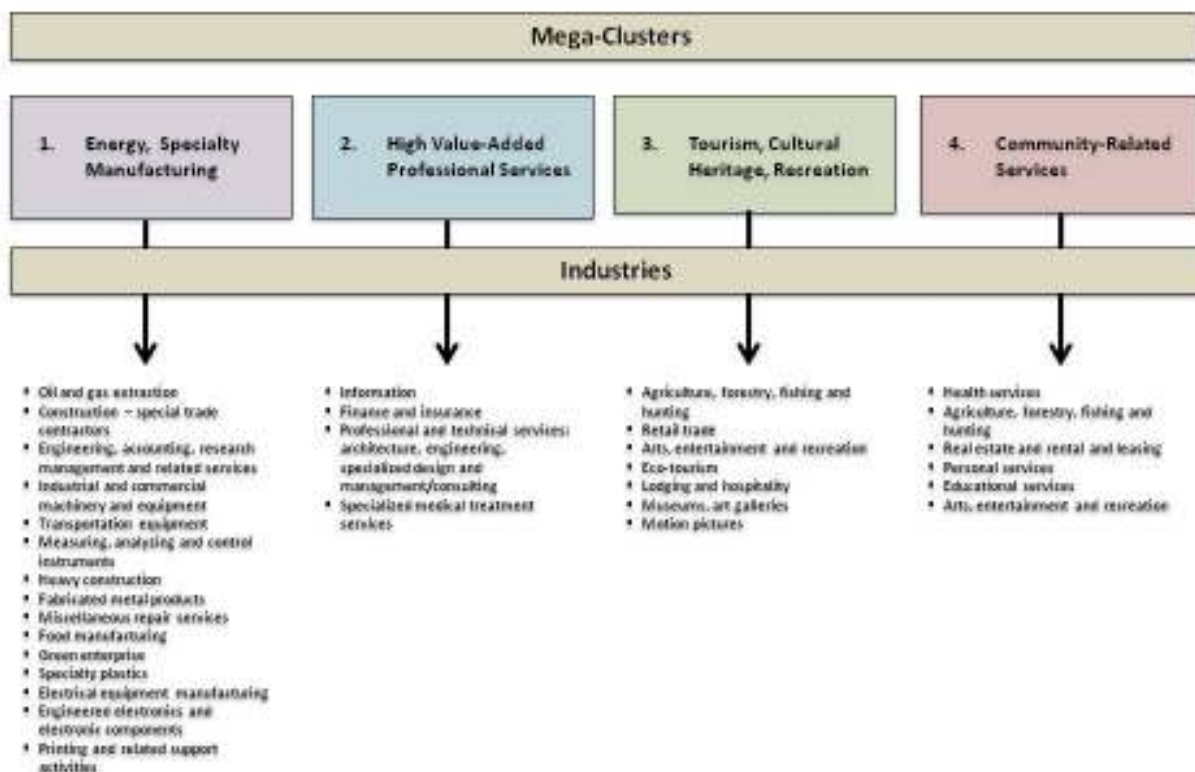
- Engineering, accounting, research, management & related services
- Industrial and commercial machinery and computer equipment
- Health Services
- Wholesale trade – durable goods
- Non-depository credit institutions
- Printing, publishing, and allied industries
- Stone, clay, glass and concrete products
- Transportation equipment
- Motion pictures
- Measuring, analyzing and control instruments
- Museums, art galleries

High Priority Retention Targets (Not a Local Specialization, Gaining or Losing Jobs, Gaining or Losing Competitive Share)

- Heavy construction except building construction
- Wholesale trade – non-durable goods
- Business services
- Hotels
- Personal services
- Insurance agents
- Real estate
- Fabricated metal products except for machinery & transportation equipment
- Miscellaneous repair services
- Agricultural services

The remaining industries analyzed through the quantitative evaluations are considered to have limited prospects and fall into three categories: 1) industries that are not a local specialization, adding jobs locally but losing competitive share; 2) industries that are not a local specialization, losing jobs locally but not competitive share, and; 3) industries that are not a local specialization, losing jobs locally and losing competitive share.

It is helpful to group industry clusters based on common themes – in essence, turning the clusters into mega-clusters. The identification of mega-clusters allows the opportunity to add industries that may not have been identified as potential targets through the quantitative analysis for lack of data, yet nevertheless have thematic ties to the other industries that have been identified as potential targets. These mega-clusters include most of the potential targets listed above as well as other industries not covered for lack of data yet considered potential targets.



Energy and specialty manufacturing to some degree go hand in hand in regions where energy extraction and production are prevalent. As policy initiatives that incentivize renewable energy projects increase in the future, more opportunities should present themselves for traditional energy enterprises to capitalize on the trend towards renewable energy, utilizing the skill sets already present in their respective workforces. Specialty manufacturers include a variety of light manufacturers that include many fields outside of energy, from niche consumer goods to those for business.

High value added professional services include those services that cater to a customer base beyond Aztec. Many knowledge-based and design-oriented fields are included in this category (and are therefore dollar-importing businesses). Energy-related technical services are an example.

Tourism, cultural heritage, agriculture and culinary tourism encompass those industries that could draw travelers to the community, including cultural resources, natural attractions, retailers and restaurants, and arts/entertainment/recreational amenities.

Community-related services are those industries that support the local population and add to the area's overall livability. These industries may not necessarily have the dollar importing characteristics of high value-added professional service, but provide services that enhance options and the quality of life in Aztec. They also overlap in some cases with tourism and professional service industries, with a distinction made that some businesses within an industry are more locally serving while others serve clients and customers beyond local residents.

Local Strengths/Weaknesses for Economic Development

All of the industries listed under the mega-clusters have passed quantitative tests and hold promise as a current strength, emerging strength, or retention target. Therefore, they are all potential targets for Aztec, although some will be stronger than others based on local strengths. The industries therefore can be described as primary or secondary targets for Aztec. A summary of the top strengths as well as the weaknesses is provided below:

Top Strengths/Assets for Economic Development

- **Quality of Life:** Aztec is a desirable place to live, particularly for families given the choices available in the local school system and the area recreational opportunities. The community is also diverse socioeconomically and civic-minded. The city has a well-defined downtown area with a variety of retail offerings, and is approximately ten miles from the regional retail cluster in Farmington.
- **Growing Economy:** Economic output and employment grew steadily from 2005 through 2009. Aztec also experienced some significant industry expansion and attraction in the past ten years. 2010 is showing downturns in both indicators, reflective of the national economic downturn, but employment is projected to experience net increases by 2015.
- **Relatively Low Cost of Living:** Sperling's Best Places 2009 assigns a cost of living index of 0.86 to Aztec, compared to a national average of 1.00.
- **Capacity of Sewer and Water System:** Aztec recently upgraded the capacity of both its municipal and water systems.
- **Tourism and Visitation Assets:** The Aztec Ruins National Monument attracts over 30,000 visitors annually, and the Aztec Museum and Pioneer Village draws visitors into the downtown. Navajo Lake State Park is a natural recreational resource that enhances Aztec's prospects for overnight visitors.
- **Name Recognition of Existing Employers:** The presence of Pepsi Bottling Group and Fed-Ex gives Aztec a certain cache from which to build in that it enforces the perception that Aztec can be home to a major employer.

Weaknesses/Constraints for Economic Development

- **Limited Amount of Available Commercial Land:** Aztec has approximately 34 parcels comprising 82 acres available for commercial development. This will be remedied by the opening of the East Aztec Arterial and the subsequent development of a city-controlled business park, which could be years in the offing.
- **Human Capital:** The educational attainment of Aztec and San Juan County residents lags behind the state – bachelor's degrees or higher accounted for 15.5 percent in the City of Aztec and 14.3 percent in the county compared to 24.9 percent in the state.
- **Dominant Industry:** The natural gas extraction industry clearly dominates Aztec's economic base, and is subject and sensitive to external geopolitical and global economic forces, as well as national and statewide energy policies.

Based on this understanding of Aztec's competitive situation, we recommend that these industries be categorized as primary or secondary targets as illustrated below, followed by an explanation of how industries were categorized as either primary or secondary targets.

Industry Targets for Aztec		
Industry	Primary Target	Secondary Target
Energy, Specialty Manufacturing		
Oil and gas extraction	X	
Construction - special trade contractors	X	
Engineering, accounting, research management and related activities	X	
Industrial and commercial machinery and equipment		X
Transportation equipment		X
Measuring, analyzing and control instruments	X	
Heavy construction	X	
Fabricated metal products		X
Miscellaneous repair services	X	
Food manufacturing		X
Green enterprise	X	
Specialty plastics	X	
Electrical equipment manufacturing		X
Engineered electronics and electronic components		X
Printing and related support activities		X
High Value Added Professional Services		
Information	X	
Finance and insurance	X	
Professional and technical services: architecture, engineering, specialized design	X	
Specialized medical; treatment services	X	
Tourism, Cultural Heritage, Recreation		
Agriculture, forestry, fishing and hunting		X
Retail trade	X	
Arts, entertainment, and recreation	X	
Eco-tourism	X	
Lodging and hospitality	X	
Museums, art galleries		X
Motion pictures		X
Community-Related Services		
Health Services	X	
Retail trade	X	
Agriculture, forestry, fishing, and hunting		X
Real estate rental and leasing		X
Personal services	X	
Educational services		X
Arts, entertainment, and recreation	X	

- **Energy, Specialty Manufacturing:** The variety of energy and specialty manufacturing industries that were identified as current strengths, emerging strengths, or retention targets have been separated into primary and secondary targets as described below.

Primary targets include: oil and gas extraction, construction – special trade contractors; engineering, accounting, research management and related activities; measuring, analyzing and control instruments; miscellaneous repair services: food manufacturing; green enterprises, and; specialty plastics.

- **The oil and gas extraction industry** is an obvious target by virtue of the agglomeration of energy extraction businesses currently present in Aztec, and the probability that natural gas will gain favor as an alternative to other petroleum products.
- **Construction – special trade contractors; engineering, accounting, research management and related activities; measuring, analyzing and control instruments; and miscellaneous repair services** are inextricably intertwined with gas extraction. Measuring, analyzing and control instruments are widely used by utilities as well as in manufacturing.
- **Food manufacturing** is a primary target by virtue of San Juan County's state ranking of second in vegetables harvested for sale and third in vegetable, melon, potato and sweet potato production.
- **Green enterprises** are a primary target of Aztec since businesses will seek to capitalize on the State of New Mexico's Green Grid Initiative. Aztec's participation in green enterprises would likely be in the form of specialty manufacturing rather than power generation given its workforce characteristics, location relative to research and development nodes, and other salient factors. For example, new technologies to mitigate the environmental impact of natural gas extraction are constantly evolving, and could present business development opportunities for Aztec.
- **Specialty plastics** are a primary target by virtue of the presence of a specialty plastics enterprise in Aztec, and the potential for expansion or spin-off.

Secondary targets in the energy and specialty manufacturing mega-cluster include: industrial and commercial machinery and equipment; transportation equipment; fabricated metal products; food manufacturing; electrical equipment manufacturing; engineered electronics and electronic components, and; printing and related support activities.

- **Industrial and commercial machinery and equipment, transportation equipment and fabricated metal products** are not primary targets because these industries are likely to require stronger transportation access than currently available in Aztec.
- **Electrical equipment manufacturing and engineered electronics and electronic components** do not have strong ties with the region's existing industries, and are not primary targets.
- **Printing and related support activities** are an industry in steady decline due to advances in desk-top technology and the general decline of print materials in daily existence.

- **High Value Added Professional Services** are primary targets not so much because of the human capital currently available in the community, but the ability of this sector's businesses to attract highly educated human capital into the city and import dollars into the local economy. Information, finance and insurance, and professional technical services not only have the capacity to benefit local residents and businesses, but national and international clients and customers as well. Specialized medical services (and general medical services for that matter) are primary targets simply from the perspective of local supply and demand dynamics and quality of life issues.
- **Tourism, Cultural Heritage, and Recreation:** Arts, entertainment, recreation, eco-tourism, and lodging are primary targets to complement the richness of natural attractions and cultural resources in and around Aztec, and otherwise enhance the prospect of increased tourism. In turn, secondary targets such as retail, museums and art galleries should benefit.
- **Community Related Services:** Health services and personal services are primary targets for Aztec because they enhance the quality of life, enhancing the City's attractiveness to residents and businesses. Retail (particularly specialty retail) and arts, entertainment and recreation enhance the drawing power of Aztec to visitors. Agriculture, fishing and hunting are secondary targets due to their presence outside of the City of Aztec. Real estate rental and leasing and educational services are really functions of population growth and are more appropriately defined as secondary targets.

The following images illustrate the prominence of oil and gas extraction businesses in Aztec. All of the businesses shown in these images are clustered in the industrial area on Highway 550.



Maverick Stimulation Company



Microbial Energy



High Tech Rental Tools & Oilfield Services



Aztec Well Servicing Company



Triple S Trucking Company



Williams Exploration and Production

Section 4: Business Resource Inventory

Existing Business Development Organizations

Local

San Juan Economic Development Service, Inc. (SJEDS) serves northwest New Mexico, with a focus on the communities of Aztec, Bloomfield, Farmington and Shiprock, and San Juan County. SJEDS' mission is to assist in the retention, expansion, recruitment and creation of economic base companies in San Juan County for the purpose of high wage job creation.

SJEDS' goal is to develop long-term stable funding bases and sustainable economic development programs to move San Juan County's economy forward. Projects include:

- Industrial park expansion
- Enhanced access to economic research and database information systems for employers
- Employer support programs such as workforce development and trailing spouses program
- Industry Advocate
- Legislative support
- Connecting companies to resources and incentives such as tax credits and technical assistance programs through the National Labs

SJEDS is also the first point of contact for site selectors and other company representatives interested in establishing operations in San Juan County. SJEDS partners with the New Mexico Economic Development Department (NMEDD), the San Juan College Enterprise Center (business incubator), Enterprise Loan Fund (NWNMCOG), NMEDD for Job Training Incentive Program Funds (JTIP) and other technical assistance programs available to help expanding companies and otherwise create and support higher wage jobs in the county.

San Juan Economic Development Service offices are located in the Quality Center for Business, a facility located adjacent to San Juan College in Farmington; their partners within the facility included the aforementioned Enterprise Center, the Small Business Development Center, the Northwest New Mexico Council of Governments, and the San Juan College Center for Workforce Training. *Source: San Juan Economic Development Service. Information: www.sanjuaneds.com*

The San Juan College Enterprise Center provides business incubation services to tenant companies, offering shared office services, access to equipment, flexible leases and expandable space. The incubator's objective is to produce businesses that are financially viable when they graduate, usually in two to three years.

The Enterprise Center can accommodate a variety of tenants, from conventional office space users to light industrial operations. Office spaces range from 160 to 500 square feet, and warehouse/flex spaces come in 1,100- and 2,200-square-foot floor areas with high bays and overhead doors.

Since 1999, approximately 50 companies have graduated from the program, accounting for approximately 188 jobs created. Types of businesses include machine shops, granite countertop craftsmen, mechanical engineering, electrical engineering, computer networking, woodshops building custom doors & furniture, innovative green residential building systems with combined fire protection, environmental & reclamation services, bookkeeping systems, oil & gas services, manufacturing & remanufacturing, assisted living services, architect, interior designer,

web designers & inventors of professional painters' tools. The largest company that incubated at the Enterprise Center is All American Technical Team, who has sales exceeding \$7 million annually and nearly 60 employees in a 31,000-square-foot plant located in San Juan County. *Source: San Juan College Enterprise Center.* Information: www.sjc-enterprisecenter.org

The Center for Workforce Training provides customized training as well as continuing professional development opportunities to participants who already possess some job-related skills and knowledge. Classes are held at their state-of-the-art facility located in the Quality Center for Business, or training can be delivered at a place of business. Courses are offered in the following subject matters:

- Leadership, Management & Supervisory Development
- Team Leadership & Effectiveness
- Interpersonal Effectiveness & Communication Skills
- Business, Customer Service, and Professional Development Skills
- Human Resources
- Computers and Technology
- Health Careers
- Industrial Prep

Source: San Juan College. Information: www.sanjuacollege.edu/workforcetraining

Small Business Development Centers (SBDCs) function primarily to assist entrepreneurs to start new businesses or expand existing businesses through education, training, and consulting. SBDCs are administered through the U.S. Small Business Administration. Their technical services typically include, but are not necessarily limited to business plan development, finding sources of financing, and financial packaging. They offer formalized business training as well as one-on-one counseling for all phases of the business life cycle.

The Small Business Development Center at San Juan College provides coaching, training, and support for all aspects of businesses. They offer counseling and training to small businesses, as well as assistance with planning, cash flow, sources of credit, expansion, importing or exporting, human resources, inventory control, government contracting and marketing.

In 2009 with the assistance of the SBDC, 33 new businesses were started employing 90 members of the local community. Of these, 8 new jobs and one new business is located in Aztec. Additionally, of the 452 businesses receiving counseling in 2009, 71 are companies based in Aztec. *Source: San Juan College.* Information: www.sanjuacollege.edu/sbdc

Regional

The Northwest New Mexico Council of Governments (NWNMCOG) is a voluntary association of local units of government serving as the regional planning organization for the northwest corner of the state, also known as State Planning and Development District I. The NWNMCOG is headquartered in Gallup, New Mexico, and has a field office at the Quality Center for Business at San Juan College. *Source: Northwest New Mexico Council of Governments.* Information: www.nwnmcog.com

State

The **New Mexico Economic Development Department (NMEDD)** is the state's economic development agency. The NMEDD has identified the following key areas as economic development priorities:

- Rural Economic Development
- Technology Based Economic Development
- Community Development and Capacity Building
- Film and Media Expansion
- International Trade and Foreign Direct Investments
- Spaceport America
- Tribal Economic Development
- Small Business Support Programs
- Private and Public Partnerships

NMEDD has a Financial Development Team (FDT) whose mission is to guide both public and private clients to the appropriate financing tools. FDT services include: financial packaging (debt or equity) and/or accessing capital; review and interpretation of company financial statements; in-depth financial analysis; and client consultations concerning all aspects of doing business. FDT administers the Local Economic Development Act (LEDA) program on a statewide basis. *Source: New Mexico Economic Development Department.* Information: www.edd.state.nm.us

New Mexico Small Business Investment Corporation – Finance New Mexico is sponsored by a partnership of public and private entities with the common purpose of promoting economic development through small business funding, small business loans, equity investment, small business start-up, business development business resources, start-up consulting, business planning, business advice, and workshops. *Source: New Mexico Small Business Investment Corporation – Finance New Mexico.* Information: www.financenewmexico.org

New Mexico IDEA (NMIDEA) is an association comprised of professional industrial and economic development professionals and others interested the economic development process in New Mexico. The association fosters and encourages the expansion of existing industry and the location of new firms in New Mexico. *Source: New Mexico IDEA.* Information: www.nmidea.org

The Association of Commerce and Industry of New Mexico (ACI) is the statewide, legislative advocate of business interests. ACI serves as the state chamber of commerce and the NM representative of the National Association of Manufacturers. *Source: The Association of Commerce and Industry of New Mexico.* Information: www.acinm.com

The New Mexico Partnership is a public-private, non-profit entity designated by the State of New Mexico to assist in attracting businesses to the state. Since 2003, the New Mexico Partnership has welcomed the creation of over 12,000 jobs and the location of 38 companies to the state. *Source: The New Mexico Partnership.* Information: www.nmpartnership.com

New Mexico Manufacturing Extension Partnership (New Mexico MEP): New Mexico MEP is part of a national network which provides technical and business resources to manufacturers who are prepared to expand their capabilities and increase profitability. *Source: New Mexico Manufacturing Extension Partnership* Information: www.newmexicomep.org

Existing Business Development Programs and Incentives

NM Industry Development Corporation Revolving Loan Fund (IDC-RLF): The IDC-RLF was initiated for the purpose of assisting with the financing of businesses in counties with long-term economic deterioration. Priority is given to existing businesses that develop, manufacture or assemble products utilizing local labor. The IDC-RLF provides loans for fixed assets (land, building, machinery and equipment) and working capital. Loans usually range from between \$25,000- \$50,000 and are leveraged with other funds. The term for fixed asset loans may be up to 15 years; working capital loans up to 7 years. Rates are lower than market rates and collateral is negotiable.

Applicants must be existing New Mexico businesses located in eligible counties and small businesses as defined by the SBA. The applicant must be turned down by at least two financial institutions in order to qualify. Emphasis is placed on loans that are participating with other public and private sources of financing. *Source: NM Industry Development Corporation.* Information: www.nmidea.org

The purpose of the **Community Development Revolving Loan Fund (CDRLF)** is to assist local government in attracting industry and economic development through the construction and improvement of necessary infrastructure and services needed by industry. Incorporated municipalities and counties are eligible. Infrastructure improvements must be directly related to industrial or economic development. Loans are limited to \$250,000 per project. *Source: New Mexico Economic Development Department.* Information: www.edd.state.nm.us/communityAssistance/ruralResources/index.html

The New Mexico Job Training Incentive Program (JTIP) supports job creation and reimburses qualified companies for a significant portion of training costs associated with job creation. Two categories of businesses are eligible for consideration: 1) companies that manufacture or produce a product in New Mexico, and 2) non-retail service companies which export a substantial percentage of services out of state (60 percent + of revenues and/or customer base). The company must be financially sound and must be creating new jobs as a result of expansion or relocation to the State of New Mexico.

To be eligible for funding, trainees must be: 1) New hires to the company, and 2) Residents of NM for at least one year prior to employment. JTIP Funds three types of costs: 1) Classroom training at a public educational institution (100 percent), 2) Structured on-the-job training (OTJ) and, 3) a combination of classroom training and OJT. The program reimburses employees' wages while in training from 50-65 percent depending on the location of the business. *Source: New Mexico Economic Development Department.* Information: <http://www.edd.state.nm.us/businessAssistance/jobTraining/index.html>

The Cooperative Marketing Grant Program is designed to market New Mexico as a visitor destination. Organizations can receive up to \$30,000; marketing partnerships can receive up to \$35,000. Non-profit, tourism related organizations and local and tribal governments in the State of New Mexico that promote tourism are eligible. *Source: New Mexico Tourism Department.* Information: www.newmexico.org

Public Project Revolving Fund (PPRF) The Public Project Revolving Fund (PPRF) funds infrastructure and capital equipment projects with low-cost and low-interest rate loans. A key aspect of the PPRF is that all participating borrowers, regardless of their creditworthiness, receive 'AAA' insured interest rates, among the lowest interest rates available in the market. *Source: New Mexico Finance Authority.* Information: www.nmfa.org

Local Government Planning Fund (LGPF) The LGPRF provides up-front capital that can be used for water and wastewater projects, long-term master plans, conservation plans and economic development plans. The planning money comes in the form of a loan which may be forgiven when the final project is financed through NMFA.

Source: *New Mexico Economic Development Department*

Information: <http://www.edd.state.nm.us/businessAssistance/financialAssistance/index.html>

Statewide Economic Development Program (SWEDFA) SWEDFA offers a variety of financing strategies to help fund small business including bank participations, direct loans, loan guarantees and taxable and tax-exempt bonds

Source: *New Mexico Economic Development*. Information: <http://www.edd.state.nm.us/businessAssistance>

Smart Money Loan Participation Program SMART Money is a program of SWEDFA. It provides bank participation loans, direct loans and loan guarantees to New Mexico businesses. The SMART Money loan participation is designed to lower the cost for the borrower by sharing the risk with the bank. Source: *New Mexico Economic Development Department*. Information: <http://www.edd.state.nm.us/businessAssistance/>

High-Wage Jobs Tax Credit — Offers tax credits for new jobs paying a minimum of \$28,000 per year in salaries and benefits in areas with populations less than 40,000 persons; companies located in larger areas must pay salaries of \$40,000 to receive the credit. Source: *New Mexico Economic Development Department*. Information: <http://www.edd.state.nm.us/businessAssistance/incentives/>

Manufacturer's Investment Tax Credit — Offers tax credits to manufacturers on the value of qualified equipment and other property used in their operation. The company must add one new job for each credit up to \$30 million; and one new employee must be hired for each \$500,000 in equipment. Source: *New Mexico Economic Development Department*. Information: <http://www.edd.state.nm.us/businessAssistance/incentives/>

New Markets Tax Credit — Administered by Finance New Mexico LLC, who was awarded an allocation of \$110 million in New Markets Tax Credits in order to generate approximately \$35 million in capital that it can lend directly to qualified businesses in low-income areas. The NMTC program was established to provide greater access to financing for new, expanding or relocating businesses in underserved areas across the country. Source: *New Mexico Economic Development Department*. Information: <http://www.edd.state.nm.us/businessAssistance>

Rural Jobs Tax Credit — Eligible employers must be located in a rural area and be approved for the JTIP program. Employers receive a credit of 6.25% of the first \$16,000 in wages. If the job is located in a Tier 1 community (< 15,000 in population), the employer may take the credit for four consecutive years. Businesses located in a Tier 2 community (> 15,000 in population) may take the credit for two consecutive years. If the amount of credit exceeds the businesses tax liability, the excess may be carried forward for up to three years.

A rural area excludes Los Alamos County, Albuquerque, Los Ranchos, Corrales, Rio Rancho, Tijeras, Santa Fe, or Las Cruces and any other area within a ten-mile zone around any of these municipalities. A Tier 2 area is within the cities of Roswell, Clovis, Carlsbad, Hobbs, Gallup, Alamogordo and Farmington. A Tier 1 one area is anywhere within New Mexico not listed above. Source: *New Mexico Economic Development Department*. Information: <http://www.edd.state.nm.us/businessAssistance/incentives/>

Technology Jobs Tax Credit — Businesses may take a credit on research expenditures of 4% (8% in rural areas). Qualified expenditures may include land, buildings, equipment, computer software and upgrades, consultants, technical literature, test materials, patents, payroll, and labor. The credit may be taken against gross receipts tax,

compensating tax or state payroll tax, and may be carried forward. An additional 4% may be applied against state income tax if base payroll expenses will be increased by at least \$75,000 per \$1,000,000 of expenditures claimed.

Source: *New Mexico Economic Development Department*:

Information: <http://www.edd.state.nm.us/businessAssistance/incentives/>

Angel Investment Tax Credit — A taxpayer who files a New Mexico income tax return and who is a “qualified investor” may take a tax credit of up to \$25,000 (25% of a qualified investment of not more than \$100,000). Source: *New Mexico Economic Development Department*. Information: <http://www.edd.state.nm.us/businessAssistance>

Local Economic Development Act (LEDA) Discussion

The Local Economic Development Act is a piece of legislation whereby the State of New Mexico allows local jurisdictions to use monies from their general operating funds in support of economic development. LEDA can also provide state funds to qualifying economic development projects with local governments and private sector entities as participants. In the past two years, over \$40 million in funding has been disbursed through the LEDA program. Local governments who wish to participate in LEDA must adopt a local ordinance pursuant to LEDA – in Aztec’s case, this was the *Aztec Economic Restructuring and Renewal Plan* passed in 1999.

The LEDA ordinance can be accessed at <http://www.edd.state.nm.us/communityAssistance/passLEDA>. Key aspects of the LEDA program are as follows:

- The total amount of money that can be expended by a local government in any given year shall not exceed ten percent of the annual general fund expenditures.
- There is no established minimum amount for a LEDA disbursement.
- Similar to a mortgage, a LEDA disbursement must be collateralized with a security such as real property or a surety bond.
- Funds can be issued in the form of a loan or a grant. In order to qualify for a grant, the loan recipient must meet certain criteria in the form of job creation or other economic benefits over a specified period (5-10 years). There are no hard and fast rules on job creation or any other negotiated performance measures – they are negotiated as part of the Project Participation Agreement entered into by the local government and participating entity. Performance measures for any given project are flexible and consider local unemployment, estimated wages and salaries, overall economic benefit, and other factors.
- If performance measures are not met in the specified timeframe the LEDA funds can be called back, effectively transforming a grant into a loan.
- State funding through LEDA is available for qualifying projects.

The Business Development Team Leader with the New Mexico Economic Development Department characterized the LEDA process as a fairly straightforward loan/grant vetting process (conducted by an economic development review committee comprised of City representatives). A detailed application must first be completed, which must include information concerning the company and the proposed project, capital and borrowing requirements, project cost and use of funds, basic financial information, other company information, and other information deemed pertinent to the project or by the government or reviewing agency. Of key importance to the City of Aztec or any other government agency is information regarding compatibility with their economic development goals. This, in effect, allows the government entity to calculate the estimated **return on investment** in the form of fiscal revenues.

Section 5: Retail Analysis

Retail Definitions

The term “retail” generally refers to operations involved in the sale of goods, merchandise, or services from a fixed location, such as a shopping center or freestanding store. Retail can generally be classified into two major categories by building configuration: **general retail**, which are typically single tenant freestanding general purpose commercial buildings with parking; and, shopping centers.

The definition of a **shopping center** is standard. As formulated by the former Community Builders Council of the Urban Land Institute (ULI) in the 1950s and reaffirmed over time, a shopping center is a group of commercial establishments planned, developed, owned, and managed as a unit related in location, size, and type of shops to the trade area it serves. It provides on-site parking relating to the types and sizes of its stores.

As the shopping center evolved, five basic types emerged, each distinctive in its own function: the convenience, the neighborhood, the community, the regional, and the super regional. In all cases, a shopping center’s type and function are determined by its major tenant or tenants and the size of its trade area; they are never based solely on the area of the site or the square footage of the structures.

ULI defines the types of shopping centers that comprise the majority of retail development in the United States. For purposes of understanding terms and characterizations used in this report, the types of retail centers are summarized:

Convenience Center — Provides for the sale of personal services and convenience goods similar to those in a neighborhood center. It contains a minimum of three stores, with a gross leasable area (GLA) of up to 30,000 square feet. Instead of being anchored by a supermarket, a convenience center is usually anchored by some other type of personal/convenience services such as a minimarket.

Neighborhood Shopping Center — This type of retail center provides for the sale of convenience goods (foods, drugs, and sundries) and personal services (e.g. laundry and dry cleaning, hair-styling, shoe repair and tailoring) for the day-to-day needs of the residents in the immediate area. It is built around a supermarket as the principal tenant and typically contains a gross leasable area of about 60,000 square feet. In practice, neighborhood centers can range from 30,000 to 150,000 square feet.

Community Shopping Center — In addition to the convenience goods and personal services offered by the neighborhood center, a community center provides a wider range of soft lines (wearing apparel) and hard lines (hardware and appliances). The community center makes merchandise available in a greater variety of sizes, styles, colors, and prices. Many centers are built around a junior department store, variety store, super drugstore, or discount department store as the major tenant, in addition to a supermarket.

Although a community center does not have a full-line department store, it may have a strong specialty store or stores. Its typical size is about 150,000 square feet of gross leasable area, but in practice, it may range from 100,000 to 350,000 or more square feet. Centers that fit the general profile of a community center but contain more than 250,000 square feet are classified as super community centers. As a result, the community center is the most difficult to estimate for size and pulling power.

A **power center** is a type of super community center that contains at least four category-specific, off-price anchors of 20,000 or more square feet. These anchors typically emphasize hard goods such as consumer electronics, sporting goods, office supplies, home furnishings, home improvement goods, bulk foods, health and beauty aids, and personal computer hardware/software.

Regional Shopping Center — This type of center provides general merchandise, apparel, furniture, and home furnishings in depth and variety, as well as a range of services and recreational facilities. It is built around two or more full-line department stores of generally not less than 50,000 square feet. Its typical size is about 500,000 square feet of gross leasable area, but in practice it may range from 250,000 square feet to more than 800,000 square feet. The regional center provides services typical of a business district yet not as extensive as those of the super regional center.

Super Regional Shopping Center — A super regional center offers an extensive variety in general merchandise, apparel, furniture and home furnishings, as well as a variety of services and recreational facilities. It is built around three or more full-line department stores generally of not less than 75,000 square feet each. The typical size of a super regional center is about 1 million square feet of GLA. In practice the size can range from about 500,000 to more than 1.5 million square feet. Super regional centers have been typified by enclosed malls for over the past thirty years, but have transitioned to outdoor “town centers” over the past decade or so

The following table contains the criteria for the four common types of shopping centers over 30,000 square feet of gross leasable area. Although shopping centers of one classification account for the majority of retail inventory in most areas, it should be noted that free standing and “Main Street” retail constitutes a significant amount as well. Older “Main Street” style shopping districts are typically comprised of a collection of single tenant buildings, and national chain pharmacies and grocery stores (e.g. Aztec Safeway) have increasingly embraced the stand alone building concept.

Table 11

Shopping Center Definitions					
Center Type	GLA Range	Acres	# of Anchors	% Anchor GLA	Type of Anchors
Neighborhood	30,000-150,000	3-15	1+	30-50%	Supermarket
Community	100,000-350,000	10-40	2+	40-60%	Discount, supermarket, drug, home improvement, large specialty discount
Regional	250,000-800,000	40-100	2+	50-70%	Full-line dept, jr dept, mass merchant, discount dept, fashion apparel
Super Regional	800,000+	60-120	2+	50-70%	Full-line dept, jr dept, mass merchant, discount dept, fashion apparel

Source: Urban Land Institute; BBP

Retail Opportunity Analysis

A widely accepted measure of retail characteristics is the Retail Market Potential, a comparison of supply and demand that can be used to assess potential sources of revenue growth, and therefore, opportunity. An **opportunity gap** appears when household expenditure levels for a specific geography are higher than the corresponding retail sales estimates. This difference signifies that resident households are meeting the available supply and supplementing their additional demand potential by going outside of their own geography, and is otherwise referred to as leakage. The opposite is true in the event of an **opportunity surplus**. That is, when the levels of household expenditures are lower than the retail sales estimates. In this case, local retailers are attracting residents of other areas into their stores.

The table below shows a summary of the opportunity gaps/surpluses in annual expenditures for major retail categories under the headings *Daily Needs*, *GAFO* (general merchandise, apparel, furniture, and other), and *Food Service*. Opportunity surpluses are signified by black type numbers. Opportunity gaps are signified by numbers in red type in parentheses. The most significant retail opportunities in Aztec are in the categories of *general merchandise* (\$8.9 million gap), building materials, garden equipment and supply stores (\$5.3 million gap), and furniture and home furnishings stores (\$1.4 million gap). It is evident from the large dollar surpluses that San Juan County retail serves a much broader area, particularly in the *general merchandise* and *food service* categories.

Table 12

Retail Opportunity Gap/Surplus, Aztec NM 2009		
	City of Aztec	San Juan County
Daily Needs		
Supermarkets	\$5,585,788	(\$9,784,715)
Specialty food stores	(\$30,230)	(\$633,263)
Pharmacies & drug stores	(\$749,276)	(\$5,058,352)
GAFO		
General merchandise	(\$8,910,787)	\$75,683,517
Clothing and clothing accessories	(\$821,057)	\$1,989,118
Furniture and home furnishing stores	(\$1,442,064)	(\$1,666,393)
Electronic and appliance stores	(\$518,410)	\$4,085,399
Sporting goods, hobby, book, and music stores	(\$99,742)	(\$2,049,335)
Office supplies, stationary, gift stores	(\$120,115)	\$366,909
Bldg materials, garden equip & supply stores	(\$5,336,120)	\$8,530,820
Food Service		
Full-service restaurants	\$5,434,215	\$43,488,447
Limited service eating places	\$5,346,273	\$24,533,001

Source: ESRI Business Information Solutions; BBP

The calculation of supportable square feet in the retail market sector is a function of the opportunity gap ("leakage") in a specific category and the average sales per square foot for that type of store. Opportunity gaps signify that household expenditure levels for a specific geography are higher than the corresponding retail sales estimates, and are shown in the table below for specific retail categories. Average sales per square foot are typically expressed as a range of annual dollar amounts in a specific retail category. For example, casual family apparel stores such as Gap, Old Navy, Hollister and Abercrombie and Fitch had an average range of annual taxable sales per square foot

of between \$250 and \$400 in 2007 according to the Urban Land Institute’s 2009 *Dollars and Cents of Shopping Centers*. Actual individual store results vary based on store size, location, and market characteristics. The table below shows the calculations for supportable square feet for the retail categories in the Aztec marketplace that exhibit opportunity gaps.

Supportable square feet of net new retail space is calculated by dividing the leakage amount by the low and high range of sales per square foot for any given retail category. The midpoint is the mean of the high and low net new supportable square feet, and represents a benchmark for additional retail floor area that could potentially be supported in Aztec based on 2009 retail supply/demand characteristics.

Table 13

Aztec, NM: Retail Market Potential Supportable Square Feet 2010						
	Leakage	Range of Sales/SF		Supportable Square Feet		
		Low	High	High	Low	Midpoint
Daily Needs						
Specialty food stores	\$30,230	\$100	\$350	302	86	194
Pharmacies & drug stores	\$749,276	\$125	\$215	5,994	3,485	4,740
GAFO						
General merchandise	\$8,910,787	\$250	\$500	35,643	17,822	26,732
Clothing and clothing accessories	\$821,057	\$325	\$600	2,526	1,368	1,947
Furniture and home furnishing stores	\$1,442,064	\$150	\$350	9,614	4,120	6,867
Electronic and appliance stores	\$518,410	\$75	\$425	6,912	1,220	4,066
Sporting goods, hobby, book, and music stores	\$99,742	\$50	\$125	1,995	798	1,396
Office supplies, stationary, gift stores	\$120,115	\$190	\$260	632	462	547
Bldg materials, garden equip & supply stores	\$5,336,120	\$325	\$400	16,419	13,340	14,880

Source: Urban Land Institute; BBP

The key to determining whether retail demand could actually translate into retail attraction is to understand average space requirements for the various types of stores or categories. For example, a traditional department store falls under the Urban Land Institute’s (ULI) classification of *general merchandise*, although department stores typically have large apparel departments. However, large department stores such as a Sears, Dillard’s, or JC Penney located in regional shopping centers such as the Animas Valley Mall in Farmington, and typically occupy more than 100,000 square feet. Dollar and novelty stores also fall under the *general merchandise* classification, and typically occupy space ranging from 9,000 to 23,000 square feet in a community shopping center.

Much of the area’s retail demand is met in the Farmington regional retail cluster, a ten-mile drive from Aztec. It is comprised of the Animas Valley Mall, a Walmart Super Center (general merchandise, groceries), a Target department store, a Sam’s Club discount department store, a Lowe’s (building materials, home goods and appliances, garden supplies), an Office Max, and an Albertsons supermarket. Indeed, this retail cluster serves a subregional marketplace extending beyond San Juan County, as evidenced by retail surpluses of \$335.1 million for total retail trade and \$66.7 million for total food & drink.

It is BBP’s conclusion that the best opportunity for Aztec to enhance the retail potential of the downtown is to “increase the market.” Local consumption is generally well served by existing local and regional retail offerings, particularly the Farmington retail node. Nonetheless, Aztec’s retail community could benefit from the following recommendations:

- **Stabilize the downtown business environment** – Downtown businesses generally do not keep consistent business practices. For example, not all businesses keep regular hours. While there are a core group of businesses that operate a full week with a schedule conducive to serving both daytime and evening consumers, there are several businesses that keep irregular and/or shortened hours of operation. The inconsistency of this adversely impacts downtown’s retail potential. Efforts should be made to work with business operators to stabilize when and how local businesses operate.
- **Recruit tourism dollars** – Visitors to the region may not be aware of what is available in the downtown. As such, there is an opportunity to market into local tourism venues to attract additional patronage and additional spending locally. These venues include the Aztec Ruins National Monument and the Aztec Museum and Pioneer Village. *Section 14: Gateways Assessment* recommends signage directing visitors to a downtown parking reservoir in order to access the Aztec Trails system (when completed), and otherwise direct visitors into the downtown where they may not have otherwise gone.

Direct Retail Recruitment Process

National retailers who emerge from the current economic downturn will most likely revisit their postponed business and expansion plans as the markets stabilize. As they do so, they will assess various regions and communities within those regions as locations for new stores. While most opportunities are brought to the attention of national retailers through the real estate development community, public entities and their business advocate partners have been successful in attracting new stores to their area through their own efforts.

Based on the findings of the retail market analysis, BBP recommends that a lower priority be given to business attraction efforts targeted to national retailers than non-retail business development. San Juan County is currently “over-retailed”, which is to say that its existing inventory serves a geographic market that extends beyond the county lines. Any national chain retailers interested in locating in the Aztec/Bloomfield/Farmington marketplace would most likely prefer a location like Farmington that has the highest concentration of potential customers in the trade area, with easy access from its feeder submarkets, Aztec and Bloomfield. Therefore, Aztec’s retail opportunities are more suited to neighborhood serving enterprises.

As part of BBP’s screening process to identify retailers who could possibly be approached regarding future retail opportunities in Aztec, BBP narrowed the focus on retailers falling under **all** of the following search criteria:

- Geographic selection: retailers interested in expansion opportunities in the State of New Mexico
- Location type: retailers interested in mixed-use centers, outlet centers, neighborhood strip centers, pad site/outparcels and downtown/central business districts
- Income level: retailers who target mid-income level consumers

The resulting list comprises 175 retailers and 125 food & beverage companies, broken down as follows:

- Supermarkets: 8

- Drug Stores: 6
- Furniture Stores: 27
- Apparel: 62
- Appliance & Electronics: 19
- Sporting Goods: 11
- Hobby & Crafts: 4
- Books & Music: 12
- Office Supplies: 8
- Home Improvement: 18
- Food & Beverage: 125

The following information is included for identified retailers:

- First and last name of key contact
- Contact's title
- Company name
- Company address
- Company phone number
- Company web address
- Corporate email address
- Real estate contact company
- Real estate contact address
- Retail company operating names
- Number of stores currently operating
- Preferred gross leasable area (GLA)

Due to the size and detailed nature of the retail contact list, it is provided to the City in its original Microsoft Excel format.

Section 6: Recent Economic Development Activities

Public Sector Investments

Good basic infrastructure such as roads and bridges, water and wastewater, energy, communications, and transit is critical to the long-term success of a community. Adequate public services such as police, ambulance and fire services, and schools are essential to a community's and society's well being, and public amenities such as libraries, parks and recreation facilities enhance a community's quality of life and create an attractive environment in which to live and work.

Over the past decade, the City of Aztec has invested over \$30 million in public works and civic projects. Major projects exceeding \$1 million include: new wastewater treatment plant, \$10 million; new reservoir, \$4.3 million; Main Avenue revitalization, \$4 million; Aztec Public Library, \$1.9 million; Aztec Boys and Girls Club, \$1.7 million; East Aztec Arterial, phase 1a, \$1.8 million; water transmission line, \$1.6 million, and; South Animas Pedestrian Bridge, \$1 million. A list of public sector projects undertaken in Aztec from 2000 to 2010 is contained in the table below.



Official opening of new wastewater treatment plant in 2010



Main Avenue revitalization elements include sidewalk improvements and streetlights



The Aztec Public Library is part of a larger complex that includes the Boy's and Girl's Club, the San Juan College East annex, and the Vista Nueva High School





Main Avenue Courtyard



Skateboard Park



South Animas Pedestrian Bridge



Early grading on Phase 1a of the East Aztec Arterial

Table 14

Public Sector Capital Projects, City of Aztec, 2000-2010			
Year	Project	Cost	Funding Source
2000	NM516/US550 Sidewalks	\$368,522	Fed
2001	Aztec Boys & Girls Club	\$1,735,299	Fed, Private
2001	Main Ave Courtyard	\$131,976	State
2002	Water Storage Expansion (2 Million Gallon Bladder Tank)	\$234,515	Local
2002	Water Transmission Line (Aztec to Bloomfield)	\$1,607,752	Local
2003	Fire Station #3	\$209,421	Local
2004	Aztec Public Library	\$1,947,936	State, Local
2004	Skateboard Park	\$353,288	State, Local
2006	MVD/Utility Building Remodel	\$281,518	State
2007	Main Ave Revitalization	\$4,000,000	Fed, State, Local
2007	Finance Building Remodel	\$313,000	Local
2007	Tennis Court Improvements	\$132,173	State, Local
2007	South Aztec Water Distribution Expansion	\$271,866	Local, Private
2007	South Aztec Wastewater Collection Expansion	\$145,341	Local
2007	Water Distribution Expansion (Purchase of East Aztec Water System)	\$418,000	Local, Private
2008	Animal Shelter Expansion	\$525,998	State, Local
2008	Electric Warehouse	\$400,633	Local
2009	South Animas Pedestrian Bridge (Hartman and Riverside Park)	\$1,009,272	Fed, Local
2009	Pedestrian Trail (southwest portion from Riverside Park)	\$28,000	State
2009	Aztec Tiger Complex (by Aztec School District)	Unknown	
2009-2010	Wastewater Plant	\$10,000,000	Fed, Local
2009-2010	Hartman Park Parking Lot	\$60,000	Local
2009-2010	Reservoir #3	\$4,300,000	State
2009-2010	East Aztec Arterial Phase 1a	\$1,840,000	Fed, State, Local, Private ROW donation
TOTAL		\$30,314,510	

Source: City of Aztec; BBP 2010

In addition to the public projects listed above, three new schools began operations in Aztec in the decade of 2000 to 2010. They include: Vista Nueva Alternative High School (2001); San Juan Community College – Aztec Branch (2001); Mosaic Academy – K-8 Charter School (2006).

Future public sector investments for Aztec could well exceed \$10 million within the next five years. Continuation of work on the East Aztec Arterial will proceed, and other projects include a North Animas pedestrian bridge, expansion of the pedestrian trail system, a schools performing arts center and a theater in the park. See the table below.

Table 15

City of Aztec Planned Future Public Projects			
Year	Project	Est. Cost	Funding Source
2010	Aztec Airport Runway 8-26 Reconstruction	\$1,540,900	Fed, State, Local
2010	East Aztec Arterial Phase 1b	\$1,235,000	Fed, State, Local, Private ROW donation
2011	East Aztec Arterial Phase 2	\$3,277,542	TBD, Private ROW donation
2011	Theater in the Park	Unknown	
2013	North Animas Pedestrian Bridge	\$1,000,000	
2013	Expansion of Pedestrian Trail System (north section)	Unknown	
2013	Schools Performing Arts Complex	Unknown	
TOTAL		\$7,053,442	

Source: City of Aztec; BBP 2010

Private Sector Investments

One of the primary benefits of public sector investment is the leveraging of private sector investment. Businesses are attracted to areas with adequate infrastructure, accessible services and amenities, and a desirable quality of life. The City of Aztec has accomplished a great deal of significant public and civic works projects over the past several years, and combined with their commitment to future public investment, sends a positive signal that they are open for business. The table on the following page shows new and expended business activity in Aztec over the past decade.



Aztec Well Servicing Company



Hi-Country Chevrolet



Pepsi Bottling Group



FedEx

Table 16

Business Expansion or New in the Last 10 Years	
Year	Project
2000	Aztec Car Care & Tire
2000	Oliver’s Restaurant
2000	Rubio’s Restaurant
2001	Finish Line Graphics
2002	24-7 (Oil Field Service)
2004	Williams Field Service (New Office Complex)
2005	Family Dollar
2005	Madison Square Wonderful House (2005) Block Buster’s (2005) Physical Therapy (2006) Aztec Massage Clinic (2006)
2005	TNT Fence (Fencing and Landscaping)
2006	Auto Zone Four Corners Community Bank
2006	Polaris Services
2007	Dillon Industrial Park Helmerich & Payne International Drilling (2007) Pepsi Bottling Group Expansion (2007) Fed-Ex (2008) NALCO (2009)
2007	Jack’s Plastic Welding Expansion
2008	Industrial Cooling Exchange (ICE)
2008	Aztec Well Family of Businesses New Office Complex (2008) Roadrunner Convenience Store (2009)
2008	Hi-Country Chevrolet Remodel and Expansion (2007) Addition of Kia (2009)
2008	Home Away From Home (Day Care)
2008	Kiddie Kamp (Day Care)
	Safeway Store Expansion (2000) Addition of Starbucks (2008)
2009	Thai Basil Restaurant
2010	Mercy Urgent Care Facility

Section 7: Downtown Aztec

An economically active and viable downtown is often a positive indicator of a city’s overall economic well being. For the purposes of this analysis, BBP examined the area along Aztec’s Main Avenue from the Safeway supermarket at the north end and Miss Gail’s Inn and 2-Kool 4-U Ice Cream at Zia Street to the South. A reconnaissance of this corridor counted approximately 50 storefronts with the capacity to accommodate commercial businesses, many in historic structures such as those in the images below. The criteria for selection of this specific area was its concentration of commercial businesses, the consistency of the commercial character from one end to the other, and the availability of parking and pedestrian access along the corridor.



The types of enterprises residing along the Main Avenue focus area include, but are not limited to the following:

- | | | | |
|-------------------------|---|-----------------------|---|
| • Supermarket | 1 | • Personal Services | 3 |
| • Gifts & art | 7 | • Lodging | 2 |
| • Real estate | 4 | • Light manufacturing | 1 |
| • Home, farm, hardware | 3 | • Cultural | 1 |
| • Finance, insurance | 4 | • Apparel | 1 |
| • Automotive | 5 | • Plumbing | 1 |
| • Sporting goods, music | 4 | • Daycare | 1 |
| • Food & beverage | 4 | • Vacancies | 4 |

As this list shows, downtown Aztec contains a diverse mix of businesses, including four food & beverage establishments. Four vacant properties out of approximately fifty represents a roughly 8 percent vacancy rate (based on available number of storefront properties), and is a condition that would be the envy of any downtown. The streetscape and façade improvements that have been undertaken over the years have probably contributed significantly to the success of downtown Aztec.

Aztec's downtown "Main Street" corridor



Section 8: Asset Mapping

Overview

Asset mapping is an effective tool for understanding the resources that exist in a region – both those **internal assets** within the City and **external assets** beyond the City that nonetheless impact economic development in the community. From an economic development perspective, internal and external assets include organizations, institutions, destinations, and resources that support business retention, expansion, and development.

Internal Assets

Aztec boasts many organizations, institutions, destinations and resources that enhance business development prospects. The organizational and institutional assets influence such prospects directly, through targeted programs. Destinations and resources influence prospects more indirectly, often by enhancing quality of life and the attractiveness of the area.

Organizations and Institutions

- Aztec Buy Local Committee
- Aztec Chamber of Commerce
- Aztec Economic Development Advisory Board

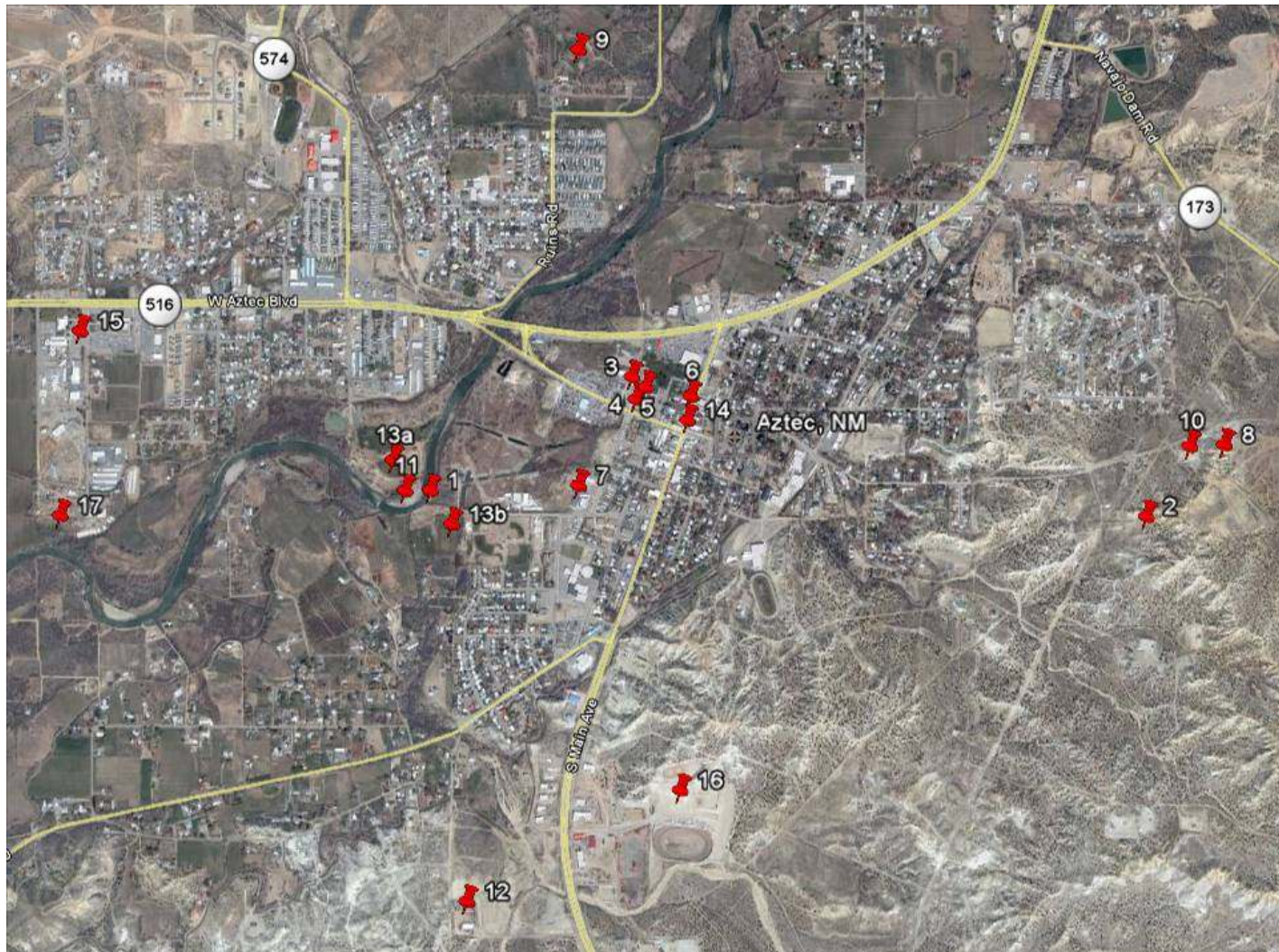
Destinations and Resources

- Animas River
- Arterial Project
- Aztec Museum and Pioneer Village
- Aztec Public Library, Boys & Girls Club, Vista Nueva Alternative High School, and San Juan College East
- Aztec Reservoir Recreation Area
- Aztec Ruins National Monument
- Aztec Schools Sports Complex
- Aztec Trails System – including recently completed South Animas Pedestrian Bridge
- Dillon Industrial Park
- Hartman & Riverside Parks – including recently completed Skateboard Park
- Main Avenue Revitalization and Courtyard
- San Juan County Administrative Complex
- State Land Business Lease for Industrial Park
- Wastewater Treatment Plant

External Assets

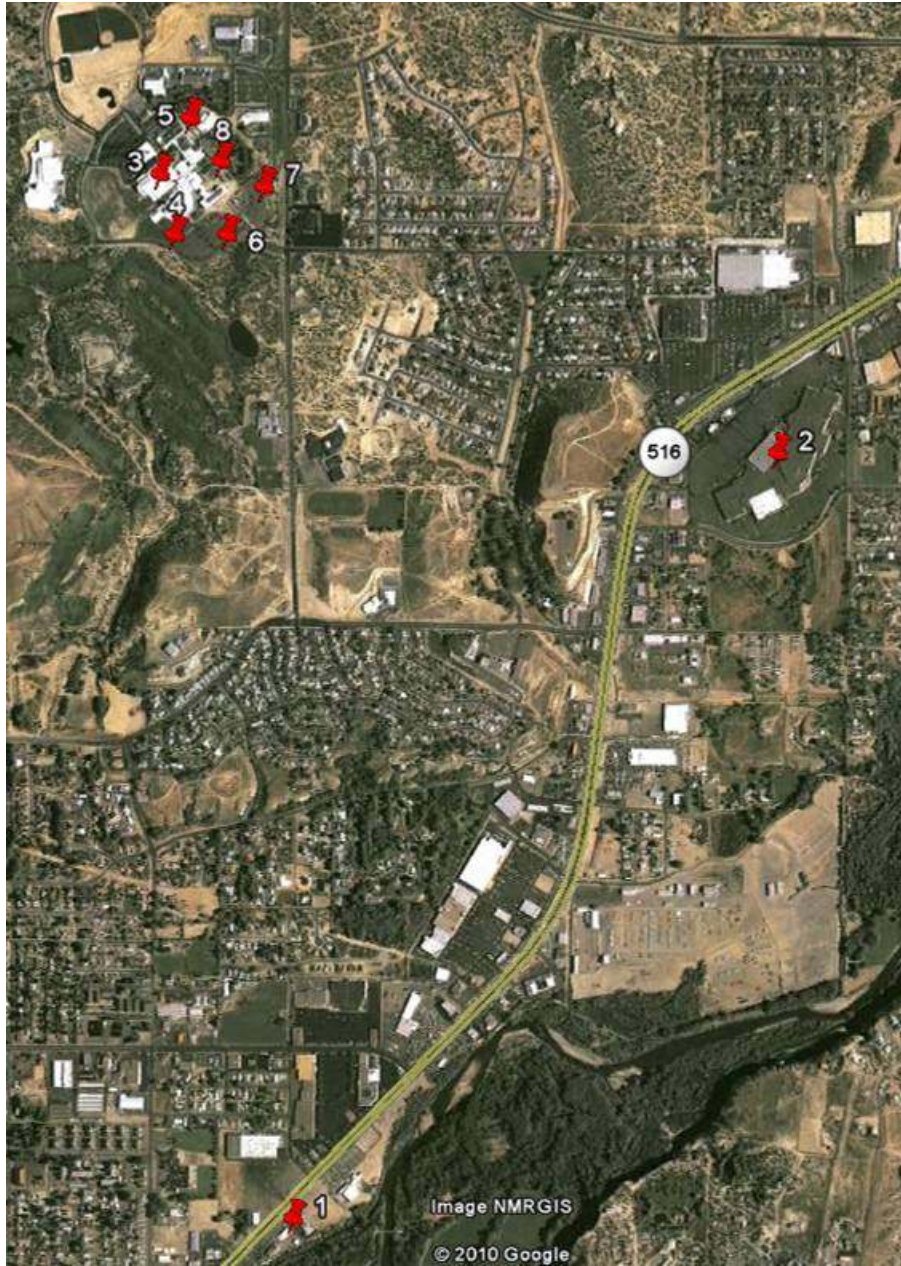
The region surrounding Aztec offers a variety of organizations, institutions, destinations and resources either directly engaged in economic development or offering amenities that enhance business development prospects. These include the Farmington Area Convention & Visitors Bureau; the Northwest New Mexico Council of Governments (which operates the Enterprise Loan Fund); San Juan College; San Juan Economic Development Service, Inc.; the Small Business Development Center at San Juan College; the Center for Workforce Training; and the San Juan College Enterprise Center.

Internal Assets, City of Aztec



- Internal Assets, City of Aztec**
- 1 Animas River
 - 2 Arterial Project
 - 3 Aztec Buy Local Committee
 - 4 Aztec Chamber of Commerce
 - 5 Aztec Economic Development Advisory Board
 - 6 Aztec Museum
 - 7 Aztec Public Library, Boys & Girls Club, Vista Nueva Alternative High School, and San Juan College East
 - 8 Aztec Reservoir Recreation Area
 - 9 Aztec Ruins National Monument
 - 10 Aztec Schools Sports Complex
 - 11 Aztec Trails System - including recently completed South Animas Pedestrian Bridge
 - 12 Dillon Industrial Park
 - 13 Hartman & Riverside Parks - including recently completed Skateboard Park
 - 14 Main Avenue Revitalization & Courtyard
 - 15 San Juan County Administrative Complex
 - 16 State Land Business Lease for Industrial Park
 - 17 Wastewater Treatment Plant

External Assets, Region Surrounding Aztec



External Assets, Region

- 1 Farmington Area Convention & Visitors Bureau
- 2 Farmington Retail Cluster – Animas Valley Mall and nearby stores
- 3 Northwest New Mexico Council of Governments – Enterprise Loan Fund
- 4 San Juan College
- 5 San Juan Economic Development Service, Inc.
- 6 Small Business Development Center at San Juan College
- 7 The Center for Workforce Training
- 8 The San Juan College Enterprise Center

Section 9: Land for Development

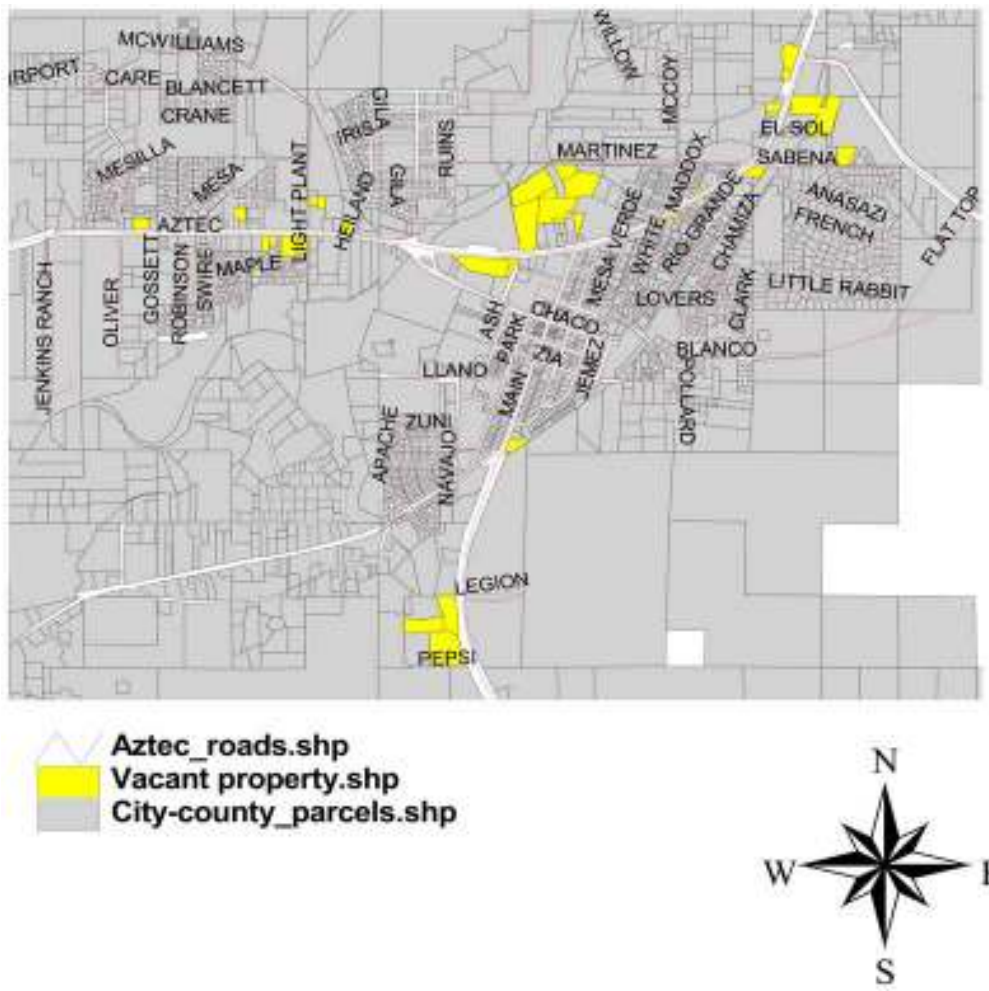
Overview

The availability of vacant land zoned for industrial, office and commercial use will be an important factor in Aztec's future economic growth. The City of Aztec has identified vacant parcels that could accommodate development.

Findings

As of April 2010, the City of Aztec contained 34 parcels representing approximately 82 acres that could accommodate industrial, office and commercial development. These parcels include not only individual, unimproved parcels but also portions of Dillon Industrial Park. The largest concentrations of vacant parcels are located along US 550 and NM 516, and happen to be situated near major gateways to the City.

City of Aztec Vacant Parcels (2010)



Source: City of Aztec

These parcels may be further described as:

- The median parcel size was 1.12 acres
- The smallest parcel was 0.13 acres, while the largest parcel was 9.84 acres
- Primarily zoned for commercial use (C-1 or C-2 zoning applies to 29 of the 34 parcels)

With a relatively small inventory of vacant parcels available for commercial, office or industrial use, it will be important for Aztec’s future economic development to consider opportunities to expand the inventory of land for development. The City’s involvement in leasing land for business use from the state is therefore an important element in Aztec’s economic development efforts.

The proposed East Aztec Arterial will open up approximately 150 acres of State land and 850 acres of private land for development, as the map on page 38 illustrates. This will be important for Aztec’s future economic development prospects as commercially zoned parcels are currently in short supply. Although it is difficult to ascertain how much of the property will be available for development at this time, local developers interviewed for this analysis have indicated that they are interested in pursuing commercial development projects in the near future.

Beyond its regulatory powers and the ability to zone land for various uses, The City of Aztec is otherwise limited in its control of the disposition of marketable properties. What it can do is render assistance in the marketing of sites to prospective users, with the cooperation of local real estate brokers. For example, the City may feature selected commercial sites on its website, or assist business prospects in identifying sites available for sale.

This opportunity site on Main Avenue is planned for commercial office.



Aztec Land Ownership Map



Source: City of Aztec

Section 10: Higher Educational Institution and Training Programs Assessment

San Juan College

San Juan College (SJC) is a two-year comprehensive community college located in Farmington, NM. Its service area includes the public school districts of Aztec, Bloomfield, Central Consolidated (Kirtland and Shiprock), and Farmington. The College offers two-year degree and certificate programs, non-credit community service classes, business and industry training, cultural activities, and on-going educational seminars and workshops. In addition, the college partners with state universities to offer both bachelor's and master's degrees on campus.

Single semester enrollment (fall/spring) at SJC averaged approximately 12,000 students during the 2008/2009 academic year. The student average age is 33.3 – 62 percent of the students are 25 years of age or over. In Fall 2009, 820 or 9 percent of the students resided in Aztec, compared to 42.9 percent in Farmington and 8.2 percent in Bloomfield.

In 2009, SJC employed 145 full-time and 304 part-time faculty, and 358 full-time and 210 part-time staff. Average faculty full-time salary was \$50,700 in 2009.

Top program majors at SJC in 2009 by number of students were Liberal Arts (808), General Studies (609), Veterinary Technology (461), Pre-Nursing (458), Business Administration (381), Physical Therapy Asst. (193), Human Services (187), Early Childhood Education (184), Nursing (146), and Engineering (135). The following page shows all San Juan College Associate Degree programs offered for academic year 2009/2010.

SJC affects the local economy in two ways: 1) through its local purchases, including the wages paid to its faculty and staff, and 2) through a human capital effect stemming from an increase in the skill-base of the local workforce. The December 2005 report, *The Economic Contribution of San Juan College* prepared by M. Henry Robison and Kjell A. Christopherson, estimated that the San Juan County Service Area economy owes roughly \$14.6 million in labor and non-labor income to SJC operations and capital spending. In addition, the accumulated contribution of past and present instruction adds some \$86.8 million in regional income to the current San Juan County Service Area.

**San Juan College Associate Degree Programs
AY 2009-10**

Associate of Arts

Anthropology
 Archaeology
 Art
 Business Administration
 Early Childhood Education
 Economics
 Emergency Medical Services Program
 English
 Foreign Language
 General Academic
 History
Human Services
 Criminal Justice Studies
 Generalist Studies
 Substance Abuse Studies
 Latin American Studies
 Concentration
 Liberal Arts
 Music
 Native/Navajo Studies
 Concentration
 Outdoor Leadership & Recreation
 Philosophy
 Political Science
 Psychology
 SJC Honors Program
 Sociology
 Speech Communication
 Southwest Studies
 Teacher Education
 Theatre

**Associate Degree of
Nursing (A.D.N.)**

**Associate of Applied
Science**

Accounting
 Auto Body
 Automotive Service Educ. (ASEP)
 Automotive Technology
 Aviation Technology
 Building Trades (Carpentry)
 Business Administration
 College Automotive Program (CAP)
 Cosmetology
 Dental Hygiene
 Diesel Technology
 Digital Media Arts & Design
Drafting
 Civil Drafting and Design
 Mechanical Drafting and Design
 Emergency Medical Services – Intermediate & Paramedic
 Fire Science
 Health Information Tech.
 Horticulture / Xeric Environ.
Human Services
 Criminal Justice Studies
 Generalist Studies
 Substance Abuse Studies
 Industrial Process Operator
 Instrumentation & Controls
 Technology

**Associate of Applied
Science Continued**

Legal Assistant
 Machine Shop Technology
 Medical Laboratory Tech
 Natural Gas Compression
 Occupational Safety
 Petroleum Technology
 Lease Operator
 Physical Therapist Assistant
 Police Science
 Renewable Energy
 Respiratory Therapy
 Surgical Technology
 Technical Theater
 Toyota Technical Education (TTEN)
 Tribal Governance
 Veterinary Technology
 Welding

**Associate of General
Studies**

Associate of Science

Biology
 Chemistry
 Computer Science
 Engineering
 General Science
 Geography
 Geology
 Mathematics
 Physics
 Pre-Medical Sciences

Workforce Training

The following programs offered by the Center for Workforce Training at San Juan College (briefly described in Section 4) provide training and skills that can be applied in all industries and disciplines: *Leadership, Management & Supervisory Development; Interpersonal Effectiveness & Communication Skills; Business, Customer Service, Professional Development Skills*, and; *Computers & Technology*.

Industry-specific programs include *Health Careers*, which includes training in medical administrative assistant skills and interpretation of Navajo medical terminology. The *Industrial Prep Classes* are designed to prepare potential workers with the entry level skills essential for successful employment in the coal mining, oil & gas, and utility industries. The *Special Topics* program currently offers a course titled *LEED (Leadership in Energy and Environmental Design): The Future of Green Building*. The course provides an in-depth look at the fundamental concepts for sustainable design and construction (green building) and how it produces a quality environment.

Many occupations require specialized training and education. Aztec is fortunate in that San Juan College provides a broad range of education and training targeted specifically to industries in San Juan County and the Four Corners Region. The following list shows major industry categories in Aztec with related Associate Degree programs and training provided by the College.

Oil and Gas Extraction

Associate Degrees
 Natural Gas Compression
 Occupational Safety
 Petroleum Technology
 Lease Operator

Training

Industrial Prep

Business Services

Associate Degrees

Accounting
 Business Administration

Training

Customer Service, Professional Development Skills
 Computers and Technology

Administration of Human Resource Programs

Associate Degrees

Generalist Studies
 Criminal Justice Studies
 Substance Abuse Studies

Construction

Associate Degrees

Building Trades (Carpentry)
 Civil Drafting and Design
 Mechanical Drafting and Design
 Welding

Training

LEED The Future of Green Building

Engineering Accounting Research Management & Related Svcs

Associate Degrees

Engineering
 Civil Drafting and Design
 Mechanical Drafting and Design
 Accounting
 Economics

Training

Leadership, Management and Supervisory Development

Industrial & Commercial Machinery and Computer Equipment

Associate Degrees

Engineering
 Mechanical Drafting and Design
 Industrial Process Operator
 Welding
 Machine Shop Technology
 Computer Science
 Toyota Technical Education

Training

Computers and Technology

Health Services

Associate Degrees

Pre-Medical Sciences
 Health Information Technology
 Emergency Medical Services Program

Training

Health Careers

San Juan College has done an excellent job of responding to the actual needs of the area’s industries and workforce in terms of offering competency-focused programs. Indeed, the San Juan College *Strategic Plan 2006-2011* includes the following goals:

- Create educational and community development programs based on market awareness.
- Make decisions supported by an analysis of data, demographic and political realities
- Expand curriculum working with local health care providers and with the local and regional energy industry
- Leverage college, city and county resources through business, state and federal opportunities
- Leverage college, community and regional resources through business and government alliances

While many professional skills in both existing and potential industries can only be acquired through undergraduate and graduate degrees, San Juan College’s existing training resources are well suited for Aztec’s existing employment needs, as well as target industries identified in Section 3 of this report. San Juan College stands

committed to offer need-based educational and training programs in response to shifting market realities. Therefore, it is incumbent on the City to keep them apprised of industry shifts that may require new training programs.

Section 11: Agricultural Industry Assessment

Table 17 shows agricultural statistics from the 2007 Census of Agriculture for San Juan County, which ranks 3rd in the State for sales of vegetables, melons, potatoes and sweet potatoes. Vegetables harvested for sale rank 2nd in the State for the number of acres in production. Although pasture lands account for over 90 percent of the County’s farmland, crop sales comprise over 82 percent of the value of agricultural products sold. Most of the farm land in San Juan County is owned by the Navajo Nation.

An abundance of local produce should supply not only local supermarkets, but traditional Farmers’ Markets as well. San Juan County boasts four Farmers’ Markets, located in the cities of Farmington, Bloomfield, Shiprock, and Aztec. The Aztec Farmers’ Market is open every Wednesday, July through October from 4:30 pm to sellout, and is located at the Westside Plaza on Highway 516.

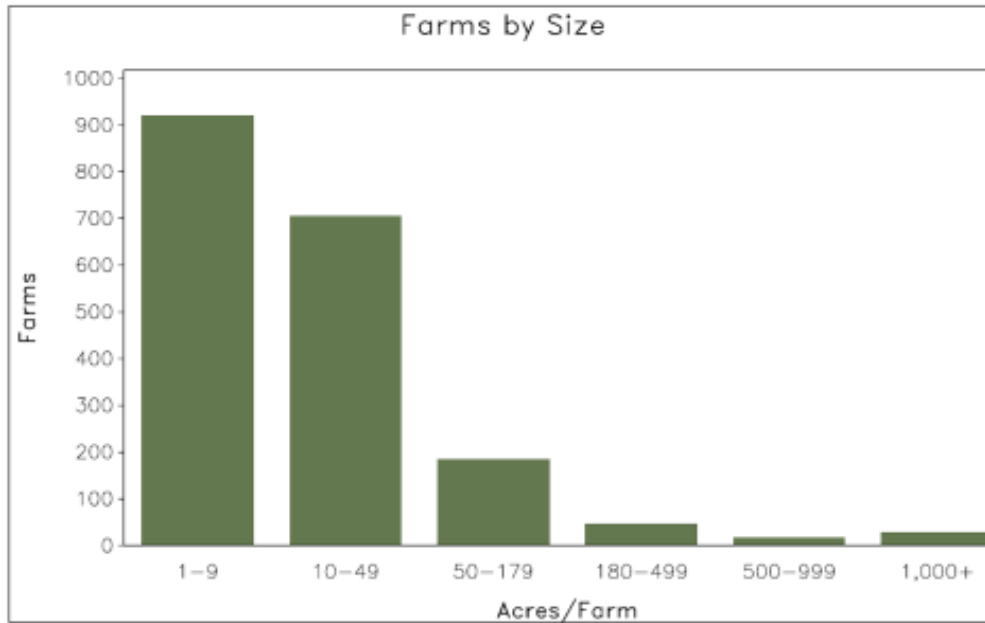
Table 17

2007 Census of Agriculture - Selected Statistics San Juan County		
	Quantity	State Rank*
Number of Farms	1,897	
Land in Farms (acres)	1,630,556	
Market Value of Products Sold	\$57,199,000	8
Crop Sales	\$47,249,000	2
Livestock Sales	\$9,951,000	22
Value of Sales by Selected Commodity Group		
Vegetables, melons, potatoes, sweet potatoes	\$13,239,000	3
Other crops & hay	\$14,188,000	31
Poultry & eggs	\$32,000	12
Cattle & calves	\$8,785,000	19
Hogs & pigs	\$616,000	9
Sheep & goats	\$480,000	4
Top Crop Items (acres)		
Forage - land used for hay, silage, and greenchop	30,114	4
Vegetables harvested for sale	9,555	2
Top Livestock Inventory Items		
Cattle & calves	22,382	25
Sheep & lambs	13,331	3
Goats	4,905	2
Horses & ponies	3,935	2

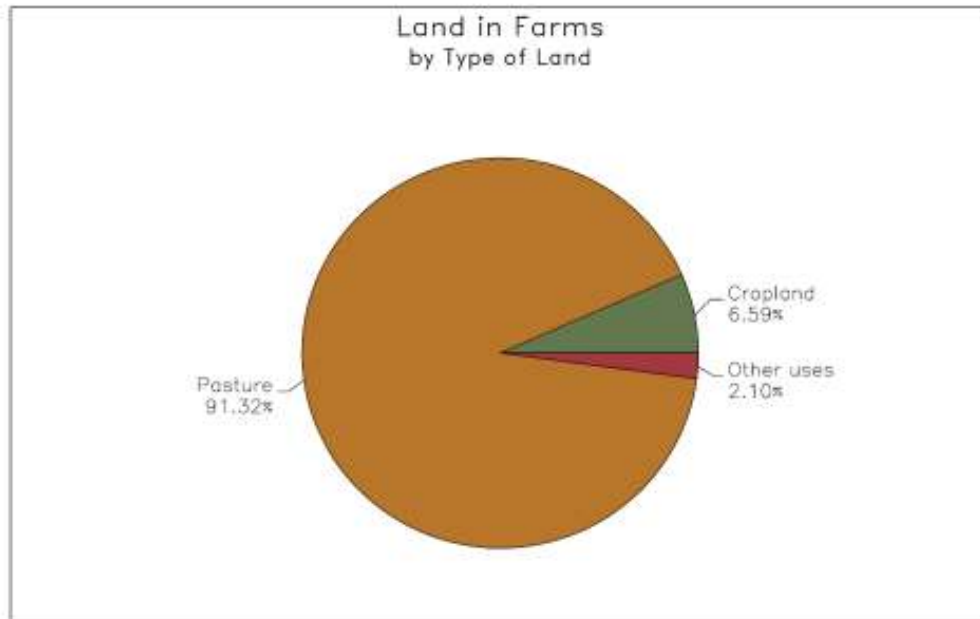
*out of 33 counties in State

Source: U.S. Dept. of Agriculture; BBP 2010

An additional outlet for locally grown produce is currently in the planning and concept phases. The concept for the Aztec Mercantile Cooperative is to provide a year-round retail outlet for locally produced items including fresh and processed foods, handcrafts, and other locally produced and manufactured items.



Source: 2007 Census of Agriculture



Source: 2007 Census of Agriculture

Agriculture Business Advocacy Organizations

New Mexico State University Cooperative Extension Service: The Cooperative Extension Service is the flagship outreach effort of the NMSU College of Agriculture, Consumer, and Environmental services to provide the people of New Mexico with practical, research-based knowledge and programs to improve their quality of life. The base programs of the Cooperative Extension Service are agriculture and natural resources, consumer and family issues, and community economic development. The NMSU Extension Service maintains an office in Aztec. *Source: New Mexico State University Cooperative Extension Service*

New Mexico Farm & Livestock Bureau: The New Mexico Farm Bureau is a member of the American Farm Bureau Federation, a national organization of farmers and ranchers including Farm Bureaus in all 50 states. The Farm Bureau's mission is to improve the economic well-being of agriculture and enrich the quality of farm family life. Its services include telling the farmer's story to the public; updating members on new technology and information that impacts agriculture; representing farmers in local state and national legislative and political activities; and providing marketing and education services to help members improve their net farm income. *Source: New Mexico*

USDA Funded Programs:

Sustainable Agriculture Research and Education (SARE): Supports and promotes sustainable farming and ranching through competitive grants and educational opportunities for producers, scientists, educators, institutions, organizations and others exploring sustainable agriculture.

Rural Business Enterprise Grants (RBEG): Grants are available to public bodies and non-profit corporations to help small and emerging private business enterprises in areas with populations of less than 50,000 that are not immediately adjacent to large, urban areas. Individual small businesses are not eligible to apply. Funds can be used to buy and develop land, establish a revolving loan fund, and construct buildings, access streets, roads, parking areas, utility and service extensions, etc. that facilitate small business development.

Intermediary Relending Program Loans (IRP): Provides financial assistance for business facilities and community development projects in rural areas. Available to rural areas and incorporated places with populations of less than 25,000. Intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Intermediary pays 1% for 30 years.

Rural Economic Development Loans and Grants: Finances economic development and job creation in rural areas. Funding can be used for business expansion or start-up projects that create rural jobs. The intermediary, electric or telephone utilities, make loans to profit or non-profit business and public bodies for rural economic development and/or job creation projects. 0% loans – 10 years.

Rural Cooperative Development Grants: Establishes and operates centers for cooperative development to improve the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives. Applicants must meet specific criteria including a minimum 25% fund match. Grants are awarded on a competitive basis.

Value Added Producer Grant Program (VAPG): Provides low interest loans for companies focusing on agricultural products and processes, renewable fuels and co-products, agricultural biotechnology industry, biomass and alternative energy, organic processing or emerging markets. Applicants must meet specific selection criteria. Grants are awarded on a competitive basis and there is a \$1 for \$1 matching requirement.

Value Added Agricultural Products & Processes Financial Assistance Program (VAAPFAP): Financial assistance and low interest loans for companies focusing on agricultural products and processes, renewable fuels and co-products, agricultural biotechnology industry, biomass and alternative energy, organic processing or emerging markets.

Rural Business Opportunity Grant: Provides technical assistance for business development and to conduct economic development planning in rural areas (with population less than 50,000). Funds can be used for technical assistance, leadership training, establishing business support centers or economic development plans.

Business and Industry Guarantee Loans: Creates jobs and stimulates rural economies by providing financial backing for rural businesses. Used for business purposes including acquisition, start-up and expansions of

businesses that create rural employment. Available to all areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.

Rural Energy for American Program (REAP): Provides grants and loan guarantees to reduce energy costs and consumption. Funds can be used for renewable energy projects, energy efficiency projects, stand alone feasibility studies, and energy audit and renewable energy assistance. Available to all areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.

Rural Energy Self Sufficiency Initiative: Provides financial assistance for the purpose of enabling eligible rural communities to substantially increase the energy self-sufficiency of the eligible rural communities. Grants can be used to conduct an energy assessment that assesses the total energy users in the community, to formulate and analyze ideas for reducing energy usage by the community from conventional sources, and to develop and install an integrated renewable energy system. Available to all areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.

Rural Micro Entrepreneur Assistance Program: Through loans and grants, the program provides microentrepreneurs with the skills necessary to establish new rural micro enterprises; and continuing technical and financial assistance related to the successful operation of rural microenterprises.

Source on all USDA funded programs: USDA Rural Development New Mexico Information:
<http://www.rurdev.usda.gov/nm/>

Section 12: Tourism Industry Assessment

Cultural Resources

Aztec's greatest cultural resource is inarguably the **Aztec Ruins National Monument** just off of Highway 516. The ruins are ancestral Anasazi structures dating back to the 11th to 13th centuries, and are administered by the National Park Service. Visitation at the ruins was 38,234 in 2009 and 38,709 in 2008.



Aztec is also home to the **Aztec Museum and Pioneer Village**. Located on Main Avenue in Aztec's downtown, the museum depicts an early western community, and also features exhibits of antique telephone equipment, Native American arts and crafts, minerals and fossils, early farming and dairy equipment, and a full sized wooden oil rig along with other old oil field tools.

Natural Resources

Approximately 15 miles to the east of Aztec is Navajo Lake State Park, which features a 15,590-acre lake with a full service marina. The San Juan River area below the dam is world renowned for excellent trout fishing. The lake is used for a variety of recreational activities, including fishing, boating, water skiing and sailing.

Aztec is also within relatively close proximity to other natural attractions in the Four Corners region, such as the Shiprock formation, Monument Valley, Chaco Canyon (which also contains Anasazi Ruins), Mesa Verde, and other visitor destinations.

Lodging

Aztec's lodging inventory is comprised of two (non-chain) hotels, the 39-room Step Back Inn and the 20-room Enchantment Lodge. The two-story Step Back Inn is outfitted in a Victorian style with semi-functional rooms (a work desk and chair in each room would make them more functional) with wireless internet in some rooms. A continental breakfast is served in the parlor. The Enchantment Lodge is a traditional single-story motor lodge dating back to 1958. All rooms have microwaves and refrigerators.

The following table shows the hotel inventory in San Juan County. Most of the hotel properties listed are within a 15-mile radius of Aztec. In addition to the two hotels in Aztec, Bloomfield has three properties comprising 127 rooms, Farmington has 23 properties comprising 1,812 rooms, and Navajo Dam has one hotel with 59 rooms. Navajo Dam also has D’s B&B with six rooms, the Rainbow Lodge with three suites, and the Soaring Eagle Lodge with eleven cabins.

Table 18

San Juan County Hotel Inventory			
Hotel	Rooms	Hotel	Rooms
Aztec		Farmington	
Enchantment Lodge	20	La Quinta Inn	107
Step Back Inn	39	Rimrock Lodge	94
Bloomfield		Sage Motel	39
Best Western	65	Regent Inn	75
Super 8	42	Super 8	67
Bloomfield Motel	20	National 9 Apple Tree Inn	32
Farmington		Courtyard	125
Motel 6	134	Quality Inn	63
America's Best Value Inn	148	Hampton Inn & Suites	73
Royal Inn	21	Travel Inn	31
Anasazi Inn	69	Rodeway Inn	60
Travelodge	98	Encore Motel	36
Best Western	192	TownePlace Suites	117
Budget Inn	34	Economy Inn	36
Holiday Inn Express	101	Navajo Dam	
Comfort Inn	60	Abe's Motel	59
Total Properties	29		
Total Rooms	2,057		

Source: Smith Travel Service; BBP 2010

Current Initiatives

- Work has started on the National Highway/Scenic Byway program “Trail of the Ancients” which will direct travelers to the Aztec Ruins and Aztec Museum and Pioneer Village
- The Aztec Museum has completed a 32-page booklet “Aztec Historic Walking and Biking Trails” to encourage visitors to see Aztec’s Historic District and historic homes
- Aztec Ruins National Monument is working with the City to install better signs to the ruins

- Farmington Convention and Visitors Bureau is promoting and marketing the area on both its cultural merits and abundance of outdoor activities, including fishing, boating, hiking, biking, etc., and credits the relative success of the local lodging industry on these efforts.
- *The Official Aztec Visitor's and Relocation Guide* is a comprehensive resource for all things Aztec.
- The Aztec Ruins National Monument, Aztec Museum and Pioneer Village, and Aztec lodging are featured on the Farmington Convention and Visitors Bureau website.
- Both the Aztec Ruins National Monument and Rubio's Restaurant have advertisements on billboards located along northbound US 550.

Recommended Initiatives

- The City of Aztec would benefit from the diversion of the approximately 38,000 visitors to the Aztec Ruins National Monument into its downtown. This could be accomplished through the following means:
 - **Signage** strategically placed near the Aztec Ruins National Monument could inform visitors of the presence of the Aztec Museum and Pioneer Village, as well as the retail and food & beverage offerings in downtown Aztec.
 - The diversion of eastbound traffic on NM 516 over the "Money Saving Bridge" into the downtown. This is described in greater detail in the next section.
- The opening of a City-controlled business park will present the opportunity for Aztec to seek a new lodging property. A hotel feasibility assessment should be conducted, but the City's ability to control the real estate will put it in the position to offer favorable incentives to attract a hotel. Although Aztec's lodging offerings are charming and comfortable, a "flag" hotel with name recognition will broaden the appeal of Aztec to visitors.

The City should update its website to include the Aztec Ruins National Monument in its Tourism link.

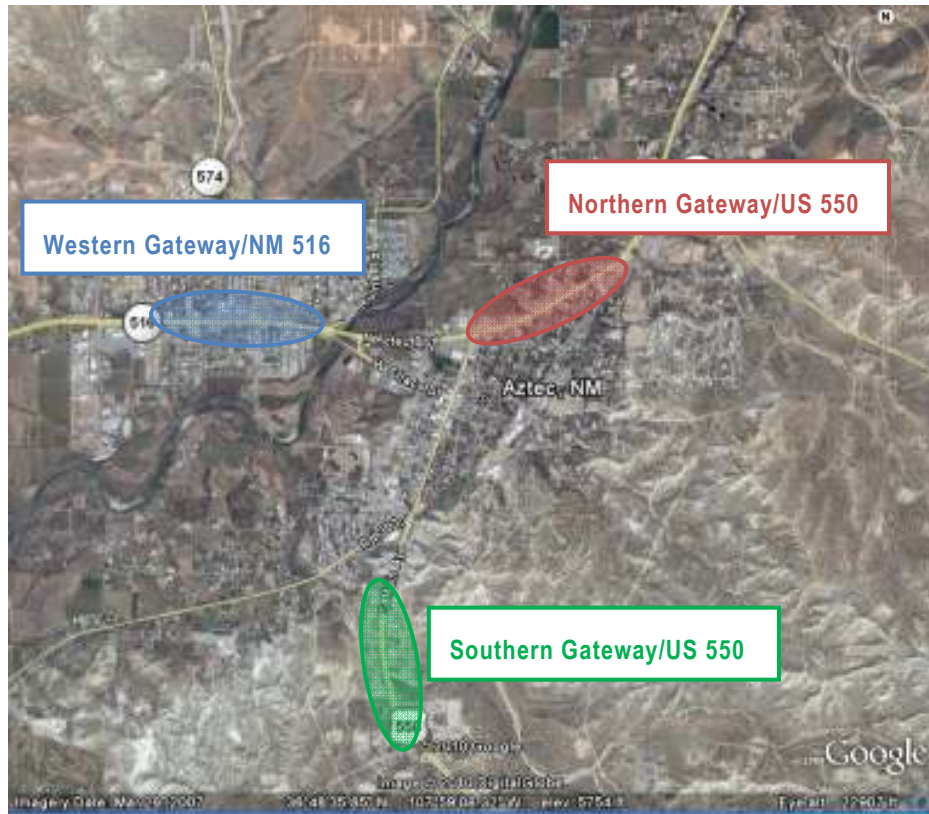
Section 13: Gateways Assessment

Overview

Each entrance to Aztec, or “gateway,” that visitors travel shapes their first impression of the community. First impressions are important from an economic development perspective because some of those visitors may be tourists; some may be potential future business owners and residents of the community; and some may be site selection representatives. Those first impressions could influence decisions about stopping in the community for a meal, a night’s stay, or to purchase a gift; they could also influence whether or not a company, family or individual relocates to the community. Aztec contains three major gateways to the community:

- **Northern Gateway/ US 550:** traveling from Durango and points north, this is the gateway visitors experience when traveling along US 550 into Aztec.
- **Western Gateway/NM 516:** visitors from Farmington and points west will experience this gateway when traveling along NM 516 into Aztec.
- **Southern Gateway/US 550:** entering Aztec from Albuquerque and points south, this is the gateway visitors experience when traveling along US 550.

Gateways to Aztec



Source: Google Earth

What About a Gateway Creates a Positive First Impression?

Gateways should convey a sense of arrival. They can accomplish this through a sign, a landscape feature, a piece of art, an architectural feature (such as a bridge or building), a natural feature, or some combination of the above.

A strong gateway should also express a theme that conveys the community's identity and image to the visitor. The theme can be expressed through not only the logo or font used in signage, but also through the materials used for constructed elements and landscape features.

When determining the location of a gateway feature, one should take into account viewing distance from the roadway and the views a visitor will experience directly before and directly after viewing the gateway feature. The more positive those immediate 'before' and 'after' views, the more positive the overall impression.

Finally, gateway features should help visitors navigate their way into the community and to top attractions. Wayfinding elements such as additional signs and landscape features should be planned in tandem with gateways.

Impressions of Aztec's Existing Gateways

Currently, Aztec's gateways do not have many features that provide a sense of arrival or help visitors navigate to attractions like the Aztec Ruins National Monument or historic downtown. The views one experiences when entering from each of these gateways varies, with some positive and some negative items.

- **Northern Gateway/NM 550:** for visitors entering Aztec from Durango and points north, a lack of gateway features makes it difficult to determine where unincorporated San Juan County ends and the City of Aztec begins. While some properties are better maintained than others, some private properties near this entrance contain older automobiles and other items that convey a 'salvage yard' impression. The view improves closer to the intersection of Main Avenue and North East Aztec Boulevard, where well-maintained commercial properties offer a more positive image of the community.
- **Western Gateway/US 516:** several positive features enhance the visitor's experience when entering Aztec from the west, although this gateway exhibits room for improvement. The "money-saving bridge" is a unique architectural feature seen from this gateway with views of mountains in the distance and, immediately following the bridge, an undeveloped natural area followed by a relatively new, well-maintained automobile dealership. However, this gateway could be improved with the addition of signage that clearly directs visitors to the Aztec Ruins National Monument or downtown Aztec and allows them to experience the views from the "money-saving bridge."
- **Southern Gateway/US 550:** when traveling to Aztec from the south along US 550, visitors view a primarily industrial landscape with the mountains visible in the distance. With several newer companies having invested in business parks along this gateway, we feel this gateway offers a positive impression of Aztec's emerging prosperity and potential as a business destination. Like the other gateways, this entrance to the community could be enhanced with signage and other gateway features.

Existing Initiatives that will Enhance Aztec's Gateways

Aztec Trails – the Aztec Trails system initiative is designed to encourage people of all ages to walk and bike along the Animas River, a focal point in the community for thousands of years. The trails system has been partially completed, with the construction of a pedestrian bridge linking Riverside and Hartman Parks in 2009, and trails extending from the old "money-saving bridge" over the pedestrian bridge and to Main Avenue/historic downtown Aztec (refer to the red dashed lines in the following exhibit). The trails system is planned to be expanded to link downtown to the Aztec Ruins National Monument with another pedestrian bridge over the Animas River, and to connect to regional trails extending to Farmington (see the blue dashed lines in the following exhibit).

Aztec Trails



Source: Aztec Trails & Open Space

These trails will cross two of Aztec's three gateways, enhancing the visitor experience traveling from the west on NM 516 and for visitors traveling from the north on US 550. The Ruins Road Trail segment will include new sidewalks and footpaths to connect the intersection of Chaco Street, Ruins Road and NM 516 with the Aztec Ruins National Monument. Improvements as part of the trail system enhancements would also include a new Aztec Ruins sign and more visible crosswalks for pedestrians.

Several other trail segments – the Trail Visitor's Center, Martinez Lane Trail, and Main Street Connector Trail segments – link the Aztec Ruins National Monument to US 550 and historic downtown Aztec. These improvements will include new walkways for bicyclists and pedestrians as well as a proposed Trailhead Park off of the Main Street Connector Trail which would feature ample parking.

Observations and Suggestions

Aztec contains one of the better preserved historic downtowns in the region within a stone's throw of the community's top tourism asset, the Aztec Ruins National Monument and world heritage site. We believe there is an opportunity to build from the already planned expansion of the Aztec Trails system and to use additional gateway enhancements to help visitors navigate to both the downtown and the Aztec Ruins National Monument.

We suggest that signage be developed to divert visitors traveling from the west on NM 516 across the old "money-saving bridge" into downtown Aztec and to a "heritage trail" that would allow visitors to park their cars downtown, stop at the visitor center, and then walk to the Aztec Ruins National Monument along Main Avenue and across the Animas River to the Aztec Ruins National Monument (via the planned pedestrian bridge, Main Street Connector Trail, and Martinez Lane Trail). In 2009, the average daily traffic count on NM 516 from Chaco Street to US 550

was 20,100 (according to the Farmington Metropolitan Planning Organization), so we know this gateway is already well-traveled.

Signage could also divert travelers looking for a shorter walk to drive through downtown and then to the proposed Trailhead Park, where they could park their cars and face a shorter walk across the new pedestrian bridge to the Aztec Ruins National Monument. Either way, visitors would be exposed to downtown Aztec through such diversions.

Diverting travelers through downtown would encourage visitors to venture into downtown and expose them to the unique restaurants and shopping offerings available, thereby encouraging them to enjoy a meal and shopping either before or after their trip to the Ruins. Signage should be designed to clearly convey that visitors will be diverted to the downtown and heritage trail and not simply to Aztec Ruins National Monument (to avoid confusion and the potential displeasure of a visitor who feels displaced to downtown).

Possible Funding Sources

To fund the diversion to the heritage trail, federal transportation funding programs such as the National Scenic Byways Discretionary Grants program (to tap into the Trail of the Ancients Scenic Byway) and Transportation Enhancements Funding programs should be explored.

Section 14: Residential Housing and Development

Overview

The entire local housing marketplace must be examined in the context of supporting industry and employment in Aztec. The 2009 ESRI *Market Profile* for the City of Aztec shows an employed workforce of 2,930 compared to at place employment of 4,162, suggesting that Aztec imports many of its workers from surrounding jurisdictions. In contrast, over 76 percent of Aztec's workforce commuted over 20 minutes to work in 2000, suggesting a significant outmigration from there as well. The commuting and employment patterns in the area reflect the close proximity (<16 miles) of the three urban nodes, offering a broad range of housing options to local residents within a reasonable commuting distance of any given employment center.

Housing in Aztec grew by 173 units or 6.8 percent in the ten-year period from 2000 through 2009, surpassing the growth in the number of households which grew by 5.2 percent in the same period. In all, the Cities of Aztec, Bloomfield, and Farmington added a combined 2,268 residential units in this ten year period, for a total of 22,336 residential units. In 2009, residential units in the county totaled 50,387, an increase of 7,166, or 16.6 percent, from 2000.

Aztec and Bloomfield showed the highest percentage of home ownership in 2009 among all jurisdictions surveyed at 70.3 and 70.4 percent, respectively, compared to 64.1 percent for Farmington, 65.7 percent for the county, and 60.7 percent for the state.

Table 19

Households and Housing Units					
	Aztec	Bloomfield	Farmington	San Juan County	State of New Mexico
2000 Households	2,330	2,222	13,982	37,711	677,971
2009 Households	2,491	2,572	15,636	44,052	785,869
2014 Households*	2,609	2,783	16,649	44,723	841,800
2000 Housing Units	2,545	2,446	15,077	43,221	780,579
Owner Occupied	63.3%	66.1%	63.4%	65.8%	60.8%
Renter Occupied	28.3%	24.7%	29.3%	21.5%	26.1%
Vacant	8.4%	92.0%	7.3%	12.7%	13.1%
2009 Housing Units	2,718	2,829	16,789	50,387	905,330
Owner Occupied	70.3%	70.4%	64.1%	65.7%	60.7%
Renter Occupied	21.4%	20.5%	29.1%	21.7%	26.1%
Vacant	8.4%	9.1%	6.9%	12.6%	13.2%
2014 Housing Units*	2,843	3,055	17,838	54,292	968,496
Owner Occupied	70.0%	69.8%	63.9%	65.7%	60.3%
Renter Occupied	21.8%	21.3%	29.4%	22.2%	26.6%
Vacant	8.2%	8.9%	6.7%	12.1%	13.1%

*projected

Source: ESRI Business Services; BBP 2010

The employee to residential population ratio can serve as a benchmark for business expansion and retention efforts. In 2009, Aztec’s total employees numbered 4,160 and total residential population numbered 7,296, for an employee to resident ratio of 0.62. This is higher than Bloomfield’s ratio of 0.49, the county’s of 0.41, and the state’s of 0.41, but less than Farmington’s ratio of 0.72. In jurisdictions heavily reliant on gross receipts taxes, a high employee/resident population ratio is desirable from a cost/revenue standpoint.

Business revenues largely support community and resident services provided by the City government – the higher the business revenues, the more government services that can be provided to residents and businesses alike. Many jurisdictions throughout the country operate with employee/residential population ratios of well over 1.00 and are very prosperous, but also benefit from larger housing inventories in nearby urbanized areas.

Employee/Residential Population Ratio 2009					
	Aztec	Bloomfield	Farmington	San Juan County	State of New Mexico
Total Businesses	470	306	3,011	4,981	80,521
Total Employees	4,160	3,594	30,023	53,431	845,066
Total Residential Population	6,707	7,296	41,760	131,889	2,058,296
Employee/Residential Population Ratio	0.62	0.49	0.72	0.41	0.41

Source: ESRI Business Services; BBP 2010

If Aztec were to maintain its current ratio of 0.62 and also reach the Farmington MPO employment projection of 4,963 in 2020, the resident population would equal approximately 8,005 at that time. Using the current household size of 2.54, this would require an additional 434 housing units to accommodate the increase in population, a number that is roughly 2.5 times the number of units added in the past ten years. However, if by 2020 the ratio were to become 0.72, in line with Farmington, the resident population would equal approximately 6,893, just 186 more than the present population.

Housing Needs Assessment

Housing Needs Assessments are typically conducted when events of significant economic impact are expected to occur, such as the expansion or relocation of a business that imports a large number of workers into an area, creating a sudden or accelerated demand for housing in the local marketplace. In Aztec's case, this could be triggered by the influx of as few as 30 to 50 new workers. While natural market forces are generally effective at responding to demand under normal circumstances, a Housing Needs Assessment can identify deficiencies in supply to accommodate the influx of new households, and otherwise inform local government of the need and the private sector of the opportunity at hand.

Housing Needs Assessments typically analyze residential market characteristics such as available inventory for sale and for rent, price points, pending projects and units, location, and other salient factors, as well as the economic characteristics of the incoming workforce. Depending on the specific circumstances, an assessment could be as simple as surveying the local professional real estate community.

Section 15: Strengths, Constraints and Opportunities Analysis

Overview

Many factors influence Aztec's economic development potential. These factors include trends in demographics and industries, available business resources, educational resources, public works and civic investment, the vibrancy of downtown, the experience of visitors at key gateways to the community, and available land for development. While Aztec boasts many assets from an economic development perspective, the community also features some constraints to overcome. Overall, the City has opportunities to build from existing strengths and address barriers to enhance future economic potential.

Strengths

- **Growing population** – the City's population grew 5.2 percent from 2000 to 2009 and is projected to rise by an additional 3.9 percent by 2014.
- **Growing employment** – despite the recent economic downturn, over the long-term Aztec is projected to add jobs, especially from 2015 to 2030. Such future trends are in keeping with recent, pre-downturn trends; from 2005 to 2009 Aztec's business activity grew steadily, as demonstrated by an increase from \$3.97 million to \$5.62 million in gross receipts tax. By 2030, the City could, according to projections from the Farmington Metropolitan Planning Organization, add 1,655 jobs. These jobs are expected to be concentrated in: manufacturing, retail, office/service, and medical. With the exception of manufacturing (discussed in more detail under the Weaknesses section), Aztec's labor force presently includes many residents working in the retail, office/service, and medical industries, so the City is on track to grow these three industries in particular.
- **Network of business resources** – Aztec benefits from the economic development activities of nearby local organizations, such as the San Juan Economic Development Service, the San Juan College Enterprise Center, the Center for Workforce Training, and the Small Business Development Center at San Juan College. The City also benefits from the regional planning and economic/community development services provided by the Northwest New Mexico Council of Governments, and state economic development activities such as those provided by the New Mexico Economic Development Department, New Mexico IDEA, the Association of Commerce and Industry of New Mexico, and the New Mexico Partnership.
- **Public works and civic investment** – the City of Aztec has invested a substantial \$30 million in public works and civic projects over the past decade, and another \$10 million in additional projects are planned.
- **Healthy downtown** – Aztec's downtown features approximately 50 storefronts with just four vacancies (an overall vacancy rate of roughly 8 percent), indicating the downtown is active and viable. The types of downtown businesses are diverse, with a mix of dining, specialty shopping, commercial and professional services, and other types of commerce.
- **Educational resources** – the City benefits from the presence of San Juan College in nearby Farmington, which is educating many students in industries projected to expand in Aztec in the future. For example,

programs related to medical industries are among the College's top program majors, including: veterinary technology, pre-nursing, physical therapy assistance, and nursing.

- **Local food network** – Aztec is among four communities in San Juan County featuring a Farmers' Market; the Aztec Farmer's Market, held weekly from July to October, connects local residents, visitors and restaurants with produce provided by San Juan County farmers. The Aztec Mercantile Cooperative, a year-round outlet for locally grown produce and other locally produced and manufactured items is also planned.
- **Tourism resources** – Aztec is home to the Aztec Ruins National Monument, the Aztec Museum and Pioneer Village, its vibrant downtown, and is close to natural attractions such as Navajo Lake State Park, the Shiprock formation, Monument Valley, Chaco Canyon, and Mesa Verde. The Trail of the Ancients national highway/byway program under planning will direct travelers to the Aztec Ruins and Aztec Museum and Pioneer Village.

Constraints

- **Dominance of oil and gas extraction on economy** – the oil and gas extraction industry is a major contributor to Aztec's economy, and highly sensitive to changes in the national economy as well as state regulatory actions. While oil and gas extraction is not Aztec's only industry, it has been an important contributor to Gross Receipts Tax Revenues, and downscaling of the industry in 2010 has caused Gross Receipts Tax Revenues collected in this industry to fall from over \$850,000 in 2009 to less than \$550,000 in 2010 (as currently projected).
- **Mismatch between local jobs and labor force in selected industries** – local residents do not necessarily comprise the majority of employment in the fields represented in the City. For example, **manufacturing** was among the City's most dominant fields in terms of employment in 2009 (employing 573 people and representing 13.8 percent of all employment in the City), yet less than 1 percent of local residents (27 residents) worked in the manufacturing industry. The mismatch in the manufacturing industry in particular could be problematic in realizing future growth of this industry; the Farmington Metropolitan Planning Organization projects that manufacturing will be among Aztec's top four industries in 2030, but this realization of such growth will in part depend on the readiness of the local labor force to participate in this industry.

The City's most dominant industry, **construction**, which employs over 700 individuals, must attract workers from beyond the City because just over 250 local residents work in this field. In another example, the **agriculture/mining** industry (which includes fossil fuels extraction of oil and natural gas) employed 8.4 percent of Aztec's residents (approximately 257 individuals), but just 1.6 percent of all local employment (67 positions) were in this field. For the agriculture/mining industry (unlike manufacturing or construction) residents must commute outside of the City to find employment.

- **Limited supply of vacant land for industrial, office and commercial development** – the City currently features 34 vacant parcels representing approximately 82 acres, including clusters of vacant parcels along US 550 and NM 516. Many parcels are relatively small; median parcel size of these vacant parcels was

1.12 acres, with the smallest parcel comprised of 0.13 acres, and the largest parcel consisting of 9.84 acres.

- **Room for improvement among Aztec's gateways** – the City's gateways currently do not have many features that convey a sense of arrival or help visitors navigate to area attractions (particularly downtown and the Aztec Ruins National Monument).

Opportunities

- **Tout public and private investment** – the impressive accomplishments the City and private individuals have achieved over the past decade, as well as ambitious future plans, should be highlighted in economic development marketing efforts.
- **Enhance gateways** – build upon existing plans for enhancing Aztec's major gateways (including plans for the Aztec Trails system) with additional enhancements to help visitors navigate both the downtown and the Aztec Ruins.
- **Connect to and coordinate with the network of available business resources** – the City benefits from the wealth of local, regional and state organizations, programs and incentives available for economic development, and should strive to connect to and coordinate with these offerings rather than duplicating them on a smaller scale in Aztec.
- **Consider opportunities to expand the inventory of land for development** – with Aztec's future economic development potential in part dependent on available land for office, commercial or industrial use, it will be important to consider ways to expand available land supply. One method is the City's involvement in leasing land for business use from the state as related to the proposed East Aztec Arterial. Another method may be the rezoning of private properties along the East Aztec Arterial for commercial, office and industrial use.
- **Encourage the expansion, retention and recruitment of industries based on the industry cluster analysis** – the industry cluster analysis revealed that Aztec has many industries that are prospects for expansion, retention and/or recruitment efforts. These include (grouped by broader industry categories):
 - **Mining** – oil and gas extraction is a current strength worthy of expansion and retention efforts, although the long-term diversification of Aztec's economy with growth of other industries is desirable
 - **Construction** – special trade contractors, general contractors and operative builders, and heavy construction other than building construction (i.e. utilities, roads, bridges)
 - **Manufacturing** – lumber and wood products (sawmills, millwork, cabinets, etc.), printing/publishing and allied industries, chemicals and allied products, industrial/commercial machinery and computer equipment, transportation equipment, measuring/analyzing/controlling instruments, photographic/medical/optical goods, and watches and clocks
 - **Transportation and Communications** – motor freight transportation and communications
 - **Wholesale Trade** – durable and non-durable goods

- **Retail Trade** – food stores, building materials, hardware, garden supply, mobile home dealers, automotive dealers, gasoline service stations, home furniture, furnishings and equipment, miscellaneous retail, and eating and drinking places
- **Finance, Insurance and Real Estate** – non-depository credit institutions, insurance agents/brokers and service, and real estate
- **Services** – health services, legal services, museums, art galleries and botanical and zoological gardens, membership organizations, engineering/accounting/research/management and related services, business services, automotive repair/services, miscellaneous repair services, and other miscellaneous services

E-Commerce Discussion

Overview

Typically, commerce takes place when the exchange of money for goods or services occurs within a store or as a transaction between two or more people. In the mid-1990s however, electronic commerce, or e-commerce as it is widely known, suddenly became more commonplace. The ability to make a purchase solely online without having to leave the home was a new, novel idea that has since changed the nature of business. Websites such as Amazon.com and Ebay.com were pioneers in this field.

E-commerce already effects large sectors as communications, finance, and retail trade, and holds promise in areas such as education, health, and government. Today, there are thousands of e-commerce websites that people can purchase items from. Everything from books and clothing to furniture and groceries can now be bought through a website. Not only does electronic commerce affect the economy, but it also has a large effect on the job market as well. It creates new positions in data entry, website creation and maintenance, credit card processing, Internet security, and inventory management, just to name a few.

E-commerce has made a profound impact on society. People can now shop online in the privacy of their own home without ever having to leave. This has forced large brick and mortar retailers to open an online division. In some cases it can also force smaller businesses to shut their doors, or change to being completely online (e.g. music stores). The ability to customize product, eliminate the middleman, and access a large network has opened up e-commerce opportunities for a broad range of entrepreneurs drawn to an industry where barriers to entry are virtually non-existent.

Potential Impact and Implications of E-commerce Businesses in Aztec

Any new businesses, including e-commerce, that choose to locate in Aztec will contribute to the City's fiscal wellbeing through the payment of gross receipts taxes. They will also contribute to the City's economic wellbeing through employment, wages and salaries, and spending in the local economy.

The nature of the e-commerce industry is that its most important requirement is the availability of broadband communication – otherwise, it does not typically demand specific building requirements, access to transportation and transit networks, proximity to customers, proximity to suppliers or support industries, or other conventional business needs. While major retailers might house their e-commerce operations in-house, independent factory reps

and specialized merchants can operate an e-commerce operation virtually anywhere of their choosing. Furthermore, e-commerce is not an agglomerative business – there are no inherent advantages or incentives to cluster near other e-commerce businesses. Consequently, location decisions for small, independent e-commerce operations probably have more to do with lifestyle and personal choices than business considerations.

Aztec's best prospect for developing an e-commerce business base is to identify and nurture homegrown businesses. Having done so, the city should provide as much business assistance as possible to ensure their future success and prosperity.

Green Technology Discussion

Overview

Growth in the green industry brings new careers and jobs to cities. Companies are investing in green research and technology both on a production and service side as well as incorporating policies and practices into their business models. The following section discusses the business and job opportunities in the energy industry, green products and services, and green chemistry.

Energy

The energy industry includes firms engaged in the production and distribution of energy, including non-renewable (e.g. petroleum, natural gas and coal gas, electricity, coal, nuclear) and renewable sources (e.g. solar, wind, geothermal, hydroelectric, biomass and biofuels such as ethanol and biodiesel). The industry also can be defined to include support firms, including those that produce power inverters, power controls, power storage, or other equipment used in renewable energy development. According to the Trade & Industry Development's "Wind & Solar Power: An Exploding Opportunity", there are four phases in the energy industry process, with firms involved in each phase: 1) headquarters and research and development; 2) production of supply materials; 3) construction of the final product; and 4) installation in the energy generating location. Brief summaries of each of the main sources of renewable energy are offered below:

- **Solar power:** Solar power generation comes from two key technologies: solar photovoltaics (PV) and solar thermal/concentrated solar power. Solar cells, which use semiconductors to absorb light, are used in solar PV to convert sunlight to electricity. Traditionally, crystalline silicon cells have been used, but "thin film" cell technology has recently emerged as a lighter and cheaper alternative to traditional crystalline silicon.
- **Wind power:** Wind power generation systems use a wind turbine, gearbox, generator, tower and transmission equipment to harness the energy created by moving air. Across the nation, wind farms are concentrated primarily in Texas and California. The Midwestern and Western states of Iowa, Minnesota, North Dakota and South Dakota also have ambitious projects underway to store wind energy underground.
- **Geothermal power:** Geothermal systems convert hydrothermal fluids to electricity through dry steam, flash, or binary cycle technologies. Geothermal electricity production requires location of facilities near geothermal resources, including volcanic activity, tectonic shifting, hot springs and geysers. Most of these resources in the United States are concentrated in the Rocky Mountain West.
- **Hydroelectric power:** Hydroelectric dams harness the energy created by running water. Infrastructure to harness this particular source of energy are much more established in the United States than other sources of renewable energy, and most locations suitable for hydrodams have already been developed with such facilities.
- **Biomass and biofuels:** Biomass, also termed waste-to-energy, uses forest and agricultural wastes, municipal solid wastes, and landfill gas as fuel to power existing electrical systems. The two main biofuels are ethanol and biodiesel, both of which are produced in plants. Ethanol is grain alcohol produced from corn or other crops which is blended with gasoline and used as motor fuel. Some ethanol plants are owned by groups of farmers or local investors. Biodiesel is made from vegetable oils and animal fats as an alternative to petroleum-based diesel fuel.

Workforce Needs

Workforce requirements vary based on the renewable industry and process phase (e.g. research and development, production of supply materials, construction of final product, and installation in energy generating location). According to the Bureau of Labor Statistics publication “On the Grid: Careers in Energy” key workforce trends include:

- Research and development firms require highly educated employees, and often locate near university research centers where human capital is available.
- Occupations in renewable energy installation require skills similar to that of traditional electric power (e.g. electric line workers will have many skills needed to work on a wind turbine). Therefore, workers with experience as line workers, operators and dispatchers, and technicians for electric utilities will be well suited for renewable energy employment. Workers with construction experience, knowledge of electricity, and manual dexterity are also good candidates for employment as solar photovoltaic installers.
- Experienced metal workers and engineers are needed for wind turbine component manufacturing.

Since technologies are rapidly changing in energy development, and research and development continues to play an important role in the renewable energy sector, areas with strong human capital - that is, highly-educated workers - and high quality of life to retain that human capital will be best positioned to capture the research and development growth of the energy industry. Areas that also offer workers with manufacturing, construction, and utility experience also will be positioned to attract the manufacturing, construction, and installation phases of the energy industry process.

Critical quality of life factors to retain a strong workforce are affordability, housing (in particular, cost of housing), amenities (arts and culture, recreation, entertainment), and transportation (ease of commute and access to public transportation).

Site Needs

According to the Trade and Industry Development publications “Wind & Solar Power: An Exploding Opportunity” and “Site Selections for the Biofuels Industry” site selection requirements for energy-related firms varies dependent on the energy sector and the firm’s role in the four phases in the energy industry process (i.e. 1) headquarters and research and development; 2) production of supply materials; 3) construction of final product; and 4) installation in energy generating locations).

- **Transportation:** It is expensive to transport wind turbine components (e.g. rotors and towers); therefore, production facilities are generally cited proximate to wind farms to reduce the cost of transportation. Transportation costs are less of an issue for solar panels, which are relatively small, and therefore proximity to locations where solar panels will be installed is less important for production facilities. Proximity to university research centers and existing knowledge clusters is important for firms involved in energy research. For ethanol plants, the proximity of an adequate supply of feedstock, and distance from major markets for gasoline (e.g. major metropolitan areas in the United States) via highway and rail networks is important.
- **Land and buildings:** Land and building requirements will vary by the type and scale of user, from small start-up firms to larger-scale, established manufacturers. Typical ethanol plants require 40 to 80 acres

(smaller scale plants may require just 10 acres and large producers up to 160 acres). Existing hydroelectric turbine manufacturers occupy facilities in the realm of 125,000 square feet. Wind turbines typically require one-half acre of land per turbine.

- **Utilities:** A reliable and affordable electric system is needed, particularly for solar energy component production (polysilicon) and fuel cell production. The cost of natural gas, water and electricity is an important factor in ethanol plant site selection.
- **Cost of doing business:** For firms involved in energy research and development, availability of investment funding such as private venture capital, is important. For solar energy component production (e.g. polysilicon), low-cost electricity is key. Incentives can also play a role in the location decision of firms.

With the energy industry covering a wide variety of firms with differing site selection requirements related to industry sector type and scale of operation, many areas may have opportunities to attract some renewable energy projects. An area with a highly-educated workforce and presence of major research universities will be relatively better positioned to attract firms engaged in energy research and development, while areas with reliable and lower-cost transportation, utilities and land may be better suited for manufacturing of components.

National Outlook

Interest in renewable energy development is strong and increasing, as global demand for energy has increased and is expected to grow as population and incomes rise. The energy industry offers potential for rapid growth and development of renewable projects, as the United States transforms its energy infrastructure to become less reliant on non-renewable sources and foreign oil. The leading renewable energy sources - wind, solar, biomass and geothermal - individually produced from 20 and 60 percent more electricity in 2007 than in 2006, illustrative of the rapid growth of the renewables. Wind led the pack, increasing electric production by 60 percent from 2006 to 2007. The United States Department of Energy estimates that wind energy could provide 20 percent of the nation's electricity by 2030 if ambitious wind projects are pursued.

Policy initiatives, including renewable portfolio standards and incentives for the siting, production, and operation of renewable energy facilities have played a major role in the emergence of the renewable energy industry. Portfolio standards are mandates that utility companies include a certain proportion of power plant generation or capacity from renewable sources (e.g. California's requirement that electric companies use renewable sources to produce 20 percent of electricity). Most states offer incentives, through rebates or grants, for renewable energy projects. With interest in renewable energy growing, such policy initiatives should only increase in the future.

State Outlook

In 2008, the Governor's Office and State of New Mexico Economic Development Department along with the departments of Workforce Solutions, Energy, Minerals and Natural Resources and Environment collaborated with representatives of national labs, the research community and with New Mexico Universities to begin work on the New Mexico Green Initiative. The Green Grid Initiative (GGI) is a State-led project that is designed to create a new, clean energy solution to lessen dependence on current traditional power generation.

Since the GGI was established, five sites have been proposed as the focus for the Green Grid: Mesa Del Sol (Albuquerque), Los Alamos, Taos/Taos Pueblo, NMSU/Las Cruces and Roosevelt County. Talks have also been underway with New Mexico Municipalities and utilities to encourage their collaboration and gather information on

which types of microgrid projects would be ideal for their areas of service. The City of Farmington has participated in these discussions.

Companies that specialize in renewable technologies, manufacture products for the clean energy industry or provide services to the industry were encouraged to participate in the program. Although the first round of participant selections is complete, the momentum created by the Green Grid Initiative should be maintained in the years to come, and other opportunities should present themselves in the future to support a burgeoning local clean energy industry.

It is unlikely that New Mexico's Green Grid Initiative will lose all of its momentum when its federal funding (American Reinvestment and Recovery Act) is used up. Large energy companies will continue to expand their diversification into alternative energy sources as the economics become more feasible, while startup companies and small businesses will proliferate as demand for green technologies increases.

Conferences and Resources

Conferences are a great way to meet representatives from all levels of the green industry. Attendees are people involved in the production of green products and services, business owners and representatives interested in building green, public agency representatives, and researchers engaged in technology development. Below is a list of conferences that may be of interest to the City of Aztec.

- IEEE Green Technology Conference in Dallas/Fort Worth, TX
<http://www.ieeegreentech.org/>
- American Solar Energy Society's National Solar Conference in Phoenix, AZ
<http://www.solar2010.org>
- Clean Technology Conference & Expo, Anaheim, CA
<http://www.techconnectworld.com/Cleantech2010/>
- UKC2010 – Green Technology for a New World Conference in Seattle, WA
<http://ukc.ksea.org/ukc2010/>

Potential Impact and Implications of Green Enterprise in Aztec

While Aztec may not fulfill many of the workforce and site needs criteria described above, it nonetheless could benefit from New Mexico's Green Grid Initiative and future green energy initiatives that are bound to present themselves in the years to come. While Aztec's prospects may seem limited in this arena, its prospects could present themselves in the form of a homegrown enterprise rather than an outright business attraction. Energy-related businesses are seeking avenues in which to diversify, and for many the expansion into alternative and green energy is a logical alternative, given their existing industry knowledge and base of human capital. For example, technologies to mitigate the environmental impact of natural gas are constantly evolving, presenting opportunities for both existing and new energy related businesses in Aztec to capitalize on.

Section 16: Summary Observations

Based on the evaluation of existing economic conditions, we have made a number of observations about Aztec's current economic climate:

- Aztec's population is more educated than its peers in neighboring Bloomfield and other areas of San Juan County, but lags behind Farmington and the State, potentially indicating a need for targeted workforce development efforts.
- Aztec's employment base is currently concentrated in six key industries: construction, public administration, manufacturing, educational services, accommodations and food, and retail trade.
- Over half of Aztec residents work in white collar jobs (management, professional, sales and administrative support); the majority of residents are employed in the retail trade and services sectors.
- Mining/oil and gas and construction have been prominent contributors to Aztec's tax base over the past several years. These sectors also are basic industries for the City, as indicated by location quotient analysis. Other basic industries include manufacturing, transportation, real estate and public administration.
- Employment projections suggest Aztec could add many new jobs in coming years, particularly in the areas of industrial manufacturing, office/service, and medical. Proactive economic development efforts can support such growth.
- As indicated by the results of the industry cluster analysis, Aztec has many opportunities to recruit, retain and expand industries characterized as currently strong, emerging as strong, or priorities for retention. The mix of industries includes those within the following broad categories: mining, construction, manufacturing, transportation and communications, wholesale trade, retail trade, finance/insurance/real estate, and services.
- Aztec businesses and individuals interested in facilitating economic development have access to a wealth of local, regional and state organizations, programs and incentives – indicating a need not to duplicate such offerings in Aztec, but rather to most effectively make use of these existing resources.
- While an assessment of Aztec's retail market shows retail leakage (e.g. gaps in certain store groups where resident spending power exceeds local retail sales, indicating purchases are "leaked" outside of the community), much of the area's retail demand is met in the Farmington regional retail cluster (Animas Valley Mall and surrounding large-format stores).
- Over the past decade, the City of Aztec has invested \$30 million in public works and civic projects. Another \$10 million in additional projects are planned. These impressive accomplishments and ambitious plans should be touted in economic development marketing efforts. Private investment over the past decade has also been impressive and should be showcased as well.

- Aztec boasts a healthy downtown, featuring restaurants, unique specialty shops, service companies, and other businesses. Of the historic main street area's approximately 50 storefronts, just four were vacant in a recent field survey (for an overall vacancy rate of roughly 8 percent).
- One method of conveying Aztec's accomplishments, as well as resources for economic development, is through asset mapping. The information provided in this report can serve as an initial set of talking points for economic development efforts.
- Though Aztec contains land available for industrial, office and commercial development, the overall supply of such land is limited, comprised of just 34 parcels representing approximately 82 acres. Methods to expand the land supply could include leasing land for business use from the state and/or rezoning private properties along the East Aztec Arterial for industrial, office and commercial use.
- Higher educational opportunities are available in the region, including San Juan College in Farmington. San Juan College's most popular programs include those that will train workers in industries that show opportunity for expansion, retention and recruitment in Aztec (i.e. health care and related industries).
- Agriculture, though not a large industry in Aztec, is strong in the broader area of San Juan County (particularly for its production of vegetables, melons, potatoes and sweet potatoes). Aztec benefits from regional agricultural production with a seasonal Farmer's Market, and plans are underway to further capitalize on the industry through creation of the Aztec Mercantile Cooperative.
- Tourism is an important element of Aztec's economy, benefitting foremost from the Aztec Ruins National Monument as well as by attractions such as the Aztec Museum and Pioneer Village, the historic downtown, and nearby natural/recreational offerings. Opportunities to further strengthen Aztec's tourism industry will be enhanced by the Trail of the Ancients national highway/byway program.
- Aztec's gateways offer opportunities for enhancement which the City has plans to address, in part through the Aztec Trails system. We believe there is an opportunity to build upon existing plans and use additional gateway enhancements to help visitors navigate to both the downtown and the Aztec Ruins.
- Aztec's employee/residential population ratio of 0.62 suggests that the City could support more employment relative to housing inventory. Farmington has an employee/residential ratio of 0.72, and many municipalities boast ratios of over 1.0. The City should consider conducting a Housing Needs Assessment in the event of a significant increase in workforce as a result of a business relocation or expansion.
- New Mexico's Green Grid Initiative should create opportunities for this industry throughout the state, particularly for home-grown startup companies. Aztec's workforce possesses skills transferable to many of the green industries, including energy and manufacturing.

Section 17: Economic Development Activities

Overview

The American Planning Association has identified eight potential strategies local governments can use, either alone or with other institutions, to carry out their economic development vision:

- Coordinate economic development programs and support services
- Business development
- Development incentives and financing
- Business attraction and retention
- Workforce education and training
- Land supply analysis for business growth
- Infrastructure investment
- Investment in quality of life factors conducive to business innovation

A strong economic development plan includes strategies that enhance existing activities as well as recommend new areas of action.

Existing Strategies

The following list shows the economic development strategies in place in the City of Aztec with descriptions of the activities and programs currently underway and in place, and the lead agencies involved.

Coordination of Economic Development Programs and Services	
Activity	Lead Agencies
Intraregional coordination	NWNMCOG, SJEDS
Economic Development Strategy	EDAB
Business Development	
Activity	Lead Agencies
Business skills and management training for small business	Center for Workforce Training (SJC), SBDC (SJC), JTIP (State)
Business incubator	SJC Enterprise Center
Business Attraction & Retention	
Activity	Lead Agencies
Business recruitment	SJEDS, City of Aztec
Marketing to attract business	SJEDS, NMEDD (State)
Business retention	SJEDS, City of Aztec, Chamber of Commerce
Development Incentives and Financing	
Activity	Lead Agencies
Revolving loan funds	State (IDC-RLF), NMEDD

Tax credits	State
Local Economic Development Assistance (LEDA)	City of Aztec
<i>Workforce Education & Training</i>	
Activity	Lead Agencies
Public enrollment	San Juan College
Customized training	SJC-SBDC
<i>Land Supply Analysis for Business Growth</i>	
Activity	Lead Agencies
Inventory of available sites	City of Aztec
Property development	Private sector, City of Aztec
<i>Infrastructure Investment</i>	
Activity	Lead Agencies
Transportation	Federal, state, local government
Utilities	Municipal, public & private
<i>Quality of Life factors Conducive to Business Growth</i>	
Activity	Lead Agencies
Public works & amenities	City of Aztec

Section 18: Economic Development Action Items

Coordinate Economic Development Programs and Support Services

Establish a City point person for economic development: In this era of shrinking local budgets, fueled by decreasing property values and lower gross tax receipts, the importance of economic development cannot be overstated. Commercial development typically provides a net positive fiscal impact ranging from 90 percent to 75 percent - put another way, the costs of public services to commercial development ranges from 10 to 25 cents on each dollar of tax collected, compared to residential development which can generate net fiscal costs to local government. The attraction of new businesses to Aztec can effectively mitigate the effects of the current economic downturn, and otherwise maintain and enhance the prosperity that Aztec has experienced of late.

The City of Aztec should assign an individual as a de facto economic development director, who can interact with both the EDAB and SJEDS, carry out economic development activities for the City, and administer activities associated with the recommendations contained herein.

Connect to and coordinate with the network of available business resources: Section 4 of this analysis contains a list of local, regional, and state organizations whose primary functions are economic development. The City should establish a close working relationship with these organizations in order to access their resources and obtain their assistance in implementing economic development initiatives.

Institute a regular meeting/information session with the various economic development organizations to exchange ideas and share information: This could be done at various intervals at regular EDAB meetings. Economic development programs are subject to change. The City should stay informed as to what programs are most relevant and beneficial to it, and other organizations should be aware of Aztec's economic development activities and render assistance when warranted.

Forge a public/private partnership with the local real brokers: The City of Aztec can render material assistance to brokers in terms of marketing their commercial sites, as well as stay apprised of planned commercial development activity both inside and outside of Aztec. The City may consider a private-sector development partner for its own business park at some point, and should start an informal early vetting process.

Lead agencies: EDAB, City of Aztec

Business Development

Maintain an inventory of business resource providers and funding and financing programs: The types and availability of funding programs varies from year to year. The economic development point person should maintain awareness and remain up to date on which programs are viable and applicable to whatever economic development initiative is being pursued at any given time.

Identify and support "homegrown" entrepreneurial businesses: In 1998, a 20-year study focusing on the cycles of job creation and retention was concluded in Michigan by John E. Jackson, a professor of political science at the University of Michigan ("Economic Development in Michigan: Choosing an Economic Future" 1988). During that

period, approximately 50,000 “homegrown” companies were formed, compared to 140 “transplant” firms that also arrived during that timeframe. Both the small businesses and the transplants initially created about 150,000 jobs. By 1998, while only 17,000 of the new businesses remained, those survivors accounted for 190,000 jobs. Only 62 of the 140 transplanted non-native companies grew lasting Michigan roots, with total employment among them declining to about 61,000 by 1998.

The findings of this and numerous similar studies have drawn a recurring conclusion: successful homegrown businesses are the most likely to maintain their roots in a community. While transplanted firms remain important to local, regional, and state economies, a specific focus should be spurring innovation and nurturing the growth of new, homegrown enterprises.

Get on the list to receive business location Requests for Proposals (RFP) from NMEDD: As NMEDD receives serious inquiries from businesses seeking to locate in New Mexico, they distribute RFPs to economic development agencies and jurisdictions across the state. NMEDD recommends that all recipients respond even if they do not meet all of the listed criteria, since other considerations may be taken into account.

Participate in future activities associated with the Green Grid Initiative: Green energy and manufacturing hold the promise for many new companies as the industry expands and matures. The Green Grid Initiative should gain the momentum to carry it beyond the federal funding support it has received through the American Recovery and Reinvestment Act. Aztec should take every opportunity to cultivate green industry, starting with small businesses.

Nurture small and entrepreneurial businesses through proactive assistance with site and building location, identification of business assistance programs: According to a 2007 Small Business Administration report, the mean small business employer had one location and 10 employees. U.S. small businesses employ about half of all private-sector jobs, and have generated between 60 percent and 80 percent of all new jobs annually over the past decade. Dynamic small employers are creating jobs for workers displaced from big companies, and tend to be more responsive to changes in consumer tastes, new technologies, and global opportunities.

The City of Aztec should be aware of who their small companies are, what they do, and what their needs are. Small firms have faced difficult challenges in the past two years due to the distressed economy and tight credit market. With bank loans harder to get, small businesses have been increasingly relying on alternative methods of financing. The City can assist small businesses by communicating and creating awareness of business assistance programs, such as those provided by the SBDC at San Juan College.

Create a formal entrepreneurship program: EDAB should provide information and guidance to people who live and work in the City and have a concept to begin their own business. A packet can be prepared listing business assistance organizations and funding programs relevant to startup businesses.

Work with Farmington Convention and Visitors Bureau on ways to promote visitation in support of Aztec’s hospitality, food & beverage, and retail businesses: In the course of the work program, several stakeholders expressed a desire for a “flag”, or national chain hotel in Aztec. According to the Farmington Convention and Visitors Bureau, San Juan County hotels, particularly those in Farmington and Bloomfield, have consistently outperformed other New Mexico markets in the past two years, including Albuquerque, Santa Fe, and Taos. This has been attributed to successful efforts by the CVB and other stakeholders to expand the area’s branding beyond

cultural and natural attractions to encompass outdoor sports such as fishing, boating, hiking, and cross country biking.

The first step in hotel attraction will be to identify opportunity sites. One logical candidate will be the future City-owned business park because the City can then control the process. Outreach to local hoteliers is also advised, to gauge their interest in owning and operating a property in Aztec. A feasibility analysis should also be conducted to identify what type of lodging/hospitality product would be most suitable for Aztec, and to assess what, if any, incentives may be considered to attract a hotel. This could be accomplished relatively inexpensively with the assistance of the CVB.

Continue to reach out to the private sector to maintain two-way communication on economic development issues: Interviews with private sector business leaders revealed an interest in diversification into different sectors, particularly in light of the overall economic downturn and the downturn in New Mexico's natural gas extraction industry. In order to capitalize on private sector diversification efforts, and to otherwise capture business creations and expansions in Aztec, the EDAB should continue to encourage non-member, private sector participation in their monthly meetings. Private developers should also be invited to participate, in order to facilitate a dialogue and elicit their perspective on development issues (e.g. regulatory constraints).

Engage EDAB members as ambassadors in business outreach efforts: The retention and expansion of Aztec's existing businesses should be a priority in the City's long term economic development plan. EDAB members should be enlisted to personally reach out to these businesses to create awareness of the City's economic development efforts and offer assistance. This will facilitate the program much faster, and otherwise provide an efficient allocation of manpower resources

Lead Agencies: City of Aztec, EDAB

Development Incentives and Financing

Offer Local Economic Development Act (LEDA) grants of \$5,000 to \$10,000 for qualifying businesses to locate or expand in Aztec as a pilot program: In a challenging economy, an infusion of \$5,000 to \$10,000 to a small business could make a significant difference in its ability to succeed, and pay dividends to the City in the form of future returns. LEDA is a flexible economic development tool that the City can and should access, and an incremental approach (the set aside is \$50,000 annually) will be a way to test the viability of the program while minimizing risk. The business plan that potential LEDA fund recipients must prepare requires revenue projections that can, in turn, inform the City as to what their return on investment in the form of GRTs may be.

Lead Agencies: City of Aztec, EDAB

Investigate opportunities to obtain USDA grant funding for economic development projects: USDA grants are an oft overlooked resource that the federal government provides. The City should remain aware of the programs described in Section 4 of this report, many of which could be applied to economic development initiatives that could be undertaken in Aztec (e.g. RBEG, IRP, VAPG). The suitability of any one funding program to a given application would be situational, but their applicability should be tested on the City's efforts to develop a business park, for example.

Lead Agency: City of Aztec

Consider Tax Increment Financing (TIF) for public improvements on new commercial lands opened up by the East Aztec Arterial (NM legislature created the “New Mexico Tax Increment for Development Act” in 2006): Tax increment financing has been successfully applied to numerous economic development projects throughout the nation. California and Illinois have used TIF for decades. Nonetheless, the economic development landscape is littered with unsuccessful TIF projects, mainly as a result of poor planning, undefined objectives, and a general misunderstanding of how TIF is supposed to work.

Simply put, TIF is a mechanism to use future gains in taxes to finance current improvements. A special taxing district, or TIF district, is created, and the incremental increase in property taxes over subsequent years is used to fund public improvement projects, such as transportation and other infrastructure, to induce desirable development. Since property tax revenues accrue to the County, TIF would be administered by the County, requiring their buy-in and participation.

As stated, the keys to a successful TIF district are clear objectives and careful planning. For example, if TIF were to be considered for a City of Aztec business park, a TIF model should be prepared to project public costs and revenues. Using a preliminary site plan, public infrastructure costs (water, sewer, utilities, roads, curb & gutter) would first be estimated. Capital costs would then be used as a baseline for creating the boundaries for a TIF district. When creating a TIF district, careful consideration should be given to the inclusion of additional areas with the potential for growth. In the case of a City business Park, the inclusion of Dillon Industrial Park brings the potential for additional future revenues, as it still has undeveloped land. A cash flow analysis will then help determine if the projected TIF revenues are adequate to service projected debt.

Through the TIF modeling process, the City can make key go/no-go decisions on both the TIF itself and subsequent application. If feasible, the TIF would fund project infrastructure, giving the City finished parcels to market and sell.

Lead agencies: City of Aztec, San Juan County

Consider the creation of a tax abatement program and/or special taxing districts for new businesses: Tax abatement is a tool used by local governments to attract private investment and job creation by exempting all or a portion of local taxes. Although typically applied to property taxes, tax abatements can apply to gross receipts taxes as well. Tax abatements should be considered after careful assessments of costs and benefits, and be accompanied by performance requirements that ensure local benefits in return for the abatement. Tangible benefits from tax abatements are somewhat more difficult to assess than those from a TIF district, which are conceptualized in advance. Tax abatements could be limited to a specific geographical area, or a special taxing district.

Lead agency: City of Aztec

Provide for commercial rezoning of unimproved tracts of land in a comprehensive plan: The East Aztec Arterial will open up access and renewed developer interest in unimproved private property in Aztec’s eastern and southern areas. Aztec’s comprehensive plan should make provisions for future rezonings for commercial use in these areas.

Lead agency: City of Aztec

Evaluate land zoning ordinances and development regulations to build flexibility that accommodates desirable, quality development: Burdensome and onerous real estate regulatory rules and procedures can discourage developers from building desirable, quality development in a given jurisdiction. However, they are nonetheless necessary and effective in reasonably controlling growth. The City should conduct an internal review to determine what, if any, adjustments can be made to streamline the regulatory process to accommodate desirable commercial development.

Business Attraction and Retention

Conventional networking: Aztec's economic development point person must become involved in direct networking, marketing and promotion for the City. One of the most efficient ways of accomplishing this is by participating in business expos and trade shows. For example, a Northern New Mexico Business Expo was held in Albuquerque in 2008, and a New Mexico Business Expo was held there in 2009. These types of events offer the opportunity to meet business owners and representatives face to face, market your city, and otherwise attract attention to Aztec.

Create a web site for Aztec's economic development: For starters, this site could be used to advertise commercial properties for sale in Aztec as a free service to real estate brokers. When the city enters the marketing phase for its business park, a website will be particularly useful as a promotional tool.

Tout recent public and private investment in public works, civic projects, and businesses: Companies considering locale want assurances that their host city offers a business-friendly environment. Touting investments in public works demonstrates that a city is serious about business attraction, "putting its money where its mouth is". This message can be included on a website or promotional literature.

Work with the San Juan College Enterprise Center to understand the potential needs of graduating businesses in terms of industrial, office and commercial space, and recruit graduating businesses to locate in Aztec: One of SJEDS' functions is to assist with the expansion and retention of economic base companies by connecting them to the appropriate resource or incentive. SJEDS also is the first point of contact for recruiting economic base companies and works closely with the City as it identifies its targets.

Working with SJEDS, develop a list of companies in the community to be the focus of business retention: Small businesses are more likely to require various forms of assistance than larger, well established businesses and national concerns such as Pepsi Bottling Group and FedEx (although their presence should never be taken for granted). Small businesses in Aztec should be proactively targeted for regular visits and inquiries into their well being, and provided updates on the latest business assistance programs. A common misconception among business advocacy organizations is that small businesses stay up to date on funding and other business assistance programs, when that is simply not the case.

Construct an economic model to measure the economic benefit of business development: Gross receipts taxes should be monitored on a semi-annual basis to ascertain the relative health of Aztec's business sectors. Significant upward and downward trends should be identified to determine where economic development efforts should be targeted. Other key indices include employment and business trends data, the residential population/employment ratio, and annual visitation to cultural attractions.

Install Wi-Fi in the downtown: The Town of Pelahatchie, Mississippi (pop. 1,500) installed wireless Internet infrastructure in the downtown in early 2009, for a price tag of \$7,000. While it is difficult to establish a direct cause and effect relationship, Pelahatchie's economy has remained stable since the installation of free Wi-Fi, and a woodworking studio, an insulation installation company, and a county service building have made concrete plans to open shop.

The objective of free Wi-Fi is not to replace existing businesses' Internet connections, but to provide assistance to entrepreneurial and start up businesses with a financial incentive to locate in Aztec. It also serves to attract attention by differentiating Aztec from other cities, and offers tangible evidence that Aztec is a business friendly environment. This could potentially be funded by LEDA.

Lead agencies: City of Aztec, EDAB, SJEDS

Workforce Education and Training

Support ongoing review and upgrade of San Juan College's curriculum and workforce training program: San Juan College stands committed to offer need-based educational and training programs in response to shifting market realities – EDAB should keep them informed of Aztec's industry trends.

Provide and maintain an inventory of workforce and educational resource providers: This should be updated as necessary.

Maintain awareness among local businesses of accessible educational and training resources: Just as it should not be assumed that local businesses are aware of all potential finance and funding sources, it should neither be assumed that they are aware of educational and training resources. The Aztec economic development point person should meet with local businesses on an as needed basis to keep them up to date on these resources.

Lead agencies: City of Aztec, EDAB, SJEDS

Land Supply Analysis for Business Growth

Continue to monitor vacant land for commercial, office and industrial development through GIS: Although the City has very limited powers regarding the disposition of private property, it should prioritize its commercially zoned, undeveloped parcels according to their likelihood of development. Top priority should be accorded to properties actively for sale – low priority should be given to properties with recalcitrant owners holding out for the next big real estate boom. Aztec's real economic future lies in large properties that are not yet being actively marketed.

Continue to support creation of an industrial business park on state owned land: One of Aztec's biggest economic development challenges is the availability of land for commercial development. The existing inventory of 34 parcels comprising 84 acres of marketable commercially zoned land does not hold out a bright future for commercial development in Aztec. Current estimates are for the provision of approximately 125 acres (or less net developable land) of new commercial land in the proposed business park, which will open up commercial development potential for the next one or two development cycles (5-10 years).

Lead agencies: City of Aztec

Infrastructure Investment

Continue to support the East Aztec Arterial: The East Aztec Arterial will provide access to undeveloped land adjacent to the City's existing industrial cluster. The City should consider the commercial rezoning of privately owned land in this area to provide for future commercial land inventory, particularly in light of diminishing supply.

Consider TIF as infrastructure funding mechanism for City's industrial/business park: As discussed, TIF is not a financial incentive for the end user – it is a mechanism for funding current infrastructure improvements from future revenues. Working with the county, the City should explore the implications of TIF for its proposed industrial park. As the de facto property developer, Aztec will assume the responsibility for installing the infrastructure to support the park's development.

Lead agencies: City of Aztec, San Juan County

Investment in Quality of Life Factors Conducive to Business Innovation

Enhance gateways: Gateways are the first indication to visitors to a city that they have arrived, and often create the first impressions of a place. Aztec's gateways present varying degrees of difficulty in terms of actual improvements, and can be prioritized in the following order: Western Gateway, near term; least difficult; high priority; Northern Gateway, long term, most difficult, medium priority; Southern gateway, medium term, subject to change, low priority.

Use social media to enhance awareness of economic development activities: For example, use Facebook to get the message out about the Mercantile Cooperative and generate buzz. Once the Mercantile Cooperative is up and running, Facebook can also be used as a means to post images of new products, and links can be posted on Craig's List.

Conduct a housing needs assessment for Aztec: This should be done in conjunction with the probability of the influx of a significant number of workers into the local economy, such as the relocation of a business into Aztec. The objective of the housing needs assessment is to identify the adequacy of the local housing stock to meet the needs of potential new households. This could involve different orders of magnitude, depending on the circumstances.

Lead agencies: City of Aztec, EDAB

Section 19: Economic Development Implementation Plan

In order to be successful, an economic development implementation plan should remain flexible and opportunistic, particularly in these uncertain economic times. Business assistance and funding programs will be subject to change, trade fairs and business expos will come and go, and businesses in general may be subject to continuing challenges as local, regional and national economies work towards stabilization.

This section contains sequential and concurrent first year tasks crafted to give the City of Aztec a proactive strategy to help ensure its future economic prosperity. The City may choose to accelerate or slow implementation, depending on the availability of its own resources. These tasks should be performed concurrently and in conjunction with ongoing Action Items described above. Where listed action items may require professional services or capital funding, a range of budget is included, otherwise it is assumed that the economic development point person and volunteers from EDAB will carry out the tasks.

Year 1, 1st Quarter

Recognize a single point of contact to coordinate all City economic development activities: The economic development point person will act as the key liaison between the City of Aztec, the Economic Development Advisory Board, the existing and future business community, and local and state business advocacy organizations. As such, it will be their responsibility to oversee and otherwise carry out the Action Items described in the previous section.

Potential funding source(s): City of Aztec

Potential budget range: \$40,000 - \$150,000

Make initial contact with Aztec's businesses: The economic development point person should initiate door to door, personal contact with all of Aztec's businesses as an early task to inform them that they will be acting as an advocate on their behalf.

Create an inventory and database of all of Aztec's business with contact information: Much of this information should reside with the City's finance department. The economic development point person should possess their own database of Aztec's businesses that can be customized with relevant information.

Connect to the network of available business resources: It should not be assumed that private sector businesses will possess the awareness of all of the business resources available to them. One of the ongoing responsibilities of the economic development point person should be to stay current on business resources and their applications. Depending on the circumstances, some business resources will be more relevant and effective than others for achieving specific objectives.

Stabilize the downtown business environment: Work with business operators to stabilize when and how local businesses operate.

Establish benchmarks for performance measures (described later in this section) and begin tracking those benchmarks.

Year 1, 2nd Quarter

Initiate bid process for installing Wi-Fi in the downtown: Price out the installation of free Wi-Fi service in Aztec's downtown.

Potential funding source(s): Rural Business Enterprise Grant <http://www.rurdev.usda.gov>, Local Economic Development Act at <http://www.edd.state.nm.us/communityAssistance/passLEDA>, Public Project Revolving Loan, Local Government Planning Fund <http://cpi.nmdfa.state.nm>.

Potential budget range: \$7,500 - \$15,000

Create a website specifically geared towards Aztec's economic development: This could be part of or linked to the City's website, and be a clearinghouse for information such as a listing of business assistance organization and funding, commercial sites for sale, etc. Websites should be considered a tool in the City's economic development efforts, not the vanguard of its marketing and promotion program.

Potential funding source(s): City of Aztec

Potential budget range: \$2,500 - \$7,500

Prepare materials promoting Aztec as a business-friendly environment for companies wishing to relocate, expand, or start a business: This should highlight Aztec's accomplishments over the past ten years and the public investments on the horizon, and can be in website, brochure, and PowerPoint presentation formats. It should also include a description of business assistance services the City can provide.

Potential funding source(s): City of Aztec

Potential budget range: \$1,000 - \$5,000

Identify and reach out to incubating businesses at the San Juan College Enterprise Center: Through the Enterprise Center, arrange visits to incubating businesses to market and promote Aztec as a potential permanent location.

Construct an economic model to measure the economic benefit of business development: Aztec tracks gross receipts taxes by industry sector – this should be regularly monitored by the EDAB and economic development point person as one benchmark of Aztec's economic development progress.

Year 1, 3rd Quarter

Complete inventory of for-sale and for-lease commercial properties: The economic development point person should establish relationships with Aztec's commercial real estate professionals in order to maintain an inventory of available commercial properties, whether they are space for lease or land for sale. In addition and for its own benefit, the City should assist marketing these properties at every opportunity as an ongoing economic development task.

Investigate using LEDA funds from the State to fund infrastructure at the proposed City-owned business park: The City of Bloomfield, in a public/private partnership with a private developer, received \$300,000 in Leda

funding from the State of New Mexico for the Animas Industrial Park. Aztec should initiate the process to look into a similar deal for their proposed industrial park.

Year 1, 4th Quarter

Attend regional trade fair or business expo: Trade fairs and business expos are subject to the vagaries of the economic conditions of the day – they come and go. Nonetheless, the economic development point person should monitor websites such as the New Mexico Small Business Development Center, <http://www.nmsbdc.org>, and the New Mexico Business Resource Center, <http://www.brc.nm.org/tradeshw.html> for information on upcoming business expos.

Create a formal entrepreneurship program: As entrepreneurial enterprises are identified, Aztec should have a program in place that provides guidance to start-up businesses on the various business assistance programs available to them.

Year 2-5 Event-Driven Tasks

Complete the East Aztec Arterial: The City must continue to lobby for transportation funding to complete the East Aztec Arterial within as short a time period as possible. The Arterial's completion holds the prospect of opening up unimproved properties for future development.

Master Plan the City-owned business park and work up preliminary cost estimates for infrastructure: This activity will be triggered by substantial completion of the East Aztec Arterial. A master plan will allow for projections of infrastructure costs, which will inform the City of its potential public investment.

Potential Funding Source(s) Local Economic Development Act at

<http://www.edd.state.nm.us/communityAssistance/passLEDA>, *Public Project Revolving Loan, Local Government*

Planning Fund <http://cpi.nmdfa.state.nm>

Potential budget range: \$30,000 - \$75,000

Implement process for improvement of the Western Gateway into Aztec: This activity will be triggered by the completion of the Aztec Trails system from Downtown/Main Avenue to the Aztec Ruins National Monument. Signage guiding visitors over the "Money Saving Bridge" will divert them into the downtown, where the Aztec Trails can be accessed to the Aztec Ruins National Monument. Consideration needs to be given to a dedicated downtown parking reservoir for this use.

Potential funding source (s): Public Project Revolving Loan, Local Government Planning Fund

<http://cpi.nmdfa.state.nm>

Potential budget range: \$5,000 - \$10,000

Conduct a hotel feasibility assessment for Aztec; This activity will be triggered as the City-owned business park nears its development phase. This assessment will inform both the private and public sector as to the viability of new lodging either at the proposed business park or elsewhere in the City.

Potential funding source(s): City of Aztec

Potential budget range: \$15,000 - \$20,000

Conduct a housing needs assessment for Aztec: This activity is typically triggered by business relocation or accelerated expansion of business resulting in an influx of a significant number of workers and potential residents. This assessment will inform as to adequacy of the existing housing supply to accommodate an expanded workforce.

Potential funding source(s): City of Aztec

Potential budget range: \$5,000 - \$20,000

Performance Measures

Gross Receipts Tax (GRT) Revenues: Aztec's GRT revenues increased approximately 1.7 million or 41.6 percent from 2005 through 2009, an average annual growth of approximately 8.3 percent. Certainly, future annual increases of over 8 percent would be desirable and an indicator of economic prosperity, but may not be realistic in the current economic environment. Indeed, 2010 may likely show Aztec's first decrease in revenues in more than five years. GRT revenues are one of the most reliable local economic indicators that Aztec has at its disposal, and can therefore be used to measure economic progress. Using 2010 as a benchmark year, the City may want to establish more modest annual goals than 8 percent until the economy stabilizes. Tracking GRTs can also be used to identify trends relative to any of the 22 industry sectors subject to taxation.

Businesses and Employment: Trends in business and employment are a fairly straightforward indicator of an area's economic characteristics. While GRTs are a reliable measure of local business output, there is no direct correlation to employment, which impacts the local economy through salaries and wages, as well as direct and indirect spending. The unemployment rate is also a widely accepted indicator of an area's relative economic health. Business and employment data can be compared to GRTs to assess employment/output ratios – for example, businesses may increase output without increasing employment or decrease employment while maintaining output.

Employee/Residential Population Ratios vary widely from city to city, which suggests that there is not a direct linear relationship between at-place employment and population. If Aztec desires to maintain both its small town character and economic prosperity, it may want to establish a higher ratio than it currently has. Farmington's ratio of 0.72 may be a desirable goal in the next five years, for example.

Aztec Ruins National Park and Aztec Museum and Pioneer Village Visitation: In the absence of reliable hotel performance data for Aztec, the next best indicators of tourism trends would be annual visitation numbers from the Aztec Ruins National Park and the Aztec Museum and Pioneer Village. More importantly, visitation numbers from the Museum will inform as to the success of attracting visitors to downtown Aztec.

Ongoing Tasks

The following Economic Development Implementation Strategy Matrix contains all recommended action items including near term, event driven, and ongoing tasks. Implementation timing should be used as a guide – the key to the success of the strategy is flexibility and the ability to apply action items in an opportunistic fashion.

City of Aztec Economic Development Implementation Strategy Matrix	Implementation Timing (Years)				
	1	2	3	4	5
ORGANIZATION AND COORDINATION TASKS					
Goal #1: To recognize a single point of contact to coordinate all economic development activities					
Action 1: Assign a staff member tasked with directing Aztec's economic development efforts	■				
Action 2: Coordinate efforts with the Aztec Economic Development Advisory Board	■	■	■	■	■
Goal #2: To improve marketing and coordination with regional and state planning and economic development entities					
Action 1: Connect to and coordinate with the network of available business resources	■				
Action 2: Maintain an inventory of relevant business resource providers and funding and financing programs	■	■	■	■	■
Action 3: Institute a regular meeting /information session with the various economic development organizations to exchange ideas and share information	■	■	■	■	■
Action 4: Share target industry/marketing information with SJEDS, NMEDD and other regional and state business development entities to increase outside awareness of local activities	■	■	■	■	■
Goal #3: To foster better relationships with the real estate community					
Action 1: Forge a public/private partnership with the local real estate brokers to assist in marketing commercial sites available for sale through website medium or networking	■				
Action 2: Increase awareness of development projects and current opportunities through continued communication with local and regional real estate professionals	■	■	■	■	■
ECONOMIC DEVELOPMENT INITIATIVES					
Goal #1: To create an environment that encourages the creation, expansion, attraction and retention of businesses					
Action 1: Enlist the participation of EDAB members as ambassadors for early local business outreach efforts in support of the economic development strategy	■	■	■	■	■
Action 2: Create an inventory and database of all of Aztec's business with contact information	■				
Action 3: Develop a list of companies in the community to be the focus of business retention	■				

City of Aztec Economic Development Implementation Strategy Matrix	Implementation Timing (Years)				
	1	2	3	4	5
ECONOMIC DEVELOPMENT INITIATIVES					
Goal #1: To create an environment that encourages the creation, expansion, attraction and retention of businesses					
Action 4: Nurture small and entrepreneurial businesses through proactive assistance with site and building location, identification of business assistance programs	[Shaded]				
Action 5: Maintain an inventory of available commercial sites for sale or space for lease that can be accessed by businesses interested in starting, expanding, or locating in Aztec	[Shaded]				
Action 6: Install free Wi-Fi in the downtown	[Shaded]				
Action 7: Continue to support creation of an industrial business park on state owned land	[Shaded]				
Goal #2: To promote and develop homegrown businesses and business leaders					
Action 1: Create a formal entrepreneurship program, providing information and guidance to people who live or work in the City and have a concept to start their own business	[Shaded]				
Action 2: Work with the San Juan College Enterprise Center to understand the potential needs of graduating businesses in terms of industrial, office and commercial space, and recruit graduating businesses to locate in Aztec	[Shaded]				
Action 3: Participate in future activities associated with the Green Grid Initiative	[Shaded]				
Goal #3: To promote workforce education and training					
Action 1: Support ongoing review and upgrade of San Juan College’s curriculum and workforce training program	[Shaded]				
Action 2: Provide and maintain an inventory of workforce and educational resource providers	[Shaded]				
Action 3: Maintain awareness among local businesses of accessible educational and training resources	[Shaded]				
Goal #4: To promote tourism and visitation in Aztec					
Action 1: Complete the Aztec Trails system	[Shaded]				
Action 2: Enhance the western gateway into Aztec to divert visitors into the downtown	[Shaded]				

City of Aztec Economic Development Implementation Strategy Matrix	Implementation Timing (Years)				
	1	2	3	4	5
ECONOMIC DEVELOPMENT INITIATIVES					
Goal #4: To promote tourism and visitation in Aztec					
Action 3: Stabilize the downtown business environment					
Action 4: Work with Farmington Convention and Visitors Bureau to promote visitation in support of Aztec's hospitality, food & beverage, and retail businesses					
Action 5: Assess the feasibility of a new hotel in Aztec					
REGULATORY/POLICY INITIATIVES					
Goal #1: To promote commercial development in Aztec					
Action 1: Work with local real estate professionals to market available commercial properties					
Action 2: Provide for commercial rezoning of unimproved tracts of land in a comprehensive plan					
Action 3: Evaluate land zoning ordinances and development regulations to build flexibility that accomodates desirable, quality development					
Goal #2: To create a comprehensive, effective "toolbox" of implementation policies and programs					
Action 1: Consider Tax Increment Financing (TIF) for public improvements on new commercial lands opened up by the East Aztec Arterial					
Action 2: Offer Local Economic Development Act (LEDA) grants of \$5,000 to \$10,000 for qualifying businesses to locate or expand in Aztec as a pilot program					
Action 3: Investigate opportunities to obtain USDA grant funding for economic development projects					
Action 4: Consider the creation of a tax abatement program and/or special taxing districts for new businesses					
Action 5: Establish a working relationship with New Mexico Small Business Investment Corporation and Finance New Mexico to stay current on funding and financing alternatives for small businesses					

City of Aztec Economic Development Implementation Strategy Matrix	Implementation Timing (Years)				
	1	2	3	4	5
MARKETING AND OUTREACH INITIATIVES					
Goal #1: To bolster awareness of Aztec to business prospects, entrepreneurs, and potential investors					
Action 1: Prepare materials promoting Aztec as a business-friendly environment for companies wishing to relocate, expand, or start a business	■				
Action 2: Create a web site for Aztec’s economic development	■				
Action 3: Tout recent public and private investment in public works, civic projects, and businesses	■				
Action 4: Participate in networking activities such as trade shows and conferences		■	■	■	■
Action 5: Use social media to enhance awareness of economic development activities		■	■	■	■
Goal #2: To enhance the prospects for business development					
Action 1: Make initial personal contact with Aztec's businesses	■				
Action 2: Identify and reach out to incubating businesses at the San Juan College Enterprise Center	■				
Action 3: Continue to reach out to the private sector to maintain two-way communication on economic development issues		■	■	■	■
Action 4: Receive and respond to business location query RFPs from NMEDD	■				
Action 5: Participate in future activities associated with the Green Grid Initiative		■	■	■	■
Action 6: Work with local commercial developers to provide assistance with attracting tenants		■	■	■	■
Action 7: Prepare to conduct a housing needs assessment in the event of a sudden influx of workers from out of the area					
PERFORMANCE MEASURES					
Goal #1: To track the impact of economic development activities on Aztec over time					
Action 1: Monitor gross receipts taxes to identify output growth/loss by industry		■	■	■	■
Action 2: Monitor trends in business and employment by industry		■	■	■	■
Action 3: Monitor the employee/residential population ratio		■	■	■	■
Action 4: Monitor visitation to Aztec Ruins National Park and Aztec Museum and Pioneer Village		■	■	■	■

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