



2013 Taos Economic Development Action Plan

**Prepared for the Town of Taos
By LeapPartners, LLC
September 26, 2013**

Acknowledgements

LeapPartners would like to thank the following people for their assistance in preparing this plan:

The concerned citizens of Taos who have participated in many ways in the formation of this plan

Oscar Rodriguez, Taos Town Manager

Matthew Foster, Interim Planning, Zoning and Buildings Director

Martha Perkins, Planning, Zoning and Buildings Director

A very special thank you to Dinah Gonzales, Administrative Assistant for the Planning, Zoning and Buildings Department – thank you for all your late evenings and able assistance

The New Mexico Economic Development Department

The New Mexico Department of Finance Administration

And to our very dedicated and hard-working work group volunteers



A Note About This and Future Action Plans:

This Action Plan is a furthering of the Community Economic Development Strategic Foundational Plan (Foundational Plan) adopted in October 2010. The Base Plan is regarded as the foundation but requires continual updates through Action Plans as the community implements the SMART Goals; objectives; and actions that are a refinement of the 2010 Foundational Plan. Each Action Plan will examine the previously established goals and the condition of the general economy and the economic sectors that the SMART Goals hoped to affect.

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Executive Summary

Until recently, Taos has been able to neglect the growth of its economy and the economy grew despite our lack of interest and effort. Primarily built upon the arts, geographic splendor and fascinating history, Taos became a place that at its center thrived on culture, natural beauty, creativity and relative isolation which combined to create a unique tourism draw that grew organically and rapidly. But somewhere in the mid 1990's there was a shift in the national economy that slowly eroded the effortless gains Taos was experiencing and in 2006 our economy began its steep descent into a severe recession, one year before the rest of the nation, and that recession continues today while the nation begins its slow recovery. If we do nothing it is likely Taos' economic conditions will continue to worsen and the recession will deepen. The solution is to work together as a region with a focus on applying a community economic development strategy (CED) and actively stabilizing and improving our economy.

There are no quick solutions or "magic bullets" when it comes to community economic development. Successful CED requires a consistent focus on incremental regional improvements through a regionally supported; competent; and accountable organization that has as its sole focus the implementation of actions that efficiently and effectively achieve regional goals for an improved quality of life (community) and economy (economic) and does so with a balance of investment in community and economic improvements.

The 2013 Updated Community Economic Development Foundational Strategic Plan (Foundational Plan) and this 2013 Community Economic Development Action Plan are intimately linked and together offer a mix of short-term, mid-range and long-term strategies designed to improve Taos' quality of life and economy. Given the high quality of life in Taos and the recent large investments in improving our quality of life (i.e. the Youth and Family Center, Taos Eco Park, potential cross-wind runway, etc.), these plans focus almost exclusively on improving our economy.

The Current Status of Our Economy

LeapPartners developed the "Taos Economic Report Card" as an accessible document that demonstrates graphically our current economic trends and conditions from 2006 to 2011, the most recent data available. The Report Card (provided in the main body of this Action Plan) shows that Taos' key economic indicators have all been in decline:

- Population: A decline of working age people (age 20 to 54) of -3.3% or -1,074 people and an increase of retirement age people (age 55+) of +5.6% or +2,068 people. The median age for Taos County is 44 as of 2010.
- Business Activity: A loss of -10.34% of our income as a County or a -\$93,454,530 loss.
- Employment: A loss of -745 jobs and a loss of -334 employer/proprietors and a current unemployment rate of 9.1% as of April 2013.

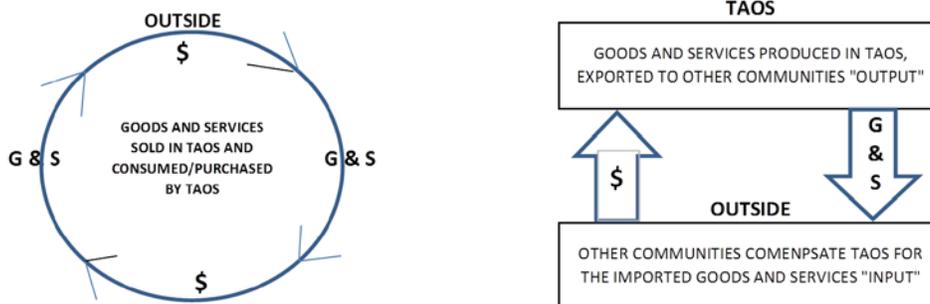
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- Income: If you were able to keep your job during the recession you saw a small +7.5% increase in wages from 2006 to 2011 and a +3.1% increase to the value of your benefits. If you are an employer/proprietor the value of your income has dropped by -10.6% between 2006 and 2011.
- Types of Income: There are two forms of income: passive and active. Passive income is further divided into two categories – dividends, interest and rent (income from investments); and transfer payments (income provided through government assistance programs such as unemployment, welfare and disability). Active income is income comes from working to deliver goods and services. As of 2011 Taos County received only 49.5% of its income from active work while passive income composes 50.5%, with transfer payments dominating at 30.3%.

What Is Economic Development?

There are many misconceptions about what economic development is and is not. It is critical to understand how an economy functions if one is to stabilize it and then improve a local economy. An economy has two functions:

- Internal circulation of goods and services within the community that supports residents with locally consumed goods and services and is focused on providing a high quality of life (community)
- &
- The export of goods and services (output) in exchange for money (input) with a focus on increasing community wealth and growing the size of the economy



A common misconception is that a buy local campaign is economic development. While a buy local campaign is important for retaining local purchasing power and will strengthen the local support system, it does not bring in new money which is needed to grow the local economy; it merely slows the leaking of money out of the community. True economic development is focused solely on retaining, expanding, attracting and even incubating businesses that send out goods and services and bring in new money.

Economic development is focused on increasing community wealth and growing the size of the economy which is the basis of a local economy. If there are no goods or services exchanged for new money the economy will eventually collapse; not everything that is consumed locally is or can be produced locally. Community economic development seeks to balance these functions in order to have a healthy community with a vibrant economy. Because Taos has long focused on improving the

community's quality of life and has been successful at doing so, this plan turns its attention to economic development; the growth of the economy and the generation of community wealth.

The Planning Process

The focus of this Action Plan is to provide specific recommendations and regional economic development goals that have been developed through community participation and professional analysis and forward the foundational strategy established in the 2010 Foundational Plan. The community participation in the planning process began with two public kick-off meetings in February 2013; followed in May 2013 by a roundtable discussion with local business and community leaders; and concluded with eight work group meetings, two meetings each in four important focus areas, were held over June and July. The focus of the work groups was determined in part by the 2010 Foundational Plan and confirmed and supported by the community during the initial stages of the community participation. The areas of focus are:

- *Creative Industries*: The fabrication of artistic/creative goods and provision of artistic/creative services
- *Business Retention, Expansion and Incubation*: Improving all facets of the business climate for all businesses
- *Technology*: Any business whose core foundation is the development of technology, provision of technological services and its advances
- *Retail and Tourism*: Includes accommodations, food and beverage, adventure/guiding and ancillary businesses, and retail that is focused primarily on the sale of goods and services consumed by visitors

LeapPartners meanwhile gathered and analyzed a variety of economic data that would realistically support or dismiss the goals developed by the work groups and our professional recommendations. Our analysis is focused on ensuring the most effective and efficient use of our limited local resources by using realistic trend analysis and conservative projections of the impact of three levels of action.

Current Composition of the Taos Economy

The US Government has long been producing information about the economy. Given the vast amount of information there is an organizational system, the North American Industry Classification System (NAICS) that provides a common definition for each industry. This numbering system starts at broad categories that have 2 digits and with each additional digit providing more specificity until the number reaches 6 digits. For our purposes we have used 2 to 4 digit NAICS for identifying the composition of the Taos economy. NAICS codes are used to define and identify relevant data for three of the four work group focus areas; Business Retention, Expansion and Incubation cannot be assigned a NAICS since its focus is on broad actions that affect Taos' business climate in general instead of one specific industry.

The following chart shows the top fourteen (14) industries that compose Taos' economy, what each industry's value is to the economy and whether it contributes to the development of the community or the economy (focus areas are in **bold**):

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Industry	NAICS	% *	\$ value*	(C)ommunity or (E)conomy
Retail Trade**	44-45	39.8	\$325,830,206	C**
Construction	23	14.7	\$120,335,963	C
Accommodations & Food Services	72	10.4	\$85,362,491	E
Other services	81	7.5	\$61,174,538	C
Utilities	22	5.0	\$41,021,630	C
Wholesale Trade	42	4.2	\$34,427,285	E
Information	51	4.1	\$33,922,476	E
Professional, Scientific & Tech Services	54	3.6	\$29,158,076	E
Health Care & Social Services	62	3.0	\$42,062,343	C
Manufacturing	31-33	2.3	\$19,185,750	E
Real Estate, Rental & Leasing	53	2.0	\$16,117,251	C
Admin, Support, Waste Mang.	56	1.0	\$8,530,724	C
Arts, Entertainment & Recreat.	71	.7	\$5,663,301	E
Agriculture, Forestry, Fishing & Hunting	11	.5	\$3,995,198	E
Total		98.8	\$826,787,232	
Total Community Based		77.2	\$638,279,743	
Total Economy Based		21.6	\$178,586,042	

*As of December 31, 2011 ** Visitor oriented retail is a small % of this overall code

Recommendations

The following recommendations were developed by the work groups and LeapPartners. They are provided here in relative order of importance, although at the work group level no particular focus area's recommendations are more or less important than another's and some of the work group recommendations need further refinement prior to implementation.

Principal Recommendation

Our *principal* recommendation is to create and develop a Regional Economic Development Organization. Currently there is no single entity that has as its sole focus the development of the economy of the Enchanted Circle region. We believe that without such an entity the remainder of this Action Plan will be moot.

To be successful this new regional economic development entity must be:

- A private non-profit organization that has a public/private partnership that provides oversight and funding
- Held accountable annually and be required to produce measurable results
- Must have as its sole focus the transition, stabilization and growth of the Enchanted Circle's economy and will work solely with those businesses that export goods and services and import community wealth
- Able to coordinate and work in partnership with existing entities such as TEN, Taos County Chamber of Commerce, Taos County Economic Development Corporation, etc.

General Recommendations

These general recommendations were provided suggested and supported by the public throughout the planning process, beginning in February at the Kick-off Meetings through the work group sessions. These recommendations are foundational to successfully continuing the momentum built during the creation of this Action Plan.

- Annually convene the Taos Economic Transition Roundtable to reassess the direction and results achieved during the previous year
- Produce Taos Economic Report Card annually and provide a wide distribution of the Report Card (should be available for the Taos Economic Transition Roundtable)
- Work to improve communication and collaboration among and within private sector industries and between the public and private sectors
- Continue to regionalize public services that serve the region

Work Group Recommendations

The work groups did intensive work on developing realistic goals that were put through the SMART (Specific, Measurable, Attainable, Relevant and Timely) process and just the essences of their recommendations are presented here. For the full detailed recommendations please see the main body of this Action Plan.

Business Retention, Expansion & Incubation: This work group has as its primary focus the improvement of the business climate in general for the region which is currently part of the mission of number of entities such as the Taos Entrepreneurial Network, Taos County Chamber of Commerce and other small local Chambers of Commerce. A primary concern was the effectiveness and efficiency of these entities and a lack of coordination between them that could often leave businesses without assistance. Their primary recommendations are to:

- Improve the business climate in Taos to allow for and encourage collaborative relationships, networks, and improved communication
 - This would start with an effort to create lines of communication and cooperation between business assistance entities and working with them to ensure relevancy to businesses in the region
- Develop an intern program (or expanded job shadow program) where teens entering their junior year and above intern at local businesses of interest.

Significant effort is already being applied by various entities to the retention, expansion and incubation of businesses. We recommend that assistance be provided to the major players in this area, namely TEN and the Taos County Chamber of Commerce to ensure efficiency, effectiveness and relevancy.

Creative industries: One fact that may be the most difficult for Taoseños to accept is that two of our iconic areas of business; Arts, Entertainment & Recreation (a part of both creative industries and tourism); and Agriculture, Forestry, Fishing & Hunting (which includes everything from raising cattle to guiding services), are very minor parts of the Taos economy, making up only .7% and .5% respectively of our economy. While these are not significant from an economic perspective, it does not reduce their importance

for community identity and cultural preservation. It does indicate that these areas need to be protected and stabilized but they are not avenues for economic recovery. Taos is blessed with many creative individuals and organizations and the work group believed that the best possible actions that the community could take to shore up its remaining creative talent were to share information and collaborate regularly. This work group's primary recommendations are to:

- Bring together representatives of arts organizations, events and different facets of the creative industries to coordinate marketing efforts
- Work with the Town's marketing firm and others to ensure that marketing emphasizes that Taos is a place where artists live and the reasons why they choose Taos

While substantial investment of time and resources in these areas will not yield much in the way of economic recovery, sufficient time and resources should be applied to keep this area stable.

Technology (includes Information: Professional, scientific and technical services): The focus of this work group is on the use, development and servicing of technological product or the provision of professional, scientific and technical services. This includes things such as development of alternative energy, information technology including custom programming and internet service providers and providing professional services such as accounting or legal services and scientific services such as personal care product formulation. The majority of the businesses in this area can be located in the NAICS codes for information and professional, scientific and technical services. These sectors are growing at a rapid pace where the remainder of the region's economy is somewhere between a steep down trend and anemic growth.

One additional NAICS sector should be included in this focus and that is manufacturing and more specifically personal care product manufacturing. Personal care products are both a creative endeavor and professional, scientific and technical service. While little manufacturing happens in Taos there is a substantial amount of gourmet food production and personal care product manufacturing. While Taos lost a number business in both, the manufacturing sector has remained stable, mostly due to robust growth in the manufacturing of personal care products.

The work group's recommendations mostly revolve around solving workforce development issues as the lack of qualified workforce is the biggest barrier for this sector in Taos. The technology work group's primary recommendations are:

- Promote technology related degrees and courses at UNM (distance and local)
- Attract (Identify) technology leader to (in) Taos
 - Identify areas of technology that are being developed and could be sold;
 - Identify current market forces that may lead to successful commercialization of those technologies.
 - Once research is complete target that sector for leadership

We recommend that a substantial investment of time, effort and resources be put into the Information; professional, scientific and technical services; and personal care product formulation and manufacturing business sectors. Together these sectors are

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responsible for more than 38.6% or \$68,934,212 of the new money brought into the region. They also provide high wage and high skilled jobs and can take advantage of the economic development tax credits provided by the state government.

Tourism & Retail: There is no denying that Taos has a tourism based economy currently. It is also true that tourism and visitor focused retailing have been struggling. With accommodations and food services, a major component of tourism, showing an anemic 1.14% growth in revenues, coupled with providing low wage and low skilled jobs, our heavy reliance on this sector is fraught with potential disaster. Additionally, visitor based retail, such as galleries, are nearly impossible to effect as there are too many variables at play in that market.

This is not to suggest that we should abandon or ignore these sectors, but we must focus our limited resources toward those investments of that will provide the community with the largest return and the best opportunity for stabilizing and transitioning the economy away from its heavy reliance on tourism and in particular accommodations and food services that comprises 47.8% or \$85,362,491 of our economic base.

The work group focused mostly on improving the current marketing provided by both the public and private sector. Its recommendations were to:

- Improve communication with Town’s marketing contractor
- Create realistic benchmarks for the Town’s marketing contractor
- Complete a 3rd party market analysis/study
- Identify one identity for the community that is consistent (brand)
 - Use community characteristics such as the rural and approachable character as a part of the identity

Conclusion

The Enchanted Circle region can no longer rely on the natural evolution of its economy. The economy here is in a fragile period and is changing. This is a time when the economy will make an irreversible shift. If we do nothing and allow our economy to continue on its course, we will see a very slow recovery from the recession. The table below shows conservatively what we can expect our economy to look like relative to our efforts:

Impact	2011 Revenues	2016 Projected Revenues	% Increase	\$ Increase	Compared to 2006
Status Quo	\$837,060,565	\$865,936,592	3.44%	\$28,876,027	(47,208,720)
Moderate		\$878,453,458	4.94%	\$41,392,893	(34,691,854)
Robust		\$896,136,940	7.06%	\$59,076,375	(17,008,372)

If we do nothing we can anticipate that our economy will see only a very slow recovery that won’t even keep up with the consumer price index. If we act, we have a chance to stabilize our economy and eventual spur real growth and successfully transition our economy.

Introduction

Background

The Town of Taos applied for, and received a grant in the early fall of 2012. The grant provided the funds necessary to update the foundational plan from 2010 and forward and complete certain strategic elements alluded to but not fully developed in the 2010 foundational plan. To complete the needed public process; develop an action plan to forward the implementation of portions of the economic development section of the 2010 Community Economic Development Foundational Plan; and to provide objective analysis of the Taos economy to better define the growing sectors of Taos' basic economy and later have and evaluation tool to measure the effectiveness of the actions undertaken for economic development; the Town contracted with LeapPartners, LLC, a local consulting firm. LeapPartners began this planning process in February 2013 and it will conclude with Town Council consideration for adoption on September 24, 2013. The results of the public process, professional evaluation and analyses are contained in this document and its appendices.

Connection to 2010 Plan

The plan that was developed in 2010 is the foundational plan for the approach that the community has chosen for its development a great place to live (community development) with a thriving economy (economic development). While the 2010 plan focused on laying the foundations for a Community Economic Development approach, this effort was funded to explore and forward the economic development side of the equation by involving the private sector in defining its and the Town's role for improving the basic economy of Taos.

Given the results of the public process that this plan undertook, which was not undertaken in the development of the foundational plan in 2010, the results also served as a basis for updating the foundational plan to comport with current economic conditions and fine tuning the direction of the foundational plan while preserving the important core elements established with the adoption of the foundational plan.

It should be noted that the 2010 Foundational Plan and this 2013 Action Plan and Update are not intended to limit how the community might approach community economic development, but are instead meant to focus the community on work in key areas that are likely to have the greatest yield. New and previously unrecognized opportunities may arise and the community should remain flexible and avail itself to those new opportunities but not to the detriment of projects already underway. In other words, broadening the focus for community economic development may be appropriate and necessary, but refocusing and losing sight of progress and projects already underway, or successful areas of development that promise more future benefits is not advisable.

Connection to the Vision 2020 Plan

It is important to note that this Action Plan and the associated 2010 Foundational Plan were developed as updates to the prior Vision 2020 Plan adopted in 1999. While the Vision 2020 is over fourteen years old, it still is relevant although in need of updating and

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refining. The 2010 Foundational Plan and this subsequent 2013 Action Plan and Update are a refine of the economic development section of the Vision 2020 Plan. It is most important to note that while the vision of the Vision 2020 plan may need to be revisited and fine-tuned; it is still relevant and valued by the community. The overall vision in the Vision 2020 Plan stated:

“Taos is a community that addresses the needs of its residents, first and foremost.

By balancing the need for increased opportunities and the need to protect the unique qualities that Taos resident’s value, Taoseños will flourish in their home community.” (Page i)

The Vision 2020 Plan went on to further refine the vision as it relates specifically to economic development:

“The Taos economy is diverse, self-sustaining, and provides rewarding jobs that pay well.” (Page 54)

While the economic development specific vision should undergo a process of improvement, there are other more pressing concerns that should be addressed immediately by the community.

Basic Industry Focus

It is important to recognize that this Action Plan focuses almost exclusively on basic industries. During the planning process it was determined to not address any form of retail, even though some retail can be considered a part of the basic economy; for example purchases of art in galleries is primarily made by visitors and therefore is a basic economic activity. The reasoning for not addressing retail in this plan is threefold: firstly the Local Economic Development Act precludes the use of public funding to aid retail development; secondly retail provides primarily low skill, low wage jobs; and finally, by increasing community wealth and expanding employment within the basic sector, the community will demand more goods and services and the private retail sector will respond to accordingly. In the case of the tourism related retail, it is not possible to increase the number of potential purchases without increasing visitation. It is far easier to work toward increasing visitation than it is to target the wide variety of clients that may want to purchase a good or service from one particular business.

Brief definitions of non-basic and basic economic activities are included here for ease of reference:

Non-basic Economic Activities:

A non-basic industry provides goods and services primarily consumed by the local community. A grocery store sells the majority of its goods to local citizens; a hospital provides much needed health care services to the local community; etc. These businesses tend to recycle the personal income generated by basic industries and their

demand is proportional to the health of the basic industries in the community. Most retail and non-tourism related services are non-basic industries. Art sales in galleries, however, tend to be basic sales but are one of the few exceptions among retail sales, along with catalog sales, internet based sales, etc. that sell the majority of their goods to people outside of the community. Non-profit industries are also non-basic; despite receiving grant funding from outside of the community they do not generate, by definition, profit other than paying expenses and occasionally limited salaries for executives and staff.

Basic Economic Activities:

A basic economic activity is one that produces a good or a service that is mostly consumed by people from outside of a region/community. These businesses are “net importers of community income” and are the basis for the economic growth and income generation of a community. Two examples of basic economic activities are manufacturing a personal care product that is shipped out of the region for sale or a hotel that provides lodging services to visitors.

The Planning Process

This Action Plan and Update followed a strategic planning method but only very briefly touched on the development of revisions to the Vision and Mission Statements as they relate to economic development. It was determined that with limited funding and the amount of time available, it would be more productive to develop SMART Goals and provide as much definition as possible to those SMART Goals and the resulting objectives and actions. This would allow the community to move forward with practical actions, rather than wrestling over philosophical and semantic differences. While the overall Vision 2020 vision statement was well done and still relevant, the economic development vision, although not well done, was sufficient and accurate enough to serve as a quasi-Mission Statement for now.

Kick off meetings and definitions

The first step by LeapPartners was to conduct two ‘kick off’ meetings that took place in February 2013. The purpose of the meetings was to provide the community with the general outline of the plan as it was at the time, and as projected when complete. At those meetings the draft Vision and Mission/Purpose statements were presented although it was determined after those meeting that it was in the best interest of the planning process to abandon any additional effort on those statements. The meetings were also intended to generate interest and diversify participation in the four work groups that would create the Economic Development Action Plan. Time was spent revisiting the SWOT analysis and generating community input to support and update the preliminary SWOT generated by Town Staff in the 2010 Foundational Plan. The SWOT provided by the community did not significantly alter or add to the existing SWOT. A copy of the items generated during that meeting was made wide available and can be obtained from the Town of Taos Planning, Zoning and Buildings Department but has been omitted from this document to allow for brevity. The groups also verified the areas of the economy to focus on which were initially six (6) but were subsequently combined to the four (4) focus areas as presented in this Action Plan..

Economic Round Table

On May 21, 2013 the Town of Taos hosted the *Economic Transition Roundtable* with facilitation assistance from LeapPartners. An audience of approximately 90 community members came together at the Arthur Bell Auditorium at UNM Taos' Harwood Museum to listen to a discussion among thirteen (13) leaders from the private for profit, non-profit and public sectors about the future outlook of business and economic development in Taos. LeapPartners started the discussion with a presentation of the Taos Economic Report Card, using statistical indicators involving population, revenues, income. The participants then addressed the current state of the economy as they understood it through personal experiences and insights. The Roundtable concluded with the participants identifying the inherent opportunities that the current period of economic transition created and some of the road-blocks the community faces when trying to build a new Taos economy, as well as some of the ways Taos might overcome those road blocks.

It was hoped that this Roundtable would also stimulate participation in the four work groups that would create the Economic Development Action Plan.

Work group meetings within focus areas

The community participated in four work groups representing three (3) potentially growing basic economic business sectors: *Creative Industries; Tourism & Retail; and Technology*; and the fourth work group focusing on *Business Retention, Expansion, and Incubation* for the Taos economy as a whole.

Public participation in the work groups was solicited through:

- E-mails to those that attended the two kick-off meetings and the Roundtable
- Announcements through *two half-page ads* and two articles in the Taos News
- Public service announcement on local radio stations
- A radio interview with the principals of LeapPartners
- ; And emails sent to members and affiliates of the Taos County Chamber of Commerce (TCCC); the Taos Entrepreneurial Network (TEN) and the Small Business Development Center (SBDC).

In order to achieve optimum input and efficiency of the group's participation each work group was limited to fifteen (15) people. As it turned out attendance did not reach the established limit and was often half or less of the maximum despite reaching over ten (10) prior commitments from community members. Each group would hold two meetings at least three (3) weeks apart so the commitment was nominal. At each group's first meeting there was an average attendance of about seven to eight people, while the average attendance at the second meeting d around four to five people.

Those who did attend the work groups were engaged, thoughtful, insightful and exhibited a sincere desire to work together towards creating and accomplishing goals that would advance the Taos economy. On the other hand, the meager attendance reflected a high level of apathy and lack of interest, time or understanding of economic development and the condition of Taos' economy. We believe there is a

strong sense by the community that the responsibility for creating economic prosperity belongs to government, an unknown organization, or just someone else. Despite a high level of effort to gain public participation in the work groups and build awareness in Taos that economic development requires community participation and support, the lack of participation in the work groups shows that this message is either being misunderstood or is going unheard.

The lack of community participation in this well publicized planning effort speaks directly to the need for a regional organization that will identify, support, organize and assist the implementation of goals created by the private and public sectors. This is addressed in detail in the following section, *Economic Development Recommendations*.

In addition to the face-to-face interaction that the work groups provided, a survey was conducted among those who are on the email list of the organizations listed above, as well as people who attended the Kick-Off Meetings, Roundtable, and people referred by others or who expressed an interest in the planning process. The results of the survey did not yield any substantial additions to the work already completed by the work groups.

Each work group met a total of two times during June and July. The purpose of the first meeting was to;

- Develop a list of goals that will enhance the economic growth of the sector.
- Organize, define and prioritize the S.M.A.R.T. (**S**trategic, **M**easureable, **A**ttainable, **R**ealistic, **T**imely) goals based upon criteria developed by the members of the work group
- Work Group members voted for the SMART goals they believed were most important to achieve and by so doing established the priorities for that work group's economic sector

The purpose of the second meeting was to;

- Create objectives that will fulfill each SMART goal
- Identify the actions necessary to accomplish each objective including the assignment of responsibility, identification of funding and a due date for each action.

Assembly, Research, Analysis and Recommendations

After the conclusion of each meeting the notes and input were organized to proceed to the next step and at the conclusion of the final work group meeting the SMART Goals and associated objectives and actions (if any) were organized into a framework that would allow for future implementation or further refinement.

Research was conducted into the economic data for the three (3) main economic sectors the work groups focused on: Creative Industries; Technology; and Tourism & Retail. The development of composite North American Industrial Classification System

(NAICS) codes for each of these areas was required to define each economic segment's condition and momentum; be it a pattern of growth, flat or decline. These composite NAICS were evaluated over a period of five years to derive an average pattern for reasonable projections in gross revenue (gross receipts reported), income (weekly wages), employment and number of businesses (reporting entities). These indices were then used to create projections of what their impact would be on the Taos economy under a no action (current trend), moderate (a1% additional increase) and robust growth (2% additional increase) scenarios.

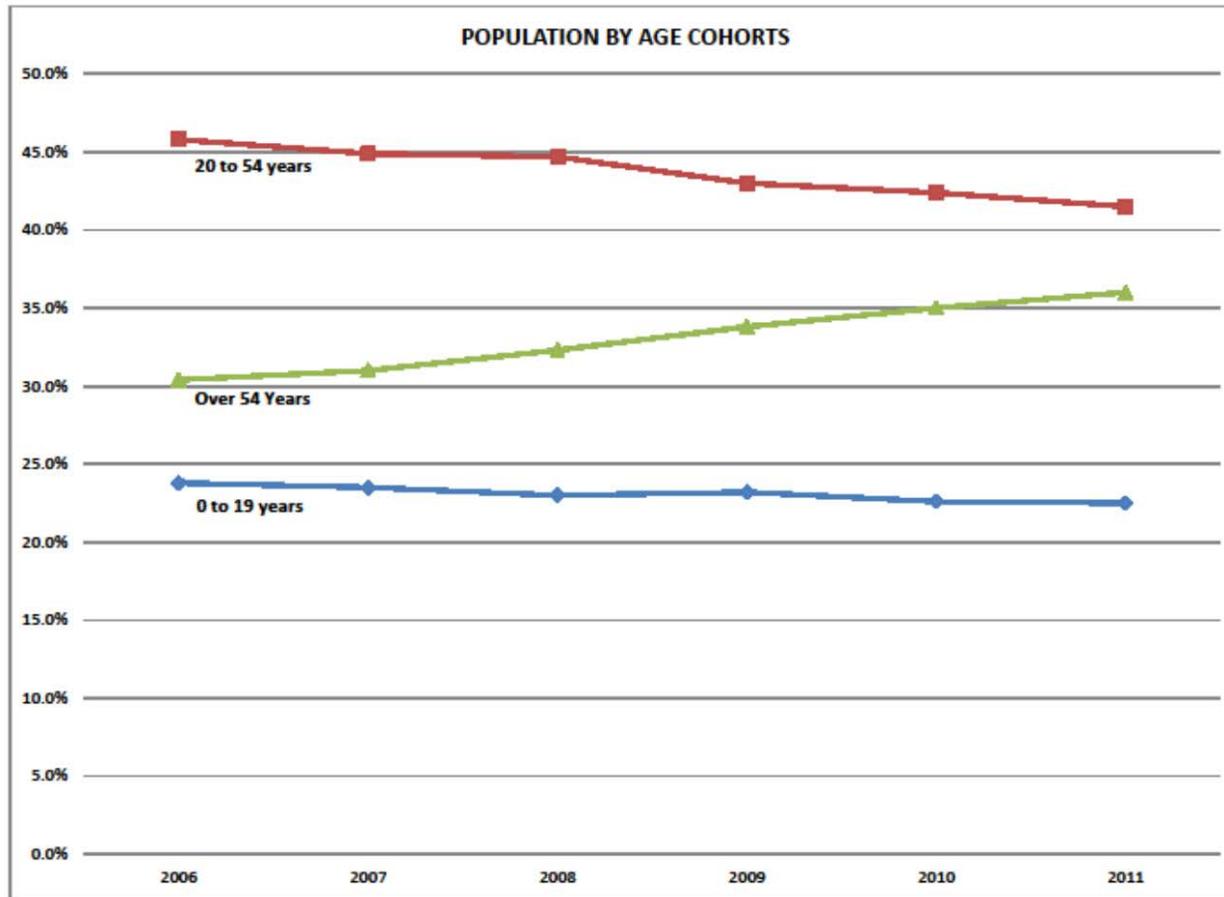
LeapPartners recommendations were then formed based on the results of: the strategic planning process; public participation; and the subsequent analysis of and projections derived from relevant economic data sets.

Economic Analysis Charts & Explanations

Taos Economic Report Card

The Taos Economic Report Card is a tool developed by LeapPartners that provides a quick snapshot of the economic health of Taos County and is based on the same data used in the Taos Economic Report. The Report Card, unlike the Report, uses graphs so that the information is more accessible and easily understood. The key economic factors it tracks include population by age cohorts; Business activity as measured by gross revenues (gross receipts reporter to NM Taxation & Revenue); proprietor employment; employee employment; proprietor and employee income; and types of income. The Taos Economic Report Card should be produced on an annual basis and presented at future Taos Economic Transition Round Tables.

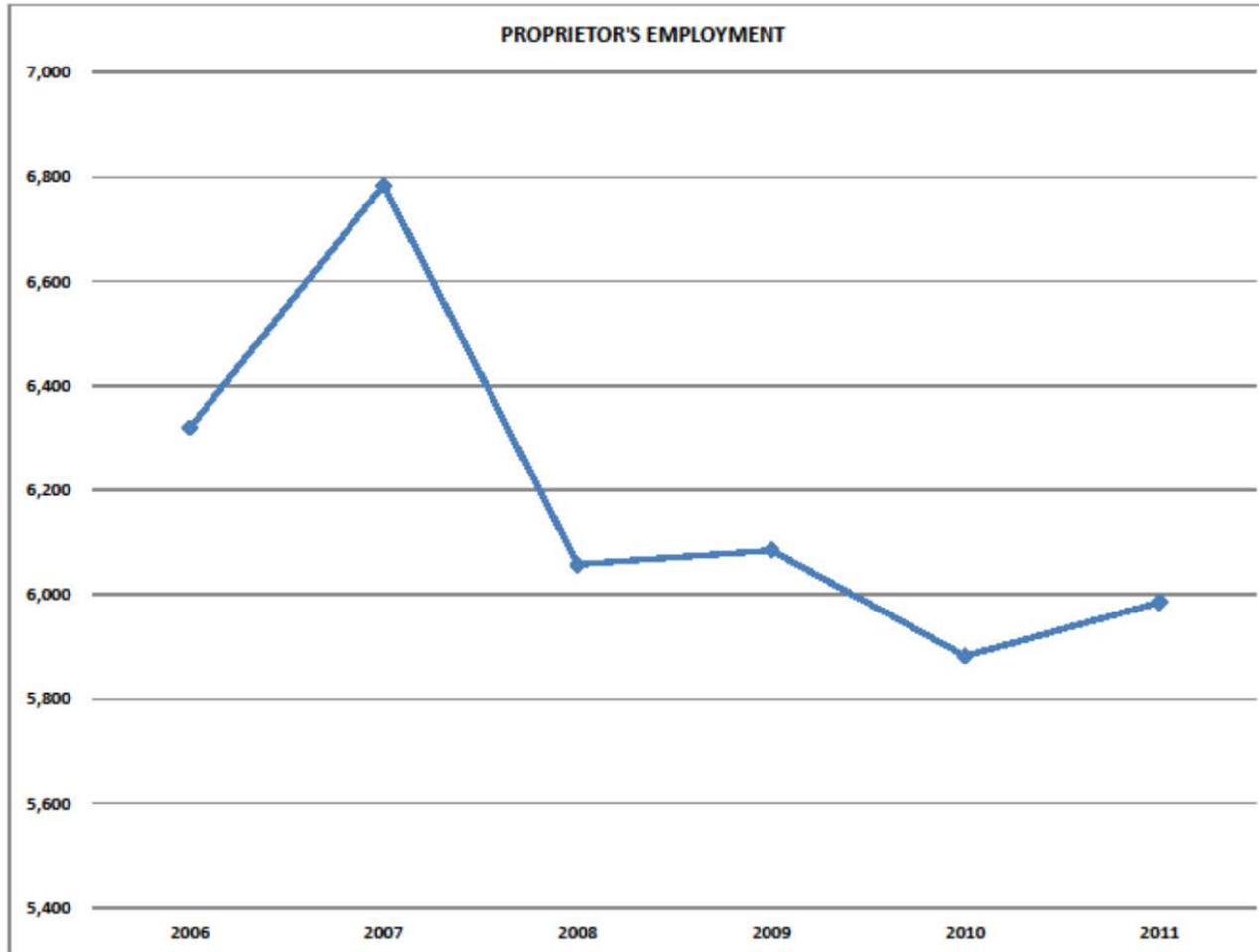
The tables containing the data used to generate the following graphs can be obtained by contacting LeapPartners.



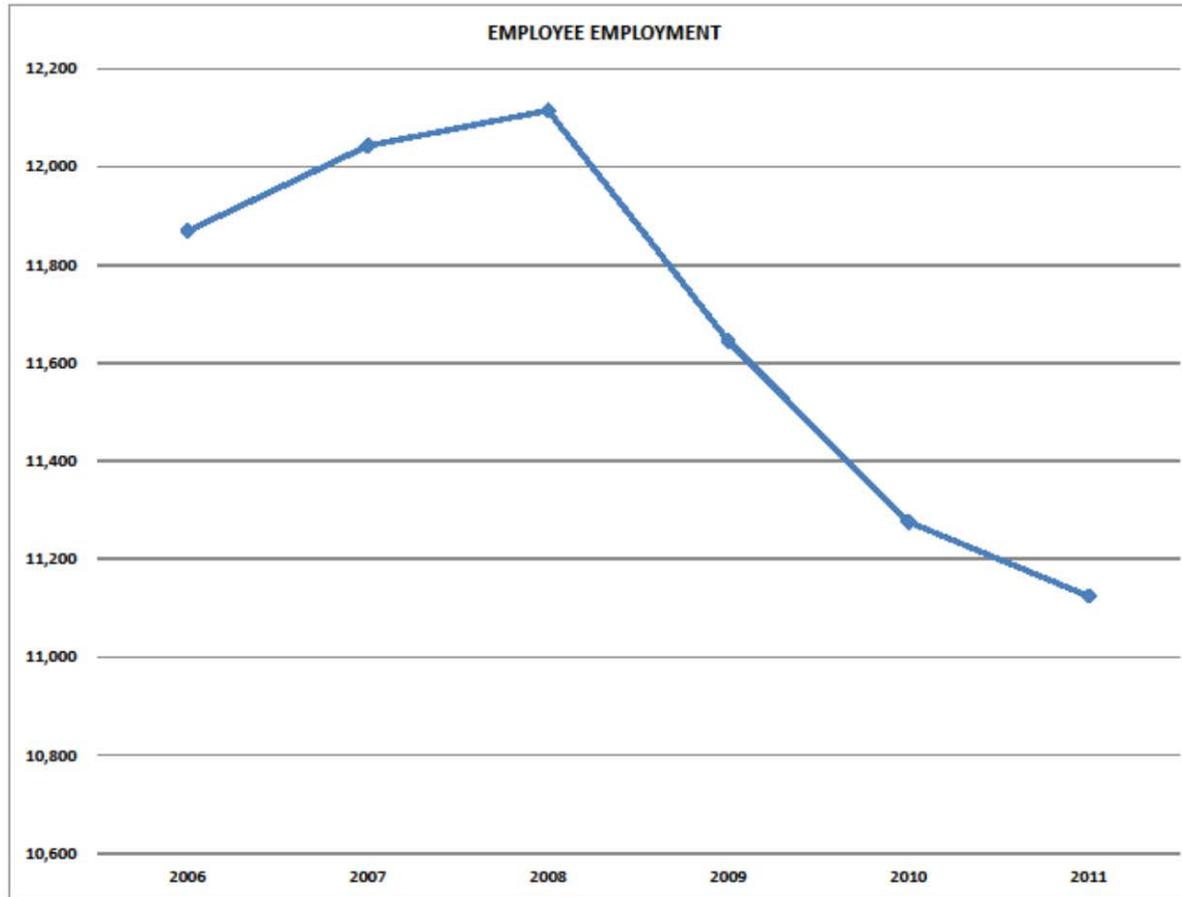
Taos has an aging population. Taos County has an overall drop in population and is mostly losing working age adults (age 20 to 54) while the population of retirees and those whose working years are coming to a close or are taking early retirement (age 54+) is increasing. Taos' dependent population (age 0 to 19) remains relatively stable.



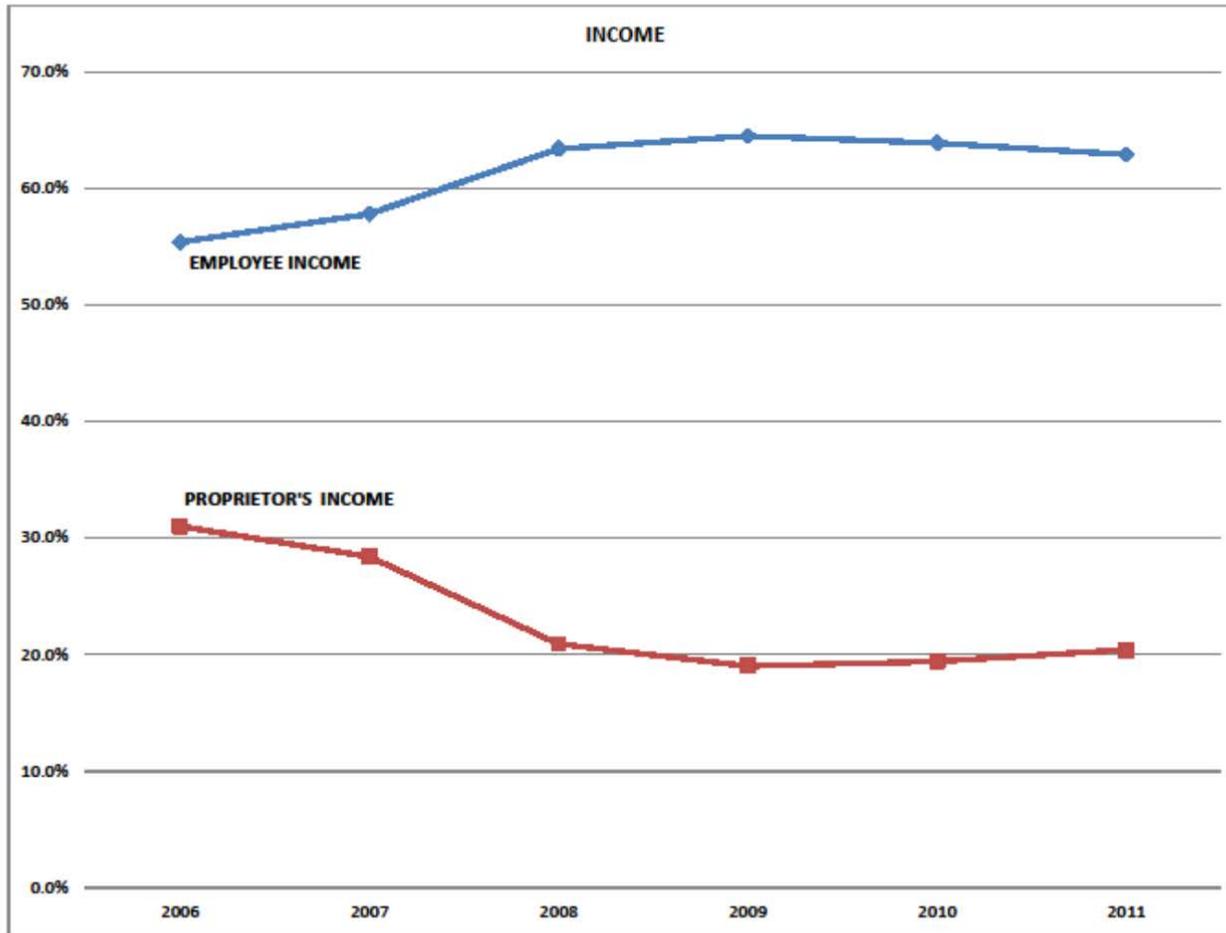
Business activity as measured by gross revenues (gross receipts reported to NM Taxation & Revenue) shows a markedly steep decline in Taos, with 2008 and 2010 showing a nominal temporary recoveries that can be attributed to large public construction projects.



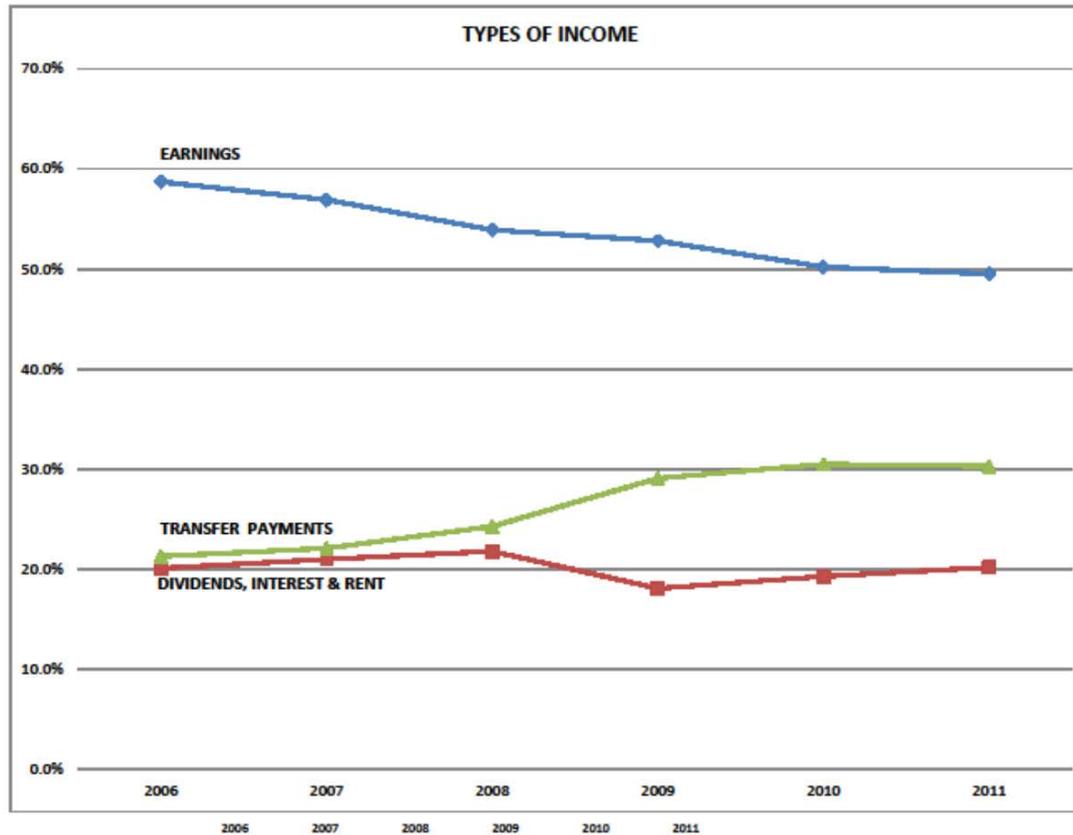
The number of proprietors, those who own a business or are self-employed show a significant drop in 2008 but has become relatively stable with around 6,000 business owners and self-employed individuals.



The number of people employed by proprietors shows a slight increase from 2006 to 2008 and then a steep decline from 2008 to 2011. This mirrors but is a bigger drop than the number of proprietors lost in 2007 and part of the stabilization of the number of proprietors in Taos is explained by those who converted from employee to proprietor status. Regardless of some conversions in employment type, Taos is showing a significant loss in employment.



This chart illustrates that those who have been able to retain employee status have seen a small increase in income while proprietor income has decrease somewhat substantially.

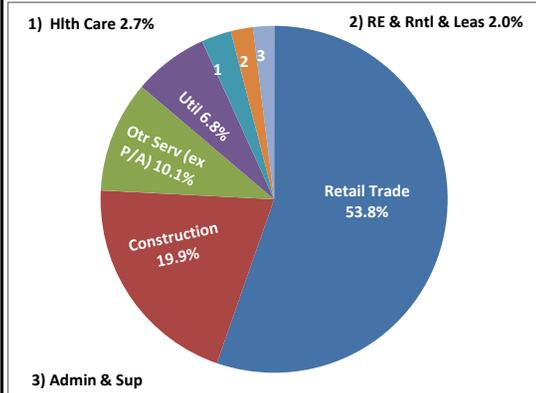
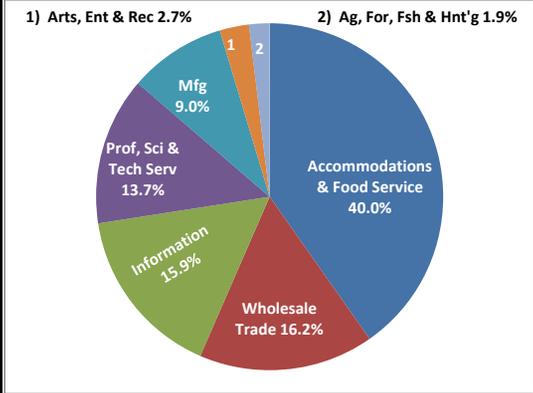
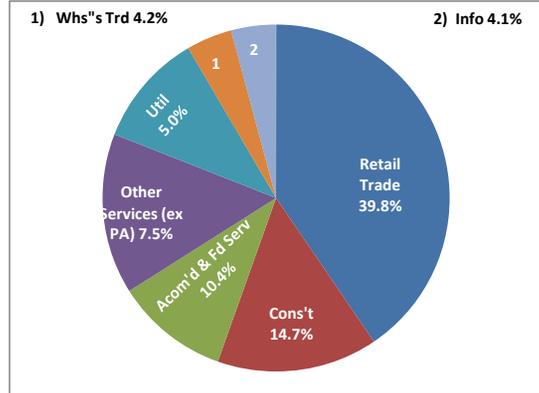


While the other graphs are cause for concern, this graph is alarming. From 2006 to 2011, income derived from passive economic activities (dividends interest and rent) stayed flat and comprises around 20 cents of every dollar earned in Taos County. In 2006 income derived from working was 60 cents of every dollar earned while 20 cents of every dollar earned came from transfer payments such as unemployment, disability and other public support programs. In 2011 the amount of money earned by actively participating in the economy fell to 50 cents of every dollar earned in Taos County, while transfer payments, such as unemployment and disability, rose to 30 cents of every dollar of income.

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TAOS ECONOMY by NAICS SECTOR, in DOLLARS, by GROSS REVENUES (RECEIPTS) REPORTED 2011

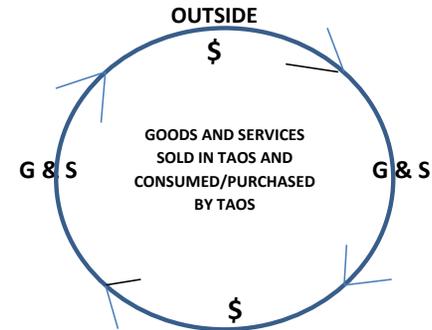
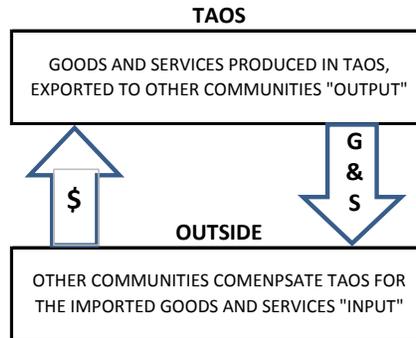
<p style="text-align: center;">TAOS' SEVEN LARGEST NAICS SECTORS</p> <p>The seven largest NAICS sectors of nineteen, account for 85.7% of the Taos economy, measured in dollars, by gross receipts reported.</p>	<p style="text-align: center;">TAOS' SEVEN LARGEST BASIC SECTORS</p> <p>The seven largest basic NAICS sectors account for 25.8% of the Taos economy, as measured in dollars, by gross receipts reported.</p>	<p style="text-align: center;">TAOS' SEVEN LARGEST NON BASIC SECTORS</p> <p>The seven largest non basic NAICS sectors account for 73.0% of the total Taos economy, as measured in dollars, by gross receipts reported.</p>
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RETAIL TRADE	39.8%
CONSTRUCTION	14.7%
ACCOMMODATIONS & FOOD SERVICES	10.4%
OTHER SERV'S (except PUBLIC ADMINISTRATION)	7.5%
UTILITIES	5.0%
WHOLESALE TRADE	4.2%
INFORMATION	4.1%
PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERV'S	3.6%
HEALTH CARE & SOCIAL ASSISTANCE	3.0%
MANUFACTURING	2.3%
REAL ESTATE & RENTAL & LEASING	2.0%
ADMIN & SUP & WASTE MGMT & REMED	1.0%
ARTS, ENTERTAINMENT & RECREATION	0.7%
AGRICULTURE, FORESTRY, FISHING & HUNTING	0.5%
FINANCE & INSURANCE	0.5%
TRANSPORTATION & WAREHOUSING	0.4%
EDUCATIONAL SERVICES	0.2%
MINING, QUARRYING, & OIL & GAS EXTRACTION	0.0%
MANAGEMENT OF COMPANIES & ENTERPRISES	0.0%
TOTAL	99.9%

ACCOMMODATIONS & FOOD SERVICES	40.0%
WHOLESALE TRADE	16.2%
INFORMATION	15.9%
PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERV'S	13.7%
MANUFACTURING	9.0%
ARTS, ENTERTAINMENT & RECREATION	2.7%
AGRICULTURE, FORESTRY, FISHING & HUNTING	1.9%
TOTAL	99.4%

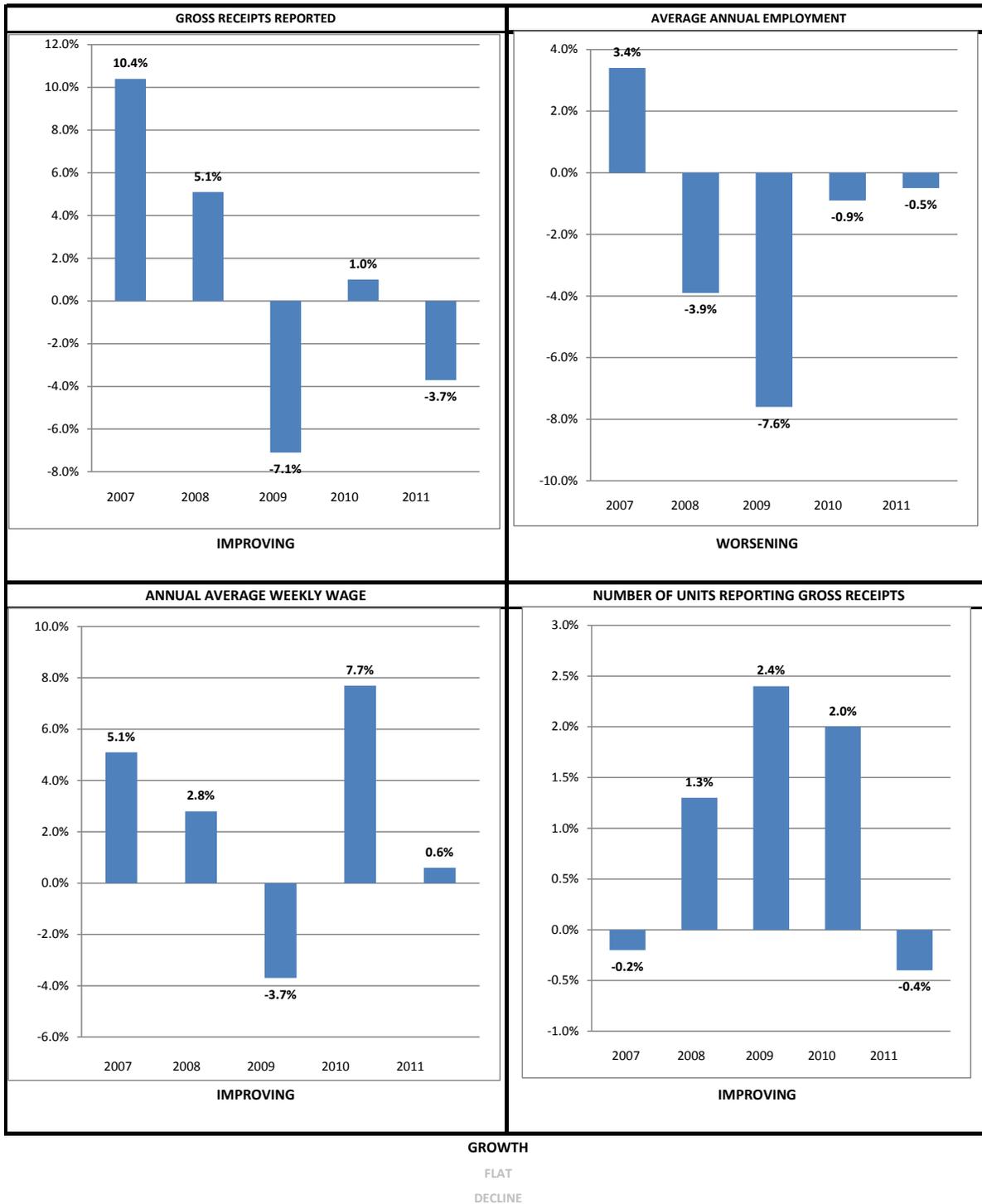
RETAIL TRADE	53.8%
CONSTRUCTION	19.9%
OTHER SERV'S (except PUBLIC ADMINISTRATION)	10.1%
UTILITIES	6.8%
HEALTH CARE & SOCIAL ASSISTANCE	2.7%
REAL ESTATE & RENTAL & LEASING	2.0%
ADMIN & SUP & WASTE MGMT & REMED	1.9%
TOTAL	97.2%



2013 Taos Economic Development Action Plan

ACCOMMODATIONS and FOOD SERVICE SECTOR

Average annual percentage gain / loss over the timeline 2007 through 2011

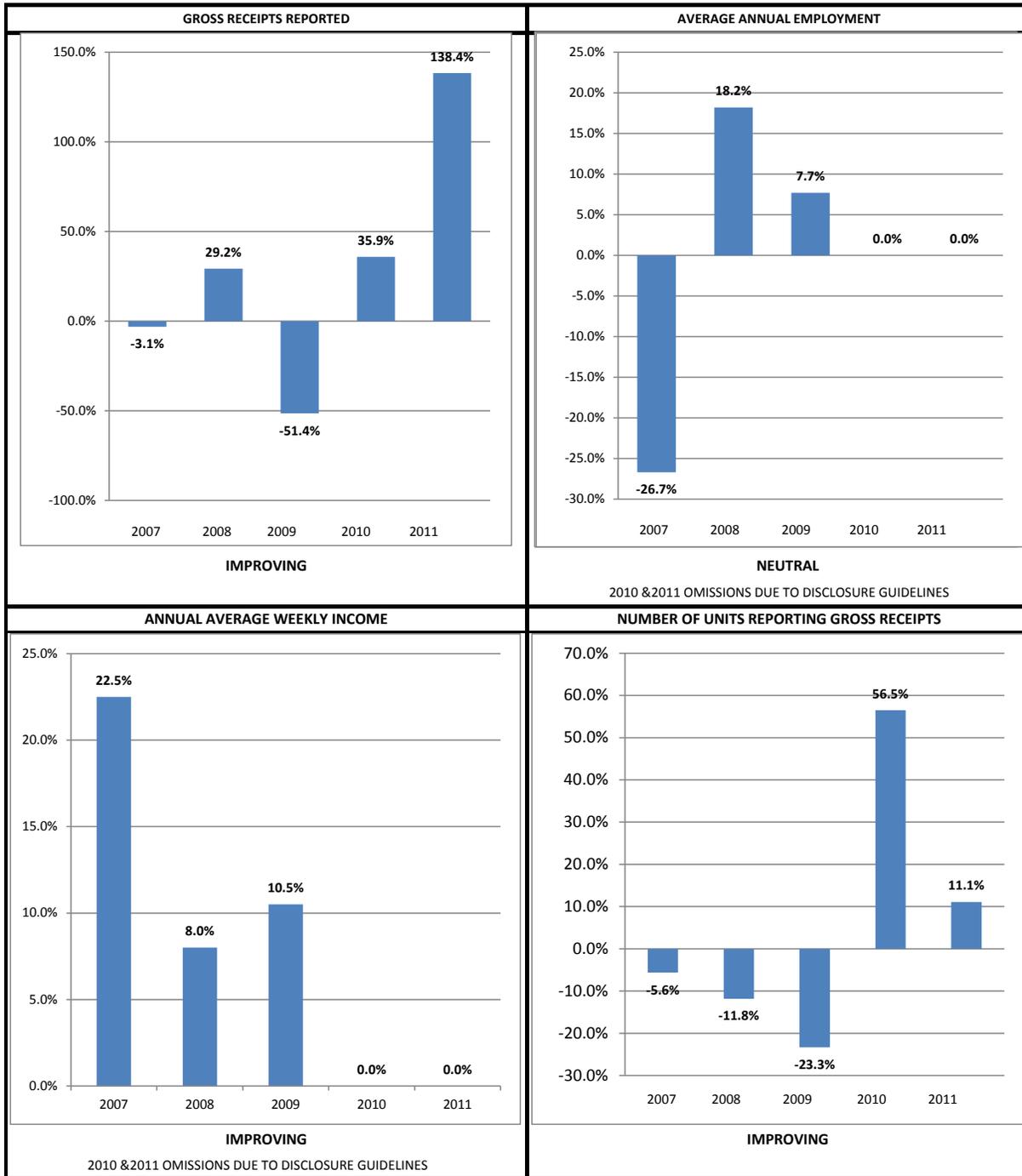


Accommodations and Food Service is a core business sector that relies primarily on tourism and accounts for 40% of Taos basic economy and over 10% of Taos' overall economy. This sector is primarily low wage and low skilled and exhibits an anemic 1.14% growth in revenues.

2013 Taos Economic Development Action Plan

AGRICULTURE, FORESTRY, FISHING and HUNTING SECTOR

Average annual percentage gain / loss over the timeline 2007 through 2011



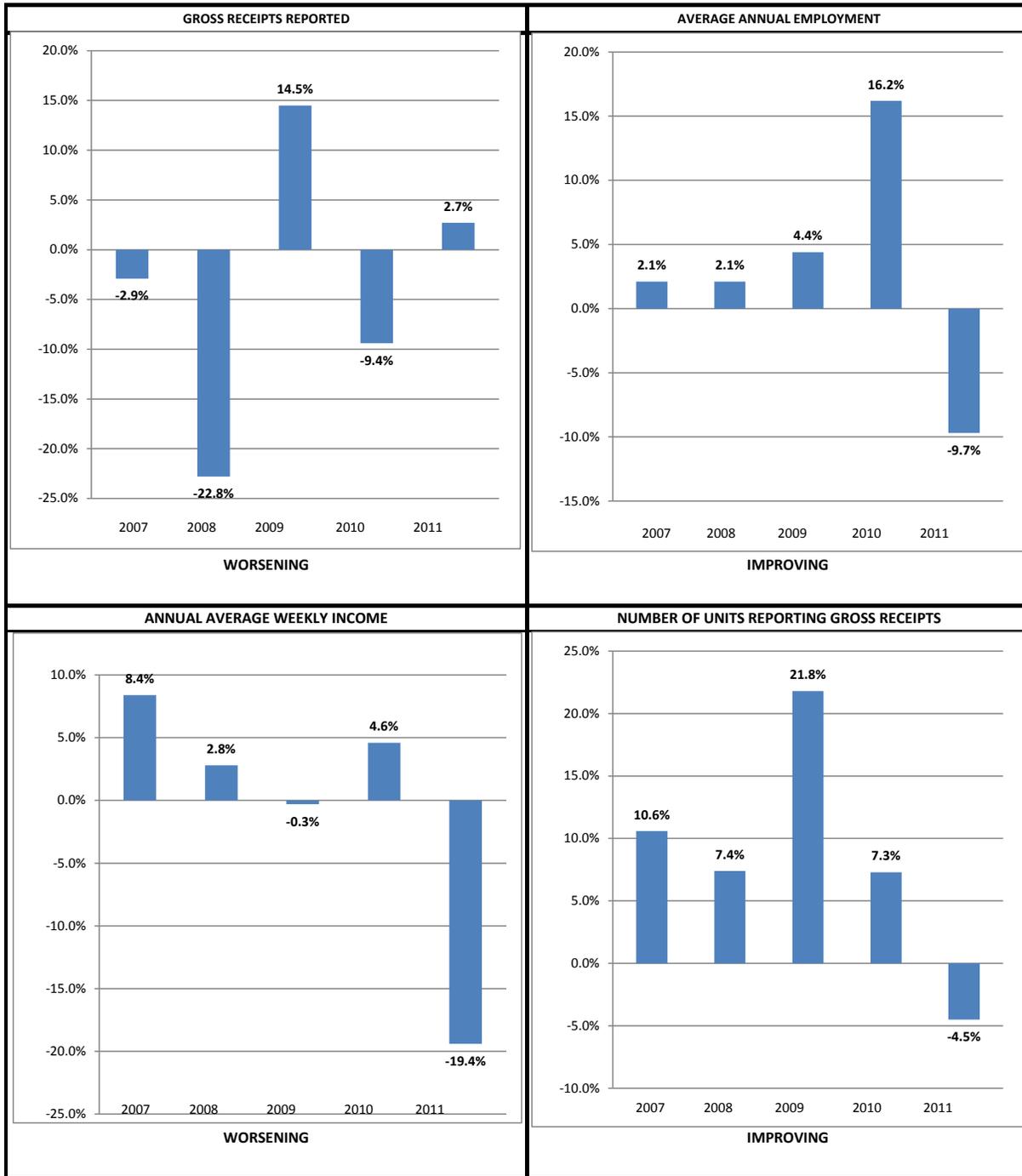
GROWTH
FLAT
DECLINE

Agriculture, Forestry, Fishing and Hunting includes not only agricultural production but also guide services, adventure companies such as rafting and ballooning. This industry is flat and also only accounts for 1.9% of the basic economy and .5% of the overall economy. This does not account for the strong cultural affinity Taos has for this sector.

2013 Taos Economic Development Action Plan

ARTS, ENTERTAINMENT and RECREATION SECTOR

Average annual percentage gain / loss over the timeline 2007 through 2011



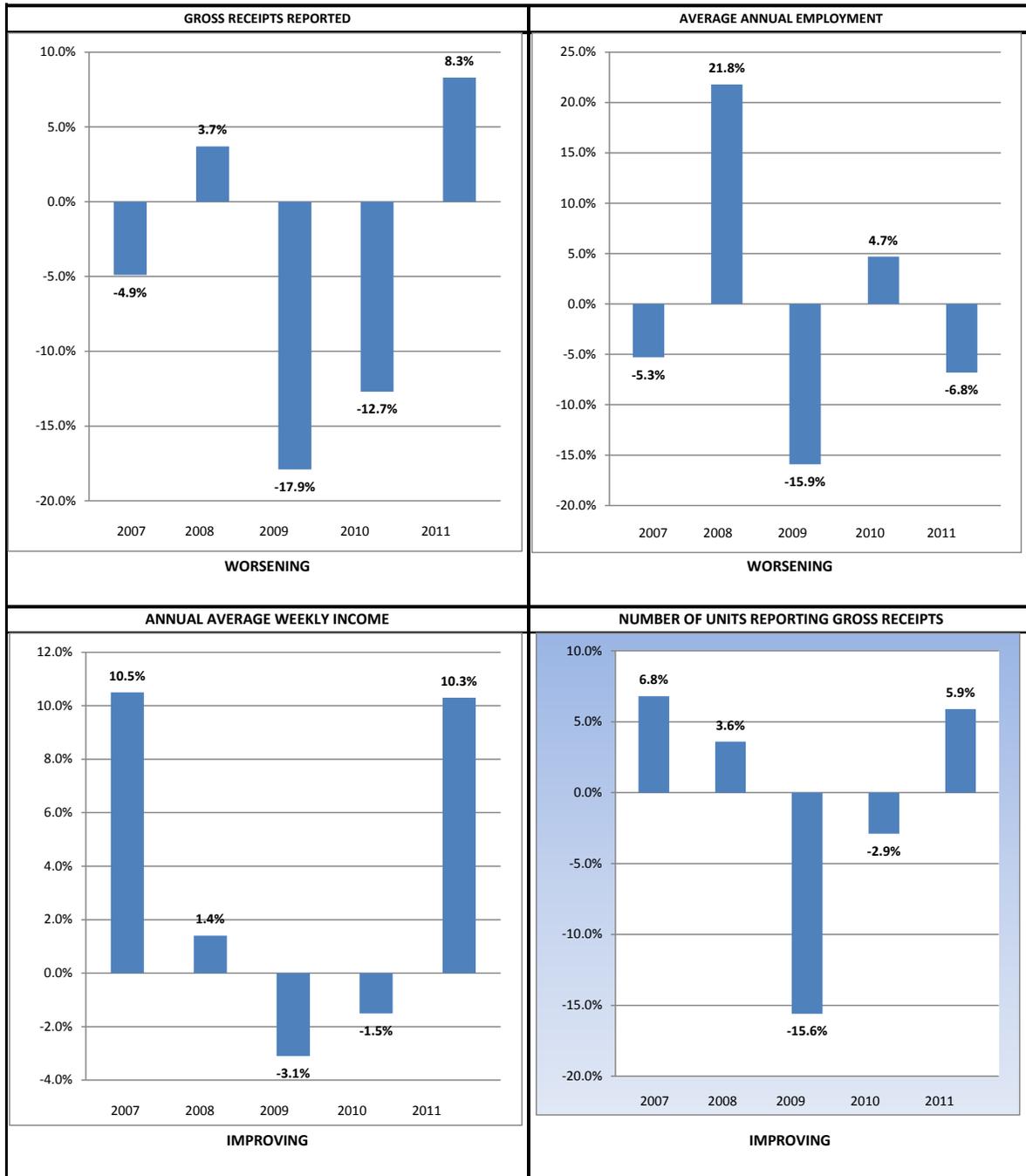
GROWTH
FLAT
DECLINE

Despite Taos' strong affiliation with creative industries, particularly art and music in all of their manifestations, this industry sector is flat and only accounts for 2.7% of the basic economy and .7% of the overall economy. This does not account for the strong cultural affinity Taos has for this sector or its importance to community identity.

2013 Taos Economic Development Action Plan

MANUFACTURING SECTOR

Average annual percentage gain / loss over the timeline 2007 through 2011



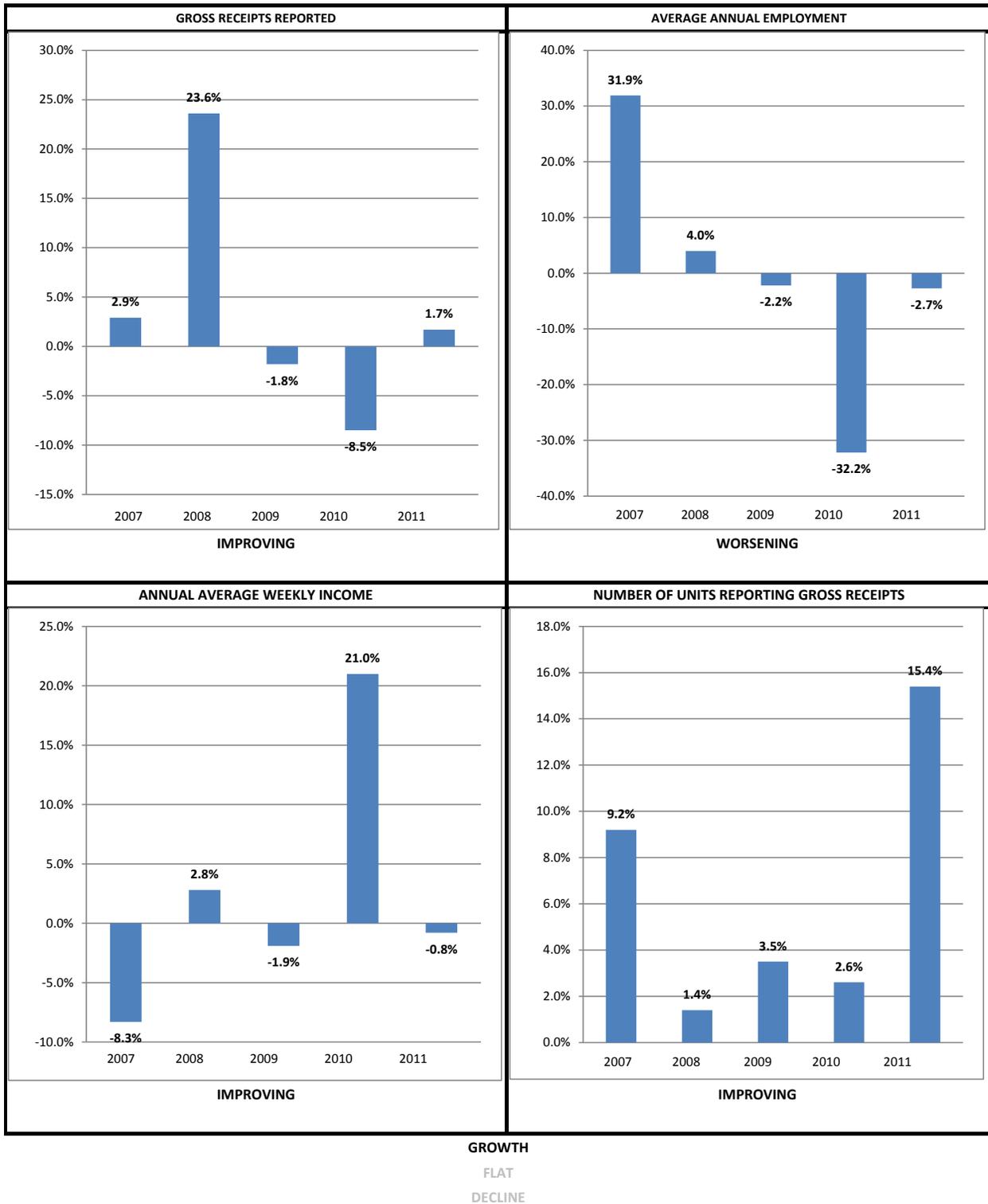
GROWTH
FLAT
DECLINE

What little manufacturing does occur in Taos (primarily personal care products and food) still accounts for 9% of the basic economy and 2.3% of the overall economy. This sector was negatively affected by the loss of several small manufacturers who both went out of business and relocated. Despite these setbacks, the industry has remained flat and in the personal care product sector is showing signs of rapid growth.

2013 Taos Economic Development Action Plan

PROFESSIONAL, SCIENTIFIC, and TECHNICAL SERVICES SECTOR

Average annual percentage gain / loss over the timeline 2007 through 2011

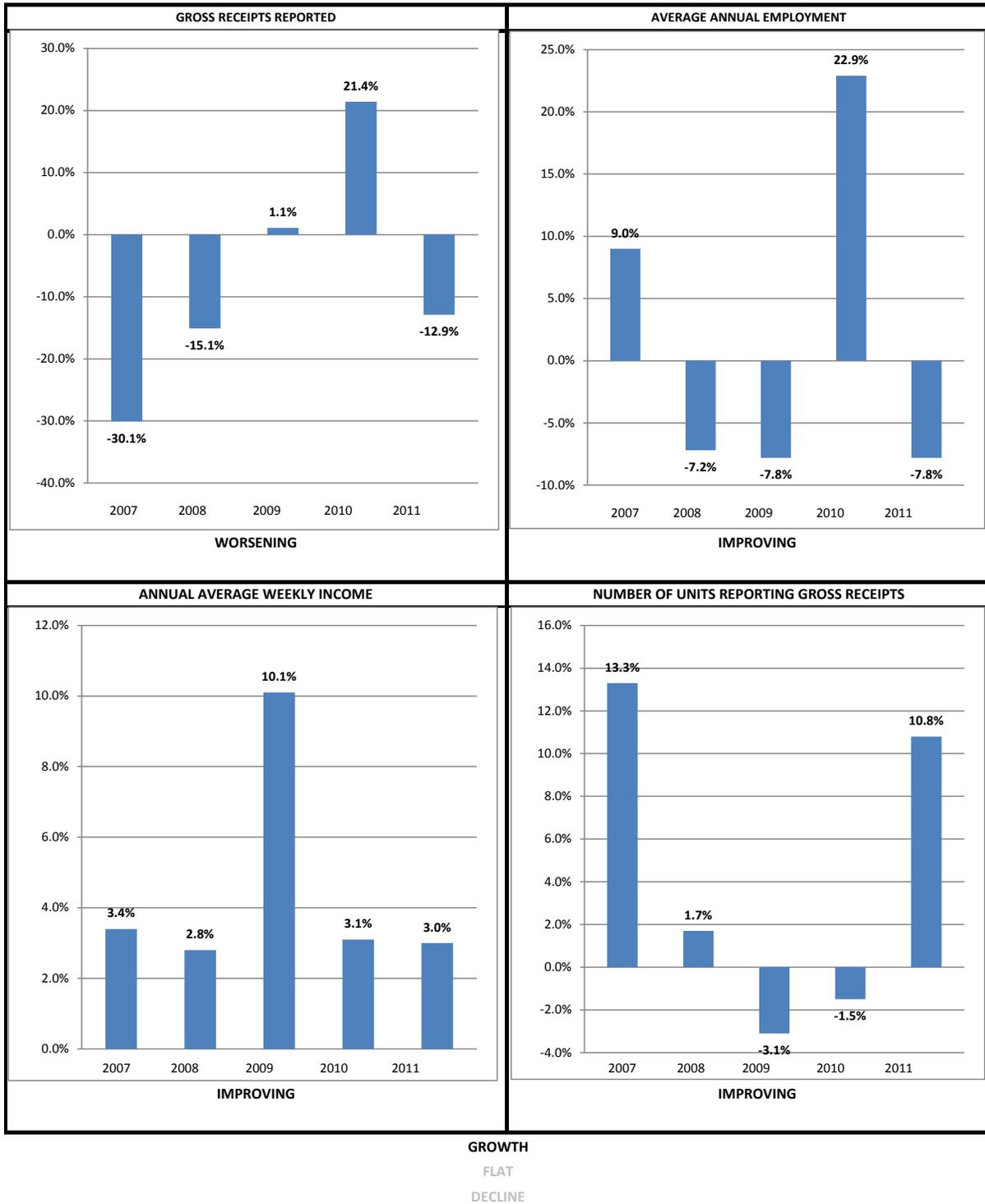


Professional, Scientific, and Technical Services, which includes such things as research and development is growing and provides 13.7% of the basic economy and 3.6% of the overall economy. This is a high wage and highly skilled economic sector.

2013 Taos Economic Development Action Plan

WHOLESALE TRADE SECTOR

Average annual percentage gain / loss over the timeline 2007 through 2011

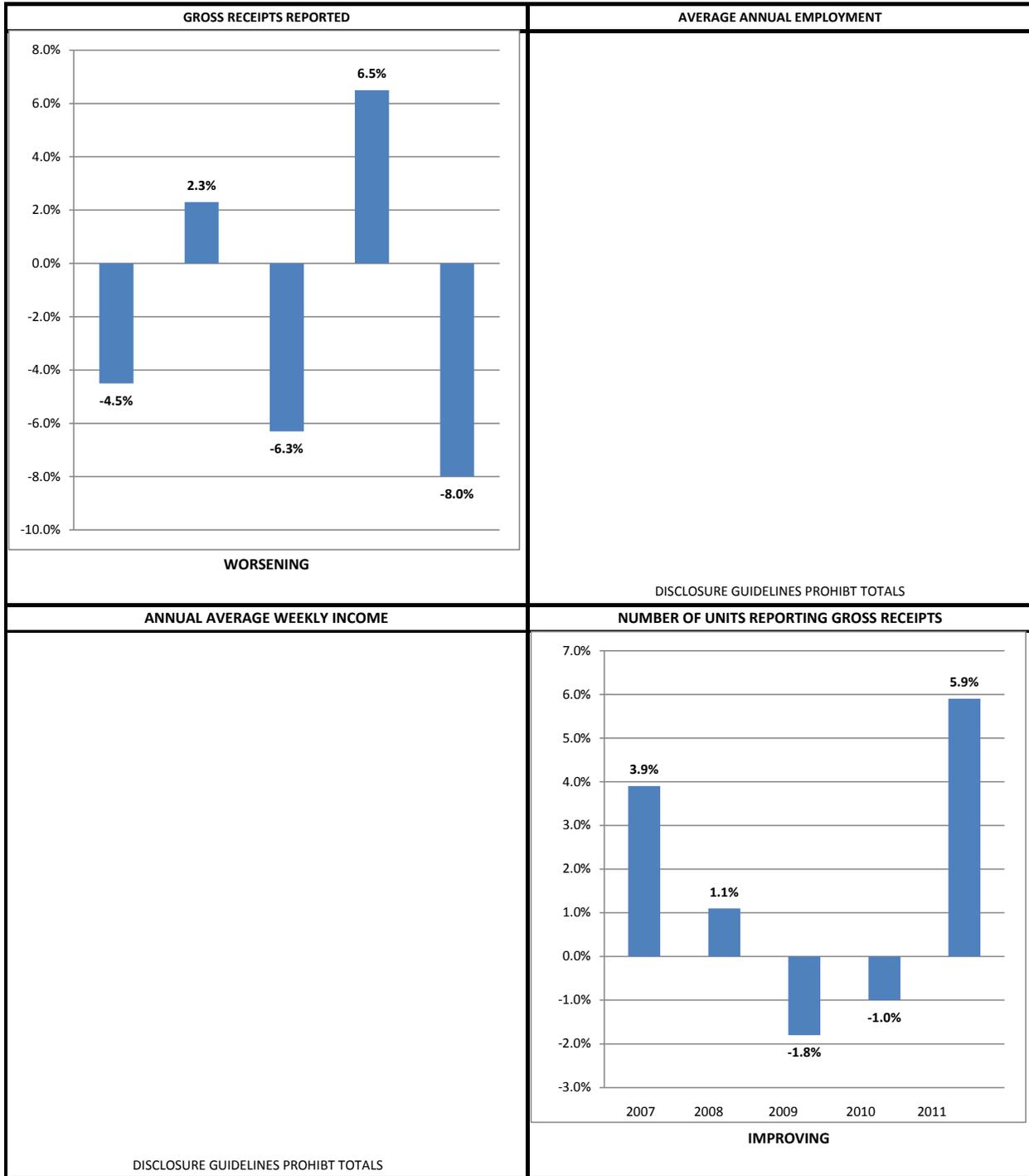


Wholesaling in the Enchanted Circle is almost entirely attributable to the activities of the Chevron Mine between Questa and Red River. It comprises 16.2% of the basic economy and 4.2% of the overall economy. This is a high wage and skilled sector but is not within any jurisdictions control and is entirely dependent on market forces.

2013 Taos Economic Development Action Plan

TOTAL FOR TAOS' SEVEN LARGEST BASIC SECTORS

Average annual percentage gain / loss over the timeline 2007 through 2011



GROWTH
FLAT
DECLINE

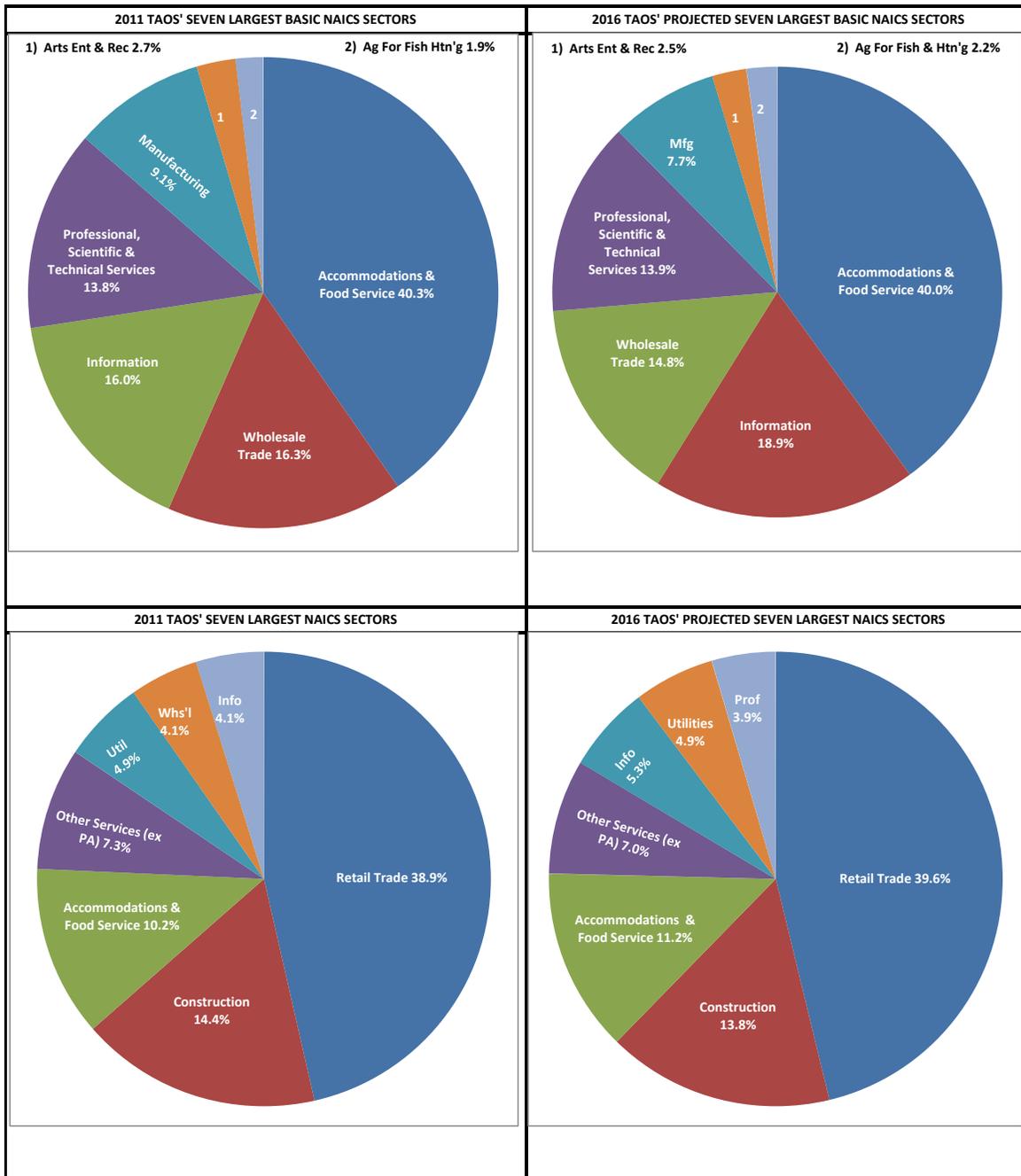
Currently Taos is seeing a decline in the revenues generated in its basic sectors; however the number of business continues to increase meaning less money per business. This is an unhealthy economic pattern and can be considered declining.

2013 Taos Economic Development Action Plan

Projection No Action

TAOS ECONOMY by NAICS SECTOR, EXPRESSED by PERCENTAGE, by GROSS REVENUE (RECEIPTS) REPORTED

Average annual percentage gain / loss over the timeline 2007 through 2011



If Taos does nothing to stimulate the economy, the Retail Trade sector will continue to dominate the overall economy, provide low wage and low skilled jobs, while the Information sector will continue to increase providing a few high wage and high skilled jobs while Accommodations & Food Service will remain the dominate basic sector providing low wage and low skilled jobs.

Recommendations

The following recommendations were developed by the work groups and LeapPartners. They are provided here in relative order of importance, although at the work group level no particular focus area's recommendations are more or less important than another's and some of the work group recommendations need further refinement prior to implementation.

Principal Recommendation

Our principal recommendation is to create and develop a Regional Economic Development Organization. Currently there is no single entity that has as its sole focus the development of the economy of the Enchanted Circle region. We believe that without such an entity the remainder of this Action Plan will be moot.

- ❖ **Create a Regional Economic Development Corporation with the sole focus of developing the basic economy of the Enchanted Circle**
 - Must be a new organization that has the clear and sole purpose of developing the basic economy of the Enchanted Circle Region
 - Should have a board of directors composed of no more than fifteen (15) members
 - Seven (7) seats, one for each local government. This will provide public oversight without public domination.
 - Three (3) seats for representatives of the private for-profit sectors that benefit from the development of the basic economy including:
 - Financial institutions
 - Real estate
 - Construction
 - Two (2) seats for representatives of local utilities including:
 - New Mexico Gas
 - Kit Carson Electric Cooperative
 - Century Link Telecommunications
 - Two (2) seats for representatives of the private not for profit sector engaged in aspects of community or economic development
 - One (1) seat for a citizen at large from within the Enchanted Circle
 - Funding would be provided by those portions of the economy that most benefit from expanding the Enchanted Circle's basic economy:
 - All local government entities in proportion to population served with Taos County carrying the highest funding burden, followed by the Town of Taos, etc.
 - Private for-profit entities that are represented on the Board of Directors, namely financial institutions, real estate and construction
 - Local utilities
 - Staff would include an Executive Director with experience and background in Economic Development; a Business Retention and Expansion Specialist with significant BRE experience; and a Statistician/Demographer.

2013 Taos Economic Development Action Plan

- This is only a cursory suggestion of a possible structure. To implement this, the Town should either contract with outside consulting assistance or provide staff to facilitate a series of meetings to build the public/private partnership that will be necessary for this Regional Economic Development Corporation to be formed, staffed and funded.

This recommendation addresses two consistent concerns that were raised in each work group, at each kick-off meeting and were central issues raised at the Roundtable:

- Taos has no leadership for economic development;
- and collaboration and communication is nearly non-existent within the private sector or between the public and private sectors (with a few notable exceptions such as the Taos Tourism Council)

Which raises a foundational question: If Taos is to successfully stabilize, diversify and transition its economy, who is responsible or could be responsible for a singular focus on developing the basic economy of the Enchanted Circle region? The answer is there is no such entity currently operating in the Enchanted Circle region with such a narrow but very important purpose.

The State and local governments, including the Town of Taos, Taos County, Angel Fire, Red River, Questa, Taos Ski Valley, and Eagle Nest, are not able to work effectively at the regional level due to their overriding public purposes and jurisdictional boundaries. Taos County Chamber of Commerce is charged with providing service to all businesses in the region and lacks the capacity to undertake this focus at the exclusion of the other services it struggles currently to provide. Taos Entrepreneurial Network (TEN) is focused solely on addressing the needs of primarily start-up businesses and also lacks the capacity to undertake anything other than what it currently provides. Taos County Economic Development Corporation has evolved into a non-profit that focuses on community development; agricultural preservation; and value added agricultural production through the provision of a community commercial kitchen than developing the basic economy and lacks the capacity to extend into this as its sole focus. Presently there is no single organization that has the sole focus of developing Taos' basic economy and without such an entity there will never be the leadership needed to develop Taos' basic economy.

Just as oversight and governance of the entity by the Board of Directors must be spread evenly among those that benefit from basic economic development, the funding too must come from those who will benefit the most from successfully growing the basic economy of the Enchanted Circle. Some sort of cost sharing agreement will have to be created and adhered to with Taos County, who will benefit the most directly and indirectly from successful economic development

With the deployment of the \$64 Million investment in fiber optics by KCEC, the formation of this entity is an immediate priority. None of the communities within the Enchanted Circle are prepared to leverage this tremendous asset and use it to develop their basic economy in a controlled and thoughtful fashion. This assistance could be provided by this new entity with assistance from professional economic development consultants.

The formation of a regional economic development corporation (REDC) should be done under the auspicious of the Intergovernmental Council (IGC) with participation by both public and private entities that have a substantial stake in successful economic development. There should be either staff assigned to this as a high priority and/or outside consulting services should be procured to facilitate the formation of the new REDC.

General Recommendations

These recommendations were formed from community input throughout the planning process and are supported by our professional opinion:

- ❖ **Focus economic development on basic sector industries that show growth and provide high wages and high skilled jobs**

The economy is not immune to the laws of physics. Just as it takes less effort and energy and the effect is greater when you add momentum to a ball that is already moving upward than a ball that is falling; economic development is more effective when it is applied to industries that are moving in an overall positive direction.

- ❖ **Provide the *Town of Taos Economic Transition Roundtable* as an annual event in April or May**
 - Will fulfill one of the promises of the Vision 2020 plan
 - Provides an opportunity for the community to discuss the economy and to have the Taos Economic Report Card presented with updated information
 - Provides the community with an opportunity to ask questions and share ideas of how to best transition the Taos economy without sacrificing what Taos is as a place
 - Each year the Roundtable should include new leaders from the Enchanted Circle Region to ensure the broadest representation and cross-section of the community economy

The Vision 2020 Plan recommended in 1999 that there be a minimum of an annual meeting of the community to discuss important topics, particularly the status of the economy. Members of the community were calling for additional meetings and at one point quarterly meetings on the economy were suggested and generally thought to be supported by local leadership. Those meetings were never held. There is a substantial benefit to increased communication and understanding of the economy but quarterly meetings are too much. An annual meeting hosted by the Town would suffice and any additional meetings on the economy would need to be orchestrated through the private for-profit and not-for-profit sectors.

- ❖ **Produce the *Taos Economic Report Card (Report Card)* on an annual basis**
 - An axiom in business is "If you cannot measure, then you cannot manage" and the same is true of the local economy and the Report Card provides key measurements of the local economy

- The Report Card should contain the established measures as currently designed and presented graphically so that it is easily accessible and understandable
- The Report Card should be made available at the Taos Economic Transition Roundtable and distributed widely

Without a way to gauge success it's impossible to adapt to changes in the economy and get better results over time. By the same token, failure represents a unique opportunity to learn and adapt. This makes an annual check on the health of the local economy essential for managing how the community responds to opportunities and threats.

❖ **Annually review, revise and/or create SMART Goals**

Just as the Report Card is an essential tool for measuring and then managing the overall economy of the Enchanted Circle, SMART Goals (Specific, Measureable, Attainable, Realistic and Timely), when created correctly, allow for tracking the health of a particular industry or industry cluster and measures the effectiveness of any sort of economic development activity undertaken within those SMART Goals. SMART Goals should be revisited annually and updated or modified in order to adjust to unforeseen opportunities or obstacles. SMART Goals should always be done in collaboration with anyone interested in the sector but definitely members of the sector to be acted upon. This should be accomplished with a facilitator/planner trained in strategic planning with experience in generating SMART Goals.

❖ **Make use of the New Mexico Partnership for Attraction**

The New Mexico Partnership is a quasi-state organization whose sole purpose is to look for and work toward the attraction and relocation of foot loose businesses to the state of New Mexico. Taos has never worked well with the partnership precisely because Taos has never offered the Partnership a specific target to attract to Taos. Taos has a lot of work to do to be able to effectively use the Partnership including creating a set of updated demographic and economic descriptive data sets, known as profiles or community profiles, that are used by site selection specialists to identify potential locations for their clients. This would ideally be the task assigned to the Regional Economic Development Corporation as recommended above.

❖ **Improve communication and collaboration**

Another constant theme throughout the planning process was the recognition that communication between and among businesses; business sectors; and public, private for and not for profit entities was poor with some bright exceptions such as the Taos Entrepreneurial Network (TEN). For those businesses within the basic economic sectors, the proposed Regional Economic Development Corporation would be primarily responsible for creating collaboration, communication and networking among those businesses while the TEN focuses on start-ups and the Taos County Chamber of Commerce should be responsible for the remaining non-basic sectors.

❖ Continue to regionalize appropriate public services

The Town of Taos has historically provided regional services while receiving only local revenues. With the exception of the Regional Landfill, Taos is solely responsible for the operations and maintenance of the Taos Regional Airport, Taos Youth and Family Center, Fire Protection, Water and Sewer, and the Taos Library. This inappropriately places the full burden of these services on the Town and its citizens while others from throughout the region are able to consume these services without paying their true fair share of the costs associated with those services.

Recommendations from the Work Groups and SMART Goals

Participation in the work groups was open to all but to be on the work group we required them to have direct involvement by attending two (2) meetings about three (3) weeks apart. While the number of people participating in the work groups was disappointing given the commitments people made prior to those meetings, those who did participate were energetic, thoughtful and engaged. Each of the four work groups generated a list of goals that they believed if achieved would give some level of success to that sector of the economy. The groups then organized these raw goals into headings that captured any similarities among the potential goals. The members then voted for those raw goals they believed were the most important to complete as a means of prioritizing the goals. Once the priorities were set, the SMART criteria (Specific, Measurable, Attainable, Relevant and Timely) were applied to the top priority. Once that goal was transformed from a raw idea to an actionable SMART Goal, the participants developed objectives that would need to be completed to reach the goal and the step by step actions needed to complete each objective. Those actions would also include the identification of who would be responsible for the action, funding required and funding sources and the deadline and/or trigger for each action.

The SMART process is difficult and time consuming and needs to be done with a facilitator who is experienced in strategic planning and SMART Goals specifically. In most cases the work groups were only able to complete a single SMART Goal and none were able to refine and create detailed actions. Regardless the SMART Goals developed by the groups can be implemented effectively if there is someone whose responsibility is the implementation of this plan and its SMART Goals. Hence we recommend the formation of a Regional Economic Development Corporation.

Business Retention, Expansion & Incubation

Retaining and expanding businesses tends to get less attention and emphasis than it deserves. Winning the relocation or attraction of a large, location dependent, new business tends to get more press and political fanfare. However, retaining and assisting with the expansion of local businesses tends to have a greater return on investment for a community. Taos has elected to emphasize the growth and retention of local businesses over attracting location dependent businesses and generally accomplishes its retention and expansion goals by addressing the improvement of the business climate and quality of life of the local population. Business attraction is in part a byproduct of these retention and expansion initiatives.

2013 Taos Economic Development Action Plan

SMART Goal:

- ❖ Improve the business climate in Taos to allow for and encourage collaborative relationships, networks, and improved communication, with public entities by developing a plan/agreement in which SBDC, TEN and the Chamber define their roles and functions.
1. Private actions
 - a. Convene a number of business leaders to meet initially to develop essential needs list for local businesses
 2. Public actions
 - a. Provide a facilitator
 - b. Provide meeting space
 - c. Provide administrative support
 - d. Staff and Council participation
 3. Public/Private actions
 - a. Public and Private entity representatives hold meetings with SBDC, TEN and Chamber to develop how these organizations will meet the needs of local businesses.
 4. Completion date: Approval and adoption of the plan/agreement by the entities involved by January 1, 2014

SMART Goal:

- ❖ Develop an intern program (or expand job shadow program) where teens entering their junior year and above intern at local businesses of interest.
1. Private actions
 - a. Solicit and get commitments from local businesses to participate
 2. Public actions
 - a. Develop school program and policies that promote, support and encourage the internship program
 3. Public/Private actions
 - a. Develop 30 internships between Taos High and local businesses with the idea of generating interest in further education and future employment.
 - i. Summer 2014 have 10 internships developed and add an additional 10 per year until 30 are established by the summer of 2016.
 4. Completion date: 30 or more stable internships with local businesses in a variety of career paths by June 2016

Creative Industries

The title of this work group/sector, Creative Industries, refers to a range of economic activities which are concerned with the generation or leveraging of creativity, knowledge and information and/or the making of creative goods and services.

The origin of Taos as an art colony came about by artists who were attracted by the culture of Taos Pueblo, the natural light of the region, and Hispanic craftsmanship of tin, furniture, painting and more. And now, more than 100 years later, the creative roots of the community continue as a part of the local economy. The original components of

the "Art Colony" originally comprised of many master painters, have expanded many fold to now include; culinary arts, music performance and production, film, technology, writing and poetry, fashion, alternative medicine, and other creative endeavors.

The creative industries have been seen to become increasingly important to economic well-being, proponents suggesting that "human creativity is the ultimate economic resource and that 'the industries of the twenty-first century will depend increasingly on the generation of knowledge through creativity and innovation'" ([Landry & Bianchini 1995](#), p. 4).

The desire for effective marketing related to the offerings of the Creative Industries overlaps with the marketing concerns of the Tourism & Retail sectors. There is a desire to provide and better forward the numerous classes, workshops, retreats and other vehicles that have been developed or will be developed in the hopes that they will have a wide appeal to the 'Boomer Generation' and others interested in an experience that will enhance their lives rather than be a simple vacation touring a new location.

It was heavily emphasized in the work group that the creation of art and other creative products was essential. There was a feeling that Taos is losing its core of productive creative people and was becoming less about creation and more about the commoditization and sale of products created anywhere. The Creative Industries as defined for this Action Plan are basic economic activities where businesses and individuals are engaged in the creation of art, produce films, books, and other creative products and/or offer artistic trainings and workshops, that are exported or consumed by visitors from outside of the community and result in new money coming in.

SMART Goal:

- ❖ Improve the marketing of the arts to encompass that Taos is a place where artists live and the reasons why they choose Taos – light, geography and culture – which also ties to the outdoors and adventure tourism.
1. Private actions
 - a. Develop a creative industries marketing coop pool of funds and leverage greater market penetration.
 - b. Bring together representatives of arts organizations, events and different facets of the creative industries to coordinate marketing efforts
 - i. Development of signature events for each of the core sectors of Taos' creative industries including, but not limited to: visual arts, installation/technological/media arts, culinary arts, literary arts, music, performing arts, cultural arts, botanical arts, craftsmanship.
 2. Public/Private actions
 - a. Development of a clearing house organization and/or tool that provides marketing information for the arts and events for local organizations and to local marketing firm

3. Completion date(s): Increase the number of weekend long art and cultural events/activities on the Plaza to a monthly event in 2015 with forty weekend events by 2020 with expansion of singular historic district wide event to quarterly events the fit with season – expand on Fiestas in summer, lighting of Ledoux in winter, Spring and Fall Arts.

Technology

For the purposes of this Action Plan, the technology sector is comprised of businesses that are primarily involved the advancement and provision of technology. The products tend to be heavily based on intellectual properties including research, development, and service and consulting around technological advances. In Taos the technology sector includes all forms of alternative energy (primarily solar), software/application development, and other related technological advances.

Technology as it is defined for Taos is considered a clean and high paying industry. The majority of these businesses are location neutral, meaning that they can be located almost anywhere as intellectual capacity is the biggest material in the manufacture of their products. This allows technology business to factor in the quality of life into their location decisions and unlike traditional manufacturing can often choose a location solely or primarily on the quality of life available in a certain location.

SMART Goal:

- ❖ In order to increase a technology based work force, Taos should promote technology related degrees and courses at UNM (distance and local) and increase local student population by 15 students annually in those degree areas (certificates, associates and bachelors)
1. Public/Private actions
 - a. Inventory what technology is available in Taos and where it is
 - b. Create a technology coalition that supports the education of technology workers in specific areas (green technology/sustainable energy, IT administration, etc.)
 - c. A success would be to achieve a 75% graduation rate (11) and/or successful industry certification completed
 2. Completion date: By 2017 have first graduating class or completed certification

SMART Goal:

- ❖ Attract (Identify) technology leader to (in) Taos
1. Private actions
 - a. Secure public funding in order to:
 - i. identify areas of technology that are being developed and approaching commercialization;
 - ii. identify current market forces that may lead to successful commercialization of those technologies.

- b. Completion of the necessary research to establish targeted technology based industries for relocation, retention, expansion and incubation.
2. Public actions
 - a. Fund or secure funding to research emerging technologies and markets per the above
3. Completion date: Completed research by July 2015

Tourism & Retail

During the work group meetings it was recognized that retail that is basic in nature is intrinsically attached to tourism. Therefore concentrating economic development efforts on retail will have nominal or no impact on the economy. Retail choices are also difficult to navigate as each retailer has a unique approach, merchandise and clientele whereas attracting more visitors will increase not only tourism based business such as lodging, but may have direct impact for certain retailers. In short, Taos has the ability to exert more control over tourism than it can over retail.

However retailers that cater to tourists should develop a strong alliance with lodgers, particularly those that attract visitors within that retailer's customer demographic profile.

There was also expressed a very strong level of concern regarding the effectiveness or lack thereof of the current marketing efforts by the Town's marketing contractor. The lack of understanding between the public and the marketing firm is highly pronounced and is creating conflict and negativity. The lack of open communication and interaction between those who rely on the marketing to improve their business and the marketing firm is very apparent.

❖ Improve the marketing for Taos

1. Private actions
 - a. Create a method to better interact and communicate with the Town's marketing contractor and distribute accurate information among concerned businesses
2. Public actions
 - a. Identify the demographic attributes that Taos appeals to (a true 3rd party market analysis/study)
 - b. Impose reasonable measures for success including:
 - i. An increase in gross revenues (as shown in the gross receipts reported from NM Taxation and Revenue) for tourism related business (see Taos Economic Report tourism composite measure)
 1. Level to stable within 3 years (by 2nd quarter of 2017), increase by 15% over 5 years following (2nd quarter of 2022)
 - ii. Increase the length and number of stays at area lodging
 1. Will need to segment into low, mid and high end accommodations
 - iii. Net increase of new tourism related businesses
3. Public/Private actions
 - a. Identify one identity for the community that is consistent (brand)

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- b. Using Taos community characteristics such as the rural and approachable character as a part of the identity
- c. Maintain the character of the community such as its funky, quirky nature
- 4. Completion date(s):
 - a. Completion of the identity (brand) within 2 years (Spring 2015)

Other goals in priority for future action plans

The following are those other prioritized raw ideas for goals under their respective headings. In order to be useful they will need future refinement through the application of the SMART criteria. They should not be abandoned but instead should be addressed as the other SMART Goals developed and listed above are completed or are stable and ongoing.

Business Retention Expansion & Incubation

- 1. Business Education
 - a. Consistent, Quality & Coordinated Business Training – Both Expansion & Retention
 - b. Mentorship
- 2. Incubation – Establish a center for entrepreneurship at UNM Taos
- 3. Relationship of Public & Private Sectors
 - a. Infrastructure maintenance needs to be done equitable
 - b. Equal/equitable application of ordinances by Government
 - c. Tax Breaks for Technology & E-Commerce Companies
 - d. Task force to investigate how Town/County can really help: eminent domain, tax abatements for favorable investments, coordinate communication with residents and investors

Creative Industries

- 1. Improve business infrastructure
 - a. Business pairings (food and art, business and cause)
 - b. Creative liaison to Chamber
 - c. Tax abatements for large creative projects
 - d. Weekly studio tours
 - e. Business sponsorship/patronage for art
 - f. Create a Clearing House for Classes & Workshops
 - g. Music Production Facility
 - h. Take a look at why so many Creative Industries left! (Poetry Circus, Film Fest)
 - i. Be open consistently
 - j. Go to a Council Meeting once and a while
 - k. Have a welcoming Environment/Entrance
 - l. You have an issue with Town, see if you can resolve it, then seek help with Town
 - m. Business Practices
 - n. Know your Neighbor / Competitors
 - o. Greet locals and visitors with respect

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2. Creativity Support: Make Civic Plaza Drive the Art/Culture/Educational hub
 - a. Bring back visual arts focus with TCA
 - b. National Juried Exhibitions
 - c. Creative Diversity
 - d. Available Grants?
3. Reinvigorate the film industry in Taos
 - a. Major motion picture about Taos
 - b. Institute a Taos Film Commission
 - c. Bring back & promote Taos Film Festival

Technology

1. Build a state of the art technology education facility
 - a. Develop an entrepreneurial support location with office, conference room, plug and play services for rent
2. Clean energy expansion
 - a. Make Taos a sustainable technology center for R&D, education & design/sales in the Southwest
 - b. 100% renewable energy for Taos County
 - c. Affordable Energy Audits & Remediation for all buildings
 - d. Create a Taos "Solar Decathlon" Competition
 - e. Government & Public charging stations for Electric Vehicles

Tourism & Retail

1. Create events and activities that appeal to a targeted market
2. Improve service and retail "infrastructure" – e.g. customer service, operating hours, local appeal, meet local business needs, etc.
3. Improve public infrastructure and public services – e.g. pedestrian walkways (sidewalks), etc.

Conclusion

LeapPartners firmly believes that in order for our economy to recover and to complete a positive transition away from a tourism based economy, we must unify as a region and actively participate in the development of our economy. To illustrate this we created a conservative projection model under three different scenarios – status quo or no action; moderate action and robust action. We applied positive growth only to those sectors that currently had a positive trend and held all others flat as it is impossible to gauge if these sectors will stabilize, worsen or somehow improve. For those areas that showed positive growth we added 1% compounded per annum to their increase in revenues as a moderate result and 2% for a robust result. The improvement is significant when the result is robust, recovering \$30,200,348 more in revenues over five years than if we do nothing. Robust action will require a Regional Economic Development Organization.

The Enchanted Circle region can no longer rely on the natural evolution of its economy. The economy here is in a fragile period and is changing. This is a time when the economy will make an irreversible shift. If we do nothing and allow our economy to

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continue on its course, we will see a very slow recovery from the recession. The table below shows conservatively what we can expect our economy to look like relative to our efforts:

Impact	2011 Revenues	2016 Projected Revenues	% Increase	\$ Increase	Compared to 2006
Status Quo	\$837,060,565	\$865,936,592	3.44%	\$28,876,027	(47,208,720)
Moderate		\$878,453,458	4.94%	\$41,392,893	(34,691,854)
Robust		\$896,136,940	7.06%	\$59,076,375	(17,008,372)

If we do nothing we can anticipate that our economy will see only a very slow recovery that won't even keep up with the consumer price index. If we act, we have a chance to stabilize our economy and eventual spur real growth and successfully transition our economy.

Note Regarding Data

All data used to generate the tables, charts and referred to in the document are available from LeapPartners and are a composite of state and federal data sources. Please contact LeapPartners for any questions or concerns you may have regarding the data used for this document.

Definitions

Community:

For the purposes of this plan a community is a geographic region that operates as a cohesive unit regardless of governmental divisions and boundaries.

Public:

Public refers to governmental agencies at all levels.

Private:

Private refers to any non-governmental entity including the non-profit sector.

Community Income:

Community income is the income generated from goods and services sold to persons outside of a defined geography. This is sometimes referred to as community wealth or a gross domestic product. This is the measure of the wealth generation of the community's basic industries overall.

Personal income:

This is the wealth of an individual regardless of source. Personal income is what drives the non-basic economic sector and local goods and services. While it does not generate community wealth it does create personal wealth and is another measure of a standard of living for a community.

Basic Economic Activities:

A basic economic activity is one that produces a good or a service that is mostly consumed by people from outside of a region/community. These businesses are "net importers of community income" and are the basis for the economic growth and income generation of a community. Two examples of basic economic activities are manufacturing a personal care product that is shipped out of the region for sale or a hotel that provides lodging services to visitors.

Non-basic Economic Activities:

A non-basic industry provides goods and services primarily consumed by the local community. A grocery store sells the majority of its goods to local citizens; a hospital provides much needed health care services to the local community; etc. These businesses tend to recycle the personal income generated by basic industries and their demand is proportional to the health of the basic industries in the community. Most retail and non-tourism related services are non-basic industries. Art sales in galleries, however, tend to be basic sales but are one of the few exceptions among retail sales, along with catalog sales, internet based sales, etc. that sell the majority of their goods to people outside of the community. Non-profit industries are also non-basic; despite receiving grant funding from outside of the community they do not generate, by definition, profit other than paying expenses and occasionally limited salaries for executives and staff.

Quasi-basic Economic Activities:

A quasi-basic industry is one that blurs the line between basic and non-basic industries. Restaurants are sometimes an example of this type of industry where their sales are made to both visitors and community members and are nearly proportional overall. Until recently, residential development could be considered a quasi-basic industry given the former power of the second home market in Taos.

Community Development:

This is the development of the support structure and quality of life provided to members of the community. This includes businesses that provide healthcare, childcare, non-profit services (CAV, Non-Violence Works, Stray Hearts, etc.) and most retail sales and other such activities that simply recycle personal income derived from basic economic activities. This is the development of non-basic economic activities which is equally important as economic development and is heavily intertwined with basic economic activities.

Economic Development:

This is the development of basic economic activities and "imports" community money. Basic economic activities provide economic growth and allow a community to provide higher standard of living and quality of life within the community.

Community Economic Development:

Community economic development combines the disciplines of community development and economic development into a single activity. This is based on the observation that the two frequently separated disciplines are really inseparably intertwined economic forces; the results of community development, which most specifically addresses quality of life issues and non-basic economic activities, affects the results of economic development which focuses on basic economic activities

Geographical Assets/Advantages:

A factor in the measurement of quality of life is dependent on the geographic assets/advantages of a community. For example a town in Arizona may be able to boast that they have 360 days of sunshine while Taos can claim large open spaces, four seasons, beautiful mountain vistas, access to pristine public lands and a small town atmosphere. These geographical advantages typically cannot be manufactured and in some cases require protective measures to ensure their continuation.

Quality of Life:

Quality of life is a measure of opportunity above the standard of living within a community. Quality of life measures include things such as recreational activities, educational opportunities, cultural events and activities, etc. that give added value to citizens above and beyond the standard of living. These can be both public and

private services and goods that are made available due to high community wealth. As a public good they carry a user fee or purchase price.

Standard of Living:

The standard of living refers to two things: the median wage and the baseline services available in a community. Education quality and access, library services, recreation services, street conditions, water quality and other generally public goods available in the community which is proportional to the available tax base. The standard of living is what is seen as the baseline economic condition of local citizens. Standard of living goods and services do not carry a user fee or purchase price.

Public Goods and Services:

Public goods and services are those things that cannot be provided by the private sector because their production is not profitable and is necessary for the community to function. Roads, utilities, police and fire services are a few examples of public goods and services.

Private Sector

The private sector is composed of any non-governmental entity that is classified as for-profit or non-profit in the goods and services they provide. A rule of thumb is that if the entity is required to report its activities to the Internal Revenue Service or is otherwise regulated by a government, it is considered a part of the private sector.

Private Goods and Services:

Private goods and services are those that are provided by the private sector because they yield profit/income. Some formerly public goods have been successfully privatized.

Non-Profit Goods and Services:

The non-profit sector of the economy provides public goods and services that either the public entities cannot provide or that are more efficiently provided by the private sector entity. Non-profit entities do not produce income but do provide goods and services that add to the measure of a community's quality of life and in some cases standard of living.

Business/Industry Cluster:

Industry clusters are groups of businesses that use similar workforce, infrastructure, and support services and also provide a certain synergy and collegial environment that can lead to new business ventures and collaborations.

Business Attraction:

Business attraction is the act of enticing a business to expand into or relocate to community. This is usually accomplished by using one or more attraction tools. Business attraction is often criticized for being very expensive and sometimes being more focused on the competition than on the benefits.

Business Retention and Expansion:

Business retention and expansion (BRE) activities focus on businesses present in the community. While BRE gets less press and political fanfare than business attraction it is generally less expensive and more effective. In addition BRE investments tend to improve the business climate in the community and improve the quality of life in the community which in turn makes the community more attractive to businesses in the same business/industry cluster.

Strategic Planning:

Strategic planning, at its core, has some basic elements and tools that, if properly applied, result in a realistic, implementable and measurable plan. The most basic tool in strategic planning is the SWOT analysis and the essential elements are a vision statement, mission statement, SMART goals, objectives and actions. If crafted correctly a strategic plan creates accountability, responsibility and uses objective measurements to show progress or lack thereof.

SWOT Analysis:

A standard and useful tool in strategic planning is to perform a SWOT analysis, or Strengths, Weaknesses, Opportunities, and Threats analysis that succinctly provide a snapshot of the likely environment for any undertaking.

Vision Statement:

A vision statement is an unconstrained projection of a future condition. For example a person may have the vision of being a law enforcement officer. It is often a simple statement that is general in nature; it is the finger that points at the moon; a big idea; something to achieve and aspire to.

Mission Statement:

A properly crafted mission statement is a short, succinct declaration of how a vision will be achieved. The real purpose of a mission statement is to be able to say in a single sentence what a person or organization does to achieve the vision. If used properly a mission statement keeps one on task, prevents scope creep and lets one tell other what they don't do.

SMART Goals:

Goals developed for a true strategic plan must be SMART; Specific, Measurable, Attainable, Relevant, and Timely. This prevents the use of goals that are simply ideas. A

goal begins as an idea but must have the SMART criteria applied to it to ensure that the goal is functional and strategic.

Objectives:

Objectives are those large steps that must be completed in order for a goal to be achieved. Typically well-crafted SMART goals will allow for substantial objectives to be easily identified in a logical order and have defined due dates, and overall costs implicit to accomplishing the SMART goal.

Actions:

Actions are the specific steps that must be completed to complete an objective. Actions are assigned tasks that keep accountability and responsibility clear when evaluating the implementation of the strategic plan. Actions also specify due dates, resource needs and costs in addition to assigned responsibility.

Workforce Development:

Workforce development is the act of tuning a labor force to fulfill the needs of specific industries. The most effective workforce development programs are closely linked to the needs of local (basic and non-basic) industries and prospective (basic) industries that are identified in a community economic development plan. Workforce development agencies work closely with agencies focused on community economic development and educational institutions to identify labor demands, needed skill sets and pathways to employment or re-employment.