

Aztec, New Mexico Economic Development Strategy: Executive Summary



Prepared For:

City of Aztec, New Mexico

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Executive Summary

Economic and Demographic Profile

- 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.
- The City of Aztec had a higher proportion of high school graduates in 2009 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.
- 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.
- Most of Aztec's 2009 employed population of 2,930 worked in the broad Services category (47.5%), followed by Retail Trade (14.2%), Transportation/Utilities (6.5%) and Agriculture/Mining (8.4%) which includes the fossil fuels extraction industry.
- The Farmington Metropolitan Planning Organization 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.
- Unemployment for March 2010 in the Farmington MSA stood at 11.3%

Industry Profile and Cluster Analysis

- Based on Gross Receipts Taxes collected in Aztec, Retail Trade had the highest average annual output since 2004 of approximately \$10.1 million, followed by Mining/Oil & Gas at approximately \$9.1 million, Other Services at approximately \$8.9 million, Construction at approximately \$7.4 million, and Food Distribution at approximately \$6.6 million.
- Top five industry sectors (by SIC code) by gains in employment from 2005 through the first quarter of 2010 are Oil and Gas Extraction, Construction – Special Trade Contractors, Business Services, Administration of Human Resource Programs, and Food Stores.
- Top five industry sectors (by SIC code) by losses in employment from 2005 through the first quarter of 2010 are Heavy Construction, General Government, Justice and Public Safety, Administration of Economic Programs, and Wholesale Trade.
- Four mega-clusters of targeted industries were identified for Aztec: Energy, Specialty Manufacturing; High Value-Added Professional Services; Tourism, Cultural Heritage, Recreation; Community Related Services.
- Primary targets in the Energy, Specialty Manufacturing mega-cluster include:
 - Oil and gas extraction
 - Construction – special trade contractors
 - Engineering, accounting, research, management and related activities
 - Measuring, analyzing and control instruments

- Food manufacturing
- Green enterprise
- Specialty plastics

- Primary targets in the High Value Professional Services mega-cluster include:
 - Information
 - Finance and insurance
 - Professional and technical services
 - Specialized medical

- Primary targets in the Tourism, Cultural Heritage, and Recreation mega-cluster include:
 - Retail trade
 - Arts, entertainment, and recreation
 - Eco-tourism
 - Lodging and hospitality

- Primary targets in the Community Related Services mega-cluster include:
 - Health services
 - Retail trade
 - Personal services
 - Arts, entertainment and recreation

Retail Analysis

- A retail leakage analysis of Aztec shows moderate demand for General Merchandise and Building Materials.
- Much of the area's retail demand is met in the Farmington regional retail cluster, a ten-mile drive from Aztec. National chain retailers are typically attracted to regionally centralized retail nodes such as Farmington's.
- Efforts should be made to work with business operators to stabilize when and how local businesses operate in downtown Aztec.
- Aztec should avail itself of every opportunity to attract visitors into the downtown, including signage.

Recent Economic Development Activities

- 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.
- Aztec has had success over the past decade with business expansions and relocations.

Downtown Aztec

- Downtown Aztec contains a diverse mix of businesses, including four food & beverage establishments. Based on the number of available storefronts, the downtown has four vacant properties out of approximately fifty, representing an approximate vacancy of 8 percent.
- The streetscape and façade improvements that have been undertaken over the years have likely contributed significantly to the success of downtown Aztec.

Land for Development

- 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.
- The proposed East Aztec Arterial will open up approximately 150 acres of State land and 850 acres of private land for development. This will be important for Aztec's future economic development prospects as commercially zoned parcels are currently in short supply.

Higher Educational Institution and Training Assessment

- San Juan College (SJC), a two-year comprehensive community college located in Farmington, NM, 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.
- San Juan College provides a broad range education and training targeted specifically to industries in San Juan County and the Four Corners Region.
- 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.

Agricultural Industry Assessment

- 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.
- The US Department of Agriculture offers a number of rural development funding programs applicable to Aztec.

Tourism Industry Assessment

- Aztec's most important cultural resource is the Aztec Ruins National Monument just off of Highway 516, administered by the National Park Service. Aztec is also home to the Aztec Museum and Pioneer Village, located on Main Avenue in Aztec's downtown.
- Nearby natural features include the Navajo Lake State Park and other visitor destinations in the Four Corners Region.
- Aztec's lodging inventory is comprised of two (non-chain) hotels comprising 59 guest rooms.
- There are 29 lodging properties comprising 2,057 rooms within a 15-mile radius of Aztec.
- The 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.
- A "flag" hotel will enhance Aztec's attractiveness to visitors. Aztec should consider conducting a hotel feasibility study as plans to develop a city-owned business park come closer to fruition.

Gateways Assessment

- Aztec has three major entrances or "Gateways" into the city: Northern Gateway/NM 550; Western Gateway/US 516, and; Southern Gateway/US 550.
- The Aztec 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.
- We recommend 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 along Main Avenue and across the Animas River to the Aztec Ruins National Monument.

Residential Housing and Development

- Housing in Aztec grew by 173 units or 6.8 percent in the ten-year period from 2000 through 2009.
- 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.
- In jurisdictions heavily reliant on gross receipts taxes, a high employee/resident population ratio is desirable from a cost/revenue standpoint. 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.

- The City of Aztec should consider a housing needs assessment if circumstances dictate, such as an accelerated influx of workforce.

Strengths, Constraints and Opportunities Analysis

- Strengths
 - Growing population
 - Growing employment
 - Network of business resources
 - Public works and civic investment
 - Healthy downtown
 - Educational resources
 - Local food network
 - Tourism resources
- Constraints
 - Dominance of oil and gas extraction on economy
 - Mismatch between local jobs and labor force in selected industries
 - Aztec's dominant industries must attract workers from beyond the City
 - Limited supply of vacant land for industrial, office and commercial development
 - Room for improvement among Aztec's gateways
- Opportunities
 - Tout public and private investment
 - Enhance gateways
 - Connect to and coordinate with the network of available business resources
 - Consider opportunities to expand the inventory of land for development
 - Encourage the expansion, retention and recruitment of industries based on the industry cluster

Economic Development Action Items

- Coordinate Economic Development Programs and Support Services
 - Establish a City point person for economic development
 - Connect to and coordinate with the network of available business resources
 - Institute a regular meeting/information session with the various economic development organizations to exchange ideas and share information
 - Forge a public/private partnership with the local real estate brokers
- Business Development
 - Maintain an inventory of business resource providers and funding and financing programs
 - Identify and support "homegrown" entrepreneurial businesses
 - Get on the list to receive business location Requests for Proposals (RFP) from NMEDD
 - Participate in future activities associated with the Green Grid Initiative
 - Nurture small and entrepreneurial businesses through proactive assistance with site and building location, identification of business assistance programs
 - Create a formal entrepreneurship program

- Work with Farmington Convention and Visitors Bureau on ways to promote visitation in support of Aztec's hospitality, food & beverage, and retail businesses
- Continue to reach out to the private sector to maintain two-way communication on economic development issues
- Engage EDAB members as ambassadors in business outreach efforts
- Develop 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
 - Investigate opportunities to obtain USDA grant funding for economic development projects
 - 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)
 - Consider the creation of a tax abatement program and/or special taxing districts for new businesses
 - Provide for commercial rezoning of unimproved tracts of land in a comprehensive plan
 - Evaluate land zoning ordinances and development regulations to build flexibility that accommodates desirable, quality development
- Business Attraction and Retention
 - Conventional networking
 - Create a web site for Aztec's economic development
 - Tout recent public and private investment in public works, civic projects, and businesses
 - 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
 - Working with SJEDS, develop a list of companies in the community to be the focus of business retention
 - Construct an economic model to measure the economic benefit of business development
 - Install Wi-Fi in the downtown
- Workforce Education and Training
 - Support ongoing review and upgrade of San Juan College's curriculum and workforce training program
 - Provide and maintain an inventory of workforce and educational resource providers
 - Maintain awareness among local businesses of accessible educational and training resources
- Land Supply Analysis for Business Growth
 - Continue to monitor vacant land for commercial, office and industrial development through GIS
 - Continue to support creation of an industrial business park on state owned land
- Infrastructure Investment
 - Continue to support the East Aztec Arterial
 - Consider TIF as infrastructure funding mechanism for City's industrial/business park
- Investment in Quality of Life Factors Conducive to Business Innovation
 - Enhance gateways
 - Use social media to enhance awareness of economic development activities

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					
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					
Action 6: Install free Wi-Fi in the downtown	■				
Action 7: Continue to support creation of an industrial business park on state owned land					
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		■			
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					
Action 3: Participate in future activities associated with the Green Grid Initiative					
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					
Action 2: Provide and maintain an inventory of workforce and educational resource providers					
Action 3: Maintain awareness among local businesses of accessible educational and training resources					
Goal #4: To promote tourism and visitation in Aztec					
Action 1: Complete the Aztec Trails system					
Action 2: Enhance the western gateway into Aztec to divert visitors into the downtown		■			

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		■	■	■	■