



*Los Alamos County  
Economic Vitality  
Strategic Plan*

*January 2010*



## *Executive Summary*

The future can bring improved financial success and enhanced quality of life to Los Alamos residents. Ensuring sustained prosperity, however, will take considerable planning and cooperation between the community's public and private sectors. It will also require a commitment to investing in well-considered incentives, community infrastructure, and mutually important regional initiatives. By taking a holistic approach to planning, Los Alamos will ensure a prosperous future; one in which all its residents are afforded the opportunity to succeed.

The Los Alamos Economic Vitality Strategic Plan (EVSP) starts with the established vision and goals of the County, considers our strengths, weaknesses, opportunities, and threats for economic development, and identifies goals and a related action program for pursuit of the goals. Four goals have been identified:

- Support and retain Los Alamos National Laboratory (LANL) as the area's best wealth producing employer;
- Diversify the economic base;
- Increase quality of life opportunities; and
- Increase the availability of housing in the county, both affordable and at market rate.

These goals are highly interconnected and interdependent. Progress on the first two goals is highly dependent on the success of the others.

*A key to successful plan implementation will be formation of an economic development action team to coordinate and focus action in pursuit of the goals.*

## *Contents*

|   |    |
|---|----|
| Executive Summary   | 2  |
| I. Introduction   | 4  |
| II. Vision  | 5  |
| III. Situation  | 7  |
| IV. Goals   | 10 |
| 1. Support and retain Los Alamos National Laboratory (LANL) as the area's best wealth producing employer. |    |
| 2. Diversify the economic base  |    |
| 3. Increase quality of life opportunities   |    |
| 4. Increase the availability of housing in the county, both affordable and at market rate                 |    |
| V. Implementation   | 17 |
| Partner Resources for Economic Development Implementation   |    |
| Available Tools for Economic Development Implementation   |    |
| Performance Measures  |    |
| Appendices  | i  |
| A. Strengths, Weaknesses, Opportunities, Threats  |    |
| B. Relationship of Economic Vitality Goals to Comprehensive Plan Goals                                    |    |
| C. Targeted Industries  |    |
| References  |    |
| A. Community Profile  |    |
| B. Creating a Sustainable Los Alamos  |    |



## *I. Introduction*

Economic development is a multi-faceted approach to the development of policies and programs designed to preserve, enhance and promote a vibrant and successful local economy: “economic vitality”. A local economy that creates economic opportunity and wealth for its citizens is a major component of the quality of life experienced by the residents of the community. Business creation, recruitment, retention, and expansion are the classic methods of economic development.

Economic policy is rarely made in circumstances policy makers choose. Change occurs in any community whether planned or not. Successful communities shape and direct the patterns of change in order to obtain positive outcomes and to mitigate those issues and conditions that might negatively impact their economic future. Policy makers have to operate within constraints, recognize existing conditions, and deal with forces outside their control. A long-term perspective is important to effective action.

An Economic Development Strategic Plan was developed and adopted by the County Council in 1993. The County has been utilizing that plan over the years; however, many of the activities reflected within that document have been achieved and this Economic Vitality Strategic Plan serves as its replacement and is reflective of the current and future economic environment the County will need to address. The purpose of this document is to articulate the vision of what we want from our local economy in the future, describe the context within which we are currently operating, identify goals to effectively address these challenges, and outline potential actions to pursue the goals.

The document that follows presents a discussion of the current situation (as of October 2009), the vision expressed in the comprehensive plan and current County strategic plan, economic vitality goals, partnerships and tools relevant to economic development activities, and an initial action plan to pursue the goals. Several appendices provide supporting materials for the discussion.



## II. Vision

The community visioning process that was adopted into the Los Alamos County comprehensive plan contains three statements which directly address the local economy and two others which are relevant:

*Work Together: “The Laboratory and community are inseparable. We will support each other and work together to build one cohesive community. Los Alamos will be a showcase for use of laboratory-developed technologies that can help us (and others!) live better.”*

*Revitalize Downtown: “We will foster economic diversity by supporting existing and by attracting new businesses. The revitalized downtown, as well as retail development in White Rock and other neighborhoods, will enable citizens to satisfy their everyday needs locally.”*

*Diversify Economy: “We will create a vibrant, buzzing, pedestrian-friendly downtown that includes a central gathering place, nighttime entertainment, movie theaters and more retail stores and restaurants. A mixture of retail, office space and housing, an aesthetic face lift and the redevelopment of parking will help to create a compact and appealing downtown that people will use. A performing arts center can also serve as a convention center.”*

*Expand Education: “We will build on our strengths and traditions (such as science, environmental studies, archeology, and art) to create a world-class center of learning, which gives the community and the Laboratory the feel of a campus.”*

*Diversify Housing: “Expanding the economic diversity of the population will require redeveloped and integrated housing at a variety of price ranges so that firefighters, teachers, police, young people, and elders can live comfortably in our community.”*

These statements express a vision that economic development activities can be directed at fulfilling. Examples of the benefits from an enhanced focus on economic development may include but are not limited to:

- Sustaining and increasing the “quantity and quality” of the local economy. The “quantity” of the local economy is the sum of the money that flows into our community from funding sources outside of our community. These funding sources are referred to as “primary industries”. A prime example in our community is LANL. The “quality” of the local economy refers to the extent to which primary economic activity is consistent, regular, and reliable over time.
- Sustaining and creating meaningful employment opportunities for local and area residents. For most people, the amount of money they earn determines the range of lifestyle choices available to them. As such, their level of earnings is a key factor in their quality of life. New or retained primary industry jobs that compensate at levels equal to or greater than existing local averages are highly desirable as they help to maintain or increase this economic quality of life. Many important and meaningful jobs are not high wage jobs but these jobs are, and will continue to be, vital to creating the community vibrancy that is desired.
- Retaining an increased percentage of dollars that are currently expended outside of the community, i.e. reducing economic leakage. The more opportunities that local residents and workers have to meet their needs for goods and services locally, the greater the effect that primary earnings can have on sustaining and generating wealth in the community. This can have multiple effects. First, resident needs and desires for local amenities are addressed – there is improved “commercial quality of life” for these residents. Second, there is increased critical mass of local shopper traffic upon which existing local businesses can sustain and improve their enterprise. Additionally, reducing leakage will generate new and sustainable tax revenues for the County government and School District. Increased revenues enable the County to better respond to the community’s desire for quality of life “infrastructure” investment, (i.e. parks, roads, county facilities, trails, open space, etc.) and the school system to work toward upgrading aging infrastructure. All of these factors combine to enhance the ability for LANL and local businesses to retain and attract the “best and brightest” workforce needed to sustain and grow our primary economy.

The adopted vision statement heavily emphasizes retail development and quality of life features. Future revisions could focus more directly on our raison d’être and primary income producing activities, e.g.,

*“Los Alamos changes the world as much in the 21st century as it did in the 20th.”*



### *III. Situation*

Appendix A presents a Strengths, Weaknesses, Opportunity, Threat (SWOT) analysis for economic development in the Los Alamos environment. This analysis outlines the situation our community faces relating to economic vitality:

- Los Alamos' local economy is largely driven by the dollars that come here to support the Los Alamos National Laboratory (LANL). Currently, more than 97% of our primary industry activity is represented by LANL activities. With that situation has come relative prosperity. LANL compensates well and Los Alamos has among the highest median household income levels in the nation. Although LANL funding increased consistently through most of the 1990's, more recently funding has been flat. The funders of LANL work on an annual appropriations basis driven by politics, meaning, there are always concerns on a year-to-year basis about the stability of LANL's budget.
- Limited availability of land for development and limited commercial space has historically constrained the options available for locating businesses and other enterprises in appropriate settings. Land transfers and redevelopment initiatives are beginning to address these constraints. More land is or will soon be available than at any time in County history.
- Los Alamos is blessed with a deep, talented technology workforce that, currently, is well utilized. This workforce is drawn from throughout Northern New Mexico. LANL utilizes a large proportion of this talent and their data shows that they are increasingly drawing their workforce from outside of Los Alamos County.
- At the same time, the lack of qualified service workforce has proven to be a limitation for the types of businesses needing this type of worker. Other communities in the region are experiencing the same issue. As these workers receive relatively lower levels of compensation, it can be difficult for them to live in Los Alamos given our relatively high cost of living.
- There has been no population growth in Los Alamos County in the past thirty years. Population at the 1980 census was 17,599. In 1990, it was 18,115. In 2000 it was 18,354. The 2008 population estimate by the Census Bureau was 18,150.
- A demographic shift involves the age distribution of our population. The median age in the County increased from 33 years in 1980 to 38 years in 1990, to 41 years in 2000, and to an estimated 45 years in 2008. The median age of New Mexicans in general in 2008 was estimated by the Census Bureau at 35.8 years. The proportion of our population aged 25

to 44 decreased by 36% between 1980 and 2008. Citizens in this age range now comprise just 21% of our population compared to 26% of the general New Mexico population. The population in the age range of 25 to 34 has dropped by more than 50% while the population over age 55 has more than doubled. This shift, coupled with an increasing tendency of people who work in our County to commute to their jobs here rather than to live here suggests that, fewer young adults are able to find jobs here or they are choosing to live elsewhere.

- The cost of living in Los Alamos County is relatively high. The most recent Association of Chamber of Commerce Research Association (ACCRA) cost of living study shows a composite index of 110.3. The average for all communities participating in the study is 100. The major driver of the above average composite index is a housing cost index value of 136.2.
- Los Alamos has unusually high housing prices for a small, remote community. There is limited housing choice in a variety of housing price ranges.
- In response to community surveys, citizens have consistently expressed their desire for increased retail options in the community to meet a broader range of needs here. In comparison to national norms, Los Alamos is underserved in terms of retail square footage and retail spending at local establishments per capita is far below norms even when adjusted for small community size and high income levels.
- The attractive setting of Los Alamos, outdoor recreational opportunities, and the quality of our public education system remain strengths.
- County government is currently in a strong financial position. The 2006 transition of LANL from being operated by a non-profit entity that was not taxed for a large part of their gross receipts to a for-profit operator liable for significantly greater taxes has produced substantial new revenues.
- Los Alamos Public Schools (LAPS) faces continuing pressure and uncertainty with respect to its operating budget. LAPS' ability to supplement its operating budget without negatively affecting State funding is important to sustaining high quality operations.
- Aging infrastructure, both County and Public Schools facilities, is a significant concern. Many facilities and systems, built at the same time decades ago, have or are reaching the end of the functional life and require significant investment to modernize or replace. Recent successful referendums have addressed working on infrastructure issues.

## *Profile*

Los Alamos Commerce and Development Corporation (LACDC) maintains a community profile providing detailed statistical information and demographic analysis important to understanding the Los Alamos economy (reference document A). In addition, LACDC and Los Alamos County worked with Policom, Inc. in 2005 to produce an analysis of the Los Alamos economy (reference document B). These materials provide additional important statistical and analytical perspective on the current situation.

## *Progress on Prior Plans*

There have been a number of significant accomplishments since the last economic development plan was adopted including downtown planning, regulatory reforms, development of affordable housing, development of space for research and development activities, establishment of a local program to utilize NM Local Economic Development Act authorities, a town hall on land use, land transfers from DOE to the County and schools, White Rock planning, successful referendums supporting significant County and schools infrastructure investments, transportation system improvements supporting citizen mobility, initiation of a proactive business recruitment initiative, and development of a “regional economic development strategic plan”

*The challenge is to continue with an economic development policy  
that will continue and accelerate progress.*



#### *IV. Goals*

Four goals have been identified to provide the basis for action. Each of these goals is discussed in the following sections. The goals are highly related to the adopted goals and objectives of the Los Alamos County Comprehensive Plan. Appendix B provides a listing of the related comprehensive plan goals corresponding to the goals. In addition, a handful of goals are discussed to supplement the existing, adopted goals in the comprehensive plan.

##### *1. Support and retain LANL as the area's best wealth producing employer*

Goal:

*LANL remains the nation's premier national security and science laboratory.*

It stands to reason that job #1 in any effort at economic vitality is pursuit of practical, achievable initiatives to support the continued success of the economic base that we already have in Los Alamos. The principal economic asset of Los Alamos County and Northern New Mexico remains Los Alamos National Laboratory (LANL). The Laboratory is the cornerstone of our economy in that it is, by far, the largest employer in the community, it provides a resource for attracting and growing additional economic activity in the area, and in that it provides much of the local tax base. While another goal of this plan, economic diversification, is also important, we must not ignore the most important, most immediate means of sustaining our local economy.

Can we as citizens of Los Alamos County really have an impact on retaining and supporting the behemoth \$2 billion per year national laboratory?

Other communities (e.g., Alamogordo and Clovis in NM) have established vigorous local advocacy groups for their respective military bases that have successfully influenced Federal policymakers to preserve the bases and their missions.

The community can also play a role in supporting LANL's recruitment and retention of the best and brightest employees. An attractive, functional community to live and work in is a critical factor for recruiting and retaining a quality workforce for the lab and non-lab businesses and organizations as well. Factors important to this include: selection, affordability, and value perception of housing; quality of the educational system, desirability of the natural setting, variety and quality of recreational opportunities, sufficiency of the retail sectors for serving basic needs, and perceived safety (both from environmental concerns as well as from crime) of living here. A diverse economy is also a consideration for newcomers as it plays a role in providing non-LANL employment for family members and outlets for creative aspirations for LANL recruits outside of the interests of the LANL mission. It also signals the prospect of employment alternatives in the event that LANL employment does not work out.

## *Potential Supporting Actions*

- Establish robust LANL Advocacy program in region.
- Support development of research centers outside of LANL and encourage them to pursue programs that could result in significant program "spin-in" to LANL.
- Develop outreach event series (partnered tech/community briefings) established and well attended (key congressional staff, CEO/CTO's, investors, etc.)

## *2. Diversify the Economic Base*

Goal:

*Los Alamos doubles the amount of primary income derived from non-LANL sources.*

Diversification refers to the extent to which we can broaden our base of primary industry. Primary industry activities are those that bring dollars into the community and region from other places. In past studies, more than 97% of our primary industry activity has been estimated to be derived from LANL activities. This is the proverbial “all our eggs in one basket” situation that exposes our community to increased risk in the event that LANL experiences fluctuations in their funding. Diversification is important as a means to provide a hedge against downward fluctuations in LANL funding.

Our local economy is the sum of the dollars that flow into Los Alamos from outside of our local economy in payment for goods and services that we produce, or as payments related to investments and entitlements owned by our citizens. The activities that correspond to these dollars are called our “primary” industries. The wealth that our primary industries bring into our community is mixed and churned within the economy, circulating from business to business, person to person, until it is eventually consumed and leaves our local economy. Contrast primary economic activities with local market economic activities such as local retail and service activities that depend on primary industries to fuel them. While local market activities have an important role to play in their own right (see Goal 3 below), they are not generally the method for bringing diversified dollars into the local economy.

The quality of the diversification potential must also be considered. Los Alamos is a relatively high income community. High quality diversification creates jobs that increase the per capita income in the community. The average annual earnings per worker for jobs located in Los Alamos is about \$60,000, so diversification efforts will ideally aim at diversification opportunities that support or improve this level of average income. This level is very high, and there are a limited number of primary industries that support jobs at this level.

The range of opportunities for high quality diversification in a remote setting with a high cost of business is fairly limited. Think of it this way: if a business can operate just as effectively in Albuquerque or Dallas where there are relatively low costs of doing business and workers are easier to come by, why would they even consider Los Alamos?

Our diversification efforts must build upon our strengths and competitive advantages as a business location. Los Alamos' remote location and relatively high cost of business mean that we rarely will have opportunities to create diversification through new activities that bear no relationship to our existing primary economic engines unless the new businesses can be incentivized in other ways. Activities that gain advantage and value by locating closely to our existing economic engines will often be our best diversification candidates. For instance, a business that locates in Los Alamos because LANL is a key customer can also bring diversification benefit to the extent they also work for customers outside of our local economy.

Economic diversification in Los Alamos can be accomplished in a number of ways. Obviously, economic activity that is totally unrelated to the Lab is the most diversified, but it is also the most difficult to accomplish. Diversification of the sources of funding for LANL activities is another important economic diversification potential. Funding for new programs outside of LANL's traditional funding streams also bring new dollars into the community and diversify the Lab (thus community) funding portfolio. This kind of diversification builds upon existing strengths so can be more straightforward to achieve.

In many ways, Los Alamos is well positioned as a location for activities where success is founded on technology ideas, information and innovation. Our history is rooted in successful technological development on a grand scale. The Los Alamos "brand" is instantly recognizable to scientists and technologists world-wide. The residents of our area include a very high concentration of highly educated and skilled scientists and technology workers. The interdisciplinary nature of the work at LANL means that we have talent on hand in a broad variety of scientific disciplines working on a broad set of interests. LANL is a world-class research & development institution that has the potential to garner the attention of "new economy" business and industry leaders worldwide.

To the extent that other diversification opportunities present themselves, these will need to be actively worked to determine viability and fit as well.

Another strength to build on is the County's location close to various natural resource amenities such as national parks, monuments, science museums (Valles Caldera National Preserve, Bandelier National Monument, Pajarito Ski Hill, Bradbury Science Museum, Fuller Lodge and the historical significance of Los Alamos National Laboratory) and an abundance of trails and bikeways that provide access to vast natural resources. Los Alamos County is a "Gateway Community" to these attractions. Gateway communities have the potential for hosting tourists and other visitors' attracted to these natural, cultural and educational resources. Although most jobs generated by this type of economic activity would be expected to compensate far below existing average wage levels, taking advantage of our gateway location can support the goal of increasing quality of life opportunities while also offering modest potential for bringing new dollars into the local economy.

Although their role is not economic diversification, local market businesses and activities also play a crucial role in this Economic Vitality Strategic Plan and are addressed in Goal 3: Increase quality of life opportunities.

### *Potential Supporting Actions*

- Brand and promote Los Alamos in support of and consistent with this Economic Vitality Strategic Plan. Branding should effectively communicate a credible story of what is unique about our community (example ideas for branding themes could include, but should not be limited to "Energy City", "Science City," "Discovery City," "The Smartest Place to Be," or similar.)
- Establish a world-class higher education program in science, technology, and engineering, graduate and/or undergraduate.
- Assure every property in LA has access to broadband communication service.
- Establish one or more advanced technology centers in place outside LANL focused on 1) energy & energy security); 2) advanced analytics & data visualization; 3) biomedical; or 4) cyber security. These center(s) feature space for a) spin-offs and collaborating outposts of tech companies; b) outposts of academic research activities; c) LANL collaborating activities.
- Construct hotel, conference center, and tech attraction in downtown.
- Promote LA as a community testbed and model for emerging technologies, including hydrocarbon-free living, energy production, and modern energy distribution.
- Construct several new technology facilities to attract high end companies.
- Seek to have headquarters of any new Valles Caldera-related National Park or Preserve unit located in Los Alamos County.
- Reestablish scheduled commercial passenger air service.

### *3. Increase quality of life opportunities*

Goals:

***Los Alamos is the community of choice as the place to live for all of our workforce, including young adults and entrepreneurs.***

***Most everyday goods and services are available locally with reasonable selection at competitive prices. Los Alamos is increasingly attractive to our commuter workforce as a place to shop and dine.***

A well rounded, high quality of life proposition includes the ability to meet expectations for shopping and entertainment where one lives. Although Los Alamos has tremendous attributes in a variety of other areas that are important to the quality of life equation, we fall short in regard to the availability of retail and entertainment amenities that our

population desires. Relative to both our population and our level of per capita personal income, Los Alamos captures a small amount of retail expenditures within the community and experiences severe leakage of retail expenditures to other parts of the State. Local expenditure of per capita personal income in Los Alamos County is about 11% versus the State average of 44% and the national average in high income counties of 35%. In Los Alamos this means that 89% of the per capita available is spent outside of our community; retail sales per capita in Los Alamos County is less than half of the average for New Mexico as a whole (\$4065 versus \$8697) and fares even poorer against national benchmarks.

Does this mean that people who live here have lesser needs than those that live in other places? The evidence says “no”. Retail “leakage” studies to ascertain the outflow of Los Alamos resident retail dollars have determined that over 60% of Los Alamos retail expenditures are made outside of the County. Furthermore, surveys of County residents have consistently shown that increasing the variety of retail opportunities and adding a discount general merchandise store to our retail mix is a strong desire.

Retaining LANL as our economic engine is one of the goals detailed earlier in this plan. LANL has stated it has a difficult time recruiting and retaining workers due to a variety of factors including the absence of community amenities such as shopping/entertainment.

Limited and underutilized land have constrained the potential for retail/entertainment uses to develop here in the same way these uses have developed in other similar markets. Comparing Los Alamos to national benchmarks shows that we have about 16 square feet of retail space in use per capita whereas nationally there is an average of 40 square feet for similar sized market areas. The approval of a new downtown development code (enabling denser downtown development) and the current initiative to market land for potential retail development in White Rock and at Trinity Site downtown is the first break in many years to provide significant space potential for retail development.

Having a place for retailers to locate, by itself, does not solve the problem of increasing opportunities. Although our market has high disposable income and is underserved by many measures, we do still have the problem of being a small (population) market and one that has shown no population growth potential. When developers are considering their alternatives for investment in retail development, our community competes with other communities that may also be underserved but have a larger population and are exhibiting growth. The other communities may also exhibit a more diversified underlying base economy so appear less risky as a place to make investment. They also may be working more effectively to address the availability of workers for the retail establishments through “workforce” housing, transit, and other initiatives. These factors are challenges to overcome in effectively competing for interest in retail investment in our community.

There are other challenges as well. Through the approved Downtown Plan, we have adopted a vision of relatively dense, mixed-use development that is not generally a match to the typical development approach for modern-day retail in small communities. The current norm for retail development in small, rural communities is to create spread out developments and very simple, inexpensive construction. We will need to sell future retail developers and operators on the vision we seek to achieve, and it may be necessary to incent the vision we are after. We also have the challenge of how to assist and integrate our existing retail businesses to benefit from increased retail development. Our goal should be to provide every opportunity for existing businesses to succeed in a changed environment. This

points to utilizing some of the financial gains from new retail development in ways that support our existing retail community. Finally, if progress on downtown redevelopment is perceived as too slow, there may be a temptation to allow retail uses to sprawl onto undeveloped lands that the County possesses and is acquiring through the land transfer process. This could work against achieving the vision of the Downtown Plan and make integration of the existing retail businesses more difficult.

### ***Potential Supporting Actions***

- Establish anchoring retail store(s) [note: “anchoring retail” refers to retail activity that anchors shopper traffic in LA. Although a “retail anchor store” like a big box general merchandise store can be a part of this, it, by itself, is not all that is needed]
- Fully implement Los Alamos Creative Culture District (10/10/10 goal exceeded)
- Construct Teen Center
- Establish high-end (very nice, green) substantial RV/camping park
- Establish a world class sporting event

#### ***4. Increase the availability of housing in the county, both affordable and at market rate***

Goal:

***Quality housing is available at reasonable prices across a broad spectrum of types, styles, and sizes. Homes and neighborhoods present a positive community image.***

There are several reasons why the number of housing units in the county needs to be increased. In many ways, housing is a linchpin issue as other key economic issues we face are highly interrelated. The availability (selection) and perceived value of housing in the community is seen as an important issue because of the impact on the cost and availability of workforce. Due to limited supply and high demand, the cost of housing has escalated to twice the state average. Middle income workers, such as unskilled and skilled workers, public school teachers and law enforcement officers, have a difficult time purchasing a home in our community. LANL has acknowledged that it has a difficult time recruiting workers due to the selection and cost/value perceptions as well as the absence of other community amenities. In order to diversify the economy, housing will be needed for the employees of the new enterprises which would create the diversification.

In addition, changing demographics are reducing the number of housing units available for the Los Alamos workforce. Smaller, more fragmented families are a national trend we share. An aging population also means a reducing household size. The reduction in household size from 1990 to 2000 meant that the increase in housing built in the community during that time was completely absorbed just to maintain a constant population. Continuation of that trend would mean we need to add 30 houses per year just to maintain a static population level. We are currently averaging an addition of five to ten houses per year.

While LANL certainly generates a large amount of income to residents of the region, Los Alamos County is only benefiting from a portion of it. The lower the percentage of workers commuting from outside the county, the greater our community's potential for capturing a greater share of the benefits of having LANL in the community. Recent trends have been for new LANL employees to increasingly reside in other communities.

The County's population has remained static for thirty years. This works against supporting the growth of existing retail establishments and capturing the interest of retailers who might locate here in the future. The ideal for retailers is a market in which there is growth and some churn in the customer base they serve.

For these reasons, it will be important to establish goals for population and housing growth. These goals must be consistent with other related plans such as those that address capacity of water supply, infrastructure, and education system.

Relative to the issue of increasing the availability of housing, a key challenge is identifying land upon which new housing can be developed. With respect to "affordable" housing, the high market value of buildable land because of scarce availability is another challenge. Although there is finally lands coming to the County from the land transfer process, there are legitimate differences of opinion about the appropriate uses for these lands. Competition for uses means that some or all of these lands will not be considered for addressing future housing needs.

Rehabilitation or redevelopment of the existing housing stock could play a role in addressing this goal. Affordable housing need not all be new housing, but it will need to be of acceptable quality to be appealing.

Availability of housing product that is matched to the needs and desires of the senior population is another potential piece of the solution. This type of housing, beyond addressing a market niche of expanding options for a growing senior population, could also enable greater turnover in single family housing currently occupied by empty-nesters into use by larger or growing families.

Infrastructure to support increased housing is also an important limiting factor. Things like the capacity of the sewer plants, electrical system, water system, roads, and schools all must be considered. In preparing the report, "Creating a Sustainable Los Alamos," Bill Fruth of Policom interviewed representatives of Los Alamos County and Los Alamos Public Schools to get a sense of the capacity of infrastructure to support additional housing. The conclusion was that "...while the exact capacity of the various systems is not known, it would be reasonable to assume a population increase to approximately 25,000 people will not place a significant burden on the existing infrastructure." This conclusion will certainly require close study when considering potential future development. Subsequent study by the County of water and utility infrastructure has concluded that sufficient capacity exists to support growth to a population of 32,000 by 2050. There has not yet been further study of the education infrastructure, although recent declines in enrollment have the schools seeking out of district students.

### ***Potential Supporting Actions***

- Create additional independent senior housing/condos.

- Encourage construction of affordable "green" housing units (see Los Alamos Affordable Housing Plan for definition of affordable).
- Develop policy and master plan for development of A-19; model development for environmental sustainable practices; market to commercial and residential builders.
- Establish realistic targets and goals for population and housing growth.

## V. Implementation

The Economic Vitality Strategic Plan envisions pursuing the goals through a partnership of community entities that are positioned to play important roles. Although County government has one of the most important roles to play, economic vitality will be far more likely to be achieved and sustained through this partnership. To the extent that the roles of partnering organizations are blended into a focused effort at pursuing the goals, the overall plan will achieve greater success. Assessment of results will be an assessment of the overall effectiveness of the partnership. A coordinated team approach should be used, with the team comprised of representatives of key partners and key staff working together to achieve the goals of this plan. The County Administrator has the primary responsibility for the implementation role of the County. The following table presents information about potential partners:

### *Partner Resources for Economic Development Implementation*

| <i>Partnership Resource</i>                  | <i>Role</i>   | <i>Type</i>   |
|--|---|---|
| County Administrator's Office (CAO)          | Coordinator of County government resources/ Leader of County involvement/ recommender of allocation of County budgets | \$/staffing   |
| Community Development Department (CDD)       | Development regulator   | Staffing  |
| Utilities Department                         | Infrastructure provider   | \$/staffing   |
| Public Works Department                      | Infrastructure provider   | \$/staffing   |
| Lodger's Tax Board (LTAB)                    | \$/ for visitor/tourism projects  | \$/volunteers   |
| Economic Development                         | (formerly Self Sufficiency) Fund  | \$/ to invest in projects to build economy and tax base |
| Los Alamos Airport                           | Transportation infrastructure/ Potential place for development  | Transportation infrastructure                           |
| County-owned lands                           | Potential place for development   | Land  |
| Los Alamos Public Schools (LAPS)-owned lands | Potential place for development   | Land  |
| Privately-owned lands                        | Potential place for development   | Land  |
| Los Alamos MainStreet program                | Downtown promotions, business community link, project facilitation  | Staffing, corporate history on downtown plan            |

*Partner Resources for Economic Development Implementation (continued)*

| <i>Partnership Resource</i>                              | <i>Role</i>   | <i>Type</i>  |
|--|---|--|
| Chamber of Commerce (LACoC)                              | Business community link   | \$/Staffing/volunteers   |
| UNM-LA Small Business Development Center (SBDC)          | entrepreneur assistance & training  | Staffing/\$  |
| Los Alamos Research Park (LARP)                          | Potential place for technology/R&D activities   | Land/Facilities  |
| Meeting & Visitor Bureau (LAMVB)                         | Visitor/tourist promotion/reception   | Staffing   |
| Los Alamos Commerce & Development Corporation (LACDC)    | Facilitator/coordinator of private sector involvement; facilitator of recruitment, retention, and expansion projects; Information source; initiator of projects; operates LACoC, Main Street, LAMVB, LARP, and SBDC | Staffing/volunteers/corporate history/projects/\$  |
| One-Stop Center  | Employer resource   | Staffing assistance  |
| Northern Area Labor Workforce Development Board (NALWDB) | Regional policy and resources for workforce development   | Coordination/\$  |
| Housing Partnerships                                     | Supporter/implementer of housing projects   | Program  |
| State Government   | Economic Development Department; NM Partnership; NMMFA  | Leads/Programs   |
| Regional Development Corporation                         | Regional Link   | Staffing   |
| National Nuclear Security Administration (NNSA)          | Steward of LANL property and customer of LANL activities  | Oversees and evaluates LANL  |
| University of New Mexico-Los Alamos                      | Workforce development. Initiator of educational initiatives.  | Workforce development & source of or partner in educational initiatives.                         |
| Los Alamos National Laboratory (LANL)                    | Primary employer  | Source of commercializable technologies & innovation/ source of demand for commercial activities |

## *Supporting Actions*

Implementation of this or any Strategic Plan requires “setting the stage” with coordinated policies and mechanisms for coordinating actions. Several important to implementing this plan are listed below:

- Establish Economic Development Action Team.
- Set and monitor joint ED goals with Community, NNSA, and LANL.
- Develop a plan/vision for long-term growth objectives.
- Provide forums for public education on ED issues and for business networking.
- Continue and enhance local economic development incentive program.
- Define terms and measurement mechanisms for public investment leverage and bring to Council for approval.
- Establish policy for budgeting economic development support. Provide implementation resources.
- Land always available “in the cupboard” for development and/or redevelopment (R, C, and M zoning categories).
- Engage with regional workforce development initiatives to provide mechanisms to improve the ability of employers to connect with qualified staff. Support workforce recruitment/retention resource development.
- Become a business/developer/builder friendly community. Make administrative changes to improve coordinated permitting, with all needed information for developers and builders provided upfront.
- Review the County’s Vision Statement and update to increase focus on primary mission and income producing activities of the community.

There are a variety of tools and programs that may be applicable to implementing plans. The following table describes many of the available tools:

*Available Tools for Economic Development Implementation*


| <i>Tool</i>                                       | <i>Summary Description</i>   |
|---|--|
| Local Economic Development Act (LEDA)             | State law enabling municipalities to expend an amount equivalent to up to 10% of their annual general fund budget for incentives for private sector primary industry economic development activities. Prior to LEDA, such incentives were prohibited by the anti-donation clause of the State constitution.  |
| Tax Increment Financing (TIF)                     | The concept of using tax revenues that will be generated by a private project as a source of repayment for public financing of infrastructure and other public investment needed to enable the project.  |
| Metropolitan Redevelopment Area (MRA)             | State law enabling a municipality to designate redevelopment areas under certain circumstances. An MRA designation can enable use of various legal and financing options.  |
| Economic Development Fund                         | A self-sufficiency fund (now known as the Economic Development Fund) was established by the County from proceeds of the 1994 “buy-out” of future Department of Energy assistance payments. The fund was established for economic activities development with the specific purpose of increasing the self-sufficiency of the County government.   |
| Zoning  | The legal designation and entitlement applied to real estate that entitles (and regulates) use and development of the property.  |
| Business Improvement District (BID)               | State law enabling a voluntary designation of an area by the property tax payers within the area for the purpose of assessing additional taxes within the area for the improvement of that area.   |
| Policy  | Enabling legislation and/or interpretations of legislation that provides a framework and direction for action.   |
| NM State Economic Development incentive programs  | <p>State law provides a number of incentive programs and tax credits that may have relevance to economic development efforts depending on circumstance:</p> <ul style="list-style-type: none"> <li>• Job Training Incentive Program</li> <li>• Step-Up Program for Job Training</li> <li>• High Wage Jobs Credit</li> <li>• Rural Jobs Tax Credit</li> <li>• Manufacturing Investment Tax Credit</li> <li>• R&amp;D Small Business Tax Credit</li> <li>• Technology Jobs Tax Credit</li> <li>• Industrial Revenue Bonds</li> <li>• Community Development Incentive Act</li> <li>• Childcare Income Tax Credit</li> </ul> |
| New Mexico Finance Authority (NMFA) SMART program | Loan participation and credit enhancement programs to support economic development activities in certain circumstances.  |

## *Performance Measures*

Once an action plan has been approved and implementation has begun, it is important to be able to track and measure the performance of that plan over time. This is critical in insuring that the plan is meeting its stated objectives, the results are as anticipated, and when necessary modifications can be made to deal with issues that may arise. Key performance measures for evaluating the long-term success of the program include:

- Primary Industry Earnings (trend)
- Per capita income and changes in income
- The County's employment rate, the ratio of jobs to labor force
- Change in revenue streams to the County – especially gross receipts tax, lodger's tax, and property tax
- Investment in the community
  - \* Valuation of residential building permits
  - \* Valuation of commercial building permits
  - \* Valuation of public investments (govt. & schools)
  - \* Leveraging of investments
- Changes in total property valuations
- Percent of students coming to community who become residents within five years of their coming here.
- Affordability of available housing for service workforce
- Per capita Retail Sales over time
- Population
- Citizen surveys of overall satisfaction rates
  - \* With availability of commercial services
  - \* With housing cost/quality/availability
  - \* With Quality of Life
- Financial condition of County Govt. and LAPS

Reasonable and realistic metrics relating to action plans should be developed consistent with these measures. It must be recognized, however, that external factors that are beyond the control or means of the community to affect also have a great deal to do with the outcomes that can be achieved. Informed judgment will be required to assess



performance taking into account both the effects of external factors and how they have enabled/constrained program results.

Goals for the performance measures should be developed periodically by the coordinating team. The goals will correspond to the planned implementation activities planned for the corresponding timeframe.

### *Update Action Program*

The action team will periodically review the action program and recommend appropriate revisions.

inc: Appendix A-C

*Appendix A*  
**Strengths, Weaknesses, Opportunities, & Threats (SWOT)**  
**For Economic Development**

|  |  |
|--|--|
| <p><b><i>Strengths</i></b></p> <ul style="list-style-type: none"> <li>• Perceived attractiveness of quality of life</li> <li>• Attractive Setting (natural, recreation, historic)</li> <li>• Size of community (attractiveness of small town environment)</li> <li>• Effective, high performing school system</li> <li>• Accessibility of Federal leadership</li> <li>• Strong “brand” identification (in technology world)</li> <li>• Effective “hook” to bring people / ideas to Los Alamos (physical &amp; software)</li> <li>• Low unemployment</li> <li>• Historical growth of LANL budget</li> <li>• Financial strength of County government</li> <li>• Locally owned financial institution</li> <li>• Highly skilled, educated workforce</li> </ul>   | <p><b><i>Weaknesses</i></b></p> <ul style="list-style-type: none"> <li>• Geographical location (remote)</li> <li>• Availability of qualified workers (service workforce)</li> <li>• High cost of business</li> <li>• (lack of) Size/growth of population (consideration for some businesses)</li> <li>• Retail leakage – lack of sufficient retail infrastructure</li> <li>• perceived low “shopping/dining quality of life”</li> <li>• (lack of) Selection/quality/value of commercial space</li> <li>• (lack of) Selection/quality/value of housing</li> <li>• Aging infrastructure (schools, utilities) – reliability issues</li> <li>• Aging population/young demographic is thin</li> </ul>   |
| <p><b><i>Opportunities</i></b></p> <ul style="list-style-type: none"> <li>• Development of tech business opportunities outside Lab</li> <li>• Downtown Redevelopment</li> <li>• Higher Education Center</li> <li>• Converting federal assets to commercial activity</li> <li>• High-end tourism (Valles Caldera; “Gateway City”)</li> <li>• Regional cohesion opportunities /synergies (infrastructure)</li> <li>• Workforce development/availability (become “region of choice”)</li> <li>• Effective engagement of LANL/NNSA leadership behind community vision</li> <li>• Land transfer (from DOE)</li> <li>• Political Action: local, state, federal</li> <li>• Address employee recruitment/retention issue</li> <li>• Use of County Self Sufficiency Fund for economic development</li> <li>• Improve housing stock</li> </ul> | <p><b><i>Threats</i></b></p> <ul style="list-style-type: none"> <li>• LANL/DOE <ul style="list-style-type: none"> <li>* Instability of DOE policy</li> <li>* LANL decision making that disregards community impact (e.g. road closures, workforce schedule changes, leasing policy)</li> <li>* Lab budget cycles</li> <li>* Lab security measures (closed community)</li> </ul> </li> <li>• Regional <ul style="list-style-type: none"> <li>* Isolation within the larger NM community</li> <li>* State legislature actions</li> <li>* Keeping up with competing communities; attracting business</li> </ul> </li> <li>• Perceptual <ul style="list-style-type: none"> <li>* Entitlement mentality re: federal government</li> <li>* Fear of change</li> </ul> </li> <li>• State/National economic climate</li> <li>• Lack of workforce</li> <li>• Congressional actions restricting tech transfer</li> <li>• School \$\$\$</li> <li>• Failure to engage political action at local, state, federal levels</li> <li>• Another fire</li> <li>• Failing businesses</li> </ul> |

*Appendix B*  
**Relationship of Economic Vitality Goals to Comprehensive Plan Goals**

*Goal 1. Support and retain LANL as the area's best wealth producing employer*

Related Comprehensive Plan Goals & Objectives

2.C.1 The County should maintain a strong and positive working relationship with the Los Alamos National Laboratory (LANL), U.S. Department of Energy, the National Nuclear Security Agency, and the New Mexico congressional delegation to keep LANL strong and viable.

2.C.2 ... the County should implement its business retention goal.

2.B.2 The County should participate in the regional transportation system to encourage more participation of non-county residents in the Los Alamos County labor force.

4.A.3 The County should work to encourage the development of coordinated and synergistic educational program elements with the Laboratory and educational institutions.

11.A.1 The County should encourage and facilitate regular meetings for Laboratory and community leaders to share information and discuss common issues, which may include transportation, work-force planning and benefits, health care, child care, education, emergency planning, Homeland and Laboratory security, land use planning, housing, new technology applications and opportunities for entrepreneurs.

11.A.2 The County should seek to be involved in Laboratory-related issues that impact the community.

11.A.4 The County should continue discussions with the Laboratory and with the National Nuclear Security Administration (NNSA) to prepare and execute a Memorandum of Understanding on a process for working together.

Additional Recommended Goals & Objectives

- Contribute to improved staff recruitment and retention outcomes by LANL.
- Contribute to LANL success in achieving their small business and regional procurement goals.
- Engage with LANL on mutually beneficial projects that will contribute to LANS ability to maximize their contract fee.

## *Goal 2. Diversify the economy*

### Related Comprehensive Plan Goals & Objectives

2.A.2 Through its economic development programs, the County should identify and provide financial programs and incentives to foster entrepreneurship of county residents.

2.A.3 The County should develop the necessary infrastructure for 100 acres of business parkland by 2009 and should provide appropriate land use regulations to support appropriate industrial development.

2.A.6 The County should support development of the educational institutions described elsewhere in the Plan.

2.B.3 The County should develop a County government/local businessperson communication system to determine business needs and opportunities that the County government can address.

4.B.1 The County and/or a public-private consortium should plan and develop appropriate venues for conferences and the performing arts, which will serve as the heart of our world-class center of learning.

### Diversify the Economy

- \* Adopt economic development strategy
- \* Bring a development plan for the White Rock land transfer Parcel A-19 to Council no later than the end of FY '06
- \* Maximize available land for business and housing diversification
- \* Increase number of non-LANL jobs
- \* Increase number of visitors

### Additional Recommended Goals & Objectives

- Promote growth and diversification of funding sources for primary economic activity. Define what is meant by “non-LANL jobs”
- Add targeted industries. Appendix C

### *Goal 3: Increase quality of life opportunities*

#### Related Comprehensive Plan Goals & Objectives

2.A.5 The County should facilitate the redevelopment and assemblage of land in downtown Los Alamos for retail development, including volume discount retailers, mixed use, hospitality and professional uses that fully utilize the community's attributes.

2.B.1 The County should seek expansion of the Los Alamos retail service sector to capture at least 20-percent of the County's total per capita income by the year 2015 enabling citizens to satisfy their everyday needs locally.

2.B.4 The County should prepare and implement a "downtown" plan for White Rock.

2.B.5 The County and the community should provide incentives as delineated in the County's economic development assistance program for existing retail space to be renovated.

4.B.4 The County should create and implement a plan to address the need for an appropriate variety of housing for visitors engaged in educational activities.

12.A.6 The County should assure adequate public parking through a combination of on-street parking, parking lots and "park once" structures.

13.A: Downtown Los Alamos includes a mixture of housing, retail, entertainment, office space, and services that draw residents, visitors, and commuters to downtown during weekday and weekend daytime and evening hours.

13.A.1 The County should facilitate the development of convenient retail that will offer a broad selection of regionally competitively-priced merchandise to meet residential retail needs locally.

13.B.1 The County should develop the downtown utility and multi-modal transportation infrastructures to sustain the revitalized downtown.

13.B.2 The County should relocate public maintenance and operation facilities out of the downtown area and redevelop these sites with compatible downtown uses

13.B.3 The County should develop its administrative, service, and open space downtown properties in such a manner as to attract and support private investment in the downtown area by providing open space and public gathering areas.

#### Additional Recommended Goals & Objectives

- Make the Trinity Site available for redevelopment.

- Support the successful implementation of private sector redevelopment projects.
- Bring \$30 million of private investment into White Rock and Los Alamos downtowns. For every \$1 of public investment, leverage it with at least \$5 of private investment.

***Goal 4: Increase availability of housing in the county, both affordable and at market rate***

Related Comprehensive Plan Goals & Objectives

3.A.6 The County should promote the efficient use of its infrastructure by encouraging in-fill of existing developed areas and downtown residential development.

4.B.4 The County should create and implement a plan to address the need for an appropriate variety of housing for visitors engaged in educational activities.

5.A.6 The County should regularly evaluate the amount, distribution of, and need for affordable and mid-range priced housing.

13.A: Downtown Los Alamos includes a mixture of housing, retail, entertainment, office space, and services that draw residents, visitors, and commuters to downtown during weekday and weekend daytime and evening hours.

Additional Recommended Goals & Objectives

- Support the successful implementation of private sector redevelopment projects.
- Establish appropriate goals for both new housing units and affordable housing units in Los Alamos County by 2020 (including affordable housing).
- Develop and implement a mechanism for improvement / redevelopment of existing housing stock by 2011.

## Appendix C Targeted Industries

| <b>NAICS<br/>CODE</b> | <b>Sector Description</b>   | <b>Estimated USA<br/>2005 Wage</b> | <b>Employed in<br/>USA - 2003</b> |
|-----------------------|---|------------------------------------|-----------------------------------|
| 511210                | Software Publishers   | \$109,368                          | 235,380                           |
| 54138                 | Testing Laboratories  | 64,165                             | 143,543                           |
| 541511                | Custom Computer Programming Services                                | 83,656                             | 485,400                           |
| 541512                | Computer Systems Design Services                                    | 82,591                             | 443,155                           |
| 541513                | Computer Facilities Management Services                             | 66,878                             | 56,803                            |
| 54161                 | Management Consulting Services                                      | 72,079                             | 636,671                           |
| 541614                | Process, Physical Distribution, and Logistics Consulting            | 64,588                             | 70,564                            |
| 541618                | Other Management Consulting Services                                | 71,497                             | 87,890                            |
| 541620                | Environmental Consulting Services                                   | 56,783                             | 62,045                            |
| 54169                 | Other Scientific and Technical Consulting Services                  | 63,086                             | 58,398                            |
| 541710                | Research and Development - Physical, Engineering, and Life Sciences | 79,445                             | 464,565                           |
| 54199                 | All Other Professional, Scientific, and Technical Services          | 46,459                             | 43,680                            |
| 61131                 | Colleges, Universities, and Professional Schools                    | 43,667                             | 964,858                           |
| 611420                | Computer Training   | 49,853                             | 20,669                            |
| 6215                  | Medical and Diagnostic Laboratories                                 | 49,688                             | 180,678                           |

## Appendix D

### Economic Vitality Strategic Plan

#### Action Team

- EVAT (Economic Vitality Action Team) is created to help the County Administrator implement the Supporting Actions listed in the Implementation Section of the Economic Vitality Strategic Plan (EVSP);
- EVAT will recommend updates or amendments to the Economic Vitality Strategic Plan as deemed necessary;
- EVAT will provide an annual report to the County Council by January of each year summarizing its activities of the past year in support of the EVSP Actions and progress in achieving vitality and sustainability. This report will recommend new or revised actions that will advance the County's Economic Vitality Goals. EVAT will serve as an advocate for economic vitality.

#### Membership:

- EVAT shall consist of at least seven (7) members.
- Members will be solicited from the community based upon their interest and willingness to serve and the relevant experience and knowledge that they can bring to the team. Members shall reside, own property or operate a business in Los Alamos County and represent interests in economic development, community development, business, or real estate development. Members should be selected as follows:
  - Four (4) representatives, one from each of the following entities: Los Alamos National Laboratory , Los Alamos Commerce and Development Corporation, National Nuclear Security Administration, University of New Mexico Los Alamos.
  - One (1) representative of a local Financial Institution
  - One (1) representative of a local Real Estate Agency
  - At least one (1) representative from the public
  - The EVAT may call on expertise from other organizations as needed.
  - Members will be appointed by the County Administrator and will be expected to attend regular meetings.
  - Vacancies shall be filled in the same manner as for appointments.
  - Members shall select a chairperson and vice chairperson and establish rules for conducting their meetings. The EVAT shall meet regularly at least every 90 days and as needed, and issue meeting agendas and minutes. Administrative staff will be provided to support the team meetings and activities.