

# ECONOMIC DEVELOPMENT STRATEGY

APRIL 2019



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## BACKGROUND

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The Village of Ruidoso is updating the Comprehensive Plan, and one objective of the Plan is to strategically prepare for land use and infrastructure investments that will support economic development across the village. This document provides an overview of economic development trends, Village demographics, Ruidoso's industry strengths, and anticipated areas of employment growth. Recommendations are based on data research and interviews with economic development and tourism stakeholders, business owners, government officials, and real estate professionals across the community.

### Our Process

An economic development strategy must be devised by and for the community it serves. While looking at national and state trends and conducting a data analysis are important to determining trends, assets, and challenges, soliciting input from local businesses and community members gives this analysis much-needed context. By providing a platform for community members and business leaders to share their lessons and new ideas, we hope to generate a universal understanding among public, private, and governmental partners. To identify Ruidoso's economic development priorities, the following five steps were followed:

**Examine national and state trends.** Discuss with stakeholders the current national trends driving economic development and how they align with local development priorities and trends.

**Benchmark and compare the Village to its peers.** Provide quantitative data regarding the community profile and demographics to establish a foundation of existing conditions. This data is contrasted with peer communities to provide context.

**Conduct Discussions.** For a strategy to be inclusive – for the community, by the community – diverse voices and perspectives must be brought to the table. Extensive outreach in person and digital survey is facilitated to hear from a variety of perspectives.

**Identify Key Themes.** It is essential that areas for investment and growth are built upon shared principles and community values that are conveyed through survey responses and stakeholder meeting feedback. Consistent messages create key themes of focus and direction that are unique to the community.

**Develop Goals and Objectives.** By developing a “playbook” of direction that includes priority goals and objectives, the Village can identify where they should focus time and monetary resources to most effectively foster business growth and expansion.

# ECONOMIC DEVELOPMENT OVERVIEW

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Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining middle and high-income jobs and supporting or growing incomes and the tax base through diversification of the local economy. These jobs are generally defined as two different categories with distinct needs in terms of workforce and business location. In addition, these sectors require different types of support and investments from various stakeholders. These sectors are distinguished for clarification regarding strategy objectives and actions.

## Traded Sector vs. Local Sector Jobs

Traded sector (also referred to as an export or basic sector) businesses include industries and employers which produce goods and services that are consumed outside the region where they are produced and therefore bring in new income to the area (e.g., metals and machinery, food processing). Workers in the traded sector tend to have higher educational attainment, work more hours, and earn higher average wages than local sector business.

As the traded sector increases employment and wages, it also enables entrepreneurs to develop skills and resources to foster innovation and start new businesses and increase employment opportunities. Furthermore, certain traded sector companies foster a supply chain effect that creates the need for additional companies to supply components of a product that is manufactured.

Local sector business consists of industries and firms that are in every region. They produce goods and services that are consumed locally in the region where they were made, and therefore circulate existing income in the area (e.g., breweries, physician offices, banks). These businesses are important as they make a community distinct and provide amenities to attract young professionals and families that drive the new economy. A sampling of traded vs. local sector businesses in the Village of Ruidoso is indicated in Table 1. A well-balanced economy consists of 30% traded-sector and 70% local-sector businesses. Ruidoso consists of 23% traded sector and 77% local sector businesses.

**Table 1. Representative Traded Sector and Local Sector Ruidoso County Businesses**

Traded Sector	Local Sector
 <p>The Traded Sector column contains three logos: <b>LOST HIKER BREWING CO.</b> (green background), <b>THE CREATIVE PARTNERS</b> (black background with orange and blue text), and <b>McMillan's WESTERN FURNITURE</b> (wood-grain oval logo).</p>	 <p>The Local Sector column contains three logos: <b>MICHELLE'S MODERN SW APPAREL</b> (purple and white), <b>SUMMIT DENTAL</b> (purple mountain silhouette and black text), and <b>Candle POWER</b> (green background with white text and a candle icon).</p>

The following table highlights the average wage difference between traded sector jobs and local sector jobs across the United States. As the job base expands, a community is more attractive to employees because they have more options for career growth. In turn, once the employment base grows, competition will occur and ultimately increase wages.

**Table 2. Annual Average Wage Comparison, USA, 2018**

NAICS	Industry Sector	United States Average Wage 2017
<b>Traded Sector</b>		
55	Management of Companies & Enterprises	\$119,885
51 -54	Information, Professional, Scientific, & Technical Services	\$99,705
42, 31-33	Wholesale, Manufacturing	\$ 71,372
48-49	Transportation Warehousing	\$ 51,726
11	Ag, forest, fish, hunting	\$34,464
<b>Traded/Local Sector</b>		
23	Construction	\$60,735
61, 62	Education, Health Care & Social Assistance	\$49,565
71	Arts, Entertainment, Recreation	\$37,759
<b>Local Sector</b>		
44-45	Retail Trade	\$31,217
72	Accommodation & Food Services	\$20,731

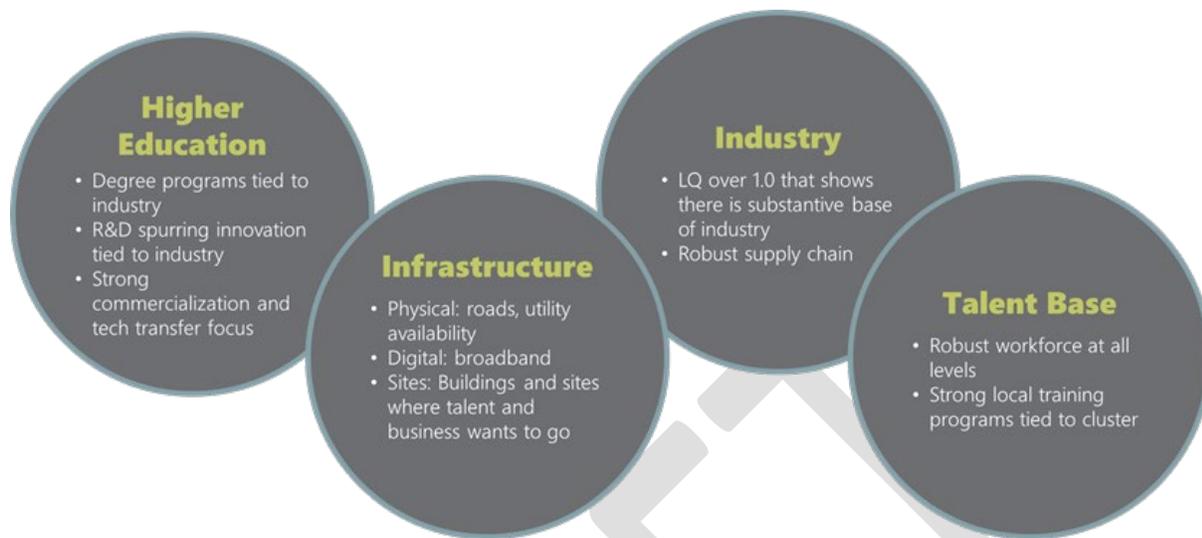
Source: Bureau of Labor Statistics, QCEW data

## Target Industry Clusters

A cluster is a regional concentration of related industries in a particular location. Clusters are a foundational element to regional economies, making them uniquely competitive for jobs and private investment. They consist of companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support. Various regions across the US have unique clusters making them distinct: Boston, MA has biotech whereas Spartanburg, SC has textiles. Industry clusters function on a regional metropolitan statistical area (MSA) level because assets such as workforce and transportation infrastructure are not constrained by local municipal boundaries. Therefore, in order to effectively grow an industry cluster, it is important leverage existing assets and collaborate on a regional and state level.

An industry cluster is comprised of the following elements, with some being more important than others depending on the industry. A city plays the important role of providing the necessary infrastructure and zoned land to allow various types of industry to thrive.

**Figure 1. Elements of an Industry Cluster**



Source: Bridge Economic Development

## Importance of Talent

The national economy is becoming increasingly more talent/knowledge-based than resource-based, meaning that people, rather than raw materials, are the most important asset to a company's value and prospects for growth. This applies to all industries, including manufacturing, professional services, and technology. This is not to suggest that Ruidoso needs to focus their industrial base entirely on technology companies, but to understand that the modern economy depends upon highly skilled people to thrive. For this reason, a company's number one priority today is attracting talent. Verifying this is the Duke Fuqua School of Business CFO Global Business Outlook Survey<sup>1</sup>. The school has conducted the survey 91 consecutive quarters since July 1996. The years 2017 and 2018 are the first time that CFO's cited attracting and retaining qualified employees was their number one concern over other factors such as input costs or regulations.

A significant cohort of the talent in demand consists of the "millennial" generation (generally ages 22 to 38 in 2019), made up of approximately 76 million people – the largest demographic group our country has seen. As this generation shapes our talent-based economy, it is important to understand what motivates them and the communities they choose in such a highly mobile environment. This group has been slower to marry and move out on their own, and have shown different attitudes to ownership that have helped spawn what's being called a "sharing economy" which suggests these trends are likely to continue<sup>2</sup>. Furthermore, it is likely that today's high school generation will adopt many of the same values that are driven by affinity for technology. This desired talent is attracted to a great place with jobs. Such an environment includes the following elements:

<sup>1</sup> <https://www.cfosurvey.org/wp-content/uploads/2018/12/Q4-2018-US-KeyNumbers.pdf>

<sup>2</sup> Millennials Coming of Age, Goldman Sachs, 2017

**Job Base** Talent moving to a new community wants to know that there are other opportunities if the job that brought them there does not fulfill expectations.

**Simple Commute** Many millennials are not defined by the automobile, and do not want to drive if they don't have to. As reported in Urban Land Institute (ULI) Emerging Trends 2016, miles traveled by car for those people 34 years old or younger are down 23 percent nationally. The American Automobile Association reports that the percentage of high school seniors with driver's licenses declined from 85 percent to 73 percent between 1996 and 2010, with federal data suggesting that the decline has continued since 2010. Locally, the average miles travelled by any mode – walking, driving, biking, or taking transit – is the lowest for millennials.

**Housing Options** All talent, including Millennials, desire affordable housing near employment. In order to maximize opportunities for talent attraction and retention is important for communities to provide a variety of options to meet a diversity of population needs.

**Urban Lifestyle** Millennials tend to prefer density with alternative transportation modes and retail nearby, which provides alternatives to owning a car. This urban lifestyle does not mean that an entire community must conform to urban densities. What is important is that some element of an urban lifestyle through either a healthy Main Street in a traditional downtown or denser town centers in suburbs is provided.

**Amenities** Millennials are looking for ample amenities, especially restaurants and access to outdoor recreation.

**Open Culture** Millennials embrace social or ethical causes<sup>3</sup> and communities that are more diverse, accepting, and open to change.

## **The Village's Role**

A municipality does not create jobs. It creates a great environment so that business can easily invest and create jobs. With that understanding, the village should focus on the following elements to promote economic development.

**Sites and Infrastructure** Businesses need to go into buildings and develop on sites with adequate infrastructure. Furthermore, similar types of businesses like to physically group together to build a destination and allow for collaboration. Lost Hiker Brewing is a good example of such a business that desires additionally breweries or distilleries within the industrial area. With this concept in mind, there needs to be more employment areas that allow for office and small craft manufacturing within the city limits. Alternatively, there is a desire for more warehousing space to support business.

Each type of industry is sensitive to different types of infrastructure. Office needs broadband, manufacturing (especially breweries) needs water, and warehousing needs highway access. When designating land uses, the infrastructure availability or potential for availability must be considered.

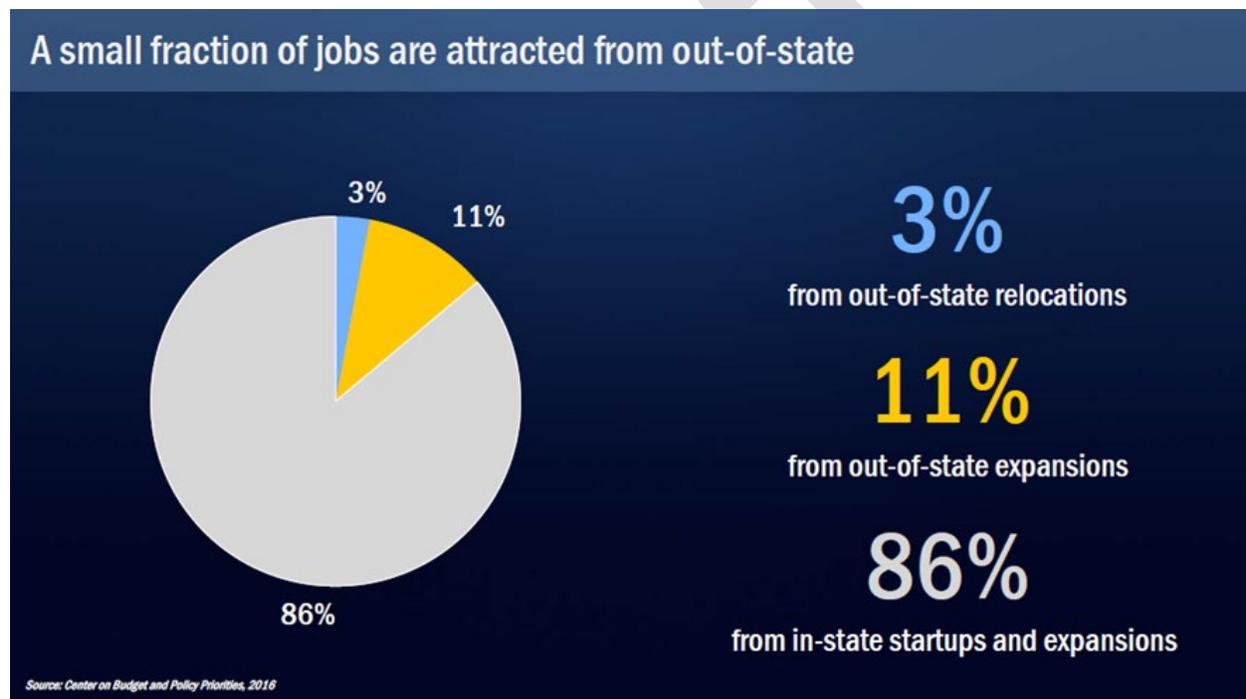
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<sup>3</sup> Brookings Institution, 11 Facts about the Millennial Generation, June 2014

Aligning industry clusters with available subareas (sites with appropriate infrastructure) is an important role for the city to convey genuine support for economic growth.

**Focus on Existing Residents** As the community makes significant commitments to land use designations and infrastructure funding, it is important to make sure that the existing residents benefit from this benefit. Rather than applying efforts to recruiting businesses to move to Ruidoso, the village should support and promote programs that allow existing residents to start their own businesses or gain skills that improves opportunities to work at new companies. As indicated in the following figure, the majority of job growth across the United States comes from local start-ups and expansions. So not only does focusing on local residents enhance local asset wealth, it is simply the most efficient way to grow jobs.

**Figure 2. Sources of Job Growth Across the United States**



Source: Brookings, 2018

## **RUIDOSO COMMUNITY PROFILE AND TRENDS**

As outlined in the following data, the population and overall demographics are declining. Correlating with the demographic trends is the minimal investment in new construction. For context and comparisons, this analysis compares Ruidoso to ten Western communities, whose economies are similar to the Village or offer policies and practices that the community can look to for best practices: Aspen, Colorado; Bozeman, Montana; Buena Vista, Colorado; Durango, Colorado; Farmington, New Mexico; Moab, Utah; Park City, Utah; Sedona, Arizona; Taos, New Mexico, and Telluride, Colorado. Detailed data analysis is provided in Attachment A, and key themes are outlined below.

## Demographics

Located in Lincoln County, New Mexico, Ruidoso is the largest community in the county and the key economic center. The following outlines the key takeaways from the analysis of Ruidoso's demographics:

**Declining Population.** A Village of approximately 7,700 full-time residents, Ruidoso has experienced a slight population decline (3.6%) since 2013. At the same time, 9 of Ruidoso's peer communities, including the U.S. as a whole (3%), has added residents, averaging a combined growth rate of 4%.

**Older Population.** Ruidoso's median age is 52.4, ranking it as the second oldest city among the benchmark cities, just behind Sedona (58.7). The U.S. average median age is 37.8.

**Millennial Talent.** As communities outline their future economic development priorities, millennial talent coveted; they are the future workforce. Millennials make up 17% of the Village's residents – 4% less than the U.S. average but on par with Taos and double that of Sedona. **In a positive direction for the Village, Ruidoso's millennial population is up 14.7% since 2013.**

**Racial and Ethnic Makeup.** More than 9 in 10 Ruidoso residents identify as white, while the Village's Hispanic population is fast-growing – up 14% since 2013. This is a positive aspect because communities that are diverse are more likely to attract young people. The growing Hispanic population counter-balances the aging demographic.

**Immigrant Residents.** Nearly 10% of Ruidoso's residents are foreign-born, ranking fifth among the benchmark cities.

## Income

As a community that relies predominantly on tourism to fuel its local economy, Ruidoso's residents have experienced ups and downs as it relates to median household income, family income, and individual wages. The following are key takeaways about Ruidoso's various income metrics:

**Median Household Income.** Ruidoso's median household income has declined 12% since 2013 to approximately \$42,000. At the same time, the U.S. average increased 8.7% to \$57,652. The Village's median household income is nearly 27% less than the U.S. average.

**Per Capita Income.** Ruidoso's per capita income of \$25,975 ranks eighth among the benchmark cities, on par with Farmington, New Mexico and Buena Vista, Colorado.

**Average Family Income.** Ruidoso's average family income has also decreased 5.2% since 2013 to \$70,884, while the U.S. average grew 11% to \$95,031. Ruidoso's average family income is 25% less than the U.S. average.

**Individual Wages: Men versus Women.** Men working full-time in Ruidoso earn approximately \$42,000 annually – \$10,000 more than women in the Village (\$32,000).

**Poverty Levels.** Ruidoso's poverty levels are below the U.S. average: 7.7% of all families live below the poverty line and 10.8% of those with children. This ranks the Village among the middle of the benchmark communities.

## **Educational Attainment**

To compete in today's knowledge economy, talent matters. Educational metrics offer a look into capabilities of a community. Six in ten Ruidoso residents have a degree of some level – Associate's, Bachelor's, or graduate. A detailed analysis follows:

**No High School Diploma.** Six percent of Ruidoso's residents (25 and older) do not have a high school diploma – 900 residents. This is half the national average of 12.7%.

**High School Diploma.** One-third of Ruidoso's workforce only has a high school diploma (ranking second among the benchmark cities) – a share that has increased 26.4% since 2013.

**Associate's Degree.** Thirty-four percent of Ruidoso's residents (2,000 residents) have an Associate's degree or some college – ranking fifth among the benchmark communities and above the U.S. average (29.1%).

**Bachelor's Degree or Higher.** Thirty percent of Ruidoso's residents have a Bachelor's degree or higher, ranking it seventh among the benchmark communities. **Ruidoso has experienced a very small brain drain for educated talent:** the share of residents with a Bachelor's degree or higher has decreased 1% since 2013.

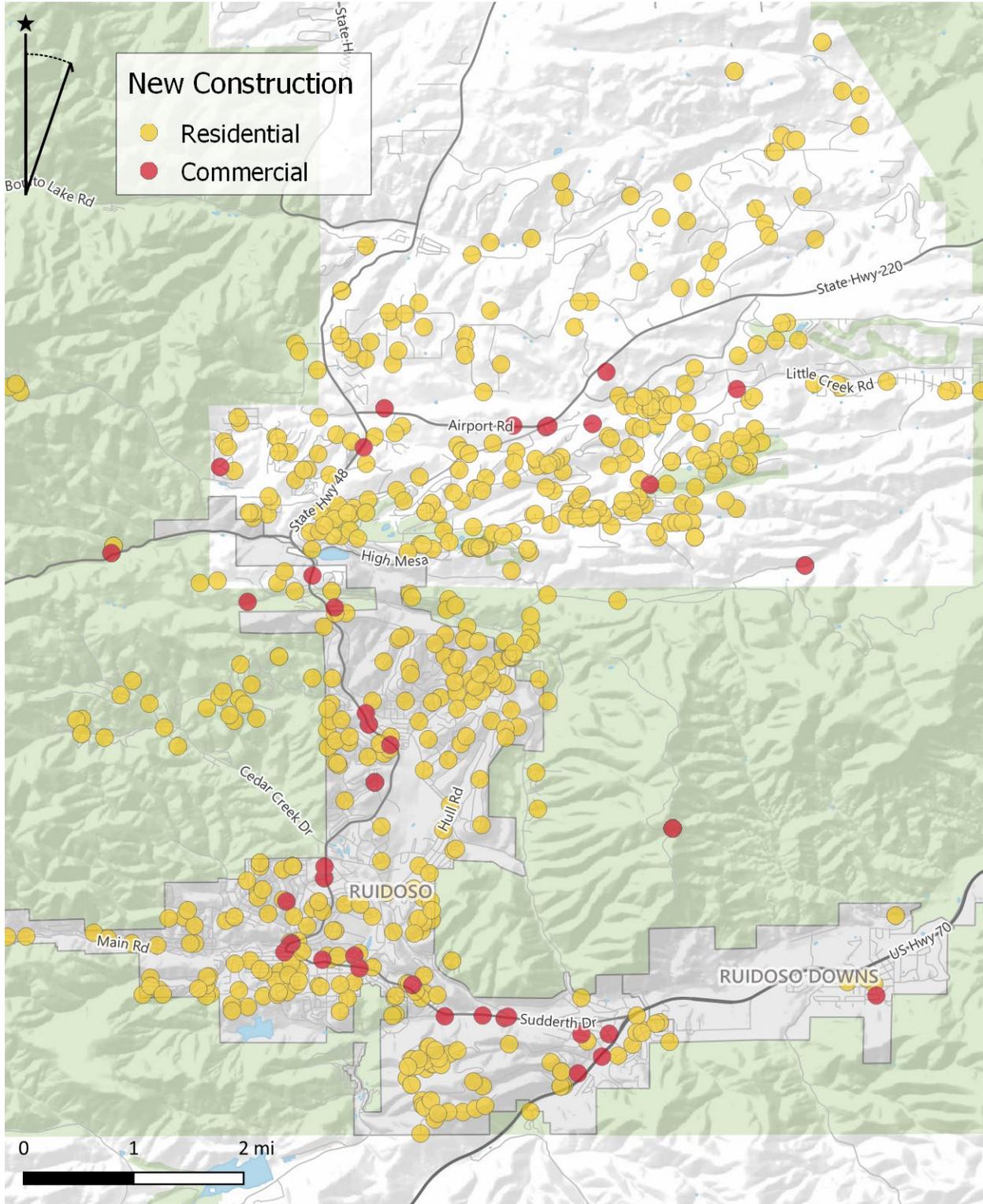
## **Building Permits**

As indicated in the following figure the predominance of new construction since 2012 within the Village has been residential construction.

NOTE: The following is based on building permit data provided. If there is information regarding square footage and valuation, we could scale the following bubbles in size to convey where more significant size or valued projects are located.

Included with the report is the spreadsheet with highlighted data of what was mapped. This seems to be a significant amount of new residential construction but that is what is conveyed in the data.

Figure 3. Village of Ruidoso New Building Construction Since 2012



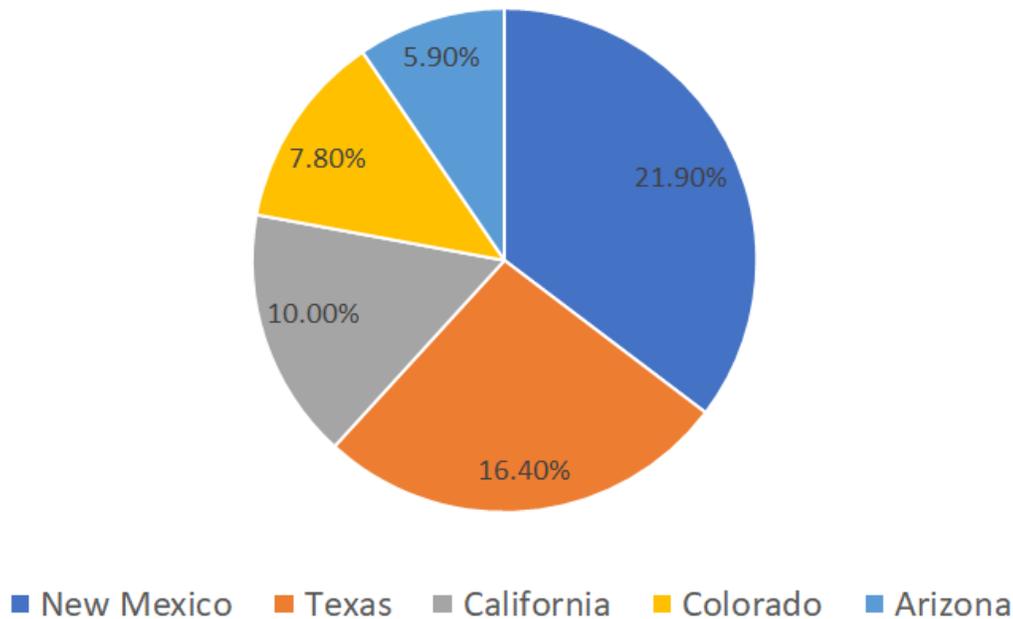
Source: Village of Ruidoso, Bridge Economic Development

## TOURISM AND PLACEMAKING

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The Village of Ruidoso is well established as a tourist destination, especially for visitors from west Texas. Additionally, while not documented by the Tourism Department, it is understood that a significant number of visitors originate from Mexico. While the community appreciates the income spent in the area, it is also burdened by significant spikes in population that require more public services than are available. A good analogy is that community is a nice home built for 8,000, but often must host a party for 30,000 people. This impact on the community is another reason why more diversification of the economy is important to alleviate a reliance on an economy that significantly stresses local services.

**Figure 3. Origins of New Mexico Overnight Visitors**



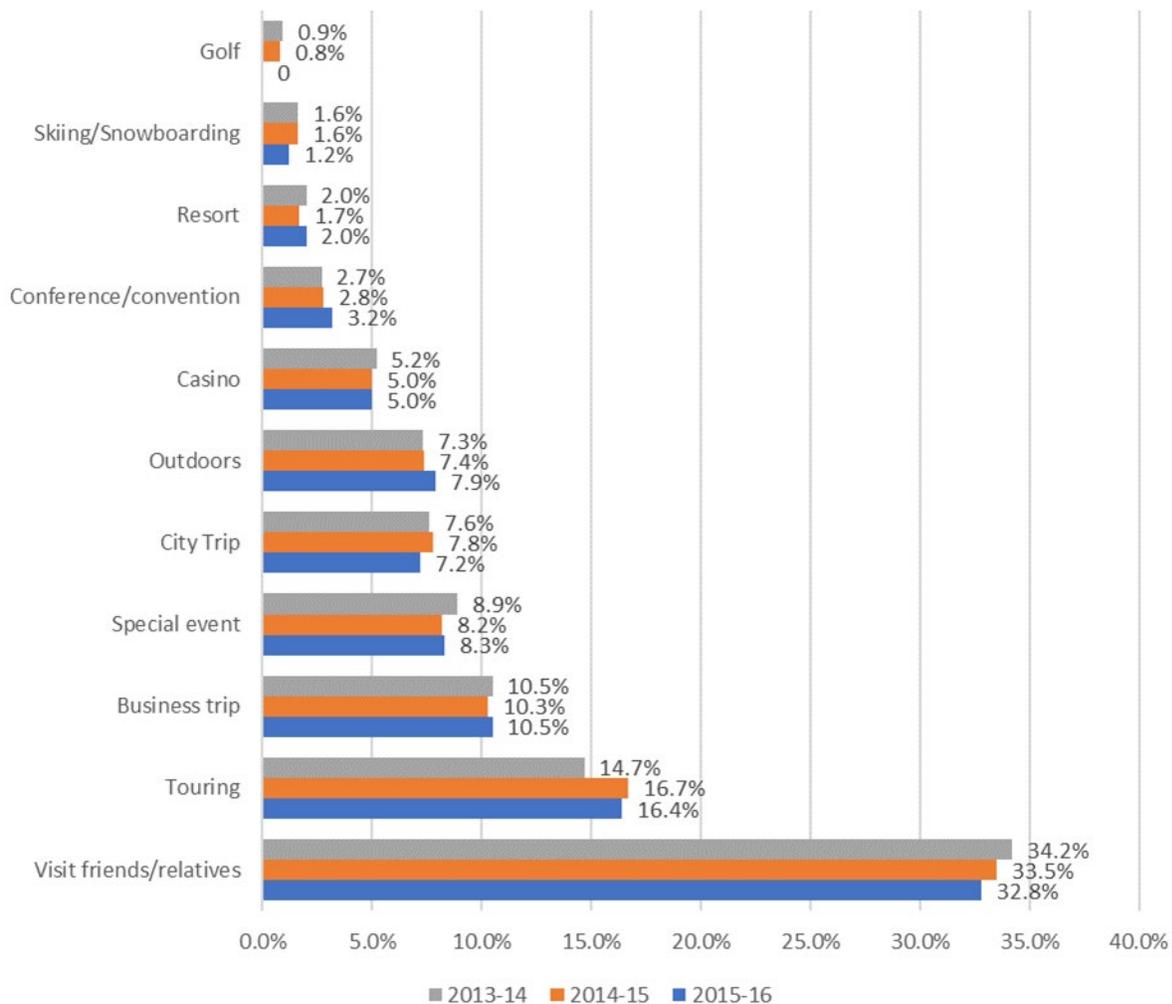
Source: New Mexico Tourism Department, 2018

### Outdoor Recreation

Ruidoso is a destination because of its incredible setting nestled amongst national forests that provides immediate access to amazing outdoor recreation consisting of hiking, mountain biking and ATVs. Additionally, according to the New Mexico's Department of Game and Fish (NMDGF), Lincoln County hosted 2,829 non-residents anglers and 1,807 non-resident hunters in 2013, which equates to \$8,872,425 annual spending in the county<sup>4</sup>. This outdoor asset is important to celebrate and enhance as part of the community culture as it is one the growing reasons people stay overnight in the State of New Mexico per the following figure.

<sup>4</sup> The Economic Contributions of Fishing, Hunting, and Trapping in New Mexico in 2013: A statewide and county-level analysis, Southwick Associates, 2014

**Figure 4. Top Reasons for Overnight Visits in New Mexico**



Source: New Mexico Tourism Department, 2018

This focus on outdoor recreation aligns with the trend for travel that has become more ‘experiential’ at all income levels. The desire to have new experiences while on a trip is common among modern travelers, with 74% of Americans prioritizing experiences over material goods<sup>5</sup>. This trend also translates into business travel as 75% of meeting planners say that their role involves more “experience creation” than it did just five years ago.<sup>6</sup> This desire for outdoor experience is outpacing other traditional tourist attractions such as casinos or golf.

### **Ruidoso Downs Race Track and Casino**

Ruidoso Downs Race Track and Casino provides 15 weekends of live racing opening on Memorial Day weekend. This significant attraction has new owners after 30 years that have invested millions of

<sup>5</sup> <https://www.luxurytraveladvisor.com/running-your-business/stats-74-percent-americans-prioritize-experiences-over-products>

<sup>6</sup> <https://www.cliftons.com/wp-content/uploads/2018/05/IACC-2017-Meeting-Room-of-the-Future.pdf>

dollars in resources into the venue, bringing renovation and new event ideas in along the way<sup>7</sup>. The race track and casino serve as anchor for the summer tourism industry in Ruidoso and contributes to the significant amount of service sector jobs in the region. This amenity is one of the many elements that contribute to the robust tourism economy that is well established in Ruidoso. While an important regional tourist element, it should be noted that the market size of the Horse Racing Tracks industry in the US declined faster than the economy overall and has declined 0.6% per year on average between 2014 and 2019. Furthermore, total wages paid by the Horse Racing Tracks industry declined 1.1% per year on average over the five years between 2014 and 2019<sup>8</sup>. This suggests that the community should continue to embrace and support this asset, but not rely on it solely as an economic driver. The market trends for this industry show that diversifying the economy beyond tourism is important for the overall health of the Village.

## **Retail**

Per stakeholder interviews, the current Ruidoso retail environment is largely targeted to tourists and is inadequate for local families. This focus is limiting as the tourist customer base is seasonal rather than year-round. With a year-round customer base, the business cash flow is steadier and provides a more consistent income for employees, which allows them to be more reliable. Furthermore, visitor trends indicate that tourists seek a more “authentic” environment that reflects the local culture. Retail that focuses the local community only expands the customer base as it consistently serves a year-round population and meets the desires of the tourist customer. Education of local retailers regarding this dynamic is important to increase wealth for business owners, but also meets the needs of the local community.

## **Short-Term Vacation Rentals**

As with many communities with a strong tourism economy, Ruidoso has seen an increase in short-term vacation rentals. In response to this growth, the city has brought on a full-time staff person to monitor the permitting of these uses. While the increase in rentals provides an income to the home owners and revenues for the city, they ultimately serve as necessary asset to the tourism industry as alternative hotel space. The rentals themselves do serve as an economy.

In addition, these rentals are impacting home affordability for permanent Village residents. According to our stakeholder interviews, there have been very few new homes constructed for permanent residents in recent years, which aligns with data showing no new homes built in Ruidoso since 2010<sup>9</sup>. With almost no new construction and existing homes converting into vacation rental properties, the local occupied single-family home supply has been depleted. This is a significant impact in community that already has 58% percent of the housing stock vacant or seasonal/vacation homes<sup>10</sup>.

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<sup>7</sup> Ruidoso Downs kicks off first season under new ownership, OA online, May 2018

<sup>8</sup> Horse Racing Tracks industry in the US, IBIS World, 2019

<sup>9</sup> Village of Ruidoso Affordable Housing Plan, Sites SW, May 2015

<sup>10</sup> ibid

With constricted supply and consistent demand, home options will decrease and prices will increase, ultimately making it harder to retain and attract a workforce.

## **Quality of Place**

As discussed above, the number one priority for businesses is the ability to retain and attract talent. As talent can go anywhere, it desires a “place” that consists of amenities (restaurants, entertainment, and retail) and access to outdoors in addition to a job. Ruidoso is fortunate to have a strong foundation for both of these elements to make an exceptional place that can set it apart from other communities across the country also working hard to retain and attract talent. Additionally, because of its size, Ruidoso offers the opportunity for aspiring talent – especially millennial talent – the opportunity to connect with local business community and Village leadership to have an impact. Enhancing these elements of place – both physical and community – in conjunction with growing a diverse job base, is an important area of focus for the Village.

In addition to promoting quality of place as talent attraction, Ruidoso must also examine the training and on-ramp opportunities that it presents to prospective talent. A diverse, highly-skilled workforce is an important asset for any community. In order to weather the inevitable booms and busts of the economy, as well as cycles in the tourism sector, Ruidoso must provide skills training and pathways to job opportunities that offer residents (and prospective residents) to tap into the community's growing sectors of small-scale production, healthcare services and others. While this will not eliminate income stratification or workforce skills gaps, it will allow individual residents to achieve their full economic potential, thereby improving the Ruidoso's fiscal growth and sustainability for the future.

## **POTENTIAL TRADED SECTOR INDUSTRIES**

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When developing a strategy to foster a traded-sector economy, a community must understand the skills of the residents and the businesses established in the area. The following information provides and overview of those two foundational assets.

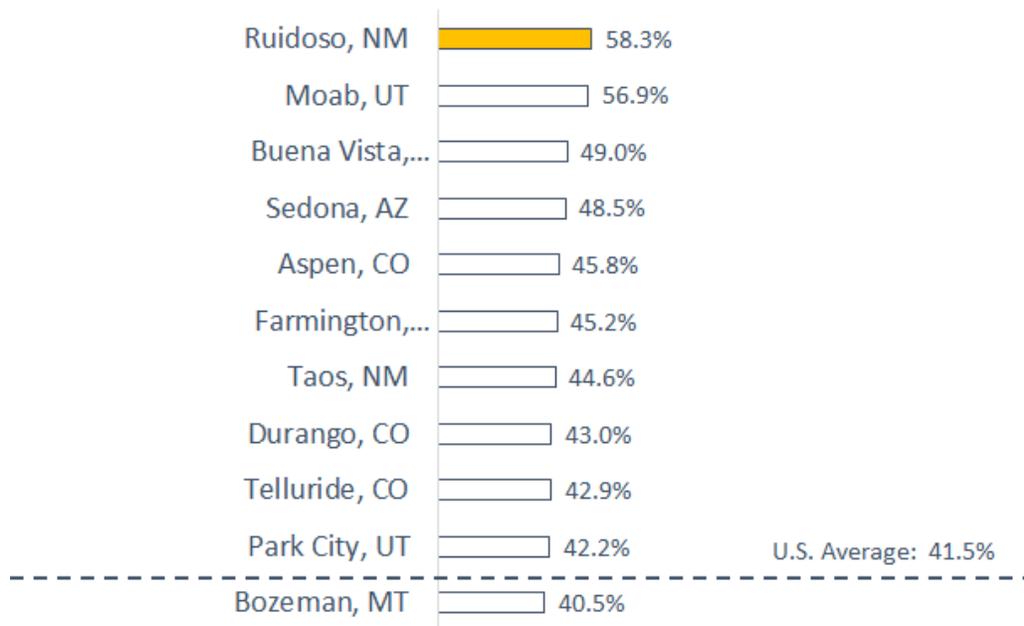
### **Occupational Clusters and Resident Skills**

There are 3 broad set of skills that drive today's economy: knowledge, service, and working sector. As indicated below, Ruidoso has a predominance of service sector jobs tied to retail and accommodations.

#### **Service Sector**

With such a large hospitality sector, six in ten Ruidoso workers (58.3%) have skills associated with the service sector – a share that ranks first among the benchmark communities and above the U.S. average (41.5%). Ruidoso's service sector has increased 1.4% since 2013.

Figure 5. Ruidoso Service Sector, 2016

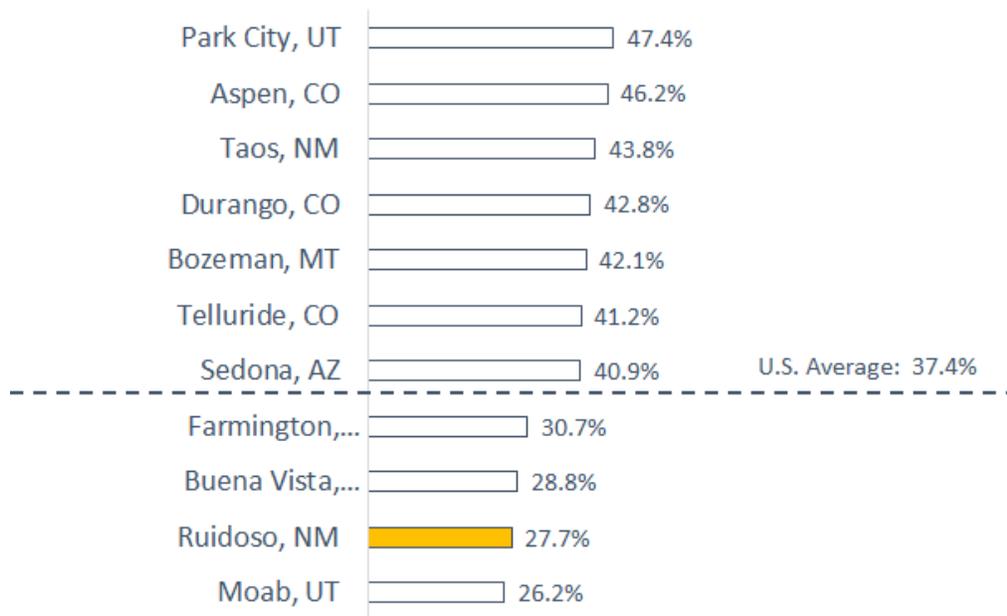


Source: U.S. Census American Community Survey 2017

### Knowledge Sector

Ruidoso's knowledge sector (27.7%) – workers with skills in technology, arts/ culture, professional services, and education – ranks tenth among the benchmark communities. For knowledge workers, Ruidoso has experienced a 29.2% decline since 2013, as the U.S. has experienced a 9.8% increase in this segment of the workforce.

**Figure 6. Ruidoso Knowledge Sector, 2016**

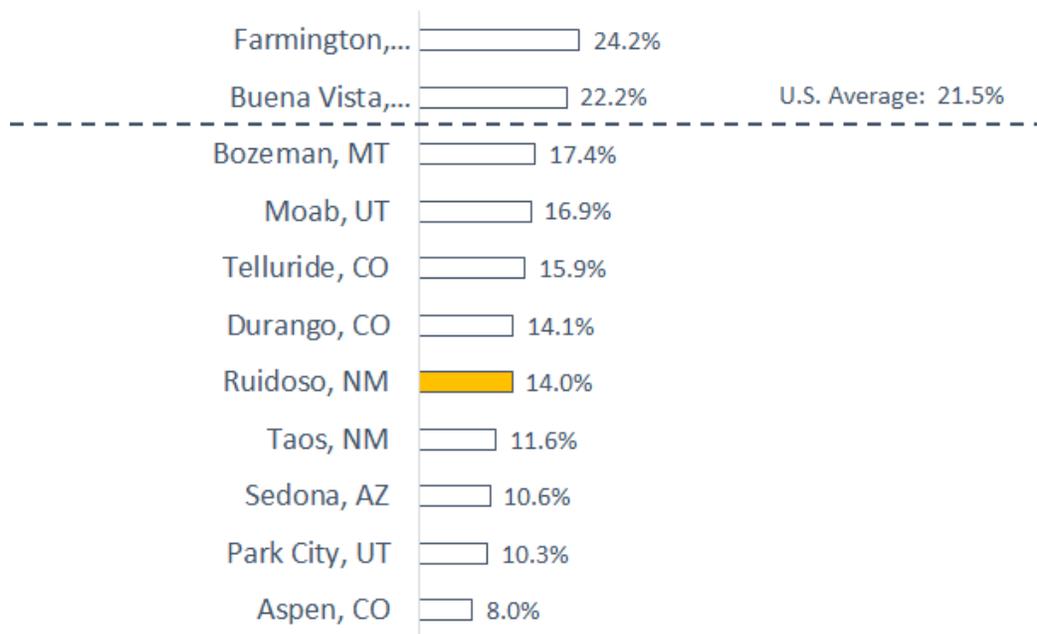


Source: U.S. Census American Community Survey 2017

### Working Sector

Approximately 420 Ruidoso residents make up the city's working sector (14%) – skills associated with production/ manufacturing, transportation, and maintenance.

**Figure 7. Ruidoso Working Sector, 2016**



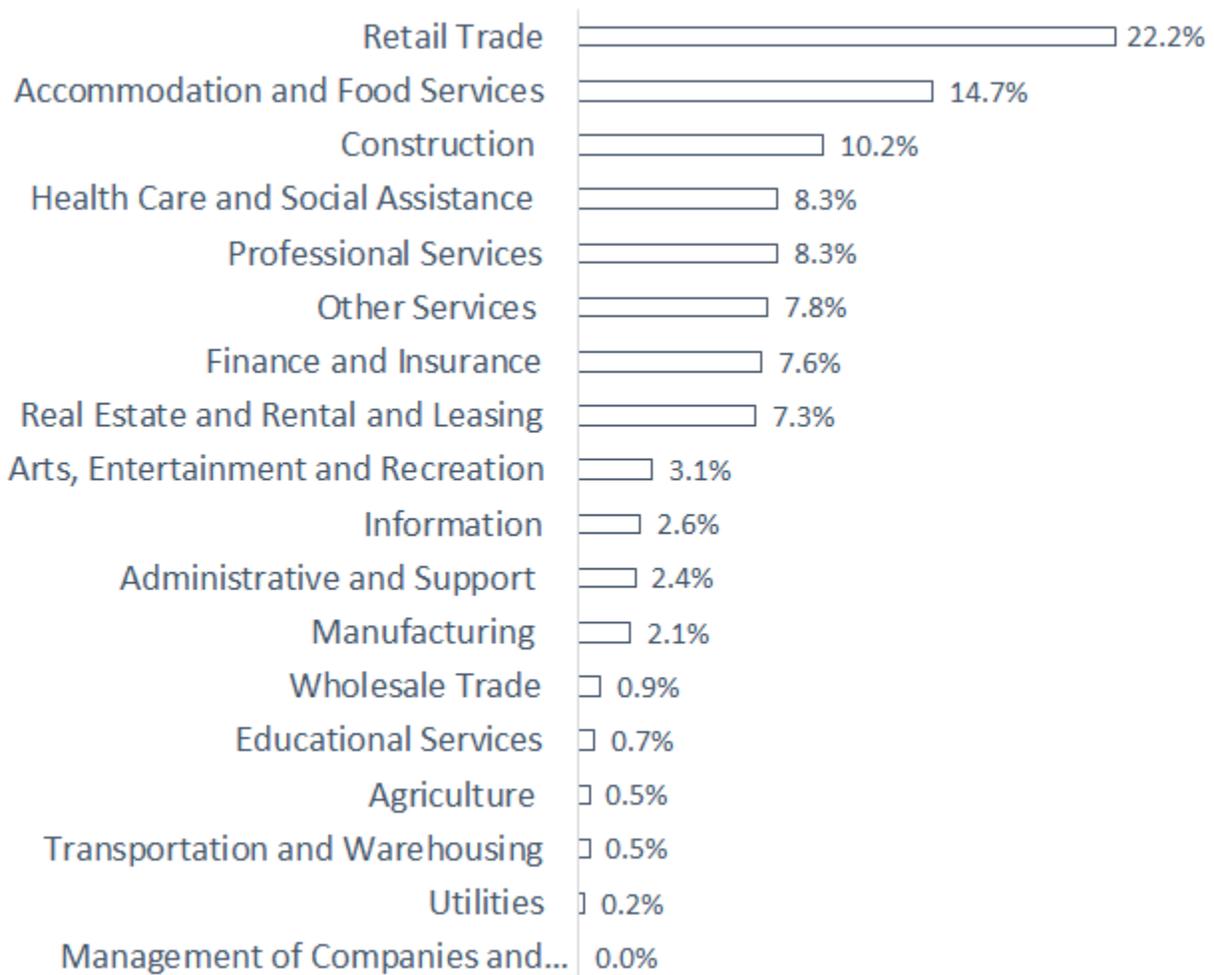
Source: U.S. Census American Community Survey 2017

If the Ruidoso economy is going to diversify, focused attention on attracting new residents or training existing ones in the knowledge and working sectors will be very important as a strategy focus.

## **Business Establishments**

Small businesses are critical to Ruidoso's community. Not only do they provide employment for residents, but they help to create a destination experience for Ruidoso's visitors. From 2012 to 2016, Ruidoso experienced a 3.3% decline in the number of business establishments, while the U.S. average was a 4.4% increase. The following is a look at the sectors making up Ruidoso's' business establishments. Figure 8 defines the amount of industry sector making up the overall business establishments including some compelling factors. Figure 9 provides the overview of location quotients (LQs) for each industry type. LQ is basically a way of quantifying how concentrated a particular industry, cluster, occupation, or demographic group is in a region as compared to the nation. It can reveal what makes a particular region "unique" in comparison to the national average. If the number is higher than 1.0 then it suggests an industry strength in the region. Not surprisingly, the predominant strengths for Ruidoso pertain to industries tied to tourism, with the exception of agriculture.

**Figure 8. Ruidoso Business Establishments, 2016**



Source: U.S. County Business Patterns 2016

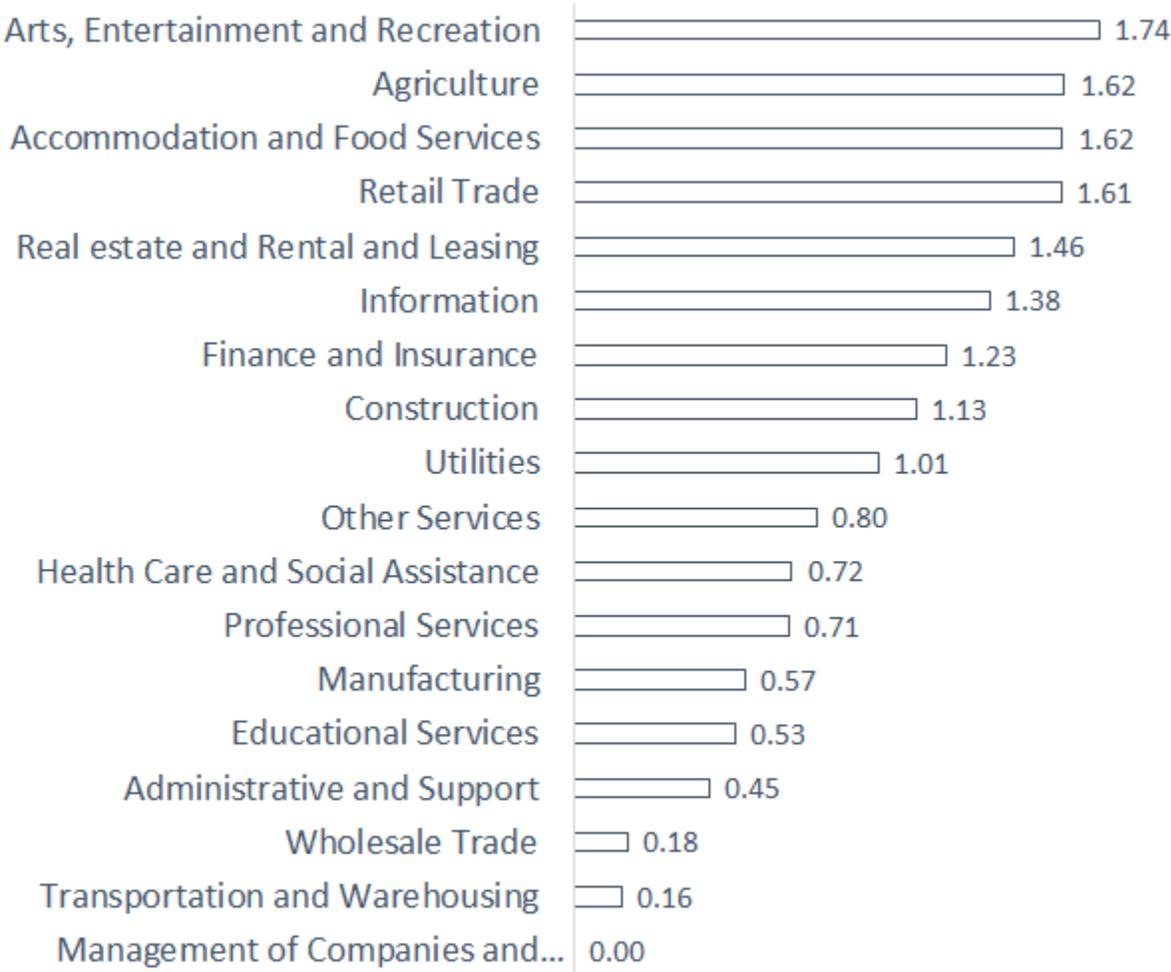
**Retail, Accommodations, or Food Service** Four out of 10 Ruidoso's businesses (37%) are retail, accommodations, or food service establishments. Accommodations and food service establishments have declined 11% in the past five years, while the number of retail business has remained static. Among all of the benchmark cities, Ruidoso has the greatest share of retail businesses (22.2%).

**Arts and Recreation.** Arts and recreation businesses account for 3.1% of all Ruidoso establishments J nearly two times the U.S. average. This reflects the connection to the outdoors and supports the tourism economy.

**Financial Services.** Among all of the benchmarks, Ruidoso ranks first for its share of financial services businesses (7.6%) compared to peer communities and well above the U.S. average (6.1%). This reflects Ruidoso's role as the main business center in Lincoln County. As noted above, financial services are distinct from real estate services. Ruidoso ranks sixth for its share of real estate businesses (7.3%) compared to its peers and is above the US average (5.0%).

**Professional Services** While Ruidoso appears to have a large share of this sector, compared to its peers the community is ninth out of ten and below the US average of 11.6%.

**Figure 9. Ruidoso Business Establishments by LQ, 2016**



Source: U.S. County Business Patterns 2016

**Diversifying the Economic Base**

The State of New Mexico Tourism Department initiated the Rural Pathway Project (RPP) to assist tourism stakeholders within New Mexico in developing existing tourism assets into opportunities that can support a broader economic base in the long term. The intent is to encourage a more resilient economy that leverages the tourism strength to create more economic opportunities through traded sector businesses. The following figure outlines how Ruidoso’s current assets could expand into other industries with the development of certain tourism assets.

**Figure 10. Ruidoso Potential Traded Sector Industries**

Tourism Sector	Traded Sector	Necessary Assets	ED Approach
Wineries and Local Food Products	Agriculture  Food and Beverage Manufacturing	<ul style="list-style-type: none"> <li>• Water</li> <li>• Power</li> <li>• Commercial kitchen</li> <li>• Food cart culture</li> <li>• Small manufacturing space</li> <li>• Workforce Certification</li> <li>• Small business support</li> </ul>	Grow
ATV/Biking/Hiking/Skiing	Small-scale niche manufacturing and repair	<ul style="list-style-type: none"> <li>• Power</li> <li>• Small manufacturing space</li> <li>• Cluster of similar types of companies</li> <li>• Workforce Certification</li> <li>• Small business support</li> </ul>	Grow
Access to Outdoors and Vibrant Downtown	Professional Services – remote commuting	<ul style="list-style-type: none"> <li>• Broadband</li> <li>• Coffee shops/co-working space</li> <li>• Highly educated workforce</li> </ul>	Attract

Source: Bridge Economic Development

Beyond these sectors tied to the tourism industry, Ruidoso has additional opportunities to grow the economic base with the construction of the new of the Lincoln County Medical Center serving the broader region.

## Workforce Training

As detailed in the following Goals and Objectives, aligning higher-education certification and programs is an important area of focus to improve job opportunities for existing residents to benefit from business growth of targeted sectors outlined above. Furthermore, training for technician and nursing staff positions to support the regional hospital is an additional opportunity to provide improved wages and growth opportunities. The Eastern New Mexico University (ENMU) Ruidoso Branch is an important asset to the community to build this opportunity. The University currently provides the following degrees and certificates, and many support existing and potential industry development. One example of how an existing program can align with existing Village unique elements is the Wildland Fire Science Program. In 2001, Ruidoso was ranked the second most vulnerable community at risk for wildfire in the nation by the U.S. Forest Service (USFS) due density of the forest and the intermixed nature of the community<sup>11</sup>. This asset is a challenge that defines the area and can be leveraged for education purposes and development of unique skills for an industry that will unfortunately require more talent and research as wildfires increase across the US. Focused

<sup>11</sup> Community responses to wildland fire threats in New Mexico, University of North Carolina, 2003

alignment of industry clusters and courses and training programs at ENMU should be a priority for the community.

**Figure 11. ENMU Programs Aligned with Local Industries**

Associates Degree	Certificate Program	Local Industry Cluster
Hotel, Restaurant & Tourism Management		Tourism
Wildland and Structural Fire Science Programs		Outdoor Recreation and Environment
Pre-Nursing		Health Care
	Welding Technology	Craft Manufacturing
Information Systems Cybersecurity	Computer & Network Security Certification Program	Professional Services
		Food and Beverage Manufacturing

Source: Bridge Economic Development

## KEY THEMES

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The following key themes emerged as important topics amongst stakeholders or were identified through research as unique assets to the Village that should be considered for Strategy development.

**Outdoors and Environment** – This is overwhelmingly the most defining and cherished asset of Ruidoso. It is why people vacation there and choose to stay. Further embracing the outdoor beauty, clean air and climate, and experiential recreation is a significant advantage that should be leveraged to diversify the economic base.

**“Homecomer” Population** – A homecomer is defined by Wendell Berry, the Kentucky writer and farmer, as someone who spent some time away, usually to pursue better opportunities in cities, and then choose to return to their rural roots. This is an emerging theme across rural and micropolitan communities across the country and should be embraced. Ruidoso is fortunate to be gaining a younger generation of residents that are bringing new ideas and energy to the community and should be embraced and attracted.

**Downtown Core** – The downtown area is a charming element of the community that provides desired amenities such as restaurants and retail. Focused attention on supporting the existing businesses and catering to the local community is important.

**Lack of Broadband** – The lack of broadband not only inhibits the ability to diversify and grow the economic base, it is currently impacting existing businesses. Many retail stakeholders conveyed that they often have trouble running credit cards due to limited bandwidth.

## GOALS AND OBJECTIVES

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In order to prepare a community to proactively engage with rapidly changing trends, it must have a strategy in place. Without a strategy, efforts are often reactive, non-collaborative, and not connected for meaningful impact. For an economic development plan to succeed, numerous partners and organizations must be engaged and collaborate toward common goals. At the same time, it is essential for public and private entities to recognize that they are partners in economic development efforts, as one cannot be sustained without the other. To efficiently and effectively align goals, a community must understand, document, and achieve consensus on its vision, values, opportunities, and objectives, which is being done within the overall comprehensive plan.

The world's economy is changing rapidly. An established "playbook" provides enough broad goals to recognize opportunities when they arise. Clear direction regarding Ruidoso's roles will help determine projects that should be pursued and those that should be set aside. To effectively implement a strategy, it is as important to say "no" to certain opportunities as it is to say "yes" to others.

In addition, it is important to annually revisit the document to determine where progress is being made and where other areas are deficient. It will be necessary to update the document every three to five years in keeping with the rapid pace of change in the economy. Finally, it will be important for Ruidoso to align its available budget to the specific objectives to effectively realize desired outcomes.

Need to review the following Goals and Objectives with committee in April and see survey feedback. We will build out each one as with first Goal. Will complete once get confirmed direction.

### **Goal 1: Expand the Existing Base**

#### **Why this Goal?**

Diversifying the economic base beyond the retail and tourism industry is critical to sustain the health of Ruidoso. Diversification will provide alternative job opportunities with middle-income wages. Furthermore, companies within manufacturing or professional services have the opportunity to scale up and often encourage new companies to spin-off. Attracting new businesses is challenging and even more so in rural communities. Therefore, the most efficient way to grow the economic base is to support existing companies by understanding their barriers to growth and talent needs. Additionally, companies that start in a community are more likely to stay and grow there.

#### **Objective 1.1: Identify a Village Champion**

In order to implement the Economic Development Strategy, the Village must have a designated staff person that will be the full-time champion for economic development. This person must build relationships with existing businesses, monitor the strategy implementation, and build relationships across several municipal departments in order to leverage opportunities for infrastructure investment and other identified programs. Without an identified champion, the Strategy is likely to sit on a shelf.

## **Objective 1.2: Think Regionally**

All economies function on a regional scale. Businesses locate where space is available and rents are favorable. Talent goes where it can find jobs. The economy does not adhere to geo-political boundaries. In order to effectively foster economic development, elected leaders and community stakeholders must work together regionally. When implementing the recommended Strategy, businesses within unincorporated areas and Ruidoso Downs need to be included in order to effectively grow industry clusters.

## **Objective 1.3: Convene Industry Clusters and Define Needs**

Businesses tied to similar industries should be convened to discuss what they need to grow. Focused meetings such as these build collaboration and foster cross-pollination of opportunities and ideas. In addition, the meetings result in specific action items necessary to address business growth needs. Community partners can then effectively work to remove barriers and provide meaningful support to businesses. We recommend focusing on the following industries initially:

- Health Care
- Breweries and wineries
- Small manufacturing
- Professional services (remote workers or sole-proprietors) in engineering or design services

## **Objective 1.4 Build a Startup Ecosystem**

New businesses account for nearly all net new job creation and almost 20 percent of gross job creation. Furthermore, companies less than one-year-old have created an average of 1.5 million jobs per year over the past three decades<sup>12</sup>. People generally start businesses in the places they are already located, and many of the resources they access are at the local or regional level. New traded sector startups generally stem from university research or an existing industry cluster. These new businesses have limited space needs and may just be starting out of the home or garage. These businesses need exposure to capital and industry networks for collaboration and support. It is important to support an ecosystem where startups are supported and celebrated to create new jobs.

Specific steps to stem from survey

## **Goal 2: Build Infrastructure and Sites Strategically**

- Water
- Broadband
- Sites – manufacturing, heights, and land at airport for warehousing

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<sup>12</sup> The Importance of Young Firms for Economic Growth, Kaufman Foundation, September 13, 2015

### **Goal 3: Enhance Place for Locals**

- Help local retailers thrive – Mayor’s idea of succession planning
- Provide retail that local’s want
- Surrounded by national forest – incredible access to outdoors. Get kids outdoors. Make this your identity
- Increase housing supply for permanent residents

### **Goal 4: Build a Skilled Workforce**

- Degree alignment with industry – hospital, trades tied to construction, food/beverage
- Youth engagement in K-12 for future opportunities
- Entrepreneur support – business planning
- Talent retention – “homecomers”

### **Goal 5: Own Your Identity/Story**

- Not clear that one message is owned by the community.
- Need talent, economic development stories – not just a tourism story
- Ruidoso means “noisy water” – connection to water, makes place unique and resilient. Future for long-term growth.
- “Blue collar Aspen” (bring western Texas professionals here to live and work)
- Living in nature’s playground.
- Oasis from heat