

Wage Plus and Economic Gardening



City of Las Cruces[®]

PEOPLE HELPING PEOPLE

TO: Robert L. Garza, P.E. – City Manager 

FROM: Christine Logan, CEcD – Economic Development Administrator 

DATE: June 14, 2013

SUBJECT: June 24, 2013 City Council Work Session
Wage Plus, Local Wage Enhancement Program

The City Council allocated funding to a wage enhancement program as a part of the budget setting process for FY14. At the June 24 work session, I will provide information about how a Wage⁺ program would be implemented and how it would benefit our economic development efforts.

The purpose of the Wage⁺ program is to create quality jobs that increase the median wage in Las Cruces. The Program would provide a \$1,500 per job incentive for local businesses that creates new jobs at wages at least 10% above the current median wage for the area. The median hourly wage in Doña Ana County is currently \$13.85 meaning that the Wage⁺ incentive would apply only to new jobs that paid a minimum of \$15.24 per hour.

The Wage⁺ program would be a new method to implement our existing Local Economic Development Plan and it builds off of the State's Job Training Incentive Program (JTIP). The City's incentive program would utilize the state resources for verifying project eligibility and auditing contract compliance which will allow the City to protect its' public resources without incurring additional management costs.

At the work session, I will more fully describe the JTIP program and how it ties into this local incentive program. If anyone is interested in researching the JTIP Program in advance of the work session, detailed information can be found on the New Mexico Economic Development Department website at www.gonm.biz/Job_Training_Incentive_Program.aspx.

I have attached a summary description of the proposed Wage⁺ Program. If anyone has questions or requires additional information, they can contact me at 541-2286 and I would be happy to assist.

cc: Brian Denmark, AICP – Assistant City Manager/COO 

Wage+

City of Las Cruces

Local incentive program that provides cash payment to reimburse a portion of costs associated with training and hiring process for new positions.

Purpose: Grow/attract quality jobs that increase the median wage in Las Cruces.

Enabling legislation: Las Cruces has adopted a Local Economic Development Act (LEDA) which allows the City to implement the authority of the New Mexico Statute titled "Local Economic Development Act." The Act authorizes the City of Las Cruces to provide resources of value to individual businesses in an economic development project which results in new jobs. The resources Las Cruces may offer include land, buildings, infrastructure, financial incentives, and services associated with developing the land, buildings, and infrastructure. The statute does not provide any funding; Las Cruces' share of economic development projects must be supplied from local funding.

Program: A LEDA eligible company that receives state Job Training Incentive Program (JTIP) funding for job creation within the City of Las Cruces could be awarded an additional \$1,500 per job if that job pays a minimum of 10% above the current median wage for Dona Ana County.

Company Eligibility:

- Companies that manufacture or produce a product in New Mexico.
- Non-retail service companies that export services out of state. (50% or more of revenues and/or customer base outside NM).
- Certain green industries that meet State LEDA requirements - manufacturing, processing, or assembly of agricultural products; and non-retail storing, warehousing, distribution or selling of agricultural, industrial or mining products.
- Registered business inside City Limits.

Job Eligibility:

- New, year round, full time position.
- Directly related to the creation of the product or service.
- Wage at least 10% higher the DAC median wage at the time the JTIP contract is executed. Based on New Mexico Department of Workforce Solutions data.
- Workplace inside city limits.
- New employee must have been a New Mexico resident for at least 1 year at some time in their life (encourages local graduates to return to Las Cruces)

Implementation Process:

- Business applies to State for JTIP funding
 - Copy of application submitted to City Economic Development as application for Wage+
 - Application review by City
 - Economic Development, MVEDA, City Manager's Office.
 - Evaluate Eligibility based on wage, industry, location, business status.
 - Identify other economic development services or programs that the business may benefit from.
 - LEDA Economic Development Project Agreement (defines wage requirement, reporting,)
 - Ordinance to City Council 1st read (copy to JTIP Board)
 - JTIP Board Action, contract created. City Council adoption of Project Agreement.
 - City funding is reserved until disbursed or released due to expiration of JTIP contract
 - Business completes hiring, training, state audit, and state reimbursement.
 - Business submits state's audit and proof of reimbursement to City.
 - City makes payment to business.
 - Annual employment level follow up with State
 - Report semi-annual grt collection to City for 3 year period
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Sample calculations:

Median hourly wage in DAC, November 2012 - \$13.85

Wage+ minimum - \$15.24/hour

JTIP contract for **low skill job in Las Cruces paying \$15.00/hour**

Eligible for 50% reimbursement for 480 hours of training - \$3,600 per job

Not eligible for City of Las Cruces Wage+

JTIP contract for **medium skill job in Las Cruces paying \$15.00/hour**

Eligible for 50% reimbursement for 800 hours of training - \$6,000 per job

Not eligible for City of Las Cruces Wage+

JTIP contract for **high skill job in Las Cruces paying \$15.00/hour**

Not eligible for JTIP (\$19.00 per hour minimum)

Not eligible for City of Las Cruces Wage+

JTIP contract for **medium skill job in Las Cruces paying \$18.00/hour**

Eligible for 50% reimbursement for 800 hours of training - \$7,200 per job

Eligible for City of Las Cruces Wage+ \$1,500 per job

JTIP contract for **high skill job in Las Cruces paying \$18.00/hour**

Not eligible for JTIP (\$19.00 per hour minimum)

Not eligible for City of Las Cruces Wage+

JTIP contract for **high skill job in Las Cruces paying \$20.00/hour**

Eligible for 50% reimbursement for 1,040 hours of training - \$10,400 per job

Eligible for City of Las Cruces Wage+ \$1,500 per job



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TO: Robert L. Garza, P.E. – City Manager 

FROM: Christine Logan, CEcD – Economic Development Administrator 

DATE: June 17, 2013

SUBJECT: June 24, 2013 City Council Work Session
Additional Funding for Economic Gardening

As a part of the budget setting process for FY14, the City Council allocated additional funding to economic gardening. There are a plethora of definitions for economic gardening but it is generally accepted that economic gardening programs focus on growing local businesses more than on attracting new business to a community. The core elements of an economic development program are - infrastructure, information and connections. Infrastructure includes land, building, utility and transportation components but also the amenities that entrepreneurial businesses look for, like open space, recreation, education and quality housing. Business research and analysis necessary for growth requires access to demographic, market and industry information from a wide range of sources. Connections have to do with both individual and organizational resources that may be critical for business growth.

At the June 24 work session, I will be seeking City Council direction as to how they would like to invest in economic garden. I will provide information about some options the Council may want to consider including:

- **The New Mexico Economic Gardening pilot program.** The City has been a part of this pilot program over the past year. The New Mexico Association of Commerce and Industry (ACI), as part of the Edward Lowe Foundation's National Economic Gardening Center, has raised private funds to provide Strategic Research Team (SRT) services to 10 New Mexico businesses including three in Las Cruces.
 - Fee for a local business to be served by Edward Lowe SRT - \$4,000
 - Tuition for local business expert to become an Edward Lowe SRT team member (consultant) - \$5,000
 - Cost to have Edward Lowe trainers come to Las Cruces and train 8-12 SRT members- Cost estimate +/- \$20,000

- **The City of Las Cruces Business Assistance Office.** Currently, I work individually with businesses to assess their needs and provide with information to establish or expand their business. Through one-on-one appointments and web/email interactions, I help businesses discuss and brainstorm about their business issues and provide referrals to programs, agencies, or organizations best suited to meet specific needs. The City subscribes to an online demographic and market database, purchases detailed market data on an annual basis and can access the wealth of business relevant information in the City GIS and other public records. This information is shared with businesses to assist in decision making and for targeting their marketing efforts.
 - Additional data. InfoGroup USA \$3,000. BAO upgrade \$1,500-2,000. Hoover Research, D&B, Buxton, etc. Cost estimate +/- \$3,000 each
 - A Business Data Center. Space, computer, dedicated software licenses. Cost estimate +/- \$25,000. Staff to monitor and assist. Take time from existing activity.
- **Shop Local Programs.** Consumer spending at locally owned business generates a significantly larger local economic impact than the same amount of spending at national or international business. As economic gardening efforts generally target the smaller, more locally owned enterprises several communities include Shop Local programs as part of their economic gardening.
 - **Web based Programs** such as WebQA create a website through which local business can use to drive traffic to their own website, post coupons or specials, post job listings, send emails to subscribers, and more. Programs include directory and mapping functions for local businesses.

Example programs:
 Avondale AZ <http://www.avondale.org/index.aspx?NID=1024>
 Chesapeake VA <http://mygovhelp.info/chesapeakeva/cs/businessdirectory.aspx>
 Crystal Lake IL <http://ishopcl.com/>

 - Cost estimate +/- \$3,000 to set up and \$5,000 annual to maintain
 - **Pre-paid cash cards.** These programs distribute prepaid credit cards good only at participating local businesses. Often distributed as rewards (paying utility bill, attending business event, attending a conference or convention, etc.) or sold online to participating business or organizations that can distribute as part of their marketing campaigns. Programs include interactive directories with info about each business and option to sign up for email notifications.

Example programs:
 Dane County Wisconsin <http://www.danebuylocal.com/>
 Oakland CA <http://oaklandnorth.net/2011/12/13/retailers-launch-oakland-gift-card-to-help-people-shop-locally/>
 Acadiana MI <http://shoplocalacadiana.com/home>

 - Cost estimate +/- \$3,000-\$5,000
- **Business Training and Networking opportunities.** Businesses (especially start-ups and small businesses) need a wide range of training which they cannot provide internally. Management, accounting, marketing, employee development are some of the topics most often requested. In addition entrepreneurs need to learn from each other and

build connections that help them grow their business. In Las Cruces, many public and non-profit agencies provide training and networking services.

- Chambers, SBDC, Arrowhead Center, WESST and others already meet this need locally at very low cost.

None of these ideas have been fully researched or priced at this time as these are just a few of the endless possibilities. The City Council may have additional ideas in mind. At the work session, I will hope to receive Council direction regarding which type of programs they would like the City to pursue. Based on that input, I will be able to follow up on specific plans, create accurate cost estimates, and prepare an implementation proposal.

If anyone has questions or requires additional information, they can contact me at 541-2286 and I would be happy to assist.

cc: Brian Denmark, AICP – Assistant City Manager/COO

