

Local & Small Business Engagement Work Group Report

During the August 5 County Council meeting, Council passed a motion 6-1 to move forward with the Retail LEDA program. The Local & Small Business Engagement Work Group has been focusing on this and other issues the small business community faces.

The Local & Small Business Engagement Work Group includes Councilors Ryn Herrmann, David Reagor and Randall Ryti. This report includes information that we gathered on what other communities are doing with Retail LEDA, a summary of commercial vacancy rates and some items we would like to see the County consider further.

Since February, the Local & Small Business Engagement Work Group has been meeting with interested parties, as well as chatting individually with members of the business community. Meetings include the following:

8/11 - Columbus Capital
7/29 - Los Alamos Local Business Coalition Forum Series
6/23 - Anne Laurent, Alvin Leaphart & Eli Isaacson
6/16 - Anne Laurent
6/13 - Janice Krish
6/3 - Representative Chris Chandler
5/29 - Los Alamos Local Business Coalition Forum Series
5/22 - LACDC
5/19 - Joe & Mrs Arellano
5/9 - Shannon C d'Baca
4/18 - Patrick Sullivan
4/10 - Los Alamos Local Business Coalition Forum Series
3/19 - Shanna Sasser, Allan Saenz, Janice Krish
3/13 - Los Alamos Local Business Coalition Forum Series
2/19 - Shanna Sasser
2/13 - Los Alamos Local Business Coalition Forum Series

Clovis, NM

The city of Clovis New Mexico has developed a successful economic development method using the LEDA laws that the state currently has in place. They have completed four retail projects that are up and running as local businesses. These projects use the same financial format. The city does not give the owners funds in advance; they only reimburse the owner for the cost of development through grants that are equal to part of the GRT paid by the new business. The absence of loans or grants in advance eliminates the security requirements that are the most difficult part of the agreement with the local government. The town has an indoor mall that was in decline, especially with the closing of a large Dillard's store

anchoring the property. The mall owner entered into a LEDA agreement with the city to remodel that large space into several smaller spaces and lease two of them to the national brands Ulta and Marshall's. The LEDA allows the owner to collect a grant that is equal to a portion of the GRT tax paid by the new retail businesses. The city of Clovis does not lose any funds as the alternative was an empty retail area that was not paying any GRT taxes.

The third business funded under their LEDA system was ZIA Motor Sports, a retailer that originated in Clovis but has since expanded to other locations. The LEDA funds were used to move and expand into a larger space. The business receives the same fraction of GRT as a grant after the site is open. It was an active place providing a wide variety of off-road vehicles and motorcycles. The indoor space was large and full of great inventory. You could even say that it was fun to visit. They were also expanding into watercraft this year. The watercraft expansion was not supported by LEDA. The LEDA agreement allowed them to move ahead and gain momentum for additional growth.



The front of ZIA Motor Sports in Clovis, NM.

The fourth completed LEDA in Clovis was for a convenience store and gasoline station known as Rory's. It is a small chain that started in Clovis and has since expanded to other locations. It is in the northwest part of the city that is the primary area for housing growth. This was a build on a previously undeveloped site.



Rory's Convenience Store and Gasoline Station in Clovis, NM

The City of Clovis has an Economic Incentive Board (EIB) that recommends retail projects that address the gap analysis adopted by the Clovis City Commission. Potential recommendations include gross receipts tax reimbursement, investment in land, buildings, infrastructure, and other incentives. The level of incentive support is based on the identified retail gap addressed by the project, capital investment, wage rates, return on investment, and the number of newly created or retained jobs. The gross receipts tax incentives are limited to ten years and up to 50% of the total investment. The most attractive feature is the absence of payments in advance of the project completion that, in turn, eliminates the need for security provided by the businesses.

Farmington, NM

Farmington just adopted LEDA for Retail last year and are using it to assist “experiential” retail that meet their community goals of regional retail attraction. They have yet to execute an agreement on this but have had some interest. We are continuing to engage with them to learn how they anticipate handling the need for security in Retail LEDA.

Commercial vacancy rate information

The Los Alamos County Assessor's office has been tracking vacancy rates of all kinds of commercial properties. This information is used as part of one of the methods for valuing commercial properties. The Council Work Group reached out to the Assessor's office to compile recent trends in these data. Vacant or occupied status of all commercial properties is assessed through a visual inspection of the units late in the calendar year. Notes are made on the number of commercial suites occupied or vacant. Thus, a property with 10 suites and one vacant has a vacant area of one-tenth of the total property assessed area. This method is used because the area of the individual units is not in the Assessor's database. A more accurate vacancy rate would be based on the square footage of each unit, but this same methodology was used each year, and overall trends should be informative.

Table 1. Fraction of vacant space for offices, retail, and the Diamond Drive area.

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Office (WR)	78%	78%	78%	52%	38%	41%	42%
Office (LA)	10%	10%	10%	12%	8%	11%	9%
Retail	8%	8%	8%	18%	18%	13%	10%
Diamond Area	20%	10%	10%	38%	16%	38%	0%

Figure 1. Plot of vacant space for offices, retail, and the Diamond Drive area

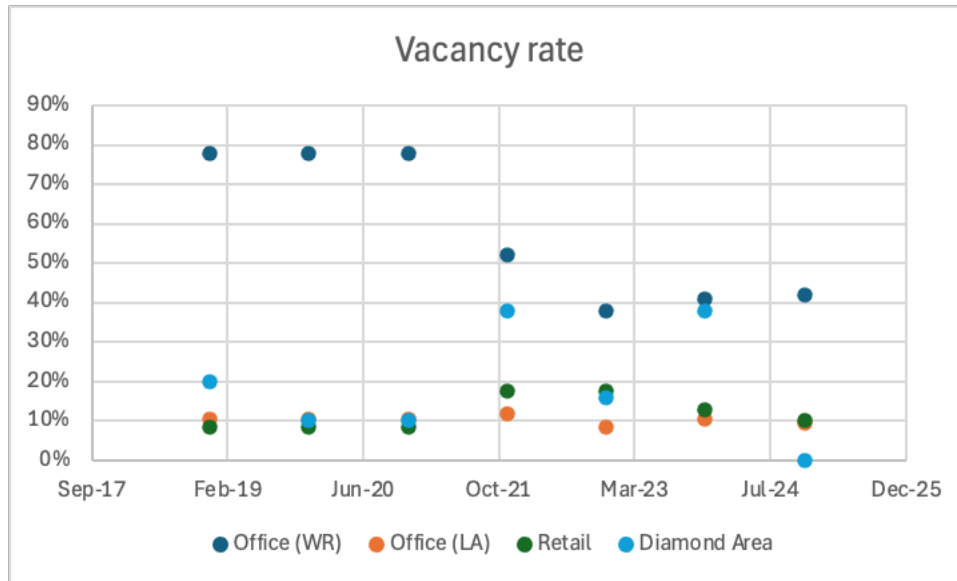
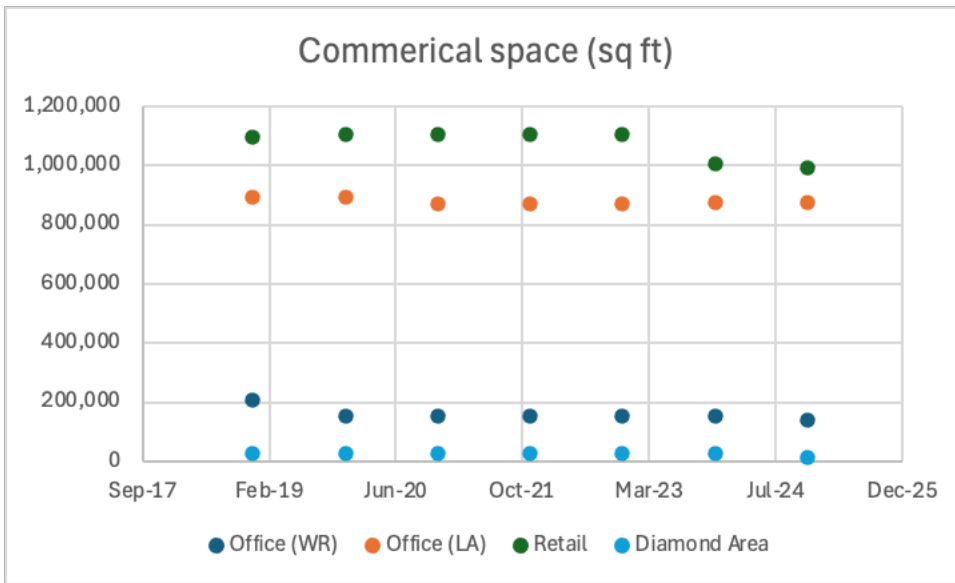


Table 2. Square footage for offices, retail, and the Diamond Drive area

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Change
Office (WR)	207,779	151,401	151,402	151,402	151,402	151,402	142,150	-65,629
Office (LA)	891,954	891,954	873,105	873,105	873,105	873,870	873,870	-18,084
Retail	1,094,868	1,104,989	1,105,439	1,105,439	1,105,439	1,006,191	992,765	-102,103
Diamond Area	26,730	26,730	26,730	26,730	26,730	26,730	14,059	-12,671
Total Sq Ft	2,221,331	2,175,074	2,156,675	2,156,675	2,156,675	2,058,192	2,022,844	-198,487

Figure 2. Plot of space over time for offices, retail, and the Diamond Drive area



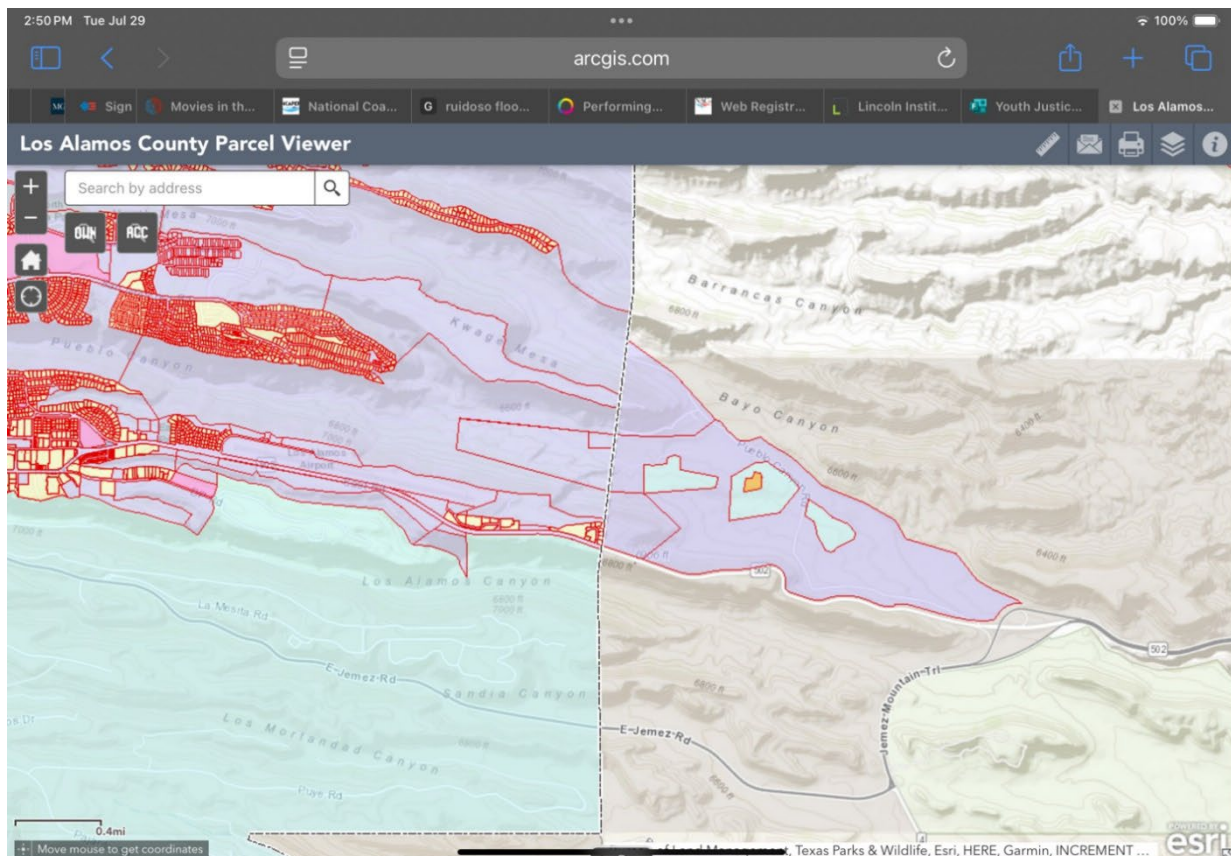
Observations on commercial space

- The White Rock Town Center has a large fraction of vacant commercial space. The fraction of vacant space is lower in 2024 compared to 2018 but this is primarily due to buildings being demolished. So going from unoccupied to no improvements.
- Overall, Los Alamos County lost about 200,000 square feet of commercial space. This space is no longer included in the vacant commercial land category. This land is reflected in the summary listed below.

Vacant lands as of April 2025

- Land zoned commercial and vacant in Los Alamos County is about 12.9 acres. This includes 10 parcels.
- Land zoned residential and vacant in Los Alamos County is about 72.4 acres. This includes 402 parcels.
- Not included in these amounts is the Los Alamos County owned land in Santa Fe County. Ownership of this land was transferred from DOE to Los Alamos County as part of Public Law 105-85. The parcel is about 620 acres and includes three sub-parcels retained by DOE and one parcel within the largest DOE inholding transferred to the Pueblo do San Ildefonso.

Figure 3. Los Alamos County parcel viewer map showing Los Alamos County owned land in Santa Fe County.



Los Alamos Local Business Coalition

The LALBC has also been focused on the issues facing our small business community and have made some good suggestions on how to improve the small business climate. For more information on the LALBC visit <https://coalition.losalamos.com/>. We appreciate their dedication and hard work on the challenges our community faces and look forward to continuing to collaborate with them.

Suggestions of low hanging fruit

- Make advertising available to the small business community on transit busses, both local and the Bandelier route.

- Provide clear information about how to start a business in Los Alamos County and provide a clear point of contact to help. Create an outline of who is working on ED, and what their specific roles are and how to contact them.
- Track the timelines for LEDA and MRA applications closely and minimize turn-around times.
- Openings, closings and sales of local businesses, gaps, and available lands for development or redevelopment should all be tracked and regularly reported.

Topics to consider further

- Recent changes to Retail LEDA are a great start. We need advocacy with legislature on this and anti-donation. Have County Attorney set up meeting with Rep. Chris Chandler to begin discussions.
- Consider the developable land on mesa in SF County behind East Gate.
- Why are the pads at Smiths Marketplace not being developed yet? Kroger is still paying ground lease to schools, but we would like to see that space developed. This is not on the Assessor's list of vacant property. Is there a mechanism for County to get that developed? We understand that Columbus Capital is currently engaged with Kroger regarding a sub-lease.
- Consider engaging with local economic development professional groups like LACDC to help review the Retail LEDA applications. Could Council see all applications and not just the ones that are recommended by County Staff?
- Continue partnering with Cities Work to review County processes. Could they also review Retail LEDA process and give suggestions?
- Is it possible or feasible to hire plumbing & electrical inspectors for Los Alamos County? This step seems to hold up progress of small businesses opening because we are so remote.
- Consider monument signs that businesses slip their own signage into.
- Our Change of Use process needs to be more transparent and faster. How can we improve this?