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San Luis Business Incubator ready for more tenants

By Mara Knaub

With trade policies between the United State and Mexico potentially changing under President Trump, some businesses who moved to Mexico are now considering coming back or at least having space in the U.S.

San Luis, Ariz., is ready for them. The city has just the facility for them to set up shop — the San Luis Business Incubator. The 20,000-square-foot facility is located near the border at 415 N. Industrial Ave. It has seven suites ranging from 1,430 to 4,237 square feet, and with only two tenants currently in the facility, it's ready for more companies, both start-ups and expanding businesses focused in light industrial activities.

"It's such a beautiful building, we want to fill it up with companies," Community Development Director Jenny Torres said.

The \$2.2 million facility was built in 2015 with a federal grant from the Economic Development Administration, as well as funds from a Community Development Block Grant distributed to the city by the state. However, the lack of fiber optics, the fastest form of broadband technology, had prevented the city from fully marketing the facility.

That's now changed. The Arizona Department of Transportation brought fiber optics to the area, then CenturyLink extended it to nearby Cesar Chavez Street. At that point, the city thought it worthwhile to invest \$70,000 more to bring fiber optics to the incubator.

Nowadays, high-speed internet is a necessity for running a business, and the whole region will benefit from this technology, Torres noted.

What follows now is recruitment of businesses. The city has two goals: moving home-based startups away from residences (usually located in areas not zoned for commerce) and attract businesses from Mexico, perhaps a maquiladora that needs or wants space in the U.S. or an "emprededora," an enterprise startup company wanting to expand into the U.S.

As for home-based businesses, "we want them to come out of their house and establish a place so they can do business legally," Torres said. Space could also be used to create a product here and test the market, Torres said.

Proximity to the new port of entry means the facility could be suitable for maquiladoras. The facility already houses two business, HAK Construction and Lers, a printing service and marketing agency originally based in San Luis Rio Colorado, Mexico. Five spaces are available,

two of them almost 5,000 square feet each and all with manufacturing/warehouse space, offices, reception area, conference room and restrooms. Permitted light industrial uses include laboratories for research and product development; assembling, fabrication, handling and packaging, treating and renovating goods, merchandise, products and equipment; welding shops; contractors offices; product distributorships, wholesale and warehouse facilities; equipment sales and rental, farm equipment and supplies stores; and more.

The city ordinance allows for conditional uses such as plasma centers, charity dining services, homeless shelters, day labor hiring centers, rescue missions and other similar social service uses as well as warehouse and transfer facilities for general freight, among others.

The city has already received interest from California companies looking into moving and/or expanding into Arizona, Torres said. Torres will embark on a marketing campaign next month and will be making presentations to promote the facility.

The city is also working on a video and brochures showcasing the incubator and its services.

Nurturing businesses

A big part of the facility is evident through its name: business incubator. One of the goals of the city is to help start-ups and expanding businesses succeed by “nurturing” them, thereby creating jobs.

“The whole concept is to help businesses within five years grow to a stage where they can go out on their own and expand and let others come in,” Torres said.

To qualify for the program, a business must hire low- to moderate-income San Luis residents; have a viable business idea and a management team in place; and available for ongoing training opportunities. Applicants will be asked to supply a current business plan, financial statement, personal credit report and at least three professional references. If someone wants to start a business, the city will work with them, providing hands-on management assistance, access to financing and exposure to business and technical support services. Through partnerships with organizations such as PPEP and the Arizona Western College Small Business Development Center, mentors help development the skills of business owners so they can successfully run their companies.

For example, “if someone needs financial training, we will provide it either at a low cost or free,” Torres said.

“The goal is to always be pushing them to graduate from the program and explore the market outside the incubator,” explained Rogelio Martinez, the facility’s secretary/receptionist.

Although a five-year program, clients might be ready to go on their own earlier. Rent is month to month, and they can leave anytime they want with a 30-day notice. The monthly rental fee starts at 39-cents per square foot and goes up every year, up to 75-cents in the sixth year.

“The rent is very reasonable,” Torres said, noting that it comes with other services so in the end it’s lower than comparable facilities. The rental fee includes a receptionist, telephone line, janitorial, utilities (water and sewer), parking lot, central mail handling and other services.

“It’s a beautiful facility. It’s well kept. It has a lot of the services,” Torres said, pointing out that there is no other incubator like this one in Yuma County. “Ours is unique because we’re working with Mexico and the light industrial uses,” she added.

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