

New Mexico Economic  
Development Department  
FY17 4<sup>th</sup> Quarter Report

July 31, 2017



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# OFFICE OF THE SECRETARY

## HIGHLIGHTS

The **Film Office finished FY17 with over \$500 million in direct spending** by film companies – exceeding all previously-set records. A total of 61 projects were recorded during the year, 52 of those with a budget exceeding \$1 million. Projects announced during the 4<sup>th</sup> quarter included:

- *Will Gardner*, an independent feature film
- *The Night Shift*, television series
- *The Ballad of Buster Scruggs*, a Coen Brothers feature film
- *Graves*, television series
- *Long Dumb Road*, feature film
- *Waco*, a limited television series produced by the Weinstein Company
- *Scalped*, a television pilot to be filmed in part on Laguna Pueblo

The **Job Training Incentive Program (JTIP)** finished FY17 with **2,009 total trainees**, 1,870 for JTIP and 139 Film trainees. The average wage for trainees for the year was \$17.92. Rural trainees averaged \$19.04 and urban trainees averaged \$17.85.

The **Catalyst Fund** was launched in the third quarter and the first company to receive an investment was announced this quarter. **Bayotech**, which manufactures high-tech nitrogen fertilizer production equipment, received \$2 million from the Catalyst Fund, and will now finish testing and begin delivering on commitments worth \$1.5 billion in sales in North America.

There were three major announcements in the 4<sup>th</sup> quarter:

- **Second Street Brewery**, in Santa Fe, will invest \$1.8 million in a new, expanded tap room and packaging facility that will allow them to distribute their products across the state. The expansion will add 30 new jobs, five of which will be in manufacturing. EDD will invest \$100,000 toward the expansion. Second Street was founded in 1996, the first micro-brewery in the City of Santa Fe.
- **Drylands Brewing Company** is a startup in Lovington which will create 10 new jobs. Drylands will invest \$950,000 in a restaurant, tap house and canning facility in the Lovington MainStreet District. EDD will provide \$100,000 in LEDA funds for the new company. NMMS provided professional assistance to develop the MRA plan making possible the public private partnership between the entrepreneurs and the City, the conceptual design work and a business plan.
- Milan-based **Mt. Taylor Manufacturing** is investing over \$1 million to expand their operations in the South Valley. The company currently manufactures lumber, home-heating wood pellets, and mulch. The expansion will create five new jobs and support 43 existing jobs in Milan.

Measure	Target	Q1	Q2	Q3	Q4	Total
Total jobs created	4,500	725	196	550	264	1,729
Rural jobs created	1,600	168	145	370	92	775



## New Mexico Partnership

The New Mexico Partnership generated 16 new prospects in Q4, down slightly relative to Q3 (20 prospects), but the last two quarters of the year combined saw a **~29% increase in new prospects** vs. the first two quarters (36 vs. 28). Increased prospect activity drove **seven site visits** in Q4, higher than any quarter in the year, and should be seen as reason for optimism about 2018 Q1/Q2 announcements.

### Sales and Marketing Activities Led by the NM Partnership this Quarter

- **MRO Americas (4/25 – 4/27, Orlando, FL):** Met with more than two dozen companies (parts manufacturers, 3<sup>rd</sup> party maintenance providers, and corporations with diverse business segments) at this aviation maintenance, repair and overhaul trade show (joined by six local community EDCs).
- **Chicago Sales Mission (5/1 – 5/2):** Conducted a sales mission to Chicago that focused on meeting with consultants (six firms) that have been strong sources of past projects, with the potential to be sources of future projects. Accompanied by Lea County EDC.
- **AUVSI (5/8 – 5/11, Dallas, TX):** Had ~10 meetings with companies at this unmanned vehicles event to promote NM for this rapidly growing industry (joined by four local EDCs and NMSU). Identified opportunities with an Australian engineering/support company, a CA-based battery manufacturer, and several testing/R&D opportunities. Follow-up will likely generate additional opportunities.
- **Global Petroleum Show (6/13 – 6/15, Calgary):** Had 30 pre-scheduled meetings (as well as several arranged during the show) and three evening events (joined throughout by three local EDCs). Attendance has already produced three active projects, and further follow-up continues in order to generate more opportunities.
- **Northern/Central New Mexico Familiarization Tour (6/15 – 6/16, Santa Fe, NM):** Three national site selection consultants visited Santa Fe and met with over 30 economic developers from across NM. Based on follow-up with all three consultants, all are now more aware of how NM can be a strong option for their clients, and each expressed plans for increasing their activity in NM.
- **Asset-Focused “E-Mail Blast” Campaign (Ongoing):** Conducted an e-mail campaign in July targeting five hundred site selection consultants and real estate representatives nationwide highlighting available office properties across the state, key labor attributes, and incentive opportunities. Part of a broader strategy of regular communications with the advisory community highlighting underutilized assets. A value added agriculture property campaign is planned for August. Future campaigns will focus on other asset types (e.g., industrial, warehouse, logistics/distribution).
- **SelectUSA (6/18 – 6/20, Wash., D.C.):** Attended this Foreign Direct Investment (FDI) conference (joined by four local EDCs) and conducted 42 company meetings. Several companies were identified that have projects that are suited to NM, and follow-up with all of these is underway in order to convert to active prospects.

Measure	Target	Q1	Q2	Q3	Q4	Total
Number of jobs created by business relocations facilitated by the Partnership	2,250	80	20	15	0	115
Number of Potential Recruitment Opportunities (PRO) generated by Partnership marketing & sales activities	84	12	16	19	16	63

## ECONOMIC DEVELOPMENT DIVISION

### New Mexico MainStreet

The New Mexico MainStreet program had a very successful fourth quarter working with local affiliate programs and local government partners building capacity for local economic revitalization and re-development efforts, enhancing the entrepreneurial and business climate of local MainStreet districts, and creating thriving places throughout the State of New Mexico. Local MainStreet programs reported **\$2,106,118** in Private Sector Reinvestment; **31** Private Building Renovations; **12** Net New Business and Business Expansions; and the creation of **57** Net New Jobs in their districts during the Fourth Quarter.

- In the Artesia MainStreet district, owners of two buildings invested in exterior and interior improvements. The work at a social services organization and a financial services company totaled \$96,168.
- The Truth or Consequences MainStreet district benefited from four private building rehabilitation projects totaling \$1,005,300. Most of that total (\$1 million) was devoted to electrical, plumbing, solar energy and equipment installation work at the new Truth or Consequences Brewing Company. The three small projects were parking lot repairs at a restaurant, a new window at a computer service firm, and window and facade improvements at a gift gallery.
- Two new businesses opened in Alamogordo's MainStreet district. The new gaming lounge and restaurant created 6 new jobs for the community.
- In the Los Alamos MainStreet district, five new businesses -- a nuclear energy services company, pilates studio, realty office, accounting firm, and gift emporium -- bring 23 new jobs to town.
- Through technical assistance from NMMS, the City of Lovington was awarded a \$50,000 Local Government Planning grant from the New Mexico Finance Authority to complete a Metropolitan Redevelopment Plan for their downtown district.
- 14 MainStreet programs were awarded a total of \$50,000 in 2017 Resilient Communities grant funds from the New Mexico Resiliency Alliance for business development, placemaking and façade improvements, and capacity building. See table.

2017 New Mexico Resiliency Alliance Resilient Communities Fund Grant Awards		
<b>Barelas MS</b>	Organization Challenge Grant: Developing Fundraising Campaign for Barelas MainStreet	\$4,000
<b>Portales MS</b>	Capacity Building for Operating Expenses	\$4,000
<b>Zuni Pueblo MS</b>	Build capacity, engagement and development opportunities for Zuni Pueblo MainStreet	\$4,000
<b>Gallup MS/ACD</b>	Business Succession Planning Case Study	\$4,000
<b>South Valley MS</b>	SV MainStreet: Community-Based Economic Development Vision and Recommendations	\$4,000
<b>Alamogordo MS</b>	Alamogordo MainStreet 10th Street & New York Avenue Façade Squad Initiative	\$5,000
<b>Corrales MS</b>	Change Starts At Home: Gathering Space/Pocket Park Improvements	\$2,500
<b>Deming MS</b>	Gold Street Façade Improvements	\$5,000
<b>Farmington MS</b>	Studio 116/Christian Science Reading Room Pocket Park	\$3,500
<b>Harding County MS</b>	Restore the Town Project	\$2,000
<b>Las Cruces DLCP</b>	Downtown Las Cruces Mural Project	\$1,500
<b>Lovington MS</b>	North Main Makeover/Façade Improvements	\$2,000
<b>Roswell MS</b>	2017 MainStreet Roswell 200 Block N. Main Façade Squad!	\$5,000
<b>Silver City MS</b>	Downtown Historic District Planters Streetscape Project	\$3,500
<b>Total:</b>		<b>\$50,000</b>

Measure	Target	Q1	Q2	Q3	Q4	Total
Dollars of private sector investment in MainStreet districts (millions)	\$9,000,000	\$10,140,612	\$1,076,093	\$15,262,218	\$2,106,118	\$28,400,000

## Community, Business & Rural Development Team

There were 18 LEADS grants awarded in FY17. It is a goal of the program to fund projects that can generate an outcome within the same fiscal year funds are provided. This can be challenging, particularly when grant funds are used for marketing.

Never-the-less, of the 18 projects, 14 culminated in an outcome as defined by the performance measure language. Measurable outcomes continue to grow as the program matures.

1. Cibola Communities Foundation was awarded \$8,000 to help create a SoloWorks Job Creation Program. At the end of grant period they have served 87 applicants and enrolled 29 candidates; 25 of those candidates received remote work skills training and completed the course requirements. Out of the 25 candidates that completed the training 7 were placed in jobs and 7 more are in the placement process and 4 have established as solopreneurs.

*Outcome: 7 new jobs created*

2. Southern Luna County Economic and Community Development Corporation was awarded \$5,000 to build a community garden and develop a business training program to help community garden participants develop and market their products. This program successfully trained 129 participants.

*Outcome: Workforce Development*

3. Clovis Industrial Development Corporation (CIDC) was funded for 3 activities. CIDC attended 5 trade shows.

*Outcome: 19 leads were generated and 53 jobs created by Pattern Wind Farm and Siemens support group.*

The second activity was to conduct Business Retention and Expansion (BRE) visits.

*Outcome: From the BRE visits 10 business were positively affected and 176 jobs retained, including:*

- *David's Firewood (55 FTE): Worked with Representative Crowder to provide expert testimony on a bill that would have eliminated the business' ability to export and import wood in and out of New Mexico. David's Firewood has a contract with Wal-Mart and other retail outlets to supply firewood bundles. David's imports raw wood into Clovis and cuts it down, fires it to clean it for bugs and packages the wood for the commercial market.*
- *Renewable Energy Group (REG) (12 FTE): Worked with NM Legislature to address industry concerns on bills related to the 5% Bio-Diesel Mandate which would have impacted REG and potentially eliminated the onsite and trucking jobs related to an expansion. The company owns the ClovisBio Diesel Facility built in 2008. The facility distributes bio-diesel within New Mexico. CIDC has been working with REG to move forward with an expansion of the facility to manufacture and distribute product from the facility that will employ 48 to 60 FTE once the expansion moves forward.*

- *Glenco (23 FTE): Worked with Glenco and continue to work with Glenco to expand their operation and retain jobs in Clovis. Glenco is a local company that has been in Clovis for over 40 plus years. They manufacture buildings and are in need of a new building. CIDC has been working to identify land for a new build-to-suit option for Glenco.*
  - *Leslie's Candy (8 FTE): This company is a candy manufacturer in need of a new modern facility with a retail outlet attached. CIDC has been working with the owner to identify sites and options to retain and expand the facility.*
  - *Cummins (37 FTE): CIDC continues to work with Cummins Natural Gas Engines to ensure the Natural Gas Engine Division stays in Clovis and New Mexico. CIDC owns the facility Cummins leases and has maintained a flat lease rate on the facility to ensure that the operating costs are favorable. CIDC has also been working with a group from China to see if there is a new market available for the export of the natural gas engines. Cummins has experienced a decline in sales related to low oil prices. A majority of the engines produced are sold within the oil and gas industry. CIDC is hoping to find additional markets that will help retain the company in Clovis.*
  - *Milk Partners Truck Distribution Facility (41 FTE): CIDC has been working with Milk Partners (DFA) to retain and expand their trucking operations that support the local dairy industry. CIDC expects to announce that the milk group will be consolidating and expanding area trucking operations to save money and add jobs over time. The new facility will include a truck cleaning area and maintenance shop, which is expected to be located directly across the street from Southwest Cheese. The project will include a \$5 million investment.*
4. Artesia Mainstreet was awarded \$7,000 to provide a system of auto-directional wayfinding signs along Main Street, eventually to expand throughout the downtown district. The wayfinding system (auto directional signage) will direct automobile traffic to places of interest in the downtown district. These colorful signs encourage travelers and residents alike to park, walk and stay in downtown Artesia. This project was completed and will result in an increase in sales in downtown businesses and increase walking traffic within the downtown district.  
*Outcome: As a way to measure outcomes Artesia MainStreet will poll the downtown businesses in September 2017 (one month after the entire phase is completed) to assess increase in revenue and comments made by visitors and residents.*
  5. Lea County EDC was awarded \$10,000 to attend 5 trade shows and conduct 2 sales missions. Out of these efforts, over 2,000 contacts were made and one corporate



headquarter located in Lea County, Mewbourne Oil. Mewbourne Oil constructed a \$6 million facility and has hired 135 to date.

*Outcome: New jobs and investment*

6. Estancia Valley Economic Development Association was awarded \$7,000 to attend various economic development trade shows and sales missions. Utilized the LEADS monies to help attract two new wind energy projects:
  - The Dunmoor Wind Farm, which will extend from south of Clines Corners to Encino, is braced to have 700 megawatts of capacity and will be located on 70,000 acres of contiguous deeded private land.
  - The Valencia Hills Wind Farm, southeast of Duran, will carry 150 megawatts of potential capacity.

These projects will add in excess of \$600,000,000 in capital expenditure in Torrance County. Roughly \$200,000 will be dispersed from the wind project to the county on an annual basis for the next 25 years. This funding is earmarked for future economic projects that are being identified by the Investment Council of Torrance County.

*Outcome: New jobs and investment*

7. Rio Arriba County was awarded \$10,000.00 to assist the members of the community in an educational program teaching them essentials of starting a business. The program graduated 20 participants in the course which ranged from writing a business plan, marketing and basic business accounting.

*Outcome: Training*

8. Los Alamos was awarded \$5,000 to help redevelop the Co-Op Tap Room & Brewery. The Brewery is in the downtown district and is key to attracting visitors. The LEADS monies attracted an additional \$10,000 in private investment to the project. The public private partnership is expected to increase revenue to the Co-Op and will lead to one more employee in the upcoming months.

*Outcome: New investment*

9. Lovington Economic Development Council was awarded \$10,000 to attend 3 specific trade shows and conduct Business Retention and Expansion visits. As a direct result of the shows 26 leads were generated and as a result of the BR&E visits and partnerships with Lovington MainStreet, one new business was located downtown. The business has created 12 jobs, with plans to expand to 28.

*Outcome: New jobs and investment*

10. Otero County Economic Development Council was awarded \$15,000 to participate in four trade shows and three sales missions; and to conduct Business, Retention and Expansion visits. The trade shows and sales missions resulted in OCEDC meeting with 35 companies and 38 site consultants. Thus far, two companies have visited Alamogordo

and these projects are still active. The BR&E visits resulted in one company expansion, PreCheck added 27 new jobs.

*Outcome: New jobs*

11. Las Vegas San Miguel Economic Development was awarded \$5,000 to help purchase equipment for the Luna Commercial Kitchen. The kitchen will open on July 26<sup>th</sup>. Additionally Siete Del Norte has agreed to provide \$15,000 towards the management of the facility.

*Outcome: Five clients will initially utilize the kitchen resulting in new revenue*

12. Grow Raton and the Center of Sustainability was awarded \$7,500 to purchase equipment and furnishings need to provide business development services along with entrepreneurial training. The equipment has been purchased along with the necessary software to provide the training. The training programs have been identified and curriculum developed and they have identified 6 entities that have signed agreements to utilize the commercial kitchen.

*Outcome: New revenue*

## BUSINESS AND COMMUNITY DEVELOPMENT PROJECTS

### **Region 1 (San Juan, McKinley, Sandoval, Cibola)**

Regional Representative was involved with twelve BR&E (Business Retention & Expansion) visits. Most of which were accompanied by the local EDO. Out of these visits 2 companies were identified that could move forward with LEDA and JTIP applications.

Regional Representative was directly involved with 5 companies that successfully received JTIP resulting in 110 jobs, and 4 employees received Step-up training.

Regional Representative was the lead and key facilitator of Mt. Taylor Manufacturing's successful LEDA application. The Village of Milan passed the ordinance in June of 2017 for \$100,000 that will create 5 new positions and retained 43 jobs.

Regional Representative is still actively working one LEDA application, final award and adoption is expected in the 1<sup>st</sup> quarter of FY18.

### **Region 2 (Rio Arriba, Taos, Los Alamos, Santa Fe, Torrance, Valencia)**

Regional Representative has had one Business, Retention and Expansion visit that has led to an active LEDA application. The application is expected to be finalized in the 1st quarter of FY18 in the City of Santa Fe, which will result in 250 new jobs.

Regional Representative is also actively working 3 other potential LEDA projects that could result in 100 new jobs in the region.

### **Region 3 (Bernalillo/Team Lead)**

The Regional Representative is currently working 2 LEDA applications expected to be finalized in the 1<sup>st</sup> quarter of FY18. These two projects are expected to create 115 new jobs.

### **Region 4 (Colfax, Union, Mora, Harding, San Miguel, Quay, Guadalupe)**

Since the closing of Springer Drug in 2003 the Regional Representative has met with UNM Pharmacy School, New Mexico Pharmacy Association and other medical clinics in the recruitment of a pharmacist. Initially a telepharmacist position was established, and in 2017 two new companies announced pharmacy services in Springer. ABQ Bestcare Pharmacy celebrated its grand opening March 31, 2017 with two new employees. Then Mesa Pharmacy became the second pharmacy locating to Springer with two new local jobs with a grand opening celebrated on May 19. This was a direct result of the Regional Representative work with El Centro Medical Clinic on its expansion to buy and renovate the former Springer Drug Store.

The Castaneda Hotel was approved for New Markets Tax Credits (NMTC) with the State of California. Regional Representative acted as the liaison between NMFA through two previous NMTC applications with the New Mexico Finance Authority (NMFA). The owners desire to combine the financing for the Plaza and the Castenada Hotels required seeking other financing solutions. Out of state solutions were sought for this critical anchor in the Las Vegas Railroad District. Working with local banks and Santa Fe Foundations, a solution was found. The Allan Affledt Charitable Foundation as the instrument for the New Market Tax Credit approved by California Based Clearinghouse CDFI. Mr. Affledt is the owner of the La Posada Hotel in Windsor. He renovated that structure and will undertake the renovation of the Castenada.

With assistance from the Regional Representative, Tucumcari Biofuels, owned by patent holder, Bob Hockaday, (who also owns Energy Related Devices) has been funded \$900,000 as a rebate through USDA under its Re Powering Program.

Regional Representative assisted Anton Chico Economic Development Corporation with the completion of an Energy Audit for the Anton Chico Incubator Facility. This document will be used for future USDA funding of renewable energy equipment.

### **Region 5 (Catron, Socorro, Grant, Sierra, Dona Ana, Luna, Hidalgo)**

Throughout the 4<sup>th</sup> quarter the Regional Representative was able to help three new businesses open. Two of them were startups, T or C Brewery and Las Cruces Creatives, and one was a relocation, Chilean Heat Transfer.

### **Region 6 (Assistance offered by the Team Lead)**

**(Vacant Due to Budget Cuts)**

The Team Leader covering the vacant region successfully completed the USA Beef LEDA application, which will result in 57 new jobs in Chaves County and a capital investment in excess of \$5 million.

Measure	Target	Q1	Q2	Q3	Q4	Total
<b>Number of successfully completed agency grant funded projects resulting in job growth, new investment, increased revenue, or workforce development</b>	15	0	1	1	12	14

## Job Training Incentive Program (JTIP)

Twenty-seven businesses were approved by the JTIP board in the fourth quarter, including companies located in Corrales, Taos, Silver City, Sapello, Los Alamos, Rio Rancho, Albuquerque, Deming and Alamogordo. Four-hundred twenty-four new jobs were approved, 127 incumbent workers will receive upskills training, and 6 interns will gain valuable on-the-job experience working at two New Mexico companies. The overall average wage was \$19.90 per hour, and the average wage for the 97 rural jobs created was \$17.02 per hour.

The Film Crew Advancement Program (FCAP), one of the two JTIP for Film and Multimedia programs was approved to train 44 crew members at an average wage of \$18.44 per hour.

### Companies assisted by JTIP in Q4 FY17

<b>Advanced Network Management, Inc.</b> <i>Albuquerque</i>	<b>Aero Mechanical Services</b> <i>Rio Rancho</i>	<b>Affordable Solar Installation, Inc.</b> <i>Albuquerque</i>	<b>Amfabsteel, Inc.</b> <i>Bernalillo</i>
<b>Compass Components</b> <i>Deming</i>	Descartes Labs <i>Santa Fe</i>	Energy Concepts, Inc. <i>Sapello</i>	Fiore Industries <i>Albuquerque</i>
<b>IntelliCyt Corporation</b> <i>Albuquerque</i>	Little Toad Creek Brewery & Distillery <i>Silver City</i>	Medicus Billing & Consulting <i>Las Vegas</i>	Meow Wolf, Inc. <i>Santa Fe</i>
<b>New Mexico Milling</b> <i>Navajo Nation</i>	NM Consortium <i>Los Alamos</i>	Paradise Power Company <i>Taos</i>	PCM, Inc. <i>Rio Rancho</i>
<b>Plenish, Inc.</b> <i>Taos</i>	Rural Sourcing, Inc. <i>Albuquerque</i>	S&P Data New Mexico <i>Rio Rancho</i>	Silver Leaf Farms <i>Corrales</i>
<b>Southwest Cheese Co., LLC</b> <i>Clovis</i>	Southwest Labs <i>Albuquerque</i>	St. Claire's Organics <i>Santa Clara</i>	Sundance Pools <i>Alamogordo</i>
<b>UBiQD, LLC</b> <i>Los Alamos</i>	Vitality Works, Inc. <i>Albuquerque</i>	Washington Federal <i>Albuquerque</i>	

Measure	Target	Q1	Q2	Q3	Q4	Total
Number of workers trained by JTIP	1,500	315	600	493	601	2,009

## Finance Development Team

### FUNDIT

FUNDIT reviewed 21 projects for FY 2017. 17 projects (81%) were in rural areas, 2 projects were located within tribal land (Zia and Navajo). The total dollar amount of projects reviewed was \$94,329,292. Project feedback was gathered from 13 state and federal funding agencies, as well as 7 COGS. All projects are mapped on RistraProject.com. Projects were varied and included broadband, revitalization, road improvements, business incubators, waste water systems to name a few.



### LEDA

Three companies received LEDA investments in the fourth quarter. Several projects that did not close this year are expected to close in the first quarter of FY18.

Company	Location	Private Investment	LEDA Investment	Number of Jobs	Leverage
<b>Second Street Brewery</b>	Santa Fe County	\$1,850,000	\$100,000	5	18.5
<b>Mt. Taylor Manufacturing</b>	Bernalillo County	\$1,000,000	\$100,000	5	10
<b>Drylands Brewing Company</b>	Lea County	\$950,000	\$100,000	10	9.5
		<b>\$3,800,000</b>	<b>\$300,000</b>	<b>20</b>	<b>12.6</b>

Measure	Target	Q1	Q2	Q3	Q4	Total
Number of private sector dollars leveraged by each dollar through LEDA	10 to 1	25.2	-	14	12.6	21
Number of jobs created through the use of LEDA funds	2,000	133	0	383	20	543



## Office of Science & Technology (OST)

The 4<sup>th</sup> quarter activities of the Office of Science and Technology (OST) focused on capacity building within the NM Innovation Ecosystem through strategic partnerships and providing growth opportunities to NM's science and technology companies. The OST provided companies opportunities for customer acquisition, avenues to secure investment, and direct technical assistance. Major 4<sup>th</sup> quarter activities included:

**1) Enabling Customer Acquisition:** The OST partnered with NMBIO, an entrepreneurial support resource to enable nine companies to attend BIO an international tradeshow. At this show companies met with investors, pitched to an international audience and met potential customers.

**2) Creating Avenues to Investment, Launching the Catalyst Fund and New Mexico Innovation Vouchers:**

*The Catalyst Fund*

The Catalyst Fund is a \$40 million investment in New Mexico's seed and early stage science and technology companies. This fund was made possible by partnership among NMFA, the SIC, the U.S. Treasury and NMEDD. The first investments were made in late May, 2017. The OST serves on the Catalyst Fund Advisory Board and provides education and networking opportunities to companies and entrepreneurs seeking Catalyst Investment. During the 4<sup>th</sup> quarter educational outreach took the form of public presentations. The OST also worked with fund managers to create an "Investment Ready Checklist" for entrepreneurs to reference prior to seeking Catalyst Fund investment.

*New Mexico Innovation Vouchers*

The New Mexico Innovation Voucher program provides small competitive grants that enable businesses to meet strategic business development goals by leveraging NM's innovation ecosystem. During the 4<sup>th</sup> quarter pilot program 19 awards were made across the state. By offsetting the cost of services offered by economic development assets in the ecosystem Innovation Vouchers enabled awardees to hire NM student interns, file patents, launch marketing campaigns, scale up manufacturing, and build prototypes. Working with awardees NMEDD was able ensure that these awardees met their objectives.

**3) Providing Technical Assistance:** During the 4<sup>th</sup> quarter the OST provided direct technical assistance to 21 companies. Assistance ranged from technology validation to identifying sources of financing.

## Office of International Trade (OIT)

Thanks to a federal STEP grant, the OIT was able to undertake a variety of activities to provide New Mexico companies with access to international markets.

- Participated in the CIEPEC Environmental Trade Show June 12-15, 2017 with two New Mexico companies including Flute Engineering and Defiant Technologies. Generated interest in portable lab analysis equipment for gas, soil and water samples and for flexible liner for water systems. Both technologies are important to solve the massive environmental problems that China is facing with rapid economic growth. The post show sales survey indicates that they estimate they will derive about \$800,000 in sales over a one year period.
- Participated in the Food Service Australia Show from May 28-30, 2017 in Melbourne, Australia with four NM companies including Chef Eddie Adams Cajun Flavors, Cervantes Fine Foods, Villa Myriam Coffee and Rio Bravo Brewing. Interest among several distributors for importing products over the short term since US regional foods are increasingly popular in Australia and the country is already one of the largest importers of specialty coffees and craft beers.
- Participated in the San Diego Bio Show from June 19-22, 2017 with 5 New Mexico companies from NM Bio Organization including Clean Spot, Goresuch Design, Sandia Biotech, Imagion Systems, and Agilvax. Potential sales are still in the negotiation phase, but will have a significant impact on development of New Mexico companies.
- Participated in the Hannover Messe event from April 24-28, 2017 in Hannover, Germany with three NM companies participating including Global Kinetics, Pajarito Powders and Advanced Decon.
- Assisted a Spanish Environmental Technology mission in April 1-3, 2017 seeking Foreign Direct Investment opportunities in New Mexico. Arranged meetings with key state and local government entities and New Mexico environmental companies seeking joint venture partners.
- Organized an Export Seminar with 15 small and mid-size companies seeking to enter global markets as a form of Market Expansion, also new-to-export companies looking for opportunities abroad.

# NEW MEXICO FILM OFFICE

## Strategic Plan | FY17 Quarter 4

The New Mexico State Film Office is a division of the New Mexico Economic Development Department that serves the film and television industry locally, nationally and internationally. The office's purpose is to market the state to this industry, service the productions and promote jobs for New Mexico residents. The division offers resources to producers, film crew and local filmmakers and works diligently to assist with the scouting of potential filming locations. The division consults with productions regarding the financial aspects of their projects, guiding them through the incentives such as the 25% to 30% Refundable Film Production Tax Credit and the Job Training Incentive Program for Film & Multimedia. The division also connects productions with the crew, vendor services and film liaisons throughout the state.

The division continues to focus on three (3) main initiatives: (1) Recruitment: Television, Feature Productions and Digital Emerging Media Projects/Companies; (2) Workforce Development; and (3) Statewide Industry Outreach.

### Quarterly Results:

FY17	Q1	Q2	Q3	Q4	FY17 Year End Totals
Direct Spend into NM Economy	144.6M	132.2M	113.1M	116.0M	505.9M
Total number of New Projects in Principal Photography	25	9	11	16	61
Number of Projects over \$1M (total budget) in Production	12	15	13	12	52
Worker Days (crew size x days employed)	133,128	160,405	69,069	85,702	448,304

**Recruitment:** The division's primary purpose is to market the state to the film & television and emerging media industries, service the recruited productions and companies, and promote job and business opportunities for New Mexico residents. This includes consulting with production and emerging media companies regarding the financial aspects of their projects, and guiding them through the incentives such as the Refundable Film Production Tax Credit. The division also provides direction to companies regarding potential locations on which to film, as well as connecting the productions with the crew, vendor services and film liaisons throughout the state. The division continues to work towards taking the lead in Emerging Media entrepreneurial opportunities in-state.

### Highlights:

- In the fourth quarter, production continued to provide a solid film workforce with both local and Hollywood independent films, pilots, TV series and mini-series. Current TV series include: *Graves Season 2* (Epix), *an* NBC television series from the producers of *Homeland*), ongoing productions of *Waco* (formerly Spike TV to the newly branded Paramount TV

Network series), *The Girlfriend Experience Season 2* (Starz), *Longmire Season 6* (Netflix), *The Night Shift Season 4* (NBC) and a first time mini-series from The Coen Brothers, *The Ballad of Buster Scruggs* (Netflix). Current Independent feature films include: *Arizona*, *Icebox*, *Will Gardner*, *Don't Let Them In*, *Judgement*, *Four Corners*, *Highway* and *Prolonged Exposure*. Locally produced productions included: *No Clemency*, *Changing of The Gods*, *Final Cutz*, *Prime Lessons* (Amazon educational series), *Om + Me* (Glamour magazine), *Eyes on Unity* and *KT Diaries* (new media, daily fishing/adventure video diary).

**Workforce Development:** The Job Training Incentive Program for Film & Multimedia (JTIP) provides multiple ways for residents to advance in this industry and to keep talent in-state. The program continues to evolve and expand to meet industry needs. The Film Crew Advancement Program (FCAP) is the division's priority program in training as it provides high-wage job opportunities with production companies where crew can diversify and advance their skill sets increasing retention and continual employment in the industry. As an additional incentive to the film tax credit, productions that hire qualifying, local crew are reimbursed fifty percent (50%) of a qualifying resident's wages for up to 1040 hours. In addition, the program encourages veterans and reserve member components to apply transitional skill sets to this industry in an initiative entitled "Operation Soundstage."

**Highlights:**

- In the fourth quarter: four (4) companies qualified for FCAP with thirty-three (33) resident participants. A training class was held for seventeen (17) residents on aerial lift training. Training focused on reviewing OSHA Aerial Lift standards, hazards associated in the operation of Aerial Lifts, inspection of Aerial Lifts, and use and limitations of Aerial Lifts, etc.

**Statewide Outreach:** There are a variety of ways to work with local communities, schools, filmmakers and chambers in order to assist and promote the industry and the jobs it creates. The five (5) that have been identified by the division to increase the effectiveness of local outreach are (1) expanding upon the Statewide Film Liaison Network that trains designated community members in the production process and encourages filmmaking in rural areas; (2) collaborating Film Tourism efforts to give communities an additional way to market to visitors, to increase economic impact and to benefit from the success of the industry; (3) holding regional meetings and utilizing social media to assist in educating the public on the industry and the division's resources; (4) developing educational networking initiatives to provide opportunities to learn about film and media programs available throughout New Mexico; and (5) expanding on two primary outreach events: the annual NM filmmakers Showcase and the annual Film & Media Industry Conference.

**Highlights:**

- In the fourth quarter: the division finalized the agenda and panelists for the annual 2-day Film and Media Conference to be held in Albuquerque in August. The division is also finalizing plans for the annual NM Filmmakers Showcase in September and the annual Education Summit in October.

FY17 FIRST QUARTER COMPANIES ASSISTED										
DATE	COMPANY NAME	TYPE OF COMPANY	LOCATION	TYPE OF PROJECT			NUMBER OF JOBS			PROGRAM SUPPORT
				RELOCATION*	NM EXPANSION	START-UP	RURAL	URBAN	TOTAL	
7/8	Vitality Works	manufacture medicinal supplements	Albuquerque		x			8	8	JTIP
7/8	NICOR Lighting	manufacturing	Albuquerque		x			13	13	JTIP
7/8	Descartes Labs	artificial intelligence technologies	Los Alamos			x		3	3	JTIP
7/8	Convergys	customer service center	Rio Rancho		x			100	100	JTIP
7/25	St. Claire's Organics	organic food processing	Santa Clara	x			10		10	LEDA/CBRDT
7/28	Unity BPO	healthcare IT infrastructure	Albuquerque		x			300	300	JTIP
8/12	Qynergy Corporation	tech-based advanced manufacturing	Albuquerque		x			3	3	JTIP
8/12	Boese Brothers Brewery	food processing	Albuquerque			x		1	1	JTIP
8/12	Insight Lighting	manufacture LED light products	Rio Rancho					1	1	JTIP
8/12	Plenish	private label skin care products	Taos		x		8		8	JTIP
8/12	Lavu	point of sale software application	Albuquerque		x			16	16	JTIP
8/12	New Mexico Milling	food processing	Navajo Nation			x	19		19	CBRDT/JTIP
8/12	Positive Energy Solar	solar photovoltaic design & installation	SF,ABQ, LC					17	17	JTIP
8/12	Optomec	advanced manufacturing equipment	Albuquerque		x			1	1	JTIP
8/12	UbiQD	manufacture quantum dots	Los Alamos		x			14	14	JTIP
	McClintic RDM	advanced manufacturing	Albuquerque		x			10	10	LEDA
8/23	Medicus Billing & Consulting	medical customer service/billing	Las Vegas		x		10		10	JTIP
	Master Immediate Supply	sell parts and machine components	Santa Teresa	x			5		5	NMP
	Gamesa	wind turbine staging & distribution	Santa Teresa	x			25		25	NMP
9/9	Clock Shark	GPS technology-based applications	Albuquerque			x		9	9	JTIP
9/9	CSI Aviation	aviation logistics	Albuquerque		x			10	10	JTIP/CBRDT
9/14	Facebook	green data center	Los Lunas	x			50		50	LEDA/NMP
9/30	Niagara Bottling	drinking water bottling facility	Los Lunas	x			41		41	LEDA
10/14	X2nSAT	satellite communications services	Las Cruces	x				45	45	LEDA/CBRDT
1st Quarter Totals				6	13	4	168	551	719	
FY17 SECOND QUARTER COMPANIES ASSISTED										
10/14	Aistate Steel, Inc.	metal fabrication	Albuquerque		x			15	15	JTIP
10/14	MrOwl.com	internet technology development	Albuquerque			x		1	1	JTIP
10/14	Little Toad Creek, LLC	micro brewery	Silver City		x		6		6	JTIP
10/14	P4Q Electronics	engineering & manufacturing	Albuquerque		x			3	3	JTIP
10/14	American Gypsum, Inc.	gypsum wall board products	Bernalillo		x		28		28	JTIP
10/14	SK Infrared, LLC	infrared imagers & detectors	Albuquerque		x			1	1	JTIP
10/14	Ryan, LLC	global tax services	Albuquerque					2	2	JTIP
10/14	BabyPage, LLC	online publishing	Albuquerque		x			4	4	JTIP
10/14	Mako Medical Laboratories	nationwide laboratory services	Albuquerque		x			4	4	JTIP
10/14	Who's Donuts	food processing	Santa Fe		x			10	10	JTIP
10/14	Century Automotive Services	finance and insurance	Albuquerque		x			11	11	JTIP
10/14	Old Wood, LLC	wood flooring manufacturing	Las Vegas		x		15		15	JTIP
12/5	Valley Cold Storage & Distribution	distribution	Santa Teresa		x		33		33	LEDA
12/9	Amfabsteel	fabricate architectural steel	Bernalillo		x		43		43	JTIP
	R.L. Jones	logistics	Santa Teresa	x			20		20	NMP
2nd Quarter Totals				1	13	1	145	51	196	
TOTAL JOBS AT MID-YEAR					26	5	313	602	915	
FY17 THIRD QUARTER COMPANIES ASSISTED										
1/9	Dean Baldwin Aircraft Painting	airplane painting	Roswell		x		70		70	LEDA
1/12	Keter Plastics	advanced manufacturing	Belen	x			175		175	LEDA
1/13	Phat Steel, Inc.	steel fabrication	Bernalillo		x		11		11	JTIP
1/13	Affordable Solar Installation	renewable energy	Albuquerque		x			10	10	JTIP
1/13	CSI Aviation	aviation logistics	Albuquerque		x			15	15	JTIP/LEDA
1/13	RiskSense, Inc.	cyber security	Albuquerque		x			8	8	JTIP
1/13	Century Automotive Services	finance and insurance	Albuquerque		x			5	5	JTIP
	Twin Cities	logistics and distribution	Santa Teresa		x		15		15	NMP
1/23	Wholesome Valley Foods	food processing	Berino		x		90		90	LEDA
1/30	El Pinto	food processing	Albuquerque		x			25	25	LEDA
2/10	Vitality Works	wellness products	Albuquerque		x			10	10	JTIP
2/10	Meow Wolf, Inc.	multimedia exhibits	Santa Fe		x			7	7	JTIP
2/13	T or C Brewing Company	food processing	T or C			x	9		9	LEDA
2/15	SolAero Technologies Corp.	advanced manufacturing	Albuquerque		x			100	100	LEDA/JTIP
3rd Quarter Totals					370	180	550			
FY17 FOURTH QUARTER COMPANIES ASSISTED										
4/14	Silver Leaf Farms	organic greenhouse	Corrales		x			2	2	JTIP
4/14	Paradise Power	energy	Taos		x		5		5	JTIP
5/12	NM Consortium	life sciences	Los Alamos		x			1	1	JTIP
5/12	Vitality Works	manufacture vitamins & supplements	Albuquerque		x			16	16	JTIP
5/12	Aero Mechanical Industries	manufacturing	Rio Rancho		x			6	6	JTIP
5/12	UBIQD	manufacturing	Los Alamos		x			5	5	JTIP
5/12	Fiore Industries	engineering, directed energy	Albuquerque		x			5	5	JTIP
5/12	IntelliCyt Corporation	manufacturing	Albuquerque		x			6	6	JTIP
5/12	Southwest Labs	medical sample screening	Albuquerque		x			7	7	JTIP
5/12	Meow Wolf, Inc.	manufacturing	Santa Fe		x			26	26	JTIP
5/12	Plenish	organic skin care products	Taos		x		7		7	JTIP
5/12	Descartes Labs	artificial intelligence technologies	Santa Fe		x			6	6	JTIP
6/9	Amfabsteel, Inc.	steel fabrication	Bernalillo		x		32		32	JTIP
6/9	PPC Solar	solar panel installation	Taos		x		6		6	JTIP
6/9	Southwest Cheese	food processing	Clovis		x		27		27	JTIP
6/9	Affordable Solar Installation	solar panel manufacturing	Albuquerque		x			52	52	JTIP
6/9	Advanced Network Management	information technology	Albuquerque		x			7	7	JTIP
6/9	Washington Federal	financial services	Albuquerque		x			25	25	JTIP
6/9	Sundance Pools	manufacturer swimming pools	Alamogordo			x	3		3	JTIP
1/6	Second Street Brewing	food processing	Santa Fe		x			5	5	LEDA
6/15	Drylands Brewing	food processing	Livingston			x	10		10	LEDA
6/28	Mt. Taylor Manufacturing	wood pellets	Albuquerque		x			5	5	LEDA
4th Quarter Totals					92	172	264			
YEAR END TOTALS					775	954	1729			
*Relocation = company moved to New Mexico from another state; NM Expansion = New Mexico company expands here (creates new jobs) with NMEDD assistance										

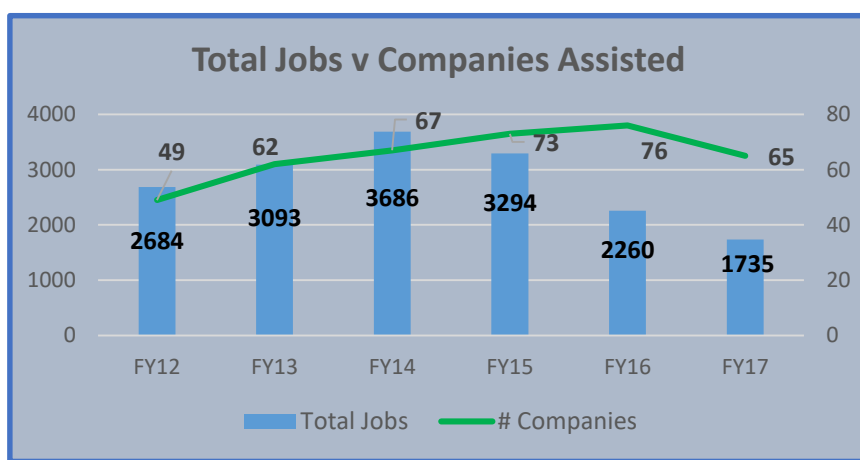


New Mexico Economic Development Department						
FINAL	FY17	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	YTD Results
By Division or Program						
Office of the Secretary						
Total number of jobs created due to economic development	4,500	719	196	550	264	1,729
Number of rural jobs created	1,600	168	145	370	92	775
New Mexico Economic						
Number of jobs created through business relocations	2,250	80	20	15	0	115
Number of potential recruitment opportunities (PROs)	84	12	16	19	16	63
Economic Development Division						
MainStreet						
Dollars of private sector investment in MainStreet districts	\$9	\$10.10	\$1	\$15.20	\$2.10	\$28.4
Finance Development Team						
Number of private sector dollars leveraged by each dollar	10 to 1	25.2	0	14	12.6	21
Number of jobs created through the use of Local Economic	2,000	131	0	379	20	530
Community, Business, and Rural Development Team						
Number of successfully completed agency grant funded projects resulting in job growth, new investment, increased	15	0	1	1	16	18
Job Training Incentive Program						
Number of workers trained by the job training incentive	1,500	315	600	493	601	2,009
Film Office						
Number of film and media worker days	200,000	133,128	160,405	69,069	85,702	448,304
Direct spending by film industry productions in millions	\$200	\$144.6	\$132.2	\$113.1	\$116.0	\$505.9

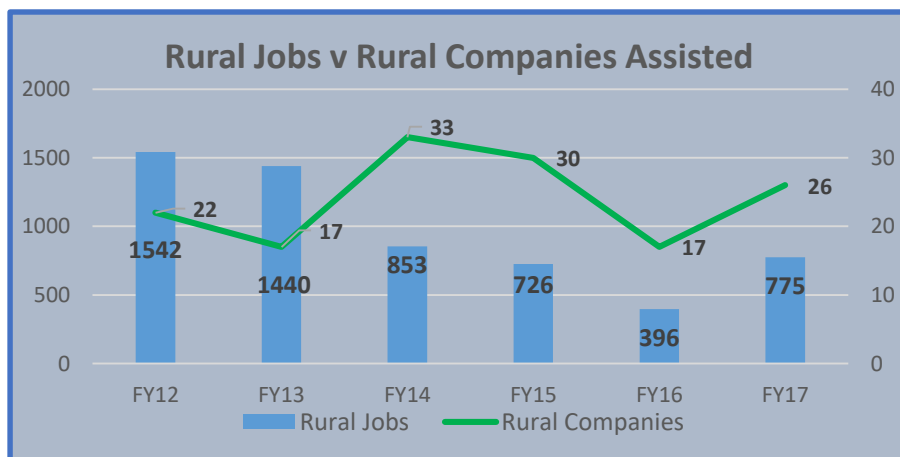
## NMEDDD Correction Action Plan

While most of EDD's programs exceeded their metric targets, total jobs assisted fell short at 1,735 jobs. There are many factors impacting this outcome:

- Slow recovery statewide from the recession
- Change in leadership at both EDD and the New Mexico Partnership
- Emphasis on rural projects which tend to have smaller job counts
- EDD counted MainStreet jobs until FY15 – from that year forward EDD has not included those jobs, which annually accounted for 400 to 600 additional jobs
- Artificial intelligence and more mechanized manufacturing processes continues to reduce workforce numbers
- The number of expansions versus locates was about 7 to 1 (expansions tend to generate viewer jobs)
- The Partnership only contributed 115 jobs to the total, their target was 2,250
- The number of jobs per company assisted is decreasing while the number of companies assisted by EDD is consistent (see graph below)



Rural jobs assisted declined over several years and rebounded slightly in FY17. Despite the low number of total rural jobs, EDD assisted 26 rural companies, the third highest number in the last six years (see graph at right).



The Economic Development Department and the Partnership are addressing performance issues.

## New Mexico Partnership

Leadership, staff, and the Board of the NM Partnership has undertaken a holistic approach to developing a plan for greatly increasing performance in FY2018. Early in FY2017, the Board undertook a search for new leadership. A new President & CEO was hired and put in place in late November. Following that, a comprehensive review of existing operations was performed, challenges identified, and a new strategic plan and aligned budget were developed, reviewed with the board, and approved as of June, 2017.

The review of existing operations identified that the in-place plan was not generating a deep enough project pipeline and, further, that this was an issue shared among economic development organizations across the state. Core challenges identified as root causes include:

- 1) A severe deficit of awareness about New Mexico among decision makers outside the state.
- 2) Lack of systematic efforts underway to generate high-impact, positive messaging about New Mexico.
- 3) Resource constraints exist relative to competitors, and plans must focus resources on highest-impact activities.

The new strategic plan and budget that have been put in place for FY2018 addresses these issues by:

- 1) Expanding the traditional high-touch sales activities (e.g., trade shows, sales missions, relationship building) that have been effective. The number of events scheduled for FY2018 is 38% higher than FY2017. In addition, our staffing plan is adding another highly-experienced VP of Business Development to the team to support sales activities.
- 2) Greater depth of pipeline projects beyond what these highly labor-intensive sales activities can provide is necessary. Therefore, marketing strategies have been identified to achieve this by leveraging earned media, PR, social media, and other digital marketing techniques to reach a much broader audience of decision makers and opinion influencers, and to do so with much higher-impact messaging. To accomplish this, a new VP of Marketing has been added to the team, and the FY2018 operating budget allocated to marketing (not including compensation for that VP staff member) is ~190% of the FY2017 spend.
- 3) To facilitate accomplishing all of this, in the context of budget limitations and deficits relative to competing states, the strategic plan and budget were developed with the objective of ensuring that we remain cognizant continually about avoiding mission creep, and keep the resources we do have focused upon our core sales and marketing mission.

## Economic Development Department

- 1) The Finance Development Team has identified new loan programs to enhance EDD's toolbox to assist companies. These programs should fill gaps where EDD was unable to provide financial assistance before.
- 2) The Community, Business & Rural Development Team is re-focused on business development and will spend 75% of its time working with businesses, as opposed to more time spent

providing technical assistance to communities. This will increase the number of companies served by the agency each year, and the number of jobs assisted.

- 3) EDD will develop a new strategy to attract Foreign Direct Investment.
- 4) Funding for the Office of International Trade would allow EDD to assist more companies in accessing international markets.
- 5) New Mexico lacks industrial buildings which are increasingly required for projects on a short time frame. This is particularly true in rural areas. SB425, Enhanced Enterprise Zones, died on the Senate floor, but was intended to be a tool to incentivize speculative industrial buildings.