



New Mexico Economic Development Department FY 19 4th Quarter Performance Report

July 2019

NEW MEXICO
ECONOMIC DEVELOPMENT

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Office of the Secretary Fourth Quarter Highlights

NBCUniversal announced in June that it will lease a production facility in Albuquerque, creating 333 new jobs and \$500 million in direct production spending. The state will invest \$7.7 million in LEDA funds and the City of Albuquerque will contribute \$3 million.

Sir Richard Branson joined Gov. Lujan Grisham in May to announce that **Virgin Galactic** is moving 100 more employees to New Mexico, along with Space Ship Unity. The move will bring VG employment at Spaceport America to 150.

Union Pacific is investing an additional \$20 million at the Santa Teresa Intermodal Terminal, boosting capacity in New Mexico.

C4Enterprises, in Tierra Amarilla, is expanding with the addition of a meat processing facility. There is a demonstrated need for the facility to butcher beef, elk and deer. The Casados family is investing \$400,000 in new equipment and the state is investing \$75,000 in LEDA funds.

Intel is adding 300 more workers at its Rio Rancho manufacturing facility. Several different kinds of technologies are supported at the facility, including Silicon Photonics, 3D Xpoint, Optane™ and NAND pathfinding.

The Partnership worked with MVEDA to bring **Rich Global Hemp** to Las Cruces. The company will renovate and inhabit a 750,000 square foot greenhouse. Rich Global will begin operations by growing starter plants, and will add a research and production facility to make products from hemp. The project will create 182 new jobs. A LEDA investment of \$1.2 million will support the company's growth.

All of the programs within the Economic Development Division achieved their respective performance measure targets – JTIP, LEDA, MainStreet and the Community, Business & Rural Development Team. The Division target was also reached, with 16 successful business development projects. However, the Partnership fell significantly short of both of its performance targets with only 617 jobs and 53 PROs reported. Therefore, EDD's roll-up total jobs measure did not reach the target of 4,500 jobs.

The Film Office also exceeded its two performance measure targets with over \$500 million in direct spending by production companies.

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Total number of jobs created due to EDD efforts	4,500	1,020	1,235	464	1,113	3,840
Total number of rural jobs created	1,500	86	1,020	72	197	1,376

New Mexico Partnership

This quarter two prospects the Partnership has been engaged with made decisions to locate in New Mexico. Rich Global Hemp (RGH) acquired an 850,000 Sq. Ft. greenhouse facility in Mesilla Park and intends to hire over 180 employees and invest ~\$24M in the facility. This will become RGH's headquarters (previously in Nevada). RGH is producing high quality hemp plant clones, which will be provided to farmers across the state for growing into mature plants, and RGH will buy back the harvested materials and produce CBD and other products. PowerSonix has leased a 3K Sq. Ft. facility in Albuquerque which will serve as the company's future production location (currently located in West Virginia). The company designs and manufactures specialized high-powered speakers primarily for use on military and first responder vehicles. They will initially hire eight employees to start up the operation, and then grow further as they transition to this being their primary production site.

The Partnership had eleven first-time site visits in the 4th quarter (vs. 6 during Q4 of FY2018; an increase of 83%).

A large number of sales mission and trade show events were conducted this quarter, and follow-up is actively underway to pursue PROs that resulted and to convert earlier stage leads into PROs. These events included: AUVSI (Chicago), Promat (Chicago), MRO Americas (Atlanta), Atlanta Sales Mission, LA Sales Mission, Global Petroleum (Calgary), Select USA Summit (Washington, D.C.), Outdoor Retailer (Denver), Customer Contact Week (Las Vegas). In addition, the Partnership hosted its annual Northern NM Fam Tour in Taos, which was attended by three national site selectors, 14 communities from across the state, and state-level representatives.

The Partnership continues to see a significant surge in social media exposure since formally launching its campaign to leverage social media in Q2 FY 2018; that quarter saw 4,100 views on social media, in Q3 this grew to 22,660 views, and to 42,592 views in Q4. Views for Q4 FY2019 reached 107,441; a 152% increase over Q4 FY2018. This means that on an average day during Q4 the Partnership's social media postings of positive news about New Mexico reached 1,180 viewers.

Two Locates:

- Rich Global Hemp, Las Cruces, 182 jobs
- Powersonix, Albuquerque, 8 jobs

	Leads	PROs	Site Visits
April	6	6	5
May	9	11	3
June	17	6	3

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Number of jobs created through business relocations facilitated by the NMP	2,250	0	346	71	200	617
Number of PROs submitted by the Partnership	84	14	6	10	23	53

New Mexico Partnership Corrective Action Plan

Leadership, staff, and the Board of the NM Partnership has undertaken a holistic approach to developing a plan for greatly increasing performance. In FY2017 the Board hired a new President & CEO. A detailed review of operations was performed, challenges identified, and a new strategic plan and aligned budget developed, reviewed with the board, and approved as of that June. Staffing vacancies in marketing, business development, and administrative roles were filled; when necessary, existing positions were re-staffed to optimally align with skill requirements.

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 to generate high-impact, positive messaging about New Mexico.
- 3) Resource constraints relative to competitors.

The new strategic plan and budget put in place for FY2018, and continued throughout FY2019, addresses these issues:

- 1) The plan expanded traditional high-touch sales activities (e.g., trade shows, sales missions, relationship building). The number of events scheduled has grown to 35; a 67% increase over FY2017. This has played a significant role in increasing prospect/lead volume in both FY2018 and FY2019. In FY2019, the volume was ~2.6 times that in FY2017. Increased event volume has been targeted at new sectors that have a strong fit with NM’s key strengths. For FY2019, sectors of increased focus include outdoor industry manufacturing, hemp/CBD production, UAVs and satellites, companies focused upon renewable power consumption, and an expanded focus on attracting foreign direct investment.
- 2) Greater depth of pipeline projects has also been aided by implementation of marketing strategies leveraging earned media, owned media, social media, and other digital marketing techniques to reach a much broader audience of decision makers, and to do so with higher-impact messaging, all focused upon addressing the identified lack of awareness about New Mexico that has been identified as a major impediment to growth. In addition to high-profile earned media in national publications such as Bloomberg and Variety, these activities have created a high volume of views via social media; going from <100 views per

month prior to launching this initiative, to an average of more than 1,000 views per day during Q2-Q4 of FY2019.

- 3) Other changes being implemented include a focus on promoting near-term opportunities created by underutilized assets (e.g., publicizing the availability of the former Tyson’s Foods facility in Sunland Park was instrumental to attracting Stampede Meat with over 1,200 jobs), working with local EDO teams to improve RFP response quality as well as their collateral materials, and plans are in place to staff a research function that will provide much-needed analytical support to both sales and marketing activities.
- 4) All of these strategies and initiatives will be bolstered and expanded by deploying the increased budget approved by the legislature for FY2020.

Along with prospect volumes, locates and jobs continue to be on an upward trajectory compared to before the new strategic plan was implemented. Compared to FY2017, when 225 jobs were attracted, the last two fiscal years saw 1,415 and 607 jobs attracted respectively. In FY2019, while the number of jobs was lower than in FY2018, it is positive that there were more projects won in FY19 vs. FY18 (6 vs. 2), and that the average wage of these jobs went up from ~\$27,000 in FY2018 to ~\$54,000 in FY2019.

Economic Development Division

Two companies received loans through the Collateral Assistance Program, Lazy Dog Billiards and Whoo’s Donuts, reflected in the performance measure below.

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Number of business development projects resulting in job growth, new investment or increased revenue	12	6	6	2	2	16

Job Training Incentive Program (JTIP)

Twenty-seven businesses were approved by the JTIP board in the fourth quarter, 20 of which were founded in New Mexico. 252 jobs and 4 internships were approved at an average wage of \$24.74 per hour. 132 rural jobs were approved at an average wage of \$20.56 per hour.

The Film Crew Advancement Program (FCAP), one of the two JTIP for Film and Multimedia programs, approved 8 companies to train 126 crew members at an average wage of \$26.70 per hour.

Companies Assisted by JTIP in the 4 th Quarter		
COMPANY	LOCATION	AVERAGE HOURLY WAGE
3D Glass Solutions	Albuquerque	\$33.50
Affordable Solar Installation	Albuquerque	\$38.50
Banyan Botanicals	Albuquerque	\$29.45
Best Deal Retailer	Albuquerque	\$26.26
Century Automotive Services	Albuquerque	\$27.67
Cinnafilm	Albuquerque	\$68.50
Eagle Automation	Carlsbad	\$37.47
Ex Novo Brewing Company	Corrales	\$16.13
Flow Science	Santa Fe	\$41.60
Indica Labs	Albuquerque	\$35.59
KiloNewton, LLC	Albuquerque	\$34.86
MegaCorp, Inc.	Albuquerque	\$17.46
New Mexico Consortium	Los Alamos	\$40.00
New Mexico Solar Group	Berino	\$30.00
Red River Brewing Company	Red River	\$14.00
Reunity Resources	Santa Fe County	\$23.25
Ridgeline Mfg. & Engineering	Albuquerque	\$30.43
RingIR	Albuquerque	\$31.93
Rural Sourcing	Albuquerque	\$33.04
Silent Falcon UAS Technologies	Albuquerque	\$27.48
Solar Works Energy, LLC	Albuquerque	\$25.27
Southwest Pattern Works	Albuquerque	\$21.25
SpinLaunch, Inc.	Truth or Consequences	\$29.40
Taos Mountain Energy Bars	Questa	\$13.75
UbiQD	Los Alamos	\$40.07
Universal Sheets, LLC	Santa Teresa	\$14.97

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Number of workers trained by JTIP	2,050	769	190	985	382	2,326

Finance Development Team (FDT)

Collateral Assistance Program (CAP)

Lazy Dog Billiards Club, LLC is a start-up company based in Las Cruces committed to promoting passion and competition within the cue sports community locally, state-wide and nationally. The business will create 2 FT and 13 PT jobs over the next 2 years. The company is pledging \$65K in equity with a principal loan of \$240K. NMEDD is participating with a \$36K CD (15% of the loan). This project is in collaboration with Pioneer Bank. The loan will allow the business to start.

Whoo's Donuts and The ChocolateSmith LLC is an established company based in Santa Fe, NM which is family-owned. They produce baked goods for retail and wholesale customers. The business was started in 2005 and has 5 current FT and 15 PT employees. The company plans to hire 2FT and 4 PT employees over the next 2 years. Total amount of private equity into the project is \$350K with a loan principal of \$85K. NMEDD pledged a CD for \$42K (49% of the principal). This project is in collaboration with Century Bank.

	Loan Amount	Owner Investment	CD Amount	Job Creation (FT)	Total Project Cost
Lazy Dog Billiards	\$240,000	\$65,000	\$36,000	9	\$305,000
Whoo's Donuts	\$85,000	\$350,000	\$42,500	4	\$435,000

Local Economic Development Act (LEDA)

Company	Location	Fiscal Agent	PPA Jobs	Total Private Investment	LEDA Amount	Leverage
C4 Enterprises	Tierra Amarilla	Rio Arriba County	8	\$400,000	\$75,000	5.3
Boutique Unlimited Las Cruces, LLC	Las Cruces	Dona Ana County	182	\$25M	\$1.25M	20
NBCUniversal	Albuquerque	Bernalillo County	333	\$30M	\$7.7M	3.9
Totals			523	\$55M	\$9.025	6.1

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Number of private sector dollars leveraged by each dollar through LEDA	15:1	6	52.29	5.58	6.1	32
Number of jobs created by the use of LEDA funds	2,200	873	2,139	51	523	3,586

New Mexico MainStreet (NMMS)

The New Mexico MainStreet Program in partnership with local affiliate’s and local government partners continues to have a huge impact on 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 \$8,795,703 in private sector investment; 62 private building rehabilitations; 42 net new businesses, 4 business expansions; and the creation of 404 net new jobs in their districts during the fourth quarter.

Reinvestment, Business, and Project Funding Highlights:

- Corrales MainStreet reported 4 new business openings that resulted in the creation of 5 new jobs and \$3.4 million in private investment in the district. New businesses include Tag Insurance, Tucker Woods Art, Elite K-9, and Ex Novo Brewery.
- Los Alamos Mainstreet reported 10 new businesses that added a total of 224 new jobs.
- Six MainStreet programs Barelmas, Artesia, Las Vegas, Lovington, Silver City, and Tucumcari brought in a total of \$124,000 in private sector grants for projects in their districts.
- Grants MainStreet reported 4 building rehabilitations in their district that resulted in a total of \$506,250 in private sector investment and 3 new business openings that added a total of 11 new jobs.
- Six MainStreet communities, Barelmas, Clovis, Gallup, Las Vegas, Lovington, and Silver City, also brought in \$1.38 million in public sector grants for public infrastructure and economic development projects in their districts.

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Dollars of private sector investment in MainStreet districts (in millions)	\$11	\$6.2	\$6.8	\$8.9	\$8.8	\$30.7
Number of building rehabilitations	150	69	64	67	62	262

Community, Business & Rural Development Team (CBRDT)

Region 2

Questa - Through the assistance of the Regional Representative Taos Mountain Energy Bars received JTIP funding in the amount of \$350,000 for 45 FTE's.

Red River - Through the assistance of the Regional Representative Red River Brewery received \$21,000 in JTIP funding for 2 FTE's.

Tierra Amarilla - Through the assistance of the Regional Representative C4 Farms received a LEDA appropriation of \$75K. Company is creating 8 FTE's over 5 years and investing \$400,000 in the project.

Region 4

Las Vegas – The Regional Representative assisted Old Wood and San Miguel County with lease negotiations. San Miguel County and Old Wood completed the negotiation by executing a lease at the San Miguel County Wood Park.

Region 5

Las Cruces - FY15 LEDA for Franco Whole Foods was closed out as a completed success. 53 jobs and \$3.4M private investment to date

Santa Teresa - FY16 LEDA for Valley Cold Storage was closed out as a completed success 19 jobs and \$20M private investment to date

Region 6

Portales – The Regional Representative assisted Roosevelt County EDC revise the Local Option Gross Receipts Tax Ordinance (LEDA Ordinance) for the City of Portales allowing the expansion of the use of LEDA funds to include retail and arts and cultural projects. The voters of Portales approved this revision in April. (*Counted toward performance measure below.*)

Roswell - USA Beef Packing expanding facility in Roswell (10,690 sq. ft. additional space); building large cooler, R&D processing area and separate rendering facility for hides and bones; plans to add 30 FTEs. Exporting to Canada & Mexico; and will export to Asia & Europe when BRC certification is completed. New fiscal partner assisting with \$6 mil expansion project (USA Beef contributing \$3 mil.) Currently processing 50 head of buffalo/day and will grow to 80 head/day. Recently hired a slaughter and processing managers. Working on layout of old Fatman's building for meat processing (phase 1: grinding and patties; phase 2: cooking.)

Roswell – Through the efforts of the Regional Representative the first ever Loan out of the LEDA fund was announced and approved to Sceye to help repair damages to their hangar caused by a March windstorm.

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Technical assistance provided to a community that results in a new economic development program or asset	4	5	1	0	1	7

Office of Science & Technology (OST)

New Mexico Small Business Innovation Research Matching Grants (NMSBIR)

Each year, New Mexico companies receive over \$17 million dollars of federal investment from the Small Business Innovation Research (SBIR) program. The Office created a state matching competitive grant program to provide companies with business development assistance to accelerate the commercialization of SBIR supported research and development.

FY19 Q3 Awardee Updates in Q4

- mPower Technology: Reported a \$25,000 investment in new intellectual property as a result of receiving NM SBIR Matching Grant (~3 months after receiving grant).
- IDEAS Engineering & Technology: Reported new investments in facilities, products, and/or employees in the amount of \$5,514 as a result receiving NM SBIR Matching Grant (~3 months after receiving grant).

FY19 Q2 Awardee Updates in Q4

- IBeam Materials: Reported creation of 5 new jobs @ \$38.46/hr (~6-month report)
- UbiQD: Reported creation of 2 new jobs @ \$33/hr, reported new investments in facilities, products, and/or employees in the amount of \$50,000, and new out of state investment from Angel Investors and VCs in the amount of \$1M dollars.

Office of International Trade

Completed and submitted STEP Grant proposal for \$200,000 to cover the period from October 01, 2019 to September 29, 2021 pending final approval by SBA.

Goal: Increase exports of NM goods and services

Approved Grass Masters, Defiant Technologies, NeoSan Laboratories, Old Wood, LLC, Star Cryoelectronics, CPF, PowerSonix, Great River Technology, BennuBio for funding under the STEP Grant for Gold Key Services by US Department of Commerce and overseas trade show participation in China, Indonesia, Singapore, Malaysia, Iraq, Italy and India.

Goal: Increase awareness and export readiness of NM companies

Conducted personal export consultations including international export finance, letters of credit, shipping, managing an international distribution network with 25 New Mexico companies interested in exporting and accessing STEP Grant funding for overseas trade shows.

Goal: Increase level of Foreign Direct Investment in New Mexico

Developed ten foreign direct investment trade leads for the United Kingdom and Ireland.

New Mexico Film Office (NMFO)

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.

Performance Measure	Target	Q1	Q2	Q3	Q4	YTD Total
Number of film & media worker days (crew size X days employed)	300,000	106,275	75,336	62,024	76,179	319,814
Direct spending by film industry productions (in millions)	\$330	\$123.1	\$151.8	\$98.7	\$151.9	\$525.5

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 wrap up of 4th quarter for FY19, the film division is going full steam ahead with the new film law, new data capture systems and of course, film and TV production booming all over the state since the new administration started in January. There is much interest in New Mexico right now as a major film player in the industry with the increase in funds to \$110M and a progressive film incentive program. NBC/Universal is the 2nd studio to have NM media partner status and have purchased studios in Rio Rancho. Ongoing TV series in production include: *Briarpatch S1* (NBC), *Better Call Saul Season 5* (Sony/AMC), *Grow* (Danish TV series) and Season 2 of a popular Netflix series. Feature films in production (but not announced yet) include: a large budget western, a large budget zombie movie, and three mid-

range indie features, one shooting entirely in Roswell and another shooting entirely in Ruidoso/Carrizozo, as well as *Silk Road* (indie) and *The Comeback Trail* (indie) starring Robert DeNiro and Tommy Lee Jones. Smaller micro features like *Shelby Shack*, *Sierra Sisters: The Hunt for Blackbeard's Treasure* and the shorts *Land of Dreams* (filmed in Shiprock and Las Vegas), *Lucid* and *Does Your Hear Break?* Documentaries like *Houseboat Amazon: Search For a Missing Monkey* and cool video games like *Button City*, *Space Rescue* and *Project X* are being produced by some young millennials who have started their own gaming companies right here in NM.

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: eight (8) companies qualified for FCAP with one hundred and twenty-six (126) resident participants at an average wage of \$26.70 per hour.

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 monthly 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 held the following trainings and educational events:

- April 13: Sound Dept Training, 51 attendees
- April 24: Breaking into Background, 28 attendees
- April 27: Special FX Class, 26 attendees
- May 4: Set Medic Class, 10 attendees
- May 4: Film Industry Pathways: Production Asst, Asst Dir, UPM, 79 attendees

- May 22: Protecting your Work, 14 attendees
- June 8: The Ins and Outs of Line Producing, 30 attendees
- June 26: How to Build and Sustain a Career in the Film Industry, 58 attendees

The division wrapped the 2019 New Mexico Filmmakers Showcase with an Awards Ceremony on May 10th. We handed out 10 awards, had 93 attendees and 467 viewers of the Facebook live. We had 1,152 votes in our online voting for the Audience Awards. And we had 13 judges for the competition from across New Mexico.

Finalists were from the following areas:

- Albuquerque, 16
- Clovis, 1
- Espanola, 1
- Las Cruces, 1
- Madrid, 1
- Peralta, 1
- Rio Rancho, 2
- Santa Fe, 2

NRCE Event/Screening: May 25, George Gallo the writer of Midnight Run came to do a screening of his film followed by a Q&A for 61 attendees. George Gallo is the producer of The Comeback Trail, currently shooting in New Mexico.

Podcasts: To date we have had 2,508 downloads of our podcast. In this quarter Don Gray recorded podcasts with Ken Fisher, Sound Editor at Skywalker Sound and Alex Pantone, CEO of Chromacolor. There were 68 listens to each podcast.