

New Mexico Economic Development Department (NMEDD) FY 2016 1st Quarter Performance Report

Mission: Enhance and leverage a competitive environment to create jobs, develop the tax base and provide incentives for business development.

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OFFICE OF THE SECRETARY

The robust LEDA fund supported several jobs announcements during the first quarter, including four rural projects –

- Solaro Energy is expanding in Socorro with 25 new jobs
- ARCA Space Corporation chose Las Cruces for a facility that will manufacture drones, creating 100 jobs
- Ready Roast will make peanut products in Portales, creating 200 jobs
- Rural Sourcing will create 125 software development jobs in Albuquerque
- Little Toad Creek Brewery is renovating a warehouse in Silver City with LEDA funds, creating 11 new economic base jobs

The Job Training Incentive Program (JTIP) came very close to achieving 50% of its target of 1,400 trainees in FY16, with 627 trained in the first quarter. On July 31st Governor Martinez and Secretary Barela announced the expansion of Sitel in Las Cruces, creating 100 new jobs with JTIP training funds. CyraCom is also expanding in Las Cruces, adding 100 jobs with support from JTIP.

MainStreet celebrated its 30th anniversary in Artesia in August. Since 1985 the program has completed over 3,000 building renovations, secured over \$286 million in private sector investment, constructed 107 new buildings, created more than 3,000 net new businesses, and more than 12,000 net new jobs.

MainStreet's Frontier Communities Initiative will serve seven communities in FY16 with a variety of needs from façade improvement to branding. These communities are Eagle Nest, Mountainair, Santa Clara, Santa Rosa, Springer, Tularosa and Villanueva.

The Film Office announced several major productions during the quarter: t@gged, The Space Between Us, EDGE, The Magnificent Seven, Gold, and Better Call Saul.

The Office of Science & Technology and Marketing Team worked together to produce a four-page brochure highlighting New Mexico's many attributes as a location for aerospace companies. It was distributed at the Air Force Research Laboratory's Professional Aerospace Contractors Association conference held in August.

The FY15 annual report was also completed, and the EDD Programs & Services brochure was updated and printed for distribution at the annual Infrastructure Conference.

Key Performance Measure	Target	1 st Quarter Results
Total number of jobs created due to economic development department efforts	4,500	778
Number of rural jobs created	1,750	279

OFFICE OF BUSINESS ADVOCACY (OBA)

OBA had a very busy quarter with **33 new cases and 31 solved** (representing 29 businesses). In an effort to increase participation from rural areas, OBA has begun traveling to each region of the state to attend events and meetings where there are opportunities to make constituents aware of the Office and its mission. Rio Arriba, Taos, San Juan, McKinley and Cibola Counties have been visited to-date. A presentation was requested and made in Santa Rosa in September.

Solved/Closed Cases:

1. *Comida de Campos* – Embudo
2. *Dollar General* – Aztec
3. *Superior Hydrovac Solutions* – Roswell
4. *Xynergy (2)* – Albuquerque
5. *Missy's Sew Sweet Boutique* - Silver City
6. *Ready Roast* – Portales
7. *Olam's Spices* – Las Cruces
8. *Lomita Casita* – Albuquerque
9. *City Different Pickles* – Albuquerque
10. *7th Bone Tailoring* – Albuquerque
11. *New Mexico Transload (2)* – Bernalillo County
12. *NM Tire Disposal* – Albuquerque
13. *Stride, Inc.* – Albuquerque
14. *A Fox Consulting* – Albuquerque
15. *American Home Guardian* – Out of state
16. *Cyrq Energy* - Hidalgo County
17. *Handy Hobson* – Albuquerque
18. *El Mezquite Market* – Albuquerque
19. *Dominic's Trucking* – Espanola
20. *Mr. Oropesa* – Roswell
21. *The Chicken Shack* – San Ysidro
22. *Parson Clothing* – Hobbs
23. *Conservation Legacy* – Las Cruces
24. *A-1 Service Co.* – Los Ranchos
25. *Mr. Kozimor* – Farmington
26. *Divine Touch* – Santa Fe
27. *Shiver Southwest* – out of state
28. *New Express Delivery Service* – Albuquerque
29. *Cognosante* – out of state

NEW MEXICO PARTNERSHIP (NMP)

The Partnership's marketing efforts generated 112 leads, 28 potential recruitment opportunities, and nine site visits. NMP participated in two sales missions, to Chicago and Denver, and four trade shows/conferences: Walmart Manufacturing Summit, Outdoor Retailer, Professional Aerospace Contractors Association, and Process Expo Trade Show.

NMP continues to advertise in Site Selection, Business Facilities, Expansion Solutions, and trade publications. An email blast was also sent to food processors.

Toward its performance metrics, the Partnership reported three locates:

- ARCA Space Corporation, 100 jobs
- Associated Energy Services, 5 jobs
- Rural Sourcing Inc., 125 jobs

Key Performance Measure	Target	1 st Quarter Results
Number of jobs created through business relocations and competitive expansions facilitated by the Economic Development Partnership	2,000	230

ECONOMIC DEVELOPMENT DIVISION

MAINSTREET

Seven communities will receive assistance through the extremely popular MainStreet Frontier Communities Initiative:

- **Eagle Nest - Event Development.** The project will work on planning, designing, and developing signature events to be hosted at the newly constructed "Enchanted Eagle Park" in the heart of Eagle Nest. The park has been a primary economic development project for the village over the last five years and includes new sidewalks, parking spaces, landscaping, and a pavilion. The development of signature events could help extend the tourism season by two months and stimulate additional economic growth and employment opportunities.
- **Mountainair - Placemaking/Design.** Mountainair will receive landscape design and placemaking assistance to convert an empty lot adjacent to the Salinas Missions Visitor Center into a town square/park that will connect the Historic Shaffer Hotel and Salinas Missions Visitor Center to the existing commercial district. The landscape design project is the first step in a larger project to reconnect a fragmented commercial area into a cohesive and walkable space that takes advantage of the Salinas Missions Center, which draws thousands of visitors to the area each year.

- **Santa Clara - Façade Improvement Program.** The project will create façade designs for historic buildings along Bayard Street, the main commercial corridor for the Village of Santa Clara. Buildings identified for façade work are part of Santa Clara's "Historic Walking Tour" and were once vital economic drivers for the community. Business owners and local stakeholders will use the designs and training assistance to begin reviving the historic storefronts and spur additional property investment.
- **Santa Rosa - Adaptive Reuse/Business Plan.** The project will focus on the adaptive reuse of the Ilfeld-Johnson Warehouse, a two-level 9,000-square-foot stone structure built in 1901 as a wool warehouse for the railroad. Preliminary ideas include indoor market stalls, business incubator spaces, art galleries, outdoor market, and a brewpub. The project is part of Santa Rosa's Visioning Plan to enhance existing amenities while fostering new growth and economic development.
- **Springer - Placemaking and Revitalization Plan.** NMMS will assist the Town of Springer with the development of a viable downtown revitalization plan and potential façade improvements to help bring local businesses, stakeholders, and municipal partners together to regenerate the downtown business district.
- **Tularosa - Image & Branding Development.** As a participating Frontier Community in FY2015, the Village of Tularosa was able to leverage technical assistance around streetscape revitalization and building renovation from New Mexico MainStreet to receive \$576,389 from NMDOT to repair and renovate the sidewalks and streetscapes of three blocks of Historic Granado Street. The current project will capitalize on these upcoming capital improvements through the development of a marketing, branding, and event design strategy to help foster economic activity throughout the entire village.
- **Villanueva - Entrepreneur Development.** The Village of Villanueva is part of an agricultural valley stretching 12 miles along the Pecos River. The project revolves around youth and community engagement.

Other 1st quarter highlights -

- Work continues on the two landmarks that anchor each end of the Las Vegas MainStreet district. This quarter's kitchen and dining room rehabilitations at the Plaza Hotel totaled \$200,000 and interior work at the Castaneda totaled \$10,000.
- Lovington MainStreet saw \$44,100 in two private building rehabilitation projects this quarter -- signage, facade work and interior paint at Family Vision Center (\$19,100) and asbestos abatement at the Paper and Party building (\$25,000).
- Private reinvestment activity is heating up in Raton. This quarter owners invested \$135,500 in four building rehabilitation projects -- The Palace, QT Pi Bakery, Bruno's Pizza & Wings, and Hamburger Heaven.

Key Performance Measure	Target	1 st Quarter Results
Number of building rehabilitations completed in MainStreet Districts	160	23

FINANCE DEVELOPMENT TEAM (FDT)

LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)

Company	Location	Use of Funds To-Date	LEDA Investment	Private Investment To-Date	Private Investment Announced	Jobs Created To-Date	# of Jobs Announced	Leverage	Security or Clawback Provision
Solaro Energy	Socorro	Building	\$250,000	\$1.2M	\$5,000,000	13	25	20:1	Mortgage Interest
Rural Sourcing	Albuquerque	Building	\$250,000	0	\$1,700,000	0	125	7:1	TBD
Ready Roast	Portales	Building	\$1,500,000	\$6M	\$16,500,000	3	200	11:1	TBD
Ol Gringo Chile Co.	Las Cruces	Building	\$25,000	\$130,000	\$400,000	5	10	16:1	TBD
CIG Logistics	Jal	Rail spur	\$100,000	\$15M	\$18,000,000	15	50	150:1	CD in Escrow
Little Toad Creek Brewery	Silver City	Building	\$100,000	\$50,000	\$400,000	26	11	4	TBD
Totals			\$2,225,000	\$22.6M	\$41,842,000	62	421	18.8:1	

The Finance Development Team also provided technical assistance to two companies resulting in new funding for both:

1. Taos Mesa Brewing: FDT worked with the company over the previous year to improve and focus its financial position. FDT worked with the private equity firm Luna Capital to secure bridge financing that ultimately resulted in a commercial loan from a Delaware bank.
2. Gallup Pipeline & Compliance Services, LLC: FDT staff worked with the New Mexico Finance Authority (NMFA) through the Collateral Support Program to assist the company with a bank participation loan through Pinnacle Bank & NMFA.

Key Performance Measure	Target	1 st Quarter Results
Number of private sector dollars leveraged by each dollar through the Local Economic Development Act (LEDA)	5 to 1	18.8:1
Number of jobs created through the use of LEDA funds	1,500	421

COMMUNITY, BUSINESS AND RURAL DEVELOPMENT TEAM (CBRDT)

There are currently two vacant positions on this Team in Regions 1 and 3. EDD is working to fill these positions.

Team members provided assistance to several companies resulting in a positive outcome.

Region 2

1. **Plectone** is a manufacturer of guitar picks located in Albuquerque. The company was seeking international exposure and new markets. The Team member explained the services provided by EDD's Office of International Trade. Plectone received new orders from companies in Israel and Mexico in August resulting in increased revenue.
2. **Taos Herb Company** manufactures herbal products and was looking for programs to facilitate business growth. The Team member introduced the company to the Job Training Incentive Program and New Mexico tax credits they may be able to take advantage of. This resulted in the company receiving JTIP assistance at the August meeting and the creation of two new jobs.

Region 4

3. **Old Wood**, Las Vegas, is a manufacturer of wood flooring. The Team member organized meetings with USDA Rural Development which resulted in the company receiving a \$300,000 Value Added Producers Grant. Old Wood invested in new equipment that will add a product line for the company, resulting in new sales through Walmart.
4. **Energy Concepts Corporation**, located in Sapello, installs solar systems and was seeking assistance to expand its workforce. The Team member introduced the company to JTIP resulting in funding for three new positions.

Region 5

5. **Ready Roast** purchased the peanut processing plant in Portales and needed assistance with permitting, incentives and employee training. The Team member connected the company to OBA and all issues regarding an air quality permit were satisfactorily resolved. He also introduced the company to JTIP and they were approved for 30 new positions in September. Governor Martinez announced a LEDA commitment of \$1.5 million on September 21st.

Key Performance Measure	Target	1 st Quarter Results
Number of business development projects resulting in a positive outcome such as job creation or retention, new investment, business financing, or increased revenue	15	5

JOB TRAINING INCENTIVE PROGRAM

Companies that took advantage of JTIP in the first quarter:

- Mindshare Studios
- Ryan LLC
- Solaro Energy
- Santa Fe Brewing Company
- Sitel Operating Corporation
- Comcast Cable Communications
- Nuvita LLC
- CPFID Software
- Descartes Labs
- Lavu, Inc.
- Vitality Works, Inc.
- Compass Components
- Neptune Aviation Services
- Taos Herb Company
- Energy Concepts Corporation, LLC
- PureColor, Inc.
- 3D Glass Solutions
- Affordable Solar Installation
- Chaves Grieves Consulting Engineers
- Ready Roast Nut Company
- CyraCom International, Inc.

FY16 Year-to-Date Totals (July-October)

- 29 Companies Served
 - 42% Manufacturing
 - 7 Rural Companies
 - 640 New Jobs
 - 989 Workers Trained
 - 9 Interns Trained
 - Available Funds: \$3.2 Million
-

Key Performance Measure	Target	1 st Quarter Results
Number of workers trained by the Job Training Incentive Program	1,400	627

NEW MEXICO FILM OFFICE (NMFO)

The Film Office continues its focus on three main initiatives: (1) Recruitment: Emerging Media & Production; (2) Statewide Outreach; and, (3) Workforce Development.

Recruitment:

The Film Office'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 NMFO also provides direction to companies regarding potential film locations, as well as connecting the productions with the crew, vendor services and film liaisons throughout the state. The office also continues to work toward taking the lead in Emerging Media entrepreneurial opportunities in-state.

Quarterly Results:

FY16	Q1
Direct Spend into NM Economy	\$69.9M
Total number of New Projects in Principal Photography	20
Number of Projects over \$1M (total budget) in Production	7
Worker Days (crew size x days employed)	80,885

Highlights:

- New Mexico is considered one of the most competitive states, globally, in the recruitment of television series. In FY16, the NMFO anticipates six (6) different television series to be produced, two of which have stories set in New Mexico: *Better Call Saul* and *Graves*.
- The second phase of the film study, available under the statistics page at nmfilm.com, reported the industry has a positive impact on job creation in New Mexico.

Statewide Outreach:

There are a variety of ways the NMFO works with local communities, schools, filmmakers and chambers in order to assist and promote the industry and the jobs it creates. In FY16, the Film Office welcomed a new member to their team as the Outreach Coordinator to spearhead these efforts. The Coordinator's first priority is finalizing logistics for the 2015 Annual Film & Media Industry Conference, taking place at Isleta Casino & Resort at the end of October. In addition, as part of the conference, over thirty (30) designates from around the state have renewed their endorsements as film liaisons from their communities and have been invited to attend this event, which will include their annual training.

Highlights:

- In the first quarter, the NMFO hosted a screening of *The Scorch Trials*, presented by Fox Studios, which had over 200 attendees.
- In a final viewing, the 2015 NM Filmmakers Showcase submissions were screened at the Dark Frame Film Festival in Albuquerque.

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 office's priority program in training as it provides job opportunities with a production where crew diversifies their skill sets increasing continual employment in the industry. As an additional incentive to the film tax credit, productions that hire qualifying, local crew are reimbursed fifty percent of a qualifying resident's wages for up to 1040 hours. During the first quarter, ten (10) companies qualified for FCAP with one hundred and thirty-three (133) resident participants. In addition to JTIP, approximately twenty-five (25) residents participated in on-set lectures, conducted during production as part of a "give-back" program for participation in the Refundable Film Production Tax Credit.

NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT FY16 COMPANIES ASSISTED IN CREATING NEW JOBS

NAME OF COMPANY	TYPE OF COMPANY	LOCATION	DATE ANNOUNCED	PROGRAMS ASSISTING	RELOCATIONS		EXPANSIONS		STARTUPS		TOTAL NEW JOBS		TOTAL JOBS
					URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	
First Quarter: July 1, 2015 - September 30, 2015													
Mindshare Studios	custom software and website development	Santa Fe	7/10/2015	JTIP			1				1		1
Ryan, LLC	global tax services	Santa Fe	7/10/2015	JTIP			2				2		2
Rio Bravo Brewing Company	micro-brewery	Albuquerque	7/10/2015	JTIP			2				2		2
Nuvita, LLC	custom software development	Albuquerque	7/10/2015	JTIP			5				5		5
Solaro Energy	manufacture solar-powered products	Socorro	7/13/2015	LEDA				25				25	25
ARCA Space Corporation	aerospace testing and manufacturing	Las Cruces	7/13/2015	NMP/LEDA	100						100		100
Site1	customer service center	Las Cruces	7/31/2015	JTIP			100				100		100
Associated Energy Services	energy transload facility	Eunice	7/31/2015	NMP		5						5	5
CPFD Software, LLC	custom engineering software	Albuquerque	8/14/2015	JTIP			5				5		5
Descartes Labs	artificial intelligence technology	Los Alamos	8/14/2015	JTIP					1		1		1
Lavu Inc.	custom point of sale software	Albuquerque	8/14/2015	JTIP			10				10		10
Vitality Works, Inc.	medicinal supplements	Albuquerque	8/14/2015	JTIP			8				8		8
Compass Components	manufacture custom wire harnesses	Deming	8/14/2015	JTIP				20				20	20
Neptune Aviation Services	aircraft services	Alamogordo	8/14/2015	JTIP				3				3	3
Taos Herb Company	herbal remedies and supplements	Taos	8/14/2015	JTIP				2				2	2
Energy Concepts Corporation LLC	solar system design	Sapello	8/14/2015	JTIP				3				3	3
CyraCom	back office - translation services	Las Cruces	8/26/2015	JTIP			100				100		100
3D Glass Solutions	manufacturing	Albuquerque	9/11/2015	JTIP			3				3		3
Affordable Solar Installations	renewable energy	Albuquerque	9/11/2015	JTIP			20				20		20
Chaves Grieves Consulting Eng.	engineering services	Albuquerque	9/11/2015	JTIP			7				7		7
Ready Roast Nut Company	peanut processing/product manufacturing	Portales	9/21/2015	LEDA	200							200	200
OI Gringo Chile Company	food processing	Las Cruces	9/25/2015	LEDA			10				10		10
CIG Logistics	energy transload facility	Jal		LEDA		10						10	10
Little Toad Creek Brewery & Distillery	micro-brewery	Silver City	10/9/2015	LEDA				11				11	11
Rural Sourcing	software development	Albuquerque	9/28/2015	NMP/LEDA	125						125		125
TOTALS FOR 1ST QUARTER					225	215	273	64	1	0	499	279	778