



NEW MEXICO FIRST

People. Ideas. Progress.



BUSINESS AS UNUSUAL

A TOWN HALL ON RURAL-URBAN ECONOMIC DEVELOPMENT

Background Report

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▶ Inn of the Mountain Gods,
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Authors

Jo Carter, New Mexico First
Heather Balas, New Mexico First

Contributing Editor

Carl Moore, Ph.D.

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New Mexico First

320 Gold Avenue SW Suite 300
Albuquerque, New Mexico 87102
Phone: 505-241-4813 (Albuquerque)
Fax: 505-241-4819
Email: info@nmfirst.org
Website: www.nmfirst.org

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Forward

About New Mexico First

New Mexico First is a nonpartisan, nonprofit organization that engages citizens in public policy in order to improve the state. Co-founded in 1986 by U.S. Senators Pete Domenici (R-NM) and Jeff Bingaman (D-NM), the organization brings people together for two- and three-day town hall meetings. These town halls use a unique consensus-building process that enables participants to learn about a topic in depth, develop concrete policy recommendations addressing that topic, and then work with fellow New Mexicans to help implement those recommendations with policymakers.

New Mexico First was created to answer the question: "What would it take to make New Mexico *first* in national rankings, instead of near the bottom? (Historically, the state often has ranked poorly in factors like poverty, education, or health.) Regardless what topic is being covered in a town hall or forum, we continue to focus on how to strengthen the state.

The Town Hall Process

New Mexico First town halls are not typical conferences with day after day of presentations. There will be a few guest speakers to help set the context, but the bulk of the town hall is comprised of small group discussions among citizens who care about the topic.

Using **New Mexico First's** proven consensus-building process, the three-day town hall will ask participants to share their best ideas for improving the state's rural economies. Because citizen discussion is at the heart of this process, we ask participants to take an active part in all three days of the event.

On day one of the town hall, participants are divided into their small groups to discuss the issues and answer a common set of questions. On day two, participants begin refining and combining those answers. On day three, participants come together as a full group and finalize their consensus recommendations.

This Report

New Mexico First's Board of Directors chose the topic of this town hall in August 2007, based on input from citizens throughout the state. Regional forums were held in five New Mexico communities to hear people's concerns and hopes regarding economic development issues. This report is based on the feedback received from those regional forums and from a committee of volunteer reviewers.

A number of New Mexicans contributed to this report. The reviewers were not paid; instead they donated their time as a demonstration of their support of the town hall process. **New Mexico First** thanks all the people who lent their expertise to this document.

Authors & Editors

Authors

Jo Carter, MBA, New Mexico First
Heather Balas, New Mexico First

Contributing Editor

Carl Moore, The Community Store

Research & Review Committee

Brian Sanderoff, Research & Polling, Inc. – *Chairman*
Garrey Carruthers, NMSU College of Business
Steve Carter, Sierra Title
Ryan Gleason, USDA Rural Development
Bob Grassberger, I-Nexus / New Mexico State University
Jami Grindatto, Intel
Michelle Henrie, Atkinson & Thal, P.C.
Jack Jekowski, Innovative Technology Partnerships
Jim Kadlecek
Barbara Kimbell, University of New Mexico
Sharon King, Roosevelt County Chamber of Commerce
Mark Lautman, Mesa del Sol, NM Economic Development Commission
Joe Maestas, Mayor of Espanola
Beverlee McClure, Association of Commerce and Industry
Tom McHugh, McHugh & Associates
Ray Mondragon, ENMR-Plateau
John Montgomery, Eastern New Mexico University
Bob Rosebrough, Jordan and Rosebrough, P.C.
Mike Skaggs, DW Turner

Regional Forum Participants

Los Lunas

Arthur D. Baca, USDA Rural Development
Jim Covell, Los Lunas Economic Development
Peter Fernandez, Village of Los Lunas
Marcos Martinez, NM Department of Workforce Solutions
Kathy McCormick, NM Economic Development Department
Tom McHugh, McHugh & Associates
Hector Moreu, NM Department of Workforce Solutions
Suzan Reagan, NM Department of Workforce Solutions
Claudette Riley, Greater Belen Economic Dev. Corp.
Roberta Scott, NM Small Business Development Center
Ann Simon, Mid-Region Council of Governments
Bob Wessely, Middle Rio Grande Water Assembly
Eric Zamora, Valencia County

Espanola

Andres Aragon, USDA Rural Development
Michael Bain, Cimarron Watershed Alliance
Julianne Barbee, NM Small Business Development Cmty.
Simon Brackley, Santa Fe Chamber of Commerce
Carlos Chacon, LANL Community Relations Office
Nancy Chatfield, EBS Initiative
Preston Cox, Embude Station
Cindy Evans, NM Economic Development Department
Steve Gonzales, NM Economic Development Department
Robert Griego, Sante Fe County Community Planning
Miro Kovaceich, Wells Fargo Bank
Rebecca Latham, Town of Red River
Charles Lehman, Northern New Mexico College
Richard Lowenberg, 1st Mile Institute
Olivia Martinez, Greater Espanola Valley CDC
Cristina McCandless, Regional Development Corporation
Anthony J. Mortallaro, Los Alamos County
Robert Ott, Center for Relational Learning
John Rice, IMPACT-NM
Dennis Roybal, Los Alamos National Laboratory
Lucia Sanchez, New Mexico State University
Ashley Sanderson, North Central Regional Transit District
Donna Schroeder, United Way of Northern New Mexico
Sigmund Silber, NM Weather Modification Association
Vangie Trujillo, LANL Community Relations
Jack Valencia, North Central Regional Transit District
Catherine Zacher, Santa Fe Economic Development

Gallup

Becky Apel, Gallup Chamber of Commerce
Vanessa M. C de Baca, Office of U.S. Senator Domenici
Georges Duval, Heavenly Health

Patricia Duval, Heavenly Health
Phil Garcia, Gallup Title Company
Paul Graves
Donna Jacobs, UNM-Gallup
Irvin Jones
Marianne Joyce, Joyce Planning and Development
Jeff Kiely, NW NM Council of Governments
Kevin Killough, *Gallup Independent*
Evan Williams, NW NM Council of Governments
Larry Winn, McKinley Soil and Water Conservation Districts

Las Cruces

Les Baldock, Mesilla Valley Economic Development Alliance
Hilary R. Brinegar, NM Department of Agriculture
Bonnie Burn, League of Women Voters
Steve Carter, Sierra Title
Garrey Carruthers, NMSU
Tim Darden, NM Department of Agriculture
Gary Esslinger, Elephant Butte Irrigation District
Madeline Gillette, NMSU School of Social Work
Clyde Hudson, USDA Rural Development
Win Jacobs, Housing Authority of Las Cruces
Jim Kadlecek
Anthony V. Popp, NMSU College of Business
Robin Roberts, Doña Ana Community College
Priscilla Saulsgiver, North Valley Neighborhood Assoc.
Sharon Thomas
Dan Townsend

Portales

Wayne Baker, farmer
Ronnie Birdsong, Eastern New Mexico University
Jan Bradburn, Workforce Connection
Claire Burroughes, City of Clovis
Patrice Caldwell, Eastern New Mexico University
Ira Kaye Frasher, Eastern New Mexico University
Charlene Hardin, Roosevelt County Manager
Sharon King, Roosevelt County Chamber of Commerce
Randy Knudson, Doerr & Knudson, P.A.
Debi Lee, City Manager, City of Portales
Dennis Lopez, Roosevelt County Commissioner
Ray Mondragon, ENMR Plateau
Jimmie Shearer, Sunland, Inc.
Gordon Smith, Clovis Small Business Development Ctr.
Gene Smith, Eastern New Mexico University
Judy H. Stubbs, NM Economic Development Department
Jeremy Sturm, Roosevelt County Chamber of Commerce
Bernarr Treat, Roswell Chamber of Commerce
Nicole Wilkening, City of Portales
Gregg Williams, Eastern Plains Council of Governments

Introduction

About this Guide

This background report is designed to help participants prepare for the **New Mexico First** town hall, *Business as UNusual: A Town Hall on Rural-Urban Economic Development*. The event will be held March 27-29, 2008 in Ruidoso.

The town hall will focus on rural economies, including the possible value of rural-urban partnerships. This guide is organized around three main approaches that rural communities might consider, along with an introduction that provides context for all three. **The approaches are not mutually exclusive, and most readers will find their opinions reflected in more than one.**

Note: There are few right or wrong answers, and the problems around economic development issues are complex. As a result, no brief explanation of the situation – including this report – can hope to cover all the information and opinions available. The contributors have provided their knowledge and advice, but ultimately the people and policymakers of New Mexico must decide what to do.

Rural Life

New Mexico is a predominantly rural state. The vast majority of our land is undeveloped, and many New Mexicans like it that way. However, while 79% of our counties are classified as rural (26 out of 33), only 35% of our people actually live in rural areas¹. This percentage continues to decline.

Many people are emotionally drawn to the idea of living in a small town and are deeply concerned about the preservation of agricultural lifestyles and cultural identities. However, practical issues like good jobs, salaries, access to medical care, or convenience bring many small town residents to the cities. Increasing numbers of New Mexicans eventually move to the Albuquerque area, Las Cruces, or out of state.

This outflow of people is making it difficult for rural communities to remain vibrant. In some cases, they seek to maintain or grow their communities by offering incentives to new businesses. Other places focus on

¹ USDA Economic Research Service, New Mexico Rural-Urban Fact Sheet, www.ers.usda.gov.

cleaning up their town so it is more welcoming. Others try to build trading relationships with larger businesses in Albuquerque or Las Cruces, growing their community through partnerships. Some communities try to do *all* those things and more.

Whatever the approach, most New Mexicans agree that rural life is a critical element of our heritage and culture.

What is Rural?

The federal government defines counties as “rural” and the related term “frontier” (which essentially means *really* rural) using a complex set of measurements including the number of people in a county, the number of people per square mile, and the distance of a community from a metropolitan area.

For the purpose of this report and the town hall, *we will keep it simple*. We are considering all New Mexico towns *other* than Albuquerque, Rio Rancho, Santa Fe, and Las Cruces to be rural, since they face similar challenges. We also encourage readers to bear in mind that very small rural communities, such as Elida or Roy, confront different hurdles than their less rural counterparts like Gallup or Artesia. There are 12 New Mexico counties that are extremely rural with five or fewer people per square mile² (compared with Bernalillo County’s 477 per square mile).

What is Economic Development?

Economic development is a term that often gets used without definition. Some people say that it is an activity exclusively devoted to increasing wealth in a community. Others take the opposite extreme and say that economic development is practically any activity that improves the community. For the purpose of this report, we will adopt an explanation that meets in the middle.

² U.S. Census Bureau, Census 2000 Summary File 1, Matrix P1. Available at [factfinder.census.gov/servlet/TMServlet?_lang=en&ds_name=DEC_2000_SF1_U&ds_label=Census+2000+Summary+File+1+\(SF+1\)+100-Percent+Data](http://factfinder.census.gov/servlet/TMServlet?_lang=en&ds_name=DEC_2000_SF1_U&ds_label=Census+2000+Summary+File+1+(SF+1)+100-Percent+Data)

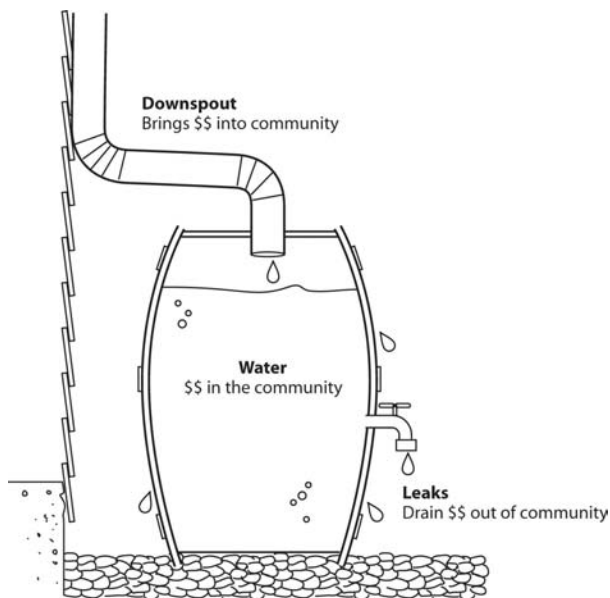
Economic development is an integrated activity through which government, business, education, and the community work together to create a vibrant local economy that³:

- Encourages local enterprise
- Serves the needs of local residents, workers, and businesses
- Promotes stable employment and revenues by building on local competitive advantages
- Protects the natural environment
- Is capable of succeeding in the global marketplace

Water Barrel Metaphor

A community's economy can be described metaphorically as being like an old water barrel. Water flows into the barrel from numerous sources each at a different rate.

Within each community, the water in the barrel represents the total money available, including local government funds, business assets, individual accounts, and so on. That money leaks out of the community as it is spent elsewhere.



The downspouts that bring money back into the community are primarily businesses that manufacture locally but sell their products outside the area. The more that a business gets its supplies locally and sells its

products or services elsewhere, the more leakages are blocked, keeping more “water” in the barrel. These businesses that bring in outside money are called primary industries, and they produce the coveted “economic base” jobs.

An economic base job is any job that produces a product or service that is sold outside the community and thus brings in outside money. Most economists believe that the economic base job is the most important factor to a healthy economy.

Economic base jobs often include agriculture, mining, oil and gas, energy, manufacturing, tourism, federal employment, and more recently, exported services.

A community does not necessarily improve as water in the barrel rises. It just has more revenue per person to work with. Economic development is the act of strengthening an economy and thus increasing the amount of money a community has to invest in improvements.

The amount of water in the barrel (the size of local economy) can be increased or maintained two ways:

- Increasing or maintaining the amount flowing into the barrel by recruiting, expanding or starting up economic base enterprises
- Reducing the amount leaking out by improving the range and quality of products and services produced locally

Practically all communities will want some kind of economic development, regardless of their current condition. Some places will find it challenging to maintain their community quality because expenses for schools, road repair, health care, and other costs continue to climb. Communities that do not maintain their economic strength in proportion to these costs will experience difficulty.

Primary (Economic Base) Industries

The economic bases of most rural communities have undergone great change over the last 25 years. Traditional rural economic base sectors of agriculture, mining, and oil and gas are being increasingly mechanized. This means they are employing fewer people. Similarly, large-scale manufacturing has steadily declined and this industry continues to be subject to price fluctuations.

In addition, the income from these primary industries can change dramatically and unpredictably over time, all dependent on market prices. This type of change can lead

³ Local Government Commission, www.lgc.org/economic/index.html.

to boom-and-bust cycles. When uranium prices are low (\$15/pound in January 2004), communities like Eunice and Grants that are dependent on uranium mines might be hard-pressed for cash; when prices are high (\$136/pound in June 2007), these communities must be prepared to deal wisely with the sudden spike in their income⁴.

Long-term planners point out that agriculture and extractive industries use local natural resources that may not always be available. Wells may dry up, mines may play out, soil may be depleted, and so communities may have to find alternatives. Farmers and ranchers throughout the Southwest face droughts and competition for water, which threaten the economic base and way of life.

Secondary Industries

Businesses that do not sell goods or services outside the local community do not count toward economic development directly, although they are a necessary part of the community. The local coffee shop or hardware store that serves mostly local people are secondary players in any community's economic picture; they keep the community functioning and attractive. These service sector jobs affect how long the money brought in by the economic base employers circulates in the local economy.

However, adding jobs in the service sector only really helps if they produce goods and services the community is currently going out of town to buy. Adding more fast food restaurants, for example, rarely helps the economy or stops someone from going out of town to eat⁵.

How well secondary industries actually strengthen the community economically depends on a couple of factors:

- If these businesses use locally produced products and services, they keep money *in* the community.
- If they buy their supplies from outside the local area, or if they end up sending their profits away to distant corporate headquarters, then they can do more to move money *out* of the community than into it.

⁴ Uranium prices taken from www.cameco.com/investor_relations/ux_history/historical_ux.php

⁵ Source: Interview, economic developer Mark Lautman, Mesa Del Sol.

Measuring Economic Development

There are a wide range of measurements that are used to judge how well a community is doing economically. Some of the most common are presented below.

Gross domestic product (GDP) is the total market value of all goods and services produced within the community within a given period of time (usually, a calendar year). This is a calculated figure, based on:

- household expenditures
- capital investments by businesses or households
- government expenditures
- gross exports and imports

Job creation statistics are also often used as a measure of economic growth, particularly when the community has a high unemployment rate, and therefore many people needing jobs.

Average personal and household income can also serve as a metric for economics on the individual level.

The unemployment rate measures the percentage of people actively seeking employment within the last four weeks who are not working. This does not measure people who could be in the labor force but who are not interested in working, such as retirees, full-time parents or students, or people who have given up on looking for work.

Poverty rates measure how much money families have for housing, food, and other expenses. Rates are developed by the U.S. Census Bureau, vary depending on the number of people in the household, and change annually. For example, the 2006 poverty level for a person under 65 years old is \$10,488⁶.

New Mexico's Economic Rankings

While New Mexico is considered one of the poorer states in terms of per capita income, our numbers are improving. Statistics that set the context follow:

⁶ *Income, Poverty, and Health Insurance Coverage in the United States: 2006*, August 2007, U.S. Census Bureau. www.census.gov/prod/2007pubs/p60-233.pdf

- The state had a per-capita GDP of \$31,986 in 2006, putting the state at 40th out of 50⁷.
- The state ranks 47th out of the 50 states for per capita income. Our average is \$24,291, while the U.S. average is \$30,547⁸. It ranges from a high of \$51,000 in Los Alamos County to a low of \$17,000 in Cibola.
- In December 2007, New Mexico ranked 11th of the 50 states on its seasonally adjusted unemployment rate, with 3.7% of the population unemployed⁹.
- New Mexico has the fourth highest rate of poverty in the nation, with 18.5% of New Mexicans living below the poverty line¹⁰. In 2006, McKinley County had the highest proportion of people living in poverty (44%) of any smaller county in the U.S.¹¹

Because our state varies so much from county to county, these rates may not reflect the situation in your area. **For a better picture of your community, please see the county-level data, available in Appendix A.**

New Mexico Industries

When New Mexico communities consider how to strengthen their economies, it is helpful to understand some of the major industry sectors that provide economic base jobs here.

- Mining, oil, and gas
- Energy and utilities
- Agriculture and related industries
- Tourism and food services
- Manufacturing

⁷ "NM Economy 5th-Fastest Growing," *Albuquerque Journal*, June 9, 2007. www.abqjournal.com/AED/569572nm06-09-07.htm

⁸ U.S. Census Bureau, 2006 ranking in 2000 dollars. www.census.gov/statab/ranks/rank29.html.

⁹ U.S. Bureau of Labor Statistics, www.bls.gov/web/laumstrk.htm

¹⁰ U.S. Census Bureau, 2006 American Community Survey, factfinder.census.gov/servlet/GRTTable?_bm=y&_box_head_nbr=R1701&ds_name=ACS_2006_EST_G00_&_lang=en&-format=US-30-&CONTEXT=grt

¹¹ *Income, Poverty, and Health Insurance Coverage in the United States: 2006*, August 2007, U.S. Census Bureau. www.census.gov/prod/2007pubs/p60-233.pdf. "Smaller county" is defined as a population between 65,000 and 249,000.

- Exported services (call centers, consultants and professional services)
- Arts (including crafts, artwork, or other creative products)
- Government

Federal Investments

One fourth of New Mexico jobs are in the government sector, which is unusually high compared with other states. The federal government underwrites a large part of our economy through investments in military bases, national laboratories, national parks, and other grants. In 2004, every dollar that New Mexico provided to the federal government in taxes was repaid with two dollars of federal spending in the state. This was the highest return on investment of any state. In contrast, for every dollar that New Jersey paid to the federal government, their state got only 55 cents¹².

In 2005, a **New Mexico First** town hall focused on federal spending. Participants raised serious concerns about the state's vulnerability if our federal funding was cut. The town hall called for increased private sector development in order to reduce our reliance on the federal government¹³.

In recent years, several long-established federal institutions in New Mexico have seen their funding challenged. Cannon Air Force Base in Clovis was threatened with closure as a result of the 2005 Base Realignment and Closure Committee. Los Alamos National Laboratory (LANL) in Los Alamos and Sandia National Laboratories in Albuquerque spent much of 2007 contemplating significant budget cuts, though the worst of those cuts were rescinded in the December Omnibus Budget¹⁴. **Given that four out of our five Congressional representatives will be new to their positions in the next Congress, it may be difficult for New Mexico to retain all of its current federal funding.**

¹² Lee, R.D., Johnson, R.W., & Joyce, P.G. (2004). *Public Budgeting Systems*. P. 592.

¹³ Executive Summary, 33rd New Mexico First Town Hall background report, 2005. Available at www.nmfirst.org/townhalls/ExecutiveSummaryofFinalTH33Report.pdf

¹⁴ Brosnan, James W. "Budget restores funds to Sandia, Los Alamos labs," *Albuquerque Tribune*, December 17, 2007. Available at www.abqtrib.com/news/2007/dec/17/budget-restores-funds-sandia-los-alamos-labs.

Affordable Housing

The lack of affordable housing is a major barrier to economic development and community quality in many places. A housing crunch can prevent a community from drawing the employees they need to expand the economic base or services sector. When people cannot afford to rent or own a home close to their work it causes problems. Forced into longer commutes, workers suffer from inflating transportation costs; there are also environmental impacts. A family permanently locked out of home ownership because housing prices are rising faster than wages does not have the ability to build equity.

Environmental Sustainability

Many New Mexicans agree that our desert environment presents challenges, particularly in how we use our water¹⁵. While environmental issues are often thought of as separate from economic development, these two areas definitely impact each other. For example, decisions about whether to increase the amount of water in a river can impact local economies, since businesses, farmers, and ranchers may rely on that water.

Experts agree that the Southwest is consuming more water than is naturally available through rain, snow, or rivers, which means we are depleting our ground water supply¹⁶. Economic development is often tied to population, but as the state's population increases, each resident makes more demands on water. Furthermore, if climate change forecasts are accurate, the Southwest region could face significant water shortages in coming decades¹⁷.

According to a 2005 Gallup poll, 53% of Americans say protecting the environment should be given priority "even at the risk of curbing economic growth," while another

36% prioritize the economy "even if the environment suffers to some extent."¹⁸

However, economic growth and environmental stewardship are not necessarily at odds. A growing number of people are calling for businesses that are both green *and* profitable. For example, New Mexico is rich in sun and wind, opening the door to potential economic growth through alternative energy production. Biofuels are another obvious possibility for agricultural economies.

Potential Process Difficulties

Economic development is a messy, complicated issue, and the process of working on it is no simpler. Many individuals and organizations are addressing it at many levels, from the state capitol to self-employed contractors.

People outside the economic development network – community leaders, business people, civil servants, etc. – make decisions that can affect economic development. Participants in **New Mexico First's** recent community forums felt that politics sometimes gets in the way of progress. They believed that policymakers can make poor economic decisions based on factors such as¹⁹:

- Lack of collaboration between development efforts
- Turf wars between individuals or agencies
- Competition built into the free market system
- Shifting priorities with the election of new policymakers

Making Choices

Many communities struggle with the question of whether they really *want* economic development because they believe it will create unwanted growth or change the character of the community. They often want to retain their small town feel, but they also want a range of quality jobs so that their children are less likely to grow up and move away. They want new housing, but they do not want it to look like an urban subdivision. They want a strong economic base to support their schools and roads, but they do not *really* want very many outsiders to move to their town. **Every community must decide how to deal with these contradictions. They must make choices.**

¹⁵ *Climate Change and Water in New Mexico: Final Report*, October 2007, a summary of recommendations from regional forums on water. Available at www.nmfirst.org/townhalls

¹⁶ U.S. Geological Survey, *Water Availability in the Western United States*, Circular 1261, Figure 21. Available at pubs.usgs.gov/circ/2005/circ1261/pdf/c1261.pdf

¹⁷ *Climate Change and Its Implications for NM's Water Resources & Economic Opportunities*, July 2007, Hurd, Brian and Coonrod, Julie. Report to Nat. Comm. on Energy Policy.

¹⁸ Carlson, D.K. "Public Priorities: Environment vs. Economic Growth," Gallup. Available at www.gallup.com/poll/15820/Public-Priorities-Environment-vs-Economic-Growth.aspx.

¹⁹ These concerns were voiced in several of our regional forums. While data on these difficulties does not exist, we wanted to recognize the concerns of New Mexicans.

Economic Development Approaches

As **New Mexico First's** staff traveled the state talking to people, it became clear that there are at least three basic sets of priorities that people use to approach economic development issues – business development, community development, and regional development.

These priorities are not mutually exclusive, and people often will support parts of all of them. However, most people tend to prefer one over the others when it comes to choosing where economic development should *start* for their community. These three approaches provide the structure for the rest of this background report. They will also guide your discussion at the town hall.

Approach 1: PRIORITIZE BUSINESS DEVELOPMENT	In this approach, communities make a strategic choice to be proactive about growing their economies. They focus on the traditional activities of recruiting, creating, expanding, and retaining businesses. They also focus on preparing the workforce to fill jobs at those businesses. They narrow their focus to the most basic of priorities: growing their economic wealth faster than their population. In this approach, communities use data to develop a clear strategy, a plan, and the programs to implement them.
Approach 2: PRIORITIZE COMMUNITY DEVELOPMENT	In this approach, the focus is on improving the community, making it livable, attractive and sustainable. The modern workforce is increasingly mobile and not tied to specific geographic locations, so communities aim to keep talented local people in the community – and attract new people – by making their towns more efficient and appealing places to live and work. In this approach, the key strategies are improving quality of life, the environment, health care, education, infrastructure, art, and culture.
Approach 3: PRIORITIZE REGIONAL DEVELOPMENT	In this approach, political jurisdictions and boundaries become less relevant, since economic activities cross them seamlessly. Businesses and communities reach into nearby parts of the state to find the resources they need and efficient trade partners. While free-market competition among communities is a factor, interdependent players cooperate frequently for mutual success throughout the region. In this approach, rural and urban communities collaborate more, as do neighboring towns.

APPROACH 1: Focus on Business Development

Summary

In this approach, communities make a strategic choice to be proactive about growing their economies. They focus on the traditional activities of recruiting, creating, expanding, and retaining businesses. They also focus on preparing the workforce to fill jobs at those businesses. They narrow their focus to the most basic of priorities: growing their economic wealth faster than their population. In this approach, communities use data to develop a clear strategy, a plan, and the programs to implement them.

Economy and Population

Communities that employ this approach to economic development are focused on specific areas of the economy and try to measure direct results. They use a narrow definition of economic development in which success is measured by whether the money in the community grows faster than its population.

The rationale is that the communities must provide a range of social services for their populations. Steady economic development can enable households, businesses, charities, schools, and local governments to have more money per person to serve than they had the year before. Eventually, supporters say, everyone in town will have the discretionary investment income to finance the projects and programs that will make the community a better place to live.

Traditional Strategies

How might a community build this type of growing economy? For decades, local and state governments have embraced the **recruit, retain, expand, and create** strategies²⁰. This means they have focused their energies on **recruiting new businesses** to a community through incentives or other outreach, **retaining existing businesses** by supporting the companies the community already has, **expanding existing businesses** by encouraging companies to grow and hire more people,

²⁰ Source: Kuotsai Tom Liou, Handbook of Economic Development, 1998, published by CRC Press, p. 217.

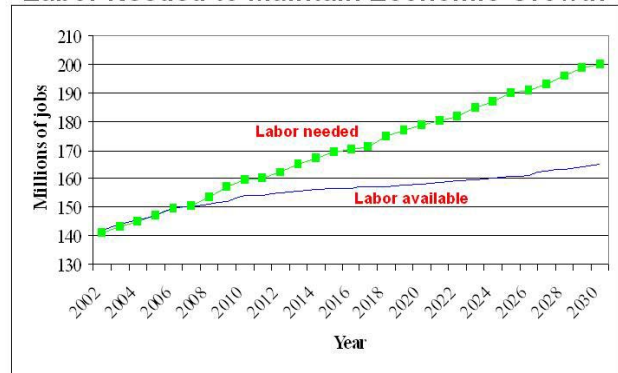
and, finally, **creating new business** through encouraging entrepreneurship.

Labor Shortage

Note: Labor issues are addressed in this section, but they can affect all three approaches in this report.

There is one easily tracked statistic that may be good or bad, depending on how you look at it. New Mexico currently has an unusually low unemployment rate of about 3% (compared to the national average of 4.7%)²¹. That has not always been the case. Nine years ago, New Mexico had the highest rate of unemployment anywhere in the country – 6.4%²². Since then, the state has seen many new jobs created. In September 2007, there were roughly two new jobs being created for every new entrant into the workforce²³.

Labor Needed to Maintain Economic Growth



Source: Dychtwald, Erickson, & Morrison (2006). *Workforce Crisis*.

Having a low unemployment rate is a mixed blessing.

While it means that many people have jobs, low unemployment makes it difficult for employers to expand

²¹ "New Mexico jobless rate falls to new low," *Albuquerque Tribune*, November 22, 2007. Available at www.abqtrib.com/news/2007/nov/22/new-mexico-jobless-rate-falls-new-low/

²² "New Mexico had highest State unemployment rate at end of 1998," U.S. Department of Labor, available at www.bls.gov/opub/ted/1999/Jan/wk4/art02.htm.

²³ "The New Mexico Economy: Recent Developments and Outlook," New Mexico Economic Development Dept., www.edd.state.nm.us/dataCenter/factbookAbstract/index.html.

their business or create more jobs, simply because there are not workers available to fill them.

Factors driving unemployment vary widely from community to community. There are a number of reasons why the unemployment rate is so low, but simple demographics lead the list. As 76 million baby boomers nationally reach retirement age, we may see the first time in history when the number of people leaving the workforce for retirement is greater than the number of qualified young people coming in. In rural areas, this imbalance is even greater, as many young people leave their communities for college or jobs and never return.

National projections suggest that, while the amount of labor needed will continue to increase steadily, the amount of labor available will no longer be able to keep up with the demand²⁴.

In sum, our state and nation have a problem. Without a labor pool, there may be very limited economic growth. As more baby boomers retire, the problem may escalate²⁵.

Addressing the Labor Shortage

The labor problem is not just a matter of a shrinking proportion of workers in the economy but also their education and skill. When communities are short on available workers, they have a choice to make. They can:

- Import workers from other locations
- Bring young workers into jobs earlier
- Keep older workers from retiring
- Encourage workers to fill more than one job
- Encourage existing workers to take additional education and training
- Increase the number of qualified workers by improving educational achievement

Traditionally, communities have imported workers when they cannot find labor available locally. This is particularly true in seasonal agricultural work here in the Southwest. However, the workforce shortage is happening

internationally, so it is harder to bring in qualified employees for even the most basic jobs.

A Quality Workforce

Many people believe that the growing need for a quality workforce in rural communities may be their greatest and most important challenge. Even when workers are available to fill a job, they may not be properly prepared. These issues of workforce readiness are found throughout the state²⁶:

- Employers filling entry-level jobs cannot find enough employees who understand a work ethic of being on time and dressed appropriately. Some report that they cannot find enough who can pass a background check or drug test.
- Other employers report that they have employees who understand work ethic basics, but lack skills in reading, writing, and math.

WorkKeys

Currently, employers in New Mexico seem to be gambling on what skills a job candidate actually has to offer. WorkKeys, a program developed by ACT and administered by the state's Department of Workforce Solutions, hopes to remedy this. WorkKeys assesses an individual's skill level in several areas such as "reading for information," or "applied mathematics." In some skill areas, certificates are available so that job applicants can show what skills they have mastered.

In addition, WorkKeys has profiles of the job skills required for 432 occupational profiles, outlining the minimum skills required for those jobs. This way, both job applicants and employers can seek the best match possible between needs and skills, and applicants can learn where they might get additional help.

At the same time that employers are struggling to find employees with basic skills, many businesses need people with more advanced skills. In the most recent year studied (2002), jobs in New Mexico divided up this way:

- 40% needed only short on-the-job training
- 19% needed moderate on-the-job training
- 25% required a college degree

²⁴ From Dychtwald, K., Erickson, T.J., & Morison, R. (2006). *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent*, Boston: Harvard Business School Press, p. 12. Available at harvardbusinessonline.hbsp.harvard.edu/b02/en/common/viewFileNavBean.jhtml;jsessionid=HDRFJSABFZUTA AKRGWDSLEQBKE0YIISW?_requestid=55881

²⁵ Source: Interview, economic developer Mark Lautman, January 2008.

²⁶ This information came from opinions shared during New Mexico First's regional forums on economic development, winter 2007.

- 11% Bachelor's degree
- 2.5% Master's or Ph.D. degree
- 1.5% a professional degree, such as a law degree or MD²⁷.

Communities seeking to grow economically must address the likelihood of future labor shortages, as well as the need for their young people to develop strong academic and practical skills.

CASE STUDY: Rio Rancho & Intel

While Intel is certainly not a rural company, it provides an example of how a business and educational interests can intersect.

Intel came to Albuquerque in 1980, at a time when New Mexico had few trained clean-room workers. In order to create a workforce, Intel helped to create job-training programs through New Mexico's higher education system.

Today, Intel is the largest private-sector industrial employer in the Albuquerque area, and a number of other related businesses have moved into the area. Semi-conductor job training is available through West Mesa High School, Central New Mexico Community College, and University of New Mexico.

Beyond these direct training programs, the company invests heavily in math and science K-12 and college education statewide.

Actions That Grow the Economy

The business development approach to economic growth involves a limited number of activities that communities can use to grow their economy or prevent "leakage" to other communities. (See p. 8 for the barrel metaphor on leakage.) These activities include²⁸:

1. Increase productivity and wages of your economic base workers
2. Increase the number of economic base jobs (jobs that bring money into the community from elsewhere)
3. Increase the value of government investments

²⁷ State of New Mexico Workforce Report 2007, available from www.dws.state.nm.us/pdf/NMWorkforce1_04_07.pdf

²⁸ Source: Interview, economic development expert Mark Lautman, Mesa Del Sol, January 2008.

4. Wait for windfall events like spikes in uranium and natural gas prices
5. Recruit, expand or start up service sector enterprises that keep local residents from buying out of town
6. Make your service sector more productive
7. Make your service sector more price and quality competitive in terms of price and quality
8. Increase the number of wealthy retirees

Charting a Path

Communities pursuing the business development approach must grapple with all these factors. Given that each community is unique, it is best to collect local data. However, collecting and using good data is costly.

"Thinking about your community's economic future without projecting your demographic future is like planning a college fund without thinking about how many kids you have or what kind of schools you want them to attend," says New Mexico economic developer Mark Lautman.

Some communities, such as Gallup, NM, choose to engage the entire community in developing a vision for their future. They compare options for moving forward and develop a strategic plan. Ideally this process is informed by good data. For good decision-making, communities should know the following:

- What are the demographics of your population, particularly in terms of age?
- How fast is your community population growing or shrinking?
- How large is your economic base? What sectors are growing? Shrinking?
- How large is your workforce? Can it keep pace against retiring workers?
- What skills does the workforce have?
- What would do you need to do to attract talented new people to your community?
- What environmental limitations does your community face?

For this type of data to be most helpful, it should be updated annually so that communities can chart their progress.

APPROACH 2: Focus on Community Development

Summary

In this approach, the focus is on improving the community, making it livable, attractive and sustainable. The modern workforce is increasingly mobile and not tied to specific geographic locations, so communities aim to keep talented local people in the community – and attract new people – by making their towns more efficient and appealing places to live and work. In this approach, the key strategies are improving quality of life, the environment, health care, education, infrastructure, art and culture.

Improving the Community

Supporters of the community development approach say that to build an economically sound community, you need to begin with the community itself. If you do not have a pool of people just waiting for jobs, then the primary economic need becomes attracting good people to your community and keeping them there. In order to do this, you need to invest in your community, make it a place where people *want* to live. This investment, supporters say, actually does two things: it brings in new people and it also helps retain existing residents.

Improvements might include quality housing, downtown revitalization, new schools, infrastructure, sidewalks, parks, zoning changes, expanded public safety investments (like more police), landscaping roads leading to and from town, and any number of other reforms. While these activities may not directly or immediately bring money into a community, many advocates believe they have the indirect effect of making the town more appealing to potential businesses or individuals.

Internet Workers

How might improving your community help stop the “brain drain” of losing its young people and even bring in new residents? As the world transforms to an information-based economy, more of the labor can be done off-site, potentially from anywhere. In today’s economy, many people can work wherever they choose, as long as they have reliable broadband internet access and easy access to an airline hub.

This “flat world” argument³⁰, that location no longer really matters for workers, seems to be good news for smaller communities. Workers will no longer have to move to urban areas in order to find good jobs. In the flat world, workers can do what they need to do wherever they are, presuming they can communicate with the outside world. Many national businesses are already moving this way³¹.

- IBM: 40% of the workforce has no office at the company
- Sun Microsystems: nearly 50% of employees can work from home
- AT&T: one-third of managers can choose their own sites
- Agilent: 70% of the workforce is connected remotely at least some of the time
- Jet Blue: 100% of reservations agents work from home (most of them stay-at-home moms)

This trend is event happening close to home. The Illinois-based company Verety announced in March 2008 that it will bring 100 “work-at-home” jobs to Roswell, NM, with employees taking drive-through food orders remotely and routing them to the restaurant using the service³².

These types of off-site employees can save their companies real estate costs and they can be potential new residents for rural communities.

Creative Class

Many of these mobile professionals are part of a larger group of people who are increasingly sought after: the “creative class.” This group includes over a third of the nation’s workforce. They include a range of professions including knowledge workers, artists, engineers, actors, or

³⁰ Friedman, Tom. *The World is Flat*. New York: Farrar, Straus and Giroux, 2005.

³¹ “The Easiest Commute of All,” *BusinessWeek*, December 12, 2005. Available at www.businessweek.com/magazine/content/05_50/b3963137.htm.

³² “Verety to Bring 100 New Work-at-Home Jobs to New Mexico,” press release from the NM Economic Development Department, March 7, 2008

architects³³. See Appendix for a breakdown of “creative class” workers in New Mexico by county.

Community Attractions

What draws new people to a community? In many cases, they want the same things existing members of the community want: good schools, affordable housing, recreational opportunities, and the chance to socialize with people like themselves. In these places, face-to-face interaction among a critical mass of like-minded people creates new ideas, products, and services, and contributes to economic success³⁴.

Some of these professionals already show a tendency to be attracted to parts of the country that have “rural amenities” – things like natural beauty or outdoor recreation around lakes or mountains. While precisely defining “natural amenities” can be tricky, the U.S. Department of Agriculture (USDA) came up with six measures that seem to describe those rural locations that people find attractive:

- Warm winters
- Plenty of winter sun
- Temperate summers
- Low summer humidity
- Varied landscape
- Natural water³⁵

These resources may be a draw. However, many of the other things this class tends to look for are associated with urban areas (an arts community, universities, active street scene)³⁶. Some data suggests that the rural communities most likely to be successful in recruiting internet-based workers are those that are within an hour’s drive of a major city³⁷.

³³ Florida, Richard. *The Rise of the Creative Class*. New York: Jackson, TN: Basic Books, 2002.

³⁴ Landry, C. *The Creative City: A Toolkit for Urban Innovators*. 2000. p.133

³⁵ McGranahan, D. “Natural Amenities Drive Rural Population Change,” USDA, October 1999. www.ers.usda.gov

³⁶ McGranahan, D.A., and Wojan, T.R. “The Creative Class: A Key to Rural Growth,” *Amber Waves*, April 2007. www.ers.usda.gov/AmberWavez/April07/Features/Creative.htm.

³⁷ J. Mac Holladay (Market Street Services, Inc.), presentation to the Southwest Virginia Economic Development Summit: Facing Today’s Realities and Challenges, October 23, 2003.

CASE STUDY: Silver City

The southwestern New Mexico town of Silver City once was a mining town, but when the major local company scaled back its operations, the town’s economy faltered. In the last decade, Silver City revitalized by gaining reputation as an ‘Arts Community.’ The town’s shift is the result of a collaborative effort by a number of local organizations and businesses.

The Mimbres Region Arts Council (MRAC) led the way with public/private partnerships that brought local galleries together with nonprofit arts organizations to develop arts related events. The first, an Evening at the Galleries, grew into the Weekend at the Galleries, a four-day event over Columbus Day weekend that has become the region’s largest art-walk with 30 galleries and over 100 artists participating. The event is concentrated in a four-block area of downtown.

Similar efforts produced the Silver City Blues Festival and Pickamania music festivals, celebrating acoustic musical traditions. These events are held in the city park and include Sunday morning ‘art-walks’ through the galleries and various peripheral downtown activities. The Blues Festival fills hotel, motel, and bed and breakfast rooms throughout the county and into neighboring communities.

Are New People Always a Good Thing?

There are many ways to attract people to your community, and some are more economically positive than others. For example, some communities have looked into marketing themselves nationally as great places to retire. Retirees that move into the community would bring their pensions and social security income from elsewhere to feed the economic base.

However, it can be uncertain whether an influx of retirees would be a net increase in the economy. Retirees can have quite expensive infrastructure requirements around healthcare and emergency services, and the community income from these individuals may not financially support the amount and quality of infrastructure necessary.

When communities set out to attract a population, they must carefully calculate the costs and benefits to ensure that they do not create an unsustainable situation.

Smart Growth

Many communities throughout New Mexico have become interested in "Smart Growth," a philosophy of community development that focuses on preserving historic sections of a town while creating walkable, multi-use areas. The MainStreet program, described below, is one type of Smart Growth activity.

MainStreet

The state's EDD runs the New Mexico MainStreet program, which seeks to improve the downtown area of participating communities. The MainStreet program concentrates on:

- Organization – helping to build effective relationships among the community's downtown stakeholders
- Economic positioning – strengthening downtown's existing economic assets and fulfilling its broadest market potential
- Design – enhancing the unique visual quality of downtown to create an appealing environment
- Promotion – creating and marketing a positive image based on the uniqueness of the downtown district

Currently, 20 communities are part of MainStreet³⁸, and from July 2005 to June 2006, the program helped create 126 new businesses and 446 new jobs, rehabilitated 171 buildings, and generated over \$12 million in public reinvestment³⁹. One concern about MainStreet developments is that they tend to be in the center of town, as opposed to nearer the edge of town (such as the highway corridor), where visitors are more likely to travel. This placement can mean that MainStreet investments may be invisible unless people already come to the center of town.

³⁸ www.edd.state.nm.us/mainStreet

³⁹ From the MainStreet website, www.edd.state.nm.us/mainStreet/join/index.html.

Community Leadership

All the activities described in this report require effective community leadership. Some people who participated in **New Mexico First's** community meetings said that developing and strengthening local leadership was among the most important economic development activities they could pursue. The more rural the community is, the more likely it is there could be fewer effective leaders. Leadership training efforts that also educate community members on local issues and economic priorities could be an effective strategy for some towns to move forward.

CASE STUDY: Santa Rosa

Ten years ago, the eastern New Mexico town of Santa Rosa began a self-analysis of its resources and assets and then began changing its infrastructure to fit those assets. Under the leadership of Mayor Jose Campos, the process included community leaders and town hall meetings. Since that time, the city secured grants and investments to complete the following improvements:

- Drilled a new well and secured water rights
- Repaired leaky water systems that were losing 18% of pumped water
- Improved roads by repaving the business loop and adding new lighting and sidewalks
- Worked with the telecommunications company to bring internet first to the schools and, later, to homes
- Modified planning and zoning laws to make the community look better
- Changed the way garbage was handled to eliminate the open land fills that let trash blow around town
- Partnered with MainStreet to build a new city hall and revitalize the downtown square
- Sold an existing run-down park to a new business, creating 70 jobs, and used the money to convert a landfill to a new modern park

The community also came together to save a local natural resource, the Blue Hole, which is one of the few scuba diving locations in the region. Large rocks that had been dumped in the hole in the early 1980s undermined the natural water flow and compromised its structural integrity. Through a partnership with the state legislature, the U.S. diving team, the state police, and the high school welding class that built custom dredging equipment, the community in 2002 restored the Blue Hole to its natural water flow. The project produced both environmental and tourism benefits.

APPROACH 3: Focus on Regional Development

Summary

In this approach, political jurisdictions and boundaries become less relevant, since economic activities cross them seamlessly. Businesses and communities reach into nearby parts of the state to find the resources they need and efficient trade partners. While free-market competition is still in place, interdependent players cooperate frequently for mutual success throughout the region. In this approach, rural and urban communities collaborate more, as do neighboring rural towns.

Regionalism

We live our lives regionally. "We live in one community, work in another, shop in still others...."⁴⁰ That is why some people advocate for regional approaches to economic development.

Regional approaches can include:

- **Rural-urban** partnerships where businesses in small communities supply products or services to larger companies in cities
- **Rural-rural** partnerships where neighboring small and mid-sized communities work together toward common goals (such as transportation, water, or business recruitment)

Rural-urban approaches often enable the smaller town to benefit from the resources of their larger neighbor. For example, Sandia National Laboratories has a Small Business Assistance Program that provides up to \$10,000 in assistance to strengthen rural companies. The Labs also have a department dedicated to educating small businesses on how they can become suppliers for Sandia.

Rural-rural approaches bring together neighboring rural communities and may combat some perceived economic disadvantages of rural communities, in particular their small size and sparse population. A regional approach to economic development also can make "distance" an advantage rather than a disadvantage. For example, when

you think of a place as a region, it is easier to consider a state park an asset, even if it is 20 miles away.

A regional approach gets more people with different perspectives working on economic development for the region. It takes advantage of amenities that are in one part of the region and does not require each town to have that amenity. Furthermore, strategies for addressing big issues like natural resources or transportation planning require a regional approach.

CASE STUDY: Bueno Foods

Bueno Foods, an Albuquerque Mexican food supplier, packages green and red chile, tortillas, and prepared foods that utilize chile for resale in grocery stores and restaurants throughout the Southwest. This family-owned company employs about 300 people directly and relies on regional trading partnerships with farmers and processors in southern New Mexico to provide all of its chile.

These partnerships enable Bueno Foods to acquire a quality, locally grown product, while enabling the suppliers to receive technical and sanitation consulting from Bueno. The economic impact on southern New Mexico is significant, in that Bueno's purchases not only bolster the farmers but also related rural businesses (sellers of equipment, fertilizers, and other supplies).

While this trade arrangement is an example of an effective urban-rural partnership, people worry about the industry as a whole. "The local chile industry may be dying," said Gene Baca, Senior Vice President of Bueno Foods and President of the New Mexico Chile Association." Foreign competition with cheaper labor could price New Mexico chile out of the global market."

Baca calls for state, regional, and university partnerships to help bring down costs through automation. Currently, the chiles are hand picked.

Chile is a \$400 million industry in New Mexico, employing about 5,000 people. It has declined from a high of over \$600 million at its peak.

⁴⁰ Taken from Allan Wallis, "The New Regionalism," found on MuniMall.net. He is quoting Bruce Katz of the Brookings Institution.

What is a Region?

There are different types of regions.

- There are "**macro**" regions, such as the Rio Grande Corridor, the Four Corners area, or the Borderplex of El Paso, Juarez, and Las Cruces.
- **Economic regions** help blur political boundaries and work toward a common economic purpose. For example, people in Hobbs benefit from west Texas shoppers; Clovis residents get their major healthcare in Lubbock; Farmington draws visitors and shoppers from Aztec, Durango, and nearby tribal communities.
- Natural resources can create **natural regions**, formed to manage assets like watersheds; the Pecos Watershed spans at least seven New Mexico counties, and those counties must collaborate on water management issues.
- **Educational regions** can be defined by the major university or college in an area, drawing students from surrounding areas.

CASE STUDY: Southeastern New Mexico Regional Air Service

The Chaves County Development Foundation in Roswell established an alliance in 2006 with the nearby town and county governments (Artesia, Carlsbad, Ruidoso, Eddy County and Chaves County) to establish Roswell as the regional hub for air transit. The region lacked a reliable airline to bring travelers in and out of southeastern New Mexico. Over several months, Roswell community leaders Jon Hitchcock and Bill Armstrong met with multiple airlines before convincing American Eagle to test out daily service between Dallas and Roswell. The majority of those 50-seat jets have been 80% or more full since the service began in 2007. The influx of travelers brings economic and quality of life benefits to the entire region.

Why Collaborate Regionally?

When communities think regionally in terms of economic development, it enables them to work collaboratively to address the challenges of size, scale, and distance.

Shared Public Services

An additional reason to work regionally is that communities have limited resources on their own and can have more clout (and keep more of their money in their own area) through regional collaborations. For example, access to broadband and wireless technology is often thought of as an opportunity for development in rural areas. Small rural communities may lack the bargaining

power to get it on their own. Acting regionally may enable them to acquire the service and negotiate for better rates or services.

CASE STUDY: Sirolli Projects

A 2005 visit by economic developer Ernesto Sirolli spawned a number of regional approaches based on his theories, including projects in Taos, Silver City, Deming, and Albuquerque's Southeast Heights. Sirolli helps communities establish a local organization to work in concert with development efforts to assist entrepreneurs.

The Taos project points to 21 small businesses in the region that were founded as a result of this work, and the Albuquerque program points to the creation of a temporary worker service through a local church⁴¹.

Increased Local Responsibilities

Another reason to consider regionalism is that the U.S. and other countries are transferring more responsibilities to local governments. "More of the policymaking and service delivery functions mandated by federal and state governments are being directed to the local level," according to economist Allan Wallis⁴². "Many of these – transportation, air and water quality planning, and an increasing amount of social services planning – are required to be carried out on a regional basis." All of these decisions have a direct impact on economic development.

Regional Trading Partners

Some small town businesses stand to benefit from regional partnerships with companies in larger cities. For example, Intel estimates that 15-20% of its local purchases are made outside of Albuquerque or Rio Rancho⁴³. In a period like the present, when the economies of Albuquerque and Las Cruces are growing, rural areas can benefit if they find ways to sell products or services to businesses in the Rio Grande Corridor.

⁴¹ Grant, G. "Hail, the returning economic-development hero!" column in the May 29, 2007 *Albuquerque Tribune*.

⁴² "The New Regionalism," Allen Wallis.
www.munimall.net/eos/2002/wallis_regionalism.nclx

⁴³ Source: Intel spokesperson Jami Grindatto

CASE STUDY: Gallup and the Navajo Nation

The city of Gallup and the Navajo Nation have a history of tension and conflict over regional water rights and development issues. In recent years, however, a spirit of collaboration and recognition of mutual interests has developed.

In 2003, **New Mexico First** facilitated a local town hall for the City of Gallup on water issues. The City invited Navajo Nation water department professionals and elected officials, who attended and actively participated in the town hall. The event produced joint language, presented to the town hall by Mayor Bob Rosebrough and Navajo Nation Water Resources Chairman George Arthur, calling for future ground water well projects to serve both Gallup and adjoining Navajo Chapters.

Following the water town hall, the city (with the active assistance of the U.S. Indian Health Service) extended city water to Navajo families adjacent to the city limits, resolving a long-standing controversy that divided the entities. The Navajo Nation reciprocated by developing a ground water well on the reservation 15 miles north of Gallup that supplies water to the regional system.

The city and Navajo Nation have successfully developed a memorandum of understanding for the development and implementation of the Navajo-Gallup Water Supply Project, which will provide a long-term solution by piping water from the San Juan River south to the Eastern Navajo Agency, Gallup, and the surrounding Navajo Chapters. The two entities are also cooperating to reach agreements for short-term ground water projects.

The spirit of cooperation has extended beyond water projects. The economic development departments of both entities work together on promoting the entire region to prospective businesses. By collaborating regionally, both communities have the potential to be wealthier – both economically and in natural resources.

Broadband

Where broadband and wireless technology access was not possible a generation ago, now it could increasingly be considered a necessity. It can reduce the disadvantages created by distance and small populations, allow services to be produced that are not dependent on location, and generally improve the quality of life in the rural areas: tele-work, entertainment, education opportunities, tele-health, online services and shopping.

Advocating for broadband access, cables to rural homes, and affordable service are all actions that may best be addressed regionally.

Additionally, while low cost and reliable internet is important, they are not enough to enhance economic development on their own. People in rural communities may also need training and encouragement in the use of information technology.

CASE STUDY: Spaceport America⁴⁴

One of the New Mexico's most interesting regional development opportunities is Spaceport America, to be located in Sierra County, within easy driving distance of Truth or Consequences (T or C), Hatch, Alamogordo, and Las Cruces.

Planners project that operations at the Spaceport could generate \$212 million in revenues, \$60 million in earnings, and up to 3,000 workers in the first five years.

The research and development activities may be located at New Mexico State University while operations could be located in rural towns nearer the Spaceport. The small communities of Hatch or T or C could be the home of many of the ancillary industries.

Noted Garrey Carruthers, Dean of the College of Business at NMSU, "The largest regional impact may come from 'terrestrial tourism,' such as housing and entertaining families of the astronauts, and viewers who visit the site." Much like the Albuquerque Balloon Fiesta, tourism offers wide opportunities for all communities in the region.

The financing of Spaceport America includes appropriations from the state of New Mexico, private vendors such as Virgin Galactic, and a tax levied by vote of the citizens of Dona Ana, Sierra, and Otero Counties.

"Requiring all participants to have some 'skin in the game' makes this a most interesting rural/urban development project," said Carruthers. "The most profound outcome of the successful completion of Spaceport America may be influencing school children, who after watching launches, will become inspired to become scientists and engineers."

⁴⁴ Case study drawn from *Southwest Regional SpacePort Strategic Analysis*, October 2005, produced by the Arrowhead Center, New Mexico State University. Available at <http://www.spaceportamerica.com/economic.html>

Concluding Thoughts

As you read through the three approaches, you may well have found your own opinions reflected in more than one of them. That is expected and will stimulate interesting discussions during the town hall.

In **New Mexico First** town halls, the goal is to bring together a wide spectrum of New Mexicans, with different opinions and points of view, and to help the group to find the invisible consensus. We choose to unify New Mexicans by finding and focusing on the common ground.

During *Business as UNusual: A Town Hall on Rural-Urban Economic Innovation*, you will take part in three days worth of discussions. By the end of the process, the entire group will have come to consensus on a short list of recommendations for business people, communities, and policymakers. These recommendations should point to strategies the participants feel can make the biggest impacts.

Implementation

Once the town hall is complete, some of the participants will spend 12-18 months trying to implement them, working with state and local officials, economic development professionals, the business community, and other New Mexicans. This implementation team will be led by the former mayor of Gallup, Bob Rosebrough. If you are interested in being a part of this implementation team, please sign up during the town hall.

Appendices

APPENDIX A:

Current Economic Development Programs

There are wide ranges of programs in place that provide funding and/or support to businesses statewide. Many of these programs come through the state's Economic Development Department (EDD), though many other governmental, nongovernmental, and private agencies also offer their own distinct forms of support for economic development efforts.

Job Training Incentive Program (JTIP)

EDD administers JTIP, which funds classroom and on-the-job training for newly created careers in expanding or relocating businesses for up to six months. JTIP currently reimburses companies for 50-70% of employee wages and required travel expenses to support job training. JTIP is only available for companies that either manufacture locally or provide a service that is exported out of state, and only for new employees in full-time positions who have lived in New Mexico for a year.

Small Business Development Centers (SBDCs)

New Mexico has 19 SBDCs, which provide a host of training and support services to small business owners and entrepreneurs. Many of these services focus on the planning and start up process, but SBDCs will also help existing businesses with expanding into international trade, selling to the government, and accessing government help for veterans, women, and minority business owners⁴⁵.

Other EDD Activities

New Mexico offers a range of incentives designed to make the state's economic climate more attractive and appealing to businesses and entrepreneurs. For example, in recent years, New Mexico:

- Cut the personal income tax rate by 40%
- Reduced capital gains taxes by 75%
- Offered a Rural Jobs tax credit, where employers can receive a credit per new job for two years.

- Enacted the High Wage Job Tax Credit
- Created a research & development small business tax credit⁴⁶.

The EDD provides guidance, certification, and capital funding to communities that want to create a business incubator, and four incubators have registered themselves with this support program so far⁴⁷.

EDD has certified many communities statewide, helping them create a local economic development act; in return, EDD provides funding for economic development programs and advertising opportunities⁴⁸.

U.S. Department of Agriculture

The U.S. Department of Agriculture's Rural Development (RD) agency offers more than 80 direct loan, loan guarantee, and grant programs to assist communities in rural areas. Organized into three groups, RD funds assist communities with housing, business development, and infrastructure needs. These include projects such as transitioning to digital television, improving distance learning and telemedicine, developing cooperative programs, assisting low-income families to buy a home, installing water and sewer systems, guaranteeing loans of up to \$25 million for businesses, or even offsetting particularly high energy costs⁴⁹.

⁴⁵ www.nmsbdc.org

⁴⁶ List of 2007's incentives available at www.edd.state.nm.us/businessAssistance/incentives/index.html.

⁴⁷ www.edd.state.nm.us/communityAssistance/usinessIncubators/index.html.

⁴⁸ www.edd.state.nm.us/communityAssistance/certifiedCommunities/index.html

⁴⁹ www.rurdev.usda.gov

U.S. Small Business Administration

The Small Business Administration offers numerous loan programs to assist small businesses. Their primary program, the Basic 7(a) Loan Guaranty, helps small businesses obtain long-term financing through private lenders. The SBA also offers microloans, short-term loans of up to \$35,000 for working capital or purchase of needed supplies⁵⁰.

Small Business Investment Corporation

The New Mexico Small Business Investment Corporation (NMSBIC) was created in 2000 to support businesses with 25 or fewer employees. This arm of the state government works with nonprofits such as ACCION New Mexico and WESST Corp. to provide microloans to start and support these small businesses in cases where traditional bank funding might not be available⁵¹.

New Mexico Economic Development Partnership (NMEDP)

The NMEDP focuses on recruiting companies into New Mexico, providing a central point where companies interested in the state can come for information and encouragement. It is a private-public nonprofit that works closely with state government, promoting the state's strengths to those who need them⁵².

New Mexico Community Capital

New Mexico Community Capital provides venture capital and advice to existing businesses, channeling funds from traditional lenders as well as tribal communities, nonprofit grantmakers, and individuals. They use a "double bottom line" approach, looking for both social and financial returns on their investment, concentrating on improving communities through job creation and workforce development⁵³.

New Mexico Rural Development Response Council (NMRDRC)

The NMRDRC serves as a resource for rural communities and businesses, helping them with economic development projects, from concept through implementation. Their work concentrates on improving the economic base of the community and providing whatever supports the community needs to make that happen⁵⁴.

Local Economic Development Act (LEDA)

The EDD encourages communities to pass their own Local Economic Development Act (LEDA), an ordinance that creates an economic development organization and a strategic plan, precisely tailored to community needs. Regional representatives of the EDD provide support for communities in this process, helping with creation and promotion⁵⁵.

Industrial Revenue Bonds (IRBs)

Industrial Revenue Bonds (IRBs) are loans to companies from government. The company leases a facility from the government, with the understanding that they will purchase the facility once the lease has run its course. This lease also provides a property tax exemption on the facility, since it remains community-owned⁵⁶.

⁵⁰ www.sba.gov

⁵¹ www.nmsbic.org and financenewmexico.org

⁵² www.nmpartnership.com/index.php

⁵³ www.nmccap.org

⁵⁴ www.ruraldevelopmentnm.org

⁵⁵ www.edd.state.nm.us/communityAssistance/passLEDA/index.html

⁵⁶ www.developclovis.com/incentives.html

APPENDIX B:

Economic Development Recommendations from Previous New Mexico First Town Halls

2004 Statewide Town Hall, Las Cruces, NM

Growing an Entrepreneurial Economy: Small and Emerging Business in New Mexico

Increase Collaboration

1. Establish a state-funded, statewide certification program for business incubation in conjunction with New Mexico's Small Business Development Centers (SBDCs) and the New Mexico Economic Development Department.
2. Find ways to eliminate the "information glut" by organizing, packaging and marketing information on available resources and services for emerging and small businesses.
3. SBDCs or similar entities could simplify and funnel information and coordinate networking opportunities between businesses.
4. Steer resources found among chambers, university branches, community colleges and SBDCs to recruit small business owners to mentor other small business owners and/or interns by providing relevant, hands-on guidance.

Simplify Taxes

5. Rewrite New Mexico's tax code to reduce its complexity and to remove conflicts in the following ways:
 - a. Ensure uniform application of the tax laws through better education of small businesses.
 - b. Ensure fair and equitable enforcement of tax laws.
 - c. Exempt investments in New Mexico's small businesses from capital gains tax.

- d. Provide greater incentives for investments in rural small businesses.
- e. Give tax breaks for companies that invest in intellectual capital, e.g., employee education.
- f. Compare New Mexico tax requirements with other states and revise them to provide incentives to small and emerging business.
- g. Provide in-state preference for public-sector contracting.

Streamline Regulatory Process

6. Implement common-sense practices to reduce time inefficiencies and red tape:
 - a. Establish a one-stop shop for small businesses within existing agencies.
 - b. Designate particular agency employees to shepherd entrepreneurs through required processes in cooperation with the state small business ombudsman.
 - c. Provide quality training with a particular emphasis on customer service and performance measures for all staff.

Provide Affordable Healthcare and Liability Insurance

7. Create a market-driven healthcare/insurance system for small businesses that recognizes the complexity of the overall existing healthcare system and decouples healthcare coverage from sources of employment to encourage employee mobility.

2005 Statewide Town Hall, Albuquerque, NM

The Management and Future of Federal Investment in New Mexico

Overarching Strategies

1. Emphasize the need for 'systematic change' in education to achieve improvements, efficiencies and economies, such as combining public and higher education into one coordinated system.
2. Recommend strategic plans for business development.
3. Call for the creation of a more diversified economy less reliant on federal resources.

Coordination and Collaboration

4. Develop strategies for enhancing coordination and collaboration among entities when applying for and receiving federal funds and to take advantage of new federal funding opportunities.

Research and Technology

5. Make economic development a mission component of the national laboratories, including accelerated commercialization of new technology;
6. Ensure stability of the national labs by expanding their missions and work with other federal agencies;
7. Develop a technology and manufacturing master plan;
8. Review the effect of gross receipts taxes on R&D, and
9. Support research that advances economic development.

2006 Statewide Town Hall, Santa Fe, NM

Today's Students, Tomorrow's Workforce: A Town Hall on Higher Education

Increase Standards and Collaboration

1. Raise P-20 academic standards so that NM students can compete with students from other places and meet the needs of employers.
2. HED and PED should collaborate to establish *one* educational vision, measurable standards to achieve that vision, and a comprehensive database to track progress and enable the exchange of data.
3. NM's educational system should use a P-20 approach that includes school and community-based programs.
4. Establish and maintain a statewide education system.

Business Development and Education

10. More aggressively identify and request strategic land exchanges, leases and access rights;
11. Prioritize state capital spending to maximize federal infrastructure projects, and;
12. Evaluate funding formulas to address demographics and emerging trends associated with homeland security, border issues, immigration, public safety, transportation and health care.

Leveraged Federal Funding

13. Create incentives for and an environment conducive to economic development and an entrepreneurial culture to increase private investment and establish a permanent physical presence in the state based on long- term relationships with research facilities.
14. Create and empower a public/private coalition of experts to determine the economic sectors that best contribute to New Mexico's growth based on our unique resources and strengths.
15. Foster entrepreneurship and business development by supporting and/or expanding effective business assistance programs such as: enterprise facilitation, business incubation, Small Business Development Centers, technical assistance programs, loans, and investments and assistance to small business to meet procurement requirements of federal contractors.

Reform NM's Systems of Higher Education

5. Promote stakeholder discussions about a statewide system of governance and coordination of higher education
6. Coordinate efforts and eliminate duplication among government and community organizations involved in the educational system.

Link Education to Economic and Labor Trends

7. Establish a strategic plan enabling NM students to develop a career path through the P-20 educational

- system that aligns with economic development priorities, if they choose.
8. Use long-term labor force projections to encourage students to follow career pathways that will meet projected labor needs and fill high-value jobs of the future.
 9. Implement a statewide work-based assessment (e.g., WorkKeys)

Funding

10. Change the higher education funding formula to place greater emphasis on student performance.
11. Increase financial aid for college students.
12. Increase educator salaries.
13. Student Programs

14. Evaluate contributors and barriers to student success, using lessons learned to recommend new strategies and services.
15. Create a statewide support network that links educational and economic development support for all communities, particularly rural ones.
16. Strengthen programs that develop and support P-20 life and career-readiness skills.
17. The Governor, tribal leaders, and business leaders should conduct a major public awareness campaign on the value of education.
18. Support multiple learning styles through faculty professional development.

Technology

19. Establish a statewide high-speed digital network infrastructure to support learning and collaboration.

2007 Statewide Town Hall, Albuquerque, NM Strengthening New Mexico Healthcare: Access, Coverage, and Economics

Access to Quality Care

1. Provide sustainable, permanent funding for incentives to recruit and retain healthcare professionals, particularly in rural communities.
2. Increase the capacity of our educational system to produce healthcare workers.

Economics that Work

3. Create across-the-board incentives for measurable wellness, prevention, and healthy lifestyles outcomes in order to bring down healthcare costs.
4. Fund and facilitate systemic coordination of the healthcare industry, including both technology and human resources.

APPENDIX C: A Brief Economic Evaluation of 27 Non-Metropolitan Counties

This data was prepared by William H. Fruth, POLICOM Corporation (www.policom.com), the keynote at the town hall.

There are 27 counties in New Mexico which are not part of a "Metropolitan Statistical Area" and are, therefore, rural or quasi-rural in nature. Of the 27 counties, 14 are part of a "Micropolitan Statistical Area." A micropolitan area must have an urban center (city) of at least 10,000 people but less than 50,000. There are 576 micropolitan areas in the United States. Data for the 27 counties from 1996 to 2005 was evaluated for **Population, Worker Earnings, Employment, Wages, and Per Capita Income Maintenance.**

Population

Population	Avg. Annual Increase - 2001-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	Avg. Annual Increase - 1996-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	2005 Actual	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties
USA	1.0%			1.1%			296,507,061		
New Mexico	1.1%	15		1.1%	17		1,925,985	36	
Catron	-1.0%	551	21	1.6%	66	4	3,395	577	25
Chaves	0.2%	306	11	0.1%	380	15	61,861	159	3
Cibola	1.5%	64	1	1.2%	117	6	27,598	486	11
Colfax	-0.7%	528	18	-0.3%	467	20	13,710	571	18
Curry	0.3%	262	8	-0.6%	532	22	45,677	276	6
De Baca	-1.7%	574	25	-1.2%	571	24	2,034	577	26
Eddy	-0.1%	386	13	-0.2%	457	19	51,269	222	5
Grant	-0.9%	544	20	0.0%	413	18	29,609	462	9
Guadalupe	-1.3%	568	22	0.5%	260	12	4,380	577	23
Harding	-1.6%	574	23	-2.0%	576	27	737	577	27
Hidalgo	-2.4%	576	27	-1.8%	576	26	5,115	577	22
Lea	0.5%	219	7	0.0%	397	17	56,650	191	4
Lincoln	1.4%	71	2	2.8%	15	1	20,976	541	13
Los Alamos	0.6%	185	5	0.1%	382	16	18,858	557	14
Luna	1.3%	81	3	1.6%	72	5	26,632	495	12
McKinley	-0.8%	540	19	0.2%	328	13	71,839	111	1
Mora	-0.3%	443	14	1.0%	146	7	5,127	577	21
Otero	0.3%	284	9	0.6%	240	11	63,128	147	2
Quay	-1.7%	574	24	-1.3%	572	25	9,259	577	20
Rio Arriba	-0.3%	446	15	0.6%	232	10	40,633	323	7
Roosevelt	0.2%	291	10	-0.4%	492	21	18,205	560	15
San Miguel	-0.4%	471	16	0.1%	379	14	29,453	467	10
Sierra	-0.7%	526	17	0.8%	185	9	12,777	574	19
Socorro	0.1%	316	12	0.9%	178	8	18,194	561	16
Taos	1.0%	118	4	1.7%	55	3	31,610	443	8
Torrance	0.6%	206	6	2.8%	16	2	17,456	562	17
Union	-1.7%	574	26	-1.2%	571	23	3,815	577	24

Worker Earnings (place of work)

“Worker Earnings” are all the wages and salaries paid and the profits of proprietors that are earned within the county, no matter where the worker lives.

Taos County had a growth rate in worker earnings more than twice the nation from 2001-2005. In fact, it ranked 6th among the 576 micropolitan areas in the county. Guadalupe County, unfortunately, lost worker earnings during this time. Los Alamos County generates the most worker earnings among the 27 counties.

Earnings by place of work (\$000)	Avg. Annual Increase - 2001-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	Avg. Annual Increase - 1996-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	2005 Actual	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties
USA	4.2%			5.5%			7,983,652,000		
New Mexico	6.4%	5		5.5%	23		39,793,255	37	
Catron	6.6%	87	14	2.5%	518	23	25,516	577	25
Chaves	6.4%	92	15	4.9%	208	16	1,046,585	175	4
Cibola	9.8%	8	2	6.8%	47	7	313,115	555	13
Colfax	3.9%	296	21	3.8%	368	20	215,107	573	17
Curry	7.4%	49	10	4.2%	310	19	934,787	210	6
De Baca	2.1%	480	25	3.6%	400	22	22,940	577	26
Eddy	8.7%	18	5	6.3%	73	11	1,164,460	143	3
Grant	2.6%	453	23	2.2%	532	25	392,129	511	10
Guadalupe	-0.6%	570	27	2.5%	522	24	41,167	577	23
Harding	3.9%	293	20	6.4%	63	9	8,106	577	27
Hidalgo	3.2%	375	22	-2.5%	577	27	62,113	577	22
Lea	8.7%	19	6	6.4%	65	10	1,230,903	134	2
Lincoln	6.6%	83	13	6.0%	90	12	261,051	567	15
Los Alamos	8.0%	34	8	6.8%	49	8	1,568,085	74	1
Luna	9.7%	9	3	7.1%	40	6	313,968	554	12
McKinley	4.8%	192	18	4.4%	286	18	885,229	232	7
Mora	4.0%	283	19	5.2%	178	14	30,731	577	24
Otero	5.6%	136	16	3.6%	398	21	1,000,903	186	5
Quay	1.8%	502	26	1.7%	555	26	117,784	577	19
Rio Arriba	6.7%	76	12	7.6%	25	3	459,540	469	9
Roosevelt	9.1%	13	4	7.2%	32	5	306,766	557	14
San Miguel	4.9%	184	17	4.4%	285	17	324,914	550	11
Sierra	2.6%	457	24	5.1%	187	15	110,728	577	20
Socorro	8.3%	25	7	5.7%	112	13	249,119	571	16
Taos	9.9%	6	1	7.6%	26	4	520,474	438	8
Torrance	7.8%	38	9	8.8%	9	1	145,973	575	18
Union	7.0%	64	11	7.8%	21	2	83,348	577	21

Employment – Jobs

Harding County, the smallest county by population, had the fastest percentage growth in employment, increasing by 92 jobs from 2001 to 2005. Luna County had the 2nd fastest job growth rate. Grant and Quay Counties lost jobs over the last five years.

Total full-time and part-time employment	Avg. Annual Increase - 2001-2005	Rank - 576 Micro Areas	Rank – 27 New Mexico Counties	Avg. Annual Increase - 1996-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	2005 Actual	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties
USA	0.9%			1.6%			174,249,600		
New Mexico	1.8%	9		1.6%	19		1,064,351	37	
Catron	2.0%	85	12	1.4%	201	15	1,606	577	25
Chaves	0.8%	230	22	0.3%	414	24	29,137	198	4
Cibola	4.1%	8	3	3.4%	23	2	10,527	551	14
Colfax	0.0%	376	25	1.2%	221	16	8,450	570	17
Curry	2.2%	70	11	0.5%	389	23	24,763	272	6
De Baca	1.5%	126	16	0.6%	363	20	1,116	577	26
Eddy	1.2%	168	20	0.9%	304	19	27,098	229	5
Grant	-0.5%	454	26	0.6%	370	21	14,302	488	10
Guadalupe	0.2%	328	24	0.1%	466	25	2,143	577	23
Harding	4.8%	4	1	3.3%	26	4	777	577	27
Hidalgo	0.7%	240	23	-2.5%	577	27	2,474	577	22
Lea	3.0%	28	8	1.7%	145	12	33,000	159	1
Lincoln	1.9%	94	14	2.9%	41	6	11,560	538	12
Los Alamos	2.0%	85	13	1.6%	167	14	21,888	340	7
Luna	4.2%	6	2	3.1%	35	5	10,871	546	13
McKinley	1.4%	142	18	1.1%	250	18	29,325	195	3
Mora	3.1%	27	7	2.8%	45	7	2,051	577	24
Otero	1.5%	126	17	0.6%	371	22	29,377	194	2
Quay	-0.7%	473	27	-1.0%	556	26	4,838	577	19
Rio Arriba	3.8%	12	5	3.9%	13	1	18,748	407	8
Roosevelt	3.9%	9	4	2.0%	98	9	9,448	561	15
San Miguel	1.8%	104	15	1.7%	147	13	13,437	506	11
Sierra	0.9%	225	21	1.8%	131	11	4,799	577	20
Socorro	3.2%	24	6	2.0%	101	10	8,455	569	16
Taos	2.8%	37	9	2.6%	59	8	18,256	417	9
Torrance	2.4%	62	10	3.3%	25	3	5,791	574	18
Union	1.2%	167	19	1.2%	229	17	2,746	577	21

Earnings Per Worker – Wages

Eddy County had a significant increase in wages (7.5%) between 2001 and 2005, the 4th fastest rate in the nation among the micropolitan areas. The county also had the 2nd highest wage among the 27 counties. Wages declined in Guadalupe and Harding Counties. Los Alamos County (\$71,641) had not only the highest wages in New Mexico, it is ranked 13th among the more than 3,000 counties in the United States.

Wages - All Workers	Avg. Annual Increase - 2001-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	Avg. Annual Increase - 1996-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	2005 Actual	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties
USA	3.3%			3.9%			45,817		
New Mexico	4.5%	6		3.8%	25		37,387	38	
Catron	4.5%	131	14	1.1%	573	26	15,888	577	25
Chaves	5.7%	28	5	4.6%	41	7	35,919	103	5
Cibola	5.5%	32	6	3.3%	311	15	29,744	427	10
Colfax	3.9%	203	16	2.6%	492	22	25,456	559	15
Curry	5.1%	70	10	3.7%	178	10	37,749	58	3
De Baca	0.5%	572	25	3.0%	416	19	20,556	576	23
Eddy	7.5%	4	1	5.3%	11	2	42,972	16	2
Grant	3.0%	374	18	1.6%	563	25	27,418	520	14
Guadalupe	-1.0%	576	27	2.3%	527	24	19,210	577	24
Harding	-0.5%	574	26	3.5%	228	13	10,432	577	27
Hidalgo	2.5%	470	22	-0.3%	577	27	25,106	561	17
Lea	5.4%	40	7	4.5%	60	8	37,300	68	4
Lincoln	4.6%	118	13	3.0%	404	18	22,582	575	22
Los Alamos	5.8%	22	3	5.1%	20	5	71,641	1	1
Luna	5.4%	43	8	3.9%	155	9	28,881	464	12
McKinley	3.4%	302	17	3.3%	307	14	30,187	408	9
Mora	1.1%	565	24	2.5%	507	23	14,983	577	26
Otero	4.0%	190	15	3.0%	399	17	34,071	162	6
Quay	2.5%	464	21	2.7%	456	20	24,346	567	19
Rio Arriba	2.8%	422	20	3.5%	223	12	24,511	565	18
Roosevelt	5.0%	75	12	5.2%	16	4	32,469	251	7
San Miguel	3.0%	377	19	2.7%	473	21	24,181	568	20
Sierra	1.7%	540	23	3.2%	336	16	23,073	572	21
Socorro	5.0%	71	11	3.7%	198	11	29,464	437	11
Taos	7.0%	7	2	4.9%	26	6	28,510	487	13
Torrance	5.3%	46	9	5.3%	12	3	25,207	561	16
Union	5.7%	28	4	6.5%	2	1	30,353	395	8

Per Capita Income Maintenance

Income maintenance includes public assistance to the poor including general welfare and food stamps. The total income maintenance for each county was divided by the resident population to provide the relative amount for each county.

Union County had the fastest growth rate (11.2%) among the 27 counties but its actual amount is about the national average. McKinley County had the highest amount (\$1,011) which is almost twice the national average. Los Alamos had the lowest amount and Harding County had the slowest growth rate.

Per Capita Income Maintenance	Avg. Annual Increase - 2001-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	Avg. Annual Increase - 1996-2005	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties	2005 Actual	Rank - 576 Micro Areas	Rank - 27 New Mexico Counties
USA	7.1%			3.6%			532		
New Mexico	7.0%	30		3.8%	29		583	12	
Catron	7.6%	427	17	3.2%	529	20	423	380	24
Chaves	8.3%	355	10	4.0%	447	11	756	111	9
Cibola	6.8%	480	21	3.8%	478	13	623	186	19
Colfax	9.5%	229	3	4.6%	384	8	583	222	21
Curry	5.7%	528	25	4.8%	347	7	677	142	14
De Baca	10.1%	183	2	5.6%	240	2	662	151	15
Eddy	8.3%	356	11	5.2%	307	4	645	163	17
Grant	8.2%	365	12	4.2%	440	10	642	169	18
Guadalupe	9.4%	237	6	1.7%	564	26	839	82	7
Harding	2.7%	569	27	1.5%	566	27	338	476	26
Hidalgo	9.5%	237	5	5.5%	249	3	853	76	6
Lea	6.3%	503	23	3.4%	520	18	604	199	20
Lincoln	8.4%	336	9	2.7%	546	22	451	352	23
Los Alamos	7.6%	421	16	5.8%	206	1	69	576	27
Luna	8.5%	332	7	4.2%	437	9	880	63	4
McKinley	8.1%	370	13	5.0%	331	5	1,160	28	1
Mora	5.2%	543	26	1.8%	563	25	880	63	4
Otero	7.2%	453	20	3.5%	506	16	388	422	25
Quay	7.9%	400	15	3.6%	495	15	820	88	8
Rio Arriba	7.3%	442	19	2.3%	556	23	748	112	10
Roosevelt	6.3%	504	24	3.4%	518	17	680	140	13
San Miguel	6.4%	499	22	3.2%	528	19	1,011	44	2
Sierra	9.5%	235	4	3.1%	532	21	693	134	12
Socorro	8.0%	391	14	3.8%	468	12	930	53	3
Taos	7.6%	430	18	1.9%	561	24	662	151	15
Torrance	8.5%	335	8	3.6%	489	14	743	115	11
Union	11.2%	105	1	4.9%	336	6	574	228	22

APPENDIX D: USDA County Demographic & Socioeconomic Information

From the EDD website at <http://www.edd.state.nm.us/dataCenter/countyComparison/index.php>.

	Bernalillo	Catron	Chaves	Cibola	Colfax	Curry	De Baca	Dona Ana	Eddy	Grant	Guadalupe
Population 2005	595,954	3,829	63,295	26,753	14,765	46,059	2,270	197,410	53,514	32,462	5,010
Projected Population 2010	631,839	4,063	64,864	27,681	15,234	46,973	2,289	218,523	55,274	33,769	5,304
Projected Population 2025	729,750	4,616	68,560	29,732	16,021	48,322	2,295	270,761	59,908	36,758	5,887
Civilian Labor Force 2005	311,601	1,522	26,630	12,411	7,115	21,154	913	86,600	25,057	12,345	1,790
Total Employed 2005	296,656	1,422	25,034	11,680	6,693	20,208	862	81,594	23,841	11,579	1,649
Total Unemployed 2005	14,945	100	1,596	731	422	946	51	5,006	1,216	766	141
Unemployment Rate Percentage 2005	4.8	6.6	6	5.9	5.9	4.5	5.6	5.8	4.9	6.2	7.9
Employment Increase December 2004 to December 2005 Percentage	3.1	2.4	1.4	2.1	2.1	1.7	4.2	2.6	1.6	5.3	1
Labor Force Ages 19-54 4th Quart '04	313,758	249	15,543	6,331	4,112	12,362	352	46,703	14,742	6,787	847
Average Wage Per Job 2004	34,627	24,173	25,127	24,418	24,235	27,965	20,661	26,694	32,456	25,170	22,663
Per Capita Personal Income 2004	31,160	17,504	23,556	16,926	22,496	25,998	22,742	21,677	26,731	21,084	15,709
High School Graduate Percentage	31	29	26.4	36.6	34.2	27.9	30	22.4	34.3	29.1	37.5
Some College, No Degree Percentage	23.5	24.4	23.8	20.8	22	27.3	22.5	19.9	21.9	24.3	18.4
Associates Degree Percentage	5.7	6.6	6.1	5.7	6.1	7.9	3.6	5.4	5.2	5.5	2.1
Bachelors Degree Percentage	17.4	12.6	9.8	7.4	12.5	9.6	11.2	13.1	8.7	11.4	4.8
Graduate Degree Percentage	13.1	5.8	6.4	4.7	6	5.6	5.1	9.2	4.8	9.1	5.5
Percentage of population in the workforce:	49.78%	37.14%	39.55%	43.66%	45.33%	43.87%	37.97%	41.33%	44.55%	35.67%	32.91%

	Harding	Hidalgo	Lea	Lincoln	Los Alamos	Luna	McKinley	Mora	Otero	Quay	Rio Arriba
Population 2005	805	5,875	55,108	21,798	18,720	28,638	81,484	5,704	64,851	10,114	43,132
Projected Population 2010	780	5,799	54,551	23,792	19,114	32,206	88,163	6,205	67,018	10,030	45,058
Projected Population 2025	697	5,515	51,121	28,466	20,494	42,963	108,316	7,526	71,981	9,343	49,975
Civilian Labor Force 2005	401	2,622	26,315	11,121	11,683	12,949	27,633	2,137	27,503	4,231	22,424
Total Employed 2005	386	2,479	25,161	10,640	11,356	11,258	25,584	1,892	26,082	3,981	21,051
Total Unemployed 2005	15	143	1,154	481	327	1,691	2,049	245	1,421	232	1,373
Unemployment Rate Percentage 2005	3.7	5.5	4.4	4.3	2.8	13.1	7.4	11.5	5.2	5.5	6.1
Employment Increase December 2004 to December 2005 Percentage	0.8	1	4.9	2.5	2.7	2.6	1.3	-0.1	2.5	1.4	1.8
Labor Force Ages 19-54 4th Quarter 2004	96	1,043	19,208	4,667	7,094	4,958	14,255	683	9,903	2,111	7,591
Average Wage Per Job 2004	21,293	22,048	29,526	23,884	62,148	22,774	27,093	23,160	27,918	24,179	23,382
Per Capita Personal Income 2004	19,001	18,882	22,772	21,381	51,027	17,573	17,196	17,142	20,292	21,252	21,698
High School Graduate Percentage	31.9	36.9	27.9	28.2	12.1	29.9	27.8	31.7	29.2	36.8	31.3
Some College, No Degree (%)	19	19.4	21.7	27.4	17.3	16.6	19.5	18	27.9	20	20.3
Associates Degree Percentage	3.3	2.6	5.8	6.1	6.5	3	5.8	4.6	8.5	3.4	6
Bachelors Degree Percentage	11.3	6.2	7.5	13.4	24.5	6.3	6.6	6.8	9.2	8.4	9.1
Graduate Degree Percentage	6.7	3.7	4.2	9.4	36	4.1	5.3	8.7	6.3	5.3	6.3
Percentage of population in the workforce:	47.95%	42.20%	45.66%	48.81%	60.66%	39.31%	31.40%	33.17%	40.22%	39.36%	48.81%

	Roosevelt	San Juan	San Miguel	Sandoval	Santa Fe	Sierra	Socorro	Taos	Torrance	Union	Valencia
Population 2005	19,117	121,445	32,513	108,538	143,987	15,065	19,802	32,651	19,523	4,280	76,512
Projected Population 2010	20,197	128,592	34,746	126,294	158,624	16,723	21,421	35,097	21,690	4,365	86,708
Projected Population 2025	22,985	148,315	40,612	179,998	208,801	21,301	25,864	41,191	26,318	4,563	118,593
Civilian Labor Force 2005	9,710	55,503	13,690	49,297	77,896	5,560	9,585	17,500	7,596	2,141	31,462
Total Employed 2005	9,322	52,477	12,802	46,763	74,683	5,269	9,139	16,302	7,168	2,064	29,768
Total Unemployed 2005	388	3,026	888	2,534	3,213	291	446	1,198	428	77	1,694
Unemployment Rate Percentage 2005	4	5.5	6.5	5.1	4.1	5.2	4.7	6.8	5.6	3.6	5.4
Employment Increase December 2004 to December 2005 Percentage	1.7	5.5	1.1	3.1	4	0.9	2.7	1.8	3.1	1.2	3.1
Labor Force Ages 19-54 4th Quarter 2004	5,048	6,609	20,427	34,725	42,016	1,747	3,807	8,014	2,556	806	10,402
Average Wage Per Job 2004	22,314	31,743	23,299	35,312	31,930	22,304	27,158	23,661	23,565	21,103	24,506
Per Capita Personal Income 2004	27,027	21,899	21,130	25,468	34,448	19,402	20,186	23,031	20,483	29,444	22,968
High School Graduate Percentage	23.7	30.5	25.6	28.6	19.7	31.4	29.1	26.6	33	43.9	32.3
Some College, No Degree Percentage	23.2	26.1	21.4	25	22.1	25.9	18.7	21.5	24.7	19.7	23.3
Associates Degree Percentage	5.7	6.7	6.4	7.6	5.8	5.7	5	5.1	4.9	3.2	5.8
Bachelors Degree Percentage	13.2	8.8	12.2	15.6	20.3	7.8	10.8	16.6	10.3	7.3	9.6
Graduate Degree Percentage	9.4	4.8	9	9.3	16.6	5.4	8.6	9.3	4.2	5.7	5.2
Percentage of population in the workforce:	48.76%	43.21%	39.38%	43.08%	51.87%	34.98%	46.15%	49.93%	36.72%	48.22%	38.91%

APPENDIX E:

Remedial Education

Percentage of High School Graduates taking Remedial Literacy and/or Numeracy Classes in College by District (2000 – 2004). This information is relevant to economic development because it points to the challenges of building a quality workforce.

District Name	#HS graduates in this study	% Taking Literacy/ Numeracy Classes in College
Alamogordo	902	49.9%
Albuquerque	10,542	44.1%
Animas	50	44.0%
Artesia	476	52.5%
Aztec	365	56.2%
Belen	593	58.5%
Bernalillo	187	65.8%
Bloomfield	243	58.4%
Capitan	95	38.9%
Carlsbad	789	60.5%
Carrizozo	38	31.6%
Central	572	71.9%
Chama	74	48.6%
Cimarron	59	49.2%
Clayton	66	24.2%
Cloudcroft	108	36.1%
Clovis	719	45.9%
Cobre	217	66.4%
Corona	16	37.5%
Cuba	84	54.8%
Deming	464	56.7%
Des Moines	28	35.7%
Dexter	169	61.5%
Dora	29	24.1%
Dulce	37	64.9%
Elida	27	33.3%
Espanola	404	63.4%
Estancia	81	56.8%
Eunice	54	61.1%
Farmington	1,059	54.9%
Floyd	38	44.7%
Fort Sumner	65	50.8%
Gadsden	962	69.0%
Gallup	1,030	59.1%
Grady	17	29.4%
Grants	433	59.6%
Hagerman	53	75.5%
Hatch	146	59.6%
Hobbs	594	55.7%
Hondo	22	77.3%
House	31	48.4%
Jal	46	445.7%
Jemez Mountain	52	55.8%
Jemez Valley	65	72.3%
Lake Arthur	20	70.0%

District Name	#HS graduates in this study	% Taking Literacy/ Numeracy Classes in College
Las Cruces	3,158	44.9%
Las Vegas City	352	33.0%
Logan	28	35.7%
Lordsburg	51	58.8%
Los Alamos	554	24.4%
Los Lunas	897	52.2%
Loving	81	72.8%
Lovington	266	43.2%
Magdalena	37	45.9%
Maxwell	15	46.7%
Melrose	46	56.6%
Mesa Vista	104	60.6%
Mora	120	32.5%
Moriarty	633	37.6%
Mountainair	51	58.8%
Pecos	86	50.0%
Penasco	88	44.3%
Pojoaque	328	59.8%
Portales	325	52.6%
Quemado	23	21.7%
Questa	72	58.3%
Raton	107	39.3%
Reserve	32	40.6%
Rio Rancho	1,354	39.7%
Roswell	1,025	50.3%
Roy	33	39.4%
Ruidoso	263	44.1%
San Juan	18	55.6%
Santa Fe	1,187	57.7%
Santa Rosa	106	44.3%
Silver	528	47.2%
Socorro	221	37.1%
Springer	37	45.9%
Taos	336	44.9%
Tatum	41	46.3%
Texico	48	43.8%
T or C	176	43.2%
Tucumcari	147	48.3%
Tularosa	148	60.1%
Vaughn	13	30.8%
Wagon Mound	25	16.0%
West Las Vegas	272	46.0%
Zuni	101	66.3%
Total & State Average	35,654	49.0%

APPENDIX F:

County-Level “Creative Class” Measure

See <http://www.ers.usda.gov/Data/CreativeClassCodes> for complete documentation.

County	metro 1993 definition (1=metro, 0=nonmetro)	metro 2003 definition (1=metro, 0=nonmetro)	Employed 2000 (number)	Creative 2000 (number)	Arts 2000 (number)	Creative 2000 (share)	Bohemian 2000 (share)	Employed 1990 (number)	Creative 1990 (number)	Arts 1990 (number)	Creative 1990 (share)	Arts 1990 (share)
Bernalillo County	1	1	262588	76791	3633	.2924	.0138	243502	62469	3634	.2565	.0149
Catron County	0	0	1270	229	12	.1803	.0094	1034	207	0	.2003	.0000
Chaves County	0	0	23028	4085	121	.1774	.0053	24444	4065	183	.1663	.0075
Cibola County	0	0	8703	1157	56	.1329	.0064	8842	1072	50	.1212	.0057
Colfax County	0	0	6045	1099	79	.1818	.0131	5562	905	31	.1627	.0056
Curry County	0	0	16983	2768	77	.1630	.0045	16599	2649	112	.1596	.0067
De Baca County	0	0	893	114	0	.1277	.0000	905	108	4	.1193	.0044
Dona Ana County	1	1	67685	15302	578	.2261	.0085	58579	12140	558	.2072	.0095
Eddy County	0	0	20591	3526	106	.1712	.0051	20172	3011	114	.1493	.0057
Grant County	0	0	11413	2092	105	.1833	.0092	11208	1529	65	.1364	.0058
Guadalupe County	0	0	1598	207	10	.1295	.0063	1588	215	0	.1353	.0000
Harding County	0	0	364	40	0	.1099	.0000	429	44	2	.1024	.0047
Hidalgo County	0	0	2119	191	13	.0901	.0061	2603	225	14	.0866	.0054
Lea County	0	0	20254	3401	135	.1679	.0067	23013	3777	161	.1641	.0070
Lincoln County	0	0	8539	1877	178	.2198	.0208	5554	1053	37	.1896	.0067
Los Alamos County	1	0	9656	5221	106	.5407	.0110	10154	4355	184	.4288	.0181
Luna County	0	0	7161	964	36	.1346	.0050	6290	828	42	.1316	.0067
McKinley County	0	0	21940	3632	148	.1655	.0067	22871	3265	185	.1428	.0081
Mora County	0	0	1686	204	2	.1210	.0012	1355	184	11	.1361	.0081
Otero County	0	0	21934	3970	177	.1810	.0081	20001	3278	109	.1639	.0054
Quay County	0	0	4044	627	12	.1550	.0030	4707	609	16	.1294	.0034
Rio Arriba County	0	0	16563	3258	241	.1967	.0146	14398	2255	178	.1566	.0124
Roosevelt County	0	0	7450	1505	93	.2020	.0125	7410	1361	75	.1837	.0101
Sandoval County	1	1	38870	11230	548	.2889	.0141	28515	5968	295	.2093	.0103

San Juan County	0	1	44541	7812	314	.1754	.0070	36488	6046	258	.1657	.0071
San Miguel County	0	0	11372	2315	121	.2036	.0106	10417	1647	111	.1581	.0107
Santa Fe County	1	1	64930	21081	1803	.3247	.0278	51997	14814	1409	.2849	.0271
Sierra County	0	0	4470	637	40	.1425	.0089	3252	490	18	.1508	.0055
Socorro County	0	0	7127	1640	65	.2301	.0091	6535	1129	51	.1727	.0078
Taos County	0	0	13556	3330	461	.2456	.0340	10348	1883	270	.1820	.0261
Torrance County	0	1	6786	1169	71	.1723	.0105	4300	643	61	.1495	.0142
Union County	0	0	1894	222	12	.1172	.0063	1754	255	0	.1456	.0000
Valencia County	1	1	27063	5060	169	.1870	.0062	19334	2931	40	.1516	.0021



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320 Gold Avenue,
Suite 300

Albuquerque, NM 87102

Phone: 505.241.4813

info@nmfirst.org



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BUSINESS AS UNUSUAL

A TOWN HALL ON RURAL-URBAN ECONOMIC DEVELOPMENT

Final Report on Town Hall Results

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New Mexico First
320 Gold Avenue SW Suite 300
Albuquerque, New Mexico 87102
Phone: 505-241-4813
Email: info@nmfirst.org
Website: www.nmfirst.org

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Executive Summary

New Mexicans want the state's rural communities to remain vibrant and viable, recognizing the value of sustaining existing businesses, attracting new ones, and providing sound educations for the next generation. New Mexicans also want economic development that is environmentally responsible.

These recommendations and others resulted from a **New Mexico First** statewide town hall, *Business as Unusual: A Town Hall on Rural-Urban Economic Development*. The event was held in Ruidoso, March 27-29 and attended by 160 people. They came from 37 different communities and included business owners, teachers, farmers, environmentalists, youth, and government officials.

New Mexico First focuses on attaining balance between various stakeholder groups so that all necessary viewpoints are present in the town hall. To this end, full scholarships were offered to students as well as community members who indicated they needed financial support. Registrants could choose between acting as a participant (attending the full town hall and actively taking part in discussions) or simply observing.

Participants developed recommendations about what should be done to strengthen New Mexico's rural economies, including how to encourage economic collaboration between rural and urban communities. The recommendations are summarized below, with additional details provided in the full report.

Character of Communities

1. Build on what is already in place, leveraging a community's primary industries and assets to draw in new businesses.
2. Design community plans that preserve arts and culture and that create places where people want to work and live.
3. Protect precious resources by evaluating the impact of potential businesses on the community and environment.

Planning and Marketing

4. Ensure that adequate infrastructure is in place to meet transportation, power transmission, energy, water, sewer, communications, and broadband needs.
5. Use data to set economic goals, including a statewide system to collect information on demographics, job demand, workforce supply, and tax base benchmarks.
6. Create economic development plans that include the public and draw on community assessments and resources.
7. Develop marketing plans to promote communities, help sustain existing businesses, and attract new ones.

Collaboration

8. Create regional commerce networks that link local producers with industries and consumers.
9. Make economic development a priority within each state department and agency to encourage sustainable and successful development statewide.

10. Use local funding to create economic partnerships, so that effective and compatible development can be consistently pursued in the region.
11. Use a "one-stop" approach to economic development by enabling local, regional, and state entities to pool resources, share strengths, and correct weaknesses.
12. Utilize the state's existing Certified Communities Initiative, so that communities can assess strengths and weaknesses and formulate economic development approaches.

Technical Assistance for Rural Communities

13. Provide teams of economic development experts to help communities develop and execute development plans.
14. Establish interdisciplinary economic development and community development teams, so that rural and frontier communities have access to necessary expertise.
15. Provide technical assistance on smart growth and regional planning to encourage rural and tribal sustainability.

Education and Workforce Training

16. Strengthen NM's entire educational system, from pre-school through college, so that a trained workforce is prepared for business, industry, and entrepreneurship.
17. Work regionally to meet workforce training needs that address shortfalls of critical skills.

Regulation and Tax Policy

18. Simplify state and local regulations to be fair, simplified, uniform, timely, consistent, affordable, and transparent.
19. Modify the state's tax structure so that communities can more easily recruit, retain, and expand business.

These recommendations are presented in greater detail in the full report that follows. They will be prioritized by an implementation team composed of town hall participants. This group will spend 12-18 months advancing the recommendations with policymakers, community leaders, and the public.

About New Mexico First

New Mexico First is a nonpartisan, nonprofit organization that engages citizens in public policy. Co-founded in 1986 by U.S. Senators Pete Domenici and Jeff Bingaman, **New Mexico First** engages people in public policy. Best known for its statewide town halls, the organization uses a unique consensus-building process that enables participants to learn about a topic in depth, develop concrete policy recommendations addressing that topic, and then advance the recommendations with state leaders. **New Mexico First** is funded through donations, memberships, registrations, and contracts.

The annual statewide town hall focuses on a different subject each year, with past deliberations addressing water, education, healthcare, and other subjects of importance to New Mexico.

Business as UNusual: A Town Hall on Rural-Urban Economic Development

Introduction

In March 2008, **New Mexico First** convened its 36th statewide town hall. The event focused on how to strengthen New Mexico's rural economies. This town hall benefited from the best statewide representation of any in recent history, with residents of 37 different New Mexico communities attending the event. Participants included business leaders, educators, community members, government officials, economic developers, environmentalists, as well as college and high school students. These committed citizens made it clear that the economic health of New Mexico's rural communities is an issue of critical importance, and that collaboration between rural and urban areas is one strategy for achieving that goal.

This event used **New Mexico First's** unique town hall format: a three-day deliberation during which participants identified challenges and came to consensus on possible solutions. Their deliberation was informed by a comprehensive background report on economic development approaches that participants reviewed in advance. (The report is available online at www.newmexicofirst.org)

In addition, participants benefitted from keynote presentations by Lieutenant Governor Diane Denish, Economic Development Secretary Fred Mondragon, and POLICOM Corporation President Bill Fruth. A panel of state experts on economic development also spoke.

As noted above, participants traveled from throughout the state to attend. In addition, **New Mexico First** staff went to several communities *prior* to the town hall in order to hear first-hand from local citizens what issues they felt should be addressed at the town hall. These activities generated advanced interest in the event while providing specific focus to the unique needs of rural areas. The pre-town hall community meetings also enabled New Mexico First to collect feedback and suggestions for the event's background report described above.

The town hall was held March 27-29, 2008 at the Inn of the Mountain Gods on the Mescalero Apache Reservation in Mescalero, NM. Scholarships covered registration, food, and lodging fees for those with financial need.

Common Themes

After extensive discussions, town hall participants came to consensus on 19 recommendations as one large group. Participants developed their initial ideas in small groups. The ideas were combined and refined until the full group agreed to all the recommendations. Common themes began to emerge immediately including:

- Sustaining existing businesses and attracting new ones to small communities
- Providing sound educations for the next generation of young people
- Economic development that is environmentally responsible
- Regional partnerships on broad issues such as workforce, transportation, energy, water, and broadband
- Collection of localized data on demographics, jobs, and labor supply
- Reforming the state's regulation and tax codes to become more business-friendly
- Development of local marketing strategies to sustain and attract local businesses
- Economic development experts to advise communities as they develop and implement local plans
- Preservation of arts, culture, and history within communities

The recommendations were based on consensus-based vision statements, developed in the small groups, that asked participants to imagine what thriving rural economies might look like in ten years. (The vision statements are printed in their entirety in Appendix A of this report.)

Town Hall Recommendations

MAIN IDEA	RECOMMENDATION
Theme: CHARACTER OF COMMUNITIES	
1. Build on what you’ve got.	To ensure the ongoing viability of primary industries and to strengthen rural economies, local and regional economic councils (or other appropriate individuals and organizations) should identify and leverage the current, existing primary businesses and underlying assets to draw in additional primary businesses and secondary support businesses that build on the assets, qualities, and characteristics of the community.
2. Design community plans that preserve arts, culture, and history.	<p>So that arts, culture, and history are preserved, businesses, individuals, and the community should identify and design plans to:</p> <ul style="list-style-type: none"> • Create a place where people want to shop, work, and live • Promote the uniqueness of the community, with the understanding that the spirit of the community leads to a creative process for economic development that is appropriate to the community <p>Communities will seek support in the form of ordinances, resolutions, and other sources supported by lawmakers, business owners, and entrepreneurs who acquire funding for projects that are produced from the plan.</p>
3. Protect precious resources.	To protect resources that have been identified as being precious and significant to the communities, decision-makers should evaluate potential businesses and industries according to their impact on available resources to ensure responsible and environmentally sensitive development.
Theme: PLANNING AND MARKETING	
4. Take care of infrastructure.	So that economic development can be accomplished, government, community, businesses, and the private sector should ensure that adequate infrastructure—or plans for infrastructure—are in place to meet requirements including transportation, power transmission, energy, water, sewer and waste disposal, communications, and broadband technology.
5. Use data to understand local needs and set economic goals.	So that actionable economic development goals can be accomplished, the legislature should appropriate funding to be used to develop and implement a statewide methodology for data collection and analysis to illustrate status, changes, and (predictive) trends in state, regional, and local demographics, job demand (primary and secondary) workforce supply, and tax base benchmarks, including but not limited to econometric modeling, input/output analysis, retail leakage analysis, cluster analysis, and import substitution analysis. This data will be complemented by locally defined data on regional resources, assets, strengths, and weaknesses.
6. Create local and regional economic development plans that include the public and data.	So that New Mexico’s communities can become more attractive, livable, sustainable, and prosperous, the state legislature working with the governor should provide dedicated funding sufficient to develop community and regional comprehensive plans for economic development. The plans will be developed by conducting community assessments, creating an inventory of assets and resources, and identifying workforce, infrastructure, and other needs. In addition, the plans will be developed with public participation planning involving citizens, businesses, industry, educational organizations, tribes, non-governmental organizations, governments, and youth, using data collected through the implementation of Recommendation 5 (above). These plans should be formally adopted by all appropriate governmental and economic development entities, and these entities should be held accountable for implementation through annual reports.

MAIN IDEA	RECOMMENDATION
<p>7. Use marketing strategies to promote communities.</p>	<p>So that rural communities can sustain existing businesses and attract new ones, the communities should form partnerships to plan and implement marketing strategies, based on analysis of data, in collaboration with the private sector, regional planning organizations, the state Economic Development Department, and community leaders.</p>
<p>Theme: COLLABORATION</p>	
<p>8. Create regional commerce networks including rural and urban areas.</p>	<p>So that regional commerce networks are developed, the state Economic Development Department (EDD) and regional business organizations should create new opportunities for collaboration by linking local producers with industries and consumers. These collaborations may be organized through EDD, regional business, volunteer economic experts and investors, as well as research institutions and development resources.</p>
<p>9. Make economic development a priority within each state department and agency.</p>	<p>To encourage sustainable and successful economic development, the state's executive branch should charge each department and agency to participate, implement, and incorporate rural economic development planning as one of its primary objectives and establish a key contact person within each agency.</p>
<p>10. Use local funding to create economic development partnerships.</p>	<p>So that effective and compatible economic development can be consistently pursued in the region, the community, town, and/or county (rural-to-rural or rural-to-urban collaborative) should commit and utilize existing local funding sources (such as a tax, venture capital partnerships, public financing) to create public/private partnerships to fund the economic development process.</p>
<p>11. Use “one-stop” approach to economic development through collaboration.</p>	<p>So that a true one-stop regional economic development approach can be accomplished, local, regional, and state entities (government, business, industry) should pool resources, share strengths, and correct weaknesses in order to effectively recruit, expand, and sustain economic opportunities.</p>
<p>Theme: TECHNICAL ASSISTANCE FOR RURAL COMMUNITIES</p>	
<p>12. Tap the state's existing Certified Communities Initiative (CCI).</p>	<p>So that communities can assess their strengths and weaknesses and formulate economic development approaches, they should go through state's Economic Development Department regional representatives and the Certified Communities Initiative (CCI)¹.</p>
<p>13. Provide teams of economic development experts.</p>	<p>So that rural economic development efforts can be realized, the NM Industrial Development Executives Association (NM IDEA), in cooperation with the Economic Development Department's regional representatives, will make available teams of economic development experts to help the communities finalize and execute their plans.</p>
<p>14. Establish interdisciplinary economic development and community development teams.</p>	<p>So that rural and frontier communities have access to economic development expertise, the legislature should fund the creation of interdisciplinary economic development and community development teams.</p>
<p>15. Provide technical assistance on smart growth and regional planning.</p>	<p>To encourage rural sustainability, the state economic development department should be adequately funded in order to make available to tribal and other community leaders technical assistance relating to smart growth and regional planning in rural areas.</p>

¹ The CCI is a program of the state Economic Development Department that guides communities toward taking necessary actions to posture themselves for economic development opportunities.

MAIN IDEA	RECOMMENDATION
Theme: EDUCATION AND WORKFORCE TRAINING	
16. Strengthen NM's entire educational system, from pre-school through college.	So that a fully and appropriately trained workforce is available to business and industry and to assure a pipeline of youth entrepreneurs, all the relevant state agencies ² should work with stakeholders to create a seamless educational system from pre-school through college. The town hall recommends that the school expand its role as the center of education for the community it serves and ensures access to higher education, vocational training, and youth entrepreneurship to meet evolving needs.
17. Work regionally to meet workforce skills and training needs.	To create a trained and educated workforce tailored to the needs of existing and new businesses, all relevant state agencies ³ and business leaders should work collaboratively to generate regional plans to address shortfalls of critical workforce skills.
Theme: REGULATION AND TAX POLICY	
18. Simplify state and local regulations.	So that economic development efforts can be enhanced, New Mexico should have a state and local regulatory frame work that is fair, simplified, uniform, accessible, timely, consistent, affordable, and transparent. The town hall recommends that reform of the existing structure be implemented through collaborative efforts of the executive branch, the legislature, local governments, and stakeholders. The town hall supports the creation and funding of the Regulatory Process and Administrative Law Interim Committee, established in the 2008 legislative session. The town hall supports the adoption and adaptation of the Model Uniform Administrative Act as New Mexico is the only state in the nation who has not yet done so.
19. Modify the state's tax structure to support business.	So that communities can recruit, retain, and expand in order to experience sustainable economic growth, the legislature, including taxing authorities, will continue to create and maintain a tax policy structure that will focus on modification of NM's tax structure to accommodate all forms of business, recognizing that GRT pyramiding is a significant issue ⁴ .

Implementation of the Town Hall Recommendations

This **New Mexico First** town hall was not a destination, but rather was a launching point for state and local reform. In order to ensure that these recommendations will be acted upon, **New Mexico First** identified an Implementation Team Chair with leadership experience and influence. Linda Kay Jones is a Silver City community leader with almost 25 years experience in rural economic development. A small business owner, Linda Kay is the past Executive Director of the Silver City-Grant County Economic Development Corporation and she directs the annual week-long New Mexico Economic Development Course held in Silver City. She is Special Assistant to the President of Western New Mexico University, where she spearheads projects in institutional advancement, economic development, and community affairs.

As Chair of the Leadership Team, Linda Kay will lead a group of 20 town hall volunteers who want to take action on the recommendations that were so thoughtfully prepared during the three-day process. Updates on the progress of the Implementation Team will be provided to the town hall participants.

² Relevant state agencies include the Higher Education Department, Public Education Department, Economic Development Department, and the Department of Workforce Solutions.

³ Same agencies as previous footnote.

⁴ Gross receipts tax "pyramiding" refers to the tax layering effect that often occurs when business services are purchased by a company and they become incorporated into the final product or service of that company. When the business service is purchased as an input, it is taxed. When the company's final product or service is sold, that business service input is technically taxed again because it is now part of the final sale.

Appendix A: Vision Statements

During the town hall, participants divided into groups to develop vision statements of what ideal, economically vibrant rural communities would look like in ten years.

Blue Vision Statement

New Mexico's rural and tribal economies are thriving. Ten years ago, negative societal issues were a serious problem in rural communities, impacting the state's economic development and community stability. However, these issues have been successfully addressed and are now in decline. In addition, rural economies are now environmentally sustainable. Development has been controlled and has resulted in a compact built environment with fully developed transportation networks, affordable housing, sustainable water, and utility infrastructure. Alternative energy sources have been developed and implemented, and strategies address the challenges of climate change. Land-based businesses are thriving. Land is leveraged in a sustainable manner, with alternative farming, biomass, and other technologies contributing to economic development. Government regulation complements and assists the private sector. This attractive framework has led to full employment at higher-than-national-average wages for workers, including public-service sector workers.

Red Vision Statement

In 2018, New Mexico's rural communities have thriving economies based on their unique personalities and that build on the resources that the individual communities have within the region. These communities are sustainable in terms of alternative and renewable energy, vocational and secondary education, water, food, services, and infrastructure. This has been achieved through engaging all citizens and by partnering with groups such as business, education, and all levels of government within the community and in other communities. The educational curriculum has been transformed through community participation to produce a 90% graduation rate and graduates who are ready to enter the local job market.

Brown Vision Statement

As the national model for rural economic development, New Mexico is recognized for its commitment to a thriving economy that maximizes economic development while sustaining and protecting natural resources. Companies from around the world are clamoring for well educated and trained NM graduates, but those students choose to remain in the state and live and work in smaller communities because they are vibrant and offer numerous career opportunities in traditional and new industries (agriculture, solar, renewable energy, and as yet unidentified). Those industries provide an economic base for rural communities around the state. New Mexico's governmental systems have evolved to become a support system for sustainable local governments that balance economic development, education, environmental, and social systems. New Mexico residents (no matter where they live) have reasonable, regional access (geographical, financial etc.) to necessary services (such as food and healthcare) and quality of life factors (such as natural attractions and entertainment). The state has become an international example of an educational system that produces graduates that are suitably trained for the needs of the new economies around the state. New Mexico companies thrive because of their access to a highly trained workforce (regardless of their geographic location). Tourists from around the world see the entire state of New Mexico as a premier destination because of its respect for its natural beauty, history, and culture, and its user-friendly travel environment. New Mexico citizens view their communities as the best place in the world to live and work.

Yellow Vision Statement

It is 2018 and New Mexico's rural economies are thriving and quality of life is wonderful because we are able to draw new and diverse individuals into our communities. We have improved education, educational access, and opportunities for our citizens who are completing post-secondary education and are able to stay or return to the community. Our people can find good employment, adequate healthcare, rural lifestyle, and affordable housing. Our economy is thriving because there is demand for locally produced goods and services on a regional and global scale, and we are able to benefit from our connection to global resources. We have protected our local cultural diversity with our traditions, language and history, as well as our natural environment.

Orange Vision Statement

By the year 2018, New Mexico's rural economies will be thriving based on several key developments, including high-speed access to the Internet and enhanced telecommunications connectivity that allows businesses to sell their products and services globally while providing universal accessibility to healthcare through telemedicine technologies. There will be a close collaboration between the business community and the education system, resulting in a 100 percent graduation rate for all high school freshmen, schools meeting national standards and becoming the centers of activity in rural areas, opportunities for young people that prepare them for the workforce and a future in their local communities, advanced telecommunications connectivity in remote areas that promotes distance learning, and students understanding how their degrees apply to future trades and applicable skills. New Mexico's regulation of business will be more fair, consistent, and transparent. There will be extensive transportation connectivity, including air service and comprehensive road networks, and the development and maintenance of the transportation infrastructure will support a diverse industry base. More communities will realize their historical and cultural assets, which will lead to the improved economic development of their areas, and the concept of regeneration will be incorporated to include cultural and ecosystem values. Water will be transferred from one use to another in an effective manner, and successful sustainable water policies will be in place that support regional economic development efforts.

Green Vision Statement

Ten years from now New Mexico maintains its unique identity and still looks like home with communities working together better through regionalization than they have in years. New Mexico's major corporations have established economic linkages throughout rural New Mexico. The population is stable and for the first time in the history of the state, New Mexico is ranked fourth lowest in poverty in the U.S. A new hope has been established where drugs are left as simply a bad dream and the drug crisis has been ended. The impacts of economic development are acknowledged along with the positive returns that walk hand-in-hand with those impacts. The definition of wealth has been determined and is much different than it was in years past with: pueblo and rural communities mutually, organically, and locally sustainable; all the services needed to provide community members with adequate goods and services; expanded entrepreneurship at both the local and regional levels; and New Mexico's youth having job flexibility and a reason to return home after their education is complete. Because broadband is now free and accessible in all quadrants of the state, open lines of communication between communities has been established and arguments over initiatives have ceased, leaving dynamic, creative, local and regional interactive economic development resource teams in their stead, and a subsection of rural community members have been granted compensation for certain difficulties they have had to bear. The youth of ten years ago have become the leadership of today, having received improved education and skill sets, and they are responsible for installing desalinization plants in rural areas, developing strategies for development outside of wealth creation, promoting communities that are global, green, and growing. Locally manufactured goods are finding their way into the international marketplace with the help of artisans and local manufacturing companies. And permanent funding in the recurring budget (HB 2) for youth entrepreneurial initiatives is constant.

Appendix B: Town Hall Committees and Speakers

Town Hall Speakers

Diane Denish
Lieutenant Governor, State New Mexico

Bill Fruth
President, POLICOM Corporation

Ryan Gleason
State Director, USDA Rural Development-NM

Jami Grindatto
New Mexico Corporate Affairs Director, Intel

Mark Lautman
Director, Economic Development, Mesa del Sol

Richard Luarkie
1st Lieutenant, Governor Pueblo of Laguna

Bob Mang
Owner, Regenesys, LLC

Fred Mondragón
Cabinet Secretary, NM Department of Economic Development

Town Hall Leadership Team

The following people served on the Leadership Team of the town hall, facilitating sessions or managing the flow of recommendations into the final report.

Carl Moore, Leadership Chair
Garrey Carruthers, Plenary Chair
Michelle Henrie, Master Recorder
Charlotte Pollard, Assistant Master Recorder

Discussion Leaders and Recorders

Diane Albert
J.D. Bullington
Jacey Blue Campbell
Kathy Komoll
Celia Merrill
Carl Moore
Suzanne Otter
Kathleen Oweegon
Jennifer Salisbury
Donna Smith
Anne Stauffer
Lisa Stuckey

Town Hall Implementation Team

The following town hall attendees volunteered to serve on the Implementation Team. They will advance the recommendations with state and local leaders.

Linda Kay Jones, Leadership Team Chair
Heather Balas, NMF President

Mike Anaya
Lisa Baca Diaz
Michael Bain
Jamai Blivin
Teresa Fleming
Michelle Frost
Paul Gutierrez
Hayley Klein
Mark Lautman
Beverlee McClure
Ray Mondragon
Tim Nisly
Stuart Paisano
Daniel Sambrano
Roberta Scott
Judy Stubbs
Kris Swedin
Tom Taylor

Appendix C: Town Hall Registrants

Town Hall Participants

Richard Adkisson

New Mexico State University
Las Cruces

Michael Anaya

New Mexico Association of Counties
Santa Fe

Marvis Aragon Jr.

Acoma Business Enterprises
Acoma

Lisa Baca Diaz

Primer Planning
Gallup

Michael Bain

The Quivira Coalition
Santa Fe

Cindy Balazs

Self
Mesilla Park

Aron Balok

New Mexico Farm & Livestock Bureau
Roswell

Scott Beckman

Regional Development Corporation
Santa Fe

Jamai Blivin

New Mexico Learning Network
Española

Mike Bowen

NM Mining Association
Santa Fe

Simon Brackley

Santa Fe Chamber of Commerce
Santa Fe

David Buchholtz

Brownstein Hyatt Farber Schreck
Albuquerque

Brent Bullock

Pecos Valley Artesian Conservancy District
Roswell

Michele Caskey

Sierra Dove Global Association
Capitan

Gerald Chacon

NMSU Extension Service
Santa Fe

Patricia Chavez

NM Economic Development Partnership
Albuquerque

Beth Cunningham

EDC of Lea County
Hobbs

Luci Davis

BHP Billiton
Farmington

Robert Donnell

Chaves County Development Foundation
Roswell

Wally Drangmeister

WESST
Albuquerque

Dennis Dunnum

Town of Carrizozo
Carrizozo

LaVerne Ellerbe

New Mexico Higher Education Department
Santa Fe

Michael Elrod

ENMU-Ruidoso
Ruidoso

Theresa Esparza

Meyners + Company, LLC
Albuquerque

Greg Fisher

Roosevelt County CDC
Portales

Teresa Fleming

Intel Corporation
Rio Rancho

C. Richard Foote

Corrales MainStreet
Corrales

Ira Kaye Frashier

Eastern New Mexico University
Portales

Michelle Frost

New Mexico Cattle Growers Association
San Jon

Vickie Galindo

NMSU - Arrowhead Center
Las Cruces

Marcos Gonzales

New Mexico Finance Authority
Santa Fe

John Guldemann

Jinglebob Ltd
Animas

Paul Gutierrez

New Mexico Association of Counties
Santa Fe

Lea Harrison

New Mexico Partnership
Albuquerque

Jude Heibel

Jude Heibel & Associates
Santa Fe

Jim Holloway

NM PED/Rural Education Division
Santa Fe

Chuck Howe

Village of Angel Fire
Angel Fire

Alice Jones

Western New Mexico University
Silver City

Sharon King

Roosevelt County Chamber of Commerce
Portales

Randy Kirkpatrick

San Juan Water Commission
Farmington

Hayley Klein

Greater Artesia Chamber of Commerce
Artesia

Debi Lee

City of Portales
Portales

Dr. Melissa Lomax

NM Public Education Department
Santa Fe

Marie Longserre

Santa Fe Business Incubator
Santa Fe

Susie Marbury

NM EMNRD
Santa Fe

Richard Marquez

NM Rural Electric Cooperative Association
Santa Fe

Alex Martinez

SER Jobs For Progress, Inc.
Santa Fe

Sandra McCardell

Current-C Energy Systems, Inc.
Mills

Beverlee McClure

Association of Commerce & Industry
Albuquerque

Kevin McMullan

NM Health Policy Commission
Santa Fe

Tom Mills

Gallagher & Kennedy P.A.
Santa Fe

Peter Mitchell

City of Albuquerque
Albuquerque

Fred Mondragon

NM Economic Development Department
Santa Fe

Raymond Mondragon

ENMR Plateau
Clovis

Joseph Montoya

New Mexico Mortgage Finance Authority
Albuquerque

Michelle Mosser

Grace Communications
Santa Fe

Justin Mount

NM Economic Development Department
Santa Fe

Joe Nestor

Blast & Clean
Albuquerque

Tim Nisly

SVEDC
Albuquerque

Ethan Ortega

Student, Tomorrow's Leaders Program
Portales

Stuart Paisano

NM Economic Development Department
Santa Fe

Myra Pancrazio

Estancia Valley EDA
Moriarty

PJ Parker

City of Jal
Jal

Romy Pierce

Relay NM
Albuquerque

Wayne Powell

UNM Office for Community Health
Albuquerque

Michele Rebstock

Village of Ruidoso
Ruidoso

Shelley Redford

Redford Associates
Silver City

Stephanie Reid

New Mexico Oil & Gas Association
Santa Fe

John Rice

IMPACT-NM, Business Growth Services
Bernalillo

Patrick Risner

BHP Billiton
Farmington

Anil Rupasingha

New Mexico State University
Las Cruces

Michael Sage

NWNMCOG
Gallup

Daniel Sambrano

Dona Ana Heritage/Preservation Corp.
Dona Ana

Gerald Schultz

Black Range RC&D
Tyrone

Sharon Schultz

Tourism Association of New Mexico
Albuquerque

Sally Schwartz

All Things Said
Albuquerque

Roberta Scott

SBDC, UNM-Valencia
Los Lunas

Deborah Seligman

Tri-State G&T Association
Santa Fe

William Senkowsky

Student, Tomorrow's Leaders Program
Portales

Gene Smith

Eastern New Mexico University
Portales

Jim Sours

First Community Bank
Clovis

Allen Sparks

Fort Sumner Comm. Dev. Corp.
Fort Sumner

Judy Stubbs

NM Economic Development Department
Roswell

Kris Swedin

Santa Fe Community College
Santa Fe

Amanda Tarango

Student, Tomorrow's Leaders Program
Portales

Tom Taylor

State Representative
Farmington

Roger Toledo

Ojo Encino Navajo Chapter
Albuquerque

Fabian Trujillo

City of Santa Fe
Santa Fe

Vangie Trujillo

Los Alamos National Laboratory
Los Alamos

Sharon Vander Meer

Las Vegas SMED Corp
Las Vegas

Len Vohs

City of Clovis
Clovis

Rachel Weber

Ruidoso Valley Chamber of Commerce
Ruidoso

Bob Wessely

Water Assembly
Placitas

Nicole Wilkening
City of Portales
Portales

George Williams
University of New Mexico
Albuquerque

Anita Williams Kelly
Meyners + Company, LLC
Albuquerque

Merlyn Witt
Mora Valley Chamber of Commerce
Mora

John Zent
ConocoPhillips
Farmington

Brent Ziarnick
NMSU - Arrowhead Center
Las Cruces

Town Hall Observers

Zane Bergman
First National Bank in Hobbs
Hobbs

Claire Burroughs
City of Clovis
Clovis

Ed Deems
Town of Carrizozo
Carrizozo

Ruby Dorsey-Gonzales
Union County Community Development Corp.
Clayton

Gary Esslinger
Elephant Butte Irrigation District
Las Cruces

Patricio Garcia
Rio Arriba County
Española

Paul Gutierrez
New Mexico State University
Las Cruces

Linda Kay Jones
Western New Mexico University
Silver City

William Knauf
Mesa del Sol
Albuquerque

Dennis Lopez
Roosevelt County
Portales

Jim Manatt
Providence Technologies
Roswell

Sherman McCorkle
Technology Ventures Corp.
Albuquerque

Susan McGuire
Retired/US Senate
Cedar Crest

Tad Powers
Hidalgo County
Rodeo

Fredrick Shepherd
Mesilla Valley Economic Development Alliance
Las Cruces

Nancy Sparks
Fort Sumner Comm Dev. Corp.
Fort Sumner

Joni Thompson
ACVB
Albuquerque

Tony Trujillo
Freeport-McMoRan Copper & Gold
Silver City

Jack Valencia
North Central Regional Transit District
Santa Fe

Eric Zamora
Valencia County
Los Lunas

Demographic Distribution of Participants

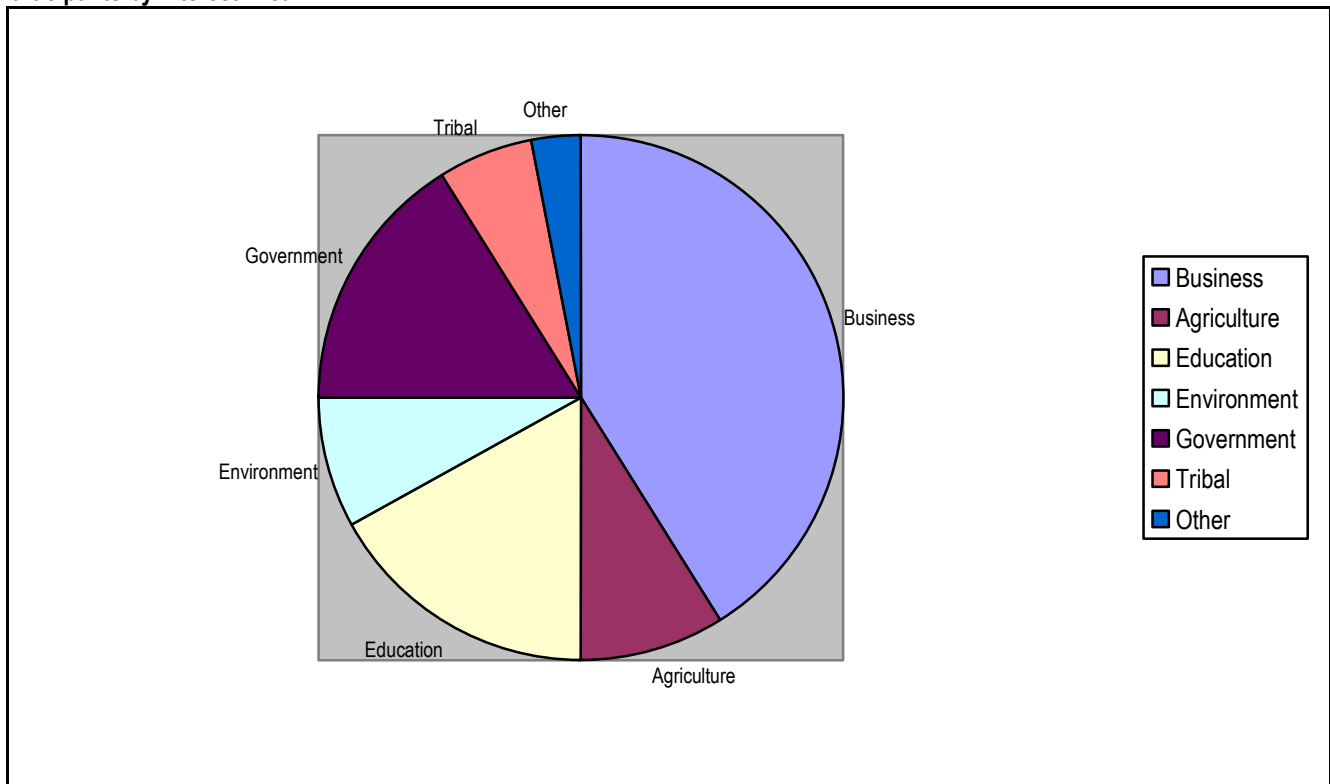
The 160 town hall registrants were drawn from 37 communities around New Mexico and they represented a wide range of perspectives.

Communities Represented

Acoma
 Albuquerque
 Angel Fire
 Animas
 Artesia
 Bernalillo
 Capitan
 Carrizozo
 Cedar Crest
 Clayton
 Clovis
 Corrales
 Dona Ana
 Espanola
 Farmington
 Fort Sumner

Gallup
 Hobbs
 Jal
 Las Cruces
 Las Vegas
 Los Alamos
 Los Lunas
 Mesilla Park
 Mills
 Mora
 Moriarty
 Placitas
 Portales
 Rio Rancho
 Rodeo
 Roswell
 Ruidoso
 San Jon
 Santa Fe
 Silver City
 Tyrone

Participants by Interest Area



Appendix D: New Mexico First Leadership

Board of Directors and Executive Committee

Lillian Montoya-Rael*
Board Chair
Smith Barney, Santa Fe

Heather Balas,* President
New Mexico First
Albuquerque

Phelps Anderson
Sun Valley Energy Corporation
Roswell

Connie Beimer
University of New Mexico Albuquerque

Zane Bergman
First National Bank, Hobbs

Simon Brackley
Santa Fe Chamber, Santa Fe

Brenda Brooks
National Enrichment Facility, Eunice

Jose A. Campos
NM State Rep-Dist. 63, Santa Rosa

Garrey Carruthers*
College of Business NMSU
Las Cruces

Steve Carter
Sierra Title Company of NM
Las Cruces

Carol Cochran,* Treasurer
REDW The Rogoff Firm,
Albuquerque

Luci Davis*
BHP Billiton, Farmington

Linda Duffy
Sandia National Laboratories
Albuquerque

Jed Fanning
First Community Bank Albuquerque

Jack Fortner
Fortner & Dalley, Farmington

Bill Garcia*
Immediate Past Board Chair Santa Fe

Jami Grindatto*
Intel Corporation, Rio Rancho

Michelle Henrie
Atkinson & Thal, Albuquerque

Jim Hinton*
Presbyterian Healthcare Systems
Albuquerque

Sharon King*
Roosevelt County Chamber
Portales

Robert A. Jung II*
Los Ranchos de Albuquerque

Jim Manatt,* Chair-Elect
Providence Technologies, Roswell

Beverlee McClure
ACI, Albuquerque

Sherman McCorkle*
TVC, Albuquerque

Susan McGuire*
Retired/US Senate
Cedar Crest

Tom Mills
Gallagher & Kennedy, P.A.
Santa Fe

Carl Moore*
The Community Store, Santa Fe

Stuart Paisano
NM Economic Development Dept.
Santa Fe

Malcolm Petree
Rio Rancho

Alice Quintanilla
Information Assets Management
Los Alamos

Leonard Lee Rawson
NM State Senator-District 37
Las Cruces

Shelley Redford*
Redford Associates, Silver City

Bob Rosebrough
Rosebrough, Baber, & Howe
Gallup

Jennifer A. Salisbury
Attorney, Corrales

Brian Sanderoff*
Research & Polling Inc.
Albuquerque

Jack Swickard
The Triton Group, Inc.
Roswell

Jennifer Thomas
Bank of Albuquerque
Albuquerque

Sherri Wells
Moss Adams, Albuquerque

Sayuri Yamada
PNM Resources
Santa Fe

Mary Yates
Yates Industries
Artesia

* Executive Committee members

Board Emeritus

Robert Armstrong
Roswell

Jon Barela
Rio Rancho

Kathleen Bond
Olathe, Colorado

Mary Jean Christensen
Gallup

Dale Dekker
Albuquerque

Diane Denish
Santa Fe

John Dowling
Gallup

Richard Fairbanks
Albuquerque

Dr. Everett Frost
Portales

William “Bing” Grady
Albuquerque

Bill Knauf
Albuquerque

Carol Robertson Lopez
Santa Fe

Maureen Luna
Albuquerque

Tom Mills
Santa Fe

Arlene Roth
Fort Meyers, Florida

Lynn Slade
Albuquerque

David Steinborn
Las Cruces

Thomas Tinnin
Albuquerque

A.P. Trujillo
Silver City

J. Ronald Vigil
Santa Fe

John Wagner
Albuquerque

Founders

The Honorable Jeff Bingaman
United States Senator

The Honorable Pete Domenici
United States Senator

Ex-Officio Board Members

The Honorable Bill Richardson
Governor of New Mexico

The Honorable Heather Wilson
US Congresswoman-District I

The Honorable Steve Pearce
US Congressman-District II

The Honorable Tom Udall
US Congressman-District III

Dr. James A. Fries
President, NMHU

Dr. John E. Counts
President, WNMU

Dr. Steven Gamble
President ENMU

Mr. David Schmidley
President, UNM

Dr. Daniel H. Lopez
President, NMIMT

Dr. Michael Martin
President, NMSU

Staff

Heather Balas
President and Executive Director

Jacey Blue Campbell
Program Coordinator

Krista Koppinger
Director of Events & Administration

Charlotte Pollard
Deputy Director

Brittney Tatum
Student Intern, UNM



NEW MEXICO FIRST

People. Ideas. Progress. 20 Years.

New Mexico First
320 Gold SW, Suite 300
Albuquerque, NM 87102
505-241-4813
www.nmfirst.org
townhall@nmfirst.org