

FY19 Budget Presentation to the Legislative Finance Committee

November 15, 2017

Matt Geisel, Cabinet Secretary

Barbara Brazil, Deputy Cabinet Secretary

FY17 Outcomes

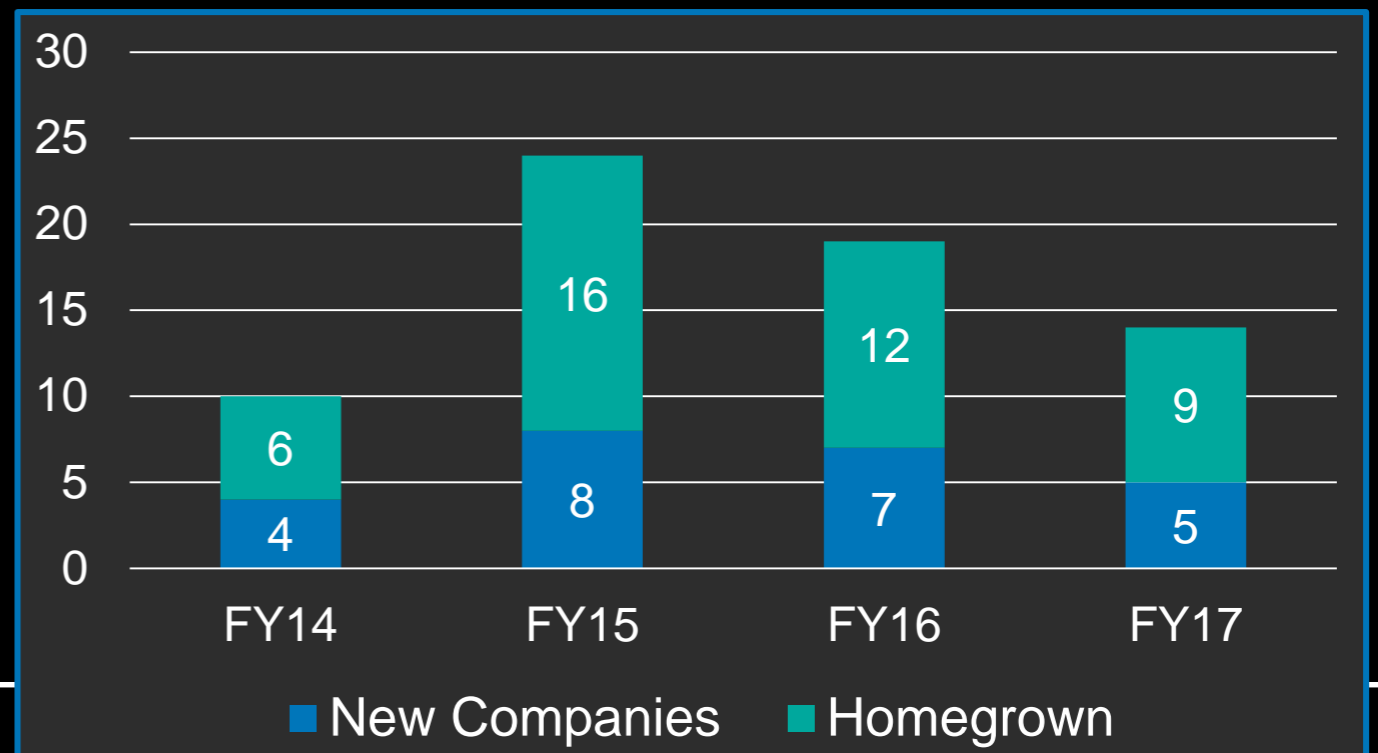
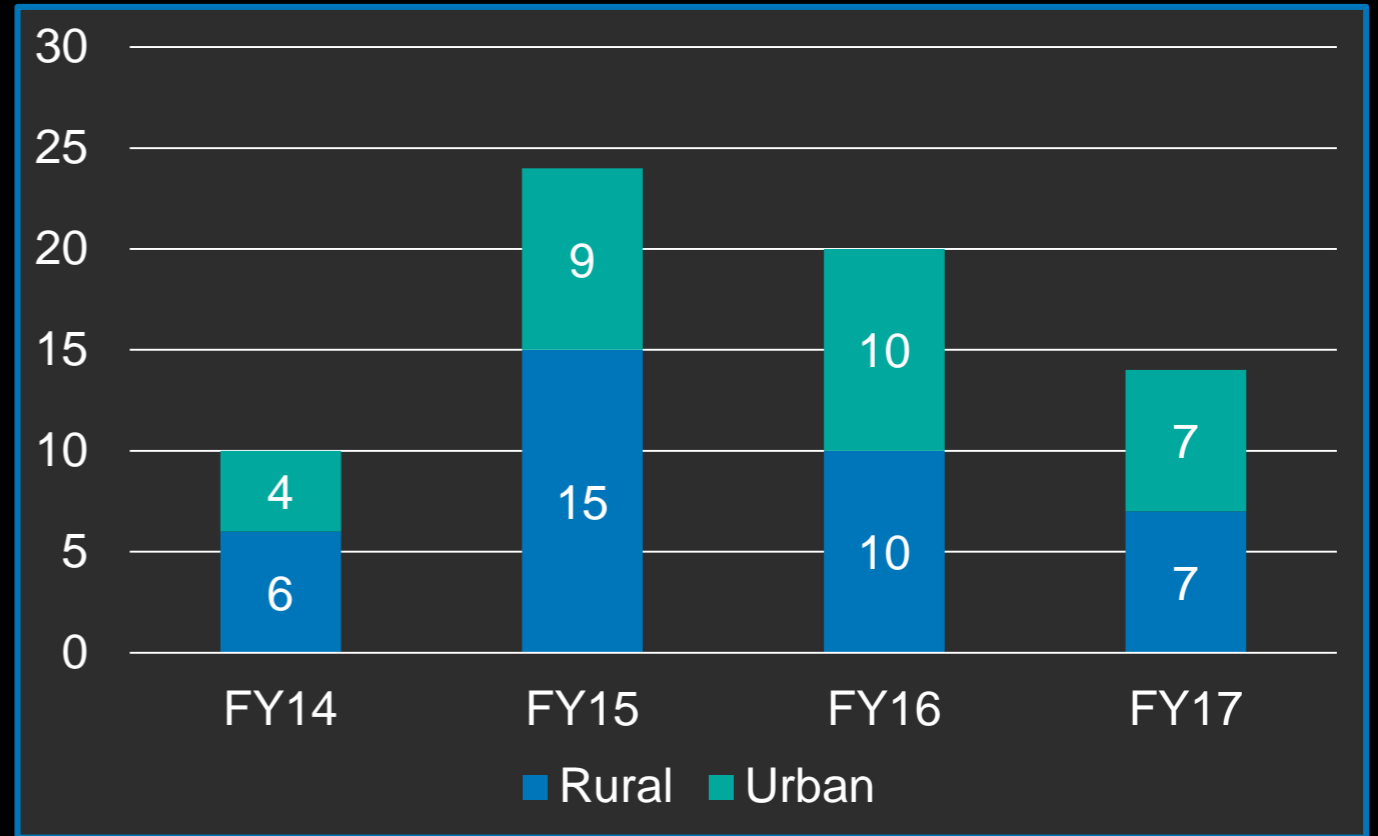
- 1,729 new jobs assisted; 775 rural jobs
- Facebook - \$250 million investment in Los Lunas
- Keter Plastics – 175 jobs in Belen
- \$28.4 million in private sector investment in MainStreet districts
- 2,009 workers trained by JTIP at an average wage of \$17.92; \$19.04 rural
- 14 LEDA projects – equally divided between rural and urban
- 43 Homegrown NM firms assisted in FY17
- Film Office set a new record for direct spend by production companies in one year - \$505 million

JTIP and LEDA....the Difference That Closes the Deal

- JTIP is one of the top five programs of its kind in the nation (Business Facilities) – Celebrating 45 years in 2017
- This is only our 5th year of dedicated LEDA funding
- Most competitive states have similar funds
- Assisting more New Mexican companies through improving BR&E efforts
- New Mexico needs consistency and predictability in its Economic Development Toolbox
- A robust Economic Development Toolbox enables us to compete

LEDA Builds the Business Infrastructure

Four years of LEDA projects represent an even mix of new and homegrown companies; and rural and urban locations



FY18 LEDA Project Pipeline

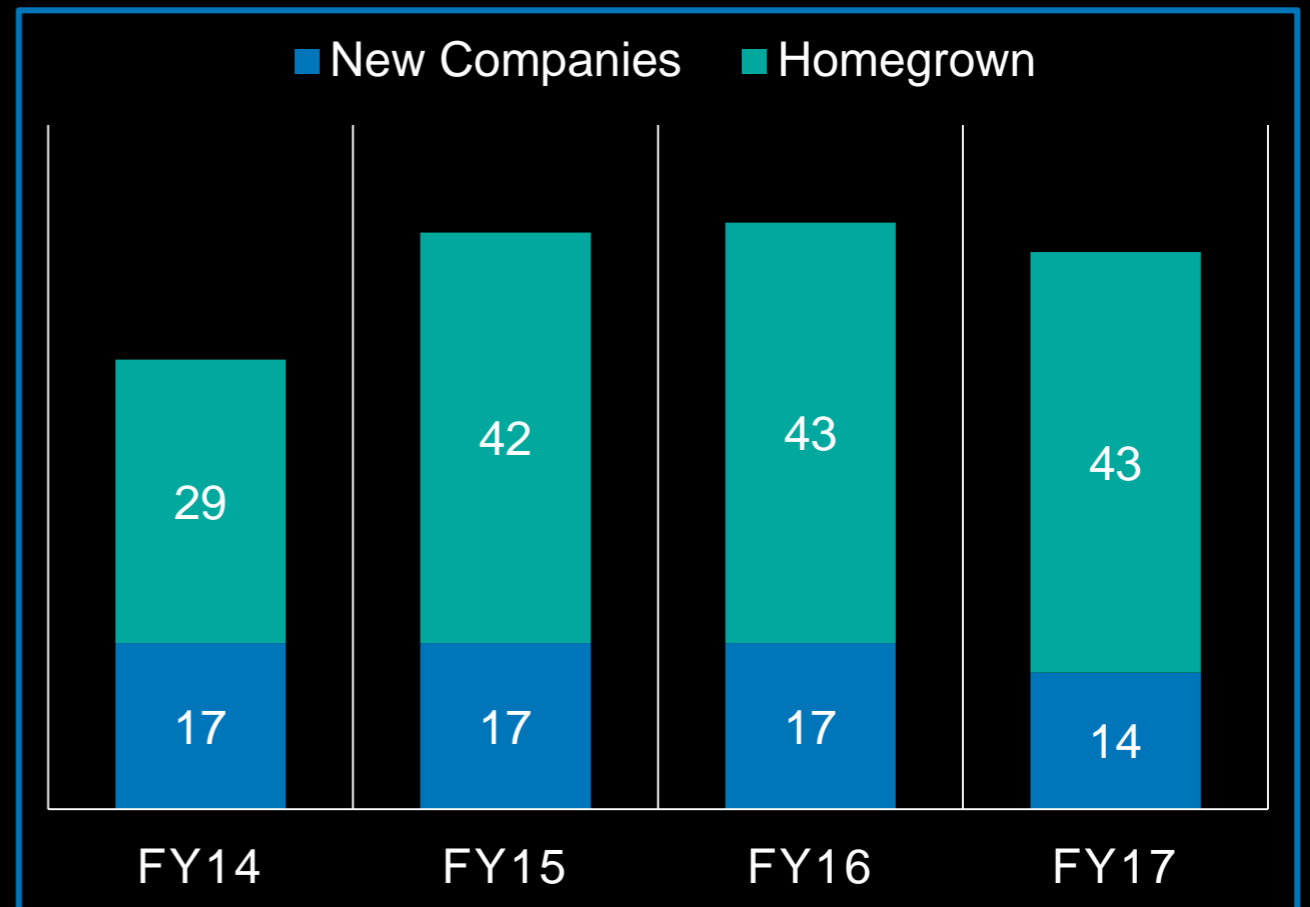
Advanced Manufacturing	\$250,000	IT Software Development	\$150,000	Manufacturing	\$1,400,000
Aerospace Manufacturing	TBD	Food Processing	\$400,000	Customer Service	TBD
Manufacturing	\$400,000	Aerospace	TBD	Food Processing	TBD
Customer Service	\$200,000	Financial Services	TBD	Advanced Manufacturing	\$8,000,000
Data Center	\$10,000,000	Back Office/Financial	\$550,000	IT Software	\$500,000
Injection Molding	\$500,000	Other	TBD	Advanced Manufacturing	\$27,800,000
Manufacturing	\$250,000	Manufacturing	\$200,000	Advanced Manufacturing	\$13,833,333
Finance	\$140,000	Manufacturing	\$1,500,000	Manufacturing	\$593,750
Manufacturing	TBD	Industrial Park	\$1,300,000	Multi-Faceted	TBD
Energy/Non-Retail Service	TBD	Food Processing	TBD	Warehousing/ Distribution	TBD
Corporate Headquarters	\$3,500,000	Food Processing	TBD	Advanced Manufacturing	\$1,000,000
IT Software Development	\$500,000	Manufacturing	\$20,000,000	35 Projects	\$92,967,083

FY19 Request = \$12 Million

JTIP Builds the Workforce

JTIP Retention Survey

- 86% are still employed in NM
- 78% have increased their wages
- 71% have increased their wages more than 10%

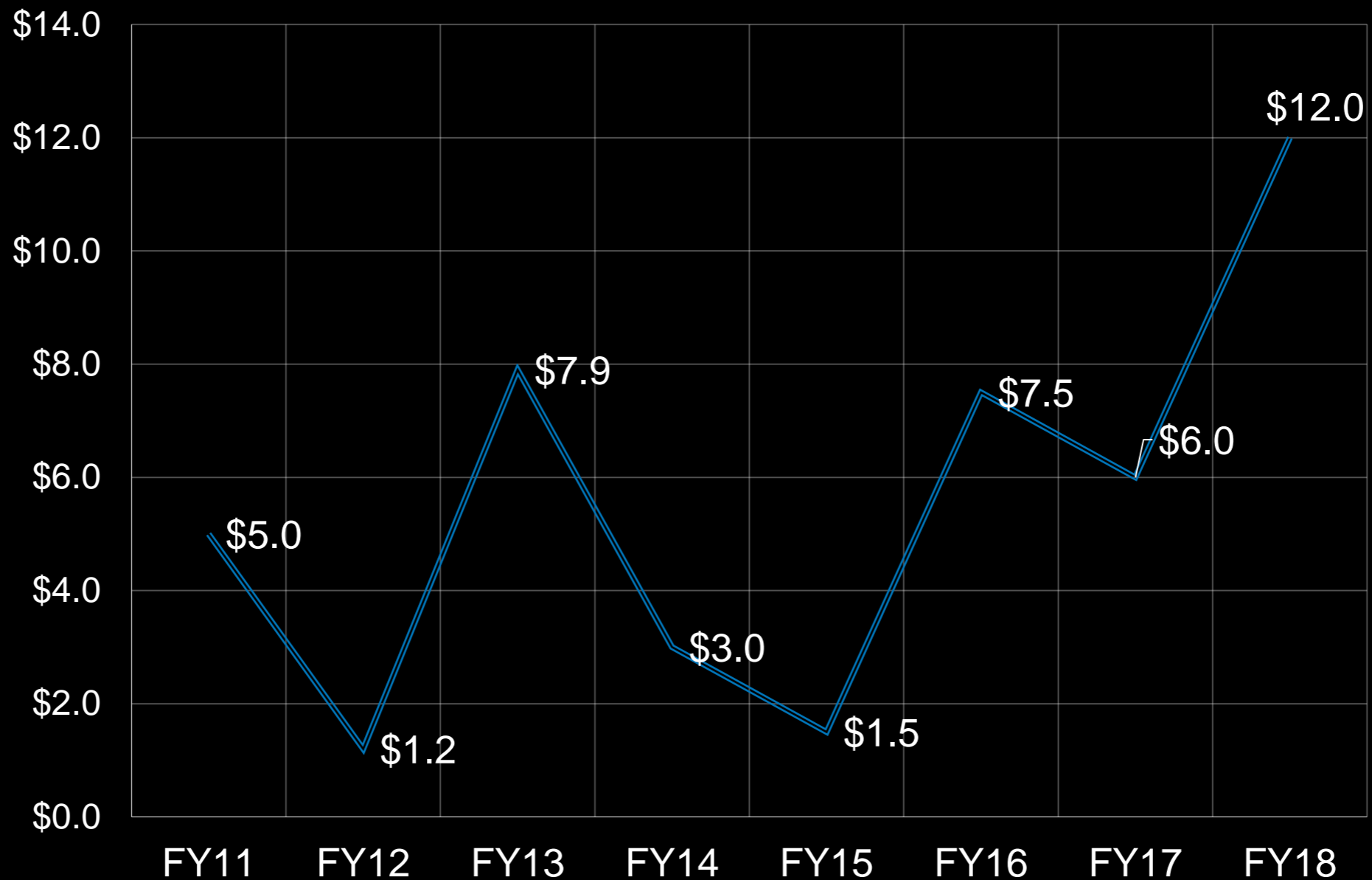


JTIP Fund Obligations

FY17	Number of Trainees	Average Wage	Number of Companies	# of Rural Companies	Total Obligations
Q1	315	\$18.72	22	3	\$2,253,969
Q2	600	\$17.15	17	5	\$4,267,879
Q3	493	\$16.60	13	2	\$2,690,280
Q4	601	\$19.90	32	13	\$4,620,376
Totals	2,009	\$17.92	57	16	\$13,832,504

FY18	Number of Trainees	Average Wage	Number of Companies	# of Rural Companies	Total Obligations
Q1	717	\$19.68	26	10	\$6,276,360

JTIP Appropriation History In Millions



JTIP Budget

Funds are Non-Reverting

Cash Balance	\$17.9M
JTIP Current Obligations	(\$13.2M)
Unobligated Balance for FY18	\$4.7M

FY19 Request = \$12 Million
(\$2M in Base Budget & \$10M Special)

MainStreet By the Numbers

	Net New Businesses	# of Private Building Rehabs	Private Reinvestment	Net New Jobs
FY13	130	111	\$22.7	529
FY14	124	162	\$9.9	456
FY15	148	230	\$9.8	649
FY16	160	248	\$22.1	444
FY17	113	257	\$28.5	616

- FY16 Budget: \$1,265,000 (General Fund & Special Appropriation)
- FY17 Budget: \$915,000 (SB9 cut = \$805,200)
- FY18 Budget: \$915,000

MainStreet Capital Outlay

No Capital Outlay in FY18

FY16 (Total = \$500,000) Recipients:

- Clovis, Historic Rail Park
- Grants, Rio San Jose Riverwalk Legacy Trail
- Los Alamos, Street Improvements on Central Avenue
- T or C, Healing Waters Plaza
- Tucumcari, Great Blocks Streetscape Project

FY17 (Total = \$500,000) Recipients:

- Belen, Great Blocks Railroad District Streetscape Project
- Downtown Albuquerque, Streetscape Project on Central Avenue
- Raton, Streetscape and Pedestrian Lighting
- Artesia, Cultural Economic Development Plan
- Mora, Cultural Economic Development Plan

FY19 NMMS Capital Outlay Need

- FY19 Capital Outlay Request: **\$5 Million** for New Mexico MainStreet (NMMS) Public Infrastructure Funding
- \$14 Million is the current backlog of construction/shovel ready public infrastructure projects in MainStreet districts
- For FY19 NMMS has identified \$21 Million in Strategic Public Infrastructure Projects that require construction documents

Frontier Communities Initiative

FY16 Funding = \$350,000

No Funding in FY17 or FY18

FY19 Request: **An additional \$350,000** will return program funding to its FY16 level of \$1,265,000. This will allow NMMS to serve **eight Frontier Communities** and assist **four rural communities** in achieving certified MainStreet or ACD status.

NMMS has completed 24 Frontier economic development projects in 21 rural communities. Demand for the program is directly related to these success stories.

MainStreet Program Demand

- Seven Communities requesting designation as MainStreet communities
- 19 Requesting assistance from the Frontier Communities Initiative
- Six Seeking Arts & Cultural District State-Authorization
- Six Historic theaters requesting services and resources through the Historic Theaters Initiative

Office of International Trade (OIT)

OIT has been entirely reliant on federal grant funds since 2011. Five successful grants have funded OIT activities over this period.

The most recent grant represents funding for two years, rather than one. The funding gap is between October 1, 2018 and September 29, 2019.

Request = \$200,000

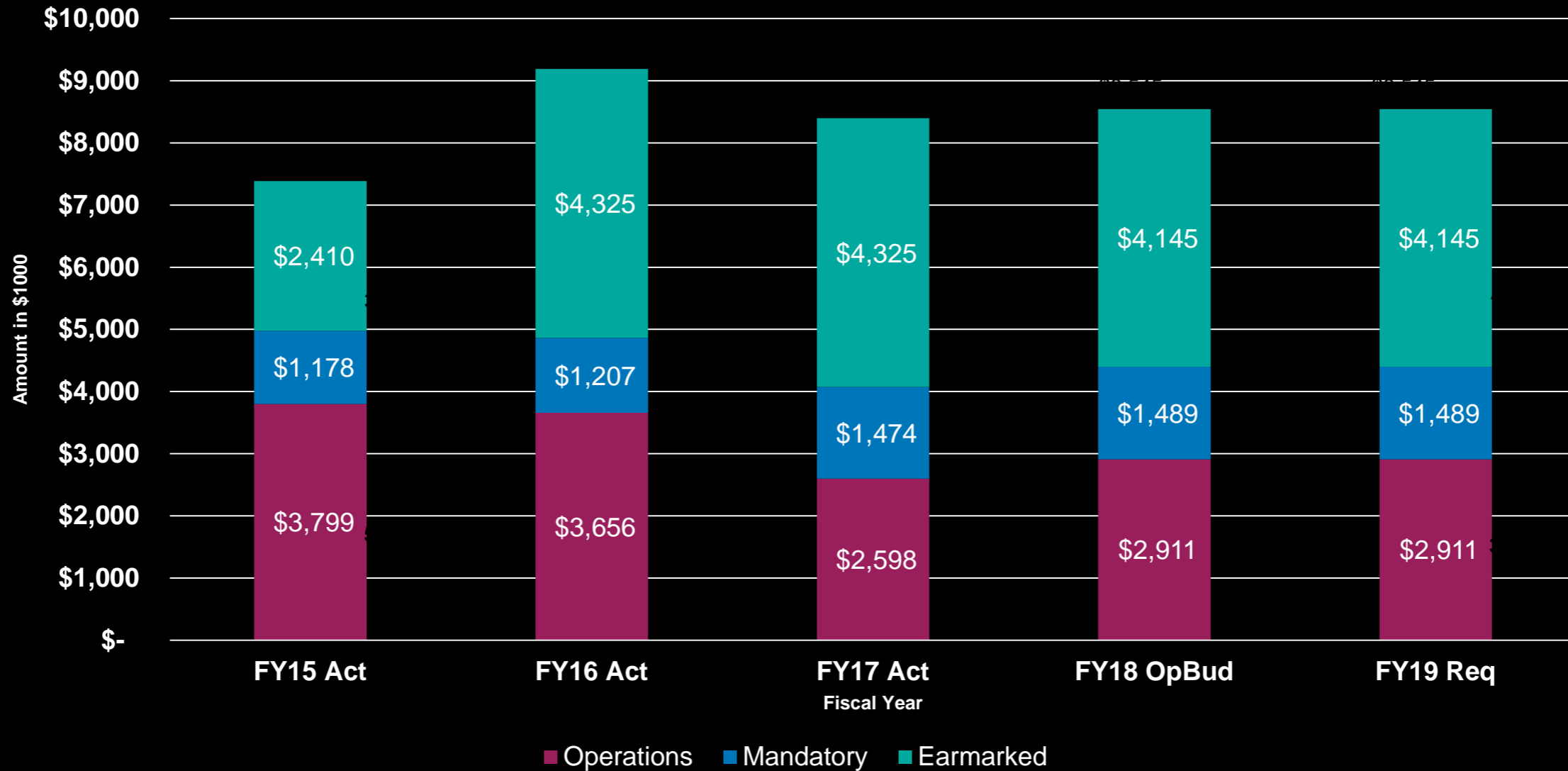
This funding will allow OIT to continue to promote and expand international sales opportunities for New Mexico businesses and market the state to attract Foreign Direct Investment.

Budget Discussion

Budget History (in millions)



Budget Breakdown



Specials

- \$10 Million for JTIP
- \$12 Million for LEDA
- \$350,000 for MainStreet
- \$200,000 for the Office of International Trade

Questions?

Addendum

Companies Assisted in FY17

Affordable Solar Installation, ABQ	Lavu, Inc., ABQ	Qynergy Corporation, ABQ
Alstate Steel, Inc., ABQ	Little Toad Creek, LLC, Silver City	R. L. Jones, Santa Teresa
American Gypsum, Inc., Bernalillo	Mako Medical Laboratories, ABQ	SK Infrared, LLC, ABQ
Amfabsteel, Bernalillo	Master Immediate Supply, Santa Teresa	SolAero Technologies, ABQ
BabyPage, LLC, ABQ	McClintic RDM, ABQ	St. Claire's Organics, Santa Clara
Boese Brothers Brewery, ABQ	Medicus Billing & Consulting, Las Vegas	STAR Cryoelectronics, Santa Fe
Century Automotive Services, ABQ	Meow Wolf, Inc., Santa Fe	T or C Brewing Company, T or C
Clock Shark, ABQ	MrOwl.com, ABQ	Twin Cities, Santa Teresa
Convergys, Rio Rancho	New Mexico Milling, Navajo Nation	UbiQD, Los Alamos
CSI Aviation, ABQ	Niagara Bottling, Belen	Unity BPO, ABQ
Dean Baldwin Aircraft Painting, Roswell	NICOR Lighting, ABQ	Valley Cold Storage, Santa Teresa
Descartes Labs, Los Alamos	Old Wood, LLC, Las Vegas	Vitality Works, ABQ
El Pinto, ABQ	Optomec, ABQ	Wholesome Valley Farms, Berino
Facebook, Belen	P4Q Electronics, ABQ	Whoo's Donuts, Santa Fe
Gamesa, Santa Teresa	Phat Steel, Bernalillo	X2nSAT, Las Cruces
Insight Lighting, Rio Rancho	Plenish, Taos	
Keter Plastics, Belen	Positive Energy Solar, SF, ABQ, LC	

Companies Assisted in Q1 FY18

CIG Logistics, Lovington & Jal	Passages International, ABQ
CSI Aviation, ABQ	PESCO, Farmington
Emerging Technology Ventures, Alamogordo	Phat Steel, Bernalillo
Facebook, Los Lunas	Raytheon, ABQ
Flagship Food Group, ABQ	RiskSense, ABQ
Iterative Consulting, ABQ	Safelite Solutions, LLC, Rio Rancho
Keter North America, Belen	Sigma Labs, Inc., Santa Fe
Lavu, Inc., ABQ	Skorpios Technologies, ABQ
NICOR Lighting, ABQ	UbiQD, LLC, Los Alamos
Old Wood, LLC, Las Vegas	United Poly Systems, LLC., ABQ
Optomec, ABQ	USA Beef Packing, Roswell
Paradise Power Company, Taos	

Tucumcari Mountain Cheese Factory, Inc.

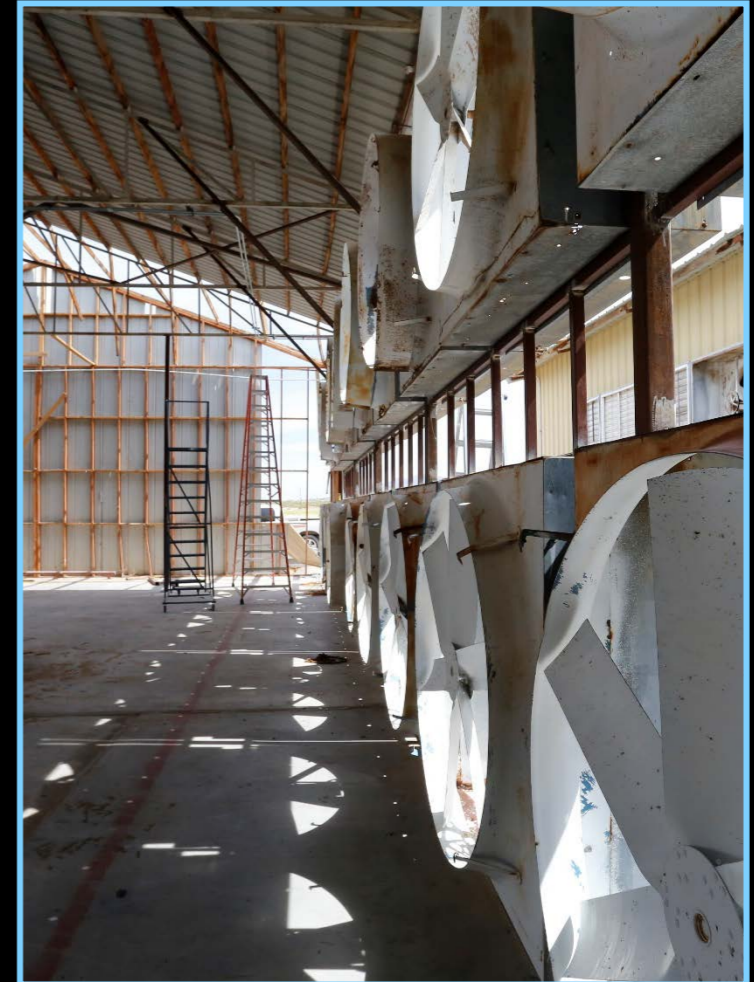
- Started in Tucumcari in 1995
- Produces 20,000 lbs. of Feta each day
- Original facility was 22,500 SF
- Expanded with 30,000 SF warehouse with coolers, packaging and distribution
- Added a Ricotta production room and new offices that will include a classroom
- Increase Feta production by 50% with capacity to double that amount
- Ten new jobs
- Expansion made possible by –
 - City of Tucumcari investment of \$141,830
 - State LEDA investment of \$200,000



"The State of New Mexico is fantastic."
Chuck Krause,
Founder

Wholesome Valley Farms

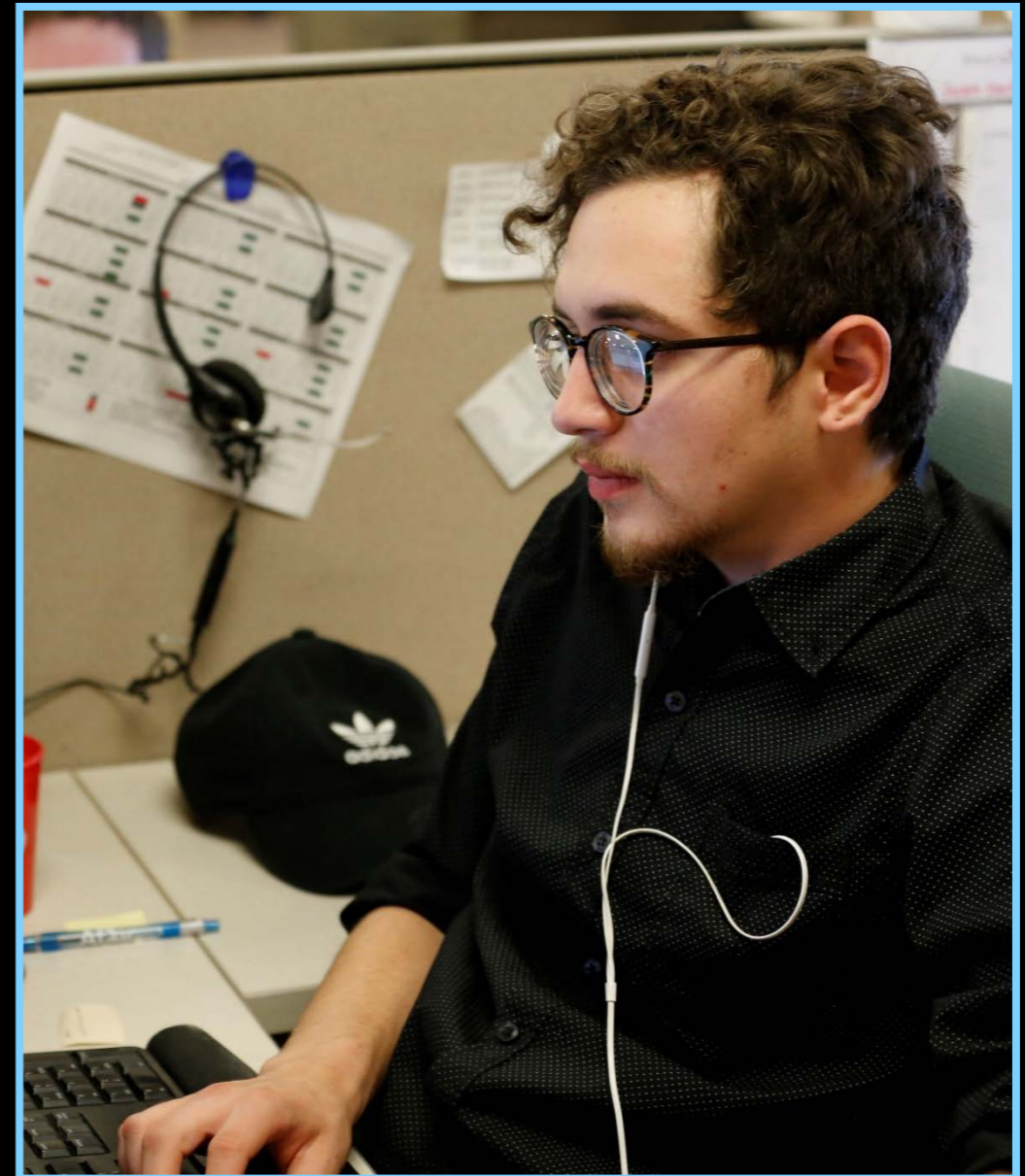
- Hill Farms began in 1969 growing wheat and alfalfa - now totals 900 acres of fresh produce, feed crops and livestock
- Wholesome Valley Farms (Hill family) is renovating an old egg facility into seed drying warehouses and greenhouses
- Remediation of high nitrate levels on the water table left by the chickens
- Private investment of \$12 million
- LEDA investment of \$620,000
- 80 Full-time jobs in Berino by 2022



PreCheck

PreCheck located in Alamogordo in 2006. The company primarily provides back ground screening, credentialing and program integrity for the healthcare industry.

- LEDA Investment of \$75,000 for 2014 expansion of 40 jobs
- Received JTIP 8X for 276 jobs (\$1,630,513)



“The State of New Mexico has been a great place for PreCheck to operate. New Mexico has a hardworking and talented workforce, accessible government leaders, low risk for natural disasters and now has an even more competitive business climate that allows us to reinvest in our employees and in growing our business.”

Zach Daigle, COO

Descartes Labs

- Start-up founded in 2015 by scientists with a technology from LANL.
- Developed Artificial Intelligence that analyzes petabytes of data from thousands of global satellites
- Descartes has successfully used the technology to predict crop yields around the world
- Now headquartered in Santa Fe with offices in New York and San Francisco
- JTIP has assisted Descartes with \$297,756 to train 10 new employees

“I think one of the key reasons why Descartes chose New Mexico is that our employees are really happy here.”

Mark Johnson, CEO

PESCO

Process Equipment & Service Company

- Engineering, design & manufacturing of production equipment for the oil & gas industry since 1970
- Homegrown steadily with the help JTIP (see box)
- Currently undergoing a \$5.3 million expansion that will create 170 new jobs
- LEDA investment of \$1 million



2001, \$219,626: 48 Jobs
2003, \$259,411: 45 Jobs
2004, \$93,425: 21 Jobs
2014, \$351,652: 52 Jobs
2017, \$749,854: 68 Jobs

Facebook Keeps Hitting Like on NM

- 330 acre campus
- 6 Data Centers for 2.8M SF
- Investment of >\$1B
- 1,000 construction workers on site through 2023
 - The International Brotherhood of Electrical Workers (IBEW) Local 611 had estimated 350 jobs on-site.
 - At full build out of the project, the city is expected to generate a positive **recurring net fiscal impact of \$2,171,778 annually.**
 - Net fiscal impact is total recurring municipal revenues less costs to the Village General Fund that result from the project.

