

**MINUTES  
of the  
SECOND MEETING  
of the  
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**July 26, 2017  
Performing Arts Vestibule  
Ruidoso Middle School  
Ruidoso**

**July 27, 2017  
Inn of the Mountain Gods  
Mescalero**

The second meeting of the Economic and Rural Development Committee was called to order by Senator Benny Shendo, Jr., chair, on July 26, 2017 at 9:22 a.m. in the Performing Arts Vestibule of Ruidoso Middle School in Ruidoso.

**Present**

Sen. Benny Shendo, Jr., Chair (7/26)  
Rep. Debbie A. Rodella, Vice Chair  
Sen. Jacob R. Candelaria  
Rep. Rebecca Dow  
Sen. Ron Griggs  
Rep. Tim D. Lewis  
Sen. Richard C. Martinez  
Rep. Matthew McQueen  
Sen. Michael Padilla  
Sen. John Pinto (7/27)  
Rep. Jane E. Powdrell-Culbert  
Rep. Candie G. Sweetser  
Sen. Pat Woods (7/26)

**Advisory Members**

Sen. William F. Burt (7/26)  
Rep. Kelly K. Fajardo (7/27)  
Rep. Bealquin Bill Gomez  
Rep. Sarah Maestas Barnes  
Sen. Mark Moores  
Sen. Mary Kay Papen  
Rep. William "Bill" R. Rehm  
Rep. Patricia Roybal Caballero  
Sen. Elizabeth "Liz" Stefanics  
Sen. Bill Tallman

**Absent**

Rep. Rick Little  
Rep. Patricia A. Lundstrom  
Rep. Nathan P. Small

Rep. Eliseo Lee Alcon  
Rep. Gail Armstrong  
Rep. Alonzo Baldonado  
Sen. Craig W. Brandt  
Rep. George Dodge, Jr.  
Rep. Joanne J. Ferrary  
Rep. David M. Gallegos  
Rep. Yvette Herrell  
Rep. D. Wonda Johnson  
Sen. Carroll H. Leavell

Rep. Linda M. Trujillo (7/27)  
Rep. Bob Wooley (7/26)

Rep. Rod Montoya  
Rep. Angelica Rubio  
Rep. Patricio Ruiloba  
Rep. Nick L. Salazar  
Sen. William E. Sharer  
Rep. James E. Smith  
Rep. Monica Youngblood

(Attendance dates are noted for members not present for the entire meeting.)

### **Staff**

Celia Ludi, Staff Attorney, Legislative Council Service (LCS)  
Rebecca Griego, Staff, LCS  
Tessa Ryan, Staff Attorney, LCS

### **Guests**

The guest list is in the meeting file.

### **Handouts**

Handouts and other written testimony are in the meeting file.

## **Wednesday, July 26**

### **Call to Order and Introductions**

Senator Shendo welcomed the committee and guests. He thanked Cecily Hooker, principal, Ruidoso Middle School, and her staff for hosting the meeting.

### **Welcome**

Jason Edmister, associate superintendent, Ruidoso Municipal School District, recognized Ms. Hooker and Mike Speck, assistant principal, Ruidoso Middle School, who were in the audience, and highlighted some of the district's accomplishments: 1) the schools' having gone from failing to passing grades; 2) the district's having received a grade of B in 2016; and 3) the narrowing of student achievement gaps. Much of that progress is attributed to a data-driven focus on improvement and the cooperation of dedicated staff, he said.

### **Questions and Discussion**

On questioning, Mr. Edmister elaborated on his statements about the district as follows: 1) it achieved its rise in student performance by targeting areas of weakness, as shown by assessments, and then having teachers adjust their instruction accordingly; 2) student performance varies by grade level and subject and is generally higher in upper-level courses; 3) to further improve, the district focuses on quality of instruction, benchmarks and achievement gaps; 4) the district actively seeks parents' volunteer help with school-related activities, and it sponsors many after-school community events; 5) the district is big enough to hire full-time staff

to work with special-needs students if needed; 6) the student population has plateaued; 7) most of the families of students who leave the district move to Texas or eastern New Mexico; 8) teacher retention has been an issue, stemming in part from dissatisfaction with the evaluation system; 9) the district recently began actively recruiting teachers; and 10) the Native American student population fell from about 30% to 20% following the opening of a high school in Mescalero.

### **Economic Development Priorities of the Village of Ruidoso**

Tom Battin, mayor, Village of Ruidoso; Debi Lee, village manager, Village of Ruidoso; and Dallas Draper, county commissioner, Lincoln County, District 3, formed a panel to discuss economic development in the Ruidoso area. Mayor Battin commented as follows on the village's characteristics, recent achievements and the issues it faces.

***Village characteristics.*** Small business, tourism and recreation drive the village's economy. The village has experienced an uptick in tourism in the past few years — its population of 8,000 often swells to 40,000 or more on weekends. The neighboring Mescalero Apache Reservation, with its ski area, hotel, casino, ziplines and trails, draws visitors to the area. College and youth sporting events and training programs in Ruidoso also attract visitors.

In other contexts, Ruidoso: 1) enjoys a good relationship with the Mescalero Apache Tribe; 2) has a sister city relationship, designed to foster business growth, tourism and student exchange, with Puerto Peñasco, Mexico; 3) provides high levels of public and fire safety; 4) is marked by good economic indicators, such as a recent increase in home sales, in the median price of homes and in new registered businesses; and 5) is financially healthy, as evidenced by its strong bond ratings and positive cash balance at the end of fiscal year (FY) 2017.

***Recent village achievements.*** Ruidoso has made increasing its water supply a priority and, accordingly, has improved its water infrastructure and expanded its water rights. In recent years, the village invested \$15 million in such improvements, which include the installation of a membrane seal on the Rio Grande dam and the repair of leaky pipes. Additionally, the village recently finished a mile-long river trail project and recently built a midtown parking lot.

***Village issues and future projects.*** Ruidoso faces issues, including: 1) the lack of affordable housing for its workforce; 2) regulatory constraints on development in areas such as wastewater treatment; 3) the need for public transportation systems that extend to surrounding rural areas for use by visitors, seniors and workers, in particular; 4) the shortage of parking and the need for improved pedestrian accessibility, particularly in the village's midtown; and 5) the consequences of recent natural disasters, like Hurricane Dolly, which caused flooding that washed away bridges and damaged the village's main wastewater treatment line.

To contend with these and other issues, the village: 1) has developed an affordable housing plan that involves participation by public and private entities; 2) has met with federal Environmental Protection Agency representatives; 3) will soon begin the construction of a pedestrian ramp and stairwell from the new parking lot to its main street; 4) plans to consolidate

and relocate its offices to a closed school building and, possibly, also make the building suitable for judicial offices and services; 5) is working with the federal government to replace the washed-out bridges and to repair the damaged sewer line; and 6) would like state help in funding the housing, municipal complex and bridge reconstruction projects.

***Additional comments.*** Ms. Lee underscored Mayor Battin's comments on the village's financial and water-related accomplishments, noting that before her assumption of the role of village manager, the village's books were unreconciled, its budget was imbalanced and its water pipe infrastructure had substantial leakage.

Commissioner Draper remarked on his lifelong involvement with the Ruidoso Downs racetrack and expressed optimism toward its new ownership; he then discussed, as follows, the county's plans for building a new medical center. The county engaged the public in planning the center, for which voters recently approved funding. Once the medical center is built, the old hospital building will be demolished. The new medical center will feature three operating rooms and the capacity for future growth. Several medical professionals and specialists are being recruited to work in it. Given the high concentration of retirees in Ruidoso, the center will serve an important function.

#### Questions and Discussion

On questioning, the committee and presenters addressed the following topics.

***Recent accomplishments.*** A member lauded the village and the county for their effectiveness in bringing to fruition high-priority projects and for helping to make the area an attractive destination. Another member commended the village for recently establishing a state-of-the-art water metering system.

***Broadband infrastructure.*** Noting that broadband internet access enhances higher education opportunities, economic development and health care services, a member highlighted some of the recently enacted, broadband-related legislation and recommended that the local governments consider employing the tools created by the legislation. Mayor Battin replied that broadband infrastructure is a high priority of the village, that the village has made advancements in that area and that it is pursuing ongoing broadband-related improvements, which would, in part, help attract home-based workers to relocate to the area. Commissioner Draper said that improving broadband infrastructure is also a high priority of the county and that the county has worked with its communities on broadband-expansion efforts, especially insofar as those efforts employ "dig once" efficiencies. Ms. Lee indicated that the village is in the early stages of its next broadband-enhancement efforts and that the project's associated costs have not yet been determined. A member recommended turning to the United States Department of Agriculture (USDA) for help with funding the project.

***Water, building and bridge infrastructure.*** A member recommended that the village consider measures employed by other municipalities to encourage residential water conservation.

Mayor Battin reiterated that the village has taken steps that drastically reduce its water loss, including the implementation of automated water metering, which is capable of detecting leaks. Ms. Lee stressed the importance to the village of water conservation and noted that it has a water conservation plan and undergoes a water audit yearly. She added that the village: 1) has two watersheds, one of which has a plentiful supply and the other of which has a more limited supply; 2) recently hired a former employee of the Office of the State Engineer to work on water management; and 3) recently signed a contract to secure water resources on U.S. Forest Service (USFS) lands. Commissioner Draper stated that the county's water situation has improved but that drought is a lingering threat that will take time, communication and partnerships to lessen.

To accomplish its public infrastructure goals, members recommended that the village: 1) discuss with the county the possibility of incorporating magistrate courts in its municipal complex project; 2) seek money from the USDA for its bridge replacement projects; and 3) consult with the New Mexico Mortgage Finance Authority on reducing affordable housing shortages.

**Racetrack.** Mayor Battin indicated that the new owner of the Ruidoso Downs racetrack has committed to improving the facility, but the details of the planned improvements have not been made public.

**Local taxes.** Ms. Lee said that the village's gross receipts tax (GRT) revenue levels for recent periods are down compared with those periods from the prior year, a trend belying the fact that corresponding tourism levels, as evidenced by the recent bump in lodgers' tax revenue, have risen. The reason for the anomaly is difficult to pinpoint because the Taxation and Revenue Department is prohibited from disclosing detailed taxpayer payment information, she said. Mayor Battin appealed to the committee to seek changes in law that would permit more detailed disclosure on local GRT revenues. He also said that the village council will soon consider imposing a hold harmless GRT increment and is likely to enact the measure.

**Wildfires.** Ms. Lee identified ways the village addresses wildfire threats through: 1) its department dedicated to forestry; 2) active efforts to secure federal funding for wildfire prevention; and 3) an ordinance requiring property owners to thin trees on their land, a requirement that 90% of those owners have complied with and for which federal money is available. Commissioner Draper indicated that the county and its municipalities work well with the USFS, which will soon begin projects in the nearby ski area, and with the Mescalero Apache Tribe. He said that there is active forest thinning in the area and that the county is working with the USFS on a wildfire prevention plan.

**Economic development.** A member stressed the importance for places like Ruidoso of lessening reliance on state funding by diversifying the economy, undertaking planning initiatives, for which federal money is available, and leveraging resources through partnerships with other public and private entities.

## **Developing Vocational Education**

Dr. Clayton Alred, president, Eastern New Mexico University-Ruidoso (ENMU-R), argued in favor of preserving two-year higher education institutions in the state. Having conducted a comprehensive economic impact analysis of those institutions, a firm found in 2012 that two-year higher education institutions generate hundreds of millions of dollars in their communities each year. For students, they help build earning capacity. For employers, they help fill workforce needs. For communities, they help build residents' earning power and, thus, their ability to buy homes that are more expensive and spend more money in the community, two factors that increase tax yields.

Dr. Alred highlighted some of ENMU-R's offerings, including a nationally recognized, all-online cybersecurity program and first responder training in wildland firefighting, emergency medical services and structural firefighting.

Dr. Alred continued by articulating his observations of recent legislative measures that affect the state's higher education system. First, state funding has dwindled to the point where, for example, the school could not today start its cybersecurity program without external help, as it did. Second, the state could improve its economy by infusing money into targeted training programs in community colleges, such as through the rapid workforce development program. ENMU-R applied for funding through that program to train residents in wind farm technology, a field in which the demand for skills is growing as wind farms are being developed in the region. The school is awaiting an announcement on selection.

In closing, Dr. Alred invited the committee to visit the ENMU-R campus and noted that the institution recently completed a general obligation bond remodeling project.

## Questions and Discussion

***Wind farm development.*** A member whose constituents are landowners in nearby communities relayed having heard from community members of the need for education related to leasing land for wind farm development. Dr. Alred affirmed that a course at ENMU-R providing such education would be worthwhile.

***Tuition rates; lottery scholarships; community served.*** On the subjects of ENMU-R tuition costs and the school's students, Dr. Alred commented that: 1) unlike the so-called "debt mill" colleges, ENMU-R's tuition rates are among the lowest in the country and the second-lowest in the state; 2) most of the school's students, because of their stage in life and part-time status, are ineligible for the lottery scholarship; 3) for those who are eligible, the recent changes to the scholarship are rather insignificant, given the school's modest tuition rates; 4) most other states' financial aid programs are far less generous than New Mexico's; and 5) in general, ENMU-R's students come from the area and stay in the community.

***Needs-based course creation.*** A member named some examples of other two-year schools' achievements in responding to workforce needs with rapid course development and noted the value of that function for job creation and economic development.

***Firefighter training.*** Dr. Alred summarized ENMU-R's firefighter programs, which include courses for advancement within the profession. A member commented on the need, particularly in rural parts of the state, for more volunteer firefighters; that need, the member said, is due in part to the difficulty of the work, the requirement for course work and the cost of, and limited access to, courses to fulfill that requirement. The member stressed that making those courses more widely available would help save lives.

***Education's role in job creation; ENMU-R accreditation.*** Remarking on the fact that the state's general appropriation act uses job creation as a performance measure in only one instance, a member asked whether ENMU-R gauges its students' success in finding jobs after graduation. Dr. Alred answered affirmatively and explained that the school instituted such metrics to comply with federal grant requirements. Though, for now, the metrics apply only to certain programs, ENMU-R is moving toward their universal application, he said. He also remarked that licensure passage rates and institutional accreditation are other important performance measures. The member requested that Dr. Alred provide staff with examples of the metrics ENMU-R uses.

### **Economic Development Priorities and Initiatives of Regional Economic Development Associations**

Ray Dean and Rick Merrick, participants in South Central Mountain Economic Development Association (SCMEDA) planning, and Michael Olguin, a participant in Middle Rio Grande Economic Development Association planning, spoke on initiatives of those associations.

Mr. Dean described the SCMEDA and its planning process as follows. The association received money from the USDA to participate in its Stronger Economies Together program. Through the program, representatives and residents from communities in Lincoln County, Mescalero Apache tribal land and Otero County converged to create an economic development plan for the region. The process involved identifying the region's challenges, assets and sectors for economic diversification. Those sectors are: 1) tourism, recreation and cultural heritage; 2) agriculture, forest and wood products and energy production; 3) light industry and small corporation development; and 4) biomedical and biotechnical. The group also identified measures that the legislature can take to support the plan; those measures are listed on slide 15 of the handout.

Mr. Merrick made the following comments on forestry issues as they relate to the plan: 1) by harvesting biomass from the area's forests, the forest products industry can help reduce the threat of wildfire; 2) it is important that access to that biomass be reliable; and 3) local forest product businesses have begun collaborations with businesses based in the border region.

Mr. Olguin recommended that the state, to promote a more diverse economy and improve its social conditions, continue to support the Local Economic Development Act (LEDA) program and support the efforts of regional economic development associations.

### Questions and Discussion

***Forest thinning; forest products industry.*** On the topics of forest thinning and the forest products industry: 1) Mr. Merrick clarified that the SCMEDA recommendation for a "transportation credit" consists of a reduction in the tax on diesel fuel used to haul logs from their source to manufacturing plants; 2) a member, specifying the amount of water a single mature tree can consume in a day, cited water conservation as another reason to actively thin forests; 3) a member spoke in favor of developing a strategy to expand the state's forest products industry; 4) Mr. Merrick gave an overview of the forest products industry's activity in the region, noting that the industry produces railroad ties, telephone poles, pellets, shavings, pallets, oilfield products and firewood, noting that the Mescalero Apache Tribe recently received a grant to study the feasibility of opening a sawmill and noting that the SCMEDA is committed to researching ways to expand the region's forest products industry; and 5) a member described the collaboration between the Pueblo of Jemez and a corporation for the start-up of a pellet mill in the pueblo and commented on the possibility that the process could be used as a model for other such endeavors in the state.

***Economic assets of the middle Rio Grande region.*** Mr. Olguin named some of the industries in the middle Rio Grande: agribusiness; forestry; mining; arts; entertainment; recreation; renewable energy; the spaceport; and higher education. He described the New Mexico Institute of Mining and Technology as a strong asset in the region and praised its success in promoting the commercialization of its students' and faculty members' ideas and discoveries.

### **Approval of Minutes**

The committee approved the minutes from the June 15, 2017 meeting without objection.

### **Tourism: State, Regional and Local Perspectives**

Rebecca Latham, secretary of tourism; Gina Kelley, director of tourism, Village of Ruidoso; Jen Schroer, president and chief executive officer (CEO), New Mexico Hospitality Association (NMHA); and Timothy Roberts, regional manager, New Mexico Historic Sites, spoke about tourism in the state and in the Ruidoso area.

***Tourism in New Mexico.*** Secretary Latham gave an update on tourism in the state as follows. Tourism levels continue to rise; the 34.4 million trips in the state in 2016 represent a level of growth that outpaces that of other states. The tourism industry works hard to maintain that growth, which helps fuel job creation. Much of this success is attributed to the New Mexico True campaign, which has been shown to attract people to the state not only for visits, but also for higher education and retirement. There is further evidence that the campaign has a 7:1 return on investment (ROI) and that more investment in that program would continue to yield high returns.



Despite recent budget cuts, the Tourism Department has managed to invest more than it did in the prior year in marketing and advertising, and it aims to continue making strides. The department is focusing on increasing the number of marketable overnight trips, since that type is most beneficial to the state. Through strategic resource allocation, it has added Austin, Texas, as a market. As outlined in its handout, the department also plans to continue expanding, and refining the implementation of, four programs in FY 2018: 1) Cooperative Marketing Grant Program advertising, which has been received well by the communities it serves; 2) Rural Pathways, which is helping small communities with capacity building; 3) New Mexico True Certified, which both benefits participating businesses and enriches the state's tourism and economic development; and 4) Keep New Mexico True, which will expand into schools and civic organizations this year.

***Ruidoso tourism.*** Ms. Kelley gave an overview of tourism in the Ruidoso area and highlighted some of the tourism office's current activities as follows. Ruidoso has experienced three straight years of tourism growth. With the office having shifted its campaign away from print and toward digital media and with Ruidoso's recent trail infrastructure improvements, the average age of the area's visitors has gone down. The area's attractions include skiing, parks, a special event facility, a sports complex, softball fields, a convention center, hiking and bicycling trails, an arts and wine festival, mountain bike races, a cowboy symposium, the racetrack and weekly evening concerts. Many of these attributes help compensate for conditions that deter visitors, such as low snowfall, wildfires and floods.

Spurred by the high concentration of short-term rental properties in Ruidoso, the village enacted an ordinance in 2009 to regulate the properties. About 800 properties are registered under the ordinance, and for the majority of them, the GRT and lodgers' tax are paid on rental transactions. In contrast, with the emergence of short-term rental websites, those taxes are not paid on many other rental transactions occurring in the village. The village supports the enactment of state legislation to help bridge that gap in tax obligation.

***Hospitality and tourism.*** Ms. Schroer thanked the legislature for its financial support for promoting tourism in the state and for passing two bills in the 2017 regular session that, if signed, would have improved parity between taxpaying and nontaxpaying short-term renters. She continued as follows, noting that municipalities and Realtors supported that legislation, and its proponents plan to again push for its enactment. The tourism industry and its workforce are showing record-breaking numbers, and the NMHA supports efforts by the state, potentially through its Job Training Incentive Program, to train workers in the hospitality field. The NMHA will soon begin a statewide tour to hear from participants about their challenges working in the industry.

***Tourism in Lincoln County.*** Mr. Roberts gave an overview of the state historic sites in Lincoln County as follows. The Lincoln and Fort Stanton historic sites manage 309 acres of heritage land and focus on attracting tourism, engaging visitors and preserving the sites'

structures. In FY 2017, more than 60,000 people visited the sites and more than 2,000 students received educational programming related to the sites. The sites also host weekend events.

Mr. Roberts introduced Dr. Patrick Moore, director, New Mexico Historic Sites, who was in the audience.

### Questions and Discussion

***Tourism statistics.*** Secretary Latham explained how the department tracks tourism in the state: a contractor, Longwoods International, surveys a sample of Americans about their travel-related activities and perceptions; the results, as reported, are then extrapolated. She also clarified other aspects of the statistics presented, including that: 1) not all of the reported 34.4 million trips were overnight trips; 2) a day trip is defined as more than 50 miles traveled as part of a non-normal routine; and 3) the 7:1 ROI figure is based on returns at the tax-base, not "dollar-spend", level. Secretary Latham also agreed to find information on New Mexico's per capita tourism promotion spending and how it compares with that of other states.

***Tourism Department budget.*** On the topic of the department's sources and uses of revenue, Secretary Latham stated that: 1) 75.8% of the department's FY 2017 General Fund appropriation was dedicated to tourism marketing and promotion; 2) the remaining portion of that revenue is used for administration; and 3) the department also receives revenue from the *New Mexico Magazine* Fund and the Litter Control and Beautification Fund. She agreed to provide a figure representing the percentage of all department revenue used for marketing and promotion.

***Department programming.*** Secretary Latham elaborated on other aspects of the Tourism Department as follows: 1) the New Mexico True Certified Program developed out of an interest in helping in-state businesses market their products and in strengthening the New Mexico True campaign; 2) to participate in that program, a business applies through an industry-facing website, and a team works with the applicant to determine a suitable marketing strategy, which might include use of the New Mexico True mark on products; 3) the department has not received information suggesting that crime is deterring tourism, but it has discussed with the secretary of public safety the possibility of using the New Mexico True campaign to recruit public safety officers to work in the state; 4) the Cooperative Marketing Grant Program's 50% local match requirement can be met by using lodgers' tax revenue; 5) the department recommends that communities participating in that program seek out incremental advertising opportunities; and 6) the department employs a competitive process for selecting its advertising company, but its media buys are exempt from the Procurement Code.

***Tourism Department mission.*** Secretary Latham expressed the view that, beyond promoting tourism, the Tourism Department can be instrumental in changing people's perceptions of New Mexico and can maximize resources for the state's greater good. Specifically, she said, the New Mexico True campaign can encourage investment in the state, attract teachers, doctors and top-tier talent to the state, create jobs, expand the tax base and

improve the state's economy. A member underscored the importance of the department's mission and acknowledged that it generates many benefits. Two members expressed the view that the department should remain a standalone agency.

***Local economic development.*** Ms. Schroer indicated that the NMHA is in the process of developing a handbook on best practices for using lodgers' tax revenue. Secretary Latham added that the department has developed a tourism promotion toolkit that helps localities make the case through data evidence that marketing and advertising are worthwhile investments.

***Fort Stanton structures.*** Mr. Roberts said that the Fort Stanton Historic Site: 1) is reviewing its structures' improvement needs, is developing a plan to address them and will pursue funding for making improvements; 2) was designated as a historic site recently, in 2007, and is still exploring its potential for generating revenue; and 3) hosts private events such as weddings.

***Interns.*** When asked if the organizations represented by the panelists make use of summer interns: 1) Mr. Roberts responded affirmatively and said that the historic sites' interns come from a range of schools and fields; 2) Dr. Moore specified that the State Historic Sites and Monuments Division of the Cultural Affairs Department works with state schools to recruit interns and that it now has five graduate student interns working in interpretation; 3) Ms. Schroer responded that the NMHA has one intern; 4) Ms. Kelley responded that she is the only staff person at her office and, though she would like to host an intern, recruiting one would be overly burdensome; and 5) Secretary Latham responded that the Tourism Department uses all of its personnel budget for full-time employees.

### **Chambers of Commerce: Supporting Small Businesses**

***Ruidoso Valley economy.*** Becky Brooks, executive director, Ruidoso Valley Chamber of Commerce, commented on aspects of the region's economy as follows: 1) the new hospital will be an economic boon, as it will serve the area's many retirees; 2) ENMU-R and the Ruidoso MainStreet program are important assets; 3) increasingly, former residents return to the area to start businesses; and 4) the craft beverages industry has the capacity for growth. To encourage that growth, Ms. Brooks added, policymakers should: 1) not raise alcohol taxes; 2) make LEDA funding available for agritourism projects; 3) allow restaurant patrons to re-cork and take home purchased bottles of partially consumed wine; 4) allow breweries and pubs to begin serving alcohol at 11:00 a.m., as restaurants are allowed to do; and 5) allow breweries and wineries to serve alcohol at private parties.

***Local economic development resources.*** Responding to comments made in the previous presentation, Mike Espiritu, president and CEO, Otero County Economic Development Council and Alamogordo Chamber of Commerce, named resources for local entities pursuing economic development: 1) the New Mexico Chamber Executives Association; 2) NM IDEA; and 3) the New Mexico Rural Economic Development Council.

***New mission at Holloman Air Force Base (AFB).*** Mr. Espiritu then commented as follows on the United States Air Force's recent decision, following a competitive process, to relocate F-16 squadrons to Holloman AFB. The relocation will greatly improve the area's economy — through, in part, the relocation of military personnel; the creation of civilian jobs ranging from entry- to supervisory-level; and a substantial capital investment by the United States Air Force. It will also help offset the negative economic effects of the departure from Holloman AFB of the German Air Force. Many of the former base employees will be rehired for the new operation. Some prospective employees will require training to perform mechanical jobs, and a high school program granting college credit that will begin in the spring was developed to help answer that need.

Given that this is an interim relocation and that the United States Air Force will make a permanent base decision in a few years, efforts will be needed to keep the mission at the base. Policymakers can improve the likelihood of retention by supporting related legislation. Should the base become a permanent home for the mission, the state will see fewer of its young adults leave and will experience a host of other economic benefits. A group of interested persons assembled last year to strategically promote the selection of Holloman AFB, and the group welcomes new members.

#### Questions and Discussion

***Regulatory issues.*** A member talked about the need for the state to remove barriers that impede job creation and retention, including those that surround liquor licensing, namely, the limited number of licenses and the prohibitive expense of buying one.

#### **The Impact of Broadband on Economic Development**

Vince Tyson, chief operating officer, Plateau, talked about his company and about broadband access in the region as follows.

***Plateau.*** Plateau is a communications provider based in Clovis. It serves rural and urban communities and is regulated as a cooperative. At present, about one-half of Plateau's customers have broadband access through fiber-optic cable and the rest through DSL. Plateau uses its revenue from profitable areas to subsidize the cost of service to less-profitable rural areas. Plateau has a robust presence and builds a high volume of fiber in the state.

***Broadband's relationship to economic development.*** Given that access to high-quality broadband is a prerequisite for most business relocation and that high-quality broadband access is increasingly important to the modern economy, Plateau plays an important role in economic development. The company is focused on expanding and improving its broadband service. To that end, Plateau is investing heavily in a 15-year project to extend fiber-optic cable to rural areas; the project's plan places highest priority on improvements to the infrastructure serving customers whose broadband access is slowest. The use of fiber-optic cable over other connection types is important in that fiber-optic cable best offers what residential and business customers want: reliability and speed. As people and key New Mexico industries become more dependent

on broadband — in contexts such as telehealth, agriculture, telecommuting and distance learning — developing fiber-optic networks will prove a valuable investment.

Mr. Tyson expressed appreciation for the measures policymakers have taken to help with broadband infrastructure development and said that Plateau is eager to work with policymakers to further improve broadband access in the state.

### Questions and Discussion

Mr. Tyson elaborated on his presentation with the following statements concerning broadband: 1) Plateau has about 25,000 customers; 2) the cost of residential access varies by locality but is approximately \$40.00 per month; 3) Plateau relies on federal and state assistance to make affordable service available; 4) in rural areas, it costs Plateau approximately \$25,000 per mile to build infrastructure; 5) when the circumstance surrounding access to federal money for infrastructure changed, Plateau adjusted its approach for accessing that money; 6) when Plateau brought service to the Belen schools, it built in such a way that it could more easily bring service to neighboring businesses and residences; 7) with sufficient demand, Plateau could build more infrastructure in Belen or any other area of the state; 8) Plateau's costly investments in remote, low-financial-return areas exemplify the cooperative model, which is based on federal and state subsidies that allow it to take higher risks; 9) Plateau has no long-term debt and pays for investments with cash; and 10) the company chooses investments within its area based on where service speed is slowest.

### **Public Comment**

Tasia Young, lobbyist, New Mexico Association of Counties, joined Linda M. Smrkovsky, Luna County Commissioner, District 2, who named three policy areas in which the legislature can support counties: 1) affordable high-speed broadband service; 2) capital outlay reform; and 3) rural community development through, among other measures, loosening regulation, improving access to liquor licenses and promoting renewable energy and solo work job creation.

### **Recess**

The committee recessed at 3:50 p.m.

### **Thursday, July 27**

The committee reconvened at 9:16 a.m. on Thursday, July 27, with Representative Rodella chairing the meeting.

### **Economic Development Initiatives of the Mescalero Apache Tribe**

Duane Duffy, chief of staff, Mescalero Apache Tribe, discussed the entrepreneurial activities of the Mescalero Apache Tribe as follows. In addition to the Inn of the Mountain Gods Resort Casino, the tribe operates a ski area, a tribal store, a propane gas company, recreational areas and campgrounds, a cattle ranch and a telecommunications utility. Along with other

participants in the SCMEDA planning process, the tribe recently explored ways to increase regional tourism, improve high-speed internet access in the region and build partnerships. For its part, the tribe is near completion of an initiative to bring high-speed internet to all homes on the reservation. The tribe has plans to build new cabins for visitors, expand its telecommunications services into Ruidoso and transition to fiber-optic lines, develop a sawmill and identify uses for its small-diameter timber. Going forward, the tribe is eager to engage in dialogue and partner with its neighbors to improve the region's economy.

### Questions and Discussion

***Characteristics of the tribe; social services.*** Mr. Duffy provided detail on characteristics of the Mescalero Apache Tribe and some of the services it offers its members. The tribe: 1) consists of about 5,000 members, many of whom work for the tribe's tourism enterprises and government agencies; 2) offers plenty of employment opportunities to its members; 3) also employs nonmembers; and 4) recently contracted with a consulting firm to review and refine the tribe's wage structures.

The tribe aims to improve future generations' quality of life by breaking the cycle of poverty and abuse brought about by historical trauma. To that end, it offers its youth and adult members a range of behavioral health services, including treatment for drug and alcohol abuse, child abuse, anger issues and domestic violence. The tribe further operates programs in suicide prevention, equine therapy, early childhood development, speech therapy and mental health.

***Ziplines.*** Mr. Duffy explained the origin of the tribe's decision to construct and operate its two ziplines and described the initiative as a success. A member commented on legislation that would have regulated zipline operation for improved safety, saying that the legislation was criticized for being too broad. Mr. Duffy enumerated some measures that the tribe employs to ensure zipline safety and proper emergency response: third-party inspection; rescue and medical training; and maintaining the ability to airlift an injured person. He stressed that safety is the tribe's top priority and that the tribe has a strong financial interest in preventing accidents.

***Broadband.*** Mr. Duffy reported that, in the context of broadband, the tribe: 1) is exploring opportunities to partner with neighboring governments in expanding broadband in the region; 2) is exploring ways to leverage its resources through federal assistance for broadband development; and 3) has analyzed the costs of connecting all residences on the reservation to broadband. A member encouraged the tribe to pursue those partnerships and, through them, to develop a plan to finance and undertake broadband and other infrastructure projects that would promote regional economic development. Mr. Duffy responded that the tribe was eager to enter into such partnerships and pursue such projects.

***Liquor law changes.*** Mr. Duffy said that the ski area has taken advantage of a recently enacted law that expands the area in which liquor may be consumed.

**Hunting.** Mr. Duffy discussed the tribe's hunting enterprises as follows: 1) the tribe offers opportunities to hunt elk, turkey, bear and mountain lion that roam on the reservation; 2) the enterprise attracts a lot of first-time-visit and return-visit hunters; 3) the tribe has discussed a plan to exchange animals for gene diversification and has worked toward increasing the water supply for animals, which would increase animal size; and 4) last year, the tribe and the Bureau of Indian Affairs estimated that there were 5,000 elk on the reservation.

**Wild horses.** Mr. Duffy remarked on a wild horse problem with which the tribe is contending. He said that the presence of the horses threatens the deer population and that the tribe is looking for a humane way to reduce the number of horses. A member mentioned a heavily lobbied-against bill that would have helped control the wild horse population in the state and made the point that failing to exercise that control compromises the health of other wildlife systems.

**Businesses' relationship with the tribe.** Mr. Duffy acknowledged that private companies considering entering into business ventures with the tribe are sometimes apprehensive about the tribe's status as a sovereign entity. He said that a system of checks and balances is in place to guard against the tribe's taking advantage of its status and reneging on a deal and that the tribe has made concerted efforts to promote dialogue and give assurances in such situations.

**Tribal property near Alamogordo.** Mr. Duffy said that the tribe is exploring ideas for managing the 80 acres of land it owns near Alamogordo, including harvesting timber and constructing a water amusement park, condominiums or retail buildings. A member suggested exploring using the timber to manufacture structural materials.

### **Report on the Work of the Jobs Council**

Representative Rodella prefaced the presentation by noting the decision of the New Mexico Legislative Council to have the committee hear reports on the work of the Jobs Council, which was created in previous interims. Charles Lehman, principal, Community Economics Laboratory, and Mark Lautman, principal, Community Economics Laboratory, delivered that report as follows.

**Mission, history and findings.** The Jobs Council's goal was to help the state return to its pre-recession employment levels in a 10-year period by identifying job sectors and areas conducive to creating economic base jobs. To accomplish that, a group of legislative and public members and other regional representatives used a "wisdom of the crowds" approach to identify, by region, job creation opportunities and barriers. Only those determinations arrived at with unanimous agreement by the Jobs Council and local and regional groups were aggregated to a dashboard, which shows the number of economic base jobs, 151,000, that would need to be created to reach the Jobs Council's goal. Charts in the handout show the breakdown of that total by job sector or type and by geographic region.

For those regions in which it was determined that not enough jobs could be created to regain the lost employment, participants explored ideas for making the community more prosperous, i.e., growing the region's economy at a rate faster than its population growth.

The barriers to job creation named by participants included inadequate access to broadband; workforce issues; and effects of the "wage cliff", in which the amount of benefits from public assistance deters recipients from seeking employment.

**Initiatives.** In response to Jobs Council findings, legislators, contract staff and others undertook several initiatives related to barriers and opportunities in the areas of: broadband access; solo work; government-sponsored incentives; local planning for job creation and economic development; and science education.

Concerning broadband access, a Jobs Council-sponsored study on the subject is under way. It involves an analysis, by county and municipality, of broadband needs and recommendations for filling those needs. A formal report on the study to this or another committee is planned.

Solo work, which refers to jobs performed by people working alone or in a co-working space, was identified as an avenue for expanding job creation. Increasingly, those types of jobs qualify as economic base jobs. Recently, a council of governments in Grants, with help from the USDA, launched a solo work pilot program that targets chronically unemployed and impoverished populations. Other solo work-related initiatives are aimed at helping people start businesses that employ solo workers.

As part of their work for the Jobs Council, Mr. Lautman and others conducted research on the state's incentives for job creation and economic development and began developing a process to make local economic development planning more uniform. They compiled lists of the incentives and each one's status. That endeavor, along with efforts to establish the uniform economic development planning process, are ongoing.

Lastly, to help develop a workforce prepared to fill jobs in the growing technology sector, the Jobs Council supported the establishment of a middle school physics program in schools. The program introduces physics education at the middle school level, which has been shown to dramatically improve competence in math and science and increase interest in technical fields.

Responding to the Jobs Council's findings, several legislators sponsored legislation to facilitate job creation. Several of those initiatives addressed the lack of access to broadband, which was identified as a prominent barrier to job creation; others addressed LEDA funding and solo work. A law creating a solo work program was enacted, but the program was not initially funded. The program later received funding through an appropriation for the Job Training Incentive Program.



**Reporting; future pursuits.** The findings of the Jobs Council, as reported in materials handed out during the presentation, provide what is needed to develop a statewide job creation strategy and program. Policymakers and others interested in improving economic development in the state can use those tools in their conversations with other current and prospective officeholders.

#### Questions and Discussion

**Middle school physics program.** A member talked about having attended a program demonstrating parts of the middle school physics program and offered praise for its apparent success in exciting young learners. Another member echoed that enthusiasm. Mr. Lautman remarked that the program has shown impressive results in improving academic performance, particularly among low-performing students. Mr. Lautman also reported that the Public Education Department was resistant to the idea of paying for the program and recommended instead that private entities be asked to contribute toward its implementation. Mr. Lehman noted that he and Mr. Lautman were available to present to the Legislative Education Study Committee on the program, and Mr. Lautman agreed to send staff a one-page summary of the program that could be distributed to school districts.

**Wage cliff.** A member commented on the wage cliff issue, saying that it has existed for a long time, that overcoming it would require either federal action or substantial state appropriations and that efforts to tackle it at the state level have been met with resistance.

**New Mexico's economy compared with that of other states.** Asked what marks the differences between New Mexico and Arizona, two states that were relatively similar in the 1930s but that have wide disparities in population and economic strength today, Mr. Lehman said that some differences include the number of retirees and the proportion of public to private employers. A member noted that the question was considered in a recent *Albuquerque Journal* article, which concluded that the key difference lay in New Mexico's pursuit of government jobs and Arizona's pursuit of private industry.

**Broadband study.** A member remarked on the multiple efforts of different agencies and committees to gauge broadband infrastructure needs and develop related plans and asked whether the Jobs Council-sponsored broadband study considered that work and those plans. Mr. Lehman responded that, to an extent, it did; he then explained that the related technology, providers and funding streams have changed significantly since some of those plans were developed, so much of the information in them is obsolete.

**Improving the state's economy.** Asked what could be done to change the state's economy, Mr. Lautman said that \$5 million could be appropriated to design and implement a formal planning and accounting system at the state level. Mr. Lehman responded that: 1) more money could be designated for marketing the state; and 2) public and private entities could cooperate more to resolve enduring issues such as inadequate access to broadband.

Responding to a question about what the state can do to address its shortage of custom, mid-level manufacturing businesses, Mr. Lautman said that the state should begin by setting an explicit goal, then working to reach it. A member expressed the opinion that the government should not interfere with the market in such cases but should let entrepreneurs step in; the member gave the example of Intel Corporation, whose location to New Mexico spurred the creation of a host of small businesses with services catering to Intel's needs.

***Future economies.*** A member asked Mr. Lautman for his thoughts on the "second machine age", a concept envisioning exponential technological advancements made in the next five to 20 years. He remarked that those advancements will bring with them issues surrounding income and taxation and that planners should not make long-term economic development decisions without first considering their potential effects.

***Jobs Council work; future of the council.*** On the subject of the Jobs Council's work, Mr. Lautman clarified that the council's reports reflect potential job creation numbers based on participants' guesses, subsequent refinement and whole-group consensus. Mr. Lehman reported that, since the Jobs Council's creation, 40,000 jobs — not all economic base — have been created in the state. When asked whether the council considered regulatory barriers, such as those affecting the mining industry, Mr. Lautman responded that it did.

Several members expressed an interest in seeing the work of the Jobs Council put to use, and they inquired into the council's status. Senator Papan, co-chair of the New Mexico Legislative Council, agreed that the Jobs Council's work was worthwhile but clarified that the New Mexico Legislative Council did not re-create it because of budget limitations. Mr. Lautman pointed out several failings in implementation of the Jobs Council's work, including the lack of local planning necessary to develop a complete plan for the work to continue, and he noted that what is needed now is not legislative action. Mr. Lehman, however, said that there were still ways for the Jobs Council to move forward, namely in the areas of attracting retirees, soft skills development and a solo worker program. Concerning whether to continue the Jobs Council, a member made the following remarks: 1) it takes a long time for such a pursuit to reach fruition; 2) the information and recommendations gathered by the council are valuable and can still be put to use; 3) progress in this area will likely be seen on the local level, and the state should support local-level job creation efforts; and 4) many entities in the state are already working on separate job creation pursuits, and their work should be incorporated into the work of others with the same fundamental goal. A member requested that the working groups listed on page 11 of the handout be requested to report to the committee on their work.

### **Public Comment**

Andrea Fernandez, a resident of Lincoln County, appealed to the committee to propose and pass legislative measures that promote access to a full spectrum of health care services. Extending state-sponsored incentives and programs to support what were formerly considered "alternative" health services would help boost economic development in the state, she argued.

**Adjournment**

There being no further business before the committee, the committee adjourned at 1:05 p.m.