

Budget Presentation Program Updates & Priorities

Presentation to the
Legislative Finance Committee

November 16, 2016

Secretary Designate Matt Geisel



FY16 Program Results in Numbers

- 4,140 Total Jobs Created
- Ten Companies Recruited by the Partnership (1,579 New Jobs)
- 80 Business Expansions Assisted
- 23 Projects Supported by LEDA Investment of \$15.2 Million (2,426 New Jobs); Leveraged Ratio of 16.8 to 1
- 2,238 New Mexicans Trained by JTIP for 60 Participating Companies at an Average Wage of \$18.04
- \$22 Million in New Private Sector Investment in MainStreet Districts & 248 Building Rehabilitations
- The Film Office Recruited 63 Total Film & Media Projects Generating \$387 Million in Direct Spending and 260,307 Worker Days
- Exports under the New Mexico SBA STEP Grant program totaled an estimated \$10 million exported worldwide by eligible small business concerns as a growing number of New to Export companies found markets abroad and Market Expansion firms expanded sales and market outreach to new markets abroad.

Increased Competitiveness Results in More Program Activity

- New Mexico is more competitive in its recruitment, retention and expansion activities than ever before
- The pipelines for LEDA and JTIP are more robust in their quality, quantity and geographic reach
- Activity level is increasing across core programs
 - LEDA has grown from managing 5 projects to 50+ projects today AND has embedded increased due diligence on projects
 - JTIP's annual allocation over the past three fiscal years is an average of \$11.3M. In FY17 (Oct) JTIP has already allocated \$5.3M to train 800 New Mexicans.

Our Programs Touch Every Corner of the State (FY16 & FY17)

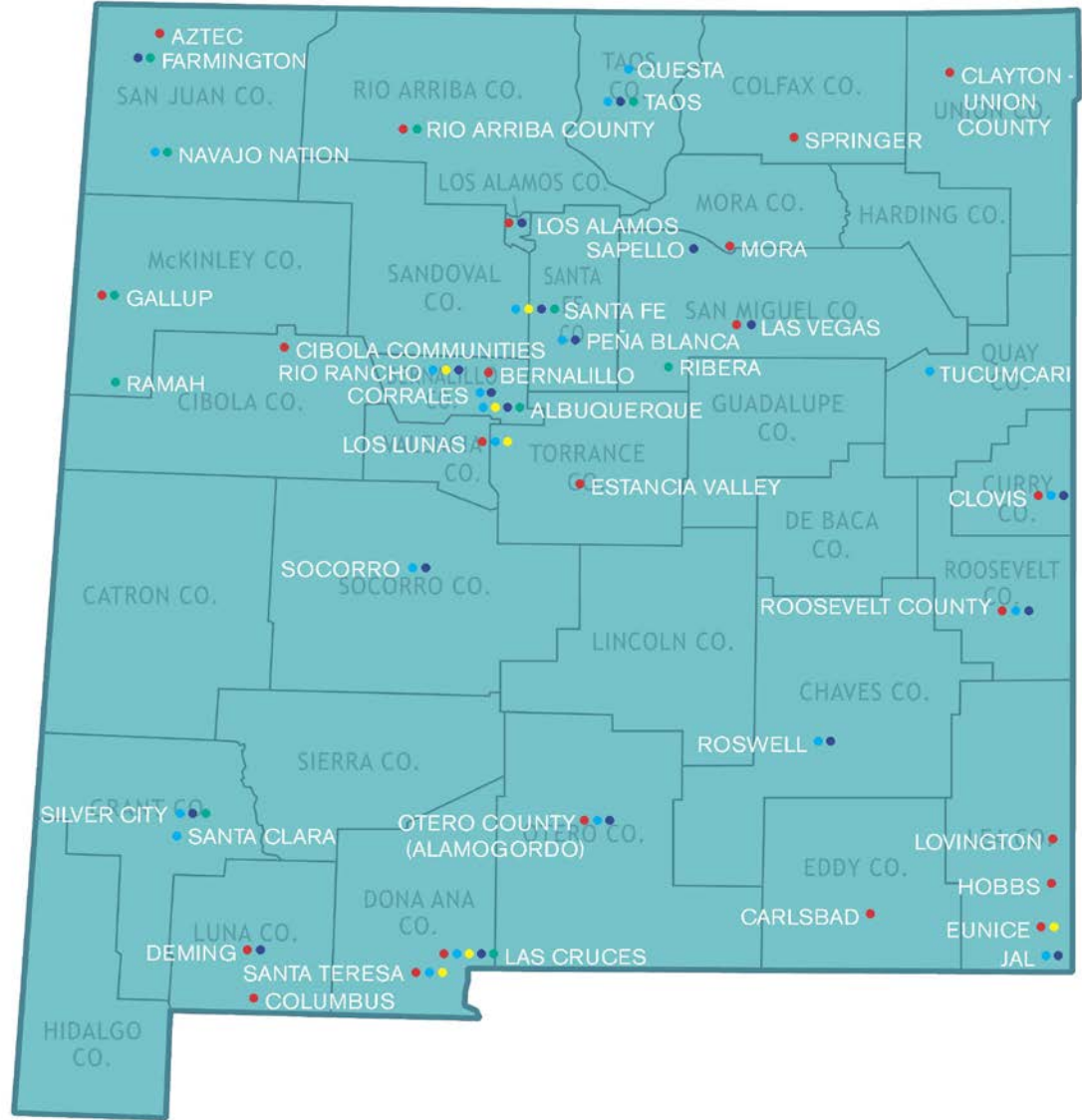
LEADS

LEDA

NMP

JTIP

OTHER



LEDA Projects

\$56 M

\$15.2M Committed in FY16

\$11.0M Committed To-Date
in FY17

FY16 Quarter	Number of Projects	Number of Jobs	Total LEDA Investment	Total Private Investment	Leveraged Ratio
1	6	391	\$2,225,000	\$41,842,000	18.8
2	7	450	\$6,368,436	\$164,600,920	25.49
3	1	14	\$325,000	\$1,250,000	3.85
4	9	1,571	\$6,290,000	\$49,133,000	7.8
Totals	23	2,426	\$15,208,436	\$256,825,920	16.8

FY17 Quarter	Number of Projects	Number of Jobs	Total LEDA Investment	Total Private Investment	Leveraged Ratio
1	5	144	\$11,000,000	\$277,735,721	25.25

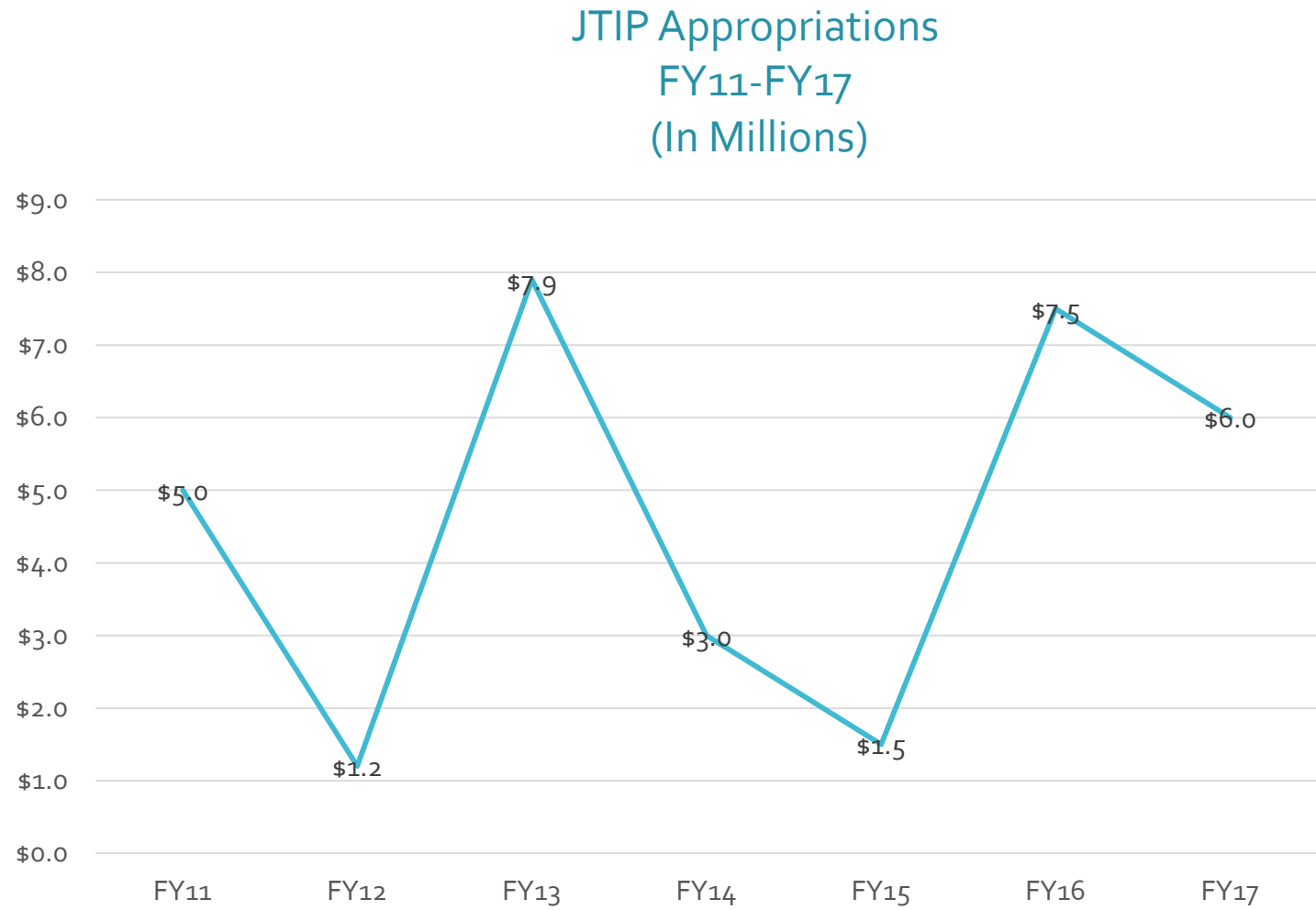
Companies Assisted or Recruited by the NM Partnership

FY16 Budget: \$1.18M

FY17 Budget: \$1.18M
Post-SBg Cut: \$1M

FY16	Location	Number of Jobs
Associated Energy Services	Eunice	5
Rural Sourcing, Inc.	Albuquerque	125
New Mexico Greenhouse Holdings	Las Cruces	82
W Silver Recycling Rail Spur	Santa Teresa	4
FedX Ground	Santa Teresa	200
PCM, Inc.	Rio Rancho	224
Valley Cold Storage	Santa Teresa	14
The Art of Chocolate, LLC	Santa Fe	5
TPI	Santa Teresa	20
Safelite AutoGlass	Rio Rancho	900
Total		1,579
FY17		
Gamesa	Santa Teresa	25
Master Immediate Supply	Santa Teresa	5
Facebook	Los Lunas	50
Total		80

JTIP Appropriation History





JTIP

FY16: \$13.4M
Obligated

FY17: \$5.335M
Obligated To-Date

FY16 Quarter	Number of Trainees	Average Wage	Number of Companies	Number of Rural Companies	Total Obligations
1	627	\$16.06	22	6	\$2,259,406
2	742	\$18.56	21	3	\$5,111,309
3	364	\$18.39	22	2	\$2,090,709
4	505	\$19.23	23	2	\$4,020,134
Totals	2,238	\$18.04	60	8	\$13,381,558

FY17 YTD	Number of Trainees	Average Wage	Number of Companies	Number of Rural Companies	Total Obligations
	800	\$17.44	35	7	\$5,335,102

JTIP Budget

JTIP Funds are non-reverting

Cash Balance	\$14.2M
JTIP Current Obligations	(\$14.1M)
Unobligated Balance for FY17	\$100K

MainStreet By the Numbers

FY16 Budget -
\$1,265,000
(General Fund & Special
Appropriation)

FY17 - \$915,000
Post SB9 Cut - \$805,200

FY16 Quarter	Net New Businesses	# of Private Building Rehabs	Private Reinvestment	Net New Jobs
1	36	23	\$569,700	216
2	20	40	\$2,046,925	6
3	38	140	\$17,992,016	179
4	48	45	\$1,509,149	151
Totals	142	248	\$22,117,690	552

FY17 Quarter	Net New Businesses	# of Private Building Rehabs	Private Reinvestment	Net New Jobs
1	37	78	\$10,140,512	177

MainStreet

FY16 Capital Outlay
\$500,000

FY17 Capital Outlay
\$500,000

FY16 Recipients:

Clovis, Historic Rail Park

Grants, Rio San Jose Riverwalk
Legacy Trail

Los Alamos, Street
Improvements on Central
Avenue

Truth or Consequences, Healing
Waters Plaza

Tucumcari, Historic Railroad
District

FY 17 Recipients:

Belen, Railroad District

Downtown Albuquerque,
Streetscape Project on Central
Avenue/Historic Route 66

Raton, Streetscape and
Pedestrian Lighting

Artesia, Cultural Economic
Development Plan

Mora, Cultural Economic
Development Plan

MainStreet Frontier Communities Initiative

FY16 Funding:
\$350,000

No Funding in FY17

Seven Rural Villages Served in FY16:

Eagle Nest, Event Development

Mountainair, Place-Making and Design

Santa Clara, Façade Improvement Program

Springer, Place-Making and Revitalization Plan

Tularosa, Image and Branding Development

Villanueva, Entrepreneur Development

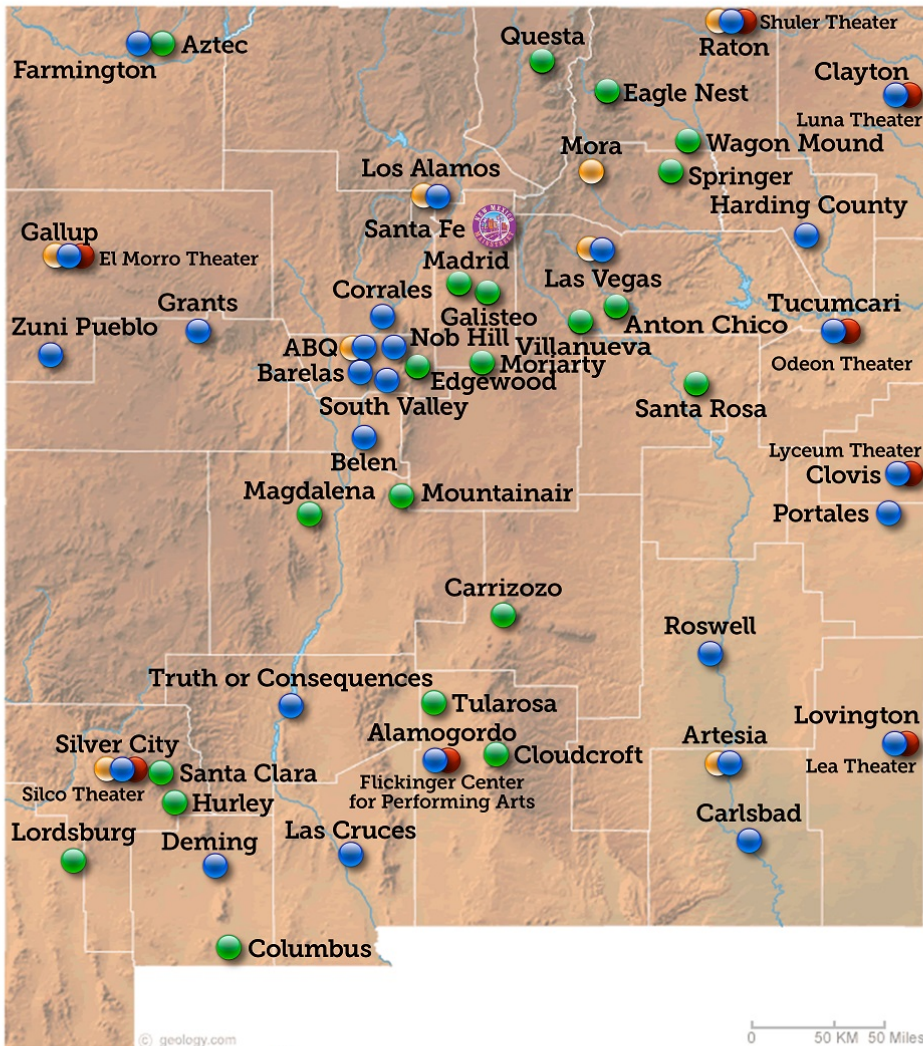
Funding for the technical assistance provided by this Initiative runs out on December 31st.

New Mexico MainStreet Program Demand

- 6 Communities Requesting Designation as MainStreet Communities
- 13 Requesting Assistance from the Frontier Communities Initiative
- 5 Seeking Arts & Cultural District State-Authorization
- 5 Historic Theaters in Need of Renovation/Digital Conversion

New Mexico MainStreet Programs, Projects, and Initiatives

(As of July 2016)



- Active NM MainStreet Communities
- State-Authorized Arts & Cultural Districts
- Frontier Community Projects
- Historic Theater Projects



Community Support and Outreach

- Local Economic Assistance and Development Support Program (LEADS)
 - \$162,500 awarded to 17 rural communities
 - Outcome based program with deliverables in one of 4 economic development specialties: (1) workforce development, (2) attraction, retention and expansion, (3) Entrepreneurship, (4) Real estate development
- Business Incubators
 - \$130,000 appropriated annually to support 7 certified incubators
 - Post SB 9, support reduced to \$46,500
 - Economic impact of the business incubators far exceeds the state's investment.
 - 174 tenant companies
 - Supported 1,250 jobs
 - Estimated total \$11.5 in state and local taxes
 - For every \$1 the state contributes, an average of \$89 is generated in tax revenue

Office of Science and Technology

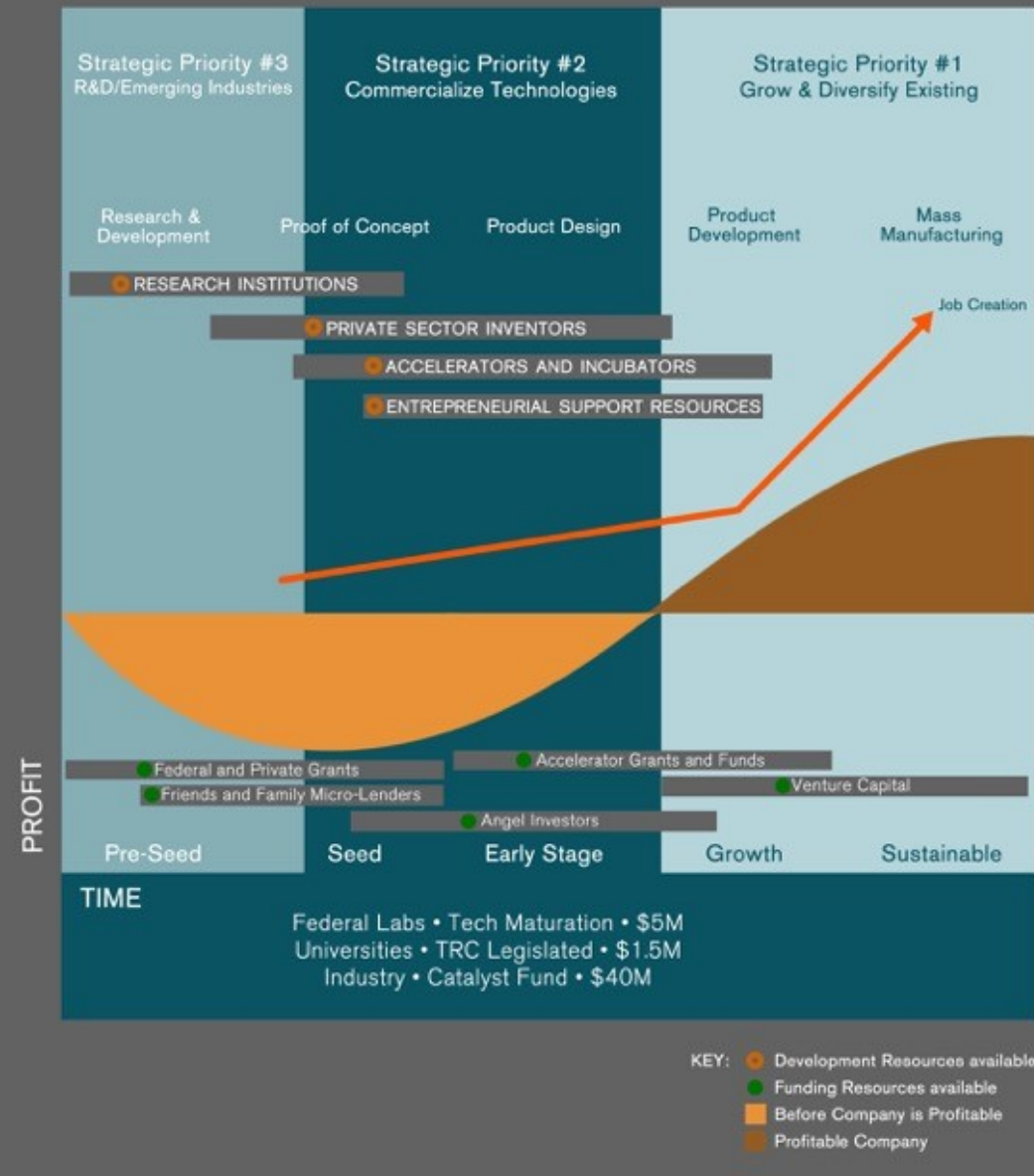
Purpose: Connect NM Innovation Infrastructure to the Commercial Market

\$300,000 Appropriated in FY16

No Funding Appropriated in FY17

- FY 16 Accomplishment Highlights and Current Year Plans:
- Implemented a Technology Research Collaborative competitive technology maturation matching grant program
 - Supported *6 technology companies*
 - Enabled companies to patent technology, get customers, attract venture capital investment, create jobs, and remain active in New Mexico
 - \$100K Gas Company grant to create a young innovators fellowship program to guide them through the process of technology business development
 - Examine and create recommendations to strengthen *capital stack* in New Mexico for science and technology startups
- \$1.6 million Office of Economic Adjustment grant won & implemented
 - Assists assist communities, business, and workers that may be affected by reductions in Department of Defense spending
 - Apply for second round grant focused on commercialization strategies
 - Develop recommendations to increase private enterprises based on New Mexico's technologies
- Launched the Catalyst Fund with SIC and Sun Mountain Capital
 - A *\$20 million* fund of funds which when matched by private investment will provide *\$40 million* of needed seed and early stage capital to New Mexico's technology startups.

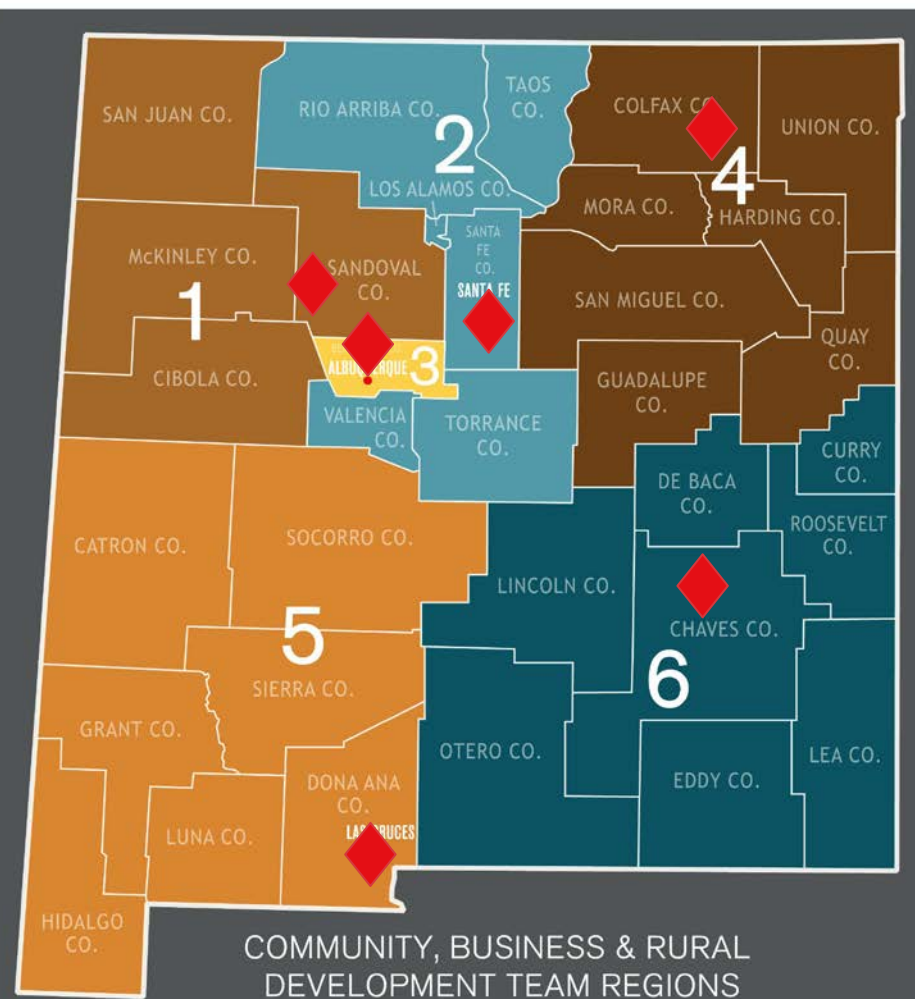
NEW MEXICO'S INNOVATION ECOSYSTEM & RESOURCES



Community, Business & Rural Development Team or Regional Reps



Office
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Region 6: Mark Roper
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Film Office

Record Breaking Numbers

FY16 Quarter	Total # of Projects	Direct Spend	Projects Over \$1M	Worker Days
1	20	\$142.5M	7	82,764
2	12	\$26.9M	1	19,597
3	7	\$67.7M	10	48,982
4	24	\$150.1M	12	108,964
Totals	63	\$387.2M	30	260,307

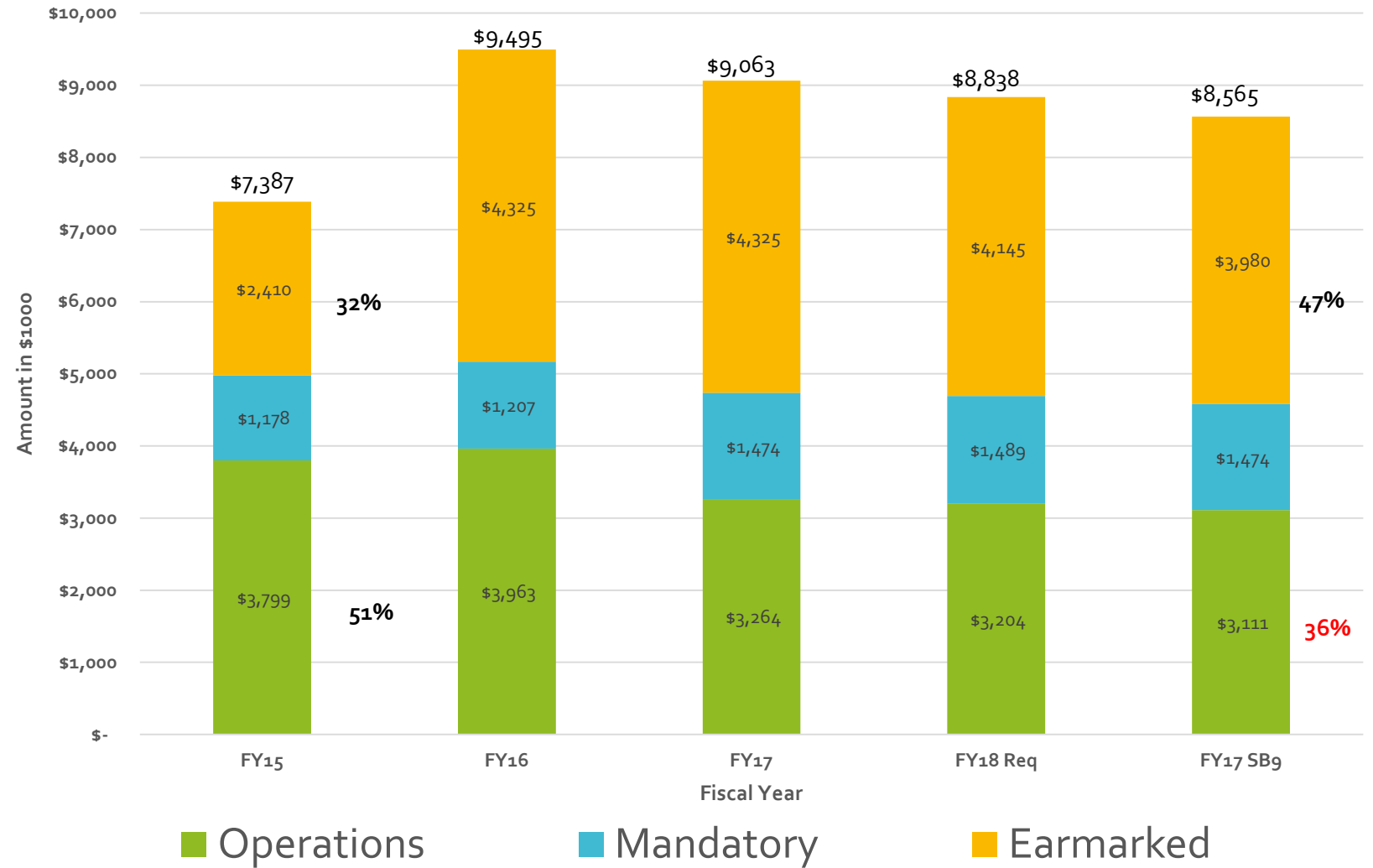
FY17 Quarter	Total # of Projects	Direct Spend	Projects Over \$1M	Worker Days
1	25	\$144.6M	12	133,128



Budget Discussion



FY15 to FY18 Budget



FY18 Appropriations Request

- Agency Submission – 2.5% cut
- Total - \$8,837.5
 - Personnel - \$3,883.5
 - Contracts - \$2,458.9
 - Other - \$2,495.1
- Funded FTEs = 45 out of 51

- Post SB9 - 5.5% cut
- Total - \$8,564.6
 - Personnel - \$3,759.0
 - Contracts - \$2,268.9
 - Other - \$2,536.7
- Funded FTEs = 43 out of 51

FY18 Specials

- **Special Requests**

- \$10M – JTIP
- \$10M – LEDA
- \$350K – MainStreet
- \$65K – Business Inc (to bring back to 7)

FY 18 Legislative Priorities

- JTIP: Request \$12.0M
- LEDA: Maintain Level of \$50M
- MainStreet: Restore Frontier Communities Initiative, MS Capital Outlay
- Amend MRA legislation to benefit MainStreet and other rural areas
- Business Incubators: \$50,000 Increase = Total Funding of \$180,000 for 7 Facilities

New Initiative

Enhanced Enterprise Zone Legislation

- It is a good economic development tool
 - It is optional for local governments to create districts
 - It is a zero-cost/no-cost tool
 - Spurs private sector investment
 - Local governments abate property tax during a development phase that is recaptured
 - Will require annual property assessments to ensure increased property tax valuations are captured at the end of the period
 - It is a geo/location tool: our tools are generally company or project driven
 - It can be used anywhere in New Mexico, cities, small towns, rural, greenfield, brownfield, etc.
 - It works well for re-development and new development
 - New Mexico estimated to lose between 25-40% of economic development projects due to lack of adequate real property inventory
- Most states have similar legislation, including Texas, Arizona and Colorado
- Investment will result in increased economic activity and increased tax revenues

Thank you