



Utilizing LEDA for Economic Growth

Presentation to the
Economic Development & Policy
Committee

July 26, 2021

ALICIA J. KEYES, CABINET SECRETARY

JON CLARK, DEPUTY SECRETARY

MARK ROPER, ECONOMIC DEVELOPMENT
DIVISION DIRECTOR



*Improve the lives of New Mexico families
by creating economic opportunities and
providing a place for businesses to thrive*

OUR MISSION



What are economic base companies?

Why do they matter?

- Money coming from outside into New Mexico
- Customer spending power
- Benefits to local service and retail businesses
- Economic diversification

Economic base companies can locate anywhere.

Why economic development incentives?

We must be competitive with other locations.

Partial GRT Revenue Capture & Sharing

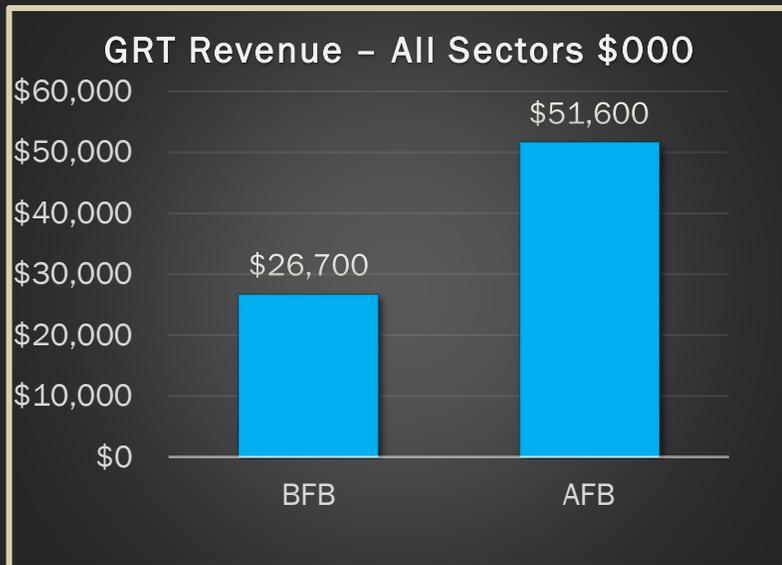
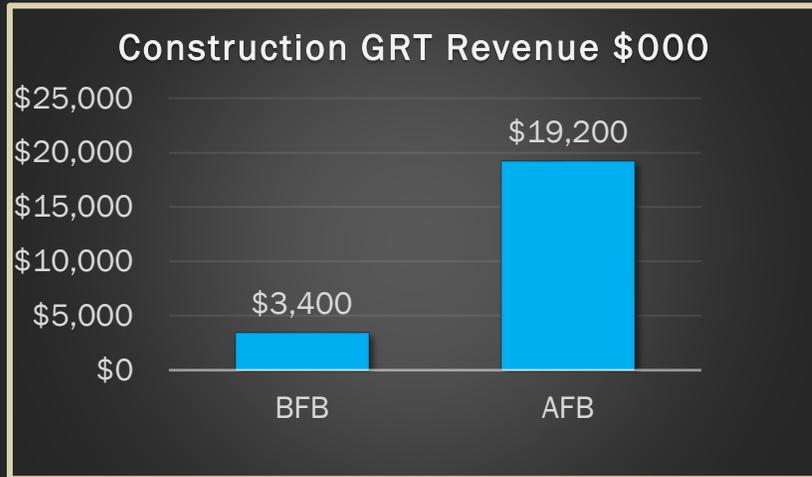
Limited to the construction phase of the project when construction and infrastructure costs exceed \$350M.

- ❖ No more than 50% of the revenues will be recaptured
- ❖ The recapture requires agreement between the state and the participating county and municipality

Benefits from these projects continue long after construction.



The Facebook Effect



THE STORY BEHIND THE DATA:

Construction Impact

- ❖ Prior to Facebook breaking ground (BFB) in November 2016, average monthly gross receipts in the construction sector was \$3.4M.
- ❖ Since Facebook broke ground the average monthly total for the sector is \$19.2M.
- ❖ The total increase in construction receipts in the Village is \$1B.
- ❖ Facebook has contributed about 45% of that amount.
- ❖ The remaining \$550M is attributed to new activity such as restaurants, hotels and personal services; and new housing.

Impact on All Industries

- ❖ 2008 – October 2016, Los Lunas average monthly total gross receipts for all industry sectors was \$26.7M.
- ❖ November 2016 forward, the average monthly total gross receipts for all sectors is \$51.6M.
- ❖ Total increase of all receipts in the Village = \$1.4B.
- ❖ An additional \$400M in retail and other activity due to the Facebook project.



The Total Facebook Impact on Revenue

State of New Mexico:
\$54.6M

Village of Los Lunas:
\$47.6M

Valencia County:
\$18.5M

Recruiting New Industry is Highly Competitive

~40,000 economic development organizations nationwide are competing for the same economic base jobs,

The table at right shows the highest incentive packages provided for economic development deals in 2020,

Company	Location	Industry Function	Incentive Value	CapX	# of Jobs
Centene Corp.	Charlotte	Headquarters	\$438M	\$1,034B	3,237
TSMC	Phoenix	Manufacturing	\$200M	\$12B	1,900
Elanco Animal Health	Indianapolis	Headquarters	\$150M	\$300M	573
BioAgilytix	Durham	R & D	\$81M	---	880
Gulf Coast Ammonia	Houston	Manufacturing	\$70M	\$500M	40
Linear Labs	Fort Worth	Manufacturing	\$68.9M	\$618M	1,200
Fiat Chrysler	Kokomo, IN	Manufacturing	\$65.7M	\$400M	200
Tesla	Austin	Manufacturing	\$63.9M	\$1.1B	5,000
Northrop Grumman	Roy, UT	Headquarters	\$59.9M	\$380M	2,250

Source: Site Selection Group

New Mexico Needs More Buildings & Turnkey Sites

We could be short-listed for more projects, more jobs, and more economic growth.

The table at right includes a sampling of projects that did not locate here for lack of a building and/or infrastructure.

Project Name	Company Information	Real Estate Requirements
Christian	Juarez manufacturer	100,00 SF (EX) building (located in El Paso)
Helios	Solar panel manufacturer	150,000 SF (EX) building
Magnolia	Insurance claims center	10,000 SF office space
SkyD	Aerospace manufacturer	50K SF hangar (company located in Oklahoma)
Yellow Jacket	3D printing & additive mfg. for aerospace & biosciences	No buildings to match requirements
King of the Road	Logistics	Found alternative
Peggy	Electronics manufacturer	150,000 SF (EX) building (located in another state)
Zorro	Electronics manufacturer	30,000 SF (EX) building (found building in Wisconsin)

Improved Sites for Business Growth

The **LEDA Rural Infrastructure Fund** was created in 2020.

The 1st project funded is the **City of Moriarty Airport**. This airport has been key to business development in the region, including SCEYE, conducting research there.

A LEDA investment of \$283K will improve a waterline to the airport and allow more businesses to locate.





LEDA Makes New Mexico Competitive

Intent & Purpose of LEDA

LEDA is utilized to create public-private partnerships for an economic benefit.

The enactment and use of LEDA allows public support of economic development

LEDA empowers communities to embark on projects tailored to identified local needs

LEDA can be used to support 3 types of projects:

- Infrastructure
- Economic base job creation
- Retail

EDD targets projects that demonstrate:

- Significant community impact and support
- Rural and underserved areas of New Mexico
- Increased wages and job creation
- Significant new capital investment, and with
- Environmentally sustainable outcomes

EDD uses its own customized economic impact model to evaluate the potential impacts of a project on the community and the state, providing a platform to determine a level of support (incentives) that is economically viable.

LEDA

QUALIFYING ENTITY:

A company that manufactures, processes or assembles a product

A commercial enterprise for storing, warehousing, distributing or selling products of agriculture, mining or having been manufactured; or

An “economic base employer,” which is defined as an employer who is deemed eligible for the Job Training Incentive Program

Applications are submitted online after an initial review and determination of eligibility.

REQUIREMENTS:

Demonstration of financial soundness and readiness to proceed

A signed release/authorization form including certification that the Qualified Entity is current on all state and federal obligations

Project scope of work including use of requested funds

3 years of financial statements or a financial pro forma with appropriate documentation

Funding sources and uses

Job creation/salary/benefit information

Project capital investment

Completed economic impact data sheet

LEDA

PROGRAM FUNDING USES:

Purchase, lease, grant, construction, reconstruction, improvement or other acquisition or conveyance of land, buildings or other infrastructure

Public works improvements essential to the location or expansion of a qualifying entity, and

Loan guarantees securing the cost of land, buildings or infrastructure

EDD's ROLE:

Determine eligibility

Determine appropriate LEDA investment

Conduct due diligence

Review application, approve when complete

Determine project feasibility, including financial analysis

Develop project terms sheet:

- Security

- Performance provisions

- Project leverage

- Job creation timeline

- Project starting head count

COMMUNITY'S ROLE:

Provide a letter requesting funds, indicating support for the project and its compliance with the local LEDA ordinance

Act as fiscal agent

Track LEDA balance

Provide job reports to EDD and ES903 obtained from the Qualifying Entity

Communities with a LEDA Ordinance & LOGRT

REGION 1	REGION 2	REGION 3	REGION 4	REGION 5		REGION 6	
Aztec	City of Los Alamos	Albuquerque	Angel Fire	Anthony	Luna County	Alamogordo	Grady
Bernalillo	City of Santa Fe	Belen	Cimarron	Bayard	Mesilla	Artesia	Hagerman
Bloomfield	Edgewood	Bernalillo County	Clayton	Catron County	Reserve	Capitan	Hobbs
Cibola County	Espanola	Bosque Farms	Colfax County	Columbus	Santa Clara	Carlsbad	Jal
Cuba	Los Alamos County	Encino	Des Moines	Deming	Sierra County	Carrizozo	Lea County
Farmington	Pojoaque Pueblo	Estancia	Eagle Nest	Dona Ana County	Silver City	Chaves County	Lincoln County
Gallup	Questa	Los Lunas	Guadalupe County	Elephant Butte	Socorro	Cloudcroft	Lovington
Grants	Red River	Moriarty	Harding County	Grant County	Socorro County	Clovis	Melrose
McKinley County	Rio Arriba County	Mountainair	Las Vegas	Hatch	Sunland Park	Curry County	Otero County
Milan	Santa Fe County	Peralta	Mora County	Hidalgo County	T or C	De Baca County	Portales
Pueblo of Acoma	Taos County	Rio Communities	Raton	Hurley	Viriden	Dexter	Roosevelt County
Rio Rancho	Town of Taos	Torrance County	San Jon	Las Cruces	Williamsburg	Eunice	Roswell
Sandoval County			San Miguel County	Lordsburg		Fort Sumner	
San Juan County			Santa Rosa				
			Springer				
			Tucumcari				
			Union County				



Big Projects with Long-Term Impacts

BlueHalo Campus

First LEDA project of FY22

BlueHalo is an integrated national security and technology company that will build a 200,000 SF campus in Albuquerque.

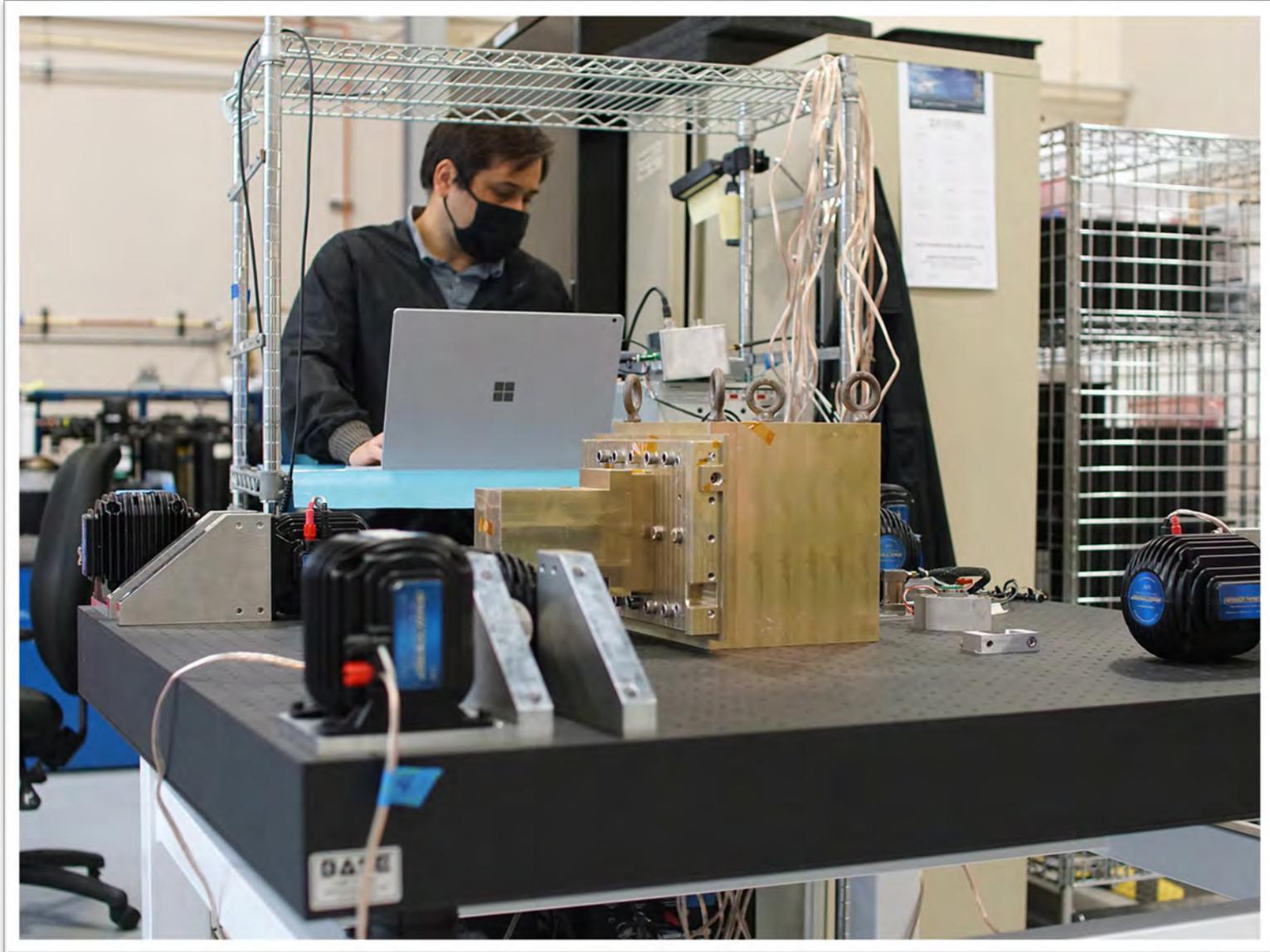
64 new jobs

Average salary of \$105K

10-year Economic Impact of \$3.2B
(Existing operation & expansion)

Private investment of \$60M

LEDA investment of \$2.25M



Intel Expansion

*Domestic hub for advanced
semiconductor manufacturing*

Expansion only:

700 permanent jobs

Average salary of **\$140K**

10-year Economic impact of **\$3.6B**

Private investment of **\$3.5B**

LEDA investment of **\$5M**

*\$14M in GRT sharing from New
Mexico & Sandoval County*



\$550M in construction & 1,000 construction jobs

NETFLIX

*Netflix purchased ABQ Studios in 2018. The 2020 Netflix expansion has been recognized by Site Selection Magazine as one of the **Top 20 Deals in North America.***

Expansion only:

994 jobs

Average salary of \$48K

10-year Economic Impact of \$4.2B

Private investment of \$500M

LEDA investment of \$17M



An additional \$1B in production spend & 1,467 construction jobs

Ascent Aviation Services

*An Arizona company that
expanded to the Roswell
International Air Center*

360 jobs

Average salary of **\$68,889**

10-year Economic impact of
\$545M

Private investment = **\$20M**

LEDA investment of **\$4M**



Largest rural LEDA project in FY21

Nature's Toolbox

*Homegrown biosciences company
moving to a 25,000 SF facility in Rio
Rancho*

116 STEM jobs

Average salary of \$74,335

**10-year Economic impact of
\$327.8M**

Private investment of \$26.9M

LEDA investment of \$5M

JTIP support of \$677,972



FDI Success

A sales mission to Taiwan in October 2019 produced results

Three Taiwanese companies have chosen to locate in Santa Teresa



MEXICONOW Digital Subscription Bulletin Subscription

[News](#) [Digital Editions](#) [Media Kit](#) [MEXICONOW Events](#) [MEXICONOW Webinars](#) [About Us](#)

Taiwan-based Admiral Cable to build US\$ 50 million plant in Santa Teresa, NM

EDD has an Office in Taipei

Thomas Manufacturing Index: 64% of manufacturers said their company had been affected by the COVID business shutdowns and they are likely to bring more production back to North America

Bloomberg, July 16, 2021: The rate for a 40-foot container from Shanghai to Los Angeles is 236% higher than one year ago



More Trends Favoring Onshoring:

Quick access to essential manufacturing such as PPE and pharmaceuticals is now critical

Access to raw materials and components would have kept more US manufacturers in production

Localized production facilitates just-in-time manufacturing – which saves capital

AI and robotics reduce labor costs, which was the original impetus for off-shoring



More Impact Every Year

Higher Wage Level Requirements Increase LEDA's Impact

LEDA Projects FY19 (6 months)

Company	Location	Jobs	CapX	LEDA	10-year Economic Impact
Ganymede Games	Las Cruces	5	\$1,395,000	\$250,000	\$46,014,000
Rich Global Hemp	Las Cruces	182	\$25M	\$1,250,000	\$247,000,000
NBCUniversal	Albuquerque	333	\$500M	\$7.7M	\$1,938,000,000
RURAL:					
C4 Enterprises	Tierra Amarilla	8	\$400,000	\$75,000	\$33,281,000

LEDA Projects FY20 (Urban Areas)

Company	Location	Jobs	CapX	LEDA	10-year Economic Impact
Pebble Labs	Los Alamos	175	\$60M	\$4M	\$577,289,000
Jabil	Albuquerque	120	\$42M	\$750K	\$388,000,000
420 Valley LLC	Las Cruces	55	\$5,875,000	\$400K	\$200,663,031
Faneuil	Albuquerque	700	\$14.4M	\$400K	\$867,000,000
Kairos Power	Albuquerque	70	\$180M	\$4M	\$291,000,000
Big Tuna USA	Las Cruces	30	\$6.9M	\$200K	\$110,201,323
Natural ReLeaf	Las Cruces	56	\$5.908M	\$600K	\$256,198,605
EAGL Technology	Albuquerque	16	\$1.7M	\$200K	\$56,855,772
SavantX	Santa Fe	116	\$2.5M	\$450K	\$259,600,000

LEDA Projects FY20 (Rural)

Company	Location	Jobs	CapX	LEDA	10-year Economic Impact
Lance Forest Products	Cimarron	30	\$755,000	\$350,000	\$163,000,000
Big Dog Industries	Lovington	125	\$19.5M	\$750K	\$423,734,507
W. Silver Recycling	Santa Teresa	42	\$7M	\$200K	\$114,219,170
High Plains Processing	Las Vegas	20	\$1.6M	\$100K	\$118,084,786
HAPSMobile/AeroVironment	Spaceport America	30	\$2.5M	\$450K	\$209,482,646

LEDA Projects FY21 (Urban)

Company	Location	Jobs	CapX	LEDA	10-year Economic Impact
LaSen Inc.	Las Cruces	79	\$4.325M	\$750K	\$463M
New Mexico Fresh Foods	Albuquerque	74	\$9,344,644	\$750K	\$463,843,311
Netflix 2.0	Albuquerque	994	\$500M	\$17M	\$4.190B
NTx	Rio Rancho	116	\$26.9M	\$5M	\$327.8M
Los Poblanos Organic Farm	Albuquerque	24	\$2.3M	\$250K	\$283,293,103
Bueno Foods	Albuquerque	49	\$10M	\$500K	\$1,641,887,290
Build With Robots	Albuquerque	64	\$36.2M	\$360K	\$394.5M
Beck & Bulow	Santa Fe	52	\$1.160M	\$250K	\$157M
Affordable Solar	Albuquerque	70	\$11.2M	\$500K	\$2.761B
Intel	Rio Rancho	700	\$3.5B	\$5M	\$3.65B
Saputo Cheese	Las Cruces	150	\$30M	\$2.5M	\$1.6B
American Gypsum	Bernalillo	--	\$22M	\$500K	\$631,393,489
Contigo Compounding & Infusion Pharmacy	Albuquerque	22	\$1.2M	\$150K	\$189,909,169

LEDA Projects FY21 (Rural)

Company	Location	Jobs	CapX	LEDA	10-year Economic Impact
Ascent Aviation	Roswell	360	\$18M	\$4M	\$545M
Prent Corporation	Santa Teresa	85	\$2.192M	\$500K	\$119,171,028
SCEYE	Moriarty/Roswell	140	\$100M	\$5M	\$990,163,798
Cymmetrik	Santa Teresa	10	\$1M	\$160K	\$33,682,568
McKinley Paper	Prewitt	--			
SpinLaunch	Spaceport America	59	\$45.4M	\$4M	\$526,595,591
La Primera Tortilla Factory	Sunland Park	14	\$2.7M	\$50K	\$111M
Capitol Bar & Brewery	Socorro	6	\$728K	\$50K	\$40.5M

LEDA Stats To-Date

Projects	41
Jobs	5,299
CapX	\$4.782B
New Annual Payroll	\$368M
LEDA Investment	\$73.945M
10-year Economic Impact	\$26.8B
Average Salary	\$69,450

FY22	Projects	Jobs	CapX	LEDA	10-year Economic Impact
Total	1	64	\$60M	\$2.25M	\$3,280,620,174

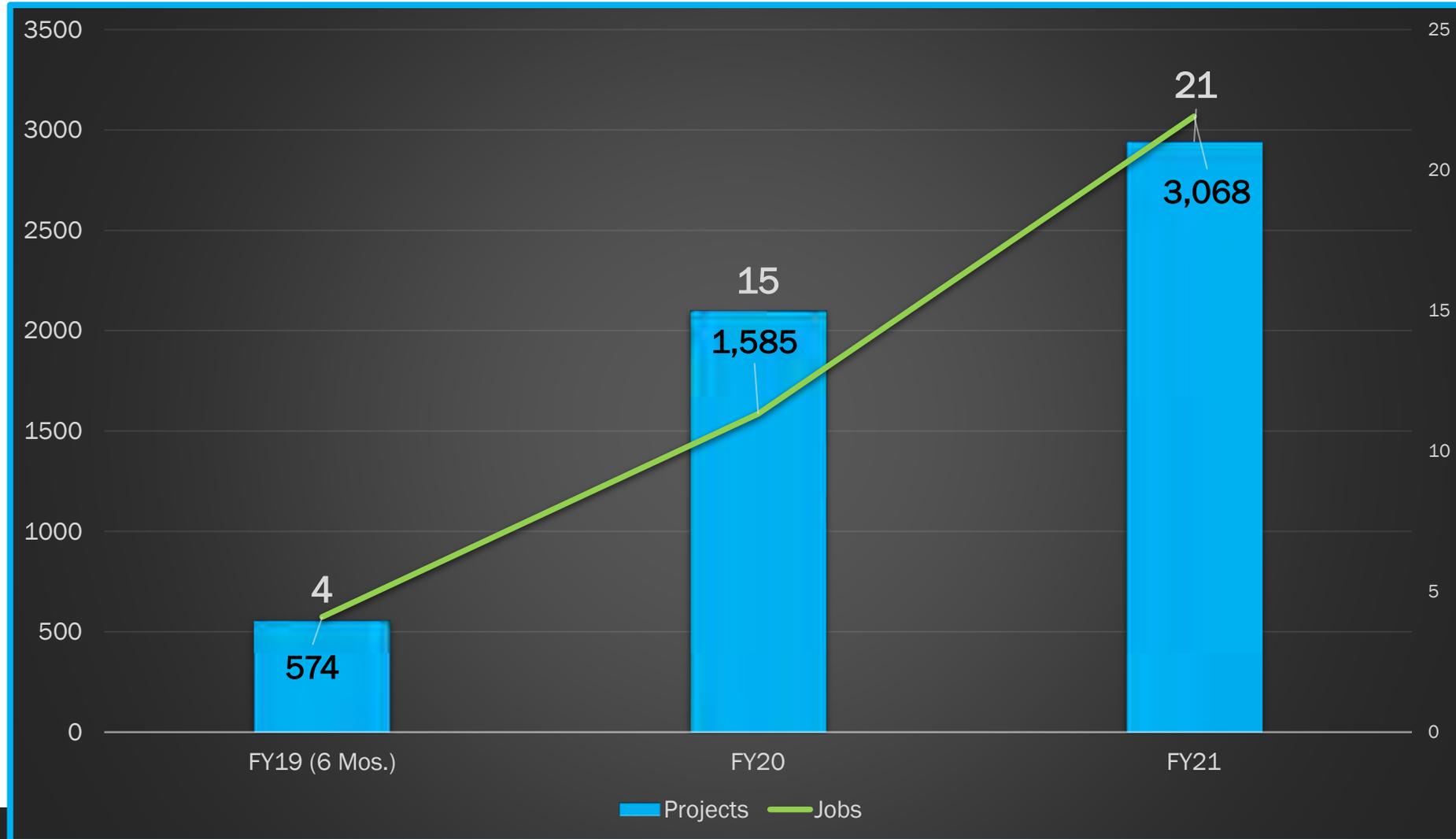
FY21	Projects	Jobs	CapX	LEDA	10-year Economic Impact
Total	21	3,058	\$4.3B	\$47.2M	\$19,120,151,876
Rural	8	674	\$170M	\$13.76M	\$2,366,112,985

FY20	Projects	Jobs	CapX	LEDA	10-year Economic Impact
Total	15	1,585	\$350.6M	\$12.85M	\$2,189,473,140
Rural	5	247	\$31.3M	\$1.85M	\$1,028,521,109

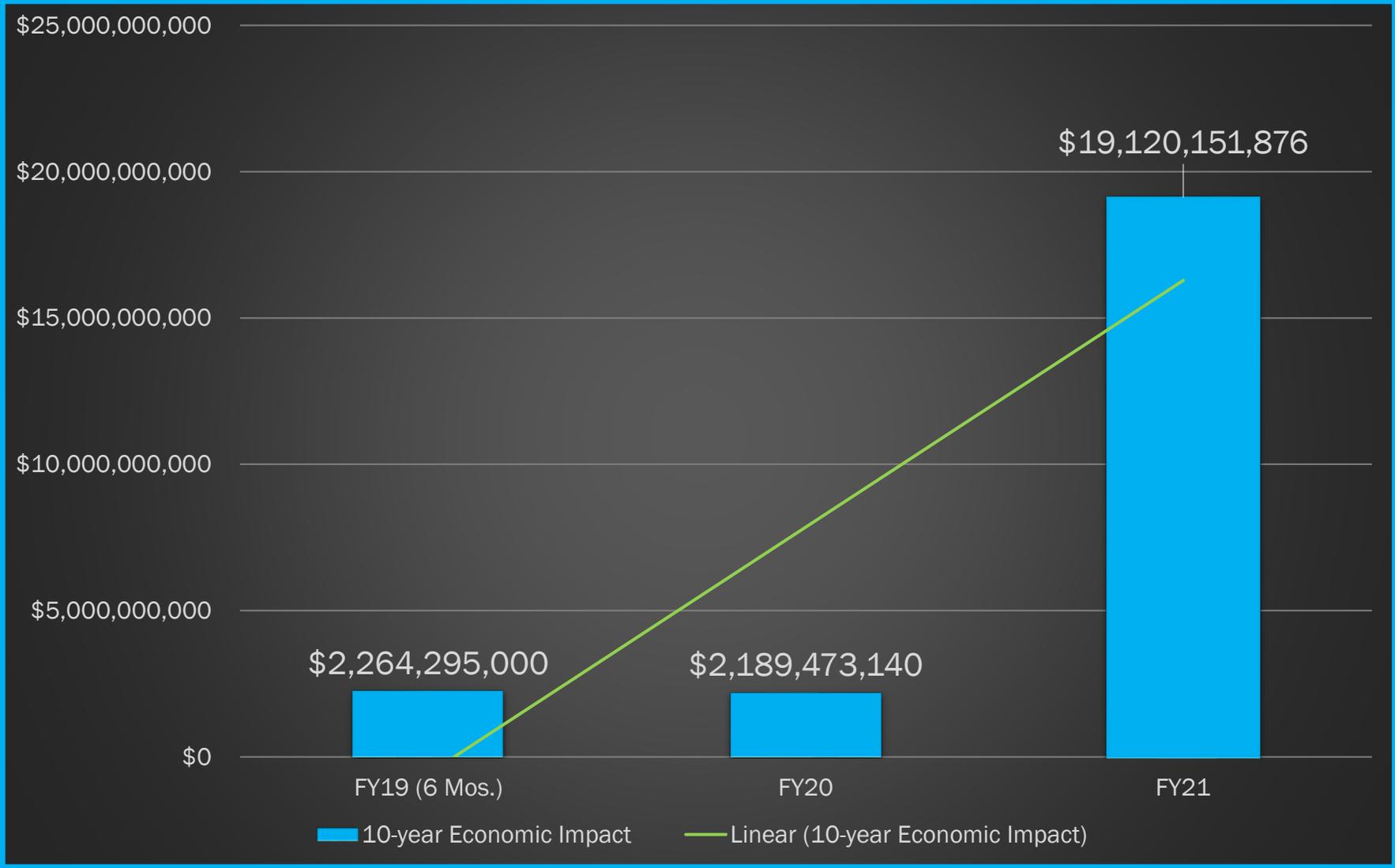
FY19*	Projects	Jobs	CapX	LEDA	10-year Economic Impact
Total	4	574	\$2.2B	\$9.275	\$2,264,295,000
Rural	1	8	\$400K	\$75K	\$33,281,000

*Six months: January – June 2019

Gaining Momentum



Generating Wealth





Alicia J. Keyes
Cabinet Secretary
Alicia.Keyes@state.nm.us
505.827.0305



Jon Clark
Deputy Cabinet Secretary
Jon.Clark@state.nm.us
505.476.3747



Mark Roper
Economic Development
Division Director
Mark.Roper@state.nm.us
575.562.0327



Axie Navas
Outdoor Recreation Division Director
Alexandra.Navas@state.nm.us
505.660.5992



Amber Dodson
Film Office Director
Amber@nmfilm.com
505.476.5656