

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

**July 12-13, 2005
International Room, International Bank, Raton
New Mexico Highlands University Student Center, Las Vegas**

The second meeting of the Economic and Rural Development and Telecommunications Committee was called to order by Senator Bernadette M. Sanchez, chair, on Tuesday, July 12, 2005, at 10:05 a.m. in the International Room of the International Bank in Raton.

Present

Sen. Bernadette M. Sanchez, Chair
Rep. Mary Helen Garcia, Vice Chair
Rep. Hector H. Balderas
Rep. Jose A. Campos
Rep. Dianne Miller Hamilton
Sen. Clinton D. Harden, Jr. (7-12)
Rep. Patricia A. Lundstrom (7-13)
Sen. Richard C. Martinez
Rep. Kathy A. McCoy
Sen. John Pinto (7-13)

Advisory Members

Rep. Ernest H. Chavez (7-13)
Rep. John A. Heaton
Rep. Al Park
Rep. Harriet I. Ruiz
Rep. Richard D. Vigil (7-13)

Absent

Rep. Daniel R. Foley
Sen. Mary Jane M. Garcia
Sen. Carroll H. Leavell
Rep. Andy Nunez
Sen. William E. Sharer
Sen. Leonard Tsosie

Sen. Ben D. Altamirano
Rep. William "Ed" Boykin
Sen. Dianna J. Duran
Sen. Phil A. Griego
Rep. Ted Hobbs
Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Sen. Steven P. Neville
Sen. Lidio G. Rainaldi
Rep. Debbie A. Rodella
Sen. John C. Ryan

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

Staff

Lisa Barsumian
Larry Matlock
Gordon Meeks (7-13)

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Tuesday, July 12, Raton**Morning Session**

The chair asked the committee members to introduce themselves for the benefit of the audience.

Joe Apache, mayor of Raton, welcomed the committee and conveyed his desire that Raton receive state approval for a "racino" (a horse racing track/facility offering slot machine gaming).

Don Holl, chief executive officer of the Miners' Colfax County Medical Center, gave an overview of the hospital's history and the challenges the hospital currently faces. Established in 1906, the hospital originally had the unique mission of treating the state's miners and the public. The hospital is the only hospital in the county, which covers 3,700 square miles. The facility has served over 18,000 patients annually from within and outside the county, including patients from Colorado. The hospital's annual revenue is approximately \$20 million and one in three Colfax County families are on its payroll. The hospital is the city's and county's largest employer with around 240 employees and is considered fairly sophisticated for its size. The hospital consists of two facilities, the acute care facility and a long-term care facility. The hospital is about to break ground on a new \$14 million, 72,000 square-foot facility.

With regard to personnel, Mr. Holl stated that it is preferable to "grow their own" nurses by training Raton residents because it is difficult to recruit nurses to relocate to Raton. Raton would benefit from a program like the one in Albuquerque where a student can begin LPN training in high school and become certified after one year of post-high-school training. The closest nursing training is in community colleges in Clovis, Las Vegas and Trinidad, Colorado. Raton does not access UNM distance learning for basic nursing education.

The hospital must contract for medical specialty services and Mr. Holl made a case for changing state law to allow for reciprocity with physicians in Colorado to help provide access to more specialists. The hospital is the largest user of helicopter services to transfer emergency room patients due to a lack of specialists. Committee members engaged in a discussion with Mr. Holl about the reciprocity issue and requested a white paper on the reciprocity issue and the attendant malpractice insurance issue to assist the legislature with developing a solution. The hospital is in the middle of the very costly process of converting to electronic medical records.

Representative Campos agreed that growing its own personnel is a good approach for the miners' hospital. The Santa Rosa hospital is now fully staffed using that approach and telemedicine helps provide advanced training. In response to a question from Representative Garcia, Mr. Holl explained that the miners' hospital provides scholarships to staff who pursue advanced training, but does not extract a time commitment from staff since that approach does not work. Mr. Holl explained that the hospital is a state agency subject to rules applying to state agencies. A state trust does finance the miners' care, but salaries are below the state average. Senator Harden requested a second white paper on why the hospital needs a specific exemption from certain rules applying to state agencies. The hospital does receive state funds as a sole community provider.

Joe Kneibe, with Herzog Environmental, explained the operations of the Northeast New Mexico Landfill. The landfill is privately owned and consists of 360 acres, although only 10 are currently in use. The facility handles 150 tons of waste daily from a 120-mile radius, and it employs five to 10 persons who earn at least \$8.00 per hour and receive both health and retirement benefits. Pursuant to a question by Senator Harden, the facility applied to dispose of tires, but the application was denied by the secretary of environment. Representative Heaton noted that the Tire Recycling Fund was re-instituted in 2003, but the fund was cut by 25 percent in 2005. In response to a question about opposition to the facility, Mr. Kneibe noted that groups opposed to the facility are supported by state grants.

Mike Ballew, executive director of the Whittington Center shooting facility, explained the origin and history of the facility. The center's land was purchased from Kaiser Coal in 1973. The facility separated from the National Rifle Association in 1977 and became a self-supporting 501(c)(3) organization. So far this year, 74,000 people have attended events at the facility and the facility has a \$160 million economic impact on the area. In 2006, both the facility and the city of Raton are excited about hosting a major outdoor writers' conference that they hope will become an annual event. Asked by Representative McCoy if the center is open to the public, Mr. Ballew responded that it is, provided the individual belongs to an organization that is affiliated with the center. Senator Harden noted that the president of the Raton International Bank will be the National Rifle Association president in four years.

Ann Holl, director of The Learning Center, discussed the post-secondary education situation in Raton. The Learning Center is a 501(c)(3) organization that was created in 1997. Partnerships are key to the center, since Raton does not have a community college district. Associate's and bachelor's degrees are available through collaborations with Santa Fe Community College, a master's degree in social work is available through New Mexico Highlands University and a master's degree in education is available through Lesley University in Cambridge, Massachusetts. The center is working on offering a master's degree in computer technology. Instruction is provided via the internet, interactive video and in-person. The Northern New Mexico Workforce Development Board has provided grants that are allowing the center to: offer OSHA trainer certification; apply for a Public Education Department planning grant for a magnet career academy in partnership with the high school for OSHA training and, hopefully, licensed practical nursing certification; and offer GED preparation and testing. The center also hopes to offer construction apprenticeship training in connection with construction of the new hospital facility. The center received funds in SB 190 for capital improvements.

The committee recessed for lunch at 12:30 p.m.

Afternoon Session

The committee reconvened after lunch at 1:45 p.m.

Kandi Barks, executive director of the Raton Chamber of Commerce, explained that Raton had the first racetrack in New Mexico and its closure in 1992 had a noticeable effect on the local economy. Canadian investors are interested in construction of a new racetrack and casino, and city leaders are seeking state approval of the new facility. Governor Richardson has apparently indicated his support, and an application will be filed shortly with the State Racing Commission. Construction of the proposed facility will cost \$30 million. Two hundred employees are anticipated to operate the facility with a payroll of \$5.4 million. Another \$300,000 would be spent on contract services. Overall, the economic impact would be \$38 million annually. Due to other gaming opportunities, three tracks closed during the 1990s. Eventually, slot machines provided needed income to increase the racing purses, which had declined to unprofitable levels. The Raton racetrack would share racing dates with Farmington and Ruidoso, but those racetracks are not close to Raton. Jaynes Construction of Albuquerque has been retained to build the grandstand and casino. Other construction will be performed by local contractors.

Pete Mileta, Jr., Raton city manager, thanked the committee for the \$750 million in capital outlay funds received by the city for a local industrial park.

Tom Garcia, Colfax County administrator, stated that he hopes the legislature will support upcoming capital outlay requests to upgrade fire and ADA compliance in the county courthouse. The county is also having trouble replacing jail locks because the order is not large enough for the manufacturer to justify a production run just for Raton.

Dusty Davis, head of the Colfax County Fair board of directors, explained the history and value of the county fair. The fair also received capital outlay funds for improvements.

Senator Harden pointed out that Raton and Colfax County residents are helping themselves. They need the support of the legislature for the racino.

In response to Representative Heaton, who asked how economic development efforts are pursued, witnesses responded that the city, the Raton Chamber of Commerce and the local Community Corporation are involved. The Raton Chamber of Commerce receives 50 percent of the lodgers' tax revenue.

Recess

Senator Sanchez recessed the meeting at 3:03 p.m.

Wednesday, July 13, Las Vegas

The committee was called to order by Senator Sanchez, on Wednesday, July 13, 2005, at 9:05 a.m. in the Student Senate Chamber in the Student Center of New Mexico Highlands University.

Economic Development

Manny Aragon, president of New Mexico Highlands University (NMHU), reviewed the history of Las Vegas and the university. The university is seeking funds for a new student center. Congress has given approval for NMHU, along with universities in Arizona and Colorado, to create a forestry institute. He also mentioned that, in 2005, the Las Vegas Hospital received \$10 million to \$11 million in capital outlay funds for phase I remodeling. The hospital has not undertaken any new construction in 30 years.

Dr. Luis Ortiz, an associate professor with the NMHU Business School and executive director of the Las Vegas San Miguel Economic Development Corporation, explained that the business school has received federal and state funds to become a regional economic development center. The barriers to recruiting businesses to Las Vegas are housing, water availability, public schools and infrastructure. He noted that New Mexico loses 3.1 college graduates for each one who stays in New Mexico. San Miguel is the fifth-poorest county in the state and the unemployment rate is seven percent. He stated that Las Vegas would like a business incubator and could use an existing, but incomplete, industrial park. The one-eighth percent tax revenue has generated \$280,000. Representative Lundstrom commented that rural areas need state money for industrial parks and questioned whether the state's economic development incentives are working and, if so, where. She argued that it may be time to consider revenue-sharing since rural areas lack basic services. Representative Heaton observed that economic development incentives are often geared to urban areas and do not work for rural areas. He asked whether the New Mexico Partnership had produced viable leads. Dr. Ortiz responded that the partnership submitted 40 to 60 applications that led to three or four visits and that produced one solid lead. Representative Heaton also observed that local financing is not readily available in rural areas. Mr. Aragon mentioned that NMHU has a new faculty member who will be developing a financial engineering program. Representative Lundstrom echoed Representative Heaton's comment by stating that rural communities are unable to put together financing packages.

Water Issues

Richard Trujillo, the utility manager for the city of Las Vegas, explained that Las Vegas does not have an adequate water supply. The city instituted a good water conservation plan that reduced water use by 28 percent in two years. However, this reduction also resulted in less revenue to the city because of reduced water sales. The city has water rights to the Gallinas River, but the water is over-appropriated. The city has access to 14,000 acre-feet per year while the demand is for 32,000 acre-feet. The city's five-year plan includes upgrading the Taylor Wells and pursuing purchase and lease of additional water rights. The city would like to replace the use of fresh water with treated effluent for watering parks and growing hay, which is the biggest user of water. The city is also looking at options such as requiring developers to bring

water rights to the table with their proposed projects, as they do in Los Lunas, and innovative approaches like an aquifer storage recovery project. In response to a question from Representative Lundstrom about whether Las Vegas is a designated critical management area, Mr. Trujillo responded that the city wants that designation. Representative Lundstrom sympathized with Mr. Trujillo about conservation efforts reducing city revenue, which affects the city's ability to issue bonds to improve water infrastructure.

Infrastructure

Wayne Sonchar, representing the Las Vegas San Miguel Rural Development Response Council, discussed the Las Vegas Wood Cluster, a collaboration of wood product businesses. It is seeking a log-sorting central location that would include four local businesses. There is a potential site identified and it needs money to purchase the property and to install needed infrastructure. Representative Lundstrom asked the staff to draft a letter to the Energy, Minerals and Natural Resources Department to inquire if this project is eligible for certain state funds.

Matt Martinez, chair of the Las Vegas San Miguel Chamber of Commerce and a former mayor, said that the city got serious about reducing the crime rate and it is no longer ranked number two in the state. The railroad depot has been remodeled and now houses the Visitor Center and Chamber of Commerce. The chamber is interested in promoting cultural tourism, and Mr. Martinez agreed with Representative McCoy that it should promote recreational tourism. The airport is almost complete. One challenge is that the city has three commercial districts that it would like to tie together using Main Street funds it has received. He stated that communication among various factions in the city is better now than it has ever been, which helps the local legislators to better represent the area. Representative Lundstrom mentioned legislation that was enacted that allows businesses to create mini-visitor centers at highway rest areas. She asked the staff to draft a letter to the Tourism Department to ask that the agency work with Las Vegas to develop this project. Representative Vigil expressed his interest in seeing large highway signs welcoming visitors to Las Vegas to attract them into the city off the interstate. He plans to request capital outlay money to revive the trolley that once ran in Las Vegas. He also likes the concept of a "San Antonio Riverwalk" for Las Vegas. He is also glad that Las Vegas now has a park-and-ride bus since many Las Vegas residents commute to work in Santa Fe.

Joel Scheinberg, who represents the Response Council, explained the benefit of broadband access to rural communities. He opposes the proposal to allow Qwest to refund rural extension funds to consumers since the money will have a much broader impact if spent on its intended purpose. Representatives Lundstrom, Heaton and McCoy all agreed that the committee needs to discuss Qwest's alternative form of regulation and the Universal Service Fund.

Lawrence Quintana, chair of the Main Street program, discussed that program and the local housing situation. He explained that federal Housing and Urban Development Department of programs are written for urban areas and do not take into account rural settings.

Adjournment

Senator Sanchez adjourned the meeting at 12:10 p.m.