

MINUTES
of the
THIRD MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE

September 20-21, 2010
Barbara Hubbard Room, New Mexico State University
Las Cruces

The third meeting of the Economic and Rural Development Committee was called to order as a subcommittee by Representative Mary Helen Garcia, chair, at 8:00 a.m. on Monday, September 20, 2010, in the Barbara Hubbard Room at New Mexico State University (NMSU) in Las Cruces.

Present

Rep. Mary Helen Garcia, Chair
Sen. Bernadette M. Sanchez, Vice Chair
Rep. Andrew J. Barreras (9/20)
Sen. Mark Boitano
Rep. Ernest H. Chavez
Rep. Nora Espinoza
Rep. Dianne Miller Hamilton
Sen. Richard C. Martinez
Sen. Howie C. Morales (9/21)
Rep. Debbie A. Rodella

Advisory Members

Sen. Rod Adair (9/20)
Rep. Zachary J. Cook (9/20)
Rep. Nathan P. Cote
Rep. Sandra D. Jeff (9/20)
Rep. Andy Nuñez
Rep. Shirley A. Tyler
Sen. David Ulibarri

Guest Legislator

Sen. Mary Kay Papen

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

Staff

Peter Kovnat

Absent

Sen. Mary Jane M. Garcia
Rep. William J. Gray
Sen. Clinton D. Harden, Jr.
Sen. Timothy M. Keller
Rep. Patricia A. Lundstrom
Sen. William E. Sharer

Sen. Sue Wilson Beffort
Sen. Dianna J. Duran
Rep. John A. Heaton
Sen. Carroll H. Leavell
Rep. James Roger Madalena
Rep. Antonio "Moe" Maestas
Sen. George K. Munoz
Rep. William "Bill" R. Rehm
Sen. John M. Sapien
Rep. Richard D. Vigil

Adan DelVal

Monday, September 20

Whistlestop Tour of Spaceport America

Rick Homans, executive director, Spaceport Authority, explained that the residents of New Mexico own Spaceport America and that it is the world's first purpose-built commercial spaceport. Mr. Homans explained that it was built for economic development, tourism and education and should be complete in late 2010 or early 2011. He stated that flight operations will begin as soon as everything is ready and safe. New Mexico Spaceport America's leadership consists of Lieutenant Governor Diane Denish, Casey Luna, Gary Whitehead, Jerry Stagner, Pat Beckett, Toots Green, Kent Evans, Mr. Homans and Ben Woods. Mr. Homans stated that many southern New Mexico firms were hired for Spaceport work. Construction accounts for approximately 25 percent of current jobs at the Spaceport; construction companies include: Zia Engineering & Environmental Consultants; Molzen Corbin & Associated; Advanced Testing; G.D. General Contractors; La Calerita Construction; AUI, Inc.; Enoch; CMC Construction; Smithco; and ASAP Excavation. Firms that have been hired for non-construction work include the following: Wilson Binkley Advertising & Marketing; Hubert and Hernandez, LLP; Miller Stratver Law; New Mexico Spaceport Authority; and Honey Pot. Mr. Homans also explained that the contracting process follows the Procurement Code. Moreover, he stated that New Mexico contractors have won 12 of 13 construction contracts awarded so far. The growth in Sierra County from December 2009 through June 2010 is approximately 72 percent; and the average annual growth from September 2003 to December 2009 is approximately 11 percent.

Dr. Patricia Hynes, director, New Mexico Space Grant Consortium (NMSGC), NMSU, announced to the committee that Space Week in New Mexico will be October 19-22, 2010. Dr. Hynes indicated to the committee that the NMSGC is funded by Congress and administered by NASA. The NMSGC is partnered with other academic institutions such as NMSU; the University of New Mexico (UNM); the New Mexico Institute of Mining and Technology; New Mexico Highlands University; San Juan College; Doña Ana Community College (DACC); Central New Mexico Community College; and Southwestern Indian Polytechnic Institute. In addition to higher education institutions, there are many pre-college school district partners throughout the state. The NMSGC has many components, including the scholarship program (NASA research and faculty relationship required); internship program (NASA and industry facilities); aerospace associates program at DACC; aerospace engineering program at NMSU (curriculum development and start-up packages); reduced gravity student flight opportunities; student launch program — annual access to space for student experiments (fly from Spaceport); summer of innovation: 138 teachers and 3,000 students (middle school students launch experiments); and Space Week in New Mexico. The student launch program is the only program in the world offering annual access to space for New Mexico students' experiments; the next launch is scheduled for April 1, 2011 at Spaceport America. According to Dr. Hynes, the NMSGC has proven to be a great success for public schools as well as for higher education institutions.

Mark Lautman, chief executive officer, Lautman Economic Architecture (LEA), introduced George T. Whitesides, chief executive officer, Virgin Galactic. Mr. Lautman stated that the mission of LEA is "maximizing state and local return on investment in the Spaceport requires the development of a regional economic development organization". Mr. Whitesides stated that there are four areas for regional economic opportunity: 1) local contract opportunities for local economic development organizations (EDOs), the Chamber of Commerce, small business development corporations, and industry and trade associations; 2) launch industry and supply-chain opportunities for local EDOs, the Economic Development Department and the commercial space committee; 3) tourism industry opportunities for NMSU/Virgin, NMSU Hospitality and Arrowhead, the Chambers of Commerce and Colonias Promoters Association; and 4) research and development opportunities for NMSU, New Mexico Tech and the national laboratories. Mr. Lautman also stated that there are four areas to work on developing further:

1. **Local Contractor Outreach and Development Progress:** Includes operational contracts of approximately \$2 million for the pre-operational phase; phase II construction includes approximately \$50 million; CSRED community outreach program — partner EDOs; and local employment development programs — partner EDOs.
2. **Economic Development Services Progress:** Gap analysis; prospect sharing and management protocols (includes four steps: initial team formed; lead-sharing underway; lead qualifying and management protocols developing; and design of prospect management system); marketing — lead generation; and local contractor program delegation, management and metrics.
3. **Tourism and Experience Development Progress:** Needs analysis; major facility and services must make site selection and identification of major gaps; and entrepreneurial development program.
4. **Research and Development:** Major players include: the NMSGC, NMSU Arrowhead, NMSU Physical Science Lab, White Sands Missile Range, New Mexico Tech, UNM, Sandia National Laboratories, Los Alamos National Laboratory and the Air Force Research Laboratories. Major opportunities include small satellite manufacturing, satellite preparation services, satellite contingency programs, space weather prediction and satellite verification and monitoring.

Upon inquiry from the committee, Mr. Whitesides stated that there are well over 100 jobs currently performing detailed planning on operational requirements. He also indicated that once initiated, there will be one flight per week and, with time, flights will increase. The committee also indicated that although the Spaceport primarily deals with commercial space flights, it is doing things that are related to education. Upon questions by the committee, Dr. Hynes stated that funding for the student programs has been through grants and that no funding has been received from the state. The latest information indicates that 360 individuals put down a deposit for flights; the actual cost to fly is \$200,000, and some individuals have already paid in full. Moreover, Mr. Whitesides indicated that there is currently a waiting list for flights in the future.

The meeting recessed at 3:00 p.m.

Tuesday, September 21

Welcome to NMSU

Mr. Woods, senior vice president for external relations, chief of staff, NMSU, welcomed the committee to NMSU on behalf of President Couture and the board of regents. Mr. Woods presented the committee with a video about the research that NMSU is currently working on. The video noted that research provides leadership expertise and technology development in many different areas. An example of research being conducted at NMSU is in developing clean and renewable energy sources. Forty-four million dollars was provided to commercialize algae as a biofuel. In four years, New Mexico's pecan exports to China went from 60,000 pounds to 15 million pounds.

Upon a motion by Senator Sanchez, seconded by Senator Martinez, the minutes for the second meeting of the Economic and Rural Development Committee were approved with no objection.

Need for a Farmer Protection Act — Report from Various Stakeholders to Determine Whether Fears of Genetically Engineered Chile and Other Seeds Are Well-Founded

Dr. David Thompson, associate dean, College of Agriculture, Consumer and Environmental Science (ACES), and director, Agricultural Experiment Station (AES), NMSU welcomed the committee to NMSU. He indicated that he has been the associate dean for the ACES for approximately three months. Dr. Thompson stated that as a land grant institution, NMSU funds programs differently. This year, NMSU was able to successfully double state appropriations to conduct research within the ACES. Dr. Thompson indicated that the role of the AES is to be a research arm of the ACES. Funding for 2010 includes state appropriations of approximately \$15 million; grants and contracts of approximately \$16 million; and federal appropriations of approximately \$2 million. Dr. Thompson indicated that research is driven by the needs of New Mexicans from urban and small farms to large-scale commercial farms. Some of the efforts by the AES include sustaining agriculture and conserving natural resources. Protecting and managing natural resources includes water, soils, rangelands and forests in both rural and urban settings. The AES also fosters sustainable and profitable production of animals and plants and their products. Furthermore, the AES develops effective methods of protecting animals and plants from pests and diseases along with the development of technology related to food safety. The AES also enhances New Mexico's community and economic development by improving agricultural markets, trade and economic/business development. Research is also a good investment to develop human capital; it has improved the health and well-being of New Mexicans. The AES also conducts chile research. Currently, 22 faculty members work on fertilization, irrigation, pest management, plant quality and harvesting; two faculty members are dedicated to economics; and three faculty members work on food science. The 22 faculty members conducting research on chile have been working on breeding chile for good taste, cultural significance, ornamental qualities, drought tolerance, herbicide resistance and disease resistance. Dr. Thompson explained that conventional breeding is making deliberate crosses between two parents, and plant genetic engineering (GE) is introducing genes of desired traits

into recipient plants by methods other than sexual crosses. Some of the concerns that have been addressed with regards to GE crops are that there are no scientifically valid demonstrations that food safety issues of foods containing GE ingredients are greater than foods that do not contain them. Also, pests do evolve to resist synthetic pesticides or GE crops. In addition, another concern is that there is a potential of horizontal and vertical gene transfer from transgenic organisms to others. Finally, the percentage of GE crops will continue to increase as economic and environmental benefits are realized.

Dino Cervantes, general manager, Cervantes Enterprises, Inc., stated that New Mexico is the leader in chile production. Even though there was a peak in the mid-1990s, a decrease was seen. Mr. Cervantes stated that chile is a cultural crop and that is what identifies New Mexicans. He also stated that most of the chile companies in New Mexico are family-owned and -operated and provide a number of jobs in the state. There are different types of chiles that are being grafted; grafting is taking the branch of one chile plant and attaching it to another to grow as one. Mr. Cervantes stated that there are currently many crops that are considered genetically modified crops, including corn and cotton. According to Mr. Cervantes, 93 percent of cotton is genetically modified.

Diane Albert, the Law Office of Diane Albert, chair, intellectual property law section board, stated that patents are legally protected by the U.S. Constitution. Patents promote the progress of science and useful arts by securing for a limited time authors' and inventors' exclusive rights to their respective writings and discoveries. According to Ms. Albert, a patent is a set of exclusive legal rights granted by a state to an inventor for a limited period of time in exchange for a public disclosure of an invention (20 years from the date of first filing). The utility patent is granted when three requirements are met: 1) the invention is new or novel; 2) the invention is useful or utilitarian; and 3) the invention is not obvious. Moreover, Ms. Albert explained that patents protect whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof. However, a thing occurring in nature, which is substantially unaltered, is not a manufacture.

Isaura Andaluz, advocate, Save New Mexico Seeds Coalition, informed the committee how contamination by GE seeds and crops affects farmers' freedom to farm and save seeds. Ms. Andaluz commented that GE seed requirements are as follows: enter into seed contracts called "technology use agreements"; the seed cannot be saved; industry herbicide products must be used; access to all farm property must be provided, such as farm records and in some cases even internet providers; and plant refuge to prevent superbug creation, which requires additional acreage. Ms. Andaluz stated that the main issue in regards to GE chile is contamination. The biotech industry acknowledges that contamination is inevitable. The big problem is that only industry and the GE farmer know where the GE crops are planted; therefore, there is a loss of farmer-to-farmer trust. It is also considered a loss of integrity of native and heirloom seeds, leading to further food insecurity. GE chile contamination issues in New Mexico include seeds from "landraces" that are saved annually, the seeds are acclimated to specific regions and contribute to genetic diversity, the seeds are drought-tolerant and contain genes desired by industry and "landraces" have a unique and distinct flavor. Moreover, farmers do not want these

seeds or genetic material in their fields or gardens. New Mexico farmers need protection from contamination by GE seeds and plant material.

Upon inquiry from the committee, Dr. Thompson suggested using pollination cages to prevent cross-breeding of the chile. For those communities that do not use pollination cages, a solution would be not to plant the patented chile. The committee questioned the case of Monsanto suing farmers for the cross-pollination of chile. Ms. Albert stated that Monsanto had the right to trespass onto property because the farmers were potentially using the patent chile without proper consent. A sign has to be posted in order to claim that someone has trespassed onto property.

Economic Development Impact of Infrastructure for Colonias; Domestic Water Usage in Colonias; How Colonias Are Using the Funding They Receive

Silvia Sierra, director, Doña Ana County Health and Human Services Department; Sue Padilla, assistant county manager, Doña Ana County; and Chuck McMahon, director, Community Development Department, Doña Ana County, presented before the committee. Ms. Sierra discussed colonias in Doña Ana County. She stated that colonias are rural communities located within 150 miles of the United States-Mexico border. Colonias often lack the basic necessities most Americans take for granted such as running water, electricity and paved roads. These mostly unincorporated communities began to be developed in the 1950s and have continued to exist for a variety of reasons such as poor land use regulations. The colonias are without safe, sanitary and affordable housing, drinkable water, sewers and drainage systems. Colonias struggle with issues often associated with third world countries. In 1990, Doña Ana County recognized the existence of 37 colonias. In 2003-2004, Doña Ana County began resolving infrastructure problems such as roads, drainage, wastewater and water. Doña Ana County partnered with NAD Bank and BECC for public sewers to get cesspools and septic tanks off-line. In addition, in the case of the Vado area, stimulus money was used to build a flood wall in addition to a master plan for improvements to flood-prone areas. From 2004 to 2010, 19 Doña Ana County colonias have improved, according to the "A through E" rating each colonia is given. Most of the improvements in these colonias have been seen in the southern region, with 13 colonias improving their ratings. Success has been seen in the colonias. Doña Ana County seeks assistance from DACC, La Clinica and Ben Archer to offer services to residents and mandates that 35 percent of these services be located within Doña Ana County community centers. The MVEDA and Arrowhead Research Center identified the need for jobs, educational opportunities and transportation issues. The South Central Regional Transit District analyzed regional transit in the southern part of the county. Ms. Sierra mentioned that the colonias are currently facing infrastructure, social and economic challenges.

New Las Cruces Tax Increment Development District Update

William Sletton, downtown development coordinator, City of Las Cruces, indicated that the Main Street downtown area of Las Cruces has undergone many renovations. Work on North Main Street began on June 28 of this year; the project includes the roundabout in front of the new city hall. Infrastructure improvements within the district include reopening Main Street (north and south), costing approximately \$6.2 million; Water Street and Church Street

conversion to two-way traffic, costing approximately \$3.1 million; Las Cruces and Griggs avenues between Church and Alameda streets, costing approximately \$2.6 million; and Organ, Court, Hadley and May streets, costing approximately \$3.1 million. In addition, revitalization projects in Doña Ana County include city hall, costing approximately \$32 million; the federal courthouse, costing approximately \$83 million; workforce housing, costing approximately \$10 million; the marketplace, costing approximately \$500,000; streets and utilities, costing approximately \$10.8 million; museums, costing approximately \$4.5 million; and private property improvements, costing approximately \$2 million.

There being no further business before the committee, the third meeting of the Economic and Rural Development Committee adjourned at 11:48 a.m.