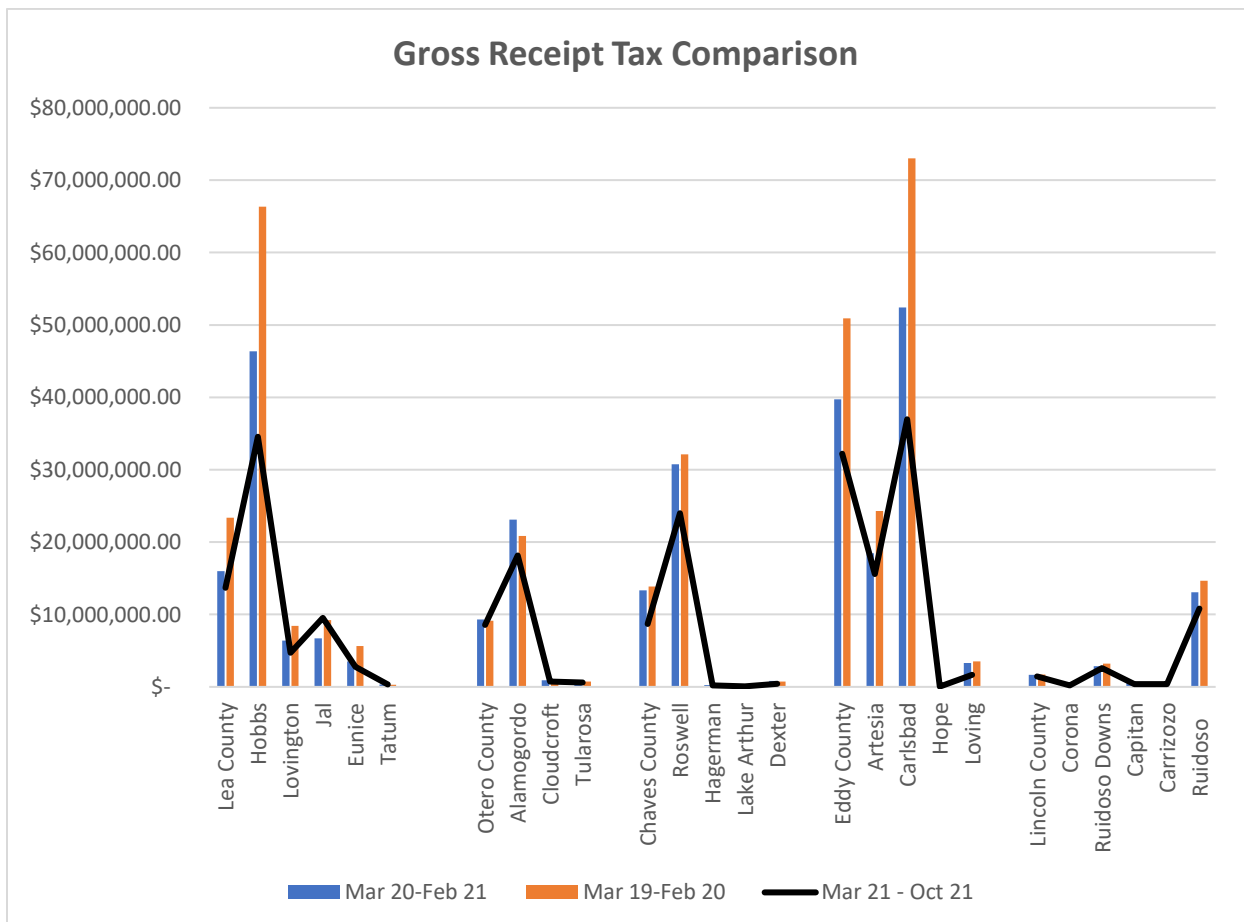


## Signs of Recovery in Southeast New Mexico

Southeast New Mexico is showing signs of economic recovery as we work to develop a plan that evaluates economic opportunities and collaborate on priorities and common goals that support economic growth and resilience in southeast New Mexico.

New Mexico’s total matched taxable gross receipts (MTGR) are used in economic evaluations and the local gross receipt tax distribution paid from MTGR to counties and cities is a primary revenue source that supports operating costs for local government entities. This along with unemployment rates and unemployment claims plus employment and weekly wages make up the economic summary that is reviewed quarterly to determine if southeast New Mexico is recovering. The graphs below, using local gross receipts taxes, show a comparison from when the pandemic began in March 2019 to February 2020 compared to March 2020 to February 2021; a one-year review. It also reports March 2021 to October 2021. Southeast New Mexico is showing signs of recovery.



**Quarterly Economic Summaries** report an economic snapshot by quarter using data from the U.S. Bureau of Labor Statistics, NM Taxation and Revenue Department, Department of Workforce Solutions and U.S. Bureau of Economic Analysis. The current economic summaries are for the months of July, August, and September 2021.

**New Mexico's** total matched taxable gross receipts (MTGR) increased by 5.5% from Q4 FY 2021 to Q1 in 2022. The retail trade industry continues to be the largest contributor to MTGR in New Mexico and reported a 17% year over year (YOY) increase and a 25% increase compared to two years ago before the pandemic. The arts, entertainment and recreation industry saw the highest YOY percent change in Q1 FY22, increasing by 143%. Other industries reporting an overall YOY increase were Accommodation and Food Service – 40%; Real Estate and Rental and Leasing – 48%; Transportation – 46%; and Wholesale Trade - 39%. The quarterly average total employment and weekly wage also reported an increase along with a significant increase in initial unemployment claims. The current unprecedented uptick in initial unemployment claims is clearly tied directly to the COVID-19 pandemic. As vaccination levels and other health indicators improve lessening health concerns, these claims should decline.

**Eddy County's** matched gross receipts tax (MTGR) increased in Q1 FY22 as compared to Q4 FY by \$289M or 19% which is comparable to Q4 FY19. This Quarterly Economic Summary also shows 18 industries that reported a year over year (YOY) increase where the largest increase came from the mining, quarrying and oil and gas extraction industry. This industry posted a \$150M representing a 43% increase. Arts, Entertainment, and Recreation increased by 102%, Educational Services increased by 189%, Manufacturing increased by 118% and Wholesale Trade increased by 154%. Gross receipts tax (GRT) revenue collections increased by \$1.9M or 17% from Q4 FY21 to Q1 FY22. Gross receipts tax revenue collections increased by \$1.9M, or 17% from Q4 FY21 to Q1 FY22. Average weekly wages increased by \$12/week from Q3 FY21 to Q4 FY21.

**Lea County 's** matched taxable gross receipts (MTGR) bounced back in Q1 FY22 reporting a record amount of \$1.9B, increasing by \$190M or nearly 29%. The quarterly MTGR has increased quarter over quarter, creating an upward trend which is driven mainly by the mining- oil and gas extraction industry. Arts, Entertainment and Recreation increased by 118%; Manufacturing increased by 171%; Professional Services increased by 110%, Real Estate increased by 104% and Wholesale Trade increased by 232%. Gross receipts tax revenue collections increased by \$1.4M or 28% from Q4 FY21 to Q1 FY22. Average weekly wages and average employment have flattened since Q2 FY21.

**Chaves County's** matched taxable gross receipts (MTGR) was the largest amount reported (\$383M) dating back six fiscal years. The retail trade industry accounted for 35% of Q1 FY22. Arts, Entertainment and Recreation increased by 83%; Mining Quarrying and Oil & Gas Extraction increased by 178%, Manufacturing increased by

83%, and Wholesale Trade increased by 70%. Gross receipts tax revenue collections increased by \$2.3M or 66% from Q4 FY21 to Q1 FY22. This the largest amount collected for Chaves County. Average weekly wages and average employment have flattened since Q2 FY21

**Otero County's** matched taxable gross receipts (MTGR) spiked reporting an all-time high during Q4 FY22 of \$383M. From Q4 FY21 to Q1 FY22 MTGR increased by \$91.4M or 31% which includes eight of the ten highest reported quarters of MTGR dating back to FY04. Three industries (Retail, Real Estate & Rental Leasing, Construction) accounted for nearly 50% of the county's MTGR reporting an increase of \$113M from Q1 in FY21 to FY22. There were 16 industries that reported a year over year increase where the largest increase came from real estate and rental/leasing industry which posted a YOY increase of \$59M or 722% increase. Arts, Entertainment and Recreation increased by 72%; Manufacturing increased by 41%, Mining Quarrying Oil & Gas Extraction increased by 50%, Public Administration increased 76% and Wholesale Trade increased by 55%. Gross receipts tax revenue collection increased by nearly \$3M or 112% from Q4 FY21 to Q1 FY22. Average weekly wages increased by \$72/week while employment increased by 216.

**Lincoln County's** matched taxable gross receipts (MTGR) increased in Q1 FY22 as compared to Q4 FY21 reporting \$1215.8M. This is the largest quarterly MTGR dating back to FY04. MGRT has averaged \$118M for Lincoln County and over the last five quarters has averaged \$167M. There were 17 industries that reported a year over year increase with the largest increase from construction, which posted a YOY gain of \$20M or 77%. Arts, Entertainment and Recreation increased by 140% and Mining increased by 295%. Gross receipt tax revenue collections increased by \$590K or 120% from Q4 FY21 to Q1 FY22. The increase alone is the largest amount of GRT collected by the county over the last eight quarters.

The NMEDD Quarterly Economic Summaries provide a lot of information and graphs by County and is used to analyze economic recovery in southeast New Mexico. This information can be found at [New Mexico Census County Map | NMEDD \(gonm.biz\)](https://gonm.biz)

**Unemployment:** NM Department of Workforce Solutions reported that New Mexico's seasonally adjusted unemployment rate was 6.2 % in November, down from 6.5 % in October and down from 8.5 % in the previous year. The national unemployment rate in November was 4.2 %, down from 4.6 % in October and down from 6.7 % in November 2020.

Eight major industry sectors reported over-the-year job increases. Leisure and hospitality experienced the largest employment growth with a gain of 12,300 jobs, or 15.5 percent, compared to the previous year. Professional and business services employment grew by 8,500 jobs, or 8.0 %. Trade, transportation, and utilities reported an increase of 5,900 jobs, or 4.4 %. Within the industry, retail trade was up 3,300 jobs, or 3.7 %; transportation, warehousing, and utilities was up 2,700 jobs, or 10.9 %; and

wholesale trade was down 100 jobs, or - 0.5 %. Mining and construction employment rose by 4,100 jobs, or 6.4 %. Most gains were within the construction industry, which grew by 2,700 jobs, or 5.8 %. Mining employment was up 1,400 jobs, or 8.2 %, over the year. Employment in manufacturing was up 3,800 jobs, or 14.6 %. Financial activities were up 1,400 jobs, or 4.2 %. Employment in education and health services expanded by 1,300 jobs, or 1.0 %. Within the education and health services industry, educational services were up 1,900 jobs, or 10.2 %, and health care and social assistance was down 600 jobs, or -0.5 %. Employment in Information was down 200 jobs, or -2.3 %.

Within the public sector, state government was down 1,500 jobs, or -2.7 %. Within state government employment, state government excluding education lost 1,400 jobs, representing a decrease of -4.6 %. State government education was down 100 jobs, or -0.4 %. Federal government reported a loss of 500 jobs, or -1.7 %, from its employment level in November 2020. Employment in local government was up 600 jobs, or 0.6 %. Within local government, local government education was up 500 jobs, or 1.0 %, and local government excluding education was up 100 jobs, or 0.2 %.

Unemployment Rates - SNMEDD region:

	Dec 2021	Dec 2020	Jul 2020
• New Mexico	5.8%	8.6%	12.5%
• National	4.0%	6.7%	11.1%
• Chaves County	4.9%	8.3%	13.1%
• Lea County	6.4%	12.4%	19.4%
• Eddy County	4.1%	7.8%	12.0%
• Otero County	4.3%	7.7%	12.7%
• Lincoln County	5.0%	7.9%	13.7%

<https://Fred.stlouisfed.org>

**SNMEDD Economic Recovery Team** met on January 13, 2022 and reported on how their communities were recovering.

**Eddy County** – reported by John Waters, Executive Director of Carlsbad Department of Economic Development

- There are still active COVID cases in Eddy and Lea County with a significant number of cases testing positive.
- Schools are still opened in Artesia and Carlsbad.
- The impact from COVID is still a factor, especially for those seeking jobs.
- EDC has recently completed surveys on what jobs are available in the area and assessed how hard it is to fill the jobs. The survey also asks about occupancy with housing both temporary and permanent.
  - ✓ RV Parks are not building up as fast as they were pre-Covid. Man-camps which are larger areas where a lot of people live, similar to a dorm like or barracks setting. These camps are doing well or better than the

RV camps, and some are receiving contracts for spacing, related to the Oil & Gas Industry.

- ✓ Apartment Complexes are filling up fast.
- ✓ Single family home construction is occurring, and demand is still high.
- The Carlsbad area is continuing to grow, and the Oil & Gas Industry is increasing.
- Traffic counts are back up to pre-covid and in some areas, exceed that level.
- There is a significant amount of interest in office space and lay down yards. Requests are coming from other basins from across the country that are not doing as well. People are coming from the Ohio and the Pennsylvania area. Also, there is a lot of Interest from Texas, Oklahoma, Louisiana which will result in growth. The Impact will have a demand on services that must be provided, specifically in the entry level businesses such as retail and they are experiencing the highest level of unemployment creating a challenge.
- Eddy County currently has a 4.6% unemployment rate and it's difficult to fill the entry level positions.
- Hospitals also have challenges which include the fear of are a mixture of catching COVID again.
- Employers are not getting as many applicants for open positions.
- Eddy County, Chavez County and Midland County Texas are all experiencing a lot of job vacancies that they are not able to fill.
  - ✓ There is interest in recruiting people from job fairs in other areas, going as far as the Dallas region to Houston and the San Antonio area to bring people into this region to work in oil & gas industry and/or with companies assisting the oil & gas industry; however, the challenge that must be addressed is available housing.
- Eddy County is seeing interest in other industries such as tourism but most of their positions are entry level and they are hard to fill.
- Some people have moved from Carlsbad to Texas because they want their children to attend school in person. They are moving to Texas towns close by, such as Lubbock, Midland and Andrews so their children can attend school and they continue to work in Eddy and Lea County.
- Eddy County has contracted with the Carlsbad EDC to help small businesses. They are using funds from American Recovery Act where they will be working with a matrix similar the CARES Act but will be more streamlined.
  - ✓ Businesses will still have to prove they were impacted but will not have as many extraneous requirements.
  - ✓ The County is going to cap the grants at \$45,000 per grant and will start advertising across the county. They hope to get enough interest to get funds distributed.

**Chaves County** - reported by Kevin Maevers, Juanita Jennings, and Mike Espirti –

Roswell and Chaves County are taking a forward-thinking approach and very positive and proactive steps to come out of this recovery even stronger than before. They still have many of the same issues which include hiring, product pipeline, getting people

back to work and being around other people. All these things are symptoms of a recovering economy.

- The Office of Public Affairs is moving forward with branding initiatives, rebranding initiatives with resilience and public communications to let everyone know what we are doing, especially with our travel and tourism industry.
- Successful in rebranding of the overall city and some of the tourist attractions including the Roswell Museum.
- The numbers of occupancy report low but know there are some hotels not reporting and there are issues with Short Term Rentals (STR) not reporting.
- Implementing a new program to track STRs online.
- The Visitor Center had record number in December of a little over 30,000.
- Two people went to the ADA conference to bring in bus tours and travels and they received great interest.
- New initiatives with the City include Internal and External communications.
- Adding a new employee that will focus on internal communication in the city and with local business. This will allow Juanita to focus on external communications, specifically tourism.
- The big event – 75<sup>th</sup> anniversary of the incident of 1947 is in planning, and they are trying to involve more outside entities and organizations from the community.
- Reaching out on a digital campaign as well as locally targeting specific businesses to attract to Roswell.
- Flight services - Completed up a campaign and starting another one promoting flight services which is showing that ridership numbers have increased.
- Looking ahead, working on a summer production schedule which is important for the enrichment of tourist attractions.
  - ✓ The focus for 2022 is tourism product development – We have really great assets but are missing an interactive experiential experience related to either agriculture, tourism and/or aliens.
  - ✓ We have a great museum but it's more of a research center. Feedback from visitors is that they are looking for site doing vs site seeing and this will be one of the biggest initiatives that will be launch at this year's UFO Festival.
- Adding flights to Dallas, Phoenix and Denver and possibly Salt Lake City.
- With the addition of facilities and employers, jobs will be created.
- Chaves County EDC – Roswell Air Center was deeded over from the US Airfoce back in 60s and provides a 5000-acre land mass with the largest runways in North America. This has helped to grow our economy to be more diverse in the Air sector through different projects.
  - ✓ Accent Aviation, a company from Arizona is expanding into Roswell creating 360 jobs and breaking ground next month. This will be an \$18 million + project.
  - ✓ Received \$5 million from the Gov Office to help with the infrastructure. Accent has already hired people from Roswell and have plans for bigger things in Roswell.

- ✓ Accent Groundbreaking is planned for next month. They are concerned about workforce specifically skilled labor. They plan to partner with ENMU Roswell and the School Districts in the lower valley.
- Working on career education, apprenticeships, and job shadowing. DWS says Roswell is leading the state today with apprenticeship programs. Roswell has a lot of young people working with the aviation sector and other industries in Roswell to learn about jobs and career tracking. It's a long game and we believe if we grow own workforce, if they are from here, they will stay here.
- Housing is a challenge with the growth at the air center.
  - ✓ Avex, a global company, will be expanding at the Air Center, working primarily in the aviation space, drones, particularly refurbishing aircraft. They have a manufacturing center with several locations across the country and their presence here, will allow them to expand and grow.
  - ✓ Seeing more activity and as a result, we are in need for more inventory at the air center. At the last MRO trade show that we attended, every company was looking to expand and needed to go someplace where there are hangars and facilities. The City has embarked on a journey to move the inventory to higher level so we can attract these companies.
  - ✓ There is such a demand and need with ecommerce, aviation facilities will help to attract different types of companies.
- Workforce - need to do things differently and smarter. We will always have young people in school and there can be opportunities if we create pathways for their careers and hopefully, they will take advantage of that with the programs we instituted in Roswell, Chaves County.
- Efforts to spur the housing market include three different programs.
  - ✓ Clean and Safe program and overall safe community enhancement program. These programs set the stage for recovery and revitalization.
  - ✓ The Council passed the Municipal Infrastructure Reimbursement Program which provides incentives to new developers that want to come in and put in new infrastructure and help offset some of the costs in the current climate were seeing where costs of construction are going up.
  - ✓ Implemented a permit streamlining program – issue permits in a minimal amount of time permitted by law, including entitlement permits, preliminary plats, conditional use permit, zone changes all the way and including permits for a fence. Permits can be issued in the same day.
- Moving the Community Development Dept across the street to be a Development Services Center, a One Stop Location where new developers can submit plans, pull permits, get clearances, schedule inspections: all in one location at one time.
  - ✓ Have seen a dramatic increase in past 2-3 months with applications being processed and items pushed to Planning Commission and City Council quickly. The economic value in December alone with a new Hyundai dealership and new Ford dealership, just in construction, was estimated \$25-\$30 million not including the 100 jobs or vehicle sales plus gross receipt taxes that will happen.
  - ✓ Next month, we will be taking housing availability to the next level. We have over 200 new single family residential projects being pushed

through - \$45 million in construction revenue plus adding to the availability of housing. We are looking at 2022 being one of the most exciting years in many years and believe that activity will continue through the end of this decade. We anticipate that we will see a significant reversal of prosperity and fortunes in our counties and southeast NM.

**Lea County** – reported by Jennifer Grassham President & CEO at Economic Development Corporation of Lea County

- Lots of good stuff going on in Hobbs and Lea County and agree with John's comments about people coming into town looking for new places. Traffic is up again, and we are also seeing a lot of activity in Retail.
- In the next 6 months, we have 8 new national establishments going online and think it will have a tremendous impact on GRT generated from that.
- Have two major companies going online this year; a new Covenant Hospital (connected to Lubbock) and the Career and Technical High School (CTECH). Construction for CTECH is on schedule and on budget with a planned opening in August 2022. Tours have been given to groups to see CTECH construction, design, and what its intended to do. Would love to take anyone interested on a tour. It's all about being collaborative and sharing.
- Schools are staying open but are seeing the quarantine of teachers and staff, causing operational issues.
- Getting a lot of interest in the Industrial Park-Energy Plex Park which is 9600 acres. Have 3 projects that are roughly 1000 acres each in various stages of development and will be able to fill out that park in the coming months/years.
- Air Service – started new flight to Denver so we have Houston and Denver with United Airlines and as you know it's difficult to travel without cancellations or delays. Luckily, we have been consistent with on-time service but are getting hit like the rest of the country is.
- Unemployment is going down.
- Seeing a lot of unfilled positions and need to get the people and supply to catch up.

**Hobbs** - Debra Hicks reported that her company, Pettigrew Engineering is in Hobbs, south Colorado, east Arizona, Texas, Kansas and Oklahoma and described the Engineering community as poised and ready. Pettigrew has 3 contracts that have been awarded and are waiting for the communities to be able to get their contracts set up.

- The Engineering Association are all in the same situation; many have contracts ready and released and are waiting to see how the funds are going to be distributed amongst our counties and communities.
- Oil & Gas Industries are running and gunning. The O & G companies are still building large compressor stations and looking forward to installation of gas plants.
  - ✓ We are all combating the cold flu/Omicron and now working to ensure that employees come to work healthy. Things are looking up.



- ✓ Look across the state line, Texas is higher in gross revenues in what the oil & gas is building and constructing now. Lea County EDC has entertained prime potential targets for Lea County and just waiting for all the news to come out.
- ✓ Big challenge is the need for trained employees.

**Artesia** - Mayor Miller reported that they have a huge project that is continuing, giving a boost in lodgers tax and gross receipt taxes.

- Having the same problems with entry level positions, still needing people to work including openings at the City. If people are not working, it's probably because they are looking for a job and don't want to work.
- Construction is still going strong with residential homes being build.
- Popeyes is going up and for a small community, every new business that is under construction makes us excited.

**Lincoln County** –Tom Stewart reported

- The focus from Lincoln County is the need for Broadband.
- ARA funds are being used to do fairground work and to improve it as a tourist attraction.
- Working on water system in the community of Lincoln. It attracts a lot of people, and their water system is deficient. The Legislative Report today shows SB 1475 has a lot of water projects funded and Lincoln is on there.
- Looking at Fiber Optic improvements especially around vicinity of Lincoln and the Emergency Center on Hwy 48.
- Lincoln County is looking at putting in a cell tower with 5G.
- Hospital is holding its own.

**Village of Ruidoso** -Tim Coughlin – The Village took a proactive stance immediately with the pandemic and throughout this entire time.

- Reduced revenue by 40% and cut spending to offset loss of revenue.
- Did not have to lay off or furlough any employees but did put a freeze on any noncritical position hiring.
- Started a committee to write a reopening plan for the Village.
- Helped businesses with the interpretation of what State mandates said including when they went into effect.
- To support businesses, the Village provided tents for restaurants to allow them to expand or create outdoor dining space during the times when the State had indoor dining restrictions. This allowed restaurants to be open and to serve the people within the Village including the tourists.
- The Village waived all banner and temporary sign restrictions so businesses could let the people know when they were opened and the change of hours.
- The Village purchased masks and hand sanitizer when it was hard to find them and provided them to our local businesses at cost.
- Ruidoso safe team went out on weekends and distributed free masks and gloves to visitors in the mid-town area.

- The Village also installed hand sanitizers. We did this because, despite that fact we stopped our tourism marketing, the tourists kept coming.
- Lodgers were full and the town is packed.
- The GRT exceeded all projections and continues to grow.
- Lodgers Tax is growing and now reports \$2.3 million has been received in Lodgers Tax.
- VOR applied for grants and received millions of dollars that we were able to be put back into our economy to support our businesses. We provided grants to smaller employers to recovery their costs and to make improvements to their business such as outdoor dining. This has increased capacity to serve. People love Ruidoso and keep coming.
- The Village is working with the vendor who operates the tubing area at the base of Ski Run Road to expand their operations. They rented a skating rink through mid-February. The Village wants to purchase their own and add to the experience that our visitors can enjoy. Our intent is to build up infrastructure where you rely less on outside factors to sustain our economy.
- Workforce is hitting the Village hard. For example, the Boys & Girls Club is at 40% capacity because we can't find workers.
- Another challenge is that more and more homes are being sold and put into short term rentals because they can make more money on their investments with STR.
- The Village recently signed an agreement to build workforce housing and the developer is asking for funding from the State. This development would be about 55 units. Doesn't solve the problem but will help.
- Childcare is the biggest hinderance to people entering the workforce. There is a burden on families because they don't have anyone to care for their children and there can't rejoin the workforce. We are working on project that will attempt to increase the capacity of day care and afterschool programs and allow people to have those needed services. Once people can rejoin the workforce, that's an investment in the economy.
- So much is going on in Village, the economy is doing great. Just imagine if all businesses were fully staff. The Village has really worked on long term opportunities for the tourists and making them available to our local people as well. Made the ice-skating rink rental time on ice free to local citizens to give back.

**ENMU – Dr. Steve Trosper, Dr. Shawn Powell** reported that they will be attending a bill signing event today in Portales for SB 77.

RELATING TO HIGHER EDUCATION; CREATING THE REGIONAL TWO PLUS TWO PILOT PROJECT TO ESTABLISH A SEAMLESS TRANSITION FROM COMMUNITY COLLEGE TO UNIVERSITY AND MEASURE STUDENT AND INSTITUTIONAL OUTCOMES.

"Two plus two" is created as a six-year pilot project in which public post-secondary educational institutions in the southeastern region of the state join to establish a seamless transition from community college to university to: (1) improve graduation

rates at both educational systems; (2) reduce student credit hour accumulation; (3) reduce student debt; (4) reduce student remediation; and (5) increase collaboration and efficiency by and among the southeastern region's post-secondary educational institutions.

- ENMU has been working with different entities to ensure that classes for students transfer across easy which is a benefit to everyone.
- Expressed appreciation to Senator Gaye Kernan and the Secretary of Higher Education for their support.

**ENMU Roswell** Dr. Shawn Powell reported that there is lot of construction projects ongoing:

- Maintenance Building is completed, and the 1954 Quasit huts (from Walker Airforce Base) have been demolished and the debris is being cleared off.
- Opening bids today for the second part of exterior lights and surveillance system.
  - ✓ Received 3 bids for exterior lighting from NM companies and will see what bids we get for surveillance.
- Had an architect meeting to redesign sewer lines and the sanitation system.
- Enrollment - Projected a flat enrollment for next spring semester. Ended up being where we were in the fall of 2020 compared to end of fall of 2021.
- ENMU is planning to start classes on Jan 18 and offer face-to-face classes, on-line as well as hybrid classes. Mesa Lands college in Tucumcari has moved their start date back 2 weeks to Jan 31. Other colleges and Universities around US are planning to open in the first couple of weeks of the month online.
- In 2021, had 30 vacancies for more than 4 months which puts stress on faculty staff. Currently have 20 openings.
- Workforce Solutions Office will be moving on campus in Roswell in March.
- CARES and ARP funding: \$2.5 m remaining from federal funds for different purposes and looking to apply for a one year, no cost extension, because the Federal monies deadline of May 22.
- Early college/ high school is up and operating and has 180 students.
- In the process of redesigning the Agricultural degree.
- Skyler Pearce who formally taught the Ag Program has moved to ENMU-R campus and is involved in teaching classes in Hagerman, Dexter and Lake Arthur. He is talking to those districts to bring Agriculture classes to them as he will be teaching Ag classes on campus this fall.
- Long term plan is to have those classes taught and build up some majors to get interest in the program. Skyler will teach classes this calendar year and in spring 2023.
- Plan to start an Ag judging team (livestock and meets) depending on coach availability, student interest and desire but want to extend the Agriculture Program Roswell campus.

**ENMU Ruidoso** - Dr. Ryan Trosper reported that Senate Bill 77 is not just for ENMU. The Presidents from Clovis, Carlsbad and Hobbs and all the institutions and community

colleges in the eastern part of the state will be participating to be able to transfer students seamlessly to ENMU.

- Working through Workforce Connection Office located on ENMU Campus to help businesses in Ruidoso and surrounding areas by offering short term courses in basic computer skills, basic employability skills, entrepreneurship skills, alcohol server certification. If anyone knows of any businesses in the area looking for training within those areas, reach out to Luis De La Cruz on campus or Dr. Trosper and we would love to talk more about how to support businesses. We want help businesses revamp and get people back to work.
- Hosting a Job Fair on February 3 with 20 business partners to support that effort and working with local School Districts to bring school district partners. It will be open to the community to try to push people to opportunities to get people back to work.
- General Campus Happenings:
- ARP funding: we will use Federal Funds this spring to replace HVAC on campus, (was allowable expense).
- Through 2020- Higher Ed GO Bonds will be upgrading our parking lots and the exterior of our facility this spring.
- We are thankful for updating the interior of the building.
- Working toward opening a renewable wind energy program and fermentation science.
- There is a need for helping emerging breweries and arboriculture in NM and excited to start those programs and hope to get off the ground next year.
- Opening the spring semester next Tuesday in similar fashion as 2019; mix in person and online classes. Thankful for the work of those across the campus to keep students safe and have them in person in the next week.

**SNMEDD Economic Recovery Team** is making progress in developing a Recovery Resilience Plan for southeast New Mexico. To become a region with resilient communities, we need to place a high priority on understanding and mitigating vulnerability and increasing our ability to recover from such events as the COVID 19. The Recovery Resilience Plan will identify resources and ability to address challenges while considering opportunities for economic prosperity. If implemented, a resilient built environment can:

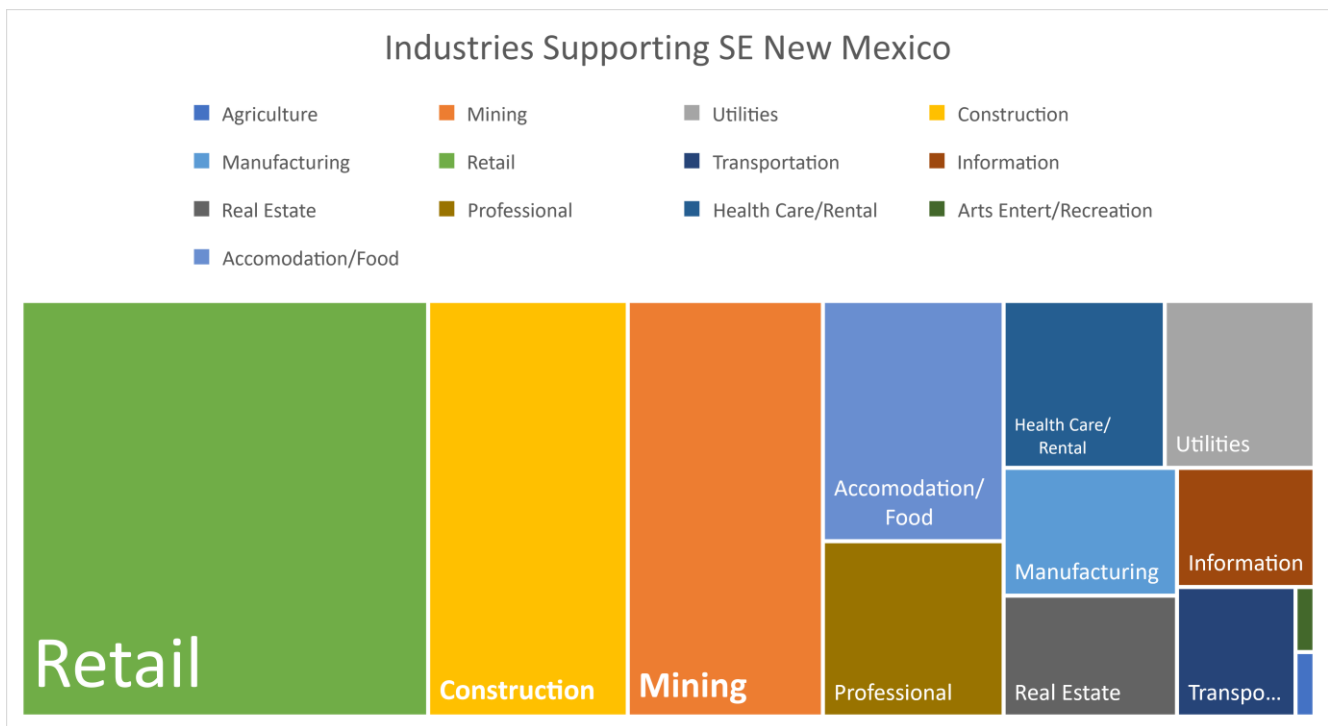
- Result in less physical, economic, environmental, and social damage and impact,
- Support a fuller, more robust, speedier recovery,
- Preserve and enhance community functions including economic growth, and
- Require less time and money to be spent on relief efforts and repairs.

To preserve and enhance economic growth and resilience, the Economic Recovery Team (ERT) agreed to commission Purdue University, Center for Regional Development to analyze the industries in southeast New Mexico. Using NAICS codes, five industries were identified as economic drivers. These industries included:

Agribusiness; Food Processing and Technology; Defense and Security; Arts, Entertainment, Recreation and Tourism; Transportation and Logistics; and Energy (Fossil and Renewables).

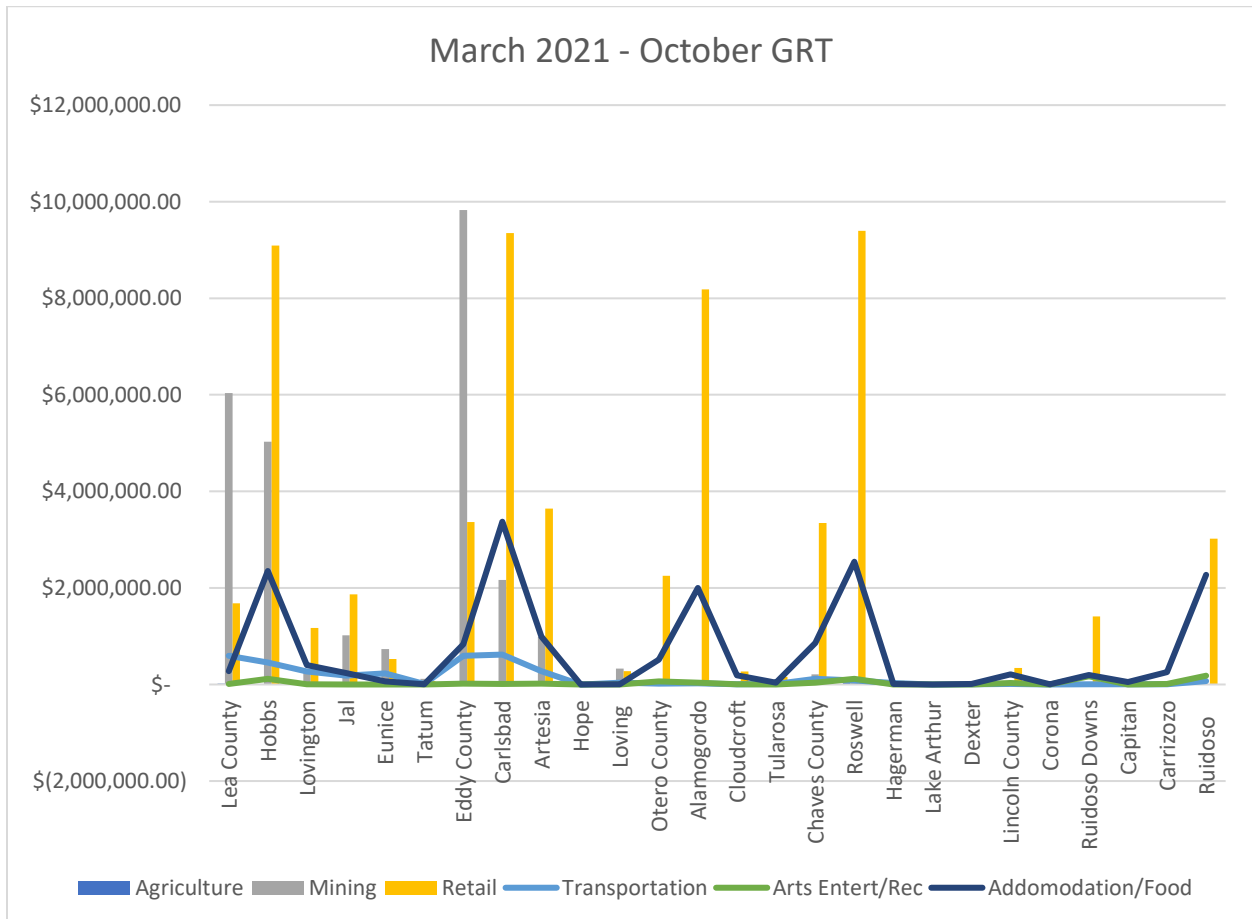
## SNMEDD Economic Recovery and Resilience Plan NAICS Industry Clusters

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Advanced Materials</li> <li><b>2. Agribusiness, Food Processing and Technology</b></li> <li>3. Apparel and Textiles</li> <li><b>4. Arts, Entertainment, Recreation and Visitor Industries</b></li> <li>5. Biomedical/Biotechnical (Life Sciences)</li> <li>6. Business and Financial Services</li> <li>7. Chemicals</li> <li>8. Computer &amp; Electronic Product Mfg</li> <li><b>9. Defense and Security</b></li> <li>10. Education and Knowledge Creation</li> </ol> | <ol style="list-style-type: none"> <li>11. Electrical Equip, Appliance &amp; Component Mfg</li> <li><b>12. Energy (Fossil and Renewable)</b></li> <li>13. Fabricated Metal Product Mfg</li> <li>14. Forest and Wood Products</li> <li>15. Glass and Ceramics</li> <li>16. Information Technology and Telecommunications</li> <li>17. Machinery Mfg</li> <li>18. Mining</li> <li>19. Primary Metal Mfg</li> <li>20. Printing and Publishing</li> <li><b>21. Transportation and Logistics</b></li> <li>22. Transportation Equipment Mfg</li> </ol> |
|--|--|



Top SNMEDD Industry Clusters (TIC)	Jobs	%	Establishments	%
Agribusiness, Food Processing & Technology	6,023	10.9	248	9.8
Transportation and Logistics	4,783	8.7	402	16.0
Energy (fossil and renewable)	32,792	59.6	1,476	58.5
Defense and Security	6,566	11.9	119	4.7
Arts, Entertainment, Recreation, Tourism	4,910	8.9	277	11.0
<b>TIC Total</b>	<b>55,063</b>		<b>2,522</b>	
<b>SNMEDD Region Total -</b>	<b>85,028</b>		<b>3,854</b>	
<b>TIC % of Region</b>		<b>64.8%</b>		<b>65.3%</b>

Shown in the graph below, is a representation of gross receipts taxes collected in the five primary industries from March to October 2021. This graph gives a clear picture of the industries that are dominant in each entity.

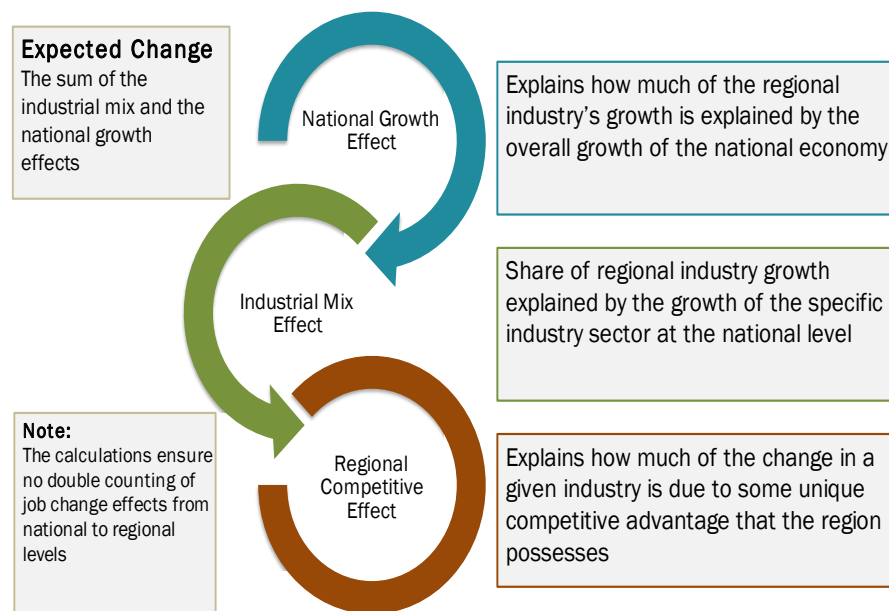


The next step was to review the shift-share analysis on each of the five industries regionally. This is a standard model for regional analysis that can help to determine how much of a region’s growth can be attributed to national economic growth trends and how much can be attributed to unique regional growth factors. A shift-share analysis takes the change over time of an economic variable, such as employment, within industries of a regional economy, and divides that change into various components. The Shift Share Analysis is being utilized to identify economic strategies that will support recovery and resilience for the Southeast New Mexico Economic Development District. Below shows how a shift share analysis works.

## Shift Share Analysis

## Regional Job Growth: <sup>4</sup>

*Three Key Components of the Shift Share Analysis*



Data Snapshot // SENM

**Focus Groups:** The Economic Recovery Team has been meeting in focus group sessions with Industry experts and community leaders participating in group discussion about the current situation, impacts resulting from the COVID 19 pandemic and how the Industry Cluster and Shift Share Analysis could be utilized to identify opportunities, solutions, priorities, and SMART goals for recovery and resilience in the southeast region.

The County focus group meetings were held, and industries discussed were as follows:

- Eddy County and Lea County – September 28, 2021
  - Energy (fossil & renewable)
  - Transportation and Logistics

- Lincoln County – October 18, 2021
  - Arts, Entertainment, Recreation, Tourism, Hospitality
- Otero County – October 19, 2021
  - Defense and Security
  - Agribusiness, Food Processing and Technology
- Chaves County – October. 20, 2021
  - Agribusiness, Food Processing and Technology
  - Arts, Entertainment, Recreation, Tourism, Hospitality

Each county focus group discussed at least one of the five industries and listed strengths, challenges, and solutions as it related to their specific community. The groups discussed the shift-share analysis which included a leakage analysis and the top occupations in each industry. The five industries selected for analysis were: Agribusiness, Food Processing and Technology; Arts, Entertainment, Recreation and Tourism; Energy (fossil and renewable), Defense and Security; and Transportation & Logistics. This Analysis focused on 3 key components that results in the net effect and expected changes in employment.

- National Growth Effect
- Industrial Mix Effect
- Regional Competitive Effect

All focus group participants and Economic Recovery Team members were then invited to meet on November 22 to discuss recovery efforts, top priorities, and develop SMART goals. A summary report with information discussed from all focus group sessions was compiled and was presented to the Economic Recovery Team on January 13,2022 for additional comments.

As part of this report, each of the five Industry Clusters and Shift Share Analysis is included where the Shift Share Analysis identifies the top Industry Sectors in the southeast region reporting jobs, cumulative expected growth, actual job growth (2014-2019) and regional performance. This analysis breaks down those industries that outperformed and those that underperformed. It also reports the estimated input in dollars and what percentage was spent in the region and what percentage was spent out of the region for the top 15 industries in that cluster. This is called a leakage analysis. This information is helpful when discussing opportunities for recovery with a concentration on growth and economic benefit to the communities. Also discussed in the focus group sessions were the top occupations, number of jobs, percentage of change that occurred, median hour earnings and level of education needed to perform such jobs. This discussion led to what jobs can be automated for efficiency and cost savings. There were common themes identified for recovery which included the lack of workforce, need for broadband connectivity and the importance of the partnership with our universities for training and education programs. Lastly, the Shift Share analysis reports on worker demographics.



**AGRIBUSINESS, FOOD PROCESSING AND TECHNOLOGY** – Resulting from the NAICS Industry Clusters, five industries were identified as economic drivers in southeast New Mexico and a shift share analysis was conducted on each one. *Agribusiness, Food Processing and Technology* accounts for 6,023 jobs in the region representing 10.9% of all jobs and 248 establishments or 9.8% of all establishments regionally. The Focus Group Sessions in Chaves County and in Otero County discussed the Regional Performance Shift-Share Analysis, Leakage Analysis and Top Occupations for this Industry.

 **Agribusiness, Food Processing and Technology**

### Shift-Share Analysis (Regional Performance) by Top Industry Sectors

Industries	Jobs 2019	National Trend 2014-2019 (A)	Industry Trend 2014-2019 (B)	Cumulative Expected Growth (C=A+B)	Actual Job Growth 2014-2019 (D)	Regional Performance, 2014-2019 (D-C)
Animal Production	2,877	275	-306	-31	-120	-89
Crop Production	1,207	108	-131	-23	28	↑ 51
Cheese Manufacturing	567	54	109	162	-20	-182
Farm Labor Contractors and Crew Leaders	292	20	-7	13	75	↑ 62
Frozen Specialty Food Manufacturing	121	12	-6	6	-11	-17
Farm Supplies Merchant Wholesalers	86	10	-10	0	-23	-23
Livestock Merchant Wholesalers	80	8	-14	-6	-6	0
Farm and Garden Machinery and Equipment Merchant Wholesalers	79	6	-7	-2	19	↑ 21
Dried and Dehydrated Food Manufacturing	79	4	3	7	36	↑ 28
Breweries	65	0	3	3	Insf. Data	↑ 59
Soil Preparation, Planting, and Cultivating	59	5	2	6	7	↑ 1
Spice and Extract Manufacturing	53	7	2	10	-24	-33
Other Snack Food Manufacturing	46	3	1	4	11	↑ 7
Meat Processed from Carcasses	44	0	0	0	44	↑ 44
Postharvest Crop Activities (except Cotton Ginning)	43	2	0	2	21	↑ 19

Note: Upward arrow ↑ indicates regional competitiveness.

## Leakage analysis: Top 15 Industries by Inputs

Industries	Estimated Input (\$ Millions), 2019	% In-Region	% Out of Region
Animal Production	\$307	27.7%	72.3%
Cheese Manufacturing	\$150	82.7%	17.3%
Other Animal Food Manufacturing	\$80	3.6%	96.4%
Crop Production	\$63	25.6%	74.4%
General Freight Trucking, Long -Distance, Truckload	\$20	61.1%	38.9%
General Line Grocery Merchant Wholesalers	\$20	4.4%	95.6%
Other Grocery and Related Products Merchant Wholesalers	\$20	32.7%	67.3%
Corporate, Subsidiary, and Regional Managing Offices	\$19	5.6%	94.4%
Fluid Milk Manufacturing	\$12	11.0%	89.0%
General Freight Trucking, Local	\$10	74.9%	25.1%
Other Chemical and Allied Products Merchant Wholesalers	\$10	39.7%	60.3%
Soybean and Other Oilseed Processing	\$10	4.4%	95.6%
Dry, Condensed, and Evaporated Dairy Product Manufacturing	\$9	0.0%	100.0%
Lessors of Residential Buildings and Dwellings	\$9	61.6%	38.4%
General Freight Trucking, Long -Distance, Less Than Truckload	\$8	72.3%	27.7%

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 2012 Class of Worker, industry cluster definitions by PC

## Top occupations

Occupations	Jobs 2019	% Change 2014-2019	% of Total Jobs in Cluster 2020	Median Hour Earnings	Entry level Education	Automation
Farmers, Ranchers, and Other Agricultural Managers	2,226	-3%	36.2%	\$19.05	High school diploma or equivalent	93.5
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	857	-13%	14.4%	\$10.25	No formal educational credential	113
Farmworkers, Farm, Ranch, and Aquacultural Animals	396	28%	6.6%	\$12.79	No formal educational credential	107.3
Food Batchmakers	187	17%	3.6%	\$17.81	High school diploma or equivalent	111.3
Agricultural Workers, All Other	181	4%	3.0%	\$14.16	No formal educational credential	107.7
Agricultural Equipment Operators	148	28%	2.5%	\$14.89	No formal educational credential	102.9
Heavy and Tractor-Trailer Truck Drivers	98	1%	1.7%	\$21.60	Postsecondary nondegree award	110.1
Laborers and Freight, Stock, and Material Movers, Hand	91	6%	1.6%	\$13.37	No formal educational credential	117.2
Packaging and Filling Machine Operators and Tenders	84	-22%	1.2%	\$16.36	High school diploma or equivalent	116.9
Animal Caretakers	75	44%	1.3%	\$11.60	High school diploma or equivalent	107
Packers and Packagers, Hand	69	12%	1.4%	\$10.29	No formal educational credential	123.1
Industrial Machinery Mechanics	68	58%	1.4%	\$30.34	High school diploma or equivalent	109.8
Maintenance and Repair Workers, General	66	6%	1.1%	\$15.54	High school diploma or equivalent	109.6
First-Line Supervisors of Farming, Fishing, and Forestry Workers	65	2%	1.1%	\$17.48	High school diploma or equivalent	96
First-Line Supervisors of Production and Operating Workers	63	15%	1.0%	\$37.07	High school diploma or equivalent	88.6

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 2012 Class of Worker, industry cluster definitions by PCRD

## **OPPORTUNITIES – Agribusiness, Food Processing and Technology**

Opportunities that exist for Agribusiness, Food Processing and Technology today and in the future considering the key factors of infrastructure, technology, workforce, finance laws, rules, regulations, policies, and programs could include:

### **CHAVES COUNTY**

- Cheese industry – milk produced in Chaves County
- Local farmers grow more crops.
  - ✓ Purchase of hay/grain locally
  - ✓ Demand can increase
- Value added Ag – turn crops into production
- Provide Food Products -animal commodities, example feed, – Resale Outside Region
- Agri-tourism – providing a destination associated with our agriculture industry
- Farm to Table – provide fresh agriculture
- Cheese Niche for Local Stores
- Vineyards / Cheese /tourism
- Branded Niche Market, example Hatch Chili

### **OTERO COUNTY**

- Dog food businesses
- A local facility for animal processing
  - ✓ Certification
  - ✓ Supply and capacity to accommodate
- Regional Processing
  - ✓ Find resources to address lack of capital
  - ✓ Work with Universities and Schools to address needed training of workforce
  - ✓ New businesses to support material and supplies
- Training for:
  - ✓ Customer Service that promotes community and services provided
  - ✓ CDL drivers – to support vacancies and need for drivers
  - ✓ Other specialized jobs
  - ✓ Employ youth: work with high schools to recruit and mentor for local jobs
- Driverless Trucks may be a solution for lack of CDL drivers
- Promote new and expand existing Patricio Growers
  - ✓ Pecans
  - ✓ Grapes
  - ✓ Wine
  - ✓ Investment
  - ✓ Processing
  - ✓ Retail
- Recruit Regional processing for meat to locate in the region
- Smaller producers – cooperative
  - ✓ Cumulative effort to keep supply chain
  - ✓ Need infrastructure and cooperation
- Evaluate and regionalize where leakage occurs
- Build infrastructure to support:
  - ✓ Dairy industry

- ✓ Beef cattle industry
- Embrace technology that will increase productivity
- Colleges can produce the programming and technology education to attract the manufacturing companies locally to build the equipment

## **CHALLENGES: Agribusiness, Food Processing and Technology**

Challenges that exist for growing the Agribusiness, Food Processing and Technology Cluster today and in the future considering key factors of infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs are:

### **CHAVES COUNTY**

- Construction – Equipment
- Automation – replacing jobs
  - ✓ Is creating new jobs in the technology but could create new jobs with technology
  - ✓ Give ability to export more
- Attract manufactures
- Education needed about this Industry
- Limited water resources
- Workforce
  - ✓ Rely on recruiting – in/out
  - ✓ Immigration – policy/migrant workers
- Need to change how people work – from home
- Technology increases; need to keep up
- Reliable power and water
- Shift to home base – income producing
- Broad band – county, export, messaging, logistics (computer literacy)
- Workforce training
  - ✓ Management – business training needed (job creation – small business)
- Employees need to learn soft skills and get people to show up on time and drug free
- Infrastructure – as technology increases the demand for network connectivity increases, inconsistency with power and water.
- Every home needs to have the potential to be an income producing structure
- Potential risk for investment, adequate water supply
- Ability to take the finish products and export them directly is related to your ability to get your marketing message out for people to click on buy now button...
- Workforce Training - Business Management Training

### **OTERO COUNTY**

- Water availability
  - ✓ Management of available water supply is critical
- Reuse of grey water - need to encourage where possible
- Water reuse – need to change public perception and behavior
- Workforce
  - ✓ Automation replacing workers
  - ✓ Motivation is lacking for unemployed
  - ✓ Manual labor is difficult to find

- Mobile teaching units to support labor needs and improve hiring
  - ✓ Apprenticeships
- Financing
  - ✓ Finding institutions to lend funding
    - Collateral risk
- Cost of equipment
- Weather

## **SOLUTIONS/STRATEGIES: Agribusiness, Food Processing and Technology**

Solutions/strategies that can be adopted to capture the opportunities and address the challenges for growing the Agribusiness, Food Processing and Technology cluster today and in the future considering key factors such as infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs, and other are:

### **CHAVES COUNTY**

- Resource management, i.e. water, technology
- Management Training for businesses
- Technology programs and training
- Education for Workforce
- Education on Resources – Water (build relationships)
- Visionary Leadership – Develop long term strategy
  - ✓ Mayors and Elected Officials coming together
  - ✓ Marketing and campaigns to educate the public on a common vision
- Long range Plan for extended water resources
  - ✓ Water rights, water reuse, collaboration
- Visionary leadership
  - ✓ Elected official need to come together
- Intellectual flexibility required to take advantage of a dynamic changing market
  - ✓ Center for Workforce and Community Development- ENMU (center for workforce and development) can adapt quickly

### **OTERO COUNTY**

- EPA Policies – other counties out compete the US
  - ✓ Uneven playing field that needs sound leadership direction
- Get people off unemployment
- Daycare – keeping people from returning to work
  - ✓ Find creative ways to assist workers and support small businesses
- Recruit and train workforce to support business so they can stay open and/or expand
- Cannabis – Regulations
  - ✓ Money for startup
- Money for agriculture investment
  - ✓ Startup – need infrastructure
    - Failure rate = 80%? – Address the risk
- Health insurance
- Incubators to support other business
- Beer and Wine

- ✓ Sending out of state to bottle and back home - find ways to keep in state
- Labor force outside the US

## **AGRIBUSINESS, FOOD PROCESSING AND TECHNOLOGY**

### **TOP PRIORITIES**

1. Conduct a thorough needs assessment with the Agricultural Industry leaders by meeting with them quarterly and compiling the results. Complete by December 2023.
  - Communicate/educate employers and potential employees about workforce needs and opportunities. Work with Department of Workforce Solutions, Schools, Industry leaders to create interest, training programs and vocational awareness.
  - Identify businesses from the leakage analysis that could be recruited into the region.
2. Assist (small) Businesses
  - Access to capital financing- find institutions to lend money and assist with possible grants funding for start-up and needed infrastructure.
  - Work with Universities and Schools to train, recruit specialized jobs and careers (Center for workforce and Community Development)
  - Provide mobile teaching units to support labor needs and apprenticeships and soft skills
  - Identify creative ways to assist with day-care for children
3. Resource management for water
  - Develop a long-range plan for extended water resources, water rights, reuse and collaboration
  - Identify technology
4. Identify and evaluate through the leakage analysis those business activities and industries that could be recruited and or expanded.
  - Regional Offices
  - Animal Manufacturing
  - Crop Production
  - Grocery Merchants
  - Milk Manufacturing including dry, condensed and evaporated merchants
5. Identify where Technology and Automation can support existing business
  - Programs and Training – need to keep up
  - Intellectual flexibility required to take advantage of changing market
  - Broadband connectivity to support internet and wholesale sales

**ARTS, ENTERTAINMENT, RECREATION, TOURISM** - Arts, Entertainment, Recreation and Tourism account for 4,910 jobs in the region representing 8.9% of all jobs and 277 establishments or 11% of all establishments regionally. The Focus Group Sessions in Chaves County, Lincoln County and Otero County discussed the Regional Performance Shift-Share Analysis for this Industry.

 Arts, Entertainment, Recreation and Visitors

### Shift-Share Analysis (Regional Performance) by Top Industry Sectors

Industries	Jobs 2019	National Trend 2014-2019 (A)	Industry Trend 2014-2019 (B)	Cumulative Expected Growth (C=A+B)	Actual Job Growth 2014-2019 (D)	Regional Performance, 2014-2019 (D-C)
Hotels (except Casino Hotels) and Motels	1,925	155	60	215	230	↑ 15
Independent Artists, Writers, and Performers	435	31	64	95	95	0
Golf Courses and Country Clubs	286	27	-30	-3	-5	-2
Fitness and Recreational Sports Centers	263	24	-5	19	-1	-19
Casinos (except Casino Hotels)	244	43	-126	-82	-229	-147
Casino Hotels	232	0	0	0	232	↑ 232
Other Spectator Sports	194	16	48	64	23	-41
RV (Recreational Vehicle) Parks and Campgrounds	152	14	-4	9	2	-8
Radio Stations	145	14	-31	-18	-4	↑ 14
Motion Picture Theaters (except Drive -Ins)	133	10	9	19	25	↑ 6
All Other Traveler Accommodation	88	7	24	30	16	-14
Bowling Centers	86	4	-4	0	41	↑ 41
Promoters of Performing Arts, Sports, and Similar Events with Facilities	72	3	6	9	40	↑ 31
All Other Amusement and Recreation Industries	68	8	-1	7	-19	-26
Sports Teams and Clubs	66	0	0	0	Insf. Data	↑ 66



**Arts, Entertainment, Recreation and Visitors**

## Leakage analysis: Top 15 Industries by Inputs

Industries	Estimated Input (\$ Millions), 2019	% In-Region	% Out of Region
Television Broadcasting	\$4	5.8%	94.2%
Cable and Other Subscription Programming	\$4	0.1%	99.9%
Lessors of Residential Buildings and Dwellings	\$4	72.5%	27.5%
Offices of Lawyers	\$4	31.6%	68.4%
Offices of Real Estate Agents and Brokers	\$3	75.1%	24.9%
Lessors of Nonresidential Buildings (except Miniwarehouses)	\$2	56.9%	43.1%
Sports Teams and Clubs	\$2	4.4%	95.6%
Internet Publishing and Broadcasting and Web Search Portals	\$2	1.4%	98.6%
Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	\$2	62.2%	37.8%
Other Activities Related to Real Estate	\$2	69.4%	30.6%
Temporary Help Services	\$2	33.8%	66.2%
Independent Artists, Writers, and Performers	\$2	37.7%	62.3%
Electric Power Distribution	\$1	99.0%	1.0%
Food Service Contractors	\$1	75.4%	24.6%
Landscaping Services	\$1	60.2%	39.8%

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 2021.2 Class of Worker, industry cluster definitions b


**Arts, Entertainment, Recreation and Visitors**

## Top occupations

Occupations	Jobs 2019	% Change 2014-2019	% of Total Jobs in Cluster 2020	Median Hour Earnings	Entry level Education	Automation
Hotel, Motel, and Resort Desk Clerks	548	33%	12.1%	\$11.18	High school diploma or equivalent	104
Maids and Housekeeping Cleaners	537	-3%	10.9%	\$10.33	No formal educational credential	124.5
Waiters and Waitresses	238	30%	3.2%	\$10.32	No formal educational credential	129.8
Lodging Managers	196	25%	4.2%	\$17.45	High school diploma or equivalent	97.3
Gambling Dealers	145	29%	2.5%	\$9.75	High school diploma or equivalent	110.9
Musicians and Singers	139	6%	3.3%	\$26.28	No formal educational credential	89.2
Writers and Authors	138	17%	3.3%	\$16.60	Bachelor's degree	89.8
Maintenance and Repair Workers, General	115	25%	2.7%	\$15.54	High school diploma or equivalent	109.6
Cooks, Restaurant	107	59%	1.5%	\$11.75	No formal educational credential	125
Fast Food and Counter Workers	100	23%	1.5%	\$10.07	No formal educational credential	130.8
Landscaping and Groundskeeping Workers	99	5%	2.1%	\$12.32	No formal educational credential	129.1
Exercise Trainers and Group Fitness Instructors	92	36%	2.0%	\$16.89	High school diploma or equivalent	84.4
Broadcast Announcers and Radio Disc Jockeys	83	5%	2.0%	\$10.61	Bachelor's degree	92.3
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	80	-5%	1.5%	\$12.03	No formal educational credential	122.5
Fine Artists, Including Painters, Sculptors, and Illustrators	79	72%	2.0%	\$7.34	Bachelor's degree	89.2

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 2021.2 Class of Worker, industry cluster definitions by Pt



## **OPPORTUNITIES - Arts, Entertainment, Recreation, Tourism**

Opportunities that exist for growing the Arts, Entertainment, Recreation, Tourism today and in the future considering the key factors of infrastructure, technology, workforce, finance laws, rules, regulations, policies, and programs are:

### **CHAVES COUNTY**

- Airport
  - ✓ Flights to Dallas daily and Flights to Phoenix and working on Denver to connect to anywhere making it easy and affordable to come to southeast New Mexico.
  - ✓ Expand airport infrastructure to support repairs and storage of planes
  - ✓ Flights to Dallas, Phoenix, Denver (to create connections worldwide)
- Skiing in Lincoln County – Ski Apache
- Oilfield – bring a lot of people to the region
- Roswell is recognized worldwide – UFO
  - ✓ Create a series of immersive destination events
  - ✓ Concerts and festivals that will increase tourism impact

### **LINCOLN COUNTY**

- Regional approach – tourism
  - ✓ Leverage resources
- Mescalero tribe ski area
  - ✓ Ski schools – collaborate marketing
- Roswell airport
  - ✓ Phoenix/Dallas
  - ✓ Shuttle Service – American Airlines
  - ✓ Market – ad in airport El Paso
- Liquid Tourism
  - ✓ Breweries
  - ✓ Regional wineries
- Cannabis Industry
- Market travel from Mexico
- Need to increase workforce
- Workforce / Micro trainings
- Paying tuition and fees
- Affordable housing
- Minimum wage going up
  - ✓ Impact to universities, breweries ad cannabis start-up
- Job fairs – low attendance. Need to recruit and market
- Increase remote working/learning/training
- Broadband –without it creates challenge for businesses to operate or locate to NM but could bring in new business including working from home business

- Money required to get connectivity
  - ✓ Need to identify enough funding to install and connect
- Outdoor recreation
  - ✓ Winter Park expansion
  - ✓ Lakes (Grindstone, Alto)]
  - ✓ Trails
  - ✓ Biking
- Work with schools – training for students
  - ✓ Build house, welding, carpenter
- Partnership: ENMU/ Mescalero
- CDL drivers – automation

### **CHALLENGES: Arts, Entertainment, Recreation, Tourism**

Challenges that exist for growing the Arts, Entertainment, Recreation, Tourism cluster today and in the future considering key factors of infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs are:

#### **CHAVES COUNTY**

- Community branding
  - ✓ Local Buy-In from community
  - ✓ Need to expand marketing
- Adequate workforce – local workforce will not be able to take advantage of the opportunities presented by new companies that want to move until they get on board that the world is changing. Need an attitude adjustment about opportunities that are here.
- Workforce Training
  - ✓ Soft Skills
  - ✓ Need internal marketing
  - ✓ Customer service
  - ✓ Community colleges offer a customer service certificate
- Local Business need to be competitive with pay
  - ✓ Tourism - low paying jobs
- Scarcity mentality – change the attitude:
  - ✓ Not in my back yard NIMBY
  - ✓ Build absolutely nothing anywhere at any time – BANANA
- Cannabis – Black market to legal market

#### **LINCOLN COUNTY**

- Broad band connectivity
- Ski Apache
  - ✓ Negative comments about Ski Apache
  - ✓ Ski Apache closed during the day when tourists are here
  - ✓ Highest lift ticket

- ✓ Mountain closed – lack of snow
- Hard to Market
  - ✓ Focus more on hiking and biking
- Higher profit rather than volume/ service
  - ✓ Cutting costs – not creating a memorable experience
- Workforce
  - ✓ Opportunity – mobile institutions go to location to train
  - ✓ NMEDD – be the primary
- Opportunity
  - ✓ Noncredit ENMU
  - ✓ Dual credit – vocational = high school
- Housing – need to house students getting qualified investors.
- CTE PODS
  - ✓ Healthcare CDC
    - Engaging youth building relation with schools
- Employees – OT- Exhausted
  - ✓ Need for maintenance/ housekeepers
- Business operating at 50%
- Real estate values
  - ✓ Skyrocketing rentals (high)
- Wages low/ don't support cost of living
- STR – eliminates housing
- Multifamily living in 1 house
- Can't keep young families local
  - ✓ Incomes cannot support
- Reliable transportation
- Childcare not adequate and cost is very high
  - ✓ For younger than 1 yr old – not available
    - Not reliable
  - ✓ Reduced capacity – available workforce
- Minimum wage less
  - ✓ Impacts costs businesses

## **SOLUTIONS/STRATEGIES: Arts, Entertainment, Recreation, Tourism**

Solutions/strategies that can be adopted to capture the opportunities and address the challenges for growing the Arts, Entertainment, Recreation, Tourism Industry today and in the future considering key factors such as infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs, and other are:

### **CHAVES COUNTY**

- Highschool: teach youth work ethics, values and encourage job market positions
- Attitude Change
  - ✓ Internal Marketing – Promote the good in living and working in Roswell

- ✓ Create a new culture
- Messaging –What is the message we are sending out to local kids
  - ✓ New Message – instill a sense of hope and pride, there are opportunities and jobs
- Educate Adults – consistent message: taking pride in Roswell as a community
  - ✓ Mentoring Program
  - ✓ Need to create a new culture: Pay it forward
- Attitude change
  - ✓ Internal marketing
  - ✓ External marketing
  - ✓ Create a new culture
  - ✓ Speak good about ourselves
- Visionary leadership
  - ✓ Plan = stand up to state and federal decisions
- Promote ENMU
- Publicize TECH ED and Vocations
- Industry training
- Soft skill training
- Workforce
- Promote ENMU R and ENMU Ruidoso – publicize the tech side and workforce development; soft skill training; OSHA training, etc. – They are a great resource
- Teach community including our business members and locals to think good about living and working in Chaves County to promote their community.

## LINCOLN COUNTY

- Workforce
  - ✓ Housing
    - VOR working on a housing project
    - Help people/business understand the process
    - Man camps
    - Clearing house
      - Pair employees / share
      - Bring in oversea workers
    - Regulations – infill development
    - Create housing – \$ 80 k a year salaries
    - Housing plan and development
      - Collaborate with builders
        - Build volume for affordability
      - Provide transportation for workers
- Childcare
  - ✓ Farmington example
    - Free childcare for school age children
    - City opened community center / city employee's
  - ✓ Understanding grants and access to funding

- ✓ Licensing for day care
- ✓ Regulators to discuss
- ✓ Charges / outdoor space
- Broad band
  - ✓ Funding American Rescue Plan
  - ✓ State – Broadband State Committee
    - Rules? HB 310
- Leverage loans for matching grants
- Have shovel ready projects to access grand funding
- Helping smaller communities
  - ✓ Development fund to help with match
    - A fund to meet match – leverage grants
- State / local simplify processes
- Leverage: all communities in Lincoln Co.
  - ✓ Resources, marketing, tourism (send to various sites), sports (spreading out tournaments throughout Lincoln County)
- Billy the Kid – Global Attraction
  - ✓ History
  - ✓ Use as an Attraction
- Hidden assets in Lincoln Co.
  - ✓ Tour
  - ✓ Create a destination location for tourism

## **TOP PRIORITIES**

### **Arts, Entertainment, Recreation, Tourism Industry Cluster**

- Increase attendance at art venues by 25% region wide in 2022 through enhanced targeted marketing and advertising efforts in Texas Arizona and Mexico.  
Raise awareness of AERT Opportunities in SENM outside of NM (Texas, Arizona ) and Mexico)
- Broadband connectivity in southeast New Mexico using City/County roads and rights of way. Funding from ARPA, Statewide Broadband Committee. Work with Broadband Reconnect Program to furnish loans and grants for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural area.
- Continue to support Air travel with Flights to Dallas, Phoenix, Denver (to create connections worldwide) and make it easy and affordable to come to southeast New Mexico. Also expand airport infrastructure in Roswell to support repairs and storage of planes attracting new businesses.

- Attitude change with people and businesses to be positive about where they live and work
  - ✓ Internal marketing
  - ✓ External marketing
  - ✓ Create a new culture
  - ✓ Speak good about ourselves
  
- Promote ENMU R and ENMU Ruidoso – publicize the programs and classes, partnering with Workforce Development to address workforce challenge and offer customer service certificate
  - ✓ Soft skill training
  - ✓ OSHA training
  - ✓ Customized training for businesses, non-profits, and govt entities
  
- Develop Housing
  - ✓ Collaborate with builders and business to build housing to support workforce needed for businesses.

**ENERGY (Fossil and Renewable)** account for 32,792 jobs in the region representing 59.6% of all jobs and 1,476 establishment in the region or 58.5% of all establishments regionally. The Focus Group Sessions in Eddy County and Lea County discussed the Regional Performance Shift-Share Analysis for this Industry.

 Energy (Fossil and Renewable)

### Shift-Share Analysis (Regional Performance) by Top Industry Sectors

Industries	Jobs 2019	National Trend 2014-2019 (A)	Industry Trend 2014-2019 (B)	Cumulative Expected Growth (C=A+B)	Actual Job Growth 2014-2019 (D)	Regional Performance, 2014-2019 (D-C)
Support Activities for Oil and Gas Operations	12,124	1,053	-3,007	-1,955	639	↑ 2,594
Crude Petroleum Extraction	5,491	698	-3,776	-3,079	-2,120	↑ 959
Oil and Gas Pipeline and Related Structures Construction	2,829	132	245	377	1,391	↑ 1,014
Drilling Oil and Gas Wells	1,653	164	-821	-657	-138	↑ 519
Electrical Contractors and Other Wiring Installation Contractors	1,514	107	120	227	343	↑ 116
Gasoline Stations with Convenience Stores	1,376	99	-22	77	297	↑ 220
Engineering Services	1,055	29	2	31	741	↑ 710
Natural Gas Extraction	770	57	-287	-230	144	↑ 373
Plumbing, Heating, and Air-Conditioning Contractors	759	86	127	213	-181	-394
Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing	667	53	57	110	90	-20
Petroleum Refineries	600	46	-52	-6	96	↑ 101
Power and Communication Line and Related Structures Construction	433	22	40	62	193	↑ 130
Pipeline Transportation of Natural Gas	425	7	-3	4	347	↑ 343
Electric Power Distribution	408	36	-19	17	19	2
Other Scientific and Technical Consulting Services	339	19	-6	13	135	↑ 122

Note: Upward arrow (↑) indicates regional competitiveness.

### Leakage analysis: Top 15 Industries by Inputs

Industries	Estimated Input (\$ Millions), 2019	% In-Region	% Out of Region
Crude Petroleum Extraction	\$1,422	99.9%	0.1%
Corporate, Subsidiary, and Regional Managing Offices	\$439	5.9%	94.1%
Natural Gas Extraction	\$349	97.2%	2.8%
Petroleum Refineries	\$226	96.1%	3.9%
Pipeline Transportation of Natural Gas	\$194	99.2%	0.8%
Investment Advice	\$138	2.4%	97.6%
Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	\$133	50.6%	49.4%
Commercial Banking	\$121	40.3%	59.7%
Support Activities for Oil and Gas Operations	\$120	99.9%	0.1%
Insurance Agencies and Brokerages	\$117	48.6%	51.4%
Offices of Lawyers	\$112	12.6%	87.4%
Engineering Services	\$104	60.2%	39.8%
Custom Computer Programming Services	\$85	0.6%	99.4%
Iron and Steel Mills and Ferroalloy Manufacturing	\$76	0.1%	99.9%
Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	\$75	26.4%	73.6%
Pipeline Transportation of Crude Oil	\$75	81.4%	18.6%
Electric Power Distribution	\$64	99.2%	0.8%

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 1.2 Class of Worker, industry cluster definitions by PC

### Top occupations

Occupations	Jobs 2019	% Change 2014-2019	% of Total Jobs in Cluster 2020	Median Hour Earnings	Entry level Education	Automation
Roustabouts, Oil and Gas	3,221	5%	9.2%	\$16.74	No formal educational credential	123.5
Service Unit Operators, Oil and Gas	1,890	56%	6.7%	\$31.57	No formal educational credential	106.1
First-Line Supervisors of Construction Trades and Extraction Workers	1,644	27%	5.0%	\$29.05	High school diploma or equivalent	106.2
Construction Laborers	1,452	54%	4.5%	\$16.06	No formal educational credential	131.9
Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other	1,196	33%	3.8%	\$28.40	Bachelor's degree	84.5
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	1,156	44%	3.1%	\$16.23	High school diploma or equivalent	91.4
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Cashiers	1,034	25%	3.3%	\$11.01	No formal educational credential	105.5
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Wellhead Pumps	726	(39%)	2.4%	\$34.21	High school diploma or equivalent	115.1
Rotary Drill Operators, Oil and Gas	649	(15%)	1.4%	\$18.23	No formal educational credential	110.9
Derrick Operators, Oil and Gas	619	(41%)	1.6%	\$22.11	No formal educational credential	106.6
Electricians	595	14%	2.0%	\$26.69	High school diploma or equivalent	110.3
Property, Real Estate, and Community Association Managers	467	(50%)	1.4%	\$27.30	High school diploma or equivalent	83.8

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 1.2 Class of Worker, industry cluster definitions by PCRD



## **OPPORTUNITIES: ENERGY: (Fossil and Renewable)**

### **Eddy County and Lea County**

Opportunities that exist for growing the Energy (fossil and renewable) Industry today and in the future considering the key factors of infrastructure, technology, workforce, finance laws, rules, regulations, policies, and programs could include:

- Hydrogen – goes along with the renewable resource. Collaborate with State and Federal to reduce carbon in the atmosphere.
- Carbon capture can go along with anything and may have some components in all different areas that can expand in the coming year.
- Improve the regulatory environment to take advantage of the spectacular rock formations for continued production: Oil and gas production has been an important economic force in New Mexico since the 1920s. Oil production has fueled local economies in southeastern New Mexico, around Hobbs, Artesia, and Carlsbad. In the five-county area, 98% to 99% of jobs are not related to renewal, they are all from fossil fuels. Data in 2014 show oil was \$100 barrel and dropped significantly in the recent past years past. That is the reason the industry trends nationwide are down, but it shows that the opportunity in our basin is much better than what the opportunity in other basins have been relative. That continues today as we have spectacular rock formations and the technology that's been developed fits well where the economics, which is just awesome for development, if we had the regulatory environment to match it.
- Develop more workforce training opportunities at the community college level or university level, to support available workforce locally. Need to produce more qualified workers, we could certainly help our businesses and keep the dollars local. Include High schools in developing workforce because career technical education is making a huge comeback in our K12 system which will be a tremendous asset to expand the workforce, not just for fossil fuels but across the board. It's important to include CTE. Hobbs has become a leader in how to do this, we could look to Hobbs Schools as a good example.
- There is a lot of federal and state pressure to change the way we evaluate how oil & gas performs. If someone is going to look at the efficiencies and effectiveness of the industry and how to do things the best possible way, that research should be happening here (Hobbs). There is a potential for getting federal funds to come and support scientists, engineers, corporations to set up shop here; devising those strategies to bring them here and then that would, in theory, encourage other organizations to

locate their corporate office because that is where the information is coming from.

- Communicate and collaborate with the State and SRI in including opportunities from the existing Oil & Gas Industry in the State Long-range Plan. They are focusing on different new industries, film, solar energy, and other different industries. So, when they interview SNMEDD, Dora asked why they were not considering oil and gas. Their answer was because it was already established. Possibly, they are not paying attention to what we have here, and we could make it known to SRI that there are economic opportunities in oil and gas even though it's already established. Dora will send draft SRI Plan the draft out when they release it.
- Need to support the development of alternative ideas in our own fossil fuel industry. Our own local refinery is amid a \$350M Bio Diesel expansion which is adding rail facilities as well as a whole Bio Diesel processing facility to convert soybean oil and animal fat into biodiesel and sell to the California market. Some of the things with carbon capture and all that was mentioned earlier become very important to take what opportunities we have with the labor force, the capital and the personnel involved to extend beyond the traditional areas of fossil fuel development.
- Lea County EDC has been doing some work with water cleanup. An opportunity could be with produced water, that gives a whole extra stream to do some innovative research in Lea and Eddy County.

## **CHALLENGES: (Fossil and Renewable)**

### **Eddy County and Lea County**

Challenges that exist for growing the **Energy (fossil and renewable) Industry Cluster** today and in the future considering key factors of infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs.

- NM Environment Dept – Ozone Precursor rule – Rules & Regulations are probably the greatest challenge to the oil & gas fossil fuel industry right now. Legislative Finance Committee did send a letter to the NM Environment Department stating that if that rule is adopted as is, it would be a \$1.4 billion negative impact to the State. This is the #1 challenge.
- It's important to split out Fossil fuels with Renewables. We know renewables are part of this area but when it's related to jobs and actual benefit to the State of NM, there is a huge difference between the two.

- Corporate Offices as a leakage – When you look at Midland and Houston where most of the oil & gas corporate offices are, we don't compete with the State of Texas on many levels. Many people prefer Texas, not only because of taxing strategies, but also the education system. We simply cannot compete.
- When Gov Richardson ran for his first term as Governor, he proposed that we try to recruit corporate offices to move to NM. It would have worked except that the State's regulatory and policy environment looks bad to the folks in the industry and as a result we are our own worst enemy. BLM showed a study that identified that every barrel and mcf of gas produced in the US resulted in less emissions than any barrel or mcf produced around the world, but at the same time when gas prices rise at the pump, President Biden calls on Saudi Arabia to increase production when he should have called on the Midland basin or Permian Basin to actually increase production. It's sad because we are being regulated out of business and yet, the barrels that US will need in the future are cleaner barrels with less emissions if they are produced here than anywhere else. The Environment regulations and the new OCD regulations are targeted our industry to basically take us out of business. If you were rationally looking at the situation, because the US will use oil for several years of coming, no matter how fast we try to transfer into renewable energy and as a result, every barrel that is used should be produced here not somewhere else that results in more emissions into the atmosphere.
- Larry Scott made a presentation in Santa Fe where he used the overall global change for NM where we are a small percentage of the issue worldwide and we are willing to impact our economy on that fraction of a percentage. We need to get people to understand.
- The reason for the net loss of 73 jobs in the long-haul trucking is the regulations; the reason is the regulations we are now under regarding limited hours driving for long-haul truck drivers and electronic logs. A lot of the freight that comes through NM comes from Long Beach California, toward Texas and East. Part of the effect is that Truck drivers now must stop. The economic question is, do we have a spot at which they can stop? Truck stops could be an opportunity where they get the services, they need such things as food and fuel but also a movie or hotel, etc. The Senate is waiting on an answer. If we want the trucking industry to grow, this is an opportunity we should look at.
- Cooperative Leakage: We are seeing more mergers and offices moving out. On top of regulations, we are seeing less oil & gas independence forming new companies and younger generations getting into energy sector to start their own companies. They would rather go to Texas because of taxes. Really hard to accept.

- Technology – A big issue we have is that we constantly lose cell service out in this area and half of our operations can't be automated or use new technologies because we can't get a cell signal. Something we have learned from COVID, while we boast about internet being boosted in our areas, we still don't have internet in rural areas where people can even access their computer systems. This really hurts our education as well, to bring families into their area.
- Opportunity lies in analyzing what Texas is doing and what we are not doing to keep these corporate offices and businesses.
- Getting a willing workforce, specifically in the service industry such as roustabouts or the pulling units; you can't train them fast enough before they move to the next jobs. More and more, ICE is coming in and you are seeing companies lose all their workers because they were illegal, but that was the only way they could keep a lot of their companies operating. The Dairy Industry is also suffering from workforce.
- We are fortunate here that our restaurants can keep people as that is not the case in other areas of the State.
- Interior: Halted new leases and reviewing federal oil and gas program. White House: Issued Executive Order to address climate crisis. A long-lasting freeze on new leasing would curb royalties and revenue New Mexico uses that pays for schools, Medicaid and public safety... Impacts of Federal Leasing Ban: \$1.5 B in state revenue at risk; 36,000 jobs lost per year by 2024; \$12.5 B in lost capital projects; \$207.7 B in lost GDP over 20 years. (NMOGA – State of NM Oil & Gas).

## **SOLUTIONS/STRATEGIES: (Fossil and Renewable)**

### **Eddy County and Lea County**

Solutions/strategies that can be adopted to capture the opportunities and address the challenges for growing the Energy (fossil and renewable) Industry Cluster today and in the future considering key factors such as infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs, and other.

- NM Energy Minerals is inventorying the renewable resources that we have around the state and the educational programs on clean energy. We are trying to connect private industry with the programs that we do have. We are also trying to do a gap analysis and where we are not meeting the

demands of industry, we are trying to keep the jobs in NM related to clean energy. Having an active conversation between both; trying to generate more educated people that can immediately jump into jobs located in NM.

- Concerned about the cost of electricity, for New Mexicans. We need to look at the energy mix. We know that the Fossil fuel industry is under attack and that the renewals are intermittent and can't always depend on them. So, the question is what kind of mix is needed to make up for the changes that were seeing and see in the future. We should consider having a small nuclear reactor serving the region possibly microreactors; these are noncarbon emitting and they are advanced reactor. There is a push moving along very well and has support from the Biden Administration. What is it going to cost our citizens? We need to Look into the future, and I think we are going to see microreactors and SMR's in the next 10 years, in other parts of the country such as Wyoming, Idaho, Washington, and a few other places. This is something that can be done with investment, creating more capacity making sure we have a reliability factor that we can depend on.
- Look at hourly rates from the Energy Industry – (Verify - Current data)  
Data of top Occupations have changed:
  - ✓ Rotary Drill Operators – Oil & Gas – Salary rate medium - \$18.23
  - ✓ Driller makes \$32.00 HR Floor Hands \$22.60 hr Derick Men - \$25.30
  - ✓ Don't think those rates have changed since 2019.  
(Don't know how they came up with \$18.23 – it looks like a water well driller not an Oil & Gas Drilling Rig. Ray Miller contacted a Hobbs drilling company and asked what they were paying their hands, and those are the rates he was given.)

## TOP PRIORITIES

### Energy (fossil and renewable) Industry Cluster

- Hydrogen – goes along with the renewable resource; trying to reduce carbon in the atmosphere.

**General Strategy:** Work with Hydrogen development companies to locate in SENM. The Governor has expressed Hydrogen as a strategy for NM – Build on that relationship with the state. Take advantage of their idea to use Natural gas to produce blue hydrogen until green hydrogen production can become cost effective. Take advantage of the [Energy Alternatives Study](#) (noted under priorities 2 and 3 and use hydrogen findings to have new hydrogen plants designed and optimized to be part of the Long-Term Energy “Mix” with Nuclear and other renewables for SENM.

**Resources:** Economic Development Corporation of SENM. ENMRD.

- Look at the energy mix used for electricity generation and identify what kind of mix (fossil fuel and renewable) are needed to make up for the changes that were seeing now and, in the future.

**General Strategy:** The Lea County EDC has prepared a detailed Energy Alternatives Study Outline to determine the feasibility, cost effectiveness, and optimum mix of hydrogen (different types), wind, solar, and nuclear to provide electricity and produce additional hydrogen that can be sold on the open market. The study would also try to use as much of the (&G products from SENM to try to make up for the expected reduction in demand over the next decades. Funding is now being sought for this study. As noted, this study would also include evaluation of modular nuclear reactors.

**Resources:** Lea County EDC, ARP Funding, ENMRD

- Consider having a small nuclear reactor serving the region possibly microreactors; these are noncarbon emitting and are advanced reactors. Identify what it is going to cost our citizens. (Look at what Wyoming, Idaho, Washington) This is something that can be done with investment, creating more capacity making sure we have a reliability factor that we can depend on.

General Strategy: A study team identified in priority #2.

Resources: Lea County EDC, ARP Funding, ENMR.

- Improve the regulatory environment using the spectacular rock formations and the technology that has been developed to support efforts of the American Petroleum Institute to boost oil production at home, before looking overseas.
- Support the development of alternative ideas in our own fossil fuel industry such as the \$350M Bio Diesel expansion which is adding rail facilities as well as a whole Bio Diesel processing facility to convert soybean oil and animal fat into biodiesel and sell to the California market.
- Work with NM Energy Minerals and Rural Efficient Business Program inventorying the renewable resources that we have around the state and the educational programs on clean energy as well as connect businesses to resources around renewal opportunities and energy efficiencies. Conduct a gap analysis to identify where we are not meeting the demands of industry and support keeping the jobs in NM related to clean energy. Develop a campaign to generate more educated people that can immediately jump into jobs located in NM. [New Mexico Rural Efficient Business Program \(nmruralbiz.com\)](http://New Mexico Rural Efficient Business Program (nmruralbiz.com))

**General Strategy:** NMEDD Economic and Energy Diversification Coordinator work with EMNRD as it is their responsibility.

**Resources:** EMNRD-Economic and Energy Diversification Program

- Develop more workforce training opportunities at the community college level or university level and include High Schools, CTE, to support needed workforce locally. (Hobbs has become a leader in this effort, look to Hobbs Schools as a good example).  
**General Strategy:** Focus groups teaming up with clean energy organizations with clean energy degree/certification programs to determine where existing programs can be modified to be more effective and determine where there are gaps in training.  
**Resources:** EMNRD- Economic and Energy Diversification Program, San Juan College, Mesa winds CC, and other clean energy degree programs around the state.
- With the State and Federal priority to transition away from dependance of oil & gas, devise strategies to support studies by scientists, engineers, corporations to set up in Lea / Eddy County to collect data and encourage organizations to locate their corporate offices here.
- Evaluate what Midland and Houston ae doing to recruit and create new corporate offices, i.e., strategies, taxes, education system, etc. and develop a strategy to recruit them to Lea and Eddy County.
- Explore opportunities using the spectacular rock formations and the technology that's been developed to support efforts of the American Petroleum Institute to boost oil production at home, before looking overseas.
- Communicate and coordinate efforts with SRI to include potential opportunities related to the oil & gas Industry and new opportunities.
- Innovative research (Lea County EDC) on water cleanup; produced water, that could provide a whole extra stream of opportunities.

### **TOP 3 PRIORITIES: Energy (Fossil and Renewable)**

1. Implement Regulation Relief of the Oil and Gas Industry before the new regulations take effect in 2025.
  - Lobby by non-industry groups to show current process results in less emissions than foreign production and that we can continue to reduce our remaining emissions in the future.
    - Educate Legislators and Regulators
    - Work with Industry to find emissions alternatives
    - Provide exemptions until alternatives are determined

2. Develop more workforce training opportunities at the community college level or university level and include High Schools, CTE, to support needed workforce locally. (Hobbs has become a leader in this effort, look to Hobbs Schools as a good example).

**General Strategy:** Focus groups teaming up with clean energy organizations with clean energy degree/certification programs to determine where existing programs can be modified to be more effective and determine where there are gaps in training.

**Resources:** EMNRD- Economic and Energy Diversification Program, San Juan College, Mesawinds CC, and other clean energy degree programs around the state.

3. Develop more workforce training opportunities at the community college level or university level and include High Schools, CTE, to support needed workforce locally. (Hobbs has become a leader in this effort, look to Hobbs Schools as a good example).

**General Strategy:** Focus groups teaming up with clean energy organizations with clean energy degree/certification programs to determine where existing programs can be modified to be more effective and determine where there are gaps in training.

**Resources:** EMNRD- Economic and Energy Diversification Program, San Juan College, Mesawinds CC, and other clean energy degree programs around the state.



**TRANSPORTATION AND LOGISTICS** account for 4,783 jobs in the region representing 8.7% of all jobs and 402 establishments or 16% of all establishments in the region. The Focus Group Sessions in Eddy County and Lea County discussed the Regional Performance Shift-Share Analysis for this Industry.

 **Transportation and Logistics**

**Shift-Share Analysis (Regional Performance) by Top Industry Sectors**

Industries	Jobs 2019	National Trend 2014-2019 (A)	Industry Trend 2014-2019 (B)	Cumulative Expected Growth (C=A+B)	Actual Job Growth 2014-2019 (D)	Regional Performance, 2014-2019 (D-C)
Specialized Freight (except Used Goods) Trucking, Local	2,009	130	-51	79	585	↑ 506
General Freight Trucking, Local	807	58	41	99	175	↑ 76
General Freight Trucking, Long -Distance, Truckload	684	62	23	84	11	-73
Couriers and Express Delivery Services	431	27	153	181	132	-49
Pipeline Transportation of Natural Gas	425	7	-3	4	347	↑ 343
Specialized Freight (except Used Goods) Trucking, Long - Distance	303	41	-4	37	-141	-178
Other Support Activities for Air Transportation	234	32	43	76	-119	-194
General Freight Trucking, Long -Distance, Less Than Truckload	159	14	9	24	2	-22
Pipeline Transportation of Crude Oil	98	3	1	4	69	↑ 65
Rail transportation	95	11	-25	-14	-25	-11
Other Warehousing and Storage	82	4	-7	-3	40	↑ 43
Local Messengers and Local Delivery	81	3	33	37	46	↑ 10
Motor Vehicle Towing	80	7	6	13	1	-12
Used Household and Office Goods Moving	62	6	-2	4	-4	-8
Scheduled Passenger Air Transportation	58	0	0	1	Insf. Data	↑ 52

Note: Upward arrow ↑ indicates regional competitiveness.

### Leakage analysis: Top 15 Industries by Inputs

Industries	Estimated Input (\$ Millions), 2019	% In-Region	% Out of Region
Couriers and Express Delivery Services	\$36	29.4%	70.6%
Freight Transportation Arrangement	\$31	8.0%	92.0%
Temporary Help Services	\$27	58.7%	41.3%
Corporate, Subsidiary, and Regional Managing Offices	\$23	6.1%	93.9%
General Warehousing and Storage	\$22	0.9%	99.1%
Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	\$16	53.3%	46.7%
Direct Property and Casualty Insurance Carriers	\$15	17.1%	82.9%
Other Support Activities for Air Transportation	\$15	37.7%	62.3%
Gasoline Stations with Convenience Stores	\$14	75.3%	24.7%
US Postal Service	\$13	51.4%	48.6%
Commercial Banking	\$12	39.2%	60.8%
Wired Telecommunications Carriers	\$11	37.5%	62.5%
Direct Health and Medical Insurance Carriers	\$11	0.0%	100.0%
General Automotive Repair	\$10	72.5%	27.5%
Rail transportation	\$10	27.8%	72.2%
Marine Cargo Handling	\$9	0.0%	100.0%
All Other Professional, Scientific, and Technical Services	\$8	62.8%	37.2%
General Freight Trucking, Long -Distance, Truckload	\$7	80.6%	19.4%

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 2012 Class of Worker, industry cluster definitions by PC

### Top occupations

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Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 2012 Class of Worker, industry cluster definitions by PCRD

## **OPPORTUNITIES: Transportation and Logistics**

### **Eddy County and Lea County**

Opportunities that exist for growing the Transportation and Logistics Industry Cluster today and in the future considering the key factors of infrastructure, technology, workforce, finance laws, rules, regulations, policies, and programs are:

- Build new Truck Stops with Accommodations to support the CLD regulations forcing drivers to stop
- Analyze Rail –Lea County: potential of a short line – connections
  - Lea County EDC looking at a potential Rail Analysis done; about 40 miles away from connection in Carlsbad and 40 miles away from connection in Seagraves. This would give a better option for Lea County to the north-east rather than having to go south like we do now.
- Improving the quality of rails on the east side of the state.

## **CHALLENGES: Transportation and Logistics**

### **Eddy County and Lea County**

Challenges that exist for growing the Transportation and Logistics Cluster today and in the future considering key factors of infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs.

- Regulations with drivers and hours / electronic log
- Recruit and develop a new workforce
- Attract more CDL drivers - need to grow that workforce; possible provide financial assistance or incentives to strengthen this workforce.
- Rail taking the place of CDL drivers – Need to evaluate what are the costs vs benefits
- The need of having improvements and enhancement on State Roads. Hwy 82 coming out of Artesia with 4 lanes; We don't have -4 lanes coming out of Lea County, Lovington heading west. That would be a major improvement and a key factor given the truck traffic that were seeing on that road. Same thing with US 380 – highway between Tatum and Roswell that would benefit from lane expansion, passing lane or additional driving lane. NMDOT is working on NM 128 and thankful for state representatives. Would like to see more investment

Infrastructure need of having improvements and enhancements to key roads coming into se NM given the amount of truck traffic. (Hwy on 380 – lane expansion – passing/driving lanes) NMDOT is working on 128. Need more investment.

- Need to invest in the bypasses in Carlsbad

## **SOLUTIONS/STRATEGIES: Transportation and Logistics**

### **Eddy County and Lea County**

Solutions/strategies that can be adopted to capture the opportunities and address the challenges for growing the Transportation and Logistics today and in the future considering key factors such as infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs, and other.

- Need to recruit CDL drivers or carriers and study the freight rates for our region
- Support NMDOT to plan and fund roads and bypasses that need improvements
- Address the County roads that have traffic counts that rival the State Highways. A few years ago in Santa Fe, there was discussion to have a set aside funding that is reserved for County roads that predominantly serve the oil & gas industry (San Juan, Lea and Eddy). It would be greatly served if is there was a set aside of money for those counties that have high oil & gas traffic.
  - Allocation of State funding specific to those Oil & Gas County roads
  - Legislature has had more success working directly with NMDOT to try to get funding programmed into its budget for the benefits – at least local highways. Work with NMDOT and County to address high traffic areas
  - Continue to support NMDOT as they have done a great job trying to meet the needs.
- Possible Federal Money will be available to invest in our roads – enhance public safety (short term spending for a long-term investment)
- NMDOT has data that show that 4 lane roads are not necessarily safer than an enhanced 3 lane. Consider the cost - \$1M per lane mile and NMDOT looks for ways to get the most and best option for public safety.
- Will be an opportunity for the Functional Classification review. Can be done now to make sure that the roads are properly classified. Traffic counts and functional classification by the State could benefit the high traffic county roads.

- Some roads that are sparsely populated, NMDOT should focus on roads with high traffic counts that are contributing to the economic benefit of the State. A huge burden on the county to maintain these roads – if a pot of money or set aside for those roads were available to the Counties.

## **TOP PRIORITIES**

### **Transportation and Logistics Industry Cluster**

- Improvements and enhancements on State Roads: 4 lanes coming out of Lea County- Lovington heading west due to heavy truck traffic; US 380 – highway between Tatum and Roswell would benefit from lane expansion, passing lane or additional driving lane; Invest in the bypasses in Carlsbad.  
**General strategy:** Lobby for use of the Federal money to improve these roads. Create an inventory of the roads that are the highest priority for maintenance and determine a budget for this funding source depending on the severity of the need for funding and how many roads are in need.  
**Resources:** SNMEDD, Local governments, Economic Development Corporations of SENM and Legislators; NMDOT.
- With Federal Money possibly available to invest in NM roads to enhance public safety, identify road projects for this investment. (Short term spending for a long-term investment).  
**General Strategy:** Lobby for use of the Federal money to improve the roads identified in #1.  
**Resources:** SNMEDD, Local governments, Economic Development Corporations of SENM and Legislators.
- Functional Classification review for Lea and Eddy County can be done now to make sure that the roads are properly classified. Traffic counts and functional classification by the State could benefit the high traffic county roads.
- Recruit and develop a new workforce; possibly provide financial assistance or incentives to strengthen this workforce.  
**General Strategy:** If there are gaps in education, it would be important to team educational hubs with industry leaders so we can create more NM jobs. If the transportation industry is having a difficult time affording truck driver, then it may be a good time to bring this up with the Economic Development Department to analyze funding opportunities or ways we can sustainability maintain the industry in New Mexico.
- Build new Truck Stops with Accommodations to encourage long-haul drivers to stop in our region as required by the new CLD regulations.

- Analyze Rail – costs vs benefits. Lea County: for the potential of short line – connections. Improve the quality of rails on the east side of the state.
- Study the freight rates for our region and use it to recruit CDL drivers and carriers.
- Support efforts for the Legislature to create a set aside funding that is reserved for County roads that predominantly serve the oil & gas industry due to the high traffic volume. (San Juan, Lea and Eddy). Work with NMDOT and County to address high traffic areas and road conditions.
- Communicate and coordinate with the Legislature and NMDOT for a set aside of funding for road improvements, focusing on roads with high traffic counts that contribute to the economic benefit of the State but are sparsely populated.

## **TOP 3 PRIORITIES**

### **Transportation and Logistics**

1. Improve and enhance County roads with high traffic counts and make improvements that predominantly serve the oil & gas industry. Lobby State Legislature, NMDOT to reserve or allocate funding annually.
2. Assist regional partner(s) by securing funds for a 5-year rail analysis of SNMED by December 2022.
3. Recruit and develop a new workforce; possibly provide financial assistance or incentives to strengthen this workforce.

General Strategy: If there are gaps in education, it would be important to team educational hubs with industry leaders so we can create more NM jobs. If the transportation industry is having a difficult time affording truck driver, then it may be a good time to bring this up with the Economic Development Department to analyze funding opportunities or ways we can sustainability maintain the industry in New Mexico.

**DEFENSE AND SECURITY** account for 6,566 jobs in the region representing 11.9% of all jobs and 119 establishments or 4.7% of all establishments in the region. The Focus Group Session in Otero County discussed the Regional Performance Shift-Share Analysis for this Industry.

 **Defense and Security**

**Shift-Share Analysis (Regional Performance) by Top Industry Sectors**

Industries	Jobs 2019	National Trend 2014-2019 (A)	Industry Trend 2014-2019 (B)	Cumulative Expected Growth (C=A+B)	Actual Job Growth 2014-2019 (D)	Regional Performance, 2014-2019 (D-C)
Federal Government, Military	5,067	439	-509	-70	280	↑ 350
Power and Communication Line and Related Structures Construction	433	22	40	62	193	↑ 130
Other Personal and Household Goods Repair and Maintenance	164	22	-72	-50	-82	-32
Investigation Services	155	9	2	11	56	↑ 45
Security Guards and Patrol Services	148	18	6	25	-53	-78
Automobile and Other Motor Vehicle Merchant Wholesalers	102	1	0	1	Insf. Data	↑ 94
Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers	98	10	-7	3	-15	-19
Computer Systems Design Services	89	6	6	12	26	14
Computer Facilities Management Services	58	2	4	6	35	↑ 28
Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	57	27	-3	23	-235	-259
Custom Computer Programming Services	55	12	15	27	-73	-100
Security Systems Services (except Locksmiths)	49	5	3	8	-3	-10
Motor Vehicle Supplies and New Parts Merchant Wholesalers	30	3	-3	0	-5	-5
Other Computer Related Services	16	3	0	3	-14	-17
Surgical Appliance and Supplies Manufacturing	15	0	0	0	Insf. Data	13

## Leakage analysis: Top 15 Industries by Inputs

Industries	Estimated Input (\$ Millions), 2019	% In-Region	% Out of Region
Aircraft Manufacturing	\$114	0.1%	99.9%
Engineering Services	\$60	54.4%	45.6%
Petroleum Refineries	\$59	19.0%	81.0%
Data Processing, Hosting, and Related Services	\$58	1.0%	99.0%
Computer Systems Design Services	\$57	1.1%	98.9%
Ship Building and Repairing	\$43	0.0%	100.0%
Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	\$35	0.0%	100.0%
Administrative Management and General Management Consulting Services	\$28	3.7%	96.3%
Guided Missile and Space Vehicle Manufacturing	\$27	0.0%	100.0%
Motor Vehicle Electrical and Electronic Equipment Manufacturing	\$24	1.1%	98.9%
Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	\$23	9.6%	90.4%
Software Publishers	\$20	0.3%	99.7%
Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	\$20	3.7%	96.3%
Other Electronic Parts and Equipment Merchant Wholesalers	\$20	0.0%	100.0%
Custom Computer Programming Services	\$19	1.7%	98.3%
Motor Vehicle Transmission and Power Train Parts Manufacturing	\$18	0.0%	100.0%

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 1.2 Class of Worker, industry cluster definitions by PC

## Top occupations

Occupations	Jobs 2019	% Change 2014-2019	% of Total Jobs in Cluster 2020	Median Hour Earnings	Entry level Education	Automation
Military-only occupations	2,586	5%	39.7%	\$18.85	N/A	N/A
Security Guards	276	-1%	4.4%	\$14.47	High school diploma or equivalent	109.8
Aircraft Mechanics and Service Technicians	153	23%	2.4%	\$30.89	Postsecondary nondegree award	101.2
Logisticians	126	140%	1.9%	\$39.82	Bachelor's degree	82.1
Airline Pilots, Copilots, and Flight Engineers	109	33%	1.7%	\$82.46	Bachelor's degree	91.5
Police and Sheriffs Patrol Officers	105	-14%	1.6%	\$25.68	High school diploma or equivalent	94.5
Construction Laborers	97	127%	1.3%	\$16.06	No formal educational credential	131.9
Human Resources Specialists	92	2%	1.4%	\$21.84	Bachelor's degree	83.8
Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other	86	-16%	1.3%	\$28.40	Bachelor's degree	84.5
Maintenance and Repair Workers, General	74	10%	1.1%	\$15.54	High school diploma or equivalent	109.6
Electrical Power -Line Installers and Repairers	69	21%	0.8%	\$29.95	High school diploma or equivalent	114
Bus and Truck Mechanics and Diesel Engine Specialists	63	40%	0.9%	\$23.17	High school diploma or equivalent	114.6
First-Line Supervisors of Mechanics, Installers, and Repairers	62	5%	0.9%	\$33.89	High school diploma or equivalent	94
General and Operations Managers	62	-12%	0.9%	\$42.74	Bachelor's degree	82.2
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	53	-12%	0.7%	\$16.23	High school diploma or equivalent	91.4

Data Snapshot // SENM

Source: Economic Modeling Specialists International (EMSI) 1.2 Class of Worker, industry cluster definitions by PCRD



## **OPPORTUNITIES: Defense and Security**

### **Otero County Responses**

Opportunities that exist for growing the Defense and Security Cluster today and in the future considering the key factors of infrastructure, technology, workforce, finance laws, rules, regulations, policies, and programs are:

- Aircraft Mechanics
  - Apprenticeship NMSU – ACOM
- More private contractors
- More ancillary businesses
- Landscape temp. support Afghanistan
- Airport Training
  - Work with Roswell
- Commercial airlines
  - Support R & D
  - Support Missions at Holloman

## **CHALLENGES: Defense and Security**

Challenges that exist for growing the Defense and Security Industry today and in the future considering key factors of infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs are:

- Federal Red Tape
  - Getting approval
- Access to the Base
- Background checks
  - 5-10 years
  - Commander on base changes every two years
- Workforce
- Affordable housing
  - New military members and young people
- Cost of living more than wages to support
  - State – increase minimum wage
- Need to get back to molding and mentoring youth
- Vocational training needed
  - Work from home – need broadband connectivity
  - Cybersecurity training
    - Have to relocate
  - State
    - Enforce paying sales tax
  - Credit card fees
  - Training

## **SOLUTIONS/STRATEGIES: Defense and Security**

Solutions/strategies that can be adopted to capture the opportunities and address the challenges for growing the Transportation and Logistics today and in the future considering key factors such as infrastructure, technology, workforce, finance, laws, rules, regulations, policies, and programs, and other.

### **Otero County**

- Networking
  - Building relationships
- Collaboration (NMSU and ENMU)
- Economies to skill
  - Grow/expand businesses
  - Find people to champion
  - Identify resources/ people to facilitate action
- Partner with boys and girls club
- Workforce
  - Affordable housing
  - Daycare
  - Highschool / pursuit career
  - Education system
  - Youth development – workforce training money
- Talk to military recruiter and collaborate with schools and universities
- Get younger people involved
  - Junior leadership forum
  - Introduce various industries/ careers
- Broadband
- Mentorship
  - Business
  - Planning
  - Succession planning

### **TOP PRIORITIES:**

#### **Defense and Security**

1. Improve the working relationship between base command and local governments, major employers and land user in Otero and Lincoln Counties on the roles and training mission of HAFB over the next years.
2. Create training and mentorships for employment and civilian career opportunities for 50 young people under the age of 25 within distance of HAFB by reducing red tape and access issues with the next 5 years.
3. Collaborate with Chambers, Small Business Development Center and Base personnel to recruit ancillary businesses to support needs of military members and their families.

## NEXT STEPS:

- Focus Group attendees review and revise the Summary Report and finalize top priorities in each industry.
- Meet in early 2022 and develop SMART Goals and Plans of Action for economic strategies that support recovery and resilience in southeast New Mexico.
- Revise the Summary Report to include all comments, the top priorities and action plans. Submit to Economic Recovery Team and Focus Group participants for Peer Review.
- Present the Summary Report to the Economic Recovery and the Southeast New Mexico Economic Development District Board of Directors.
- Draft Economic Recovery and Resilience Plan to include information from the Summary Report. Present the Plan to the Economic Recovery Team for review and comment.
- Present Final Plan to Southeast New Mexico Economic Development District Board of Directors for consideration and approval.
- Submit Final Recovery Resilience Plan to the Economic Development Administration. Request funding for implementation of the Plan Priorities.

## DATA SOURCES AND ANALYTICS:

**Purdue University, Center for Regional Development** Southeastern New Mexico Region Cluster Drill-down Analysis, July 2021

**Bureau of Economic Analysis (BEA), U.S. Department of Commerce.** BEA's economists produce some of the world's most closely watched statistics, including U.S. gross domestic product, better known as GDP, state and local numbers, plus foreign trade and investment statistics and industry data.

The **North American Industry Classification System (NAICS)** is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, and publishing data related to the U.S. business economy.

**Esri** is an international supplier of geographic information system software, web GIS and geodatabase management applications.

**New Mexico Oil and Gas Association.** The State of New Mexico Oil and Gas, Leland Gould, Chairman. July 9, 2021