Southeast New Mexico Economic Development District
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SNMEDD *cog*

REGIONAL ECONOMIC RECOVERY AND RESILIENCE PLAN
MOVING FORWARD, INHERENTLY RESILIENT

HIGHLIGHTS

APPROVED: APRIL 1, 2022	SNMEDD BOARD OF DIRECTORS	DORA BATISTA, EXECUTIVE DIRECTOR

Summary:

The southeast region of New Mexico offers epic blue skies, snowy mountain peaks, incredible vistas at White Sands National Park, and the irresistible spectacle of Carlsbad Caverns National Park. This region is the former stomping grounds for Billy the Kid, but the past of the wild west has led to a refined present with fine arts, music, culture, and notoriety among UFO enthusiasts. The southeast region is driven by agriculture, oil and gas, transportation, defense, retail, and tourism and is the largest planning district in New Mexico covering over 26,000 square miles.

The purpose of the Regional Economic Recovery and Resilience Plan is to assess the economic impact from the COVID-19 pandemic and to identify progressive planning strategies that would focus on strengthening the economic base and regain fiscal stability for long term resilience. The regional local governments include:

- Chaves County, Roswell, Hagerman, Lake Arthur, and Dexter
- Eddy County, Artesia, Carlsbad, Hope and Loving
- Lea County, Hobbs, Lovington, Jal, Eunice, and Tatum
- Lincoln County, Corona, Capitan, Carrizozo, Ruidoso, and Ruidoso Downs
- Otero County, Alamogordo, Cloudcroft, and Tularosa

To address the economic impact from the pandemic, a Regional Disaster Economic Recovery Team (ERT) was formed with community leaders and industry experts. This group met regularly and discussed challenges, solutions, priorities and developed the SNMEDD Regional Economic Recovery Resilience Plan. The ERT commissioned Purdue University, Center for Regional Development to produce a Cluster Analysis to proactively assess the regional economy and assist in planning for economic resilience. The results from this analysis were presented in focus group meetings where discussions centered around strengthening the economic base.

Strengthen the Economic Base

Address the need for workforce, training and affordable housing	Become recognized as a leader in the development of clean energy and technology	Invest with Federal, State and Local funds in infrastrucutre projects that support business activity	Retain, grow, and attract companies; promote emerging or new business sectors

SWOT ANALYSIS

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS	CHALLENGES
Agriculture -Local Farmers	Affordable Housing	Air and Rail Service	Lack of affordable housing	Workforce: available, skilled, and trained workers
Value added agriculture production	Lack of Workforce	Apprenticeship programs	Lack of childcare to support workforce	Broadband connectivity
Available land for new development and recreation	Need for Broadband and Infrastructure improvements	Inter-Govt Tax Free Zone with new investment, offer tax incentives under specific conditions	Selling community to the spouses of professionals – Quality of Life	Keep youth locally for jobs and attend the universities and colleges
Educational/Training opportunities with Universities and Colleges	Scarcity mentality – lack of collaboration and attitude on customer service	ENMU offering training for employment skills	Single industry dependent	Train employees with soft skills, customer service
Diverse economy	Transit population	Art and wine venues/social outlet	Aging and retired population	Oil & Gas regulations
Natural Resources	Need to diversify economy	Alternative energy-wind, solar, geothermal and nuclear clusters	Water management - long term water supply	Drought and National Disasters
Energy Production	Readily available land for development	Two plus two six-year pilot project with educational institutions	Climate change, drought, and natural disasters	Need improvements to State roads – invest in key roads that support economic activity
Robust Tourism	Lack of childcare	Entrepreneurship opportunities	Government overreach	Access to the Base due to Defense red tape
Strong public/private partnerships	Retaining youth to attend local universities and fill job openings	Research and develop Bio-mass activities	Non sustainable water usages-aquifer recharge – Call on the Pecos River	Petroleum industry growth on federal leases
Holloman Air Force Base and White Sands Missile Range	Drug culture	Natural Resources – Oil & Gas, Desalinization	Endangered Species Act and impact on industries Ag, Oil/Gas	Vocational training, molding, and mentoring youth
Regional Air Service	Lack of financing/capital	Premier locations for filming with unique eco-zones (WSNM)	Lack of business incentives	Promote nuclear energy business cluster

STRATEGIES FOR STRENGTHENING THE ECONOMIC BASE FOR LONG-TERM ECONOMIC GROWTH

Focus on competitive advantages and natural resources to compete for new job creation, public and private sector investment

Work with Industry leaders and identify where opportunities are to retain, grow and attract new business activity

Collaborate with Universities and Colleges for Industry training and education.

Enhance regional marketing to highlight advantages of doing business in southeast New Mexico with diversified cultures, unique attributes, amenities and natural resources

Invest in capital projects and infrastructure to attract base sector businesses

Build community capacity to align with goals and strategies that empower a collaborative process resulting in job creation and tax base development

INDUSTRY CLUSTER ANALYSIS IDENTIFIED TARGET INDUSTRIES AS ECONOMIC DRIVERS

A Cluster Analysis is a tool to better understand a region's economic strength and challenges and realistic ways to shape the region's economic future. Industry clusters are regional concentration of related industries with linkages between industries that buy and sell from each other, use similar technologies, share a labor pool, and share supply chains. They are a network of economic relationships, and the linkage can promote innovation and create a competitive advantage for the related firms in a region. This advantage then becomes an enticement for similar industries and suppliers that drive the creation of new revenues in the region. A cluster analysis was conducted on the five industry clusters that drive economic activity in southeast New Mexico. They are listed below.

INDUSTRY	JOBS	% OF THE TOTAL	ESTABLISHMENTS	% OF THE TOTAL
Agribusiness, Food Processing & Technology	6,023	10.9	248	9.9
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
TIC % of region	64.8%		65.3%	

SHIFT SHARE ANALYSIS

Purdue University, Center for Regional Development completed a Shift share analysis with the Cluster Analysis on the five target industries listed above. This is an economic analysis with indicators that reports which industries or occupations are competitive in the region. It helps 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 factors. It also identifies where a regional economy has a competitive advantage over the larger economy and reports what portions of regional economic growth or decline can be attributed to national, economic industry and regional factors. This analysis will also show national growth, in terms of jobs and how likely they are to grow in the region. Listed below are the top industry activities. Additional activities are included in the Recovery Resilience Plan.

TOP 5 INDUSTRY ACTIVITIES

INDUSTRY: AGRIBUSINESS	JOBS 2019	NATIONAL TREND 2014-2019	INDUSTRY TREND 2014-2019	EXPECTED GROWTH 2014-2019	ACTUAL JOB GROWTH 2014-2019	REGIONAL PERFORMANCE
Animal Production	2877	275	-306	-31	-120	-89
Crop Production	1207	108	-131	-23	28	51
Cheese Manufacturing	567	54	109	162	-20	-182
Farm Labor	292	20	-7	13	75	62
Brewers	65	0	3	3	=	59
INDUSTRY: TOURISM	JOBS	NATIONAL TREND	INDUSTRY TREND	EXPECTED GROWTH	ACTUAL JOB GROWTH	REGIONAL PERFORMANCE
Hotels	1925	155	60	215	230	15
Independent Arts, Writers, Performers	435	31	64	95	95	0
Casinos	232	0	0	0	232	232
Radio Stations	145	14	-31	-18	-4	14
Bowling Centers	86	4	-4	0	41	41

INDUSTRY: ENERGY	JOBS	NATIONAL TREND	INDUSTRY TREND	EXPECTED GROWTH	ACTUAL GROWTH	REGIONAL PERFORMANCE
Support Activities Oil/Gas	12,124	1,053	-3,007	-1,955	639	2594
Crude Petroleum Extraction	5,491	698	-3,776	-3,079	-2,120	959
Oil Gas Pipeline Construction	2,829	132	245	377	1,391	1,014
Drilling Oil/Gas Wells	1653	164	-821	-657	-138	519
Electrical Contractors	1,514	107	120	227	343	116
INDUSTRY: TRANSPORTATION	JOBS	NATIONAL TREND	INDUSTRY TREND	EXPECTED GROWTH	ACTUAL GROWTH	REGIONAL PERFORMANCE
Specialized Freight	2,029	130	-51	79	585	506
General Freight Trucking	807	58	41	99	175	76
Freight Trucking Long-Distance	684	62	23	84	11	-73
Couriers Express Delivery	431	27	153	181	132	-49
Pipeline Transportation Natural Gas	425	7	-3	4	347	343
INDUSTRY: DEFENSE	JOBS	NATIONAL TREND	INDUSTRY TREND	EXPECTED GROWTH	ACTUAL GROWTH	REGIONAL PERFORMANCE
Fed Govt Military	5067	439	-509	-70	280	350
Power Communication Line Construction	433	22	40	62	193	130
Investigation Services	135	9	2	11	56	45
Automotive & Other Motor Vehicle Wholesalers	102	1	0	1	0	94
Computer Facilities Mgt Services	58	2	4	6	35	28

LEAKAGE ANALYSIS

Industry leakage occurs when capital or income leave a local economy through taxes, savings, and imports. It is when dollars are spent on outside goods and services that could potentially be purchased or produced locally. An industry leakage study provides an economic, demographic and workforce overview for the region and identifies clusters based on potential for growth. The analysis below focuses on the top five industry clusters and identifies the financial impact and percentage of out-of-region leakage in a business activity. The leakage analysis looks at industry requirements, inputs, and purchases from in-region and out-of-region and determines in-region supplies and gaps. This is a useful tool to analyze the performance of an industry or cluster within a region and to identify potential opportunities for economic development, job creation and income growth.

AGRIBUSINESS INDUSTRY	ESTIMATED INPUT ($ MILLIONS), 2019	% OUT OF REGION
Dry, Condensed, and Evaporated Dairy Product Manufacturing	$9	100%
Animal Food Manufacturing	$80	96.4%
Corporate and Regional Offices	$19	95.4%
Fluid Milk Manufacturing	$12	89.0%

	$307	72.3%
Animal Production	$307	72.3%
Cheese Manufacturing	$80	17.3%

LEAKAGE ANALYSIS: INDUSTRIES IN ARTS, ENTERTAINMENT, RECREATION, (TOURISM)

TOURISM INDUSTRIES	ESTIMATED INPUT PURCHASES ($ MILLIONS)	% OUT OF REGION
Cable/other subscription programming, TV Broadcasting	$4	99.9%
Internet, Publishing. Broadcasting, Web Search Portals	$2	95.6%
Sports Teams and Clubs	$2	95.6%
Temporary Help Services	$2	66.2%

LEAKAGE ANALYSIS: INDUSTRIES IN ENERGY (FOSSIL AND RENEWABLE)

ENERGY FOSSIL/RENEWABLE INDUSTRIES	ESTIMATED INPUT PURCHASES ($ MILLIONS)	% OUT OF REGION
Corporate Subsidiary Regional Managing Offices	$439	94.1%
Investment Advice	$138	97.6%
Custom Computer Programming Services	$85	99.4%
Offices of Lawyers	$112	87.4%

LEAKAGE ANALYSIS: INDUSTRIES IN TRANSPORTATION

TRANSPORTATION INDUSTRIES	ESTIMATED INPUT PURCHASES ($ MILLIONS)	% OUT OF REGION
Freight Transportation Arrangement	$31	92.0%
Corporate Subsidiary Regional Managing Offices	$23	93.1%
General Warehousing and Storage	$22	99..1%
Temporary Help Services	$2	66.2%

LEAKAGE ANALYSIS: INDUSTRIES IN DEFENSE AND SECURITY

DEFENSE AND SECURITY INDUSTRES	ESTIMATED INPUT PURCHASES ($ MILLIONS)	% OUT OF REGION
Aircraft Manufacturing	$114	99.9%
Data Processing Hosting and Related Services	$58	99.0%
Computer Systems Design Services	$57	98.9%
Search Detection Navigation Guidance Aeronautical System Instrument Manufacturing	$28	96.3%
Motor Vehicle Electrical /Electronic Equip. Manufact	$24	98.9%

RECOMMENDED GOALS AND STRATEGIES

IMPROVE WORKFORCE BUSINESS ASSISTANCE	JOB CREATION AND ECONOMIC INCOME GROWTH	INVEST IN INFRASTRUCUTRE PROJECTS RESOURCE MANAGEMENT - WATER
Team up with educational hubs and industry leaders to identify where there are gaps in workforce and identify possible incentives to strengthen the workforce	Retain, grow, and attract companies: promote expansion of existing and emerging business sectors. Meet with industries and learn what their goals and needs are.	Invest in road improvements that enhance public safety and contribute to the economic benefit of the communities and the region. Identify federal funds available and identify road projects that will invest in NM roads.
Develop a campaign to recruit and train employees to support businesses stay open and possibly expand. Identify training and education for existing workforce on customer service and knowledge of the region	Using the Job Creation and Income Growth analysis meet with Industries and discuss business activities and opportunities possible with in-region purchases, thus stimulating economic growth.	Identify where Broadband is currently installed and where it is needed. Apply for funding through Do-It and other state/federal resources.
Market and recruit business activity and potential employees to work in existing businesses and possible start-up businesses. Consider offering financial assistance	Identify new opportunities from the leakage analysis, such as Beer and Wine business and their supporting activities (specifically the bottling, labeling)	Have shovel ready projects and apply for grant funding leveraging local resources and loans that will support smaller communities and entice new development
Pair employees to share jobs and possibly bring in overseas workers. Host job fairs	Promote Agri-tourism as an opportunity to provide a destination associated with the agriculture industries	Create a development fund to help meet match requirements to leverage grants and funding opportunities
Recruit service industry employees for dairy, roustabouts and pulling units. Hold vocational training including cybersecurity	Work with high schools to teach youth work ethics, values and encourage job market positions in the region. Develop a mentoring program in the high schools.	Explore opportunities for storage and maintenance of planes at Airports, expanding revenues and creating new jobs.
Identify workforce training opportunities and collaborate with the universities, colleges, and high schools to include short term courses and training for basic employability skills. Example: Hobbs CTE	Recruit and attract new business activities; collaborate and host job fairs; pair employees to share jobs; bring in oversea workers	Develop a long term and sustainable water plan including water rights, technology, and infrastructure projects.
Talk with military recruiters and collaborate with schools and universities and establish a junior leadership forum.	Evaluate and create incubators to support cluster business activities including aircraft mechanics, service technicians, computer systems design services and software publishers.	Specialized freight trucking, pipeline transportation of natural gas and refined petroleum along with other transit and ground passenger transportation which outperformed in the region reflecting an opportunity for job growth. Improve the quality of rails on the east side of the state.
Recruit local youth outside the region and connect with needed jobs	Apprenticeship program coordinating career education with job shadowing for young people who want to work in the aviation industry.	Work with State Legislature and NMDOT to reserve or allocate funding annually for road improvements focusing on high traffic counts that contribute to the economic benefit of the region and the State.
Recruit new and expand existing day care facilities.	Recruit business activities related to trucking companies, shipping and logistics firms, property and casualty insurance carriers, telecommunication carriers including corporate and managing offices.	Identify funding for improvements and enhancements on State Roads including 4 lanes coming out of Lea County-Lovington as well as US 380 between Tatum and Roswell
Collaborate with the Center for Workforce Solutions (ENMU), schools and industry leaders to address workforce needs	Recruit CDL drivers and carriers and study the freight rates for the region and identify competitive advantages.	With Federal funding, invest in roads that enhance public safety. Conduct the functional classification review to ensure roads are properly classified.

BECOME RECOGNIZED AS A LEADER IN THE DEVELOPMENT OF CLEAN ENERGY	MARKET COMMUNITIES AND REGIONAL TOURISM FOR REGIONAL COMPETIVENESS	STRENGTHEN THE ECONOMIC BASE AND BUILD COMMUNITY CAPACITY
Analyze the feasibility, cost effectiveness, logistics, market analysis and recommended types of Hydrogen projects to provide electricity since Hydrogen can be sold on the open market; produce hydrogen for use in the production of chemical projects	Leverage resources and market/advertise regionally creating a series of targeted destination events including concerts and festivals	Using the Industry Cluster analysis, identify regional competitiveness that enhance businesses and job growth. Understand the current composition of local businesses, jobs, and potential emerging entrepreneurs in each of the communities.
Devise strategies to support studies by scientists, engineers, and corporations to set up in Lea and Eddy County on oil/gas production	Rebrand messaging and support local shops and small businesses, arts, and events. Develop a message to send out to local kids that instills a sense of hope and pride and that there are opportunities and jobs at home.	Conduct a deeper drill down analysis of key economic sectors for growth in those industries that are performing.
Work with Energy Minerals and Natural Resources on inventorying renewable resources and educational programs on clean energy. Identify in a gap analysis how to meet the demands of the industry to keep jobs in NM.	Digital campaign targeting tourism related to regional businesses and partner with ENMU, Mescalero and Lodgers Tax entities	Use Housing Plans to collaborate with builders and build in volume targeting housing for $60,000 annual salaries. Identify housing developers and funding for housing projects including temporary housing.
Explore the use of natural gas to produce blue hydrogen as a more desirable alternative to green hydrogen since it uses less pure water.	Market liquid tourism: Breweries and regional wineries. Develop and market tours of the region.	Review regulations for infill development and make recommendations for revisions that support the development of workforce housing
Explore having a small nuclear reactor serving the region possibly microreactors as they are noncarbon emitting and are advanced reactors.	Flights to Dallas and Phoenix; add flights to Denver to connect anywhere making it easy and affordable to come to southeast NM	Improve the working relationship between base command and local governments, major employers and land users in Otero and Lincoln (HAFB).
Develop a research center dedicated to the exploration of efficient and cleaner extraction of resources including oil, gas, and water usage. Collaborate with national partners who are working to improve resource extraction methodologies as well as efficient processes and use of materials.	Partner with Workforce Development and promote ENMU and colleges as an asset to live and work in the region and publicize TECH ED and vocations. Promote programs and customized training for businesses, non-profits and government entities (soft skills, OSHA, etc.)	Collaborate with Chamber of Commerce's, Small Business Development Center and Base personnel to recruit ancillary businesses to support needs of military members and their families.
Promote the development of hydrogen production facility using natural gas as part of the NM renewable energy transition plan.	Internal marketing to change attitude: promote the community and develop a message to support a new culture that promotes taking pride in the community and "pay it forward"	Create capacity and reliability for new business opportunities. Support the development of alternative ideas in our own fossil fuel industry. Promote the development of hydrogen production facility using natural gas as part of the NM renewable energy transition plan.
Support innovative research and investment on water cleanup; produced water that could provide an extra stream of opportunities.	Regional marketing of natural resources, events, and activities in the region.	Support the development of alternative ideas in our fossil fuel inventory. Convert soybean oil and animal fat into biodiesel and sell on the market.
Support studies by scientists, engineers, corporations to set up and locate in Eddy or Lea County and collect data. Encourage organization to locate their corporate offices in the region.	Increase attendance at art venues by 25% region wide through enhanced targeted marketing and advertising efforts in Texas and Arizona. Raise awareness of arts, entertainment, recreation, and tourism industries located in southeast NM	Identify infrastructure capacity and workforce labor supply needed for economic development goals.

Focus groups team up with clean energy private industry stakeholders and organizations with clean energy degree/certification programs to determine where existing programs can be modified to be more effective. Identify where there are gaps in training.	Market and promote global attractions and historical sites in southeast NM including Billy the Kid and the Lincoln community, Carlsbad Caverns, White Sands National Park. Identify the hidden assets and create a destination location for tourism.	Improve the working relationship between base command and local governments, major employers, and land users.

JOB CREATION AND INCOME GROWTH OPPORTUNITIES

NMSU developed a Job Creation and Income Growth Opportunities report to supplement the Cluster Analysis approach seen the Regional Recovery Resilience Plan. This report evaluated total business activities in each of the five clusters and identified the increase by industry in employment and labor income gains if there were an additional 10% input in-region purchases, thus stimulating economic growth. It shows the direct effect which are jobs created by businesses because of the increase of 10% input in-region purchases, indirect effect, jobs created by businesses-to-business transactions because of the increase and induced effect which are jobs created by increased consumer spending. Here are the results.

INDUSTRY	TOTAL JOBS	DIRECT LABOR INCOME	TOTAL EFFECT (DIRECT, INDIRECT. INDUCED) LABOR INCOME
Agribusiness Food Processing & Technology	1670	$61,153,753	$89,277,813
Transportation and Logistics	1,107	$527,716,694	$37,817,604
Energy (Fossil and Renewable)	11,013	$764,122,604	$1,090,863,455
Defense and Security	684	$29,604,863	$39,208,957,430
Arts Entertainment Recreation Tourism	1146	$27,770,792	$37,662.248

DEFINITION OF EMPLOYMENT IMPACT TYPES

As a result of the 10% input in-region purchases

Direct: Jobs created

Indirect: Jobs created by business-to-business transactions

Induced: Jobs created by increased consumer spending

CONCLUSION

It is recommended that SNMEDD champion an effort and work with Economic Development Corporations, Small Business Development Centers, community leaders and industry experts through a series of meetings or workshop activities defining actions needed to help accomplish the goals and strategies identified in the SNMEDD Regional Economic Recovery Resiliency Plan. This would enable people to discuss industry activities, job creation and income growth opportunities that will further strengthen their communities and the regional economy. SNMEDD could provide technical assistance and support in identifying resources and programs to accomplish determined goals.

Southeast New Mexico is moving forward as the bright spot that welcomes business opportunities and provides an exceptional quality of life for people to live, work and play.

Build community capacity for economic resilience → Identify regional competitive advantages from Industry Drill-Down Analysis → Identify opportunities in Target Industry leakage and out-of-region purchases → Promote Workforce Development and Education