

# Agriculture

## THEATER PROFILE

This profile was developed from advance team sessions by CELab and a team from NMSU's Agriculture Department and the NM Department of Agriculture.

Introduction: This is a profile prepared by an expert advance team on the Agriculture theater of economic base job creation. The advance team was comprised of various agriculture industry experts. They reached the following conclusions through a consensus process administrated by the Jobs Council contract team.

### 1.Theater Definition

The Agriculture theater is focused on procuring economic base jobs by attracting, expanding and creating enterprises that grow, process and distribute food and fiber. This theater can include activities such as; farming, greenhouses, vertical farming, dairy, ranching, vineyards - viticulture, nutraceuticals, forestry, fisheries habitat management, food safety, pest management, fertilizers, bio-fuels; ethanol, algae, processing, packaging, warehousing, transport, logistics biotechnology; genetic, value-added exported services; marketing,

What are the job creation categories?

- Production
- Processing
- Value added services; Marketing and distribution; R&D

What is the potential for job creation overlap with other theaters?

- Food Processing and Distribution > Employer Recruiting, Retention and Expansion
- Biomass Production (algae diesel, grass...) > Energy,
- Forestry > Federal Government (USDA, forestry products),
- Game and Fish > Federal Government and Visitor Driven (Hunting and Fishing)



- Exported Services > Federal Government (higher education), Employer Recruiting, Retention and Expansion, Solo Work
- Grow Local > Import Substitution

## Transaction Definition

How is an economic base job creation transaction defined for this theater?

An economic base job is created in this theater when a new or existing employer that is deriving 51% of its income from out of state, increases production or sale enough to add a new FTE employee or employees over the previous year. To qualify as an economic base job, average wages of each employee must be above the federal poverty guideline. In the case of seasonal work, the wage rates would be normalized to a monthly or hourly rate.

## Program Approaches – Sub Theaters

What are the different ways that programs in this theater procure or preserve economic base jobs?

- Expand existing growers and processors:
  - o Increase out of state sales demand ~~and out of state sales~~ and reach expand to international markets;
  - o Increase production to meet the above demand;
  - o Improve quality and value of crops
  - o Lower costs;
- Expand value added services enterprises
  - o Logistics at the rail border
  - o Global marketing services
- Recruit new growers and processors
  - o Opportunity for hops and brewing
- Recruit new value-added service enterprises; employers & solopreneurs

## Key Metrics

What metrics should be used to measure the production and return on investment of the procuring programs in this theater?

- Acres / sf under production, acres of forest thinned
- Value of the crops, product
- Jobs required per acre for each crop
- Higher yield
- Farm succession programs (retention)
- More processing facilities and/or expansion of existing facilities

## Attributes and Insights

What important attributes, distinctions and insights are important to understanding the nature and capacity of this theater?

Growth in this theater is occurring from the growth of small and large farms while mid-size operations are shrinking, being absorbed by others or closing down. Major factors driving this transition include: Market conditions, climate change, natural resource limitations, rates of proprietor retirements with no succession, labor cost and availability.

### Advantages

- New Mexico is a primary global producer of crops, such as, pecans, Cayenne pepper, and Green Chile.
- Drought conditions in California are driving growers in our direction.
- The US Forest Service CLFRP plans to invest tens of millions over the next ten years to thin the national forest across the state, creating the potential for hundreds of new economic base jobs in rural mountain communities devastated by a decade of drought and fire seasons.

### Disadvantages

- Growth in this theater is limited by natural resources - water.
- Attrition rates are high - retirement.

- Recruiting of new farms is uncommon and difficult.
- As much as a third of the material produced from forest thinning contracts has no market, making it a cost to the contractor (employer) instead of income.

## 2. Players/Procuring Agents

What organizations and institutions are formally missioned, funded and staffed to create economic base jobs in this theater?

Some portion of the new 4,729 economic base jobs that were estimated possible in the next ten years, (see #4 Jobs/Goals below) will need to be met by state and local program efforts. This implies that properly missioned, funded and professionally run recruiting program efforts will have to be developed to manage the research, marketing, site selection, deal structuring, completion services and other capacity building activities.

These procuring efforts are traditionally funded and managed through a combination of public and private organizations at the state, regional and local levels.

- Major producers
- Producer trade associations;
- Agricultural extension service
- State Agriculture Department
- New Mexico Economic Development Partnership
- Local governments

### Constituents/Factor of Production Allies

Which organizations and institutions play a supporting role and are considered constituents for creating jobs in this theater?

- Elected officials: Governor, mayors, legislators, city councilors
- State government regulatory and compliance professionals
- Local government regulatory and compliance professionals
- Banks, bond counsel, and accounting firms
- Universities and community colleges

### 3. Economic Sectors

Which are the primary economic base sectors in this theater?

- Agriculture: farming, ranching, forestry
- Manufacturing: crop processing, packaging, and logistics
- Extractives and Energy

### 4. Jobs/Goals

How many new (gross) economic base jobs are estimated to be created in each sector of the theater?

The following jobs figures represent the current aggregate of estimates made by each county and region of the state for the period beginning 2014 and ending in 2015.

NW: 575

EP: 283

MR: 600

NC: 2,200

SE: 275

SW: 446

SC: 360

Agriculture Total: 4,729 Jobs

Agriculture Sectors; sub theaters

Farming

Ranching

Forestry

### 5. Program Reliant

How many of the jobs in these sectors are to be directly caused or procured by the organizations specifically missioned, funded and staffed to generate economic base transactions in this theater?

An estimated 50% or 2,370 economic base jobs will need critical assistance from a program to be procured in the next ten years. The remaining 50% will be expected to come about organically, without program assistance.

## FACTORS OF PRODUCTION

What factor of production gaps must be cured if the economic base jobs in this theater are to be created?

### 6. Marketing and Sales

Is the marketing, sales and completion apparatus in place and at scale to generate the necessary interest, manage the pipeline of prospects, and complete transactions?

What is the current marketing and sales gap and how will it need to scale over the next decade to meet the ten-year transaction goals for this theater?

Recruiting and local business retention and expansion program efforts for some Agriculture sub theaters could be conducted using the same marketing, sales and completion framework used by the Employer theater. See Employer Theater.

#### Gaps:

- There are unreached international markets for our current output. The farms are not equipped to sell internationally at the demanded rate. They need marketing staff and budget to fully realize this opportunity.
- The state already has a strong presence in craft brewing but we import most of the raw materials. We could produce hops, barley and wheat but those crops would need to be incentivized for the farms to adopt them.

#### Solutions:

- Task local economic development to recruit 3<sup>rd</sup> party marketing and logistics providers to reach these new markets and have NMEDD focus on generating leads for them.
- Set up an incentive program for farms that grow key brewing ingredients.

### 7. Real Estate, Infrastructure and Capital

Does the region have the land, buildings, infrastructure, utility capacity and capital resources to fulfill the transactions envisioned for the theater over the next ten years?

#### Gaps:

- There is a scarcity of natural resources, such as clean water and land. Existing resources are being utilized for less profitable crops.

### Solutions:

- Resolve water rights conflicts in favor of reusing water from extraction for agriculture.
- Adopt technology for cleaning water supply for reuse.
- Identify and target crops that have highest market value per natural resource used (ex. mushroom farms).

## 8. Workforce, Housing and Community Quality

Does the region have the qualified workforce, workforce housing and community quality necessary to grow, attract and retain the workers needed over the next ten years?

### Gaps:

- Farmers grow low value crops due to lack of qualified labor and low costs. This results in fewer jobs and a decrease of GDP per acre of farmland.
- Second generation is leaving the farming industry.

### Solutions:

- Incentivize high value crops and farms with more than a single employee.

## 9. Leadership, Organization and Business Climate

Does the region have the leadership, organizational assets, planning and the business climate needed to compete for the theater's targets?

### Gaps:

- There are several encroachment lawsuits being filed against farms and ranches across the state due to alleged air and water pollution. These lawsuits put as many as 3,750 farm workers at risk of losing their jobs.
- Counties and communities across the state lack comprehensive strategies for growing their respective economic bases over time.
- Most regions/communities also lack actionable, measureable plans for their focus theaters.
- Existing business and community leaders are unable to devote enough time, energy and priority to long range planning.
- Employment numbers are inaccessible, which inhibits effective accounting.



## Solutions:

- The right to farm bill needs to be passed. This bill prohibits encroaching metropolitan communities from suing neighboring farms.
- A long-range, state-wide assessment and planning process should be pursued.
- A comprehensive, state-wide, multi-level accountability system must be developed to track the theater's program operations, job creation performance and return on investment. Otherwise, the increases in investment and policy support needed over the next ten years will never materialize.

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