

**MINUTES
of the
FOURTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**September 28-29, 2015
Raton**

The fourth meeting of the Economic and Rural Development Committee (ERD) was called to order by Senator Benny Shendo, Jr., chair, on September 28, 2015 at 9:12 a.m. at the Shuler Theater in Raton.

Present

Sen. Benny Shendo, Jr., Chair
Sen. Jacob R. Candelaria (9/28)
Sen. Ron Griggs
Rep. Rick Little
Sen. Michael Padilla
Rep. Debbie A. Rodella (9/28)
Rep. Patricia Roybal Caballero
Sen. Pat Woods
Rep. John L. Zimmerman

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Rep. D. Wonda Johnson
Sen. Richard C. Martinez
Sen. John Pinto
Rep. Bob Wooley

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Nora Espinoza
Rep. Bealquin Bill Gomez
Rep. Dennis J. Roch (9/28)
Sen. William E. Sharer

Rep. George Dodge, Jr.
Rep. Jimmie C. Hall
Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Sen. Mark Moores
Sen. Mary Kay Papen
Rep. Nick L. Salazar

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

Staff

Monica Ewing, Staff Attorney, Legislative Council Service (LCS)
Celia A. Ludi, Staff Attorney, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Monday, September 28

Call to Order — Introductions — Approval of Minutes

Senator Shendo welcomed members of the committee, staff and guests to the meeting. Committee members and LCS staff members introduced themselves.

The minutes of the August 19, 2015 meeting were approved unanimously without amendment.

Welcoming Remarks

Linde' Schuster, city commissioner, City of Raton, welcomed the committee and provided a brief overview of Raton's history and current economic status. She noted that, like other small cities in New Mexico, Raton has many challenges mostly related to revenue deficits created by the changes in its economic base. Historically, coal mining, the railroad and ranching were Raton's economic base. With changes in its economy and having lost one-third of its population base, Raton is focusing on supporting its small businesses, promoting hospitality and the outdoor tourism industry and developing a new economic base. With its proximity to I-25 and the railroad, Raton has good transportation infrastructure, and the city also has a stable water supply.

"Grow Raton", a citizen-based economic development group, is promoting energy efficiency and urban reforestation. A community garden and kitchen have been established in the city, and health care expansion and aerospace projects are in development. The Center for Sustainable Community is working with the revitalized Northeastern New Mexico Education Foundation and other higher education institutions to research alternative energy options such as biomass conversion and aquaponics. Raton remains mindful of Albert Einstein's statement, "We cannot solve the problems we created with the same kind of thinking that created them."

Great Blocks: Rural Redevelopment — Public Infrastructure

Brenda Ferri, executive director, Raton Arts and Cultural District, described some of the features of Raton's Arts and Cultural District, including historic buildings, the Raton Museum and the historic Shuler Theater.

Diana M. Sanchez, president of Raton MainStreet and president of Great Blocks, presented materials to the committee titled, "Raton Great Blocks on MainStreet Redevelopment Package Historic First Street" and "Site Analysis Raton, NM Great Blocks March, 2015".

Rich Williams, director, New Mexico MainStreet and Arts and Cultural District, provided the committee with materials titled, "2015 NMMS Map of Communities". Mr. Williams emphasized the importance of public infrastructure to the sustainability and growth of rural communities. He noted that 60% of capital outlay recipients experience business growth and that

95% of new businesses are established within a two-block radius of the sites of capital outlay expenditures. In the last five years, capital outlay spending has decreased, and New Mexico has seen a corresponding decrease in economic development in rural communities. He said that the private sector is reluctant to build and invest where public infrastructure, such as streets, water and wastewater and stormwater removal, is not supported. Mr. Williams encouraged the committee to support stabilization of the \$1.415 million MainStreet budget and to consider \$5 million in capital outlay spending in rural communities.

In response to a question from a committee member, Raton City Manager Scott Berry informed the committee that the city has not imposed any portion of the hold harmless gross receipts tax (GRT) but that the county has. Mr. Berry said that the current 8.5% GRT includes 1% for water system improvements, and the city is contemplating extending that portion of the tax to pay for additional water planning and resource acquisition.

A committee member asked what Raton's current economic base is, and Ms. Sanchez answered that Miners' Colfax Medical Center is the largest employer, followed by the schools. She added that tourism is growing, supported by the NRA Whittington Center, which brings more than 600,000 visitors to Raton every year. Mr. Berry remarked that there is also an untapped market for gaming in the region that includes northeastern New Mexico, southeastern Colorado, western Oklahoma and northwestern Texas. Ms. Sanchez and Mr. Berry also expressed their support for bringing horse racing back to Raton. Ms. Sanchez said that Raton is an active partner in the Tourism Department's "New Mexico True" marketing programs.

A committee member commented that Raton would be a good location for manufacturing businesses because of available land and accessible rail and highway systems for transportation of products.

Tourism Work Force Development

Jen Schroer, chief executive officer and president, New Mexico Hospitality Association (NMHA), informed the committee that the NMHA is working on a new customer service training program for workers in the hospitality industry to address training and work force development needs in that sector. The NMHA is also working on three tourism entrepreneurship programs. In response to a question from a committee member, Ms. Schroer said that during the week of September 28, the association will host a roundtable in Albuquerque to discuss hospitality issues. She added that the availability and affordability of liquor licenses will be discussed at that event.

Broadband Task Force Steering Committee Report

Johnny L. Montoya, director, state regulatory affairs, CenturyLink, Michael Castillo, CenturyLink, and Michael Riveter discussed the information provided to the committee in the materials titled, "Broadband Presentation to Economic and Rural Development Committee" and "Report and Action Plan Prepared by The New Mexico Broadband Task Force Steering Committee".

In response to a question by a committee member, Mr. Montoya informed the committee that on September 28, the New Mexico Supreme Court heard arguments in a case involving the challenge to a surcharge that would raise \$5 million to support the extension of broadband networks in underserved areas in the state. He said that he did not know when the court would issue its decision. The committee members discussed the issue of how to provide funding to extend broadband service in the state, especially when the return on such investments is slow. Mr. Montoya confirmed that the industry is exploring ways to establish a public-private partnership for the purpose of extending broadband service.

Mr. Montoya said that all providers and carriers were invited to participate in the New Mexico Broadband Task Force Steering Committee. In response to a question from a committee member, Mr. Riveter said that whether the Rural Telecommunications Act of New Mexico applies to broadband is a question that has not yet been decided.

New Mexico Small Business Development Center: Providing Economic Development Assistance to Small Businesses

Russell Wyrick, state director, New Mexico Small Business Development Center (NMSBDC), reviewed the information contained in his presentation materials titled, "America's SBDC: New Mexico". In response to questions by the committee, Mr. Wyrick said that although the NMSBDC maintains records of the number of businesses to which it has provided assistance, the organization does not have a way to determine the status of businesses once the NMSBDC has completed its work with the businesses. He explained that the NMSBDC offers one-on-one services for individual businesses and does not provide "incubator"-type shared support services for fledgling businesses.

Four-County Ground Water Initiative

Bill Sauble, chair, Colfax County Commission, explained the materials he provided to the committee titled, "Four-County Groundwater Initiative (Colfax, Harding, Mora, Union)". Mr. Sauble introduced Dr. Kate E. Zeigler, senior geologist, Zeigler Geologic Consulting, LLC, and Justin Bennett, chair, Union County Commission, and he added that representatives of some of the signatories to the "Four County/Regional SWCDS Groundwater Initiative Colfax, Harding, Mora and Union Counties Memorandum of Understanding" (Initiative) were also present.

Mr. Bennett advised the committee that the members of the Initiative plan to request a general fund appropriation to support further study of the geology of the region to determine ground water capacity for future planning. Dr. Zeigler elaborated that the United States Geological Survey (USGS) does not constantly monitor all of its wells, so there are significant deficiencies in the available sources of information. The Office of the State Engineer (OSE) does not have sufficient staff to conduct the study being proposed, and information regarding the number and location of drawers of ground water in the region, as well as amounts of ground water drawn, is needed for future sustainability and growth planning. Dr. Zeigler emphasized that no additional wells will be drilled for the study, and she said that the Initiative will work

with all of the relevant agencies to ensure that there is no duplication or overlap of efforts. The Initiative's purpose is to obtain a comprehensive picture of ground water resources in the region.

In response to questions by committee members, Mr. Bennett reported that the OSE supported the project and agrees that the Water Trust Board is not the appropriate agency to fund or conduct the study.

Public Comment

John P. Davidson, executive director of Raton's new Center for Sustainable Community, noted that people live in a global economy and that economy drives much of what takes place at a local level. He said that the center is a think tank that aims to identify global and local trends and opportunities to create sustainable communities.

Paul Jenkins, president, Greater Raton Economic Development Corporation, an all-volunteer organization that supports economic development in Raton, described some of the projects in which the organization is involved, including exploration of the development of a firefighting slurry manufacturing facility and warehousing operations.

Larry Stalaski said that the lack of jobs destabilizes communities, so creation of jobs through cooperation among educational institutions, government and the private sector is essential. He cited North Carolina's development of the Research Triangle as an example of successful cooperation.

Recess

The committee recessed at 4:50 p.m.

Tuesday, September 29

Senator Shendo reconvened the committee at 9:34 a.m. and welcomed members of the committee, staff and guests to the meeting.

Utility Infrastructure to Meet New Mexico's Future Needs

Sayuri Yamada, director of New Mexico government affairs, Public Service Company of New Mexico (PNM), and Matthew Jaramillo, a representative of PNM, reviewed their presentation materials titled, "Utility Infrastructure to Meet New Mexico's Future Needs". In response to a question by a committee member, Ms. Yamada confirmed that PNM is always involved in site selection discussions with companies that consider opening or expanding operations in PNM's service area. The committee discussed PNM's sources of power, including the costs and process for replacing one coal-fired generating unit at its Four Corners plant with natural gas. Mr. Jaramillo explained that PNM, as a regulated utility, covers costs related to expansion and improvements, first by borrowing for building the project and then applying to the Public Regulation Commission for a rate increase to recover the cost of the project. In response

to a question by a committee member, Ms. Yamada said that PNM takes a neutral position on the SunZia transmission line in southern New Mexico.

Workforce Solutions Department Update — Unemployment Insurance

Celina Bussey, secretary of workforce solutions, discussed the information in her presentation materials titled, "New Mexico Department of Workforce Solutions: Presentation to the Economic and Rural Development Committee". The committee extensively discussed the various circumstances under which employers' insurance rates may be increased or decreased. Secretary Bussey noted that unemployment insurance payments fell substantially in 2014 and are down significantly so far in 2015, and she attributed the decline to the recovering economy. She said, referring to slides 4 through 6 in her presentation, that even though New Mexico offers somewhat more generous benefits than surrounding states, the state is aligned with other states' payments.

Adjournment

There being no further business before the committee, the fourth meeting of the ERD for the 2015 interim adjourned at 12:34 p.m.