

Economic Development Summary and Updated Goals and Measures for the 2015 CEDS

State Planning and Development District 3, Mid-Region Council of Governments

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Summary:

The following goals in the 2015 CEDS were identified by community stakeholders as good measures of a healthy regional economy. Each industry sector and focus area had its own set of goals and measures to be accomplished by numerous agencies and parties working collectively. While the region saw many accomplishments in each one of the focus areas, as is illustrated below, the overall success of the economy as measured by net new job creation and overall economic growth, only recently began to take shape.

Following years of a flat economy with negative to little growth, the region in 2018 finally began seeing some positive economic activity. This was felt primarily in the health sector as well as film and arts. The economic contraction seen throughout the five-year CEDS was countered this year with a number of new business developments as well as expansions. The growth seems to indicate the start of a recovery, nearly ten years after the recession that hit the rest of the nation. In fact, the Albuquerque Metro added 11,000 new jobs since 2017, a 2.8 percent year over year increase and a larger rate than the U.S. job growth rate of 1.7%.

Nearly every focus area below saw gains over the five years, including manufacturing, however that area still lags well behind the nation. Some highlights that might carry into the next five years are as follows:

- Film and Arts: The promise of 1000 jobs and a \$1 Billion investment from Netflix to purchase Abq Studios makes this focus area one of the region's shining stars.
- In IT, newly formed DART is gaining traction focusing on drawing software development business to the state as well as supporting existing software development companies in winning out of state contracts.
- Science and Technology made strides, especially biosciences. GrowBio emerged as a public-private collaboration to raise awareness of biotechnology in the state and region and encourage more tech transfer and commercialization of bio businesses. EDA invested \$1 Million in a biosciences laboratory at Innovate ABQ.
- Also, the region captured its strength and capacity in Optics and Photonics research by helping to launch new companies, acquire equity financing, and put the region on the map for its support of photonics in sensors and applications for automotive and aerospace and defense.
- Finally, the region was able to leverage its trade gateways for economic development especially through rail infrastructure at the Central New Mexico Rail Park and other facilities, and by studying opportunities for warehousing, distribution, and logistics operations near the Abq Sunport.

Local Food and Agriculture

- At least two new connections via LandLink per year. ✓ (MRCOG's LandLink site has been updated and new connections are occurring. There have been three connections in 2017, 2018: over 6,000 visitors to the site, 13 postings, also 6 postings on new worklink page—2 internships, 2 apprenticeships, 2 farm jobs.
- An increase in the number of local food-based companies. ✓ (New Mexico's Voluntary labeling certification "Grown with Tradition" labels food products grown in New Mexico or non-food items that have at least 50% NM agriculture in its contents). City of Albuquerque is working on developing better connections to food distributors; Three Sisters Kitchen preparing entrepreneurs for product development; South Valley EDC preparing kitchen users for scaling up production.
- Agriculture production underway on public lands. ✓ (Bernalillo County's Grow the Grower program is cultivating agricultural production on six sites: for a total of 88.33 acres (Arenal, Durand, Hubbell House, Hubbell Ranch, Pajarito, Sanchez Farm).
2015 acreage in production = 37.5 (Durand, Hubbell House, Hubbell Ranch, Pajarito, Sanchez Farm)
2016 acreage in production = 64 (Arenal, Durand, Hubbell House, Hubbell Ranch, Pajarito, Sanchez Farm)
2017 acreage in production = 63 (Arenal, Durand, Hubbell House, Hubbell Ranch, Pajarito, Sanchez Farm)
2018-acreage in production = 63 (Arenal, Durand, Hubbell House, Hubbell Ranch, Pajarito, Sanchez Farm)

Aviation / Aerospace

- An increase in the number of non-stop flights from major cities. ✓ (City of Abq has worked hard in the last two years to increase the number of direct flights to and from Orange County (Santa Ana), San Diego, San Francisco, Seattle (working on getting additional frequency), Portland, Austin, and a new non-stop to LA on Delta.) 2018 Sunport developed new non-stop to San Antonio and working to reestablish flights to Mexico. First non-stop to Guadalajara to begin Nov. 2018.
- Development of a public and private transportation and logistics facility. – (Several proposed developments have emerged receiving some public benefits, such as Foreign Trade Zone designation at the privately run NM Transload facility but no public – private facilities have developed as of yet.) 2018, Sunport South, a private development of the area south of the Sunport, working to develop into logistics and warehousing operation.
- Development of a Center of Excellence for the aviation cluster. ✓ – (The City of Abq decommissioned the North Runway at the Sunport, is making improvements to the site and along Gibson Blvd, including utility extensions, and other improvements to be build-ready, and is marketing the site on www.ingenuitycentral.org, through Albuquerque Economic Development, and by other means.) In 2017, a new consortium to focus on opportunities in near earth orbit satellite production and design emerged called "New Space." 2018, Sunport working with private developers to identify developable adjacent land, develop the ACE property, and work with Global Logistics Development Partners to leverage appropriate economic development opportunities.
New Space is a new initiative to highlight the potential to serve the aerospace industry.

Energy / Alternative Energy

- Increase in the number of new energy/environmental technology companies. ✓ In 2017, 106 Solar Companies in NM (15 Manufacturers; 60 Installers/Developers; 27 Other). In the Albuquerque Area, Unirac and Array Technologies are the major players in solar array mounting. Affordable Solar is the largest PV retailer and installer. Sunpower by Positive Energy is the largest residential installer. 2018, Sol Aero Technologies powered Insight Lander;

- 111 solar companies in New Mexico: 15 manufacturers, 62 installers/developers, 34 other.
- Increase the number of solar jobs. ✓ Solar jobs in the Albuquerque metro area increased by 78 percent, from 997 jobs in 2015 to 1,771 jobs in 2016. Statewide that number was 2929 jobs in 2016. 2017-18: 2,522, 16.8 percent growth rate. 6800 projected through 2030 (American Jobs Project).

- Increase in the number of solar/wind projects coming on-line. ✓
Solar: In Early 2017, Albuquerque-based Affordable Solar announced it was building three solar farms at a cost of \$45 million to meet the green energy needs of the massive Los Lunas Facebook data center. Albuquerque's SolAero Technologies Corp. also announced a \$10 million expansion that will add 100 jobs.

Intel and U.S. Foods have all gone solar. Eubank Landfill Solar Array has installed one of the largest such installations with 2 MW of solar capacity at their location in Albuquerque.

Wind: Although the state has no wind-related manufacturing facilities, there are 16 active wind projects around New Mexico supporting 1,001 to 2,000 direct and indirect jobs in 2016, \$2B of capital investment, and \$1-5M of annual land lease payments. (Iberdrola/Avangrid's emerging 1,000 MW El Cabo project in Torrance County will be the largest wind project in the state. High Lonesome Mesa is a 100 MW project in Torrance County. New Mexico wind grew faster than any other state in 2017.

777 MW of solar installed 2018 Q3.

4.87% of state's electricity from solar.

- Increase the number of environmental technologies deployed in the region. 2018, Sol Aero Technologies powered Insight Lander; Unirac deployed at Picuris Pueblo 1.2 MW plant. Albuquerque's Array Technologies completed 25MW project in Tucumcari, NM.

Entrepreneurship

Number of new start-ups increase year over year. Year over year growth from 2015 to 2017 is difficult to measure. However, new business registrations in the Albuquerque MSA give us some indication. 2018-- Bayotech, UbiQD, Descartes Labs, Armonica Technologies.

- An increase in the amount of public investment in local companies. ✓ ABQid funds, NM Catalyst Fund, 2018—State funded six private investment funds with \$10M to re-invest in New Mexico Start-ups. The money was matched with \$5M from the US Treasury, and \$5M of private funds. Each investment must be matched 1:1 for a total of \$40M to early stage, local companies. See below for local activity.
- State Investment Council makes at least one investment in a private company each year. ✓ In 2016, the State of NM developed the Catalyst Fund as an investment vehicle for Portfolio Funds with a focus on providing capital to start-up companies at the seed and early stage of development. 2018: the Catalyst fund has earmarked \$10M from the SIC (to be matched by \$5M Treasury funds; \$5M pvt) to early stage companies. — Thus far the Catalyst Fund has invested in BayoTech, Inc., Armonica Technologies, AdWallet, and now Fusion Funnel.
- Numbers of participants in local entrepreneurial mindset training increases each year.
2015: 121
2016: 155
2017: 0
2018: 0

- New Entrepreneurship program at UNM. In 2016, the number of scholars enrolled in the Innovation Academy was 283; In 2017 it grew to 658. Fall of 2018: 860
- Annual participants in 1 Million Cups increases each year. ✓ 65 participants per week=3,380 people served each year. This number is holding for 2018. In addition, a new Sandoval County location is adding to the number of entrepreneurs served each week.
- Number of Start-up weekends and other events to attract entrepreneurs. ✓ 3-4 per year.
- At least one public Maker Space by 2019. ✓ Fuse Maker Space relocated from its CNM Main campus address to reach a wider audience at Innovate ABQ in Fall of 2017. 2018, Fuse Maker Space is negotiating for temporary space to open a Fuse II in another part of the Innovate campus. This will serve Fuse until it finds a more permanent facility.
- Number of successful businesses with revenue growth and/or expansion plans. Difficult to measure; however, we can identify the numbers of companies expanding and the number of new employees hired vs. companies contracting. In the ABQ MSA, from 2016-2017, eleven of the region's top companies added 1,662 employees to the payroll. At the same time, Intel, one of the largest employers, contracted its workforce laying off 700 workers.
- Amount of venture capital invested locally. In 2016, the state created the \$20M Catalyst Fund, to invest in early stage and seed stage investments in startup companies in New Mexico. Funds include: Arrowhead, Cottonwood, Tramway, NMA (\$1.6) ,ABQid (\$2M) and Blue Stone.

2015: \$36.2M

2016: \$18.7M

2017: Over \$128 million statewide

2018: Venture investment reached \$128M in 2017

In MRCOG region: The following companies received rounds of equity in 2016/2017:

RiskSense \$14M

TriLumina \$9.16M

Exagen Diagnostics \$16.82M

Miox \$3M

MrOwl: \$2.75M

Growstone \$2.5M

Baby Page \$1.03M

xF Technologies \$900,000

OSO Grande Technologies \$710,000

2018: Q4 2017: Bayotech (chemical fertilizer), Trilumina, Respira, RiskSense, Descartes Labs, Meow Wolf, Skorpis

On a per-capita basis, New Mexico Ranked 15th in the nation, with \$62 per person deployed in 2017.

2018, Local VC firms/funds included:

- Verge Fund (\$42.7M)-- Altaview, Altela, Attachedapps, Avasca, boomtime, Exemplify, IntelliCyt, Nanocrystal, Noribachi, Nuvita, Pajarito Powder, Patchwork System, Quadric, Slipstream, Sportxast, TruTouch Technologies, Vertical Power, Vibrant, Wellkeeper, Ztec, Dining Gift Services
- Flywheel Ventures (\$40M)-- AppCityLife; Cinnafilm; Comet Solutions; Lotus Leaf Coatings—water repellency; Miox

- Cottonwood Technology Fund (\$40M) (\$1.5M Catalyst Fund)-- Skorpios, Trilumina, Exagen, Respira, Bayotech, Armonica, xF Technologies, Lattice-X, Raptor
- NMA Ventures LLC (\$5M) (\$1.6M from Catalyst Fund)--\$300,000 to Fusion Funnel, LLC
- Epic Ventures--RiskSense, Exagen Diagnostics, Aspen Avionics, Lavu, Lumidigm, VeraLight, Iosil, Figaro, Advent Solar
- Tramway Ventures (3.8M Catalyst Fund) (biotech, health)—Armonica (life sciences, genome sequencing), BennuBio (flow cytometers detecting tumor cells)
- Luna Capital Holdings
- Sun Mountain Capital
- ABQid (\$2M from Catalyst Fund)

Blue Stone (\$3M from Catalyst) for Biosciences

Other homegrown successes: 3-D Glass (Telecom and automotive semiconductor chips); Lavu Inc., Descartes Labs (Santa Fe), RS21, RiskSense (cybersecurity), Skorpios (optics, telecom), Trilumina (optics), Lens

Film / Arts and Entertainment

- An increase in the number of film projects in the region. ✓ 18 projects in 2014 to 52 in 2017 (statewide)—in 2016, the industry directly employed 2,713 people and paid more than \$187 million in wages, 2,048 production related jobs. 2018: Netflix chooses to purchase Albuquerque Studios for its North American Production Hub. Netflix had produced Longmire, Godless and other series in New Mexico using NM Crew and facilities.
- An increase in the number of businesses graduating from performing arts or creative industry incubators. ✓ 2016: 10 startups graduated from Creative Startups; 30 in 2017. 2017: 35; (220 jobs to date in NM creative companies); 173 from KIIC alone since 2015.
- An increase in the baseline economic return from the arts (film, digital media, performing arts, etc). 2015: \$400 million of direct spend.
2014 BBER Report--the arts and cultural industries employed 76,780 persons - equal to about one in ten jobs (9.8%) in New Mexico; these industries pay \$1.37 billion in wages and salaries, roughly equal to the total paid by the state's mining industry. Arts and Culture generate \$137.1 million in revenues per year.
2018: \$234 million in direct spending into the local economy from film and TV.
Since 2014, Creative Startups raised \$47.5M globally.

Health Services

Number of enrollees in 2015: 10,284 and in 2016: 12,071 and by 12/5, the number in 2017 is 15,440
2017: 54,653 enrolled in individual market plans through the health exchange. 2018 9% decrease in enrollment down to 49,792

2016: Healthcare is state's principal economic driver with 4,609 new jobs in 2016; next highest was accommodation and food service at less than 2000. 2018 saw 70,343 jobs in Health Care and Social Assistance, the largest industry cluster. That cluster also had the highest growth at 2.1 percent between 2017-2018. The next highest was Retail Trade with 43,802 employees.

Hospitality and Tourism

- Number of direct jobs in hospitality (tourism, accommodation and food service). 2015: 68,031 jobs statewide; 2016: 91,869 jobs statewide.
Bernalillo County jobs: direct 2015: 32,320, 2016: 31,995.
Sandoval County: 2015: 2,912; 2016: 2,995
Torrance: 2015: 342; 2016: 361
Valencia: 2015:1,098; 2016: 1,136
- Amount of direct and indirect revenue resulting from visitor-related activities. 2015: \$6.3 billion statewide; 2016: \$6.4 billion statewide; 2017: \$6.6B impact
Bernalillo: 2015: \$2.039.6M; 2016: 2,110.3M
Sandoval: 2015: \$221.9M; 2016: 220.8M
Torrance: 2015: \$40.2M; 2016: \$40.0M
Valencia: 2015: \$87.1M; 2016: \$87.4M
- Number of new businesses in the visitor economy. 2017: Hotel Chaco
- Number of hotel stays. 2016: 62% occupancy; 2017: First 11 mos. 66.3%
- Number of new visitor-related infrastructure (i.e., signage). 2016-2017 \$134M ART Project

Other measures:

Department of Cultural Affairs statistics show 835,135 people visited the state's eight museums in fiscal year 2017, down from 2016's count of 898,381 visitors.

Information Technology

- An increase in the number of new firms that meet the definition of Information Technology above.
- An increase in the number of community-based IT events, such as hackathons, coding camps, etc.
- An increase in the number of new workers with IT-related skills—i.e., computer science, etc.
- An increase in the number of new workers employed in IT companies.
- Amount of leveraged private sector investment in IT firms.
- An increase in the number of members of Technology associations in the region. 2018—New Mexico Tech Council has over 200 members.
- An increase in the number of technology transfer/commercialization successes from UNM or Sandia Nat'l Labs. 2015: 9 companies/50 licensing deals; 2016: 12 new companies/54 licensing deals; 2017 (STC.UNM); 2017/18—Currently STC.UNM has 64 start-up companies in its portfolio.
2018—New Association Developed DART to increase attention to the software development capabilities in the region and state.

Manufacturing, Assembly and Logistics

- An increase in the number of new or expanded manufacturing companies to the total number of manufacturers. — Manufacturing has seen an overall decline from 2015 with total employment in the ABQ MSA of around 15,000. This is primarily due to the contraction of Intel.
2018—Ideum expanded its Corrales, NM footprint to a new 5,500 sq ft.facility; Vitality Works; SW Creations Collaborative; US Foods; Ben E Keith

- A public and/or private transportation and logistics hub or facility for assembly and transport of goods. — 2018—There are a number of efforts to increase freight mobility in the metro region and many include public resources. One such effort is the privately-owned Central New Mexico Rail Park in Los Lunas NM which received public financing for a rail spur and will receive public utilities by 2019.
- An increase in the number of manufacturers awarded JTIP. ✓
- An increase in the amount of JTIP money. — JTIP has been level funded since 2015 (\$2m base fund and \$10M special appropriation).
- An increase in the number of employees based on increases in JTIP. JTIP awards have been increasing year over year from 2015-2017. Whether this is due to JTIP awards is difficult to assess. 2017: 1700 JTIP Trainees (139 Film trainees) 2018: 1453 JTIP trainees (283 Film trainees).
- An increase in the number of manufacturing employees. Bernalillo County saw modest gains in manufacturing (12,405 in 2015 to 12,568 in 2016) but Sandoval County lost nearly 2,000 manufacturing jobs in four years due to Intel.
- An increase in the number of bonded warehouses and customs brokers. — None in 2015-18.

Science and Technology

- Number of new firms that meet the definition of Science and Technology above. ✓ **Difficult to measure**
- Number of workers trained through JTIP or customized training in STEM fields. ✓ — Approximately a quarter of all 4,886 JTIP jobs in the MRCOG region were STEM jobs from 2015-2017.
- Number of new workers employed in technology companies. Approximately 1000 new workers paid with JTIP funds. In 2018 JTIP funded approximately 1500 new employees;
- Number of local venture capital firms investing in science and technology companies. 2018 the Catalyst fund is providing funding for six local equity funds to invest in local tech start-ups.
- Number of members of Technology associations in the region. 2015-17: NMTC; 2018 NMTC and DART
- Number of Technology transfer/commercialization successes from UNM or Sandia Nat'l Labs.
- Number of Clicks on IngenuityCentral.org. 2015: no data; 2016: approx. 62/mo; 2017: 154/mo. (Adhouse)
- Number of Flying Forty or other fast growth companies that are not primarily federal government contractors.

R&D in pharmaceuticals, semiconductor, software/tech companies spend the most here.

2015: Lockheed Martin Engineering and Science Co

2018--BennuBio, Inc. received a Catalyst Fund investment of \$1.5 million from Tramway Venture Partners, Cottonwood Technology Fund and Sun Mountain Capital. This investment will help BennuBio develop high throughput flow cytometers. BennuBio is the third New Mexico startup to receive Catalyst Fund investment, which leverages private investment for early stage startups - anchoring them in New Mexico.

Exagen—Molecular diagnostics—Cottonwood

2018--Bayo Tech—hydrogen and fertilizers \$12.5M Series B Financing--Cottonwood

https://www.rand.org/content/dam/rand/pubs/monograph_reports/MR1194/MR1194.chap32.pdf for concentration of federal R&D in 2000

As of Nov 2017 GSP \$92 B due to oil and gas production, tourism and fed government.

Job growth .9%; unemployment 6.4%; median household income \$44,963

Data Sources:

Local Food and Agriculture:

Bernalillo County Grow the Grower: <https://www.berncogrowthegrowers.com/>

Edible Santa Fe Albuquerque Taos: <http://ediblesantafe.com/>

Land Link NM: www.Landlinknm.org

Aviation:

City of Albuquerque Aviation Department

Energy/Alt Energy:

New Mexico Energy and Natural Resources Department: <http://www.emnrd.state.nm.us/>

American Jobs Project: <http://americanjobsproject.us/ourwork/growing-advanced-energy-economies>

Entrepreneurship:

NM Angels: <http://nmangels.com/angels/>

STC.UNM: <https://stc.unm.edu/>

City Alive: <http://cityalive.org/performance-data/>

Film, Arts, Entertainment:

City of Albuquerque Film Office

Health Services:

Hospitality:

New Mexico Department of Tourism: <https://www.newmexico.org/>

Information Technology:

NM Tech Council

Manufacturing, Logistics:

EDD-JTIP Program

Manufacturing Extension Partnership

Science and Technology:

EDD—JTIP Program