

**PUBLIC POLICY REGIONAL EXPERT TEAM**  
**NOTES FROM MEETING OF JUNE 5, 2008**  
**TOPIC: BACKGROUND AND WORK PROGRAM**

Team Leader Fred Brueggeman opened the meeting at 1:00 with introductions.

Attending were Larry Icerman, Tom Mills, Tony Mortillaro, Veronica Rodriguez, Patrick Sullivan, and Ed Burckle.

Los Alamos County Assistant County Administrator Tony Mortillaro described the Regional Economic Development Initiative (REDI) process as envisioned by Los Alamos County and the other stakeholders.

Fred Brueggeman described the background material he had provided for the team.

The Team discussed how to limit the broad scope of “public policy” so as to produce meaningful recommendations in the limited amount of time available. Tom Mills suggested several “filters” through which possible recommendations should pass, and then several priorities. Brueggeman said he would reduce these to writing and send them out to the team for consideration and possible approval at the next meeting.

Mortillaro brought up for public policy consideration two amendments the County is interested in pursuing to amend the Local Economic Development Act (LEDA). The first is a limit to the annual cap of 5% of the budget of the local government. Los Alamos County has reserve funds, and is now committing funds from the 2011 budget because all available funds up until then have been obligated. The second amendment is to remove or relax the restriction on not assisting retail development. Brueggeman and Mills discussed why those limitations were in LEDA initially, but noted that almost fifteen years experience with LEDA has made room for some amendments and may open the door for more. Mills noted that the retail restriction was more about “basic” versus “non-basic” jobs than simply about retail development. Larry Icerman noted that perhaps the development and approval of a regional economic development plan under LEDA could be a mechanism to accomplish Los Alamos County’s goals.

Brueggeman discussed agenda for next week’s meeting on the New Mexico Business Environment with presenters Bill Taylor and Eric Vasquez; as well as the meeting schedule through the end of July.

The meeting closed about 2:30.

## PUBLIC POLICY REGIONAL EXPERT TEAM

### RECOMMENDATION FILTER AND PRIORITIES

**Overarching Policy Goal: Will adoption of the policy help diversify New Mexico's economy away from government and create high-wage economic base jobs?**

Filter – What is the extent to which a recommendation is “actionable,” i.e. capable of being implemented in the designated time frame? Key questions are:

1. Is it specific enough to be understood and implemented?
2. Is there pre-existing support for the issue, and, if so, by whom (Is there an existing “champion?”)
3. Is there an opportunity to create additional support in a cost-effective way?
4. Can responsibility for implementation be clearly and specifically assigned?
5. Can the policy/legislation be effectively enforced or implemented within existing resources, or will additional resources be required? If the latter, can they be made available?

Priorities – How can decisions be made to best allocate scarce resources?

1. Does the policy, project, or program enhance or leverage an existing “policy”?
2. Will adoption of the policy create a “bandwagon” effect for additional positive change?
3. Can policy implementation be easily institutionalized?
4. Will adoption of the policy leverage additional resources to effectuate the policy at the Federal, State, local, or private investment levels?
5. Does the policy address an issue of local, regional, State-wide, multi-state, or national importance?

## **PUBLIC POLICY REGIONAL EXPERT TEAM**

### **NOTES FROM THE MEETING OF JUNE 12, 2008**

#### **TOPIC: NM'S POLICY ENVIRONMENT**

Team Leader Fred Brueggeman opened the meeting at 1:30 with introductions.

Attending were Bill Enloe, Larry Icerman, Jack Kolkmeier, Marie Longserre, Marvin Maslow, Tom Mills, and Tony Mortillaro.

The Team discussed the draft filters and priorities from the first meeting. Marie Longserre suggested adding a priority to emphasize improving existing policies and programs before embarking on new initiatives. Bill Enloe suggested that the priorities were in reverse order with the more important priorities numbered higher. Larry Icerman suggested that the (new) first priority to create high paying jobs and diversify the economy away from government jobs was a good overarching goal for the REDI process public policies. The Team agreed with the suggestions and Brueggeman agreed to make the changes.

There was a further discussion about “champions” for the recommendations, and the need to “piggyback” on legislative efforts by organizations such as the Municipal League and ACI who are themselves just developing their public policy priorities for the coming year.

Both presenters, Bill Taylor and Eric Vasquez had to cancel that morning, so the Team had a general discussion about small business initiatives. The Team briefly reviewed the results of the recent New Mexico First Town Hall on “Growing and Entrepreneurial Economy.” There was a strong feeling that the Small Business Regulatory Relief Act passed by the Legislature in 2005 was not working with most State departments. There was also a strong feeling that while there is a lack of support services for small business and the film industry in accounting, tax, law, etc.; that most of these services are demand driven and expanding the target industries may resolve these deficiencies. Health insurance was a gigantic issue that the Governor and the Legislature are hopefully going to work on in the near future. GRT tax pyramiding is a huge issue that probably can't be fixed without scrapping the whole tax system and starting over again.

The meeting was closed at about 3:15.

## **PUBLIC POLICY TEAM REGIONAL EXPERT TEAM**

**NOTES ON THE MEETING OF JUNE 19, 2008**

**TOPIC: POLICY FOR RENEWABLE ENERGY/GREEN INDUSTRY CLUSTER**

Team Leader Fred Brueggeman opened the meeting at 1:30.

Attending were David Griscom, Larry Icerman, Marie Longserre, Tom Mills, Veronica Rodriguez, and Regina Wheeler (for Tony Mortillaro).

Marie Longserre had one final suggestion for wording of the Filter and Priorities document, and it was approved by the Team as attached.

David Griscom led a discussion on the renewable energy and green industry target industry cluster. Larry Icerman and Tom Mills discussed the State's good history as a national leader in renewable energy nearly thirty years ago. Veronica Rodriguez discussed the problems and opportunities with focusing LANL efforts on renewable energy technologies. Marie Longserre noted her tenants who are in the renewable energy business, and David Griscom recapped the new renewable energy businesses in the State. The Team agreed that the industry cluster was demand-driven, and that any policies that increased demand would result in adding to the industry cluster. The Team developed the attached draft recommendations within the framework of the filters and priorities approved earlier in the meeting.

The meeting was closed about 3:45.

## PUBLIC POLICY REGIONAL EXPERT TEAM

### RENEWABLE ENERGY AND “GREEN” INDUSTRIES TARGET INDUSTRY CLUSTER RECOMMENDATIONS

#### DRAFT

#### Introduction

During the first “energy crisis” about thirty years ago, New Mexico quickly became one of the leaders, if not *the* leader, in alternative and renewable energy programs. The State may have lost quite a bit of ground in the intervening period, but conditions may now be aligned for New Mexico to regain much of that lost ground. The current energy situation is bringing energy back to the near the top of public consciousness. High oil prices are bringing additional resources into the State treasury. The Governor is a known leader in energy programs. New renewable energy industries are moving to New Mexico – both energy production and related manufacturing companies. Honda, this week, announced production of their hydrogen fuel cell vehicle which is based in large part on work done at the Los Alamos National Laboratory. One simple policy is to promote the State’s successes to our citizens, many of who are not aware of the many positive steps now being taken. This promotion will then easily transfer to a multi-state, national, and even international audience.

In order for the four county region of north central New Mexico to take advantage of these possibilities, the region must mobilize behind several existing initiatives in the region, as well as work together to improve the statewide environment and market for renewable and energy and green industries. The main strategy for this target industry cluster is to create a large enough market in the State and in the region that the industries will develop and relocate to the area.

#### Recommendations

The highest public policy priority is to support existing plans, projects, and programs already in place within the region. These are:

1. Complete and expand development of the following projects/programs:
  - a. The Solar Energy Research Park and Academy (SERPA) at Northern New Mexico College in Espanola; and
  - b. The Sustainable Technologies Center at Santa Fe Community College.

The second highest priority is to develop new programs in the region. Such a project could be:

2. Each local government in the region should develop a policy and capital improvement program to convert all government buildings and facilities to renewable energy sources within the next five years.

The third highest priority is the promotion and expansion of the existing programs at the State level, such as:

3.
  - a. Expansion of the solar and wind Production Tax Credits (PTCs) which are now subscribed to the limits set by the legislature;
  - b. Expansion of funding for the State’s Energy innovation Fund; and

c. Rethinking the State's solar rights law after almost thirty years of experience.

The fourth highest priority is the development of programs/projects where an existing infrastructure is already in place. One example is:

4. Support the legislative initiative and projects of the New Mexico Renewable Energy Transmission Authority which has been created to provide access to national energy markets.

The fifth highest priority is the expansion of Federal policies/programs/projects impacting the region. This is best exemplified by the following:

5. Encourage the Congressional delegation to strongly support funding for development and operation of the hydrogen fuel cell research facility in Los Alamos.

The sixth highest priority is the development of new programs at the State level. Such new initiatives are:

6. Programs to improve the economics of renewable energy, such as :
  - a. No- or low-interest loan programs to support the installation of renewable energy systems, such as exist in most other states; and
  - b. System Benefit Funds created by tariffs on utility bills to offset some of the costs of developing alternative energy systems, such as exist in many other states.

The seventh highest priority is the development of new regulations that will require individuals, businesses, and governments to utilize existing alternate energy technologies. Examples of these requirements are:

7. Requirement policies range from small to major efforts with a specified pay-back period, including:
  - a. Requiring all swimming pools to be heated with a source other than electric or gas, as is required in California and other states;
  - b. Requiring that all traffic signals use LED lights; and
  - c. Requiring and funding that all government buildings in New Mexico be converted to renewable energy sources by some year in the future.

## **PUBLIC POLICY TEAM REGIONAL EXPERT TEAM**

### **NOTES ON THE MEETING OF JUNE 26, 2008 TOPIC: POLICY FOR ENTERTAINMENT INDUSTRY CLUSTER**

Team Leader Fred Brueggeman opened the meeting at 1:30.

Attending were Larry Icerman, Jack Kolkmeier, Marvin Maslow, Veronica Rodriguez, Rep. Jeannette Wallace, and Kelly Stewart (for Tony Mortillaro).

The draft recommendations on the Renewable Energy industry cluster were distributed, and there were no suggested modifications.

Jennifer Schwalenberg, Deputy Director of the New Mexico Film Office, and Mateo Pumphrey, Director of the Film Technician Training Program at Northern New Mexico College, discussed the emerging film industry. Larry Icerman discussed the Worldwave film technology being spun out of LANL with Los Alamos County assistance. The Film Office was not aware of this potential development and both the Office and the College were very excited about the prospect. While some local governments and Pueblos are prepared to deal with possible filming locations, film permits, and fees, most are not. Ideally, every local government would have on its website photos of unique sites, a permit application, and a fee schedule that the film company could download, fill out, and send in with their check.

Nancy Lafiin from the New Mexico Music Commission could not attend but provided some suggestions by telephone. Jack Kolkmeier brought up the need for communication and coordination among artists and local governments, and brought up that the major international festival for "Cohunto" (sp?) music indigenous to northern New Mexico is held in Austin, Texas. It was discussed how local governments that sponsor entertainment events could, as a public policy, try to book northern New Mexico musical groups.

Marvin Maslow discussed Novint Technologies, a company in Albuquerque that he has invested in that is now in video gaming. The computer and arts workforce needed for gaming may provide a workforce incentive for students who like video games to train for high paying job in a field they like.

The meeting was closed about 3:45.

**PUBLIC POLICY REGIONAL EXPERT TEAM**  
**ENTERTAINMENT TARGET INDUSTRY CLUSTER**  
**RECOMMENDATIONS**

**DRAFT**

**Introduction**

The entertainment industry cluster started growing significantly about twenty years ago with the advent of the Indian gaming segment, but higher-wage jobs are only developing more recently with the incentives to the film segment that is exploding in the State. The continued development of film studios and post-production facilities are needed to “anchor” the industry better in New Mexico, as financial attractions to the film industry are becoming increasingly competitive from other states. The Governor’s new Music Commission and continued expansion of performance venues bodes well for this segment. While the electronic gaming segment has a very high growth rate nationally, New Mexico does not appear to have a critical “cluster” of firms even though computer technology is strong in the State. New, film-related technologies coming out of the Los Alamos National Laboratory, when combined with the strength of the existing film industry in the State, may be a unique opportunity for New Mexico to be the national center of a whole “new” film industry.

In order for the four county region of north central New Mexico to take advantage of these possibilities, the region must mobilize behind several existing initiatives in the region, as well as work together to improve the statewide environment and market for the entertainment industry. The main strategy for this target industry cluster is to maintain and expand the facilities, workforce, and incentives to build this industry locally.

**Recommendations**

The highest public policy priority is to support existing plans, projects, and programs already in place within the region. These are:

1. Complete and expand development of the following projects/programs:
  - a. The Santa Fe Film Studio and the New Mexico Film Studio; and
  - b. The Greer Garson Studios at the College of Santa Fe.
  - c. Entertainment venues at the Santa Fe Convention Center and the Taos Community Auditorium (TCA)

The second highest priority is to develop new programs/projects in the region.

2. Such programs or projects could be:
  - a. The new immersive “film” technology Worldscape theater in Los Alamos.
  - b. Develop a regional agreement with the New Mexico film office and the local governments in the region for a regional entity to provide location scouting and permitting information to film companies.
  - c. Develop a regional mechanism for communication, coordination, and cooperation among artists and local governments in the region.

The third highest priority is the promotion and expansion of the existing programs at the State level, such as:

3. Maintenance of the film industry incentives to retain a competitive position with other states.

The fourth highest priority is the development of programs/projects where an existing organizational infrastructure is already in place. One example is:

4. Support the legislative initiative and projects of the New Mexico Music Commission to expand artist development, performance opportunities, and recording facilities.

The fifth highest priority is the expansion of Federal policies/programs/projects impacting the region. This is best exemplified by the following:

5. Support efforts at the Los Alamos National Laboratory that encourage the collaboration of Lab personnel with industry, such as the entertainment cluster.

The sixth highest priority is the development of new programs at the State level. Such new initiatives are:

6. Programs to improve the economics of electronic game companies, such as the inclusion of video gaming companies in the incentive package available to the film industry.

## **PUBLIC POLICY TEAM REGIONAL EXPERT TEAM**

### **NOTES ON THE MEETING OF JULY 10, 2008 TOPIC: POLICY FOR TECHNOLOGY INDUSTRY CLUSTER**

Team Leader Fred Brueggeman opened the meeting at 1:30.

Attending were Larry Icerman, Jack Kolkmeier, Marvin Maslow, Veronica Rodriguez, Mark Sardella, Pablo Sedillo, Patrick Sullivan, and Fabian Trujillo. Expert attendees were Mariann Johnston from Los Alamos National Laboratory (LANL), Lisa Szot from the NM Renewable Energy Transmission Authority (RETA), and David Bacon from the Southwest Energy Institute.

Mariann Johnston presented LANL's approach to technology commercialization which was instituted by the Lab's new management, Los Alamos National Security, LLC (LANS). The emphasis is on creating and providing networking opportunities, education gateways, and market intelligence to entrepreneurs. The RDC's Northern New Mexico CONNECT is the networking piece. The newest element is the Los Alamos Ventures Acceleration (LAVA) Fund to provide access to market intelligence and funding. Supercomputing, nanotechnology, and digital media are current emphases. Fabian Trujillo asked about the workforce issues, as the City of Santa Fe's demographic studies show not only a poorly trained workforce developing but also not enough workers for current businesses. The need for a statewide, or at least regional, workforce analysis is needed.

Larry Icerman discussed his efforts managing the New Mexico Energy Research and Development Institute and the New Mexico Research and Development Institute. Both programs were ahead of their time and were replicated by most other states, but no longer exist in New Mexico. The State Investment Council's venture capital funding is supposed to replace that earlier effort but is not a direct infusion of non-equity money. There may be a need for reviving one or both of those programs. He also discussed his 2003 publication "Technology Transfer and Commercialization: Their Role In Economic Development" which was funded by the U.S. Economic Development Administration and is available on-line. The Santa Fe SMSA led the nation by a large margin in the creation of technology due to the presence of LANL, but the State was not a leader in utilizing that technology for economic development.

Larry Icerman briefly discussed the impact of the Federal Small Business Innovation and Research Program to technology development in the region, and alerted the group that its authorization has expired and may not survive in its current form. Funding is also in jeopardy. Fabian Trujillo added that Workforce Investment Act funding is being reduced mid-year, and CDBG and Sec 108 funding from HUD are also sharply reduced. A recommendation to improve funding for these programs and the Economic Development Administration will be developed.

Larry Icerman's notes on problems and opportunities with technology transfer in the region will be distributed separately

Marvin Maslow discussed the new nano-technology venture his company is associated with, as well as the opportunity to acquire a strategic partner and develop a manufacturing facility employing hundreds in high-paying jobs in the region. The process requires minimal amounts of

water or power, and the material could be used by the transportation industry to reduce the weight of vehicles and dramatically reduce energy consumption.

Lisa Szot presented the opportunities and problems with the Renewable Energy Transmission Authority which is barely one year old. A copy of her slide show is attached. RETA is developing a legislative pack which will be shared with the Team.

Fred Brueggeman distributed a compendium of legislation from other states in 2008 which are similar to the Team's recommendation for conversion of government facilities to renewable energy.

Mark Sardella discussed the implications of reducing energy costs through local production and ownership of energy, and Marvin Maslow added that his research shows a "wind farm" of fifty square miles would provide sufficient power for the whole State of New Mexico.

Fabian Trujillo discussed some of the City of Santa Fe's economic initiatives related to the Team's target industry clusters, and discussed regional approaches with Santa Fe County. Regional approaches with the entire four county region need to be developed, however.

The meeting closed at 4:00

## **PUBLIC POLICY REGIONAL EXPERT TEAM**

### **TECHNOLOGY TARGET INDUSTRY CLUSTER RECOMMENDATIONS**

#### **ROUGH DRAFT**

#### Introduction

Twenty years ago, New Mexico was a leader in supporting technology industries as a driver for economic development. The New Mexico Research and Development Institute funded the State's higher education institutions to provide R&D for specific industry needs. While that direct-funding initiative by State government has been lost, initiatives by the State and others have replaced and expanded those efforts to try to maintain New Mexico's opportunities for economic development through technology. The end of the cold war has allowed the Los Alamos and Sandia National Laboratories to be more open to collaboration with industry, and the new LANL private-sector management team is working harder to realize industrial partnerships. The State has implemented several tax credit programs, and the technology industry cluster is a priority for the New Mexico Economic Development Department and the New Mexico Partnership.

In order for the four county region of north central New Mexico to take advantage of these possibilities, the region must mobilize behind several existing initiatives in the region, as well as work together to improve the statewide environment and market for the technology-driven industry. The main strategy for this target industry cluster is to maintain and expand the facilities, workforce, and incentives to build this industry locally. Facilities for technology businesses have been developed, such as the Los Alamos Research Park and the Santa Fe Business Incubator. Financial incentive programs have been developed in the region – i.e. the Los Alamos Technology Loan Program. Educational institutions in the region have and are developing programs to better prepare a workforce for specific technology industry employment.

#### Recommendations

The highest public policy priority is to support existing plans, projects, and programs already in place within the region. These are:

1. Continue and expand development of the following projects/programs:
  - a. The Los Alamos Research Park
  - b. The Santa Fe Business Incubator.
  - c. Technology-driven business loan programs, such as those in Los Alamos County and the City of Santa Fe.
  - d. Northern New Mexico Connect (NMMC) and its Venture Acceleration Fund, Springboard, and New Mexico Small Business Assistance Programs.

The second highest priority is to develop new programs/projects in the region.

2. Such programs or projects could be:
  - a. The new immersive "film" technology WorldScape theater in Los Alamos.
  - b. The Los Alamos Venture Acceleration (LAVA) Program being developed by LANS

- c. Improve the telecommunications infrastructure in the region ,starting with:
  - i. Developing a regional map and operational model of the existing telecommunications infrastructure to identify “gaps” in coverage, the underserved areas, and to help identify what infrastructure improvements need to be made.
  - ii. Include in the regional map and model the existing fiber network, the current mode of transmission, the location of microwave towers, the location of central buildings, and places that have an unmet need for broadband or other telecommunications services.
  - iii. 3. Develop a forum for regular public/private partnership meetings to discuss existing and needed services.
  - iv. Perform a needs assessment for each community to determine infrastructure investment needs.

The third highest priority is the promotion and expansion of the existing programs at the State level, such as:

- 3. a. The Public Regulation Commission (PRC) should take a leadership role in the implementation improvements for telecommunications services and infrastructure.
- b. Expand the Job Training Incentive Program in the New Mexico Economic Development Department.

The fourth highest priority is the development of programs/projects where an existing organizational infrastructure is already in place. One example is:

- 4. Provide financial tools to the Office of Science and Technology in the New Mexico Economic Development Department to assist emerging technology businesses.

The fifth highest priority is the expansion of Federal policies/programs/projects impacting the region. This is best exemplified by the following:

- 5. Support efforts at the Los Alamos National Laboratory that encourage the collaboration of Lab personnel with industry.
- 6. Support the long-term reauthorization of and increased funding for the Small Business innovation and Research program in its current form.