

# Chapter 6

## ECONOMIC CONDITIONS

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The economic vitality of a region is influenced by a combination of national, regional and local factors. Doña Ana County (interchangeable with the term Las Cruces MSA) is experiencing growth and change as few other regions in the United States. Proximity to the 2.5 million person region of El Paso and Juárez, massive planned expansions at White Sands Missile Range and Fort Bliss Army Base, a proposed Spaceport project, a diversifying economy, bountiful agriculture, and a growing population will reinvent the region over the next decade and beyond. The economy that exists here today will evolve and change – maybe even unrecognizably - over the next twenty years as growth and development are accommodated. The role of the Vision 2040 Plan should ensure that the region proactively accommodates the coming transformation while ensuring sustainability.

This chapter of the inventory attempts to provide a “snapshot” of the local and regional economy. Various sectors of the existing economy will be examined, including agriculture, tourism, and business development. The chapter will also describe the size of the labor force, employment base, resident income, and business activity. There will be references to many of the existing economic development studies and reports that have been prepared for the region, but this information will not be replicated. Instead, we will highlight those elements that are vital as future economic policy is created. Finally, the chapter will identify the role of the City and County in impacting the economic health and vitality of the region.

### 6.1 Regional Economic Data & Analysis

This section provides a summary of the local economy as it examines the size of the labor force, industries of employment and occupation types of residents, resident income and business activity. This information will be used to identify the strengths and weaknesses of the local economy and serve as the foundation for identifying appropriate policies, programs and projects to foster economic development and growth.

#### 6.1.1 *Labor Force and Unemployment*

The labor force consists of all residents 16 years or older who are employed or are seeking employment. The unemployment rate is the proportion of members of the labor force who are unemployed, which is defined as jobless and available, and looking for work. The table below illustrates the most recently published employment statistics available that compare Doña Ana County to surrounding counties of south central New Mexico and the El Paso region of Texas. These figures, dated February of 2007, illustrate Doña Ana County as one of the healthiest in the region. With an average unemployment rate of 4.7% and 2005 wage per job of \$27,962 the County appears strong.

**Figure 6-1. Employment and Average Wage**

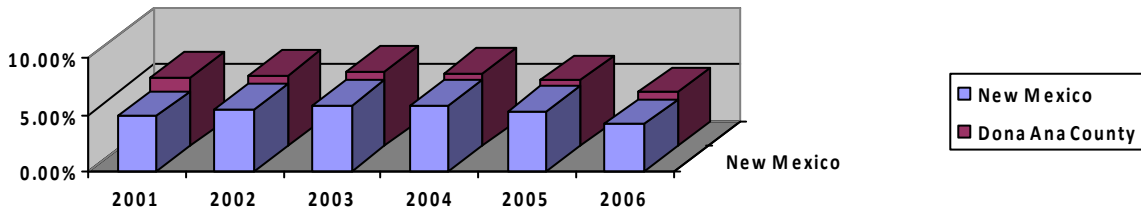
County	February 2007			2005	
	Civilian Labor Force	Employment	Unemployment	Unemployment Rate	Average Wage per Job
Dona Ana	85,956	82,110	3,846	4.47%	\$27,962
Grant	12,530	12,043	487	3.89%	\$26,304
Luna	11,822	10,419	1,403	11.87%	\$24,886
Otero	26,188	25,169	1,019	3.89%	\$28,819
Sierra	5,392	5,151	241	4.47%	\$23,356
El Paso	294,545	274,818	19,727	6.70%	\$29,413
<b>Region</b>	<b>436,433</b>	<b>409,710</b>	<b>26,723</b>	<b>6.12%</b>	<b>\$26,790</b>

*Source of the employment data is the New Mexico Department of Labor and the Bureau of Labor Statistics. Source of the average wage data is the Bureau of Economic Analysis.*

It is beneficial to look at a broader perspective by comparing unemployment trends over a 5 year period in Doña Ana County and the State of New Mexico as a whole. The table below illustrates these trends between 2001 and 2006.

**Figure 6-2. Unemployment Trends 2001-2006**

Source: Bureau of Economic Analysis and peter j. smith & company, inc. 2007



Over the last five years, Doña Ana County had higher rates of unemployment than the State. However, unemployment declined since 2003 in both the State and County. Unemployment in Doña Ana County dropped from approximately 6.5% in 2003 to the 4.8% reported in early 2007.

### 6.1.2 *Assets and Challenges of Current Labor Force*

The Mesilla Valley Economic Development Alliance commissioned two telephone surveys in the Fall of 2005 to establish some of the strengths and weaknesses of the existing labor market in Doña Ana County<sup>82</sup>. The survey included a sample of area employers and a sample of area households who were either employed or looking for future work. Some of the most significant findings from that report are detailed below:

- The area has a hidden workforce of underemployed and not employed residents who want to work; the number was estimated to be approximately 25,000 in 2005
- Underemployed or unemployed Doña Ana and Otero county residents are interested in further workforce training. Professional computer and professional medical fields were the skills workers cited most often as those they would like to train for
- The most significant “hidden” skill bases among the unemployed and not employed labor pool include management/administrative talent and clerical skills
- The area’s average wage/salary level is low. Only 14% of working households surveyed have incomes of over \$50,000/year
- The area’s perceived quality of life is its major attraction

<sup>82</sup> Younger Associates Household Survey for Doña Ana and Otero Counties and Wadley-Donavan Employer Survey, 2005

Some of the challenges the study cited include:

- Educational levels of area residents are below the national standard according to the US Bureau of the Census. Approximately 30% of Doña Ana County residents do not have a high school diploma.
- According to recently completed employer surveys,<sup>83</sup> some employers perceive weakness in the public education system; secondary schools were specifically called into question. Science and math training were noted as areas of particular weakness in the secondary schools. Lack of apprenticeship and training programs within secondary schools was also noted as a negative by some area employers.
- Some employers noted difficulty in recruiting some professions<sup>84</sup> such as junior engineers. Lower pay and lack of career building opportunities were the reasons cited.

### 6.1.3 *Regional Employment Characteristics*

An examination of the industries in which residents are employed and the types of occupations they have can provide an indication of the quality of jobs residents hold and translate to their potential buying power.

As indicated on Table 1, the Educational Services, Health Care and Social Services industry employs more County residents (25%) and State residents (22%) than any other employment category. Some of the industries that employ County and State residents least are the Agriculture, Information, and Public Administration fields. Each of these categories employ 5% or less of both County and State population.

<b>Table 6-1. Persons Employed Per Industry 2006</b>				
Industry	Doña Ana County (Las Cruces MSA)		New Mexico	
	Total	Percentage (%)	Total	Percentage (%)
Manufacturing	4,538	6	46,635	5
Wholesale Trade	2,069	3	20,728	3
Retail Trade	9,027	11	100,697	12
Information	1,227	2	18,464	2
Finance, Insurance, Real Estate & Rental & Leasing	4,225	5	46,472	5
Professional, Scientific & Technical Service & Waste Management	7,067	9	98,818	11
Agriculture	2,997	3	26,266	3
Construction	8,480	10	83,785	10
Transportation and Warehousing	3,802	5	39,741	5
Educational Services and Health Care, and Social Assistance	20,593	25	193,476	22
Arts, Entertainment and Recreation, Accommodation and Food Services	7,963	10	91,447	10
Public Administration	5,354	6	61,069	7
Other Services Except Public Administration	4,397	5	41,944	5
<b>Civilian Employed Population 16 or over</b>	<b>81,739</b>		<b>875,545</b>	
<b>Civilian Employed Population 16 or Over Employed By Government</b>	<b>18,468</b>	<b>23</b>	<b>189,451</b>	<b>22</b>

Source: US Bureau of the Census and peter j. smith & company, inc.

<sup>83</sup> Wadley-Donovan Employer Survey of Doña Ana and Otero County, 2005

<sup>84</sup> Ibid, Wadley-Donovan 2005

The next table illustrates an employment statistic unique to both the County and the State of New Mexico:

<b>Table 6-2. Percent Employment in Government Jobs –2006</b>			
	<b>Doña Ana County (Las Cruces MSA)</b>	<b>New Mexico</b>	<b>United States</b>
Government and Government Enterprise	24%	20%	13%
Federal, Civilian	4%	3%	2%
Military	1%	1%	1%
State and Local	19%	15%	11%
Source: US Bureau of Economic Analysis, 2008			

As illustrated above, government employment in Doña Ana County in 2006 was extremely high 24% while the State of New Mexico was similarly high at 20%. For comparison, the national average in 2006 was approximately 13%.

## 6.2 Regional Major Employers

The chart below illustrates the region’s most significant employers and was current as of Summer of 2007:

<b>Table 6-3. Doña Ana County Largest Employers – 2007</b>	
<b>Employer</b>	<b>Approximate Number of Employees</b>
<ul style="list-style-type: none"> <li>• Las Cruces Public Schools</li> <li>• New Mexico State University</li> <li>• White Sands Missile Range</li> </ul>	3000+
<ul style="list-style-type: none"> <li>• City of Las Cruces</li> <li>• Gadsden Schools</li> <li>• Memorial Medical Center</li> <li>• NASA White Sands Test Facility</li> <li>• Wal-Mart</li> </ul>	1,000-2,999
<ul style="list-style-type: none"> <li>• Coordinated Care Company</li> <li>• Doña Ana Community College</li> <li>• Mountain View Regional Medical Center</li> <li>• NewTec</li> <li>• Santillan Plumbing</li> <li>• Sitel/Client Logic</li> <li>• Sunland Park Race Track &amp; Casino</li> <li>• Tresco, Inc.</li> </ul>	500-999
<ul style="list-style-type: none"> <li>• ADC Telecommunications</li> <li>• Choice Point</li> <li>• Jacobs Engineering</li> <li>• New Mexico Department of Corrections</li> <li>• Peak Hospital</li> <li>• Tyson Prepared Foods</li> </ul>	250-499
<ul style="list-style-type: none"> <li>• Ben Archer Health Center</li> <li>• Burn Construction</li> <li>• Casa De Oro Care Center</li> <li>• ConAgra Foods</li> <li>• NMSU Physical Science Lab</li> <li>• CyraCom Interpretation Services</li> </ul>	100-249
Source: MVEDA, 2007	

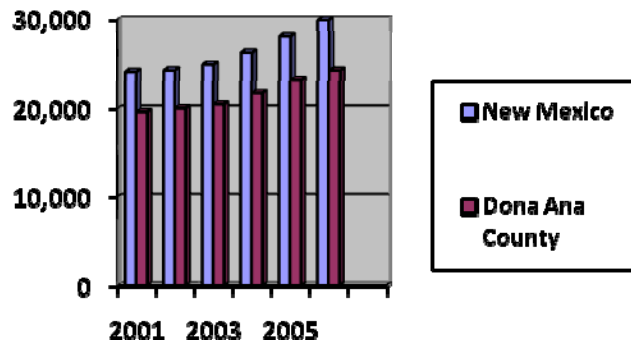
Consistent with the high number of residents employed by the government, the chart illustrates that Doña Ana County's three largest employers are the Las Cruces Public School District, New Mexico State University, and White Sands Missile Range. Each of these employers reports a number of approximately 3000 total employees. The next level of employer, reporting numbers of between 1,000 and 2,999 employees, includes the City of Las Cruces, Gadsden Schools, Memorial Medical Center, NASA White Sands Test Facility, and Wal-Mart. The remaining employers on the list include a range of additional educational facilities, health care centers, retail stores, and a smaller number of manufacturing or scientific/technology related businesses.

### 6.2.1 Resident Income

Both per capita and median household incomes are used as indicators of a community's wealth. Per capita income is determined by dividing the total income of residents by the total population. The median household income is the point at which the number of households with higher incomes is equal to those with less. Per capita income better reflects the wealth of the community while median household income better reflects the distribution of income within the community.

The table below illustrates the per capita income distribution for both the County and State:

**Figure 6-3. Per Capita Income 2006**



Source: New Mexico Economic Development Department, 2006

The five year trend table above confirms that Doña Ana County has consistently had a lower per capita income than the State average. The disparity between County and State figures has increased over time and is especially disparate in 2006 when County per capita was reported to be approximately \$24,000 per person and State was nearly \$30,000 per person. In 2006, the reported median household income in the County was approximately \$33,952 while the State figure was \$40,629.

Table 4 shows that the median household income in the City of Las Cruces was \$36,818. This figure is closer to the median for the State and helps to convey the degree of rural poverty amongst residents living in outlying areas of Doña Ana County. Poverty rates for 2006 illustrate this even more clearly. County poverty rates are higher than in Las Cruces City and the State.

**Table 6-4. Income Characteristics – 2006**

	City of Las Cruces	Doña Ana County (Las Cruces MSA)	New Mexico
Less than \$10,000	4,222	8,928	75,775
\$10,000 to \$14,999	3,390	7,013	54,084
\$15,000 to \$24,999	5,098	10,915	95,842
\$25,000 to \$34,999	3,597	7,463	88,259
\$35,000 to \$49,999	6,306	10,841	115,208
\$50,000 to \$74,999	6,417	11,128	131,573
\$75,000 to \$99,999	2,724	5,706	73,924
\$100,000 to \$149,999	1,408	3,128	61,245
\$150,000 to \$199,999	727	1,346	17,110
\$200,000 or more	324	657	13,013
<b>Total Households</b>	<b>34,214</b>	<b>67,125</b>	<b>726,033</b>
Median household income in 2006	36,818	33,952	40,629
Per capita income in 2006	17,591	15,859	20,913
Percent Below Poverty Level (All People) in 2006	19.5%	24.4%	18.5%

Source: US Bureau of Census and peter j. smith & company, inc.

### 6.3 Economic Opportunities

Doña Ana County’s evolution and development over the next decade and beyond will be impacted by a variety of economic influences. As the Vision 2040 Plan shapes policy and land use decisions, these economic impacts must be taken into consideration. It is imperative that the County prioritize sustainability and remain sensitive to its natural environment. Some of the potential economic influences are outlined in the following section.

#### 6.3.1 Spaceport USA

With a long history in space-exploration research and development, southern New Mexico is poised to be at the forefront of the next generation of spaceflight. Spaceport America, the world’s first, purpose-built commercial spaceport, is under construction in the high-desert 45 miles north of Las Cruces. It will take advantage of an average 340 days of sunshine per year and airspace that is un-congested, easily scheduled, and locally controlled by White Sands Missile Range (WSMR)<sup>85</sup>.

Spaceport America is the nation’s first purpose-built commercial space facility. Spaceport America holds great promise for New Mexico’s economic future, and has been working closely with leading aerospace firms such as Virgin Galactic, Lockheed Martin, and UP Aerospace. With planning moving along rapidly, the NMSA currently projects that the terminal and hangar facility should be completed by 2010<sup>86</sup>.

**Figure 6-4. Economic Drivers of the Las Cruces Area**



Source: Mesilla Valley Economic Development Alliance (mveda.com)

<sup>85</sup> MVEDA

<sup>86</sup> Business Plan for the Southwest Regional Spaceport, New Mexico State University 2006

An Economic Impact Study completed by the Futron Corporation in 2005 estimates that the Spaceport has "...the potential to provide the basis for creating approximately \$460 million of additional economic activity in New Mexico, with some 3,460 new jobs in 2015"<sup>87</sup>. Additionally, the project could attract and additional 1,000 to 1,500 jobs in space vehicle and aircraft manufacturing, headquarters operations, and support services activities and in excess of \$200 million in related economic activity by 2020<sup>88</sup>.

The majority of these economic impacts will be concentrated in the vicinity of Las Cruces, with secondary impacts anticipated for Albuquerque and elsewhere in the state. The study concedes that the spaceport can serve "as the magnet for an emerging space transportation cluster, which leverages economies of scale in spaceport operations and close operator-manufacturer-supplier relationships to attract new launch firms and aircraft producers to co-locate facilities in southern New Mexico."<sup>89</sup> Further, the \$198 million Spaceport America project includes \$1 million welcome centers and park-and-ride facilities in nearby Hatch and Truth or Consequences.

### **6.3.2 White Sands Missile Range (WSMR)**

White Sands Missile Range is one of the largest military facilities in the United States, covering an area of about 4,000 square miles. It is a test range whose primary function is to support missile development and test programs for the U.S. Army, Navy, Air Force, NASA, and other government agencies and private industry. In addition to supporting new commercial space launches at Spaceport America, WSMR will also be the primary test and evaluation site for the Army's Future Combat Systems (FCS) development. These activities are supported by some of the most advanced research labs and universities in the nation. Advanced research takes place in the Rio Grande Technology Corridor, which includes Los Alamos and Sandía National Labs, the University of New Mexico, New Mexico Tech and New Mexico State University.

#### **Economic Impact**

According to the Institute for Policy and Economic Development at the University of Texas at El Paso, the presence of White Sands Missile Range generates:

- An increase of nearly \$685 million within the region of Doña Ana, El Paso, Otero and Socorro counties<sup>90</sup>. This value includes direct purchases from local businesses, purchases from regional sources, and the amount of business volume generated by expenditures from individuals or households related to WSMR personnel
- Direct and indirect economic impacts of approximately \$550 million to households as a result of WSMR business volume. This figure includes both the incomes of WSMR personnel and of regional individuals
- The creation of nearly 14,000 additional civilian jobs in the region
- Almost \$49 million in net local government outlays

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<sup>87</sup> New Mexico Commercial Economic Impact Study, Futron Corporation, 2005

<sup>88</sup> Ibid

<sup>89</sup> Ibid

<sup>90</sup> 2002 Economic Impact of White Sands Missile Range on the Regional Economy, Institute for Policy and Economic Development – University of Texas at El Paso, 2002.

### Expansion Potential

WMSR will be expanding significantly over the next 6 years. The table below outlines the projected population of the base between 2002 and 2013:

**Figure 6-5. Projected Population Increases Resulting from the White Sands Missile Range Expansion 2003-2013**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	*2013
Army Military	267	201	138	181	124	228	640	640	640	640	4,637
Army Civilians	2,010	2,014	2,181	1,938	1,916	1,839	1,796	1,776	1,764	1,753	1,867
Army Local Nationals	0	0	0	0	0	0	0	0	0	0	0
PCS Students	0	0	0	121	254	254	254	254	254	254	254
Transient, and Rotational	19	10	12	12	12	12	12	12	12	12	12
Other Military	355	285	139	134	133	132	132	132	132	132	132
Contractors	3,221	2,550	2,350	2,334	2,243	2,243	2,243	2,243	2,243	2,240	2,345
Other Civilians	552	340	393	427	447	621	1,175	1,175	1,175	1,175	7,249
Base's Total Population	6,424	5,400	5,213	5,147	5,129	5,329	6,252	6,232	6,220	6,206	16,496

Source: US Army Garrison, White Sands Missile Range, 2008

As the preceding table illustrates, White Sands is predicted to expand from 5,329 residents in 2008 to 16,496 in 2013, an increase of more than 130%. The economic opportunity, and the necessity to establish strong planning policy to manage this new population is evident as this expansion progresses and begins to take shape.

### **6.3.3 Fort Bliss Expansion**

Massive expansion plans for the Fort Bliss Military Base in El Paso are currently in progress. While the economic impact will affect El Paso more significantly than the Las Cruces MSA, economic ripples will be felt throughout the regional economy.

The troop influx is driven by an Army growth plan and the Pentagon's 2005 Base Realignment and Closure (BRAC) recommendations and will push Fort Bliss' population of troops and family members from 24,660 in 2005 to 90,418 by the end of 2012. This figure includes more than 13,500 children forecast to enter El Paso-area schools. In response, El Paso officials have already issued hundreds of millions of dollars in school bonds, opened the world's largest inland water desalination plant and begun wooing dozens of defense contractors to town. More than \$4 billion in construction is planned on-base between 2009 and 2011, with an additional demand for 20,000 apartments and homes off-base in the city.

The additional soldiers are expected to create nearly 4,000 spinoff jobs in the El Paso region and nearly \$1 billion in new economic impact. This impact includes soldiers spending their paychecks, the creation of new jobs, property and sales taxes, and new home building.<sup>91</sup>

<sup>91</sup> El Paso Times, December 20, 2007

### **6.3.4 Industrial Parks**

Doña Ana County has established a network of strategic industrial parks dispersed throughout the region. Each offers unique possibilities to capitalize on economic opportunity. The following paragraphs describe each of those parks and opportunities.<sup>92</sup>

#### **Santa Teresa Industrial Parks**

The Santa Teresa Industrial Parks are sub-zones of Foreign Trade Zone Number 197.

The Santa Teresa Logistics Park is adjacent to the Doña Ana County International Airport and the Union Pacific Railroad. It is five minutes from Interstate 10. This industrial park consists of 225 industrial-zoned acres with 2 million square feet of industrial space built and over 3 million square feet planned for new development. The park is served with a short-line rail that connects to the Union Pacific Main Line. The four-lane Pete Domenici Highway provides access to both the U.S. and Mexico Interstate Highway systems.

The Bi-National Park consists of 230 acres of industrial-zoned real estate adjacent to the US and Mexico customs facilities at the Santa Teresa International Port of Entry. This un-congested border crossing eliminates the long waiting times associated with the border crossings in nearby El Paso and is the fastest route to southeast Juárez via the new four-lane Casas Grandes Highway. The four-lane Pete Domenici Highway provides access to Mexico I-45 and U.S. I-10. Existing and planned facilities exceed 3 million square feet.

#### **Arrowhead Research Park**

Located on the New Mexico State University (NMSU) campus, the Arrowhead Research Park was established to enhance technology transfer and provide private enterprises with immediate access to nationally recognized academic and technical on-site resources. In recent years, NMSU and the Arrowhead Center have formed nontraditional partnerships with the private sector to stimulate new industries, more jobs, and a stronger New Mexico economy. The park is designed for companies specializing in research, development, and light manufacturing, as well as for businesses supporting these activities. It includes more than 750 acres of industrial-zoned land and is strategically located near El-Paso and Mexico's thriving maquiladora industry. The Park is currently in the first phase of evolving into a master-planned, bi-national city that will include the establishment of residential communities and commercial zones. The community of San Jerónimo (currently in the planning stages) will serve as Santa Teresa's sister city on the Mexican side of the border.

#### **West Mesa Industrial Park**

The West Mesa Industrial Park contains 1,820 acres and is located on Interstate 10, eight miles west of downtown Las Cruces and immediately south of the Las Cruces International Airport. The Industrial Park is an excellent location for light industry, general manufacturing, aviation related and technology based industries serving Doña Ana County, El Paso, and the US/Mexico border. The City currently has 7 development-ready parcels for sale and is in the process of extending road and utilities to 6 more parcels. The City also has 300 acres available in 50 acre parcels or larger, at significantly lower costs with the buyer being responsible for development. The City is dedicated to bringing in industries, warehousing and manufacturing businesses that will expand and diversify the local economic base and provide new jobs for the community. Las Cruces represents a quality of life alternative to cities directly on the border with a better trained, well educated work force.

### **6.3.5 Tourism**

Tourism is a critical component of an economically well-diversified region. In many cases, it is a region's primary economic development driver. While not the primary driver of Doña Ana County, the region has numerous opportunities to enhance and expand its existing tourism base.

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<sup>92</sup>Industrial Park descriptions courtesy of the Mesilla Valley Economic Development Alliance

New Mexico's top five visitor attractions do include representation from Doña Ana County: White Sands National Monument ranks at number four with nearly 500,000 annual visitors<sup>93</sup>. The current number one attraction, Elephant Butte Lake State Park, enjoys 1.3 million visitors annually and is located in the Town of Truth or Consequences - approximately 35 miles north of Hatch. The Albuquerque Biological Park (1.1 million visitors), Navajo Lake State Park (483,000 visitors), and Carlsbad Caverns (450,000 visitors) round out the remaining top five attractions.

The following table illustrates the estimated impact of tourism in the top four New Mexican counties based on total tourism revenues:

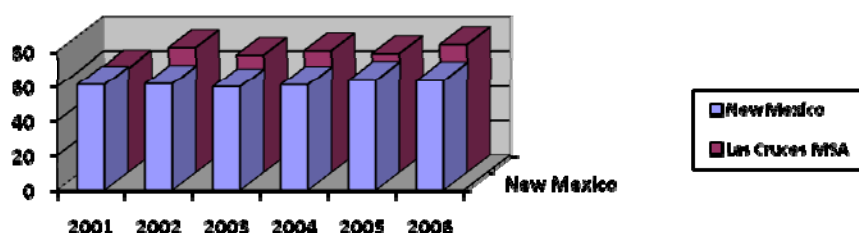
<b>Table 6-5. Select Economic Impact Estimates for Tourism - 2006</b>				
<b>Place</b>	<b>Total Expenditure (in millions \$)</b>	<b>Total Employment</b>	<b>State Taxes Generated (in millions \$)</b>	<b>Local Taxes Generated (in millions \$)</b>
Las Cruces MSA (Doña Ana County)	460.18	4,680	29.76	5.76
Santa Fe County	602.43	7,005	38.00	10.33
Bernalillo County	2,023.28	22,790	131.06	30.71
San Juan County	286.97	2,930	17.80	4.07
New Mexico Total	5,077.63	55.63	322.76	77.94

Source: US Travel Data Center, 2007

The Las Cruces MSA contributed nearly \$30 million in State taxes and nearly \$6 million in local taxes during 2006: this figure ranks third of all counties in the State. Bernalillo County ranks first with nearly \$131 million dollars in State taxes and \$31 million in local taxes. In total, New Mexico Tourism contributes nearly \$400 million in State and local taxes.

Overall hotel/motel occupancy rates contribute to a picture of tourist-oriented health. The table below illustrates occupancy over a period of five years between 2001 and 2006:

**Figure 6-6. Hotel/Motel Occupancy Rates 2001-2006**



Source: New Mexico Tourism Department

The preceding table illustrates that the Las Cruces MSA has consistently maintained a higher overall occupancy than the State of New Mexico as a whole. Conversations with representatives from the New Mexico Travel Center indicate that Las Cruces lacks large “convention”-oriented hotels such as those found in Albuquerque and Santa Fe and this could contribute to the occupancy status. Convention-oriented hotels often have many hundreds of rooms while Las Cruces has many smaller hotels offering only 100-200

<sup>93</sup> New Mexico Tourism Department, 2006

rooms. Nevertheless, the Las Cruces hotel market is healthy and many new facilities have been constructed over the last five years.

The City of Las Cruces and Doña Ana County have the opportunity to capitalize on several features that could draw a variety of additional tourists to the region. A preliminary list could include:

- El Camino Real National Historic Trail and National Scenic Byway
- Historic Mesilla and the Village of Doña Ana
- Gaming opportunities at Sunland Park
- Organ Mountains
- Viticulture
- Stahmann's Pecan Farm
- The Rio Grande Agricultural River Valley
- A Revitalized Downtown Las Cruces
- Spaceport America
- The unique community of Hatch and its annual Chile Festival
- South-Central New Mexican Culture and Cuisine
- Unique colonias including Vado and Chaparral
- 12-month Travel Opportunities

The development of economic policy that encourages and promotes the enhancement of these features will contribute to a plan for Vision 2040 that includes a strong tourism component as part of a well-diversified regional economy.

### **6.3.6 Downtown Development**

Downtown Las Cruces is currently in the process of a long-awaited revitalization; an attempt to repair the damage wrought by urban renewal to the downtown core in the early 1970's. Main Street, once closed to traffic, has been reopened. In October of 2007, a six phase development plan was put in place to establish a mixed-use community Downtown that includes workforce housing<sup>94</sup>. The ultimate goal is to revitalize Downtown by generating residential-based demand for goods and services.

The downtown area currently has a large 9-5 population with almost 200 businesses and organizations that employ approximately 4,400 people at wages reported to be 62% above the city-wide average.<sup>95</sup> Nearly 14,000 residents live within a three minute drive of downtown; a greater density than any other part of the region. Unfortunately, the area is also devoid of the types of business and activity that are characteristic of a vital urban core. There is little entertainment, few restaurants, minimal retail, and virtually no accommodations.<sup>96</sup>

Concerns have arisen over the ultimate level of success the mixed-use plan for Downtown might achieve. Data collected by the New Mexico State University of (NMSU) as a part of the Community Economic Assessment indicate that there is a market to support the initial phases of development. The combined incomes of existing downtown workers and the nearby resident population provide nearly \$400 million of purchasing power to support new establishments. But the principal impediment to revitalization may be the reluctance of key property owners to make properties available for redevelopment at a fair market

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<sup>94</sup> Downtown Area Implementation Plan for the City of Las Cruces. Unidev, LLC, 2007.

<sup>95</sup> Las Cruces MainStreet Community Economic Assessment. UNM Bureau of Business and Economic Research, 2008

<sup>96</sup> Ibid

price<sup>97</sup>. Downtown property ownership in Las Cruces has significant historical and cultural significance. Properties have often been held within tightly knit family circles for generations and many of these carry no mortgage. Because property taxes are so low throughout New Mexico, owners bear few costs for upkeep and have little incentive to sell. The NMSU Study alleges that the City has a history of lax code enforcement that would need to be addressed to motivate property owners to improve existing properties.

Ultimately, Downtown revitalization and the development of a vital urban “core” for the region are keys to a well-diversified economic development strategy. A historic and vibrant downtown that attracts business, retail, tourist and convention activity will benefit the quality of life for residents of the region. Further, to encourage mixed-use residential development Downtown will diversify regional housing offerings and provide a steady stream of life in this potentially lovely urban center.

### 6.3.7 Agriculture

Although New Mexico’s climate is typical of “high desert” conditions, the Mesilla river valley surrounding the Rio Grande enables the State to be a significant contributor to national agriculture production. Mild temperatures during the winter months enable the state to have a 12 month growing season. In 2006, Doña Ana County took in nearly \$372 million in cash receipts from commodity sales; this figure ranks third in the state of New Mexico.<sup>98</sup>

The region produces a variety of agricultural products, but the pecan is the most significant. Doña Ana County is the most prolific pecan producing county in the nation: 48 million pounds were produced for total cash receipts of more than \$37 million in 2006<sup>99</sup>. Doña Ana is also first in the nation in total pecan acreage with more than 18,000 acres<sup>100</sup>. Other popular crops include pima cotton, corn, hay, and a more than 3,500 acres of planted chile peppers. In 2006, Doña Ana County ranked number one nationwide in chile production, and first statewide in both onion and pima cotton production.

**Table 6-6. Agricultural Snapshot of Doña Ana County – 2005-2006**

Percentage of farms operated by a family or individual	92%
Average age of principal farm operators	57 years
Average size of farms	343 acres
Pecans	18,000 acres
Upland cotton	8,485 acres
Pima Cotton	9,500 acres
Vegetables	10,446 acres
Chile	3,500 acres
Harvested cropland as a percentage of land in farms	14%
Irrigated harvested cropland as a percentage of land in farms	98%
Average number of cattle and calves per 100 acres of all land in farms	13.84
Milk cows as a percentage of all cattle and calves	55.64%
Average total farm production expenses per farm	\$120,954
Average market value of all machinery and equipment per farm	\$65,938
Average value of crops sold per acre for harvested cropland	\$1,503
Average value of agricultural products sold per farm	\$148,934
Value of agricultural products sold	\$372 million

Source: United States Department of Agriculture<sup>101</sup>

<sup>97</sup> Unidev, 2007

<sup>98</sup> New Mexico Agricultural Statistics, 2006

<sup>99</sup> Ibid

<sup>100</sup> [http://cahe.nmsu.edu/news/2006/041896\\_dacagriculture.html](http://cahe.nmsu.edu/news/2006/041896_dacagriculture.html)

<sup>101</sup> [http://www.nass.usda.gov/census/census02/volume1/nm/st35\\_2\\_002\\_002.pdf](http://www.nass.usda.gov/census/census02/volume1/nm/st35_2_002_002.pdf)

While urbanization bids up the price of land and makes it attractive for farmers to sell to real estate developers, rapid population growth also increases demand for locally grown produce<sup>102</sup>. Further, the American Farmland Trust estimates that the cost of municipal services to maintain rural land or open space is far less than the cost to service and maintain residential development. Rural land demands only \$0.36 for every tax dollar collected compared to \$1.16 of services required for every tax dollar collected on residential property. This is indeed a municipal incentive to encourage the retention of agricultural land.

### **Viticulture**

The first Spanish explorers and settlers to the Rio Grande Valley, beginning in the early 1500's, brought their European wine grapes along with them<sup>103</sup>. These original grape stocks remain the source of many of New Mexico's vintners to this day. In the 1580s, Missionary priests produced sacramental wines. By the 19th century, vineyards and wineries dotted the Rio Grande valley from Bernalillo south to the Mexican border.

Census data in 1880 identified 3,150 acres that produced 905,000 barrels of wines per year in the State of New Mexico. During prohibition, legal wine production ceased. New Mexico wineries had a resurgence in the early 1980's. Currently, over 5,000 acres are under cultivation as the U.S. rediscovers the bounty of Rio Grande wine country. The Mesilla Valley is the most productive wine region in the state. The region offers a combination of conditions that make it an ideal location for growing quality grapes: an extended growing season with long sunshine-filled days, balanced by cool evening temperatures due to its higher elevation, and soil that provides good drainage and limited rainfall.

**Figure 6-7. New Mexico Wine Growing Regions**



Source: Image courtesy of <http://wine.appellationamerica.com/images/appellations/features/New-Mexico>

<sup>102</sup> Ibid

<sup>103</sup> <http://www.vivanewmexico.com/wines.html>

### **Organic Farming**

Certified organic acreage for produce crops have grown in the United States since 2002; particularly since the inception of a standardized certification process. Organic produce represented 42% of total organic food sales in the US in 2003 and is expected to grow from \$4.3 to \$8.5 billion between 2003 and 2010<sup>104</sup>. The long term sustainability, both environmental and economic, of communities in the Mesilla Valley could be enhanced with a greater focus on organic produce.

In 2002, 6% of US farmland was certified organic; in New Mexico, approximately 42,000 acres are certified organic.<sup>105</sup> The majority of this acreage is in pastureland, but is increasing in usage for produce annually. New Mexico is the leading organic peanut producer in the nation. Other popular New Mexico organic crops include Pima cotton, turkey, chicken, pecans, blue corn, pinto beans, alfalfa, eggs, chile, tomatoes and wheat. The concept of organic farming is particularly applicable in Doña Ana County where the typical farm size is under 350 acres and more than 92% of farms are individually or family-owned.

Also, rapidly increasing energy costs are making food altogether more expensive at the grocery store. Increases in the regional population will also strain what is reported to be a County-wide existing supply of only three days of food on grocery shelves.

In 2002, a research experiment was conducted at the New Mexico Agricultural Experiment Station at NMSU. An organic production class was operated for five years using the Community Supported Agriculture (CSA) model of farming. In five years, the project earned \$115,201 in gross income and grew 554 varieties of vegetables, herbs and flowers on one acre of land. The most successful vegetables included tomatoes, eggplant, carrots, lettuce, melon, sweet potatoes, turnips, peppers, radishes and summer squash. Less successful were brussel sprouts, which need a cooler growing season, and corn, which developed insect problems. The experiment illustrated, however, that the Mesilla Valley's 12 month growing season produces a remarkably fine quality and variety of produce, herbs, and flowers.

## **6.4 Findings**

For ease of illustrating the economic findings relevant to creating the Vision 2040 Plan for Doña Ana County, findings can be divided into competitive advantages and regional challenges. Policy developed for the plan should seek to build upon existing strengths and seek regional solutions to address perceived or actual challenges to economic growth.

### **Competitive Advantages**

- Location – Doña Ana County is virtually “next door” to the manufacturing powerhouse of the maquiladora industry in Juárez, and is home to one of the newest ports of entry into Mexico. Newly constructed highways on both sides of the border connect with major freeway systems on both the U.S. and Mexican sides of the border. On the U.S. side of the border, the Union Pacific and Burlington Northern – Santa Fe railroads connect with the Mexican-Ferromex system into central Mexico.
- 20-Year Population Expansion Trend – Doña Ana County has experienced significant population increase and is anticipated to experience much more. The increases are not only natural, but diversified to include affluent retirees, residents relocating from nearby El Paso, people relocating for employment opportunities, or people who are simply drawn to the desert environment and natural beauty.

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<sup>104</sup> OASIS Campus-Based, Organic, Community Supported Agriculture Farm, Constance Falk, New Mexico Agricultural Experiment Station, NMSU, 2002

<sup>105</sup> Ibid

- **Military Presence and Expansion Potentials** – Doña Ana is home to White Sands Missile range and proximate to Fort Bliss. Both are anticipating significant expansions. White Sands impacts will include:
  - An increase of more than 10,000 people between 2008 and 2013
  - An increase of nearly \$685 million within the region of Doña Ana, El Paso, Otero and Socorro counties.
  - Direct and indirect economic impacts to household are estimated to be approximately \$550 million and include income of WSMR personnel and income of regional individuals as a result of WMSR business volume
  - The creation of nearly 14,000 additional civilian jobs in the region
  - Almost \$49 million in net local government outlays
- **Fort Bliss impacts** will include a need for more than 20,000 off-base housing units and more than \$1 billion in total economic impact for the El Paso region that includes Doña Ana County.
- **Spaceport Potentials** – Development of the new Spaceport is estimated to create nearly \$500 million in economic impact, stimulate 3,460 new jobs by 2015, and attract nearly 1,500 more jobs in space vehicle and aircraft manufacturing, headquarters operations and support services. Most importantly, the Spaceport will enable the region to serve as a “magnet” for an emerging space transportation cluster that can leverage further economies of scale.
- **Well Disbursed Industrial Parks** – The region has a well planned and diverse group of industrial parks. Described in detail in this chapter, the existing parks can focus on strategic target markets:
  - Santa Teresa for foreign trade and transportation-related development
  - Arrowhead Research Park for technology transfer and private enterprise incubation
  - West Mesa for light industry, manufacturing and aviation related industry
- **Tourism Potentials** - With one of New Mexico’s top five visitor attractions, the White Sands National Monument, the region has an opportunity to build its tourism industry by drawing the more than 500,000 annual visitors to the monument to other regional attractions. Other attractions include the El Camino Real de Tierra Adentro National Historic Trail, El Camino Real Scenic Byway, historic Mesilla Plaza and Doña Ana Village, the Organ Mountains, Downtown Las Cruces, and the unique community of Hatch to name just a few. High occupancy rates at the existing regional hotels indicate that more visitors would support the development of even more lodging, restaurants and food and drink establishments.
- **Agricultural Bounty** – Doña Ana County produces a remarkable variety of crops and is the number one producer of pecans and chiles in the country. As time progresses, producers of specialty or high-value crops such as berries, organic produce or wine grapes will enjoy a more competitive position in their market exchanges, since their products are not so easily replaced or substituted. As consumers focus on the environment, food security and sustainability they will continue to question industrial food production, creating an opportunity for local farmers and the agricultural economy.

### **Regional Economic Challenges**

Although regional economic opportunities are overwhelmingly positive, several challenges have been noted during the process of researching, interviewing local economic development specialists and gathering data for this chapter. Some of these challenges include:

- **Lack of diversity in the existing employment base** – As noted in the chapter, more than 24% of employees in the region are employed by a government entity. The public school system, University and White Sands Missile Range are the largest of these employers. Small business and entrepreneurial activity are the most significant drivers of economic growth across the United States. The Vision 2040 Plan must establish economic policy that promotes additional small business development to lessen overall dependence on the government.

- **Rural Poverty** – The number of families living in poverty is significantly higher in County locations outside of the City of Las Cruces; the County poverty rate is nearly 25% while the City of Las Cruces and the State as a whole, report a poverty rate of approximately 20%. Economic policy developed for Vision 2040 must be conscious of these sensitivities and focus attention on establishing grass-roots, micro-scale economic development opportunities for residents living outside the urban core areas.
- **Workforce Issues** – Attracting and retaining a high quality workforce is crucial to the City’s continued economic success and high quality of life. The result of many interviews and significant data research indicates that high quality workforce training will be imperative as the community evolves. Current negative perceptions about the preparedness of the workforce are confirmed by Census data. The region’s educational level falls below the national average: nearly 30% of County residents are without a high school diploma.
- **Employers interviewed** have noted that math and science preparation at the high school level is highly inadequate and apprenticeship and training programs must be instituted at the secondary school level. Many employers feel that while work opportunities exist, the existing population is not prepared to handle the jobs that are available. The lack of preparation can cripple the region’s bright economic future if not addressed through policy.
- **Agricultural Land Preservation** – As the burgeoning economy draws more people and business to the region, continual pressure will be placed upon existing agricultural land. It takes more than 100 years to develop one inch of agricultural soil. In essence, once agricultural land is developed for new housing or retail it is gone forever. Economic policy must be sensitive to issues of sustainability and to making every effort to enable the region’s significant agricultural industry to flourish.