

The Role of Water in New Mexico's Economic Development

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Jon Barela is the Cabinet Secretary for the New Mexico Economic Development Department. He was appointed by Governor Susana Martinez and confirmed unanimously by the New Mexico State Senate. During his tenure, Jon has been active in leading the state's efforts regarding tax reform, regulatory burden on job creators, export growth, and reducing unemployment. He is a native New Mexico, born and raised in Las Cruces. Jon earned a BS in history and diplomacy from the Edmund A Walsh School of Foreign Service at Georgetown University. After graduating from Georgetown University he joined the staff of New Mexico Congressman Joe Skeen. While working for Congressman Skeen, he earned a law degree also from Georgetown in 1987.



Editor's Note: The following paper represents a transcription of the speakers' remarks made at the conference; no follow-up papers were submitted by the speaker. Remarks were edited for publication by the editor. The speaker did not review this version of their presentation, and the editor is responsible for any transcription and editing errors.

Hello, it is very good to see everybody and it really is a pleasure to be here. I have the utmost respect for what you all do because water is such a critical issue.

It's pretty obvious that water and economic development are connected. I often talk about the principals of economic development and what it takes to optimize economic development and job creation opportunities in each respective jurisdiction. Of course, you need a competitive tax environment. You need a governmental infrastructure that is fiscally disciplined. You need a regulatory environment that is reasonable. But, the two things that I want to focus on today deal with having a culture of innovation that leads to job creation, and having an infrastructure in which businesses can prosper.

Many of you know about the crisis that exists around the world with water, but I am going to restate it very quickly. I have received many briefings and I read quite a bit about water issues around the world. We know that water shortages will continue to persist. Dr. Mike Hightower from Sandia National Labs has provided me with briefings, and to paraphrase him, we are in the midst of a 300 or so year drought. Of this, we are probably in about year 30 according to scientific data. The crisis is very sobering.

Some of you might have seen 60 Minutes last Sunday that started off with a story about the water crisis and how it relates to global instability, state failure, and even global terrorism. The catch phrase they are using is that water is the new oil. I thought that was a very interesting, and appropriate, way of headlining that segment. It is an issue that we do indeed have to deal with. We know what is going on in the Central Valley in California. In response, the California government has made efforts to shore up their water stores. But, even with what they are doing, many experts say that it won't be enough to take care of their long-term or even short-term water problems based on population growth and water use.

Much closer to home, all of you know that aquifer levels are certainly dropping and that our water use is not declining, especially in the agricultural and other natural resources areas. Water is so critical to job creation whether it concerns the mining or oil and gas sectors. With that, I happen to think that a crisis can create opportunity. I very much believe that the current crisis presents us with a very unique opportunity to create many thousands of jobs. I do not underestimate the potential that we have for that opportunity. Crisis sometimes creates opportunity, and that is the state that we are in right now with respect to water.

Let me talk about some of the responses we have made in New Mexico over the past couple years, and then I'll talk about some of the broader issues and how they relate to economic development. First of all, I want to recognize Mayor Ortiz from Las Vegas. He happens to be a very forward thinking mayor. Shortly after he took office, I had the chance to speak with Mayor Ortiz and the City Council of Las Vegas. Some others from San Miguel County also attended. I have to tell you that they were a fascinating and absolutely fabulous group of people to work with. The water crisis that existed in Las Vegas and San Miguel County not only inhibited economic growth, there were outages that they were contemplating. Their water shortage was reaching a crisis level. The mayor and his local leadership worked with us to fashion a response. What we did, thanks to his and the governor's leadership, was to set aside money. In the last session the governor requested \$110 million of capital outlay dollars for water projects around the state and \$89 million was eventually allocated. I mention Mayor Ortiz because \$10 million of that went to the Bradner Reservoir project and other projects that I think were really important and are going to put Las Vegas and San Miguel back on track to being able to protect and grow its water resources. I want to thank Mayor Ortiz and his local leadership.

Local and state leadership is exactly what we need to identify needs and to take advantage of opportunities. Because of these projects, there will be hundreds of construction jobs created in the short-term. In the long-term, we also might have some opportunities for companies to relocate to San Miguel County and Las Vegas. We have a couple of companies that are looking to move into the area, which is very exciting. Focused further in the long-term, we very much believe that New Mexico is well positioned to be the center of water research excellence in the country. We have a finite window of opportunity to claim that. The New Mexico Water Resources Research Institute should be a focal point or one of them in order to take advantage of new and emerging technologies to create jobs here in the state.

The work and research that is being done at the academic level here is phenomenal. The intellectual property that is being developed is remarkable, especially in the agricultural area. The gap that we had, however, was financing. How do we commercialize the technology? How do we

take advantage of what is being produced in our academic settings, be they colleges and universities or even our national labs? How do we take this to the commercialized standpoint? In the upcoming legislative session, we are recommending the funding of a technology research collaborative that takes all of these intellectual ideas—ones that are ready to be commercialized—and provides a mechanism of funding through a variety of sources. What I am going to propose, and the governor as well, is that a good portion of the TRC (Technology Research Collaborative) funding request will provide a link between water research and commercialization of emerging technologies. I am hopeful that a good portion of those monies will be focused on commercializing water technologies. That will be a request that we make in the upcoming legislative session.

We also want to have a specific focus on heavy industrial, water recycling, desalination, and agricultural uses. I think that is the lowest hanging fruit, no pun intended. I also want to re-announce that our first foray into investing in water conservation technologies has already occurred. Most recently we announced the opening of Global Fashion Technologies in Belen, which will create up to 400 well-paying jobs in an unused industrial facility. This company has intellectual property that essentially recycles cotton, like old denim and t-shirts, and weaves them into an interesting, very breathable fabric that will be purchased, we hope, by many textile producers. This is a very exciting new technology and it will essentially save millions of gallons of water, because we all know that cotton is a very thirsty crop. This is something that we see as being very viable in the long-term that can help us open the door for water research and can be a poster success story for investments into that type of technology. I am very excited for that effort and think it is a wonderful opportunity to create jobs. That is a case in point of how we can take a crisis, reach out to companies, and create jobs.

The last thing that I want to cover today in my abbreviated remarks is something that I think is very unique and what I think will become a legacy for generations to come. That is the creation of our binational community along the southern border of Doña Ana, Santa Teresa, and San Jerónimo, which is in Ciudad Juárez. We are very excited about this formal arrangement that we have signed with Governor Duarte and the State of

Chihuahua. We have asked that the New Mexico Water Resources Research Institute be an integral part of this. What it is, in a nutshell, is the first-of-its-kind, as far as we know, master plan binational community. We are organizing our committees to address transportation, utility lines, residential areas, and sustainable environmental practices. This does include how water is used both from an agricultural to an individual user perspective. We are well on our way to working with ideas of how water can become, not only a focal point for sustainable environmental practices, but how we can use water resources on both sides of the border to attract companies like Global Fashion Industries and others. We believe that this will be a model for water usage and has lots of potential. I meet once a month with my counterpart in Mexico and it is yielding some amazing results right now that we are very excited about.

The bottom line is this: I often get asked how many jobs will be created in the short- and long-term if we play our cards right with water research and technology. I truly believe that within the next four years, that several thousands of jobs can be created if we focus our resources accordingly. Most importantly, they will have huge social benefit that will address some of the crises that we have been talking about. This is how we take a crisis and turn it into an opportunity. That will certainly continue to be a focal point of our department and we will be working with other agencies and departments within the administration to get that done. I also want to thank my colleague State Engineer Scott Verhines with whom I work. I'm no water expert, but he is, and I appreciate all of the information that he has passed on to me over the years.

Once again, thank you for inviting me here to say a few words here this afternoon.

