



## Target industries data

Donna Cadena

Published 02/11/2011 - 10:56 a.m. MST

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Tri-City Tribune

Margaret McDaniel, director of San Juan Economic Development Service, said, "SJEDS has been working with the E>P group (private sector think tank) on data collection and a targeted industries study. I think Bill Luttrell's perspective, from a site selector's point-of-view, will help us determine if we are on the right track as SJEDS is seeking ways to diversify the economy in San Juan County."

Bill Luttrell, senior locations strategist with Werner Enterprise, spoke to SJEDS members at their Wednesday, Feb. 8, meeting. As a site selector, Luttrell shared his expertise on what factors corporations consider when making decisions to relocate, expand or establish a new location. Luttrell said Farmington and San Juan County have two major selling points; the first is its designation as a Metropolitan Statistical Area; the second is its abundance of water.

### Selling points

One of the qualifying factors for designation as a metropolitan statistical area is a population of more than 100,000. In the U.S., 392 cities have been designated metropolitan statistical areas. When industries/corporations are scouting areas for relocation or expansion, they often start by referencing metropolitan statistical areas. Four New Mexico cities (Albuquerque, Santa Fe, Las Cruces and Farmington) are designated metropolitan statistical areas. Selection from this point on is often an elimination process in which quality of life (infrastructure, business climate, labor, etc.) criteria are considered. Water, a natural resource abundantly found in San Juan County, is the county's other selling point. More than 70 percent of all the water that flows through the state of New Mexico flows into and out of San Juan County. Referencing San Juan County's abundance of water, Luttrell advised SJEDS target industries that depend on that resource. He said, "You need to do everything you can to retain and expand your water rights because I believe they will prove to be crucial in targeting industries that require water."

### SJC, dependent on energy sector

Telling SJEDS members the energy sector (oil and gas) was volatile and that San Juan County was overly dependent on its energy sector, Luttrell said the county's goal should be to diversify. "A diversified economy will have sustainable growth."

Citing facts as reported in the Arrowhead Center's economic based studies, Luttrell said mining, agricultural and manufacturing were the primary businesses in Farmington and San Juan County. "Farmington's history," said Luttrell, "is agricultural and dates back to when farmers and retailers supplied food to the miners. Today, agriculture accounts for one percent and manufacturing accounts for three percent of the jobs in Farmington/San Juan County."

The extractive industries account for approximately 20 percent of the jobs in San Juan County. Saying these jobs represented finite resources, Luttrell said, "There are several near term situations that are going to adversely affect all of this. That is what we call grid parity (the point at which alternative means of producing sources of energy are equal to the grid production of that source of energy). "Once a renewable reaches grid parity with the extractable," said Luttrell, "everybody is going to go to the renewable because it is renewable. With so many eggs in one basket, the volatility of this industry exemplifies the need for diversity in this county."

### Sustainable future

Suggesting Farmington/SJC could take advantage of one its natural resources (water) to expand one of its basic industries (agriculture), Luttrell said, Farmington/SJC could capitalize on its agricultural industry. "Let's face it, we are remote and our chances of recruiting some industries are very slim because we are so remote. However, we lay directly in the middle of an area between Albuquerque, Salt Lake City, Phoenix and Denver and we could distribute food products to these areas; we have the water resources to do it. Our water resources should be of major consideration when thinking about building our basic industries base," said Luttrell. Referencing the county's dependence on its energy sector, McDaniel said, "As regulations regarding the energy industry evolve, SJEDS efforts to diversify are key to our mission to 'lead the way to assist in the expansion, retention, recruitment and creation of economic base companies in San Juan County for the purpose of job

creation.”