

# NM BUSINESS WEEKLY

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ONE DOLLAR

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Michael Bowlin took his family business, started in 1912, public in 1996. The move has ushered in a period of aggressive expansion

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U-Haul turns the UFO crash near Roswell in 1947 into a moving experience.

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## ECONOMIC DEVELOPMENT

# Why N.M. fails

*A new report tracks why companies look at the state, then reject it.*

By Richard Metcalf  
NMBW Staff

New Mexico is typically found to be lacking — lacking labor, markets and buildings — by companies that look at the state, then reject it, as a possible new location.

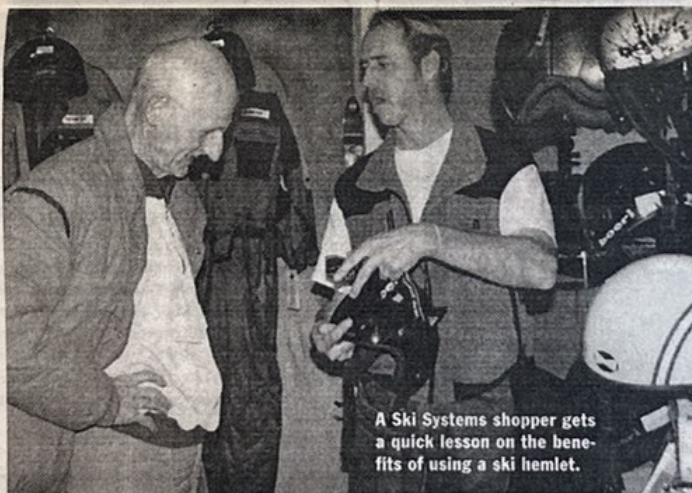
The rejection can be so quick, a new study found, that some of those companies never

even get around to reviewing incentives and tax structure.

The study, titled "Why Do Companies Choose Not To Locate In New Mexico," was prepared by Covell Consultants of Albuquerque for the New Mexico Economic Development Department. It was done in cooperation with the New Mexico Industrial Development Executives Association.

The study targeted two out-of-state sources of information: Companies that looked at New Mexico in the N.M. FAILS on page 16

## TOURISM



A Ski Systems shopper gets a quick lesson on the benefits of using a ski helmet.

ARTURO DELGADO

# Deaths don't stop skiers

*Ski areas are off to a fast start, but the safety issue is up to individuals.*

By Arturo Delgado  
NMBW Staff

Ski helmets are quickly becoming hot items following the recent rash of highly-publicized skiing fatalities across the nation.

Albuquerque's Ski Systems store manager John Nenninger said that sales have nearly doubled in the past two weeks and he has already had to reorder more times than he can remember. "People are buying them as fast as we can stock them," he said.

However, while Nenninger said the recent publicity surrounding the deaths of Michael Kennedy and SKI SEASON on page 16

## BUSINESS & Politics

**1998 STATE LEGISLATURE**  
In our legislative preview, contributing editor Sherry Robinson takes a look at the key business



issues likely to come up in the Roundhouse over the next five weeks. See page 11.

## TOURISM

# Porn number wasn't all bad

*A chamber's incorrect phone listing was a successful embarrassment, or was it embarrassingly successful?*

By Arturo Delgado  
NMBW Staff

A recent snafu by the state Department of Tourism that left phone calls to White's City Chamber of Commerce routed to a pornographic business managed to garner some national attention for the two.

According to White's City chamber president Jack White III, the state moved quickly to correct the error in its 1998 New Mexico Vacation Guide, which listed the number to a phone-sex service rather than to White's City's newly-formed chamber.

"I've had calls from newspapers around the country," White said.

However, he added that it was difficult to tell if the nationwide interest was in visiting White's City, or merely in asking questions about the incorrect phone number.

"Everything turned out OK," White said. "The state handled it well and [Secretary of Tourism] John [Garcia] called me immediately to let me know what had happened and what would be done WHITE'S CITY on page 15



## N.M. fails

Continued from page 1

last three years but didn't locate here; and private consultants who represent companies searching for a new location here.

The consultants proved elusive targets, the report says, with only nine of 60 responding. "Their responses were often evasive and they showed a clear pattern of not desiring to share information," the report says.

James Covell, who spearheaded the report's preparation, commented, "The consultants threw me for a loop — and I've known some of these guys for years. It really surprised me how difficult it was to get enough information from people even with the promise of anonymity."

Fifteen companies responded when asked what first attracted them to consider New Mexico. The foremost responses — five each — were the in-plant training program and availability of labor. Wage rates and low operating costs were cited twice each by companies.

When asked to compare New Mexico with other states, 18 companies responded. Labor availability and cost got the most responses — 12 — but New Mexico only got an average rating. Distance to markets got

10 responses, ranging from poor to excellent depending on product.

Operating cost and quality of life each got seven responses and a mixed review. "Those that believed operating costs in New Mexico are too high had already cut New Mexico from the list," the report said. "Quality of life is a very subjective evaluation. One either likes New Mexico or is turned off, thus answers at opposite ends of the scale."

Forty companies rated the state on 15 criteria. The top ratings went to labor-related questions, such as availability, productivity and training programs. The lowest ratings went to tax-related questions, including corporate, personal and gross receipts. The study noted, "Questions that are of strong interest to New Mexicans, such as energy and water, are unknowns to most of the respondents."

The top three reasons given for not locating in New Mexico were the decision to expand an existing facility; labor cost and availability; and the state being too far from markets. These three accounted for nearly half of all reasons given.

"Many companies looked at New Mexico only superficially," the study says. "A quick look told them they should go no further." Covell elaborated, "It's obvious that New Mexico, in many cases, gets a perfunctory review. It's like they're looking at us while they're driving through to Arizona or Texas."

The response by consultants to the re-

port's questionnaire — only nine — was statistically rather small. "Most consultants' knowledge of New Mexico is rather limited," the report said, citing market distances, labor availability and transportation as the primary reasons for the consultants cutting the state from contention early in the site selection process.

The labor picture in New Mexico was viewed as either a strength or a weakness, depending on the eye of the beholder. "It has to be assessed properly," Covell said. Albuquerque generates interest for call centers, he said, but the labor pool is too small to handle the kind of call centers employing as many as 3,500 people in cities like San Antonio and Houston.

"High-tech labor is considered a plus here," Covell said. "We certainly employ enough of them here, but outsiders say the market is too tight, too competitive. They don't want to compete with Intel on wages."

The third element in the study was a survey of economic developers in New Mexico. Questionnaires were sent out to 50 people in the profession, with 27 returned.

The top reasons given by state economic developers for companies choosing not to locate in New Mexico were split into two categories, urban and rural.

Top reasons for not locating in an urban setting were lack of labor or cost of labor, lack of markets, lack of buildings, project costs too high compared to other states, transportation costs, taxes, poor public schools and cost of living or quality of life.

Top reasons for not locating in a rural setting were poor transportation (both highway and air), lack of labor, lack of available buildings, taxes, environmental regulations, market access, better incentives elsewhere, quality of life, lack of water and poor telecommunications.

"Transportation, or the lack of transportation, in rural areas was highlighted. Companies said it was really bad," Covell said. "I was surprised at how it was highlighted."

In specific cases of companies not locating in New Mexico, the report found urban areas lost the most (eight) to Texas while rural areas lost the most (four) to Arizona. For rural areas, Covell said, "In almost all cases [of companies deciding to locate elsewhere], they didn't go to rural areas. They went to cities. Rural areas are competing more with cities than they believe."

Economic developers in the state had many suggestions on how to improve the chances of a company locating in the state. For the government sector, the top suggestions were improved incentives, including the local option gross receipts tax; additional marketing and a better relationship between rural communities and the state Economic Development Department; and less red tape in the regulatory and permit approval process.

Top suggestions for the private sector were more involvement in schools and education; and more private initiative in development buildings and industrial parks.

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## Ski season

Continued from page 1

U.S. Rep. Sonny Bono may be partially responsible for the increased sales, he admits it may also be the result of a heightened safety awareness that has caught on over the last year.

"More and more people are using helmets for activities such as cycling and rollerblading," he explained. "So it just makes sense to them that they'd use one for skiing."

Ski Systems carries helmets that are designed for racing and others which are designed for recreational skiing, Nenninger said.

"Helmets are now being made with materials such as carbon fiber which make them lighter and more comfortable than in the past," he said.

They can range in price from about \$89 to a high of \$250, or they can be rented for about \$9 a day. "Renting helmets is something that ski shops haven't done in the past but it's something they are starting to do," he said.

And if safety is a concern, it may be a good idea to purchase or rent one before hitting the slopes since most resort ski shops do not rent or sell helmets for adults

and only sell children's helmets.

The Wall Street Journal recently reported that the 1996-1997 ski season witnessed a substantial increase in the number of serious accidents that resulted in paralysis, coma and other serious head injuries. The 45 reported incidents added up to a 25 percent increase over the previous year. But in spite of the increase, the paper also noted that the serious-injury rate remained low at about 0.89 for every one million skier days while the death rate was about 0.69 per million.

The Wall Street Journal further reported that knee injuries were actually on the rise.

The National Ski Areas Association, which moved quickly to diffuse any negative reaction brought on the publicized accidents, issued a press release noting that 36 deaths occurred in last year's 52.5 million ski days.

In its Jan. 19 issue, Time magazine noted wryly that the association released these figures exactly two days after the death of Michael Kennedy.

Ski New Mexico spokesman Steve Lewis said, "What's ironic is that the people who were involved in these accidents were among the most experienced and knowledgeable skiers around," he said. "We're talking about people who lived on their skis."

Both Kennedy and Bono were known to be experienced skiers who were familiar with the slopes where their fatal accidents

occurred.

At Taos Ski Valley, where three deaths have occurred since the slopes opened for the 1997-1998 season, officials indicated that no new safety procedures would be instituted. Two of the deaths were the result of serious head injuries.

And while helmet sales remained strong at ski shops, Nenninger pointed out that the increase could also be attributed to one of the strongest ski seasons New Mexico has experienced in recent memory.

Greg Morton of Angel Fire Resort agreed, adding that Angel Fire had not experienced any negatives affects of the publicity and, in fact, had enjoyed a record-breaking holiday season. "Our revenues are up 14 percent from the same time last year," he said.

Lewis said that it was too early to gauge any ill effects brought on by the publicity of the fatalities and added immediate numbers reflected an increase in ski days from the same time last year — thanks in part to El Niño's tireless efforts.

John Garcia, secretary of the New Mexico Department of Tourism told New Mexico Business Weekly that the state was on track to achieve a record-breaking tourist season due largely in part to a strong start for the state's ski season.

"I am predicting one of the strongest tourist seasons we've had since the '77-'78 season," Garcia said. "And I'm basing that prediction on the initial strength of the ski season."