



# House Memorial 72: Escalante Generating Station

*A public-private collaborative for economic growth*



# What is HM72?

- Recognition of Escalante Generating Station as economic anchor for both Cibola and McKinley County
- Proactive leadership based on economic development attraction and retention principles
- Develop a report analyzing:
  - Best practices of cluster developments in other states
  - Workforce development and retooling strategies
  - Expanding industrial growth sectors
  - Tech research opportunities
  - Opportunities for public-private partnerships



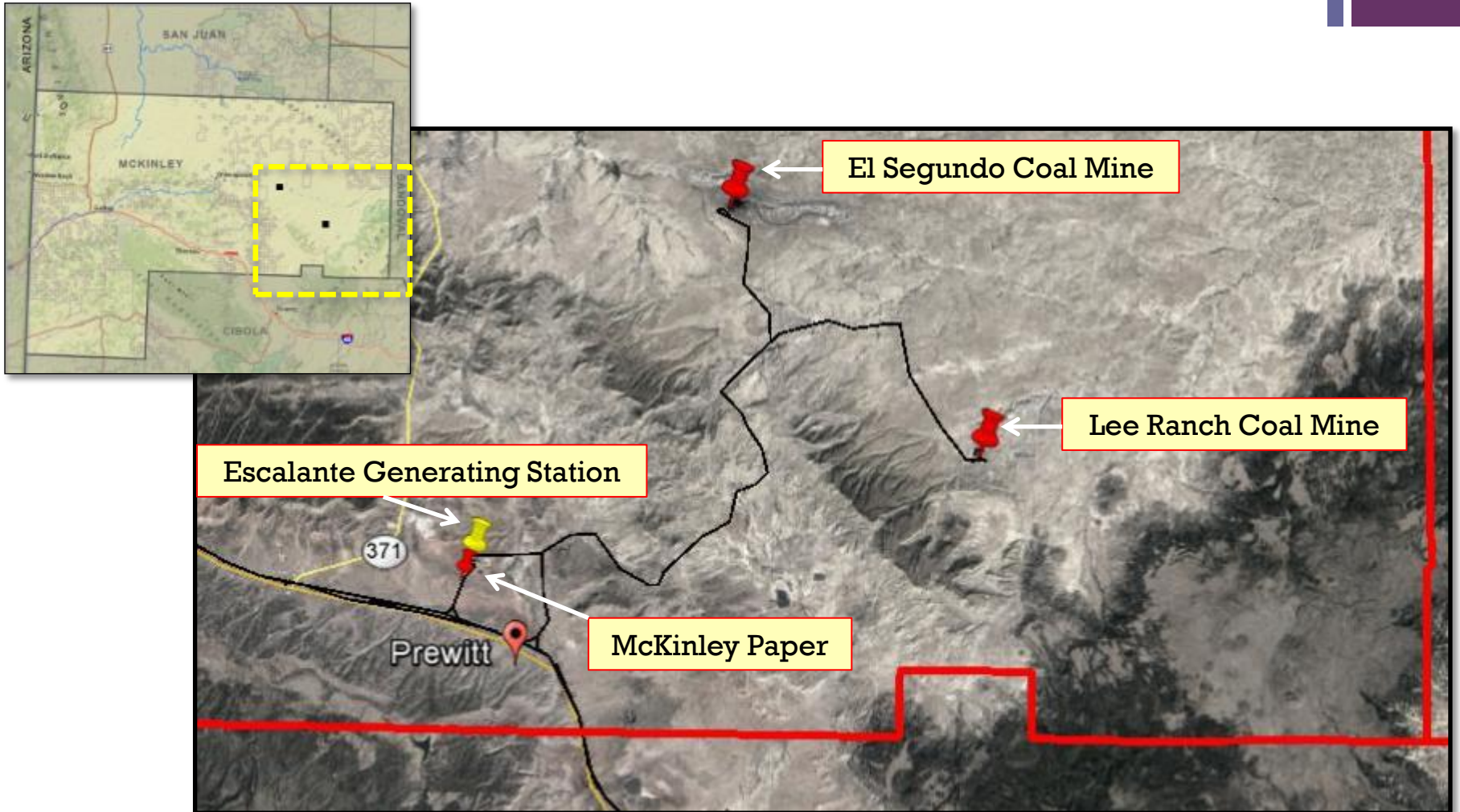
# Coal – Dashboard Overview

NATIONAL	<b>Coal</b> production is <b>decreasing</b> , natural gas and renewables are <b>increasing</b>	
STATE	Coal production is decreasing in NM	Mining (& logging) jobs in NM have decreased by 1/3 in approx. in 4 years
	Relative to the U.S. coal production is decreasing faster in NM	
NWNM	Coal Production has decreased approx. 43% since 2013	Coal Fired Power Plants have decreased energy generation by approx. 34% since 2013
	Loss of 580 jobs and \$69 million in labor income	Loss of 350 jobs and \$52 million in labor income
	Average Salary (w/benefits): \$120,000 a year	



# Prewitt Industrial Cluster

## Prewitt, NM





# Prewitt Industrial Cluster

## *Economic Base Jobs*

BUSINESS	2015/2016	2017	Difference
<b>Escalante Generating Station</b>	119	117	-2
<b>McKinley Paper (formerly Bio-Pappel McKinley)</b>	130	129	-1
<b>Peabody Energy: El Segundo Mine</b>	349	240	-109
<b>Peabody Energy – Lee Ranch Coal Mine*</b>	N/A	N/A	N/A
<b>TOTAL</b>	<b>598</b>	<b>486</b>	<b>-112</b>

\* Not Operational

Source: Greater Gallup EDC

# + HM72 & the POWER Initiative

## ■ **Federal Response:**

The federal POWER Initiative is an integrated, multi-agency effort to invest federal economic and workforce development resources in communities and regions negatively impacted by changes in the coal economy.

## ■ **Transition Planning & Action:**

Northwest New Mexico received the first two POWER grants awarded by the US Economic Development Administration west of the Mississippi:

- NWNMCOG - \$327,300 for an economic assessment of the coal-dependent 4 Corners region, with recommendations on strategy
- San Juan College - \$1,400,000 for re-tooling training equipment for energy occupations and re-training dislocated workers

## ■ **The Four Corners Future Forum:**

Inaugural working conference held in Farmington, November 1 & 2, 2017

- 140 in attendance from all 4 states and from federal & state agencies
- Report forthcoming
- Regional consortium being formed; working groups in motion

# + 4 Corners POWER Report

by Highland Economics & Catalyst Environmental Solutions

## **Strategies to Mitigate Loss of Industry**

- Workforce Development
- Enhance Quality of Life
- Shared Vision—Local & Regional Networks & Partnerships
- Regional Branding Initiatives
- Support Energy Sector Businesses
- Target Investments to Diversify

## **Best Practices in Coal-Impacted Regions**

- Invest in Entrepreneurship
- Invest in high-quality Education & Health of the populace
- Invest in critical Infrastructure
- Leverage the Region's Natural & Cultural Heritage Assets
- Build Capacity & Skills of Emerging Generation Leaders



# NW New Mexico Energy Industry

- McKinley & Cibola County economies are coal-dependent
  - Energy sector provides **12%** of jobs in the region
  
- Relative to the U.S. and the State, the local region – **local companies & local communities** – has suffered disproportional negative impacts, including:
  - Industry dislocations
  - Downsizing production
  - Job loss and worker out-migration
  - Loss of local revenues



# + Escalante Generating Station is an economic anchor

- 119 employees
- \$14.2M in payroll and benefits
- \$76,000 – average salary (not incl. benefits)
- \$1.4M in annual property taxes
- \$95.8M in local spending – operation purchases, maintenance services, capital equipment, spare parts, and purchasing coal and limestone for plant.
- Sells steam, water, and electricity to McKinley Paper Company manufacturing facility



# Purpose of HM72

- **HM72 seeks to:**
  - **Sustain Escalante Generating Station**
  - **Diversify economies for Cibola & McKinley County**
  - **Capitalize on skill-sets of existing workforce**
  - **Capitalize on existing infrastructure assets**
  - **Capitalize on bi-county regional public-private partnership**



# HM72 Tech Working Group

- Continental Divide Electric Cooperative
- Cibola Communities Economic Development Foundation
- Escalante Generating Station
- Greater Gallup Economic Development Corporation
- National Rural Electric Cooperative Association
- Northwest New Mexico Council of Governments
- NM Economic Development Department
- NM Energy Minerals and Natural Resources Department
- NM Department of Workforce Solutions
- TriState Generation & Transmission





# Timeline for HM72

1

• **Mar. 2015** – U.S. EDA launches Coal POWER Initiative

2

• **Oct. 2015** – NWNMCOG receives regional POWER grant from EDA

3

• **Dec. 2015** – Greater Gallup EDC BR&E visits – Red Flag Warning

4

• **June 2016** – El Segundo Coal Mine announces layoffs

5

• **Feb. 2017** – POWER report complete

6

• **March 2017** – **HM72 is adopted by 56-0 vote**

7

• **April 2017** – Kick off meeting of HM72 tech group

8

• **May 2017** – Strategic planning session of HM72 tech group

9

• **Aug. 2017** – Cibola & McKinley County secure NMFA planning grants

10

• **Oct. 2017** – CCEDF begins preliminary WorkKeys Assessment



# Status of HM72

- \$100,000 in planning grant funds secured (NMFA Local Government Planning Fund)
  - \$50,000 – Cibola County
  - \$50,000 – McKinley County
  
- Potential for research collaborative underway
  - New Mexico Tech
  - Department of Energy
  
- Groundwork laid for WorkKeys Skills Assessment
  - Escalante Generating Station & McKinley Paper Company tentatively approved

# + Cibola County / NMFA grant Scope of Work

- Identify & document available workforce skill-sets  
(Workforce Assessment)
- Identify complementary businesses for recruitment  
(Supply-Chain Analysis)

# + McKinley County / NMFA grant Scope of Work

- Identify compatible industries for recruitment  
(Target Industry Analysis)
- Identify location for business siting  
(Master Site Plan)

# + Bringing it all together







# Current Request

**Extend or renew  
House Memorial 72**



# Next Steps

1

• **Nov. 2017** – Advertise RFP for Scope of Work

2

• **Dec. 2017** – Secure contracts with Consultant(s)

3

• **Jan. 2018** – Community outreach

4

• **Feb. 2018** – WorkKeys Assessment begins

5

• **Mar. 2018** – Community outreach

6

• **Apr. 2018** – Draft Report Due

7

• **Jun. 2018** – Final Report Due

8

• **Jul. 2018** – Present Final Report



Questions?