

FOUR CORNERS

ECONOMIC DEVELOPMENT

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San Juan Generating Station Closure
Impacts

Information Outline

- Overall Impact Study Findings
- Approached Used to Determine Impacts
- Where the Data Came From
- Granular Findings
- Updated Findings and What They Mean

Results from May 2017

Annual Loss in Earnings	\$117,212,964
Total Jobs Lost	1,586 jobs
Decrease in taxes annually	\$ 53,051,723
Lost New Mexico taxes each year	\$ 20.8 million
Lost taxes annually locally	\$ 24 million

Approach to Determining Impacts

- Dual Track Approach in Determination
 - Independent Third Party Economic Impact Studies
 - Economic Modeling Specialists, Inc. (EMSI) out of Idaho
 - Outcomes are based upon data supported by:
 - Bureau of Economic Analysis
 - Arizona Department of Administration
 - Colorado Department of Labor and Employment
 - New Mexico Department of Labor, Bureau of Economic Research & Analysis
 - Utah Department of Workforce Services
 - Gather Primary Source Data and reflected losses without multipliers
 - PNM
 - Westmoreland
 - San Juan County Assessor

EMSI Initial Report

- As of May, 2017
- Covered a six-county area in New Mexico, Colorado, Arizona & Utah
 - 97% of SJGS employees live in San Juan County
 - 92% of San Juan Mine employees live in San Juan County
- Reflected all four units in operation at SJGS

Primary Source Data

- No multiplier effect
- Excluded possible future effects on the local housing market
- PNM & Westmoreland provided actual non-attributable employee detail
 - Headcount
 - Salaries
 - Demographics by zip code
 - Average age data
 - Participation rate for employer sponsored healthcare
- Actual royalty and tax information
- Vendor spending by zip code for recent twelve month period

Results

Average Salary	\$86,000/year
Average Age	47 years old
Years of Service	14 years
Navajo Workforce	40%
Employer Sponsored Healthcare	96%
Lost Wages	\$56.6 Million per year
Lost Benefits	\$20 Million annually



Effects 1,600+ San Juan County residents and indirectly up to 5,000 residents.

Results (continued)

- Direct Suppliers
 - \$31.7 Million
- Scholarships
 - \$115,000 annually to San Juan College Students
- Workforce Development Training
 - \$300,000 per year
- United Way
 - \$150,000 average annual employee/employer giving

Schools

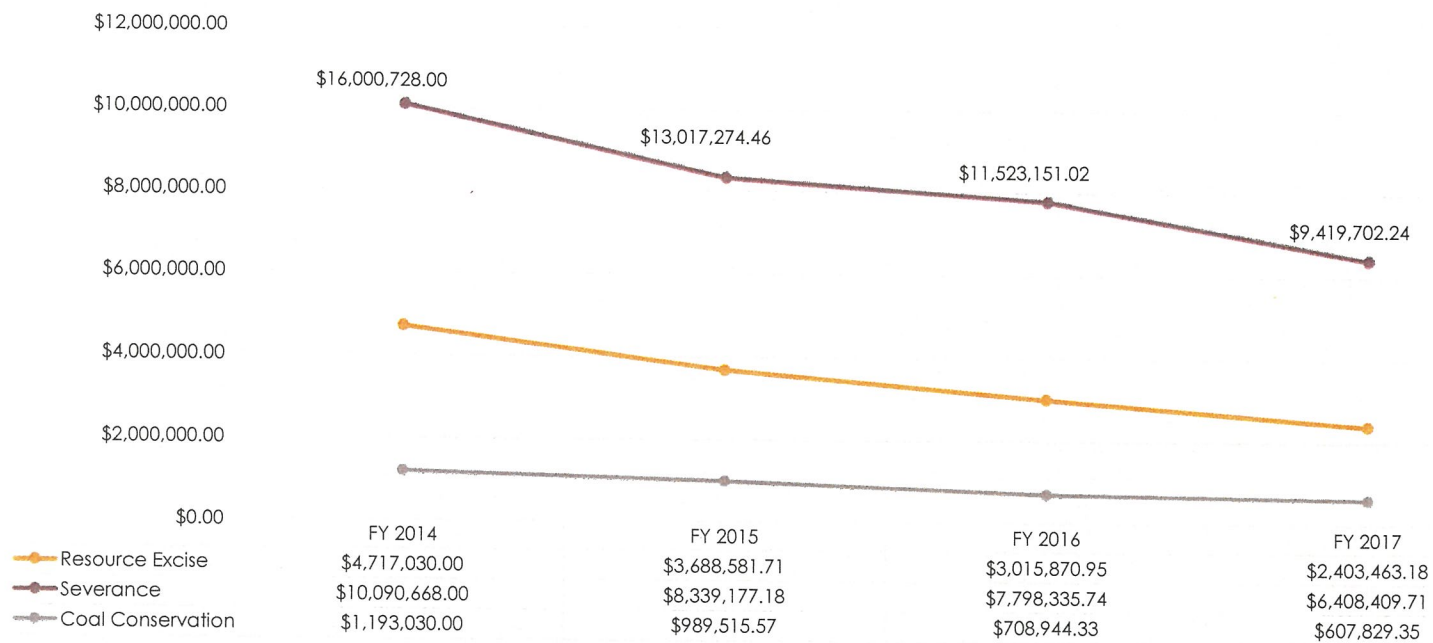
- Central Consolidated School District
 - \$3.6 Million in property taxes (1 medium-sized school, 39 teachers or 90 non-certified)
 - Pays 60-70% of the outstanding \$37M in Bonds
 - Up to \$1.5 Million in Student Funding
 - 91% Native American Students
 - 72% Students Financially Disadvantaged
- San Juan College
 - \$2 Million in property taxes
- Farmington Municipal Schools
 - Up to \$1.7 Million in Student Funding
- Aztec Schools
 - Up to \$165,000 in Student Funding
- Bloomfield Schools
 - Up to \$77,000 in Student Funding
 - 100% Financially Disadvantaged

Miscellaneous Tax Impacts

- San Juan County Government
 - 10% of Total Property Taxes
 - \$3.8 Million per year Lost
 - Affects all departments and vital services
- \$1.9 Million SJC and Mine Employee State Income Taxes
- San Juan Mine
 - \$6.5 Million in Severance, Conservation, Gross Proceeds, Resource Excise Tax
 - State Tax Loss - Closure of Mine will reduce statewide Coal Tax Revenues from \$16 M in FY14 to \$3M annually based upon the most recent full year of tax data from NM Tax & Rev

Statewide Coal Taxes

FY14 - FY17



NM Tax and Revenue Hard Mineral Distributions FY2005-FY2018

Difficulties to Attracting New Industry

- San Juan County has:
 - 93.5% of all land is State or Federally Owned or is Designated as Tribal Lands
 - Pipeline Capacity to Export Products
 - Access to the Interstate (110 miles to I40)
 - Access to Rail for Freight Exports
 - Airport Capacity Restrictions (plane size)
 - Regulatory Burdens for Industry that are Non-Competitive
 - Tax Burdens for Industry and Individuals that are Non-Competitive

EMSI Impact Study - March 2018

Annual Loss in Earnings

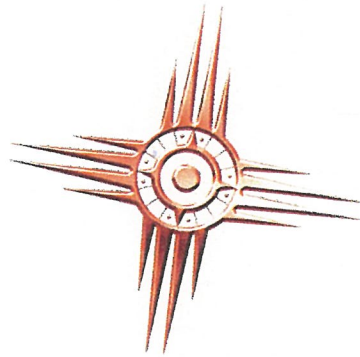
\$105,077,209

Total Jobs Lost

1,457 jobs

Decrease in Total Production and Imports (TPI) annually

\$ 49,866,589 (Includes loss to State of New Mexico of \$ 19.9 million annually)



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