Northwest New Mexico

Comprehensive Economic Development Strategy

Five-Year Regional Plan: 2009 -2014

prepared by

NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS

June 30, 2009

The 2009-2014 CEDS
for Northwest New Mexico
has been prepared by

NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS
a New Mexico Planning & Development District
and
an EDA-designated Economic Development District

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APPENDIX A NORTHWEST NEW MEXICO CEDS 2009-2013 PLANNING PROCESS *[PowerPoint presentation]*

APPENDIX B PAST, PRESENT & FUTURE ECONOMIC DEVELOPMENT INVESTMENTS IN NORTHWEST NEW MEXICO *[related to Section II, Analysis of Economic Development Problems & Opportunities]*

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INTRODUCTION

The ***Comprehensive Economic Development Strategy*** (the "CEDS") is a regional plan renewed every five years by federally-designated economic development districts across the country under the auspices of the Economic Development Administration (EDA) of the US Department of Commerce. These districts are regional associations of local governments and other entities, known also as councils of governments (COGs), regional planning councils and other monikers.

Headquartered in the New Mexico quadrant of the Four Corners region, the Northwest New Mexico Council of Governments is one of seven regional planning councils in the State of New Mexico, serving as the economic development district (EDD) for purposes of developing and managing the CEDS process in the area defined by Cibola, McKinley and San Juan Counties. The map on the following page highlights the northwestern region in the context of the State of New Mexico. The Board of Directors of the Northwest New Mexico Council of Governments (NWNMCOG) serves as the primary oversight body responsible for approving submission of the CEDS 2009-2014 to EDA. The COG also serves as a liaison between local communities and the EDA on developing, submitting and financing projects for grant funding from the EDA in support of economic development initiatives included within the CEDS.

The previous CEDS plan covered the years 2004 to 2008 (spilling over into the first half of 2009). The current CEDS covers the years 2009 to 2014 (mid-year to mid-year, as fiscal years go). The plan includes:

- An extensive **Background** piece, enhanced in Appendix A by a PowerPoint presentation utilized to bring current economic factors into focus.

- Our **Analysis of Economic Development Problems and Opportunities**, which is also enhanced in Appendix B by a more detailed treatment of economic issues across the region's key economic sectors.

- Our new 5-year **CEDS Goals and Objectives**, shaped with a view to being able monitor and measure actual changes in the economy over the five-year period.

- A description of the **Community and Private Sector Participation** process we have utilized – including consultation with a CEDS Strategy Committee and a network of CEDS Partners.

- A compendium of **Strategic Projects, Programs and Activities** – comprising the "meat" of the plan, organized to align with our Goals and Objectives.

- A **CEDS Plan of Action** that introduces the idea of a "Fall Forum" that would bring together many partners and stakeholders in the region to update ourselves on global, national and regional trends, to take a closer look at strategic goals, objectives,

projects and implementation issues, and strengthen partnerships going forward in carrying out the regional strategy.

- **Performance Measures** that we will use to track our progress toward making a difference in the region.

Our choice to use first person plural pronouns in the text was discussed frequently by reviewers who held varying opinions on whether the choice was appropriate. "We" has been used throughout the document in different contexts to represent:

(1) the collective contributors to creating the document, i.e., those forty individuals who provided the information contained in the text; and

(2) the collective composed of NWNMCOG staff, elected officials and staff of member governments, private sector businesses and entrepreneurs, community organizations, tribal officials and tribal members, and private citizens who make up the loosely organized regional collaborative that worked on implementing the 2004-2008 CEDS, played a role in creating the 2009-2014 CEDS, and will implement our new CEDS over the next five years.

Our position is that no single individual or organization can do this alone, and "we" is all of us. A more impersonal, academic tone may not encourage the collective ownership the plan will require if "we" can have any hope of success.

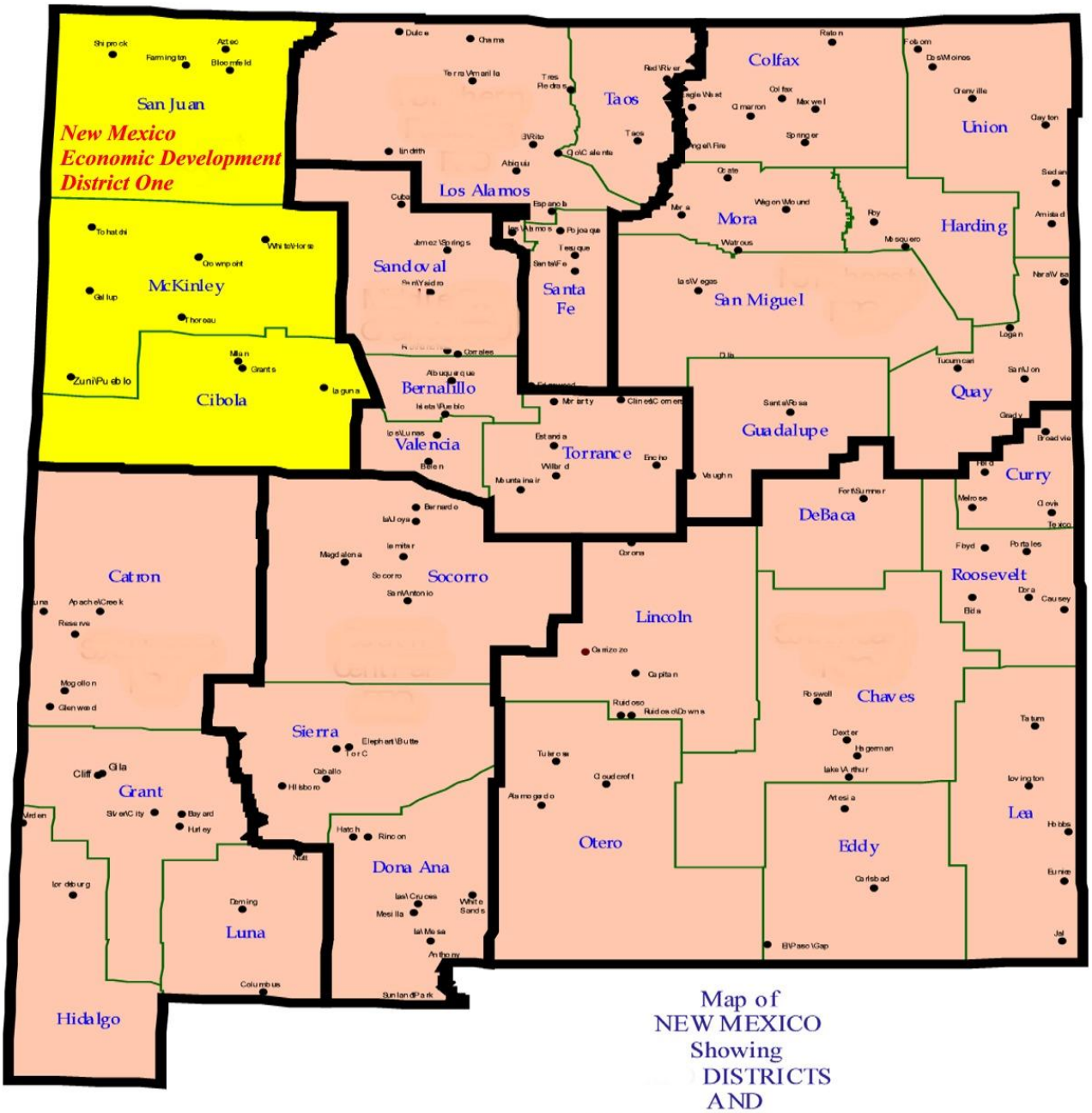
This new CEDS strategy document is the product of the COG's creative collaboration with local consultant Marianne Joyce and with the Strategy Committee and Network Partners with whom we have consulted. Our secondary sources include multiple references to print and electronic media. News of the national and global economic collapse was breaking around us during the development of the CEDS, and we relied on the declaration of *Washington Post* publisher Philip L. Graham, that "news is the first draft of history."

We look forward to working with all of our partners on securing for our region a viable and progressive economic future!

Sincerely,

Jeffrey G. Kiely

Deputy Director, Northwest New Mexico Council of Governments



Map of
NEW MEXICO
Showing
DISTRICTS
AND
INCORPORATED MUNICIPALITIES

NEW MEXICO STATE HIGHWAY
AND
TRANSPORTATION DEPARTMENT

TRANSPORTATION PLANNING DIVISION
REGIONAL PLANNING SECTION
2000

EXECUTIVE SUMMARY

Tough News

As we prepare to enter the second decade of the 21st century, and as we embark on the next 5-year program of economic development in the Northwest New Mexico region, we find ourselves in the midst of a global and national economic crisis – reflected in a recession that has seen unprecedented job losses in most sectors of the economy.

Viewed from a distance, our region has been affected by this economic downturn, but the overall statistics show us "holding our own." By late 2008 and early 2009, we could see, as a local businessman put it, "We're slowing down, but we're not tanking." There have been some fluctuations in gross receipts, but they have remained fairly robust. Unemployment is up, but not radically. At the same time, however, the struggle appears to be deepening for the most vulnerable of our citizens (about one in four households remain in poverty), with pockets of poverty reflecting unemployment well over 50%, low levels of household income and extremely low attainment of economic assets. A Gallup trader noted, "When the gas prices go up, some of us feel the inconvenience; but for a lot of my friends and customers from the Reservation, it's more serious. It's a question of gas for the car, or food for the table."

Changes in the national and global economy are affecting the "staples" and economic drivers of our regional economy. Environmental regulations and fluctuating commodity prices have caused oil and gas companies in San Juan County to pull back, lay off and re-consider their market position. Historically prominent activities in the energy industry involving coal and uranium mining and power generation are likewise affected, with heightened public, governmental and scientific concern over environmental impacts. National trends suggest that economic uncertainties and the prospect of rising gas prices may begin to stem the flow of visitors to the region's tourist venues and events.

Our regional workforce reflects a dichotomy between high availability (a workforce of some 100,000 strong) and spotty employability and educational attainment. While employment rates in the cities are close to state and national averages, job seekers in rural communities are often left out of the mix. Employers throughout the region bemoan applicants' lack of basic employability skills, as well as lack of technical knowledge and experience. Schools and workforce programs are being asked to re-tool and re-focus, to ensure that we have the human resources needed for a viable economy in the coming generations.

Local and state governments are experiencing new budget shortfalls, and the federal budget is under extreme stress – though temporarily buffered by huge levels of debt-driven public investment in projects all over the country under the American Recovery and Reinvestment Act (ARRA). The Highway Trust Fund, having received the first of the notorious 2008 bailouts, is "bouncing on empty," and the demands of the nation's transportation infrastructure – even for maintaining and upgrading existing facilities, much less new development – far exceed the resources that can even be imagined at this point.

At the same time … our region is resilient and resourceful. There are assets to build upon, resources to develop, opportunities to be tapped and new partnerships to be forged.

Better News

Northwest New Mexico's top economic sectors (Retail, Health Care & Social Assistance, Energy, Tourism and Construction) have been stable in these first years of the new century, showing less than 2 percent change in any sector over the past 7 years.

Job growth has been very positive: between 2001 and 2007 our population only grew 2%, while our labor market grew by nearly 15%. The region has actually added an average of 1,500 new jobs to the economy each year.

During the previous 5-year CEDS period (2004-2008), regional gross receipts grew by more than 50%. More recently, the region's annual gross receipts grew by 11% between 2007 and 2008, reaching over $12 billion in 2008. Even with the majority of the region's lands being under some kind of public ownership, and with strong governmental presence, the private sector is surprisingly strong and prominent, with 3 out of every 4 jobs being provided in the private sector.

The region's 100,000-member workforce represents a human resource asset, including several thousand people who are out of work and need steady employment. Skill levels vary, but there are niches in which the region's workforce has particular potential – including various iterations of Native American arts and crafts production, component assembly, retail services and construction labor. The WorkKeys program of skill testing and training represents an important tool for potential use by communities and institutions to identify existing employable skill sets, as well as needs for focused educational and training services.

The region evinces a high degree of entrepreneurial spirit. Much of this spirit resides in microenterprise or in the "informal economy," and so the challenge will be to reach out and tap this spirit and to provide educational opportunities, market linkages, technical support and access to capital.

There are substantial economic assets on which the region can build: a historically strong energy industry; a well-developed tourism industry, tapping the region's scenic beauty, world heritage sites and unique opportunities for outdoor recreation; our downtowns – and a commitment to their revitalization at the core of our cities, towns and villages; major national, state and regional transportation corridors and facilities; and a strong health care industry.

The spirit and practice of partnership are also growing, with emerging collaborations and coalitions being formed around a variety of social and economic issues and initiatives. These include new opportunities for cooperation between tribal and non-tribal entities, such as in the COG's *Native American Economic Development Investment Strategy* (NAEDIS), which is working to build portfolios of investment-ready projects to attract public and private funding.

So What?

The Comprehensive Economic Development Strategy will serve as an effective guide for action to the extent that it provides for strategies and projects that build upon the region's strengths and opportunities, while addressing the problems, challenges and weaknesses that need to be overcome. These strategies need to be marshaled toward achievement of meaningful outcomes, which along the way can be monitored, documented and reported out – both within the region and to our funders, investors, supporters and champions in local, state and federal government, as well as in the private sector. The overall outcomes toward which all initiatives will be geared have been shaped as:

JOBS:	Create a net gain of 5,000 jobs.
INCOME:	Increased per capita and household income.
POVERTY REDUCTION:	Decrease the percent of people living in poverty.
DIVERSIFICATION:	Maintain diversity in the regional economy.
EDUCATION:	Increase educational attainment.

Taking into account the foregoing analysis, the following strategic goals and objectives that have emerged for this new 5-year CEDS:

Goal #1 **STRONG SECTORS:** Remain strong in our five key economic sectors.

- **Objective 1.1:** **RETAIL:** Retain and expand our retail businesses.
- **Objective 1.2:** **HEALTH CARE & SOCIAL ASSISTANCE:** Retain and expand health care and social assistance infrastructure.
- **Objective 1.3:** **ENERGY:** Sustain our energy sector with new initiatives.
- **Objective 1.4:** **TOURISM:** Collaborate on regional tourism initiatives.
- **Objective 1.5:** **CONSTRUCTION:** Retain and expand our construction industry.

Goal #2 **DIVERSIFICATION:** Improve our competitive position by increasing diversification of the economy.

- **Objective 2.1:** **DOWNTOWNS:** Work toward vibrant and prosperous downtowns.
- **Objective 2.2:** **AGRICULTURE:** Expand agriculture initiatives.
- **Objective 2.3:** **MANUFACTURING:** Expand our manufacturing industry.
- **Objective 2.4:** **TRANSPORTATION:** Expand transportation and warehousing options.

Goal #3 **REGIONAL INNOVATION:** Increase our capacity for regional cooperative innovation.

- **Objective 3.1:** **ORGANIZATION:** Improve our organizational infrastructure.
- **Objective 3.2:** **WORKFORCE:** Improve education and workforce development.
- **Objective 3.3:** **BEST PRACTICES:** Research and implement best practices in economic development.

Now What?

The current CEDS document takes a relatively broad-brush approach to strategies and actions being recommended for implementation throughout the region across the 2009-2014 timeframe. An implementation program has been sketched out, but it will need to be further articulated, with actions being more rigorously prioritized and organized along a timeline.

The compendium of projects and initiatives (catalogued in Section V of this CEDS plan) was generated and compiled based on innumerable conversations with planners, stakeholders and partners throughout the region. Preliminarily, some of the projects have risen to the top as "vital projects" based on their potential to make a difference in the region, and/or on their readiness to implement.

To deepen CEDS Implementation planning, the COG will coordinate a "Readiness Triage Process" over the course of Summer 2009, during which time all of the recommended projects and initiatives will be subjected to a more systematic screening process. This will include rating and ranking projects based on both "significance" and "readiness" criteria. These initiatives will also be categorized based on the availability of "champions," or lead agencies that have signed up to take on primary responsibility for implementing and reporting on respective projects.

In Fall 2009, the COG will convene and facilitate the "Fall Forum" to which stakeholders, partners and representatives of local governments will be invited, at which time the CEDS Implementation Program will be considered in greater detail. The Forum will feature presentations on the results of the "Readiness Triage" process, update economic trend data, reports from project champions on initiatives underway and other discussions pertinent to launching an effective and collaborative Implementation process.

The Council of Governments will serve as coordinator, ombudsman and "CEDS network" communicator throughout the course of the 5-year CEDS implementation process. This will include completion of the COG's re-built website and its use as a primary communication tool. COG staff will directly work on selected projects and initiatives contained within the Strategy, while serving as monitor, data collector and resource-linker on the many other initiatives being worked on by stakeholders and partners throughout the region. As projects achieve "investment ready" status, the COG will collaborate with project champions on formulating funding strategies, including preparation of applications for public works and other funding from the Economic Development Administration.

The COG looks forward to a robust, innovative and productive five years of economic development work in Northwest New Mexico.

Section I
BACKGROUND

A. Overview

The purpose of this section is to provide background information on the economic development situation of New Mexico Economic Development District 1 ("the District") that paints a realistic picture of the current condition of the region.

The physical boundaries of District 1 coincide with the boundaries of a three-county area in the northwest corner of the state that includes San Juan, McKinley and Cibola Counties. The tri-county region addressed by the CEDS comprises a total land area of 15,535 square miles, an area about the size of Massachusetts and Connecticut combined. Within the District's three counties are six municipalities, six Indian reservations, and two Land Grants. There are 77 rural, unincorporated communities in the District, the majority of which are on Indian reservations.

About half of the land area in the region is administered as American Indian Reservations. Sovereign tribal territories of the Navajo Nation within the District include 53 of the Nation's 110 geopolitical units, or Chapters, concentrated largely in San Juan and McKinley Counties. The Pueblos of Zuni (in McKinley County) and Acoma and Laguna in (Cibola and Bernalillo Counties) are some of the oldest human settlements on the continent. By treaty, the Navajo Nation and the Pueblos have been recognized as quasi-sovereign tribal governments, while their tribal members have dual US citizenship under county and state political structures. In 2004, the New Mexico State Legislature established local government status for the State's Land Grant communities, recognizing La Merced del Pueblo de Cebolleta and Santa Rosa de Cubero Land Grants in Cibola County as self-governing political subdivisions of the state.

In the north of the region, San Juan County is anchored by a tri-city metropolitan area with a combined population of 58,141, recognized as a Metropolitan Statistical Area (MSA) in 2003. Farmington, population 45,346, is the District's largest city. Aztec, population 6,378, is the San Juan County seat. The MSA also includes Bloomfield, population 6,417. About 30 miles to the west of this metropolitan area lies the Navajo micropolitan community of Shiprock, serving as a nexus of a network of east-west and north-south highways, as seat of the Shiprock Chapter and Northern Navajo Agency Council, and as home to over 10,000 residents.

In mid-region, Gallup (population about 20,000) serves as the McKinley County seat and as market center for a large surrounding area encompassing McKinley and Cibola counties in New Mexico and Apache County in Arizona. The market catchment area includes a population of over 100,000 persons. Southern McKinley County also includes the Pueblo of Zuni, the rural village of Ramah, and a portion of the Ramah Navajo Indian reservation.

In the south, Grants (population about 9,000) serves as the Cibola County seat, with the nearby Village of Milan (population 1,900) as an additional population center. Cibola also includes the Pueblos of Acoma and Laguna, the majority of the Ramah Navajo Indian reservation, and the Tohajilee Navajo Chapter in the eastern part of the county. The Spanish Land Grant of Cebolleta dates from 1746, while the neighboring Cubero Land Grant dates from 1833 during the period of the Mexican Republic.

B. Land Ownership

Federal and other government land holdings in the region contribute to a complex, multi-jurisdictional planning context. The Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), US Forest Service, National Park Service, and National Fish & Wildlife Service all play significant roles in land use and other issues. The State of New Mexico is another land-holder in the region. Regional planning in the District has to account for these diverse interests and jurisdictions along with the concerns of the District's three county governments, six municipal governments, and two Land Grant governments.

Government land holdings account for 78 percent of the land in the region, including 24 percent Federal land, 49 percent trust land, and 5 percent held by the State of New Mexico. Deeded lands in private ownership account for the remaining 22 percent. Land ownership patterns are complicated by "checkerboarding" in areas where land ownership is parsed out in small square units divided between Indian reservation lands, BLM holdings, national forest areas, State lands and private ownership.

This complex ownership pattern affects economic development planning since regulatory, policy, rights-of-way and land ownership issues can be complicated and problematic. Also, the multiple jurisdictions involved in some projects can complicate funding strategies, especially for major projects. Given the complexities of land ownership in this region, effective partnerships are critically important to the successful implementation of economic development projects.

C. The Economy

In 2007 (i.e., the baseline year against which activities in and outcomes from the 2009-2014 CEDS will be evaluated), the regional economy generated $10,836,167,234 in gross receipts. *[NOTE: This number is derived from county-level data published by the New Mexico Taxation and Revenue Department. It does not reflect total sales, because tribal gross receipts are not included; each tribe makes its own tax arrangements.]*

Northwest New Mexico Regional Economy (2007):

$11 billion
in annual gross receipts

In 2007, the region's fundamental competitive position in the New Mexico economy was reasonably strong. Northwestern New Mexico had 11.31 percent of New Mexico's population and generated 10.24 percent of New Mexico's gross receipts, reflecting a healthy balance in which gross receipts are approximately proportional to the population.

Table 1 shows disaggregated data on gross receipts by county for our baseline year of 2007, revealing that San Juan generated a lopsided share of the gross receipts, while McKinley and Cibola underperformed in proportion to their shares of the region's population.

TABLE 1
Comparison of Gross Receipts to Population by County & Region, 2007

Jurisdiction	Gross Receipts	Percent of Region	Population	Percent of Region
Cibola	$448,898,195	4%	27,261	12%
McKinley	$2,276,367,248	21%	70,059	32%
San Juan	$8,110,901,791	75%	122,427	56%
Region	$10,836,167,234	100%	219,747	100%

Regional gross receipts for 2008 were up by 11.2 percent over gross receipts for 2007. However, regional quarter-by-quarter growth had slowed nearly to zero by the fourth quarter of 2008 as the regional economy (as measured by gross receipts) began to reflect the downturn in the national economy. Table 2 compares gross receipts for 2008 with gross receipts for the previous year.

TABLE 2
Quarterly Gross Receipts, 2007-2008

Quarter	2007	2008	Change	Rate of Change
Quarter #1	$2,300,855,864	$2,502,119,535	+ $201,263,671	+8.7%
Quarter #2	$2,986,334,251	$3,757,907,916	+ $771,573,665	+25.8%
Quarter #3	$2,546,973,901	$2,767,574,904	+ $220,601,003	+8.66%
Quarter #4	$3,002,003,218	$3,028,886,444	+$26,883,226	+1.0%
TOTAL:	$10,836,167,234	$12,056,488,799	+1,220,321,565	+11.2%

D. Labor Market

Northwest New Mexico's aggregate regional economy is dominated by the private sector, accounting for 72 percent of all of the region's jobs.[1] About half (52%) of these private sector jobs were in five key economic sectors: Retail; Health Care and Social Assistance; Energy; Tourism; and Construction.

[1] According to the New Mexico Department of Workforce Solutions, in our baseline year of 2007, 59,052 of our 81,623 jobs, or 72 percent, were in the private sector.

Other job sectors included service sector jobs in Finance, Real Estate, Professional Services, Management, and Administration, along with jobs in Education (Private), Agriculture, Manufacturing, Wholesale Trade, Transportation, Other, and Non-Classified. No single sector in the "Other" category accounted for more than 4 percent of the region's jobs.

In 2007, jobs in the public sector accounted for 22,571 jobs, or 28 percent of the labor market in the region, about one-quarter of which (5,986 jobs, or 7% of all jobs in the region) were in state and federal public employment and three-quarters of which (16,584 jobs, or 20% of all jobs) were in local public employment. These figures include not only employees of local governments and public entities but also employees of the region's public school districts. Due to the small size of some of New Mexico's counties, New Mexico classifies school district employees, including teachers and administrative personnel, with the NAICS code[2] for "Local Public Employment." This quirk in the New Mexico data tends to skew the picture of public employment.

Table 3 summarizes the breakdown of jobs by economic sector for the baseline year of 2007.

TABLE 3
Jobs by Regional Economic Sectors, 2007

Sectors	Number of Jobs	Percent
Local Public (Includes public school employees)	16,584	20%
Retail	10,694	13%
Health Care & Social Assistance	9,240	11%
Energy (Mining + Utilities)	7,943	10%
Tourism (Accommodation & Food Service + Arts, Entertainment & Recreation)	7,914	10%
Construction	6,053	8%
Service Sector (Financial, Professional, Real Estate and Information Services, Management, Administration)	6,530	8%
State/Federal Public	5,986	7%
All Other (Agriculture, Manufacturing, Wholesale Trade, Private Education, Transportation, Other, Non-Classified)	10,679	13%
Total	**81,623**	**100%**

About half of the region's jobs and gross receipts are generated in the five key private sector categories of Retail, Health Care, Energy, Tourism, and Construction. Table 4 analyzes the relative strength of these sectors by both jobs and gross receipts.

[2] The North American Industry Classification System (NAICS) is used by federal agencies to classify businesses for statistical purposes.

TABLE 4 *Jobs and Gross Receipts by Economic Sector, 2007*[3]				
Sector	Number of Jobs	Percent of Jobs in Region	Gross Receipts	Percent of Gross Receipts in Region
Retail	10,694	13%	$2,487,642,850	23.0%
Health Care	9,240	11%	$201,956,573	1.9%
Energy	7,943	10%	$1,605,845,740	14.8%
Tourism	7,914	10%	$390,006,761	3.6%
Construction	6,053	8%	$953,151,078	8.8%
Totals	41,844	51%	$5,638,603,002	52.1%

Labor Market Trends

Until recently, the northwestern New Mexico economy has generated fairly robust growth rates in the labor market. Between 2001 and 2007, our regional population grew by less than 2 percent, while our labor market added 10,604 jobs, for a growth rate of 14.9 percent. Based on this track record, we have added an average of about 1,500 jobs to our economy each year for the past seven years. Table 5 summarizes this data:

TABLE 5 *Growth in Jobs in Northwest New Mexico Region, 2001 - 2007*				
# of Jobs 2001	# of Jobs 2007	Change in # of Jobs 2001 - 2007	Average # of Added Jobs Per Year	Regional Labor Market Growth Rate, 2001 - 2007
71,019	81,623	10,604	1,515	14.9%

Data for the sector analysis by jobs will not be available until later in 2009, so we cannot yet calculate the nature and extent of the impact upon our labor market of the national economic downturn that began to accelerate in the fourth quarter of 2008.

In January, 2009, the aggregate unemployment level in the region was slightly below the rate for New Mexico, while county-level unemployment figures varied, as shown in Table 6.

[3] Analysis of other sectors is incomplete due to redacted gross receipts data.

TABLE 6 *Unemployment Rates by Area* [Local Area Unemployment Statistics, Bureau of Labor Statistics]		
Area	January 2009	April 2009
San Juan County	4.6%	5.5%
Cibola County	5.2%	5.1%
McKinley County	6.0%	6.1%
Northwest Region	5.1%	5.3%
New Mexico	5.1%	6.5%

For technical reasons involving the manner in which unemployment figures are compiled and reported, these figures tend to understate actual unemployment. As often noted by Council of Governments planners and their regional planning and labor statistics peers, these figures do not take into account citizens who may be unemployed and desire a job but have given up looking and are no longer counted as actively participating in the labor force through their registration for unemployment compensation. In 2007, labor force participation rates (i.e., percentage of eligible persons actively involved in working or seeking employment) varied by county, as shown in Table 7.

TABLE 7 *Labor Force Participation Rates by County, 2007*				
Source	Cibola County	McKinley County	San Juan County	NWNM Region
U.S. Census Estimate, 2007, Population aged 18 to 65	15,016	41,227	66,342	122,585
Labor Force, per LASER, NM Dept of Workforce Solutions	11,833	26,875	56,713	95,421
Participation Rate	78.8%	65.2%	85.5%	77.8%

As also noted in various COG planning publications and comments provided to State and Federal agencies, the unemployment data do not reflect the prevalence of under-employment and part-time employment for people who desire but are not able to find full-time jobs.

Additionally, aggregating data at the county and regional levels does not reflect variances in unemployment rates in certain areas of the region. The 2004-2008 CEDS reported that thematic maps from the U.S. Census 2000 indicated there are large areas of each county with extremely rural conditions where unemployment rates range from 14 percent to 100 percent. According to the 2001 Navajo Nation Comprehensive Economic Development Strategy, unemployment rates in portions of the Navajo Nation ranged from 42 percent to 48 percent. (Choudhury, 2000-2001)

E. Regional Business Outlook

The outlook for the region's businesses is informed in part by national and state perspectives provided at regional forums and conferences. Dr. David Sampson, Assistant Secretary of Commerce for Economic Development, visited the region in 2004 for an Economic Development Administration Regional Economic Development Forum at San Juan College in Farmington. New Mexico Governor Bill Richardson held the Governor's Economic Development Summit in Farmington in 2005.

The NWNMCOG completed local Business Retention and Expansion Surveys in San Juan and Cibola counties in 2007 and 2008 providing an overview of the business outlook that reveals significant commonalities across small businesses in the two counties. The purpose of the surveys was to provide updated guidance to cities, chambers of commerce, economic development organizations, and the NWNMCOG on the needs of local businesses.

Surveys were conducted by mail and in person with firms holding business licenses in Grants, Milan, Bloomfield and Aztec. The Aztec and Bloomfield surveys in San Juan County were produced collaboratively with the San Juan College Small Business Development Center and the Aztec and Bloomfield chambers of commerce. A survey of Farmington businesses is planned for 2009. In Cibola County, the surveys received field assistance and advisory reviews by New Mexico State University-Grants Small Business Development Center and the Grants-Cibola Chamber of Commerce.

The survey process revealed a need to update the business license databases of the region's towns and villages to cull businesses no longer in operation. With greater reliability, local records of business licenses could provide a crucial tool for measuring growth.

Business Outlook in San Juan and Cibola Counties

Responding businesses in San Juan and Cibola Counties represented a mix of the retail, construction, hospitality, and service industry sectors. In all four municipalities surveyed, businesses tended to be well established and of long standing in the communities, typically operating with between five and ten employees. In 2007 and early 2008, few of the businesses reported declining sales, and most were experiencing slow, modest growth. Between 24 and 44 percent of the businesses reported plans for expansion.

Key positive factors impacting the business climate included close-knit communities, quality of life, and good customer base, typically with local residents providing the majority of support. Although customers tended to be local, supply lines tended to be out of town. About eighty percent of the businesses said they had to obtain services and supplies from outside the local area to meet consumer demands. The main reasons for selecting outside suppliers were cost, selection, and availability, as well as convenience. The majority of businesses purchased supplies from within New Mexico, including Albuquerque and Santa Fe, while some utilized national suppliers.

About a fourth to a third of the businesses felt local governments created a favorable business climate and felt the business community worked together with community spirit.

In Aztec, businesses appreciated the city's proactive approach to economic development, citing passage of the Local Economic Development Act and creation of the Aztec Economic Development Advisory Board as helping small businesses thrive. On the other hand, Aztec business owners complained about the city's detailed new sign ordinance, and about a third said they were frustrated by perceived inconsistent regulations and the cost of complying with the ordinance.

Milan and Grants in particular felt that the local business climate was open to newcomers. In Bloomfield, about 80 percent of the businesses favored growth of the community.

Factors negatively affecting the local business climate included the cost of doing business, taxes, government regulations, financing, businesses closing, low wages, and employee motivation. San Juan businesses, in particular, reported labor force issues including problems recruiting, hiring, and retaining qualified employees.

Recommendations. Recommendations for how local governments and chambers of commerce could create a business retention and expansion program that would work to enhance the business climate for small businesses across Cibola and San Juan Counties include:

- Take a proactive approach to economic development;
- Involve strategic local partners to develop and implement specific initiatives;
- Support regional development initiatives;
- Increase workforce training and development through collaborative partnerships with secondary and post-secondary educational institutions;
- Develop professional seminars to address common issues affecting business;
- Provide technical assistance in the areas of small business loans, marketing, long-term planning and personnel issues;
- Encourage industrial recruitment through development of industrial parks.

Key recommendations on how to enhance retention and expansion along with recommendations on economic development strategies implied by the findings were provided to the municipalities and published and distributed to the CEDS network of partners and stakeholders.

Business Outlook in McKinley County

A COG survey of businesses in Gallup was completed in Spring 2009 and is currently under review by local agencies. Two other surveys provide an overview of the business outlook in McKinley in 2005 and 2006.

The University of New Mexico-Gallup Small Business Development Center conducted a needs assessment survey of Gallup businesses in 2005. Ninety percent of the responding businesses had ten or fewer employees, and more than half had less than $100,000 in gross

revenue. About sixty percent of the businesses reported increased sales, and two-thirds of the businesses reported problems finding qualified employees.

In 2006, the University of New Mexico Bureau of Business and Economic Research conducted an economic assessment for the now-defunct Gallup MainStreet program. A principal finding of the study was that "the data suggest a long-term erosion of Gallup's strong market position" (Mitchell). Evidence of the downward trend included overall decline in the net inflow of gross receipts revenues into Gallup. Projecting from 1989-2002 data trends, the study predicted that Gallup would be in a deficit position with respect to the net flow of gross receipt revenues in less than two decades.

Recommendations included developments aimed at four target markets:

- Gallup residents;
- Regional residents who visit Gallup for retail and services, attracted downtown by providing cultural and entertainment opportunities;
- Travelers along I-40;
- Destination visitors who come to Gallup as part of a tour of western New Mexico and the Four Corners region.

Native American Business Outlook

Pedro Garza, Director of the Austin Regional Office of the Economic Development Administration (EDA), visited the region in 2006 and spoke at a NWNMCOG luncheon in Farmington. One of Director Garza's key points was a need to support, partner and help develop better economic development projects in Indian Country. As an outgrowth of that conversation, the NWNMCOG developed the Native American Economic Development Investment Strategy (NAEDIS), an EDA-funded initiative to build organizational infrastructure for economic development by creating a comprehensive and cohesive network of collaborative tribal partnerships. The aim of the project is to develop a portfolio of feasible investment-ready tribal economic development projects that would have a measurable impact on tribal economies.

Meetings and discussions have produced several fruitful directions for development. The Pueblo of Laguna Tribal Council has passed a formal agreement to participate in NAEDIS. The Pueblo of Zuni has indicated a strong interest in workforce development projects, with further meetings in the works. The Certified Local Navajo Chapter Communities in Sheepsprings and Newcomb have begun to identify potential projects. The Baahali Navajo Chapter south of Gallup (formerly Bread Springs) recently achieved formal Certified Local Chapter Community status, and Chapter leaders have begun to consider opportunities through NAEDIS.

Through the NAEDIS program, the Museum of New Mexico Foundation visited the region for the first time on a successful New Mexico Creates buying tour to meet with both Native and non-Native artists and artisans of the region. New Mexico Creates is an innovative program that promotes and strengthens the creative entrepreneurs of New Mexico by

providing direct artisan-to-market links to the vibrant arts market via five museum gift shops and an extensive online store.

One NAEDIS strategy is a partnership with the New Mexico Department of Workforce Solutions to carry out a Tribal workforce assessment and labor market study to correct gaps due to data aggregation. The study would provide a detailed focus to determine the workforce capabilities of participating Native American communities in order to link workforce development and education and training with strategic economic and entrepreneurial development, and to link business and industrial recruitment appropriately to actual workforce assets. The idea of a new survey has met with resistance from some Native partners, who have expressed concerns about survey fatigue in their communities, and the study may proceed by mining existing data sets.

The NAEDIS project has attracted interest from the private sector, with New Mexico Community Capital open to targeting match funds for NAEDIS projects. The New Mexico Indian Affairs Department also has shown interest in partnering on project funding through use of the Tribal Infrastructure Fund (TIF). Other resources could be leveraged through state and federal agencies, once a portfolio of investment-ready projects is defined.

A long-term objective of the project is to build within tribal communities quick response teams for business and industrial recruitment through the New Mexico Partnership which recruits businesses to New Mexico. Other potential opportunities include development of a thermal solar plant, renewable energy businesses, or a call center. A variety of other potentially investable projects currently are under scrutiny for inclusion in the NAEDIS portfolio.

F. Population

Our three-county region comprises a territory of 15,535 square miles, about the size of the states of Massachusetts and Connecticut combined, although our population of 219,747 people (15 persons per square mile) is about 2.2 percent of the population of those two states (at 650 persons per square mile).

NW New Mexico (2007):
220,000 *People*
in 15,000 square miles
[15 persons/square mile]

Regional Population Growth Rate, 2001-2007:
1.64%
in 7 years (0.25%/year)

Overall, population growth has been relatively flat since 2001, with gains in San Juan County offset by losses in McKinley County. The lack of population growth in McKinley and Cibola Counties suggests the potential for political shifts and restructuring as we look toward the 2010 U.S. Census. Table 8 shows the population changes between 2001 and 2007 by county and for the region.

TABLE 8 *Population Changes, 2001 to 2007*				
Data Source	Cibola	McKinley	San Juan	Region
2001 U.S. Census Estimate	26,631	74,421	115,150	216,202
2007 U.S. Census Estimate	27,261	70,059	122,427	219,747
Change, 2001 to 2007	+630	-4,362	+7,277	+3,545

Population Distribution

The region's population has tended to settle in urban clusters, with scattered small population centers in the rural areas. This settlement pattern suggests that people tend to live where most of the jobs are concentrated. The populations of Cibola and McKinley Counties are more predominantly rural, while there is a more urban tendency in San Juan County. Table 9 shows the ratios of urban to rural populations in the three counties.

TABLE 9 *Urban/Rural Settlement, Northwest New Mexico Region*			
	Cibola	McKinley	San Juan
Urban	40%	39%	59%
Rural	60%	61%	41%
Total	100%	100%	100%

Demographics

The populations of the region's counties tend to have about the same proportion of males to females but are somewhat younger in comparison to the state and US populations. Table 10 shows the median ages of the three county populations compared to New Mexico and the United States.

TABLE 10 *Median Age of Population by Area*	
Area	Median Age
San Juan	32.6
McKinley	29.9
Cibola	32.6
New Mexico	35.6
United States	36.4

The region's population is racially and ethnically diverse, with significant variations from county to county as shown in Table 11.

TABLE 11
Race and Ethnicity: Percentage Breakdown by County, Region, State and U.S.

Race/Ethnicity	San Juan	McKinley	Cibola	Region	N.M.	U.S.
White	55.1%	20.8%	44.2%	42.8%	68.7%	74.1%
Black or African American	0.9%	1.0%	0.3%	0.8%	2.2%	12.4%
American Indian and Alaska Native	35.9%	73%	41.2%	48.4%	9.2%	0.8%
Asian	0.5%	0.7%	0.5%	0.6%	1.4%	4.3%
Native Hawaiian & Other Pacific Islander	0	0	0	0	0.1%	0.1%
Some Other Race	4.8%	2.9%	10.4%	4.9%	15.4%	6.2%
Two or More Races	2.7%	1.6%	3.4%	2.5%	3.1%	2.1%
Hispanic or Latino (of any race)	17%	13.1%	33.6%	17.8%	44.1%	14.7%

Regional Economic Characteristics

Income tends to be low and poverty rates tend to be high in the region in comparison to figures for New Mexico and the U.S. In general, poverty indicators were the most striking in McKinley County. Of the three counties, San Juan had the highest income levels and lowest percentage of individuals living below poverty level. Table 12 shows key economic characteristics for the three counties in comparison to New Mexico and the U.S.

TABLE 12
Key Economic Characteristics of Cibola, McKinley and San Juan Counties
Compared to New Mexico and the United States
[US Census, 2005-2007, American Community Survey Estimates]

Characteristic	San Juan	McKinley	Cibola	New Mexico	U.S.
Median Household Income	42,331	32,117	38,010	41,042	50,007
Per Capita Income	18,947	12,946	14,228	21,586	26,178
Individuals Below Poverty Level	17.6%	34.2%	23.1%	18.4%	13.3%

The State of New Mexico reported 18,959 Food Stamps (Supplemental Nutrition Assistance Program) cases in the District in October, 2008, a 12.9 percent increase from October, 2007. McKinley ranked #1 in the state, with a 25.5 percent Food Stamp recipiency rate. Cibola ranked #7 with an 18 percent recipiency rate, while San Juan ranked #29 of New Mexico's 33 counties, with a Food Stamp recipiency rate of 8.6 percent.

G. Geography

Northwest New Mexico Land Base:
15,535 sq. mi.

From a Native perspective, the region's natural environment comprises the essential basis for material and sacred life in this part of the world – with the key geophysical features being the mountains, rivers, clouds and rain. In the north, Farmington is nestled at the confluence of three rivers where the valleys of the La Plata, San Juan and Animas Rivers come together in the Middle San Juan Watershed, an area known as *Totah*, a Navajo word meaning "between the rivers." In the mid-region, Navajos know Gallup as *Na'nízhoozhí*, which means "the bridge," referring to the bridge over the Rio Puerco that the people had to cross to reach the trading center in Gallup. In the east, the region is protected by Mt. Taylor, one of the four sacred mountains guarding the land of the Navajo people, known to the Navajo people as *Tsoodzi[* and to the Acoma people as *Kaweshtima*:

> The Acoma way of life acknowledges and honors all natural cycles so important in an arid environment. Mt. Taylor, or *Kaweshtima*, plays a central role in replenishing Acoma lands and our river of life, the Rio San Jose, from winter snowmelt to monsoonal floods, the importance of this magnificent geologic feature to northwestern New Mexico and the region's hydrology cannot be ignored.
>
> The Mountain keeps the Rio San Jose and related springs alive at Acoma continuously throughout the year, supplying water for thirsty agricultural lands and regional aquifers. Home to low-lying clouds, innumerable varieties of vegetation, wildlife species and spring waters, the Mountain is revered by every indigenous tribe in the southwest. All look to the Mountain for sustenance and life-giving water (Watchempino).

At the northwest border of the region, San Juan County touches Arizona, Colorado, and Utah, forming the "Four Corners" area. McKinley County shares common borders with San Juan County (to the north) and Cibola County (to the south). All three counties abut Arizona on the west.

San Juan County is situated entirely within the San Juan Basin, a high arid plateau which is part of the larger Colorado Plateau. The headwaters of the San Juan River rise in the San Juan Mountains of southwest Colorado. The river enters northwest New Mexico via the Navajo Reservoir and travels west, passing through San Juan County as well as through the Navajo Nation and Ute Mountain Ute Reservation. The San Juan flows on westward into the Colorado River and ultimately drains into the Gulf of California through the Colorado River System. The Animas and La Plata Rivers flowing through San Juan County are tributaries of the San Juan River; the Animas is the last wild, un-diverted river in Colorado and thus of special importance in the San Juan Basin. The three river valleys join near Farmington, San Juan County's largest city.

McKinley and Cibola Counties are situated in the southeast portion of the Colorado Plateau region. Parts of northern McKinley County lie at the southern edges of the San Juan Basin, while Cibola County extends into the highlands to the southeast. The Continental Divide passes along a generally north-south line through McKinley and Cibola Counties, with all land east of the Continental Divide draining into the Rio Grande, which itself rises in the San Juan Mountains of southern Colorado, flows southward through New Mexico, and drains into the Gulf of Mexico.

The region's varied and diverse terrain consists of plateaus and high desert mesas with rock outcroppings, mountain ranges, forested and woodland areas, canyons, valleys and normally dry arroyos. Key topographical features of the region include the Chuska Mountains to the west, Mount Taylor in Cibola County, the Zuni Mountains in Cibola and McKinley Counties, and the Shiprock volcanic uplift in San Juan County.

Elevations in the population centers of the region range from 5,500 to 6,800 feet above sea level. Average elevations are between 5,000 and 6,000 feet in all three counties. Mountain ranges reach elevations of up to 9,000 feet with peaks at over 11,000 feet in the Cibola National Forest.

Climate

The northwest New Mexico region has a relatively temperate, arid climate characterized by low precipitation totals, abundant sunshine, low relative humidity, and relatively large annual temperate ranges. Average temperatures recorded at the region's three major cities of Grants, Gallup and Farmington over the past 50 years reflect a range from average lows of 13.3° F to average highs of 91.7° F.

Principal sources of moisture for the scant rains and snows that fall on the region are the Pacific Ocean, 500 miles to the west, and the Gulf of Mexico, 500 miles to the southeast. Summer rains typically fall during brief but frequently intense thunderstorms moving north from the Gulf of Mexico. July and August are the rainiest months in the region and are known as the "monsoon" season. Winter precipitation is caused generally by fronts associated with Pacific Ocean storms moving in from west to east, falling as snow in mountain areas and rain and snow at lower elevations.

Overall the region receives an average of about 10 inches of rainfall per year, ranging from 6 inches in northern McKinley County to 24 inches in the Zuni Mountains. Average snowfall is about 19 inches, ranging from 12 or 13 inches in Farmington and Grants to about 30 inches in Gallup.

Wind speeds over the region generally are moderate, although strong winds sometimes accompany storm fronts during late winter and spring months. Winds associated with storm fronts may reach peak speeds of 30 to 50 miles per hour or more. Spring is the windy season, bringing blowing dust. During dry spells, soil erosion in unprotected fields can be a problem, producing quantities of blowing sand that occasionally reduce visibility to zero, resulting in roadway blockages and accidents.

Water Planning in the High Desert

Across the high desert terrain of Northwest New Mexico, the scarcity of water has been a key factor in regional development throughout the region's history. The New Mexico Interstate Stream Commission has subdivided the three-county economic development district into two water planning regions: Region 2 in the north; and Region 6 in the south:

- Region 2 encompasses the New Mexico portion of the San Juan River Basin, interfacing with neighboring communities in Colorado, Utah and the Navajo Reservation. The communities of this water region are primarily dependent on surface water supply, primarily from three small rivers tributary to the Colorado River. Region 2 waters also comprise a large portion of the surface water supplies available to the entire State of New Mexico, as well as to statutory water users in other states in the Southwest.

- Region 6 includes most of McKinley and Cibola Counties, where most water is obtained from groundwater supplies whose aquifers have been mined for over a century at a rate far outpacing the rate of recharge, with no guarantee of ample water supply beyond the next few years:

> Current groundwater supplies are being "mined" without recharge with a water table that is dropping at the rate of 20 feet per year. Within the next five years, [Gallup's] water storage could be tapped out during peak usage seasons, and within another decade, these limits could become chronic throughout the year (Kiely).

For nearly 50 years, hydrologists and political leaders have proposed a comprehensive, long-term water supply solution for the entire northwest New Mexico region to draw upon the surface water supply in the San Juan River system and to serve the thousands of Navajo households that have never had running water, while at the same time securing the water future of the City of Gallup and protecting the water rights of other water users in the San Juan Basin.

Under the Chairmanship of the Northwest New Mexico Council of Governments, the Navajo/Gallup Water Supply Project has been meticulously planned and designed to serve 43 Navajo Chapters, the City of Gallup and its neighbors, and the Jicarilla Apache Nation. On March 30, 2009, President Barack Obama signed the *Omnibus Public Lands Act*, which included settlement of Navajo Nation water rights in the San Juan Basin and authorization of the Navajo/Gallup Water Supply Project.

H. Workforce Development and Use

According to the New Mexico Department of Workforce Solutions, a civilian labor force of 96,995 people resided in the region in January, 2009. Table 13 shows the breakdown of the region's labor force by county.

TABLE 13
Regional Labor Force by County, January, 2009

County	Civilian Labor Force
San Juan	57,428
McKinley	27,182
Cibola	12,385
Region	96,995

Characteristics of the Labor Force

The labor force of the region is challenged by greater English language limitations and lower educational attainment than for New Mexico as a whole and for the United States. At least one-third (77,859 of 219,747) of the region's people speak a language other than English at home. In January 2009, 35 percent of San Juan County households were identified as non-English-speaking, with 59 percent in McKinley County, as compared with 36 percent in New Mexico and 20 percent in the United States [data for Cibola County were not available due to confidentiality].

Educational attainment rates also were low in the region compared to New Mexico and United States rates, measured by high school and college graduation rates within the population aged 25 and over. Table 14 shows the rates for the region's counties compared to New Mexico and the United States.

TABLE 14
Educational Attainment by County

Area	High School Graduation Rate	College Graduation Rate for B.A. & above
San Juan	79.9%	13.4%
McKinley	68.9%	11.2%
Cibola	74.4%	10%
New Mexico	81.7%	24.9%
United States	84%	27%

One of the outstanding assets of the District's labor force is the entrepreneurial spirit of the people. In April, 2005, S. Michael Camp, in *The Innovation-Entrepreneurship NEXUS: A National Assessment of Entrepreneurship and Regional Economic Growth and Development*, reported the results of his study of entrepreneurship in regions all over the United States. He developed metrics such as the average annual change in new firm startups and the percent of firms growing rapidly. He reported findings that Gallup and Farmington both ranked #2, above the 99th percentile, on some of these individual measures.

Camp developed a "Regional Entrepreneurship Index" (REI) combining several measures into one index. The REI was composed of the number of new firms per 1,000 labor force participants, average annual change in the number of new firms, and the percent of rapidly growing firms. Camp found that, based on his average weighted rankings, Farmington ranked #6 and Gallup ranked #22 in a ranking of hundreds of municipalities, large and small, all over the United States.

Camp rated entrepreneurship and the commercialization of new ideas as some of the most important keys to economic growth:

> In today's increasingly competitive markets, the creation of economic value can only be sustained as firms, large and small, young and old, increase their capacity to generate new marketable ideas, rapidly commercialize those ideas, and adjust their competitive offering to changing market conditions. This entrepreneurial spirit, whether observed in the creation of new or the growth of established firms, keeps industries vibrant and maintains the health and prosperity of regions. . . commercialization is key to capturing the economic value embedded in innovation (Camp).

State Workforce Investment Strategies

At the state level, New Mexico has made strategic investments in structuring a new Department of Workforce Solutions to integrate workforce system services. The overarching goal of the new department is to ensure New Mexico's youth and adults receive the education they need for success.

The Department of Workforce Solutions *Two-Year Strategic State Workforce Investment Plan* outlines Governor Richardson's vision for moving New Mexico forward. Some of the Governor's key tactics for economic development include partnerships with South Korea and Japan for commercializing new technologies, trade partnerships with Mexico, advancing clean energy, and expanding New Mexico's flourishing film industry. In our region, the *Cubero Land Grant Comprehensive Plan* includes an objective to capitalize on New Mexico Film Industry initiatives to bring in movie productions, film sets and film locations.

The Department of Workforce Solutions offers several workforce development programs such as New Mexico YouthWIN, Welfare-to-Work, School-to-Work, and the Job Training Incentive Program (JTIP), sometimes known as in-plant training. Through the JTIP program, the state works with qualified companies to provide state money for specific training costs and reimburses qualified companies for 50 to 70 percent of employee wages and required travel expenses. JTIP funds classroom and on-the-job training for new jobs in expanding or relocating businesses for up to six months. Custom training at New Mexico's public educational institutions also may be covered.

New Mexico has a system of regional Workforce Development Boards charged with developing and supporting One Stop workforce centers at the local level. Our region is represented on the Northern Area Local Workforce Development Board, comprised of ten counties across the breadth of northern New Mexico. In addition to San Juan, McKinley and Cibola counties, the Northern Board represents Colfax, Los Alamos, Mora, Rio Arriba, Santa Fe, San Miguel and Taos counties.

In the northwest New Mexico region, there is one comprehensive One Stop center in Farmington which houses the workforce development career center along with several related agencies such as the New Mexico Department of Vocational Rehabilitation. There are also smaller sub-offices in Gallup and Grants that offer some of the available workforce development services. Considering the travel distances in the region of up to 150 miles between locations, the Northern Area Local Workforce Development Board may need to consider establishing additional career centers at more strategic locations to improve access to services.

In 2007, our Northern Area Workforce Development Board One Stop workforce centers met or exceeded target performance levels on 15 of 17 indicators, serving 1,058 Workforce Investment Act clients who required extensive services such as job counseling, certificate, license or degree training, on the job training, and/or faced barriers to employment such as language or math deficiencies, homelessness, or domestic violence. These WIA clients included 549 adults, 35 dislocated workers, 113 older youth (19-21), and 361 younger youth (14-18). Most of the adults (95.5 percent), 81.8 percent of dislocated workers and 55.3 percent of the older youth entered employment. These statistics reflect the aggregated performance of the One Stop centers in all ten counties represented by the Northern Board.

Disaggregated data for the three One Stop centers in our three-county region show that our centers served 357 WIA clients including 97 adults, 16 dislocated workers, 71 older youth and 173 younger youth. Our three centers underperformed in comparison to the overall performance of Northern Board centers. Of the adults served by our centers, 22 percent (21 of 97) entered employment, while 75 percent of the dislocated workers and 39 percent of the older youth entered employment.

Under the Workforce Investment Act, the Northern Area Workforce Development Board sponsors customized training programs such as Proactive Host, a culturally appropriate customer service training program tailored to our region and offered through Chambers of Commerce in McKinley and Cibola counties.

Small Business Development Centers (SBDCs) affiliated with institutions of higher education provide training, technical assistance and business mentoring. In northwest New Mexico, there are three SBDCs, affiliated with San Juan College in Farmington, University of New Mexico-Gallup Campus, and New Mexico State University-Grants Campus. The SBDCs work in partnership with the Northwest New Mexico Council of Government's Enterprise Loan Fund to provide business plan assistance to local businesses applying for small business loans. For example, in San Juan County the SBDC has provided assistance to FireSafe Homes, Quicktruss, and Riverside Pizza.

WorkKeys

One of the most promising of the programs offered through the state Department of Workforce Solutions is WorkKeys Skill Assessment, a program to assess key foundation skills in reading, mathematics and locating information. The program provides assessments of individuals to identify skill sets and promotes qualifications for New Mexico Career Readiness Certificates in bronze, silver or gold verifying the potential employee's skill sets to potential employers. WorkKeys also uses the individual assessments to build a database offering immediate feedback to employers and providing empirical evidence of a skilled work force.

According to the New Mexico Department of Workforce Solutions, WorkKeys Assessments taken by high school students reveal that rural high school students tested considerably higher than students in larger urban schools. Due to confidentiality issues, school districts where WorkKeys testing occurred have not released the specific data to document this finding.

In our region, the San Juan College Business & Industry Training Center has undertaken a major WorkKeys initiative, and the Aztec Economic Development Advisory Board promotes collaboration with economic development partners to implement WorkKeys. Large employers such as the Navajo Agricultural Products Industry (NAPI) and Western Refinery are using WorkKeys.

Through the Northwest New Mexico District's Native American Economic Development Investment Strategy (NAEDIS), a new EDA-funded project, the regional Community Development Representative for the New Mexico Economic Development Department and the University of New Mexico, Gallup branch, worked together to convene a region-wide forum on workforce preparation to strengthen the education-workforce connection. A highlight of the forum was the introduction of WorkKeys to a broader audience. Additional NAEDIS events are planned to support implementation of WorkKeys throughout the region. Plans are in development to conduct a followup meeting for schools in Zuni, Acoma and Laguna with representatives of the Department of Workforce Solutions to further plans for integrating education with the jobs of the future.

Local Workforce Investment Strategies

According to NWNMCOG surveys of businesses in San Juan and Cibola Counties in 2007 and 2008, labor force and workforce development issues were among the factors negatively affecting the local business climate, including employee motivation and problems recruiting, hiring, and retaining qualified employees.

The 2004-2008 CEDS specified investments in our human capital as one of four key strategic directions for development, with more than two dozen projects targeted to improving regional opportunities for education and training.

San Juan College has developed training programs to prepare workers for jobs in the energy industry and a program in alternative energy and sustainable technology which could be linked more effectively to specific jobs. San Juan College also has worked in partnership with the One Stop Career Center in Farmington to develop job skills training programs targeted to specific job opportunities. For instance, San Juan College partnered with the One Stop Career Center, the Northwest Regional Planning Organization, New Mexico and Navajo Nation Departments of Transportation, and the Operating Engineers Union to begin discussions on developing training for higher paying construction jobs in connection with an expansion project for the U.S. 491 highway.

San Juan College may have the potential to become an EDA-designated "University Center." The idea has been floated in the region without a specific action plan. The benefits of such a designation could be evaluated in terms of the potential to support economic development projects.

The Anderson School of Management at University of New Mexico has developed an entrepreneurship training program for the Gallup branch of the university which has been offered to poor response from the community, with insufficient class registrations to implement the classes. UNM-Gallup has created a new funded full-time faculty position for fall, 2009, to provide more focused support to the development of entrepreneurship training in the region.

Efforts to implement financial literacy training at the secondary level began within the Gallup-McKinley County school district. House Joint Memorial 59, "School Financial Literacy Content Standards," passed in the 2009 state legislative session, directed the New Mexico Secretary of Education to include financial literacy in statewide curriculum standards.

Cibola County planners have committed to lifelong learning for the workforce. Collaboration among local educational programs for workforce development is a strategic direction in the county.

In the private sector, non-profits such as CARE 66 in Gallup and Tohatchi Area Opportunity Service (TAOS) provide youth training targeted to meeting housing needs. Care 66 is working on mixed-use residential development in downtown Gallup, and TAOS operates a YouthBuild program which weatherizes housing and provides other construction services.

Some efforts to integrate education and workforce development initiatives with economic and business development have produced mixed results. In Cibola County, a Workforce Development Work Group met for a time but was unable to implement an action program. In McKinley County, the Youth Conservation Corps and the award-winning National Indian Youth Leadership Program are active in promoting service-learning culture, but attempts at UNM-Gallup to develop a service learning component were abandoned or placed on hold. An effort to form a Regional Volunteer Service Corps did not get off the ground.

I. Transportation Access

The region's transportation network includes:

- Interstate 40 traversing McKinley and Cibola Counties;
- three U.S. Highways connecting the region's population centers:
  - U.S. 491 linking Gallup with Shiprock;
  - U.S. 64 crossing northern San Juan County from east to west; and U.S. 550 entering the region from the southeast as a four-lane highway from I-25 at Bernalillo and extending from Farmington northward through Aztec and into southwest Colorado.
- a number of State roadways;
- approximately 2,000 miles of county roads, more than half of which are unpaved;
- 78 bridges; and
- hundreds of miles of Tribal roads, representing an additional regional resource for transportation access.

Major transportation-related assets include strategic transportation corridors such as the I-40 interstate highway and railroad lines of the Burlington Northern-Santa Fé Railroad, as well as a four-lane highway linking metropolitan San Juan County with I-25 about 200 miles to the southeast. Weaknesses included hundreds of miles of unpaved rural roads and uneven inter-jurisdictional collaboration. Many of the bridges are obsolete one-lane structures. The three counties expect to pave a combined estimate of about 44 miles of new road per year and have rehabilitated or rebuilt four bridges in recent years.

Land status and jurisdictional issues are barriers to transportation access in remote locations with widely scattered Navajo homes and ranches.

The *Northwest New Mexico Regional Long Range Transportation Plan (RLRTP)* for 2002 to 2022, updated in October 2007, provides an overview and general projection of transportation needs in the region through 2012. The plan sets forth a combined total of 269 transportation projects with an aggregate total projected cost of $750 million.

The majority of RLRTP roadway projects involve improvements and expansion of highways, roadways and streets in the region. Other projects range from improvements or expansion of highways, roads, and streets to replacement of bridges, airport improvements, support or development of local transit systems, creation of new bike and pedestrian trails, improvements to scenic byways, rockfall mitigation, planning studies, and traffic safety projects. Some of the major goals of the RLRTP that dovetail with economic development goals include:

- Link regional assets to global markets;
- Capitalize on regional trade routes for market access;
- Fully exploit the potential tourism assets of the Native Heritage Trail Byway; and
- Establish stronger regional and local air service in consultation with economic development districts and other regional partners.

Public Transit Systems

Six transit systems currently operate within the region, providing a foundations for future improvement and expansion of transit services and systems throughout the region:

- *Red Apple Transit* -- In existence since 2002, the Red Apple saw total system boardings pass 100,000 for first time in 2007, surpassing the target of 85,000 for the year. The Red Apple system includes three routes serving Farmington and three additional routes serving Bloomfield, Aztec and Kirtland respectively, as well as Dial-a-Ride and paratransit services.

- *Gallup Express* -- Beginning in 2005, a local non-profit agency, Na'nizhoozhi Center, Inc., established the Gallup Express bus transit system in response to a 2002 Long Range McKinley County priority to develop public transportation options. The Gallup Express operates six twelve-seat passenger mini-buses, all equipped with wheelchair lifts, on three fixed routes within the City of Gallup. Ridership averages 3,000 riders per month.

- *Cibola County Public Transit System* -- The Cibola Area Transit program commenced services on May 1, 2008, with three 15-passenger vans in the fleet (one vehicle equipped with a wheelchair lift and tiedowns) with a plan to operate three fixed routes serving the city of Grants, the Village of Milan, and other areas in Cibola County. The program planned to begin charging fares in June 2008. As of the spring of 2009, the program is temporarily on hold due to technical regulatory issues, but plans are in progress to resume service as soon as the technical issues can be resolved.

- *Shaa'skr'a Transit (Laguna Pueblo)* -- Shaa'skr'a Transit provides public fixed-route, public demand-responsive, and paratransit services primarily for the benefit of members of the Laguna Pueblo community. The authorized service area encompasses the Laguna Reservation in Cibola County and the Acoma Casino on the Acoma Reservation. Future routes will serve the City of Grants and

Albuquerque. Service to Albuquerque will be designed to connect with ABQ Ride bus routes and access key destinations such as University Hospital and the UNM main campus.

- *ZEE* -- The Zuni Entrepreneurial Enterprise public transportation program (ZEE Trans) is a demand-responsive service with a fleet of 15 vehicles, all 15 passengers or less. Three of the vehicles are equipped with lifts and tiedowns. Zee provides a fixed service three times daily for Zuni to UNM-Gallup and persons employed in Gallup with an average ridership of 3,958 one-way trips per month.

- *Navajo Transit* -- Navajo Transit is a public transportation and charter bus system operated by the Navajo Nation out of an operations and maintenance center in Ft. Defiance. The system includes seven routes with one or a few trips per day. The service includes five trips per day between Ft. Defiance and Gallup. The Gallup route serves many key destinations in town. Navajo Transit provides some opportunities to connect to Gallup Express routes, Amtrak trains, and Greyhound intercity buses.

J. Resources

Oil & Gas, Coal and Power Generation

San Juan County's natural resources include significant reserves of oil, natural gas, and coal that are important both to the state and to the nation:

> San Juan County serves the energy needs of millions; electricity, oil and gas are exported to power up conveniences and necessities throughout the western grid . . . The San Juan Basin contains 80 percent of New Mexico's natural gas reserves, and San Juan's natural gas fields are some of the most important in the country. An El Paso Natural Gas pipeline has served California markets for over fifty years. . . . This [Basin's] geologic formation can fuel the local and regional economy for years to come (Le Ferrand).

Abundant San Juan basin coal fields support the siting of coal-burning electrical power generation stations in San Juan county. Coal is mined mainly along the north-south uplift known as the Hogback between Farmington and Shiprock, and economically viable power plants are located near the mines to fire electric power generation for western customers.

McKinley County has significant coal reserves. The County also has potential for extracting coal-seam gas from pockets of natural gas, but the resources are primarily on Indian allotment and tribal trust lands, the locations are remote, and the politics are not always favorable for development of these resources.

Construction of a rail spur would support exploitation of these resources: "The rail network is adequate, but a spur line into the northwestern coal fields would benefit New Mexico greatly" (Price, et al.).

In McKinley County, the McKinley Coal Mine, owned by Chevron, has been a significant economic presence in the region for forty years. The mine faces closure at the end of 2009, to be followed by a reclamation period with a significantly reduced workforce.

The Peabody Western Coal Company operates two coal mines in our region. The Lee Ranch Coal Mine near San Mateo in Cibola County has been mining coal from the Fruitland Formation since the mid 1980s. A second coal mine in the area, the El Segundo mine near Ambrosia Lake in McKinley County, resumed shipping coal in 2008. The two mines are managed jointly and supplied with workers by New Mexico Employment Resources, a subsidiary of Peabody Energy. Between them, the two mines provide 283 jobs and are expected to remain viable for the next twenty years. Operations Manager Scott Pearson expects only small growth in employment over the next five years. This may be seen to partially offset the job losses from the shutdown of coal mining operations at McKinley Coal Mine.

The Lee Ranch and El Segundo Mines generate about another 50 jobs for outside contractors who provide explosives services and exploration drilling in future mine areas and help to maintain the facility, equipment and fleet. Peabody explored the possibility of building a power plant in the area, but was unsuccessful in obtaining a permit from the State of New Mexico for a new coal-fired power plant. The company does not foresee revisiting this issue unless State policies are changed with regard to the permitting of new coal-fired power plants in the state.

Uranium

New Mexico ranks second in the United States in known uranium reserves, with most known uranium resources located in the world-class Grants Mineral Belt between Gallup and Laguna. These are the richest uranium deposits in New Mexico. Similar deposits are found in the smaller Shiprock mining district (Bland and Scholle). A very significant economic resource, uranium reserves in new Mexico are estimated by the U.S. Department of Energy to be approximately 341 million pounds. With production costs between $50 and $100 per pound, the region's uranium reserves could be worth as much as $34 billion (Peach and Popp).

Production costs for uranium tend to vary depending upon the choice of mining method, which in turn depends on the type of ore. Many deposits are not amenable to *in situ* leach (ISL) technology and can only be mined by more traditional underground or surface open pit mining methods.

Huge uranium reserves and rapidly escalating prices for uranium in the world's energy markets have positioned Cibola County on the verge of a new uranium boom. The previous Cibola uranium boom of the 1970s resulted in a "bust" due to a downturn in worldwide energy markets followed by a 22 percent decrease in the Cibola County population between 1980 and 1990.

Cebolleta Uranium Opportunity. In 2007, two private uranium exploration and development companies entered into a joint venture to explore for uranium resources on land held by the Cebolleta Land Grant. These explorations were governed by the terms of a lease acquired from La Merced del Pueblo de Cebolleta, covering approximately 6,700 acres of the Cebolleta Land Grant estimated to contain an un-mined historic resource of 20.65 million pounds of uranium. NEI made cash payments of $3 million to Cebolleta, with further payments and advance royalties to be paid annually until start of mine production. Cebolleta will also receive a royalty ranging from 4½ to 8 percent depending upon the sales price of uranium. Potential gross royalties could exceed $200 million.

Due to "legacy" cleanup issues remaining from previous uranium mining operations, ISL mining technology is preferred to open pit mining for new uranium mines in Cebolleta Land Grant. For the ISL technology to be appropriate, certain conditions must be met, i.e., the uranium ore zone must be in water and the ore zone must be enveloped by less permeable rock. ISL technology also requires significant quantities of water. Neutron Energy began exploring conditions on the Land Grant in 2007 to determine if they are suitable for ISL. Two or three years of sampling would be required before permitting for the new mining operation could go into effect.

Tourism Assets

Tourism and recreation have been mainstays of the economy for decades in all three counties of the region, supported by the area's scenic beauty, national parks and monuments, varied opportunities for outdoor recreation, boating and fishing on the river corridors, Native American arts and crafts, and world heritage sites such as Chaco Canyon.

Major attractions include Chaco Culture National Historical Park, Aztec Ruins National Monument, Salmon Ruins and Heritage Park, Bisti Badlands, Acoma Sky City, Bandera Volcano, El Malpais lava flows, La Ventana natural arch, Ice Caves, Bluewater Lake State Park, El Morro National Monument, Old Laguna Pueblo, Pueblo of Zuni, and Red Rock Park, and McGaffey mountain recreation area.

The Trail of the Ancients Scenic Byway is a major new asset to the region's tourism initiatives. The Byway is a four-state byway system with sections in New Mexico, Colorado, Utah and Arizona. The Colorado and Utah portions of the byway have received federal certification, and certification of the Arizona portion is in progress. The New Mexico portion of the byway has received designation as a scenic byway from the State of New Mexico, and an application for federal certification has been submitted. The purpose of the federal designation is to protect and preserve natural historic, cultural and archeological resources along the corridor.

Adventure tourism is an emerging niche industry. Assets include primitive wilderness areas, campgrounds, forest and woodlands, state parks for hunting, fishing and outdoor recreation. Navajo Lake and several reservoirs provide venues for boating and water sports. According to a recently published San Juan River economic impact study, stretches of the

San Juan River and the associated trout fishery have been classified as “quality waters” and “special trout water” (STW), qualifying them as world class recreational fishing venues.

Agriculture

Irrigated farmlands in the San Juan River Valley in the northwest produce major crops of alfalfa and corn as well as small amounts of a variety of grains, beets, potatoes, hay, orchard crops and vineyards. Navajo Agricultural Product Industries (NAPI), is a large farming area operated by the Navajo Nation. Both McKinley and Cibola Counties have some ranching and agriculture, and livestock graze on open range throughout the region. Agriculture, agricultural support services, and ranching contribute a small number of heritage jobs to the region's economy.

Manufacturing

Included in the region's inventory of assets are industrial parks in San Juan County and the Village of Milan in Cibola County that provide a basis for recruitment of manufacturing companies. In Cibola County, Laguna Industries is considering strategies for adapting to the manufacture of new products. The Cities of Aztec and Bloomfield in San Juan County and Gallup in McKinley County have new industrial parks in the planning stages.

The New Mexico Partnership, an agency of the state, forwards manufacturing and industrial recruitment opportunities to counties and municipalities on a regular basis. Our region has an ongoing initiative to improve our competitive position in recruitment of new manufacturing companies to create higher-wage base jobs.

Transportation and Warehousing

The region contains significant distribution assets, including Interstate 40 and the transcontinental rail line running through Cibola and McKinley counties. These assets can be marketed to develop a warehousing and distribution system expanding access to global markets. A regional storage and distribution hub in Gallup or Grants could include components such as construction and staffing of the warehouses as well as infrastructure improvements.

K. Environment

The northwest New Mexico region has a productive history in extracting, utilizing and transporting its substantial mineral resources for energy production. While anchoring a substantial portion of the region’s economy, this prodigious activity has also generated a number of cumulative risks to the health and quality of the air, water and soil components of the region’s environment. Although federal and state regulations have increased in quantity and rigor as a means of reducing negative environmental impacts, the challenge of forging and implementing a balanced development agenda going forward – balancing economic opportunity with environmental protection – may best be met through finding solutions at the local and regional levels.

In 2005, the Environmental Protection Agency (EPA) awarded to the Northwest New Mexico COG one of its first multi-year grants under the inter-disciplinary CARE program ("Community Action for a Renewed Environment"). Emerging from the preliminary community conferences held under this grant, the CARE project was able to identify 37 distinct "environmental risks" for possible study and action at the community level. However, two "mega-issues" remained prominent: (a) air quality issues in the San Juan Basin; and (b) environmental contamination from uranium mining in McKinley and Cibola Counties.

Air Quality

With regard to air quality, the New Mexico Environment Department's Air Quality Bureau found that power plants are a primary source of air quality impairment in the San Juan County region, although air quality data have recently come under new review regarding the area's non-attainment of air quality standards. As one of the nation's largest coal-fired generating stations, the Four Corners Power Plant emits about 15 million tons of carbon dioxide per year along with nitrogen oxide, sulfur dioxide, mercury and particulates. Its nitrogen oxide emissions have exceeded all other power plants in the US, and San Juan County is sixth in the US in carbon production and tenth in toxins production (Le Ferrand).

In 1999, the EPA began efforts to regulate the Four Corners Power plant, but a pollution control plan has not yet been finalized. Jurisdictional issues between New Mexico, the Navajo Nation and the Environmental Protection Agency have added to confusion over regulatory oversight. The Four Corners Air Quality Task Force, composed of State and local environmental representatives, has recommended further study in a variety of areas.

Threats to the health of the Animas, La Plata and San Juan Rivers include algal growth, high levels of fecal coliform contamination from farming, ranching and wastewater treatment systems, and drug residues including antibiotics, antiseptics, cardiovascular medicines, cholesterol regulators, hormone therapies, chemotherapy agents, and analgesics. Additionally, coal-fired plant air emissions precipitate during rain events and can accumulate in water bodies, leaving high concentrations of mercury. Mercury has been detected in local fish. Uranium Mill Tailings Remedial Action (UMTRA) sites in Durango and Shiprock contain contaminated ground water that interacts with the Animas and San Juan rivers.

The San Juan River Basin Recovery Implementation Program, a model for cooperative planning in the region, has involved multiple partners and stakeholders in the process of ensuring that river flows remain adequate to sustain populations of previously endangered fish and other wildlife species.

Uranium Mining

Past mining has been linked to health problems in miners and nearby residents. As a result, fear of sickness and contaminated land and water supplies has created enormous resistance to allowing new mining in New Mexico. Central to opposition is the Navajo Nation.

> The Navajo Tribal Council passed a resolution in 2005 banning all future uranium mining (Bland and Scholle).

According to Thomas Power, in *An Economic Evaluation of a Renewed Uranium Mining Boom in New Mexico*: "Substantial natural resources, such as groundwater, have been irreparably contaminated by uranium mining and therefore cannot be considered as a resource to support future economic growth in the area."

During Phase I of the region's Community Action for a Renewed Environment (CARE) Project, working groups in San Juan, McKinley and Cibola Counties came together to identify issues held in common, as well as potential community projects to reduce identified environmental risks. The Cibola County CARE Working Group focused on resumption of uranium mining and proper reclamation and remediation of legacy uranium sites.

CARE Working Groups in the region also focused on Brownfields reclamation and redevelopment projects as well as economic development projects on former Brownfields sites. The EPA defines a "brownfield" as a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. The CARE groups also identified needs for comprehensive local and regional solid waste recycling, reduced energy use and the development of alternative energy sources, improved forest health and wildfire risk reduction, control of invasive species like tamarisk, mitigation of illegal trash dumping, and a need for education and outreach about environmental issues.

The McKinley CARE Partnership recently applied to the EPA for funding and designation as a "Level 2" CARE grantee, emphasizing implementation projects in community recycling and alternative energy. The project was not accepted for funding or designation in the current annual funding cycle; however, local groups comprising the CARE coalition have committed to continuing activities in fulfillment of the CARE environmental priorities.

Climate Change

According to the New Mexico Governor's Climate Change Advisory Group, if the magnitude of global warming is consistent with simulations of the Intergovernmental Panel on Climate Change (IPCC), "serious and damaging societal and ecological impacts are likely to result" (Richardson, 2007).

Although the most severe predicted changes are associated with higher latitudes and coastal areas, New Mexico also may experience ongoing increases in temperatures and other significant effects:

> Some climate change models predict an increased tendency toward drought over semi-arid regions. New Mexico and other Western states have particular concerns about the impacts of climate change and climate variability on the environment, including the potential for prolonged drought, severe forest fires, warmer temperatures, increased snowmelt, reduced snow pack and other effects (Richardson, 2007).

As they evolve over time, these changes may have a major impact on land use, industry and the economies of the region. According to the Colorado River Water Users Association, the majority of the water flowing in San Juan County's three rivers comes from spring snowmelts from the San Juan Mountains in southwestern Colorado, so reduced snow pack and/or increased snowmelt could have a profound effect on the availability of water in the region. The Cibola National Forest and other forested areas could be affected by forest fires. Prolonged drought could have a long-term impact on agriculture. These changes, along with more severe temperatures and other changes to the climate could have a moderating effect on the region's economy, including for example the tourism industry.

Section II

ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND OPPORTUNITIES

A. Overview

The purpose of this section is to provide a summary analysis of the economic development problems and opportunities in our region. The analysis is drawn from a comprehensive review and analysis of the strengths, weaknesses, problems and opportunities embodied within or reflected in the experience of dozens of specific projects and initiatives that local governments and stakeholders, economic development organizations, and public and private sector partners have undertaken or begun planning over the period 2004 through 2008 to support economic development in our region.

> ***NOTE**: A detailed analysis of "Past, Present and Future Economic Development Investments in Northwest New Mexico" is included in Appendix A of this document, as a reference tool that provides in-depth discussion of economic development activities in each key economic sector of the region.*

Entering Summer 2009, the nation's economy is experiencing significant distress. National job losses have topped 5 million since the recession began at the beginning of 2008 (Goodman and Healy), with losses spread across the country in every industry and sector. In the fourth quarter of 2008 alone, over a million jobs were lost in the national economy and the national Gross Domestic Product (GDP) shrank by 6.2 percent. An additional 2 million jobs were lost in the national economy in the first quarter of 2009 (Isidore).

Against this backdrop of national and global economic crisis, leaders in our region are divided on how they view our economic situation. Some believe that recent upticks in the stock market in response to aggressive Federal recovery programs are a sign that the nation has reached the bottom and the worst is over. Others believe this is only the end of the beginning, the bottom is nowhere in sight, and job losses will continue for years. Opinions abound, but it is impossible to know what will happen to the world's economies over the next five years. In this context, the challenge in creating a Comprehensive Economic Development Strategy for Northwest New Mexico for 2009-2014 is to find a way to remain strong in an era of uncertainty marked by global economic collapse.

The following summary provides an overview of the strengths and weakness in the regional makeup of human and economic assets and the problems and opportunities posed by external and internal forces affecting the economy.

B. Strengths & Opportunities; Problems & Weaknesses

STRENGTHS & OPPORTUNITIES	WEAKNESSES & PROBLEMS
REGIONAL WORKFORCE	
✓ *A Large Available Workforce* In January 2009, we had a labor force of 96,995 people with aggregate regional unemployment of 5.07%, slightly lower than the State rate of 5.2%, although unemployment varied by county.	✓ *Pockets of Unemployment* The region has pockets of unemployment ranging from 40% to 100%.
✓ *Entrepreneurial Spirit* Our workforce has a high degree of entrepreneurial spirit, evidenced by a 2005 Michael Camp study that ranked Farmington and Gallup in the top 25 most entrepreneurial municipalities in the United States.	✓ *Poverty* Our region has higher poverty rates and lower per capita and household income levels than the State of New Mexico and the nation.
✓ *Higher Education Opportunity* We have major opportunities for higher education through community colleges and university branches in the region; integration of training programs with available and emerging jobs could be improved.	✓ *Educational Attainment* Limitations include underperforming public school systems and a workforce challenged by greater English language limitations and lower educational attainment than New Mexico as a whole and the US.
ENERGY INDUSTRY	
✓ *An Energy Industry in Transition* • The oil and gas industry in San Juan County faces threats from environmental regulation, as well as volatile and declining market prices, but new opportunities are emerging in the development of alternative energy resources such as solar, wind, geothermal and biomass projects. • New uranium mines currently are in the development and permitting stages in McKinley and Cibola Counties, and a new coal mine resumed production in McKinley County in 2008.	✓ *Stress on Energy Economy* Obstacles to conventional energy development include concerns by tribes and other groups about environmental degradation and threats to public health, and industry concerns about perceived over-regulation.
➢ *A Growing Health Care Industry* • The presence of three major private hospitals and two Indian Health Service facilities has generated the development of hundreds of ancillary health care businesses with potential for significant additional growth. • Replacement of the Gallup Indian Medical Center with a new building, currently in the planning stages, presents an important opportunity to acquire an expanded health care facility in the region.	

STRENGTHS & OPPORTUNITIES	WEAKNESSES & PROBLEMS
ECONOMIC CHANGE & RESILIENCE	
✓ *A Robust Regional Economy* • In 2007, our baseline year, our economy generated $10,836,107,234, or almost $11 billion, in gross receipts. • Our gross receipts for the first three quarters of 2008 were up 15.23 percent over the first three quarters of 2007, but regional growth slowed to 8.66 percent in the third quarter. • Between 2001 and 2007, our regional population grew by less than 2 percent, while our labor market added 10,604 jobs, for a growth rate of 14.9 percent. • Threats to big-box retail have produced an opportunity for niche and specialty retail operations, especially in our downtowns.	➢ *A National Economy in Recession* • The national and global economic collapse in the 4th quarter of 2008 and ongoing economic recession are expected to affect every sector of our regional economy, and job losses may continue beyond early signs of possible recovery in other aspects of the national economy. • General Growth Properties, the parent company of Rio West Mall in Gallup, declared bankruptcy in April 2009, and some of the region's big box stores such as Home Depot and national franchises such as Applebee's are announcing store closings on a national level.
✓ *A Diversified Regional Economy* • Our economy is dominated by the private sector, with 72 percent of our jobs (59,052 of 81,623 jobs) in private sector categories. • Significant jobs and gross receipts are generated across a variety of sectors including retail, health care and social assistance, energy, tourism, construction, and combined service sectors. • Agriculture, manufacturing, wholesale trade and transportation sectors contribute strongly to the economy in terms of jobs and gross receipts.	➢ *Reduced Demand for Manufactured Goods* Reductions in global trade have opened up an opportunity for manufacturing specialty products such as the Pioneer Project utilizing small-diameter wood from thinning the Cibola National Forest, contributing to the health of the forest and producing products such as the wood pellets that provide alternative winter heating in many of our remote rural areas.
✓ *A Commitment to Revitalizing Downtowns* • Our cities, towns and villages have made commitments to downtown revitalization. The Farmington Metropolitan Redevelopment Area, the Aztec Economic Development Advisory Board, the Gallup Business Improvement District, the Grants MainStreet Program, and the Village of Milan all have formulated ambitious plans for downtown development. • Downtown development plans have highlighted the need for greater market penetration for customer service training programs for frontline staff throughout the region.	

STRENGTHS & OPPORTUNITIES	WEAKNESSES & PROBLEMS
NATURAL RESOURCES & TOURISM	
✓ *Significant Natural Resources* • San Juan County's natural resources include significant reserves of oil and natural gas and abundant coal fields that are important both to the state and to the nation. • McKinley County has significant coal reserves. • New Mexico ranks 2nd in the US in known uranium reserves, with rich uranium deposits in the Grants Mineral Belt traversing McKinley & Cibola Counties	✓ *Water Scarcity* Our high desert region has a diverse geography and a mild, arid climate. Water scarcity has long been an issue as the region's people have depleted groundwater resources and engaged in ongoing disputes over water rights. The *Omnibus Public Lands Act* signed into law this year settled Navajo water rights in the San Juan River and authorized construction of the Navajo-Gallup Water Supply Project as a long-term water solution for the Navajo Nation and City of Gallup, while clarifying and protecting other water rights in the Basin – eliminating a major barrier to development.
✓ *Scenic Beauty and World Heritage Sites* • Our varied and diverse landscape of great scenic beauty consists of mountains and lakes, plateaus and high desert mesas with red rock outcroppings, mountain ranges, forested and woodland areas, canyons, valleys and arroyos. • Our national parks and monuments, Native American culture, and world heritage sites such as Chaco Canyon, Aztec Ruins, and Hawikku in Zuni are major regional assets that have supported a thriving tourism industry for decades.	✓ *Environmental Threats* • Industrial development has produced some threats to the environment, including air quality impairment from power plants, contamination of rivers from farming, ranching and wastewater treatment systems, drug residues, and mercury from power plant emissions precipitated in rain. • Previous uranium mining operations in the region have been linked to health problems, and there is public concern about risks to health and safety posed by new uranium mining and milling operations. • Potential effects of climate change are not known, but the Governor's Climate Change Advisory Group has found that "serious and damaging societal and ecological impacts" may occur.
✓ *New Tourism Assets In Development* • Development of the New Mexico leg of the Trail of the Ancients Byway provides a vital opportunity to synergize dozens of unique tourism initiatives. • Adventure tourism is an emerging niche industry in the region, with assets in all three counties. o San Juan County recreation opportunities include fly fishing, road biking, Xterra Triathlon and golf tours. o Cibola County recreation opportunities include Mt. Taylor Quadrathlon and ecotourism options. o Adventure Gallup & Beyond is developing a world-class trail system in McKinley and Cibola Counties. o Year-round calendar of events of special Indian Arts fairs, Balloon Rally, rodeos, and other special events presents an opportunity to coordinate regional marketing initiatives to maximize market penetration. o The McKinley County Cultural Enterprise Network and Ancient Way Arts Trail have provided new opportunities to attract visitors and arts buyers to McKinley and Cibola Counties.	➢ *Jurisdictional Barriers* Interconnecting trails can be problematic due to land jurisdictional issues.

STRENGTHS & OPPORTUNITIES	WEAKNESSES & PROBLEMS
TRANSPORTATION NETWORK	
✓ *Regional Transportation Assets* • Major transportation assets include strategic transportation corridors such as Interstate Highway 40 and the cross-continental railway traversing McKinley and Cibola Counties along with three US Highways connecting the region's population centers, including the 4-lane Highway 550 corridor from Bloomfield to Bernalillo. • The region's roadway infrastructure also includes state roadways, close to 2,000 miles of county roads, and 78 bridges. • Six transit systems currently operate within the region, providing public transit, primarily within the population centers.	➢ *Unsustainable Transportation Finance* • Weaknesses in the transportation system include hundreds of miles of unpaved rural roads and many obsolete one-lane bridges. • Public financial support for transportation infrastructure has eroded, with available resources increasingly dwarfed by demand for both new capacity and proper maintenance and replacement of existing facilities.

EMERGING PROGRAMS & PARTNERSHIPS
✓ *Replicable Model Programs* • Our entrepreneurial spirit and ability to innovate have produced a set of model programs that, with proper documentation, could be replicated throughout the region and beyond. • Programs unique to our region include the Quality Center for Business in Farmington, Leadership San Juan, the Aztec Buy Local Committee, Sustainable San Juan, Earl's Vendor Program providing support for 700 Native artists and artisans in Gallup, Native Hands Co-op in Gallup, Proactive Host customer service training program, and the Future Foundations Family Center in Grants.
✓ *Capitalizing on Innovative State Development Programs* • New Mexico operates One Stop Career Centers in each of our three counties and provides a set of programs to assess workforce skill levels and offer targeted training programs. • New Mexico has established a Certified Communities Initiative that works in conjunction with the New Mexico Partnership to funnel business recruitment opportunities to local economic development organizations. • New Mexico Creates, a program of the Museum of New Mexico Foundation, provides opportunities for local artists and artisans to link to a vibrant arts market through museum gift shops and an online store.
➢ *Creating New Strategic Partnerships* • The multiple jurisdictions in our region include six non-contiguous Indian reservations taking up about half the land area, along with county and municipal governments and two Land Grant communities with local government status. This creates a complex planning environment, but also offers the opportunity to forge new strategic partnerships. • The Native American Economic Development Strategy (NAEDIS) program has created a major opportunity to form strategic partnerships with tribal governments in the region to support targeted economic development initiatives.

C. Economic Cluster Analysis

Economic Clusters are groups of component industries that share common or complementary markets, suppliers or workforce skills. Examples of economic clusters at the national level include the complex of entertainment industries centered in Hollywood, California, high tech industries in the Silicon Valley, or the automobile industry in Detroit.

The theory of economic clusters developed by Michael Porter, Harvard Business School competitiveness guru, supports the concept that the state can and should play a positive role in fostering economic growth through development policies rooted in economic clusters (Glavan). According to economic cluster theory, each region of the country has its own industry clusters, with specialized skills and assets, effectively decentralizing the responsibility for forming and implementing economic policy across states and regions. "Decentralization is arguably America's greatest hidden competitive strength," according to Porter writing in *BusinessWeek* in October 2008.

Economic Cluster Theory also has some drawbacks. The current collapse of the automobile industry in Detroit is an example of one obvious downside. A market failure may prevent the emergence of a profitable cluster and thus jeopardize overall economic development, or individuals within a potential cluster may fail to coordinate their actions to reap greater benefits (Glavan). The theory is based on descriptions of how clusters are organized rather than on how they emerged, and this limits the practical application of the theory to proactively create or replicate a cluster within an existing economy (Motoyama).

The 2004-2008 CEDS and many of the region's planning documents incorporate some key elements of Cluster Theory, especially application of the principles of horizontal integration. Several CEDS activities focused on applying Cluster Theory to the production of new products for regional and Albuquerque markets and linking local businesses to regional markets and industry drivers. Recruitment strategies were aimed at supplying goods and services to regional industry clusters, such as the energy industry centered in the Four Corners or filling gaps within light manufacturing and high tech industries.

As examples of cluster theory represented in existing planning documents in the region: the *San Juan County Growth Management Plan* includes objectives to promote inter-company business and economic development opportunities; the *Farmington Consolidated Plan* aims at focusing manufacturing objectives on regional resources and regional markets; and the *P&M Mine Reuse Study* recommends applying "cluster marketing" as a strategy to attract businesses to the area:

> Cluster marketing is based upon identifying the types of industry groups that are dominant in terms of employment, skills of the labor force and supporting or allied industries that are available in the area to support and enhance the growth of an industry (JJ Clacs).

1. Retail Cluster

Further growth and development of the region's already substantial retail cluster can be tricky. Many of the region's local plans target development and diversification of local retail sectors, but taken overall, the local plans are marked by internecine rivalries, with market centers both within the region and in bordering areas competing for the same customers.

For instance, the *City of Gallup Growth Management Master Plan 2008 Update* notes that "there are indicators that regional market trade is being drawn away from Gallup to Farmington and other cities. . . . Retaining Gallup's competitiveness with other regional market centers is of critical importance to the health of the community's economy" (Burstein).

A 2004 study by the Bureau of Business and Economic Research of the University of New Mexico found that Albuquerque received a substantial volume of business from Grants-area residents, particularly those shopping for higher value items where selection, rather than price, was seen to be the most important consideration.

The *2000-2001 Comprehensive Economic Development Strategy Navajo Nation* noted "leakage of Navajo dollars to the border towns: lack of retail outlets is one of the major problems faced by the Navajo people." The recommended strategy was to develop more retail shopping centers at strategic locations on Navajo lands.

The large Farmington market center faces competition from southern Colorado. The *Region 9 Comprehensive Economic Development Strategy* for the five Colorado counties of Archuleta, Dolores, La Plata, Montezuma and San Juan plus Southern Ute and Ute Mountain Ute Indian Tribes recommends developing specific strategies to reduce "retail leakage."

In addition to intra-regional rivalries, the retail sector nationally faces serious threats due to the credit squeeze. The national economy lost 39,500 retail jobs in February 2009, and 500,000 in 2008 (Goodman and Healy):

> Retail stores are shuttering. The era of easy money fueled by rising house prices and abundant credit gives way to a period in which millions of households are forced to confine their spending to their paychecks.

Facing threats from dwindling consumer spending and increasing competition between market centers within the region as well as from retail shopping centers in Arizona, Colorado and the Rio Grande corridor, not to mention televised shopping networks and catalog mail-order and online shopping options, further development of the retail sector within the region will require a new level of creativity and strategic thinking, with new emphasis on energizing local retail options.

2. Health Care and Social Assistance Cluster

Generally considered one of the sectors most immune to economic downturns, health care provides a significant percentage of the jobs in the region and is where the region experienced the most growth between 2000-2007. Nationally, health care is the only sector that did not experience extreme job losses in 2008, serving as a bright spot, adding 30,000 jobs in the national economy in February 2009 (Goodman and Healy).

San Juan Regional Medical Center in Farmington is a major contributor to this cluster, with significant new developments of facilities and specialized services. The Center serves as an economic anchor in the Animas sector of the City's newly formed Metropolitan Redevelopment District.

In northwest New Mexico, the Gallup Indian Medical Center and the nearby private Rehoboth McKinley Christian Hospital together have spurred the development and growth of a significant economic cluster of healthcare and ancillary service providers comprising 223 separate establishments in McKinley County including doctor and

dentist offices, nursing and residential care facilities, ambulatory health care services, medical transport, and home health services.

The *McKinley County Comprehensive Plan, Phase 2*, notes that current plans to build a new hospital could generate an additional 600 to 1,000 jobs. The *City of Gallup Growth Management Master Plan 2008 Update* notes that "fortunately, the GIMC has a large patient base and specialties not matched by other nearby institutions. Plans have been in the works to build a larger replacement hospital in Gallup. However, the availability of funds, timing for construction, and siting remain uncertain."

The local GIMC relation planning committee has identified a site at the west end of town that would be suitable for the new facility, but the site requires an infrastructure investment estimated at about $6 million dollars to construct a new electrical sub-station and develop sewer, water, sidewalks and roads to support the new facility. Retaining the Indian Health Service hospital in Gallup has arisen as a top priority in the region's support for and development of the Health Care cluster.

Another element to support growth of the health care sector would be the integration of education and training programs to prepare people for jobs in this field. Good models for such a health education program have emerged at San Juan College and the University of New Mexico-Gallup Campus.

The Health Care Cluster includes not only the delivery of health care services but also manufacturing and supplying medical equipment, devices and materials. However, falling demand for goods made in the United States including medical equipment, pharmaceuticals, and high-tech products suggests caution in planning investments in manufacturing medical products (Schwartz).

3. Energy Cluster

This is potentially a huge cluster containing all the various initiatives and plans related to mining and mineral extraction, alternative energy development, and water security. Energy industries have been a mainstay of the regional economy for decades, and the region's reserve resources in coal, oil and gas, uranium, wind and solar present major opportunities for growth in the future.

Investments in oil and gas development are attractive but not without challenges. "Investing in oil and gas development offers high financial rewards, with a return of capital in as little as 6 to 18 months, a 10 to 1 return on investment" (Le Ferrand). On the other hand, even within Farmington's bustling energy industry, Conoco-Phillips recently announced worker layoffs (although new plans are afoot to increase production in the coming year).

Chevron is closing down a principal coal mine in McKinley County, and new developments in uranium production are being questioned without appropriate protections to ensure health and safety. The overall viability of mineral extraction as the backbone of a region's economy also has come into question:

> Communities and regions that have been successful at attracting significant amounts of new economic activity over the last two decades were not those that continued to specialize in natural resource extraction. . .. a different set of local characteristics, other than the presence of extractable natural resources, has become important in determining the location of economic activity: the quality of the local labor force, the quality of the public infrastructure including schools, parks, and libraries, and the quality of the social and natural environments. Areas that are perceived to have human, public, and environmental resources and amenities that make them attractive residential locations have prospered (Peach and Popp).

Council of Governments staff are monitoring the latest developments in the energy field throughout the spring of 2009, including attendance at the Annual Energy Conference sponsored by New Mexico Tech in mid-April and the statewide New Mexico Town Hall on Energy in mid-May. Findings from these conferences are being used to inform energy planning in the region.

Details concerning the dynamics involved in the region's energy industry are outlined below.

- ***Oil, Gas and Coal***

  Further development and exploitation of the region's reserves of oil, gas and coal present significant challenges, although there is a diversity of opinion within the industry and the scientific community regarding the actual shape and dynamics of these challenges. Oil prices have fallen by 63 percent from their peak of $147 a barrel in the summer of 2008:

  > Seven consecutive years of rising oil prices – unprecedented in the history of the oil industry – have come crashing down, thus burying the notion that the commodity price cycle was a historical relic (Mouawad).

  Declines in the natural gas market, in particular, will impact regional planning:

  > The first globalized natural gas glut in history is driving an even more drastic collapse in the cost of gas that cooks food, heats homes and runs factories in the United States and many other countries (Krauss).

  Industrial and utility use of natural gas is declining. US prices have seen highly volatile fluctuations with an overall drop by two-thirds since the summer of 2008. According to Clifford Krauss of the *New York Times*, an increase in imports is likely to keep domestic prices low and delay a recovery in production until the global economy recovers. Domestic producers have lowered their rig count in natural gas fields around the country by 50 percent in the last several months because of the fall in prices, leading to an expected drop in production by the end of the year.

- ***Uranium***

The region's uranium reserves could generate substantial income for the state and jobs for citizens. Four major companies submitted exploration permit applications to the state Mining and Minerals Division in 2006 alone, all in the Grants-Gallup area. However, uranium mining poses a basic dilemma. Known health effects from exposure to the chemical properties of the metal and from radiation include kidney disease and lung disease, and there is widespread public opposition to the idea of renewed uranium mining. In Cibola County, the Multicultural Coalition for A Safe Environment, which opposes uranium mining, has emerged. The Diné Natural Resources Protection Act placed a moratorium on uranium mining on Navajo Land and within Indian Country.

Large segments of the populace, along with community leaders, squarely and enthusiastically support the return of uranium mining related to the tremendous economic benefits:

> Recent trends in world and national energy markets enhance the prospects for significant uranium industry activity in the state. . . . There is general agreement among energy analysts that the increases in world energy demand will continue for the next few decades (Peach and Popp).

Others sound a more cautionary note:

> To understand if we can, in fact, conduct uranium mining in this state without compromising health and environmental safety requires more information than we currently have (Bland and Scholle).

Along with concerns about health and safety, others question the scale of the potential benefits. Thomas Power of the University of Montana, for instance, judged projections of the potential $30 billion in gross receipts from uranium sales as a "gross exaggeration built around indefensible economic assumptions. . . If more defensible assumptions are made, the upper end of potential annual direct benefit to New Mexico workers will be only about two-tenths of one percent of that $30 billion claimed."

Power also points out that New Mexico has only about 2 percent of the world's uranium reserves and will have to compete successfully with the rest of the world's uranium producers, many of which have higher grade and lower cost reserves. According to Power, the industry would create only about 1,575 uranium mining and processing jobs. All things considered, a gain of 1,500 jobs may be less than the most optimistic projections, but still would be a significant benefit to the region's economy.

McKinley County recommends a moderate policy that may provide a model for the region. The County supports pursuing energy development when environmental protection measures are taken and mining, drilling operations and reclamation meet state and federal environmental standards. The county's policy is to support uranium mining "in locations sufficiently removed from residential and business use, and with permanent fencing and monitoring of the site to prevent grazing on

contaminated soils or exposure to contaminated water. Surface and groundwater outside the mining area should not be impacted" (*McKinley CCI application*).

- ***Alternative Energy***

There is interest in developing alternative energy projects in the region, in line with national and state priorities. At the national level, development of new renewable energy sources and technologies will help to reduce the nation's dependence on imported oil and mitigate the impact of greenhouse gases on climate change.

At the state level, New Mexico's big utilities overall are at 6 percent renewable power and moving toward the state's goal of 10 percent renewable power by 2011 (Galbraith and Wald). The power plants of the Public Service of New Mexico are fueled at 41 percent by coal, 22 percent by natural gas, 16 percent by nuclear power, 8 percent by wind, and 13 percent from power purchases (Le Ferrand).

In our region, the City of Aztec has planned and is seeking funding for a large solar farm facility as part of New Mexico's "Green Grid" strategy.

The *McKinley County Comprehensive Plan* promotes wind turbine and solar energy development. A group of citizens have formed Gallup Solar, dedicated to solar installations in or near Gallup, such as a 5-megawatt installation for Durango-McKinley Paper Company. Naschitti Navajo Chapter also is considering sites for small solar installations, such as the Whispering Cedars Fire Station.

Entrepreneurs in McKinley County are developing an idea to recycle used vegetable cooking oil from restaurants and produce diesel fuel using a chemical conversion process. They estimate they can convert about 7,000 gallons of oil per month from restaurants in Gallup and the nearby Navajo Reservation, and want to do a feasibility test using the diesel fuel in the vehicle fleets of local governments and the Gallup-McKinley County School District.

In Cibola County, both Cebolleta and Cubero Land Grants have ideas for alternative energy development projects. Cebolleta is interested in the possibilities for business development involving alternative energy, including wind farms, biomass, and solar energy tied in to the Continental Divide line.

For local groups interested in exploiting wind resources, a good model may be found in the development of ranchers' wind associations in Wyoming that were formed to deal with "wind developers" working to build wind farms and transmission lines to carry wind-generated electricity to markets. Closer to home, extensive wind energy development has occurred in New Mexico's eastern plains.

Given the downturn in the economy, all these potential alternative energy projects face formidable challenges:

> Even in states that are making good progress toward their targets -- like Texas, New Mexico and Wisconsin -- efforts could be undermined by the still-unfolding credit crisis. The squeeze is falling especially hard on renewable energy projects, because nearly all the expenses for such plants are upfront capital costs financed by debt, with little in "pay as you go" costs like fuel (Galbraith and Wald).

Installation of wind and solar power has slowed across the country, with small solar start-ups being hit hard. Factories building parts for these industries are laying off workers, and trade groups project a 30 to 50 percent decline this year in installation of new equipment. Prices for turbines and solar panels are falling, and new wind and solar plants are coping with cutbacks. Most of the problems stem from the credit crisis (Galbraith).

Additionally, wind energy development is constrained in northwest New Mexico by the inconsistency of high wind flows, as well as the high start-up costs associated with the installation of alternative energy equipment.

Other challenges include unreliable federal and state tax incentives for renewable power, problems finding reliable suppliers among the many young and fragile start-ups in the industry, and difficulty getting transmission lines built and obtaining permits to build solar stations and wind farms.

Weatherizing homes and public buildings may have the short-term potential to create jobs as well as the long-term potential to save on energy costs for both householders and local governments and public entities. "Weatherizing a million homes annually would also create about 78,000 jobs for a year," according to the federal Energy Department's weatherization project. According to U.S. Census data, we have 65,616 occupied housing units in our region. Using the ratio of one job for every 12 or 13 homes, if we weatherized every home in the region we could create 5,468 jobs for a year. At an average cost of $2,000 per home, the project would require an investment of $131,232,000. The project could be structured with a hybrid business model, subsidizing some of the services for low-income homeowners and selling some of the services to homeowners and landlords to bring down the investment cost.

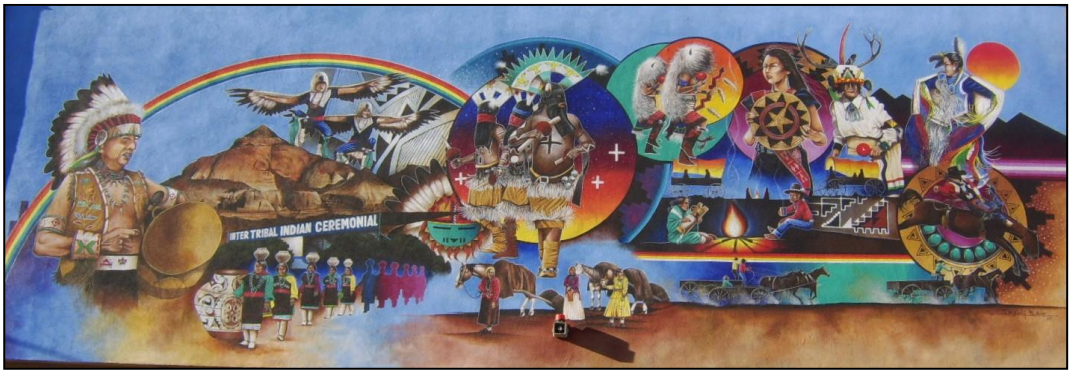
- ***Water***

The Navajo-Gallup Water Supply Project is a centerpiece of the water plans of the Navajo Nation, the City of Gallup and New Mexico's Water Planning Region 6 (McKinley and Cibola Counties south of the San Juan Basin) and is crucial to future development in the region as a whole. According to economist Jim Merchant, "It is clear that the lack of a reliable water supply presently poses a significant constraint to most types of economic development."

The pipeline construction project itself, however, may or may not be a big job engine. James Merchant's "Social Impacts" report predicts a jump in construction jobs, but "total project-related employment (including secondary employment) will not represent an unusual fluctuation in the area's year-to-year total employment."

Even if the construction and maintenance of the pipeline do not prove to create a large number of jobs, the project is essential to almost every other component of the region's economic development plans.

In addition to the major infrastructure development provided by the Navajo-Gallup project, innovative water resource management technologies may provide new business development ideas for the region. These include concepts such as the living roofs, living walls both indoor and outdoor, and innovative uses for greywater and rainwater harvesting (Arieff).



4. TOURISM CLUSTER

The tourism cluster includes cultural and adventure tourism, eco-tourism, heritage tourism, hospitality and accommodation services, outdoor attractions and services, and outdoor recreation equipment businesses, among other components. Event and destination marketing plays a role in developing tourism-related businesses.

Tourism is an area where great strides have been made in regional coordination, forming initiatives and partnerships upon which future developments can build. Plans for developing the tourism cluster should integrate all the various corridor management and tourism plans and initiatives developed in the region, including the McKinley County Cultural Enterprise Network (MCCEN), the Ancient Way Arts Trail, the Trail of the Ancients Scenic Byway, Adventure Gallup and Beyond, Cebolleta and Cubero Land Grant tourism initiatives, and Gallup's new tourism strategy organized under the re-constituted Convention and Visitors Bureau.

The Native American arts and culture sector creates a nexus between tourism and retail, with productive projects to increase access to markets for local products. The NAEDIS "New Mexico Creates" project, tourism/byway promotions, Native Arts authenticity, and Artist Web Promotion New Markets initiatives all have potential for further development.

Downtown development and revitalization projects throughout the region also promise to support increased tourism. Plans of the Farmington Metropolitan Redevelopment Area (MRA), Grants MainStreet project, Gallup Business Improvement District should be integrated into plans for developing the tourism cluster.

We face some challenges to our tourism sector in the summer of 2009 due to the economic downturn, with people less inclined to spend money on vacations and travel for pleasure. Nationally, hotels and restaurants lost 32,000 jobs in February as part of the overall decline in the economy (Goodman and Healy). There are some signs that visitation at national parks and monuments in McKinley and Cibola Counties has been declining in recent years. Total visitation declined by 25 percent between the peak of 2,291,555 visits in 1998 to 1,719,623 visits in 2007 (Burstein). Development or renovation of the region's campgrounds and RV parks, together with an aggressive marketing campaign, may appeal to vacationers looking for low-cost travel alternatives.

Section III

CEDS GOALS AND OBJECTIVES: DEFINING REGIONAL EXPECTATIONS

This section sets forth the goals and objectives necessary to capitalize on our regional resources and work toward solutions to our economic problems. The strategic projects, programs and activities identified in our CEDS have been selected to fulfill these goals and objectives. The coherent strategy underlying our goals and objectives essentially is a broad formula for how we are going to remain strong and competitive by focusing on clear goals and strategic guidelines that will be needed to carry out the goals. Our strategy is an integrated set of clear priorities to preserve our strengths and mitigate the weaknesses that threaten our prosperity.

A. Theory of Change

In developing a logic model to support our theory of change, we applied concepts from two major economic development theories. We used ideas from Michael Porter's Cluster Theory to focus on the five key economic sectors of retail, health care and social assistance, energy, tourism and construction that comprise half of our regional economy. Taken together, these five sectors produce 51 percent of our jobs and 52 percent of our gross receipts. We avoided the drawbacks of Cluster Theory by also targeting increased diversification of our economy.

We used economic base theory to privilege projects that would create base jobs to bring money into the community from outside our local economy. These positions tend to pay better than local economy jobs. Manufacturing and local resource-oriented firms like mining and oil and gas, a key sector for us, are usually considered to be base sector firms because their fortunes depend largely upon non-local factors and they usually export their goods to outside customers.

B. Goals

Our three strategic goals reflect our primary regional expectations for economic development over the five-year time frame of the CEDS:

Goal #1: **STRONG SECTORS:** Remain strong in our five key economic sectors.

Goal #2: **DIVERSIFICATION:** Improve our competitive position by increasing diversification of the economy.

Goal #3: **REGIONAL INNOVATION:** Increase our capacity for regional cooperative innovation.

C. Objectives

We have developed a suite of a dozen objectives that are targeted to exploiting our assets, investing in and reinforcing our strengths, addressing our fundamental challenges, tackling our weaknesses, and learning from our mistakes. These objectives will enable us to make strategic investments in infrastructure, workforce development, and marketing as we improve the business environment in our region by identifying our top priorities.

Goal #1 STRONG SECTORS: Remain strong in our five key economic sectors.

- **Objective 1.1: RETAIL:** Retain and expand our retail businesses.
- **Objective 1.2: HEALTH CARE & SOCIAL ASSISTANCE:** Retain and expand health care and social assistance infrastructure.
- **Objective 1.3: ENERGY:** Sustain our energy sector with new initiatives.
- **Objective 1.4: TOURISM:** Collaborate on regional tourism initiatives.
- **Objective 1.5: CONSTRUCTION:** Retain and expand our construction industry.

Goal #2 DIVERSIFICATION: Improve our competitive position by increasing diversification of the economy.

- **Objective 2.1: DOWNTOWNS:** Work toward vibrant and prosperous downtowns.
- **Objective 2.2: AGRICULTURE:** Expand agriculture initiatives.
- **Objective 2.3: MANUFACTURING:** Expand our manufacturing industry.
- **Objective 2.4: TRANSPORTATION:** Expand transportation and warehousing options.

Goal #3 REGIONAL INNOVATION: Increase our capacity for regional cooperative innovation.

- **Objective 3.1: ORGANIZATION:** Improve our organizational infrastructure.
- **Objective 3.2: WORKFORCE:** Improve education and workforce development.
- **Objective 3.3: BEST PRACTICES:** Research and implement best practices in economic development.

D. Outcomes

Our logic model predicts that if we focus over the next five years on projects that will move us forward in relation to our goals and objectives, we will achieve the following primary outcomes:

JOBS:	Create a net gain of 5,000 jobs.
INCOME:	Increased per capita and household income.
POVERTY REDUCTION:	Decrease the percent of people living in poverty.
DIVERSIFICATION:	Maintain diversity in the regional economy.
EDUCATION:	Increase educational attainment.

Indicators that we will use to measure these five outcomes are discussed in Section VII, Performance Measures.

E. Strategic Guidelines

Drawing upon input and advice from businesses in the region, as well as review of the literature on best practices in economic development, we have developed a set of policies to guide us as we work with our public and private sector partners to implement the CEDS:

- Take a proactive approach to economic development;
- Involve strategic local partners to develop and implement specific initiatives;
- Support regional development initiatives;
- Increase workforce training and development through collaborative partnerships with secondary and post-secondary educational institutions;
- Link workforce development with economic development outcomes;
- Develop professional seminars to address common issues affecting business;
- Provide technical assistance in the areas of small business loans, marketing, long-term planning and personnel issues;
- Encourage recruitment of industry and manufacturing through development of industrial parks, emphasizing low water use in communities with stressed water supply;
- Work toward win-win solutions and avoid zero sum games;
- Support entrepreneurship; support small business startup, retention and expansion;
- Foster a culture of innovation;
- Improve access to capital;
- Improve language skills and educational attainment of workforce;
- Strengthen workforce training, especially work ethic training;
- Improve energy efficiency; create new green industries.

Section IV

COMMUNITY AND PRIVATE SECTOR PARTICIPATION

The process for development of the CEDS for 2009-2014 was open and inclusive. The Public Review Draft included input from over 40 community-based stakeholders and key informants. We assembled two loosely organized, targeted teams of community participants to help directly with the development of the CEDS. With both teams, the Strategy Committee and the Partners Group, our aim was to include essential public and private sector partners.

Our CEDS Strategy Committee of 17 confirmed members is dominated by private-sector business leaders in retail, health care, energy, tourism, construction, and the service sector. The Strategy Committee also includes private individuals, elected officials, and members representing institutions of higher education, Native American groups, and public sector municipal utilities. A roster of our Strategy Committee is provided in Appendix C.

With our Partners Group, we have assembled over 20 economic development leaders, partners, and stakeholders to help us develop and critique our strategy. Our partners include directors of economic development organizations and commissions, chambers of commerce, small business development centers, and convention and visitors bureaus. A roster of our Partners Group is provided in Appendix C.

We worked with our Strategy Committee and Partners through individual interviews to gain their input and advice on overall current business and economic conditions, the short-term outlook over the next year and long-term outlook over the next five years. We also received their specific suggestions for projects that should be included in the CEDS.

The thirty-day public review process provided multiple opportunities online and through strategic region-wide easily accessible locations for interested citizens and members of the public to review and comment on the CEDS. The Public Review Draft of the CEDS 2009-2014 was designed as an interactive document and was distributed with a "Request for Comments." Strategy Committee members and Partners as well as interested citizens had opportunities to sign on for project-specific organizational responsibilities suggested by their individual and/or organizational agendas and their particular interests.

The Board of Directors of the Northwest New Mexico Council of Governments (NWNMCOG) serves as the primary oversight body responsible for approving submission of the CEDS 2009-2014 to the U.S. Economic Development Administration. A roster of the NWNMCOG Board of Directors is provided in Appendix B.

In the development of the CEDS, primary data were derived from public involvement processes, public information meetings, information provided by counties, municipalities and tribes, and from the expertise and involvement of members of the CEDS Partners committees. Community participation on the regional level included economic development conferences and workshops, numerous public meetings, forums and summits that sought input from advisory groups, as well as involvement in other related meetings. Specific public involvement activities included:

- Ongoing communication and partnership with the Economic Development Organizations (EDOs), economic development partners, and members of the Northwest New Mexico Council of Governments.
- Participation in and convening of local and state Economic Summits and CEDS Partner Meetings for public and stakeholder participation in the CEDS process.
- Focused economic development task forces formed by strategic partners on their own initiatives.
- Input and participation from elected officials and their representatives at the local, state and federal levels.
- Participation in and convening of meetings related to economic development issues, including the underpinnings of economic growth (e.g., water supply infrastructure, land use planning, transportation, etc.).
- Facilitation of local comprehensive plans for counties and communities, which have included economic development elements.

Comments Received During the Public Review Process

During the thirty-day public review process, we received over 250 comments on the Public Review Draft from members of the Strategy Committee and the Partners Group, elected officials, government staff, and community members. Comments ranged from observations on the placement of commas and hyphens to corrections on errors of fact and history to statements of broad philosophical and ideological positions, sometimes contradictory, on the best ways to implement economic development, create wealth, and improve quality of life. Reviewers pointed out inconsistencies, requested clarification, asked for additional information, and suggested changes in the terminology and formatting of the document.

The comments also included suggestions for more than forty additional projects which have been included in the final CEDS.

Most of the editorial and substantive comments led to revisions which have been incorporated into the final document. This section will summarize some of the comments which did not find their way into the text but provide food for thought and may suggest ways to refine our thinking as we move into the CEDS implementation phase.

- ***Comments About Economic Development***
  - "Government does not create wealth, private industry and individuals create wealth."
  - The problem is, people are afraid to start a business. The big box stores have scared people, and they don't think small business can compete.
  - There is a need to increase positions specializing in economic development to expand investment in our region.

- "There is a problem in our region of elected officials who are reluctant or afraid to lead, take risks, make decisions. Leaders appear afraid to act on anything new. Tribes are saying no to growth until it is thoroughly explained, which can take years. There are no new projects for economic development other than maintaining the status quo. Leaders are not even researching opportunities for the future."
- From a regional perspective, the report looks good, but from a local perspective, entities are competing with each other and are concerned about leakage of local economy dollars.
- This CEDS should have better project tracking and benchmarks than the previous CEDS, and should focus on specific, direct, measurable goals.
- The "Wikipedia" approach and the ideas of McAfee are really good, and this approach should be implemented more, with less centralized control.
- "I guess I'm arguing with McAfee's approach." The "new" method works best for information-sharing, but might not be effective at getting something specific done.
- The Powell doctrine and McAfee new method seem mutually exclusive.

- ***Comments about the Region in General***
  - Small Business Development Centers have poor community visibility, need better marketing and promotion, advertisement and to ramp up outreach.
  - New Mexico Department of Workforce Solutions is a regulatory body, does not have a business orientation. We need to change the One Stops.
  - We need to develop better business membership associations. Chambers of commerce need to look at value offered to business customers, strengthen existing services, discard those outdated or less useful, and change or create new services to build membership.

- ***Comments About Tourism***
  - We need more customer service training in our communities to create a better atmosphere for tourists, but businesses do not support customer service training programs for their employees. The NMSU-Grants Hospitality Restaurant Tourism Management (HRTM) AA program can lead to a BA and a career path in one of the major regional industries, but it has very low enrollment.
  - The fly fishing industry in San Juan County has a boom-and-bust cycle, the Quality Waters Region suffers from blight and dilapidation, and there are too many registered guides.
  - Native arts and crafts and cultural tourism are at an all-time low, and being in this business is like being on a roller coaster.

- ***Comments About the Oil and Gas Industry***

  - San Juan County is nearing the end of investment capacity for traditional oil and gas industry. There are few new opportunities for acquisition, and no real hope for expansion. There might be development-type drilling, but no new exploration. Natural gas production has peaked, probably peaked 8 to 10 years ago. "We're on the down side."

  - Who will "clean up" after the oil and gas industry?

  - New Mexico probably is one of the worst places in the U.S. to be in the oil and gas business, the regulatory climate shuts down exploration. "They don't want us here." The state does not want oil and gas industry, in the name of protecting the environment.

  - Even if producers want to explore for oil and gas, it is impossible to get permits.

  - The Richardson administration has created some tremendous obstacles for oil and gas producers. Denish is of the same mind and won't be any better. "We need a Republican governor."

  - The regulatory climate has to change. "You can't create a negative regulatory environment and expect business to thrive and produce energy. You can have very fair regulation and responsibly produce energy."

  - Access to lands to develop the minerals should not be exclusive. The industry needs favorable regulations. When state and federal government own property, they have to let you develop it. The industry needs access to public lands, federal lands.

  - New Mexico needs to be more mining friendly. New Mexico is driving industry out of the state.

- ***Comments About the Uranium Industry***

  - Starting up new uranium mining operations is very controversial. Some are strongly in favor of it, while others are strongly opposed.

  - Re: Cibola county's uranium potential, the state environment department, regulatory department, is not expedient in releasing permits.

  - Governor Richardson's agenda is dominated by environmental groups.

  - Nuclear power is better than fossil fuels, but "Santa Fe is dragging its feet on uranium."

- ***Comments About the Coal Industry***

  - Ten or fifteen years ago, Chevron studied opening a new coal mine, but there was too much red tape. The majority of the reserve coal is on the Navajo Nation. Office of Surface Mining, federal BLM, New Mexico Mines and Mineral Division oversee mining, jurisdiction of the land. They need to streamline the oversight, it's a "big overkill," they are inspected up to four times a month. The regulatory climate does not encourage new development.

- ***Comments About Alternative Energy***

  - San Juan County area needs to invest in renewable energy industries to capitalize on success of the Alternative Energies program at San Juan College by creating jobs for graduates of the program.
  - There is a critical need to diversify the regional economy in the area of renewable energies.
  - Solar energy is viable for our region, but there are no installations.
  - We have good solar resources, but solar is very costly. A small project, a photovoltaic parking lot cover, was priced out at $3.5 million. "Gas combined cycle" technology costs $1250 per kilowatt, while solar costs $8,000 per kilowatt up to $12,500.
  - Wind energy is viable, but critics stonewall the idea by claiming the wind is not consistent enough to be economically efficient.
  - Wind is not economically feasible for us. It's not dependable, and the technology for the turbines and propellers is not really very good. We don't have enough wind sustained at a certain miles per hour. It's usually too much or not enough.
  - Wind is not feasible in San Juan. Wind must be maintained at 8 miles an hour, our wind is intermittent, blades shut down in high winds. Wind is better in Wyoming and the Dakotas.
  - There are issues with transmission availability, no new transmission lines have been built in decades.
  - No energy companies in San Juan have stepped up to invest in alternative energy development.
  - Need to do small projects, invest in research, focus on storage technologies. Research and development is the driving force for new technology. "We can't just leap into it." Physics and engineering departments and labs need to work on this, invest in R&D.
  - Converting to electric vehicles is too costly for local governments. Hybrids cost $40,000 as opposed to $23,000 for conventional vehicles. Plus, there are no places to plug in and recharge electric vehicles, they don't work for long distances we have in our region. "We need technologies that work for us."

- ***Comments About San Juan County***
  - The San Juan County region is faring well in the downturn due to the community's willingness to collaborate and assist one another.
  - The San Juan County region suffers from poor regional collaboration in the areas of tourism marketing and economic development.
  - San Juan is "too retail heavy", needs more diversification, but will need more developable land to do this.
  - SJEDS completed a rail survey, results were mixed. Cars, cattle, oil, and general manufacturing were interested in regional rail service, but the project would be high dollar and has right-of-way issues.
- ***Comments About Gallup***
  - Any resurrection of a successful Gallup Intertribal Indian Ceremonial would depend on new board members bringing fresh ideas and a commitment to excellence to be successful.
  - "We need new energy to the Ceremonial, or let it rest for a few years."
  - We need more truth and honesty and higher standards for the Ceremonial. In the vending area for Natives, they need more rigorous standards.
  - The Gallup-McKinley Chamber, Southwest Indian Foundation, and the City of Gallup have ongoing turf issues preventing development of the Codetalkers Museum and Visitors Center.
  - We need more home-grown restaurants, not national chains.
  - The Native Arts markets are controlled by non-Native traders. Gallery owners and business owners in Gallup need to be more respectful in how they treat artists. "Everything is always cheap, cheap, cheap."
  - We need to admit we have a big problem with mis-representation and deceiving the customer about the origin of Native arts and crafts. Authentic goods have to compete with fakes.
  - The City of Gallup should implement the idea of having Native vendors at the plaza, similar to the Plaza in Santa Fe with sidewalk vendors on blankets. The covered pavilions were built for this purpose. This would draw more people to the downtown area.
  - The City of Gallup should let McKinley County take over management of the plaza, have events every weekend, culture nights, bands, dances, festivals, and concerts.

- We need to reinvigorate UNM-Gallup and focus more on our community's needs along with vision toward skill development for future job trends. Our local college needs a good overhaul. It's been stagnant and doing the same thing for too long, not changing or keeping up with the times and trends or even looking for these in the first place.

- We need to strengthen convention opportunities in town and engage hotels in convention and meeting opportunities. Red Rock Park is too far of a drive - we need in-town opportunities.

- We need more focus on west Gallup growth and development.

- Gallup is surrounded by land owners who do not want to sell land for development unless they get very high prices, and this hinders development.

- Racism is an issue in Gallup. "There is more integration now, less stigma for Indian kids, but parents with kids in college tell their kids, 'Don't come back here. There's nothing here for you.' A lot of parents feel that way."

- ***Comments About Cibola County***

  - People in Grants "are waiting for uranium to come back." Grants is still struggling with the loss of 8,000 jobs when the mines closed, and the people are "psychically wounded." There is "paralysis" on the economic development board and the chamber board.

  - The city and county officials are "new to leadership," don't have a history of grantwriting, have no capacity to access external funds, don't know how to advocate for themselves.

  - City, village, county, tribes and land grants need to work together as partners. Currently they are fragmented and paralyzed. They need to be proactive to contact and work with organizations. Communication and relationship mending is needed for sustained partnership.

  - Public servants need to serve the public. Current public servants are not doers. Public servants need to follow through with available resources.

  - We need elected leadership with vision.

Section V

STRATEGIC PROJECTS, PROGRAMS AND ACTIVITIES

A. Overview

The purpose of this section is to identify regional projects and initiatives designed to implement the CEDS Goals and Objectives. In order to qualify for inclusion in the CEDS 2009-2014 document, suggested projects were evaluated utilizing criteria including scale or scalability of the project and ability of the project to attract public and/or private investment. Portfolio theory was applied to create a balanced portfolio of projects that met a variety of targets, with a focus on projects that address an important need or enhance competitiveness in the state and national economies. Projects were included that utilized one or more of the primary ways to create jobs:

RETENTION: Retain existing business by providing technical assistance, responding to recommendations from Business Surveys, encouraging chambers of commerce to take a proactive role;

EXPANSION: Expand existing businesses by increasing and/or simplifying access to capital and providing technical assistance through Small Business Development Centers;

START-UPS: Facilitate new business startups by constructing and supporting business incubators, fostering and training for entrepreneurism, and implementing enterprise facilitation programs such as the Sirolli facilitation method;

RECRUITMENT: Recruit new business by constructing industrial parks, improving education, training and workforce development, improving our downtowns and enhancing quality of life.

B. Suggested Projects

This section will identify and describe all suggested projects, programs and activities and, where known or estimated, the projected number of jobs to be created as a result.

The region's track record for job creation since 2001 suggests that 7,500 new jobs may be able to be created over the five-year CEDS implementation period. However, given current and projected stresses and uncertainties in the national and global economies, we scaled back expectations and set a target to save and create enough new jobs to realize a net gain of 5,000 jobs over the next five years. Since the plan projects a total of 11,000 jobs saved or created, we believe that even under the current unfavorable economic circumstances we have a reasonable chance of achieving our basic outcome of realizing a net gain of 5,000 jobs in our regional economy by 2014.

The following chart summarizes numerous projects that have been suggested to date. It is evident that some of the project concepts are sketchy at this point, while others are more fully articulated.

Northwest New Mexico CEDS 2009-2014

Compendium of
ECONOMIC DEVELOPMENT PROJECTS
to be Implemented in the Next 5 Years

GOALS & OBJECTIVES	PROJECTS
Goal #1: STRONG SECTORS: Remain strong in our key economic sectors.	
Objective 1.1: ***RETAIL*** ***Retain & Expand Our Retail Businesses***	***1.1.1 Retain & expand retail options in the Aztec, Bloomfield and Farmington downtowns and at Animas Valley Mall.***
	1.1.2 Reinvent the Rio West Mall in Gallup -- Create 400 Jobs. Tie in Rio West Mall redevelopment to the Allison Road development. Consider implementing recommendations for Rio West Mall from the City of Gallup Growth Management Plan.
	1.1.1.2 Utilize a Tax Increment Development District (TIDD) with government and private sector funding for the project. LEAD ORGANIZATION: NWNMCOG
	1.1.3 Develop the Ancient Way Arts Trail in Cibola and McKinley Counties - Save 40 Jobs, Create 3 Jobs. Continue to develop the McKinley County Cultural Enterprise Network.
	1.1.4 Gallup Recycling Expand and re-establish recycling businesses in Gallup
	1.1.5 Support Native American Arts and Crafts - Save 700 jobs.
	1.1.5.1 Expand the Council of Indigenous Arts & Culture Vendor Program --Save 700 Jobs. The CIAC program at Earl's Restaurant provides education and services to both Native artists and consumers -- 700 self-employed members jobs saved. LEAD ORGANIZATION: Council of Indigenous Arts & Culture
	1.1.5.2 Educate Consumers Consumer education will support purchase of authentic Native American products by promoting distribution of 100,000 educational brochures in New Mexico and Arizona. LEAD ORGANIZATION: Council of Indigenous Arts & Culture
	1.1.5.3 Expand Native Hands Co-op in Gallup The Co-op may provide a replicable model, or develop new artist and artisan co-ops with net marketing capabilities and protective capacities.
	1.1.5.4 Create a Gallup Indian Arts Market This could be a national event with promotions tied in to Summer Dances and Ceremonial. LEAD ORGANIZATION: Council of Indigenous Arts & Culture

GOALS & OBJECTIVES	PROJECTS
Objective 1.1: ***RETAIL*** ***[continued]***	***1.1.5.5*** ***Expand Market Penetration for Gallup Inter-Tribal Indian Ceremonial*** Create a catalog and year-round internet business for sales of Ceremonial products, using the Southwest Indian Foundation catalog as a model. LEAD ORGANIZATION: McKinley County
	1.1.5.6 ***Enhance Marketing of Zuni Arts and Crafts*** Create new advertising materials featuring storytelling to explain cultural designs and artist backgrounds to personalize products.
	1.1.5.7 ***Develop a Voice for Native Artists*** Support the empowering work of the Council for Indigenous Arts and Culture. LEAD ORGANIZATION: Council of Indigenous Arts & Culture
	1.1.5.8 ***Establish the Manuelito Flea Market at the New Mexico Visitors Center -- 1 job.***
Objective 1.2 ***HEALTH CARE & SOCIAL SERVICES*** ***Expand Health Care and Social Assistance Infrastructure***	***1.2.1*** ***Expand the Health Care Industry in Farmington -- Create 500 Jobs.*** As part of Farmington's Metropolitan Redevelopment Area plan, create a health industry complex around San Juan Regional Medical Center to include a hotel for visiting families and ancillary businesses.
	1.2.2 ***Recruit health care professionals to fill positions in Aztec's new Urgent Care center.***
	1.2.3 ***Build a New Indian Health Service Hospital in Gallup -- Save 600 Jobs, Create 1,000 Jobs.*** The $520 million project would replace an outmoded facility administered by the Navajo Area Indian Health Service, an agency of the U.S. Public Health Service, serving a 25,000-square-mile service area. Jobs include a three-year construction phase and new health industry jobs to support expanded services. LEAD ORGANIZATION: McKinley County
	1.2.4 ***Build Rainaldi House in Gallup.*** Build Rainaldi House lodging for families of patients receiving cancer care. Utilize the $400,000 legislative appropriation and develop an investment strategy. LEAD ORGANIZATION: McKinley County
	1.2.5 ***Build a Dialysis Center in McKinley County -- Create 50 Jobs.***
	1.2.6 ***Renovate Rehoboth McKinley Christian Hospital.*** The private hospital facility is aging and in need of renovation.
	1.2.7 ***Expand Cibola Hospital Facility -- Create 72 jobs.*** Expand medical office with 17,000 square feet of new space to house six physicians, medical library, education classrooms, computer training room, and administration.
	1.2.8 ***Establish Regional Obesity Reduction Services*** Services could include residential weight loss programs in all three counties of the region to address health issues related to adult and child obesity. Programs could be developed through the Behavioral Health Services system. A plan for "Active Living by Design" could be included, and the programs could be linked to adventure sports programs for exercise and "Buy Local" initiatives for healthy eating.

GOALS & OBJECTIVES	PROJECTS
Objective 1.2 ***HEALTH CARE & SOCIAL SERVICES*** ***[continued]***	***1.2.9 Establish a Regional Gaming Addiction Center -- Create 25 Jobs.*** Services could be developed through the Behavioral Health Services system with grant funding to address emerging gaming addiction issues as unintended consequences of Indian gaming development in the region.
	1.2.10 Develop Senior Living and Retirement Villages in McKinley and Cibola Counties The region has many attractive features for retirement living and this sector could be developed with huge potential for job creation.
	1.2.11 Support Gallup Cancer Center Explore options for sustainability for the Gallup Cancer Center.
Objective 1.3 ***ENERGY*** ***Sustain Our Energy Sector With New Initiatives***	***1.3.1 Safely and Ecologically Develop Our Uranium Resources -- Create 1,600 to 5,600 Jobs.***
	1.3.1.1 Rio Grande Resources Mt. Taylor Uranium Mine -- Create 600 Jobs Rio Grande Resources is in process of permitting new operations at the Mt. Taylor Uranium Mine. Construction period of 3 years creates 600 jobs, with ongoing operations creating 400 jobs. Rio Grande Resources will work with NMSU-Grants to provide training for emerging skilled jobs.
	1.3.1.2 Uranium Mining -- Create 1,000 - 5,000 Jobs Private sector development of new uranium mining operations in the Grants Mineral Belt.
	1.3.1.3 Brownfields Assessment & Mitigation of Historic Uranium Sites LEAD ORGANIZATION: NWNMCOG
	1.3.1.4 Uranium Legacy Fund Seek passage of State legislation for uranium legacy fund to create environmental restoration jobs.
	1.3.2 Farmington Power Plant Build a new 100-megawatt power plant in Farmington using "gas fired combined cycle" technology, to come online in late 2013. Requires $100 million investment. Feasibility studies and engineering design work in progress. Construction phase will create 100 jobs.
	1.3.3 Develop Alternative Energy Projects
	1.3.3.1 Chevron Mining, Inc., McKinley Mine -- Save 300 Jobs. Planning is in progress to transition McKinley Coal Mine to bio-diesel if continued coal mining after 2009 is not feasible.
	1.3.3.2 Durango McKinley Paper Company Biogas Project - Save 250 jobs. Utilize biomass from paper processing.
	1.3.3.3 Decentralized Site-Based Solar Initiatives - Create 200 jobs. Projects include constructing a $31 million, transmission-ready solar installation in Aztec as well as solar energy production facilities in Gallup utilizing public and private investment.

GOALS & OBJECTIVES	PROJECTS
Objective 1.3 ***ENERGY*** [***continued***]	***1.3.3.4*** ***Incentives for Solar Installation in Gallup*** Increase Gallup Joint Utilities net-metering incentive from $.02 to at least $.06 to encourage investment in home renewable systems such as solar panel installation.
	1.3.3.5 ***Alternative Energy/Green Tech Center*** Create a center to develop alternative energy and green tech initiatives as part of the CARE Level 2 project. Could tie in to San Juan College training programs for alternative energy industries.
	1.3.3.6 ***Pump Storage Plant, Cebolleta Land Grant -- Create 1,000 jobs.*** Build a clean-energy power plant inside a mountain utilizing water from San Mateo Mine to generate electricity for local use and sale to adjacent electric grid. Stored water would use gravity to energize turbines to generate electricity. Ongoing plant will create 25 jobs for operations.
	1.3.3.7 ***Biofuels Project in Cibola County.*** Utilize high-yield algae to create biofuels. Possible tie-in to Acoma NAEDIS initiative.
	1.3.3.8 ***Biodiesel Project in McKinley County.*** Use a chemical process to convert vegetable oils to biodiesel, possibly for use in local government and school district vehicle fleets.
	1.3.3.9 ***Renewable Energy Projects*** Seek passage of State legislation enabling use of environmental gross receipts tax to expand local investment potential in renewable energy projects; target and recruit renewable energy production projects and manufacturing firms.
	1.3.3.10 ***Create Green Jobs*** Work with Northern Area Local Workforce Development Board to create green jobs through promotion of Taos Youthbuild, Los Amigos Weatherization, YCC Energy Audits, Work in Beauty's Gallup Growers, Hope Garden, and Brownfields and/or environmental restoration training programs.
	1.3.3.11 ***Grow the Conservation Economy*** Through the Sustainable San Juan initiative, create a center to demonstrate green technologies.
	1.3.3.12 ***Geothermal Projects.*** Develop projects to utilize the region's geothermal resources.
	1.3.3.13 ***Energy Efficiency Business -- Create 5 Jobs.*** Develop a business to conduct energy efficiency audits and provide weatherization services. Project is scalable and could be expanded through small businesses at Navajo Chapters.
	1.3.4 ***Energy Efficiency Audits of Public Buildings***
	1.3.4.1 ***McKinley County Communities*** LEAD ORGANIZATION: McKinley County; City of Gallup
	1.3.4.2 ***Cibola County Communities***
	1.3.4.3 ***San Juan County Communities***

GOALS & OBJECTIVES	PROJECTS

Objective 1.3 ***ENERGY*** [***continued***]	***1.3.5*** ***Implement Navajo Gallup Water Supply Project*** *[Create 1,500 Jobs]* The Navajo Gallup Water Supply Project, recently authorized by the Federal government, will require 10 years of funding appropriations for construction, with ongoing operations jobs upon completion. Current projects include local construction of distribution systems in anticipation of the major pipeline project. LEAD ORGANIZATION: NWNMCOG; City of Gallup; McKinley County
	1.3.6 ***Northwest New Mexico Brownfields Assessment Coalition*** Utilize a $1 million EPA grant under the Brownfields Assessment Program to identify and perform Phase I and Phase II brownfields assessments on sites prioritized for redevelopment. LEAD ORGANIZATION: NWNMCOG
Objective 1.4: ***TOURISM*** ***Collaborate on regional tourism Initiatives***	***1.4.1*** ***Develop Trail of the Ancients Scenic Byway*** *[Save 400 Jobs; Create 100 Jobs]* LEAD ORGANIZATION: Trail of the Ancients Scenic Byway Association
	1.4.1.1 ***Utilize the Scenic Byway to Focus Synergy*** The Byway can provide a centerpiece for tourism planning and development in the region, thereby inter-connecting economic development projects and creating jobs throughout the Byway.
	1.4.1.2 ***Facilitate Support for Scenic Byway Capital Needs*** LEAD ORGANIZATION: NWNMCOG (Northwest RPO)
	1.4.1.3 ***Develop New Businesses Along the Byway*** Opportunities include Twin Lakes Flea Market, Sheepsprings Visitors Center, Twin Angels Ruin in Aztec, Route 53 Visitors Center, & potential bus tours.
	1.4.1.4 ***Develop the Hawikku World Heritage Site in Zuni*** Create a tribal park and research center modeled after the Ute Tribal Park in Utah, provided the project is endorsed by the Zuni Tribal Council.
	1.4.1.5 ***Restore Historic 1630 Our Lady of Guadalupe (Old Zuni) Mission in Zuni Pueblo*** *[Create 12 Jobs]* In addition to construction jobs for restoration, the Mission is on the Trail of the Ancients Byway and the project will support cultural heritage tourism.
	1.4.2 ***Expand Adventure Tourism Initiatives***
	1.4.1.6 ***Expand Trails on Gallup's West Side*** *[Save 250 Jobs, Create 50 Jobs]* Create additional adventure sports venues through Adventure Gallup & Beyond. LEAD ORGANIZATION: Adventure Gallup & Beyond
	1.4.1.7 ***Develop Adventure Tourism Related Businesses*** *[Create 10 Jobs]* Private sector development of small businesses of 1 to 5 employees each to support tourism. May need public sector support and marketing assistance. LEAD ORGANIZATION: Adventure Gallup & Beyond
	1.4.1.8 ***Open a Bike Shop in Gallup*** *[Create 2 Jobs]* Sustainable small business created with government and private sector investment. LEAD ORGANIZATION: Adventure Gallup & Beyond
	1.4.1.9 ***Support & Capitalize on Cibola County's Mt. Taylor Quadrathlon***.
	1.4.1.10 ***Zuni Mountain Trail System in McKinley and Cibola*** Expand master planning for adventure tourism with a dialogue between Forest Service and community stakeholders to create Zuni Mountain Trail System connecting and building community trails in Cibola National Forest.
GOALS & OBJECTIVES	**PROJECTS**
Objective 1.4:	***1.4.1.11*** ***Tour Guide Businesses -- Create 3 jobs.*** Potential to create new businesses for adventure sports and outdoor recreation tour guides in all three counties, including an Elk Hunting outfitter in

TOURISM ***[CONTINUED***	Cebolleta Land Grant.
	1.4.1.12 Outdoor Sports Expo in Grants A one-time convention event in Grants featuring outdoor sporting goods to support adventure tourism, eco-tourism and cultural tourism.
	1.4.1.13 Cibola Horse Preserve -- Create 10 Jobs. An adventure tourism initiative to create a dude ranch operation in the Mt. Taylor area with public funding.
	1.4.1.14 Equestrian Trails A project to create a corral and horse rental business, possibly north of Gallup on Gamerco Land.
	1.4.3 Create Sports Complex in Aztec Facility for outdoor recreation including utilization of the reservoir, trail system, fields for softball and soccer, ongoing program of events. Supported by the Arterial project to provide access to locations.
	1.4.4 Develop Route 66 Assets - Create 100 Jobs. Brownfields Project utilizing a portion of a $1,000,000 grant to clean up gas stations along Route 66 and create new facilities with retro 1950s design themes. Plans are in place, assessments needed. LEAD ORGANIZATION: NWNMCOG
	1.4.5 Create a First-Class Tourist Attraction in Gallup -- Create 5 Jobs. Some concepts for attraction, to be developed in the heart of downtown Gallup in the area of the train station with public and private foundation funding. The attraction could include a World Class Native Center, Navajo Codetalker Museum, expanded restaurant, exhibits of Native artisans, year-round Indian market. A charette design process would gain public and local merchant input on a master plan concept for development.
	1.4.6 Red Rock Arena -- Create 25 Jobs. Project would develop existing facilities or build new facilities at Red Rock Park to create an indoor arena for year-round events. Could be developed with public investment and managed with private sector operation.
	1.4.7 National WPA Art Museum in Gallup Capitalize on McKinley County WPA Art preservation projects to create a national museum.
	1.4.8 Mining Tourism Promote mining tourism in Grants and Cibola County by marketing to the scientific community.
	1.4.9 National Veterans Cemetery Create a new national veterans cemetery at Ft. Wingate.
	1.4.10 Ghost Town Tourism Create a ghost town tourism program for Northwest New Mexico, similar to an Arizona program.
	1.4.11 Grants Coliseum Project is through Grants MainStreet to build a coliseum on Sakalares Boulevard for year-round events.
	1.4.12 Develop Heritage Tourism in San Rafael Bring in a first-class steakhouse & feature San Rafael location on the stagecoach line to develop heritage tourism.

GOALS & OBJECTIVES	PROJECTS
Objective 1.4: **TOURISM** *[CONTINUED]*	***1.4.13 Expand Lodging Options***
	1.4.13.1 Build a Motel and Convention Center in Shiprock.
	1.4.13.2 Build an RV Park and New Lodging in Zuni.
	1.4.13.3 Build a Hotel in Aztec -- Create 5 Jobs. Project will support tourism in Aztec by providing lodging for visitors, currently not available to encourage visitors to stay in Aztec.
	1.4.14 Collaborate on Regional Tourism Marketing Program Bring together regional and Four Corners tourism marketing initiatives to collaborate and maximize market penetration. Target European and other international tourists. Focus on Events Marketing including Rodeo events, arts events, and outdoor adventures during the development of the Trail of the Ancients Byway.
	1.4.15 Expand Farmington Recycling Center and Industry - Create 10 jobs. Capitalize on increased participation in recycling programs to construct new 20,000 square foot facility, support development of small manufacturing businesses utilizing recycled materials. Project is scalable to create 100 or more jobs.
	1.4.16 Expand Bloomfield Library & Fitness Center.
Objective 1.5: **CONSTRUCTION** ***Retain and Expand Our Construction Industry***	***1.5.1 Build a New Academic Building at NMSU-Grants*** The new academic building would support increased enrollment and would include a child development center. Could utilize the magnet school concept for development.
	1.5.2 Build a New Grants Library -- Create 10 Jobs. The project is to replace and move the existing library to an existing Big Box building to increase space and support literacy and cultural education.
	1.5.3 Data Center in Shiprock Build a new facility to house servers and connect with clients over the internet to store data. A 25,000 square foot building is planned in Shiprock and another in Ft. Defiance, for a cost of $75 million, to create 25 to 65 jobs.
	1.5.4 Support Innovative Housing Projects
	1.5.4.1 Utilize Brownfields Redevelopment to create new housing in Gallup.
	1.5.4.2 Innovative Housing Construction -- Create 10 Jobs. Support innovative housing construction projects.
	1.5.4.3 UNM-Gallup Housing Create housing and dorms in downtown Gallup for UNM-Gallup students to increase downtown customers and transit ridership.
	1.5.4.4 Care 66 Veterans Housing Project is to rehabilitate the historic 1927 Liberty Hotel in Gallup to create housing for homeless veterans and support small business enterprises.

GOALS & OBJECTIVES	PROJECTS
Goal #2: DIVERSIFICATION: Improve our competitive position by increasing diversification of the economy.	
Objective 2.1 ***DOWNTOWNS*** ***Work toward vibrant and prosperous downtowns***	***2.1.1 Support Mixed-Use Development in Farmington -- Create 200 Jobs.*** Farmington's Metropolitan Redevelopment Area plan includes mixed-use development in the downtown area. The project will require active support from NWNMCOG to identify resources and help with recruitment and monitoring results.
	2.1.2 Refine & Implement Bloomfield Town Center Plan.
	2.1.3 Support Public Inebriation Response Initiatives throughout the Region.
	2.1.4 Hotels in Grants Expand hospitality in Grants by building additional hotels.
	2.1.5 Gallup Plaza Walkway McKinley County purchase property on Coal Avenue to demolish or renovate to create an open-air arcade, extending walkway from county building north to Route 66. LEAD ORGANIZATION: McKinley County
	2.1.6 Gallup Plaza Vendors Allow Native vendors at the Gallup Plaza, similar to the Plaza in Santa Fe, utilizing covered pavilions built for this purpose.
	2.1.7 Support the Business Improvement District (BID) in Gallup -- Create 100 Jobs. The recently created BID will need support to implement a new downtown redevelopment plan to expand on major investments in downtown by the City of Gallup. Projects could be funded through tax assessments, private/revolving loans, and government funding.
	2.1.8 Kitchen's Opera House in Gallup - Create 10 Jobs The project is to utilize private investment to create a saloon/speakeasy, restaurant and playhouse in a historic building in downtown Gallup to re-create the flavor of the railroad era.
	2.1.9 Support Grants MainStreet Initiatives - Create 110 Jobs. Grants MainStreet has plans for downtown redevelopment including rehabilitating and expanding the Riverwalk, installing new billboards, and cleaning up the downtown area. Complete Master Plan for downtown.
	2.1.10 Expand Retail Options in Our Downtowns Throughout the region, downtown development groups could work on expanding existing businesses or recruiting new businesses to provide more niche and high-end retail shops, specialty stores and services to improve walkability and livability in the downtown areas.
	2.1.11 Expand the Cibola Winery Industry -- Create 15 Jobs. The Cibola wineries centered in San Rafael could be expanded through private investment and innovative marketing.

GOALS & OBJECTIVES	PROJECTS
Objective 2.2 ***AGRICULTURE*** ***Expand Agricultural Initiatives***	***2.2.1 Develop Innovative Greenhouse Businesses -- Create 100 Jobs.*** The project could include redevelopment of an existing greenhouse in Cibola County and potential additional greenhouses as part of a Mt. Taylor Mine Greenhouse Project using hot water from the mine to heat the greenhouse. The greenhouses could produce agricultural crops such as tomatoes, alfalfa, carrots, onions, and corn, as well as specialty crops such as flowers and medicinal plants and herbs. A feasibility study could support potential institutional contracts to provide produce to prisons and schools.
	2.2.2 Establish "Buy Local" Initiatives The Aztec Buy Local Committee could provide a model for other groups in the region to develop "Buy Local" initiatives, especially starting with food. The La Montanita Co-op in Gallup and Farmers Markets throughout the region provide distribution of local produce and food products. The project could assist in increasing agricultural production and could be expanded to include Food and Artists Co-ops currently planned in Aztec and Ramah as models for expansion to other locations.
	2.2.3 Support Development of the Ramah Meat Packing Plant -- Create 25-75 Jobs. The project is to create a meat packing plant in Gallup to process Navajo lamb products for marketing primarily to Navajo customers. LEAD ORGANIZATION: McKinley County
	2.2.4 Navajo Tea Production in McKinley County Support local production and marketing of Navajo Tea grower to connect to markets
	2.2.5 Traditional Agriculture Promote sustainable and traditional agriculture in McKinley and Cibola Counties through USDA and Soil and Water Conservation Districts.
	2.2.6 Trading Post Restoration Work on a regional program to create community co-ops around purchasing and restoring trading posts to support local agriculture, ranching, food security and Buy Local movements (e.g., in Ramah and Twin Lakes).
Objective 2.3 ***MANUFACTURING*** ***Expand Manufacturing Industry***	***2.3.1 Pioneer Project -- Create 300 Jobs.*** The project is to recruit a new company and construct a new facility to utilize small-diameter wood from Cibola forest thinning to manufacture wood pellets and other wood products. The Pioneer company could partner with Mt. Taylor Millworks.
	2.3.2 ***Develop Industrial Parks*** The following industrial park projects will need support:
	2.3.2.1 Farmington Industrial Park Recruitment. The City of Farmington is working on recruitment to fill an existing industrial park and also plans on land acquisition for industrial park expansion.

GOALS & OBJECTIVES	PROJECTS
Objective 2.3 ***MANUFACTURING*** ***[continued]***	***2.3.2.2 San Juan County Industrial Park Recruitment.***
	2.3.2.3 Aztec Industrial Park Development
	2.3.2.4 Bloomfield Industrial Park Development
	2.3.2.5 Gallup Industrial Park
	2.3.2.6 Grants Industrial Park
	2.3.3 ***Acoma Steel Project -- Create 25 Jobs.*** Pueblo of Acoma would like to create a steel plant for local employment.
	2.3.4 ***Support Cottage Industry and Cooperatives*** Ramah Navajo could provide models for cottage industries that could be developed throughout the region and supported with innovative cooperative marketing strategies.
	2.3.5 ***Widen U.S. 491 from Yatahey to Shiprock - Create 1,000 Jobs.*** A major five-year construction project to modernize a critical north-south route opening up opportunities for business development along the route.
	2.3.6 ***Gallup Eco-Industrial Park*** Target green businesses and focus on green jobs for industrial park recruitment.
	2.3.7 ***Taos Moccasin Business in Gallup*** Local business expansion to increase production and marketing of Taos Moccasins.
	2.3.8 ***Gallup Airport Improvements*** Improve airport assets to support recruitment of manufacturing businesses.
	2.3.9 Mesita Industrial Facility – Create 150 jobs Renovate the facility to attract and recruit high-wage manufacturing jobs.
Objective 2.4 ***TRANSPORTATION & WAREHOUSING*** ***Expand Transportation and Warehousing Options***	***2.4.1 Build a Truck Stop in Bloomfield***
	2.4.2 Transportation to Farmington Build a railroad or interstate highway to Farmington to support industrial growth.
	2.4.3 Include Tribal Roads in Transportation Assets Research tribal road statistics through the BIA and/or RPO and include tribal roads in discussion of Regional Transportation Assets.
	2.4.4 Relocate I-40 Interchange at Exit 102 The $17-million project to relocate Exit 102 will open up development opportunities for Pueblo of Acoma and Cubero Land grant such as creation of a new expanded RV Park. LEAD ORGANIZATION: NWNMCOG
	2.4.5 Redesign I-40 Interchange at Grants West Exit -- Create 75 Jobs. Modernizing the I-40 Grants West Exit would open up opportunities to develop new businesses for Grants.
	2.4.6 Convene a regional Air Service task force. Regional planning for air service is critical to maintain access in support of tourism and commerce.
	2.4.7 Develop a Regionalized Public Transportation System Expansion of public transportation options is critical throughout the region to connect people with jobs. Expanding the system could include participation from employers and transit agencies in the region.

GOALS & OBJECTIVES	PROJECTS
Objective 2.4 ***TRANSPORTATION & WAREHOUSING*** ***[continued]***	***2.4.8 Build a New Laguna Rail Spur*** This NAEDIS-related project is necessary to provide access to rail transport for Laguna Industries products.
	2.4.9 Rehabilitate the Milan Rail Spur Necessary to support rail access for products of the Milan Industrial Park and the Pioneer forest project.
	2.4.10 Develop Warehousing in Gallup -- Create 20 Jobs. This project takes advantage of Gallup locations in close proximity to the local airport as well as both freeway and railway lines to construct warehouses as a distribution hub.
	2.4.11 Develop additional phases of the Aztec Arterial project. This arterial assists in routing heavy truck traffic around and through the municipality without adverse impact on historic downtown Aztec.
Goal #3: REGIONAL INNOVATION: Increase our capacity for regional cooperative innovation	
Objective 3.1 ***ORGANIZATION*** ***Improve organizational infrastructure***	***3.1.1 Develop the Gallup Business Incubator – Create 15-30 Jobs*** Would include revamping the "Kachina Plant" including Brownfields cleanup with public/private investment. Besides providing physical space, the incubator should provide help, advice and technical assistance in designing business plans, identifying and addressing typical small business problems, and utilizing standard business practices including reducing overhead cost.
	3.1.2 ***Develop NWNMCOG Website and Listserv*** Utilize modern technology & innovative communication options for regional networking and collaboration. LEAD ORGANIZATION: NWNMCOG
	3.1.3 ***Develop Formal NWNMCOG-Tribal Collaborative*** Utilize the NAEDIS project to formalize collaborative partnerships between NWNMCOG and tribal entities in the region either as members or affiliates of the NWNMCOG in order to support, partner and help develop better economic development projects in Indian Country. LEAD ORGANIZATION: NWNMCOG
	3.1.4 ***Create Think Tanks of Local Government Teams*** Utilize the Think Tank approach to convene teams of local governments, such as (a) Gallup, McKinley County, Pueblo of Zuni and Navajo Nation, or (b) Aztec, Bloomfield, Farmington, San Juan County and the Navajo Nation; or (c) Grants, Milan, Cibola County, the Pueblos of Acoma and Laguna, and the Navajo Nation, to collaborate on solutions to problems, pool resources, and take advantage of emerging opportunities.
	3.1.5 ***Improve IDA Program Marketing*** Create a systems map and marketing campaign to stimulate the Individual Development Accounts (IDA) program, participants and asset building.
	3.1.6 ***Senior Center IDA Projects*** Work with senior populations in senior centers to pool money, utilize IDA program to create and expand assets, and create co-operative businesses such as Twin Lakes Flea Market.

GOALS & OBJECTIVES	PROJECTS
Objective 3.1 ***ORGANIZATION*** ***[continued]***	***3.1.7 Develop Micro-Economics and Entrepreneurial Capitalism*** Develop partnership with John Rice, director of Impact-NM, a private sector organization utilizing the Sirolli model of enterprise facilitation to develop new entrepreneurial enterprises and help link them to venture capital funding. This will include tie-ins with the Native American Economic Development Investment Strategy (NAEDIS). Possibly provide field office space for Impact-NM at the NWNMCOG office in Gallup. Tie in with UNM-Gallup plans to provide entrepreneurship training. LEAD ORGANIZATION: NWNMCOG
	3.1.8 ***Establish a Regional Venture Capital Organization*** This project could be developed in conjunction with the project to develop Micro-Economics and Entrepreneurial Capitalism by partnering with John Rice. LEAD ORGANIZATION: NWNMCOG
	3.1.9 ***Rural Entrepreneurial Center*** Collaborate with Gallup-McKinley Chamber, UNM-Gallup, SBDC, COG, municipal and county governments to create a training and development center for rural entrepreneurial initiatives.
	3.1.10 ***Film Industry in Gallup*** Support the development of a Gallup film office.
	3.1.11 ***Zuni Chamber of Commerce*** Develop a chamber of commerce for Zuni businesses.
	3.1.12 ***Expand and Enhance Farmington Enterprise Center*** Expand facility, increase funding for business incubator, expand Enterprise Loan Fund to operate in Farmington.
	3.1.13 ***EDA University Center -- San Juan College Lead Organization*** Apply to EDA for University Center status for San Juan College to support economic development initiatives.
	3.1.14 ***Ensure Authenticity of Native Arts*** Support the work of the statewide Native Arts Task Force to provide legislative support for a program to certify authenticity of Native Arts. LEAD ORGANIZATION: NWNMCOG
	3.1.15 ***Develop Formal Business Retention and Expansion Programs*** Formalize Business Retention and Expansion programs in Farmington, Gallup and Grants to nurture and help expand existing businesses. The Quality Center for Business in Farmington may provide an adaptable program model.
	3.1.16 ***Utilize New Mexico Partnership to Support Business Recruitment*** Communities need to inventory existing buildings and land to support timely responses to Potential Recruitment Opportunities (PROs) provided through New Mexico's Certified Communities Initiative.
	3.1.17 ***Develop inter-COG Alliances in the Four Corners Region*** Convene working groups or Think Tanks of Councils of Governments from among neighboring COG districts in New Mexico, and from the Four Corners states of New Mexico, Arizona, Utah and Colorado. Form an Inter-COG alliance to collaborate on development and capitalize on opportunities for synergy.

GOALS & OBJECTIVES	PROJECTS
Objective 3.1 ***ORGANIZATION*** ***[continued]***	3.1.18 ***Expand the Service Sector***
	3.1.18.1 ***Create a Public Defenders firm in Gallup -- Create 10 Jobs*** Sustainable with government funding. LEAD ORGANIZATION: State of New Mexico
	3.1.18.2 ***Create a new accounting firm specializing in government audits -- Create 10 Jobs***
	3.1.18.3 ***Create a Value Engineering Firm or Cooperative*** Enhance in-region capacity and make professional engineering services available to all regional communities for cost control and quality control on all project planning that requires engineering work. LEAD ORGANIZATION: NWNMCOG
	3.1.18.4 ***Create a Financial Management Business or Community Credit Union*** A business is needed to provide debt and credit services, financial literacy, advice on asset development, Individual Development Accounts and a range of other financial services.
	3.1.19 ***Zuni Technologies Digitalization Retention Project -- Create 75 Jobs*** The project would purchase high-standard scanners to convert archival records to digital format.
	3.1.20 ***Increase Access to Capital***
	3.1.20.1 ***Increase funding for small business incubation*** The project could link the Enterprise Loan Fund to the region's Business Incubators and enterprise facilitation projects through increased outreach and marketing of ELF services. LEAD ORGANIZATION: NWNMCOG
	3.1.20.2 ***Restructure IDA Programs -- Create 75 jobs*** The project will aim to enroll 300 people in Individual Development Account (IDA) programs. We will need to create a new organizational structure for IDA programs to improve program marketing, communication and networking, increase market penetration, and ensure that programs are reaching the right target populations most in need.
	3.1.20.3 ***Create Investment Clubs*** Investment Clubs allow individuals to pool their individual resources for informed group investments.
	3.1.21 Convene a Think Tank of Educators to Improve Public Education Utilize the Think Tank approach to create working groups of educators at all levels, including pre-school through higher education, to collaborate on ways to improve the quality and performance of our public education systems in the region.
Objective 3.2 ***WORKFORCE*** ***Improve Education and Workforce Development***	***3.2.1 Implement and Market WorkKeys Program Throughout the Region*** The project would aim to complete WorkKeys assessments for 2,000 people at a cost of $55,000 for analysis. If implemented on a broad community-wide scale, WorkKeys can support recruitment by providing an assessment of the skill levels of the available workforce. WorkKeys assessments also help individuals become more competitive in the job market. Implementation of the WorkKeys program could be carried out through New Mexico's One Stop Center system as well as Chambers of Commerce and school districts and could be tied in to the NAEDIS initiative for workforce assessment in Native communities.

GOALS & OBJECTIVES	PROJECTS
Objective 3.2 ***WORKFORCE*** ***[continued]***	***3.2.2 Provide Generation Y Training to Employers*** The Generation Y training program enables employers to adapt supervisory techniques to the changing approaches and values of the emerging generations of younger workers.
	3.2.3 Provide Financial Literacy Curriculum in Public Schools Authorized by the New Mexico Legislature in 2009, the statewide financial literacy curriculum should help the region's citizens become more financially independent. LEAD ORGANIZATION: NWNMCOG
	3.2.4 Provide Customer Service Training The Proactive Host customer service training program, developed by a bilingual education specialist and tailored to the multi-cultural workforce of Northwest New Mexico, can provide entry level workplace skills as well as positive customer service attitudes to enhance frontline workers in a variety of businesses dealing directly with tourists and consumers. The entry-level Proactive Host program can introduce a career ladder in the hospitality industry with advanced college-level training available in the region and the state.
	3.2.5 Create a Cooking School Utilize community kitchens at the Community Pantry, Catholic Charities, and Central High School as facilities for a culinary arts training program. This could be integrated with the new Job Corps Center, if successful, in McKinley County.
	3.2.6 Develop Training for Green Jobs Utilize programs of Work in Beauty and Youth Conservation Corps (YCC) to provide training for jobs in emerging green technologies. Coordinate with the San Juan College Alternative Energy program.
	3.2.7 Create a Drug Dog training School – Create 40 Jobs Create in-region capacity to breed and train dogs for tracking and detection of drugs, bombs and cadavers for use by law enforcement, homeland security and other public agencies.
	3.2.8 Sustainable Uranium NMSU-Grants training program in sustainable uranium and environmental restoration.
	3.2.9 Develop Community Leadership Programs Use Leadership San Juan as a model to create Leadership McKinley and Leadership Cibola programs to ensure a new generation of trained community leaders.
	3.2.10 Develop STEM Program at NMSU-Grants Create two full-time faculty positions to support a new program in Science, Technology, Engineering and Math (STEM), and support the curriculum with appropriate labs and equipment.
	3.2.11 Bring a Job Corps Center to Gallup LEAD ORGANIZATION: McKinley County
	3.2.12 Create an Outdoor Education Center Would provide community education to grow the conservation economy.

GOALS & OBJECTIVES	PROJECTS
Objective 3.2 ***WORKFORCE*** ***[continued]***	***3.2.13 Improve Workforce Development Training*** Utilize incentive tools and funding mechanisms (e.g., Rural Health Worker Tax Credits) more effectively, as well as partnerships with community colleges and private-sector entrepreneurs, to enhance workforce development training throughout the region's business and industry sectors.
	3.2.14 Enhance One Stop Centers Work with One Stop Centers to develop Priority Industry Alliance Groups for the One Stop Centers in McKinley and Cibola Counties to work with businesses and schools.
	3.1.21.1 ***One Stop Websites*** Create county-level websites connected to the One Stop Centers to provide business recruitment prospects with easily accessible information on available land, utilities, and workforce.
	3.2.15 Solar Business Startups Develop "School of Energy" at San Juan College to teach solar installation technology with online classes and support new business startups to install solar technology in the region to create jobs for graduates of the program.
	3.2.16 Fire Science Training Build a new fire tower at San Juan College, expand the fire science program to train fire fighters for local fire departments.
Objective 3.3 ***BEST PRACTICES*** ***Research and Implement Best Practices***	***3.3.1 Research Best Practices in Cultural Preservation*** Several economic development initiatives need guidelines on how to foster development while respecting sensitivities around traditional culture and world heritage sites such as Chaco Canyon and Hawikku in Zuni. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.2 Research Clean Coal Technology Create a partnership between the region's institutions of higher education and New Mexico's Labs at Sandia and Los Alamos to seek technological and economical breakthroughs in clean coal technology to support continued coal mining and coal-based power generation in the region. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.3 Research Best Practices in Industrial Park Development. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.4 Research National Trends in the Oil and Gas Industry Maintaining a presence for the oil and gas industry in the region potentially will save thousands of jobs. What are other regions doing to keep the industry? Can regulations be eased to create a regulatory environment more conducive to continued exploration and sustainability for this crucial sector of the region's economy? LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.5 Research Best Practices & Provide Regional Training in Zoning Codes and Plans Responsive to need for practical land use tools and zoning ordinances appropriate to the unique rural and small town settings in the region. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.6 Research Best Practices for Health and Safety in the Uranium Industry Create a task force to resolve public concerns around issues of risks to health and safety associated with renewed uranium mining and milling in the region. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*

GOALS & OBJECTIVES	PROJECTS
Objective 3.3 ***BEST PRACTICES*** ***[continued]***	***3.3.7 Research Regional Demographic Shifts*** What are the causes of population decreases in McKinley and increases in San Juan? Do these shifts reflect an adaptive workforce moving to where jobs are within the region or are these shifts correlated with other causes? Are people moving around within the region or leaving the region? What are the causes of variations in labor force participation rates from county to county? Are there correlations with other demographic factors? Can broad wage data for northern New Mexico be broken out for our three counties to evaluate the potential for higher-paying jobs in each of our economic sectors? LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.8 Research Best Practices in Community Evaluation Assess applications of the "Balanced Scorecard" and other asset-based evaluation systems for developing metrics to evaluate the community's overall health and welfare and role of economic development in improving health and quality of life. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.9 Research Best Practices in Immigration Policy The region needs a consistent policy on dealing with undocumented workers. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.10 Land Status Policy Investigate: (1) vesting the checkerboard area and turning allotment land into private land to encourage development, and (2) reducing BIA regulation related to transportation access. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.11 Clean Cities Initiative Investigate Land of Enchantment Clean Cities initiative for regional applications. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.12 Research and document replicable model programs. LEAD ORGANIZATION: NWNMCOG *(concept paper development)*
	3.3.12.1 Aztec Buy Local Committee This can provide a model for Buy Local initiatives in communities throughout the region.
	3.3.12.2 Native Hands Co-op The Co-op at Catholic Indian Center in Gallup is a successful model for a co-operative venture to support Native artists and artisans and market their work.
	3.3.12.3 Future Foundations Family Center This community services center in Grants could be replicated in other communities.
	3.3.12.4 Quality Center for Business The Center in Farmington is a replicable or adaptable center for business services.
	3.3.12.5 Leadership San Juan This leadership training program has become an indispensable program for community leaders in San Juan County and could be replicated or adapted for McKinley and Cibola counties.
	3.3.12.6 Manufacturing Incentives. Examine tax relief and other incentive options to support recruitment of manufacturing in the region.

C. Vital Projects

Pursuant to EDA regulations for the CEDS, "vital projects" are to be identified for implementation. From among the foregoing projects, a number have been preliminarily selected as "vital" with respect to their capacity to build regional economic strength.

To identify the vital projects, programs, and activities that would address our greatest needs most effectively or most strongly enhance our competitiveness, we applied the "80/20" rule to our portfolio by looking for the 20 percent of our suggested projects that could be expected to produce 80 percent of our results.

We prioritized the suggested projects first by looking to scale or scalability to find those projects that would move us best toward our job creation goal. We then looked for projects that would move us forward on achieving our other planned outcomes by increasing income, decreasing poverty, enhancing education, improving the skills of our workforce, increasing the diversity of our economy, increasing our capacity for cooperation, fostering a culture of innovation, and improving the quality of life for our citizens to support business retention and recruitment.

As part of our Readiness Triage Process in Summer 2009, we will determine in detail the stage of development of each project and integrate these vital projects with our preliminary implementation timeline.

"VITAL PROJECTS"		
Goal #1: **STRONG ECONOMIC SECTORS**	**Goal #2:** **DIVERSIFICATION OF THE REGIONAL ECONOMY**	**Goal #3:** **REGIONAL COOPERATIVE INNOVATION**
○ **Farmington Recycling Center & Industry** *[Create 10 jobs]* ○ **Rio West Mall in Gallup** *[Create 400 Jobs]* ○ **New IHS Hospital in Gallup** *[Save 600 Jobs, Create 1,000 Jobs]* ○ **Uranium Development & Cleanup** *[Create 1,600 Jobs (or up to 5,600 jobs)]* ○ **Navajo-Gallup Water Supply Project** *[Create 1,500 Jobs]* ○ ***Trail of the Ancients* Scenic Byway** *[Save 400 Jobs, Create 100 Jobs]* ○ **Adventure Tourism Initiatives** *[Save 250 Jobs, Create 75 Jobs]*	○ **Hotel in Aztec** *[Create 5 Jobs]* ○ **Downtown Retail Expansion** ○ **Alternative Energy Projects** ○ **Pioneer Project** *[Create 300 Jobs]* ○ **US 491 Widening** *[Create 1,000 Jobs]* ○ **Regionalized Public Transportation System** ○ **New Laguna Rail Spur** ○ **Milan Rail Spur Rehab** ○ **Warehousing in Gallup** *[Create 20 Jobs]*	○ **COG/CEDS Website and Listserv** ○ **Formal COG-Tribal Collaborative** ○ **Authenticity of Native Arts** ○ **Formal Business Retention & Expansion Programs** ○ **Business Recruitment via New Mexico Partnership** ○ **Four Corners Alliance** ○ **Service Sector Expansion** *[Create 20 Jobs]* ○ **Access to Capital** *[Create 75 Jobs]* ○ **Regional WorkKeys Implementation** ○ **Cooking School** ○ **Gallup Job Corps Center**

Section VI
CEDS PLAN OF ACTION

The economic situation in our region, the state, the nation and the world is fluid, and there are many unknowns. Based on available data, the region appears to be holding its own here in northwest New Mexico, but we do not have complete fiscal and labor market data for 2008, especially for the fourth quarter, so we do not yet have a clear picture of how the general economic downturn has affected us. This challenging planning environment calls for a flexible and adaptive approach to implementing the CEDS goals and objectives.

Upon approval of the CEDS 2009-2013 by the EDA, the NWNMCOG will take the lead to work with our private and public sector stakeholders, partners, and economic development organizations to carry out a more in-depth project-level analysis of the resources needed in human, financial and political capital to achieve the goals and objectives of the plan.

Anticipated steps in the implementation process will include any or all of the following steps, as applicable to the specific projects:

- Concept papers
- Feasibility studies
- Planning documents, including financing plans
- Construction and design work
- Implementation plans
- Monitoring and reporting

During the summer of 2009, the COG will begin the implementation process by providing formats and technical assistance for stakeholders and partners to develop brief, project-specific planning documents and concept papers summarizing available information on the proposed projects. Emphasis will be on developing a set of concise concept papers for the high value targets. The concept papers will generally be developed by the agencies that have volunteered to serve as lead agency for the specific project. To the extent possible, the project concept papers will include cost estimates, with a goal of developing a general projected estimate of the total investment that will be needed to implement the plan over the next five years.

Where feasible, we will expect the concept papers to include an analysis of potential sources of public and private sector funding along with planning and grant-writing requirements that will be needed to access funds. A template for the concept papers is included in Appendix C.

In connection with the development of the project concept papers, the NWNMCOG will take the lead in working with our public and private sector stakeholders and partners to identify, and

assemble where feasible, project-specific implementation teams, working groups and task forces to move projects and initiatives forward.

Over the summer of 2009, we will monitor closely the region's and the state's initiatives to access stimulus funding through the American Recovery and Reinvestment Act (ARRA). For those projects deemed most "shovel-ready," stimulus funds (either as appropriated in Spring 2009, or in subsequent periods) may be the best source for financing, while making room for other projects to move forward in other funding arenas.

A. Annual Fall Forum

By the Fall of 2009, we expect to have a better dataset of metrics to evaluate the impact of the economic downturn in our region as additional indicators become available. We also should have a better idea of what it will take to implement the overall plan over the next five years. By that time, we expect to have a better idea of how the new resources of the Recovery Act may play out in our region to support our targeted projects, and how the State of New Mexico will utilize Recovery Act funds and other resources to support local projects. This will enable us to integrate our CEDS with the State's evolving economic development priorities.

In the fall of 2009, the NWNMCOG will convene a rural economic development Fall Forum to bring together participants with a stake in the economic welfare of the region, to report on the findings of the summer's planning activities and the latest data on the state of the regional economy, and to develop consensus on the specific action plans and expectations for the first year of implementation, outlining what we hope to achieve by June 2010.

During the remaining four years of implementing the 2009-2013 CEDS, the NWNMCOG will host an annual regional economic development Fall Forum for ongoing monitoring and evaluation of the CEDS Plan of Action. The agenda for the annual Fall Forum will focus on reporting on the year's economic development activities, celebrating successes, reviewing the latest data on the region's economic condition, and revising and updating the CEDS as needed.

B. Approach to CEDS Implementation

Andrew McAfee, of the Technology and Operations Unit at Harvard Business School, has provided ideas on how to integrate strategies by opening up interactive networks and collaborating on public-private ventures and partnerships. In McAfee's view, there are two modes of organizing. The "old" method is a tightly controlled process with everything defined in a tight plan up front, and then "execute, execute, execute." The "new" method is to try not to define things up front, "throw open the gates, let everybody do what they want, and see what emerges" (McAfee). He cites the success of Wikipedia as an example of this "new" method.

We could apply the concepts of this new "Wikipedia" method to develop a distributed network of affiliates, each of whom has a stake in implementation of the CEDS. The public and private sector members of our CEDS Strategy Committee, the economic development and community-based organizations comprising our Partners Group, elected officials and local

government representatives serving on the NWNMCOG Board of Directors, along with state and federal agency partners, all have potential to play an affiliate role in the development of a CEDS implementation network.

The NWNMCOG may support the emerging network by creating an affiliate structure to formalize these relationships and commitments to participate in CEDS implementation, integrate CEDS goals and objectives with local plans and initiatives, and monitor and report results and outcomes.

The development of an interactive website could really help in reaching out to the network as well as informing the public and serving as a feedback mechanism for people with internet access. A Web Portal would enable the NWNMCOG and affiliates to post news on their communities of interest, schedule and convene county or regional events or virtual events, carry on discussion groups on specific topics, facilitate private correspondence and dialogue between local officials, and serve all users as a central knowledge base of reports, data and ideas.

Through Listserv and Web Forum mechanisms and other web-based technologies, a well-developed Web Portal would allow stakeholders to stay connected on their own time without requiring regular meetings which can be difficult in our large geographic area comprised of multiple economic development organizations, community stakeholders and interested citizens. While the Web Portal could be opened to the public, some areas could be password-protected and restricted to official use by COG affiliates. Use of the Web Portal as an online CEDS implementation tool would allow the COG to take a proactive approach to outreach and help achieve a high level of public participation.

1. **Powell Doctrine.** In implementing our CEDS, we would prefer to focus our efforts and activities by metaphorically applying the "Powell Doctrine." Colin Powell recommended sending American troops into combat only if the following conditions were met: (a) Clear goals; (b) End game; and (c) Overwhelming force on behalf of objectives.

2. **Readiness Triage Process.** For some projects, we have utilized a "readiness triage" method to identify a mix of short-term, shovel-ready projects, together with mid-range projects that will require planning in Year One for implementation in Year Two or Year Three, as well as some long-term projects which will require extensive planning and may be ready to go in Year Five or even later. For the mid-range and long-term projects, depending upon the complexity of the project, it may be essential to begin planning in Year One if results are to be realized in Year Five or later.

   In Summer 2009, the COG will coordinate a deeper and more systematic Readiness Triage Process, which will consider readiness ("shovel-ready") and other strategic criteria, including: benefit to the region; use or need for water; readily available workforce; sustainability; and entrepreneurial approach.

3. **Guidelines for Portfolio Management**

   The COG will facilitate and monitor CEDS implementation by applying portfolio theory to create an individual portfolio of CEDS projects for each COG staff

member. Projects will be assigned to an individual staff member's portfolio based upon the following criteria:

- a member government assigned to the staff member has taken lead organizational responsibility;
- a member government assigned to the staff member has been identified as having the potential to take lead organizational responsibility;
- a community partner with whom a staff member has an existing relationship has taken responsibility or been identified as having potential to take responsibility;
- a project may be implemented within a specific geographical area assigned to a staff member;
- a project falls within an area of particular interest or expertise for a staff member.

Staff project portfolios should be balanced to the greatest possible extent based on the Readiness Triage Process and should include some short-term and some long-term projects, so that the portfolio includes projects in various stages of development.

Project Development Process

(1) *Identify Lead Organizational Responsibility*

Identifying the lead organizational responsibility for project implementation is the first step in developing a project for implementation. In some cases, this responsibility is designated in the CEDS. In other cases, prospects have been identified in an internal NWNMCOG document, and the portfolio manager should reach out to these prospects to identify cases where a prospect may be willing to take responsibility when so invited.

Where no lead organization or prospect has been identified, the portfolio manager may identify prospects for outreach based upon knowledge of the region and the local organizational resources. In those cases, the portfolio manager should reach out to these prospects as well.

(2) Develop a Concept Paper

The lead organization should begin project development by utilizing the Concept Paper format provided in the CEDs to outline what is known about the project concept at inception. In the case of a project already in progress or well along in implementation, the Concept Paper format can be used to capture and document the essential elements of the project for monitoring purposes.

Portfolio managers can offer technical assistance to member governments to help with concept paper development or link community partners to other

community resources such as chambers of commerce, small business development centers, economic development organizations, or other resources for help with concept paper development.

(3) *Project Planning and Implementation*

Once the concept paper is in place, project development can proceed along the specified timeline. Unless the portfolio manager has a direct management responsibility within the project plan, the monitoring can be scheduled based upon the specific timeline for the project. Portfolio Managers can utilize the Microsoft Outlook program to schedule timeline-based followup contacts for monitoring progress on the project.

(4) *Monitoring of Project Implementation*

Project monitoring is intended to be a simple update on the progress of the project. Unless otherwise triggered by a planned milestone in the project timeline, Portfolio Managers should plan to check in on each project at least once per year during the five years covered by the CEDS.

In the absence of other contacts during the year, Portfolio Managers should plan to update all projects in the portfolio timely for summary reporting at the annual Fall Forum.

4. **Preliminary Timeline**: We have used the results of the readiness triage to help formulate the preliminary timeline for our Plan of Action, which separates the vital projects into short-term, mid-term and longer-term implementation timeframes.

A more highly vetted and prioritized timeline will be developed in conjunction with the Fall Forum, in which partners and stakeholders from across the region will discuss implementation programming for CEDS priorities.

Our Readiness Triage method is an ongoing developmental process. The project-specific concept papers should include findings of our continuing readiness triage process to support development of a fleshed-out timeline integrated with our priorities and high-value targets.

The above timeline is further articulated by cross-referencing the projects with the Plan's Goals and Objectives on the following summative chart.

GOALS & OBJECTIVES	PROJECTS	Year 1 Short-term/ Ready to Go	Years 2-3 Mid-term/ Project Dev	Years 4-5 Longer-term/ Plan & Dev
Goal #1: STRONG SECTORS: Remain strong in our key economic sectors.				
RETAIL BUSINESS	• *Develop the Ancient Way Arts Trail*			
	• *Educate Consumers--Promote the Native Arts consumer education brochure*			
	• *Support, expand & replicate Earl's Vendor Program (Gallup)*			
	• *Reinvent the Rio West Mall in Gallup*			
HEALTH CARE & SOCIAL ASSISTANCE	• *Build Rainaldi House in Gallup*			
	• *Build a Dialysis Center in McKinley County*			
	• *Expand the Health Care Industry in Farmington*			
	• *Build a New Indian Health Service Hospital in Gallup*			
	• *Expand Cibola Hospital Facility*			
	• *Develop Senior Living/Retirement Villages in McKinley &Cibola Counties*			
ENERGY SECTOR	• *Uranium Mining and Milling*			
	• *Decentralized Site-Based Solar Initiatives*			
	• *Mt. Taylor Uranium Mine*			
	• *Durango McKinley Paper Company Biomass Project*			
	• *Gallup Solar installation*			
	• *Transition Chevron Mining, inc. to bio-diesel*			
	• *Pump Storage Facility in Cibola*			
	• *Develop Energy Efficiency Business*			
	• *Navajo/Gallup Water Supply Project*			

GOALS & OBJECTIVES	PROJECTS	Year 1 Short-term/ Ready to Go	Years 2-3 Mid-term/ Project Dev	Years 4-5 Longer-term/ Plan & Dev
REGIONAL TOURISM	• *Develop Trail of the Ancients Scenic Byway*			
	• *Open a Bike Shop in Gallup*			
	• *Create the Aztec Sports Facility*			
	• *Create a World Class Tourist Attraction in Gallup*			
	• *Develop Adventure Tourism Related businesses*			
	• *Cibola Horse Preserve*			
	• *Develop Route 66 Assets*			
	• *Opera House - Saloon, restaurant*			
	• *Red Rock Arena*			
CONSTRUCTION INDUSTRY	• *Expand Farmington Recycling Center and Industry*			
Goal #2: DIVERSIFICATION: Improve our competitive position by increasing diversification of the economy.				
PROSPEROUS DOWNTOWNS	• *Downtown Retail Expansion*			
AGRICULTURAL INITIATIVES	• *Expand the Cibola Winery Industry*			
	• *Establish "Buy Local" Initiatives*			
TRANSPORTATION & WAREHOUSING	• *I-40 interchange at Exit 102 development*			
	• *I-40 Interchange, Grants West Exit*			
	• *Warehousing adjacent to Gallup Airport*			

GOALS & OBJECTIVES	PROJECTS	Year 1 Short-term/ Ready to Go	Years 2-3 Mid-term/ Project Dev	Years 4-5 Longer-term/ Plan & Dev
Goal #3: REGIONAL INNOVATION: Increase our capacity for regional cooperative innovation.				
ORGANIZATIONAL INFRASTRUCTURE	• *Develop the Gallup Business Incubator*			
	• *Create a Public Defenders firm in Gallup*			
	• *Increase funding for small business incubation*			
	• *Support the Enterprise Loan Fund*			
	• *Find a new structure for the IDA Program*			
	• *Open an accounting firm for government audits*			
EDUCATION & WORKFORCE DEVELOPMENT	• *Green Jobs Training*			
	• *Implement Work Keys throughout the region*			
	• *Drug Dog training School*			
RESEARCH, PLANNING & BEST PRACTICES	• *Best practices research on how to maintain oil & gas industry presence in the region*			
	• *Examine 2010 Census data at the Fall Forum*			

C. Council of Governments Role in CEDS Implementation

The primary role for the COG should be to provide leadership to support integration and consensus building. COG planners are strongly positioned to help member governments and private sector leaders to connect the dots, see and push connections, and enhance opportunities. The COG's organizational objectives are to bring together many development-related plans and planning communities as part of a unified regional vision and to be the region's forum for collaboration, planning and public decision making. The COG can facilitate respectful, fact-based dialogue among political leaders, business leaders and civil society about our challenges and can introduce new ways to focus on competitive realities, challenges and opportunities.

The COG also can provide vital services to support CEDS implementation by carrying out research and planning activities, providing technical assistance to affiliates, stakeholders and partners, and monitoring and reporting on results and outcomes of the CEDS Plan of Action. In consultation with CEDS partners and stakeholders, and drawing from best practices nationally, the COG will further develop its website to support the communication network so essential to implementation.

A primary role of the COG during implementation will be that of "portfolio manager," whereby all projects and initiatives will be tracked by means of project portfolios overseen by COG planning staff. This will involve periodic consultation with members of the "CEDS Network," including partners who have signed up as lead agencies on specific initiatives and projects.

Section VII

PERFORMANCE MEASURES

Monitoring and evaluating the effectiveness of our CEDS Plan of Action and our progress toward achieving the CEDS goals and objectives will be an ongoing process that supports internal management through monitoring of both quantitative and qualitative management metrics.

We may view our CEDS as a road map leading to our economic goals to remain strong, improve our competitive position, and increase our capacity for innovation. The projects and initiatives may be seen as a series of on-ramps and off-ramps. Within this metaphor, the annual evaluation process can provide a set of signs that may lead to mid-course corrections.

A. Annual Process Evaluation

The process evaluation will provide an objective appraisal of performance in meeting our operational and administrative objectives and can help target problematic program areas and provide recommendations for improvement. Qualitative measures we can use to support our assessment will include:

- ***Concept Papers***

  Completion of Project Concept Papers and subsequent more detailed plans to document the history of program development and implementation and also specific elements of the projects and programs;

  Progress Reports

  Completion of progress reports, provided annually in connection with the Fall Forum, will be prepared by all lead agencies in a format compatible with the annual *Government Performance & Results Act* (GPRA) reports, with additional portfolio monitoring as possible throughout the year.

- ***Success Stories***

  Success stories and anecdotal evidence of progress from the projects and programs to highlight individual project-specific achievements at the annual Fall Forum.

B. Annual Outcome Evaluation

Establishing a set of hard number metrics for outcomes can help us remain mindful of the difference between effort and results. We will evaluate our performance in designing and implementing a successful CEDS using a set of outcome metrics. The evaluation report will include the creation of progress reports by project leads.

1. JOBS: Create a Net Gain of 5,000 jobs

The single most important measure of the success of our CEDS will be a net gain of 5,000 jobs in our labor market by June 2014. In order to monitor our progress toward achieving this goal, we will track project-specific data on two measures for job creation and retention after implementation of the CEDS:

- *Number of jobs created in the region*
- *Number of jobs retained in the region*

As our Baseline, we will use the New Mexico Department of Workforce Solutions (NMDWS) data on our 2007 Labor Market, and we will report on changes in this essential number at the annual Fall Forum:

- *Baseline: 81,623 Total Jobs, NMDWS, 2007 Labor Market Data*
- *Measure: Annual Total Jobs, NMDWS, Annual Labor Market Data*

We will monitor changes in this measure annually utilizing NMDWS Labor Market data, typically posted online in the fall with data for the previous year. This data is available online at:

www.dws.state.nm.us/dws-business.html

Select: Labor Market Information
Statistical Data
Labor Force and Employment Statistics
Table D - Annual Employment, County

For purposes of evaluating the CEDS, we will aggregate labor market data for our three counties to develop regional metrics. Individual counties may wish to utilize this data to monitor their county-specific progress on job growth.

Data currently is available for 2001 through 2007 in Excel files which can be downloaded for analysis. Data for the 2008 labor market should be available by fall, 2009, to report at the first annual Fall Forum.

2. <u>SECTOR STRENGTH</u>: Remain Strong In Our Five Key Economic Sectors

We can utilize the annual New Mexico Department of Workforce Solutions data on jobs by economic sector and the New Mexico Tax and Revenue Department gross receipts data to analyze changes in relative strength in terms of jobs and gross receipts for our five key economic sectors of Retail, Health Care and Social Assistance, Energy, Tourism, and Construction. Gross receipts data is available online at: www.tax.state.nm.us. Select: Tax Stats/Quarterly 2-Digit NAICS Code Detail/County RP-80.

Although we do not believe that gross receipts alone can serve as a measure of real economic growth, we will utilize the gross receipts data available through the New Mexico Taxation and Revenue Department as an additional measure to track growth or decline in our overall economy.

- *Baseline: $10,836,107,234 Total Regional Gross Receipts in 2007*
- *Measure: Annual Total Regional Gross Receipts*

For purposes of evaluating the CEDS, we will aggregate gross receipts data for our three counties to develop regional metrics and track this number annually. Individual counties may wish to utilize this data to monitor their county-specific progress in gross receipts annually or on a quarterly basis as the data become available.

Both the labor market data and the gross receipts data are organized by two-digit NAICS codes. For purposes of our analysis, we constructed the five key economic sectors based on jobs in the labor market as follows:

- *Retail* -- Use two-digit NAICS Code for Retail
- *Health Care & Social Assistance* -- Use two-digit NAICS Code for Health Care and Social Assistance
- *Energy* -- Combine two-digit NAICS Codes for Mining plus Utilities
- *Tourism* -- Combine two-digit NAICS Codes for Accommodation & Food Service plus Arts, Entertainment & Recreation
- *Construction* -- Use two-digit NAICS Code for Construction

The Baseline for measuring changes in the relative strength of our five key economic sectors by jobs and gross receipts is provided in Table 16 [note: the remaining 48% of regional jobs is spread across other sectors, each with lower than 8% the jobs.]

TABLE 16 *Baseline for Measuring Changes in Five Key Economic Sectors, 2007*				
Sector	Number Jobs	Percent Jobs	Gross Receipts	Percent
Retail	10,694	13%	$2,487,642,850	22.95%
Health Care	9,240	11%	$201,956,573	1.86%
Energy	7,943	10%	$1,605,845,740	14.8%
Tourism	7,914	10%	$390,006,761	3.59%
Construction	6,053	8%	$953,151,078	8.79%
Totals	41,844	51.26%	$5,638,603,002	52.00%

3. DIVERSIFICATION: Improve our competitive position by increasing diversification of the economy.

We will monitor changes in the diversity of our economy in nine major economic sectors defined by jobs annually. We will utilize the New Mexico Department of Workforce Solutions Labor Market data for this analysis. The DWS Labor Market Data is available by two-digit NAICS codes.

Table 17 summarizes the diversity of our economy in our Baseline Year of 2007 with a breakdown of jobs by nine major economic sectors.

TABLE 17 *Jobs by Regional Economic Sectors, 2007*		
	Number of Jobs	Percent
Local Public (Includes public school employees)	16,584	20%
Retail	10,694	13%
Health Care & Social Assistance	9,240	11%
Energy (Mining + Utilities)	7,943	10%
Tourism (Accommodation & Food Service + Arts, Entertainment & Recreation)	7,914	10%
Construction	6,053	8%
Service Sector (Financial, Professional, Real Estate and Information Services, Management, Administration)	6,530	8%
State/Federal Public	5,986	7%
All Other (Agriculture, Manufacturing, Wholesale Trade, Private Education, Transportation, Other, Non-Classified)	10,679	13%
Total	81,623	100%

Although some sector-specific gross receipts data is available, much of the data has been redacted for a variety of reasons, so gross receipts data is not as useful as labor market data for analyzing the relative strength of economic sectors.

To support the objective of maintaining diversity in our regional economy, we also will measure strategic investments in economic development by tracking the number, types and amounts of both public sector and private sector investments undertaken in the region after implementation of the CEDS:

- *Number, types and amount of public sector investments*
- *Number, types and amount of private sector investment*

C. Five-Year Impact Evaluation

If we (a) have designed the right strategy and (b) are successful in carrying out our Plan of Action with fidelity (while utilizing appropriate metrics to assess our results annually and revise and update our CEDS accordingly at the annual Fall Forum), then we should be able to see a measurable impact on the regional economic environment by the end of the five-year implementation period of the CEDS. In addition to our annual evaluations, we will conduct a final evaluation to look at the impact we have had in terms of changes to the economic environment of the region.

To measure these changes in the regional economic environment, we will analyze indicators relevant to our additional outcome:

- ✓ ***Increased household income***
- ✓ ***Increased per capita income***
- ✓ ***Decreased percent of people living in poverty***
- ✓ ***Increased educational attainment***

As our Baselines for these measures, we will use U.S. Census data from the 2007 Community Survey 3-Year Estimates, available for our three counties at www.census.gov.

TABLE 18 *Baselines for Key Economic Characteristics of Cibola, McKinley and San Juan Counties, 2007*					
Characteristic	San Juan	McKinley	Cibola	New Mexico	U.S.
Median Household Income	42,331	32,117	38,010	41,042	50,007
Per Capita Income	18,947	12,946	14,228	21,586	26,178
Individuals Below Poverty Level	17.6%	34.2%	23.1%	18.4%	13.3%
High School Graduate or higher	79.9%	68.9%	74.4%	81.7%	84%
Bachelor's Degree or higher	13.4%	11.2%	10%	24.9%	27%

To measure changes in these metrics, we will utilize data from the 2010 Census, which we expect to be available for analysis beginning in 2012 to support our final Five-Year Impact Evaluation.

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