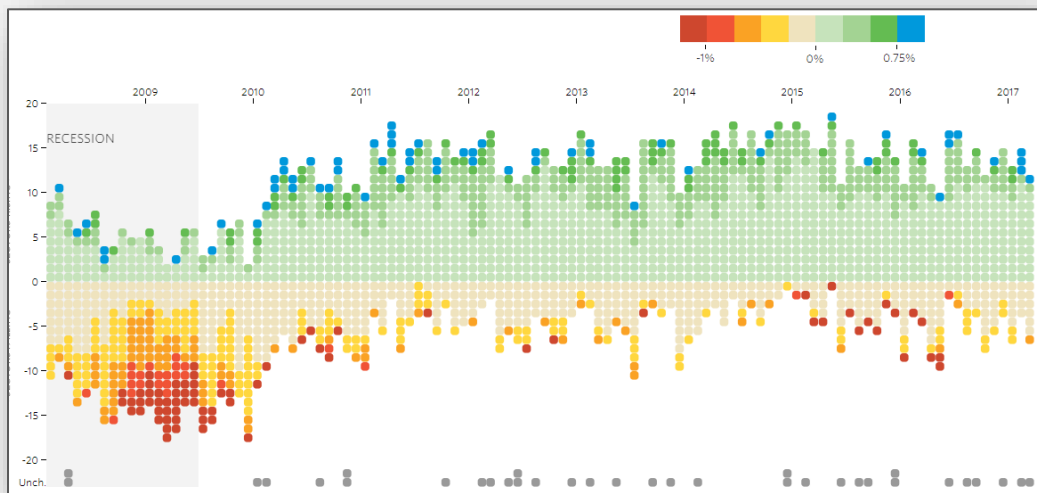


# GREATER GALLUP ECONOMIC DEVELOPMENT CORPORATION



## FY 2022-23 BUSINESS RETENTION & EXPANSION (BRE) OUTREACH PROGRAM REPORT

GALLUP & MCKINLEY COUNTY, NEW MEXICO



June 15, 2023

# CONTENTS

1. Executive Summary .....	3
2. FY 23 BRE Outreach Program Overview .....	4
3. Primary Themes .....	6
4. Secondary Themes .....	10
5. Recommendations .....	13

## Appendix:

FY 23 BRE Survey Instrument .....	14
-----------------------------------	----



Kent Wilson, Owner of Four Corners Welding & Gas Supply in Gallup and GGEDC Board Secretary, presented the 2023 GGEDC Partnership Award to Peiter Hjerstedt, Regional Economic Development Manager with BNSF Railway, at the GGEDC Annual BRE Luncheon in May. Each year GGEDC presents the award to honor a partner company and/or individual that has made a substantial economic development impact on the community.

## FY 2022-23 BRE Outreach Program

# Executive Summary

This FY 2022-23 Business Retention & Expansion (BRE) Outreach Program Report highlights key findings from 10 annual Business Retention & Expansion survey and interview visits conducted with leadership of top economic-base employers in McKinley County (hereafter referred to as “BRE Partners”) between August 2022 and April 2023. The survey visits were conducted by Greater Gallup Economic Development Corporation (GGEDC) staff in collaboration with New Mexico Economic Development Department Region 1 representatives that serve northwest New Mexico. An NMEDD representative participated in most of the interviews.

**Key objectives of the BRE Outreach Program** are to:

- Build relationships and partnerships with economic-base companies based on trust and reliable delivery of economic development services and support;
- Add value to company operations and support company expansion plans;
- Educate companies on economic development initiatives, regional priorities, and other work conducted by GGEDC and its partners;
- Align state, regional and local economic development goals for maximum impact;
- Inform state and local legislation to help enact laws and programs that support a more business-friendly environment throughout the Greater Gallup region; and
- Support the GGEDC Business Attraction & Recruitment program by aligning objectives with those of industrial partners already in McKinley County and by seeking opportunities to co-locate mutually beneficial companies.

**Highlights:**

- Seven of 10 the BRE Partners stated they planned to upgrade or expand their facilities and/or make major equipment purchases over the next two years (2022-2024);
- Seven of nine BRE Partners added 31 new jobs to the economy and expected to add more jobs during 2023; and
- Seven of the partner companies expressed confidence 2023 would be a better year for business than was 2022, in terms of sales, orders, and profits.

**Challenges:**

- Workforce shortages coupled with continuing widespread challenges related to recruiting and retaining qualified talent;
- Multiple rapid and sometimes drastic market shifts;
- Volatile fuel prices and rising costs and prices causing critical logistics challenges;
- Congested supply chains causing delays in obtaining essential equipment, tools and materials;
- An increasing federal and state regulatory environment; and
- Need to expand the economy and create more good jobs so as to not lose more skilled workers and their families from McKinley County.

## BRE Outreach Program Background

Since 2016, GGEDC's Business Retention & Expansion Outreach Program has played a critical role in fulfilling GGEDC's organizational mission "to drive economic growth through building on local assets and strategic partnering to target attraction, retention and expansion of industrial employers that provide economic-base jobs in the Gallup-McKinley area". In addition to building and maintaining strong personal relationships with key staff among McKinley County's major employers and industries, the BRE Program gathers real time data that allows GGEDC to identify and engage in key trends and to develop and provide impactful approaches and solutions to engage challenges before they become dire.

As a traditional Economic Development Organization (EDO), GGEDC's work is organized around the core functions of Business Attraction & Recruitment (BAR) and Business Retention and Expansion (BRE). The BRE function informs the BAR work and vice-versa. BRE annual survey meetings and follow up meetings with the BRE Partners identify opportunities to help expand the partner companies' operations, as well as for the BRE Partners to help facilitate the attraction and siting of new businesses.

The strength of the relationships developed over time through face-to-face on-site interviews with the BRE Partners are exemplified in GGEDC's work with Tri-State Generation and Transmission Association and McKinley Paper Company from 2019 to 2021. Responding to the imminent closure of Tri-State's Escalante Generating Station (EGS) in 2020, GGEDC worked hand-in-hand with Tri-State to effectuate a transition that would help sustain long-term operations at McKinley Paper Company while simultaneously planning for the development and growth of the Prewitt Industrial Cluster, where EGS and McKinley Paper Company are located. Since McKinley Paper's operations had been dependent on steam generation from EGS, GGEDC helped the company obtain \$5 million in Local Economic Development Act (LEDA) funding from New Mexico Economic Development Department. The grant provided for the purchase of critical equipment that allowed McKinley Paper to remain in business and saved 115 good-paying jobs while adding 10 new jobs. In 2021, GGEDC received a national gold level award from the International Economic Development Council (IEDC) for its work in support of McKinley Paper Company. Since 2021, GGEDC has been working closely with Tri-State and a company interested in purchasing EGS with the intent to create a hydrogen-fired power plant.

Beyond conducting semi-annual surveys and interviews with top management at major McKinley County economic-base employers, one-on-one meetings with the key employers allow GGEDC to identify opportunities to apply economic development expertise, best practices, and resources that can support the growth, success and expansion of those companies. GGEDC helps the companies learn about and avail themselves of state and local incentives, including the Local Economic Development Assistance (LEDA) and the Job Training Incentives Partnership (JTIP) programs.

GGEDC's Annual BRE surveys with our industrial partners repeatedly identified a consistent need to have a better qualified pool of applicants for jobs in those companies. As a result, in 2019, the GGEDC organized and stood up the Greater Gallup Industrial Workforce Program (GGIWP). The program provides 10 to 12-week classes in which students learn basic construction and trades skills and receive nationally-recognized NCCER and OSHA certification. BRE partner companies had a lead role in structuring the program and developing the curriculum. Last December, GGEDC transitioned the GGIWP to the Southwest Indian Foundation (SWIF) which plans to continue to develop and expand the program to better meet the needs of economic-base employers for employees possessing basic trades skills.

The GGEDC BRE Outreach Program also provides opportunities for greater community engagement, networking, and recognition of the BRE Partners at annual events, including the BRE Luncheon, accompanying GGEDC on trade shows, sponsoring GGEDC roundtables and attending GGEDC's annual Business Night Out event in June.

## The FY 2022-23 BRE Survey

In 2023, having emerged almost completely from the COVID-19 pandemic restrictions, nearly all of the BRE survey visits were conducted in-person and at the BRE Partners' sites of operation. The BRE surveys and site visits are designed to help companies to remain and thrive in McKinley County, as GGEDC provides direct assistance to economic-base businesses and tracks year-over-year data on several leading economic indicators, including the companies' sales, plans to invest in facilities or equipment, production levels, exports, employment numbers and hiring plans, as well as challenges the companies face, such as finding and hiring the workforce they require. The surveys and interviews also provide a valuable snapshot of each company's general business outlook and optimism (or lack thereof) regarding the economy and general business climate in the area.

Between August 2022 and April 2023, GGEDC staff completed annual BRE surveys and outreach program interviews with 10 economic-base employers in hour-long meetings. The interviews were primarily in-person but two were conducted via video conference. In each interview, the companies were encouraged to share specific challenges and opportunities they were facing and to discuss how GGEDC might assist the companies in reaching their goals and overcoming barriers. The surveys were emailed to the companies several days prior to the scheduled interviews in order to give company representatives the opportunity to review the questions and to fill in and return their responses. Most of the companies completed and returned the surveys to GGEDC in advance of the interviews.

Following the interviews, GGEDC staff logged company challenges and any requests for support or information. GGEDC staff followed up with the companies to provide requested information and to line out areas where GGEDC might support the companies' efforts, such as engaging with the company around any expansion plans or initiatives, helping to remove barriers where feasible, scheduling additional meetings as needed, and interacting with the companies in other areas, such as ribbon cutting ceremonies, providing support for grant proposals, and connecting company representatives with various resources and networks available to support their efforts.

GGEDC maintains strict confidentiality with each BRE partner regarding the survey data and information from conversations. The only company-specific data GGEDC shares publicly is the companies' annual job numbers, which it publishes in the annual BRE Report and on its website.

Interview information and the findings in this report are generalized and agglomerated. The general survey findings offer unique and valuable insights into current business conditions in Gallup-McKinley County and help to inform not only GGEDC's strategies and efforts to improve the overall economy in the coming year, but also to help drive GGEDC's other critical core function; that of attracting and recruiting new businesses to Gallup and McKinley County.

The BRE survey gathers actionable information and data which GGEDC presents in an annual BRE Report each June. The survey addresses five areas:

- Basic company information, including current points of contact and major suppliers and customers;
- Year-over-year business data and projections related to the company operations;
- Information on companies' existing facilities, infrastructure needs, and expansion plans;
- Workforce, staffing and training needs; and
- The companies' assessment of the overall business climate in McKinley County.

This year's interview team included Bruce Armstrong, GGEDC Economic Development Manager, and Lorraine Ruggles and Keegan McKenzie-Chavez, Region 1 Representatives for the New Mexico Economic Development Department (NMEDD). The FY23 BRE Survey instrument is in Appendix A.

## Survey Participants & Employment Numbers

The private sector companies interviewed for this report include:

BNSF Railway  
 Continental Divide Electric Cooperative  
 Kinder Morgan / El Paso Natural Gas  
 Commnet / Sacred Wind Communications  
 Peabody Energy / El Segundo Mine  
 Rhino Health Inc., LLC  
 McKinley Paper Company  
 Tri-State Generating and Transmission Authority / Escalante Generating Station  
 Rehoboth McKinley Christian Health Care Services (RMCHCS)  
 Advanced Air

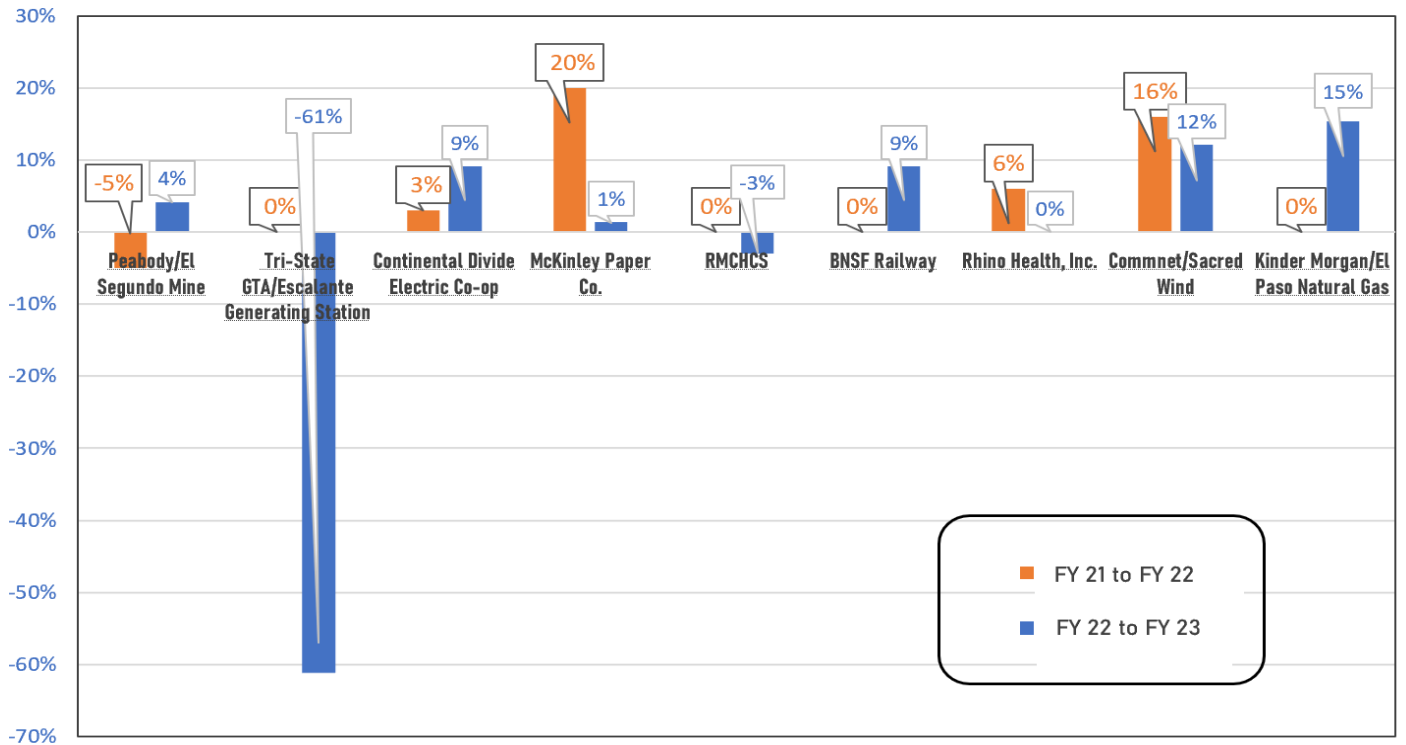
Employment Numbers for Economic-Base Businesses	FY22	FY23	Difference	% Change
BNSF Railway	44	48	4	9%
Continental Divide Electric Co-op	77	84	7	9%
Kinder Morgan/El Paso Natural Gas	13	15*	2*	15%
McKinley Paper Company	150	152	2	1%
Peabody Energy / El Segundo Mine	216	225	9	4%
Rehoboth McKinley Christian Health CS	500	485	(15)	-3%
Rhino Health, Inc.	53	53	0	0%
Commnet/ Sacred Wind Communications	58	65	7	12%
Tri-State GTA / Escalante Generating Station	18	7	(11)	-61%
Advanced Air	NA	[130**]	NA	
<b>Totals</b>	<b>1,129</b>	<b>1,134</b>	<b>5</b>	<b>.04%</b>

\* This year, Kinder Morgan / El Paso Natural Gas included its Gallup-based employee numbers rather than its total number of employees serving the region (In FY 2022, the total number was 44).

\*\* Advanced Air has no local staff in Gallup. Total number of AA workers is not included in Total.

## Year-Over-Year Employment Change 2021 - 2023 (Percentages)

Year-Over-Year Job Growth - Past Two Years  
(2021 to 2022 and 2022 to 2023)



## Primary Themes

### Business Development & Operations

Each year, a different picture emerges of the economy and the local industrial sector's relationship to it. The survey is revised each year to solicit specific information related to dominant economic themes and to GGEDC programs and interests. Over the last two years, the survey endeavored to gauge how companies were impacted by and responding to the COVID-19 pandemic. Beginning with the FY 2021-22 Survey, questions were geared to gauge year-over-year changes and projections related to several indicators of business performance including amounts of orders for goods and services, employment levels, companies' planned investments in their facilities and equipment, and several other indicators. Responses did not include specific numbers or dollar amounts, but rather were limited to: (increase, decrease, no change, not applicable). Listed in this section are the Primary Themes, where several companies shared a generalized concern or challenge - and Secondary Themes, consisting of topics or concerns that were identified by only a few companies or just one. The primary themes from the BRE surveys and interviews are elaborated in this section.

**Economic Uncertainty & Change:** Although COVID-19 no longer remained a significant variable in this year's economic calculus, the post-COVID normal emerging in its wake is characterized by wild fluctuations in fossil fuel demand and costs, with rapidly rising gas prices driving an inflationary spike in consumer prices of 6.2% nationally in October 2022. Meanwhile, a choked-up supply chain-caused shortages and delays throughout the country, coupled with shortages and an immense demand for qualified labor across the board, drove a new level of anxiety and uncertainty among GGEDC's BRE partners. Supply chain issues impacted four of the 10 companies surveyed, although they stated that supply chain issues in 2023 were much less severe than in 2022. The same four respondents expressed that as a top concern in 2022. Notwithstanding the complex economic challenges, 70% of the companies surveyed were optimistic that 2023 would be a better year for business than was 2022. In last year's BRE Report, that indicator of confidence in the market was 55%.

**Foremost Concerns:** Prevalent among the responses to the survey question, "What is keeping you awake at night?" company leader concerns included:

- Workforce shortages coupled with continuing widespread challenges related to recruiting and retaining the qualified talent the companies require.
- Concerns about the economy topped the list for three companies. Multiple rapid and sometimes drastic shifts in markets kept company executives wondering what was coming next and how to prepare.
- Volatile fuel prices coupled with rising costs and prices in most areas, and especially shipping.
- Congested supply chains continued to present challenges and delays in obtaining essential equipment, tools and materials.
- Expanding red tape and regulatory restrictions emerging at the federal, state and tribal levels and in new federal and state policies.
- The need to expand the economy and create more good jobs in McKinley County so as not to lose more skilled workers and their families.

**Expansions & New Facilities:** A high point in this year's survey was learning that seven of the 10 companies had plans to make major renovations, expansions and/or major equipment purchases in McKinley County between the end of 2022 and 2024, as follows:

- Major renovations or expansions - 40% of company responses
- Build new facilities - 30% of responses, and
- major equipment purchases - 30% of responses

This represents an opportunity for GGEDC to step up to continue to have critical engagement in supporting the companies' expansion plans however it can. As one indicator of potential interest in involving GGEDC and NMEDD in their plans, eight of the 10 companies indicated they were aware of local financing options such as LEDA and JTIP programs potentially available to facilitate and support the expansions. Eight companies also expressed interest in learning more about available financing and incentives that could support their projected expansion plans.

**Employment & Workforce:** Among the companies, job growth was steady during 2022-23. Six companies added a net 31 new positions to their payrolls with year-over-year growth rates between 1% and 15% and an average growth rate of 8%. One company's employment number remained the same (0% growth), while two companies reported reductions from their 2021 numbers (losing a net 26 jobs). The



greatest losses were at Tri-State TGA's Escalante Generating Station which shed 11 of its 18 staff members before yearend in 2022 (a 61% loss). Beginning in 2023, Tri-State expected it would keep its workforce at 5 staff members for the foreseeable future.

Looking forward, seven of the 10 companies (70%) expected to add new jobs in 2023. That number was up by one company (66%) in the prior year BRE survey. Most (40%) anticipated they would add 3-6 new positions. Two companies anticipated they would add over 21 positions. One company planned to add 1-2 new positions while two companies did not expect to increase their staff levels in FY 2023. None of the companies anticipated a reduction in their workforce in 2023.

Challenges in finding, hiring and maintaining the workforce they need remained a top concern for half of the companies (5 out of 10), close to the 55% stated in the FY 2021-22 BRE Survey. Of the companies experiencing workforce challenges, several noted an accompanying, larger challenge in seeking to attract and recruit talent for highly specialized, skilled positions. Four companies were concerned with matters of facility and operational stability where operations were impacted dually by the shortage of workers and essential equipment and by a lack of specialized service providers (contractors) available to repair and maintain equipment. Other companies were concerned with the challenge of expanding services while keeping costs down.

Workforce challenges also included the continuing need for a housing supply for the workforce. Another challenge is to retain employees with high skill levels. Several companies also faced issues of an aging workforce necessitating the training and transfer of skillsets to new employees who will be replacing them over the next several years.

**Supply Chain Challenges:** Supply chain-related shortages continue to create a range of challenges, although the situation improved significantly since 2022. Half of the companies indicated having problems related to supply chains and sourcing materials and equipment. The companies' challenges in sourcing, repairing or replacing critical operations equipment cost the companies significant lost revenues and creating concerns regarding safety and stability of operations. Price uncertainties and labor shortages further compounded the impacts of the supply chain shortages. However, four of the five companies noted that the supply chain problems were much less severe in 2023 than they were in 2021-22. Three companies stated that they had been ordering surplus supplies and critical equipment in order to mitigate the effects of the shortages. Other companies take into account the greater lead times needed when placing orders. Impacts of supply chain shortages on the local economy will be addressed in the FY 2023-24 BRE Survey.

**Company Growth (& Decline):** Based on business development indicators such as whether the number of orders for goods and services, company production levels, investment in plant and equipment, and company profits increased, remained the same or declined, the responses in the "Increased" column indicate that for most of the BRE Partners 2022 was a good year for business. The same indicators were used in projections for 2023. The responses revealed a general optimism that 2023 also would be a good year. The numbers in the "Expected Increase" column were down slightly from the 2022 numbers (by 5.7%) while the numbers in the "Expected Decrease" column rose by 1 (8.3%). Note that the aggregated data supports making only very broad year-over-year comparisons, as a company that experienced increased growth in 2022 may have previously anticipated declining growth in 2023.

Comparing year-over-year numbers in the following tables, what stands out is a substantial increase in prices for goods and services (from 22% to 40% of companies). Exports and hiring also saw major increases. Companies saw exports increase from 0% to 20%. Employment levels increased from 33% to 70%. Fewer companies saw decreases in profits in 2022 than in 2021 (30% versus 11%).

### Year-over-year key business development indicators for leading McKinley County economic-base employers (Years 2021-2022)

Business Development Indicators <u>2021 to 2022</u>	Increased	Remained Same as 2021	Decreased	Not Applicable / Not Disclosed
Orders for Goods & Services	60% of companies	10% of companies	30% of companies	
Level of Production	60% of companies	10% of companies	30% of companies	
Investment in Plant and Equipment	70% of companies	30% of companies		
Prices of Goods & Services	40% of companies	40% of companies	20% of companies	
Company Profits	30% of companies	30% of companies	30% of companies	10% of companies
Employment Levels	70% of companies	30% of companies		
Exports	20% of companies	20% of companies	10% of companies	50% of companies

### Year-over-year key business development indicators for leading McKinley County economic-base employers (Years 2020-2021)

Business Development Indicators <u>2020 to 2021</u>	Increased	Remained Same as 2021	Decreased	Not Applicable / Not Disclosed
Orders for Goods & Services	55% of companies	22% of companies	33% of companies	
Level of Production	55% of companies	22% of companies	33% of companies	
Investment in Plant and Equipment	44% of companies	11% of companies	44% of companies	
Prices of Goods & Services	22% of companies	44% of companies	33% of companies	
Company Profits	22% of companies	66% of companies	11% of companies	
Employment Levels	33% of companies	44% of companies	22% of companies	
Exports	0% of companies	11% of companies	10% of companies	77% of companies

The table below presents projections from 2022 to 2023 based on the same indicators used in the previous tables. The table is an indicator of the level of confidence the companies had as they looked forward. Most of the companies expected similar percentages in 2023 to what they saw in 2022 with orders for goods and services and production continuing to increase. The companies generally expected to make higher profits or margins in 2023 and to see strong continued employment growth.

### Projected Year-over-Year Business Development Indicators for McKinley County economic-base employers (Years 2022-2023)

Business Development Indicators for <u>Years 2022 to 2023</u> (PROJECTED)	Expected to Increase	Expecting Same as 2022	Expected to Decrease	Not Applicable / Not Disclosed
Orders for Goods & Services	50% of companies	50% of companies		
Level of Production	60% of companies		30% of companies	10% of companies
Investment in Plant and Equipment	50% of companies		40% of companies	
Prices of Goods & Services	40% of companies	20% of companies	20% of companies	20% of companies
Company profits	50% of companies	20% of companies	10% of companies	20% of companies
Employment Levels	70% of companies	10% of companies	20% of companies	
Exports	10% of companies	20% of companies	10% of companies	60% of companies

**COVID 19 - Continuing Impacts:** In terms of impacting their business operations, the BRE Partner companies all considered that the COVID-19 pandemic no longer was a significant problem in FY 2023. However, several of the companies continued to deal with the impacts of substantial debt and/or lost revenues incurred as a result of providing essential services during the pandemic.

**Annual Sales Growth:** Over two-thirds of the companies (7 of 10) anticipated increased sales growth for the 2023 calendar year. Six of the companies anticipated sales growth within the 1%-9% range and one company projected its growth would be in the range of 10%-24%. Three of the companies expected to see no growth in sales during 2023.

# Secondary Themes

## Workforce Training

**In-House Training:** Most of the companies (9/10) require between two and 12 weeks of training for a new employee (9 of 10 companies). Training time the companies provide to new employees ranged from 6 hours to 6 months, depending on the position. All of the companies prefer hands-on to online training, although one company emphasized that it prefers to use both approaches equally.

The companies identified a range of skills for which they would like to provide training to their existing employees. The skill sets included:

- Instrumentation
- General instruction in the trades (especially electrical, plumbing, and welding)
- Safety, heavy equipment operation
- Leadership and supervisory skills, and
- General Maintenance



Ian Muskett and Joanna Marlowe, students in the seventh class of the Greater Gallup Industrial Workforce Program, received their Certificates of Completion from Jeremy Boucher, Director of Operations, SWIF Project Office (right), and Liam McCarthy, Trades Instructor (middle).

Most of the companies indicated that they either would or already participate in on-the-job-training (OJT) opportunities (7 of 10 companies).

Specific challenges the companies face in providing needed training to their employees include:

- Limited time and resources available for training (4 out of 10 companies). An example of this cited by two companies was the need for enough workers to be available on a shift before any could be pulled off for training.
- Specific trainings the employees require are unavailable in Gallup so staff needs to be sent offsite or trainers need to be brought in. Again, sending staff out can leave a crew short-handed.

Specific staff skills, certifications and attributes the companies indicated they would like employees to possess on hire are listed in the table below.

## Employee “Hard” Skills & Attributes BRE Partner Companies Seek on Hire

• OSHA Safety	• Production / Production Supervisor
• Welding	• Chemistry / Chemical Engineers
• Electric	• Professional Certifications (Various)
• Basic Trades	• Professional Degrees (Various)
• Industrial Mechanical	• Maintenance
• Machinist	• Truck Driver / CDL
• Instrumentation	• Heavy Equipment
• Industrial Control Operations	• Bookkeeping
• Lab Technicians	• Administrative
• Line Worker Certification	• Read/Interpret Plans
• Specialized Crafts (Water/Wastewater)	• Engineers (Electrical, Mechanical)

## Employee “Soft” Skills & Attributes BRE Partner Companies Seek on Hire

• Communication Skills – Oral, Written, Reading	• Basic Learning Skills
• Follow Directions	• Basic Math
• Work Ethic / Willingness to Work	• Customer Service
• Computer Skills	• Critical Thinking / Problem Solving Skills

In addition to the various hard and soft skills expected of employees on hire, companies also indicated specific certifications they prefer their employees to have. These include: Instrumentation, heavy equipment, electrical journeymen, plumbing journeymen, CDL, OSHA-10 Safety, MSHA/24-hour, Telecom, and facility maintenance and management. “Soft skills” the companies seek in new hires include: basic computation, problem solving, customer service and communication skills.

**Union Activity:** Less than one-third of the companies have active unions (3 out of 10); the others have no unions. For the companies with active unions, the unions constituted 3%, 25%, and 99% of their respective workforces. The percentage of union workers in the smallest union shop dropped by 2% from the 5% indicated in last year’s BRE survey. The reason behind the lower percentage is not apparent. Two of the companies with a unionized workforce expressed that the management has a very good relationship with the unions.

**Workforce Residing in McKinley County:** Among the economic-base employers, the percentage of their workforce that resides in McKinley County ranged from 0% (1 company) to 100%. (3 companies). For four companies, between 10% and 40% of their workforce resides in McKinley County. One company did not know the percentage of its workforce that lives in the county. Many of the companies’ workers, especially those with operations in the Grants and Prewitt areas reside in the City of Grants and Cibola County.

**Absenteeism:** Across the board, absentee rates were low and most of the companies (9 out of 10) did not consider it a problem. Rates were mostly below 2%. However, two companies had relatively high rates they estimated at 6% and 10% respectively.

**Healthy Workforce Act:** In June 2023, GGEDC emailed the BRE Partners asking them how the Healthy Workplaces Act of 2021 / Paid Sick Leave impacted their operations since July 1, 2022 when the law went into effect.

## Background & Operations of Firms

### Market Research:

Half of the companies indicated they conduct some form of market research or research and development in McKinley County. Research is needed to determine infrastructure needs and capacity and to determine whether and how to expand essential services the companies provide.



## Assessment of the Local Business Climate

The chart on the next page indicates how BRE Partner company leaders rate the general quality of life and the business climate in Gallup and McKinley County. The chart shows areas where the leaders believe the business climate is favorable and where they believe it needs improvement. The perception of the General Business Climate declined from 66% favorability rating in FY 2021-22 to 50% in this year's survey. Other changes area as follows: where three companies rated legislation at the state level either good or excellent last year, that number rose to six (60%) this year. While the majority of respondents rated the roads as Fair (55%) last year, this year, half of the respondents considered the roads to be Poor. Despite ongoing transportation headaches with I-40 construction and frequent accidents shutting down the highway, traffic continued to be rated Good (70% up from 55% last year). With the exception of

water rates, utilities remained close to last year's ratings. This year, 50% of respondents said the cost of water was Fair compared with 55% that rated it Good last year.

### Quality of the Local Business Climate

	Excellent	Good	Fair	Poor	Very Poor	Not Applicable
<i>[Light blue boxes indicate greatest number of checked responses per category]</i>						
General Business Climate	✓	✓✓✓✓	✓✓✓	✓	✓	
Cost of Living						
State Level		✓✓✓✓✓✓	✓✓	✓		✓
Local Level	✓	✓✓✓✓✓	✓	✓✓		✓
Legislation						
State Level	✓✓	✓✓✓	✓✓	✓✓✓		
Local Level	✓✓	✓✓✓	✓✓✓✓			✓
Permitting Process						
State Level			✓✓✓✓	✓✓✓		✓✓✓
Local Level		✓	✓✓	✓	✓	✓✓✓✓✓
Quality of Place	✓✓	✓✓	✓✓✓✓✓✓			
Roads		✓	✓✓✓	✓✓✓✓✓		✓
Traffic		✓✓✓✓✓✓✓	✓	✓		✓
Utility Costs						
Internet, Telecom, Fiber		✓✓✓✓✓	✓✓	✓		✓✓
Power		✓✓✓✓	✓✓✓	✓		✓✓
Water		✓✓	✓✓✓✓✓	✓		✓✓
Zoning & Development Services		✓	✓✓✓✓	✓		✓✓✓✓
Other: EDUCATION	✓					
Other: HOUSING				✓		

# Recommendations

## To New Mexico Economic Development Department:

1. Join GGEDC in contacting all BRE Partners in the near future to discuss and support the various company expansion and/or major equipment purchase plans and begin planning to support.
2. Work with GGEDC to assess specific ongoing workforce challenges the BRE Partners are facing in regard to training, hiring, and retention of workers and to recommend strategies to address the needs.
3. Coordinate schedules and planning with GGEDC in order to plan optimal times for conducting BRE surveys and having 2-3 Surveys per day to improve efficiency and planning lead times.

## Recommendations to GGEDC:

1. While the Greater Gallup Industrial Workforce Program (GGIWP) continues to train workers under new direction by the Southwest Indian Foundation (SWIF), providing a ready supply of basic trades-trained workers to local base-economic employers remains a significant challenge. Coordinate efforts with New Mexico Department of Workforce Solutions (DWS) to publicize, implement and help local businesses take advantage of resources DWS is providing to communities, such as a new program that places local business liaisons into communities that can assist businesses in addressing workforce challenges and other needs. Explore the possibility DWS could develop & manage a local pool of on-call labor, possibly as a temp agency.
2. Although the Greater Gallup Industrial Workforce Program is now under SWIF management, GGEDC should remain engaged in helping to connect GGIWP graduates with BRE Partner companies when they're hiring entry level positions. GGEDC also should collaborate with SWIF in reconstituting and implementing a new Workforce Leadership Team. The majority of members of the initial leadership team were business owners who were familiar with workforce training needs. They set the curriculum and policies for the program. The IWP Leadership team is an excellent means to engage the BRE Partners in helping to meet their workforce needs and representatives of several of the Partners have indicated their desire to serve in that capacity.
3. GGEDC should make a tighter connection between its BRE and BAR functions, determining who is responsible for example for facilitating BRE Partner expansions. This should be detailed in the Annual Work plan with tracking measures developed to monitor interconnecting functions.
4. With permission of each BRE Partner experiencing supply chain challenges, contact the company's principal suppliers to determine if those companies might have an interest in expanding their operations into Gallup-McKinley County or the region or in establishing a local distribution center that could improve logistics and help mitigate local supply chain disruptions.
5. Plan for the 2023-24 BRE Outreach Survey instrument to gather improved data regarding companies' specific infrastructure needs, their willingness to serve on the IWP Leadership Team, and determining whether they are hiring IWP graduates.



## BRE Promotes Economic Development Opportunities

“An effective business retention and expansion program also benefits business recruitment efforts because existing businesses are the most credible sources for determining whether a locality or region is a good place to operate. A community’s reputation as a place to do business is greatly enhanced when it operates an effective BRE program that helps existing companies stay, grow, and prosper in the community. This positive message about the community’s commitment to assist local companies can be used to attract new businesses. In pursuing a BRE strategy, an economic development organization will use many of the same tools and techniques used in business recruitment and new business development programs.” \*

These include:

- ✓ Marketing
- ✓ Assistance with land and buildings
- ✓ Infrastructure
- ✓ Financial assistance, such as linking companies with available resources of capital
- ✓ Development of a competent workforce through training and retraining
- ✓ Technical assistance and assessments
- ✓ Availability of technology resources
- ✓ Export assistance
- ✓ Assistance with ways to reduce energy costs and comply with environmental laws and regulations
- ✓ Assistance with permitting and licensing, and
- ✓ Various forms of tax and non-tax incentives.

\* Source: International Economic Development Council (IEDC), *Business Retention & Expansion Manual*, 2016

# APPENDIX

1. FY 23 GGEDC BRE Survey Instrument

**Greater Gallup Economic Development Corporation  
Business Retention & Expansion Survey  
December 2022**

**1. BASIC INFORMATION:**

Firm Name: \_\_\_\_\_ Name of Corporation: \_\_\_\_\_

Address/es: \_\_\_\_\_

Telephone #s: Office: \_\_\_\_\_ Cell: \_\_\_\_\_

Firm's Principal Contact: \_\_\_\_\_ Title: \_\_\_\_\_

Email: \_\_\_\_\_ Website: \_\_\_\_\_

Primary NAICS code: \_\_\_\_\_ Length of time at this location: \_\_\_\_\_

Current number of employees: \_\_\_\_\_ Number hired in past year: \_\_\_\_\_

Number of Employees that retired in past year: \_\_\_\_\_

Which local placement firm / talent agencies, if any, do you use when hiring? \_\_\_\_\_

**2. ICE BREAKER:**

What is keeping you awake at night? \_\_\_\_\_

**3. FIRM BACKGROUND & OPERATIONS:**

How did COVID-19 impact your operations in 2022? \_\_\_\_\_

What are the names & locations of the firm's top three:

Suppliers: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Customers: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Among the suppliers you do business with currently, what material/s are the hardest to source?

Do you currently export, import, both, or none?  Export  Import  Both  None \_\_\_\_\_

Where is your primary market?  USA  New Mexico  Southwest (Incl NM)  Local \_\_\_\_\_

What is your projected annual sales growth rate for the next calendar year?

None  1% - 9%  10% - 24%  25% - 49%  50% - 100%  Over 100% \_\_\_\_\_

**Greater Gallup Economic Development Corporation  
Business Retention & Expansion Survey  
December 2022**

**Compare year 2022 with 2021 for the next series of questions.**

Year over year, did your company's number of orders:  Increase  Decrease  Remain the Same?

Did the company's product/service production levels:  Increase  Decrease  Remain the Same?

Did your investment in your plant and/or equipment:  Increase  Decrease  Remain the Same?

Did the company's prices for products and services:  Increase  Decrease  Remain the Same?

Did your company's profits:  Increase  Decrease  Remain the Same?

Did your company's employment levels:  Increase  Decrease  Remain the Same?

Did your company's exports:  Increase  Decrease  Same?  N/A

What are the top challenges your team is facing? (e.g., competition for talent, workforce, turnover, etc.)

---

What kinds of research and development does your company perform in McKinley County, if any?

---

**Looking forward, please compare years 2022 and 2023 for the next series of questions.**

Do you expect your company's number of orders will:  Increase  Decrease  Remain the Same?

Do you anticipate products or service production will:  Increase  Decrease  Remain the Same?

Do you expect investments in plant & equipment will:  Increase  Decrease  Remain the Same?

Do you anticipate company employment levels will:  Increase  Decrease  Remain the Same?

Do you anticipate prices of your goods and services will:  Increase  Decrease  Remain the Same?

Do you anticipate your company's profits will:  Increase  Decrease  Remain the Same?

Do you anticipate your exports will:  Increase  Decrease  Remain the Same?

**4. FACILITY INFORMATION:**

Is your company planning a major new investment locally within the next two years?  Yes  No

What types of new investment/s? Select all that apply:

- Major Renovations/Expansion       New Facilities       Major Equipment Purchases

Where? \_\_\_\_\_

Are you aware of the following local financing options for facilitating expansion?

	Yes	No	Would you like more information on these?
Industrial Revenue Bonds			
Local Economic Development Act (LEDA)			
Gross Receipts Investment Policy (Gallup)			

**Greater Gallup Economic Development Corporation  
Business Retention & Expansion Survey  
December 2022**

**5. INFRASTRUCTURE NEEDS**

Is the infrastructure that serves your facility adequate to your needs?

	Yes	No	Specific Upgrades Sought	--	Needed (N)	Would Like (L)
Water						
Wastewater						
Electricity						
Broadband						
Natural Gas						
Roads						
Rail						

**6. WORKFORCE, STAFFING, AND TRAINING NEEDS**

How many positions are you planning to fill in the next year? \_\_\_\_\_

When do you plan to hire?  Immediately  Next 1-3 months  In 4-6+ months  \_\_\_\_\_

Uncertain Have you experienced difficulty in finding employees over the past year?  Yes  No

Types of hiring challenges you faced: Please select all that apply:

Poor work ethic  Lack of technical skills  Lack of candidates  Other: \_\_\_\_\_

Which skill sets do you expect your employees to possess upon hire? (Such as carpentry, welding, tape measure, meter reading, plan reading, etc.) \_\_\_\_\_  
\_\_\_\_\_

Which industry certifications are most important to you? \_\_\_\_\_

How many weeks of training should a new hire receive? \_\_\_\_\_

In which new specific job skills, equipment operations, techniques or processes do your existing workers need additional training?  
\_\_\_\_\_

What impediments do you face to providing additional training?  
\_\_\_\_\_

**Greater Gallup Economic Development Corporation  
Business Retention & Expansion Survey  
December 2022**

Do you prefer online or hands-on training?  Online  Hands-on

Does the firm expect any substantial reduction in employment at this location? How will this reduction be accomplished (through layoffs or attrition)?

Thinking about the next THREE YEARS, how does your company plan to deal with any vacancies left by employee retirements? Please select all that apply:

- |  |   |
|--|---|
| <input type="checkbox"/> Fill the vacancies  | <input type="checkbox"/> Not fill the vacancies   |
| <input type="checkbox"/> Not fill the vacancies, but add jobs elsewhere in the organization      | <input type="checkbox"/> Partially fill the vacancies with part-time or temporary workers |
| <input type="checkbox"/> Partially fill the vacancies and add jobs elsewhere in the organization | <input type="checkbox"/> Undecided  |

Percentage of the workforce that is unionized, and union(s) representing those workers:

Percentage of the firm's workforce that resides within McKinley County: \_\_\_\_\_

What would you estimate your annual absentee rate is? Does the company consider that to be a problem?

What are the most significant obstacles to staff achieving positive performance and attendance outcomes?

Would you participate in On-the-Job-Training (OJT) if available?  Yes  No \_\_\_\_\_

**7. BUSINESS CLIMATE**

How would you rate the following business factors in the Greater Gallup area?

	Excellent	Good	Fair	Poor	Very Poor	Not Applicable
General Business Climate						
Cost of Living (State)						
Cost of Living (Local)						
Legislation (State)						
Legislation (Local)						
Permitting Process (State)						
Permitting Process (Local)						
Quality of Place						
Roads						
Traffic						

**Greater Gallup Economic Development Corporation  
 Business Retention & Expansion Survey  
 December 2022**

	Excellent	Good	Fair	Poor	Very Poor	Not Applicable
Utility Cost (Internet /Telecom/Fiber)						
Utility Cost (Power)						
Utility Cost (Water)						
Zoning/Development Services						
Other (Specify):						
Other:						
Other:						

If the firm were making a site location decision today, would it select the present community?

Why/why not? \_\_\_\_\_

**8. ADDITIONAL COMMENTS:** \_\_\_\_\_

---



---



---



---



---



---



---



---