

2022 Annual Report



*Moving
Forward &
Building on
Our Assets*



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The International Economic Development Council (IEDC) awarded GGEDC a “Gold Level” award for its Business Retention & Expansion (BRE) Program.

A Word from the Board President

We Continue to Build on Our Assets



Tommy Haws
President, Board of Directors
Senior Vice President,
Pinnacle Bank

Over the ten years I have served as President of the Greater Gallup Economic Development Corporation (GGEDC), I have had the distinct honor and privilege to work with a team that has been steadfast in its commitment and dedication to generating substantial economic growth for the City of Gallup and for McKinley County. GGEDC has never been stronger than it is today. With a commitment to excellence and deep passion for economic development, the board and staff of this organization continue to reach new levels of distinction each passing month.

FY 2022 was a particularly exceptional year for GGEDC. We saw multiple GGEDC-planned and backed projects come to fruition. To name just a few examples:

- ◆ An EDA-funded Airport study paved the way for passenger air service to return to Gallup. Next month, contractor Advanced Air will commence daily service to Phoenix.
- ◆ The strategic opportunity for Gallup-McKinley County to become a hub for autonomous vehicle testing and development is gaining traction. Consultant GLD Partners' *Gallup Mobility Investment District Plan & Report* details how we do that.
- ◆ The long-anticipated 4-laned Carbon Coal Road, now almost complete, will provide trucks easy access to the Gallup Energy Logistics Park, bringing that BNSF Certified rail site much closer to becoming a critical warehousing and logistics hub for region.
- ◆ The promise not only that hydrogen can be produced to restore electric generation operations to Escalante Generating Station, but that Gallup can be the tip of the spear in helping develop the hydrogen technologies and infrastructure of the future.

GGEDC continually adapts to meet new challenges and needs, while preserving what is unique and special to both the organization and its mission. This is a source of great strength and pride for me and for GGEDC's entire Gallup-McKinley County service area.

Highlights from 2022–2023

Economic Development Week Themed *Building on Our Assets*

GGEDC conducted a dynamic Economic Development Week May 9–14. With the theme “*Building on Our Assets*,” GGEDC planned community-oriented activities each day of the week.

As in prior years, GGEDC solicited and coordinated publication of daily guest columns in the Gallup Independent and on the GGEDC website from our nonprofit and local government partners.

Contributors included GGEDC, the COG, SWIF, the BID, SBDC–Gallup, and gallupARTS. Advanced Air also provided a column on the importance and positive impact local air service provides to building economic development.

Public-facing events during the week included City and County proclamations declaring May 9–14 National Economic Development Week in Gallup and McKinley County.

Other events included a radio interview on Sammy Chioda’s Impact Radio news show on the importance of workforce training in local Economic Development.

Two webinars featured a panel discussion on building the outdoor recreation economy in McKinley County and a presentation by Jen Paul Schroer, Cabinet Secretary of the New Mexico Tourism Department, on gathering and analyzing big data to measure tourist growth and the impact of State tourism initiatives.

For recordings of the webinars and radio show, visit www.gallupedc.com.

EDA Planning Grant Delivers Major Results

On behalf of the City of Gallup and GGEDC, the Northwest New Mexico Council of Governments (COG) applied for and was awarded a 2020 EDA CARES Act Recovery Assistance planning grant to support regional economic recovery strategies from COVID that would address local healthcare and transportation industry needs. The \$600,000 grant was matched with \$150,000 of City of Gallup funds to provide for:

- Completing a comprehensive **feasibility analysis of the Gallup Municipal Airport** (GMA) to determine the viability of offering commercial air passenger service.
- Executing a **Gallup Mobility Investment District development plan** to determine a location for the Gallup Mobility Hub (for testing Autonomous Vehicles) within the GMA and that would also consider establishing a Foreign Trade Subzone (FTZ).
- Developing an **Airport Infrastructure & Utility Site Plan**, including preliminary engineering report (PER) for infrastructure upgrades to support new air service & economic development opportunities.
- Developing a **state-of-the-art Autonomous Vehicle Test Track** to be used for testing and developing autonomous trucks, and



Providing accessible local air travel is a critical and necessary component for a region’s economic vitality. We are steadfast in our commitment to serve the City of Gallup with a premium, reliable and safe product.” – Levi Stockton, Founder & CEO, Advanced Air

Air Service Returns to Gallup Municipal Airport

Following a 12-year hiatus, in May, commercial air service was restored to the Gallup Municipal Airport (GUP). Under a 2-year contract with the City that begins in August, Advanced Air will provide daily service to and from the Phoenix Sky Harbor (PHX) for \$75 + tax each way.

Since 2012, GGEDC has championed efforts to restore local air service. Gallup was awarded the first grant from New Mexico’s Rural Air Service Enhancement (RASE) Act, which aims to support smaller airports that lack regular air services. Representative Patty Lundstrom carried the legislation and

GGEDC worked to obtain the RASE and EDA grants for the City of Gallup.

The increased connection to the rest of the world enhances economic development in multiple ways. Easier access to Gallup–McKinley County, affords greater opportunities for company executives and site selectors to visit and better assess prospects for siting their companies here.

A separate GGEDC initiative seeks to establish a Foreign Trade Subzone (FTZ). One condition for FTZ status is that an area must have commercial air service.

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GGEDC Board & Staff

Board of Directors



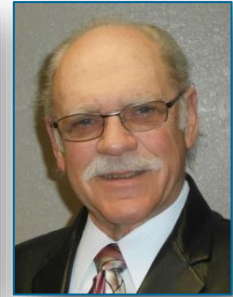
Tommy Haws
President
2012 - Present



Rick Murphy
Vice President
2012 - Present



Joe Mesich
Treasurer
2015 - Present



Kent Wilson
Secretary
2015 - Present

GGEDC Mission Statement

It is the mission of the GGEDC to drive economic growth through building on local assets and strategic partnering to target attraction, retention & expansion of industrial employers that provide economic-base jobs in the Gallup-McKinley County area, and to support & promote a business-friendly environment.



Tony Tanner
Director
2012 - Present



Yogash Kumar
Director
2021 - Present



Louie Bonaguidi
Mayor
City of Gallup

Staff



Patty Lundstrom
Executive Director



Michael Sage
Deputy Director



Bruce Armstrong
Economic Development Mgr.

Welcome Kristen!

In March, Kristen Dale transitioned to Administrative Assistant after completing her internship with GGEDC. Now, she is responsible for multiple office and administrative functions.

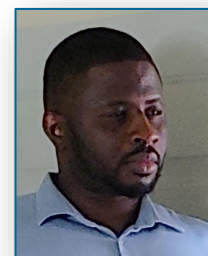


Teresa Mecale
Administrative Asst II



Kristen Dale
Administrative Asst I

Intern



Percy Taabazuing
Intern

Message from the Executive Director

Building on Our Energy Assets: How the Prewitt Industrial Cluster Is Positioned to Become a Hub of Hydrogen Generation and Development

Gallup and McKinley County are gearing up to play a leading role in the emerging hydrogen revolution.

When Escalante Generating Station (EGS) in Prewitt burned its last coal in the fall of 2019, the future for McKinley's economy looked bleak. Lacking the steam it received from EGS, neighbor plant, McKinley Paper Company, would be unable to continue to manufacture cardboard for packaging there. Peabody Energy's nearby El Segundo mine lost a primary customer in EGS while McKinley County eyed the dire prospect of losing 20% of its annual tax revenues, if all those companies shut down.

With GGEDC's assistance, McKinley Paper received a \$5M Local Economic Development Assistance (LEDA) grant from the State that allowed it to expand and upgrade its facilities in Prewitt to generate its own steam. The grant saved 115 well-paying jobs while adding 10 new ones.

In 2020, Escalante Power company (eH2) was born with an interest in refurbishing the EGS plant to generate electricity from hydrogen rather than coal and there was a breath of hopeful fresh air. eH2 saw great promise in combining the very well-maintained EGS facility with the substantial natural gas infrastructure assets in the area, and geological features ideal for carbon sequestration (the process of removing carbon from hydrogen and storing it underground). eH2's recent acquisition by Tall Grass Energy is a very positive forward movement.

Hydrogen presents impressive opportunities to put McKinley County at the forefront of development for hydrogen and all things hydrogen-related.

Recognizing the critical role hydrogen will play in fueling our future, last February, Governor Michelle Lujan Grisham, issued an Executive Order to implement measures to foster the development of a hydrogen economy. The Order is a major initiative to "invest in, innovate around,

and build a clean energy future for our state." It highlights the critical need and initial steps to build a clean energy economy that will change how we generate, distribute, and consume energy.

Hydrogen presents tremendous promise and challenges. On the promise side:

- Hydrogen supports generation of clean, reliable energy partnered with wind and solar energy growth.
- New Mexico has everything it needs

to position the state at the forefront of the emerging hydrogen economy, such as ample brainpower in the labs, substantial existing electrical grid infrastructure, multiple companies already developing hydrogen-related businesses, and a plan to move to a fully green, zero-carbon economy by 2045.

Among our challenges are:

- How we create a clean, zero-carbon economy, and at what cost?
- The "chicken and egg" dilemma regarding devising and building hydrogen infrastructure, especially for hydrogen-powered vehicles that haven't been developed yet – in significant part because fueling infrastructure and fuel don't exist.
- How to get to "zero-carbon hydrogen" by 2045?
- How do we prepare the workforce we need?

Prompted by Biden's Hydrogen Hub Initiative offering an \$8 billion pot to be split competitively among four hydrogen hubs in the country, the Governor entered New Mexico into a four-state agreement (New Mexico, Wyoming, Colorado, and Utah) to jointly develop a proposal to the U.S. Department of Energy, and hopefully be awarded regional hydrogen hub status.

McKinley County's challenge is to demonstrate to the 4-state hydrogen hub that we have everything we need to develop a world-class hydrogen hub here.



Patty Lundstrom, CEO
Executive Director

Ready, Set, Go . . . Almost!

Business Retention & Expansion

BRE is at the Heart of GGEDC's Mission to Drive Economic Growth

Business Retention & Expansion (BRE) is at the heart of Greater Gallup Economic Development Corporation's 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 County area, and to support and promote a business-friendly environment.*

Conducting regular annual interviews and check-ins throughout the year with GGEDC's partner companies, the area's primary economic-base employers, GGEDC staff learns first-hand of the opportunities, challenges, and needs the companies face.

GGEDC translates the information it receives into action. For example, after hearing year over year from GGEDC's partner companies that their number one challenge was finding and hiring workers with the skills the companies needed, GGEDC was able to launch the Greater Gallup Workforce Development Program (GGIWP).

Funded with an Assistance to Coal Communities grant from the Economic Development Administration (EDA) in the U.S. Department of Commerce, the program is beginning its seventh class.

Nearing the end of the 3-year pilot program in October, GGEDC is transitioning administration of the program to the Southwest Indian Foundation (SWIF), its principal partner.

GGEDC Recognized Its Partner Sacred Wind Communications at its 2022 BRE Luncheon



Sacred Wind Communications received GGEDC's Annual BRE Award.

BRE Luncheon

Each year, GGEDC celebrates the achievements of one of its partner companies. The 2022 awardee was Sacred Wind Communications and CEO John Badal.

Sacred Wind Communications has been a partner in GGEDC's BRE program since 2015. Prior year recipients of GGEDC's annual BRE award include: McKinley

Sacred Wind has gone way out of its way, over many last miles, to bring reliable & increasingly faster internet into the region, connecting businesses, schools, customers and citizens with the rest of the globe.

Paper Company, Rhino Health, BNSF Railways, Peabody Coal/El Segundo Mine, Continental Divide Electric Co-op and Marathon Petroleum.

Like workforce development, broadband is a critical component driving commerce and business development. Sacred Wind has gone out of its way, over many last miles, to bring reliable & increasingly faster internet into the region, connecting

businesses, schools, customers and citizens with the rest of the globe.

Sacred Wind recently joined Diné College, Navajo Technical University, CellularOne and Frontier Communications to form the Alliance for Navajo Broadband with the objective of providing a greater level of broadband access, affordability, and choice for the Navajo People. Positioned to take advantage of available grants, the Alliance has adopted a competitive market-based approach to

providing broadband services across the 27,000 square mile Navajo Reservation.

Badal demonstrated the advantages of having competing companies address the vast broadband need rather than having a single monopoly attempt to extend services to the Nation. Market competition gives customers choices while lowering broadband costs.

With CARES Act support, Sacred Wind upgraded its network and brought digital access to many homes and businesses throughout Navajo Nation. The effort garnered an Elevate Award from Juniper Networks in the category of Community Impact for building a network that could handle more customers and expand E911 services during the COVID pandemic.

During a widespread internet outage in Gallup in August 2021, businesses connected to Sacred Wind's high-speed service could continue running credit cards and avoided losing thousands of dollars of business due to Sacred Wind's backup redundant fiber line to along I-40 to Albuquerque.

Business Attraction & Recruitment

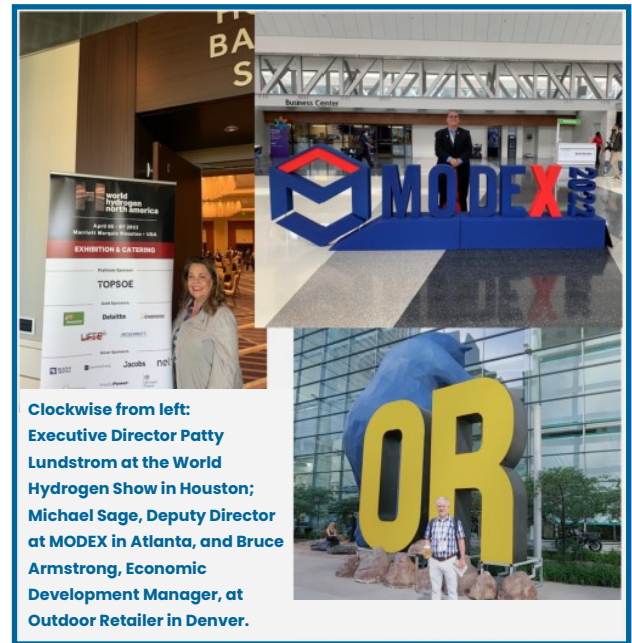
LEADS Grant Allows GGEDC to Pursue “Best Fit” Companies at Trade Shows

GGEDC’s FY22 LEADS grant from the New Mexico Economic Development Department (NMEDD) had components related to Business Retention and Expansion (BRE) and to Business Attraction and Recruitment (BAR). The \$25,000 grant provided funding that helped cover travel costs for staff to attend 7 trade shows. The grant also supported the cost of GGEDC’s participation in the Regional Economic Development Partners (REDP) trainings and deal-making guidance with Sheldon Bartel with the National Development Council (NDC).

GGEDC staff attended the trade shows listed below to market Gallup-McKinley County to “best fit” companies that are considering expanding their operations. Companies are identified in Target Industry analyses.

Shows attended include:

- **Process Expo Trade Show** – The premier U.S. food manufacturing show.
- **Transatlantic Business Investment Council (TBIC) Annual Meeting and conference**, where GGEDC connects with European Companies & investors.
- **MODEX 2022** – Premier supply chain-related trade show.
- **World Hydrogen North America**, Informs understanding of hydrogen “hub” development needs in Prewitt, NM, and throughout the state and region.
- **SelectUSA** – A U.S. Department of Commerce-sponsored event focused on facilitating job-creating business investment into the United States.
- **Outdoor Retailer** – The premier gathering of vendors and manufacturers in the Outdoor Recreation economy.
- **Global Energy** – North America’s leading energy show.



In June, GGEDC submitted its FY23 LEADS proposal to NMEDD for \$25,000. The grant focuses on improving and broadening GGEDC’s award-winning BRE program. GGEDC requested support for 2 economic development roundtables; one in Santa Fe and one in Gallup. GGEDC also seeks to expand its capacity to manage projects and events through Executive Pulse, its Customer Relations Marketing (CRM) platform.

Beginning in FY23, NMEDD has established a new Certified Economic Development Organization (EDO) Program. Through an application process, EDOs that NMEDD determines to be qualified will have access to up to \$40,000 to support organizational capacity building. That can include attending trade shows and professional development training for staff.

Prewitt Hydrogen “Hub” Is Focus of Economic Development Roundtable

On June 3rd, GGEDC engaged nearly 80 participants in the new McKinley Courthouse Annex in its 2022 Economic Development Roundtable, titled **“Super-Charging the Region: Building a Transformational Energy Economy”**.

The Roundtable provided a forum for presenting and advancing programmatic developments in the state agencies Governor Lujan Grisham named in her Executive Order to create a New Mexico Hydrogen Hub.

A second objective of the Roundtable was to present the status of the development of a 4-State Western Region Hydrogen Hub. The four states in the agreement are New Mexico, Colorado, Utah, and Wyoming.

The Roundtable offered dynamic presentations from the Cabinet Secretaries of the New Mexico Environmental

Department, the Energy, Minerals, and Natural Resources Department, and NMEDD. Presenters lined out New Mexico’s good progress toward developing a hydrogen hub and providing leadership on a forthcoming RFP that will be coordinated among the 4 states who will jointly seek a substantial portion of the \$8B the Department of Energy plans to award sometime next year to advance hydrogen development as a needed source of clean energy.

Among the other presenters, Justin Campbell, CEO of Tallgrass Energy, discussed why Prewitt presents an unrivaled opportunity to be the “tip of the spear” on developing New Mexico’s hydrogen hub. Mr. Campbell cited the pristine condition of Escalante Generating Station,

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Greater Gallup Industrial Workforce Program



Dynelle Williams, member of the 4th class of the Greater Gallup Industrial Workforce Program, receives her program Completion Certificate from Jeremy Boucher, SWIF Operations Director and Liam McCarthy, GGIWP Classroom Instructor.



The GGIWP program provides nationally certified NCCER training in construction and various industrial work skills through while building homes in the SWIF warehouse for low-income Navajo families.



GGEDC Builds Sustainability for Workforce Training Program Amidst Transition to SWIF

In May, the Greater Gallup Industrial Workforce Program (GGIWP) graduated its 6th class. With those 11 graduates, the program has graduated a total of 54 students since 2019.

The balance of funds in the EDA grant that has funded the 3-year pilot project is sufficient to run a seventh class in July.

The IWP program emerged as an essential component of the economic development strategy for the Greater Gallup region, as reflected in GGEDC's interviews and ongoing communications with the area's key industrial employers under its Business Retention and Expansion (BRE) program. Area employers consistently identified "workforce" as their top challenge and bemoaned both the lack of local applicants with the employability and industrial trades skills needed for their industries, and the lack of accessible training programs and resources within the Greater Gallup community.

The IWP pilot project partnered with local trades employers to identify core skills and specific abilities that were needed. GGEDC then built a responsive program that strived to provide a sustainable pipeline of work-ready applicants for current and future jobs needed by industrial employers.

The training was built around standardized accredited curricula from the National Center for Construction Education & Research (NCCER) which provides the participants with various nationally recognized trades-related certificates and stackable credentials.

Since July of 2020 when GGEDC partnered with the Southwest Indian Foundation (SWIF) to deliver the classroom and hands-on construction training components of the program, 3 classes have completed the program. GGEDC is working closely with SWIF, the COG, and Help NM to build funding and vibrant strategic partnerships that will assure the program's sustainability and continued success.

One especially significant partnership is emerging between SWIF and Gallup McKinley County Schools. The partners are exploring how to use a new "Communities in the Schools" program to develop a collaborative industrial training academy that would extend the GGIWP training to 11th and 12th graders utilizing GMCS facilities.

GGEDC Financials

GREATER GALLUP ECONOMIC DEVELOPMENT CORPORATION STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

REVENUE:	<u>FY 2022</u>	<u>FY 2021</u>
Grant Income	\$826,522	\$586,596
Contributions & Support	\$23,000	\$1,287,000
Interest Income	\$2,648	\$7,216
Other Income	<u>\$215</u>	<u>\$630</u>
Total Revenue	<u>\$852,385</u>	<u>\$1,881,442</u>
EXPENSES:		
Program Services	\$558,110	\$354,032
General & Administrative	\$184,590	\$123,297
Fundraising	<u>\$18,571</u>	<u>\$15,527</u>
Total Expenses	<u>\$761,271</u>	<u>\$492,856</u>
Change in Net Assets	\$91,114	\$1,388,856
Net Assets at Beginning of Year	<u>\$1,790,890</u>	<u>\$402,304</u>
Net Assets at End of Year	<u>\$1,882,004</u>	<u>\$1,790,890</u>

EDA Planning Grant Delivers Major Results

(Continued from page 3)

- Developing **“Terminus Hubs”** (fueling stations for diesel, hydrogen & electric power).

As a result of technical assistance provided by GGEDC staff and analyses and recommendations from several private consultants, offering commercial passenger air service at the GMA was deemed to be viable and the City of Gallup contracted Advanced Air, a private carrier from California to provide the service.

The strategic opportunity for Gallup-McKinley County to become a hub for autonomous vehicle testing and development also gained ground.

Consultant GLD Partners’ *Gallup Mobility Investment District Report and Delivery Plan* provides a detailed roadmap for how to

develop and market autonomous testing facilities, - mostly for testing autonomous trucks - target and recruit appropriate companies and skilled workers needed, and to plan and provide local workforce training to develop local people’s capacity to join the high-tech workforce.

Moving forward, the GGEDC is developing a strategy for building out the Gallup Mobility Investment District. As envisioned, the District will include Truck Technology Testing Corridors with electric and hydrogen fueling stations, a Truck Mobility Complex for vehicle testing and development, a Gallup Trade Port, featuring a revamped airport terminal and Trucking Super Center (major truck stop) that can accommodate autonomous vehicles, and the development of a Foreign Trade Subzone in Gallup.



GGEDC Board President, the Mayor of Gallup, City Councilors, and other guests enjoyed a flight on Advanced Air’s 9-seat King Air 350 jet service that is now serving Gallup.

“We are beyond first place in Hydrogen. We’re so tip of the spear, people are coming to New Mexico to find out how we’re doing it.”

- Cabinet Secretary James Kenney, NM Environment Department

Prewitt Hydrogen “Hub” Is Focus of Economic Development Roundtable

(Continued from page 7)

the natural gas nearby, and geological formations in the area that are very suitable for storing the Carbon that is removed in the process of developing the hydrogen. He also noted the strong community response and applauded Representative Lundstrom’s diligent efforts to promote hydrogen development in the 2022 Legislature.

Myron Lizer, Vice-President of Navajo Nation, expressed the solidarity of Navajo Nation with the cause of hydrogen development. He noted that Navajo Nation is strategically located close to all of the participating states. He stated that after losing nearly 6,000 jobs related to closures of coal-fired electric plants in the 4 Corners Region, Navajo Nation sees great promise and opportunity to create new, well-paying jobs in the emerging clean energy sectors, especially in hydrogen.

Mr. Lizer stated that Navajo Nation is open for business and looks forward to partnering with the states in the Inter-State Western Region Hydrogen hub as well as to supporting ongoing efforts to reopen the Escalante Generating Station and develop a New Mexico hydrogen hub in Prewitt.

GGEDC plans to convene two follow up Hydrogen Roundtables in August, 2022 and in January 2023. The August Roundtable will

focus on utilizing the insights gained in June and applying them to developing a hydrogen “hub” in the Prewitt Industrial Cluster. GGEDC hopes to design a model “hub” in Prewitt that can be featured in the 4-State Western Region Hydrogen Hub application to be submitted to the U.S. Department of Energy later this year.

The January Roundtable will focus on hydrogen “hub” development opportunities and planning within the Four Corners region of New Mexico.



Participants in the 2022 Economic Development Roundtable engage in a Breakout Group discussion with New Mexico Cabinet Secretaries James Kenney, NM Environment Department, and Alicia Keyes, NM Economic Development Dept.