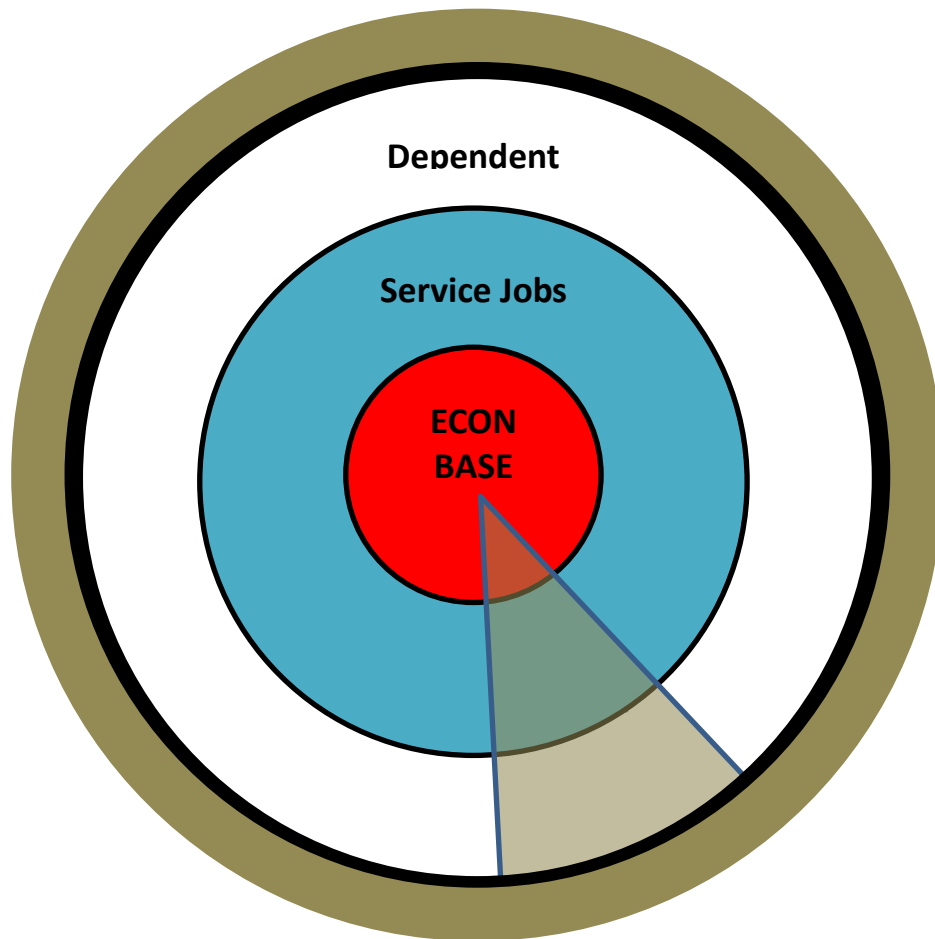


ECONOMIC ROUNDTABLE
'Downtown, Tourism and Energy'



June 12, 2016
Second Street Annex – El Morro Theatre
Gallup, NM

Economic Roundtable – “Downtown, Tourism and Energy”

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Executive Summary

The Economic Roundtable – ‘Downtown, Tourism and Energy’ convened over 40 stakeholders from local, state, federal and tribal governments, academia, and the private sector, to formulate a response to erosion of the Gallup-McKinley County base economy, which consist primarily of energy related industries facing tremendous federal regulatory headwinds.

The Economic Roundtable, held in Gallup, NM, on June 21, 2016, was hosted by the members of the Economic Development Committee of the Gallup Executive Directors Alliance, to include: GGEDC, Northwest New Mexico Council of Governments, Gallup Business Improvement District, Gallup McKinley County Chamber of Commerce, and the City of Gallup. Executive Director Patty Lundstrom of GGEDC provided the overall moderation of the Roundtable, and Jeff Kiely of the Northwest New Mexico Council of Governments facilitated. The GGEDC led the organization of the Economic Roundtable.

The Economic Roundtable had three objectives:

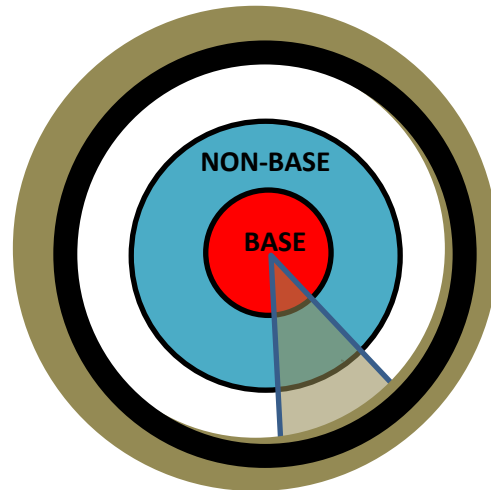
1. Policy – What structural changes need to take place to foster economic growth
2. Practice – What new methods need to be implemented to spur innovation
3. Partnership – What new partnerships are needed to achieve goals and objectives

Selection of Downtown, Tourism, and Energy as economic roundtable topics was derived from an economic development technique known as location quotient analysis: measure of an industry concentration in an area relative to a reference area, which is generally the rest of the nation. It captures an industry’s share of local employment with its share of national employment. The logic of location quotient indicates if a location quotient equals 1 then the industry’s share of local employees is the same as the industry’s share nationally. A location quotient greater than 1 means the industry employs a greater share of the local workforce than it does nationally, produces more goods and services than are consumed locally which are exported. A location quotient less than 1 implies that the industry’s share of local employment is smaller than its share of national employment.

When applied to employment in McKinley County, a location quotient analysis identified three overarching industries as base-sectors of the economy:

- | | |
|--|------|
| 1. Leisure and Hospitality: | 1.58 |
| 2. Education and health services: | 1.47 |
| 3. Trade, Transportation, and Utilities: | 1.39 |
| 4. Natural Resource and Mining: | 0.15 |

Location quotient analysis aligns with economic base theory which states that the local economy can be divided into two very general sectors: a) base (or non-local) sector and b) non-base (or local) sector. Economic base theory asserts that the means of strengthening and growing the local economy is to develop and enhance the base sector. The base sector is therefore identified as the “engine” of the local economy.



The base sector is production for export outside the region. Non-base is production of goods and services for consumption inside the region. Adding the basic and non-basic sectors reveals the total economy.

The base sector is made up of local businesses (firms) that are entirely dependent upon external factors. Local resource-oriented firms (like oil & gas and mining) and manufacturing are usually considered to be base sector firms because their fortunes depend largely upon non-local factors and they usually export their goods. Typical base industries include agriculture, mining, tourism, federal government, and manufacturing.

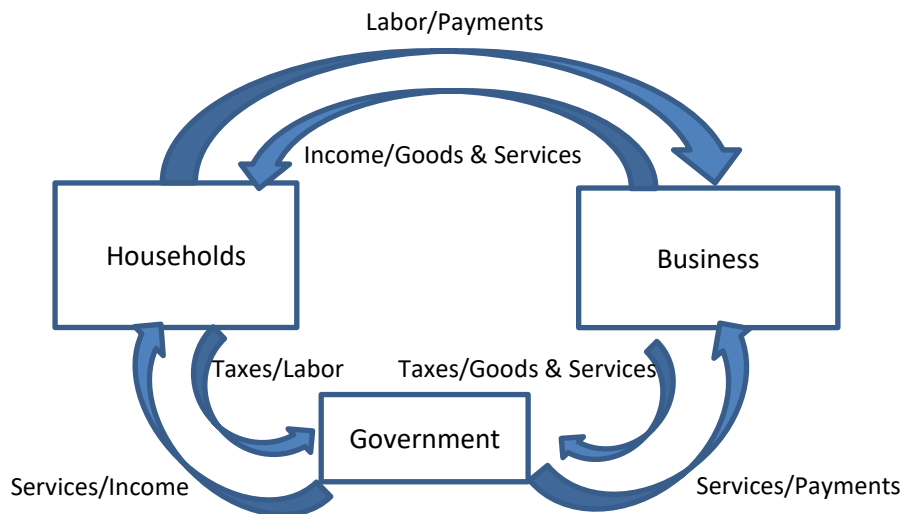
The non-base sector is composed of those firms that depend largely upon local business conditions. For example, a grocery store sells its good to local households, businesses, and individuals. Almost all local services are identified as non-base because they depend almost entirely on local factors. Typical non-base industries include retail, commercial banking, local government, local public schools, and services.

As indicated previously, location quotient analysis provides the means to identify base sectors from non-base sectors.

Industry	McKinley County, New Mexico	New Mexico -- Statewide	Cibola County, New Mexico
Natural resources and mining	0.16	3.49	5.92
Construction	0.89	1.28	0.41
Manufacturing	0.39	0.43	0.14
Trade, transportation, and utilities	1.39	0.97	1.20
Information	0.57	0.87	ND
Financial activities	0.69	0.77	0.43
Professional and business services	0.25	0.96	0.65
Education and health services	1.47	1.10	1.76
Leisure and hospitality	1.58	1.17	0.98
Other services	0.87	0.90	ND
Unclassified	NC	NC	NC

The selection of energy as one of the three topics rests with analysis of the natural resources and mining industry. A quick glance at the natural resource and mining industry reveals a location quotient of 0.16 for McKinley County. As discussed prior, a location quotient under 1 represents a non-base sector. The El Segundo Coal Mine, owned by Peabody Energy, is located in McKinley County. El Segundo is a base firm for McKinley County; an invaluable contributor of property and gross receipts taxes. However, the workforce for El Segundo is not entirely derived from McKinley County and because of proximity draws heavily from the labor pool of Cibola County. Estimates indicate 80-90 percent of the workforce for El Segundo is derived from Cibola County. The location quotient is 5.92 for the energy resources and mining sector in Cibola County. In fact, when location quotients are compared for McKinley and Cibola County, the energy resource and mining sector with a location quotient of 5.92, is the highest of all industries across the two-county economy, and speaks to energy as the cornerstone of the local and regional economy.

To further emphasize the point, consider in 2014, approximately 42% of the taxable gross receipts for McKinley County was derived from the natural resources and mining sector. McKinley County residents may not derive direct benefit through employment at El Segundo but the government of McKinley County does benefit through tax collection, with El Segundo providing a steady and critical flow of funds into the coffers of McKinley County which is ultimately redistributed back to residents in the form of goods and services.



In the United States economy, there are three sectors, or elements, that interact: households, businesses, and the government. Economists use the circular flow model to explain the interactions among these three sectors. Each sector of the economy contributes to the others.

Businesses provide the government with taxes and goods and services. Businesses receive services and payments. Households provide businesses with labor and payments. Businesses provide households with income and goods and services.

TOURISM

The consensus theme derived from group input reveals Interstate I-40 as a tremendous asset generating a constant flow of traffic through the community providing a steady pool of individuals to target for tourism marketing. Recognizing Gallup as a great stopping site along I-40 (pass-through visit), the number one goal for tourism is to formulate the appropriate strategy to transition from a place to stop for gas to a place of destination.

The following content captures and highlights the key components identified as impacting efforts associated with tourism.

Effective Marketing:

The theme of effective marketing underpinned the need for stronger collaboration. Stakeholders lamented the general public continues to operate with an incomplete view of what tourism-related activities and experiences are available, and the barriers to access are primarily self-induced; we tend to keep our special places secret. Existing efforts regarding the publishing of guides and maps were recognized but stakeholders indicate “the dots are not getting connected somewhere”. Targeted engagement with such platforms as TripAdvisor provides promise and opportunity.

Tremendous resources have been invested at the state level to provide capacity for effective tourism marketing. The NM True campaign is one example. Stakeholders indicate a regional collaborative approach to tourism marketing should be part of any marketing portfolio. Individual communities should look to align with the NM True brand but also foster partnerships which promote the northwest region of New Mexico. At a minimum, partners should collaborate to ensure all state produced content on tourism include material on northwest New Mexico. Ensuring a steady stream of content will drive interest and results throughout the region. While partnering to ensure regional visibility to the general public will produce benefit, it will still be up to each individual community or venue to provide them a memorable experience.

Other opportunities for capitalizing on state investment for tourism marketing include integration of Gallup-McKinley County content and personnel into the Manuelito Visitor Information Center (VIC), located in Manuelito, NM – which is estimated to draw 200,000 visitors annually. Stakeholders noted, years ago, Gallup had an ambassador inside the VIC and it helped. Similarly, Cibola County worked with its Federal Visitor Center to co-promote and advertise and it’s worked well.

Stakeholders indicate the need for a clear declaration of identity. Artistically improving the interchanges along I-40 is a declaration of identity for Gallup - as place of destination. Recognizing funding constraint, project should look to be phased.

Community promotion:

The common theme regarding community promotion was a desire to reclaim ownership regarding how Gallup-McKinley County is presented in the media. Recognizing the community faces no shortages of social challenges, every opportunity must be taken to highlight community positives. Building ambassadors is a key strategy as we all need to be our best salespeople. An example cited included Adventure Gallup place mats at Denny’s and Earl’s Restaurants. A cadre of ambassadors will outreach to new workers (teachers, doctors, etc.) to help retention rates.

Successful programs such as the Trail of the Ancients scenic byway needs to be resurrected and brought out of dominance – whatever it takes.

The Gallup Flea Market is a major asset and a top visitor draw for Gallup-McKinley County. Proposed upgrades to the Flea Market, reported to be in the “in the works”, present opportunity for continued marketing. Highlighting authentic Native American food, including organic, is one cite stakeholder example.

On opportunity for tourism marketing is promotion of adjacent red rock sandstone cliffs, similar to the Sedona, AZ market – which has been successful in marketing geological formations as attractions. Expanded partnerships with Navajo communities present opportunities to expand access.

Elevate inter-tribal tourism as there is large Native American and indigenous population, especially from Canadian, that visits and pays respect to local tribes and pueblos. Many Navajo travelers have reported being thanked due to recognition of the Navajo Code talkers, who are seen to have won WWII for the U.S.

Route 66 remains an asset, albeit an asset not maximized to its fullest potential. Rather than trying to create nostalgia, a new twist or new take is needed. An example cite by stakeholders included Route 66 Grand Canyon tour offered in Saligman/Williams, AZ. Stakeholders cited the need to promote the High Desert Trail System and Mentmore Rock, and efforts to ensure frequent clean-up and maintenance. To expand the tourist experience combines, successful activities will combine history, culture, and art making. One example is Trading Post tours such that happens for instance at the Rug Room at Richardson’s.

Ft. Wingate was identified as a transformational asset for the regional economy and presents development opportunities for both Navajo and Zuni.

Examine existing regulations and ordinances regarding land-use planning such as junkyards near recreational assets to preserve aesthetic appeal of tourism and cultural assets.

The cultural diversity of Gallup presents an opportunity to highlight the corresponding culinary diversity. Promotion of the culinary experiences to be found within Gallup-McKinley County is rich with opportunity. Stakeholders cite an article by Cheryl Jamison on “NM’s Wide World of Forks” that highlights Gallup’s Bombay East Indian Restaurant & Buffet, located on the west side of town.

Appeal / Appearance:

The common consensus regarding community appeal and appearance indicates much work remains to be done. Regional community comparisons reveal a proactive approach undertaken by communities to address appeal and appearance. Successful communities have been proactive in securing beautification and clean up grants. Additionally, proactive communities have passed local ordinances to restrict the availability of material such as plastics bags which work against beautification efforts. Community appeal is seen as a core component for any place seeking recognition as a destination hub. Partnership should be pursued to ensure regional clean up and maintenance of tourism assets.

Proactive communities are investing to ensure their community remains a vibrant place to gather and mingle. Initiatives to ensure activities are available to the general public during non-business hours are

paramount. Promotion of existing community assets including under-utilized and under-visited bike park, dog park, and eventually, the skate park all present interesting options.

Authenticity:

Lack of authenticity presents a great threat to efforts to enhance tourism marketing for Gallup. The purchasing of Native American jewelry and the proliferation of fake jewelry attacks at the heart of marketing efforts. Lack of authenticity prevents a true visitor experience. Alignment with the NM True brand to ensure authentic Native American jewelry would be a step in the right direction.

Gallup is known as the Indian Capital of the World and accordingly, would benefit to ensure promotion of Native American culture is authentic and appreciative rather than exploitive. The creation of a Navajo Codetalker Museum would represent appreciation.

Workforce/Entrepreneurship:

Increasing the capacity of hospitality and leisure sector employees to guide and recommend visitor experience is identified as a beneficial strategy for tourism development. More specifically, training frontline service folks to understand how to converse with tourists on “what to do here?” and “where to go”? One option for consideration is investment into a training module known as ‘Arrival to Departure’ (A2D) that is currently being piloted in Farmington, NM and is showing great success. The A2D program could help businesses differentiate themselves from other non-local businesses. Considering rates of turnover, the A2D program would need to be constant and year-round.

Increasingly it has become clear that any successful workforce development program must not only provide opportunity to expand hard skills but also cultivate and grow soft skills. It is the soft skills, the customer interactions, the quality of service, and the level of engagement that will often determine a unique visitor experience. Customer service is a top-down strategy which owners and the managers must buy-in and prioritize. As a general rule of thumb, rely on the ten foot rule which mandates that employees say hi to everyone within ten feet.

To provide more support for entrepreneurial development, assistance is needed with business start-up components including insurance, permit & regulating, and navigating federal regulations. At a minimum, entrepreneurial support should ensure parity with neighboring states. One recommendation is to utilize existing chambers of commerce (Gallup-McKinley County and Dine) to identify new entrepreneurs.

Tangible Tourism

Tangible tourism is a trend in tourism where tourists get to dance with or interact with dance performers. Stakeholders indicated tangible tourism is a powerful way to spread positive reviews and generate return visits. Unfortunately, there are few companies here in Gallup that provide tangible tourism experiences. Turquoise Tours is looking at targeting Gallup to expand its Taos-based tangible tourism enterprise. Gallup seems to have some high-end or exclusive tour operations (someone mentioned that the Tanner’s were providing some this service). A Coyote Canyon operator is interested in starting a tour business for tangible Native American tourism experiences. Redevelopment of the former Alpine Lumber property delivers an opportunity to provide tangible tourism and would best serve the public by including a train viewing platform and museum, similar to Sonoma, CA. Promotion of the outdoor/hunting outfitter businesses is a big market that can be expanded upon. A strategy for consideration would include providing outfitters information that attracts the hunter(s) to

bring the family. So, while they're in the woods; the family is taking in the sites. Use these visits to promote the Gallup as a great place to move and live/work/play. Use these visits and unique touches to gain donors for placemaking initiatives and local non-profit organizations. Similarly, providing a wild-west-experience is another opportunity that could be provided, highlighted by opportunities to learn how to rope, wooly ride, drive cattle, etc.

Stakeholders noted a culinary tour is one missing opportunity. Similar to New Orleans and their renowned soup samples at various restaurants, why not a New Mexico big three sample - green chile, posole, and mutton stew or blue corn mush. A culinary campaign will align with NM True marketing campaign.

There is a need and recognized market for package tourism experiences and the area would benefit if these were readily available for the tourists like we do for friends and family. Begin a local campaign, Gallup True, to certify businesses which provide visitor experience tourism.

Customer Experience:

Art should be the primary focus area and draw for Gallup. Gallup has arts assets of all kinds and it needs to be diverse and broad – transitioning from Indian capital to “Arts Capital”. Potential opportunities exist to partner with metro areas including Indian Pueblo Cultural Center tour operators who now come to Gallup. Other cities in the region are investing heavily to grow their art clusters. There is a need to lock down our market share before our artists start being attracted to communities that are catering to the creative entrepreneurs.

Infrastructure:

Stakeholders noted product development should focus on infrastructure development. The ability to provide consumers the option of air travel is a major community advantage. Efforts are needed to revisit as a business opportunity air flight travel from Gallup, NM. Additional modes of transportation such as railroad stand to benefit efforts of attracting consumers to Gallup, NM. Amtrak passenger travel service (when on time) is very conducive to the traveler.

Infrastructure is important because draws like Run for the Wall and 24 Hours in the Enchanted Forest are moving tourists through and past local businesses, and not generating the economic impact we need. To expand economic impact, there is a need to create trail access to connect community assets to profit generators (hotels).

Partnership Development:

In terms of the County, they have been missing in terms of investments. There is no lodgers' tax base from the County. Still, big opportunity remains for site-doing in the County.

DOWNTOWN

For sessions on downtown, the key word was innovation. The conversation on downtown focused on developing innovative places to grow innovative people to create innovative businesses.

Workforce

A capable workforce is considered a critical and major component for the success of any effort to revitalize and transform downtown Gallup. A common feedback regarding the skills sets of the current workforce reveal a labor pool that stands to benefit but is currently without consistent access to personal development targeting soft-skills development.

To improve the employee-customer experience, existing service and hospitality workforce needs to be trained properly to improve relations. The labor pool needs to get trained on hospitality and customer service practices. The goal would be to improve employee to customer relationship with the local community then the visitors. The program could form the basis for development of a Gallup ambassador program.

There is a lack of young professionals within the district so efforts should concentrate on attracting businesses and young talent to the downtown district. Development of an entrepreneur center will greatly increase the young talent.

A recognized obstacle is the lack of entrepreneurs within the downtown district. There are not enough programs to set up to assist the start-ups and emerging businesses within the district. Other than the SBDC and the BID (minimal assistance), there are no other programs that assist small businesses downtown.

Professional Space

There is minimal capacity to house small businesses within the district. Gallup would benefit from an entrepreneurship / workforce development center. An example would include a model such as Innovate ABQ, and the Fat Pipe Center. The need for this type of center will provide the district with innovative businesses, individuals and visitors.

The infrastructure is inadequate to house growing businesses and funding to improve the infrastructure is limited. Many vacant buildings with high rent. Need to improve broadband connectivity. Create capacity for future businesses and residential needs.

Physical Appearance / Appeal

The overall district lacks energy. Need for positive energy. There are no innovative business, practices and places in the district. The district does not welcome visitors – not enough visitor assistance. Keep nightly Indian dances, operas, and ArtsCrawl. Keep the library downtown as an anchor - it does not work if located in a different part of the city.

Gallup downtown needs a quiet zone. The noise the train generates deters pedestrians from shopping downtown. The noise also hinders the development of a hotel and residential projects.

There is minimal activity within the downtown district, especially after 5:00 pm. There needs to be activity within the district after 5:00pm. Businesses that currently stay open after 5:00 pm are now reconsidering due to the lack of traffic in the district.

Curbside appeal is deteriorating, specifically sidewalks. Continue infrastructure investments to increase pedestrian walk-ability and safety. Increase pedestrian traffic by incorporating benches, patios, shade features, landscaping, etc. Improve the walkability within the downtown district by improving pedestrian corridors such as streets, sidewalks, and alleys. Incorporate bike lanes within the downtown corridors.

Improve the infrastructure of the Courthouse Square. The proposed improvements create a gathering space that can be utilized by locals on a daily basis. The square can also act as a venue for musical events when improved. This area will act as a social gathering space for locals and visitors.

Density

The need for the creation of a neighborhood within the downtown district. The desire for the neighborhood is to increase community support and planning in planning and project development. The neighborhood would increase pedestrian activity within the business corridors. There needs to be improved efforts of a housing program targeting density within the downtown district in order to create the base clientele needed to support more diverse retail. The new CARE 66 project, Hooghan Hozho, provided a much needed boost in residence within the district.

High density development within downtown will aid efforts to re-energize and reactivate the district. Affordable housing development and the incorporation of market rate housing. The increase of residential population within the district will drive the city to improve the district and will drive business owners to establish a variety of goods and services.

Hotel Development

Programs and initiatives addressing the lack of lodging options within the downtown district. Lodging options within a downtown corridor greatly increase economic and pedestrian activity. It provides the corridor with energy by providing the tourist perspective. It provides consumers for businesses.

Community Promotion

The negative perception of Gallup revealed itself as a central and occurring theme. The negative perception of safety within the district. Tourist and newcomers do not feel safe. Inebriation, homelessness, and transient program, bad impression of Gallup as a city, and too much security features. The streets are dirty and infrastructure is deteriorating. The district gives the perception of being unsafe. A lot of the negative perception derives from the inebriation and panhandling from the 'street people'. Features that contribute to the perception:

- Deteriorated alleys
- Vacant buildings
- Security cages on buildings
- Minimal security presence
- Minimal pedestrian traffic

Buildings

Buildings are losing their appeal. There are many vacant buildings in downtown Gallup. There are multiple vacant buildings within the district. Vacant buildings counter efforts to revitalize the downtown. High property costs discourage renovation while perceived 'high-rent' discourages utilization. The business corridors are littered with absentee property owners that do nothing but hinder the redevelopment of the district. These owners often neglect their buildings and often charge high rental fees for the use of their buildings. The vacant buildings need to be filled and/or renovated to meet code. The cost of renovation is a major barrier. The buildings that are ready to use are said to have the challenge of high rent. Rent is too expensive.

Examine innovative financing partnership such as initiatives where a private group buys and renovates buildings to sell for a minimal profit. The purpose is to bring vacant and under-utilized buildings to code and to fill them with businesses. Increase marketing to developers regarding opportunities in downtown Gallup. Propose incentives to entice developers to undertake real estate projects. Individuals parking and shopping the district is minimal compared to individuals parking, entering a single store then leaving the district. Provide ease of parking. A multi-modal center has opportunity.

Mixed-Use Development

Going forward, include a push for mixed-use development within the business corridor including utilization of the 2nd floor of buildings as residential or office space. Residential development should be contingent on affordable and market rates. There needs to be a mix of affordable housing and market rate housing option for individuals with higher salaries. There are no businesses that provide everyday necessities for individuals currently residing in the district.

Authenticity

Keep the authenticity that Gallup has to offer. A competitive advantage is the authenticity of Gallup. See existing organizations provide higher quality cultural and artisan enterprise program. The intent is to provide visitors/tourist experiential tourism that is often sought after.

Arts

Establish a high quality arts corridor in downtown Gallup including a museum in downtown to serve as an arts mecca. Develop arts and craft maker space within the downtown district. The purpose would help to build small business but also develop experiential tourism. The maker space is envisioned to allow the artisan to live above or near their work place.

Regulatory

There is a need for redevelopment of codes and ordinances. Current city codes and ordinances extremely hinder the development of property to create space for future economic and community growth within the downtown district. There are too many vacant buildings downtown but the cost to bring them up to city and state code is almost not worth the hassle. Understanding that the enforcers are doing their job, there needs to be increased communication and coordination with developers and property owners. Local codes and ordinances make it difficult to develop and renovate buildings within the district.

Community Education

There is a need for clarification of roles and responsibilities for the Business Improvement District,

MainStreet, and Arts & Culture District (ACD). There are too many designations within the downtown district. Many of these designations are unclear to the public and their roles and responsibilities are blurry. No clarity within the downtown structure, they do not know which entity takes the lead.

Economic Development

The downtown needs anchors. There is a lack of business drivers and/or anchors within the downtown district. Most downtowns have or are trying to bring in anchor business such as an arena, or a major employer. The public sector currently serves as the anchor. Wish to see an anchor within the downtown district of Gallup. The anchor will provide the needed pedestrian and economic activity that is currently non-existent. A planning effort could help identify potential options for anchor tenants. There needs to be the establishment of an entertainment and night life scene with the corridor.

Night life and evening features are greatly needed. Support development of fine dining as evening business venture and downtown anchor. Need for fine dining options with the district. Provide more than just burgers or fries. There needs to a program(s) to introduce diverse retail business to the district. The specialty stores cater to visitors and not the community.

The district does not offer enough entertainment options for the locals. The need for music, eateries, and nightlife activities are needed within a downtown. The lack of entertainment venues greatly contributes to the lack of energy and activity within the district. Fully develop Route 66 theme. Downtown must provide locals and visitors with a diverse retail experience. There needs to be more than Native American arts and jewelry, western wear, and bars. The district needs businesses that supply everyday necessities.

A need exist for innovative businesses within downtown.

ENERGY

Three ‘bar-camp’ sessions conducted on ‘Energy’ identified four main themes for proactively responding to the downturn in the energy industry and its corresponding impacts on the economy of Gallup-McKinley County:

1. Workforce
2. Diversification
3. Community/Public Education
4. Federal

Workforce

Of the four areas highlighted, workforce garnered the most input and comment. From examination of the comments pertaining to workforce, the immediate focus was aimed at mobilizing existing providers of workforce development services to collectively respond and outreach to impacted workers. Long-term, stakeholders indicate there is no big picture with workforce development in McKinley County. Who is tasked with development of a strategic plan to guide workforce development in McKinley County?

There is a great desire and expectation to help local residents employed by businesses operating in the energy sector, recognizing the ability to slow or curb federal regulations impacting the energy sector is seen as minimal. For many, a sense of urgency is prevalent. Existing providers of workforce development programs are positioned to lead a proactive response, which is defined as collective and collaborative engagement.

There is a call to shift focus from the individual to the business, or in this case, the business sector undergoing transformation. The first test of a unified response is the development of a comprehensive workforce analysis of McKinley County with particular emphasis on identifying available skills sets possessed by employees in the mining industry. A unified response leveraging resources of multiple workforce development providers will ensure all workers impacted are successful in receiving services.

Immediate low hanging fruit includes possible job fairs to help with recent layoffs. Considering the abundance of sun in McKinley County, UNM-Gallup has an opportunity to establish itself as a premier training location for the solar industry, to include programs/certifications in solar installation. Long term, a comprehensive workforce analysis will help identify gaps in workforce development programs, which can be resolved through partnership with local school districts to incorporate new curriculum or avenues for exposure.

Equally important with a unified response, is a timely response. Stakeholders note the development time for new workforce development programs or customized business trainings often does not align with the need of business and industry. Employers want training completed on-site: in effect, bring the trainer to the employees. The inability of existing workforce development providers to rapidly respond to changes in the local economy presents opportunity for potential new workforce development providers to capture and seize market share.

A capacity to respond to the changes in the local economy does not go unnoticed by business and industry – which tend to monetarily support workforce development programs that add value to their

operations. As an example, Public Service Company of New Mexico (PNM) provides scholarships to San Juan College and Navajo Technical University – in large part due to curriculum aligned with their workforce development needs.

In evaluating existing and potential future providers of workforce development services, the main question becomes, how do you measure success in workforce development? For a community, what outcomes need to be reported to provide assurance regarding the effectiveness and responsive of workforce development programs? WorkKeys provides an option for demonstrating improvements in personal skills sets on the individual level.

A successful workforce development program will require a pipeline to provide a steady stream of applicants. Ensuring children graduate from high school is paramount with be a key requirement for producing a quality flow emanating from the pipeline. Just as important to graduating students, is ensuring the necessary soft skills are present and developed. Internships, both paid and unpaid, provide a great opportunity for businesses to acquire additional personnel capacity while also providing the intern critical exposure to new environments that will encourage students to develop confidence and core soft skills.

For local residents, the inability to hold both workforce development programs and education institutions accountable or responsive to the needs of the community has been a source of major contention. With so many players operating in the workforce development arena, the emphasis should on inclusion rather than exclusion. Engagement from all levels, from the student to district administrators and governing boards is needed in the conversation on workforce development. The focus of workforce development programs needs to be on expanding existing skills sets and not, focus on remedial education.

Any new efforts on workforce development, must maintain strong presence and participation by business. Just as important, ensuring business participation cuts across all levels, from small start-ups to established, large scale corporate businesses. Workforce development programs needs to listen to employers. Local economic development organizations play a critical role in workforce development, serving as the link between business and workforce development programs. Local economic development organizations continually interfacing with new or existing businesses bring forth a unique understanding of the skill sets and capabilities to be required in a labor force.

Lastly, data collection on local labor / workforce conditions must improve. Better data on workforce can aid recruitment of new and complementary businesses.

Diversification

The downturn in the energy sector and its impact on public finances is not limited to local governments and will also extend to tribal governments. The Navajo Nation will be impacted by downtown in energy industry. Stakeholders noted energy diversification does not have to pick a winner and a loser – there is room for coexistence. Geothermal was highlighted to help diversify the portfolio.

A strategy for response calls for continued pursuit of opportunities for diversification to include redevelopment of any available industrial footprint for new industries. Diversification also included creation of new commercial space for technology development and transfer. Additional potential uses for commercial space include health, creative economies, and business start-ups. Diversification efforts

should encourage deployment of broadband fiber optic infrastructure. Broadband infrastructure is noted as vital infrastructure for a new diversified economy.

Community Education

Any proactive workforce development effort would benefit highly from a concerted on-going community outreach and education campaign. Educate the public to inform them on the health of the local economy highlighting new efforts to strengthen the economy. Also, educate public on ways to become part of the labor pool for a new diversified economy. But more importantly, engage and educate to receive community input and feedback. Education to encourage sensible regulations that equally balance environment and development need be the sounding call of local governments. Legal uncertainty created by local regulations on energy industry activity creates capital investment uncertainty. At a minimum, ensure regulations and policy are on-par with neighboring states.

Despite the energy industry undergoing transformation and the coal sector experiencing unfavorable federal regulations, the coal industry remains a source of good employment for many residents of the area including McKinley County. Public coffers also benefit from an active coal sector. Accordingly, efforts must be made to sustain the base, to at a minimum, allow residents employed an opportunity to find new employment but to also allow time for diversification efforts to be implemented. A concerted and sustained approach will require investment to ensure adequate capacity.

Federal Engagement

Engagement of the federal government must be undertaken with the first step in the process revolving around educating and securing the public support of NM's federal delegation. Engagement at the federal level will take a coordinated approach with success dependent on our ability to present a unified and focused request or 'ask'. Specific policy and regulatory recommendations needs to be fleshed out. Education of both elected and non-elected officials should be undertaken. Despite varying local governing bodies, the federal outreach must be 'on message'. Similar to the 'Enterprise Zone' designation, efforts should be undertaken to create and secure special federal designation for impoverished areas reliant on extractive industries.

Tourism – Recommendations:

Recommendations for expanding market share in the tourism industry require continued investment into area infrastructure – both capital and human resource. New infrastructure will make accessible the invaluable treasures of the area but only personnel can provide the defining visitor experience.

Physical Infrastructure:

1. Native American Cultural Center
2. Maintain / increase infrastructure investments
 - Match programs for sidewalk, curb, and gutter program.

Workforce Development:

1. High School Internship Program – develop an internship placement program for primary benefit of developing life/soft-skills.
2. Arrival to Departure (A2D)
 - Examine additional options for funding of program implementation
 - Train the trainer

Programs:

1. Marketing pieces to accompany the City’s Marketing Plan
2. Gallup Episode – NM True television series

Downtown - Recommendations:

Recommendations for establishing downtown Gallup as the heart of the community will require continued investment into area infrastructure – both capital and human resource. New infrastructure will encourage in-fill drawing both people and business.

1. Launch public-private pilot program for building renovation
2. Improve sidewalks / alleyway infrastructure
3. Establish a downtown hotel
4. Establish a downtown art museum
5. Increase rate of occupancy in downtown through promotion of vacant and available building
6. Encourage design elements in downtown:
 - Quiet Zone
 - Beautification through incorporation of native trees and flowers
 - High walkability sidewalk corridors
 - Large public artwork
 - Direct marketing to I-40 traffic

Energy – Recommendations:

Hold the base and diversify is contingent on an ability to retool and retrain an existing labor force while repurposing industrial sites for redevelopment. Accordingly, support investment into workforce development programs which seek to target displaced workers in the energy sector. Workforce development must incorporate customized training based on individual analysis. The ability to transition existing skills sets to a complimentary sector should be priority.

Education of the public will remain a critical component. The public must be provided updates regarding the current state of the economy. Transparency is the best remedy. Should the local economy exhibit signs of stress, the public deserves to know. Education and transparency will ensure the topic remains visible drawing public support for continued investment.

Engage NM Federal Delegation to encourage sensible federal regulations but to also leverage available federal resources to aid diversification efforts including potential funding for workforce and infrastructure development.

Conclusion:

The Economic Roundtable – ‘Downtown, Tourism and Energy’ brought focus onto the economy of Gallup-McKinley County and challenged stakeholders to understand the relationship between the health of economic base industries and the ability of public institutions to provide the goods and services that ultimately contribute toward the quality of life for all residents. A co-dependent relationship exists; when one is doing well so too can be said about the other. Understanding the challenges and recognizing the opportunities were key underlying notions.

In responding to challenges facing the health of the Gallup-McKinley County, we have been fortunate to identify new opportunities for economic growth. To minimize the impact on the local citizenry and to capitalize on real prospects, our community and the institutions which support it must become self-champions, characterized by strong engagement and support for proactive efforts.

Downtown reflected a theme of infrastructure. Request for greater public investment in infrastructure replacement is right on par with requests to local organizations for a pilot program that produces private real estate redevelopment.

Energy reflected a two prong approach: maintain the base but diversify. Maintaining the base will require constant engagement with the local base employers with focus on the local workforce as well as a coordinated federal approach. Diversification efforts need to prioritize reuse of the existing labor force and infrastructure assets when possible.

Tourism provides great opportunity for diversification and growth, with an abundance of natural and cultural assets. Developing the infrastructure to connect and service these natural and cultural assets is central.

A proactive approach to workforce development was the central theme which cut across all three sectors – downtown, tourism and energy. Without a doubt, the success of initiatives and efforts outlined rests in large part on the ability of the labor pool to successfully access workforce training to acquire and develop additional skill sets. To achieve outcomes, workforce development must be on-going and continual.

This report will guide will serve to guide policy makers. The Gallup Executive Directors Alliance will seek to ensure recommendations are implemented and require partnerships cultivated. Improvements in metric indicators will provide confirmation of strategy.

