

GGEDC Business Retention & Expansion Outreach Program



2020 Report

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“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;**
- ✓ **Various forms of tax and non-tax incentives.**

Source: IEDC, *Business Retention & Expansion Manual*, 2016

Business Retention & Expansion Program

Overview

Beginning in 2015, the Greater Gallup Economic Development Corporation (GGEDC) has undertaken a Business Retention and Expansion (BRE) Outreach Program with the largest economic base employers in McKinley County. Consistent with the organizational mission of creating economic base jobs, BRE Program engagement efforts have focused primarily on economic base employers as defined either by property valuation or by size of employment.

GGEDC's BRE Outreach Program is critically important to fulfilling its 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, 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 challenges before they become dire.

The power of the relationships developed over time through face-to-face on-site interviews are exemplified in GGEDC's work with Tri-State Generation and Transmission Association, responding to the closure of the Tri-State Escalante Generating Station (EGS) and then working 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 Park, where EGS and McKinley Paper Company are located.

Feedback from multiple economic-base employers over several years also identified the opportunity and need for GGEDC to develop the Greater Gallup Industrial Workforce Program (GGIWP). Since 2019, the GGIWP program has been dedicated to preparing people for jobs with local industrial employers and those employers played a lead role in structuring the program and developing the curriculum.

Beyond conducting semi-annual surveys and interviews with top management at the major McKinley County economic-base employers, the GGEDC BRE Outreach Program provides opportunities for greater community engagement, networking and recognition of the companies at annual events, including the BRE Luncheon held during IEDC Economic Development Week each May. The BRE Program also provides opportunities for GGEDC to offer technical assistance to the companies and to help them access State and local incentives, including the Local Economic Development Assistance (LEDA) program and the Job Training Incentives Partnership (JTIP) Program. Such economic development incentives help support company expansions, general operations and contribute to their commercial success.

Between November 2020 and January 2021, GGEDC staff completed our FY 2020 annual outreach interviews with a total of six (6) economic base employers. Staff utilize a survey template with eight sections that gathers and addresses:

- Basic company information and the firm's background and operations,

- Information on the companies' facilities,
- Workforce, staffing and training needs,
- Willingness of company personnel to participate in the GGIWP training program, and
- An assessment of the local business climate

Presenting the surveys in person in an interview format encourages the companies to share various challenges and opportunities the companies face.

Predictably, among the foremost concerns this year, especially for economic base employers in the energy sector, were how to survive the impacts of the double whammy of severely reduced commodity prices in energy markets with the multiple impacts of the COVID-19 pandemic. GGEDC's 2020 BRE Outreach Program Survey specifically addressed the degree to which COVID-19 impacted the companies' operations. Fortunately, all the local economic base employers were considered essential businesses and so remained in operation throughout the pandemic.

This year, confronting the full brunt of the COVID-19 pandemic, GGEDC pivoted its programming to make BRE its number one priority focus in order to shore up and provide the greatest possible effort to protect and sustain McKinley County's economic base employers.

In addition to surveying the economic base employers, the GGEDC BRE Outreach program also reaches out to public sector employers, including local governments and the school districts which also are major local employers. Utilizing a short survey, the primary objective is to track annual changes in job numbers, but the survey includes questions related to causes of job turnovers and seeks to identify local opportunities needing resources. With the private and public sector surveys, the GGEDC is able to provide an annual report that reflects and analyzes various challenges and opportunities in the local economy.

Economic-Base Businesses	2019	2020	Difference
BNSF Railway	NA	130	---
Continental Divide Electric Cooperative	73	75	2
El Paso Natural Gas	NA	44	---
McKinley Paper Company	125	125	0
Kinder Morgan: El Segundo Mine	300	227	-73
Rehoboth McKinley Christian Hospital	550 (in 2018)	500 (+/- 30)	-50
Sacred Wind Communications	48	50	2
Totals	1,096	1,151	-121 ¹

The List of private sector companies interviewed for this report includes:

- BNSF Railway
- Continental Divide Electric Cooperative
- El Paso Natural Gas
- Sacred Wind Communications
- Kinder Morgan (formerly Peabody): El Segundo Mine, and

¹ Totals are skewed because BNSF and El Paso Natural Gas did not report 2019 job numbers to GGEDC.

- Rehoboth McKinley Christian Health Care Services (RMCHCS)

Walmart and McKinley Paper Company did not participate in the 2020 BRE Outreach survey. Two other major employers included in prior year GGEDC surveys, Escalante Generating Station and Marathon Petroleum’s Gallup Refinery, both ceased operations prior to the 2020 Survey.

Public Sector Employers ²	2020
McKinley County Government	270
City of Gallup	384
Gallup McKinley County Schools	1,608
Zuni Public School District	279
Totals	2,541

The List of public sector employers surveyed for this report include:

- Gallup McKinley County School District
- McKinley County Government
- The City of Gallup
- Zuni Public School District

Public sector employers that did not respond to the 2020 survey include the Gallup Indian Medical Center, the BIA Navajo Regional Office, Navajo Technical University, Fire Rock Casino, and the University of New Mexico – Gallup Branch (UNM-G).

Primary Themes

Background & Operations of Firms

Employment: There were few new hires among the six economic-base industrial companies. Most firms were maintaining their existing year-over-year job numbers and primarily only hiring to replace workers who retired or transitioned out of the area. A third of the companies anticipated modest net gains in employment (new positions) in 2021. None of the companies expected a substantial reduction in employment in their operations in McKinley County within the foreseeable future.

Recruitment Challenges: Two of the six companies expressed challenges in recruiting for open positions. One company said it has no challenges in recruiting and receives 200-300 applications for every job opening it posts. The hardest skill levels and job classifications to find include, but are not limited to: management and high tech positions, IT people, mechanics, electricians, welders, nurses, respiratory therapists, and specialty physicians.

² Job numbers include both full- and part-time positions.

COVID 19: COVID-19 had multiple impacts on the companies. The crisis brought increased demand for products and services to several companies and one company realized a 300% expansion of its services. The pandemic also generated increased funding to expand critical infrastructure, especially the provision of broadband services. As all of the industries surveyed were considered essential businesses, they remained open and operating through the pandemic.

CARES Act funding received from the federal government and from Navajo Nation helped to fund needed expansions of critical services. Several companies incurred debt when clients were unable to pay for services that the federal government ruled could not be shut off during the pandemic. Despite CARES Act support that alleviated some of the COVID-19-related debt burden for impacted companies, several of the companies nevertheless are carrying a substantial debt load and some of the CARES assistance was provided as loans that need to be repaid.

The deepest impacts of the pandemic for most of the companies were in managing workforce challenges with multiple employees testing positive and needing to quarantine. This resulted in reduced productivity, increased stress on the healthy staff members, and increased overtime and associated liabilities for the companies.

One third of the companies surveyed experienced significant challenges in sourcing critical materials for their operations at the height of the COVID crisis.

Annual Sales Growth: Two-thirds of the companies anticipated positive sales growth in 2021 (3 companies anticipated growth of 1%-9% and one anticipated growth of 10%-24%). Of the two other companies, one expected no growth and one anticipated a substantial decline.

Workforce: Onboarding, Retention & Skill up

Workforce: Meeting workforce needs remains a significant challenge for a third of the companies. The primary skills sought in employees at the time of hire are:

- Basic Computer Skills (5 of the 6 companies)
- Hazard Communications (3 out of 6)
- Instrumentation (2 out of 6)
- Plan Reading (2 out of 6)
- Measuring/Tape Measure (1 out of 6)
- OSHA Completion (1 out of 6)

Other skills the companies seek include: computation, problem solving, basic communication, and customer service skills. The most important entry level skills and certifications needed are for telecom installation, tower climbing, measurement, corrosion skills, mechanical and CDL licenses.

Facility Information

Expansions & New Facilities: Two-thirds of the companies plan to expand their buildings or other facilities in McKinley County during 2021 and 2022. None required additional outside financial support to implement the expansions.

Secondary Themes

Workforce, Staffing & Training

Training: The companies generally require 2-8 weeks of training for a new employee. The full range of training time was from 1 week to 3 years, depending on the position.

Companies expressed a need for training across the spectrum of soft, hard, and technical skills. Existing workers require additional training in GIS mapping, fiber splicing, and troubleshooting for electricians.

The companies desired additional companywide trainings to address areas including soft skills/customer service, welding, electrical skills, and medical coding. All of the companies prefer hands-on to online training, but two companies stated that they employ both approaches.

Challenges the companies face in providing needed training include finding the time (2/6 companies), specific trainings are unavailable in Gallup, the challenge to provide training while employees operate out of their homes due to the pandemic, and a lack of funding and/or training materials.

All of the companies stated they are aware of vocational training opportunities in the area. One-third indicated an interested in direct “screened candidate” emails for employment opportunities. Two-thirds of the companies stated they either would or already participate in OJT opportunities.

Union Activity: One-third of the companies have active unions; the others have none. One of the companies with a unionized workforce expressed that the management has a good relationship with the union.

Workforce Residing in McKinley County: Among all the economic-base employers, the percentage of the workforce that resides in McKinley County ranged from 5% to 100%. For one-third of the companies, 100% of the workforce lived in the county. Half of the companies had a percentage of 50%-60% residing in the county. And one company stated that only 5%-10% of its workforce resided within McKinley County.

Absenteeism: The absentee rate was low and not considered a problem for four of the six companies. Absentee rates ranged from 1% to 10%.

Local Champions for Workforce Development

GGIWP Program Participation: Two companies indicated their interest in observing a GGIWP class. Three companies would like one of their officers to serve on the GGIWP Board.

Background & Operations of Firms

Market Research: Half of the companies conduct some form of market research in McKinley County. Research is needed to determine infrastructure needs and capacity and to determine whether and how to expand essential services.

Assessment of the Local Business Climate

The chart below indicates company ratings of specific indicators of the general quality of life and the business climate in McKinley County. It shows areas where companies believe the business climate is favorable and those areas where it could use improvement.

	Excellent	Good	Fair	Poor	Very Poor	Not Applicable
Passenger Air Service		X		XX	X	XX
General Business Climate		XXX	XX		X	
Cost of Living	X	XXX	X	X		
Legislation (State)	X	XXX	X	X		
Legislation (Local)	X	XXXX				X
Permitting Process		XX	X	X	X	X
Quality of Place	X	XX	XX X	X		
Roads			XX XX	XX		
Traffic	X	XXXX	X			
Utility Cost(internet/ telecom/Fiber)		XXXX	XX			
Utility Cost (Power)		XXXX X	X			
Utility Cost (Water)		XXXX X	X			
Zoning/Development Services		XXX	X			XX
Other (Specify): Community Cohesion			X			

Recommendations

Economic Development Opportunities

In 2017, local business managers were asked for their input on potential economic development projects they might want to pursue or evaluate with GGEDC. A copy of the list is provided in Appendix 2. The list of those project opportunities should be revisited and refined in light of the companies' current status and needs.

Explore opportunities to enhance local supply chains, especially when developing a new Target Industry Study. Renew outreach to suppliers and consider opportunities to onshore to Gallup and McKinley County components of local economic base employer supply chains.

Seek innovations in addressing shortage of workers. Consider opportunity to develop and manage a pool of on-call labor, possibly as a temp agency. GGIWP is training workers. The next step is to be able to provide a ready supply of workers.

Continue to revise GGEDC's Annual BRE Outreach Survey instrument to capture actionable data related to ongoing trends in the local and regional economy. Develop and circulate a supplemental short survey – with no more than 10-questions - to the local base-economic employers on a semi-annual basis for the employers to complete apart from the annual survey interview. The survey responses will enhance GGEDC's capacity to address opportunities and challenges in real time as they arise.

APPENDICES

1. 2020 GGEDC BRE Survey Instrument
2. Economic Development Opportunities from 2017 BRE Survey – to Revisit with Companies in 2021

GGEDC
Business Retention & Expansion Survey
November 2020

1. BASIC INFORMATION:

Firm Name: _____

Name of Corporation: _____

Address: _____

Telephone: (505) _____

Fax: (505) _____

Plant Manager: _____

Title: _____

Plant Manager Contact Info: _____

Email: _____

Primary NAICS code: _____

Length of time at this location: _____

Current number of employees: _____

Number of Employees hired in past year: _____

Number of Employees retired in past year: _____

Do you work with any local placement firms/ talent agencies? _____

2. ICE BREAKER:

How would you describe the impact to your business operations from the COVID-19 pandemic?

3. FIRM BACKGROUND & OPERATIONS:

Did your company apply for COVID-19 relief to any of these local, state or federal sources? _____

County (CARES) City (CARES) NM Small Business Recovery Loan SBA - (PPP)

SBA - Economic Injury Disaster Loan (EIDL) NM - All Together NM Fund Other

GGEDC
Business Retention & Expansion Survey
November 2020

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

Suppliers: 1. _____ 2. _____ 3. _____

Customers: 1. _____ 2. _____ 3. _____

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

If you export, have imports increased, decreased, or remained the same over the past year?

Increased Decreased Same Not Applicable

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

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

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

Among the suppliers you do business with currently, what is the hardest material to source?

Does your firm conduct research and development in McKinley County? Yes No

4. FACILITY INFORMATION:

Is the business considering renovating or expanding your building or other facility within the next two years? Yes No

Are you aware of local financing options for facilitating expansion? _____

5. WORKFORCE, STAFFING, AND TRAINING NEEDS

Which skill sets do you expect your employees to possess upon hire? [Check all that apply]

Carpentry Measuring/Tape Measure Basic Computer Skills Demolition
 Hazard Communication Plan Reading Meter Reading & Operation Welding
 Instrumentation OSHA Completion (for construction or general industry)

GGEDC
Business Retention & Expansion Survey
November 2020

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

Are you currently experiencing recruitment challenges? Yes No _____

If yes, at which skill levels/job classifications? _____

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?

Are there other company-wide trainings (for example, soft skills, accounting, welding, or coding) that would be beneficial to your employees?

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

What impediments do you face to providing additional training?

_____ No training is available in Gallup – there's a possible interest in bringing in training.

Are you aware of vocational trainings offered in the area? Yes No

Would you be interested in direct "screened candidate" emails for your employment opportunities? Yes No Unsure

Would you participate in OJT if available? Yes No _____

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

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 is your annual absentee rate? Does the company consider that to be a problem?

GGEDC
Business Retention & Expansion Survey
November 2020

6. LOCAL CHAMPIONS FOR WORKFORCE DEVELOPMENT:

Would you be willing to observe a GGIWP vocational class? _____

Would you be willing to serve on the GGIWP workforce board to advise on development of new vocational curriculum for McKinley County? _____ If yes, who in your company should be the point of contact? _____

Name & Title

Phone & email

7. BUSINESS CLIMATE

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

	Excellent	Good	Fair	Poor	Very Poor	Not Applicable
Passenger Air Service						
General Business Climate						
Cost of Living						
Legislation (State)						
Legislation (Local)						
Permitting Process						
Quality of Place						
Roads						
Traffic						
Utility Cost(internet/ telecom/Fiber)						
Utility Cost (Power)						
Utility Cost (Water)						
Zoning/Development Services						
Other (Specify): _____						

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

Why/why not? _____

8. FINAL COMMENTS:

APPENDIX 2

Economic Development Opportunities from 2017 BRE Survey - to Revisit

Economic Development Opportunities

Managers were asked to provide input on any potential economic development projects with GGEDC could evaluate for Gallup-McKinley County.

The following represents potential projects for consideration:

- Intermodal transloading to Phoenix, Dallas, and Denver
- Transloading for automotive and lumber
- Carbon sequestration research center
- Distribution center
- Full-service car wash
- Spacious Gym / Work-out Facility
- Child day-care
- Storage tank, silo, & stack construction
- Sandblasting and powder coating
- Compressor maintenance, repair, & installation
- Turbine maintenance, repair, & installation
- Welding
- Industrial Machining

The following represents potential resources for development:

- Cost of business comparison versus regional markets
- Local leadership development training