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**NEW MEXICO FINANCE AUTHORITY
LOCAL GOVERNMENT PLANNING FUND APPLICATION**

I. GENERAL INFORMATION

A. APPLICANT /ENTITY

Application Date:	May 16, 2019
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Applicant/Entity:	Jackie McKinney / City of Gallup				
Address:	110 West Aztec, Gallup, NM 87301				
County	McKinley	Census Tract(s):	9452 & 9453		
Federal Employer Identification Number (EIN) as issued by the IRS:				85-6000132	
Legislative District:	Senate:	3 & 4	House:	5 & 9	
Phone:	505-863-1221	Fax:	505-722-5134	Email Address:	mustick@gallupnm.gov
Individual Completing Application:		GGEDC: Michael Sage, Deputy Dir.; Patty Lundstrom, Executive Dir;			
Address:	PO Box 1795 Gallup, NM 87301				
Phone:	505-722-2980	Fax:	505-722-2987	Email Address:	patty@gallupedc.com

B. CONSULTING PROFESSIONALS (Bond/Legal Counsel, Architect, Engineer, etc.), if available:

Firm:					
Contact:					
Address:					
Phone:		Fax:		Email Address:	

C. PRIMARY CONTACT PERSON:

Name:	Jackie McKinney				
Contact:	Mayor				
Address:	110 West Aztec Avenue, Gallup, NM 87301				
Phone:	505-863-1220	Fax:	505-722-5134	Email Address:	mustick@gallupnm.gov

D. Organizational Readiness-to-proceed (Municipalities & Counties Skip to II)

1. Are you formally organized? Yes No

2. Do you have formally adopted by-laws? Yes No
If yes, please provide a copy.

3. Are you incorporated? Yes No

Incorporated by created pursuant to Sections 4-3A-1 through 4-3A-14, NMSA 1978, as amended;

4. Do you have regular board meetings? Yes No

Regular meetings are the 1st and 3rd Tuesdays of the month, unless otherwise advertised.

5. Do you keep formalized records of your Board meetings? Yes No

6. Do you have written Board rules and regulations? Yes No
If yes, please provide a copy.

II. PROJECT SUMMARY

Project Description. Complete the following information, use additional paper if necessary. Include any additional documents that may be useful in reviewing this project, i.e. architectural design, feasibility studies, business plan, etc.

1. **Type of Project**

- Preliminary Engineering Report (PER)
- Environmental Information Document
- Local Economic Development Act Plan & Comprehensive Economic Development Plan
- Water Conservation Plan
- Comprehensive Plan
- Infrastructure Plan for project identified on the ICIP
- Economic Development Feasibility Study
- Asset Management Plan
- Water Master Plan
- Wastewater Master Plan
- Energy Audit

2. Please include a detailed description of the scope of the proposed plan to be funded. Attach additional pages as needed.

Loss of Major Employers:

The City of Gallup has experienced a decline in the number of retail establishments including the loss of several national franchises. The following list while not exhaustive highlights a number of recent closures including:

- Allen Theaters (911 W. Aztec Avenue)
- Tate's Dodge/Chrysler Automotive (1200 W. Jefferson Avenue)
- Lowe's Shopping Center (403 W. Aztec Avenue)
- Arby's Restaurant (804 N. Highway 491)
- Dairy Queen (1040 N. Highway 491)
- Church's Chicken (1203 E. Highway 66)
- Freddy's Frozen Custard and Steakburger (1208 W. Maloney Avenue)
- Red Lion Hotel (3009 W. Highway 66)
- Best Western (2915 W. Highway 66)

The City of Gallup seeks \$50,000 in economic development feasibility study funding to develop and implement an Economic Market Analysis for retail goods, services, and lodging. An Economic Market Analysis will provide strategies to improve the competitiveness and grow the City's commercial sector, identify specific business targets for recruitment, and recommend the most effective strategies to market the community to prospective commercial businesses.

The City of Gallup is located in New Mexico near the border with Arizona. It is situated along Interstate 40 midway between Albuquerque (137 miles) and Flagstaff (185 miles). Farmington is located 100 miles to the north and there are no significant large communities to the south. Gallup is by far the largest city within this area and the dominant commercial center, containing anchor stores and a selection of goods and services not found in the region's smaller communities. The City's trade area is therefore quite large, extending over 50 miles in all directions. As a result, the trade area of Gallup encompasses a large portion of northwestern New Mexico and northeastern Arizona, comprising a regional population of approximately 180,000 people.

In addition to its trade area population, the market is augmented by considerable visitor traffic. Travelers to the area tend to visit for outdoor recreation, historical or archeological resources, and to experience the Native American culture. Gallup is the center for a large Indian arts and crafts industry, and many shops in the downtown cater to this segment.

Gallup recognizes its important role as a retail and service hub. The City is committed to maintaining the vitality of this sector, as it serves the needs of the local population, offers opportunities for employment and business ownership, and provides revenue to the community through gross receipts (sales) taxes.

Why Study the Market?

The Economic Market Analysis will be used by the City, its economic development partner – Greater Gallup Economic Development Corporation (GGEDC), and the Gallup Chamber of

Commerce and its member businesses in several ways. As a starting point, the study is not solely intended to be used by GGEDC for business attraction purposes. Existing business owners and local developers may seek to capture the retail, dining and lodging opportunities identified in the analysis. Additionally, the study lists a number of retailers whose site selection criteria match Gallup's trade area demographics. Not all of these will be targeted by the community for recruitment, but these businesses, or others like them, may already be considering a location in Gallup. Knowing this, existing businesses can begin to think of strategies to compete if they do arrive.

Finally, the study will identify certain businesses GGEDC can seek to attract to the community. These businesses are the ones considered most likely to have a net positive benefit to the community, helping it to maintain or even increase its market draw, to the benefit of the majority of existing businesses.

Upon the reports completion and in coordination with GGEDC, Gallup will engage a retail business development consultant to develop detailed and tailored community marketing prospectus for both the identified top 5 retailers and retail subsectors including outreach and delivery to commercial brokers and site selectors.

Hold Harmless

As a result of the phase out of Hold Harmless payments from the State of New Mexico, the City of Gallup for its upcoming FY2019-2020 faced a budget shortfall of approximately \$1 million. This shortfall will be reoccurring and in future years will increase to over \$3M a year in the general fund. The Hold Harmless law was enacted by the State to reduce the impact of gross receipt tax revenue loss on food passed during the Bill Richardson Administration.

In 2015, the State amended the law and now municipalities with populations greater than 10,000 (Gallup – pop. 21,698) are required to carry the burden of the hold harmless loss, generally through increasing gross receipts tax. With a current GRT rate of 8.3125%, Gallup cannot increase its gross receipt tax rate because such a move would be a detriment to its retail sector, existing business community, as well as area residents who experience high rates poverty and unemployment. Should McKinley County increase its portion of GRT as well, Gallup would soon find itself with a GRT rate in excess of 9% and be among the top 3 municipalities in the state of New Mexico in terms of gross receipts tax rates.

Growing the retail sectors will generate additional GRT for the City thereby helping to alleviate pressure on the municipal budget and staving off a potential increase in local GRT rates. A GRT rate increase would be a major disincentive to business attraction and retention efforts and would further business leakage.

Greater Gallup Economic Development Corporation

Greater Gallup Economic Development Corporation is the economic development organization for the City of Gallup and will serve as lead recruiter for all retail efforts.

GGEDC is currently staffed by Certified Economic Developers (CEcD) who have successfully recruited retail to Gallup, NM. In 2015, GGEDC worked with Panda Restaurant Group to

establish a Panda Express establishment within the Gallup Northside commercial district resulting in the creation of over 20 jobs.

It should be noted that GGEDC intends to seek funding for business recruitment through the NM Economic Development Department and their LEADS grant program. The results of the Economic Market Analysis will be taken by GGEDC and incorporated into the organizations LEADS application for upcoming fiscal year 2019-2020. As a recipient of the LEADS recruitment grant from the NM Economic Development Department, GGEDC will have a dedicated recruitment budget to implement the recommendations of the report including attendance at identified trade shows and sales missions.

In addition, GGEDC will coordinate with local partners on this initiative such as the Gallup Business Improvement District, Gallup Chamber of Commerce, Gallup Mainstreet, and Gallup Tourism who will use the information and recommendations to help achieve their respective community and economic development goals and missions.

Gross Receipts Investment Policy (GRIP)

In 2017, the City of Gallup adopted the Gross Receipts Investment Policy (GRIP) ordinance to establish standards and procedures for developing and constructing infrastructure to secure commercial activity within the municipality.

The Gallup GRIP Ordinance envisions its applicability to large scale retail or targeted commercial development, including malls, regional sports and entertainment venues or complexes; large volume destination restaurants, destination hotels and conference centers; automobile dealerships or auto malls; regional health centers; central office or headquarters of firms and other mixed use centers and projects otherwise deemed in the public interest. The GRIP Ordinance establishes specific criteria regarding size, scope, and use.

Scope of Work

A preliminary scope of work for an Economic Market Analysis would include among others:

- Site Visits & Interviews
- Trade Area Delineation/Market
- Resident Market
- Visitor Market
- Retail and Dining Market Analysis
- Lodging Market Analysis
- Prospectus Development
- Business & Broker Outreach

City of Gallup

'A Retail & Service Hub for NW New Mexico & NE Arizona'

- 1,766,893 square feet of retail space
- 222 Retailers
- 41 Hotels
- 108 Restaurants
 - 37 full – service restaurants
 - 71 limited service restaurants

Gallup's Four Commercial Districts

1. North side Regional Shopping District

- City's largest retailers
- Retailers with the highest sales
- 894,407 square feet of retail commercial space
- 82 retail businesses (31 percent of the total)
- 10,907 square foot average
- 44 % of total city sales

2. East End Commercial District

- Hotel, restaurants, & accommodation services
- 217,422 square feet of retail commercial space
- 36 retail businesses (14 percent of the total)
- 6,040 square foot average
- 13% of total city sales

3. West End Commercial District

- Focused on Highway traffic
- City's truck stops are located near this exit
- Considerably less retail
- 39 businesses (15 percent of the total)
- 3,838 square foot average
- 14% of sales are estimated to occur in this area

4. Traditional Downtown & Historic 66

- Native American Arts & Craft Concentration
- 374,062 square feet of retail commercial space
- 84 retail businesses (32% of total)
- 4,453 square foot average
- 21% of total city sales

Trade Area Population and Households

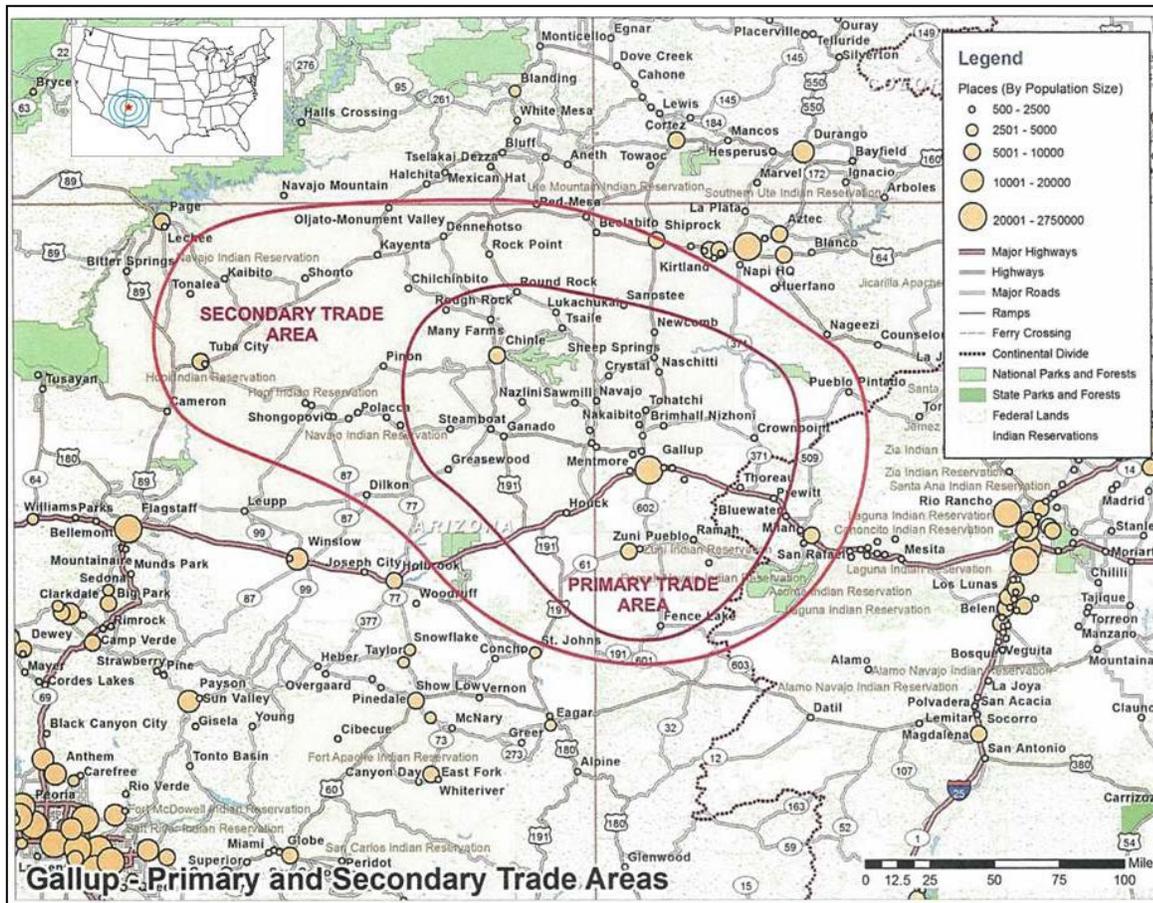
	2010	2020
Total Population	192,605	196,122
Primary Trade Area	122,153	125,798
Secondary Trade Area	70,452	70,324
City of Gallup	21,678	--
Total Households	51,337	56,906
Primary Trade Area	35,101	36,463
Secondary Trade Area	20,362	20,443
City of Gallup	21,678	--

Source: US Census Bureau and Place Dynamics estimates

Per Capita and Household Income

Per Capital Income	2010	2020
Combined Trade Areas	\$11,979	\$14,603
Primary Trade Area	\$11,952	\$14,570
Secondary Trade Area	\$12,029	\$14,664
Household Income	2010	2020
Total Households	\$29,452	\$35,902
Primary Trade Area	\$28,731	\$35,024
Secondary Trade Area	\$30,778	\$35,024

Source: US Census Bureau and Place Dynamics estimates



B. Sources of Funding

NMFA Planning Funds Requested: \$50,000

Non-NMFA Funds (specify source & terms):

III. Water and Wastewater System Rates & Information (if applicable)

A. 1. What are the current residential rates and when were they last adjusted?

	Wastewater Rate per 6,000 Gallons	Water Rate per 6,000 Gallons	Last Adjusted
Residential			

2. Is the water system metered? Yes No
If yes, what percentage?:

3. Is the wastewater system metered? Yes No
If yes, what percentage?

4. How many connections?

5. How many certified operators?

IV. READINESS TO PROCEED ITEMS

A. The following items must accompany this application in order for this application to be considered complete:

- Map of service area, including census tract information
- Most recently completed fiscal year audit report
- Current unaudited financials
- Current fiscal year budget
- NMFA Application Resolution
- By-laws (if applicable)
- Articles of incorporation (if applicable)
- Board rules and regulations (if applicable)
- Open Meetings Act Resolution
- Documentation that each non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- Joint Powers Agreement (if applicable)

Please Note: All water and wastewater planning documents must conform to Rural Utilities Services (RUS) Guidelines which is available from NMFA upon request. The scope and writer of any economic development feasibility study must be approved in advance by the Economic Development Department. A copy of any final report must be submitted to and accepted by the NMFA prior to disbursement of NMFA funds. NMFA may consult with the Departments of Environment, Economic Development or Finance & Administration in determining acceptability of any report.

