

A. Applicant Information

A.1 EDA Application Identifier:

A.2 Please identify all applicants for this project:

City of Gallup: Gallup is located in northwest New Mexico, near the U.S. Four Corners region. Gallup is situated midway between Albuquerque, NM and Flagstaff, AZ on Interstate 40 and is bisected by historic U.S. Highway 66. Gallup has a population of 21,678 and is the county seat of McKinley County.

Greater Gallup Economic Development Corporation: GGEDC is a 501(c)(3) nonprofit and serves as the economic development organization for both the City of Gallup and McKinley County. GGEDC is managed and staffed by Certified Economic Developers (CEcD), and governed by an 8-member board of directors with a combined business experience in excess of 250 years.

B. Project Information

B.1 Provide a geographical definition of the region to be served by the investment (project), including the specific geographic location of the project within the region.

As a region, McKinley County is the 7th most populous county in New Mexico with a population of 71,492. McKinley County is home to two (2) federally recognized Native American sovereigns: 1) Navajo Nation and 2) Pueblo of Zuni. Native American, 75.5%, and White, 15.5%, comprise the majority of the racial makeup of the County. Those of Hispanic or Latino origin made up 13.3% of the population.

The project is to be located in Gallup, New Mexico, which is the sole municipality in McKinley County. The City of Gallup is bisected by Interstate 40 and the BNSF Railway transcontinental rail line, and is located approximately 140 miles west of Albuquerque, NM and 185 miles east of Flagstaff, AZ. With a population of 21,678 residents, the City of Gallup serves as the economic and health care hub for approximately 200,000 people living in northwest New Mexico and northeast Arizona.

B.2 Describe and outline the scope of work for the proposed EDA investment

To address the economic injury resulting from the coronavirus pandemic, Greater Gallup Economic Development Corporation (GGEDC) in cooperation with the City of Gallup (Gallup) seeks to develop the comprehensive Gallup Recovery Plan with deliverables as follows:

- Mayor's Summit on Community Resilience
- Airport Market Feasibility / Airport Economic Development Plan / Airport Master Plan
- Public-Private Partnership Infrastructure Finance Plan
- Retail Recovery Plan

- Transportation Master Plan (including autonomous & aviation)
- Utility Master Plan

The Mayor's Summit on Community Resilience begins the process of coordinating economic recovery by bringing together community residents, businesses, and institutions to begin charting a path forward.

The Gallup Municipal Airport ceased commercial air passenger service in 2010 and should air service have been available during the recent coronavirus pandemic, the community could have responded quickly to the pandemic by importing health care professionals and supplies.

A P3 finance plan allows the City of Gallup to leverage the large number of state, federal, philanthropic, and foundation resources to make investments into infrastructure critical to supporting the Gallup Municipal Airport and a burgeoning health care manufacturing sector.

The retail recovery plan provides for a comprehensive approach for reopening which allows the community to balance safety and commerce as well as recruit new business and investment.

The Transportation and Utility Master Plans will allow the City of Gallup to engage in infrastructure planning to ensure city roadways and utilities can support new business and expansions anticipated as a result of economic recovery.

B.3 Economic development needs

B.3.a Does the region in which the project will be located have a Comprehensive Economic Development Strategy (CEDS)?

Northwest New Mexico Economic Development District CEDS 2020 (on file with EDA).

B.3.b Describe the economic conditions of your region. Define the economic development need to be addressed by the proposed EDA investment and explain how the proposed investment will address that need.

According to StatsAmerica, per capita income for the City of Gallup places it at 3,066 out of 3,114 U.S. cities. McKinley County is one of the poorest counties in one of the poorest states in the entire United States. McKinley County's poverty rate ranks higher than any other county in New Mexico.

The Gallup Recovery Plan allows the City of Gallup to:

- Respond to the COVID-19 pandemic
- Support a burgeoning FDI-U.S. reshoring of health care manufacturing
- Secure U.S. Foreign Trade Zone status

- Leverage Qualified Opportunity Zone designation
- Successfully recruit businesses tied to aviation and transportation mobility

On May 1, 2020, New Mexico Governor Michelle Lujan Grisham sealed off roads in Gallup, NM to nonessential traffic and announced a ban on nonessential outings and required businesses to close. The New York Times, in a May 4, 2020 article entitled “New Mexico Invokes Riot Law to Control Virus Near Navajo Nation”, noted at the time, Gallup, NM had the third-highest infection rate of any metropolitan area in the U.S., while the Navajo Nation had a higher COVID-19 death rate per 100,000 than every state in the country except New York, New Jersey, Connecticut and Massachusetts.

As of July 8, 2020, despite representing just approximately 4% of the total population in New Mexico, Gallup- McKinley County reports 25.6% of the total COVID-19 cases in New Mexico with 3,525 out of 13,727 cases. In addition, McKinley County reports 34% of total COVID-19 deaths in New Mexico with 181 out of 519.

With a large regional at-risk population (the City of Gallup serves as a health care hub for northwest New Mexico and northeast Arizona with facilities such as the Gallup Indian Medical Center, Rehoboth Christian McKinley Hospital, Gallup Cancer Center, Gallup VA Clinic, and Gallup Dialysis Center), the lack of commercial air passenger service at the Gallup Municipal Airport has hampered efforts by slowing the arrival and deployment of health care professional, first responders, and critical supplies.

Recently, Rhino Health Inc. selected McKinley County as the location to manufacture its nitrile rubber glove products. As the first nitrile rubber gloves factory in the United States, Rhino Health has a supply chain which stretches to South Korea. Due to market demand, Rhino Health is currently in the process of expanding operations near Gallup. Rhino Health represents an opportunity for GGEDC to continue recruiting FDI manufacturing, particularly those companies involved in health care manufacturing or based in South Korea. The ability for a Foreign Direct Investor to fly directly into your community is a game changer and could be the difference in whether a project locates or not.

As GGEDC and the City of Gallup aggressively pursue manufacturers for relocation, particularly Foreign Direct Investment (FDI) manufacturers, the lack of a Foreign Trade Zone is a barrier to success. US Customs and Border Protection, as operators of U.S. Inland Ports & Foreign Trade Zones, requires commercial air service from communities seeking Foreign Trade Zone. The designation of the Gallup Municipal Airport as a Foreign Trade Zone would complement both manufacturing recruitment efforts and shovel ready site build outs at industrial parks throughout McKinley County including the Churchrock Industrial Park, Gallup Energy Logistics Park, and Prewitt Industrial Park.

The Gallup Recovery Plan allows the City of Gallup to become the rural hub in the U.S for transportation mobility research, development, testing, and manufacturing. Air passenger service will allow for the employees, researchers, executives and investors involved in the mobility sectors of autonomy, propulsion, or connected vehicles to access Gallup from any major airport in the U.S. Air passenger service not only connects Gallup-McKinley County to Silicon Valley and Detroit, it connects us to the global economy.

B.4 Applicant's Capability

Briefly describe the applicant's capacity to administer, implement, and maintain the project.

The City of Gallup will provide project administration by way of the City of Gallup Grants and Contracts Department. All financial billings, drawdowns, records, and reports will be maintained by the City of Gallup in coordination with GGEDC.

GGEDC has secured and administered local, state, federal, private and foundational funding to complete a number of economic development planning and workforce development projects in McKinley County including market feasibility studies, master site plans, target industry analysis, supply chain analysis, workforce assessments, and preliminary engineering reports. Funding sources for these projects include but are not limited to the U.S. Economic Development Administration, USDA–Rural Development, U.S. Environmental Protection Agency, HUD Community Development Block Grant small cities program, and New Mexico Finance Authority. In addition, GGEDC contracts with an independent, third-party, CPA to complete all organizational financial reviews and tax reporting.

B.5 List and describe the strategic partners and organizations to be engaged in this project.

City of Gallup The sole municipality in McKinley County is the economic and health care hub for northwest New Mexico and northeast Arizona. The City of Gallup owns the Gallup Municipal Airport, which sits on 359 acres. The goal for the City of Gallup is to mount an effective COVID response by importing health care workers from throughout the country via air passenger service to address the pandemic. Additionally, air passenger service will set the stage for economic post-recovery opening economic opportunities with autonomous transportation and health care manufacturing. The City of Gallup will serve as fiscal agent.

GLD Partners GLD Partners was founded in 2010 to address opportunities created by shifting global trade and logistics patterns, changing public policies and evolving markets and as a result creates and executes growth solutions for manufacturing companies, and public and private logistics and property asset owners and investors. GLD Partners will advise GGEDC.

Greater Gallup Economic Development Corporation Greater Gallup Economic Development Corporation is a 501(c)(3) nonprofit economic development organization, serving the City of Gallup and McKinley County. The transportation sector has been identified as a 'best-fit' target for recruitment by GGEDC. GGEDC will serve as project manager.

B.6 Describe the investment (project) impact and fit with EDA funding priorities.

The Gallup Recovery Plan aligns with US EDA funding priorities as follows:

- Mayoral leadership in times of crisis to support community resiliency.
- The Gallup Municipal Airport is critical infrastructure located in the City of Gallup's sole qualified opportunity zone.
- Air passenger service will ensure health care professionals are available to battle the COVID-19 pandemic.
- Gallup Municipal Airport with passenger services now allows for Foreign Trade Zone designation, which supports FDI manufacturing recruitment targets including South Korea, Canada, and Europe.
- Retail recovery provides critical revenue for local government services and programs.
- Investment in infrastructure and utilities creates economic opportunities resulting in jobs and private investment.

B.7 Identify the proposed time schedule for the project

The proposed overall time frame from notice of funding is 24 months pursuant to the following general timeline:

- October 1, 2020 - Notice of Grant Award
- December 1, 2020 - Issue RFP
- February 1, 2021 - Begin Plan Development
- December 30, 2021 - Draft Report
- March 30, 2022 - Final Report
- June 30, 2022 - Project Closeout

B.8 Economic Impacts of the Project

B.8.a Please describe the economic impacts of the project:

The proposed project is expected to leverage \$250,000 in direct planning investment and builds on economic development investments made in infrastructure since 2013, which includes roads (\$100M), rail (\$40M) and water (\$75M), and totals in excess of \$210M.

As a result of economic planning, the City of Gallup economy will be robust and diversified with air passenger service, thriving retail, health care manufacturing, foreign direct

investment manufacturing, and transportation mobility research, development, testing, and manufacturing.

B.8.b Please identify the total number of estimated jobs and private investment that is expected to be generated by this project:

Estimated Jobs Created: 200 (potential)

Estimated Jobs Retained: 40 (potential)

Estimated Private Investment: \$30,000,000

B.8.c Please identify the source of Estimates above (check as many as apply):

Yes – Letters from Beneficiaries of the Project

No – Input/Output Model (e.g. IMPLAN, REMI)

No – Comparison to Similar Projects No – Other Method (specify below)

B.9 Beneficiaries of the Project

Beneficiary Name: City of Gallup

B.10 Non-EDA funding for the Project

B.10.a Are all non-EDA funds committed to the project, available as needed, and not conditioned or encumbered in any way that would preclude their use consistent with the purpose of the project?

Yes. City of Gallup will contribute \$250,000 in cash. Funds are available now.

B.10.b Identify the source, nature, and amount of all non-EDA funds.

Source / Amount / Date Available / Type / Restrictions:

Local / \$250,000 / August 1, 2020 / Cash / None

B.10.c Does the applicant plan to seek other federal financial assistance as part of or in connection with this project? If so, please describe the source, amount and any terms and conditions of the funding, and when the funding will be available for use by the applicant.

No

B.10.d Please attach documentation confirming non-EDA (matching or cost share) funding.

See attachment

B.11 Justification for Sole source Procurement Will you contract work to complete part or all of this project?

B.11.b Yes

If Yes, will contracts be awarded by competitive bid?

B.11.b.i Yes

B.12 Equipment Will any funds be used to purchase equipment?

B.12.b No

If Yes, will project funding be used to install the equipment?

B.12.b.i No

Please attach a list, including cost, description, purpose, and estimated useful life of any equipment that will be purchased as part of this project.

C. Regional Eligibility

C.1 Region Define the area/region that is the basis for this applicant's claim of eligibility. EDA will review and evaluate documentation submitted by the applicant to verify and determine eligibility.

The City of Gallup is located in McKinley County, which registers some of the highest poverty and unemployment rates in the nation. According to the 2010 Census, McKinley County's population was reported as 71,492, including 21,728 within the City of Gallup.

Per Capita Money Income in 2018 for McKinley County was reported as \$15,278, or just 46.8% of the national average. The 24-month average unemployment rate for McKinley County is 7.36%, which is nearly double the national average of 3.79%.

C.2 Source of data provided for regional eligibility determination

C.2.a The most recent ACS data published by the U.S. Census Bureau

C.2.b The most recent other federal data for the region in which the project is located

C.3 Check all that apply in establishing regional eligibility

C.3.A Unemployment Rate

C.3.B Per Capita Income

D. Budget and Staffing

D.1 Budget Justification

The request for \$1,250,000 in EDA non-construction planning assistance reflects the need for a wide and sustained collaboration with engineering and technical stakeholders to complete the robust scope of work. While each component in the scope has value, the synergy realized from component integration into a comprehensive path forward cannot be overstated. The budget allows for the community to respond accordingly to the severity of economic injury incurred as a result of the coronavirus to build short- and long-term community and economic resilience.

D.2 Indirect Costs

D.3 Key applicant staff

Patty Lundstrom who serves as the founding Executive Director for GGEDC will oversee and direct all economic development work. Ms. Lundstrom is a Certified Economic Developer (CEcD) and since 2017, has been an instructor at the New Mexico Economic Development Course at Western New Mexico University in Silver City, NM.

Ms. Lundstrom brings an extensive background in executive management, organizational development and government policy leadership. This includes over 30 years of experience in community and economic development, most recently as owner and principal of LAMGA, a consulting firm specializing in strategic planning for governmental and community organizations, and before that, as Executive Director for 25 years of the Northwest New Mexico Council of Governments (NWNMCOG) – the region’s EDA-designated economic development district.

As an elected member of the New Mexico House of Representatives since 2001, Ms. Lundstrom has an intimate understanding of state government, with expert-level knowledge in public budget and finance, as well as the full range of public and private sector issues affecting economic development in New Mexico.

Michael Sage is a Certified Economic Developer (CEcD) with over 15 years of economic development experience. Since 2012, Mr. Sage has served as the founding Deputy Director for the Greater Gallup Economic Development Corporation (GGEDC).

Mr. Sage is currently a member of the McKinley County Smart Growth Commission, NM IDEA, and the International Economic Development Council (IEDC). Mr. Sage has a Master of Public Administration (MPA) degree from the University of New Mexico, with undergraduate degrees in Political Science and Economics.