

## VII. Economic Development Element

The purpose of the economic development element is to describe the city of Gallup's economic conditions and to establish long-range priorities, goals and policies to guide efforts to invest in and improve the local economy. Since the economic conditions of McKinley County and, to some extent, the city of Farmington affect the city of Gallup, information about these entities is included in this section.

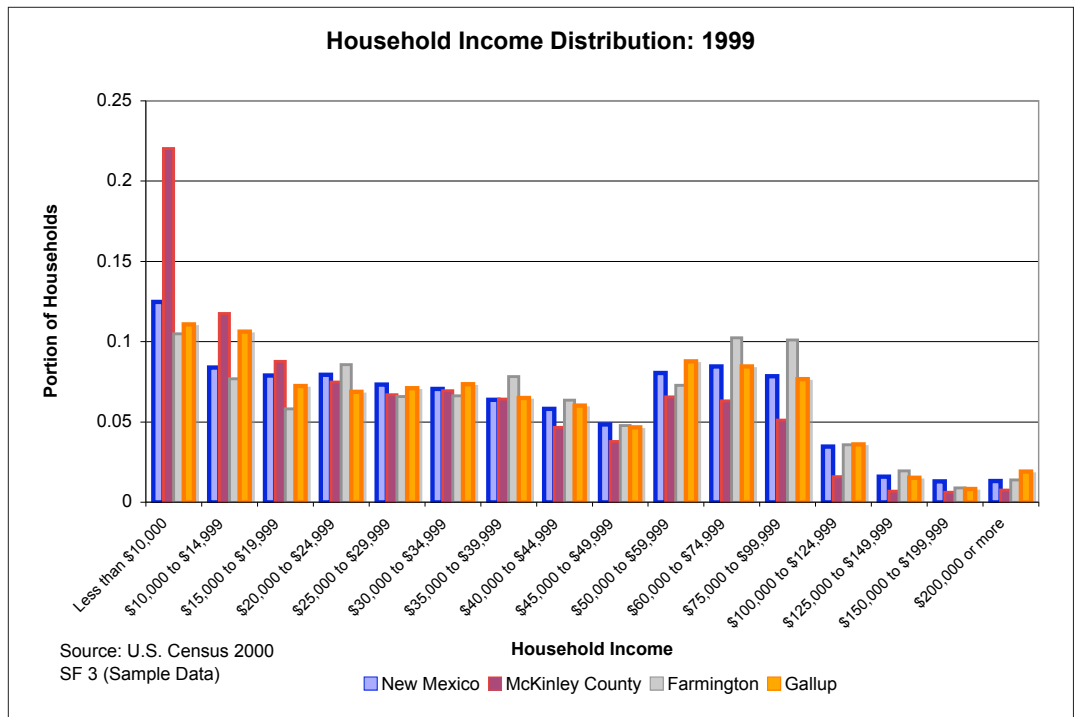
### A. Existing Conditions

#### Economic Indicators

##### Household Income

Household income of Gallup in 1999 was very similar to income for the state as a whole and comparable to that of Farmington and McKinley County, as shown in the following chart. McKinley County had a significantly higher percentage of households with an income of less than \$10,000 than the other entities, including Gallup. Farmington had the lowest portion of households at the lower spectrum of incomes. Notably, Gallup had a slightly higher portion of households at the upper income levels compared to the state, county, or city of Farmington.

**Exhibit VII-1**  
Household Income  
Distribution



*Per Capita Income and Poverty*

Per capita income in Gallup was higher than in McKinley and San Juan Counties, but lower than in Farmington, Albuquerque, Bernalillo County, the state of New Mexico, and the United States.

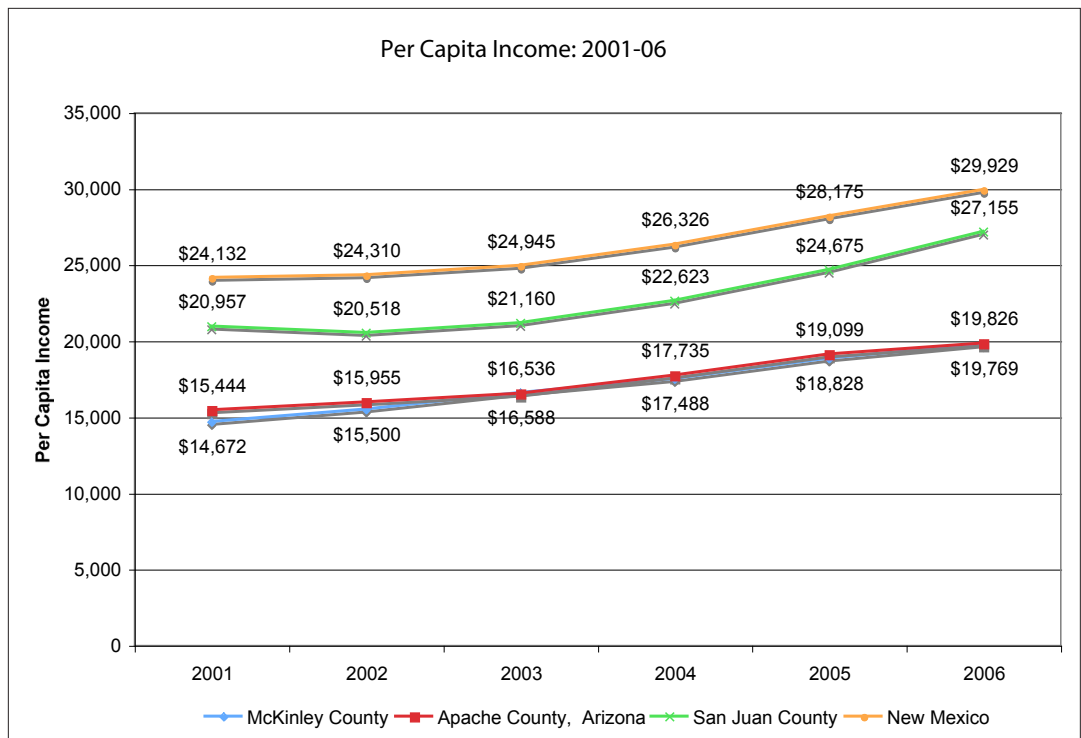
**Exhibit VII-2**  
*Per Capita Income*

Per Capita Income	Per Capita Income In 1999
Gallup	\$15,789
McKinley County	\$9,872
Farmington	\$18,167
San Juan County	\$14,282
Albuquerque	\$20,884
Bernalillo County	\$20,790
New Mexico	\$17,261
United States	\$21,587

Source: U.S. Census 2000 SF-3 (Sample Data).

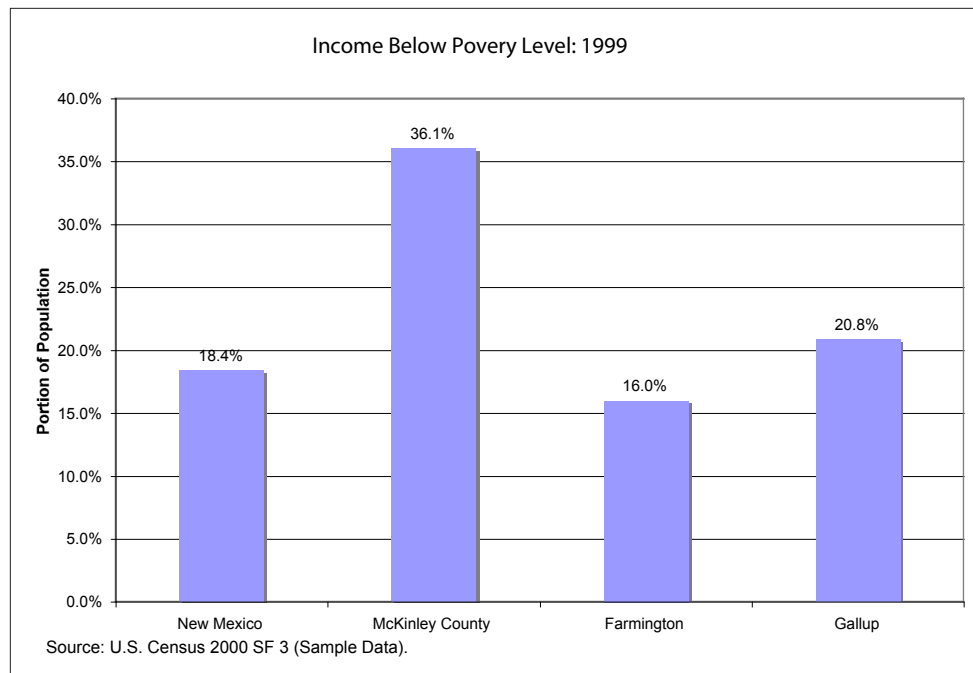
Per capita income increased in McKinley County as well as in surrounding counties and the state of New Mexico. However, McKinley County has the lowest per capita income compared to other counties.

**Exhibit VII-3**  
*Per Capita Income Comparison*



McKinley County had a higher percentage of the population with an income below the poverty level in 1999 than did the city of Gallup. The poverty level in the county was almost twice as high as for the state as a whole. In comparison, Gallup's level was only slightly higher than the state's level and somewhat higher than Farmington's.

**Exhibit VII-4**  
Income Below Poverty  
Poverty



One of the traditional measures of economic performance is the educational attainment of residents. It is expected by some analysts that the higher the proportion of the population with college degrees, the more likely the economic success of the community. Gallup had a higher portion of residents with bachelor and post-bachelor degrees than did McKinley County, San Juan County and Farmington, but lower than did Bernalillo County, Albuquerque or New Mexico as a whole. In comparison, McKinley County had a much higher percentage of persons with lower educational attainment.

**Exhibit VII-5**  
Higher Educational  
Attainment

Higher Educational Attainment of Population 25 Years and Over in 2000					
	Total Population 25 Years and Over	Population with a bachelor degree or higher		Population with an associate degree	
Gallup	11,649	2,176	18.7%	851	7.3%
McKinley County	38,988	4,265	10.9%	2,274	5.8%
Farmington	22,911	4,174	18.2%	1,644	7.2%
San Juan County	65,262	8,163	12.5%	4,362	6.7%
Albuquerque	291,485	85,754	29.4%	17,070	5.9%
Bernalillo County	358,680	100,759	28.1%	20,413	5.7%
New Mexico	1,134,801	246,717	21.7%	67,001	5.9%
United States	182,211,639	40,843,070	22.4%	11,512,833	6.3%

Source: U.S. Census 2000 SF-3 (Sample Data).

### Employment

Total employment in McKinley County grew between 1969 to 2000. The large growth in employment was during the early 1970s. Decline from 1979 to 1983 is most likely due to the closing of the uranium mines in the eastern part of the county.

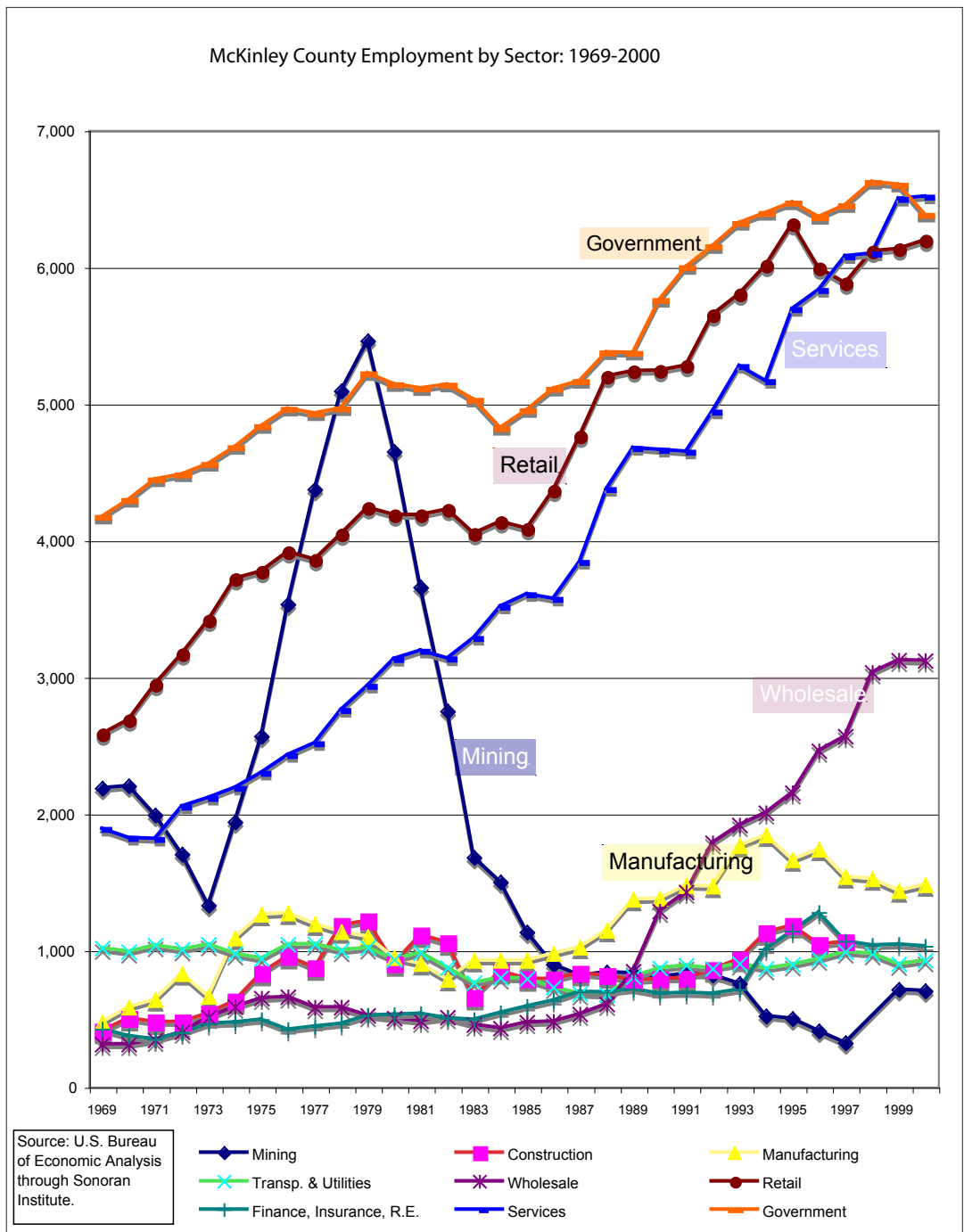
**Exhibit VII-6**  
Total County  
Employment



There are three large employment sectors in McKinley County: government, retail, and services, all of which saw high levels of growth between 1969 and 2000. After a high level of growth in the 1970s, mining employment fell sharply. It showed some signs of an upward trend in 2000. See the chart on the following page.

The employment sectors that experienced the most growth from 2000 to 2005 were manufacturing, wholesale trade, health care and social assistance, accommodation and food services, and federal government jobs. Major employment sectors that lost positions include construction, retail trade, administration and waste service and other services. While not a large employment sector, the highest percentage loss of jobs was in the military.

**Exhibit VII-7**  
 County  
 Employment by  
 Sector



There is a high concentration of total county employment in Gallup — the following table indicates that as much as 75% of counted jobs in the county are located there. For every Gallup resident, there are 1.09 employees working in Gallup. This ratio is higher than comparably sized New Mexico communities and indicates that many workers commute from outside to Gallup, truly a hub of employment in the county.

**Exhibit VII-8**  
**Employment**  
**Sectors**

McKinley County Employment Sectors	2001	2002	2003	2004	2005	Job Loss or Gain 2001 to 2005	Percent of Loss or Gain
Farm employment	287	289	283	282	288	1	0.3%
Nonfarm employment	26,626	27,357	28,202	28,766	29,037	2,411	9.1%
Private employment	19,092	19,611	20,230	20,842	21,218	2,126	11.1%
Forestry, fishing, related activities	(D)	(D)	(D)	(D)	(D)	*	*
Mining	(D)	718	(D)	(D)	(D)	*	*
Utilities	158	159	156	157	159	1	0.6%
Construction	949	892	950	1,003	916	-33	-3.5%
Manufacturing	1,463	1,619	1,499	1,583	1,616	153	10.5%
Wholesale trade	2,601	2,393	2,519	2,743	2,915	314	12.1%
Retail trade	3,850	3,942	3,892	3,754	3,734	-116	-3.0%
Transportation and warehousing	591	593	616	672	716	125	21.2%
Information	205	188	187	207	237	32	15.6%
Finance and insurance	318	373	372	395	469	151	47.5%
Real estate and rental and leasing	216	200	256	277	275	59	27.3%
Professional and technical services	(D)	(D)	433	431	442	9	2.1%
Management of companies and enterprises	(D)	(D)	31	41	53	22	71.0%
Administrative and waste services	487	478	431	444	453	-34	-7.0%
Educational services	541	544	541	560	544	3	0.6%
Health care and social assistance	2,538	2,955	3,538	3,749	3,708	1,170	46.1%
Arts, entertainment, and recreation	100	116	116	116	124	24	24.0%
Accommodation and food services	2,427	2,499	2,621	2,755	2,851	424	17.5%
Other services, except public administration	1,397	1,449	1,379	1,348	1,360	-37	-2.6%
Government and government enterprises	7,534	7,746	7,972	7,924	7,819	285	3.8%
Federal, civilian	2,381	2,421	2,558	2,609	2,599	218	9.2%
Military	244	234	225	212	194	-50	-20.5%
State and local	4,909	5,091	5,189	5,103	5,026	117	2.4%
State government	719	710	706	715	715	-4	-0.6%
Local government	4,190	4,381	4,483	4,388	4,311	121	2.9%
Total Employment	26,913	27,646	28,485	29,048	29,325	2,412	9.0%

Highest Job Creation

Highest Loss of Jobs

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.  
For Professional and technical Services and Management of Companies, the percent of loss or gain is from 2003 to 2005  
\* it is not possible to calculate loss or gain due to lack of data prior to 2005  
Source: Bureau of Economic Analysis

Gallup's Downtown has a higher proportion of total city employment than other comparably sized New Mexico communities. Unlike many other communities, Downtown continues to be a major employment center, even though many jobs are located in other centers, especially the U.S. 491 business district.

**Exhibit VII-9**  
 Comparative  
 MainStreet Area  
 Employment

Employment in Mainstreet Areas in Gallup and Similar Sized NM Cities						
	Population Total City	Main Street	Rest of City	Total City	Mainstreet Portion of Total City Employment	Total Employment Per Capita
Gallup	20,209	2,631	19,440	22,071	13.5%	1.09
Carlsbad	25,625	1,173	10,606	11,779	11.1%	0.46
Hobbs	28,657	906	17,960	18,866	5.0%	0.66
Las Vegas	14,565	2,215	4,637	6,852	47.8%	0.47
Deming	14,116	469	3,982	4,451	11.8%	0.32

Sources: U.S. Census Bureau 2000 population and Bureau of Business and Economic Research: Mainstreet Community Economic Assessments, 2004-2007.  
 Employment data for Gallup 2004 , Carlsbad 2005 , Hobbs 2005, Las Vegas 2004 and Deming 2006.

## B. Issues and Opportunities

### Hub of Commerce

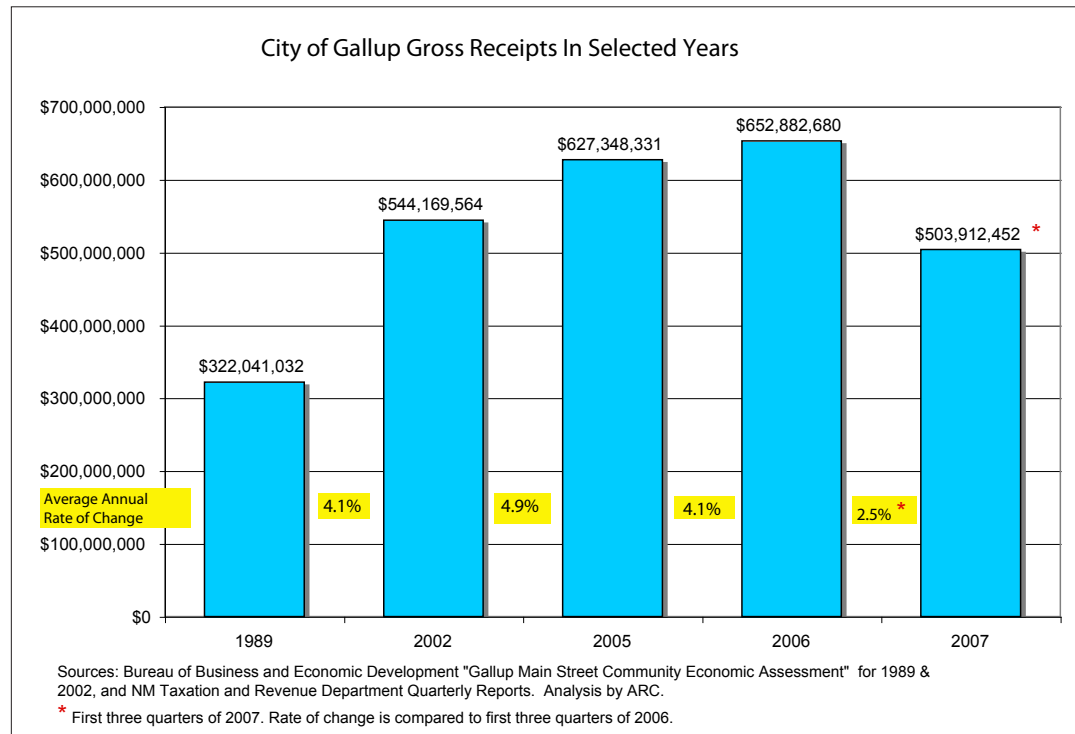
Gallup serves as a hub of commerce. Traditionally, drivers of the economy are the “Three Ts”: Trading, Travel, and Tourism. Perhaps now a fourth “T” for transportation should be added as rail joins I-40 in an increasingly important coast-to-coast system for moving both freight and people.

Due to the strong historic momentum of Gallup as a diversified trading/medical center and limited growth in competing services outside the city, Gallup is a regional trade center. In particular, Navajo and Zuni residents on nearby Reservations commute to Gallup to shop and work in the city. “The city of Gallup serves a market center for a large geographical region, encompassing McKinley, eastern Cibola, and southern San Juan Counties in New Mexico, and central Apache County in Arizona. The region encompasses a population of approximately 125,000 persons. Wal-Mart, Home Depot and other large “big box” stores anchor Gallup’s market position. (Source: Gallup Mainstreet Community Economic Assessment, BBER, 2006)

In contrast to the regional market draw of shopping in Gallup, residents of Gallup often travel to larger cities, especially Albuquerque and Phoenix, for shopping opportunities that are unavailable in the city. There are also indicators that regional market trade is being drawn away from Gallup to Farmington and other cities. Retaining Gallup’s competitiveness with other regional market centers is of critical importance to the health of the community’s economy.

The rise in gross receipts in Gallup reflects the city's role as a trade center. Growth in gross receipts over most of the years from 1989 to 2006 was 4% per year, on average. The rate of growth for the first three quarters of 2007 appears to reflect a lower rate of growth at 2.5%. It should be noted that gross receipts reported in the following chart include groceries and physicians' services, even though taxation on those activities was removed as of January 2005.

**Exhibit VII-10**  
City Gross Receipts



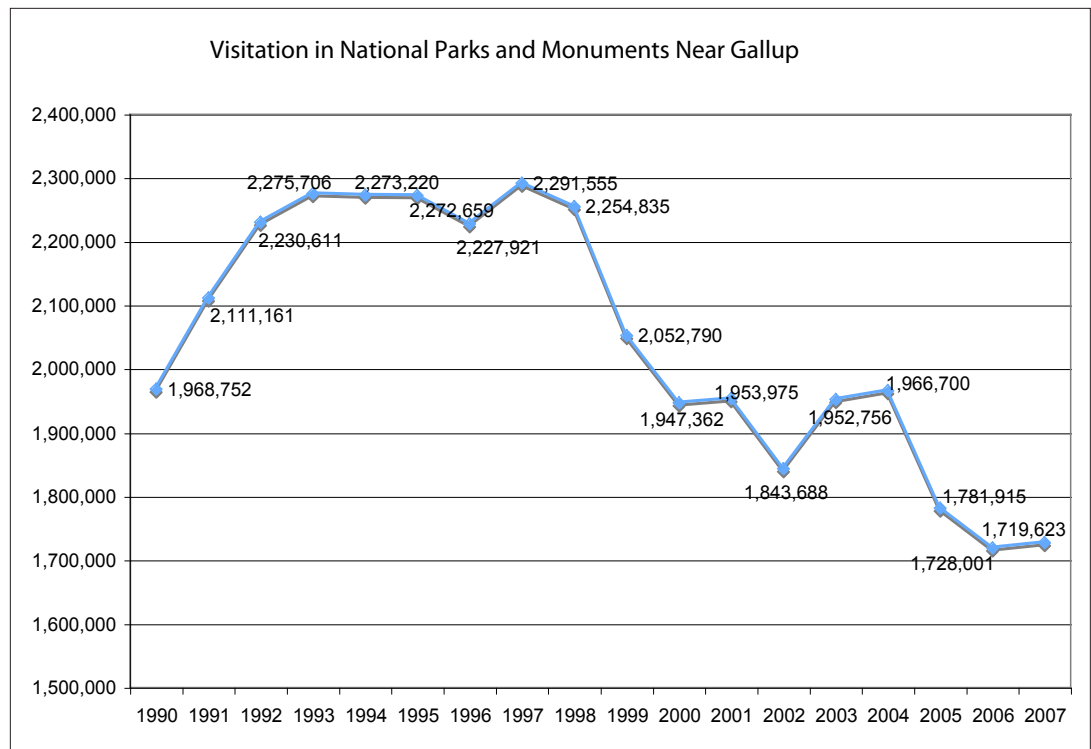
### Assessment of tourism potential

Tourism is recognized as an important component of the Gallup economy; however, it is difficult to measure its impact. Visitation at national parks and monuments near Gallup is an indicator of likely tourist visits to Gallup. Data for number of motel rooms and occupancy rate, for example, are also important, but they were not available at the time of writing. Of course, there are other attractions in and around Gallup besides the national parks and monuments, in particular, the excellent trails system.

Visitation at area national parks and monuments near Gallup has been declining in recent years. The 1990s saw a dramatic increase in visitation there, but an even more dramatic decrease occurred from the late 1990s to 2006. In total, visitation declined by 25% between the peak in 1998 to 2007. There was a slight increase in 2007. However, recent dramatic increases in the cost of fuel will likely further dampen parks and monument visitation at least in the near future.

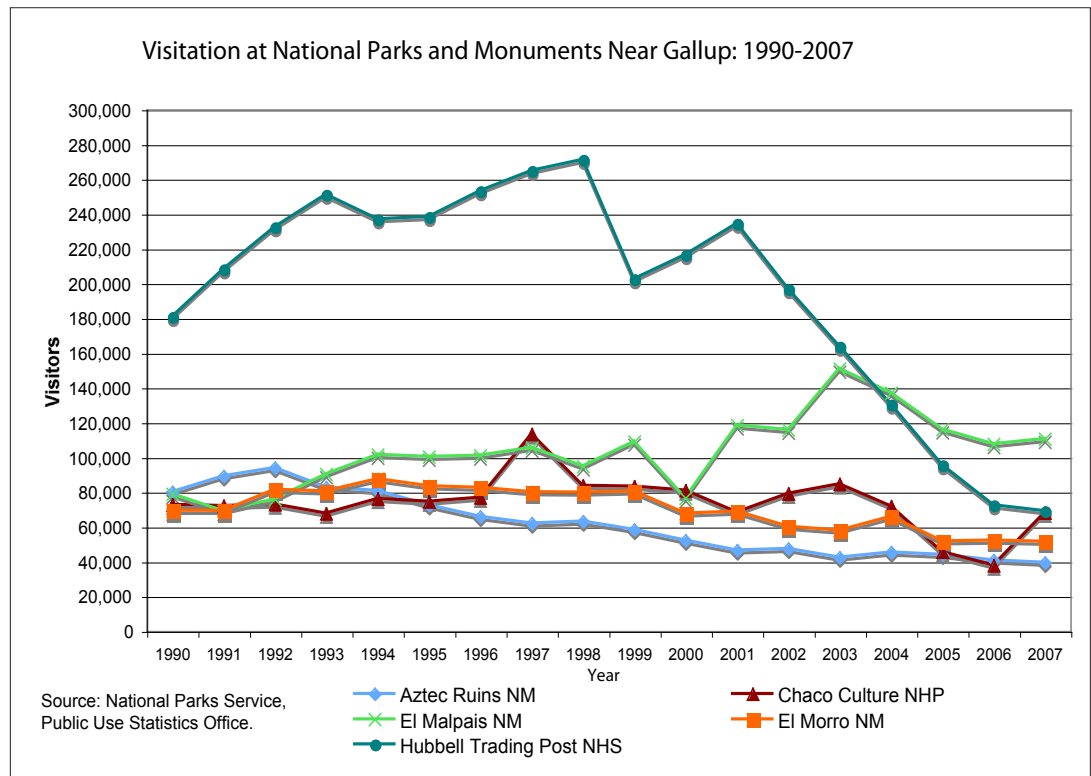


**Exhibit VII-11**  
National Parks  
and Monuments  
Visitation



Perhaps the most dramatic change was the Hubbell Trading Post, which saw a sharp decline in visitation beginning in 2001 to 2007. El Morro National Monument saw a slight increase from 2006 to 2007.

**Exhibit VII-12**  
Comparative  
National Parks  
and Monuments  
Visitation

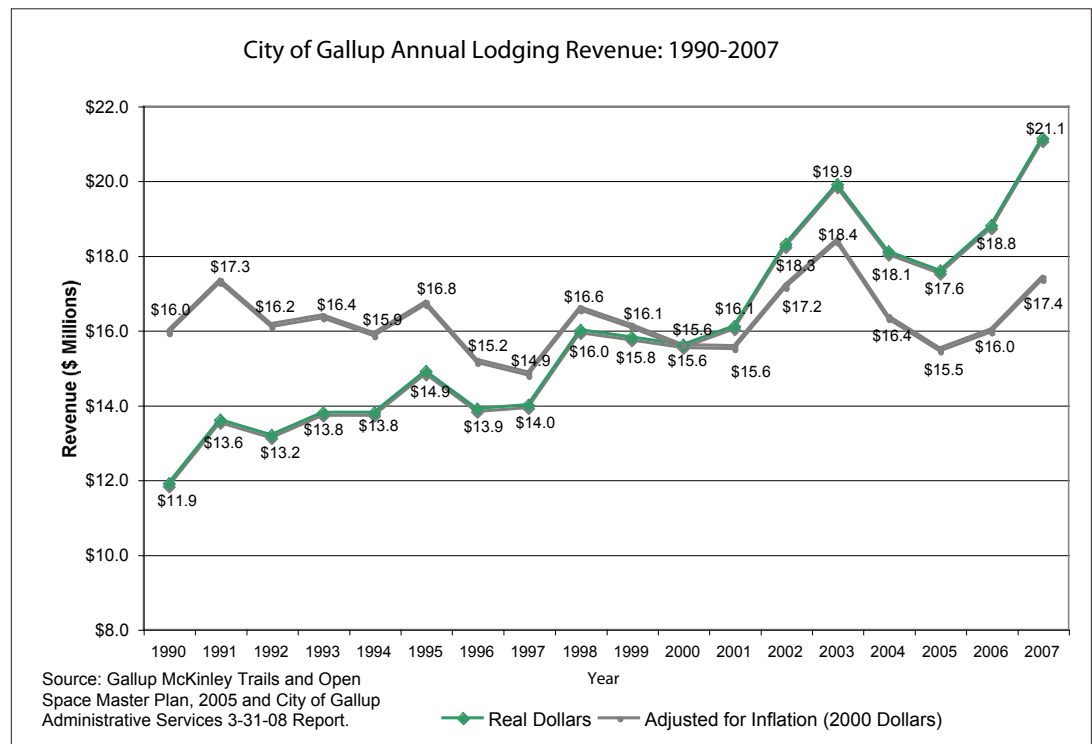


El Morro and El Malpais National Monuments brought approximately \$7,658,000 in 2005 into the local economy (Grants and Gallup areas) and supported 188 jobs locally, according to National Park Service estimates (the NPS Money Generation Model is used to calculate the economic benefits of all the national parks).

It is difficult to measure the economic impacts of tourism expenditures, since they occur at restaurants, galleries, stores, golf courses, and other places whose clientele also include local residents. One source for these data is the accommodation and food services sector, especially lodging. From 2001 to 2005, the accommodation and food services sector grew from 2,427 jobs to 2,851 jobs in McKinley County, a gain of 17.5%. A significant portion of the hotels and motels are located in Gallup.

Both lodging revenues and lodger's taxes have been rising in Gallup. After being adjusted for inflation at year 2000 dollar values, the value of revenues was not much higher in 2007 than it was in 1990. The increasing revenues from 2004 to 2007 appear to correspond to the opening of several new motels.

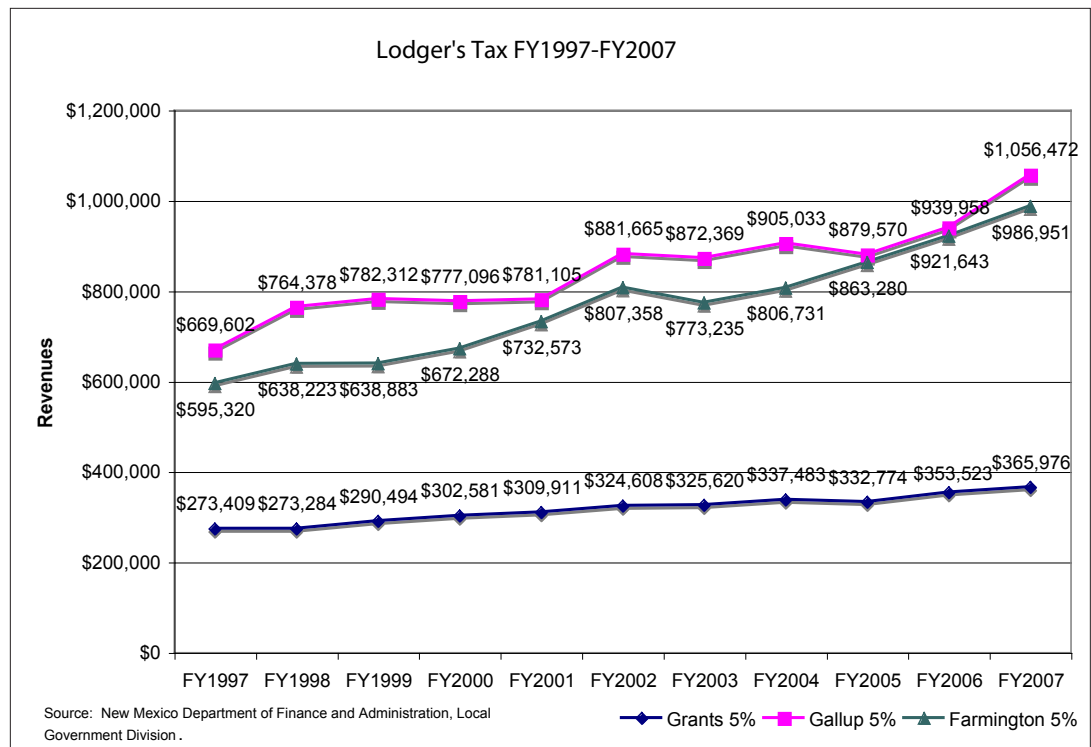
**Exhibit VII-13**  
Annual Lodging  
Revenue



Gallup collected a larger amount of lodger's tax than did Farmington or Grants, which have the same tax rate as Gallup of 5%. Tax revenues have been climbing steadily in Gallup and surpassed the \$1 million mark in FY2007.

While it is difficult to discern where travelers are coming from, it may be in the best interest of Gallup to consider methods of attracting visitors within the region as the cost of gasoline increases. As of 2007, higher gasoline prices do not seem to have affected the revenues collected by the hotel industry, but it will be important to follow the trends as higher gas prices may deter people from traveling.

**Exhibit VII-14**  
Lodger's Tax



Other tourism matters and concerns mentioned in the focus groups included:

- Need a better golf course like the one in Grants
- Gallup has a beautiful trails system that attracts a younger generation
- Wrangler Rodeo is the largest area event at Red Rock Park with 900 entries
- Ceremonial has 18,000 participants
- More events are needed
- Gallup has to be more than the Indian trading city
- The average tourist is an educated professional who desires an entertaining and enriching vacation experience

**Major Employers in Gallup**

- Gallup McKinley County Schools (2,000 employees)
- USPHS Gallup Indian Medical Center (1,000 employees\*)
- Rehoboth McKinley Christian Hospital (649 employees)
- City of Gallup (601 employees, full- and part-time\*)
- Wal-Mart (637 employees)
- Zuni Public Schools (417 employees)
- Giant Refinery and Truck Stop (389 employees)
- Pittsburgh and Midway Coal Company (380 employees)
- University of New Mexico - Gallup (242 employees)
- California Supermarkets (new owners) (240 employees)
- Bureau of Indian Affairs (210 employees)
- McKinley County (200 employees\*)

Sources: Gallup/McKinley County Chamber of Commerce, 2002 and (\*) ARC, 2005.

## Economic Sectors Targeted in Gallup

In the 1999 Gallup Growth Management Plan, diversifying the local economy was seen as an imperative.

According to the Gallup Mainstreet Community Economic Assessment:

Retail dominates Gallup's economy and is the principal destination of dollars that flow into the city. The pull factor for retail trade (actual revenues in relation to revenues expected based on communities income) is a remarkable 379% (2002). In total, retail trade draws \$272 million into the city on a net basis, offsetting net losses in all other sectors of Gallup's economy.... In addition to retail trade, highway-related businesses are an important part of Gallup's economy. Eating and drinking establishments, accommodations (hotels and motels), gasoline stations, auto rental and repair add at least \$50 million more in gross receipts on a net basis. (Source: Gallup Mainstreet Community Economic Assessment, BBER, 2006)

The principal weaknesses in Gallup are in construction, transportation, and professional and business services. Given Gallup's strategic location along I-40 and as a regional center, these weaknesses are surprising. (Source: Gallup Mainstreet Community Economic Assessment, BBER, 2006)

These weaknesses account for a leakage of approximately \$32.9 million in the Gallup economy according to the Mainstreet assessment. Areas of leakage include transportation, communications and utilities, contract construction, wholesale trade, engineering and architectural services, hospitals and health care, educational services, finance, insurance and real estate. These areas should be examined for potential business opportunities in Gallup.

Economic diversification is desired in the Gallup vicinity to create an expanding base of well-paying jobs in different sectors of the economy. The following potential business activities were identified for Gallup:

- Further diversification of **tourist and traveler offerings** is desired.
  - A **multi-purpose indoor arena** has been proposed at Red Rock Park for rodeo activities, conventions and meetings.
  - New **motels** are expected on sites near Interstate exits in Gallup.
  - A **contemporary art gallery** that includes contemporary Native American art is needed in addition to the traditional arts and crafts widely available.
  - More **restaurant chains** should be attracted to locate in Gallup since a referendum passed allowing Sunday liquor sales.
- **Warehousing** should be targeted for both I-40 truck traffic and the Burlington and Northern tracks for rail freight service.
- The **flea market** on North Ninth Street just outside the city has grown into a major draw for local residents. The operation might benefit from improvements such as changes to the traffic flow, an entrance, permanent buildings, landscaping and perhaps paved parking. A feasibility study and site design may be most appropriate to determine appropriate investments.
- A megawatt **photovoltaic plant** has been proposed to supply Gallup with electric power. This project would create employment and hopefully attract

other alternative energy companies interested in manufacturing solar or other environmentally friendly products. Two potential sites are being examined and local support has been actively sought for the project.

- **Industrial development** in several sectors is highly desired in the area.
  - One recent development is the extension of the railroad siding east of Ninth Street to a site for transporting sand and gravel.
  - There are also plans to create warehousing for agricultural produce from Navajo Irrigation Products Industries south of Farmington.
  - The Gamarco Industrial Park northwest of Gallup is a large tract of land in a remote location served by a rail siding. It contains prime sites for major industrial development in the Gallup vicinity.
- Since Gallup has a relatively large proportion of residents with higher education degrees, opportunities should be sought for expanded or new **professional and high-technology businesses** that serve the large regional trade area as well as outside the area.

Gallup should be strategically prepared to promote and assist (as appropriate) large or small business opportunities, whether they are expansions of existing businesses or new businesses.

### **Inventory of Land Available for Industrial Development**

The city promotes the use of designated land areas for expanding or new employment-generating industrial and commercial activities. Some of the sites identified include: the Gallup-McKinley County Airport, the Industrial Park at the west edge of Gallup and the industrially zoned properties along the railroad spur adjacent to Ninth Street on the city's north side. As mentioned above, the Gamarco Industrial Park west of town is another site with strong potential. These properties should be marketed aggressively to create a stronger local job base. A ten-year inventory for industrial growth is advocated which, roughly translated, equals 100 to 200 acres.

### **Industrial Development Experiences**

Gallup went through a difficult experience when Green Rubber approached the city with a proposed tire recycling plant. The city and McKinley County each contributed \$500,000 to build the plant, the state committed \$2.9 million from discretionary funds and the city provided land, as well. The promise of 150 new jobs paying \$15 an hour was predicted to add as much as \$2 million to Gallup's payroll. Unfortunately, the project did not materialize when expected state funding did not come through. There was also skepticism about the tire-recycling technology.

In the future, Gallup should investigate any industries considering location in the city, especially those that promote alternative technologies that have not yet been fully tested or made fully operational. Gallup should not bypass the possibility of a unique opportunity for the city.

### **Water Issues**

It is no surprise in this semi-arid region that water is in short supply for all uses

including commercial and industrial use. Regional water planning is critical to further economic development in Gallup and the surrounding area. The Navajo-Gallup Water Supply Project may bring needed water to the city and the Navajo Nation. Other actions including multiple surface water projects, water reuse, and water conservation policies as outlined in the *Region 6 Water Plan* should be implemented.

Gallup should seek businesses and industries that use minimum amounts of water in their operations.

### **Local Economic Development Act**

Gallup is one of 64 communities in New Mexico that has passed a Local Economic Development Act (LEDA) ordinance. With an adopted economic development plan, LEDA permits a local government an avenue to finance certain types of economic development projects. The projects may include the purchase of land, buildings, and infrastructure defined by the local economic development plan. The economic development projects may be financed by the following two methods:

- Through 5% of the general fund of a municipality or county
- By increasing the local gross receipts tax up to 1/8 of 1%

Limitations through LEDA on types of eligible economic development projects appear to render its use less valuable.

### **Organizing Public-Private Economic Development Functions**

Coordination of multiple agencies is needed to lead economic development efforts. Differing functions most likely dictate that several organizations will always exist in Gallup. For example, the Chamber of Commerce provides valuable functions for mainly member merchants and business persons. Local and regional tourism may be promoted most effectively by a separate agency.

Collaboration between the city of Gallup and McKinley County is most appropriate, due to their common interests and improved chances of success through pooling of resources.

Recruitment of new businesses or expansion of existing businesses is a function that has been provided in many communities by a city staff member or office. The advantages of a city economic development office include direct authority for the city to create a staff position and retain accountability for positive results. The city would be able to direct economic development staff to fully cooperate with or take responsibility for collaborative tasks with the county and other agencies. Alternately, the concept of a separate economic development and tourism office outside city government should be considered. Such an office may be better able to create consistency of administration that would not be subject to political changes. The office would need local funding, preferably from both the city and county, but would be allowed to operate somewhat independently. The Downtown Action Team in Albuquerque is an example of an independent group that was more

successful after it separated from the city.

### **Economic Development Incentives**

- Gallup needs a toolkit of incentives to attract economic development.
- Incentive programs of similarly sized cities should be evaluated to consider modeling their efforts.
- Gallup's assets should be publicized on a Web site.
- Existing and any future incentives available for business development should be clearly and prominently promoted.
- Outside businesses considering location in Gallup are likely to inquire about available utility incentives. If there are none, some businesses may not be interested in locating in the community.

### **Funding Opportunities**

Federal, state and regional funding resources and technical assistance may be available to the city of Gallup.

Sources for grant and loan funding, as well as technical assistance, include:

- **Community Development Block Grant** through the U.S. Department of Housing and Urban Development and administered by the New Mexico Local Government Division, Community Development Bureau. Assists municipalities and counties in obtaining federal CDBG funds to address local community development needs such as infrastructure, public buildings, housing rehabilitation, economic development, planning and other critical projects.
- **Job Training Incentive Program**, through the New Mexico Economic Development Department, funds classroom and on-the-job-training for up to six months for newly created jobs in expanding or relocating businesses. The program reimburses 50% to 70% of employee wages and required travel expenses. Custom training at a New Mexico public educational institution may also be covered.
- **High Wage Jobs Tax Credit** is a program administered through the New Mexico Economic Development Department. For four years, a credit to an employer of 10% of the wages and benefits for each new economic-base job created. Employers must have more than 50% of sales outside New Mexico and jobs must pay a minimum of \$28,000 a year in communities with less than 40,000 people. Jobs must be created before July 1, 2009 and occupied for at least 48 weeks by the employee.
- **Rural Jobs Tax Credit** is a program administered through the New Mexico Economic Development Department. For each new qualifying job created, the amount of credit that may be earned in a "tier two" community such as Gallup is 12.5% of the first \$16,000 in wages paid, to be claimed in installments of 6.25% per year (a maximum annual credit of \$1,000 per job) for two years.
- **Community Development Revolving Loan Fund** through the New Mexico Department of Economic Development provides loans for projects that stimulate job creation and may be used for infrastructure improvements, property acquisition, building construction and rehabilitation, and public facilities. Maximum loan amount is \$250,000 per project.

- **Industrial Revenue Bonds** are loans from a bond purchaser to a company through a governmental issuer (such as the county). Instead of purchasing a facility directly, a company enters into a lease with the issuer. The company repays the government issuer and agrees to purchase the facility at the end of the lease at a nominal cost.
- **Community Development Incentive Act:** Communities may exempt a business from local property taxes for up to 20 years. The business is still responsible for state property taxes. This program is designed to give communities a financing tool for projects which may be too small to warrant the expenses associated with industrial revenue bond financing.
- **Loans** for infrastructure and housing are available through the U.S. Department of Agriculture – Rural Development (formerly Farmers Home Administration).
- **Business and Industry Guaranteed Loans** are provided through USDA Rural Development. Loans are available to a cooperative organization, corporation, partnership, or other legal entity organized and operated on a profit or nonprofit basis; an Indian tribe on a federal or state reservation or other federally recognized tribal group; a public body; or an individual. A borrower must be engaged in or proposing to engage in a business that will provide employment, improve the economic or environmental climate, promote the conservation, development, and use of water for aquaculture or reduce reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems and other renewable energy systems. Maximum loan amount is \$10 million.
- **Rural Business Enterprise Grants Program** is administered by USDA Rural Development. The RBEG program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses, help fund distance learning networks, and help fund employment-related adult education programs. There is no maximum level of funding; however, smaller projects are given higher priority. Rural communities, tribes, and private non-profit corporations are eligible to apply.
- **National Park Service Historic Preservation Tax Incentive.** Tax incentives are available to property owners undertaking restoration of older properties. A 20% tax credit is available for rehabilitation of a certified historic structure. Eligible properties include commercial, industrial, agricultural, and rental residential, but not for an owner's private resident. A 10% tax credit is available for the rehabilitation of non-historic properties built before 1936. Only non-residential properties are eligible for these credits.
- **State of New Mexico Investment Tax Credit** is available to owners of historic structures for rehabilitation of a structure or stabilization or protection of an archaeological site. The maximum credit is 50% of eligible costs of the approved rehabilitation or \$25,000 (50% of project maximum) or five years of tax liability, whichever is least. The credit is applied against New Mexico income taxes owed in the year the project is completed and the balance may be carried forward for up to four additional years.
- **New Mexico Local Economic Development Act** enables local governments to market property to for-profit companies without violation of the anti-donation clause.
- **Small Business Administration (SBA)** is designed to help business owners and



entrepreneurs solve problems and locate key public and private organizations and individuals. The Albuquerque office offers counseling and assists several hundred businesses each year by providing financial assistance through the 7(a) and 504 programs. Working through their local banks, borrowers can obtain SBA guarantees on their loans.

## **Regional Economic Development**

### ***Mining***

- Pittsburg and Midway coal mine has virtually shut down
- Oil and gas wells in McKinley County produce small volumes and generate few jobs compared to the big producing counties in the San Juan and Permian Basins.
- Most operating mines are in eastern McKinley County.
  - The employment base is in Grants.
- Some people from Gallup stay in Grants to work in the mines.
- Miners spend their paychecks in Grants and Gallup.
- Uranium mining: Churchrock is a likely location as mines are on fee land.
- What is good for the county is good for the city and vice versa.

### ***Fire Rock Navajo Casino***

In the spring of 2008, the Navajo Nation approved a loan package from the Navajo Nation's own Land Acquisition Trust Fund. The Navajo Nation Gaming Enterprise, which is operating the casino, will pay the loan back from gaming revenues at 11% interest. The casino will be an approximately 27,000-square-foot sprung structure-style building, to be built along Interstate 40.

The Fire Rock Casino opened in November, 2008 featuring slot machines, table games, a poker room, a 406-person capacity bingo hall, a restaurant and two fast food options. The casino has a total capacity of 2,800 people. (Source: *Gallup Independent*, November 17, 2008)

- The casino will provide employment in the area, an estimated 200 jobs.
- A permanent casino was to be built at Manuelito, but now the Navajo Nation is considering keeping it in Churchrock or moving it to a section of tribal land north and east of Gallup.
- Gallup operates Red Rock Park in Churchrock, so perhaps the casino and the park will complement each other.
- The location must be on trust land.
- An I-40 interchange was approved for Churchrock/Red Rock Park, but the Navajo Nation was unwilling to give up sovereignty on land to be used for drainage and the problem was put on hold.
- The project may move forward now if sovereignty issues can be resolved.
- The city of Gallup provides utilities to the casino, not the Navajo Nation.
- While the casino may be seen as negative to Gallup's economy, people need to accept the fact that it is coming, and prepare for it.
- There is a hope that a Navajo casino near Gallup will not affect spending on food and drink in Gallup. According to a study prepared by Economic Research Associates, San Diego County did not experience a decline in spending on food

and drink after casinos opened.

- In some communities with casinos, the added casino entertainment venue was an asset to the community upon which it could build other economic activities. Some casinos have even developed into new “town centers.”

### ***Indian Health Service Hospital***

It is clear that the impact on the local economy from either a major expansion or a major retraction in the size of the Indian Health Service or Rehoboth-McKinley hospital would be significant. Fortunately, the Gallup Indian Medical Center has a large patient base and specialties not matched by other nearby institutions. Plans have been in the works to build a larger replacement hospital in Gallup. However, the availability of funds, timing for construction, and siting remain uncertain. Reportedly, the IHS has begun to ask for medical insurance from Native Americans. There is concern that this policy could impact the quality of health care and actually reduce the size of operations of the hospital.

## **C. Goal, Objectives and Policies**

**Goal: Encourage economic expansion by utilizing human resources and skills within the community**

### **1. Promote workforce development, education and training**

- a. Actively promote the development of local residents’ knowledge and skills that qualify them for jobs in existing or targeted employment sectors.
- b. Develop and pursue best practices in education and training programs.
- c. Engage all local educational institutions to meet the challenge of achieving educational excellence as a primary foundation of a competitive workforce.
- d. Provide small business training programs.

### **2. Develop methods to support retention and recruitment of businesses creating well-paying jobs in Gallup**

- a. Develop a toolkit of incentives to attract businesses.
- b. Create opportunities and incentives to locate in Gallup for businesses such as engineering and architectural services, health care providers, educational services, finance, insurance and real estate services.
- c. Develop a “Gallup brand,” similar to that of Santa Fé (“The City Different”) and Roswell (home of the UFOs).
- d. Examine the loss of revenues in construction, transportation, professional and business services, and implement a plan to reinvigorate and/or replace economic activity in those sectors.
- e. Support and encourage expansion of existing small businesses.
- f. List and promote available sites or special target areas.
- g. Recognize attractive local business growth with environmental awards.

- 3. Create an independent economic development organization, separate from city government**
  - a. Assess the need or structure for such an organization after a period of efforts led by the City Economic Development Director.
  - b. As part of the growth management master plan implementation team effort, consider and provide a recommendation to the city and county for a multi-jurisdictional model for an economic development organization.
  
- 4. Develop a diversified economic base**
  - a. Encourage a variety of shopping choices, including pedestrian-friendly retail centers.
    - Promote building, access and streetscape improvements to regional and secondary centers that will retain Gallup's competitiveness for regional and local trade.
  - b. Make strategic economic development choices, realizing the community has limited expansion room and water resources.
  - c. Promote local recreation venues such as mountain biking and support services.
  - d. Create more technical and skilled positions.
  - e. Develop local skilled trades, particularly in construction.
  - f. Coordinate between employers and the workforce for training, transport, and housing opportunities.
  - g. Consult with prospective employers to determine skill needs.
  - h. Promote arts, crafts and local cottage industries.
  - i. Realize growth of home-based business.
  
- 5. Continue to improve tourist attractions and accommodations**
  - a. Promote local recreation venues, i.e., mountain biking, hiking, rock climbing, etc., and associated services.
  - b. Cooperate with the Navajo Nation in joint tourism and services for the Fire Rock Casino, especially in the promotion of events at nearby Red Rock State Park.
  - c. Advocate use of varied marketing approaches to advertise tourism destinations.
  - d. Promote the arts and cultural events; advertise Gallup's art world prominence.
  
- 6. Seek to grow and expand "green economy" businesses and industries**
  - a. Assess the potential for alternative energy industries, including solar applications.
  - b. Seek business and industry that uses minimum amounts of water in their operations.

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