



Map of  
NEW MEXICO  
Showing  
DISTRICTS  
AND  
INCORPORATED MUNICIPALITIES

NEW MEXICOSTATE HIGHWAY  
AND  
TRANSPORTATION DEPARTMENT  
TRANSPORTATION PLANNING DIVISION  
REGIONAL PLANNING SECTION  
2010

# EXECUTIVE SUMMARY

## *Tough News*

As we prepare to enter the second decade of the 21<sup>st</sup> century, and as we embark on the next 5-year program of economic development in the Northwest New Mexico region, we find ourselves in the midst of a global and national economic crisis – reflected in a recession that has seen unprecedented job losses in most sectors of the economy.

Viewed from a distance, our region has been affected by this economic downturn, but the overall statistics show us “holding our own.” By late 2008 and early 2009, we could see, as a local businessman put it, “We’re slowing down, but we’re not tanking.” There have been some fluctuations in gross receipts, but they have remained fairly robust. Unemployment is up, but not radically. At the same time, however, the struggle appears to be deepening for the most vulnerable of our citizens (about one in four households remain in poverty), with pockets of poverty reflecting unemployment well over 50%, low levels of household income and extremely low attainment of economic assets. A Gallup trader noted, “When the gas prices go up, some of us feel the inconvenience; but for a lot of my friends and customers from the Reservation, it’s more serious. It’s a question of gas for the car, or food for the table.”

Changes in the national and global economy are affecting the “staples” and economic drivers of our regional economy. Environmental regulations and fluctuating commodity prices have caused oil and gas companies in San Juan County to pull back, lay off and re-consider their market position. Historically prominent activities in the energy industry involving coal and uranium mining and power generation are likewise affected, with heightened public, governmental and scientific concern over environmental impacts. National trends suggest that economic uncertainties and the prospect of rising gas prices may begin to stem the flow of visitors to the region’s tourist venues and events.

Our regional workforce reflects a dichotomy between high availability (a workforce of some 100,000 strong) and spotty employability and educational attainment. While employment rates in the cities are close to state and national averages, job seekers in rural communities are often left out of the mix. Employers throughout the region bemoan applicants’ lack of basic employability skills, as well as lack of technical knowledge and experience. Schools and workforce programs are being asked to re-tool and re-focus, to ensure that we have the human resources needed for a viable economy in the coming generations.

Local and state governments are experiencing new budget shortfalls, and the federal budget is under extreme stress – though temporarily buffered by huge levels of debt-driven public investment in projects all over the country under the American Recovery and Reinvestment Act (ARRA). The Highway Trust Fund, having received the first of the notorious 2008 bailouts, is “bouncing on empty,” and the demands of the nation’s transportation infrastructure – even for maintaining and upgrading existing facilities, much less new development – far exceed the resources that can even be imagined at this point.

## *Better News*

At the same time ... our region is resilient and resourceful. There are assets to build upon, resources to develop, opportunities to be tapped and new partnerships to be forged.

Northwest New Mexico's top economic sectors (Retail, Health Care & Social Assistance, Energy, Tourism and Construction) have been stable in these first years of the new century, showing less than 2 percent change in any sector over the past 7 years.

Job growth has been very positive: between 2001 and 2007 our population only grew 2%, while our labor market grew by nearly 15%. The region has actually added an average of 1,500 new jobs to the economy each year.

During the previous 5-year CEDS period (2004-2008), regional gross receipts grew by more than 50%. More recently, the region's annual gross receipts grew by 11% between 2007 and 2008, reaching over \$12 billion in 2008. Even with the majority of the region's lands being under some kind of public ownership, and with strong governmental presence, the private sector is surprisingly strong and prominent, with 3 out of every 4 jobs being provided in the private sector.

The region's 100,000-member workforce represents a human resource asset, including several thousand people who are out of work and need steady employment. Skill levels vary, but there are niches in which the region's workforce has particular potential – including various iterations of Native American arts and crafts production, component assembly, retail services and construction labor. The WorkKeys program of skill testing and training represents an important tool for potential use by communities and institutions to identify existing employable skill sets, as well as needs for focused educational and training services.

The region evinces a high degree of entrepreneurial spirit. Much of this spirit resides in microenterprise or in the "informal economy," and so the challenge will be to reach out and tap this spirit and to provide educational opportunities, market linkages, technical support and access to capital.

There are substantial economic assets on which the region can build: a historically strong energy industry; a well-developed tourism industry, tapping the region's scenic beauty, world heritage sites and unique opportunities for outdoor recreation; our downtowns – and a commitment to their revitalization at the core of our cities, towns and villages; major national, state and regional transportation corridors and facilities; and a strong health care industry.

The spirit and practice of partnership are also growing, with emerging collaborations and coalitions being formed around a variety of social and economic issues and initiatives. These include new opportunities for cooperation between tribal and non-tribal entities, such as in the COG's *Native American Economic Development Investment Strategy* (NAEDIS), which is working to build portfolios of investment-ready projects to attract public and private funding.

## *So What?*

The Comprehensive Economic Development Strategy will serve as an effective guide for action to the extent that it provides for strategies and projects that build upon the region's strengths and opportunities, while addressing the problems, challenges and weaknesses that need to be overcome. These strategies need to be marshaled toward achievement of meaningful outcomes, which along the way can be monitored, documented and reported out – both within the region and to our funders, investors, supporters and champions in local, state and federal government, as well as in the private sector. The overall outcomes toward which all initiatives will be geared have been shaped as:

- JOBS:** Create a net gain of 5,000 jobs.
- INCOME:** Increased per capita and household income.
- POVERTY REDUCTION:** Decrease the percent of people living in poverty.
- DIVERSIFICATION:** Maintain diversity in the regional economy.
- EDUCATION:** Increase educational attainment.

Taking into account the foregoing analysis, the following strategic goals and objectives that have emerged for this new 5-year CEDS:

- Goal #1 STRONG SECTORS:** Remain strong in our five key economic sectors.
  - Objective 1.1: RETAIL:** Retain and expand our retail businesses.
  - Objective 1.2: HEALTH CARE & SOCIAL ASSISTANCE:** Retain and expand health care and social assistance infrastructure.
  - Objective 1.3: ENERGY:** Sustain our energy sector with new initiatives.
  - Objective 1.4: TOURISM:** Collaborate on regional tourism initiatives.
  - Objective 1.5: CONSTRUCTION:** Retain and expand our construction industry.
- Goal #2 DIVERSIFICATION:** Improve our competitive position by increasing diversification of the economy.
  - Objective 2.1: DOWNTOWNS:** Work toward vibrant and prosperous downtowns.
  - Objective 2.2: AGRICULTURE:** Expand agriculture initiatives.
  - Objective 2.3: MANUFACTURING:** Expand our manufacturing industry.
  - Objective 2.4: TRANSPORTATION:** Expand transportation and warehousing options.
- Goal #3 REGIONAL INNOVATION:** Increase our capacity for regional cooperative innovation.
  - Objective 3.1: ORGANIZATION:** Improve our organizational infrastructure.
  - Objective 3.2: WORKFORCE:** Improve education and workforce development.
  - Objective 3.3: BEST PRACTICES:** Research and implement best practices in economic development.

## *Now What?*

The current CEDS document takes a relatively broad-brush approach to strategies and actions being recommended for implementation throughout the region across the 2009-2014 timeframe. An implementation program has been sketched out, but it will need to be further articulated, with actions being more rigorously prioritized and organized along a timeline.

The compendium of projects and initiatives (catalogued in Section V of this CEDS plan) was generated and compiled based on innumerable conversations with planners, stakeholders and partners throughout the region. Preliminarily, some of the projects have risen to the top as “vital projects” based on their potential to make a difference in the region, and/or on their readiness to implement.

To deepen CEDS Implementation planning, the COG will coordinate a “Readiness Triage Process” over the course of Summer 2009, during which time all of the recommended projects and initiatives will be subjected to a more systematic screening process. This will include rating and ranking projects based on both “significance” and “readiness” criteria. These initiatives will also be categorized based on the availability of “champions,” or lead agencies that have signed up to take on primary responsibility for implementing and reporting on respective projects.

In Fall 2009, the COG will convene and facilitate the “Fall Forum” to which stakeholders, partners and representatives of local governments will be invited, at which time the CEDS Implementation Program will be considered in greater detail. The Forum will feature presentations on the results of the “Readiness Triage” process, update economic trend data, reports from project champions on initiatives underway and other discussions pertinent to launching an effective and collaborative Implementation process.

The Council of Governments will serve as coordinator, ombudsman and “CEDS network” communicator throughout the course of the 5-year CEDS implementation process. This will include completion of the COG’s re-built website and its use as a primary communication tool. COG staff will directly work on selected projects and initiatives contained within the Strategy, while serving as monitor, data collector and resource-linker on the many other initiatives being worked on by stakeholders and partners throughout the region. As projects achieve “investment ready” status, the COG will collaborate with project champions on formulating funding strategies, including preparation of applications for public works and other funding from the Economic Development Administration.

The COG looks forward to a robust, innovative and productive five years of economic development work in Northwest New Mexico.