



Review of Existing Economic Development Efforts

Farmington, New Mexico, and by extension the greater Four Corners region, is ready and prepared for an economic overhaul. Recently, at the [Four Corners Future Forum](#), a broad coalition of community, tribal, and economic leaders demonstrated enthusiasm for diversifying the region's economy. With the upcoming power generating station and mine closures, the community is extremely aware that a multi-pronged, widespread economic development push will be needed in order for the region to thrive in the future. A consortium of economic development agencies from New Mexico, Arizona, Utah, and Colorado have banded together to share resources and data in order to promote efficient and swift economic growth for the community.

This report details the economic development measures already underway in Farmington and the greater Four Corners area. Some of this information was disseminated to conference attendees in a report, and some was gathered by Public Land Solutions (PLS) during stakeholder interviews and research.

Background: Four Corners Energy

For decades, energy has been the main economic driver in the Four Corners region. The San Juan Basin is the second-largest natural gas field in the United States in terms of proven reserves; over 40,000 wells have been drilled in the basin. Starting in 1963, the region began mining coal and building power plants to serve the immense energy needs of cities like Los Angeles, Phoenix, and Albuquerque. Several power plants were constructed on Native American land, mainly in the Navajo Nation. However, at that time, many homes on the reservations themselves would be without power; tribes received minimal royalties for their deposits of coal (the Council of Energy Resource Tribes, developed in 1975, ensured tribes began to own and develop their own energy resources). Later on, the operating budgets of many tribes depended heavily on coal, which also created thousands of high-paying jobs for Tribal and non-Tribal members. Some tribal interests have become sophisticated and wealthy in the energy development sector.

The slated 2022 closure of the San Juan Generating Station, as well as the Cholla Power Plant in 2025 and Navajo Generating Station in 2019, creates urgency for the energy sector to pivot and for local communities to find new jobs. Several mines are also scheduled to close, adding to the region's economic uncertainty. Each closure represents the loss of hundreds of jobs in the local communities, which is particularly worrisome in rural locations where alternative employment opportunities are scarce.

In addition, the downfall of oil prices, culminating in prices of \$27 a barrel in 2016 before settling to around \$50 a barrel currently, has devastated the region's economy. Drilling companies are leaving the area, and plants are shutting down, due to the current cycle being the longest period of declining investment in nearly half a century. While prices show some signs of

stabilization, the need to develop other industries in the region is clear. What follows is a review of recent and/or on-going economic development efforts in the Farmington/Four Corners region.

The POWER Report

In February 2017 the Portland, Oregon-based firm Highland Economics LLC [released](#) a report titled “Regional Economic Assessment & Strategy for the Coal-Impacted Four Corners Region.” The report details an economic study focusing on the three counties most heavily impacted by the coal industry—San Juan, Cibola, and McKinley Counties. Known as the POWER report (part of the larger [POWER Initiative](#)), the document details the downturn in the three aforementioned counties. The report captures several key opportunities for economic diversification in the region, including tourism, and later outdoor recreation was added. The report gives examples of other economic planning in communities in the US and other countries, including other coal communities. Some strategies listed in the report include investing in entrepreneurs and business development; improving educational opportunities; investing in critical infrastructure; leveraging natural and cultural assets; and building leadership skills.

New Mexico Initiatives

There are a number of economic initiatives taking shape in New Mexico, and the Farmington area specifically. These ideas include building a [connection](#) from the Burlington-Northern Santa Fe (BNSF) Transcontinental Railway to San Juan County, NM, and developing a freight rail industry to export coal and other products. The addition of freight rail as a transportation option could reduce costs for businesses as well as tribal and government entities. The proposal is in the early development stages, according to the Four Corners Economic Development. Rail connection can lower shipping costs and incentivize new investment in the region.

The Greater Gallup Economic Development Corporation has partnered with an investor and developer Gallup Land Partners to develop the [Gallup Energy Logistics Park](#), LL (GELP), which will be located directly adjacent to the city of Gallup, NM. The project is a rail-served industrial park, targeting the light manufacturing, storage, transloading, and logistics industries of Northwest New Mexico. Phase I of the project was completed earlier this year. The site has also been designated a “Certified Site” by BNSF for locating employers, which has potential to attract businesses in the future.

Northwest New Mexico’s Comprehensive Economic Development Strategy (CEDS) [plan](#) identifies several opportunities, including training a local workforce in uranium cleanup and construction and operation of the [Navajo-Gallup Water Supply Project](#). This project works to establish a sustainable water supply for the Northwest New Mexico region, which includes 43 Navajo communities, a portion of the Jicarilla Apache Nation, and the city of Gallup and its unincorporated areas. This project is seen as crucial to future development in the Northwest New Mexico region. The lack of reliable water is a barrier to significant development in the area.

The tourism industry in the region, including cultural and adventure tourism, eco-tourism, heritage tourism, hospitality, and accommodation services, outdoor attractions and services, and outdoor recreation equipment manufacturing, is considered to be a promising area of

development. The designation of the Four Corners as a [geotourism](#) site by *National Geographic* is a significant marketing tool for the region, and it attracts many visitors to the area. Through this designation, regional partners created a map guide highlighting natural, historical, and cultural assets in the area.

A variety of tourism plans and initiatives are already underway in the region, including the Ancient Way Arts [Trail](#), the Trail of the Ancients Scenic [Byway](#), Adventure Gallup & [Beyond](#), the Cebolleta and Cubero Land Grant initiative, and the City of Gallup's tourism strategy organized under the Gallup-McKinley County Chamber of Commerce and in strong affiliation with the State of New Mexico's branding program, [New Mexico True](#). In addition, the Native American arts and culture sector creates an opportunity to merge cultural tourism and retail. The Native American Economic Development Investment Strategy (NAEDIS) "New Mexico Creates" [program](#) (page I-9) promotes local artists and creators by implementing an artisan-to-market model via five museum gift shop locations and an online store.

Work in the downtown core of Farmington and other municipalities in the region also are being discussed. Planning efforts in Farmington are underway under the Farmington Metropolitan Redevelopment Area ([MRA](#)).

Other economic opportunities and observations discussed include:

- Possibilities for continued work in the coal economy
- The need to start with the most easily achievable initiatives first
- Using Utah's tourism campaigns as an example
- The desire of local communities to continue to bolster and insulate the exiting industry
- The importance of educating communities about the POWER Report
- Garnering support from the State of New Mexico
- Supporting the deliberations of the La Plata

Navajo Nation

The Navajo Nation also is studying and implementing economic development initiatives around the closure of the San Juan Generating Station and associated coal mines. The project, which is being [sponsored](#) by Navajo Economic Development Strategies and will include a strategic planning process in an effort to "increase economic resiliency," an analysis of the impacts of the mine closures, and recommendations for moving forward.

As part of this work, a public meeting was held in Farmington on December 12 (attended by PLS). Presenting at the meeting was [ETD](#), a project management firm hired to complete an evaluation of where economic development in the Nation stands now, what the barriers are, and give recommendations for going forward. The Economic Collaborative of Northern Arizona also participated in the meeting.

ETD's analysis focused on a 50-mile radius around each of the site closures: Kayenta Mine, NGS, and the Navajo Generating Station. The firm identified eight areas for the Nation to focus on in future economic development:

- **Enhancing Tourism.** This includes integrating visitors into the “Grand Circle” of national parks in the region, highlighting crossing roads as scenic byways, and developing a smartphone app so visitors can know where tourism amenities are on/adjacent to the reservation.
- **Expanding Agriculture and Water Use.** Indicators in this area include introducing modern growing techniques, establishing technical assistance, establish agriculture cooperatives and grazing cooperatives, and promoting agriculture as an expert business.
- **Provide Information Technology.** Broadband connectivity continues to be a challenge on the reservation. In addition, EDT recommends searching for tech job opportunities, including e-commerce and call/data centers. Digital product development could be another job sector, as well as the information technology industry.
- **Create Public-Private Partnerships.** This category includes strategies for the Navajo Nation to implement, such as simplifying and diversifying the business site lease rules, which can be an inhibitor to entrepreneurs, as well as creating business incentives, identifying areas for development, eliminating double taxation, and waiving sovereign immunity for foreign industry use. It also included steps for individual communities, including creating incentives for attracting businesses, technical assistance for individuals in the workforce, incentives for land users to give up their land for economic development, and participation in regional marketing plans.
- **Expand Hospitality.** There is massive opportunity for expanded hospitality services within the Nation, including truck stops, campgrounds, RV parks, Airbnb, restaurants, arts and crafts markets, and more.
- **Expand Utilities.** This includes exploring opportunities for alternative power, broadband/fiber optic, water treatment and recycling centers, and solid waste centers.
- **Expand Lifestyle Amenities.** Stable housing and basic infrastructure can be challenging on the reservation; these things need to be stabilized. This category also includes building recreation opportunities and promoting local retail in order to promote quality of life, as well as enhancing public safety.
- **Expand Workforce Development.** This includes retraining the Navajo workforce for new job opportunities, supporting industry education and partnerships, and promoting entrepreneurship and business ownership trainings.

Summary

Thus far, PLS is encouraged by the amount of cooperation and acknowledgement of diverse opportunities demonstrated by economic leaders in Farmington and the Four Corners region. The communities are clearly realizing they must begin developing alternative industry opportunities, and it’s heartening to see the enthusiasm for development of all types. There are many opportunities in many sectors for this region, and leaders are demonstrating communication and collaboration in order to make a real impact on the future of their communities.

As has been stated numerous times by PLS and other parties involved, the only way to successfully transition Farmington and the Four Corners area from a dependence on a fossil fuel economy is to explore and implement a wide range of economic development initiatives in coordination with each other. No single asset or strategy will create sustainable prosperity for the region.

In many of its economic development sectors, the region appears to be putting forth a strong effort. The amount of collaboration between economic agencies and consortiums, such as the group that put on the Four Corners Future Forum, is truly impressive. However, PLS has found that the outdoor recreation and tourism sectors are often mentioned as a subset of other development areas, or not given prominent positioning in development plans, for example in the EDT Navajo Nation analysis. Another example is the geotourism initiative with *National Geographic*, which was widely touted at the Forum; however, this recreation asset is clearly not enough to bolster the entire region.

The recreation sector is where PLS can offer the most assistance, in the form of the recreation audit and marketing strategies to increase tourism and visitation. Coinciding, this appears to be the area that the region's economic development plans are most lacking. The region is not lacking development ideas in other sectors, including industrial, agricultural, and urban revitalization. By integrating a plan for a robust recreation economy with current economic development initiatives, PLS can offer a strong action plan for the region to grow into a diverse and thriving economy, with an emphasis on quality-of-life and sustainable industries.

In this vein, the region is heading in the right direction, which is the first step towards actual transition. With the addition of PLS' expertise in the recreation and tourism industry, we feel that we are poised to assist Farmington and the Four Corners region with their economic transition, which will hopefully yield prosperity for local communities for generations to come.