



STRONGER ECONOMIES TOGETHER

Strategies for building economic opportunities for rural communities



Trail Of The Ancients Region

2016

A Rural Focus On Northwest New Mexico

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Program Overview

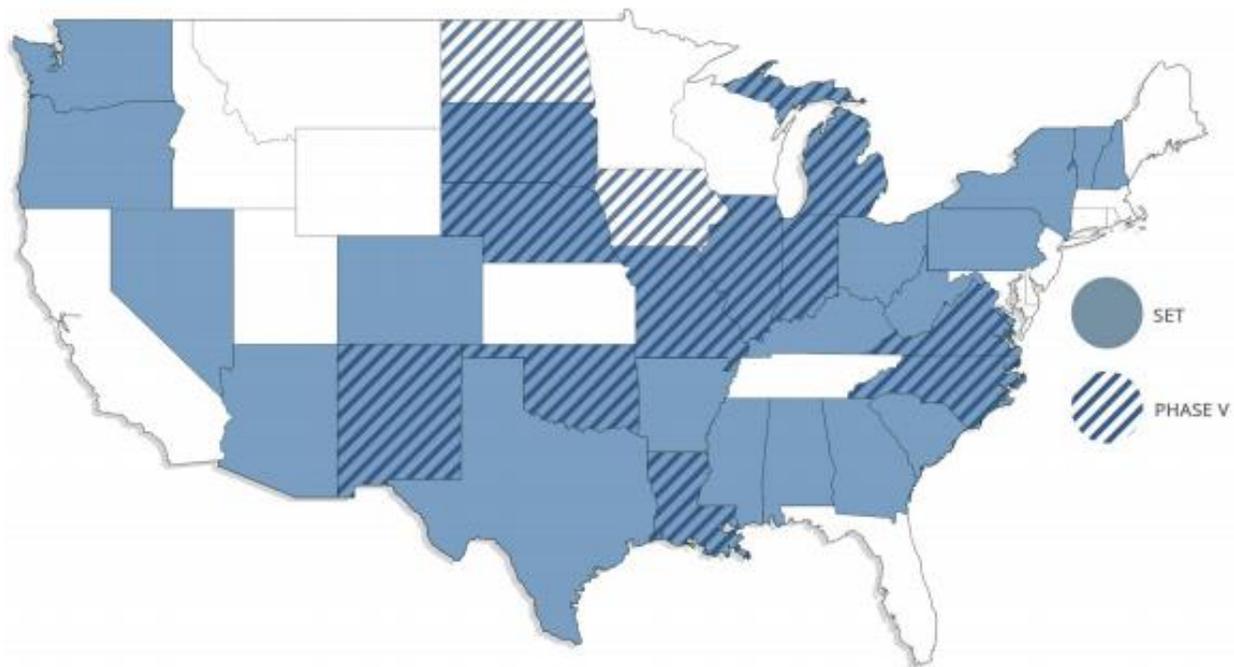
Launched in 2010 by USDA Rural Development in collaboration with the nation's four Regional Rural Development Centers (RRDC) and their land-grant university partners. The purpose of Stronger Economies Together (SET) is to strengthen the capacity of communities in rural America to work together in developing and implementing an economic development blueprint that strategically builds on the current and emerging economic strengths of their region. Important elements of the Stronger Economies Together program will build collaboration between communities in a region, provide economic analyses that is tailored to help capture the region's current or emerging clusters and comparative economic advantages and is supported by technical assistance provided by land-grant university extension systems to the regions over a period of several months.

The SET program provides the region with technical assistance through planning, coaching, and the development of tools to strengthen the region's economy. SET regional participants build competencies to accomplish effective economic development by completing the following training modules:

- Building collaboration between communities in the region
- Identifying the region's demographic strengths, challenges, and barriers
- Employing "Asset Based Community Development" (ABCD) practices and tools
- Conducting economic analysis to identify the region's competitive advantage
- Exploring strategies to capture and take advantage of current and emerging industry clusters
- Creating a high quality plan (HQP) including strategies and performance measures

Benefits of SET

- Step-by-step coaching to guide the design and implementation of a practical and viable regional economic development plan
- In-depth data tailored to the region, describing its current and emerging clusters, comparative economic advantages, and detailed demographic and socio-economic information
- Tools to uncover local assets and resources that can advance the region's economic strategies
Technical assistance from Extension educators, USDA RD state staff, the Regional Rural Development Centers, and the Purdue Center for Regional Development to guide the initial stages of implementation of regional goals and strategies



Launched in 2010 by USDA Rural Development and the nation's four Regional Rural Development Centers and their land-grant university partners, this exciting initiative is now in place in more than 50 regions in 28 states.

Executive Summary

This Regional Economic Development Plan will serve as the roadmap for the future rural economic development efforts in the Northwest New Mexico - Trail of the Ancients Region. Key regional stakeholders embrace a spirit of regionalism to support this initiative. Implementing the action items described within this document will strengthen the ability of the Northwest New Mexico - Trail of the Ancients Region to secure its economic future and position it as a competitive region. This plan reflects a nine module planning process with active participation from business, civic, and community leaders. Significant research and discussions have led to the development of this plan.

The Northwest New Mexico-Trail of the Ancients SET initiative application, which was submitted by the Zuni Tourism Department, includes the rural communities and areas of San Juan, McKinley and Cibola counties, is a collaborative effort between USDA RD national and state offices, New Mexico State University Cooperative Extension Service (NMSU CES) and the Northwest New Mexico Council of Governments (NWNMCOG).

The Trail of the Ancients SET regional economic development plan is the product of dedicated group community leaders across the three county region, meeting monthly between April 2014 and May 2015 to complete SET's training curriculum and planning process.

The Northwest New Mexico Council of Governments (NWNMCOG) provided key leadership and logistical support for the Trail of the Ancients SET initiative including the creation of a website - *The Prosperity Collaborative – People, Place, Prosperity* (<http://www.theprospertycollaborative.com/>) and monthly newsletter that served to connect and inform folks in the region of the SET initiative activities and accomplishments.

After much discussion and analysis of data and information regarding the demographic and economic trends in the Trail of the Ancients SET region, four areas were identified as having the potential for bringing future economic growth and job creation to the region. They include:

- Agriculture and Food Systems
- Tourism and Artisan Enterprises
- Manufacturing
- Workforce Development & Entrepreneurship

A detailed discussion of the economic benefits these four areas can bring to the region is provided in the regional economic goals section of the plan.

In reviewing the opportunities for increasing agriculture and food production, tourism, artisan enterprises and manufacturing activity in the Trail of the Ancients SET region two important facts were revealed:

1. Workforce development & Entrepreneurship (training, education and applied learning) is critical to success of strengthening and expanding agriculture and food production, tourism and artisan enterprises, and manufacturing activity in the region.
2. Agriculture and food, tourism, artisan enterprises, and manufacturing businesses have the need to purchase materials, supplies and services from other businesses (inside and outside the region) in order to produce their final products and services. Currently, of the needed materials, supplies and services, agriculture and food businesses purchase 2% locally; tourism and artisan businesses purchase 18% locally; and, manufacturing businesses purchase 7% locally. However, if local purchases by agriculture and food, tourism and artisan, and manufacturing businesses in the Trail of the Ancients SET region were to increase to 25%, employment in the region would increase by 2,739 jobs and labor income would increase by \$181.9 million.

Trail of the Ancients Description

The Trail of the Ancients SET region coincides with the boundaries of a three-county predominately rural area in the northwest corner of the state that includes San Juan, McKinley and Cibola Counties. In 2010 the tri-county region population was 228,749 with a population density of 15.2 persons per square mile. Within the region's three counties are five municipalities and six Indian reservations. There are 77 rural, unincorporated communities in the region, the majority of which are on Indian reservations. In 2010, Native Americans accounted for 50.6 percent of the region's population.

About half of the land area in the Trail of the Ancients SET region is administered as reservations of the Pueblo of Acoma, Pueblo of Laguna and the Navajo Nation. Sovereign tribal territories of the Navajo Nation within the region include 53 of the Nation's 110 geopolitical units, or Chapters, concentrated largely in San Juan and McKinley Counties. The Pueblos of Zuni (in McKinley County) and Acoma and Laguna in (Cibola and Bernalillo Counties) are some of the oldest human settlements on the continent.

In the northern portion of the region, in San Juan County, the Navajo community of Shiprock (population approximately 8,500), serving as a nexus of a network of east-west and north-south highways, and is seat of the Shiprock Chapter.

In the middle of the region, Gallup (population approximately 21,600) serves as the McKinley County seat and as market center for a large surrounding area encompassing McKinley and Cibola counties in New Mexico and Apache County in Arizona. The market catchment area includes a population of over 100,000 persons. Southern McKinley County also includes the Pueblo of Zuni, the rural village of Ramah, and a portion of the Ramah Navajo Indian reservation.

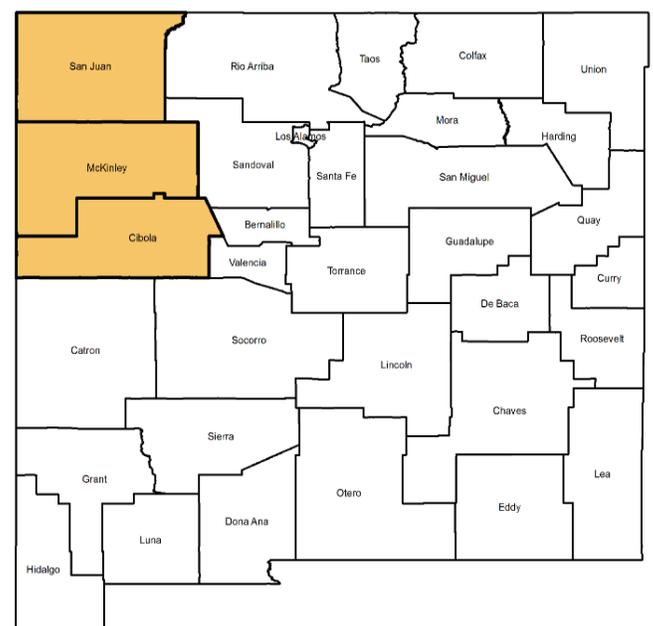
In the south, Grants (population approximately 9,200) serves as the Cibola County seat, with the nearby Village of Milan (population 1,900) as an additional population center. Cibola County also includes the Pueblos of Acoma and Laguna, the majority of the Ramah Navajo Indian reservation, and the Tohajilee Navajo Chapter in the eastern part of the county. The Spanish Land Grant community of Cebolleta dates from 1746, while the neighboring Cubero Land Grant community dates from 1833 during the period of the Mexican Republic.

The key economic sectors, accounting for over 50 percent of the jobs and gross receipts in the region, include

- retail,
- health care and social assistance,
- energy,
- tourism,
- and construction.

The region has a high degree of entrepreneurial spirit. Much of this spirit resides in microenterprise and in the informal economy centered around the Native American Artisan Enterprise. 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; and a commitment to the revitalization of cities, towns and villages. 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. It has been gratifying to the leaders and participants in the SET initiative that representatives of both tribal and non-tribal communities have come to the regional table of planning and collaboration.

Northwest New Mexico – Trail of the Ancients Region





INTRODUCTION

Regional Collaboration

Public input and support for the Trail of the Ancients SET region economic development plan was ongoing throughout the process and achieved in the following ways:

Drafting the Plan

- County and municipal officials, government agencies, non-profit organizations, business and civic leaders in the Trail of the Ancients SET region participated in many of the monthly SET session across. They also provided comments and suggestions via email when they could not attend the sessions on key issues/choices including the mission statement, the identification of assets and challenges in the region, and the selection of the regional economic goals, strategies, and target outcomes - short term, intermediate term and long term. Between April 2014 and November 2015, 29 meeting/training sessions, involving over 600 participants, were held in the region (see SET training sessions schedule on page 31).
- SET sessions agendas, materials, and products were posted on the Trail of the Ancients SET region website – The Prosperity Collaborative – People, Places and Prosperity and summarized in the monthly newsletter.

Review and Comment on Draft Plan

- A draft of the Trail of the Ancients SET region’s regional economic development plan was distributed county and municipal officials, government agencies, non-profit organizations, business and civic leaders in the region for their review. Their comments and suggestions where considered.
- A draft of the Trail of the Ancients SET region’s regional economic development plan was also placed on the Trail of the Ancients SET region website – The Prosperity Collaborative – People, Places and Prosperity.
- A draft of the Trail of the Ancients SET region’s regional economic development plan was presented to the NWNMCOG Board of Directors. Board membership includes elected county, municipal and tribal officials from the three counties in the SET region – San Juan, McKinley and Cibola as well as business and civic leaders.



The SET grant application was submitted by the Zuni Tourism Department on behalf of the region to provide the region with the opportunity to collaborate regionally on a effort that progresses the region. The plan has buy-in from several key decision makers in the region. These decision makers actively participated in the planning & development process facilitated by NMSU Extension Specialist, Michael Patrick and NWNMCOG Associate Planner, Brandon Howe. The key decision makers with buy-in are:

Jeff Kiely, Executive Director
Northwest New Mexico Council of Governments

Tom Kennedy, Executive Director
Zuni Tourism Department

Eileen Yarborough, Executive Director
Cibola Communities Economic Development Foundation

Leslie Kedelty, Rural Development
New Mexico Economic Development Department

Laura Jarimillo, City Manager
City of Grants, NM

Marcella Sandoval, Village Manager
Village of Milan, NM

Dr. Christopher Dyer, Executive Director
University of New Mexico – Gallup, NM

Dr. Felicia Casados, Executive Director
New Mexico State University – Grants, NM

Benita Litson, Executive Director
Dine College Land Grant Office – Tsaile, AZ

Sharlene Begay-Platero
Navajo Nation – Regional Business Development Office



Regional Collaborative Meeting (top), San Juan County Meeting (bottom left), Cibola County Meeting (bottom right)

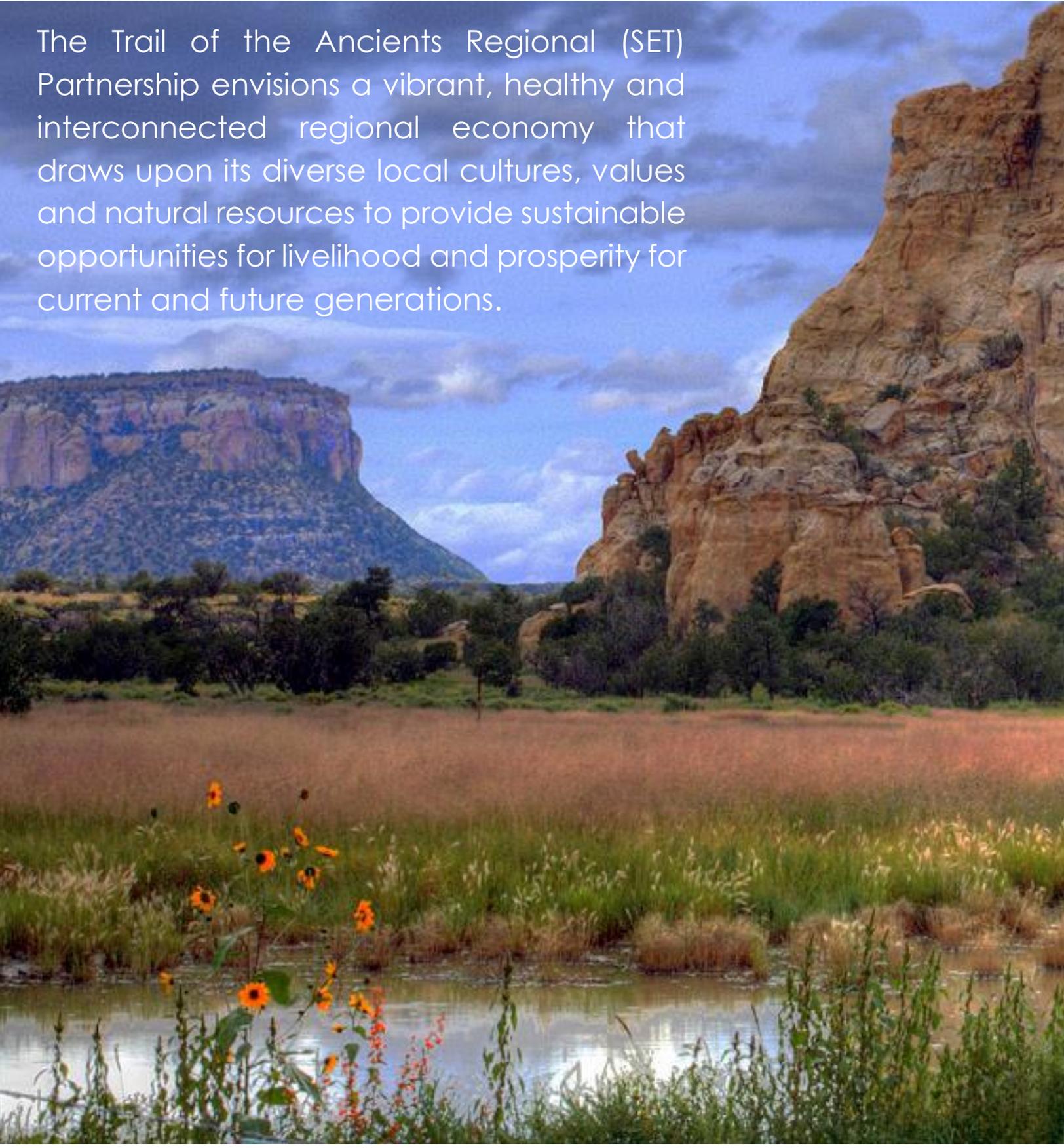
Acknowledgements

The Trail of the Ancients SET region would like to thank the staff from the United States Department of Agriculture Rural Development, Regional Rural Development Centers, the New Mexico State University Cooperative Extension Service, and the Northwest New Mexico Council of Governments for support throughout the course of this project. We would also like to show our appreciation to:

<i>San Juan County</i>	<i>UNM – Gallup, NM</i>	<i>Navajo Economic Dev. Dept.</i>	<i>Grants Chamber of Commerce</i>
<i>McKinley County</i>	<i>UNM – Zuni, NM</i>	<i>Navajo Nation Tourism Dept.</i>	<i>Continental Divide Electric</i>
<i>Cibola County</i>	<i>NMSU – Grants, NM</i>	<i>Various Navajo Chapters</i>	<i>7 Cities Productions</i>
<i>City of Grants</i>	<i>Dine College – Shiprock, NM</i>	<i>Zuni Tourism</i>	<i>Halona Plaza & Inn</i>
<i>Village of Milan</i>	<i>Dine College – Tsaile, Az</i>	<i>Zuni Main-street Program</i>	<i>NWNM Visitor Center</i>
<i>Pueblo of Zuni</i>	<i>Navajo Tech. University</i>	<i>Grants Main-street Program</i>	<i>National Parks Service</i>

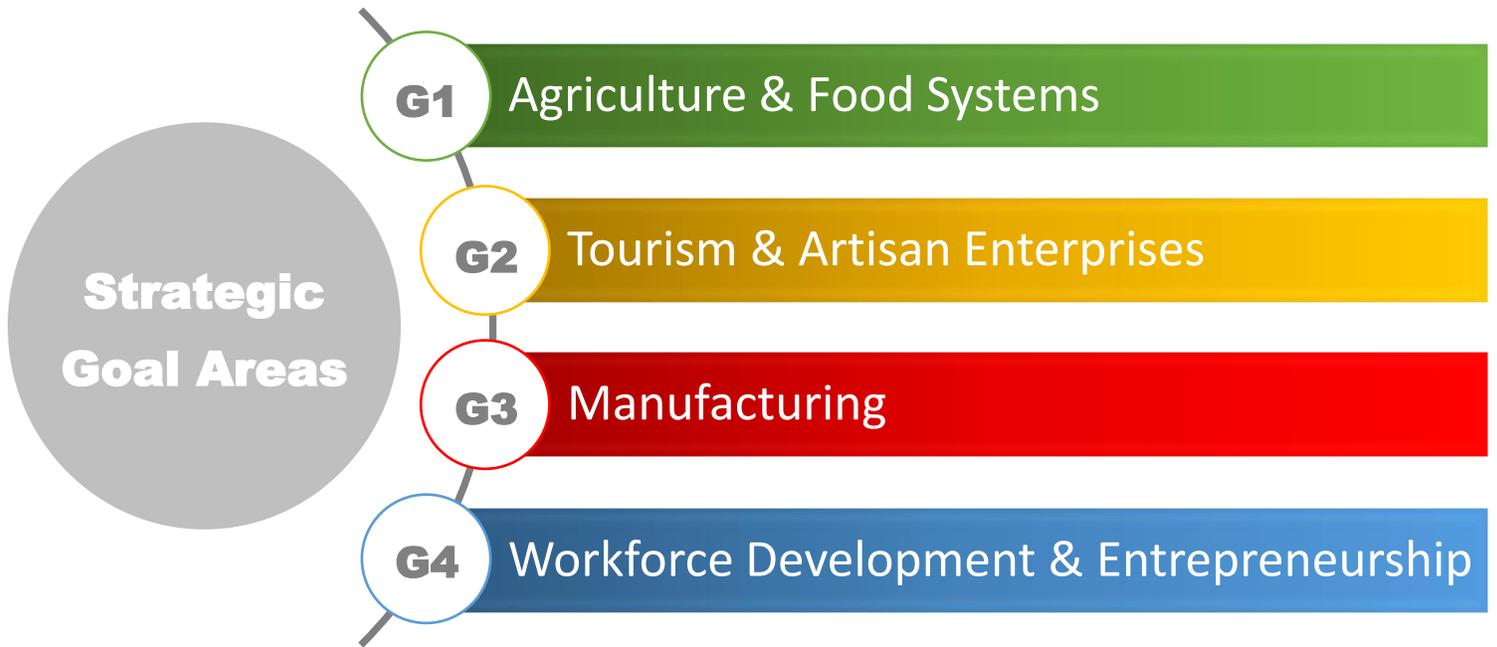
VISION STATEMENT

The Trail of the Ancients Regional (SET) Partnership envisions a vibrant, healthy and interconnected regional economy that draws upon its diverse local cultures, values and natural resources to provide sustainable opportunities for livelihood and prosperity for current and future generations.



Strategic Goal Areas

Based on the insights and knowledge of leaders and residents in the Trail of the Ancients region, the SET participants identified four strategic economic development goal areas rooted in the traditions, culture, resources and perceived opportunities for the region. The goal areas are:





ECONOMIC DEVELOPMENT STRATEGIES

G1 Agriculture & Food Systems

Increase by 30% the number of businesses in the region engaged in the production of healthy foods and value-added agribusiness products that build on the region's rich history of traditional Native American crops and foods by 2020.

Regional Economic Benefits

Increased production and consumption of healthy food will contribute to the economic development of the region through (1) increased workforce participation and productivity; (2) decreased family and worker health care costs; and (3) increased family income. Growth in the production of value-added agribusiness products will contribute to the economic development of the region through increased business to consumer and business to business activities in the region.

Strategies	Responsible	Resources	Timeline	Status
1.1 Strengthen and expand the operations of current producers by improving their production and marketing/selling practices through education, training, mentoring and peer networking.	NWNM SET Agriculture and Food Group	NMSU-CES, NMDA, NMEDD, NWNMCOG, USDA – NRCS, FSA, RD, Tribal and local government	FY 2016 - 17	Underway
1.2 Increase the number of new producers through education, training, mentoring and peer networking.	NWNM SET Agriculture and Food Group	Same as 1.1	FY 2016 – 17	Underway
1.3 Establish an agribusiness accelerator and food hub to support value-added agribusiness activities.	NWNM SET Agriculture and Food Group	Same as 1.1	FY 2017 – 22	Pending

Target Outcomes:

Short Term (Year 1)

- Improve the production and marketing/selling practices of 25 or more producers by 2017.
- Increase the number of new producers by 10 or more by 2017.

Intermediate (Year 2-3)

- Increase by 10% the sales of 25 or more producers by 2019.

Long Term (Year 4 and beyond)

- Increase by 30% the number of businesses in the region engaged in the production of healthy foods and value-added agribusiness products by 2020.
- Establish an agribusiness accelerator and food hub in the region by 2022.

G2 Tourism & Artisan Enterprises

Increase by 20% the number of tourists and tourism dollars spent in the region by 2020.

Regional Economic Benefits

Increased tourism and shopping at artisan enterprises will contribute to economic development in the region through the growth of artisan enterprise activity, jobs and incomes, and increases in total Lodger Tax and Gross Receipt Tax dollars.

Strategies	Responsible	Resources	Timeline	Status
2.1 Develop a regional calendar of events and a directory of artisans.	NWNM SET Tourism & Artisan Enterprises Group	NMTD, TASB, AWAT, NMSU-HTRM, National Geographic GeoTourism program, regional tourism programs, finance institutions.	FY 2016 - 17	Underway
2.2 Collaborate with the New Mexico True program, the Trail of the Ancients Scenic Byway program, the Ancient Ways Arts Trail program and other tourism-related organizations to develop regional advertising and promotional materials and develop experiential tourism opportunities	NWNM SET Tourism & Artisan Enterprises Group	Same as 2.1	FY 2016 - 20	Pending
2.3 Establish an artisan business development center to improve sales and profitability through management training, market development and cooperative buying and selling activities.	NWNM SET Tourism & Artisan Enterprises Group	Same as 2.1	FY 2016 - 20	Pending

Target Outcomes:

Short Term (Year 1)

- Complete and distribute a regional calendar of events and directory of artisans by 2017.

Intermediate (Year 2-3)

- The Mexico True program, the Trail of the Ancients Scenic Byway program, the Ancient Ways Arts Trail program and other tourism-related organizations collaborate to develop and distribute regional advertising and promotional materials by 2018.
- Assist 15 or more artisan enterprises expand their sales by at least 15% by 2019.

Long Term (Year 4 and beyond)

- A program of experiential tourism opportunities building on the region's rich cultural, historical, geological, recreational and educational assets in operation by 2020.
- Artisan business development center in place by 2022.
- Increase by 20% the number of tourists and tourism dollars spent in the region by 2022.

G3 Manufacturing

Increase job and income opportunities in the region by creating, expanding and/or recruiting 10 targeted industry manufacturers by 2020.

Regional Economic Benefits

Expansion and diversification the manufacturing base will contribute to economic development of the region.

Strategies	Responsible	Resources	Timeline	Status
3.1 Identify manufacturing firm-related infrastructure, workforce, and business support needs and gaps in the region.	NWNM SET Manufacturing Group	NMMEP, NMSU-MTEC, NMSU-Arrowhead Center, LANL, SLN, economic development organizations, tribal and local government, regional.	FY 2016 - 17	Underway
3.2 Identify opportunities for local businesses to meet the materials, supplies and services needs of manufacturing firms in the region.	NWNM SET Manufacturing Group	Same as 3.1	FY 2016 - 17	Pending
3.3 Establish a manufacturing competitiveness center to enhance the growth and profitability of firms in the region through education, training, and collaborative buying and marketing activities.	NWNM SET Manufacturing Group	Same as 3.1	FY 2017 - 20	Pending

Target Outcomes:

Short Term (Year 1)

- Complete study to identify manufacturing firm-related infrastructure, workforce and business support needs and gaps in the region by 2016.
- Complete study to identify opportunities for local businesses to meet the materials, supplies and services needs of manufacturing firms in the region by 2016.

Intermediate (Year 2-3)

- Ten or more businesses in the region provide/sell materials, supplies and services to manufacturing firms in the region by 2019.

Long Term (Year 4 and beyond)

- Manufacturing Competitiveness Center established in the region by 2020.
- Ten or more targeted industry manufacturers created, expanded and/or attracted to the region by 2022.

G4 Workforce Development & Entrepreneurship

Meet the workforce demand of the region by supplying a “work-ready” population and increase the number of new businesses in the region through entrepreneurship training and development.

Regional Economic Benefits

A skilled and trained workforce is a basic requirement for economic development and expanding the base of entrepreneurial activity will propel economic development in the region.

Strategies	Responsible	Resources	Timeline	Status
4.1 Survey business and industry to identify needed workforce skills and current gaps. Inventory of workforce training programs.	NWNM SET Workforce & Entrepreneurship Group	NMSU, UNM, NM community colleges, NMDWS, regional and local workforce training organizations, tribal and local government	FY 2016 - 17	Underway
4.2 Promote the adoption of the Work Ready Model.	NWNM SET Workforce & Entrepreneurship Group	Same as 4.1	FY 2016 - 18	Pending
4.3 Introduce entrepreneurship into the middle & high school curriculums in the region.	NWNM SET Workforce & Entrepreneurship Group	Same as 4.1 & SBDCs and Regional Banks	FY 2017 - 18	Pending
4.4 Establish a workforce training partnership with industry, education and training programs and government champion policies and programs that promote and sustain a 21st century skilled workforce.	NWNM SET Workforce & Entrepreneurship Group	Same as 4.1	FY 2017 - 19	Pending

Target Outcomes:

Short Term (Year 1)

- Complete survey of business and industry workforce in the region by 2017.
- Complete inventory study of workforce training programs in the region by 2017.

Intermediate (Year 2-3)

- Hold five workshops in the region to promote the adoption of the Work Ready Model by 2018.
- Entrepreneurship introduced in middle & high school curriculums by 2018

Long Term (Year 4 and beyond)

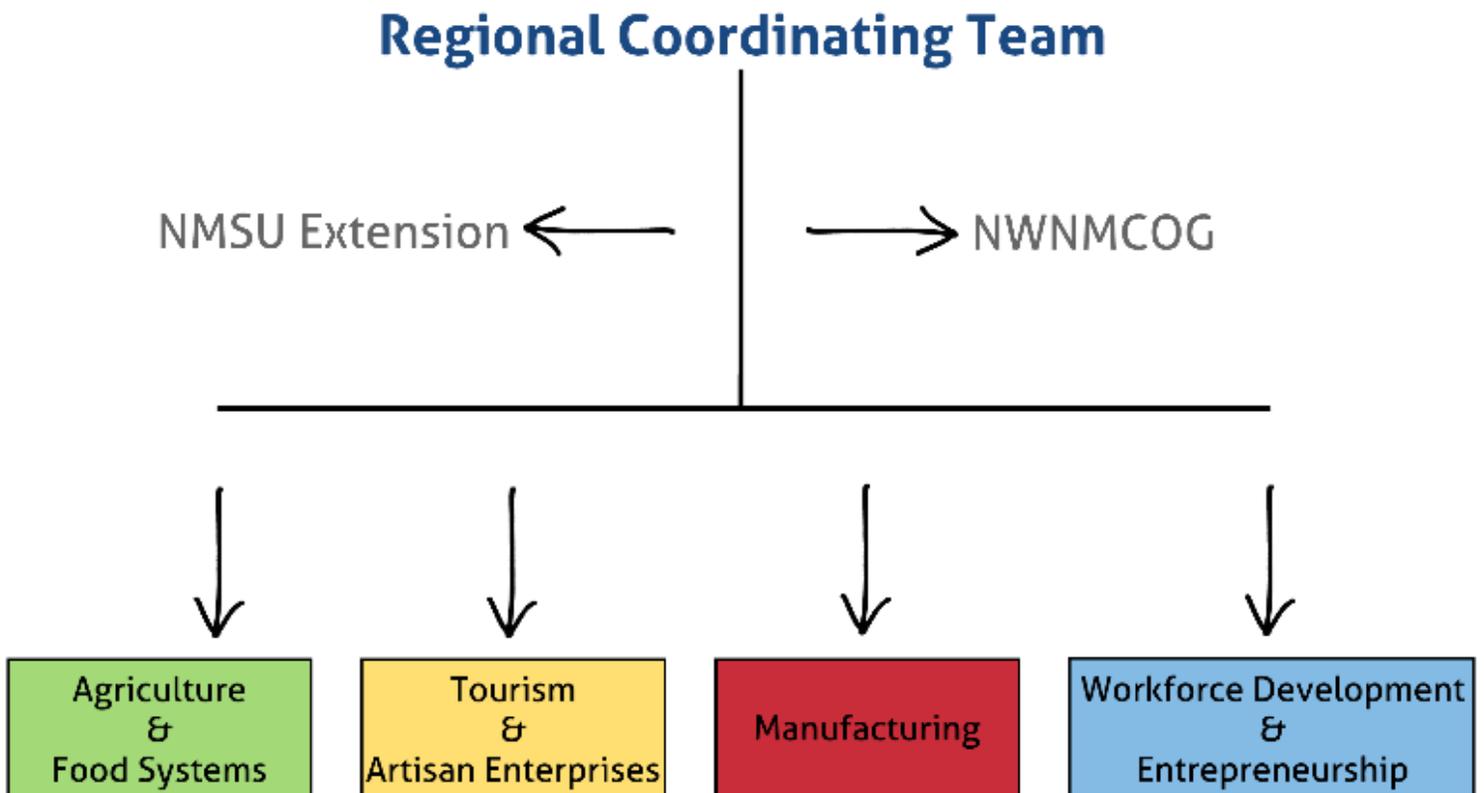
- Regional workforce training partnership established and active by 2019.



Regional Structure

Regional Coordinating Team

The Trail of the Ancients SET Initiative has developed a Regional Coordinating Team that will meet quarterly to discuss progress and activities within the established four working groups along with continued strategizing on how to increase community/public engagement. The group will be comprised of working group co-chairs and staff from NMSU and NWNMCOG.



Joining the SET Movement

Residents of the regional community can join the SET movement by contacting one of the co-chairs of the four working groups. The co-chairs of the working groups will be responsible for hosting, promoting and marketing the SET initiative. Furthermore, staff at the Northwest New Mexico Council of Governments will also continue to update and manage the Trail of the Ancients SET website along with sending notifications to the 200+ person SET contact list.

Working Groups

Led by co-chairs, each working group will be responsible for managing and implementing strategies and activities to achieve the intended outcomes. These groups will also work to increase community engagement and participation by promoting, advertising, and implementing community engagement activities.

Agriculture & Food Systems Working Group

Working Group Co-Chairs:

- Bonnie Hopkins, NMSU San Juan County Agriculture Agent
- Benita Liston, Dine' College Land Grant Office Director

Working Group Members will include representatives from:

- New Mexico State University Cooperative Extension Service
- New Mexico Department of Agriculture
- Northwest New Mexico Council of Governments
- Navajo Nation Department of Agriculture
- USDA Farm Agency, Natural Resources and Conservation, and USDA Rural Development

Tourism & Artisan Enterprises Working Group

Working Group Co-Chairs:

- Tom Kennedy, Zuni Visitor and Arts Center Director
- Barbara Wesley, 7Cities Production Manager

Working Group Members will include representatives from:

- New Mexico Tourism Department
- NMSU Hotel, Restaurant and Tourism Department
- Trail of the Ancient Ways Program
- Ancient Ways Arts Trail Program
- GeoTourism Program
- Chambers of Commerce
- Main Street Programs

Manufacturing Working Group

Working Group Co-Chairs:

- Eileen Yarbrough, Executive Director, Cibola Communities Economic Development Foundation
- Sharlene Begay Platero, Economic Specialist, Navajo Nation Project Development Department

Working Group Members will include representatives from:

- New Mexico Manufacturing Extension Partnership and Economic Development Department
- NMSU Manufacturing Technology and Engineering Center and Arrowhead Center
- Los Alamos and Sandia National Laboratories
- Area Economic Development Organizations

Workforce Development & Entrepreneurship Working Group

Working Group Co-Chairs:

- Jeff Barela, Executive Director, Northern Area Local Workforce Development Board
- Dr. Harry Sheski, Interim President, NMSU Grants Campus
- L.D. Lovett, Workforce Development, UNM Gallup Campus

Working Group Members will include representatives from:

- New Mexico Economic Development Department & Workforce Solutions
- NMSU Arrowhead Center
- Northwest New Mexico Council of Governments & Area Economic Development Organizations
- New Mexico Small Business Development Center Network
- Navajo Nation Division of Economic Development



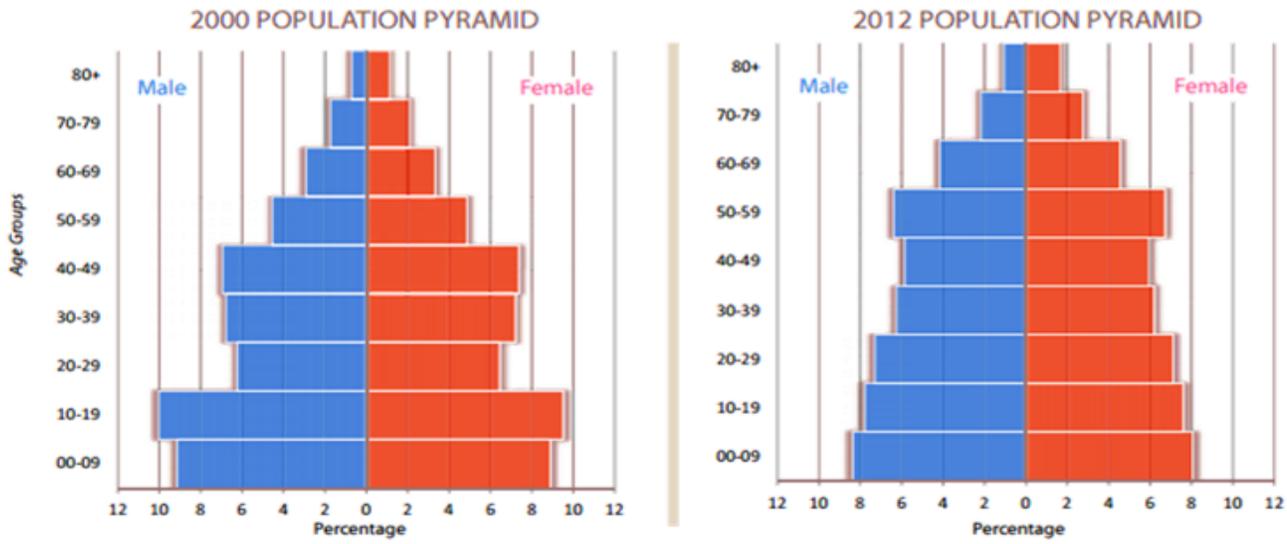
EVIDENCE BASE FOR THE PLAN

Regional Demographic Data

[See Appendix B – Demographics for additional demographic profile information for the Northwest New Mexico Trail of the Ancients SET region]

Population

Population growth in the Trail of the Ancients SET region does not align with the State average. Between 2000-2010, the region’s population grew by 7 percent (to 228,749) compared to 11 percent for the State. The region’s population is projected to grow another 7 percent (to 249,004) by 2020 compared to 14 percent for the State. The dependency ratio (the percent of those in the labor force over those not in the labor force) improved slightly for the region, to 52 percent (2010) from 51 percent (2000).



Components of Population Change

Between 2000 and 2010, the population in the Trail of the Ancients SET region increased by 9,888. The region’s population loss of 20,397 as the result people leaving the area was off-set by a natural population increase (births over deaths) of 28,926 and the arrival 2,272 international immigrants.

Components of Population Change 2000-2012	
TOTAL Change	9,888
Natural Increase	28,926
International	2,272
Domestic	-20,397

Source: U.S. Census Bureau, Population Estimates; Pop. Change includes residual

Race/Ethnicity

In 2010, Native Americans accounted for 49.5 percent of the population (down from 50.6 percent in 2000) in the Trail of the Ancients SET region; Whites made-up 29.0 percent of the region’s population in 2010 (down from 31.8 percent in 2000); the Hispanic population in the region accounted for 19.7 percent of the region’s population in 2010 (up from 16.3 percent in 2000); Blacks accounted for 0.7 percent of the region’s population (up from 0.4 percent in 2000); and, Others made-up 1.2 percent of the population in 2010 (up from 0.9 percent in 2000). In 2010, the Native American, Hispanic, Black and other non-White population accounted for 71 percent of the total population in the region, compared to 60 percent for the State.

Income & Poverty

Although median household income in Trail of the Ancients SET region increased by 22 percent, the same as the State, between 2000-2011, the median household income disparity between the region and the State remained the same at 79 percent (the region’s median household income of \$33,345 in 2011 as a percent of the State median household income of \$42,097 in 2011). The region’s

Income & Poverty	2000	2011
Median Household Income	\$27,396	\$33,345
Poverty Rate (Individuals)	22.7	23.7

Source: Small Area Income and Poverty Estimates

poverty rate increased to 23.7 percent in 2011 from 22.7 percent in 2000 compared to 20.9 percent in 2011 from 17.3 percent in 2000 for the State.

Educational Attainment

Education attainment levels improved in the Trail of the Ancients SET region across the board between 2000-2010: the percent of people with less than a high school education declined to 22.6 percent (2010) from 27.2 percent (2000); the percent completing high school increased to 33.9 percent (2010) from 30.4 percent (2000); the percent of people having some college increased to 30.3 percent (2010) from 29.6 percent (2000); and the percent of people having completed a bachelors or more increased to 13.2 percent (2010) from 12.8 percent (2000). These gains percentage-wise exceed State gains for the same time period (2000-2010). There is evidence however to suggest the more educated residents (some college, bachelor’s, and graduate degrees) in the Trail of the Ancients SET region may be leaving the area.

Educational Attainment	2000	2011
Less than High School	27.2	22.6
High School	30.4	33.9
Some College	29.6	30.3
Bachelor's or More	12.8	13.2

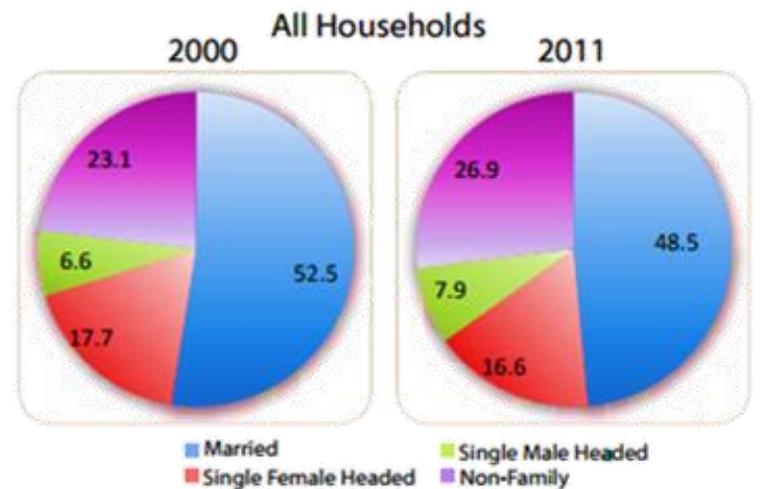
Source: EMSI 2012.4

Housing

The percentage of owner-occupied housing in the Trail of the Ancients SET region decline to 72.7 percent (2011) from 74.6 percent (2000); renter-occupied housing, by contrast, increased to 27.3 percent (2011) from 25.4 percent (2000). Average household size in the region also increased to 3.20 persons (2011) from 3.13 persons (2000).

Household Types

In terms of household types, in the Trail of the Ancients SET region the percentage of households classified Family-Married declined to 48.5 percent (2011) from 52.5 percent (2010). There was no change at the State level. Single Female Headed as a percentage of total households decreased to 16.6 percent (2011) from 17.7 percent (2000). Single-Male Headed households however increased to 7.9 percent (2011) from 6.6 percent (2000); and, Non-Family households increased to 26.9 percent (2011) from 23.1 percent (2000).



Health

Life expectancy in the Trail of the Ancients SET region increased to 76.1 years for males (2010) from 73.0 years (2000) and increased to 80.8 years for females (2010) from 78.8 years (2000). The prevalence of obesity in the region in 2011 however was higher than the U.S. average: 36.3 percent of males and 43.7 percent of females in the region were considered obese compared to 33.8 percent males and 36.1 percent for females nationally.

Life Expectancy, 2010

Gender	Region	US average
Male, years	73.0	76.1
Female, years	78.8	80.8

Sufficient Physical Activity, 2011

Gender	Region	US average
Male, %	56.4	56.3
Female, %	51.1	52.6

Source: Institute for Health Metrics and Evaluation, University of Washington

Regional Economic Data

[See Appendix C – Regional Economy for additional business and industry data and information including regional industry clusters, supply requirements, expenditures and leakages]

Industry

In 2012, the private sector in the Trail of the Ancients SET region employed 78.4 percent of the workforce, with health care and social assistance accounting for 12.3 percent of the jobs in the region followed by retail trade with 11.1 percent, mining, quarrying, oil and gas extraction with 8.7 percent, accommodation and food services with 7.8 percent, and construction with 5.4 percent. The public sector (government) employed 21.6 percent of the region's workforce, with public education accounting for 10.7 percent of the jobs followed by federal, state and local government enterprises with 7.2 percent, and federal, state and local government with 1.4 percent. Due to the Great Recession (2008-2011), overall job growth in the region declined 6 percent between 2007 and 2012. A few industries in the private sector however did grow in this period, including agriculture, forestry, fishing and hunting (up 17 percent), mining, quarrying and oil and gas extraction (up 17 percent), health care and social assistance (up 16 percent) and real estate and rental and leasing (up 3 percent). These industries, together, created close to 4,000 new jobs between 2007 and 2012. The public sector (government), by contrast, shed 1,661 jobs.

Occupations

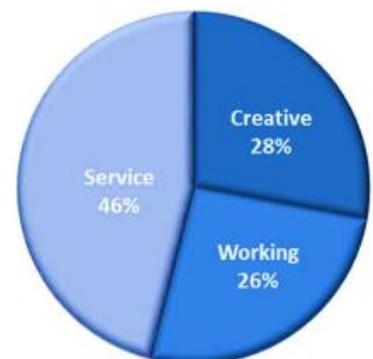
The top three fastest growing occupations in the Trail of the Ancients SET region in the 2007-2012 time period, creating close to 1,500 new jobs, were in the health care field including healthcare support up 17 percent, personal care and services up 14 percent, and healthcare practitioners and technicians up 9 percent.

Workers can be placed into three occupation classes – creative, working and service. Creative class workers are paid for their thinking and problem solving skills. Working class workers are paid to maneuver heavy machinery, perform skilled trades and extract natural resources from the ground and seas. Service class workers are paid to perform routine work directly for, or on behalf, of clients.

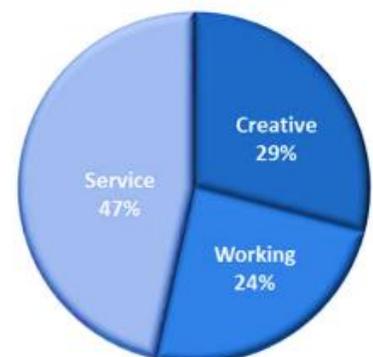
In 2012, 29 percent workers in the Trail of the Ancients SET region were in the creative class, 24 percent in the working class and 47 percent in the service class. Leading creative class occupations in the region include management; education, training and library; healthcare practitioners and technical; and, business and financial operations. Leading working class occupations in the region include construction and extraction; transportation and material moving; installation, maintenance, and repair; and, production. Leading service class occupations in the region include office and administrative support; sales and related; food preparation and serving related; personal care and service; and building and grounds cleaning and maintenance.

The median hourly earnings in 2012 for create class occupations was \$23.10 compared to \$18.75 for working class occupations and \$11.91 for service occupations.

Workers by Class: 2007



Workers by Class: 2012

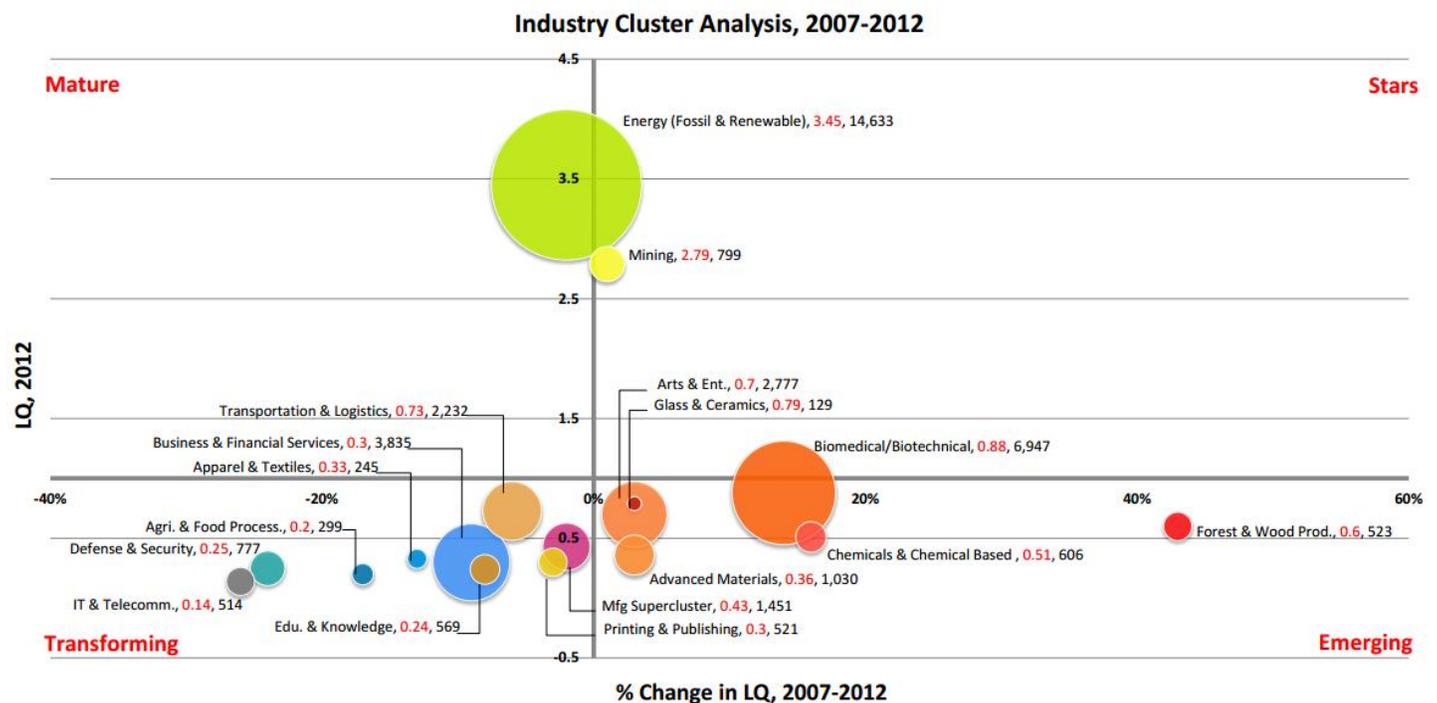


Regional Industry Clusters

A business or industry cluster is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular area. Specifically, industry clusters are groups of similar and related firms in a defined geographic area that share common markets, technologies, worker skill needs, and that are often linked by buyer-seller relationships.

A business/industry cluster development approach can help firms achieve a competitive advantage by promoting their common interests and can make the public sector more effective in supporting the economy. Working with business/industry clusters can enable regions to identify the most promising opportunities to encourage further innovation, develop particular worker skills, and address issues that affect productivity, all important factors contributing business growth and job creation.

According to data provided by Purdue University’s Center for Regional Development, the dominate and growing industry clusters, based on employment, in the Trail of the Ancients SET region are: energy, mining, fabricated metal product manufacturing, arts, entertainment, recreation & visitor industries (tourism), biomedical/biotechnical (health care), education & knowledge, agribusiness, food processing & technology, and business & financial services.

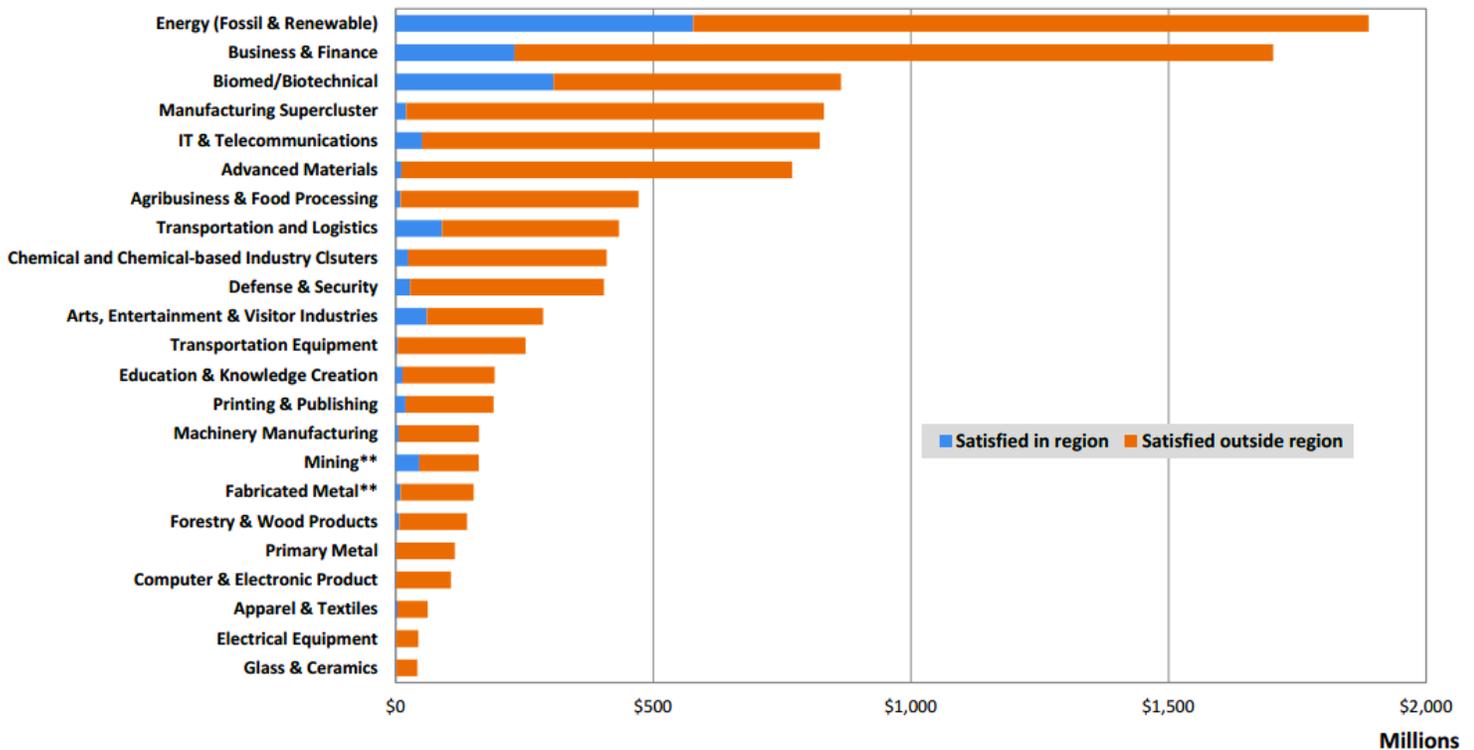


Note: Label includes cluster name, LQ 2012, and Employment 2012
 Data Source: EMSI 2013.1, industry cluster definitions by PCRD

Based discussions with knowledgeable industry representatives and area residents, through a series of workshops in the Trail of the Ancients SET region, it was decided to focus on three customized target industry clusters – agriculture and food systems, tourism & artisan enterprises, and manufacturing.

Businesses in the Trail of the Ancients SET region industry clusters have material, supply, and service requirements necessary to support their production and marketing activities. The total requirements for the Trail of the Ancients SET region’s clusters are: the agriculture and food systems cluster- \$480 million; the tourism & artisan enterprises cluster- \$325 million; and the manufacturing cluster- \$810 million. Currently, the three industry clusters are purchasing only a small percentage of their materials, supplies and services needs from businesses in the Trail of the Ancients SET region: the agriculture and food systems cluster- 2%; the tourism and artisan enterprises cluster- 18%; and, the manufacturing cluster- 7%.

Regional Requirements, Expenditures & Leakages, 2011



Data Source: EMSI 2013.1, industry cluster definitions by PCRD

IMPLAN (a regional impact input/output model) was used to evaluate the impact of future growth in the three industries on the economy of the Trail of the Ancients SET region. A 25% increasing the purchase of materials, supplies and services from businesses within the Northwest New Mexico-Trail of the Ancients SET region would increase employment by 2,739 jobs and labor income by \$181.9 million.

Regional Assets

[See Appendix D for additional information of the region's assets]

The Trail of the Ancients SET region has many assets to draw upon to build a vibrant and resilient regional economy including:

A Recovering Regional Economy

The Great Recession of 2008 had a negative impact on the region's economy but a recovery is underway

- Regional output was flat in 2009-11 growing 0.6 percent but posted a modest 2.2 percent recovery in 2011-12.
- Employment declined 7.5 percent in 2008-10 but turned around in 2010-1012 with a 1.8 percent growth.

A Diversified Regional Economy

- The region has strong and growing private sector with 75 percent of the jobs in private sector industries.
- Significant jobs and gross receipts are generated across a variety of sectors including retail, health care and social assistance, energy, tourism, construction, and combined service sectors.
- Agriculture, manufacturing, wholesale trade and transportation sectors also contribute to the economy in terms of jobs and gross receipts.

A Commitment to Revitalizing Downtowns and Business Development

- Cities, towns and villages in the region have made commitments to downtown revitalization including the Gallup Business Improvement District, the Gallup Main-Street Program, the Zuni Main-Street Program, the Grants Main-Street Program, and the Village of Milan all have formulated ambitious plans for downtown development.
- Downtown development plans have highlighted the need for greater market penetration for customer service training programs for frontline staff throughout the region.
- Small Business Development Centers in Gallup and Grants actively assistance to local business start-ups and expansions with management training and workshops to address marketing, bookkeeping/financial management, human resource development and business plan and loan application needs.

Entrepreneurial Spirit

- In a recent national study, Gallup ranked in the top 25 most entrepreneurial municipalities in the United States. Efforts in the region to support entrepreneurs include Earl's Vendor Program is providing support for 700 Native artists and artisans in Gallup, Native Hands Co-op in Gallup, Proactive Host customer service training program, and the Future Foundations Family Center in Grants.

Higher Education Opportunity

- Major opportunities for the region's population for higher education through community colleges and university branches in the region; integration of training programs with available and emerging jobs however could be improved.

Significant Natural Resources

- San Juan County's natural resources include significant reserves of oil and natural gas and abundant coal fields that are important both to the state and to the nation.
- McKinley County has significant coal reserves.
- New Mexico ranks 2nd in the US in known uranium reserves, with rich uranium deposits in the Grants Mineral Belt traversing McKinley & Cibola Counties

Scenic Beauty and World Heritage Sites

- The region's varied and diverse landscape of great scenic beauty consists of mountains and lakes, plateaus and high desert mesas with red rock outcroppings, mountain ranges, forested and woodland areas, canyons, valleys and arroyos.
- National parks and monuments, Native American culture, and world heritage sites such as Chaco Canyon, Aztec Ruins, and Hawikku in Zuni are major regional assets in the region that have supported a thriving tourism industry for decades.

New Tourism Assets in Development

- Development of the New Mexico leg of the Trail of the Ancients Byway provides a vital opportunity to synergize dozens of unique tourism initiatives in the region.
- Adventure tourism is an emerging niche industry in the region, with assets in all three counties.
 - San Juan County recreation opportunities include fly fishing, road biking, Xterra Triathlon and golf tours.
 - Cibola County recreation opportunities include Mt. Taylor Quadrathlon and ecotourism options.
 - Adventure Gallup & Beyond is developing a world-class trail system in McKinley and Cibola Counties.
 - Year-round calendar of events of special Indian Arts fairs, Balloon Rally, rodeos, and other special events presents an opportunity to coordinate regional marketing initiatives to maximize market penetration.
 - The McKinley County Cultural Enterprise Network and Ancient Way Arts Trail have provided new opportunities to attract visitors and arts buyers to McKinley and Cibola Counties.

An Energy Industry in Transition

- The oil and gas industry in San Juan County faces threats from environmental regulation, as well as volatile and declining market prices, but new opportunities are emerging in the development of alternative energy resources such as solar, wind, geothermal and biomass projects.
- New uranium mines currently are in the development and permitting stages in McKinley and Cibola Counties, and a new coal mine resumed production in McKinley County in 2008.

A Growing Health Care Industry

- The presence of three major private hospitals and two Indian Health Service facilities has generated the development of hundreds of ancillary health care businesses with potential for significant additional growth.

Regional Transportation Assets

- Major transportation assets include strategic transportation corridors such as Interstate Highway 40 and the cross-continental railway traversing McKinley and Cibola Counties along with three US Highways connecting the region's population centers, including the 4-lane Highway 550 corridor from Bloomfield to Bernalillo.
- The region's roadway infrastructure also includes state roadways, close to 2,000 miles of county roads, and 78 bridges.
- Six transit systems currently operate within the region, providing public transit, primarily within the population centers.

Capitalizing on Innovative State Development Programs

- New Mexico operates One Stop Career Centers in each of our three counties and provides a set of programs to assess workforce skill levels and offer targeted training programs.
- New Mexico has established a Certified Communities Initiative that works in conjunction with the New Mexico Partnership to funnel business recruitment opportunities to local economic development organizations.

- New Mexico Creates, a program of the Museum of New Mexico Foundation, provides opportunities for local artists and artisans to link to a vibrant arts market through museum gift shops and an online store.

Potential Barriers and Related Strategies

[See Appendix D for additional information on the region's barriers]

Notwithstanding its many assets, the Trail of the Ancients SET region must overcome several barriers/problems including:

A National Economy in Recession

The national and global economic collapse 2008 and ongoing economic recession are expected to affect every sector of the region's economy, and job losses may continue beyond early signs of possible recovery in other aspects of the national economy.

Strategy: Monitor sectors of regional economy for opportunities to strengthen their recovery with market information, workforce training, business support - planning, management training and access to capital.

Pockets of Unemployment

The region has pockets of unemployment ranging from 40% to 100%.

Strategy: Increase school participation and graduation rates; provide job training and job placement; increase business and industry growth in the region.

Poverty

The region has higher poverty rates and lower per capita and household income levels than the State of New Mexico and the nation.

Strategy: Increase school participation and graduation rates; provide job training and job placement; increase business and industry growth in the region.

Educational Attainment

Limitations include underperforming public school systems and a workforce challenged by greater English language limitations and lower educational attainment than New Mexico as a whole and the U.S.

Strategy: Work with school districts, vocational training programs and universities and colleges in the region attract, retain and graduate students.

Stress on Energy Economy

Obstacles to conventional energy development in the region include concerns by tribes and other groups about environmental degradation and threats to public health, and industry concerns about perceived over-regulation.

Strategy: Explore possible modifications of current regulations to encourage investment and job creation in the energy sector while insuring that tribal, environmental and public health concerns are addressed.

Water Scarcity

The high desert region has a diverse geography and a mild, arid climate. Water scarcity has long been an issue as the region's people have depleted groundwater resources and engaged in ongoing disputes over water rights. The Omnibus Public Lands Act settled Navajo water rights in the San Juan River and authorized construction of

the Navajo-Gallup Water Supply Project as a long-term water solution for the Navajo Nation and City of Gallup, while clarifying and protecting other water rights in the Basin – eliminating a major barrier to development.

Strategy: Explore options for the delivery and use of water that reflects current water rights and meets the agriculture, industrial and municipal needs of the region.

Environmental Threats

Industrial development in the region has produced some threats to the environment, including air quality impairment from power plants, contamination of rivers from farming, ranching and wastewater treatment systems, drug residues, and mercury from power plant emissions precipitated in rain. Previous uranium mining operations in the region have been linked to health problems, and there is public concern about risks to health and safety posed by new uranium mining and milling operations. Potential effects of climate change in the region are not known, but the Governor's Climate Change Advisory Group has found that "serious and damaging societal and ecological impacts" may occur.

Strategy: Insure that mining and industrial activity in the region does not endanger worker and public health and the environment today and in the future.

Unsustainable Transportation Finance

Weaknesses in the region's transportation system include hundreds of miles of unpaved rural roads and many obsolete one-lane bridges. Public financial support for transportation infrastructure has eroded, with available resources increasingly dwarfed by demand for both new capacity and proper maintenance and replacement of existing facilities.

Strategy: Explore public/private financing opportunities to upgrade, modernize and maintain the region's transportation infrastructure.



EVALUATION PLAN

Progress Indicators:

G1 Agriculture & Food Systems

- Number of education and training sessions conducted
- Number of participants attending educational and training sessions
- Number of mentoring/technical assistance session conducted
- Number of new producers established
- Number of cooperative buying and marketing activities undertake
- Dollar value in increase in sales
- Average dollar value increase in sales per producer
- Number of new agribusiness accelerator/food hub value-added activities undertaken in the region
- Dollar value of new agribusiness accelerator/food hub value-added activities undertaken in the region

G2 Tourism & Artisan Enterprises

- Regional calendar of events and directory of artisans completed
- Number of calendars of events and directories distributed
- Number of regional advertising and promotional materials distributed
- Number of people participating in tourism activities in the region
- Establishment of artisan business development center
- Number of artisan enterprises starting-up and/or expanding their sales
- Average percent increase in artisan enterprise sales in the region

G3 Manufacturing

- Number of studies completed to identify manufacturing firm-related infrastructure, workforce and business support needs
- Study completed to identify opportunities for local businesses to meet the materials, supplies and service needs of manufacturing firms in the region
- Number of industry, government, educational institutions and workforce training programs collaboration undertaken
- Establishment of a Competitiveness Center in the region
- Number of businesses in the region providing/selling finished products, materials, supplies and services to manufacturing firms in the region
- Number of new manufacturers established and expanded in the region

G4 Workforce Development & Entrepreneurship

- Needs assessment survey completed of businesses and workforce training providers in the region
- Inventory completed of workforce training programs in the region
- Number of Work Ready Models workshops completed in the region
- Establishment of regional workforce training partnership



APPENDICES