



# CONNECTING THE DOTS

NEWSLETTER

Volume 9 Issue 2

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*City of Grants*  
*Village of Milan*

Your Northwest New Mexico Council of Governments provides planning and technical assistance services to local communities across the region. For us, it's about the stories ... and we're interested in yours. We look forward to your contributions of news and commentary in our next "Connecting the Dots" newsletter.

<http://www.nwnmcog.com/>



# MESSAGE FROM THE DIRECTOR

Dear Friends of Northwest New Mexico:

We're heartened by how the region is coming together in these difficult times.

We see evidence of hope, opportunity and optimism. We see folks keeping their shoulders to the wheel, moving forward step by step to improve the quality of life we experience ... and that we offer to the world. We see proactive planning, investment and innovation. The culture of criticism and division is giving way to the culture of encouragement and partnership.

For us, the winter season's "big splash" occurred in early February in Santa Fe, where we held our annual Winter Board meeting. At this time, we received and shared the Final Report from our POWER Initiative consultants at Highland Economics, "Regional Economic Assessment & Strategy for the Coal-Impacted Four Corners Region." On the strength of this excellent report, we're working with our partners in the four states of the Four Corners Region toward holding a POWER summit in Farmington in early August.

Also in early February, we celebrated in the State Capitol Rotunda with our public and private sector partners from Gallup & McKinley County, where executives from Burlington Northern Santa Fe Railroad announced its designation of the Gallup Energy Logistics Park as a BNSF "Certified Site." It was great to hear from Gallup Land Partners principal Robert Roche, the international entrepreneur and investor whose resources, initiative and good will are hard at work making a difference in rural New Mexico. And kudos to our former COGsters and continuing partners at Gallup Economic Development Corporation (GGEDC): 'Way to go, Patty and Mike!!

We also continue to enjoy a strong partnership with GGEDC in facilitating periodic economic roundtables on the top-priority development issues of the Gallup area economy, and now, in assisting with the development of new economic strategies to link in with the industrial assets managed in McKinley County by Tri-State Generation at the Plains Escalante Generating Station.

And in the world of "back to the basics," our friends and neighbors will note the completion of the front entryway/ADA steps-and-ramp at our headquarters office in downtown Gallup. Whew! It took a lot more design, digging and effort than any of us expected – but at last, we've been able to re-open all lanes on Aztec Avenue in front of the building, and to re-open our front door to our staff and visitors. Take a look at the pictures in this newsletter from this project.

For myself, I'm enjoying serving in my last year as an Officer for the National Association of Development Organizations (NADO), and am heading out soon for an Executive Committee "fly-in" schedule of meetings in Washington, DC. On my last visit in March, there wasn't much to report, as everyone was waiting "to see what would happen" as the new Administration settles in and figures out how it wants to run the federal government. We do know that most of the government's domestic programs face the threat of elimination or significant reduction in favor of the Administration's plan to move \$54 billion into the Department of Defense. Our current intel is that there is bipartisan resistance to many features of this proposal, so we're keeping on eye on developments. As a COG, we continue to support federal investments in communities and regions that enhance opportunity and capacity for growth and prosperity.

As always, our best wishes go out to all of our friends, colleagues and partners around the region, state and nation. Have a great Spring season!

Jeff Kiely, Executive Director



# MESSAGE FROM THE BOARD CHAIR



*Revenue was plentiful when business, jobs and industry was productive. In this first quarter of 2017 there are economic uncertainties that will impact local government, citizens and organizations. Funding is limited and people are moving out of New Mexico, seeking job opportunities. We will prevail, through furloughs, layoffs, and business closures within our tribal nations and state. Despite challenges our local leaders are confident and able to find solutions to meet the needs of their respective communities.*

*The Northwest region is blessed with great climate and awesome leaders to address the current economic situation. Collaborative teamwork, regional support, and key decision making are vital to addressing the needs of our region. We need to become creative and innovative in meeting the challenges ahead!*

*Sincerely,*

*GloJean B. Todacheene ~ Board Chair*



# GOVERNOR ACTS ON LEGISLATION

April 7th was the final day for the Governor to act on legislation. The most controversial line-item vetoes were in the State Budget Bill (HB2), which had the effect of eliminating appropriations for the entire Higher Education Department and the work of the Legislature itself. So, imagine on July 1st having no operating higher education institutions and the cascading impacts that would have across the State.

The Governor's reason (stated in the veto message) was that this was in retaliation for the Senate refusing to hold a hearing for nominated Regents for several institutions, and it was a mechanism to induce legislators to balance the budget without tax increases.

Even though the Governor technically signed House Bill 2, she vetoed its two companion bills, including a comprehensive revenue package (HB202) and a "Tax Reform Lite" bill (HB191}, which was an attempt to begin tax reform with delayed repeals of 36 of the State's 108 credits, exemptions, and deductions.

The Governor stated that she encourages "bipartisan collaboration on a tax reform bill during the upcoming Special Session."

On the capital outlay front, she vetoed the Capital Outlay Bill (SB462} because, "with a special session looming, and the state experiencing a serious cash shortage, it is imperative that we keep our Severance Tax Bond capacity open to address the current shortfall." The Governor did sign the Capital Outlay Reauthorization Bill (SB362).

The next page of this newsletter details some priority bills and final results. If you have any questions on the outcome of legislation or funding, please feel free to contact the COG's Deputy Director and legislative liaison Evan Williams at ewilliams@nwnmcog.org or (505)-409-7955.

All the Best, ~ Jeff Kiely, Executive Director



Your Council of Governments participates in and maintains a presence for the entire Legislative Session, as a service to our members, our rural and tribal communities, and our Legislators. We are here to serve your needs and track items of interest for our members. Our organization does not lobby, but we understand our region and communities, making us valuable to Legislators, staff, and your hired lobbyists as an informational resource.

## **SESSION DATES 2017**

April 7 - Legislation not acted upon by Governor is Pocket Vetoed

June 16 - Effective date of Legislation not carrying an Emergency Clause or Specified date

# LEGISLATIVE REVIEW

## **HB 2: STATE BUDGET**

Provides a \$6.2B budget for FY18, based on passage of a revenue package (HB202), which would provide needed funding to restore our revenues and bond rating. The Governor vetoed several items throughout the budget that are captured in our attached spreadsheet. One item that was eliminated was funding for the Navajo Nation (\$210,900) and Zuni Pueblo (\$31,000) to operate their own TANF programs.

**STATUS: Passed both Houses, Governor signed with line-item vetoes.**

## **HB 63: LOCAL-OPTION FUEL TAX**

The bill would have allowed local entities to raise local option fuel tax for road and transportation improvements.

**STATUS: Passed both Houses, Governor pocket-vetoed**

## **HB 202 REVENUE PACKAGE**

This measure would provide \$350M in revenues with \$143 in recurring revenues. It does several things including:

### **1** Puts

- \$26M in County supported Medicaid;
- \$126 in tax stabilization fund or reserves
- \$55M in State and Local Road fund

### **2** Negotiated with Healthcare providers and Hospitals on:

- New tax only applies to hospitals
- \$26M into County supported Medicaid with \$5M targeted to provide a higher Medicaid rate increases for hospitals with 100 beds or less
- Language in House Bill 2 will be added, to lock this funding in for this purpose

### **3** Reduces Weight Distance Tax permit fee from \$95 to \$55;

### **4** Restores medical hold harmless payments based on the phase-out schedule from HB641;

### **5** Rolls in Gas Tax increases based on SB95/131;

### **6** Keeps the rollback of 1/8 HH taxing authority from both City/County, but would be superseded in HB412, if passed. Sen. Sharer added a Senate Floor amendment that will restore the 1/8 GRT taxing authority for cities.

**STATUS: Passed both Houses & reached concurrence, Governor vetoed.**

## **HB 191 TAX REFORM LITE**

Unlike Rep. Harper's HB412, this bill provides a baby step into tax reform. There were concerns from Senate Finance Committee that HB412 was too aggressive on implementation and have an impact on revenue generation. It does several things including:

### **1** Creates a "rainy day" fund to manage and smooth out the hills and valleys of the volatile oil and gas tax revenues. (Original Bill)

### **2** Adds market-based sourcing for apportionment of income for taxation by updating the corporate tax code to incorporate and better deal with intangibles and services. (SFC Amendment)

### **3** Eliminates and/or postpones some of the more controversial credits, deductions, and exemptions, but would leave a delayed repeal of 20 in 2019 ("'\$103M) and 20 in 2021 ("'\$84M). (SFC Amendment)

### **4** Requires Tax & Revenue Stabilization Interim Committee to study pyramiding issue and provide solutions. (SFC Amendment)

### **5** Representative Carl Trujillo added an amendment in Conference Committee to eliminate four additional tax credits including wind and solar generation equipment, back to school tax holiday, solar energy systems, and worldwide web sites. This amendment brings the total from 40 down to 36 credits, exemptions, and deductions.

### **6** Senator Steve Neville added an amendment in Conference Committee that the Legislature shall certify a gross receipts tax rate before enactment in 2019 and then again in 2021 through legislation to make revenue neutral.

**STATUS: Passed both Houses & reached concurrence, Governor vetoed.**

## **HB 174: LOCAL ELECTION TAX**

The bill would have consolidated the conduct of local elections to be held on a single day and create uniform processes for these elections.

**STATUS: Passed both Houses, Governor pocket-vetoed**

## **HB 347: INSTALLMENT LOAN FEE LIMITS & LITERACY FUND**

Provides consumer protections on all small loan products throughout New Mexico.

**STATUS: Passed both Houses, Governor signed.**

# LEGISLATIVE REVIEW cont.

## **SB 362 REAUTHORIZATION BILL**

The bill reauthorizes 126 capital outlay projects including those that changed purposes or agencies, or requested a time extension

**STATUS: Passed both Houses, Governor signed**

## **SB 462 CAPITAL OUTLAY BILL**

The bill would have allocated \$36M in severance tax bonds (SB) for statewide agency projects, suspends Water Trust Projects fund for one-year (\$10.1M), and swaps of the remaining STB capacity to restore school district and charter schools cuts from SB114.

**STATUS: Passed both Houses, Governor vetoed**

## **SB 46 E911 SURCHARGES ON COMMUNICATION SERVICE**

The bill provides parity to enact \$0.51 surcharge on all technologies for the E911 Fund.

**STATUS: Passed both Houses, Governor signed**

## **SB 254 & HB 266 SHORT-TERM RENTAL OCCUPANCY TAX**

These bills (better known as the "AirBNB Bill") would have provided a similar taxing structure on businesses like AirBNB to level the field with traditional hotels and motels

**STATUS: Passed both Houses, Governor vetoed**

## **SB 247 LIQUOR TAX & COUNTY DEFINITION**

The bill would have allowed McKinley County citizens to increase the local liquor excise tax from 6% to 9% from up to eight year periods.

**STATUS: Passed both Houses, Governor pocket-vetoed**



### **Where Does This Leave Us?**

Back to square one. Special Session. Hopefully, negotiations will lead to a compromise and a one-day session. Hopefully, the focus will be on one issue - the Budget. Hopefully, we don't spend more money - we don't have. The Governor will likely put her \$300M of revenue options back on the table and the Legislature will likely put their revenue and tax reform packages on the table.

The Governor's options included:

- Increasing employee match by 3.5% to fund the State's retirement program;
- Eliminating some tax credits for health insurers;
- Acceleration of hold harmless phase-out for those cities and counties that have imposed tax;
- Sequestering an additional local option 1/16 GRT into the county-supported Medicaid program;
- Suspension of WTB, Tribal, and Colonias Infrastructure program for one-year;
- Capital outlay clawbacks and swapping through sponge bonds current STB capacity;
- Redirecting excess funds from Legislative retirement fund;
- Additional sweeps from school districts above what was done in the FY2017 Solvency Package; and
- Modernization of the tax code that creates efficiencies in the



Eileen Yarborough, CCEDF Director

# ECONOMIC DEVELOPMENT



## ***Six New Economic Base Jobs Created in Cibola County by SoloWorks***

SoloWorks is a new economic development program being rolled out by Cibola Communities Economic Development Foundation (CCEDF).

CCEDF Executive Director Eileen Yarbrough recently announced the creation of 6 new "economic-base" jobs

"After running this program for 3 months, I believe it is the fastest, most economical and sustainable way of creating economic base jobs which is why five of my colleagues are lining up to put the program in their communities," says Eileen Yarborough, Executive Director of CCEDF.

in the Grants area, "with more to come." For Grants, New Mexico, 6 new jobs is a big deal – the equivalent of about 140 jobs in a bigger community such as Bernalillo County.

The first 6 placements are employed with three separate companies and are drawing paychecks. Five more are in the process of being placed and four are finishing training and will begin the placement process the coming weeks.

Shawna Austin, among the first to be placed, says "Soloworks is a life-saver. Outside of this program, there was virtually no chance of being able to find employment in Grants. I can provide for my family and contribute to the state economic base to boot." This is the first program of its kind and demonstrates how a

small community can create new economic base jobs by recruiting, training, placing and advancing local residents in quality jobs that can be performed remotely – from home or the SoloWorks Center.

The program has three moving pieces: DigitalWorks training and placement program, FatPipe (ABQ's solopreneurship program, and Circles USA's program for moving poor and hard to employ residents into the mainstream workforce. The program admits 5 to 10 candidates per month, and puts them through rigorous screening, testing, and basic training process which takes 30 days to complete. They are then placed in employment with one of the 65+ employers who have current demand for remote workers in a full spectrum of W2 and 1099 jobs.

The SoloWorks program is the brainchild of a consortium of service providers based in New Mexico and Ohio. It has been championed by the NM Legislative Jobs Council and a select group of economic development professionals. In New Mexico, the movement is led by Jobs Council contractor Mark Lautman, founder and principal at the Community Economics Lab in Albuquerque.

Senate President Pro Tem and Jobs Council Co-Chair Mary Kay Papen says, "It's gratifying to see some actual jobs get created. Solowork has been a Jobs Council priority for 4 years. We think this is a terrific program, and Eileen Yarborough and her community should be congratulated for pioneering it. This is exactly what New Mexico needs to be doing!"

The program received roll-out funding from CCEDF, the New Mexico Finance Authority, the New Mexico Economic Development Department's "LEADS" program, and the New Mexico office of USDA-Rural Development under a grant administered by the COG.

If interested in details about bringing SoloWorks to your community, please contact Paul Hamrick at paul@marklautman.com or 505-340-9861.

## ***Unsicker ~ New CEO of 4CED***

The COG welcomed to the Four Corners region Mr. Warren Unsicker as the new Chief Executive Officer of Four Corners Economic Development (also known as "4CED").

Warren reports that he has spent weeks meeting with local officials and businesses to get a comprehensive idea of the economic situation in San Juan County and to begin collecting ideas for possible development. He says he's encouraged by the well-established collaborations that exist in San Juan County: "We have petrochemicals in general here, and there are so many other opportunities to expand that with plastics or clothing manufacture," "We also have NAPI and the possibility of expanding processed and branded foods that would provide opportunities to grow business, using what we already have."

Until the arrival of Warren and his young family this winter from Broken Arrow, Oklahoma, Aztec Mayor Sally Burbridge and former Farmington Mayor Tom Taylor had stepped in as interim administrators for 4CED, following the departure last Spring of former CEO Ray Hagerman.





# REGIONAL TRANSPORTATION

## *Area Trail Projects*

The Zuni Mountain Trails & Conservation Master Plan is complete and in the final review process.

## *Other News*

COG/RTPO staff participated in another quarterly NMDOT Statewide Transportation Roundtable which took place February 14 in Los Alamos; these meetings facilitate ongoing collaboration between the seven statewide RTPO's and the NMDOT. Deputy Director Evan Williams represented the NWRTPO for Transportation Day (booth) at the legislature – March 9. RTPO staff are supporting McKinley County for development of another Road Forum – which educates our tribal and rural communities on the process and resources for developing transportation infrastructure. This Forum will be held in Gallup on June 13.

## *FFY18 RTIPR/ZIPPER*

The Call for Transportation Projects process is complete. The District 6 ZIPPER meeting “zipped-up” projects from Northwest, Southwest, and Mid-Region RTPOs’ into one priority list.

## *Member Government RTPO Orientations*

RTPO staff presented to City of Grants, City of Gallup, and Ramah Navajo of how the NWRTPO serves more cost and time effective development of transportation infrastructure, services and assets through local government collaboration with the NMDOT.

## *Johnson Road*

Advanced is the McKinley County road project, access from US491 into the Twin Lakes Chapter. This included right-of-way approval by the Navajo Council.

## *McKinley County Road Forum*

Robert Kuipers, Planning Assistant, is assisting the McKinley County team planning this event to train Chapters and local elected leaders of the national transportation processes of funding, project management, and grant administration.

## *GIS*

Carrie House continues to gather data for mapping support, increasing technical support capacities for the NWRTPO. Is currently working on transit and infrastructure mapping. Currently working on transit and infrastructure mapping.

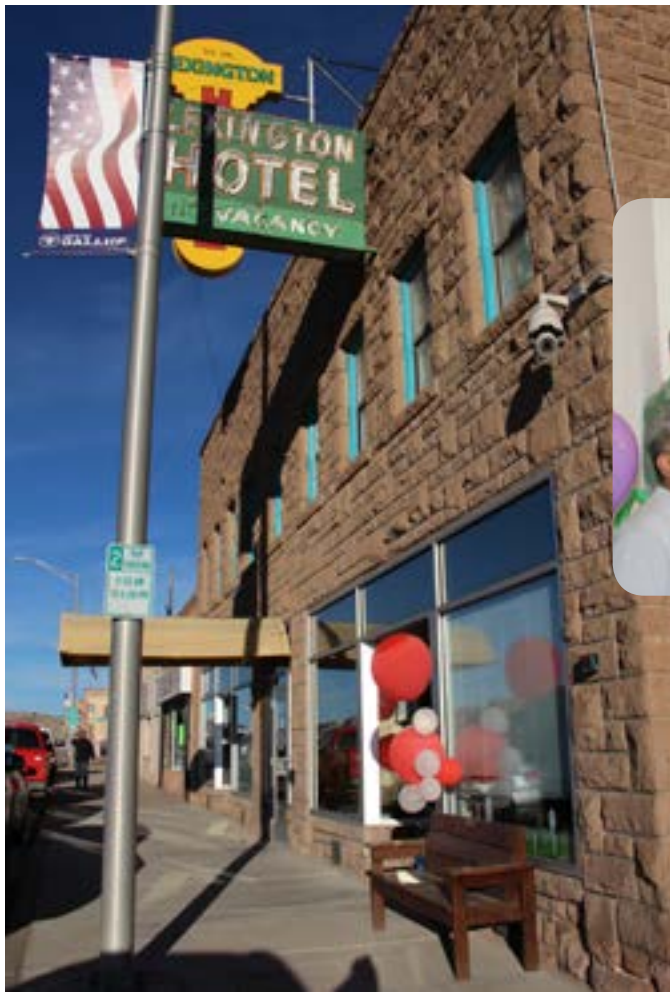
## *ANNUAL RTPO DOCUMENTS*

NWRTPO Bylaws  
Title VI Plan  
Open Meetings Act Resolution  
Public Participation Plan

RTPO staff assisted the Committee, updating annual documents that govern and guide the RTPO function and process. Also updated the official membership roster, including assisting members with updating appointment forms. RTPO staff developed the annual meeting schedule and public notice for May 2017 – April 2018. Finally, the RTPO Committee did concur to continue RTPO leadership for another year with Jeff Irving (McKinley County) serving as Chairman and Dave Deutsawe (Pueblo of Acoma) serving as Vice-Chairman.



# CARE 66 CELEBRATION



## *Gallup Land Partners / Burlington Northern Santa Fe*



On February 9th, 2017, the Gallup/McKinley County area's economic development work was showcased in the Rotunda of the New Mexico State Capitol, where executives from Burlington Northern Santa Fe Railroad announced its designation of the Gallup Energy Logistics Park as a BNSF "Certified Site." This rare and prestigious certification helps lift the Gallup community to the "top of the pile" as companies are recruited to move into the Logistics Park. Governor Susana Martinez attended the proclamation event and praised the community's efforts in advancing economic opportunity in rural/small metro New Mexico.

The Gallup Energy Logistics Park is a public-private partnership effort led by international entrepreneur and investor Robert Roche and his newly formed Gallup Land Partners company and by former COG Director Patty Lundstrom and COG Planner Michael Sage in their role as executive staff of Greater Gallup Economic Development Corporation.



# COG BUILDING IMPROVEMENTS

