Emerging Opportunities for Economic Diversification in Coal-Reliant Regions

March 22, 2016

Prestonsburg Recreational Complex, located on a reclaimed strip mine in Kentucky (Big Sandy ADD)
Webinar Agenda

- Welcome
- Webinar Logistics / Background
- Setting the Frame
- Economic Diversification Strategies
  - East Kentucky
  - Northwest New Mexico
- Questions and Answers
Webinar Logistics

Please type any questions you have for the speakers in the question box on the side panel throughout the presentation.

The webinar is being recorded and will be posted within a day along with the Power Point slides on the NADO website at [www.nado.org](http://www.nado.org).

Please contact Brett Schwartz at [bschwartz@nado.org](mailto:bschwartz@nado.org) if you have any questions after the presentation.
Today’s Presenters

Brett Schwartz
Program Manager
NADO Research Foundation (Washington, DC)

Denise Thomas
Community & Economic Development Associate
Big Sandy Area Development District (Prestonsburg, KY)

David Hinkle
Program Manager
Northwest New Mexico Council of Governments (Gallup, NM)
NADO’s mission:

To strengthen local governments, communities, and economies through the regional strategies, partnerships, and solutions of the nation’s regional development organizations.

National membership organization for the network of over 520 regional development organizations (RDOs) throughout the U.S.

RDOs are also known as “Councils of Governments,” “Area Development Districts,” “Regional Planning Commissions,” “Economic Development Districts,” and other local names.
Coal’s National Scope

Coal Producing Counties

Coal Power Plant Counties

Maps Courtesy of the National Association of Counties
Economic and Social Impacts

- Loss of high-paying jobs
- Loss of indirect jobs
- Declining tax base
- Poverty and health outcomes
- Challenge to identity
- Sense of loss and grief

I can’t show ‘em what I did.
And they can’t say, “Well, I can do that.”
Coal-Reliant Communities Innovation Challenge

September 2014 – March 2016

GOAL

To boost the innovative potential of places dependent on the coal industry that are seeking to grow and diversify their economies, create jobs and explore emerging opportunities

Teams presented their strategies at conclusion of workshops

Implementation Roadmaps

Team Working Sessions

Small Group Discussions

Presentations of Data + Case Studies

Cross-regional, cross-state sharing of lessons and strategies

Examples of other sectors and regions in transition, economic modeling and workforce data

Facilitated discussions on special topics based on team needs

Coal-Reliant Communities Innovation Challenge
Participants

Focused on Western issues: Colorado, Utah, Montana, Minnesota

Appalachian and Upper Midwest: West Virginia, Virginia, Pennsylvania, Michigan, plus New Mexico

Appalachian issues: Kentucky, West Virginia plus Colorado

23 teams total
18 EDDs
42 counties
200+ people
Key Themes

- Economies in Transition
- Changing Nature of Work
- Creating Great Communities
- Investing in Place
- Building Regional Resilience
Building Regional Resilience
Key Ingredients

✓ Leadership
✓ Partnerships
✓ Courage
✓ Respect
POWER Funding Opportunities

Last week, the Appalachian Regional Commission (ARC) and U.S. Economic Development Administration (EDA) announced the availability of **$65.8 million** in fiscal year (FY) 2016 funds through the Partnership for Opportunity and Workforce and Economic Revitalization (POWER) Initiative to develop new strategies for economic growth and worker advancement for communities that have historically relied on the coal economy for economic stability. Key outcome areas include:

- Economic Diversification
  - Job Creation
  - Capital Investment
- Workforce Development and Reemployment Opportunities

Anticipated average grant awards – ARC ($500,000-$1.5 million) and EDA ($250,000-$1.5 million)

Learn more at: [http://www.arc.gov/funding/POWER.asp](http://www.arc.gov/funding/POWER.asp) & [https://www.eda.gov/power/](https://www.eda.gov/power/)
“We need to be prepared for the future, because we don’t know what the future holds for the coal industry.”

Rich Fink, former coal miner and retired Armstrong County, PA Commissioner
For Additional Information

NADO.org
DiversifyEconomies.org
NACo.org/ InnovationChallenge
#ReadyToDiversify

Brett Schwartz
NADO Research Foundation
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Diversification in the East Kentucky Coalfields

Denise Thomas
Big Sandy Area Development District
Regional Context

- Job Losses = 8,500 since 2008
- Few equivalent replacement jobs
- Population declines
- Foreclosures
- Tax base
Diversification

- Shaping Our Appalachian Region
- Kentucky Wired
- Entrepreneurship
- Sector Strategies

Kentucky Wired
Positive Trends

- Collaboration
- Economic Development Entity
- Private Investment
- Public Investment
- Philanthropy
Long Term Vision
NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS

P.O.W.E.R Initiative
OUR REGION
NORTHWEST NEW MEXICO
OUR REGION
Coal in New Mexico

- Beginning in the 1850’s, Coal became important to the local, regional, and state economy
- 3rd Largest source of revenues from mineral & Energy Production
- San Juan Basin Surface Mines: McKinley, Navajo, and San Juan began operation in the 1960’s & 1970’s

View of the tipple at the Navajo coal mine, early 1900s, courtesy of Denver Public Library

Allison, New Mexico, located on a coal belt just northwest of Gallup, once flourished as a coal mining camp. 1916
• Coal Resources Underlie 12% (14.6 Million Acres) of the state.

• Most coal populated areas are in Northern New Mexico; San Juan and Raton Basins.

• 46% of the state’s total energy needs are met through coal power.
COAL & THE NAVAJO NATION

- The Coal industry has brought employment opportunities to a poverty stricken reservation.

- Biggest coal employers are: Navajo Mine & the “4 Corners Power Plant”

- Navajo Nation reported that 51% of the Tribe’s budget was derived from coal mining.
FARMINGTON UNEMPLOYMENT INCREASE LARGEST IN U.S.

- Largest rate among 387 metropolitan areas nationwide.
- Unemployment rate rose 2.1% last year, to 7.3%.
- Farmington area lost approximately 1,200 jobs last year.
- Due to the continued drop in natural gas & oil prices
TACKLING THE CHALLENGES

JOB FAIRS & “RAPID RESPONSE TEAMS”

• Working with San Juan College to hold Job Fairs

• Developing a Rapid Response Team

• Working with employers and the newly unemployed
TACKLING THE CHALLENGES

continued...

TOURISM & RECREATION

• Working to refine our message
• Improving the revenue of the Tourism and Recreation Industry
• Branding Studies
• Data Driven Efforts
TACKLING THE CHALLENGES
continued...

BUSINESS RETENTION & EXPANSION

• Region Wide BR+E Effort
• Shared Software
• “Keeping what we have”
• Removing Barriers
• Better Communication
## ENERGY
- Increase Investment
- Better Transportation
- New Markets
- New Products

## LOGISTICS
- Interstate – 40 & BNSF Rail
- Opportunity = In-Land Port
- Free Trade Zone
- Container/Trucking Hub
- Private Partnerships

## MANUFACTURING
- Native Jewelry
- Value Added Agriculture
- Modern Manufacturing
- Removing Obstacles
Initiate a strategic planning process to address the decline in coal production in the San Juan Basin and the adjacent areas of the 4 Corners region.

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<th>TO ASSESS</th>
<th>GOAL</th>
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<td>• Long-Term Economic Impact</td>
<td>• Diversify our economy</td>
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<td>• Identify Opportunities</td>
<td>• Improve Economic Opportunity</td>
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<td>• Constraints</td>
<td>• Increase Overall quality of Life</td>
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<td>• Strategies</td>
<td>• Reduce the effects of commodity</td>
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David Hinkle
Program Manager

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Thanks for joining us! Any questions?

Please type any questions you have for the presenters in the question box on the side panel.

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